



18 May 2017

Bulgarian Capital Markets Day

# CEE Macro Overview

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CEEMEA Investment Banking

Citigroup Global Markets Ltd

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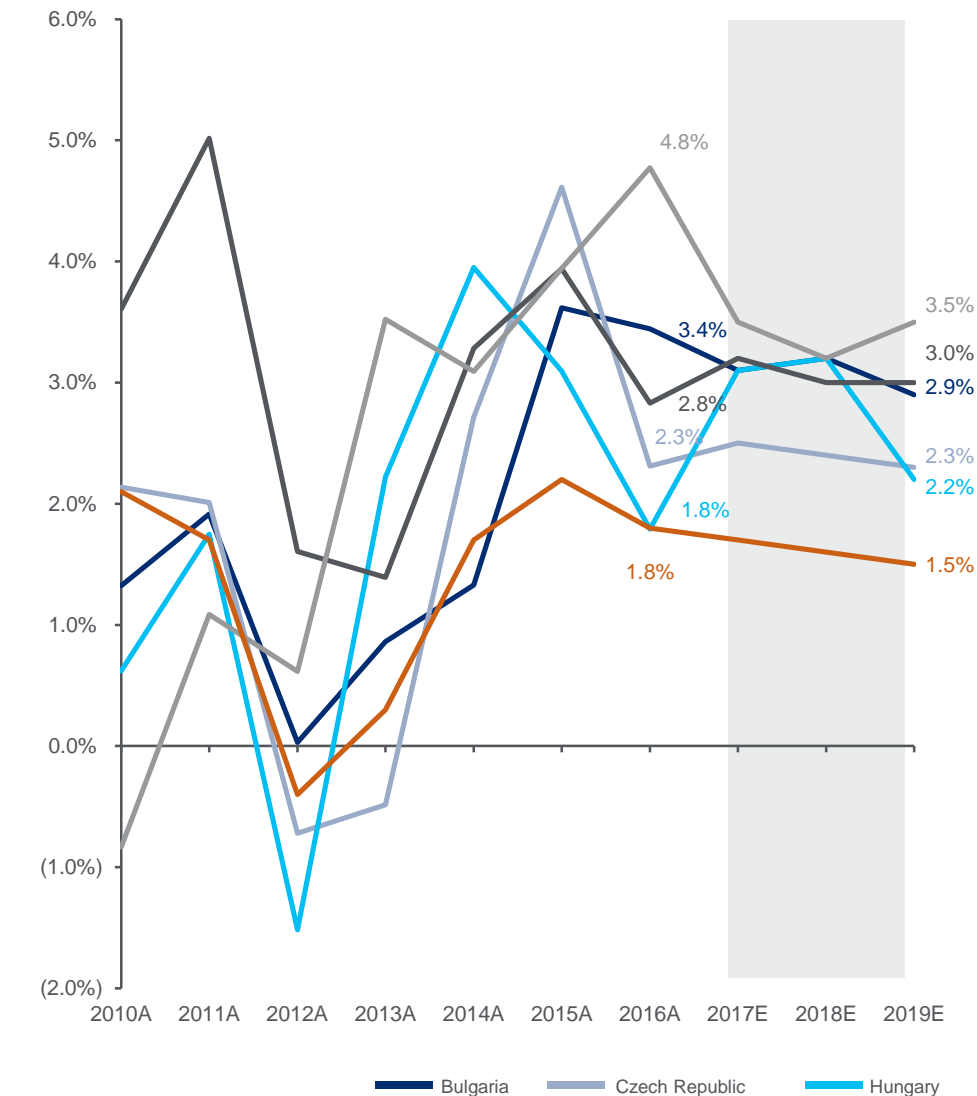
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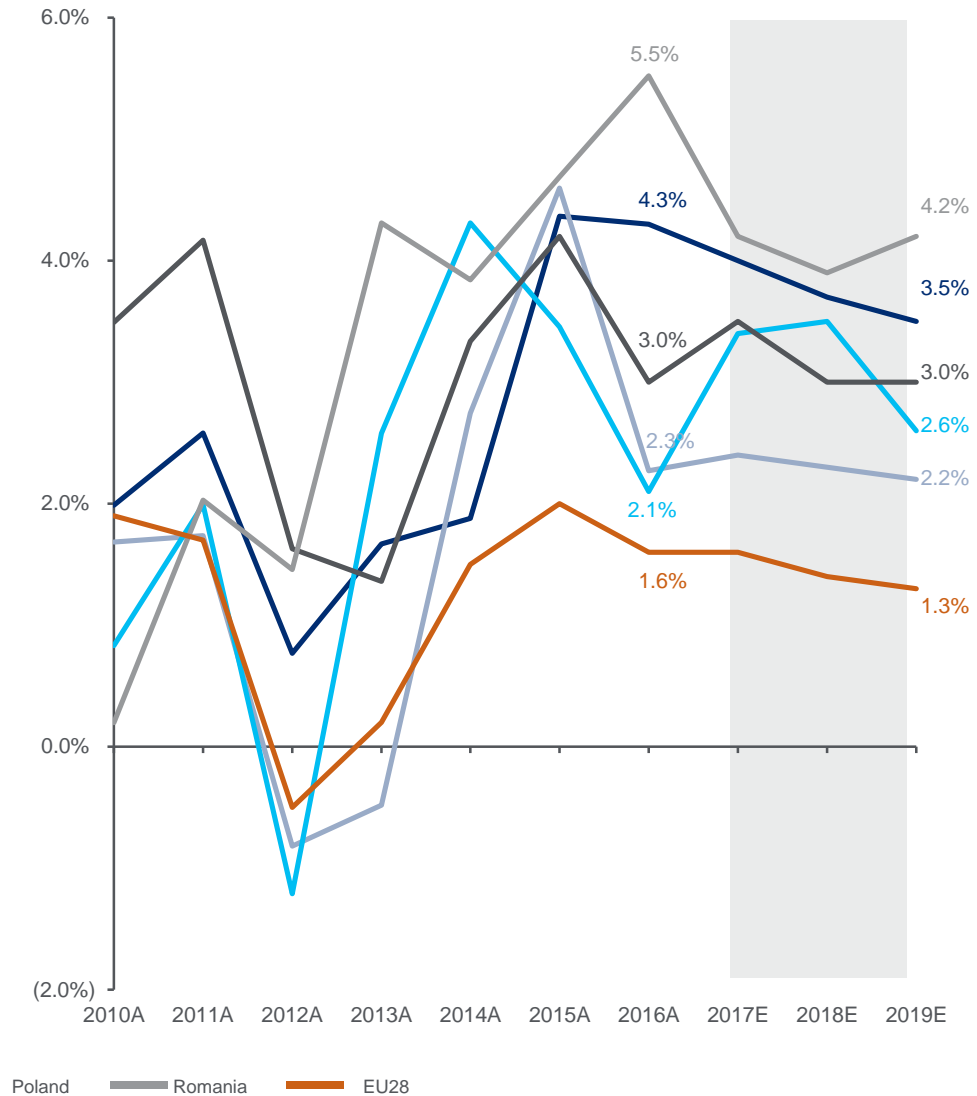
# 1. CEE Macro Update

# Resilient GDP Growth Well Above EU Average...

**Real GDP Growth**  
(%, 2010A–2019E)



**GDP per Capita Growth (PPP)**  
(%, 2010A–2019E)

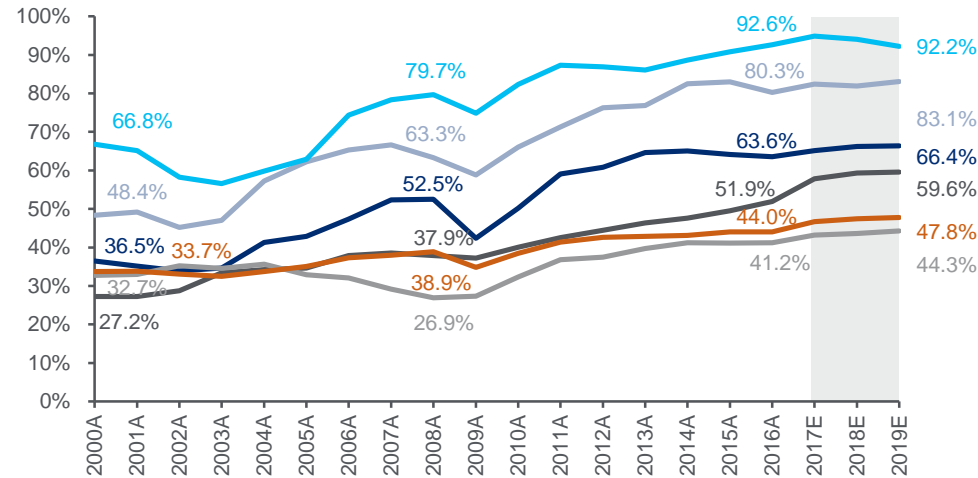


Source: EIU.

