

2016 H1

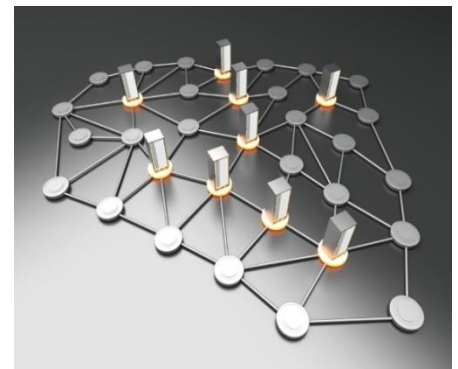
Heal Partners Newsletter

Healthcare, Logistics, TMT in Europe and in CEE in 2016 H1

Healthcare

Telecom, Media, Technology

Logistics & Distribution



Heal Partners

in association with

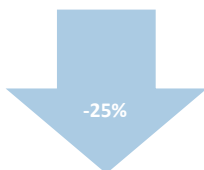
GLOBALSCOPE
INTERNATIONAL M&A ADVISORS



Sector M&A highlights – 2016 H1

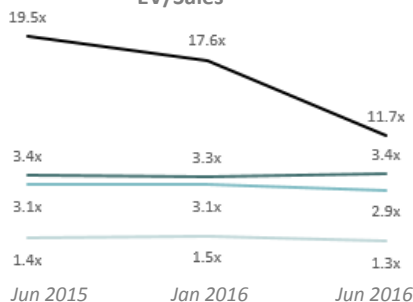
Europe – Transaction activity

2016 H1 Volume growth

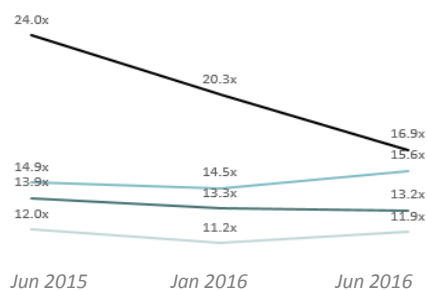


Europe – Valuation

EV/Sales

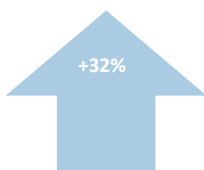


EV/EBITDA



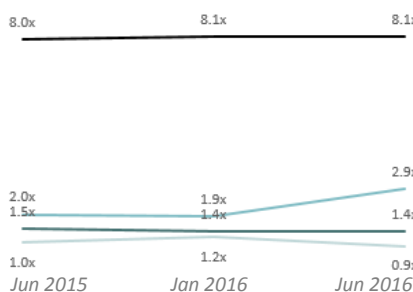
CEE – Transaction activity

2016 H1 Volume growth

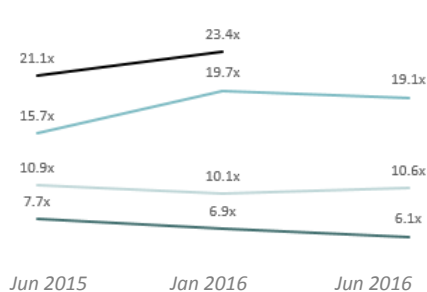


CEE – Valuation

EV/Sales



EV/EBITDA



Note: Due to lack of available data June 2016 Biotechnology EV/EBITDA multiple in CEE is missing

HEALTHCARE, 2016 H1: Pharma took the lead this time

Previous years' accelerated M&A activity somewhat cooled down in Europe in 2016 H1; deal volume dropped by one-fourth compared to 2015 H1. Some large deals, however, appeared in the European Healthcare and Pharmaceutical space, the Pharmaceuticals sub-segment being the most active this time. UK giant Astra Zeneca invested in oncology by acquiring majority stake (55%) in privately-owned biopharmaceuticals company, Acerta Pharma. After Mylan, the US-based generic drug maker failed to close the acquisition of its smaller rival Perrigo (see in our last report), it is going for Swedish OTC and generic drug maker, Meda AB for the third attempt (the deal is expected to close in Q3). Healthcare equipment segment is the other hot topic in the continent. Early this year, Bayer AG divested its diabetes care business to Panasonic Healthcare, the sale includes the leading Contour™ portfolio of blood glucose monitoring meters and strips, as well as other products.

In CEE, 2016 H1 was strong again with a 32% increase in deal volumes. Turkey's Acibadem, in line with its strategy of focusing on key CEE and Balkan markets, becomes leading healthcare provider in Bulgaria (owning 4 hospitals, 4 medical centres and total of 750 beds) after acquiring Bulgaria's largest private hospital owner, Tokuda Group, as well as signing a merger agreement with City Clinic Group (total investment of app. EUR 125mn).

