

Deal Drivers: EMEA Q1 2022

A spotlight on mergers and acquisitions trends in 2022

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Foreword: Stumbling blocks

It's safe to say that M&A markets the world over lost steam in Q1—and EMEA was no exception. The year started with a sell-off in growth stocks over mounting inflation concerns and the specter of rising interest rates to rein in prices. That was before Russia invaded Ukraine, further denting confidence and causing renewed supply chain disruptions, adding to inflationary pressures not felt for decades.

As is to be expected given the circumstances, deal numbers have almost exclusively fallen across the various markets that comprise EMEA, with some exceptions owing to large outlier deals in smaller markets.

Overall, M&A value fell by 27% year-on-year to €223bn compared to the first quarter of 2021, while volume dropped further, falling 31% to 2,007 transactions.

The road ahead

Predicting how M&A will perform for the rest of the year is not easy. The ongoing conflict in Ukraine remains a major question mark and has the potential to drag on. Even if peace is reinstated, a huge amount of damage and disruption has already been done.

And while the European Central Bank is not expected to raise rates any time soon, tightening by the Federal Reserve has the potential to send the US's tech-heavy stock markets lower. No doubt, if those markets catch a cold, EMEA will sneeze.

On the brighter side, Europe has made significant progress defanging COVID with successful vaccination programs. And although growth is slowing, it is still expected to be positive for the rest of 2022. Those with strong conviction in their deals will tune out the noise and press ahead.



Outlook: EMEA heat chart

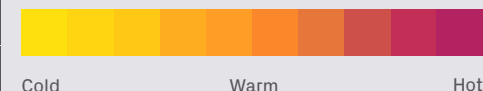
TMT continues to be an out-performer and this isn't expected to change any time soon. A look at Mergermarket's published "company for sale" stories show the sector is way out in front in terms of potential deals in the making. Perhaps surprisingly, while the UK & Ireland claims 147 such stories, pipelines appear to be building more heavily in other parts of EMEA.

For example, Turkey, Middle East & Africa has no fewer than 150 upcoming TMT asset sale stories reported by Mergermarket, with CEE & SEE coming close with 132. In total, there were 807 stories regarding potential TMT targets across EMEA out of a total of 3,621. Notably, across all sectors, Turkey, Middle East & Africa also has more deal stories to its name (660) than any other market in EMEA.

CEE & SEE is in second place with 583 for sale stories followed closely by the UK & Ireland with 548. Not far behind, on an almost equal footing with DACH, is Italy. And within Italy, industrials & chemicals (I&C) and consumer deals are getting the most mention, with 119 and 106 apiece. This has helped to put these two sectors right behind TMT measured across the entire EMEA region.

Heat chart based on potential companies for sale

	UK & Ireland	DACH	France	Nordics	Italy	Iberia	Benelux	Turkey, Middle East & Africa	CEE & SEE	TOTAL
TMT	147	85	71	58	66	72	26	150	132	807
Industrials & chemicals	71	100	36	45	119	31	38	72	80	592
Consumer	74	54	37	30	106	43	33	66	72	515
Business services	69	45	22	29	26	24	26	64	57	362
Financial services	59	26	15	12	21	20	13	86	44	296
Pharma, medical & biotech	26	59	20	25	15	31	38	44	29	287
Energy, mining & utilities	32	12	35	15	27	28	6	67	49	271
Leisure	45	3	5	4	12	16	5	23	22	135
Transportation	10	15	13	5	9	13	6	36	20	127
Construction	8	9	2	6	5	9	8	18	32	97
Real estate	5	10	4	7	2	6	3	19	25	81
Agriculture	1			4	1	2	1	11	21	41
Defense	1	1			4			4		10
TOTAL	548	419	260	240	413	295	203	660	583	3,621



Note: The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between October 01, 2021 and March 31, 2022. Opportunities are captured according to the dominant geography and sector of the potential target company.

Summary: War and inflation rattle dealmakers in EMEA

M&A in the EMEA region barely paused for breath in 2021, matching a deal frenzy that was seen the world over. Vaccine rollouts and the reopening of economies pushed M&A volume to highs never previously seen in Western Europe and value to levels last reached in 2007.

The start of the new year, however, saw activity ease off significantly, to levels more in line with historic precedent. Stock markets moved into negative territory in the first weeks of the year, with investors conscious of stalling growth, the prospects of runaway inflation, and imminent policy measures to curb spiraling prices. And then came Russia's invasion of Ukraine, weighing further on already dampened risk sentiment. This has clearly reduced M&A appetite.

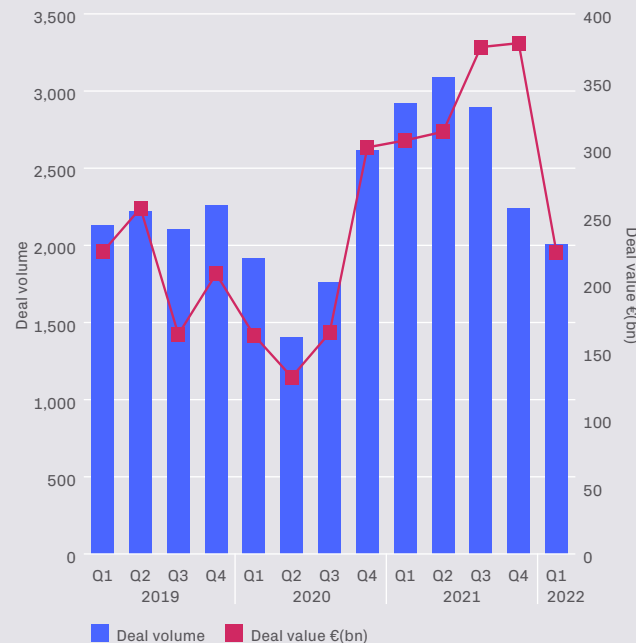
Deal volume fell by 31% to 2,007 transactions and value by 27% to a total of €223bn year-on-year in Q1 this year. Private equity has been more resilient but has lost momentum all the same. There were 654 PE transactions worth a total of €89.6bn, a 25% and 31% decrease, respectively, compared with Q1 2021.

PE proves its resilience

As might be expected, buyout flow has held up better than exits. The IPO window was essentially sealed off in Europe in early 2022 owing to the Russia/Ukraine war, closing an important divestment route for financial sponsors. This has left secondary sales and strategic exits, the latter also suffering from newly risk-averse corporate acquirers. The number of exit transactions fell 37% to 216 deals and their aggregate value fell by 41% to €34.9bn.

Buyout value was down by a slightly more measured 36% to €62.5bn, while the number of deals fell by 21% to 501 deals. This illustrates the relative strength of PE acquirers, who typically have a higher risk threshold than their corporate counterparts. If market volatility persists and economic growth stalls, this could create buying opportunities for financial sponsors by taking some of the air out of toppy EBITDA multiples.

EMEA M&A activity, 2019-Q1 2022



Source: Mergermarket

TMT dominates

In line with the past few years of M&A activity, the TMT sector came out on top, with a total of 565 deals worth €62.2bn announced in the first quarter of 2022. This represents a 17% drop in volume and a 25% fall in value.

Rather than being driven by media or technology, TMT M&A has been boosted by Europe's fragmented telecoms markets. Three of the ten largest deals across the region in the first quarter were accounted for by the telco space, a higher count than any other sector and valued at a combined €18.2bn. Europe has been due a round of telecoms consolidation, where executives have complained of excessive competition and cost pressures, choking investment and equity returns. Provided deals don't get struck down by authorities, more M&A should follow.

EMEA top sectors by value | Q1 2022

	EUR (m)
TMT	62,224
Energy, mining & utilities	28,352
Real estate	27,385
Financial services	24,236
Industrials & chemicals	17,984

EMEA top sectors by volume | Q1 2022

	Deal count
TMT	565
Industrials & chemicals	290
Business services	255
Consumer	154
Pharma, medical & biotech	144

EMEA top bidders by value | Q1 2022

	EUR (m)
USA	68,377
United Kingdom	29,282
France	14,390
Australia	12,618
Spain	11,774

EMEA top bidders by volume | Q1 2022

	Deal count
United Kingdom	294
USA	282
France	205
Germany	169
Sweden	134

Real estate bucks the trend

Most sectors saw drops in both value and volume, but thanks to a few bumper transactions in Europe, real estate registered more than a doubling in value. A total of €27.4bn in value was announced in Q1, a 119% rise year-on-year, despite volume ticking down from 45 to 39 over the same period.

Notably, demand for office space has taken a serious hit over the past two years as companies reappraise their working arrangements and downsize due to hybrid approaches, with more homeworking than in the years prior to COVID. Instead, real estate deals tend to have some operational aspect to them, such as logistics, which has benefited from strong pandemic-related tailwinds, given the need for goods to be moved and stored regardless of ebbs and flows in bricks and mortar retail activity.

Data centers and life sciences research parks have also become attractive targets in light of the need for online business activity to be securely maintained and due to increased levels of R&D in medicines and vaccines.

