

EXPERT GUIDE

CORPORATE *LiveWire*

NOVEMBER 2013

OVERVIEW OF THE NORDIC & BALTIC REGION



BORENIUS LTD

KROGERUS

SORAINEN

ERNST & YOUNG AS

**Eva Berlaus**eva.berlaus@sorainen.com
+371 67 365 014

Baltic M&A and Private Equity Topicalities – Regional Forum in Riga, Findings of the Market Survey

By Eva Berlaus



On 24 and 25 October, the Latvian capital Riga will welcome more than 220 participants of the annual M&A industry gathering – Baltic M&A and Private Equity Forum 2013. This year, along with traditional event organisers – law firm SORAINEN and local business media leaders Dienas bizness, Äripäev and Verslo žinios – private equity and venture capital associations of all three Baltic countries have also joined the organisational panel. Furthermore, together with the forum, the Latvian Private Equity & Venture Capital Association celebrates its 10th anniversary.

This year has seen comparatively large activity in the private equity and venture capital industry (for example, Latvia recently concluded a tender for the Latvian Guarantee Agency, as well as implementing the Alternative Investment Fund Managers Directive (AFMD) during the summer). The forum will pay special attention to various topics related to development of private equity and

venture capital in the Baltics. Thus, for example, on the first day of the forum, 24 October, ideas on how to facilitate the development of the industry will be shared by representatives of the EBRD (Agris Preimanis), the European Investment Fund (Richard Pelly) and also European Private Equity & Venture Capital Association (Michael Collins). On



25 October, in turn, a special session will be devoted to discussions about the importance of the governments of the Baltic States in the development of the industry and what the industry representa-

tives expect from the governments. As no significant exchange of opinions has taken place among the Baltic States on how to jointly make the economic environment of our countries more favourable for investments of private equity and venture capital, this could be the best opportunity to start a discussion in a more serious and organised manner. Hopefully, this discussion will then be continued outside the forum. For the first time in the forum's history a special session will be devoted to limited

partners in private equity transactions. Jesper Knutsson, senior investment manager of Danske Private Equity (Denmark) and Sille Pettai, fund manager of Swedbank Investment Funds (Estonia) will be participating in the discussion panel of the limited partners' perspective session.

Of course, as every year, the forum retains its core activities: discussions among industry representatives about market tendencies and prognoses, news in transaction structuring from tax and other aspects, M&A and private equity transactions concluded during the previous year in the Baltics.

In general, in comparison to the previous two to three years when the economic recession caused a quite pessimistic mood, this year has brought more activity in M&A and private equity transactions. In keeping with this new mood, the forum is also promising to be more dynamic. This is shown by the large interest of foreign presenters in the opportunities to speak in the forum and also to obtain contacts in the Baltic private equity and venture capital industry.

Another tradition is the annual Baltic M&A market survey organised by SORAINEN to help to compare and analyse business interests and ambitions in the region. Results of the Baltic M&A market survey 2013 clearly show that after declining in 2012, interest in the closest markets (own country of the company or other Baltic country) has returned. The number of companies looking for targets in CIS region is stable, while Nordic countries and the rest of Europe have become slightly less popular markets compared with previous results. It can be said that the general mood in the Baltic market has become less certain and the number of respondents who had clear plans to buy another business or are certain that they are not interested in such activity has declined, while the number of businesses open for good opportunities has increased. At the same time the share of potential sellers has grown in comparison with 2012.

Operational synergy has regained its importance and, as in 2011, is ranked as the most important benefit that companies aim to achieve through M&A transactions. However, respondents



have become more conservative in aiming for new markets, and the opportunity to improve a company's cash flow as the driving factor behind M&A is now twice as important as a year ago.

Eva Berlaus is an office managing partner of SORAINEN Latvia and head of the M&A and Private Equity Team, which includes our M&A, Private Equity and Privatisation Practices. Eva has been practicing law since 1996.

Eva has participated as counsel in major cross-border M&A deals in Latvia for both sellers and buyers and on behalf of listed and non-listed companies in business sectors such as banking, media, utilities, food, construction, property development, energy, consumer finance and environment. Eva has sound experience in advising on competition law issues relevant to merger control, asset transfer and related matters.

Mergermarket has ranked Eva among top 10 M&A lawyers by volume in terms of the number of M&A transactions announced in the Baltics and Belarus. She is also a recommended practitioner by leading international legal directories.

