

IMAP closes 162 M&A transactions worth over \$21 billion in Q1-Q3 2022

IMAP partners closed 162 M&A deals worth more than \$21 billion during the Q1-Q3 2022 period. Challenging macroeconomic conditions, including high and persistent inflation and the threat of recession have dominated financial headlines throughout the year. However, the mid-market M&A scene is still holding up in spite of significant stock market declines, with no sign of the major slowdown in deal activity predicted by many just a few months ago. At the same time, there has been a clear transition towards more cautious financing, circumspect investor approaches, and demand for high quality assets, with a particular strategic emphasis on companies with sustainable growth models that should perform well in an economic slowdown. Another aspect of these shifted market dynamics is that financially sound strategic buyers are well positioned to pursue buy-and-build transactions that strengthen their position. Financial players and PE groups may have a tougher time moving forward on deals because of the decreased availability of cheap leveraged financing.

Technology, Industrials, Business Services, and Healthcare were the most active sectors for IMAP in Q1-Q3, accounting for nearly 50% of total deal volume. Significant IMAP deal activity was also registered in the Consumer & Retail, Food & Beverage, and Transportation and Logistics sectors. Going forward, IMAP dealmakers have signaled that these are the sectors likely to account for the bulk of growth in the M&A mid-market. Roughly 24% of IMAP's transactions so far this year were cross-border, which is a little lower than previous periods and probably reflects growing investor uncertainty surrounding the international environment. However, the relative decline of major currencies versus the US dollar may encourage international buyers to pursue inbound transactions in foreign markets.

Global Performance

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

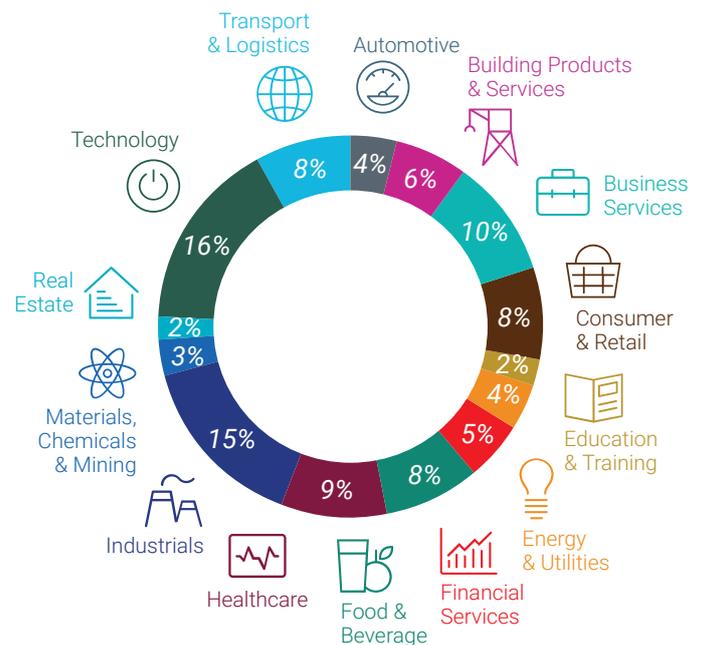
Ranking based on number of transactions closed in Q1-Q3 2022.
Undisclosed values and values up to \$500 million.
Source: Refinitiv and IMAP internal data.

162
M&A
transactions

\$21bn+
transaction
value

24%
cross-border
deals

Deal Distribution by Sector



JURGIS V. ONIUNAS
IMAP Chairman

“The S&P 500 Index is down about 25% from its peak at the beginning of the year, the Nasdaq is down around 35%, major profit warnings are coming every day from public companies in all sectors, and yet, IMAP partners continue to perform – maybe not at the same pace as the bubble of 2021, but in line with previous years. This shows the resilience of the mid-cap market and is a tribute to the men and women that have built these companies and are the backbone of economies around the world.”

IMAP Partner Local M&A Insights

NETHERLANDS



We are yet to see a major decline in deal activity, despite a lot of uncertainty in the market due to inflation, staff shortages, supply chain constraints, and higher interest rates. The impact of these issues on M&A varies per industry. In recent years there had been a heavy focus on the upside of transactions, but downside modelling is now being applied again. Buyers and investors are taking a more critical look at targets and asking how sustainable their business models and growth will be. In light of this, high-quality assets continue to do well.

