

M&A Index Poland

Q3 2020

Prepared by [Navigator Capital](#) & [FORDATA](#)

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by Navigator Capital & FORDATA | October 2020

Total number of transactions*

74 (Q3 2020)

The largest transaction**

EUR 1 100 m

(Acquisition of Suez assets by Schwarz Group)

* based on public data

** among transactions with disclosed prices

About the report:

The M&A Index Poland report is a position that has become a permanent fixture in the calendar of the industry summaries in Poland. The reports are prepared quarterly by a consulting firm **Navigator Capital** and **FORDATA**, a leader in the field of IT solutions which support M&A transactions.

These reports are created to monitor the dynamics of Polish M&A market and to demonstrate the most interesting transactions. We also monitor the frequency of use of the Virtual Data Room during M&A processes in Poland.

Introduction

In Q3 2020, we witnessed 74 transactions on the merger and acquisition market. This is 41 more than in Q3 2019. The largest transaction in this area was the takeover of Suez assets in Poland for the amount of approx. EUR 1 100 m by Schwarz Group.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Centrum Esthetique	Tar Heel Capital	Private investor	Undisclosed

(3rd July) The private equity fund Tar Heel Capital took over 70% of the shares in Centrum Estetique, a clinic of aesthetic dentistry located in Polanica Zdrój. The acquired company provides services in digital dentistry, orthodontics and implantology, has modern diagnostic equipment and employs about 20 specialists. Centrum is to serve as a consolidation platform for the dental services market in Poland, which is highly fragmented in comparison with Western European countries. In addition, the new owners predict further potential for dynamic organic growth of the whole industry.

TARGET	BIDDER	SELLER	VALUE [EUR]
Golpasz	De Heus	Resource Partners	Undisclosed

(7th July) Royal De Heus, an international company operating in the field of animal nutrition, acquired 100% of shares in Golpasz, a leader in the Polish market of production of fodder for poultry, cattle and pigs from Resource Partners fund and minority shareholders. The transaction includes 4 plants with a production potential of approx. 500,000 tonnes of fodder per year, a 1300 hectares farm and whole distribution activities. The acquisition will contribute to increasing the De Heus Group's share in the Polish market, as well as expand the local product range. In 2018, Golpasz had about 200 employees and generated EUR 130m revenue.

TARGET	BIDDER	SELLER	VALUE [EUR]
Solid Logistics	VGL Group	USC Cypr	Undisclosed

(9th July) VGL Group, a company providing global air freight, road cargo and warehouse services, acquired Solid Logistics, a logistics operator offering vehicle, sea, air transportation and warehousing based in Warsaw. Thanks to the concentration, the VGL Group strengthened its position among Polish logistics companies with a global reach. The transaction was carried out using the FORDATA Virtual Data Room system.

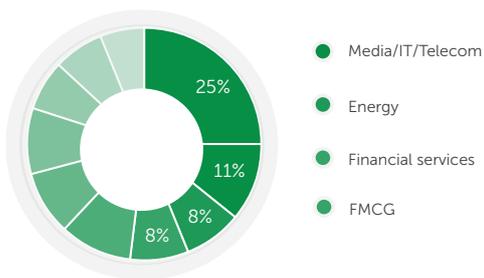
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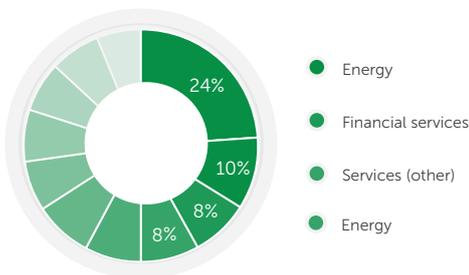
By sector

Transactions with the participation of Polish companies grouped by sectors (by number of transactions)

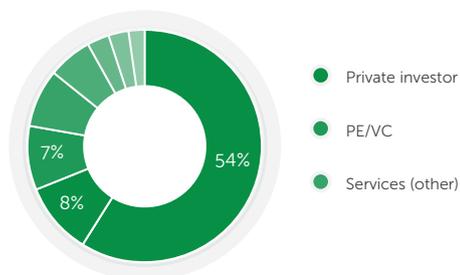
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Ciech Żywiec	LERG	Ciech	36 m

(21st July) Ciech Group, one of the leaders in the chemical market and the second largest producer of soda ash in Europe, after reviewing strategic options, sold a separate part of its epoxy, polyester and unsaturated resin business to LERG, one of the most important resin producers in Poland. The value of the transaction was approx. EUR 36m. Ciech Żywiec generated about EUR 67m revenue (of which nearly half was export), employed 240 people and had its own R&D department.

