

Deal Drivers: EMEA Q1 2024

A spotlight on mergers and acquisitions trends in 2024

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Foreword: Signs of stability as inflation cools

Europe has started to turn the corner. Putting a year of stagnation behind it, in Q1 the regional economy grew by 0.3%, emerging from a shallow recession. A flash estimate from Eurostat shows that eurozone inflation also fell to 2.4% annualized in March from 2.6% a month prior, putting conditions on track for the European Central Bank (ECB) to begin cutting interest toward the end of Q2.

Nonetheless, various potential risk factors continue to weigh on Europe. According to the April 2024 Weil European Distress Index, which surveyed 3,750 listed companies, smaller firms and those in industries such as industrials, healthcare, retail, and real estate are struggling. Germany remains the most distressed market, with minimal growth expected in 2024. France is also experiencing above-average distress levels. Meanwhile, Southern European states, such as Italy and Spain, have demonstrated significant reductions in distress levels, and can point to more optimistic growth expectations compared to other European markets.

Supply cuts

Economic growth in the Middle East cooled in 2023 owing to the impact of lower oil prices on Gulf Co-operation Council economies. So far this year, OPEC+ members have extended supply cuts in part due to a slow rebound in demand from China. These restrictions may inhibit growth to an extent and limit governments' ability to provide fiscal support, increasing the reliance on non-oil sectors to deliver expansion. That said, the Middle East economy is still running ahead of Europe, with most forecasters expecting GDP to rise by upwards of 2% this year.

M&A across EMEA at large had a slower start to the year compared with both 2023 and 2022, but is in line with volumes seen at the beginning of 2021. What's more, aggregate value was not far off the past year's trailing quarterly average. Macroeconomic conditions may not be ideal but, all things considered, M&A markets in the region are continuing to deliver noteworthy activity.

Outlook: EMEA heat chart

There are notable pockets of strength in EMEA's diverse M&A arena, judging by Mergermarket's coverage of 'companies for sale' stories. By far the hottest spot is the telecoms, media & technology (TMT) sector in the UK & Ireland, with 105 potential deals, accounting for 26% of all potential forthcoming M&A activity in that subregion. The UK's well-established technology and media ecosystem, coupled with its favorable business environment and access to talent, make it an attractive destination for TMT investments.

The TMT sector in CEE & SEE also shows promise, with 90 potential deals in the pipeline, representing around a quarter of the 369 stories about companies coming to market in the subregion. Countries like Poland and Romania have been investing heavily in their tech infrastructure and fostering a skilled workforce. The growing digital economy and increasing technology adoption in these markets is making local assets increasingly attractive.

	UK & Ireland	DACH	France	Nordics	Italy	Iberia	Benelux	Turkey, Middle East & Africa	CEE & SEE	TOTAL
TMT	105	55	52	56	29	34	13	88	90	522
Industrials & chemicals	31	89	25	46	52	24	23	57	46	393
Consumer	48	54	21	14	60	22	21	56	43	339
Pharma, medical & biotech	43	48	27	44	7	12	17	29	27	254
Business services	52	27	26	24	17	36	19	18	34	253
Financial services	34	19	17	7	19	12	15	43	31	197
Energy, mining & utilities	26	15	6	9	34	22	6	43	32	193
Leisure	38	9	11	3	17	15	6	8	24	131
Transportation	13	5	4	5	12	4	2	23	24	92
Construction	9	11	3	6	8	9	1	25	5	77
Real estate	2	6	1	4	2	1	2	8	4	30
Agriculture		2	2	2	2	3		3	8	22
Defense		2		1	1	1		1	1	7
TOTAL	401	342	195	221	260	195	125	402	369	2,510

Note: The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between October 01, 2023 and March 31, 2024. Opportunities are captured according to the dominant geography and sector of the potential target company.

Distress signals

TMT generated 522 for-sale stories across EMEA, more than one in five of all deal reports, giving it a comfortable lead. This is followed by the industrials & chemicals (I&C) space with 393 (16%).

The biggest share of these can be found in the DACH region, with 89 potential I&C deals, representing 26% of the subregion's total M&A coverage. Germany is renowned for its strong manufacturing base, but headwinds are blowing. High energy costs have cut industrial output and impacted manufacturing, which could yet deliver an increase in distressed activity as companies seek to restructure.

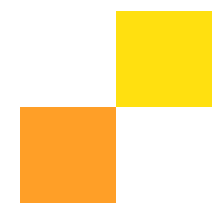
Italy's consumer sector, with 60 stories, accounts for 23% of the country's potential M&A activity. Its heritage in the fashion, luxury, and food industries contributes significantly to the strength of its consumer market and overseas demand for made-in-Italy goods.

Digitalization drives generate
surfeit of TMT dealmaking

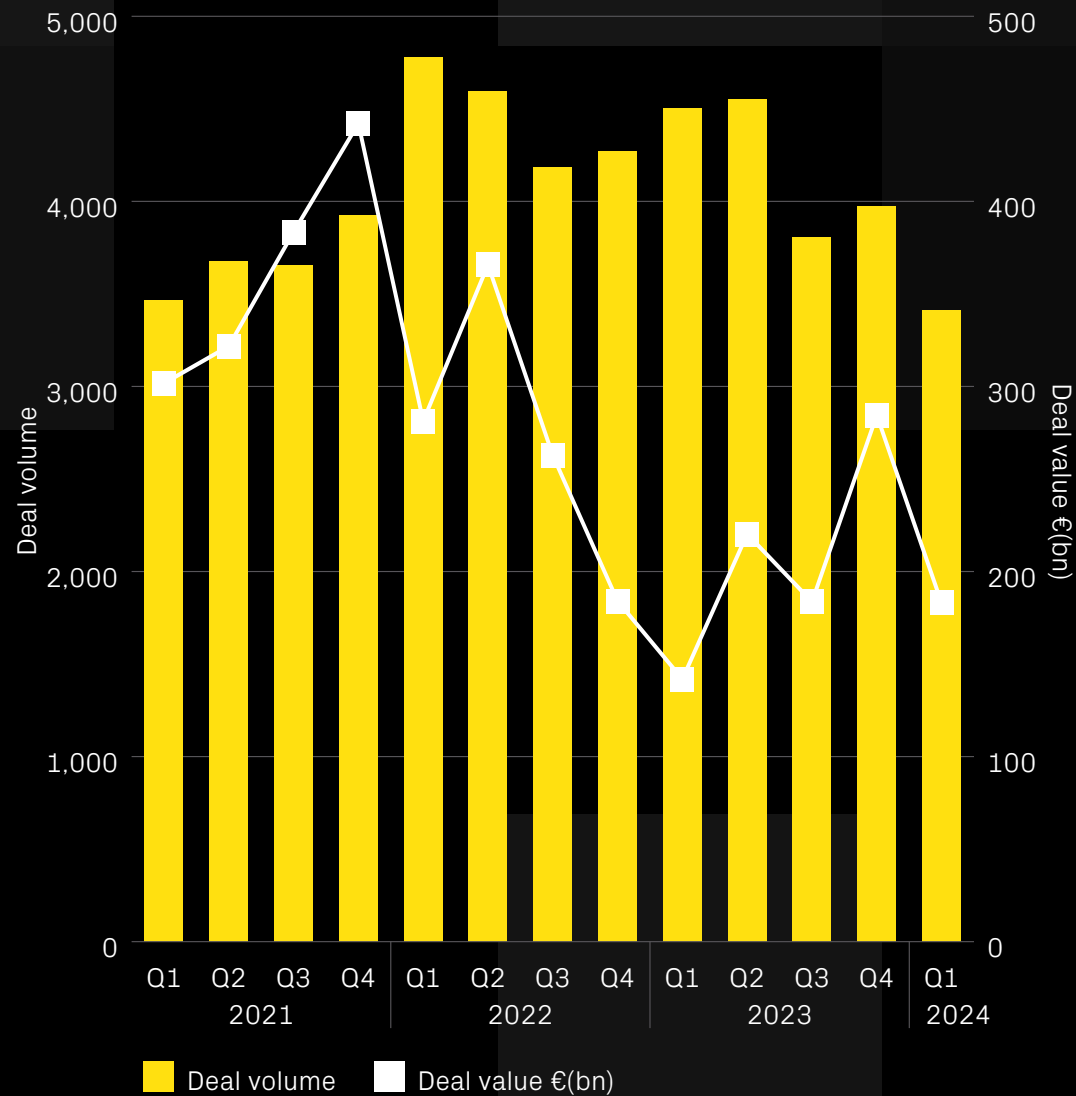
Drug delivery

Although slightly cooler overall, the pharma, medical & biotech (PMB) sector accounts for 10% of possible deals in EMEA, with activity concentrated in DACH (48), the Nordics (44), and the UK & Ireland (43). Denmark in particular has positioned itself as a leader in drug research and treatment innovations, led by industry giants such as Novo Nordisk, which has been pivotal in developing GLP-1 agonists that are breaking ground in tackling high obesity rates.

Europe is widely considered as an innovation laggard, particularly in tech and the emergent field of artificial intelligence (AI), at least compared to North America. However, pharma and biotech are fields in which it has deep expertise, supported by robust and extensive R&D activities and a high concentration of related companies. In that respect, EMEA as a whole represents a tapestry of opportunities, with the TMT, industrials, consumer, and pharma sectors each playing a crucial role in shaping the region's economic future.



EMEA M&A activity, 2021–Q1 2024



Source: Mergermarket

Summary: Bevy of big deals reinforce EMEA's strengths

Gradually ebbing inflation rates and a more stable interest rate outlook appear to be instilling greater confidence in EMEA's M&A markets. This has encouraged companies to pursue more ambitious acquisitions, supported by robust corporate earnings and a cautious sense of optimism. Talk is increasingly centering on the ECB considering a loosening of its monetary policy in June.

Against this backdrop, aggregate deal value in EMEA increased by 29% year-on-year to €183bn in Q1 2024, despite volume sinking by 24% over the same period to 3,410 transaction announcements. Private equity (PE) is still in a holding pattern, though—taken as a whole, aggregate buyout and exit value rose by 22%, lagging behind strategics' capital deployment, to €42.2bn. This is the second-lowest quarterly total over the past three years. Volume was down by 19% to 792 transactions, the emphasis in PE circles being on smaller deals overall, still stifled by the higher cost of leverage.

Volume softens

All three of the leading sectors for M&A volume in Q1 logged year-on-year declines in activity. TMT continues to be a driving force, particularly within Europe's telecoms sector, but nonetheless contracted by around 20% to 803 deals. The I&C sector also witnessed a notable decline, with volume dropping by 25% to 547 deals as industrials businesses continue to contend with thinner earnings margins over the past two years owing to higher energy costs. However, the sector is expected to remain an important area for activity as companies look to streamline operations, achieve economies of scale, and invest in sustainable technologies. Business services, meanwhile, experienced the most significant decline among the top three sectors, with its deal count falling by 33.5% year-on-year to 482 transactions.

Conversely, gains in aggregate value were logged across several key sectors. TMT (€44.5bn in Q1) recorded a year-on-year increase of over 100%, I&C (€23.4bn) rose 49%, while energy, mining & utilities (EMU) and PMB each enjoyed smaller jumps of around 28% to €27.3bn and €22.1bn, respectively.

EMEA top sectors by value – Q1 2024		€(m)
TMT		44,451
Energy, mining & utilities		27,322
Industrials & chemicals		23,450
Pharma, medical & biotech		22,071
Financial services		18,296
EMEA top sectors by volume – Q1 2024		Deal count
TMT		803
Industrials & chemicals		547
Business services		482
Consumer		313
Pharma, medical & biotech		254
EMEA top bidders by value – Q1 2024		€(m)
USA		41,970
United Kingdom		35,118
France		19,399
Switzerland		12,912
Denmark		11,352
EMEA top bidders by volume – Q1 2024		Deal count
United Kingdom		585
France		378
USA		362
Germany		314
Italy		216

Industry realignment

An outlying PMB deal took the top spot among EMEA's largest transactions announced in Q1, with Novo Nordisk acquiring three fill-finish sites for €10.2bn from Novo Holdings, its key shareholder, as part of the latter's buy of Catalent, a global contract development and manufacturing organization. The fill-finish process is a critical final step in the manufacturing of pharmaceuticals, particularly for Novo's diabetes and obesity medications. Meanwhile, in the industrials space, UK-based Mondi pursued a merger with DS Smith, proposing a combination that would create a significant player in the European paper and packaging market. However, US-based International Paper ultimately outbid Mondi, acquiring DS for €8.6bn.

