



# Investing in CEE

## Inbound M&A report

### 2022/2023



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### Dealmaking in CEE remained resilient in 2022 despite unprecedented regional and global headwinds

Russia's invasion of Ukraine on 24 February 2022 signalled the beginning of what was to be a turbulent year for both European and global markets. Trends that were already in play in 2021 – rising inflation and higher borrowing costs – were greatly amplified. The war unleashed supply shocks, notably in the wholesale gas market. Meanwhile, the imposition of economic sanctions against Russia further complicated the dealmaking landscape. Against this backdrop, supply-chain bottlenecks and labour shortages – a legacy of the pandemic – continued to dampen growth.

In short, dealmaking conditions could scarcely have been more challenging. Yet, as this report reveals, the impact on M&A activity in the CEE region was much less pronounced than many initially feared. In fact – and with the exception of 2021, a somewhat anomalous record-year for M&A – deal volumes and aggregate deal value in 2022 both reached new highs in CEE.

So what lay behind the region's remarkable performance? The maturity of the market is one factor. Proof of this is provided by the increasing attractiveness of the region to cross-border investors. As our study shows, 2022 saw the proportion of inbound activity in volume terms rise to its highest level on record. Western investors – and US dealmakers in particular – were increasingly active. Against this background, the volume of private equity buyouts in 2022 was one of the highest yet seen.

Adaptability is another factor. An example of this is the increasing willingness of dealmakers to use staged transactions – buying in tranches or opting for extended earnout periods – to bridge the valuation gap between buyers and sellers.

High-quality targets are a vital part of CEE's allure. In terms of sectors, technology stood out as the number-one deal generator in 2022. Moreover, the region is increasingly a focal point for innovation associated with the energy transition. Renewable energy investments rapidly gained momentum in 2022, as did investments in green mobility – from electric cars and vehicle charging to ride-hailing and advanced automotive software.

In parallel with this, the region continues to offer unprecedented consolidation opportunities in the mid-market space in industries ranging from healthcare and tourism (sometimes together) to manufacturing and technology.

2023 will for sure be a challenging year. But set against this are the quality of the region's businesses, the creativity of dealmakers and the continuing support of the EU's Resilience and Recovery Facility, which is worth more than €100bn to the 12 CEE countries that are EU members. This, and the CEE region's sound fundamentals, suggests there are good reasons to be relatively optimistic about the year ahead.



**Michel Kiviatkowski**  
CEE Financial Advisory Leader  
Managing Partner, Mazars in Poland

## Methodology

Mergermarket deal data includes transactions with a deal value greater than or equal to US\$5m, except for some minority stake acquisitions where a higher threshold applies. If the consideration is undisclosed, deals are included on the basis of a reported or estimated deal value greater than or equal to US\$5m. Countries included are: Albania, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Montenegro, Poland, North Macedonia, Romania, Serbia, Slovakia, Slovenia and Ukraine.

In the case of minority stake deals, transactions are included where the stake acquired is greater than or

equal to 30% of the entire share capital, and the deal value is at least US\$5m. Where the stake acquired is less than 30% the deal will only be included if the deal value is at least US\$100m, provided there is also evidence of an advisory mandate; or at least US\$500m in the absence of evidence of an advisory mandate.

Mergermarket data includes property transactions where a property company, with the exception of a property holding company, is acquired or merged with another entity. It does not include property/real estate transactions restricted to land, buildings, portfolios or sale and leaseback agreements.



# The M&A market in CEE

## The dealmaking landscape

### Dealmakers adapted rapidly to the tougher environment in 2022

Despite exceptionally challenging conditions, M&A dealmaking in CEE proved its mettle in 2022, with 846 transactions worth €39.2bn in aggregate. While these figures represent year-on-year declines for the region – volume and value were down 5% and 21%, respectively, from 2021 – there are two key points to bear in mind.

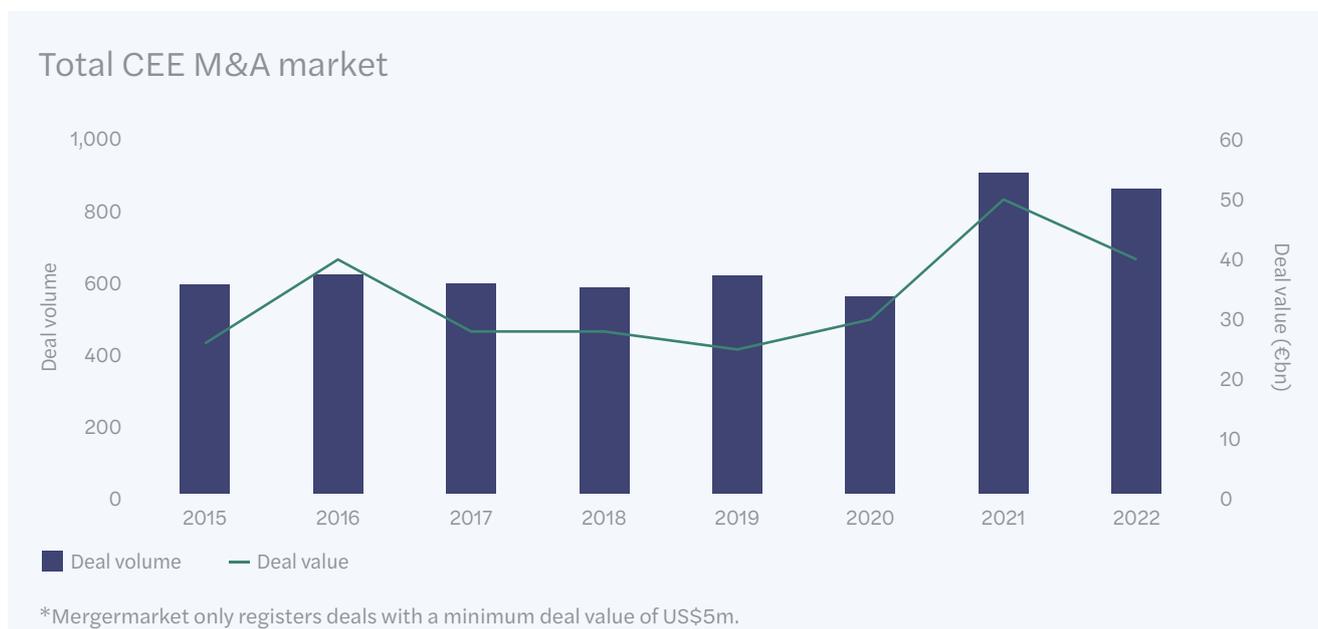
First, 2021 was always going to be a hard year to beat (or even match) thanks to the low interest rates and surge of post-pandemic dealmaking. The number of transactions recorded in CEE in 2022, while down year on year, is nonetheless higher than for any full-year period on record except 2021. The aggregate value of those deals is also higher than any annual total besides that posted in 2021, just eclipsing 2016's €38.6bn (albeit from many fewer transactions, at 608).

Second, the CEE region was not alone in facing M&A headwinds. All parts of the world, without exception, were affected. Notably, the year-on-year declines in volume and value recorded in CEE in 2022 were considerably less pronounced than those seen globally. Indeed, the advanced economies of Western Europe and North America both suffered sharper declines in volume and value.

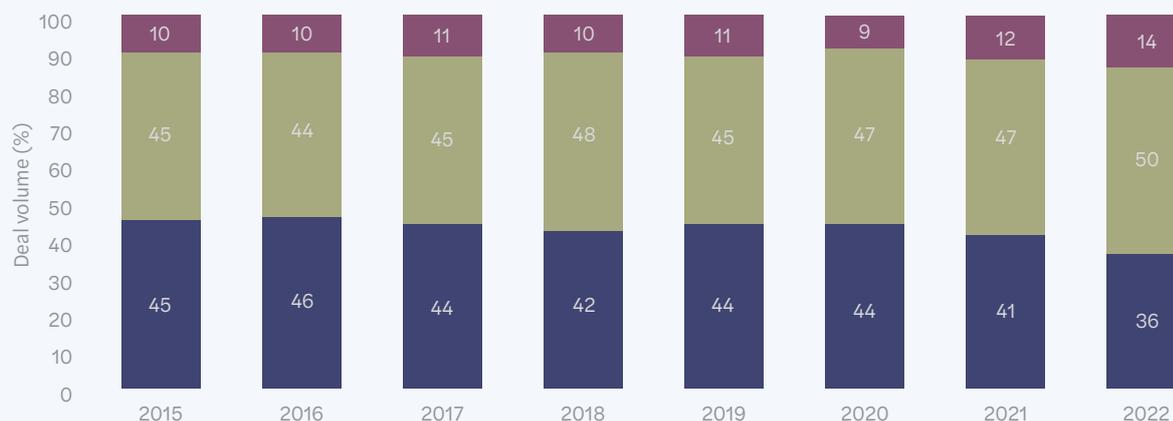
“2022 was generally good – although obviously not at the exceptional level of 2021, which was a result of the postponing effect of Covid-19,” says Adam Zohry, Executive Manager based in Warsaw and coordinating the Financial Advisory practice of Mazars in CEE. “But if we look at the last eight years, 2022 was the second-best year in terms of volume. It underlines the attractiveness of our region, despite the challenges first of Covid-19 and then the war in Ukraine.”

One thing that stands out is the speed with which dealmaking has evolved in response to the new landscape. “Initially, some transactions were put on hold, including those that were quite advanced in the due diligence phase. Buyers and sellers wanted to wait until they had more clarity,” says Jacek Byrt, Partner and Head of Financial Advisory at Mazars in Poland. “But what we are seeing now is that players are adapting to the new situation: they do not want to postpone decisions forever, so they are trying to find solutions around the different difficulties that they see.”

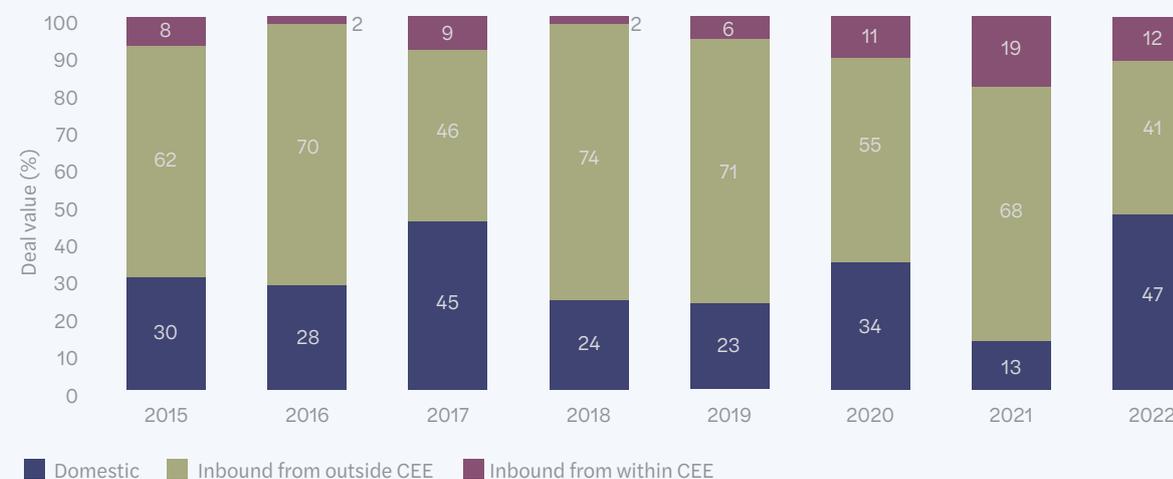
Dealmakers face a number of challenges, not least around valuations and deal flow. These are closely linked – in a market where valuations are under pressure, the instinct of many sellers is simply to hang



### CEE M&A volume – inbound vs. domestic



### CEE M&A value – inbound vs. domestic



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**Jacek Byrt**

Partner and Head of Financial Advisory, Mazars in Poland

# The M&A market in CEE

## The dealmaking landscape

### Top 10 M&A deals in CEE in 2022\*

Announced date	Target company	Sector	Target country	Bidder company	Bidder country	Deal value (€m)
29/07/2022	Polskie Gornictwo Naftowe i Gazownictwo SA (71.88% Stake)	Energy and utilities	Poland	Polski Koncern Naftowy Orlen S.A. (PKN Orlen S.A.)	Poland	6,185
21/12/2022	OMV AG (24.9% Stake)	Energy and utilities	Austria	Abu Dhabi National Oil Company	United Arab Emirates	3,819
02/06/2022	Grupa LOTOS S.A. (100% Stake)	Industrials	Poland	Polski Koncern Naftowy Orlen S.A. (PKN Orlen S.A.)	Poland	3,644
13/06/2022	Flughafen Wien AG (60% Stake)	Transport and logistics	Austria	IFM Investors; IFM Global Infrastructure Fund; Airports Group Europe S.a r.l.	Australia	1,954
22/08/2022	Vodafone Hungary (100% Stake)	Telecommunications	Hungary	Corvinus Nemzetközi Befektetési Zrt.; 4iG Nyrt.	Hungary	1,756
14/04/2022	S IMMO AG (36.66% Stake)	Real estate	Austria	CPI Property Group	Czech Republic	1,535
28/12/2022	PKP Energetyka Sp. z o.o. (100% Stake)	Energy and utilities	Poland	PGE Polska Grupa Energetyczna S.A.	Poland	1,267
02/06/2022	Borealis AG (nitrogen business) (100% Stake)	Industrials	Austria	Agrofert, a.s.	Czech Republic	810
14/03/2022	Ford Romania S.A. (100% Stake)	Automotive	Romania	Ford Otomotiv Sanayi A.S.; Ford Otosan Netherlands B.V	Turkey	715
11/08/2022	Super Sport d.o.o. (75% Stake)	Hospitality and leisure	Croatia	Entain Plc	Croatia	690

\*Based on deals with disclosed values



on and wait for conditions to improve. The result is that deal flow dries up. “It’s very hard for sellers to face the new reality,” says Lukáš Hruboň, Head of Transaction Advisory at Mazars in the Czech Republic.

To get around these roadblocks, deal participants are increasingly turning to structured transactions. “What we are seeing now is a greater use of staged acquisitions and earnouts,” explains Hruboň. “We were involved in one deal where the earnout period was four years, much longer than is usually seen. This is new and it is the only way to proceed in an environment where the price gap is large.”

Adopting a flexible approach is the key to unlocking opportunities. “Now is the best moment for making acquisitions,” argues Byrt. “If you can structure well, you may have the chance to buy an asset for a price you would not have been able to a year earlier. You can build your strategic positions in such a way that, once the situation improves a year or two from now, you will be a leading player in your field.”

