



# M&A Index Poland

## 1Q 2015

Prepared by Navigator Capital & Fordata

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Experts' comments to the 15<sup>th</sup> edition  
of the report can be found on the website:  
[blog.fordata.pl](http://blog.fordata.pl)

[www.en.navigatorcapital.pl](http://www.en.navigatorcapital.pl)  
[www.fordata.pl/en](http://www.fordata.pl/en)

# M&A Index Poland, 1Q 2015

by Navigator Capital & Fordata | April 2015

## Total number of transactions\*

50 (1Q 2015)

## The largest transaction\*\*

EUR 584m

(Acquisition of 52.7% stake in TVN S.A.  
by Scripps Networks Inc.)

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

## Introduction

In the first quarter of 2015, the number of M&A transactions reached 50 and was slightly lower than in the previous quarter (50 vs 57). The most popular targets were industrial and financial companies. Below we have attached description of the most considerable deals.

### Selected transactions

TARGET	BIDDER	SELLER	VALUE
Pol-Miedź Trans	PKP Cargo	KGHM	n/a

(February 2nd) PKP Cargo, in exchange for contribution of locomotives and a cash payment, will acquire 49% stake in Pol-Miedź Trans. Before the transaction KGHM will exclude the non-railway segment of the business from the company. PKP Cargo implements the strategy of cooperation with large industrial groups, which have own railway transportation infrastructure at their disposal.

TARGET	BIDDER	SELLER	VALUE
PZU Lietuva	Gjensidige Forsikring	PZU	EUR 54m

(February 3rd) Norwegian insurance company Gjensidige Forsikring acquired 99.879% stake of PZU Lietuva. Transaction is a result of an agreement with regulator, obliging PZU to sell a portion of Lithuanian assets after acquisition of Lietuvos Draudimas. Last year PZU took over several insurance companies from British RSA, breaching the limits of Lithuanian market concentration. Completion of the transaction is dependent on several conditions including approval of Norwegian financial supervision authority. Transaction was supported by FORDATA Virtual Data Room system.

TARGET	BIDDER	SELLER	VALUE
Groclin Wiring	PKC Group	Groclin	ca. EUR 50m

(February 13th) Groclin SA sold its business entity Wiring & Control to Finnish PKC Group. Transaction includes an independent wiring manufacturing line and Kabel-Technik-Polska, a company acquired by Groclin in 2013. Unsatisfying financial results and group's debt burden encouraged the board of directors to sell the company. Groclin is a Polish manufacturer of car upholstery and electrical units.

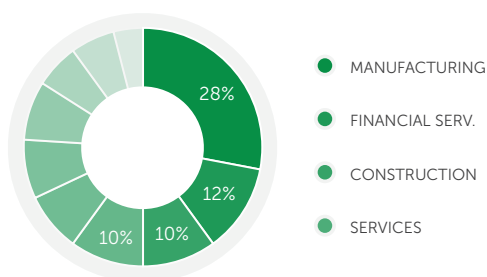
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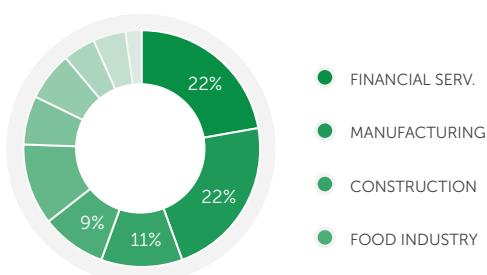
## By sector

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

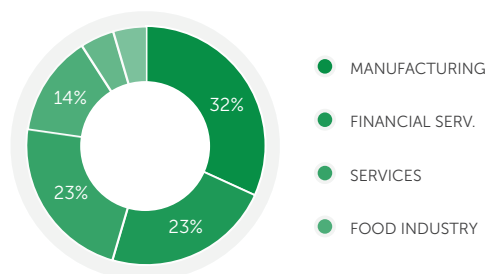
### TARGET (%)



### BIDDER (%)



### SELLER (%)



TARGET	BIDDER	SELLER	VALUE
Przewozy Regionalne	Agencja Rozwoju Przemysłu	-	ca. EUR 187m

(February 26th) Agencja Rozwoju Przemysłu agreed to take over 51% stake in Przewozy Regionalne Sp. z o.o., passenger railway transportation company carved out from PKP. The company has been generating losses in past years, amounting to EUR 13m in 2013. ARP will pay ca. EUR 187m for the stake, out of which ca. EUR 149m will be allotted to debt repayment. Remaining ca. EUR 38m will be spent on restructuring. Board of directors announced layoffs, which may involve up to 3k employees.