Europe's telecoms sector likewise continues to be shaken up, with Swisscom successfully buying Vodafone Italia for €8bn. The aim is to merge the business with Swisscom's Italian subsidiary, Fastweb, combining their mobile and fixed infrastructure capabilities. The maturity of the European market means growth in traditional services is slowing, pushing telecoms companies to find new ways to maintain margins, catalyzing EMEA's highest-value M&A sector.



After a long winter, **large deals** spring up again in EMEA

EMEA top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	05-Feb-24	Novo Nordisk AS	Novo Holdings AS (3 fill-finish sites of Catalent Inc.) (100% Stake)	Pharma, medical & biotech	Novo Holdings AS	10,227
2	27-Mar-24	International Paper Co	DS Smith Plc (100% Stake)	Industrials & chemicals		8,599
3	28-Feb-24	Swisscom AG	Vodafone Italia SpA (100% Stake)	TMT	Vodafone Group Plc	8,000
4	05-Feb-24	LUKoil OAO; Existing Management; Alexander Ryazanov (Private Individual); Aleksander Chachava (Private Investor); Pavel Prass (Private Individual)	Yandex NV (Russia-based businesses) (100% Stake)	TMT	Yandex, NV	4,857
5	01-Feb-24	Existing Shareholders	Pluxee NV (100% Stake)	Business services	Sodexo SA	4,402
6	14-Mar-24	KKR & Co. Inc.; Viessmann Group GmbH & Co. KG	Encavis AG (100% Stake)	Energy, mining & utilities	Abacon Capital	4,222
7	29-Feb-24	Everi Holdings Inc.	International Game Technology Plc (Global Gaming and PlayDigital businesses) (100% Stake)	Leisure	International Game Technology Plc	3,695
8	07-Mar-24	Nationwide Building Society	Virgin Money UK Plc (100% Stake)	Financial services		3,658
9	22-Feb-24	Covivio SA	Covivio Hotels SCA (56.1% Stake)	Real estate	Assicurazioni Generali SpA; Credit Agricole SA; BNP Paribas SA; Caisse des Depots et Consignations – CDC; Sogecap SA; Credit Mutuel Alliance Federale	3,429
10	19-Feb-24	Mangazeya Plus JSC	Polymetal OAO (100% Stake)	Energy, mining & utilities	Polymetal International plc	3,423

SPOTLIGHT:

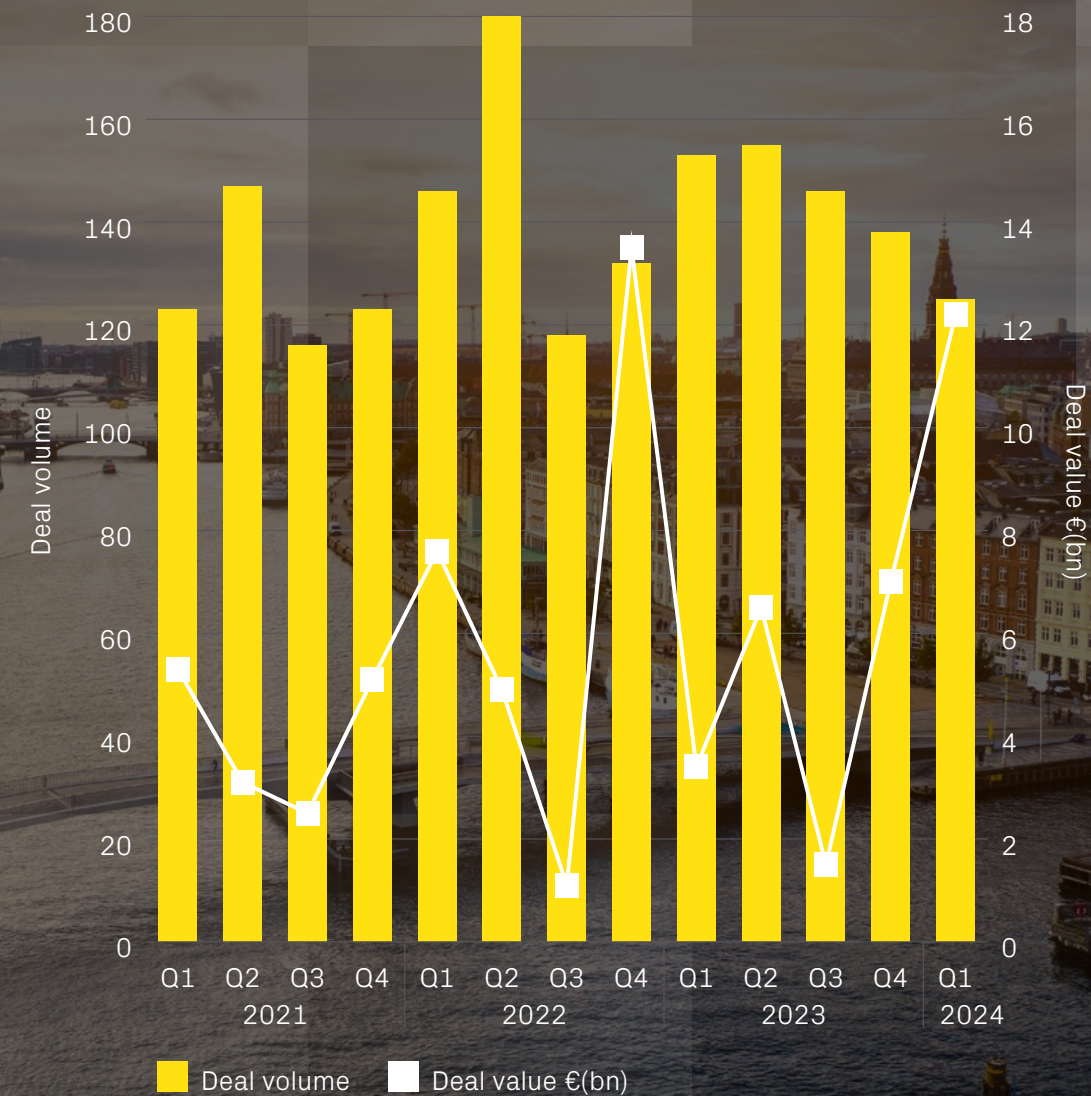
Denmark

Denmark's economy has outperformed expectations, largely thanks to the impressive performance of wunderkind Novo Nordisk. The pharmaceutical giant's growth has been a major positive influence on GDP, offsetting contractions in other industrial sectors and housing construction.

Inflation in Denmark has seen a marked decline, influenced partly by temporary factors, and is anticipated to increase slightly in the near future. The economy is projected to return to a more broad-based growth trajectory during 2024 and 2025, supported by rate cuts and an increase in private consumption. In February, the European Commission forecast this at 0.9% for 2024, while Danske Bank in March published a more bullish projection of 2.1%, exceeding every other Nordic country.

Q1 was a standout quarter for deal value, which gained 258% year-on-year for a total of €12.2bn. This is the second-highest reading over the past three years, behind only Q4 2022's €13.5bn, and came despite volume moving down by a relatively moderate 18% to 125 transaction announcements.

Denmark M&A activity, 2021–Q1 2024



Source: Mergermarket

The best medicine

Novo Nordisk's outsized influence on the economy is also true of the PMB sector's impact on the Danish deal market. M&A in the industry ballooned 38-fold year-on-year to US\$10.5bn despite volume falling by 29% to just 10 deals in Q1. Virtually all of this came from Novo's aforementioned €10.2bn acquisition of three fill-finish sites from Novo Holdings.

TMT, meanwhile, was the most voluminous sector with 31 deals announced, a minimal 6% contraction compared to Q1 2023. These were collectively worth only €182m, the largest being an €80m Series B round for electric vehicle (EV) charging start-up Monta. The company's platform simplifies the operation and management of EV charging systems and aims to support the entire value chain of the EV market.

Novo may be the jewel in Denmark's crown, but as a core European drug development hub thanks to its robust, publicly-supported research activities, the PMB sector is a prime contender for full-year M&A activity in 2024.

Denmark top sectors by value – Q1 2024		€(m)
Pharma, medical & biotech		10,468
Energy, mining & utilities		700
Consumer		397
Real estate		245
TMT		182
Denmark top sectors by volume – Q1 2024		Deal count
TMT		31
Industrials & chemicals		21
Business services		14
Energy, mining & utilities		14
Pharma, medical & biotech		10
Denmark top bidders by value – Q1 2024		€(m)
Denmark		10,258
Japan		700
France		405
Norway		245
USA		195
Denmark top bidders by volume – Q1 2024		Deal count
Denmark		56
Sweden		16
Norway		8
USA		7
United Kingdom		7

Denmark top 10 announced deals, Q1 2024

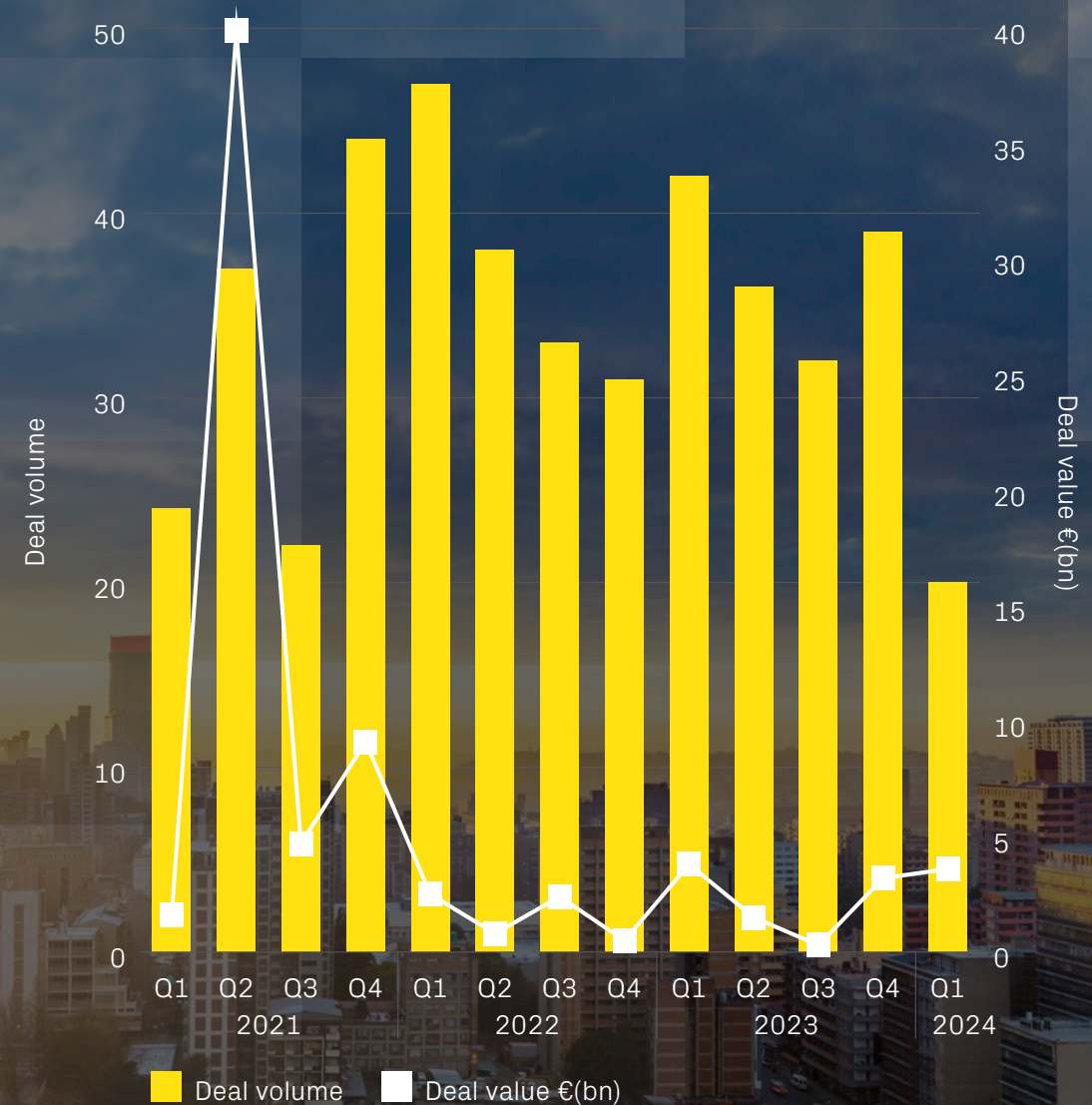
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	05-Feb-24	Novo Nordisk AS	Novo Holdings AS (3 fill-finish sites of Catalent Inc.) (100% Stake)	Pharma, medical & biotech	Novo Holdings AS	10,227
2	19-Jan-24	Mitsubishi HC Capital Inc.	European Energy AS (20% Stake)	Energy, mining & utilities		700
3	07-Feb-24	Solina Group Holding SAS	Nestle SA (Nordic professional premium culinary business) (100% Stake)	Consumer	Nestle SA	390
4	17-Jan-24	Reitan Eiendom AS; AKA AS; AS Straen	Property Portfolio (64 Danish retail properties) (100% Stake)	Real estate	Rema 1000 Denmark AS	245
5	08-Jan-24	Undisclosed Acquirer; Avoro Capital Advisors LLC	Zealand Pharma AS (6.02% Stake)	Pharma, medical & biotech		195
6	19-Jan-24	Lindab International AB	Airmaster AS (100% Stake)	Industrials & chemicals		141
7	23-Jan-24	Headline; Creandum AB; Energize Capital; GreenPoint Partners, LLC; byFounders; AENU; Denmark's Export & Investment Fund; Quantum Light Management Ltd.	Monta Aps	TMT		80
8	22-Mar-24	Bukwang Pharmaceutical Co. Ltd.	Contera Pharma ApS (100% Stake)	Pharma, medical & biotech	Medici Investment Co. Ltd.	44
9	13-Feb-24	Hi Bob Ltd.	Pento ApS (100% Stake)	TMT		38
10	05-Mar-24	BlackFin Capital Partners SAS; West Hill Capital LLP	Formalize ApS	TMT		15

SPOTLIGHT: South Africa

South Africa may be the continent's most industrialized nation, but various risk factors have inhibited its appeal to overseas investors. Infrastructure deficiencies, power shortages, and governance issues hinder productivity and GDP growth. Following general elections at the end of May, it is hoped that leadership continuity will be achieved and that efforts will be made to reform structural issues that are impeding growth and keeping unemployment at around 35%.