# ...Driven by Exports and Private Consumption

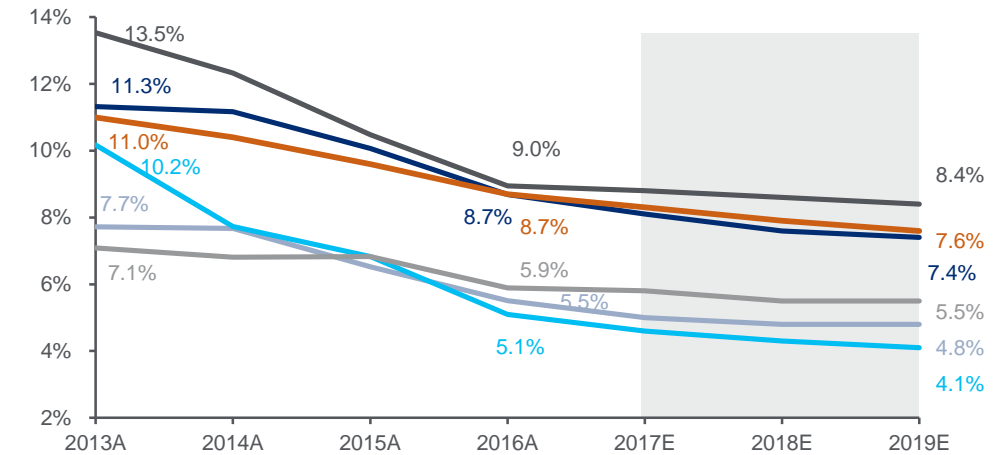
## Exports as % of GDP

(2010A–2019E)



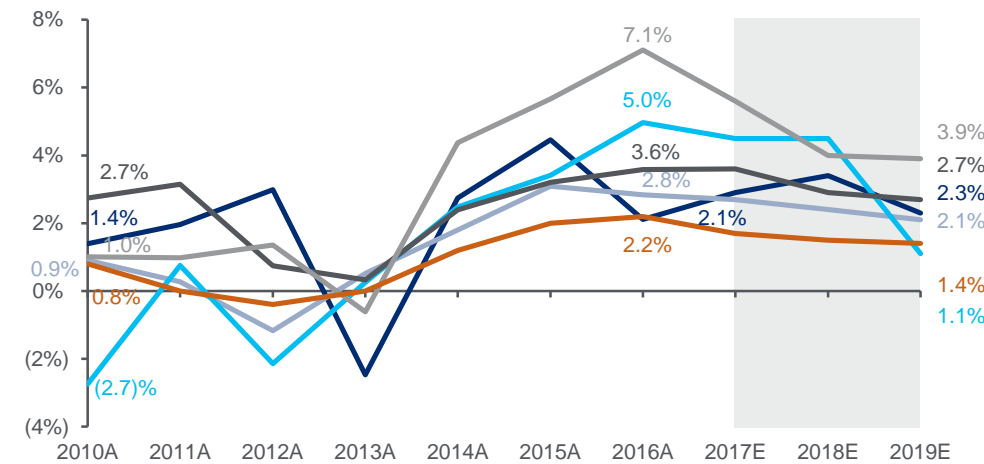
## Unemployment

(2013A–2019E)



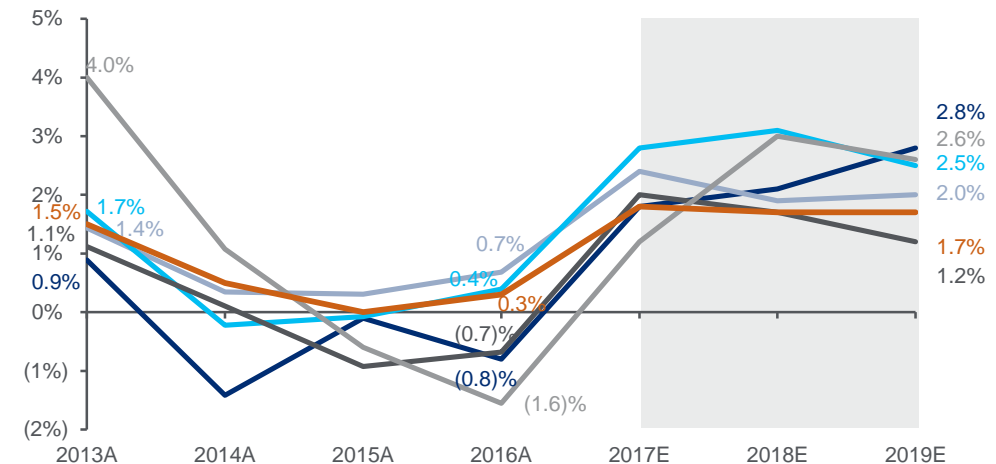
## Real Private Consumption Growth

(2010A–2019E)



## Inflation<sup>1</sup>

(2013A–2019E)

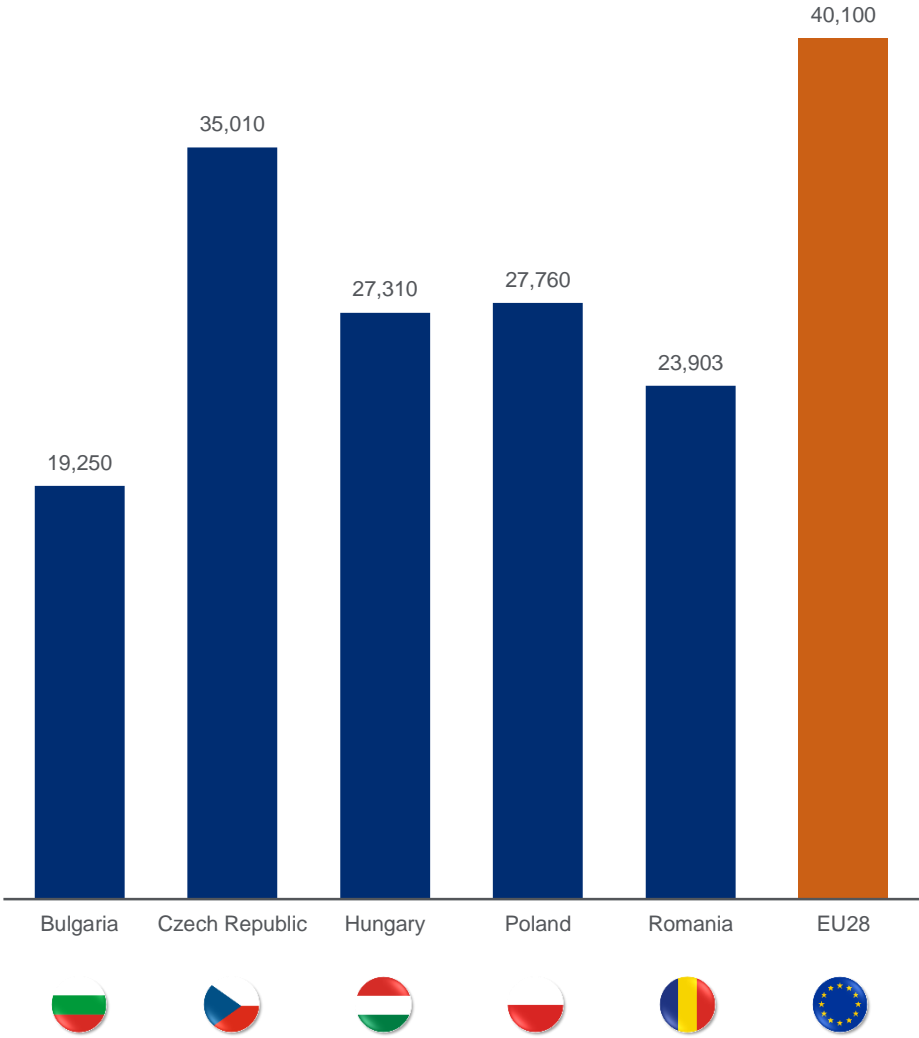


Source: EIU.

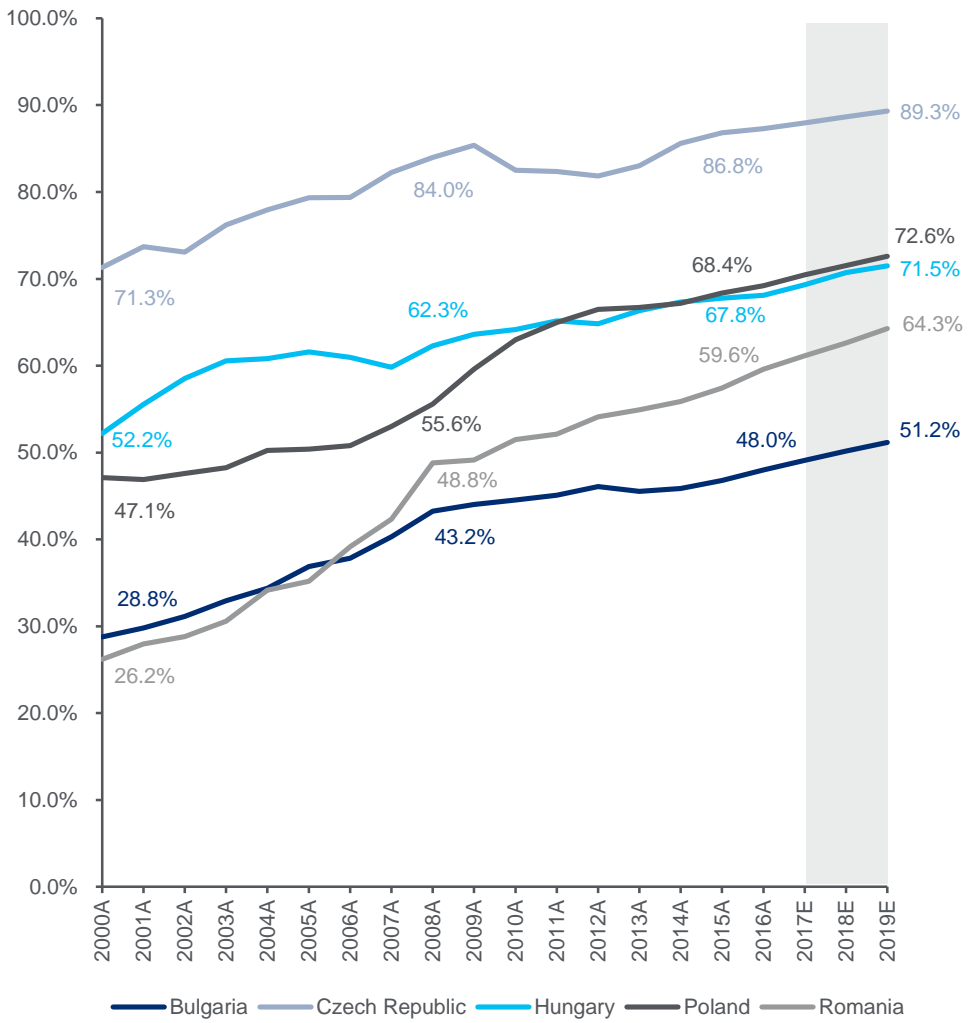
Note: 1 Based on consumer price index.

