

## IMAP closes 158 M&A transactions in Q1-Q3 2023

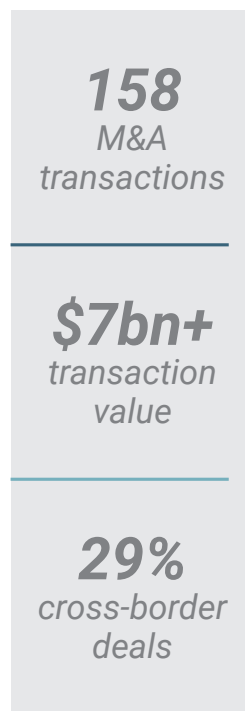
IMAP closed 158 M&A transactions around the world valued at over \$7 billion during the Q1-Q3 period. 47 deals were closed in Q3 alone, which was down compared to the same period in 2022 but up slightly from the previous quarter. Expectations of a recession, while still present, have been getting pushed out in time as the year has progressed and IMAP's consistent track record in recent quarters reflects an unyielding mid-market environment. Buyers have become more selective due to elevated financing costs and cautious lending practices, but there is strong demand for high-quality assets with profitable and unique growth-oriented business models. Deal activity is also being driven by strategic players and PE investors typically focused on larger deals that are now moving downstream in search of less risky and less complicated transactions. IMAP dealmakers continue to report that valuations are under pressure, which leads to discrepant expectations among buyers and sellers, although there is substantial variability across sectors. Technology, Business Services, Industrials and Healthcare were the most active sectors for IMAP during the Q1-Q3 period, accounting for 50% of total deal volume. Approximately 29% of the transactions were cross-border, which is consistent with previous quarters and reflects the IMAP's global nature.

Jurgis Oniunas, IMAP Chairman, said: "As usual, headlines about the macro-economic situation can be misleading. Dealmaking conditions are challenging, but by no means prohibitive and there is plenty of activity in the mid-market. IMAP dealmakers are in the thick of the things and closed out another solid performance in Q3. We will continue to adapt to our client needs going forward, whether on the sell side or buy side, and expect a strong close to the year in Q4."

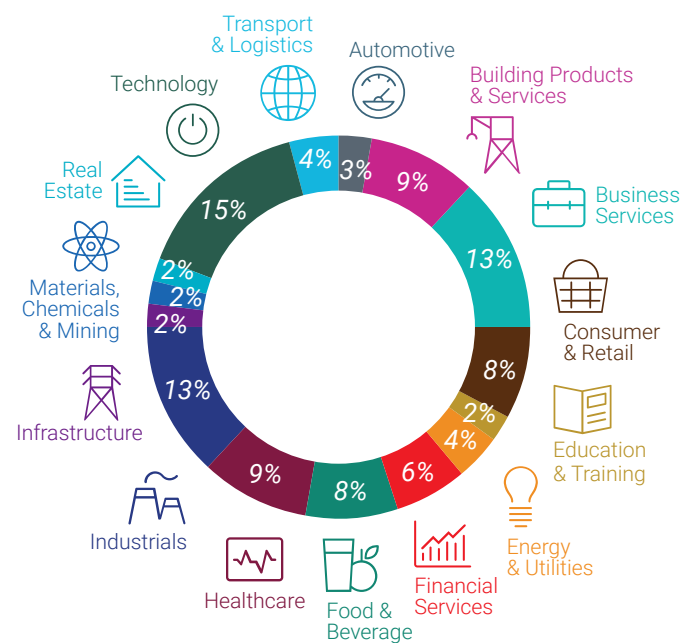
### Global Performance

Rank	Advisor
1	PwC
2	Houlihan Lokey
3	KPMG
4	Rothschild
5	EY
<b>6</b>	<b>IMAP</b>
7	Deloitte
8	Oaklins
9	Lazard
10	UBS

Ranking based on number of transactions closed in Q1-Q3 2023.  
Undisclosed values and values up to \$500 million.  
Source: Refinitiv and IMAP internal data.



### Deal Distribution by Sector



**JURGIS V. ONIUNAS**  
IMAP Chairman

“Dealmaking conditions are challenging, but by no means prohibitive and there is plenty of activity in the mid-market. IMAP dealmakers are in the thick of the things and closed out another solid performance in Q3.”

## IMAP Partner Local M&A Insights

### GERMANY



2023 continues to be a challenging year for the M&A industry. Current developments point to a drop in M&A deals with German targets by approximately 15 - 20% yoy. Recent trends including softened deal pricings, steadily increasing interests rates, diminished financial leveraging and flight to quality are largely unchanged.

*Our cooperation with local saving banks in Germany is increasing steadily and adds value to our business model*

Despite the challenging environment, IMAP Germany as a team has performed strongly so far this year; with more than 19 successfully completed transactions and over 35 new mandates signed in the last nine months. Moreover, the activity level of leads and pitches remains very high. Our cooperation with local saving banks in Germany is increasing steadily and adds value to our business model.



