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Emerging Europe M&A Report

2019/20

January 2020

In cooperation with

 **EMIS**
In, On and For Emerging Markets

Headline deals in emerging Europe

ADVENT INTERNATIONAL

Advised **Advent International** and its portfolio company Zentiva on the acquisition of the CEE business of Alvogen, which markets over 200 generic and over-the-counter products.

VIVACOM

Advised the sellers on the sale of **Vivacom** to United Group backed by its major shareholder, BC Partners.

KIWI.COM

Advised the shareholders in **Kiwi.com** on the sale of a stake in the company to General Atlantic.

OTP

Advised **OTP** on its strategic expansion in CEE by acquiring the local banking, financial leasing and insurance subsidiaries of Société Générale across six CEE jurisdictions.

GREEN INVESTMENT GROUP

Advised **Green Investment Group**, owned by Macquarie, on the acquisition of the 48MW Zajączkowo wind farm in Poland.

LIBERTY GLOBAL

Advised **Liberty Global** on the CEE aspects of the EUR18.4bn sale of its European assets to Vodafone.

TGP REAL ESTATE

Advised **TPG Real Estate** on the acquisition of a Czech and Slovak logistics portfolio from Macquarie Infrastructure & Real Assets (MIRA).

AFI EUROPE

Advised **AFI Europe** on the EUR 300m acquisition of a Romanian real estate portfolio from NEPI Rockcastle.

GOVERNMENT OF SERBIA

Advised the **Government of Serbia** on the 25-year Concession for Belgrade Nikola Tesla Airport which was awarded to VINCI Airports.

SEV.EN ENERGY GROUP

Advised **Sev.en Energy Group** on the acquisition of Alpiq's energy generation assets in the Czech Republic.

CEE EQUITY PARTNERS

Advised **CEE Equity Partners** on the acquisition of a majority stake in EuroWagon.

ZAGREBACKA BANKA

Advised **Zagrebacka banka** in disposal process of a claim against Agrokor which was sold to an international investor.

INNOVA CAPITAL

Advised **Innova Capital** on the acquisitions of Optiplaza and Optical Network in Romania.

MARGUERITE

Advised **Marguerite** on the sale of its stake in Latvian gas transmission company Conexus Baltic Grid to Japanese Marubeni-backed MM Capital Infrastructure Fund.

MOL

Advised **MOL** on the acquisition of Aurora Kunststoffe, a Germany-based operator of thermoplastics recycling facilities.

Contents

- 04 Introduction
- 06 2019 dealmaking in emerging Europe at a glance
- 08 **The global picture:** An overview of international M&A investment streams
- 10 **Transaction trends:** Emerging Europe remains a magnet for international investors
- 17 **Emerging Europe economic outlook:** Growth to stay well ahead of EU average.
- 19 **Start-ups and corporates unite in search of unicorns**
- 22 **Real estate and logistics**
Online shopping drives investment into logistics
- 24 **Real estate and Construction**
Top ten deals
- 26 **Private equity:** taking business to a new level
- 30 **Private equity:** the data behind the deals
- 32 **Ukraine:** Reforms put Ukraine on brink of an historic transformation
- 34 **Restructuring:** Forward-thinking firms shape up for the future
- 38 **South Korea:** No turning back the tide of investment
- 40 **Singapore/Southeast Asia:** Asian investors turn their spotlight on emerging Europe
- 42 **The data bank**
Country-by-country deal and sector information
- 76 **About CMS**
- 79 **Methodology**

Introduction

Regarding M&A deal activity in emerging Europe, 2019 seems to have been a year of mixed sentiments. While both the overall value and volume of M&A deals in the region were down year-on-year, many M&A professionals claim anecdotally that it was a more buoyant year than the previous one. There are also predictions that investment activity in emerging Europe will increase even further in the next 12 months.



2019 M&A deal volume was the lowest in the decade, with only 1958 transactions on record (down 6.5%), with a combined value of EUR 72.34bn (down 10.1%). However, looking at the five-year average, the region remains relatively stable and, if 2019 was not much more than a “rough” patch, as some market commentators have suggested, there is little reason for concern.

The 2020 edition of the emerging Europe M&A Report takes a closer look at some of the key drivers behind current deal making: which markets have been particularly hot, which sectors generate most the opportunities, and where investments are originating.

On a country-by-country basis there are numerous positive signs. The region’s largest markets, Russia and Turkey, produced an almost similar number of deals as in 2018, while both Ukraine and Romania saw a substantial uptick in activity. In some of the more mature markets in the region where deal volume declined, mainly the Czech Republic and Poland, overall deal value was up compared to 2018, indicating a growth in average deal size.

Despite a drop in transactions, real estate and construction maintained its top spot by both volume and value. Demand for logistic centres and warehouses increased rapidly, partially driven by a need for distribution and

return centres for online retailers. Interest in commercial real estate came from a healthy mix of investors including German open-ended funds, global infrastructure and real estate investors, sovereign wealth funds, local investors and increasingly South Korean pension funds.

Another constant has been private equity. Succession, corporate carve-outs and secondary sales continue to provide fertile grounds for investment. Regional funds have seen record levels of fundraising in recent years and the region remains on the radar for global funds competing at the top-end of the market for new investments and bolt-on acquisitions. In fact, most of the region’s top 20 deals outside Russia involved non-strategic buyers. With valuations expected to become more realistic, plenty of funds available to be deployed and some sizeable disposals in the pipeline, private equity activity in the region is set to continue on its upward trend.

Telecoms & IT has taken over from manufacturing as the second busiest sector behind real estate. Seven of the top 20 deals in 2019 took place in the sector, but activity was not limited to mega deals. In addition to venture capital funds, dedicated vehicles established by corporates were scouting the region in search for start-ups with new technologies or market share.

Investment from Asia seems to have diversified, both in terms of origination and assets acquired. Although not yet on a par with China or Japan, South Korean and Singapore investment is rapidly increasing with investors from those countries particularly visible in commercial real estate deals. Investment from Asia now makes up one-sixth of total transaction value.

Market pressures and competition from new players are leading to an increase in business transformations and corporate restructurings, including the disposal of non-core assets. A review of foreign participations is leading to opportunities across a number of industries including energy, the financial sector, telecommunication and pharmaceuticals.

Compared to western Europe, GDP growth in the region is predicated to remain above the European average and

increasing local consumer demand should to an extent compensate for the effects of a slow-down in some of emerging Europe’s main export markets.

The slight decline in deal activity can potentially be explained by several protracted or aborted deals which resulted from a combination of disappointing performance or outdated business models by the target asset (from the buyer’s perspective) or unsatisfactory valuations (from the seller’s perspective). As multiples appear to be gradually coming down, business owners looking to sell in the short to mid-term are perhaps likely to do so sooner than later.

Over the next year, emerging Europe will live up to its reputation as a stable provider of investment opportunities, particularly in M&A. With a healthy pipeline, 2020 will show that the region is not running out of steam just yet.



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2019 dealmaking in emerging Europe at a glance

Deal value (EUR, bn)



Deal volume



Fastest growing deal volume (compared with 2018)



US most active international dealmaker



122 deals

China biggest investor by value



EUR 6.4bn

Real Estate & Construction



The most active sector: EUR 16.6bn of deal value, up 34.6% from 2018. Total number of deals: 378, down 12.5% from 2018.

Telecoms & IT



The second highest sector by deal value at EUR 12bn. Followed by mining (incl. oil & gas) (EUR 11.6bn) and manufacturing (EUR 7.1bn) sectors.

Private Equity

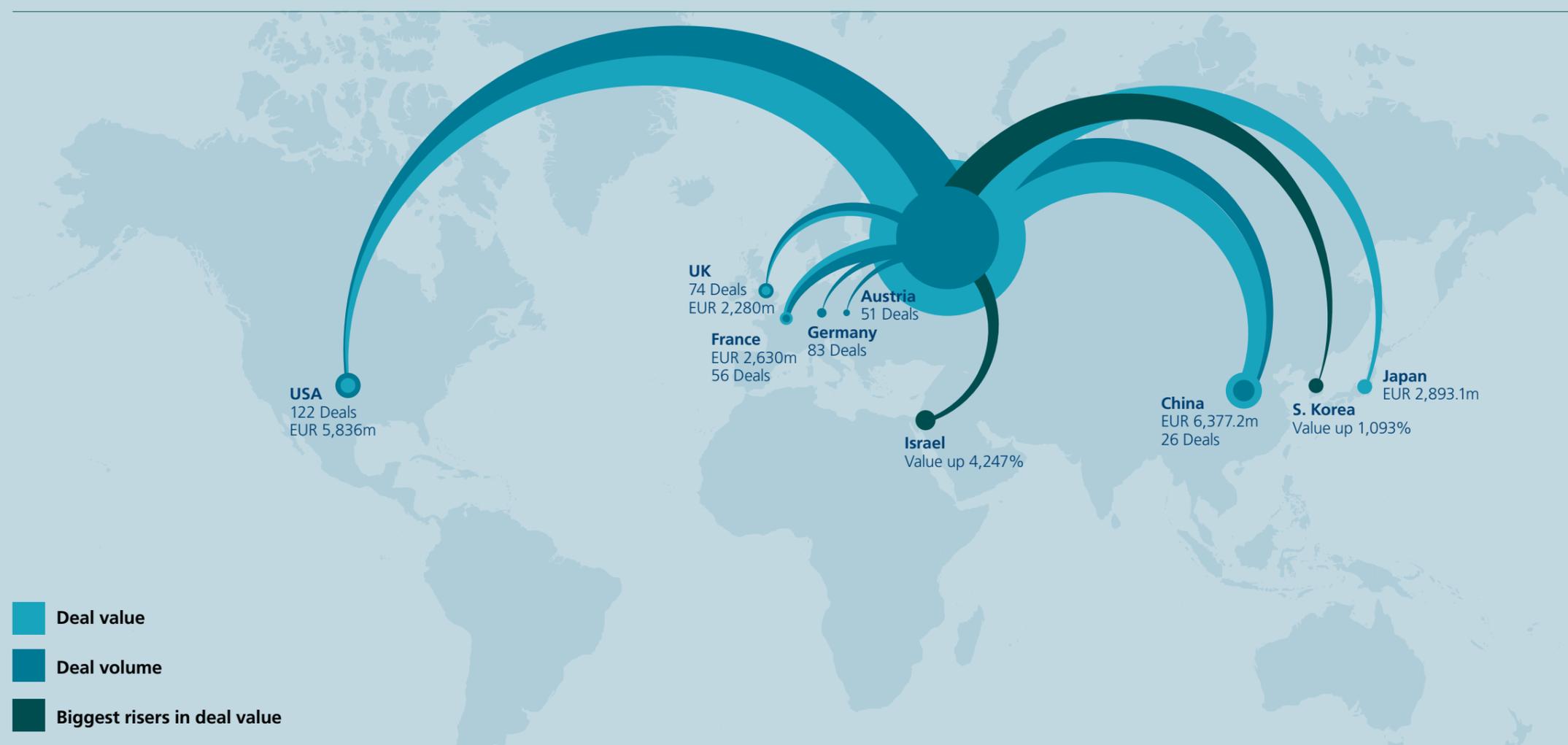


Remained strong in 2019 with EUR 22.66bn in deal value and involvement in a record number of 318 transactions.

The global picture:

An overview of international M&A investment streams

Cross-border deals are on the rise as emerging Europe experiences increased capital inflow from Asia and the further strengthen of the inbound deal flow from main investors in the West.



Leading countries by deal value

Buyer country	FY19 Value, EURm	%
China	6,377.2	114%
United States	5,836.0	14%
Japan	2,893.1	112%
France	2,630.0	-31%
United Kingdom	2,280.0	-77%
Austria	1,362.8	12%
Germany	1,351.4	-6%
South Africa	1,287.8	74%
Switzerland	1,271.4	159%
Israel	869.3	4,247%
South Korea	717.1	1,093%

Leading countries by deal volume

Buyer country	FY19 Deals	%
United States	122	37%
Germany	83	17%
United Kingdom	74	9%
France	56	19%
Austria	51	2%
Switzerland	26	0%
China	26	53%
Netherlands	25	-19%
Sweden	24	-23%
UAE	20	33%
Finland	18	0%



Transaction trends: Emerging Europe remains a magnet for international investors

Dealmakers in emerging Europe enjoyed another energetic year in 2019 as the region's fast-growing economies outpaced their neighbours to the west. Despite a more sluggish international economy, emerging Europe remained a magnet for international investors and benefited from strong domestic demand.

Transaction volumes were down only 6.5% against the previous year and values fell partly because there were fewer megadeals. Just two came in above EUR 2bn against six in the previous year.

Helen Rodwell, corporate partner in CEE at CMS, said: "Although deal numbers were a little lower, there is a lot of anecdotal evidence that it was a very busy year and it all points to the M&A market being very buoyant in 2020."

Leading sectors

Despite a substantial drop in activity, real estate and construction remained the most active sector by transaction numbers, with 378 deals in total, and overtook mining (incl. oil and gas) and telecoms and IT to be the highest by value. A strong driver was e-commerce, which led to an increasing demand for warehouses and distribution centres to serve markets in the West and feed growing demand for online shopping in emerging Europe. Poland boasted half of the top 20 deals in the sector, including the sale of Orbis to Accor Hotels of France. Telecoms and IT was the second largest by value and volumes, well ahead of manufacturing and reflecting the increased importance of digitalisation and digital communications. Landmark deals included the EUR 1.28bn purchase of Bulgarian Vivacom by BC Partners-backed United Group.

"Seven out of the top 20 deals have been in the telecoms and IT sector, but the activity is not limited to the top end of the market. We see both multinationals and venture capital firms keenly following the region's IT start-ups," according to Horea Popescu, partner at CMS Romania.



"...it has been a very busy year and it all points to the M&A market being very buoyant in 2020."

The next busiest sectors were manufacturing, helped by deals in automotive and pharmaceuticals, and wholesale and retail, on the back of strong consumer demand. Graham Conlon, corporate partner in CEE at CMS, said: "Activity is very broadly spread and we're also seeing things happen in banking and finance and energy, particularly around renewables."

Greenfield investment is also benefiting from the switch to electric vehicles, most notably from South Korea, as investors looked to step up production of cars, batteries and components in the Czech Republic, Hungary and Poland.

How countries fared

Led by Hungary, Poland and Romania, with GDP growing at more than 4%, emerging Europe left the West trailing in terms of economic growth. The Czech Republic, Slovakia and Slovenia enjoyed growth above 2%, comfortably ahead of the UK and France, while Germany flirted with recession. Projections for 2020 point to weakening growth, but with emerging European on course to lead the pack.

Graham Conlon said: "It's difficult to paint emerging Europe with the same brush because each country is different, but overall economic performance has been much stronger than the West and most markets have done well. There is a lot of discussion about the downturn in Germany and when it might affect the region, but so far we haven't seen any signs of it."

As a newcomer to the ranks of Europe's developed countries, Poland boasts a large domestic market and strong consumer demand. In contrast to its buoyant economy, its stock market was one of the world's worst performers in 2019 and at times its government clashed with the EU over the role of the state. However, investors largely ignored political concerns. Deal values rose by 68.3% to EUR 10.93bn, lifted by an increase in the number of EUR 200m-plus transactions, although deal volumes fell by 20.1% to 258.

At the other end of the spectrum, Ukraine is the country to watch in 2020 as the reforms under new president Volodymyr Zelenskiy start to kick in. Transaction activity, up 25.7%, and values, up 26.3%, were at their highest levels since 2013 and offered a glimpse of what might be to come.

The pace of economic growth in Hungary was not matched by M&A activity as transaction numbers fell 10.9% and values dropped 64.3% against the previous year, when there were two EUR 1bn-plus telecoms deals.

The Czech Republic saw deal values rise by 4.2% to EUR 5.67bn, lifted by the EUR 1.8bn takeover of gas distributor innogy Grid by a consortium led by Macquarie of Australia, although deal volumes dipped 16%.

In Slovakia volumes were close to an all-time high, up 9.3% to 59, and values more than doubled to EUR 1bn, boosted by the PPF Group's purchase of Central European Media Enterprises and Vivendi's purchase of M7 Group.

