

Turkish Outbound
M&A Review
2014-2015



Foreword



Başak Vardar
Financial Advisory Leader
Partner

Despite volatile financial markets and local political tension in the last two years, Turkish companies were keen on expanding their global footprint via acquisitions in new geographies.

Although the number of deals was lower as compared to the previous periods, the deal volume was remarkable. Turkish corporates' appetite to expand in global markets translated into a record-breaking level in 2014 in terms of deal value, especially through a couple of mega deals; and last year Turkish investors remained eager but cautious in investing abroad, due to the ascending political uncertainty and weakened financial performance of the companies.

Looking ahead, cross border acquisitions of Turkish companies will increase at a strong pace as part of their operational strategies towards becoming regional players and benefiting from the growth potential in the new markets.

On behalf of our corporate finance team in Deloitte Turkey, we are delighted to share our Turkish Outbound M&A Review, featuring our analyses regarding the cross-border investments of Turkish corporates over the past two years.



Basis of Presentation

Transaction data presented in this report are based on information that is readily available in the public domain and include transactions with closing procedures still ongoing at the year end.

This study does not include capital market transactions or intra-group share transfers but covers real estate acquisitions, infrastructure projects and concessions.

We do not accept any responsibility as to the accuracy or completeness of the data or as to whether all transactions listed herein will necessarily close.

Overview

Turkish investors' appetite for cross-border investment opportunities has led companies to take bolder steps in the last couple of years. Main drivers for Turkish outbound M&A activity were revenue growth, acquisition of new distribution/sales channels and new facilities, geographical diversification and cost efficiencies.

2014 had been a ground-breaking year for Turkish companies' outbound M&A activity which had resulted in an all time highest deal value of c. US\$6.5 billion (including estimates for undisclosed values). Remarkably, Yıldız Holding's acquisition of UK-based United Biscuits with an acquisition price of US\$3.2 billion is the largest by a Turkish company for an acquisition abroad. Together with 2015, Turkish outbound M&A activity created a total deal volume of c. US\$10.0 billion (including estimates for undisclosed values) through 76 transactions over a two year span.

During 2014-2015 period, outbound M&A activity was dominated by large and medium sized groups, some of which appeared to have maintained their pattern of regular acquisitions abroad in recent years. Certain groups increased their regional or global footprint via their sustained strategies which may have a knock-on effect on other Turkish corporates in different sectors.

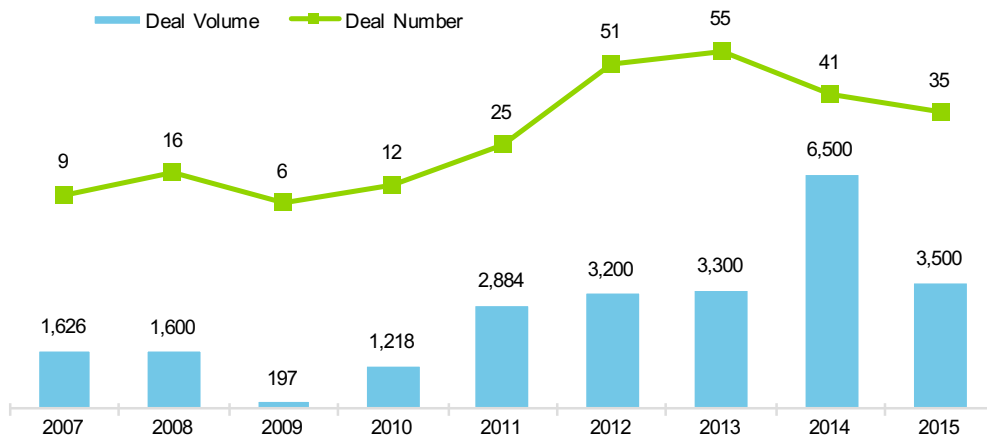
Manufacturing, infrastructure, energy, real estate and internet & mobile services were the most targeted sectors by Turkish companies and together hosted 53% of the total deal numbers in 2014 and 2015 combined.

