



M&A Index Poland

1Q 2016

Prepared by **Navigator Capital** & **FORDATA**

Experts' comments to the 19 edition
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M&A Index Poland, 1Q 2016

by Navigator Capital & FORDATA | April 2016

Total number of transactions*

46 (1Q 2016)

The largest transaction**

EUR 244m

(Acquisition of Smyk Group
by Bridgepoint Europe)

* 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 eight editions we are also focusing on the frequency of use of the Virtual Data Room during M&A processes in Poland.

Introduction

The first quarter of 2016 was significantly slower than the end of last year in terms of M&A activity, with 46 transactions reported in comparison to 77 in the last quarter of 2015. This quarter, however, was similar to the first quarter of 2015 when 50 transactions were completed. This downturn might have been caused by the unfavourable market and political conditions. Below we have attached a description of the most considerable deals.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Finder	TomTom Telematics	Private Investor	Undisclosed

(4th January) Europe's leading navigation systems provider, TomTom Telematics (TomTom), has agreed to acquire Finder for an undisclosed consideration. The acquisition will expand the TomTom's subscription base with additional 60,000 monitored vehicles. TomTom's management board regards Poland as one of the markets with the highest growth potential. This transaction is in line with TomTom Telematics' strategy of strengthening their position on the European telematics and fleet management markets.

TARGET	BIDDER	SELLER	VALUE [EUR]
Mobiltek (Dotpay)	MCI.EuroVentures	-	Undisclosed

(15th January) WSE listed venture capital fund MCI.EuroVentures has acquired Mobiltek, and its wholly owned subsidiary, electronic payment services provider, Dotpay. Dotpay currently has 15% of Polish online payments market share. MCI has outbid another VC fund, Innova Capital, which purchased ePłatności instead. This is another MCI's acquisition of the electronic payment company - in September 2015 MCI has acquired eCard.

TARGET	BIDDER	SELLER	VALUE [EUR]
Smyk Group	Coortland Investments (Bridgepoint Europe)	Empik Media & Fashion	244m

(18th January) In one of the largest transactions of the first quarter, Bridgepoint Europe (by Coortland Investments) venture capital fund has acquired Smyk Group, which is a toys and juvenile products retailer. Smyk has been present on the Polish market since 1952. It currently operates over 125 stores in Poland and plans on expanding in other CEE countries. Completion of the transaction is subject to the approval of the Polish anti-monopoly authorities.

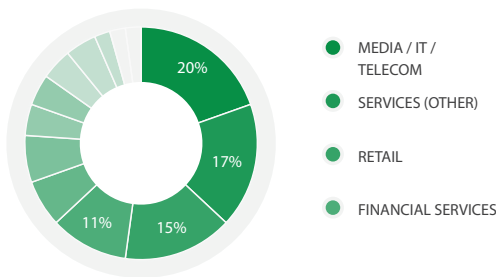
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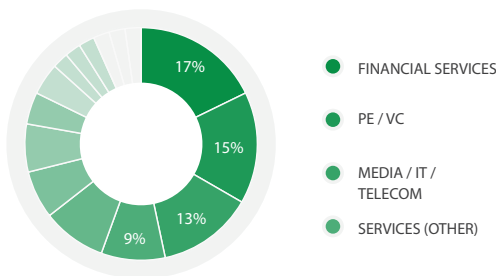
By sector

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

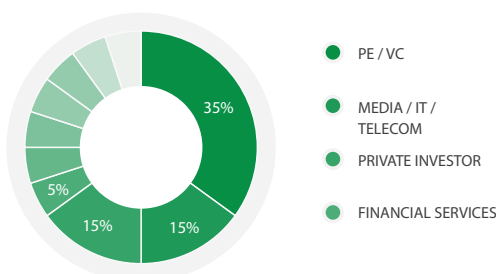
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
GoldenLine (53% stake)	Agora	-	2m

(25th January) Media group Agora has purchased 53% stake in GoldenLine for a consideration of ca. EUR 2m. Agora, which has been a minority shareholder in GoldenLine so far, now holds 89% stake. The purpose of the transaction is strengthening Agora's position on the recruitment services market. The remaining 11% stake is owned by the founder of GoldenLine, Mr. Mariusz Gralewski.

