

Deal Drivers: EMEA Q1 2023

A spotlight on mergers and
acquisitions trends in **2023**

Contents

Foreword: On the lookout for silver linings	03
Outlook: EMEA heat chart	04
Summary: Handful of high-ticket transactions are rife with controversy	06
UK & Ireland	09
DACH	13
France	17
Nordics	21
Italy	25
Iberia	29
Benelux	33
CEE & SEE	37
Turkey, Middle East & Africa	41
About this report	45



Foreword: On the lookout for silver linings

When perusing the broadsheets, it would appear that Europe's economic prospects are beginning, albeit slowly, to recover from a period of significant unrest. Inflation is on a downward trend in most countries, evincing the effectiveness of aggressive monetary tightening in the region. Central bankers are likely to pursue one or perhaps two more interest rate rises, and pundits are forecasting a drop in rates for as soon as late Q3.

In the geopolitical sphere, more than a year has passed since Russia invaded Ukraine. Though the war rages on, there have been no major escalations of late, and the likelihood of the conflict spilling over into other parts of Europe appears slim.

All told, the economic outlook is frail, but not terminal. Among Europe's major economies, only the UK and Germany are expected to suffer GDP contraction this year, whereas countries throughout Africa and the Middle East are projected to enjoy growth far exceeding the euro area average.

Green machine

Those generally positive signs, however, are not filtering through to EMEA's M&A market, at least not yet. Transaction volumes and aggregate deal values both declined quarter-on-quarter in almost every market covered in this study, with the sole exception being France, which recorded an increase in total deal value from Q4 2022, albeit from a low floor.

Large transactions were few and far between, and the TMT sector—a red-hot dealmaking engine in the post-pandemic period—sputtered conspicuously, as did the real estate and construction industries.

And yet, spots of encouraging M&A activity do manage to shine through, and none more brightly than renewable energy dealmaking. High-profile, cross-border renewables deals emerged in several markets, including Benelux, Italy, and especially Iberia, with Spain a more than worthy role model in Europe's energy transition. With public expenditure on sustainability in the region only continuing to rise, EMEA is all but certain to become the number-one market for renewable and green energy-related M&A.



Outlook: EMEA heat chart

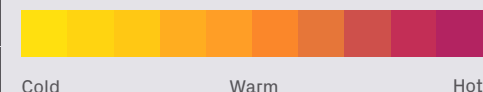
Although Q1 2023 continued the downward trend in transaction volumes and aggregate value that EMEA suffered over the last year or so, dealmakers are broadly confident that M&A will pick up over the course of this year. Strategic divestments, distressed M&A, and softer asset valuations—particularly in comparison to the post-pandemic period, when ‘easy money’ drove up competition and prices—will continue to facilitate a considerable share of M&A in the near term, while an improving financial picture should bring more dealmakers back into the fold later in 2023.

Despite challenging financing conditions and other market headwinds, the technology, media & telecoms (TMT) sector is expected to generate the bulk of M&A activity in EMEA over the coming months. Dealmaking in the technology industry has plummeted over the course of the last few quarters, but remains for many markets their largest, or at least one of their largest, M&A drivers in volume terms.

In Q1 our forward-looking heat chart, which tracks ‘companies for sale’ stories on the Mergermarket intelligence tool, logged 699 stories about TMT assets in the region either going to auction or being pursued by investors. This represents around a quarter (23%) of the 3,103 total stories logged across all sectors during that period.

Heat chart based on potential companies for sale

	UK & Ireland	DACH	France	Nordics	Italy	Iberia	Benelux	Turkey, Middle East & Africa	CEE & SEE	TOTAL
TMT	119	112	54	61	36	54	27	105	131	699
Industrials & chemicals	34	86	32	55	67	32	26	46	84	462
Consumer	51	49	25	23	90	42	17	63	75	435
Pharma, medical & biotech	54	76	12	51	16	18	22	32	32	313
Business services	49	28	21	29	17	39	23	38	45	289
Financial services	55	14	33	13	22	17	13	45	49	261
Energy, mining & utilities	22	10	12	22	27	26	5	49	44	217
Leisure	47	8	6	7	16	19	5	13	19	140
Transportation	11	8	6	7	5	11	9	23	15	95
Construction	4	6	3	6	10	12	6	21	26	94
Real Estate	4	3		3	4	15		13	10	52
Agriculture	1		4	3	1	3	4	7	16	39
Defense	5								2	7
TOTAL	456	400	208	280	311	288	157	455	548	3,103



Note: The Intelligence Heat Charts are based on ‘companies for sale’ tracked by Mergermarket in the respective regions between October 01, 2022 and March 31, 2023. Opportunities are captured according to the dominant geography and sector of the potential target company.

Digital transformation is a key focus for businesses across practically all industries, and software dealmaking can be expected to remain an essential element of M&A in EMEA. With technology stocks having declined considerably as interest rates rose, savvy dealmakers can seek out strategic M&A opportunities.

Besides the big economies that typically spawn high volumes of M&A activity, the CEE & SEE subregion is expected to contribute a large share of EMEA dealmaking in the near term. Almost 18% of all deal reports (548) involved CEE & SEE assets, far ahead of second-place Turkey, Middle East & Africa (455) and third-place UK & Ireland (456).

Although activity in CEE & SEE has been overshadowed by the war in Ukraine—including in respect to sanctions-related M&A in Russia—M&A opportunities in other countries throughout the subregion should not be overlooked. These are mature markets with increasing appeal to cross-border dealmakers, particularly in relation to the energy transition. Sundry renewable energy assets, as well as innovations in sustainability and adjacent technology, can be found in CEE & SEE.



For high-caliber renewables assets elsewhere in EMEA, dealmakers will invariably continue to look towards Spain, whose energy transition goals—and attendant public spending—are among the most ambitious in the region. Related to this are increasingly strict environment, social & governance (ESG) guidelines, a field in which European regulators are among the most progressive in the world. ESG rulemaking will have far-reaching impacts on all kinds of businesses, though more carbon-intensive industries will of course feel the most pronounced effects, potentially precipitating more carve-outs and divestments as traditional players look to align themselves with stricter sustainability standards.

Other hotspots of note include prospective industrials & chemicals (I&C) and pharma, medical & biotech (PMB) M&A in the DACH region, with 86 and 76 stories, respectively, logged in relation to those sectors. Italy's consumer sector, likewise, is expected to come to the fore, contributing 90 deal stories, representing more than a fifth of all stories relating to the sector across EMEA.

Summary: Handful of high-ticket transactions are rife with controversy

After a year and a half of rising M&A activity beginning in Q3 2020, dealmaking in EMEA began to tumble at the start of 2022. The heady post-pandemic highs, with many markets setting new records for M&A, proved unsustainable, and from early 2022 onwards deal volumes and especially aggregate deal value began to tumble.

Unfortunately, Q1 2023 showed no signs of that trend beginning to reverse just yet. Transaction volume for the region declined by 15.4% quarter-on-quarter to 3,480 deal announcements, worth a combined €120.5bn. The latter figure is down 34.5% from the preceding three-month period, and a lower quarterly total than that recorded even at the height of the Covid-19 pandemic (Q2 2020, €131.2bn).

Mega deals all but disappeared from the marketplace, with just one transaction announced in EMEA in Q1 worth in excess of €5bn, and only a further six worth more than €2bn. During the same period last year, when conditions first showed signs of weakening, the 10 largest EMEA deals were worth a combined €73.7bn; this year the equivalent figure is just €29.1bn.

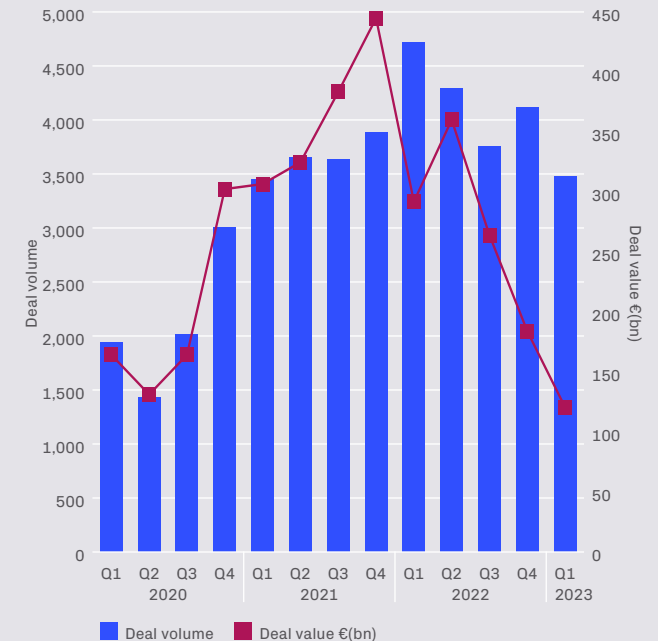
Tech M&A tails off

This weakening was more visible in some industries than others. TMT's decline was most pronounced. Volume in the space declined by 35% year-on-year, and the total value of those deals collapsed by 79% compared to Q1 2022. Among the larger sectors for M&A, only real estate suffered a more precipitous drop, falling by 87% year-on-year.

For all that, TMT remained the busiest sector overall, with 819 deals announced, or around 24% of all M&A activity. In second and third place were the I&C and business services, which logged 570 and 557 transactions, respectively. No other industries generated more than 290 deal announcements in EMEA in Q1.

However, though they were busy in volume terms, business services and I&C achieved only fourth and sixth place, respectively, in aggregate deal value terms. Along with TMT's €15.7bn (albeit without contributing any top-10 deals across all sectors), the podium positions were occupied by the financial services sector (€18.8bn, with two top-10 deals) and energy, mining & utilities (EMU) (€21.1bn, also two top-10 deals).

EMEA M&A activity, 2020-Q1 2023



Source: Mergermarket



France takes the lead

The largest deal announced in EMEA in Q1 fell in the PMB sector, relating to France's nursing homes industry, specifically the €5bn restructuring of scandal-ridden Orpea, who brought on new investors helmed by France's public lender Caisse des Depots & Consignations (CDC).

In 2022 the care home group was the subject of a damning investigation that uncovered widespread mistreatment of elderly residents. The company hopes the CDC-led restructuring, which is among the first cases in France to fall under the country's new bankruptcy proceedings, will help to facilitate its financial and reputational recovery.

Along with the Orpea transaction, French assets were the targets in two other top-10 EMEA deals in Q1, more than any other country, whereas only one France-based asset was the target of a top-10 deal across all of 2022. In the second largest transaction in the region, Paris-based Webhelp, one of the largest call-center operators in Europe, was acquired by US customer experience group Concentrix for €4.5bn. The California-headquartered company is looking to grow its business outside of its domestic market, with this deal illustrating the sorts of high-caliber targets that cross-border bidders are able to source in Europe.

