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Zephyr Monthly M&A Report
Russia/CEE, July 2015

The following report details mergers and acquisitions activity in Russia/CEE in July 2015 using data from the Zephyr database.

It focuses on deal activity by target company.

Click [here](#) to access the raw data in an Excel spreadsheet.

Year-on-year growth in M&A value

There were 465 mergers and acquisitions (M&A) targeting companies based in Central and Eastern Europe (CEE) in July worth a combined EUR 12,156 million, compared to 759 worth a total EUR 21,270 million last month, representing a 43 per cent decrease by value and of 39 per cent by volume.

While volume was significantly down on the same time a year ago, when 1,012 deals were announced, value was up by more than a fifth (July 2014: EUR 9,941 million).

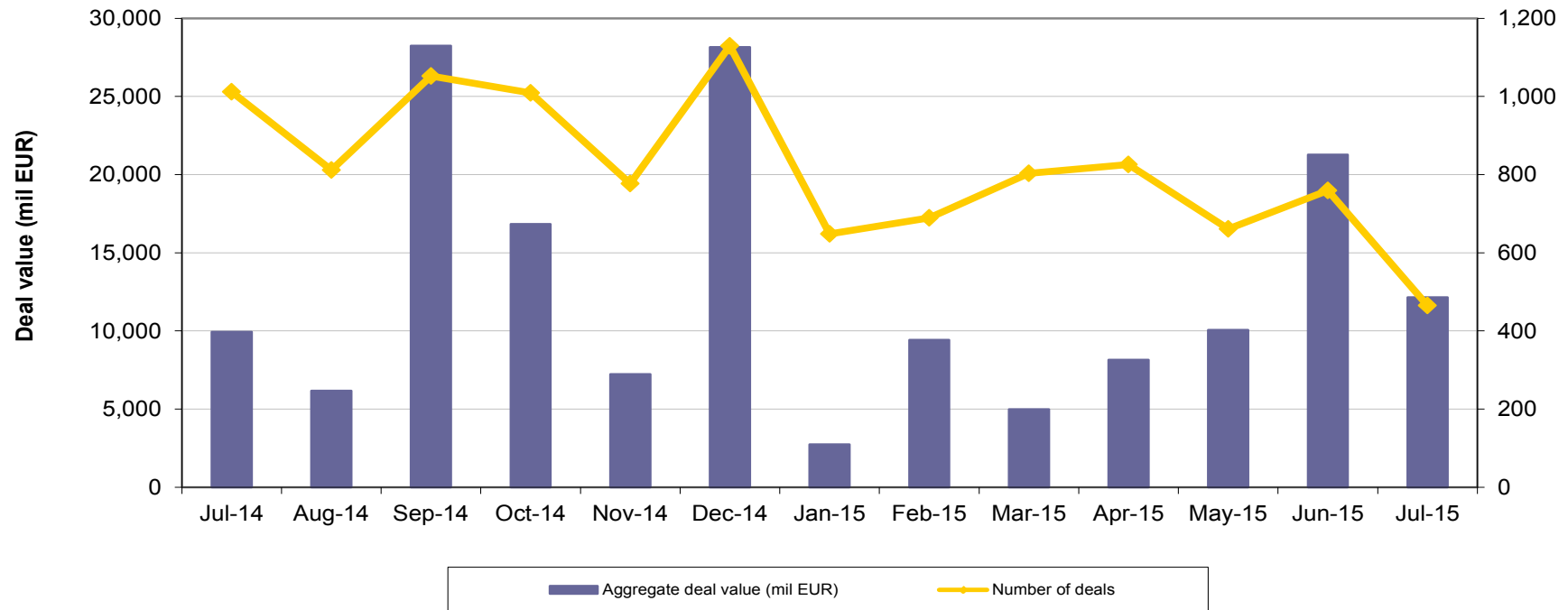
M&A activity targeting specifically Russian companies mirrored this trend, with volume and value decreasing to 108 transactions worth a collective EUR 8,926 million from 207 worth an aggregate EUR 17,134 million in June, while value was up on a year ago (July 2014: EUR 5,775 million).

A decline in private equity investment in the region during July drove down overall M&A results.