# Per Capita GDP Steadily Converging to EU Levels

GDP per Capita (PPP)  
(US\$, 2016A)

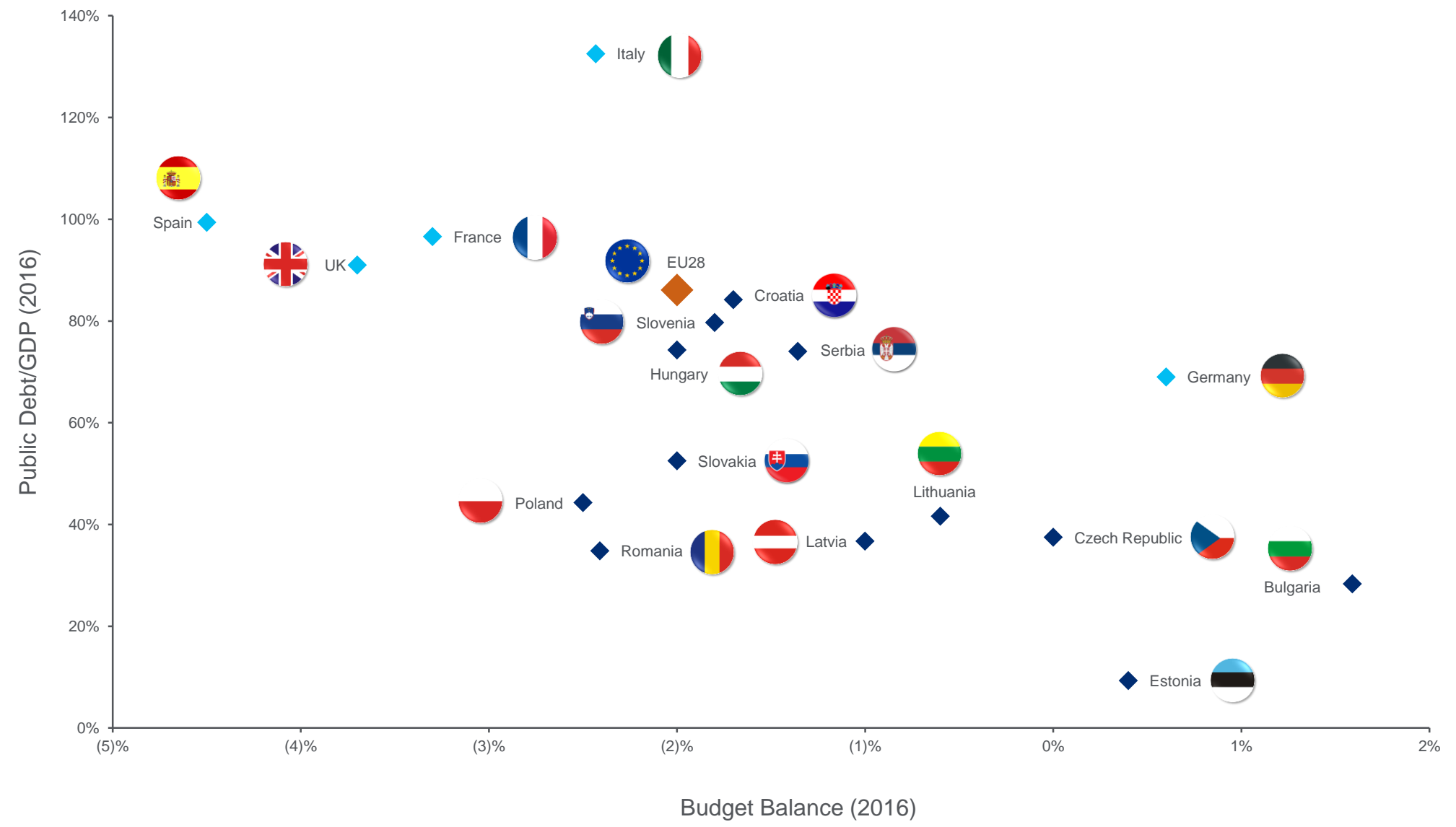


GDP per Capita as % of EU Average (PPP)  
(%, 2010A–2019E)



Source: EIU.

# Relatively Healthy Public Finances



Source: EIU.

## 2. Capital Markets Update



# Current Rate Environment in Europe - Close to Record Lows

CCC Index	
10-Year Avg:	16.32%
5-Year Avg:	12.70%
Current:	9.90%
10-Year High:	64.62%
10-Year Low:	7.82%

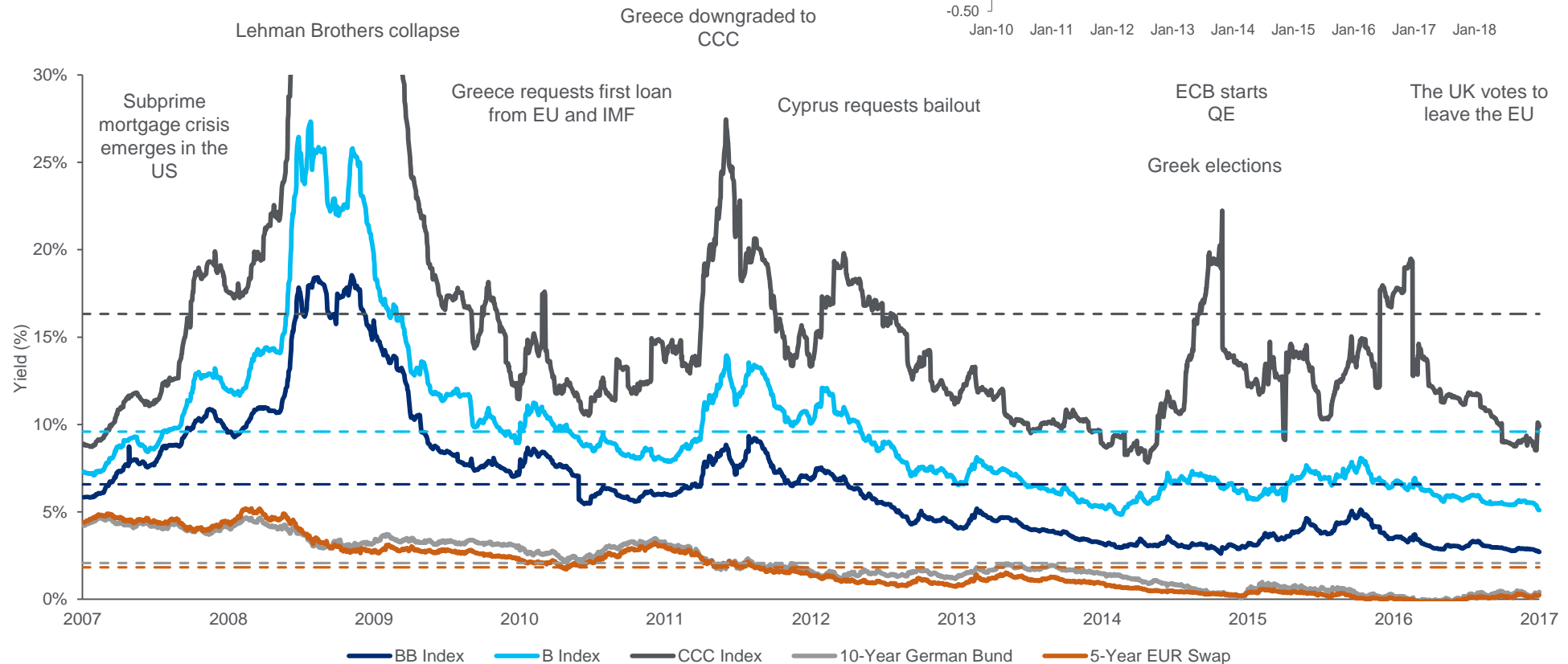
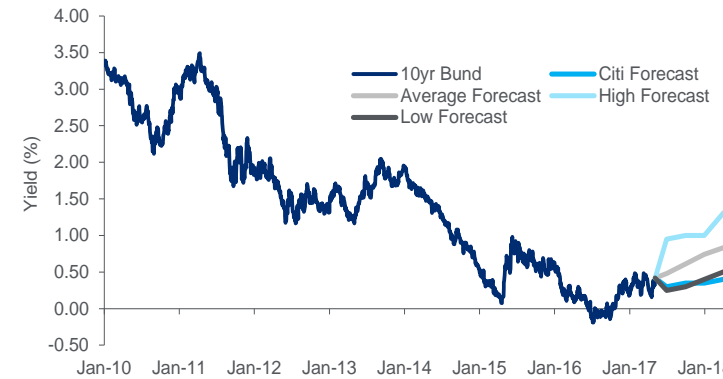
B Index	
10-Year Avg:	9.58%
5-Year Avg:	6.87%
Current:	5.10%
10-Year High:	27.33%
10-Year Low:	4.83%