Major deals in Romania included a EUR 506m fund raising led by US hedge fund Coatue in robotics company UiPath,

valuing the business at EUR 7bn. Deal numbers rose 10.0% and values were 50.1% lower than in 2018, when Vodafone bought Liberty Global's operations in eastern Europe. "The increase in deals is telling for the current Romanian market. Many good assets are coming to market and that has not gone unnoticed with globally active investors," says Horea Popescu.

Croatia saw volumes fall 17% and values up 9%, with one of the highlights being the sale of Tele2 to BC Partners-owned United Group of the Netherlands for EUR 220m. Serbia's largest deal was the sale of Koncern Bambi to Coca-Cola, but after a EUR 1bn-plus mining privatisation in the previous year, values were down 84% and volumes by 25.4%. In Slovenia, deal numbers were slightly down at 40 and values down 31.5% at EUR 1.4bn. Financial services was a key driver for Slovenia, including the EUR 444m sale of Abanka to rival Nova KBM and the purchase by Hungary's OTP Group of a 99.7% stake in SKB Banka from Société Générale. Among the smaller markets, deals and values were down in Bosnia and Herzegovina, while Montenegro enjoyed a rise in values despite a drop in volumes.

Bulgaria enjoyed several large deals, including the sale of Vivacom and the award of the concession to run Sofia Airport to French group Meridiam and Munich Airport. Along with a clutch of large media deals, including the sale of CME and Nova Broadcasting, they helped push values 10.9% higher overtaking 2018's record value. The number of transactions showed a small year-on-year decline, in line with expectations.

“As global and pan-European fund managers are under pressure to deploy the funds raised, they are looking ever more broadly, including at opportunities in central and eastern Europe.”



During a challenging year, Turkey rebounded from recession at the end of 2019, putting it on track to accelerate in 2020. Deal numbers were broadly stable, however values more than halved to EUR 4.36bn against 2018, when the two largest deals alone totalled more than EUR 6bn.

Russia was one of the laggards in terms of economic growth, but its slowdown appeared to be drawing to a close as deal numbers held steady in line with the previous year at 602, while a brace of megadeals in the energy sector helped drive a substantial rise in value, up by 32.2% to EUR 35.82bn. According to Vladimir Zenin, a CMS partner in Russia, the data point to signs of recovery in deal-making activity in Russia.

Vladimir Zenin said: “Although the Russian business environment still remains largely influenced by the current geopolitical context and international pressure put on the country by the continuing sanctions, both local and international players have learnt to adapt to the ever-changing legal landscape and market conditions.” The modernisation of Russian contract law has helped increase confidence in the legal toolkit for corporate and finance transactions, he noted, adding: “Russia has always been and will remain one of the key players in the region in 2020. Located at the crossroads between Europe and Asia, the country offers a uniquely sizable platform for continued expansion into several markets in either direction.”

Private equity

Now firmly planted in the financial landscape of emerging Europe, private equity continued to build on its strong roots in 2019, complementing other investors such as corporates and family offices as a source of capital. The number of transactions continued to rise and with 318 deals a new record high was set. Financial investors such as asset managers, pension and sovereign funds, supranational finance institutions and large investment banks, which complete the overall private equity category in the report, are now involved in 16.2% of all transactions. Deal values were broadly similar and included five EUR 1bn-plus deals. The largest was the EUR 1.9bn purchase of Central European Media Enterprises by PPF Group of the Czech Republic.

Activity in private equity was spread across the region, although the larger economies attracted the most attention. Private equity investment was one of the drivers behind the rise in deals in telecoms and IT, while manufacturing, wholesale and retail and energy witnessed increased activity. Real estate also remained attractive to PE players, making up 28.6% of the deals. Helen Rodwell said: “The regional eco-system is growing more sophisticated in its ability to do deals. In some countries, we talk to international funds who experience tough competition from local investors and financial groups for the best assets.”

Tamás Nagy, director and co-head of private equity at the European Bank of Reconstruction and Development (EBRD), said the two standout themes for private equity in the region were the ‘bet’ on increasing consumer wealth and technology. The first manifested itself in investment in food retail, convenience products, healthcare and fitness, while the second saw continued investment in IT services, software and cable communications. There were also new opportunities triggered by disruptive technology in areas such as retail, fintech, virtual reality and digital markets for services such as logistics and travel.

Regional players used their home advantage to swoop on small and mid-sized deals as well as partnering on larger transactions. For international players such as Advent International, Apax, Goldman Sachs, CVC, Bridgepoint, KKR, BC Partners, Providence, TPG and Warburg Pincus and Blackstone, emerging Europe has become an important piece of the international investment jigsaw.

Tamás Nagy was confident that the volume of private equity investment would not be affected by a broader but mild economic slowdown. He said: “Globally speaking, private equity is sitting on ‘dry powder’ that is breaking all records. With the ultralow interest rates likely to stay for the foreseeable future, the asset class is likely to experience even more capital inflow in the near future. As global and pan-European fund managers are under pressure to deploy the funds raised, they are looking ever more broadly including at opportunities in central and eastern Europe.”

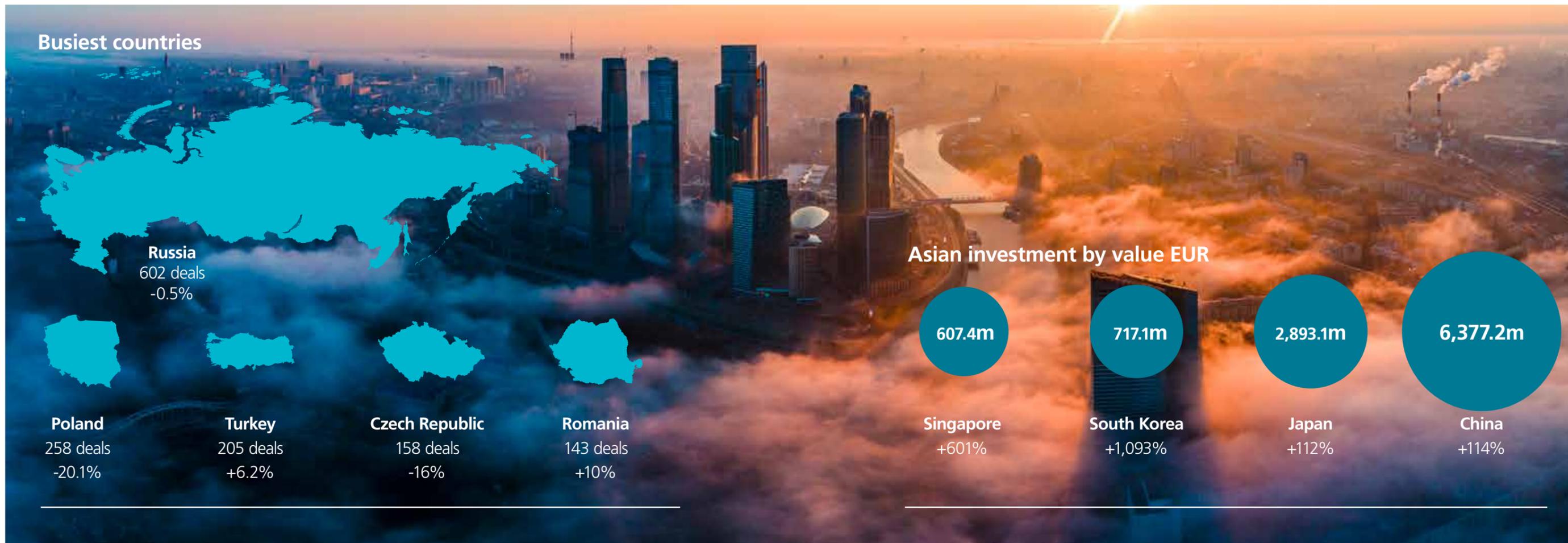
Foreign and regional

One of the factors blamed for falling deals in western Europe was retrenchment by US investors, but this was not the experience in emerging Europe where Americans were enthusiastic participants. The US was a clear leader in the league table of overseas investors by transaction numbers, with 122 deals, nearly half as many more than in the previous year.

By value, US investments were in line with the previous year, although at EUR 5.84bn, it lagged behind China which more than doubled its investment to EUR 6.38bn. China was also involved in more deals than the previous year as its presence in the region steadily grows.

The UK’s decision to withdraw from the EU appeared to have little impact on its companies’ investment plans. Deal numbers showed a healthy increase (+9%). Helen Rodwell said: “Many decisions around Brexit were made some time ago, so we don’t anticipate any real impact. If anything, it will be positive for the region and we’ve already seen banks moving some of their back-office operations across.”

Germany, Austria, France and Spain each did more deals, highlighting the continued importance of western Europe as a source of capital. Asia’s growing importance was marked by a big rise in investment from Japan and Singapore, and a string of projects emanating from South Korea. In several countries, South Korean investors were involved in multiple top ten deals.



The number of cross-border deals was 14.6% higher at 1,163 while the value of those deals dipped by 4.4% to just over EUR 51bn. Meanwhile, domestic deal volumes were 26.3% lower at 795 and their total value down 21.3% at EUR 21.3bn. Russia, Poland, Turkey and the Czech Republic were the busiest regional investors, however Russia was the only one to notably increase investment. As companies grow in size and confidence, their ability to do international deals increases and growing numbers have set their sights beyond their domestic boundaries.

Among the region's companies that have established themselves as global players is Hungarian oil and gas company MOL Group, active in more than 30 countries and with an international workforce of 26,000 people. During 2019, among many other transactions, it bought Aurora, a German plastic compounding company and a leader in recycled compounds, and took stakes in Azerbaijan's supergiant ACG oil field and the BTC pipeline.

Key drivers for international expansion, explained András Bányai, head of M&A at MOL Group, included access to new markets and to know-how and technology not currently available in emerging Europe. He said: "Our competitors from central and eastern Europe and our wider region are often active participants on the broader

international M&A landscape, while for cultural reasons they can also be allies in various M&A opportunities. However, overall in western Europe we predominantly compete against truly global players or against international companies that can come from any corner of the world."

Deal drivers

One of the brakes on M&A activity is a lack of available attractive assets that in turn pushes up valuations. There are some signs that this may be changing as sellers mull over the prospect of a slowdown and consider the merits of agreeing a disposal now rather than risk prices coming down in the future. Graham Conlon said: "Succession deals are in vogue where owners of businesses set up in the 1990s are looking to retire and sell out. Anticipation of this kind of deal has been growing for many years and it now looks to be providing more M&A opportunities."

Another driver is corporate restructuring, either to keep ahead of rapidly changing markets or in anticipation of a more challenging period ahead. The corporate carve-out of a non-core businesses to focus on the remaining core creates opportunities for bolt-on acquisitions or the creation of a standalone company.

Attractions and obstacles

The pace of growth in emerging Europe and the rising purchasing power of its population has grabbed the attention of investors across the globe. It is no longer a target solely because of its proximity to western markets. Graham Conlon said: "The region's attractions are increasing. It has a highly educated and skilled workforce, can provide goods and services to the West at lower cost, and offers greater growth opportunities."

It is a well-established source of talented computer programmers and IT entrepreneurs. Not only do they provide a pool of labour for the technology sector, they also produce a steady flow of start-ups, some of which have joined the ranks of global technology unicorns.

This success has driven down unemployment to historic lows, creating problems of its own through higher wages and a shortage of labour in some areas. Helen Rodwell said: "Investors have to be mindful that they cannot just build a factory even if the location is right because they need people to work in it. This is a very serious issue and has set alarm bells ringing."

Outlook

If Germany's economic challenges have cast a shadow, it has yet to block out the bright spots in emerging Europe. Similarly, international uncertainty over the cat-and-mouse trade game between the US and China has had little direct impact. The region's regulators, banks, private equity firms and companies are better prepared for turbulence than last time round. Dealmakers remain busy as corporate investors and private equity companies seek growth opportunities for their cash piles.

Helen Rodwell said: "We believe there may be some slowdown in economic growth, but even if that is the case, we don't see any dramatic fall in M&A activity because these markets are independent and self-contained. If anything, a slower start to 2020 might even stimulate M&A activity as vendors' minds focus on getting deals done sooner rather than later, and investors who have been waiting on the side lines step into the fray."

Emerging Europe economic outlook: Growth to stay well ahead of EU average.



Stefan Stoyanov,
Head of Global
M&A Database, EMIS

Short-term outlook of key indicators

The countries in emerging Europe have enjoyed some of the highest GDP growth rates in Europe throughout 2018 and 2019. Despite macro-economic indicators being less impressive in 2020 and afterwards, the markets in the region are likely to remain the growth leaders on the continent.

The gloomy sentiment among manufacturing companies in the eurozone has spilled over to emerging Europe, as the region is highly dependent on demand from its western trading partners, especially Germany. Manufacturing is suffering due to trade tensions and growing protectionism, and further factors such as strict new EU emission regulations and high levels of car market saturation. On the other hand, healthy domestic demand, underpinned by a strong labour market with rising wages, has continued to support growth. Further resilience can be seen in the services sector, especially finance and IT, as well as in e-commerce.

In its latest economic forecast published in November 2019, the European Commission points out that while the EU and the eurozone will grow by a mere 1.4% and 1.2% respectively each year from 2019 to 2021 (Table 1), Hungary will impress with a GDP growth rate of 4.6% in 2019. Romania and Poland would grow by 4.1% each in 2019 and will be the only countries in CEE¹ maintaining a growth rate above 3% until 2021. Indeed, from 2020 onwards a visible slowdown is expected in the region, which will grow by 2.7% on average in 2020 and 2021 according to the European Commission's forecasts. The lowest growth rate is expected in the Czech Republic (2.2% in 2020 and 2.1% in 2021).

Focus Economics, a provider of global economic analysis and forecasts, points to global uncertainties, the slowdown in the Euro Area, and growing supply constraints as the main reasons for a slow-down in the region. Further, moderating construction activity and EU funding inflows will likely put a brake on fixed investment growth.

The labour market in emerging Europe remains stable with the unemployment rate seen maintaining its slightly improving trend and eventually reaching 4.7% in 2021 from 5.3% in 2018 (Table 2). Although ticking up by a basis point each year from 2019 onwards, the Czech Republic remains the country with the lowest unemployment forecast at 2.3% in 2021. At the other end of the spectrum are Euro Area members like Slovakia and the Baltic countries, where the unemployment rate will remain higher at 5–6% and above in the next three years. Wage increases support household disposable income.

For example, in Poland further positive factors are certain tax and benefit measures, which contribute to increased private consumption. However, most economies in the region already face labour shortages and are set to compete for cheap labour particularly against Ukraine.

In terms of inflation, the expected developments are subdued, with consumer price growth slowing to 2.3% in 2020 and 2021 each from 2.5% in 2019. The highest inflation rates are expected in Hungary and Poland, with both figures above 3.0%.

Long-term GDP growth forecast for the larger economies

With Poland among the largest markets in the region, it has proved quite resilient in facing international headwinds. Further, because the country is less dependent on foreign trade, it is better suited to absorb potential trade shocks. Focus Economics forecasts a long-term average annual growth rate in Poland of 2.8% between 2022 and 2024.

Hungary stands out as another resilient CEE economy, especially regarding the manufacturing sector. The long-term GDP growth rate forecast is set at 2.5% during 2022–2024 in line with the expected regional easing due to weakness in key trading partners, reduced absorption of EU funds, and slower job creation.

Another larger market is Romania, which will grow at levels similar to Hungary in 2022–2024, that is 2.8% average annual growth rate according to Focus Economics. While the EU Commission expects recovery in investments and robust growth in 2020, Romanian net exports are projected to weigh on growth and the current account deficit will likely widen.

The Czech Republic is set to follow the same slow-down pattern as its regional peers. However, given its relatively low debt-to-GDP ratio (32.6%) and relatively high interest rate (2%), it might be better positioned to cope with a potential crisis, as the authorities have room to lower rates and provide significant fiscal support. According to Focus Economics, the long-term average annual growth rate of the Czech Republic will be 2.3% during 2022–2024. Brexit and the uncertainties around the process are probably going

to hamper investment decisions regarding markets in the CEE region. In addition, shifts in the trading relationships between the UK and CEE countries should be expected, as the UK used to be a major trading partner. For example, the UK has traditionally been Poland's second-biggest trading partner, but recently the Czech Republic has taken that spot. Overall, Brexit means that a net contributor to the EU budget is leaving, which would happen at the expense of CEE countries which are generally net recipients.