Focusing on transactions, domestic deals (i.e., those with a buyer and seller in the same CEE country) accounted for just under half the overall M&A deal value in 2022 (47%). While domestic capital is increasingly active in the CEE M&A market, the proportion of deals with inbound sponsors continues to rise, testifying to the continuing attractiveness of the region on the global stage. To put this in context, the share of deals with backers from outside the CEE rose to 50% in 2022, the highest proportion on recent record.

The largest and third-largest transactions of the year in CEE were both domestic Polish deals involving the same buyer, petrol firm PKN Orlen. The larger of these transactions – and the biggest deal by far in CEE in 2022 – was PKN Orlen’s acquisition of a 71.88% stake in gas company PGNiG for just under €6.2bn. Its next-biggest deal saw PKN Orlen buy Grupa LOTOS, a downstream energy company, outright for €3.6bn.

Between these two transactions was the €3.8bn acquisition of a 24.9% stake in Austrian integrated energy company OMV by the Abu Dhabi National Oil Company (ADNOC). The deal was announced almost at year’s end on 21 December and remains subject to regulatory approvals. Including this bid, four of the nine largest deals in CEE in 2022 saw acquirers targeting Austria-based companies.

Also of note was the acquisition of telecoms operator Vodafone Hungary by Corvinus Nemzetközi Befektetési, a holding company owned by the Hungarian government, and domestic IT company 4iG. The €1.8bn transaction was the CEE region’s fifth-largest M&A deal of the year. The acquisition underlines the increasing influence of the government in strategic areas of Hungary’s economy. Aside from telecoms, state interests over the past decade have expanded to encompass banking, energy and the media.

# The M&A market in CEE

## Around the CEE region

### Several dealmaking hotspots shine out, despite lower levels of activity

The top four countries for M&A deal volume in the CEE in 2022 were Poland (with 235 deals), Austria (120), the Czech Republic (81) and Romania (76). In terms of aggregate deal value, Poland and Austria likewise took the top two spots, followed at some distance by Hungary and then Croatia. While the level of dealmaking in the region was generally down year on year, three of the top five countries by value – Poland, Hungary and Croatia – actually generated more deal value in 2022 than in the previous year.

#### Poland

First place by volume and value is Poland, with total M&A value soaring 40% year on year to reach €17.7bn. Deal volume also rose, albeit just slightly, from 230 in 2021 to 235, though of course any increase in volume considering the challenging conditions is applause-worthy.

Much of the increase in value in 2022 is due to the two aforementioned massive acquisitions undertaken by petrol firm PKN Orlen, which together were worth almost €10bn (or 56% of the Polish total). On the subject of energy, Polish targets accounted for five of the nine largest inbound M&A deals in the energy and utilities sector. Among these were two Saudi Arabia-backed deals targeting oil and gas assets.

Also of note were the five inbound transactions in this sector involving Polish renewable energy assets, with bidders hailing from Israel, Sweden, Spain, France and Ireland.

“The energy transformation and renewables are key topics,” says Zohry. “Investors are also looking at sectors which have a lower exposure to high energy costs. IT and services are examples. Healthcare is another sector where we see increasing activity, one of the main drivers being the ageing population.”

According to its October 2022 World Economic Outlook report, the IMF predicts that economic growth in Poland will recede to 0.5% in 2023 from 3.8% in 2022. However, an uptick is forecast for 2024, with GDP growth expected to exceed 3%.

#### Austria

Among all CEE countries, Austria took second place by deal volume and value in 2022. The deal value achieved, at €10.9bn, was 17% under the €13.1bn

total achieved in 2021. The year-on-year decline in deal volume was similar, falling 18% from 146 to 120 transactions.

The largest deal of 2022 involving an Austrian target – also CEE’s biggest transaction involving a bidder from outside the region – was the acquisition by ADNOC of a 24.9% stake in energy and chemicals group OMV. It purchased the shareholding from Mubadala Investment Company, the Emirati sovereign wealth fund, in a deal thought to be worth €3.8bn.

Austrian targets featured in three further top-10 deals, including the €2bn acquisition of a 60% stake in Vienna Airport by Australia-based IFM Investors, and two transactions involving Czech buyers: CPI Property Group’s €1.5bn acquisition of a 36.66% stake in real estate group S IMMO; and the €810m deal that saw Czech agriculture and food processing firm Agrofert take over the nitrogen business of chemicals and plastics group Borealis.

Austrian technology targets were in high demand in 2022. The country accounted for three of CEE’s six biggest tech transactions. The largest of these – and the second-biggest tech deal of the year in the region – was the acquisition of a major portion of the IT services business of Austria-based Kontron by France-based VINCI Energies for €400m. 2022 also saw a €300m fundraising by Austrian edtech unicorn GoStudent, as well as a €251m investment in automotive safety software business TTTech Auto by Audi and Aptiv.

#### Czech Republic

The Czech Republic recorded a total of 81 M&A deals in 2022 with a declared value of €702m. The largest of these – and the CEE region’s fifth-biggest private equity deal of the year – was a €220m funding round for online grocer Rohlík Group. Among the various investors, led by Belgian firm Sofina, was the European Bank for Reconstruction and Development. Including this transaction, four of the five largest private equity-related deals struck in the Czech Republic fell in the technology sector.

Banking was another sector that saw significant activity in 2022. Much of this was a direct consequence of Russia’s invasion of Ukraine. Deals of note included the acquisition of Russian-owned Expobank CZ by the Czech Republic’s Banka

CEE M&A volume by country, 2020-2022



CEE M&A value (€m) by country, 2020-2022



\*Mergermarket only registers deals with a minimum deal value of US\$5m.

# The M&A market in CEE

## Around the CEE region

CREDITAS. 2022 also saw the liquidation of the banking operations of Russia-backed Sberbank CZ following the revocation of its licence by the Czech National Bank. Commercial bank Ceska Sporitelna acquired Sberbank CZ's local loan portfolio in a deal worth €135m, making it the second-largest transaction in the Czech Republic last year.

Looking ahead, manufacturing, automotive and healthcare are sectors to watch in 2023. "We have local companies with good infrastructure in terms of manufacturing capacity and people, but their customer base is underperforming. This is an opportunity for strategic investors to realise synergies with deals that focus on the asset rather than buying the current business," says Hruboň. "The healthcare industry also remains attractive because it is less exposed to external shocks." The Czech National Bank has forecast that national GDP will contract by 0.7% in 2023 before expanding by 2.5% in 2024.

### Romania

Deal volume in Romania outperformed expectations in 2022 with 76 transactions, up 17% from 65 in 2021. Aggregate value, however, almost halved from €2.7bn to €1.4bn. The country's largest transaction (and the ninth largest in CEE) was the €715m acquisition of Ford Romania by Turkey-based Ford Otomotiv Sanayi and Ford Otosan Netherlands.

In sector terms, energy and utilities was the star performer. Four of Romania's six largest transactions in 2022 fell in the space. Notably, three of these involved renewables assets, the biggest being the €120m cross-border acquisition of a prospective 151 MW wind park by Energias de Portugal and EDP Renovaveis.

Renewable energy is an increasing area of focus for Romania. The country is the single-biggest recipient of EU Recovery and Resilience Facility grants and loans within CEE, with backing exceeding €29bn, of which over 40% is devoted to the green transition. "The first tranche has already arrived and it is key for infrastructure and digitalisation. The Ukraine conflict has raised awareness of how important these things are," says Răzvan Butucaru, Partner and Advisory Leader at Mazars in Romania.

The pattern of dealmaking in Romania was broadly similar to that seen throughout CEE. "Q2 and Q3 were booming," says Butucaru. "The war did not significantly affect investor appetite – some transactions were put on hold, but these resumed after a month or two. In Q4, we saw a bit of downsizing: there are a lot of macroeconomic and

political factors that are unclear at the moment and investors are adopting a wait-and-see approach."

### Hungary

Hungary recorded M&A deals worth almost €3.1bn in 2022, almost five times higher than the sum recorded the year before. Deal volume, however, remained consistent, with 49 transactions announced in both 2022 and 2021. "The biggest issue is not a lack of buyers, but a lack of sellers – owners are holding on to see how things turn out next year," says Balázs Gál, Head of Advisory at Mazars in Hungary.

The bulk of that value total was accrued from one transaction, specifically the €1.8bn acquisition of Vodafone Hungary by state-owned holding company Corvinus Nemzetközi Befektetési and domestic IT group 4iG.

Mid-market activity remains robust. "We have an awful lot of manufacturing companies," says Gál. "We are starting to see consolidation where you have local high-net-worth individuals, private equity funds and family offices buying up two, three or four of these firms and then combining them to generate synergies and better profits."

A notable feature of Hungary's M&A market is the growing pool of domestic money. "This is a relatively new phenomenon," says Gál. "It used to be largely foreigners and regional funds. But now a local private equity sector has grown up, as well as family offices and regional corporates looking to grow through acquisitions. The domestic market has matured in recent years and become more like Western Europe."

Pressure to deploy dry powder is one of the factors likely to drive deals in the year ahead. "My prediction is that it's the buyers who will blink first. And in 2023, certainly in H2, I think it'll be quite active again in the M&A space," Gál says.

### Bulgaria

Dealmaking in Bulgaria slowed in 2022 with 29 transactions announced, down 19% from 2021. Aggregate value came to just €250m, a significant decline compared to the near record-breaking total of €1.6bn achieved in 2021.

High levels of inbound dealmaking (particularly from outside CEE) have long been a feature of Bulgaria's M&A market, and this proved still to be the case in 2022. Cross-border transactions accounted for 72.4% of the final deal count, versus 64% for the region overall. Specifically, the share of inbound



dealmaking from countries outside CEE accounted for 58.6% of Bulgarian deal volume (50.7% across all CEE countries). Four of the five largest Bulgarian transactions involved cross-border bidders.

The largest deal of 2022 in Bulgaria was the acquisition by Helios Energy, an Israel-based energy investment firm, of a 50MW solar power plant. The transaction was worth €65m. As one of the most southerly countries in the CEE region, Bulgaria is well placed to take advantage of solar power.

Turning to the macro picture, Bulgaria's deeper integration into the EU suffered a setback after its application to join the border-free Schengen area was rejected. On a more positive note, Bulgaria is expected to join the eurozone in 2024. Meanwhile, 2022 saw Bulgaria (along with Romania and Croatia) embark on accession discussions with the OECD. IMF data suggests that Bulgaria's economy is set to grow strongly compared to its CEE neighbours, with GDP expanding by 3% in 2023 and 4.1% in 2024.

## Adria

Adria – comprising Albania, Bosnia-Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, Serbia and Slovenia – saw a total of 104 deals in 2022 worth a combined €2.6bn. These figures represent a small year-on-year increase in volume (from 92 in 2021), but a decline of 43% in value terms.

The largest Adriatic deal in 2022 – also the 10th largest in CEE overall – was the €690m acquisition of a 75% stake in Croatia-based sports-betting provider Super Sport by UK-listed gambling group Entain. Also of significance was the €500m investment in Croatia-based electric supercar maker Rimac Group. “What is important for Croatia – and for our region – is that Rimac is able to bring in critical talents from all over the world, to invest in a technological hub and to pull Porsche R&D into

Croatia,” says Andrija Garofulić, Partner at Mazars in Adria. “That’s huge in terms of technology transfer and technology exports, and it has an influence on all the other industrial players in Croatia.”

2023 is a landmark year for Croatia, which joined the eurozone on 1 January, making it the 20th country to become part of the currency bloc. It also joined Schengen, Europe’s borderless travel area. These moves are expected to provide a significant economic boost. “You can really feel the increase of stability and security,” says Garofulić.

Slovenia, another EU member state in the region, recorded 28 deals in total (up from 23 in 2021), in sectors ranging from healthcare and construction to financial services and manufacturing. “Slovenia offers many great privately-owned business opportunities, some of them being in export-oriented specialised manufacturing. The good thing is that the business climate remains stable and we expect positive deal flows in 2023 as well,” says Garofulić.

While Croatia is set to benefit from deeper integration, six of the eight countries that make up Adria remain outside the EU, including Albania. While Russia’s invasion of Ukraine has put EU expansion in the western Balkans back on the agenda, progress on membership remains slow. “Being part of the EU would have a big impact on M&A in Albania,” says Teit Gjini, Managing Partner at Mazars in Albania. “It is also important from a geopolitical standpoint. Closer integration with Europe is essential to limit the influence of Russia and China in the Balkan region.”

The same holds true for Serbia, which is a market of great interest for many players from the EU, Eastern Europe and China. Apart from concerns that some investors might have related to the war in Ukraine, the Serbian market remains attractive with good opportunities in specialised retail, healthcare, renewable energy and many other sectors.

# The M&A market in CEE

## Around the CEE region

### Slovakia

Slovakia recorded 21 M&A transactions in 2022, two more than in 2021. Only two of these deals had a disclosed value, by far the largest being the €118m sale of the Optima shopping centre in Košice by Atrium European Real Estate, part of Israeli property group G City.

Non-cyclical sectors remained resilient in 2022. “IT is doing well – businesses of all types need IT expertise, so this sector is quite hot,” says Igor Mišík, Senior Manager at Mazars in Slovakia. “Food production and logistics for fast-moving consumer goods also continue to generate activity. Healthcare is an increasing area of interest because more people are opting to go private. The sector is going through major changes and the strongest privately-owned players are likely to gain in strength.”

One risk for Slovakia is the threat to car manufacturing, the country’s biggest industry. “There are a number of headwinds, including increasing regulation, tougher rules on emissions and the tighter economic climate,” says Mišík. “On the positive side, Volvo is investing in a new plant in Košice that will produce parts of electric vehicles only. This will reduce dependency on traditional petrol and diesel fuelled cars, so it’s good news.”

In common with other CEE countries, Slovakia relies heavily on imported natural gas for industry and domestic heating. However, the country stands out as having one of the CEE region’s least gas-dependent electricity grids: four-fifths of Slovakia’s electricity is generated from nuclear and renewables, adding to resilience. Looking ahead, Slovakia’s GDP is projected to grow by 1.5% in 2023 and by 3.4% in 2024.

### Ukraine

M&A activity in Ukraine was severely disrupted by Russia’s invasion in February 2022. The year saw a total of 10 deals, down from the 18 announced in 2021. That said, total value did almost quintuple year on year to €257m.

One deal provided the bulk of that sum, namely the €197m acquisition by private investor Andrii Verevskiy of 134,000 hectares of farmland from agriculture business Kernel. Mr. Verevskiy is chairman of Kernel and its largest shareholder. According to a statement released by the firm, the deal’s aim is to “de-risk the business and improve mid-term liquidity of Kernel, amid a blockade of Ukrainian Black Sea ports caused by Russia’s unprovoked military aggression against Ukraine.”

“Revival of the M&A market depends on the situation with the war,” says Yevgeniya Kopystyanska, Partner at Mazars in Ukraine. “Everybody has decreased their budgets in response to the risk situation. On top of this, it’s very difficult to talk about the market value of any company – nobody is able to give a fair valuation at this stage. We all want to see a fair price for deals and everybody is waiting.”

