



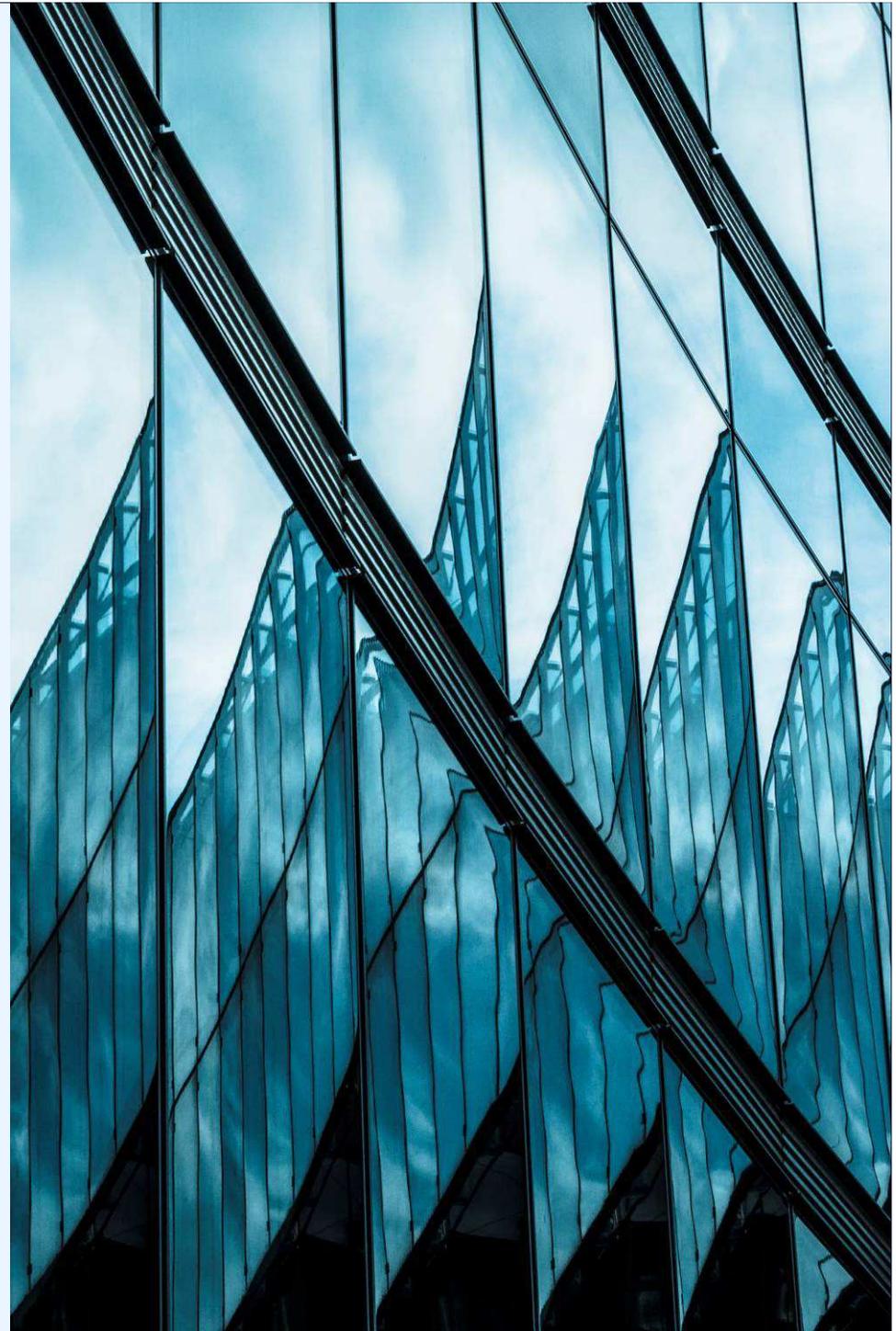
Freshfields Bruckhaus Deringer

Central and Eastern Europe – Visions for the future

Vienna Economic Forum, Vienna

Presentation by Willibald Plesser, Partner
24th November 2013

Freshfields Bruckhaus Deringer LLP



Central and Eastern Europe – Visions for the future

- **Introduction**

- **Freshfields Survey 2013 M&A – *Surveying the landscape***

- European deals
- Trends
- Finance findings

- **Doing deals in high growth markets**

- Deal considerations
- Managing risk



Introduction

Our CEE-CIS practice

- Over 40 years of experience in the region.
- Teams based in Vienna, London and Moscow offices.
- Understanding the business culture and etiquette, and the region's key commercial, legislative and regulatory frameworks.