Economic development and M&A activity

A slowdown in economic growth will not necessarily result in a depressed M&A deal flow; in fact, the lowering of valuations and the increase in distressed situations may lead to new opportunities for investors. As the region will outperform its trading partners in western Europe in terms of economic growth and will experience a growing consumer demand as a result of increased salaries, companies with strong domestic brands and quality products will remain targets of interest for both strategic and financial investors.

Table 1: European Commission's Real GDP Growth Rate Forecasts, %

	2018	2019e	2020f	2021f
Poland	5.1	4.1	3.3	3.3
Hungary	5.1	4.6	2.8	2.8
Czechia	3.0	2.5	2.2	2.1
Slovakia	4.0	2.7	2.6	2.7
Slovenia	4.1	2.6	2.7	2.7
Romania	4.0	4.1	3.6	3.3
Bulgaria	3.1	3.6	3.0	2.9
Croatia	2.6	2.9	2.6	2.4
Lithuania	3.6	3.8	2.4	2.4
Latvia	4.6	2.5	2.6	2.7
Estonia	4.8	3.2	2.1	2.4
Average	4.0	3.4	2.7	2.7
EU	2.0	1.4	1.4	1.4
Euro Area	1.9	1.1	1.2	1.2

Table 2: European Commission's Unemployment Rate Forecasts, %

	2018	2019e	2020f	2021f
Poland	3.9	3.5	3.6	3.5
Hungary	3.7	3.4	3.4	3.4
Czechia	2.2	2.1	2.2	2.3
Slovakia	6.5	5.8	5.7	5.6
Slovenia	5.1	4.4	4.2	4.2
Romania	4.2	3.9	4.2	4.3
Bulgaria	5.2	4.4	4.1	4.0
Croatia	8.4	6.9	5.8	4.9
Lithuania	6.2	6.2	6.2	6.2
Latvia	7.4	6.6	6.4	6.4
Estonia	5.4	5.1	5.4	5.0
Average	5.3	4.8	4.7	4.6
EU	6.8	6.3	6.2	6.2
Euro Area	8.2	7.6	7.4	7.3

¹ CEE includes Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Romania, Bulgaria, Croatia, Lithuania, Latvia, and Estonia.



Start-ups and corporates unite in search of unicorns

Investors are pouring record amounts of money into technology start-ups in emerging Europe, including a growing number of corporations in search of a piece of the action.

A sector that was once seen as the preserve of venture capital and angel investors is now attracting the interest—and money—of corporate backers. Some do it directly, via the traditional acquisition route, and others through funds set up specifically to develop new ideas, creating a new class of investment known as corporate venture capital. The annual combined deal value of investments in emerging Europe start-ups is nearing EUR 1bn. It is not difficult to see why. A dozen so-called unicorns—those start-ups whose value has reached USD 1bn—have their roots in the region, including Skype (Estonia), Allegro (Poland), UiPath (Romania) and Kiwi.com (the Czech Republic).

A hotbed of talent

In their wake are fast-growing firms such as travel technology company DCS of Romania, e-commerce store Alza.cz of the Czech Republic, and advertising technology company Zementa of Slovenia. They have been created by and drawn on local talent in the region with huge pools of skilled developers available in Poland, Hungary, the Czech Republic, Ukraine, Bulgaria, and Romania.

This rich heritage is being tapped by corporates whose commercial goals may be to uncover skills or innovative products that they can add to their portfolio, or to play a longer game by nurturing ideas that could ultimately have a broader benefit for their industry. Most corporates still invest in new businesses by taking a stake or absorbing them as subsidiaries, but a growing number use their financial firepower and industry expertise to set up distinct units to invest in a portfolio of new businesses.

Corporates choose to invest in young companies for a number of reasons. The structures and internal procedures that are crucial to a corporate's success and stability may hamper research and development. Supporting a start-up gives them access to the digital natives who might have seen a gap in the market that established players have missed.

Searching for ideas and vision

According to Horea Popescu, a partner at CMS Romania, the motive for some is to find new ideas and products they can use themselves, or at least keep them away from competitors. For others, it is to provide seed capital that

will support innovation and ultimately help them diversify and open up new markets. Popescu said: "The relationship between corporates and start-ups is an intricate one. Corporates can become bureaucratic and slow to innovate, so start-ups give them the ideas and vision they may lack."

Sectors attracting domestic and international interest include fintech, IT, enterprise software, green technology and transport. Two exciting Croatian businesses have attracted the interest of corporate investors. Based in Sveta Nedelja, Rimac Automobili was founded in 2009 and is blazing a trail in the motor industry as a developer of electric supercars. In June, Germany's Porsche increased its stake in the business, with both sides explaining that they could learn from each other through collaboration.

Gideon Brothers, with offices in Osijek and Zagreb, is developing robotics for various sectors, especially logistics, and during the year it secured a EUR 2.6m funding round led by Pentland Ventures, the investment arm of the UK company Pentland Group. It owns sports and outdoor clothing brands such as Lacoste and Berghaus, and has invested in technology that could transform its supply chains.

For entrepreneurs, the growing interest of corporates creates another potential source of financing alongside private investors and traditional venture capital. One attraction, said Marija Zrno, a partner at CMS Croatia, was that it was not simply a financial transaction; the corporate brought experience and expertise in areas such as research and development, getting products to market, quality assurance, distribution and marketing.

"Corporates can make introductions to a whole new network at home and in new countries."

She added: "It's more than just money. Corporates can make introductions to a whole new network at home and in new countries. In return, they get to see things that might have been under their radar. Both sides benefit."

Driven by technology

Digital technology and software companies have been in the vanguard of forming investment arms through the likes of Google Ventures, Microsoft's M12 fund and Intel Capital. Other corporates to go down the venture capital route include Siemens with its Next47 fund, Allianz, Axa and Bosch, and Samsung Catalyst has invested in Hungary's self-drive technology developer AIMotive. Poland's mBank has set up its mAccelerator.vc fund with more than EUR 50m under management and investments including HCM Deck, an employee development platform, Samito personalised marketing and Chatforce, instant messaging and chatbots.



“Corporates can become bureaucratic and slow to innovate, so start-ups give them the ideas and vision they may lack.”

Three years ago, Czech carmaker ŠKODA AUTO set up ŠKODA AUTO DigiLab in Prague to scan global markets for trends and technologies that can be exploited in the automotive industry. It stresses that it is not an investment fund, but a business development platform to support the parent company in its vision to be a provider of mobility solutions. With teams in Prague, Tel Aviv and Beijing, it looks for start-ups that can improve services to customers, technology to build better cars or reduce the costs of operation. Jan Hořícký, financial manager at ŠKODA AUTO DigiLab, said it invested not just money, but expert time and intimate knowledge of its industry, adding: “Strategic investors can make a lot of sense to start-ups if there is a strategic fit. Co-operation and partnership must generate benefits to both parties to become a success.” Superbet of Romania, an omnichannel betting and gaming company, has bought young businesses to accelerate its online operations. These include two Croatian firms: coding company Axilis and mobile app developer Score Alarm. It also bought IO Sports in the UK, which was created by two former bankers to apply their knowledge of derivatives trading to sports betting.

The managing director of Superbet Romania, Vlad Ardeleanu, said: “Our interest in start-ups relates to very specific technology that we can use in our industry. We realised we could not build this organically because it would take too long. We were buying their brain power to provide engineering and coding knowledge.

“It’s very important that these companies keep their own culture and individuality. We integrate them from a commercial and legal point of view, but otherwise they remain on their own. We can help them scale up their businesses, but we do not want to interfere with their unique DNA.”

A fast-growing company that has benefited from corporate investment is Dateio, a Czech-based fintech pioneer in card-linked marketing. It works with banks and retailers to offer customers discounts and loyalty schemes. Started in 2013, it first raised money from angel investors and venture capital, but more recent investors have included corporates.

They included the BOLT fund of telecoms group O2 Czech Republic, Air Bank, part of the PPF group, 365.fintech, part of Slovakia’s 365.bank, and the Erste Group of Austria.

Benefits for both sides

Dateio co-founder and managing director Ondrej Knot said: “One of the advantages of working with corporates is they can give access to a client base, a branch network or a digital channel. The start-up gives them a product that can be integrated into their network and this can really help with the scaling-up process. It’s important to understand what each side wants so that they can get the best from the relationship.” Start-ups tend to flourish where there is an ecosystem that includes a strong technological university, a critical mass of technology companies to provide employment and grow skills, and funding to take them from seed capital through the subsequent stages of growth. Major international cities such as London and Berlin will remain magnets for innovative companies that cannot secure all the support they need at home.

Although not naturally associated with the start-up world, law firms have an important role to play. “Our equiP programme for start-ups initially focused on advice they required in areas such as intellectual property, but equally important is our ability to introduce them to investors in our network,” Horea Popescu said. CMS’s programme has been rolled out to emerging Europe in 2019, with Romanian Neurolabs now part of a global pool of close to 150 equiP participants. CMS also works closely with Start-Up Grind, a global initiative to support fledgling entrepreneurs and help them connect with strategic partners.

Emerging Europe has produced some of the world’s most innovative companies and its reputation as a breeding ground for talent is growing. Corporate investors have added to the range of resources on which entrepreneurs can draw and help kitchen table start-ups on their journey towards becoming potential unicorns.

Real estate and logistics

Online shopping drives investment into logistics

Real estate and construction remains the most active sector in emerging Europe by deal volume. While office and retail assets remain popular, the rise of e-commerce has led to increasing interest in logistics, warehouse, distribution and fulfilment centres says Lukáš Hejduk, partner, CMS Czech Republic.



Real estate is consistently the most active sector for M&A activity in emerging Europe. How has it performed in 2019 and what trends have you seen?

Real estate continues to perform very well overall. Markets in the region have seen a significant inflow of Asian capital and the office sector is the most attractive and active market. We continue to see an ongoing boom in the development of logistics, warehouse, distribution and fulfilment centres. This is partly driven by underlying economic growth, but accelerated by e-commerce.

Due to the growth in e-commerce, the traditional retail sector has become less attractive to investors. However, a solid economy and high consumer spending still make a good case for well-maintained shopping centres and we see interest from investors who know how to benefit from this situation.

What impact have you seen from online retailing?

E-commerce is driving development and in many areas demand outstrips supply. Internet retailing and online sales' penetration in emerging Europe are not yet on a par with western Europe, as only round 5% of total retail sales are currently made online in eastern Europe. However, online sales are growing rapidly and the potential is enormous.

Bricks-and-mortar retailing has not been such an active sector and that is reflected in yields on shopping centres, which are rising, while yields on ecommerce centres are compressing. The e-commerce sector is growing at the expense of traditional shops; however, it would be wrong

to think that traditional retail is going to die out. It will probably need to reinvent itself and concentrate on the experience side of buying, but there seems to be room for e-commerce and retail to coexist together.

How is that translating into real estate growth in different countries?

Poland and the Czech Republic are leading the way as developers take advantage of lower property prices and labour costs, but also from solid infrastructure and proximity to the strong German market. Slovakia, Hungary and Romania are also seeing growth, but less so Bulgaria and Ukraine.

Poland has a number of large sites available for investment. In contrast, Romania cannot rely on supplying the West, although it could become a hub for the Balkans. It still requires improvements in infrastructure and a more liquid real estate market.

Which investors and online retailers have been active?

As the largest online retailer, Amazon is leading the way followed by other online retailers such as Notino and Zalando, and many expanding local e-commerce players including Alza or Mall. Strong e-commerce operators are very sought-after tenants. They take properties on long leases with strict covenants which is every real estate investor's dream.

Asian capital has been very active in the logistics sector. Frontrunners from Asia include Singapore sovereign wealth fund GIC, which is the owner of Prague-based P3, and China Investment Corporation, which bought Logisor in 2017. Many investors from South Korea have invested significant amounts of capital in various e-commerce and logistics projects across emerging Europe. Other major investors include Germany's Deka Immobilien, Allianz Real Estate and TPG. The market would have seen much higher investment activity but the largest developers, including CTP, Prologis and P3, typically employ a build-and-hold strategy so the availability of investment products remains limited.

What are operators looking at when assessing opportunities?

Location is, of course, the most important factor in real estate. Apart from traditional considerations such as quality of infrastructure and proximity to the target markets, the availability of labour is becoming a challenge in many locations in the region. This is particularly important in operations requiring a higher number of skilled workers, such as manufacturing and fulfilment centres.

The quality of buildings is not a problem. The stock is relatively new and well maintained, and we are seeing more multi-storey projects which have been a feature in other parts of the world but are relatively new in emerging Europe.

A drawback in some places, such as the Czech Republic, is that the permitting process is long and complex whereas in Poland it tends to be faster, which may account for some of its success in the sector.

What is the outlook for logistics real estate in 2020?

There are no signs of the tide turning. E-commerce is likely to be the driving factor of investment into logistics assets. Emerging Europe can deliver the construction of high-quality properties with good transport infrastructure, at prices that are lower than in western Europe. Interest from investors from Europe, the US and Asia will continue, however labour constraints might slow down growth in some parts of the region.

"E-commerce operators take properties on long leases with strict covenants which is every real estate investor's dream."

Real estate and Construction

Top ten deals

1. ORBIS (REAL ESTATE OPS)

Target	Country
Orbis (real estate operations)	Poland
85.8% stake	Buyer
Value (EUR)	AccorInvest
1,062.7	Value source
	1

2. STROYGAZMONTAZH

Target	Buyer
Stroygazmontazh	Gazstroyprom
Value (EUR)	Value source
1,062.4	2
Country	
Russia	

3. GALERIA SHOPPING MALL

Target	Country
Galeria shopping mall in St. Petersburg	Russia
49% stake	Buyer
Value (EUR)	Mubadala Investment
577.4	Value source
	2

4. ATRIUM REAL ESTATE

Target	Country
Atrium European Real Estate	Poland; Czech Republic; Russia; Slovakia
40% stake	Buyer
Value (EUR)	Gazit-Globe
565.0	Value source
	1

5. ISTANBUL TOWER 205

Target	Buyer
Istanbul Tower 205	Industrial and Commercial Bank of China
Value (EUR)	Value source
536.3	1
Country	
Turkey	

6. PIK GROUP

Target	Buyer
PIK Group	VTB Bank
15.5% stake	Value source
Value (EUR)	3
530.4 ²	
Country	
Russia	

7. ECHO INVESTMENT

Target	Buyer
Echo Investment	Wing
56% stake	Value source
Value (EUR)	3
467.0 ³	
Country	
Poland	

8. BUILDING A, WARSAW SPIRE

Target	Buyer
Building A of the Warsaw Spire Complex	Immofinanz
Value (EUR)	Value source
386.0	1
Country	
Poland	

9. CAPITAL PARK

Target	Buyer
Capital Park	Madison International Realty
66% stake	Value source
Value (EUR)	3
360.2 ⁴	
Country	
Poland	

10. ORBIS¹

Target	Buyer
Orbis	Accor
33.1% stake	Value source
Value (EUR)	1
337.7	
Country	
Poland	

Value Source:

1 Accor first bought additional 33.1% in Orbis via a tender offer and then sold its entire 85.8% stake in the real estate operations of Orbis to AccorInvest. 2 Deal value estimate based on the target's closing stock price the last trading day prior the deal. 3, 4 Deal value estimate based on the target's closing stock price the last trading day prior the deal and its added net debt.

Private equity: taking business to a new level

Private equity has helped transform companies into more competitive businesses and to create regional champions across several industries in emerging Europe. In this article, some of the region's leading women and rising stars in private equity—emerging Europe's Level20 if you will—share their views on market trends, opportunities for growth and the competitive investment landscape.



