

M&A Index Poland

Q4 2020

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

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by Navigator Capital & FORDATA | January 2021

Total number of transactions*

63 (Q4 2020)

The largest transaction**

EUR 2.29 b

(Acquisition of Play Communications by Iliad SA)

* 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 the 4Q of 2020 we have witnessed 63 transactions on the Polish M&A market, which is by 15 more than in the corresponding period last year. The largest transaction of the last quarter was acquisition of Play Communications by Iliad SA for ca. EUR 2.29 b.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Pekaes	Geodis	Innova Capital	Undisclosed

(16th October) The world leader in logistics, headquartered in France, Geodis, acquired from private equity fund, Innova Capital, the shares of one of the largest TSL operators in Poland, Pekaes, which provides comprehensive supply chain services. The acquisition is a strategic step towards increasing Geodis' share in the CEE region, including primarily Poland, which is the third largest market for such services in Europe. Pekaes, an FTL and LTL network operator, handles palletized cargo in nearly 20 branches, 3 railroad terminals and 6 logistics warehouses located throughout the country. The company employs 1 200 people and its revenues in 2019 amounted to approximately EUR 250 m.

TARGET	BIDDER	SELLER	VALUE [EUR]
Play Communications	Iliad SA	Tollerton Investments	2 290 m

(21st October) Iliad SA, the French telecommunication market leader, Free Mobile network operator, successfully completed the call for shares of Play Communications, one of the leading mobile operators in Poland. Thanks to the acquisition, Iliad became the 6th largest operator in Europe and gained access to one of the most prospective markets. The strategic plans of the new shareholder assume maintaining a competitive position on the Polish mobile telephony market and facilitating the company's entry into the fixed-line services market, thanks to which Play customers will be able to benefit from an even more comprehensive product offer.

TARGET	BIDDER	SELLER	VALUE [EUR]
Orkla Skin Care	Bielenda	Orkla	Undisclosed

(4th November) An international FMCG company, Orkla, sold the cosmetics business in Poland, including Soraya and Dermika brands and production infrastructure in Radzymin to Bielenda Kosmetyki Naturalne, supported by the private equity fund Innova Capital. The acquirer is one of the leaders of the cosmetics market in Poland, and the acquisition should strengthen its position and improve the operational efficiency of the group. In 2019, the company generated nearly EUR 37 m in revenue with a net profit of EUR 7.5 m.

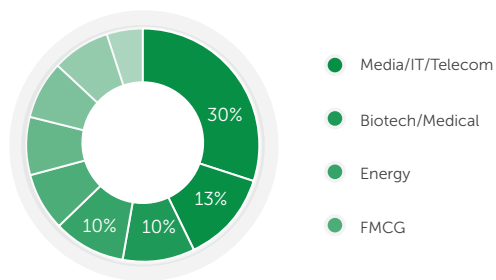
M&A Index Poland, Q4 2020

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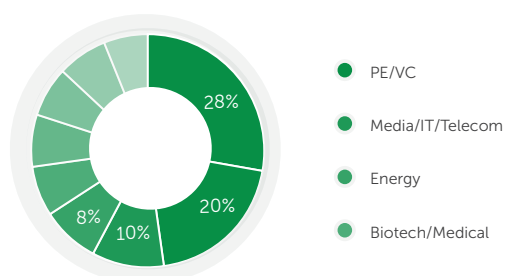
By sector

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

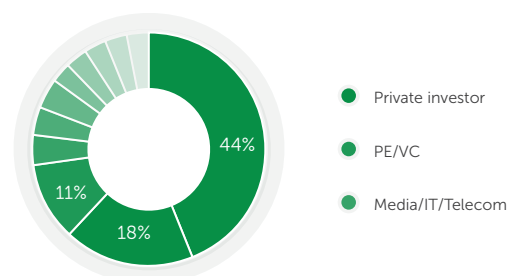
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Fidelta	Selvita	Galapagos	31 m

(23rd November) Polish biotechnology market leader, provider of CRO services in the area of pre-clinical tests, drug discovery and regulatory testing, Selvita S.A. acquired 100% of the industry leader's shares in the Croatian market, employing nearly 180 people and generating EUR 17m in revenue. Fidelta, from the world leader in pharmaceutical research, Galapagos N.V. Thanks to the acquisition, the Polish company increased its laboratory space by nearly 6000 m2, acquired a new animal house and expanded its competence in the area of in vivo pharmacology and toxicology. In addition, as part of the transaction, the Company secured contracts with Galapagos for nearly EUR 27m and increased the Group's revenue by approximately 70%. Navigator Capital acted as sole transaction advisor in the acquisition process.

