

M&A Index Poland

Q3 2019

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

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by Navigator Capital & FORDATA | October 2019

Total number of transactions*

33 (Q3 2019)

The largest transaction**

EUR 90 m

(Acquisition of 31,65% shares in Bioton by Yifan Pharmaceuticals)

* based on public data

** among transactions with disclosed prices

About the report:

The M&A Index Poland report is a position that has become a permanent fixture in the calendar of the industry summaries in Poland. The reports are prepared quarterly by a consulting firm **Navigator Capital** and **FORDATA**, a leader in the field of IT solutions which support M&A transactions.

These reports are created to monitor the dynamics of Polish M&A market and to demonstrate the most interesting transactions. We also monitor the frequency of use of the Virtual Data Room during M&A processes in Poland.

Introduction

In the third quarter of 2019, we witnessed 33 transactions on the Polish mergers and acquisitions market. It is by 18 fewer than in the third quarter of 2018. The largest transaction was the acquisition of 31,65% shares of Bioton by Yifan Pharmaceuticals.

Selected transactions

TARGET	BIDDER	SELLER	VALUE [EUR]
Vindix	Cyfrowy Polsat	Private investor	7 m

(9th July) One of the largest Polish telecommunications company, Cyfrowy Polsat, acquired a majority stake in Vindix, a family-owned debt service company. The shares were acquired by company belonging to the holding. Vindix has been on the market for years and during this time it built a debt portfolio worth more than EUR 100m. Cyfrowy Polsat is the owner of, among others Polkomtel and Telewizja Polsat. In 2018, it generated EUR 2.5bn in revenue.

TARGET	BIDDER	SELLER	VALUE [EUR]
United Packaging	Top Packaging	Private investor	Undisclosed

(5th August) By purchasing United Packaging, the German packaging manufacturer Top Packaging, which is a part of the Thimm Group, intends to strengthen its presence in Poland, which is one of the strategic markets of the Thimm Group. Acquisition of United Packaging, a company that deals with ecological production of cardboard packaging in the premium sector and operating mainly on the local market is part of the Thimm Group's strategy that is focused on catering for the needs of and supplying local companies. The deal was completed with the use of FORDATA Virtual Data Room.

TARGET	BIDDER	SELLER	VALUE [EUR]
Infinite	DialCom24	Emperia Holding	Undisclosed

(7th August) A Polish company from the fintech industry, DialCom24, a software producer and the owner of the Przelewy24.pl, took over Infinite, a provider of IT solutions for business customers from Emperia Holding - a company belonging to the Lithuanian group Maxima, the owner of Stokrotka stores. Infinite is a company operating on many European markets, specializing in electronic data exchange, data archiving, ERP systems and sales force automation solutions. The acquisition of the target's customer base, as well as its solutions for DialCom24 will result in strengthening the position on the IT solutions market, while Infinite has gained an investor who will finance and support its dynamic development.

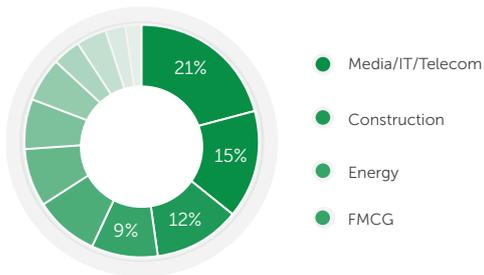
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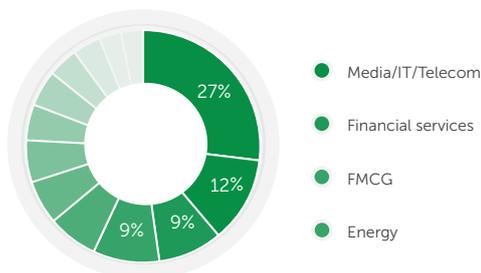
By sector

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

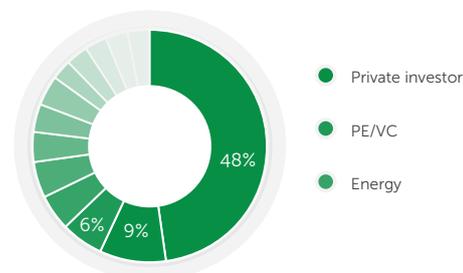
TARGET (%)



BIDDER (%)



SELLER (%)



TARGET	BIDDER	SELLER	VALUE [EUR]
Anwis	WAREMA Renkhoff SE	ARX Equity Partners	Undisclosed

(12th August) Anwis is a leading manufacturer of window covers in Europe. After the purchase of 100% shares in the Polish company from ARX Equity Partners, WAREMA, which is a leader in the field of technology on the global market, will enable further development of Anwis, implementation innovative solutions in the field of sunlight management and enhancement its position on the local and foreign market. WAREMA continues thanks to this global development. The transaction was carried out using the FORDATA VDR system. Importantly, Anwis remains under its original brand and will operate according to current strategy, also offering its own products to its customers.

