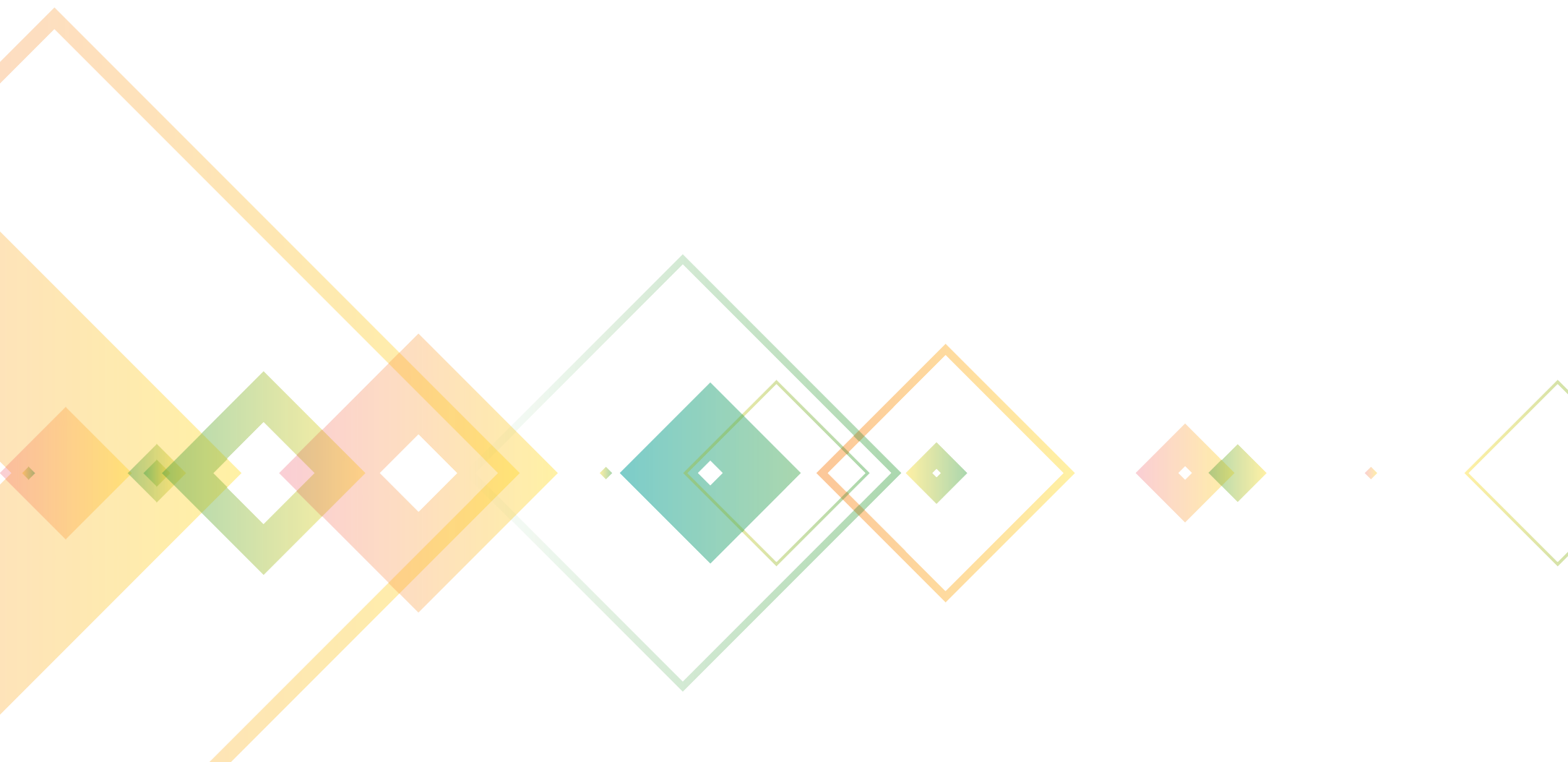
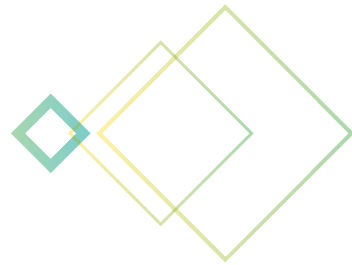


# DEAL FLOW: POLAND

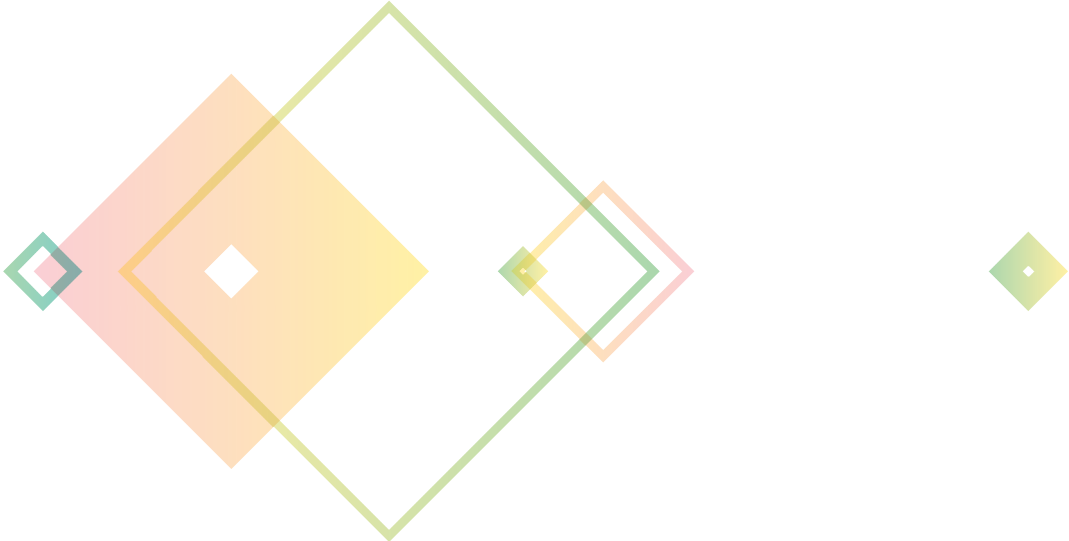
## 2013





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# INTRODUCTION

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## 2012 – FOLLOWING A TOUGH ACT

2012 has largely been hailed by dealmakers in Poland as a year of consolidation. M&A value fell 60% to €6.5 billion<sup>1</sup> from the record €16.1 billion in 2011, private equity deals declined 24% by volume and 21% by value to €909 million, accounting for 21% and less than 1% of all PE investment in CEE<sup>2</sup> and Europe respectively, while IPO activity slumped 67% from the previous year to €731 million – a 10-year low.

Nonetheless, given the lack of big-ticket deals – such as the €4.5 billion Polkomtel LBO and €1.4 billion IPO of JSW in 2011 – Polish M&A, private equity and ECM activity last year did lend some credence to the view that the market constitutes an increasingly attractive proposition for foreign investors, a major underlying driver of future dealmaking.

A number of sizeable transactions were completed, including BZ WBK's €1 billion acquisition of Kredyt Bank, Mid Europa's €400 million sale of Lux Med, Alior Bank's €511 million IPO – the seventh largest in Europe, and KGHM's €2.2 billion acquisition of Quadra FXN, which marked the largest ever outbound deal by a Polish company.

At the same time many deals fell through as disagreements over valuations became a common theme, with EQT failing to acquire healthcare group EMC IM, and Multimedia Polska owners missing out on a €250 million sale, to name but a few.

## 2013 – THE YEAR OF THE MID-MARKET DEAL

In stark contrast to 2012, dealmaking activity in the first half of 2013 picked up considerably. Adding to the increasingly strong pipelines of new M&A and ECM deals, various shelved acquisitions appear to be back on the table, as are a number of IPOs which had been postponed due to weak equity market conditions.

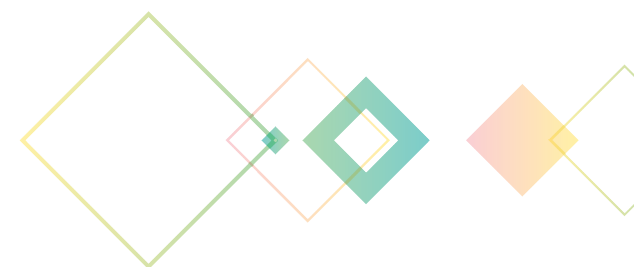
As investor confidence returns, both corporates and, more importantly, private equity houses – many with aging funds and still flush with capital – are placing more emphasis on sourcing deals.

Notable deals announced in H1 2013 include PKO BP's €694 million purchase of Nordea's Polish banking, insurance and financing assets, PGE and Energa's acquisition of some €440 million worth of wind assets from DONG Energy and Iberdrola, and ITI Group's sale of cinema operator Multikino to Doughty Hanson-backed Vue Entertainment for a reported consideration in excess of €100 million.

From a big-picture perspective, despite being the only EU member to have avoided recession during the recent financial crisis, Poland seems to be facing an image problem – on the one hand, it gets mired in Old Europe's fiscal problems, while on the other it is equally often placed in the same basket as other, substantially weaker CEE states such as Hungary and Ukraine.

As Europe's macroeconomic woes arrive at its doorstep, the country's government would be well advised to not take investor perception lightly as it continues to work on its growth strategy. Providing foreign investors with the coveted blend of emerging-market returns and developed-market safety might just be what is needed to write the next chapter in its success story.

This report provides an in-depth look at Poland's deal economy, with a cross-section of M&A, private equity, ECM and privatisation activity throughout 2012 and the first half of 2013. It is based on our own research and data published by EVCA, ISI Emerging Markets Poland, mergermarket, Thomson Reuters – Datastream, the Warsaw Stock Exchange and the London Stock Exchange.



<sup>1</sup> Volume and value of M&A transactions based on the location of the target

<sup>2</sup> CEE: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia

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## KEY DYNAMICS AT PLAY GOING FORWARD

Slow as it may have been, 2012 was marked by the emergence of several trends in dealmaking which are typically the reserve of more developed economies. Because the impact of privatisation – the market's main driver in recent years – is now substantially diminished, these new features are likely to play a major role in shaping M&A, private equity and ECM activity over the coming quarters.

### M&A – growing deal pipelines

#### ◆ *Mid-market in focus*

M&A activity is expected to centre on mid-market companies in healthcare, telecommunications and FMCG. Notable assets on the market include France Telecom subsidiary TPSA's internet arm Wp.pl, telecom Netia and an assortment of healthcare providers including Polmed, Scanmed, Grupa Nowy Szpital and Enel-Med.

#### ◆ *Financial services remains the most prominent sector*

Larger deals, if any, are likely come from the banking sector, as a number of major European financial groups continue to reshuffle their foreign assets. Here, acquisition targets reportedly include Rabobank's Bank BGŻ, newly-listed Alior Bank, Banco Comercial Portugues' Bank Millennium, and perhaps even GE's Polish unit Bank BPH plus Crédit Agricole and BNP Paribas.

The consensus is that although dealmaking will largely be confined to the mid-market, completing one of the rumoured bank deals, particularly in light of Nordea's recent exit, could significantly ramp up financial M&A.

### Private equity – despite new entrants and trends, business as usual

#### ◆ *Knocking on Warsaw's door*

Indicative of better times ahead, foreign buyout firms – which have traditionally accounted for less than 10% of private equity investment in Poland – seemed to have found some confidence in the market in the second quarter of 2013, pushing several noteworthy deals through.

Montagu continued to roll up broadcasting infrastructure via its consolidation platform Emitel, Warburg Pincus bought a minority stake in cable operator INEA, while Vue Entertainment, at the time a Doughty Hanson portfolio company, acquired multiplex operator Multikino.

#### ◆ *Focus on quality exits and fundraising*

CEE-focussed GPs seem to have made exits a priority in an attempt to increase distributions to their LPs ahead of the fundraising trail. Having sold Lux Med to UK-based medical insurance group Bupa for €400 million in December, Mid Europa is reportedly working on three other sales as it targets €1 billion for its fourth fund. Elsewhere, Abris Capital Partners managed to close its second fund at €450 million despite having no exits under its belt.

#### ◆ *Exploring the public-to-private concept*

The Warsaw Stock Exchange saw a flurry of takeover offers from both corporates and – somewhat of a rarity – private equity firms, which found targets more attractively priced, shareholders more receptive and overall equity market conditions stronger.

Notably, Penta Investments and Eastbridge Group delisted retailer NFI Empik Media & Fashion after acquiring a further 15% stake for €57 million, while Advent outbid Mid Europa to take grocery chain Eko Holding private for €101 million.

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## ECM – the post-privatisation landscape

### ◆ Stronger IPO outlook after a lacklustre year-and-a-half

Having suffered its worst year in a decade in terms of IPO value, the Warsaw Stock Exchange entered 2013 under great expectations but continues to fall short as privatisation – its main driver in years past – winds up. Excluding the two biggest IPOs of 2012 – Alior Bank's €511 million listing and the €165 million offering from state-owned ZE PAK – from the €731 million total, the average IPO volume comes up to a measly €0.5 million. Likewise, this year's first two quarters saw €58 million and €44 million respectively, a mere 1.2% of overall proceeds raised in Europe in H1 2013.

That being said, a stronger IPO pipeline appears to be in the making, with several big-ticket offerings, mostly from state-owned firms – Energa, PKP Cargo and Weglokoks, provisionally scheduled for the remainder of the year.

Further ahead, confirmed or rumoured listings include Exalo Drilling, Kompania Weglowa, KHW, Bumar, Fondul Proprietatea, Play, Polkomtel, Talanx and Raiffeisen Polbank.

### ◆ Secondary offerings drive the market

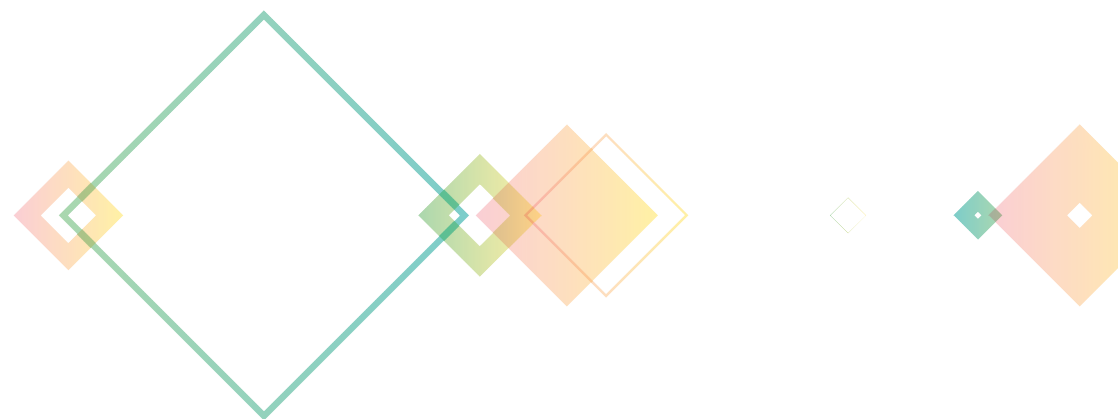
With the IPO market at a standstill, the Warsaw bourse witnessed a number of sizeable further offers as the treasury reduced its stake in PKO BP and PGE, UniCredit raised €890 million from selling Bank Pekao shares, and retail industry veteran Luis Amaral placed a 7% stake in Eurocash for €88 million.