CEE deals by volume and value

Announced date	No of deals	Total deal value (mil EUR)
Jul-15	465	12,156
Jun-15	759	21,270
May-15	661	10,067
Apr-15	826	8,148
Mar-15	803	4,988
Feb-15	689	9,429
Jan-15	648	2,739
Dec-14	1,129	28,155
Nov-14	777	7,228
Oct-14	1,009	16,828
Sep-14	1,052	28,246
Aug-14	812	6,166
Jul-14	1,012	9,941

Deals by volume and value



Russian deals by volume and value

Announced date	No of deals	Total deal value (mil EUR)
Jul-15	108	8,926
Jun-15	207	17,134
May-15	116	7,433
Apr-15	185	5,730
Mar-15	161	1,441
Feb-15	139	1,894
Jan-15	123	620
Dec-14	350	23,806
Nov-14	197	4,306
Oct-14	205	12,273
Sep-14	272	19,262
Aug-14	193	3,319
Jul-14	269	5,775

Russian bank cash-call top deal by value

Russian companies were targeted in the top three transactions by value in July, with the largest being a private placing of shares by Bank VTB worth EUR 4,881 million, representing 40 per cent of total M&A value for the region.

This was followed by a restructuring in which Russia's Federal Agency for State Property Management sold a 21 per cent stake in oil and gas company Bashneft to Bashkortostan's property ministry for EUR 1,182 million.

Another capital increase by a Russian company was ranked third by value in July, as electricity distributor Rosseti announced it will raise EUR 1,043 million from a public offering of shares.

These three transactions were the only ones to exceed EUR 1,000 million in July and were among ten deals targeting Russian companies in the region's top 20 transactions by value.

M&A value favours the banking sector

Banks in CEE were targeted in deals worth a combined EUR 5,333 million in July, making it the region's most valuable sector and accounting for 44 per cent of total M&A value in the four weeks under review.

There was a 15-fold increase in the value of deals targeting companies operating in the chemicals, rubber and plastics industry to EUR 1,220 million from EUR 82 million in June and significantly more than the EUR 154 million recorded a year ago. Meanwhile, M&A targeting the region's primary sector, which includes agriculture and mining, fell 81 per cent month-on-month from EUR 6,300 million to EUR 1,184 million.

The wholesale and retail trade was among the most frequently targeted in July, with 61 deals announced in July, down from 82 the previous month and 156 a year ago. Transactions targeting the banking industry actually halved month-on-month from 106 to 51, which, given the increase in value, implies higher company valuations in the four weeks under review.

Top 20 deals by value

	Deal value (mil EUR)	Deal type	Target	Target country	Acquiror	Acquiror country	Deal status
1.	4,881	Capital Increase	Bank VTB OAO	RU	Gosudarstvennaya Korporatsiya Agentstvo po Strakhovaniyu Vkladov	RU	Announced
2.	1,182	Minority stake 21%	Aktsionernaya Neftyanaya Kompaniya Bashneft PAO	RU	Ministerstvo Zemelnykh i Imushchestvennykh Otnoshenii Respubliki Bashkortostan	RU	Completed
3.	1,043	Capital Increase 29%	Rossiiskie Seti PAO	RU			Announced
4.	900	Minority stake 40%	Lukoil Neftohim Burgas AD	BG	LUKOIL Europe Holdings BV	NL	Completed
5.	765	Acquisition increased to 100%	TVN SA	PL	Southbank Media Ltd	GB	Announced
6.	450	Minority stake 2%	Gorno-Metallurgicheskaya Kompaniya Norilskii Nikel OAO	RU	NN-Invest OOO	RU	Announced
7.	385	Capital Increase 39%	Nauchno-Proizvodstvennoe Obyedinenie Saturn OAO	RU	Obyedinennaya Promyshlennaya Korporatsiya Oboronprom OAO; Rossiiskii Federalnyi Yadernyi Tsentri-Vserossiiskii Nauchno-Isledovatel'skii Institut Eksperimentalnoi Fiziki FGUP; Federalnoe Agentstvo po Upravleniyu Gosudarstvennym Imushchestvom; Rostekh; Obyedinennaya Dvigatelsestroitel'naya Korporatsiya OAO	RU	Announced
8.	274	Minority stake 32%	AmRest Holdings SE	PL			Announced
9.	242	Acquisition 100%	Envizhn Grup ZAO	RU	Mobilnye TeleSistemy OAO	RU	Announced
10.	213	Acquisition increased to 100%	Natsionalnaya Immunobiologicheskaya Kompaniya OAO	RU	Rostekh	RU	Announced
11.	181	Acquisition 75%	CTC Media Inc.'s Russian and Kazakhstan Business Operations	RU	YuTV-Media OOO	RU	Announced
12.	155	Acquisition 100%	Home.pl SA	PL	1&1 Internet SE	DE	Announced
13.	108	IBO 100%	GGE AS	SK	Infracapital Partners II LP	GB	Announced
14.	99	Acquisition 95%	Intesa Sanpaolo Banka dd	BA	Privredna Banka Zagreb dd	HR	Completed
15.	90	Minority stake 44%	Newag SA	PL	Undisclosed acquirors; Jakubas Investment Sp zoo	PL	Completed
16.	90	Acquisition increased to 93%	UniCredit Bank dd	BA	Zagrebacka Banka dd	HR	Completed
17.	89	Capital Increase 10%	Komertsyinyy Bank PryvatBank PAT	UA			Completed
18.	73	Acquisition 60%	Proton-Permskie Motory OAO	RU	Federalnoe Agentstvo po Upravleniyu Gosudarstvennym Imushchestvom	RU	Announced
19.	65	Acquisition 78%	Galeriya Varna Ood	BG	GTC RH BV	NL	Completed
20.	61	Capital Increase 50%	Farmsintez OAO	RU	Rosnano OAO; LIFEBio Laboratories LLC; AisGen OOO; Relative Core Cyprus Ltd	RU; US; RU; CY	Announced