In June 2012...



'Global Competition Law Firm of the Year' by *Who's Who Legal*

For the 6th year running

In January 2013...



Our competition practice topped *Global Competition Review's* 'Global Elite'

For the 8th year running



Top in GAR 100
International arbitration
Global Arbitration Review

2008–2013



Global Commercial Arbitration
Law Firm of the Year
Who's Who Legal

2005–2013

FY 2012 Europe M&A

Rank	Legal adviser	Value US\$m	Deal #
1	Freshfields Bruckhaus Deringer	224,179	199
2	Clifford Chance	211,843	180
3	Linklaters	210,688	221

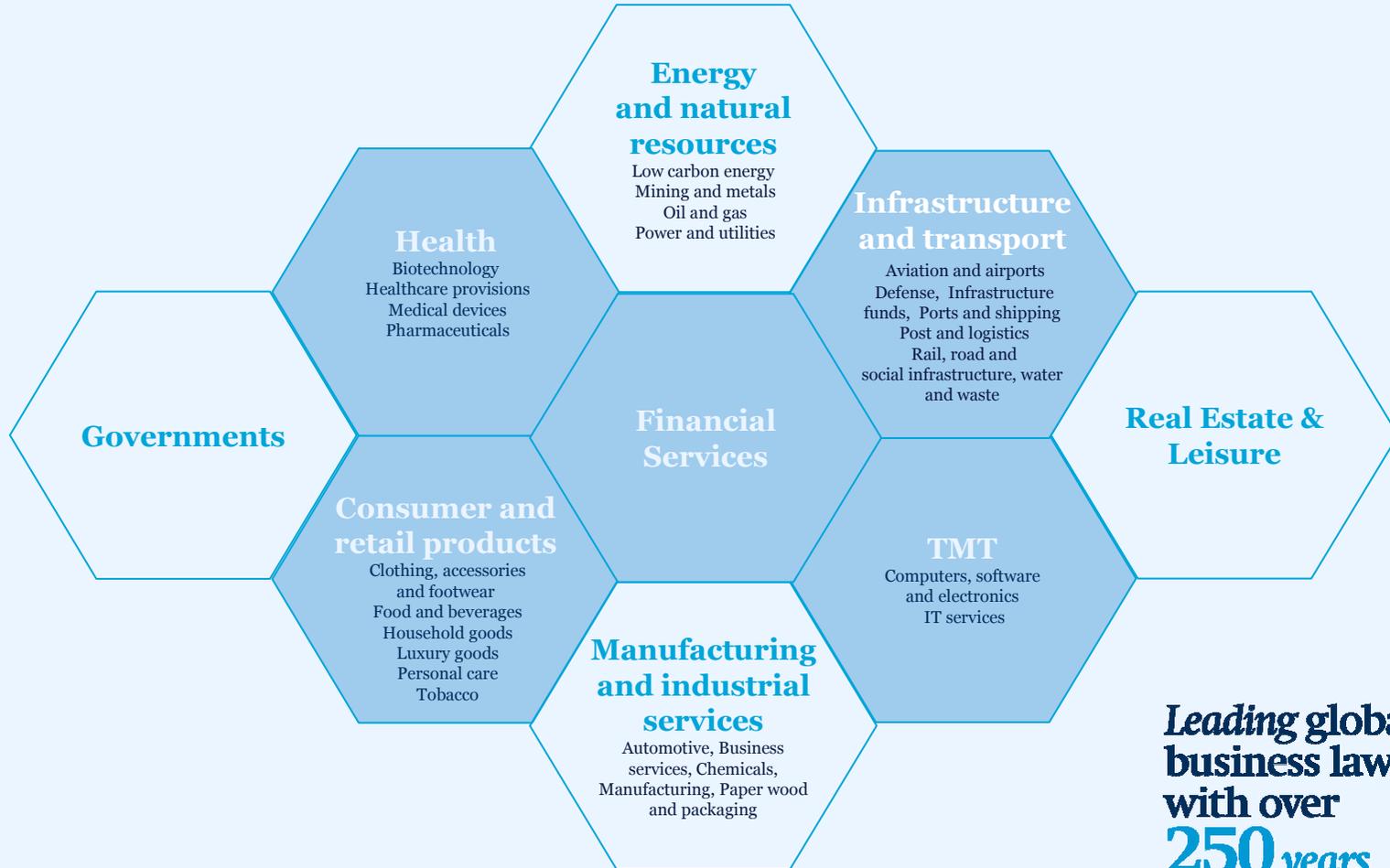
Source: Mergemart



Sector coverage

Sector focused approach

Our team focus on a number of sectors. This ensures that we have a deep knowledge of the issues and opportunities in the industries.



Leading global business law firm with over 250 years of experience

M&A - Surveying the landscape

Our approach

A shifting landscape