TARGET	BIDDER	SELLER	VALUE [EUR]
Betamed	Air Liquide	Private Investor	Undisclosed

(August 24th) The Polish leader of the long-term care market, Betamed, is in the final stage of talks on capital cooperation with the French company operating in the production and distribution of industrial gases and healthcare technologies, Air Liquide. The acquirer, which owns four technical gas production plants in Poland, is a global leader in the area of long-term care with care houses in 14 provinces. Thanks to the transaction and partnership with Air Liquide, Betamed will gain access to unique know-how and increase its development potential.

TARGET	BIDDER	SELLER	VALUE [EUR]
Skoczylody	PGE Energia Odnawialna	Enterprise Investors	50 m

(31st July) Skoczylody wind farm managed by private equity fund Enterprise Investors was taken over by PGE Energia Odnawialna. The 36 MW wind farm was established in 2015 by the fund's company, Wento. The purchase of the power plant located in the lodzkie voivodeship is part of the green strategy of Polska Grupa Energetyczna, which plans to increase the share of RES in the national energy mix both through acquisition and construction of its own installations. The value of the transaction was approximately EUR 50 m.

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TARGET	BIDDER	SELLER	VALUE [EUR]
Exporior	Clinscience	Private investor	Undisclosed

(4th August) The Neuca Group is increasingly keen to establish its presence on the clinical trials market, as confirmed by another foreign acquisition in this sector. After Germany, the time has come for the Spanish company Exporior, which has been acquired by the Neuca Group's Clinscience company. Thanks to the acquisition, the Polish company will gain access to approx. 50 clinical hospitals, which are located mainly in the Spanish market and other markets where Exporior is present, including Italy, France, UK and the Benelux countries. Thanks to further acquisitions, the Neuca Group, an entity listed on the Warsaw Stock Exchange, is becoming more and more recognisable outside Poland. Its stock market capitalization currently amounts to approx. EUR 0.5b.

TARGET	BIDDER	SELLER	VALUE [EUR]
Lotos	PKN Orlen	Polish treasury	Undisclosed

(19th August) During this year's holidays, the European Commission gave conditional approval to one of the most anticipated transactions in Poland, the acquisition of Lotos by PKN Orlen. The consent to the transaction is conditional and the transaction may take place under the condition that about 300 petrol stations are sold by PKN Orlen and part of the shares in the Gdansk refinery, currently owned by Lotos, is sold. Thanks to the acquisition of Lotos and Energa a few months earlier, PKN Orlen is realising its vision of a multienergy company which will be one of the leading players on the European market. PKN Orlen is considering further consolidation steps in the energy sector. PGNIG is indicated as a potential subject of another transaction.

TARGET	BIDDER	SELLER	VALUE [EUR]
TMS Brokers	Oanda Global	ForeVest Capital Partners	Undisclosed

(1st September) This is yet another transaction on the online brokerage market this year after the sale of XTB shares by the private equity fund Enterprise Investors. TMS Brokers was acquired by Oanda Global, a leading global forex broker. The acquisition will enable the acquirer to strengthen its position in Europe, as well as to return to the Polish market, where the company was already present in the past. Thanks to the transaction, TMS Brokers will be able to realize synergy effects resulting from expanding its product offer and gaining access to advanced technical solutions. The Brokerage will also have greater opportunities to develop its own brand abroad, especially in the Baltic countries. TMS Brokers employed about 70 people.

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Navigator Capital

- Navigator Capital along with Dom Maklerski Navigator (Navigator Brokerage House) is the leading independent financial adviser, specializing in mergers and acquisitions and public and private issues of stocks and bonds.
- During 12 years of its market presence, Navigator Capital Group conducted over 100 transactions, of over 6 billion PLN total value.
- Through cooperation with international network of advisory firms associated in the Pandion Partners, Navigator Capital effectively handles international transactions.

