



M&A Index Poland

3Q 2015

Prepared by Navigator Capital & Fordata

Experts' comments to the 17th edition
of the report can be found on the website:
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M&A Index Poland, 3Q 2015

by Navigator Capital & Fordata | October 2015

Total number of transactions*

66 (3Q 2015)

The largest transaction**

EUR 330m

(Acquisition of PKP Energetyka S.A.
by CVC Capital Partners.)

* based on public data

** among transactions with disclosed prices

About the report:

The M&A Index Poland report is a position that has become a permanent fixture in the calendar of the industry summaries in Poland. The reports are prepared quarterly by a consulting firm **Navigator Capital** and **FORDATA**, a leader in the field of IT solutions which support M&A transactions..

These reports are created to monitor the dynamics of Polish M&A market and to demonstrate the most interesting transactions. For the past six editions we are also focusing on the frequency of use of the Virtual Data Room during M&A processes in Poland.

Introduction

In the third quarter of 2015, the number of M&A transactions reached 66 and was significantly higher than in the previous quarter (66 vs. 54). The most popular targets were media, telecommunication and IT companies. Below we have attached description of the most considerable deals.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
home.pl	1&1 Internet	Alpha Associates; Value4Capital	Ca. 132m

(10th July) German internet services and online applications provider 1&1 Inter, the subsidiary of United Internet, has acquired shares of the Polish hosting services provider home.pl. The sellers were Alpha Associates and Value4Capital private equity funds. The EBITDA of home.pl is expected to exceed EUR 9m in 2015. The IRR rate of return realized by the Value4Capital fund on the investment exceeded 40%. The management board of home.pl should remain in function after the acquisition.

TARGET	BIDDER	SELLER	VALUE [EUR]
Agros-Nova	Polmlek	IK Investment Partners	n/a

(10th July) Polish dairy producer, Polmlek, acquired a non-carbonated drinks and juices division (Fortuna, Garden and Pysio brands) from the British private equity fund IK Investment Partners, which had operated as a part of the Agros-Nova holding. Earlier in 2015 other business lines of Agros-Nova were sold to Maspex Wadowice.

TARGET	BIDDER	SELLER	VALUE [EUR]
PKP Energetyka	CVC Capital Partners	Polskie Koleje Państwowe	Ca. 330m

(23rd July) British private equity fund, CVC Capital Partners, acquired PKP Energetyka, the energy supplier for Polish railway and other entities. The seller, Polskie Koleje Państwowe, intends to invest the income from the sale in the development of its other businesses, mainly passenger services. The sales process was highly competitive, with such bidders as PZU, PGE, Tauron, Enea, KKR Infracapital and EQT PE funds. In September 2015 CVC's stake of over EUR 47m value has been taken over by the European Bank for Reconstruction and Development.

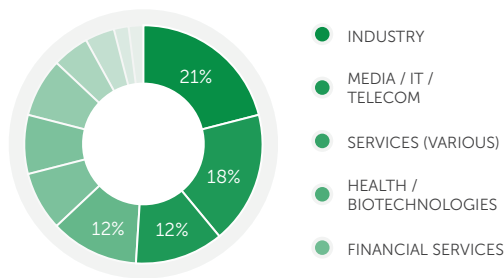
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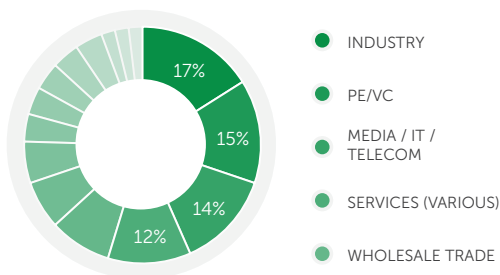
By sector

Transactions with the participation of Polish companies grouped by sectors (by number of transactions)

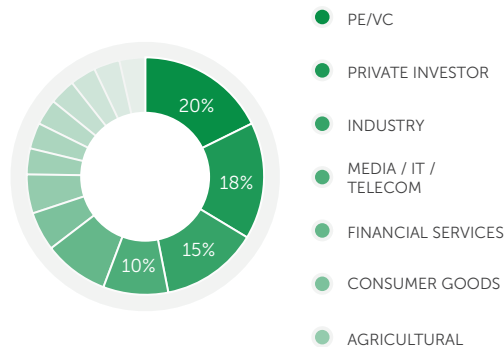
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
AmRest Holdings	Inmobiliaria Tabga	Warburg Pincus	Ca. 266m

(24th July) Mexican holding group Inmobiliaria Tabga, which specializes in restaurant industry, has agreed to acquire 31.71% of shares of the AmRest Holding from the Warburg Pincus private equity fund. The AmRest holding is quoted on the Warsaw Stock Exchange. AmRest manages KFC, Pizza Hut and Starbucks restaurants in Poland and the CEE region since 1993. AmRest was present in Warburg Pincus fund portfolio since 2010.