TARGET	BIDDER	SELLER	VALUE [EUR]
Distribev Holding (80% stake)	Orbico Group	Żywiec Group	22m

(1st February) Orbico Group, FCMG products wholesaler and retailer, has agreed to acquire 80% in Distribev Holding from Żywiec Group, which is one of the largest Polish breweries. Distribev operates on the alcoholic beverages distribution and retailing market. This transaction is a part of Żywiec Group's strategy of focusing on their core business. The remaining 20% stake is held jointly by Żywiec Group and Distribev Holding.

TARGET	BIDDER	SELLER	VALUE [EUR]
Duon Group (93% stake)	Fortum Holding	AKJ Investments, Capital Partners	103m

(11th February) Finnish state-owned energy company Fortum Holding has acquired ca. 112m shares which represent 93% stake in Duon Group, Polish WSE-listed energy company, in a tender offer. Duon is one of the largest Polish energy companies and the main competitor of the state-owned PGNiG Group. Company's main products are LPG-gas and electricity. It operates on the TPA (Third Party Access) basis.

TARGET	BIDDER	SELLER	VALUE [EUR]
Centrum Rozliczeń Elektronicznych Polskie ePłatności	OPTeam, Innova Group	-	Undisclosed

(16th February) Innova Capital private equity fund has filed a motion to the polish anti-monopoly authorities for a consent to acquire Polskie ePłatności (PEP), electronic payment services provider. Innova Group along with OPTeam, which currently holds 50% stake in PEP, aim to acquire the remaining 50% from the State Securities Printing House (PWPW SA). Aside from providing electronic payment solutions, PEP also offers other payment terminal-based services.

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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.
- During the last ten years Navigator has completed over 60 transactions. Navigator Partners' market experience includes deals worth over PLN 6b (EUR 1.5b).
- 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

- 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, ie. 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]
SSW PearlFoam	Izo-Blok	-	22m

(8th March) Polish WSE-listed entity, Izo-Blok has acquired its German counterpart, SSW PearlFoam. Both companies operate in plastics processing industry; PearlFoam specializes in automotive parts manufacturing. This transaction can allow Izo-Blok to become plastics processing market leader in Europe. The consideration of EUR 22m will most probably partially be financed with a new share issue.

TARGET	BIDDER	SELLER	VALUE [EUR]
Nordfish-Foodmark	Lisner	-	Undisclosed

(9th March) One of the Polish fish processing companies will be acquired by Lisner company, a part of the FMCG corporation, Unternehmensgruppe Theo Muller Group. Nordfish-Foodmark sells its products in Poland under the Polarica brand. Thanks to the acquisition, Lisner hopes to expand its market share in Poland. The transaction requires the approval of the anti-monopoly authorities.

TARGET	BIDDER	SELLER	VALUE [EUR]
GetBack	Ernest Investments	Idea Bank	192m

(15th March) Ernest Investments private equity fund has agreed to acquire 100% stake in a debt collection company, GetBack from a WSE-listed bank, Idea Bank, for a consideration of EUR 192m. GetBack operates in Polish and Romanian markets. The sale of its assets will help Idea Bank decrease its financing costs and strengthen its capital base. Completion of the transaction is subject to the approval of the Polish anti-monopoly authorities.

TARGET	BIDDER	SELLER	VALUE [EUR]
TotalMoney.pl	Wirtualna Polska Group	-	3.5m

(17th March) One of the Poland's largest media groups, Wirtualna Polska, has acquired TotalMoney.pl, a price engine which allows comparing insurance and banking services prices. Since its debut on the Warsaw Stock Exchange, Wirtualna Polska has completed a number of acquisitions for a total consideration of ca. EUR 3.5m. In less than a year, the company has acquired Wakacje.pl, Easygo.pl and Wypoczynek.pl.