In the same period, Turkish investors continued to widen their geographic range by closing deals in Japan, Australia and Colombia. Once more, Europe has been the most preferred investment destination for Turkish companies, representing more than half of the total deal number, while North America took the second place and CIS countries coming in third. USA, Germany, Russia, Italy, Croatia and Netherlands together witnessed half of the total deal number, while markets under heavy financial stress such as Greece and Spain also attracted interest. In addition, assets in countries such as Portugal, Jordan, Czech Republic, Liberia, Bosnia Herzegovina, Lithuania, Ethiopia and Angola entered into the Turkish investors' radar.

Similar to previous years, Turkish investors mostly acquired either full ownership or a controlling stake in foreign targets.

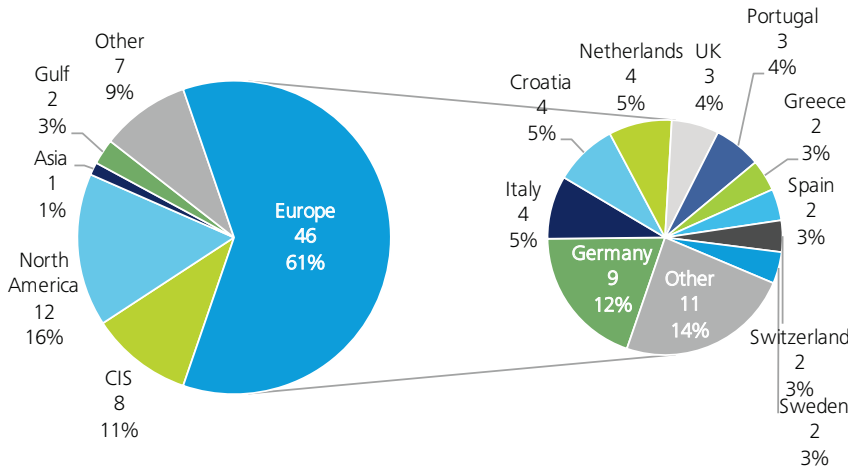
Outbound investments and international expansion have been emerging as a new major agenda item in the strategic plans of Turkish companies. Many companies with different scales are now considering acquisitions both in developed and emerging markets with growth, diversification or cost efficiency ambitions.

Deal Number and Deal Value* (US\$ million)



* Including estimates for undisclosed values

Destination - Deal Number (2014-2015 combined)



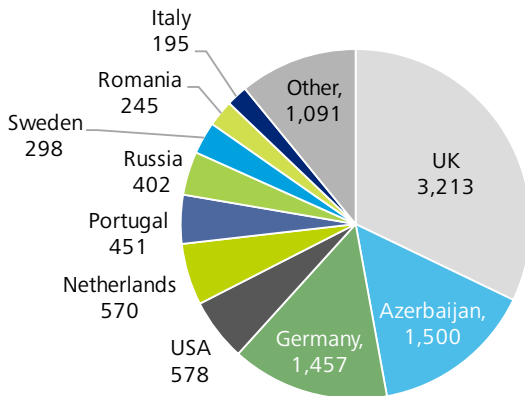
Major Local Players Again In Action

The backbone of the Turkish outbound M&A activity was nation's leading conglomerates and other large-scale corporates mainly in food & beverage, construction, infrastructure and manufacturing sectors. Turkish dealmakers who carried on their series of cross-border investments include: Yıldız Holding, OYAK Group, Doğuş Group, Global Yatırım Holding, Yıldırım Holding, Rönesans Holding, MNG Holding, Genel Enerji. On the other hand, sector giants such as Türkiye Petrolleri, Turkcell, Arçelik, Borusan Holding, Ciner Group, Abdi İbrahim, Vestel, Polisan and DowAksa had their share in the outbound M&A activity as well via acquisitions in their primary sectors.