Deal volume halved in Q1 compared to the same period in 2023 with just 20 transactions announced, possibly reflecting pre-election hesitancy. Aggregate value, however, was comparatively robust, falling by only 5% to €3.6bn, owing to a sizable investment from France's Groupe Canal+. This is testament to the fact that, despite South Africa's challenges, its position as a gateway to the continent and its mature economy continue to attract strategic investors seeking long-term opportunities in Africa's most advanced market.

South Africa M&A activity, 2021-Q1 2024



Source: Mergermarket

Screen time

French multimedia company Groupe Canal+ paid €2.5bn for a 63.37% stake in MultiChoice as part of its efforts to expand in Africa and compete with major global streaming services like Netflix and YouTube, especially as internet and mobile penetration increases across the continent. The deal propelled the TMT sector into first position with €2.8bn invested across eight deals, a whopping 67-fold gain for value and slight 11% fall for volume.

The second-largest deal was only a fraction of the size of the MultiChoice bid, with private investment firm Actis buying out Swiftnet from Telkom SA for an enterprise value of €329m. The company owns 39,000 telecom towers, and the acquisition includes plans to expand and enhance infrastructure to meet growing data and connectivity demands across South Africa.

In the near term, there is every possibility that South Africa's perceived political risk will fade post-election, boosting confidence among foreign acquirers and paving the way for similarly transformative transactions as Groupe Canal+'s high-profile maneuver.

South Africa top sectors by value – Q1 2024	€(m)
TMT	2,823
Business services	329
Financial services	322
Construction	58
Agriculture	47

South Africa top sectors by volume – Q1 2024	Deal count
TMT	8
Business services	3
Financial services	2
Construction	1
Industrials & chemicals	1

SA top sectors by volume also saw 1 deal from transportation, consumer, agriculture, EMU and other

South Africa top bidders by value – Q1 2024	€(m)
France	2,477
South Africa	493
United Kingdom	329
USA	296

South Africa top bidders by volume – Q1 2024	Deal count
South Africa	9
United Kingdom	3
USA	3
Mauritius	2
Curacao	1

SA top bidders by volume also saw 1 deal from France and Sweden

South Africa top 10 announced deals, Q1 2024

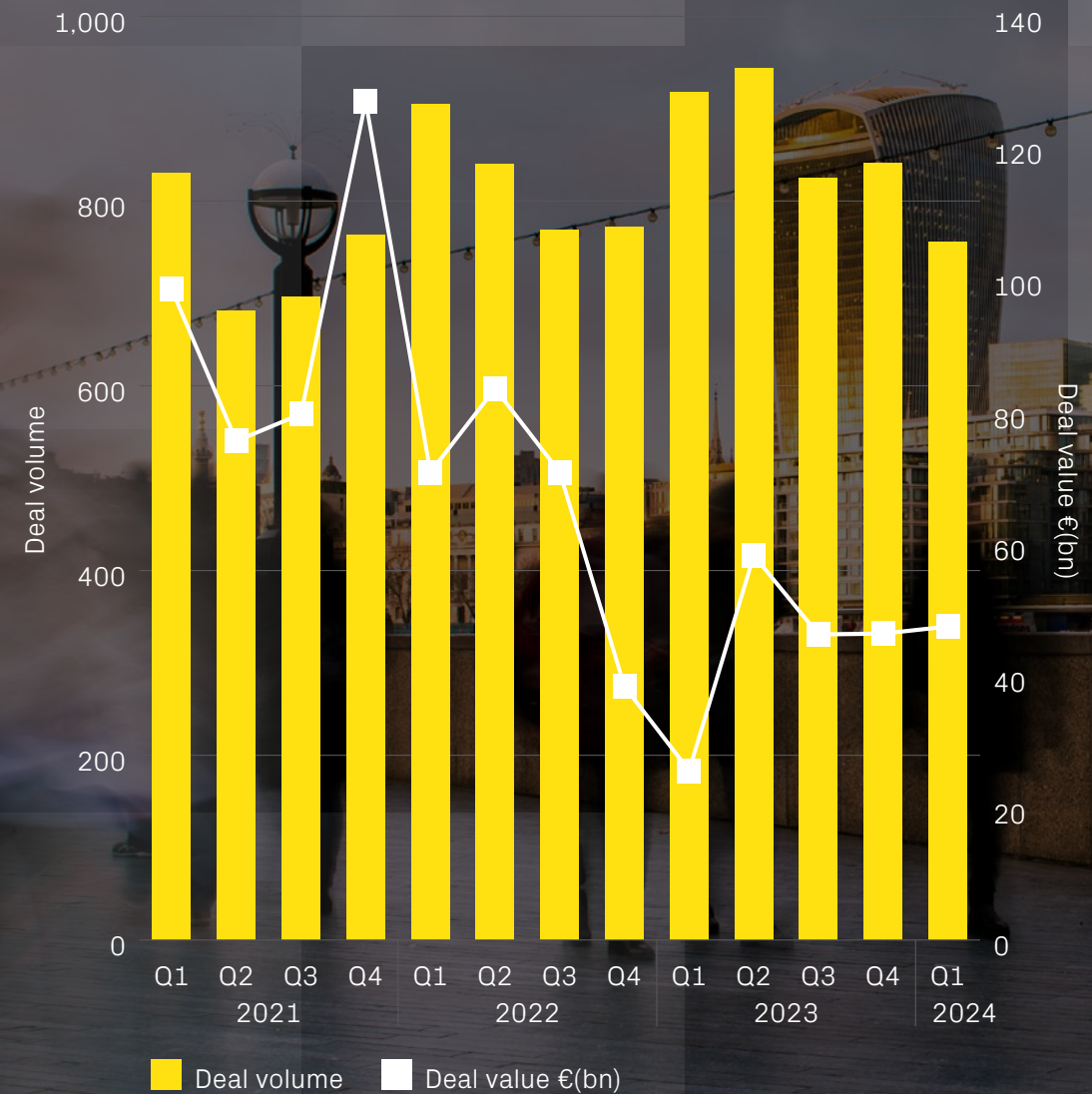
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	01-Feb-24	Groupe Canal + SA; Vivendi SE	MultiChoice Group Ltd. (63.37% Stake)	TMT		2,477
2	22-Mar-24	Actis LLP; Royal Bafokeng Holdings (Pty) Limited	Swiftnet (Pty) Limited (100% Stake)	Business services	Telkom SA SOC Ltd.	329
3	02-Feb-24	Sanlam Ltd.; Sanlam Life Insurance Limited	Assupol Life Ltd. (100% Stake)	Financial services	Bidvest Group Limited; International Finance Corporation	321
4	06-Feb-24	MasterCard Inc.	MTN Group Ltd. (Fintech business) (3.84% Stake)	TMT	MTN Group Ltd.	186
5	05-Mar-24	Deel Inc.	PaySpace (100% Stake)	TMT		92
6	17-Jan-24	Convergence Partners (Pty) Ltd.	Datacentrix (100% Stake)	TMT	Alviva Holdings Ltd.	67
7	29-Feb-24	Existing Management; Capitalworks (Pty) Ltd.	Building Company Proprietary Ltd. (100% Stake)	Construction	Pepkor Holdings Ltd.	58
8	22-Jan-24	Brimstone Investment Corporation Limited; Sea Harvest Group Ltd.	TerraSan Group Ltd. (100% Stake)	Agriculture		47
9	11-Mar-24	Rigel Resource Acquisition Corp.	Aurous Resources (100% Stake)	Energy, mining & utilities		17
10	16-Jan-24	Old Mutual; Mineworkers Investment Co. (Pty) Ltd. – MIC; Futuregrowth Asset Management (Pty) Ltd.; Talent 10; Lireas Holdings (Pty) Ltd.; E4EAfrica Ventures (Pty) Ltd.; Asisa Asistencia Sanitaria Interprovincial de Seguros SA; AfricaWorks	Pineapple Tech Proprietary Limited	Financial services		1

UK & Ireland

Despite the UK's battle with inflation and high interest rates, it has managed to recover from the shallow recession experienced in the latter half of 2024. The economy grew by 0.6% in Q1, the fastest rate for two years according to the Office for National Statistics, and GDP is projected to expand by 0.3% in Q2. What's more, a flash S&P Global survey in April reported an 11-month high in the composite Purchasing Managers' Index (PMI) at 54, an encouraging sustained high above the critical 50 threshold, above which signals expansion.

This burgeoning recovery is filtering through to the M&A market. Although volume was down 18% year-on-year to 756 deal announcements in Q1, aggregate value climbed by 85% to €47.5bn, eclipsing every other subregion in EMEA and reaching its highest point since mid-2022. And, as has been the case for some time now, US bidders continue to scan the British Isles for opportunities, accounting for 18% of all volume and 42% of value, making it by far the most significant overseas counterparty.

UK & Ireland M&A activity, 2021–Q1 2024



Source: Mergermarket

Building momentum

All three of the leading sectors across the UK & Ireland outperformed the mean on a volume basis. For instance, the TMT industry recorded 225 deals in Q1, a 10% contraction compared to the same period in 2023, while second-place business services was down 16% to 147 deals. I&C demonstrated the most relative strength, falling by only 10% year-on-year to 91 new deal announcements. Together, these three sectors accounted for close to two-thirds of all deal activity in the UK & Ireland in Q1, underscoring their importance in driving future deal momentum.

Meanwhile, the total value of all I&C deals soared to €10bn— a 17-fold year-on-year increase from a remarkably quiet Q1 2023— owing largely to International Paper’s mega-bid for UK-based DS Smith. Overall, I&C was only a little ahead of TMT’s €9bn total, a gain of 69% year-on-year, with financial services’ aggregate deal value nearly tripling to €7.9bn over the same period.

UK & Ireland top sectors by value – Q1 2024	€(m)
Industrials & chemicals	10,001
TMT	8,978
Financial services	7,910
Real estate	4,549
Energy, mining & utilities	3,999
UK & Ireland top sectors by volume – Q1 2024	Deal count
TMT	225
Business services	147
Industrials & chemicals	91
Financial services	64
Consumer	51
UK & Ireland top bidders by value – Q1 2024	€(m)
United Kingdom	24,069
USA	19,979
France	1,127
Ireland (Republic)	698
Spain	300
UK & Ireland top bidders by volume – Q1 2024	Deal count
United Kingdom	434
USA	136
Ireland (Republic)	50
France	17
Germany	14



EMEA's largest M&A market retains its crown

Purchasing power

In a major move to broaden its product offerings and enhance its market presence, Nationwide Building Society acquired Virgin Money UK for €3.7bn. The deal makes Nationwide the second-largest mortgage and savings group in the UK after Lloyds Banking Group and, as a building society, aims to promote the benefits of mutual ownership to a bigger audience.

TMT deals were relatively small to start the year, albeit abundant. The largest of these saw Keysight Technologies outmaneuver VIAVI Solutions and US PE firm Silver Lake Partners to clinch Spirent Communications, which offers tools and services for evaluating the performance and reliability of various network technologies, including voice, video, and data communications systems.

At €1.4bn, it's not the kind of trophy deal for which the tech sector is renowned. However, given that confidence surrounding the UK's fortunes appears to be taking a turn for the better, big-ticket transactions could soon become a more common sight, especially as US bidders' dollars have maintained considerable purchasing power.

