

Top 10 M&A deals in the Baltics in 2011

30.01.2012, 16:47

Eurozone turbulence last year lowered expectations in the mergers and acquisitions (M&A) market and prompted forecasters to look more prudently into the future. Still, following the meagre recession years, 2011 was marked by growth in the number of M&A deals in the Baltics.

The brightest star of the previous year in the Baltic M&A market was the sale of AB Sanitas in Lithuania. This holds top position in the list of the largest deals in the Baltic States compiled by law firm SORAINEN. The list also includes 2 Lithuanian companies, 4 Estonian companies, 2 Latvian companies and one multinational company operating in all three Baltic States, Finland, Sweden and Belarus, namely Ingman Ice Cream.

"The Baltic M&A market enjoyed growth in 2011, especially by number of deals. This can be associated with a strengthening of the Baltic macro-economic climate in general and with an increase in investor trust. On the other hand, many of the largest transactions took place because parent companies changed their international strategy and decided to divest from some business lines," comments Toomas Prangli, partner with law firm SORAINEN and head of the regional M&A and Private Equity Team.

According to the Bloomberg report, in 2011 the M&A market in Eastern Europe struggled to keep up with 2010 results. Following a deep slowdown in the last quarter of 2011, total deal volume in the region dropped by 2.58%, while total deal number grew by 7%.

According to SORAINEN and Mergermarket, in the three Baltic countries there were 49 acquisitions with the disclosed value of 2,632 mln euros in 2008, 17 deals worth 1,226 million euros in 2009, 23 transactions for 965 million euros in 2010 and 57 M&A deals for 895 million euros in 2011.

"We have noted a trend that companies doing business in the Baltic States are now more often considering expansion through acquisitions or attracting private equity investment, which is also promoting transactions in our region. Transaction values are not as high as before the crisis, but the volume of Baltic transactions has shown significant growth," adds Prangli.

Though all M&A advisers were quite busy during the last year, it would be hard to predict continuous growth for the M&A market this year. "M&A and other larger transactions are largely based on market expectations, and nobody can foresee now whether and how much the European financial crisis will affect the Baltic economies. As an optimist I would claim that even negative trends in the rest of Europe can be useful for us, as there will be fewer countries in which to invest safely. At the same time the Baltic States with their open economic policies are very much dependent on international events," concludes Prangli.

List of top 10 Announced Acquisition Deals in the Baltics Ranked by Sale Price (2011, mln EUR) were as follows:

1) Valeant Pharmaceuticals International, Inc. / AB Sanitas/ 361/ Lithuania2) EQT Infrastructure Fund* / Fortum Energiaratkaisut Oy, Fortum Termest AS / 200 / Estonia, Finland3) Citycon Oyj* / Kristiine Kaubanduskeskus AS (Kristiine shopping centre) / 105 / Estonia4) Horn Invest OÜ / Tallinna Elektriijaam OÜ (85%) / 90 / Estonia5) Molycorp Minerals LLC / AS Silmet (90.02%) / 63 / Estonia6) Unilever Finland Oy* / Ingman Ice Cream companies in the Baltics / N/A / Finland, Sweden, Lithuania, Latvia, Estonia, Belarus7) Pontos Oyj* / UAB Mulga (shopping centre Babilonas) / 24 / Lithuania8) Alandam Capital BV / Man-Tess SIA / 21 / Latvia9) Polair OAO / AB Snaigė / 20 / Lithuania10) AXA Private Equity and Resource Partners / Baltcom SIA / N/A** / Latvia

Compiled by SORAINEN based on Mergermarket data