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Moreover, because of the Euro exchange rate drop, European targets have suddenly become cheaper for American suitors. There is still plenty of capital available and ambition to pursue buy-and-build strategies. However, we anticipate fewer big deals as banks become more cautious in providing financing. Still, the level of deal volume will remain high with less competition for targets. Although we haven't witnessed anything yet, these conditions may have implications for asset prices/valuations. In terms of due diligence, more attention is being paid to cyber, ESG, and commercial factors. Finally, deal processes will take longer because parties want more certainty. All in all, we remain positive and are heading for a record year with a very strong pipeline.



Axel Fuhri Snethlage
IMAP Netherlands

FRANCE

The French economy has stayed strong compared to other European countries. Inflation in France remains lower than in the rest of Europe and the UK due to a more diversified energy mix and high state subsidies. The employment rate is still high, and the Producer Price Index (PPI) is now starting to recede after hitting record highs. M&A activity, although weaker in H1 2022 compared to a record H1 2021, does not show signs of slowing further at a concerning rate. Some processes have indeed been stopped or extended, but the small and mid-cap market is still resisting.

M&A activity does not show signs of slowing further at a concerning rate. The small and mid-cap market is still resisting

Decreased availability of debt financing is impacting the upper-mid and large-cap market only, which will make it tough for PEs. Going forward, processes are anticipated to be mostly geared toward strategic buyers. In terms of sectors, we expect that Healthcare, Technology, Renewable Energies and to a lesser extent Education shall account for most of the growth in the M&A market for the near future. Our M&A, Financing Advisory and Equity Capital business lines all remained robust in 2022. Although we are cautious about 2023, we have signed numerous visible mandates in the mid/upper-mid segment that demonstrate the dynamism of our team in a very competitive market.



Cyril Kammoun
Degroof Petercam - IMAP France



GERMANY

IMAP Germany has had a successful year so far with several sizable transactions in which we advised the sellers or founders of family-owned companies. We are continuously replenishing our deal pipeline, but we are also observing more bumpy economic conditions across several sectors and business models, as well as more cautious investor appetite. Deal financings have become more difficult to secure and company valuations are receiving more scrutiny with regard to the robustness of the business model under consideration and the synergy potential in case of strategic interest.

Economic uncertainty will result in more difficult conditions for deal making, but will create opportunities for strategic buyers

The current economic uncertainty, especially in Germany, will result in more difficult conditions for deal making, but at the same time will create opportunities for strategic buyers. We expect M&A activity in sectors such as IT & Software, Energy, and Healthcare to remain strong while companies in the Consumer & Retail and Industrials sectors will need to demonstrate even more convincing USP's in order to be attractive to investors over the next 12 months.



Carsten Lehmann
IMAP Germany



ITALY

M&A activity continues to be quite strong with several deals closed across many sectors, despite a challenging environment (inflation, increasing interests rates, growing costs of raw materials, skyrocketing energy prices, depressed public markets, and procurement difficulties). We expect such unfavourable conditions to affect the performance of the Industrial and Consumer Goods industries, widening the gap between seller expectations and buyer offers.

Investors are also becoming more cautious

Investors are also becoming more cautious, in order to avoid buying at high multiples, which have been very good across many industries over the last 10 months. Investor appetite for good companies in the IT/Software/Tech industries and Healthcare will further increase given their long term prospects and resilience amid economic downturns.



Riccardo Martinelli
Vitale - IMAP Italy



IRELAND & UK



While there have been a number of macro factors impacting transactions throughout Q3, deal activity has been relatively resilient. We have seen a wide range of transactions continue throughout Q3 to a successful outcome. As the quarter draws to a close, the volume of new mandates and deal flow continue to demonstrate resilience in the M&A market.

The volume of new mandates and deal flow continue to demonstrate resilience in the M&A market

The UK market is undoubtedly experiencing a period of volatility that is unprecedented in recent times, however, the appetite for buyers remains reasonably strong with some international buyers likely to see the weak pound as an opportunity. In the Irish market, strong fundamentals in the economic outlook coupled with post Brexit tailwinds have supported strong inbound interest for high quality assets. As we move through Q4 and into Q1 2023 we anticipate a stable market for M&A in the UK and Ireland as there is a greater degree of certainty in the market around energy prices, supply chain challenges, the war in Ukraine, and inflation.



