



# M&A Index Poland

## Q4 2016

Prepared by Navigator Capital & FORDATA

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Experts' comments to the 22<sup>nd</sup> edition  
of the report can be found on the website:  
[blog.fordata.pl](http://blog.fordata.pl)

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# M&A Index Poland, 4Q 2016

by Navigator Capital & FORDATA | January 2017

## Total number of transactions\*

56 (4Q 2016)

## The largest transaction\*\*

EUR 2.85B

(Acquisition of 100% stake in Allegro by a group of private equity funds)

\* 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. We also monitor the frequency of use of the Virtual Data Room during M&A processes in Poland.

## Introduction

The 4th quarter of 2016 has been significantly slower than the end of the last year. However, it is worth noting that there have been a few large-scale transaction carried out during the last three months. Our selection includes two deals of value exceeding EUR 2bn. Below we have attached a description of the most interesting deals in the 4th quarter of 2016.

## Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Jurajska Sp. z o.o.	BEWA Sp. z o.o.	n/a	Undisclosed

(5th October) BEWA Sp. z o.o., one of the largest producers of private label bottled water and drinks in Poland, has filed a motion to the Polish authorities for a consent to acquire Jurajska. BEWA plans to purchase over 90% stake in Jurajska. BEWA along with its subsidiaries belongs to the capital group of Piotr Jutkiewicz. Jurajska is a manufacturer of bottled water and non-alcoholic beverages. According to the valuation by Rzeczpospolita (2015), the Jurajska brand is worth around EUR 6.7m.

TARGET	BIDDER	SELLER	VALUE [EUR]
Calypso Fitness S.A.	Benefit Systems S.A.	Glastonbury Ventures Ltd., Private investors	18.3m

(10th October) Benefit Systems has agreed to acquire 50.1% of Calypso Fitness shares. Along with the currently held stake, Benefit will both directly and indirectly possess 83.4% shares of Calypso Fitness. As a result of the deal, Benefit system will expand their fitness club base with further 37 clubs. The value of the deal amounts to 18.3m, two thirds of which will be paid in Benefit Systems' shares. The acquisition of Calypso Fitness is another deal concluded by Benefit Systems on this market. Previously, in June 2016, the company has acquired shares of three other fitness club chains – Zdrofit, Fitness Club S4 and Tiger.

TARGET	BIDDER	SELLER	VALUE [EUR]
Raiffeisen-Leasing Polska S.A.	PKO Leasing S.A.	Raiffeisen Bank International AG	191m

(17th October) PKO Leasing, wholly-owned subsidiary of PKO Bank Polski, has conditionally agreed to acquire 100% stake in Raiffeisen Leasing Poland from Raiffeisen Bank International AG. The deal worth EUR 191m will be financed by the PKO Bank Polski with its own funds. According to the statement from PKO BP, the transaction concluded in such shape should not adversely affect the financial condition of the bank and the whole Group. After concluding the deal, PKO Leasing will become a sole leader of the leasing industry in Poland. Its market share should amount to over 13%. The company plans on integrating both entities in order to take advantage of the competitive edges and the complementarity of both business models.

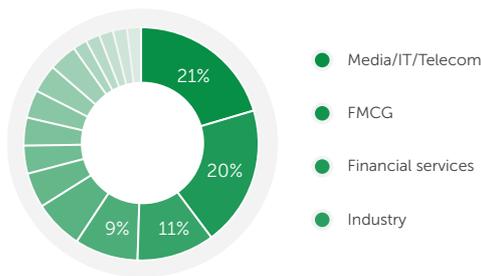
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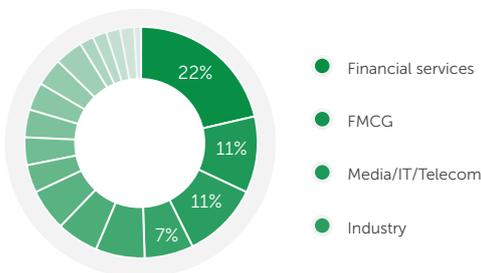
## By sector

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

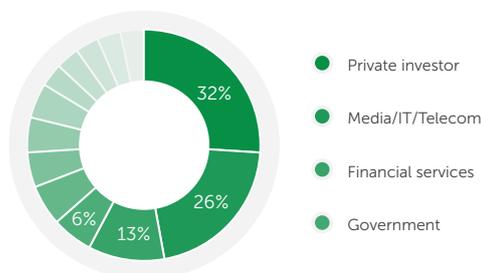
### TARGET (%)



### BIDDER (%)



### SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Multimedia Polska	UPC	M2 Investments Ltd., Tri Media Holdings Ltd.	674.2m

(19th October) Liberty Global, owner of UPC – the leader of the Polish cable television market, has announced a takeover of Multimedia Polska which is now the third largest cable television operator in Poland. The deal will not include insurance or energy assets of Multimedia Polska. Both companies combined had ca. 2.2m subscribers in June 2016. This transaction will allow UPC to further strengthen their position on the Polish market. Completion of the deal, which value amounts to EUR 674.2m, is subject to the approval of the Polish anti-monopoly authorities. It is probable, that the anti-monopoly office will conditionally agree to the transaction while simultaneously ordering UPC to divest part of the Multimedia's assets. Such solution has already been used with the acquisition of Aster by UPC in 2011.

