

Aventis Advisors

M&A in Central and Eastern Europe

Choosing your next investment destination

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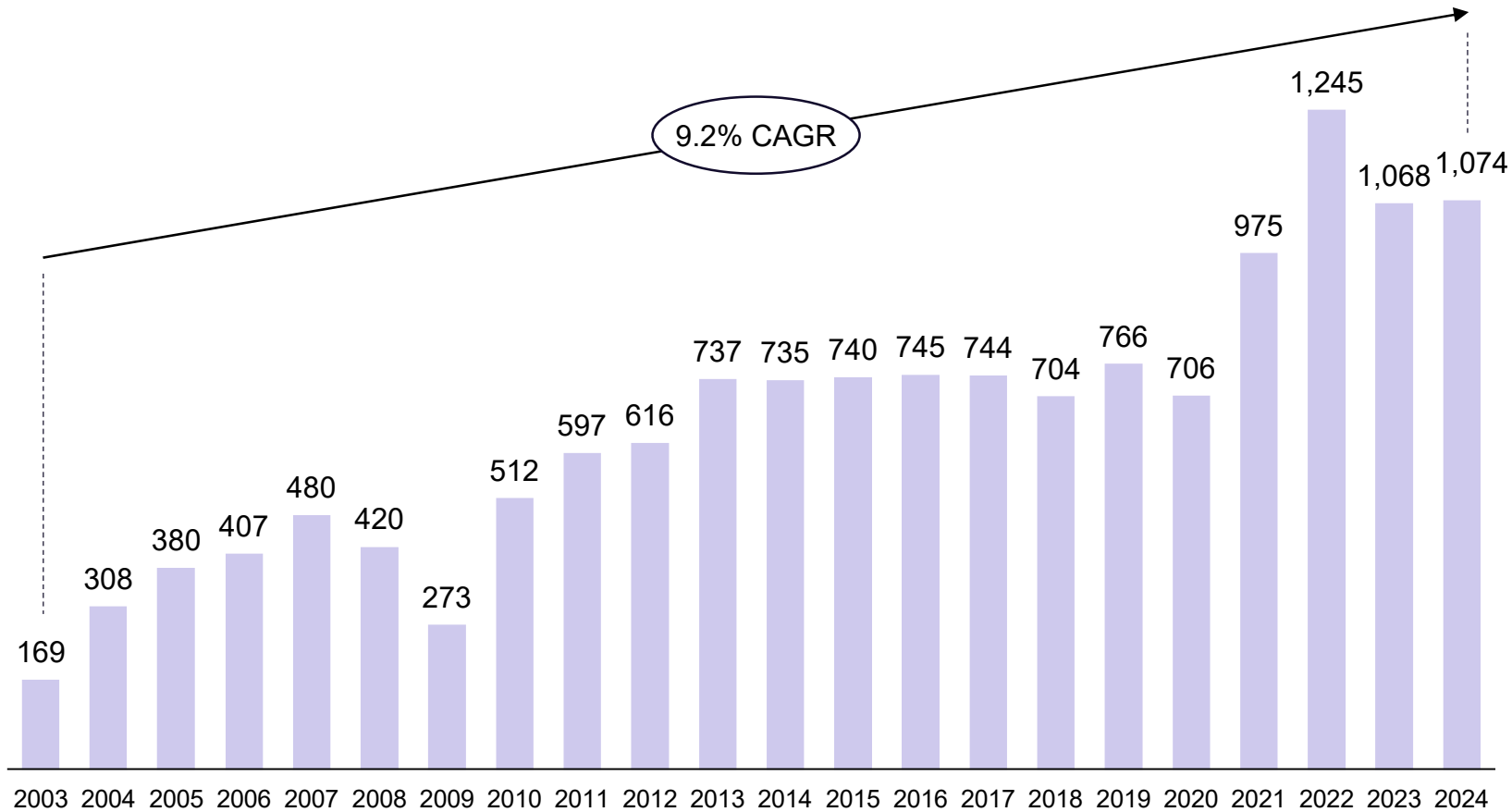
1. M&A in CEE: Trends and Insights
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M&A in CEE: Total Deal Volumes, 2003-2024

CEE continues to deliver stable deal volumes despite recent geopolitical tensions