TARGET	BIDDER	SELLER	VALUE [EUR]
Pizza Portal	Glovoapp23 SL	AmRest	30 m

(14th August) The largest restaurant group in Poland, AmRest Holding, sold Restaurant Partner Polska, which runs an internet platform for ordering food - PizzaPortal, to its Spanish counterpart - Glovoapp23, the owner of the Glovo application. PizzaPortal is currently the industry leader on the Polish market, while Glovo is leading the European market. It has about 5.5m users and 16 000 business partners in 26 European and African countries. The acquisition will be an opportunity to strengthen its position in the CEE region and remain a leader in Poland.

TARGET	BIDDER	SELLER	VALUE [EUR]
Termo Organika	Soprema SAS	Krokus Private Equity	Undisclosed

(28th August) Polish private equity fund Krokus has sold a 75% stake in Termo Organika, the largest producer of polystyrene in Poland, to the French company Soprema, a European leader in the insulation materials industry. The purpose of the transaction was to consolidate Soprema's position in Central and Eastern Europe, to acquire 4 modern factories located in Poland, as well as a wide distribution network. Termo Organika is a leading manufacturer of insulation materials - including Styrofoam boards containing composite. In 2018, it achieved approx. PLN 80 m of revenue.

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TARGET	BIDDER	SELLER	VALUE [EUR]
Bioton	Yifan Pharmaceuticals	Ningbo Bonded Area Dongren Investment; Kelipond Investment	90 m

(2nd September) Chinese pharmaceutical company, Yifan Pharmaceuticals, has become the indirect owner of 31.65% of shares in the Polish biotechnology company - Bioton S.A. Moreover, in July 2019, the companies signed a cooperation agreement in the field of insulin analogues. Bioton is one of the largest companies in the industry listed on the Warsaw Stock Exchange. Its main activity is the production of insulin drugs and antibiotics. In 2018, the company generated around EUR 50m of revenue.

TARGET	BIDDER	SELLER	VALUE [EUR]
frameLOGIC	Vehco	Private investor	Undisclosed

(2nd September) frameLOGIC, a dynamically developing manufacturer of fleet management systems (FMS) was taken over by the Swedish supplier of FMS Vehco, which is a part of the AddSecure group. The acquisition of frameLOGIC means further development of the Polish company, increase in scale of business, opportunities for innovation as well as assistance in constituting a leading entity on the European market in the area of modern solutions for fleet management. The transaction was realized by the FORDATA VDR system, which according to the clients guaranteed professional and fast process completion.

TARGET	BIDDER	SELLER	VALUE [EUR]
Euroklimat	CEZ	Private investor	Undisclosed

(4th September) Czech energy company CEZ bought 75% of shares in the Polish supplier of sanitary equipment and the HVAC market leader - Euroklimat. The company has headquarters in 4 major Polish cities - Poznań, Wrocław, Warsaw and Gdańsk, in which it employs 223 people and achieved approx. EUR 60m revenue and EUR 10m net profit in 2018. The CEZ Group is one of the largest energy companies operating in the CEE region - it mainly focuses on the production and distribution of electricity and heat. The company has been listed on the Warsaw Stock Exchange since 2006 and operates on the Polish, Romanian, Bulgarian and Turkish markets.

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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 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



Authorised Adviser



Contact

Wojciech Sosnowski Manager
e: wojciech.sosnowski@navigatorcapital.pl
t: +48 22 202 68 80

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

Alicja Kukla-Kowalska Senior Key Account Manager
e: alicja.kukla@fordatagroup.com t: +48 533 354 054

FORDATA sp. z o.o.
Taczaka 24, 61-819 Poznań, Poland
t: +48 61 660 15 10 e: office@fordatagroup.com
fordatagroup.com

TARGET	BIDDER	SELLER	VALUE [EUR]
Fagor	Amica	Fagor S. Coop	5 m

(6th September) Amica, a Polish home appliance manufacturer, has revealed that it has reached an agreement with Fagor S. Coop regarding the acquisition of rights to the Fagor brand. Under the contract, Amica acquired exclusive rights to use the Fagor brand in the production of large home appliances for a period of 15 years with the option of extending it for another 15 years if sales of Amica products under the Fagor brand reaches at least EUR 35m. Amica is the largest Polish manufacturer of household appliances and a leader on the Polish market, holding in it approx. 18% share, and also present on almost all European markets.

