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Emerging Europe M&A Report 2016/17

In cooperation with:

EMIS
A Euromoney Institutional Investor company

January 2017

League tables

CEE Legal Advisors for 2016

Firm	Number of deals
CMS	47
Dentons	45
Schoenherr	34
Allen & Overy	26
Clifford Chance	26
Sorainen	26
Baker & McKenzie	23
White & Case	21
Havel, Holasek & Partners	19
Hogan Lovells	15

League Tables were generated using the LeagueBoard tool available in EMIS DealWatch. The criteria used for crediting the advisers for the purpose of these league tables, as well as for summarising the M&A data presented in this report, include:

— Deal Announcement date: 01 January – 31 December, 2016.

— Emerging Europe geographic area, understood as the dominant country of operations of the deal target or the location of its main assets, covers: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

— Deal Value (excluding net debt): at least USD 1m; for commercial real estate deals at least USD 5m (note: deals with an undisclosed value were accounted for as having a value of zero).

— Exclusions: rumoured or failed deals, tender offers through a stock exchange, privatisations through a stock exchange, convertibles issues, share buybacks, internal restructurings, joint ventures (unless tangible non-cash assets are exchanged), and employee offers.

The ranking was created based on deal advisory information available, according to our best knowledge, as of 6 January, 2017. The data can be subject to updates.

Contents

4 Introduction

10 Dealmaking in emerging Europe at a glance
Headlines from 2016 M&A data for emerging Europe

12 Data in focus: key insights
The global head of EMIS' M&A database, Stefan Stoyanov, offers further insight on the stories coming out of 2016's M&A data

14 Transaction trends in emerging Europe
CMS partners from across emerging Europe share their market insight and recent experiences, looking at trends and developments impacting the region's transactions over the last year

26 The Brexit effect?
CMS Corporate partners from both sides of Europe discuss the possible impact of the year's referendums and elections on the deal landscape in the region

28 Appendix 1
Regional data and top deal lists

36 Appendix 2
Country data and top deal lists

2016 saw the value of deals in central and south-eastern Europe increase to its highest level since 2013, driven largely by a late flurry of activity including a number of megadeals towards the end of the year. Overall however deal volume in the region was down on 2015.

Russia and Poland retained their first and second positions respectively in the deal volume tables, despite drops in transaction numbers compared with last year. The rising stars of the region were the Czech Republic and Romania. Czech Republic enjoyed the strongest M&A activity it has experienced for a decade as volumes rose sharply for the fourth year in a row, and values overtook the previous peak in 2013. Romania too saw a rise in deal numbers, the highest since 2013.

Real estate & construction overtook telecoms, IT and manufacturing to become the most active sector by number of transactions. In terms of deal value, the mining sector topped the table, due to a series of major deals in the sector, including the Glencore-Qatari-Rosneft stake purchase.

Among the largest deals in CEE were a mix of corporate and private-equity funded transactions, with buyers from within the region, Western Europe and Asia. 2016 saw the rapidly growing influence of China as an investor into the region, almost doubling its spending compared with 2015. US investment into CEE on the other hand saw deal values fall by two-thirds in 2016.

Overall, dealmakers acted cautiously in 2016, faced with weakness in the global economy and uncertainty surrounding referendums and elections on both sides of the Atlantic. Many took a wait-and-see approach that meant some deals were temporarily put on hold.

One of the lessons of the year is that political change does not necessarily mean a brake on activity – investors are ready and willing to do deals once the outlook becomes clearer. There are many reasons to be positive about 2017, including the potential pipeline of deals waiting to be completed, subject to buyers and sellers deciding that the time and price are right.

We trust you will find this report useful and encourage you to contact our local teams for additional up to date market insight and advice.



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Dealmaking in emerging Europe at a glance

Highest value of deals in the region since 2013, driven by a number of megadeals towards the end of 2016

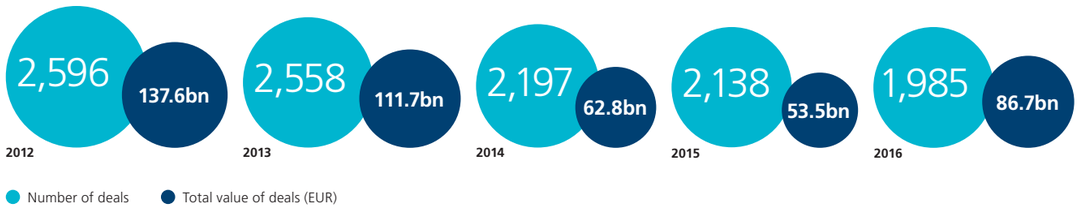
Deal numbers across CEE were down for the fifth successive year and are at less than half the level of 2011, when there were 4,175 transactions. Investors were cautious as global economic growth remained weak, amid uncertainty about election and referendum results. There were signs however of confidence picking up towards the end of 2016.

The value of deals increased to its highest level since 2013, helped by a brace of megadeals in December.

Swiss-based commodities trader Glencore and the Qatar Investment Authority jointly took a 19.5% stake in Russia's largest oil producer Rosneft for EUR 10.2bn and Japan's Asahi paid EUR 7.3bn for a portfolio of CEE breweries from AB InBev.

Among the 20 largest deals were a mix of corporate and private-equity funded transactions, with buyers from within the region, Western Europe and Asia.

Deals by volume and by value



Sectors

A series of major mining deals, including the Glencore-Qatari-Rosneft stake purchase, sent deal values in the sector soaring by 454%, while the Asahi-AB InBev deal contributed to a 154% increase in food and beverage deal values.

Real estate & construction overtook telecoms & IT and manufacturing to become the most active sector by number of transactions and but for the Rosneft acquisition it would have been the highest in value.

Number of deals by sector in 2016

Real Estate & Construction
357

Manufacturing
312

Telecoms & IT
265

Finance & Insurance
191

Wholesale & Retail
190

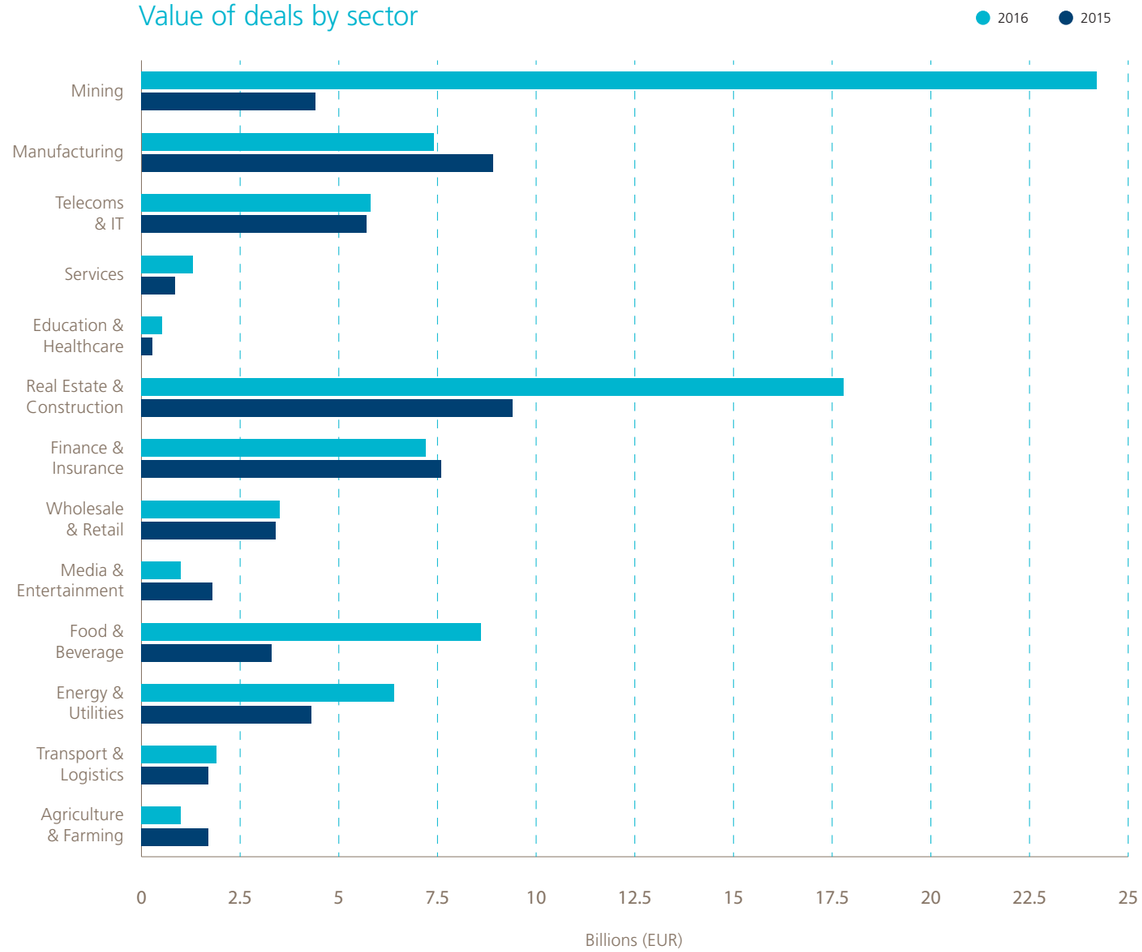
Services
145

Mining (incl. oil & gas)
99

Food & Beverage
95

Other
331

Value of deals by sector



Most active countries

Russia retained the top spot for deal activity despite a sharp drop in transaction numbers and a series of megadeals in mining, real estate and manufacturing secured its lead as the number one market by value. However, both were well down on the levels of five years ago.

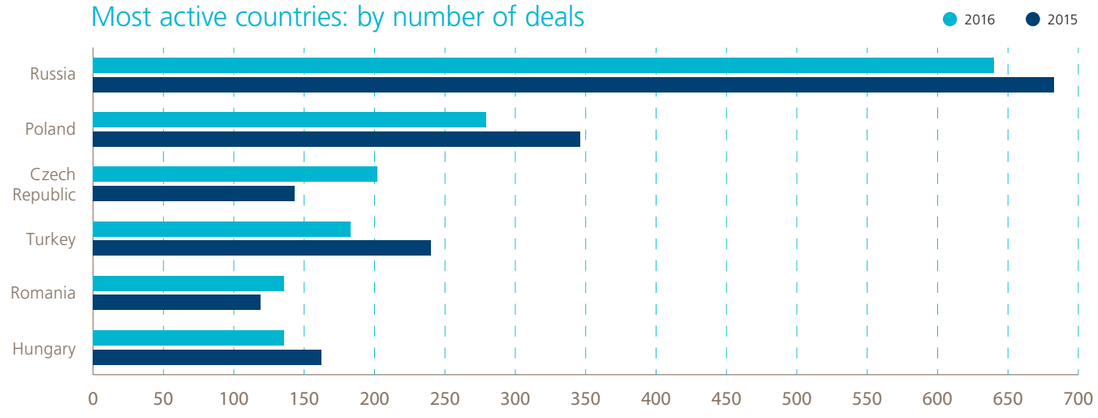
Poland also saw a drop in deal numbers, down by more than half since the turn of the decade, as values returned close to 2013 levels thanks to a flurry of large transactions.

Czech Republic enjoyed the strongest M&A activity it has experienced for a decade as volumes rose sharply and values overtook the previous peak in 2013.

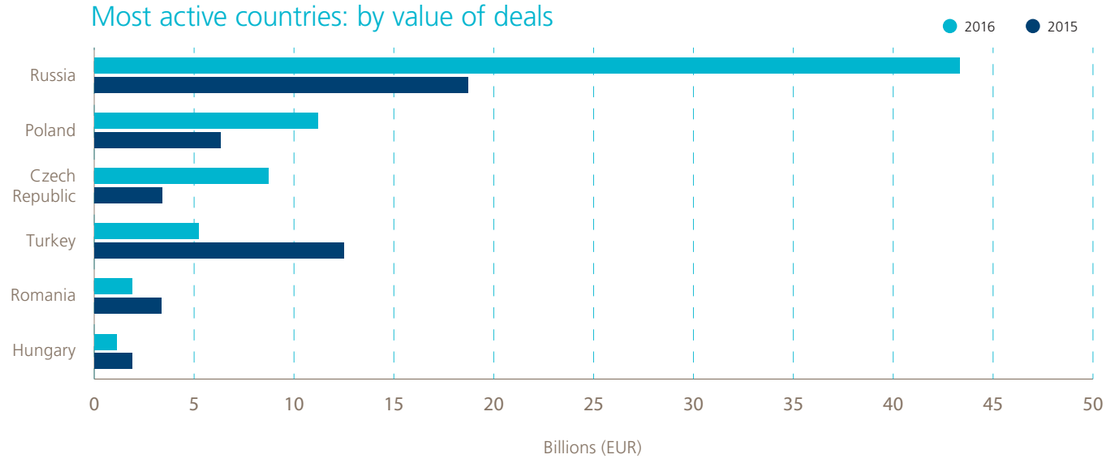
Turkey was affected by uncertainty caused by political instability at home and the conflict in Syria. Despite a significant drop in activity and values against 2015, falling to the lowest levels since 2010, it remains one of the most important M&A markets in the region.

Romania's reputation as a rising star was highlighted by a rise in deal numbers, the highest since 2013. Although values were down on 2015, they were at their third highest level since 2010.