Still driven by privatisation, secondary offerings will continue to play an important role in the short term as will take-private deals, at least partially compensating for the lack of IPOs.

### ◆ Privatisation pipeline dries up

After selling €2.5 billion worth of assets last year, Poland's treasury is targeting a mere half of that figure in 2013 from the sale of around 150 corporate stakes as privatisation is set to hit a four-year low.

That said, even the miniscule €1.25 billion target may be out of reach for the treasury as its asset portfolio now consists mainly of unattractive companies left over from previous privatisation attempts.



## TOP TRANSACTIONS IN POLAND – 2012

	TARGET	DATE	TYPE	DEAL VALUE (€M)	BUYER	BUYER FINANCIAL ADVISER
1	<b>Kredyt Bank</b>	11 May	Acquisition	1 061	BZ WBK	Barclays, Citi, Credit Suisse, Deutsche Bank
2	<b>TUIR Warta</b>	20 Jan	Acquisition	770	Talanx, Meiji Yasuda Life Insurance Company	Aon Benfield
3	<b>Bank BGŻ</b>	11 Apr	Tender offer	523	Rabobank	Credit Suisse
4	<b>Lux Med</b>	21 Dec	Acquisition	400	Bupa	UBS
5	<b>ZA Puławy (73.4% stake)</b>	21 Dec	Merger	363	Grupa Azoty	Societe Generale, JP Morgan
6	<b>Grupa Onet.pl (75.0% stake)</b>	4 Jun	Acquisition	218	Ringier Axel Springer Media	Altium Capital
7	<b>Zelmer</b>	14 Nov	Tender offer	164	BSH Bosch und Siemens Hausgeräte	BZ WBK, Credit Agricole
8	<b>Polish Energy Partners (58.0% stake)</b>	10 Aug	Tender offer	107	Polenergia Holding	ING Securities, JP Morgan
9	<b>Eko Holding</b>	10 Sep	Tender offer	101	Advent International	UniCredit
10	<b>Neste Polska</b>	13 Dec	Asset disposal	80	Shell Polska	-



BUYER LEGAL ADVISER	VENDOR	VENDOR FINANCIAL ADVISER	VENDOR LEGAL ADVISER	SECTOR
DLA Piper, Uria Menendez, Weil Gotshal & Manges	KBC Group	Goldman Sachs, UBS	Allen & Overy, Domański Zakrzewski Palinka	Financial services
Hengeler Mueller, SPCG, Baker & McKenzie	KBC Group	Goldman Sachs	Allen & Overy	Financial services
Allen & Overy	WSE investors, Polish treasury	Citi, UBS	-	Financial services
White & Case	Mid Europa Partners	Rothschild	Linklaters	Healthcare
Weil Gotshal & Manges	WSE investors, Polish treasury	ING, Rothschild	Greenberg Traurig	Chemical
Clifford Chance, Milbank Tweed Hadley & McCloy	TVN	-	-	TMT
Greenberg Traurig	Enterprise Investors	Societe Generale	Allen & Overy	Household products
Greenberg Traurig	WSE investors	CAG	Weil Gotshal & Manges	Energy
Weil Gotshal & Manges	WSE investors	Navigator Capital	-	Retail
-	Neste Oil	KPMG	-	Energy

## TOP TRANSACTIONS IN POLAND – H1 2013

	TARGET	DATE	TYPE	DEAL VALUE (€M)	BUYER	BUYER FINANCIAL ADVISER
1	<b>Nordea's</b> Polish banking, insurance and financing assets	13 Jun	Asset disposal	694	PKO BP	Barclays, EY
2	<b>DONG Energy's</b> Polish onshore wind business	19 Feb	Asset disposal	239	PGE, Energa Hydro	BZ WBK, Morgan Stanley
3	<b>Iberdrola Renewables Polska</b> (75.0% stake)	26 Feb	Asset disposal	202	PGE, Energa Hydro	BZ WBK, Morgan Stanley
4	<b>Multikino</b>	13 May	Acquisition	n/a <sup>1</sup>	Doughty Hanson via Vue Entertainment	-
5	<b>INEA</b>	24 Apr	Minority stake (49%)	76	Warburg Pincus	-
6	<b>F&amp;T Kraśnik</b> (89.2% stake)	20 May	Acquisition	70	Xiangyang Automobile Bearing	Changjiang Financing Services
7	<b>Matpka</b>	27 Jun	Merger	64	Czerwona Torebka	-
8	<b>PZ Cussons's</b> Polish homecare brands	20 Feb	Acquisition	53	Henkel AG & Co KGaA	-
9	<b>PKL</b>	22 May	Privatisation	52	Mid Europa Partners via Polskie Koleje Gorskie	EY
10	<b>FC Solidarność</b>	8 Jan	Acquisition	51	Colian	-

<sup>1</sup> Although financial details were not disclosed, the deal is thought to be valued at some €100 million.

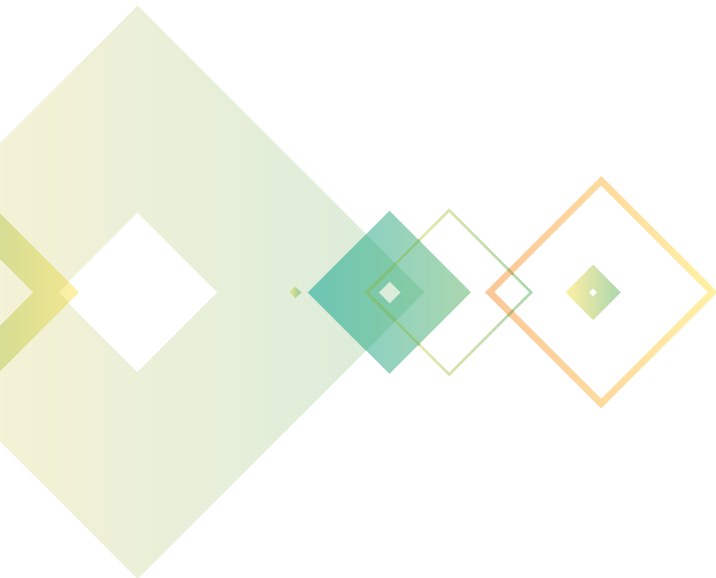
BUYER LEGAL ADVISER	VENDOR	VENDOR FINANCIAL ADVISER	VENDOR LEGAL ADVISER	SECTOR
Greenberg Traurig	Nordea	Bank of America Merrill Lynch	Slaughter and May, K&L Gates, Delphi, Gernandt & Danielsson	Financial services
Clifford Chance, K&L Gates	DONG Energy	Rothschild	Allen & Overy	Energy
Clifford Chance, K&L Gates	Iberdrola	Credit Agricole	CMS Cameron McKenna	Energy
Hogan Lovells, Skadden Arps Slate Meagher & Flom LLP	ITI Group, AREA Property Partners	-	Weil Gotshal & Manges	TMT
-	INEA shareholders	PwC	-	TMT
Grandall Legal Group	ARP	-	-	Industry
-	-	-	-	FMCG
-	PZ Cussons	-	-	Services
CMS	PKP	-	Weil Gotshal & Manges	Transportation
Wierciński Kwieciński Baehr	SPPS Solidarność	-	-	Confectionery

## OVERVIEW

Poland's M&A sector contracted 20% by volume and 60% by value to 116 deals worth €6.5 billion in 2012 from 145 transactions valued at €16.1 billion the previous year. While the drop-off in value may be attributed to a lack of elephant deals this year, such as the Polkomtel LBO which distorted results for 2011, the lower deal count is a clear sign of faltering M&A activity.

Most of the deals in 2012 were confined to the mid-market, with corporate buyers and PE firms competing on a roughly even basis. However, trade buyers were much more active in larger transactions. Of the 10 largest deals, only one was announced by a buyout firm.

Financial services again ranked as the most active sector for M&A in 2012, followed by consumer & retail and chemicals & materials.



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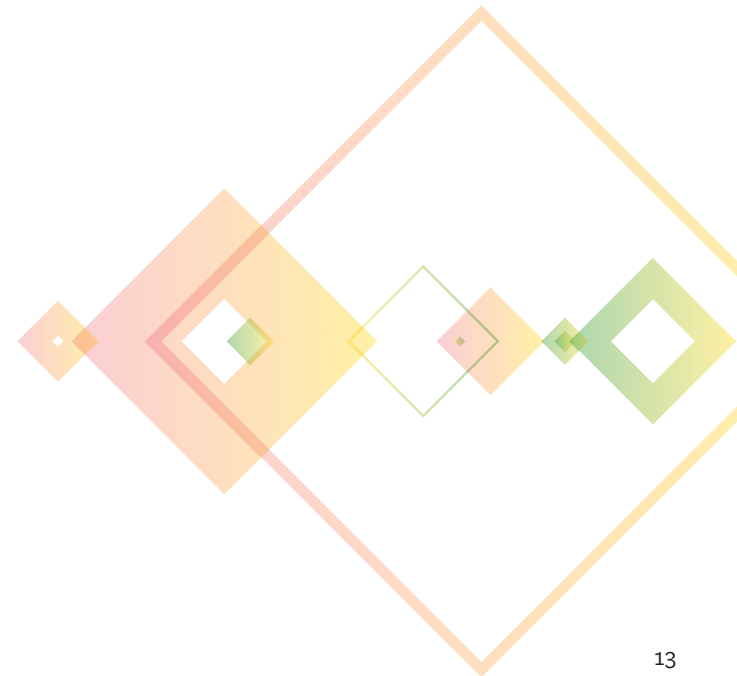
2013 has started much as 2012 finished – with high expectations of a rise in M&A, but little to show for it. Indeed, it was not until well into the second quarter that a recovery materialised, driven by the on-going banking -sector consolidation, remnants of the state's privatisation programme and the exodus of foreign energy investors amid stifling red tape and uncertainty over future regulations in the renewables and oil & gas segments.

With overall M&A activity in H1 2013 exceeding €1.8 billion, Poland captured nearly 14% and 1% of deal value in CEE<sup>1</sup> and Europe respectively. While the deal count remained at a similar level to the first half of 2012 (54 transactions vs. 57), current-year value fell 48% from the €3.4 billion recorded in H1 2012.

Unsurprisingly, the H1 2013 highlight came from financial services, the sector that has dominated dealmaking in Poland for the past three years, when PKO BP, the country's largest lender, agreed to pay €694 million for Nordea's banking, life insurance and financing businesses.

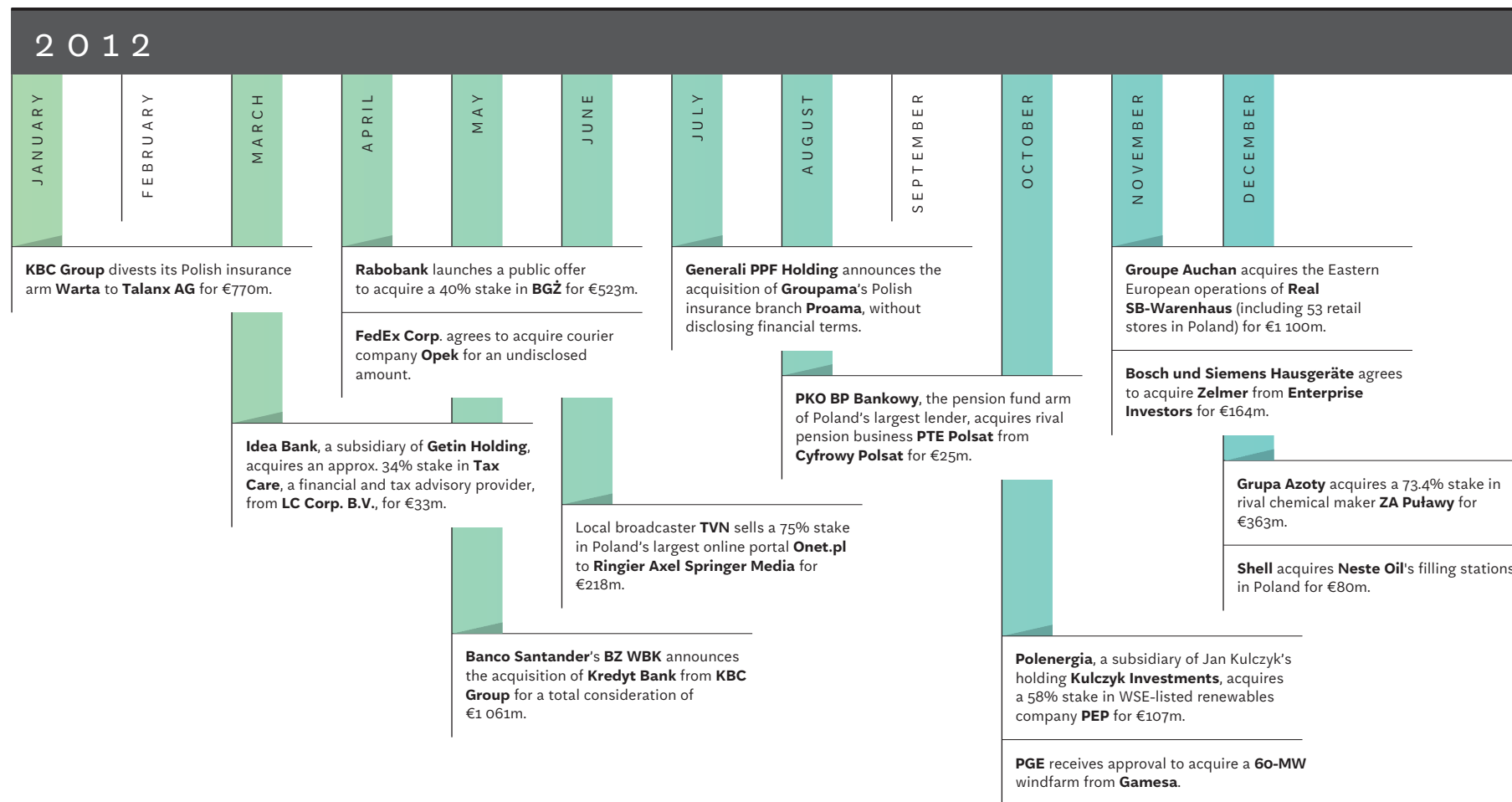
With few other transactions announced in the sector so far this year but many expected to materialise, market participants see the Nordea exit as a potential sign of renewed momentum in banking M&A.

We take a closer look at how financial-sector consolidation has developed over the last three years in our M&A spotlight on page 16.