Despite exceptionally difficult circumstances, some deals are still being done. “For businesses with operations outside Ukraine, it is possible to talk about a more-or-less fair assessment of company value. For example, we participated in a successful IT transaction that took place in 2022. The company was originally from Ukraine, but the business operates outside the country. Companies of this kind are of interest to foreign investors. But those who are ready to sell at the moment are taking a risk and there are many uncertainties on both sides,” says Kopystyanska.

### Baltics

The Baltic countries – comprising Lithuania, Estonia and Latvia – proved their mettle in 2022 in the face of broader M&A disquiet in Europe. These three small but advanced economies, well respected for their supportive investment practices and particular expertise in technology, collectively generated 120 transactions in 2022, down just 17% from the year before.

In aggregate, these deals were worth €2.2bn, a decline of just 6.6% from 2021, though in fact both Latvia and Lithuania actually recorded year-on-year increases in aggregate deal value.

Lithuania accounted for the largest share of deals by volume with 58, but it was Estonia that contributed the most in terms of transaction value with just under €1.3bn, or 58% of the Baltic total in 2022.

Estonia’s primacy was guaranteed by the announcement of one especially large transaction, that being the €628m funding round raised by Tallinn-headquartered Bolt Technology (formerly Taxify), the ride-hailing company founded a decade ago this year. The investment group in this round was led by Sequoia Capital and Fidelity Management, both based in the US, whose involvement in this deal underlines the enduring appeal of Baltic assets to international acquirers.

# The M&A market in CEE

## Private equity in CEE

### 2022 stands out as one of the busiest years on record for buyouts in CEE. But exits are proving tricky in the current environment

Given 2021's record-breaking dealmaking surge, some softening of private equity activity in 2022 was to be expected. This proved true, with total buyout volume down 31% year on year. Value fell even further, by 66%, with buyouts totalling €3.4bn in 2022 compared to €9.9bn the year before.

That said, buyout volume in 2022 held up remarkably well by historical standards. Indeed, the number of private equity buyouts in 2022 remains one of the highest on record for CEE with a total of 97 deals, easily eclipsing any annual sum between 2015-20.

The exits side of the ledger likewise saw year-on-year declines, though even by historical metrics only just about kept pace with pre-pandemic annual figures. The value of exits fell by 46% to €2.8bn, while volume fell by more than a quarter to 50.

Estonia saw the biggest financial sponsor-related deal of 2022, a €628m investment round in ride-hailing firm Bolt by a group of investors including Sequoia Capital and Fidelity. The second-largest transaction saw a group of investors, including SoftBank, Porsche, Goldman Sachs Principal Strategic Investments Group and HOF Capital, acquire a 25% stake in Croatian electric vehicle maker Rimac.

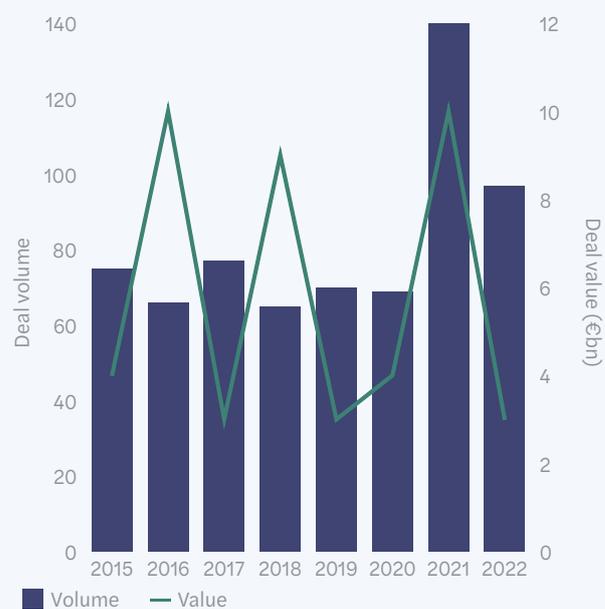
One of the biggest challenges in the current environment is maintaining deal flow. "My sense based on discussions with sellers is that they're holding out for what they think their company is worth," says Gál. "At the same time, buyers are under pressure to deploy their dry powder. They need deals to be made, and soon."

"Buyers are under pressure to deploy their dry powder. They need deals to be made, and soon."

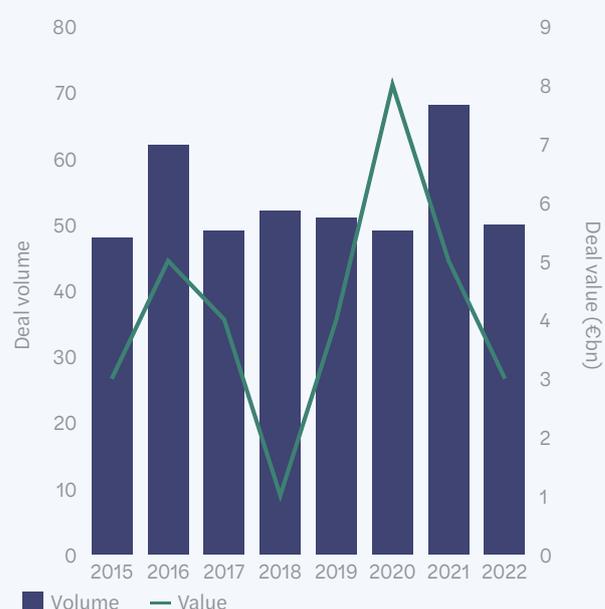
**Balázs Gál**

Head of Advisory, Mazars in Hungary

#### CEE private equity M&A buyouts



#### CEE private equity M&A exits



# The M&A market in CEE

## Private equity in CEE

### Top 10 PE deals in CEE in 2022\*

Announced date	Target company	Sector	Target country	Bidder company	Bidder country	Deal value (€m)
11/01/2022	Bolt Technology OU (8.48% Stake)	Technology	Estonia	Sequoia Capital; Fidelity Management & Research Company LLC; Whale Rock Capital Management LLC ; Tekne Capital Management LLC; Owl Rock Capital Advisors LLC; G Squared; D1 Capital Partners L.P.; Ghisallo Master Fund General Partner LP.	USA	628
01/06/2022	Rimac Group doo (25% Stake)	Automotive	Croatia	SoftBank Group Corp.; Porsche Automobil Holding SE; Goldman Sachs Principal Strategic Investments group; HOF Capital	Japan	500
01/09/2022	Nord/LB Lietuva (11.6% Stake)	Financial services	Lithuania	Blackstone Group Inc	USA	329
11/01/2022	GoStudent GmbH (10% Stake)	Technology	Austria	Deutsche Telekom AG; SoftBank Group Corp.; Tencent Holdings Ltd.; Coatue Management, L.L.C; Dragoneer Investment Group, LLC; Prosus N.V.; Left Lane Capital	Netherlands	300
17/06/2022	Rohlik Group as	Technology	Czech Republic	The European Bank for Reconstruction and Development; Sofina SA; J&T Bank a.s.; Partech Partners SAS; Quadrille Capital; Index Ventures SA	Belgium	220
01/02/2022	Lucebni zavody Draslovka a.s. Kolin	Industrials	Czech Republic	Oaktree Capital Management LP	USA	133
20/04/2022	Rimac Group doo	Automotive	Croatia	InvestIndustrial	Italy	120
07/04/2022	Nordsec Ltd (6.25% Stake)	Technology	Lithuania	General Catalyst; BaltCap; Novator Partners LLP; Burda Principal Investments GmbH & Co.; Matthew Mullenweg (Private Investor); Ilkka Paananen (Private Investor); Miki Kuusi (Private Investor)	Lithuania	92
26/01/2022	Veriff OU (6.67% Stake)	Technology	Estonia	Accel; Institutional Venture Partners; Tiger Global Management, LLC; Alkeon Capital Management, LLC	USA	89
19/04/2022	SEON Technologies Ktf	Technology	Hungary	Creandum; Institutional Venture Partners; Portfolion Venture Capital Fund Management Company	USA	87

\*Based on deals with disclosed values

Ample reserves of dry powder, estimated to be in the region of US\$1.2tn, mean funding is seldom a problem, provided that deals can be sourced. But the general economic slowdown and tighter monetary policy means there are question marks over fundraising in the longer term, and not just in CEE.

Despite this, there are reasons for optimism. The region has a strong base of established private equity firms, along with well-resourced public institutional investors including the EIB, EBRD and sovereign funds. On top of this, a new generation of young private investors is coming to the fore, widening the pool of regional capital. “The first generation of entrepreneurs was less interested in private equity,” says Byrt. “But with the second generation taking over, things are starting to change. They have family offices with professional managers and they diversify some of their capital away from the core business. This group is much more ready to think about private equity and venture capital as an asset class.”

“The first generation of entrepreneurs was less interested in private equity. But with the second generation taking over, things are starting to change.”

**Jacek Byrt**

Partner and Head of Financial Advisory,  
Mazars in Poland

## Top PE firms investing in CEE by number of M&A deals, 2021-22

PE firm	Deal volume
BaltCap	17
Innova Capital Sp z o.o.	14
Enterprise Investors Sp. z o.o.	11
MCI Capital S.A.	9
Speedinvest GmbH	8
Abris Capital Partners	8

## Top PE firms investing in CEE by total value of M&A deals, 2021-22

PE firm	Deal value (€m)
Starwood Capital Group	4,302
IFM Global Infrastructure Fund	1,954
GIC Private Limited	1,411
AGIC Capital	1,400
CVC Advisers Ltd	1,267

Note: The Private Equity activity tables reflect the activity of buyout firms, venture capitalists, investment firms, financial institutions and all parties whose activities wholly involve or include making private equity investments. Please note that the values in the ‘Value’ column do NOT reflect the equity contribution of the investors but represent the total values of deals they were involved in.

# The M&A market in CEE

## CEE vs. other emerging markets

### Closer analysis of CEE data reveals surprising insights

Emerging markets in all regions globally took a step back in 2022, with M&A volume and value down compared to the year before. Volume in CEE saw a 5% decrease from 2021, while value was down 21% year on year. However, there was a 55% increase in volume terms and a 35% rise in aggregate value compared to 2020.

Several emerging market groups actually recorded year-on-year increases in volume – including those in Latin America (2%), South East Asia (5%) and Africa (9%) – though all logged drops in aggregate value compared to 2021, with Africa suffering the most precipitous decline (77%) and Latin America the least (down just 10%). Compared to 2020, the Middle East saw by far the largest increase in volume (90%), while Africa recorded the largest jump in value terms (118%) followed by Latin America (94%).

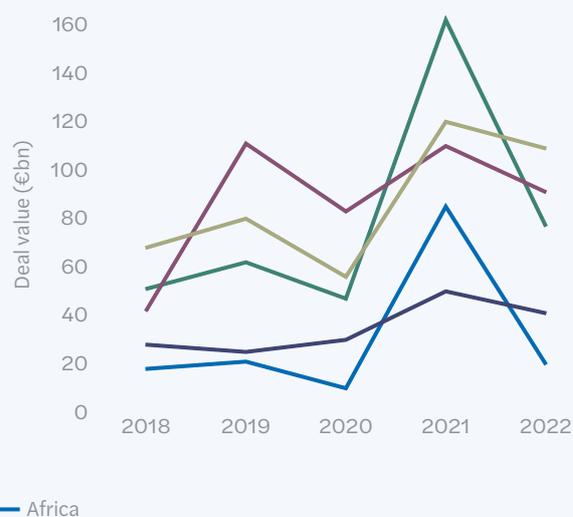
Scrutinising the regional data yields further insights. A key point about CEE is that not all of its 19 constituent countries are emerging economies, even though the region as a whole is considered to be an emerging market. The IMF categorises seven CEE countries – Austria, the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Slovenia – as advanced economies.

Interestingly, it is the emerging economies in CEE, rather than the advanced ones, that stand out as the top performers in 2022. To put this in context, the volume of M&A deals in the emerging CEE bloc actually increased, albeit marginally, from 467 in 2021 to 476. Their aggregate value also increased, rising to €25bn from €19.5bn. But among the seven advanced CEE economies, volume declined by 13% and total value almost halved.

Total M&A market deal volume by region



Total M&A market deal value by region



# The M&A market in CEE

## Situation in Ukraine and impact on the CEE region

### Private investment will play a critical role in the reconstruction of Ukraine

Russia's invasion of Ukraine on 24 February 2022 ignited Europe's worst humanitarian crisis in decades. It has also had a catastrophic impact on Ukraine's economy, with estimated losses of between €250bn-€750bn.

Despite this, Ukraine has its sights firmly set on the future – a point underlined by the country's ambitious National Recovery Plan. This sets out a vision not only for reconstruction, but also for the transformation of the Ukrainian economy. The scope is vast, with major investments envisaged in the energy system, construction, social and critical infrastructure, transport and utilities, housing, agriculture, metallurgy, manufacturing and IT.

The volume of capital that will need to be mobilised – more than US\$750bn over the next decade – is unprecedented. Around a third of this is expected to come from private investment, with around US\$50bn to be deployed in the period 2023-25. To facilitate private investment post-war, the government is considering sovereign guarantees and the creation of a development bank, as well as plans to advance the country's capital market.

Ukraine's immediate needs include restoring power supplies and building up logistics. Dealmakers are already adapting. "You have inbound investors who are looking to expand their businesses, or to ensure the sustainability of their supply chains, and they are looking to buy logistics operators. This is a hot asset for Ukraine at the moment," says Kopystyanska, who adds that facilities for storage and warehousing are in short supply. "Some businesses are relocating to the western part of Ukraine – a lot has been destroyed in both the central and eastern parts of the country, so that creates demand."

Investors from the CEE and beyond are already looking to Ukraine's post-war future. "There is a lot of interest around future capital allocation in Ukraine," confirms Byrt. "We see many entrepreneurs actively gathering intelligence about this topic. They want to be ready for when the war ends."

"You have inbound investors who are looking to expand their businesses, or to ensure the sustainability of their supply chains, and they are looking to buy logistics operators. This is a hot asset for Ukraine at the moment."

**Yevgeniya Kopystyanska**  
Partner, Mazars in Ukraine

"There is a lot of interest around future capital allocation in Ukraine. We see many entrepreneurs actively gathering intelligence about this topic. They want to be ready for when the war ends."

**Jacek Byrt**  
Partner and Head of Financial Advisory,  
Mazars in Poland

# The M&A market in CEE

## ESG and its effects on the dealmaking process in CEE

### New environmental, social and governance (ESG) regulations are reshaping the dealmaking landscape in the EU and beyond

In November 2022, the Council of the EU gave its final approval to the Corporate Sustainability Reporting Directive (CSRD), the latest in a series of legislative manoeuvres designed to achieve environmental and social objectives by influencing private capital allocations.