Most active countries: by number of deals



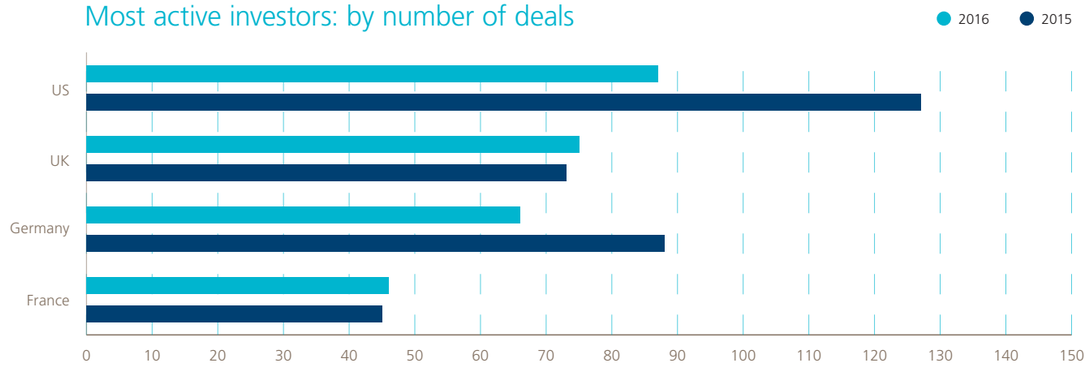
Most active countries: by value of deals



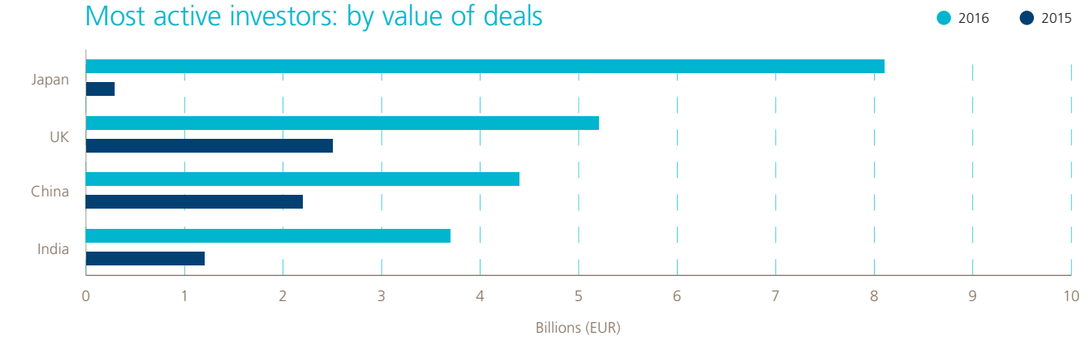
Most active investors in the region

The outstanding feature of international investment into CEE in 2016 is the rapidly growing influence of Asian capital. The total value of Japanese acquisitions into the region surged nearly 30 times to EUR 8.1 billion due to the Asahi-AB InBev deal despite a 22% decline in deal flow overall. In a similar fashion, Singapore's investments also reached EUR 2.4 billion – the highest since 2012. China ranked sixth by number of deals after a 22% increase, and jumped to third place by value after a near-doubling of its spending in the region. Excluding the Asahi-AB InBev deal, China would have ranked second behind the UK. This would be well ahead of the US, which was the largest investor in 2015 and saw deal values fall by two-thirds in 2016. The overall value of UK investment into the region saw an impressive 107% increase on last year.

Most active investors: by number of deals



Most active investors: by value of deals

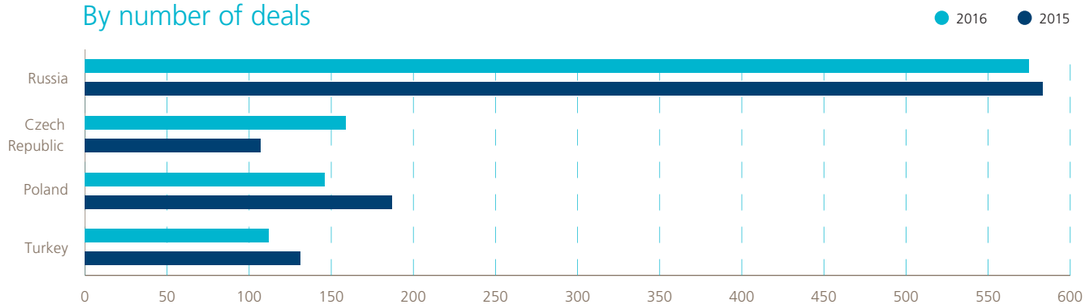


For more inbound investment data, please see Appendix 1.

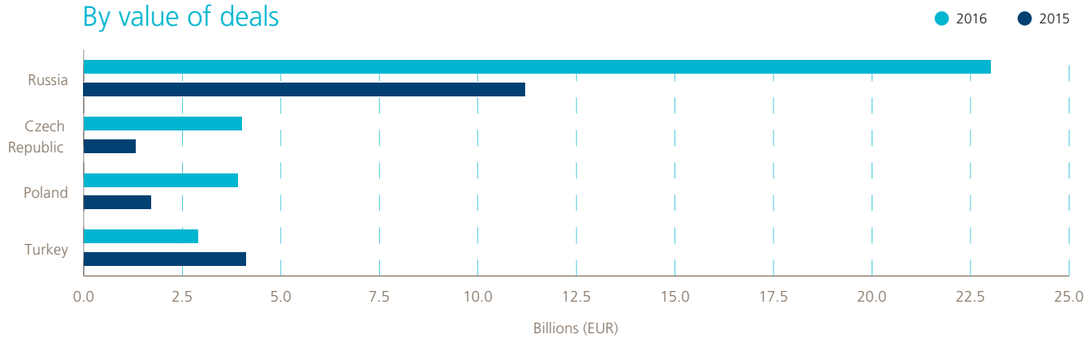
Most active CEE countries as investors

There were signs that investors in CEE are gaining the confidence and the capability to carry out significant transactions. Both deal volumes and values coming out of Turkey were lower than 2015, reflecting uncertainty surrounding its economy.

By number of deals



By value of deals



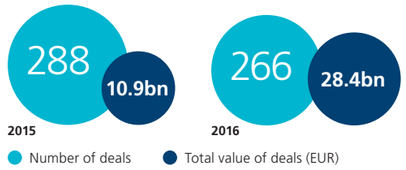
Private equity

Private equity firms are showing renewed interest in CEE, reflecting the emergence of target companies of a size that attracts large international investors. The telecoms and IT sector is a particular area of growth.

Biggest private equity deals by value 2016

- **Rosneft (Russia)** EUR 10.2bn purchase of a 19.5% stake by Glencore and QIA
- **Energeticky AP Holdings (Czech Republic)** EUR 3.1bn sale of 62.8% by local private equity structures of J&T Finance, and Milees Ltd
- **Grupa Allegro (Poland)** EUR 2.9bn takeover by UK private equity consortium
- **Pointpark Properties (Czech Republic)** EUR 2.4bn takeover by GIC of Singapore
- **Mars Entertainment (Turkey)** EUR 603m takeover led by IMM Investment and CJ CGV, South Korea

Deal volumes and values



By Sector

Real Estate & Construction
65

Telecoms & IT
46

Manufacturing
35

Services
28

Finance & Insurance
20

Wholesale & Retail
19

Education & Healthcare
13

Food & Beverage
12

Other
28

Data in focus: key insights

The global head of EMIS' M&A database, Stefan Stoyanov, offers further insight on the stories coming out of 2016's M&A data

Q: How would you describe 2016 in terms of M&A activity in emerging Europe?

It was a tremulous year, yet it was not all doom and gloom. Although there were fewer transactions than in 2015, according to EMIS data their median value was higher by EUR 2m at EUR 11.2m and total values were at the highest in three years. That was despite regional tensions stemming from the prolonged migrant crisis, the attempted military coup in Turkey, the surprising Brexit vote and the continued isolation of Russia. The value of private equity deals – entries and exits – more than doubled despite a modest decrease in deal flow and alongside traditionally large US and UK investors there were prominent deals featuring new funds from Qatar, Singapore and South Korea.

Q: How difficult a year was it for Russia?

Russian M&A continued to suffer under the negative influence of Western sanctions, the rouble's collapse, a battered economy and political risks. Deals were predominantly domestic but there were also some big foreign investments in oil & gas as commodity prices increased. The 2017 outlook is challenging, but the M&A dip may not be as sharp as previously expected due to certain government measures, such as the active involvement of state corporations and banks in the deal market. Consolidation in sectors like finance, oil & gas, telecoms and agriculture will go on and inbound transactions will be mostly driven by Middle Eastern and Asian capital.

Q: What has been the impact of the dramatic events in Turkey?

The political uncertainty and the instability of the local currency will continue keeping large investors in the wait-and-see mode they adopted after the failed coup in July. Looking forward, postponed reforms and the slowing of the EU accession process will discourage Western companies from seeking acquisitions in Turkey in 2017. Nevertheless, expected big deals include the sales of OMV's unit and the KFC restaurant franchises, while advisers have been hired on the sale of 600 companies seized by the government and worth an estimated EUR 9bn.

Q: Has government policy in Poland deterred investors?

Although the ruling right-wing party PiS imposed a string of investment-adverse taxes and regulations, the local real estate sector this year was among the hottest in Europe. With the M&A scene displaying a certain resilience towards the government's unfavourable policies, we expect activity to remain stable in 2017. On the list of potential deals is again telecom group P4, whose sale was postponed last year but is likely to attract the interest of prominent foreign funds including KKR, Advent and CVC.

Q: How have the region's other economies fared?

The Czech Republic had a particularly good year for M&A and the largest foreign investors were from Asia, including Singapore's GIC and CEFC China Energy. In Hungary, bigger deals happened in the banking and real estate sectors with predominantly domestic and regional buyers, respectively, while Slovenia's top three transactions featured buyers from Japan, the USA and Italy.

In Romania, deal flow was healthy and the trend of strong inbound investments remained. Despite smaller deals on average, robust fundamentals indicate it will remain the M&A flagman in Southeast Europe in 2017. Bulgaria had a fairly unremarkable year until two large transactions at the end of December pushed total deal value to the highest since 2013. Bigger deals in 2017 could involve a new sale of the incumbent telecom BTC and more banking assets.

Q: Will banking be a sector to watch this year?

In 2017 we expect to see more deals in the banking sector. Low profits, the ongoing restructuring of Greek lenders, the billions in fines imposed on financial institutions, new sector regulations and the Italian banking crisis are all certain to spur even more disposals. We expect to see deals involving both full equity ownership and separate non-performing loan (NPL) portfolios. Among transactions lined up for 2017 are Raiffeisen and Deutsche Bank's arms in Poland, Gorenjska in Slovenia, VTB and BM Bank in Ukraine and the still-to-materialise sale of Bank Victoria in Bulgaria.

Q: What is the outlook for M&A in the region?

It is a daunting task to predict how M&A in emerging Europe will develop, although two scenarios seem probable. First, China's increasing appetite towards foreign acquisitions of well-established consumer brands and technology companies, coupled with the regulatory push the country is facing in the USA, is likely to force it to focus more on Europe and Russia. In light of the plummeting of the British pound, China could be also poised to offset the UK among emerging Europe's leading foreign investors in 2017 and may even land in the top spot.

Second, the appointment of Mr. Trump as US president will rattle emerging markets through several channels. One is the surge of the dollar against the euro which is likely to widen as the Federal Reserve increases interest rates. It is also likely that emerging markets will experience capital outflows. Our bet is that a stronger dollar in 2017 will ultimately result in more US investments in emerging Europe.

Having said that, it should be borne in mind – as 2016 showed on at least a couple of widely-publicised occasions – that forecasts can often end up being wrong.



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Transaction trends in emerging Europe

Dealmakers acted cautiously in 2016, faced with weakness in the global economy and uncertainty surrounding referendums and elections on both sides of the Atlantic. They took a wait-and-see approach that meant some deals were temporarily put on hold, but as confidence returned, the year finished on a strong note and set the scene for robust M&A activity in 2017.

Although there was a fall in the number of transactions in the region in 2016, a late flurry of activity, including some large deals in December (such as the sale by SABMiller of its CEE assets to Asahi), resulted in a rise in total M&A value. However, deal values remained well down on the levels seen at the start of the decade.

Sentiment was clouded by uncertainty as people went to the polls in a number of countries, including the UK where voters made the historic decision to leave the EU, and the US, where the race to the White House saw Donald Trump elected president. There were also a number of important elections across Europe, including Italy, Austria and Romania.

The nervousness of executives was reflected in the survey results for the CMS European M&A Outlook 2016 report, published in November. Nine out of ten of the respondents (senior executives from corporates and private equity firms) were less positive about the levels of activity than a year earlier. However, anecdotal evidence and the rush to complete deals by the end of the year suggests that confidence improved once the outcome of the various polls was known.

Countries

The performance of individual countries in the region varied widely, reflecting the heterogeneous nature of the region. Some enjoyed strong economic growth and increased M&A activity, but others were held back by political uncertainty and geopolitical tensions.

Russia continued to suffer from the impact of sanctions imposed by the US and EU. Although the number of deals declined, a string of large mining transactions meant overall values increased sharply. Investors in Ukraine remained cautious because of tensions in the east of the country, resulting in a sharp fall in deal volumes though not value.

Romania was a hot spot, enjoying not only the fastest economic growth in the region, but also an increase in M&A activity and the prospect of more to come following the election of a government that signalled a business-friendly approach and a period of political stability.

Poland's economic growth slowed, but was still at a much higher level than most of its western neighbours. Notwithstanding the commentary and speculation about the anxiety of investors over the agenda of the government, deal values rose sharply, driven by a string of large transactions.

Domestic investors were busy in the Czech Republic, helping to drive up deal volume to the highest level since the turn of the decade, helped by growing interest from China and Singapore. In Slovakia, there was a steady stream of small transactions, but fewer large deals.

In the Balkans, the picture was patchy, with Croatia seeing an increase in activity, as both Bosnia and Herzegovina and Bulgaria saw M&A volumes similar to the previous year. Meanwhile, Serbia and Slovenia experienced fewer deals.

Turkey is going through a period of instability, affected by the conflict in neighbouring Syria and an attempted coup, both of which deterred investors in the short-term. This was reflected in a drop in M&A in 2016. However, it remains a strong emerging market with a young and growing population that should offer investors plenty of opportunities once stability returns.

Sectors

Across the region, the most active sectors by volume were real estate and construction, manufacturing, telecoms and IT, finance and insurance, and wholesale and retail, with the largest deals broadly spread across consumer products, mining, energy, telecoms, manufacturing and property.

