

M&A Index Poland

M&A in Q1 2024

Total number of transactions*

95 (1Q 2024)

The largest transaction**

EUR 249,5 m

(Acquisition and recapitalization of VeloBank by Cerberus Capital Management)

* 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.

01 . Introduction

In 1Q2024, there were **95 transactions** made public in the Polish M&A market. This result is identical to the corresponding quarter of 2023. The largest transaction was the acquisition of Velo Bank by Cerberus Capital Management.

02 . Selected transactions

Target	Bidder	Seller	Value [m EUR]
Flex To Go	Resource Partners	Private Investor	Not disclosed

Resource Partners Fund has decided to make a strategic investment in Flex To Go, acquiring a 40% stake in the short-term car rental company. This decision marks the fund's first involvement in the transportation sector. Flex To Go, based in Poland, has seen rapid growth since its founding in 2014, becoming one of the leading airport car rental companies in Poland and expanding into Germany. The company, which has already handled more than 230,000 bookings, has a fleet of more than 1,500 vehicles and is present at nine major airports in Poland and two in Germany.

Flex To Go's expansion includes plans to open new locations in European airports, including Stuttgart, Memmingen, Munich, and Frankfurt. The move is aimed not only at making the company's services more accessible, but also at strengthening its position in the international market. Financial details of the deal were not disclosed.

Target	Bidder	Seller	Value [m EUR]
Drim Daniel Distributie	Żabka Group	Private Investor	Not disclosed

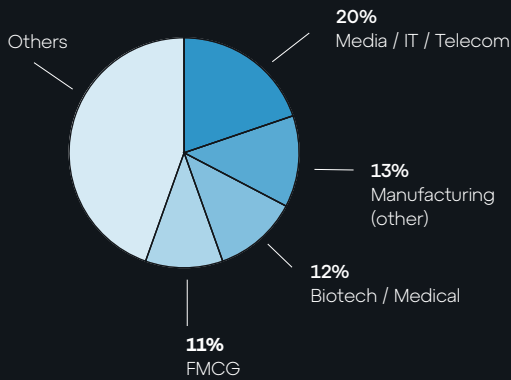
The Żabka Group, Poland's convenience market leader, has made a strategic investment by acquiring a majority stake in DRIM Daniel Distributie, one of Romania's leading distributors of FMCG products. DRIM, a family-owned company with nearly three decades of experience in the Romanian market, headquartered in Pitesti, operates an extensive logistics network delivering products to more than 12,000 stores and employing 800 people. The acquisition is part of Żabka Group's 2021 growth strategy to expand into European markets and develop its convenience services ecosystem. The acquisition has been approved by the Romanian Consumer Protection Authority.

The Żabka Group intends to use its own extensive experience in the retail sector and financial potential to significantly accelerate DRIM's growth, taking advantage of its strong market position and good reputation among local consumers. The partnership paves the way for the introduction of Żabka's innovative solutions to the Romanian market, part of a larger plan to expand and strengthen the group's presence in European markets.

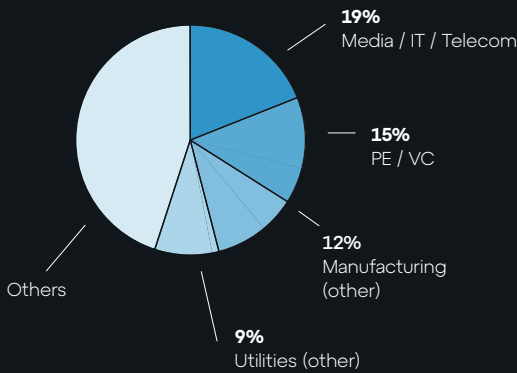
By sector

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

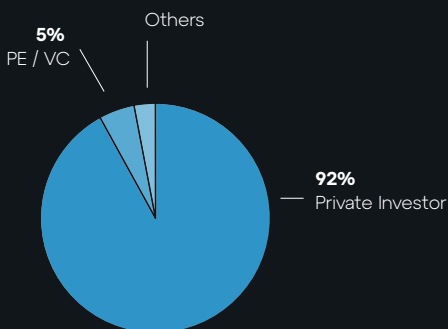
TARGET (%)