Number of M&A deals in CEE, 2003-2024



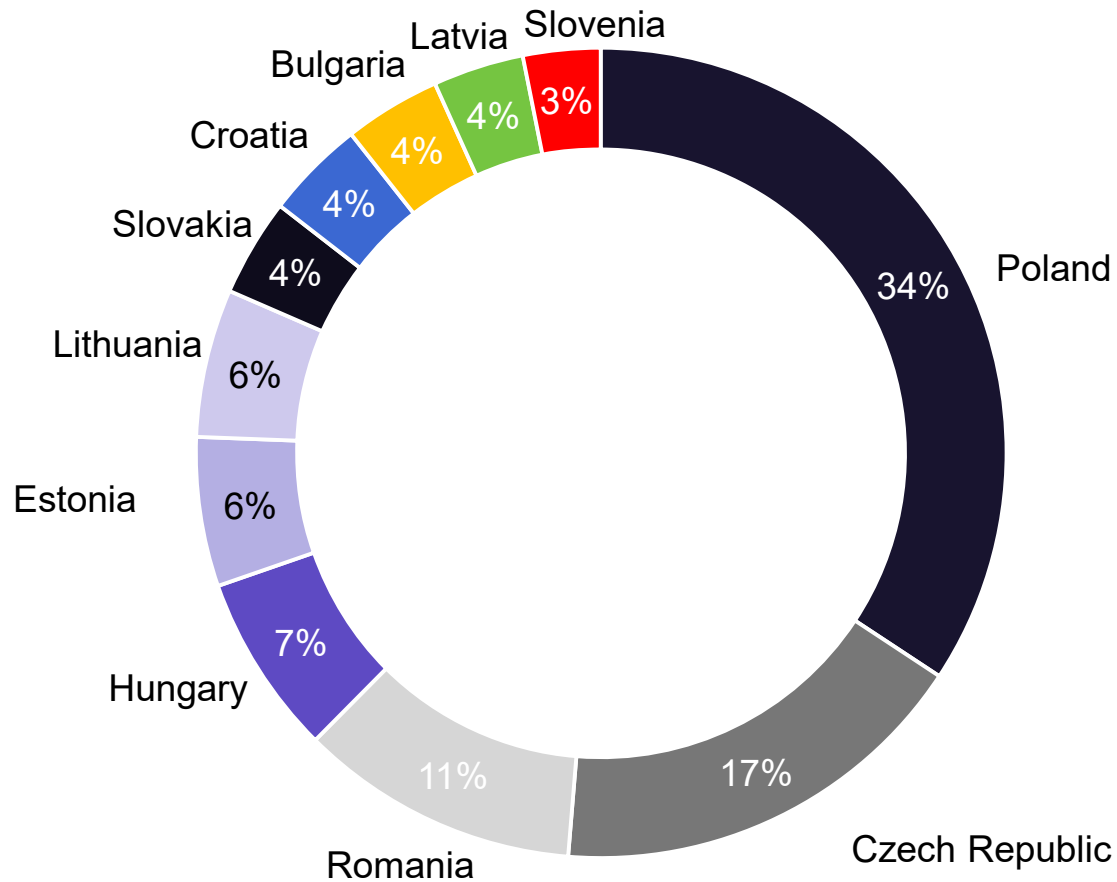
Comment

- The total number of deals in the CEE has compounded at 9.2% annually over the last 21 years
- Over the period, CEE countries experienced fast economic growth, joined international organizations (EU, NATO), and had cheaper labor costs for the outsourcing of business
- CEE experienced the 2021-22 boom in M&A activity similar to the rest of the world
- In 2023 deal volumes fell by 16% compared to 2022 as economic policies created uncertainty in the deal landscape, such as increased interest rates
- In 2024, deal volumes stabilized at 1,074, exceeding the period's median of 705 by approximately 52%

M&A in CEE: Total Deals by Country

Poland, Czech Republic and Romania account for more than half of all deals in the region

Number of M&A deals in CEE, 2003-2024, by region



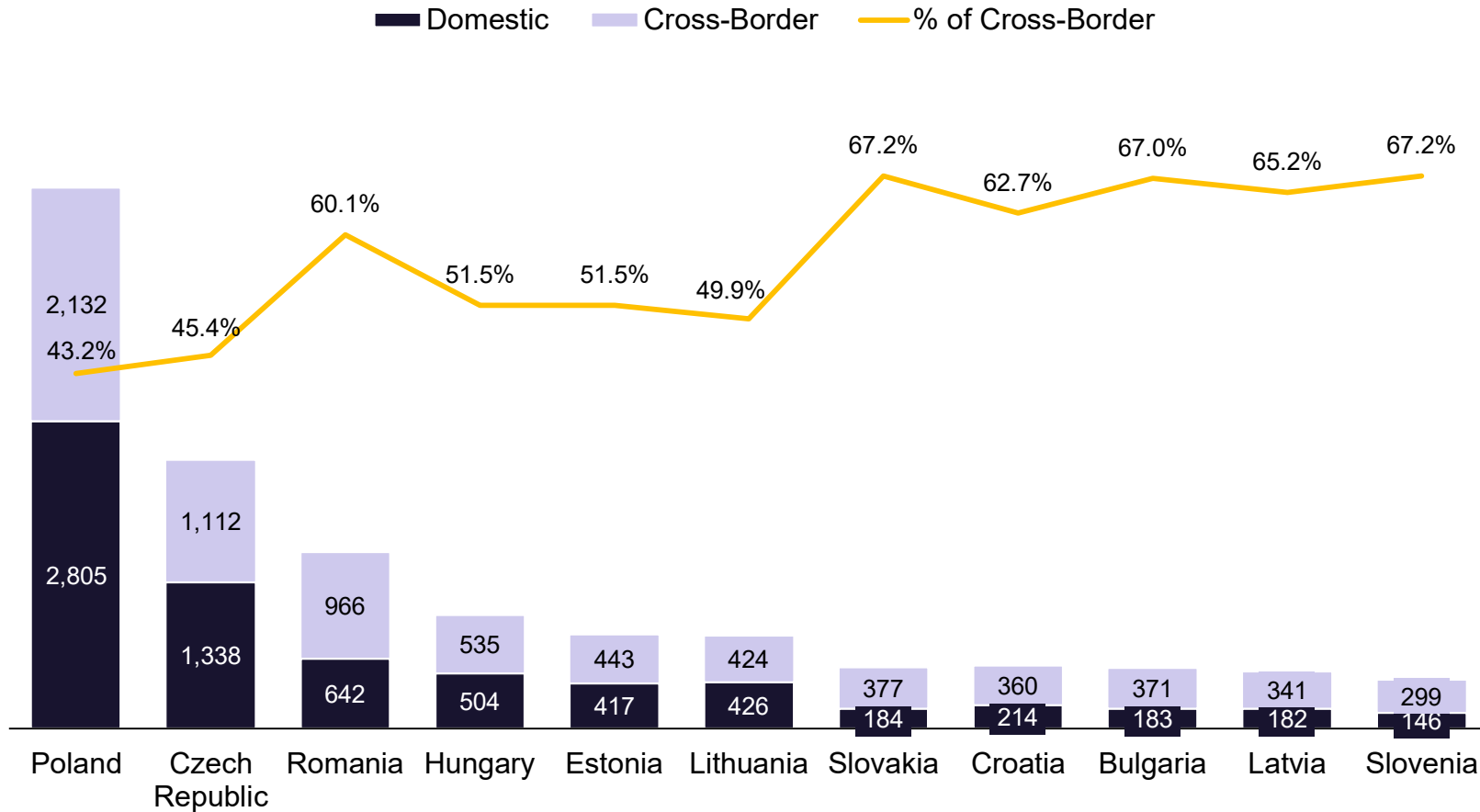
Comment

- Poland, Czech Republic and Romania account for more than 62% of the total deals in the CEE region
- Poland accounted for over one-third of total deals, driven by several factors, including a large working population, a thriving IT sector and strong year-over-year GDP growth

M&A in CEE: Domestic vs. Cross-Border, 2003-2024

International investors are predominantly capitalizing on M&A opportunities in CEE

Number of M&A deals in CEE, 2003-2024













Comment

- In most CEE countries, international investors account for the majority of M&A deals. However, in Poland and the Czech Republic, the split is more balanced, with Poland having the lowest share at 43%
- International acquisitions largely dominate M&A deals as foreign investors are attracted to CEE's skilled talent pool, rapid economic growth, and infrastructure development in the emerging tech industry
- Another key driver of high cross-border activity is the CEE multiple discount, enabling international investors to access similar cash flow profiles in CEE countries at lower multiples

M&A in CEE: Cross-Borders Acquisitions by Buyers, 2003 – 2024

American companies are the most active buyers in the CEE region, particularly in the software, industrial, and financial sectors

