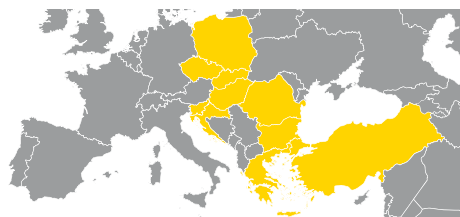


Central and South Eastern Europe - M&A Barometer 2011

Ernst & Young's M&A Barometer is a summary and analysis of publicly disclosed information accumulated from various reputable databases, such as DealWatch, Zephyr and from Ernst & Young's own database.

M&A activity and data includes private to private transactions and excludes:

- ▶ Acquisitions of minority stakes below 15% (versus 20% , in the previous issues)
- ▶ Majority shareholder further acquisition of minority interest,
- ▶ Real estate transactions (except when the target and/or buyer was a real estate company or real estate fund),
- ▶ Capital market transactions (except for transactions that resulted in a change of control),
- ▶ Acquisitions of licenses,
- ▶ Joint venture agreements,
- ▶ Greenfield investments,
- ▶ IPOs,
- ▶ Privatizations.
- ▶ Multi country deals (value of these deals was ignored in each country, but the number was counted in).
- ▶ Internal reorganizations



Introduction

In our Mergers & Acquisitions (M&A) Barometer we analyze the prevailing trend in 11 Central and South Eastern European (CSE) countries (Bulgaria, Croatia, Czech Republic, Greece, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Turkey). Although the countries under review vary in size, background and economic growth, most of them have experienced an increased M&A activity in terms of volume in 2011 compared to 2010, while in 4 countries the M&A market had shown a decline. Total volume in CSE increased by 11%, moreover a 48% growth in estimated value in 2011 compared to 2010.

More specifically, we observed a majority of domestic transactions, 57% of all deals. Also noteworthy is the fact that transactions were dominated by strategic investors and the most active target industry was Manufacturing while in terms of value the largest transactions occurred in Telecom & Media, Chemicals and Banking & Financial Services.

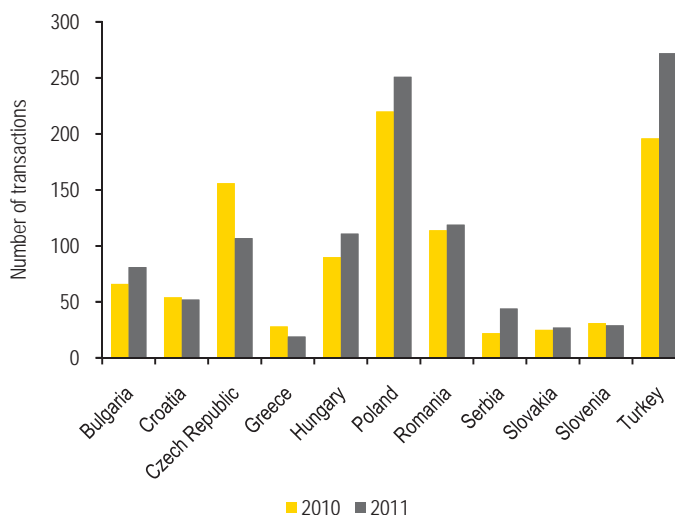
Highlights - 2011

- ▶ Top 3 countries by number of transactions: Turkey, Poland, Romania
- ▶ Number of closed transactions: 1,116
- ▶ Estimated market size: USD 49.5bn
- ▶ Top three most active industries in CSE (by volume):
 - ▶ Manufacturing (163 deals)
 - ▶ Services (130 deals)
 - ▶ Energy & Mining (110 deals)
- ▶ Top three most active industries in CSE (by value):
 - ▶ Telecom & Media
 - ▶ Chemicals
 - ▶ Banking & Financial Services
- ▶ Average deal size of deals over USD 100m: USD 610m
- ▶ Average deal size of deals below USD 100m: USD 13m
- ▶ Number of deals over USD 100m, as % of total deal volume: 5.6%
- ▶ Disclosure rate of transaction value or deal size: 46%

Number of M&A transactions in CSE

Turkey was the most active country in terms of deal volume in 2011 closing 272 transactions during the respective period. It was followed by Poland and Romania closing 254 and 120 deals respectively.

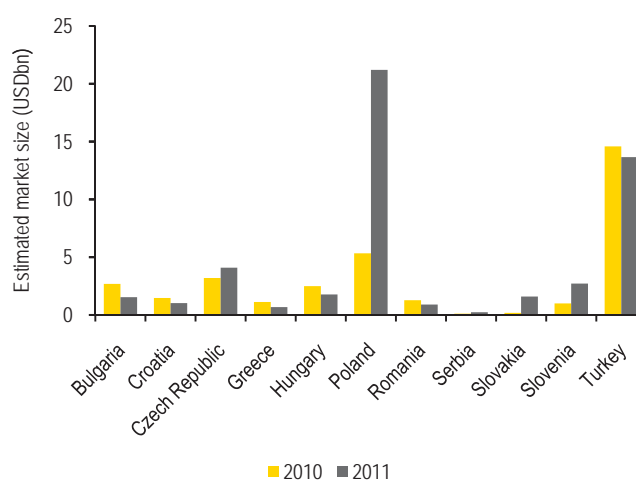
Total number of transactions increased in the region from 1,002 deals in 2010 to 1,116 in 2011 representing a 11% growth year on year.



