

10th Global Business Conference:

“Diverse Opportunities & Innovation in Emerging Markets”

Emerging Market Opportunities in Europe

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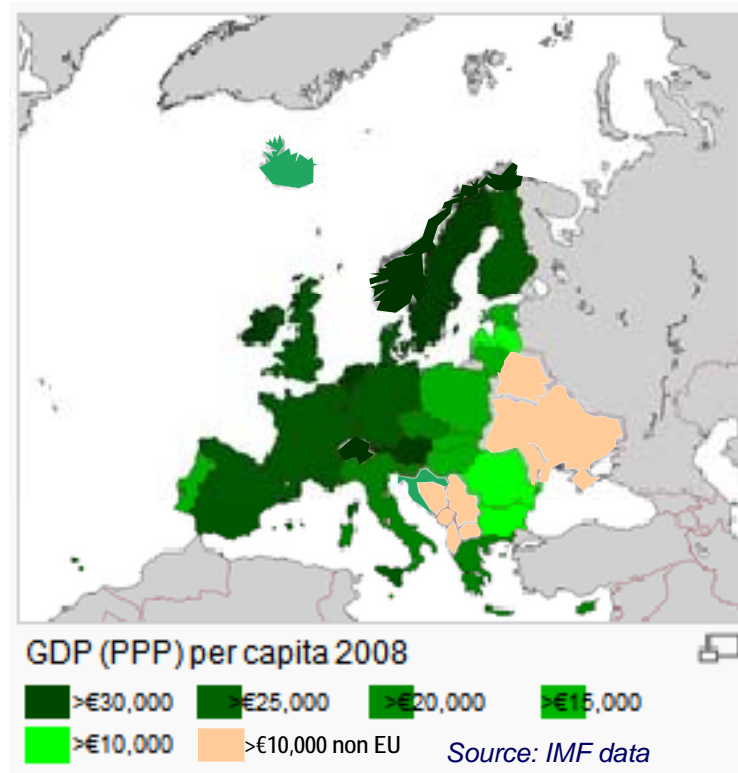
Kimmel Center, New York

February 19, 2010

Central & Eastern Europe Snapshot

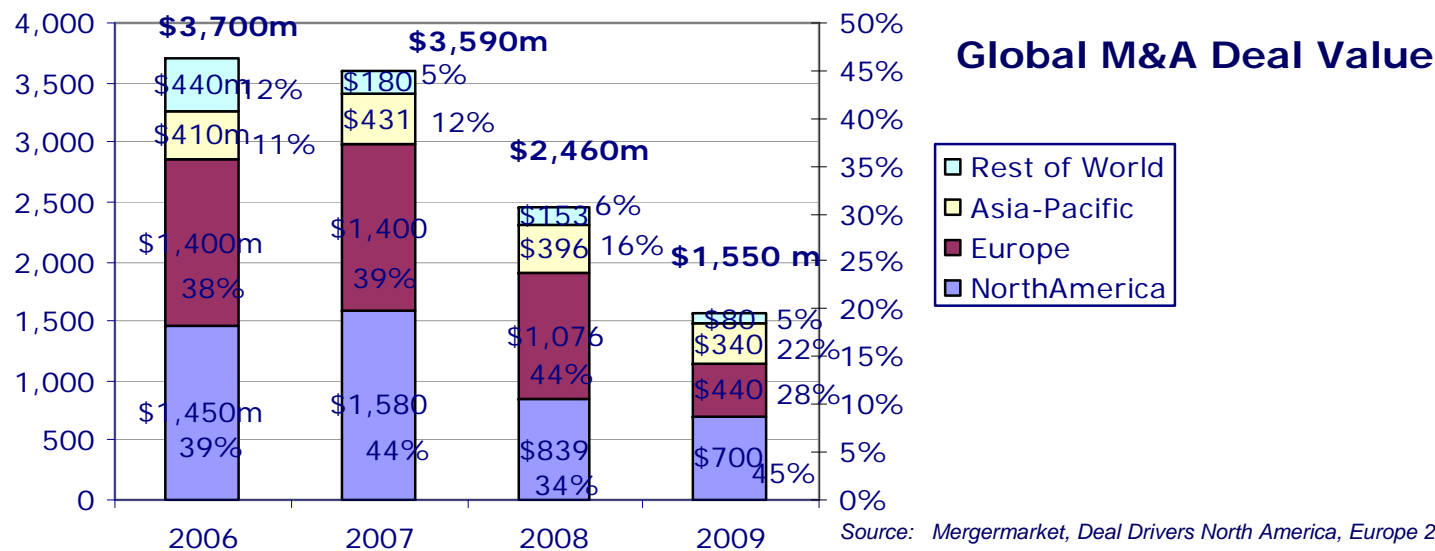
- 180 million people, 17 countries
- High projected GDP growth
- Low public debt
- Low taxes; updated business framework
- Skilled workforce/some bottlenecks
- Low wages but rising
- Negatively affected by the economic crisis
- Aging Infrastructure
- National/cultural sensitivities

