



# Navigating Deals Amidst Strong Headwinds:

2023 Snapshot of Global M&A  
Trends and Local Opportunities

January 2024

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# The current global and local M&A landscape

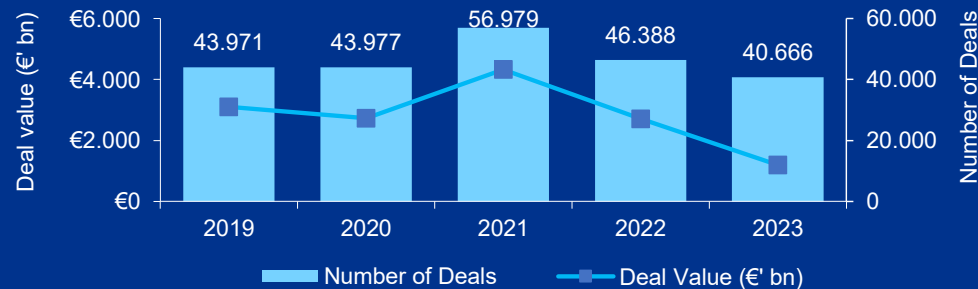
## Embracing Resilience and Innovation in a Shifting Economic Landscape

In 2023, the global M&A market has grown increasingly intricate due to stringent macroeconomic conditions and tight financing markets. This has led to a drop off in global deal volume and value as well as extended deal timelines and heightened uncertainty in many cases.

However, despite these immediate macroeconomic challenges, we anticipate that the robust growth in Cyprus' M&A market will persist. Notably, we expect increased activity in the energy sector, focusing on renewable energy and sustainability, as well as a surge in deals within the technology sector as businesses embrace digital transformation and innovation. Additionally, sectors such as healthcare, FMCG, education, and hospitality are likely to experience heightened activity driven by changing consumer demands, market consolidation, foreign interest, and globalization.

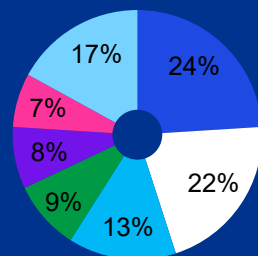
Furthermore, the approval of an action plan by the Cabinet of Ministers to incentivize M&A among small and medium-sized enterprises (SMEs) signals a more promising future for businesses of all sizes.

### Global M&A activity



Source: Refinitiv

- Technology
- Industrials
- Consumer Cyclicals
- Healthcare
- Financials
- Basic Materials
- Various Other



Global volume of deals, by sector (YTD 2023)

Source: Refinitiv

### Notable deals in Cyprus 2023



#### Hospitality and Tourism sector

*Fattal Hotel Group, through Fattal Limassol Limited, acquired 100% of Hawaii Hotels Limited*



#### Financial services

*Eurobank increases its shareholding ownership of Hellenic Bank to 55,3% subject to the approval of the competent supervisory authorities*



#### Industrials

*Halma acquired 100% of FirePro, a designer and manufacturer of aerosol fire suppression systems.*



#### Healthcare

*ECM Partners acquired 68% of the share capital of Ygia Polyclinic Private Hospital*

# Ministry of Finance 's action plan to promote M&A in Cyprus

In August 2023, the Cabinet of Ministers in Cyprus approved an action plan aimed at encouraging mergers and acquisitions (M&A) among small and medium-sized enterprises (SMEs). This plan is part of the reforms endorsed by the European Commission as part of the Cyprus Recovery and Resilience Plan. The action plan not only aims to provide incentives for M&A but also to simplify the legal framework and processes related to acquisitions and mergers. Additionally, it proposes to reduce bureaucracy and administrative burdens and foster a culture of communication through various initiatives such as communication plans, seminars, and showcasing best practices in the Cypriot and international business sectors.