BB Index	
10-Year Avg:	6.58%
5-Year Avg:	3.96%
Current:	2.71%
10-Year High:	18.54%
10-Year Low:	2.60%

10-Year German Bund	
10-Year Avg:	2.07%
5-Year Avg:	0.92%
Current:	0.42%
10-Year High:	4.68%
10-Year Low:	-0.19%

5-Year EUR Swap Rate	
10-Year Avg:	1.83%
5-Year Avg:	0.58%
Current:	0.25%
10-Year High:	5.20%
10-Year Low:	-0.18%

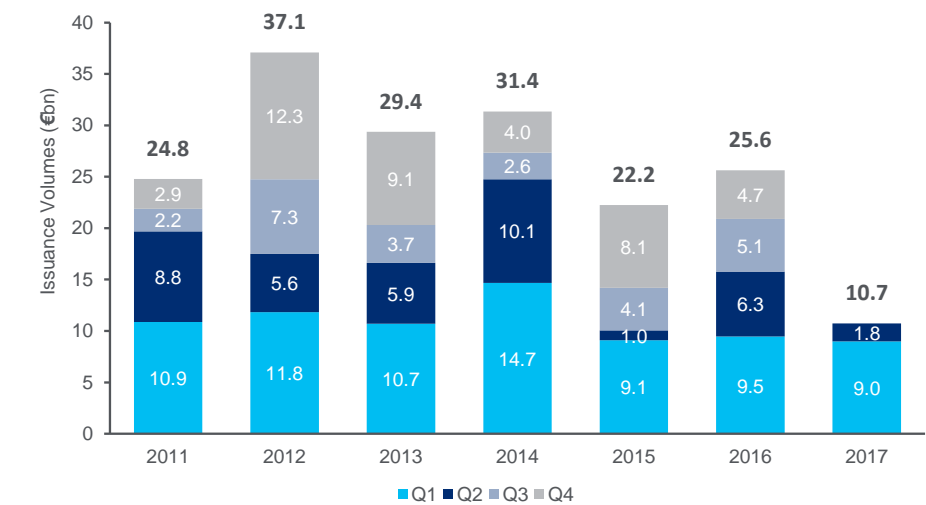
## 10-Year Bund Rate



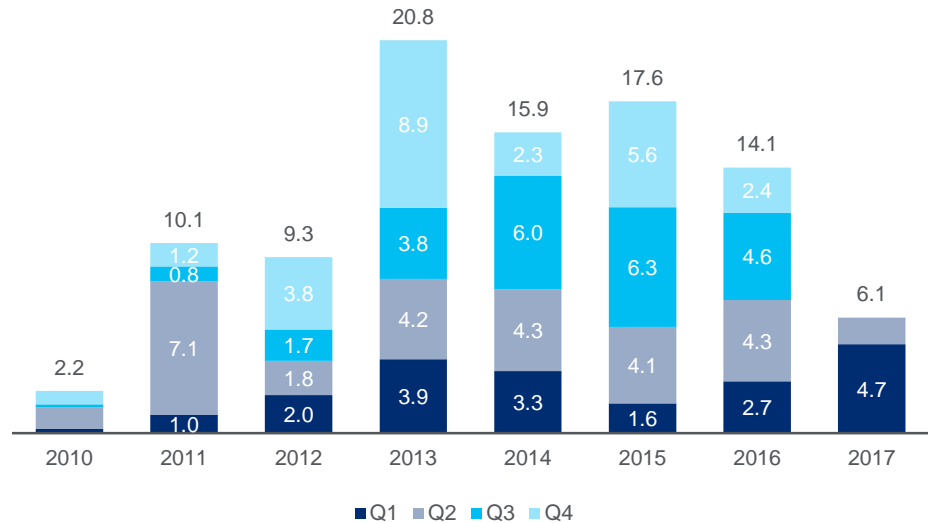
Source: Bloomberg, Markit iBoxx Core Indices. Dashed line represents 10-year average.

# CEE Debt Primary Market is Open

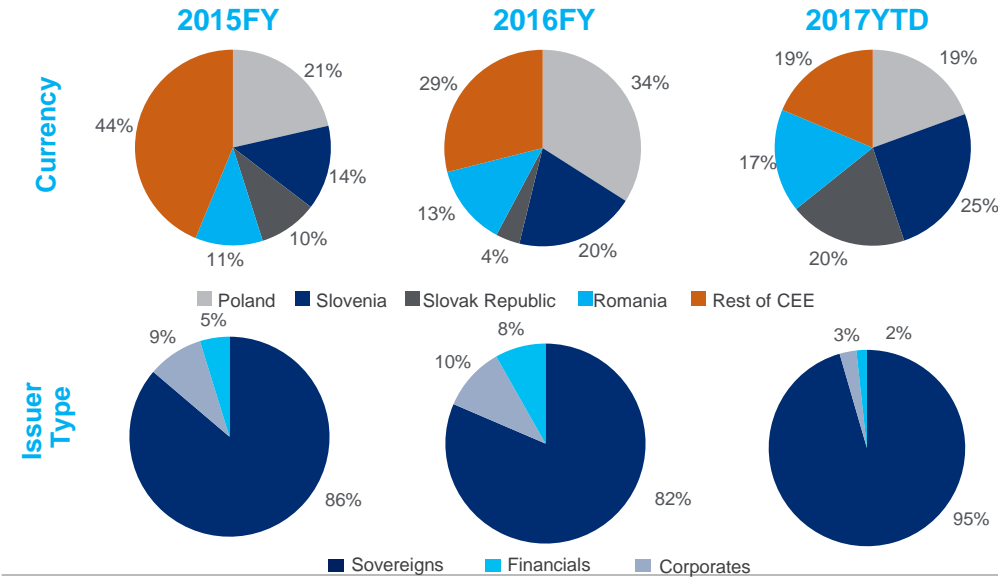
## Eurobond Issuance (€bn)



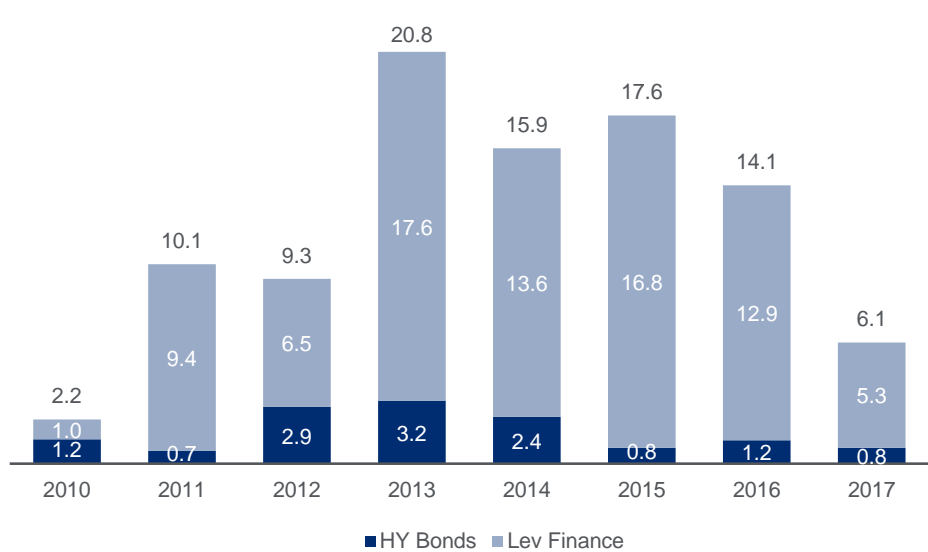
## High Yield & Leveraged Finance Issuance (€bn)