Viktoria Habanová
Mid Europa Partners



Joanna Simonowicz
Innova Capital



Lenna Koszarny
Horizon Capital



Andrea Ferancová Bartoňová
Espira Investments

“The share of private equity investment as part of the total continues to increase”

Private equity deal volumes continued to increase year-on-year as funds carry on building their portfolios. With record levels of new funds dedicated to the region and global players continuing to acquire sector leaders at the top end of the market, private equity's share in overall deal volumes, and thus its impact on local businesses, is set to increase.

Viktoria Habanová, Principal at Mid Europa Partners, said: “Private equity activity here has been strong over the last three years. We expect it to remain strong as a result of two key trends: the growing number of founder-led businesses seeking to address succession issues or the need for external capital to accelerate growth, and limited public market liquidity.”

International funds are showing an increasing appetite for large deals in the region, while those based there are most active in mid-sized and smaller deals. Across real estate, telecoms and IT, manufacturing, retail, services, finance, food and energy, there are barely any sectors that have not benefited from private equity investment.

The value of local networks

Although they often specialise by country, sector or deal size, emerging Europe's funds are linked by common threads. Having offices and staff on the ground enables them to build networks and forge relationships that lead to investment opportunities, often where vendors had not previously considered private equity. Typically, they look for local or regional champions with the potential to grow not just in the region but internationally.

As one of the longest-established firms focused on emerging Europe, Mid Europa Partners has raised EUR 5.2bn since its launch and has 41 investments in 18 countries, typically investing up to EUR 200m. During 2019, Mid Europa Partners bought bakery retailer Mlinar, with 220 stores in Croatia and Slovenia and franchises in ten countries, and a software services group intive. After stepping up investment in Romania it also opened a Bucharest office. Its core markets are Poland, the Czech Republic and Slovakia, although recently it has been most active in Poland, Romania and the former Yugoslavian countries where companies are now of a size to be on the radar of investors at home and further afield.

Habanová added: “Pan-European and global funds tend to focus on large transactions. More often than competitors, we see them as buyers when we look to exit or occasionally as partners for sizeable transactions.”

One of the reasons private equity is becoming better understood and more widely used is that it gives vendors the opportunity to retain a stake in the business and benefit from any increase in value from subsequent sales. However, the relationship is not purely financial and private equity firms can tap into their experience and networks of industry experts to support management teams and drive transition.

Building strong relationships

Joanna Simonowicz, until recently Managing Director at Innova Capital and currently non-executive director at two Innova portfolio companies, said: “If you sell to a corporate, you cash in once and that is it. With private equity, the advantage is benefiting from the upside. It is important to have a good relationship and to have like-minded owners who believe in the business plan and are aligned on the best way to develop the business.”

Innova is a mid-market private equity company operating in CEE, acting as an advisor to six investment funds with a total asset value of almost EUR 1.2bn. It has invested in 60 companies in ten countries, typically between EUR 50m and EUR 150m. Its deals in 2019 included the purchase of CheMeS, a specialist label printing company in Poland, CS Group, an image building and internet marketing company, and two of Romania's leading optical retailers, Optical Network and Optiplaza.

Simonowicz added: “Succession is a very common topic and it is an area we like. The region is quite attractive to private equity players. One reason it is attractive is that there is a

broad spectrum of businesses ready for a succession-related transition and there is less competition than in western Europe. As Poland is our base, we see lots of opportunities. Other countries where we see interesting opportunities are Romania, Slovenia and the Czech Republic.”

Other deal drivers include corporate disposals, distressed sales and the opportunities that can be created by bolting together two businesses: the buy and build approach.

Aside from larger and faster-growing economies providing a fruitful hunting ground for funds, significant opportunities are likely to be created in Ukraine thanks to the ambitious reform agenda set out by new president Volodymyr Zelenskiy. Among those likely to benefit is Kyiv-based Horizon Capital, whose four funds are backed by over 40 institutional investors and have invested nearly USD 700m in 150 Ukrainian companies. A landmark deal in 2019 was the sale of the pharmaceutical business of Biopharma, an investment held since 2012, to German generic strategic STADA. Acquisitions included the purchase of smart security systems provider Ajax, and a stake in the leading private healthcare services provider Dobrobut.



“Private equity continues to grow and is now part of 16.2% of all deals.”

Lenna Koszarny, founding partner and CEO of Horizon Capital, believes the political reset under Zelenskiy and the acceleration of structural reforms provides significant, long-term growth potential. She compares Ukraine not to its neighbours but to Columbia, Indonesia and the Philippines as these economies enjoyed double-digit growth over ten or more years, unlocked by reforms.

She said: “We believe Ukraine’s political reset offers a historic opportunity to implement long-awaited reforms. There are very exciting times ahead and, in our view, we are only on the ground floor. We are the leading firm in the country with deep and long-term relationships across Ukraine. From a private equity point of view, competition is limited with local players focused on niches and companies typically choosing between an equity partner or taking on higher leverage.

Our sweet spot is growth equity with a focus on fast-growing export champions in IT, light manufacturing and food and agro, as well as leading domestic champions in e-commerce, pharma and healthcare. We back visionary entrepreneurs whose companies have established revenues and profits and are competing and succeeding regionally as well as globally.”

The nature of the competition, be it from private equity funds, family offices or strategic buyers, depends on the size of company, sector and country involved, noted Habanová, adding: “We often see strategics among competing bidders, but they are not always fully committed or as well positioned as local private equity firms.”

For private equity to be successful, there needs to be a healthy eco-system that also takes in corporate and institutional investors as well as public stock exchanges, not least to provide an exit route for funds that have taken a portfolio company to the next level, whether that is growing from local to regional level or regional to international. With the market for public listings subdued, deal activity has tended to focus on secondary sales to other private equity firms, financial investors or trade buyers.

Financial and social returns

ESPIRA Investments is a private equity firm specialising in small and medium-sized enterprises, mainly in the Czech Republic and Slovakia, but also in other CEE countries. In April 2019, it invested in ICON Communication Centres, an award-winning provider of multilingual contact centre services and six months earlier it took a stake in educational group JK Education and schools operator American Academies. One of the fund’s unique features is that it invests in companies managed by a balanced team of men and women on the grounds that diverse management delivers better returns. It also adopts a “double bottom line” approach, seeking out companies that deliver a financial return and have a positive impact on society.

ESPIRA founding partner Andrea Ferancová Bartoňová said: “We welcome interest in the region from a wide range of investors, both strategic and financial, and we are very excited about increased activity from regional family offices of entrepreneurs who have made a successful exit and are now looking to invest their capital. Central and eastern Europe lags behind western Europe in both fundraisings as well as the number of investments relative to the size of the CEE economies, and we hope more local as well as international investors will be attracted to these markets in the near future.”

Valuations have been relatively high, particularly where there is strong bidder interest in areas such as technology and e-commerce, but that trend could end if the broader economic outlook weakens and vendors may have to lower their expectations.

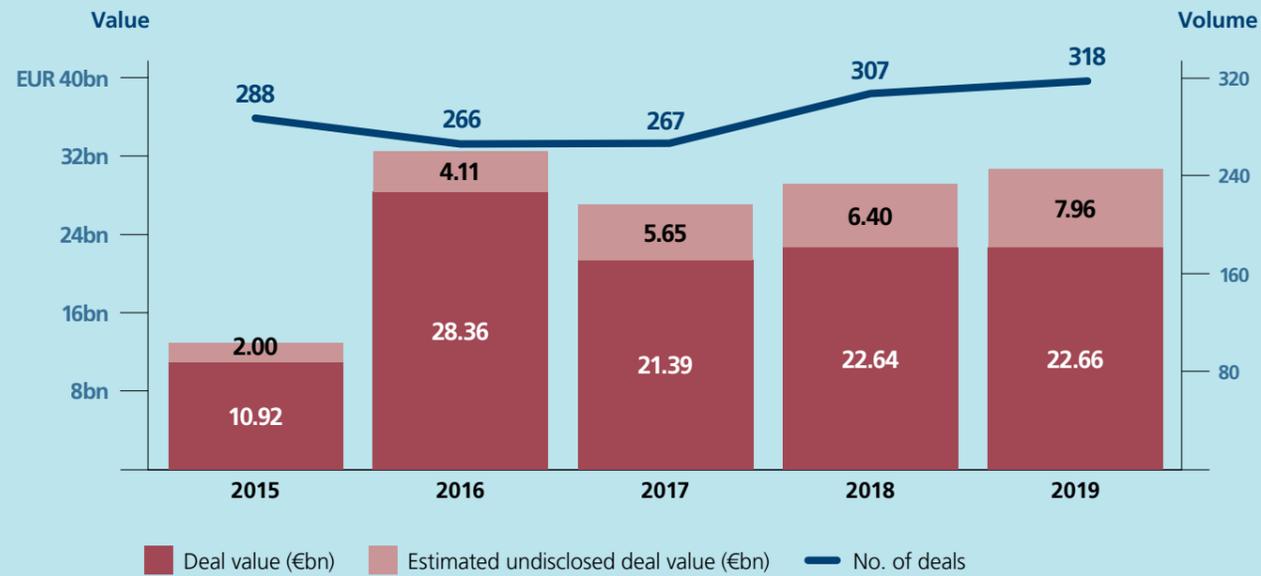
Simonowicz remains optimistic, saying: “We don’t see a big correction in the near future, but we could see fewer deals for cyclical businesses. For cycle-resistant companies, prices are likely to stay the same.”

Even if the global economy falters, private equity is now well-rooted in emerging Europe. As markets become more sophisticated, its impact and value is becoming better understood, not just in providing funding directly but also in unlocking finance from other sources to enable portfolio companies to grow.

For those firms based in the region and the international funds seeking out larger deals, there is a recognition that emerging Europe offers a pipeline of attractive companies with the potential to grow at home and abroad. That fuels optimism about another busy year for private equity transactions in 2020.

PRIVATE EQUITY

Deals by value and volume



Top 3 sectors

91 deals

REAL ESTATE & CONSTRUCTION

57 deals

TELECOMS & IT

39 deals

MANUFACTURING

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Advent International is acting in the deal through its portfolio company Zentiva (Czech Republic).
² Deal value estimate based on number of users in the respective CEE/SEE countries and the total deal value.

Top 10 deals

<p>EUR 1.89bn Value Source: 1</p>	<p>1</p> <p>Target: Central European Media Enterprises (CME) (Country of target: Czech Republic; Romania; Slovakia; Bulgaria; Slovenia)</p> <p>Sector: Media & Publishing</p> <p>Stake: 100%</p> <p>Buyer: PPF Group (Country of buyer: Czech Republic)</p>
<p>EUR 1.80bn Value Source: 2</p>	<p>2</p> <p>Target: innogy Grid Holding (IGH) (Country of target: Czech Republic)</p> <p>Sector: Energy & Utilities</p> <p>Stake: 50%</p> <p>Buyer: Allianz; Macquarie Group; British Columbia Investment Management (Country of buyer: Germany; Australia; Canada)</p>
<p>EUR 1.28bn Value Source: 2</p>	<p>3</p> <p>Target: Vivacom (Country of target: Bulgaria)</p> <p>Sector: Telecoms & IT</p> <p>Stake: 100%</p> <p>Buyer: BC Partners Holdings (Country of buyer: United Kingdom)</p>
<p>EUR 1.18bn Value Source: 2</p>	<p>4</p> <p>Target: DCT Gdansk (Country of target: Poland)</p> <p>Sector: Transportation & Logistics</p> <p>Stake: 100%</p> <p>Buyer: Temasek Holdings; Polski Fundusz Rozwoju; Industry Super Holdings (Country of buyer: Singapore; Poland; Australia)</p>
<p>EUR 1.02bn Value Source: 1</p>	<p>5</p> <p>Target: Avito (Country of target: Russia)</p> <p>Sector: Telecoms & IT</p> <p>Stake: 29.1%</p> <p>Buyer: Naspers (Country of buyer: South Africa)</p>
<p>EUR 900.3m Value Source: 2</p>	<p>6</p> <p>Target: CEE operations of Alvogen (Country of target: Bulgaria; Hungary; Poland; Romania; Russia; Serbia)</p> <p>Sector: Manufacturing</p> <p>Stake: 100%</p> <p>Buyer: Advent International¹ (Country of buyer: United States)</p>
<p>EUR 695.3m² Value Source: 3</p>	<p>7</p> <p>Target: M7 Group operations in CEE/SEE (Country of target: Czech Republic; Slovakia; Romania; Hungary)</p> <p>Sector: Telecoms & IT</p> <p>Stake: 100%</p> <p>Buyer: Vivendi (Country of buyer: France)</p>
<p>EUR 649.7m Value Source: 1</p>	<p>8</p> <p>Target: Lenta (Country of target: Russia)</p> <p>Sector: Wholesale & Retail</p> <p>Stake: 41.9%</p> <p>Buyer: Severgroup (Country of buyer: Russia)</p>
<p>EUR 595.9m Value Source: 1</p>	<p>9</p> <p>Target: Nginx (Country of target: Russia)</p> <p>Sector: Telecoms & IT</p> <p>Stake: 100%</p> <p>Buyer: F5 Networks (Country of buyer: United States)</p>
<p>EUR 577.4m Value Source: 2</p>	<p>10</p> <p>Target: Galeria shopping mall in St. Petersburg (Country of target: Russia)</p> <p>Sector: Real Estate & Construction</p> <p>Stake: 49%</p> <p>Buyer: Mubadala Investment (Country of buyer: United Arab Emirates)</p>

Ukraine: Reforms put Ukraine on brink of an historic transformation

Ukraine is at a turning point as a new reform-focused government seeks to put the country on track for an economic resurgence. President Volodymyr Zelenskiy has set an ambitious transformation programme, which he hopes will result in GDP growth of 40% over the next 5 years, raising USD 50bn in the process.

Expectations that Ukraine will benefit from reforms that have swept across the former Communist Bloc are stimulating interest from foreign investors. Solid economic growth has also helped confidence and overshadowed concerns about the conflict in the east of the country. Anecdotally, those working in the M&A field have reported the busiest period in five years.

Over 2019, 132 deals were recorded, a 25.7% increase against a year earlier making it the strongest year since 2015. Deal value was also up and reached EUR 1.77bn, the highest for six years.

Previous reform attempts made some progress, but disillusionment at the slow pace helped Zelenskiy's landslide election as president in May, and that of his Servant of the People party in July. The new president may be a former comedian, but according to Graham Conlon, partner at CMS, he is being taken extremely seriously by foreign investors when it comes to modernisation and tackling bureaucracy and corruption. Conlon said: "Ukraine now has a new leadership with the political will, mandate and parliamentary majority to really transform the country and take it to the next level."

It is still early days, but the World Bank's Doing Business 2020 report ranked Ukraine 64th out of 190 countries for ease of doing business, up from 71st a year previously. An ambitious and hectic legislative agenda has now been set out and early signs are that officials are showing a new willingness to listen to businesses. One of Zelenskiy's pledges is closer harmonisation of legislation with that of

the EU as it becomes a more stable and predictable market for business expansion.

A signal of the West's approval of Zelenskiy's agenda was delivered in December when the country reached staff-level agreement with the International Monetary Fund in relation to a three-year USD 5.5bn loan to Ukraine.

As one of Europe's largest countries by area and with a population of 45 million, it has vast potential. Known as the breadbasket of Europe, other important industries include infrastructure, IT, energy, mining, chemicals, automotive, aerospace, and tourism. In November 2019, the European Bank of Reconstruction and Development (EBRD) predicted GDP growth of 3.5% in 2020, up from 3.3% for 2019. GDP is expected to increase further as land reforms and a lifting of red tape kick in.

Major deals in 2019 included Saudi agricultural fund SALIC's purchase of a stake in United Farmers Holding Group, Singapore's Delta Wilmar's holding in food and drink group Chumak and Swiss agri-chem producer Syngenta's purchase of agri-tech business Cropio Group. Also, in November, Russian telecoms operator MTS Group agreed to sell Vodafone Ukraine to Azerbaijan's Bakcell and, in December, German drugs maker STADA announced the purchase of the pharmaceutical business of Ukraine's Biopharma.

Renewable energy is an area of focus, with Scatec Solar, Acciona and NBT, to name a few, being very active. Ports are expected to benefit from increased trade and

"I expect land reform and privatisation to open up a great deal of opportunity."

