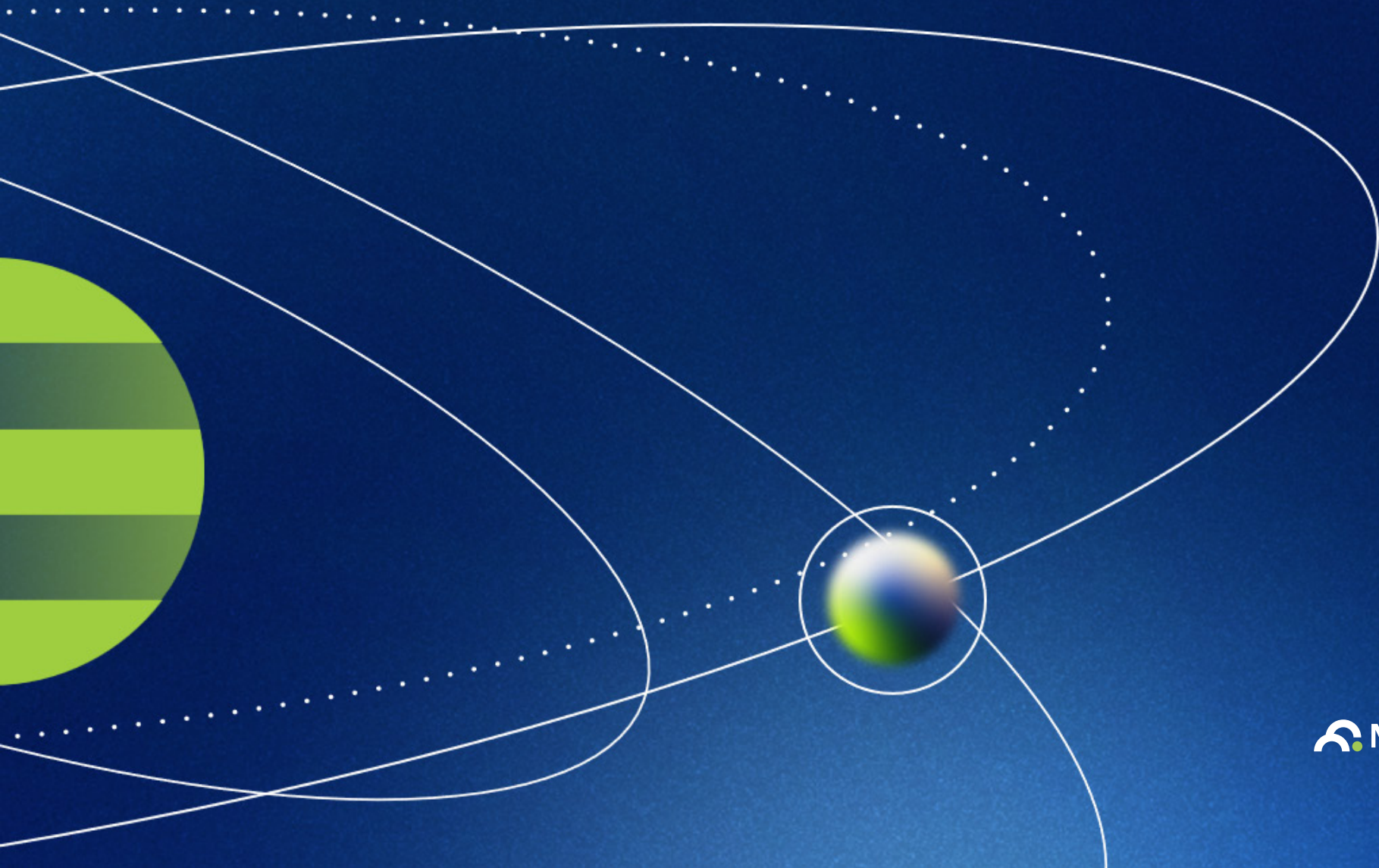


# Ellex<sup>®</sup>

BALTIC M&A MONITOR 2025



 Mergermarket

# FOREWORD

**Welcome to the 2025 edition of our Baltic M&A Monitor, a comprehensive review of M&A in the region published by Ellex, in association with Mergermarket. The report examines dealmaking trends in the Baltic countries – Estonia, Latvia and Lithuania – including insights into key sectors and forecasts for the year to come.**

Global economic growth was somewhat constrained in 2024, weighed down by political uncertainty in key markets, ongoing conflict in Ukraine and the Middle East and an interest rate environment that began to loosen slower than most had hoped. The Baltic economies recorded diverging economic performances – Lithuania achieved one of the highest growth rates in the euro area; Latvia recovered from a 2023 downturn to record modest growth; while Estonia is ensnared in a recession.

Given this quite volatile context, the Baltic M&A market performed very strongly. Activity accelerated strikingly, with 231 transactions announced worth in excess a €5m, up 42% from 2023, while aggregate declared deal value soared by 76% to €2.1bn, from €1.2bn in 2023. The confidence of large investors in the Baltics is clear from the number of bigger-ticket transactions, with seven worth at least €100m, more than twice the number achieved in 2023. The largest deal of 2024, at €670m, was worth almost as much as 2023's top-10 transactions combined.

Foreign investors continue to be drawn to these open, dynamic economies, which have consistently produced quality companies. Inbound investors accounted for 42% of deal volume and 49% of aggregate value, as well as seven of the top 10 deals. Domestic investors – a mix of corporates, funds and some individuals – have played a growing role in the market over the past few years as the Baltic economies have matured and regional wealth has risen.

The Baltic tech scene needs little introduction, this being the region that gave the world Skype, Wise and Vinted, among other companies. Technology, media & telecoms (TMT) has remained the single biggest sector for dealmaking, accounting for 21% of deal volume and 30% of aggregate value. A €340m funding round by Lithuania's Vinted was one of the largest deals of the year. The merger between Latvian print-on-demand companies Printify and Printful – the latter became Latvia's first unicorn in 2021 – was another major transaction. The energy, mining & utilities (EMU) sector also stood out, contributing three of the region's nine largest deals. These transactions are indicative of rising activity in the increasingly significant renewables industry, which is expected to generate more deals in years to come.

Having bucked the Europe-wide trend of declining M&A in 2024, Baltic dealmakers enter 2025 feeling optimistic. Interest rates are trending downwards

and the global economic outlook is, after a period of volatility, stabilising, with modest growth forecast. This bodes well for the relatively small but very open Baltic economies. Over the past few years, the region has demonstrated its ability to weather economic and geopolitical storms, affirming its strengths in innovation, location and integration into the EU and global economies. Since winning independence in the early 1990s, the Baltic countries have embraced an outward-looking, pro-business, pro-investment approach that has served them well – and will continue to in the years to come.

As ever, we welcome feedback from readers, and hope you find this report both engaging and enlightening.



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# M&A OVERVIEW 2024

Despite macroeconomic hardship, the Baltics hit new highs in dealmaking terms in 2024. International acquirers continue to be drawn to the high calibre of assets available across the region, while a groundswell of M&A led by domestic bidders speaks to the increasing strength of Baltic acquirers.

Steady but unspectacular growth characterised the global economy in 2024, with world GDP rising by 3.2%, down marginally from 3.3% in 2023. Central banks in advanced economies have, for the most part, brought inflation down to manageable levels and continue to issue clear forward guidance. Policymakers, in turn, began to cut interest rates, with the US Federal Reserve and the European Central Bank leading the way in 2024.

However, various headwinds did act as a drag on global growth, including election-related political uncertainty in major economies such as the US, enduring concerns about China's medium-term future and the conflict between Israel, Hamas and Hezbollah threatening to proliferate into a wider, regional conflagration. Russia's full-scale invasion of Ukraine continued and is being watched closely by all three Baltic states, NATO members bordering Russia and all staunch supporters of Kyiv.

## Local dealmakers seize on growth opportunities

"The rise in domestic dealmaking reflects the increasing financial strength of Baltic companies, as well as growing local private equity activity. While international investors have been more cautious due to global geopolitical uncertainties, strong local players have seized opportunities to expand regionally and strengthen their positions across the Baltics."

