

M&A Index Poland

M&A in 2023

Total number of transactions*

366 (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 2023, **366 transactions** were recorded in the Polish M&A market, twenty five more than in a previous year. The largest transaction in 2023 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 dominant stake, 67%, in renowned Polish gaming company Techland, famous for productions such as "Dead Island" and the bestselling "Dying Light" series, which has achieved sales of more than 30 million copies. The acquisition was carried out by Tencent's group company, Proxima Beta Europe, and involved the purchase of shares from Techland founder Pawel Marchewka and the Marchewka Family Foundation. Following the transaction, Tencent assumed the position of the company's main shareholder. The estimated value of the transaction is about 1,35 billion EUR. Although Tencent holds a majority stake, Techland is expected to maintain full control over its franchises and creative independence. This acquisition is in line with Tencent's long-term strategy, which is actively expanding its investments in the industry. Already holding stakes in Riot Games, makers of "Valorant" and "League of Legends," and Epic Games, maker of "Fortnite," Tencent is looking to expand its portfolio. Previous moves have included the acquisition of 1C Entertainment, the purchase of a 22% stake in Bloober Team and investment in Krakow-based studio The Parasight, continuing to strengthen its influence in the global video game market.

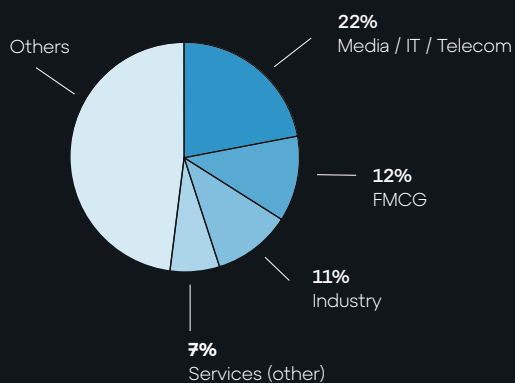
Target	Bidder	Seller	Value [m EUR]
Autostrada Wielkopolska	Meridiam	Kulczyk Investments	650

French investment group Meridiam has made a strategic purchase of shares in companies linked to the so-called Autostrada Wielkopolska, taking them over from businessman Sebastian Kulczyk. The value of the entire operation was estimated at nearly PLN 3 billion. Sebastian Kulczyk's portfolio, managed by Kulczyk Investments, included a 23.8% stake in Autostrada Wielkopolska SA „AWSA” and a 40% stake in Autostrada Wielkopolska II „AWSA II” The transaction also included the sale of Autostrada Eksploatacja, responsible for operating the A2 concession sections, and A2 Route, a company specializing in road construction. AWSA privately financed the Konin-New Tomyśl section of the A2 between 2002 and 2004, and AWSA II invested in the Świecko-New Tomyśl section between 2008 and 2011. Meridiam, which already held shares in Autostrada Wielkopolska companies since 2008, is thus increasing its exposure to investments in infrastructure projects in Poland.

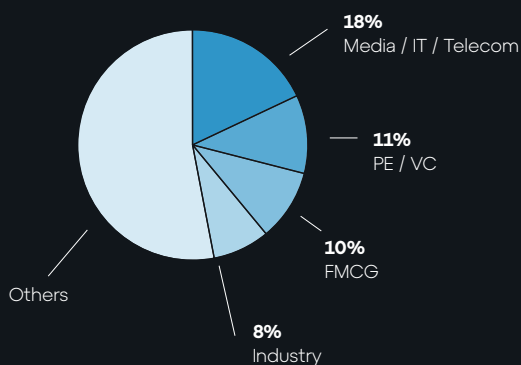
By sector

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

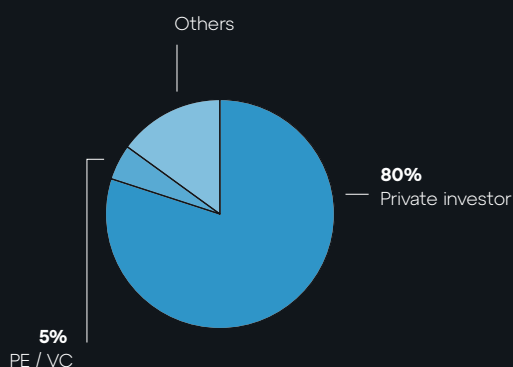
TARGET (%)



