

MERGERS & ACQUISITIONS - FROM A PURE GROWTH DRIVER TO *THE* CENTRAL TOOL OF INTEGRATED CORPORATE FINANCE

EUROMONEY

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Member of the Executive Board, Raiffeisen Investment AG

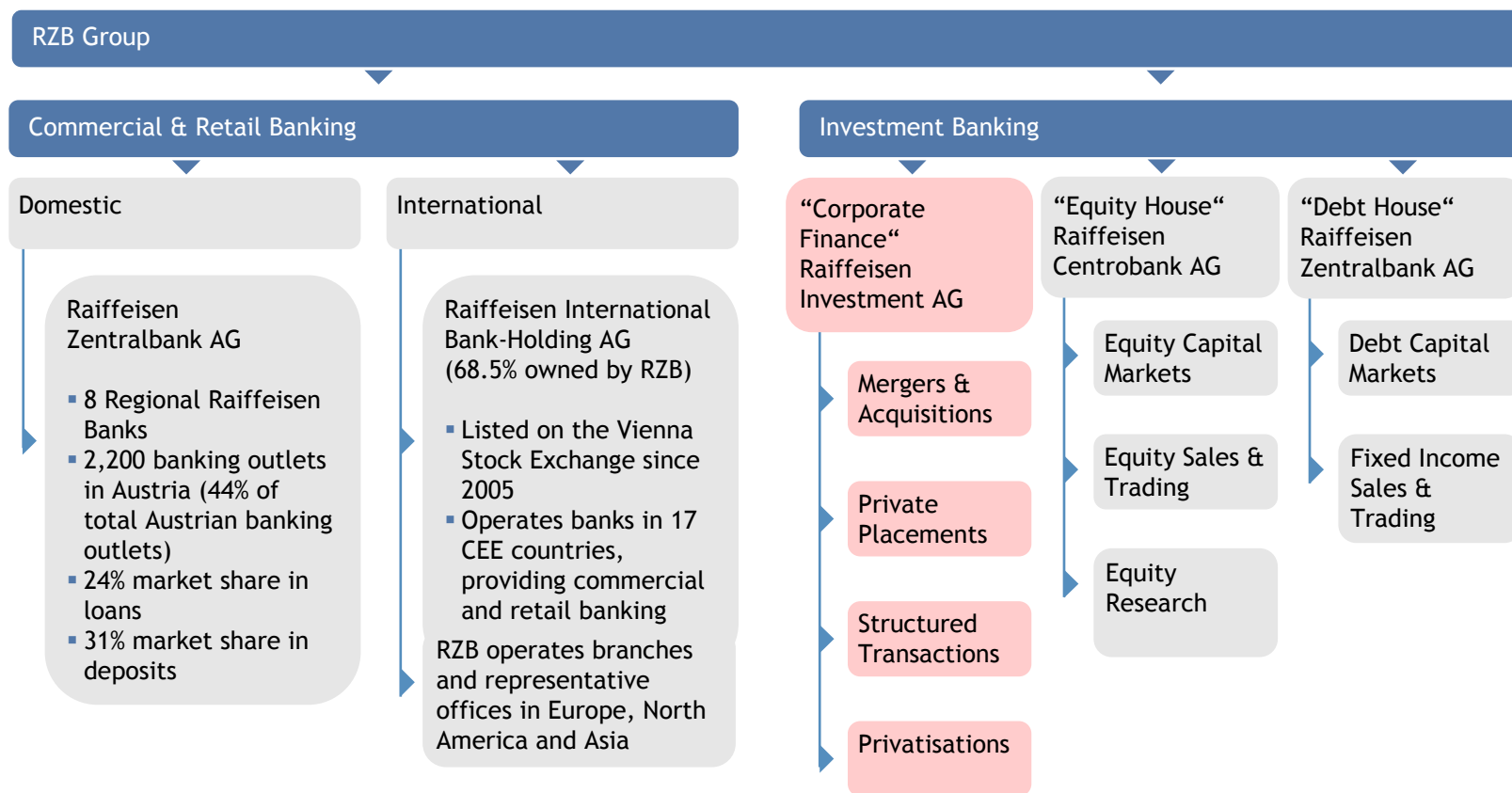
MAY 2011



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RAIFFEISEN INVESTMENT WITHIN THE RAIFFEISEN BANKING GROUP



Bank of the Year 2006 and 2008 in CEE, Bank of the Year 2007 in Austria



Acquisitions Monthly 2008: Central European M&A Adviser of the Year



Euromoney 2005 - 2009: Best Regional Bank in CEE



Global Finance 2007 - 2009: Best Bank in CEE

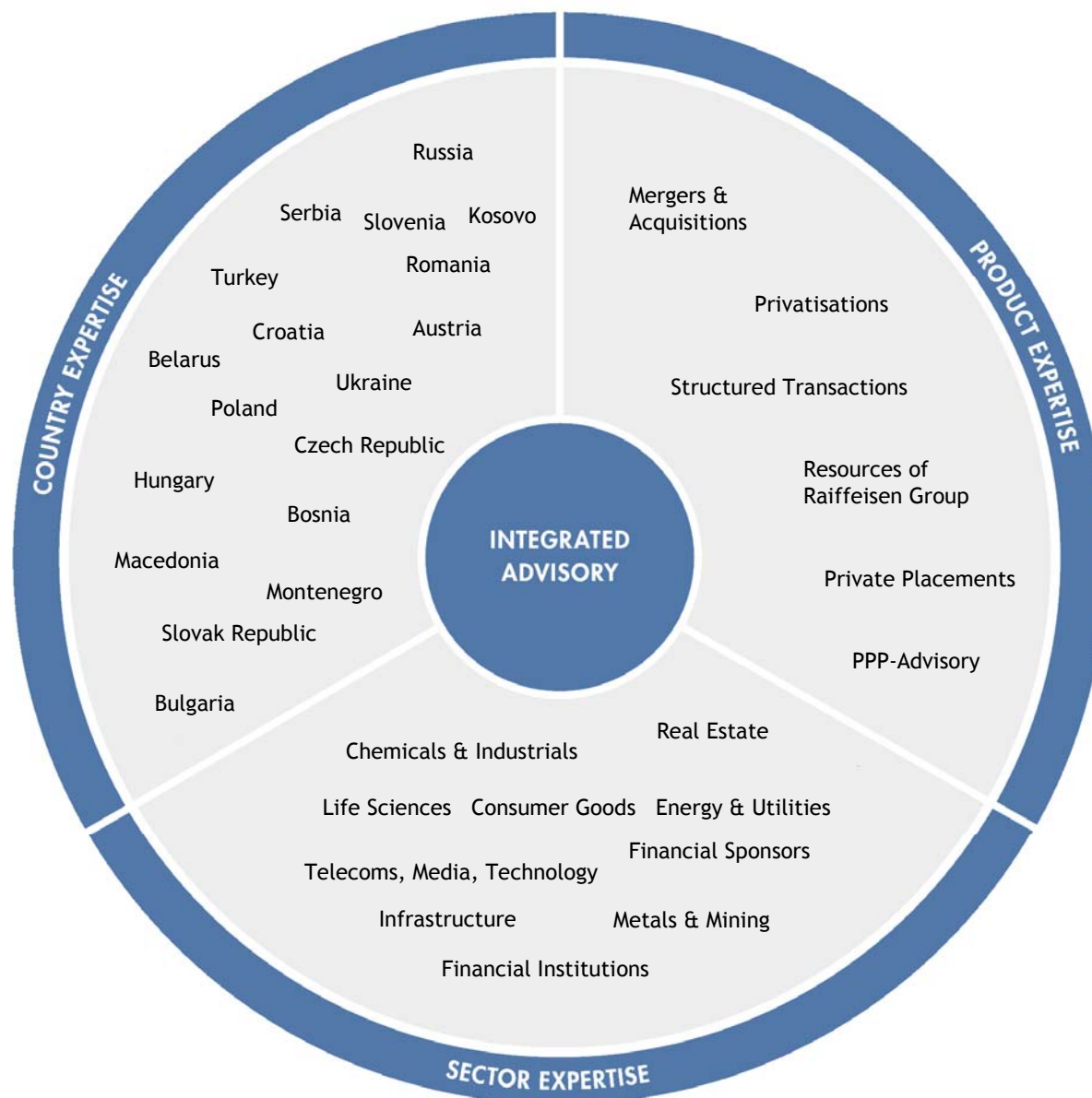


Finance New Europe 2006: Best Bank in CEE



Emerging Markets 2006: Best Bank in CEE

RAIFFEISEN INVESTMENT INTEGRATED ADVISORY



The combination of product, country and sector expertise ensures the best solutions for our clients

Raiffeisen Investment provides a wide range of investment, financial advisory and tax driven services in CEE/CIS and Austria

Central Europe M&A Adviser of the Year 2008*

* Awarded by "Acquisition Monthly" a Thomson financial publication

LAZARD & RAIFFEISEN INVESTMENT JOINING FORCES IN M&A ADVISORY FOR CSEE

LAZARD

- In the first half of 2010 number one for restructuring advise***
- Leading M&A adviser
- Unparalleled brand recognition
- Global operations: 35 cities across 17 countries in North America, Europe, Asia, Australia and South America
- Sector teams with specific industry expertise
- First class M&A and corporate finance execution capabilities
- Access to markets outside of Russia & the CEE region


**Raiffeisen
INVESTMENT**
 Member of RZB Group

- M&A adviser of the year in 2009*
- CEE M&A adviser of the year in 2008**