*Paulius Gruodis, M&A Partner, Ellex in Lithuania*



## Domestic investment growth

"The Baltic nations have welcomed foreign capital since the early 1990s – but now our economy has developed significant local capital, we've accumulated entrepreneurs and domestic investors. There is considerably more balance in the market today."

*Risto Vahimets, Partner and Head of Transactions, Ellex in Estonia*



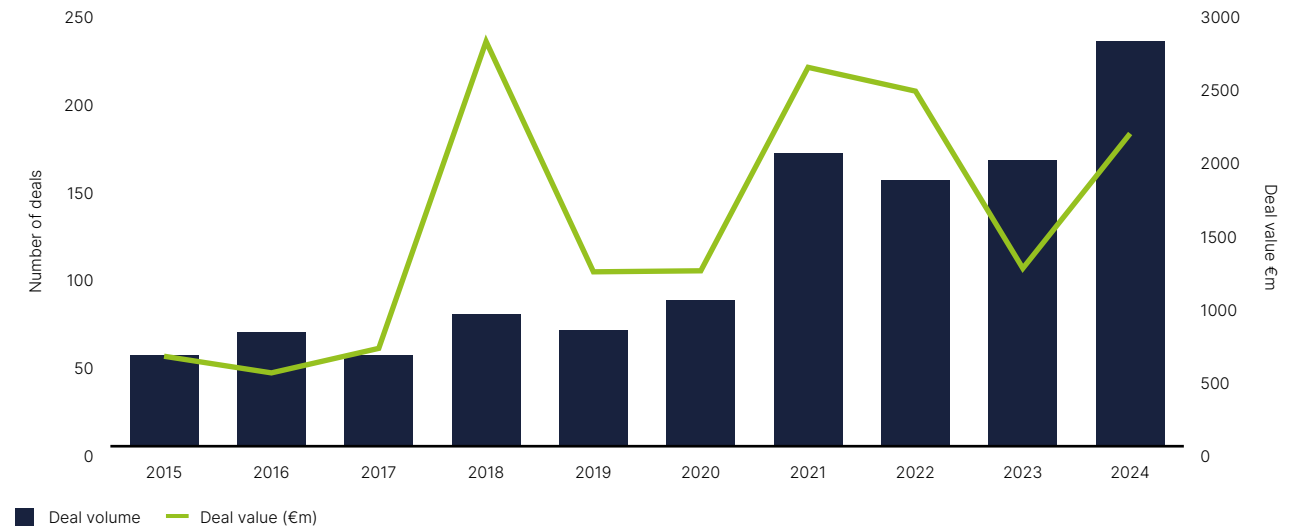
Against this backdrop, M&A activity accelerated in the Baltics in 2024, with 231 transactions announced according to Mergermarket data, an increase of 42% from 2023, while total declared deal value rose by 76% year-on-year from €1.2bn to €2.1bn. The number of big-ticket deals also rose, with seven transactions valued at €100m or more, versus just three deals of the same size the year prior. Indeed, the region's largest deal of the year alone was worth almost as much as the 10 largest transactions announced in 2023 combined.

In volume terms, 58% of all deals announced in the Baltics in 2024 were led by domestic bidders, down just two percentage points from 2023. This is indicative of the growth of strong regional investors over recent years, both corporates and funds – the last time that inbound deals outpaced domestic M&A in volume terms was 2018.

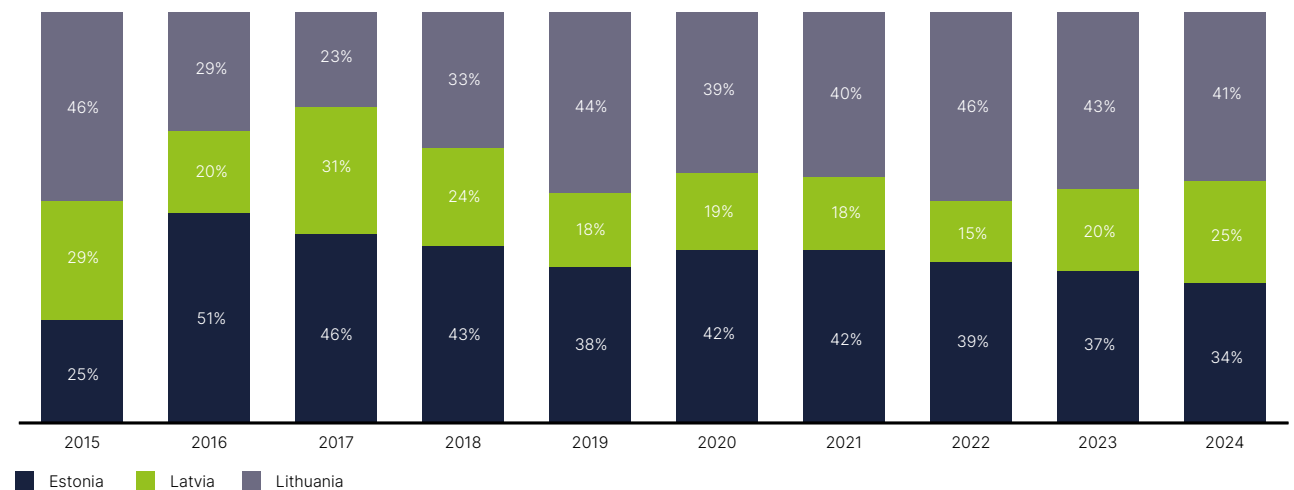
In value terms, the market was split 51/49 between domestic and inbound deals. This is the largest share of total transaction value that domestic M&A has contributed to the Baltic deal market in the last decade. These figures again bear out the steady rise of regional investors – the share of inbound transactions' share of Baltic M&A value stood at 80% in 2021, before declining slightly to 77% in 2022, then 60% in 2023, and less than half in 2024.

That being said, inbound investors continue to play a central role in the market, particularly for bigger deals. Seven of the 10 largest Baltic transactions announced in 2024 were led by inbound bidders, including three featuring US-based acquirers, three from the UK and one from Germany.

### Baltic M&A, 2015-2024



### Baltic deal volume by country, 2015-2024



## Top 10 Baltic M&A deals 2024

Date announced	Target company	Sector	Target country	Bidder company	Bidder country	Seller company	Seller country	Deal value €(m)
17-Jun-24	Tallink Grupp AS (21.71% Stake)	Transportation	Estonia	Infortar AS	Estonia	Citigroup Venture Capital International	USA	670
24-Oct-24	Vinted UAB (6.8% Stake)	TMT	Lithuania	TPG Capital LP; Baillie Gifford & Co Ltd; Invus Group LLC; FJ Labs Inc; Moore Strategic Ventures; Manhattan Venture Partners; Hedosophia Services Ltd	USA			340
30-May-24	Power Station (124 MW Wind park project being developed in the Telšiai district) (100% Stake)	Energy, Mining & Utilities	Lithuania	Latvenergo AS	Latvia	OU Utilitas	Estonia	200
03-Apr-24	Elcogen Group plc	Industrials & Chemicals	Estonia	Baker Hughes Co	USA			140
19-Nov-24	Shopping Centres (Kristiine Keskus shopping centre) (100% Stake)	Real Estate	Estonia	Taavet Hinrikus (Private Individual); Eften Capital AS; Ivar Vendelin (Private Investor); Anders Anderson (Private Individual); Kristjan Rahu (Private Individual); Priit Koit (Private Individual); Toonart Raask (Private Individual); Tonu Uustalu (Private Individual); Viljar Arakas (Private Individual)	Estonia	Citycon Oyj	Finland	129
01-Oct-24	Okidoki OU (100% Stake)	TMT	Estonia	Metal Sky Star Acquisition Corporation	USA			108
03-Oct-24	Green Genius UAB	Energy, Mining & Utilities	Lithuania	European Bank for Reconstruction & Development – EBRD	United Kingdom			100
25-Jul-24	ADB Gjensidige (100% Stake)	Financial Services	Lithuania	Muenchener Rueckversicherungs gesellschaft AG; Ergo International AG	Germany	Gjensidigestiftelsen (The Gjensidige Foundation)	Norway	80
05-Dec-24	Sunly	Energy, Mining & Utilities	Estonia	European Bank for Reconstruction & Development – EBRD; Vardar AS; Mirova SA	United Kingdom			60
22-Jul-24	FinBee Verslui	TMT	Lithuania	Pollen Street Capital Ltd	United Kingdom			35

