

M&A transactions – case studies

Selected 2023 transactions involving
Grant Thornton advisors

February 2024

~30

transactions involving Grant Thornton advisors finalised in 2023

~EUR 1 billion

value of transactions involving Grant Thornton advisors finalised in 2023

1st place

in terms of the number of completed transactions in Poland in Mergermarket 2023 ranking

Transactions by Grant Thornton in 2023



Introduction

After a record year in terms of the number of transactions in Poland in 2022, the expectation was that investor enthusiasm would cool in subsequent quarters. Nothing could be further from the truth!

Indeed, 2023 proved to be an extremely intense year, with consolidation seen not only in popular sectors such as TMT and energy, but also in traditional industries that have been somewhat forgotten in recent years.

Investors are looking ahead and preparing for the coming changes in the economy. ESG issues are beginning to play an increasingly important role in their decisions, including the need for energy transition. This is clearly evident in the heated renewables market, where investors from outside the energy sector are also making purchases.

In 2023, Grant Thornton professionals from the M&A, Transaction Advisory Services (TAS), Law Firm and Corporate Finance teams were involved in dozens of closed transaction processes with a total value of approximately EUR 1 billion.

In this study, we would like to share our experience with you by describing selected transactions and discussing the situation in several industries and the M&A market in Poland.

Wishing you an interesting read!





Case studies
selected transactions from 2023

1. ATMOTERM, IT solutions for environmental protection

CLIENT NEED

Grant Thornton was engaged by the company's five shareholders. Due to a lack of family succession, the owners decided to sell the company to an external investor in order to monetise their assets and secure further growth for the company and its employees.



OUR SOLUTION

We provided comprehensive financial, legal and tax transaction advisory to the shareholders and the company.

Our work in the initial phase allowed to enter into discussions with a number of potential investors and to receive several non-binding offers to acquire 100% of the company, followed by inviting those investors who presented the most attractive preliminary transaction terms to the due diligence stage.

We assisted the company in preparing for **financial, tax and legal due diligence** and also **drafted a proposed share purchase agreement (SPA)**.

Our work enabled the investors to submit binding offers with markups to the SPA, and consequently the investor who proposed the most attractive financial and legal terms of the transaction was invited to further negotiations. In the final phase of the project, we assisted the sellers in the negotiation of the SPA and the ancillary agreements from a legal, financial and commercial point of view.

EFFECTS



As a result of the conducted work, we facilitated the sale of 100% of the company's shares to an external investor, enabling the fulfillment of clients' needs by **monetising their assets due to a lack of succession, as well as ensuring the further development of the company.**



The company's new owner is **Everfield**, an international IT group that invests in companies with specialised software that solves operational problems for businesses.

IT and ESG go hand in hand

Comment from our expert

IT on investors' radar

For many years, the Polish IT industry has been one of the most transactional sectors of the economy. Meanwhile, the area of ESG (Environmental, Social, and Governance) has been gaining increasing importance, both from the perspective of the entire economy and M&A processes.

Atmoterm, as an IT company with its own product, supporting clients in managing environmental data and sustainable development, perfectly aligns with market needs and current transactional trends. Adding to this, the solid level of recurring revenue made it clear that the business was highly attractive from an M&A point of view from the very beginning of the process.

We are pleased with the trust of our clients and the opportunity to provide comprehensive advice to them as part of a multidisciplinary team in such an important transaction, which was driven by the lack of succession and the desire to ensure the future of the company.

In 2023, we successfully completed 5 deals in the IT industry and expect that in the coming years, this sector of the economy will continue to be one of the most attractive in the transactional market.



Mateusz Biegajło, PhD
Senior Manager
Head of M&A

2. KGHM Polska Miedź, copper and silver industry

CLIENT NEED

Grant Thornton was engaged by the copper giant entering the renewable energy market through the acquisition of photovoltaic farms. The project is part of KGHM's energy transition strategy and is expected to provide approximately 2% of KGHM's electricity needs.



OUR SOLUTION

We provided comprehensive financial and tax advisory and assisted the client with a range of information necessary to make a strategic decision to acquire 8 photovoltaic farms.