List of active buyers in CEE, 2003-2024

No	Buyer's Country	# of Deals	% of Total Cross-Border	Top 3 Target Industries
1.	United States 	835	11.3%	Software – Services – Industrials
2.	Germany 	706	9.6%	Industrials – Services – Software
3.	United Kingdom 	621	8.4%	Software – Services – Energy
4.	France 	436	5.9%	Services – Energy – Construction
5.	Austria 	421	5.7%	Financials – Construction – Industrials
6.	Netherlands 	371	5.0%	Software – Financials – Services
7.	Sweden 	329	4.5%	Industrials – Services – Software
8.	Czech Republic 	313	4.3%	Energy – Financials – Software
9.	Poland 	244	3.3%	Software – Consumer – Services
10.	Switzerland 	224	3.0%	Energy – Services – Financials

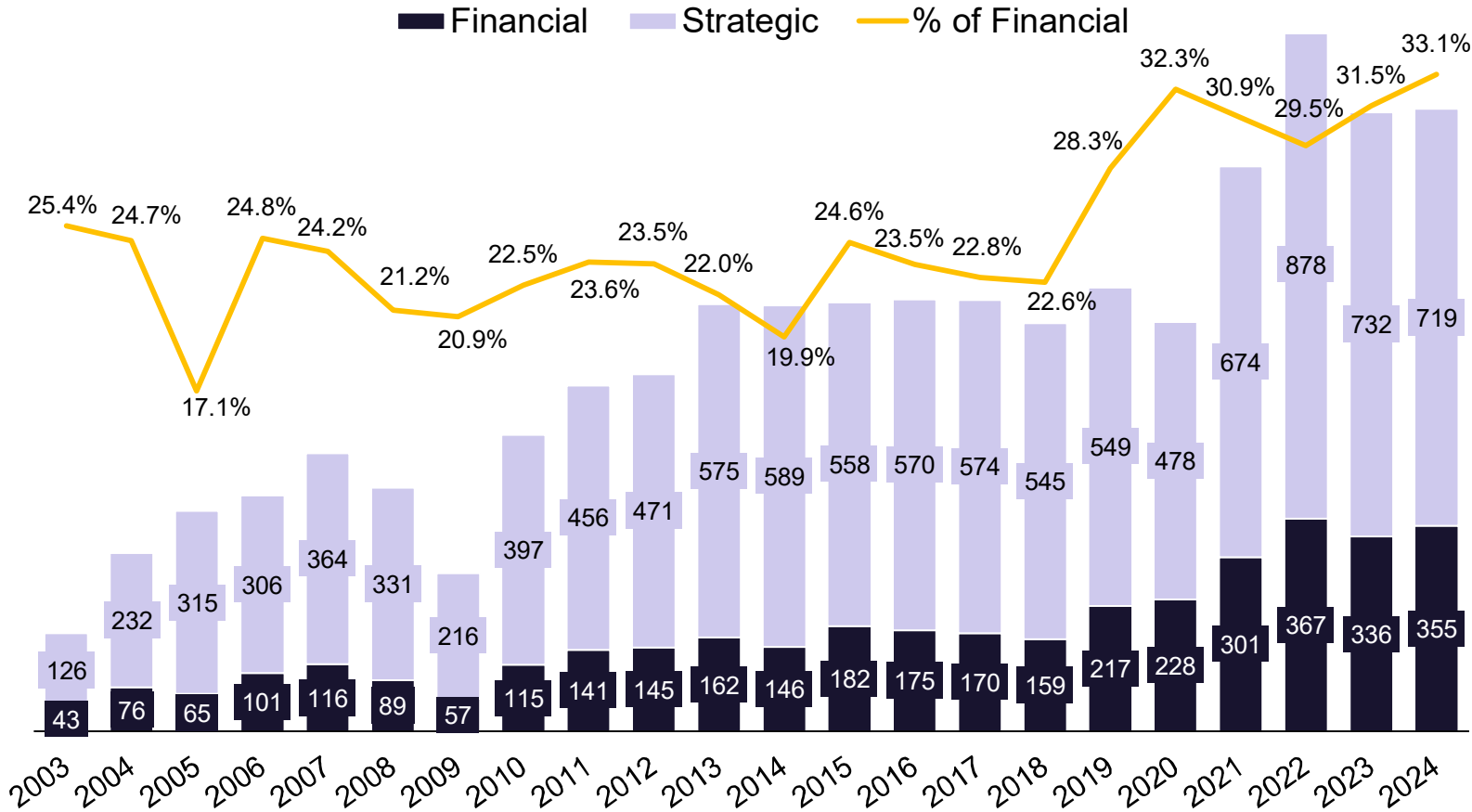
Comment

- Buyers from the United States, Germany, and the UK have collectively accounted for approximately one-third of all cross-border M&A transactions in CEE over the past 21 years
- The leading sectors for acquisitions have included software, industrials, automotive, retail, energy, and financials
- American companies have been the most active acquirers in CEE, completing 835 acquisitions over the last 21 years, primarily targeting companies in the software, general services, and industrial sectors

M&A in CEE: Strategic vs. Financial Acquisitions, 2003-2024

Strategic acquisitions are significantly more prevalent as companies look to benefit from opportunistic synergies

