

# Will the M&A market be great again?

February 11, 2025

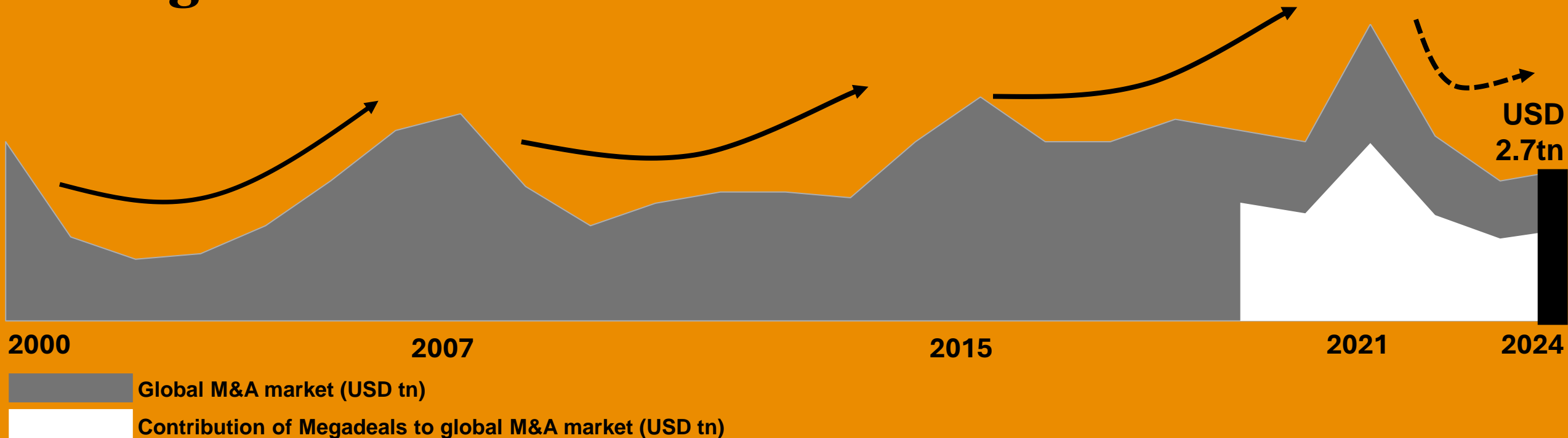
# Global M&A Market.

## Part 1

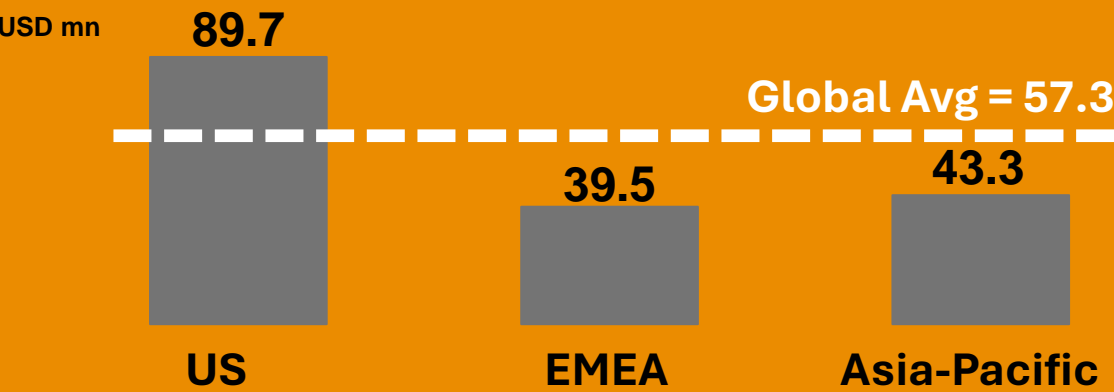
February 11, 2025



# Riding the New Wave



## Average deal size by geography, 2024

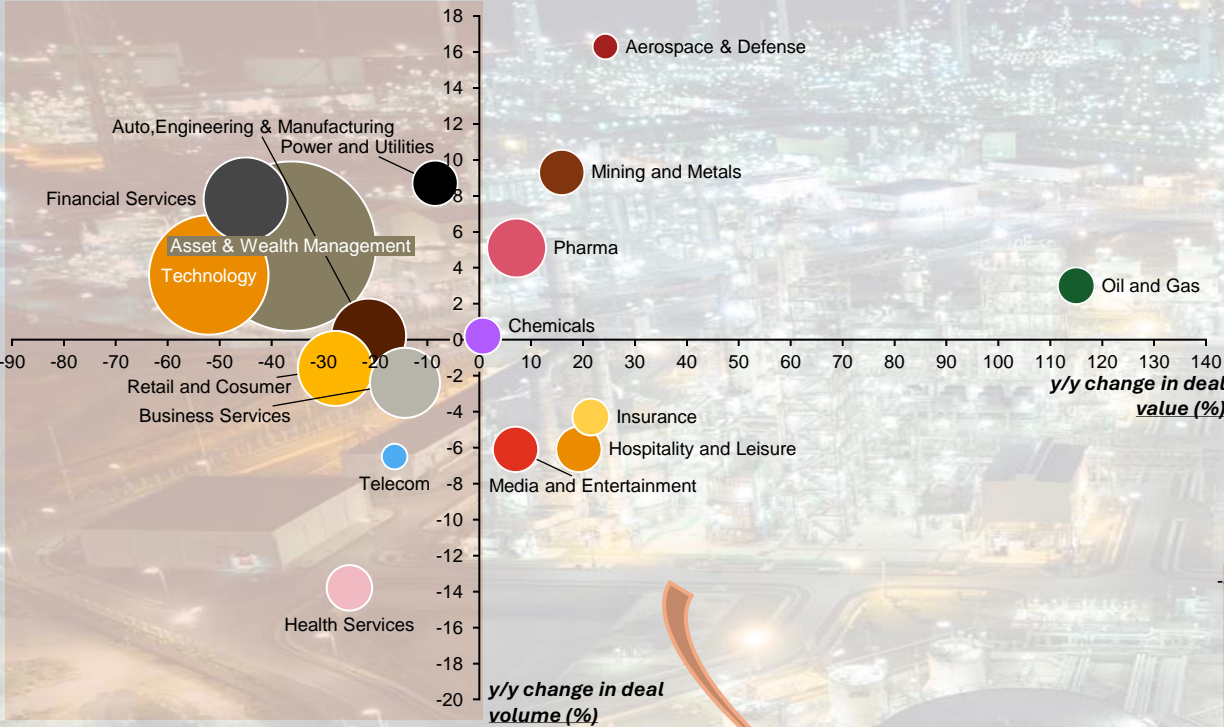


On average, over the past six years, megadeals fuelled the global M&A market by **60%**