GDP per Capita across Europe



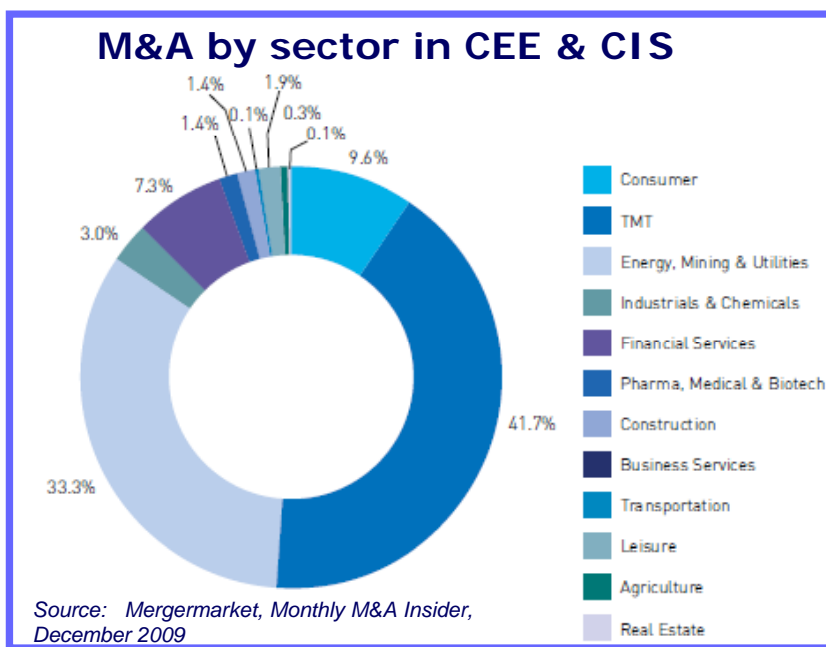
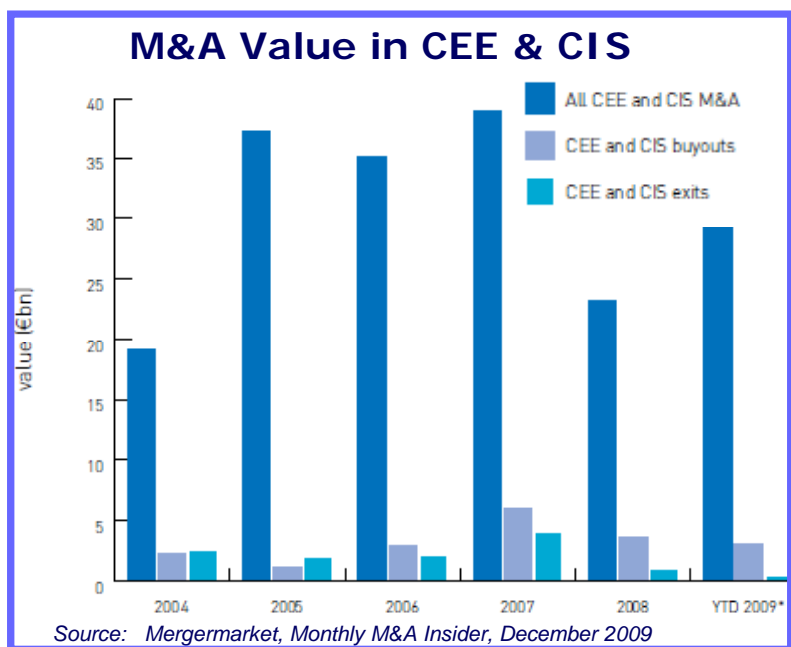
Global M&A Activity