- Strong team with longstanding execution expertise gained in more than 500 transactions
- On-ground presence in Central & Eastern Europe with around 100 professionals in Austria and 13 CEE countries
- In-depth CEE-focused sector know-how based in Vienna, supported by country expertise from our local subsidiaries
- A strong network of subsidiaries enables Raiffeisen Investment to offer the broadest product range in the CEE region

A unique type of cooperation based on a strong local presence and worldwide expertise

Lazard and Raiffeisen Investment are currently working on numerous joint projects in the region

Premium regional relationships and global execution capabilities

*Awarded by „ACQ magazine“

**Awarded by “Acquisition Monthly“ a Thomson financial publication


***source: efinancialnews

RAIFFEISEN INVESTMENT TEAM AUSTRIA - SELECTED TRANSACTIONS




KTM Power Sports AG completed a capital increase against contribution in kind and in cash by Bajaj Auto International Holding B.V.

Raiffeisen Investment acted as financial adviser to KTM Power Sports



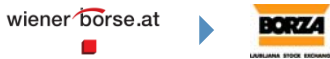
Yamaha Corporation acquired 100% in L. Bösendorfer Klavierfabrik GmbH

Raiffeisen Investment acted as sole financial adviser to the acquirer




BC Partners acquired 100% of the laboratory diagnostics company Futurelab and 40% of Augsburg based Synlab

Raiffeisen Investment acted as financial adviser to the acquirer




The Vienna Stock Exchange acquired 81% in Ljubljana Stock Exchange

Raiffeisen Investment acted as sole financial adviser to the acquirer




Heineken International B.V. acquired a majority share in Rechitsapivo

Raiffeisen Investment acted as sole financial adviser to the acquirer




Uniqa acquired 80% in Serbian insurance company Zepter osiguranje a.d.