EMEA top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	15-Feb-22	Blackstone Group Inc.	Mileway BV (100% Stake)	Real estate		21,000
2	27-Mar-22	Macquarie Group Limited; British Columbia Investment Management Corporation; Macquarie Asset Management, Inc.	National Grid plc (UK gas transmission and metering business) (60% Stake)	Energy, mining & utilities	National Grid Plc	9,590
3	08-Mar-22	Masmovil Ibercom S.A. (Spain Business)	Orange Espagne, S.A.U. (Spain business) (100% Stake)	TMT	Orange S.A.; Masmovil Ibercom S.A.	8,100
4	21-Jan-22	CSR Acquisition Corp	SAZKA Entertainment AG (100% Stake)	Leisure	KKCG Group	7,911
5	25-Jan-22	Temasek Holdings Pte. Ltd.	Element Materials Technology Group Limited	Business services	Bridgepoint Group Plc	6,197
6	15-Feb-22	Intel Corporation	Tower Semiconductor Ltd. (100% Stake)	TMT		5,140
7	16-Mar-22	Emirates Telecommunications Group Company PJSC	Etihad Etisalat (23.01% Stake)	TMT		4,907
8	06-Jan-22	ALD S.A.	LeasePlan Corporation N.V.	Financial services	Ardian; TDR Capital LLP; GIC Private Limited; Goldman Sachs Merchant Banking Division	4,900
9	28-Mar-22	Credit Agricole S.A.; AXA S.A.	Orsted A/S (1.3 GW Hornsea 2 Offshore Wind Farm) (50% Stake)	Energy, mining & utilities	Orsted A/S	3,588
10	03-Jan-22	CNH Industrial N.V. (Shareholders)	Iveco Group N.V.	Industrials & chemicals	CNH Industrial N.V.	3,489

A nighttime photograph of a city skyline, likely London, featuring numerous illuminated skyscrapers and buildings. The scene is viewed from across a body of water, with the lights reflecting on the surface. A prominent yellow banner is overlaid across the middle of the image, containing the text "UK & Ireland". The sky is a deep blue, and the overall atmosphere is vibrant and modern.

UK & Ireland

EMEA's biggest M&A market falters

The UK & Ireland sub-region is consistently one of the most active M&A markets in EMEA and that proved to be the case in Q1 2022. A total of 428 deals worth €59.8bn in aggregate were made, putting it out in front once again. Despite this lead, the market has underperformed in recent months.

A 42% drop in volume and a 40% fall in value compared with Q1 2021 means that the region saw one of the biggest annual drops across EMEA.

One impediment has been stricter antitrust enforcement. In March, the competition watchdog blocked the US\$5bn merger of global container handling firms Cargotec and Konecranes, despite the deal having already been cleared in Europe. This marks the continued divergence of the UK from the European Commission in the area of merger control.

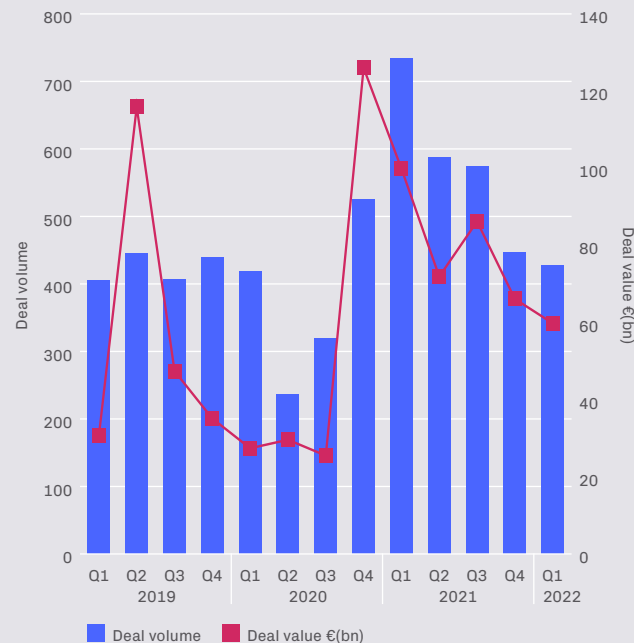
Energy deals outperform

The energy, mining & utilities (EMU) sector was the largest by value, with a total of €14.8bn—although this was a 41% decrease on Q1 2021. This was lifted by the €9.6bn offer for a 60% stake in National Grid's UK gas transmission and metering business by Australia's Macquarie Asset Management and Canada's British Columbia Investment Management.

Another major EMU deal was France-based Credit Agricole and AXA's €3.6bn offer for a 50% stake in a UK offshore wind farm owned by Denmark-based energy firm Orsted. This was the third-biggest deal of the quarter in the region.

Financial sponsors are leaning into EMU assets at a time when they are likely to outperform most other industries. As might be expected, there is a clear trend for defensive sectors to outperform as an economy moves toward a stagflationary environment. These include consumer staples, healthcare, and utilities. The energy sector also performed well, being a clear beneficiary of increasing energy commodity prices.

UK&I M&A activity, 2019-Q1 2022



Source: Mergermarket

TMT remains robust

The top sector in terms of deal volume was TMT, with 134 deals, a 27% fall year-on-year. However, the total value of TMT deals collapsed from €18.6bn to €9.8bn between Q1 2021 and Q1 2022. The largest recorded deal in the sector came to a mere €1.2bn—Canada Pension Plan Investment Board and Motive Partners' investment in FNZ, a technology provider for the wealth management space. The investment fetched the company a valuation of €20bn.

No other TMT deal made it into the top ten M&A list for the UK & Ireland in the first quarter. This may be a sign of more to come. High-growth tickers on public equity markets have seen their stock prices dip as concerns over possible stagflation build. Technology assets tend to struggle amid monetary tightening since they are valued using discounted cash flow models that are sensitive to rate rises. This may also play out in private markets in the coming months.

UK&I top sectors by value | Q1 2022

	EUR (m)
Energy, mining & utilities	14,756
Business services	10,289
TMT	9,838
Financial services	9,397
Transportation	6,920

UK&I top sectors by volume | Q1 2022

	Deal count
TMT	134
Business services	71
Financial services	52
Industrials & chemicals	37
Pharma, medical & biotech	28

UK&I top bidders by value | Q1 2022

	EUR (m)
United Kingdom	16,544
USA	10,450
Australia	9,830
Singapore	6,245
Canada	5,333

UK&I top bidders by volume | Q1 2022

	Deal count
United Kingdom	198
USA	94
Sweden	18
France	15
Canada	13
Ireland (Republic)	13

Business services excels

The second-highest-value sector after EMU was business services, which is also the only industry in the UK & Ireland to outperform in Q1 2021's showing—and significantly so. There were €10.3bn worth of deals and the largest of these was Singaporean sovereign wealth fund Temasek's €6.2bn acquisition of Elements Materials Technologies, a provider of materials and product testing, failure analysis, and consultancy services. This deal helped ensure the business services sector rose by 251% year-on-year.

Another big business services deal saw PE firm Warburg Pincus and Abu Dhabi-based sovereign wealth fund Mubadala acquire a 60% stake in publishing and events business Informa for €2bn. While Informa was historically a media company, its increasing focus on data products and shows means that it more closely resembles a B2B services firm these days. Such companies are expected to perform well regardless of the wider economy due to the fact their products tend to be embedded in workflows and often benefit from sticky subscription models.

Private equity has long looked for business models with predictable cash flows and this is something lenders are likely to increasingly favor as they weigh sector performance over the coming 12-24 months. The outlook for deal activity is uncertain but should nonetheless be robust, supported by positive, if weaker, economic growth than 2021.

UK&I top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	27-Mar-22	Macquarie Group Limited; British Columbia Investment Management Corporation; Macquarie Asset Management, Inc.	National Grid plc (UK gas transmission and metering business) (60% Stake)	Energy, mining & utilities	National Grid Plc	9,590
2	25-Jan-22	Temasek Holdings Pte. Ltd.	Element Materials Technology Group Limited	Business services	Bridgepoint Group Plc	6,197
3	28-Mar-22	Credit Agricole S.A.; AXA S.A.	Orsted A/S (1.3 GW Hornsea 2 Offshore Wind Farm) (50% Stake)	Energy, mining & utilities	Orsted A/S	3,588
4	28-Feb-22	Spectris Plc	Oxford Instruments Plc (100% Stake)	Pharma, medical & biotech		2,138
5	10-Feb-22	Warburg Pincus LLC; Mubadala Investment Company PJSC	Informa PLC (Pharma Intelligence business) (85% Stake)	Business services	Informa PLC	2,016
6	31-Mar-22	Royal Bank of Canada	Brewin Dolphin Holdings Plc (100% Stake)	Financial services		1,927
7	28-Mar-22	The Royal Bank of Scotland Group Pension Fund	The Royal Bank of Scotland Group Pension Fund (4.71% Stake)	Financial services	HM Treasury	1,453
8	20-Feb-22	GXO Logistics, Inc.	Clipper Logistics Plc (100% Stake)	Transportation		1,359
9	30-Mar-22	Agility	John Menzies Plc	Transportation		1,255
10	11-Feb-22	Canada Pension Plan Investment Board; Motive Partners	FNZ (UK) Ltd (7% Stake)	TMT		1,230

An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and grey. In the foreground, several modern skyscrapers with glass facades are prominent. The city below is a dense grid of buildings, with some green spaces visible. The image is overlaid with several semi-transparent colored rectangles: a yellow one on the left containing the word 'DACH', a white one at the top center, a yellow one at the top right, and an orange one in the middle left.

DACH

DACH shows serious signs of weakness

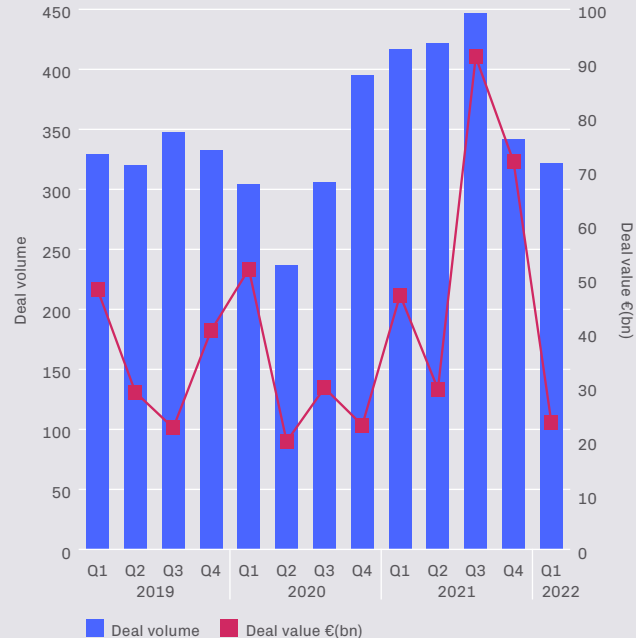
The DACH region saw the steepest decline in M&A value of any sub-region in EMEA in the first quarter. Deal value halved from €47.1bn in Q1 of 2021 to €23.5bn. This may reflect the macro picture in Europe's largest economy.