BIDDER (%)



SELLER (%)



Target	Bidder	Seller	Value [m EUR]
EcoCar	iTaxi	Private Investor	Not disclosed

iTaxi, Poland's leading cab platform, is strategically expanding its influence in the market through the acquisition of EcoCar, a standout in the capital with its eco-friendly fleet of electric cars. It's an acquisition that strengthens iTaxi's position in the market alongside giants such as Uber and FreeNow. The acquisition is part of iTaxi's broader strategy, which has consistently expanded its business over the past few years, forming partnerships with corporations such as Euro Taxi and Tele Taxi, as well as integrating local cab associations. The acquisition of EcoCar, known for its innovative transportation solutions and developed fleet, underscores iTaxi's commitment to ESG. Financial details of the transaction were not disclosed. The finalization of the acquisition is currently in the process of obtaining the necessary approvals from the Office of Competition and Consumer Protection. Through the integration with EcoCar, iTaxi not only enriches its offer with eco-friendly rides, but also increases its competitiveness, responding to current market needs for faster and more conscious transportation.

Target	Bidder	Seller	Value [m EUR]
Teknikum Group	Sanok RC	Private Investor	Not disclosed

Sanok Rubber Company, a Polish rubber industry potentate, has made a strategic decision toward international expansion, deciding to acquire Teknikum, a Finnish company that manufactures rubber products for industry. The agreement to purchase 100% of the shares of this company, based in Sastamala, Finland, was signed on December 19, 2023. Sanok RC will finalize the acquisition with funds available under credit lines and the group's own funds.

Teknikum is a well-established manufacturer in the polymer industry, with production facilities in Finland and Hungary, as well as a German subsidiary responsible for sales. The company specializes in the production of specialized industrial hoses, molded rubber, silicone and plastic products that are used in a variety of industries, including mining. Its portfolio also includes solutions to protect industrial equipment from wear and corrosion. The acquisition is part of Sanok Rubber Company Group's broader strategy to diversify its product portfolio, expand its sales geographically, and take advantage of existing synergies, particularly in terms of expertise.

Target	Bidder	Seller	Value [m EUR]
Eurobud Chajewscy	Lafarge Cement	Private Investor	Not disclosed

Lafarge Cement, a well-known manufacturer of cement and building materials, has obtained conditional approval from the President of the Office of Competition and Consumer Protection for the acquisition of production facilities owned by Eurobud Chajewski, located in northern Poland. The acquisition involves plants in eight cities, including Bydgoszcz, Elbląg and Koszalin, but requires Lafarge to sell its own plant in Piła in order to prevent competition in the local market. The OCC analysis indicated that in the case of Piła, where Lafarge would become the owner of two major concrete plants through the acquisition.

Lafarge, seeking to further develop its product portfolio and expand its geographic sales, must now find a buyer for the Piła plant that will be independent and ensure the continuation of operations. At the same time, the company is continuing its acquisition strategy of acquiring entities in the building materials sector and consolidating the industry. Financial details of the transaction were not disclosed.

Target	Bidder	Seller	Value [m EUR]
CloudFerro	Innova Capital	Private Investor	Not disclosed

Innova Capital, a well-known private equity investor, has invested in CloudFerro S.A., a leader in cloud services for the space sector in Europe. This is another venture under the Innova/7 fund aimed at growing CloudFerro by supporting the expansion of its organizational structure and exploiting its past successes in international expansion and future acquisitions.

CloudFerro, founded in Warsaw in 2015, specializes in cutting-edge cloud solutions, providing data processing services to the European space, climate research and scientific sectors. With a team of more than 200 employees, the company has IT infrastructure spread across data centers in Europe and plays a key role in initiatives such as the Copernicus Data Space Ecosystem and Destination Earth Data Lake, which provide data and tools for modeling digital replicas of the Earth. Through the partnership, CloudFerro has the opportunity to further expand its offerings by entering new industries and developing competencies in Big Data and artificial intelligence. Financial details of the transaction were not disclosed.