Increased deal activity indicates returning investor confidence



successful investment stories, such as the grand opening of new MV Cargo/Cargill and Posco/Orexim grain terminals in September 2019, have highlighted the attractions of this key industry.

At the heart of this reform is sweeping privatisation. The government plans to remove scores of state-owned enterprises from a list of those previously excluded from sale. Among the significant assets that will be put up for sale are the Dnipro Hotel in Kyiv and alcoholic drinks maker UkrSpiryt. State-owned Ukrainian Railways (UZ) is also being prepared for restructuring and an eventual IPO.

A major change will be the potential lifting of a longstanding moratorium on selling agricultural land from October 2020 to increase competition and innovation. The World Bank has estimated it could boost annual output by USD 15bn and add 1.5% to annual GDP, calling it the "most powerful measure the government could take". However, foreign ownership of land is contentious and it is likely that the initial reform will therefore be limited to domestic purchasers.

CMS Ukraine partner Maria Orlyk said: "I expect land reform and privatisation to open up a great deal of opportunity." It is a very challenging plan, so let's see how much they achieve in the first year." Other legislation in the pipeline covers the reform of banking, capital controls, public private partnerships and foreign investment protection, plus a clampdown on corporate raiding.

History tells us that securing foreign investment can supercharge growth. De-escalation of conflict in the east and wider reforms should ease multinationals' concerns. Tetyana Dovgan, a partner at CMS Ukraine, said: "What's important is for them to see the country going in the right direction. They should assess and distinguish between the types of risks they might encounter and use local expertise combined with best international practices to mitigate them."

Ukraine is arguably the last major untapped economy in Europe, and Zelenskiy's young, energetic and ambitious government has paved the way for transformation. His stated ambition is to put Ukraine alongside Japan, South Korea and Singapore in the economic textbooks. In November, he described Ukraine as one of the most attractive start-ups in the world and anticipation that he will deliver on his promises makes the country a magnet for investors.



Restructuring: Forward-thinking firms shape up for the future

The global economy is in a fragile state after the weakest growth since the financial crisis, but if there is another severe downturn, emerging European companies will be better prepared than last time around.

Many companies have used the intervening years to get themselves into good shape so that they will be more resilient in the face of economic headwinds. There is a growing realisation that it is wise to review and restructure while conditions remain relatively benign rather than wait for the storm to hit.

Whatever the economic outlook, companies need to update their business model to avoid being left behind by changes in their industry and more innovative competitors. Digitalisation is a priority because it can transform internal efficiency and enable businesses to address new markets by building an online presence. Bricks-and-mortar retailers have had to adapt to e-commerce by becoming omnichannel retailers to survive, while travel companies have had to improve their internet offers to keep pace with platforms that have evolved from the sharing economy.

Keeping pace with change

Economies in emerging Europe have generally enjoyed robust growth compared to their western neighbours, but their reliance on exports means they could be vulnerable to a recession in Germany or a trade war between the US and China. There is little evidence of any widespread increase in insolvencies across the region, although the picture is patchy, which may reflect the broader economic picture and the growing perception that it is better to restructure before insolvency becomes the only option.

The rescue of Agrokor, the debt-laden Croatian food producer and retailer, from near-bankruptcy has shown what can be achieved. As an employer of 52,000 people in 20 countries, it was a critically important business in the Balkans. It took two years to complete the restructuring of the business, which had been in state-run administration, and required a new emergency law on Extraordinary Administration Proceedings.

In April 2019, a new holding company called Fortenova Group, taking in 159 companies, began operations.



According to Jelena Nushol, finance partner at CMS Croatia, Agrokor was so big it required a new approach to restructuring. She said: "This was a very complex case, but there are valuable lessons for other companies and one of them is that they must not leave it too late to restructure or they will pay the price. This is not just about being ready for another crisis, it's also about being innovative in markets that can change very quickly."

The prospect of another economic crisis might focus minds on the need to reorganise, but to remain successful companies must go through constant reinvention. Airlines, for instance, have had to respond to the growth of the low-cost carriers such as easyJet and Ryanair and the relentless shift to online bookings. Those that have failed to evolve have been left behind.

Under the microscope

The first step is to conduct a widespread review of the business, even for those that are in apparently good shape. That starts with a thorough financial analysis to understand working capital flows and capital requirements, so that companies can put the right structures in place. If necessary, they should talk to their banks to rearrange repayment schedules or arrange new working capital facilities.

"We see a growing willingness among market players to look at restructuring situations with a view to maintaining or creating value."



“Restructuring is not just about being ready for another crisis; it’s also about being innovative in markets that can change very quickly.”

Banks have become more experienced at dealing with these issues and working with companies before it gets to the stage of insolvency. Private equity sponsors are also well-versed in dealing with restructuring. As far as bringing in new investors is concerned, one challenge is to persuade family owners not to delay over this difficult decision for too long.

One of the trends the region has seen is the arrival of specialist investors in distressed debt or special situations. Many foreign investors see this as a route to gaining an interest in a company. This will result in more businesses being rescued and contribute to more M&A activity.

Financial restructuring is only part of the solution, and any strategic review should look at the whole business model to identify which parts are core and which act as a drag. This might mean reducing costs by closing part of the business or cutting jobs, but it could also mean stepping up investment in research and development in new products and services. Disposals are one option, but what

about acquisitions? One company’s non-core business is another’s attractive growth opportunity, and this constant churn also contributes to M&A activity.

With any disposal it is important to consider the implications for the remaining business. Transitional arrangements need to be put in place to protect key areas such as employees, IP and any future liabilities. Other options may include flexible working for employees, reviewing supplier terms and using factoring to improve cash flows. Relocating parts of the business and accelerating digitalisation should also be considered.

Legislation is evolving to reflect the benefits of a more consensual process, and the Agrokor case is likely to be used as a precedent in other countries. The new EU Directive on restructuring and insolvency is designed to encourage out-of-court restructuring as the best way to retain value. Even in those legal regimes that are outside the directive there is a will to change, although the regulatory pressure to pursue insolvency through courts remains.



Creating value

Ana Radnev, international finance partner and head of banking and finance at CMS Romania, said larger markets such as Poland had more experience in restructuring and insolvency, although there were good examples of successful outcomes in Romania, Bulgaria and Ukraine. She added: “We see a growing willingness among market players to look at restructuring situations with a view to maintaining or creating value and keeping a business alive rather than going through a court process that ends in insolvency.”

Successful companies must evolve to stay ahead of their rivals, but after the impact of the last crisis there is also now more awareness of the implications of a downturn. Some casualties are inevitable, but the extent of any damage should be limited through action taken now by companies, lenders, investors, advisers and lawmakers.

No turning back the tide of South Korean investment

South Korean interest in emerging Europe is well established, but there has been a noticeable increase in activity in the past two years. With M&A deals totalling EUR 717m in 2019, South Korea is now knocking on the door of the top ten foreign investors from outside the region. CMS's Steve Kim explains some of the drivers behind this development.

Why are investors from South Korea looking so far afield?

The domestic market in South Korea is limited by its size, so companies have to look overseas for customers. Companies, pension funds and sovereign wealth entities have built up a lot of capital and there simply are not enough opportunities for them at home.

It can be difficult to achieve stable returns in the domestic market and the stock market is very volatile. For institutions with a three-to-five year investment strategy, it makes sense to look abroad.

What makes the region so attractive?

It offers access to western European markets, but is recognised as an important market in its own right. Exchange rates compared to the US, a traditional target for South Korean money, have also been favourable.

Emerging Europe is regarded as a stable region with good economic growth. There is a well-trained labour force at a competitive cost which makes it attractive for manufacturing compared to South Korea. It is important to have infrastructure in place and the availability of government support such as tax breaks.

Which countries are South Korean investors paying attention to?

Generally, investors appreciate the umbrella of EU membership. Poland is an attractive market close to Germany, and South Koreans have become its biggest Asian investors.

Hungary is also high on the list and in the first four months of 2019, South Korea overtook Germany to become its largest source of international investment. The Czech Republic, Bulgaria, Romania, Albania and Serbia have also attracted interest.

What sectors are investors looking at and is that changing?

Automotive remains the largest sector in terms of investment into the region. Historically, South Korea has depended on technologies such as mobile phones and semi-conductors, but these have become commoditised, so investors are looking at technologies associated with the Fourth Industrial Revolution, such as the Internet of Things, blockchain, sensor-based data collection, renewable energy and cleantech.

“Korean investors are looking at technologies associated with the Fourth Industrial Revolution.”



Largest Korean acquisition in CEE in 2019

Acquisition of Waltrovka office complex in Prague by Hanwha Investment & Securities (EUR 250m)

“When they find the right investment, Korean investors will act quickly.”

What has been the hottest sector over the past year?

The electric vehicle industry offers a major opportunity, combining experience in automotive with new technologies. Hyundai announced plans to produce its fully electric Kona car in Nošovice in the Czech Republic in 2020, its largest overseas location for electric cars.

In Hungary, SK Innovation is building a second battery plant, Samsung SDI is expanding production at its battery factory in Göd, and Bumchun Precision has selected Salgotarjan for its first overseas plant to make electric vehicle components. In Poland, LG Chem has plans to step up battery production at Wrocław.

Outside automotive and technology, what other opportunities are investors looking at?

Real estate offers stable returns and remains important and active. South Korean investment in European property hit a record in the first half of 2019, including growing interest in central and eastern European cities. Deals included Samsung Securities buying an Amazon logistics centre near Prague airport.

Ukraine's potential encouraged POSCO Daewoo Corporation to buy a stake in the Mykolaiv Sea Port grain terminal and a stevedoring company.

Do South Korean companies favour M&A over greenfield investment?

Generally, large companies prefer to buy established companies rather than start from scratch, whether that is manufacturing, hotels or property. If there is no established industry, they will invest in greenfield.

What is the biggest challenge facing South Korean investors looking at emerging Europe?

Corporate culture is a significant issue because South Korea has a unique way of doing business. To understand the culture of a country fully and learn how things work, many large corporations will send people to countries for three-to-five years to study and learn.

South Korean investors are conservative by nature, but at the same time, once they feel comfortable about the risks involved, they can be very aggressive. When they find the right investment, they will make rapid decisions and act quickly.

What support do investors get from agencies in South Korea and emerging Europe?

The Korea Trade Investment Promotion Agency facilitates overseas investment and the Korea Federation of SMES is opening doors for small firms. Individual countries use their diplomatic contacts to build relationships in Korea, such as the recent high-level meetings with Serbia's president.

Do you see more of the same in 2020?

For South Korean investors, there is no option but to continue this trend. They must keep investing abroad to grow their markets and to find a home for their capital, and emerging Europe is becoming an important location.

This will be reflected in M&A activity involving South Korea, and in addition to traditional areas of interest such as real estate and automotive, we will see an acceleration of investment in renewables and clean energy.

Singapore/ Southeast Asia:

Asian investors turn their spotlight on emerging Europe

There is a surge of interest in emerging Europe across Southeast Asia, including a seven-fold increase in investment from Singapore to more than EUR 600m in 2019.

Irene Ng from CMS Austria looks at why interest in emerging Europe is on the increase.

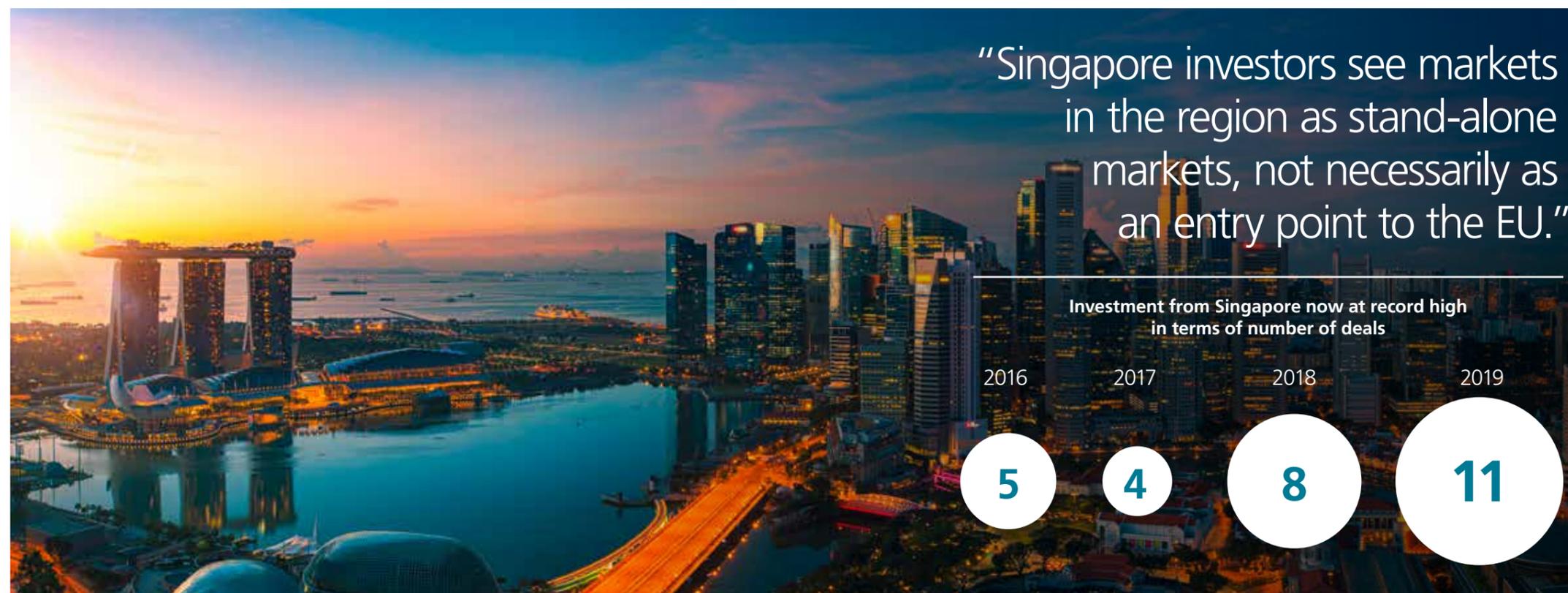
In terms of the number of investments from Southeast Asia, Singapore was also the leader with 11 deals, more than any of the eight preceding years. Other Southeast Asian countries such as Malaysia and the Philippines also contributed to the capital flow from Southeast Asia into emerging Europe.

One thing that the two regions have in common is that neither of them are truly homogenous. They are both made up of separate countries with distinct cultures, different languages and different ways of doing business.

From an investor's perspective, there is a clear understanding that although emerging European countries have much in common, there are also many differences, including language, culture, size and stage of economic development.

Finding common ground

Irene Ng, said: "There is a recognition that EU membership marks a certain type of divide. Companies that operate in the EU are required to comply with EU laws and regulations, which may also serve as a benchmark for standards in terms of how business is done as well as offering the benefits of certain trade agreements, such as the recent EU-Singapore Free Trade Agreement."



Emerging Europe is attractive because over the last two decades, the region has been seen as more stable and its economies are maturing. Its proximity to western Europe is useful but is not the overwhelming attraction. Countries in the region are generally viewed as independent markets distinct from western Europe, such as the DACH and the Benelux regions.

One of the reasons prompting investors to look at opportunities around the world, such as in emerging Europe, is the higher potential rate of return on their investments compared with traditional western European markets. In addition to its location, emerging Europe has been helped by exchange rates. Real estate connected with logistics is attracting significant interest, but retail remains attractive, while there is increasing attention on student accommodation. The last five years have also seen Malaysia, the Philippines and Thailand among the ranks of investors in the region's real estate.

Among the deals announced in 2019, the largest foreign investment in Poland, worth the EUR 1.2bn, was the purchase of the DCT Gdansk container terminal, on a joint bid by PSA International port group, owned by Temasek Holdings of Singapore, the Polish Development Fund, and Australia's IFM Global Infrastructure Fund. Another major transaction was the EUR 190m purchase of the West Station office complex in Warsaw by Mapletree Investments of Singapore.

Attention turns west

"We have received several enquiries about emerging Europe and interest in the region is picking up," said Irene Ng. "This interest is quite well spread from sovereign wealth funds, private equity funds and corporates."