In Q4 2021, Germany's GDP contracted by 0.3%—the only G20 country to shrink during this period. The Bundesbank said in February that it expects further negative growth in Q1 2022, which would put the country into a technical recession, albeit with expectations of a rebound in the spring.

Germany's strength—its large, globalized industrial sector—has also been its weakness in the past two years as worldwide supply chain snarls have hindered growth. Joerg Wuttke, president of EU Chamber of Commerce in China, said in April that 51% of German companies' logistics and warehousing and 46% of their supply chains are “completely disrupted or severely impacted” by China's COVID situation.

It was not only aggregate value that fell, the number of deals across the German-speaking region also eased off, but at a less stark rate. A total of 322 deals were announced in Q1, a 23% year-on-year fall.

DACH M&A activity, 2019-Q1 2022



Source: Mergermarket

SPAC to DACH

The frenzy of special purpose acquisition company (SPAC) activity that has swarmed US public markets reached the DACH region in Q1 when the cash shell CSR Acquisition Corp acquired the Czech lottery operator formerly known as SAZKA, which is headquartered in Switzerland. The company went for €7.9bn and helped to propel leisure sector M&A to €9.1bn—a massive increase from the €330m worth of activity in Q1 2021 and putting it comfortably at the top of the industry league table.

CSR Acquisition was set up by former Goldman Sachs president and Trump administration advisor Gary Cohn and Clifton Robbins, a former executive at private equity firm KKR. SAZKA, which has been renamed Allwyn Entertainment as part of the deal, is expected to bid for the UK's National Lottery license, which has been held by the Canadian-owned company Camelot since its inception in 1994. Allwyn CEO Karel Komarek said the group is eyeing up new markets that are expected to generate lottery ticket sales of €129bn this year.

DACH top sectors by value | Q1 2022

	EUR (m)
Leisure	9,117
TMT	3,532
Financial services	3,517
Industrials & chemicals	2,957
Transportation	1,384

DACH top sectors by volume | Q1 2022

	Deal count
TMT	104
Industrials & chemicals	68
Business services	40
Pharma, medical & biotech	25
Financial services	21

DACH top bidders by value | Q1 2022

	EUR (m)
USA	10,566
Germany	4,724
Switzerland	1,800
Italy	969
Saudi Arabia	927

DACH top bidders by volume | Q1 2022

	Deal count
Germany	113
USA	45
Switzerland	33
United Kingdom	20
Netherlands	19

TMT volume surprises

In volume terms, TMT dominated M&A in the DACH region in Q1, and deals held firm with a slight uptick from 101 to 104. Meanwhile, the sheer collapse in deal value across the board meant that even with an 81% fall in TMT M&A value, the €3.5bn recorded was still enough to put the sector in second position, albeit far behind leisure.

Bumper TMT transactions were few and far between, with only one in the top ten: Italian infrastructure group Atlantia's acquisition of Siemens' carve-out, Yunex Traffic, for €950m. Yunex Traffic supplies infrastructure and mobility services, including advanced emissions-based dynamic tolling systems, vehicle-to-infrastructure communication solutions, digital traffic lights, and street lighting systems.

The corporate carve-out opportunity

The Yunex deal is indicative of a wider trend in Germany, where the country's storied conglomerates are downsizing to become leaner, more focused companies. This is creating significant sizable deal flow for buyers. Siemens offloaded the mail and parcel business of Siemens Logistics for €1.15bn to technology group Körber in the first quarter and in recent years has spun off both its energy and health equipment divisions, while Thyssenkrupp offloaded its elevator business a few years ago in the biggest European PE buyout in history.



DACH top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	21-Jan-22	CSR Acquisition Corp	SAZKA Entertainment AG (100% Stake)	Leisure	KKCG Group	7,911
2	26-Jan-22	Landesbank Baden-Wuerttemberg	Berlin Hyp AG (100% Stake)	Financial services	Landesbank Berlin Holding AG	1,300
3	31-Jan-22	DIC Asset AG	VIB Vermoegen AG (40.95% Stake)	Financial services		1,270
4	09-Feb-22	Koerber AG	Siemens Logistics (mail and parcel unit) (100% Stake)	Transportation	Siemens AG	1,150
5	05-Jan-22	Atlantia S.p.A.	Yunex GmbH (100% Stake)	TMT	Siemens AG	950
6	24-Mar-22	Undisclosed bidder	Glencore Plc (1.2% Stake)	Energy, mining & utilities	Qatar Investment Authority	947
7	24-Jan-22	Savvy Gaming Group	FACEIT Ltd (100% Stake); ESL Gaming GmbH (100% Stake)	Leisure	Modern Times Group MTG AB	927
8	14-Mar-22	Atlas Copco AB	Geveke N.V. (100% Stake); LEWA GmbH (100% Stake)	Industrials & chemicals	Nikkiso Co., Ltd.	670
9	17-Feb-22	Nitto Denko Corporation	Mondi Plc (Personal Care Components business) (100% Stake)	Consumer	Mondi Plc	615
10	22-Feb-22	Bank of America Corporation; Davidson Kempner Capital Management LP	HSH Portfoliomanagement AoER (ship loan portfolio with 56 ships) (100% Stake)	Financial services	HSH Portfoliomanagement AoER	500

Preparing for deal flow

The pressures of the pandemic have forced many corporates to reconsider their business units and look at streamlining. The avalanche of liquidity that came into debt markets as a consequence of pandemic stimulus helped companies to stay afloat over the past two years, but has also led to more carve-outs being considered. Corporate debt in developed economies stood at 102% of GDP at the end of March, compared with 92% before the outbreak of the COVID-19 pandemic. With growth showing signs of slowing, large companies are now looking at ways to raise cash to pay down that debt, including through selling off business divisions.

This bodes well for private equity in particular, which doesn't face the same antitrust considerations as corporates, as funds are also adept at the complex nature of carve-outs. There has been prevailing caution to initiate sale processes since the war in Ukraine started. If this finds a peaceful resolution sooner rather than later, DACH corporates could once again provide a rich source of deal flow.

An aerial photograph of Paris, France, showing a dense urban landscape with many buildings and green spaces. The Eiffel Tower is prominent on the right side. The sky is overcast. There are three colored rectangular overlays: a yellow one on the left containing the word 'France', an orange one in the upper middle, and a white one on the right.

France

Growth in France holds up, supporting deal value

The French economy has performed relatively well recently, mostly because it was bouncing back from being more negatively impacted during the pandemic than elsewhere in EMEA. GDP grew by 7% through 2021, ahead of the 5.3% average seen across Europe, after shrinking by as much as 8% in 2020. A huge surge in COVID infection rates in January and February led to higher workplace absenteeism and curtailed growth, which is nonetheless expected to have reached 0.3% in Q1.

M&A in France fell as it has done in other regions, but value has proved to be more buoyant than in the UK & Ireland and DACH, supported by a strong showing from US investors, which represented more than a third (35.5%) of deal value.

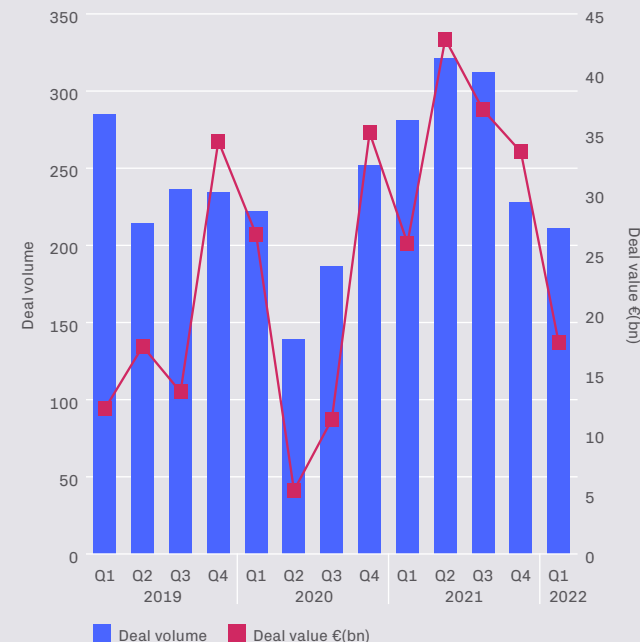
An aggregate deal value of €17.6bn was recorded, a drop of 32% compared with the same period last year. Volume meanwhile was down by 25% to 211 transactions.

Payments sector under pressure

The biggest deal in the country during the period saw US PE firm Apollo Global Management acquire the terminals business of payments firm Worldline for €2.6bn, helping the vendor to cut its debt and simplify its corporate structure. The payments sector has come under immense pressure in recent years in the face of mass disruption.

People increasingly use their smartphones for online payments, driving a new wave of competition and the need for new investment. For its part, Apollo was given an attractive entry price of just five times the carved-out business's operating margin, although there is an earn-out structure in place, such that Worldline will receive more cash depending on the business's performance.

