

# Mergers and Acquisitions Report Turkey 2018

January 2019



# Foreword

In 2018, global uncertainties and problems in the fields of economy, politics and security, together with the various political and economic actions of the US government, and FED's ongoing interest rate hikes continued to hurt the global economy, especially the emerging economies. Fluctuations in exchange rates, increasing inflation, political developments and security issues in neighboring countries all significantly affected Turkey. Despite measures being taken, 2018 was a year of slow economic growth for the country. Domestic and global M&A activity decreased in terms of number of transactions but increased in transaction volume. After such a year, we share with you the seventeenth "EY Mergers and Acquisitions Report", a widely respected and much used reference material in the market.

The EY Mergers and Acquisitions Report 2018 is a thorough compilation of the facts and trends in mergers and acquisitions that were realized in Turkey in 2018, including comparisons with previous years. The Report also presents the results of our traditional "Mergers and Acquisitions in Turkey Survey" whose participants comprised shareholders and upper management of prominent public institutions and private sector companies in Turkey.

We thank the survey participants for their contribution and support, as well as the EY Transaction Advisory Services Team who prepared the EY Mergers and Acquisitions Report 2018.

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16 January 2019

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# General Evaluation

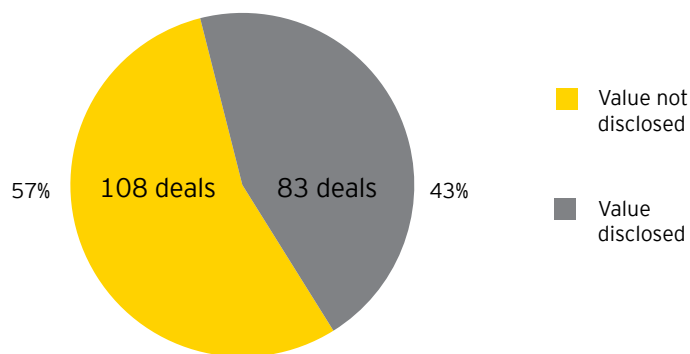
There were many noteworthy developments in 2018; the FED's interest rate hikes and the consequential weakening of emerging market currencies, heightened concerns of a global trade war, increasing uncertainty from prolonged Brexit negotiations, the government and budget crisis in Italy. All these developments significantly affected Turkey, as did, above all the ongoing political uncertainty and security problems in the Middle East that followed the US's gradual introduction of economic and commercial sanctions on Iran after its withdrawal from the nuclear agreement and the ongoing civil war in Syria. In light of these developments, Turkey's M&A activity was relatively more positive than last year, yet significantly below its potential.

In 2018, Turkey transitioned to a presidential system and held presidential elections, lifted the state of emergency and towards the end of the year, experienced an easing of political tensions with the US and some EU countries. The Turkish economy was notably impacted by the sharp depreciation of the Turkish Lira against the Dollar and Euro as well as by a downgrading in credit rating by several international rating agencies. In addition, continuous and radical changes in the US' foreign affairs and economic policies and the FED's ongoing hikes in interest rates, affected emerging markets. This in turn contributed to the Lira's depreciation, the subsequent increase in inflation and interest rates in Turkey and underperformance of the Turkish economy, most notably in the second half of the year.

In 2018, the number of transactions decreased while the total transaction volume increased...

These events naturally had an impact on M&A activity in Turkey and investors continued their cautious stance. Based on sources available to us, the total number of mergers and acquisitions (either disclosed or not disclosed) in Turkey was 191. This number is significantly lower than the previous year consistent with that of global M&A. However, total transaction volume increased in 2018, mainly as a result of a slightly higher number of large volume transactions.

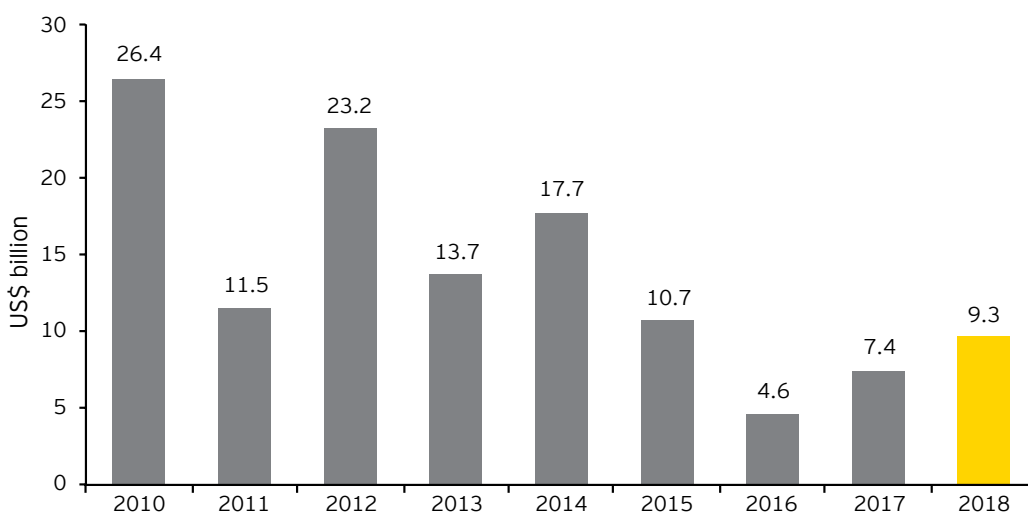
Figure 1: Disclosed number of deals (2018)



In our 2017 report, the total disclosed number of deals realized in Turkey was 127, while the total disclosed value was US\$7.4 billion. We highlighted that one transaction exceeded one billion US dollars and only 17 were above US\$100 million. We observed that investors were not only interested in large companies in Turkey, but also expressed significant interest towards SMEs.

In 2018, there was a total of 83 deals with disclosed values totaling US\$9.3 billion. Among all transactions, two transactions exceeded one billion US dollars. While high value transactions slightly increased total transaction volume, the fact that there were only 12 deals over US\$100 million highlights investors' continued interest in SMEs, as was the case in previous years. On the other hand, of the deals with undisclosed values, we know that some were realized with deal values greater than US\$100 million. Including our estimates for the deals with undisclosed values, we anticipate that the total transaction volume in 2018 was US\$12 billion.

**Figure 2: Disclosed deal value\***



*\* In this graph, we consider all transactions that were realized as of the reports' publishing dates without adjusting for any which may have been subsequently cancelled.*

173 private sector deals were realized in 2018 generating a total of US\$8.3 billion or 89% of the total volume of all disclosed transactions. In addition, 18 public sector deals generated a total transaction volume of US\$1 billion. Although the number of public sector transactions and their total volume increased this year thanks to the privatization of sugar factories, public sector transactions were significantly behind the private sector transactions. Furthermore, the share of total transaction volume was dominated by foreign investors; foreign investors accounted for 69% of the total transaction volume in 2018 while domestic investors accounted for 31%. Due to the negative developments in the region, currency fluctuations and global economic uncertainty, foreign investors' interest in Turkey was significantly below its potential in 2018. In our 2017 report, we noted that the total transaction volume of M&A transactions for 2018 was expected to be between US\$6 billion and US\$10 billion based on our survey of prominent members of the Turkish business community. Despite the developments in global markets, the political and economic uncertainties and the security issues in the neighboring region; actual results for 2018 were slightly better than these expectations as a result of a few number of high volume transactions.

We believe that it may take a while for the political and economic uncertainties and security issues to subside. Therefore, we expect 2019 to be a similar year to 2018 for M&A activity.

## Major Deals

In 2017, there was one transaction greater than one billion US dollars, and the total volume of the top 10 deals was US\$5.2 billion. Of the top 10 deals, only 1 was in the public sector, and 9 were private sector deals. Major private sector deals in the top 10 were the acquisition of OMV Petrol Ofisi by Vitol Investment for US\$1.44 billion, the acquisition of 9.95% stake in Garanti Bank by BBVA for US\$917 million, the acquisition of 40% stake in Mersin Port by IFM Investors for US\$869 million, the acquisition of Osmangazi EDAŞ and EPSAŞ by Zorlu Enerji for US\$360 million and the acquisition of İçerenköy Shopping Mall by Gülaylar Group for US\$320 million. Private sector deals accounted for 93% of the total value of the top 10 deals. Only public sector deal was the Transfer of Operating Rights tender of the Menzelet and Kılavuzlu HPPs (won by Entel Elektrik for US\$365 million) and this deal accounted for 7% of the top 10 deals' total value. In 2018, there were two transactions greater than one billion US dollars and the total volume of the top 10 deals was US\$7.9 billion. Only one of the top 10 deals was in the public sector and the remainder in the private sector. Private sector deals accounted for 98% of the total value of the top 10 deals: the acquisition of a 99.85% stake in DenizBank by Emirates NBD for US\$3.2 billion, the acquisition of a 98.80% stake in U.N. Ro-Ro by DFDS for US\$1.2 billion, the acquisition of Doğan Medya Holding by Demirören Holding for US\$919 million, the acquisition of an undisclosed stake in Trendyol by Alibaba for US\$728 million and the acquisition of a 49% stake in Antalya Airport by TAV Havalimanları Holding for US\$444 million. Only public sector deal, the privatization tender of Afyon Sugar Factory (won by Doğuş Yiyecek İçecek for US\$177 million), accounted for 2% of the total value of the top 10 deals.

**Table 1: Top 10 deals with disclosed values**

Target	Sector	Acquirer	Country of Acquirer	Stake	Deal Value (US\$ million)
DenizBank	Financial Services	Emirates NBD	UAE	99.85%	3,191.1
U.N. Ro-Ro	Transportation	DFDS	Denmark	98.80%	1,172.0
Doğan Medya Holding	Media	Demirören Holding	Turkey	100.00%	919.0
Trendyol	IT	Alibaba	China	Not Disclosed	728.0
OYAK Cement	Manufacturing	Taiwan Cement Corporation (TCC)	Taiwan	40.00%	640.0
Antalya Airport	Transportation	TAV Havalimanları Holding	Turkey	49.00%	443.6
Gram Games	IT	Zynga	US	100.00%	250.0
D.ream	Food and Beverage	Temasek, Metric Capital	Singapore, UK	17.34%	200.0
CarrefourSA Maltepe	Real Estate	Bakırköy Gayrimenkul	Turkey	N/A	193.3
Afyon Sugar Factory	Food and Beverage	Doğuş Yiyecek İçecek	Turkey	100.00%	177.4

N/A: Not applicable

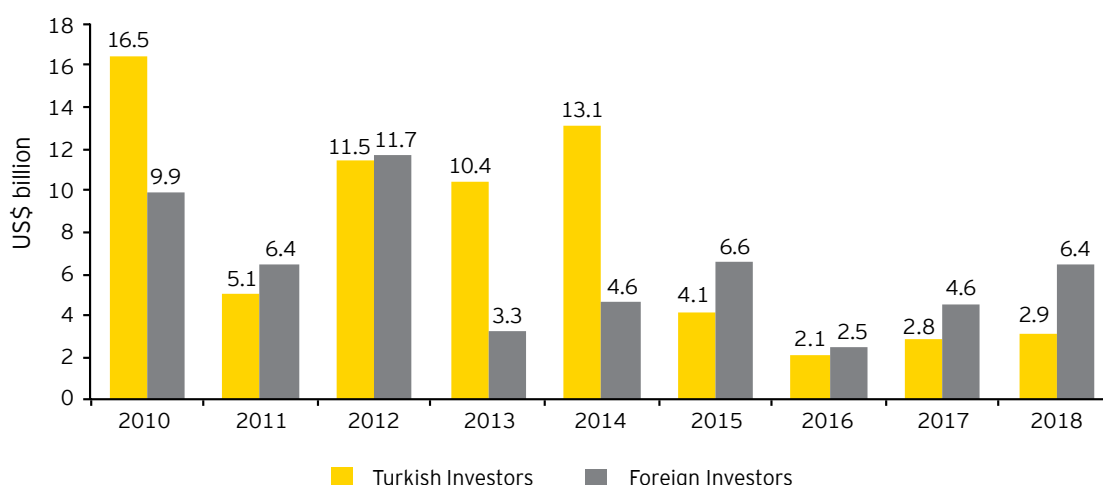
In 2017, due to a slightly higher number of large volume transactions and the decrease in total transaction volume, the top 10 deals accounted for 71% of all transactions with disclosed values. In 2018, the share of large volume transactions increased and the top 10 deals accounted for 85% of all transactions with disclosed values. The average size of the top 10 transactions was US\$791 million, while the average size of all disclosed transactions was US\$112 million. The average size of public sector deals was US\$58 million and the average deal size for private sector was US\$127 million. Of the private sector transactions with disclosed values, only 9 transactions exceeded US\$100 million. The remaining 56 deals averaged just US\$10 million. Thus, in line with 2017, the vast number of deals in 2018 were small and medium sized transactions. We expect such transactions by both domestic and foreign investors to continue in the following years not only because of investors who aim to benefit from Turkey's mid-long term growth potential, but also their aim to operate within the region, using their Turkish operations as a hub.