In the financial sector, focus in the region was on non-performing loans (NPLs) as banks sold portfolios to clear their balance sheets. That trend is expected to continue in 2017, leaving banks better capitalised and in a stronger position to finance M&A activity in the future.

In energy, there is growing interest and optimism about the carbon neutral sectors. This is not just restricted to renewables but also in nuclear where ageing reactor fleets are in need of modernisation or decommissioning.

Executives surveyed for our November report predicted that industrials and chemicals, closely followed by TMT, would be the hot sectors in Europe in 2017.

Megadeals and greenfield

In 2016 there were fewer "megadeals" in the region year on year. However, the year ended on a high when Asahi agreed to buy the CEE assets of SABMiller for EUR 7.3bn, prompted by competition regulators following AB InBev's takeover of SABMiller.

Many of the largest transactions were in Poland, including the sale of Allegro – a rival to eBay – to a private equity consortium for EUR 2.9bn and the agreed sale of the cable business Multimedia Polska to London-based media group Liberty Global for EUR 690.9m. Other notable deals include the sale of one of Romania's biggest retailers, Profi, to Mid Europa Partners for EUR 533m.

Significant developments in greenfield investments included Jaguar Land Rover starting work on its new factory in Slovakia, Mercedes committing to an engine plant in Poland, and Amazon opening new fulfilment centres in the Czech Republic and Poland.

> Sellers' renewed commitment to sell NPLs and a solid deal pipeline has resulted in increased investor interest, both internationally and regionally.
>
> *Alexander Rakosi*

Evolution of NPLs in emerging Europe



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The pressure on banks to clean up their balance sheets has created an active market in non-performing loans (NPLs) and we expect that to continue into 2018.

Holding large portfolios of NPLs acts as a financial, regulatory and administrative burden for banks. By selling these portfolios to a specialist fund or collection agency, the banks – among other things – free up resources to get on with their core business of lending to consumers and corporate customers, benefiting the broader economy.

Among the big sellers of NPL portfolios in the region are the large institutions that operate across a number of countries. They include Erste Group Bank of Austria, Heta Asset Resolution – which is owned by the Austrian state, and affiliates of UniCredit in Italy. There have also been sizeable NPL sales by regional banks, notably one of the largest banks in Slovenia, where there may still be some smaller deals to be completed in 2017.

Croatia is expected to be the front-runner in the NPL market over the next 18 months, where several sizeable transactions for the region (ranging from gross exposure amounts between EUR 300m and EUR 800m) have either been completed recently or are currently in the market. In recent years, Romania was one of the most active markets with deals by various institutions. Project Neptune, one of the largest projects in Romania and the region at the time, was however pulled in 2015, reportedly with only parts of the transaction being consummated.

> Selling NPLs has benefits not just for banks but also for businesses and the broader economy.
>
> *Erika Papp*

Across CEE there is a wide variation in the approach of regulators. Slovenia has largely been investor friendly. Croatia provides relatively clear legal guidance on requirements that NPL transactions need to fulfil, while lack of regulatory guidance in countries such as Bosnia has restricted deal activity.

A country seen as having untapped potential is Serbia, where legal and regulatory restrictions have meant limited activity so far. Still, there is cautious optimism (also with the involvement of international financing/development institutions) that the regulatory landscape in Serbia will become more investor friendly.

By the middle of 2018, we expect a large number of these issues to be resolved and until then deal making in NPLs will remain strong.

Ukraine has also witnessed NPL activity in recent times. With 81 banks (out of a total of 177) currently in liquidation, the government (and the banks themselves) are under significant pressure to sell off NPLs, and we are seeing heightened activity as a result.

Technology and communications



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Emerging Europe is fast becoming one of the best connected places in the world and host to operations by some of the biggest companies in the technology and communications sector. Among those already well established in the region are CISCO, Microsoft, HP, Adobe, IBM, Intel and Oracle.

One of the foreign technology companies that has been most active in the region is London-based software solutions and IT services group Endava. In 2016, it celebrated its 10th anniversary in Romania by recruiting its 700th employee at its Cluj-Napoca centre, taking the total number in the country to 1,500. Romania accounts for more than half of its global workforce and it also has operations in Bulgaria, Macedonia, Moldova and Serbia.

In some parts of the region, technology roots can be traced back to the Soviet era when many areas developed engineering specialties, leaving a legacy of a school and university education system that turns out highly qualified IT specialists. Many cities in the region have evolved into technological eco-systems that provide a skilled workforce, a flow of IT graduates, fast internet and a tradition of working on complex engineering projects. That makes them very attractive to investors.

There were some large cross-border deals in the sector last year, including Liberty Global's EUR 690m purchase of the cable business of Multimedia Polska, and Eurobank's deal to outsource technology for its subsidiaries in Romania, Bulgaria, Serbia and Ukraine to Accenture. However, a feature of M&A activity in the sector in 2016 was a shift towards smaller deals.

Poland is still the dominant market in technology and communications, but its share is not as great as in the past as other countries including Romania, Bulgaria, Hungary and Ukraine compete to win investment.

There has been heavy interest from US investors, but also from Germany, France, Italy and the UK, as well as Chinese investors who have become more active and see emerging Europe as a cost-effective location from which to serve western European markets.

Private equity firms are also showing renewed interest in the sector which is becoming increasingly important to the region's economy.

Foreign investors

Although involved in fewer deals than in 2015, Russian investors were the most active across emerging Europe in 2016, accounting for the largest number of deals and the biggest investment by value.

Western European countries were the dominant foreign investors in emerging Europe, led by the UK, Germany, France and Austria, but they completed fewer deals year on year. Of those countries, the UK was the only one to increase its level of investment, more than doubling the amount to become the largest European investor into the region during 2016.

The US remained the largest investor by deal volume, but both the number of deals and value were down year on year.

One of the features of the past year has been the rising level of interest from investors in Asia, most notably China, which was one of the biggest investors into the region in 2016. The strong Chinese interest in the region is a relatively recent development. Chinese companies and banks have carried out detailed research in recent years, laying the foundations for a wave of investment into the future.



> The software, IT and services segment is very strong and there is a very good base of potential employees and an expanding technology eco-system.
>
> *John Fitzpatrick*

Greenfield investment



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Q: Which countries are looking to invest in emerging Europe?

The main inward investment activity has come from Western Europe, with interest also from the US, Japan and South Korea. Chinese companies are looking closely at the region. With one or two exceptions, the levels of Chinese investment have not been huge so far, but at some stage we can expect a wave of investment from China.

Q: Which sectors are attracting the most interest?

CEE continues to be a magnet for companies for manufacturing and service centres across a wide range of sectors including automotive, retail and IT.

Q: What were the landmark projects in 2016?

There was a ground breaking ceremony in Nitra in September to mark the start of construction of Jaguar Land Rover's new EUR 1.5bn vehicle manufacturing plant in Slovakia, which is due to start production in 2018 and will employ over 2,000 people. Other significant developments included Mercedes-Benz's plans for an engine plant in Poland, Amazon announcing two fulfilment centres in Poland and the Czech Republic, and India's Apollo Tyres opening a plant in Hungary.

Q: What are the attractions of the region for foreign investors?

The main attractions of the region are political stability, a low-cost but skilled workforce and good transportation links with the rest of Europe. There is, however, sometimes a divergence between what investors are looking for and what governments want, which is for investors to bring in more added value jobs, for example, in engineering, design and R&D.

Q: Are there any signs that costs are rising?

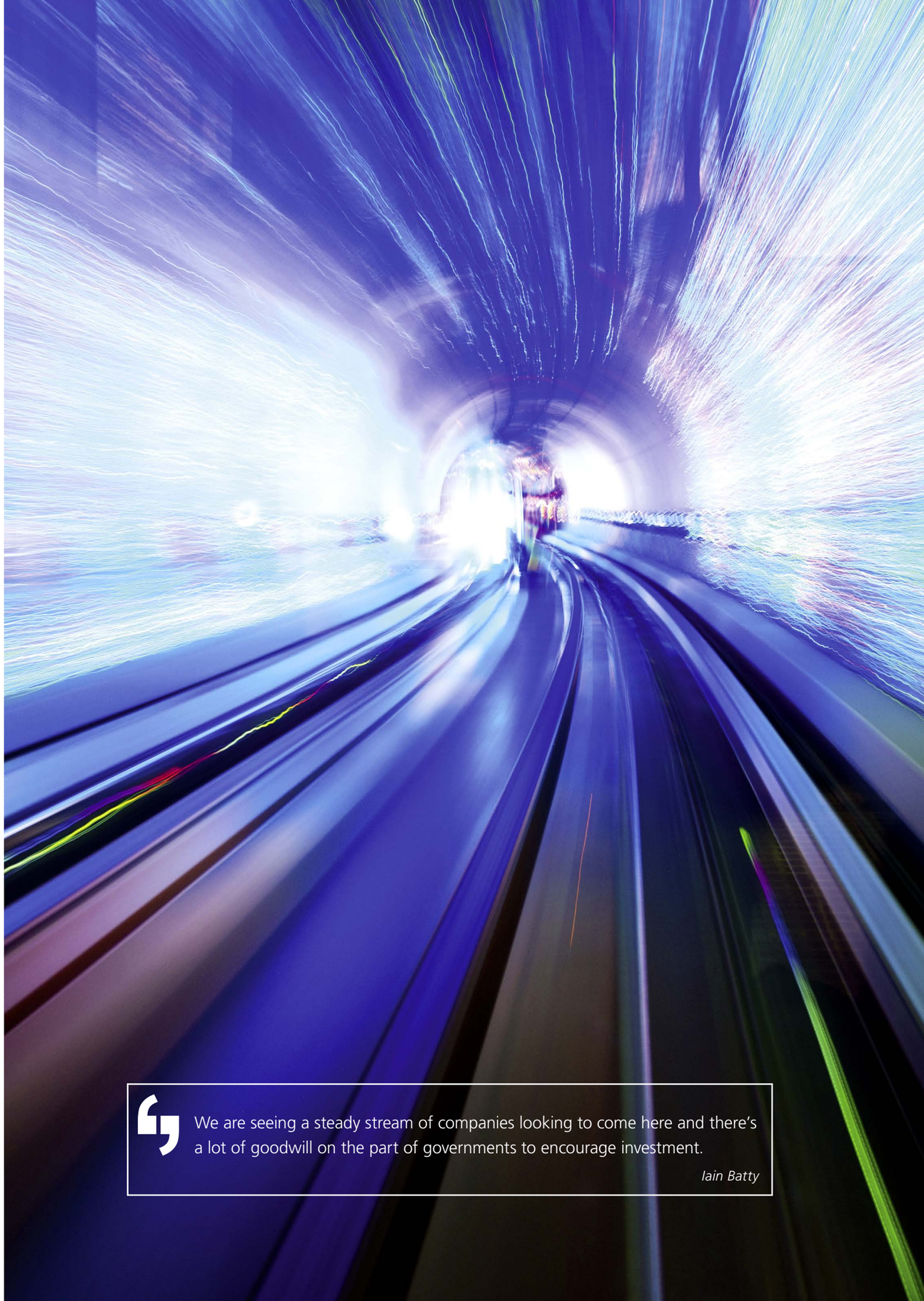
A paradox of increased investment is that some places are seeing labour shortages, driving up wages, leading to cases of employees being bussed across borders and even brought in from Mexico and North Korea. Finding skilled labour remains a challenge, but the legal obstacles to employing people are not as great as in Germany or France, so emerging Europe remains very attractive to employers.

Q: What are governments doing to bring in investment?

A wide range of tax breaks, grants and other incentives are available and investors should hold a beauty parade to see what is on offer. Countries across the region are very active in promoting themselves. Slovakia's SARIO development agency stands out as particularly proactive.

Q: What are prospects like for the coming year?

Although there is some nervousness about Russia, Ukraine and Turkey, the outlook for inward investment in the region remains positive.



> We are seeing a steady stream of companies looking to come here and there's a lot of goodwill on the part of governments to encourage investment.
>
> *Iain Batty*

Rise of the megadeal



Dariusz Greszta
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One of the largest deals ever seen in emerging Europe was worthy of a toast when Asahi of Japan bought a clutch of breweries put up for sale following the takeover of SABMiller by AB Inbev. After beating off interest from rivals, Asahi paid EUR 7.3bn for SABMiller's assets in Poland, Czech Republic, Hungary, Slovakia and Romania, sold so as to appease European competition authorities.

The transaction rounded off a strong year for megadeals, with much of the action taking place in Poland, where one of the trends has been the reversal of past privatisations, as the state buys back assets it considers strategically important in energy, utilities and financial services.

It has led to increased M&A activity in the short term, but there is a risk it could threaten Poland's reputation as a reliable place to do business and may deter foreign investors.

In the largest banking acquisition in Poland so far, Italy's UniCredit sold its 32.8% stake in Bank Pekao to state-controlled Polish insurer PZU and development fund PFR for EUR 2.5bn. It is a significant deal because it means more than half of Poland's banking sector is controlled by the state. There may already be another deal in the making, as Austria's Raiffeisen Bank has been rumoured to be in negotiations for the sale of its Polish operations.

French energy companies EDF and Engie put power stations in Poland up for sale and the government has been keen to keep them under Polish control. Mid Europa Partners recently put convenience store chain Zabka Polska up for sale; likely to be the largest private equity exit in Poland to date, and offering a strong start to the 2017 pipeline of megadeals.

The outlook suggests megadeal activity may not be as strong as in the past, but there is plenty to suggest increasing activity in the next tier down, where deal values are up to EUR 100m. There are a number of companies in the region that have grown large enough to attract interest from global buyers and the only question is when they might be put up for sale.

There was a massive increase in investment from Singapore and India, while Japan was responsible for the largest single deal through Asahi's CEE brewery takeover.

Currency values and fluctuations continued to be a talking point 2016. In CEE, the region's low-cost advantages were accentuated by the low value of the euro against the US dollar. The rise in US interest rates in December widened the gap and the prospect of further increases by the Federal Reserve in 2017 will play into the hands of those US-based investors looking to benefit from an exchange rate advantage.

