

M&A Index Poland

Q1 2021

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

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M&A Index Poland, Q1 2021

by Navigator Capital & FORDATA | April 2021

Total number of transactions*

76 (Q1 2020)

The largest transaction**

EUR 2.5 b

(Acquisition of Aviva Polska by Allianz)

* 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 2021, we witnessed 76 transactions on the Polish M&A market. This is 21 more than in Q1 2020. The largest transaction was the acquisition of one of the leading entities on the Polish insurance market, Aviva Polska, by its German competitor, Allianz.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Aviva Polska	Allianz	Aviva Plc	2.5 b

(26th January) Aviva Plc, the UK insurer, has sold all its shares in Aviva Polska to the German insurance company Allianz for approximately EUR 2.5 b. Aviva will now focus on its key markets, i.e. the UK, Ireland and Canada, where it is the leader and has a strong growth potential. The company intends to use the increased capital for debt reduction, investment in long-term growth and returning excess capital to shareholders. Thanks to the transaction Allianz will become the second insurance company in Central and Eastern Europe, which means a successful pursuit of strategic increase of market share in the area.

TARGET	BIDDER	SELLER	VALUE [EUR]
Nicator	TEP Capital	Private Investor	Undisclosed

(28th January) TEP Capital, a newly established in 2020 Polish Private Equity fund focusing on Polish companies operating in advanced manufacturing, healthcare, business services and education, has completed the acquisition of Nicator, a leading Polish polyethylene film manufacturer. Nicator reported sales of EUR 19.7 m in 2020, producing around 80% of its output for export to Western Europe. Nicator is the first company in TEP Capital's portfolio, which plans to expand its portfolio to six companies in the next three years.

TARGET	BIDDER	SELLER	VALUE [EUR]
Dom Maklerski BPS	mPay	Bank BPS	Undisclosed

(29th January) mPay, the WSE-listed Polish FinTech operating the mPay mobile payment application, is about to acquire Dom Maklerski BPS, a brokerage house offering order execution services on the WSE's main market and on New Connect. The mPay application currently allows users to purchase public transport tickets and tickets for selected events, pay for parking lots and make transfers between users. With the acquisition of Dom Maklerski BPS, it will expand its portfolio to include investment services. The transaction is subject to approval by the Polish Financial Supervision Authority.

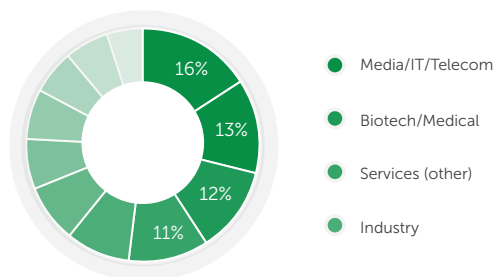
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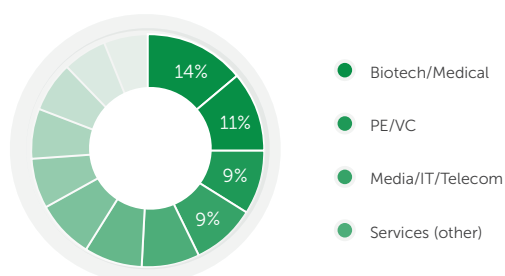
By sector

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

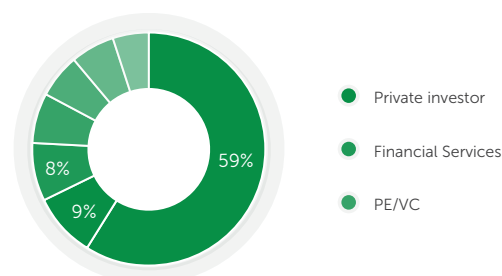
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Archicom	Echo Investment	DKR Investment & DKR Invest	99.8 m

(18th February) Echo Investment, a WSE-listed Polish developer of residential, office and shopping center projects, is to acquire a majority stake in Archicom, a public housing developer operating mainly in the Lower Silesia region, for about EUR 99.8 m. In Q3 2020, Archicom reported revenue of EUR 26.6 m and EBITDA of EUR 6.1 m. The acquisition is strategically important to Echo Investment, which will gain a leading position on the Polish residential market as a result of the transaction. In total, the Echo-Archicom Group has the potential to build 15,000 apartments for sale in the coming years, of which it plans to start construction of 7,000 in 2021.

TARGET	BIDDER	SELLER	VALUE [EUR]
Polkomtel Infrastruktura	Cellnex Telecom	Cyfrowy Polsat	1.52 b

(26th February) Cellnex Telecom, the leading Spanish operator of wireless telecommunications and broadcasting infrastructure in Europe, has entered a conditional agreement with the Cyfrowy Polsat Group for the acquisition of Polkomtel Infrastruktura, the owner of passive and active telecommunications infrastructure in around 7,000 locations in Poland. The value of the transaction amounts to EUR 1.52 b. Polkomtel Infrastruktura generated revenue of EUR 205.1 m and EBITDA of EUR 144 m in 2020. After the transaction, the entities are planning to sign an agreement allowing the Polsat Group to use the sold infrastructure for at least 25 years.

