

## CLIENT ALERT

COMPETITION LAW | TURKEY

JANUARY 2023

### THE TURKISH COMPETITION AUTHORITY HAS PUBLISHED ITS M&A OVERVIEW REPORT RELATING TO THE YEAR 2022

The Economic Analysis and Research Department of the Turkish Competition Authority (the "TCA") published its report on mergers and acquisitions for the year 2022 (the "Report") on its official website on 6 January 2023.

Giving a snapshot of the TCA's M&A activities, the Report contains various comparative statistics regarding the transactions notified to and approved by the TCA in 2022.

Significant figures on the M&A notifications in 2022 covered in the Report may be summarised as follows:

- **Decrease in the number of notified transactions:** In 2022, a total of 245 mergers and acquisitions were notified to and examined by the TCA. The number of notified transactions decreased year-on-year (309 transactions in 2021).
- **Transactions with Turkish targets:** 82 of all the transactions notified to the TCA in 2022 targeted companies incorporated in Turkey, with a total deal value of TRY 72.2 billion (approx. EUR 4.1 billion<sup>1</sup>). Despite a decrease in the number of transactions from 118 in 2021 to 82 in 2022, the overall deal value of these transactions increased by 70%, rising from TRY 42.6 billion to TRY 72.2 billion.
- **Transactions between foreign parties:** 145 of the transactions notified to the TCA in 2022 took place in overseas solely between foreign parties, with a total value of TRY 5.6 trillion (approx. EUR 331 billion). A slight decrease in the number of foreign-to-foreign transactions is observable, with 145 transactions in 2022 when compared to 175 transactions in 2021.
- **Out-of-scope:** 10 transaction notifications were found not to be subject to the TCA's approval as they did not result in a change of control. 1 transaction was classified as an informational note.
- **Privatization:** 7 transaction notifications were related to privatization.

Other highlights of the Report are as follows:

- **Foreign investors:** foreign investors participated in a total of 36 transactions to invest in Turkish companies. With regard to the countries of origin for these investors, the Netherlands and the United

<sup>1</sup> Calculated in accordance with the Turkish Central Bank's average buying exchange rate for 2022. The exchange rate for the EUR 1 is TRY 17.38.

Arab Emirates were the top investors, each involved in five transactions, followed by the United Kingdom with four transactions.

- **Sector distribution:** Like last year, most of the transactions notified to the TCA concerned the production, transmission and distribution of electricity sector (8), followed by supporting activities for the transportation sector (5), the software program publishing sector (3), the hospital services sector (3) and the computer programming, consultancy and related activities sector (3). In terms of transaction value, the production, transmission and distribution of electricity sector took the top spot from the 2021 leader – the production of plastic packaging materials sector.
- **Conditional clearance and blocked merger transactions:** Only three transactions underwent a final examination of the TCA. The TCA granted approval for two of these three transactions, with the review process of the one remaining transaction still ongoing.<sup>2</sup>
- **Examination lead-times:** In 2022, transaction notifications to the TCA were finalised after approximately 15 days, starting from the date of the last notification.

The Report indicates a decrease in both the number and the value of notified transactions. This can be justified by the significant increase in turnover thresholds from 4 May 2022,<sup>3</sup> together with the devaluation of the Turkish lira.



*In compliance with Turkish bar regulations, opinions relating to Turkish law matters that are included in this client alert have been issued by Özdirekcan Dündar Şenocak Ak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.*

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<sup>2</sup> Even though the Report mentioned the approval of only one of the transactions, according to information provided on the TCA's official website, the Competition Board granted approval for the Saint-Gobain and Dalsan transaction on 08 December 2022 and the Migros and Aymar transaction on 23 June 2022.

<sup>3</sup> TCA's Communiqué No 2022/2 on Amending Communiqué No 2010/4 Concerning Mergers and Acquisitions Requiring the Approval of the TCA.