One sign of the region's growing self-confidence is the number of deals that are not reliant on outside investors. This reflects the fact that many domestic companies and national private equity firms have reached a size where they no longer have to sit on the side-lines and can conduct cross-border deals of their own. Poland and Turkey were among the most active, though at lower levels than in 2015, while Czech Republic trebled its investment to become the largest domestic investor in CEE.

Attractions of CEE

However sluggish the global macroeconomic environment may have been, the factors that have made CEE an attractive region in which to do business are still in place. These include a relatively high annual GDP growth, a proximity to western markets and the availability of a relatively low-cost, highly skilled labour force.

Countries that can offer a stable political climate alongside good infrastructure, transport links, the availability of real estate, and attractive legal, tax and regulatory regimes will remain a magnet for investment. Governments across the region are keen to attract and nurture such investment through tax breaks, grants and other incentives.

> There are still a lot of family-owned businesses big enough to attract global investors and there are regional companies that could be buyers with support from private equity funds.
>
> *Dariusz Greszta*

It should not be forgotten that the region provides an attractive market in its own right with a population of more than 100m people, rising incomes and a growing middle class.

Deal drivers for buyers

Some European dealmakers hit the brakes in 2016, but those confident in their strategy and with sturdy finances remained active and sentiment among global buyers continued to be strong.

Corporates with strong balance sheets are seeking to fill gaps in product ranges and geographical coverage, but they will have to be quick to beat private equity firms that are continually searching for targets. Finding a bargain remains the primary consideration for buyers. Our European M&A Outlook report showed that 54% of executives believed undervalued targets would be the main driver of buyers' activity.

As CEE economies and the companies within them mature, there is a growing number of businesses becoming big enough to make them attractive to regional and global players.

Deal drivers for sellers

The flip side of the coin is that some sellers are under pressure and 65% of respondents in our survey thought distress would be the greatest sell-side driver. However, sellers are also looking to do transactions for positive reasons, for example where the business has reached a turning point and needs new financing or a new ownership structure.

Succession planning has also become a key issue for owners approaching retirement age. Where their families do not want to take over the business, they must seek an external buyer. In the past, a stock market listing or IPO might have been an option, but a developing trend in recent years has been a drop in IPOs and a shift towards trade sales – particularly in Poland.

Obstacles

The main obstacles to M&A activity in Europe, according to our survey for our November report, were political instability and tighter regulation and although not unique to the region, they are key issues in the minds of investors looking at, or already operating in, the region.

There have been cases in the finance, insurance and energy sectors of western companies retreating from the emerging European markets as a result of feeling discouraged or unwelcome due to policy or regulation. Where investors have doubts about stability, there is a strong tendency to hold back or look elsewhere.

Outlook

Like the rest of Europe, M&A activity in emerging Europe in 2016 ebbed and flowed against the background of heavy political uncertainty. One of the lessons of the year is that political change does not necessarily mean a brake on activity – investors are ready and willing to do deals once the outlook becomes clearer.

There are many reasons to be positive about 2017, including the potential pipeline of deals waiting to be completed, subject to buyers and sellers deciding that the time and price are right.

Romania, a rising star?



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Q: Why is Romania attracting so much interest?

From an economic perspective, Romania is the region's hottest market. It was the strongest performing CEE economy in 2016. What gives us confidence in the future is that it has been a healthy performance built on both consumption and industrial growth.

Q: What has been driving Romania's growth?

It has an increasingly attractive tax regime and in recent years there has been a strong anti-corruption drive. VAT has already been cut and there is speculation about a whole swathe of further tax cuts and reforms.

Q: What are the attractions for foreign investors?

Although it is known for its relatively low-cost labour, Romania is building a reputation as a country with a well-educated workforce that can perform at similar or even higher standards than those in Western Europe, particularly in TMC and software development.

Q: What has been the impact on M&A activity?

There was a strong rise in the number of deals and we have seen values reach levels rarely seen since the wave of privatisations a decade ago. One of the interesting features is that this activity was broadly spread across the financial services, consumer goods, and telecoms and IT sectors. There was also a lot of activity in automotive components.

Q: Were there any landmark deals?

There were a number of EUR 100m plus transactions, the largest of which was the sale of one of the country's biggest retailers, Profi, which was sold for EUR 533m to private equity fund Mid Europa Partners.

Q: Which countries is investment coming from?

European investors were the most active, followed by the US, but we have also seen Chinese investors studying opportunities.

Q: What is the outlook for Romania?

The economy may not be large, but it is a work in progress and there is a sense that the country is firmly on the road to achieving its full potential and should benefit from a period of political stability following December's election results.

> We see a lot of new investment coming in and Romania will probably remain one of the best performing economies in Europe. I don't see any reason why it wouldn't.
>
> *Horea Popescu*

Balkans in focus



Radivoje Petrikic
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It was a relatively quiet year for deals in the Balkans but ended with a significant move by the Bank of China. The world's fifth largest bank opened an office in Serbia, its first in the Balkans, and was granted a licence to begin operating in 2017.

After initially serving Chinese and Serbian companies, it will become the main hub for conducting business with other Balkan countries. It is expected to herald a big increase in Chinese investment into the area.

Overall, deal volumes were steady, but values were lower in 2016. The picture varied widely between individual countries in the Balkans, and because they are so different it is difficult to come to a conclusion about general trends. There were fewer major deals, but a shift towards smaller scale acquisitions meant more activity among domestic players rather than the likes of KKR and Blackstone, who were more active in the region in the past.

Banks have been cleaning up their portfolios by shedding NPLs and that should help improve lending. It may also prompt some corporate customers into restructuring or asset sales in order to repay debts.

Serbia sold the state-owned Smederevo steel plant to China's He Steel Group and there has been widespread interest in the possible sell-offs of Belgrade's Nikola Tesla airport and Komercijalna Bank.

It was a busy year for dealmakers in Croatia, where transaction volume rose, but in contrast Bosnia has seen progress on privatisations come to a halt and has lagged behind in M&A due to political fragmentation. Slovenia also saw a number of major transactions this year.

Political uncertainty in Bulgaria has held back its economy, though the number of deals rose in 2016 and there is some hope activity will accelerate in the coming year should stability return; while in Macedonia investors held back ahead of elections.

Political stability is the key to M&A activity and it varies from country to country; as does the level of government control and the will to push through privatisations. Looking ahead, the pace of economic growth and M&A activity should be steady, but it will depend on stability and the ability of banks to clean up their NPL portfolios.

> My impression is that domestic players are starting to play a much more significant role in the M&A market than in previous years.
>
> *Radivoje Petrikic*

The Brexit effect?

Corporate partners Charles Currier (based in London) and Graham Conlon (based in CEE) discuss the possible impact of the year's referendums and elections on the deal landscape in the region

There were times during 2016, both in Europe and further afield, when it seemed the tectonic plates of politics and economics were shifting. The UK referendum on EU membership, the US presidential election, and a slew of referendums and elections across Europe created a sense of uncertainty.

Shockwaves from those events will continue to be felt through 2017 and beyond and it may be years before the full impact becomes clear. However, the robust level of M&A activity across Europe and within CEE and SEE shows that despite the increased nervousness among investors, those who see a strategic and financial logic in deals have not been deterred.

The decision of British voters to leave the EU came as a surprise to politicians, pollsters and commentators, sending out a message that the electorate was dissatisfied with the status quo, anxious about power drifting to Brussels and worried about the effects of globalisation.

The prospect of the EU's second largest economy breaking away leaves Europe in uncharted waters and uncertainty about where it will lead has created volatility on financial markets and left dealmakers puzzling about how they should react.

Results of the survey for our European M&A Outlook 2016 report in November showed that confidence among executives dropped after the UK referendum. Their assessment of M&A activity across Europe over the coming year was more negative than before the vote.

Two thirds of respondents expected a decline in activity and none felt more positive than they did a year earlier. It was not all doom and gloom though and despite the more cautious atmosphere the resounding message was that Europe, including CEE and SEE, remained open for business. There was renewed optimism about deals coming from outside of Europe.

Top findings and trends from our European M&A Outlook 2016 are:

66%

feel M&A in Europe will decline



90%

are less positive about levels of European M&A activity than they were last year



54%

believe undervalued targets will be the main driver of buy-side M&A



65%

feel that distress will be the greatest sell-side driver



79%

state that cross-border deals into Europe from non-European acquirers will increase



When we surveyed executives ahead of the referendum, 59% expected M&A activity to increase over the next 12 months, but in a revised poll after the vote that had fallen to 24%.

Some of the pessimism surrounding Brexit faded as financial markets, investors and companies began to weigh up the effects of the decision. There was a lull in M&A activity in the months before and after the referendum, but during the autumn and winter there was a sense of playing catch-up, as the volume and size of deals accelerated.

There is still uncertainty about the terms of departure from the EU and a growing realisation that the withdrawal and negotiation process could take well beyond the minimum of two years required after the triggering of Article 50 (expected in March 2017). Judging by experience, UK investors are likely to be cautious at each key stage in the process, while they wait for more clarity on the positions of UK and EU negotiators. Investments into UK nevertheless continue to take place, such as SoftBank's acquisition of ARM Holdings, and fast-food giant McDonald's decision in December to select the UK as its non-US tax base in place of Luxembourg.

Up to this stage, any negative effects of Brexit upon M&A activity in emerging Europe appear negligible. There is nothing to suggest that UK companies looking to make investments in the region have put plans on hold as a result of the referendum. Moreover, CEE and SEE countries see Brexit as an opportunity, which allows them to market themselves to the rest of the world as an alternative to the UK for investors seeking a route into the EU.

In anticipation that UK financial services companies might lose their passporting rights into the EU, cities in CEE and SEE will be keen to present themselves as suitable alternative locations with a skilled workforce and good infrastructure. The challenge will be to convince banks and insurers that they are better placed than the likes of Frankfurt or Paris.

Yet, despite the opportunities presented by Brexit and the lack of any perceived negative impact upon the CEE and SEE, the question that is confronting investors is the extent to which Brexit provides a pretext for more political upheaval on a global scale.

A rise in populism was one of the outstanding features of global politics in 2016. The shattering of the status quo which underpinned the Brexit result was echoed in the US in November when Donald Trump won the presidential election and to varying degrees in other elections and referendums in Europe during the year.

In December, the defeat for Italy's government in a referendum added to uncertainty surrounding the EU, but whether it will be the catalyst for a broader crisis remains to be seen. It was not all one-way traffic though and the election result in Austria was seen as bucking the populist trend, as was the victory for the Social Democrats in Romania.

There were also elections in 2016 in Moldova, Croatia, Macedonia, Montenegro, Serbia and Slovakia, as well as a referendum in Hungary on EU migrant quotas – where the results have been clear cut.

In the meantime, there will be further uncertainty ahead of 2017 elections due in Albania, Bulgaria, Czech Republic, Hungary, Serbia and Slovenia. Europe as a whole will be looking at the election results in France, Germany and the Netherlands. M&A activity could well weaken in advance of the polls and – depending on the outcome – after the results.

Populism is not a new concept in the region and some countries have been living with its effects for several years. There was a lot of nervousness about Poland after a change of government in 2015 and a focus on so-called "economic patriotism". Despite this, M&A activity was brisk in Poland 2016 and all the signs are that it will remain so in 2017.

Poland has enjoyed reasonably robust economic growth, helped by the cheap zloty, but the populist approach has raised questions over its economic stability. Some of the deal activity has been driven by positive sentiment, but some by foreign investors selling businesses in sectors such as energy and finance, where the government is keen to fly the Polish flag.

Hungary has been through a similar process since joining the single market in 2004. Its style of government has sometimes alarmed EU leaders, although it has continued to recognise the importance of foreign investment.

The history of the region is marked by political instability, but the recent past shows that when countries can map out a secure future the region is enormously attractive to investors. Looking ahead, M&A activity in individual countries will be influenced by the outcome of the various elections in the region.

Investors and dealmakers will also be keeping a watchful eye on developments in the EU, including Brexit negotiations and elections in key countries, as well as on the implications of the policies adopted by the new president of the US.