Raiffeisen Investment acted as sole financial adviser to the acquirer



Siemens Aktiengesellschaft Österreich has sold 100% of the share capital of SIMEA GmbH, MELECS SWL GmbH and MWW GmbH

Raiffeisen Investment acted as sole financial adviser to the vendor



Kabelsignal (an EVN company) acquired the Austrian cable-TV company B.net Burgenland Telekom GmbH from BEWAG

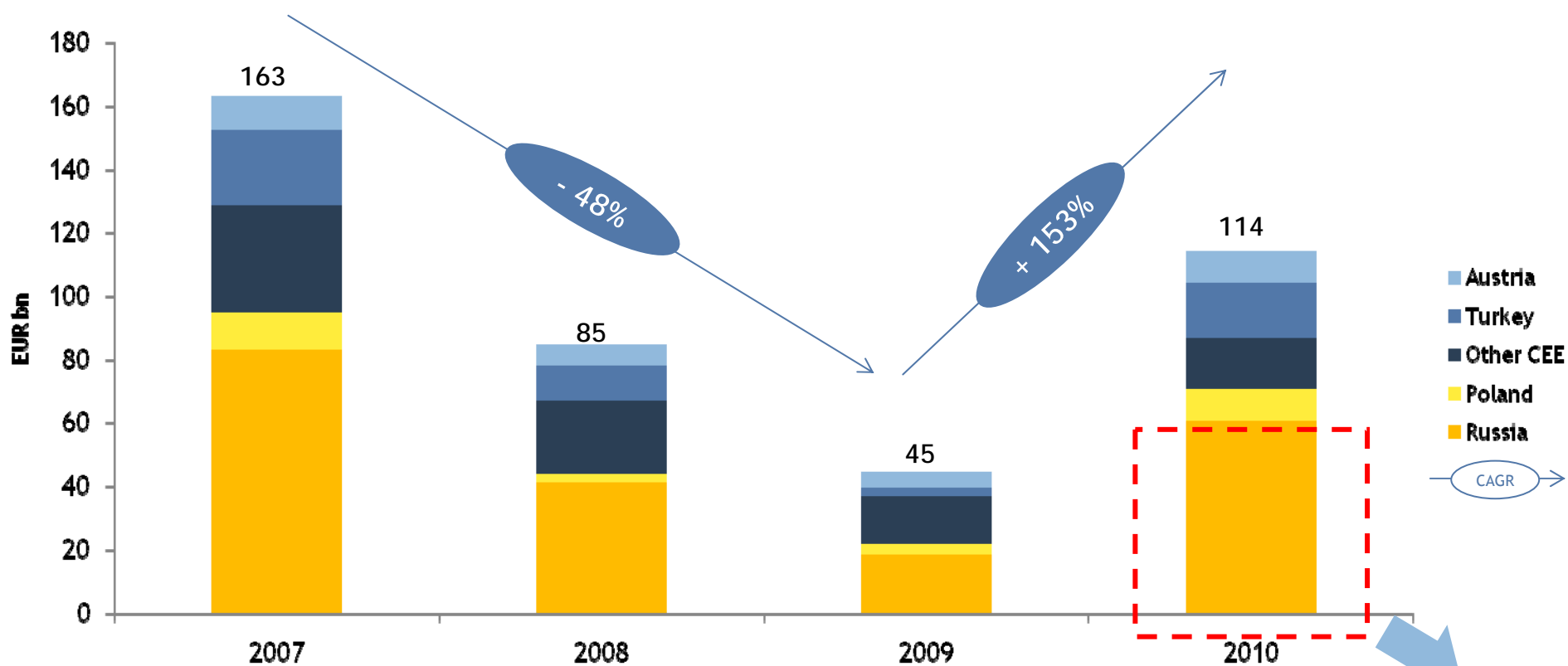
Raiffeisen Investment acted as financial adviser to the acquirer

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M&A Trends - Volumes are picking up again

RAIFFEISEN INVESTMENT M&A MARKET DEVELOPMENT CEE/CIS/TURKEY/AUSTRIA 2007-2010



Relative market share of RIAG	2007	2008	2009	2010
	12.3%	18.8%	10.5%	11.6%

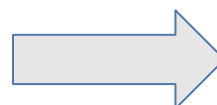
EUR 63bn in Russia, thereof EUR 40bn from the ten largest deals
→ See next slide

Note: Period: 01.01.2007-31.01.2010
Source: Mergermarket
Criteria: Target/Seller details, all sectors, including deals with an undisclosed deal value, Announcement date (incl. lapsed/withdrawn bids)