## Eurobond Issuance Breakdown



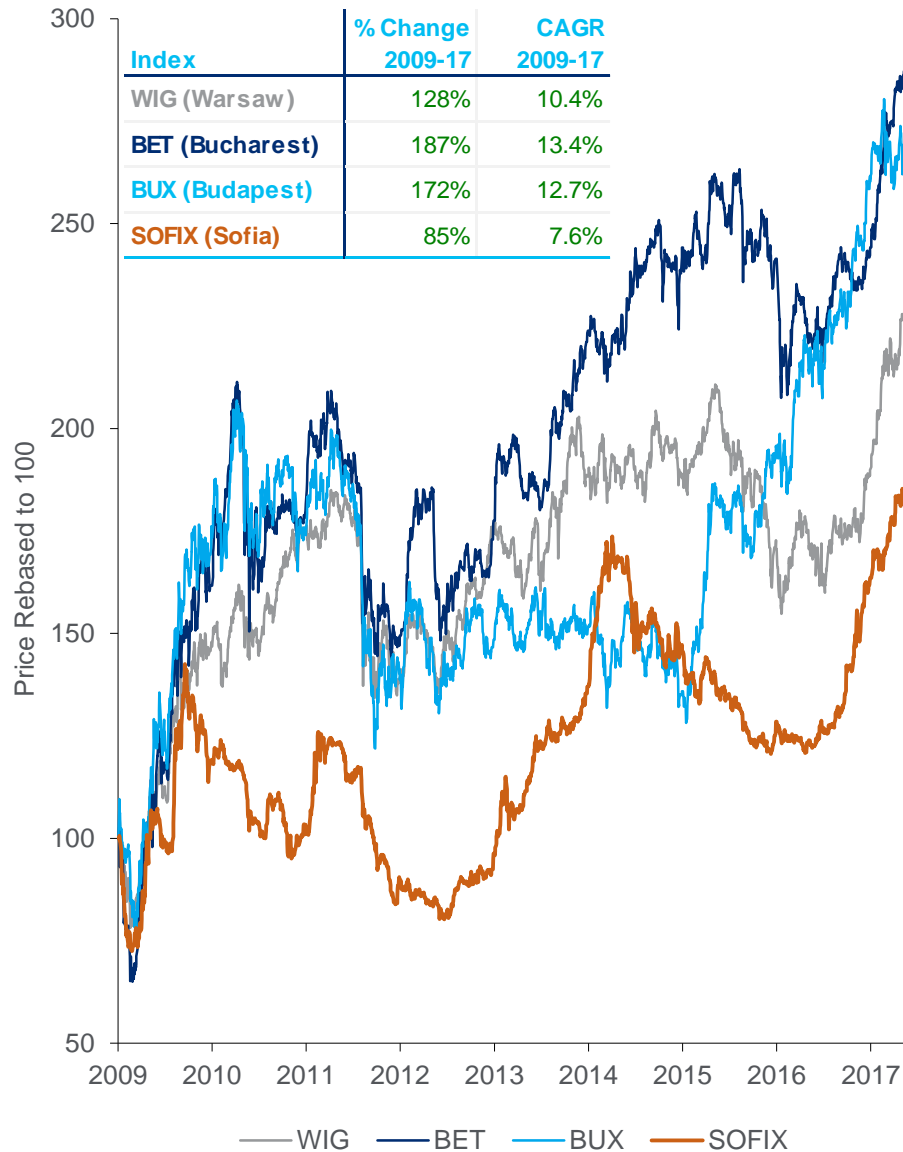
## HY Bonds vs Leveraged Loans Issuance (€bn)



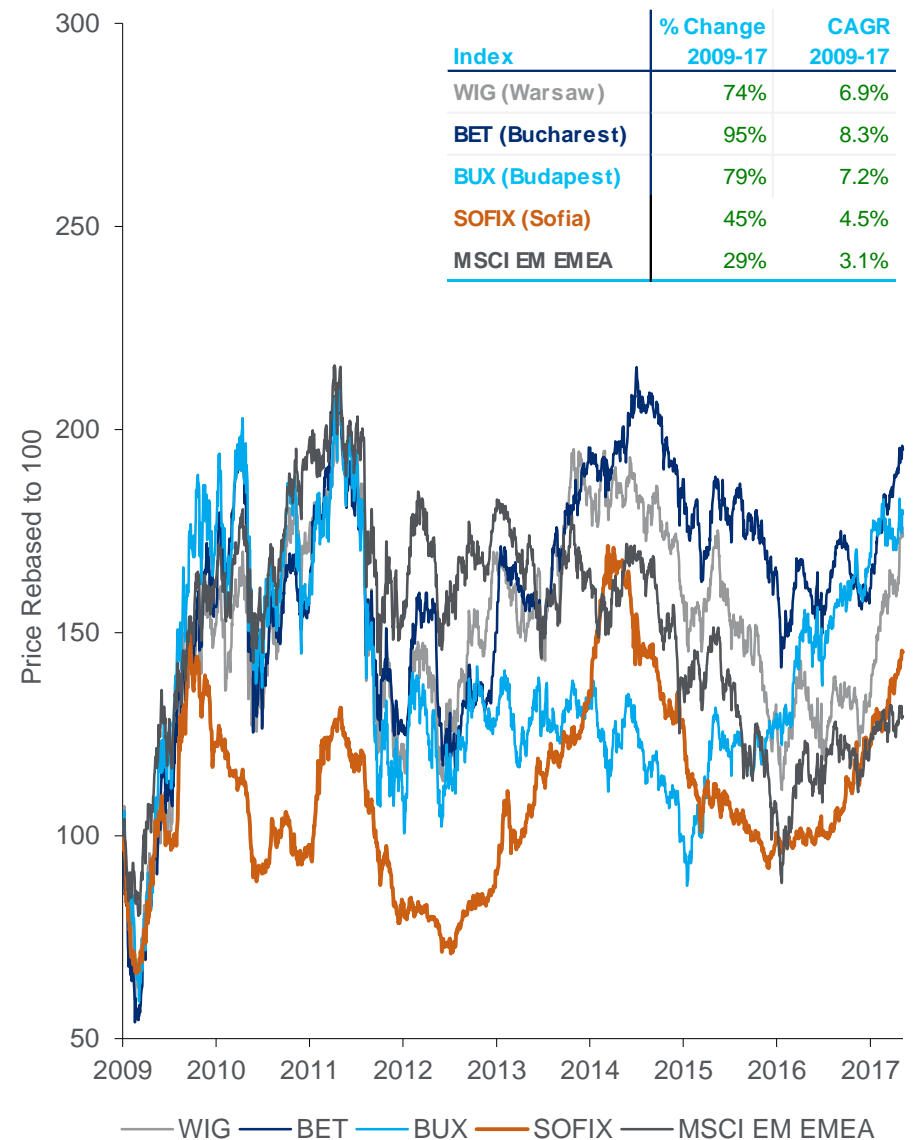
Source: Bloomberg and Citi, as of 12<sup>th</sup> May 2017.

# Strong CEE Equity Markets Recovery Post-Crisis, but Less Dramatic on USD Basis

## Index Performance (Local Currency)



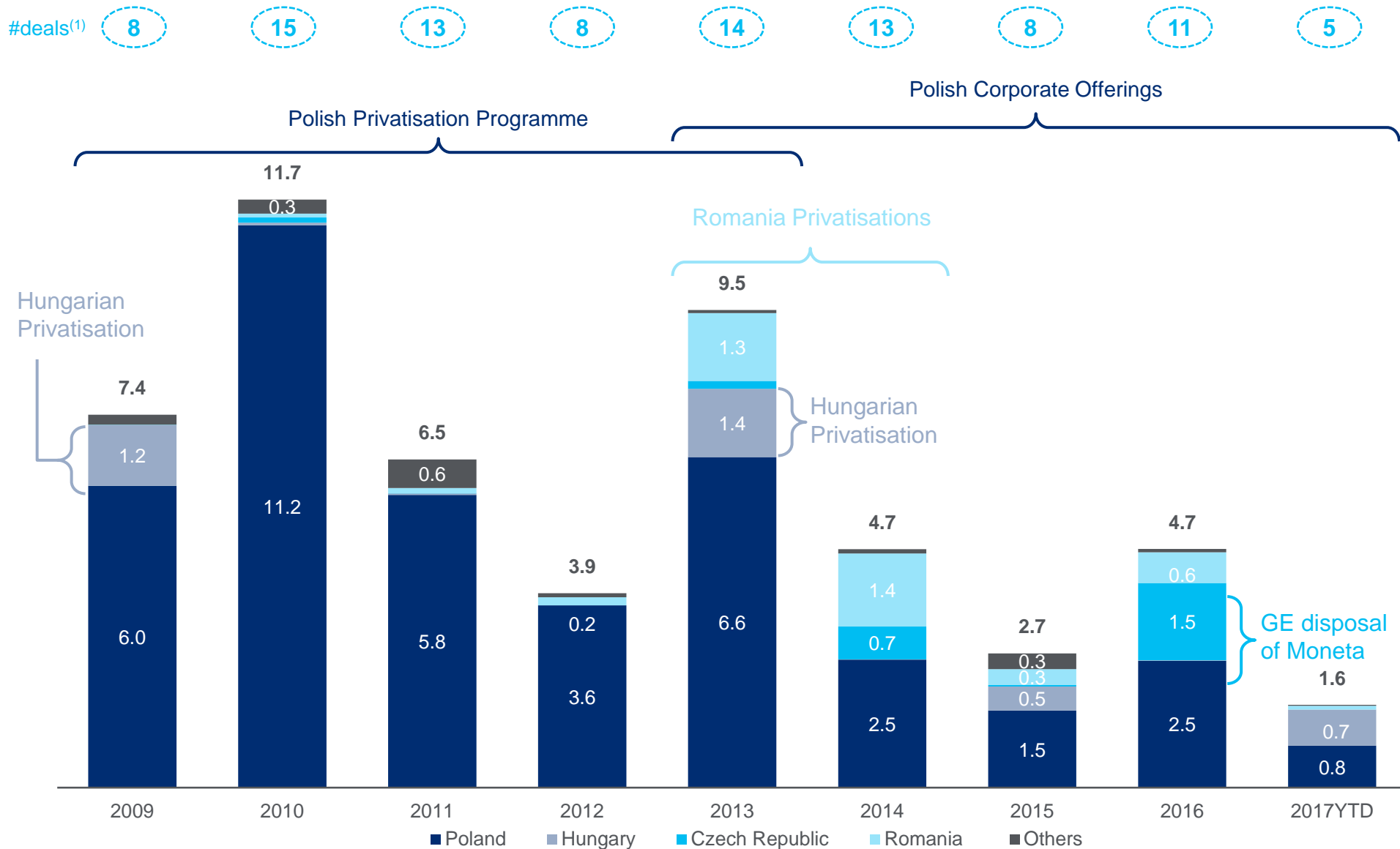
## Index Performance (USD)



Source: Bloomberg as of 9<sup>th</sup> May 2017.