We have analyzed over 300 of our deals completed in the past three years, looking at transaction terms and market trends in more than 30 countries.

Colour and context from direct experience

The findings are based on our direct experience.

Evaluating trends

This is the third year of the survey, allowing us to compare and contrast how market practice is developing.

Analysis of
300+ deals
over 3 years
30+ countries



M&A - Surveying the landscape

European deals



● Number of private M&A deals included in survey. Includes single transactions covering multiple jurisdictions.

In the last three years we've helped clients in nearly **200** jurisdictions worldwide

M&A - Surveying the landscape

Trends

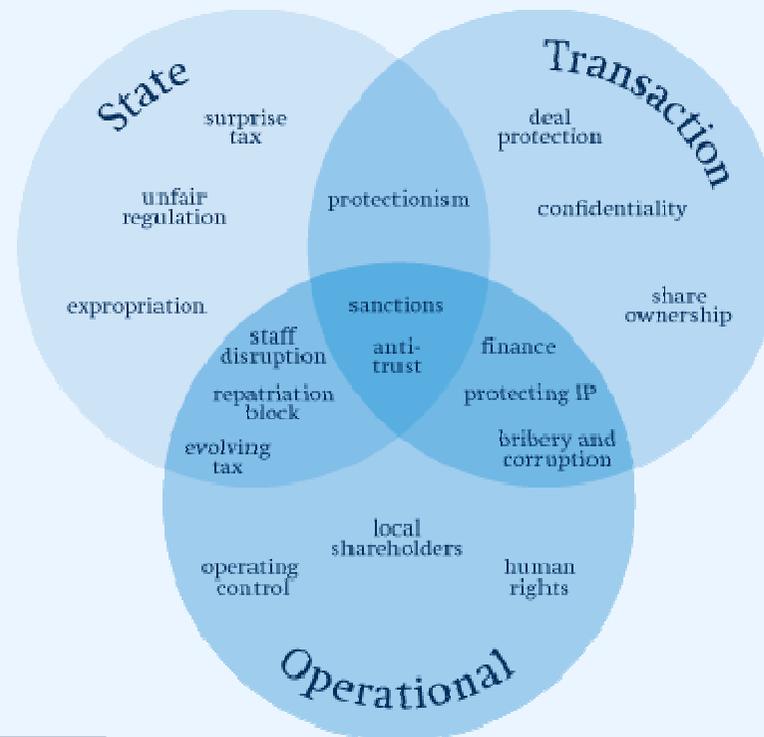
Our survey has identified five stand-out trends:

- 1. A lack of quality assets is impacting M&A***
- 2. Increased regulatory scrutiny is complicating deals***
- 3. Perceived market practices are open to challenge and influence***
- 4. Financing is dictating key deal terms***
- 5. More exit options for sellers***