# Investor Profile

Foreign investors constituted 69% of the total transaction volume...

In 2018, due to the FED's ongoing interest rates hikes, currencies of developing economies continued to weaken, political and economic risks in Turkey's neighboring region persisted, interest rates in Turkey increased significantly, and exchange rates fluctuated. The number of M&A transactions in Turkey, in 2018 was below 2017 whereas the total transaction volume increased, albeit significantly below its potential. If we look at Turkey's transaction history over the years, both transaction volume and number of transactions significantly decreased in 2016. In 2017, we observed an increase in transaction volume while the number of transactions remained comparable. In 2018, we observed significant decrease in the number of transactions while the volume of transactions increased. In terms of investors' origin, foreign investors outperformed domestic investors (as they did in 2017), and created a transaction volume of US\$6.4 billion versus US\$2.9 billion. In terms of the number of transactions, domestic investors preserved their comparatively stronger position against foreign investors in recent years with 124 transactions compared to 67 transactions by foreign investors in 2018.

Figure 3: Breakdown of transaction volume by Turkish and foreign investors\*



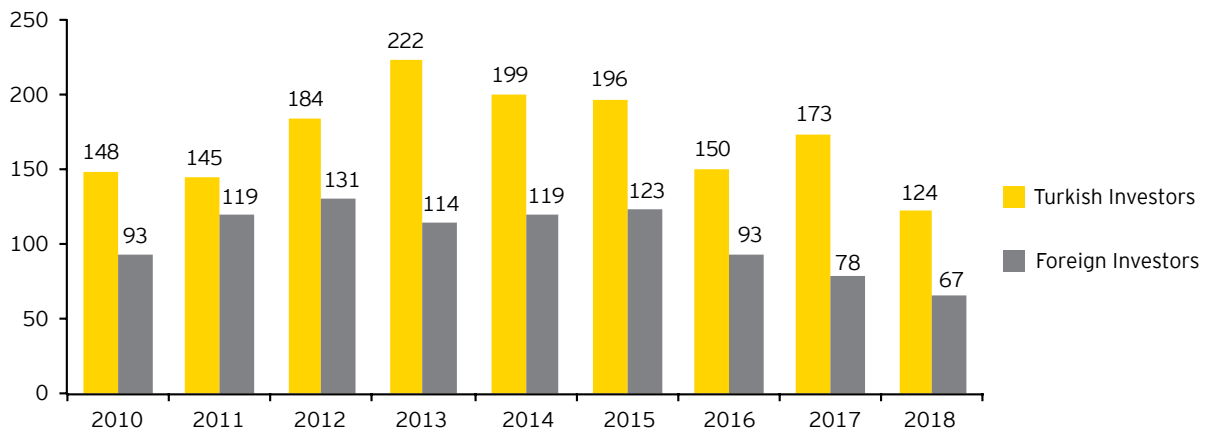
\* In this graph, we consider all transactions that were realized as of the reports' publishing date without adjusting for any which may have been subsequently cancelled.

Domestic investors maintained their position ahead of foreign investors in terms of the number of transactions...

Foreign investors lagged behind domestic investors in 2013 and 2014 in terms of transaction volume but outperformed them in 2015. In 2016 and 2017, although the transaction volume remained at low levels, they continued to outperform domestic investors. In 2018, foreign investors accounted for 69% of the total volume of transactions, constituting US\$6.4 billion total transaction volume and again outperformed domestic investors. In terms of the number of transactions, foreign investors recorded 67 transactions which is lower than domestic investors (as has been the case in the last nine years).

In terms of the number of transactions, the domestic investors recorded lower number in 2016 but increased in 2017 and then significantly decreased in 2018.

**Figure 4: Breakdown of the number of transactions by domestic and foreign investors\***



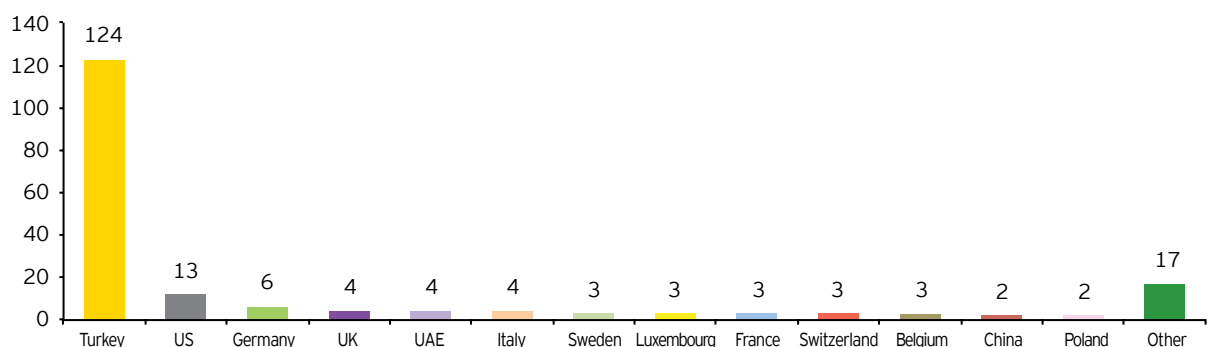
\* In this graph, we consider all transactions that were realized as of the reports' publishing date without adjusting for any which may have been subsequently cancelled.

Based on disclosed transaction values, the average investment size by foreign investors in 2018 was approximately US\$268 million (2017: US\$142 million). The largest transactions realized by foreign investors were namely; DenizBank-Emirates NBD and U.N. Ro-Ro - DFDS. Excluding these two transactions, the average investment size by foreign investors was US\$94 million compared to US\$69 million in 2017. Hence, we conclude that foreign investors invested in companies that are larger in size than the previous year.

**In 2018, the US, Germany, the UK and the UAE stood out among foreign investors based on the number of transactions...**

As in the past, based on the number of deals, investors from the EU and the US dominated foreign investor transactions in 2018, albeit with less effect. EU countries and the US were followed by the UAE, Switzerland and China. In 2018, the US headed the list in terms of the number of transactions with 13 deals, followed by Germany with 6 deals, United Kingdom and the UAE with 4 deals each.

**Figure 5: Breakdown of the total number of deals completed by origin of investor**

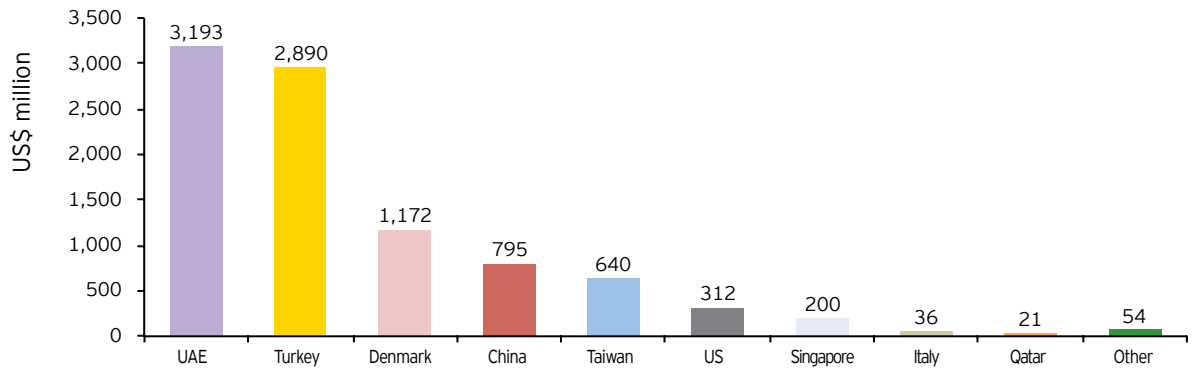




In 2018, the UAE led the way in terms of transaction volume...

In terms of transaction volume, the UAE ranked first in 2018 with US\$3.2 billion, followed by Denmark with US\$1.2 billion. EU countries were not prominent in 2018 as in 2017. Other countries worth highlighting were China, Taiwan, the US and Singapore.

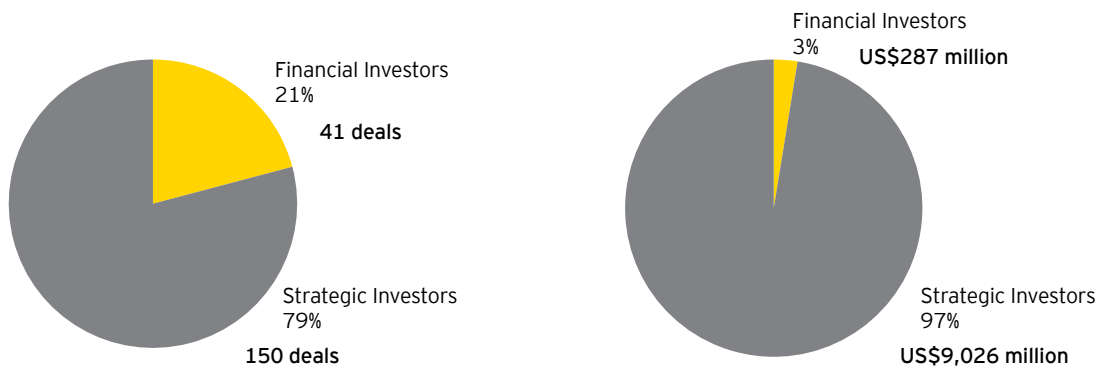
Figure 6: Breakdown of the total transaction volume by origin of investor



In 2018, interest in Turkey by private equity funds decreased

Private equity interest in Turkey significantly increased in 2017. In 2018, the number of transactions involving private equity funds decreased to 41 (2017: 82 transactions) and the share in the total transactions accounted for 21% (2017: 33%).

Figure 7: Investor types by number of deals completed and transaction volume



The volume of private equity transactions and the share of the total disclosed transaction volume decreased. Private equity funds executed deals with a total disclosed value of US\$287 million in 2018 compared to US\$1.2 billion in 2017.

Amongst the disclosed transactions by private equity funds in 2018, the transaction with the highest deal value was Temasek and Metric Capital's investment in D.ream. Although the deal values were not disclosed, Turkven's investment in Elif Plastik, Mediterra's investment in Pizza Pizza and Venture Capital Bank and First Energy Bank's investment in Oba Makarnacılık were the other significant transactions realized by private equity funds.