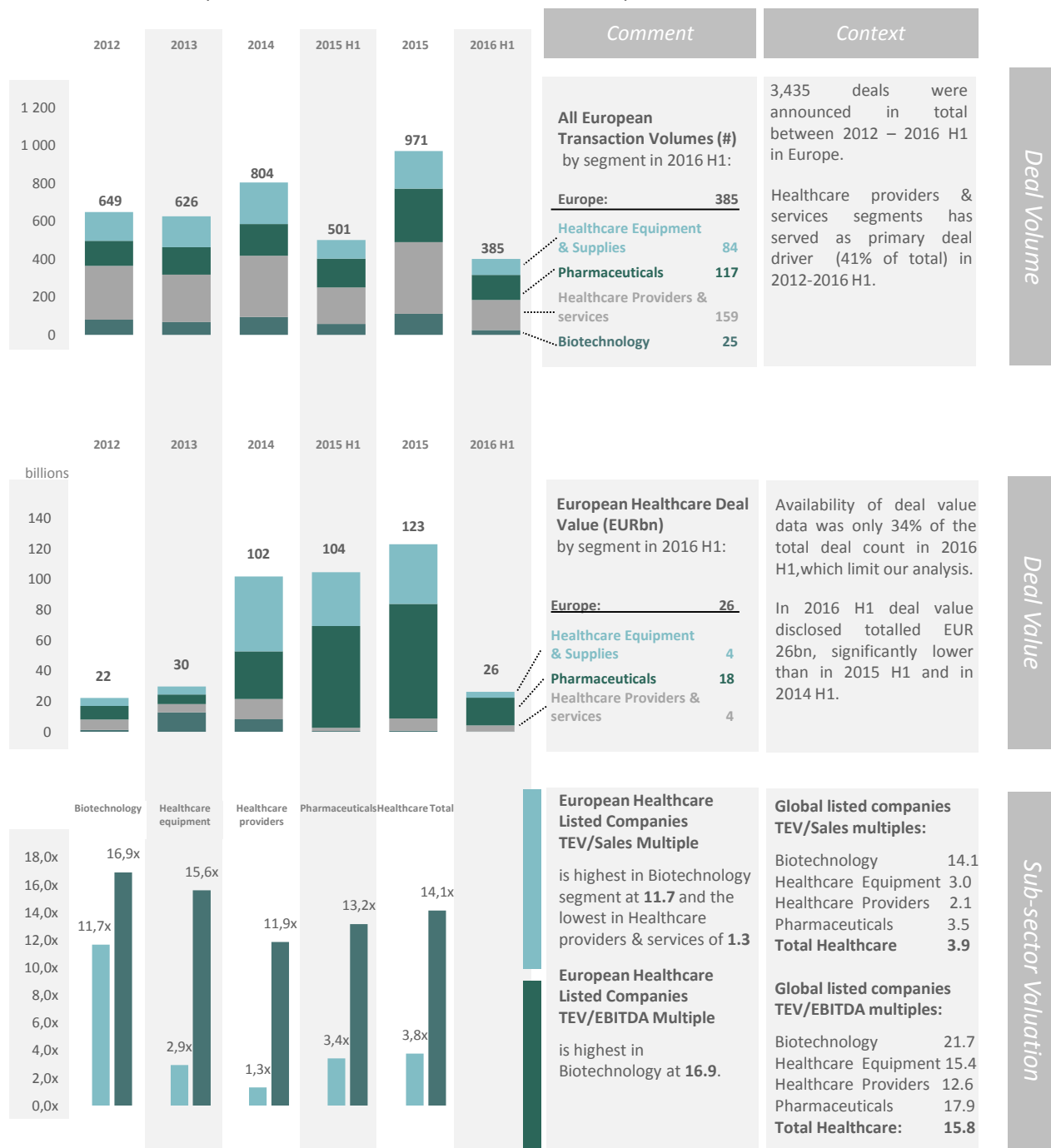
When it comes to this sector's overall deal activity, private equity firms are still very active in the region. Mid Europa Partners bought out the founding family and increased its stake to 100% in Walmark, the region's leading consumer healthcare player; Riverside exited Hungary-based diagnostics device producer Diatron and some of the private equity-backed providers in Hungary, Romania and Slovenia continued local consolidation. Financial investors activity is supported by healthy median valuation multiples of 0.9 – 1.4x Sales and 6 – 11x EBITDA, with some sub-sectors and growth companies attracting valuation levels beyond 2x Sales and 15x EBITDA.





European M&A trends & market analysis

The following data are compiled specifically for the Healthcare sector, with Deal Volume over time in the first chart based on annual transactional data; Deal Value for those transactions where value was disclosed in the second chart; sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.



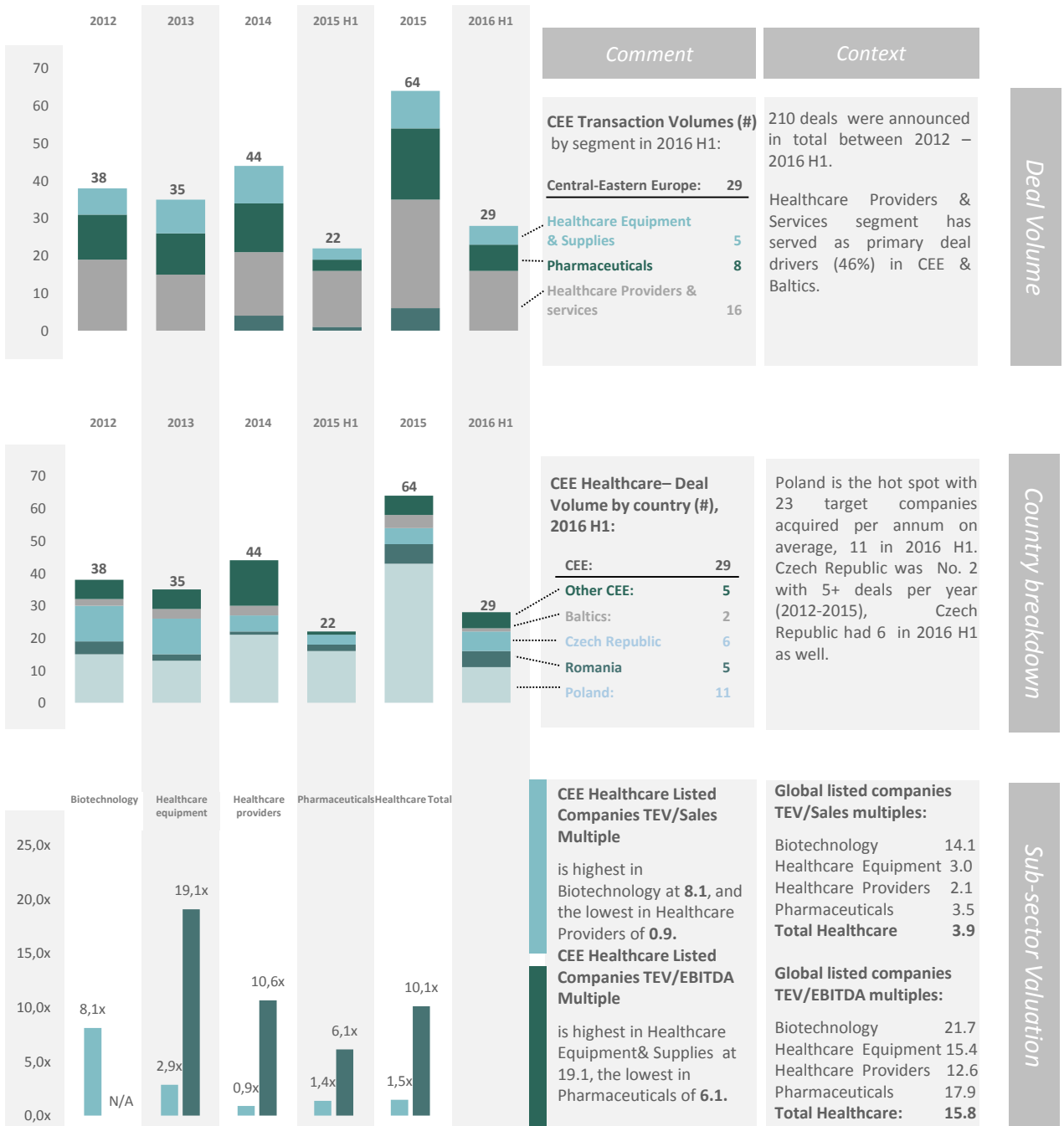
Note: Due to the methodology as this Report is prepared, some overlap may occur between certain years. This means that one transaction can potentially appear in two years' statistics, first when it is announced and then when it is completed (if these two happen in different years). For this reason, in the 2016 H1 Report the overlap in the aggregate concerns 34 (2013: 4, 2014: 1, 2015: 45) European deals in the value of EUR 7.1bn (2015: 7.1bn)

Data supplied by: Analysis performed by:



CEE M&A trends & market analysis

The following data are compiled specifically for the Healthcare sector, with Deal Volume over time in the first chart based on annual transactional data; county comparisons in the second chart, sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.