Number of M&A deals in CEE, 2003-2024, by type of acquirer



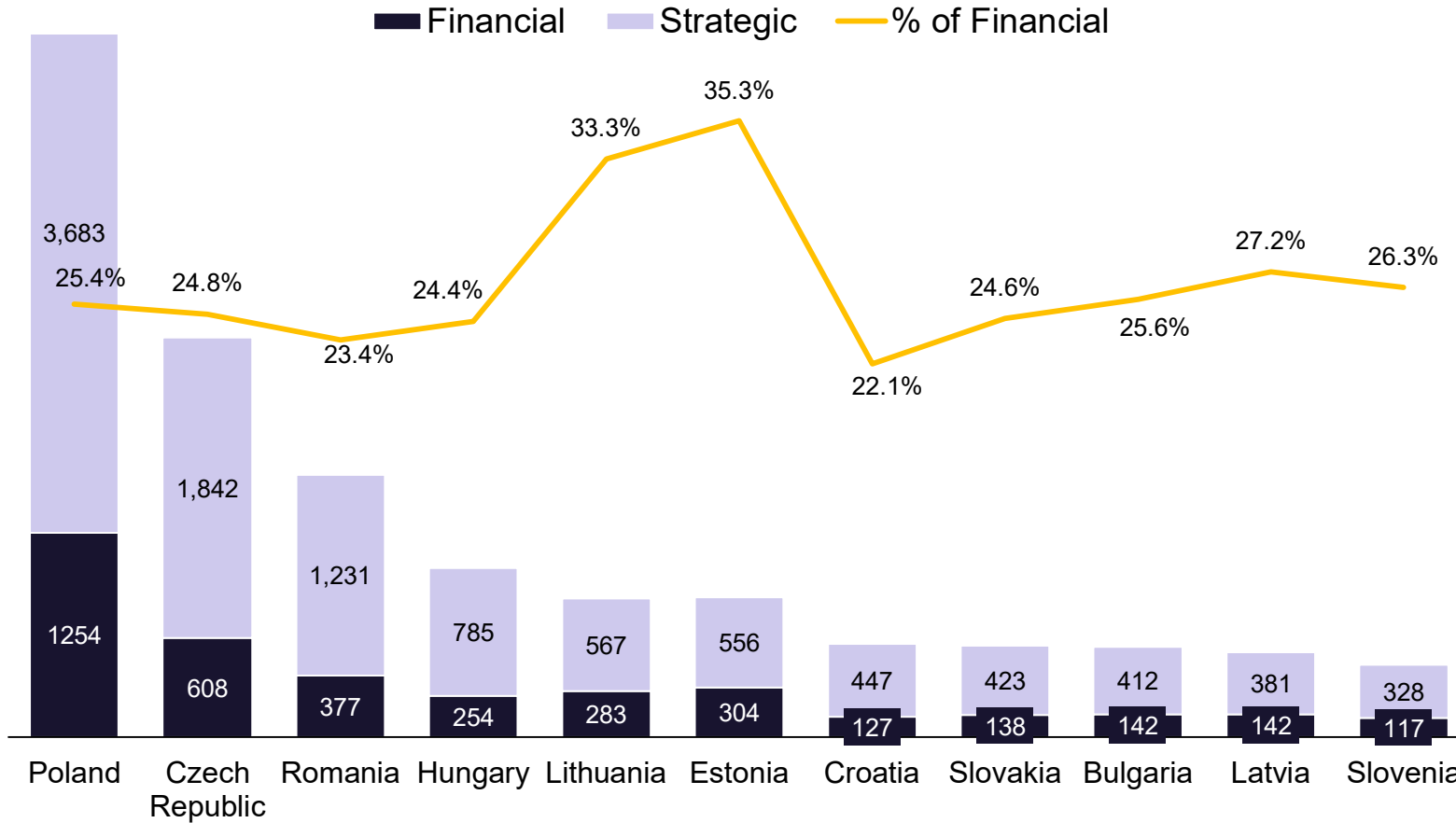
Comment

- Strategic acquisitions constitute the majority of transactions in the CEE region, representing approximately 70-80% of total deal flow
- An increase in acquisitions by financial buyers is being driven by growing private equity interest, resulting in PE firms becoming more prominent acquirers in the region
- In 2023, CEE saw a record high in acquisitions by financial buyers, with a total of approximately 367 deals
- Note that many strategic acquisitions are PE-backed, underrepresenting the true extent of financial acquisitions

M&A in CEE: Strategic vs. Financial Acquisitions by Country, 2003-2024

Strategic acquisitions are significantly more prevalent as companies look to benefit from opportunistic synergies

Number of M&A deals in CEE, 2003-2024, by type of acquirer



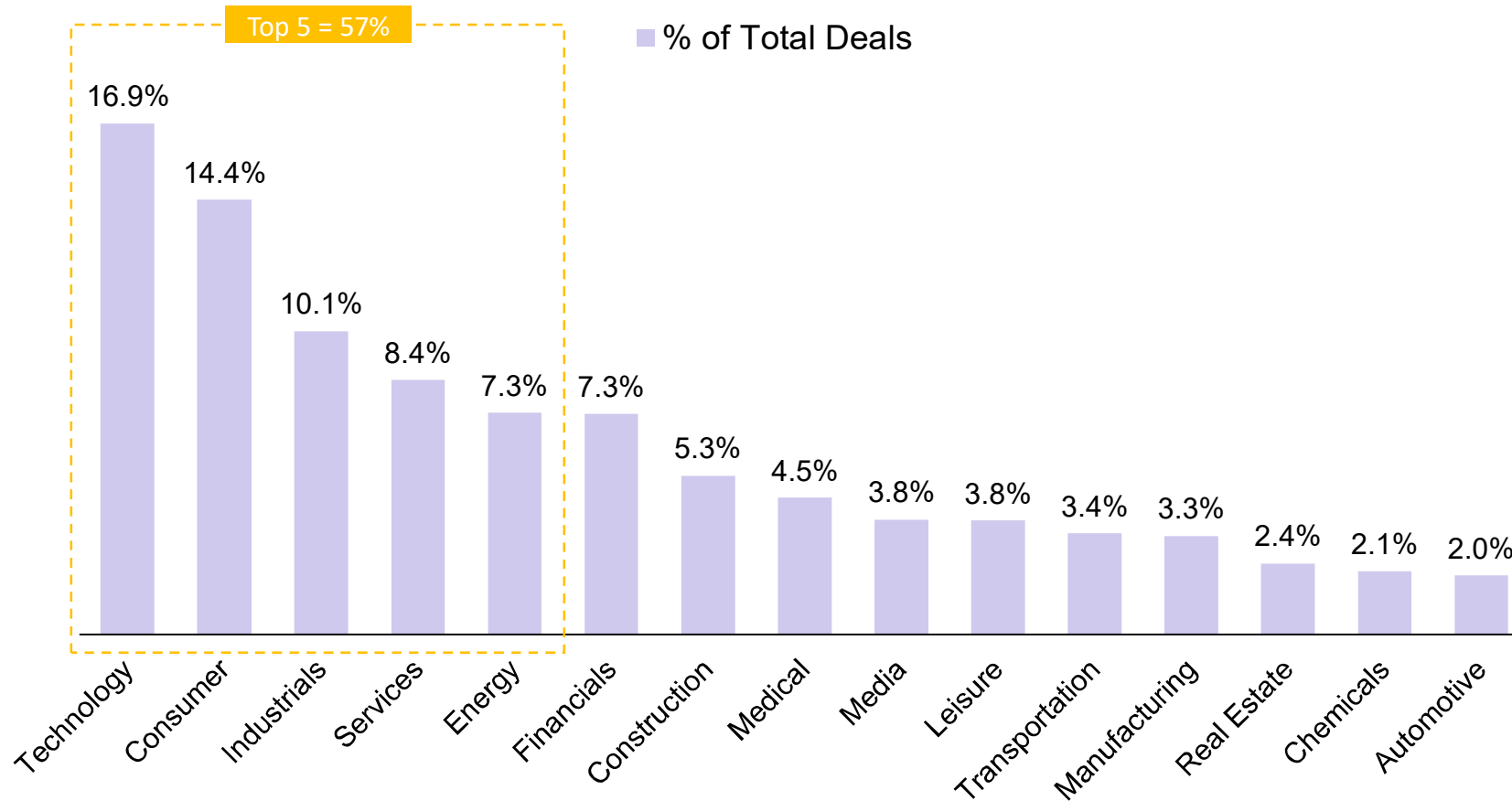
Comment

- Strategic acquisitions constitute the majority of deals across all countries, ranging from 65% to 80%
- Estonia has the highest percentage of financial acquirers at 30%, while Croatia has the lowest at 16%

