

IMAP closes 47 M&A transactions in Q1 2024

The uptick in middle-market deal activity registered towards the end of last year carried into 2024 and IMAP dealmakers closed 47 M&A deals around the world worth more than \$3 billion in Q1. Confidence has generally strengthened over the past several months with fears of a recession essentially dismissed, inflation lower, but still high relative to pre-2020 standards, improvements in the financing environment and buoyant stock market gains. Company earnings and profits are recovering compared to this this time last year and high-quality businesses with strong margins continue to attract interest from well positioned strategic buyers who remain the dominant force in M&A.

Many financial buyers continue to sit on the sidelines pending visibility regarding the timing of interest rate cuts. Moreover, there is still an ongoing disconnect between seller and buyer valuation expectations. Overall confidence has increased in Q1, although buyers continue to be very careful in their analysis of the strategic fit of target companies and when performing due diligence. About a third of IMAP transactions in Q1 were cross-border as IMAP dealmakers continued to leverage their international reach and help clients seize opportunities abroad. From a sector perspective, IMAP was most active in the Consumer, Industrials, Technology, Healthcare and Services segments.

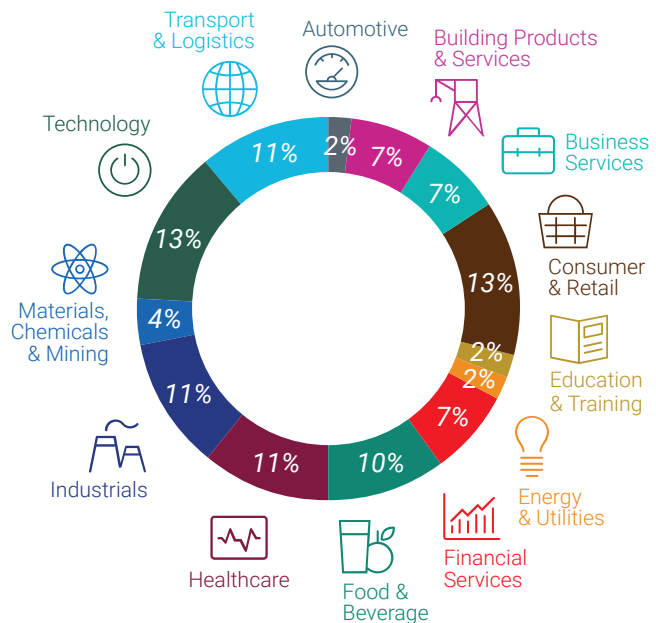
Going forward, the global economic and geopolitical landscape will remain dynamic, but IMAP partners are reporting strong and growing pipelines. The bubbling sense of optimism in the market could grow further with potential rate cuts later this year, and perhaps most importantly, if PE players start to make moves. In fact, many PE funds are under increasing pressures to put their capital to work.

Global Performance

Rank	Advisor
1	PwC
2	Houlihan Lokey
3	Deloitte
4	Rothschild
5	IMAP
6	KPMG
7	Goldman Sachs
8	EY
9	Moelis
10	JP Morgan

Ranking based on number of transactions closed in Q1-Q4 2023. Undisclosed values and values up to \$500 million. Source: Refinitiv and IMAP internal data.

Deal Distribution by Sector



“Q1 was another great quarter for IMAP, and now, after what effectively was a global trade and manufacturing recession, it seems that we are past the worst and are at an inflection point of sustained growth. There are, of course, geopolitical dangers that could derail this recovery, but IMAP advisors will continue to help clients navigate whatever conditions lie ahead.”

JURGIS V. ONIUNAS
IMAP Chairman

IMAP Partner Global M&A Perspectives & Forecasts

GERMANY



IMAP Germany started the year with a strong –mainly sell-side– pipeline across a variety of sectors. Furthermore, the activity level in terms of leads and pitches is currently high despite the challenging economic and political environment. This is mainly due to our focus on privately held mid-sized companies and on solving succession issues for their owners.

Activity level is high mainly due to our focus on privately held mid-sized companies and on solving succession issues

Hence, we remain optimistic for 2024. In sectors that have been struggling with structural change for years, such as the automotive and consumer/retail industries or mechanical and plant engineering, the many crises seen in recent years have left their particular marks. We are observing an increase in challenging banking situations in these sectors and expect more distressed deals in the coming months. We are also prepared for these situations and can offer our clients both M&A and debt advisory solutions.



Henning Graw
IMAP Germany

FRANCE



M&A activity in France clearly rebounded in Q1 2024 after a dismal year in 2023. The prospect of rate cuts, activity in the debt markets and pressure on private equity funds to redistribute cash to their investors should support activity going forward.

Pressure on PE funds to redistribute cash should support activity going forward

Agility is key as the intensity and speed of the recovery is different from one sector to another and there still remains uncertainty due to ongoing macroeconomic and geopolitical challenges.



