

M&A Index Poland

M&A in 2022

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

Experts' comments to the 46th edition of the report can be found on the website:

fordatagroup.com/blog

Total number of transactions*

341 (2022)

The largest transaction**

EUR 548 m

(Acquisition of 100% of shares
of Lotos Paliwa by MOL)

* 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 2022, **341 transactions** were recorded on the Polish market, 13 more than a year ago. The largest among them was the acquisition of Lotos Paliwa by MOL for the amount exceeding PLN 2.5 billion.

Selected transactions

Target	Bidder	Seller	Value [EUR]
Lotos	MOL, Saudi Aramco, Unimot, Rossi Biofuel Zrt	Lotos Group	Not disclosed

(January 12) In the first days of the year, the most famous of the M&A transactions completed in Poland was announced. Due to the fact that the merger between Orlen and Lotos threatened excessive market concentration, it became necessary to sell some of the assets of the company located in Gdańsk. Shares in five of Lotos' subsidiaries were sold to foreign buyers, as well as fuel base assets, which went to Unimot. In addition to meeting the requirements to receive merger approvals, the transaction allowed for Orlen's foreign expansion, with Orlen committing to purchase 185 MOL stations in Slovakia and Hungary. The agreement with Saudi Aramco is also considered a strategic move, which will reduce the need to import oil from the Russian Federation.

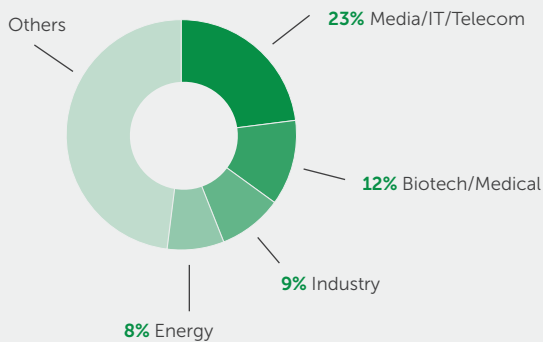
Target	Bidder	Seller	Value [EUR]
eSKY	MCI Capital	Private Investor	34m

(February 2) Private equity fund MCI Capital, recognized as a leading financial investor in technology companies in the CEE region, has acquired a 55% stake in eSKY, an airline ticket booking platform. The amount of EUR 34 million consists of the purchase of shares from the current owners for PLN 137.7 million and the subscription of a new issue for an estimated PLN 20 million. The purchase of the stake in the company, which is one of the major players in its industry in the Central and Eastern European region and has begun expanding abroad in Africa and Asia, was to allow the fund to use the competencies gained from its investment in another travel company, Travelata, to build a local leader. The transaction was conducted with the use of **FORDATA Virtual Data Room**.

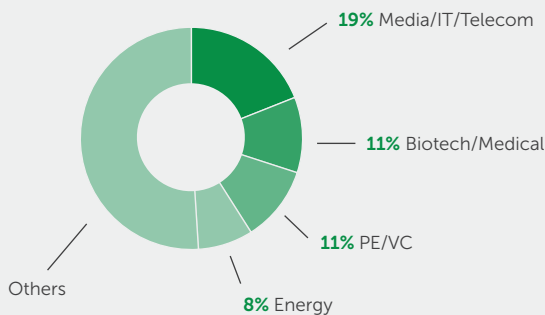
By sector

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

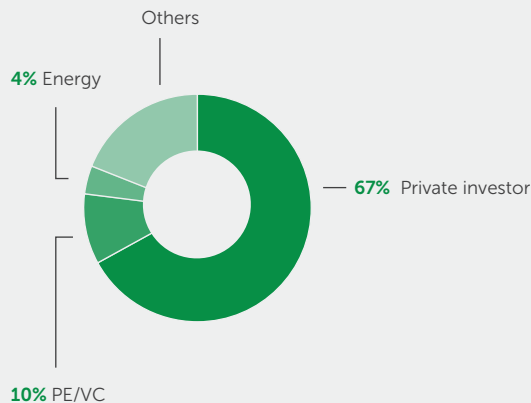
TARGET (%)