M&A in CEE: Deal Volume by Sector

The technology sector has been the most active for M&A in CEE over the past 21 years

Share of total M&A deals by sector, 2003-2024



Comment

- The top five sectors—technology, consumer, services, industrials, and energy—account for 57% of all deals in CEE
- The technology sector continues to lead M&A activity in CEE, driven by attractively priced companies with world-class developers, making the region a sought-after hub for both domestic and international acquirers
- Real estate, chemicals and automotive represent only about 6.5% of total M&A transactions in the region

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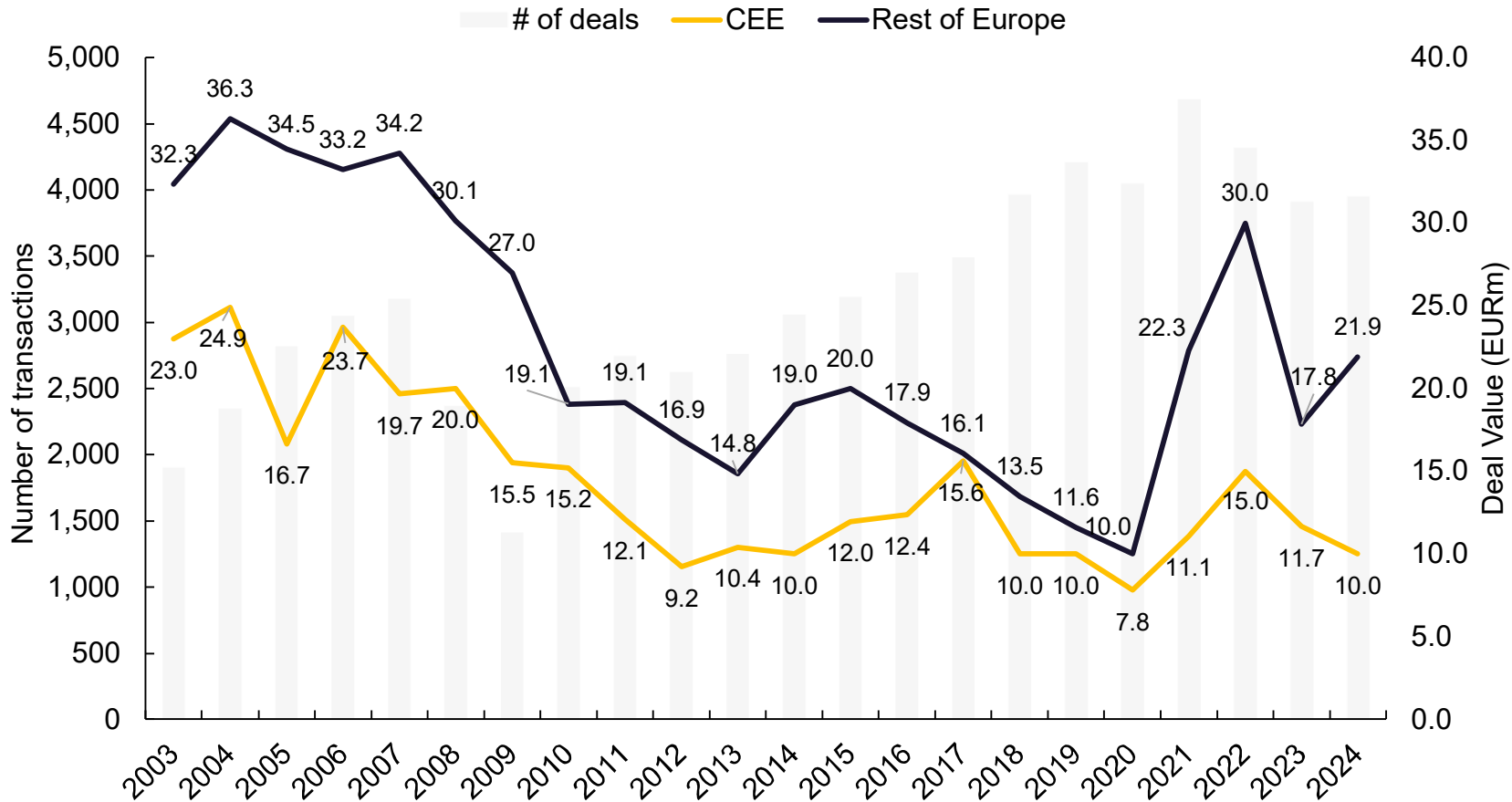
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M&A in CEE: Median Deal Value

Deal values have been trending downward across Europe, driven by an increase in deal volumes

Median deal value in CEE and rest of Europe 2003-2024, (EURm)