Richard Tunney
Key Capital - IMAP Ireland

SWEDEN

The strong M&A activity observed in Q1 and Q2 carried over into Q3 at a slower pace due to the summer period. We closed a cross-border deal in the webhosting space with our Czech colleagues whereby Swedish Miss Group acquired Web4U in Czechia. We also advised Flintab, a supplier of scales, registration systems, and advanced weighing solutions, on its sale to Dacke Industri, a long-term investor owned by Nordstjernan.

There is still good access to capital for high-quality companies

Looking forward, the continued rise in interest rates is making it more expensive to finance acquisitions, which is likely to have a dampening effect on deal activity. The fact that potential sellers have become accustomed to high price positions and may be reluctant to accept lower compensation, may have similar consequences on deal activity. Moreover, the increasingly difficult energy supply situation in Europe is expected to weigh on the overall dealmaking environment. And yet, despite these challenging factors, we remain optimistic regarding the outlook for the rest of the year. There is still good access to capital for high-quality companies.



Andreas Anderberg
IMAP Sweden



HUNGARY



The transaction market is influenced by challenging economic realities: inflation, rising interest rates, and economic uncertainties. Irrespective of this, we haven't yet experienced a significant slow-down in our core market segment, which is private mid-market deals.

Investors interested in buying quality assets have amassed significant cash piles and are interested in strengthening their positions

This is most likely because despite the economic hardships in sight, investors interested in buying quality assets have amassed significant cash piles and are interested in strengthening their positions in their own core markets. Thus, most of the transactions that we see are of a strategic nature; financial investors have more or less disappeared from our markets.



Gábor Szendrői
CMBP - IMAP Hungary

POLAND

There is continuing activity in M&A markets in Poland and Central Europe. We advised clients on three signed M&A transactions in the summer months of 2022.

We do not see a strong impact of the Ukrainian war on M&A activity in Poland

We do not see a strong impact of the Ukrainian war on M&A activity in Poland. At the same time, equity raising and IPO activity are currently at a standstill, with only one IPO transaction closed in Poland this year. Overall, we expect markets to improve well into 2023.



Piotr Chudzik
Trigon Investment Banking - IMAP Poland



USA



M&A deals in the US continue to be executed at a normal pace, albeit down from 2021 levels. In the middle-market, we are seeing pressure build on buyers from perceived threats of a recession and actual threats from supply chain constraints and inflation.

We have seen an increase in private companies coming to the market as headwinds continue to mount and pressure on margins make it more difficult to compete

The pressure is being manifested in the form of a flight to quality transactions, emphasis on companies that should perform well in economic slowdowns, and rotation to safer industries including Food, Household staples, Telecom, Healthcare, and Utilities. We believe, absent from any significant deterioration in the economy, that the fourth quarter will continue to see quality companies being sold. We have seen an increase in private companies coming to the market as headwinds continue to mount and pressure on margins make it more difficult to compete as a smaller independent company.



Kenneth Wasik
Capstone Partners - IMAP USA

JAPAN

The total number of M&A transactions involving Japanese companies in Q3 stayed at the same level on a YoY basis, but their total value dropped by 28% with a disparity between domestic (+34%), outbound (-72%), and inbound (+51%). With both the USA and the EU still facing significant inflation pressures, a change in the Fed and ECB's hawkish monetary policy is not expected soon, which is likely to drag on M&A activity.

The notably weak yen is good for inbound transactions

Russia's scaling up of the Ukraine invasion and the associated geopolitical risks are causing hesitancy and deepening Japanese corporates' iconic cautiousness regarding new investments such as outbound M&A activities. The notably weak yen is good for inbound transactions but leading to pressure on Prime Minister Kishida's approval rating, so there may be policies implemented to support the yen. Unless there are major changes to these conditions, the surge of inbound deals and restrained outbound activity seen since last quarter, is expected to continue.



Tomoyuki Izumi
Pinnacle - IMAP Japan



INDIA



Inflation, rising interest rates, and energy costs are increasingly dominating the macro environment. These factors are impacting the availability and affordability of credit for larger transactions, particularly cross-border ones. However, the domestic market economy is faring relatively well with good growth prospects and government support for the Manufacturing sector.