BIDDER (%)



SELLER (%)



Target	Bidder	Seller	Value [EUR]
Code Factory Consulting Group, Virtual Mind, Virtual M, The Big Three 912, Chmurowisko	Software Mind	Private Investor	Not disclosed

(February 26) The most active buyer in the first quarter was SoftwareMind , an IT company owned by the private equity fund Enterprise Investors and Ailleron , listed on the Warsaw Stock Exchange . With the support of a financial investor, the development strategy launched last year was continued through acquisitions. It was decided to diversify geographically - transactions were made not only in Poland, but also in Romania, the United States and Argentina. In the case of Virtual M and The Big Three 912, the acquisition concerned 70% of shares, while Chmurowiska , operating in the IoT industry and providing cloud services, acquired 59.01%.

Target	Bidder	Seller	Value [EUR]
Growag	Recaro	Private Investor	Not disclosed

(2 March) Growag, a Polish manufacturer of railway car accessories, including seats, has become the investment target of Recaro, a German manufacturer of airplane and gaming seats. The cooperation is aimed at expanding the know-how and creating a base for innovation for the buyer, as well as the growth and global expansion of Growag, which will remain an independent brand within the buyer's group. Growag specializes in the production of durable and light seats, popular especially on the Eastern European market. The company joined the group whose consolidated sales in 2020 amounted to over EUR 300 million. The transaction was carried out using the [FORDATA Virtual Data Room system](#).

Target	Bidder	Seller	Value [EUR]
Stella Pack	Sarantis	Private Investor	Not disclosed

(March 3) Known on the European market, Stella Pack, a Polish manufacturer of household goods based on its own environmental patents, incl. garbage bags made of regranulate, joined the Sarantis Group based in Athens, the owner of, among others Sarantis Polska. The acquisition, covering 100% of the share capital, will allow the group to strengthen its position in the Eastern European market and to use ecological solutions and the experience of Stella Pack there. The transaction was carried out using the [FORDATA Virtual Data Room system](#).

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

(April 26) As in previous periods, WSE-listed Vercom showed activity 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, North America and Western Europe. After the process is completed, 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 Vercom's shareholders taking up shares in 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]
Krynicki Recykling	SCR Sibelco	Public investor	80 m

(May 30) In 2022, we were dealing with the delisting of the only company based in the Warmian-Masurian Voivodeship from the Warsaw Stock Exchange. Krynicki Recykling, whose main activity is glass processing, has become the target of acquisition by SCR Sibelco - a Belgian strategic investor also present on the markets of France, Italy and Great Britain. It is worth noting that the buyer's operating activities are largely diversified, and apart from glass producers, its customers are construction companies and polymer producers. The price per share of Krynicki Recykling was set in the tender offer at PLN 23, which implied the company's market capitalization at PLN 400m. 93.8% of shareholders responded to the offer.

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]
Globema	Avallon	Private Investor	Not disclosed

(June 21) Avallon was particularly active on the M&A market in 2022. A private equity fund specializing in management buyouts participated in the transactions both as the seller (Stangl Technik, Novo Tech and CEKO) and as the buyer. Two acquisitions were announced in the first half of the year. The first concerned Hortimex, a company operating on the market of food additives, while the second was the acquisition of Globema, provider of software for network assets. The fund took over the majority of shares, and the company's managers also participated in the transaction. Avallon informed that it plans to implement further M&A processes in the near future.

