

M&A Index Poland

Q2 2022

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

Experts' comments to the 44th edition of the report can be found on the website:

fordatagroup.com/blog

Total number of transactions*

89 (2Q2022)

The largest transaction**

EUR 379 m

(Acquisition of 50% of shares of FiberForce
by Infravia Capital Partners)

* 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 Q2 2022, we witnessed **89 transactions** on the Polish M&A market. This is 7 more than in Q2 2021. The largest transaction was the acquisition of **50% of shares of FiberForce by Infravia Capital Partners**.

Selected transactions

Target	Bidder	Seller	Value [EUR]
Elektrotermex	Viessmann	Private Investor	Not disclosed

(April 1) Elektrotermex, a producer of heating systems very actively operating on the Polish market, and Viessmann, a global supplier of air conditioning solutions, announced a strategic partnership in the field of heating solutions in Poland, the aim of which is to strengthen Elektrotermex's position and gain better access to the Polish market by Viessmann, especially in the field of district heating. The parties decided not to disclose the value of the transaction. The transaction process was carried out using the FORDATA Virtual Data Room system.

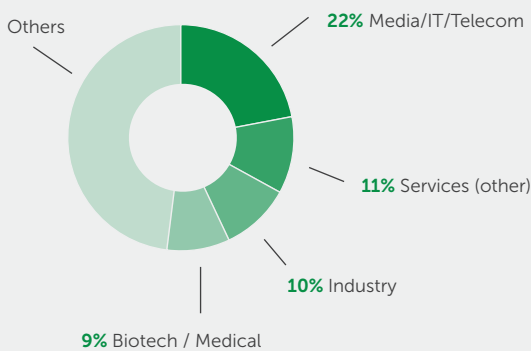
Target	Bidder	Seller	Value [EUR]
Purella	Bakalland	Private Investor	Not disclosed

(April 9) Bakalland, a leading Polish producer of nuts, bars and cakes, has announced its desire to merge with Purella, a start-up specializing in the health food segment. The companies' boards of directors emphasize that, with the approval of the merger plans by the regulator, it will be possible to achieve significant synergies from optimization of the product portfolio and further joint development. Bakalland has many years of market experience and a distribution base, while Purella has managed to launch many novelties, such as protein bars and superfoods, over the course of just a few years of operations. The Group plans to develop dynamically in the segment of plant-based meat substitutes and food for vegans, and to take steps to spread the opinion among consumers that Bakalland's main business is the sale of food beneficial to health.

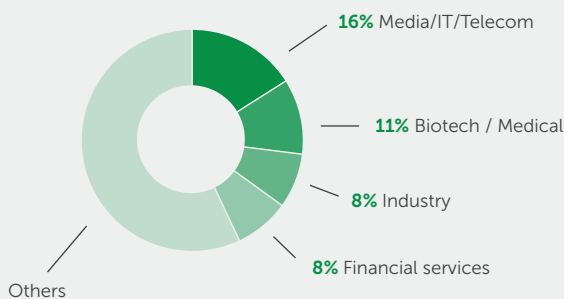
By sector

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

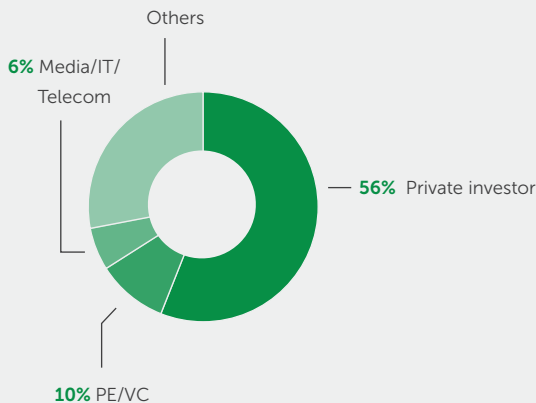
TARGET (%)



BIDDER (%)



SELLER (%)



Target	Bidder	Seller	Value [EUR]
Izolbet, Izolbex	Bakalland	Private Investor	Not disclosed

(April 12) Lafarge Cement, a cement producer owned by Switzerland's Holcim Group, has filed an application with the OCCP for the acquisition of Izolbet and Izolbex, part of Izolbet Holding. The value of the transaction on the assets of the Gostynin-based companies has not been disclosed, and the deal is expected to close in the second half of the year. Izolbet is a manufacturer of insulation and dry mortar systems, employing about 170 people. The transaction is part of Lafarge's ambitious growth strategy, which included a EUR 100 million investment in the modernization of the Małogoszcz cement plant. The company operates dozens of plants, employing nearly 1,500 specialists.