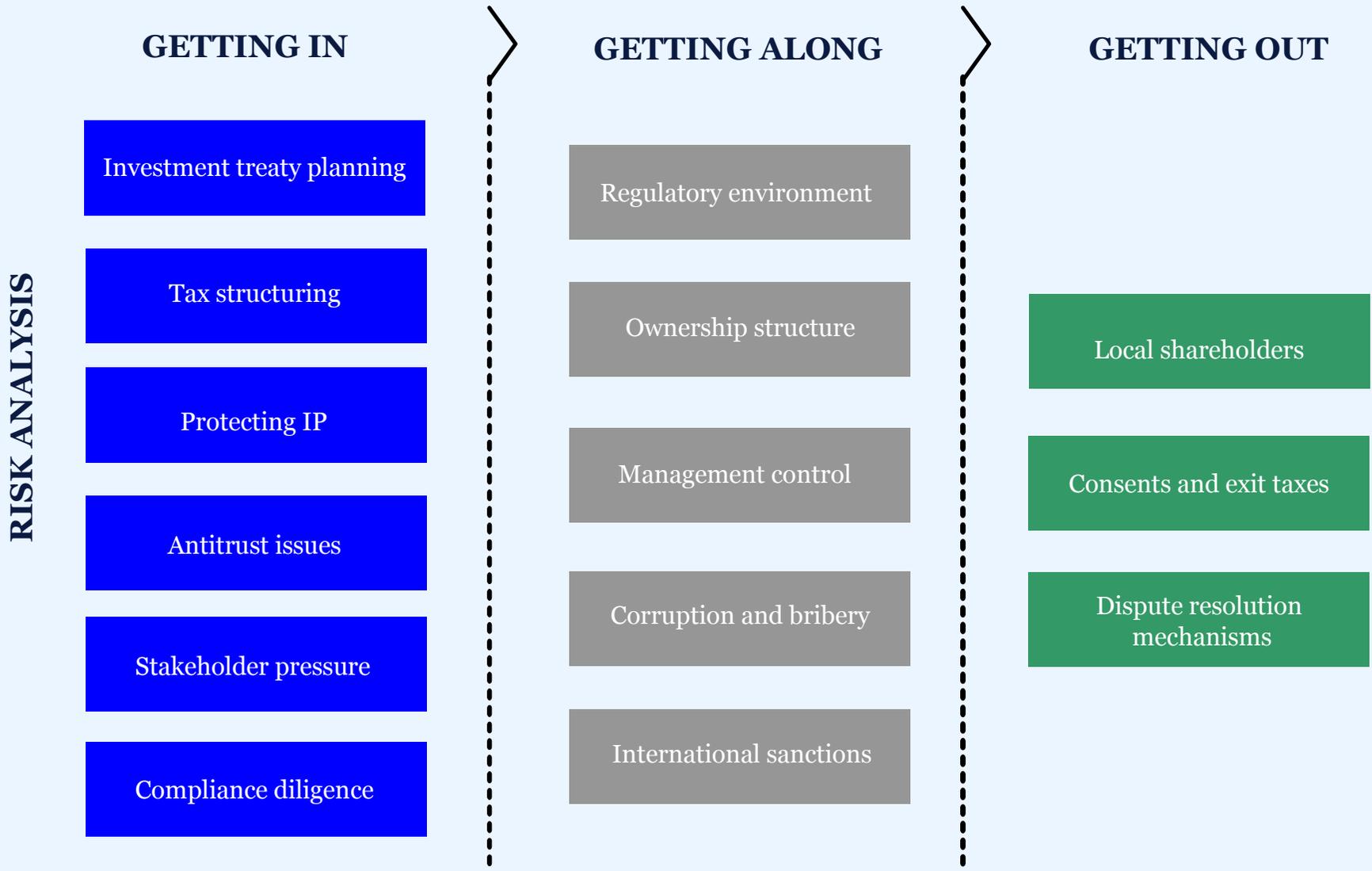


Doing deals in high growth markets

- Territories entering a new phase of expansion - outstripping more developed counterparts and attracting massive investment.
- There are other high-growth powerhouses spread across the globe, including CEE, Brazil, India, Mexico, Russia, South Africa and Turkey.
- Local economic, legal and geopolitical factors mean the risks outstrip the norm.
- Combination of state, transaction and operational risk make for an unpredictable environment.



Investment timeline – what you need to consider



Deal considerations

1. Consider pricing structures

Some of the concepts associated with these structures in western Europe are still unfamiliar in many CEE countries.

2. Be aware of financial assistance rules

These put restrictions on your ability to structure your financing. For example, Turkey's new Commercial Code introduced new financial assistance rules in July 2012.

3. Think about your ability to drag-along minority shareholders

Having control over the exit is key – this is not entirely straightforward in many CEE countries.

4. Structure your management deal carefully

The concept of managers investing in equity in financial sponsor deals as part of their incentive package is not yet universally recognised in CEE countries.