TARGET	BIDDER	SELLER	VALUE [EUR]
Selected assets of Compagnia Italiana Rimorchi	Wielton	Compagnia Italiana Rimorchi	Ca. 5m

(7th August) Wielton, one of the European leading truck trailers and semitrailers manufacturers, has agreed to purchase selected tangible assets and „Cardi“, „Merker“ and „Viberti“ brands from the Italian Compagnia Italiana Rimorchi company in liquidation. With the purchased tangible assets Wielton plans to modernize the machine park of its Wieluń factory. The purchased brands should help Wielton company to grow dynamically on the Italian market. Navigator Capital was the advisor to Wielton on this acquisition.

TARGET	BIDDER	SELLER	VALUE [EUR]
Pekaes	Innova Capital	Kulczyk Holding	Ca. 47m

(25th August) Innova Capital private equity fund has agreed to acquire 63.01% stake in Pekaes, a Poland-based logistic services company. The seller was Kulczyk Holding. With the Pekaes deal Innova Capital realizes their strategy of expansion in the logistics industry. On the other hand, Kulczyk Holding plans to focus on the chemical, infrastructure, energy and new technologies industries. Kulczyk Holding was a shareholder of Pekaes since 2009.

TARGET	BIDDER	SELLER	VALUE [EUR]
Agro Provimi	PKM Duda	Cargill Poland	Ca. 7m

(2nd September) Poland-based meat producer, PKM Duda, acquired the Agro Provimi company from Cargill Poland, the Polish subsidiary of the American agricultural corporation Cargill. Agro Provimi specializes in cattle and pigs breed, as well as in the cultivation of cereals. This deal is a part of PKM Duda's strategy of expansion in the production and distribution segment. The acquisition of Agro Provimi will allow PKM Duda to expand its capacity by ca. 30 000 pork carcasses per year.

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Navigator Capital

- Navigator Capital along with Dom Maklerski Navigator (Navigator Brokerage House) is the leading independent financial adviser, specializing in mergers and acquisitions and public and private issues of stocks and bonds.
- In recent years Navigator has completed over 35 transactions. Navigator Partners' market experience includes deals worth over PLN 6,2b (EUR 1.6b).
- Through cooperation with international network of advisory firms associated in the Pandion Partners, Navigator Capital effectively handles international transactions.
- Navigator Capital and Dom Maklerski Navigator create a strategic alliance with Biuro Maklerskie Banku BPH (Brokerage Office of Bank BPH) concerning services related to shares (IPO & SPO) and debt instruments (bonds) public issues.

FORDATA (formerly Datapoint)

- FORDATA is a pioneer on the Polish capital market. Based on Virtual Data Room technology, we support our clients in managing documents and communication during complex transactional processes.
- We support the largest M&A, IPO transactions, private equity investments, restructurings, projects associated with obtaining financing and privatizations in Poland and other countries of Central and Eastern Europe.
- FORDATA systems increased safety and efficiency of hundreds of different types of transactions with a total value of over PLN 32 billion.
- FORDATA services are used by the industry leaders in Poland and abroad, including largest advisory companies, banks, legal advisors or Private Equity/Venture Capital funds, i.e. Enterprise Investors, Enea SA, Home.pl, Grupa LOTOS, PZU SA, Grant Thornton, NFI Empik, ZELMER, Bank DNB, BOŚ Bank, Polimex Mostostal, Budimex, DM PKO Banku Polskiego, Deloitte Advisory, EY, KPMG Advisory, JSW, HAITONG and many others.

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TARGET	BIDDER	SELLER	VALUE [EUR]
SMT Software Services	Enterprise Investors	SMT	Ca. 35m

(17th September) Enterprise Investors private equity fund has agreed to acquire the SMT Software Services company from the WSE-listed technological company SMT. SMT Software Services specializes in software and IT solutions development. With this disinvestment SMT plans to focus on their core operational activities, including global development of their iAlbatros system. Enterprise Investors already have the BLStream company of the complimentary profile in their portfolio.

TARGET	BIDDER	SELLER	VALUE [EUR]
Golpaz	Resource Partners	Private investors	n/a

(18th September) Resource Partners private equity fund has acquired Golpaz, a Poland-based company manufacturing poultry, cattle and pig feed. The sellers were private investors, which were the owners of the company. Golpaz mainly sells their products to large enterprise clients. The revenue of Golpaz has exceeded EUR 94m in 2013, whereas their net profit has amounted to almost EUR 5m.

TARGET	BIDDER	SELLER	VALUE [EUR]
eCard	MCI.EuroVentures	TUW SKOK and others	Ca. 5m

(22nd September) MCI private equity fund, which specializes in new technology industry investments has agreed to acquire eCard, Poland-based IT company which offers modern solutions for cashless money transfers, especially solutions for the online payments. The company is listed on the WSE. The majority shareholder of eCard is currently TUW SKOK, which possesses 88% of its stock. After the deal, TUW SKOK will remain a minority shareholder. It has not been settled yet, whether the company will be withdrawn from the Warsaw Stock Exchange.