France M&A activity, 2019-Q1 2022



Source: Mergermarket

Strong TMT pipeline

The second-largest TMT deal after Worldline was not in the tech space but in telecoms. Spanish telco infrastructure firm Cellnex acquired a 30% stake in On Tower France from Iliad for €950m. Iliad has seen its free cash flows come under pressure as the French telecoms group steps up its investment into next generation 5G networks, the deal helping to free up capital. Cellnex has also been divesting. In March, the company agreed to divest 3,200 rooftop sites to Phoenix Tower International to satisfy the French Competition Authority as a closing remedy for its €5.2bn acquisition of Hivory last year, which included 10,500 towers in France.

The Worldline and Cellnex sales helped push TMT to the top as the biggest M&A sector by value, deal activity falling by only 11% year-on-year to €6.5bn. TMT was also the biggest sector by volume in France: transaction numbers actually increased from 54 to 67 deals as the sector supplies no shortage of opportunities in spite of the wider dealmaking slowdown and recent cooling of sentiment.

France top sectors by value | Q1 2022

	EUR (m)
TMT	6,469
Energy, mining & utilities	3,243
Business services	2,822
Industrials & chemicals	2,619
Consumer	1,277

France top sectors by volume | Q1 2022

	Deal count
TMT	67
Industrials & chemicals	36
Business services	33
Consumer	19
Pharma, medical & biotech	16

France top bidders by value | Q1 2022

	EUR (m)
USA	6,240
Australia	2,591
France	2,572
Belgium	1,850
Hong Kong	1,135

France top bidders by volume | Q1 2022

	Deal count
France	131
USA	21
United Kingdom	17
Spain	6
Belgium	6
Germany	6



Financial sponsors in France are unfazed

PE activity was especially strong in France. Although volume dipped by 14% to 104 deals in Q1, value ticked up by 2% to a total of €13.2bn. The Apollo/Worldline deal was both the biggest PE transaction and largest M&A deal overall in France. What's more, five of the ten largest deals in the country were PE buyouts over the first quarter.

France continues to be a major hub of activity for financial sponsors in Europe. While the UK holds the top position as the highest-value buyout market, on the continent France and Germany have historically vied for second place. In particular, France has a strong, dynamic mid-market with a number of blue-chip managers active in the space, including Ardian, Eurazeo, and PAI Partners, and more recently the Canadian pension funds such as Caisse de dépôt et placement du Québec, PSP, and OMERS have set up their own direct investment programs. Given the industry's recent performance in spite of everything that has been thrown its way at the macro level, private equity is likely to continue contributing significantly to overall M&A performance in the country through 2022.

France top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	21-Feb-22	Apollo Global Management, LLC	Worldline S.A. (Terminals, Solutions & Services Business) (100% Stake)	TMT	Worldline S.A.	2,600
2	07-Mar-22	Muenchener Rueckversicherung Gesellschaft Aktiengesellschaft; Macquarie Group Limited; MEAG MUNICH ERGO Asset Management GmbH; British Columbia Investment Management Corporation; Macquarie Asset Management, Inc.	Reden Solar SAS (100% Stake)	Energy, mining & utilities	Eurazeo S.A.; InfraVia Capital Partners	2,500
3	19-Jan-22	Bain Capital, LP.; Existing Management; NB Renaissance Partners	Inetum S.A.	Business services	Mannai Corporation Q.S.C.	2,002
4	14-Feb-22	D'leteren Group S.A.	Parts Holding Europe SAS (100% Stake)	Industrials & chemicals	Bain Capital, LP.	1,700
5	22-Mar-22	Primavera Capital Acquisition Corporation	Jeanne Lanvin S.A. (100% Stake)	Consumer	Fosun Holdings Ltd	1,135
6	25-Feb-22	Cellnex Telecom, S.A.	On Tower France (30% Stake)	TMT	Iliad S.A.	950
7	24-Feb-22	Energy Infrastructure Partners AG	Borex Inc. (France based operations) (30% Stake)	Energy, mining & utilities	Borex Inc.	532
8	11-Jan-22	KKR & Co., Inc.; Eurazeo S.A.; Technology Crossover Ventures; Insight Partners; Tiger Global Management, LLC; Tencent Holdings Ltd.; Alven Capital Partners S.A.; DST Global; Valar Ventures; Gaingels LLC; Alkeon Capital Management, LLC; Exor Seeds	Qonto SAS (11.05% Stake)	TMT		486
9	12-Jan-22	General Atlantic Service Company, L.P.; Eurazeo S.A.; Generation Investment Management LLP; Aglae Ventures; Sprints Capital Management Limited	Jung SAS (8.95% Stake)	TMT		448
10	24-Jan-22	Wendel S.A.	Association of Certified Anti-Money Laundering Specialists (98% Stake)	Business services	Adtalem Global Education Inc.	442



Nordics

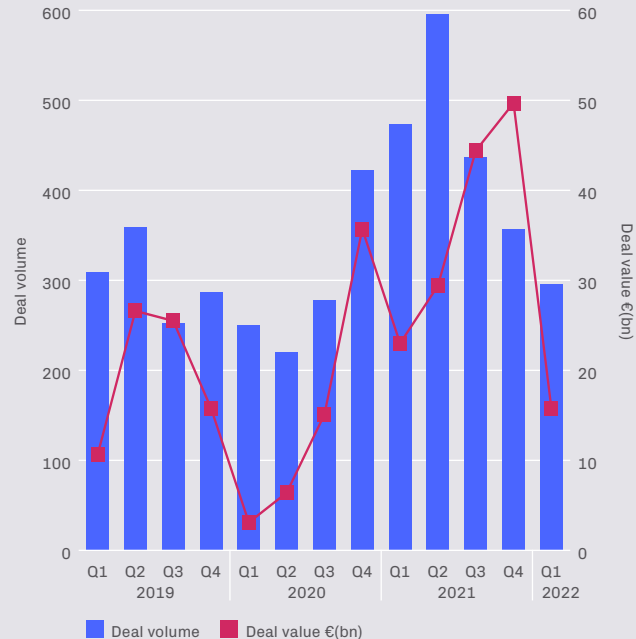
Nordics activity weakens in Q1

There were 296 deals in the Nordics region, a 37% year-on-year drop compared with Q1 2021. Total value also fell, by 32% to €15.8bn.

This more or less tracked the wider EMEA region and comes as the Nordics performs relatively well economically. The weakest growth in 2021 came from Finland and Norway at 3%, with Sweden expanding at the top end of 4%.

The Swedish economy, the largest in the sub-region, has caught up with its pre-pandemic level and is expected to increase by 3.4% in 2022, fueled by the removal of COVID restrictions and a continued rebound of consumption and investment. This should support confidence among dealmakers for the rest of the year, provided there are no further unexpected geopolitical or macro shocks.

Nordics M&A activity, 2019-Q1 2022



Source: Mergermarket

Net returns

The largest deal of the year was hotly contested. NTS, a Norwegian salmon-farming company, was subject to a bidding war from competitors Mowi and SalMar. Initially, Mowi offered €2.6bn, before SalMar put in a counteroffer of €2.7bn. The acquisition brings SalMar close to Mowi's status as the largest salmon-farming company in the world.

NTS and SalMar already have history. In August 2021, NTS beat SalMar to the purchase of a 70% stake in salmon-farming firm NRS, which it then merged with SalmoNor—itsself a combination of Midt-Norsk Havbruk and SalmoNor. The deal will benefit from strong underlying food demand. According to research by a team led by Professor Rosamond Naylor at Stanford University, the world's hunger for fish is expected to almost double by 2050 due to growing affluence and populations, the majority of this demand being met by a big rise in farmed seafood. The sizable NTS deal led agriculture to rise to the top of the Nordics sector M&A table.

Nordics top sectors by value | Q1 2022

	EUR (m)
Agriculture	6,174
TMT	2,785
Industrials & chemicals	2,451
Energy, mining & utilities	1,626
Consumer	727

Nordics top sectors by volume | Q1 2022

	Deal count
TMT	80
Industrials & chemicals	42
Construction	40
Business services	32
Consumer	22
Energy, mining & utilities	22

Nordics top bidders by value | Q1 2022

	EUR (m)
Norway	8,696
Japan	2,100
Sweden	1,516
USA	925
Canada	526

Nordics top bidders by volume | Q1 2022

	Deal count
Sweden	96
Norway	72
Finland	34
Denmark	27
USA	22

SPACs touch down in Finland

Measured by volume, however, it was TMT that came first despite the number of deals dropping 30% to 80 transactions. TMT was also the second-largest sector by value after agriculture. The top deal, valued at a modest €553m, was typical of so many deals in the tech and software space in the past couple of years in that it involved a SPAC buyer.

MariaDB Corporation, a Finnish open-source database-as-a-service (DBaaS) company was taken over by Angel Pond Holdings Corporation, a blank-check company that listed on the New York Stock Exchange in May last year with an eye on potential enterprise software deals. It found its mark in February this year with MariaDB, which was co-founded by Theodore Wang, a former partner at Goldman Sachs, and Shihuang Xie, a co-founder of Chinese ecommerce giant Alibaba. The company expects the global cloud DBaaS market to grow at a CAGR of 27% to \$33bn by 2025.

Cross-border activities

Among the other top deals in the Nordics was Japan-based Yokohama Rubber Company's €2.1bn acquisition of Swedish industrials group Trelleborg's Wheel Systems business. The deal was the largest in the region after NTS and Sweden's biggest M&A of Q1 2022. It was also notable for the fact that this single deal accounted for the majority of foreign invested capital in the Nordics in Q1, overseas buyers together accounting for 29% of all deal value among the top five countries.



