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**M&A Barometer
Hungary H1 2018**

EY M&A Barometer is a summary and analysis of publicly disclosed information accumulated from own research and reputable databases. M&A activity and data includes private to private transactions and excludes:

- ▶ Acquisitions of minority stakes below 15%
- ▶ Majority shareholder's further acquisition of minority interest
- ▶ Real estate transactions (except when the target 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 included)
- ▶ Internal reorganizations

Key findings



+136%

Value of Hungarian M&A market
US\$2.31b



66

Number of transactions



**4th most
active period**

since H1 2010

**Stable M&A market in Hungary
in H1 2018 - Real estate retained
its leading position ahead of IT
and technology**

66 deals were publicly disclosed in Hungary in H1 2018, reflecting a sustainable M&A market compared with H1 2017 and H2 2017 of 66 and 67 published deals, respectively. The estimated value of the M&A market increased by 136% in terms of value versus H1 2017 and decreased by 24% versus H2 2017 due to the slower pace of growing Real estate market. Unlike in the previous years Real estate was the most active industry in Hungary ahead of IT and technology.

Number of M&A transactions increased to 66 in Hungary

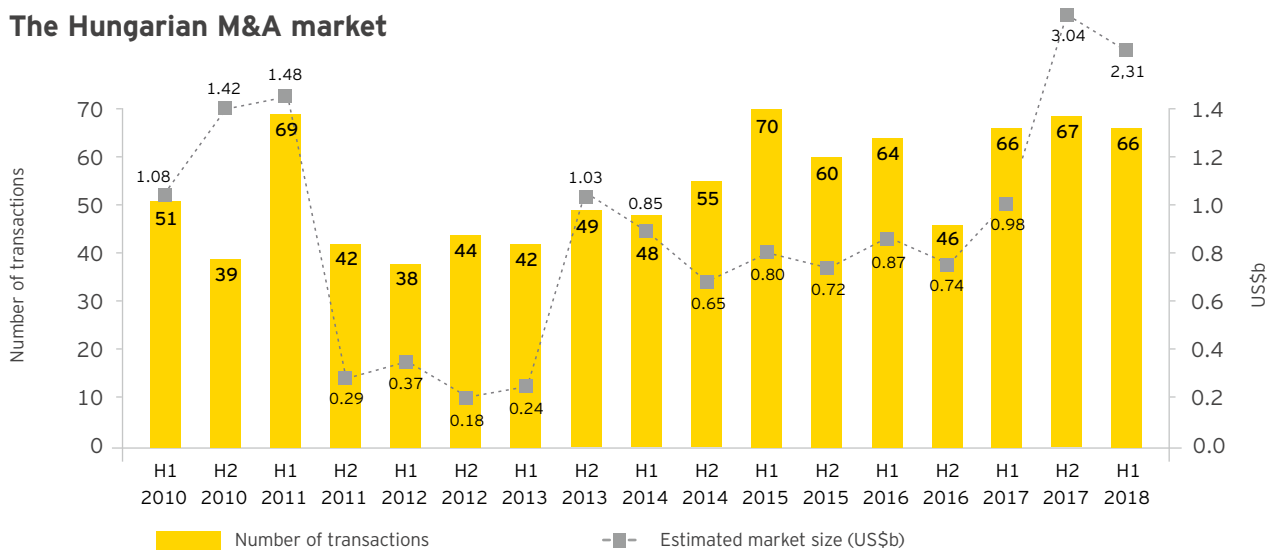
In H1 2018, 66 deals were disclosed and published in Hungary, reflecting a sustainability compared with the same amount of transactions in H1 2017. Since H1 2010, this has been the fourth most active period together with H1 2017, in terms of the number of publicly disclosed transactions.

Estimated value of the M&A market - US\$2.31b

Transaction values were disclosed and published in 18% of the deals (12), somewhat more than H1 2017 of 15%. Based on the publicly available information, the estimated value of the Hungarian M&A market was US\$2.31b. This represents a 136% increase from US\$0.98b in H1 2017 and a 24% decrease from US\$3.04b in H2 2017.

