
The Turkish Competition Authority's M&A Overview of 2018

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The Report aims to establish the general scope of the merger control regime in Turkey and assess the position of Turkish companies within the market. Foreign investors continue to be interested in the Turkish market considering the value of Turkish-to-foreign transactions, and foreign investments in the Turkish companies in 2018.

M&A Statistics

Number of M&A transactions

There is an increase in the number of the M&A transactions notified to the TCA in 2018 compared to the number in 2017. In 2018, a total of 223 M&A transactions were notified to the TCA, while in 2017 this number was 184. Only one of the notified transactions, which is being realized in the HVAC industry was taken into the second phase by the TCA in 2018. Furthermore, three transactions were conditionally approved in 2018.

M&A parties

When the data is divided into groups based on the nationality of the transaction parties, number of transactions which were realized solely between the Turkish companies in 2018 was 38, while the same group in 2017 accumulated to 31. Additionally, foreign-to-foreign transactions were notified to the TCA in 2018 increased by 38 transactions compared to 2017; the number of foreign-to-foreign transactions notified to the TCA was 121 in 2018 while the corresponding number in 2017 was 83. Lastly, transactions between Turkish and foreign companies were 45 in 2018 (with 54 respective transactions in 2017).

In addition to the number of transactions, the value of the said transactions is emphasized in the Report. According to the Report, the value of the Turkish-to-foreign transactions increased from TRY 11 billion (approx. €2.7 billion¹) in 2017 to TRY 19 billion (approx. €3.35 billion²) in 2018. Likewise, the value of the transactions between the Turkish companies increased from TRY 5.3 billion (approx. €1.3 billion) in 2017 to TRY 10.6 billion (approx. €1.87 billion) in 2018. Finally, the value of foreign-to-foreign transactions increased from TRY 1 trillion (approx. €245 billion) in 2017 to TRY 2.8 trillion (approx. €494 billion) in 2018.

Foreign Investments

In 2018, there is a decrease in the number of foreign investors invested to Turkish companies; the concerned number was 36 in 2018 while it was 47 in 2017. The ranking of foreign investors (in

terms of transactions in 2018) demonstrates that Italy was leading with 4 transactions. Italy is followed by Germany (3), Luxemburg (3), Netherlands (3) and Switzerland (3). In acquisition transactions where Turkish companies were acquired, foreign investment amounted approximately to TRY 14.9 billion (approx. €2.63 billion) in 2018, while in 2017 this figure amounted to TRY 15.1 billion (approx. €3.70 billion).

Market Breakdown

In 2018, "*the production and distribution of electricity, gas, steam and ventilating systems market*" was the leading market in terms of the number of transactions realized. The highest transaction value in Turkey in 2018 was realized in the field of "*supplementary services for transportation*". The transaction value in the said area constituted 20.6% of the total value of all transactions in 2018 (excluding privatizations).

Markets Affected

The number of markets which were not affected in terms of activities in Turkey was 66 out of 223 transactions notified to the TCA in 2018. The number of affected markets exceeding 40% market share threshold was 14 and the number of affected markets below this market share threshold was 236.

Conclusion

According to the Report, the period which the notified M&A transactions concluded by the TCA in 2018 were approximately 14.9 days following the date of final notification. The Report provides a clear picture of merger control regime in Turkey and determines the place of Turkish companies in the market. Foreign investors continue to be interested in the Turkish market, considering the increased value of Turkish-to-foreign transactions in 2018.

Footnotes

1 Calculations for the transactions realized in 2017 are based on the year-end average exchange rate of 2017 (Euro: 4.08).

2 Calculations for the transactions realized in 2018 are based on the year-end average exchange rate of 2018 (Euro:5.67).