Source: PwC - Global M&A Industry Trends: 2024 Outlook.  
\*) A megadeal is considered a deal in excess of USD 1bn

# Higher values, lower volumes in 2024

## 2023 sectorial dynamics in M&A



Note: Bubble size represents the relative size of the sector based on deal volumes

20242023

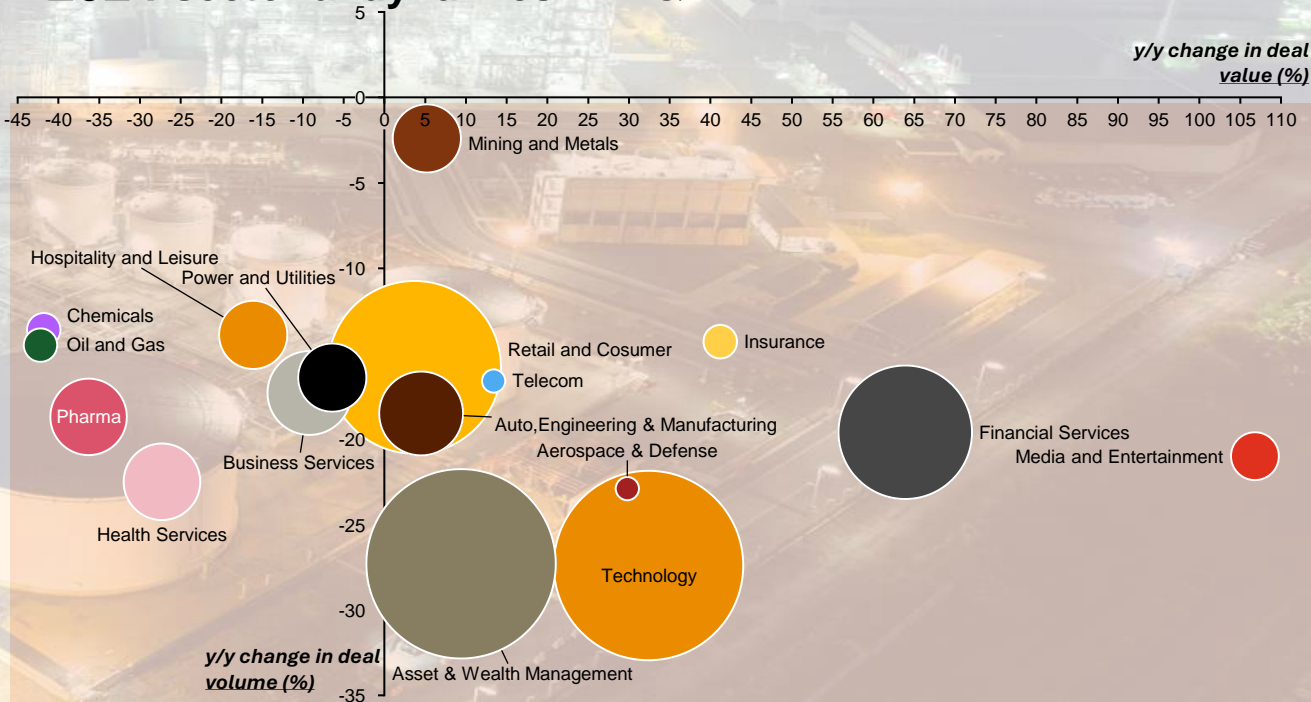
Largest mega-deal: Mars acq KellanovaExxon acq Pioneer

Largest mega-deal sector by volume: TechnologyPharma

Largest deal volume decline: TechnologyHealth

Largest avg. deal value increase: MediaOil&Gas

## 2024 sectorial dynamics in M&A





# What's Next?

## Sectorial Trends

### Retail and Consumer:

Consumer sentiment remains cautious due to inflation, interest rates, and uncertainties such as tariffs and climate change. However, rising sector valuations and increased pipeline activity suggest growing optimism and a potential rise in M&A volumes and value this year.

### Power and Utilities:

Companies are seeking synergies across energy, utilities, and resources, with technology firms and traditional energy companies investing in renewables and digital solutions.

### Healthcare:

Revenues are expected to decrease due to incoming patent expiration. Acquisitions are expected to fill the gaps both in terms of biotech companies but also AI-enabled services.

### Financial Services:

Dealmaking will focus on revenue and margin growth, targeting new markets and technologies. Key trends include private credit firms as acquisition targets, increased sell-side preparation by PE firms, and asset management firms expanding internationally in high-net-worth regions like India, the Middle East, and China.

## Food for Thought

**What are the geopolitical implications, including for national security, of any deal being considered?**

*Careful scenario planning, including creating a framework of corporate agility and strong contingency plans.*

**How could AI affect the business model of the company you plan to acquire?**

*Will require critical analysis, including factoring in the cost of enabling AI at the target or acquiring company.*

**In a market with robust valuations and slowing economic growth in some countries, how can returns meet expectations?**

*This will require making value creation a priority and building accountability frameworks.*

**Where in the world are there still opportunities for investors?**

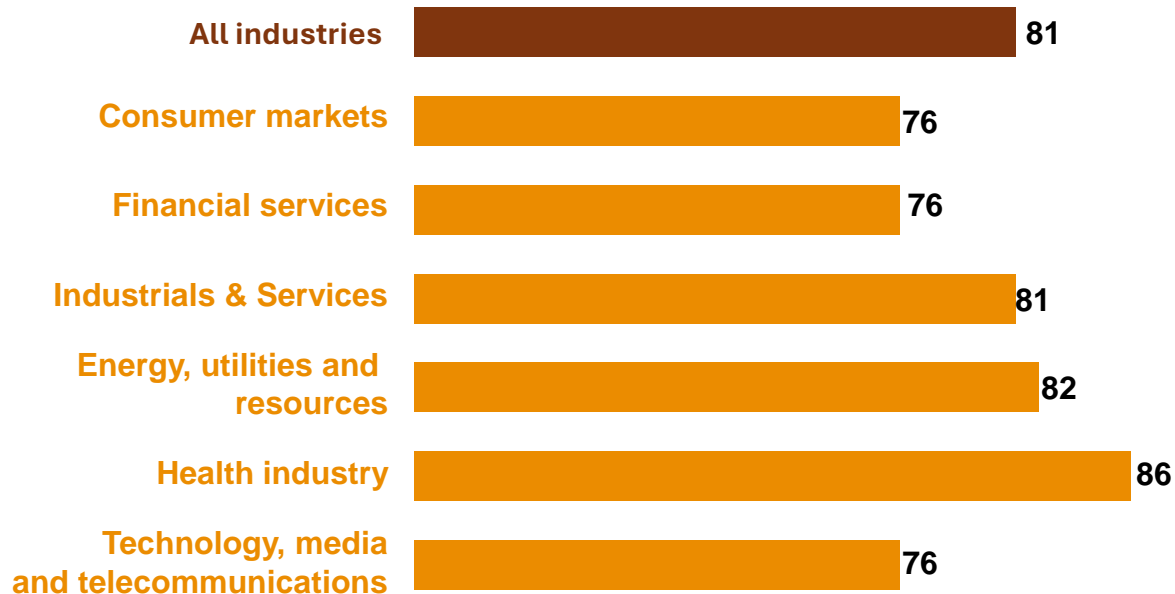
*Cross-border opportunities may become more challenging, but the risk may be worth the reward.*

