

IMAP closes 47 M&A transactions worth over \$2 billion in Q1 2023

IMAP closed 47 M&A transactions valued at over \$2 billion in the first quarter of 2023. While the figure was down from previous quarters it was not as low as initially expected. At the macro level, interest rate hikes, persistently high inflation, financial market instability, and fears of a recession put a damper on dealmaking activity. At the transaction level, IMAP dealmakers have reported that buyers are placing increasing scrutiny on target business models and projections. Furthermore, with bank financing more expensive and difficult to obtain compared to the exuberance seen in recent years, valuation levels for some targets at least, have dampened. Nevertheless, high quality businesses with strong margins and defensive growth profiles continue to attract interest from well positioned strategic buyers and financial buyers alike as equity funds remain keen to deploy their vast capital resources.

Business Services, Industrials, Consumer & Retail, and Building Products & Services were the most active sectors, accounting for 60% of total IMAP deal volume. Approximately 32% of the transactions were cross-border, which is consistent with previous quarters and reflects IMAP's global nature. The bulk of IMAP's Q1 deals involved a target company in either Europe or North America, with deal flow slightly more limited in Asia and Latin America.

Global Performance

| Rank | Advisor |
|----------|----------------|
| 1 | PwC |
| 2 | Houlihan Lokey |
| 3 | KPMG |
| 4 | Deloitte |
| 5 | Ernst & Young |
| 6 | IMAP |
| 7 | Jefferies |
| 8 | Oaklins |
| 9 | Piper Sandler |
| 10 | Rothschild |

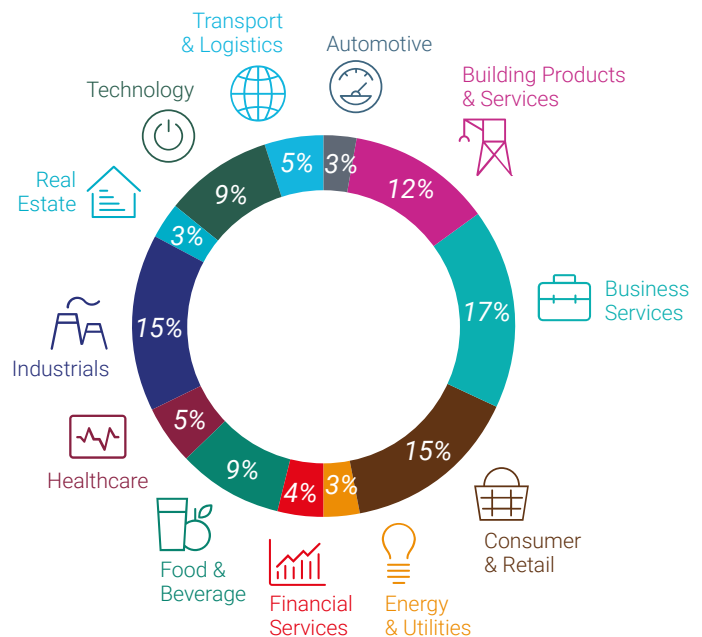
Ranking based on number of transactions closed in Q1 2023.
Undisclosed values and values up to \$500 million.
Source: Refinitiv and IMAP internal data.

47
M&A
transactions

\$2bn+
transaction
value

32%
cross-border
deals

Deal Distribution by Sector



JURGIS V. ONIUNAS
IMAP Chairman

“Tight financial conditions and the specter of a recession are dominating headlines. However, IMAP partners continue to demonstrate resiliency and are actively working to meet client needs, just as they did during the pandemic and previous downturns. One of the key themes of our recent IMAP Spring 2023 Conference in Vail, Colorado was Generational Change. We are on the cusp of this generational change not only in our client base, as baby-boomers face retirement and tens of thousands of companies will need new owners, but also in our partnership, as dynamic emerging leaders take the baton. Serving these markets as we head into what may be one of most challenging economic environments in decades will require new approaches, employing new ideas and technologies and will be a major challenge for which we will be fully prepared.”

IMAP is an International Mergers and Acquisitions Partnership with more than 450 M&A professionals worldwide and a presence in 46 countries.

IMAP has closed over 2,200 transactions valued at \$130bn in the last 10 years and is consistently ranked in the world's Top 10 M&A advisors (Refinitiv) for mid-market transactions.

IMAP Partner Local M&A Insights

GERMANY



We had a strong start to the year with five signings and around 15 new mandates in Q1 2023 alone, across a variety of sectors. Furthermore, the activity level in terms of leads and pitches is currently very high. As a result, we remain relatively optimistic regarding M&A activity for the rest of 2023.

Financing costs and valuation issues will continue to play a major role in M&A transactions

However, future decisions by central banks will still need to be monitored. If an end to the cycle of interest rate hikes is in sight, it is likely to provide another boost to the M&A market, especially in the private equity sector. In 2023, financing costs and thus valuation issues will continue to play a major role in M&A transactions in Germany. We are also seeing an increase in selling of non-core assets due to greater focus on core business functions. ESG is increasingly being incorporated into our transaction and due diligence processes.