FORDATA

- FORDATA is a pioneer on the Polish capital market. Based on Virtual Data Room technology, we support our clients in managing documents and communication during complex transactional processes.
- We support the largest M&A, IPO transactions, private equity investments, restructurings, projects associated with obtaining financing and privatizations in Poland and other countries of Central and Eastern Europe.
- FORDATA systems increased safety and efficiency of hundreds of different types of transactions with a total value of over PLN 40 billion
- FORDATA services are used by the industry leaders in Poland and abroad, including largest advisory companies, banks, legal advisors or Private Equity/Venture Capital funds, ie. Enterprise Investors, PGNiG, Enea SA, Home.pl, Grupa LOTOS, PZU SA, Orange SA, Grant Thornton, NFI Empik, ZELMER, Bank DNB, Bank Pocztowy, Polimex Mostostal, Budimex, DM PKO Banku Polskiego, Deloitte Advisory, EY, KPMG Advisory, JSW, HAITONG, Knight Frank and many others.



Business Partners



Authorised Adviser



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TARGET	BIDDER	SELLER	VALUE [EUR]
Codewise	CentralNic	Private investor	35 m

(10th September) Codewise, a Polish start-up founded in 2011 by Robert Gryn, was acquired by CentralNic, the world's oldest private gTLD domain registry. The transaction was worth USD 36m. The Krakow-based company deals with online marketing and has popularised the so-called push and popup notifications. In the last twelve months it generated EBITDA of about EUR 7m and revenues of about EUR 44m. The acquiring British company CentralNic, after another acquisition, is growing into a global leader in the Internet domain sector.

TARGET	BIDDER	SELLER	VALUE [EUR]
PMP Group	Valmet	Private investor	64 m

(11th September) The paper machine manufacturer became part of Valmet Corporation. The value of the transaction amounted to EUR 64m and the acquisition scheme includes a conditional bonus depending on the company's future performance. Thanks to the acquisition, the Finnish group will complement its portfolio with small and medium sized hygienic paper machines, as well as paper machine conversion services offered by the Polish group. Last year, PMP achieved about EUR 67m in sales, employing 650 people in Poland, China, Italy and the USA.

TARGET	BIDDER	SELLER	VALUE [EUR]
Smart Pharma	Chiesi Poland	Private investor	Undisclosed

(17th September) Smart Pharma, a pharmaceutical company based in Złotniki, focusing, among others, on the production of neonatal medical products, was taken over by Chiesi, an Italian manufacturer of innovative pulmonary and transplant drugs with an international reach. The acquisition will allow for the implementation of Smart Pharma solutions on a wider scale, as well as the expansion of the portfolio of neonatology products of the Chiesi Group. This concentration was carried out using the FORDATA Virtual Data Room system.

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Experts' comments



**Alicja
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Head of Sales EMEA
FORDATA

In the third quarter of 2020, 74 mergers and acquisitions took place. That's the most in five years. Such a good result was achieved largely due to the closing pre-lockdown processes and ending long-term acquisition plans of companies. As in the previous quarter, the pandemic does not seem to be influencing the decision to sell, although the number of private sellers has increased. However, the restructuring trend may peak next year.

Private entities opened the bag of offers

In comparison to the second quarter, the percentage of private entities on the sellers' side decreased slightly in the analyzed period - from 59% to 54%. However, this is 10 more transactions than in the previous quarter - there were as many as 40. The largest transaction of disclosed value, where the seller was a private entrepreneur, was the sale of PMP Group, a producer of paper machines from Jelenia Góra, to the Finnish company Valmet for over EUR 62,5 million. Private sellers most often monetized companies operating in the TMT industry (32%). Among private foreign sellers, IT companies accounted for 80% of entities (4 transactions).

Awakening of PE / VC funds

Activity on the selling side also increased among PE/VC funds, which were sell-sides in 6 transactions. This is twice as much as in the previous quarter. The transaction of the highest value was the sale of Skoczysktody Wind Farm by Enterprise Investors fund to PGE for EUR 48,9 million. Only two funds decided to buy in the analyzed period. Tar Heel Capital bought Estetique, a center specializing in cosmetic dentistry, and Omikron Capital acquired 100% of shares in ZAP-Mechanika, a company dealing in precision metal processing. However, we can still expect an increase in the percentage of buyers in the PE/VC sector due to its large capital resources and the growing number of assets available at discounted prices. The following quarters may confirm this trend.

The computer industry was buying powerfully

In the analyzed quarter, the Media / IT / Telecom industry outclassed its rivals in terms of the number of entities it acquired. Almost every fourth (24%) transaction was on the buy-side of a company from this sector, compared to 15% in the previous quarter and 27% in the corresponding period in 2019. Producers of software and computer games bought the most often - 11 acquisitions, while IT services got 4 acquisitions. Huuuge Games acquired the Dutch company Playable Platform and the Finnish developer Double Star, while Booksy strengthened its position abroad by investing in GoPanache. The strengthening in this sector was influenced by lower activity of the financial sector, which in the third quarter was a buying side only in 7 transactions, compared to 10 in the second quarter. The drop from 19% in the previous period to 10% in the current one placed this industry in the second position among buyers.