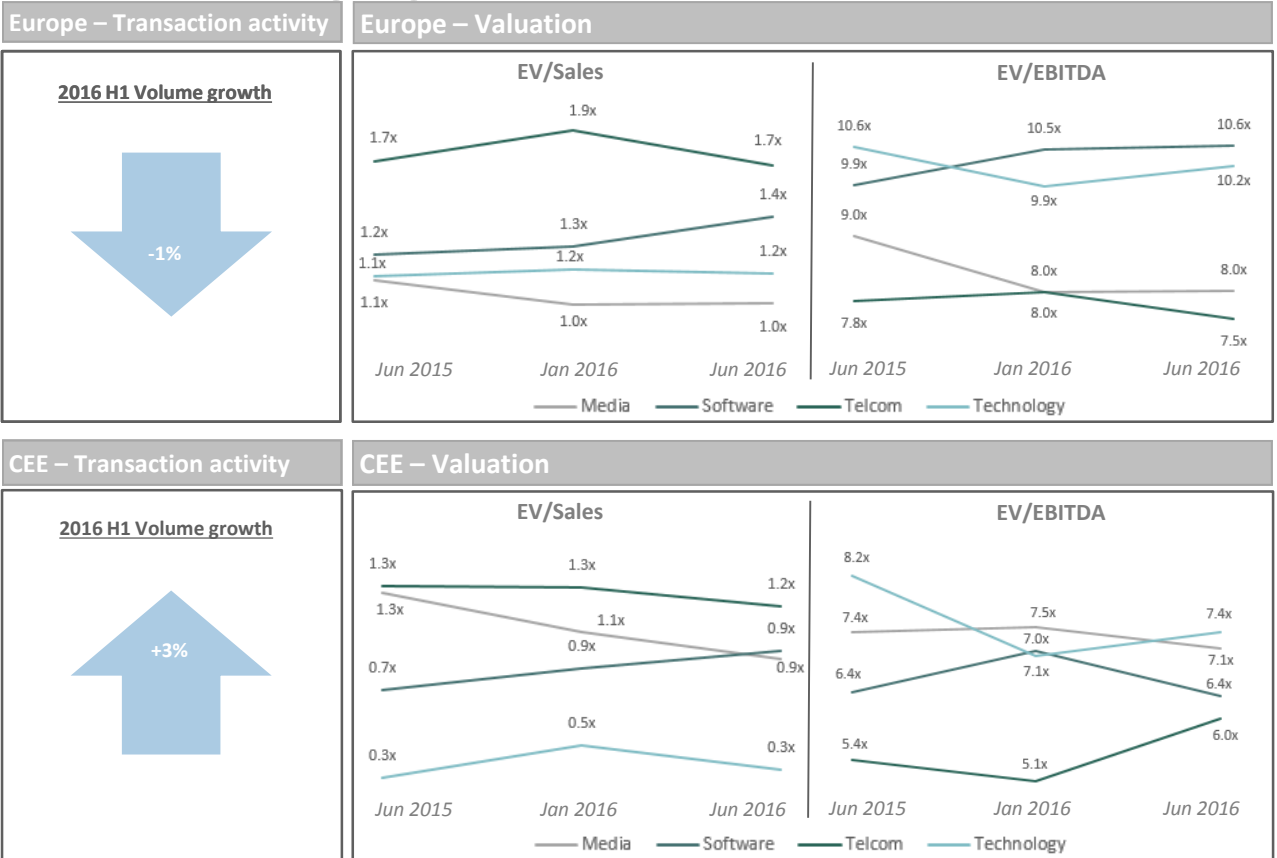


Note: Due to the methodology as this Report is prepared, some overlap may occur between certain years. This means that one transaction can potentially appear in two years' statistics, first when it is announced and then when it is completed (if these two happen in different years). For this reason, in the 2016 H1 Report the overlap in the aggregate concerns 5 (2013: 3, 2015: 2) CEE deals in the value of EUR 11.6mn (2013: 9.5mn, 2015: 2.1mn)

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Sector M&A highlights – 2016 H1



TMT, 2015: Software is taking over share of TMT deal activity as telco and media mega deals were missing

