

M&A Index Poland

M&A in Q3 2023

Total number of transactions*

94 (Q3 2023)

The largest transaction**

EUR 1 350 m

(Investment in Techland by Tencent)

* 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.

01 . Introduction

In Q3 2023, **94 transactions** were recorded in the Polish M&A market, twenty more than in the same period a year ago and two less than in Q2 2023. The largest transaction was the acquisition of Techland by Tencent.

02 . Selected transactions

Target	Bidder	Seller	Value [m EUR]
Techland	Tencent	Private Investor	1 350

Chinese tech giant Tencent has acquired a 67% stake in Polish gaming company Techland, known for popular titles such as "Dead Island" and the "Dying Light" series, whose sales have exceeded 30 million copies. The transaction was made by Tencent's subsidiary, Proxima Beta Europe, through the purchase of shares from Techland founder Pawel Marchewka and the Marchewka Family Foundation. As a result of this acquisition, Tencent has become a major shareholder in Techland. The value of the transaction is estimated at around PLN 6.3 billion. Despite Tencent's majority stake, Techland retains full franchise rights to its games and artistic freedom. This transaction confirms Tencent's overall strategy of actively expanding its holdings in foreign gaming companies. Tencent already holds stakes in Riot Games ("Valorant") and Epic Games ("Fortnite") and is now focusing on strengthening its presence in the Polish gaming market. As part of this strategy, the company acquired Polish company 1C Entertainment, bought a 22% stake in Bloober Team and invested in Krakow-based studio The Parasight, continuing to strengthen its position in the global gaming industry.

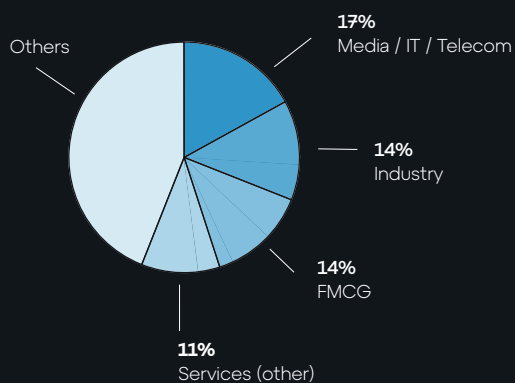
Target	Bidder	Seller	Value [m EUR]
Autostrada Wielkopolska	Meridiam	Kulczyk Investments	650

French investment fund Meridiam has acquired stakes in companies related to the so-called Autostrada Wielkopolska from Sebastian Kulczyk in a deal valued at around PLN 3 billion. Kulczyk Investments, which is a holding company controlled by Sebastian Kulczyk, held a 23.8% stake in Autostrada Wielkopolska "AWSA" and a 40% stake in Autostrada Wielkopolska II "AWSA II." In addition, the Autostrada Eksploatacja company, responsible for the maintenance of the concession sections of the A2 freeway, and the A2 Route construction company were sold as part of this transaction. Between 2002 and 2004, AWSA financed the Konin-Nowy Tomyśl section of the A2 freeway with private capital, and AWSA II financed the Świecko-Nowy Tomyśl section, totaling 255 kilometers, between 2008 and 2011. Meridiam already held shares in the special purpose companies of Autostrada Wielkopolska since 2008.

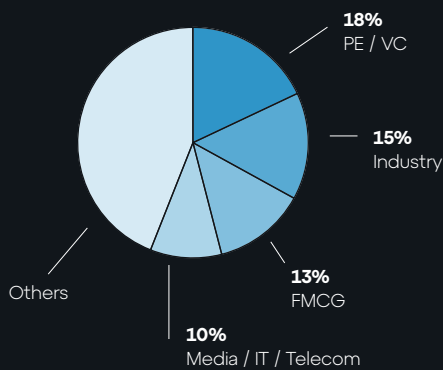
By sector

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

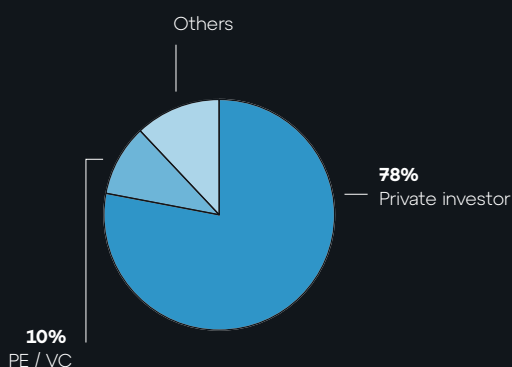
TARGET (%)