**Peter Bertling**  
IMAP Germany

### ITALY

The M&A market in Italy continues to develop along the lines of the most recent quarters, with very poor activity for large buy-outs, mainly as a result of there being less leverage available and interest rates remaining high. Uncertainty regarding an economic slowdown, which is already visible in Germany, is also affecting the Industrial and Capital Goods sectors.

*Business and IT services continue to attract investors, but transactions are taking place at declining multiples, with the exception of assets with a very unique positioning, high growth rates and profitability*

Business and IT services continue to attract investors, but transactions are taking place at declining multiples, with the exception of assets with a very unique positioning, high growth rates and profitability. Investors are also keen to invest in infrastructure related businesses, which are more resilient to cycles and potentially benefitting from the National Recovery and Resilience Plan. We expect no major changes in the M&A market in Italy before year end, unless there is a material worsening of the economic situation.



**Riccardo Martinelli**  
Vitale - IMAP Italy



### FRANCE



Under the pressure of macroeconomic degradation and deteriorated financing conditions, M&A activity in France has declined in both value and volume.

*It is now a buyer's market where investments are made more cautiously in high-quality assets with real value creation potential*

Valuation levels are holding up better thanks to the rebound in multiples paid by strategic acquirers. However, let's not be mistaken: it is now a buyer's market where investments are made more cautiously in high-quality assets with real value creation potential. In the coming months, portfolio reviews for both industrial players and investment funds are expected to generate M&A activity.



**Cyril Kammoun**  
Degroof Petercam - IMAP France

## IRELAND



The Irish market continued to experience slow deal flow in Q3 as buyers focus on sector leading, high-quality assets. Deals in non-cyclical markets and deals with limited consumer exposure remain attractive, but buyers are very focused on current trading and the short term outlook.

*There continues to be some variance in buyer and seller expectations on valuation*

Deal value and structure have been impacted by nervousness with buyers conducting high levels of diligence and providing themselves protection with heavily structured transactions. This emphasis on structure will abate as competitive tension returns to processes, however, this change is incremental. There continues to be some variance in buyer and seller expectations on valuation, and while the gap between the two has closed, in some sectors it remains and creates a challenge in delivering agreeable deal structures and outcomes for both sides.



**Richard Tunney**  
Key Capital - IMAP Ireland

## HUNGARY



In Hungary, the economic recession is making a dent in this year's financial results of some of our clients and partners. This limits transaction activity.

*The interplay between weaker financial results and higher buyer demand will determine the level of overall transaction activity in Q4*

However, decreasing inflation and somewhat decreasing interest rates contribute to higher demand on the buyer side. The interplay between weaker financial results and higher buyer demand will determine the level of overall transaction activity in Q4. Some larger transactions closed at the end of Q3, which leaves some room for positivity. Despite the challenging environment, IMAP Hungary has fared well this year with 10 transactions closed by the end of September and several more expected to close in Q4.



**Gábor Szendrői**  
CMBP - IMAP Hungary

## SWEDEN



While the market is still facing challenges and buyers remain cautious, 2023 has been a very good year so far and we have seen a slight increase in M&A activity throughout the year. While private equity firms remain selective, the need to invest their dry powder and will likely become more active through the rest of the year.

*We see the highest M&A activity in the IT sector, where both trade buyers are acquiring niche competences and PEs are positioning themselves*

The trend with industrial players acquiring strategic assets is continuing. We also see a trend of companies selling non-core assets, to better be able to focus on their core business. We see the highest M&A activity in the IT sector, where both trade buyers are acquiring niche competences and PEs are positioning themselves, creating clusters, especially within Cloud and Security. We have several mandates in the IT sector and there is a lot of buyer interest. Overall, we are still very optimistic about the last months of the year, as we believe there will be a significant amount of M&A activity in Sweden.



**Andreas Anderberg**  
IMAP Sweden



## USA



U.S. middle market dealmaking dropped 16% yoy through Q3 2023 but continued to show more tenacity than the overall M&A market, which was down 25% over the same period.

*The Federal Reserve's September decision to hold interest rates at an elevated level will prove a headwind for buyers, but also provides needed transparency that may act as a catalyst for strategic decisions*

Amid interest rate hikes, the high cost of capital has slowed buyer activity and resulted in a backlog of transactions ready to go to market. The Federal Reserve's September decision to hold interest rates at an elevated level will prove a headwind for buyers, but also provides needed transparency that may act as a catalyst for strategic decisions. We're optimistic that U.S. deal activity has reached its trough and expect M&A volume to increase in Q1 2024.



**Kenneth Wasik**  
Capstone Partners - IMAP USA

## BRAZIL



While we saw a decrease in M&A activity in the first half of 2023 of approximately 27% in volume and 38% in fee revenues compared to the same period of last year, we are very optimistic with respect to the second half of this year and beyond.

*We are seeing an increase in transactions done by strategic buyers and foreign buyers alike*

We are seeing an increase in transactions done by strategic buyers and foreign buyers alike. Given the M&A transaction cycle of a few months and the pick up in activity that began in the middle of the year, we see this positive trend extending well into 2024.