Nordics top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	14-Feb-22	SalMar ASA	NTS ASA (100% Stake)	Agriculture		2,738
2	24-Jan-22	Mowi ASA	NTS ASA (100% Stake)	Agriculture		2,594
3	25-Mar-22	The Yokohama Rubber Co., Ltd.	Trelleborg Wheel Systems Holding AB (100% Stake)	Industrials & chemicals	Trelleborg AB	2,100
4	22-Mar-22	HitecVision AS; Infranode; Hafslund E-CO AS	Fortum Oslo Varme AS (50% Stake)	Energy, mining & utilities	Fortum Oyj AB	1,036
5	11-Jan-22	Norway Royal Salmon ASA	Salmonor AS (100% Stake)	Agriculture	NTS ASA	830
6	01-Feb-22	Angel Pond Holdings Corporation	MariaDB Corporation Ab (100% Stake)	TMT		553
7	27-Jan-22	Alecta Pensionsforsakring Omsedisigt; Brookfield Asset Management Inc.; Brookfield Super-Core infrastructure Partners L.P.	Telia Company AB (Tower business in Sweden) (49% Stake)	TMT	Telia Company AB	526
8	09-Feb-22	Komplett ASA	NetOnNet AB (100% Stake)	TMT	Waldir	458
9	09-Feb-22	Euroapothecca, UAB (EA)	Kronans Droghandel Retail AB (100% Stake)	Consumer	Oriola Oy	406
10	18-Feb-22	Lyse AS	Ice Group (100% Stake)	TMT	Ice Group Scandinavia Holdings AS	295

Energy transition fuels deals

Another major deal saw a consortium led by Norwegian sector specialist PE firm HitecVision alongside infrastructure investor Infranode and utility Hafslund Eco acquire a 50% stake in Fortum Oslo Varme, a provider of heating and power, from Finland-based Fortum for €1bn.

The transaction has a distinctly ESG flavor to it. Fortum Oslo Varme delivers sustainable district heating and power to commercial and residential properties throughout Oslo, providing heating and hot water to more than 200,000 people. The deal is highly synergistic. District heating, a system for distributing heat generated in a centralized location through a pipe network, has massive overlap with hydropower and operates in the same power market. Notably, co-investor Hafslund Eco is Norway's second-largest hydropower producer.

The Nordic countries have emerged from the pandemic in good shape and the growth outlook is relatively stable. Consumption has been increasing despite inflation headwinds and though economies are expected to lose some momentum over the next few quarters, this won't derail dealmaking, thanks to strong domestic markets.

Italy



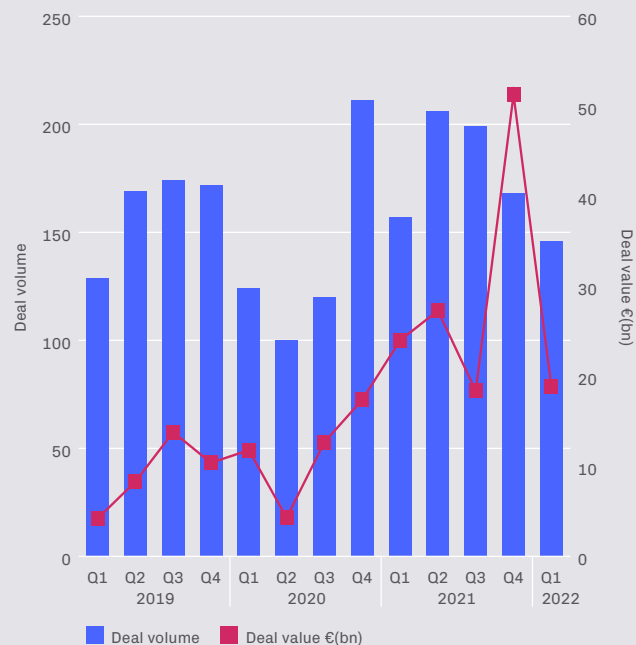
UK buyers come to Italian shores

Italian M&A held up better than in many other markets in EMEA in spite of the fall in confidence that has slowed global dealmaking.

The country played host to 146 transactions, a small 7% annual drop, while total value was down 21% to €18.9bn. This put Italy on a roughly equal footing with France on a value basis.

Notably, activity has been predominantly driven by UK buyers. The country accounted for €9.9bn worth of deals, more than half of total deal value, with investment coming from both corporates and London-headquartered PE firms. For perspective, Italian buyers were second to the UK but only accounted for €4.2bn of secured deal flow, or just over 22% of aggregate value for the period.

Italy M&A activity, 2019-Q1 2022



Source: Mergermarket

High wires

TMT was the highest-value sector, with deals coming to €6.7bn, a year-on-year gain of 37%. Once again this was spurred by the telecoms industry rather than technology or media. UK-based private equity firm CVC Capital Partners' €2.9bn non-binding offer for a 49% stake in Telecom Italia's (TIM) enterprise division was the largest TMT deal in Italy in Q1. CVC is interested in taking ownership of Olivetti (a cloud computing unit), the Noovle data center business, and the Telsy cybersecurity business among other assets.

Telecom Italia initially looked like it may go to KKR, following a €10.8bn approach from the US PE firm for the entire telecoms business. However, the company ultimately refused KKR access to its financial records shortly after the CVC bid, reportedly because it had not confirmed the terms of its offer.

Italy top sectors by value | Q1 2022

	EUR (m)
TMT	6,660
Industrials & chemicals	4,487
Pharma, medical & biotech	2,489
Financial services	1,490
Consumer	1,090

Italy top sectors by volume | Q1 2022

	Deal count
Industrials & chemicals	34
TMT	28
Consumer	18
Energy, mining & utilities	18
Business services	12

Italy top bidders by value | Q1 2022

	EUR (m)
United Kingdom	9,916
Italy	4,239
France	2,177
USA	1,753
China	548

Italy top bidders by volume | Q1 2022

	Deal count
Italy	81
USA	15
United Kingdom	13
France	8
Germany	4

Industrial base

The top sector by volume was I&C, which saw 34 transactions—the same number as Q1 a year prior. Industrials is a perennially strong performer in Italy, which has an incredibly robust industrial base in the north of the country. Indeed, the country is the second-largest manufacturing nation in Europe after Germany and is especially strong in sectors such as machine tools, fashion, and food products. Rather than a large pool of global multinational corporations, Italy has many clusters of small and medium-sized businesses.

The biggest I&C deal across all regions in EMEA in the first quarter took place in Italy—the spin-off of Iveco Group, CNH's trucks and bus division, valued at €3.5bn. Although CNH is technically headquartered in the UK, it is an American-Italian multinational that is controlled and mostly owned by the investment company Exor, which in turn is controlled by Italy's Agnelli family. Iveco now owns CNH's truck, bus, specialty and defense vehicles, and powertrain operations and trades as a separate company on the Milan stock exchange.



Italy top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	03-Jan-22	CNH Industrial N.V. (Shareholders)	Iveco Group N.V.	Industrials & chemicals	CNH Industrial N.V.	3,489
2	28-Mar-22	CVC Capital Partners Limited	Telecom Italia S.p.A. (Enterprise Division) (49% Stake)	TMT	Telecom Italia S.p.A.	2,940
3	20-Jan-22	Permira Advisers LLP; Abu Dhabi Investment Authority; Permira Funds LLC	Kedrion S.p.A. (100% Stake); BPL Holdings Limited (100% Stake)	Pharma, medical & biotech	FSI SGR S.p.A.; Tiancheng International Investment Limited	2,410
4	02-Mar-22	Ardian	Infrastrutture Wireless Italiane S.p.A. (15.4% Stake)	TMT	Telecom Italia S.p.A.	1,400
5	27-Jan-22	Breeze Holdings Acquisition Corp.	D-Orbit Spa (100% Stake)	Government		1,073
6	17-Jan-22	Ardian	Biofarma Srl (70% Stake)	Industrials & chemicals	White Bridge Investments S.p.A.	770
7	28-Feb-22	PostePay S.p.A.	LIS Holding S.p.A. (100% Stake)	TMT	IGT Global Solutions Corp	700
8	11-Mar-22	The Carlyle Group	Dainese S.p.A. (100% Stake)	Consumer	Investcorp	630
9	11-Jan-22	Tages Group	NextEnergy Capital (Nextpower II Italian solar assets) (100% Stake)	Financial services	NextEnergy Capital Limited	600
10	10-Mar-22	CVC Capital Partners Limited	RGI S.p.A. (100% Stake)	TMT	Corsair Capital LLC	500

Strong fund interest

Private equity had a stand-out quarter, owed in large part to the aforementioned CVC/TIM deal. A total of €10.5bn in deals was inked by PE acquirers, a 46% increase on Q1 2021. Of the five largest deals made in the first quarter in Italy, three were leveraged buyouts.

These included UK PE firm Permira and the Abu Dhabi Investment Authority's €2.4bn purchase of Kedrion Biopharma, providing an exit for the state-backed PE fund Fondo Strategico Italiano and the Marcucci family. Kedrion develops medicines derived from human blood plasma to treat patients with rare life-threatening conditions.

One of the major appeals of Italy for overseas PE buyers is that many Italian businesses have carved out niches and developed expertise but remain in family hands. Financial sponsors can play a critical role in solving succession issues at these high-quality companies.

Italy's economic outlook is more precarious than it was this time last year, but room remains for cautious optimism. Although the economy shrank by 0.5% in Q1, growth is expected to return in Q2. In April 2022, the Treasury forecasted annual GDP growth of 3.1% down from a 4.7% projection made last September.



Iberia

Iberian M&A sees strong annual uptick

The Iberia sub-region is an outlier in EMEA. Not only did M&A volume tick up by 8% to 188 deals in Q1 2022, value was also up by 21% to €16bn.

And this was not the result of an influx of international buyers. The highest sum of invested capital came from domestic entities, who claimed €10.4bn worth of transactions, or 65% of recorded value. In a distant second place was Italy with €1.5bn, followed by the US with €933m.