# What's Next?

## Results of Global CEO Survey

### Sectorial Trends

Respondents to PwC's 28th Annual Global CEO Survey who plan to pursue additional M&A opportunities (%)



Source: PwC's 28th Annual Global CEO Survey, 2025 Outlook Global M&A Industry Trends

### Food for Thought

81%

of CEOs who made a significant acquisition in the past three years plan to make one or more acquisitions in the next three years

37%

of CEOs report taking **no** significant action to change how their company creates, delivers and captures value

42%

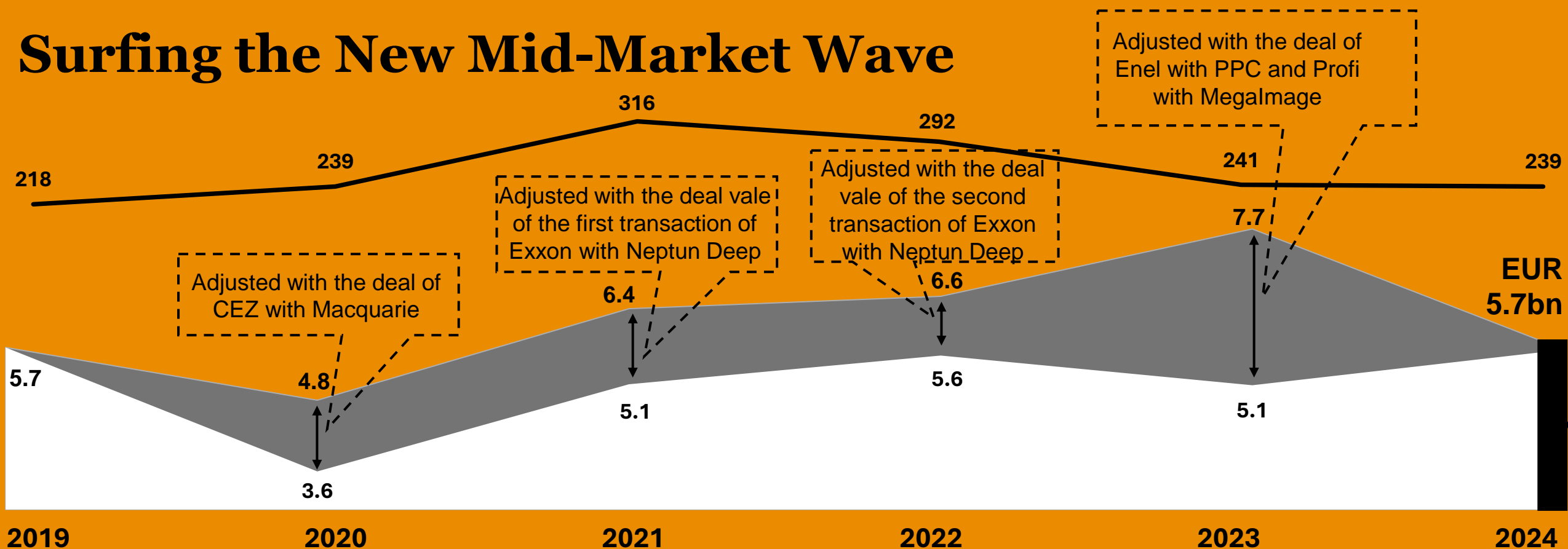
of CEOs say their company will remain viable for less than ten years if it continues on its current path

# Romanian M&A Market.

## Part 2

February 11, 2025

# Surfing the New Mid-Market Wave



**Value\* of the M&A market market (EUR bn)**

**Adjusted value of the M&A market market\*\* (EUR bn)**

**No. of announced deals**

On average, in 2020-2023, megadeals fuelled the local M&A market by **20%**

No. of announced deals:	239	↓ -0.8% y/y
No. of closed deals:	175	↓ -14% y/y
Value of announced deals:	EUR 5.7bn	↑ +12% y/y***
Value of closed deals:	EUR 3.7bn	↑ +3% y/y***

\*) data captures announced deals (not necessarily closed/ not necessarily closed in the same year)

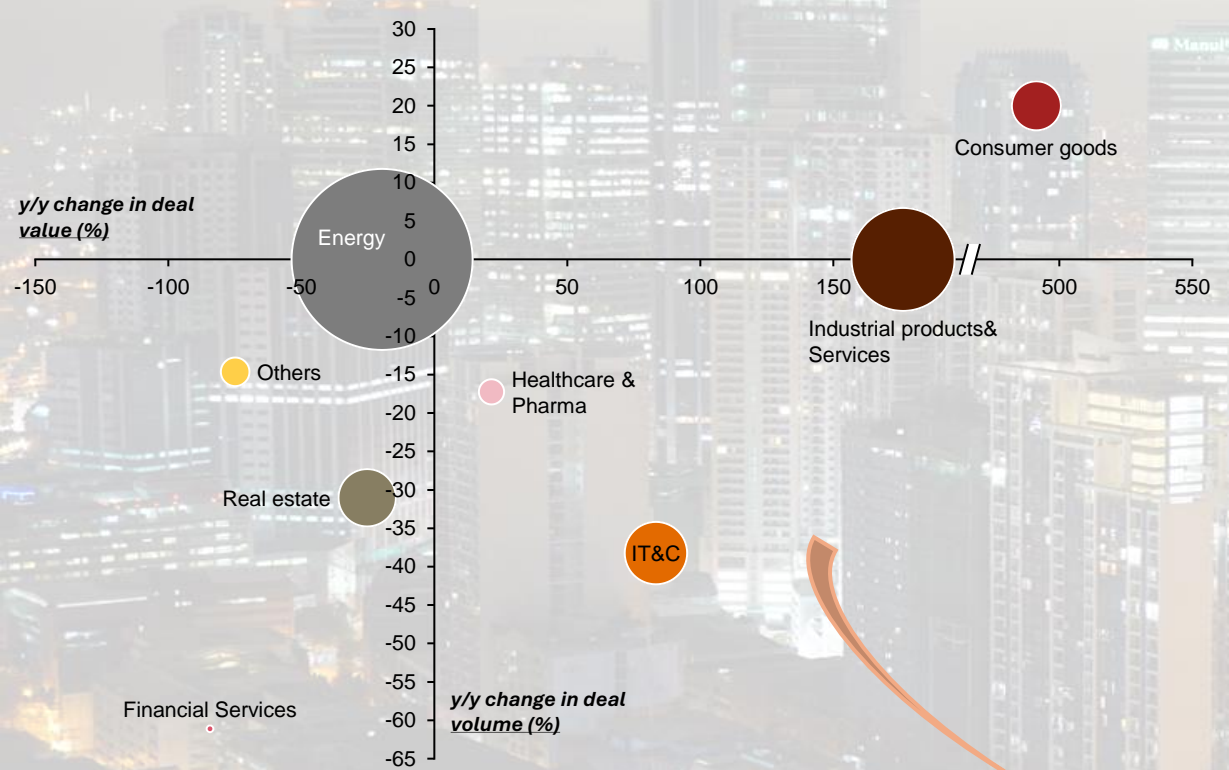
\*\*) considering market size adjusted for mega-deals

