

# M&A Index Poland

Q1 2020

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

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Experts' comments to the 35<sup>th</sup> edition  
of the report can be found on the website:  
[fordatagroup.com/blog](https://fordatagroup.com/blog)

[navigatorcapital.pl/en](https://navigatorcapital.pl/en)  
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# M&A Index Poland, Q1 2020

by Navigator Capital & FORDATA | April 2020

## Total number of transactions\*

55 (Q1 2020)

## The largest transaction\*\*

EUR 405 m

(Acquisition of Polskie ePłatności by Nets)

\* 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 Q1 2020, we are witnessing 55 transactions on the merger and acquisition market. This is 9 transactions more than in Q1 2019. The largest transactions in this area were taken over of Polskie ePłatności for the amount of approx. EUR 405 m by Nets.

## Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Flexpol	CCL Industries	Private investor	14 m

(3rd January) The Polish producer of polypropylene films, based in Płock, was taken over by the Canadian company CCL Industries, one of the world's leading packaging producers. Flexpol, which after the transaction will change its name to Innovia Polska, in 2018 employed approx. 230 people and generated revenues of approx. EUR 43.7 million. Thanks to the transaction, the Canadian group will strengthen its position in Europe and supplement its product portfolio with films that until now CCL Industries have only produced in Mexico.

TARGET	BIDDER	SELLER	VALUE [EUR]
Profitroom	R22	Private investor	6.7 m

(16th January) Over 30% of shares in Profitroom, a Polish provider of hotels applications offering services in the SaaS formula, was taken over by R22, one of the most active technology companies on the M&A market in Poland. Thanks to the transaction, Profitroom, which has unique technology facilitating the booking of rooms and close to 70% market share, will be able to use the experience of R22 in foreign expansion and continue organic growth in Poland. In 2019, the company generated EUR 6.7 m in revenues and employed nearly 200 employees. The transaction was carried out using the FORDATA Virtual Data Room.

TARGET	BIDDER	SELLER	VALUE [EUR]
Danwood	GS Engineering & Construction	Enterprise Investors	140 m

(20th January) Danwood, a leader on the prefabricated house market in Poland and Germany, belonging to the Enterprise Investors fund, has been sold to one of the largest Korean construction companies - GS Engineering & Construction. The company with two production plants in Bielsk Podlaski and employing over 2,000 people in 2019 generated approx. EUR 258 m of revenue. Danwood's main product are turnkey wooden single-family houses tailored to individual customer needs. Thanks to cooperation with an industry investor with an international position, the Company can strengthen its presence in Europe, explore new markets and quickly become a leading manufacturer on a global scale.

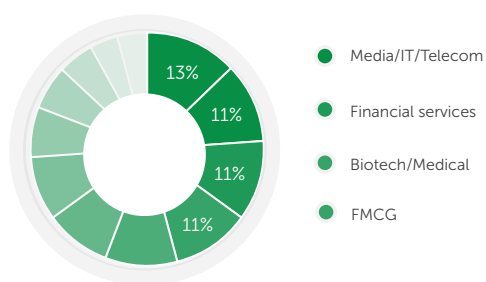
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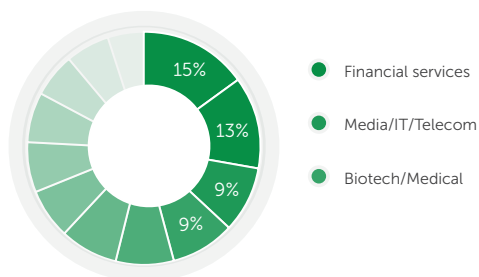
## By sector

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

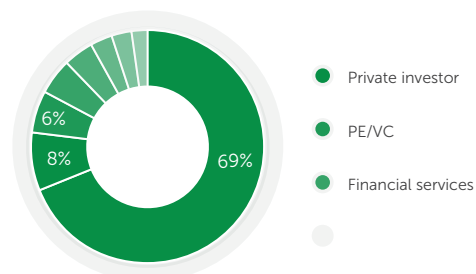
### TARGET (%)



