



BALTIC M&A MONITOR 2024

ONLINE PRESENTATION
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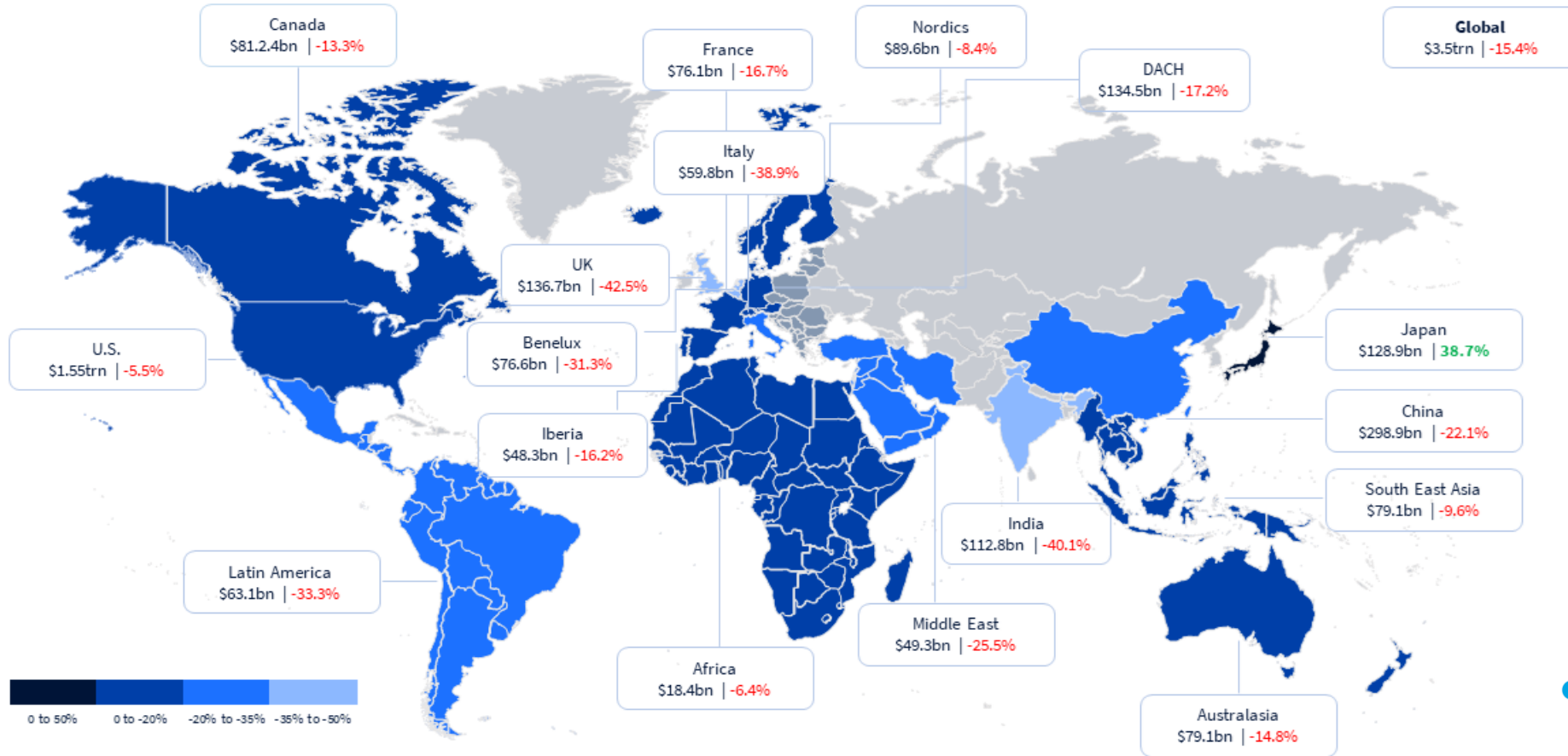
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GLOBAL M&A 2023

Percentage change in deal volume year-on-year (2023 vs 2022)

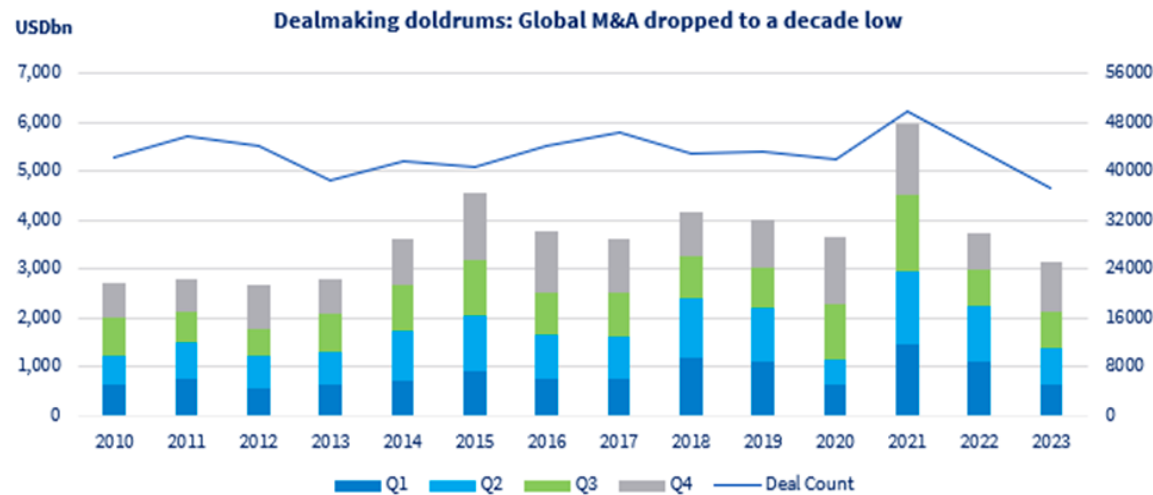


*Source: Mergermarket; Data correct as of 06 February 2024. All values in USD.