Top 20 private equity deals by value

	Deal value (mil EUR)	Deal type	Target	Target country	General Partner/Fund Manager	Deal status
1.	108	IBO 100%	GGE AS	SK	M&G Investment Management Ltd	Announced
2.	37	Minority stake	Selanikar OOO	RU	Almaz Capital Partners; Baring Vostok Capital Partners Ltd	Completed
3.	29	Minority stake	Aasa Polska SA	PL	Novator Partners LLP; Olympia Development SA	Completed
4.	8	Minority stake	Organica Technologiak Zrt	HU	The International Finance Corporation; Gamma Investors LLC; XPV Capital Corporation; IDInvest Partners	Completed
5.	5	Minority stake	Kapitalnye Investitsii ZAO	RU	Upravlyayushchaya Kompaniya RVM Kapital ZAO	Completed
6.	5	Minority stake	UXPin Sp zoo	PL	True Venture Management LLC	Completed
7.	5	Minority stake	ZeroTurnaround OÜ	EE	Western Technology Advisors Inc.; Bain Capital Venture Partners LLC	Completed
8.	1	Minority stake 12%	eCard SA	PL	MCI Capital Towarzystwo Funduszy Inwestycyjnych SA	Announced
9.	0	Capital Increase	Gruppa Informatsionnoi Bezopasnosti OOO	RU		Completed
10.	n.a.	Minority stake 25%	Rayffayzen Bank Aval PAT	UA	European Bank for Reconstruction and Development	Pending
11.	n.a.	Minority stake	NanoVelos Sp zoo	PL	Ipopema Towarzystwo Funduszy Inwestycyjnych SA	Completed
12.	n.a.	Minority stake 33%	EneGas Sp zoo	PL	Midven Business Solution Sp zoo	Completed
13.	n.a.	Minority stake	Darenta OOO	RU		Completed
14.	n.a.	Minority stake 15%	Rozetka.ua TOV	UA	Horizon Capital	Completed
15.	n.a.	Minority stake	Pure Chocolate SIA	LV	BaltCap AS	Completed
16.	n.a.	IBO 100%	KH Logistyka Sp zoo	PL	Innova Capital Sp zoo	Announced
17.	n.a.	Minority stake 5%	EkoNiva-APK Kholding OOO	RU	Hybrid Investments Capital Corporation	Completed
18.	n.a.	IBO 100%	Nemocnica s Poliklinikou Medissimo AS	SK	Penta Investments SRO	Completed

PE investment activity weakens

Private equity and venture capital (PE and VC) investment activity targeting CEE decreased in July, with 18 deals worth a collective EUR 197 million announced in the four weeks, compared to 47 worth an aggregate EUR 287 million in June. In monetary terms, this is a 31 per cent decline, while volume fell at the faster rate of 62 per cent.

In a 12-month comparison, volume was 56 per cent lower than the 41 transactions recorded, while value was down 47 per cent on EUR 361 million in July 2014.

Russia bucked this trend to some extent, as the value of PE and VC investment leapt almost six-fold to EUR 41 million from EUR 7 million in June, but decreased from EUR 67 million a year ago.

The largest PE and VC transaction in July was the acquisition of Slovakian energy company GGE for EUR 108 million by Infracapital Partners, the infrastructure investment arm of M&G Investment Management.