Target	Bidder	Seller	Value [EUR]
MailerLite	Vercom	Itama Ventures	84 m

(April 26) Similarly to previous periods, WSE-listed Vercom was very active in the M&A market. In contrast to previous transactions aimed at strengthening the company's position in the CPaaS market in the Central and Eastern European region, the MailerLite acquisition enables growth in new geographic areas, such as North America and Western Europe. After the completion of the process, the Group will have a base of 57,000 customers in 180 countries. The transaction was valued at EUR 84.13 million, and the amount was financed by taking out a bank loan, using part of the proceeds from last year's IPO, as well as by the acquisition of Vercom shares by shareholders of the acquired entity. MailerLite's 2021 revenue is expected to be around PLN 53 million, maintaining a high growth rate.

Target	Bidder	Seller	Value [EUR]
Rol-Ryz	Mitsui & Co	Euricom	Not disclosed

(May 3) Rol-Ryz, the market leader in rice in Central and Eastern Europe, has become an acquisition target of Japan's Mitsui & Co Group, which, under a deal signed with Italy's Euricom Group, has become the owner of 28.6% of the Company's shares. Mitsui & Co is a diversified holding group, operating in eight business segments, including energy, chemicals, metal processing and food processing. The acquirer said the acquisition is related to the growing role of rice as a staple food for millions of people and a source of protein with low environmental impact.

Target	Bidder	Seller	Value [EUR]
Sygnity	Topicus	Value FIZ, Cron, Public investor	42 m

(May 17) In March Topicus, a Toronto-listed player in the information technology industry, announced that its subsidiary, TSS Europe, is willing to acquire another Polish company in the industry, following the acquisition of Simple, announced earlier this year. Sygnity is an IT company that was founded just after Poland's political transition and has been listed on the Warsaw Stock Exchange for 26 years. TSS Europe announced a tender offer for 100% of Sygnity's shares at PLN 12 per share. The shares were sold by the company's main shareholders - Value FIZ (holding about 28% of the shares) and Cron (24%). In May it was reported that some shareholders did not respond to the tender offer, effecting in Topicus holding 72.7% of Sygnity's shares. Currently, Sygnity's share price is above the tender offer price.

Target	Bidder	Seller	Value [EUR]
Armenia Securities Exchange	Warsaw Stock Exchange	Central Bank of Armenia	1.8 m

(May 21) The Warsaw Stock Exchange has purchased a 65.03% stake in the Armenia Securities Exchange from the Central Bank of Armenia. The transaction will result in the WSE taking control of the Central Depository of Armenia (CDA). The total capitalization of companies listed Armenia Stock Exchange is only PLN 2.5 billion, compared to the total capitalization of WSE entities of PLN 1.05 trillion. The transaction will raise the WSE's profile in the Eurasian region, which may bring new investors to the market and increase interest among companies in listing on the Warsaw trading floor.

Target	Bidder	Seller	Value [EUR]
Krynicky Recykling	SCR Sibelco	Public investor	80 m

(May 30) The European market leader in glass recycling has purchased a majority stake in Krynicky Recycling, the largest Polish player in the sector. SCR Sibelco is a Belgium-based company with operations in France, Italy and the UK. The buyer announced a tender offer aimed at acquiring 100% of the company's shares, setting the tender offer price at PLN 23 per share. Investors holding a total of 93.8% of the company's shares responded. Adam Krynicky, the company's CEO, decided to sell all his shares. Sibelco also sells to companies in a variety of industries, including glass, ceramics, polymers and the construction sector. The company generated 1.7 billion EUR in revenue last year.