Target	Bidder	Seller	Value [EUR]
Polmos Bielsko-Biała	Stock Spirits	Private Investor	Not disclosed

(July 21) The Polish spirits market has recently undergone further consolidation processes. Stock Spirits, supported by financial investor in the form of CVC Capital Partners, decided to increase its scale of operations through acquisitions. The takeover target was Polmos Bielsko-Biała, owning the portfolio of brands such as Biały Bocian, Ogiński, Extra Żytnia and Advocaat. Polmos is present on the European Union market, as well as in the United States and Australia. It ended 2021 with a net profit of over PLN 60 million. The acquisition should contribute not only to cost synergies, but also revenue synergies, as the buyer may use its experience and corporate structure to successfully introduce Polmos alcohols to new foreign markets.

Target	Bidder	Seller	Value [EUR]
Empik	Private Investor	Penta Investments	Not disclosed

(August 12) The Empik Group, which manages over 300 stores and generates approximately PLN 2.1 billion in annual revenues, changed its ownership structure. However, the acquisition should not have a significant impact on the entity's operating activities. 51% of shares were purchased by the company's long-time president, Ewa Szmidt-Bielcarz, from the private equity fund Penta Investments in the form of a management buyout. Nevertheless, the transaction with undisclosed value does not mean a gradual disinvestment of Penta Investments in Empik. In a media release, the fund announced that over the next four years it will participate in financing of further organic development and transformation of the entity towards the market leader position in the distribution of books and CDs in the e-commerce channel in Poland.

Target	Bidder	Seller	Value [EUR]
Kom-Eko	China Central and Eastern Europe Investment Co-Operation Fund	Value4Capital	Not disclosed

(September 9) Another entity from China has appeared on the Polish municipal waste management market. A private equity fund formally registered in Luxembourg has acquired the leader of the municipal waste market in the territory of Lublin from another financial investor. The company with approximately 400 employees had been in the portfolio of the Value4Capital fund, focusing on transactions in the region of Central and Eastern Europe since 2018. In 2021, Kom-Eko generated approx. PLN 190 million in revenues, and EBITDA was close to PLN 70 million.

Target	Bidder	Seller	Value [EUR]
Grupa Inelo	Eurowag	Innova Capital	> 300 m

(October 25) The Inelo Group, a local leader in telematics services specializing in the provision of truck fleet and driver time management equipment, has become the subject of an acquisition of Eurowag, one of the European market leaders based in the Czech Republic and listed on the LSE in London. The transaction is of strategic importance to Eurowag, due to the fact that it allows it to expand its product portfolio and supports growth in new geographic markets, as the Inelo Group was present in 16 European markets. It should also be remembered that in the trucking services industry, the Polish market is one of the key ones, so the acquisition of its leader may significantly affect Eurowag's position in Central and Eastern Europe. The authorities of both the acquired company and the acquiring company said in a press release that in the near future they will focus on the possibility of offering customers the widest possible range of services. The exact value of the transaction was not disclosed - a press release from Innova Capital, owner of the Inelo Group since 2018, only mentioned that it exceeded EUR 300 million.

Target	Bidder	Seller	Value [EUR]
Miropasz	Darling Ingredients	Private Investor	110 m

(November 2) Miropasz, one of the leading players in the Polish animal waste processing market, has become an acquisition target Darling Ingredients, a NYSE-listed global player responsible for about 15% of the global market. The acquisition, which is expected to close in 2023, is the next step in Darling Ingredients' increasing exposure to the distinctive attractiveness of the Polish market, where most of Europe's poultry meat is produced. Miropasz is the owner of three production facilities located in the south of Poland, while Darling Ingredients' expansion in our country to date has mainly covered the northern regions, where three facilities have been located.

Target	Bidder	Seller	Value [EUR]
New Hospital Group	Penta Investments	Private Investor	Not disclosed

(November 17) The owner of the New Hospital Group (Grupa Nowy Szpital Holding), which manages ten medical facilities, has decided to sell its shares to Penta Investments, a private equity fund with Czech capital. The Company's IPO was also considered in the past, but the project was abandoned. The fund, which was already under the spotlight for a high-profile transaction earlier this year, reducing its equity involvement in Empik, has many years of experience in the medical industry, having started in 2002 with the acquisition of the Slovak company Dovera. This is the fund's next investment in the industry in Poland, following the acquisition of EMC Medical Institute in 2013. The deal allowed Penta to double the number of controlled hospitals in Poland.