# Equity Issuance Down but Increasingly Geographically Diversified

## CEE Issuance by Country between 2009-2017 (\$bn)

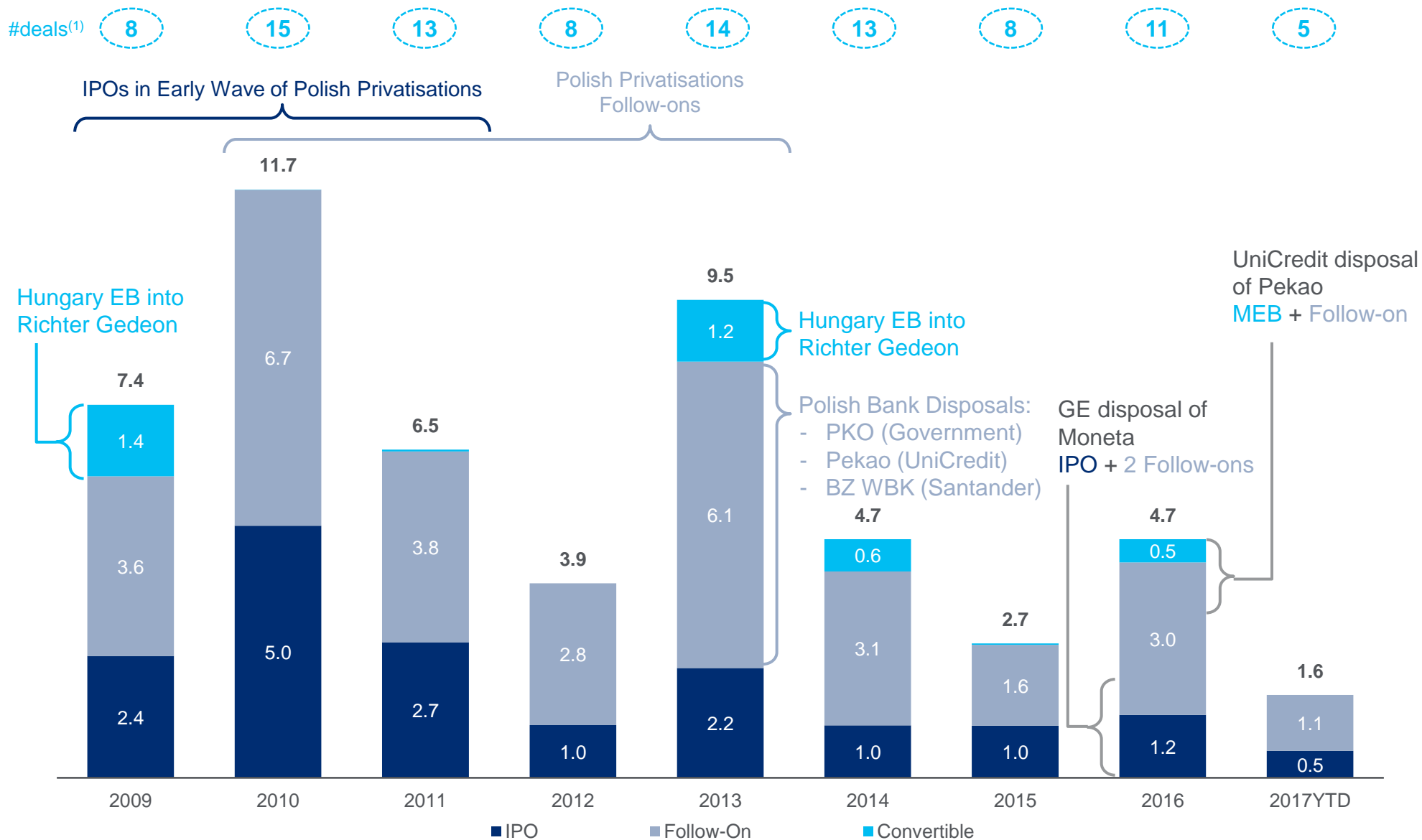


Source: Dealogic. Data as of 9<sup>th</sup> May 2017.

Note: (1) Number of Deals >\$100m

# Government and Corporate Monetisations Dominate Issuance

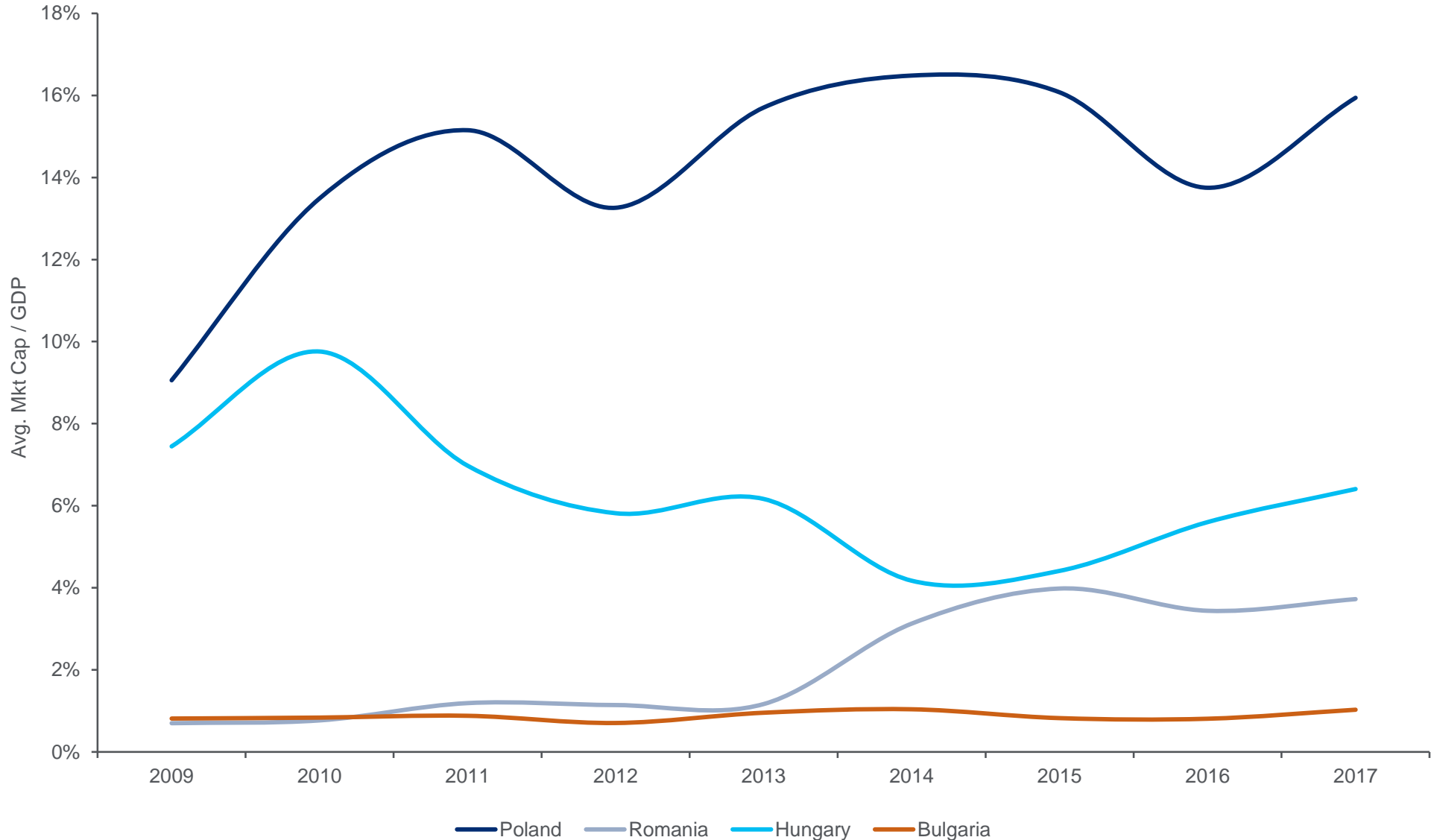
## CEE Issuance by Type between 2009-2017 (\$bn)



(1) Number of Deals >\$100m. Data as of 9<sup>th</sup> May 2017.  
Source: Dealogic

