

IMAP closes 94 M&A transactions in H1 2024

IMAP dealmakers closed 94 M&A deals around the world worth more than \$27 billion in the first half of 2024. The improvements in market conditions and mounting confidence observed at the start of the year, alongside fading fears of a recession, had suggested that even greater transaction activity would take place in Q2 but certain factors stalled momentum, including tight financing. Interest rates remain high and much anticipated rate cuts by the U.S. Fed and ECB this year have been delayed or minimized despite inflationary pressures subsiding. Increased visibility regarding the timing of interest rate cuts in the second half of the year will be a crucial driver for deal activity going forward. Meanwhile, many of the trends observed in the M&A market in recent quarters remain in place today, including a converging but persistent gap between seller and buyer valuation expectations, flight to quality, longer due diligence and extended project durations.

With many financial players sitting on the sidelines amid market volatility in recent quarters, there is substantial pressure built up in the PE arena. There are growing expectations that PE firms will soon ramp up the sales of ageing portfolio companies. Moreover, PE funds are becoming increasingly active in search for opportunities to deploy their record amounts of unspent capital. An uptick in PE activity, when combined with an increase in the number of privately held mid-caps coming to market and public companies' strong balance sheets, suggests that a new wave of M&A activity could be just around the corner. In fact, most IMAP advisors are reporting strong deal pipeline.

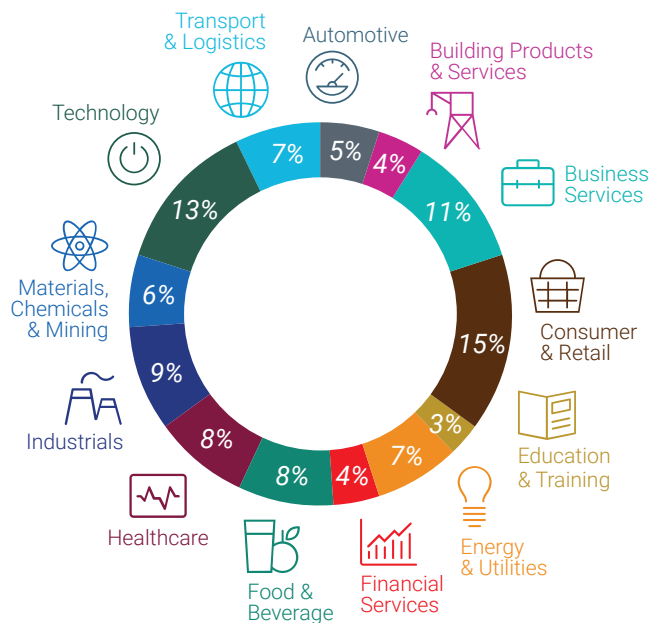
About a third of IMAP transactions in H1 were cross-border as IMAP dealmakers continued to leverage their international reach and help clients seize opportunities abroad. From a sector perspective, IMAP was most active in the Consumer, Services, Technology, and Industrials segments.

Global Performance

Rank	Advisor
1	PwC
2	Houlihan Lokey
3	Deloitte
4	Rothschild
5	EY
6	KPMG
7	IMAP
8	Baker Tilly
9	Mizuho
10	JP Morgan

Ranking based on number of transactions closed in H1 2024.
 Undisclosed values and values up to \$500 million.
 Source: Refinitiv and IMAP internal data.

Deal Distribution by Sector



JURGIS V. ONIUNAS
 IMAP Chairman



We are currently in a tricky macro environment worldwide. In the U.S., everyone is finally realizing inflation will be higher for longer, there might be only one or two rate cuts this year, and growth is slowing. Meanwhile, Europe looks marginally better, with Germany and the Netherlands leading the way, but our global stand-out economy is India, expected to outperform the median G20 by 5-6% over the next year. All of this, unfortunately, is overlaid by a very high level of geo-political risk – Ukraine, Gaza, elections in the U.S., Iran, France, UK... And yet, IMAP partners continue to deliver results for clients around the world, with a great performance in H1, and strong backlogs going into the second half!"

IMAP Partner Global M&A Perspectives & Forecasts

GERMANY



For IMAP Germany, the second quarter was characterized by a high level of activity and a strong pipeline. The trends observed remain unchanged; buyers' market at normalized valuation levels, extended project durations, flight to quality, increased due diligence, and conservative financing structures.

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We will see more distressed deals in the coming months and our focus clients - privately held mid-caps - are still looking for solutions. Sponsors are starting to come back. After closing some landmark deals with a disproportionate amount of cross-border involvement, this overall environment - combined with IMAP Germany's focus - is an ideal 'breeding ground' to remain optimistic about 2024!