BIDDER (%)



SELLER (%)



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

Echo Investment has finalized the acquisition of a majority stake in real estate developer Archicom, contributing part of its residential market business to the company in return. The transaction is designed to allow Echo Investment to focus on developing the commercial real estate, residential rental and mixed-use development sectors. As a result of the transfer of its resources, Echo Investment received 22.8 million new Archicom shares, which translates into an 89% stake in the company. The value of the in-kind contribution was estimated at EUR 187 m. Echo Investment sees a future in the residential rental sector, responding to growing demand, particularly in the area of institutional rental. Archicom, on the other hand, plans to expand by increasing its land bank and growing in the Polish residential market, focusing its operations on major urban areas and considering acquisitions of local development companies. This direction of development is expected to allow Archicom to consolidate its position among the leading residential developers in Poland, while giving Echo Investment space to focus on alternative real estate sectors.

JV Party	JV Party	Value [m EUR]
Propinquus	Pamapol	Not disclosed

A joint venture agreement was signed in March between Pamapol, a listed food products manufacturer, and Propinquus, a company run by Robert Makłowicz and his sons. Under the agreement, Pamapol will hold a majority stake of 60% in the new company, while the Makłowicz family will take a 40% stake. The joint venture plans to use the "Makłowicz and Sons" trademark and start food production first at Pamapol facilities, and in the future at a production facility owned or leased by the new company. The initiative aims to combine the expertise and experience of Robert Makłowicz, a recognized culinary authority, and Pamapol's know-how in food production to create innovative food products. Navigator Capital Advisory acted as exclusive transaction advisor to Propinquus.

Target	Bidder	Seller	Value [m EUR]
STS Holding	Entain CEE	Private Investor	865

Entain CEE, a joint venture operating in the betting market and part of the Entain Group and the EMMA Capital fund from the Czech Republic, has completed the acquisition of STS Holding, a leader in betting in Poland listed on the domestic trading floor since 2021. Mateusz Juroszek will retain his position as president at STS Holding S.A. and STS S.A., and will also join Entain CEE's Board of Directors. After the merger, the management, organizational structure and development strategy in the Polish market are to be retained without major changes. Joining the Entain Group will allow STS to leverage global resources, expertise, cutting-edge technology and capital, which is expected to enable the Company to realize cost synergies and improve business profitability. The estimated gross value of the acquisition is approximately EUR 865 m.

Target	Bidder	Seller	Value [m EUR]
Goodspeed	Enterprise Investors	Private Investor	Not disclosed

Polish Enterprise Fund VIII, which is part of the Enterprise Investors group and focuses on private equity investments, has decided to buy a minority stake in Goodspeed, a company that dominates the Polish market for specialized logistics services for the diet catering and ready meal sectors. As a result of this investment, the fund will acquire a 49.8% stake in the company's capital structure. Brothers Sylwester and Pawel Rypina, the founders and key managers of Goodspeed, will maintain their position as majority shareholders and continue their involvement in the management and development of the business, aiming to further strengthen the company's market position in Poland. Financial details of this investment have not been made public. In subsequent quarters, the fund assisted the company in making further acquisitions such as the acquisition of StockEasy, a food cost monitoring application, and the acquisition of Caterings, a dedicated customer relationship management platform dedicated to the diet catering industry.