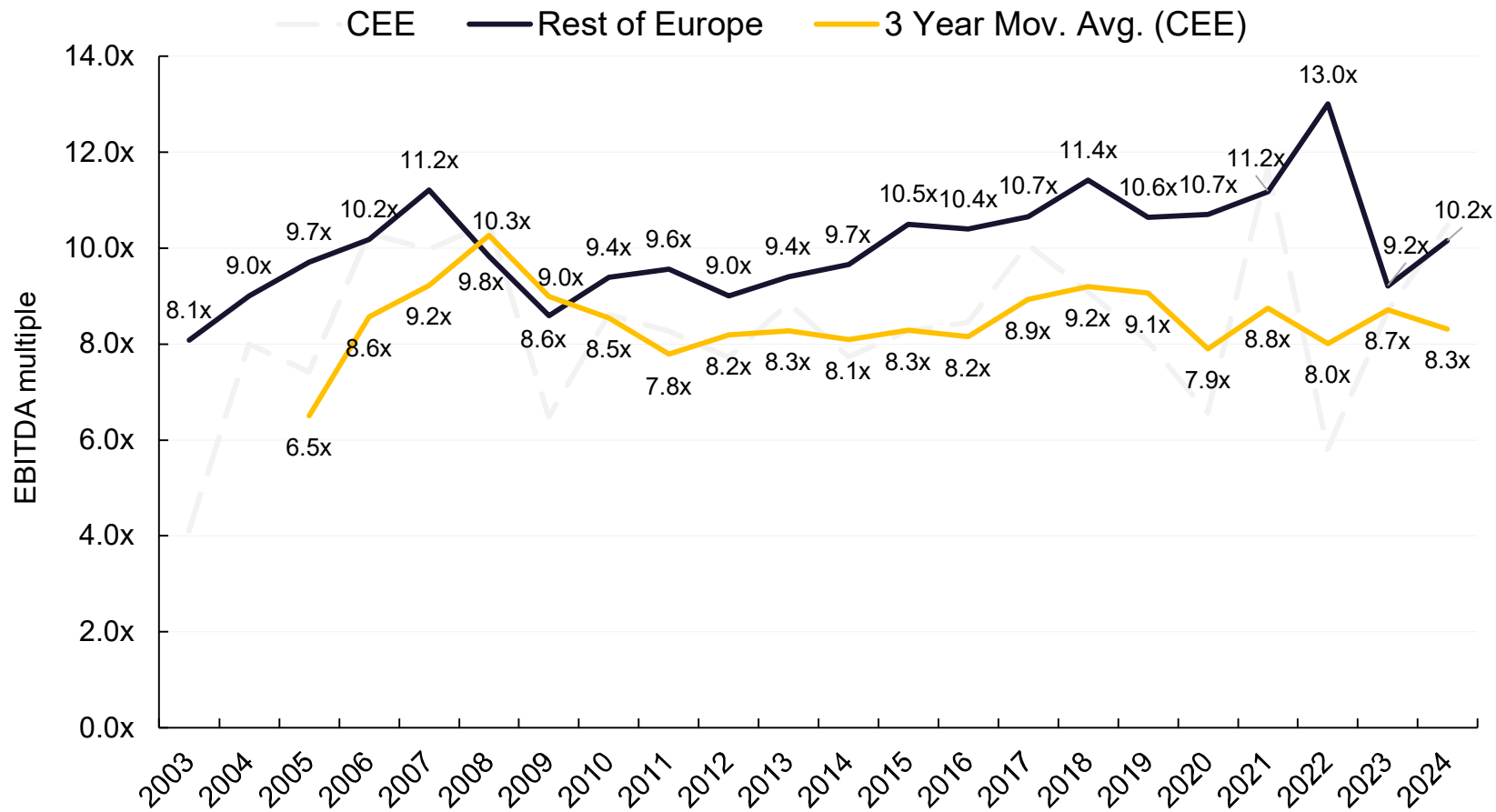
Comment

- The median deal value has decreased over the past 20 years in both Europe and CEE, likely due to the rising number of deals happening in the region
- Deal values surged during the boom years of 2021 and 2022 across Europe but have since declined due to macroeconomic uncertainties and higher interest rates
- Deal values outside of CEE are generally higher, especially in 2022. By 2023, median deal values had declined across Europe
- While deal value rebounded across most of Europe in 2024, the median deal value in CEE continued its decline

M&A in CEE: Median EBITDA Multiple

EBITDA multiples in CEE have remained stable, whereas the rest of Europe experienced a sharp decline from 2022 levels

