



HUNGARIAN WATCH

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Masters of Collaboration

Hungarian Watch Spring 2016

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Hungarian Watch is a quarter yearly issued brochure. It contains comprehensive, up-to-date information about Hungary, focusing on breaking news in the fields of law, economics, business and other situations which could have a major impact on the course of Hungarian events.

Hungarian Watch is primarily prepared for those who are thinking about Hungary from an investment point of view. The investment perspective runs through this brochure by leading the reader through the actual Hungarian business climate including current business and investment opportunities.

We hope that Hungarian Watch will keep you regularly informed on relevant Hungarian news, enabling you to know how and when to seize a business opportunity before it vanishes.

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Summary



[Budapest to host the World Exchange Congress in 2017](#)

[New milestone in the history of the Budapest Stock Exchange](#)

The Budapest Stock Exchange (BSE) will host the World Exchange Congress on 22-23 March 2017. This is a great opportunity for the BSE to consolidate its position in the international finance sector, and for market players to introduce themselves directly to more than 200 leaders from the world's stock exchanges. VJT & Partners would be honoured to see you at this outstanding event. [Read more...](#)



[Daimler to make a mega investment in Hungary](#)

[A new market breakthrough in the Hungarian automotive industry](#)

After several golden automotive investments, Daimler announced an investment project valued at EUR half billion. This will be the largest ever made automotive investment in Hungary. Stay tuned, the implementation of this challenging project may start at any time. [Read more...](#)



[Who will be the lucky buyer?](#)

[Top beer brands to be sold in the CEE](#)

Brewing giant Anheuser-Busch Inbev (AB Inbev) plans to sell the Central Eastern European (CEE) portfolio of SAB Miller (SAB). Analysts believe that the motive behind this is to get the European regulatory approval for its USD 100 billion-plus takeover of its closest rival SAB. The sale of the portfolio includes the most famous Hungarian beer brand Dreher. It seems that AB Inbev has just started to look around for interested buyers, so it is still not late to seize this exceptional investment opportunity. [Read more...](#)



[VJT & Partners is ranked as a Top-Tier Firm by EMEA Legal 500](#)

Prestigious independent legal directory EMEA Legal 500, 2016 names VJT & Partners a top-tier firm for Employment for the fifth year running and highly recommends the firm in four other practice areas. [Read more...](#)

Budapest to host the World Exchange Congress in 2017

New milestone in the history of the Budapest Stock Exchange

The Budapest Stock Exchange (BSE) will host the World Exchange Congress on 22-23 March 2017. This is a great opportunity for the BSE to consolidate its position in the international finance sector, and for market players to introduce themselves directly to more than 200 leaders from the world's stock exchanges. VJT & Partners would be honoured to see you at this outstanding event.



In our previous issues we reported that the still waters of the BSE have finally been stirred. The official index of blue-chip shares listed on the BSE (BUX) was hitting levels not seen since the financial crisis. Capital from Warsaw started flowing to Budapest. New listings have been expected.

After these very positive developments, Budapest was selected to host the 12th Annual World Exchange Congress (WEC) in spring 2017. The famous international exchange conference will bring together more than 200 prestigious delegates of the world's stock exchanges, clearing houses, financial organisations, regulators, consultancies and service providers.

WEC functioning as the unofficial general assembly of global stock exchanges, was previously held in capitals such as London, Madrid, Barcelona, Monaco, Dubai, Doha and Istanbul.

WEC 2017 will be an excellent opportunity for both the BSE to improve its position in the global financial market and for Hungarian market players to meet with the most important exchange leaders from around the world.

The congress will deal with numerous key issues related to trading and clearing systems, the increasing number of stock market issuers, the transfer of OTC trade to stock exchanges, and MIFID II. It will also deal with the most critical future trends affecting exchanges, like cyber security, bitcoin, cyber security, crowd funding and big data.

Overall, the congress will offer a unique possibility to hear about the latest news as well as creating new partnerships. VJT & Partners would be honoured to see you at this outstanding event.

Daimler to make a mega investment in Hungary

A new market breakthrough in the Hungarian automotive industry

After several golden automotive investments, Daimler announced an investment project valued at EUR half billion. This will be the largest ever made automotive investment in Hungary. Stay tuned, the implementation of this challenging project may start at any time.



It is not a secret that the Hungarian automotive sector deserves great attention. The press regularly reports about production expansions, new greenfield investments and improvement of supplier networks. Still the new announcement of Daimler to make a new investment in Kecskemét exceeded all expectations.

Daimler established its plant in Kecskemét in 2012 to produce Mercedes-Benz cars. In less than 3 years Mercedes has become the key brand in the Hungarian automotive sector because the production in Kecskemét stepped on the gas. Two types of Mercedes models have already been produced exclusively in Hungary and exported to more than 180 countries in the world. Last year, the plant manufactured more than 180 thousand compact cars.