TARGET	BIDDER	SELLER	VALUE [EUR]
Scanmed	Abris Capital	Life Healthcare Group	76 m

(26th November) Scanmed, one of the largest private healthcare companies in Poland and the second largest provider of cardiac care services with branches in 42 locations, employing over 1000 people, was acquired by Abris Capital. The seller was a South African-based international health care group, Life Healthcare. The fund plans to further support Scanmed's management in implementing its development strategy, including expanding its service offering, improving its medical infrastructure and entering into new models of medical care, supported by, among others, digital technologies.

TARGET	BIDDER	SELLER	VALUE [EUR]
Termet	Ferro	Private investor	13 m

(27th November) Ferro S.A., one of the largest manufacturers of sanitary and installation fittings in Eastern Europe, took over 100% of shares in Termet S.A., a leading Polish manufacturer of gas boilers and water heaters. Thanks to the transaction, the Ferro Group will expand its business profile and enter a new, attractive market for complementary products, especially in the area of ecological solutions for heat and energy. The merged companies with a wide, unique know-how and research and development centers will be able to continue the path of dynamic growth, supported by the realization of synergies.

M&A Index Poland, Q4 2020

by Navigator Capital & FORDATA | January 2021

TARGET	BIDDER	SELLER	VALUE [EUR]
Pago	Lineage Logistics	Toonies International	Undisclosed

(1st December) The world's largest provider of industrial refrigeration and logistics solutions, Lineage Logistics, acquired Pago, a Polish provider of warehousing, distribution and transport services, primarily in the field of frozen food from the German company Toonies International. The acquisition will enable the international leader to enter the Polish market, expanding the global network of facilities by 6 new locations. The merged companies will have a total of about 53 million m2 of refrigeration space in 330 facilities located in 15 countries worldwide.

TARGET	BIDDER	SELLER	VALUE [EUR]
Polska Press	PKN Orlen	Verlagsgruppe Passau	Undisclosed

(7th December) PKN Orlen, a Polish fuel and energy company, acquired 100% of shares in Polska Press, one of the largest media groups in Poland, which owns 20 out of 24 regional weeklies published in the country. This is a strategic move for the Orlen group, which will strengthen non-fuel retail sales by using the already owned assets of Sigma Bis and Ruch. Thanks to the transaction Orlen will gain access to almost 174 million Internet users, and the result of the transaction will also strengthen sales of the whole group and optimize marketing costs. In 2019 Polska Press achieved revenues of over EUR 88 m, employing 2 140 employees.

TARGET	BIDDER	SELLER	VALUE [EUR]
Biznes Sage Group in Poland	Mid Europa Partners	The Sage Group	68 m

(9th December) One of the largest private equity funds operating on the Polish market, Mid Europa Partners, has acquired shares in the Polish part of The Sage Group business, one of the leaders in the market of cloud solutions for the SME sector, the operator of Symfonia system. The company, which has a broad product portfolio, a recognizable brand and offers high quality software, is part of MEP's investment strategy based primarily on support for the digital and technological sector, especially businesses located in the CEE region. Buyers with experience in such investments identify the high growth potential of the local ERP and accounting software market and plan to develop Sage both organically and through acquisitions.

M&A Index Poland, Q4 2020

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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 70 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, Enea SA, Home.pl, Grupa LOTOS, PZU SA, Grant Thornton, NFI Empik, ZELMER, Bank DNB, BOŚ Bank, Polimex Mostostal, Budimex, DM PKO Banku Polskiego, Deloitte Advisory, EY, KPMG Advisory, JSW, HAITONG and many others.