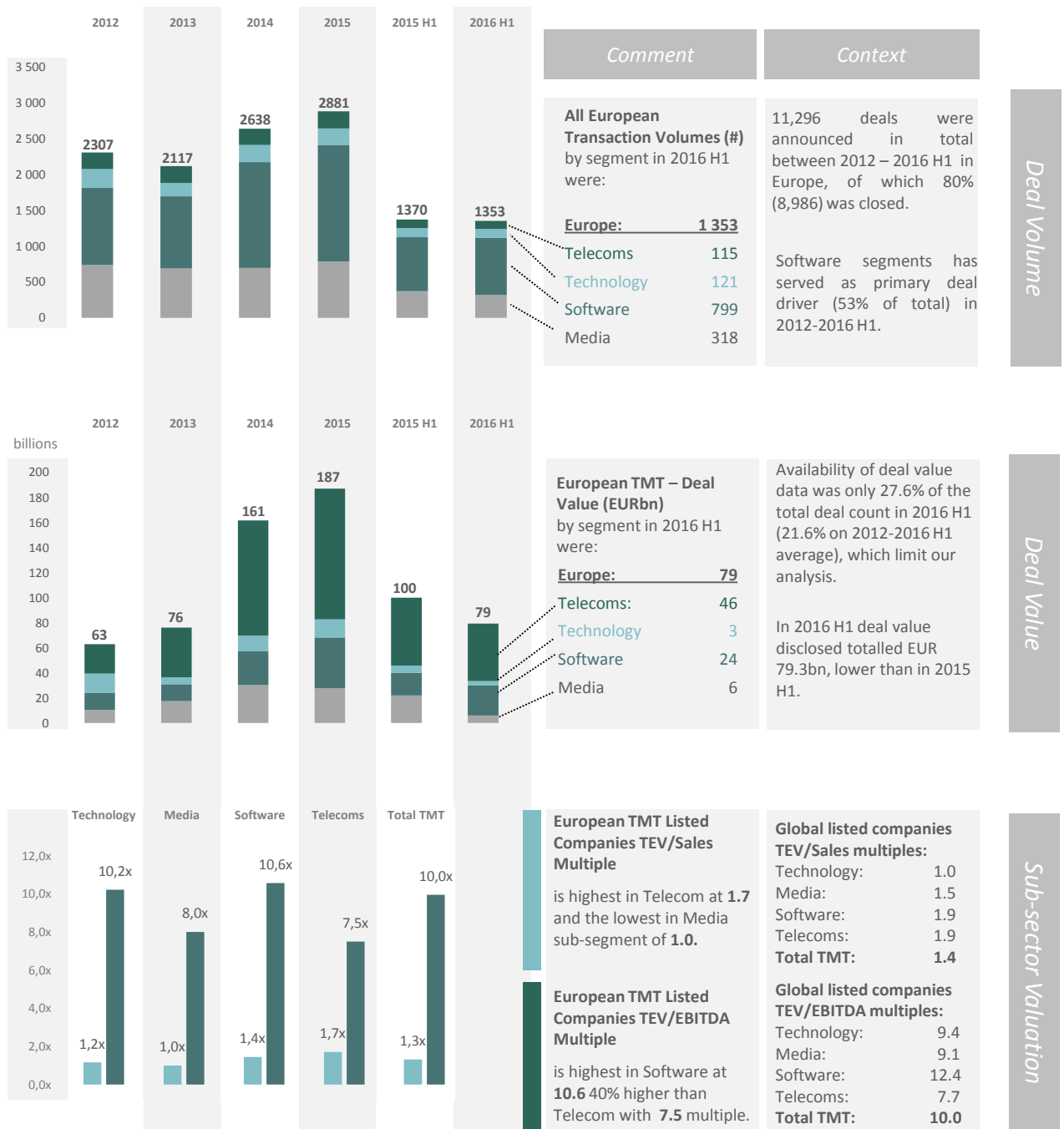
While there was no significant change in TMT deal volumes in 2016 H1 compared to 2015 H1, total deal value has decreased in Europe. All TMT segments except Software reported decreasing deal value. The most significant decrease was observed in the Media and Publishing segment where 7 deals passed the 1bn limit in 2015 H1, while in 2016 H1 only 1 reached that threshold. Telecom sector also suffered with number of mega deals decreasing from 10 to 7. The recent wave of consolidation decreased the number of mobile players in many countries and banks seem to show increasing cautiousness to finance mega deals in the telecom sector. In the meantime, the software segment seems to be filling some of the above deal volume gap; 4 software deals made it to the 2016 H1 top 10 deal list, with a total value of 15bn EUR. In light of some additional factors of macro uncertainties such as Brexit, we do not expect mega deals to come back to the market as a trend. As resistant sectors to macro uncertainties, the Software and Technology segments shall stay on the spotlight as major drivers of deal activity in Europe.

In CEE, a particular interesting trend is Poland's decreasing share in the M&A market due partially to the increased political and macroeconomic uncertainty. Despite of the lower activity in Poland, CEE as a region is still an attractive location for international investors, many countries reached significant volume growth (e.g. Croatia from 1 to 7 deals or Slovakia from 1 to 5 deals). Software and IT segment showed exceptional growth from 56 deals in 2015 H1 to 75 in 2016 H1. CEE's competitive advantage in terms of good quality workforce at a reasonable cost level attracts more international investors, hence segments like IT security, fintech or online-media seems to benefit from this trend. CEE seems to follow the European trend, recording many smaller consolidations but lacking the large cross border deals. Central European investors can expect median valuation levels of 0.3-1.2x Sales and 6.0-7.4x EBITDA.



European M&A trends & market analysis

The following data are compiled specifically for the TMT sector, with Deal Volume over time in the first chart based on annual transactional data; Deal Value in the second chart for those transactions where value was disclosed; sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.



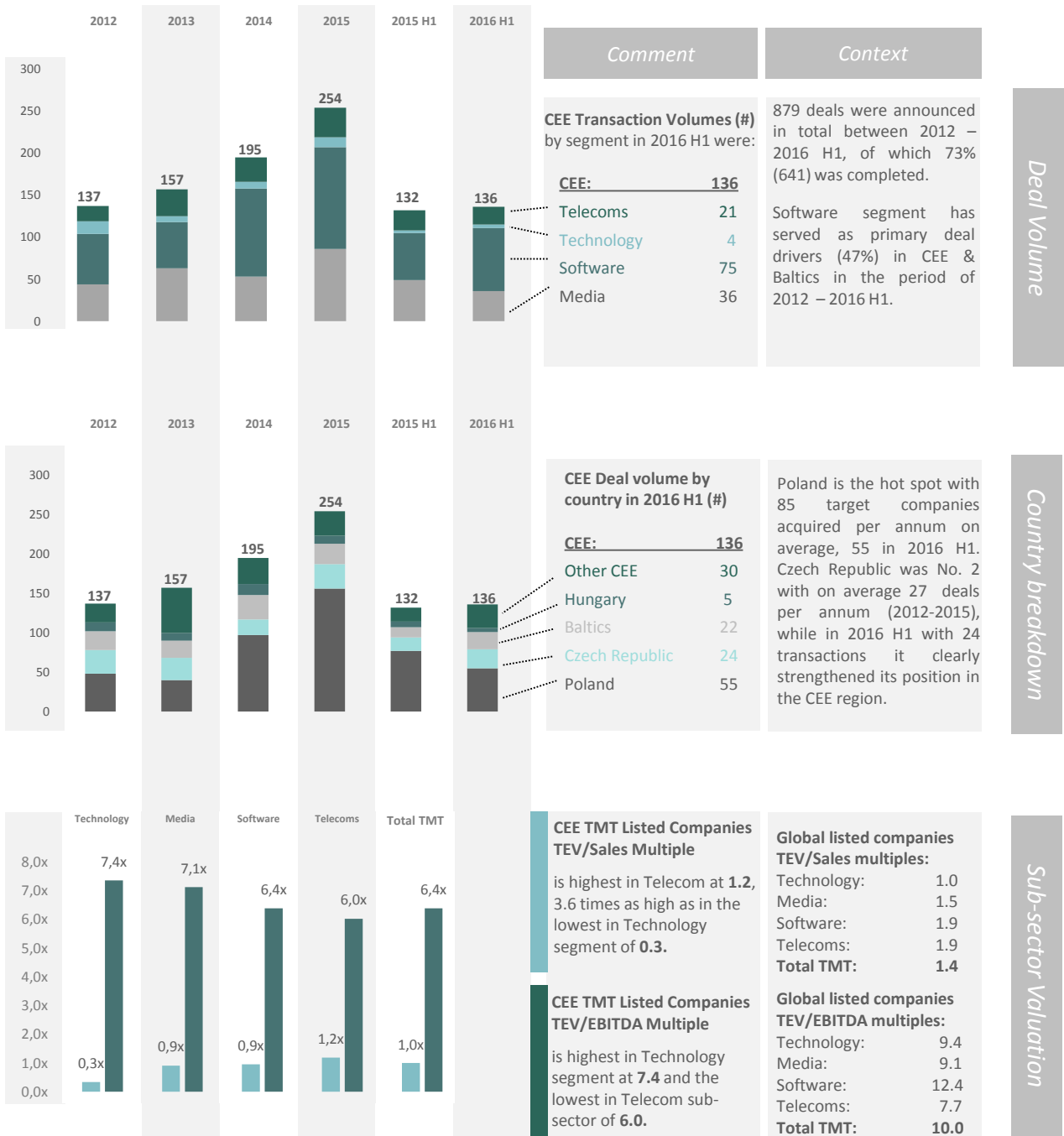
Note: Due to the methodology as this Report is prepared, some overlap may occur between certain years. This means that one transaction can potentially appear in two years' statistics, first when it is announced and then when it is completed (if these two happen in different years). For this reason, in the 2016 H1 Report the overlap in the aggregate concerns 91 (2013:2, 2014:4, 2015:81) European deals in the value of EUR 52bn (2014:15.1bn, 2015: 36.9bn)