Destinations of Interest

Being Turkey's largest trade partner, Europe preserved its priority among Turkish investors both in terms of deal value and deal numbers through 46 deals with a total deal value of c. US\$7.0 billion (including estimates for undisclosed values) in 2014-2015 period. CIS countries (c. US\$1.9 billion) and North America (12 deals) came after Europe in terms of deal value and deal number, respectively. USA took the international lead with 12 deals, while Germany came after with 9 transactions, followed by Russia (5), Italy (4), Croatia (4) and Netherlands (4). On the other hand, Turkish investors continued chasing opportunities in new frontiers: Japan, Colombia, Australia, Portugal, Jordan, Czech Republic, Liberia, Bosnia Herzegovina, Lithuania, Ethiopia and Angola.

Destination - Deal Value* (US\$ million, 2014-2015 combined)



* Including estimates for deals with undisclosed values

Looking ahead, Turkish investors are expected to pursue opportunities in emerging markets due to promising cost advantages, domestic market potential and relatively lower valuations. Due to strong market fundamentals North America will keep its attractiveness while Europe will still be the most favourable destination for Turkish investors for some time to come considering Customs Union, long-term established trade relations, proximity and availability of opportunities.

Sectoral Coverage

Food & beverage sector contributed the most to overall deal value (including estimates for undisclosed values) with c. 32%, almost all of which came from Yıldız Holding's acquisition of United Biscuits in 2014. TPAO's acquisition of Shah Deniz Gas Field helped energy sector comprise c. 19% of overall deal value of 2014-2015 period. Manufacturing came as the third in terms of deal value mainly due to OYAK Group's acquisition of Almatıs.

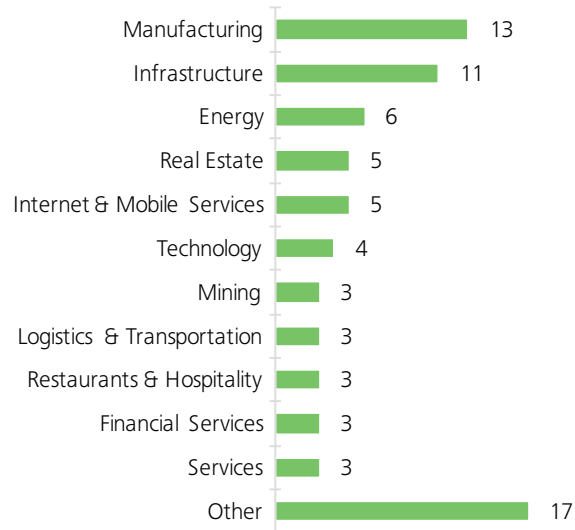
In terms of deal number, manufacturing and infrastructure sectors were the most M&A active sectors with 13 deals and 11 deals respectively, while energy (6), real estate (5) and internet & mobile (5) sectors followed.

Manufacturing sector both in Europe and emerging markets had always been attractive for Turkish groups as well as infrastructure assets especially the ones in Mediterranean region. Germany and Italy were at the centre of acquisitions in manufacturing sector with 3 deals each. On the other hand, the majority of the deals in real estate (4), technology (3) and internet & mobile services (3) were concentrated in the USA during 2014-2015 period.

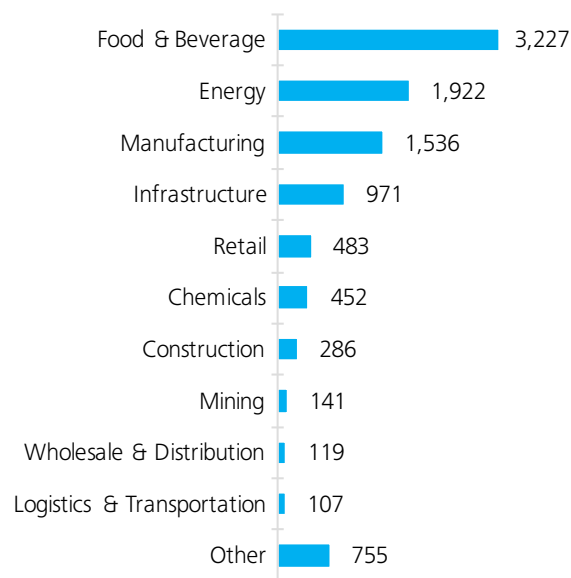
Transaction Sizes (for 2014-2015 combined)

