

IMAP closes 238 M&A transactions worth over \$26 billion in 2022

IMAP partners around the world closed 238 M&A deals worth more than \$26 billion in 2022. Total deal volume for IMAP in 2022 was down from the record high set in 2021, but beat expectations as the mid-market M&A environment held strong despite challenging macroeconomic conditions. Persistently high inflation, rising interest rates, stock market volatility and geopolitical spillovers fueled uncertainty throughout the year. Moreover, constricted availability of financing and diminished valuations put a damper on the rate of M&A transactions closed. And yet, there was ongoing demand for high quality assets, particularly those in the mid-market sector with defensive growth models that proved resilient in a slowdown environment.

Industrials, Technology, Healthcare, Business Services, Transportation & Logistics, and Food & Beverage were the most active sectors for IMAP in 2022, accounting for almost 70% of total deal volume. Roughly 26% of IMAP's transactions in 2022 were cross-border, which is marginally lower than previous periods and likely reflects growing investor uncertainty surrounding the international environment. PE buyers became more reluctant to make moves as 2022 progressed but well capitalized strategics continued to pursue buy-and-build transactions. The greater degree of scrutiny from buyers and an overall more discerning approach to M&A observed in recent months will continue this year.

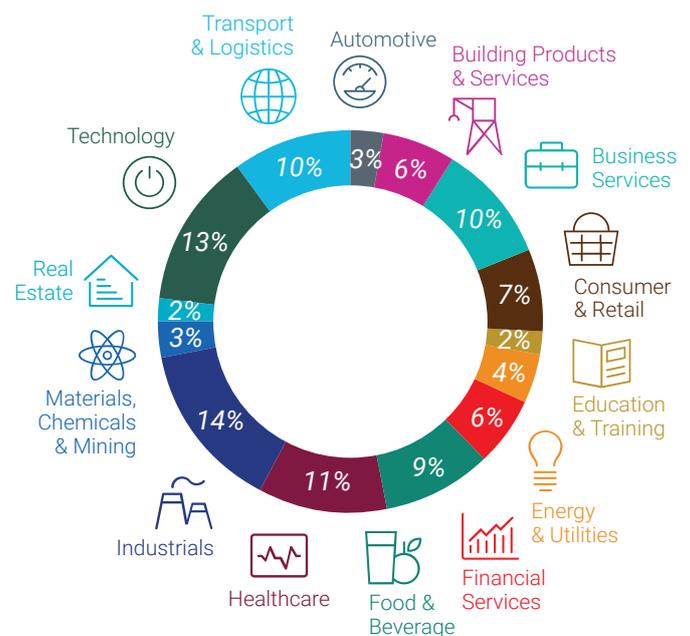
Global Performance

Rank	Advisor
1	PwC
2	KPMG
3	Houlihan Lokey
4	Rothschild
5	Ernst & Young
6	Deloitte
7	BDO
8	IMAP
9	Oaklins
10	Grant Thornton

Ranking based on number of transactions closed in Q1-Q4 2022.
Undisclosed values and values up to \$500 million.
Source: Refinitiv and IMAP internal data.



Deal Distribution by Sector



JURGIS V. ONIUNAS
IMAP Chairman



Contrary to mid-year expectations and a tough macroeconomic backdrop, 2022 ended strongly for IMAP, just above the levels of pre-COVID 2019. A warm winter in Europe so far has postponed a major energy crisis, and concerns about rising inflation, although still at stubbornly high levels, have eased. However, as central banks continue to take liquidity out of the markets and demand destruction continues, inflation concerns are being replaced by fears regarding corporate profits, and there seems to be no end in sight for the conflict in the Ukraine. So, 2023 will be another challenging year, but as always, and indeed for the past 50 years, our team of more than 450 professionals will continue to provide support, advice, and solutions to business owners around the world, in M&A, capital raising, asset management and other corporate finance areas."

IMAP Partner Local M&A Insights

GERMANY

In Q4 2022 the number of M&A deals with German targets dropped by approximately 20% compared to Q4 2021. The general business environment remains challenging, with inflation rates still at above average levels of about 6-7% and a recession – however mild it might be – is expected for 2023. Pricing of deals has declined in line with increasing uncertainty and high leverage debt financing is much more difficult to attain.

Growing as well as resilient businesses with clear USPs continue to attract interest