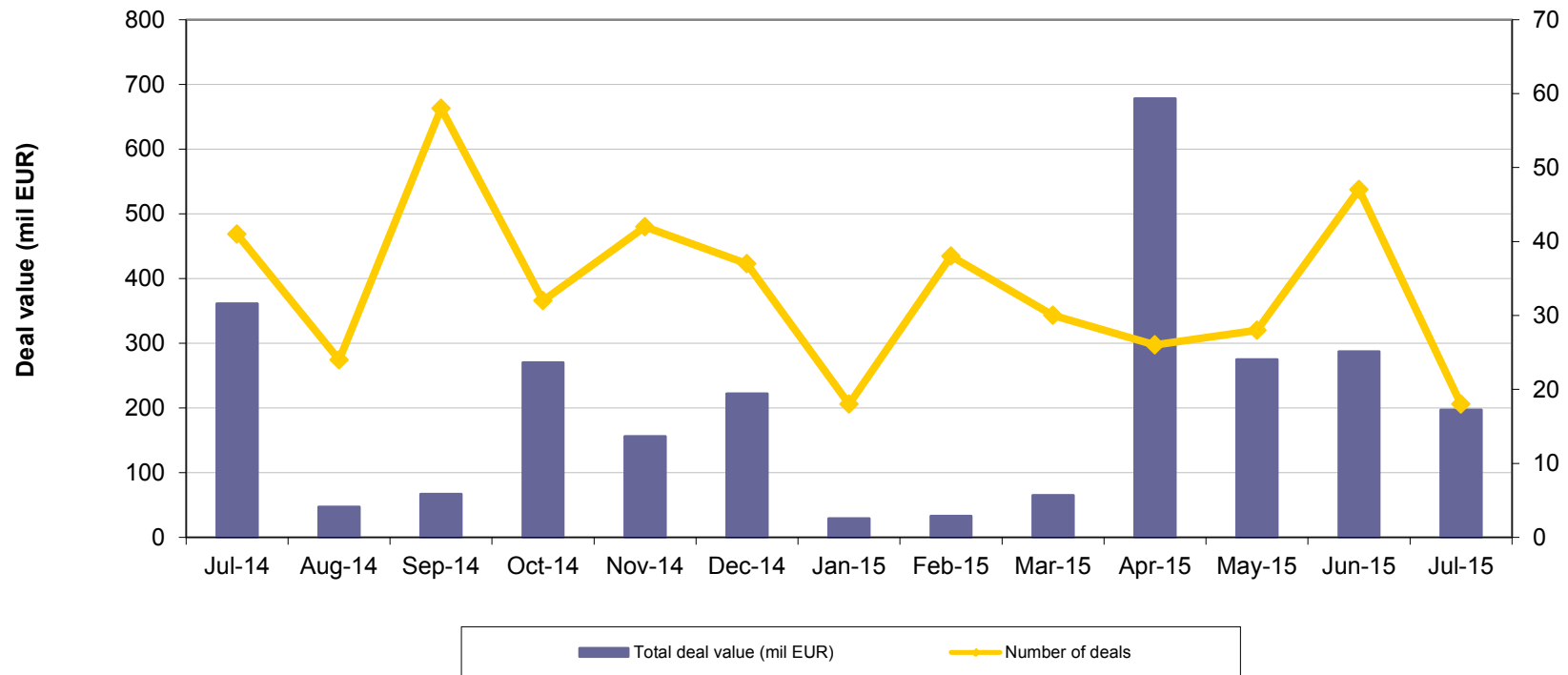
Private equity deals by volume and value

Announced date	No of deals	Total deal value (mil EUR)
Jul-15	18	197
Jun-15	47	287
May-15	28	275
Apr-15	26	678
Mar-15	30	65
Feb-15	38	33
Jan-15	18	29
Dec-14	37	222
Nov-14	42	156
Oct-14	32	270
Sep-14	58	67
Aug-14	24	47
Jul-14	41	361

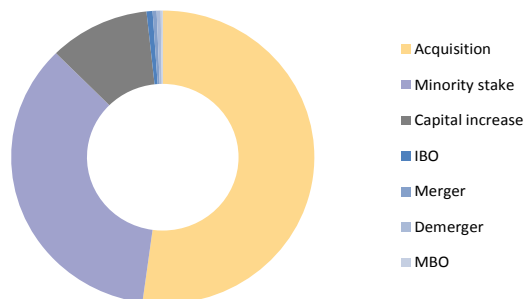
Russian private equity deals by volume and value

Announced date	No of deals	Total deal value (mil EUR)
Jul-15	5	41
Jun-15	28	7
May-15	9	10
Apr-15	9	281
Mar-15	12	14
Feb-15	12	5
Jan-15	5	13
Dec-14	18	179
Nov-14	16	105
Oct-14	14	24
Sep-14	19	34
Aug-14	12	17
Jul-14	24	67