## Lithuania

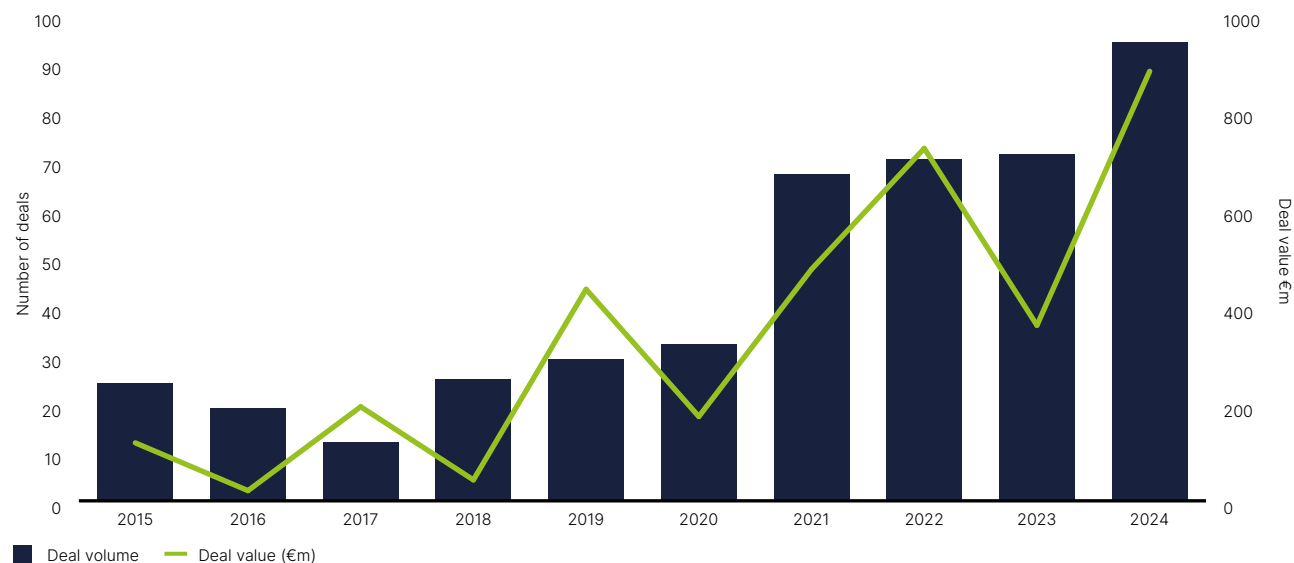
Lithuania's M&A market generated a record 94 deals in 2024, up 32% from 2023, with publicly declared value totalling €881m – a more than twofold jump from 2023's €360m sum, and another record according to Mergermarket data. The country achieved its previous highs in volume in 2023 (with 71 deal announcements) and aggregate value in 2022 (€723m).

Overall, Lithuania, the largest economy and most populous country in the Baltics, led the way in deal volume terms, generating 41% of the transactions announced in the Baltics in 2024, down two percentage points from 2023.

Of the 10 largest deals announced in the Baltics last year, five targeted assets in Lithuania, including the second and third biggest transactions overall. In the larger of the two, Lithuanian e-commerce platform Vinted completed a secondary share sale worth €340m to a group of international investors led by US-based asset manager TPG.

The next biggest transaction involving a Lithuanian asset was an intra-Baltic deal, as Latvian state-owned power company Latvenergo acquired a 124MW wind power project in Telšiai county, in western Lithuania, for €200m. Lithuania's aptitude in renewables also underpinned the Baltics' seventh largest deal, as the European Bank for Reconstruction & Development (EBRD) invested €100m in Green Genius, one of the country's fastest growing renewable energy developers.

## Lithuania M&A, 2015-2024



### Ease of doing business

"Lithuania's record-breaking year can be attributed to its strong economic growth and competitive business environment. The Lithuanian government offers a highly favourable business climate, ranking among the top EU countries for ease of doing business. Low corporate taxes, efficient regulations and incentives for foreign investment make it attractive for businesses and investors."



*Paulius Gruodis, M&A Partner, Ellex in Lithuania*

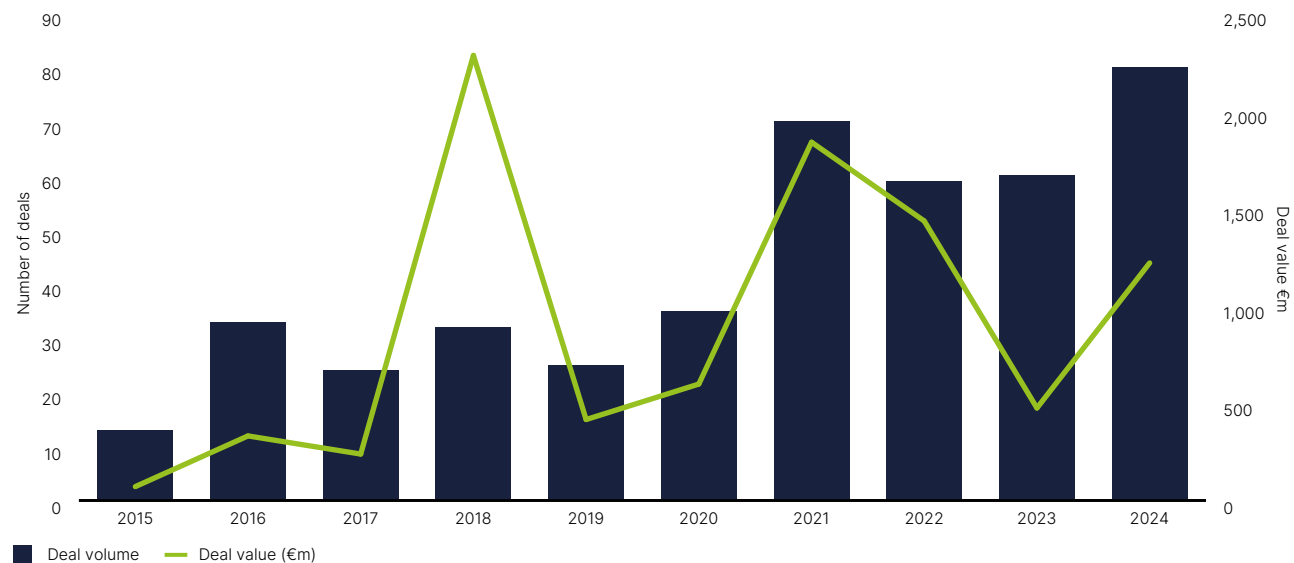
## Estonia

Like Lithuania, Estonian M&A enjoyed year-on-year increases in dealmaking, with 80 transactions announced, up 33% from 60 in 2023, worth €1.2bn combined – also more than double 2023's €474m total. This eclipsed Estonia's best-ever year for deal volume, with 70 transactions announced in 2021, while value also topped €1bn in 2018, 2021 and 2022. This was an especially impressive performance given the international and domestic economic headwinds.

Though Estonia's is the smallest economy in the Baltics and the region's least populous country, it is the most affluent in per capita terms. In 2024, it accounted for 34% of deal volume across the region, down three percentage points year-on-year. This included generating the largest deal to be announced in the Baltics in 2024. In a transaction valued at €670m according to Mergermarket, domestic investment holding company Infortar acquired 21.71% of all shares in Tallink Grupp from Citigroup Venture Capital, bringing its stake in the Estonian shipping company up to 68.47%.