\*\*\*) against the adjusted M&A market value in 2023



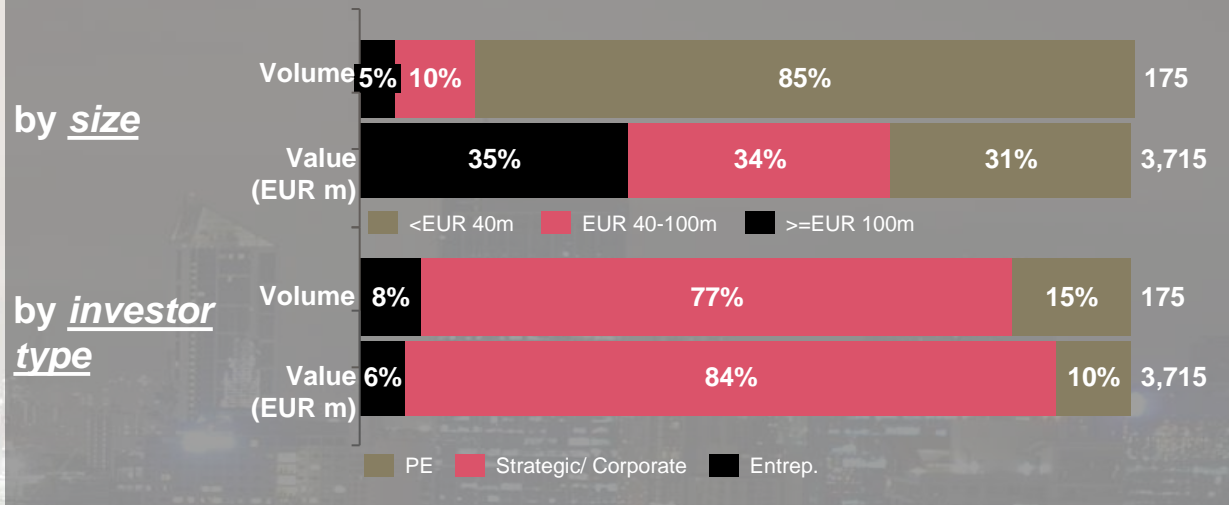
# Real-Estate and Financial Services Rebound