BIDDER (%)



SELLER (%)



Target	Bidder	Seller	Value [m EUR]
EcoWipes	Cornerstone Investment Management / Kartesia	Private Investor	Not disclosed

Private equity fund Cornerstone Investment Management "CIM" together with investment firm Kartesia have acquired Polish manufacturer of wet wipes and other personal care products, EcoWipes. The transaction also includes the French subsidiary Hydra. The estimated valuation of the entire EcoWipes group exceeded EUR 100 million. The "CIM" fund plans to inject an additional EUR 50-100 million into EcoWipes over the next five years, focusing mainly on acquisitions, due to the growing demand for environmentally friendly products and the expected high return on this investment. EcoWipes specializes in biodegradable hygiene products, and the company has plans to expand into the German and French markets. The founder of EcoWipes is Mouloud Kermiche, and the company is currently headed by his son, Gabriel Kermiche.

Target	Bidder	Seller	Value [m EUR]
Archicom	Echo Investment	Private Investor	187

Real estate development group Echo Investment has acquired a stake in Archicom, contributing part of its development business in kind. The aim of this transaction is for Echo Investment to focus on commercial real estate, residential rental and mixed-use projects. In exchange for the contribution, Echo Investment acquired 22.8 million newly issued shares in Archicom, representing an 89% stake in the real estate development company. This part of Echo's business was valued at PLN 829.5 million. Echo Investment plans to further develop the residential rental segment, seeing strong demand for rental housing, especially in the institutional rental segment. On the other hand, Archicom intends to increase its land bank and grow in the residential market in Poland, focusing on large metropolitan areas. Possible acquisitions of local developers are also planned. The acquisitions will enable Archicom to become one of the largest residential developers in the country, while allowing Echo Investment to focus on other segments of the real estate market.

Target	Bidder	Seller	Value [m EUR]
EkoBenz	Vertimass	Agencja Rozwoju Przemysłu / TBV	Not disclosed

U.S. company Vertimass, which specializes in technologies related to sustainable transportation fuels, has signed a preliminary agreement to acquire 100% of the shares of Polish company Ekobenz. The value of the deal was not disclosed. Ekobenz, based in Poland, is one of the most advanced biorefineries in Europe, operating on a commercial scale since 2018. The purchase of Ekobenz will enable Vertimass to commercially produce sustainable jet fuel, which will contribute to meeting European Union and US climate goals by 2035. Ekobenz produces 22,500 tons of renewable fuels annually and is a certified producer of

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 15 years of its market presence, Navigator Capital Group conducted over 100 transactions, of over PLN 15 billion 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 35 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, 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



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bio-benzene and bio-LPG in Europe. The deal is expected to accelerate the development of Vertimass' technology, enabling the company to expand into additional production facilities in EMEA and the United States. Ekobenz founder Stanislaw Jablonski will remain with the company, continuing in his role despite the change in ownership.