The CSRD – which will require large companies to publish regular reports on their environmental and social impact – will come into effect in January 2025 (for the financial year 2024). The directive will have a significant impact not only on CEE countries that are members of the EU, but also on non-EU companies that generate a net turnover of at least €150m and have at least one subsidiary in the EU.

“ESG will be an increasing factor in investors’ overall estimation of companies,” says Jan Fido, Director and Head of Transaction Services at Mazars in Warsaw. “For small- and mid-cap deals, we do not see much yet. But for larger transactions, ESG is already an investment consideration.”

Further ESG-related rules are in the pipeline. The proposed Corporate Sustainability Due Diligence (CSDD) Directive, announced in February 2022, would compel businesses of a certain size to conduct human rights and environmental due diligence across all their operations, including mandatory supply-chain due diligence. All of this comes on top of the EU’s existing anti-greenwashing rules, as set out in the Sustainable Finance Disclosure Regulation (SFDR). This came into effect in 2021 and aims to improve transparency around sustainability claims made by financial institutions.

Regulations – existing and proposed – will have a significant impact on CEE countries that are EU member states. However, even companies outside the EU are likely to adopt similar frameworks, especially if they have received investment, or are seeking investment, from EU-based investors.

“For small- and mid-cap deals, we don’t see much yet. But for larger transactions, ESG is already an investment consideration.”

**Jan Fido**

Director and Head of Transaction Services,  
Mazars in Poland



# Cross-border M&A in CEE

## The inbound picture

### Inbound transactions accounted for a bigger share of dealmaking in 2022 than ever before

High-value cross-border dealmaking was significantly lower in all global regions in 2022, and CEE was no exception. The aggregate value of all inbound deals – comprising those involving bidders from outside the region as well as those from within it – fell by 51%, with transactions totalling €20.9bn versus €42.9bn in 2021. The volume of these deals, however, increased marginally, from 531 to 544 in 2022.

The overall proportion of M&A transactions in the CEE region involving cross-border sponsors likewise rose. The share of these inbound deals in 2022 rose to 64%, up four percentage points from the year before and easily the highest proportion on recent record dating back to 2015.

Looking at this finding in more detail, 50% of all CEE deals announced in 2022 had sponsors from outside the region – up from 47% in 2021 and the first time that such transactions have comprised more than half of all CEE M&A. Intraregional cross-border M&A made up 14% of all CEE dealmaking in 2022, a new record and up from 12% the year before.

The largest cross-border deal – which was also the second largest in CEE overall in 2022 – was the previously mentioned acquisition of a stake in

Austrian petrochemical company OMV by ADNOC for €3.8bn.

Interestingly, the next four biggest inbound deals of 2022 all involved transport assets of one sort or another – including an airport, an automotive company, a ride-hailing firm and an electric vehicle manufacturer. The largest of these transport-centric deals was the acquisition of a 60% stake in Vienna Airport by Australian infrastructure investment firm IFM for just under €2bn, followed by the €715m acquisition of Ford Romania by Turkey-based Ford Otomotiv Sanayi and Ford Otosan Netherlands.

While both of these deals involved conventional transport-related assets, the fourth- and fifth-largest inbound transactions of 2022 in CEE represent the future of mobility. These include the €628m fundraising by Estonian ride-hailing firm Bolt Technology led by US-based Sequoia Capital, and the €500m acquisition of a 25% stake in Croatia-based electric vehicle and supercar maker Rimac Group by a group of investors led by Japan-based SoftBank Group. Both of these transactions underline the increasingly pivotal role played by CEE companies in delivering decarbonised mobility, not just within the region, but globally.



# Cross-border M&A in CEE

## The inbound picture

### Top 10 M&A deals inbound to CEE in 2022\*

Announced date	Target company	Target country	Bidder company	Bidder country	Deal value (€m)
21/12/2022	OMV AG (24.9% Stake)	Austria	Abu Dhabi National Oil Company	United Arab Emirates	3,819
13/06/2022	Flughafen Wien AG (60% Stake)	Austria	IFM Investors; IFM Global Infrastructure Fund; Airports Group Europe S.a r.l.	Australia	1,954
14/03/2022	Ford Romania S.A. (100% Stake)	Romania	Ford Otomotiv Sanayi A.S.; Ford Otosan Netherlands B.V	Turkey	715
11/01/2022	Bolt Technology OU (8.48% Stake)	Estonia	Sequoia Capital; Fidelity Management & Research Company LLC; Whale Rock Capital Management LLC; Tekne Capital Management LLC; Owl Rock Capital Advisors LLC; G Squared; D1 Capital Partners L.P.; Ghisallo Master Fund General Partner LP.	USA	628
01/06/2022	Rimac Group doo (25% Stake)	Croatia	SoftBank Group Corp.; Porsche Automobil Holding SE; Goldman Sachs Principal Strategic Investments group; HOF Capital	Japan	500
10/08/2022	Kontron AG (IT services business)	Austria	Vinci S.A.; VINCI Energies Schweiz AG	France	400
20/06/2022	FiberForce Sp. z o.o. (50% Stake)	Poland	InfraVia Capital Partners	France	381
18/10/2022	Grupa Zywiec SA (34.84% Stake)	Poland	Heineken N.V.	Netherlands	347
01/09/2022	Nord/LB Lietuva (11.6% Stake)	Lithuania	Blackstone Group Inc	USA	329
30/09/2022	Zagrebacka banka d.d. (11.72% Stake)	Croatia	UniCredit Group	Italy	323

\*Based on deals with disclosed values

## Top bidders

Focusing on bidders, the US once again stands out as the most active inbound investor in the CEE region with a grand total of 64 deals in 2022 worth a combined €2.2bn. In value terms it is bested only by bidders from the United Arab Emirates (€3.86bn) – inbound investors from that country were involved in only four CEE deals, though this did include the single largest deal in the region, Abu Dhabi National Oil Company's €3.8bn acquisition of a 24.9% stake in Austrian energy group OMV.

In volume terms, Germany takes second place with 58 deals worth €244m in aggregate, followed by the UK (37 deals, €266m). Meanwhile, Australian bidders came in third in value terms with just over €2bn worth of deals – thanks to the IFM-Vienna Airport transaction – though were involved in only six CEE deals.

China's retreat from the European market, tougher foreign direct investment reviews and the growing might of US private equity are among the factors shaping the inbound investment landscape. "We are seeing an evolution in terms of international investors," confirms Zohry. "Western investors are more and more active – particularly US private equity. The US is now number one in terms of inbound dealmaking, ahead of Germany and the UK. At the same time, China is less involved in the region than it was a few years ago."

## Top destinations

Poland retained the top ranking for extra-regional inbound deal volume in 2022, amassing a total of 112 transactions with bidders from outside CEE. Two of these feature in the inbound M&A top-10, the largest of which was the €381m acquisition by France-based InfraVia Capital Partners of a 50% stake in fibre network company FiberForce, followed by Netherlands-based Heineken's €347m acquisition of a 34.84% stake in Polish brewery Grupa Zywiec. Although Poland's 2022 deal tally is lower than that achieved in 2021, it handily surpasses the annual sums recorded between 2015-20, the highest having been 2017's 70 deals featuring bidders from outside CEE.

Austria takes second place with 83 deals – among them three of the six largest extra-regional cross-border transactions, including the €3.8bn and €2bn bids for petrochemical group OMV and Vienna airport, respectively. These were the only such bids for CEE companies involving buyers outside the region to eclipse the €1bn mark, helping Austria to

## Top inbound bidders in 2022 by volume

Country	Deal volume
USA	64
Germany	58
United Kingdom	37
France	35
Netherlands	27
Switzerland	25
Sweden	23
Israel	18
Italy	16
Finland	14

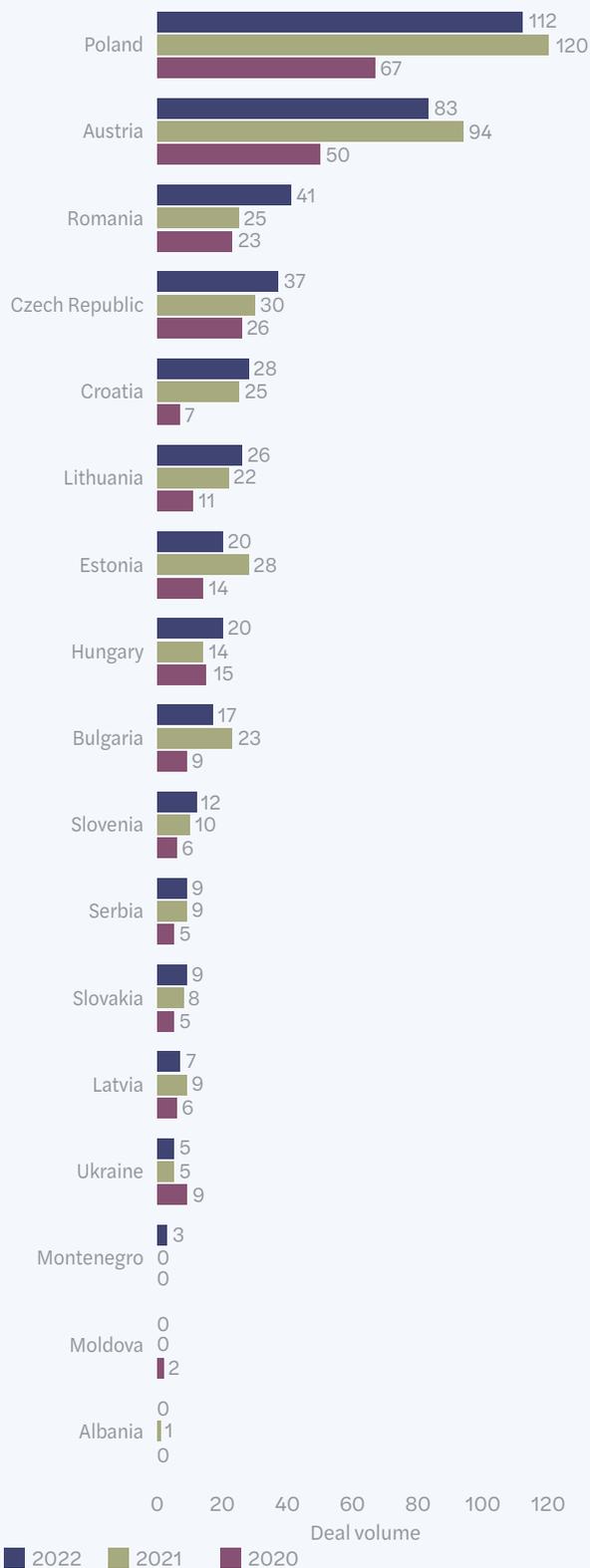
## Top inbound bidders in 2022 by value

Country	Deal value (€m)
United Arab Emirates	3,864
USA	2,172
Australia	2,013
France	1,224
Italy	958
Netherlands	955
Turkey	810
Israel	593
Japan	500
Belgium	499

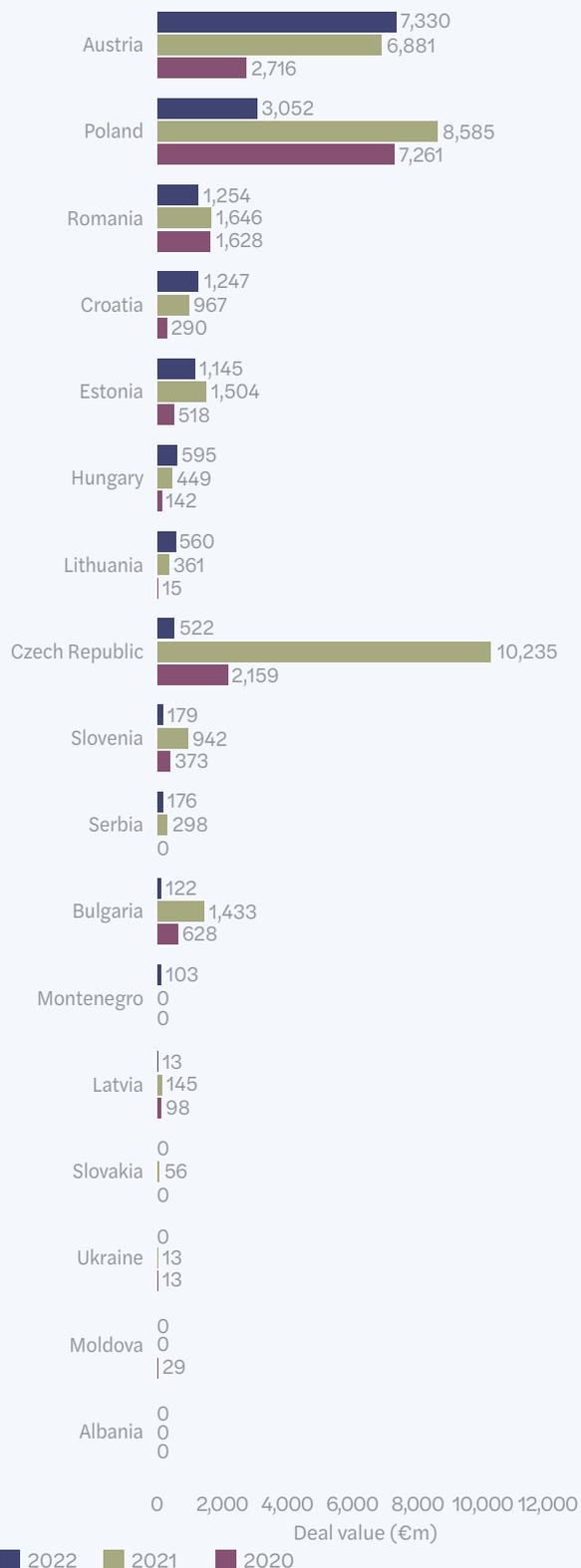
# Cross-border M&A in CEE

## The inbound picture

M&A volume inbound to CEE by country, 2020-2022 (from outside CEE)



M&A value (€m) inbound to CEE by country, 2020-2022 (from outside CEE)



\*Mergermarket only registers deals with a minimum deal value of US\$5m.