Besides this key deal, Estonian assets were targeted in four other top-10 transactions in 2024, three of which were worth in excess of €100m. Moreover, each of these key transactions was drawn from a different sector – industrials & chemicals, real estate, TMT and EMU – which is indicative of the high calibre of opportunities that dealmakers are able to find in Estonia's diversified economy.

## Estonia M&A, 2015-2024



### International reputation intact

"The macroeconomic situation in Estonia has not been very positive, particularly in terms of corporate interest rates, which are among the highest in the eurozone. However, the impact of geopolitics has not been dramatic, and this is not a concern raised by international dealmakers when discussing Estonia."



*Sven Papp, Partner and Co-head of Transactions, Ellex in Estonia*



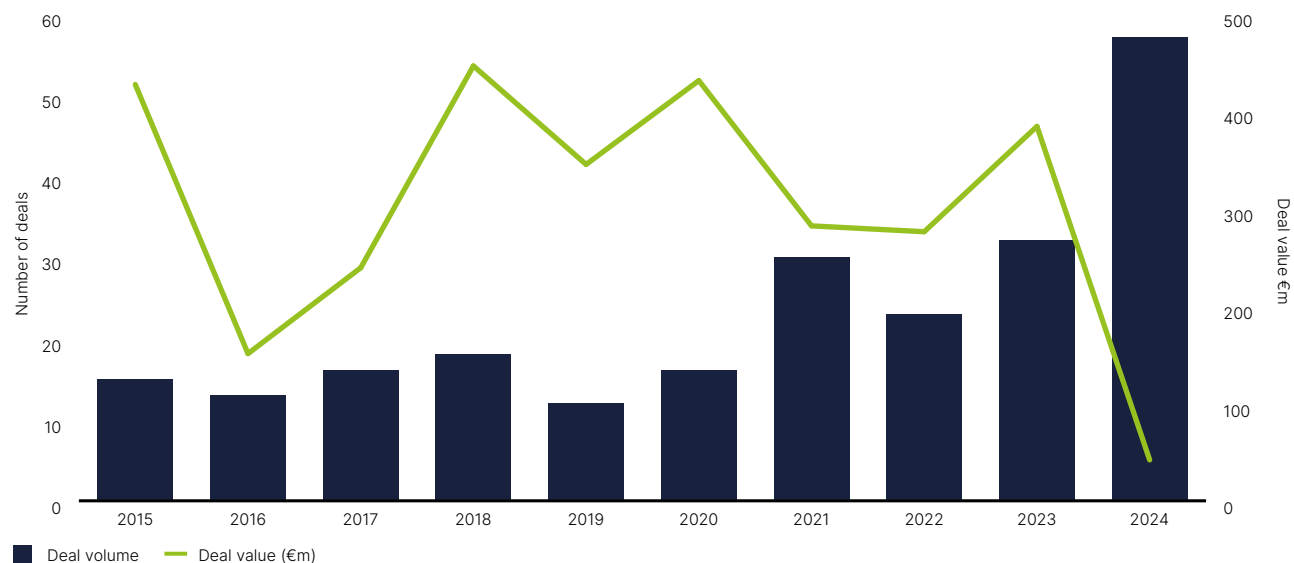
## Latvia

In deal volume terms, Latvia enjoyed an especially strong year, with its 57 transaction announcements in 2024 being by far the highest total for the country according to Mergermarket figures and representing a 78% year-on-year increase. Latvia contributed 25% of regional deal volume, up five percentage points from 2023, and the country's largest share since 2017, when it accounted for 31%.

However, the aggregate publicly declared value of these deals plummeted to just €42m, a fraction of the €384m achieved in 2023, and the lowest total on record. There were no major transactions announced with publicly declared value, and no Latvian asset was targeted in any of the 20 largest deals announced across the Baltics.

But these headline figures do not entirely reflect the picture on the ground. In November 2024, two Latvian print-on-demand companies, Printful and Printify, announced a merger; both have a strong presence in the country, though the merger took place between the US holding companies on each side. The same month, gas utility Latvijas Gaze announced that it had bought back the remaining 34% stake in the company owned by Russia's Gazprom, as part of a process of management buyout of other investors. Latvijas Gaze had been unable to participate in public tenders in Latvia due to the Russian state-owned company's stake in the business, and it had stopped buying gas from Gazprom in 2022 following Russia's full-scale invasion of Ukraine.

## Latvia M&A, 2015-2024



### Large deals on the horizon

"Latvia is a smaller market; we can't have mega deals every year. But there is notable activity, such as the Latvijas Gaze deal, which is a major development, and the Printify-Printful merger is representative of what's happening in larger transactions. There were some big deals that didn't close in 2024 but are likely to come through in 2025."



*Sarmis Spilbergs, M&A Partner, Head of Technology, Media and Communications practice, Ellex in Latvia*

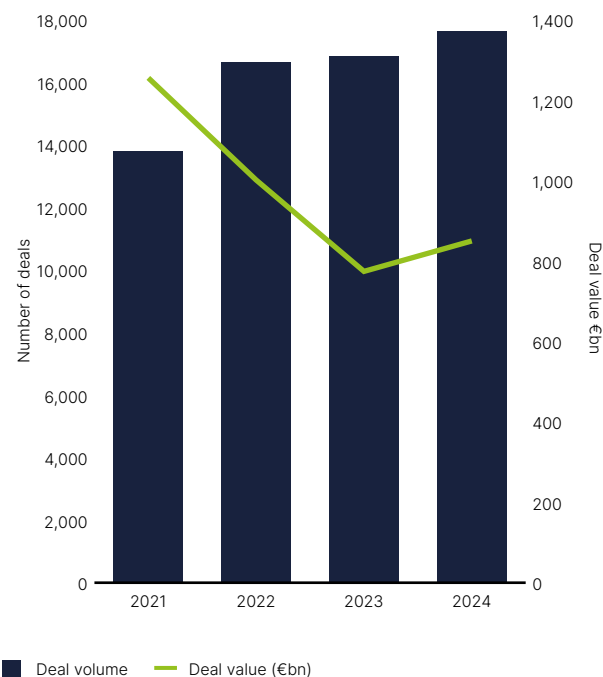
# THE BALTICS IN THE EUROPEAN CONTEXT

Though Europe’s deal market was able to successfully navigate several instances of political uncertainty in its key economies to post small year-on-year gains in 2024, its performance pales in comparison to that put on by the Baltics.

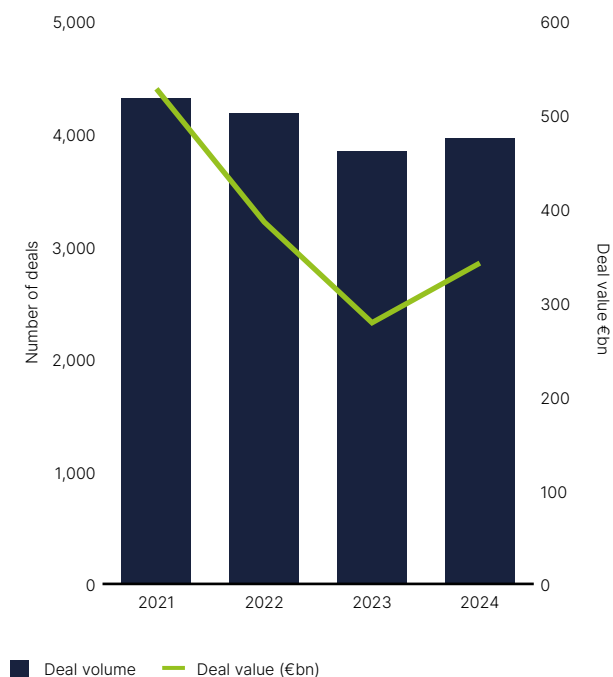
In relative terms, M&A in the Baltics in 2024 outperformed the broader dealmaking market in Europe. Political uncertainty abounded, with a snap election in France bringing about a polarised parliament and a short-lived government, and Germany’s ruling coalition falling. Economic growth across the EU stood at just 0.9%, according to the European Commission. Meanwhile in the UK, another snap election was called after months of speculation, bringing a left-of-centre government with an ambiguous relationship with business and a large but shallow majority. Nonetheless, dealmakers in Europe were able to shrug off the worst of these circumstances and continued to execute transactions.