TARGET	BIDDER	SELLER	VALUE [EUR]
EKO Holding	Eurocash Group	Pelican Ventures	Undisclosed

(18th March) The largest FCMG wholesaler in Poland, WSE-listed Eurocash Group, has completed an acquisition of EKO Holding for an undisclosed consideration. EKO Holding currently owns and operates 250 supermarkets, mainly in south-western Poland. The purpose of this acquisition is to enhance the Eurocash's supply chain efficiency, develop new competences and increase the scale of the company's operations. Eurocash hopes to achieve synergy effects and compete harder with the discount stores.

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Experts' comments



Marta Kotwis

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

Year 2015 was very busy for Polish mergers and acquisitions market thus positively distinguished Poland among Central and Eastern Europe countries. After spectacular increase in the last quarter of 2015 with the record number of 77 closed transactions, **the first quarter of 2016 totalled only 46 transactions**. It is also a decrease of 8% compared to Q1 2015 with 50 transactions recorded. Dealogic estimates that the global M&A market fell by 25% compared to the previous year and EMEA market fell by 19%.

Transactions with value of less than PLN 100 million still dominate on the list (12 transactions) although there are 45% less of them compared to Q4 2015. Among the transactions with disclosed price only 3 exceeded value of EUR 100 million, which is a low result compared to previous quarters. The most popular targets among investors were companies from the IT / Media / Telecommunications sectors.

In terms of value, the largest transaction on the Polish M&A market in Q1 2016 was undoubtedly **sale of shares in Smyk Group by Empik Media & Fashion to Bridgepoint fund**. Value of the transaction amounted to PLN 1.06 billion. In CEE region the largest transaction was the purchase of Swiss company Syngenta for \$43 billion by The China National Chemical Equipment Corporation (ChemChina).

We observe an increasing involvement of **private equity funds and strategic investors especially in the commercial real estate market**. Available data have shown that **most of Buyers in Q1 2016 were companies from the financial services industry** (17% of all transactions), while **private equity funds and venture capital were dominant on the Sellers' side** (35% of all transactions).

In 2015 we saw the continuous trend of using Virtual Data Room (VDR) in the transactional processes. Our observations indicate that **the use of VDR has become synonymous with professional approach to executed projects**. This trend will continue in 2016.

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Experts' comments



Jan Kospin

Director
Navigator Capital S.A.

In the first quarter of 2016, only 46 M&A transactions have been completed which is a significantly worse result than in the last quarter of 2015. On the other hand, the beginning of the last year has also been rather slow, with 50 transactions carried out in the 1Q 2015. If such tendency continues, we should witness a rapid rise in the number of mergers and acquisitions in the coming quarters.

During the first three months, the majority of targets belonged to the IT, Media and Telecom sectors with 20% share in all M&A transactions. Also private equity and venture capital funds, such as MCI, Bridgepoint, Innova, were highly active on the market and accounted for 35% sell-side and 15% buy-side transactions.

The largest acquisition, in terms of value, was the purchase of Smyk Group by Coortland Investments, a part of Bridgepoint Europe private equity fund, from Empik Media & Fashion for a consideration of ca. EUR 244m.

Warsaw Stock Exchange listed FMCG wholesaler, Eurocash Group, remains highly active on the Polish market.

In March 2016, the group has signed a preliminary agreement to purchase 100% shares of EKO Holding. It is Eurocash's another large transaction, after completing an acquisition of 50% stake in Firma Rogala (Delikatesy Centrum franchise holder). Before that, Eurocash Group has also informed that it has signed a preliminary agreement to purchase 100% stake in Polska Dystrybucja Alkoholii (previously Jantón Dystrybucja).