<sup>1</sup> CEE: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia

## M&A TIMELINE



# H1 2013

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p><b>Amazon.com</b> agrees to acquire Polish speech-recognition firm <b>Ivona Software</b> for an undisclosed sum.</p>	<p>Confectionary manufacturer <b>Colian</b> acquires <b>FC Solidarność</b> from <b>SPPS Solidarność</b> for €51m.</p>	<p><b>Getin Noble Bank</b> acquires <b>Dexia Kommunalkredit Bank AG</b>'s Polish unit for €14m, a 30% discount to net book value.</p>	<p>AIM-listed <b>Continental Farmers Group</b>, which owns commercial farm land in Ukraine and Poland, is bought by <b>United Farmers Holding</b> for some €88m.</p>	<p>China's automotive manufacturer <b>Xiangyang Automobile Bearing</b> acquires Polish bearings maker <b>FLT Krasnik</b> for €70m.</p>	<p><b>Getin</b> buys the private banking arms of <b>DZ Bank Polska</b> and <b>Bank DnB Nord Polska</b>.</p>
<p><b>DONG Energy</b> divests its Polish onshore wind assets, valued at approx. €239m, to <b>PGE</b> and <b>Energa</b>.</p>	<p>A week later the two utilities buy a 75% stake in <b>Iberdrola</b>'s Polish windfarm unit for €202m, with a view to acquiring the remaining 25% from the <b>EBRD</b>.</p>	<p><b>Kimberly-Clark Corp.</b> exits its consumer tissue business in Poland to local MBO firm <b>Avallon</b> and the existing management team.</p>	<p><b>Mecom Group Plc</b> sells its 51% stake in Polish daily newspaper <b>Rzeczpospolita</b> and other local media assets to <b>Gremi Media</b> for €20m.</p>	<p><b>PGE</b>'s subsidiary applies for clearance to take Warsaw-listed CHP plant <b>Będzin</b> private.</p>	<p><b>PKO BP</b> buys <b>Nordea</b>'s Polish banking, insurance and financing operations €694m.</p>
<p>UK-based <b>PZ Cussons</b> sells its Polish homecare brands to German consumer products group <b>Henkel</b> in a deal worth €53m.</p>	<p><b>General Motors</b> buys <b>Isuzu</b>'s remaining 40% stake in an engine joint venture.</p>	<p><b>Czerwona Torebka</b>, a listed Polish CRE developer and retailer, agrees to acquire <b>Małpka</b>, a Polish convenience store chain, for an implied equity value of €64m.</p>	<p>The KNF unanimously approves a merger between Polish lenders <b>PBP</b> and <b>FM Bank</b>, both controlled by PE firm <b>Abris Capital Partners</b>.</p>	<p><b>Polimex-Mostostal</b> signs a binding agreement to sell its galvanisation unit to <b>Ocykownia Śląsk</b> for €11m.</p>	<p><b>Inter Groclin Auto</b>, a Polish listed car-seat upholstery manufacturer, acquires a 100% stake in <b>Kabel-Technik Polska</b> via a share swap deal for €17m.</p>
				<p><b>Air BP</b>, the aviation services division of <b>BP</b>, and refiner <b>Grupa Lotos</b> sign an agreement to form a joint venture for aviation fuel sales in Poland.</p>	

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## M&A SPOTLIGHT – FINANCIAL SECTOR RESHUFFLING

*“We are proactively screening for acquisition targets in Poland, but foreign acquisitions are also part of our strategy. That said, a takeover at home would definitely give us more confidence to do deals in other markets”*

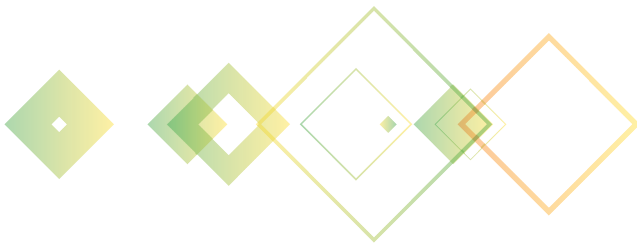
– PKO BP chief executive Zbigniew JagieHo,  
prior to the Nordea deal

*“We should aspire to grow abroad and we are slowly getting ready to do so”*

– PKO BP CEO, after the Nordea deal

Over the last three years, Poland has emerged as a key European market for bank and insurance M&A. The consolidation drive was initiated in 2011 when Raiffeisen Bank International bought EFG's Polish unit Polbank. In 2012, Banco Santander completed its €4.3 billion acquisition of Poland's third largest bank BZ WBK and announced the €1 billion takeover of KBC-controlled Kredyt Bank.

Around the same time, KBC divested its Polish insurance arm Warta to Talanx AG for €770 million. A month later, the German insurance group, together with Japan's Meiji Yasuda, bought another Polish insurer, TU Europa, from Getin Holding for €336 million.





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*“I keep repeating that we’re carefully analysing the market and if the right opportunity arises we’ll pull the trigger”*

– Getin Noble Bank CEO Krzysztof Rosiński

In January 2013, Crédit Agricole received approval from the Polish Financial Supervision Authority (KNF) to merge Credit Agricole Bank Polska with the group’s Polish corporate and investment banking arm in an all-share deal which is expected to complete in Q3 2013.

The BNP Paribas group is carrying out a similar transaction, involving an approx. €90 million secondary offering of BNP Paribas Bank Polska to increase its free float on the WSE to 15% as agreed with the Polish financial regulator. However, the offering was suspended at the end of June due to weak equity market conditions. Citigroup is global coordinator and joint bookrunner, with ING, BRE Bank and Santander acting as co-lead managers.

*“There’s no pressure, but we are ready to consider M&A opportunities in Poland”*

– UniCredit CEO Federico Ghizzoni

Deutsche Bank is also planning a merger of its Polish operations, Deutsche Bank PBC and Deutsche Bank Polska, in a move intended to strengthen its market position.

At the end of March, KBC and Santander sold 5.2% and 16.17% of shares in BZ WBK respectively for €1.17 billion through an accelerated book-build, the rationale being to increase BZ WBK’s free float to 30%, a requirement imposed by the KNF following the bank’s merger with Kredyt Bank last year, and for KBC to fully exit the investment. The transaction valued BZ WBK at €5.48 billion and left Santander holding a 70% stake.



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*“We’re screening the market for acquisitions”*

– Bank Pekao CEO Luigi Lovalio

*“Polish banks are too expensive right now to consider any acquisitions”*

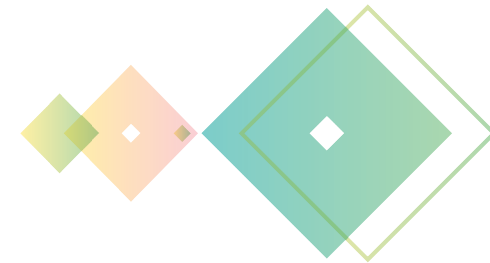
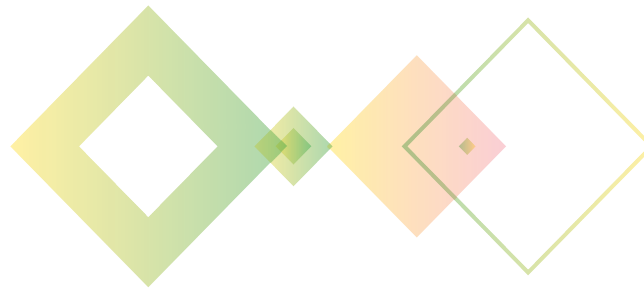
– Erste Group Bank AG CEO

In June, PKO BP announced its acquisition of Nordea’s Polish banking, insurance and financing assets for €694 million. The deal comes after much speculation by local media and is expected to close this year. The Financial Times had reported that PKO’s competitors in the deal included BNP Paribas, Bank Pekao and Santander.

PKO is being advised by Barclays Capital, Greenberg Traurig and KPMG, and Nordea by Bank of America Merrill Lynch, EY, K&L Gates, Slaughter and May, Delphi and Gernandt & Danielsson.

Other recent deals include KBC’s sale of its Polish pension business PTE Warta to Allianz, which increased the German insurer’s AUM in the country to over €2.9 billion, and Getin’s buying spree comprising the acquisition of Dexia Kommunalkredit Bank AG’s Polish unit and the private banking arms of DZ Bank Polska and Bank DnB Nord Polska.

Looking ahead, the banking pipeline appears increasingly robust, particularly in light of the Nordea exit, with recent media coverage focussing on a variety of rumoured deals and on-going discussions.



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*“We want to grow and in the longer term become one of the top two banks in Poland; to meet our goal we will be again interested in takeovers”*

– BZ WBK CEO Mateusz Morawiecki  
in a May interview with The Wall Street Journal

*So what's in the pipeline ?*

Speculation over the potential sale of Bank Millennium has been mounting for the past two years. A previous attempt to sell the bank back in 2011 reportedly attracted interest from Sberbank, BNP Paribas and Intesa Sanpaolo, although ultimately no deal was struck.

Alior Bank's main shareholder, Carlo Tassara SpA, has tapped UBS to sell its remaining 36% stake by the end of 2013.

Most recently, Rabobank hired Rothschild to advise as it looks towards exiting its Polish unit Bank BGŻ less than a year after obtaining full ownership. Prior to the announcement the Dutch group agreed with the KNF to merge Bank BGŻ with Rabobank Polska by mid-2014 and to increase the former's free float on the WSE to 25% by mid-2016.

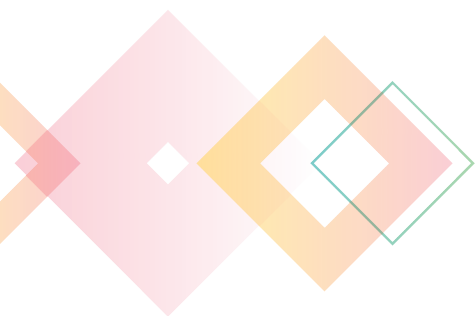
Meanwhile, the insurance sector seems to be moving in parallel with banks, with Skandia likely to follow in Nordea's footsteps, having reportedly put its Polish unit up for sale with a €40 million price tag.

The Nordea exit may well be the deal that jump-starts financial M&A. Aside from Bank Millennium, Bank BGŻ and Alior Bank, rumoured banking-sector targets include GE's Polish unit Bank BPH, Crédit Agricole and BNP Paribas. The future of the two French groups in Poland has been the subject of local media speculation as they continue to cut costs and review foreign operations after the euro zone crisis put a strain on their earnings.

Elsewhere, Commerzbank's CEO has recently had to deny rumours that the German lender was exploring options for its Polish unit BRE Bank.

On the buy side, several big names are in the market for deals in Poland. Raiffeisen is open to buying bank assets throughout CEE – provided that the opportunity is right. That said, the recent departure of CEO Herbert Stepic, who was responsible for the bank's expansion in Central and Eastern Europe over the past two decades, may lead to a move away from the current CEE-centric strategy and perhaps even towards divesting assets in the region.

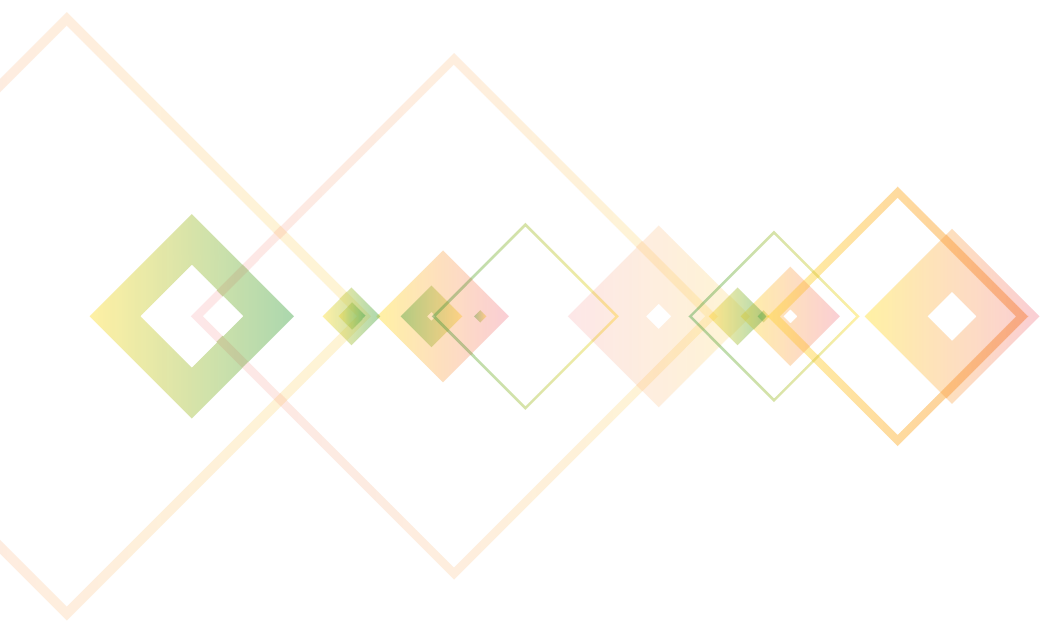
Santander's Polish unit BZ WBK is also currently eyeing takeovers, as are PKO BP, Bank Pekao, Sberbank, Getin and Intesa Sanpaolo.