The average value of deals with a disclosed deal value below US\$100m increased to US\$14.7m in H1 2018, which represents 25% increase from US\$11.7m in H1 2017. This increase was due to the large deal size in the Real estate market and IT area.

The Hungarian M&A market



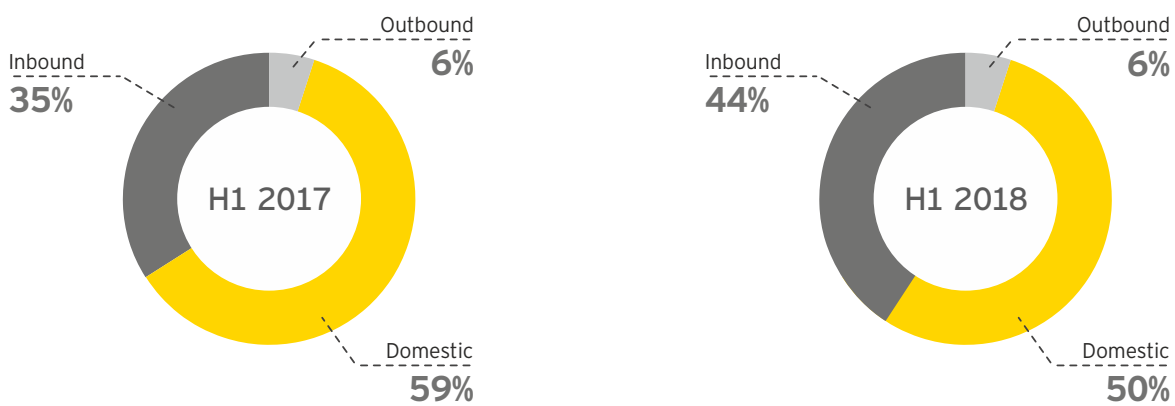
Local deals and strategic investors dominate the market

In H1 2018, the Hungarian M&A market was dominated by domestic transactions - as in previous years. The share of domestic transactions, where both the target and buyer were Hungarian entities, decreased by 9 percentage points to 50%.

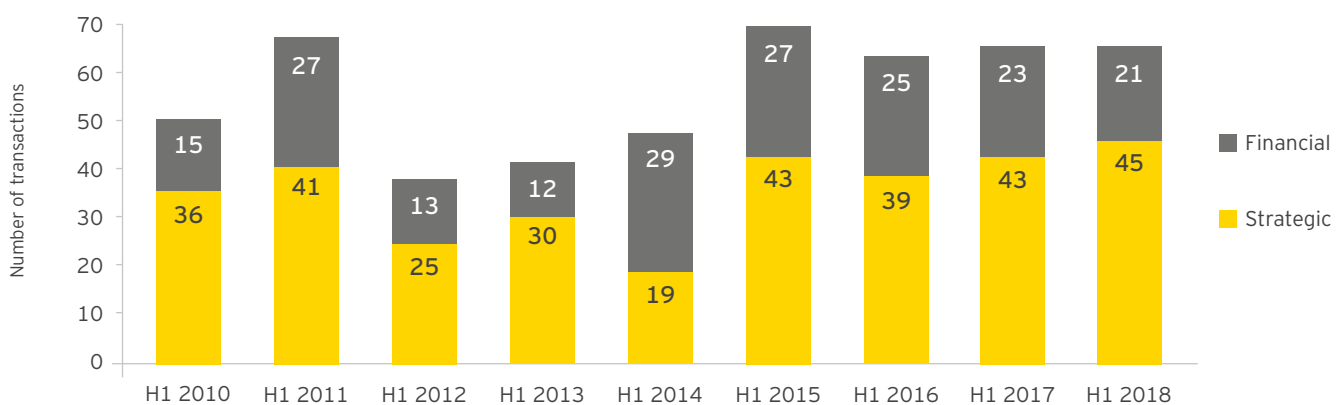
The most frequent origin of inbound investments includes the UK (5 deals), Germany and France (each with 3 transactions), and Austria and Switzerland (each with 2 transactions). Only four publicly disclosed outbound transactions were noted in H1

2018, one of them being the acquisition of the US-based Jive Communications, provides enterprise-grade hosted VoIP (Voice over IP) and unified communications to businesses and institutions worldwide, by the cloud-based communication and collaboration solution provider LogMeIn.