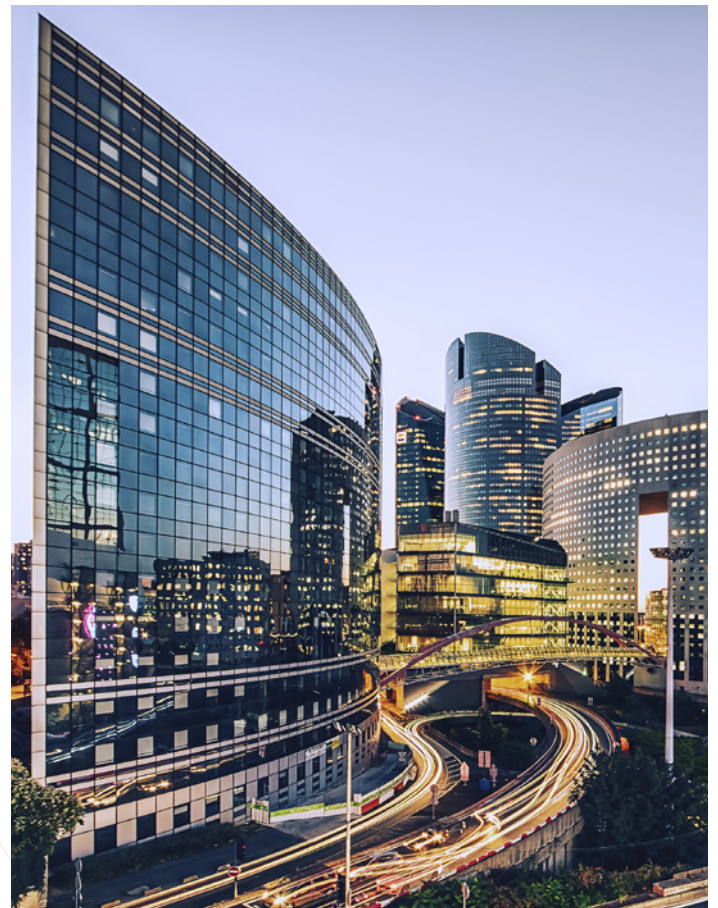
Peter Bertling
IMAP Germany

FRANCE

The expected decline in interest rates in Europe going forward will be decisive for private equity and venture capital firms, enabling them to overcome a period marked by the highest financing costs in recent decades.

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These companies have in fact accumulated a record amount of €348 billion in liquidity. Tight financing conditions have posed a problem for large-scale LBOs, but a potential change in the ECB's monetary policy could revive such projects. M&A activity shows that most French companies put up for sale in the second half of 2023 are in the TMT, business services and financial services sectors, and latest evidence points to continued activity this year in these sectors. However, like the United States, Europe is moving towards more rigorous enforcement of antitrust legislation. Innovation, fierce competition, political instability concerns and national security are all areas of focus that, combined with longer due diligence phases, could impact M&A. Increased interest in AI is expected to continue to impact the TMT sector, as experts believe it could increase M&A volumes by 50%. Looking to the future, the M&A markets in France and Europe appear poised for recovery and 2024 is shaping up to be a good year.



Cyril Kammoun
IMAP France

NETHERLANDS



At IMAP Netherlands we are still very busy and growing our staff, unlike many other M&A firms in the Dutch market whose struggles have carried over from recent years.

PE funds are still sitting on large sums of money and actively looking for add-ons and investment opportunities

We currently have a strong pipeline of predominantly sell side mandates. Our deal sizes have become consistently larger over time although closing transactions takes longer in the current environment. PE funds are still sitting on large sums of money and actively looking for add-ons and investment opportunities.



Jan-Pieter Borst
IMAP Netherlands



Balthazar Den Breems
IMAP Netherlands

UK



UK market sentiment for M&A continues to improve with inflation broadly under control and no major surprises from the General Election. Mid-market deals have been largely resilient over the last few years but mega-deals have been conspicuous with their absence.

We are now seeing increasing numbers of platform assets being prepared for sale by PE

PE have been very active with bolt-ons but hesitant to sell platform assets, although we are now seeing increasing numbers of platform assets being prepared for sale with an expectation of a significant pick up in activity in H2. Coupled with a gradual return in consumer confidence, record PE dry powder, a stabilised inflation environment and political stability post-election, we expect a favourable environment for M&A ahead.