Foreign entities increased interest

In the third quarter, 20 foreign investors decided to purchase from Polish companies, which is 7 more than in the previous quarter and more than twice as many as in the Q3 2019 (9 transactions). Investors from Great Britain, Switzerland and Germany bought the most often - 2 transactions each. It is Poland's western neighbors who can boast of the transaction with the highest disclosed value in the third quarter of 2020 - over EUR 1.1 billion, paid for the Polish assets of Suez Group by the Schwarz Group. The companies from the service (3 transactions) and industrial (3 transactions) sectors were the most popular among buyers. British CentralNic has acquired Codewise, a provider of services optimizing online advertising campaigns, and the American Dover Corporation has acquired Solaris Laser, a manufacturer of industrial lasers.

Experts' comments



**Alicja
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Head of Sales EMEA
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Virtual Data Room supports entrepreneurs

The use of the VDR system as a tool for organizing many company processes, apart from Due Diligence, has become even more visible. Companies use this tool in hybrid work, which - as research shows - is expected to be continued after the COVID-19 threat ceases. Thanks to VDR, they are able to increase information security and the convenience of remote work. In the analyzed period, the VDR solution was used in approx. **47%** of transactions. FORDATA participated, among others, in the takeover of Solid Logistics by VGL Group and Smart Pharma by Chiesi Poland.



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In the third quarter of 2020, **74** transactions were closed on the Polish market. This is by **41** more than in the same period in 2019.

The biggest transaction in terms of value in the last quarter was the acquisition of part of the waste recycling business in several European countries, including Poland, in the French Suez group by the German Schwarz group. The amount of the transaction was about EUR 1.1 billion. The acquisition is part of the implementation of the strategy of the French's group, whose activities are to be primarily focused on the domestic market in the coming years. The buyer, through its subsidiary PreZero, has already made another acquisition in the waste recycling market this year. For the German group, which has also established its presence in Poland as owner of two retail chains, Lidl and Kaufland, this move will contribute to the dynamic development of the waste management segment.

The third quarter of 2020 on the Polish M&A market was characterised by a very high number of transactions, despite the fact that COVID-19 continues to paralyse many sectors of the economy, and society is facing a second wave of the pandemic as well as an increase in the number of cases. However, the industry structure of the observed M&A transactions remains unchanged, with the Media/IT/Telecom sector once again dominating. This market segment was responsible for **25%** of transactions on the side of acquired entities and **24%** on the side of acquirers. Among the acquisitions concluded on this market, the acquisition of the American company GoPanache by one of the most recognizable Polish start-ups, Booksy, is worth mentioning. As a result of the transaction, the Polish company will strengthen its position on the American market, which is the most important of all destinations where the company operates. Another noteworthy transaction is the acquisition of the Polish company Veracomp, a distributor of ICT solutions, which last year generated about EUR 200m in revenue and EUR 3.5m in net profit by a French global distribution group, Exclusive Networks. The acquirer is present in over 100 countries and its majority shareholder is private equity fund Permira. The acquisition is part of the investor's strategy, which assumes dynamic growth in Central and Eastern Europe after the expansion in APAC and North America.

Companies from the energy sector also had a large share in the number of transactions. In the last quarter, **11%** of the acquired entities were active in this sector. Consolidation is progressing primarily in the area of renewable energy sources and this is closely related to climate policy change. An example of a change in the investment strategy of Polish energy companies is the transaction of acquisition by PGE Energia Odnawialna, a subsidiary of the Polish Energy Group, of the Skoczyktody wind farm from the Enterprise Investors fund, the value of which has been determined to be approximately EUR 50m. Another significant transaction in this area is the investment of Columbus Energy, one of the leaders of the modern energy market, in Saule Technologies, a company which has developed an innovative method of printing new generation solar cells. Thanks to the established cooperation, Columbus Energy will gain access to unique know-how allowing for the production of perovskite photovoltaic modules.

The largest share in the number of acquired entities had the Media/IT/Telecom sectors- **25%**, energy - **11%**, financial - **8%** and FMCG - **8%**. The buyers were most active on the Media / IT / Telecom - **24%**, financial - **10%**, services - **8%** and energy - **10%**. The largest group among the selling companies were private investors - **54%**, PE / VC funds - **8%** and services - **7%**.