TARGET	BIDDER	SELLER	VALUE
Matpka	Forteam Investment	Czerwona Torebka	ca. EUR 90m

(March 4th) Forteam Investment, subsidiary of PineBride fund, acquired 100% stake in Matpka SA – a nationwide convenience store chain, owned by Czerwona Torebka. PineBride, being minority stakeholder in Czerwona Torebka, will pay first tranche with Seller's stocks (EUR 6.8m), remaining part will be distributed over a 3-year period. Listed since 2012, Czerwona Torebka aims to build a countrywide chain of one-storey shopping malls.

TARGET	BIDDER	SELLER	VALUE
Echo Investment	Griffin / PIMCO	Michał Sotowow	ca. EUR 300m

(March 13th) Luxembourg-based Griffin Real Estate and PIMCO acquired a 41.55% controlling stake of real estate developer Echo Investment from Polish businessman Michał Sotowow. Bidder plans to announce tender offer for shares at minimal price eligible aiming at 66% of equity. The Buyer does not intend to make the company private. Synthos, Rovese and Barlinek remain in Michał Sotowow's portfolio.

TARGET	BIDDER	SELLER	VALUE
TVN	Scripps Networks	ITI / Canal+	EUR 584m

(March 16th) Southbanks Media, subsidiary of American media holding Scripps Interactive Inc., acquired 52.7% stake in TVN SA from ITI Group and Canal+. According to Scripps Network's board of directors, the transaction is a part of group's strategy of multinational expansion. Bidder considers making the Target go private. Target's board of directors remains as yet unchanged.

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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 20 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 (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 30 billion.
- FORDATA services are used by the industry leaders in Poland and abroad, including Enterprise Investors, NFI Empik, ZELMER, Bank DNB, BOŚ Bank, Polimex Mostostal, Budimex, PKO BP Brokerage House, Deloitte Advisory, E&Y, PwC, KPMG Advisory, Śnieżka, Enea, JSW, Espirito Santo Investment Bank and many others.

### Business Partners



### Authorised Adviser



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TARGET	BIDDER	SELLER	VALUE
Bartimpex, Gas-Trading	PGNiG	-	n/a

(March 20th) PGNiG applied for consent of Polish anti-monopoly supervision in order to complete the acquisition of Bartimpex and Gas-Trading SA. As a result of the transaction, PGNiG will hold a majority stake in EuRoPol Gaz, proprietor of Polish section of Yamal Pipeline. Effectively, Target's articles of association require unanimity to pass any strategic resolutions. At present Gas-Trading owns 4% stake in EuRoPol Gaz, remaining 96% is evenly divided between PGNiG and Russian Gazprom.

TARGET	BIDDER	SELLER	VALUE
BRE TUIR	Avanssur (AXA)	Aspiro (mBank)	EUR 136m

(March 24th) Insurance company BRE TUIR SA, a subsidiary of mBank, was taken over by Avanssur – part of AXA group. At the same time, mBank signed a long-term contract for insurance product distribution with AXA. Total profit from transaction will be presented in Seller's 1Q 2015 financial report. BRE TUIR is an entity specialized in creating innovative bancassurance programs for financial sector.

TARGET	BIDDER	SELLER	VALUE
Globe Trade Centre	Lone Star Fund	-	EUR 175m

(March 30th) LSREF III GTC Investments, subsidiary of Lone Star Fund, announced tender offer for 33,5% stake in Globe Trade Centre at a price of PLN 6.1 during first five days of subscription and PLN 5.5 later on. Subscription will be conducted between 18th of May and 3rd of June. Bidder declares that GTC will remain a listed company. GTC is a leading real estate developer in CEE and SEE region, Lone Star is global PE fund, which invests in real estate, securities and other financial assets.