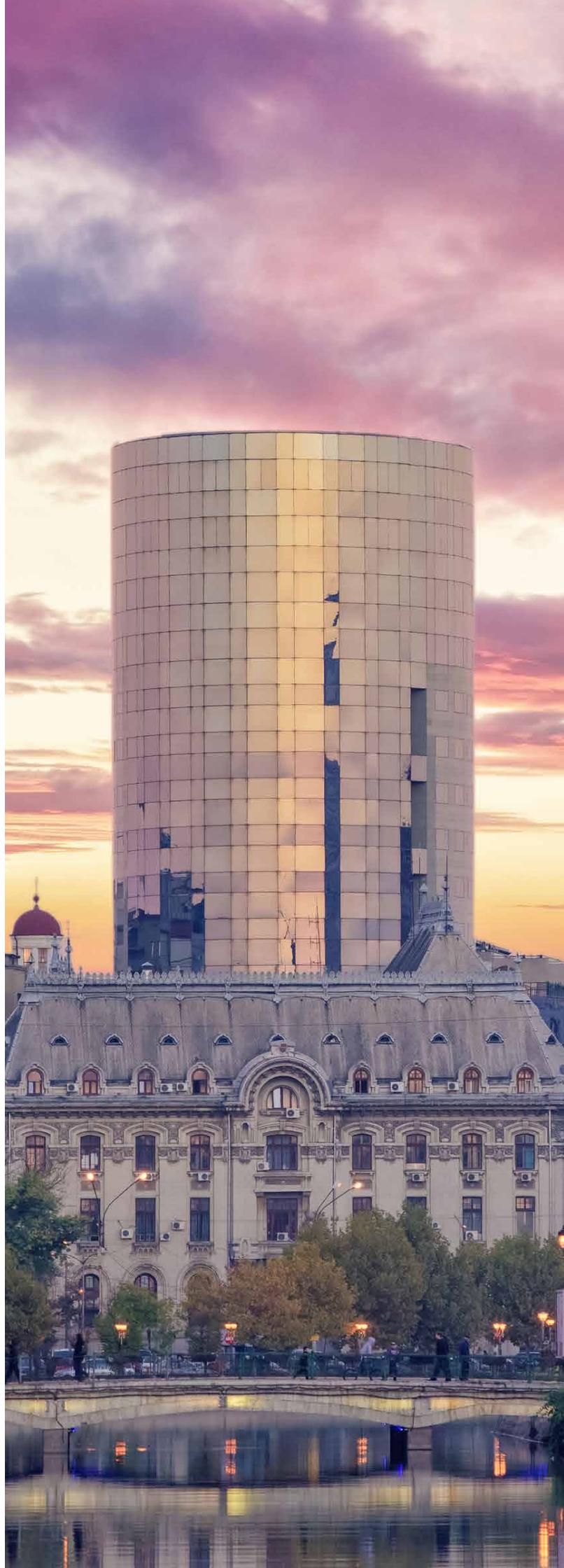
claim handily the number-one spot in aggregate value terms, with a total of €7.3bn. Poland comes in second, totalling just under €3.1bn worth of inbound deals, followed by Romania with €1.3bn from 41 deals, up noticeably from the 25 such transactions logged in the country in 2021.

“Romania has become quite an important player in the region,” confirms Butucaru. “From an attractiveness point of view there is interest in all sectors, specifically technology and industrials, as well as logistics and transportation. We are also well positioned from an energy point of view compared to other EU countries because we are less reliant on Russian gas.”

The trend towards increasing proportions of inbound versus domestic investment can be seen especially clearly in Adria. Of its 104 total M&A deals announced in 2022, 82 (79%) involved bidders from elsewhere in CEE (30) or outside the region (52). Within Adria, Croatia stands out as a hotspot, attracting 38 inbound transactions in 2022 and 33 in 2021, more than double the next highest sum recorded between 2015-20 (16 in 2016).

“The Adriatic region saw a historically high level of deal activity in 2022,” says Garofulić. “One of the key factors here is private equity-driven market consolidation. If you exclude the situation in Ukraine, the region has developed sufficiently in terms of political stability and the implementation of EU law. This stability combined with great investment opportunities is a second factor that is influencing increased activity. Combined with excess liquidity from the West, all of this contributed to a great year.”

Austria comes in second place in terms of the dominance of inbound investment, with cross-border deals accounting for 72.5% of the overall volume. In addition, Austria has the distinction of attracting the highest proportion of inbound investment from outside CEE (69% of its 2022 deal total by volume). Bulgaria and Romania are also widely favoured by all inbound investors, with cross-border sponsors accounting for 72% of each countries’ overall deal total.

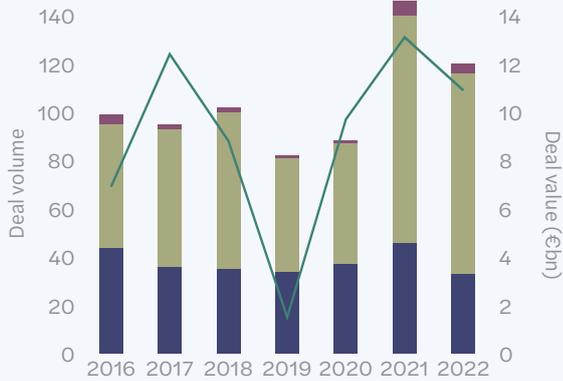


# Cross-border M&A in CEE

## The inbound picture

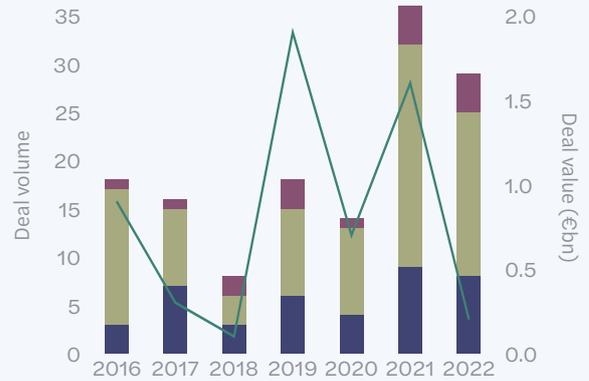
### Austria M&A

#### Inbound and Domestic deals



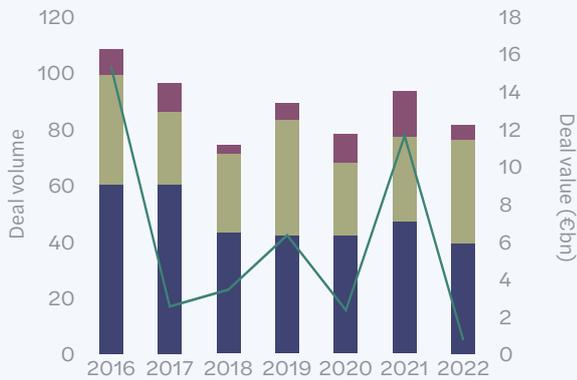
### Bulgaria M&A

#### Inbound and Domestic deals



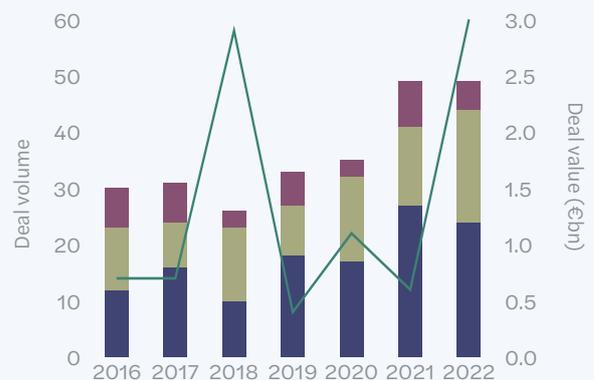
### Czech Republic M&A

#### Inbound and Domestic deals



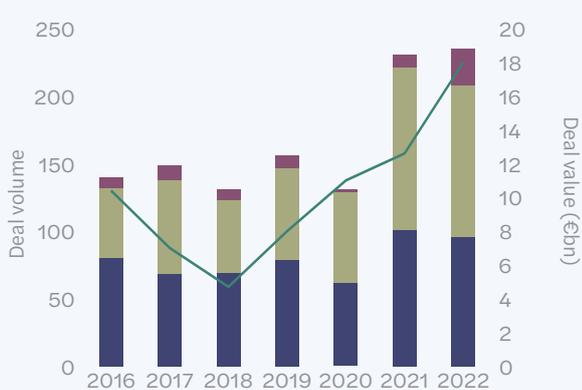
### Hungary M&A

#### Inbound and Domestic deals



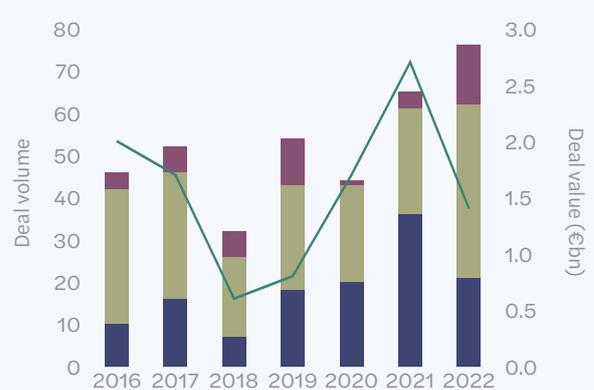
### Poland M&A

#### Inbound and Domestic deals



### Romania M&A

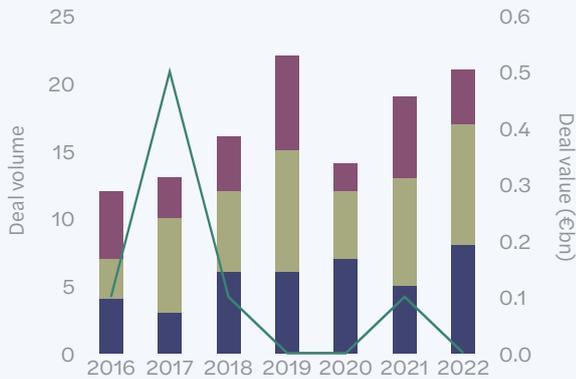
#### Inbound and Domestic deals



■ Domestic ■ Inbound from outside CEE ■ Inbound from within CEE — Value

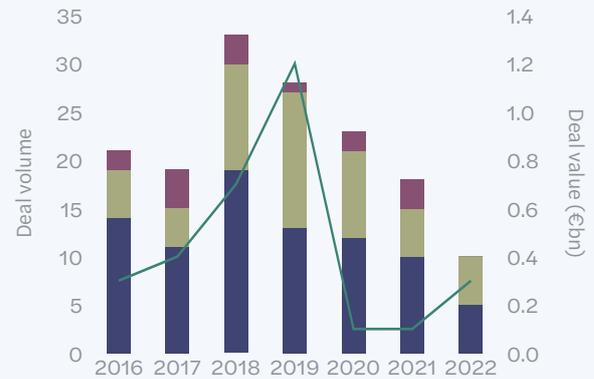
### Slovakia M&A

#### Inbound and Domestic deals



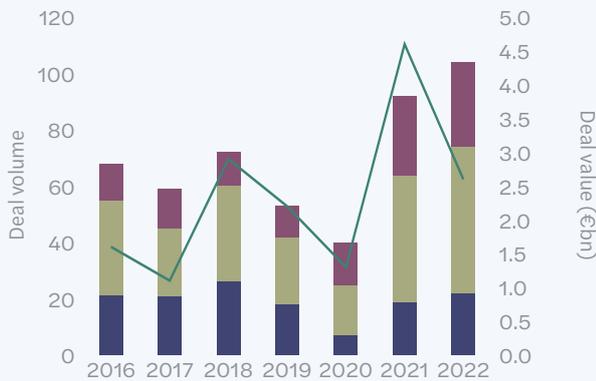
### Ukraine M&A

#### Inbound and Domestic deals



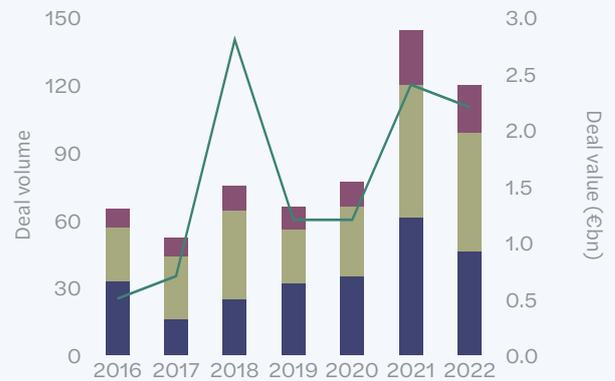
### Adriatic region M&A

#### Inbound and Domestic deals



### Baltic region M&A

#### Inbound and Domestic deals



■ Domestic ■ Inbound from outside CEE ■ Inbound from within CEE — Value

### Adriatic region M&A – Inbound and Domestic deal volume (by country)

Year	Albania	Bosnia-Herzegovina	Croatia	Montenegro	North Macedonia	Serbia	Slovenia
2016	3	5	22	2		13	23
2017		8	11	3	6	18	13
2018	5	4	23	1	3	13	23
2019	3	3	8	3	1	16	19
2020	1	1	16			8	14
2021	4	2	42	1	1	19	23
2022		1	51	3		21	28

### Baltic region M&A – Inbound and Domestic deal volume (by country)

Year	Estonia	Latvia	Lithuania
2016	33	13	19
2017	24	16	12
2018	32	18	25
2019	25	12	29
2020	32	15	30
2021	57	25	62
2022	43	19	58

# Cross-border M&A in CEE

## Sector focus

### CEE's ample supply of high-quality targets kept inbound investors busy in 2022 – particularly in the tech, industrial and energy sectors

Technology stands out as the primary generator, in volume terms, of inbound CEE deals involving bidders from outside the region in 2022. While the number of deals recorded (108) was down 13% from the exceptional level reached in 2021 (124), it is nonetheless one of the highest annual deal totals yet seen for the tech sector, with the next closest being the 60 transactions logged in 2020. Those 108 inbound tech deals generated just over €3.1bn worth of value, down considerably from the remarkably – indeed, anomalously – high sum of €11.1bn recorded in 2021, though that figure is still up by around 25% from 2020.