Record-breaking acquisition of United Biscuits by Yıldız Holding (US\$3.2 billion) was almost single-handedly equal to the overall deal value of an ordinary past year. Second largest acquisition was carried out by TPAO (Shah Deniz Gas Field – US\$1.5 billion). The average size of transactions was clearly higher than any other previous period due to these two large transactions. Including estimates for undisclosed values, the average deal size was around US\$132 million (except United Biscuits and Shah Deniz transactions, average deal size was US\$72 million – 2012-2013 average: US\$61 million).

Deal Number (2014-2015 combined)



Deal Value* (US\$ million, 2014-2015 combined)



* Including estimates for deals with undisclosed values

Deal List 2015

#	Acquirer	Target	Target Origin	Sector	Stake (%)	Deal Value (US\$ million)
2014						
1	212 Capital Partners, 3TS Capital Partners, Istanbul Venture Capital Initiative	Solvoyo	USA	Technology	N/D	N/D
2	Abdi İbrahim İlaç San. ve Tic. A.Ş.	Remede Pharma SARL	Algeria	Pharmaceuticals	49%	N/D
3	Arkas Holding	Terminal Del Golfo	Italy	Infrastructure	50%	145
4	Aslanoba Capital	valetanywhere.com	USA	Internet & Mobile Services	N/D	N/D
5	Aslanoba Capital	Arthena	USA	Internet & Mobile Services	N/D	N/D
6	Aslanoba Capital	roadster.com, stowawaycosmetics.com, navdy.com, mavrx.co	USA	Internet & Mobile Services	N/D	N/D
7	Çelebi Holding	Austroport	Austria	Services	100%	N/D
8	Çelebi Holding	Aviapartner Cargo GmbH	Germany	Logistics & Transportation	100%	6
9	Çelik Halat	Trafileria Del Lario S.P.A	Italy	Manufacturing	100%	10
10	Do & Co Restaurants & Catering	Hediard SA	France	Food & Beverage	100%	N/D
11	Doğuş Group	Zadar Resort (Tenos d.o.o.)*	Croatia	Restaurants & Hospitality	100%	N/D
12	Doğuş Group	Villa Dubrovnik	Croatia	Restaurants & Hospitality	87%	31
13	Doğuş Group	Adriatic Croatia International (ACI)	Croatia	Infrastructure	4%	5
14	DowAksa	c-m-p GmbH	Germany	Manufacturing	50%	19
15	DowAksa	Nanotechnology Center of Composites	Russia	Chemicals	33%	4
16	Ege Profil	Althera PVC LTDA	Brazil	Manufacturing	100%	0
17	Egeli & Co. (through Eurasia Enerji Yatırımları A.Ş.)	General Trading System Limited	UK	Energy	100%	8
18	Genel Enerji	Bina Bawi Exploration Block	Iraq	Energy	36%	150
19	Global Liman İşletmeleri	Creuers del Port de Barcelona	Spain	Infrastructure	41%	N/D
20	Global Liman İşletmeleri	Lisbon Cruise Terminal	Portugal	Infrastructure	46%	N/D
21	MNG Orko Madencilik A.Ş.	Kokoya Gold Project	Liberia	Mining	90%	N/D
22	N+1 Daruma	Swiss Capital Corporate Finance	Switzerland	Financial Services	50%	N/D
23	Netlog Lojistik	TNT Fashion Group B.V.	Netherlands	Logistics & Transportation	100%	N/D
24	Netlog Lojistik	Belspeed N.V.	Belgium	Logistics & Transportation	50%	N/D
25	Özyer Group (through Melis Investment)	Southern Klotild Palace	Hungary	Real Estate	100%	9
26	Polisan Holding	Arteneius Hellas (Hellenic Bottling)	Greece	Manufacturing	100%	12
27	Private Investor (Ömer Süsli)	Praktiker Romania	Romania	Retail	100%	N/D
28	Rönesans Holding	Heitkamp Ingenieur- und Kraftwerksbau GmbH	Germany	Construction	75%	N/D