Median EBITDA multiple in CEE M&A deals, 2003-2024



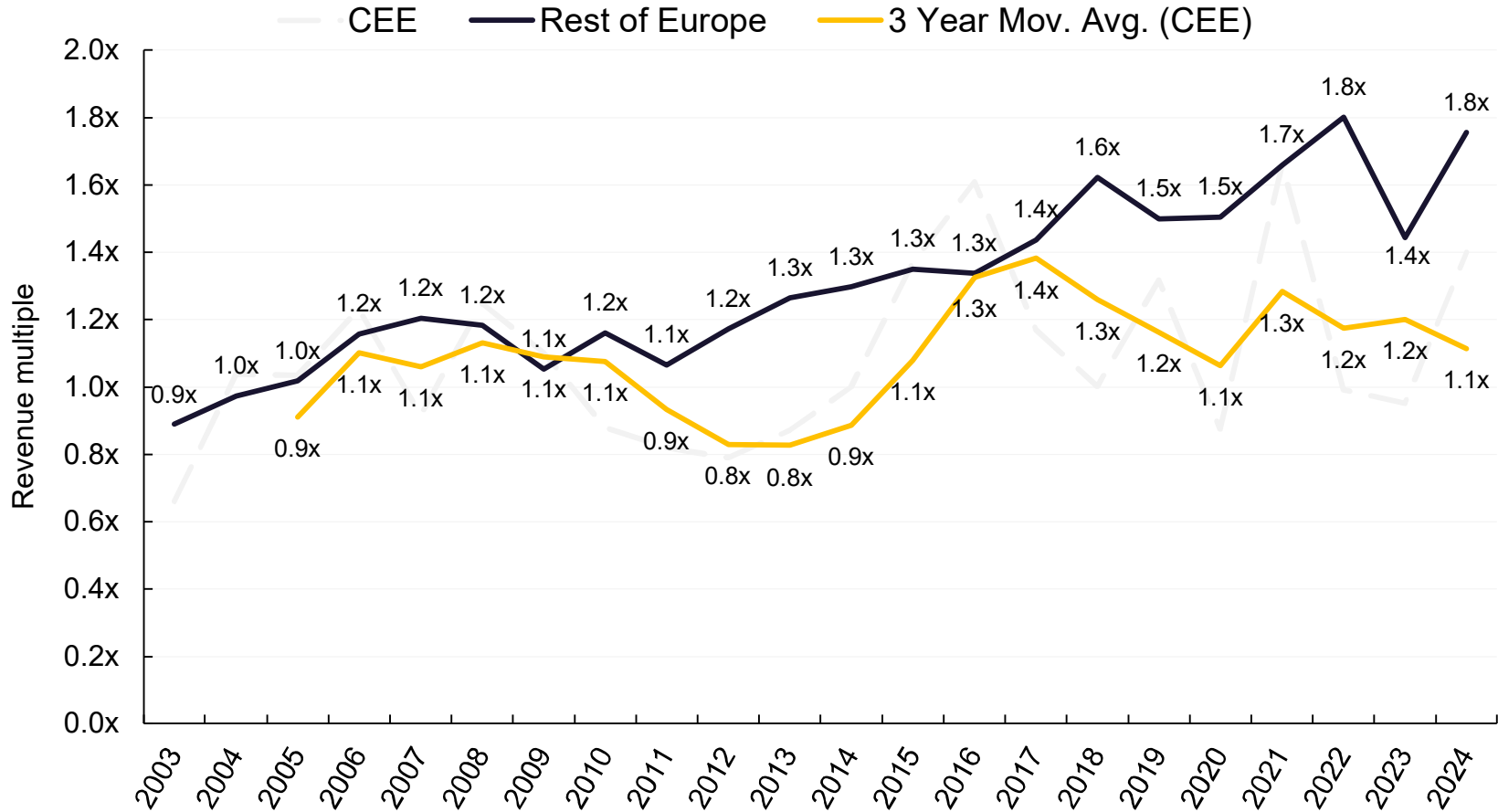
Comment

- Transactions in CEE have typically been priced at a discount compared to Western peers, with a median discount of (-1.3x) EBITDA for the observed period
- The discount gap narrowed in 2024, but due to the volatility of the multiple, the 3-year moving average still reflects a discount to European peers
- The most significant discrepancy occurred in 2022, due to the onset of the war in Ukraine, impacting CEE countries the most, by fueling an energy crisis, high inflation, and increased uncertainty

M&A in CEE: Median Revenue Multiple

The overall decline in valuation multiples in the rest of Europe is converging with CEE levels

Median revenue multiple in CEE M&A deals, 2003-2024



Comment

- The median EV/Revenue multiple in CEE has ranged from 0.7x in 2003 and 1.7x in 2021
- Median revenue multiples in Europe have steadily increased since 2003, with only minor volatility, driven primarily by strong demand for inorganic growth through M&A
- CEE have been significantly more volatile, multiples, though the 3-year moving average has remained relatively stable around 1.1–1.3x revenue
- In 2024, the CEE discount spread remained flat at 0.4x revenue, similarly to 2023. This was largely due to a rebound in valuations for European firms caused by improved investor sentiment

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Economy of Central Eastern Europe: Analyzed region

Poland is the largest economy in CEE by GDP and population while Slovenia has the highest GDP per capita

Economic overview of Central Eastern Europe (CEE)²



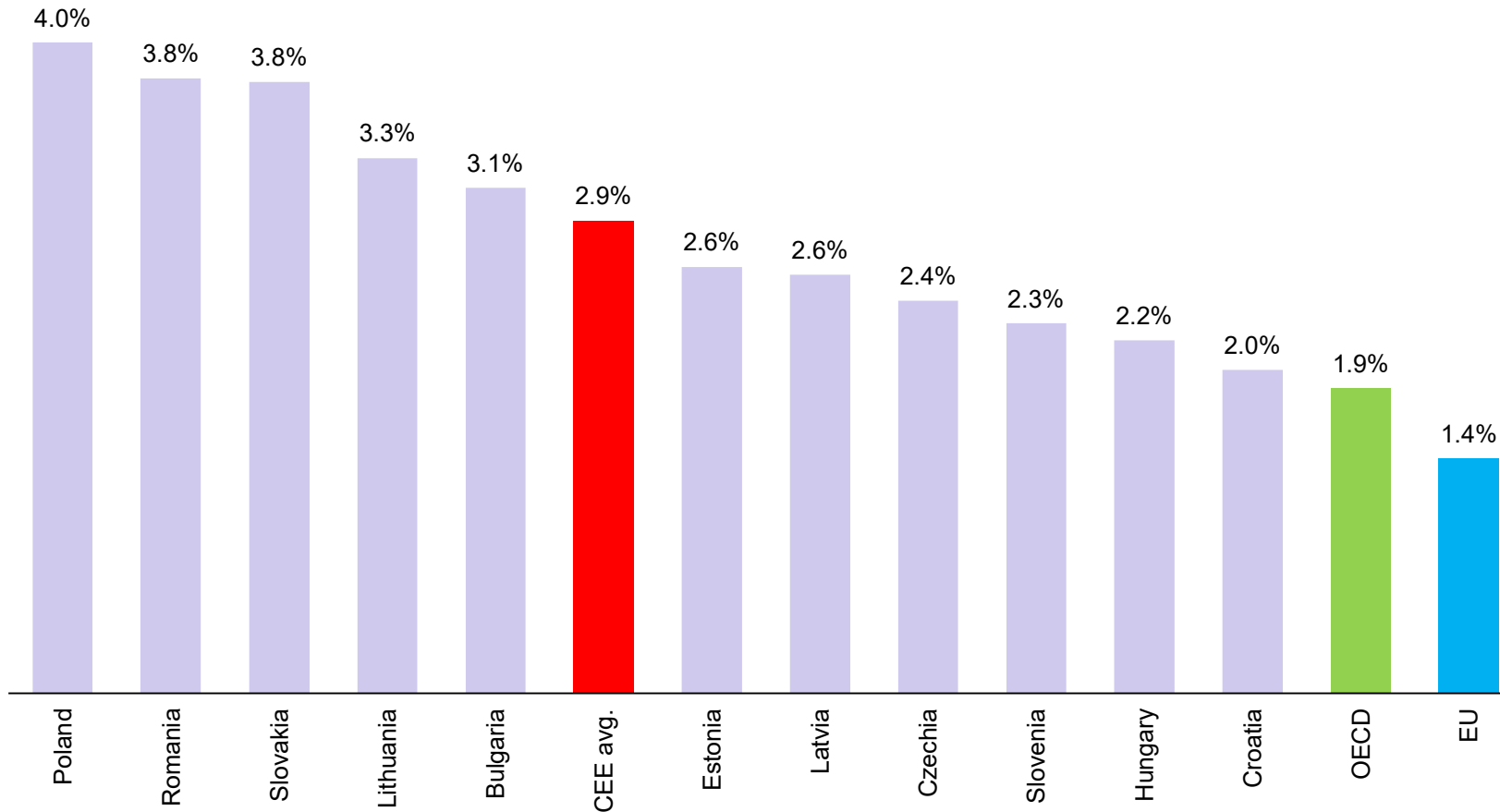
Country	Population (m)	GDP ¹ in (bn)	GDP per capita (k)	Inflation rate (%)	Unemployment rate (%)
Poland	36.7	633.6	17.3	11.5%	2.7%
Romania	19.1	236.0	12.4	10.4%	5.6%
Czechia	10.9	215.3	19.8	10.7%	2.6%
Hungary	9.6	156.2	16.3	17.1%	4.1%
Slovakia	5.4	104.3	19.2	10.5%	5.8%
Bulgaria	6.4	62.9	9.8	9.4%	4.3%
Croatia	3.9	66.4	17.2	7.9%	6.1%
Lithuania	2.9	52.3	18.2	9.1%	7.0%
Slovenia	2.1	54.4	25.6	7.4%	3.6%
Latvia	1.9	31.9	17.0	8.9%	6.5%
Estonia	1.4	27.7	20.3	9.2%	6.3%