TARGET	BIDDER	SELLER	VALUE [EUR]
Sonet	Asseco SEE	Private investor	5 m

(6th September) Payten, owned by the southern European branch of Asseco Poland, acquired 100% of shares in the company Sonet offering services in the field of payment terminals and software implementation in the Czech Republic and Slovakia. The acquisition is part of the strategy implemented by Asseco, consisting of expanding the business of Payten, a part of its business responsible for payment services. The acquired company in 2018 generated approx. EUR 8m of profit and EBITDA of 1.5 million. The transaction will significantly affect Asseco Poland's position in the payment services market segment in southern Europe.

TARGET	BIDDER	SELLER	VALUE [EUR]
PGE Gaz Toruń	PGE	PFR	65 m

(26th September) The largest Polish energy company PGE, which is controlled by the Treasury, purchased from PFR half of the shares in a two-year gas-fired CHP plant located in Toruń. As a result of the transaction, PGE has become the sole shareholder in the company, which has been established by the French EDF and Polskie Inwestycje Rozwojowe. The company's reports do not disclose accurate data, but they inform that currently the company's liquidity and financial condition are very good and will allow dividends to be paid and the shareholders' systematic redemption.

TARGET	BIDDER	SELLER	VALUE [EUR]
Ceramika Nowa Gala	Cerrad	Private investor	2 m

(26th September) Cerrad is a Polish producer of gres and clinker tiles bought 100% of shares in Ceramika Nowa Gala. As a strategic investor of Ceramika Nowa Gala Cerrad is to integrate both companies and use the synergy effect in long term. At the beginning of September, the investor announced a tender offer for shares. Both producers have a cooperation agreement to support Cerrad in the tender offer. Ultimately, the company intends to acquire 100% shares of Ceramika Nowa Gala. The FORDATA VDR system was used in this transaction process.

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Experts' comments



**Alicja
Kukla-Kowalska**

Senior Key Account Manager
FORDATA

In the third quarter of 2019, we observed a much lower volume of mergers and acquisitions than in the corresponding period of previous years. It was made up of only **33 transactions** (for comparison: 51 in the third quarter of 2018 and 42 in the third quarter in 2017). Invariably this year, the TMT sector was the most active in the last quarter - **21%** of the acquired entities and **27%** of buyers. In this area, the largest transaction in terms of value was the acquisition of ABC Data by the Swiss ALSO Holding for EUR 33 million.

Poland is still attractive

Nearly **40%** of buyers in Q3 2019 were foreign investors. Interest in Polish companies still remains at a high level - last quarter recorded their largest share this year. Entities from the European Union dominate - as much as **76%** of foreign investors. Spanish investors bought from us three times, the French - twice. On the other hand, only one takeover was recorded by entrepreneurs from the United States (purchase of a database supplier WiseBase by Syndigo) and China (partial purchase of Bioton by Yifan Pharmaceutical - the largest transaction of this quarter in value - EUR 90 million). Among foreign investors, there is a noticeable advantage of investments in traditional areas: industrial production, construction and energy - as much as 70% of the acquired companies operate in this sector.

No record-high acquisitions

In the analyzed period, however, we did not record transactions with an above average volume. In addition to the sale of Bioton, there were four acquisitions with a value disclosed close to or exceeding PLN 100 million (EUR 22,8 m). It was the partial purchase of PGE Gaz Toruń by PGE for PLN 275 million (EUR 62,8 m), the sale of Pizza Portal to the Spanish Glovoapp23 for PLN 129 million (EUR 29,4 m), the abovementioned acquisition of ABC DATA - PLN 146 million (EUR 33 m) and the purchase of 51% of shares in FBSerwis, a provider of modern solutions for the construction and road industries as well as municipal waste processing, by Budimex for nearly PLN 100 million. The latter transaction will allow Budimex, among others, for further acquisitions within waste management companies, which is meant to integrate the market. In Poland, the merger of Orlen and Lotos is still the loudest deal, as one of the key transactions in terms of increasing the competitiveness of the Polish economy. We will probably wait until the end of 2019 or the beginning of 2020 to see it close and learn the quotas.