Estimated transactions value of the market

Total 2011 estimated transaction value in CSE market was USD 49.5bn, up 48% from the previous year. Poland ranked first with an estimated value of USD 21.2 billion and followed by Turkey (USD 13.7bn) and the Czech Republic (USD 4.2bn). The significant growth in terms of deal value in Poland is mainly attributable to four deals with significant values (over USD 1bn) executed in 2011.

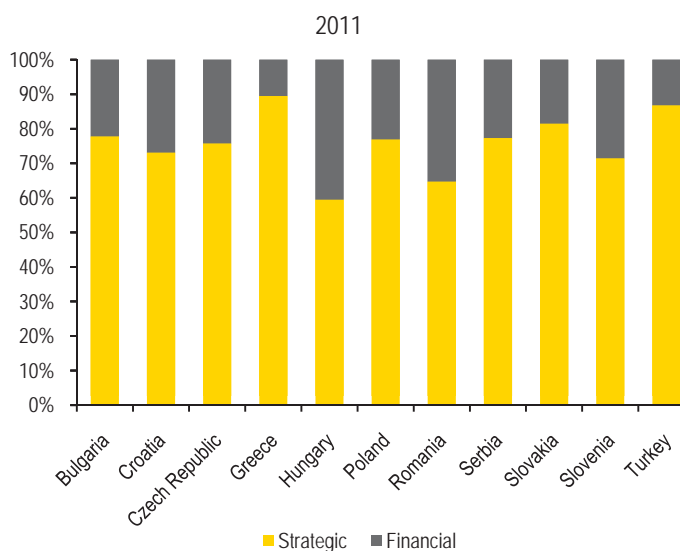
Furthermore, the number of deals with a value over USD 100 million also increased from 50 in 2010 to 62 in 2011.



Investor population - Strategic and financial

The vast majority of deals were closed by strategic investors in all countries, resulting in overall proportion of 76% in the region.

Share of financial investors was the highest in Hungary followed by Romania, Slovenia and Croatia.



Direction of transactions

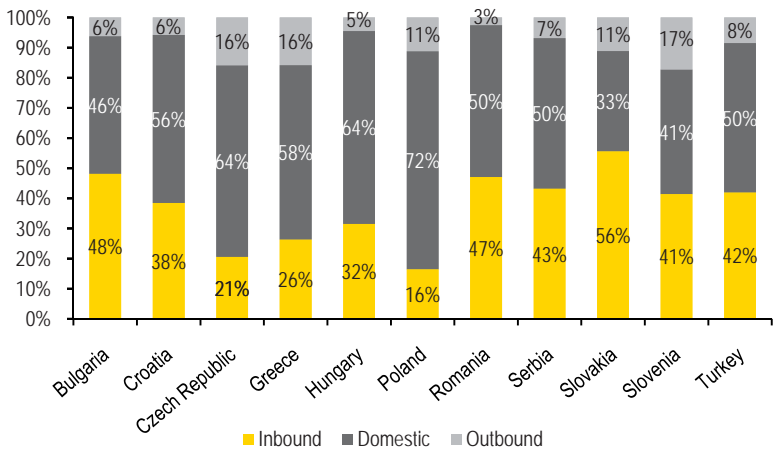
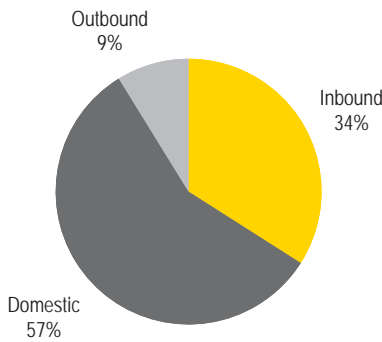
The CSE transaction market was dominated by domestic transactions in 2011 (57% of total number of deals) which represents a 5% increase compared to 2010.

Domestic transactions were most popular in Poland, Hungary, Czech Republic, Greece and in Croatia.

Poland had the most number of outbound transactions (28 deals), which was followed by Turkey (23) and the Czech Republic (17). The proportional share of outbound transactions was the highest in Slovenia, Czech Republic and in Greece.

Proportional share of inbound transactions was the highest in Slovakia, followed by Bulgaria, Romania and Serbia.