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CEE M&A trends & market analysis

The following data are compiled specifically for the TMT sector, with Deal Volume over time in the first chart based on annual transactional data; county comparisons in the second chart, sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.



Note: Due to the methodology as this Report is prepared, some overlap may occur between certain years. This means that one transaction can potentially appear in two years' statistics, first when it is announced and then when it is completed (if these two happen in different years). For this reason, in the 2016 H1 Report the overlap in the aggregate concerns 11 (2013:1, 2014:2, 2015:8) CEE deals in the value of EUR 313 mn.

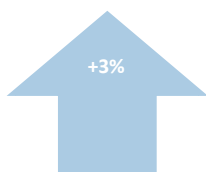
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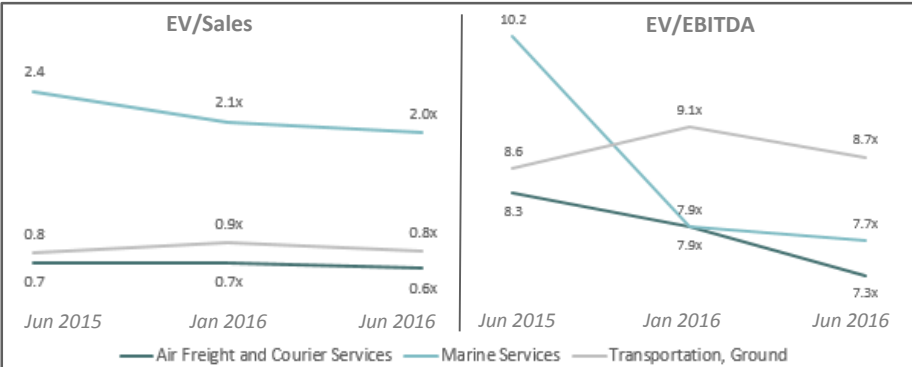
Sector M&A highlights – 2016 H1

Europe – Transaction activity

2016 H1 Volume growth

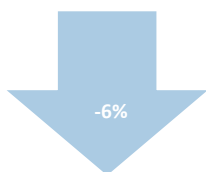


Europe – Valuation

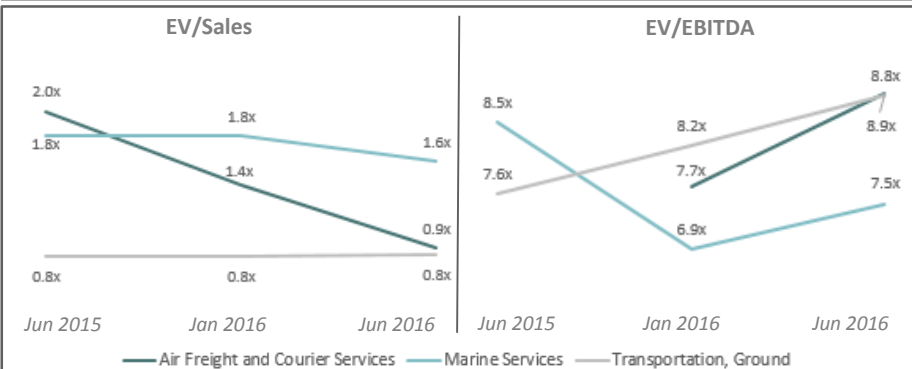


CEE – Transaction activity

2016 H1 Volume growth



CEE – Valuation



Note: Due to lack of available data June 2015 Air freight and Courier services EV/EBITDA multiple in CEE is missing

LOGISTICS, 2016 H1: Marine services segment appeared on the M&A map

While transaction volume did not change significantly in 2016 H1 (compared to 2015 H1), neither in Europe, nor in the CEE region, a new segment showed unusual activity. Marine services segment volume increased far at the quickest pace (+44% compared to 2015 H1). Cross-border transactions warmed up the European market, Turkey's Yildirim Holding acquired Portuguese Mota-Engil Group's port management and logistics companies (the transaction is expected to be completed by the end of the year); and Hong Kong-based COSCO Group, the wholly-owned subsidiary of Chinese giant, China Ocean Shipping Group was very acquisitive in Europe in 2016 H1. It took part as buyer in the privatisation of the Greek Piraeus Port in April with the intent to turn Piraeus a logistics hub for Chinese exports to Europe. In May COSCO acquired 35% stake in Euromax Terminal in Rotterdam (NED), which is an automatic container terminal with 3.2 million TEU* handling capacity.