TARGET	BIDDER	SELLER	VALUE
Ceska Rafinerska	Unipetrol (PKN Orlen)	ENI	ca. EUR 30m

(March 31st) Unipetrol, part of PKN Orlen group, obtained consent of Czech antimonopoly supervisor to acquire 32.5% stake of Ceska Rafinerska AS from ENI. As a result of the transaction, Unipetrol will become Target's only stockholder. Ceska Rafinerska administers the refineries in Litvinov and Kralupy, with combined output capacity of 8.7m tons of petrol per year. Unipetrol's strategy involves capital investments amounting to over EUR 710m by 2017, with majority of funds allocated to development of the petrochemical business.

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## Experts' comments



### Marta Kotwis

Key Account Director,  
Member of the Board  
FORDATA sp. z o.o.  
(formerly Datapoint)

It clearly seems **that the spectacular growth is already behind us, and the Polish market has stabilized at a good level.** In the first quarter we had a total of 50 transactions, which is 14% less than in Q4 (57 transactions in Q4), but at the same time, as much as 66% more than in Q1 of 2014 (50 transactions compared to 30 in Q1 of 2014 ).

Among the transactions with a disclosed price, up to seven exceeded the amount of a 100 million EUR, which is a similar result to 4Q (8 transactions exceeding 100 million EUR). A change took **place within the group of transactions with a value of less than 100 million PLN – those still dominate on the list, but there is up to 12% less of those than in Q4 of 2014.**

Looking at the largest transactions on the Polish market, this quarter of mergers and acquisitions undoubtedly belonged to TVN. This media giant was taken over by the British company Southbank Media Ltd. for 584 million EUR. Value wise, that was the largest transaction in Poland and in Europe (to compare, the world's largest transaction was the acquisition of Pharmacyclics by AbbVie for the amount of 21 billion USD).

Despite the fact that **a slight weakening of the market can be noticed internationally, as well as within Europe** (globally – there were declines at the level of approx. 30% of both, the value and the number of transactions), **experts still do not foresee a spectacular collapse.** We tend to talk more about stabilization and a large variety, depending on the region. Although the CEE market catches a shortness of breath, because of decreases in both the value and the number of transactions, the upturn remains visible in Western Europe. Western Europe is the region that recorded general growth, both in the number of transactions, as well as the value. The largest and the most active transactions took place in England, France and Germany. Also Czech Republic is doing very well; the transactions value nearly doubled (while the number actually dropped from 60 to 29).

As we originally predicted, the Polish transactional industry still continues to professionalize; we observe more and more widespread use of the **Virtual Data Room** system. **In the first quarter of 2015 we recorded the usage of VDR in 15 out of 50 transactions (which is 50% more than in Q4 2014).** We believe that there were a lot more, but those were not public. One of the companies which did disclose their use of the VDR was PZU, and the sale of PZU Lithuania by PZU SA for 54 million euros. According to the Investment Director of PZU, Martin Jaszczuk, *"the use of the system improved the transaction by increasing its efficiency and shortening the duration of the process."*



### Rafał Tuzimek

CEO  
Navigator Capital S.A.

The last quarter brought a significant improvement to the situation in financial markets - introduction of the Quantitative Easing program by the European Central Bank **caused European stock markets to surge.**

The first quarter of the year brought **revival also to Warsaw Stock Exchange's trading floor,** with major gains in the sector of small and mid-cap companies. Reduction of interest rates, announced in the first days of March by Polish Monetary Policy Council (RPP), needs to be pointed out as an event of significant macroeconomic importance. **Political unrest in Ukraine remains still one of major risk factors for the Polish stock market.**

The number of M&A transactions was slightly lower than in the IV quarter of 2014. Industry and financial sector were dominant among both target companies and bidders. The most important transaction on the Polish market was acquisition of TVN's majority stake by American media group Scripps Networks.