As part of the **financial and tax due diligence**, the client was advised on the current financial situation of the acquisition targets located in the voivodeships of Lower Silesia, Łódź, Pomerania and Greater Poland, as well as potential risks to be addressed in the SPA. In addition, we assisted KGHM by **preparing a financial model and valuation** of the targets, and by providing transaction advisory, including the negotiation and preparation of a binding offer and transaction documentation.

In M&A processes, it is important to identify the boundary conditions at which the profitability of the project becomes questionable. Every transaction involves the negotiation of price terms, so it is important to obtain information on the maximum price the buyer can offer. Our job is therefore not just to provide financial data, but also to build an active model that allows different scenarios to be analysed depending on the business assumptions made.

EFFECTS



As a result of our work, the client received **a complete set of necessary information on the financial and tax situation of the businesses to be acquired**, as well as information on a reasonable value range and therefore a possible scope for price negotiations.



In addition, the Grant Thornton team supported the client with transaction advisory, including assistance in negotiating and finalising the transaction agreement, drafting and reviewing the contractual provisions relating to financial and tax matters, as well as the price.

Renewables en vogue

Comment from our expert

RES market among the most active M&A segments

Energy transition has been a hot topic in recent years and the RES market has become one of the most active areas of M&A.

As part of their energy transition, businesses are pursuing wind, photovoltaic, and even small modular nuclear power plant projects, while also actively acquiring companies with RES installation projects.

The renewable energy market has become fiercely competitive and those looking to diversify their energy sources are prepared to pay relatively high prices for projects in operation or at an advanced stage of the investment process.

In 2023, we provided transaction support to a number of clients, both from the energy sector and companies seeking to diversify their energy sources. Interest in renewable energy projects is high, increasing competition in the market and resulting in an impressive number of transactions last year.



**Małgorzata
Kaczmarczyk-Białecka**
Partner
Corporate Finance

3. ENERGA, energy sector

CLIENT NEED

Grant Thornton's client was Energa from the Orlen Group, which was approached by Greenvolt, one of the world's largest manufacturers of wind and solar power plants, with an offer to acquire installations from its portfolio.



OUR SOLUTION

We provided the client with comprehensive support, including financial and transaction advisory, financial and tax due diligence, as well as modelling and valuation.

In the initial phase of the project, Grant Thornton's Due Diligence team carried out a **financial and tax review** of the target, which helped identify and subsequently mitigate the risks associated with the acquisition of the selected portfolio of wind and photovoltaic power plants. At the same time, the Corporate Finance team prepared a **financial model and valuation** which formed the basis of the subsequent binding offer. Grant Thornton's M&A team was responsible for coordinating all teams involved in the review, communication between the advisors, the client and the seller, **overall process management and transaction advisory**.

In the second phase of the project, we were actively involved in negotiating the financial and tax aspects of the sale agreement and continued to act as project manager. We also assisted the client's team in the process of obtaining corporate approvals, including by participating in meetings with the Orlen Group Investment Committee.

EFFECTS



Energa Wytwarzanie, as a company specialising in the production of electricity from renewable sources within the Energa Group, has signed a preliminary agreement for the purchase of two RES projects located in Greater Poland, with a total capacity of 59 MW **in a transaction worth a total of EUR 107 million**.



Our involvement has helped the Orlen Group take another step in the implementation of its long-term strategy to transform Poland's energy system towards zero-carbon and renewable energy.

Renewables on the rise

Comment from our expert

Energy transition drives transactions in renewable Energy

On 02 February 2021, the Polish Government approved the “Energy Policy of Poland until 2040”. The document set out a long-term strategy for the country’s energy transition. One of its pillars is the development of renewable energy sources. The target for 2040 is a 28.5% share of renewables in gross final energy consumption. In 2021, RES accounted for 15.62% of energy consumption, and in 2010 – 9.3%.