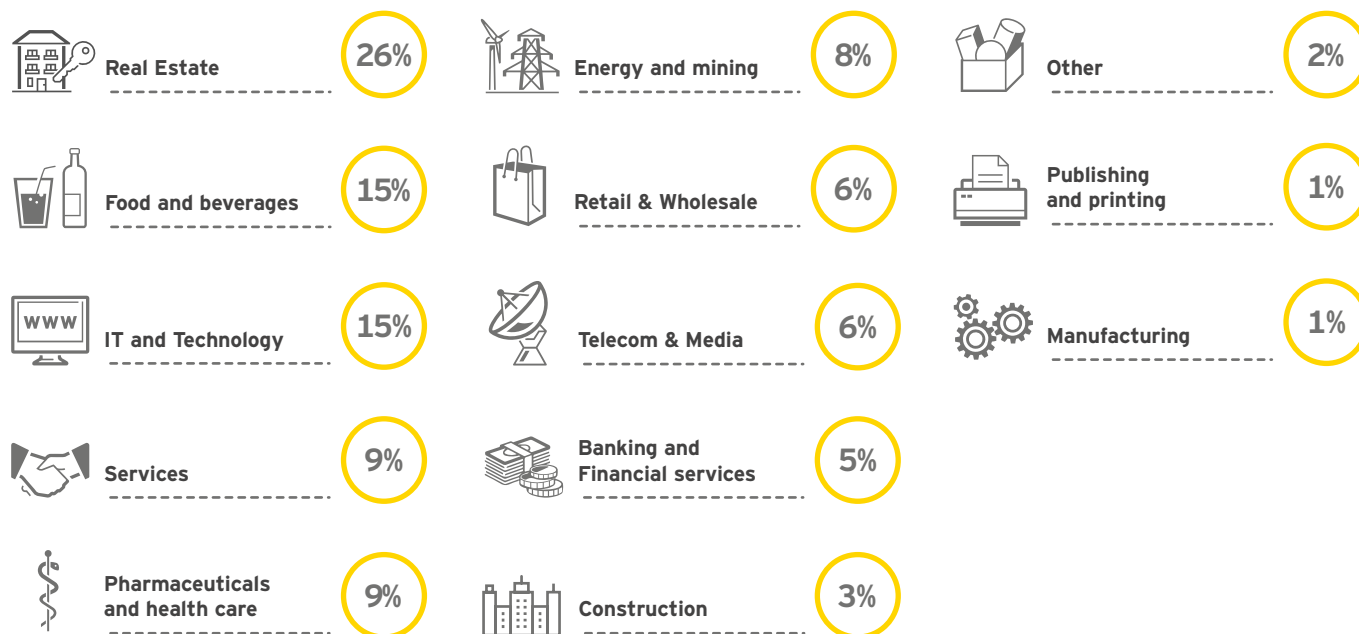
In line with the previous year, strategic investors were in majority in Hungary in H1 2018. Approximately 68% of the deals were performed by strategic investors.



Type of investors



Number of deals by industry in H1 2018



Real estate became the most active sector, followed by IT and technology



Real estate

Real estate became the most active sector in H1 2018 with 17 deals compared with three deals a year ago. Transactions included the acquisition of TriGranit from TPG Real Estate by the US-based real estate investment manager Revetas and funds managed by Goldman Sachs Asset Management for US\$348m and the sale of 18 retail centers of Atrium European Real Estate in Hungary - representing substantially all its Hungarian portfolio - and one in the Czech Republic for a combined price of US\$80m.