# Wide Divergence in Relative Size of Equity Markets

## Free-Float Market Cap as a Percentage of GDP

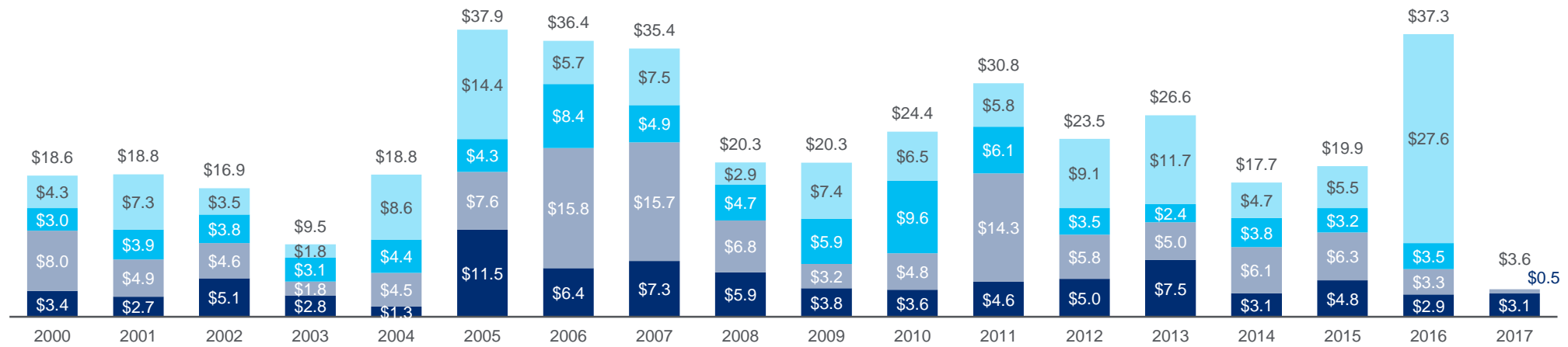


Source: IMF & Bloomberg

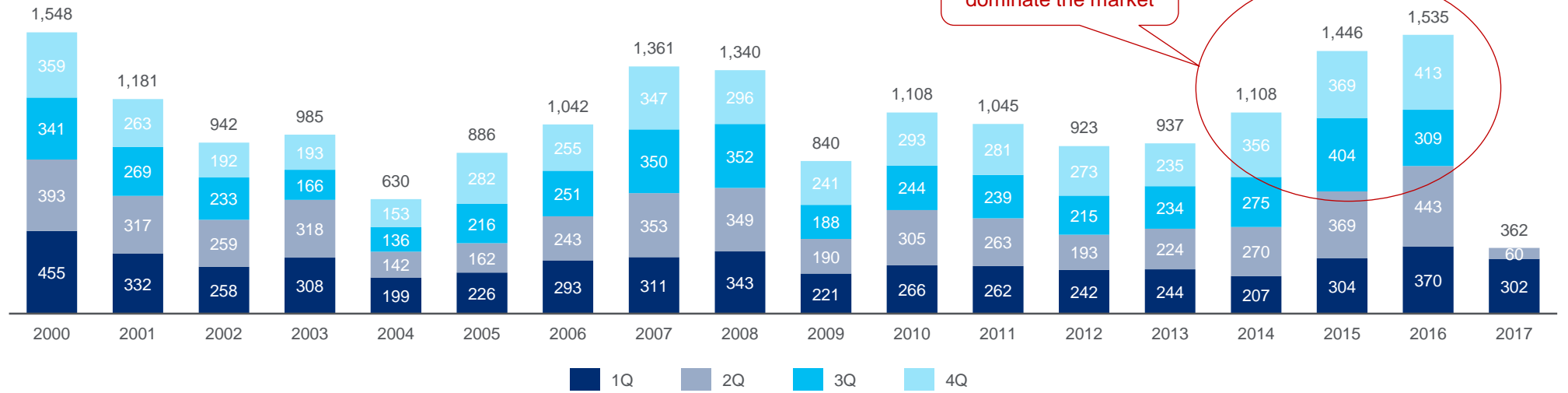
### 3. CEE M&A Trends

# M&A Activity on the Rise

CEE M&A Value  
(US\$ in Billions)



CEE M&A Volume  
(No. of Deals)

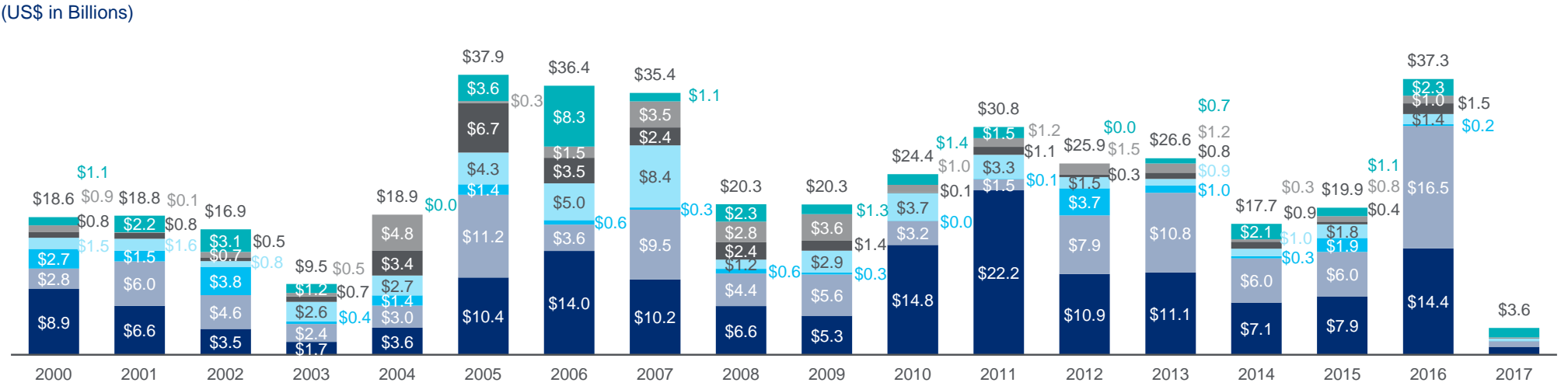


Source: Thomson Reuters SDC.

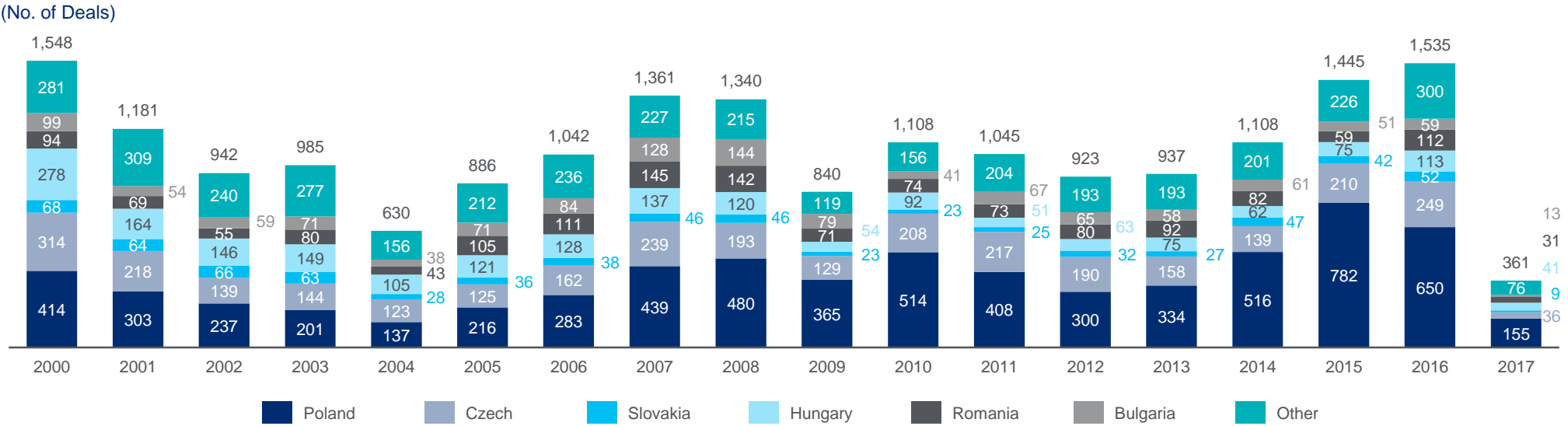


# Largely Driven by Poland and the Czech Republic

## CEE M&A Value by Country



## CEE M&A Volume by Country



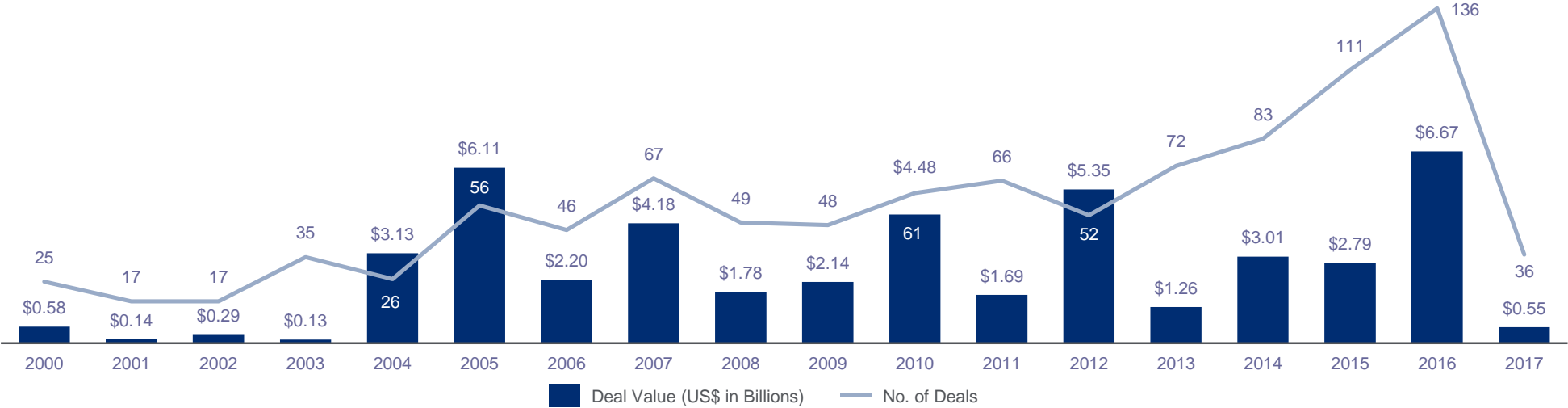
Source: Thomson Reuters SDC.