As a large and mature economy, Poland attracts a great deal of interest, but otherwise investment tends to follow sectors. Slovenia attracts investors because of its automotive industry, Bulgaria for fintech and Croatia for hospitality and hotels.

Furthermore, emerging Europe has become more familiar thanks to Korean TV programmes that are filmed in the region and have built up a huge following in southeast Asia. Their popularity has stimulated tourism to countries such as Slovenia and Croatia, and may help to increase awareness among potential investors.

Certain European countries such as the UK have been popular with investors, partly due to the use of English and the legal and regulatory framework. However, central and eastern Europe has been seen as an emerging market, and investors remain interested in making a move into the

region despite the unfamiliar regulatory framework. Although EU membership and the use of the euro seems to provide some confidence to investors, interest in non-EU countries in the region is not insignificant.

The Association of Southeast Asian Nations (ASEAN) acts as an umbrella organisation for its ten member states and has formed a strategic partnership with the EU. In addition, emerging European companies are supported by the Central and Eastern European Chamber of Commerce in Vietnam, which represents 15 countries, and the Central and Eastern European Chamber of Commerce (Singapore), which represents 11 countries.

The forces behind foreign investment from Southeast Asia show no signs of weakening and emerging Europe's attractions are stronger than ever. This formidable combination means that investors will closely watch M&A and other investment opportunities in the region as the cultural and commercial ties between the two regions strengthen.

Data bank



EMERGING EUROPE



Top 5 deals

EUR 5.35bn
 Target: **Arctic LNG-2**
 (Country of target: **Russia**)
 Sector: **Mining (incl. oil & gas)**
 Stake: **20%**
 Buyer: **China National Petroleum Corp (CNPC)**¹ (Country of buyer: **China**)
 Value Source: 2 **1**

EUR 2.68bn
 Target: **Arctic LNG-2**
 (Country of target: **Russia**)
 Sector: **Mining (incl. oil & gas)**
 Stake: **10%**
 Buyer: **Japan Oil, Gas and Metals National Corporation; Mitsui & Co** (Country of buyer: **Japan**)
 Value Source: 2 **2**

EUR 1.89bn
 Target: **Central European Media Enterprises (CME)** (Country of target: **Czech Republic; Romania; Slovakia; Bulgaria; Slovenia**)
 Sector: **Media & Publishing**
 Stake: **100%**
 Buyer: **PPF Group** (Country of buyer: **Czech Republic**)
 Value Source: 1 **3**

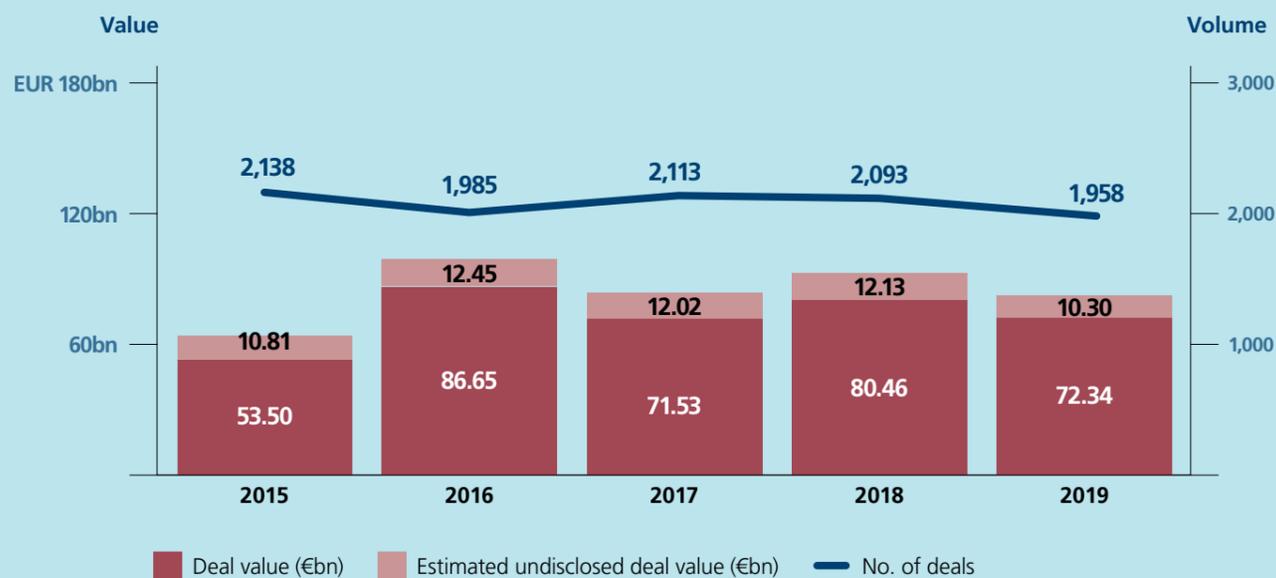
EUR 1.83bn
 Target: **T2 RTK Holding**
 (Country of target: **Russia**)
 Sector: **Telecoms & IT**
 Stake: **55%**
 Buyer: **Rostelecom**
 (Country of buyer: **Russia**)
 Value Source: 1 **4**

EUR 1.80bn
 Target: **innogy Grid Holding (IGH)**
 (Country of target: **Czech Republic**)
 Sector: **Energy & Utilities**
 Stake: **50.04%**
 Buyer: **Allianz; Macquarie Group; British Columbia Investment Management** (Country of buyer: **Germany; Australia; Canada**)
 Value Source: 2 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ CNPC is buying a total of 20% in two deals done via subsidiaries CNODC and CNOOC.

Deals by value and volume



Top 3 sectors

378 deals
REAL ESTATE & CONSTRUCTION

300 deals
TELECOMS & IT

285 deals
MANUFACTURING

ALBANIA



Top 3 deals

EUR 50m
Value Source: 1

Target: **Telekom Albania**
Sector: **Telecoms & IT**
Stake: **99.8%**
Buyer: **Elvin Guri – private investor; Spas Roussev – private investor**
(Country of buyer: **Bulgaria**)

1

N/A
Value Source: 2

Target: **Digicom**
Sector: **Telecoms & IT**
Stake: **85%**
Buyer: **Albanian Telecommunications Union**
(Country of buyer: **Albania**)

2

N/A
Value Source: 3

Target: **Abcom**
Sector: **Telecoms & IT**
Stake: **100%**
Buyer: **Vodafone Group**
(Country of buyer: **United Kingdom**)

3

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

Deals by value and volume



Top sector



BOSNIA AND HERZEGOVINA



Deals by value and volume



Top 5 deals

EUR 8.7m
 Target: **Bosnalijek**
 Sector: **Manufacturing**
 Stake: **10%**
 Buyer: **Raiffeisen Bank BiH** (Country of buyer: **Bosnia and Herzegovina**)
 Value Source: 1 **1**

EUR 8.7m
 Target: **Vakufska Banka**
 Sector: **Finance & Insurance**
 Stake: **73%**
 Buyer: **ASA Group** (Country of buyer: **Bosnia and Herzegovina**)
 Value Source: 1 **2**

EUR 3.9m
 Target: **Hidraulika Flex**
 Sector: **Manufacturing**
 Stake: **60%**
 Buyer: **Pewag Group** (Country of buyer: **Austria**)
 Value Source: 1 **3**

EUR 3m
 Target: **Ms & Wood**
 Sector: **Manufacturing**
 Stake: **100%**
 Buyer: **Private investor(s)** (Country of buyer: **Bosnia and Herzegovina**)
 Value Source: 2 **4**

EUR 1m
 Target: **Vitaminka**
 Sector: **Food & Beverage**
 Stake: **76.6%**
 Buyer: **Vitinka** (Country of buyer: **Bosnia and Herzegovina**)
 Value Source: 2 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

Top 3 sectors

3 deals
MANUFACTURING

3 deals
TELECOMS & IT

3 deals
WHOLESALE & RETAIL

BULGARIA

Top 5 deals

EUR 1.28bn
 Target: **Vivacom**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **BC Partners Holdings**
 (Country of buyer: **United Kingdom**)
 Value Source: 2 **1**

EUR 335m
 Target: **CEZ Bulgaria¹**
 Sector: **Energy & Utilities**
 Stake: **100%**
 Buyer: **Eurohold Bulgaria**
 (Country of buyer: **Bulgaria**)
 Value Source: 1 **2**

EUR 281.6m
 Target: **Sofia Airport**
 Sector: **Transportation & Logistics**
 Stake: **100%**
 Buyer: **Meridiam; Strabag; Flughafen Munchen**
 (Country of buyer: **France; Austria; Germany**)
 Value Source: 1 **3**

EUR 226.9m²
 Target: **Central European Media Enterprises (CME) assets in Bulgaria**
 Sector: **Media & Publishing**
 Stake: **100%**
 Buyer: **PPF Group**
 (Country of buyer: **Czech Republic**)
 Value Source: 3 **4**

EUR 172.8m
 Target: **Nova Broadcasting Group**
 Sector: **Media & Publishing**
 Stake: **95%**
 Buyer: **Advance Properties**
 (Country of buyer: **Bulgaria**)
 Value Source: 1 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ The local regulator has not cleared the deal, prompting simultaneous appeals to the Administrative Court from both the buyer and the seller. As of early 2020, the deal is pending the court's review.

² Deal value estimate based on CME's 2018 revenues attributable to Bulgaria.

Deals by value and volume



Top 3 sectors

16 deals
TELECOMS & IT

11 deals
WHOLESALE & RETAIL

10 deals
MANUFACTURING

CROATIA

Top 5 deals

EUR 220.3m
Value Source: 1

Target: **Tele2**
Sector: **Telecoms & IT**
Stake: **100%**
Buyer: **BC Partners Holdings**
(Country of buyer: **United Kingdom**)

1

EUR 120.9m¹
Value Source: 3

Target: **Liburnia Riviera Hoteli (LRH)**
Sector: **Real Estate & Construction**
Stake: **53.94%**
Buyer: **Gitone Adriatic**
(Country of buyer: **Croatia**)

2

EUR 80m
Value Source: 1

Target: **Rimac Automobili**
Sector: **Manufacturing**
Stake: **N/A**
Buyer: **Hyundai Motor; Kia Motors**
(Country of buyer: **South Korea**)

3

EUR 38.1m²
Value Source: 3

Target: **Kras**
Sector: **Food & Beverage**
Stake: **25%**
Buyer: **Kappa Star**
(Country of buyer: **Cyprus**)

4

EUR 36m
Value Source: 3

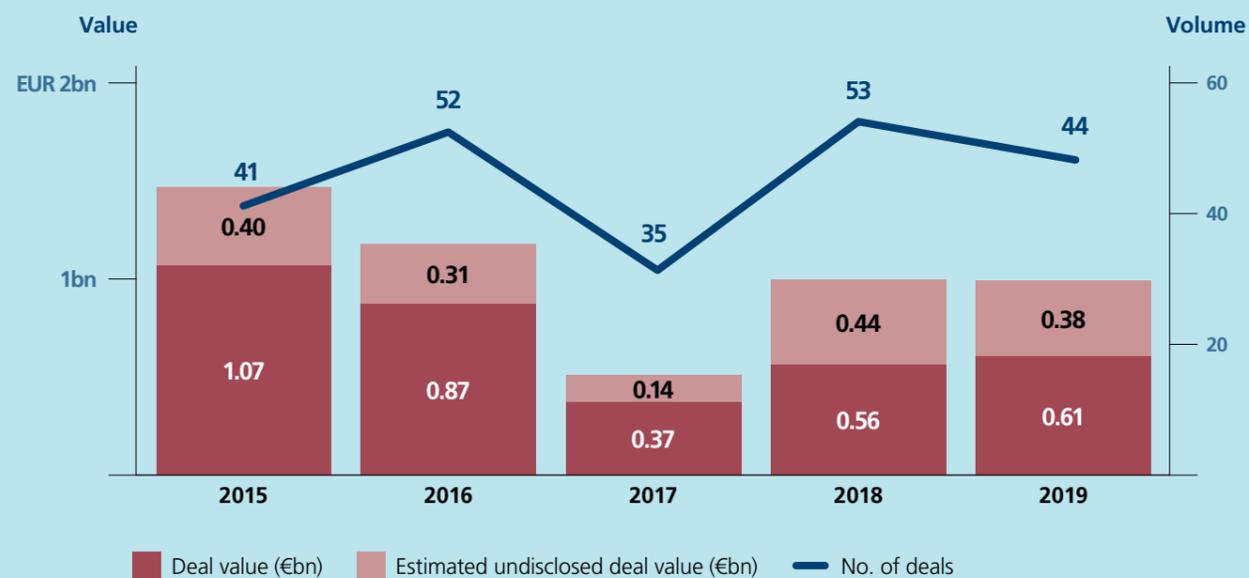
Target: **Meritus ulaganja**
Sector: **Services**
Stake: **30%**
Buyer: **Mid Europa Partners**
(Country of buyer: **United Kingdom**)

5

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on the tender offer price to the minority shareholders of HRK 4,761 (USD 724.8) per share in the Gitone-LRH deal, and also adding the target's net debt.
² Deal value estimate based on the target's weighted-average share price of HRK 710 per share throughout September 2019, the month when the share purchases took place in several tranches.

Deals by value and volume



Top 3 sectors

7 deals

FOOD & BEVERAGE

6 deals

ENERGY & UTILITIES

6 deals

MANUFACTURING

CZECH REPUBLIC



Top 5 deals

EUR 1.80bn
 Target: **innogy Grid Holding (IGH)**
 Sector: **Energy & Utilities**
 Stake: **50%**
 Buyer: **Allianz; Macquarie Group; British Columbia Investment Management**
 (Country of buyer: **Germany; Australia; Canada**)
 Value Source: 2 **1**

EUR 623.9m¹
 Target: **Central European Media Enterprises (CME) assets in the Czech Republic**
 Sector: **Media & Publishing**
 Stake: **100%**
 Buyer: **PPF Group** (Country of buyer: **Czech Republic**)
 Value Source: 3 **2**

EUR 333.3m²
 Target: **M7 Group operations in the Czech Republic**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **Vivendi**
 (Country of buyer: **France**)
 Value Source: 3 **3**

EUR 280m
 Target: **Alpiq Generation (CZ)**
 Sector: **Energy & Utilities**
 Stake: **100%**
 Buyer: **Sev.en Energy Group**
 (Country of buyer: **Czech Republic**)
 Value Source: 1 **4**

EUR 250m
 Target: **Waltrovka office complex**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Hanwha Investment & Securities** (Country of buyer: **South Korea**)
 Value Source: 1 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on CME's 2018 revenues attributable to the Czech Republic.
² Deal value estimate based on the number of customers in the Czech Republic out of the total customers in CEE/SEE.

Deals by value and volume



Top 3 sectors

48 deals
REAL ESTATE & CONSTRUCTION

28 deals
TELECOMS & IT

27 deals
MANUFACTURING

HUNGARY

Top 5 deals

EUR 302.3m Target: **Telenor Magyarország; Telenor Real Estate Hungary**
Sector: **Telecoms & IT**
Stake: **25%**
Buyer: **Antenna Hungaria**
(Country of buyer: **Hungary**)

Value Source: 2 **1**

EUR 249.5m¹ Target: **EMASZ – North-Hungarian Electricity; ELMU**
Sector: **Energy & Utilities**
Stake: **26.83%; 27.25%**
Buyer: **E.ON**
(Country of buyer: **Germany**)

Value Source: 3 **2**

EUR 217.5m Target: **Duna, Corvin, Gyor and Miskolc shopping centres**
Sector: **Real Estate & Construction**
Stake: **100%**
Buyer: **Indotek Group**
(Country of buyer: **Hungary**)

Value Source: 1 **3**

EUR 113.7m Target: **Magyar Gaz Tranzit**
Sector: **Mining (incl. oil & gas)**
Stake: **100%**
Buyer: **MOL**
(Country of buyer: **Hungary**)

Value Source: 1 **4**

EUR 100m Target: **Sofitel Budapest Chain Bridge**
Sector: **Real Estate & Construction**
Stake: **100%**
Buyer: **Indotek Group**
(Country of buyer: **Hungary**)

Value Source: 2 **5**

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on E.ON offering HUF 31,701 per share for EMASZ and HUF 34,585 per share for ELMU.