Target	Bidder	Seller	Value [m EUR]
Aktywa Inter-Welm	Cichy-Zasada Group	Inter-Welm	Not disclosed

The Cichy-Zasada Group, a recognized leader in the Polish dealership sector, has acquired the assets of Inter-Welm from Bielsko-Biala. The scope of the acquisition by the Cichy-Zasada Group includes the operations of the Audi showroom in Bielsko-Biala, along with service and repair services, as well as the sale of spare parts. This is a continuation of the group's consolidation strategy, which acquired a 100% stake in Skoda's Warsaw dealer, Auto-Wimar, on Q2 2023. This year, the dealership market in Poland has seen a series of acquisitions, indicative of industry consolidation. Duda Cars, for its part, acquired Voyager Group, a dealer of Mazda and Jeep brands. In addition, consolidation moves in this market are also highlighted by Bemo Group's recent acquisition of the assets of Szpot Sp. z o. o. The consolidation of the dealer market is due to the large amount of cash generated by dealers during the market turmoil related to the availability of cars. Another important factor is the change in policy of the Stellantis Group, owner of, among others. Brands, Opel, Fiat, Peugeot and Chrysler in terms of cooperation with dealers.

Target	Bidder	Seller	Value [m EUR]
Heiztechnik	Hargassner	Private Investor	Not disclosed

Heiztechnik, a well-established manufacturer of modern heat pumps and environmentally friendly boilers, headquartered in Skaryszewy, has acquired a majority investor in the form of Hargassner International. This Austrian group, active in the HVAC sector, had previously expanded into Poland with the acquisition of Rakoczy Stal two years earlier. With an impressive 35 years of experience in the heating industry, Hargassner brings unique know-how and experience to the partnership, which is expected to foster Heiztechnik's rapid growth.

The two companies also intend to invest in Heiztechnik's manufacturing capabilities. Throughout the process of acquiring a majority stake in Heiztechnik, Navigator Capital acted as exclusive transaction advisor, providing strategic support and expertise.

Target	Bidder	Seller	Value [m EUR]
Renters.pl	Enterprise Investors	Private investor, bValue	up to 19

Enterprise Investors, a private equity fund, has invested in Renters.pl, acquiring an 80% stake. Renters.pl, was founded in 2018, quickly establishing itself as a runner-up in the short-term rental market. The company started its operations in Świnoujście, and later expanded by acquiring Little Home, which significantly strengthened its position on the Polish rental market. Currently Renters.pl manages more than 2,000 apartments, mainly in Warsaw, Krakow and Gdansk. The company cooperates with Marriott, the world's leading hotel company, which proves its growing and international reach. In 2022, Renters.pl achieved revenues of around PLN 130 m. After the investment, incumbent Kamil Krzyżanowski will continue working as CEO, leading the company toward further growth.

Target	Bidder	Seller	Value [m EUR]
Graal	Lisner	Abris Capital	Not disclosed

Lisner, the German giant in the fish industry, has decided to acquire its competitor, the Polish company Graal. Graal, founded in 1989, is a successful player in the industry, which was listed on the Stock Exchange until 2017, to later become part of the Abris Capital portfolio. The acquisition of Graal allows Lisner not only to strengthen its competitive position, but also to expand its business into new market segments, including fish preserves and pickles. The transaction does not include Graal's fresh and smoked fish division, which operates under the Superfish brand within the Koral subsidiary, which remains in the hands of the existing owners. The finalization of this transaction is subject to the approval of the Polish Office of Competition and Consumer Protection.

Target	Bidder	Seller	Value [m EUR]
Menzies Distribution	InPost	Private investor	57

InPost, a European leader and pioneer in automated parcel machines and logistics solutions, has purchased a 30% stake in Menzies Distribution, spending 49.3 million British pounds to do so. This deal opens the door for InPost to benefit from Menzies' vast network, which includes more than 100 branches and delivers parcels to more than 47,000 locations every day. What's more, InPost has an option to acquire the remaining 70% stake in Menzies over the next three years. As a result of this transaction, the two companies together aim to install 15,000 parcel machines in the UK within five years, surpassing InPost's current 6,000 machines. This partnership will enable the company to provide year-round delivery services, a unique offering in the UK e-commerce market.

The InPost Group is continuing its expansion in the Western European market, following the acquisition of French logistics company Mondial Relay for around EUR 513 m, one of the Polish company's largest private investments abroad.