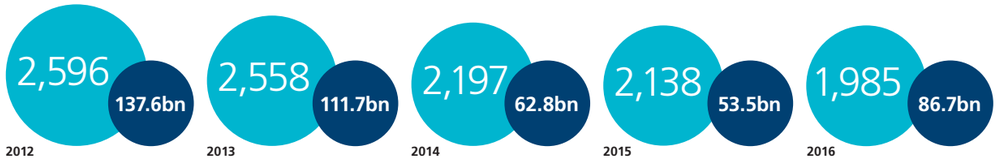
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Appendix 1:
Regional data and top deal lists

Deals by volume and by value



Number of deals by sector in 2016

Real Estate & Construction
357

Finance & Insurance
191

Mining (incl. oil & gas)
99

Transportation & Logistics
71

Agriculture & Farming
53

Manufacturing
312

Wholesale & Retail
190

Food & Beverage
95

Media & Entertainment
62

Telecoms & IT
265

Services
145

Energy & Utilities
91

Education & Healthcare
54

Emerging Europe: top 20 deals 2016

Target	Country of Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Rosneft	Russia	Mining (incl. oil & gas)	Privatisation (19.5%)	Glencore Plc; Qatar Investment Authority	Switzerland; Qatar	10,200[1]
Anheuser-Busch InBev businesses in Central and Eastern Europe	Czech Republic; Hungary; Poland; Romania; Slovakia	Food & Beverage	Acquisition (100%)	Asahi Group Holdings Ltd	Japan	7,300[1]
Bashneft	Russia	Mining (incl. oil & gas)	Privatisation (50.1%)	Rosneft	Russia	4,726.8[1]
Energeticky A Prumyslovy Holding as	Czech Republic	Energy & Utilities	Acquisition (62.8%)	Daniel Kretinsky - private investor; Managers of EPH	Czech Republic	3,142[3]
Grupa Allegro	Poland	Telecoms & IT	Acquisition (100%)	Cinven; Permira Advisers LLP; Mid Europa Partners LLP	United Kingdom	2,957.3[1]
Bank Pekao SA; Pioneer Pekao Investment Management; Pekao Pioneer PTE; Dom Inwestycyjny Xelion	Poland	Finance & Insurance	Minority stake (32.8% in Bank Pekao)	PZU SA; Polski Fundusz Rozwoju SA	Poland	2,508.3[1]
PointPark Properties sro	Czech Republic	Real Estate & Construction	Acquisition (100%)	GIC Pte Ltd	Singapore	2,400[1]
Morton Group	Russia	Real Estate & Construction	Acquisition (100%)	PIK Group	Russia	2,050.2[2]
Morton Group	Russia	Real Estate & Construction	Acquisition (100%)	Sergey Gordeev - private investor	Russia	1,995.2[2]
Vankorneft ZAO	Russia	Mining (incl. oil & gas)	Minority stake (23.9%)	Indian Oil Corporation Ltd; Oil India Ltd; Bharat Petroleum Corp Ltd	India	1,804.5[1]
Uralkali	Russia	Manufacturing	Minority stake (20%)	Dmitry Lobyak - private investor	Belarus	1,486.9[3]
Arkhangelskgeoldobycha (AGD)	Russia	Mining (incl. oil & gas)	Acquisition (100%)	Otkritie Holding	Russia	1,367.9[1]
Sibur Holding	Russia	Manufacturing	Minority stake (10%)	Silk Road Fund Co Ltd	China	1,262.3[2]
Taas-Yuryakh Neftegazodobycha	Russia	Mining (incl. oil & gas)	Minority stake (29.9%)	Indian Oil Corporation Ltd; Oil India Ltd; Bharat Petroleum Corp Ltd	India	1,000[1]
Verkhnechonskneftegaz	Russia	Mining (incl. oil & gas)	Minority stake (20%)	Beijing Enterprises Group Co Ltd	China	991[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Target	Country of Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Irkutskenergo	Russia	Energy & Utilities	Minority stake (40.3%)	En+ Group	Russia	938.6[1]
J&T Finance Group SE	Czech Republic	Finance & Insurance	Acquisition (41%)*	CEFC China Energy Co Ltd	China	861[3]
Vankorneft ZAO	Russia	Mining (incl. oil & gas)	Minority stake (11%)	ONGC Videsh Ltd	India	853.2[1]
Mail.ru Group	Russia	Telecoms & IT	Acquisition (15.2%)**	MegaFon	Russia	711.5[1]
Cable business of Multimedia Polska	Poland	Telecoms & IT	Acquisition (100%)	Liberty Global Plc	United Kingdom	690.9[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Note 1: Note 1: The July stock exchange tender offer from Avast for AVG in the Czech Republic, and the July stock exchange privatization of 11% in Alrosa in Russia are not included.

Note 2: The two deals for Morton Group in Russia involve the co-owner of PIK Group Sergey Gordeev first buying Morton through his company Horus Real Estate Fund and then selling it to PIK.

* After the deal, CEFC will own 50% of J&T Finance.

** MegaFon will acquire the majority of the voting rights in Mail.ru

Emerging Europe: inbound investment 2016

Buyer country	FY16 Deals	FY15 Deals	%	FY16 Value, EUR m*	FY15 Value, EUR m*	%
USA	88	127	-31%	1,513.6	3,967.9	-62%
Germany	66	88	-25%	1,266.5	3,184.4	-60%
UK	75	73	3%	5,192.0	2,510.6	107%
Austria	37	42	-12%	330.2	370.3	-11%
France	46	45	2%	592.5	1,081.2	-45%
China	28	23	22%	4,350.7	2,223.7	96%
Japan	18	23	-22%	8,063.6	284.1	2,738%
India	7	6	17%	3,739.9	1,155.5	224%
Singapore	5	6	-17%	2,402.0	32.12	7,378%
South Africa	22	9	144%	964.7	1,276.25	-24%
Czech Republic	159	107	49%	3,954.0	1,315.8	200%
Russia	575	583	-1%	23,024.5	11,200.6	106%
Poland	146	187	-22%	3,871.8	1,696.0	128%
Turkey	112	131	-15%	2,873.4	4,107.2	-30%

* Only deals with buyers from a single country were considered for the inbound value calculation.

Private equity: top 20 deals 2016

Target	Country of Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Rosneft	Russia	Mining (incl. oil & gas)	Privatisation (19.5%)	Glencore Plc; Qatar Investment Authority	Switzerland; Qatar	10,200[1]
Energeticky A Prumyslovy Holding as	Czech Republic	Energy & Utilities	Acquisition (62.8%)	Daniel Kretinsky - private investor; Managers of EPH	Czech Republic	3,142[3]
Grupa Allegro	Poland	Telecoms & IT	Acquisition (100%)	Cinven; Permira Advisers LLP; Mid Europa Partners LLP	United Kingdom	2,957.3[1]
PointPark Properties sro	Czech Republic	Real Estate & Construction	Acquisition (100%)	GIC Pte Ltd	Singapore	2,400[1]
Mars Entertainment Group	Turkey	Media & Entertainment	Acquisition (100%)	CJ CGV Co Ltd; IMM Investment Corp; other	South Korea	603.5[1]
Helios Group	Slovenia; CEE/ SEE	Manufacturing	Acquisition (100%)	Kansai Paint Co Ltd	Japan	572[1]
Russian Helicopters	Russia	Manufacturing	Capital increase (25%)	Russian Direct Investment Fund (RDIF); Consortium of Middle Eastern portfolio investors	Russia; Greater MENA	535.7[1]
Profi Rom Food	Romania	Wholesale & Retail	Acquisition (100%)	Mid Europa Partners LLP	United Kingdom	533[1]
AvtoVAZ	Russia	Manufacturing	Capital increase / Acquisition (56%)	Renaissance Capital; existing shareholders	Russia	413.3[1]
Asist Ogretim Kurumlari (Doga Koleji)	Turkey	Education & Healthcare	Acquisition (100%)	Turkish private investor(s)	Turkey	362[2]
Portfolio of 31 retail and office properties in Western Balkans	Bosnia-Herzegovina	Real Estate & Construction	Acquisition (100%)	Lone Star Funds	United States	350[3]
Eldorado Ltd	Russia	Wholesale & Retail	Acquisition (100%)	SAFMAR Financial Group	Russia	327.5[2]
Florentinum building in Prague	Czech Republic	Real Estate & Construction	Acquisition (100%)	CEFC China Energy Co Ltd	China	282.4[2]
Smyk Sp z oo	Poland	Wholesale & Retail	Acquisition (100%)	Bridgepoint Capital; Cornerstone Partners	United Kingdom; Poland	235.8[1]
Letnany shopping centre	Czech Republic	Real Estate & Construction	Acquisition (100%)	Union Investment Real Estate GmbH	Germany	234.1[2]

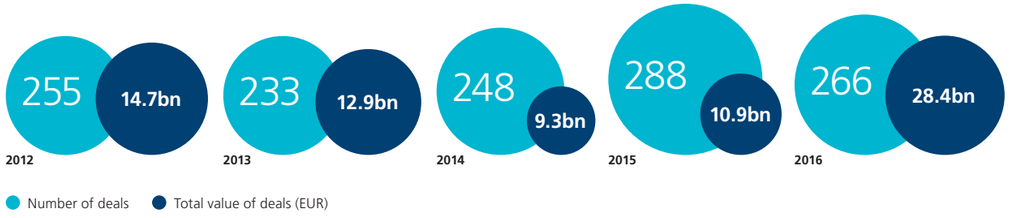
1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Target	Country of Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Pharmacy Chain 36.6	Russia	Wholesale & Retail	Capital increase / Acquisition (58.1%)	Rossium; Baring Vostok Capital Partners; existing shareholders	Russia	229.5[1]
Danone Russia	Russia	Food & Beverage	Minority stake (42.5%)	Groupe Danone SA	France	227.3[2]
Globalworth Real Estate Investments Ltd	Romania; United Kingdom	Finance & Insurance	Capital increase (38.1%)	Growthpoint Properties Ltd; Oak Hill Capital	South Africa; United States	200[1]
getBACK SA	Poland	Services	Acquisition (100%)	Abris Capital Partners	Poland	191.4[1]
City Tower office building	Czech Republic	Real Estate & Construction	Acquisition (100%)	REICO investicni spolecnost Ceske sporitelny as	Czech Republic	180[2]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Note 1: The Private Equity deals include both entries and exits.

Deals by value and volume in private equity (2012-2016)



Top 20 emerging Europe IPOs 2016

Target	Country of Target	Sector	Deal Value (EUR m)
Moneta Money Bank as	Czech Republic	Finance & Insurance	658.6 (51%)[1]
RussNeft	Russia	Mining (incl. oil & gas)	473.8 (20%)[1]
Financial group Budushcheye	Russia	Finance & Insurance	170.7 (20%)[1]
Celon Pharma SA	Poland	Manufacturing	57.3 (33%)[1]
MedLife SA	Romania	Education & Healthcare	50.7 (44%)[1]
X-Trade Brokers SA	Poland	Finance & Insurance	43.3 (14%)[1]
Stelmet SA	Poland	Manufacturing	42.2 (20%)[1]
Baltic Horizon Fund	Estonia	Finance & Insurance	29.7 (n.a%)*[1]
Artifex Mundi SA	Poland	Telecoms & IT	23.3 (42.1%)[1]
Auto Partner SA	Poland	Wholesale & Retail	19.6 (33%)[1]
Archicom SA	Poland	Real Estate & Construction	16.6 (20%)[1]
PlayWay SA	Poland	Telecoms & IT	14.7 (18.2%)[1]
Polski Bank Komorek Macierzystych SA	Poland	Education & Healthcare	12.9 (25.3%)[1]
Cuhadaroglu Metal	Turkey	Manufacturing	11.3 (26%)[1]
Duna House Holding Kft	Hungary	Real Estate & Construction	8.6 (21.8%)[1]
i2 Development SA	Poland	Real Estate & Construction	7.8 (17.5%)[1]
Master Pharm SA	Poland	Manufacturing	6.6 (26.2%)[1]
Neo London Capital	Bulgaria	Real Estate & Construction	5.1 (99.5%)[1]
Biuro Inwestycji Kapitalowych SA	Poland	Real Estate & Construction	4.7 (27.4%)[1]
TXM SA	Poland	Wholesale & Retail	4.6 (12%)[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* Stake unknown.

Real estate: top 20 deals 2016

Target	Country of Target	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
PointPark Properties sro	Czech Republic	Acquisition (100%)	GIC Pte Ltd	Singapore	2,400[1]
Morton Group	Russia	Acquisition (100%)	PIK Group	Russia	2,050.2[2]
Morton Group	Russia	Acquisition (100%)	Sergey Gordeev - private investor	Russia	1,995.2[2]
Plaza	Russia	Acquisition / Debt-for-equity swap (99.6%)	VTB Bank	Russia	636.5[2]
President Plaza	Russia	Acquisition (100%)	Sberbank	Russia	508.9[2]
Mosmetrostroy	Russia	Debt-for-equity swap (41.6%)	VTB Bank	Russia	411.7[1]
Echo Prime Properties BV	Poland; Netherlands	Acquisition (75%)	Redefine Properties Ltd; The Pivotal Fund Ltd	South Africa	362[1]
Bonarka City Center in Krakow	Poland	Acquisition (100%)	Rockcastle Global Real Estate Co Ltd	Mauritius	361[1]
Portfolio of 31 retail and office properties in Western Balkans	Bosnia-Herzegovina; Croatia; Macedonia; Serbia; Slovenia	Acquisition (100%)	Lone Star Funds	United States	350[3]
Florentinum building in Prague	Czech Republic	Acquisition (100%)	CEFC China Energy Co Ltd	China	282.4[2]
Q22 office building	Poland	Acquisition (100%)	Invesco Real Estate	United States	273[1]
Portfolio of seven office buildings	Poland	Acquisition (100%)	Echo Polska Properties NV	Netherlands	264[1]
Arena Centar	Croatia	Acquisition (100%)	New Europe Property Investments plc	South Africa	237.5[1]
Letnany shopping centre	Czech Republic	Acquisition (100%)	Union Investment Real Estate GmbH	Germany	234.1[2]
Portfolio of seven logistic parks of VGP Group	Czech Republic; Hungary; Slovakia	Acquisition (100%)	VGP European Logistics *	Belgium	233.3[3]
City Center One Zagreb East; City Center One Zagreb West	Croatia	Acquisition (65%)	Morgan Stanley & Co LLC	United States	220[1]
Porto Montenegro	Montenegro	Acquisition (54%)	Investment Corporation of Dubai (ICD)	UAE	200[2]
55,000 m^2 in Oko tower of Moscow-City business centre	Russia	Acquisition (100%)	Moscow City Government	Russia	196.9[1]
Buildings A and B of Gdanski Business Center in Warsaw	Poland	Acquisition (100%)	Savills Investment Management	United Kingdom	186[1]
City Tower office building	Czech Republic	Acquisition (100%)	REICO investicni spolecnost Ceske sporitelny as	Czech Republic	180[2]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

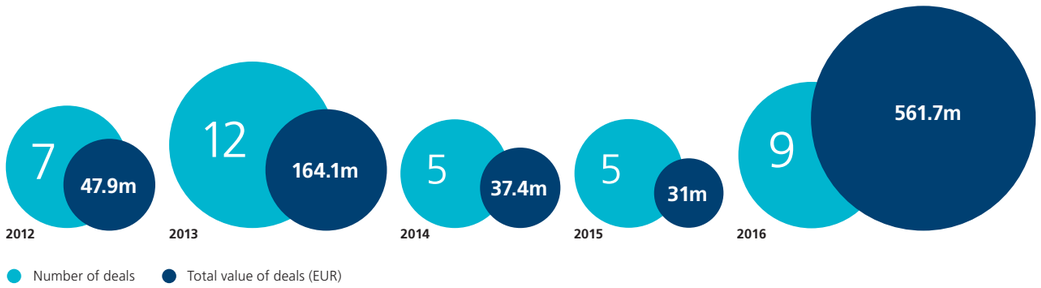
* The buyer is a 50:50 JV between VGP and Allianz.