EMEA top sectors by value | Q1 2023

	€(m)
Energy, mining & utilities	21,069
Financial services	18,822
TMT	15,678
Business services	14,234
Pharma, medical & biotech	14,121

EMEA top sectors by volume | Q1 2023

	Deal count
TMT	819
Industrials & chemicals	570
Business services	557
Consumer	290
Financial services	238

EMEA top bidders by value | Q1 2023

	€(m)
United Kingdom	19,174
USA	17,617
France	16,574
Switzerland	6,375
Russia	5,184

EMEA top bidders by volume | Q1 2023

	Deal count
United Kingdom	477
France	437
USA	406
Germany	314
Sweden	267

Credit Suisse's collapse

A US bidder was also involved in EMEA's third largest transaction of Q1, though this deal is seemingly on thin ice. PE group Apollo Global Management put forward several bids for engineering business John Wood Group, the largest of which was thought to be worth around €3.8bn. Preceding bids had been rejected outright on the grounds that Apollo was undervaluing the company, and the deal is hanging in the balance at time of writing.

Among the other major transactions announced in EMEA through the first three months of this year, none was more notorious and newsworthy than UBS's €3.1bn takeover of Credit Suisse. Expedited by the Swiss central bank, financial sector regulator, and finance ministry, the deal sees the world's largest private bank acquire its national rival at a discount of more than 50%, aided by a contentious government-backed liquidity package.

Policymakers hope the deal will forestall any risk of a major banking crisis in Europe as lenders continue to navigate higher interest rates, which may only begin to fall later this year, assuming core inflation figures continue to improve. In the interim, given the challenging financial circumstances, prospects for big-ticket M&A in EMEA are practically nil.

EMEA top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	01-Feb-23	Caisse des Depots et Consignations; CNP Assurances S.A.; MAIF; Mutuelle d'Assurances du Corps de Sante Francais	Orpea S.A. (50.2% Stake)	Pharma, medical & biotech	Canada Pension Plan Investment Board	5,048
2	29-Mar-23	Concentrix Corporation	Webhelp S.A.S. (100% Stake)	Business services	Groupe Bruxelles Lambert S.A.	4,477
3	22-Feb-23	Apollo Global Management, LLC	John Wood Group Plc (100% Stake)	Energy, mining & utilities		3,777
4	19-Mar-23	UBS AG	Credit Suisse Group AG (100% Stake)	Financial services		3,050
5	13-Mar-23	Cinven Partners LLP	Synlab AG (57% Stake)	Pharma, medical & biotech		2,655
6	31-Mar-23	Sartorius Stedim Biotech S.A.	Polyplus Transfection S.A. (100% Stake)	Pharma, medical & biotech	Warburg Pincus LLC; ArchiMed S.A.S.	2,400
7	09-Mar-23	Andrei Kosogov (Private Investor)	Alfa Bank	Financial services	Mikhail Fridman (Private Investor); Petr Aven	2,177
8	09-Jan-23	Trafigura Beheer B.V.; G.O.I. Energy Ltd.	ISAB S.r.l. (100% Stake)	Industrials & chemicals	Lukoil OAO	1,869
9	09-Feb-23	Vivo Energy plc; Vitol Group	Engen Limited (74% Stake)	Consumer	Petroliam Nasional Berhad	1,861
10	21-Mar-23	Brookfield Renewable Partners L.P.	X-ELIO Energy, S.L. (50% Stake)	Energy, mining & utilities	KKR & Co., Inc.	1,763



UK & Ireland

Big-ticket deals all but vanish amid gloomy economic backdrop

Post-Brexit, post-pandemic, and having completed a few revolutions on the political carousel, the UK economy has had very few reasons to celebrate of late. Sadly, the most recent forecasts offer no solace.

According to the latest World Economic Outlook published by the International Monetary Fund (IMF), GDP growth in the UK is expected to contract by 0.3% in 2023. That would mark it as the worst performing G7 economy this year.

The annual rate of inflation in the UK accelerated in February to 10.4%, when pundits had forecast a decline from January's 10.1%, and it remained in double digits in March. The Bank of England's monetary policy committee promptly raised its benchmark interest rate by a quarter point to 4.25%. In light of the feeling of fragility in financial markets, some forecasters believe the Bank will stop there, while others feel at least one more rate rise to 4.5% is forthcoming.

Deal value plummets

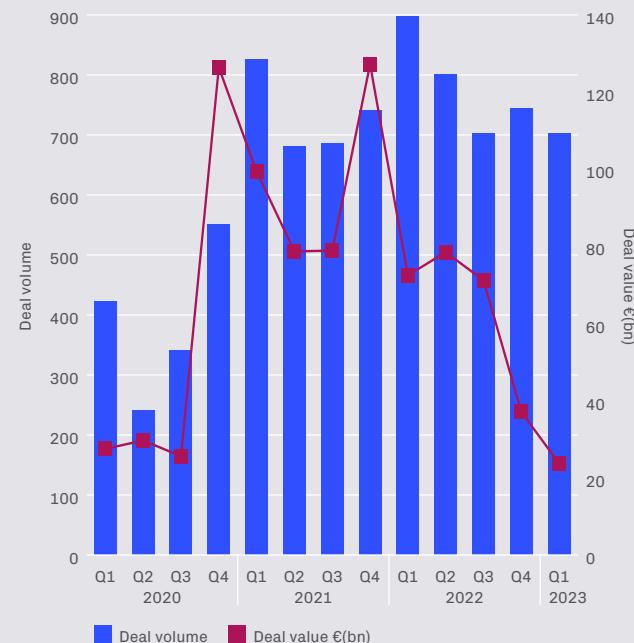
That uncertainty has fed through to the M&A market in the UK & Ireland, which recorded quarter-on-quarter drops in both deal volume and aggregate deal value. In Q1, 703 transactions were announced in the subregion, worth a combined €23.7bn. Those figures represent declines of 5.5% and almost 36% from the last three months of 2022, and year-on-year regressions of 22% and 67%, respectively.

In volume terms, at least, the UK & Ireland market's pullback was less severe than for EMEA as a whole in Q1 (which declined by 15.4% quarter-on-quarter), but the slump in value was slightly more pronounced (down 34.5% EMEA-wide).

Moreover, the deal value sum recorded in Q1 is the lowest quarterly total in the last three years. Even at the height of the pandemic crisis in early 2020, the market generated higher aggregate figures, going only so low as €25.6bn in Q3 of that year.

That weak performance in value terms, even as volumes remain relatively robust, can be attributed to the dearth of large transactions. In fact, only two M&A transactions announced in the UK & Ireland in Q1 eclipsed the €1bn threshold.

UK&I M&A activity, 2020-Q1 2023



Source: Mergermarket

Put on a show

The biggest contributor to deal activity in the UK & Ireland through the first three months of 2023 was the TMT sector, which logged 201 transaction announcements, or 29% of all M&A in the subregion. The next busiest industry was business services, with 138 deals announced worth a combined €3.5bn, good for third place behind TMT's €4.1bn.

Business services generated two of the 10 largest transactions in the UK & Ireland in Q1, including the third biggest, which saw exhibitions organizer Informa acquire business-to-business events specialist Tarsus Group from private equity (PE) firm Charterhouse Capital Partners for €932m.

Bringing together the two London-headquartered companies' complementary portfolios will enable the combined organization to deliver an impressive array of themed and industry-specific events, including healthcare, aviation, and sustainability, to name just a few, in markets around the world, including China. The termination of the latter's zero-Covid policy will be welcome news to the exhibitions industry, with attendance ticking up again post-crisis.



UK&I top sectors by value | Q1 2023

	€(m)
Energy, mining & utilities	6,325
TMT	4,050
Business services	3,485
Consumer	2,529
Pharma, medical & biotech	2,327

UK&I top sectors by volume | Q1 2023

	Deal count
TMT	201
Business services	138
Industrials & chemicals	75
Financial services	67
Pharma, medical & biotech	60

UK&I top bidders by value | Q1 2023

	€(m)
United Kingdom	8,479
USA	7,260
Italy	1,864
Germany	1,101
Norway	838

UK&I top bidders by volume | Q1 2023

	Deal count
United Kingdom	359
USA	156
Germany	20
Ireland (Republic)	20
Sweden	19

In the balance

The second largest deal announced in the UK & Ireland fell in the PMB sector, which contributed 60 deals in Q1 worth a combined €2.3bn (fifth overall on both counts). More than half that total was generated by Italy-based Chiesi Farmaceutici's €1.3bn acquisition of Amryt Pharma, headquartered in Dublin, Ireland. The latter focuses on developing novel treatments for rare diseases, a growth area for the Italian healthcare group.

Though sizable, the Chiesi-Amryt deal was almost three times smaller than the largest announced in the UK & Ireland in Q1. In that €3.8bn transaction in the energy, mining & utilities (EMU) sector, Apollo Global moved to acquire John Wood Group. Actually, the PE firm has put several proposals to the engineering business, with each having been rejected on the grounds Apollo “continued to undervalue the group.” It has put forward a fifth and allegedly final offer, with the deal's fate undecided at time of writing.

In the interim, the scale of this to-be-determined transaction helped push the EMU sector—which generated only 32 deals, making it just the seventh busiest in Q1—to the top of the table in value terms. With a sum of €6.3bn, the industry outpaced TMT's €4.1bn, in spite of the latter recording six times as many deal announcements.

UK&I top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	22-Feb-23	Apollo Global Management, LLC	John Wood Group Plc (100% Stake)	Energy, mining & utilities		3,777
2	08-Jan-23	Chiesi Farmaceutici S.p.A.	Amryt Pharma Plc (100% Stake)	Pharma, medical & biotech		1,343
3	09-Mar-23	Informa PLC	Tarsus Group Ltd. (100% Stake)	Business services	Charterhouse Development Capital Ltd.	932
4	04-Jan-23	Valderrama Ltd.	Dignity Plc (70.27% Stake)	Consumer		870
5	02-Mar-23	Equinor ASA; Statoil (U.K.) Limited	Suncor Energy UK Limited (100% Stake)	Energy, mining & utilities	Suncor Energy Inc.	830
6	13-Feb-23	Unikmind Holdings Limited	Kape Technologies plc (45.2% Stake)	TMT		665
7	10-Jan-23	BioNTech SE	InstaDeep Limited	TMT	CDIB Capital International Corp.; Deutsche Bahn Digital Ventures GmbH; Alpha Intelligence Capital; Chimera Investments LLC	637
8	07-Mar-23	Dentsu Group Inc.	Tag Worldwide Holdings Ltd. (100% Stake)	TMT	Advent International Corporation	599
9	27-Feb-23	Pension Insurance Corporation plc	RSA Insurance Group (UK pension plan liabilities) (100% Stake)	Financial services	Intact Financial Corporation	590
10	21-Feb-23	Renaissance Learning, Inc.	GL Education Group Ltd. (100% Stake)	Business services	Levine Leichtman Capital Partners, Inc.	566



DACH

Credit Suisse crisis eclipses DACH dealmaking arena

The DACH subregion has been beset of late with bad news and ominous events. Its largest and most important economy, Germany, is expected to shrink this year, with the IMF forecasting GDP contraction of 0.1%. This would make it the second worst performing economy in the G7, outdoing only the UK, which is forecast to contract by 0.3%.