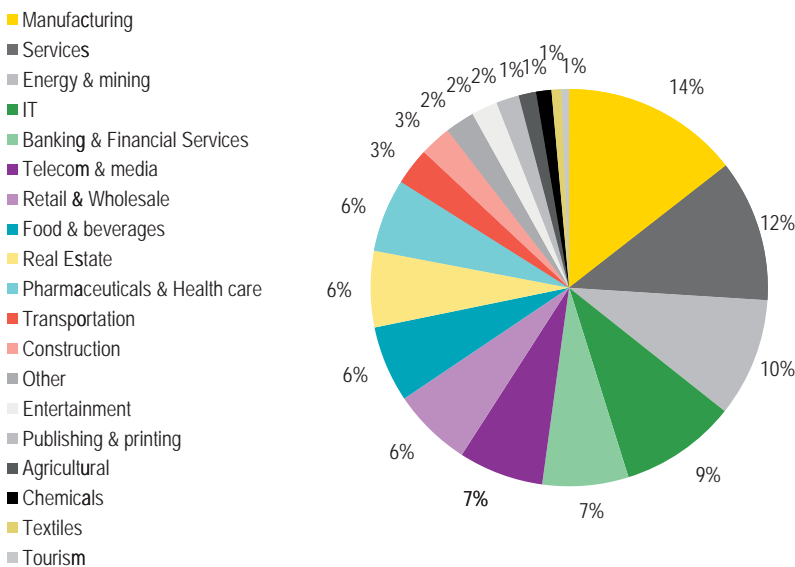
Transacting within the region, the most active were Poland (23) and Czech Republic (11).



Sector analysis

The Manufacturing sector was the most active target industry (by number of transactions), accounting for 163 deals in 2011. This was followed by Services, and Energy & mining.

In terms of value, the largest transactions occurred in the Telecom & Media, in Chemicals and Banking & Financial Services sectors.



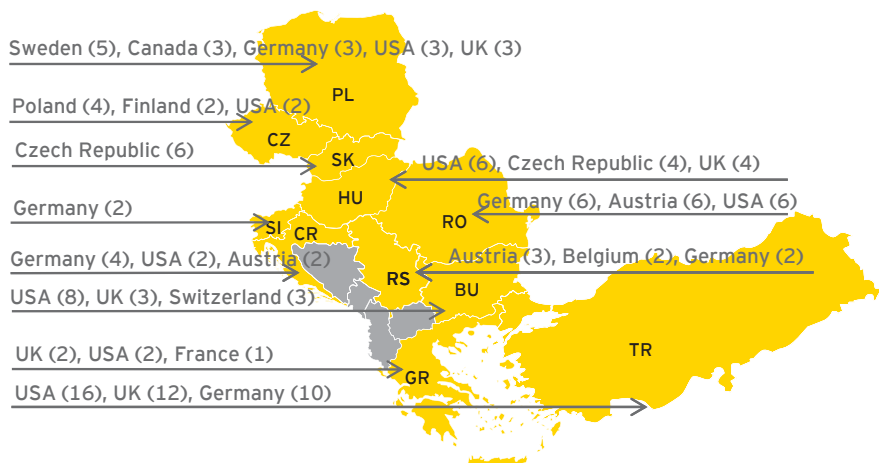
Each country had its own favoured industry, however Manufacturing ranked first in most countries.

Target country	Industry
Bulgaria	Energy & Mining
Croatia	Manufacturing
Czech Republic	Manufacturing
Greece	Energy & mining
Hungary	Services
Poland	Services
Romania	Manufacturing
Serbia	Manufacturing
Slovakia	Telecom & Media / Real Estate
Slovenia	Manufacturing
Turkey	Manufacturing

Foreign interest

Although there were fewer foreign inbound deals compared to domestic deals, in terms of origin of foreign capital invested in CSE by M&A transactions, Western European and non European investors continued to lead versus CSE countries in 2011.

USA was the most active in 2011, closing 46 deals in the region followed by UK (33) and Germany (31).



Ten largest transactions in CSE in 2011 (USDm)

Target company	Country of target	Buyer	Country of buyer	Value (USDm)
Polkomtel	Poland	Private investor	Poland	6,551
Bank Zachodni SA	Poland	Banco Santander SA	Spain	3,781
Sava Tabak AD	Macedonia	Sava-Re dd.	Slovenia	2,520
Mey Icki	Turkey	Diageo Plc.	UK	2,100
Vallares	UK	Genel Enerji	Turkey	2,100
Telewizja Polsat SA	Poland	Cyfrowy Polsat SA	Poland	1,349
Acibadem Health Group	Turkey	Integrated Healthcare Holdings	Malaysia	1,260
Gornoslaski Zaklad SA	Poland	Tauron Polska Energia SA	Poland	1,216
BorsodChem Zrt.	Hungary	Wanhua Industrial Group	China	930
Aster SP ZOO	Poland	UPC Polska SP ZOO	Poland	773

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