#	Acquirer	Target	Target Origin	Sector	Stake (%)	Deal Value (US\$ million)
29	Say Reklamcılık	imm-network GmbH	Germany	Services	100%	2
30	Saygin Group & Emlak	Saygin Dima Textile Factory S.C.	Ethiopia	Manufacturing	60%	31
31	Seramiksın	Rondine	Italy	Manufacturing	50%	N/D
32	Sina Afra and Oskar Hartmann; Mangrove Capital Partners; FundersGuild; Fabrice Grinda; Partech Ventures;	Lesara	Germany	E Commerce	N/D	7
33	Soho Design (Sevin Ergun, Tui Pranich)	Tui Lifestyle	USA	Services	55%	N/D
34	TPAO	Shah Deniz Gas Field, South Caucasus Pipeline Company Limited	Azerbaijan	Energy	10%	1.500
35	TPAO	BaiTex	Russia	Energy	49%	175
36	Vestel	Sharp - European White Goods Business	Japan	Manufacturing	N/D	N/D
37	Via GYO	Lake Square Mall	USA	Real Estate	100%	13
38	Yemek Sepeti	Ifood.jo	Jordan	Internet & Mobile Services	N/D	N/D
39	Yıldırım Holding	Gavle Container Terminal	Sweden	Infrastructure	80%	N/D
40	Yıldırım Holding	CCX Carvao da Colombia S.A: Canaverales, Papayal, San Juan projects	Colombia	Mining	100%	125
41	Yıldız Holding	United Biscuits Holding	UK	Food & Beverage	100%	3.200
2015						
1	212 Capital Partners, VoYLét Capital, String Ventures, Y-Combinator, Valuta Capital Partners, Private Investors (Paul Bucheit, Umur Özal, Savaş Ateş)	Vizera Labs	USA	Technology	N/D	N/D
2	Agsen	Volga Farming (agricultural and land cultivation assets)	Russia	Agriculture & Breeding	100%	N/D
3	Anex Tourism Group (ATG)	Azur Air	Russia	Aviation	100%	N/D
4	Anex Tourism Group (ATG)	UTair-Ukraine Airlines LLC	Ukraine	Aviation	100%	N/D
5	Arçelik	Computer Vision Interaction S.A.	Portugal	Technology	51%	N/D
6	Aska Hotels	Best Western Hotel President	Germany	Restaurants & Hospitality	100%	24
7	Borusan Holding	Sakhalin Machinery LLC, Amur Machinery, LLC, Tekhnika Dalniy Vostok LLC	Russia	Wholesale & Distribution	100%	N/D
8	Ciner Group	OCI Resources	USA	Chemicals	75%	N/D
9	Doğuş Group	Marina Barcelona 92, S.A.	Spain	Shipbuilding	70%	57
10	Doğuş Group	HC International S.A.	Luxembourg	Financial Services	51%	N/D
11	Doğuş Group	Dukley Marina Budva	Montenegro	Infrastructure	N/D	N/D