In CEE, the Marine services segment was also a hot spot in 2016 H1. In the region, however, domestic deals were more typical. Poland's OT Logistics is to acquire Gdynia-based logistics and forwarding company, Sealand Logistics (subject to competition office approval) and Luka Rijeka, one of the largest ports in Croatia, is also for sale.

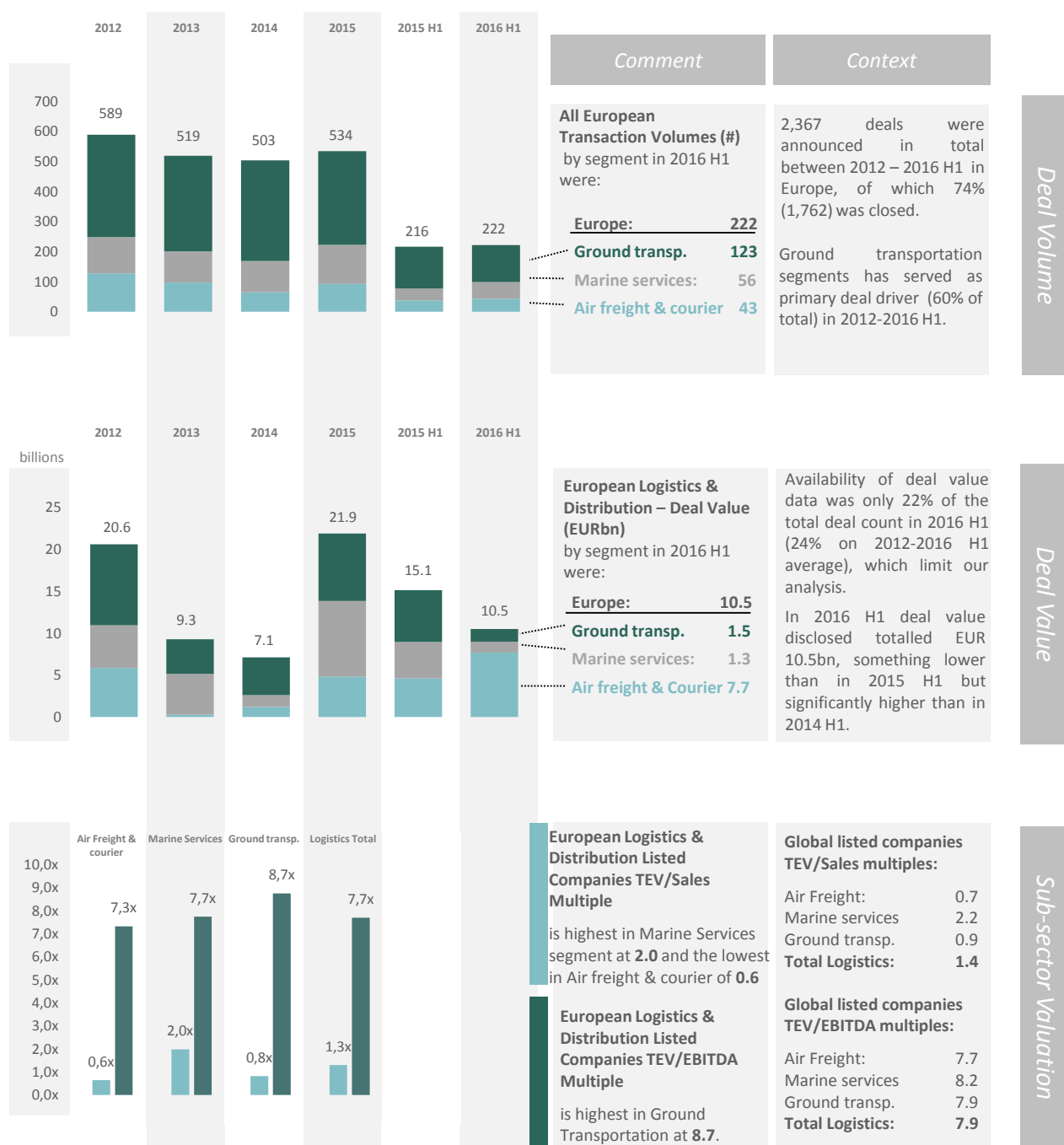
In the logistics sector, Poland's leading position in transaction activity is undisputable in CEE. Trans Polonia Group, the Polish transportation and logistics company acquired PKN's transportation specialist company, Orlen Transport, which further strengthens last years' trend of local regional champions' rise. This trend is also supported by healthy median valuation levels of 0.8-1.6x Sales and 7.5-8.9x EBITDA.

*Standard unit for describing a ship's cargo carrying capacity, or a shipping terminal's cargo handling capacity.



European M&A trends & market analysis

The following data are compiled specifically for the Logistics sector, with Deal Volume over time in the first chart based on annual transactional data; Deal Value for those transactions where value was disclosed in the second chart; sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.



