



Overview of M&A activity in the Baltics in 2020

2020 – strength and resilience in face of challenges

148 – number of announced deals

€250m¹ – the largest announced deal

€1.4bn¹ – total disclosed value of announced deals

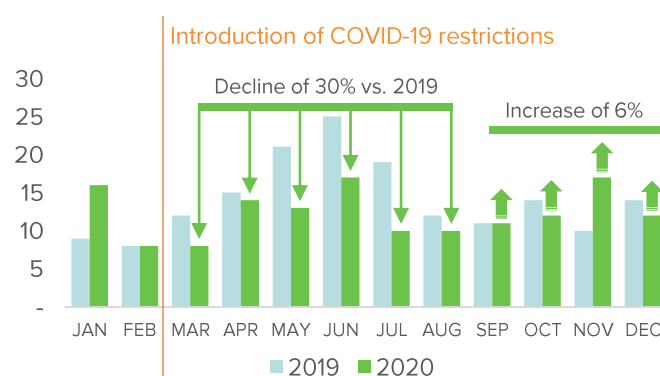
37% – share of announced deals with a financial investor

M&A activity across Europe and the Baltics

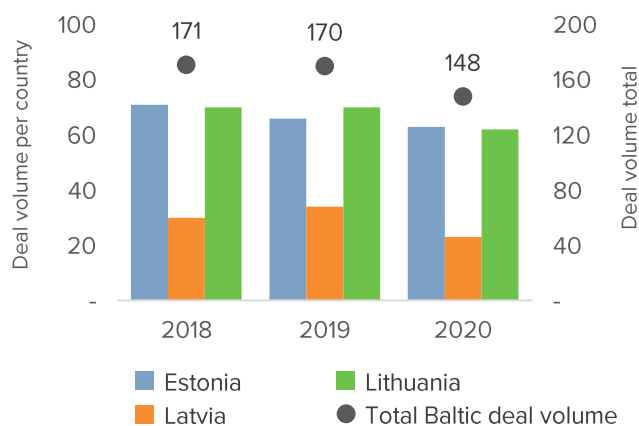
The COVID-19 pandemic has reshaped the market and is bound to leave a lasting impact on most if not all major industries. Following the global trend, Europe experienced a swift recovery of M&A activity in the second half of 2020 after an especially difficult start of the year. Even though uncertainty led to 12% lower European deal activity compared to 2019, the total deal value across Europe has increased, showing that the strongest and most valuable companies continue to generate significant interest despite the macroeconomic conditions. While the Baltic region experienced a sharp drop in the months after introduction of COVID-19 restrictions, deal volume picked up at the last quarter, resulting in year-to-year decrease of 13% in announced deal volume.

- The M&A activity in Latvia continues to lag Baltic peers. While it experienced a significant drop in the first half of the year, the second half showed an impressive recovery, more than doubling the announced deal volume
- Estonia was the most resilient of the Baltic markets, having a drop of less than 5% in total deal volume and regaining its leading position by deal count, accounting for 43% of all Baltic transactions in 2020
- Even though Lithuania has consistently accounted for around 41% of the M&A activity since 2018, the country has experienced a decrease in deal volumes, being 11% lower in 2020 compared to the year before

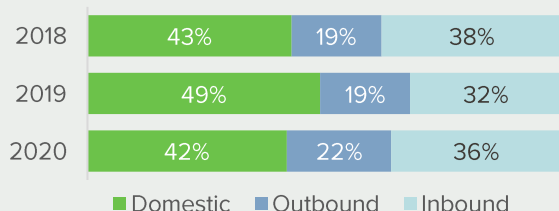
Announced deal volume by month, 2019-2020



Announced deal volume by country, 2018-2020



Pan-Baltic vs cross-border² deals



Most Baltic transactions are not limited to the three Baltic states and involve at least one foreign party. While the majority of Baltic cross-border transactions are inbound deals, the share of outbound acquisitions is slowly increasing - in 2020, 22% of all Baltic deals were outbound acquisitions

¹ Only disclosed values are considered

² We define cross-border deals as transactions where either the target or the bidder is based outside the Baltics

Source: Mergermarket. Search criteria for included deals: at least one of the targets, bidders, or sellers is located in the Baltics; includes non-qualifying deals