Target	Bidder	Seller	Value [m EUR]
Torf corp	Bielenda Group	Resource Partners	Not disclosed

Bielenda, a leading manufacturer in the Polish cosmetics sector, is expanding its portfolio by finalizing the acquisition of Torf Corporation, owner of the Tolpa and ON brands. The acquisition also opens up a new direction for the Company in the area of oral hygiene. The acquisition was made with the support of the Innova Capital fund, which has been working with Bielenda as an investor and strategic partner for three years. The decision on the acquisition is in line with Bielenda's long-term strategy to expand its influence on both the local and international markets. The final finalization of the transaction is subject to the approval of the OCCP. Bielenda's portfolio already includes brands dedicated to various segments of the cosmetics market, and the addition of Tolpa and ON is expected to further enrich and diversify its product range.

Target	Bidder	Seller	Value [m EUR]
SAT	Avallon	Private Investor	Not disclosed

Private equity fund Avallon has invested in shares of SAT sp. z o.o., a Poznań-based company that owns the S'portofino brand. SAT has been operating in the market since 1990 as a distributor and representative of premium sports brands. It has created a brand of stores that combine sports and fashion, operating in the Polish market and 8 international markets. In 2022, the company recorded PLN 152 million in revenue. The company plans to expand its S'portofino offering to four more European countries. For Avallon MBO Fund III, this marks the seventh transaction in 2023. The transaction was conducted using the Fordata Virtual Data Room system.

Target	Bidder	Seller	Value [m EUR]
Pfleiderer Polska	Rodzina Kaczmarek, Innova Capital	Pfleiderer Group	Not disclosed

Bogdan and Elżbieta Kaczmarek, together with Innova Capital, through Breticontic Investments Sp. z o.o., have agreed to acquire 100% of Pfleiderer Polska, a producer of wood-based panels. The operation, a corporate carve-out, involves the Polish operations of the Pfleiderer Group, controlled by the Strategic Value Partners fund. The transaction is expected to be finalized in the first half of 2024. The transaction is expected to be limited to Pfleiderer Poland and will not affect the group's other operations, so Pfleiderer Deutschland as well as Silekol in Poland will continue to operate independently. Bogdan and Elżbieta Kaczmarek, with experience in the furniture industry, plan to develop the company with a focus on modern technologies and green transformation. The transaction represents the fourth investment by Innova's latest fund.

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 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, 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



Target	Bidder	Seller	Value [m EUR]
Webcon	MCI Capital	Private investor	35

MCI Capital, a private equity fund with extensive experience in the Digital & ClimaTech areas in the CEE region, has acquired a majority stake in Webcon, a company specializing in low-code software. MCI's selection of Webcon as a financial partner was driven by its desire to accelerate the company's growth and international expansion. Webcon, which has been operating since 2006, focuses on low-code technology, offering flexible tools for rapid development of business applications. The Webcon BPS platform is a tool to enable effective digital transformation. MCI Capital, with experience in developing B2B companies and support for overseas expansion, sees great potential in Webcon, especially in German-speaking markets. The fund plans to support Webcon in further scaling its operations in the Polish and European markets.

Target	Bidder	Seller	Value [m EUR]
Wosana	DyDo Group	Avallon	45

DyDo Group, a Japanese corporation with beverage operations in Japan and Turkey, has announced the acquisition of 100% of the shares of the Polish company Wosana, a producer of soft drinks, including juices and waters. Wosana, previously owned by the Avallon MBO II UA fund, has three production facilities in Poland: in Andrychów, Damnica and Turów. The acquisition is aimed at strengthening DyDo's position in the CEE beverage market. DyDo Group highlights Wosana's potential to generate stable profits, especially in the growing Polish market. The total value of the transaction is around EUR 45 m, and it is expected to close on February 29, 2024.

Target	Bidder	Seller	Value [m EUR]
Becherovka brand	Maspex	Pernod Ricard	up to 19

The Maspex Group, owner of such brands as Tymbark, Kubaś and Żubrówka, has acquired the Becherovka brand and production facility in Karlovy Vary from Pernod Ricard. This is Maspex's 21st acquisition and 12th in foreign markets, aimed at strengthening the company's position in European markets. Becherovka, the second most popular herbal liqueur brand in the Czech Republic, is known for its long tradition dating back to 1807. The Maspex Group, through its local subsidiaries, is already a leader in the juice and energy drink categories in the Czech Republic and Slovakia. The acquisition of Becherovka will make it easier to adapt to the needs of the foodservice market and will further expand the group's alcoholic offerings, which from 2020 also include the brands Żubrówka, Soplca, Absolwent or Grant's.