Appendix 2:
County data and top deal lists

Albania

Deals by value and volume in Albania (2012-2016)



Number of deals by sector in 2016

Mining (incl. oil & gas)
3

Finance & Insurance
2

Telecoms & IT
2

Transportation & Logistics
1

Wholesale & Retail
1

Top 5 deals in Albania in 2016

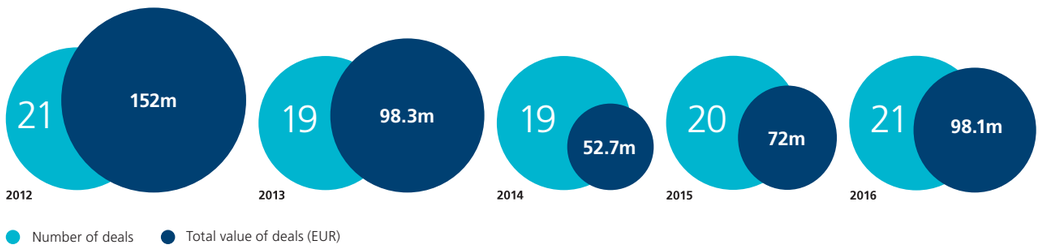
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Bankers Petroleum Ltd *	Mining (incl. oil & gas)	Acquisition (100%)	Geo-Jade Petroleum Corp	China	394.6[1]
Tirana International Airport Sh pk	Transportation & Logistics	Acquisition (100%)	China Everbright Ltd; Friedmann Pacific Investment Holdings Ltd	Hong Kong	81.1[2]
Oil exploration Blocks 2-3; Oil exploration Block 4	Mining (incl. oil & gas)	Minority stake (25%)	Royal Dutch Shell Plc	Netherlands	39.5[1]
Oil & gas operations of TransAtlantic Petroleum in Albania	Mining (incl. oil & gas)	Acquisition (100%)	GBC Oil Co Ltd	United Kingdom	28.9[1]
Insig Sh a	Finance & Insurance	Privatisation (100%)	Eurosig Sh a	Albania	15.8[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* The company's main asset is the Patos-Marinza oilfield in Albania.

Bosnia and Herzegovina

Deals by value and volume in Bosnia and Herzegovina (2012-2016)



Number of deals by sector in 2016

Manufacturing

8

Real Estate & Construction

3

Wholesale & Retail

3

Finance & Insurance

2

Telecoms & IT

2

Food & Beverage

2

Mining (incl. oil & gas)

1

Top 5 deals in Bosnia and Herzegovina in 2016

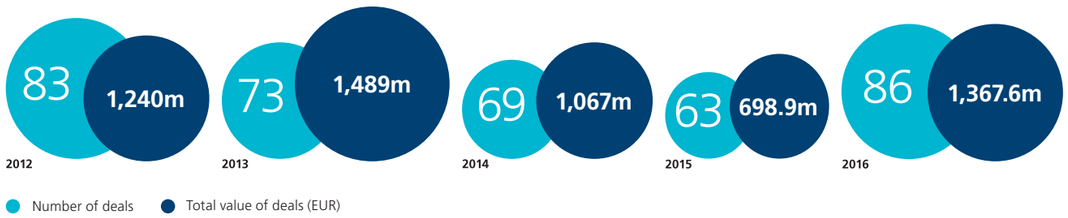
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
RZR Ljubija AD Prijedor	Mining (incl. oil & gas)	Privatisation (65%)	Investment Group Overseas	Israel	33.4[1]
Fabrika Duhana Sarajevo dd (FDS)	Food & Beverage	Privatisation (39.9%)	CID Adriatic Investments; British American Tobacco	Austria; United Kingdom	21.7[1]
Fabrika Duhana Sarajevo dd (FDS)	Food & Beverage	Tender offer (38.8%)	CID Adriatic Investments; British American Tobacco	Austria; United Kingdom	21.2[1]
Holiday Inn Sarajevo	Real Estate & Construction	Auction (100%)	Europa dd za ugostiteljstvo i turizam	Bosnia-Herzegovina	14.4[2]
MF Banka AD Banja Luka	Finance & Insurance	Minority stake (23.1%)	KfW; Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO)	Germany; Netherlands	4.5[1]

1. Official data
2. Market Estimate
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Note 1: The October stock exchange privatisation of Bonsalijek is not included.
Note 2: The two transactions for FDS were three months apart and involved different sellers.

Bulgaria

Deals by value and volume in Bulgaria (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
16

Manufacturing
13

Telecoms & IT
12

Wholesale & Retail
12

Finance & Insurance
9

Services
7

Energy & Utilities
4

Mining (incl. oil & gas)
5

Other
8

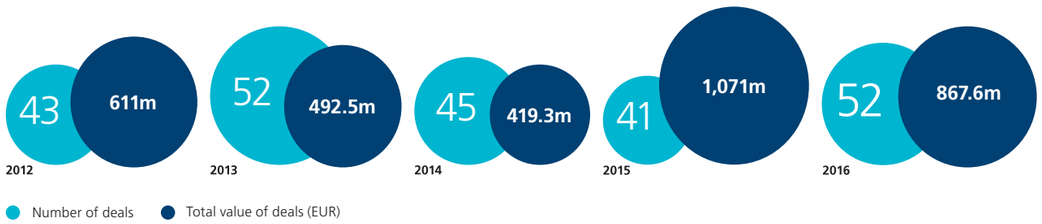
Top 10 deals in Bulgaria in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
United Bulgarian Bank	Finance & Insurance	Acquisition (100%)	KBC Group	Belgium	610.0[1]
Industrial property Kremikovtzi	Manufacturing / Real Estate	Acquisition (100%)	First Investment Bank AD	Bulgaria	137.4[2]
Devin JSC	Food & Beverage	Acquisition (93.3%)	Spadel SA	Belgium	112.0[3]
Overgas Mrezhi	Energy & Utilities	Acquisition / Capital increase (61.4%)	Sasho Donchev - private investor	Bulgaria	103.4[1]
Tokuda Hospital Sofia	Education & Healthcare	Acquisition (100%)	Acibadem Saglik Yatirimlari Holding	Turkey	65.0[1]
Sofia Airport Center	Real Estate & Construction	Acquisition (100%)	Revetas Capital	United Kingdom	55.0[2]
SRP Solar Bulgaria	Energy & Utilities	Acquisition (100%)	Energy MT	Bulgaria	34.0[2]
Dundee Precious Metals	Mining (incl. oil & gas)	Capital increase (10%)	European Bank for Reconstruction and Development (EBRD)	International	31.4[1]
Logistics centre in Gorubliane	Real Estate & Construction	Acquisition (76%)	Speedy Group	Bulgaria	23.6[1]
Retail Park Plovdiv	Real Estate & Construction	Acquisition (100%)	bauMax Bulgaria	Bulgaria	18.0[2]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Croatia

Deals by value and volume in Croatia (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
18

Manufacturing
6

Telecoms & IT
6

Wholesale & Retail
6

Finance & Insurance
6

Food & Beverage
4

Media & Entertainment
3

Energy & Utilities
1

Other
2

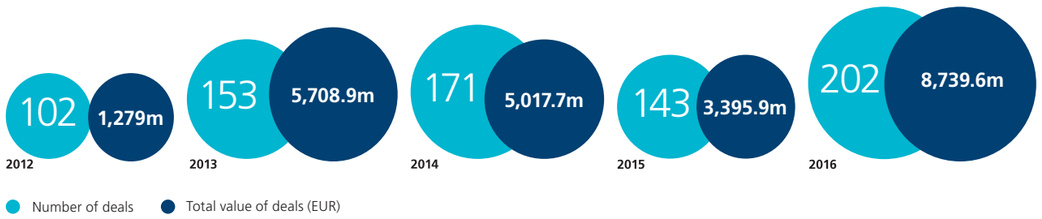
Top 10 deals in Croatia in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Arena Centar	Real Estate & Construction	Acquisition (100%)	New Europe Property Investments plc	South Africa	237.5[1]
City Center One Zagreb East; City Center One Zagreb West	Real Estate & Construction	Acquisition (65%)	Morgan Stanley & Co LLC	United States	220[1]
Four Konzum stores and shopping centres of Agrokor dd	Real Estate & Construction	Acquisition (100%)	Tower Property Fund Ltd	South Africa	66.4[1]
Portfolio of five retail and office properties	Real Estate & Construction	Acquisition (100%)	Lone Star Funds	United States	56.5[3]
Arenaturist dd	Real Estate & Construction	Acquisition (74.2%)	PPHE Hotel Group	Netherlands	49.2[1]
Koncar Elektroindustrija dd	Manufacturing	Privatisation (20.5%)	Erste & Steiermarkische Bank dd; Privredna Banka Zagreb dd (PBZ); Zagrebacka Banka; InterCapital Securities; Raiffeisen Bank International AG	Croatia; Austria	47.7[1]
Imperial dd	Real Estate & Construction	Privatisation (50.1%)	Valamar Riviera dd	Croatia	34.6[1]
Intesa Sanpaolo Card doo	Finance & Insurance	Minority stake (31.2%)	Mercury UK Holdco Ltd	United Kingdom	34.1[1]
Suncani Hvar	Real Estate & Construction	Privatisation (29.9%)	Prime Tourist Resorts	Slovakia	18.8[1]
Atlantic Grupa dd	Food & Beverage	Minority stake (4%)	Allianz ZB	Croatia	14.7[3]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Czech Republic

Deals by value and volume in Czech Republic (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
49

Manufacturing
38

Telecoms & IT
27

Wholesale & Retail
17

Services
17

Energy & Utilities
15

Finance & Insurance
9

Education & Healthcare
8

Other
22

Top 10 deals in Czech Republic in 2016

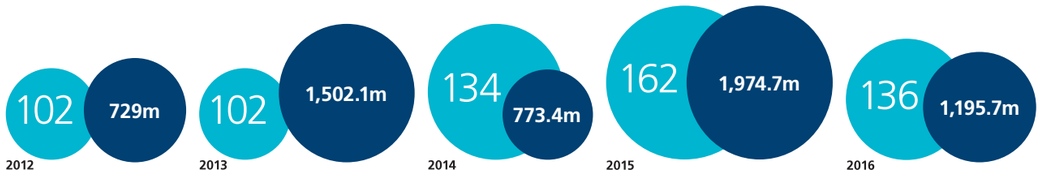
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Energeticky A Prumyslovy Holding as	Energy & Utilities	Acquisition (62.8%)	Daniel Kretinsky - private investor; Managers of EPH	Czech Republic	3,142[3]
PointPark Properties sro	Real Estate & Construction	Acquisition (100%)	GIC Pte Ltd	Singapore	2,400[1]
J&T Finance Group SE	Finance & Insurance	Acquisition (41%)*	CEFC China Energy Co Ltd	China	861[3]
Florentinum building in Prague	Real Estate & Construction	Acquisition (100%)	CEFC China Energy Co Ltd	China	282.4[2]
Tratova Strojni Spolecnost	Services	Acquisition (100%)	CEFC China Energy Co Ltd	China	240[1]
Letnany shopping centre	Real Estate & Construction	Acquisition (100%)	Union Investment Real Estate GmbH	Germany	234.1[2]
City Tower office building	Real Estate & Construction	Acquisition (100%)	REICO investicni spolecnost Ceske sporitelny as	Czech Republic	180[2]
Portfolio of four logistic parks of VGP Group	Real Estate & Construction	Acquisition (100%)	VGP European Logistics**	Belgium	133.3[3]
Enterprise Office Center	Real Estate & Construction	Acquisition (100%)	RSJ Group; Eduard Kucera - private investor; Pavel Baudis - private investor	Czech Republic	111.5[1]
Portfolio of 10 small format retail assets	Real Estate & Construction	Acquisition (100%)	Palmer Capital	United Kingdom	102.6[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Note 1: The July stock exchange tender offer from Avast for AVG is not included.
Note 2: The February stock exchange tender offer from China Energy Company for Pivovary Lobkowicz is not included.
* After the deal, CEFC will own 50% of J&T Finance.
** The buyer is a 50:50 JV between VGP and Allianz.

Hungary

Deals by value and volume in Hungary (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
44

Manufacturing
21

Finance & Insurance
19

Telecoms & IT
10

Wholesale & Retail
9

Energy & Utilities
7

Transportation & Logistics
7

Media & Entertainment
6

Other
13

Top 10 deals in Hungary in 2016

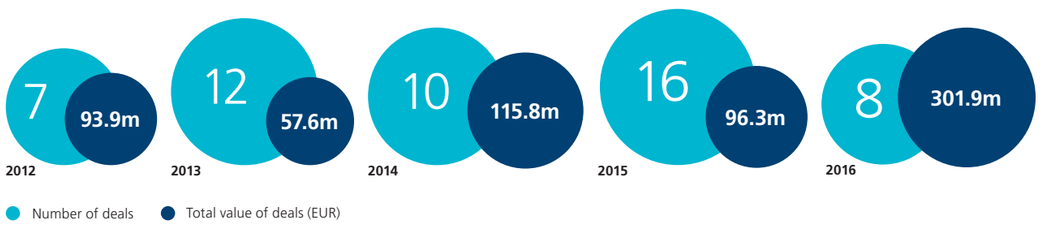
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Erste Bank Hungary Zrt	Finance & Insurance	Minority stake (30%)	Government of Hungary; EBRD	Hungary; International	249.5[1]
Millennium Towers	Real Estate & Construction	Acquisition (100%)	CA Immobilien Anlagen AG	Austria	175.0[1]
MKB Bank Zrt	Finance & Insurance	Privatization (100%)	Blue Robin Investments SCA; Pannonia Nyugdijpenztar; MINERVA Capital Fund Management	Luxembourg; Hungary	120.1[1]
Nordic Light office building	Real Estate & Construction	Acquisition (100%)	Erste Asset Management	Austria	67.0[1]
Two logistic parks of VGP Group	Real Estate & Construction	Acquisition (100%)	VGP European Logistics *	Belgium	66.7[3]
Five Accor-branded hotels in Budapest	Real Estate & Construction	Acquisition (100%)	Orbis SA	Poland	64.1[1]
14 hotels of Hunguest Hotels Zrt	Real Estate & Construction	Acquisition (100%)	Konzum Befektetesi es Vagyonkezelo Nyrt	Hungary	57.1[2]
Park Atrium	Real Estate & Construction	Acquisition (100%)	Corpus Sireo	Germany	50.0[2]
Vaci Corner Offices	Real Estate & Construction	Acquisition (100%)	Zeus Capital Partners LP	Greece	48.3[2]
FHB Mortgage Bank Co Plc	Finance & Insurance	Minority stake (14.7%)	Takarekbank Zrt	Hungary	26.2[3]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* The buyer is a 50:50 JV between VGP and Allianz.