GLOBAL M&A TRENDS AND RISKS 2024

KEY HIGHLIGHTS



Source: Mergermarket, data correct as of 5 February 2024

- Cautious optimism amid continued uncertainty in 2024.
- The top deal drivers are industry consolidation, new products and services and pursuit of digital transformation.
- Rise of alternative financing.
- Antitrust regulation is believed to be the main hurdle for M&A.
- AI has become the hottest topic in tech

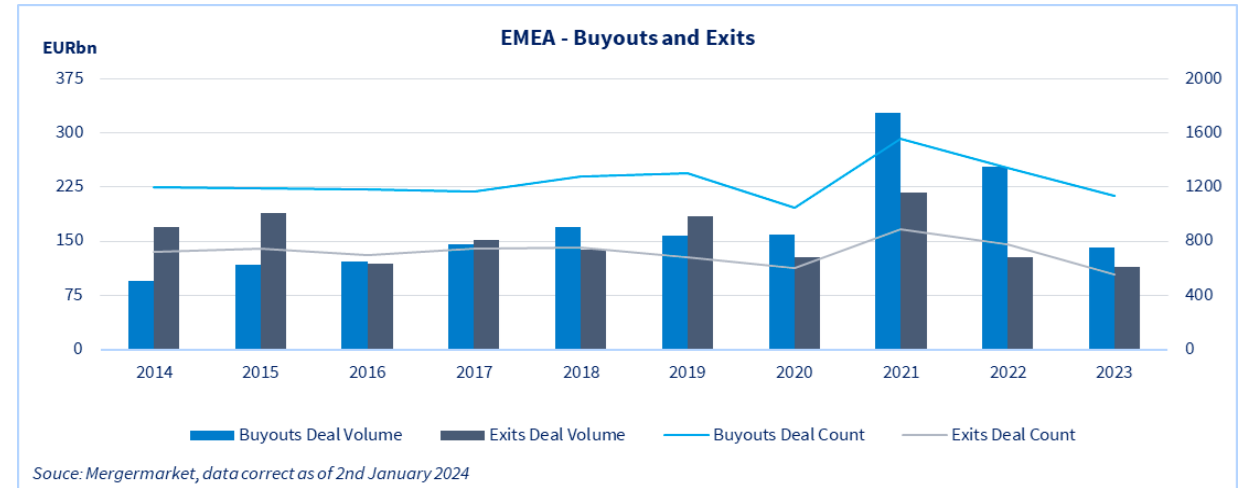
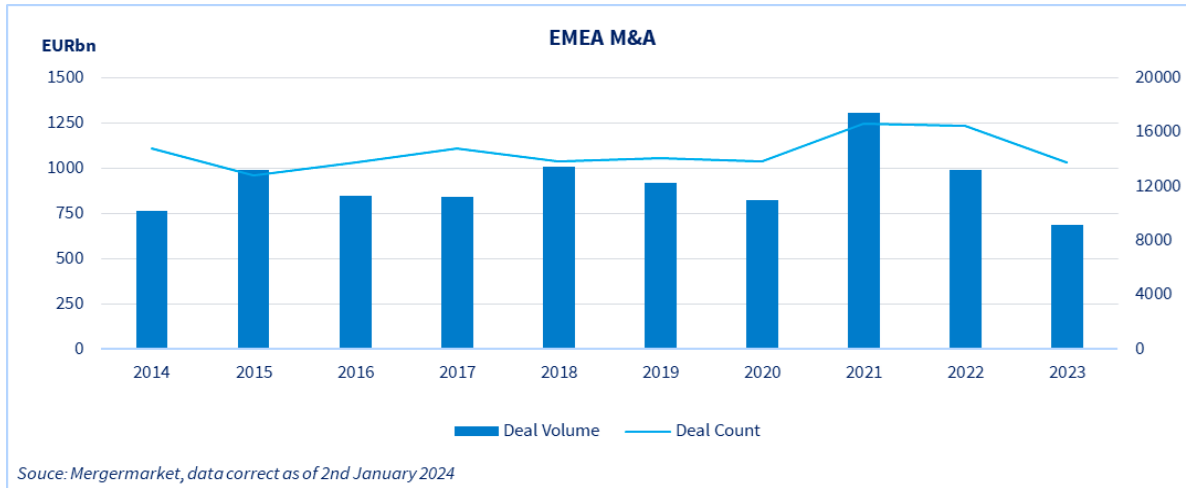
Source: Mergermarket report, published in association with Norton Rose Fulbright, features insights from 200 senior executives from multinational corporates, large private equity firms and major investment banks to highlight the opportunities and risks for dealmaking in 2024.