Cyril Kammoun
IMAP France

NETHERLANDS

Headlines in the financial press these days reflect that there are more buyers active in the Dutch mid-market. Both PE and strategic buyers are more active now compared to previous quarters since interest rates and inflation are stabilized and profits in the mid-market segment are recovering.

Profits in the mid-market segment are recovering

After a decrease in number of deals and lower valuations we are now seeing higher numbers of deals as well as valuations.



Jan-Pieter Borst
IMAP Netherlands



POLAND



After a very busy year of M&A activity in Poland in 2023 and following parliamentary elections last October we have a positive outlook for 2024. Poland continues to be one of the most attractive markets in Central Europe, especially now that it will be receiving significant inflows of EU funds related to the National Reconstruction Plan (“KPO”) which should further boost several sectors of the local economy including Infrastructure, Education, Renewables, Technology and Agriculture.

Poland continues to be one of the most attractive markets in Europe

We expect to see increased M&A activity in all those sectors in Poland. At the same time, other areas of the capital markets including large IPOs are in standby mode, with just one large IPO executed since December 2021, namely the IPO of Murapol at the end of 2023.



Piotr Chudzik
IMAP Poland

HUNGARY

Even as Hungary grapples with a recession and a challenging economic climate for dealmaking, we are pleased to announce that we successfully closed eight deals in Q1 of 2024. This robust start demonstrates our resilience and adaptability.

The remainder of the year may present additional hurdles for transaction closings

Our transactions span across diverse sectors, including Industrials, Pharmaceutical, and Software, among others. Looking ahead, we anticipate that the remainder of the year may present additional hurdles for transaction closings, as some investors cautiously navigate the current economic hardships.



Gábor Szendrői
IMAP Hungary

SWEDEN



The Swedish M&A market was much stronger than expected in 2023, especially towards the end of the year, and Q1 2024 is off to a good start. We are seeing several clear signs that indicate a turning point is near; factors such as inflation falling back and a lower interest rate situation in 2024 are necessary injections to get the market going.

There is a growing sense of optimism in the market and in PE in particular

And yet, the surrounding world has become more difficult to navigate and we see that buyers continue to be very careful in their analysis of the strategic fit of target companies and when performing due diligence. We forecast M&A activity to increase as the year progresses, with technology and sustainability/ESG as drivers. There is a growing sense of optimism in the market and in PE in particular, as many players are under pressure with the capital in their new funds needing to be put to work.



Andreas Anderberg
IMAP Sweden



USA

North American M&A deal count for deals above \$25mm decreased by 22% YOY in 2023 while deal value decreased more than 30%. This downward trend continued into Q1 2024.

Strategic buyers remain the dominant force in M&A

The largest drivers are 1) financial buyers sitting on the sidelines (PE firms registered the largest decline in new deals since 2008), 2) lack of visibility on interest rates, and 3) the disconnect between seller and buyer valuation expectations. In contrast, strategic buyers remain the dominant force in M&A and have not slowed down in Q1 2024. We remain bearish on middle market M&A and are increasingly targeting strategic buyers in our processes with good success.



Kenneth Wasik
IMAP USA



BRAZIL



The M&A market in Brazil is expected to grow both in terms of number of transactions as well by total value in 2024, reverting the negative trend seen in the previous two years.

The number of proposals issued this quarter has been the highest in the last several quarters

As a leading indicator, the number of proposals issued this quarter has been the highest in the last several quarters. This trend will reflect in a higher number of closings occurring later this year and beyond into 2025.



Marcio Fiuza
IMAP Brazil

MEXICO

Foreign entities are currently fueling M&A activity in Mexico, as they aim to solidify their presence amid the nearshoring trend and an electoral year. This will intensify the push for consolidation and the pursuit of various market opportunities, and supply chain problems might drive companies to team up vertically to lower risks.

Foreign entities are currently fueling M&A activity in Mexico

Additionally, M&A deals are following new trends such as the rise of digitization and being more eco-friendly, especially in growing industries. As inflation calms down and interest in deals picks up, we expect to see further signs of M&A activity bouncing back. Whether it's companies joining forces in industries or introducing new products and services, the factors driving the recovery of M&A activity are becoming clearer.



Gabriel Millan
IMAP Mexico



MIDDLE EAST



The Middle East region is witnessing tremendous activity across traditional as well as up-and-coming sectors as governments implement strategic plans to diversify their national economy. Private groups and operators within the Food, Healthcare, Hospitality, Fintech, Education and Industrial Manufacturing sectors are looking to expand their geographical presence and invest in building a digital infrastructure to remain competitive.