## DEALS IN THE PIPELINE

COMPANY	BUSINESS DESCRIPTION	VENDOR	VENDOR ADVISERS	PARTIES RUMOURED TO BE INTERESTED	APPROX. VALUE (€M)
<b>Bank BGŻ</b>	Commercial bank providing financial services for the agricultural and food sectors	Rabobank	Rothschild	ING, BNP Paribas, Credit Agricole, Getin	658
<b>Alior Bank</b> (36% stake)	Newly-listed bank being touted as one of Europe's most successful banking start-ups	Carlo Tassara SpA	UBS	-	400
<b>Bank Millennium</b>	Previous attempt to sell, back in 2011, did not succeed	Banco Comercial Portugues SA	-	BNP Paribas, Intesa Sanpaolo UniCredit, BRE Bank	1 500
<b>GTS Central Europe</b>	Communications carrier	Innova Capital with other PE firms	Goldman Sachs	Netia, Deutsche Telekom	515
<b>Netia</b>	Warsaw-listed telecom	Third Avenue, The Sisu Capital Master	UBS	Innova Capital, Panos Germanos, Novator Partners, Tollerton Investments, P4	400-500
<b>Qualia Development</b>	Real estate unit of PKO BP	PKO BP	-	PE funds	240
<b>Organika-Sarzyna</b>	Pesticide producer	Ciech	-	Grupa Azoty	120
<b>Wirtualna Polska</b>	Internet portal	TPSA	Rothschild, Greenberg Traurig	Bertelsmann, Yahoo, Yandex, Agora, o2, Polskapresse	100-125
<b>Axtone</b>	Maker of railway couplings and shock absorbers	IK Investment Partners	Societe Generale	Faiveley, Wabtec	100-150
<b>LOT</b>	Polish national airline	State treasury	Rothschild	Air Berlin, British Airways, Singapore Airlines	93
<b>ACP Pharma</b>	Pharmacy network	Advent International	-	Pelion, Farmacol	72
<b>Skarbiec Asset Management Holding</b>	Investment manager	Enterprise Investors	Trigon Group	Ipopema, PKO BP, Altus TFI	47
<b>Skandia Życie</b>	Insurer	Old Mutual	-	Aegon, Generali, VIG, Axa, Prudential	40
<b>Staropolanka</b>	Mineral water producer	KGHM TFI	-	-	33

COMPANY	BUSINESS DESCRIPTION	VENDOR	VENDOR ADVISERS	PARTIES RUMOURED TO BE INTERESTED	APPROX. VALUE (€M)
<b>Simple</b>	Fashion company	Gino Rossi	-	-	20
<b>Polmed</b>	WSE-listed medical clinics chain	Radosław Szubert, Romuald Magdoń	EY	Signal Iduna	12
<b>Scanmed</b>	Healthcare provider	-	-	Bupa plc, buyout firms	-
<b>Grupa Nowy Szpital</b>	Healthcare provider	-	Holon	-	-
<b>Voxel</b>	WSE-listed healthcare provider	-	-	-	-
<b>Enel-Med</b>	WSE-listed healthcare provider	-	-	-	-
<b>Alumetal</b>	Producer of aluminium cast alloys	Abris Capital Partners	-	-	-
<b>Masterlease Polska</b>	Car fleet management company	Abris Capital Partners	Jefferies	LeasePlan, PKO BP	115-127
<b>Lotos Kolej</b>	Polish railway operator	Lotos Group	-	CTL Logistics	-
<b>TK Telekom</b>	Primarily rail sector telco solutions provider; 2010 EBITDA at PLN 70m	PKP	-	Netia, Hawe, Dialog	-
<b>Komagra, Polskie Młyny, Bioagra Oil</b>	Agricultural assets	-	VCP	-	250
<b>Agros Nova</b>	Diversified food and drink company	IK Investment Partners	-	-	-
<b>Dr Gerard</b>	Confectionery producer and the Polish subsidiary of Biscuits Poult	LBO France	-	Maspex	-
<b>Relacom</b>	The Polish unit of Swedish telecom services provider	Relacom	-	-	-
<b>Nordea Życie</b>	50% stake in PKO's newly acquired insurance arm	PKO BP	-	Zurich, local insurers	-
<b>Mediqa</b>	A Warsaw-based private clinic operator	Signal Iduna	-	Polmed	-



# PRIVATE EQUITY

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## OVERVIEW

For CEE-focussed private equity firms 2012 was, for the most part, relatively uneventful. Much of the year was spent on portfolio improvements as GPs increasingly look to exit their investments and subsequently raise new capital.

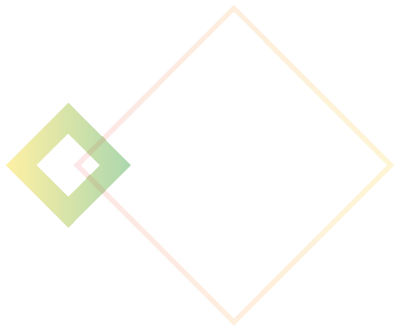
Going forward, portfolio management is set to remain a key focus in Central Europe, with 55% of respondents in Deloitte's CE PE Confidence Index, published in May 2013, expecting to spend more time on existing investments than on originating new deals during the second half of the year.

2012 highlights include Mid Europa's €400 million trade sale of Lux Med to Bupa plc, Advent's take-private of retailer Eko Holding after an unprecedented bidding war with rival firm Mid Europa, and Blackstone's CRE acquisition spree.

In a modest mid-market upswing, the first half of 2013 saw 10 transactions at an estimated value of €334 million, with Warburg Pincus buying a minority stake in cable operator INEA for approx. €76 million, Doughty Hansons's portfolio company Vue Entertainment paying some €100 million for cinema operator Multikino and Montagu-backed Emitel making two infrastructure asset acquisitions.

These inbound deals are indicative of a notable trend as Poland's private equity scene has traditionally been dominated by local firms, which in 2012 accounted for 91% of new PE investments. Moreover, local media frequently report on global PE firms eyeing Polish targets, among them household names such as KKR, Blackstone, Apax, CVC and BC Partners.

It is becoming increasingly evident that the market presents quite an attractive option for foreign private capital, offering the coveted blend of emerging-market returns and developed-market safety.



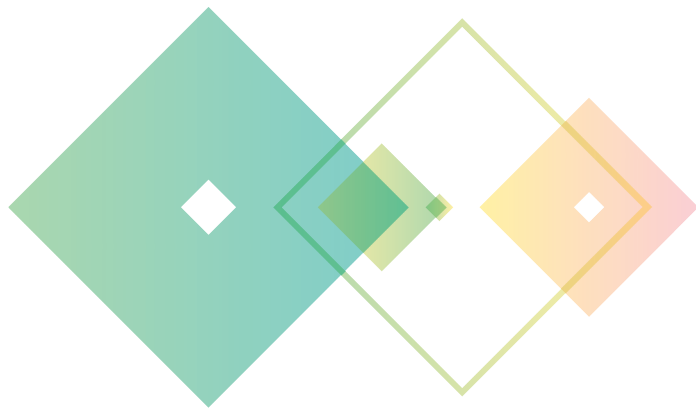
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## FUNDRAISING

Conditions for fundraising remain challenging but there is evidence of LPs' confidence in top-performing buyout firms with expertise in CEE.

In March this year, Abris Capital Partners reached a close on its €450 million second fund. Elsewhere, Tar Heel Capital, a local small-cap firm, closed its first fund at €50 million, while Mid Europa is currently on the road again raising its fourth fund with a €1 billion target and a €1.25 billion hard cap.

In April, Enterprise Investors announced the final closing of its Polish Enterprise Fund VII on €314 million, less than half of the initial €650 million target. This latest fundraising emphasises the challenging environment for buyout houses as LPs reduce new commitments and back fewer GPs due to weak returns following the financial crisis.





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## INVESTMENTS

Private equity investments totalled €347 million in 2012, down 67% from €1 052 million the year before, although the figures were somewhat skewed by Montagu's €425 million acquisition of broadcast infrastructure operator Emitel in 2011. More telling, PE firms invested in 14 companies in Poland last year, just three less than in 2011.

Moreover, a number of deals throughout 2012 either stalled or outright failed, and it was not until well into 2013 that PE dealmaking picked up pace. With €205 million invested, the top sector in 2012 was consumer & retail, followed by financial services at €64 million.

From a big-picture perspective, Poland accounted for 14% and less than 1% of private equity investments in CEE\* and Europe respectively. In contrast, the first half of 2013 saw PE firms invest in ten companies in Poland worth €334 million, a 96% increase compared to €170 million during the same period in 2012. Deloitte's confidence index suggests that private equity firms in Central Europe will mainly target companies in manufacturing and food & beverage.

Indeed, there has been no shortage of private equity dealmaking during the first six months of 2013. In particular, recent deals by Warburg Pincus, Doughty Hanson's Vue Entertainment and Montagu-backed Emitel highlight foreign buyout firms' growing confidence in the Polish market after years of marginal presence.

Elsewhere, Mid Europa was thought to have been one of two bidders, alongside trade buyer Agrokor, for Slovenia's largest retail chain Mercator in a deal which initially pitted the firm against both local rivals – such as Penta – and major buyout firms including Bain Capital and CVC.

In June, Agrokor announced that it had agreed to buy a 53.1% stake in Mercator for €240 million, valuing the company at €452 million. The acquisition is set to create a €7-billion-in-sales retail group with a vast footprint across the former Yugoslavia.

*35% of Central Europe-focussed GPs surveyed by Deloitte in May 2013 said they expect to focus on new investments over the next six months.*

## TOP 5 PE DEALS 2012

	TARGET	DATE	TYPE	DEAL VALUE (€ M)	BUYER	BUYER FINANCIAL ADVISER	BUYER LEGAL ADVISER	VENDOR	VENDOR FINANCIAL ADVISER	VENDOR LEGAL ADVISER	SECTOR
1	<b>Eko Holding</b>	10 Sep	Tender offer	101	Advent International	UniCredit	Weil Gotshal & Manges	WSE investors	Navigator Capital	-	Retail
2	<b>Mykogen Polska</b>	22 Nov	Acquisition	60	Abris Capital Partners	-	Gide Loyrette Nouel	Founding shareholders	-	-	Agriculture
3	<b>NFI Empik Media &amp; Fashion</b> (15.37% stake)	13 Mar & 6 Jun	Tender offer	57	Penta Investments, Eastbridge	UniCredit	Weil Gotshal & Manges	WSE investors	EY	-	Retail
4	<b>EasyPack Sp. z o.o.</b>	21 Apr	Capital increase / JV	50	PineBridge Investments	-	-	-	EY	-	Industrial
5	<b>BPH TFI</b>	6 Dec	Acquisition	41	Abris Capital Partners, Investors Holding	-	Greenberg Traurig, SPCG, GESSEL	Bank BPH	-	Weil Gotshal & Manges	Financial services

## TOP 5 PE DEALS H1 2013

	TARGET	DATE	TYPE	DEAL VALUE (€ M)	BUYER	BUYER FINANCIAL ADVISER	BUYER LEGAL ADVISER	VENDOR	VENDOR FINANCIAL ADVISER	VENDOR LEGAL ADVISER	SECTOR
1	<b>Multikino</b>	13 May	Acquisition	n/a <sup>1</sup>	Doughty Hanson via Vue Entertainment	-	Hogan Lovells, Skadden Arps Slate Meagher & Flom LLP	ITI Group, AREA Property Partners	-	Weil Gotshal & Manges	TMT
2	<b>INEA</b>	24 Apr	Minority stake (49%)	76	Warburg Pincus	-	-	INEA shareholders	PwC	-	TMT
3	<b>PKL</b>	22 May	Acquisition	52	Mid Europa Partners via Polskie Koleje Gorskie	EY	CMS	PKP	-	Weil Gotshal & Manges	Transport
4	<b>EMC IM</b> (85.4% stake)	28 May	Tender offer (pending)	32	Penta Investments	-	Clifford Chance	-	-	-	Healthcare
5	<b>Info-TV-Operator</b>	24 Apr	Acquisition	28	Montagu Private Equity via Emitel	-	Allen & Overy	NFI Magna Polonia	-	-	TMT

<sup>1</sup> Although financial details were not disclosed, the deal is thought to be valued at some €100 million.

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## EXITS

In a tough fundraising environment, a number of CEE-focussed firms are facing considerable problems as the funds they raised pre-crisis are nearing expiry. One sure way of cajoling reluctant LPs, many of whom are still relatively wary of the region, is to show concrete results by enhancing returns and increasing distributions.

And, simply put, those come from disposals. It is therefore no surprise that exit activity is one area keeping dealmakers in CEE, as elsewhere, quite busy.

2012's largest PE exit – and the largest private equity deal overall – was Mid Europa's €400 million sale of healthcare services provider Lux Med to British medical insurance group Bupa in December. The GP is now looking to exit three more of its portfolio companies ahead of raising its fourth fund later this year.

Up for sale are Mid Europa's stakes in Norican Group, BB-Telemach Group and T-Mobile Czech Republic. According to the WSJ Deutschland, Deutsche Telecom may be looking to buy the remaining 40% stake in the T-Mobile unit from the GP which completed a €35 million dividend recap last year, the largest such deal in the region since 2008.

Abris Capital Partners has reportedly tapped Jefferies to explore exit options for fleet management company Masterlease. Having received consent from the KNF, the firm is also in the process of merging two banks, PBP and FM Bank, which is to be followed by a €15 million bond issue and a €30 million EIB credit line this year, with an exit via an IPO in three years' time.

## RECENT PE EXITS – TABLE

COMPANY	VALUE (€ M)	VENDOR	BUYER	EXIT TYPE
Lux Med	400	Mid Europa Partners	Bupa plc	Trade sale
Zelmer	164	Enterprise Investors	BSH Bosch und Siemens Hausgeräte	Trade sale
Donako	35	Innova Capital	Rudolf Weinberger Holding	Trade sale
Info-TV-Operator	28	NFI Magna Polonia	Emitel	Trade sale
Alpha Medical	n/a	Penta Investments	Mid Europa Partners	Secondary sale
Lexum	n/a	ARX Equity Partners	Moonray Healthcare	Trade sale
MK Żary	n/a	Riverside	Joncoux Group	Trade Sale

Elsewhere, Innova Capital is said to be in separate talks with Deutsche Telecom and Polish telecoms group Netia to sell broadband service provider GTS Central Europe for approx. €515 million, while Penta is reportedly contemplating a partial exit from Polish retailer EM&F and IK Investment Partners is edging closer to exiting Axtone, a rail freight buffer manufacturer with a reported EV of €100-150 million.

All in all, exit activity in H1 2013 remained subdued, with only two exits valued at €63 million completed. This is more or less in line with industry expectations, although an increasing number of PE firms are starting to look at options to unfreeze the capital invested in their portfolios.

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## OUTLOOK

PE capital raised for emerging market investments in 2012 declined in all regions except Central and Eastern Europe, according to Bain & Company's Global Private Equity Report 2013.

Poland is slated to remain the top CEE destination for private capital, with a continuing emphasis on mid-market deals.

Healthcare is well on its way to becoming the hottest sector for private equity deals in Poland. Up for grabs is a wide range of healthcare and medical assets, ranging from hospitals and clinics, diagnostics, imaging and laboratory service providers, to advanced equipment manufacturers. Given the highly fragmented nature of the market, segment-level consolidation seems inevitable, with bigger, sector-wide processes also possible.

Scanmed, Grupa Nowy Szpital, Voxel, Polmed and Enel-Med are just some of the privately held and listed healthcare companies looking for capital. And GPs are taking notice. EQT, Bridgepoint, Advent, Penta, ARX, Innova, BC Partners, Riverside and Montagu are among the firms eyeing deals in healthcare.

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*“We have private equity firms,  
mostly foreign, knocking on  
our door almost every week”*

– Adam Rozwadowski, CEO of Enel-Med, a Warsaw-listed healthcare services provider

Investor enthusiasm for healthcare assets in Poland is perhaps best exemplified by Mid Europa’s sale of Lux Med last December. The deal had attracted interest from Montagu, Blackstone, Warburg Pincus, EQT, Bridgepoint and BC Partners, alongside insurers such as Vienna Insurance Group, Generali, PZU and Bupa, the eventual buyer, which is now continuing its expansion in Poland, reportedly competing with PE firms to buy healthcare provider Scanmed.