Though the European M&A market did accelerate slightly year-on-year, it did not enjoy nearly as robust a performance as did dealmakers in the Baltics. Overall, 17,639 deals were announced across Europe in 2024, up 5% compared to 2023, with an aggregate value of €849.7bn, a 10% year-on-year increase. Both figures pale in comparison to the Baltics’ increases of 42% and 76% in volume and total value terms, respectively.

European M&A, 2021-2024



European private equity, 2021-2024

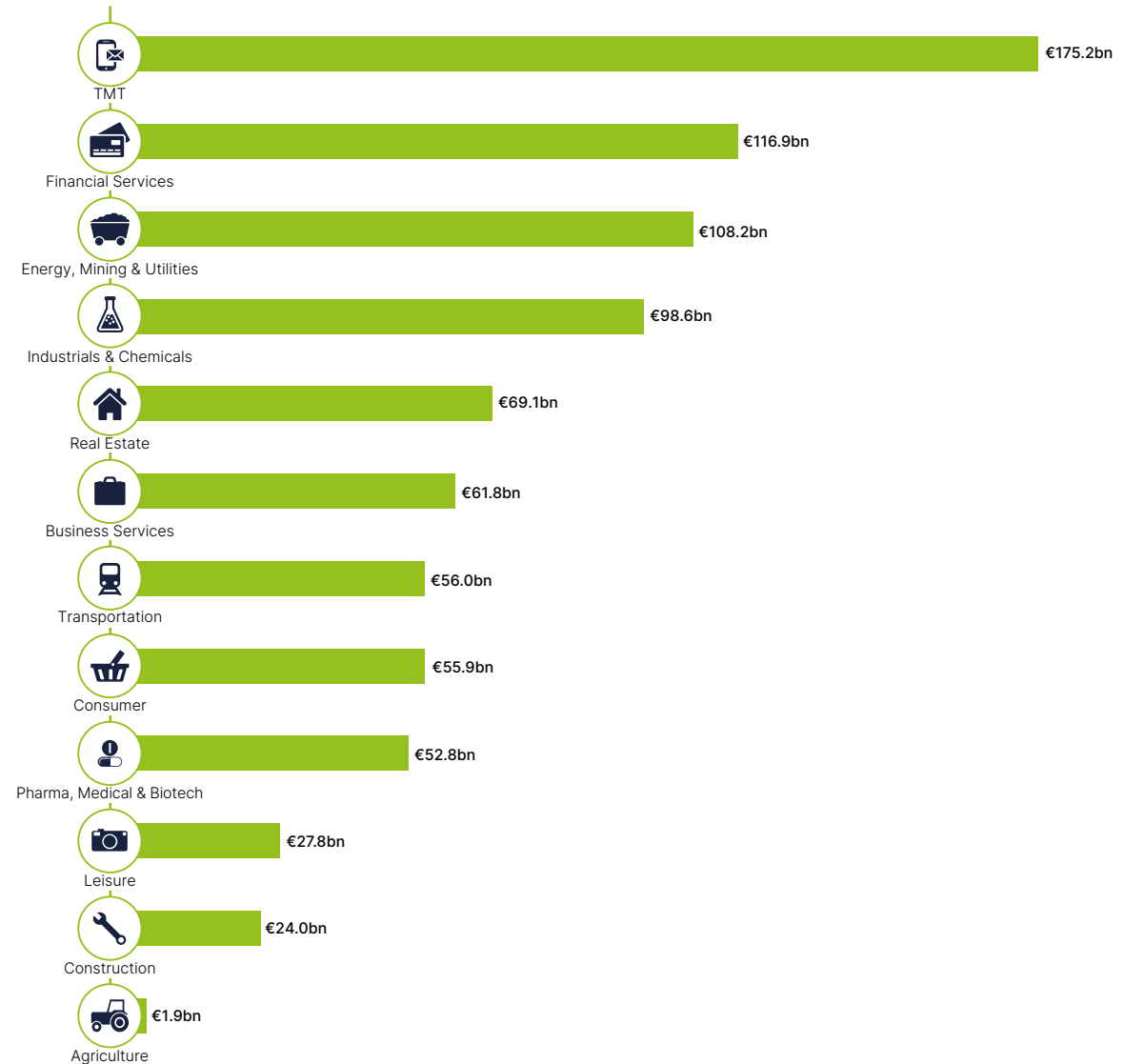


In both volume and value terms, TMT was by far Europe's largest industry for M&A in 2024, as the tech boom persisted and big-ticket telecoms deals were sealed. The sector generated 3,839 deals worth a combined €175.2bn, easily surpassing the second-place sectors in volume and total value terms. These were, respectively, business services, with 2,762 transactions, and financial services, which logged deals worth a combined €116.9bn.

TMT led the way in Europe despite generating only two top-10 deals. That included the fifth biggest transaction of 2024 overall, specifically the €10.1bn joint venture agreement struck between multinational technology company Intel and US asset manager Apollo relating to the former's Fab 34 high-volume chip manufacturing facility in the Republic of Ireland.

As in the Baltics, inbound bidders were involved in several major transactions across Europe in 2024, including the single largest – the €15.6bn bid by the Abu Dhabi National Oil Company for German chemicals maker Covestro. Bidders from outside Europe were involved in five other of the 10 largest transactions announced in the region, led by bidders from the US (with four deals) and Canada (one deal). This high level of inbound deal demand is indicative of Europe's enduring strengths as a place to do business, despite the currently subdued economic climate.

### European M&A value by sector 2024



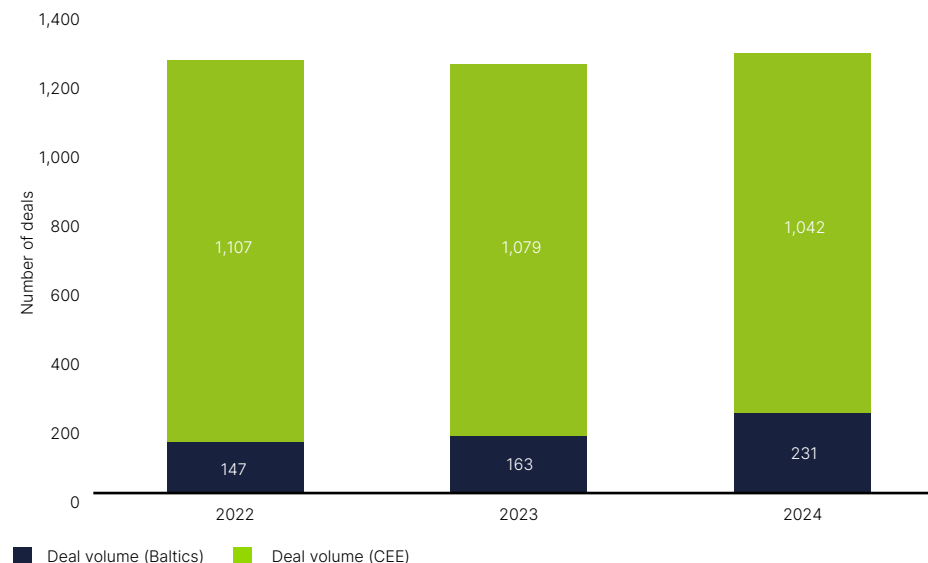
### Baltic bright spot in CEE

Central & Eastern Europe (CEE) suffered a small year-on-year drop in deal volume, which dropped by 3% to 1,042 transaction announcements in 2024, down from 1,079 the year prior. In aggregate value terms, CEE's decline was much more pronounced – the total value of M&A in the region fell to €26.3bn, a 32% slide from the €38.5bn recorded in 2023.