- Global M&A plummeted in 2009 to \$1.6 trillion total value:
 - North America: signs of stabilization
 - Europe: staggering drop to pre-2004 levels
 - Asia: resilient; increase in importance
- PE deals negatively affected; “credit crunch”
- Decrease in mega-deals; emergence of middle market
- Sectors: energy, financials, TMT, pharma, industrials



Central & Eastern Europe M&A Activity

- M&A deal value \$40 bn in 2009 (recovered but below past levels)
 - Approximately 10% of total European M&A value
 - Middle market focus: 45% deals less than €100m
 - Investors: France, US, Nordic, UK, Germany, Benelux, Italy, Greece
 - Sectors: TMT 42%, Energy & Mining 33%, Consumer 9%, Financials
 - Major PEs and multinationals active in the region



Top 2009 CEE M&A Deals

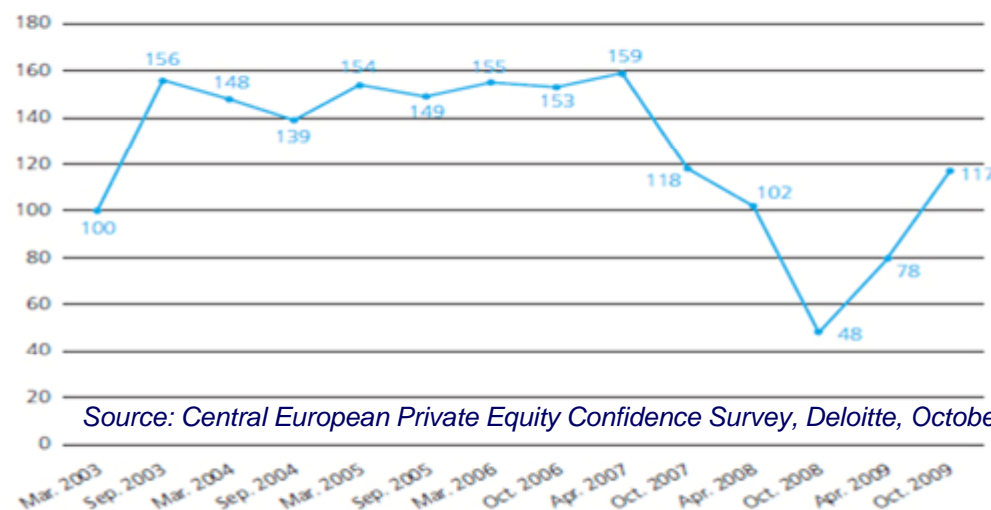
- Kyivstar GSM – VimpelCom €9.7 bn TMT
 - MangistauMunaiGaz - Mangistau Inv. BV €2.6 bn Energy/Mining/Utls
 - BTA Bank JSC - Government of Kazakhstan €1.6 bn Financials
 - Anheuser-Busch InBev (CE) - CVC Ptns Ltd €1.5 bn Consumer
 - MOL Oil and Gas - OJSC Surgutneftegaz €1.4 bn Energy/Mining/Utls
 - Intern'l Power Opatovice- J&T Finance AS €0.9 bn Energy/Mining/Utls
 - Refinery Company RT - TH KazMunaiGaz €0.8 bn Energy/Mining/Utls
 - Kompania Piwowarska - BMiller Plc €0.8 bn Consumer
 - Invitel Holdings -Mid Europa Partners €0.7 bn TMT
 - KazMunaiGaz PKI Finance -JSC KazMunaiGas Exploration €0.6 bn Energy/Mining/Utls
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Source: Mergermarket, Monthly M&A Insider, December 2009