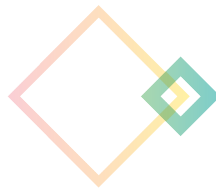
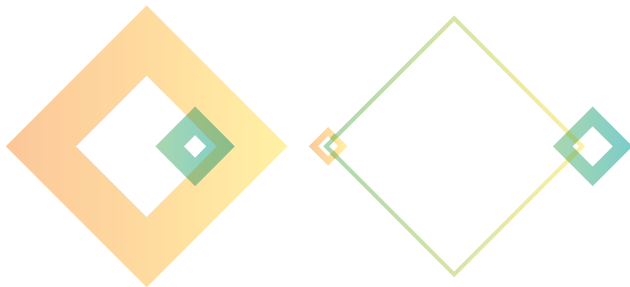
Rising investor confidence is also reflected in valuations, with EBITDA multiples in healthcare reaching 10x or more, compared to an average of 6x for all sectors in Poland.

In the latest healthcare play, Penta is bidding for Warsaw-listed healthcare provider EMC IM.

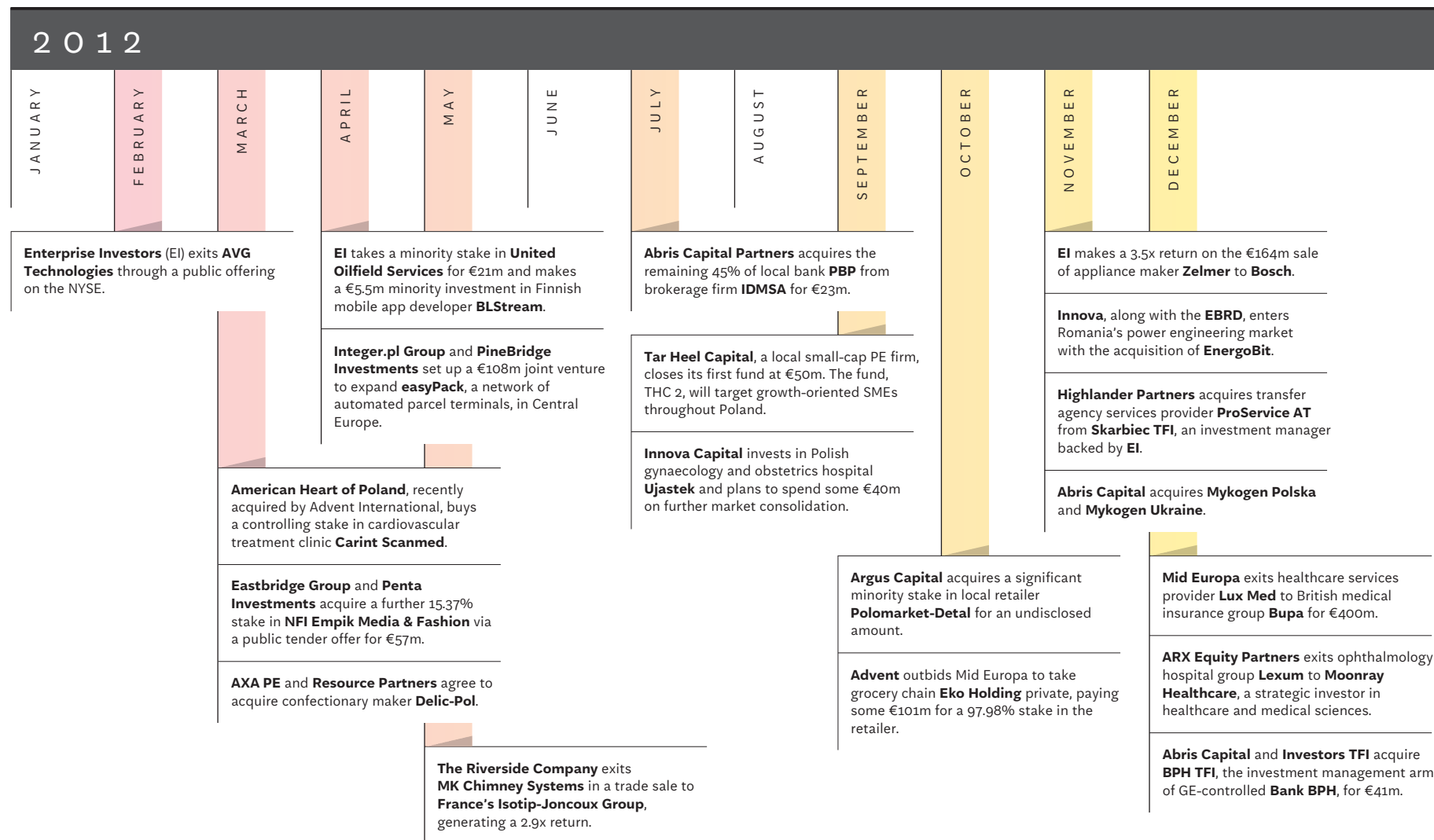
To be sure, there is private equity life outside of healthcare in Poland, and the outlook for a number of sectors is similarly upbeat. Back in March Penta said it plans to make some €500 million worth of new commitments this year.

As in the past two years, PE deal flow over the next several quarters will also centre on communications, consumer goods and financial services. In contrast, the energy sector appears to have lost at least some of its shine due to investor uncertainty over regulations in the oil & gas and renewables segments.

20% of LPs recently surveyed by Preqin named CEE as the most attractive emerging market, compared to 12% in 2012.



## PE TIMELINE





# H1 2013

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p><b>EI</b> acquires a majority stake in dietary supplement producer <b>Scitec</b>, with <b>Morgan Stanley Alternative Investment Partners</b> as minority co-investor.</p>		<p><b>Abris Capital</b> reaches a €450m hard cap on its second fund.</p>			<p><b>Mid Europa</b> hits the fundraising trail, targeting €1 billion for its fourth fund, with a €1.25 billion hard cap.</p>
<p><b>PineBridge</b> makes a €25m growth investment in <b>Work Service</b>, a temporary staffing and personnel outsourcing company.</p>		<p><b>Innova Capital</b> sells its 70% stake in Polish industrial parts manufacturer <b>Donako</b> to industry buyer <b>Rudolf Weinberger Holding</b> for some €35m.</p>			<p>Krokus PE-backed healthcare provider <b>Polmed</b> hires <b>EY</b> to find a strategic investor.</p>
<p><b>Blackstone's</b> LSE-listed property manager <b>Valad Europe</b> acquires a controlling interest in <b>GE Capital Real Estate's</b> €570m Polish retail property portfolio.</p>		<p><b>Oaktree Capital Management</b> agrees to purchase a 50% stake in Warsaw-based property investment firm <b>Griffin Group</b> from the UK's <b>Chelsfield Partners</b>.</p>			<p><b>Tar Heel Capital</b> acquires a 60% stake in <b>Rockfin</b>, a Polish supplier of hydraulic and pressure systems.</p>
<p>Abris Capital-backed fleet management company <b>Masterlease</b> acquires local rival <b>BAWAG Leasing &amp; Fleet</b> Sp. z o.o. from Austrian banking group <b>BAWAG P.S.K.</b></p>		<p>Through Abris CEE Mid – Market Fund II LP, <b>Abris Capital</b> acquires waste management company <b>USKOM</b>.</p>			<p>MCI-backed <b>Invia</b> buys Russian travel provider <b>Travelata.ru</b> for €4m.</p>
<p><b>LogiCor</b>, Blackstone's pan-European logistics platform, acquires two portfolios of logistics assets located in Poland from <b>Panattoni Europe</b>.</p>		<p><b>Avallon</b> and the existing management announce the MBO of <b>Kimberly-Clark's</b> Polish consumer tissue manufacturing unit.</p>			<p>Doughty Hanson-backed <b>Vue Entertainment</b> buys multiplex operator <b>Multikino</b> from <b>ITI</b> and <b>AREA Property Partners</b> for some €100m. Three weeks later, <b>Vue</b> is sold to <b>OMERS PE</b> and <b>AIMCo</b> for €1 100m.</p>
<p>Montagu-backed telecom <b>Emitel</b> completes two broadcast asset acquisitions.</p>					<p><b>Mid Europa</b> buys <b>PKL</b>, Poland's largest mountain tourism operator, from the treasury for €52m.</p>
<p>The <b>EIF</b> and Polish bank <b>BGK</b> announce the €90m first close of a CEE-oriented fund-of-funds with a €180m hard cap.</p>					<p><b>Penta</b> announces a €32m tender offer for WSE-listed healthcare provider <b>EMC IM</b>.</p>
<p><b>Warburg Pincus</b> agrees to buy a minority stake in <b>Inea</b>, Poland's third largest cable TV operator, for some €76m.</p>					<p><b>Advent</b> announces that it will not be raising a new CEE-dedicated fund. Instead, new investments in the region will be funded from the firm's latest €11 billion global fund.</p>
<p><b>EI</b> sells its remaining stakes in <b>Kruk</b>, reportedly for 9x cost, and <b>Magellan</b>, a healthcare financing provider, at a 10x multiple.</p>					<p><b>EQT Partners</b> replaces its director in Poland and re-focusses its country strategy with a new global €1 billion mid-market fund.</p>
<p><b>EI's</b> VC fund <b>EVF</b> makes a €7m growth investment, taking a 10.2% stake in <b>Elemental Holding</b>, Poland's leading recycler of non-ferrous metals.</p>					<p><b>ARX Equity Partners</b> announces plans to launch its fourth fund by 2014, targeting €100m in commitments.</p>
					<p><b>Penta's</b> ex-head of Poland <b>Josef Janov</b> launches a €200-million CEE-focussed PE firm.</p>
					<p><b>EI</b> announces the final closing of its Polish Enterprise Fund VII on €314m.</p>

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## PRIVATE EQUITY SPOTLIGHT – BLACKSTONE BETS ON POLISH PROPERTY

Since entering Poland's commercial property market two years ago, Blackstone Group LP has gone on an impressive acquisition spree, buying up a variety of retail and – more recently – logistics assets.

At €800 million, Blackstone's deals accounted for 32% of the €2.5 billion invested in the Polish property market in 2012. Throughout the year, its Polish shopping centre platform King's Street Retail accumulated a portfolio with a combined GLA of over 240 000 square metres.

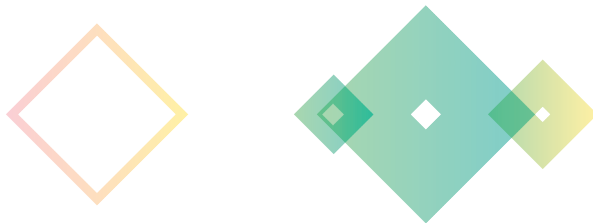
In January this year, King's Street Retail made its latest acquisition with the purchase of Galeria Leszno, a 32 500-square-metre shopping centre in western Poland. *"Galeria Leszno is an outstanding shopping centre that will be highly complementary to Blackstone's Polish retail portfolio,"* said Mike Pegler, Blackstone's Managing Director responsible for King's Street Retail.

In February, Blackstone's LSE-listed property manager Valad Europe acquired a controlling interest in GE Capital Real Estate's €570 million, 300 000-square metre Polish retail property portfolio comprising six shopping centres and three hypermarkets, with the seller holding on to the remaining stake. Although financial details were not disclosed, the transaction brought Valad's retail property AUM in Central and Eastern Europe to €800 million.

Aside from CRE, in the last year or so Blackstone has risen to prominence in European logistics property. Earlier this year LogiCor, Blackstone's pan-European logistics platform, acquired two portfolios of logistics assets located in Poland from Panattoni Europe, totalling 402 000 square metres.

The Polish assets are well-aligned with LogiCor's pan-European strategy. Over the last year, the company has bought €1.5 billion of logistics properties throughout Poland, France and the UK, bringing its portfolio to 2.5 million square metres of warehouse and distribution space.

Blackstone's expansion strategy shows that despite a variety of issues facing property investors in Europe these days, the Polish market is back in play.



## SLOWEST IPO ACTIVITY IN A DECADE

The Warsaw Stock Exchange consistently ranks among the top two European markets by IPO volume, 2012 being no exception with 16 Main Market and 89 NewConnect IPOs, far above London's 75 listings.

Yet expertise in hosting bell-ringing ceremonies is a dubious asset for an equity market with grand ambitions. Warsaw's 105 new listings raised a mere €731 million, down from the 203 deals worth €2.2 billion in 2011. The 2012 figure is some 600% lower than the €5.1 billion raised by the London Stock Exchange and puts Warsaw behind Deutsche Börse, NYSE Euronext and even the usually dormant SIX Swiss Exchange.

One notable exception came late in December as Alior Bank raised €511 million in Warsaw's largest IPO by a non-state company and Europe's seventh largest listing of the year.

The continuing divide between offering volume and value is well exemplified by activity in H1 2013. Although the London and Warsaw bourses each accounted for roughly 30% of European IPOs, Warsaw's €3.3-million average value was a staggering 3500% lower than London's. Clearly, there is little ground for a more optimistic outlook.

Overall, the first half of 2013 saw 31 new offerings (four Main Market and 27 NewConnect listings) worth €102 million, a 46% decrease by volume and 59% increase by value from the same period in 2012, although much of this was raised via the long-awaited IPO of state-controlled property manager PHN. Poland's treasury is currently seeking an investor for its remaining majority stake.

On a brighter note, the IPO pipeline appears increasingly robust, made up primarily of big-ticket state asset disposals – such as Energa, PKP Cargo, Węglokoks, Katowicki Holding Węglowy and Kompania Węglowa, together with a number of confirmed or rumoured listings from privately-held and buyout-backed companies.

Indeed, the consensus is that the IPO market could open up in the second half of 2013 and into 2014. The case for a pickup in primary activity is further strengthened by data from the KNF – some 10 prospectuses are awaiting approval, with another 24 suspended IPOs which could be revived if the equity market returns to its recent growth path.

## TOP WSE IPOs – 2012

ISSUER	DATE	CAPITAL RAISED (€M)	SECTOR	NOTES
<b>Alior Bank</b>	14 Dec	511	Financial services	-
<b>ZE PAK</b>	30 Oct	165	Energy	Privatisation
<b>Vantage Development</b>	26 Mar	45	Construction	Spin-off
<b>SOLAR Company</b>	19 Apr	38	Apparel	-
<b>AB Inter RAO</b>	18 Dec	23	Energy	Lithuania-based

## SOLID SECONDARY ACTIVITY

In the absence of any sizeable IPO activity, secondary offerings picked up some of the slack throughout 2012 and the first half of this year, fuelled by Poland's treasury selling off stakes in several key holdings, namely the country's largest lender PKO BP and largest utility PGE. Earlier this year, the Warsaw bourse was also host to a somewhat unexpected €890 million placement of Pekao shares by UniCredit, plus billionaire Luis Amaral's disposal of a 7% stake in non-durable consumer goods distributor Eurocash for €88 million.

The second half of 2013 should see the treasury sell further stakes in PZU, PKO BP and PGE, though these deals may well be delayed into 2014. Other listed assets, including chemical firms Ciech and Grupa Azoty, property group PHN and the WSE itself, are also not off the table.

