

# PRESS RELEASE

**Date** 21 January 2020  
**Page(s)** 4  
**Subject** CMS Emerging Europe M&A Report 2019/20

**CMS Reich-Rohrwig Hainz  
Rechtsanwälte GmbH**  
Gauermannngasse 2  
1010 Vienna  
Austria  
  
cms.law  
  
T +43 1 40443-4000  
F +43 1 40443-94000  
E presse@cms-rrh.com

---

## Emerging Europe remains a magnet for international dealmakers, CMS report reveals

**Despite M&A deal volume across emerging Europe<sup>1</sup> being at its lowest level in a decade, CEE remains a magnet for international and private equity investment. These are among the findings in the latest CMS Emerging Europe M&A report, published today in cooperation with EMIS.**

Emerging Europe saw a total of 1,958 deals during 2019, down 6.5% on 2018, and their combined value came in at EUR 72.34bn (-10.1%). However, looking at the five-year average, the region remains relatively stable, with strong activity seen across many segments of the market.

### Magnet for foreign and PE investment

There has been a marked increase in cross-border M&A deals which now account for nearly 60% of all transactions. In-bound investment originating from outside the region witnessed particularly strong growth. By transaction numbers, the **US** was the clear leader in international investment, clocking up 122 deals – a 37% increase compared with 2018. In-bound investments from **UK**-based companies also increased (+9%), as did investment from other Western-European countries, including **Germany** (+17%), **France** (+19%) and **Spain** (+133%).

Investment from **Asia** into emerging Europe also surged in 2019, accounting for 15.9% of M&A value. The overall value has more than doubled y-o-y, reaching EUR 11.5bn in 2019.

**China's** presence in the region continues to strengthen and it was the largest investor in emerging Europe by value (EUR 6.4bn – more than twice the value of its investment in 2018). The region also saw a rise in the value of investment from **Japan** (EUR 2.9bn, +112%), **Singapore** (EUR 607m, +601%) and **South Korea** (EUR 717m, +1093%).

<sup>1</sup> Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine.

**Private equity** continued to build on its strong roots in 2019 and hit a record high of 318 deals (up from 307). The sector was responsible for 16.2% of all M&A deals (a 3.6% increase compared with 2018), amounting to a value of EUR 22.66bn. Activity in private equity was well-spread across the region, and is credited as one of the key drivers behind the rise in deals across many of the region's most active sectors, including: **Telecoms and IT, Manufacturing and Wholesale & Retail**. Private equity buyers and sellers were involved in five EUR 1bn-plus deals across the region in 2019 – the largest being the EUR 1.9bn purchase of Central European Media Enterprises by PPF Group of the Czech Republic.

Talking about the Balkans, **Radivoje Petrikić, Partner, CMS CEE Corporate Practice Partner and Head of CMS Serbia** comments: *“After a spike in deal activity in this region in the last few years, numbers have now normalised and seem to be at a sustainable level. Strong foreign interest remains and both strategic and financial investors are attracted to the opportunities which vary from privatisations of large state enterprises in traditional sectors, to exits by private equity funds and to young innovative start-ups.”*

**Helen Rodwell, CMS CEE Corporate Practice Partner and Head of CMS Prague**, said: *“Although overall deal numbers were a little lower this year, foreign interest in the region remains high with cross-border investment up 14.6% y-o-y and strong inbound investment flowing from Asia, US and UK in particular. Interestingly, Brexit does not seem to have had a considerable impact on the region in terms of UK investment, with deal numbers steady against last year. Private equity has also continued to show its resilience in 2019, as the regional eco-system grows more sophisticated in its ability to do deals. International funds are showing an increasing appetite for large deals in the region, while many regional players are using their home advantage to swoop on small and mid-sized deals as well as partnering on larger transactions.”*

### Leading sectors

Driven by the growth of e-commerce, which has increased the demand for warehouses and distribution centers, the **Real Estate & Construction** sector remained the most active sector in Emerging Europe in 2019, with 378 deals worth EUR 16.6bn.

The **Telecoms & IT** sector was the second largest by both value and volume (EUR 12bn across 300 deals), overtaking the Manufacturing sector for the first time – a reflection of the increasing importance of digitization and digital communications to the region. Landmark deals for the sector included the EUR 1.28bn purchase of Bulgarian Vivacom by BC Partners-backed United Group.

### Country hotspots

**Ukraine** has been identified as the country to watch in 2020 as the reforms under new president Volodymyr Zelenskiy start to kick in. Transaction activity (+26%) and values (+26.3%) were at their highest levels since 2013, offering a glimpse of what might be to come. From the larger markets, Russia's and Turkey's deal flow remained almost flat, whilst Romania's deal volume increased by 10%.

According to the CMS report, deal values went up in **Poland** in 2019, despite its overall deal volume declining. This was thanks to a nearly double increase in the median deal size, with mega deals driving up M&A values. Poland saw an increase in the number of EUR 200m-plus deals – including the sale of DCT Gdansk to a consortium of investors, which includes Poland's Sovereign Wealth Fund, for EUR 1.18bn – while Czech Republic claimed the EUR 1.8bn takeover of gas distributor Innogy Grid by a consortium led by Macquarie of Australia.