Business Partners



Authorised Adviser



Contact

Artur Wilk Manager
e: artur.wilk@navigatorcapital.pl

Navigator Capital S.A.
ul. Twarda 18, 00-105 Warsaw, Poland
t: +48 22 630 83 33 f: +48 22 630 83 30
e: biuro@navigatorcapital.pl navigatorcapital.pl/en

Alicja Kukla-Kowalska Head of Sales EMEA
e: alicja.kukla@fordatagroup.com t: +48 533 354 054

FORDATA sp. z o.o.
Taczaka 24, 61-819 Poznań, Poland
m: +48 533 354 054 e: office@fordatagroup.com
fordatagroup.com

TARGET	BIDDER	SELLER	VALUE [EUR]
Ampuero	Oknoplast	Private Investor	Undisclosed

(11th December) Oknoplast, a Polish PVC window manufacturer and one of the European leaders in the industry, has taken over Ampuero, an entity operating on the Spanish market. Thanks to this acquisition, the Company will expand its operations to the last large European market, where it was absent so far. The investment fits perfectly into Oknoplast's strategy due to the high development potential of the Spanish company, allowing to double the value of generated revenues in the next 5 years. Further plans of the Polish leader with respect to Ampuero include starting sales of products to the Portuguese and French markets, and ultimately expansion in South American countries. In 2020, the company achieved a sales volume of over EUR 36 m, has 225 employees and produces about 200 000 windows per year.

TARGET	BIDDER	SELLER	VALUE [EUR]
FTO Fertigeilwerk Obermain	Pekabex; PFR	Private Investor	12 m

(16th December) Polish manufacturer of prefabricated constructions and leader in modern system construction, listed on the Warsaw Stock Exchange, Pekabex, took over 76% of the shares in the German prefabricated factory, located in Bavaria FTO Fertigeilwerk Obermain GmbH. In the transaction the company was supported by the PFR Foreign Expansion Fund, which became the owner of the remaining 24% of shares. The investment fits perfectly with Pekabex Group's ambitious strategy of strengthening its position on the German market and increasing its production capacity and product portfolio. The acquired company has a production potential estimated at about 30 000 m³ of prefabricates, and in 2019 it generated about EUR 20 m of revenues and 0.4 m EUR of net profit. Depending on the success of the transaction, Pekabex's managers do not rule out further activity on the M&A market.

TARGET	BIDDER	SELLER	VALUE [EUR]
Browar Braniewo	Van Pur	Grupa Żywiec	Undisclosed

(22nd December) Listed on the Warsaw Stock Exchange, owned by Heineken International, Grupa Żywiec sold Browar Braniewo to the largest independent Polish brewing company, Van Pur. Thanks to the acquisition, the entity added to its portfolio the rights to the brands Kufłowe, Braniewo, Jasne, że Piętne, as well as took over the real estate and assets thanks to which the production potential of the company increased by 20%, to nearly 6 million hectoliters of beer per year. Its portfolio includes, among others, Łomża, Brok, Karpackie and Śląskie. In 2019, it generated nearly EUR 220 m in revenues and employed 1 000 people.

Experts' comments



**Alicja
Kukla-Kowalska**

Head of Sales EMEA
FORDATA

The fourth quarter of 2020 did not outperform the third quarter and brought **63** mergers and acquisitions - **11** less. For the second year in a row, we observe a departure from the rule according to which the last quarter dominates the annual statement. Can we say this the beginning of a new trend? However, this result is still high considering the general condition of the economy and the applicable restrictions. Here's what the last three months of the pandemic year looked like.

The TMT sector breaks the ceiling

The interest of buyers in companies from the IT, media and telecommunications sector in the last quarter was as much as **30%**, 5% more than in the third quarter of 2020 and 6% more than in the corresponding quarter of 2019. The high result is not surprising due to the huge development of the industry, additionally fueled by the coronavirus pandemic. Of the 19 transactions, more than half of the targets (10) were software companies. Importantly, these companies were most often taken over by the PE / VC sector (5 transactions). Innova Capital bought STX Next, a software house developing applications in Python, Enterprise Investors took over Software Mind SA - an IT outsourcer, and Nextline acquired MotionVFX, a developer of plugins and templates for Apple's motion pictures tools.

PE/VC sector leading the buyers

There has been talk for a long time about opening the funds amassed by PE/VC companies. However, the anxiety caused by the pandemic delayed the decision to invest. In the fourth quarter of 2020, every fourth transaction (**28%**, a total of 18 transactions) involved a PE/VC fund on the buyers' side, which is an increase of **17%** compared to the fourth quarter of 2019 and nine times more than in the previous quarter. The largest transaction in terms of volume was the purchase of Scanmed by Abris Capital for PLN 340 million. The funds most often invested in TMT - 7 transactions, the FMCG sector - 3 transactions, as well as the energy and medical sector - 2 transactions each.