UK & Ireland top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	27-Mar-24	International Paper Co.	DS Smith Plc (100% Stake)	Industrials & chemicals		8,599
2	07-Mar-24	Nationwide Building Society	Virgin Money UK Plc (100% Stake)	Financial services		3,658
3	11-Jan-24	LondonMetric Property Plc	LXI REIT Plc (100% Stake)	Real estate		3,387
4	07-Feb-24	Barratt Developments Plc	Redrow Plc (100% Stake)	Construction		3,006
5	28-Mar-24	Keysight Technologies Inc.	Spirent Communications Plc (100% Stake)	TMT		1,354
6	16-Feb-24	RedBird IMI Media Joint Venture LLC	All3Media Ltd. (100% Stake)	TMT	Liberty Global Holdings Ltd.; Warner Bros Discovery Inc.	1,345
7	12-Feb-24	Tritax Big Box REIT Plc	UK Commercial Property REIT Ltd. (100% Stake)	Financial services	Investec Bank Plc; Phoenix Life Ltd.	1,312
8	29-Feb-24	GXO Logistics Inc.	Wincanton Plc (100% Stake)	Transportation	Wellcome Trust Ltd.; Aberforth Partners LLP; Polar Capital Holdings Plc; Threadneedle Asset Management Ltd.	1,122
9	09-Feb-24	CVC Advisers Ltd; Haveli Investment Management LLC	Jagex Ltd (100% Stake)	TMT	Carlyle Group Inc	1,054
10	27-Mar-24	Ithaca Energy plc	Oil & gas assets (UK upstream assets including the recently acquired Neptune Energy assets) (100% Stake)	Energy, mining & utilities	ENI SpA	1,031

DACH

From the strongman to the sick man of Europe, Germany has had a tough time. After two arduous years of nearly stagnant growth, its economic outlook is beginning to brighten somewhat. Growth of 0.2% was achieved in Q1 due to strengthening consumption, rather than any rebound in its mighty manufacturing base. Business sentiment is on the rise after a widely predicted winter recession was averted. However, a revival of industrial output is called for to put Germany and the wider DACH region back on track.

Acquisitions are still dragging significantly. In Q1, volume was down 19% compared to the same period in 2023 to 504 deal announcements. Unlike the UK, aggregate value slipped as well, to €23.1bn, a year-on-year contraction of 16%. Sponsored activity is a definite weak spot in Europe's German-speaking countries. The total of 111 buyouts and exits logged in Q1 is far below the quarterly average of around 175 recorded over the last three years.

DACH M&A activity, 2021–Q1 2024



Source: Mergermarket

Kinetic energy

On a brighter note, there were some areas of strength to start 2024. EMU deal value, for instance, rose by 77% year-on-year to €6.9bn, making it the largest sector in the DACH subregion – despite only contributing 19 transactions, a fall of 27% compared to Q1 2023. PMB posted a similarly robust performance, climbing 96% to €6bn alongside a 10% year-on-year increase in volume to 55 deal announcements, making it the third-busiest sector by deal count.

Typically the strongest performer in value terms, I&C languished, reflecting Germany’s industrial torpor. These transactions totaled €2.8bn, half their reading in Q1 2023 and putting I&C down in fourth place behind TMT. The latter also saw a decline, but of only 15% to €3.4bn. If Germany can achieve a more broad-based recovery over the coming quarters, then one can expect to see I&C value follow, moving back into its rightful position nearer the top of the DACH deal tables.

DACH top sectors by value – Q1 2024		€(m)
Energy, mining & utilities		6,929
Pharma, medical & biotech		5,999
TMT		3,426
Industrials & chemicals		2,792
Consumer		1,724
DACH top sectors by volume – Q1 2024		Deal count
TMT		118
Industrials & chemicals		118
Pharma, medical & biotech		55
Business services		52
Consumer		48
DACH top bidders by value – Q1 2024		€(m)
USA		7,761
Germany		6,725
Switzerland		2,653
United Kingdom		1,059
Denmark		1,025
DACH top bidders by volume – Q1 2024		Deal count
Germany		233
USA		69
Switzerland		35
United Kingdom		28
France		25

Panels and turbines

US investment giant KKR collaborated with industrial group Viessmann to buy out Encavis, a prominent player in the European renewable energy sector, for €4.2bn. The company specializes in the operation of solar and onshore wind farms, boasting a considerable capacity with around 190 solar facilities and 40 wind farms across 10 European countries. The investment hopes to capitalize on the rising demand for renewables on the continent and the urgency to improve energy security in the wake of Russia's full-scale invasion of Ukraine.

With three of the top 10, no sector claimed a greater share of DACH's biggest deals in Q1 than PMB. Biotech company MorphoSys has been focused on developing therapies for cancer and is recognized for its innovative drug development platform, which includes promising candidates like pelabresib and tulmimetostat. The opportunity to expand its oncology portfolio is what drew a €2.6bn takeover bid from Swiss pharma major Novartis in February.



**Europe's traditional growth engine
still sputtering**

DACH top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	14-Mar-24	KKR & Co. Inc.; Viessmann Group GmbH & Co. KG	Encavis AG (100% Stake)	Energy, mining & utilities	Abacon Capital	4,222
2	05-Feb-24	Novartis AG	MorphoSys AG (100% Stake)	Pharma, medical & biotech		2,561
3	26-Mar-24	Federal Republic of Germany; SEFE Securing Energy for Europe GmbH	WIGA Transport Beteiligungs GmbH & Co. KG (50.02% Stake)	Energy, mining & utilities	Wintershall Dea AG	2,501
4	05-Mar-24	Cadence Design Systems Inc.	BETA CAE Systems International AG (100% Stake)	TMT		1,143
5	04-Mar-24	International Chemical Investors SE	Evonik Industries AG (Superabsorbents business) (100% Stake)	Consumer	Evonik Industries AG	1,125
6	13-Mar-24	Naeder Holding GmbH & Co. KG	Ottobock SE & Co KGaA (20% Stake)	Pharma, medical & biotech	EQT AB	1,100
7	25-Mar-24	Novo Nordisk AS	Cardior Pharmaceuticals GmbH (100% Stake)	Pharma, medical & biotech		1,025
8	15-Jan-24	CVC Advisers Ltd.	Sunday Natural Products GmbH	TMT		800
9	27-Mar-24	Apollo Global Management Inc.	Credit Suisse Group AG (senior secured financing facilities portfolio) (100% Stake)	Financial services	UBS Group AG	591
10	11-Jan-24	Puig SL	Barbara Sturm Molecular Cosmetics GmbH	Consumer		500

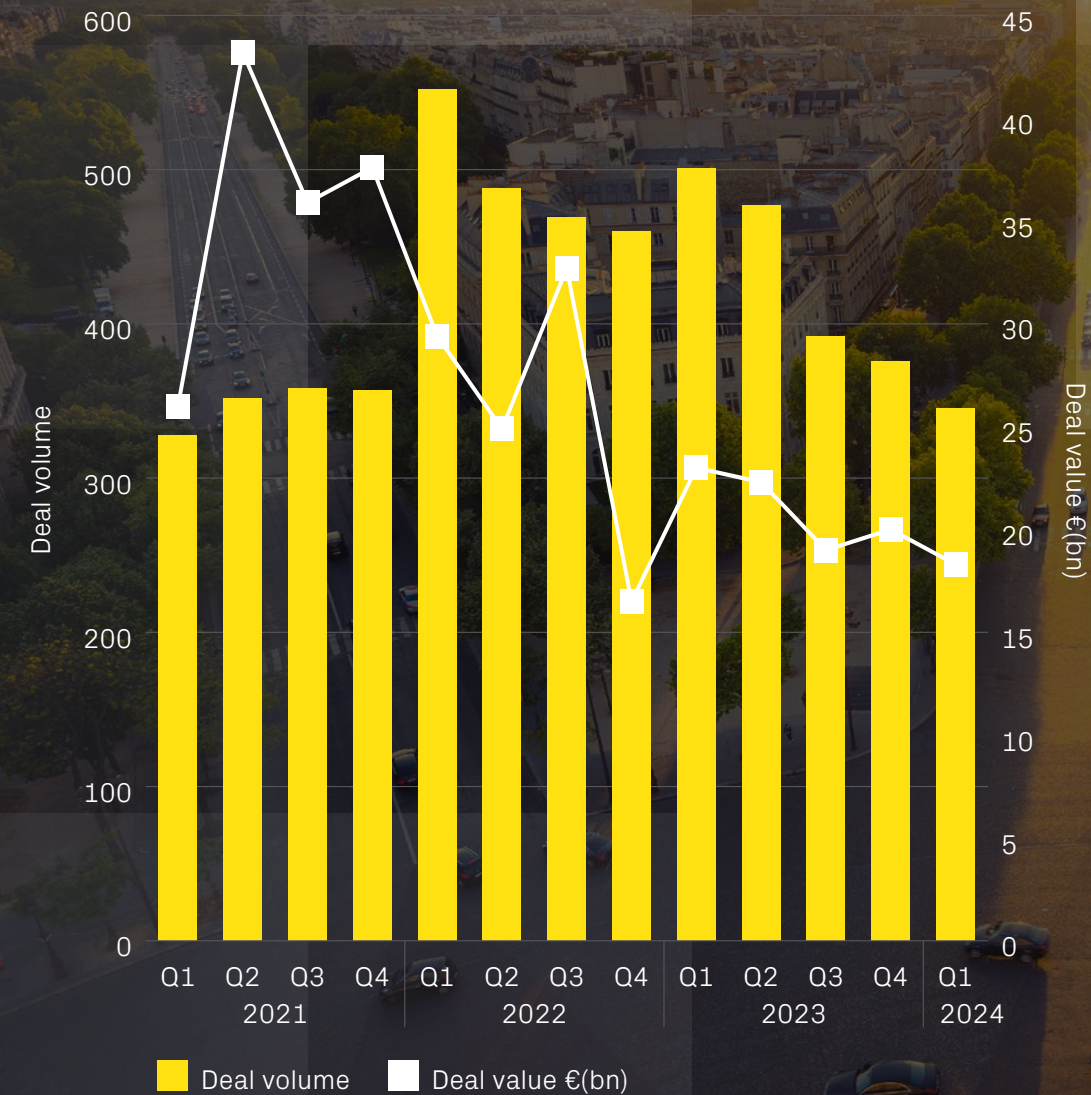
France

France's economy expanded by a better-than-expected 0.2% in Q1, driven by a rebound in domestic consumption and investment. While this modest expansion could set the stage for more of the same as 2024 progresses, some have cautioned that the country's efforts to tackle its high budget deficit could curtail growth later in the year. Any move to raise taxes in an effort to close the deficit could take the wind out of the French consumer's sails.

The 345 transactions registered in Q1 represent a 31% year-on-year decline, but the deceleration of France's deal flow over the past year belies the fact that volume is in fact in line with levels witnessed throughout 2021, when M&A markets were charging up on pandemic monetary and fiscal stimulus.

Deal value came down by 20% over the same period to €18.3bn, though has been moving within a relatively tight range compared with prior years.

France M&A activity, 2021-Q1 2024



Source: Mergermarket

TMT trio

Declines in deal volume were registered across the leading sectors in France. For instance, TMT's deal count fell by 22% year-on-year to 94, while I&C experienced a similar decrease of 24% to 60 transaction announcements. Business services and construction suffered the steepest drops in Q1, of 45% to 49 transactions and 48% to just 22 deals, respectively.

Despite the volume decline, TMT overtook PMB as the leading sector in value terms and saw only a modest decline of 4% year-on-year by this measure, recording €5.2bn worth of deals. This total can be attributed in large part to a trio of transactions belonging to the respective telecoms, media, and technology subsectors.

Trying to catch up with TMT were three sectors that saw marked increases in total deal value: those being I&C with €2.8bn worth of transactions (a 221% year-on-year increase), the consumer industry's €2.7bn total (up almost 500% from Q1 2023), and EMU's €1.4bn (up 294%).

France top sectors by value – Q1 2024	€(m)
TMT	5,249
Real estate	3,429
Industrials & chemicals	2,810
Consumer	2,734
Energy, mining & utilities	1,418
France top sectors by volume – Q1 2024	Deal count
TMT	94
Industrials & chemicals	60
Business services	49
Consumer	35
Pharma, medical & biotech	23
France top bidders by value – Q1 2024	€(m)
France	9,714
USA	2,781
United Kingdom	2,241
Sweden	1,350
Luxembourg	964
France top bidders by volume – Q1 2024	Deal count
France	255
USA	25
United Kingdom	17
Germany	8
Italy	7



TMT buoys an otherwise tepid market

Suite life

In February, Covivio acquired a stake in its subsidiary Covivio Hotels from Generali in exchange for newly issued shares. This transaction, equivalent to acquiring €500m in assets and a capital increase of nearly €300m, increased Covivio's stake in Covivio Hotels to 52%. Following completion, Covivio will launch a mandatory simplified public exchange offer for the remaining shares of Covivio Hotels, for a total value of €3.4bn.