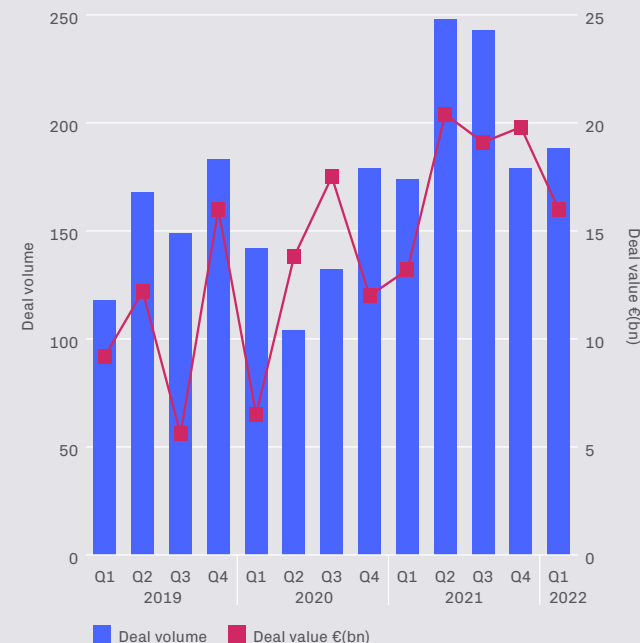
The largest deal was Masmovil's €8.1bn offer for France-based Orange's Spanish business, which was also the third-largest M&A deal across the entire EMEA region. The arrangement has created a 50/50 joint venture with a combined enterprise value of €19.6bn, revenues of €7.5bn, and EBITDA after leases of more than €2.2bn. It also gives the combined business more than 20 million mobile customers and 7 million fixed-line customers, making it the largest telco in Spain.

Media plays

As a result of the Masmovil/Orange transaction, the TMT industry saw value more than double year-on-year to €10.4bn—making it the highest sector by value by far in the region. No fewer than four of the top ten M&A deals in Q1 belonged to the TMT sector, which was also the biggest by volume, with a total of 37 deals—a 19% rise on Q1 2021.

The story that is defining the broader TMT sector is the reorganization of Europe's media and telecoms markets, rather than a tech narrative. MFE-MediaForEurope, the commercial broadcaster controlled by former Italian Prime Minister Silvio Berlusconi, offered €989m for the 44.3% stake in its listed Spanish subsidiary, Mediaset Espana Comunicacion, that it did not already own. The deal is part of a larger consolidative play. MFE sought approval from competition authorities in March to increase its stake in German broadcaster ProSiebenSat.1 Media, in which it is already the largest shareholder. The company is aiming to strengthen its position as a Europe-wide TV group in the face of streaming platforms like Netflix and Amazon Prime Video.

Iberia M&A activity, 2019-Q1 2022



Source: Mergermarket



Deals on wheels

Transportation was the second largest of any sector in Iberia, with a total of €935m in aggregate deal value. This was largely due to Apollo Infrastructure's €735m offer to acquire a 49% stake in Primafrio, a Spanish provider of refrigerated transport services. The company exports fruit and vegetables from Spain and Portugal to other European countries. While demand for logistics has not faltered during the pandemic, the cost of fuel for freight services has climbed dramatically in recent months owing to the elevated oil price, which has been exacerbated by the Ukraine invasion's impact on oil supplies. Primafrio is understood to be branching out to higher-margin sectors including retail and pharmaceuticals as fuel costs eat into its margins, Apollo being attracted to the scale and resiliency of the business, which it aims to support in its growth plans.

Iberia top sectors by value | Q1 2022

	EUR (m)
TMT	10,376
Transportation	935
Construction	925
Leisure	905
Financial services	855

Iberia top sectors by volume | Q1 2022

	Deal count
TMT	37
Pharma, medical & biotech	26
Consumer	21
Business services	20
Energy, mining & utilities	20

Iberia top bidders by value | Q1 2022

	EUR (m)
Spain	10,416
Italy	1,509
USA	933
Canada	900
Germany	680

Iberia top bidders by volume | Q1 2022

	Deal count
Spain	84
France	15
United Kingdom	13
Germany	13
USA	10
Portugal	10

Volume but not value in PMB

In volume terms, the PMB sector was the second most active in Iberia after TMT, with a 13% year-on-year increase in transactions to 26 deals.

The largest of these saw Fresenius Kabi, a German healthcare company that specializes in lifesaving medicines and technologies for infusion, transfusion, and clinical nutrition, buy a 55% stake in Mabxience for €495m.

Mabxience's profile rose after manufacturing the raw material for the Latin American version of AstraZeneca's COVID-19 vaccine. The deal boosts Fresenius' presence in the biopharma market, expands its biologics manufacturing capacity, and presents cost synergies for existing operations. While PMB has scored highly in Iberia as measured by volume, no other deal recorded in the first quarter was valued above the €200m mark.

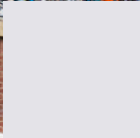
The outlook for the Iberia region is, as is to be expected, mixed at this stage. Last year, the Spanish economy rebounded 5.1% after a record 10.8% slump in 2020 induced by the pandemic. However, the country's Central Bank has dampened its economic growth forecast for this year to 4.5%, reflecting the impact of inflation stoked by Russia's invasion of Ukraine, and said the pace of recovery had already lost momentum in the first quarter, falling to 0.9%. Provided that growth remains positive, even if lower than initially expected, this will be enough to support dealmaking demand.

Iberia top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	08-Mar-22	Masmovil Ibercom S.A. (Spain Business)	Orange Espagne, S.A.U. (Spain business) (100% Stake)	TMT	Orange S.A.; Masmovil Ibercom S.A.	8,100
2	15-Mar-22	Mediaset S.p.A.	Mediaset Espana Comunicacion S.A. (44.3% Stake)	TMT		989
3	27-Jan-22	Brookfield Asset Management Inc.	Cupa Group	Construction	The Carlyle Group	900
4	21-Mar-22	Apollo Global Management, LLC	Primafrio, S.L. (49% Stake)	Transportation		735
5	27-Jan-22	SegurCaixa Adeslas S.A. de Seguros Generales & Reaseguros	CaixaBank S.A. (Non-Life insurance business) (100% Stake)	Financial services	CaixaBank S.A.	650
6	31-Mar-22	Fresenius Kabi AG	Mabxience S.A. (55% Stake)	Pharma, medical & biotech	Insud Pharma SLU	495
7	25-Jan-22	Green Arrow Capital SGR S.p.A.	508MW solar energy project in Spain (100% Stake)	Energy, mining & utilities	Progressum Energy Development	400
8	16-Feb-22	Restaurant Brands Iberia S.A.	Burger King (157 establishments in Spain and Portugal) (100% Stake)	Leisure	Ibersol SGPS S.A.	230
9	01-Feb-22	Telefonica S.A.; Pontegadea Inversiones SL	Telxius Telecom S.A. (40% Stake)	TMT	KKR & Co., Inc.	216
10	04-Jan-22	Existing Management; Ergon Capital Partners S.A.; Arta Capital S.A.	Satlink S.L. (100% Stake)	TMT	Arta Capital S.A.	200



Benelux



Benelux benefits from the EMEA's largest M&A of Q1

The Benelux region was one of the only markets in EMEA which saw total value rise year-on-year in the first quarter of 2022, with a 57% annual gain to €35.5bn. This came despite volume dropping by 42% to 163 deals and was mostly the result of a huge outperformance of the real estate and financial services sectors, which benefited from some sizable transactions from foreign buyers.

This meant that the US and France claimed no less than 83% of all M&A value in the Benelux region in Q1.

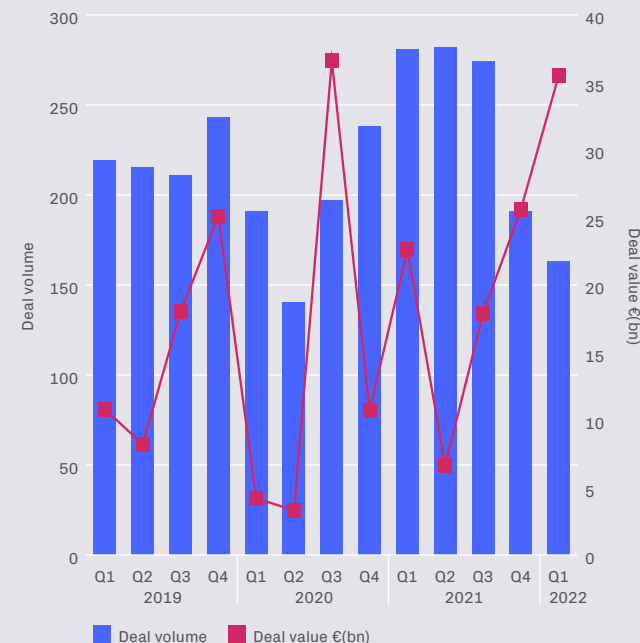
Real estate prevails

The largest of these deals was Blackstone's €21bn recapitalization of Mileway. Blackstone is an existing investor in the company, which it has grown into the largest last mile logistics portfolio in Europe, with 14.7 million square meters across ten countries.

The Mileway deal was not only the largest deal in Q1 across the entire EMEA market, but has also been billed as the biggest private real estate transaction ever recorded.

The deal was subject to a "go shop" process but a rival bid from global logistics giant Prologis was ultimately withdrawn. The deal was highly strategic for Blackstone, which essentially bought the asset from its time-restricted closed-end funds using an open-ended fund that can hold the asset indefinitely. As much as 70% of existing investors reportedly rolled over into the new deal rather than selling.

Benelux M&A activity, 2019-Q1 2022



Source: Mergermarket



Back to work

Also making an outsized contribution to the real estate space was the €2.6bn offer for listed real estate investment trust (REIT) Befimmo by RE Invest Belgium, an entity owned by a Brookfield-managed real estate fund. Befimmo is far less of a success story than Mileway, however.