Target	Bidder	Seller	Value [EUR]
Black Red White	XXXLutz	Private Investor	Not disclosed

(May 31) XXXLutz, an Austrian company active in the furniture market, has acquired a 50% stake in Black Red White, a Polish furniture manufacturer and retailer. The Austrian entity is one of the three largest furniture retailers in the world, with annual sales of 5.34 billion EUR. The acquisition aims at a strategic partnership between the companies. BRW is Poland's largest furniture group, holding around 20% of the local furniture market. According to Black Red White, the management team will not change, and the company will continue to operate independently, retaining control over its own retail and export network, as well as its production infrastructure. The Polish company assumes that the cooperation will bring development in terms of production capacity and expansion of the retail network.

Target	Bidder	Seller	Value [EUR]
Plastwil	Voestalpine Railway Systems	Private Investor	Not disclosed

(June 6) Voestalpine Railway Systems, a global producer and leader in the sale of tools and special steels as well as welding articles, takes over Plastwil, a Polish plastics and steel processor operating in the railway, household appliances and automotive industries. The proceeding is of a consolidative character. Plastwil has been on the market since 1983. The company employs over 400 people, providing products and solutions in Poland and on foreign markets. The transaction process was carried out in the FORDATA Virtual Data Room system.

Target	Bidder	Seller	Value [EUR]
Softgarden	Pracuj Group	Investcorp Technology Partners	118 m

(June 14) The Pracuj Group has made another acquisition as part of its strategy to increase business scale through acquisitions. The purchase of Softgarden for EUR 118 million will enable the Group to increase its exposure to markets in German-speaking countries. The purchase of the company was financed with both the Pracuj Group's cash on hand and debt financing raised for this purpose. Softgarden is a Berlin-based entity specializing in providing solutions to support innovative recruitment, with a base of about 1,700 business clients. For the time being, the Pracuj Group plans to keep the Softgarden brand functioning in the market, as the brand is very recognizable in the DACH region and a name change could be poorly received by the customers. However, this should not prevent the creation of synergistic effects.

Navigator Capital

- Navigator Capital along with Dom Maklerski Navigator (Navigator Brokerage House) is the leading independent financial adviser, specializing in mergers and acquisitions and public and private issues of stocks and bonds.
- During 15 years of its market presence, Navigator Capital Group conducted over 100 transactions, of over PLN 15 billion total value.
- Through cooperation with international network of advisory firms associated in the Pandion Partners, Navigator Capital effectively handles international transactions.

FORDATA

- FORDATA is a pioneer on the Polish capital market. Based on Virtual Data Room technology, we support our clients in managing documents and communication during complex transactional processes.
- We support the largest M&A, IPO transactions, private equity investments, restructurings, projects associated with obtaining financing and privatizations in Poland and other countries of Central and Eastern Europe.
- FORDATA systems increased safety and efficiency of hundreds of different types of transactions with a total value of over PLN 35 billion
- FORDATA services are used by the industry leaders in Poland and abroad, including largest advisory companies, banks, legal advisors or Private Equity/Venture Capital funds, ie. Enterprise Investors, Enea SA, Home.pl, Grupa LOTOS, Grant Thornton, NFI Empik, ZELMER, Bank DNB, BOŚ Bank, Polimex Mostostal, Budimex, DM PKO Banku Polskiego, Deloitte Advisory, EY, KPMG Advisory, JSW, HAITONG and many others.



Business Partners



Authorised Adviser



Contact

Artur Wilk, Manager

e: artur.wilk@navigatorcapital.pl
t: +48 881 700 119

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

Marcin Rajewicz, Account Manager

e: marcin.rajewicz@fordata.pl
t: +48 533 354 054

FORDATA sp. z o.o.

Taczaka 24, 61-819 Poznań, Poland
t: +48 533 354 054 e: office@fordatagroup.com
fordatagroup.com

Target	Bidder	Seller	Value [EUR]
VACO	Rentokil Initial	Private Investor	Not disclosed

(June 19) The London-listed British hygiene and pest control services provider has acquired VACO, a Polish company specializing in disinfection, disinfestation and deratization services. Rentokil has been present in Poland since 2015, generating PLN 50.5 million in revenue in its last fiscal year. VACO was the largest of the M&A processes carried out by the Investor, involving more than half of the allocated funds. VACO has nearly 200 employees, and in 2021 achieved PLN 30 million in revenue and PLN 2 million in net profit.