CEE PE Activity- Recovery in Confidence

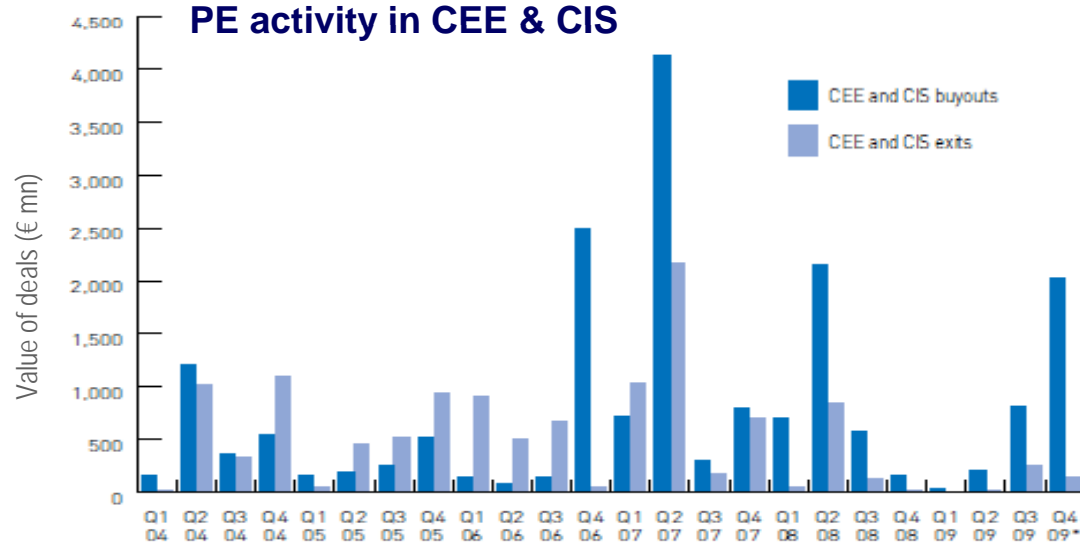
- Activity plummeted in line with global markets during 2ndH 2008 but since then recovered
- More cautious M&A moves; capital poured in “too fast too far” in the past
- Rationalization in valuations
- Economical development and modernization to drive M&As and FDI

CEE PE Confidence Index



Source: Central European Private Equity Confidence Survey, Deloitte, October 2009

