

Volume and value of M&A transactions in 2021 in the CEE region increased by more than 30%, the largest transaction was Avast

- The number of M&A transactions increased by 30% compared to the previous year
- The total value of the transactions reached EUR 66.5 billion, which is the most since 2016
- The large volume of incoming cross-border capital augurs well for dynamic mergers and acquisitions in the CEE region in 2022

28 February 2022, Prague – Mazars, the international auditing, tax and consulting company, in cooperation with Mergermarket, introduced the “Investing in CEE: Inbound M&A Report 2021/22” study, according to which the value of concluded transactions in 2021 in the Central and Eastern Europe (CEE) region is the highest in the past five years. Mazars’ research indicates that fear of the Covid-19 pandemic, growing inflation and energy market volatility do not play a decisive role for investors. According to the experts, this means a promising beginning of the year 2022 from the perspective of transaction activity.

The study *Investing in CEE: Inbound M&A Report 2021/2022* offers an overview of M&A transactions in the CEE region during the course of 2021 and focuses on the challenges and opportunities in the coming months. The volume and value of the transactions increased in 2021, with the number of mergers and acquisitions in CEE increasing to 872 in 2021, representing an increase of 30% compared to the previous year. The total value of M&A transactions was also higher, reaching a total amount of EUR 66.5 billion. This represents an increase of 37% compared to 2020 and is the highest total value of concluded transactions since 2016.

Michel Kiviatkowski, CEE Financial Advisory Leader and Managing Partner of Mazars in Poland, stated: *"Our study shows that buyers are taking the current challenges with more of a detached view and are focusing on expanding their business and exploiting the region's excellent growth potential. The Central and Eastern Europe region can boast a diversified economy – from strong know-how in the area of the IT sector to the growing middle-income consumer class and the large number of natural resources. This all provides an attractive platform for investment and expansion, because businesses are trying to transform their supply chains as a result of the pandemic shock."*

CEE continues to be an attractive destination for international investors. There has been a significant increase in both the volume and value of cross-border mergers and acquisitions, with the value of announced incoming transactions (including Russia) jumping by 34% to EUR 32 billion, which represents the highest annual value since 2016. The volume of transactions was also significantly higher: a total of 367 incoming M&A transactions, which is an increase of 33% compared to 2020 and the highest level of transactions by volume since 2015.

Another important area was the activity of financial private equity investors. Thanks to record financial reserves on the domestic and international markets, the total value of private equity (PE) buyouts grew by 62% and reached a total of EUR 10.3 billion, the highest level since 2016. The volume also increased sharply by 44%, with 124 transactions in 2021 compared to 70 in the previous year.

The key feature of this increase in PE activity was the importance of US-based funds. American bidders participated in four of the ten largest PE transactions, including the acquisition of a 71.76% share of the Austrian specialist in commercial real estate, CA Immobilien Anlagen AG, by Starwood Capital Group for EUR 4.3 billion, the largest PE transaction in 2021.

Value of transactions growing by leaps in the Czech Republic

In the Czech Republic, the transaction value has risen sharply by 358% to a total of EUR 10.3 billion. The volume increased by 12% to 86. The sharp increase in value was largely realized by the two largest technology transactions in the region. One of them, the largest acquisition in 2021, was the sale of Avast to NortonLifeLock for EUR 6.6 billion.

Other important Czech technological transactions included the sale of the e-commerce companies Mall Group and WE | DO CZ to the Polish group Allegro.eu for EUR 925 million. In the financial sector, the merger of Moneta Money Bank and Air Bank was the most important, worth EUR 992 million, creating the third largest bank on the Czech market.

Lukáš Hruboň, responsible for the Transaction Department of Mazars in the Czech Republic, added: *“The year 2021 in the context of Central and Eastern Europe and the Czech Republic has been brimming with transaction activity. Apart from traditional industrial production/services, the sector’s drivers were especially technology, real estate and energy. The valuations of the companies in announced transactions in 2021 are really high. In this context, it should be borne in mind that the high known multiples achieved in profile transactions may cause the unrealistic expectations of sellers in smaller local transactions. Despite the existing significant risks and imbalances in European economies, we are still experiencing an enormous investor appetite in the Czech Republic at the beginning of 2022.”*

Other key findings from the report include the following:

- **Four countries continue to dominate.** The four largest countries in terms of the M&A transaction volume in 2021 included Poland (with a total of 185 transactions), Russia (143), Austria (119) and the Czech Republic (86). These are the same four countries that held the top places in terms of the volume of transactions in 2020, as well. With regards to the total value of the transactions, Russia ranked first with announced transactions totalling EUR 20 billion, which is 13% more than in 2020. Poland, Austria and the Czech Republic occupied second, third and fourth places. The Czech Republic stands out in terms of the total value of the transactions, which increased almost four times year-on-year to EUR 10.3 billion, mainly thanks to the Avast transaction.
- **Technology as the main driver of investment.** Technology was the venue for a large number of transactions with international capital in the Central and Eastern Europe region in 2021. The value almost quadrupled year-on-year to EUR 9.9 billion and the volume jumped by 83%. The activity was driven by the accelerating trend of digitisation and also by the growth in demand for IT nearshoring as a result of the Covid-19 pandemic.
- **High valuation in CEE region.** The available data on the valuation of historical transactions show that the Central and Eastern Europe region has recorded a median multiple of EV/EBITDA in all sectors in 2020-21 at a level of 11, slightly above the same value for Western Europe (9.7x).

The full report can be downloaded [HERE](#).

For more information and/or interviews, please contact:



David Pilar
Marketing Manager
Tel: +420604100491
david.pilar@mazars.cz

About Mazars

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