Only two of the transactions announced in CEE in 2024 were worth in excess of €1bn, both involving assets in Hungary. The largest saw the state-owned Hungarian Development Bank and Vinci, the French concessions and construction company, acquire Budapest Airport. The €4.3bn deal returns the capital city's airport to majority state ownership. The second biggest transaction saw UK private equity firm CVC make a €2bn bid for Partner in Pet Food. The company has grown into an industry leader, with 12 factories around Europe and customers in over 35 countries, and has had a series of international PE owners, including Cinven, Pamplona Capital Management and Advent.

Given the contrasting performances of the broader CEE M&A market and that of the Baltic region, the latter contributed a notably larger share of deal activity compared to 2023. The Baltic countries accounted for nearly a fifth of all CEE deal volume in 2024 – 18%, five percentage points greater than in 2023 – and 8% of aggregate transaction value, up from just 3% the year prior. While the Baltic states are a relatively small market – with a combined GDP less than a quarter the size of Poland's economy – they make a significant contribution to Europe's M&A market, and not just in its highly publicised tech sector.

### Baltic v CEE M&A volume, 2022-2024



### Regional market maturing rapidly

“The market is maturing here. We are seeing increasing strategic investment where companies have grown and are looking to expand across the Baltics. That is a natural progression of the region's maturation.”

*Raimonds Slaidiņš, Senior Partner and Head of Corporate and M&A practice, Ellex in Latvia*



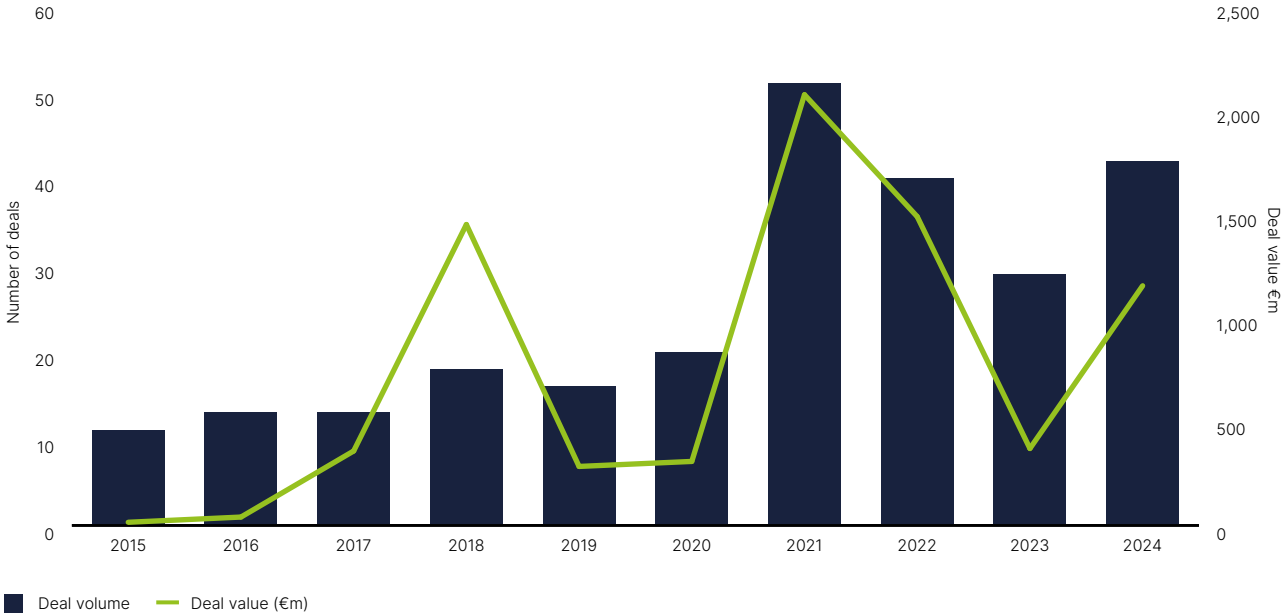
# PRIVATE EQUITY AND SECTOR WATCH

An improving macroeconomic picture and friendlier rate environment will compel well-capitalised private equity dealmakers to explore exciting opportunities in the Baltics. From TMT and business services to energy and industrials, attractive assets can be found across a wide variety of burgeoning sectors.

The growth of private equity and venture capital has been one of the most important and compelling aspects of the Baltic M&A market’s development over the past decade. Regional funds have grown, bolstered by rising wealth and an expanding cohort of local ultra-high-net-worth individuals, in addition to EU funding. Meanwhile, international players have demonstrated ever-increasing interest in the Baltics, with some of the world’s leading lights drawn to the region – Blackstone’s €1bn acquisition of Estonian bank Luminor in 2018 was the biggest PE acquisition of a universal bank anywhere in the world since the global financial crisis.

Mirroring the upturn in the broader M&A market, PE dealmaking in the Baltics enjoyed a resurgent 2024, with transaction volume and aggregate deal value both ascendant. A total of 42 PE deals were announced in the Baltics, up 45% from 29 in 2023. These were worth a combined €1.15bn, a more than threefold increase from 2023’s €369m total.

**Baltic private equity, 2015-2024**



It is worth noting that 2023 was a relative outlier in aggregate deal value in recent years, having suffered a slump in dealmaking as the effects of pandemic stimulus wore off and higher interest rates and lower growth had a cooling effect on PE activity. While total deal value in 2024 was solid, it trailed recent highs of €2.1bn in 2021, €1.5bn in 2022 and €1.4bn in 2018. Nonetheless, the overall picture is one of a thriving industry.

Of the 10 largest deals overall to be announced in the Baltics in 2024, three involved PE firms on either the buy side or the sell side of the transaction, including the two largest – Citigroup Venture Capital's €670m exit from Tallink Grupp, and the €340m acquisition of a stake in Vinted by investors led by TPG Capital. The other key PE deals announced in the Baltics in 2024 were considerably smaller. One saw London-based Pollen Street Capital invest €35m in Lithuanian fintech Finbee Verslui, which operates a peer-to-peer alternative financing platform to loan to small and medium-sized enterprises and start-ups.

In mid-2024 reports emerged that Blackstone was preparing to exit from Luminor, with major European banks looking at an acquisition, and a valuation of around 1.2x its €1.8bn book value cited. Looking forward, with interest rates trending down and political uncertainty waning, international PE funds may begin to accelerate their deployment of the mountain of dry powder that they have amassed in recent years.

### PE dealmakers' appetite insatiable

"Private equity will never sit still; these dealmakers will always be on the move. Even if the environment is tough, there is always somebody making a deal, and that's what we see."

*Sven Papp, Partner and Co-head of Transactions, Ellex in Estonia*



### Funds value Baltics' sound footing

"PE investors returned due to improved economic stability, more attractive valuations and opportunities in high-growth industries like TMT, renewable energy and niche manufacturing. The region's agility in navigating global headwinds has made it a safe and profitable destination for PE funds."

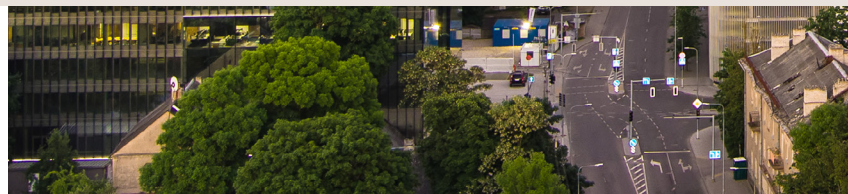
*Paulius Gruodis, M&A Partner, Ellex in Lithuania*



### Diverse funds feeding regional deal below

"We are seeing targeted PE activity, for example from international businesses looking into the defence sector. We see more activity from local and regional funds, and of course funds looking to exit investments that they made some years ago, which will generate deal flow."