Montenegro

Deals by value and volume in Montenegro (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction

4

Finance & Insurance

1

Food & Beverage

1

Wholesale & Retail

1

Mining (incl. oil & gas)

1

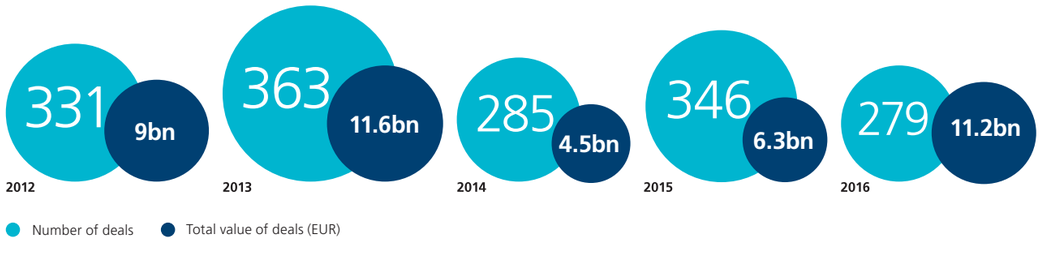
Top 5 deals in Montenegro in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Porto Montenegro	Real Estate & Construction	Acquisition (54%)	Investment Corporation of Dubai (ICD)	UAE	200[2]
Delta City Shopping Centre in Podgorica	Real Estate & Construction	Acquisition (100%)	Homestead Group Holdings Ltd; Hyprop Investments Ltd	United Kingdom; South Africa	75[1]
New Tobacco Plant AD Podgorica (NDKP)	Food & Beverage	Privatisation (100%)	BMJ Industries FZ-LLC	UAE	20[1]
Lipka Hotel	Real Estate & Construction	Acquisition (100%)	Silk Resort & Spa	Montenegro	6.9[1]
Ruza Vjetrova Hotel Resort	Real Estate & Construction	Acquisition (100%)	Karisma Hotels Adriatic doo (KHA)	Croatia	n.a.

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Poland

Deals by value and volume in Poland (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
71

Manufacturing
38

Services
33

Telecoms & IT
31

Wholesale & Retail
25

Finance & Insurance
20

Food & Beverage
18

Transportation & Logistics
13

Other
30

Top 20 deals in Poland in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Grupa Allegro	Telecoms & IT	Acquisition (100%)	Cinven; Permira Advisers LLP; Mid Europa Partners LLP	United Kingdom	2,957.3[1]
Bank Pekao SA; Pioneer Pekao Investment Management; Pekao Pioneer PTE; Dom Inwestycyjny Xelion	Finance & Insurance	Minority stake (32.8% in Bank Pekao)	PZU SA; Polski Fundusz Rozwoju SA	Poland	2,508.3[1]
Cable business of Multimedia Polska	Telecoms & IT	Acquisition (100%)	Liberty Global Plc	United Kingdom	690.9[1]
Echo Prime Properties BV	Real Estate & Construction	Acquisition (75%)	Redefine Properties Ltd; The Pivotal Fund Ltd	South Africa	362[1]
Bonarka City Center in Krakow	Real Estate & Construction	Acquisition (100%)	Rockcastle Global Real Estate Co Ltd	Mauritius	361[1]
Q22 office building	Real Estate & Construction	Acquisition (100%)	Invesco Real Estate	United States	273[1]
Portfolio of seven office buildings	Real Estate & Construction	Acquisition (100%)	Echo Polska Properties NV	Netherlands	264[1]
Elektrownia Polaniec	Energy & Utilities	Acquisition (100%)	Enea SA	Poland	244.3[1]
Smyk Sp z oo	Wholesale & Retail	Acquisition (100%)	Bridgepoint Capital; Cornerstone Partners Sp z oo	United Kingdom; Poland	235.8[1]
Raiffeisen Leasing Polska SA	Finance & Insurance	Acquisition (100%)	PKO BP	Poland	195.8[1]
getBACK SA	Services	Acquisition (100%)	Abris Capital Partners	Poland	191.4[1]
Buildings A and B of Gdanski Business Center in Warsaw	Real Estate & Construction	Acquisition (100%)	Savills Investment Management	United Kingdom	186[1]
Focus Mall Piotrków Trybunalski; Focus Mall Zielona Góra	Real Estate & Construction	Acquisition (100%)	Rockcastle Global Real Estate Co Ltd	Mauritius	161[1]
Galeria Warminska shopping centre	Real Estate & Construction	Acquisition (100%)	Rockcastle Global Real Estate Co Ltd	Mauritius	150[1]
Gdansk Transport Company SA	Transportation & Logistics	Acquisition (29.7%)*	NDI Autostrada	Poland	146.9[1]
Gdansk Transport Company SA	Transportation & Logistics	Minority stake (30%)	DIF; Swiss Life Asset Management Ltd	Netherlands; Switzerland	141.5[1]
Novago Sp z oo	Services	Acquisition (100%)	China Everbright International Ltd	Hong Kong	123[1]
Konstruktorska Business Center in Warsaw	Real Estate & Construction	Acquisition (100%)	Golden Star Estate BV	Netherlands	120[1]
Axtone Sp z oo	Manufacturing	Acquisition (100%)	ITT Inc	United States	106.3[1]
Echo Polska Properties NV	Real Estate & Construction	Capital increase (12.2%)	n.a.	n.a.	103.6[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

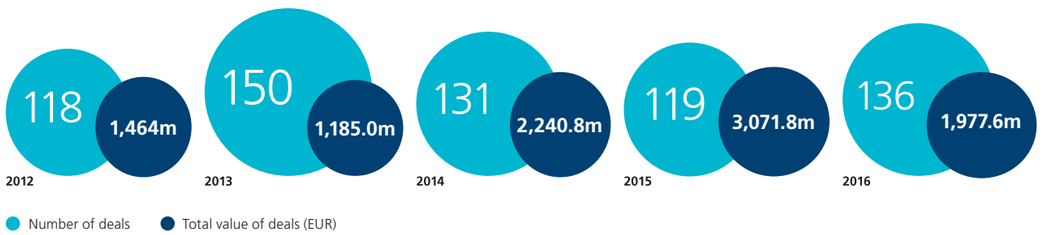
Note 1: The September stock exchange tender offer from Finaccess Mexico for AmRest Holdings is not included.

Note 2: The April stock exchange tender offer from Alior Bank for Bank BPH is not included.

* After the deal, NDIA will own 55% of Gdansk Transport Company.

Romania

Deals by value and volume in Romania (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
21

Manufacturing
20

Telecoms & IT
17

Finance & Insurance
15

Wholesale & Retail
12

Services
11

Food & Beverage
11

Mining (incl. oil & gas)
9

Other
20

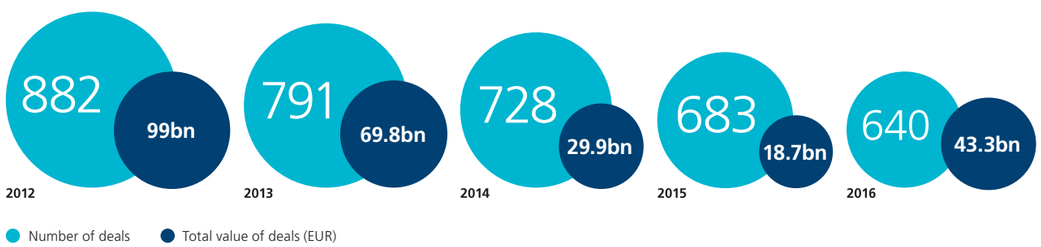
Top 10 deals in Romania in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Profi Rom Food	Wholesale & Retail	Acquisition (100%)	Mid Europa Partners LLP	United Kingdom	533[1]
E.ON Distributie Romania SA	Energy & Utilities	Minority stake (30%)	Allianz SE	Germany	217.5[2]
Globalworth Real Estate Investments Ltd	Finance & Insurance	Capital increase (38.1%)	Growthpoint Properties Ltd; Oak Hill Capital	South Africa; United States	200[1]
OMV Petrom SA	Mining (incl. oil & gas)	Minority stake (6.4%)	SIF Moldova; other	Romania	168.1[1]
Shopping City Sibiu	Real Estate & Construction	Acquisition (100%)	New Europe Property Investments plc	South Africa	100[1]
Albalact SA	Food & Beverage	Acquisition (94.8%)	Groupe Lactalis SA	France	72.5[1]
Banca Transilvania	Finance & Insurance	Minority stake (2.9%)	undisclosed private investors	n.a.	54.6[1]
Metropolis Center	Real Estate & Construction	Acquisition (100%)	PPF Group NV	Czech Republic	50[2]
Green Group	Services	Acquisition (82%)	Abris Capital Partners	Poland	50[2]
Covalact SA	Food & Beverage	Acquisition (99.4%)	Groupe Lactalis SA	France	40.9[2]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

Russia

Deals by value and volume in Russia (2012-2016)



Number of deals by sector in 2016

Telecoms & IT

105

Manufacturing

95

Finance & Insurance

68

Mining (incl. oil & gas)

68

Real Estate & Construction

66

Wholesale & Retail

55

Agriculture & Farming

41

Services

38

Other

104

Top 20 deals in Russia in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Rosneft	Mining (incl. oil & gas)	Privatisation (19.5%)	Glencore Plc; Qatar Investment Authority	Switzerland; Qatar	10,200[1]
Bashneft	Mining (incl. oil & gas)	Privatisation (50.1%)	Rosneft	Russia	4,726.8[1]
Morton Group	Real Estate & Construction	Acquisition (100%)	PIK Group	Russia	2,050.2[2]
Morton Group	Real Estate & Construction	Acquisition (100%)	Sergey Gordeev - private investor	Russia	1,995.2[2]
Vankorneft ZAO	Mining (incl. oil & gas)	Minority stake (23.9%)	Indian Oil Corporation Ltd; Oil India Ltd; Bharat Petroleum Corp Ltd	India	1,804.5[1]
Uralkali	Manufacturing	Minority stake (20%)	Dmitry Lobyak - private investor	Belarus	1,486.9[3]
Arkhangelskgeoldobycha (AGD)	Mining (incl. oil & gas)	Acquisition (100%)	Otkritie Holding	Russia	1,367.9[1]
Sibur Holding	Manufacturing	Minority stake (10%)	Silk Road Fund Co Ltd	China	1,262.3[2]
Taas-Yuryakh Neftegazodobycha	Mining (incl. oil & gas)	Minority stake (29.9%)	Indian Oil Corporation Ltd; Oil India Ltd; Bharat Petroleum Corp Ltd	India	1,000[1]
Verkhnechonskneftegaz	Mining (incl. oil & gas)	Minority stake (20%)	Beijing Enterprises Group Co Ltd	China	991[1]
Irkutskenergo	Energy & Utilities	Minority stake (40.3%)	En+ Group	Russia	938.6[1]
Vankorneft ZAO	Mining (incl. oil & gas)	Minority stake (11%)	ONGC Videsh Ltd	India	853.2[1]
Mail.ru Group	Telecoms & IT	Acquisition (15.2%)*	MegaFon	Russia	711.5[1]
M.Video	Wholesale & Retail	Acquisition (57.7%)	SAFMAR Financial Group	Russia	685[3]
Plaza	Real Estate & Construction	Acquisition / Debt-for-equity swap (99.6%)	VTB Bank	Russia	636.5[2]
Russian Helicopters	Manufacturing	Capital increase (25%)	Russian Direct Investment Fund (RDIF); Consortium of Middle Eastern portfolio investors	Russia; Greater MENA	535.7[1]
President Plaza	Real Estate & Construction	Acquisition (100%)	Sberbank	Russia	508.9[2]
Nizhnekamskneftekhim	Manufacturing	Minority stake (25%)	TAIF Group	Russia	499.6[1]
AvtoVAZ	Manufacturing	Capital increase / Acquisition (56%)	Renaissance Capital; existing shareholders	Russia	413.3[1]
Mosmetrostroy	Real Estate & Construction	Debt-for-equity swap (41.6%)	VTB Bank	Russia	411.7[1]

1. Official data
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3. EMIS DealWatch Estimate

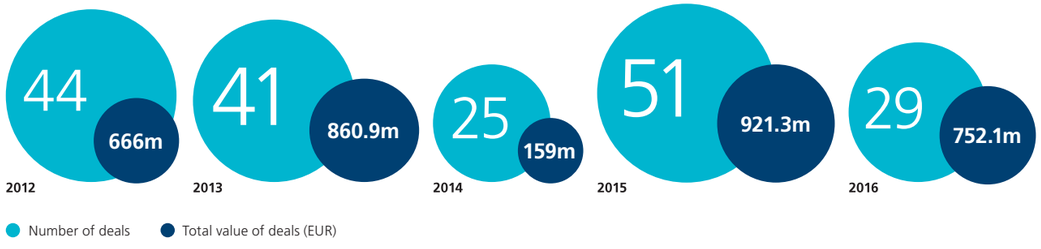
Note 1: The July stock exchange privatisation of 11% in Alrosa is not included.