We are witnessing significant interest for outbound cross-border M&A from players in the Middle East as well as inbound interest from strategic players

Equally, sovereign wealth funds in the region have been very aggressive in growing their portfolio and assets under management regionally as well as globally, with a view to bring expertise, operations and talent into the region. We are therefore witnessing significant interest for outbound cross-border M&A from players in the Middle East as well as inbound interest from strategic players to enter into the Middle Eastern market. Looking ahead, M&A activity in the region is expected to continue and we anticipate a heightened focus on collaboration among companies to create new models and enhance operational efficiency.



Rohit Walia
IMAP GCC

SOUTH AFRICA



Markets are slowing in South Africa in anticipation of the elections in May, and we are delaying certain deal launches until after the dust settles.

We remain active on regional businesses and those with hard currency earnings

The outlook for Nigeria remains overshadowed by macro and currency issues, whereas the outlook for Kenya has improved following the refinancing of the Eurobond maturities. We remain active disproportionately on regional businesses and businesses with hard currency earnings in whole or part.



Edmund Higenbottam
IMAP South Africa

INDIA



Activity levels in public markets and capital raising remained strong in Q1. As a result, listed companies have been very active as acquirers of smaller unlisted companies. Stable interest rates and liquidity within the banking system is supporting and facilitating acquisitions.

Listed companies have been very active as acquirers of smaller unlisted companies

Also, government led capital expenditure continues to have a multiplier effect in demand creation in the capital goods industry and that may trigger consolidation in the sector.



Ashutosh Maheshvari
IMAP India

JAPAN



Japan's stock market has continued its vibrant momentum since last year and the Nikkei Index surpassed 40,000 for the first time in history in March. This positive trend can also be seen in the M&A market. In Q1 2024, the number of transactions increased by 17% when compared to the same period of last year, and the total value hit a historical high by exceeding JPY 8 trillion.

The eagerness of Japanese companies for overseas M&A may increase further

One of the primary factors driving the active equity market is the continued low borrowing costs in the domestic financing market due to persistently rates. Even after the Bank of Japan announced the end of the negative rate policy and yield curve control on March 19th, the rise in interest rates is expected to be gradual. In the meantime, if the easing of monetary policies leads to a moderation in Yen depreciation pressures, the eagerness of Japanese companies for overseas M&A may increase further.



Tomoyuki Izumi
IMAP Japan

CHINA



Since the second half of last year, there are more and more Chinese enterprises wishing to go abroad. Mexico, Eastern Europe, Saudi Arabia and Southeast Asia are the most popular choices. In the case of not finding suitable overseas M&A targets, many Chinese companies choose to make overseas greenfield investments, but this can be challenging due to the lack of familiarity with the local market.

The underlying logic of Chinese overseas investment at this stage is completely different from that of 10 years ago. Chinese investors are now going abroad for the purpose of establishing local footprints

The underlying logic of Chinese overseas investment at this stage is completely different from that of 10 years ago. Back then, most Chinese investors wanted to introduce overseas advanced technology and brands to the Chinese market, but now Chinese enterprises have the ability to export their technology, experience and business models abroad. Chinese investors are now going abroad for the purpose of establishing local footprints in different overseas markets. This trend is also due to international geopolitical issues, as well as local supply chain requirements from their overseas customers. As we all know, Chinese companies need to obtain ODI approvals from the government to make overseas investments. Since the end of last year, China has shortened the ODI approval process in order to make it faster and easier for Chinese companies to invest abroad.



Junxiong "Jacky" Wang
IMAP China

Selected Q1 Transactions

FINANCIAL SERVICES 	CONSUMER & RETAIL 	TRANSPORT & LOGISTICS 
 <p>ITALY</p> <p>Acquired Investment Interest in Seller's Business</p>  <p>NETHERLANDS</p> <p>IMAP</p> <p>ADVISED ON ACQUISITION</p>	 <p>JAPAN</p> <p>Acquired 100% of Business Operations</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	 <p>LUXEMBOURG</p> <p>Acquired 100% of Business Operations</p>  <p>CZECH REPUBLIC</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>
FOOD & BEVERAGE 	ENERGY & UTILITIES 	TECHNOLOGY 
 <p>NIGERIA</p> <p>Acquired Majority Control of Business Operations</p>  <p>BELGIUM</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	 <p>GERMANY</p> <p>Acquired 3 PV solar parks</p>  <p>POLAND</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	 <p>UNITED KINGDOM</p> <p>Acquired 100% of Business Operations</p>  <p>HUNGARY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>
BUSINESS SERVICES 	BUSINESS SERVICES 	MATERIALS & CHEMICALS 
 <p>NETHERLANDS</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	 <p>USA</p> <p>Merged with</p>  <p>BELGIUM</p> <p>IMAP</p> <p>ADVISED ON MERGER</p>	 <p>CHILE</p> <p>Acquired Majority Control of Business Operations</p>  <p>PERU</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>