## 2023 sectorial dynamics

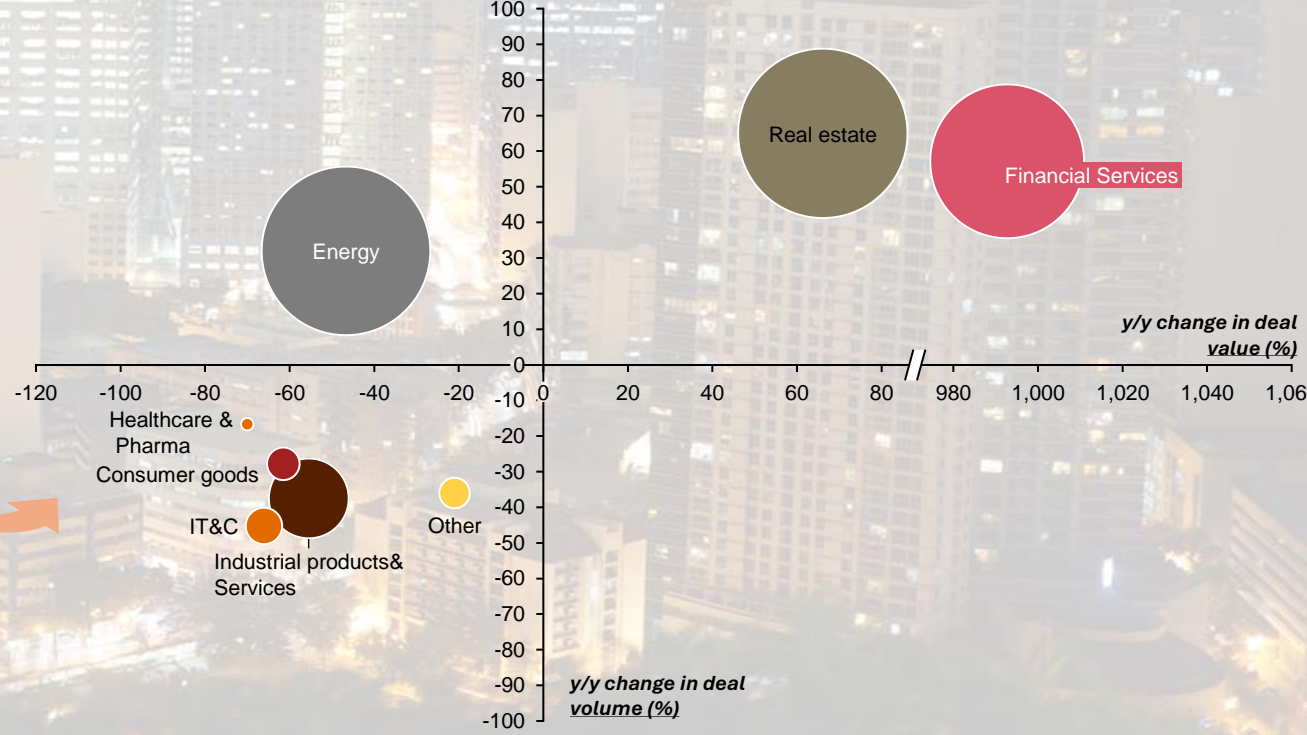


Note: Bubble size represents the relative size of the sector based on deal value

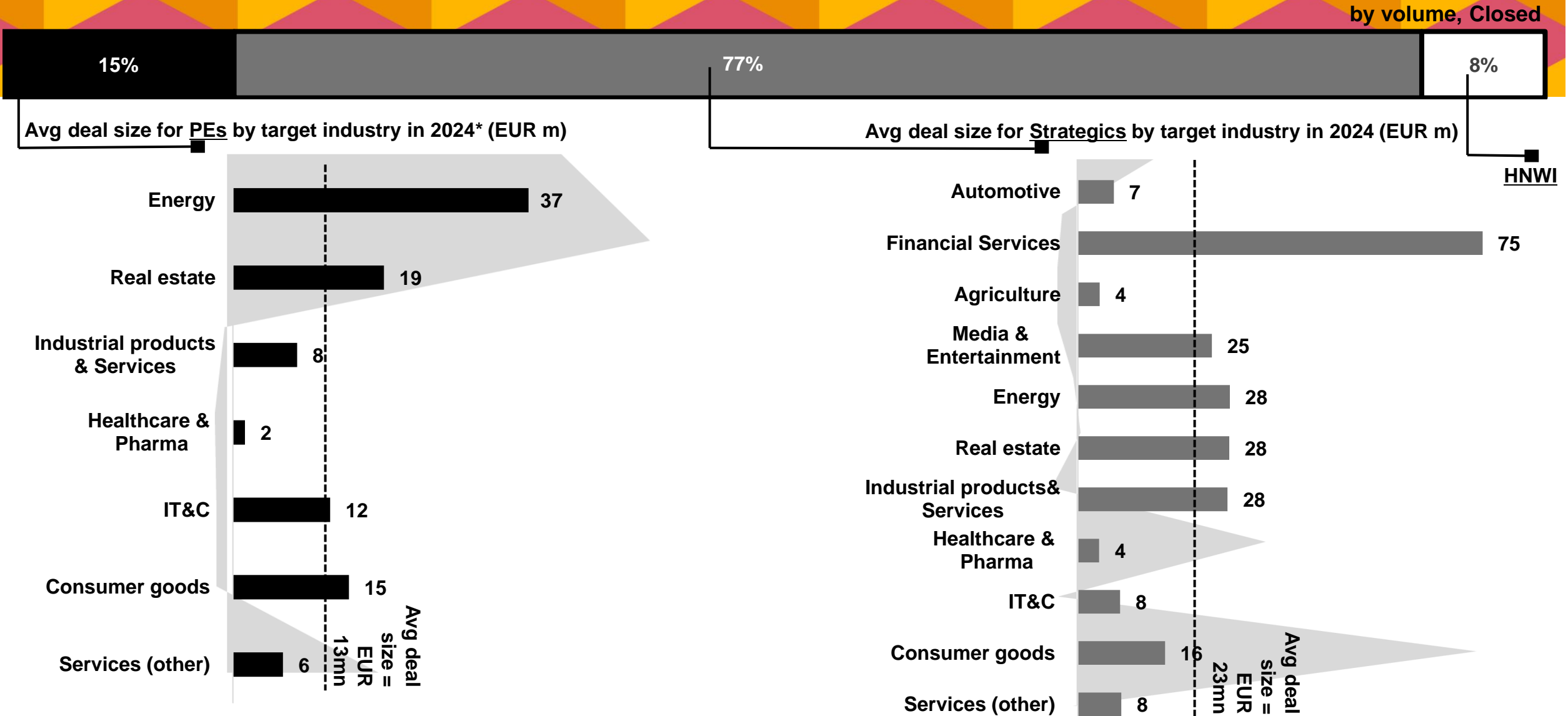
## 2024 structure – closed deals



## 2024 sectorial dynamics



# Increasing Investment Pressure from the PEs



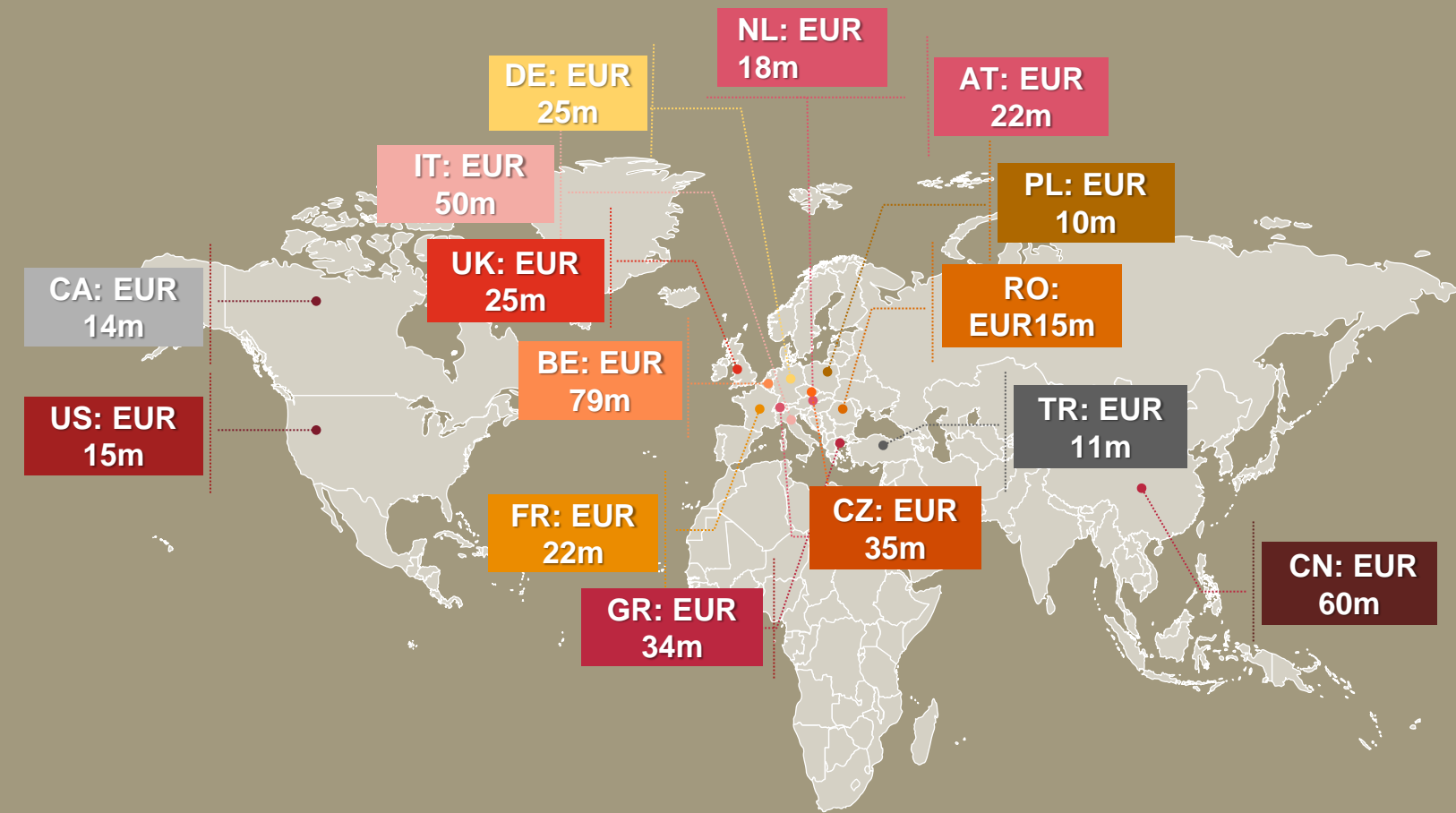
\*) Includes VC funding, mostly IT - oriented