RUSSIAN M&A MARKET

10 LARGEST TRANSACTIONS IN RUSSIA

Target Company	Bidder Company	Seller Company	Deal Value EUR(bn)	Industry
OJSC Polyus Gold	KazakhGold Group Ltd		8.4	Mining
JSC Silvinit	Uralkali JSC		7.4	Chemicals and materials
Wimm-Bill-Dann Foods OJSC (WBD)	PepsiCo Inc.		4.6	Consumer: Foods
NK Russneft OAO	Mikhail Gutseryev (Private Investor)	En+ Group Ltd	4.6	Energy
Uralkali JSC (53.2% Stake)	Kaliha Finance Ltd; Aerellia Investments Ltd	Madura Holding Limited	4.3	Chemicals and materials
OAO Gazprom (2.7% Stake)	Vnesheconombank	E.ON AG	2.6	Energy
MMC Norilsk Nickel (8% Stake)	Trafigura Beheer BV		2.6	Mining
Novatek OAO (9.41% Stake)	Gazprombank OJSC	OAO Gazprom	2.1	Energy
CenterTelecom OJSC	OAO Rostelecom	OJSC Svyazinvest	1.8	TMT
Primorsk Trade Port LLC	Novorossiysk Commercial Sea Port PJSC	Omirico Ltd	1.6	Transportation

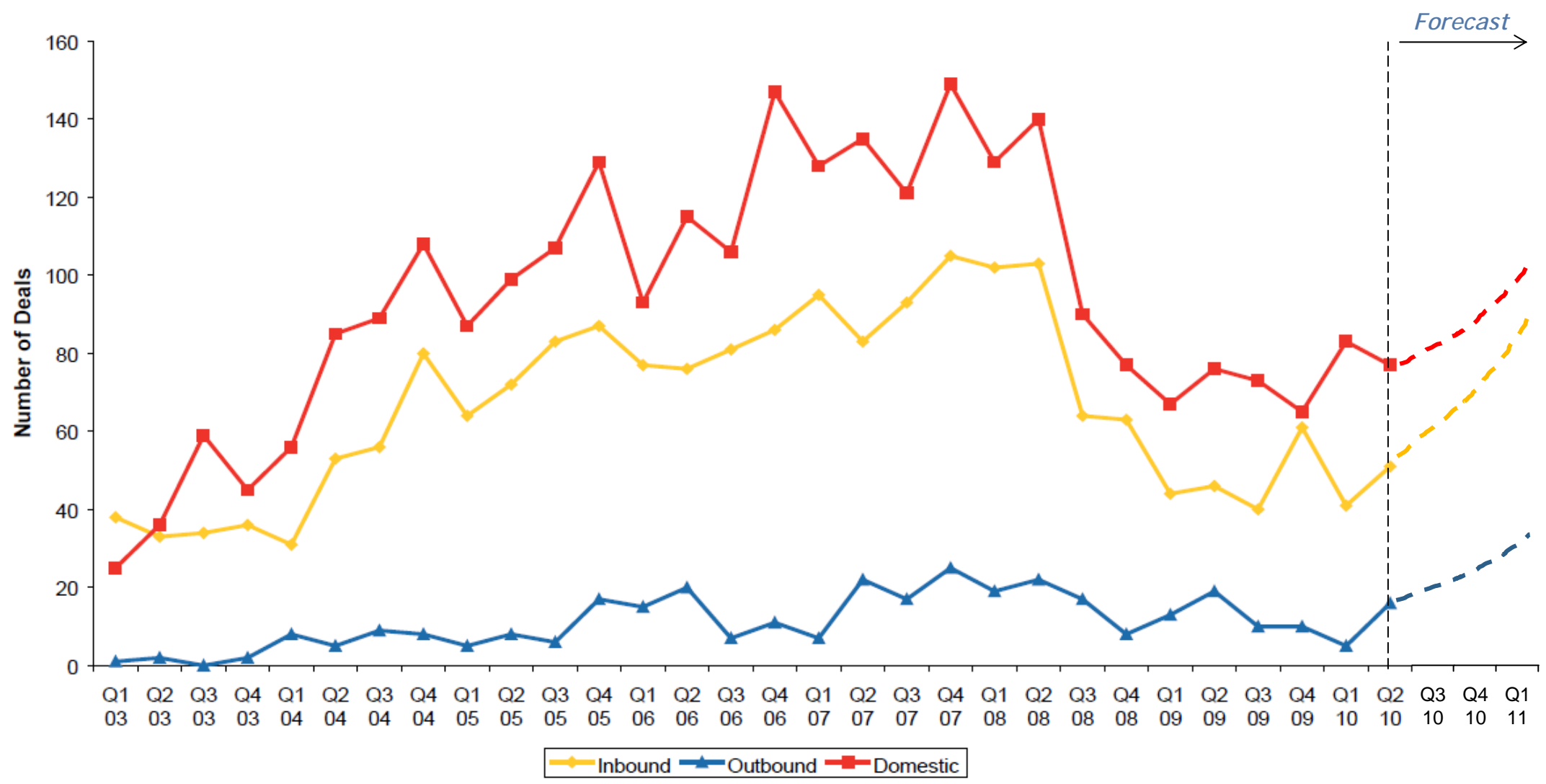


40.0

63% of total Russian
deal volume 2010

CEE M&A ACTIVITY BOTTOM REACHED IN 2009

CEE M&A Activity Quarterly Trend - Volume



Source: Mergermarket, Raiffeisen Investment Intelligence

CENTRAL & EASTERN EUROPE

KEY MACROECONOMIC INDICATORS 2011F

	Real GDP (% yoy)	Consumer prices (avg, % yoy)	General budget balance (% of GDP)
Poland	4.0%	3.7%	-5.3%
CE	3.1%	3.2%	-4.9%
SEE	1.9%	5.3%	-4.9%
Russia	4.5%	9.3%	-2.8%
Ukraine	4.5%	10.0%	-3.5%
CIS	4.5%	9.4%	-2.9%
CEE	3.7%	6.8%	-3.8%
Turkey	5.0%	6.0%	-3.0%
Austria	2.5%	2.3%	-3.0%
Eurozone	1.8%	2.5%	-4.6%