And while Switzerland's economy is projected to grow by 0.8%, the collapse of national institution Credit Suisse may be, according to some pundits, just the first domino to fall en route to a potential financial crisis. The bank's rapid absorption by rival lender UBS staunches that wound, but the market remains nervous.

Even if a full-blown crash is avoided, the downfall of Credit Suisse may compel regulators to review the reforms introduced after the 2008 financial crisis concerning capital requirements and the supervision of large banks, potentially aggravating an already challenging financing environment.

DACH M&A activity, 2020-Q1 2023



Source: Mergermarket

Down but not out

The DACH M&A market shrank in Q1 to levels not seen since the height of the Covid-19 crisis in early 2020. It recorded 508 deal announcements through the first three months of this year, with these worth a combined €18.7bn. Those figures represent quarter-on-quarter declines of 12.1% and 36.8%, respectively, broadly in line with the EMEA-wide regressions of 15.4% and 34.5%.

Deal volumes in the DACH subregion have not been this low since Q3 2020, when 453 deals were announced, while the aggregate value figure is the lowest over the last three years. Even during the first wave of the pandemic in Q2 2020, DACH dealmaking managed to accrue €20bn worth of transactions.

On a more positive note, DACH still managed to generate a crop of higher-value individual deals in Q1 of this year. Five transactions in the subregion surpassed the €1bn mark, more than in either the UK (only two) or in the neighboring Nordics (also two). Moreover, of those transactions, two were among the five largest announced across all of EMEA in the first three months of this year.

DACH top sectors by value | Q1 2023

	€(m)
Industrials & chemicals	5,568
Financial services	3,640
Pharma, medical & biotech	3,037
Energy, mining & utilities	2,585
TMT	2,456

DACH top sectors by volume | Q1 2023

	Deal count
TMT	139
Industrials & chemicals	127
Business services	69
Pharma, medical & biotech	35
Consumer	34

DACH top bidders by value | Q1 2023

	€(m)
United Kingdom	4,799
Switzerland	4,178
Germany	2,831
Belgium	1,440
USA	928

DACH top bidders by volume | Q1 2023

	Deal count
Germany	219
Switzerland	61
USA	58
France	25
United Kingdom	21
Sweden	21

Power play

As is the case in many markets, TMT remained the greater contributor to DACH M&A in volume terms, accounting for 139 deals, or 27% of all transactions in the subregion in Q1. However, the aggregate value of those deals was only €2.5bn, representing a decline of around 60% year-on-year. Overall, TMT was just the fifth largest DACH sector in value terms and contributed just one top-10 deal, worth just €504m.

Close behind TMT in volume terms was I&C, with 127 deals announced. These were worth a combined €5.6bn, making the sector the largest in value terms, thanks in large part to it contributing three of the subregion's six largest transactions.

However, the three largest DACH deals of Q1 related to other industries, specifically EMU, PMB, and financial services. In the third largest, Belgium-based energy infrastructure company Fluxys acquired Macquarie Asset Management's 24% stake in Open Grid Europe, a gas transmission system operator headquartered in Essen, Germany, for €1.4bn. The company is looking to establish a robust hydrogen transmission infrastructure, capitalizing on Europe's major energy transition ambitions.



DACH top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	19-Mar-23	UBS AG	Credit Suisse Group AG (100% Stake)	Financial services		3,050
2	13-Mar-23	Cinven Partners LLP	Synlab AG (57% Stake)	Pharma, medical & biotech		2,655
3	27-Jan-23	Publigas S.A.; Fluxys S.A.	Open Grid Europe GmbH (24% Stake)	Energy, mining & utilities	Macquarie Asset Management Holdings Pty. Ltd.; Halifax Regional Municipality	1,440
4	13-Mar-23	Swoctem GmbH	Kloeckner & Co. SE (74.75% Stake)	Industrials & chemicals		1,307
5	22-Mar-23	Cinven Partners LLP	MBCC Group (100% Stake)	Industrials & chemicals	Sika AG	1,226
6	19-Feb-23	Samvardhana Motherson International Limited; Samvardhana Motherson Automotive Systems Group B.V.	SAS Autosystemtechnik GmbH Co. KG (100% Stake)	Industrials & chemicals	Faurecia S.A.	540
7	28-Feb-23	Land Steiermark	Energie Steiermark AG (25% Stake)	Energy, mining & utilities	Macquarie Infrastructure and Real Assets	525
8	09-Jan-23	Capvis AG	Schurter Holding AG (100% Stake)	Industrials & chemicals		517
9	29-Mar-23	Vodafone Group Plc	Kabel Deutschland Holding AG (6.16% Stake)	TMT		504
10	14-Mar-23	Dr-Ing K Busch GmbH; Pangea GmbH	Pfeiffer Vacuum Technology AG (36.34% Stake)	Industrials & chemicals		477

Avoiding crisis

Almost twice as large as the Open Grid-Fluxys tie-up, however, is the prospective €2.7bn take-private of German lab operator Synlab by Cinven. The UK PE firm, which has a 43% stake in the company, put forward a non-binding expression of interest in early March. The offer comes less than two years after Synlab was listed on the Frankfurt Stock Exchange. The lab operator enjoyed a windfall at the time due to booming demand for Covid-19 testing, but that has since dispersed and its stock dropped by around 70% from its high in November 2021.

The number-one DACH deal, however, might be the defining transaction for all of EMEA in Q1, that being the ignominious and previously mentioned takeover of Credit Suisse by UBS. The contentious €3.1bn deal was orchestrated by the Swiss National Bank, Swiss Financial Market Supervisory Authority, and finance ministry, largely over the course of one weekend in mid-March.

The deal is being facilitated with the help of a government-backed liquidity package, against which several members of the Swiss parliament symbolically voted against in early April. But, as Swiss President Alain Berset said, without government intervention Credit Suisse would all but certainly have failed, which “would have caused an international financial crisis with devastating effects for our country.”



France

- ROGER (passage)
- CECQY-PONTOISE
- RUEIL-MALINE & GERMAIN (r.l.)
- LA GARENNE (c.v.)

Contentious deal lifts France to top of Europe's M&A hierarchy

Between the diplomatic furor engendered recently by French President Emmanuel Macron and the scale of public protests against reforms to the country's pension system, the relative strength of France's economy and the resilience of its M&A market risk being overlooked amid all the commotion. The IMF expects French GDP to expand by 0.7% in 2023, in line with both Belgium's and Italy's expected performance and surpassing Germany and the UK, whose economies are forecast to contract this year.

Moreover, France is outshining its regional peers in the M&A arena, being the only subregion covered in this research to record an increase in aggregate deal volume quarter-on-quarter.

It was helped in this regard by the announcement of a handful of transactions worth in excess of €1bn, with five such deals announced in France in Q1—only Turkey, Middle East & Africa generated more, with six. France's crop also included the two largest deals announced across all of EMEA across the first three months of this year.

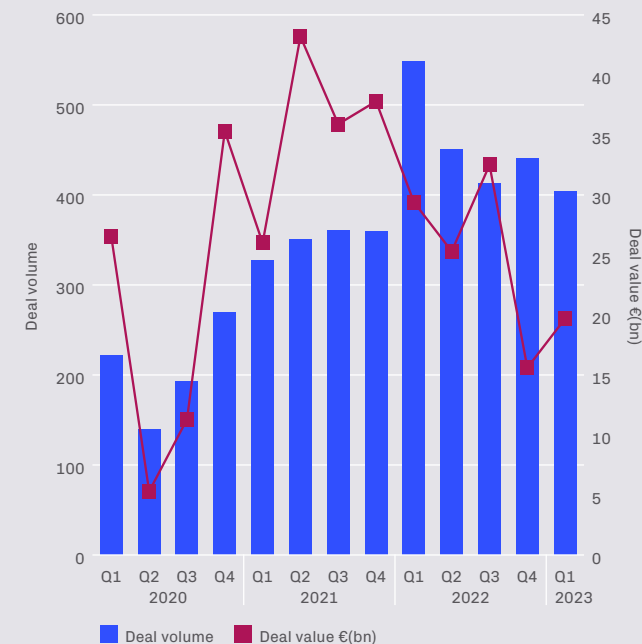
Room for optimism

Whereas the M&A market for EMEA as a whole waned quarter-on-quarter by 15.4% and 34.5% in volume and value terms, respectively, France saw a decline in deal volume of just 8.4% (from 441 transactions announced in Q4 2022 to 404) while the aggregate value of those deals rose by 26.2% from €15.6bn to €19.7bn. Only the UK & Ireland, with €23.7bn, logged a higher total deal value among the various EMEA subregions covered in this research.

In spite of Q4 of last year being something of a nadir in value terms for the French market, a quarter-on-quarter increase of that scale is worthy of note. Moreover, that sum of €19.7bn represents 16% of total deal value across all EMEA in Q1 2023.

During the same period last year, France accounted for just over 9% of aggregate deal value in the region, suggesting that the country's dealmakers have been more successful in finding their footing in spite of the turmoil in financial markets that has affected the region of late.

France M&A activity, 2020-Q1 2023



Source: Mergermarket

Healthcare capabilities

The busiest sector in France in volume terms was TMT, which logged 95 deal announcements in Q1, accounting for 24% of the total. However, those deals were worth only €784m in aggregate, representing a precipitous year-on-year decline of 90% from the €8.2bn posted in Q1 2022, when TMT was both the busiest and by far the most valuable industry for M&A in France.

This year that title belongs instead to the PMB sector, which generated €7.7bn (almost 40% of the total in France) from

only 29 transactions (7.2%). That being said, almost all of that aggregate value figure is attributable to just two deals, those being the third largest and largest announced in France in Q1 across all sectors.

In the former, Warburg Pincus exited its investment in gene-therapy technology specialist Polyplus Transfection, in which it invested in 2020. The deal is worth €2.4bn, representing a more than fourfold return for the PE firm. Polyplus is being acquired by Sartorius AG, the German life sciences group.

France top sectors by value | Q1 2023

	€(m)
Pharma, medical & biotech	7,737
Business services	4,730
Financial services	3,564
Real estate	1,334
TMT	784

France top sectors by volume | Q1 2023

	Deal count
TMT	95
Business services	71
Industrials & chemicals	65
Consumer	48
Construction	33

France top bidders by value | Q1 2023

	€(m)
France	13,480
USA	5,328
United Kingdom	355
Luxembourg	124
South Africa	104

France top bidders by volume | Q1 2023

	Deal count
France	311
USA	26
United Kingdom	11
Belgium	9
Spain	6
Netherlands	6



Overcoming scandal

More than twice as large as the Polyplus-Sartorius transaction, however, was the €5bn deal agreed between Caisse des Depots & Consignations (CDC), France's public lender, and nursing-home group Orpea. In 2022, journalist Victor Castanet published a damning book detailing the abuse of residents at the group's care homes.