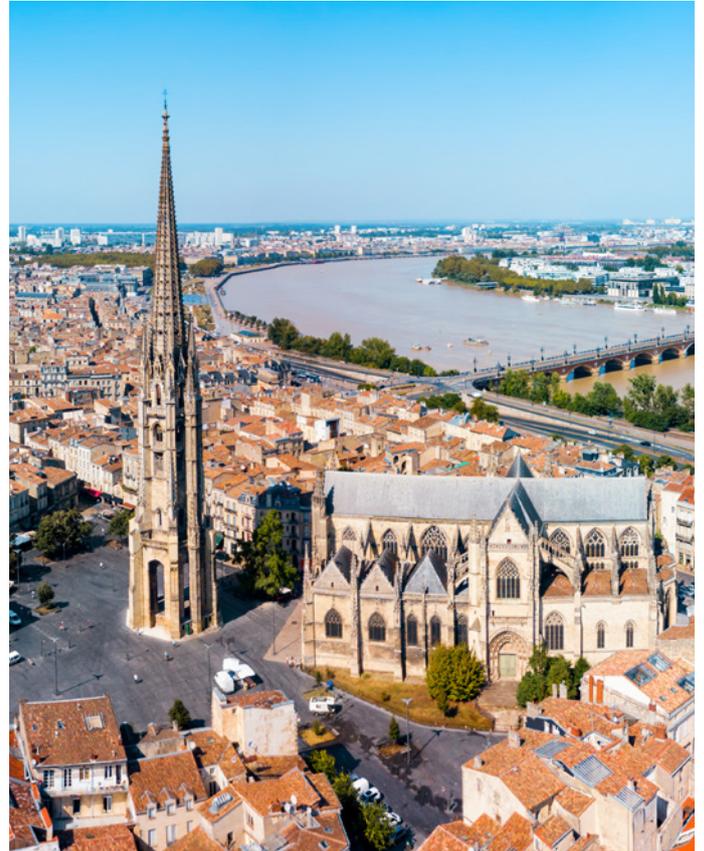
However, growing as well as resilient businesses with clear USPs have a greater scarcity value in difficult times and continue to attract interest from strategic and financial buyers alike. IMAP Germany had a strong Q4, closing four deals in December alone, and we remain optimistic for 2023 as we continue to acquire new mandates and move our contracted deal pipeline towards success.



Carsten Lehmann
IMAP Germany



FRANCE



Like other European countries, the French economy suffered multiple shocks in 2022 leading to a decline in growth: rising energy prices, geopolitical tensions, COVID waves, supply difficulties, rising interest rates, etc. This stagflation environment is likely to continue in 2023 with no concrete prospect of ending as the Ukrainian crisis continues.

One note of optimism: the midcap market has generally suffered less

With a decline of nearly 50% over 2022, the M&A market has suffered from this unfavorable economic context as well as from a deterioration in the financing markets. The lack of visibility is likely to continue to weigh on the M&A market in 2023. One note of optimism: the midcap market has generally suffered less, fueled by family owned companies and less impacted financing conditions.



Cyril Kammoun
Degroof Petercam - IMAP France

IRELAND & UK

Q4 2022 was defined by uncertainty. Throughout the UK and Ireland various macro factors impacted companies across every sector. This prompted a greater degree of scrutiny from buyers, a more discerning approach to M&A and an increasing prominence of trade buyers who understand industry specific issues in a way others can't, in addition to synergies providing some downside protection.

A more discerning approach to M&A and an increasing prominence of trade buyers

Q1 2023 is unlikely to materially improve from a macro perspective, however, we do anticipate an improved market for deal making as we get great clarity on key issues such as labour shortages, energy costs and inflation. A greater degree of certainty will allow buyers to make informed decisions and should create a more favorable deal making environment.



Richard Tunney
Key Capital - IMAP Ireland



SWEDEN



The fourth quarter of 2022 was the most challenging one of the year, with a downturn in number of deals in almost every sector in Sweden; Consumer Goods and Construction being the two most affected. Increased inflation and higher interest rates makes it more expensive to finance a deal, which in the short term inhibits transaction activity.

There are still SMEs that are performing very well and many sellers still want to sell

However, at the same time, there are still SMEs that are performing very well, and many sellers still want to sell. Given that there are less assets on the market, competition is increasing for the ones that are for sale. Companies with profitability are more attractive than speculative companies. Going forward, we also see a trend in place where due diligence processes are becoming more extensive since buyers really need to understand a seller's underlying growth and profitability.



Andreas Anderberg
IMAP Sweden

HUNGARY

Hungary experienced some landmark transactions in 2022 including the sale of leading travel portal szallas.hu, and the acquisition of AiMotive by Stellantis, to name a few.

We expect export-oriented companies from diverse industries to be heavily over-represented in domestic deals

Current economic conditions, such as record inflation and the resulting high interest rates aren't conducive for a hot merger market in 2023; while IMAP in Hungary was market leader with 15 transactions closed in 2022, we expect a lower number of closings in 2023. We expect export-oriented companies from diverse industries to be heavily over-represented in domestic deals in the next 12 months.



Gábor Szendrői
CMBP - IMAP Hungary



USA



While the volatile economic environment certainly caused significant challenges for M&A markets in 2022, it did not halt middle-market deal activity.

Many of the catalysts of middle-market deal volume are demographic driven, namely aging business owners seeking liquidity

Moreover, while adverse market forces present disruptions to M&A activity, many of the catalysts of middle-market deal volume are demographic driven, namely aging business owners seeking liquidity. The conclusion of the economic downturns in 2008 and 2020 were met with a flurry of M&A activity - we expect a similar trend once the U.S. economy regains its footing.



Kenneth Wasik
Capstone Partners - IMAP USA

BRAZIL

2022 was a very strong year for M&A in Brazil. Around 1,600 transactions were closed, which is not far off from the record set in 2021. In 2023, M&A activity will primarily be driven by the political agenda, with focus on the fiscal responsibility of the new administration.