Target	Bidder	Seller	Value [EUR]
Suway (65.9% of shares)	Plast-Box	Private Investor	21 m

(November 29) Suway's main shareholder, Walter Kuskowski, has sold his majority stake in the Company to Plast-Box, an industry entity that until recently was a listed company itself. It is interesting to note that, although both companies are involved in the production of plastic components, they operate in slightly different market segments. Plast-Box focuses primarily on the food and chemical industries, supplying plastic packaging, while Suway's main customer is the automotive industry, which they supply with first aid kits, warning triangles and canisters. The acquisition is therefore complementary, opening Plast-Box up to new market segments. It is expected that in the future Plast-Box will decide to launch a tender offer for the remaining outstanding shares.

Target	Bidder	Seller	Value [EUR]
Renault Retail Group Warsaw	Holding 1	Renault Group	Not disclosed

(December 1) Following the UOKiK's approval of the concentration, what is likely to be the largest-ever transaction in the Polish dealership market took place. Holding 1, which manages car dealerships under the PGD banner, purchased from Renault 5 facilities in Warsaw, where Renault and Dacia dealerships and service centers are operated. The transaction is related to a change in the French group's strategy to sell its operated showrooms in most European markets. PGD has so far been the second largest dealership network in Poland, having even held the title of leader in the past, so a transaction of this size should not come as a surprise, but it should be stressed that the group has so far grown mainly organically, rather than through acquisitions. In 2021, PGD sold 17,155 cars and Renault Retail Group sold 5,064 vehicles, making the combined sales volume of the merging entities higher than that of the market leader, Cichy-Zasada Group. In addition to Renault and Dacia, Holding 1 recently expanded its offerings with another French brand, DS.

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.



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Target	Bidder	Seller	Value [EUR]
PKP Energetyka	PGE	CVC Capital Partners	408 m

(December 28) In line with earlier announcements by PGE's Management Board and media statements by representatives of the Ministry of State Assets, the statecontrolled energy company has secured an agreement to acquire PKP Energetyka. The target of the acquisition is a monopolist in the Polish market for supplying rolling stock with electricity and also to individual consumers. The repolonization of the company, which was privatized in 2015, stems from the recognition of rail infrastructure as a strategic asset that should remain under state control. The value of the transaction, which will close upon approval from the UOKiK, is estimated at EUR 408 million, which is EUR 107 million higher than the price for which the company was acquired by PE fund CVC Capital Partners. Since the acquisition, the financial investor has made significant investments, increasing the efficiency of the company's operations, which makes it possible to find synergies not only in the ability to use the catenary network to supply consumers with energy, but also in the organization of the company's operations.

Target	Bidder	Seller	Value [EUR]
OncoBay (72.6% of shares)	Neuca Group	Private investor	31.5 m

(December 29) The WSE-listed Neuca Group, through its subsidiary Neuca Clinical Trials, has acquired 72.6% of shares in OncoBay based in the United States. The transaction amount has been set at USD 33.5 million and may be subject to increase depending on the operating results generated by OncoBay in the coming years. As a result of the transaction, the consolidated revenues of the Neuca Group from the clinical trials segment will increase by USD 70 million, thus exceeding PLN 0.5 billion, significantly strengthening the Group's position among the leading entities from the European Contract Research Organization industry. The change in the ownership structure of OncoBay is related to the operational cooperation with the Neuca Group, which has been ongoing for two years. By working together, Cliniscience from the Neuca Group can conduct clinical trials in the USA, and OncoBay – in Europe. The acquisition of OncoBay allows the Neuca Group to acquire valuable know-how, as the company employs over one hundred specialists in the field of cancer diseases. OncoBay's CEO, Krystyna Kowalczyk, will join the Group's clinical trials management team.