TARGET	BIDDER	SELLER	VALUE [EUR]
Ambasador92	Orkla	Private Investor	Undisclosed

(2nd March) Orkla, Norwegian supplier of branded consumer goods to grocery stores and bakeries, has acquired Ambasador92, Polish seller and distributor of bakery and confectionery products. Ambasador92 employs 128 people and generates sales at EUR 30.7 m as of 2020. Transaction is to enforce Orkla's position on the Polish market and to enlarge access to the developing Out of Home market. The transaction was carried out using the FORDATA Virtual Data Room.

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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 11 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.



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TARGET	BIDDER	SELLER	VALUE [EUR]
Maczfit Foods	Żabka Polska	Resource Partners	Undisclosed

(8th March) Żabka, Poland's largest chain of small franchise grocery stores, has acquired a majority stake in Maczfit, a market leader in diet catering. The company plans to distribute meals prepared by Maczfit through the network of Żabka stores located near offices or housing estates. Ultimately, Maczfit products can be found in all stores, which will result in even faster growth of the boxed diet market and expansion of Żabka's product portfolio.

TARGET	BIDDER	SELLER	VALUE [EUR]
Mondial Relay	InPost	Private Investor	ca. 565 m

(15th March) InPost is planning the acquisition of Mondial Relay, the second largest e-commerce parcel distribution platform in France. The value of the transaction is expected to amount to EUR 55 m. In 2020, InPost increased its parcel machine network by about 50% and doubled its revenue. The transaction is part of InPost's foreign expansion strategy announced during its January debut on the Amsterdam Stock Exchange. Mondial Relay has a network of 11,000 parcel machines in France and 4,800 in Benelux and the Iberian Peninsula. In 2020, the acquired company reported revenues of EUR 437 m and EBITDA of EUR 60 m.

TARGET	BIDDER	SELLER	VALUE [EUR]
Pigu Group & Hobby Hall	Mid Europa Partners	MCI Capital	Pigu Group - 37 m Hobby Hall - Undisclosed

(31st March) MCI Capital, a WSE-listed leading European technology fund focused on digital transformation and economy, has sold a majority stake in Lithuania's Pigu Group and Estonia's Hobby Hall Group to Mid Europa Partners, a British private equity fund. Mid Europa Partners plans to merge Pigu Group and Hobby Hall, which will create a leading e-commerce and marketplace platform operating in Lithuania, Latvia, Estonia and Finland. The seller, MCI Capital, will acquire minority stake in the Company created by the merger.

TARGET	BIDDER	SELLER	VALUE [EUR]
Jabex	Dawn Foods	Private Investor	Undisclosed

(31st March) Jabex, a rapidly growing Polish manufacturer and supplier of high-quality components for the confectionery, bakery and HoReCa sectors, has been acquired by Dawn Foods, one of the leading US manufacturers of additives and finished products for the international confectionery and food industry. The transaction will expand Dawn Foods' global reach and strengthen their operations and supply chain in CEE. Jabex employs more than 50 people in two production facilities and has an established position in the Polish and international markets. Navigator Capital Group acted as exclusive financial advisor to the owner of Jabex.

Experts' comments



**Alicja
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In the first quarter of 2021, we recorded 76 transactions on the mergers and acquisitions market in Poland. This is 13 more than in the previous quarter and 21 more than in the corresponding period of 2020. While the predicted economic slowdown was the main challenge for the global mergers and acquisitions market two years ago, this year it is the consequences of the pandemic. Despite the restrictions, the M&A market in Poland continues to grow. Which industries were the most popular in the last three months?

TMT with the support of funds starts the year well

Unsurprisingly, the IT, media and telecommunications sector was again the most interesting industry for investors, making up approx. 16% of all acquired entities. In absolute numbers, however, a significant decrease is visible compared to the previous period - 12 transactions against 19. Among buyers, there is still a high share of PE / VC funds that were parties to 4 transactions (5 in the previous quarter), which indicates still high investment potential and further growth of the sector. Importantly, these funds increased the percentage share of TMT among all recorded investments, while reducing the total market share from 18 transactions in Q4 2020 to just 8. This decrease can refer to over-estimated company pricing, reduced investment budgets and, in part, also to still present, yet lower than in 2020, fears related to the pandemic. However, optimism towards IT companies is still high in great part due to the opportunities it gives during a pandemic, e.g. sales support through the development of e-commerce solutions.