Note: 1) Real GDP Note: 2) Including only EU countries

Economy of CEE: GDP Growth, 2003 - 2023

The average annual growth rate of CEE countries is nearly double that of the rest of the European Union

Real GDP growth for CEE, OECD and EU in between 2003-2023



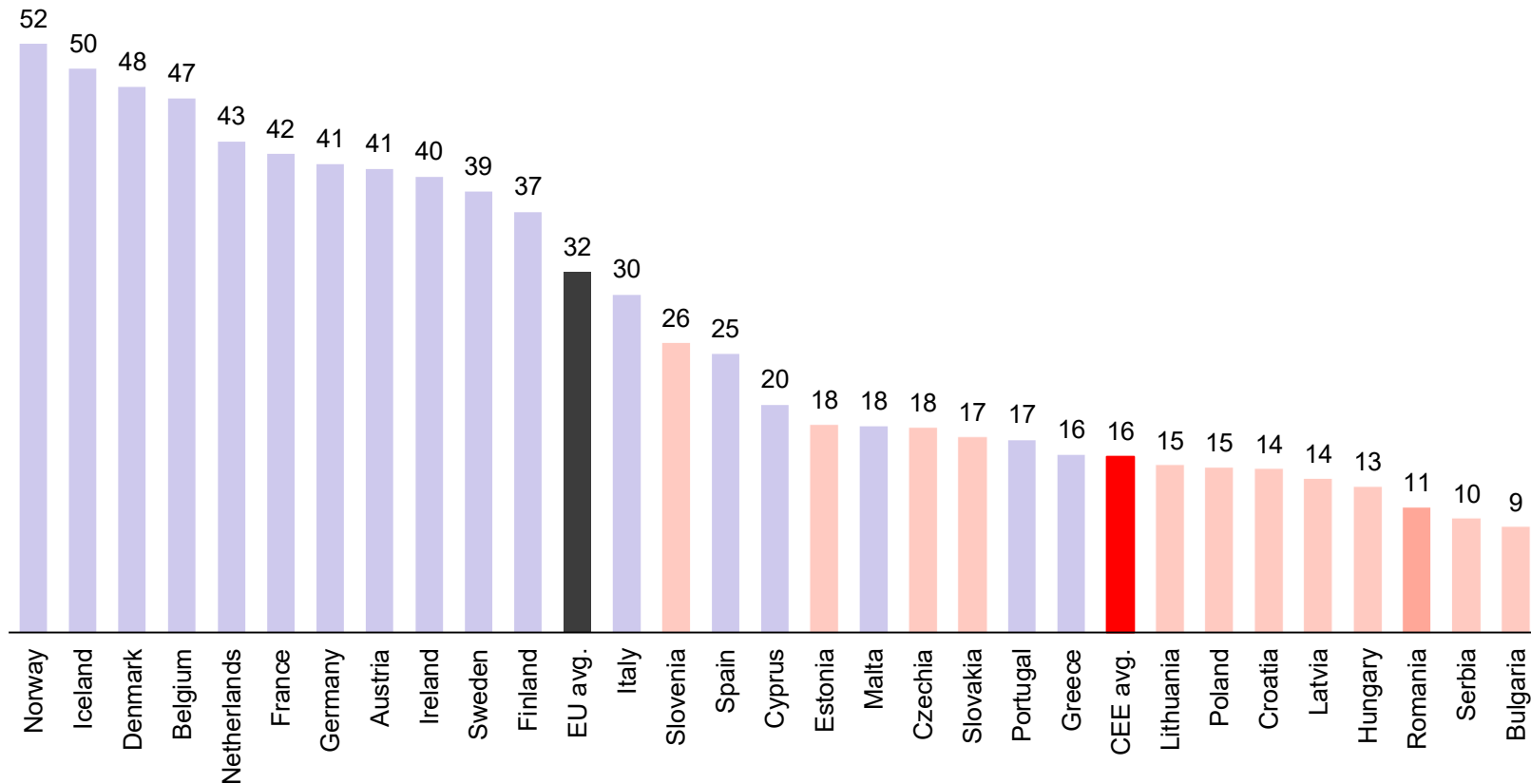
Comment

- The GDP growth in CEE has averaged almost double (2.9%) the growth in the EU (1.5%) over the past 20 years
- Poland takes the lead with the highest GDP growth during the period with an average compound of 4% annually
- The primary reasons behind the growth in CEE countries are high consumer demand, a skilled and motivated young workforce, and strong investment activity
- International investments, including EU funds and foreign direct investment from Western companies, play a major role in establishing technology, distribution, and manufacturing centers in CEE
- Investments in CEE are driven by factors such as lower costs for skilled labor, improving infrastructure, increased digitalization and higher productivity

Economy of CEE: Hourly Labor Cost in EUR, 2023

Significant differences in hourly labor costs make CEE an attractive region for outsourcing and M&A

Hourly Labor Costs in Europe (EUR), 2023



Comment

- The average hourly rate in CEE is 16 EUR/hour, nearly half of the EU average of 32 EUR/hour
- Slovenia has the highest hourly labor cost among CEE countries at 26 EUR/hour in 2023, while Bulgaria has the lowest at 9 EUR/hour, keeping overall labor costs in the region competitive
- Hourly rates in Nordic and Western European countries are often 2 to 4 times higher than those in CEE
- Significant differences in labor costs among European countries drive activity in both outsourcing and M&A, particularly when attractive companies emerge with low labor costs with a strong talent pool in IT and engineering

About Aventis Advisors

We are an M&A advisor focusing on **technology and business services companies**. We advise on company exits, acquisitions, and larger capital-raising deals.


Over the years, we have developed a distinctive operating philosophy driven by a set of values.

- We believe the world would be better off with fewer (but better quality) M&A deals done at the right moment for the company and its owners.
- We start with a simple rule: we take the time to carefully listen and understand each client's unique needs and goals.
- We then provide honest, insight-driven advice clearly laying out all the options before you – including the one to keep the status quo.





Our Closed Deals

Aventis Advisors



Acquired



Aventis Advisors



Acquired



Aventis Advisors



Acquired




Aventis Advisors





Sold to




Aventis Advisors





Acquired



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