Karri Vuori
IMAP UK

ITALY



After a weak 2023, the recovery signs observed in Q1 2024 have continued and intensified in Q2, which was a dynamic quarter for the Italian M&A market, with several new processes kicked off. The Italian M&A market is expected to see a further positive shift in the rest of 2024. Optimism from market operators is cautiously up on the back of better financial market conditions and a more stable macro environment, with inflation and energy costs back to normality.

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Financial investors have significant dry powder at their disposal which is being increasingly deployed in private debt instruments, thus supporting market liquidity. After Telecom Italia's carve-out of NetCo (where Vitale – IMAP Italy acted as advisor to Telecom Italia), other large deals (e.g. Vodafone Italia – Swisscom) in the TMT space are driving the large-cap M&A market in 2024. Meanwhile, within the mid-cap segment, we are observing a healthy volume in the consumer industry.



Michele Losio
IMAP Italy

SWEDEN



M&A activity in Sweden continued to rise in Q2 compared to Q1, and we saw a steady stream of announced transactions. While we had expected to see even more activity, all underlying indicators continue to point in the same direction and we believe that an M&A rebound has arrived.

More investors are becoming interested in and seeking M&A opportunities within the mid-market

We also notice that buyer activity is increasing, and something particularly exciting is that we have been contacted by several newly established investment companies, some of which have very prominent investors backing them. This is a clear trend we have observed and discussed for a long time, namely that more and more investors are becoming interested in and seeking M&A opportunities within the mid-market. Whether a significant increase will come as early as Q3 remains to be seen. However, considering the number of mandates we signed during the spring and will market externally after the summer, there is a very clear increase and an activity level we haven't experienced in a long time.



Andreas Anderberg
IMAP Sweden

HUNGARY



M&A activities in Hungary experienced a decline during Q2 2024. In contrast to closing 8 deals in Q1, IMAP Hungary has not successfully closed any deals in the second quarter. The economic downturn affecting companies in Hungary, coupled with record high inflation leading to wage inflation, has resulted in reduced profitability for our clients.

Despite the challenges, we are observing indications of a potential recovery

This, in turn, has led to a slowdown in M&A activities, exacerbated by high interest rates. Despite the challenges, we are observing indications of a potential recovery. We have advanced several processes to the due diligence phase, fostering optimism for a resurgence in the M&A market amidst the current heat wave sweeping across Central Eastern and Southern Europe.



Gábor Szendrői
IMAP Hungary

USA



The first quarter of 2024 may have marked the end of the downcycle for middle market M&A activity in the U.S. Historically, downcycles have lasted for 18 to 24 months and March 2024 was the 24th month of the current downturn.

We expect deal activity to increase over the coming 12 months

We expect deal activity to increase over the coming 12 months, building off the positive signals of the first quarter. In the first quarter, deal volume increased quarter-over-quarter (QoQ) for the first time since Q1 2023 (up 1.5%), and the average deal value rose by 26.7% year-over-year (YoY). The average EBITDA multiple has marked another positive development, rising nearly a full turn over the same period in 2023 to 10.0x in Q1 2024. Capstone (IMAP USA) is already seeing a significant increase in the number of clients looking to sell as well as financial buyers returning to seek new acquisitions.



Kenneth Wasik
IMAP USA

CANADA



The Canadian economy has undergone a slowdown over the past 18 months, primarily as a result of inflationary pressures and the subsequent reaction by the Bank of Canada ("BoC") to significantly raise interest rates.

We have seen an increase in activity in Q2 and expect the second half of 2024 to be better

The BoC's monetary policy has now had its desired impact of a "soft landing" recession and recently it announced its initial rate cut of 25 bps with additional rate cuts anticipated before the end of 2024. We are already seeing the early signs of improvement in the Canadian economy that we expect will continue into the first half of 2025. The volume of mid-market M&A transactions mirrored the Canadian economy and decreased in the second half of 2023 with deal flow continuing to be slow in Q1 2024. We have seen an increase in activity in Q2 and expect the second half of 2024 to be better than the same timeframe in 2023, although not reaching the levels of M&A activity experienced in 2021.



Andrew Kemper
IMAP Canada

BRAZIL



Despite two years of declining M&A volumes due to uncertainties with the new federal administration, there is a renewed interest from strategic buyers aiming to enter or expand in Brazil.

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This uptick in strategic investments contrasts with the retreat of foreign investors from the stock market, indicating a robust confidence in the long-term potential of Brazil's economic sectors.



Marcio Fiuza
IMAP Brazil

MEXICO



Mexico continues to maintain stable macroeconomic conditions after general elections which resulted in no change of the current ruling political party.