Target	Bidder	Seller	Value [m EUR]
Indykpol	LDC	Rolmex	Not disclosed

French group LDC, one of Europe's leading poultry producers, will acquire the Polish company Indykpol, after which it is planned to merge it with Drosed, which it already controls, creating a player with multi-billion-dollar revenues. Drosed, which has been part of LDC since 2000 and specializes in chicken, duck, goose and guinea fowl meat, will add a wide range of turkey products to its portfolio through the merger with Indykpol. Scheduled for acquisition of Indykpol in the first half of 2024, the acquisition is subject to approval by the OCCP. The value of LDC's acquisition of Indykpol has not been disclosed, but given the scale of operations of both entities, it can be estimated that the deal is among the largest transactions that have taken place in the Polish meat market in recent years.

Target	Bidder	Seller	Value [m EUR]
Focus Telecom Polska	MCI Capital	Private investor	Not disclosed

The private equity fund MCI Capital, has invested in a majority stake in Focus Telecom. The transaction will strengthen MCI's position as a leading investor in companies operating in the SaaS model. Focus Telecom, which is experiencing dynamic growth and is a market leader in cloud-based contact center (CCaaS) and customer experience (CXaaS) solutions, continues to expand, responding to the growing demand for multi-channel, high-quality personalized and automated customer service. MCI's investment in Focus Telecom reflects the fund's strategy focused on mature digital models. Previously, MCI, through its InternetVentures FIZ sub-fund together with PFR Ventures, held less than a 15% stake in Focus Telecom. Following the transaction, MCI Euroventures took an 80% stake, with 20% remaining with the company's founders. Focus Telecom, is one of the most active CCaaS and CXaaS market companies in Poland. MCI's strategy is to continue investing in the company, aiming to develop its product and customer service processes and expand its offerings to new sectors and customer groups.

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03 . Experts' comments

In 2023, we recorded 366 mergers and acquisitions transactions, which is 25 more than in 2022. This high result was due to great interest in the TMT industry, as well as the consumer and industrial industries. The activity of PE/VC funds remained at a similar level as in 2022 - 42 acquisitions compared to 38 a year ago. From a global perspective, the Polish market maintains growth dynamics - this is the fourth record year in a row. What did the transaction structure look like in a year of global fluctuations?

A year of decline, but not on the Polish market

In 2023, the global mergers and acquisitions market underwent a period of transformation, which was characterized by a significant decline in activity, recording a **25% reduction in the number of transactions** and a **31%** decline in their value **compared to the previous year**. This trend was the result of the impact of rising interest rates, inflationary pressures, geopolitical uncertainties and concerns about a potential recession, which also affected Poland. On the domestic market, however, this situation did not affect the transaction volume, which was the largest in history.

In the M&A landscape of 2023, positive trends have also crystallized, the impact of which we will observe in the coming months of 2024. This is primarily due to the forecasted economic growth in Poland at the level of 4-6%, driven by robust household consumption expenditure, a decline in inflation and the prospect of spending the EU funds from the National Recovery Plan (KPO). The latter may benefit the green energy sector (EUR 14.3 billion (39.2% of total funds), intelligent mobility - EUR 7.75 billion (21.3%), healthcare - EUR 4.51 billion (12.4 %) or digital transformation - EUR 5.04 billion (13.8%). KPO will allocate EUR 4.85 billion (13.3%) for the competitiveness of the economy. Time is a threat. The funds that have just been released must be spent by August 31, 2026 year, hence the risk of not using the budget in time. In 2024, enterprises that significantly invest their resources in the development of AI technology may also turn out to be an important element of the mergers and acquisitions market.

Who bought the most?