GLOBAL SECTOR HEAT CHART

Sector	North America	EMEA	APAC	Latin America
TMT	1823	1268	920	251
Industrials and Chemicals	498	1015	1175	31
Pharma/Med/Biotech	1051	585	592	30
Consumer	554	799	539	74
Business Services	543	583	483	111
Financial Services	462	511	585	59
Energy/Mining/Utilities	231	405	636	117
Leisure	104	285	228	18
Real estate	43	93	437	7
Construction	49	200	254	9

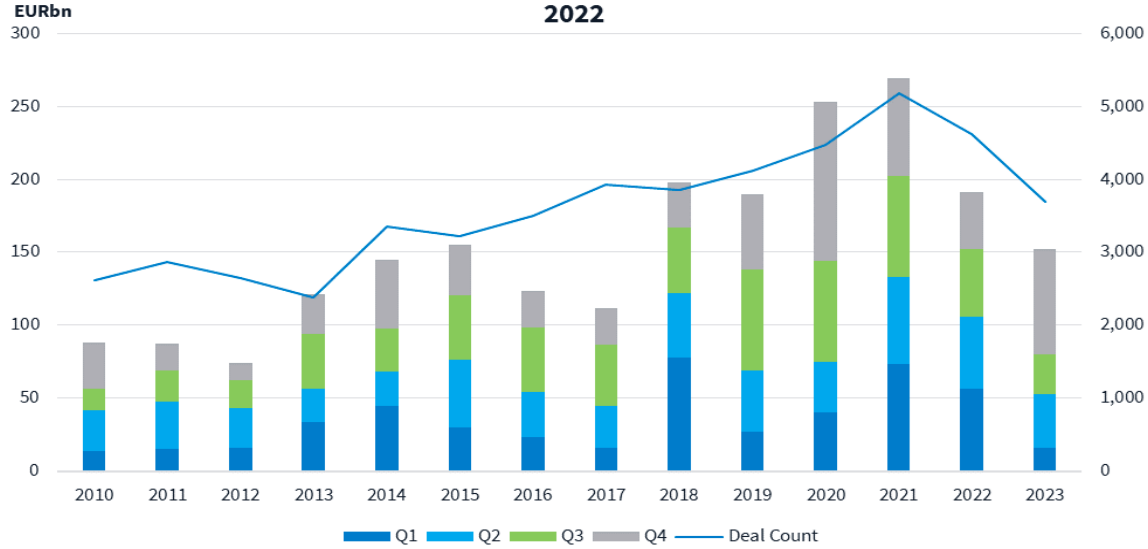
Note: The intelligence Heat Chart is based on “companies for sale” tracked by Mergermarket in the last six months. Opportunities are captured according to the dominant geography and sector of the potential target company.