**Stefan Stoyanov, Global Head of M&A Database, EMIS**, comments: *“After a mid-year scare that emerging Europe deal activity could follow global M&A for a sharp decline, the last three months of the year proved quite strong. Several mega-deals across the region and in countries like Poland and Bulgaria helped push the aggregate value of M&A to EUR 72.34bn, which while still down by 6.5% y-o-y is a big upside compared to the nearly 30% slump globally. The overall investment climate should improve in 2020 now that the US-China trade war tensions appear to be easing up and that there is a clear path ahead for Brexit.”*

### **The key findings of the study at a glance**

- Deal volumes across emerging Europe fell by 6.5% in 2019
- Foreign investment surged, with cross-border M&A increasing by 14.6% (1,163 deals)
- Private equity investments reached a record high with 318 deals, accounting for 16% of all deal-making
- Telecoms & IT outperformed Manufacturing as the second largest sector by volume (300 deals in 2019, compared with 279 in 2018) and claimed seven out of the 20 top deals by value
- Real Estate & Construction remained the most active sector with 378 deals and was also the sector with the highest overall deal value (EUR 16.6bn)
- Ukraine appears to be the country to watch – with transaction volumes increasing by 26% and transaction values increasing by 26.3%, compared with 2018
- Deal count dropped in Poland and the Czech Republic, but overall deal value was up in Poland by 68%

### **About the report**

The “Emerging Europe M&A Report 2019” shows trends in 15 emerging CEE/SEE countries based on EMIS M&A data for 2012-2019, combined with commentary, insights and forecasts for 2020 provided by CMS. The full report can be viewed here

[www.cms.law/emergingeuropereport2020](http://www.cms.law/emergingeuropereport2020)

A picture of Radivoje Petričić for free use is available [here](#).

- END -

### **Contact:**

#### **Kristijana Lastro**

Head of BD, Marketing & Communications

T +43 1 40443 4000

E [kristijana.lastro@cms-rrh.com](mailto:kristijana.lastro@cms-rrh.com)

#### **About CMS Reich-Rohrwig Hainz**

CMS Reich-Rohrwig Hainz is one of the leading law firms in Austria and Southeast Europe. Because we are specialists, our lawyers and tax advisors are able to provide you with advice of the highest calibre and sophistication, both from a legal perspective as well as through our industry specific know-how. Highly-specialised teams consisting of internationally experienced lawyers primarily provide services in the following fields of law: M&A, banking and finance, real estate, construction law, taxes, labour laws, IP and IT laws, and public procurement.

We not only create sound legal solutions for you but also work to create pragmatic solutions, also with regards to your commercial goals. Our solutions correspond as much as possible to your company's business needs. We

operate offices in Vienna, Belgrade, Bratislava, Brussels, Istanbul, Kyiv, Ljubljana, Podgorica, Sarajevo, Skopje, Sofia and Zagreb. All CMS offices together offer clients a team of more than 600 experienced specialists in 17 offices across the CEE/SEE region. [cms.law](https://www.cms.law)

**About CMS**

Founded in 1999, CMS is a full-service top 10 international law firm, based on the number of lawyers (Am Law 2016 Global 100). With 75 offices in 43 countries across the world, employing over 4.800 lawyers, CMS has longstanding expertise both at advising in its local jurisdictions and across borders. CMS acts for a large number of Fortune 500 companies and the FT European 500 and for the majority of the DAX 30. Revenues totalled EUR 1,36bn in 2018.

CMS provides a wide range of expertise across 19 expert practice and sector areas, including Corporate/M&A, Energy, Funds, Lifesciences, TMC, Tax, Banking and Finance, Commercial, Competition & EU, Dispute Resolution, Employment & Pensions, Intellectual Property and Real Estate & Construction.

For more information, please visit [cms.law](https://www.cms.law)

CMS offices and associated offices: Aberdeen, Algiers, Amsterdam, Antwerp, Barcelona, Beijing, Belgrade, Berlin, Bogotá, Bratislava, Bristol, Brussels, Bucharest, Budapest, Casablanca, Cologne, Dubai, Duesseldorf, Edinburgh, Frankfurt, Geneva, Glasgow, Hamburg, Hong Kong, Istanbul, Kyiv, Leipzig, Lima, Lisbon, Ljubljana, London, Luxembourg, Lyon, Madrid, Mexico City, Milan, Monaco, Moscow, Munich, Muscat, Paris, Podgorica, Prague, Rio de Janeiro, Rome, Santiago de Chile, Sarajevo, Seville, Shanghai, Skopje, Sofia, Strasbourg, Stuttgart, Tirana, Tehran, Utrecht, Vienna, Warsaw, Zagreb and Zurich.

**About EMIS**

EMIS, part of the ISI Emerging Markets Group, is a cutting edge information platform providing a blend of analysis, data, and news on companies and industries in emerging markets. EMIS provides users with access to over 6 million company profiles, covering 250+ industry sectors across 145 economies.

Unlike other intelligence providers, the majority of EMIS' operations are based in emerging markets where we leverage relationships with local providers of news, analysis, and data. We also license content from major international information sources, creating a unique global and local perspective on each emerging market.

For more information about EMIS, visit [www.emis.com](https://www.emis.com)

---