PE activity in CEE & CIS



Source: Mergermarket, Monthly M&A Insider, December 2009

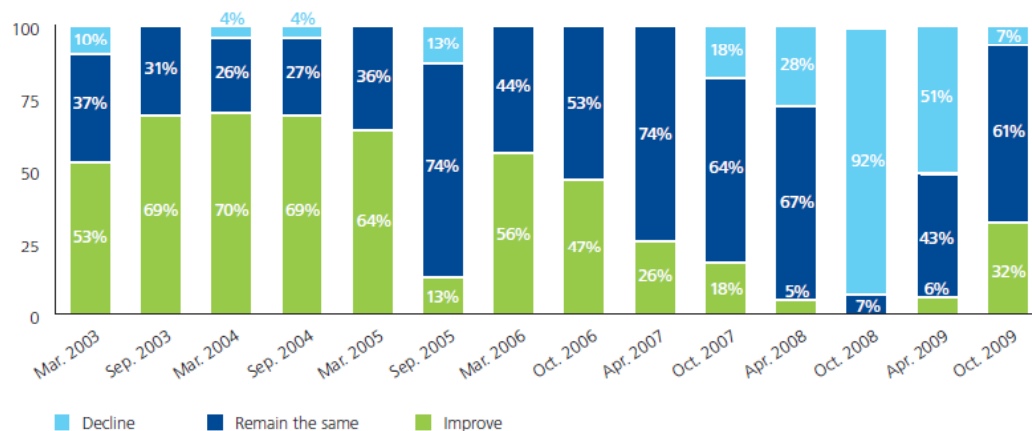
Top 2009 PE Investment in CEE

PE house	Company	Country	Period	Est. Value (Euro mn)	Stake
EQT Partners AB	HTL-Strefa S.A.	Poland	October 2009	210.4	100%
CVC Capital Partners	Anheuser-Busch InBev's CEE operations	CEE-wide	October 2009	1,500	n/a
Mid Europa Partners	Invitel Holdings A/S	Hungary	September 2009 - pending	740.2	65%
GED Iberian PE	SC Total Eurobusiness SA	Romania	August 2009	6.0	60%
EQT Partners AB	CableTel AD	Bulgaria	August 2009	n/a	100%
SGAM AI PE	Konsalnet SA	Poland	July 2009	22.1	80%
Penta Investment Ltd	Fabryka Lin i Drutu Drumet Sp. z o.o.	Poland	June 2009	26.5	n/a
Enterprise Investors	Web Inn	Poland	June 2009	3.6	100%
Enterprise Investors	R&C Union	Poland	May 2009	3.0	47.9%
Mid Europa Partners	UPC Slovenia	Slovenia	May 2009	n/a	100%

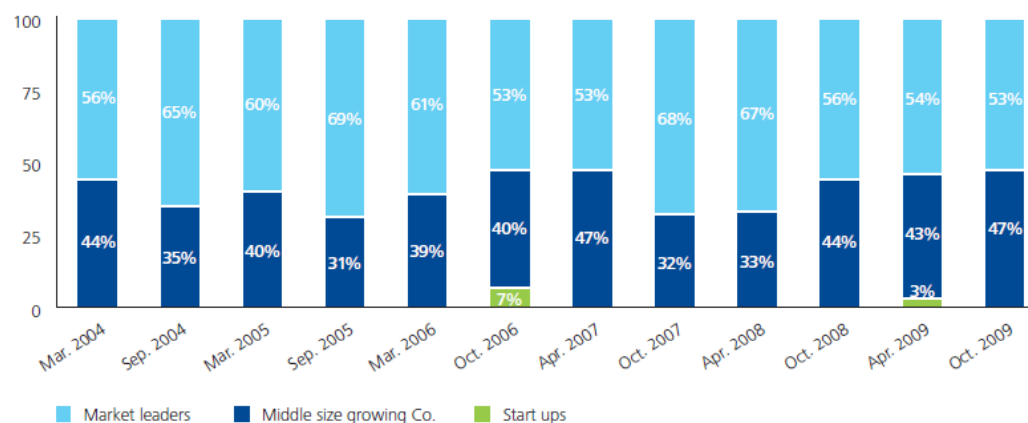
Source: Central European Private Equity Confidence Survey, Deloitte, October 2009

CEE Market Expectations

Economic Climate



New investments competition



Source: Central European Private Equity Confidence Survey, Deloitte, October 2009

- Unavailability of debt financing; slowdown in new PE fund raising
- Average transaction size decreased; middle size companies gaining attention
- Interest in distressed transactions
- First round of large privatizations completed; national sensitivities and economies' structure to be address in future endeavors

Market Opportunities

- Energy (growth, efficiency, renewable)
- Financials (lending)
- Telecoms (new technologies)
- Consumer (rise of middle class)
- Outsourcing (good workforce, European time zone and proximity)
- Manufacturing (capacity diversification)
- Logistics (central location)
- Health (aging)
- Leisure & Tourism (services upgrade)

Adjust to local circumstances but think global!