EMEA M&A AND PE ACTIVITY



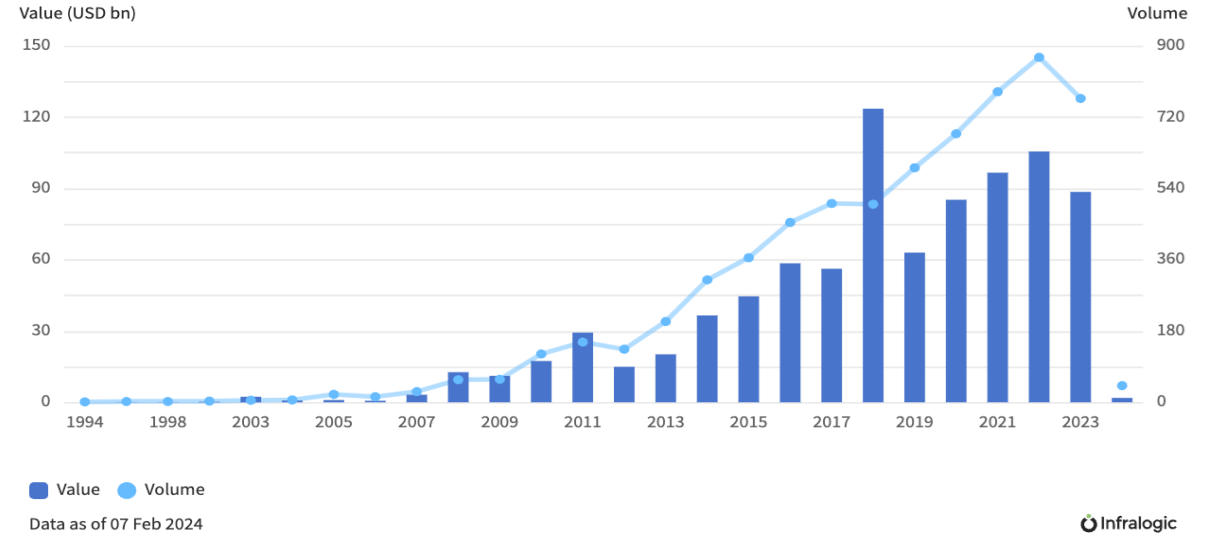
EUROPEAN TMT AND EUROPEAN RENEWABLES

European TMT M&A: 2023 TMT M&A slows down by 28% compared to 2022



Source: Mergermarket; data correct as of 02 January 2024

Closed Transactions by Year



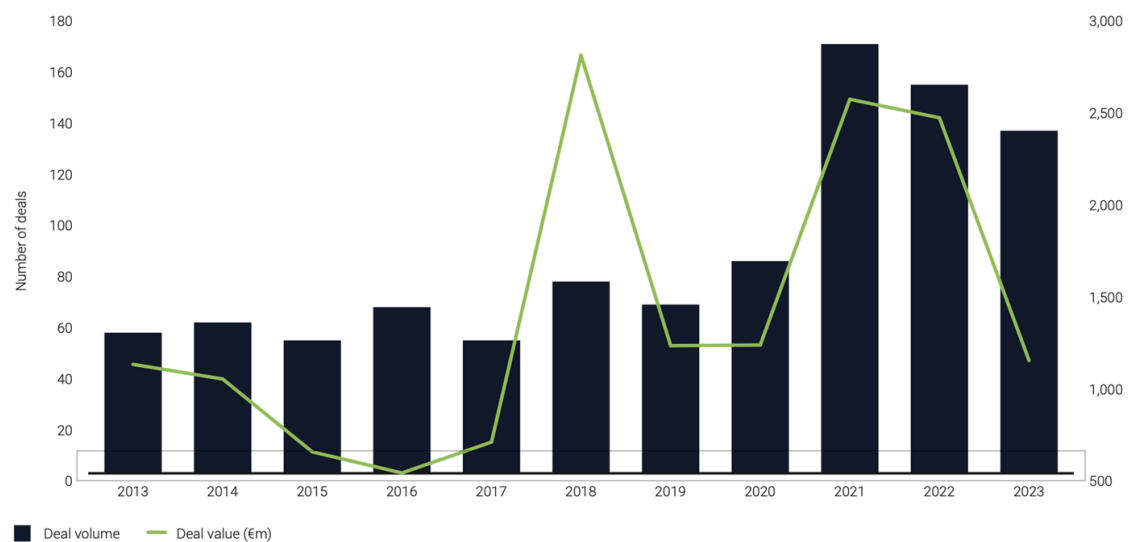
Value Volume
Data as of 07 Feb 2024

Infralogic



BALTIC M&A

Baltic M&A, 2013-2023



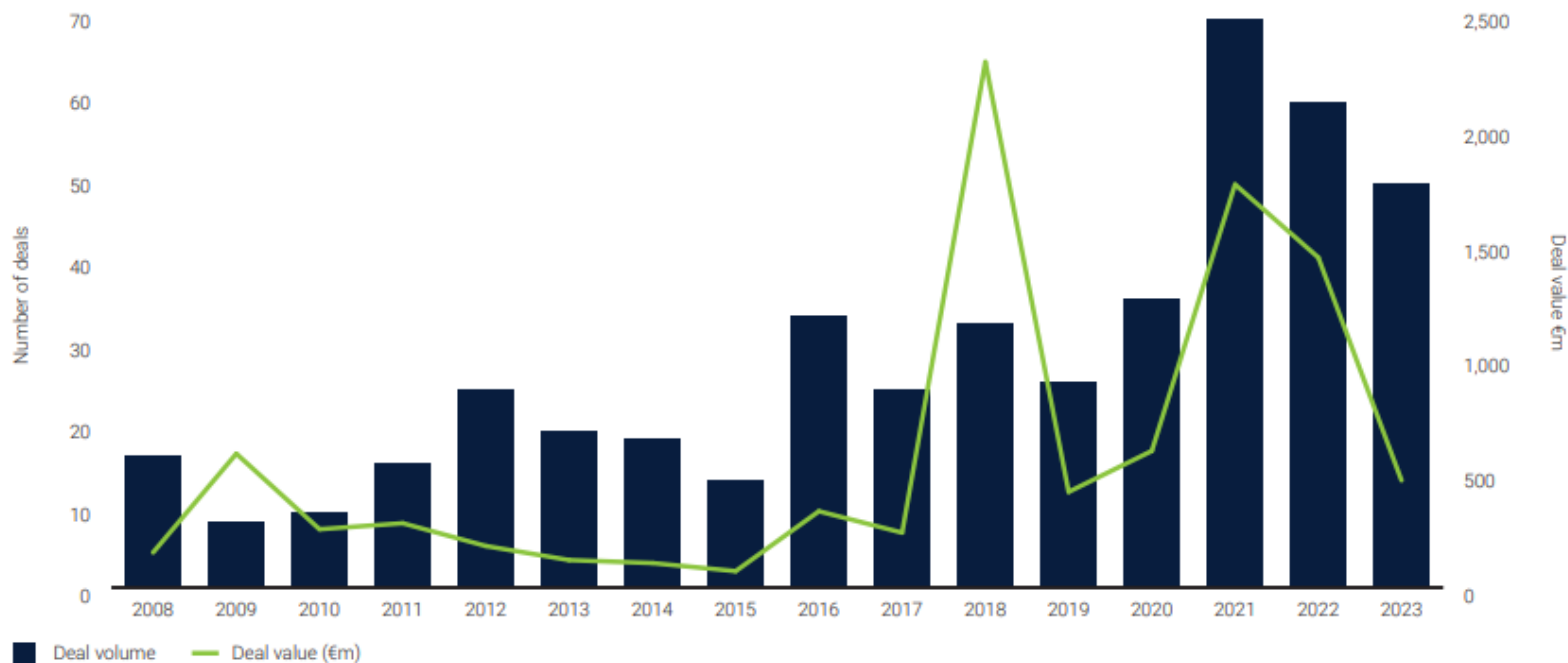
Top 10 Baltic M&A deals 2023

Date announced	Target company	Sector	Target country	Bidder company	Bidder country	Seller company	Seller country	Deal value €(m)
14-Apr-23	Gas AS (100% Stake)	Energy, Mining & Utilities	Latvia	Infortar AS; Eesti Gaas AS	Estonia	JSC Latvijas Gāze	Latvia	120
24-Nov-23	JSC Latvijas Gāze (28.97% Stake)	Energy, Mining & Utilities	Latvia	Energy Investments SIA	Latvia	Marguerite Adviser SA	Luxembourg	111
13-Oct-23	Skeleton Technologies OU	Industrials & Chemicals	Estonia	Siemens AG; Marubeni Corporation; Siemens Financial Services GmbH; Companhia Brasileira de Metalurgia e Mineracao (CBMM)	Germany			108
28-Sep-23	Nordsec BV (3.33% Stake)	TMT	Lithuania	Warburg Pincus LLC; Novator Partners LLP; Burda Principal Investments GmbH & Co KG	USA			95
17-Jul-23	PVcase UAB	TMT	Lithuania	Highland Europe (UK) LLP; Elephant Partners; Energize Ventures LLC	USA	Contrarian Ventures	Lithuania	89
10-Jul-23	Skeleton Technologies OU	Industrials & Chemicals	Estonia	Marubeni Corporation	Japan			50