Experts' comments

In the fourth quarter of 2022, we recorded **92 mergers and acquisitions**, which is 18 more than in the third quarter of the year and only 10 less than in the record-breaking fourth quarter of 2021. The increase was mainly due to the almost doubled activity of PE/VC funds on the buyer side - from 7 to 13 acquisitions - as well as a higher transaction volume than three months ago in the TMT industry, financial services and industry. What was the structure of transactions in the last quarter of this uncertain year?

A year under the pressure of war

The Russian invasion of Ukraine set the tone for most economic and geopolitical discussions in the past year, especially in our region. Increases in the prices of energy, fuels and raw materials had an impact on inflation, interest rates and, consequently, investment decisions. Although the European market reacted with a decrease in M&A activity in the middle of the year, most experts pointed to the temporary nature of the phenomenon. Global private capital has reached the value of almost USD 2 trillion this year and it is estimated that at the end of the decade the so-called dry powder will still account for approx. 1/4 of the assets of PE/VC funds (approx. **28%** in 2022). Financial resources for investments should therefore not decrease, and investors will certainly look for their opportunities during the recession, which was already evident in PE/VC activity on the Polish market in the last quarter.

Another volume record in 2022

In 2021, we recorded 328 M&A transactions on the Polish market, which was a record result. Already in February 2022, it seemed that a similar result would not be achieved, but quite the opposite happened - the companies achieved the result of **341 mergers and acquisitions** in the last twelve months, with only the third quarter showing a downward trend in volume. TMT companies were the most popular targets in 2022 - **23%** of all acquisitions, **3 percentage points** less than in the previous year. On the buyers' side, the TMT industry was also dominant, accounting for **19%** of all buyers (22% in 2021). As for the PE/VC industry, last year we could observe 38 transactions with the fund on the buyer's side, compared to 33 in 2021. Such high investment activity has a chance to be maintained in 2023.

PE/VC funds open portfolios

The aforementioned high acquisition activity of PE/VC funds in the last quarter of 2022 was organic - it was not caused by the purchasing decisions of one or two, but many entities, both Polish and foreign. 13 acquisitions is a result of 5 acquisitions higher than in the corresponding period of 2021. The transaction with the highest disclosed value was the acquisition of the medical company Medicalgorithmics by an US' Biofund Capital Management for EUR 47 million. The medical sector recorded 3 transactions - the largest number in the structure of entities acquired by funds, while the logistic, industrial and real estate sectors recorded 2 transactions each. The Polish-Hungarian tandem Griffin Capital Partners and Wing haS taken over BAUWERT, a Berlin-based developer and investor with a strong presence in the CEE region, while Germany's Mutares has taken over Arriva Bus Transport Polska - an operator providing rail and bus services.



Marcin Rajewicz

Key Account Manager at FORDATA
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Significant increase outside TMT

The high number of acquisitions in the TMT industry is not surprising - it is traditionally the most active sector, which in the fourth quarter became the target of 19 M&A transactions (approx. **21%** compared to 19% in the third quarter). However, in terms of percentage, more significant increases were recorded in the financial sector (from 4 to 7 acquisitions), automotive (from 1 to 5) and industrial (from 4 to 7) sectors. It was mainly activity in these areas that contributed to the higher volume quarter-on-quarter. On an annual basis, the fourth quarter was characterized by more than double the number of acquisitions in the medical industry - an increase from 6 to 13 transactions, which confirms the equally good streak of the sector from the previous quarter (12 acquisitions in Q3, 2022), primarily in the dental area.

What do investors expect in 2023?

The M&A market in Poland will remain active in 2023, with an emphasis on the technology, healthcare and consumer sectors. An increase in activity in the energy and infrastructure sectors as well as in the services sector is also likely. The opportunities arising from distressed assets will most likely be dominated by further consolidation activity of the developing Polish economy. The Polish government is likely to continue to encourage foreign investment in the country, which could lead to more mergers and acquisitions. In addition, the development of new technologies such as artificial intelligence and blockchain may also drive M&A activity in Poland.