**Marcio Fiuza**  
Brasilpar - IMAP Brazil

## MEXICO



Mexico is about to experience another "Mexican moment" where M&A activity will increase significantly during Q4 2023 and is expected to continue during 2024-2025. The biggest trend driving not only M&A activity, but the inflow of foreign investment for organic growth, is nearshoring and the integration of the North American supply chain.

*The biggest trend driving M&A activity is nearshoring and the integration of the North American supply chain*

Appetite from international players to acquire Mexican companies is on a high, both from multinational companies to PEGs with add-on strategies for their portfolio companies. While there are more obvious industries directly reaping the benefits of these trends, such as Manufacturing, Industrials, and Transportation & Logistics, their effect is starting to be felt throughout all industrial sectors in Mexico. It remains to be seen how the upcoming national elections will affect M&A activity, but since we are not expecting a radical change, we do not expect this to be a relevant factor for M&A in 2024. The "Mexican moment" is also present in the inorganic growth strategies of Mexican multinationals that will remain acquisitive in the North American and European markets, among others.



**Gabriel Millan**  
Serficor - IMAP Mexico

## CHINA



Due to the current international environment and the need for supply chain localization, many Chinese companies are considering setting up new production bases overseas, and there are three main regions that are currently popular choices: Southeast Asia, Eastern Europe and Mexico.

*Many Chinese companies are considering setting up new production bases overseas*

Most Chinese companies lack the overseas expansion experience and deal sources, so they are eager to have service organizations help them. This demand will be even stronger in Q4.



**Junxiong "Jacky" Wang**  
IMAP China

## SOUTH AFRICA



In South Africa our auctions continue to be competitive, with deal sizes in the range of \$10-30 million probably the most competitive.

*Pan-Africa private equity is recovering from the lows seen at the beginning of the decade but remains below the peak recorded in the last decade*

We expect some slow down as the elections get closer. Pan-Africa private equity is recovering from the lows seen at the beginning of the decade but remains below the peak recorded in the last decade.



**Edmund Higenbottam**  
Verdant Capital - IMAP South Africa

## JAPAN



In August, the Japanese government released new M&A guidelines to promote more takeovers as it hopes to spur consolidation in the industry and boost economic vitality, which is a significant change in posture compared to the old ones.

*With the wind of changes blowing at both political and civil levels, we are witnessing a new era for Japanese M&A*

The new guidelines set out a code of conduct for M&A, cracking down on some defense tactics and stressing that credible takeover offers should not be spurned without sincere consideration. As a dramatic footnote to the new guidelines, the acquisition of TAKISAWA by Nidec (a company which has already acquired more than 30 companies in the past decade), also shows the signal of the changes in the Japanese business culture and etiquette. TAKISAWA, a company with a 100-year history, has a strong presence in automotive parts machining. While Nidec proposed a capital alliance last year, Takisawa broke off negotiations, which led to Nidec's move in July to make a tender offer for the company's shares without the consent of Takisawa's management. But the management finally decided to accept the move in September, averting a hostile takeover. With the wind of changes blowing at both political and civil levels, we are witnessing a new era for Japanese M&A.



**Tomoyuki Izumi**  
Pinnacle - IMAP Japan

## INDIA



The macroeconomic landscape is positively impacted by accelerated government spending and increased capital expenditures, which partly offset the slowdown in exports.











*Buyout funds are active buyers and deal activity is reasonably good in the Industrials and Infrastructure sectors*

Equity capital markets are buoyant and liquidity is driving the rise of public markets. Buyout funds are active buyers and deal activity is reasonably good in the Industrials and Infrastructure sectors.



**Ashutosh Maheshvari**  
IMAP India

## Selected H1 Transactions

<p><b>TRANSPORT &amp; LOGISTICS</b></p>  <p>JAPAN</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	<p><b>TECHNOLOGY</b></p>  <p>INDIA</p> <p>Acquired Majority Control of Business Operations</p>  <p>INDIA</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>BUSINESS SERVICES</b></p>  <p>HUNGARY</p> <p>Acquired 100% of Business Operations</p>  <p>HUNGARY</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>
<p><b>TECHNOLOGY</b></p>  <p>GERMANY</p> <p>Acquired Majority Control of Business Operations</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>FOOD &amp; BEVERAGE</b></p>  <p>ITALY</p> <p>Acquired 100% of Business Operations</p>  <p>ITALY</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	<p><b>ENERGY &amp; UTILITIES</b></p>  <p>FRANCE</p> <p>Acquired a Minority Stake</p>  <p>FRANCE</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>
<p><b>HEALTHCARE</b></p>  <p>UNITED KINGDOM</p> <p>Acquired 100% of Business Operations</p>  <p>BELGIUM</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>CONSUMER &amp; RETAIL</b></p>  <p>MEXICO</p> <p>Acquired Business Operations</p>  <p>UNITED STATES</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>ENERGY &amp; UTILITIES</b></p>  <p>UNITED KINGDOM</p> <p>Acquired Majority Control of Business Operations</p>  <p>GUATEMALA</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>