11-Oct-23	Elcogen Group plc	TMT	Estonia	HD Korea Shipbuilding & Offshore Engineering Co Ltd	South Korea			45
29-Jun-23	Furniture1 UAB (20.1% Stake)	TMT	Lithuania	Pijus Makarevicius (Private Individual)	Lithuania	BHG Group AB	Sweden	43
06-Apr-23	Hohle OU (100% Stake)	Construction	Estonia	Aptiv plc; HellermannTyton Ltd	USA	Lagrotte OU; Net Systems OU	Estonia	39
03-Jul-23	Intrum Estonia AS (100% Stake); Intrum Latvia SIA (100% Stake); Intrum Lithuania UAB (100% Stake)	Business Services	Latvia	Aktiva Finance Group	Estonia	Intrum AB	Sweden	30

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ESTONIA M&A, 2008-2023

Estonia M&A, 2008-2023



ESTONIAN DEAL MARKET OF 2023 IN NUTSHELL

- Estonia's economy shrank by 2.3%
- Inflation ran persistently high at 10% in Estonia for the full year
- Out of the 134 Baltic deals recorded by MergerMarket Estonia scored 49 deals worth a combined €465m (down 17% from the 59 deals counted in 2022 and 68% from the deal value €1.4bn announced in 2022)
- Estonia should take the pride for 2023 as:
 - 6 deals out of the TOP 10 Baltic deals in 2023 had Estonian involvement
 - Estonians had the No 1 deal of 2023 with the deal value of €120m

ESTONIA CONTRIBUTED 6 OF THE 10 **LARGEST BALTIC DEALS IN 2023:**

- **Infortar/Eesti Gaas**

120m acquisition of Gaso AS

- **Skeleton Technologies OÜ (2x)**

108m + 50m investment by Siemens, Marubeni, etc.

- **Elcogen**

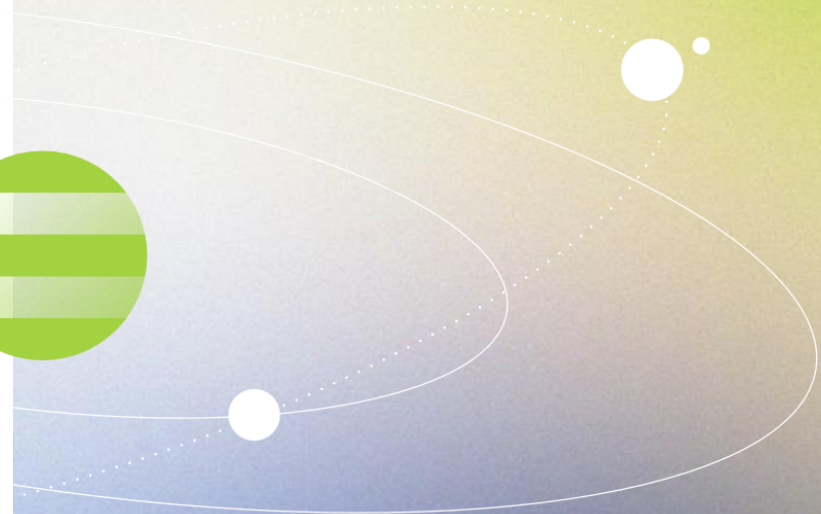
45m investment by HD Korean Shipbuilding & Offshore Engineering