**Table 2: Transactions realized by private equity funds**

Acquirer	Country of Acquirer	Target	Sector	Stake	Deal Value (US\$ million)
500 İstanbul	Turkey	FineDine	IT	Not Disclosed	Not Disclosed
ACT Venture Partners	Turkey	App Samurai	IT	Not Disclosed	1.2
ADVentures	Turkey	Scotty	IT	Not Disclosed	Not Disclosed
BIC Angels	Turkey	CEOtudent	IT	Not Disclosed	Not Disclosed
Collective Spark	Turkey	Mutlubiev	Services	Not Disclosed	1.4
Collective Spark	Turkey	Tarfin	Services	Not Disclosed	Not Disclosed
Dubai Angel Investors, Middle East Venture Partners	UAE	Volt Lines	IT	Not Disclosed	1.3
EarlyBird Venture Capital	Luxemburg	Obilet.com	IT	Not Disclosed	Not Disclosed
EarlyBird Venture Capital	Luxemburg	Tapu.com	IT	Not Disclosed	1.2
Esor Investments	Germany	Segmentify	IT	Not Disclosed	Not Disclosed
Eti Ventures	Turkey	Sorun Kalmasin	IT	Not Disclosed	0.2
Fplus Ventures, Galata Business Angels, Fiba CVC, MAP Investment	Turkey	Garaj Sepeti	IT	Not Disclosed	1.3
Galata Business Angels	Turkey	Denebunu.com	IT	Not Disclosed	0.4
Galata Business Angels, EGIAD Angels	Turkey	Fazla Gıda	IT	Not Disclosed	0.5
Goldman Sachs	US	Hürriyet Emlak	IT	Not Disclosed	Not Disclosed
Goldman Sachs	US	Jolly Tur	Tourism	14.00%	Not Disclosed
Gulf Capital	UAE	Turknet	IT	Not Disclosed	Not Disclosed
Hedef Venture Capital	Turkey	MCT Advisory	Services	38.90%	1.9
İş Asset Management Infrastructure Venture Capital Investment Fund	Turkey	Ado Energy, Mursal Energy	Energy	100.00%	Not Disclosed
Keiretsu Forum	US	Olev	IT	Not Disclosed	Not Disclosed
Logo Ventures	Turkey	V-Count	IT	Not Disclosed	0.5
Mayhoola for Investments	Qatar	Boyner	Retail	11.27%	21.4
Mediterra	Turkey	Pizza Pizza	Food and Beverage	100.00%	Not Disclosed
Middle East Venture Partners	UAE	Volt Lines	IT	Not Disclosed	0.3
Nexus Ventures	Turkey	Carbon	IT	Not Disclosed	0.2
Re-Pie	Turkey	CarrefourSA Bayrampaşa	Real Estate	N/A	38.2
Revo Capital	Turkey	Trusturk	IT	Not Disclosed	0.6
Revo Capital, Endeavor Catalyst	US, Turkey	Foriba (FIT Solutions)	IT	Not Disclosed	5.0
Sankonline, Sunvest	Turkey	Sinema	IT	Not Disclosed	Not Disclosed
Sequoia Capital	US	Insider	IT	Not Disclosed	11.0
StartersHub, 500 İstanbul	Turkey, US	Kimola	IT	Not Disclosed	0.2
StartersHub, Angel Effect	Turkey	Ottoo	IT	Not Disclosed	0.1
StartersHub, Viveka	Turkey	Onlock	IT	Not Disclosed	Not Disclosed
Tarvenn Ventures & Advisors	Turkey	BREN	Energy	Not Disclosed	Not Disclosed
Tarvenn Ventures & Advisors	Turkey	Digime3D	IT	Not Disclosed	Not Disclosed
Tarvenn Ventures & Advisors	Turkey	ForFarming	IT	Not Disclosed	Not Disclosed
Tarvenn Ventures & Advisors	Turkey	Wask.co	IT	Not Disclosed	Not Disclosed
Tarvenn Ventures & Advisors	Turkey	Yollando.com	IT	Not Disclosed	Not Disclosed
Temasek, Metric Capital	Singapore, UK	D.ream	Food and Beverage	17.34%	200.0
Turkven	Turkey	Elif Plastik	Manufacturing	Not Disclosed	Not Disclosed
Venture Capital Bank, First Energy Bank	Bahrain	Oba Makarnacılık	Food and Beverage	50.00%	Not Disclosed

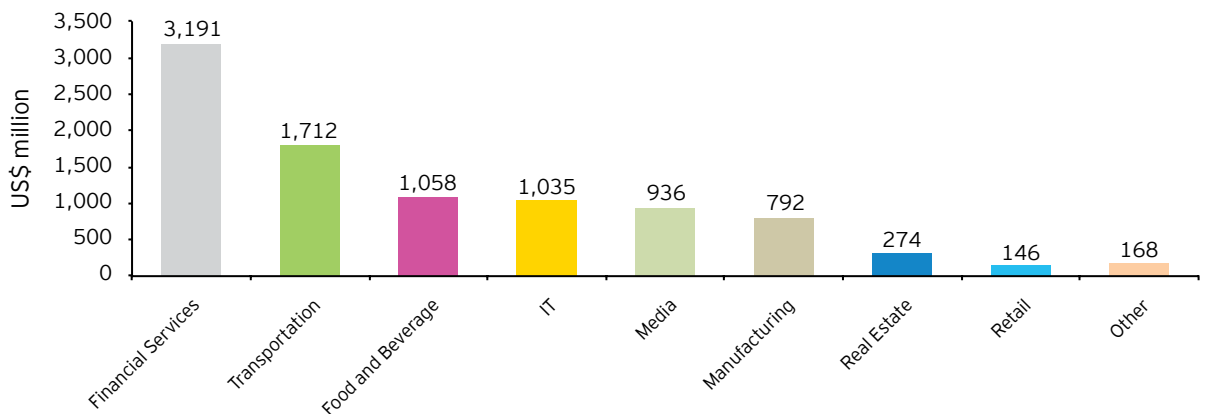
# Sectoral Breakdown

In 2018, the financial services sector ranked first in terms of transaction volume and, as was the case in 2017, the IT sector ranked first in terms of number of transactions.

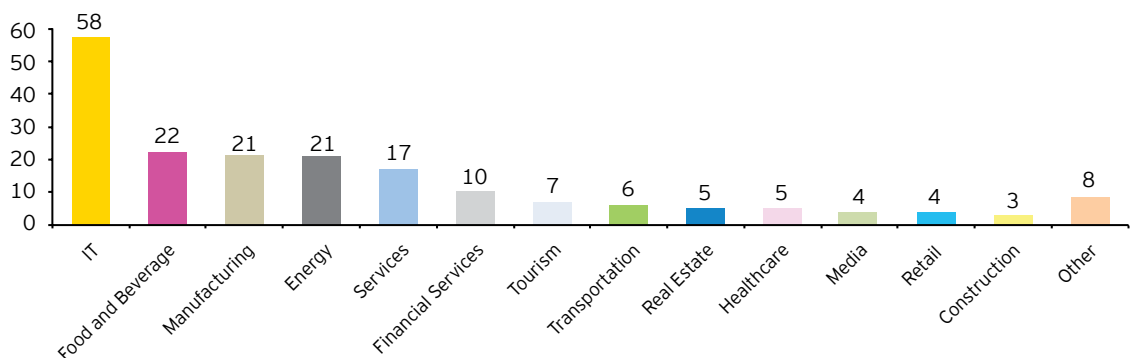
The acquisition of DenizBank by Emirates NBD, the largest transaction of the year, was the main reason for the financial services sector to rank first in terms of transaction volume this year. However, the transaction volume of the energy sector, which ranked first in terms of transaction volume since 2012, decreased significantly due to the smaller sized privatizations and private sector deals compared to previous years. Despite this, we anticipate that the energy sector will again be at the forefront in the upcoming years.

In 2018, transportation, food & beverage and IT were also among the leading sectors in terms of transaction volume in addition to the financial services sector. Also, manufacturing, energy and services sectors were notable in terms of the number of transactions.

**Figure 8: Sectoral distribution of target companies by transaction volume**



**Figure 9: Sectoral distribution of target companies by number of transactions**



### **Financial Services**

In 2017, the financial services sector ranked third in terms of transaction volume with 10 transactions generating a total transaction volume of US\$998 million. In 2018, the sector ranked first in terms of transaction volume (US\$3.2 billion) and sixth in terms of number of transactions (10). The largest transaction in the sector was the acquisition of a 99.85% stake in DenizBank by Emirates NBD for US\$3.2 billion. The acquisition of Acibadem Insurance by BUPA and the acquisition of Liberty Insurance by Talanx were other noteworthy transactions in the sector although the deal values were not disclosed.

### **Transportation**

In 2017, the transportation sector ranked second in terms of transaction volume with 19 transactions and US\$1.3 billion. In 2018, the sector ranked second in terms of transaction volume (US\$1.7 billion) and ranked eighth in terms of number of transactions (6). The highest value transaction in the sector was the acquisition of a 98.80% stake in U.N. Ro-Ro by DFDS for US\$1.2 billion. The acquisition of a 49% stake in Antalya Airport by TAV Havalimanları Holding for US\$444 million was another notable transaction in the transportation sector in 2018.

### **Food and Beverage**

In 2017, the food and beverage sector, which generated a total volume of US\$393 million from 16 transactions, ranked fifth in terms of both transaction volume and number of transactions. In 2018, the sector ranked third in terms of transaction volume (US\$1.1 billion) and ranked second in terms of number of transactions (22). The largest transaction of 2018 in the sector was the acquisition of a 17.34% stake in D.ream by Temasek and Metric Capital for US\$200 million. Another notable food and beverage transaction in 2018 was the privatization of Afyon Sugar Factory (tender won by Doğuş Yiyecek İçecek for US\$177 million). The privatization of sugar factories in 2018 significantly contributed to the increase in transaction volume of food and beverage sector.

### **IT**

In 2017, the IT sector ranked first in terms of number of transactions (75). In 2018, the sector held its rank in terms of number of transaction (58) and ranked fourth in terms of transaction volume with US\$1 billion. The largest transaction in the sector was the acquisition of an undisclosed stake in Trendyol by Alibaba for US\$728 million. The acquisition of Gram Games by Zynga for US\$250 million was another notable transaction in the IT sector in 2018.

### **Media**

The media sector, which was not highly ranked in 2017, ranked fifth in terms of transaction volume in 2018 with 4 transactions totaling US\$936 million. The largest media transaction in 2018 was the acquisition of Doğan Medya Holding by Demirören Holding for US\$919 million. The acquisition of NTV Spor by Discovery Media was another noteworthy transaction in the sector although the deal value was not disclosed.

### **Manufacturing**

The manufacturing sector ranked sixth in terms of number of transactions in 2017 with 13 transactions totaling US\$75 million. In 2018, manufacturing sector ranked sixth in terms of transaction volume but third in terms of number of transactions with 21 transactions totaling US\$792 million. In 2018, the highest volume transaction in the manufacturing sector was the acquisition of a 40% stake in OYAK Cement by Taiwan Cement Corporation for US\$640 million.

### **Other Sectors**

Other notable sectors in 2018 were real estate with the acquisition of CarrefourSA Maltepe by Bakırköy Gayrimenkul for US\$193 million and the retail sector with the acquisition of Doğan Müzik Kitap (D&R) by Turkuvaz Group for US\$98 million. In addition, the Afşin Elbistan A Thermal Power Plant-Çelik Family transaction in the energy sector and the Acibadem Healthcare Group-Integrated Healthcare Holdings transaction in the healthcare sector were notable transactions although the deal values were not disclosed.

## Public Sector Deals

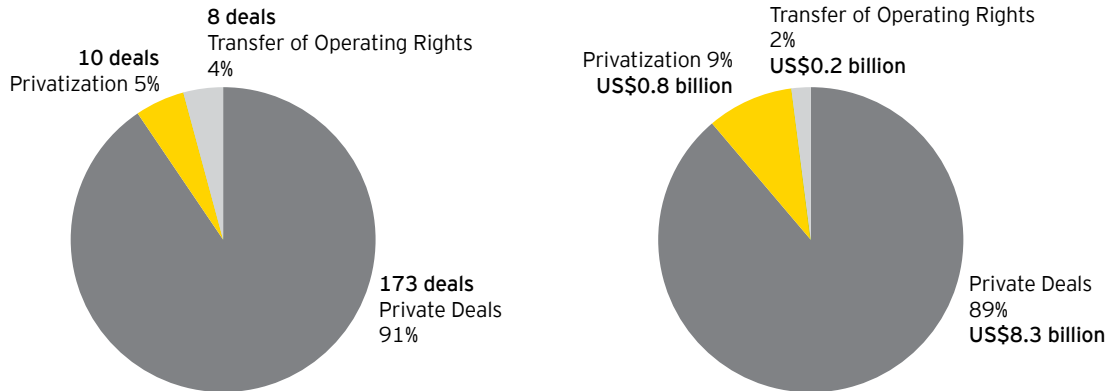
In 2018, public sector deals constituted 11% of the total M&A volume...

