

PRESS RELEASE

WOLF THEISS SEES DISTRESSED M&A RISING AS CEE ECONOMY SLOWS

Warsaw, 16 October 2019 – Growing uncertainty about the global economic outlook has cut M&A activity in Central and Eastern Europe this year despite the region’s healthy fundamentals. However, the economic downturn may attract investors to restructuring opportunities, particularly in the manufacturing and retail industries, experts from international law firm Wolf Theiss predicted at the CEE M&A and Private Equity Forum in Warsaw.

“The number of distressed assets in CEE will likely increase in the coming months, mainly in the automotive, steel and retail industries,” said Lech Giliciński, Partner and Head of the Restructuring and Insolvency practice in the Warsaw office of Wolf Theiss. “As far as the automotive sector is concerned we are already seeing a downturn in Germany, and since many German companies produce auto parts in CEE, the crisis there will reach companies here as well. Distressed deals in steel will be driven by the declining demand for steel globally, while rapidly changing consumer behaviour and the rise of e-commerce may hit traditional retailers.”

The downturn has dampened investor optimism across the region and depressed M&A activity this year. In the first half of 2019 deal value in CEE fell to €11.2 bn, almost 16% lower than in the same period of 2018, according to data announced by Mergermarket during the Forum. The number of deals dropped to 306 from 334.

“Central and Eastern Europe is not isolated from global investment trends,” said Jacek Michalski, Partner and Head of the Corporate and M&A practice at Wolf Theiss in Warsaw. “Even though the economic fundamentals remain healthy in most countries of the region, worries about global growth as well as persistently high price expectations will likely continue to weigh on the M&A market.”

The CEE M&A and Private Equity Forum 2019, held in Warsaw on October 1-2, was organized in partnership with Mergermarket. In addition to distressed assets, the main panel discussions concerned the latest M&A trends in the region, fundraising activities and value creation strategies.

“The main takeaway from the Forum is the increasing role of private equity and venture capital funds in financing innovative enterprises,” said Przemek Kozdój, Partner and Head of the Banking and Finance Practice in Wolf Theiss in Warsaw. “This becomes particularly significant when we take into account that activity on local stock exchanges has been on the decline in recent years, with fewer and fewer companies tapping the public market for new funds.”

For a video story on the Forum, please click here: <https://youtu.be/hOk1F-VBfvo>

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ABOUT WOLF THEISS

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With 340 lawyers in 13 offices located in Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine, Wolf Theiss represents local and international industrial, trade and service companies, as well as banks and insurance companies. Combining law and business, Wolf Theiss develops comprehensive and constructive solutions on the basis of legal, fiscal and business know-how.

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