

### IMAP closes 57 M&A transactions worth over \$17 billion in Q1 2022

IMAP closed 57 M&A transactions valued at over \$17 billion in the first quarter of 2022. This figure was about half the record high 111 deals closed in the last quarter of 2021 but consistent with Q1 results from previous years. Persistently abundant liquidity, increased investor confidence amid a progressive lifting of COVID restrictions in many countries and a still large backlog of unresolved transactions sustained dealmaking activity in Q1.

Technology, Business Services, Industrials, Financial Services and Transportation & Logistics were the most active sectors, accounting for 65% of total deal volume. Ongoing digital transformation and evolving business models are driving convergence and deal opportunities across many of these sectors. Roughly 28% of IMAP's transactions were cross-border, which is consistent with previous years and reflects the organization's global nature. The bulk of IMAP's Q1 deals involved a target company in either Western Europe or North America, although significant deal flow was also registered in Central and Eastern Europe, as well as in Scandinavia.

Many IMAP partners started the year with high expectations after a spectacular 2021, although ongoing disruptions to supply chains, volatile commodity markets, increasing inflation, and domino effects from the war in Ukraine have led to a tempering of optimism. Investors and strategic buyers have become selective in terms of the opportunities they will focus on and more cautious with due diligence to assess business risk. And yet, many of the underlying drivers in the global M&A market are expected to remain in place, including relatively cheap financing, large amounts of available liquidity and strong demand for high-quality assets. Succession issues also continue to be on the mind of many small- and mid-sized companies' owners. Specialized companies in the IT, Healthcare and Financial Services sectors are expected to attract significant investor attention.

#### Global Performance

Rank	Advisor
1	PwC
2	Houlihan Lokey
3	KPMG
4	Rothschild
5	Ernst & Young
6	<b>IMAP</b>
7	Morgan Stanley
8	Jefferies
9	Deloitte
10	JP Morgan

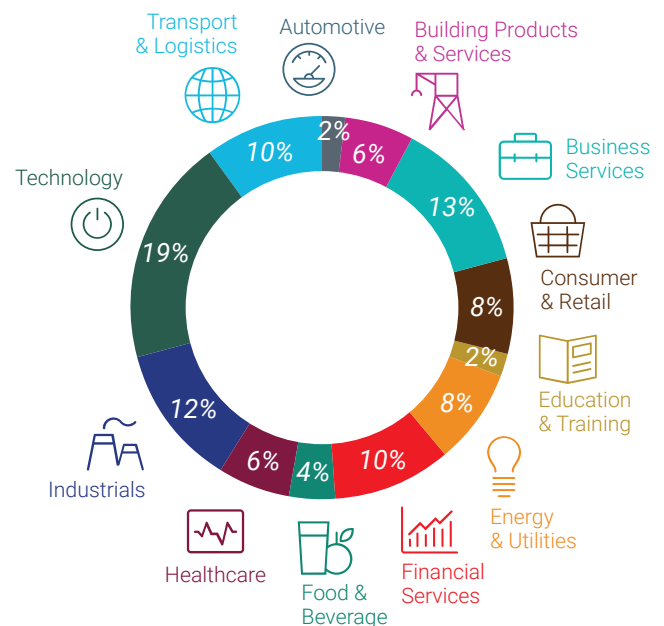
Ranking based on number of transactions closed in Q1 2022.  
Undisclosed values and values up to \$500 million.  
Source: Refinitiv and IMAP internal data.

**57**  
M&A  
transactions

**\$17bn+**  
transaction  
value

**28%**  
cross-border  
deals

#### Deal Distribution by Sector



**JURGIS V. ONIUNAS**  
IMAP Chairman

“The record M&A boom in 2021 and perceived stabilization of the COVID situation fueled optimism at the beginning of Q1. Global macro disruptions stemming from the pandemic were essentially counterbalanced by favorable dealmaking conditions. However, the Russian invasion of Ukraine in late February has injected a whole new level of uncertainty. In many countries and markets around the world. IMAP's global team of advisors will adapt to the circumstances and continue to meet client needs, just like they did during the pandemic and previous economic disruptions.