Deals by value and volume



Top 3 sectors

30 deals

REAL ESTATE & CONSTRUCTION

17 deals

TELECOMS & IT

12 deals

MANUFACTURING

MONTENEGRO



Top 3 deals

EUR 40.5m
Value Source: 2

Target: **Societe Generale**
Sector: **Finance & Insurance**
Stake: **90.6%**
Buyer: **OTP Bank**
(Country of buyer: **Hungary**)

1

EUR 10m
Value Source: 2

Target: **Five Pavjord filling stations**
Sector: **Wholesale & Retail**
Stake: **100%**
Buyer: **INA**
(Country of buyer: **Croatia**)

2

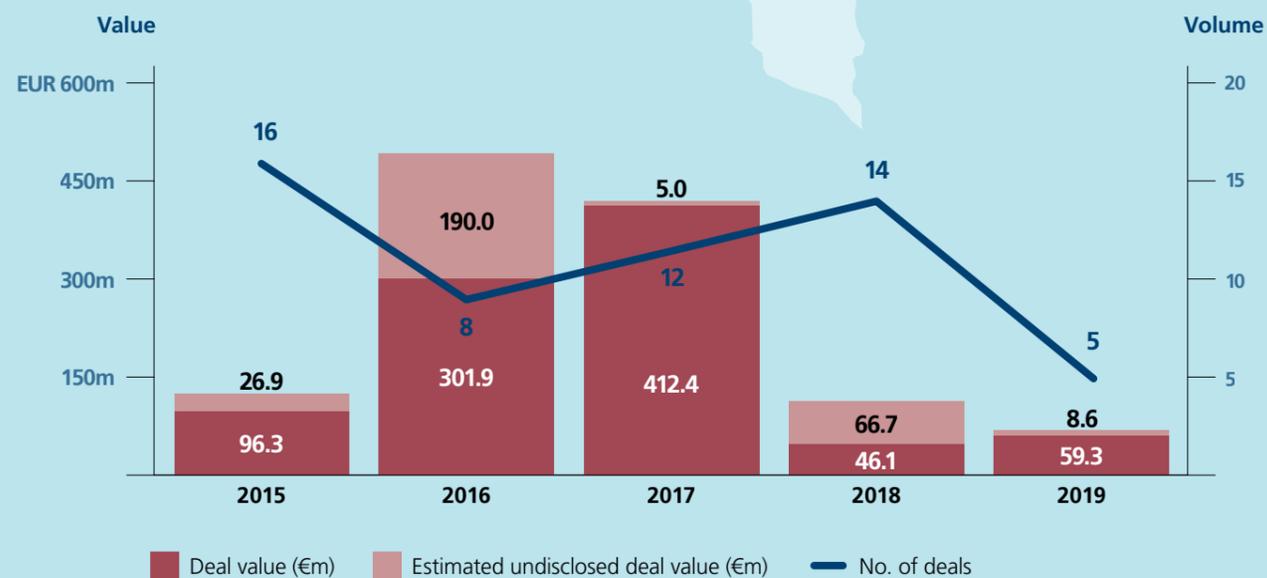
EUR 7.1m
Value Source: 1

Target: **Nova Banka AD Podgorica**
Sector: **Finance & Insurance**
Stake: **100%**
Buyer: **Adriatic Capital**
(Country of buyer: **Montenegro**)

3

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

Deals by value and volume



Top 3 sectors

2 deals

FINANCE & INSURANCE

2 deals

REAL ESTATE & CONSTRUCTION

1 deal

WHOLESALE & RETAIL

POLAND



Top 5 deals

EUR 1.18bn
 Target: **DCT Gdansk**
 Sector: **Transportation & Logistics**
 Stake: **100%**
 Buyer: **Temasek Holdings; Polski Fundusz Rozwoju; Industry Super Holdings** (Country of buyer: **Singapore; Poland; Australia**)
 Value Source: 2 **1**

EUR 1.06bn
 Target: **Orbis (real estate operations)¹**
 Sector: **Real Estate & Construction**
 Stake: **85.8%**
 Buyer: **AccorInvest** (Country of buyer: **France**)
 Value Source: 1 **2**

EUR 467m²
 Target: **Echo Investment**
 Sector: **Real Estate & Construction**
 Stake: **56%**
 Buyer: **Wing** (Country of buyer: **Hungary**)
 Value Source: 3 **3**

EUR 431.6m³
 Target: **Prime Car Management**
 Sector: **Services**
 Stake: **94.4%**
 Buyer: **PKO** (Country of buyer: **Poland**)
 Value Source: 3 **4**

EUR 386m
 Target: **Building A of the Warsaw Spire Complex**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Immofinanz** (Country of buyer: **Austria**)
 Value Source: 1 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Accor first bought additional 33.1% in Orbis via a tender offer and then sold its entire 85.8% stake in the real estate operations of Orbis to AccorInvest.
^{2,3} Deal value estimate based on the target's closing stock price the last trading day prior the deal and its added net debt.

Deals by value and volume



Top 3 sectors

92 deals
REAL ESTATE & CONSTRUCTION

37 deals
MANUFACTURING

28 deals
SERVICES

ROMANIA



Top 5 deals

EUR 548.3m¹ Target: **Central European Media Enterprises (CME) assets in Romania**
 Sector: **Media & Publishing**
 Stake: **100%**
 Buyer: **PPF Group** (Country of buyer: **Czech Republic**)
1
 Value Source: 3

EUR 506.3m Target: **UiPath**
 Sector: **Telecoms & IT**
 Stake: **N/A**
 Buyer: **Coatue Management; Accel Partners; Sequoia Capital; Wellington Management Company; other** (Country of buyer: **United States**)
2
 Value Source: 1

EUR 307.3m Target: **Banca Romaneasca**
 Sector: **Finance & Insurance**
 Stake: **99.3%**
 Buyer: **EximBank** (Country of buyer: **Romania**)
3
 Value Source: 2

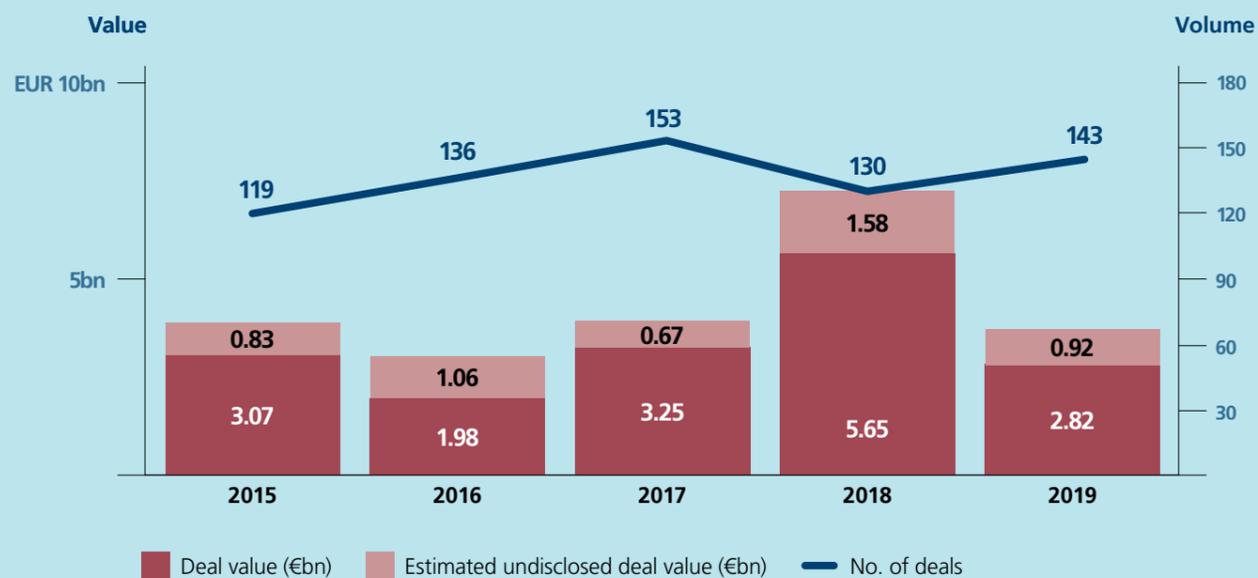
EUR 290m Target: **Romanian office portfolio of NEPI Rockcastle**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **AFI Group** (Country of buyer: **Israel**)
4
 Value Source: 1

EUR 175m Target: **Superbet**
 Sector: **Other**
 Stake: **N/A**
 Buyer: **The Blackstone Group** (Country of buyer: **United States**)
5
 Value Source: 1

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on CME's 2018 revenues attributable to Romania.

Deals by value and volume



Top 3 sectors

28 deals
MANUFACTURING

22 deals
WHOLESALE & RETAIL

21 deals
REAL ESTATE & CONSTRUCTION

RUSSIA

Top 5 deals

EUR 5.35bn
 Target: **Arctic LNG-2**
 Sector: **Mining (incl. oil & gas)**
 Stake: **20%**
 Buyer: **China National Petroleum Corp (CNPC)**¹ (Country of buyer: **China**)
 Value Source: 2 **1**

EUR 2.68bn
 Target: **Arctic LNG-2**
 Sector: **Mining (incl. oil & gas)**
 Stake: **10%**
 Buyer: **Japan Oil, Gas and Metals National Corporation; Mitsui & Co** (Country of buyer: **Japan**)
 Value Source: 2 **2**

EUR 1.83bn
 Target: **T2 RTK Holding**
 Sector: **Telecoms & IT**
 Stake: **55%**
 Buyer: **Rostelecom** (Country of buyer: **Russia**)
 Value Source: 1 **3**

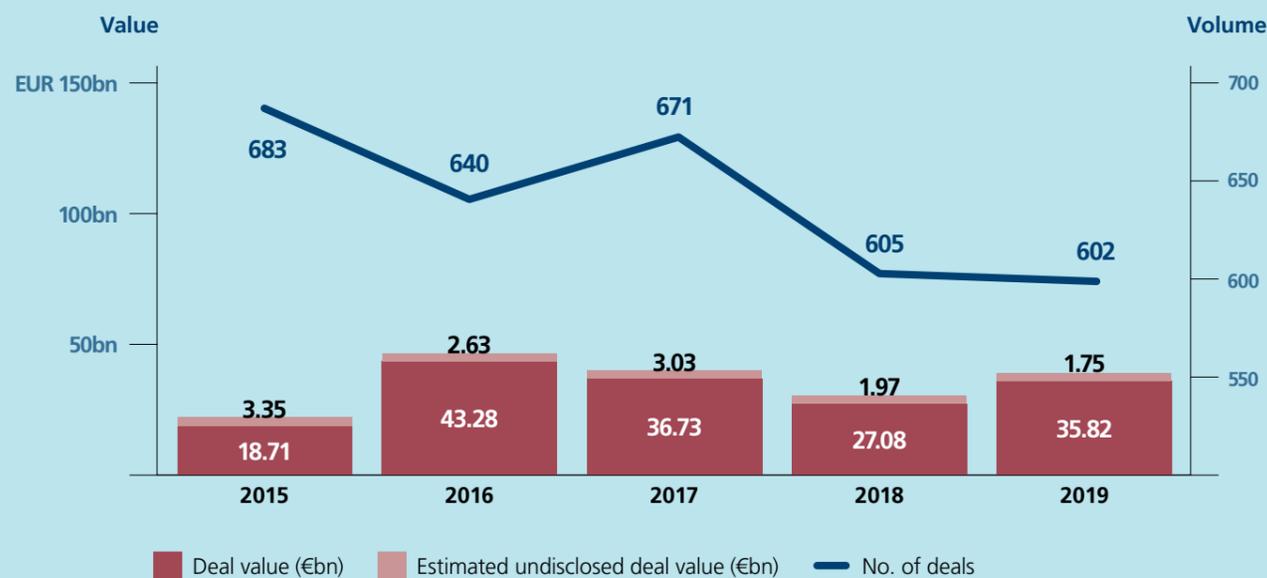
EUR 1.78bn
 Target: **Luxoft**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **DXC Technology** (Country of buyer: **United States**)
 Value Source: 1 **4**

EUR 1.06bn
 Target: **Stroygazmontazh**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Gazstroyprom** (Country of buyer: **Russia**)
 Value Source: 2 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ CNPC is buying a total of 20% in two deals done via subsidiaries CNODC and CNOOC.

Deals by value and volume



Top 3 sectors

118 deals
MINING (INCL. OIL & GAS)

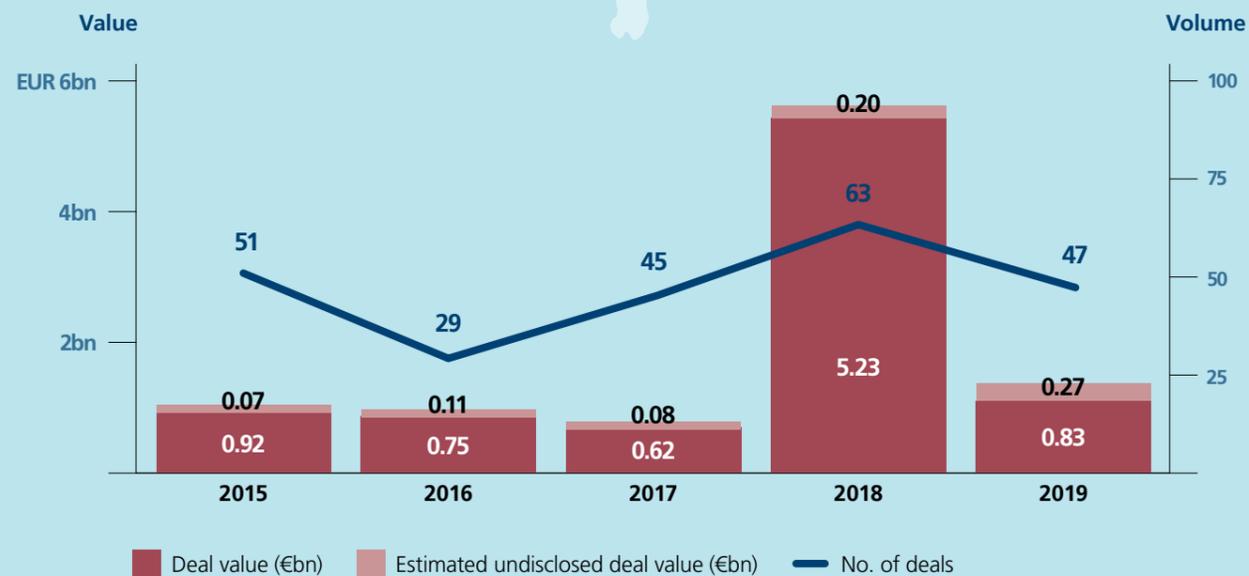
90 deals
TELECOMS & IT

86 deals
REAL ESTATE & CONSTRUCTION

SERBIA



Deals by value and volume



Top 5 deals

EUR 260m
 Target: **Koncern Bambi**
 Sector: **Food & Beverage**
 Stake: **100%**
 Buyer: **Coca-Cola HBC**
 (Country of buyer: **Switzerland**)
 Value Source: 1 **1**

EUR 234.8m
 Target: **Lower zone of Timok copper-gold project**
 Sector: **Mining (incl. oil & gas)**
 Stake: **56%**
 Buyer: **Zijin Mining Group**
 (Country of buyer: **China**)
 Value Source: 1 **2**

EUR 153.7m²
 Target: **Komercijalna Banka¹**
 Sector: **Finance & Insurance**
 Stake: **34.6%**
 Buyer: **Government of Serbia**
 (Country of buyer: **Serbia**)
 Value Source: 3 **3**

EUR 43.7m
 Target: **Komercijalna Banka¹**
 Sector: **Finance & Insurance**
 Stake: **6.8%**
 Buyer: **Government of Serbia**
 (Country of buyer: **Serbia**)
 Value Source: 1 **4**

EUR 40.6m
 Target: **Eipix Entertainment**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **Playrix** (Country of buyer: **Russia**)
 Value Source: 2 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ The deals for Komercijalna Banka are separate ones with different sellers and valuation.
² Deal value estimate based on the target's closing stock price the last trading day prior the deal.