### BIDDER (%)



### SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Moracell	Velvet Care	Private investor	15.6 m

(29th January) Velvet Care, the largest Polish manufacturer of hygiene products, took over the Moracell company dealing with corresponding business in the Czech Republic. Abris Capital, the owner of the majority stake in Velvet Care wants to build a brand that is a leader in the hygiene products industry in Central and Eastern Europe by implementing the strategy through foreign acquisitions. Currently, Velvet Care employs approx. 700 people, and in 2018 achieved revenues of EUR 121 m.

TARGET	BIDDER	SELLER	VALUE [EUR]
Multimedia Polska	Vectra	Private investor	Undisclosed

(1st February) Vectra, one of the leaders of the Polish cable network market, took over its competitor - Multimedia Polska. After the transaction, the Vectra Group has become the largest cable network operator in Poland, which provides services to over 1.7 million customers and whose network coverage covers approximately 4.4 million households. In 2018, Multimedia Polska generated revenues of EUR 144 m and EBITDA of EUR 61 m. The plans of the new owner assume the continuation of operations under the Multimedia brand, as well as further organic growth of the entire group.

TARGET	BIDDER	SELLER	VALUE [EUR]
Akomex	Sebastian Śliwa, AMC Capital	Highlander Partners	Undisclosed

(4th February) The shares of the Polish producer of packaging, leaflets and labels for the food industry, Akomex, belonging to Highlander Partners for over 10 years, were acquired in the management buyout transaction by the company's founder and minority shareholder - Sebastian Śliwa, with the support of the AMC Capital fund. During the fund's investment, the Company has grown significantly thanks to organic investments as well as acquisitions in Poland and abroad. The strategic plans of the current owner assume the development of business, in particular by strengthening two main product lines - packaging for the pharmaceutical and food industry, as well as continuation of the acquisition policy.

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TARGET	BIDDER	SELLER	VALUE [EUR]
AXA in CEE	UNIQA	AXA	1000 m in CEE

(7th February) One of the world's largest insurance groups, the French AXA, has sold part of its operations from Central and Eastern Europe to the Austrian UNIQA group. The transaction is part of the development strategy implemented by UNIQA, which assumes growth in the markets of Central and Eastern Europe. The acquired part of AXA's insurance activity in Poland, the Czech Republic and Slovakia will significantly increase the market share of the UNIQA groups, which thanks to the acquisition will gain over 3.2 million customers and 1,600 employees and will become the fifth largest insurer in Poland.

TARGET	BIDDER	SELLER	VALUE [EUR]
Work Service	Gi Group	PineBridge Capital, Private investor	46.7 m

(13th February) The leading Italian employment agency, Gi Group, will take over a 56% stake in Work Service S.A, listed on the Warsaw Stock Exchange, providing HR consulting, employee outsourcing and recruitment services. The acquisition of the Polish company aims to strengthen the position of the Gi Group in Central and Eastern Europe and create a global leader on the market of HR service providers. As part of the transaction, the Italian entity undertook to co-finance Work Service with an amount of EUR 46.7 m, which is to assist the Polish company in completing the long-term restructuring process and entering the path of dynamic, stable development. In 2018, Work Service generated consolidated revenues of EUR 444 m.

TARGET	BIDDER	SELLER	VALUE [EUR]
Gratka	Ringier Axel Springer	Polska Press	Undisclosed

(26th February) Ringier Axel Springer Media AG, a Swiss media company and owner of Onet Polska, took over 100% shares in Gratka, a Polish market place platform, the owner of the gratka.pl portal from Polska Press. The seller now wants to focus more on the development of local media, which has in its portfolio, while the buyer implements the development strategy through acquisitions in Poland. Gratka plans to use the resources and know-how of the new owner to strengthen its market position and dynamic development focused on becoming the leading advertising website in Poland.