Henning Graw
IMAP Germany

NETHERLANDS

Deal inflow slowed towards the end of last year, although activity picked up through the first quarter of 2023 with new sale mandates signed.

It is difficult to bring mandates to closing due to a mix of challenging conditions

However, it is difficult to bring mandates to closing due to a mix of challenging conditions, including disappointing operating results compared to forecasted budgets and diminished appetite from the banking side. Going forward, there is still a lot of money in the market looking for good investment opportunities.



Jan-Pieter Borst
IMAP Netherlands

FRANCE



At the beginning of 2023, there was hope that a stabilization of inflation and interest rates would allow the M&A market to recover. Unfortunately, the collapse of SVB and Credit Suisse in just a few weeks has raised fears of a banking crisis that will weigh heavily on the M&A market in 2023.

The collapse of SVB and Credit Suisse has raised fears of a banking crisis that will weigh heavily on the M&A market

Indeed, the crisis of confidence is likely to result in a reduction in buyer motivation and a tightening of already extremely complicated financing conditions. The French M&A market remains sluggish, marked by a low level of transactions in sectors impacted by inflation (Retail, Food Processing) or financing issues (Tech). However, opportunities in some resilient sectors such as Healthcare remain sought after by investors.



Cyril Kammoun
Degroof Petercam - IMAP France



POLAND

Q1 was slower in terms of M&A and equity capital markets activities in Poland, despite the equities market reopening with a few secondary issues and M&A transaction announcements in Q4 2022.

Conditions will improve when markets consider that interest rates have peaked

It seems we continue to be exposed to global markets volatility, company valuations re-rating amid higher interest rates and uncertainties over the outcome and impact of the war in Ukraine. We believe conditions will improve when markets consider that interest rates have peaked and there is a solution to the Ukraine war, which doesn't so much impact Poland's markets but is seen as a risk factor contributing to global uncertainties.



Piotr Chudzik
Trigon Investment Banking - IMAP Poland



SWEDEN



2023 started at a fast pace and we have already closed three deals; two domestic transactions and another international one with a Spanish buyer. We are seeing an increase in inbound deal flow, as well as the reactivation of some old mandates that were put on hold during 2022.

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The current turmoil in the international banking sector is affecting Swedish companies and banks, although it is too early to say what the long term impact will be. Food and Construction are the two sectors most affected by the prevailing inflation.



Andreas Anderberg
IMAP Sweden

HUNGARY

With inflation at record highs in many countries, investors are currently finding it difficult to get financing for transactions in Hungary.

Sellers are having difficulties finding good potential buyers and deals are collapsing because of the lack of appropriate financing

In general, sellers are having difficulties finding good potential buyers for their businesses, deals are collapsing because of the lack of appropriate financing and sellers are disappointed with price offers. Irrespective of challenging market conditions, we had a great closing with listed European group Orkla ASA buying a client of ours in February and have some other processes progressing well with promising end results for our seller clients. At IMAP Hungary, we are enthusiastic about what the year will bring in terms of deals and successful closings.



Gábor Szendrői
CMBP - IMAP Hungary



USA



Middle-market M&A is not immune to capital markets volatility and uncertainty, and we have seen this play out in transaction markets in early 2023.

We expect a rebound in M&A towards the second half of the year

Middle-market deal volume has moderated in 2023, and while average multiples have increased slightly compared to Q4 2022, valuations remain below historic annual averages. Despite headwinds, quality businesses with robust gross margins and defensive growth profiles have continued to attract interest from strategic buyers. Financial buyers have not been as aggressive. We expect a rebound in M&A towards the second half of the year, which would be further accelerated by increased clarity over the impact of recent interest rate hikes and the U.S. banking situation.



Kenneth Wasik
Capstone Partners - IMAP USA

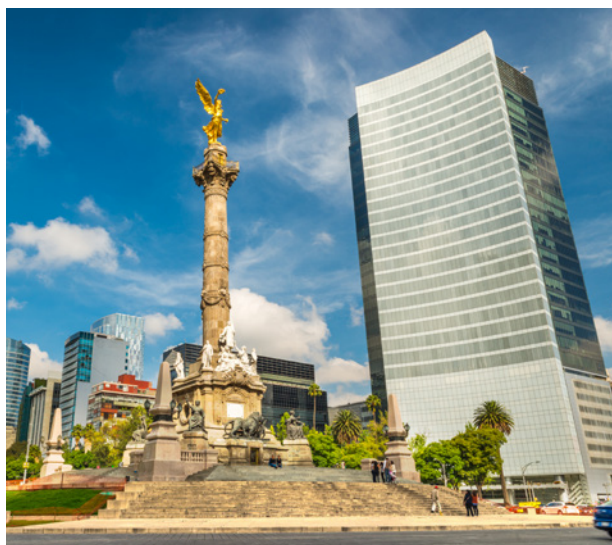
BRAZIL

The current high interest rate environment, coupled with the high risk of economic recession in more developed economies and uncertainty related to the fiscal framework of the recently elected federal administration in Brazil, suggest that the M&A market will continue to favor strategic buyers with a long term vision and private equity funds which tend to buy in valuation dips and look beyond a five-year horizon.