The above document merely sets out the details and seals the direction of change that has been underway in the Polish energy sector for several years. Increasing the volume of electricity generated from RES has been one of the key elements of Poland’s energy transition for many years, and this is confirmed by the M&A market in this sector. In recent years, the renewables sector has generated some of the highest deal volumes in the Polish economy, and the long-term outlook for the sector suggests that this trend will only intensify in the future. At Grant Thornton, we were delighted to be involved in a project that has become part of Poland’s great energy transition.

Despite the very high level of M&A activity already observed in the renewable energy sector, we predict that, given the great need for change in the Polish energy sector, the activity of market participants will continue to increase in the coming years.



Oskar Majka
Associate
M&A

4. ALVO MEDICAL, medical equipment

CLIENT NEED

Grant Thornton was engaged by Mr and Mrs Olszewski, owners of Alvo Medical. While planning for business succession and further growth through the development of innovative new products and expansion into new markets, they decided to join forces with their existing minority shareholder, BHM Group, and the companies it controls: Famed Żywiec and medifa GmbH.

ALVO[®]
MEDICAL

OUR SOLUTION

We provided the client with transactional, financial, tax and legal support across three jurisdictions.

We began our work by formulating and negotiating the financial parameters and complex structure of the transaction, which involved a partial sale of shares and an exchange of the remaining shares in Alvo Medical for a minority stake in a new holding company with shares in Famed Żywiec and medifa GmbH. Working with Grant Thornton's offices in the Czech Republic and Germany, we then incorporated these and other arrangements into a **comprehensive investment agreement** prepared and negotiated by our team, covering elements of Polish, Czech and German law and regulating matters such as the stability of the ownership structure and the principles of cooperation between the parties within the newly formed group, including the influence of the Olszewski family on its management.

In order to ensure the preservation of the Olszewski family's wealth, we also assisted in setting up **one of the first family foundations in Poland**, with all the legal and tax intricacies involved.

EFFECTS



As a result of our work, the Olszewski family foundation became a shareholder in the BHM MedTech Group, a powerful group of medical technology companies pursuing a strategy of dynamic growth through industry consolidation.



Our transaction has also opened the door to continued rapid growth for Alvo Medical and its employees, leveraging the synergies created by joining with the other companies in the newly formed international group..

Succession is more than meets the eye

Comment from our expert

When emotions come into business, you need to think outside the box

The concept of succession is most often associated with the simple (though not easy!) process of handing down a business to children. However, the range of succession solutions also includes much more complex alternative arrangements that provide a strong foundation for the continued dynamic growth of the business, while also ensuring the family's voice in its management, and the sharing and preservation of future wealth benefits within the family. A good example of this kind of non-standard approach to succession is the creation of a joint venture between the Olszewski family and the BHM Group, whereby – in a nutshell – the Olszewski family exchanged a majority stake in the company they founded for a minority stake in a professionally managed international group consolidating the medical technology industry.

Such multi-faceted transactions involve the negotiation and conclusion of complex investment agreements. Key challenges for advisors include ensuring that minority shareholders have a say in the strategic decisions of the group to which they belong and the stability of the ownership structure. Long-term arrangements of this nature should be sufficiently flexible to take account of what the future may bring, including changes in the expectations of successors as to the level of involvement (both operational and capital) in the business.



Karol Guździot
Partner
M&A Legal

5. BRACIA SADOWNICY, food industry SYNTAXIS CAPITAL, investment industry

CLIENT NEED

Bracia Sadownicy decided to scale up the business by acquiring Victoria Cymes, whose founders and owners, Mr and Mrs Krukowski, decided to start the business succession process ensuring further development by implementing a new technology for the production of fresh juices.

OUR SOLUTION

We assisted Bracia Sadownicy in the acquisition of Victoria Cymes through financing provided by Syntaxis Capital, a debt fund investing in small and medium-sized enterprises in the CEE region.

Our assistance to Bracia Sadownicy included **financial, business and tax due diligence** and transaction advisory on the **share purchase agreement (SPA)**, as well as the negotiation of the financial parameters of the acquisition of Victoria Cymes.