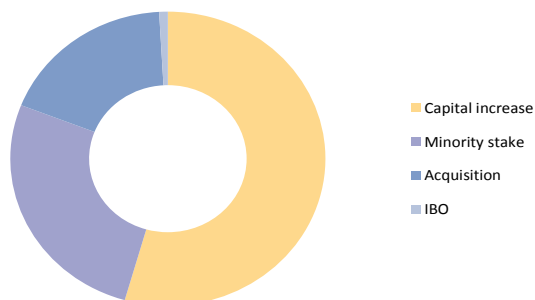
Private equity deals by volume and value in CEE



Deal types by volume in July



Deal types by value in July



Deal types by volume

Deal type	Jul-14	Jun-15	Jul-15
Acquisition	535	346	243
Minority stake	382	320	165
Capital increase	84	86	50
IBO	7	6	3
Merger	0	0	2
Demerger	4	1	2
MBO	1	3	1

Deal types by value

Deal type	Jul-14 (mil EUR)	Jun-15 (mil EUR)	Jul-15 (mil EUR)
Capital increase	3,164	3,561	6,615
Minority stake	3,284	7,582	3,222
Acquisition	3,214	9,808	2,211
IBO	280	274	108

Target sectors by volume

Target sector	Jul-14	Jun-15	Jul-15
Other services	315	234	128
Wholesale & retail trade	156	82	61
Banks	98	106	51
Construction	58	42	35
Machinery, equipment, furniture, recycling	80	51	29
Chemicals, rubber, plastics	32	20	26
Transport	35	33	21
Gas, water, electricity	48	24	18
Hotels & restaurants	15	27	17
Metals & metal products	17	18	15
Insurance companies	19	24	15
Food, beverages, tobacco	36	27	14
Publishing, printing	19	22	12
Education, health	13	7	10
Primary sector	50	16	8
Textiles, wearing apparel, leather	18	12	5
Wood, cork, paper	6	6	3
Post and telecommunications	0	3	0
Public administration and defence	0	0	0

Target sectors by value

Target sector	Jul-14 (mil EUR)	Jun-15 (mil EUR)	Jul-15 (mil EUR)
Banks	656	4,941	5,333
Other services	1,845	774	1,582
Chemicals, rubber, plastics	154	82	1,220
Primary sector	764	6,300	1,184
Gas, water, electricity	1,576	193	1,163
Machinery, equipment, furniture, recycling	2,658	309	590
Metals & metal products	225	6,394	517
Hotels & restaurants	251	97	294
Construction	450	1,273	77
Transport	317	278	61
Publishing, printing	4	22	58
Insurance companies	104	109	52
Wholesale & retail trade	483	92	14
Food, beverages, tobacco	249	271	10
Education, health	4	30	2
Textiles, wearing apparel, leather	32	125	0
Wood, cork, paper	160	2	0
Post and telecommunications	0	0	0
Public administration and defence	0	0	0

Top countries by volume

Target country	Jul-14	Jun-15	Jul-15
Russia	269	207	108
Poland	117	165	100
Romania	61	60	89
Ukraine	38	56	39
Estonia	23	29	24
Latvia	18	13	23
Belarus	21	13	18
Bulgaria	348	134	10
Bosnia And Herzegovina	9	13	10
Slovenia	12	8	8
Moldova	17	8	7
Czech Republic	18	16	7
Slovakia	9	5	5
Serbia	17	10	4
Hungary	15	6	4
Croatia	7	13	3
Lithuania	10	4	3
Montenegro	0	0	2
Macedonia	2	3	0
Albania	0	0	0
Kosovo	1	0	0

Top countries by value

Target country	Jul-14 (mil EUR)	Jun-15 (mil EUR)	Jul-15 (mil EUR)
Russia	5,775	17,134	8,926
Poland	1,760	1,138	1,561
Bulgaria	86	67	970
Bosnia And Herzegovina	1	27	193
Romania	758	1,086	128
Ukraine	489	309	120
Slovakia	0	0	108
Slovenia	294	262	42
Croatia	53	599	33
Latvia	3	1	30
Czech Republic	267	523	22
Hungary	66	44	16
Estonia	13	43	5
Serbia	51	37	2
Belarus	254	1	1
Moldova	2	0	0
Lithuania	3	0	0
Macedonia	0	0	0
Montenegro	0	0	0
Albania	0	0	0
Kosovo	15	0	0

Notes to editors

Activity is based on the activity of the target company

Deal status is announced within the time period

The sector breakdown uses targets' activities as defined to be 'Major Sectors' by Zephyr

The Russia/CEE region covers target companies in Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

The date range is 01/07/2015 - 28/07/2015 inclusive