Top 3 sectors

9 deals
TELECOMS & IT

9 deals
MANUFACTURING

6 deals
FOOD & BEVERAGE

SLOVAKIA

Top 5 deals

EUR 283.6m¹
 Target: **Central European Media Enterprises (CME) assets in Slovakia**
 Sector: **Media & Publishing**
 Stake: **100%**
 Buyer: **PPF Group** (Country of buyer: **Czech Republic**)
 Value Source: 3 **1**

EUR 166.7m²
 Target: **M7 Group operations in Slovakia**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **Vivendi** (Country of buyer: **France**)
 Value Source: 3 **2**

EUR 145m³
 Target: **OSRAM Licht operations in Slovakia**
 Sector: **Manufacturing**
 Stake: **100%**
 Buyer: **Bain Capital; The Carlyle Group** (Country of buyer: **United States**)
 Value Source: 3 **3**

EUR 120m
 Target: **Twin City Tower**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Valesco Group; AIP Asset Management; Mirae Asset Daewoo Securities; NH Investment & Securities** (Country of buyer: **South Korea; United Kingdom**)
 Value Source: 1 **4**

EUR 89.5m
 Target: **Trencin industrial park**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Redside Investicni Spolecnost** (Country of buyer: **Czech Republic**)
 Value Source: 2 **5**

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on CME's 2018 revenues attributable to Slovakia.
² Deal value estimate based on the number of customers in Slovakia out of the total customers in CEE/SEE.
³ Deal value estimate based on the target's EV/Revenues multiple of 1.0x and the reported revenues of the Slovak operation.

Deals by value and volume



Top 3 sectors

12 deals
REAL ESTATE & CONSTRUCTION

11 deals
TELECOMS & IT

8 deals
WHOLESALE & RETAIL

SLOVENIA



Top 5 deals

EUR 444m
Value Source: 1

Target: **Abanka**
Sector: **Finance & Insurance**
Stake: **100%**
Buyer: **Nova KBM**
(Country of buyer: **Slovenia**)

1

EUR 300m
Value Source: 2

Target: **SKB Banka**
Sector: **Finance & Insurance**
Stake: **99.7%**
Buyer: **OTP Bank**
(Country of buyer: **Hungary**)

2

EUR 267m
Value Source: 2

Target: **19 Qlandia shopping centres**
Sector: **Real Estate & Construction**
Stake: **100%**
Buyer: **Supernova**
(Country of buyer: **Austria**)

3

EUR 208m¹
Value Source: 3

Target: **Central European Media Enterprises (CME) assets in Slovenia**
Sector: **Media & Publishing**
Stake: **100%**
Buyer: **PPF Group** (Country of buyer: **Czech Republic**)

4

EUR 50.8m³
Value Source: 3

Target: **Gorenjska banka²**
Sector: **Finance & Insurance**
Stake: **43.9%**
Buyer: **AIK Banka**
(Country of buyer: **Serbia**)

5

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate based on CME's 2018 revenues attributable to Slovenia.

² The deals for Gorenjska banka are separate ones, in which AIK Banka first acquired a majority stake and then launched a tender offer.

³ Deal value estimate based on the price per share offered by AIK Banka.

Deals by value and volume



Top 3 sectors

9 deals

REAL ESTATE & CONSTRUCTION

8 deals

FINANCE & INSURANCE

7 deals

TELECOMS & IT

TURKEY



Top 5 deals

 <p>EUR 621.7m Value Source: 1</p>	<p>1</p> <p>Target: Yavuz Sultan Selim Bridge and Northern Marmara Highway Sector: Transportation & Logistics Stake: 51% Buyer: Jiangsu Expressway; Sichuan Expressway; China Merchants Union; Anhui Expressway; Zhejiang Expressway; others (Country of buyer: China; Hong Kong)</p>
 <p>EUR 536.3m Value Source: 1</p>	<p>2</p> <p>Target: Istanbul Tower 205 Sector: Real Estate & Construction Stake: 100% Buyer: Industrial and Commercial Bank of China (Country of buyer: China)</p>
 <p>EUR 447.5m Value Source: 2</p>	<p>3</p> <p>Target: Kumas Manyezit Sanayi Sector: Manufacturing Stake: 100% Buyer: RHI Magnesita (Country of buyer: Austria)</p>
 <p>EUR 356.7m Value Source: 1</p>	<p>4</p> <p>Target: Boyner Perakende Sector: Wholesale & Retail Stake: 43.9% Buyer: Mayhoola for Investments (Country of buyer: Qatar)</p>
 <p>EUR 255.9m Value Source: 1</p>	<p>5</p> <p>Target: Yapi ve Kredi Bankasi Sector: Finance & Insurance Stake: 9% Buyer: Koc Holding (Country of buyer: Turkey)</p>

Value Source:
1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

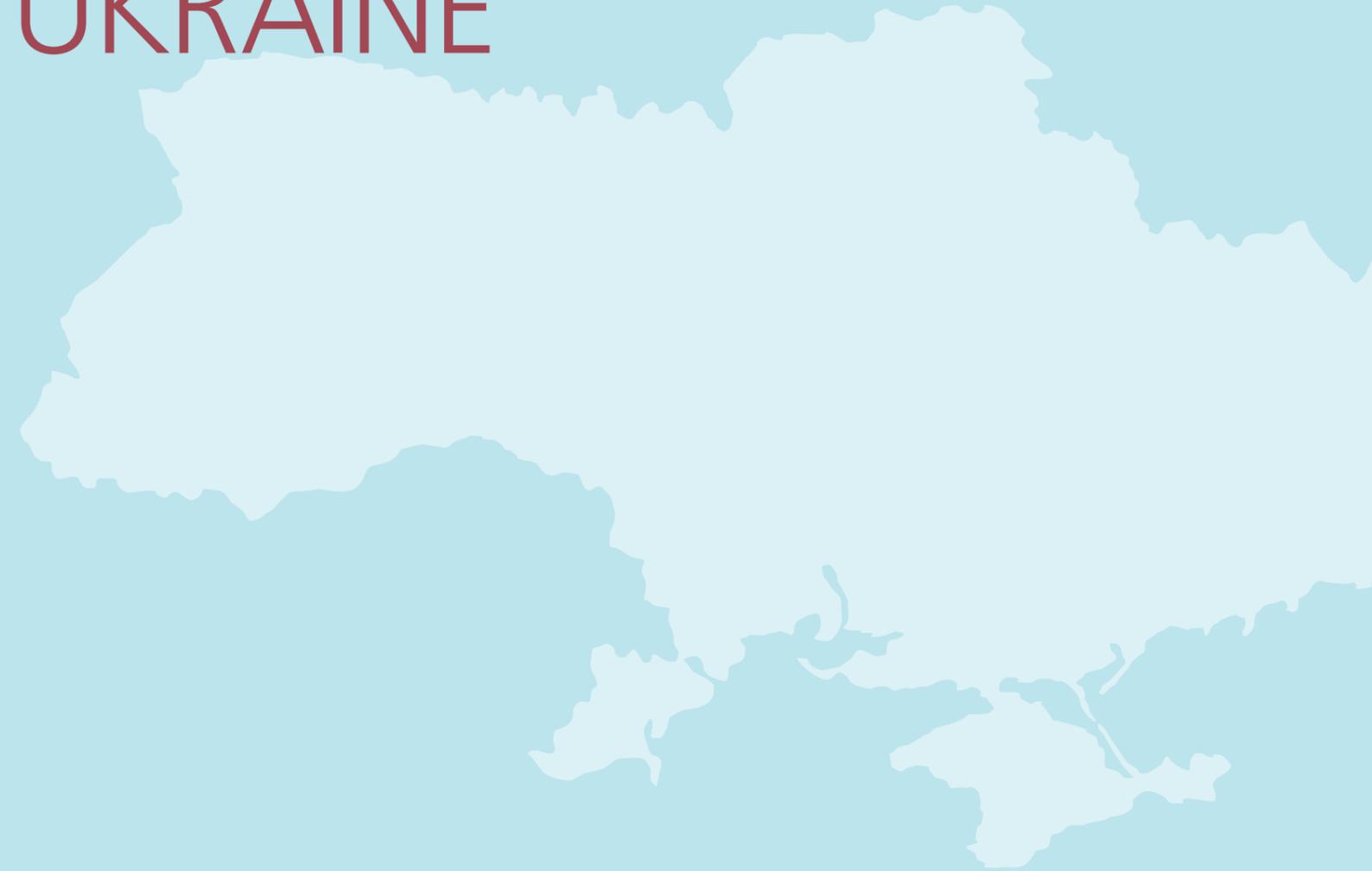
Deals by value and volume



Top 3 sectors

 <p>44 deals</p> <p>MANUFACTURING</p>	 <p>33 deals</p> <p>TELECOMS & IT</p>	 <p>24 deals</p> <p>REAL ESTATE & CONSTRUCTION</p>
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UKRAINE



Top 5 deals

EUR 666.8m
 Target: **VF Ukraine**
 Sector: **Telecoms & IT**
 Stake: **100%**
 Buyer: **NEQSOL Holding**
 (Country of buyer: **Azerbaijan**)
 Value Source: 1 **1**

EUR 268.6m
 Target: **Ocean Plaza Trade Centre**
 Sector: **Real Estate & Construction**
 Stake: **100%**
 Buyer: **Ocean Plaza Project**
 (Country of buyer: **Cyprus**)
 Value Source: 2 **2**

EUR 161.8m
 Target: **Kyivoblenergo**
 Sector: **Energy & Utilities**
 Stake: **94%**
 Buyer: **DTEK** (Country of buyer: **Ukraine**)
 Value Source: 2 **3**

EUR 68m¹
 Target: **Biopharma's pharmaceutical prescription and consumer health business**
 Sector: **Manufacturing**
 Stake: **100%**
 Buyer: **Stada Arzneimittel** (Country of buyer: **Germany**)
 Value Source: 3 **4**

EUR 62.9m
 Target: **Odesaoblenergo**
 Sector: **Energy & Utilities**
 Stake: **68.3%**
 Buyer: **DTEK** (Country of buyer: **Ukraine**)
 Value Source: 2 **5**

Other potentially large deals like POSCO Daewoo-Mykolaiv terminal, Fairfax-Universalna and Dobrobut-Boris are not included in the table as their deal values have not been disclosed or estimated.

Value Source:
 1 Official data | 2 Market estimate provided by EMIS and based on publicly available information | 3 EMIS estimate.

¹ Deal value estimate in EUR based on the average of the media-estimated price range of USD 70-80mn.

Deals by value and volume



Top 3 sectors

26 deals
TELECOMS & IT

22 deals
REAL ESTATE & CONSTRUCTION

17 deals
ENERGY & UTILITIES

Staff > 8,000 Lawyers > 4,800 Partners > 1,100

49 NEW PARTNERS IN 2019, TAKING THE TOTAL TO OVER 1,100

Operating in **70** cities | Across **43** countries

EUR 1.36bn
turnover for 2018

19 PRACTICE AND SECTOR GROUPS WORKING ACROSS OFFICES

Ranked 5th largest law firm

(by headcount) in the 2018 Am Law Global 100

- » **#1 CEE, DACH, Germany**
(Mergermarket)
- » **#1 Germany, Benelux**
(Thomson Reuters)
- » **Top rankings in 2019 M&A League Tables**
(by deal count)
- » **#1 Europe, Germany, UK**
(Bloomberg)
- » **#1 Emerging Europe**
(EMIS)

Sharing knowledge



CMS European M&A Study 2019

This year's Study reflects data from 458 deals in 2018 on which CMS advised. This is the largest number of deals ever covered by the Study, which is reflective of CMS's gain in market share and corresponding rise up the M&A league tables. In analysing the 2018 market, we report on current market standards on risk allocation in M & A deals, comparing 2018 against 2017 and the previous eight-year average for 2010 – 2017.

The study is the most comprehensive of its kind and is based on a proprietary database comprising more than 4,000 deals over a 12-year period.



CMS M&A Outlook 2019

The CMS M&A Outlook brings together the views of senior executives from 170 corporates and 60 private equity firms in Europe surveyed by Mergermarket in Q2 of 2019 about their expectations for the European M&A markets in the year ahead.



Transparency Register – Overview of Foreign Reporting Requirements

Among other measures designed to combat money laundering and terrorist financing, the 4th Money Laundering Directive requires the EU member states to set up registers of the ultimate beneficial owners of legal entities. It was left up to the individual member states how to implement the directive, and in doing so, member states have taken different approaches.

In order to give an initial overview, CMS has summarised the regulations in selected member states. Of particular relevance to shareholders are those countries in which direct and indirect shareholders have an active obligation to make any necessary notification.



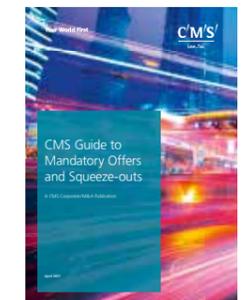
Cash Pooling

Cash pooling enables corporate groups to minimise expenditure incurred in connection with banking facilities through economies of scale. Cash pooling agreements must be carefully structured in order to minimise the risks of civil or criminal liability of the participating group companies and their officers, also considering tax issues. In this context, this brochure provides an overview of the risks of civil/criminal liability associated with cash pooling in 27 jurisdictions in which CMS is represented and discusses the various means by which such liability may be avoided.



Shareholder Activism: A European Perspective

In recent years, there has been significant growth in shareholder activism. Each European jurisdiction has its own characteristics and, to some extent, its own laws. The publication aims to explain the landscape across Europe's main markets, and to highlight the key differences in each of those markets.



Guide to Mandatory Offers and Squeeze-Out

This guide provides an overview of the current legal framework and practice governing public takeovers and squeeze-outs in a total of 26 jurisdictions (18 EU member states, Albania, Bosnia-Herzegovina, Russia, Serbia, Switzerland, Turkey and Ukraine as well as China) and provides contact details of experienced legal advisors active in this field.



Methodology

The report covers deals announced between: 01 January, 2019 - 31 December, 2019.

Emerging Europe geographic area, understood as the dominant country of operations of the deal target or the location of its main assets, covers: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

Deal Value: at least USD 1m; for commercial real estate deals at least USD 5m (Note: Deals with undisclosed value were accounted for as having a value of zero, unless a publicly available market estimate was provided by a third-party, or a deal value could be estimated by EMIS. Such cases are clearly labelled in the report).

Private equity: the category includes deals with the participation of private equity firms, sovereign and pension funds, investment companies, asset managers, supranational finance institution and large investment banks.

Exclusions: rumoured or failed deals, ECM deals, convertibles issues, NPL deals, share buybacks, internal restructurings, joint ventures, and employee offers.

The data can be subject to updates.

About CMS

Ranked as the world's fifth largest law firm by lawyer headcount and sixth largest in the UK by revenue, CMS can work for you in 43 countries from 75 offices worldwide. Globally 4,800 lawyers offer business-focused advice tailored to our clients' needs, whether in local markets or across multiple jurisdictions.

Embedded within CEE for over 30 years, CMS advises global corporates and financial institutions from its 17 offices in the region. With over 100 partners and 500 lawyers based here, CMS has more offices and more lawyers in CEE than any other law firm. We regularly mobilise large international teams for complex cross-border deals and projects and can offer both local and international (UK and US) lawyers on the ground. Client come to us for our in depth understanding of the CEE markets and ability to provide specialised sector expertise delivered in the commercial setting of our client's business. Regionally, we advise on more deals in the region than any other firm, however, we are not just focussed on large scale corporate M&A, we are a full service law firm and in fact the only firm in CEE to be acknowledged as a band 1 firm for every category for the CEE Chambers Global 2019 legal directory rankings.

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EMIS, part of the ISI Emerging Markets Group, is a cutting edge information platform providing a blend of analysis, data, and news on companies and industries in emerging markets. EMIS provides users with access to over 6 million company profiles, covering 250+ industry sectors across 145 economies.

Unlike other intelligence providers, the majority of EMIS' operations are based in emerging markets where we leverage relationships with local providers of news, analysis, and data. We also license content from major international information sources, creating a unique global and local perspective on each emerging market.

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