RAIFFEISEN INVESTMENT

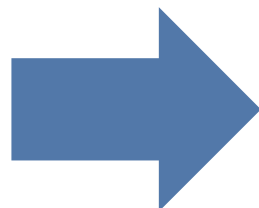
CURRENT DEVELOPMENT AND OUTLOOK 2011

Outlook 2009 - 2010

M&A-Values in 2010 were significantly higher than in 2009:

Austria:	+ 94%
Turkey:	+ 600%
Other CEE:	+ 4,6%
Poland:	+ 209%
Russia:	+ 229%

M&A levels in Turkey & Russia were able to recover quickly



Outlook 2011

- Further increase of M&A deal volumina
- Q1 2011: + 30% YOY
- Macroeconomic indicators support the current upward trend
- Outperforming growth regions will be Turkey, Russia and Poland
- Regional disruptions could hamper future growth

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CURRENT M&A POTENTIAL PER REGION AND INDUSTRY

	CEE (excl. Russia)	UK & Ireland	Germanic	Benelux	Russia	Nordic	Italy	France	SEE	Iberia	Middle East & North Africa	TOTAL
TMT	86	105	76	146	28	51	27	69	18	37	28	671
Consumer	121	87	80	77	43	45	61	56	67	26	20	683
Industrials & Chemicals	133	59	136	90	37	64	51	45	34	17	29	695
Energy, Mining & Utilities	90	109	43	20	63	41	32	11	25	18	33	485
Financial Services	73	71	47	27	34	5	38	24	32	13	43	407
Business Services	41	60	38	30	10	40	14	20	14	23	6	296
Pharma, Medical & Biotech	26	32	52	21	9	27	10	17	12	34	7	247
Leisure	41	81	25	8	11	8	29	11	34	10	9	267
Transportation	38	14	8	5	77	12	9	5	19	4	15	206
Construction	38	21	17	10	8	24	8	10	11	5	13	165
Real Estate	15	12	21	15	5	2	2	7	7	6	22	114
Agriculture	14	3	4	2	5	7	2	1	4		2	44
Defence	5	1	1		1		2	4	3			17
Government	3				4						3	10
Other			2					1	1		3	7
TOTAL	724	655	550	451	335	326	285	281	281	193	233	4,314

Source: mergermarket Deal Drivers EMEA 2010

Note: Data based on 'Companies for sale' tracked by mergermarket in Europe between 1 July 2010 and 31 December 2010

CEE M&A ACTIVITY

8 KEY TRENDS FOR THE UP-COMING YEARS

- 1 Increasing consumerism in Russia will drive M&A
- 2 The rising middle class will drive healthcare deals
- 3 Diversifying real estate opportunities
- 4 Commercial due diligence is becoming an essential part of M&A
- 5 The need for growth capital will drive IPO
- 6 Competition between private equity firms will intensify
- 7 Consolidation in the electricity sector will continue apace
- 8 Central Asia and the Caucasus will see increasing foreign investment

Current Price Development - From Overheated to Realistic

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CURRENT PRICE DEVELOPMENT

- Post- crisis valuation levels more realistic
- No overheated company valuations
- Specific industry multiples are significantly below the levels of 2007
- Company valuations based on actual results and/ or normalised budget forecasts rather than growth expectations
- Conservative financing activities (in contrast to pre-crisis LBO boom)
- Only few and far between bargains on the market