Besides criminal investigations, the ordeal caused the value of Orpea's once-blue-chip shares to fall by as much as 90%, necessitating this €5bn transaction to restructure the group's debts that gives CDC a majority stake and control of the board. This is one of the first cases to go through France's new bankruptcy rules, which has now removed the requirement to win shareholder approval, bringing the regimes more in line with those in the UK and US.

Between the PMB sector's Polyplus-Sartorius deal and scandalous Orpea restructuring sits a sizable Q1 business services transaction, worth €4.5bn. In late March, US customer experience company Concentrix moved to acquire Webhelp, the Paris-based outsourcing and consultancy firm, as it looks to expand beyond its core North American market. Besides domestic M&A, the largest share of bidders for French companies in Q1 originated in the US (26), with American bidders drawn to Europe's attractive assets that are often more-reasonably-priced than their counterparts at home.

France top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	01-Feb-23	Caisse des Depots et Consignations; CNP Assurances S.A.; MAIF; Mutuelle d'Assurances du Corps de Sante Francais	Orpea S.A. (50.2% Stake)	Pharma, medical & biotech	Canada Pension Plan Investment Board	5,048
2	29-Mar-23	Concentrix Corporation	Webhelp S.A.S. (100% Stake)	Business services	Groupe Bruxelles Lambert S.A.	4,477
3	31-Mar-23	Sartorius Stedim Biotech S.A.	Polyplus Transfection S.A. (100% Stake)	Pharma, medical & biotech	Warburg Pincus LLC; ArchiMed S.A.S.	2,400
4	06-Feb-23	Rothschild & Co Concordia S.A.S.	Rothschild & Co SCA (46.4% Stake)	Financial services		1,744
5	13-Mar-23	Allianz Vie S.A.; Primonial Real Estate Investment Management	Icade Sante S.A.S. (64% Stake)	Real estate	ICADE	1,200
6	08-Feb-23	Macif-Mutualite; Societe mutuelle d'assurance du batiment et des travaux publics	CCR Re S.A. (75% Stake)	Financial services	Caisse Centrale de Reassurance (CCR)	900
7	12-Jan-23	Dyal Capital Partners L.P.; Blue Owl Capital Inc.	PAI Partners S.A.S. (15% Stake)	Financial services		500
8	16-Feb-23	Societe Familiale d'Investissements S.A.	Tikehau Capital Advisors	Financial services		400
9	27-Jan-23	Groupe La Francaise	Abénex (portfolio of 38 grand frais stores) (100% Stake)	Consumer	Abenex Capital S.A.	190
10	09-Jan-23	CDC Entreprises	Elis S.A. (5% Stake)	Business services		172

An aerial photograph of a city waterfront, likely Stockholm, Sweden. A large white cruise ship is docked at a pier in the foreground. The city buildings are densely packed along the water's edge, with a prominent church spire (Riddarholm Church) rising in the center. The sky is blue with scattered white clouds. The image is overlaid with several semi-transparent colored rectangles: a dark purple square in the upper left, a yellow rectangle containing the text 'Nordics' in the center, and an orange rectangle below it. The background image is also divided into a grid of semi-transparent squares in various shades of blue and white.

Nordics

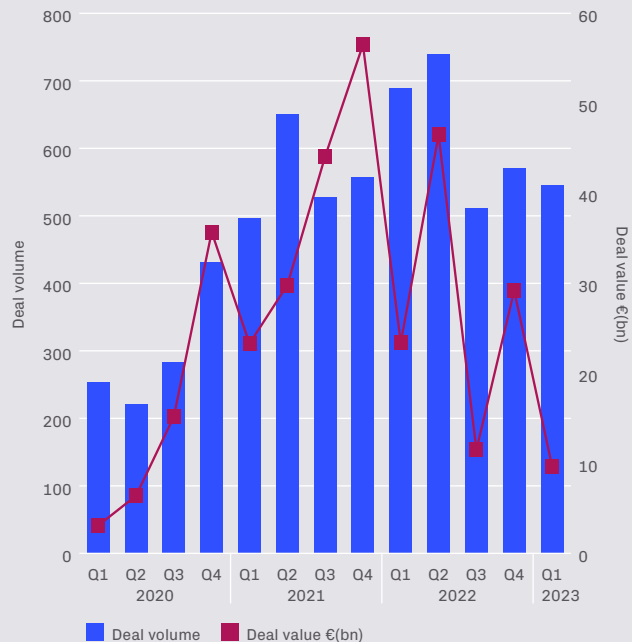
International PE houses espy valuable Nordic opportunities

If recent economic projections are to be believed, the countries that comprise the Nordics subregion in this research are trending in markedly different directions. According to the latest data published by the IMF, the economies of Denmark and Finland will stand idle this year, with 0% growth forecast; Sweden's is expected to contract by 0.5%; meanwhile, neighboring Norway and far-off Iceland are set to enjoy growth of 2.1% and 2.3%, respectively, versus economic expansion of 0.6% for Europe overall.

Each of these economies is dealing with elevated levels of inflation, necessitating aggressive monetary policy tightening by their respective central banks. In most cases, their initiatives are finding some success with the annual rate of price rises decelerating from February to March across the subregion, except in Norway, whose inflation rate rose marginally from 6.3% to 6.5%.

M&A volumes in Q1 of this year declined only marginally in the Nordics, falling by just 4.6% quarter-on-quarter to 545, against an EMEA-wide decline of 15.4%. In value terms, however, the subregion fared very poorly, contributing just €9.7bn from that quite resilient volume total.

Nordics M&A activity, 2020-Q1 2023



Source: Mergermarket

PE's big break

Those figures represent a quarter-on-quarter decline of 66.7% for the Nordics—the EMEA-wide equivalent was minus 34.5%—and the lowest quarterly total for M&A activity since the peak of the pandemic in Q2 2020, when the market generated just €6.4bn worth of transactions.

To its credit, the PE space in the Nordics did prove more hard-wearing in Q1, albeit that the market remains down compared to the boom in activity enjoyed in the immediate post-pandemic period. The subregion generated 91 PE deals in Q1, up marginally from the 88 announced in Q4 2022, with those worth €4.8bn in aggregate, versus €6bn in the preceding quarter.

That firmness in the PE market can be attributed to its outsized involvement in the largest transactions announced in the Nordics through the first three months of the year. Four of the seven biggest deals in the subregion saw PE involvement, including the two largest, both of which were the only Nordic transactions to eclipse the €1bn mark in Q1.

Nordics top sectors by value | Q1 2023

	€(m)
Transportation	2,452
Business services	1,997
TMT	1,981
Industrials & chemicals	766
Real estate	655

Nordics top sectors by volume | Q1 2023

	Deal count
TMT	117
Business services	91
Industrials & chemicals	89
Construction	58
Consumer	38

Nordics top bidders by value | Q1 2023

	€(m)
United Kingdom	2,078
Jersey	1,496
Sweden	1,377
Norway	1,150
Denmark	993

Nordics top bidders by volume | Q1 2023

	Deal count
Sweden	198
Finland	84
Norway	72
Denmark	69
USA	32

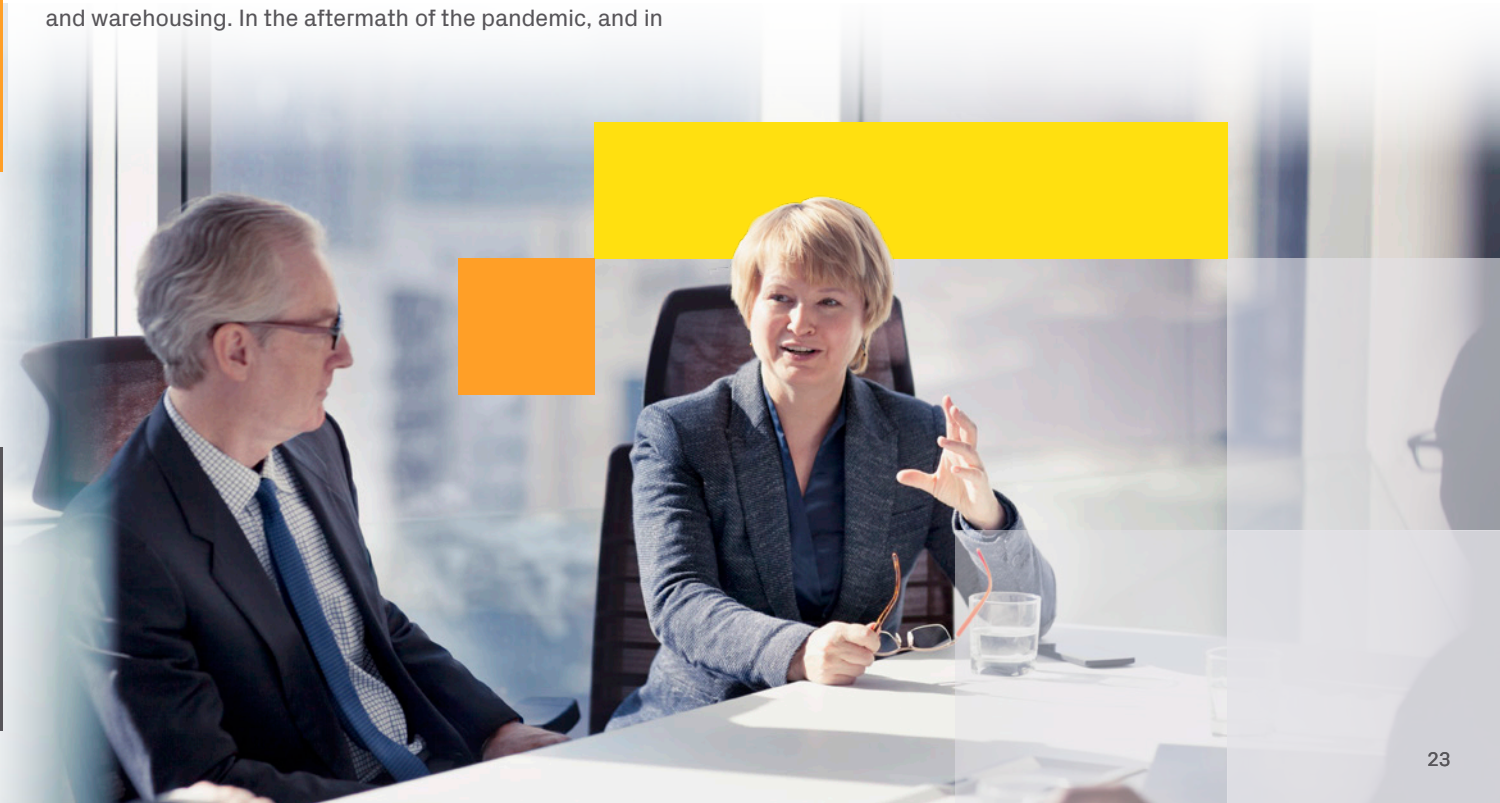
Getting a move on

The largest deal announced in the subregion fell in the transportation sector, and was a truly cross-border, intra-PE affair. In the €1.5bn transaction, Europe's biggest PE group CVC Advisers moved to acquire Scan Global Logistics, a global transport and logistics provider headquartered in Denmark, from US mid-market firm AEA Investors.