Target	Bidder	Seller	Value [m EUR]
Imperialum - Sociedade de Revestimentos e Impermeabilizações, S.A.	Selena FM	Portuguese HoldCo Regratópico	13,5

Selena FM, a Polish manufacturer of construction chemicals, announced that it has signed a conditional agreement with Regratópico, SGPS, S.A., a Portuguese company, to purchase a majority stake in Imperialum - Sociedade de Revestimentos e Impermeabilizações, S.A., a manufacturer of bitumen products for waterproofing. The enterprise value of Imperialum has been set at EUR 13.5 m, or about PLN 59.7 m, subject to adjustment at closing. Conditions include obtaining approval from the Portuguese antitrust authority and acceptance by Imperialum's creditor. Once the conditions are met, Selena FM will acquire a 90.1% stake in Imperialum. The acquisition will enrich Selena Group's portfolio of Imperialum products, increasing the company's presence in Western European markets and accelerating expansion in the Iberian Peninsula. Selena is planning intensive sales development in Europe and America.

Target	Bidder	Seller	Value [m EUR]
Menzies Distribution	InPost	Private Investo	57,3

InPost, the European leader in automated parcel machines and logistic solutions, has acquired a 30% stake in Menzies Distribution, for which it paid 49.3 million British pounds. The deal will allow InPost to benefit from Menzies' vast network of more than 100 branches, from which it delivers parcels to more than 47,000 locations every day. In addition, InPost has secured an option to acquire the remaining 70% stake in Menzies over the next three years. Once the deal is completed, and the two companies together aim to deploy 15,000 parcel machines across the UK within five years, up from InPost's current 6,000 machines. This partnership will allow the company to offer delivery services 365 days a year, a unique offering in the UK e-commerce market. The InPost Group continues its expansion in the Western European market, most recently acquiring French logistics company Mondial Relay for around EUR 513 m, which was one of the Polish company's largest private investments abroad.

Target	Bidder	Seller	Value [m EUR]
Transsystem	Oriens	Tar Heel Capital	Not disclosed

Polish private equity fund Tar Heel Capital (THC) has sold Transsystem, a provider of advanced logistics and warehousing systems, to Hungarian holding company Oriens. The Hungarian holding company has taken a 100% stake in the acquired company. Transsystem was acquired by THC nine years ago for PLN 26 million as part of bankruptcy proceedings and has now been sold at a large profit, but the amount of the transaction was not disclosed. Transsystem developed its business while it was part of THC's investment portfolio and now generates most of its revenue from exports. This is Oriens' first investment in Poland and the company is considering further investments in the country. The transaction itself is indicative of ongoing consolidation trends within the warehousing and logistics industry.

Target	Bidder	Seller	Value [m EUR]
CodiLime	Waterland Private Equity	Private Investor	Not disclosed

Waterland Private Equity has taken a stake in CodiLime, a Polish company that produces solutions for the telecommunications and networking industry. This is the third investment already by the Dutch fund in the Polish technology sector. For CodiLime, which works with companies such as Cisco, Equinix, Palo Alto Networks, Juniper Networks and Nutanix, the investment marks a significant expansion of opportunities for further growth. CodiLime is a technology company providing specialized programming development and network engineering services (SDN, NFV, network softwarization) to the telecommunications and networking sectors. The fund's goal is to build an international IT group specializing in the networking area by growing the fund's current investments and further acquisitions of existing companies. In January, Waterland announced the closing of the €3.5 billion Waterland PE Fund IX, which will be invested in Waterland's key markets, including Poland.

Target	Bidder	Seller	Value [m EUR]
Dr Gerard	Galleta Artiach Sociedad Anonima	Bridgepoint	Not disclosed

Spanish company Galleta Artiach Sociedad Anonima has acquired a stake in Polish cookie maker Dr. Gerard from Polish fund Bridgepoint. The transaction involves the acquisition of 100% of Dr. Gerard and is currently pending approval by the OCCP. Dr. Gerard was acquired by the Bridgepoint fund in 2013 from the Poult Group. As a result of the transaction, the buyer will also take control of four companies controlled by Dr. Gerard - Dr. Gerard International, Dr. Gerard Romania, Dr. Gerard Hungary and Brands Dr. Gerard International. The value of the transaction was not disclosed. Galleta Artiach, based on the Iberian Peninsula, is part of Spain's Adam Foods Group, which is one of Europe's largest food manufacturers.