- **Hohle**

39m acquisition by Aptiv plc and Hellermann Tyton Ltd

- **Activa Finance Group**

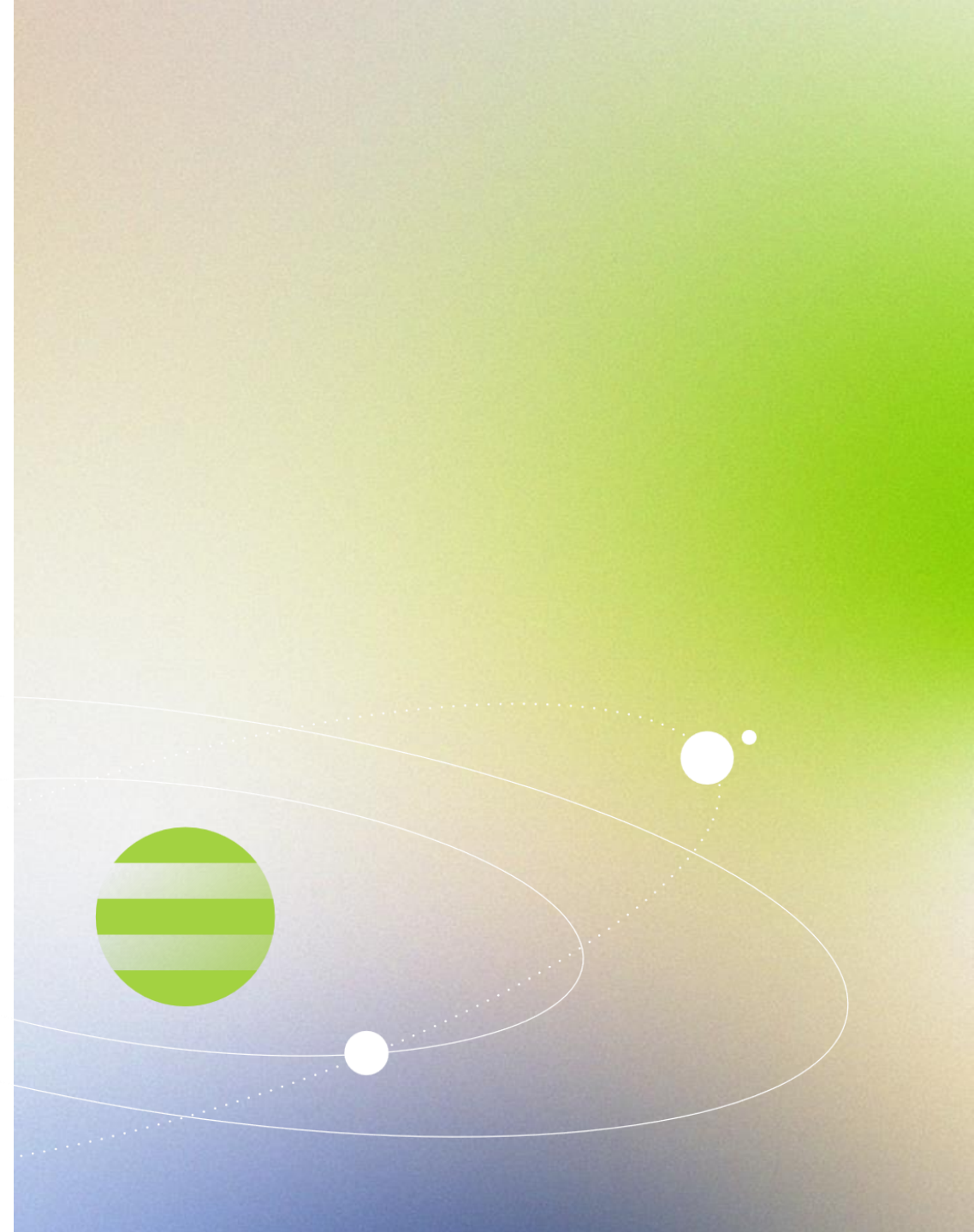
30m acquisition of Intrum Baltic companies



ESTONIAN HIGHLIGHTS 2023

CHALLENGING YEAR FOR START-UPS

- TMT is still topping the investment list of Estonian start-ups with the clear trend to shift more from fintech to deeptech/greentech/cleantech
- 2023 start-ups were struggling to find funding and a number of them witnessed lay-offs and review of valuation as funds so essential for generating growth dried up:
 - Skeleton Technologies 50M + 108M
 - Elcogen 45M
 - Funderbeam 36,2M
 - Binalyze 17,7M
 - RangeForce 17M
 - Planet42 14,1M
 - Efenco 12,3M
 - Roofit.Solar 6,5M
 - eAgronom 5M
 - RAIKU 5M