Rather than a more typical asset-heavy enterprise, Scan Global Logistics' business focuses principally on supply chain management, arranging freight, customs clearance, and warehousing. In the aftermath of the pandemic, and in

light, too, of the impact of Russia's invasion of Ukraine, agile logistics management has become a much-valued attribute, propelling M&A in the subsector.

With this deal, transportation, usually just a bit player in M&A, leaped to the top of the Q1 table in value terms in the Nordics, contributing just under €2.5bn worth of activity, which represents a more than fivefold increase from the same period last year. Transportation secured the top spot in spite of generating just 18 deals in the Nordics, making it just the ninth busiest sector in the subregion.



Nordics top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	06-Feb-23	CVC Advisers Ltd.	Scan Global Logistics A.S.	Transportation	AEA Investors L.P.	1,500
2	10-Jan-23	Triton Partners; Crayfish BidCo	Caverion Corporation (100% Stake)	Business services		1,496
3	19-Jan-23	Playtika Holding Corp.	Rovio Entertainment Oyj (100% Stake)	TMT		770
4	18-Jan-23	MW Investments B.V.; Altor Equity Partners AB; Marlin Equity Partners, LLC	Meltwater N.V. (100% Stake)	TMT		574
5	07-Mar-23	Tidewater Inc.	Solstad Offshore PSV fleet (100% Stake)	Transportation	Solstad Offshore ASA	543
6	20-Mar-23	A.P. Moller Holding A.S.	Maersk Supply service (58.3% Stake)	Transportation	A.P. Moller – Maersk A.S.	373
7	16-Mar-23	Topdanmark A.S.	Oona Health A.S. (100% Stake)	Financial services	AnaCap Financial Partners Limited	302
8	06-Mar-23	Greater Manchester Pension Fund	Heimstaden Bostad AB	Real estate		299
9	10-Feb-23	Samhallsbyggnadsbolaget i Norden AB (Shareholders)	Neobo Fastigheter AB (publ) (100% Stake)	Real estate	Samhallsbyggnadsbolaget i Norden AB	223
10	19-Jan-23	Imdex Limited	Devico A.S. (100% Stake)	Industrials & chemicals		207

Game on

At the other end of the spectrum, the busiest sector in Q1 was TMT with 117 transactions announced, down 31% from Q1 2022, with those deals worth €1.981bn in aggregate. The latter figure represents a marked decline of 58% year-on-year, but is still sizable enough to position TMT firmly as the third most valuable sector in the Nordics, behind transportation and very narrowly trailing business services (€1.997bn), but far ahead of fourth-place I&C's €766m.

The largest TMT deal announced in Q1, worth €770m, saw Israeli mobile games company Playtika make a bid for Finland-based game maker Rovio, best known for creating the popular 'Angry Birds' franchise. However, talks broke down in late March, which left room in early Q2 for the European arm of Sega to swoop in and acquire Rovio as the gaming giant looks to bolster its presence in mobile gaming.

Between the Scan Global and Rovio deals sits a sizable business services transaction, which pushed the sector into second place in value terms just ahead of TMT. The €1.496bn buyout was hotly contested, with Chicago-based Triton Partners raising its offer for Finland-based building maintenance company Caverion to outbid domestic rival PE group Bain Capital. Evidently, well-capitalized US bidders still have their eyes on high-caliber assets in Europe.



Italy

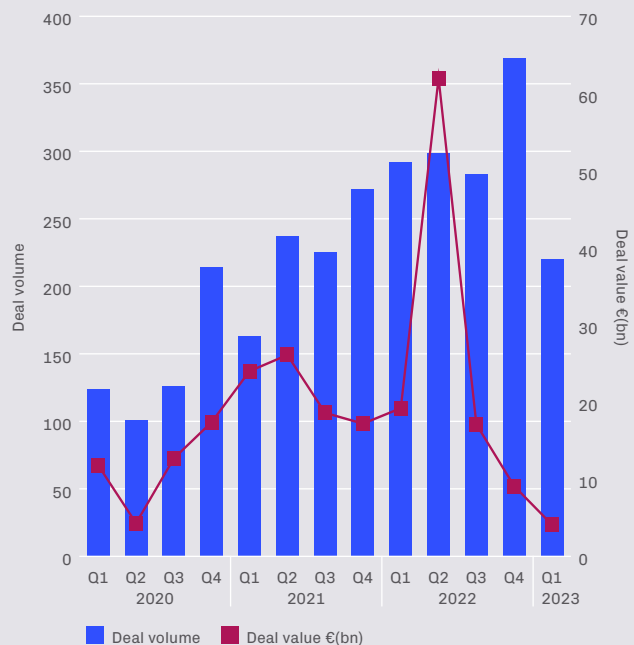
Good news not enough to ward off major M&A decline

On its face, the Italian economy seems to be holding up relatively well in the face of global financial turbulence and as the war in Ukraine rages on. The country is expected, according to the latest IMF forecasts, to record GDP expansion of 0.7% in 2023, the same as France and far ahead of Germany's minus 0.1%. The annual rate of inflation has declined over the course of Q1, falling to 7.6% in March from 11.6% at end-2022.

Even regarding public debt levels, which have been persistently high in Italy, progress is being made under Georgia Meloni, who became prime minister in October 2022. Her coalition hopes to bring the fiscal deficit down from 5.6% of GDP last year to 4.5% in 2023 and 3% in 2024.

In opposition to fears that rising interest rates at the European Central Bank might precipitate a debt crisis, investors have keenly purchased Italian government bonds. They have generated the best returns in the sovereign bond market, and spreads have remained narrower than in 2022.

Italy M&A activity, 2020-Q1 2023



Source: Mergermarket

Tumbling down

This comparatively welcome news has not yet, however, filtered through to more resilient M&A activity in Italy. The aggregate value of all deals announced in the country in Q1 was just €4.1bn-less than half the figure recorded in the preceding quarter (€9.1bn) and lower even than the totals logged during the early peak of the Covid-19 crisis (€4.3bn in Q2 2020).

In volume terms, too, the decline has been precipitous. The last quarter of 2022 saw 369 deals announced, while Q1 of this year logged just 220, a 40% decline quarter-on-quarter and the lowest level in two years. Even when stripping out Q4's deal total, which was anomalously high, and taking the average for the rest of 2022 (291 announcements per quarter), Q1's figure is down almost 25% from last year.

Moreover, the bulk of the country's already-low value total in the first three months of this year can be attributed to just one deal. At €1.9bn, the largest transaction announcement in Italy made up more than 45% of Italy's aggregate deal value in Q1, and was almost five times bigger than the next largest deal.

Italy top sectors by value | Q1 2023

	€(m)
Industrials & chemicals	2,293
Energy, mining & utilities	740
Financial services	435
Business services	169
Consumer	149

Italy top sectors by volume | Q1 2023

	Deal count
Industrials & chemicals	62
Consumer	32
TMT	30
Business services	28
Energy, mining & utilities	25

Italy top bidders by value | Q1 2023

	€(m)
Cyprus	1,869
Italy	908
United Kingdom	436
Germany	337
Canada	226

Italy top bidders by volume | Q1 2023

	Deal count
Italy	142
USA	12
United Kingdom	9
France	9
Germany	8

Oil intrigue

Italy's number-one transaction fell in the I&C sector, which was the leading industry in terms of both total deal value (€2.3bn) and volume (62, or 28% of all Italian M&A activity in Q1). It was also a notably contentious deal, involving several cross-border players, bedeviled by Russia's invasion of Ukraine, and even drawing comment from the US government.

Lukoil, the Russian energy conglomerate, second in scale only to Gazprom, agreed in early January to sell its ISAB oil refinery in Sicily to Singapore-based commodity trader Trafigura Beheer and recently-established GOI Energy, a branch of the Cypriot PE group Argus, a fund backed primarily by Israeli investors.

Following the imposition of EU sanctions last year against Moscow, the ISAB facility was cut off from Russian oil supplies. This deal is intended to avoid either nationalization or closure of the plant, but for a period of time hung in the balance as Washington privately asked the Italian government to confirm that there was no Russian involvement in GOI Energy. At time of writing, it appears the deal is ready for completion, although with caveats imposed by the Meloni government, including a potential multi-year ban on using crude oil from Russia.



Italy top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	09-Jan-23	Trafigura Beheer B.V.; G.O.I. Energy Ltd.	ISAB S.r.l. (100% Stake)	Industrials & chemicals	Lukoil OAO	1,869
2	06-Mar-23	EOS Investment Management Limited	Igefi S.r.l. (380MWp solar renewable energy projects in Italy) (100% Stake)	Energy, mining & utilities	Igefi S.r.l.	400
3	02-Mar-23	Intesa Sanpaolo	Intesa Sanpaolo Rbm Salute S.p.A. (26.2% Stake)	Financial services	Favaretto Family	360
4	01-Feb-23	General Atlantic Service Company, L.P.; Porsche Automobil Holding SE; GIC Private Limited; Just Climate LLP	ABB E-mobility S.p.A. (12% Stake)	Energy, mining & utilities		326
5	06-Mar-23	Aimia Inc.	Giovanni Bozzetto S.p.A. (100% Stake)	Industrials & chemicals	Chequers Capital	226
6	10-Jan-23	MSC Mediterranean Shipping Company S.A.	Terminal Darsena Toscana S.r.l. (100% Stake)	Transportation	Gruppo Investimenti Portuali S.p.A.	130
7	21-Jan-23	Undisclosed bidder	RINA Consulting S.p.A. (27% Stake)	Business services	Venice Shipping and Logistics S.p.A.; VEI Capital S.p.A.; NB Renaissance Partners	82
8	03-Feb-23	TeamSystem S.p.A.	ContactLab S.r.l. (100% Stake); Acumbamail (100% Stake); Globase International ApS (100% Stake); MailUp Nordics (100% Stake)	TMT	Growens S.p.A.	70
9	31-Mar-23	CDP Equity S.p.A.	Valvitalia Group S.p.A. (25% Stake)	Industrials & chemicals		70
10	27-Feb-23	Anima Holding S.p.A.	Castello SGR S.p.A. (80% Stake)	Financial services	Oaktree Capital Management L.P.	60

Growth areas

Beyond the GOI-Lukoil deal, few transactions in Italy made much of a splash in Q1. Excluding that almost €2bn I&C deal, only five managed to eclipse the €100m mark. The second largest deal in the country, worth €400m, saw London-based EOS Investment Management acquire solar energy projects in Sardinia, Apulia, and Sicily from the Igefi Group.