Leading industries by deal volume

- The pandemic has caused a major shift in sector activity. While M&A volumes in some industries fell considerably, other sectors have flourished in the turbulent environment
- The IT sector has kept the leading position in the Baltics, growing to 37 announced deals in 2020 – the largest increase in absolute deal volume
- The high activity in the IT sector is mainly driven by Estonia, where 29 of the transactions were announced, showing significant interest from both financial and strategic investors
- Even though the consumer sector, including food, retail, and other goods, saw the largest drop, it remains among the five most active industries
- Interestingly, while the internet and e-commerce sector itself saw significant growth, strengthened by such trends as working from home, the Baltic deal volumes in 2020 have plummeted by 33%
- The high M&A activity in the industrial sector was driven mainly by Lithuania, with 8 announced transactions compared to 5 in Estonia and 2 in Latvia. The financial services sector deals, on the other hand, are evenly distributed

Information Technology



Industrial



Financial services



Consumer



Internet & ecommerce

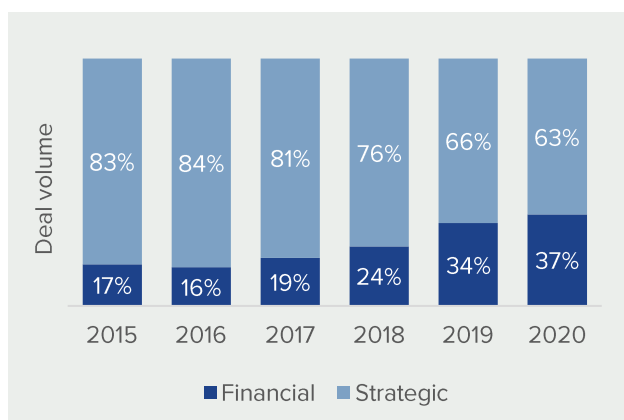


Agriculture



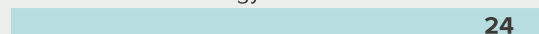
■ 2020
■ 2019

Investor profile

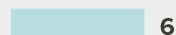


The number of financial investor transactions has risen steadily since 2017 and reached a record high in 2020, while strategic acquisition volumes have decreased. The 2020 record is to a large extent fueled by the pandemic. Not only has the crisis damaged numerous small and medium-sized enterprises, the low involvement among strategic investors can also be explained by businesses being more preoccupied with managing the crisis and maintaining daily operation rather than focusing on expansion plans. Consequently, many transactions are either delayed or not completed at all.

Information Technology



Internet & ecommerce



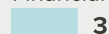
Industrial



Leisure



Financial services



■ Transactions by financial investors in 2020

Private equity firms, however, can find numerous opportunities during such a period of economic turmoil. The funds have ample amounts of dry-powder available to bridge the gap in a time when banks became exceptionally conservative. In 2020, the Baltic IT and internet & e-commerce sectors enjoyed the largest proportion of financial investors with 65% and 60% respectively. At the same time, the Baltic consumer sector received the least interest from PE funds (relative to total M&A activity in the industry), with only one acquisition (representing 9%) being done by a financial investor

Largest deals in the Baltics in 2020



airBaltic

Transportation and Logistics

Government of Latvia has agreed to acquire a 10.95% stake in Air Baltic - the Latvia-based airline - for c.a. **€250m**



Bolt

Internet and e-commerce

D1 Capital Partners has led a **€150m** funding round in Bolt - an Estonian taxi-hailing service platform



COOLBET

IT

GAN Limited has agreed to acquire Vincent Group - an Estonia-based company operating an online gaming platform - for **€149m**



Manufacturing

Warwick Capital Partners agreed to acquire 83% of Valmiera Glass - a Latvian glass fibre manufacturer and wholesaler - for **€120m¹**



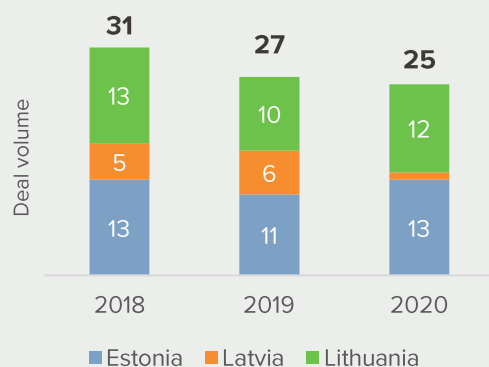
Danske Bank

Financial Services

Šiaulių Bankas has acquired the Lithuanian retail loan portfolio of Danske Bank for **€108m**