Financial companies slowed down

Both on the buyers', the sellers', and the acquired entities' side as well, the share of the financial sector dropped significantly, which in the last quarters was constantly fighting for the dominant position with the TMT industry. Three entities became the goals - WDB SA, the acquisition of which was carried out with the help of the FORDATA system, Aegon CEE Business and the National Payment Integrator Tpay, of which the first two were transferred to foreign hands, and the last one to Bank Pekao SA. This is a decrease from **8% to just 2%** compared to the previous quarter. On the buyers' side, the activity of financial companies decreased from **10% to 2%** in the same period. While in the previous three months and in the second quarter of 2020, investments outside the industry were noticeable, e.g. in energy and TMT, in the fourth quarter of 2020 the financial industry was limited only to consolidations. However, it is difficult to talk about a trend in this case. We will probably have to wait for conclusions until the end of the next quarter.

Foreign investors increased their interest

There were **26** foreign buyers in the fourth quarter, which is 1 more than in the previous year, 6 more than in the previous quarter and 13 more than in the second quarter of 2020, which is why we can talk about the return of high interest in Polish companies among foreign investors. The most frequent buyers were entities from the USA - 5 acquisitions, Great Britain - 4 acquisitions and Sweden - 4 acquisitions. American Amphenol Technologies took over El-Cab, British Amadeus Capital took over Kontomatik, and Swedish company Troax AB took over Natom Logistics. Polish investors made purchases abroad only three times - three times less than in the previous quarter (9 transactions). Oknoplast acquired the Spanish window manufacturer Ampuero, Enterprise Investors took over the remaining shares of the Croatian company PAN-PEK, and Pekabex bought FTO Ferigteilwerk Obermain, a German producer of precast concrete elements, thus extending its reach beyond the western border.

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**Alicja
Kukla-Kowalska**

Head of Sales EMEA
FORDATA

Virtual Data Room and Accelerated Digitization

The degree of use of the VDR solution outside the M&A market is increasing, especially in processes related to the unstable market situation that require quick decision-making - audits, restructuring, and remote working. Accelerated digitization of many areas of the economy and optimization activities of companies use VDR as an easily accessible tool that does not require implementation on their own infrastructure.



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Artur Wilk

Manager
Navigator Capital

In the fourth quarter of 2020, **63** M&A transactions were closed on the Polish market. This is by **15** more compared to the analysed period in 2019.

The biggest transaction in terms of value during the last quarter was the acquisition of listed on WSE, Play Communications S.A. by Iliad SA. The French telecommunications conglomerate managing Free Mobile network, having a total of 26 million customers in France and Italy, took over one of the Polish telecommunications leaders, whose had over 15 million subscribers. The investor declares its intention to maintain Play's leading position on the Polish market and use its potential to increase the company's share in the fixed services segment.

The final quarter on the Polish M&A market confirms investors' sentiment and the prevailing economic trends during 2020 both from the perspective of the volume of the transactions and their industry structure. Invariably among the acquisition targets, entities from the Media/IT/Telecom sector led the way, accounting for **30%** of all completed M&A processes, in which private equity funds and market leaders consolidating the sector were active on the buy-side. Among one of the most important acquisitions in the area mentioned above, stands the takeover of the Polish part of Sage Group's business. Leading representative of the private equity industry in Poland, Mid Europa Partners, known for its investment in Allegro, purchased the front-runner of the cloud solution providers (SMEs) and operator of the Symfonia software. The Enterprise Investors fund is also active in the TMT sector, having made a capital investment in Software Mind S.A, the company produces IT solutions for clients in the US, Great Britain and Scandinavia. The fund plans to continue its dynamic growth together with its current owner, WSE listed, IT services provider Ailleron S.A.

In the structure of acquired companies, biotechnology and healthcare sectors had significant share, accounting for approximately **13%** of transactions. An interesting transaction in this area is the acquisition of the Croatian biotech company Fidelta, the provider of CRO solutions, made by WSE listed Selvita S.A. Thus, the Polish leader will be able to increase its portfolio of services and strengthen the position in the international market of drug discovery and regulatory research. Furthermore, the healthcare industry has also been interesting for private equity funds. Aforementioned is, among others, confirmed by the acquisition of Scanmed shares by Abris Capital and the first investment of the Kartesia fund in Poland - the acquisition of shares of Nu-Med Group.

The largest share in the number of acquired entities had the TMT sector - **30%**, biotechnology - **13%** and energy - **10%**. The most active buyers were PE/VC funds (**28%**) and TMT companies (**20%**). The largest group among the selling companies were private investors - **44%** and PE/VC funds - **18%**.