Challenges in this still politically and economically unstable period should not diversify significantly - investors will continue to watch changes in the regulatory environment, interest rates, the impact of global trade wars and the recession. In addition, they may be concerned about the ability of acquired companies to integrate successfully and the possibility of unforeseen liabilities in a dynamic economic environment. The speed of proceedings will therefore continue to be a very important factor. Along with the increase in the transaction volume, the demand for services such as VDR will grow.



**Karol Szykowny, CFA**Director
Navigator Capital

Despite the market turmoil and increased uncertainty among investors caused by the war that has been going on since February behind our eastern border, 2022 was a record year in terms of the number of mergers and acquisitions carried out on the Polish market. Within 12 months, as many as **341 announced transactions** were recorded. This result is comparable to last year, in which 328 transactions were completed and significantly higher than the historically observed level in previous years. It is worth noting that the global market last year observed declines both in terms of the value of transactions and their value. Contrary to appearances, record results on the Polish M&A market cannot be explained by the sale of subsidiaries operating in the Russian Federation by Polish entities – the number of transactions of this type did not significantly affect the size of the M&A market. Traditionally, TMT was the sector with the highest investor activity – its companies were the target of takeovers in **23%** of cases. The second result (**12%**) was obtained by the biotechnology industry, and the third (**8%**) by the energy industry.

2022 was associated with a significant number of completed transactions, however, their value decreased. A year ago, three transactions were observed with a value exceeding EUR 1 billion, while in 2022 the value of the largest acquisitions with a value made public oscillated around half of this amount. Again, among the large transactions, acquisitions in the telecommunications segment were observed, as approx. PLN 2 billion was paid for Emitel, which changed the financial investor and Play obtained a similar amount for half of the shares in FiberForce. The largest transactions also included the repolonization of PKP Energetyka, announced at the end of December seven years after the sale to CVC Capital Partners, and the sale of Lotos subsidiaries by Orlen, required to obtain European Commission approvals for a high-profile merger on the Polish fuel market.

Despite the unfavorable market environment, the growing dynamics of the number of announced acquisitions proves the positive perception of the Polish market by investors, which has not changed as a result of the armed conflict taking place on the eastern border. Investors are increasingly willing to see the advantages of investing in the countries of Central and Eastern Europe, which are developing faster than Western Europe and offer more attractive valuations of investment targets. Poland, as the largest economy in this area, should be a significant beneficiary of the observed trend. Despite the turbulent environment, we identify factors conducive to maintaining a high number of M&A processes in subsequent quarters. The weakening dynamics of inflation and the prospect of lowering interest rates increase the buyers' ability to finance transactions. Some companies had significant problems in 2022, caused by wage pressure or drastic increases in energy prices, so they may be forced to seek support from a financial investor or decide to sell the company to an industry investor.

As in previous years, private investors dominated among the sellers, accounting for 2/3 of the announced transactions. The share of financial investors in the sellers' structure was also similar – compared to 2022, it increased by 1 p.p. to **10%**. PE/VC funds were the sellers in around **11%** of all transactions as well. The lower than expected in the reality of attractive valuations involvement of the funds was related both to the growing uncertainty about the economic and geopolitical situation, as well as to some difficulties in raising funds from investors, whose propensity to take risks in investments in non-public companies

decreased. With the improvement of the situation, the activity of PE/VC funds may return to previous levels – several entities have already announced their willingness to make multiple transactions in the near future.

In the fourth quarter, the same sectors that dominated the year enjoyed success. **21%** of transactions concerned IT companies and **14%** - biotechnology. Further places, with a share of **8%** each, were services, energy, financial services, industry and the food industry. Among sellers, private sellers dominated – **67%** and PE / VC – **10%**.