Besides renewables, another EMU deal for an Italian asset in a burgeoning subsector involved German automaker Porsche, among other minority shareholders, investing some €326m in electric-vehicle charging business ABB E-mobility in exchange for a 12% stake.

Between these two novel transactions sits a more traditional financial services deal announced in early March. Italy's largest bank, Intesa Sanpaolo, spent €360m to acquire the 26.2% in healthcare insurance company Intesa Sanpaolo RBM Salute that it did not already own. The group intends to bolster the insurance arm's business by improving synergies with other parts of the business.



Iberia

Cross-border renewables appetite underpins big-ticket Iberian M&A

Certainly compared to their peers in Western Europe, Spain and Portugal should be feeling broadly optimistic about the near- and medium-term health of their economies and M&A markets. Both countries are expected to enjoy GDP growth above the euro area average (0.8% in 2023), with Portugal projected to record 1% growth and Spain 1.5% this year, rising to 1.7% and 2%, respectively, in 2024.

The improved inflation outlook is helping to buttress these forecasts considerably. Portugal's annual rate of price rises fell from 8.2% in February to 7.4% in March, versus an October 2022 high of 10.1%. Spain has fared even better thanks largely to a sharp drop in energy prices, with its inflation rate almost halving from 6% in February to just 3.3% in March (the second lowest level in Europe, behind only Switzerland's 2.9%).

With some luck, this more buoyant outlook will facilitate higher levels of dealmaking as 2023 wears on, after Q1 left a little to be desired. The Iberian M&A market generated 235 transactions over the first three months of this year, representing a decline of 36% from the previous quarter and the lowest level of activity since Q1 2021 when 202 deals were announced.

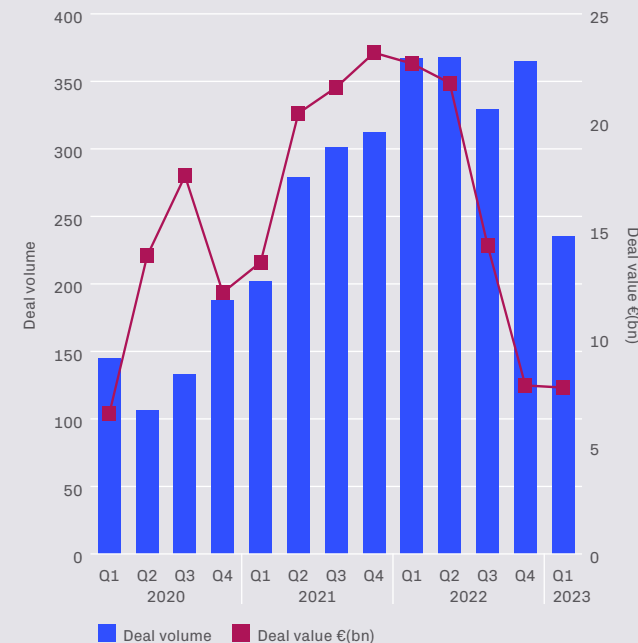
PE prosperity

In spite of the fall in volume, total value remained relatively robust quarter-on-quarter, declining by only 2% from €7.81bn to €7.65bn. That being said, the year-on-year comparison is much less rosy (down 66% from €22.7bn), and the total is the lowest recorded since the onset of the pandemic (€6.5bn in Q1 2020).

What resilience the market did show was thanks mostly to the PE space. While PE volumes in Iberia were down 43% from 80 in Q4 to 46 in Q1, the aggregate value of those deals actually rose quarter-on-quarter by 61% to €2.8bn, comprising 36% of all M&A activity in Spain and Portugal.

The bulk of that total came via one transaction, an international PE exit worth almost €1.8bn, which was the only Iberian M&A deal to eclipse the €1bn mark. Besides being the largest deal in Iberia, it was also the 10th largest transaction announced across all of EMEA in Q1 of this year.

Iberia M&A activity, 2020-Q1 2023



Source: Mergermarket



Leader in renewables

In that market-leading deal, US buyout behemoth KKR sold its 50% stake in Spanish renewables company X-ELIO to Canadian asset manager Brookfield. This helped make EMU easily the largest sector in value terms in Iberia, with its €3.1bn Q1 total more than triple that recorded by second-place financial services.

X-ELIO specializes in the building and operation of solar energy plants, as well as storage and hydrogen projects. Spain is a regional leader in renewable energy, and there are a wealth of attractive targets in Iberia for dealmakers who are looking to capitalize on the energy transition. Case in point, the three other EMU transactions in Iberia's Q1 top-10 also related to renewables.

In January, Spanish electricity utility Iberdola signed a deal with Norges Bank Investment Management, the Norwegian sovereign wealth fund, which will invest €600m for 1,265 megawatts of new wind and solar renewable energy capacity in Spain. A few days earlier, French asset manager Amundi and Swiss infrastructure asset manager Reichmuth injected €265m in an investment vehicle developed by Spanish renewables firm Solarig, which will acquire 1.9 gigawatts worth of solar plants in Southern Europe. And in March, Swiss green energy investor Smartenergy and Spanish renewables specialist Prodiel struck a €200m deal, establishing a joint venture to develop more than four gigawatts of Spanish solar energy projects.

Iberia top sectors by value | Q1 2023

	€(m)
Energy, mining & utilities	3,148
Financial services	986
Real estate	974
TMT	765
Business services	555

Iberia top sectors by volume | Q1 2023

	Deal count
TMT	49
Energy, mining & utilities	35
Industrials & chemicals	34
Business services	28
Financial services	21

Iberia top bidders by value | Q1 2023

	€(m)
Canada	1,763
United Kingdom	1,641
USA	1,164
Spain	1,132
Norway	600

Iberia top bidders by volume | Q1 2023

	Deal count
Spain	111
United Kingdom	23
USA	23
France	16
Italy	15

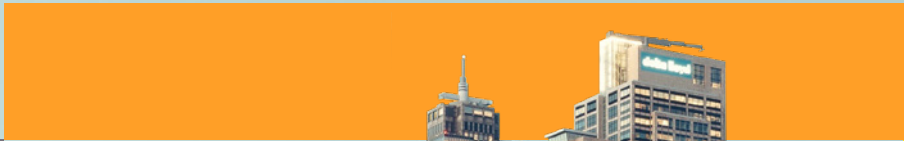
Green finance

Financial services was the second largest sector for Iberian M&A in value terms, logging €986m, though almost all of that total came from one transaction, and even that is related to Spain's renewables drive. In the second largest deal announced in the subregion in Q1, worth €900m, multinational renewables group Sonnedix acquired a portfolio of 169 Spanish solar plants from global investment and management platform Qualitas Energy.

Between this and the Iberdrola-Norges Bank agreement was a real estate transaction worth €670m, and notably the only transaction in the Iberian top 10 in Q1 to feature a target based in Portugal. The deal saw Vic Properties, one of Portugal's biggest residential real estate developers, sell 100% of its shares to an investment group led by its existing management team and investors including London-based AlbaCore Capital, Owl Creek, and Mudrick Capital, both based in New York.

Iberia top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	21-Mar-23	Brookfield Renewable Partners L.P.	X-ELIO Energy, S.L. (50% Stake)	Energy, mining & utilities	KKR & Co., Inc.	1,763
2	25-Jan-23	Sonnedix Power Holdings Limited	Qualitas Energy Private Equity SGEIC (136MWp solar PV portfolio in Spain) (100% Stake)	Financial services	Qualitas Energy Private Equity SGEIC S.A.	900
3	17-Mar-23	Existing Management; Owl Creek Asset Management, L.P.; Mudrick Capital Management, L.P.; AlbaCore Capital LLP	VIC Properties (100% Stake)	Real estate	Aggregate Holdings S.A.	670
4	17-Jan-23	Norges Bank Investment Management	Iberdrola (EUR 500m renewables portfolio) (49% Stake)	Energy, mining & utilities	Iberdrola S.A.	600
5	28-Mar-23	Actis LLP	Nabix (11 data centers) (100% Stake)	Business services	Telefonica S.A.; Digital Data Centre Bidco, S.L.	464
6	23-Feb-23	International Consolidated Airlines Group, S.A.	Air Europa Lineas Aereas S.A. (80% Stake)	Transportation	Globalia Corporacion Empresarial S.A.	400
7	27-Feb-23	Nexi S.p.A.	Paycomet SLU (80% Stake)	TMT	Banco de Sabadell, S.A.	280
8	12-Jan-23	Reichmuth & Co; Amundi S.A.; Alantra	Solarig Global Services S.A. (50 plants with a total capacity of 1.9GW) (100% Stake)	Energy, mining & utilities	SOLARIG GLOBAL SERVICES, S.A.	265
9	21-Jan-23	Deutsche Bank AG	Culmia Desarrollos Inmobiliarios SLU (1,763 BTR homes) (100% Stake)	Real estate	Culmia Desarrollos Inmobiliarios SLU	250
10	09-Mar-23	SMARTENERGY Group AG	Prodiel S.L. (100% Stake)	Energy, mining & utilities		200



Benelux

Green energy and TMT a life raft for Benelux M&A

Taken as a whole, the Benelux subregion might be considered the paradigm of European economic health in 2023, which is to say 'middling' and hoping to avoid a hard landing in an era of elevated interest rates.

The GDP of the largest Benelux economy, the Netherlands, is expected to expand by 1% this year, according to IMF figures, and by 1.2% next year, versus projected growth rates of 0.8% in 2023 and 1.4% in 2024 for the euro area overall. Belgium is expected to underperform compared to its peers—0.7% and 1.1% over the same periods—while financial services-enclave Luxembourg will hold firm, enjoying 1.1% and 1.7% growth, respectively.

In the M&A arena, however, Benelux is underachieving versus other parts of EMEA, recording more pronounced quarter-on-quarter drop-offs in both volume and value terms compared to the regional average declines of 15.4% and 34.5%, respectively. Large deals have all but dissipated, with just one transaction announced in Benelux in Q1 eclipsing the €1bn threshold, versus eight during the same period last year.

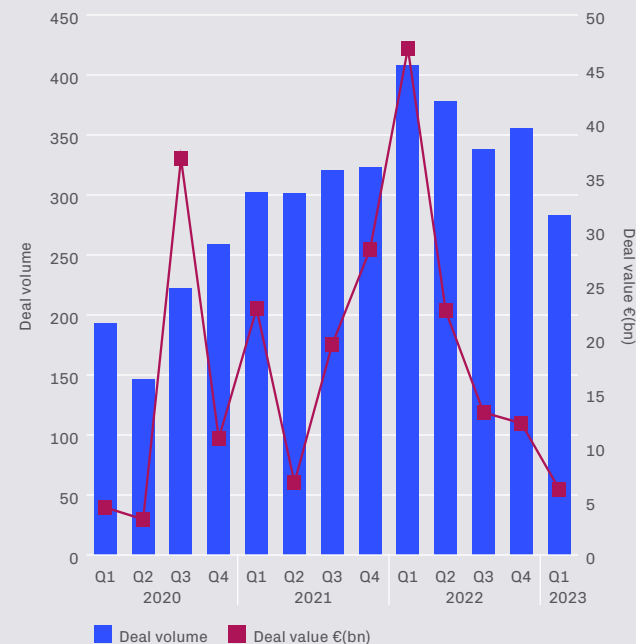
Renewables foundation

Through the first three months of the year, 283 transactions were announced in Benelux, down 20% from the preceding quarter and a 31% decline year-on-year. The collapse in aggregate deal value in Q1 was even more pronounced, falling to €6.1bn. That is a 50% decline quarter-on-quarter and an 87% drop from the same period last year, highlighting how dealmakers have opted largely to shelve big-ticket transactions during this challenging financial period.