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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 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, 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



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TARGET	BIDDER	SELLER	VALUE (EUR)
Polskie ePłatności	Nets	Innova Capital, OPTeam	405 m

(11th March) The leading paying agent in Poland, Polskie ePłatności, was acquired by one of the largest European payment operators, the Danish company Nets. In 2018, the Polish entity owned by Innova Capital private equity fund and OPTeam generated nearly EUR 123 million of revenue and employed over 600 employees. The acquisition of the dynamically growing PeP strengthens Nets' position in Poland, which is an extremely attractive market for financial services on a European scale due to a significant increase in the use of electronic payments in commerce. The Nets Group acknowledges that thanks to this transaction and the acquisition of Dotpay in 2019, its offer on the financial services market has become comprehensive.

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## Experts' comments



**Alicja  
Kukla-Kowalska**

Head of Sales EMEA  
FORDATA

From the current perspective, the first quarter of 2020 may look surprising - we recorded as many as **55** mergers and acquisitions, which is the most in the report's history in relation to the corresponding periods. This is **9** (19%) more than last year and **5** (10%) more than in 2018. However, this is a period traditionally abundant in sales volume, which is affected by the ending investment projects from the previous year. Therefore, the impact of the coronavirus epidemic on the Polish mergers and acquisitions market will probably only become apparent in the forthcoming quarters.

### Who bought most often before the virus era?

Financial services providers made the most purchases in the last quarter - 8 companies, of which 5 are foreign companies. They constituted 15% of all buyers. The total number of purchase transactions by this sector is exactly four times higher than in the previous quarter. The financial sector therefore dominated the TMT industry, which was at the forefront with 19% in the previous quarter, and 20% in the first quarter of 2019, while now it achieved a result of 13%. The services and medical sectors were ranked ex aequo third (with 5 acquisitions), the latter being strengthened (9%) and approaching the result achieved a year ago (11%). In turn, the perspective of the Orlen-Lotos megafusion has receded, which is further emphasized by the low activity of investors from the energy industry - three consolidation transactions accounted for only 5% of all acquisitions.

### TMT is still taken over the most, but a bit less

In the first quarter of 2019, the TMT sector was topping the ranking of the most-bought industries with a result of 20%, while in the last quarter of 2019 it scored 24%. Currently it only got 13%. With the result of 7 sales last quarter, the TMT sector was just ahead of the financial and medical sectors, which both recorded volumes of 11%. However, it is difficult to talk about a downward trend here. In the era of COVID-19, digital services have gained special significance, which is why investors will continue to watch the market closely and look for opportunities. The deposition of capital was already noticeable as a result of global negative market forecasts in 2019. Therefore, the rebound will probably only take place after the epidemic has ended. It is time to think about further investment strategy.

### Structure of sellers still stable

Sell-side was even more dominated by the private sector than in the previous quarter. This group made up 69% of all sellers, 25% more than in the corresponding period of 2019. Compared to the previous quarter, stability can be seen in the activity on the sell-side of PE/VC funds - 8% of all sales transactions. Although the picture looks stable, the following months can bring significant changes. It is difficult to say how investment funds will behave in the face of price reductions on WIG20 shares and negative investor sentiment in connection with the prevailing coronavirus. Valuation drops by up to 30% can be an opportunity to buy, but on the other hand funds may decide to cushion losses.

### Foreign investments hold still

Slightly less than half of the buyers in the last three months were foreign entities. 23 foreign acquisitions made up 41% of all purchases. However, it is from abroad that the largest transaction capital came. The Austrian UNIQA group purchased the Polish branch of the AXA Group, among branches in other countries, for a total of EUR 1 billion invested in the insurance giant in the entire CEE region. However, the largest single purchase transaction of a Polish company with disclosed value was the purchase of Polskie ePłatności by Danish-origin Nets for over EUR 405 million. Also a year ago, in the same period, foreign buyers invested the largest amounts in Polish companies - a total of nearly EUR 1.42 billion in the two largest transactions.