Source: PwC Analysis

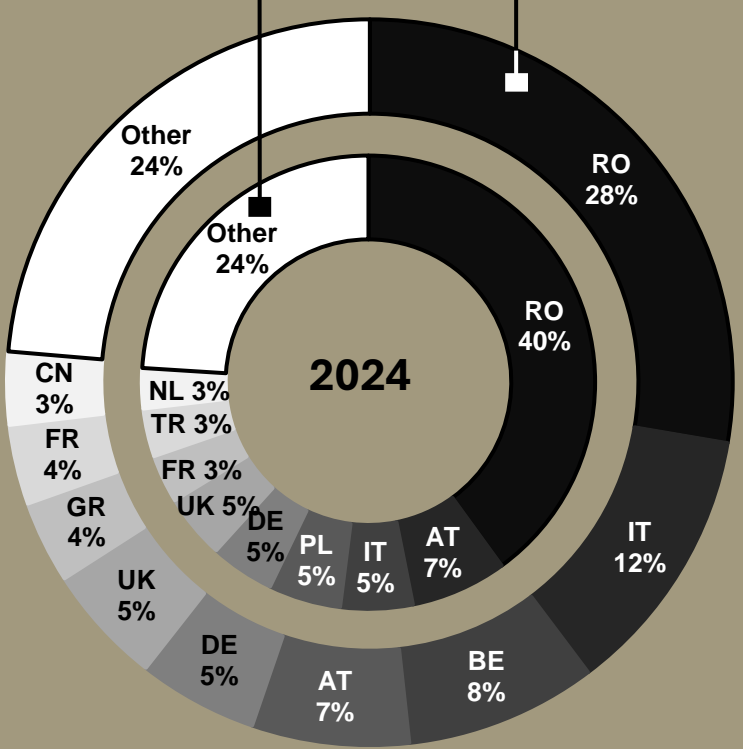
y/y change of average deal size

# European Investors stand for 90% of Deals

Average deal size by investor's geography



M&A market by investor nationality



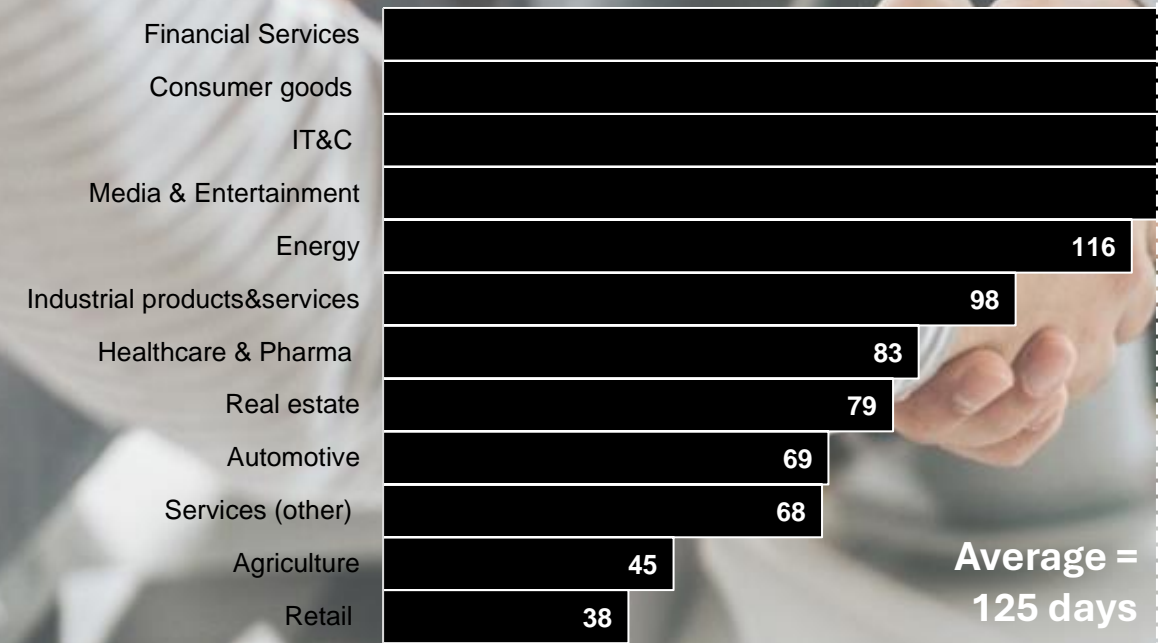
- Most of the M&As were performed *via* companies incorporated in Romania, but backed by foreign investors (40%, in volume).
- Largest average deals size were performed by Belgian and Chinese investors.



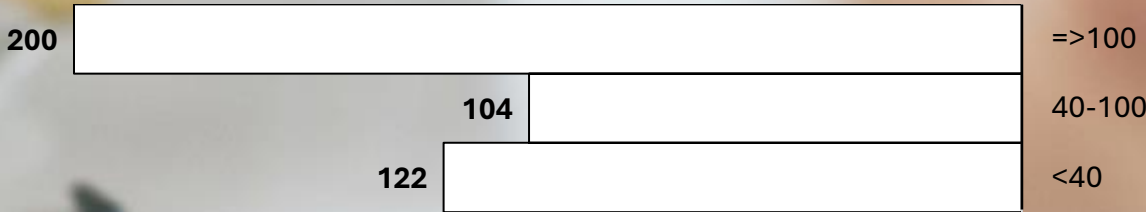
# Signing to Closing Period is Sector and Size Sensitive

Average Duration between Signing & Closing, 2024 (days)

by Sector




by deal size  
(EUR m)



Note: “Signed deals” are understood as those announced in the press or via official communication channels.  
Source: PwC Analysis



# Key Features in Deals



Increased focus on **post-deal synergies** to be captured in the valuation, especially for high-performance target companies, that outperform bidders in terms of margins.