ESTONIAN HIGHLIGHTS 2023

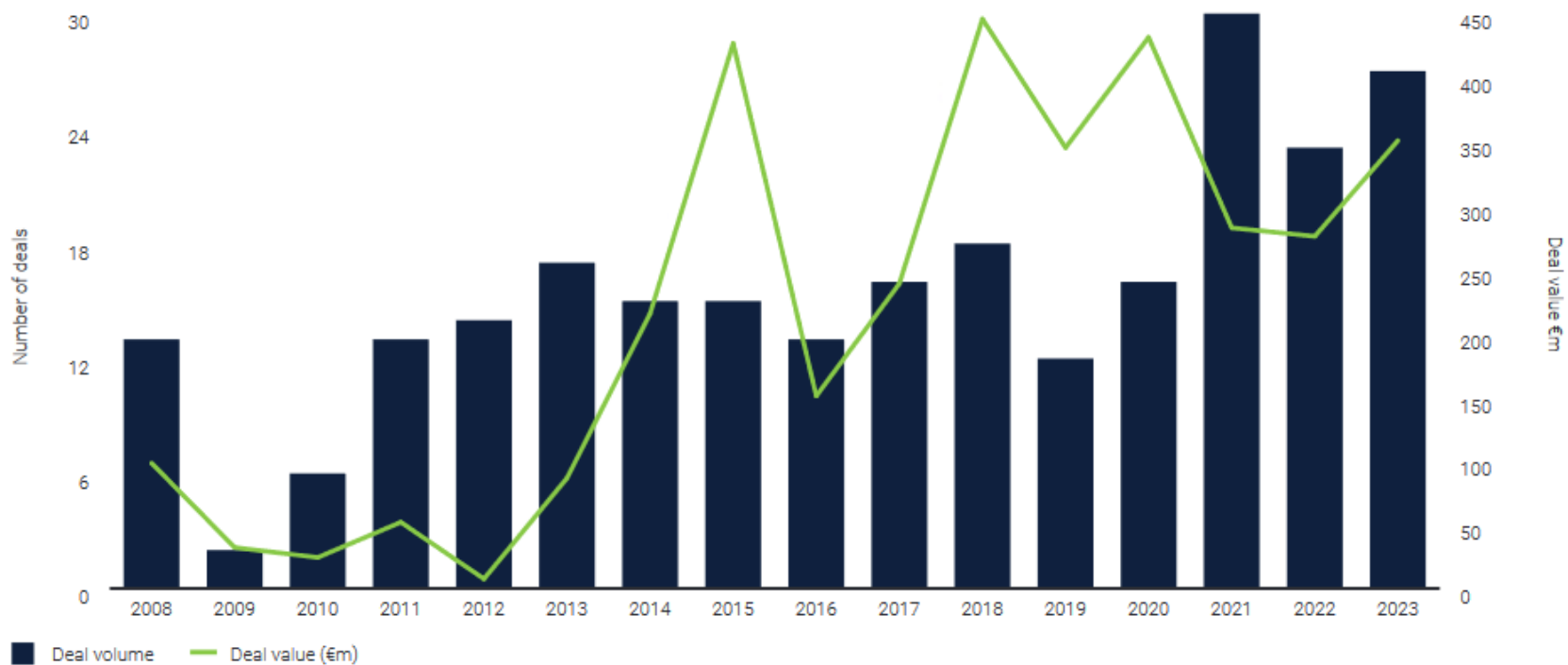
CAPITAL MARKETS

- 1 IPO – Infortar managed to have a long-planned successful IPO (5517 investors oversubscribed the issue by 1,3 times)
- 3 bond issues, all by commercial banks and all heavily oversubscribed:
 - LHV issued bonds for 25m (investors subscribed for 407,5m)
 - Inbank issued bonds for 6m (investors subscribed for 46m)
 - Bigbank issued bonds for 3m (investors subscribed for 21,6m)
- Tallinn Stock-Exchange witnessed the first bankruptcy of a listed company
 - Hagen Bikes was listed on First North in December 2021
 - investors oversubscribed the issue by 14,9 times
 - The company "promised" to sell over 10 000 cargo bikes per annum, actual sales were 70 in 2021 and 113 in 2022
 - Bankruptcy was declared 11.12.2023
- 1 de-listing – Clevon (manufacturer of driverless delivery vehicles) made a voluntary take-over bid to its shareholders and left the stock-exchange due to difficulties to secure funding after listing

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LATVIA M&A, 2008-2023

Latvia M&A, 2008-2023



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LATVIAN HIGHLIGHTS 2023 - TRENDS



- With **27** deals totaling **EUR 351 million** in value, LV transaction amounts increased **17%** and volumes increased **27%** from 2022.
- As a percentage of Baltic transactions, LV reported deals grew from **15%** in 2022 to **20%** in 2023. This is LV's highest share of the Baltic transaction market since 2018.

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LATVIAN HIGHLIGHTS 2023 - TRENDS

The **3** LV deals in the **Baltic Top 10** all involved **domestic** (Baltic) buyers. Fits Baltic trend as domestic transactions have outnumbered inbound transactions for the last five years, with the aggregate deal value of domestic transactions in the Baltics increasing substantially – 18% in 2021, 23% in 2022, 41% in 2023.



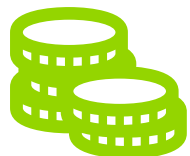
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LATVIAN HIGHLIGHTS 2023 - TRANSACTIONS



- **Latvijas Gaze** sale of **Gasol** (Latvian gas distribution network operator) to the Estonian energy company **Eesti Gaas** for EUR 120 m.
- A management buyout of 29% of shares in **Latvijas Gaze** by management owned Energy Investments from **Marguerite** (Luxembourg based investment fund).