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**Alicja  
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Head of Sales EMEA  
FORDATA

### Virtual Data Room even more needed

In the last quarter, the VDR system was used in 60% of transactions. The FORDATA system use has included the sale of Profitroom and TopCard. The popularity of VDR has recently been strengthened as a result of remote work of many companies and unexpected strategic challenges met in result of market closing. Data Room helps to carry out restructuring, personnel and optimization processes for those companies that, due to the epidemic, cannot freely cooperate and meet with auditors, lawyers, advisors, debt collectors and business partners.



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## Karolina Widera

Manager  
Navigator Capital

In the first quarter of 2020, **55** merger and acquisition transactions were recorded on the Polish market. This is **9** more than in the corresponding period of 2019.

The largest transaction in terms of value in the last quarter was the acquisition of Polskie ePłatności, a leading payment service provider in Poland by the Danish Nets Group, one of the industry leaders in Europe. The purchase price for the shares from the Innova Capital fund and OPTeam was approximately EUR 405 million. Thanks to the transaction, the Danish company will supplement its product range and increase its share in the financial services market in Poland. After the acquisition of Dotpay in 2019, the acquisition of PeP, the fastest growing company in the payment technology industry in Europe, was a strategic move aimed at maximizing the use of synergies.

The last quarter on the M&A market in Poland is characterized by a higher number of transactions compared to the previous analysed periods. During analyzing the sectoral structure of entities involved in transactions, the largest number of acquired companies in the Media / IT / Telecom sector can be observed, which only confirms the trends of recent months. The Polish financial sector has experienced unprecedented consolidation. In the past quarter, **11%** of the acquired companies operated in this sector, and **15%** of the acquiring companies. Among the most interesting transactions, apart from the sale of Polskie ePłatności, the acquisition, which should be mentioned, is the sell of the Polish part of the assets of the French insurer AXA to its Austrian competitor, the UNIQA group. The Western European insurance giant got rid of its assets in Poland, the Czech Republic and Slovakia. The transaction is in line with the strategy implementation, both AXA, which seeks to simplify the structure of its company and focuses on developing business in Asian markets, as well as the UNIQA group, which, according to the UNIQA 2.0 strategy, defines the Central and Eastern Europe region as the second main, after Austria, business market and on which it plans dynamic business growth.

In the last quarter consolidation of the medical and pharmaceutical sector was also noticeable, which had a high share in the number of closed transactions. One of the most interesting transactions on this market was the acquisition of Polwet-Centrowet by the Polska Grupa Farmaceutyczna, thanks to transaction, buyer with a current market share of around 20% will strengthen their position among drug distributors. An interesting transaction was also the acquisition of the remaining shares in Avenir Medical Poland, the manufacturer of contact lenses and the operator of the shop chains of shops Twoje Soczewki, Gafas and e-store twojesoczewki.com by the Private Venture Partners fund, which in 2018 acquired 56% of shares in the company. This acquisition is a good example of the fact that funds that previously had a lot of cash were willing to fully engage in the management of companies and benefit from their development.

The manufacturing sector also boasts an invariably large number of transactions, in which several interesting transactions were carried out, including the management buyout of Akomex by its founder Sebastian Śliwa supported by AMC Capital from the private equity fund, Highlander Partners. The new owner of the company aims to further develop the company and implement a strategy which primarily includes high organic growth and intensive acquisition activities.

The largest share in the number of acquired entities had the Media/IT/Telecom sector - **13%**, financial services sector - **11%**, medical sector- **11%**, FMCG – **11%** and production sector – **9%**. On the buyers side, the financial sector was the most active - **15%**, Media/IT/Telecom – **13%** and the medical sector - **9%**. The largest group among the selling companies were private investors - **69%** and PE / VC funds - **8%**.