Announced transactions, including deals where the bidder or seller is in the Baltics
Source: Mergermarket

Baltic investor outbound acquisitions

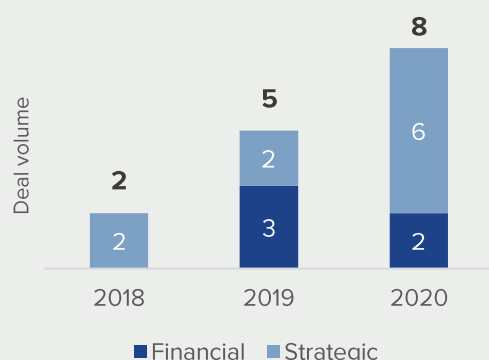


The number of non-Baltic acquisitions made by Baltic investors has been gradually decreasing for the past few years. Such acquisitions are done by strategic and financial investors in roughly equal amounts. Almost half of such acquisitions in 2020 were in the IT sector

Largest Baltic outbound acquisition in 2020:

Consul Trade House - a Lithuania-based operator of supermarkets - through its subsidiary Novus Ukraine has agreed to acquire **BILLA Ukraine** - a Ukraine-based supermarket chain, for a consideration of **€40m**

Baltic investor foreign exits



Most Baltic investor exits from foreign entities during the past three years have been in IT, consumer, and energy sectors, with Lithuanian investors being the most active. The number of such exits is growing each year, and was considerably boosted by financial investors in 2020

Largest Baltic investor foreign exit in 2020:

Carrefour has agreed to acquire 172 convenience stores and supermarkets of **Supersol Spain** from **Vilniaus prekyba** - a Lithuania-based holding company - for an enterprise value of **€78m**

¹ total deal value consisting of equity stake and debt refinancing

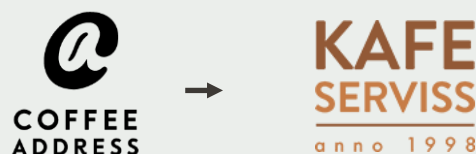
Source: Mergermarket. Search criteria for included deals: at least one of the targets, bidders, or sellers is located in the Baltics; includes non-qualifying deals

Oaklins deal spotlight



Opening a new chapter in the Baltic healthcare sector

- CGP Management, advised by Oaklins' team in Lithuania, has sold MediCa group - the largest private provider of healthcare services in Lithuania - to RePharm
- MediCa group is present in all levels of the healthcare system. Primary and selected specialist care services are provided in 30 clinics across Lithuania under the brand name MediCa
- Under the brand Kardiolitos Klinikos, MediCa group operates the only private hospital in Lithuania. It has three specialist centers and is a nationally acknowledged center of excellence for cardiology services



Creation of pan-Baltic coffee vending and OCS leader

- Coffee Address Holding, the largest vending machine and coffee service company in the Baltics, currently owned by Baltcap, has acquired Kafe Serviss - a vending machine operator in Latvia, offering coffee and convenience foods
- The transaction will further strengthen the position of Coffee Address, improving both the product and service offering to its customers and creating the largest Baltic coffee vending services group
- Oaklins' team in Latvia acted as the M&A advisor on all aspects of the design, negotiation and closing of the transaction

Baltic league table by completed deals

Ranking			By type			By country		
2020	2019	Company name	Sell-side	Buy-side	Total	Latvia	Estonia	Lithuania
1	1	Oaklins	3	3	6	1	-	5
2	3	PwC	2	2	4	-	3	1
3	-	Prudentia	2	2	4	2	1	1
4	4	Superia	2	1	3	2	-	1
5	-	Confidentus	2	1	3	-	-	3

Prepared by Oaklins

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About Oaklins

Oaklins is the global leader in M&A consultations for mid-sized enterprises. It offers the widest international resources – more than 850 M&A experts in 45 countries worldwide who operate in all financial centers of the world.

Oaklins team in the Baltics is equally powerful in advising on large-scale cross-border transactions as well as all types of transactions in the local market. The team's experience includes sales of well-known regional companies to international corporations, attraction of funding for business development, and providing strategic advice to the private and public sectors. It has been recognized as the Baltic M&A Financial Advisor of the Year 2020 by Mergermarket

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