*Raimonds Slaidiņš, Senior Partner and Head of Corporate and M&A practice, Ellex in Latvia*



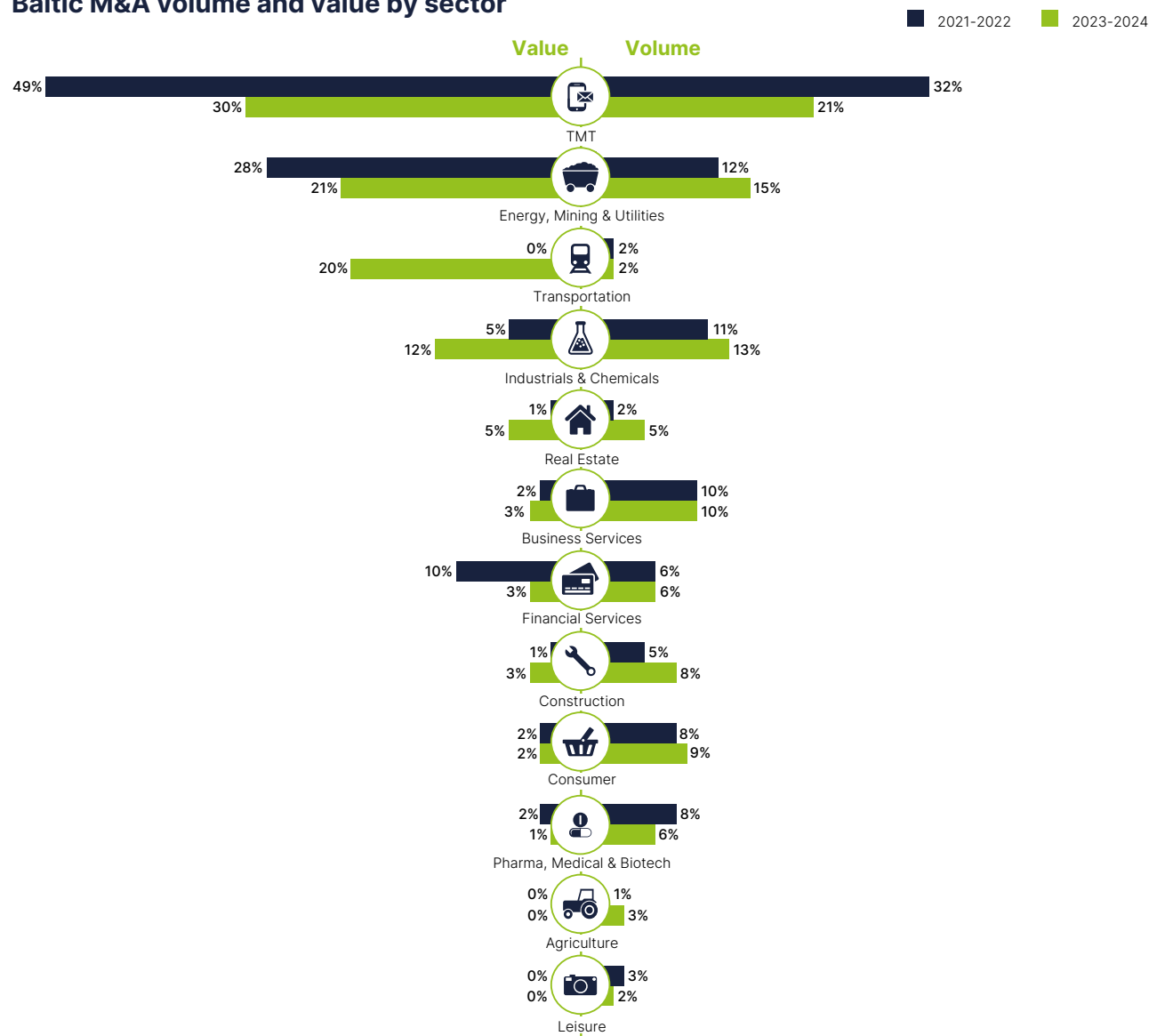
## M&A range speaks to economic diversity

The TMT sector has, for several years, been the leading light in Baltic M&A. The region's dynamic tech sector is world-renowned, while large transactions involving telecoms businesses and media houses contribute to the broader industry's dealmaking strength.

In 2023/24, the TMT sector accounted for 21% of transaction volume and 30% of all publicly declared deal value in the Baltics. These remain the largest shares across all sectors, though both figures are down from the prior 2021/22 period, when TMT accounted for nearly a third of all deals in the region (32%) and around half of aggregate value (49%). However, this slippage should be attributed not to any dwindling of the Baltic tech space, but rather to the maturation of M&A activity in other sectors.

Estonia in particular is one of the world's leading tech start-up jurisdictions, having been the birthplace of videoconferencing business Skype. Early breakthroughs have fed back into the tech ecosystem both by providing examples of how businesses rooted in Estonia's small market can achieve global success, as well as by kickstarting a funding environment as founders who exited in the early 2000s invested in new companies. The country's broader investment environment has proved highly supportive. Skype has now been joined by nine other Estonian unicorns, including payment platform Wise and ride-hailing app developer Bolt.

## Baltic M&A volume and value by sector



While Estonia took the early headlines, Lithuania and Latvia are also thriving tech centres. Lithuania has three unicorns, including the aforementioned Vinted, and cybersecurity business Nord Security, which raised two growth rounds of \$100m in 2022 and 2023. Printful, also mentioned previously, is Latvia's first unicorn. The country has a thriving fintech scene, thanks partly to a conducive regulatory environment set by Latvia's national bank.

After TMT, EMU was the next busiest sector in the Baltics, accounting for 15% of all deals (up from 12% in 2021/22) and 21% of aggregate deal value (down from 28% in the prior period). Three of the nine largest deals in 2024 were generated by the sector – Latvenergo's €200m acquisition of a wind power project in Lithuania, and a duo of investments by the EBRD in Lithuania-based Green Genius (€100m) and Estonian renewable energy producer Sunly (€60m). These headline deals show the direction of travel for energy investments in the Baltics.

The past 12 months featured a steady flow of investments. In September 2024, Ignitis Renewables, part of Lithuania's state-owned Ignitis Group, announced the expansion of its presence in Latvia, with a €106m investment in developing the 174MW solar farm. October saw the opening of the Kirikmäe Park in Estonia, the largest solar park in the Baltics, the product of a joint venture between Estonian energy company Evecon and French investment fund Mirova. More renewables investment is likely to materialise soon – in December, the European Commission approved €2.6bn of support for the development Estonia's wind power industry.

In aggregate value terms, the Baltics' third largest industry for M&A was transportation, which accounted for 20% of total deal value in 2023/24. This was driven almost entirely by the aforementioned €670m Infortar-Tallink deal, typical of a sector that tends to be dominated by a few large-scale deals. Similarly large transactions may emerge over the coming years, as the €15bn first phase of the ambitious Rail Baltica project is rolled out. This greenfield high-speed railway line will link Tallinn and Vilnius via Riga and various regional cities, eventually connecting to the Polish system and the rest of Europe. Phase one is due to be completed by 2030, and 2024 saw the pace quicken with new tenders opened and further EU funding secured.

In deal volume terms, industrials & chemicals was the third busiest sector in the Baltics after TMT and EMU. The sector saw its share of transactions rise slightly from 11% in 2021/22 to 13% in 2023/24. Its share of aggregate value rose more conspicuously over the same timeframe, from 5% to 12%, making industrials & chemicals the fourth biggest overall. The sector generated the fourth largest deal of 2024, with US-based energy company Baker Hughes making a strategic investment worth €140m in Estonian green hydrogen business Elcogen.

Beyond the headline sectors, forestry is a lively but sometimes-overlooked niche, leveraging the Baltics' thick forest cover. In November 2024, Swedish retail giant IKEA announced an agreement to acquire its first forestland in Latvia, from Sweden's Skogsfond Baltikum, a forestry investment business. The deal will strengthen IKEA's sustainable supply chain in the Baltics. Ellex has also been engaged in transactions in the downstream industry, including wood pellet production.

## Enduring entrepreneurial spirit

"We have this entrepreneurialism that has been encouraged by success stories like Skype, which has played out nicely over the longer term. Since the 1990s, we've had stable, pro-business governments that support these markets."