## TOP FIVE SECONDARY OFFERINGS IN THE LAST 18 MONTHS

ISSUER	DATE	CAPITAL RAISED (€M)	SECTOR	NOTES
<b>PKO BP</b>	Jan 2013	1 250	Financial services	Privatisation
<b>Pekao</b>	Jan 2013	890	Financial services	-
<b>PKO BP</b>	Jul 2012	745	Financial services	Privatisation
<b>PGE</b>	Feb 2012	602	Energy	Privatisation
<b>Eurocash</b>	Aug 2012	88	Consumer	-

## TENDER OFFERS ON THE RISE

Also partially offsetting the slump in IPO activity was a slew of takeover offers for WSE-listed companies throughout the last year and a half as both corporates and buyout firms looked to take advantage of attractive valuations and improving equity market conditions.

Corporate buyers went after companies in a wide range of sectors, without any noticeable trends in preferences. Successfully acquired targets include TU Europa, Mondi Świecie, Bank BGŻ, Polish Energy Partners, Centrum Klimat and Elstar Oils. In turn, Sygnity and Azoty Tarnów managed to fend off potential acquirers, while ZA Puławy defended itself against a bid from rival chemical maker Synthos, before eventually being acquired by Azoty Tarnów.

Of more interest, however, were two take-private deals completed by buyout firms. In May last year Penta and Eastbridge delisted retailer NFI Empik Media & Fashion after acquiring a further 15% stake for €57 million, and six months later Advent won an unprecedented bidding war with Mid Europa to delist grocery chain Eko Holding for €101 million. More recently Penta, one of the largest investors in healthcare throughout CEE, launched a €32 million all-cash tender offer for healthcare provider EMC IM after the latter failed to agree a deal with rival PE firm EQT.

Bankers agree that takeover activity on the Warsaw Stock Exchange should remain elevated and point to a number of listed companies as potential targets. Those most frequently mentioned include Sygnity, Netia, ACE, Ciech, Orzeł Biały, Seco/Warwick, Grupa Kęty and Alior Bank.

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## EXCHANGE MERGER IMMINENT?

*“We’re not hiding the fact that we are working on this”*

– WSE CEO Adam Maciejewski on the Warsaw-Vienna merger

It has been years in the making, but now a merger between the Vienna and Warsaw bourses may finally be coming to fruition. Polish media reported in April that the CEE Stock Exchange Group (CEESEG), which comprises the Vienna, Budapest, Ljubljana and Prague markets, has initiated a fresh round of talks on scenarios to put an end to the long-running – and rather counterproductive – rivalry and together establish a regional ECM powerhouse.

The Polish treasury mulled selling a majority interest in the WSE to Deutsche Boerse back in 2009 before opting for an IPO in late 2010. Now, after years of competing for regional influence, shareholders on both sides appear to be taking steps towards a growth-oriented pan-CEE consolidation. *“At this stage all strategic options and co-operation routes are being reviewed,”* the CEESEG said in a recent statement.

*“The WSE stands to make significant gains not as a lone regional leader but as the biggest market in a strong region. So first the region has to really strengthen in the eyes of global financial institutions. There is no other way”*

– former WSE CEO Ludwik Sobolewski

The chief executives of Erste Group Bank, UniCredit Bank Austria and Raiffeisen Bank International – the three largest CEESEG shareholders controlling 31.2% in total – have expressed support for the merger, as has Poland’s financial regulator, the KNF. One possible obstacle could come from the Polish government maintaining a 35% stake in the WSE, as CEESEG shareholders may not feel comfortable with state ownership.

WSE CEO Adam Maciejewski told reporters that a number of scenarios are on the table, with the exception of Vienna acquiring Warsaw. And perhaps rightly so, seeing as the WSE hosts companies with a market cap of €168 billion, above Vienna’s €80 billion and the combined CEESEG’s €124 billion.

*“This deal is not about mathematics alone. The heart of the matter lies elsewhere: in creating a solid partnership without losing out to some third party. Better to do nothing at all than to do it without vision”*

– former WSE CEO Ludwik Sobolewski

However, even post-merger the combined entity would lag far behind Europe’s more developed equity markets, such as the €1.16 trillion Deutsche Boerse AG.

And as if to make matters even more confusing, the Czech president at the end of May proposed a merger between the WSE and his country’s Prague Stock Exchange, which itself is a member of the CEESEG.

Whatever the outcome, gone are the days when equity markets could afford to stand alone. Today the consolidation of Warsaw and Vienna to create a CEE-wide equity market seems about the only way for them to have a fighting chance of outperforming their much larger European rivals in the long-term.

Citibank and Greenberg Traurig are advising the WSE, while Goldman Sachs and Weil Gotshal & Manges are acting for the CEESEG.

## IPO PIPELINE

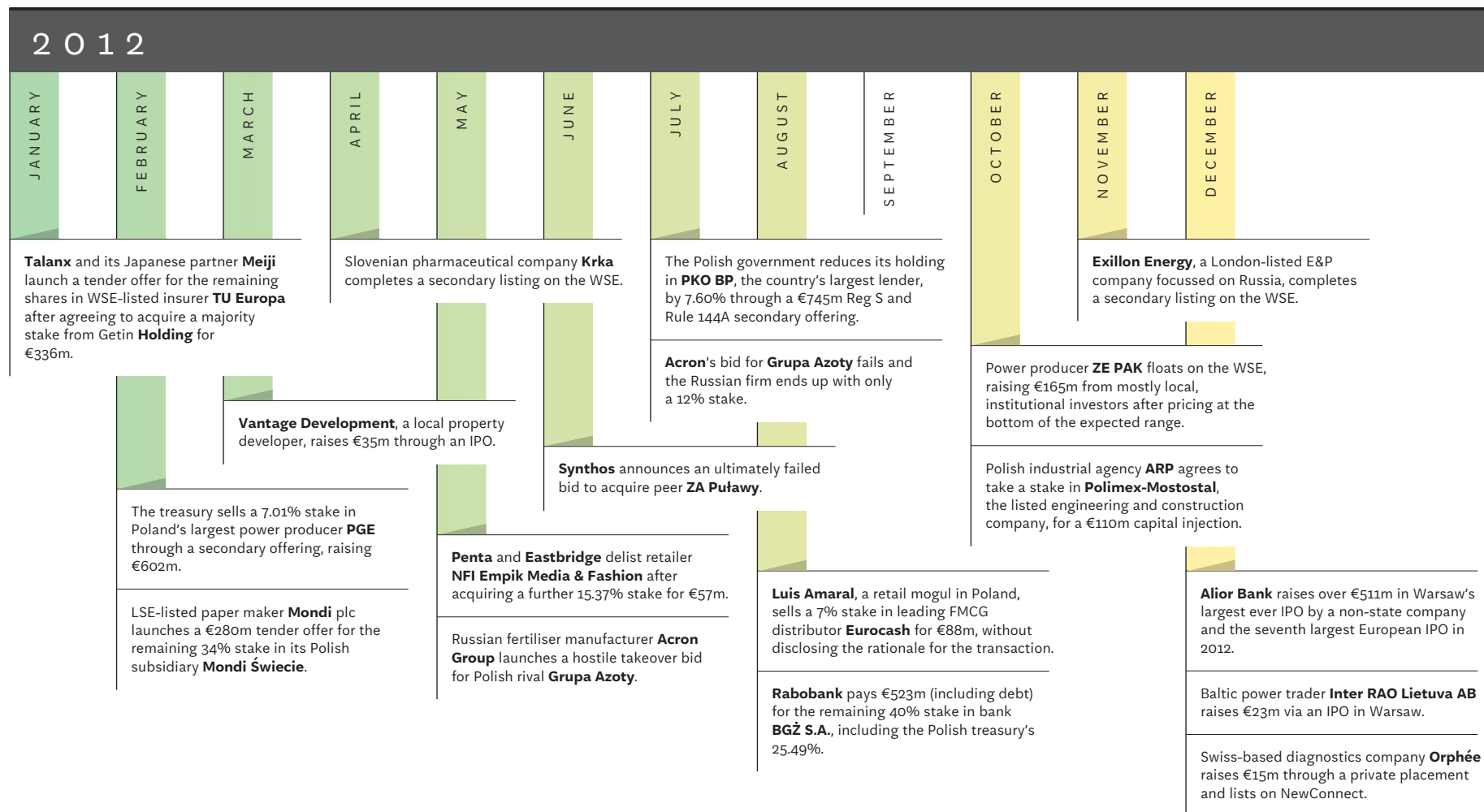
After a lacklustre 18 months, a stronger IPO pipeline appears to be forming for the remainder of 2013 and 2014. Confirmed IPOs include state-owned assets, PE-backed companies and a host of private domestic and foreign issuers, some from as far afield as China.

The recent pickup in secondary offerings, highlighted by big-ticket deals such as PKO BP, Bank Pekao and Eurocash, together with a significant increase in tender offers – both being features of more developed equity markets, are seen as emerging trends and evidence of Warsaw's growing maturity. Further offers from PKO BP, PGE, PZU and several other state holdings should be expected.

COMPANY	DATE	SECTOR	NOTES
<b>Exalo Drilling</b>	Q4 2013	Oilfield services	Poland's gas monopoly PGNiG had planned to list its exploration unit Exalo Drilling this year, though the floatation has now been delayed. The gas group has mandated Citi, PKO BP and BZ WBK.
<b>PKP Cargo</b>	Q4 2013	Transportation	PKP, the Polish railway operator, has mandated Morgan Stanley, Goldman Sachs and PKO BP to advise on the IPO of goods carrier PKP Cargo. The cargo unit is looking to raise €500 million, though PKP will retain a 50%-plus-one-share stake.
<b>OT Logistics</b>	Q3 2013	Transportation	Polish shipping and logistics company, seeks to use IPO proceeds on port investments in Poland.
<b>S.C. Fondul "Proprietatea"</b>	-	Financial services	Fondul Proprietatea, Romania's USD 4.4 billion privatisation fund managed by Franklin Templeton, continues to contemplate a secondary listing in Warsaw this year, despite plans for a 2012 IPO falling through.
<b>Energa</b>	Q4 2013	Energy	Privatisation; plans to raise approx. €125 million.

COMPANY	DATE	SECTOR	NOTES
<b>Węglokoks</b>	2013/2014	Mining	Węglokoks, Poland's largest coal trader, plans to raise around €100 million in an IPO this year or next, depending on government-level decisions.
<b>Kompania Węglowa</b>	2014	Mining	Coal miner Kompania Węglowa is looking to issue PLN 1.5 billion in three-year notes ahead of an IPO in Warsaw, provisionally scheduled for 2014.
<b>TBC Bank</b>	2014	Financial services	Georgia's second-largest bank by assets. Owners include the IFC, the EBRD, JP Morgan and Ashmore.
<b>Play</b>		Telecommunications	Play, the up-and-coming Polish mobile operator, may be looking to list on the Warsaw bourse, according to local media reports.
<b>Polkomtel</b>		Telecommunications	Poland's second-biggest mobile operator
<b>Unidevelopment</b>		Property	Spinoff from WSE-listed construction group Unibep
<b>Grupa XTB</b>		Financial services	Online trading
<b>Celon Pharma</b>		Pharmaceuticals	-
<b>Gremi Media</b>		Media	Owner of daily Rzeczpospolita
<b>Talanx AG</b>		Financial services	Secondary listing
<b>MCI Partners</b>		Financial services	Spinoff from WSE-listed private equity group MCI Management SA
<b>Raiffeisen Polbank</b>	2014	Financial services	Potentially valued at some €500 million, the IPO of Raiffeisen's Polish unit is a KNF requirement.
<b>MEW Romania</b>		Energy	NewConnect listing
<b>Baltic Ceramics</b>		Oilfield services	NewConnect listing
<b>Proton Pharmaceuticals</b>		Pharmaceuticals	NewConnect listing

## ECM TIMELINE





# H1 2013

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p>The treasury sells another 11.75% of <b>PKO BP</b> shares, raising €1.25 billion to fund Poland's new infrastructure and energy fund <b>PIR</b>.</p>		<p><b>KBC</b> (recently seen exiting the Polish market) and the euro zone's largest lender <b>Santander</b> (moving in the opposite direction) sell 5.2% and 16.17% of shares in <b>BZ WBK</b> respectively through an accelerated book-build for €1.17 billion. The transaction values <b>BZ WBK</b> at €5.48 billion; <b>Santander</b> remains the controlling shareholder in the bank, with a 70% stake.</p>		<p>Austrian property group <b>Immofinanz</b> completes a secondary listing on the WSE.</p>	
<p><b>UniCredit</b> places a 9.1% stake in its Polish subsidiary and Poland's no. 2 lender <b>Bank Pekao</b> for €890m.</p>				<p><b>Alior Bank</b> replaces <b>Asseco Poland</b> in the MSCI Poland Index.</p>	
<p><b>Grupa Azoty</b> completes the acquisition of a majority stake in rival chemical firm <b>ZA Puławy</b> for €363m.</p>		<p>LSE-listed <b>International Personal Finance plc</b> completes a secondary listing in Warsaw, without raising new capital.</p>		<p><b>Feerum</b>, a grain processing company, raises €5.3m through an IPO.</p>	
	<p><b>PHN</b>, a state-owned holding for commercial and residential property, lists on the WSE, selling a 22.5% stake for €58m and valuing the property group at a 50% discount to net asset value. The remaining interest is expected to be sold via a trade sale.</p>		<p>Polish biotech <b>Mabion</b> raises €9m.</p>		<p><b>Deutsche Bank AG</b> is said to be nearing the launch of fixed-income trading in Warsaw.</p>
			<p><b>KBC Securities'</b> Polish branch drops retail brokerage, institutional sales, market making, research and corporate finance operations.</p>		<p>Food manufacturer <b>Tarczyński</b> gains nearly 12% in first-day trading following a €10.6m IPO.</p>
			<p><b>Credit Suisse</b> moves its Polish equity trading desk from Warsaw to London.</p>		<p><b>BNP Paribas'</b> Polish unit prices its secondary offering at a maximum of some €90m and subsequently suspends it due to weak equity market conditions.</p>
			<p>The treasury sells a 12.13% stake in <b>Grupa Azoty</b> through an accelerated book-build, with 5.75% going to the EBRD.</p>		<p>Lithuania-based <b>AviaAM Leasing</b> gains 3.6% in first-day trading after raising approx. €26.5m through an IPO on the WSE.</p>

## ECM SPOTLIGHT – ALIOR BANK IPO

From zero to landmark status in under four years

The biggest European bank IPO of the year. Warsaw's largest ever offering by a privately-held company. Europe's seventh-largest IPO of 2012. Impressive post-IPO performance. In the run-up to Alior Bank's debut on the Warsaw Stock Exchange last December, the outlook for ECM activity in the Polish capital was hardly positive.

The €511 million listing, which consisted of 24.48 million shares sold by majority shareholder Carlo Tassara SpA and 12.33 million new-issue shares, represented nearly three quarters of Warsaw's total IPO value for 2012 and provided a much-needed confidence boost.