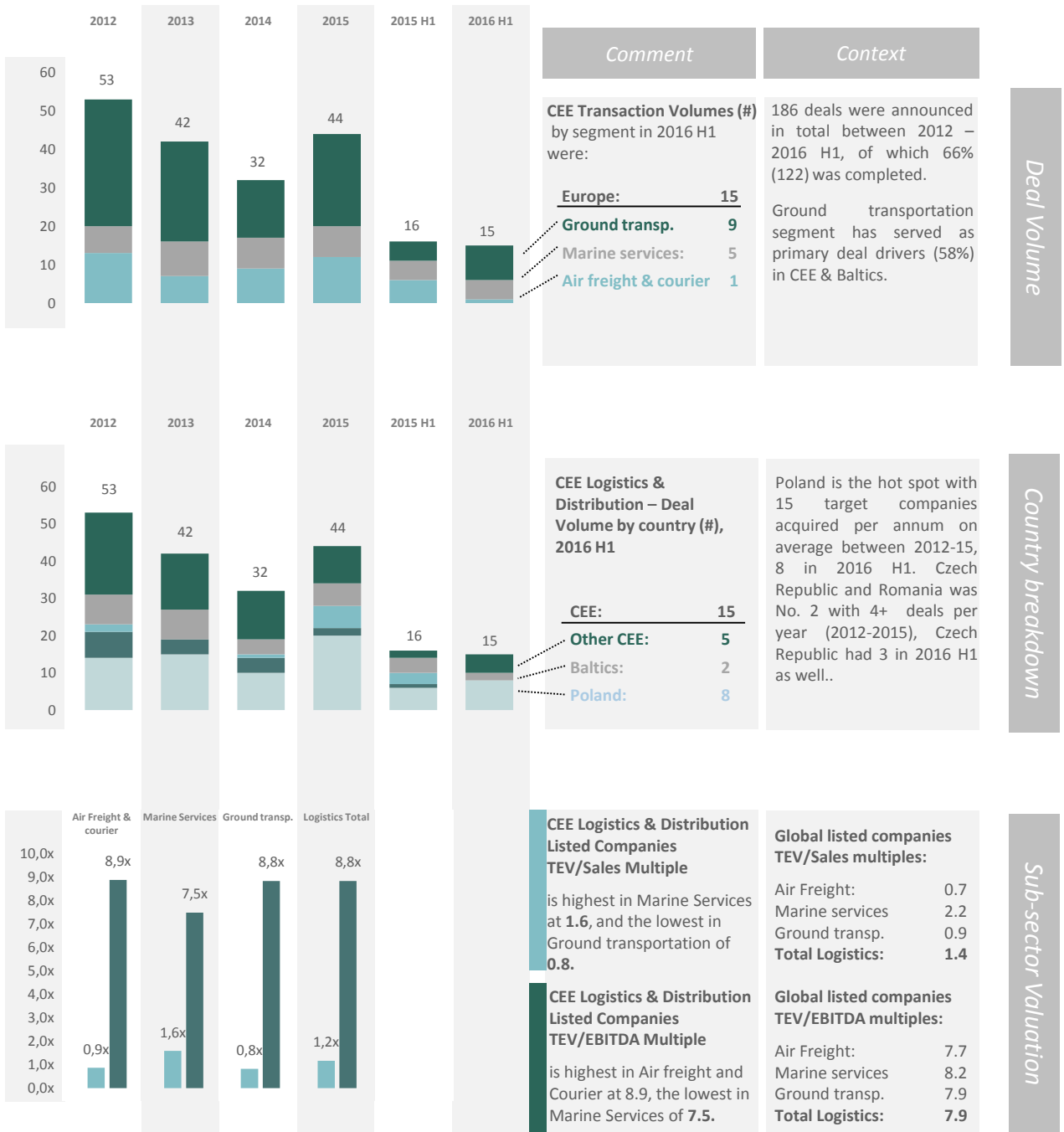
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Data supplied by: Analysis performed by:



CEE M&A trends & market analysis

The following data are compiled specifically for the Logistics sector, with Deal Volume over time in the first chart based on annual transactional data; county comparisons in the second chart, sub-sector comparisons in the third chart based on listed companies data as at 20 June, 2016.



Note: Due to the methodology as this Report is prepared, some overlap may occur between certain years. This means that one transaction can potentially appear in two years' statistics, first when it is announced and then when it is completed (if these two happen in different years). For this reason, in the 2016 H1 Report the overlap in the aggregate concerns 2 (2015:2) CEE deals in the value of EUR 20mn.

Data supplied by: Analysis performed by:

TOP 10 European transactions in 2016 H1

Healthcare

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
Meda AB	8 080.0	2016.02.10	N/A	Sweden	Mylan NV	Pharmaceuticals
Acerta Pharma BV	4 392.7	2015.12.14	55	Netherlands	AstraZeneca PLC	Pharmaceuticals
Priority Group Ltd	2 404.9	2016.01.04	100	United Kingdom	Acadia Healthcare Co Inc	Healthcare Providers & Services
Bio Products Laboratory Ltd	1 341.8	2016.05.19	N/A	United Kingdom	Creat Group Corp	Pharmaceuticals
Bayer AG-Diabetes Care Business	1 307.8	2015.06.10	100	Germany	Panasonic Healthcare Holdings	Healthcare Equipment & Supplies
AudioNova International BV	1 096.8	2016.05.04	N/A	Netherlands	Sonova Holding AG	Healthcare Equipment & Supplies
Creganna-Tactx Medical	976.2	2016.02.02	N/A	Republic of Ireland	TE Connectivity Ltd	Healthcare Equipment & Supplies
SkyePharma PLC	675.4	2016.03.16	100	United Kingdom	Vectura Group Plc	Pharmaceuticals
Galapagos NV	461.1	2015.12.17	15	Belgium	Gilead Sciences Inc	Pharmaceuticals
Poli Group Holding Srl	448.2	2015.11.30	100	Italy	Almirall SA	Pharmaceuticals
Total (TOP deals)	21 185.0					

TMT

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
EE Ltd	15 105.3	2014.12.15	100	United Kingdom	BT Group PLC	Telecommunications Services
Alcatel Lucent SA	12 999.6	2015.04.14	85	France	Nokia Oyj	Telecommunications Services
Vodafone International Holdings BV-Dutch Mobile Operations	5 875.6	2016.02.02	N/A	Netherlands	Liberty Global-Ziggo's Network	Telecommunications Services
King Digital Entertainment PLC	5 289.0	2015.11.02	100	Republic of Ireland	ABS Partners CV	Software & IT Services
Markit Ltd	4 876.1	2016.03.21	N/A	United Kingdom	IHS Inc	Software & IT Services
Cable & Wireless Communications PLC	4 810.3	2015.10.22	100	United Kingdom	Liberty Global PLC	Telecommunications Services
Telecity Group PLC	3 333.3	2015.05.07	100	United Kingdom	Equinix Inc	Software & IT Services
Pace PLC	1 904.7	2015.04.22	100	United Kingdom	ARRIS Group Inc	Media & Publishing
O3b Networks Ltd	1 675.1	2016.04.29	N/A	Jersey	SES SA	Telecommunications Services
Bwin Party Digital Entertainment PLC	1 424.0	2015.05.15	100	Gibraltar	GVC Holdings PLC	Software & IT Services
Total (TOP deals)	57 292.9					

Logistics

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
TNT Express NV	4 356.1	2015.04.07	100	Netherlands	Fedex Acquisition BV	Air Freight & Courier Services
Poste Italiane SpA	2 928.3	2016.05.25	N/A	Italy	Cassa Depositi e Prestiti SpA	Air Freight & Courier Services
Mota-Engil Ambiente e Servicos SA-Port & Logistic Business	332.0	2015.09.29	100	Portugal	Yildirim Holding AS	Marine Services
Parcours SAS	300.0	2016.02.17	100	France	ALD Automotive Ltd	Transportation, Ground
Piraeus Port Authority SA	281.0	2016.01.21	N/A	Greece	China Ocean Shipping (Group)	Marine Services
CitySprint UK Ltd	250.1	2016.02.18	100	United Kingdom	Investor Group	Air Freight & Courier Services
Palletways Group Ltd	211.5	2016.06.01	N/A	United Kingdom	Imperial Mobility Intl BV	Transportation, Ground
GLL Real Estate Partners GmbH-Corridor Logistics Portfolio	200.1	2016.01.19	100	France	Logistics SPPICAV	Transportation, Ground
Scorpio Tankers Inc-MRS ships(5)	151.0	2016.02.25	N/A	Monaco	National Chemical Carriers Co	Marine Services
Novorossiiskii mazutnyi terminal OOO	144.9	2015.12.28	50	Russian Federation	Chernomortransneft'	Air Freight & Courier Services
Total (TOP deals)	9 154.9					