CEE M&A ACTIVITY

TRANSACTION EV/EBITDA MULTIPLES IN THE DAIRY INDUSTRY

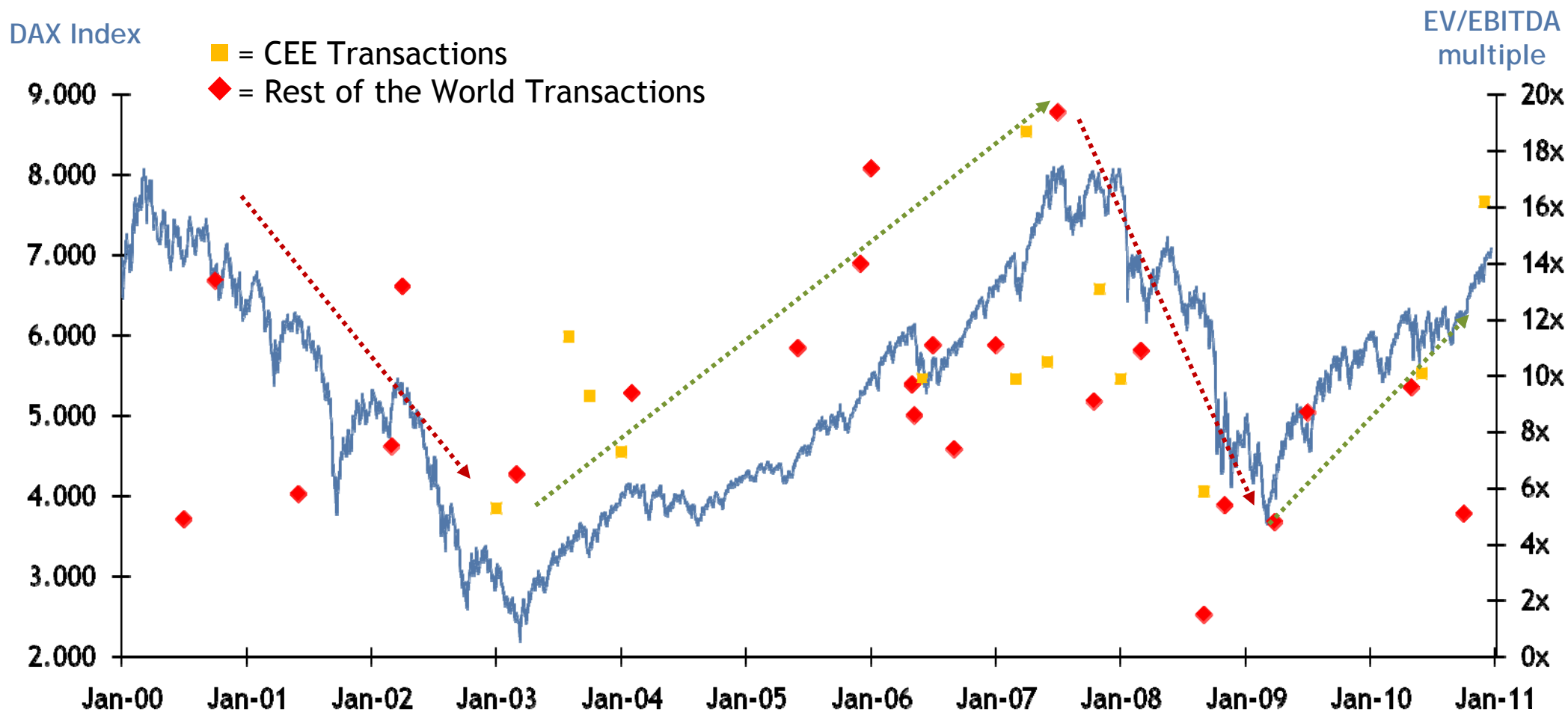


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RAIFFEISEN INVESTMENT

M&A AS *THE* KEY LEVER FOR STRATEGIC CORPORATE FINANCE

- M&A was often seen as a pure „growth-driven“ strategy
 - However, M&A is the key lever for business portfolio optimisation
 - Increasing significance of balance-sheet management
 - Divestiture of business units due to:
 - Change in corporate strategy
 - Lack of profitability
 - Cash infusion for core business units
 - Reverse synergy (unlock more value from a division by selling it)
- ⇒ We see ourselves as sparing partner of the management for the development of a sound and consistent corporate strategy

RAIFFEISEN INVESTMENT

M&A AS *THE* KEY LEVER FOR STRATEGIC CORPORATE FINANCE

1

MARKET ENVIRONMENT

Business cycle supports return to profitability

Cash from operations not sufficient to bolster balance sheets and fund growth at the same time

