

Deloitte analysis: M&A activity recorded significant levels in 2020, despite the unprecedented general context



The Romanian mergers and acquisitions (M&A) market recorded 91 transactions in 2020, compared to 110, in 2019. According to Deloitte estimations, the total market value, including the transactions with undisclosed values, was of 3.7-4.3 billion euros in 2020 (compared to 4-4.4 billion euros in 2019), while transactions with disclosed value totalled 1.5 billion euros (compared to 1.7 billion euros in 2019).

“2020 saw a decrease in the number of transactions compared to the previous year, which represented a record for the period after the financial crisis, but, considering the unprecedented general context created by the COVID-19 pandemic, we can say these are good results. A quarterly analysis indicates that the second quarter was the most affected, and the following ones saw a notable revival. 2020 also brought the largest transaction of the last decade: the acquisition of assets owned by CEZ in Romania,” stated **Radu Dumitrescu**, *Financial Advisory Partner-in-charge, Deloitte Romania*.

Nine transactions with a disclosed or estimated value of minimum 100 million euros were announced last year. In 2019, their number was similar.

“The local M&A activity is fuelled by a real interest of both financial and especially strategic investors for sectors with growth potential. We have noticed important names of strategic investors targeting the Romanian market for the first time, a phenomenon that suggests an increasing interest for new expansion opportunities in the context of reassessing their strategic plans,” said **Iulia Bratu**, *Corporate Finance Director, Deloitte Romania*.

The largest deals of 2020 were:

- Macquarie Infrastructure and Real Assets (MIRA) acquiring a portfolio of assets owned by CEZ in Romania (undisclosed value);
- the Czech developer CPI Property Group SA acquiring a minority stake in Globalworth, the largest office building owner in Romania and Poland, following a series of successive transactions, among which the largest amounted to approximately 280 million euros;
- Orange Romania acquiring a majority stake of 54% in Telekom Romania Communications (transaction value: 268 million euros);
- the 225 million dollars (200 million euros) financing round of UiPath, company active in robotic process automation (RPA), which raised its value to 10.2 billion dollars;
- OMV Petrom selling 100% of its stake in Kom-Munai LLP (KOM) and Tasbulat Oil Corporation LLP (TOC) in Kazakhstan to Magnetic Oil Limited (undisclosed value).

The most active sectors considering the number of transactions were real estate (including construction), energy and the financial sector. Together, they generated 50 transactions. From the deal value point of view, the most active sector was real estate, followed by technology and energy.

“Our expectations for the M&A evolution during 2021 are optimistic, but reserved. There are signals that the market players will maintain their interest in transactions this year, both on the sell side and on the buy side, but, considering the uncertainty that governs the entire economic spectrum as the pandemic continues, we remain prudent,” added **Radu Dumitrescu**.

The Romanian M&A market in 2020 versus 2019

- market value (disclosed transactions): 1.5 billion euros in 2020 versus 1.7 billion euros in 2019;
- estimated market value (including undisclosed transactions): 3.7-4.3 billion euros in 2020 versus 4-4.4 billion euros in 2019;
- number of transactions (including transactions with undisclosed values): 91 in 2020 versus 110 in 2019;
- number of transactions with disclosed values: 36 in 2020 versus 24 in 2019;
- average deal value (calculated for disclosed transactions, excluding mega deals): 42 million euros in 2020 versus 52 million euros in 2019.

*Note: The analysis includes deals with disclosed values larger than 5 million euros. The data is collected from public sources and is kept up-to-date according to the latest available information.