Moreover, the bulk of that sum can be attributed to just one deal, with the largest announced in Benelux in the quarter worth just under €1.6bn, or around 25% of aggregate deal value. The subregion is hardly alone in that respect, with most parts of Europe covered in this research reliant on the output of just one or two sizable (relatively speaking) transactions.

Specifically, that market-leading acquisition saw JERA Co, a joint venture between two Japanese electricity companies, acquire 100% of the shares in offshore wind platform Parkwind from Belgium-based Virya Energy. During a period when other industries are seeing large deals largely evaporate, it is encouraging to see Europe's renewable sector continue to generate valuable transactions.

Benelux M&A activity, 2020-Q1 2023



Source: Mergermarket



Gamut of TMT assets

Thanks mostly to the JERA-Virya deal, EMU was the largest sector for M&A in Benelux in Q1 in value terms, generating just under €2.4bn from just 14 transactions, making it only the eighth busiest sector in volume terms.

The second largest sector in both value and volume terms through the first three months of this year was TMT, which contributed 51 transactions worth a combined €1.8bn, including three of the eight largest announced in Benelux in Q1. In the biggest of those, the second largest across all sectors in the subregion, multinational telecoms group Liberty Global acquired the remaining shares in Belgian carrier Telenet that it did not already own for €930m.

The other two sizable Benelux TMT transactions involved targets in the Netherlands and Luxembourg, and illustrate the wide variety of desirable assets that the subregion is capable of generating. In the former, worth €521m, Paris-headquartered software company Sopra Steria moved to acquire Dutch ITC service provider Ordina. And in the latter, UK-based Crown Energy spent €163m to acquire an 85% stake in Luxembourg-based holding company SmarTee, the parent company of AccYouRate Group, an Italian wearable medical technologies company.

Benelux top sectors by value | Q1 2023

	€(m)
Energy, mining & utilities	2,390
TMT	1,781
Business services	897
Financial services	391
Industrials & chemicals	246

Benelux top sectors by volume | Q1 2023

	Deal count
Business services	67
TMT	51
Industrials & chemicals	47
Consumer	23
Pharma, medical & biotech	20
Construction	20

Benelux top bidders by value | Q1 2023

	€(m)
Japan	1,550
United Kingdom	959
France	948
Russia	848
Spain	800

Benelux top bidders by volume | Q1 2023

	Deal count
Netherlands	92
Belgium	41
France	30
USA	27
United Kingdom	18

Severing ties

After EMU and TMT, the next largest sector in Benelux M&A in Q1 was business services, which generated €897m from 67 deals. Though the latter figure makes it the busiest sector in volume terms, almost all of that aggregate value total was garnered from one transaction, the third largest announced in the subregion across all industries.

For €848m, Russian search engine and web portal Yandex bought out the remaining stake in MLU BV, its joint venture with US ridesharing and food delivery giant Uber. The two companies launched the joint venture in 2018, and Yandex had already increased its stake to 71% after the partners struck a deal in 2021, including an option to acquire the remaining stake by September 2023 for around €1.8bn.

However, following Russia's invasion of Ukraine in February 2022, Uber opted to expedite its exit from the joint venture, precipitating the discounted price that Yandex ultimately paid for the stake.

Benelux top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	22-Mar-23	JERA Co., Inc.	Parkwind N.V. (100% Stake)	Energy, mining & utilities	Virya Energy N.V.	1,550
2	21-Mar-23	Liberty Global Plc; Liberty Global Belgium Holding B.V.	Telenet Group Holding N.V. (38.92% Stake)	TMT		930
3	06-Feb-23	Yandex, N.V.	MLU B.V. (29% Stake)	Business services	Uber Technologies, Inc.	848
4	10-Feb-23	Boluda Corporacion Maritima, S.L.	Smit Lamnalco Ltd. (100% Stake)	Energy, mining & utilities		800
5	21-Mar-23	Sopra Steria Group S.A.	Ordina N.V. (100% Stake)	TMT		521
6	22-Mar-23	Credit Agricole S.A.; Credit Agricole Consumer Finance S.A.	ALD (activities in Ireland, Norway and Portugal) (100% Stake); LeasePlan (activities in the Czech Republic, Finland and Luxembourg) (100% Stake)	Financial services	Societe Generale S.A.; LeasePlan Corporation N.V.	300
7	27-Feb-23	Rhythm Pharmaceuticals Inc.	Xinvento B.V. (100% Stake)	Pharma, medical & biotech		200
8	10-Jan-23	Crown Energy AB	SmarTee Sarl (85% Stake)	TMT	Claudio Fabbri (Private Individual)	163
9	16-Feb-23	Cummins Inc.	Faurecia – Commercial Vehicle Exhaust Business in Netherlands (100% Stake); Faurecia – Commercial Vehicle Exhaust Business in USA (100% Stake)	Industrials & chemicals	Faurecia S.A.	150
10	17-Jan-23	Frontline plc	Euronav N.V. (2.33% Stake)	Transportation		71



CEE & SEE

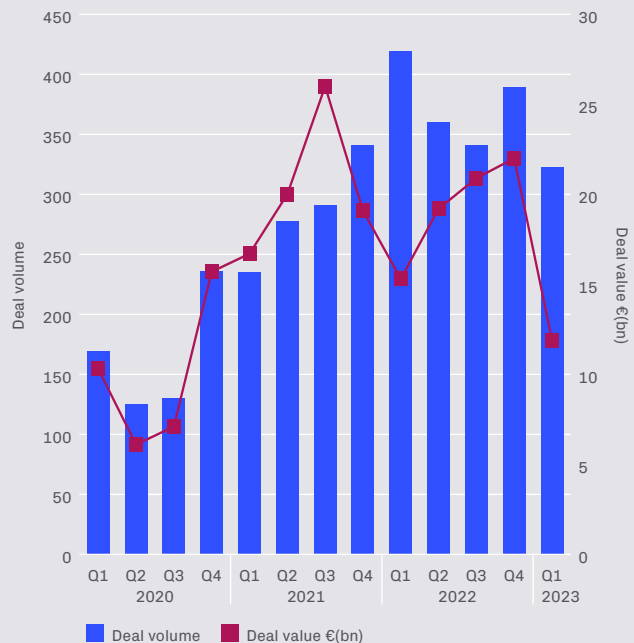
Sanctions-related M&A overshadows broader deal market

Following Russia's invasion of Ukraine in early 2022, some forecasters expected M&A activity in the CEE & SEE subregion of EMEA to essentially freeze or at least decline drastically over the course of the year, given how much Russia contributed to overall dealmaking. Instead, aggregate deal value rose through each successive quarter, and deal volumes eclipsed those announced even at the height of the post-pandemic boom in 2021.

Given those remarkably buoyant conditions observable in M&A markets in CEE & SEE last year, the downturn through the first three months of 2023 is even more demoralizing.

A total of 323 transactions were announced in the subregion in Q1, representing a decline of 17% from the preceding quarter. Those transactions were worth €11.9bn in aggregate, a 46% decline quarter-on-quarter and the lowest sum since the peak of the Covid-19 pandemic downturn in mid-2020.

CEE & SEE M&A activity, 2020-Q1 2023



Source: Mergermarket

Russia re-emerges

The drop-off in PE activity in CEE & SEE was even more pronounced. Although PE deal volumes fell only marginally from 37 in Q4 2022 to 33 in Q1, their aggregate value cratered. Those 33 PE transactions were worth just €153m, a 94% drop from the preceding quarter and by far the lowest total in recent memory.

Russia was by far the largest contributor to M&A in CEE & SEE in Q1. The 103 deals announced in the subregion involving Russian bidders more than tripled the output of second-place Poland, which generated 33 bidders.

Those 103 deals originating in Russia were worth a combined €4.3bn, or 36% of total deal value in the subregion. Bidders from Greece were the next most productive, generating €3.3bn worth of transactions, followed by their peers in Ukraine, with €1.1bn. As far as extra-regional activity was concerned, bidders from the US were involved in 21 deals, with these worth a combined €828m.

Escaping sanctions

Russian assets were targeted in four of the nine largest transactions announced in CEE & SEE in Q1, including the biggest deal overall. In that early-March transaction, Russian billionaires Mikhail Fridman and Petr Aven sold their stakes in Alfa Bank, Russia's biggest private lender, to business partner Andrei Kosogov for almost €2.2bn.

The deal is intended to release Fridman and Aven, who are both based outside of Russia, from Western sanctions that were imposed following Russia's invasion of Ukraine. Kosogov has not been targeted by those sanctions. It is not clear if the divestment alone will be enough to

convince the EU to drop these measures against Fridman and Aven, assuming the deal actually comes to fruition at all. The regulatory process is expected to be especially arduous, requiring approvals from several jurisdictions, and possibly input from US and EU sanctions authorities as well.

In the interim, the announcement of the Alfa Bank deal pushed financial services to the top of the pile in CEE & SEE, with €2.6bn worth of transactions (just 25 in total) announced in the sector. In volume terms, the busiest sector was TMT, with 63 deals announced, though these were worth just €427m in aggregate.