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

(June 21) Avallon, a Polish private equity fund, has made an investment in network asset inventory software company Globema, becoming its controlling stake owner, with the Company's managers taking minority stakes. Avallon is a fund specializing in MBOs, benefiting from cooperation with managers in buying out the company's shares. The Company has already completed four transactions with it's third fund of 137 million EUR. One of them was Hortimex, a distribution platform mediating between food ingredient manufacturers and Polish grocery producers. The value of the transaction was not disclosed, but the Fund confirmed that it was in line with its strategy of pursuing investments in the range of 10 to 20 million EUR. The Fund is not only making investments, but also sells some of its portfolio companies. On June 17 It sold its stake in Stangl Technik. Avallon has communicated that it plans to make further transactions this year.



Marcin Rajewicz

Account Manager at FORDATA
Real Estate expert

Experts' comments

In the second quarter of 2022, we recorded as many as 89 M&A transactions, which is the highest result for this period in the history of the report: 7 more than in the corresponding quarter of the previous year and 3 more than at the beginning of this year. Therefore, we can already expect a high end-year result, also due to the forecasts of some experts about a possible increase in the distressed assets - companies which may be affected by inflation, shortages in the commodity markets, rising energy prices and interest rates, and other dependencies arising from, among others, in result of the Russian attack on Ukraine and the sanctions imposed on the aggressor.

Conflict-related transactions

In the second quarter, we did not notice any particular impact of the situation beyond Poland's eastern border on the domestic transaction market. For the necessary legal and operational reasons, the CCC Group sold the Russian part of its business to an undisclosed Russian entity - a total of 39 stores that are to operate under the new Obuv brand - while Cersanit did the same by selling the business in the East to Sangre International from the United Arab Emirates. The third transaction recorded by us was related to the redemption of the majority stake in IQFM Sp. z o. o., one of the leading field marketing agencies in Poland, so far owned by the Russian OPEN Group. As a result of these proceedings, the company went entirely into the hands of domestic private investors. About 1,000 companies related to Russian capital operate on the Polish market currently. The Polish government maintains sanctions against 34 of them.

TMT on top of acquisitions

The TMT companies (20 transactions) became the main target of investors again, mainly producers of software and computer hardware (11 transactions). 22% of acquisitions within TMT is a decrease by 7 p.p. compared to the same period of the previous year and by 6 p.p. compared to the previous quarter. However, the consistently high position of the sector still confirms its enormous resistance to macroeconomic turmoil. The transaction with the highest value was the purchase of the Lithuanian mailing service provider Mailerlite by Vercom for the amount of over EUR 84 million. In turn, the Canadian Topicus.com, a provider of software dedicated to vertical markets, acquired an industry competitor, Sygnity, for EUR 42 million.

FMCG and services on an upward wave

The consumer sector (food and retail) has once again found itself to be an investment target after a temporary decline in activity in the first quarter of the year (an increase from 3 to 10 transactions), establishing together approx. 11% of all acquisitions recorded from April to June. In turn, among services undefined within the dominant industries, we recorded 10 acquisitions in the last quarter - which is 1 more than at the beginning of the year and 3 more than in the second quarter. Recruitment agencies (3 acquisitions), marketing agencies (2) and companies from the logistics sector (2) were the most popular. The latter included the acquisition by Żabka Polska of Zolsfort Investments, which will be used by the European giant in the convenience shopping sector to create a supplier for its growing catering offer; and the acquisition of P2A Box, a manufacturer of parcel machines, by Pointpack SA.