M&A activity will primarily be driven by the political agenda

Energy, Infrastructure, Retail, and Healthcare will likely remain as the most active sectors.



Marcio Fiuza
Brasilpar - IMAP Brazil



MEXICO

As Mexico maintains itself as one of the more politically stable countries in LATAM, we expect foreign capital to keep flowing into the country, especially from investors looking to diversify their geographical footprint by accessing not only the Mexican market but the LATAM market as a whole. This environment will create attractive opportunities for venture and private equity funds to pursue M&A.

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More mature and well-funded startups that seek to remain competitive and keep up the growth rates demanded by their investors could take advantage and consolidate their presence in the market by acquiring other earlier stage startups in need of financing, under less pressure and at more realistic and sustainable valuations. This could also open the door for more mature and traditional companies to start exploring strategic M&A to acquire innovative tech startups.



Hans Castillo
Serficor IMAP - IMAP Mexico



SOUTH AFRICA

High external debts and deficits and the increases in US interest rates in 2022, the steepest since 1979, are a negative for the Africa region. Cross-border flows in particular are likely to be impacted as depreciation risks and currency controls increase in many markets. Development finance institutions continue to be important, especially in private capital markets, and their relative importance may increase in this leg of the cycle.

Renewable energy and financial inclusion continue to be hotspots of deal volumes

Thematically, renewable energy and financial inclusion continue to be hotspots of deal volumes. In South Africa specifically, deal activity slowed in Q4 because of the overhang presented by the electoral conference of the governing party ANC. Following the re-election in December 2022 of the incumbent President Cyril Ramaphosa, we expect an uptick of activity in 2023 with the next general election not until 2024.



Edmund Higenbottam
Verdant Capital - IMAP South Africa



CHINA

China has liberalized its pandemic control policies and it is foreseeable that international travel will no longer be affected around the Chinese New Year. China's economy is recovering and more and more industries are coming back into line with international standards. Chinese industries paid a heavy price over the past three years due to the pandemic and government controls, although in 2023 we believe that an increasing number of companies will seek opportunities abroad.

Many Chinese private companies and wealthy families are looking to allocate their assets internationally

There will also be more opportunities for foreign investors in China, as Chinese targets with reasonable valuations will be available. Moreover, many Chinese private companies and wealthy families are looking to allocate their assets internationally, so both M&A and greenfield investments overseas, especially in Europe, will become increasingly interesting for them.



Junxiong "Jacky" Wang
IMAP China

JAPAN



The Japanese M&A market was highly active in Q4 2022, with the number of closed deals not far off from the same period in 2021. In the domestic market, the transaction value involving Japanese companies was 145% higher than in 2021. Notably, the marathon run of the Toshiba buyout is finally approaching closure, with a \$9 billion financing support from syndicated bank groups.

We expect to see more Japanese companies acting as strong bidders in future cross-border deals

Meanwhile, the Japanese government recently decided to make a tax-free (NISA) scheme for households permanent, encouraging a shift from savings to stock investments, which could make the domestic capital market become even more active in 2023. Moreover, after the BOJ shocked the market with an unexpected policy shift, the Japanese currency is strengthening and we expect to see more Japanese companies acting as strong bidders in future cross-border deals.



Tomoyuki Izumi
Pinnacle - IMAP Japan



Selected Q4 Transactions

FINANCIAL SERVICES 	FOOD & BEVERAGE 	TECHNOLOGY 
 <p>ITALY</p> <p>Acquired 100% of Business Operations</p>  <p>ITALY</p>  <p>ADVISED ON PURCHASE OF COMPANY</p>	 <p>GERMANY</p> <p>Acquired 100% of Business Operations</p>  <p>GERMANY</p>  <p>ADVISED ON SALE OF COMPANY</p>	 <p>UNITED STATES</p> <p>Acquired 100% of Business Operations</p>  <p>UNITED STATES</p>  <p>ADVISED ON SALE OF COMPANY</p>
CONSUMER & RETAIL 	TRANSPORT & LOGISTICS 	MATERIALS & CHEMICALS 
 <p>FRANCE</p> <p>Acquired Majority Control of Business Operations</p>  <p>BELGIUM</p>  <p>ADVISED ON SALE OF COMPANY</p>	 <p>FRANCE</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p>  <p>ADVISED ON SALE OF COMPANY</p>	 <p>FRANCE</p> <p>Acquired 100% of Business Operations</p>  <p>BRAZIL</p>  <p>ADVISED ON ACQUISITION</p>
FOOD & BEVERAGE 	TRANSPORT & LOGISTICS 	TECHNOLOGY 
 <p>MOROCCO</p> <p>Acquired 100% of Business Operations</p>  <p>MOROCCO</p>  <p>ADVISED ON SALE OF COMPANY</p>	 <p>JAPAN</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p>  <p>ADVISED ON TRANSACTION</p>	 <p>UNITED KINGDOM</p> <p>Acquired 100% of Business Operations</p>  <p>CROATIA</p>  <p>ADVISED ON SALE OF COMPANY</p>