22% purchase transactions on the TMT side (**compared to 23% in 2022**) on the Polish M&A market confirm the stable consolidation of the industry despite a slight decline in its share in the total volume. In 2024, entities that invest in the development of artificial intelligence may provide an additional stimulus for the above-mentioned sector. This will probably be the area in the entire TMT that has the strongest impact on other industries. While PE/VC funds temporarily closed their portfolios in 2020 due to the pandemic, their activity in the current decade remains high. Reduced company valuations provided an additional purchasing impulse. The consumer sector (FMCG, services) also recorded high investment activity, i.e. a total of 57 purchase transactions, constituting approximately 15%



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of all acquisitions. iSpot acquired Cortland, a reseller of Apple products, for over EUR 41.4 million, while the Japanese DyDo Group Holdings acquired Wosana, a producer of juices and drinks, for the equivalent of approximately EUR 45.3 million.

Energy just as the last year

20 acquisitions of energy companies in 2023 compared to **21 in 2022** proves the stability of another sector important for M&A, which, however, was not subject to as much consolidation as TMT and services - 12 transactions within the sector. They were purchased by private equity funds (Avallon and Genesis Capital took over the Czech generator manufacturer TES Vsetin), energy corporations (Orlen acquired Energo and Doppler Energie), as well as companies not directly related to energy: e.g. the German Remondis operating in the waste processing sector purchased SFW Energia. Entities investing in energy companies aim, among others, to diversify their portfolio, gain access to advanced technologies as well as save costs thanks to the economy of scale. At the same time, the growing requirements to diversify the energy portfolio to the benefit of renewable energy sources means that investing in green energy may offer returns in the future.

What is the medical industry investing in?

Not modern technologies but medical facilities, laboratories and drug producers still form the pillar of acquisitions on the medical market in Poland. This is also a part of the M&A market in which a high share of consolidations is typically observed. This trend has been reflected in the forecasts for the global life science market for 2024 (according to Jefferies investment bank, 60% of M&As in this segment will be consolidations). In the past twelve months, we recorded 25 purchase transactions, which is 4 fewer than in 2022. It is worth mentioning a few examples: Diagnostyka took over Synlab Polska and Zakład Rentgena i USG WYROBEK, while the Swedish AniCura - bought a total of 4 veterinary clinics. The total number of acquisitions of medical companies by PE/VC funds last year decreased by more than half: **to 3 from 8 in 2022**.

Taking into account the still good economic situation in Poland, also supported by low unemployment and expectations of economic growth, in 2024 we can, again, expect high transaction results. The traffic we observed in the Fordata VDR system allows us to speak of a universalization of practices dedicated to the M&A market. Mergers and acquisitions are being conducted at an increasingly faster pace, too.



Artur Wilk

Manager **Navigator Capital**

Another record year in the M&A market

In 2023, the M&A market in Poland continued the upward trend of previous years, recording a record number of 366 transactions, up by as many as 25 deals from the previous year. It is worth noting the significant rebound relative to the "covid" 2020, where the number of transactions increased from over 60%. In terms of M&A activity, Poland remains a leader in the CEE region and can be treated by investors from other regions as a gateway to this market. The situation in the Polish M&A market is also supported by current trends such as friendshoring and nearshoring, due to the fact that Poland remains an attractive place to locate production and shorten supply chains. In addition, many Polish companies gaining an established position in their industry are beginning to use acquisitions more boldly as a source of growth, and Polish leaders are becoming increasingly bold not only in European markets, but also in the US.

The development of the Polish M&A market is evident from the growing number of transactions of significant value. Last year, the largest transaction was the acquisition of Techland by the Chinese holding company Tencent, estimated at PLN 6.3 billion, or the second largest transaction with a disclosed value, which was the acquisition of STS Holding by Entain CEE estimated at PLN 3.9 billion. For comparison, it is worth mentioning that the estimated value of the record transaction in 2022, which was the acquisition of Lotos Paliwa by MOL, was PLN 2.5 billion. Foreign industry investors see development potential in Polish companies, and the growing maturity of the economy is encouraging them to make strategic decisions to engage in our market.