TARGET	BIDDER	SELLER	VALUE [EUR]
Allegro	Cinven, Permira, Mid Europa Partners	Naspers	2.85b

(26th October) A Southern-African company Naspers has sold the 100% stake in Allegro Group to a group of Private Equity funds which includes Cinven, Permira and Mid Europa Partners for a consideration of 2.85b EUR. The amount paid places this deal among the largest deals on the Polish M&A market. Naspers controlled Allegro since 2008 when it was acquired for EUR 1.5b. Naspers has realized a rate of return exceeding 100%. Acquired Allegro Group includes, apart from Allegro, also Ceneo – a price comparison service. Allegro now boasts over 20m subscribed users who carry out 14m transactions each month.

TARGET	BIDDER	SELLER	VALUE [EUR]
Axtone S.A.	ITT Corporation	IK Investment Partners Ltd.	118m

(17th November) American ITT Corporation has acquired Axtone which specializes in impact energy absorption technologies for all types of rail vehicles. Axtone is a Polish-German company founded over 90 years ago. The company's products are used in numerous industries, including railway, mining and energy sector. The value of the deal amounted to USD 118m, but this number might change depending on the Axtone's financial results in 2016. Both parties expect to close the deal in the first quarter of 2017.

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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 60 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.

## 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 34 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.

### Business Partners



### Authorised Adviser



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TARGET	BIDDER	SELLER	VALUE [EUR]
Polmedic Sp. z o.o.	PZU Zdrowie	Alwor, JPT Investment Partners Limited	Undisclosed

(1st December) PZU Zdrowie, a part of PZU Group, has acquired 100% stake in Polmedic. Polmedic is a provider of healthcare services and a leader on the local healthcare market with 9 facilities in Radom. Each month the company treats over 20 000 patients. This acquisition is in line with PZU Group's strategy of building a nationwide network of medical facilities. In previous months PZU Zdrowie has acquired companies and facilities in Warsaw, Poznań, Katowice, Opole, Płock and Częstochowa. The network currently consists of 1 700 facilities owned by PZU Group or its partners. In the coming years PZU plans on spending EUR 75m on further acquisitions in the healthcare sector.

TARGET	BIDDER	SELLER	VALUE [EUR]
Kopex S.A.	TDJ S.A.	Private investor	198m

(2nd December) TDJ, Tomasz Domagata's investment company, has become a majority shareholder in the WSE-listed Kopex Group. Kopex offers complex solutions for the mining industry. The company aims at supplying high class machinery and equipment along with modern mining technologies. After the completion of the deal, TDJ's stake in Kopex amounts to 66%. The acquisition of Kopex enables TDJ to continue the process of the Kopex's restructuring. TDJ's plans also include merging it with another TDJ's portfolio company of a profile similar to Kopex – FAMUR, in which TDJ also holds a majority package. TDJ's plans on building a group offering complex mining solutions on a global scale basing on those two companies. The value of the deal amounted to ca. EUR 198m and was the largest deal in this industry on the Polish market.

TARGET	BIDDER	SELLER	VALUE [EUR]
Pekao S.A.	PZU S.A., Polski Fundusz Rozwoju	UniCredit S.p.A.	2.38b

(8th December) Polish state-owned insurance company PZU and Polski Fundusz Rozwoju (PFR) have reached an agreement with UniCredit Group regarding the sale of 32,8% stake in Pekao. PZU and PFR will jointly purchase the stake for EUR 2.38b, i.e. PLN 123 per share. According to the published statement, PZU will hold 20% of Pekao shares and the remaining 12,8% will be in possession of PFR. PZU has experience in acquisitions in the banking industry. The insurer acquired a minority package of Alior Bank shares in 2015. This year Alior Bank acquired Bank BPH. It remains unclear whether Pekao will merge with Alior Bank or will operate as a separate entity. This deal allows PZU to become the largest financial group in the region of Central and Eastern Europe.

## Experts' comments



**Alicja  
Kukla-Kowalska**

Key Account Manager  
FORDATA

### Q4 again the most active throughout the year

Fourth quarter of 2016 was not so spectacular in terms of number of transactions as the end of 2015. However, achieved results confirm the rule observed four years in a row, that the highest number of deals close up in 4th quarter each year. Q4 2016 noted 56 transactions, which represents 30% of all the deals that took place in 2016 (in comparison in the years 2013-15 respectively - 38%, 36% and 31%). It is also worth mentioning that results of Q4 is a significant bounce after very weak third quarter, where only 33 transactions were reported (increase of 69%).