# Sponsors Active as Both Buyers and Sellers

## PE on the Buyside



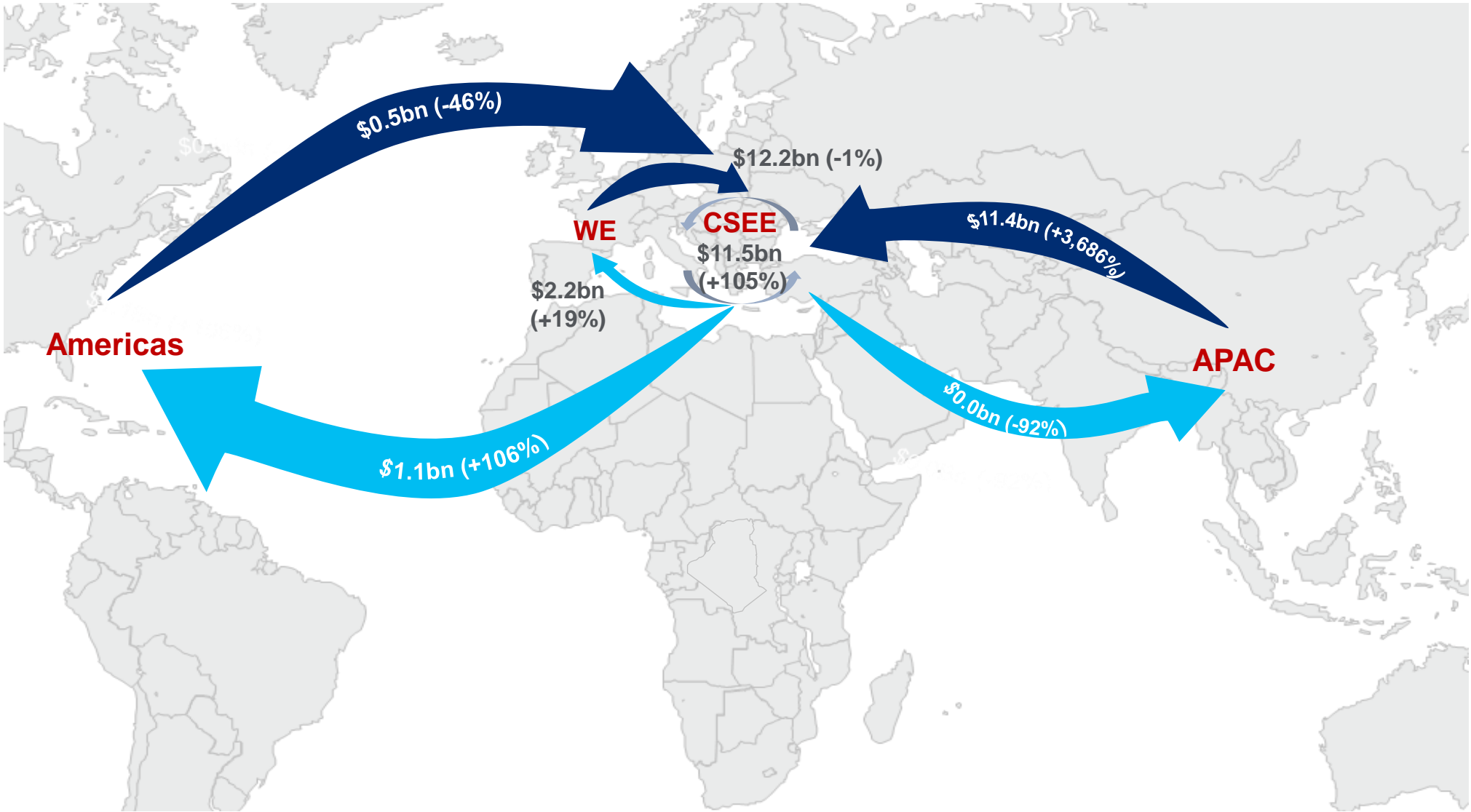
## PE on the Sellside



Source: Thomson Reuters SDC.

# Cross Border Transactions: Asia Becoming a Significant Driver

M&A Activity by Region  
(US\$ in Billions)

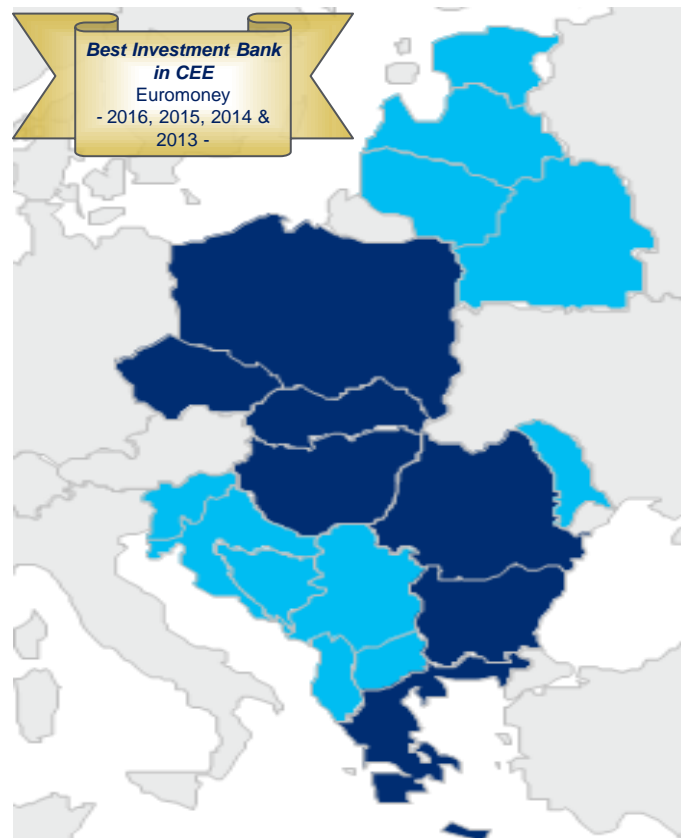


Source: Thomson Reuters SDC.

## 4. Citi Presence and Track Record in CEE

# citi's Unmatched Central and Eastern Europe Franchise<sup>(1)</sup>

## Citi's Presence in CEE<sup>(1)</sup>



**Emerging Market Bond House**  
2015, 2014 & 2013



**Overall Most Impressive EM House**



**Best Global Emerging Market Investment Bank**  
2016, 2015 & 2014



**Best ECM Bank for Greece, CEE, Middle East and Africa**



## Citi's Selected Recent Transactions in Central and Eastern Europe<sup>(1)</sup>

### M&A

**Enterprise Investors**  
Advisor to Enterprise Investors on the sale of **PROFI** to Mid Europa Partners  
€533m 2016

**Raiffeisen LEASING**  
Advisor to Raiffeisen Bank International on the sale of Raiffeisen Leasing to PKO Leasing  
€200mn 2016

**YIOULA Glassworks**  
Advisor to Yioula Glassworks on the sale of its glass container business<sup>(2)</sup> to BA Vidro  
Undisclosed 2016

**NASPERS**  
Advisor to Naspers on the sale of its 79% stake in Netretail, a Czech-based CEE online retailer  
€184m 2015

**EP Infrastructure**  
Advised EPH on the sale of 30% stake in its infrastructure division to Macquarie  
€1.5bn 2017

**HETA ASSET RESOLUTION**  
Advisor to HETA Asset Resolution on the sale of Centrice Real Estate to Lone Star  
Undisclosed 2016

**CEMEX**  
Advisor to CEMEX on the sale of its Croatian, Austrian and Hungarian operations  
€391m 2015

**Slovak Telekom**  
Advisor to Slovak Government on the sale of 49% in Slovak Telekom to Deutsche Telekom  
€900m 2015

### Equity Capital Markets

**DIGI**  
IPO  
Joint Global Coordinator  
€210m 2017

**CEZ GROUP**  
**MOLGROUP**  
Exchangeable Bond + AEO  
Bookrunner  
€470m 2017

**MONETA**  
IPO  
Joint Global Coordinator  
US\$879m 2016

**Wizz**  
Wizz Air's Initial Public Offering  
Joint Global Co-Ordinator  
€425m 2015

**CYBERWAY POLSAT**  
AEO  
Sole Bookrunner  
US\$94m 2017

**MONETA**  
AEO  
Joint Global Coordinator on two follow-on sell downs  
US\$389m & US\$298m 2016

**Bank Pekao**  
AEO  
Joint Bookrunner  
US\$829m 2016

**electrica**  
Electrica's Initial Public Offering  
Joint Global Co-ordinator  
€541m 2014

### Debt Capital Markets

**CVC**  
Poland Underwriter, Bookrunner & MLA  
PLN 2.7bn 2017

**ČESKÉ RADIOKOMUNIKACE**  
Mandated Lead Arranger for Ceske Radiokomunikace Loan  
CK 4.0bn 2016

**zoetis**  
Financial Advisor and Lead Financing arranger to Huvepharma on the acquisition of Zoetis assets  
€160m 2016

**UNITED GROUP**  
7.875% due 2020  
€150mn 2016

**PROFI**  
Romania Underwriter & Bookrunner  
RON 1.4bn 2017

**EP**  
Underwriter & Bookrunner  
CE Energy/ EPIF loan arrangement  
€1.6bn 2016

**RCS & RDS**  
5.000% due 2023  
€350m 2016

**MOLGROUP**  
Senior Notes  
Joint Bookrunner  
€750m 2016

■ Central and South East Europe countries with on-the-ground presence ■ Central and South East Europe countries without on-the-ground presence ■ Countries outside Central and South East Europe

Notes: (1) Excluding Russia, Ukraine and CIS. (2) Excluding the glass tableware and Ukrainian glass container businesses.

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