#	Acquirer	Target	Target Origin	Sector	Stake (%)	Deal Value (US\$ million)
12	Doğuş Group	K&G MedMarinas S.A.	Greece	Infrastructure	22%	7
13	Erendemir Group	Hälsa	Sweden	Manufacturing	100%	N/D
14	Eroğlu Holding	Mexx Group B.V.	Netherlands	Retail	100%	N/D
15	Euro Bink	Kiro Kucuk (Brick Factory)	Macedonia	Manufacturing	100%	1
16	Gentaş Genel Metal	Liri Industriale	Italy	Manufacturing	100%	N/D
17	Global Liman İşletmeleri	Valletta Cruise Port	Malta	Infrastructure	56%	N/D
18	Global Liman İşletmeleri	Dubrovnik Gruz Port	Croatia	Infrastructure	75%	N/D
19	Havelsan	Quantum3D	USA	Technology	100%	N/D
20	Kirlioğlu Kimya	Pobjeda-Rudet d.d. Gorazde	Bosnia-Herzegovina	Manufacturing	53%	N/D
21	MNG Holding	FC Wil 1900 AG	Switzerland	Entertainment	100%	N/D
22	MNG Orko Madencilik A.Ş.	Balogo Project of Golden Rim	Australia	Mining	100%	10
23	OC3 Enerji A.Ş.	Solarion AG	Germany	Energy	100%	N/D
24	OYAK Group	Almatis GmbH	Germany	Manufacturing	100%	N/D
25	Private Investor (Burak Özdoğan)	JKX Oil & Gas plc	UK	Energy	9%	N/D
26	Rönesans Holding	Ballast Nedam	Netherlands	Construction	N/D	N/D
27	Say Reklamcılık	Borsi GmbH & Co. KG	Germany	Manufacturing	50%	3
28	Süzer Holding, ASRR Capital Ltd.	Property at 8955 Collins Avenue	USA	Real Estate	75%	N/D
29	Süzer Holding, ASRR Capital Ltd.	218 Madison Avenue	USA	Real Estate	100%	19
30	TAV Havalimanları Holding	TAV Urban Georgia LLC	Georgia	Infrastructure	4%	5
31	Turkcell	Euroasia Telecommunications Holdings	Netherlands	Telecommunication	45%	100
32	Türkiye Halk Bankası A.Ş.	Cacanska Banka A.D.	Serbia	Financial Services	77%	11
33	Via GYO	Rotterdam Square Mall	USA	Real Estate	100%	9
34	Yemek Sepeti	Hello Hungry	Lithuania	Internet & Mobile Services	N/D	N/D
35	Yıldırım Holding	Tertir Terminais de Portugal SA, Mota-Engil Logistica SGPS, Tertir SA	Portugal, Spain, Peru	Infrastructure	100%	367

For more information:

Başak Vardar

Financial Advisory Leader
Partner
bvardar@deloitte.com
+ 90 (212) 366 63 71

Deloitte Turkey

İstanbul Office

Deloitte Values House
Maslak No1
34398
İstanbul
+90 (212) 366 60 00

Ankara Office

Armada İş Merkezi
A Blok Kat:7 No:8
Söğütözü, Ankara
06510
+90 (312) 295 47 00

İzmir Office

Punta Plaza 1456 Sok.
No:10/1 Kat:12
Daire:14 - 15
Alsancak, İzmir
+90 (232) 464 70 64

Bursa Office

Zeno Center İş Merkezi
Odunluk Mah. Kale Cad.
No:10 d
Nilüfer, Bursa
+90 (224) 324 25 00

Çukurova Office

Günep Panorama İş Merkezi
Reşatbey Mah. Türkkuşu
Cad. Bina No:1 B Blok Kat:7
Seyhan, Adana
+90 (322) 237 11 00



www.deloitte.com.tr



[/deloitteturkiye](https://www.facebook.com/deloitteturkiye)



[/company/deloitte-turkey](https://www.linkedin.com/company/deloitte-turkey)



[/deloitteturkiye](https://twitter.com/deloitteturkiye)



[/instagram.com/deloitteturkiye](https://www.instagram.com/deloitteturkiye)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 225,000 professionals are committed to making an impact that matters. Deloitte serves 4 out of 5 Fortune Global 500® companies.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2016. For information, contact Deloitte Turkey, Member of Deloitte Touche Tohmatsu Limited.