## IMAP Partner Local M&A Insights

### GERMANY

We initially had an optimistic outlook for 2022, expecting to reach an even higher deal volume than in 2021. This has now been clouded by the Ukraine war, which will impact the overall economic situation, willingness to invest and finance deals. At this stage it remains difficult to fully assess the impact on our M&A business and the economic landscape in Germany. In March, the German Ifo business climate index dropped from 98.5 to 90.8, representing a larger drop than two years ago at the start of the COVID crisis.

*We remain optimistic that underlying drivers for M&A-activity remain intact*

The combination of distortions in supply chains and energy markets, coupled with sanctions, will further fuel inflationary tendencies and contribute to uncertain outlooks for many businesses, especially those with a certain supply or demand exposure towards Ukraine and Russia, as well as energy intense or raw material intense manufacturing industries. Still, we remain optimistic that underlying drivers for M&A activity remain intact, especially as the issue of succession will continue to be on the mind of a large number of small- and mid-sized companies owners for years to come.



**Nils Keller**  
IMAP Germany

### NETHERLANDS

Deal activity in the Netherlands is still very high. IMAP Netherlands is working on several deals that will be closed in Q2 2022. Only a handful of transactions were closed in Q1, following the closure of a large number of deals in Q4 2021.

*There are currently many opportunities in the market*

There are currently many opportunities in the market, but pressure on the team is high due to the fact that it is difficult to find experienced employees. We have to be selective in the mandates that we accept and pursue given limited execution capacity. The current situation in Ukraine is having a negative influence on some mandates.



**Jan-Pieter Borst**  
IMAP Netherlands

### FRANCE



Business development in Q1 has been very dynamic and the French team has already closed or signed significant and high-visibility transactions such as the acquisition of Suez France by Meridiam, the sale of Culturespace by Engie, the refinancing of Agrial or the shareholding reorganisation of Triago.

*The M&A market is again well oriented in Q1 2022*

The team has been extended in all our business segments: M&A, DCM and ECM. In particular, in M&A, we increased our Restructuring team in order to be in a position to quickly respond to a potential market turnaround. We also foresee potential restructuring advisory needs with the end of French State support financing (PGE) and the consequences of current tensions on energy prices and supply disorganisation on corporates. Given the French electoral year, the geopolitical uncertainties in Europe linked to the Ukrainian war and the subsequent tensions on the debt market, 2022 is expected to be a more volatile and challenging year, although the M&A market is again well oriented in Q1 2022 with a large amount of available liquidity. M&A transactions decreased by 22% in volume in Q1 2022 with regards to Q1 2021 which was at a historical high (in value, the level is however, superior to 2020 and 2019). Valuation multiples started to decrease in Q4 2022 and this decrease is expected to continue in Q1 2022. In terms of sectors, French Tech firms are set to keep on attracting high investment levels after a record 2021 and firms in Healthcare, Education, Asset-Light Logistics and Food could still fuel the M&A pipeline in the next 12 months.



**Cyril Kammoun**  
Degroof Petercam - IMAP France

## IRELAND & UK



While dealflow has remained strong in Q1 2022, investors and strategic buyers have become noticeably more discerning in terms of the opportunities they are devoting time and attention to.

*Investors and strategic buyers have become noticeably more discerning*

We expect this trend to continue in the UK & Irish markets, particularly given the wider macroeconomic landscape. However, capital remains abundant and demand is still strong for high-quality assets. Key sectors to watch out for include Financial Services, Healthcare and TMT, where we're aware of several transactions currently in the market or in the pipeline for later in the year.



**Saif Shubana**  
Key Capital - IMAP Ireland

## SWEDEN



Following an exceptional 2021 with records in both number of deals and volume, Q1 2022 has also started strong. Many transactions are in the completion phase, and we are seeing very high demand for well-managed companies. The restrictions of the COVID pandemic are behind us, access to capital is good and many private equity companies and acquisitions conglomerates have well-stocked funds.

*We are seeing very high demand for well-managed companies*

Strong technology trends continue which means that niche IT-companies are very attractive, both for domestic and international buyers, especially within the Security segment; we also believe the Healthcare segment will be strong in 2022. However, given the current war in the Ukraine companies will be affected; increase in raw material prices, lack of different components, longer delivery times, etc., not to mention the humanitarian and political catastrophe the world is once again facing.