CEE & SEE top sectors by value | Q1 2023

	€(m)
Financial services	2,633
Transportation	1,848
Industrials & chemicals	1,609
Energy, mining & utilities	1,521
Consumer	1,406

CEE & SEE top sectors by volume | Q1 2023

	Deal count
TMT	63
Industrials & chemicals	42
Business services	36
Consumer	35
Energy, mining & utilities	26

CEE & SEE top bidders by value | Q1 2023

	€(m)
Russia	103
Poland	33
USA	21
Czech Republic	13
Greece	12
Romania	12

CEE & SEE top bidders by volume | Q1 2023

	Deal count
Russia	4,336
Greece	3,327
Ukraine	1,133
USA	828
Poland	338



CEE & SEE top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	09-Mar-23	Andrei Kosogov (Private Investor)	Alfa Bank	Financial services	Mikhail Fridman (Private Investor); Petr Aven	2,177
2	09-Mar-23	Public Power Corporation S.A.	ENEL S.p.A. (Romanian operations)	Energy, mining & utilities	Enel S.p.A.	1,260
3	06-Mar-23	Namsen Ltd.	Kernel Holding S.A. (58.71% Stake)	Consumer		1,133
4	24-Jan-23	GasLog Ltd.	GasLog Partners L.P. (68.35% Stake)	Transportation		955
5	09-Feb-23	Piraeus Bank S.A.	Marfin Investment Group Holdings S.A. (58.57% Stake)	Transportation		540
6	05-Feb-23	Victor Kharitonin (Private Investor)	Kama Karton LLC (100% Stake)	Industrials & chemicals	National Bank Trust	467
7	24-Jan-23	Ilim Pulp Enterprise private joint stock company	Ilim Holding S.A. (50% Stake)	Industrials & chemicals	International Paper Company	445
8	12-Jan-23	Source Gold Corp.	Meridian Gaming Ltd. (dba MeridianBet) (100% Stake)	Leisure		314
9	01-Mar-23	JSC Katren; Gornye Vershiny OOO	Arkhyz All-Season Tourist and Recreational Resort (Arkhyz ATRC) (100% Stake)	Leisure	Kavkaz.RF JSC (Caucasus.RF JSC)	304
10	06-Feb-23	Dimand S.A.; Premia Properties REIC	Alpha Services & Holdings S.A. (Project Skyline-Real estate portfolio comprising of 573 assets) (65% Stake)	Real estate	Alpha Bank S.A.	285

Cross-border appeal

The CEE & SEE subregion's second biggest transaction fell in the EMU sector. Italian energy giant Enel offloaded its Romanian operations to Public Power Corporation, the largest electric power company in Greece—in which the government in Athens holds a minority stake through the country's sovereign wealth fund—for almost €1.3bn. The deal is part of Enel's new strategic plan, which involves consolidating its business to a handful of core markets and greatly reducing its debt.

The third biggest deal in the subregion, and only the third transaction to eclipse the €1bn mark, involved a Ukrainian target. In that deal, Cyprus-based Namsen Ltd, an investment vehicle controlled by Ukrainian businessman Andriy Verevskyi, acquired a 58.71% stake in Kernel, the highly diversified agri-consumer company specializing in sunflower oil. Verevskyi founded Kernel in the mid-1990s and listed it on the Warsaw Stock Exchange in 2007. However, he delisted the company from the bourse in early March, citing concerns about poor liquidity and weak analyst coverage.

These transactions were the only two to feature in the overall CEE & SEE top 10 involving a Romanian and Ukrainian target, respectively. Besides Russian assets, which featured in four, Greek companies were the next most popular among these larger deals, featuring in three.



Turkey, Middle East & Africa

Multiple markets support M&A strength across subregion

Whereas much of Europe saw dealmaking tumble drastically through the first three months of 2023, the countries comprising the Turkey, Middle East & Africa subregion (including Israel and sub-Saharan Africa) as a whole demonstrated better resilience in the M&A arena.

Six deals worth in excess of €1bn were announced in the subregion in Q1, more than in any other EMEA market. These deals were drawn from a wide variety of countries, from Turkey and Israel to South Africa and the United Arab Emirates.

Versus EMEA-wide declines of 15.4% in volume terms and 34.5% in value terms quarter-on-quarter, Turkey, the Middle East & Africa saw regressions of 14% and just 12%, respectively. The subregion recorded 259 deal announcements in Q1, which, while low compared to the record heights achieved in 2022, remains above the quarterly average logged over the last three years (250).

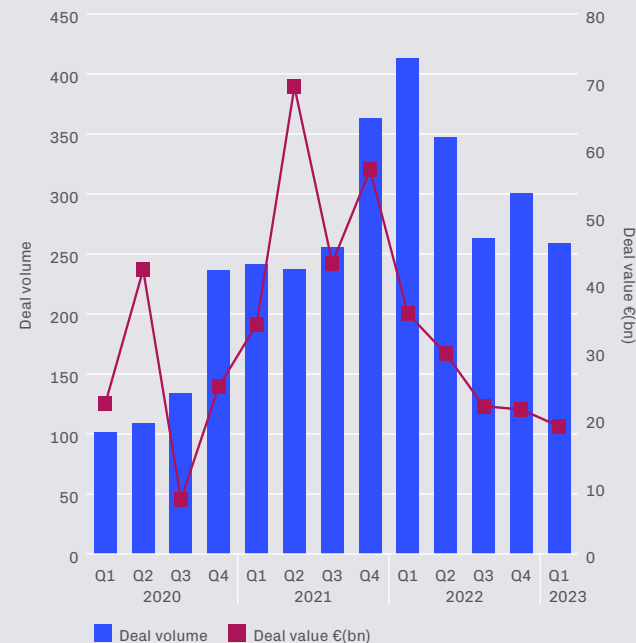
Sector imbalances

Those 259 deals generated €18.9bn worth of value in Q1, down slightly from the €21.4bn posted in Q4 2022. Though Turkey, the Middle East & Africa put up a better fight recently in terms of declining aggregate values compared to other EMEA markets, that sum of €18.9bn is nonetheless the second lowest recorded over the last three years, besting only the €8.1bn logged in pandemic-inflected Q3 2020, and represents a year-on-year decline of 47%.

It is worth noting, however, that some sectors are more to blame than others for this drop-off in activity. The TMT industry, for instance, generated more than €21bn worth of deals in Q1 2022, but recorded a decline of 84% to post just under €3.3bn through the first three months of this year. Other sectors, of course, also recorded year-on-year drops in aggregate deal value, but nothing as severe as in TMT's case.

What's more, three key sectors actually recorded year-on-year increases in total deal value, in spite of seeing declining volumes. Those were financial services with €4.8bn, up 58% from the same period last year, making it the biggest sector in the subregion in value terms; second-place EMU with €3.5bn, up 7% year-on-year; and fourth-place consumer, with logged €2.7bn worth of transactions, a more than fourfold increase from Q1 2022.

Turkey, Middle East & Africa M&A activity, 2020-Q1 2023



Source: Mergermarket

TMEA top sectors by value | Q1 2023

	€(m)
Financial services	4,814
Energy, mining & utilities	3,532
TMT	3,292
Consumer	2,655
Business services	1,743

TMEA top sectors by volume | Q1 2023

	Deal count
TMT	74
Energy, mining & utilities	32
Industrials & chemicals	29
Business services	29
Financial services	24

TMEA top bidders by value | Q1 2023

	€(m)
Turkey	3,876
Israel	3,499
Switzerland	1,861
Saudi Arabia	1,724
France	1,566

TMEA top bidders by volume | Q1 2023

	Deal count
USA	51
Israel	47
Turkey	28
United Arab Emirates	18
Saudi Arabia	11

Bank maneuvers

To cement its position at the top of the total deal value hierarchy in Turkey, the Middle East & Africa, the financial services sector generated three of the nine largest transactions announced in the subregion in Q1, including the second biggest.

In that deal, Türkiye Varlık Fonu, the sovereign wealth fund of Turkey, acquired a 32.54% stake in Türkiye Vakıflar Bankası Tao, the country's second largest lender, for €1.565bn. The deal was one of several undertaken by the sovereign wealth fund, who undertook capital injections in two other state-owned banks, Ziraat Bank and Halkbank, as a means to encourage lending in the run-up to Turkey's general election in May. Its €1.467bn acquisition of a 35.17% stake in Halkbank was the fourth largest transaction announced in Turkey, the Middle East & Africa.

Like financial services, the EMU sector also recorded three major transactions in Q1, including the third largest overall, which saw French multinational TotalEnergies acquire stakes in several offshore assets in the United Arab Emirates from Spanish oil & gas company Compañía Española de Petróleos (Cepsa), for €1.5bn. According to Cepsa CEO Maarten Wetselaar, the deal will enable the company to accelerate growth in more sustainability-related parts of its business, including biofuels, green hydrogen, and electric-vehicle charging.

Energizing Africa

The largest transaction announced in the subregion in Q1 originated in South Africa's consumer industry, which helped the sector achieve that previously mentioned fourfold year-on-year increase in aggregate deal value.

In that €1.9bn deal, which was also the ninth largest logged in EMEA overall through the first three months of this year, London-headquartered Vivo Energy and Engen, the largest gas-station chain in South Africa, agreed to merge their African businesses.

The combined organization immediately becomes one of Africa's largest energy distribution companies, operating almost 4,000 gas stations in 27 countries across the continent. To bring the deal to fruition, Vivo Energy acquired the 74% shareholding in Engen held by Petroliam Nasional Berhad, better known as Petronas, the Malaysian state-owned oil major.

Turkey, Middle East & Africa top 10 announced deals, Q1 2023

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	09-Feb-23	Vivo Energy plc.; Vitol Group	Engen Limited (74% Stake)	Consumer	Petroliam Nasional Berhad	1,861
2	21-Mar-23	Turkiye Varlik Fonu	Turkiye Vakiflar Bankasi Tao (32.54% Stake)	Financial services		1,565
3	01-Mar-23	TotalEnergies S.A.	Satah Al Razboot (20% Stake); Mubarraz oil field (12.88% Stake); Umm Lulu (20% Stake); Bin Nasher (20% Stake); Al Bateel (20% Stake)	Energy, mining & utilities	Compania Espanola de Petroleos, S.A.U.	1,500
4	21-Mar-23	Turkiye Varlik Fonu	Turkiye Halk Bankasi A.S. (35.17% Stake)	Financial services		1,467
5	14-Feb-23	Public Investment Fund	El Seif Engineering; Almabani General Contractors (Saudi Arabia); Nesma & Partners Contracting Co., Ltd.; AlBawani Group	Business services		1,211
6	09-Mar-23	Nano Dimension Ltd.	Stratasys Ltd. (86.48% Stake)	TMT		1,149
7	19-Jan-23	Hindustan Zinc Limited	Vedanta Limited (zinc International assets) (35.08% Stake)	Industrials & chemicals	Vedanta Limited	967
8	28-Feb-23	China Natural Resources Inc.	Williams Minerals (Pvt) Ltd. (54.1% Stake)	Energy, mining & utilities	Feishang Group Ltd.; Top Pacific (China) Ltd.	947
9	12-Feb-23	Harel Insurance Investments and Financial Services Ltd.	Isracard (100% Stake)	Financial services		875
10	13-Feb-23	Somoiil Sociedade Petrolifera Angolana S.A.	Galp Energia SGPS S.A. (upstream assets in Angola) (100% Stake)	Energy, mining & utilities	Galp Energia, SGPS, S.A.	776




About this report

Produced in partnership with Mergermarket

Editor: Julian Frazer



For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: www.mergermarket.com/pdf/deal_criteria.pdf

    #Wheredealsaremade

Get in touch, visit www.datasite.com or contact: info@datasite.com

EMEA +44 20 3031 6300 | AMERS +1 888 311 4100 | APAC +852 3905 4800

©Datasite. All rights reserved. All trademarks are property of their respective owners. DS-24.439