Mexico remains an exceptionally attractive destination for M&A activity

Despite existing challenges, Mexico remains an exceptionally attractive destination for M&A activity, offering abundant opportunities across diverse industries. As the economy evolves, M&A transactions are expected to play a pivotal role in driving growth, facilitating business restructuring, and fostering innovation across the Mexican market.



Gabriel Millan
IMAP Mexico

MIDDLE EAST



The economic outlook for the Gulf Cooperation Council (GCC) countries in 2024 is projected to be robust, supported by a dual recovery in oil production and improved performance in non-oil sectors including tourism, renewable energy, and technology. Capital markets have demonstrated considerable resilience and key indices have exhibited significant gains over the last five years, driven by heightened foreign investment and robust corporate earnings growth.

The M&A landscape remains dynamic, with sovereign wealth funds and government-backed entities actively pursuing strategic investments

Looking ahead, equity markets are expected to maintain this upward trajectory, underpinned by strong investor confidence and solid economic fundamentals. The M&A landscape remains dynamic, with sovereign wealth funds and government-backed entities actively pursuing strategic investments in critical sectors like technology, healthcare, and infrastructure. However, it is essential to recognize the potential risks associated with geopolitical instability, which could disrupt oil supplies and dampen investor sentiment, thereby posing challenges to market stability.



Rohit Walia
IMAP GCC

CHINA

Chinese companies keep going abroad to Mexico, Eastern Europe, Saudi Arabia and Southeast Asia. M&A continues to be the main mode of overseas investment for Chinese companies, rather than overseas greenfield investments.

M&A continues to be the main mode of overseas investment for Chinese companies

China's outbound M&A market is expected to become more active in the second half of this year. The domestic M&A market is also booming as the Chinese government encourages more listed companies to engage in M&A and restructuring operations.



Junxiong "Jacky" Wang
IMAP China

JAPAN



Despite the historically weak yen, Japanese companies have not been deterred in their aggressive overseas acquisitions. The overall M&A market in Japan for Q2 2024 has maintained the active trend from last year, with the total number of deals increasing by 25% YoY.

Japanese companies have not been deterred in their aggressive overseas acquisitions



Notably, outbound M&A activity has exhibited remarkable performance, with the total value surging by 200%. The background to this trend is the Tokyo Stock Exchange's request since last year to improve PBR over 1.0x, along with increasing pressure from capital markets, particularly from activists. This has prompted more companies to actively consider M&A as an option for the improvement of capital efficiency. And, the regulator is also considering related deregulation to promote more global deals; the change of the Companies Act to be proposed in early 2025 would allow a method called share delivery to be used to acquire stakes in foreign companies. The same method was permitted for domestic M&A deals in 2021, contributing to the market prosperity observed over the past three years. With strategic shifts in the mindset of company managers and a broader array of options at their disposal, we are going to witness a more aggressive move of overseas expansion by Japanese companies in the upcoming period.



Tomoyuki Izumi
IMAP Japan



Selected Q2 Transactions

<p>MATERIALS, CHEMICALS & MINING</p>  <p>ITALY</p> <p>Acquired Majority Control of Business Operations</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>CONSUMER & RETAIL</p>  <p>BELGIUM</p> <p>Acquired 100% of Business Operations</p>  <p>ITALY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>AUTOMOTIVE</p>  <p>IRELAND</p> <p>Invested a Stake Via Capital Increase in</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON STRATEGIC INVESTMENT</p>
<p>CONSUMER & RETAIL</p>  <p>UNITED STATES</p> <p>Acquired 100% of Business Operations</p>  <p>UNITED STATES</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>BUILDING PRODUCTS & SERVICES</p>  <p>BELGIUM</p> <p>Acquired 100% of Business Operations</p>  <p>BELGIUM</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>EDUCATION & TRAINING</p>  <p>NETHERLANDS</p> <p>Acquired 100% of Business Operations</p>  <p>POLAND</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>
<p>TECHNOLOGY</p>  <p>GHANA</p> <p>Acquired 100% of Business Operations</p>  <p>GHANA</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>MATERIALS, CHEMICALS & MINING</p>  <p>BULGARIA</p> <p>Acquired Investment Interest in Seller's Business</p>  <p>FRANCE</p> <p>IMAP</p> <p>ADVISED ON RECAPITALIZATION OF COMPANY</p>	<p>INDUSTRIALS</p>  <p>SWEDEN</p> <p>Acquired Majority Control of Business Operations</p>  <p>SWEDEN</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>

IMAP is an International Mergers and Acquisitions Partnership with more than 450 M&A professionals worldwide and a presence in 51 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.