Deloitte Analysis: 2020, a difficult year for the M&A market

The mergers and acquisitions market (M&A) recorded 19 transactions in Romania in the first quarter of the year, four more compared to the same period in 2019. According to Deloitte's estimates, the total value of the market, including transactions whose values were not disclosed, was between EUR 600 and 750 million in Q1 2020 (EUR 200-300 million in Q1 2019), while the disclosed transactions accounted for EUR 337 million (EUR 120 million in Q1 2019).

Out of the total 19 transactions, only four were announced in March, the month during which a state of emergency was declared in Romania in the context of the COVID-19 outbreak.

"Unfortunately, these are unprecedented times, governed by uncertainty on all levels. In this context, our expectations for the M&A market can't be optimistic. Everything will depend on when and how this will end," said **Ioana Filipescu Stamboli**, *Partner Corporate Finance, Deloitte Romania*.

Only four transactions with disclosed value were announced during the quarter and the tendency of non-reporting transactions values has remained strong.

The largest transactions announced in the first quarter of 2020 were:

- the acquisition by the Czech developer CPI Property Group SA of a minority stake in Globalworth, the largest owner of office buildings in Romania and Poland, in a series of successive transactions, the largest amounting to approximately EUR 280 million;
- the transfer by OMW Petrom, the largest energy company in South-Eastern Europe, of 40 onshore oil and gas deposits from Romania to Dacian Petroleum (undisclosed value);
- The Brink's Company's takeover of cash operations of the UK-based G4S in 14 markets, including Romania (undisclosed value for Romania).

The Romanian M&A market, in 2019

- market value (disclosed value transactions): EUR 337 million;
- estimated market value (including undisclosed transactions): EUR 600-750 million;
- number of transactions (including undisclosed transactions): 19;
- number of disclosed transactions: 4;

- average value (calculated for disclosed transactions): EUR 84 million;

*Note: Only transactions with a disclosed or estimated value larger than EUR 5 million were included, while the mega transactions were excluded (transactions with a value greater than EUR 500 million). Information is collected from public sources and is kept up-to-date from the latest available sources.

Deloitte Romania coordinates a multidisciplinary M&A practice with a holistic approach, which includes business sectors such as M&A Consultancy, Transaction Support Services, Tax Consultancy and Legal Consultancy. Thus, Deloitte professional teams can cover all the relevant aspects of a transaction.