Nudging up TMT's figures, shipping company CMA CGM took over Altice Media for €1.6bn. CMA CGM intends to expand its media empire, adding to its existing interests, including newspaper La Tribune and a multimedia portfolio across television, radio, and digital platforms.

Meanwhile, French digital music company Believe, which has seen its share price collapse since its 2021 IPO, will be taken private in a €1.3bn deal. The company teamed up with TCV, its largest shareholder, and PE firm EQT to offer a 21% premium to the company's prior closing price.

France top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	22-Feb-24	Covivio SA	Covivio Hotels SCA (56.1% Stake)	Real estate	Assicurazioni Generali SpA; Credit Agricole SA; BNP Paribas SA; Caisse des Depots et Consignations – CDC; Sogecap SA; Credit Mutuel Alliance Federale	3,429
2	15-Mar-24	CMA CGM SA	Altice Media SAS (100% Stake)	TMT	Altice France SA	1,550
3	12-Feb-24	TCMI Inc.; EQT AB; Denis Ladegaillerie (Private Individual)	Believe SA (88.83% Stake)	TMT	Ventech SA; TCMI Inc.; XAnge Private Equity; Denis Ladegaillerie (Private Individual)	1,338
4	13-Mar-24	I Squared Capital Advisors (US) LLC	Rubis Terminal SA (55% Stake)	Energy, mining & utilities	Rubis SA	1,025
5	22-Feb-24	Bouygues Telecom SA; Bouygues SA	La Poste Telecom SAS (100% Stake)	TMT	Le Groupe La Poste; Lekiosk SAS	963
6	14-Mar-24	AstraZeneca Plc	Amolyt Pharma SAS (100% Stake)	Consumer	Intermediate Capital Group Plc; Turenne Capital Partenaires SASU; Eurazeo SE; EQT Life Sciences Group BV; Andera Partners SCA; Kurma Partners; CTI Life Sciences Fund LP; Novo Ventures; Orbimed Capital LLC; Mass General Brigham Ventures LLC; Sofinnova Partners SAS	962
7	12-Mar-24	ArcelorMittal SA	Vallourec SA (27.18% Stake)	Industrials & chemicals	Apollo Global Management Inc.	955
8	18-Jan-24	One Rock Capital Partners LLC	Sulo (100% Stake)	Industrials & chemicals	Latour Capital Management SAS; Bpifrance SA	600
9	07-Feb-24	Realty Income Corporation	Decathlon SE (82 retail properties located in Germany, France, Spain, Italy, and Portugal) (100% Stake)	Consumer	Decathlon SE	527
10	13-Feb-24	IK Investment Partners Ltd.; Existing Management	Eurofeu SAS	Consumer	Atalante SAS	460

Nordics

The Nordic economies are expected to gradually regain their former growth as inflation declines, interest rates are trimmed, and spending power increases. Denmark's recovery is projected to be more broadly based, while Sweden's economy is being propelled by strong exports. Norway's growth and inflation are slowing, with a first policy rate cut expected in June. Finland meanwhile is currently in recession, but is expected to pick up during 2024 due to an improving inflation and rate outlook, combined with increasing export demand.

In Q1, the region recorded a total of 516 M&A deals, with a combined value of €23.6bn. Compared to Q1 2023, which saw 717 deals worth €9.7bn, volume decreased by 28.0% year-on-year, while value increased significantly by 143%, following the trend observed in other EMEA markets toward fewer but bigger deals. Still, for fuller context, these totals leave Q1 2024 18% and 21% below the quarterly average for volume and value, respectively, over the past three years.

Nordics M&A activity, 2021–Q1 2024



Sector standouts

It should come as little surprise that the PMB sector had a breakout period, given the size of Novo Nordisk's recent acquisition (see pages 10-11). With €10.8bn logged across all PMB transactions in the Nordics, this sum represents a massive 22-fold gain compared to Q1 2023, despite the sector trailing in sixth position for volume with 33 deals, a year-on-year decline of 21%.

TMT was another standout sector. The €6bn in transacted value represents a sixfold increase year-on-year, and deal volume in the sector barely flinched, moving down by a mere 3% to 131 transaction announcements, of which three feature among the Nordics' five biggest deals in Q1.

I&C deals more than doubled in aggregate value to €2.2bn, ranking third overall, as Chinese multinational Geely stepped in to shore up ailing EV maker Polestar amid a challenging period for auto manufacturers.

Nordics top sectors by value – Q1 2024		€(m)
Pharma, medical & biotech		10,845
TMT		5,983
Industrials & chemicals		2,230
Real estate		1,837
Energy, mining & utilities		1,398
Nordics top sectors by volume – Q1 2024		Deal count
TMT		131
Industrials & chemicals		83
Business services		76
Construction		48
Energy, mining & utilities		39
Nordics top bidders by value – Q1 2024		€(m)
Denmark		10,327
France		4,232
Sweden		2,767
USA		2,161
Norway		958
Nordics top bidders by volume – Q1 2024		Deal count
Sweden		151
Norway		103
Finland		74
Denmark		68
USA		26

EV anxiety

Française des Jeux (FDJ), the French lottery and gaming giant, made a €2.6bn bid for Sweden's Kindred Group, the merger making it the second-largest operator in Europe's gaming sector after Flutter Entertainment. The move is seen as a continuation of FDJ's broader expansion strategy beyond its traditional lottery base into online gaming, following its recent acquisition of Irish lottery operator PLI.

In the telecoms space, Iliad Group, another French company, acquired a 19.75% stake in Tele2 for €1.2bn. The investment aims to foster growth, innovation, and next-generation network development at Tele2 while enhancing Iliad's footprint by adding the Nordics and Baltics to its existing markets.

The Nordics' fourth-biggest deal overall was marked by distress. To ease the financial strain on portfolio company Volvo, China's Geely provided an €838m funding lifeline for Polestar. Volvo will transfer a portion of its 48% ownership to Zhejiang Geely Holding Group. The decision comes in the wake of Polestar's slower-than-anticipated growth and a slowdown in the EV market, which has caused the



Nordics M&A poised for growth
as Novo Nordisk leads PMB surge

Nordics top 10 announced deals, Q1 2024

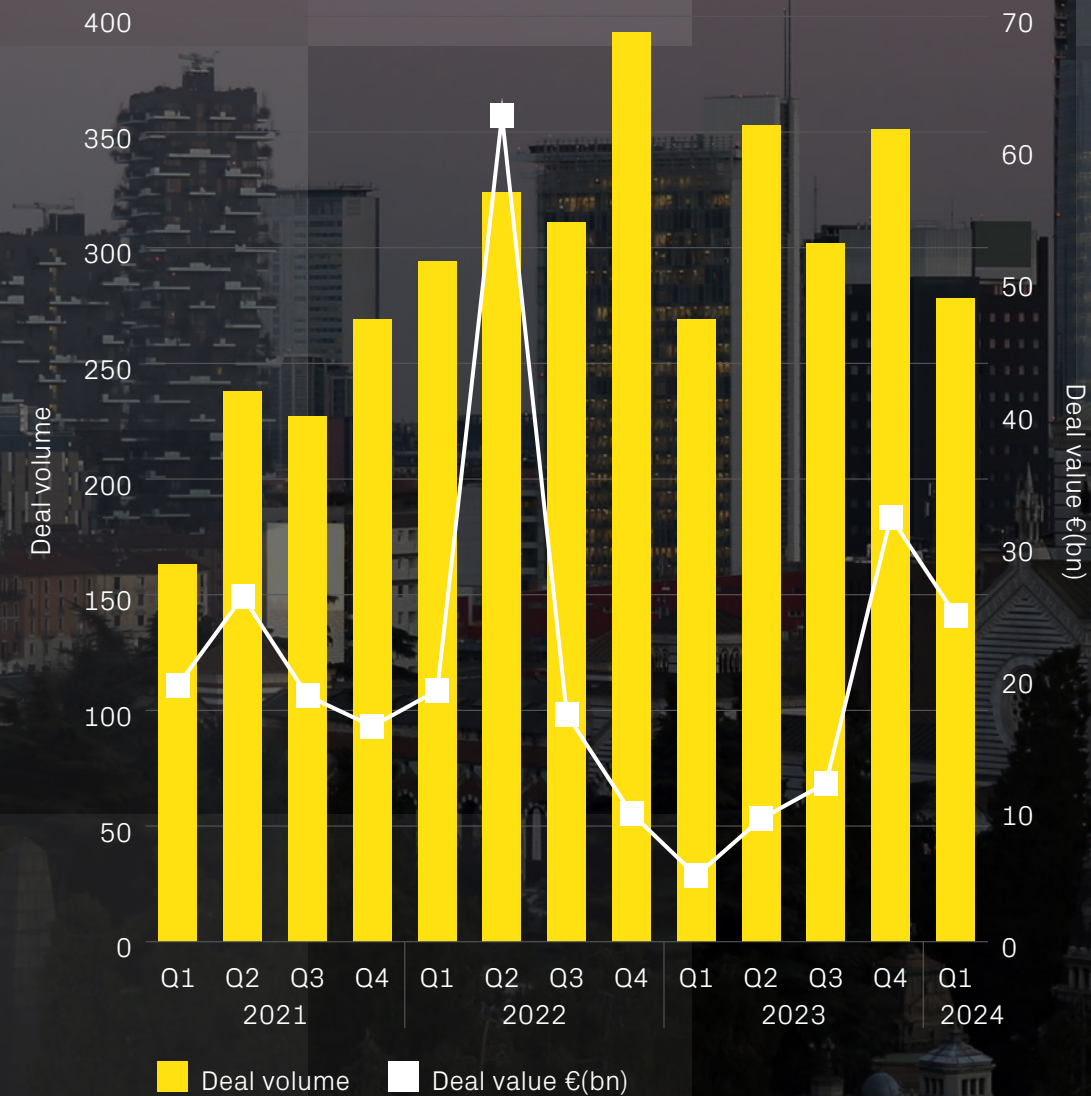
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	05-Feb-24	Novo Nordisk AS	Novo Holdings AS (3 fill-finish sites of Catalent Inc.) (100% Stake)	Pharma, medical & biotech	Novo Holdings AS	10,227
2	21-Jan-24	Francaise Des Jeux SA	Kindred Group Plc (100% Stake)	TMT	Eminence Capital LP; Corvex Management LP; Premier Investissement SAS; Nordea Funds Ltd.; Veralda Investment Ltd.	2,600
3	26-Feb-24	Iliad SA; NJJ Holding; Freya Investissement	Tele2 AB (19.75% Stake)	TMT	Kinnevik AB	1,160
4	23-Feb-24	Zhejiang Geely Holding Group Co. Ltd.; Existing Shareholders	Polestar Automotive Holding UK Plc (29.9% Stake)	Industrials & chemicals	Volvo Car AB	838
5	11-Jan-24	Thomson Reuters Corp.; Thomson Reuters Finance SA	Pagero Group AB (100% Stake)	TMT	Summa Equity AB	750
6	19-Jan-24	Mitsubishi HC Capital Inc.	European Energy AS (20% Stake)	Energy, mining & utilities		700
7	16-Jan-24	Eviny Fornybar AS	Power Station (197 MW Guleslettene wind power plant and 168 MW Tellenes wind power plant) (100% Stake)	Energy, mining & utilities	BlackRock Inc.	538
8	25-Feb-24	Castlelake LP; Samhallsbyggnadsbolaget i Norden AB; SBB Elderly Care Properties AB	Property Portfolio (portfolio of social infrastructure and purpose-built care assets) (100% Stake)	Real estate	Samhallsbyggnadsbolaget i Norden AB	510
9	27-Mar-24	Schlumberger Ltd.	Aker Carbon Capture Holding AS (80% Stake)	Industrials & chemicals	Aker Carbon Capture ASA	470
10	31-Jan-24	Aros Bostadsutveckling AB	Besqab AB (100% Stake)	Real estate		458

Italy

Italy's economy accelerated in Q1, expanding by 0.3% versus just 0.1% in Q4 2023, outpacing both Germany and France. This outperformance, uncharacteristic of Italy, was due largely to the “super bonus” scheme introduced in 2020. This generous tax relief on home improvements has significantly boosted construction investment, which in December was up 40% from four years prior, in stark contrast to the stagnation seen elsewhere in Europe.