Only limited support



2

ASSETS

Divestiture → Equity ratio increases as debt is reduced

Reverse synergy



3

CAPITAL

EQUITY

Access to equity difficult for many corporates in Central Europe

Access expensive for „first-timers“

Practicability of equity raising limited



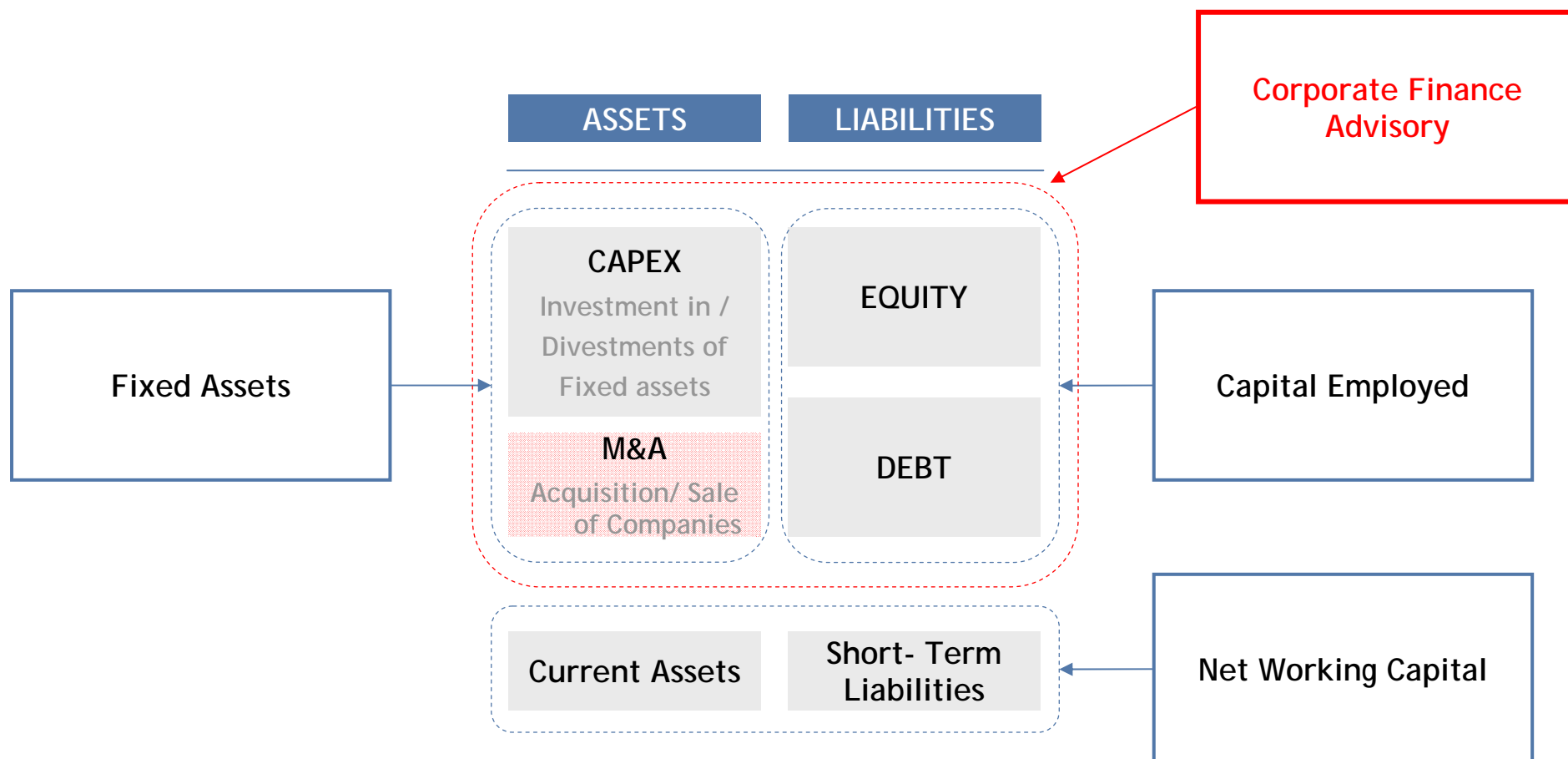
DEBT

Banks gradually increase their risk appetite but are still looking for sufficient collateral

Pushing debt capacity to the edge reduces flexibility



CORPORATE FINANCE ADVISORY AN INTEGRATED STRATEGY



CORPORATE FINANCE ADVISORY AN INTEGRATED STRATEGY

- Integrated Corporate Finance Advisory -> similar to the Asset-Liability Management of Banks
 - Business Portfolio Optimisation -> Taking into consideration the target Capital Structure
 - ⇒ Substantial Investments should be integrated into the Corporate (Finance) Strategy
 - No fixed “hurdle rates” for all investments,
 - BUT: Individual and RISK-ADJUSTED rates

CORPORATE FINANCE ADVISORY

AN INTEGRATED STRATEGY - BUSINESS PORTFOLIO OPTIMISATION

EXPANSION

- Are there potential Targets, which...
 - ...Add VALUE to the current Business Portfolio
 - ...Can be acquired cheaper than the “Fair Value“ and can be integrated beneficially into the Company
- OR: Can a Joint Venture be profitable for both involved parties (Capital <-> Know-How)?

DIVESTURE

- Could a part of my Company be more profitable with a new owner?
- Is a division/subsidiary part of my core business?
- Is a divesture a good source for NEW FUNDS and a measure to improve the RATING?

CORPORATE FINANCE ADVISORY

AN INTEGRATED STRATEGY - TARGET CAPITAL STRUCTURE

FINANCING AN ACQUISITION

- What impact has an Investment in both, assets or a company, on the CAPITAL STRUCTURE?
- Not only the SHORT-TERM impact, but also the LONG-TERM impact on the company is to be thoroughly reviewed

IMPACT OF A DIVESTURE

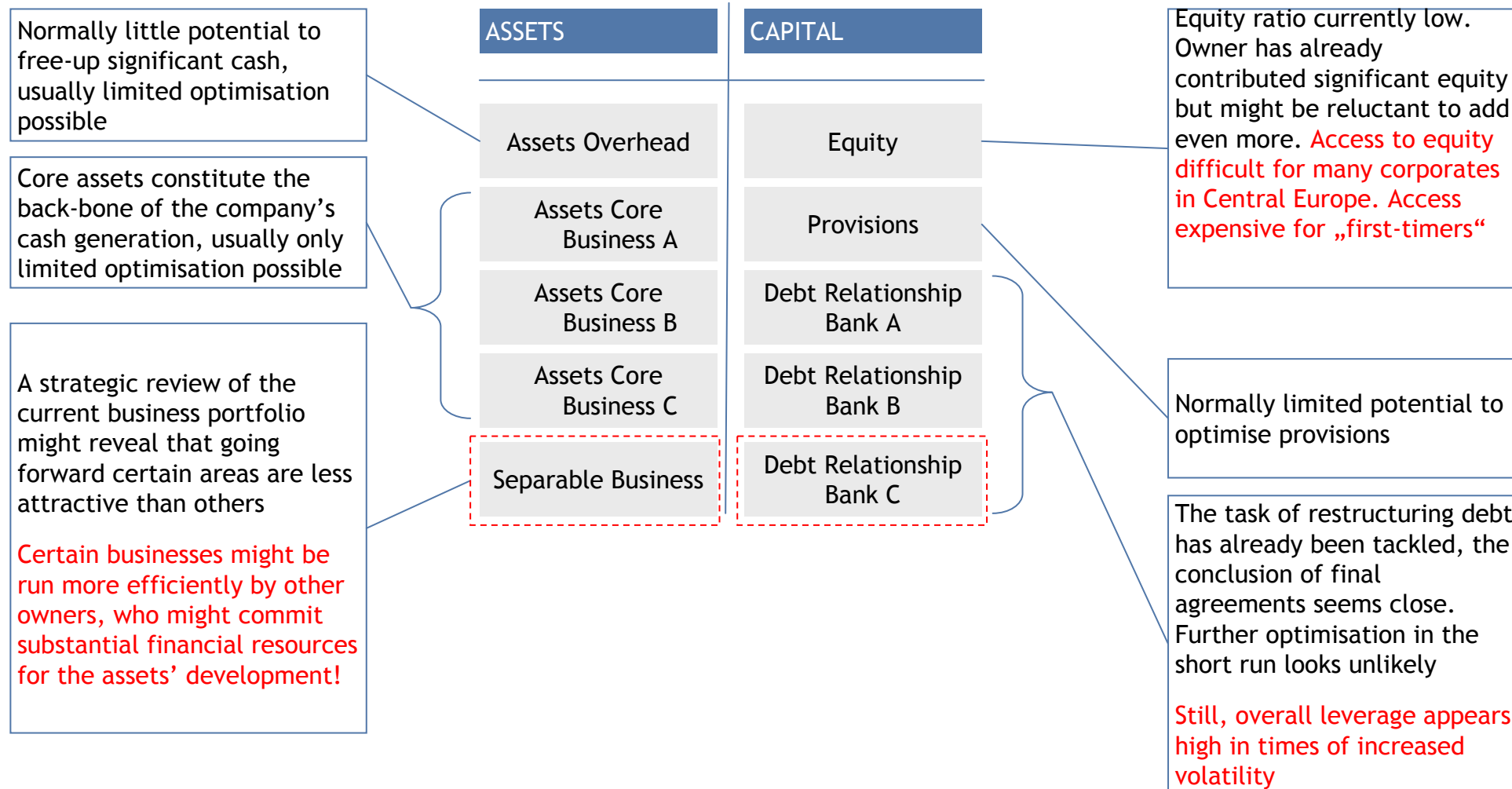
- CASH INFUSION
- Improvement of the Equity Ratio (Potentially even net contribution to equity if sale of separable assets above book value)
- Reducing CASH DRAINS to loss-making subsidiaries