The REIT owns a portfolio comprising 60 office buildings and eight co-working spaces located in Belgium and Luxembourg. Its share price peaked in March 2007 and, after trading water for much of the years that followed, collapsed in price in February 2020 at the onset of the pandemic. Brookfield's executives have maintained from the start of the global crisis that fears of the end of office working have been overblown and they have been investing billions in acquiring related assets at what they see as a discount to fair value.

Benelux top sectors by value | Q1 2022

	EUR (m)
Real estate	23,588
Financial services	5,930
Industrials & chemicals	2,026
Energy, mining & utilities	1,514
TMT	1,046

Benelux top sectors by volume | Q1 2022

	Deal count
TMT	44
Business services	27
Industrials & chemicals	25
Consumer	15
Pharma, medical & biotech	12
Construction	12

Benelux top bidders by value | Q1 2022

	EUR (m)
USA	24,357
France	5,039
Canada	2,630
Netherlands	1,527
Belgium	1,036

Benelux top bidders by volume | Q1 2022

	Deal count
Netherlands	44
USA	34
Belgium	30
United Kingdom	11
France	9

Tech enabled

Meanwhile, the largest sector by volume in Benelux was TMT, which had 44 deals in the first three months of 2022, although these were on the smaller side. The biggest was valued at just €254m and involved US commercial real estate lender Walker & Dunlop buying GeoPhy, a Dutch property technology company that was backed by Index Ventures, INKEF Capital and Hearst Ventures. Walker & Dunlop bought the company to accelerate the growth of its digital capabilities, including augmenting Apprise, a tech-enabled appraisal business, and its small-balance lending platform.

The only other TMT deal to make it in to the top ten M&A list for Benelux was of an equally modest size. PDFTron, which brings PDF, CAD, and Microsoft Office capabilities to any software, acquired Dutch company Tudot, a platform for creating and manipulating PDF files, for €241m.

Benelux top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	15-Feb-22	Blackstone Group Inc.	Mileway BV (100% Stake)	Real estate		21,000
2	06-Jan-22	ALD S.A.	LeasePlan Corporation N.V.	Financial services	Ardian; TDR Capital LLP; GIC Private Limited; Goldman Sachs Merchant Banking Division	4,900
3	25-Feb-22	Brookfield Asset Management Inc.; RE Invest Belgium S.A.	Befimmo S.A. (100% Stake)	Real estate		2,588
4	24-Jan-22	KKR & Co., Inc.	Accell Group N.V. (100% Stake)	Industrials & chemicals	Teslin Capital Management BV	1,706
5	24-Mar-22	DIF Management B.V.; PGGM Infrastructure Fund	Fudura B.V. (100% Stake)	Energy, mining & utilities	Enexis B.V.	1,300
6	01-Mar-22	AbbVie Inc.	Syndesi Therapeutics (100% Stake)	Pharma, medical & biotech	Novo Holdings A/S	896
7	15-Jan-22	Societe Federale de Participations et d Investissement	ageas S.A./N.V. (6.33% Stake)	Financial services	China Ping An Life Insurance Co., Ltd.	573
8	07-Feb-22	Walker & Dunlop, Inc.	GeoPhy BV (100% Stake)	TMT	Index Ventures; INKEF Capital; Hearst Ventures	254
9	28-Feb-22	PDFTron Parent LP	Tudot N.V. (100% Stake)	TMT	Crescendo Equity Partners Limited	241
10	31-Jan-22	Royal Bank of Canada; Societe Generale S.A.; Farallon Capital Management, LLC; Citigroup Inc.; Farallon Capital Partners LP	TrueNoord Limited	Financial services		223



Turkey, Middle East & Africa

M&A softens even as oil-rich economies rally

The Turkey, Middle East & Africa sub-region finds itself in a unique position compared with the rest of EMEA, owing to its disproportionate skew towards the oil sector. While growth in Western Europe is stalling on the back of rampant inflation, oil-rich nations are benefiting from this effect as the price of commodities surges. For example, Saudi Arabia, the Arab world's biggest economy, is forecast to grow by 7.7% in 2022 from 3.2% last year, due to its large oil exposure.

With the price of crude having topped US\$100 in February, the Tadawul All Share Index, which tracks the Saudi stock exchange, rallied by more than 15% as shares took a dive in more diversified economies, led down by growth stocks.

Nevertheless, M&A activity has fallen somewhat. The number of deals in the sub-region dropped by 35% to 122 deals, with value holding up better, falling by only 15% to €28.1bn.

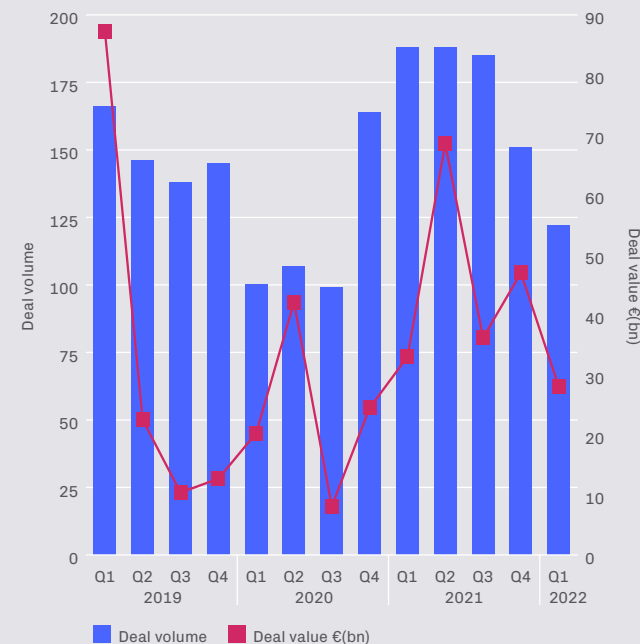
TMT trumps EMU

Even though Middle Eastern economies in particular have a massive commodity bias, EMU did not lead the way in M&A activity. Instead, the largest sector by both value and volume was TMT—there were 34 transactions worth €17.8bn, a 39% drop and 32% rise, respectively. Indeed, six of the top ten deals of the year so far were TMT transactions, including the top three.

The largest of these was US chipmaking giant Intel's proposed acquisition of Israel's Tower Semiconductor for €5.1bn. The deal, which comes amidst a boom in computer chip M&A, fueled by soaring prices and supply chain bottlenecks, forms part of Intel's strategic adjustment made last year. In addition to making computer processing chips, it launched a subsidiary called Intel Foundry Service, created to apply its chipmaking techniques and manufacturing facilities to build chips for third-party companies.

The other bumper TMT deals mirrored activity in Europe, which has been dominated by large telecoms plays. In second place, UAE-based Emirates Telecommunications acquired a 23% stake in Saudi Arabia-based mobile services provider Etisalat for €4.9bn—taking its holding to 51%. Meanwhile, the third-biggest deal was another telco deal, which saw Turkey's sovereign wealth fund, Türkiye Varlık Fonu, take a 55% position in Turk Telekomunikasyon, the largest mobile operator in the country, for €2.9bn. The Turkish government's stake in the company has now reached 86.7%.

Turkey, Middle East & Africa M&A activity, 2019-Q1 2022



Source: Mergermarket

Government frictions in Nigeria

Inevitably, EMU played a major role in M&A, with 18 deals worth €2.9bn, representing respective falls of 40% and 55%. Nearly half of that total value came from Nigerian oil and gas firm Seplat's €1.4bn acquisition of Exxon Mobil's Nigeria-based offshore shallow water business, Mobil Producing Nigeria. Analysts say that the deal has the potential to create a new major player in international exploration and production but is subject to significant execution risks. Early on, it has not been without its problems. The Akwa Ibom State government filed a lawsuit in an attempt to block the deal, claiming that it was not notified of the deal and that it has pending litigation with the company. For its part, Seplat has defended the transaction, saying the negotiation followed all protocols.



TMEA top sectors by value | Q1 2022

	EUR (m)
TMT	17,860
Energy, mining & utilities	2,856
Business services	1,857
Financial services	1,625
Real estate	1,370

TMEA top sectors by volume | Q1 2022

	Deal count
TMT	34
Energy, mining & utilities	18
Industrials & chemicals	12
Financial services	11
Consumer	10
Business services	10

TMEA top bidders by value | Q1 2022

	EUR (m)
USA	10,954
United Arab Emirates	7,528
Turkey	2,984
Nigeria	1,480
Israel	1,062

TMEA top bidders by volume | Q1 2022

	Deal count
USA	30
Israel	20
South Africa	13
United Arab Emirates	8
United Kingdom	7
Turkey	7

Inflation and overseas impact

Given the bullish outlook for commodity prices amid inflationary pressures and the MENA region's heavy exposure to oil and gas businesses, the outlook for M&A in Turkey, Middle East & Africa is looking positive. Last year, a near record US\$117.4bn worth of deals were closed in the Middle East specifically, with just over 39% of this value coming from the EMU sector, which led the pack. Provided that rising prices don't crush demand and send economies into recession this year, then M&A should perform well. Of course, this will largely depend on overseas acquirers' appetite to transact. In Q1, the US accounted for more than half of deal value in Turkey, Middle East & Africa. Provided foreign investors have the confidence to press ahead with their M&A strategies, the region should benefit.