M&A performance has been similarly solid in Italy. There were 278 deals announced in Q1, a modest 3.3% increase compared to the same period in 2023, while aggregate value skyrocketed to €24.7bn, an impressive 394% year-on-year surge, putting Italy second in EMEA only to the UK & Ireland. This total does, admittedly, contrast very favorably with Q1 2023, which posted the weakest value performance of the past three years—but with a quarterly average of €20.6bn during this period, Q1 2024 was still up by 20% over this longer-term comparison.

Italy M&A activity, 2021–Q1 2024



Source: Mergermarket

Explosive gains

To a greater or lesser extent, every major sector in Italy posted year-on-year increases in aggregate value. Paving the way was TMT, which was up 36-fold to €9bn from just €249m in Q1 2023—Vodafone’s €8bn sale of its Italian business to Swisscom vastly inflating the total in this case. Volume in the sector meanwhile remained flat year-on-year with 38 transactions announced, placing it third.

The leisure sector benefitted from a similarly large deal, with aggregate value equating to €4.2bn in Q1, up 151-fold from just €28m in the same period last year, while total I&C M&A clocked in at €3.3bn, an increase of 34%. I&C volume also exceeded any other sector with 70 deals, down just 5% year-on-year, while consumer deals placed second with 47, a 38% increase. The two are deeply intertwined in Italy, with industrial companies providing the necessary materials and production capabilities that enable its consumer businesses to create their celebrated products.

Italy top sectors by value – Q1 2024	€(m)
TMT	8,971
Leisure	4,183
Industrials & chemicals	3,333
Energy, mining & utilities	2,825
Consumer	2,345
Italy top sectors by volume – Q1 2024	Deal count
Industrials & chemicals	70
Consumer	47
TMT	38
Business services	30
Energy, mining & utilities	24
Italy top bidders by value – Q1 2024	€(m)
Switzerland	9,814
Italy	5,591
USA	5,027
United Kingdom	1,980
Netherlands	800
Italy top bidders by volume – Q1 2024	Deal count
Italy	178
USA	18
France	15
United Kingdom	14
Germany	10



Family values

TMT's value surge courtesy of Vodafone Italia and Swisscom was mirrored by a €3.7bn merger between International Game Technology's Global Gaming and PlayDigital businesses with Everi Holdings, which propelled the leisure sector up the rankings. The simultaneous spin-off and combination aims to enhance the pair's offerings in land-based gaming, iGaming, sports betting, and fintech.

Global commodity trading company Vitol purchased a 35% stake in oil refiner Saras from the Moratti family, valuing it at €1.7bn. Located on Sardinia, it is one of the largest single-site refineries in the Mediterranean, with a capacity of 300,000 barrels per day, making it a key asset in the region's energy infrastructure. That a family sat on the sell-side makes this a textbook Italian transaction. Around 65% of companies in the country are family-owned, many of which are world-class and therefore highly viable deal targets.

Italian M&A surges as TMT and leisure sectors spur growth

Italy top 10 announced deals, Q1 2024

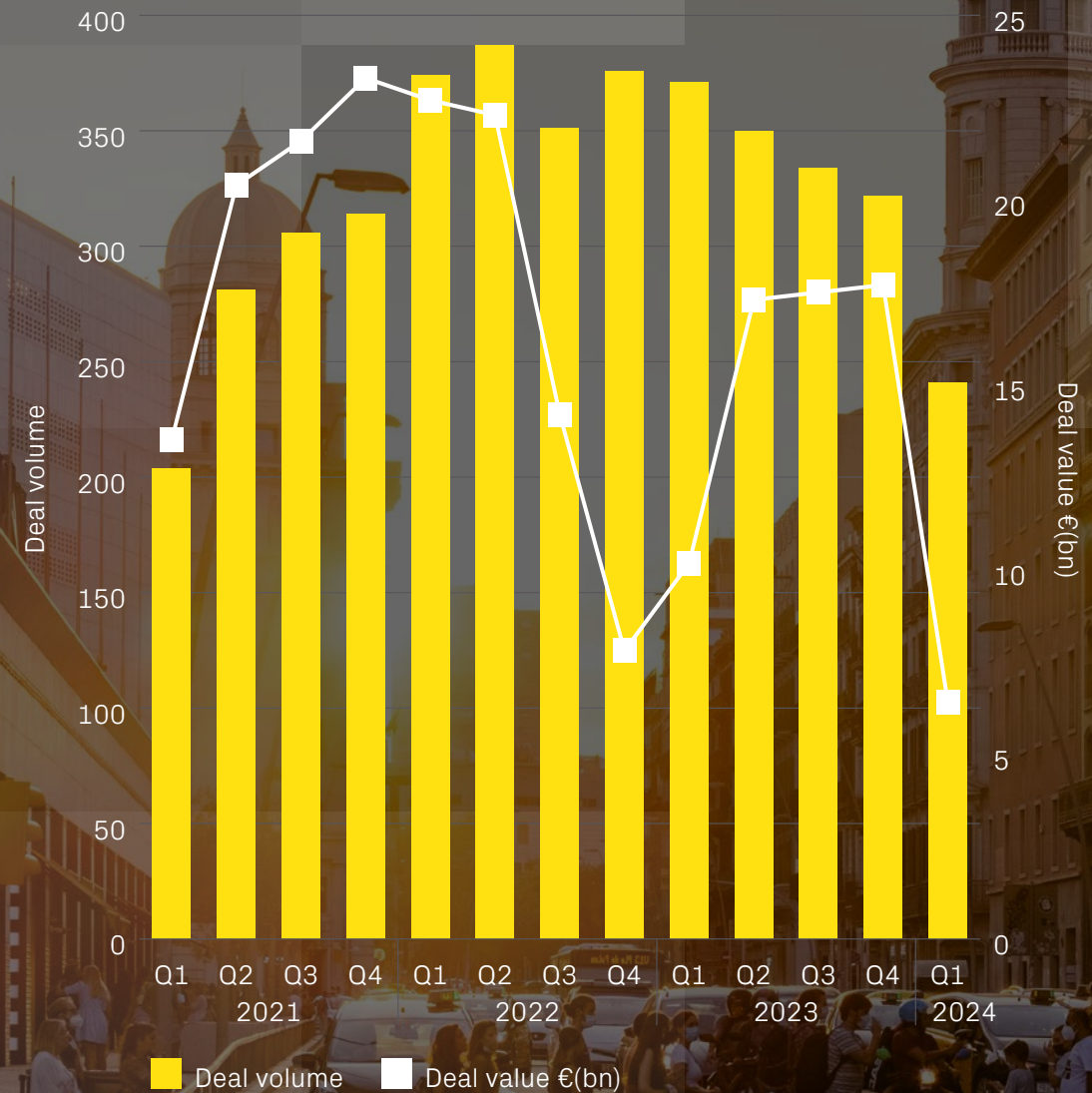
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	28-Feb-24	Swisscom AG	Vodafone Italia SpA (100% Stake)	TMT	Vodafone Group Plc	8,000
2	29-Feb-24	Everi Holdings Inc.	International Game Technology Plc (Global Gaming and PlayDigital businesses) (100% Stake)	Leisure	International Game Technology Plc	3,695
3	11-Feb-24	Vitol Holding BV; Vitol Netherlands Coöperatief UA	Saras SpA (100% Stake)	Industrials & chemicals	Angel Capital Management SpA; Massimo Moratti SpA; Stella Holding	1,664
4	09-Mar-24	A2A SpA	E-Distribuzione SpA (electricity distribution activities in some municipalities of Lombardy) (100% Stake)	Energy, mining & utilities	Enel SpA	1,200
5	16-Feb-24	Unipol Gruppo SpA	UnipolSai Assicurazioni SpA (14.76% Stake)	Financial services		1,127
6	05-Feb-24	InvestIndustrial LP; Sammontana SpA	Forno d'Asolo SpA (100% Stake)	Consumer	BC Partners LLP	1,100
7	01-Mar-24	Sosteneo Fund 1 HoldCo sarl; Sosteneo SGR SpA	Enel Libra Flexys Srl (49% Stake)	Energy, mining & utilities	Enel SpA	1,100
8	27-Mar-24	VTTI BV; IKAV Capital Partners GmbH	Terminale GNL Adriatico Srl (92.7% Stake)	Construction	Exxon Mobil Corp.; QatarEnergy	800
9	10-Feb-24	Catterton Management Co. LLC	Tod's SpA (36% Stake)	Consumer	Diego Della Valle & C Srl	512
10	12-Feb-24	Ambienta SGR SpA	Officine Maccaferri SpA	Construction	Stellex Capital Management LP; Carlyle Global Credit Investment Management LLC; Man GLG	500

Iberia

It is not often that Spain boasts a more stellar rate of economic growth than the rest of Europe, but that is exactly what happened in Q1 2024. The economy expanded by an impressive 0.7%, a rate also matched by neighboring Portugal. Improving consumption played a crucial role, supported by a rapid moderation of energy prices that boosted household real incomes. This was complemented by the recovery of the tourism sector, which significantly contributed to both economies' recent performance.

So far, Iberian M&A activity has yet to keep pace with this recovery. Q1 saw 241 deals worth €6.4bn announced, representing a 35% decline in volume terms and a 37% decrease in value compared with the same period last year. Furthermore, when compared to the quarterly averages for 2021-23, which stood at 331 deals worth €17.4bn, Q1's performance was even more lackluster: volume down 27% and value plummeting by 63%, with no megadeals announced in either Spain or Portugal.

Iberia M&A activity, 2021–Q1 2024



Source: Mergermarket

I&C peels ahead

The I&C sector, which experienced a 19% drop in deal volume to 38 transactions, nonetheless outpaced TMT on that metric. This is because the latter suffered an even steeper decline, of 53% year-on-year, with its deal count falling from 66 to just 31. The EMU sector faced similar headwinds, with deal volume halving to 28 in Q1 2024.

Simultaneously, the consumer sector enjoyed a remarkable surge in aggregate deal value, jumping from €161m in Q1 2023 to €1.4bn in Q1 2024, a staggering eightfold increase. The I&C sector also saw an increase in value, albeit a more modest jump of 17%, rising from €1.1bn to €1.3bn in Q1 2024. Conversely, the real estate sector experienced a significant contraction, with total deal value dropping by 52% to €879m, despite the fact that Spain has taken assured measures over the past decade to resolve its overcapacity and over-reliance on leverage after its housing bubble burst in 2008.

Iberia top sectors by value – Q1 2024	€(m)
Consumer	1,358
Industrials & chemicals	1,284
Real estate	879
Leisure	655
Pharma, medical & biotech	535
Iberia top sectors by volume – Q1 2024	Deal count
Industrials & chemicals	38
TMT	31
Energy, mining & utilities	28
Business services	26
Consumer	25
Iberia top bidders by value – Q1 2024	€(m)
Spain	1,612
United Kingdom	1,346
Hungary	930
USA	660
Mexico	452
Iberia top bidders by volume – Q1 2024	Deal count
Spain	115
France	21
United Kingdom	19
USA	17
Portugal	14

Consumer confidence

The largest Iberian deal of Q1 was valued at a modest €930m, as Ganz-Mavag Europe, a Hungarian consortium, made a bid for Spanish train manufacturer Talgo. The Spanish government, however, opposes foreign ownership of these strategically important assets, and is especially wary of the Hungarian government's pro-Russia stance.

Frozen dough maker Monbake Grupo Empresarial, meanwhile, was the subject of a secondary buyout in which Ardian, Alantra Partners, Arta Capital, and Landon Investments exited their investment to CVC Capital for €900m. Also lifting consumer sector deal value, Portobello Capital Gestión, SGECR, and Tensile Capital Management acquired a controlling stake in Plenoil, a prominent operator of low-cost service stations in Spain. As part of its expansion, the company aims to begin operations in Portugal this year.

That Spain was the only country included in the European Sentiment Indicator to end last year above 100 points says a lot about conditions in this market. Services companies are in especially good shape, suggesting they may be counted among the more acquisitive bidders moving forward.