Note: Top deals table contains both completed and pending deals where value has been disclosed
Source: Thomson Reuters Eikon

Analysis performed by:

Heal Partners

TOP 10 CEE transactions in 2016 H1

Healthcare

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
Tokushukai-Sofia EOOD	83.0	2016.04.21	100	Bulgaria	Acibadem City Clinic BV	Healthcare Providers & Services
City Hospitals & Clinics AD	43.9	2016.04.21	100	Bulgaria	Acibadem City Clinic BV	Healthcare Providers & Services
Medika AD Sofia	6.7	2016.01.15	31	Bulgaria	Sopharma AD	Pharmaceuticals
Swissmed Vascular Sp zoo	6.9	2013.08.29	20	Poland	American Heart of Poland SA	Healthcare Providers & Services
Green Lab Hungary Engineering Ltd	4.1	2016.01.25	N/A	Hungary	BATM Advanced Commun Ltd	Healthcare Equipment & Supplies
Zdrowie Sp zoo	2.6	2013.05.31	71	Poland	EMC Instytut Medyczny SA	Healthcare Providers & Services
Pani Teresa Medica SA	2.1	2015.09.10	19	Poland	Sigvaris Holding AG	Healthcare Equipment & Supplies
PANAX Pharma sro	0.9	2016.04.27	N/A	Czech Republic	MGC Pharmaceuticals Ltd	Pharmaceuticals
Medica Pro Familia SA	0.4	2016.03.24	8	Poland	Neuca Med Sp zoo	Healthcare Providers & Services
Total (TOP deals)	150.5					

TMT

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
Omnitel UAB	213.2	2015.10.06	100	Lithuania	TEO LT AB	Telecommunications Services
Ceska Telekomunikacni Infrastruktura as	99.0	2015.11.03	5	Czech Republic	PPF A4 BV	Telecommunications Services
Starman AS	86.1	2016.03.14	N/A	Estonia	Providence Equity Partners LLC	Software & IT Services
Provus Services Provider SA	32.1	2016.02.29	100	Romania	Wirecard AG	Software & IT Services
Centrum Technologii Mobilnych Mobiltek SA	27.1	2015.12.30	100	Poland	MCI EuroVentures 1 0 FIZ	Software & IT Services
SMT Software Services Sp zoo SKA	25.2	2015.09.17	100	Poland	Creston Investments Sp zoo	Software & IT Services
Centrum Rozliczen Elektronicznych Polskie ePlatnosci SA	16.8	2015.08.06	50	Poland	Investor Group	Software & IT Services
Agora SA	15.4	2016.06.06	11	Poland	MDIF Media Holdings I, LLC	Media & Publishing
Nortal AS	15.0	2016.06.20	50	Estonia	Nortal Group Holding AS	Software & IT Services
Petit Press as	15.0	2014.10.15	45	Slovak Republic	Penta Investments sro	Media & Publishing
Total (TOP deals)	544.9					

Logistics

Target	Value (EURm)	Date	Percent sought	Target country	Buyer	Segment
ORLEN Transport SA	20.0	2015.11.16	100	Poland	TP Sp zoo	Air Freight & Courier Services
Sealand Logistics Sp zoo	11.6	2016.05.06	N/A	Poland	C Hartwig Gdynia SA	Marine Services
Trans Polonia SA	4.2	2016.01.22	47	Poland	Investor Group	Transportation, Ground
Balticon SA	1.9	2016.05.10	26	Poland	Buyout Co Sp zoo	Marine Services
Balticon SA	1.1	2016.05.10	N/A	Poland	Buyout Co Sp zoo	Marine Services
Total (TOP deals)	38.9					

Note: Top deals table contains both completed and pending deals where value has been disclosed
Source: Thomson Reuters Eikon

Analysis performed by:

Heal Partners

Definitions and notes

Definitions

TEV - “Total Enterprise Value”

TEV is an economic measure reflecting the market value of a whole business independent of a business’ capital structure. The analysis in this document calculates TEV as follows:

- For transaction data, by reference to the target company of each transaction, from the transaction consideration, share of equity acquired, and other disclosed details such as the target’s net debt, as at the transaction date,
- For listed company data, from the listed share price of each company, together with known details of its capital structure including issued shares and net debt, as at the stated date.

EBITDA - “Earnings Before Interest, Tax, Depreciation and Amortisation”

EBITDA is a business’ net income with interest, taxes, depreciation and amortisation added back which is often taken as a proxy for the cash generation rate of a business. The analysis in this document calculates EBITDA as follows:

- For transaction data, by reference to the target company of each transaction, from the most recent known historic 12 months’ reported value as at the transaction date,
- For listed company data, from the most recent known historic 12 months’ reported value as at the stated date.

TEV/Sales - “TEV/Sales Multiple”

The TEV/Sales Multiple is calculated for each listed company where the required data is disclosed. In the report the median of company multiples was applied.

TEV/EBITDA - “TEV/EBITDA Multiple”

The TEV/EBITDA Multiple is calculated for each listed company where the required data is disclosed. In the report the median of company multiples was applied.

Sectors

The sector classifications used in this document are Globalscope and Heal Partners defined aggregations of similar business activities based on sub-sectors defined by reference to the primary Capital IQ industry classification as follows:

- For transaction data, the target company of each transaction,
- For listed company data, each listed company.

Regions

The regional classifications used in this document are defined by reference to the Capital IQ regional classification as follows:

- For transaction data, the target company of each transaction,
- For listed company data, each listed company.

CEE Region

CEE Region includes Bulgaria (BG), Croatia (HR), the Czech Republic (CZ), Hungary (HUN), Poland (PL), Romania (RO), Serbia (SRB), Slovakia (SK), Slovenia (SLO), Estonia (EST), Latvia (LV) and Lithuania (LT)