In addition, we advised Syntaxis Capital on the business and financial due diligence of Bracia Sadownicy and on the analysis of the financial model presenting the merger of Bracia Sadownicy and Victoria Cymes. We also provided transaction support for the **debt agreement** between Bracia Sadownicy and Victoria Cymes.

EFFECTS



The business objective of the newly formed Group is to **double turnover within three years** and to build one of the strongest and most efficient direct distribution networks for fresh products in Poland.



The Group's plans also include product development, including the creation of a new brand, as well as **strengthening its market position** in the juice, nectar and beverage category and becoming one of the top three juice producers in Poland.



Poland in the sights of investment funds

Comment from our expert

M&A market set for further growth

Investment fund activity in Poland is on the rise. The growth is seen mainly in smaller transactions that are driven by the need to restructure, to find the right successor for an operating business, to grow by acquiring competitors or to add complementary services to one's business. Given the high cost of investment loans, buyers have begun to look to debt funds as an alternative.

Although TMT, energy and waste management have seen the largest number of deals over the past year, FMCG and 'old economy' companies have also attracted interest from funds and other investors, and we believe this will continue. Why? TMT and energy companies are overvalued and their preparation for sale often leaves a lot to be desired. Investors are therefore turning their attention to companies in other sectors, even if they are less profitable.

Over the next few years, we will continue to see a strong upward trend in the M&A market in Poland, driven by falling interest rates and growing demand from foreign investors. Our market remains attractive due to the relatively low cost of doing business compared to Western economies. The release of EU funds will also contribute to dynamic growth in the M&A market.



Katarzyna Buda
Partner
Transaction
Advisory Services

We are number 1 in Poland

Grant Thornton's financial advisors have been ranked number 1 in Poland in

Mergermarket's Global & Regional M&A League Tables 2023 of Financial Advisors

in terms of the number of completed M&A deals in 2023.



Our 2023 clients include:



Investment sector

Crif

Target:
ERIF BIG i EBS

January 2023

AGORA^{SA}

TMT

Agora

Target:
Eurozet Group

February 2023

Solw'IT Let's Solve IT

IT Sector

Solwit

Counterparty:
Private investors

April 2023

PLAY

TMT

Grupa Play

Target:
Syrion

June 2023

LYVIA

Investment sector

Lyvia Group

Target:
IT Systems & Solutions

June 2023

GÓRAŹDŹE CEMENT
HEIDELBERGCEMENT Group

Manufacturing

Góraźdże Cement

Counterparty:
ABETONG AB

June 2023



Food sector

Bracia Sadownicy

Counterparty:
Victoria Cymes

June 2023



Medical sector

Vinci

Counterparty:
OASIS Diagnostics

July 2023

Energa | GRUPA ORLEN

Energy sector

Grupa Energa

Counterparty:
Greenvolt Power

July 2023

archicom

Real estate development

Archicom

Counterparty:
Echo Investment

August 2023

Our 2023 clients include:



Extractive sector

KGHM Polska Miedź

Counterparty:
Projekt-Solartechnik
Group

September 2023



IT Sector

ARC Consulting

Counterparty:
Lyvia Group

September 2023



Medical sector

Alvo Medical

Counterparty:
BHM Medical
Technology

September 2023



Manufacturing

Elvita

Target:
Goudenkorrel

October 2023



Service sector

Irca Group

Target:
Ashanti Atelier

November 2023



IT Sector

Atmoterm

Investor:
Everfield Group

November 2023



Finance sector

AxFina

Target:
E-Kancelaria Grupa
Prawno-Finansowa

November 2023



Construction

Mobruk

Target:
El-Kajo i Polskie
Materiały Drogowe

December 2023



SANOK RUBBER

Manufacturing

**Sanok Rubber
Company**

Target:
Teknikum Group

December 2023

**Check out more
Grant Thornton
deals**



We look forward to hearing from you



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Grant Thornton is one of the world's leading audit and advisory organizations, with a presence in 140 countries and more than 62,000 employees. We have been in Poland for 30 years. Our team of 1000 people supports clients in areas such as audit, tax, legal, transaction and financial advisory, payroll & HR outsourcing and accounting outsourcing.