**Economic resilience yet to inspire
spike in Iberian M&A**

Iberia top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	07-Mar-24	Corvinus Nemzetkozi Befektetesi Zrt; Magyar Vagon Investment Asset Management Zrt	Talgo SA (100% Stake)	Industrials & chemicals	Pegaso Transportation International SCA	930
2	26-Mar-24	CVC Advisers Ltd.	Monbake Grupo Empresarial SA (100% Stake)	Consumer	Ardian France SA; Landon Grupo Corporativo SL; Alantra Partners SA; Arta Capital SGEGR SA	900
3	15-Jan-24	Portobello Capital Gestión, SGEGR, SA; Tensile Capital Management LP	Plenoil SL	Consumer		400
4	05-Mar-24	Jose de Mello, SGPS SA; Bondalti Capital, SA	Ercros SA (100% Stake)	Pharma, medical & biotech		378
5	31-Jan-24	Amadeus IT Group SA	Vision-Box – Solucoes de visao por computador SA (100% Stake)	TMT	Keensight Capital SAS	320
6	26-Mar-24	Repsol SA	Manufacturing plant (three biofuel production facilities) (40% Stake)	Industrials & chemicals	Bunge Ltd.	314
7	26-Jan-24	Lanza Capital SGEIC SA; Aparca10 Capital Estacionamientos FCR	Property Portfolio (portfolio of 110 off-street car parks with over 43,000 car park spaces located throughout Spain) (100% Stake)	Real estate		313
8	17-Jan-24	Norges Bank Investment Management	Power Station (674 MW portfolio of solar plants and onshore wind farms) (49% Stake)	Energy, mining & utilities	Iberdrola SA	307
9	07-Feb-24	Henderson Park Capital Management; Eurofund Capital Partners	Shopping Centres (Islazul shopping centre) (100% Stake)	Real estate	Nuveen Investment Management Holdings Ltd.	240
10	26-Feb-24	Alsea SAB de CV	Food Service Project SA	Leisure	Bain Capital LP	238

Benelux

After a challenging 2023 that was blemished by nine months of recession, Belgium's economy expanded by 0.3% in Q1, matching the growth rate of the euro area as a whole, according to preliminary data from the country's central bank. Overall, it is a promising start to the new year and, with the eurozone slowly showing improved vital signs, should filter through to intra-European trade for the Benelux region, coupled with a firmer consumer environment as inflation eases.

Benelux M&A activity demonstrated a by-now familiar trend in Q1, with deal volume declines as aggregate value surged, as was the case in much of EMEA. The region recorded 279 transaction announcements, with these worth a combined €11.3bn, marking a 27% volume decline but a 36% value increase, respectively. However, activity remained muted compared to previous years, with volume and value down by 21% and 47% compared to the three-year quarterly average.

Benelux M&A activity, 2021–Q1 2024



Source: Mergermarket

Tech dynamism

The TMT sector emerged as the most active by volume, even as deal count slipped by 16% year-on-year to 56 transactions. Benelux benefits from a dynamic start-up ecosystem and the strong presence of tech cities like Amsterdam, Rotterdam, Eindhoven, Utrecht, and Enschede, in addition to well-developed digital infrastructure. The business services sector suffered a sharper decline, falling 46% to 49 deal announcements, and I&C rounded out the top three with 37 transactions, down 43% year-on-year.

In value terms, however, business services was the clear leader, with €4.4bn worth of deals, a nearly fivefold increase compared to Q1 2023. Moreover, the spin-off of Pluxee by Sodexo was one of the only transactions in the sector to have its financial terms disclosed, meaning business services may have had an even clearer lead. Financial services also saw a surge in value, jumping 288% to just under €3.1bn, while PMB enjoyed a 415% year-on-year increase to €1.3bn.

Benelux top sectors by value – Q1 2024		€(m)
Business services		4,416
Financial services		3,073
Pharma, medical & biotech		1,276
TMT		819
Energy, mining & utilities		760
Benelux top sectors by volume – Q1 2024		Deal count
TMT		56
Business services		49
Industrials & chemicals		37
Pharma, medical & biotech		33
Consumer		27
Benelux top bidders by value – Q1 2024		€(m)
Netherlands		5,092
United Kingdom		2,697
USA		935
Belgium		718
Austria		510
Benelux top bidders by volume – Q1 2024		Deal count
Netherlands		98
Belgium		46
USA		25
United Kingdom		23
France		17



Aggregate deal value rises but still trails three-year average

Work perks

French catering business Sodexo jettisoned Pluxee, its Dutch employee benefits and engagement division, in a €4.4bn spin-off. The standalone company now trades on the Euronext Paris with its place of effective management in France, but organized under a Dutch top holding. The Bellon family remained the majority shareholder in the newly independent Pluxee, with investors receiving shares on a one-for-one basis.

In Luxembourg, PE firm Cinven acquired a majority stake in Alter Domus Participations from Permira in a transaction valued at around €2.5bn. Alter Domus plays a significant role in the fund administration sector, catering to the alternative investment industry for clients just like Cinven and Permira. The company has seen substantial growth, managing assets under administration that top US\$1.6tn.

The PMB sector's biggest contribution was made by Novartis, which bought Calypso, a Dutch biotech company that specializes in therapies targeting Interleukin-15 for various autoimmune diseases in a deal worth €338m.

Benelux top 10 announced deals, Q1 2024

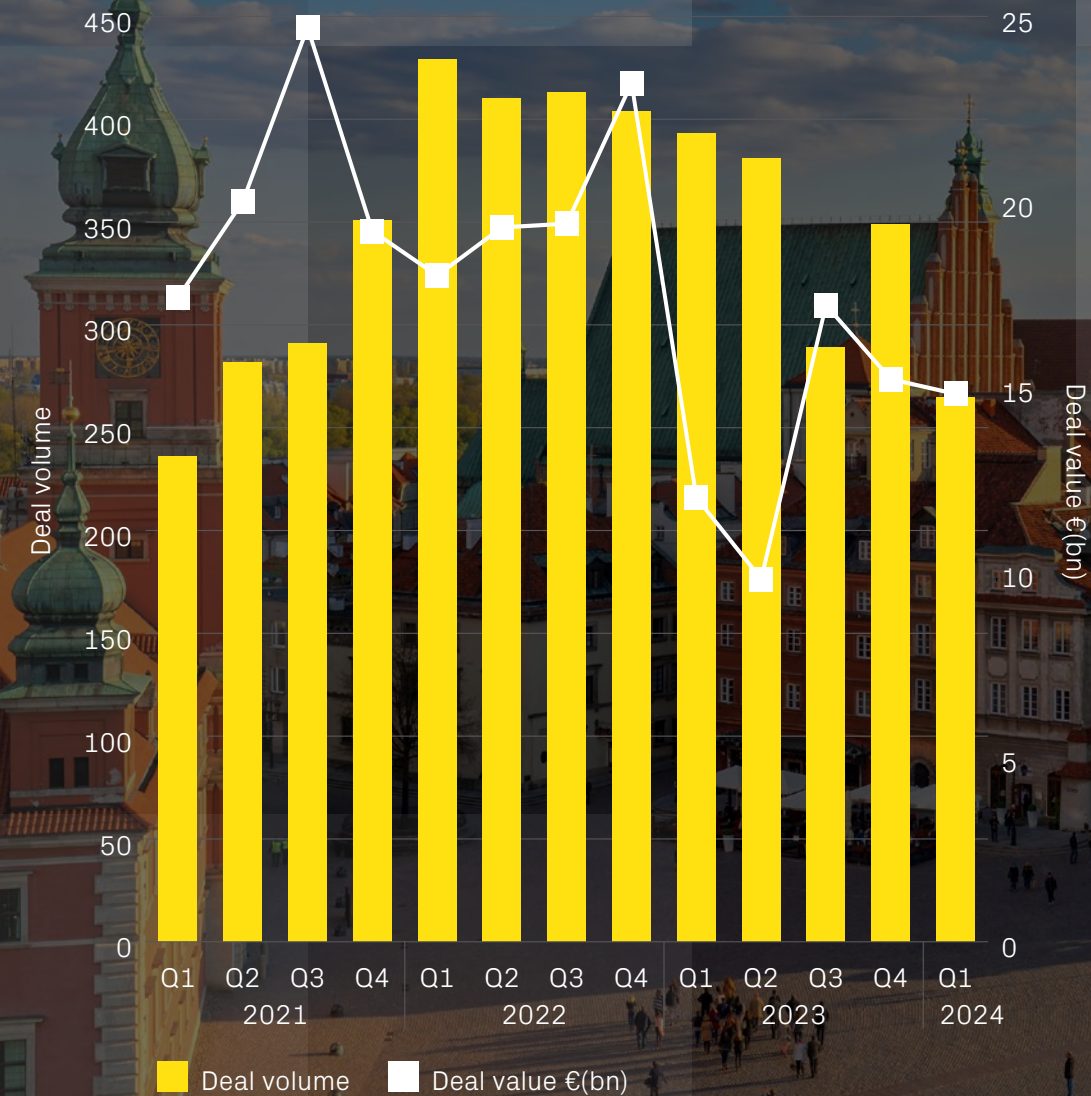
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	01-Feb-24	Existing Shareholders	Pluxee NV (100% Stake)	Business services	Sodexo SA	4,402
2	04-Mar-24	Cinven Ltd.	Alter Domus Participations Sarl (50% Stake)	Financial services	Permira Ltd.	2,450
3	01-Feb-24	BAWAG Group AG	Aegon Bank NV (100% Stake)	Financial services	ASR Nederland NV	510
4	23-Jan-24	BlackRock Inc.	Recurrent Energy BV (20% Stake)	Energy, mining & utilities	Canadian Solar Inc.	460
5	08-Jan-24	Novartis AG	Calypso Biotech BV (100% Stake)	Pharma, medical & biotech		388
6	09-Jan-24	Bill and Melinda Gates Foundation; Edeka Gruppe	Picnic BV	TMT		355
7	18-Mar-24	Medios AG	Ceban BV (100% Stake)	Pharma, medical & biotech	Bencis Capital Partners BV	259
8	17-Mar-24	Norgine BV	Fennec Pharmaceuticals Inc. (commercialization right of PEDMARQSI in Europe, Australia and New Zealand) (100% Stake)	Pharma, medical & biotech	Fennec Pharmaceuticals Inc.	250
9	14-Mar-24	Anheuser-Busch InBev SA/NV	Anheuser-Busch InBev SA/NV (0.19% Stake)	Consumer	Altria Group Inc.	183
10	26-Mar-24	Korys Investments NV; Korys Investments NV	Virya Energy NV (30% Stake)	Energy, mining & utilities	Colruyt Group	180

CEE & SEE

Early-year growth figures for Central, Eastern, and Southeastern Europe remain relatively sparse. For its part, Russia's economy experienced a strong start to 2024, with GDP rallying by 5.4% in Q1, according to the country's Ministry of Economic Development, a reflection of massive military spending. Despite facing challenges in late 2023, Poland's economy is expected to rebound this year, with a projected growth rate of 3%. One cause for caution is the country's sensitivity to the performance of the German economy, as a continued slowdown in the latter could negatively impact its foreign trade balance.

M&A markets showed signs of resilience in Q1, even as deal count decreased. The diverse subregion recorded 265 transaction announcements worth €14.8bn combined through the first three months of the year, representing a 33% drop in volume but a 23% jump in value compared to the same period in 2023. However, activity was subdued compared to the three-year quarterly average, with volume and value both down, by 25% and 18%, respectively.

CEE & SEE M&A activity, 2021–Q1 2024



Source: Mergermarket

Volume pullback

The slump in volume was felt across the subregion's biggest sectors. TMT still emerged as the volume leader, despite a 26% year-on-year decline to 55 deal announcements, while I&C recorded 33 transactions, a 46% drop from Q1 2023. Between these two industries was EMU, which enjoyed a modest 9% uptick to 35 transactions.

However, the aggregate value side of the equation tells a different story. The total worth of TMT deals skyrocketed almost 14-fold year-on-year to €6.6bn, overshadowing the sector's volume performance. EMU also saw a remarkable 293% surge in value to €6.1bn, highlighting the sector's importance to the Russian economy. In contrast, financial services experienced a 58% decrease in value to €1.1bn.

Economic sanctions tied to Russia's full-scale invasion of Ukraine have had a huge bearing on much of the subregion's M&A activity. Indeed, half of CEE & SEE's top-10 deal table featured divestments in the country to fall in line with these restrictions.

CEE & SEE top sectors by value – Q1 2024	€(m)
TMT	6,559
Energy, mining & utilities	6,130
Financial services	1,106
Consumer	434
Leisure	251
CEE & SEE top sectors by volume – Q1 2024	Deal count
TMT	55
Energy, mining & utilities	35
Industrials & chemicals	33
Consumer	28
Business services	27
CEE & SEE top bidders by value – Q1 2024	€(m)
Russia	9,855
Czech Republic	1,144
United Kingdom	611
USA	602
Oman	578
CEE & SEE top bidders by volume – Q1 2024	Deal count
Russia	56
Poland	38
USA	14
Germany	13
Czech Republic	13
Romania	13

Cutting loose

In the largest of these sanctions-adjacent transactions, Netherlands-based search engine Yandex agreed to sell all of its Russia-based businesses for €4.9bn to a consortium comprising LUKoil and individual investors Alexander Ryazanov, Aleksander Chachava, and Pavel Prass, alongside Yandex's existing management. The move comes after intense negotiations and aligns with efforts by other Western companies to divest from Russia due to ongoing geopolitical tensions.