LATVIAN HIGHLIGHTS 2023 - TRANSACTIONS



- **Financial sector activity – Signet Bank's** acquisition of **LPB Bank**, fintech aspirations. Pension management company **Indexo's** fund raising activity via IPO in order to establish a Latvian bank.



- **Clean tech – Aeronex** secured EUR 28 m. from several investors, including France's **Future Positive Capital**.



- **Health sector – Baltcap** acquisition of senior care company Senior Baltic from French **Orpea**.

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LITHUANIA M&A, 2008-2023

Lithuania M&A, 2008-2023



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LITHUANIAN HIGHLIGHTS 2023

Dealmaking remained geographically diversified, with Lithuania accounting for **43% of transactions among the Baltic** states (down slightly from 46% share in 2022).

Lithuania generated **58 deals** worth a combined €298m in 2023, down 17% from the 70 deals worth €723m announced in 2022.



TOP Sectors (by volume)

- Energy, Mining & Utilities
- Industrials & Chemicals
- TMT



Lithuanian M&A activity last year, according to Mergermarket

- 58 deals in 2023
- 70 deals in 2022
- 62 deals in 2021
- 30 deals in 2020

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LITHUANIAN HIGHLIGHTS 2023

LITHUANIA CONTRIBUTED 3 OF THE 10 biggest Baltic deals in 2023:

- **Nord Security.** In 2022, it became a tech unicorn by raising its first-ever outside capital at a \$1,5B valuation. In 2023, raised another \$93M investment round. The deal valued Nordsec at €3bn.
- **PVcase.** A global leader in design software for solar projects secured a joint investment of around €89m from Texas-headquartered Highland Capital, Chicago-based Energize Ventures and Boston-based Elephant Partners.
- **Furniture1.** The founder of Furniture1 bought back a 20% stake in the Lithuanian online retailer from Sweden's BHG Group for €43m.

Two largest venture capital deals in the Baltics

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LITHUANIAN HIGHLIGHTS 2023



Taiwanese companies have decided to invest in CEE, and Lithuania is one of the target countries. Mostly, they're looking at deep tech companies.



In 2023, a joint venture between Spain-based Ocean Winds and local provider Ignitis Renewables won the country's **first offshore wind-power development tender**; the second is due in 1Q 2024.



The topic of **Blackstone selling the Luminor Bank** was raised at the beginning of 2024. In 2018, Blackstone acquired a 60% stake in regional bank Luminor (followed by the US investor increasing its share to 80%) for €1bn.

EXPECTATIONS IN THE BALTICS 2024

- Enterprise software, healthcare, defense are predicted to be leading sectors in 2023.
- Geopolitical situation may influence the Tier-1 funds investments, which may limit Baltic startups' chances to raise rounds of Series A and later.
- It is expected that the majority of investments will be in the **pre-seed** and **seed** stages.



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LITHUANIAN MARKET EXPECTATIONS

2024

- **TOP sectors:**
 - Renewables
 - PE invested sectors where they look to exit
- **Forecasts for 2024:**
 - Growth through acquisitions by strong regional players, consolidation
 - Renewables
 - PE portfolio companies looking to exit "matured" investments
 - Local PE funds are using the situation to make acquisitions. They are moving in while there's a slowdown in international dealmaking, and they can make deals at better valuations.
- **PE active in renewables; other sectors very widespread:** healthcare, industrials (recycling), consumer (food, trade, e-commerce)
- **Future candidates for VC investments**
 - TransferGo
 - Ovoko

LATVIAN MARKET EXPECTATIONS

2024

- **airBaltic** – possible IPO
- **Financial sector** – possible sale scenarios for Luminor or Citadele? LV government stated intent to lure another international bank to LV. Indexo bank opening in 2024.
- **Latvian government** and **Telia** co-ownership of telecom companies **LMT** and **Tet**. Is this the year to restructure these holdings?
- **Latvijas Gaze** – continued MBO?
- **Health sector** activity, mainly by Baltic investment funds – potential for consolidation and sale to international players?

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LATVIAN MARKET EXPECTATIONS

2024

- **Defense sector** – LV government decision to establish production in LV, possible international expertise necessary.
- **Renewable energy** – will be a continuing area of investment activity.
- **Economic expectations for 2024 optimistic** – IMF predicts 2.6% growth for LV, interest rates should decline and spur PE to action?

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ESTONIAN MARKET EXPECTATIONS

2024

- 2024 has started moderately slow
- **Geopolitical turmoil** continues leaving us with a rather insecure and unclear economic environment: wars (Ukraine, Gaza), but also economic wars (US-China, etc.)
- **interest rates** are promised to decrease
- close to 4trillion of "**dry powder**" waiting to be released out to the world
- Well capitalised players will continue to invest, although difficult to match the price expectations of the sellers and buyers
- "know your partner" - **regulatory aspects** (competition, FDI regulations, sanctions, AML, etc.) become even more critical for transactions
- Estonia as "frontier country" will continue to be not the prime investment target in 2024
- Chance for **local capital?** - maybe
- Bankruptcies and sale of distressed assets? - not really
- It takes only a tiny bit of good news and tables can turn completely

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