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 EUR 10 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, LOTOS Group, 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



Target	Bidder	Seller	Value [m EUR]
Smyk	Accession Capital Partners	Bridgepoint	Not disclosed

Bridgepoint, an established European investor, has decided to hand over control of Smyk, a leader in the Polish children's store market, with an initial investment of up to one billion zlotys. At the center of this landmark acquisition is Michal Grom, who has held the position of Smyk's CEO since 2019. Grom is being assisted in his efforts by Maciej Zużalek, known for his previous work with Ten Square Games and directly with Bridgepoint, as well as the AMC fund led by Accession Capital Partners.

Smyk is currently the largest retail chain in Poland dedicated to children, with a portfolio of globally recognized brands and products under its own Cool Club and Smiki brands. Smyk's cooperation with a financial partner opens up new prospects for the company, enabling it to further expand its operations not only in the Polish market, but also abroad. The management board has planned an ambitious investment budget, exceeding PLN 50 million annually, which underlines their determination to strengthen Smyk's market position. The priority for the management is to focus on expansion and on improving the company's profitability. At the same time, the company wants to continue to operate on an omnichannel model, which combines stationary and online sales to provide customers with a consistent and convenient shopping experience.

Target	Bidder	Seller	Value [m EUR]
Miya Cosmetics	Bielenda	TDJ, Private Investor	Not disclosed

Bielenda Group, a dynamically growing player on the Polish cosmetics market, is actively expanding its portfolio through strategic acquisitions. Recent successful integrations with the Tolpa and ON brands have demonstrated the value of this strategy for the company's growth. Continuing this line of action, Bielenda Group announced the acquisition of Miya Cosmetics from TDJ and Leszek Klosinski, with support from Innova Capital. The brand is known for its innovative skin care products, which has built a strong position in the market since 2016. Financial details were not disclosed. The transaction is currently awaiting the green light from the Polish Office of Competition and Consumer Protection.

Bielenda Group has ambitious plans to expand into global markets, where Miya Cosmetics' innovation in skin care can be a significant asset. The company's acquisition policy focuses on exploiting synergies between the various brands in its portfolio, enabling it to offer customers a richer product selection and develop cross-selling. TDJ, despite its dedication to Miya Cosmetics, is not giving up on the cosmetics business; on the contrary, it is joining Bielenda Group's shareholding, which demonstrates its long-term vision and confidence in the Group's development strategy.

Target	Bidder	Seller	Value [m EUR]
VeloBank	Cerberus Capital Management	Bankowy Fundusz Gwarancyjny	249,5

Cerberus Capital Management L.P. has decided to acquire a 100% stake in VeloBank. The transaction was valued at PLN 1.075 billion, including a purchase price of PLN 375 million and PLN 700 million for capitalization to meet the bank's regulatory capital requirements.

Cerberus' acquisition of the bank is a significant step in its investment strategy and will allow VeloBank to further develop its market position with financial and strategic support from the US fund. Completion of the transaction is subject to obtaining required regulatory approvals, including those of the European Commission and Polish financial regulators, and is expected to take place in mid-2024. Upon completion, VeloBank will cease to operate as a bridge institution and will shed any operational restrictions imposed by the European Commission.

The process of selling VeloBank to Cerberus will complete the Getin Noble Bank turnaround process launched in September 2022. Cerberus, with this transaction, significantly expands its involvement in the European financial sector.

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03 . Experts' comments

In the first quarter of 2024, the Polish M&A market showed significant signs of recovery - we recorded 95 transactions. This is a return to the high average volumes that we observed for most of 2023.

Despite the economic challenges that continue to influence investment decisions, especially company valuations, looking globally, we can observe interesting changes. The number of completed transactions worth more than \$100 million increased by 11%, reaching 166 transactions, according to WTW. The situation in Europe is slightly less optimistic. This mainly concerns the difficulty of generating value from transactions by investors, who have not outperformed their regional index since 2021. What does the Polish M&A market look like in this setting?