**Andreas Anderberg**  
IMAP Sweden

## POLAND



The M&A landscape in Poland and Central and Eastern Europe is impacted heavily by geopolitical events, i.e. the war in Ukraine, which in particular is influencing transactions involving companies with operations and assets in Russia, Ukraine and Belarus.

*We continue to see strong interest in high quality market leaders*

However, at the same time, we continue to see strong interest in high quality market leaders in their respective sectors in Poland and Central Europe as demonstrated by the announced sale of Krynicky Recykling, a leading glass recycler in Poland, to SCR Sibelco NV, a leading European basic materials provider. Trigon - IMAP Poland acted as sell side advisor on this transaction.



**Piotr Chudzik**  
Trigon - IMAP Poland

## HUNGARY

We went into 2022 with high hopes to match or even exceed our stellar results of 2021. Things have significantly changed in the past weeks.

*We expect a lower number of deals and lower pricings in countries in this region*

Not only have the fall-out of the Ukraine war and supply chain uncertainties had a strong impact on the transaction environment, but also increasing interests rates which have a direct impact on return expectations and the cost of bank financing. We have had deals postponed in the past weeks due to all these circumstances. Overall, we expect a lower number of deals and lower pricings in countries in this region.



**Gábor Szendrői**  
CMBP - IMAP Hungary





## CANADA



The Canadian economy has continued to perform well in Q1 2022, following impressive growth in 2021 after recovering from the effects of COVID that stalled the worldwide economy in 2020. Despite concerns over inflation, labor shortages, supply chain issues, potential resurgence of new COVID variants and the conflict in Ukraine, almost all industries (other than Hospitality and Tourism) are now performing above pre-pandemic levels. Recently, there has also been a substantial increase in commodity prices which has a positive impact on Canada's resource-based industry sectors.

### *We continue to witness very competitive bidding from buyers at attractive valuations*

Supported by strong economic results and an abundance of capital, mid-market M&A activity in Canada continues to be robust, following up on record levels in Q4 2021. We continue to witness very competitive bidding from buyers at attractive valuations. Some of the headwinds mentioned above are causing volatility in client earnings and difficulty in reaching consensus of the future forecast for businesses. As a result, buyers are more cautious with due diligence and are taking longer to assess business risk and close transactions. We continue to have a very positive outlook for the Canadian economy and mid-market M&A for the remainder of 2022.



**Andrew Kemper**  
Capital West Partners - IMAP Canada

## USA



Supply chains are still not functioning at 100%, there is significant inflation and US consumers are spending strong as they emerge from COVID. These factors combined make for a tough marketplace, marked by shortages of goods and high prices. Some chatter about a recession has crept into the marketplace, but it is not being amplified and may even be ignored.

### *Private Equity is still strong and many deals are closing*

This translates into an interesting M&A market. Private Equity is still strong and many deals are closing, strategic buyers in higher discretionary spend categories are retreating a little bit and we are seeing a slight flight to quality. COVID adjustments to financials are increasingly diminishing in importance and buyers are asking QoE suppliers to give a number normalized for COVID.



**Kenneth Wasik**  
Capstone Partners - IMAP USA

## ITALY

M&A activity has been very strong so far in 2021, driven by cheap financing and large liquidity raised by private equity firms in Europe. Strong interest by corporates and financial investors has resulted in very high valuations, in particular in attractive sectors such as digital transformation, automation and IT/systems integration, but also in more traditional industries such as fragrances and ingredients, healthcare, B2B services, industrial and agriculture equipment.

### *High degree of uncertainty, which is likely to translate into more subdued M&A activity in the rest of 2022*

ESG is a very important theme across all industries, with few investors willing to pursue acquisitions in sectors perceived as not ESG friendly such as plastics, oil & gas, etc. More recently the increase in the cost of financing combined with the sharp growth of the prices of energy and food raw materials, along with those already reported across all materials and components already in 2021, is affecting the profitability of many companies and introducing a high degree of uncertainty, which is likely to translate into more subdued M&A activity in the rest of 2022.