The book was split fairly evenly between domestic and international investors, with strong interest from UK and US funds reported by Reuters. That said, an 8.83% stake was acquired by the EBRD for €78 million. If taken into account, the EBRD's role as anchor investor tips the scale in favour of a more domestic investor base, made up predominantly of pension funds. A 5.01% stake went to Wellington Management Company LLP. Other notable foreign investors currently include UK investment manager Genesis, with 6.09%, and William Blair & Company, L.L.C., among others.

Barclays Bank, J.P. Morgan Securities and Morgan Stanley & Co. International acted as joint global coordinators and joint bookrunners; IPOPEMA Securities acted as joint global coordinator, joint bookrunner and offering agent. Erste Group Bank and Renaissance Capital were co-lead managers. The underwriting consortium was represented by Greenberg Traurig, while Weil Gotshal & Manges acted for Alior and Sotysiński, Kawecki & Szlęzak for the selling shareholders.

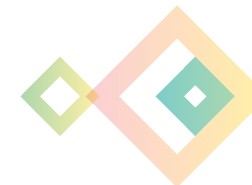
The IPO, much like the rest of Alior's merely four-year growth story, met with a warm reception. In terms of aftermarket performance, the first-day close price was 6.84% higher while as at 30 June 2013, six months post-IPO, the shares were up almost 50%. Alior entered the MSCI Poland index at the end of May.

In March, the bank announced plans to issue up to €500 million in unsecured PLN notes to finance as yet unnamed acquisitions in the domestic financial services sector.

Carlo Tassara SpA is an investment vehicle of Romain Zaleski, a French investor of Polish origin. Pressured by lenders to reduce debt, the businessman was forced to sell off a variety of assets, one of which was the Polish bank.

Prior to the IPO, the holding company reportedly pitched Alior to several buyout firms and strategic investors before opting for a dual-track exit. At the time, media reported interest from CEE's largest insurer PZU and private equity heavyweights such as KKR, Blackstone, Apax, CVC and Apollo.

The search is now once again on for a strategic buyer for the remaining 36% stake held by Carlo Tassara. UBS AG is advising on the transaction, which is expected to close by the end of this year. Prior to the IPO, potential suitors included Erste Group Bank, BNP Paribas, Intesa Sanpaolo and Sberbank which acquired Vienna-based Volksbanken International in 2012, although the Russian bank could now face an uphill struggle not unlike that seen during Acron's hostile bid for Azoty Tarnów last year. A Euromoney article from May 2013 quoted Sberbank CEO German Gref as saying that Poland is a very interesting market and that the bank is keeping an eye on future market entry possibilities, but not for the next few years at least.



# PRIVATISATION

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## OVERVIEW

Continuing its long-term privatisation strategy, the Polish government raised approx. €2.5 billion in 2012 from the sale of 98 corporate stakes. Highlights include the €165 million IPO of electricity producer ZE PAK, secondary offerings of PKO BP, PGE and BGŻ, and the smaller but highly controversial Warsaw building sale to property investor Griffin Group.

Poland's treasury is aiming to raise a mere half of that figure in 2013 from the sale of around 150 corporate stakes as privatisation slumps to a four-year low. However, even the underwhelming €1.25 billion target may be out of reach, seeing as the treasury's asset portfolio now mostly comprises stakes in companies left over from privatisation attempts in previous years, with several larger holdings being the exception rather than the rule.

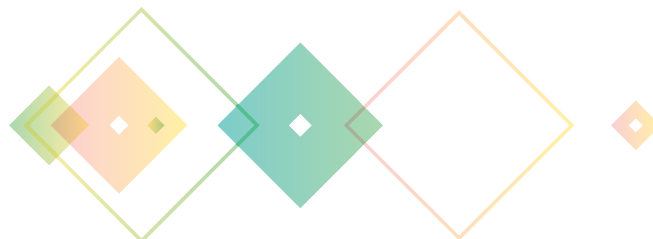
## 2013 STATE OF PLAY

In the largest IPO so far this year, property holding PHN raised €58 million, a rather poor result underlining the increasing difficulty of squeezing capital from an ever smaller privatisation pipeline. That said, the two remaining quarters should see a number of sizeable state asset sales via both initial and secondary offerings and trade sales.

Reference IPOs expected to hit the market this year include utility Energa, railway operator PKP Cargo and coal trader Węglokoks. The first, however, has already been tentatively pushed back to year-end, while the status of the other two is still not entirely clear. Beyond 2013, notable state-asset IPOs include two mining firms – KHW and Kompania Węglowa, defence manufacturer Bumar and postal operator Poczta Polska.

Further secondary offerings of PZU, PKO BP and PGE are also slated for 2013 and the treasury is not ruling out reducing its stake in other major listed assets such as chemical firms Ciech and Grupa Azoty, recently-listed PHN or the Warsaw exchange itself. Sales to strategic buyers will mainly be confined to numerous smaller assets.

Also underway is the privatisation of a variety of seaport assets held by ZMPG, a management entity for state-controlled ports, as required by EU directives. Three bidders are currently conducting due diligence on BTDG, a cargo bulk terminal, with an auction for another bulk terminal, BBT, also scheduled for this year.



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## A LOT TO DIGEST

There may yet be a conclusion to the Polish airline privatisation saga. The government has passed legislation allowing it to sell its 93% stake to a strategic buyer, a feat which had not been achieved for years but is now expected by the end of the year.

Previous privatisation attempts include a 1999 sale to Swissair, which was reversed after that airline went out of business, and negotiations with Turkish Airlines in 2012, which ended on an even more embarrassing note when the EU reminded everyone that it welcomes EU-based buyers of airlines only.

This time around, Polish media are naming Air Berlin as the frontrunner to acquire the long-ailing carrier, with interest also from Singapore Airlines, British Airways and Air France, though other buyers may still be in play. The CEO of Norwegian recently admitted meeting with Polish authorities, although he would not confirm whether a takeover of LOT was discussed.

In an attempt to move things along, LOT has replaced Morgan Stanley with Rothschild as its privatisation adviser.

## PIR – OR HAVING YOUR CAKE AND EATING IT

Whatever the short-term brings, it is becoming increasingly evident that Poland's privatisation spree is slowly but surely coming to an end. Recognising the inevitable, in November last year the treasury unveiled a new state programme for infrastructure and energy investment involving the state-owned bank BGK and a newly created SPV, to be financed from the treasury's remaining asset portfolio.

Modelled after the EBRD, the programme aims to provide project financing and make direct investments in infrastructure development and energy projects, the positive effects of which may spill over into the private sector. The EBRD is said to be considering a stake in the SPV, as is the European Investment Bank.

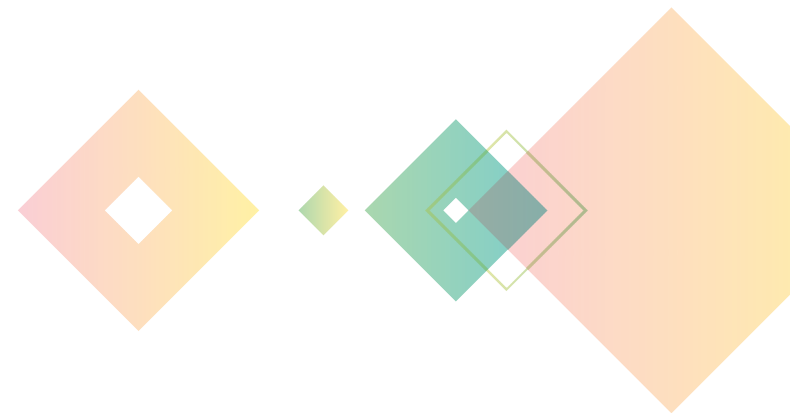


## THE RUSSIAN CONNECTION

Usually a rather tepid affair, Poland's predominantly state-controlled chemical sector became a dealmaking battleground last year when Russian fertiliser group Acron set off a chain of politically-weighted events by announcing an ultimately unsuccessful bid to acquire Poland's largest chemical maker Azoty Tarnów.

After a drawn out battle, the treasury was able to fend off Acron and fast-track the consolidation of Poland's chemical sector by merging Tarnów with local rival Puławy to create the second largest fertiliser group in Europe.

Today, Acron holds a 15% stake in the consolidated Grupa Azoty and does not plan to increase its holding any further. The EBRD recently announced the acquisition of a 5.75% interest for €72 million.



## LARGEST PRIVATISATIONS COMPLETED IN 2012 – TABLE

COMPANY	DATE	STAKE SOLD	VALUE (€ M)	BUYER	DISPOSAL TYPE	SECTOR
<b>PKO BP</b>	18 Jul	7.60%	745	WSE investors	Secondary offering	Financial services
<b>PGE</b>	23 Feb	7.01%	602	WSE investors	Secondary offering	Energy
<b>ZA Puławy</b>	13 Jul & 21 Dec	83.70%	400	Grupa Azoty	Tender offer	Fertilisers
<b>BGŻ</b>	2 Aug	25.49%	191	Rabobank International Holding	Tender offer	Financial services
<b>ZE PAK</b>	29 Oct	50.00%	165	WSE investors	IPO	Mining
<b>ZGH "Bolesław"</b>	11 Dec	86.92%	53	Stalprodukt	Trade sale	Mining
<b>Meble Emilia</b>	20 Sep	85.00%	28	Martlet	Trade sale	Property
<b>KWB "Konin" w Kleczewie</b>	28 May	85.00%	25	ZE PAK	Trade sale	Mining
<b>COIG</b>	5 Jun	85.00%	16	WASKO	Trade sale	IT
<b>KWB "Adamów"</b>	28 May	85.00%	15	ZE PAK	Trade sale	Mining

## PRIVATISATION PIPELINE – TABLE

COMPANY	STATE INTEREST	ESTIMATED VALUE	EXPECTED PRIVATISATION METHOD	EXPECTED DATE	SECTOR
Ciech	38.72	-	Secondary offering	-	Chemicals
ENEA	51.69	-	Secondary offering	-	Energy
ENERGA	84.18	-	IPO	-	Energy
Giełda Papierów Wartościowych	35.00	-	Secondary offering	-	Financial services
Katowicki Holding Węglowy	100.00	-	IPO	-	Mining
Kompania Węglowa	100.00	PLN 5bn	IPO	Q1 2014	Mining
KDPW	33.33	-	-	-	Financial services
PGE	61.89	-	Secondary offering	-	Energy
PKP Cargo	91.91	-	IPO	2013	Transport
PLL LOT, Eurolot and LS Airport Services	67.97	-	Trade sale	2013-2014	Transport
PKO BP	31.39	-	Secondary offering	-	Financial services
PZU	35.19	-	Secondary offering	-	Financial services
WĘGLOKOKS	100.00	30% / PLN 660m	IPO	-	Natural resources
ZEW Niedzica	100.00	-	IPO	-	Energy
Polska Agencja Prasowa	100.00	-	-	-	Media
Grupa Azoty	33.00	-	WSE	-	Chemicals
Huta Stalowa Wola	57.72	-	Trade sale	-	Manufacturing

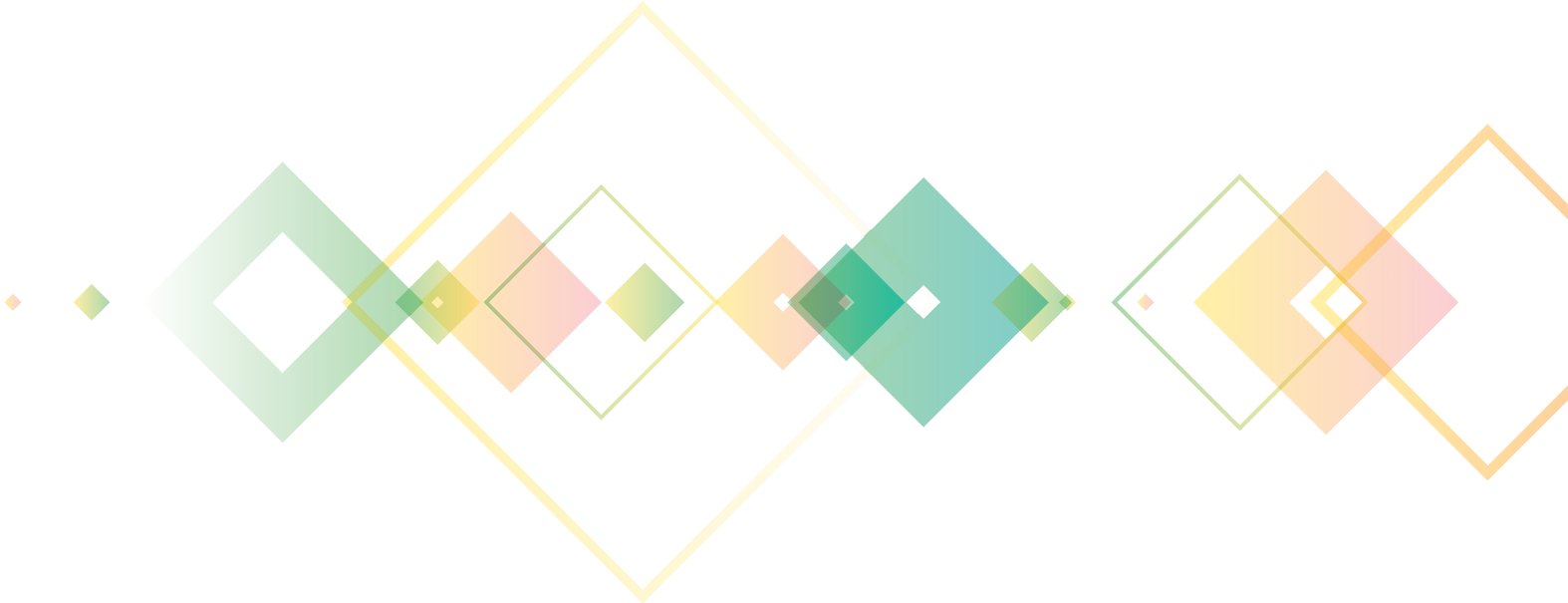
COMPANY	STATE INTEREST	ESTIMATED VALUE	EXPECTED PRIVATISATION METHOD	EXPECTED DATE	SECTOR
<b>Polska Żegluga Bałtycka</b>	100.00	-	-	-	Transport
<b>PHN</b>	77.50	-	Trade sale / secondary offering	2013-2014	Property
<b>Bumar</b>	100.00	-	IPO	2015	Defence
<b>H. Cegielski-Poznań S.A.</b>	90.58	-	Trade sale	2013	Manufacturing
<b>Poczta Polska</b>	100.00	-	IPO	2015-2016	Postal operator