Corporate Finance Advisory- A Case Study

CORPORATE FINANCE ADVISORY

DRIVERS (INTERNAL) - ASSETS & CAPITAL

STATUS QUO

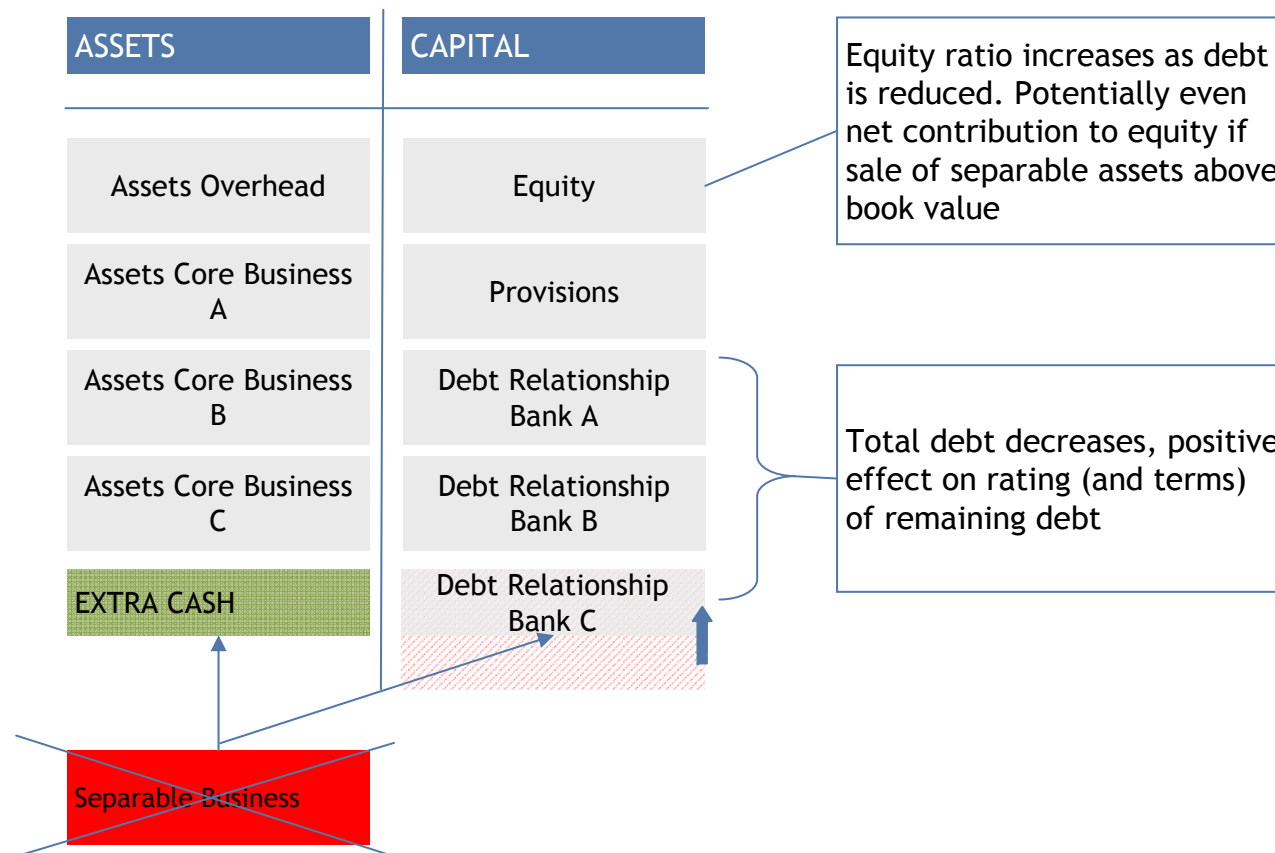


CORPORATE FINANCE ADVISORY

“BUYING” FLEXIBILITY BY DELEVERAGING

- Cash generated from the sale of separable businesses might be used to increase cash at hand and to pay back outstanding debts
- Both measures increase management flexibility to adequately address market opportunities

OPTIONS



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