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Heightened **country risk perception** in Romania, driven by political instability, economic challenges, rising inflation and interest rates, and regional tensions, is affecting investor confidence.

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With Romania **equalizing the tax rates for dividends and capital gains** to 10%, the fiscal landscape has become more attractive for both local and foreign investors, due to the improved predictability of post-tax returns.

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During the due diligence (DD) and post-DD phases, while initial offers (both NBO and BO) typically use an EBITDA multiple for valuation, the **valuation discussion shifts to a DCF-based approach**, with key underlying assumptions becoming central to negotiations.

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When targets do not have a reputable auditor, investors typically require an **audit with a Big4 firm** for the most recent closed financial year as a condition precedent (CP), which influences the financials used to calculate the final price.

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As companies are increasingly required to report sustainability and social responsibility information in compliance with current legislation, there is a stronger **focus on environmental and ESG** (Environmental, Social, and Governance) topics, with an impact on business continuity. These reports cover aspects such as carbon emissions, resource management, working conditions, and gender equality.

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# What's Next?

## 2025 Outlook

Q1 2025 has kicked-off with a strong momentum for the Romanian M&A market, with the closing of the Profi - Mega Image megadeal.

The overall M&A activity has started to pick up in various sectors sustaining positive outlook for this year. PE activity is also expected to rise with new funds entering the market and additional dry powder available.

### Recently Announced/Closed:

- **Artrom Steel Tubes**, one of the most important producers of steel tubes w/o welding, is to be acquired by GLGH Steel, LLC, backed by US PE fund Great Lakes Global Holdings.
- **P3 Logistics Park** is in co-exclusive sale negotiations with CTP Real Estate developer and Lion's Head PE.
- **Shopping City Suceava**, was acquired by M Core from Argo Capital.
- **MG TEC Industry**, one of the largest manufacturer of hygiene products, was acquired by Sarmis Capital.

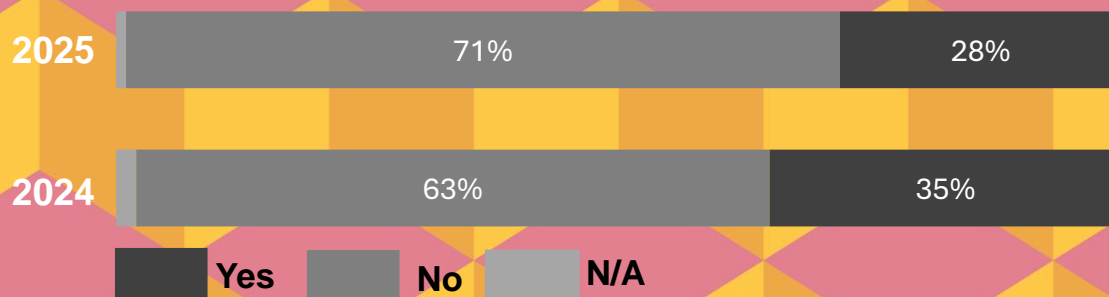
### News and Rumours:

- **Veranda Mall** is up for sale by Pogonaru family, Pavăl family (Dedeman), Evergent Investments and Erste Bank.
- **FrieslandCampina** is to sale Romanian operations.
- **Major transaction** is expected to be announced & closed in the healthcare sector.

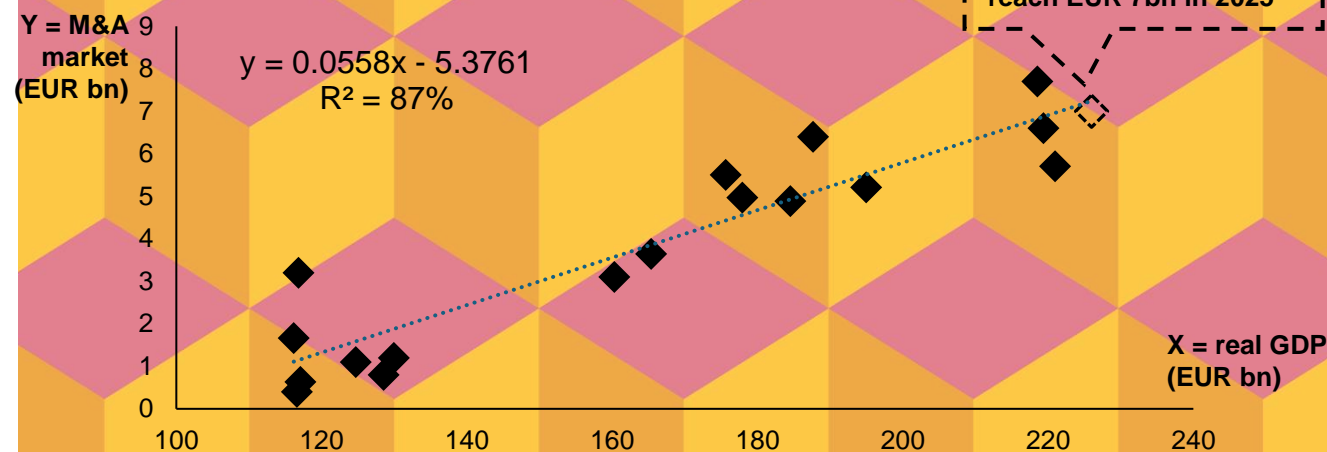
Source: PwC - Global M&A Industry Trends: 2024 Outlook, PwC Analysis.

