

# SEE Markets at an Interesting Point in Their Development



Peter Huber, Managing Partner,  
CMS Austria

“On one end you have the developed markets like the Czech Republic and Poland with a lot of activity and large deals with many of the usual names,” explained Peter Huber, Managing Partner and Head of the International Corporate Transactions team of CMS Austria at CMS. On the other, he said, “and probably more interesting, we have the smaller and not so developed markets in the region where we’ve seen changes over the last few years.”

Referring to SEE in particular, Huber pointed to KKR’s investment in Telemach as a “breakthrough in the region in many ways,” both due to the size and the fact that it was a secondary deal. “We might see a lot more secondary deals here and I

am happy to see that the larger players are increasingly prepared to take into pricing certain risks that come with the region.” Mid Europa’s 2015 investment in Danube Foods of Serbia was another notable secondary deal that Huber pointed to.

Huber agreed that, for CMS, the Balkans are a particularly attractive region these days in terms of targets, noting that unlike in Poland, the Czech Republic, and even Russia and Turkey to some extent, deals like KKR’s and Mid Europa’s in SEE are a relatively recent development. Such deals, Huber claimed, result from more entrepreneurs who started their businesses in the 90s now becoming more open to selling. “Of course, we might also see more situations like the disposal of SABMiller, where large corporates are trying to focus geographically and some of them considering CEE as non-core, which might stimulate deal flow even further.”

Huber expect to see additional deals in the consumer products, retail, and healthcare industries. Laboratories, he said, are a particular submarket to watch since there seems to be significant room for consolidation in the market. Another interesting case to keep an eye on, according to Huber, is the privatization of the Komercijalna banka in Serbia, “where there should be considerable PE inter-

est.” When asked if the Serbian Government would consider PE funds or is likelier to look for a strategic investor, Huber responded that “it will be a level playing field with price obviously playing an important role. I do not believe that PE will at a disadvantage.” He added: “there are probably only a few large EU banks that would be taking on an M&A of that size in Serbia. There might be the odd Chinese conglomerate but I would definitely see room for PE on this particular situation.” The CMS Partner wondered only whether Serbia’s price expectations “are realistic or if they are somewhat inflated as with some of the privatizations in Slovenia.”

The Austrian market has been “somewhat more quiet recently but we are seeing deal flow in the mid-market segment.” The market is small, and not cheap, Huber said. “There might be opportunities in listed companies where the valuations of some tend to be lower than their counterparts in Germany or other markets but very few targets in terms of private holders would lend themselves to a PE transaction,” Huber explained. He pointed to retail, healthcare, and property as sectors with the most potential.

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