The number-one sector in 2022 in terms of total inbound value was energy and utilities, amassing €6.3bn from 51 transactions, the third-highest volume after technology and industrials (59). That aggregate value figure – of which more than 60% can be attributed to ADNOC's €3.8bn acquisition

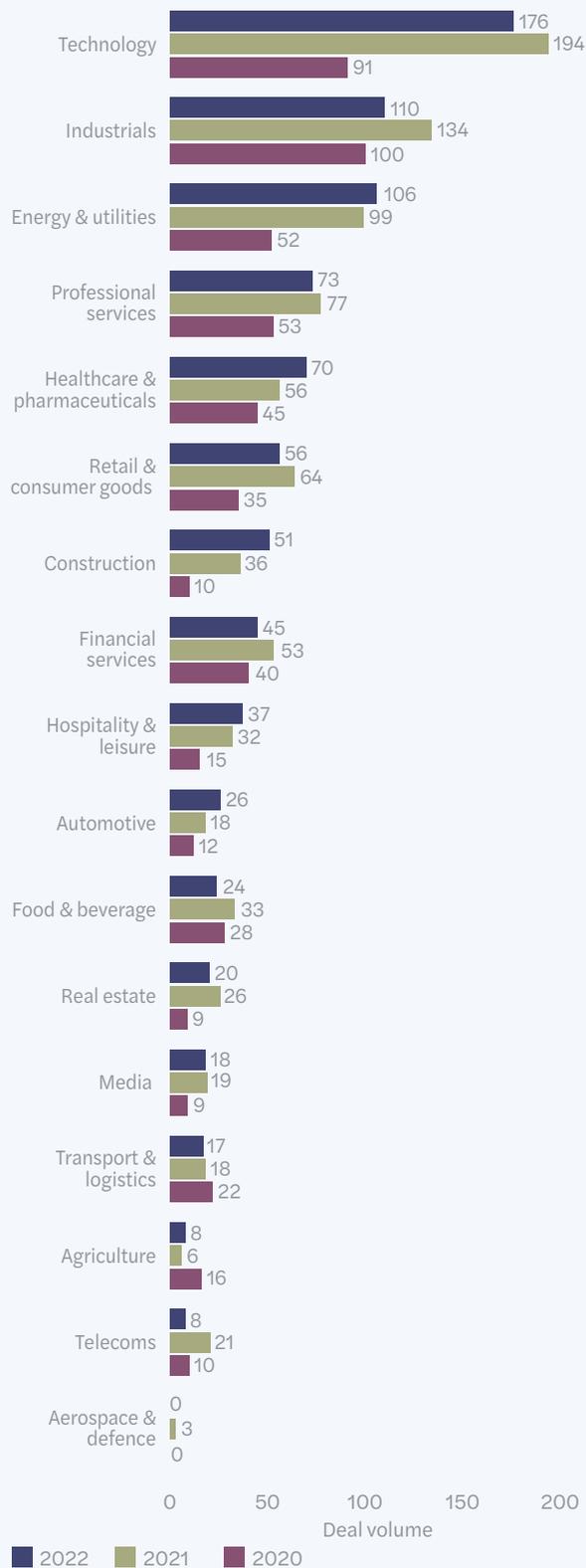
of a stake in Austria's OMV – represents an almost fourfold increase from 2021, when the CEE energy and utilities sector generated €1.6bn from 45 inbound deals.

The industrials sector, though the second busiest in volume terms – its 59 inbound deals represent a 21% decline from 2021, but a 37% increase compared to 2020 – was only the sixth-largest sector in value terms, recording €760m. That put it behind the likes of financial services (€869m), automotive (€1.3bn), and transport and logistics (just under €2bn). The latter represents a more than twentyfold increase from 2021 for inbound transport M&A, thanks almost exclusively to the IFM-Vienna Airport deal.

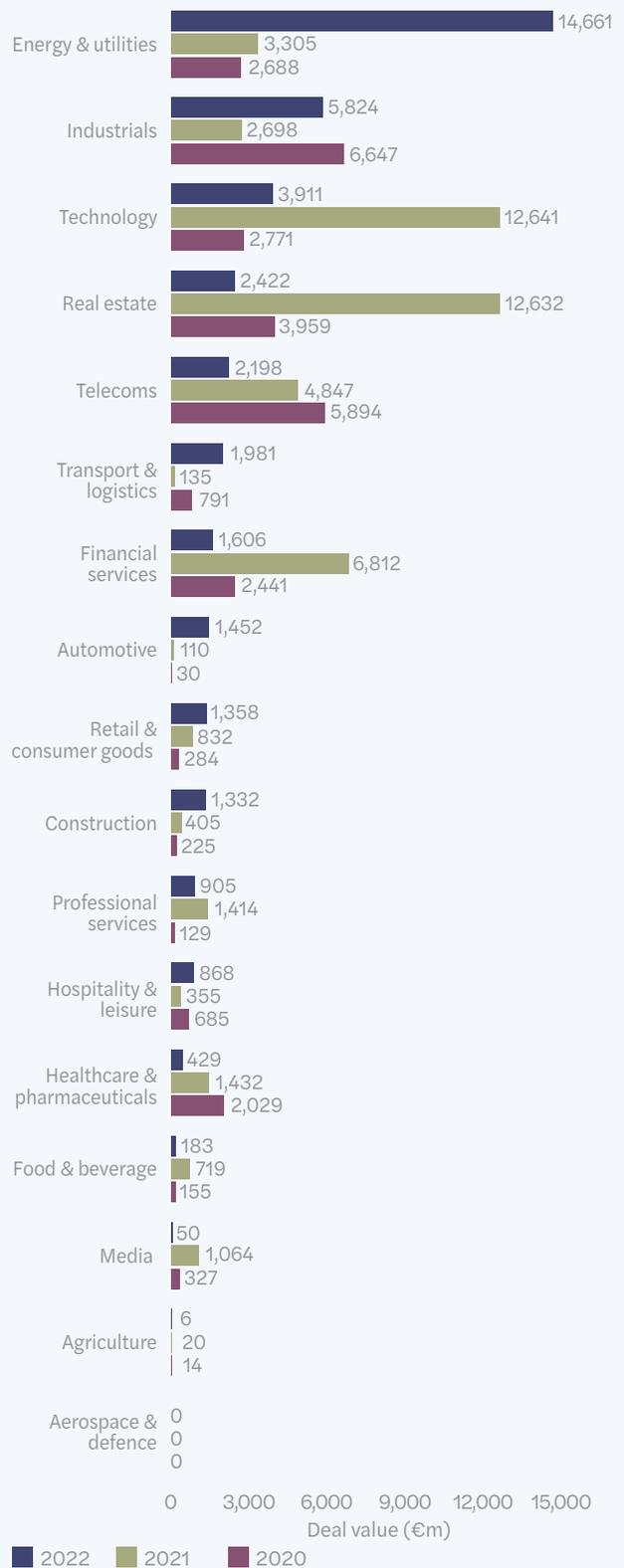
Looking ahead, 'company for sale' stories tracked by Mergermarket suggest that the technology sector – ranked number one with 105 stories – is one to follow closely in 2023, along with industrials (cited 59 times) and professional services (36).



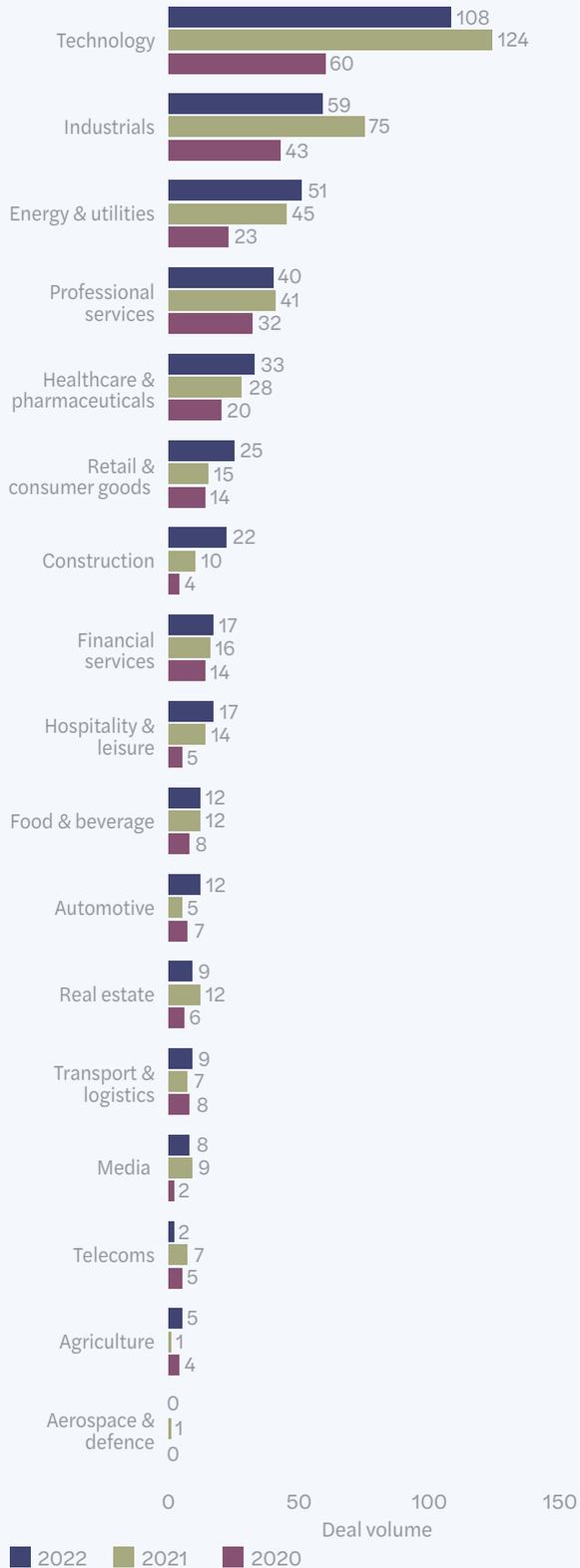
CEE M&A volume by sector, 2020-2022



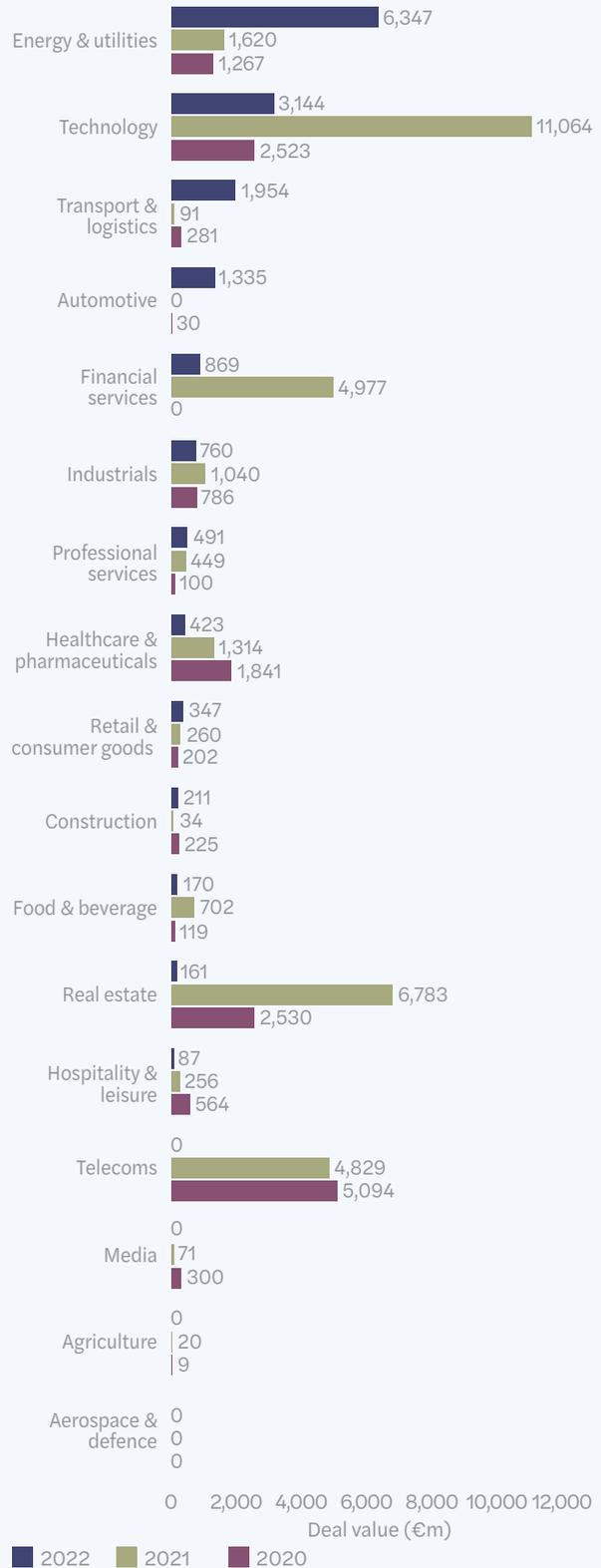
CEE M&A value (€m) by sector, 2020-2022



M&A volume inbound to CEE by sector, 2020-2022 (from outside CEE)



M&A value (€m) inbound to CEE by sector, 2020-2022 (from outside CEE)





# Cross-border M&A in CEE

## Technology

Strong non-cyclical characteristics make the tech sector particularly appealing to investors when market conditions are uncertain. This proved to be the case in 2022, with tech in the CEE region generating a total of 108 inbound deals – the highest number for any sector. While this was somewhat lower than the 124 deals seen in 2021, it is considerably higher than the 60 seen in 2020. Indeed, the tech deal total for 2022 is the second highest on recent record. US bidders stood out in 2022, accounting for six of the 10 biggest inbound tech deals – one more than in 2021.

In terms of overall inbound deal value, technology was the number-two sector in the CEE region, with a transaction total of €3.1bn, accounting for just under

a fifth of cross-border deal value. While this marks a significant retreat from the record €11bn recorded in 2021, it remains the third-highest annual total of the past eight years.

The biggest inbound tech deal of 2022 was a €628m investment round in Estonia-based ride-hailing firm Bolt by a group of investors led by US-based venture capital firm Sequoia Capital in exchange for an 8.48% stake. The funding round – Bolt’s largest to date – increased the company’s valuation to a reported €7.4bn. The investment will allow Bolt to expand its product suite, which currently includes ride-hailing, e-scooter and e-bike rental, as well as car-sharing, food and grocery deliveries.