The domestic market economy is faring relatively well, with good growth prospects

The capital markets are struggling but well positioned companies with larger addressable markets are finding public money. Overall, the M&A scene is being dominated by the Light Engineering, Mobility, Renewables and Fintech sectors. The buoyancy of distressed buyouts through bankruptcy continues.



Ashutosh Maheshvari
IMAP India

BRAZIL

General elections in Brazil are scheduled for October 2nd (first round) and October 30th (run-off between executive positions such as president and state governors). Despite the fact that the two best ranked candidates for president are situated on opposite sides of the political spectrum, Luis Inacio Lula da Silva (left) and incumbent Jair Bolsonaro (right), the perceived risk associated with them is low. Both are considered “more of the same” compared to their respective previous administrations.

No major election related impact on M&A activity in the last quarter of the year is expected

Therefore, no major election related impact on M&A activity in the last quarter of the year is expected and the market should be driven by technical factors only.



Marcio Fiuza
Brasilpar - IMAP Brazil



COLOMBIA

The current M&A market environment in Colombia is challenging given the macroeconomic volatility caused by high inflation, rising interest rates, and growth slowdown, combined with a complex political situation due to a new leftist government that is not very pro-business and is generating a significant loss of confidence by some market participants across several industries.

A complex political situation is generating a significant loss of confidence by some market participants



Mauricio Saldarriaga
Inverlink - IMAP Colombia



MEXICO



2022 has been an active year for M&A activity in Mexico, with deal volume increasing 9.9% so far compared to 2021. Although investors have been cautious given global macroeconomic factors, the number of M&A deals has increased in the last four months as Mexico is still attractive for international strategic players looking to diversify and strengthen their supply chain capabilities.

Mexico is still attractive for international strategic players looking to diversify and strengthen their supply chain capabilities

The Fintech, IT and Internet sectors have been particularly attractive, with an increase of 36% in the number of deals in 2022. We expect M&A activity to continue increasing steadily during Q4 2022 and well into 2023, with the Industrial, Automotive, Logistics, and Fintech sectors being the most active. We have several mandates and a strong pipeline of cross-border transactions expected to close in the next couple of quarters.



Gabriel Millan
Serficor - IMAP Mexico

Selected Q3 Transactions

TECHNOLOGY 

KEL
KANEMATSU ELECTRONICS LTD.
JAPAN

Acquired Investment Interest
in Seller's Business

TRILOGY
JAPAN

IMAP
ADVISED ON SALE OF COMPANY

INDUSTRIALS 

HITACHI
UNITED STATES

Acquired 100% of
Business Operations

TELESIS
UNITED STATES

IMAP
ADVISED ON SALE OF COMPANY

INDUSTRIALS 

Dacke
INDUSTRI
SWEDEN

Acquired 100% of
Business Operations

FLINTAB
WEIGHING SOLUTIONS
SWEDEN

IMAP
ADVISED ON SALE OF COMPANY

MATERIALS & CHEMICALS 

Iberis
CAPITAL
PORTUGAL

Acquired Investment Interest
in Seller's Business

Carmo
Wood
PORTUGAL

IMAP
ADVISED ON SALE OF COMPANY

INDUSTRIALS 

HILLENBRAND
UNITED STATES

Acquired 100% of
Business Operations

HERBOLD
MECKESHEIM
GERMANY

IMAP
ADVISED ON SALE OF COMPANY

TECHNOLOGY 

Miss Group
SWEDEN

Acquired 100% of
Business Operations

WEB4U
CZECH REPUBLIC

IMAP
ADVISED ON SALE OF COMPANY

INDUSTRIALS 

Daan Vldar Beheer B.V.
NETHERLANDS

Acquired 100% of
Business Operations

MAATMETAAL
ROTTERDAM
NETHERLANDS

IMAP
ADVISED ON SALE OF COMPANY

TRANSPORT & LOGISTICS 

MALHERBE
L'avenir est en route
FRANCE

Acquired 100% of
Business Operations

NORMATRANS
L'excellence logistique
FRANCE

IMAP
ADVISED ON SALE OF COMPANY

INDUSTRIALS 

FB BOHN
MEXICO

Acquired 100% of
Business Operations

INTERCAL
CHILE

IMAP
ADVISED ON SALE OF COMPANY