Turkey, Middle East & Africa top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	15-Feb-22	Intel Corporation	Tower Semiconductor Ltd. (100% Stake)	TMT		5,140
2	16-Mar-22	Emirates Telecommunications Group Company PJSC	Etihad Etisalat (23.01% Stake)	TMT		4,907
3	10-Mar-22	Turkiye Varlik Fonu	Turk Telekomunikasyon AS (55% Stake)	TMT	Turkiye Is Bankasi A.S.; Turkiye Garanti Bankasi AS; Akbank T.A.S	2,890
4	03-Jan-22	Digital Realty Trust, Inc.	Teraco Data Environments (Pty) Ltd (55% Stake)	Business services	Berkshire Partners LLC; Permira Advisers LLP	1,699
5	23-Mar-22	Mount Rainier Acquisition Corp.	HUB Cyber Security (Israel) Limited (100% Stake)	TMT		1,479
6	25-Feb-22	Seplat Energy Plc.	Mobil Producing Nigeria (100% Stake)	Energy, mining & utilities	Exxon Mobil Corporation	1,410
7	03-Jan-22	International Holdings Company P.J.S.C.; Alpha Dhabi Holding	Aldar Properties PJSC (17% Stake)	Real estate		1,282
8	17-Mar-22	Sequoia Capital; Tiger Global Management, LLC; Alpha Wave Global; Goodwater Capital, LLC; Mubadala Capital; ADQ	Getir Perakende Lojistik A.S. (6.51% Stake)	TMT		694
9	22-Feb-22	Brookfield Asset Management Inc.	Magnati Payment Solutions (60% Stake)	Financial services	First Abu Dhabi Bank PJSC	609
10	23-Mar-22	Intel Corporation	Granulate Cloud Solutions Ltd (100% Stake)	TMT	Insight Partners; Dawn Capital LLP; TLV Partners LLC; Red Dot Capital Partners; Hetz Ventures	589

An aerial night view of a city skyline. The central focus is a tall, modern skyscraper with a distinctive, slightly twisted or angled facade, illuminated with blue lights. To its left is a large, curved building with many lit windows. To its right is another tall building with a grid-like facade. The city is densely packed with various buildings, and the sky is a deep blue with some light clouds. The overall scene is a vibrant urban landscape at dusk or night.

CEE & SEE

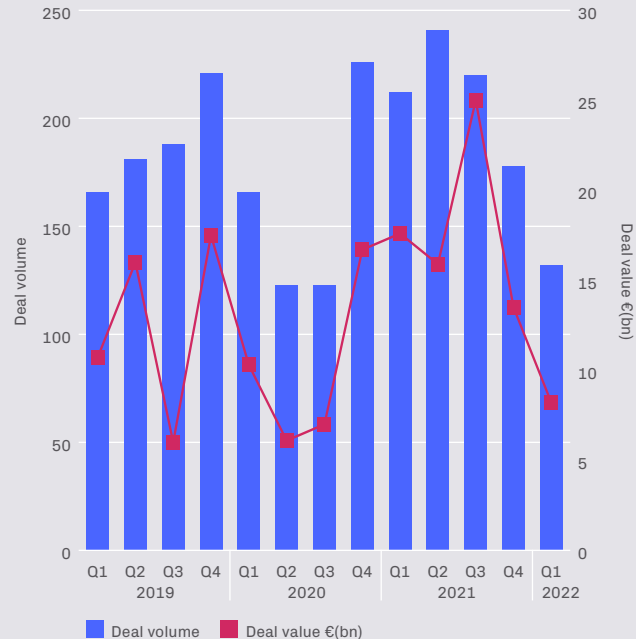
Deals hold up well in CEE & SEE despite proximity of war

The first three months of 2022 in the CEE & SEE region has tracked Western Europe, with stock markets beginning the year in a sell-off. However, despite the region's proximity to the Russia-Ukraine war, the softening was no more aggressive than in the rest of Europe. For example, the region's largest index, the Warsaw Stock Exchange WIG 20 Index, was down 6.7% in Q1 versus 7.4% for the STOXX Europe 600.

M&A volume and value, however, have dropped far more precipitously than equity markets. Total value more than halved compared to Q1 the previous year, from €17.6bn to €8.2bn. Volume also dropped, albeit less steeply, down 38% to 131 deals.

Once again, this reflects the risk-off sentiment that has gripped investors in early 2022 and is unlikely to settle until there is greater clarity on geopolitical events and the inflation trajectory.

CEE & SEE M&A activity, 2019-Q1 2022



Source: Mergermarket

Fintech and mobility lead TMT

The TMT sector was the top one by value, despite a 29% drop year-on-year, settling on a total of €3.7bn. The number of deals dropped by 29% as well, to 37 transactions. No fewer than six of the top ten transactions in the region were TMT deals, which should come as no surprise. Over the past two decades, CEE has established itself as a tech hotbed. Skilled workers have developed leading hard skills such as coding and software engineering, not just in Poland but also in Hungary, Romania, the Czech Republic, and Bulgaria.

The largest TMT deal was in SEE, not CEE, and involved the US investment bank JP Morgan acquiring Viva Wallet, a cloud-based payments fintech company from Greece, for €700m. The company focuses on serving SME merchants in 23 countries with payments and additional services, such as tap-to-device technology, cash advances, bills and expense management, and virtual debit card issuance.

Other notable deals in the sector include the €628m funding round of Bolt Technology, the Estonian ride-hailing start-up and Uber rival. The round led by Sequoia Capital and Fidelity valued the business, which has 100 million customers across 45 countries in Europe and Africa, at US\$8.4bn.

CEE & SEE top sectors by value | Q1 2022

	EUR (m)
TMT	3,657
Energy, mining & utilities	1,378
Industrials & chemicals	1,038
Financial services	810
Consumer	763

CEE & SEE top sectors by volume | Q1 2022

	Deal count
TMT	37
Industrials & chemicals	19
Energy, mining & utilities	17
Consumer	15
Business services	10
Financial services	10

CEE & SEE top bidders by value | Q1 2022

	EUR (m)
USA	2,199
Hungary	960
Russia	901
Poland	868
Turkey	715

CEE & SEE top bidders by volume | Q1 2022

	Deal count
Poland	16
Russia	14
USA	11
Germany	8
Czech Republic	7
Hungary	7

Table-topping deals

The biggest deal in the CEE & SEE region was in the EMU sector and saw Russia's nuclear regulatory body Rosatom acquire an 82.5% stake in Quadra, an energy company that parent firm ONEXIM Group had been trying to offload for about ten years. The deal was valued at €727m and is the only Russian deal to make it into the top ten in CEE & SEE. The transaction went through in early February, before the country's invasion of Ukraine, and is also a domestic deal. It is expected that M&A in Russia will come in at historic lows in 2022 given the sanctions being imposed on the country. Not only will inbound activity be affected, but lack of access to financing options from Western countries could make domestic deal activity challenging as well.

Lottery returns

Although the CEE & SEE regions saw relatively subdued activity at the top end the market, one of the biggest deals of the year has its roots in the region. Switzerland-based SAZKA group, which has now rebranded as Allwyn, was founded in the Czech Republic. The lottery group combined with US-based SPAC CSR Acquisition Corp in a deal valued at €7.9bn.

Two of the biggest transactions in the region also involved the gambling industry—both involving businesses based in Malta. The larger of the two involved a blank-check firm, like the SAZKA transaction—US-based SPAC Artemis Strategic Investment Corp merged with Logflex, a Malta-based gaming software firm, for €649m. Luxembourg-based lottery tech firm Neogames, meanwhile, acquired Malta-based gaming software firm Aspire Global for €415m.



CEE & SEE top 10 announced deals, Q1 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (€m)
1	01-Feb-22	Rosatom Corp	Quadra JSC (Formerly Territorial Generating Company TGK-4) (82.47% Stake)	Energy, mining & utilities	The ONEXIM Group	727
1	14-Mar-22	Ford Otomotiv Sanayi A.S.; Ford Otosan Netherlands B.V	Ford Romania S.A. (100% Stake)	Industrials & chemicals	Ford Motor Company	715
1	24-Jan-22	JPMorgan Chase & Co.	Viva Payments Services S.A. (49% Stake)	TMT	Latsis family; DECA Investments AIFM; Hedsophia Services Limited	700
1	30-Mar-22	Artemis Strategic Investment Corporation	Logflex MT Holding Limited (100% Stake)	TMT		649
1	11-Jan-22	Sequoia Capital; Fidelity Management & Research Company LLC; Whale Rock Capital Management LLC; Tekne Capital Management LLC; Owl Rock Capital Advisors LLC; G Squared; D1 Capital Partners L.P.; Ghisallo Master Fund General Partner LP.	Bolt Technology OU (8.48% Stake)	TMT		628
1	12-Jan-22	MOL Hungarian Oil and Gas Public Limited Company	Grupa LOTOS S.A. (417 service stations in Poland including 270 owned LOTOS Paliwa Sp z oo) (100% Stake)	Consumer	Grupa LOTOS S.A.	535
1	05-Jan-22	Cordiant Digital Infrastructure Limited	EmiTel sp. z o.o. (multi-asset digital infrastructure business) (100% Stake)	TMT	Alinda Capital Partners LLC	422
1	17-Jan-22	Neogames S.A.	Aspire Global plc (100% Stake)	TMT		415
1	16-Feb-22	Corvinus Nemzetkozi Befektetesi Zrt.	Aegon Magyarorszag Altalanos Biztosito Zrt. (45% Stake); UNION Insurance (45% Stake)	Financial services	Vienna Insurance Group AG	350
1	17-Jan-22	Tech Mahindra Limited	Com Tec Co IT Ltd (100% Stake)	TMT		310

An uncertain future

Downside risks are looming in the sub-region, especially on the geopolitical side of things. Poland has shown strong support for Ukraine, having taken in over two million refugees fleeing the conflict. The future of the CEE & SEE region remains a rather large question mark for this part of Europe in what is a delicate situation. Nevertheless, economic growth in Poland, the largest economy in the territory by some distance, remains positive with GDP expected to grow at 3.3% despite being revised down.

About this report

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