### Record value of transactions

Transactions with a value up to PLN 100 million still dominate in our rankings, but the fourth quarter was exceptionally abundant when it comes to large processes. In the last three months of the year 6 transactions with a value exceeding EUR 100 million took place - this is up to 50% of all large deals recorded in 2016 in Poland. Two pearls with record value in Polish market should be noted (over PLN 10 billion), it is sale of Allegro by Naspers and sale of Pekao Bank shares by Unicredit to PZU and PFR. Other transactions are worth mentioning as well, namely the take of control in Raiffeisen Leasing Poland by PKO Leasing for PLN 850 million, the acquisition of 100% shares of Multimedia Poland by UPC for PLN 3 billion, sale of the leading manufacturer of components in the railway industry Axtone Group by IK Investment Partners fund to American company ITT Corp, finally acquisition of Kopex by TDJ (owner of Famur) for PLN 880 million, which may result in creation of mining giant in Poland.

### Financial institutions continue purchasing

At the end of the year buy-side was dominated by financial institutions (22%), same as in the whole 2016. It is worth mentioning that PE/VC funds, which showed increased investment activity throughout 2016, invested exceptionally little in 4Q 2016. Generally, acquired were companies from media/IT/telco branch (21%), and the sell-side was dominated by private investors (32%).

### Virtual Data Room in the offensive

FORDATA mission, from the beginning of its activity, is to promote best practices of information security management during implementation of transaction. Information disclosed in the last quarter give us particular cause for satisfaction - available data indicate that up to 40% of transactions were carried out with the use of the Virtual Data Room system, which guarantees safe sharing of confidential documents with other parties of the transaction. This is the best result recorded so far. In addition, up to 10 sellers chose the Virtual Data Room offered by FORDATA.

### Stabilisation on global scene

After 2015, which is considered a record year in terms of transaction value (USD 3.49 trillion), global M&A activity in 2016 definitely grown at a slower pace (both when it comes to number and transaction value). There was a huge decline in number of transactions in first half of the year, but together with significantly better results at the end of the year, the whole year may be considered stable (industry reports predict to close the year with slightly bigger number of transactions than in 2015, but with moderate values).

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## Jan Kospin

Director  
Navigator Capital Group

In the 4th quarter of 2016, 56 M&A transactions were carried out in Poland. This is 23 more than in the previous quarter and 21 less than in the 4th quarter of 2015. In this quarter transaction's value is impressive - two transactions of value exceeding PLN 10bn have been registered.

The largest transaction in the 4th quarter of 2016 was the sale of the South African Naspers' Group subsidiary - Allegro Group - to the group of the PE funds (Cinven, Permira, Mid Europa Partners) for USD 3.25bn (approx. PLN 12.7bn), including debt of the acquired company. This is one of the largest transactions in the history of Polish M&A market. Naspers bought Allegro in 2008 for the PLN 5.5 bn.

The second largest transaction was the purchase of 32.8% stake in Pekao S.A by the Polish state owned insurance company PZU and the state owned Polish Fund for Development (PFR) from the Italian UniCredit Group for PLN 10.6bn. According to the agreement, the 20% of shares in Pekao was bought by PZU, while the remaining 12.8% will be held by the PFR. The transaction is the next step of the "repolonization" of the banking sector. Previously, PZU took over Alior Bank, which in turn bought Meritum Bank and the core business of BPH Bank. With the completion of this transaction, PZU will become the largest financial group in the Central-Eastern Europe. As a result of this deal the Polish State Treasury controls 12 companies in the WIG20 Index. These companies together represent 75% of the WIG20 index's value. The Polish State Treasury strengthened its position as the largest shareholder on the Warsaw Stock Exchange with its' portfolio worth over PLN 86bn. At the same time, in recent days, Alior decided to depart from the exclusive talks in the process of the acquisition of Raiffeisen Bank Poland SA core businesses.

The target's side (acquired companies) was dominated by Media/IT/Telecom – 21% and FMCG companies -20%. On the bidder's side, the most active were the financial services companies, excluding PE/VC funds, which invested relatively little in the 4th quarter of 2016. Among sellers, in the lead were private investors, who made up 32% of cases.

Over the past three months the value of WIG index on the WSE has increased, mainly due to the rise observed in December. The value of the index has exceeded 50k points, which has not happened in the whole of 2016. Numerous state-owned companies like JSW, Lotos, KGHM, PZU or Orlen grew significantly.

Regarding the macroeconomic data, it should be noted that October was one of the last few months, when the deflation was observed. The Central Statistical Office in Poland's current data and the National Bank of Poland's forecasts indicate that in 2017 inflation can be expected to occur.

On the currency market we could observe very strong depreciation of the Polish Zloty against the major currencies. This situation is of course beneficial for exporters but not necessarily for the whole economy.