Note 2: The two deals for Morton Group in Russia involve the co-owner of PIK Group Sergey Gordeev first buying Morton through his company Horus Real Estate Fund and then selling it to PIK.

* MegaFon will acquire the majority of the voting rights in Mail.ru.

Serbia

Deals by value and volume in Serbia (2012-2016)



Number of deals by sector in 2016

Manufacturing
6

Finance & Insurance
6

Real Estate & Construction
5

Media & Entertainment
3

Telecoms & IT
3

Wholesale & Retail
2

Food & Beverage
1

Services
1

Other
2

Top 10 deals in Serbia in 2016

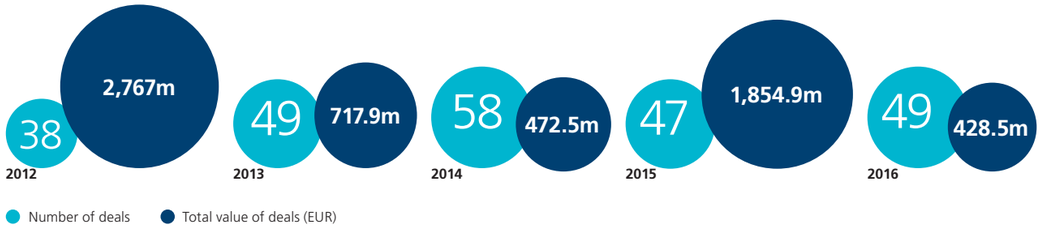
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Timok copper-gold project*	Mining (incl. oil & gas)	Acquisition / Capital increase (n.a.%)**	Nevsun Resources Ltd	Canada	442.5[1]
Delta City Shopping Centre in Belgrade	Real Estate & Construction	Acquisition (100%)	Hyprop Investments Ltd; Homestead Group Holdings Ltd	South Africa; United Kingdom	127.8[1]
Fabrika Automobila Priboj ad (FAP)	Manufacturing	Acquisition / Debt-for-equity swap (94.5%)	Government of the Republic of Serbia	Serbia	71[1]
Zelezara Smederevo	Manufacturing	Privatisation (100%)	Hebei Iron And Steel Co Ltd	China	46.7[1]
KBM Banka ad	Finance & Insurance	Acquisition (89.5%)	Andrej Jovanovic - private investor; Bojan Milovanovic - private investor	Serbia	17.7[3]
ZeroCorp Ltd	Media & Entertainment	Acquisition (100%)	Catena Media	Malta	15[1]
Avala Film ad	Media & Entertainment	Minority stake (20%)	Sebre as	Czech Republic	10[1]
Mlekara Sabac	Food & Beverage	Auction (100%)	MI Finance doo	Serbia	7.7[1]
AIK Banka ad	Finance & Insurance	Minority stake (6.3%)	MK Group doo; M&V Investments ad;	Serbia	7.7[1]
Aerodrom Ketering doo	Services	Acquisition (50%)	Serta	UAE	2.4[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* Nevsun will execute the deal by acquiring Reservoir Minerals, one of the owners of the Timok project, and subsequently increasing its capital.
** Stake unknown.

Slovakia

Deals by value and volume in Slovakia (2012-2016)



Number of deals by sector in 2016

Real Estate & Construction
14

Manufacturing
6

Telecoms & IT
6

Wholesale & Retail
6

Food & Beverage
5

Energy & Utilities
4

Education & Healthcare
3

Finance & Insurance
3

Services
2

Top 5 deals in Slovakia in 2016

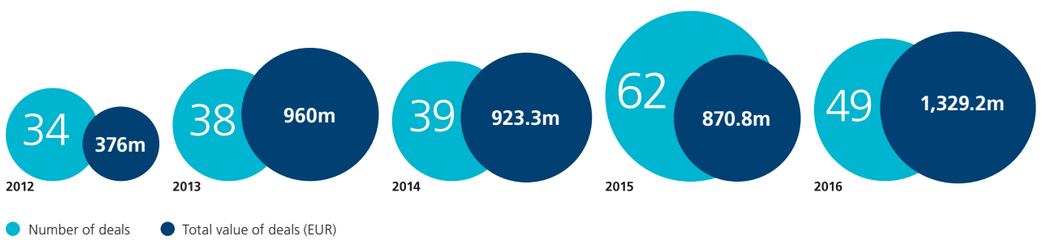
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Central Shopping Center in Bratislava	Real Estate & Construction	Acquisition (100%)	Allianz SE	Germany	175[1]
Portfolio of logistics and light industrial assets	Real Estate & Construction	Acquisition (100%)	Macquarie Group Ltd	Australia	70.3[3]
Portfolio of six retail parks	Real Estate & Construction	Acquisition (100%)	IMMOFINANZ Group	Austria	59.3[3]
Aupark Piestany shopping centre	Real Estate & Construction	Acquisition (100%)	New Europe Property Investments plc	South Africa	39.5[1]
Logistic park of VGP Group	Real Estate & Construction	Acquisition (100%)	VGP European Logistics *	Belgium	33.3[3]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* The buyer is a 50:50 JV between VGP and Allianz.

Slovenia

Deals by value and volume in Slovenia (2012-2016)



Number of deals by sector in 2016

Manufacturing
13

Finance & Insurance
8

Real Estate & Construction
7

Telecoms & IT
4

Wholesale & Retail
4

Services
3

Education & Healthcare
2

Energy & Utilities
2

Other
6

Top 10 deals in Slovenia in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Helios Group *	Manufacturing	Acquisition (100%)	Kansai Paint Co Ltd	Japan	572[1]
Portfolio of 23 retail and office properties	Real Estate & Construction	Acquisition (100%)	Lone Star Funds	United States	282.6[3]
Cimos Group	Manufacturing	Privatisation (92.3%)	TCH Cogeme	Italy	110[1]
Planet Tus shopping centre in Koper	Real Estate & Construction	Acquisition (100%)	Greenbay Properties Ltd	Mauritius	56[1]
Gen-i doo	Energy & Utilities	Acquisition (50%)	GEN-EL doo	Slovenia	45.1[1]
Intersport Group	Wholesale & Retail	Acquisition (100%)	Enterprise Investors	Poland	34.5[1]
Sava dd	Finance & Insurance	Debt-for-equity swap (45.1%)	Kapitalska druzba (KAD); Slovenian State Holding (SDH)	Slovenia	29.4[1]
ETI Elektroelement dd	Manufacturing	Acquisition (76%)	Andlinger & Company	United States	27.5[1]
Istrabenz Plini doo	Energy & Utilities	Acquisition (51%)	Societa' Italiana Acetilene e Derivati SpA (SIAD)	Italy	24.2[2]
Perutnina Ptuj dd	Food & Beverage	Minority stake (26.1%)	SIJ – Slovenian Steel Group	Slovenia	22.8[1]

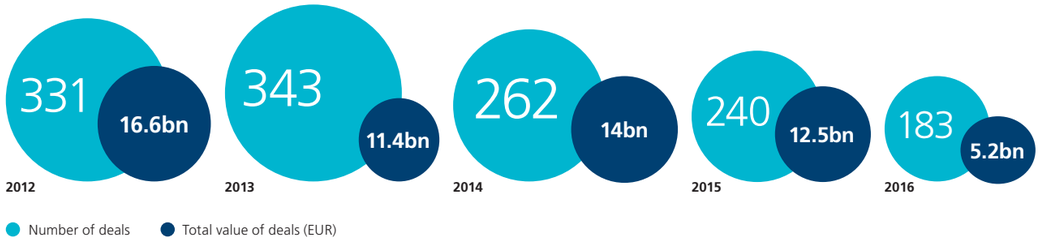
1. Official data
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Note 1: The January stock exchange tender offer from Heineken for Pivovarna Lasko is not included.

* Most of the revenues of Helios Group are attributable to its Slovenian unit.

Turkey

Deals by value and volume in Turkey (2012-2016)



Number of deals by sector in 2016

Manufacturing
33

Wholesale & Retail
33

Telecoms & IT
23

Energy & Utilities
20

Services
20

Finance & Insurance
18

Real Estate & Construction
13

Food & Beverage
7

Other
16

Top 20 deals in Turkey in 2016

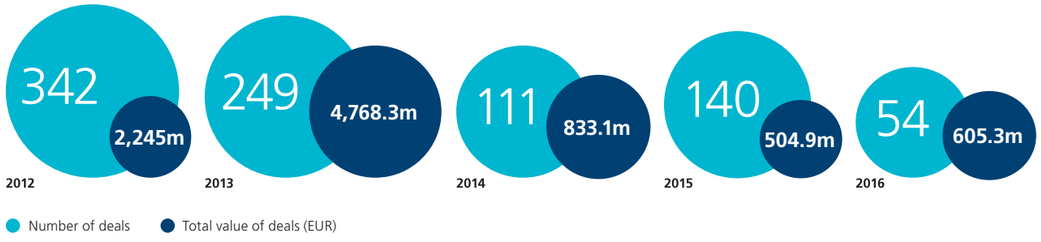
Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Mars Entertainment Group	Media & Entertainment	Acquisition (100%)	CJ CGV Co Ltd; IMM Investment Corp; other	South Korea	603.5[1]
Asist Ogretim Kurumlari (Doga Koleji)	Education & Healthcare	Acquisition (100%)	Turkish private investor(s)	Turkey	362[2]
Menzelet HEPP; Kilavuzlu HEPP	Energy & Utilities	Privatisation (100%)	Akfen Holding	Turkey	361.5[1]
Odea Bank	Finance & Insurance	Capital increase (35.9%)	IFC; EBRD; Bank Audi; undisclosed Middle East investors	International; Lebanon; Greater MENA	306[1]
Borajet Havacilik	Transportation & Logistics	Acquisition (100%)	SBK Holding	Turkey	247.6[2]
Sebenoba wind power plant; Karakurt wind power plant; Samli wind power plant; Ayvacik wind power plant; Kapidag wind power plant; Belen Atik wind power plant	Energy & Utilities	Acquisition (100%)	Guris Insaat	Turkey	244.3[1]
Almus HEPP; Kokluce HEPP	Energy & Utilities	Privatisation (100%)	Gulsan Holding	Turkey	224.9[1]
Koc Finansal Hizmetler	Finance & Insurance	Minority stake (4.7%)	Koc Holding	Turkey	201.3[1]
AlternatifBank	Finance & Insurance	Minority stake (25%)	Commercial Bank of Qatar	Qatar	200.5[1]
Turkiye Petrolleri Petrol Dagitim	Wholesale & Retail	Privatisation (100%)	Zulfikarlar Holding	Turkey	144.5[1]
Mado Gida	Services	Minority stake (40%)	Venture Capital Bank; Al Sraiya Holding	Bahrain; Qatar	140.2[2]
TFI TAB Gida Yatirimlari AS	Services	Capital increase (9.9%)	The Goldman Sachs Group Inc; EBRD; Credit Suisse Group AG	United States; International; Switzerland	135.1[1]
MSC Gemi Acenteligi	Transportation & Logistics	Minority stake (30%)	United Agencies Ltd	Switzerland	129.7[1]
Ronesans Holding	Real Estate & Construction	Capital increase (n.a%)*	IFC	International	122.7[1]
Polisan Boya	Manufacturing	Acquisition / Capital increase (50%)	Kansai Paint Co Ltd	Japan	104.1[1]
Adiguzel HEPP; Kemer HEPP	Energy & Utilities	Privatisation (100%)	Bereket Enerji	Turkey	100.7[1]
Peyman Kuruyemis	Food & Beverage	Acquisition (100%)	Bridgepoint Capital	United Kingdom	98.2[2]
Netas Telekomunikasyon	Telecoms & IT	Minority stake (48%)	ZTE Corp	China	94.7[1]
Tesco Kipa	Wholesale & Retail	Acquisition (95.5%)	Migros Ticaret	Turkey	92.4[1]
Kalenobel	Manufacturing	Acquisition (90%)	Mondi Group	United Kingdom; South Africa	90[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* Stake unknown.

Ukraine

Deals by value and volume in Ukraine (2012-2016)



Number of deals by sector in 2016

Finance & Insurance
15

Real Estate & Construction
9

Telecoms & IT
8

Manufacturing
4

Wholesale & Retail
4

Energy & Utilities
3

Mining (incl. oil & gas)
3

Transportation & Logistics
3

Other
5

Top 10 deals in Ukraine in 2016

Target	Sector	Deal Type	Buyer	Country of Buyer	Deal Value (EUR m)
Ukrsotsbank	Finance & Insurance	Acquisition (99.9%)	Alfa Group Consortium	Russia	296.3[3]
MV Cargo group company	Transportation & Logistics	Acquisition (51%)	Cargill Inc	United States	90.9*[1]
Ellada Oilseed Crushing Plant	Food & Beverage	Acquisition (100%)	Kernel Holding SA	Ukraine	87.1[1]
Astarta Holding	Agriculture & Farming	Minority stake (10%)	Fairfax Financial Holdings Ltd	Canada	34.2[1]
Piramida Shopping Mall	Real Estate & Construction	Acquisition (100%)	Dragon Capital Investments Ltd	Ukraine	21.9[2]
Foros sanatorium	Real Estate & Construction	Privatisation (100%)	Federation of Trade Unions of the Republic of Tatarstan	Russia	16.7[1]
Viasat Ukraine	Telecoms & IT	Acquisition (85%)	1+1 Media Group	Ukraine	16.1[2]
Terminal Brovary	Real Estate & Construction	Acquisition (100%)	Rozetka.ua	Ukraine	14.6[1]
Radisson Blu Hotel Kiev Podil	Real Estate & Construction	Acquisition (100%)	Sergei Tigipko - private investor	Ukraine	9.2[2]
Indar	Manufacturing	Minority stake (29.3%)	Georgian Industrial Group	Georgia	4.3[1]

1. Official data
2. Market Estimate
3. EMIS DealWatch Estimate

* The deal value represents the amount of investment into the project.

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