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03 . Experts' comments

The third quarter of 2023 on the Polish M&A market saw a noticeable increase in activity, with **94 transactions** recorded. This is as many as 20 more than in the same period a year earlier, but 2 less than in the second quarter of this year. In terms of the sector of parties involved, **private equity** funds bought the most (**18%**), the **TMT sector** prevailed among acquired entities (**17%**), while **private investors** sold the most (**78%**). Despite some fluctuations, the M&A market in Poland remains relatively stable, which is a positive sign for investors and entrepreneurs. We observe an increase in the number of M&A processes among large and medium-sized enterprises.

Private equity funds are starting to invest

Our predictions from the previous quarter are confirmed, with more and more private equity funds investing, completing their investment portfolios (18% on the buy-side in Q3 2023). We are entering more strongly into the trend of Venture Capital funding start-ups. Vinci announced a plan to invest PLN 450 million by the Da Gama ASI fund to serve the development of Polish companies and their expansion abroad. This is a step aimed at increasing venture capital investment. It is worth noting that private equity funds have a huge amount of capital that has not yet been invested, which may be a sign of the market's continuing potential. The Da Gama ASI fund aims to support both startups and Polish companies planning to expand abroad. The financing offer ranges from PLN 10 million to PLN 90 million, with an investment period of 3 to 10 years. The fund offers various forms of financing, including equity, debt and mezzanine. This is positive news for Polish entrepreneurs, who will now have access to more funds for development and expansion.

ESG as both an opportunity and an obligation

ESG reporting is becoming increasingly important for companies. The EU CSRD imposes mandatory reporting in this area and companies have 18 months to implement it. ESG should not be seen as another obligation to be met, but as an opportunity for sustainable business development. Companies that focus on material ESG aspects and conduct a materiality and risk analysis can reap financial and reputational benefits. Financial institutions that apply ESG principles can also offer preferential financing terms to companies that have implemented an ESG strategy. Moreover, the market value of companies with implemented ESG measures may increase. In Poland, even among companies listed on the WSE, there is still much room for improvement in the implementation of ESG principles. Only 16% of listed companies declare to apply all sustainability-related principles. Diversity policy is the least applied principle, but has the potential to positively influence company management. Importantly, companies should adapt ESG strategies to local conditions and needs in order for the changes implemented to be effective.



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Key Account Manager at **Fordata**
Financial markets expert

Challenges in the RES industry

The renewable energy sources (RES) industry in Poland faces challenges due to over-regulation by the state. Regulations on virtual PPAs and direct lines can be insufficient, which hinders investment in RES. Long-term regulatory stability is crucial to attract investment in this industry, which has huge potential in the international market..

Polish gaming still on the top

Poland became a major player in the global gaming market some time ago, with domestic productions in the form of The Witcher or CyberPunk 2077 being on the lips of the entire gaming world. CD Projekt's games have already generated almost PLN 1 billion, selling a total of 75 million copies. Other Polish studios, such as Forever Entertainment, have seen their revenues increase fifteen fold in five years, reaching EUR 10 million. The results are also followed by the scale of employment - the Polish industry employs more than 15,300 developers, placing it second in Europe, just after the UK. The success is certainly helped by the relatively low taxation, i.e. research relief, IP Box.

The whole thing adds up to an extremely attractive opportunity for investors. Such an opportunity has been seized by China's Tencent, which has acquired a majority stake in Techland, one of Poland's leading game developers. Details of the transaction remain confidential, but it is known that it was finalized in August. Proxima Beta Europe, a company linked to Tencent, purchased a 67% stake, representing more than 11.2 million shares in Techland, and the value of the transaction is estimated at more than PLN 6 billion.

Predictions for the coming months

Despite the still ongoing war in Ukraine and the resulting economic and geopolitical problems, the Polish M&A market will remain active in the coming months. Although the pace of transactions may fluctuate somewhat, the end of the year is predicted to be a time for investing, especially in the new technology sector. VC investors will look to support Polish startups and companies will increasingly need to incorporate ESG principles into their business strategy. It is also worth monitoring the development of regulations concerning the RES industry, as this may have an impact on investments in the energy sector.