As the plant has been one of the great success stories of the country, Daimler decided to make a new investment going well beyond the volume of previous automotive investments.

In the professional circles this decision has long been awaited because of the great investment potential of the site has largely been unexploited (i.e. out of the 440 hectare site, only 106 has been actively used for production).

The full project includes building a new 99 thousand sq.m. bodywork plant with the state-of-the-art technology by 2018, and also development and expansion of the company's existing capacities. The total investment volume may reach EUR 590 million.

Whilst the details of the planned project are not public, such a major investment project will undoubtedly create great business opportunities and have a positive effect on the growth of Hungarian automotive sector. Stay tuned, the implementation of this challenging project as it may start at any time.

Who will be the lucky buyer?

Top beer brands to be sold in the CEE

Brewing giant Anheuser-Busch Inbev (AB Inbev) plans to sell the Central Eastern European (CEE) portfolio of SABMiller (SAB). Analysts believe that the motive behind this is to get the European regulatory approval for its USD 100 billion-plus takeover of its closest rival SAB. The sale of the portfolio includes the most famous Hungarian beer brand Dreher. It seems that AB Inbev has just started to look around for interested buyers, so it is still not late to seize this exceptional investment opportunity.



The motive behind the big-ticket sale

The biggest global fusion is taking place in the brewing market at this very moment. AB Inbev intends to take over SABMiller the second largest brewing concern in the world. If the competition authorities approve the deal, AB Inbev will hold approximately a 30% global share in the brewing market and numerous top brands will be in its exclusive possession, including Budweiser, Stella Artois, Leffe and Fosters.

It is speculated that AB Inbev will sell the CEE assets of SAB, in order to ease the regulatory approval of the European Commission for this USD 100 billion-plus worth takeover deal.

Highly attractive asset

SAB has been the third key player in the CEE market by holding about 15% market share. Its CEE portfolio includes top brands such as the Hungarian Dreher, the Czech Pilsner Urquell, the Polish Tyskie and Lech, and the Romanian Ursus. Analysts speculated that the total value of the portfolio could be close to USD 8 billion.

Who are the potential buyers?

This portfolio could be attractive to well-established players, including Molson Coors and Heineken. But such key players could face competition law constraints, which would mean that the sale could also create good business opportunities for new entrants, such as the further European expansion of Asahi.

The press suggests that AB Inbev has just now started to look around for interested buyers.

Timing of the deal

All eyes are now on the European Commission. The sale of the portfolio hangs on

the approval of the AB Inbev - SAB merger. So, if everything goes according to plan, the sale of the portfolio may be implemented in the second half of this year.

Who will be the winner?

This is a very good opportunity for investors seeking to enter or expand in the Hungarian and CEE market in general, especially given the attractive portfolio and good timing.

Although exceptional times are ahead, opportunity only knocks once.

VJT & Partners again ranked as a Top-Tier Firm

Prestigious independent legal directory EMEA Legal 500, 2016 names VJT & Partners a top-tier firm for Employment for the fifth year running and highly recommends the firm in four other practice areas.



VJT & Partners has been recommended as a top-tier law firm for Employment for the fifth year running in the Legal 500 Europe, Middle East & Africa 2016. The guide comments that the employment group at the firm is “expert” and has “significant litigation experience.”

In addition, both Managing Partner János Tamás Varga and partner Zoltán Csernus are included in the list of elite ‘Leading Individuals’ for employment. The guide notes that “Zoltán Csernus is ‘client oriented, business focused, responsive and reliable.’”

Having climbed the rankings consistently in recent years, three of VJT & Partners’ other practices are now recommended in the second tier: Commercial, corporate and M&A, Dispute Resolution and TMT, while the firm’s Real Estate and

Construction practice is ranked in the fourth tier.

All of VJT & Partners’ partners are recommended in The Legal 500 Europe, Middle East & Africa editorial. In relation to the firm the guide makes the following comments:

Commercial, corporate and M&A: “VJT & Partners wins plaudits for its ‘excellent quality, focus and outstanding understanding of clients’ needs’. János Tamás Varga, who is ‘business-minded and has the ability to see the big picture’, and the ‘precise and knowledgeable’ Zoltán Csernus advised on the Hungarian aspects of TransDigm Group’s acquisition of EME. The group expanded in August 2015 with the arrival of ‘very good’ transactional lawyer András Lovretity, who was previously a freelance legal counsel.”

Dispute Resolution: “VJT & Partners’ strengths lie in employment and insurance litigation. Zoltán Csernus’ ‘responsive’ team acts for clients including NN Insurance and Invescom.”

TMT: “The team at VJT & Partners is ‘on top of recent developments’ and is led by managing partner János Tamás Varga, who has been active in this space since the late 1990s. The ‘highly competent’ Gábor Hacsí and ‘very responsive’ associate Endre Várady are advising NN Insurance on the Hungarian aspects of establishing cloud computing services.”