The M&A market will continue to favor strategic buyers with a long term vision and PE funds



Marcio Fiuza
Brasilpar - IMAP Brazil



MEXICO

One of the major trends that is expected to drive M&A activity in Mexico in 2023 is 'nearshoring'. Cross-border M&A activity is expected to increase as many foreign companies look to better position themselves in the region and take advantage of the integration of the North American supply chain.

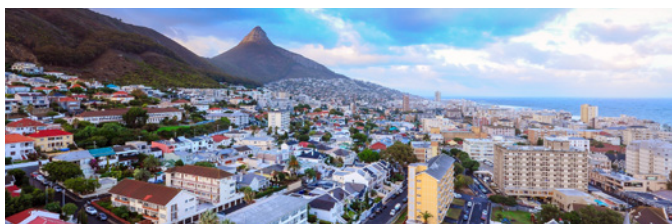
One of the major trends that is expected to drive M&A activity in Mexico in 2023 is 'nearshoring'

The industries that are poised to profit the most from this trend are Manufacturing, Industrials, Automotive, Aerospace, Logistics, Chemicals, and Textiles, among others. Mexican multinationals are also actively growing their international footprint. The recent acquisition by FEMSA of Swiss company Valora for up to \$1.2 billion is a good example.



Gabriel Millan
Serficor - IMAP Mexico

SOUTH AFRICA



The M&A middle-market in South Africa remains robust notwithstanding a weak economy and political uncertainty.

Key drivers include new funds raised, earlier funds winding down and generational change in family businesses

Key drivers include the number new funds raised, as well as earlier fund vintages winding down and generational change in family businesses. In a recent middle-market auction we are running, we had 16 bids, versus high single digits which would be more the norm. Credit markets in the region also remain robust but with some margin pick up in addition to rising base rates.



Edmund Higenbottam
Verdant Capital

INDIA



Both the equity and credit markets are impacted by the global banking crisis and the high inflation/interest rate cycle continues to weigh on dealmaking. Credit costs have increased and equity valuations have softened, which has impacted big ticket M&A activity.

The interest in small ticket M&A remains buoyant

At the same time, the local economy is growing well; there is an evident post COVID rebound across many sectors and no major domestic market adversities. Hence the interest in small ticket M&A remains buoyant and there is corporate bias to use acquisitions to diversify, build scale and tap into opportunities.



Ashutosh Maheshvari
IMAP India

JAPAN



The trend of increased investments focused on SDGs & ESG underlines efforts among corporations to adopt sustainable management.

Sustainable management is expected to be a new driver for M&A in Japan

As of February of this year, there were 47 deals, already surpassing the same period of the previous year and approaching 10% of the total number of deals (584). The players in the Energy sector especially are accelerating M&A activities to promote the expansion of renewable energy businesses, as well as to rearrange their asset portfolios to achieve decarbonization. Sustainable management is expected to be a new driver for M&A in Japan.



Tomoyuki Izumi
Pinnacle - IMAP Japan

CHINA



China's recovery is accelerating across all sectors. Increasingly more Chinese companies and wealthy families are considering global asset allocation.

It is difficult for Chinese listed companies to find M&A targets within the Chinese market so they are now looking abroad


Meanwhile, a number of foreign companies and local private companies are considering selling their Chinese assets amid concerns about global geopolitical tensions. Currently it is difficult for Chinese listed companies to find M&A targets within the Chinese market; targets in China are either too expensive or of average quality so they are now looking abroad, especially in Europe, a region which will become increasingly interesting for Chinese investors.



Junxiong "Jacky" Wang
IMAP China


Selected Q1 Transactions

TECHNOLOGY



FRANCE

Acquired Majority Control of Business Operations



BELGIUM

IMAP

ADVISED ON SALE OF COMPANY

HEALTHCARE



UNITED KINGDOM

Acquired 100% of Business Operations



ITALY

IMAP

ADVISED ON SALE OF COMPANY

INDUSTRIALS




NETHERLANDS

Acquired 100% of Business Operations




NETHERLANDS

IMAP


ADVISED ON SALE OF COMPANY

HEALTHCARE



UNITED KINGDOM

Acquired 100% of Business Operations



IRELAND

IMAP

ADVISED ON SALE OF COMPANY

TECHNOLOGY



GERMANY

Acquired 100% of Business Operations




GERMANY

IMAP


ADVISED ON SALE OF COMPANY

BUSINESS SERVICES



UNITED STATES

Acquired Majority Control of Business Operations




UNITED STATES

IMAP


ADVISED ON SALE OF COMPANY

FINANCIAL SERVICES



UNITED ARAB EMIRATES

Acquired Investment Interest in Seller's Business



UNITED KINGDOM

IMAP

ADVISED ON SALE OF EQUITY STAKE

BUILDING PRODUCTS & SERVICES



INDIA

Acquired 100% of Business Operations


Sanghi Infrastructure

INDIA

IMAP


ADVISED ON SALE OF COMPANY

BUSINESS SERVICES



SWITZERLAND

Acquired Majority Control of Business Operations



CROATIA

IMAP

ADVISED ON SALE OF COMPANY