### Top 10 inbound technology M&A deals\*

Announced date	Target company	Target country	Bidder company	Bidder country	Deal value (€m)
11/01/2022	Bolt Technology OU (8.48% Stake)	Estonia	Sequoia Capital; Fidelity Management & Research Company LLC; Whale Rock Capital Management LLC; Tekne Capital Management LLC; Owl Rock Capital Advisors LLC; G Squared; D1 Capital Partners L.P.; Ghisallo Master Fund General Partner LP.	USA	628
10/08/2022	Kontron AG (IT services business)	Austria	Vinci S.A.; VINCI Energies Schweiz AG	France	400
20/06/2022	FiberForce Sp. z o.o. (50% Stake)	Poland	InfraVia Capital Partners	France	381
11/01/2022	GoStudent GmbH (10% Stake)	Austria	Deutsche Telekom AG; SoftBank Group Corp.; Tencent Holdings Ltd.; Coatue Management, L.L.C; Dragoneer Investment Group, LLC; Prosus N.V.; Left Lane Capital	Netherlands	300
03/02/2022	TTTech Auto AG (28.5% Stake)	Austria	AUDI AG; Aptiv PLC	USA	251
17/06/2022	Rohlik Group as	Czech Republic	The European Bank for Reconstruction and Development; Sofina SA; J&T Bank a.s.; Partech Partners SAS; Quadrille Capital; Index Ventures SA	Belgium	220
26/01/2022	Veriff OU (6.67% Stake)	Estonia	Accel; Institutional Venture Partners; Tiger Global Management, LLC; Alkeon Capital Management, LLC	USA	89
19/04/2022	SEON Technologies Kft	Hungary	Creandum; Institutional Venture Partners; Portfolion Venture Capital Fund Management Company	USA	87
03/05/2022	kevin.	Lithuania	Eurazeo SA; Accel; Open Ocean Capital; Speedinvest GmbH; OTB Ventures; Global PayTech Ventures	USA	62
23/08/2022	Ready Player Me	Estonia	Andreessen Horowitz LLC; Riccardo Zacconi (Private investor); Justin Kan (Private Investor); Sebastian Knutsson (Private Investor); Konvoy Ventures; Collab+Currency; HartBeat Ventures LLC; David Baszucki (Private Investor)	USA	56

\*Based on deals with disclosed values

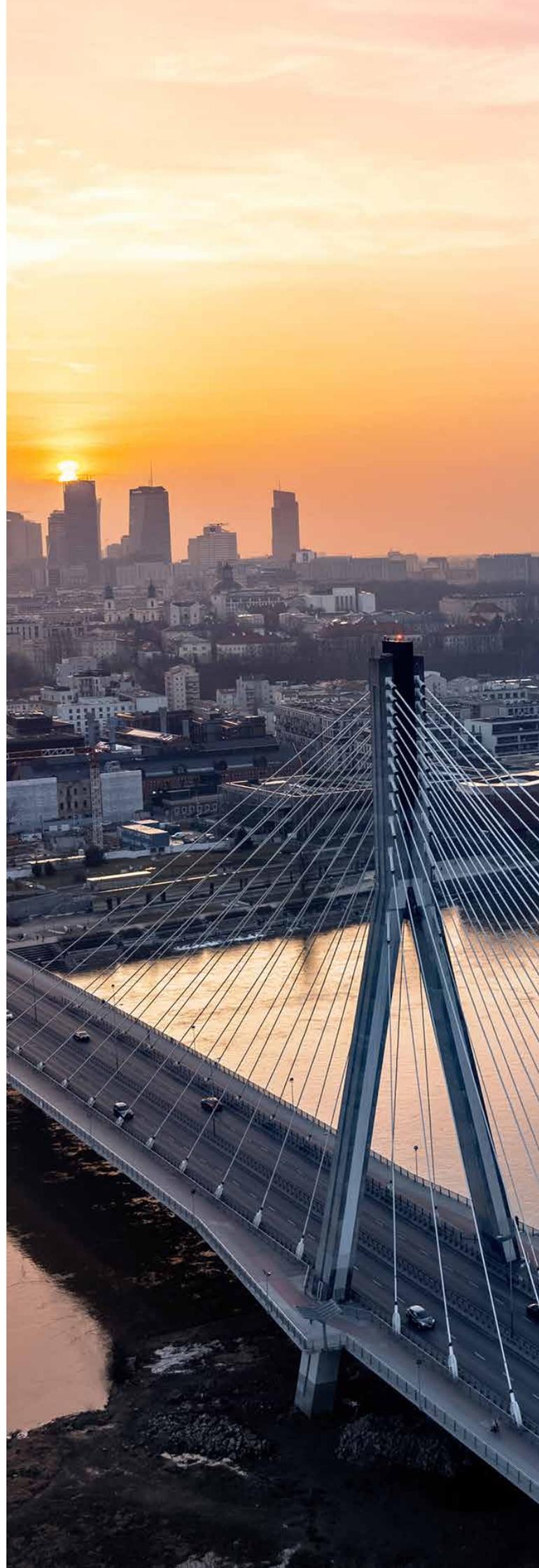
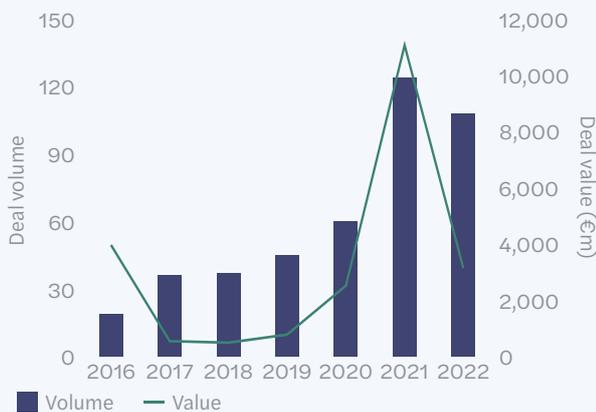
The second-largest inbound tech transaction of 2022 was the €400m acquisition by France-based VINCI Energies of a major portion of the IT services business of Austria-based Kontron. The agreement covers operations in Germany, Switzerland and Poland, as well as in eight other CEE countries. Kontron specialises in IT systems integration and services for cloud and data centres, IT networks and cybersecurity.

The third most valuable deal of the past 12 months, which also happened to involve a French bidder, was the €381m acquisition of a 50% stake in Poland-based FiberForce by Paris-based buyout firm InfraVia Capital Partners. The transaction paves the way for wider access to high-speed connectivity in several million Polish homes.

Another large tech deal of interest was the acquisition of a 28.5% stake in Austria-based automotive safety software specialists TTTech Auto by Audi and Aptiv for a deal value of €251m. As noted earlier, transactions related to transport and mobility were a key theme of 2022. These deals testify to the way the region is building on its track record of innovation to create solutions that are transforming the safety, accessibility and environmental performance of personal mobility.

Also of note in 2022 was a €300m funding round in Austria-based GoStudent led by Netherlands-based e-commerce company Prosus, with the participation of investors including Deutsche Telekom, SoftBank Group, Tencent Holdings and Coatue. GoStudent provides one-to-one video-based online tutoring, and the deal underlines the growing importance of edtech in the post-pandemic world.

### Technology M&A inbound from outside CEE to CEE



# Cross-border M&A in CEE

## Energy and utilities

Soaring energy prices, supply constraints and concerns about energy security in the wake of Russia's invasion of Ukraine put the energy and utilities sector firmly on the radar screen in 2022. Against this background, EU net-zero policies continue to stimulate investment in renewable energy infrastructure.

Energy and utilities was the third-largest sector in terms of the number of inbound deals to the CEE region in 2022 with a total of 51 transactions. This is up 13% from 45 the year before, and more than double the output posted in 2020 (23). In terms of the total value of deals inbound to CEE, energy and utilities ended the year on top, generating €6.3bn worth of transactions. That accounts for 39% of cross-border deal value in CEE and is more than double the sum generated by the technology sector's 108 transactions.

Poland stands out as the top geography, with assets in the country being targeted in five of the nine biggest inbound energy and utilities deals in 2022. The largest of these was the €254m acquisition of a 30% stake in LOTOS Asphalt, one of Europe's biggest bitumen manufacturers, by the Saudi Arabian Oil Company (Aramco) and Aramco Overseas Company. In a related deal, Aramco acquired 100% of LOTOS SPV 1 for €231m. Both of these transactions were carried out to satisfy EU antitrust conditions attached to Poland-based PKN Orlen's acquisition of Grupa LOTOS. The second-biggest deal was only slightly larger than the LOTOS Asphalt transaction, that being the share sale by MOL Hungarian Oil and Gas to Italian financial services UniCredit worth €259m. A similar deal was struck with Netherlands-based ING, which acquired €249m worth of shares.

### Top 10 inbound energy and utilities M&A deals\*

Announced date	Target company	Target country	Bidder company	Bidder country	Deal value (€m)
21/12/2022	OMV AG (24.9% Stake)	Austria	Abu Dhabi National Oil Company	United Arab Emirates	3,819
28/02/2022	MOL Hungarian Oil and Gas Public Limited Company (4.76% Stake)	Hungary	UniCredit Bank AG; UniCredit Group	Italy	259
12/01/2022	LOTOS Asphalt Sp z oo (30% Stake)	Poland	Saudi Arabian Oil Co; Aramco Overseas Company B.V.	Saudi Arabia	254
06/03/2022	Electrum Solar Portfolio (20% Stake); 412 MW photovoltaic plant in Poland (20% Stake)	Poland	Nofar Energy Ltd.	Israel	253
24/02/2022	MOL Hungarian Oil and Gas Public Limited Company (4.41% Stake)	Hungary	ING Groep NV; ING Bank NV	Netherlands	249
12/01/2022	LOTOS SPV 1 sp zoo (100% Stake)	Poland	Saudi Arabian Oil Co	Saudi Arabia	231
13/10/2022	Sunly	Estonia	BPCE Group; Mirova SA; Existing Shareholders	France	200
31/05/2022	Wysoka wind farm (100% Stake); Recz solar farm (100% Stake)	Poland	Ingka Holding B.V.; Ingka Investments B.V.	Sweden	190
01/08/2022	Greenvolt – Energias Renovaveis SA (98 MW Wind and Solar Portfolio, Poland) (100% Stake)	Poland	Iberdrola SA	Spain	155
31/08/2022	Renalfa Solarpro Group GmbH (Operational PV projects) (100% Stake)	Austria	RGreen Invest	France	140

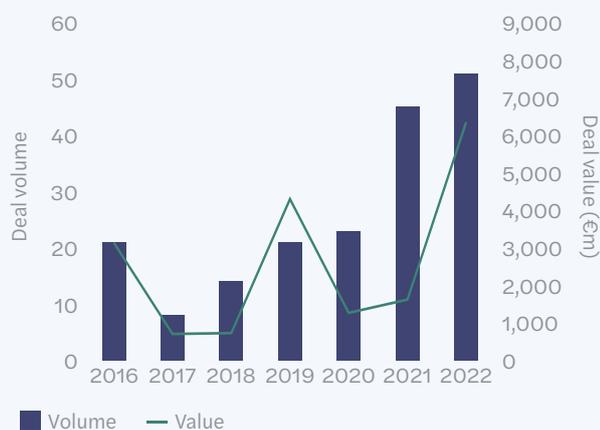
\*Based on deals with disclosed values

All of these transactions, however, were easily eclipsed by the biggest inbound energy and utilities deal logged in CEE in 2022. Announced towards the end of December, ADNOC from the United Emirates moved to acquire a 24.9% stake in OMV, the global energy and chemicals group headquartered in Vienna. The deal is worth almost €4bn, greater than the sum of all other inbound CEE energy and utilities transactions combined. Importantly, OMV holds a 75% stake in Austrian chemicals specialist Borealis, so this deal will allow ADNOC to increase its shareholdings in that company as well as in Borouge, a petrochemical company and joint venture between ADNOC and Borealis. This transaction marks another major step for the Emirati group as it accelerates its global chemicals growth strategy.

Also of note were the large number of deals in the renewables space. Five of the 10 biggest inbound CEE energy and utilities transactions involved renewables-related assets, with an emphasis on solar energy. “Everyone understands that the energy transition needs to happen,” says Byrt. “It’s more difficult to do now because the costs of capital have increased and it impacts the valuation. But at the same time, the capital is available and investors know that this is the future and therefore want to invest.”

The largest inbound renewables deal of 2022 was a €253m investment in Poland-based Electrum by Israel-based green energy specialist Nofar Energy. Poland was the focus of two other top-10 inbound energy deals targeting both wind and solar assets.

### Energy and utilities M&A inbound from outside CEE to CEE



# Cross-border M&A in CEE

## Industrials

The industrials sector has had a bumpy ride in recent years. It was hit particularly hard by the pandemic in 2019-20 and, more recently, tight labour markets, rising borrowing costs, lacklustre consumer demand and reliance on increasingly uncertain energy markets – natural gas in particular – have all weighed heavily on dealmaking.

That said, inbound investment in industrials proved robust in 2022, with a total of 59 inbound CEE deals, down from 75 the year before but exceeding the 43 recorded in 2020. In terms of aggregate deal value, industrials transactions totalled €760m in 2022, down 27% from the €1bn recorded the year before.

While the declines logged over the past 12 months are notable, they are broadly in line with those seen in markets worldwide. Indeed, the value of inbound investment in industrials in CEE was less hard hit than in some other global regions – including Western Europe, which saw total deal value in the industrial products and services industry tumble by almost 41% year on year.

Focusing on deals, a remarkable feature of the top 10 inbound industrials transactions of 2022 is that most of them – seven – involve investments that contribute directly to the energy transition and the circular economy. In contrast, only two of the top 10 transactions in 2021 met these criteria.

### Top 10 inbound industrials M&A deals\*

Announced date	Target company	Target country	Bidder company	Bidder country	Deal value (€m)
29/04/2022	Alumetal S.A. (100% Stake)	Poland	Norsk Hydro ASA	Norway	266
02/01/2022	Lucebni zavody Draslovka a.s. Kolin	Czech Republic	Oaktree Capital Management LP	USA	133
22/02/2022	GreenWay Polska Sp. z o.o.	Poland	Generation Capital Ltd.; Neulogy Ventures; Helios Energy Investments; Janom	Israel	85
19/08/2022	Dgpack Sro (100% Stake)	Czech Republic	Amcors plc	Switzerland	60
26/05/2022	Johnson Matthey Battery Systems Limited (100% Stake)	Poland	EV Metals Group plc	Australia	59
15/02/2022	COS Targoviste SA (100% Stake)	Romania	AFV Acciaierie Beltrame SpA	Italy	38
28/01/2022	Skeleton Technologies GmbH	Estonia	Taavet Hinrikus (Private Investor); EIT InnoEnergy SE; Nidoco AB	United Kingdom	38
18/02/2022	UAB Baltijos Polistirenas (100% Stake)	Lithuania	BEWi ASA	Norway	29
28/02/2022	TEWA Temperature Sensors Sp Z oo (100% Stake)	Poland	CTS Corporation	USA	22
20/09/2022	Trapview	Slovenia	Demeter Partners; Pymwymic Investment Management B.V.; European Circular Bioeconomy Fund (ECBF)	Germany	10

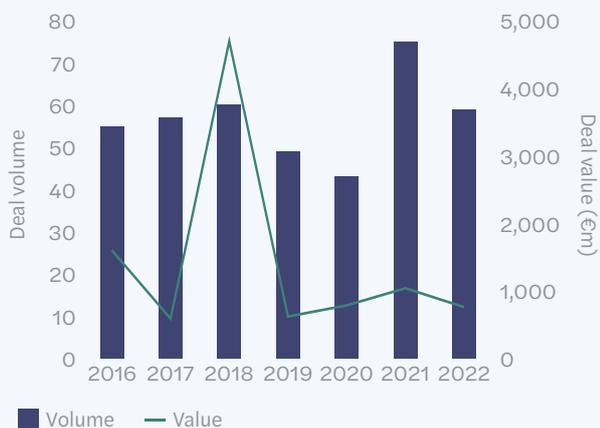
\*Based on deals with disclosed values

The largest cross-border industrials deal of 2022 saw Norway-based aluminium and renewable energy firm Norsk Hydro acquire Poland-based Alumetal outright for €266m. The acquisition will enable Norsk Hydro to substantially increase its use of recycled post-consumer scrap.