In contrast with the previous year, majority of transactions (65%) were performed by domestic investors.



IT and technology

There were ten transactions published in the IT and technology sector in H1 2018, increasing from four during the same period in 2017. Fifty percent of the transactions were performed by foreign investors and also 50% of the deals were closed by strategic investors. Deals included the acquisition of Jive Communications by LogMeIn for US\$342m, the acquisition of Balabit by One Identity, being engaged to provide identity and access management (IAM) rights to its clients, for approximately US\$100m and the US\$38m fund raising of the full-stack autonomous vehicle technology company Almotive led by B Capital Group and Prime Ventures, with participation from Cisco Investments, Samsung Catalyst Fund, and Series A and B investors Robert Bosch Venture Capital, Inventure, Draper Associates and Day One Capital.



Food and beverages

Six transactions were published in the Food and beverages sector in H1 2018 closed by strategic and financial investors equally. Transactions included, amongst others, the acquisition of the Hungary-based European pet manufacturer Partner in Pet Food (PPF) by the international private equity firm Cinven for US\$607m and the purchase of 70% stake in the Hungarian family-owned poultry processor Tranzit Group, specializes in goose and duck, by the French poultry processor LDC. Financial details of this transaction was not disclosed and is subject to customary regulatory and antitrust approvals.



Pharmaceuticals and health care

In H1 2018, six transactions were published in the Pharmaceuticals and health care sector including the sale of the Israeli drugs maker TEVA's global women health business to CVC Capital Partners for the total amount of US\$703m in cash and the acquisition of the leading Hungarian clinical research organization Solvo Biotechnology, specializes in drug transporter studies and drug-drug interactions, by the French preclinical service provider Citoxlab.

This sector was dominated by inbound transactions, as four out of six transactions were performed by foreign investors.



Services

There were six transactions publicly disclosed in the Service sector in H1 2018 just as a year ago. Transactions included an US\$21m Series D fund raising for the Hungary-based Organica, the global provider of innovative solutions for the treatment and recycling of wastewater, led by CITIC Capital Silk Road Fund with substantial participation by existing investors and the acquisition of Budapest Taxi by its local peer Fótaxi.

Some of the transactions with State involvement in H1 2018*

Target	Country of target	Buyer	Country of buyer
Oroszlanyi Szolgáltato Zrt.	Hungary	NKM Nemzeti Kozmuvek Zrt.	Hungary
Zuglo-Therm Kft. (51%)	Hungary	ALTEO Energiaszolgtalato Nyrt.	Hungary
DBH Investment Kockázati Tőkealap-kezelő Zrt.	Hungary	Magyar Takarakszövetkezeti Bank	Hungary

* Transactions are not included in the overall analysis and statistics.

Ten largest transactions in Hungary in H1 2018 (US\$m)

Target	Country of target	Buyer	Country of buyer	Value (US\$)
Partner in Pet Food	Hungary	Cinven Ltd	UK	607
TriGranit	Hungary	Revetas Capital	UK, USA	348
Jive Communications	USA	LogMeln	Hungary	342
Balabit	Hungary	Quest Software Inc (One Identity)	USA	100
Aimotive	Hungary	Cisco Investments, B Capital Group, Robert Bosch Venture Capital GmbH, Draper Associates LP, Prime Ventures, Inventure Oy, Samsung Catalyst Fund, Day One Capital Fund Management	USA, Germany, Netherlands, Finland, South Korea, Hungary	38
Infopark D office building	Hungary	Wingholding Zrt	Hungary	24
Organica Water Inc	Hungary	CITIC Capital Holdings Ltd, International Finance Corporation (IFC), Gamma Capital Partners, WLR China Energy Infrastructure Fund, IDInvest Partners, RNK Capital LLC	Hong Kong, USA, Austria, China, France	21
Supermarkets (18 Spar)	Hungary	Appenin Nyrt	Hungary	18
David House office building in Budapest	Hungary	Appenin Nyrt	Hungary	9
Starschema	Hungary	Portfolion	Hungary	5

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