Will Artificial Intelligence pump up the market?

95 transactions recorded in the first quarter of 2024 is a good result, although the local M&A market is expected to continue to grow over the year, driven, among other things, by the developments in Artificial Intelligence. Companies are looking for opportunities in AI, which, through the ability to automate and optimize a wide range of processes, can bring substantial added value to companies, and thus to investors' portfolios. However, technology can also drive the M&A sector from a different perspective - it opens up new possibilities for investment analysis helpful in identifying potential targets, conducting Due Diligence or maintaining control over a complicated transaction schedule.

The TMT sector opens the year with a bang

The TMT sector was at the forefront of acquired entities in the first quarter of 2024 together with the FMCG sector. 19 completed transactions were 4 more with the same total volume than a year earlier and a good prognosis for the digital sector, despite a decrease of 5 transactions compared to the previous quarter. In the past three months, Agora sold HRlink to Grupa Pracuj for EUR 1.45 million, while the Avallon fund sold Marketplanet, a platform supporting B2B purchasing processes to the Swedish company Byggfakta, for EUR 12 million.

FMCG is still on a good track

The FMCG sector with 19 transactions in the 4th quarter is exactly in the same place as 3 months earlier. The result reflects the projected stability or moderate growth of the Polish economy in 2024, given its global recovery and improvement in PMIs. Poland, as an important production center in Europe, can benefit from global nearshoring and friendshoring trends. GDP growth according to EY will amount to 3.7% this year. Last quarter,

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Financial markets expert

Bielenda acquired Kanani Europe, the manufacturer of the Miya Cosmetics brand, the AW Invest fund took over the Wojas brand, and Żabka acquired the entire package of the Romanian DRIM Daniel Distribute, the largest FMCG distributor on that market.

Recovery in the financial industry

From only 4 transactions in the first quarter of 2023, through 8 in the last quarter, to a total of 10 in the analyzed period, the number of entities acquired in the financial sector has steadily increased. The motivations of buyers - also globally - include the desire to strengthen their position in the developing CEE region (takeover of 4LifeDirect by Generali), restructuring needs (takeover of VeloBank/Getin Noble by Cerberus), consolidation and development in the fintech area (takeover of Monevia by Pragmago) and portfolio diversification. Possible further volume growth may be driven by economic stabilization and potentially lower transaction financing costs as inflation begins to subside.

Challenges and possibilities

The Polish M&A market faces challenges such as the need to adapt to uncertain geopolitical conditions and a still low level of innovation. However, the projected moderate GDP growth in the coming years and financial stabilization may create favorable conditions for investments. The energy sector, despite delays in achieving climate neutrality, still offers growth opportunities, especially in the area of renewable energy sources, similarly to the healthcare sector, which in Poland still relies mainly on consolidation within one service line. Poland, thanks to its strategic position and stable economic foundations, has the potential to benefit from global trends and strengthen its position on the M&A market, also abroad.



Karol Szykowny

Director **Navigator Capital**

Another record quarter in the M&A market

In Q1 of this year, as in the record 2023, the M&A market in Poland was part of a trend of increasing M&A activity. Last quarter was also, compared to similar quarters in previous years, a record quarter in terms of the number of announced deals. In this respect, it even matched the record-breaking first quarter of 2023, in which as many as 95 transactions were recorded.

The increase in M&A activity in Poland is fostered by a number of factors, such as the ongoing energy transition, consolidation in industries such as building materials, medical and beauty, as well as increasingly emerging succession issues in family businesses. Polish companies are also increasingly participating in acquisition processes on the buy side, and many of them are growing into entities whose strategy heavily involves acquisition processes.