PE/VC funds tucked their wallets away

The most noticeable change in the structure of buyers on a quarterly basis is a significant decline in the activity of PE/VC funds, which shrunk from 14 acquisitions made on the Polish market at the beginning of 2022 to just 4 done in the second quarter. This is the lowest recorded activity of the PE/VC sector since Q2 2020, when the funds made 3 purchase transactions. The situation is therefore analogous to that of the outbreak of the pandemic. The uncertain macroeconomic situation related to the war in Ukraine prompts funds to be more cautious in terms of investment. In the analyzed period, Avallon purchased Hortimex and Globema alongside Rokoko Partners and Luxembourg-based Infravia V Partners, who made single acquisitions. On the sellers side, the activity was much higher - 9 transactions, which was the same as in the previous quarter.

Even more digitization of Polish companies

The Digi Index 2022, which in a way is the equivalent of the PMI for the digital industry, increased by 0.6 points this year - from 1.8 to 2.4. This is a very good sign which indicates that Polish entrepreneurs are willing to increase spending on digitization. According to the authors of the report, managers less and less often ask the question "whether" and more and more often "how" to digitize a company. As many as 70% of the survey respondents declared that they invest in digitization, which is an increase by 42% y/y. FORDATA's internal analyzes show that owners of law firms show a similar tendency. Particularly, smaller entities increased their interest in the VDR tool, which is related to, inter alia, a greater participation of law firms in transaction processes compared to corporate finance advisors, as of recent. Our estimates show that the Virtual Data Room was used in approx. **30% of transactions** carried out on the Polish market in the last quarter.





Karol Szykowny

Director
Navigator Capital

In the second quarter of 2022, **89 M&A transactions** were observed in the Polish market. Compared to the same period last year, the number of completed transactions increased by 7. However, compared to the first quarter of this year, the number of completed transactions increased by 3.

Among the acquisition processes announced in Q2, the highest value, amounting to nearly PLN 1.8 billion, was observed in the sale of a 50% stake in FiberForce by Play Communications. The transaction was closely linked to the PLN 7 billion purchase of UPC Polska a year ago, as the assets sold in Q2 to the Infravia Capital Partners fund were part of the previous deal, belonging to UPC. FiberForce is a company focused on the fiber optics market, covering with its infrastructure approx. 3.7 million households. Thanks to the strategic cooperation between Iliad Group-owned Play Communications and Infravia Capital Partners, FiberForce's infrastructure is planned to grow rapidly, with its fiber connection base expected to expand by another 2 million households covered.

The 89 completed M&A transactions during the quarter is one of the highest results recorded since the beginning of the publication of the Report. This is largely the result of ongoing consolidation trends in many sectors, also observed in earlier periods. The current geopolitical situation has contributed to decisions made by numerous Polish companies to sell their subsidiaries based in the Russian Federation. It is expected that similar transactions may also take place in the next quarter.

As in previous periods, private investors acted as sellers in most of the transactions carried out. It should be noted, however, that their share is steadily declining. In earlier quarters, their share was usually at 65-75% of completed transactions, while in Q2 2022 it was 56% of sales processes. Financial investors were the sellers in one in ten transactions, like in the previous quarter.

The increase in activity of Polish companies in foreign markets is worth noting. This is most often associated with diversification of the geographic structure of revenues. Entities listed on the Warsaw Stock Exchange were leaders in this field. Similarly to previous periods, an acquisition was announced by Asseco South Eastern Europe. This time the acquisition target was Bithat, based in Romania. Vercom used part of the funds raised during the IPO to acquire MailerLite, increasing its customer base to 57 thousand and gaining exposure to the North American and Western European markets. The Pracuj Group, a local leader in employee recruitment services allocated as much as 118 million EUR for Softgarden, an entity in a similar industry based in Berlin. The above transactions show that the role of Polish companies in the European economy is steadily growing and they can be successful in foreign expansion.

The most frequently acquired entities were those operating in the IT industry - **22%**, services - **11%** and industry - **10%** of transactions. Among buyers, the following sectors had most active strategic investors: IT - **16%**, biotechnology - **11%**, financial services - **8%** and industry - **8%**. The activity of financial investors in the form of private equity funds was lower on the buy side than in the previous quarter, and accounted for **4%** of transactions. Among sellers, private sellers dominated - **56%** and PE/VC funds - **10%** of transactions.