In 2017 public sector deals totaled US\$604 million, or 9% of the total transaction volume. In 2018, this significantly increased to US\$1 billion, or 11% of the total transaction volume. The increase in volume was a result of privatization of 10 sugar factories in the first half of the year, the realization of Transfer of Operating Rights of some hydroelectric plants owned by EÜAŞ (Electricity Generation Company) and privatization of the some other power plants owned by the same. In 2018, 82% of the public sector deals were privatizations and rest were Transfer of Operating Rights.

In 2018, the most noteworthy public sector deals were the privatization of Afyon Sugar Factory (won by Doğuş Yiyecek İçecek for US\$177 million), the privatization of Turhal Sugar Factory (won by Kayseri Şeker for US\$139 million) and the privatization of Çorum Sugar Factory (won by Safi Holding for US\$130 million). Together these three public sector deals constituted 43% of the total public sector transaction volume. Amongst Transfer of Operating Rights deals, the tender of Tekirdağ Port (won by Ceynak Logistic for US\$93 million) comes into prominence.

It is notable that, as in previous years, domestic investors were the main participants and winners of the privatization tenders in 2018.

Figure 10: Number and volume of public transactions



Expected public sector deals in 2019 include the sale of companies transferred to the Savings Deposit Insurance Fund (SDIF), ports owned by TDİ (State Maritime Lines), electricity generation assets owned by EÜAŞ (Electricity Generation Company) and privatization of Spor Toto. If these transactions realize in 2019, the transaction volume of public sector deals is expected to easily exceed the 2018 level.

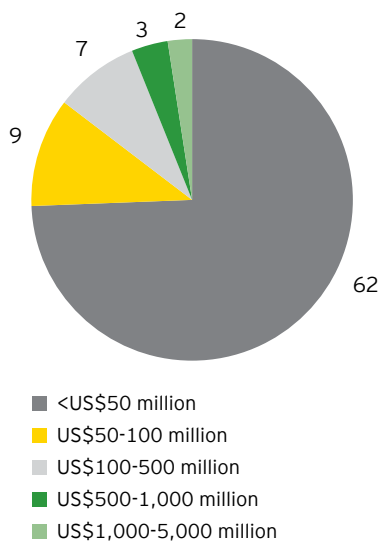
# Transaction Volumes

While there was one transaction exceeding one billion dollars in 2017, there were two in 2018. Emirates NBD's acquisition of a 99.85% stake in DenizBank for a total consideration of US\$3.2 billion was the highest value transaction announced in 2018. The acquisition of a 98.80% stake in U.N. Ro-Ro by DFDS with a deal value of US\$1.2 billion was another remarkable transaction. It is also worth mentioning that no public sector deals exceeding one billion US dollars were realized in 2018 as was the case in the recent past.

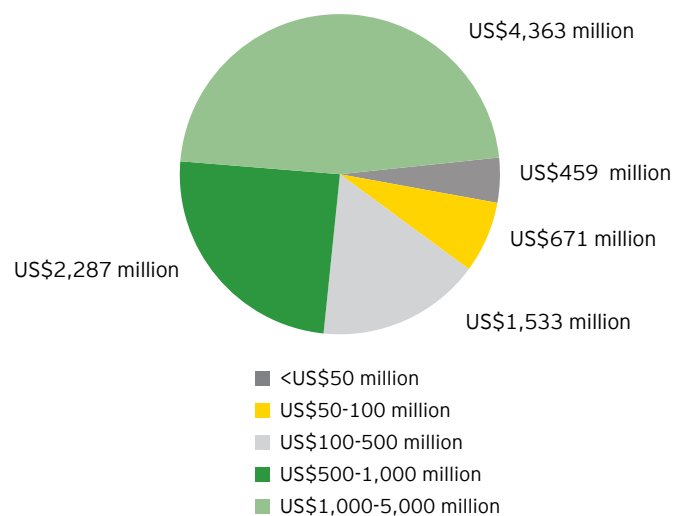
Unlike 2017, relatively large-size public sector transactions in 2018 increased the total transaction volume. The total number of transactions with deal values less than US\$50 million constituted 75% of the total number of transactions with disclosed values, similar to the last five years. On the other hand, although small sized transactions that continued to constitute an important part of total transactions in terms of the number of deals, relatively large-size transactions were the major reason for the increase in the average transaction size in 2018.

In 2018, the top 10 deals accounted for 85% of the total disclosed transaction volume. If we include transactions with undisclosed values in our assessment of total transaction volume (approximately US\$12 billion), this ratio falls to 66%. These percentages slightly increased compared to previous year.

**Figure 11: Disclosed transactions value range - in terms of number of transactions**



**Figure 12: Disclosed transactions value range - in terms of transaction volume**



Also worth highlighting is the increase in the volume of transactions in 2018 compared to 2017. While there was only one billion dollar transaction in 2017, two billion dollar plus deals in 2018 accounted for 47% of the total disclosed transaction volume. The average size of the top 10 deals increased to US\$791 million in 2018 from US\$524 million in 2017. Additionally, the average size of transactions with disclosed values raised to US\$112 million in 2018. We anticipate that the average transaction size will increase in 2019 if privatizations (companies held by the SDIF, ports held by TDI, electricity generation assets owned by EÜAŞ and Spor Toto) and high volume private deals in transportation, energy and manufacturing sectors are realized.

# 2019 Overview

2018 was a year of global economic, political and security problems. The growth that had been expected in emerging countries did not happen; these countries, with their fragile economies and currencies were hurt by the FED's interest rate hikes as well as by concerns of a global trade war and ongoing security issues.

For Turkey, this manifested in a depreciation of the Lira, an increase in interest rates, and its economy performing below expectations. The future of the EU, an important trade partner for Turkey, was muddled by prolonged Brexit negotiations between the EU and the UK, Italy's governmental crisis which was followed by a budget crisis and protests in France that have the possibility to spread across the Europe.

Turkey's agenda in 2018 was also negatively impacted by the ongoing problems in the Middle East and the unilateral withdrawal of the US from the nuclear treaty with Iran which was succeeded by the imposition of trade and economic sanctions against Iran. While Turkey's trade volume with neighboring countries remained stagnant, its economy was notably affected by the FED's four interest rate hikes, the presidential elections and start of the new presidential system, abolishment of the state of emergency, and several downgrades in Turkey's credit rating by some of the international credit rating agencies. Radical steps taken in foreign affairs and the economic policy of the US, one of the most important players in the world economy, were met with concern throughout the world. The EU and particularly Germany, maintained their economic growth in 2018; however, it is expected that increasing uncertainty from Brexit, Italy's governmental and budget crisis and protests in France will affect the union in 2019.

Notably since 2011, the economic growth rate of Turkey has remained below its potential. With the support of government incentives given to various

sectors and liquidity support provided by Credit Guarantee Fund, the Turkish economy performed with a substantial growth rate of 7.4% in 2017. However, due to the depreciation of the Turkish Lira and steep increases in inflation and interest rates, the Turkish economy grew below expectations, particularly in the second half of 2018. Turkey's growth rate in 2018 is expected to be around 3%, a meaningful decrease over the previous year.

As a result of efforts on both sides, the political crisis that arose in the middle of 2018 between the US and Turkey, shows signs of settling. With the necessary reforms expected to be made by the Turkish Government, the effects of global developments on the overall economy and exchange rates may diminish. On the other hand, after its latest interest rate increase in December 2018, the FED signaled that the pace of interest rate increases in 2019 may slow down. This will likely have a positive impact on emerging economies. Meanwhile, the security problems and economic and political developments in Turkey's neighboring countries will continue to influence the Turkish economy, as will economic developments in China and other emerging countries, commodity prices and exchange rate fluctuations. Considering all of these factors, a lower growth rate is expected in 2019 for the Turkish economy.

M&A activity in Turkey increased in terms of transaction volume in 2017 following a significant decrease in 2016, the year in which Turkey was troubled by security issues. In 2018, total transaction volume continued to rise but the number of deals decreased, and we saw a large number of small and medium sized transactions as was the case in previous years. Meanwhile, the number of high value transactions slightly increased in 2018 compared to 2017. Despite the privatizations of sugar factories, there were few large sized privatizations. As in 2017, foreign

investors outperformed domestic investors in terms of transaction volume in 2018. Small and medium sized transactions are likely to continue and some high volume transactions are expected to take place in 2019. In addition, the sale of companies that were transferred to the SDIF is one of the factors that may affect the level of M&A activity in 2019. The energy sector is expected to be amongst the leading sectors in terms of M&A activity in 2019 due to both private sector deals and privatizations, as was the case in previous years. In addition to the energy sector, we also expect relatively more intense M&A activity in the export oriented manufacturing, food and beverages and IT sectors compared to other sectors.

With regards to privatizations, which have been a key component of overall M&A activity, we anticipate major privatizations for 2019, such as the sale of companies transferred to SDIF, ports operated by TDI, the tenders of various electricity generation assets of EÜAŞ and the privatization of Spor Toto.

Regarding private sector deals, while we expect small and medium sized transactions to continue to dominate M&A activity in 2019, some relatively large sized transactions may also take place in the transportation, energy and manufacturing sectors.

Consequently, if the expected public and private sector transactions realize, we expect total M&A transaction volume in Turkey to be around US\$10 billion in 2019.



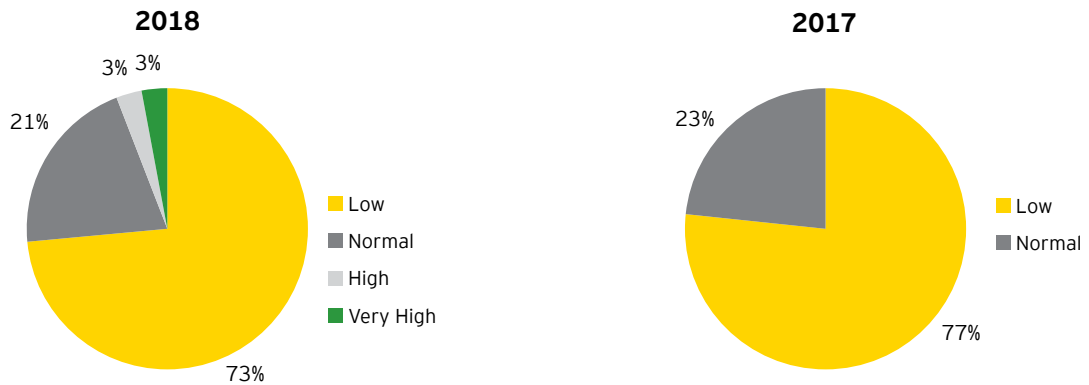
# The overlook of the Turkish Business World towards the M&A Market

In this section, we present the results of the survey we conducted to determine the evaluations and expectations of prominent members of the Turkish business community with respect to M&A activity in 2018. This is the seventeenth time we have conducted this survey, which participants completed via postal and electronic surveys. The sample target group of this study comprised upper management and shareholders of prominent public and private sector institutions in various sectors in Turkey. We are thankful to the participants for their time and sharing their evaluations with us.

## Assessment of the results

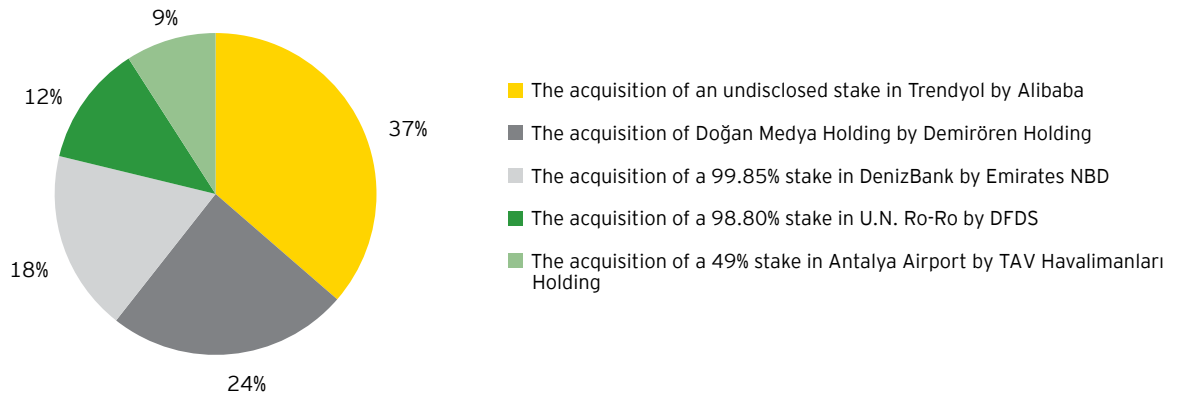
### Assessment of 2018 M&A activity in terms of volume

The majority of survey respondents rated the level of M&A activity in Turkey in 2018 as low compared to the volume that they had expected. In 2018, 73% and 21% of participants evaluated the realized transaction volume as low and normal, respectively. The same question in 2017 generated similar responses with 77% and 23% of participants evaluating the realized transaction volume as low and normal, respectively.