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In Q3 2023, 94 M&A transactions were announced in the Polish market, a number as much as 20 more than in the corresponding quarter of 2022. The number of recorded transactions was lower than in the record-breaking previous quarter, in which 96 deals were concluded. Despite the decline compared to the previous quarter, the year-on-year increase in the number of transactions achieved confirms the conclusion, pierced from our previous report, that the M&A market in Poland is in good shape for 2023, with investors reacting positively to market signals such as declining inflation and stabilization of the economic situation after a turbulent 2022.

The largest acquisition during the period was the acquisition of Techland studio, a leading company in the Polish gaming industry and producer of the "Dying Light" and "Dead Island" computer game series, by the Chinese company Tencent. The transaction is part of the Chinese company's M&A strategy of acquiring stakes in gaming studios (such as Epic Games and Riot Games) with globally recognized titles in their production portfolio. The deal is estimated to be worth around PLN 6.3 billion and, as of the report's publication date, it is the highest disclosed deal concluded in 2023. This is another quarter in which the largest transaction was made by a foreign investor. Last quarter, the largest transaction was the purchase of STS Holding by foreign bookmaker Entain CEE. These transactions prove that Polish companies are still attractive targets for acquisitions by foreign investors.

The past quarter saw a recovery in the infrastructure and industrial sectors. The largest investment of this type was the sale by Kulczyk Investments of Autostrada Wielkopolska to the French fund Meridiam, amounting to PLN 3 billion.

Increasing activity also characterized the activity of PE funds, which accounted for 18% of the market on the buy side and 10% on the sell side. The higher activity of entities in this sector compared to the previous quarter shows that investors can expect monetary easing from central banks, which will reduce the cost of financing acquisitions with debt on their side. Of the notable transactions, we can highlight here the sale of shares in cookie and pastry manufacturer Dr. Gerard by the Bridgepoint fund, which the fund acquired in 2013, to Spanish food player Galleta Artiach Sociedad Anonima, and the sale of logistics and storage systems manufacturer Transsystem by Tar Heel Capital to Hungarian holding company Oriens. The funds also made significant purchases in the Polish market. We witnessed, among others, the investment in CodiLime, a Polish manufacturer of software for the telecommunications industry by Waterland Private Equity, and the purchase of EcoWipes, a manufacturer of wet wipes and hygiene products, by Cornerstone Investment Management. Both CodiLime and EcoWipes operate in the high-growth industries of IT solutions for the telecommunications sector and environmentally friendly products. Both investments were aimed at strengthening the organic growth of the acquired companies through acquisitions and related synergies, supported by the ever-increasing demand for the products and services offered by these companies.



Karol Szykowny

CFA, Director at [Navigator Capital](#)

The past quarter also witnessed foreign investments by Polish companies, especially in the Western European region. The largest such investment was the purchase of Menzies Distribution by Polish logistics company InPost for PLN 227 million. The transaction was related to InPost's expansion into the UK market, where it intends to win over customers by offering delivery 356 days a year using Menzies' infrastructure, which will differentiate InPost's services in that market. Also of interest was the acquisition of Imperialum, a Portuguese manufacturer of waterproofing products. Like InPost, Selena is planning a dynamic expansion in European markets. The transaction is expected to open up Selena's access to customers in the Iberian Peninsula and lay the groundwork for further expansion.

TMT industry players continued to be the most eagerly acquired, but their share of acquired entities fell from over 26% to 17% compared to the previous quarter. Industrial entities remained in second place, with their share rising quarter-on-quarter from 11% to 14%. Among buyers, financial investors in the form of PE/VC funds were again the most active, accounting for 18% of transactions. Among sellers, private sellers dominated, accounting for 78%, while sales were significantly increased by financial investors whose share increased to 10% compared to the previous quarter where they accounted for only 3% of sellers.