## Food for Thought

Respondents to PwC's Romania CEO survey who intend to pursue M&A opportunities



### Dynamic of Romanian M&A market (announced deals) versus GDP



\*) 2024 winter forecast of the National Commission of Prognosis

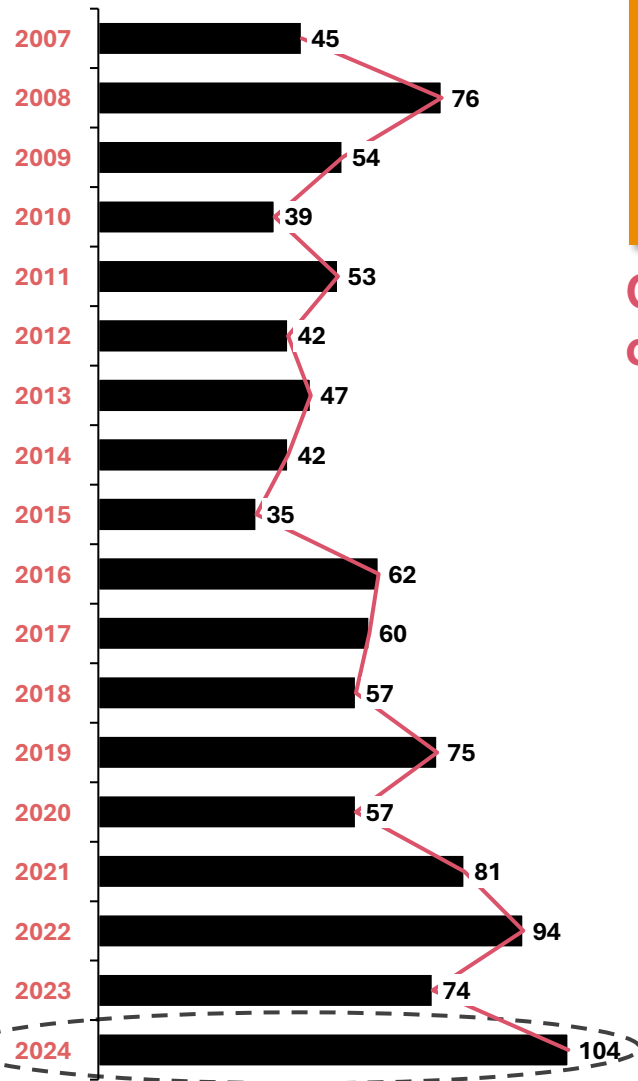
# Legal M&A Highlights.

## Part 3

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# Romanian Competition Council - trends & practice (1/2)

Total no. of economic concentrations authorised by the RCC



**2024** – largest number of authorized transactions in the past 15 years

**Active markets:** energy, healthcare & pharma, IT&C / Technology, retail / consumer goods, construction and building materials, tourism

**Only one transaction subject to conditional approval (retail sector) – acquisition of Profi Rom Food S.R.L. by Delhaize “The Lion” Nederland B.V. (Mega Image):**

## relevant market

- the retail market for fast-moving consumer goods, especially food-related products

## the Competition Council looked into

- the potential effects of the transaction in reducing consumer options on the relevant market, the number of suppliers, as well as the applicable commercial terms & supplier selection procedures, the extent to which the concentration removes an important competitive force from the relevant geographic markets and the degree of the market concentration.

## commitments

- divesting the retail activities of a number of 87 stores established in 44 localities where the activities of Mega Image and Profi overlap and allowing unrestricted access to any party interested in renting/subletting/purchasing commercial premises in certain affected areas where the resulting entity ceases operations;
- implementing procedures that will include regulations for the listing and delisting of suppliers in the Mega Image/Profi network;
- implementing a special procedure for the relevant suppliers which deliver products of at least 20% of their turnover to the network, through which the products of these suppliers will not be delisted or eliminated from the network, unless specific and clearly defined conditions, which include legal provisions or cases where the products become irrelevant on the market, become applicable.



# Romanian Competition Council - trends & practice (2/2)

Key industries	2021	2022	2023	2024
 <p><b>Energy / Oil&amp;Gas</b></p>	<ul style="list-style-type: none"> <li>Eurotransgaz S.R.L. and EBRD –Vestmoldtransgaz S.R.L</li> </ul>	<ul style="list-style-type: none"> <li>Societatea Complexul Energetic Oltenia S.A. and Tinmar Energy S.A. – JV</li> </ul>	<ul style="list-style-type: none"> <li>CIS GAZ S.A. – Next Energy Distribution S.R.L.</li> <li>PPC Renewables Single Member S.A. (Spark Wind Park S.R.L.) – Land Power S.R.L.</li> <li>Complexul Energetic Oltenia S.A. and Alro S.A</li> </ul>	<ul style="list-style-type: none"> <li>OMV Petrom SA and RNV Infrastructure S.R.L. – Electrocentrale Borzești S.R.L.</li> <li>OMV Petrom S.A. – Intertrans Karla S.R.L., Bridgeconstruct S.R.L. and ATS Energy S.A.</li> <li>ENGIE România S.A. – EP Wind Project (ROM) SIX S.A.</li> </ul>
 <p><b>Consumer goods</b></p>	<ul style="list-style-type: none"> <li>Boer Family - Lacto Agrar SRL</li> <li>Scandia Food SRL - AGRA'S SA</li> </ul>	<ul style="list-style-type: none"> <li>Sam Mills Europe SRL și Sam Mills Feed SRL - Poultry Integration Farms SRL</li> </ul>	<ul style="list-style-type: none"> <li>Carrefour Nederland B.V. – Romania Hypermarche S.A. (Cora)</li> <li>Evolution Prest Systems S.R.L. (Evomag) – Elefant Online S.S. / Mammoth Software S.R.L. / Mall Online S.R.L.</li> <li>Elit S.R.L. – Goodies Meat Production S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>Delhaize “The Lion” Nederland B.V. (Mega Image) – Profi Rom Food S.R.L.</li> <li>Żabka Polska sp. z o.o. – DRIM Daniel Distribuție FMCG S.R.L.</li> </ul>
 <p><b>Healthcare &amp; Pharma</b></p>	<ul style="list-style-type: none"> <li>Sensiblu SRL – Optifarm</li> <li>Centrul Medical Unirea S.R.L. - Life Line - Medical Center S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>Terapia S.A. – Fiterman Pharma (Ureactiv brand)</li> <li>Pavăl Holding S.R.L. / Roxana Zenovia Maftai - Farmacia Tei S.R.L. / Bebetei Investments Group S.R.L.</li> <li>Istanbul Memorial - Spitalul de Oncologie Monza S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>Med Life S.A. – Centrul de Diagnostic si Tratament Provita S.R.L.</li> <li>Mediplus Exim S.R.L. (Dr. Max) – Gedeon Richter Farmacia S.A. and Pharmafarm S.A.</li> <li>Brain Hospital S.R.L. –Monza Hospital Tony Bulandra</li> </ul>	<ul style="list-style-type: none"> <li>Brain Institute S.R.L. – Monza Brain S.R.L.</li> <li>Roho Medical Investments S.R.L. – Monza Cardio S.R.L.</li> <li>Med-Serv United S.R.L. (Catena) – Andofarm S.R.L. and Zen Pharma S.R.L.</li> </ul>
 <p><b>IT&amp;C / Technology</b></p>	<ul style="list-style-type: none"> <li>Kaseke Limited -High-Tech Systems &amp; Software S.R.L. / Winsoft Suport S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>Glovoappro S.R.L. -Foodpanda Ro S.R.L. / Delivery Hero Dmart S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>TBJH Inc. / Japan Industrial Partners, Inc –Toshiba Corporation</li> <li>Bittnet Systems S.A. – Dataware Consulting S.R.L.</li> </ul>	<ul style="list-style-type: none"> <li>SD Worx People Solutions NV – Romanian Software S.R.L.</li> <li>Arctic Stream S.A. and Mănescu Family – Data Core Systems S.R.L.</li> </ul>

# Thank you!



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