The Bio / Med sector is in the spotlight again

The share of the medical and biotechnology sectors on the part of the acquired companies increased from 8 to 10 transactions. As in the previous quarter, the targets were mainly pharmaceutical companies in consolidation processes. The share of PE / VC funds was limited to only one acquisition (two in Q4 2020, it was the purchase of Dentica 24 by Tar Heel Capital). In the analyzed period, DOZ SA took over Euro-Apteka, Super Zdrowie and MLV 18, Polmed purchased Starmedica, Medyk Szpital and Romed, and Neuca acquired Pomerania Investment, the owner of the private insurer Zdrowie SA. Despite high valuations, pharmaceutical companies are gaining investment attractiveness in the long term as a prospective industry.

The return of the service sector

While in the first quarter of last year the share of the service sector among the acquired companies on the Polish market amounted to just over 9%, no takeovers whatsoever were recorded in the last quarter of 2020. Therefore, the growth of the industry seen in the described quarter is more visible, amounting to 9 acquisitions, which accounted for 12% of all transaction targets. The companies offering or supporting logistic processes saw the greatest interest (5 acquisitions). These included, among others, operator of fuel cards UTA Sp. z o. o., which was acquired by the German Union Tank Eckstein; the French package distribution platform SASU Mondial Relay purchased by InPost; as well as the German BW Handels- und Vertriebs GmbH - a distributor of food products purchased in 50% by the company Tarczyński SA. Increases in this sector reflect the trend also visible in the TMT sector: investors are looking for ways to strengthen the supply chain, distribution and sales in the uncertain post-pandemic period.

Companies are looking for ways of optimization

The pandemic did not end with the introduction of COVID-19 vaccine, and its effects will be long-term. Based on the experiences gathered last year, more companies will decide to change their strategy or optimize it this year. Entrepreneurs are looking for technological solutions that will accelerate the process of restructuring, obtaining financing or selling the company. As a tool designed to streamline the processes of mergers and acquisitions, the Virtual Data Room type system was used in over one-third of transactions on the Polish market in the last quarter.

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Artur Wilk

Manager
Navigator Capital

In the fourth quarter of 2021, **76** transactions were closed on the Polish Mergers and Acquisitions market, which is more by 21 than in the same period of 2020. This is a record number when compared to the analogous periods over the last years, especially taking into account market disruptions caused by COVID-19 pandemic.

The largest transaction in terms of value in the last quarter was the acquisition of Aviva Polska, one of the key players on the Polish life and property insurance market with a net profit of PLN 660 m in 2020, by German Company Allianz operating in the same industry and focusing its strategy on the CEE market expansion. Allianz aims at both enhancing its presence in the CEE region and developing its range of products and systems through innovations and technologies that are crucial for the customer satisfaction.

The last quarter on the M&A market differs from the previous periods especially with regard to the significantly increased number of transactions. Sector analysis of the targets indicates that the TMT is constantly the leading sector among target companies. TMT accounted for **16%** of all the finalized transactions, in which e-commerce companies were most active on the buy-side. Among one of the most notable transactions in this area, stands the acquisition of the Polish Company Polkomtel Infrastruktura, the owner of over 7 thousands telecommunications facilities, from Cyfrowy Polsat Group. Target's infrastructure includes 11 thousands kilometers of optical fibres and 37 thousands kilometers of various on-air systems and transmission networks. Transaction marks the end of the transformation of the telecommunications infrastructure market in Poland, that mainly concerned the departure of Mobile Network Operators from the model of the ownership of the telecommunications infrastructure. Also, the e-commerce sector recorded an increased M&A activity, with the noteworthy investment of Mid Europa Partners in Pigu Group that operates on the Lithuanian market with additional footprint in other Baltic countries and Finland. Pigu constitutes a platform for a further consolidation within the e-commerce and marketplace sectors across the Baltic countries, yet the new owners aspire to gain a regional leadership position.

Companies from the biotechnology and health care sector also had a significant, 13% share in the total number of transactions. An example of the prominent transaction in this area is the acquisition of 3 entities - Euro-Apteka, Super Zdrowie and MLV 18, retailers of medicinal products and other products, by DOZ, the operator of „Apteka Dbam o Zdrowie” pharmacy chain and one of the main players on the Polish pharmacy market. The acquisition is to increase DOZ's market share and expand its distribution network. Furthermore, Tar Heel Capital fund continues its consolidation activities in the dental services industry, with the acquisition of Wrocław-based Tulident dental clinics by its portfolio company Centrum Estetique.

The largest share in the number of acquired entities had the TMT - **16%**, biotechnology - **13%** and services - **12%**. The most active buyers were in the biotechnology sector - **14%**, PE/VC - **11%** and TMT - **9%**. The largest group among the selling companies were private investors - **59%**, financial services companies - **9%** and PE/VC funds - **8%**.