*Risto Vahimets, Partner and Head of Transactions, Ellex in Estonia*



## Green technology booming

"We worked on several solar projects throughout 2024. There are a lot of developers putting up mid-sized plants and then selling them to Scandinavian investors who are hungry for green tech. They sell quickly, and there are plenty still being built."

*Sarmis Spilbergs, M&A Partner, Head of Technology, Media and Communications practice, Ellex in Latvia*





The real estate sector has come under some strain in recent years due to high interest rates, but 2024 saw a flurry of activity. Significant transactions included the acquisition of a 51% stake in Ulemiste City, the largest business park in the Baltics, by local developer Mainor, which also attracted a new Estonian investor, Mulligan Capital. Meanwhile, in the consumer-related real estate space, in late December a consortium of investors acquired Kristiine Keskus, one of Estonia's best-known shopping centres, from Finland-headquartered Citycon for €129m, making it the fifth largest deal to be announced in the Baltics in 2024.

The region also features a vibrant and growing defence sector, and Russia's full-scale invasion of Ukraine has pushed the importance of the industry sharply into focus. All three Baltic countries invest more than 3% of their GDP in defence, well above NATO's 2% minimum target, and have increased investment recently. Indeed, Lithuanian President Gitanas Nausėda has said his country will aim to raise defence expenditure to 5% of GDP in the medium term. This should provide opportunities for the regional defence industry, including defence tech. Latvia is home to a NATO 5G test site, where the alliance can experiment with new technology.

The near-term outlook underlines the Baltic states' economic strengths: TMT and energy may continue to lead the way, but these diversified, high-skilled economies offer a broad range of investment opportunities for investors.

### **Diverse, strategic and innovative assets**

"Manufacturing and logistics are poised for strong performance, driven by robust export markets and the Baltics' strategic location as a gateway connecting Western Europe, Scandinavia and Eastern markets. The life sciences sector is also emerging as a strong player, with growing investment in pharmaceuticals and biotechnology."



*Rūta Armonė, Partner & Co-head of Corporate and M&A practice, Ellex in Lithuania*

# BALTIC OUTLOOK 2025

Dealmakers in the Baltics enter 2025 feeling optimistic, bolstered by the region’s reputation for innovation, robust talent pool and resilience.

The robust performance of the Baltic M&A market in 2024 in the face of global uncertainty and tight monetary conditions is testament to the region’s strengths, and Estonia, Latvia and Lithuania enter 2025 with a positive outlook. Interest rates are likely to fall – albeit perhaps more gradually than expected – and there is greater political clarity after the bumper election year of 2024. The Baltic states will also be closely following the outcome of any peace deal in Ukraine. A favourable settlement would be very positive for regional confidence, as well as providing a fillip for European security.

At the time of writing in early 2025, Mergermarket’s intelligence tool, which tracks ‘companies for sale’ stories, featured 22 such stories relating to assets in the Baltics. That figure is down considerably from the same time last year – in the previous edition of this report, the platform was tracking 45 ‘for sale’ stories in the Baltics. Yet this belies an upbeat mood in the market. Deals reported to be in the pipeline include Blackstone’s exit from Luminor in a deal that could top €2bn, while a number of transactions delayed from 2024 should complete. As was the case last year, TMT accounts for the largest share of ‘for sale’ stories, with

**Promising rate conditions**

“Everything seems to be lining up for a very good transaction year. Private equity cash has been stashed away, interest rates are coming down and the Baltic markets are stabilising.”



*Risto Vahimets, Partner and Head of Transactions, Ellex in Estonia*

four, tied on the occasion with transportation. The region’s financial services, construction and industrials & chemicals sectors, meanwhile, account for three ‘for sale’ stories apiece.

The thriving tech sector in the Baltics will continue to attract investor attention for the foreseeable future, with ‘soonicorn’ emerging to join the region’s dozen-plus unicorns, in addition to the steady stream of start-ups arising from these innovative economies. Yet the spread of sectors in the Mergermarket heat chart speaks to the Baltics’ economic diversification.

### Baltics heat chart

Sector	Volume
TMT	4
Transportation	4
Construction	3
Industrials & Chemicals	3
Financial Services	3
Business Services	2
Energy, Mining & Utilities	2
Consumer	1

\*Companies for sale’ stories tracked by Mergermarket 01/07/2024 to 31/12/2024



With the global economic climate is expected to be somewhat more benign, the region's strengths will continue to assert themselves: these are open, liberal economies that welcome business and international investment, embedded in the huge EU economy, and with a highly skilled workforce and strong history of innovation. There are, of course, downside risks that must be navigated, and the nature of the region's economies means they are susceptible to global shocks. The conflicts in Ukraine and the Middle East may escalate, a 'tariff war' may emerge between a Trump-led US and the EU and central bankers must continue to carefully weigh the balance between pro-growth rate cuts and inflationary pressures – all of these factors, and more besides, could have an impact on the Baltic states, and may be contributing to the lower volume of 'for sale' stories logged by Mergermarket.

While making contingencies for the worst, dealmakers in the Baltics can still hope for the best and approach 2025 with optimism. Whatever happens elsewhere in the world, the region can rely on its self-evident resilience, history of innovation, talented workforce and openness to investment to drive M&A activity.

### **Resilience in the face of uncertainty**

"2025 looks promising for the Baltic M&A market, with opportunities in technology, renewable energy and manufacturing continuing to drive activity. Global economic uncertainty, stubbornly high interest rates and geopolitical tensions remain key risks that could dampen investor confidence. Nevertheless, the Baltics' resilience and adaptability should help the region navigate these challenges effectively."

*Rūta Armonė, Partner & Co-head of Corporate and M&A practice, Ellex in Lithuania*



### **A bright and busy year ahead**

"We're looking forward to a strong 2025. We have been doing a lot of preparatory work on deals, including on major infrastructure projects. We've certainly entered the new year humming with activity."

*Raimonds Slaidiņš, Senior Partner and Head of Corporate and M&A practice, Ellex in Latvia*



# ABOUT ELLEX

Ellex brings together the region's three strongest and most highly ranked law firms from each of the Baltic states:

**Ellex<sup>®</sup>**  
**Raidla**

Estonia

**Ellex<sup>®</sup>**  
**Klavins**

Latvia

**Ellex<sup>®</sup>**  
**Valiunas**

Lithuania

## Market position

- The largest law firm and market leader in the Baltics with 210+ lawyers with top competences, including 51 partners in the Baltics, working in an integrated manner in specialised teams across all business sectors.
- The largest and the most recognised Corporate and M&A team in the Baltics with 46 lawyers, including 15 partners.
- Leading international transaction practice in the Baltics by deal count in Eastern Europe, Mergermarket and LSEG.
- Top Tier 1 rankings in Corporate and M&A by Chambers & Partners, Legal 500 and IFLR 1000.

## Recognitions

- No.1 Law firm in the Baltics according to 'Kantar Sifo Prospera Law Firm review 2024'
- Baltic Legal Adviser of the Year by Mergermarket European Awards 2024
- Highly Commended in the Northern European Law Firm of the Year category by The Lawyer European Awards 2024
- Baltic Law Firm of the Year by Who's Who Legal 2024
- Baltic Law Firm of the Year by IFLR European Awards 2023



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# ABOUT ELLEX M&A TEAM

Ellex's M&A team is unparalleled on the Baltic market in terms of number of top experts, annual deal count and loyal clients, as well as public recognition and outstanding reputation.

The team offers technical excellence, regional as well as global reach, industry knowledge and the full range of legal capabilities necessary to achieve success in your transactions, on time and efficiently. We are consistently ranked among the top law firms in the dimension for M&A, based on the value and number of deals on which we have advised.

Further information: [ellex.legal](http://ellex.legal)

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# ABOUT MERGERMARKET



Mergermarket blends market-leading human insights, advanced machine learning and 30+ years of Dealogic data to deliver the earliest possible signals of potential M&A opportunities, deals, threats and challenges.

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