



News release

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The local mergers and acquisitions market increased by 17% in 2016 compared to the previous year, reaching a deal value of 3.6 billion Euro, according to a PwC Romania analysis

- *The mergers and acquisitions market (M&A) will continue to grow in 2017, and sectors such as medical, industrial and fast moving consumer goods will continue to consolidate and attract new investments, believe the PwC Romania M&A experts, part of the integrated PwC Transactions team*

The total value of mergers and acquisitions in Romania increased by 17% in 2016 compared to the previous year, exceeding 3.6 billion Euro, according to an analysis undertaken by the PwC Romania integrated Transactions team.

PwC transaction experts are of the opinion that the local M&A market will continue its upward trend in 2017, capitalizing on a continued consolidation process in areas such as medical services and pharmaceuticals, industrial production and fast moving consumer goods, as well as on the tendency for companies that developed production capacities in Asia to relocate them towards Eastern Europe, including Romania.

"Locally, there is a growing interest for transactions based on the ongoing consolidation processes begun the previous years. We can feel a certain effervescence in the local market, many negotiations and discussions are being carried, and more transactions are being initiated by both sellers and buyers. We see a growing number of entrepreneurs interested in the prospect of selling their company, which helps them receive an indication of the market value of their business, although not all discussions are concluded in actual deals", explains Cornelia Bumbăcea, Leader of the Transactions team, PwC Romania.

"For Romania to enjoy a sustainable economic growth it is necessary to encourage businesses through a long-term fiscal vision, which stimulates investments. This is also due to the fact that tax issues are becoming increasingly important for business management and the handling of certain tax issues and tax risks could even cause certain transactions to fail. Strategic M&A projects, which require a long-



term commitment, can be encouraged by improving fiscal policy predictability and consistency”, stated Mihaela Mitroi, Tax and Legal Services Leader, Romania and South Eastern Europe.

"We remain optimistic about the prospects of the local M&A market in the medium and long term. According to the PwC analysis, 140 deals with a total value of 3.6 billion Euro were announced in 2016. We can notice an apparent lack of correlation with the global market, which declined slightly in the same period. This is due to the fact that last year the local market value was strongly influenced by a small number of transactions with substantial value. Another explanation would be the increasing competitiveness and attractiveness of Romania’s economy in the regional geopolitical context", mentioned Anda Rojanschi, Partner D&B David and Baias, M&A team coordinator.

"Although there are few cases of Romanian entrepreneurs who have chosen the path of development of their businesses through acquisitions, the limits of organic growth, the need for rapid development backed by the pressure from the competition, are pushing increasingly more Romanian companies towards development through acquisitions. Such an approach requires, among others, identifying acquisition targets, assessing integration compatibility, due-diligence, value estimation, procurement process and ultimately actual integration process. This market trend will require Romanian entrepreneurs to employ increasingly complex technical expertise", stated George Ureche, Senior Manager, Transactions Services team, PwC Romania.

"We see an increasing number of financial investors (private equity funds) who are interested in the Romanian market, and are focusing primarily on businesses that have demonstrated a potential for sustainable development, have a competent management team and a consolidated market position. The M&A market value and companies’ attractiveness will also increase in the wake of financial performance stabilization of businesses that are likely to be subjected to deals, and amid growing confidence and predictability of the development prospects for the next 5-10 years", stated Dragoş Atanasiu, Senior Manager Transactions Services team, PwC Romania.

PwC is the leader of M&A consultancy market in Romania. During the last year, PwC was involved in several significant deals, providing buy-side or sell-side advice (such as Regina Maria buying Ponderas hospital, Oresa ventures buying La Fântâna, Mid Europa Partners buying Profi, Logo buying TotalSoft, and Enterprise Investors buying Noriel).

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