Real estate and construction: “VJT & Partners, which has a ‘business-focused ap-

proach', provides regular advice to Intersport on amending and terminating lease agreements. The team is jointly led by Gábor Hacsí, who is 'knowledgeable and experienced', and János Tamás Varga."

The Legal 500 series of legal directories provides an in-depth assessment of law firms based on intensive independent research of firms and their clients.

János Tamás Varga, Managing Partner of VJT & Partners, commented: "This is our best showing in this prestigious guide to date. We are very pleased – and proud – to be recognised with such rankings, which we take as an endorsement by our clients of our capabilities and practices, but recognise that there is always more we can do."

About VJT & Partners

The Firm

VJT & Partners is a Hungarian commercial law firm advising international and domestic corporate clients and entrepreneurs. The firm was founded by Janos Tamas Varga, who has created a highly successful team based on values including inspiring leadership, striving for perfection, commitment, courage and harmony.

VJT & Partners is recognised as one of Hungary's leading commercial law firms and also as an excellent collaborative partner, working hand-in-hand with its clients. Clients value the firm's absolute commitment, leading to effective and enduring relationships. The firm combines the highest degree of professionalism, the efficient delivery of legal services with dynamism, flexibility, responsiveness and personal attention.

Lawyers in the firm have developed an in-depth understanding of both the legal and the commercial realities of business. The firm prides itself in giving direct, honest and practical advice, tailored to its clients' needs. The shared values of VJT & Partners are at the very core of the creativity and 'fresh thinking' approach of the firm.

As a member of the EU, but not the single currency, Hungary has a unique language and business culture and a complex legal system bringing particular challenges. All lawyers at VJT & Partners have extensive experience of working with international and domestic companies alike, to help navigate these challenges and to achieve their objectives in Hungary, and to ensure appropriate regulatory approvals.

The leading legal directories rank VJT & Partners highly across a range of practice areas.

VJT & Partners is a full-service law firm that satisfies the needs of clients across a broad range of industries and professions. The firm's legal services include aviation, commercial contracts, competition, corporate M&A, data protection, dispute resolution, finance, immigration, employment, intellectual property, outsourcing, private equity, real estate, regulatory, restructuring and insolvency, and technology.

Practice Areas

The firm is especially active and highly ranked in the following areas:

Corporate mergers and acquisitions

VJT & Partners believes that advising on M&A transactions is to provide more than just legal advice. Understanding the logic and dynamics of the industry sector in which the client and other participants operate is a prerequisite for success.

We advise clients on international and Hungarian M&A transactions including acquisitions, disposals, mergers and demergers, from deal inception through due diligence and negotiations to post completion. The expertise of our multi-disciplinary team in the areas of corporate, commercial, competition, real estate, employment and regulatory enables us to provide excellent service.

Employment

The highly-rated employment lawyers at VJT & Partners have a wealth of experience in all aspects of contentious and non-contentious employment matters. Fully appreciated for understanding their clients' business goals, lawyers design structures and procedures that are watertight and defensible in many court proceedings.

We regularly advise employers on general employment matters including drafting employment agreements, internal policies, termination agreements, termination notices and complex mass dismissal structures as well as employee incentive schemes. We have particular expertise in managing work permit and business immigration applications as well as advising on the different employment and labour related issues which arise with commercial transactions such as outsourcing.

Our team has successfully represented employers and executive employees in all types of court proceedings in Hungary. In particular, we represent clients in disputes concerning issues which include unlawful termination, overtime payment and bonus claims.

Technology

Understanding our clients' underlying technical and technological ideas and objectives, while providing clear, concise and practical advice lies at the heart of our work. The phenomenon of convergence and the rapid proliferation of innovative services inspire our Information, Communications & Technology (ICT) team to continue to build unique expertise in a wide range of technology matters.

Our lawyers have particularly strong track record in commercial IT arrangements such as software licensing, call centre and hosting services as well as hardware procurement, online and e-commerce matters such as setting up web-shops. We also regularly advise on sector-specific regulatory issues concerning communications services such as licensing, interconnection and carrier-pre selection.

How We Work

Lawyers at VJT & Partners are encouraged to develop, to enjoy their work and to become real 'Masters of Collaboration'. Clients comment on the firm's cooperation, communication and its absolute commitment to what they are trying to achieve.

In turn, we find that this leads to effective and enduring relationships. We combine the highest degree of professionalism and the efficient delivery of legal services with dynamism, flexibility, responsiveness and personal attention.

Our Values

The values that lie at the heart of our business ethos are the building blocks of our business. Nurturing the following values brings the 'hearts and minds' of VJT & Partners' lawyers together as one successful team. We would be happy to talk you through them, what they mean to us, to our business and our clients:

- Inspiring leadership
- Striving for perfection
- Commitment
- Courage
- Harmony

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