In the past quarter, the largest transaction was the acquisition of VeloBank by the U.S. private equity fund Cerberus Capital Management, whose value is estimated at over PLN 1 billion. Of this amount, 375 million will be used to pay the price for the shares, and another 700 million to recapitalize the acquired bank to meet capital requirements. In comparison, the deal is significantly smaller than last quarter's record deal, Tencent's acquisition of Techland estimated at PLN 6.3 billion. In the future, in line with the fund's strategy, Velo Bank may again be transacted in a sale to a larger entity operating in the Polish banking sector.

Optimistic sentiment

In 2023, the Polish M&A market showed, against global trends, remarkable resilience and growth, contrasting with the significant decline in the number of transactions seen in developed markets. Most experts expect that with the stabilization of macroeconomic conditions in 2024, M&A activity will increase globally.

Economic conditions are also expected to favor activity in the Polish market. First of all, the increase in private consumption forecast by economists, as well as the inflow of EU funds from the National Reconstruction Plan, is expected to promote economic recovery and, consequently, transaction activity. On the other hand, a look at bond yields suggests that the market does not expect interest rate cuts from the NBP this year. This could mean that higher financing costs will stay with us for longer, which in turn could limit the size of debt financing available for acquisition purposes.

New technologies still leading the way

In 2023, the Media/IT/Telecom, Industrial and Healthcare sectors attracted the most attention in the Polish M&A market, with 20%, 13% and 12% of the total number of transactions, respectively. Also significant was the increase in the share of entities from the energy sector, related to acquisitions by fuel and energy distributors. The dominant



Karol Szykowny

Director **Navigator Capital**

role among buyers was played by investors from the Media/IT/Telecom sector (19%), private equity and venture capital (PE/VC) funds (15%), and industrials (12%). A significant change from previous quarters is the increase in the share of deals from the industrial sector and medical services and biotechnology.

Again, the most attractive for investors were investments in Companies operating in the technology sector. This quarter saw frequent acquisitions of SaaS providers, such as HRlink, which was acquired by the Pracuj.pl Group.

As in previous quarters, we are observing progressive consolidation of selected sectors of the Polish market. This quarter saw an upsurge in acquisitions of entities in the Health-care sector, but further consolidation also took place in the IT, beauty and automotive markets. Also increasingly active is the building materials sector where we can count the acquisition of Eurobud by Lafarge Cement among the significant transactions. In line with our predictions from the previous report, these trends are part of a broader pattern of M&A processes in the Polish market and are very likely to continue in the coming quarters.

Significant acquisitions were also made by financial investors last quarter. Despite the high cost of debt financing, funds were able to identify attractive investment targets and significantly increased their share on the buy side to as much as 15% compared to the previous year, where they were responsible for 12% of transactions. It is noteworthy that in addition to domestic players such as Resource Partners, foreign private equity funds led by Cerberus Capital Management (the buyer of Velo Bank) significantly increased their activity. This means that in the perspective of foreign financial investors, the Polish market, despite geopolitical risks, is an attractive location for new investments.

Will there be stabilization in 2024?

We continue to anticipate that consolidation trends will be one of the main drivers of M&A activity in Poland. In addition, we see significant and growing involvement of Polish companies in integrating M&A processes as part of their growth strategies. Here, we continue to believe that market leaders have considerable room for growth through acquisition, and many entities that have completed such processes successfully will look favorably on further acquisition opportunities. In Q1 2024, we saw further acquisitions made by companies with experience in acquiring others, such as Elemental Holding and WSE-listed Selvita S.A. Macroeconomic stabilization should also give companies considering acquisitions a boost in acquiring competitors and complementary entities.

With activity at levels above historical figures, it is questionable whether financial investors will be able to maintain their stake on the acquiring side. In our view, with the approval of budgets and acquisition strategies for the next few years, the next quarters may result in more activity from industry investors. The fairly stable historical situation in terms of the share of sectors on the acquirers' side suggests, in turn, that it will be possible to observe further acquisitions by TMT and industrial players in the later part of 2024.



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Director **Navigator Capital**

We remain optimistic about the Polish M&A market in 2024. Despite the experience of recent years, which proved that nothing is certain in the current economic reality, signals from the market suggest that 2024 should maintain the level of activity observed in 2023.