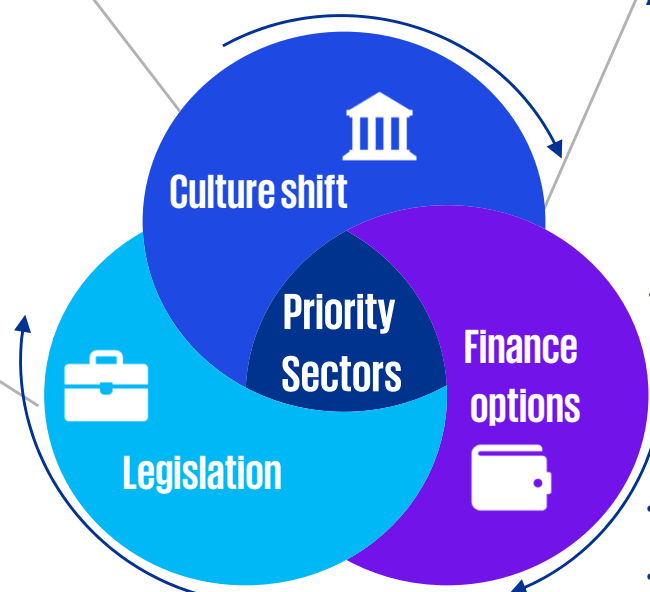
Moreover, a new long-term development strategy for Cyprus, funded by the European Union and prepared by the Cyprus Council for Economic and Competitiveness, outlines a vision for 2035. This strategy prioritizes enhancing the competitiveness and productivity of Cypriot businesses and emphasizes a shift towards exports through digitalization and ongoing training. Achieving these goals necessitates the growth of larger businesses capable of adapting to evolving market conditions within a globalized environment.

## Integrated support framework and culture shift

- **Action plan:**
  - Develop a focused communication strategy to promote conferences, events, and successful M&A, both domestically and internationally
  - Creation of a new national entrepreneurship policy with a focus on fostering a culture conducive to promoting M&A
- **Competent implementing body:** Ministry of Energy, Commerce and Industry (MECI)
- **Implementation Timeline:** 2024-2026

## Modernisation of the legislative framework

- **Action plan:** Modernise the legislative framework based on successful European models and simplify procedures to reduce administrative burdens
- **Competent implementing body:** Ministry of Finance, the MECI and the Department of Registrar of Companies and Intellectual Property
- **Implementation Timeline:** 2024-2026



## Access to finance and promotion of M&A

- Action plan:**
- Promoting subsidies for equipment and machinery, particularly for sectors like agriculture, manufacturing, and exports, contingent on the successful completion of a merger or acquisition
  - Examining whether local banks are interested in offering financial support, including interest rate subsidies and financial assistance, to support emerging businesses after a merger
  - Furthermore, the idea of providing specific incentives to investors who fund specific mergers or acquisitions is also being explored
- **Competent implementing body:** Ministry of Energy, Commerce and Industry
- **Implementation Timeline:** 2025-2027

Source: Action plan for providing incentives to promote mergers and acquisitions, Ministry of Finance

# Selected deal opportunities promoted by KPMG in Cyprus

The table below presents selected M&A and Investment opportunities which KPMG Limited is engaged to assist on the sell-side. The sample consists of opportunities in various sectors of the local market and which the investment size is **less than €5,0 million**.

Selected deal opportunities	
Target activity	Description
<b>Digital healthcare</b>	The shareholders of a company offering hybrid academically accredited degree programmes in Digital Healthcare, including B.Sc. and M.Sc., along with professional development certified courses seeks funding to accelerate the growth of the company. The programmes and courses are delivered through an exclusive platform with AI driven advanced analytics and tailored feedback for students, lecturers, and partner institutes.
<b>HealthTech</b>	An innovative artificial intelligence medical cloud platform for delivering enhanced ECG services to healthcare professionals as well as individuals globally is looking to raise capital to further develop the platform. The company is classified as an Innovative Company in Cyprus under the Deputy Ministry of Research and Innovation.
<b>Mechanical services</b>	The shareholders of a company in which main operating activities include the construction and management of mechanical, energy and oil & gas projects are looking to exit the business. The company generated c. €1.5 million revenue in 2022 and has a 10 year successful track record in completing projects in Cyprus and has also successfully completed projects on an international level namely in Greece, Germany and Denmark.
<b>Retail / Home Interiors</b>	The shareholders of a well established and highly reputable interior design company based in Paphos that has been active in the Cyprus market for over 20 years are looking to exit the business. The company generated c. €0.5 million revenue in 2022 and offers home interiors, room design, interior design support as well as supply and fitting for clients and specializes in window dressings, soft furnishing fabrics and wallpapers .
<b>Food production</b>	An emerging producer of gourmet and vegan packaged meals with Cypriot recipes is seeking equity and or bond funding to increase its production capacity to meet client demand. The producer has secured agreements with points of sale which among other include food stores and large supermarket chains.
<b>Real estate</b>	The shareholders of an established hospitality group in Cyprus are seeking a joint venture partner for the development of 12 luxury residences which will be internationally branded. The planned residences will have access to the services and facilities of the hospitality group that is situated on the beachfront and adjacent to the residences.



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