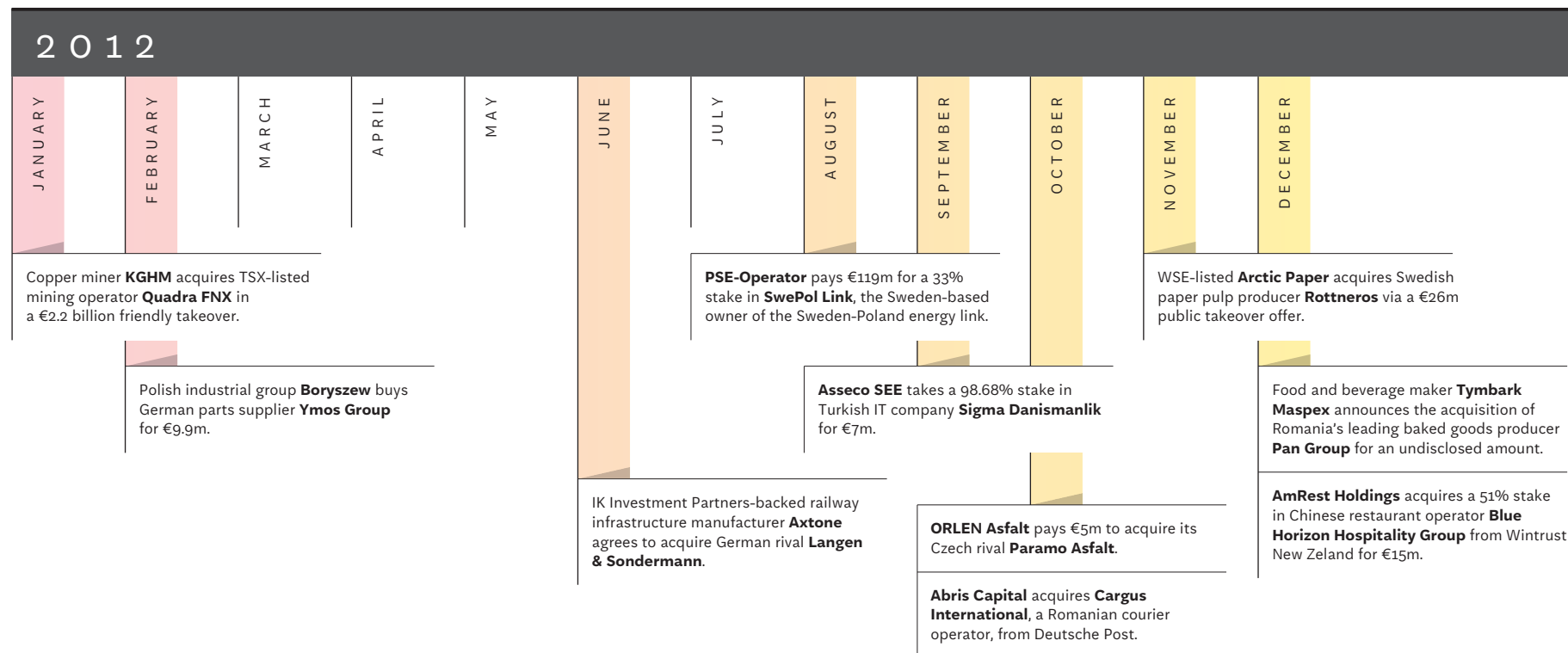


# APPENDICES

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## Appendix 1 OUTBOUND M&A

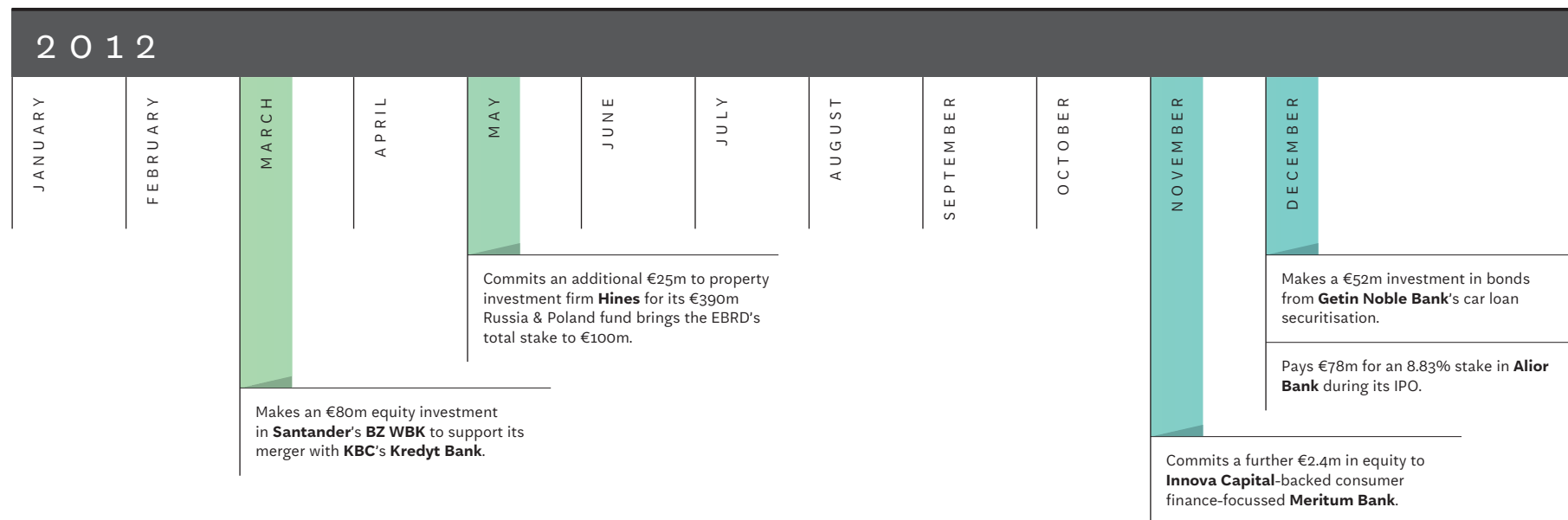


Although unlikely to bring any profound change to the global M&A market, Poland's outbound deal activity appears to be showing signs of life after years of irrelevance.

# H1 2013

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p><b>IPOPEMA Securities</b> buys German decorative furnishing maker <b>impress surfaces</b> from Constantia Industries.</p>	<p>Through its Swiss subsidiary Orphée, leading Polish biotech <b>PZ Cormay</b> agrees to acquire <b>Diesse</b>, an Italy-based infectious disease testing equipment maker.</p>	<p><b>KOV</b> announces the C\$112m acquisition of Tunisia-focussed explorer <b>Winstar Resources</b>. The merged entity, renamed Serinus Energy, lists on the TSX at the end of June.</p>	<p><b>Seco/Warwick</b>, the Polish heat-treatment group, announces its purchase of Brazil-based furnace manufacturer <b>Engefor</b> for approx. €5m.</p>	<p><b>PZU</b> sets its sights on a majority stake in <b>Croatia Osiguranje</b>, an insurance group with market cap of US\$390m which was put up for sale by the Croatian government.</p>	<p>Office furniture maker <b>Nowy Styl</b> makes its second acquisition in Germany with the purchase of local rival <b>Rohde &amp; Grahl</b>.</p>
<p><b>PKO BP</b> mulls a potential acquisition of <b>KBC Group's</b> Czech unit <b>CSOB</b>.</p>	<p><b>Integer.pl Group</b> completes two separate private placements, raising approx. €35m and €17m, to continue easyPack expansion with JV partner PineBridge.</p>	<p><b>PKN Orlen</b> looks to grow its petrol station network in Czech Republic and Germany through acquisitions, and is said to be considering a further \$110m investment at its Lithuanian oil refinery.</p>	<p><b>Apert</b>, a Polish jeweller, agrees to buy defunct Swiss watchmaking brand <b>Albert Riele</b> for an undisclosed sum.</p>	<p><b>Asseco Poland</b> buys <b>Onyx Consulting</b>, a leading IT company in Georgia, for \$1.5m, and pays \$28m for a 70% stake in <b>R-Style Softlab</b>, one of Russia's main players in banking software.</p>	<p><b>Integer.pl Group</b> completes two separate private placements, raising approx. €35m and €17m, to continue easyPack expansion with JV partner PineBridge.</p>
<p><b>PKO Cargo</b> says it is looking at takeover targets throughout CEE and confirms plans to list on the WSE in Q4 2013.</p>	<p>Polish trainmaker <b>PESA</b> signs an agreement to deliver 120 trams to the city of Moscow which will be produced in a joint venture with Russia's <b>UralVagonZavod</b>.</p>	<p>Polish trainmaker <b>PESA</b> signs an agreement to deliver 120 trams to the city of Moscow which will be produced in a joint venture with Russia's <b>UralVagonZavod</b>.</p>	<p><b>Asseco Poland</b> buys <b>Onyx Consulting</b>, a leading IT company in Georgia, for \$1.5m, and pays \$28m for a 70% stake in <b>R-Style Softlab</b>, one of Russia's main players in banking software.</p>	<p><b>Asseco Poland</b> buys <b>Onyx Consulting</b>, a leading IT company in Georgia, for \$1.5m, and pays \$28m for a 70% stake in <b>R-Style Softlab</b>, one of Russia's main players in banking software.</p>	<p><b>Asseco Poland</b> buys <b>Onyx Consulting</b>, a leading IT company in Georgia, for \$1.5m, and pays \$28m for a 70% stake in <b>R-Style Softlab</b>, one of Russia's main players in banking software.</p>
<p><b>PRESCO Investments</b> announces plans to enter the Russian retail debt collection market with a PLN 10m investment.</p>	<p>Ex-WSE boss <b>Ludwik Sobolewski</b> is named CEO of Bursa de Valori Bucuresti.</p>	<p>Ex-WSE boss <b>Ludwik Sobolewski</b> is named CEO of Bursa de Valori Bucuresti.</p>	<p>Ex-WSE boss <b>Ludwik Sobolewski</b> is named CEO of Bursa de Valori Bucuresti.</p>	<p>Ex-WSE boss <b>Ludwik Sobolewski</b> is named CEO of Bursa de Valori Bucuresti.</p>	<p>Ex-WSE boss <b>Ludwik Sobolewski</b> is named CEO of Bursa de Valori Bucuresti.</p>

## Appendix 2 EBRD ACTIVITY IN 2012-H1 2013



The last 18 months have been a busy time for the European Bank for Reconstruction and Development and all indications point to this turning into more of a long-term trend.

# H1 2013

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p>Local management buyout firm <b>Avallon</b> hits a first close on its <b>Avallon MBO Fund II</b> after securing a €27m commitment from the EBRD as anchor investor.</p>			<p>Pays €72m for a 5.75% stake in <b>Grupa Azoty</b>, Europe's second-largest fertiliser producer.</p>		<p>Along with local banks <b>PKO BP</b> and <b>ING Bank Śląski</b>, extends a €195m long-term corporate loan to utility <b>Energa</b> to overhaul its power distribution assets.</p>
					<p>Is in talks with newly-formed <b>Serinus Energy</b> on a \$60m loan for exploration and production in Tunisia.</p>
					<p>Sells its 25% stake in Iberdrola <b>Renewables Polska</b> to <b>PGE</b> and <b>Energa</b> which bought the other 75% from <b>Iberdrola Renovables Energia</b> back in February.</p>
					<p>Is said to be in talks for a 10% stake in Poland's new infrastructure and energy fund <b>PIR</b>, as is the <b>European Investment Bank</b>. The EBRD may also take a position in utility <b>Energa</b>. This comes after a recent statement by the bank it is shifting its Poland strategy away from financial institutions in favour of power and infrastructure projects.</p>

## Appendix 3 H1 2013 PRIVATISATION HIGHLIGHTS – TABLE

COMPANY	DATE	STAKE SOLD	VALUE (€ M)	BUYER	DISPOSAL TYPE	SECTOR
<b>PKO BP</b>	24 Jan	11.75%	1 250	WSE investors	Secondary offering	Financial services
<b>Grupa Azoty</b>	18 Apr	12.13%	152	WSE investors	Secondary offering	Chemicals
<b>ZA Puławy</b>	19 Jan	50.67%	74	Zakłady Azotowe w Tarnowie-Mościcach	Tender offer	Chemicals
<b>PHN</b>	13 Feb	22.50%	58	WSE investors	IPO	Property
<b>PZZ Stoisław</b>	13 Feb	70.00%	10	Krajowa Spółka Cukrowa	Trade sale	Food & beverage

# ABOUT THE AUTHORS

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## Exen

Exen is responsible for Deal Flow: Poland, the definitive source of local deal data and analysis. Our select clients – such as BlackRock, Fidelity and Prudential – turn to Exen for excellent written product, benefitting from the same commitment to editorial quality and in-depth local knowledge. Visit our website at [www.exen.com](http://www.exen.com) or follow Deal Flow: Poland on Twitter @Exen.

## Bastion Group

Bastion Group, established in 2008, is an independent investment banking firm focused on the Polish market. Bastion Group offers services in the areas of mergers and acquisitions, capital raising and financial restructuring. The Bastion Group team comprises professionals with extensive transaction, investment and restructuring experience, who have been involved in over 60 transactions with a cumulative value of over USD 54 billion.

## Gide Loyrette Nouel

Gide Loyrette Nouel was one of the first international legal practices to open an office in Poland in 1990. Today, the Firm employs over 40 lawyers and tax advisors in Warsaw and is frequently called upon to offer legal support to its local and international clients. With 19 offices around the world, Gide Loyrette Nouel prides itself on offering expert international and local advice.

GLN Warsaw's clients include financial institutions, banks, insurance companies, investors, real estate developers, public companies and government ministries. The Firm advises some of the top players in Poland including Dalkia (Veolia), Finmeccanica Group, L'Oréal, France Télécom, Telekomunikacja Polska, Neinver, Deutsche Bank PBC, Enterprise Investors, Bank Zachodni WBK, Société Générale, PGNiG, DnB Nord Bank, KGHM Polska Miedź, ArcelorMittal, Abris Capital Partners, Bonduelle, EDF, Unibail-Rodamco, Yaréal.

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## Sean Gibson

*Director of Operations*  
Exen  
+48 500 206 309  
[sean.gibson@exen.com](mailto:sean.gibson@exen.com)

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## Grzegorz Stabiński

*Partner*  
Bastion Group  
+48 600 200 791  
[grzegorz.stabinski@bastiongroup.com](mailto:grzegorz.stabinski@bastiongroup.com)

---

## Dariusz Tokarczuk

*Managing Partner, Head of M&A Department*  
Gide Loyrette Nouel  
+48 22 344 00 00  
[dariusz.tokarczuk@gide.com](mailto:dariusz.tokarczuk@gide.com)

---

## Mateusz Wodziński

*Managing Director*  
Exen  
+48 790 483 926  
[mateusz.wodzinski@exen.com](mailto:mateusz.wodzinski@exen.com)

---

## Maciej Dworniak

*Partner*  
Bastion Group  
+48 664 280 170  
[maciej.dworniak@bastiongroup.com](mailto:maciej.dworniak@bastiongroup.com)

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## Paweł Grzeskowiak

*Partner, Head of Banking & Finance Department*  
Gide Loyrette Nouel  
+48 22 344 00 00  
[pawel.grzeskowiak@gide.com](mailto:pawel.grzeskowiak@gide.com)