Staying with the theme of sustainability, the year's third-biggest inbound industrials deal was a €85m fundraising by Poland-based electric mobility specialist GreenWay Polska. Backers included Israel-based Generation Capital, Neulogy Ventures, Helios Energy Investments and Janom. The fundraising will support deployments of electric vehicle charging points and IT upgrades. The investment is believed to be the largest to date in electric vehicle charging in the CEE region.

Another top-10 transaction – and one which underscores CEE's increasing importance as a hub for advanced research and manufacturing linked to the energy transition – was a €38m funding round by Estonia-based Skeleton Technologies, backed by Taavet Hinrikus, EIT InnoEnergy and Nidoco. Skeleton Technologies specialises in supercapacitors and energy storage technologies for applications ranging from transportation and power grids to industry and the automotive sector.

### Industrials M&A inbound from outside CEE to CEE



# Indicative valuation considerations

## The valuation gap between CEE and Western Europe is narrowing – but downward pressure on valuations is growing

The median EV/EBITDA multiple for the CEE region across all sectors was 8.5x in 2021-22, Mergermarket data shows. Interestingly, this figure is only marginally lower than the median multiple for neighbouring Western Europe, which was 8.9x for the same period.

The convergence between the CEE region and Western Europe is significant. The data shows that the median multiple for the CEE region has risen (up by more than half a turn of EBITDA compared to 2019-20's 7.8x), while the Western Europe multiple has fallen (down from 10.7x in 2019-20).

Higher borrowing costs are likely to intensify downward pressure on deal multiples. "There is still a sufficient level of liquidity, but there will be additional scrutiny on the market in terms of increasing interest rates," predicts Garofulić. "We expect multiples will go down because it will be more and more difficult to acquire companies due to the increased cost of debt. Sellers will need to be reasonable and buyers should be creative in order to close the deals moving forward."

Differences in borrowing costs between countries in the CEE region are adding to the complexity facing dealmakers. Bank rates are typically higher

(often much higher) in non-eurozone CEE countries, potentially leading to disparities in valuations – local funding can be expensive. "For example, the PRIBOR domain refinancing rate in the Czech Republic increased by five percentage points to 7% in 2022," explains Hruboň. "Higher interest rates are having an impact on leveraged deals and there are certainly more valuation gaps now."

Considering valuation multiples in Europe overall, there were slightly more risers than fallers in the two-year period to 2021-22 in terms of median deal multiples. This is perhaps not surprising given the deluge of dealmaking seen in 2021. Technology stands out with a median EV/EBITDA multiple of 14.3x in 2021-22, the highest median multiple for any sector. The most notable risers in the period 2019-20 to 2021-22 were transport and logistics (up by three turns to 10.9x) and construction (up more than two turns to 10.2x). The biggest fallers were healthcare & pharmaceuticals (down from 15.3x to 10.6x), and media, which fell by almost six turns of EBITDA to 5x.

### Median EBITDA multiples in CEE vs. Rest of Europe, 2019-2022

Year	CEE median EBITDA multiple year 1	Rest of Europe* median EBITDA multiple year 1
2019/20	7.8x	10.7x
2020/21	11.0x	9.7x
2021/22	8.5x	8.9x

Disclaimer: the below indicative valuation figures are exclusively based on Mergermarket database figures and are for informational purposes only. They should not replace a formal valuation done by an independent advisor. An industry must have a minimum of 25 reported deals in Europe to be calculated. All the below EBITDA multiples figures are derived from taking the median from the transaction samples.

\*Rest of Europe includes: Andorra, Belgium, Channel Islands, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Isle of Man, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom

## European EBITDA multiples in selected sectors, 2019-2022

Sector	European 2021-2022 Median EBITDA Multiple Year 1	European 2020-2021 Median EBITDA Multiple Year 1	European 2019-2020 Median EBITDA Multiple Year 1
Technology	14.3x	13.3x	14.0x
Food & beverage	11.3x	11.0x	10.0x
Transport & logistics	10.9x	9.4x	7.9x
Healthcare & pharmaceuticals	10.6x	12.2x	15.3x
Construction	10.2x	10.3x	7.8x
Retail & consumer goods	10.0x	9.8x	8.3x
Industrials	9.5x	9.8x	8.4x
Energy & utilities	8.6x	8.6x	6.9x
Telecoms	8.3x	8.3x	9.9x
Professional services	8.2x	8.6x	12.3x
Media	5.0x	7.1x	10.8x
Hospitality & leisure	n/a	8.0x	11.7x
Real estate	n/a	n/a	14.4x

NB: Sector list excludes Automotive, Agriculture and Aerospace & Defence due to insufficient data. Financial Services is excluded due to industry-specific valuation metrics within the financial services sector.

NBB: Median EBITDA multiples only given for sectors with 25 or more reported EBITDA multiples in 2019  
European countries included: Albania, Andorra, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Isle of Man, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, North Macedonia, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom.

# M&A outlook for 2023 and conclusion

## What sectors and geographies are likely to perform best in the year ahead?

‘Company for sale’ stories tracked by Mergermarket provide vital clues about how deal flow could evolve over the coming year. Analysis of the 404 for-sale stories published over H2 2022 shows that technology garners the most mentions with 105 stories. These account for 26% of all for-sale stories over the period, on a par with the same time in 2021.

Industrials is the second most mentioned sector, with 59 stories. This represents 14.6% of the total, down slightly from 14.8% the year before. In third place, professional services generates 36 stories – a slightly higher proportion (8.9%) than was recorded a year earlier (7.8%). Tied for fourth place are retail and consumer goods and financial services, each of which accrues 31 stories.

Focusing on geographies, the countries with the highest number of ‘company for sale’ stories are Poland with 120 and Romania with 106, which lead the pack by a considerable distance. The country with the next highest total is the Czech Republic, with 42 stories.

Drilling into the data, the technology sector in Poland looks set to be especially active, with 32 stories about tech firms in that country. Romania’s technology sector is also likely to see high deal activity, with 28 such stories published.

The year ahead is likely to be challenging. Aside from inflation, higher borrowing costs and tight labour markets, there remains a very real threat to energy supplies, despite improved inventory management. While it is likely that Europe will get through the winter of 2022-23 unscathed, the winter of 2023-24 could be more difficult.

But the positives outweigh the negatives. First, the CEE M&A market is exceptionally resilient – indeed, it held out better than most of its global peers in 2022. Second, it offers opportunities for consolidation that few other markets can match, and across a variety of sectors. Third, labour costs are notably lower than those in neighbouring Western Europe. Finally, the region is now firmly at the cutting edge when it comes to technological innovation and

the energy transition. This is increasingly feeding into the type of deals that are getting done.

“The mix of industries that win in 2023 may offer some surprises,” predicts Adrian Mihalcea, Senior Manager, Transaction Services at Mazars in Romania. “There are a lot of funds with a focus on technology, constructions, logistics and professional services. While it is too early to point to winners and losers, this might affect the M&A market in these sectors positively.”

All of this bodes well for the year ahead. “There are certainly question marks in relation to Ukraine and the economic crisis, but we are positive about the outlook,” concludes Garofulić. “The development of the region has never been as good as it is now.”

“There are certainly question marks in relation to Ukraine and the economic crisis, but we are positive about the outlook. The development of the region has never been as good as it is now.”

**Andrija Garofulić**  
Partner, Mazars in Adria

## Heat chart: Companies for sale stories in CEE

	Albania	Austria	Bulgaria	Croatia	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Montenegro	Poland	Romania	Serbia	Slovakia	Slovenia	Ukraine	Grand total
Technology		4	3		14	9	4	1	4		32	28	2	3		1	105
Industrials		8		3	12	2		4	3	1	12	10	1	1	1	1	59
Professional services		2			3	1	4	1	3		12	7	1		1	1	36
Retail & consumer goods		3	2		2				2		7	8	2		5		31
Financial services		1	1		1	5		2	2		12	3	1			3	31
Healthcare & pharmaceuticals		3				1			1	1	13	4				3	26
Energy & utilities	1	1			2	1	1	1	3		5	5	1				21
Construction		1	1								2	15	1				20
Food & beverage							3		1		6	5				2	17
Transport & logistics		1		1		1	1				5	7					16
Hospitality & leisure					3		1				5	4					13
Media							1				3	2			1	1	8
Telecommunications					2						2	2			1		7
Real estate											3	4					7
Agriculture					2							2					4
Aerospace & defence					1	1											2
Automotive											1						1
<b>Grand total</b>	<b>1</b>	<b>24</b>	<b>7</b>	<b>4</b>	<b>42</b>	<b>21</b>	<b>15</b>	<b>9</b>	<b>19</b>	<b>2</b>	<b>120</b>	<b>106</b>	<b>9</b>	<b>4</b>	<b>9</b>	<b>12</b>	

Based on Mergermarket data for 'company for sale' stories published between 01/07/2022 and 31/12/2022.



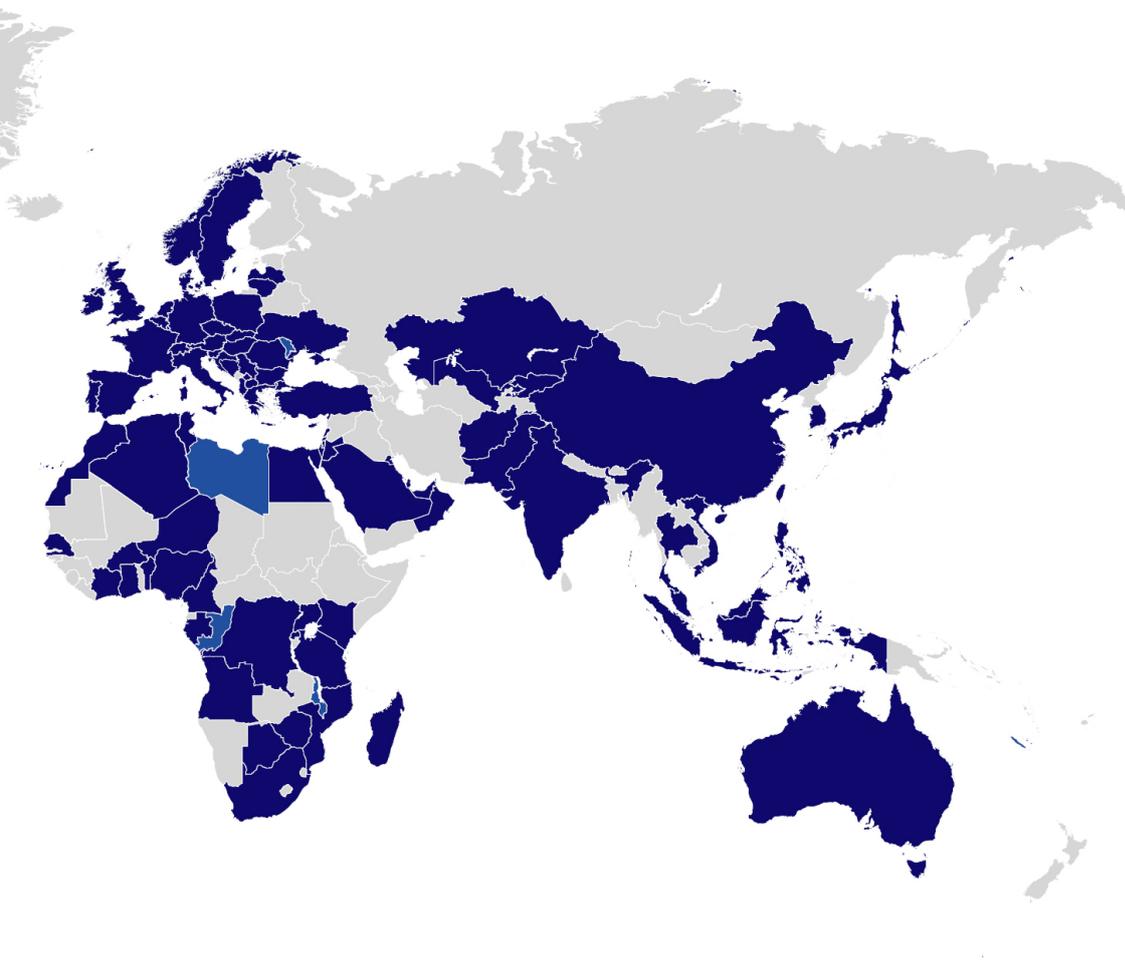
# Mazars' global coverage



Valid as of 1 January 2023

- Integrated countries and territories
- Non-integrated countries and territories:  
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| ■ Botswana               | ■ Denmark             | ■ Japan       | ■ Malaysia   |
| ■ Brazil                 | ■ Egypt               | ■ Jordan      | ■ Malta      |
| ■ Bulgaria               | ■ France              | ■ Kazakhstan  | ■ Mauritius  |



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|-------------------|----------------|------------------------|
| ■ Mexico          | ■ Portugal     | ■ Tanzania             |
| ■ Moldova         | ■ Qatar        | ■ Thailand             |
| ■ Morocco         | ■ Romania      | ■ Tunisia              |
| ■ Mozambique      | ■ Rwanda       | ■ Turkey               |
| ■ Netherlands     | ■ Saudi Arabia | ■ Uganda               |
| ■ Niger           | ■ Senegal      | ■ Ukraine              |
| ■ Nigeria         | ■ Serbia       | ■ United Arab Emirates |
| ■ North Macedonia | ■ Singapore    | ■ United Kingdom       |
| ■ Norway          | ■ Slovakia     | ■ United States        |
| ■ Oman            | ■ Slovenia     | ■ Uruguay              |
| ■ Pakistan        | ■ South Africa | ■ Uzbekistan           |
| ■ Palestine       | ■ Spain        | ■ Venezuela            |
| ■ Peru            | ■ Sweden       | ■ Vietnam              |
| ■ Philippines     | ■ Switzerland  | ■ Zimbabwe             |
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\*Where permitted under applicable country laws

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## About Mergermarket



Mergermarket is an unparalleled, independent mergers & acquisitions (M&A) proprietary intelligence tool. Unlike any other service of its kind, Mergermarket provides a complete overview of the M&A market by offering both a forward-looking intelligence database and a historical deals database, achieving real revenues for Mergermarket clients.

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## About Mazars

**95+**

countries and territories

**300+**

offices

**47,000+**

professionals

30,000+ in Mazars' integrated partnership

17,000+ via the Mazars North America Alliance

**1,200+**

partners

## A leading player in CEE

**19**

countries and territories

**26**

offices

**2,000+**

professionals

**57**

partners

**#5**

deal advisor by number of successful deals

based on Mergermarket CEE Accountant League Table 2022



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