Polymetal OAO likewise sold its Russian business, which was a significant part of its portfolio, for €3.4bn to Mangazeya Plus. Polymetal's operations are now primarily active in Kazakhstan, reducing its geopolitical risk and sanctions exposure.

And Gazprom, through its subsidiary Sakhalin Project, acquired a 27.5% stake in Sakhalin Energy for €958m. This interest was previously held by Shell, which exited the Russian oil & gas business as part of a broader reorganization within the energy sector aimed at consolidating control over strategic assets amid increasing international restrictions.



Sanctions bring raft of Russian divestment activity

CEE & SEE top 10 announced deals, Q1 2024

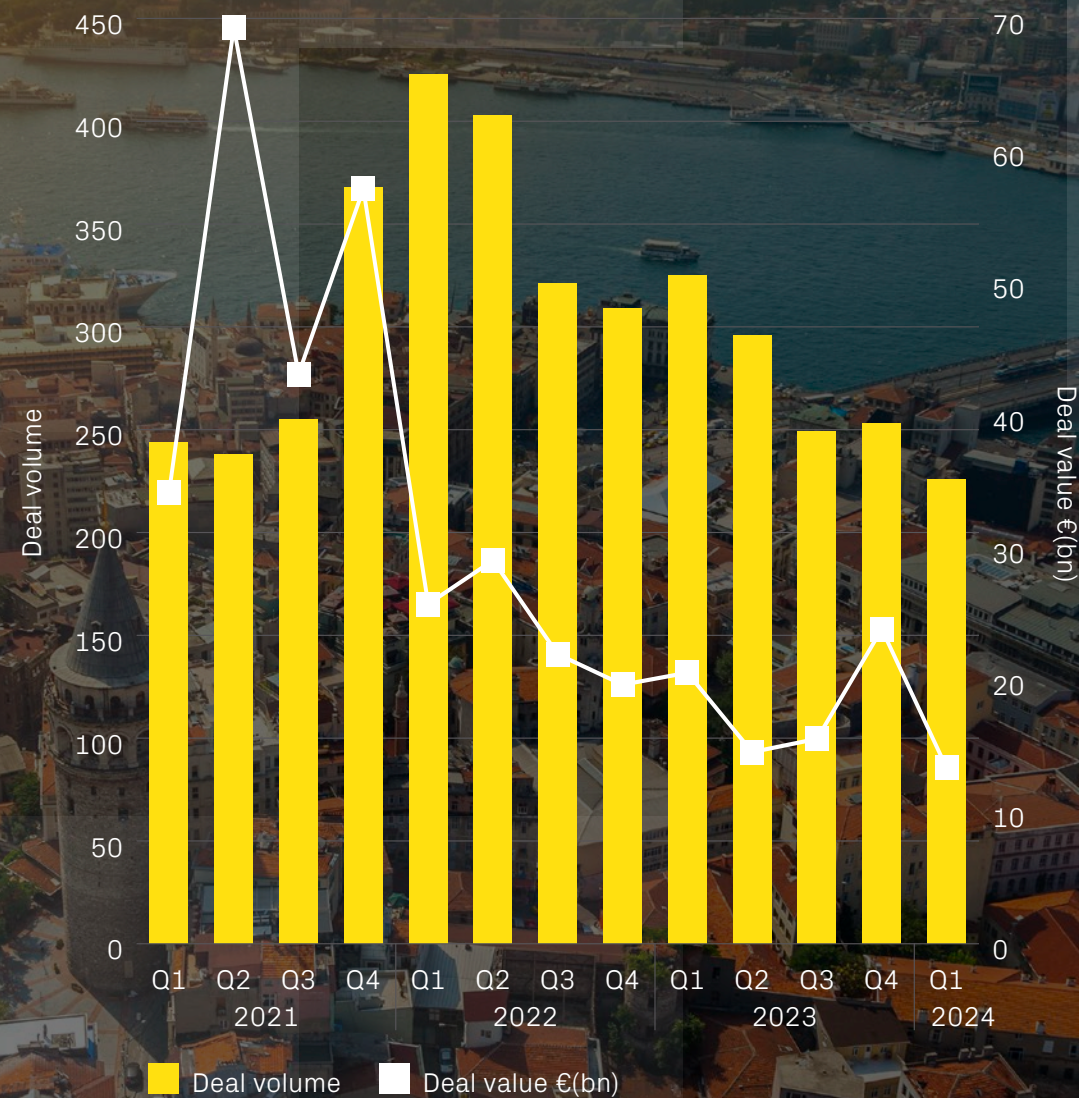
	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	05-Feb-24	LUKoil OAO; Existing Management; Alexander Ryazanov (Private Individual); Aleksander Chachava (Private Investor); Pavel Prass (Private Individual)	Yandex NV (Russia-based businesses) (100% Stake)	TMT	Yandex, NV	4,857
2	19-Feb-24	Mangazeya Plus JSC	Polymetal OAO (100% Stake)	Energy, mining & utilities	Polymetal International Plc	3,423
3	25-Mar-24	Gazprom PJSC; Sakhalin Project LLC	Sakhalin Energy LLC (27.5% Stake)	Energy, mining & utilities		958
4	21-Mar-24	CEZ AS	GasNet sro (55.21% Stake)	Energy, mining & utilities	Macquarie Infrastructure & Real Assets Holdings (Pty) Ltd.	847
5	29-Jan-24	Mars Development and Investment LLC	Polymetal International Plc (23.9% Stake)	Energy, mining & utilities	ICT Holding Ltd.	578
6	22-Jan-24	Actis LLP; PortfoLion Capital Partners	Telekom Serbia (Srbija) AD (1.8k macro tower portfolio across Serbia, Bosnia & Herzegovina, and Montenegro) (100% Stake)	TMT	Telekom Serbia (Srbija) AD	400
7	09-Feb-24	Banca Transilvania SA	OTP Bank Romania SA (100% Stake)	Financial services	OTP Bank Plc	348
8	14-Mar-24	Beacon Interactive Group Holdings LLC	Saber Interactive Inc. (38 ongoing game development projects) (100% Stake)	TMT	Embracer Group AB	312
9	09-Jan-24	Floki Holding Sarl	Alvogen Malta (out-licensing) Holding Ltd. (100% Stake)	Consumer	PTT Public Company Limited	282
10	19-Feb-24	Bank of Georgia Group Plc	Ameriabank ZAO (90% Stake)	Financial services	European Bank for Reconstruction & Development – EBRD; Asian Development Bank; Afeyan Foundation for Armenia Inc; ESPS Holding Ltd.	282

Turkey, Middle East & Africa

In May, the IMF cut its 2024 growth forecast for the Middle East, North Africa, and Pakistan to 2.6% from 3.3%, citing heightened regional instability due to the ongoing Israel-Hamas conflict. The war has devastated Gaza's economy and disrupted trade routes, quadrupling shipping costs from China. Gulf oil exporters remain insulated, but voluntary oil cuts and lower prices have curtailed growth.

Unsurprisingly, the wider Turkey, Middle East & Africa subregion had a subdued start to the year in M&A terms, with deal volume and value both falling short of recent historical levels. The market recorded 226 transactions worth €13.3bn in Q1, marking declines of 30% by volume and 35% in total value compared to the same period in 2023. This represents the lowest quarterly figures in the past three years, with Q1 2024 seeing 26% fewer deals and 57% less value than the quarterly average of 307 deals worth €31.2bn between 2021 and 2023.

Turkey, Middle East & Africa M&A activity, 2021–Q1 2024



Source: Mergermarket

Broad drawdowns

TMT delivered the most abundant volume of any sector, leading with 55 deals despite a 38% year-on-year contraction. Both business services and financial services also saw contractions in activity, of 26% and 38%, respectively. Conversely, EMU recorded a small uptick of 5% to 39 transactions, and the consumer sector enjoyed a more conspicuous spike, with volume up by 32% year-on-year, albeit from a lower starting point, to 25 deal announcements.

On the value front, TMT deals surged by 81% to almost €4bn, the bulk of which came from Groupe Canal+'s sizeable investment in South Africa, detailed in the Spotlight chapter earlier in this study. In contrast, the typically dominant EMU segment saw a substantial 36% decline to €3.4bn, while financial services also experienced a notable 63% decrease to €1.8bn. This came despite the fact that both sectors delivered significantly sized transactions that secured positions among the subregion's top three deals.

Turkey, Middle East & Africa top sectors by value – Q1 2024	€(m)
TMT	3,957
Energy, mining & utilities	3,366
Financial services	1,767
Consumer	1,098
Business services	756
Turkey, Middle East & Africa top sectors by volume – Q1 2024	Deal count
TMT	55
Energy, mining & utilities	39
Business services	26
Consumer	25
Financial services	20
Turkey, Middle East & Africa top bidders by value – Q1 2024	€(m)
France	2,683
Nigeria	2,308
USA	2,064
Israel	1,924
Ireland (Republic)	1,019
Turkey, Middle East & Africa top bidders by volume – Q1 2024	Deal count
Israel	38
Turkey	36
USA	32
United Arab Emirates	24
United Kingdom	14



Middle East conflict weighs heavily on investor confidence

Precarious times

Shell exited its onshore oil operations in Nigeria by selling its 30% stake in The Shell Petroleum Development Company of Nigeria for €2.2bn, transitioning from a nearly century-long presence marred by operational and legal challenges. The deal, involving a buy-side consortium led by Heirs Holdings and Transnational Corporation of Nigeria, underscores a trend of Western companies reducing onshore engagements in geopolitically sensitive regions.

Macquarie AirFinance expanded its portfolio with the €1.1bn acquisition of 23 aircraft from Kuwait's ALAFCO Aviation Lease & Finance, while UK chemicals group LyondellBasell Industries bought a 50% stake in the Saudi Arabia-based National Petrochemical Industrial Company for €459m, enhancing its polypropylene production capacity.

Inbound deals like this are still being made as overseas acquirers weigh up the ramifications of the ongoing conflict. Saudi Arabia has halted its normalization process with Israel and is engaging in diplomatic efforts to support Palestine. For many, such volatility will be reason enough to hold off on investments in the subregion.

Turkey, Middle East & Africa top 10 announced deals, Q1 2024

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value €(m)
1	01-Feb-24	Groupe Canal+ SA; Vivendi SE	MultiChoice Group Ltd. (63.37% Stake)	TMT		2,477
2	16-Jan-24	Niger Delta Western Ltd.; Waltersmith Petroman Oil Limited; FIRST Exploration & Petroleum Development Company Ltd.; Petrolin Group; Aradel Holdings PLC; Renaissance Africa Energy	The Shell Petroleum Development Company of Nigeria Limited (30% Stake)	Energy, mining & utilities	Shell Plc	2,203
3	09-Jan-24	Macquarie Airfinance Ltd.	Aviation Lease & Finance Co. KSCC – ALAFCO (portfolio of 23 aircrafts) (100% Stake)	Financial services	ALAFCO Aviation Lease & Finance Co. KSCC	1,019
4	16-Jan-24	LyondellBasell Industries NV	National Petrochemical Industrial Company (35% Stake)	Industrials & chemicals	Alujain Corporation	459
5	06-Feb-24	Yossi Amir (Private Investor); Shlomi Amir (Private Investor)	Super-Sol Ltd. (24.9% Stake)	Consumer	Menora Mivtachim Holdings Ltd.; Altshuler Shaham Investment House; Clal Pension & Provident Funds Ltd.; Harel Provident Funds & Education Funds Ltd.; Migdal Makefet Pension; Phoenix Pension & Provident Ltd.	380
6	07-Feb-24	Delek Israel Fuel Corp. Ltd.; Private Investor (Zvi Williger)	Super-Sol Ltd. (20% Stake)	Consumer	Menora Mivtachim Holdings Ltd.; Altshuler Shaham Investment House; Clal Pension & Provident Funds Ltd.; Harel Provident Funds & Education Funds Ltd.; Migdal Makefet Pension; Phoenix Pension & Provident Ltd.	333
7	22-Mar-24	Actis LLP; Royal Bafokeng Holdings (Pty) Limited	Swiftnet (Pty) Limited (100% Stake)	Business services	Telkom SA SOC Ltd.	329
8	02-Feb-24	Sanlam Ltd.; Sanlam Life Insurance Limited	Assupol Life Ltd. (100% Stake)	Financial services	Bidvest Group Limited; International Finance Corporation	321
9	14-Mar-24	Zscaler, Inc.	Avalor Technologies Inc. (100% Stake)	TMT		321
10	27-Mar-24	Ras Al Khaimah	Rak Properties (31.51% Stake)	Real estate		296







About this report

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Editor: Julian Frazer



For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: www.mergermarket.com/pdf/deal_criteria.pdf

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