Against global trends

The Polish M&A market has shown remarkable resilience and growth, in contrast to global trends. This trend underscores Poland's unique position as a market attracting M&A investments, even in the face of international economic challenges. It is worth noting that the challenges facing the Polish economy in the form of the energy transition, the risk of conflict across the eastern border and the rapid pace of regulatory change have not significantly affected the perception of Poland as a good place to locate investments. The still lower cost of talent acquisition than in the West, human capital in IT, and the growing maturity of the economy and the entities operating in it are all factors driving investors' interest in acquisitions in the local market.

Polish companies are also becoming bolder in foreign acquisitions, especially in the Western European region. In this regard, one should note the acquisition of Menzies Distribution by InPost, related to the expansion of the parcel provider in the UK market, and Selena FM's investment in Imperlaum, an asphalt producer from Spain. Elemental Holding was also very active, acquiring U.S. recycling and waste processing companies.

New technologies continue to lead the way

In 2023, the Media/IT/Telecom, FMCG and Industrial sectors attracted the most attention in the Polish M&A market, with 22%, 12% and 11% of the total number of transactions, respectively. The dominant role among buyers was played by investors from the



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Media/IT/Telecom sector (18%), private equity and venture capital (PE/VC) funds (11%), and the FMCG industry (10%). This sector diversification demonstrates the versatility and maturity of the Polish M&A market, attracting investors from a variety of industries and specializations.

Next most attractive to investors are investments in Companies operating in the technology sector. Significant in this sector were transactions related to gaming and computer software companies.

A continuing market consolidation can be observed in many industries, which is also an important driver of the M&A market. Such sectors include the medical services sector, the IT market or the car dealership market, where significant acquisitions were made by leaders such as the Cichy-Zasada Group, the PGD Group, Duda-Cars and the Bemo Group. We anticipate that these trends will continue, but it will be increasingly challenging for consolidators to acquire attractive transaction targets.

The high level of activity among financial investors, especially on the acquiring side, also continued. In the past year, significant transactions were made by leading funds on the Polish PE market, such as Innova Capital, Enterprise Investors, MCI and Avallon. In 2023, the funds faced challenges due to economic turmoil and high interest rates, affecting both the ability to finance transactions and weighing on the performance of portfolio companies.

Noteworthy transactions included the acquisition of Webcon, a specialist in low-code software, by MCI, the acquisition of Ecowipes, a Polish manufacturer of hygiene products, by Cornerstone, or the acquisition of a stake in Goodspeed, a leader in the Polish temperature-controlled transportation market, by Enterprise Investors. Financial investors also made significant exits through transactions such as the sale of Velvet Care by Abris Capital, the divestiture of Symfonia by Mid Europa Partners and Dr. Gerard by the Bridgepoint fund.

Is the increase in M&A activity sustainable?

We anticipate that in 2024 we will see a continuation of many trends and developments already present in 2023, which will have a significant impact on the number of deals. The trends of consolidation and securing supply chains will continue to drive the number of deals recorded, making us remain optimistic about the development of the M&A market. Falling inflation and the resulting prospect of interest rate cuts are also likely to significantly affect activity in this market. The potentially lower cost of financing transactions may be important in terms of the convergence of sellers' expectations with the valuations proposed by buyers. The impact of succession issues, which in many cases force the sale of a business built up by the owner over the years, remains strong. The need to change the energy mix is also fuelling deals in the sector, particularly those involving renewable energy assets.

An additional aspect that is an incentive to consider acquisitions as a source of growth may be the fact that the increasing maturity of the Polish market in many sectors means



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that there are significant barriers to entry for players previously absent from the industry, for whom the acquisition of an established entity may be a faster and more effective, if not the only, way to establish a presence in a given field.

Taking these aspects into account, we are confident that 2024 will be as interesting for the M&A market as 2023. On the other hand, we can't forget about the risks that still exist, caused by aspects such as the ongoing armed conflict at Poland's borders or the ever-present inflation, the realization of which can significantly affect the economic and economic situation.