PE / VC funds less visible

The share of PE / VC funds among sellers is consistently falling. In the first quarter of 2019 they constituted 13%, in the second **11%**. In the last period analyzed we have observed even lower activity of sellers from this area, only 9%. Despite this decrease, the total disclosed value of transactions over the period in which PE / VC funds were involved on both the sellers and buyers side was high and significantly exceeded the amount of EUR 102 million, which bodes well for the value of the industry in the all-year perspective.

Transactions involving FORDATA Virtual Data Room

Among the most important disclosed transactions which in the past quarter were supported by the FORDATA Virtual Data Room were, among others, the selling of United Packaging to German producer Top Packaging, taking over of frameLOGIC by the Swedish fleet management system provider Vehco and Cerrad's purchase of Ceramics Nova Gala. Both are Polish producers of tiles.

The prospect of slowdown is still ahead of us

According to many economists, the troubles of the German economy caused by the crisis in the automotive industry, the still uncertain terms of Brexit and the trade war between China and the USA may lead to a decline in Polish GDP from the forecasted 4.4 to 3.4 or lower in the coming quarters. Despite that, Poland is doing well compared to countries such as Germany, Great Britain and France, and the GDP is still high. Poor PMI readings throughout the Euro area caused considerable fear among investors who began selling more risky assets, including currencies from CEE region. The investment slowdown is not behind us yet.

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**Alicja
Kukla-Kowalska**

Senior Key Account Manager
FORDATA

In this context, the loudest news in recent months was the sale of mBank by Commerzbank. mBank is one of the leading universal commercial banks in Poland. "Repolonization" is therefore more and more real. In a recently published strategy, the German bank envisages selling of mBank's majority stake. It is said that mBank will be taken over by Polish national bank PKO BP. Historically, several leading banks have merged in recent years. Last year it was the merger of Raiffeisen Bank with BGŻ Paribas, while in May this year a merger of Millenium Bank with Euro Bank took place.



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Wojciech Sosnowski CFA

Manager
Navigator Capital

During the third quarter of 2019, **33 mergers and acquisitions** were closed on the Polish M&A market. This is by 18 less than in the same period of 2018.

The largest transaction in terms of value in the last quarter was the purchase of approximately 31% of shares in Bioton - a producer of antibiotics and insulin drugs, indirectly through the acquisition of Singapore investment funds, by Yifan Pharmaceuticals, a Chinese company from the pharmaceutical industry. The takeover of part of the company's shares, as well as the cooperation agreement signed at the beginning of July should have a positive impact on the development of the Polish enterprise, especially in terms of product innovation and increased expenditure on research and development of new technologies.

The last quarter on the mergers and acquisitions market in Poland is distinguished by an exceptionally low number of transactions compared to the previously analyzed period. Analyzing the sectoral structure of the entities involved in transactions, a sustained consolidation process of the Polish technology and media sector can be observed. In the past quarter, as many as **21%** of the acquired companies operated in this sector, and among the acquiring companies - **27%**. The largest transactions on this market were the acquisition of ABC Data, a Polish equipment distributor and IT service provider, by ALSO Holding, as well as the acquisition of Czech payment terminal operator - Sonnet and the Spanish supplier of IT solutions for the energy sector - Tecsisa by Asseco Poland. One of the most important transactions in this market was also the sale of the online ordering website - PizzaPortal by AmRest to its Spanish competitor - Glovoapp23. Since the beginning of the year, technology sector companies have been the largest part of the acquired entities. Their buyers are usually large, well-established companies seeking synergy effects.

In the previous three months, the low activity of private equity funds on the merger and acquisition market was particularly noticeable. In the previous quarters of 2019, they took part as the acquiring party in approximately 20% of transactions carried out. The decline in the activity of funds, both Polish and foreign, may be caused by holiday season and focus on seeking exit paths from their portfolio investments. Examples of such transactions could be the sale of ABC Data by MCI and the exit from the investment in Termo Organika, made by Krokus PE.

The largest share in the number of acquired entities had the TMT sector - **21%**, construction - **15%** and energy - **12%** of the acquired. The buyers were also most active in the TMT sector - **27%** and financial services - **12%**. The largest group among the selling companies were private investors - **48%**, PE/VC funds - **9%** and energy companies - **6%**.