Mapping the risks

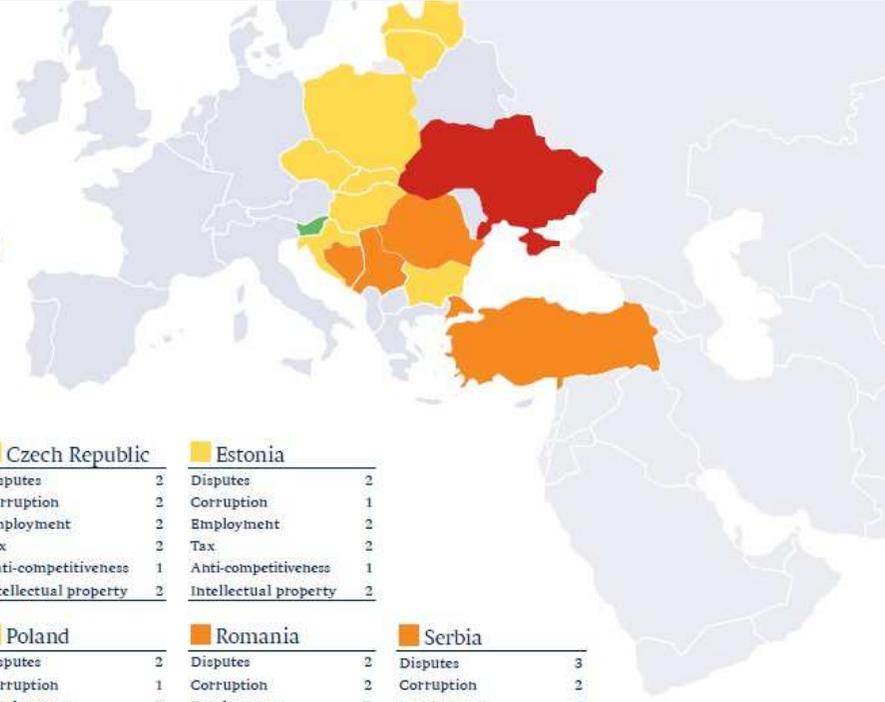


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Higher growth: lower risk

Mapping the risks: Central Eastern Europe

Comparative risks and complexities



Risk scores

Bosnia and Herzegovina		Bulgaria		Croatia		Czech Republic		Estonia			
Disputes	3	Disputes	2	Disputes	2	Disputes	2	Disputes	2		
Corruption	2	Corruption	2	Corruption	2	Corruption	2	Corruption	1		
Employment	2	Employment	2	Employment	2	Employment	2	Employment	2		
Tax	2	Tax	2	Tax	2	Tax	2	Tax	2		
Anti-competitiveness	2	Anti-competitiveness	2	Anti-competitiveness	2	Anti-competitiveness	1	Anti-competitiveness	1		
Intellectual property	3	Intellectual property	2								
Hungary		Latvia		Lithuania		Poland		Romania		Serbia	
Disputes	2	Disputes	2	Disputes	2	Disputes	2	Disputes	2	Disputes	3
Corruption	2	Corruption	2	Corruption	2	Corruption	1	Corruption	2	Corruption	2
Employment	2	Employment	3	Employment	2	Employment	2	Employment	2	Employment	2
Tax	2	Tax	2	Tax	2	Tax	2	Tax	3	Tax	2
Anti-competitiveness	2	Anti-competitiveness	1	Anti-competitiveness	1	Anti-competitiveness	1	Anti-competitiveness	2	Anti-competitiveness	2
Intellectual property	2	Intellectual property	2	Intellectual property	2	Intellectual property	2	Intellectual property	2	Intellectual property	3
Slovakia		Slovenia		Turkey		Ukraine					
Disputes	2	Disputes	2	Disputes	2	Disputes	3				
Corruption	2	Corruption	1	Corruption	2	Corruption	4				
Employment	3	Employment	2	Employment	2	Employment	3				
Tax	2	Tax	1	Tax	2	Tax	3				
Anti-competitiveness	1	Anti-competitiveness	1	Anti-competitiveness	2	Anti-competitiveness	2				
Intellectual property	2	Intellectual property	2	Intellectual property	3	Intellectual property	3				

Country scores from 1 to 4

1 = low risk, 2 = medium risk, 3 = medium-high risk, 4 = high risk

Average risk weighting

High Medium-high Medium Low



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Thank you!

we
WORK
worldwide