TARGET	BIDDER	SELLER	VALUE [EUR]
Infovide Matrix	Asseco Poland	Well.com	Ca. 32m

(23rd September) Asseco Poland, WSE-listed IT company, has filed a motion to UOKiK for the approval for the acquisition of Infovide Matrix, which is a software developer and IT consulting company, also listed on the WSE. The price of one share has amounted to 6.01 PLN (1.41 EUR), which means that the stock was bought with the 95.7% premium over the market price of 3.07 PLN (0.72 EUR) from the day before the acquisition. As a result of the deal, Asseco will strengthen their position in the global IT outsourcing sector.

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Expert's comment



Marta Kotwis

Key Account Director,
Member of the Board
FORDATA Sp. z o.o

As we have predicted, **Q3 of 2015 is a time of increased activity on the Polish M&A market.** The number of closed transactions has increased from 54 to 66 compared to the previous quarter, which **is an increase of 22%.** Most of the acquired companies were from media, telecommunication and IT sectors.

Among the transactions with disclosed price, only four exceeded the value of EUR 100 million. **In Q3 of 2015 the transactions with a value of more than PLN 100 million were dominant. Among 11 of these transactions noted in Q3 of 2015,** definitely worth mentioning is the completion of privatization of PKP Energetyka, which was acquired by CVC Capital Partners for a price of PLN 1,410 million. In addition to the energy market, other companies that drew attention were from Media/IT/Telecommunication sectors. Giant on the German hosting market acquired the Home.pl for approx. PLN 560 million, Asseco Poland SA took over Infovide Matrix S.A., and CCC SA acquired 74.99% of shares of Eobuwie.pl S.A.

There is no change regarding involvement of funds in the M&A market. **In Q3 of 2015, they are still, right after the companies related to industry, the most active group of buyers (15% of all transactions).**

The first three quarters of 2015 have been the most distinguishing months of activity in the worldwide M&A market since 2007. **Q3 of 2015 ended with the best result in terms of the value of M&A transactions, reaching the value of \$ 867 billion, which represents an increase of 6% compared to the 2nd quarter of 2015.**

In the CEE region a downward trend still continues both in terms of transaction value and the number of closed transactions. **There has been a decline of 28% in the value of transactions in the previous period, and a decrease of 47% compared to Q3 of 2014.** The data shows that in the CEE region and Russia, the number of completed transactions reached the lowest value during three years - amounted to 1 725. In contrast, in Poland and the Czech Republic there are signs of high activity, thanks to the growing presence of investors from Asia, as well as economic growth above 4% recorded in the Czech Republic in Q1 and Q2 of 2015. The most active sectors in CEE region are IT, health care, and commercial real estate.

The popularity of Virtual Data Room (VDR) system is increasing worldwide. A positive trend regarding usage of the Virtual Data Room system during transactions continues. More and more companies are recognising the value of new technologies during the implementation of various types of transactional processes, in particular mergers and acquisitions. From the data available to us, **it is clear that in Q3 of 2015, 16 out of 66 transactions have been organised with the use of Virtual Data Room system.**

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Expert's comment



Rafał Tuzimek

CEO
Navigator Capital S.A.

The third quarter of 2015 was definitely an intense quarter for the Polish M&A market. During this period there **were 66 transaction carried out, which is 12 more than in the second quarter of 2015.**

Unfortunately the performance of the Warsaw Stock Exchange did not match up with the performance of the Polish M&A market. Between July 1st and September 30th the WIG Index decreased by 4.33%. This was also one of the worst quarters for the world's capital markets since 2009. In the third quarter of 2015 the American S&P500 Index decreased by 6.94%, and the German DAX performed even worse with an almost 12% decrease during this period.

The stock market returns might have been affected by the anxiety caused by the turbulent Chinese economy. Additional factors seemed to be the uncontrolled flow of immigrants to Europe and the unresolved conflicts in Ukraine and in the Middle East. **Even the favorable economic data did not improve the returns from the Polish stock market.** The unemployment rate has achieved the smallest value since 2008 and according to the estimates provided by the Ministry of Labour and Social Policy amounted to 10.8%.

The largest transactions in the third quarter of 2015 on the Polish M&A market were the acquisition of PKP Energetyka SA by the CVC Capital Partners and the acquisition of the 31.71% of AmRest Holdings' stock by the Mexican Inmobiliara Tabga group.

Other interesting transactions involved the acquisition of the tangible assets and brands from the Italian company Compagnia Italiana Rimorchi by Wielton – one of the leaders of the European truck trailer and semi-trailer industry. Navigator Capital was the advisor to Wielton on this acquisition.