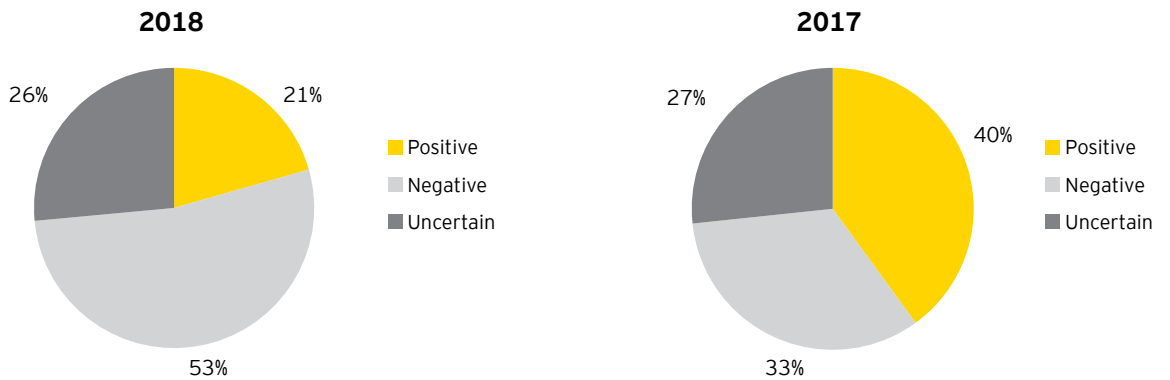
### The transaction of the year

The majority of the participants identified the acquisition of undisclosed stake in Trendyol by Alibaba and the acquisition of Doğan Medya Holding by Demirören Holding as the most outstanding transactions of the year. The stake acquisition in Trendyol by Alibaba for US\$728 million was named as the transaction of the year by 37% of the participants. This transaction was followed by the acquisition of Doğan Medya Holding by Demirören Holding for US\$919 million, the acquisition of a 99.85% stake in DenizBank by Emirates NBD for US\$3.2 billion, the acquisition of a 98.80% stake in U.N. Ro-Ro by DFDS for US\$1.2 billion and the acquisition of a 49% stake in Antalya Airport by TAV Havalimanları Holding for US\$444 million. In addition, other remarkable transaction was the investment in OYAK Cement by Taiwan Cement Corporation which was not included in our survey as they were completed at the end of 2018 after our survey was completed.



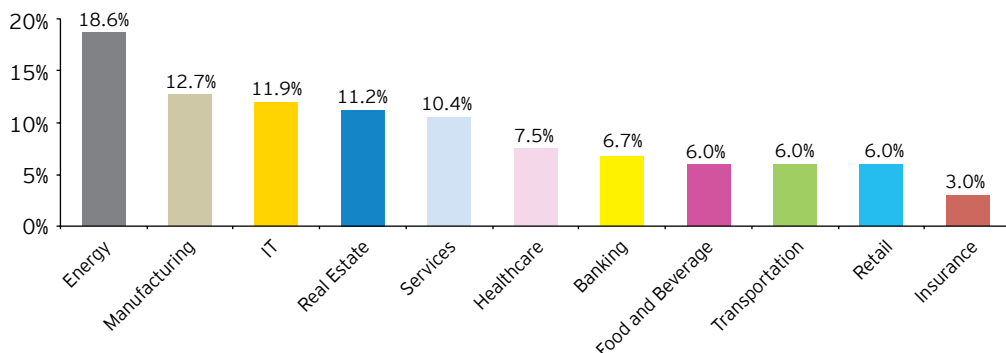
### The evaluation of private equity funds in terms of their M&A activities in Turkey

In 2018, both the volume and the number of M&A transactions in Turkey realized by private equity funds decreased. In contrast to the previous year, 53% of the participants rated private equity activity in Turkey as negative (33% in 2017), and 21% rated as positive (40% in 2017). While 27% of the respondents considered private equity activity in Turkey as uncertain in 2017, this ratio was at a similar level (26%) in 2018.



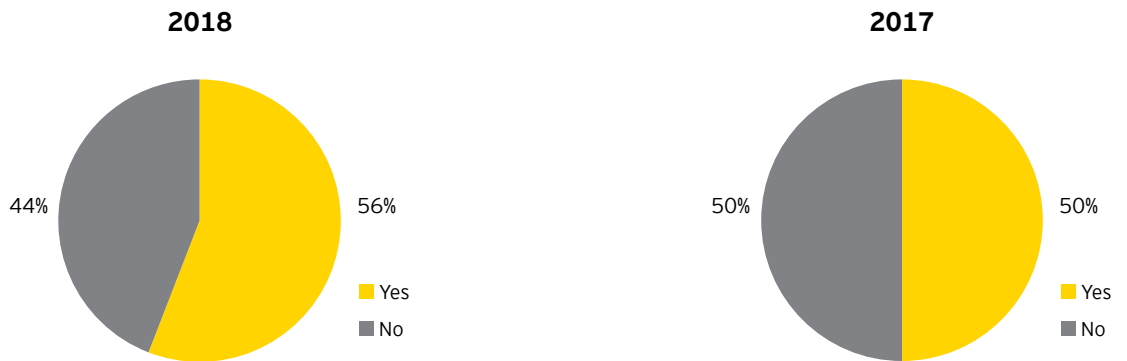
### Sectors that are expected to be the most active in 2019

Survey participants rated the energy, manufacturing, IT, real estate and services sectors as those expected to be the most active in terms of M&A activity in 2019. Similar to the expectations for 2018, the energy sector is still expected to be the most active sector in 2019.

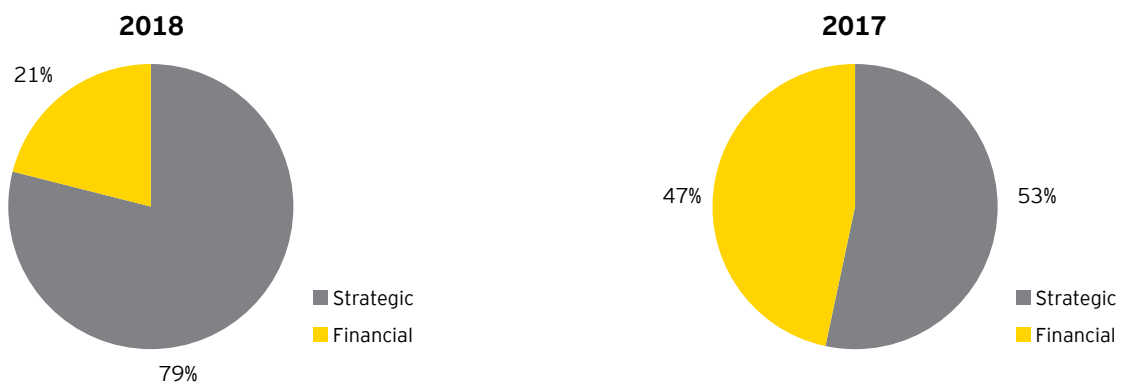


### Meetings about M&A activities and investor profile

Of those surveyed, 56% indicated that they participated in some form of M&A related meeting in 2018. This realization is slightly higher than the response in 2017 (50%).

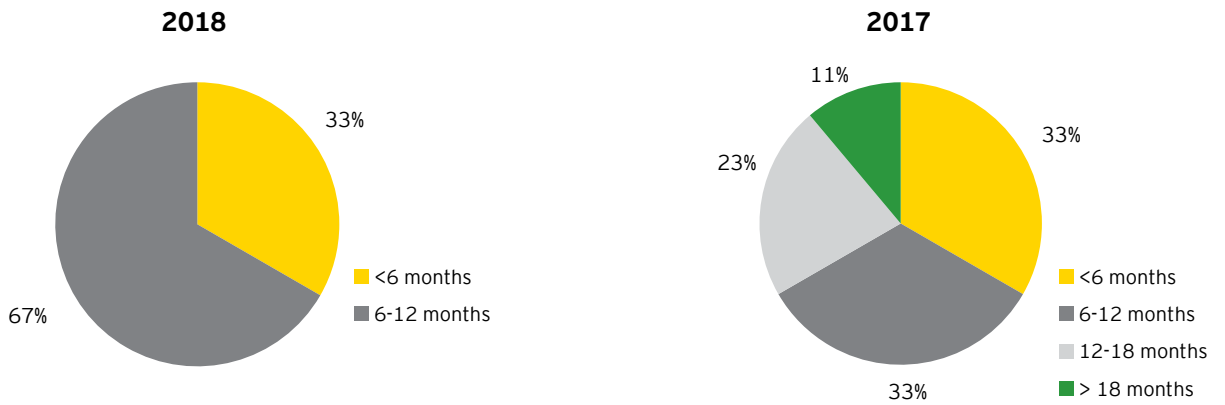


According to the survey results, 79% of the meetings held during 2018 were with strategic investors and 21% were with financial investors. Based on the survey results, the meetings held with strategic investors significantly increased compared to its 2017 level of 53%. Financial investors recorded a poor performance compared to the previous year.



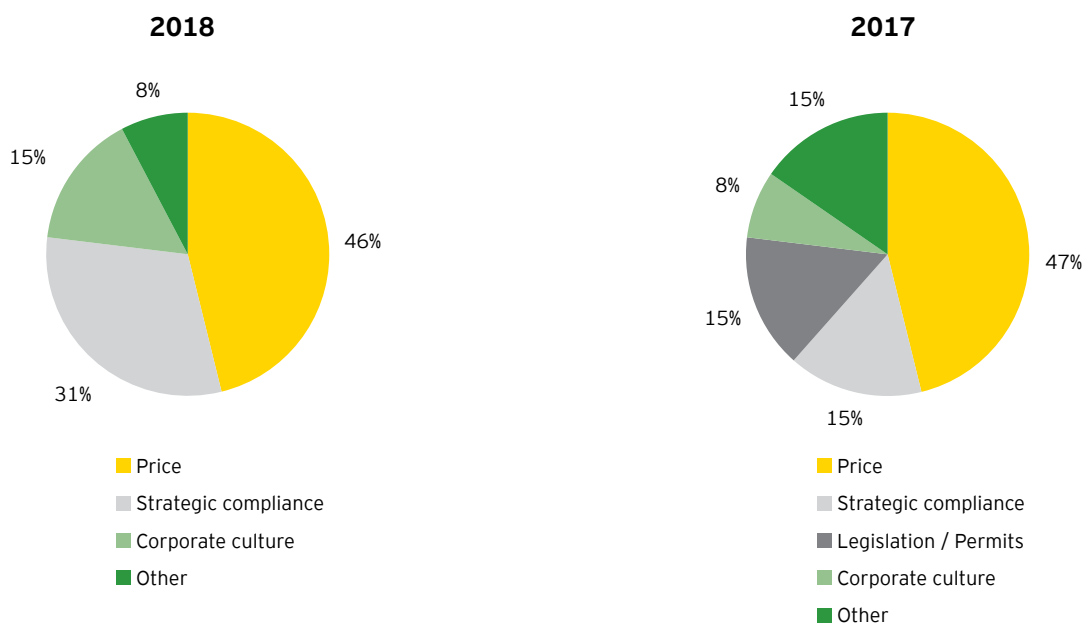
### Duration of the transaction process

Survey results showed that in 2018, 67% of transactions took, from start to finish, between six to twelve months to close and 33% less than six months. Compared to 2017, all of the transactions were completed within one year in 2018.



