

ADVISER INTERVIEW

Dariusz Oleszczuk

Drzewiecki, Tomaszek i Wspólnicy Sp.k.

Why it is a good deal for all involved?

Soprema Group is continuously growing and diversifying its activity, by gradually gaining new markets and offering new products. Taking control over the company allows it to widen its market share in Poland and the offered range of products and technologies used. As regards to the former majority shareholder, an investment fund, ceding control over the company resulted from the nature of its business activity, i.e. it divested from the company after the realisation of its investment objective, while ensuring further growth for the company.

Also, Soprema as an industry shareholder, will provide stability to the ownership structure, ensuring long-term growth by allowing it to enter new markets as well as permanent access to new products and technologies (the Soprema Group has a large research and development division that is particularly committed to developing environment-friendly solutions).

What challenges arose? How did you navigate them?

While it was a relatively straightforward transaction, it involved a number of challenges. Although the financial investor, a majority shareholder was exiting the company, the other shareholders were selling only a part of their holdings with an undertaking to sell the remainder in the future, which added complexity to contractual documentation. Also, it was critical for Soprema that the management team, who were the remaining shareholders, stay and continue to do the excellent job in managing the company. Furthermore, the acquisition required the approval of UOKiK, the Polish merger control office, which cannot be taken for granted. Finally, time was an important factor for the exiting financial shareholder and the merger approval could take a prolonged period of time, especially in case UOKiK would decide to run its own review of the relevant segment of the market. We were successful in explaining all issues and answering several rounds of questions from UOKiK, hence it concluded that additional review was not necessary, and the clearance was granted on an expedited basis, especially taking into account vacations period.

How does this deal reflect the current M&A sphere in Poland? Any 2020 predictions?

Despite Poland's relatively high level of economic activity, the level of foreign investment is low, perhaps due to certain structural and political environment issues and related risks. The number of transactions and their size decreases, with small and medium-size deals prevailing. Soprema's acquisition of Termo Organika was a sizable transaction. Transactions between Polish entities continue to dominate, with foreign investors being represented mostly by European companies. We anticipate this trend to continue in 2020.

Holding Soprema SA's Acquisition of a Majority Stake in Termo Organika Sp. z o.o.

Kraków, 29 August 2019



Legal adviser to Soprema:



The Sellers of Termo Organika:

NPN II Investments S. à r.l. Luxembourg
member of Nova Polonia Group
Management Board Members of Termo Organika

Legal adviser to the Sellers:

SPCG

This announcement appears as a matter of record only

Transaction Report

Holding Soprema's Acquisition of a Majority Stake in Termo Organika

At the end of August, Holding Soprema S.A. acquired the controlling stake in Termo Organika Sp. z o.o. including all shares owned up to the time of the sale transaction by its then majority shareholder and financial investor – the NPN II S.a.r.l. registered in Luxembourg and the majority of shares held by its minority shareholders.

The Termo Organika's Management Board will remain unchanged. Plans for the future include increasing and improving the product and system portfolio, as well as developing synergies with the Soprema network of companies in order to offer clients better solutions and increase the export potential of Termo-Organika.

Termo Organika, founded in Mielec in 1997, is the largest producer of polystyrene boards in Poland and one of the largest companies in this market segment in the European Union. The company has five production factories and an extensive distribution network covering the entire country.

Soprema, founded in Strasbourg in 1908, is a global company specialising in waterproofing and insulation of buildings and civil engineering. The Soprema Group has 67 production plants in Europe, North America and Asia, and in 2018 achieved revenues of € 2.75 billion.

Interview with Dariusz Oleszczuk, Partner at Drzewiecki, Tomaszek i Wspólnicy Sp.k.