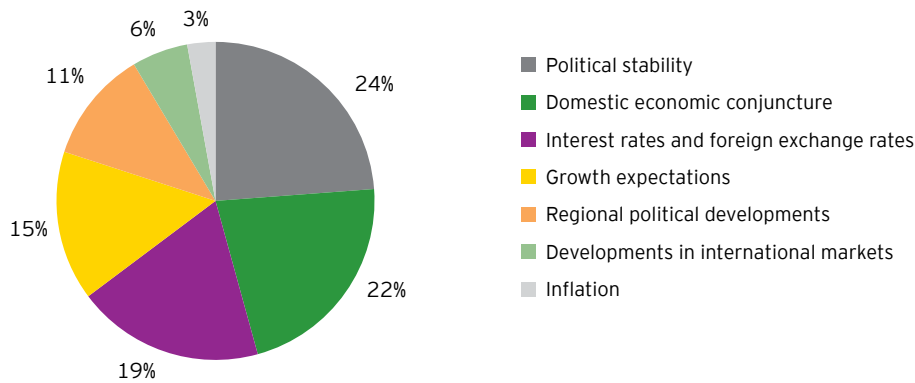
### The most important problems encountered during transactions

46% of the participants rated the difficulty in agreeing on price as the main problem arising during negotiations, in line with previous years. This was followed by strategic compliance with 31%, corporate culture with 15%, and other problems with 8%.



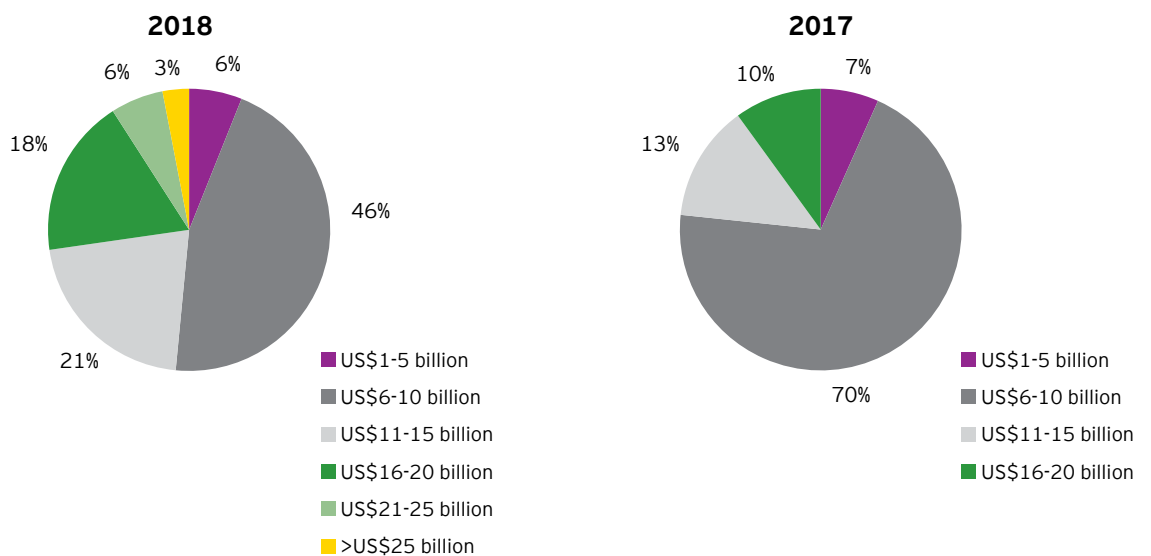
### Factors with the greatest impact on M&A activity in Turkey

Participants stated that the political stability, domestic economic conjuncture, interest and foreign exchange rates, and growth expectations had the greatest impact on M&A activity in Turkey in 2018 with 24%, 22%, 19% and 15%, respectively. These were followed by regional political developments with 11% and developments in international markets with 6%. Inflation was regarded as a less important factor.



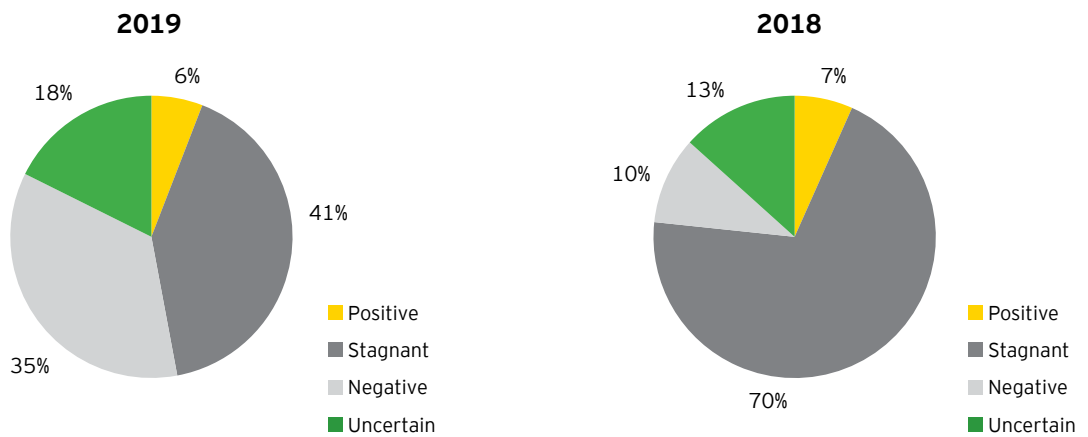
### Volume expectations for M&A activity in 2019

The Turkish business community presented a negative opinion and expects a low volume of M&A activity in 2019, as was the case in 2018, in light of the uncertainties in emerging economies, political developments in Turkey’s neighboring region and slowdown in the Turkish economy. 46% of participants stated that they expected the transaction volume in 2019 to be in the range of US\$6 billion to US\$10 billion, 21% in the range of US\$11 billion to US\$15 billion and those who expected the volume to be in the range of US\$16 billion to US\$20 billion was 18%. 6% of participants stated that they expected the transaction volume to be in the range of US\$1 billion to US\$5 billion and 6% expected a volume in the range of US\$21 to US\$25 billion. Only 3% of the respondents expected a transaction volume higher than US\$25 billion. These figures demonstrate that 73% of the Turkish business community expects transaction volume of less than US\$15 billion in 2019.



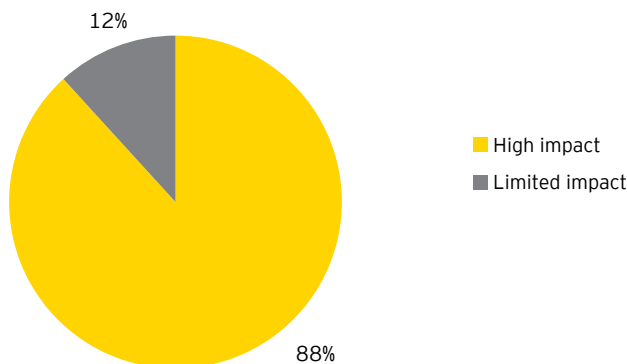
### The investment environment in Turkey in 2019

Due to high volatility in exchange rates, increasing risk perception of emerging economies, political uncertainties in nearby geographies and their potential impacts on the Turkish economy, only 6% of the participants expect a positive investment environment for 2019. 41% of the participants expect a stagnant environment. When surveyed last year, 10% of the participants had reported negative opinion about the investment environment for 2018, whereas, this rate increased to 35% for 2019. 18% of participants evaluated the investment environment in Turkey as uncertain for 2019 (13% for 2018). These figures demonstrate that survey participants are more pessimistic about the investment environment for 2019 compared to 2018.



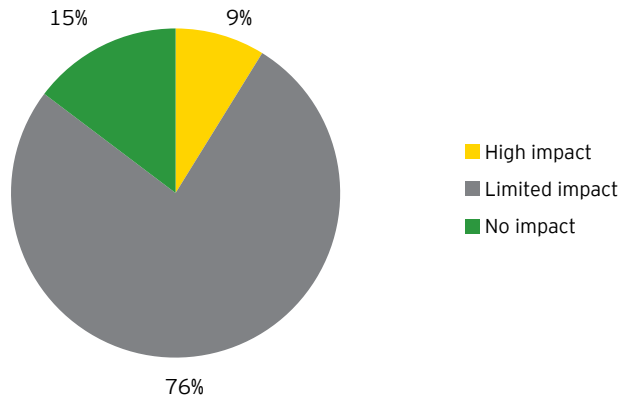
### Impact of the exchange rate fluctuations and high inflation on the Turkish investment environment in 2019

According to survey results, 88% of participants expect the high volatility in exchange rates and high inflation to have a major impact, 12% of the participants expect a limited impact in 2019.



### Impact of New Economic Program (2019 - 2021) on the Turkish investment environment

76% of participants expect that New Economic Program (2019 - 2021) will have a limited impact on Turkey, whereas 15% expect no impact. 9% of the participants expect the impact to be high.



# List of M&A transactions in 2018\*

(\*) The list has been prepared in alphabetic order according to the target company name.



Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
Acarlar Makine	Services	Haulotte Group	France	50.00%	August 18	Not Disclosed	Acquisition
Acıbadem Healthcare Group	Healthcare	Integrated Healthcare Holdings	Malaysia	30.00%	October 18	Not Disclosed	Acquisition
Acıbadem Insurance	Financial Services	BUPA	UK	100.00%	August 18	Not Disclosed	Acquisition
ACP Insurance	Financial Services	Howden UK Group	UK	82.50%	April 18	Not Disclosed	Acquisition
Ado Energy, Mursal Energy	Energy	Kangal Electricity, İş Asset Management Infrastructure Venture Capital Investment Fund	Turkey	100.00%	November 18	Not Disclosed	Acquisition
Adoçim Cement	Manufacturing	Titan Cement	Greece	25.00%	August 18	Not Disclosed	Acquisition
Advancity	IT	Enocta	Turkey	Not Disclosed	June 18	Not Disclosed	Acquisition
Afşin Elbistan A Thermal Power Plant	Energy	Çelik Family (Private Investors)	Turkey	100.00%	June 18	Not Disclosed	Acquisition
Afyon Sugar Factory	Food and Beverage	Doğuş Yiyecek İçecek	Turkey	100.00%	April 18	177.4	Privatization
Aktiebolaget Rotech, Rotek Robotik	Automotive	ABB	Switzerland	Not Disclosed	July 18	Not Disclosed	Acquisition
Alanar Gıda, Alara Fidan	Food and Beverage	Tekfen Holding	Turkey	90.00%	January 18	13.0	Acquisition
Alfa Car Fleet Leasing	Services	Hedef Car Leasing	Turkey	100.00%	March 18	Not Disclosed	Acquisition
Alitek Technology	IT	Advantech	Taiwan	25.00%	March 18	Not Disclosed	Acquisition
Alkhair Securities	Financial Services	A1 Capital Securities	Turkey	95.79%	June 18	Not Disclosed	Acquisition
Alpullu Sugar Factory	Food and Beverage	Binbirgıda Agriculture	Turkey	100.00%	April 18	36.8	Privatization
Anadolu Kafkasya Enerji Yatırımları	Energy	Paravani Energy	Netherlands	13.51%	November 18	10.0	Acquisition
Antalya Airport	Transportation	TAV Havalimanları Holding	Turkey	49.00%	February 18	443.6	Acquisition
APM Terminals Port Management	Transportation	SOCAR Turkey Energy	Azerbaijan	100.00%	October 18	Not Disclosed	Acquisition
App Samurai	IT	ACT Venture Partners	Turkey	Not Disclosed	February 18	1.2	Acquisition
Araba.com	IT	Garaj Sepeti	Turkey	Not Disclosed	July 18	Not Disclosed	Acquisition
Arimpeks	Manufacturing	Montana Tech Components	Switzerland	80.00%	September 18	Not Disclosed	Acquisition
Avrasya Gas	Energy	Adnan Şen (Private Investor)	Turkey	40.00%	November 18	Not Disclosed	Acquisition
BAMI Steel Corporation	Manufacturing	ArcelorMittal	Luxembourg	18.33%	November 18	Not Disclosed	Acquisition
Baracuda Su Ürünleri	Food and Beverage	Gümüşdoğa Su Ürünleri	Turkey	Not Disclosed	May 18	Not Disclosed	Acquisition
Bikiltaş Energy	Energy	Konya Cement	Turkey	50.00%	September 18	16.5	Acquisition
Bireysel Tanıtım ve Aktivite	Services	Ekom Research	Turkey	100.00%	February 18	Not Disclosed	Acquisition
Biznet	IT	Faruk Eczacıbaşı (Private Investor)	Turkey	45.50%	April 18	Not Disclosed	Acquisition
BKS	Manufacturing	Biobest Group	Germany	Not Disclosed	December 18	Not Disclosed	Acquisition
Borusan Manheim	Services	Borusan Group	Turkey	50.00%	November 18	Not Disclosed	Acquisition
Boyner	Retail	Mayhoola for Investments	Qatar	11.27%	November 18	21.4	Acquisition
BREN	Energy	Tarvenn Ventures & Advisors	Turkey	Not Disclosed	December 18	Not Disclosed	Acquisition
BTCTürk	Financial Services	Özgür Güneri (Private Investor)	Turkey	95.00%	February 18	Not Disclosed	Acquisition
Bundle Network	IT	Coinsilium	UK	Not Disclosed	September 18	0.1	Acquisition
Butangaz	Energy	İpragaz	Turkey	50.00%	September 18	Not Disclosed	Acquisition

Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
C Tech IT Technologies	IT	TUSAŞ Havaçılık ve Uzay Sanayii (TAI)	Turkey	49.00%	January 18	Not Disclosed	Acquisition
Carbon	IT	Hedef Car Leasing, Nexus Ventures	Turkey	Not Disclosed	May 18	0.2	Acquisition
Cardtek	Services	Sancak Family (Private Investors)	Turkey	54.00%	October 18	Not Disclosed	Acquisition
CarrefourSA Bayrampaşa	Real Estate	Re-Pie	Turkey	N/A	February 18	38.2	Acquisition
CarrefourSA Maltepe	Real Estate	Bakırköy Gayrimenkul	Turkey	N/A	May 18	193.3	Acquisition
CEOtudent	IT	BIC Angels	Turkey	Not Disclosed	February 18	Not Disclosed	Acquisition
Çine HPP	Energy	İş-Kaya İnşaat	Turkey	N/A	April 18	29.8	Transfer of Operating Rights
Çorum Sugar Factory	Food and Beverage	Safi Holding	Turkey	100.00%	April 18	130.0	Privatization
D.ream	Food and Beverage	Temasek, Metric Capital	Singapore, UK	17.34%	April 18	200.0	Acquisition
Demak Gıda	Food and Beverage	Transmed Lebanese Holding	Lebanon	80.00%	April 18	Not Disclosed	Acquisition
Demirer Kablo	Manufacturing	Jiangsu Zhongtian Technology (ZTT)	China	100.00%	July 18	66.7	Acquisition
Denebunu.com	IT	Galata Business Angels, Serkan Borançılı, Cihan Özgün (Private Investors)	Turkey	Not Disclosed	September 18	0.4	Acquisition
DenizBank*	Financial Services	Emirates NBD	UAE	99.85%	May 18	3,191.1	Acquisition
Digime3D	IT	Tarvenn Ventures & Advisors	Turkey	Not Disclosed	June 18	Not Disclosed	Acquisition
Dinar 2 HPP	Energy	Özce Mining	Turkey	N/A	February 18	2.1	Transfer of Operating Rights
DirectFN	IT	MCT Advisory	Turkey	99.00%	November 18	0.4	Acquisition
DJ Cool Air Conditioning and Cooling Devices	Manufacturing	Safkar Ege Soğutmacılık	Turkey	100.00%	July 18	1.7	Acquisition
Doğan Medya Holding	Media	Demirören Holding	Turkey	100.00%	March 18	919.0	Acquisition
Doğan Müzik Kitap (D&R)	Retail	Turkuvaz Group	Turkey	100.00%	May 18	98.2	Acquisition
Döktaş Casting	Automotive	Çelik Holding	Turkey	93.57%	March 18	Not Disclosed	Acquisition
Döner Stop	Food and Beverage	Ata Holding	Turkey	100.00%	January 18	Not Disclosed	Acquisition
Duran Makina (Folder Division)	Manufacturing	Koenig & Bauer	Germany	80.00%	December 18	Not Disclosed	Acquisition
eFinans	IT	QNB Finansbank	Turkey	49.00%	February 18	5.3	Acquisition
Ege Towers	Energy	CS Wind	South Korea	100.00%	May 18	6.7	Acquisition
Egeli & Co Energy	Energy	Alper Özoğulları (Private Investor)	Turkey	32.00%	March 18	0.9	Acquisition
Ekol Gıda	Food and Beverage	Cargill	US	49.00%	March 18	Not Disclosed	Acquisition
Elbistan Sugar Factory	Food and Beverage	Mutlucan Salt	Turkey	100.00%	April 18	73.0	Privatization
Elif Plastik	Manufacturing	Turkven	Turkey	Not Disclosed	July 18	Not Disclosed	Acquisition
Emin Group	Services	NIBE Industrier	Sweden	51.00%	August 18	Not Disclosed	Acquisition
Emlak Planlama	Real Estate	Emlak REIT	Turkey	51.00%	November 18	26.8	Acquisition
English Home	Retail	Aydın Family (Private Investors)	Turkey	40.00%	July 18	Not Disclosed	Acquisition
Erdikler CPA	Financial Services	KPMG Turkey	Turkey	N/A	November 18	Not Disclosed	Merger

Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
Erzurum and Erzincan Sugar Factories	Food and Beverage	Albayrak Tourism	Turkey	100.00%	May 18	68.0	Privatization
Eşarj Charge Systems	Energy	Enerjisa	Turkey	80.00%	April 18	1.0	Acquisition
Evciler Kimya	Chemicals	Elemental Holding	Poland	32.00%	June 18	Not Disclosed	Acquisition
E-Vend	IT	Macgal Otomat	Turkey	Not Disclosed	March 18	Not Disclosed	Acquisition
Expertera	Services	Etiya	Turkey	Not Disclosed	January 18	Not Disclosed	Acquisition
Fabula Tekstil	Textile	Söktaş Tekstil	Turkey	40.00%	December 18	0.2	Acquisition
Fazla Gıda	IT	Galata Business Angels, EĞİAD Angels, Private Investors	Turkey	Not Disclosed	July 18	0.5	Acquisition
FineDine	IT	500 İstanbul	Turkey	Not Disclosed	April 18	Not Disclosed	Acquisition
Foça Holiday Village	Tourism	Arda Engineering	Turkey	N/A	July 18	9.2	Transfer of Operating Rights
ForFarming	IT	Tarvenn Ventures & Advisors	Turkey	Not Disclosed	December 18	Not Disclosed	Acquisition
Foriba (FIT Solutions)	IT	International Finance Corporation (IFC), Revo Capital, Endeavor Catalyst	US, Turkey	Not Disclosed	February 18	5.0	Acquisition
Garaj Sepeti	IT	Fplus Ventures, Galata Business Angels, Fiba CVC, MAP Investment, Private Investors	Turkey	Not Disclosed	February 18	1.3	Acquisition
Gate İnşaat	Construction	Tekfen Holding	Turkey	50.00%	June 18	21.5	Acquisition
GBH Tourism	Tourism	Robinson Club (TUI AG)	Germany	Not Disclosed	May 18	Not Disclosed	Acquisition
Gemsat Gas Equipment	Manufacturing	Pietro Fiorentini	Italy	100.00%	June 18	Not Disclosed	Acquisition
Gönen HPP	Energy	Altek Alarko	Turkey	N/A	March 18	16.3	Transfer of Operating Rights
Gram Games	IT	Zynga	US	100.00%	May 18	250.0	Acquisition
Gripati	IT	App Samurai	Turkey	100.00%	July 18	Not Disclosed	Acquisition
Gür Metal Precision Casting, Gürtek Metal	Manufacturing	TUSAŞ Motor Industry (TEI)	Turkey	51.00%	October 18	Not Disclosed	Acquisition
Hatfil Tekstil	Textile	Marco ve Alberto Verzotti (Private Investors)	Italy	49.00%	August 18	4.3	Acquisition
Hidrojen Peroxide	Chemicals	Hayyam Gariboğlu (Private Investor)	Turkey	28.20%	July 18	4.6	Privatization
Hürriyet Emlak	IT	Goldman Sachs	US	Not Disclosed	December 18	Not Disclosed	Acquisition
Hyundai Elevator Turkey	Manufacturing	Hyundai Elevator	South Korea	49.00%	March 18	1.0	Acquisition
ICON Agro	Food and Beverage	EW Gıda	Germany	51.00%	June 18	Not Disclosed	Acquisition
Infonet IT Technologies	IT	Cyber Security 1	Sweden	100.00%	August 18	14.0	Acquisition
Insider	IT	Sequoia Capital	US	Not Disclosed	February 18	11.0	Acquisition
Intercity	Services	Vural Ak (Private Investor)	Turkey	47.00%	August 18	Not Disclosed	Acquisition
ISIS IT	IT	Foriba (FIT Solutions)	Turkey	100.00%	May 18	4.0	Acquisition
İmbat Hotel Kuşadası	Tourism	UFBA Tourism	Turkey	100.00%	August 18	Not Disclosed	Acquisition
İstinye Park İzmir	Real Estate	Orjin Group	Turkey	Not Disclosed	April 18	Not Disclosed	Acquisition

Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
iyisahne.com	IT	dugun.com	Turkey	Not Disclosed	April 18	Not Disclosed	Acquisition
Jolly Tour	Tourism	Goldman Sachs	US	14.00%	November 18	Not Disclosed	Acquisition
Kapılı Tepe Project	Mining	Deep South Resources	Canada	75.00%	June 18	Not Disclosed	Acquisition
Kellogg Med Nutrients	Food and Beverage	Kellogg's	US	50.00%	November 18	Not Disclosed	Acquisition
Kervansaray Bodrum	Tourism	Şaban Kayıkçı (Private Investor)	Turkey	100.00%	August 18	Not Disclosed	Acquisition
Kırşehir Sugar Factory	Food and Beverage	Tutgu Gıda	Turkey	100.00%	April 18	81.6	Privatization
Kimola	IT	StartersHub, 500 İstanbul, Uğur Şeker (Private Investor)	Turkey, US	Not Disclosed	May 18	0.2	Acquisition
Korsini Packaging	Manufacturing	Koroza Packaging	Turkey	38.50%	February 18	Not Disclosed	Acquisition
Liberty Insurance	Financial Services	Talanx	Germany	99.40%	January 18	Not Disclosed	Acquisition
Lider Adana	Tourism	Marka Yatırım	Turkey	100.00%	March 18	0.4	Acquisition
Lidyana.com	IT	Private Investors	Turkey	Not Disclosed	August 18	3.5	Acquisition
Lodos Electricity	Energy	Kalyon, Kolin, Limak, MAPA, Cengiz Holding	Turkey	100.00%	November 18	Not Disclosed	Acquisition
Madwords	IT	ReklamStore	Turkey	100.00%	February 18	Not Disclosed	Acquisition
Magdeburger Insurance	Financial Services	Borlease	Turkey	100.00%	June 18	Not Disclosed	Acquisition
Magic Life and other 9 hotels	Tourism	MP Hotel Management	Turkey	Not Disclosed	September 18	Not Disclosed	Acquisition
Mapplico	IT	Ideasoft	Turkey	Not Disclosed	June 18	Not Disclosed	Acquisition
Marcegaglia TR	Manufacturing	Marcegaglia Specialities	Italy	Not Disclosed	August 18	Not Disclosed	Acquisition
Mardaş Marmara	Transportation	Arkas Holding	Turkey	100.00%	August 18	Not Disclosed	Acquisition
MCT Advisory	Services	Hedef Venture Capital	Turkey	38.90%	April 18	1.9	Acquisition
MCT Advisory	Services	Seyitler Chemistry	Turkey	16.96%	June 18	0.7	Acquisition
Memorial Healthcare	Healthcare	Aydın Family (Private Investors)	Turkey	20.00%	July 18	Not Disclosed	Acquisition
Muş Sugar Factory	Food and Beverage	MBD İnşaat, Öz Er-Ka İnşaat	Turkey	100.00%	April 18	56.4	Privatization
Mutlubiev	Services	Collective Spark	Turkey	Not Disclosed	October 18	1.4	Acquisition
Mynet	IT	Emre Kurttepelı (Private Investor)	Turkey	49.00%	July 18	Not Disclosed	Acquisition
Neredennereye.com	IT	Busbud	Canada	100.00%	November 18	Not Disclosed	Acquisition
Niğde Bor Sugar Factory	Food and Beverage	DSL İnşaat	Turkey	100.00%	September 18	Not Disclosed	Acquisition
Niğde Bor Sugar Factory	Food and Beverage	Doğuş Yiyecek İçecek	Turkey	100.00%	April 18	83.0	Privatization
NTV Spor	Media	Discovery Medya	US	100.00%	January 18	Not Disclosed	Acquisition
Oba Makarnacılık	Food and Beverage	Venture Capital Bank, First Energy Bank	Bahrain	50.00%	June 18	Not Disclosed	Acquisition
Obilet.com	IT	EarlyBird Venture Capital	Luxembourg	Not Disclosed	July 18	Not Disclosed	Acquisition
Ofçay	Food and Beverage	Jacobs	US	100.00%	September 18	Not Disclosed	Acquisition
Okida Electricity	Manufacturing	Sabaf	Italy	100.00%	July 18	31.5	Acquisition
Olev	IT	Keiretsu Forum	US	Not Disclosed	March 18	Not Disclosed	Acquisition
Omni Insurance and Reassurancace Brokerage	Financial Services	Lockton Overseas	US	50.00%	December 18	Not Disclosed	Acquisition

Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
OMV Samsun Electricity Generation	Energy	Bilgin Energy	Turkey	100.00%	May 18	Not Disclosed	Acquisition
Once Coupon A Time	IT	Sterk Plastik	Romania	Not Disclosed	November 18	0.5	Acquisition
Onlock	IT	StartersHub, Viveka	Turkey	Not Disclosed	November 18	Not Disclosed	Acquisition
Otto	IT	StartersHub, Angel Effect	Turkey	Not Disclosed	August 18	0.1	Acquisition
OYAK Cement	Manufacturing	Taiwan Cement Corporation (TCC)	Taiwan	40.00%	October 18	640.0	Acquisition
Özkar Global Gıda Ürünleri	Food and Beverage	Altınyağ Kombinaları	Turkey	100.00%	August 18	Not Disclosed	Acquisition
Pana Project and Real Estate	Real Estate	Taşçeken Group	Turkey	100.00%	July 18	15.5	Acquisition
Piri	IT	İş Bankası, Turkcell	Turkey	Not Disclosed	June 18	0.4	Acquisition
Pizza Pizza	Food and Beverage	Mediterra	Turkey	100.00%	May 18	Not Disclosed	Acquisition
Profreight Freight	Transportation	Mehmet Haldun Gedizşener (Private Investor)	Turkey	44.00%	March 18	3.3	Acquisition
Pronet Security, Sernet	Services	Securitas	Sweden	100.00%	June 18	Not Disclosed	Acquisition
Rapro	Manufacturing	Gates Industrial Corporation	US	100.00%	April 18	50.9	Acquisition
Ravaber Construction Products	Manufacturing	Ravago	Belgium	50.00%	January 18	Not Disclosed	Acquisition
Rayvag Vagon	Manufacturing	Greenbrier-Astra Rail	Poland	68.00%	August 18	Not Disclosed	Acquisition
Renkler Makina	Manufacturing	Kros Otomotiv	Turkey	100.00%	May 18	Not Disclosed	Acquisition
Response Ortho	Healthcare	WishBone Medical	US	100.00%	November 18	Not Disclosed	Acquisition
Sa-ba Industrial Products	Manufacturing	Varroc Lighting Systems	US	100.00%	July 18	Not Disclosed	Acquisition
San-El Engineering	Energy	Ares Energy	Turkey	36.50%	November 18	Not Disclosed	Acquisition
Scotty	IT	ADVentures	Turkey	Not Disclosed	May 18	Not Disclosed	Acquisition
Scoutium	IT	İTÜ Çekirdek, Nokta Yatırım, Hande Enes, Ali Keçecioğlu (Private Investors)	Turkey	Not Disclosed	January 18	1.0	Acquisition
Segmentify	IT	Esor Investments	Germany	Not Disclosed	June 18	Not Disclosed	Acquisition
Senkron Security	Services	Kerem Bilge (Private Investor)	Turkey	40.70%	July 18	Not Disclosed	Acquisition
Show Radio	Media	Bilal Şirin (Private Investor)	Turkey	Not Disclosed	August 18	Not Disclosed	Acquisition
Simtec System (Call Center)	Services	Atos	France	Not Disclosed	July 18	Not Disclosed	Acquisition
Sinemia	IT	Sankonline, Sunvest, Private Investors	Turkey	Not Disclosed	January 18	Not Disclosed	Acquisition
Socar Turkey LNG Sales	Energy	Reysaş Investment Holding	Turkey	54.54%	November 18	Not Disclosed	Acquisition
Sorun Kalmasın	IT	Eti Ventures, Nevzat Aydın, Fırat İşbecer (Private Investors)	Turkey	Not Disclosed	October 18	0.2	Acquisition
Stockmount	IT	Hande Enes, Osman Kale (Private Investors)	Turkey	Not Disclosed	April 18	0.5	Acquisition
Stroer Kentvizyon	Media	İlbak Holding	Germany	90.00%	October 18	17.2	Acquisition
Sütçüler HPP	Energy	GNE Electricity Generation	Turkey	N/A	March 18	2.1	Transfer of Operating Rights
Tahincioğlu Zeytinburnu İnşaat	Construction	Nezih Barut (Private Investor)	Turkey	51.00%	November 18	Not Disclosed	Acquisition
Tapu.com	IT	EarlyBird Venture Capital, Bedii Can Yücaoğlu (Private Investor)	Luxembourg, Turkey	Not Disclosed	June 18	1.2	Acquisition

Target	Sector	Acquirer	Country of Acquirer	Stake	Date	Deal Value (US\$ million)	Deal Type
Tarfin	Services	Collective Spark	Turkey	Not Disclosed	October 18	Not Disclosed	Acquisition
Tek-Art İnşaat	Construction	İrfan Yazıcı (Private Investor)	Turkey	9.90%	January 18	Not Disclosed	Acquisition
Tekirdağ Port	Transportation	Ceynak Lojistik	Turkey	N/A	January 18	92.8	Transfer of Operating Rights
Teknofix	IT	Webhelp	France	Not Disclosed	May 18	Not Disclosed	Acquisition
Teksav Teknoloji	Manufacturing	Safkar Ege Soğutmacılık	Turkey	34.00%	October 18	0.2	Acquisition
Tohma HPP	Energy	ERG Altyapı İnşaat	Turkey	N/A	May 18	13.5	Transfer of Operating Rights
Tortum HPP	Energy	Tayfurlar Energy	Turkey	N/A	July 18	23.1	Transfer of Operating Rights
Trendyol	IT	Alibaba	China	Not Disclosed	June 18	728.0	Acquisition
Trusturk	IT	Revo Capital	Turkey	Not Disclosed	June 18	0.6	Acquisition
TRY Group	Services	Ahmet Nurdağ (Private Investor)	Turkey	100.00%	July 18	Not Disclosed	Acquisition
Turcas Kuyucak Geothermal Energy	Energy	Turcas Petrol	Turkey	8.00%	December 18	1.5	Acquisition
Turhal Sugar Factory	Food and Beverage	Kayseri Şeker	Turkey	100.00%	April 18	139.0	Privatization
Turkland Insurance	Financial Services	Maher Yatırım	Turkey	100.00%	July 18	Not Disclosed	Acquisition
Turknet	IT	Gulf Capital	UAE	Not Disclosed	January 18	Not Disclosed	Acquisition
U.N. Ro-Ro	Transportation	DFDS	Denmark	98.80%	April 18	1,172.0	Acquisition
UBM ICC, UBM İstanbul and UBM NTSR Expo	Services	UBM	UK	Not Disclosed	June 18	Not Disclosed	Acquisition
ULAK Haberleşme	Telecommunications	Aselsan	Turkey	51.00%	October 18	Not Disclosed	Acquisition
Ulukom Software	IT	Wisetech	Australia	100.00%	May 18	2.2	Acquisition
Universal Hospital Bodrum	Healthcare	American Hospital	Turkey	100.00%	January 18	Not Disclosed	Acquisition
Uyum Gıda (56 stores), Makromarket (21 stores)	Retail	Migros	Turkey	N/A	March 18	26.8	Acquisition
V-Count	IT	Logo Ventures	Turkey	Not Disclosed	February 18	0.5	Acquisition
Volt Lines	IT	Dubai Angel Investors, Middle East Venture Partners, Hedef Araç Kiralama, Wassim Matar (Private Investor)	Turkey, UAE	Not Disclosed	November 18	1.3	Acquisition
Volt Lines	IT	Hedef Car Leasing, Middle East Venture Partners	Turkey, UAE	Not Disclosed	August 18	0.3	Acquisition
Wask.co	IT	Tarvenn Ventures & Advisors	Turkey	Not Disclosed	October 18	Not Disclosed	Acquisition
Webrazzi	IT	Hande Enes (Private Investor)	Turkey	1.66%	September 18	0.3	Acquisition
Wittycommerce	IT	Emakina Group	Belgium	100.00%	March 18	1.2	Acquisition
Yollando.com	IT	Tarvenn Ventures & Advisors	Turkey	Not Disclosed	April 18	Not Disclosed	Acquisition
Your Porter	IT	Fırat İşbecer, Cem Çetin (Private Investors)	Turkey	Not Disclosed	August 18	Not Disclosed	Acquisition
Zinedent Implant	Healthcare	Straumann Holding	Switzerland	50.00%	November 18	Not Disclosed	Acquisition

\*The Share Purchase Agreement of DenizBank deal was signed however transfer of shares was not completed as of December 31st, 2018. The deal value which was announced at the signing date is used in our report and is subject to potential adjustments following the negotiations between the parties at closing.

N/A: Not applicable

## Basis of preparation of the study

The merger and acquisition transactions included in this report comprise deals whose negotiations were completed and announced between January 1st, 2018 and December 31st, 2018.

The data in this report could be made even more accurate if there was a database that regularly kept track of mergers and acquisitions in Turkey and if all the transactions were announced. Nevertheless, we believe that the information presented in this report truly represents the important aspects of mergers and acquisitions activity in Turkey, especially in terms of transaction volume.

In compiling this report, publicly available resources as well as the opinions of investment banks, consultants and investors have been used.

When preparing this study:

- ▶ Transactions where negotiations are finalized but legal procedures are ongoing are also included in this study.
- ▶ Finalized privatization tenders and Saving Deposit Insurance Fund transactions are considered completed transactions even if the approval procedures of the Privatization High Council or Fund Board were still in process.
- ▶ Transactions based on the “Transfer of Operating Rights” model and realized by public institutions other than the Privatization Administration of Turkey are included in the report.
- ▶ Mergers and share transfers between group companies and transactions where financial institutions were involved within the framework of debt restructuring are not taken into consideration.
- ▶ Mergers and acquisitions realized by Turkish companies abroad and mergers and acquisitions realized by subsidiaries of Turkish companies which were established abroad are not taken into consideration.
- ▶ Acquisitions made through stock purchases or tender offers on Istanbul Stock Exchange are not taken into consideration.
- ▶ Land sales for which there is no development plan are not taken into consideration.
- ▶ Transaction values do not include the financial liabilities undertaken by the investor.

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