**Riccardo Martinelli**  
Vitale - IMAP Italy

## BRAZIL

M&A activity in Brazil continues to be strong in Q1 2022, in line with what we observed in 2021. However, foreign buyers' valuation perceptions have changed somewhat, what with the Brazilian Real being the currency that most appreciated against the U.S. dollar on the back of an interest rate tightening cycle starting back in Q1 2021.

*Foreign buyers' valuation perceptions have changed somewhat*

Additionally, the changes in commodity prices caused by the Russian invasion of Ukraine have benefitted Brazil both as a commodity exporting country and a destination for foreign direct investment and carry trade operations.



**Marcio Fiuza**  
Brasilpar - IMAP Brazil



## COLOMBIA



Despite political uncertainties in LATAM's main markets, combined with global uncertainty associated with the situation in Ukraine and high inflation, INVERLINK's - IMAP Colombia performance remained strong in Q1 2022.

*We hope that the tailwinds from a strong 2021 will remain in place for most of this year*

Good deal activity is taking place across different sectors, in particular Financial Services and Fintech, Power and Infrastructure. We continue to be moderately positive and hope that the tailwinds from a strong 2021 will remain in place for most of this year.



**Mauricio Saldarriaga**  
Inverlink - IMAP Colombia

## MEXICO

In the first two months of the year, 52 transactions were closed in Mexico, representing a 13% increase in volume and almost a 300% increase in value compared to the same period in 2021. In terms of sectors, Internet, Software and IT Services, as well as Real Estate have been the most active so far this year. Manufacturing, Infrastructure and other traditional sectors are experiencing relatively limited activity.

*The outlook for the rest of 2022 is one of increased improvements in the dealmaking environment*

The mid-term elections held in 2021 did not result in an absolute majority for President AMLO's Morena party, which boosted optimism among private investors, as well as interest in acquisitions. The outlook for the rest of 2022 is one of increased improvements in the dealmaking environment. However, local PE and buy-out funds have limited resources as many funds have reached maturity and new funding sources are scarce. There are likely to be opportunities stemming from bankruptcies and restructurings.



**Gilberto Escobedo**  
Serficor - IMAP Mexico





## JAPAN

M&A transactions involving Japanese firms hit a high of 4,280 in 2021, up 14.7% from the previous year as companies moved to invest in growth areas in hopes of overcoming changes in the business environment caused by global warming and the COVID-19 pandemic.

*Companies are also moving to improve their organizational structures*

Continued growth in the M&A environment reflects efforts among corporations to streamline their operations due to the global health crisis, along with an overall shift to decarbonization. Companies are also moving to improve their organizational structures in response to new listing standards for the Tokyo Stock Exchange that are scheduled to take effect from April, adopting strategies that are more appealing to shareholders by divesting unprofitable business or acquiring growth business.



**Tomoyuki Izumi**  
Pinnacle - IMAP Japan



## INDIA



Public markets are being affected by geo-political risks, which has impacted new public offerings. The volatility seen over the last two years and increasing threats to traditional businesses from digitalization have resulted in a new wave of consolidation, including mergers between competitors.

*Increasing threats to traditional businesses from digitalization have resulted in a new wave of consolidation*

Deal activity continues to ride on the success of bankruptcy law, a growing number of unicorns with wallets to consolidate and the push towards renewables/sustainability.



**Ashutosh Maheshvari**  
IMAP India

## CHINA

Travel restrictions related to the COVID pandemic, especially the strict quarantine regulations in China continue to hamper site visits and due diligence activities for assets overseas. There is also a growing risk in regulatory approvals for Chinese buyers, given the ongoing conflict in Europe as well as the changing political and economic environment.

*Consistent interest in targets associated with digitalization, carbon neutrality and industrial upgrading*



















However, solid demand from China has been observed through increasing M&A enquiries since the Beijing Winter Olympics, with consistent interest in targets associated with digitalization, carbon neutrality and industrial upgrading, among others. Financial buyers and private companies have been playing active roles and are expected to contribute more deal diversity in 2022, e.g. through SPACs.



**Tinglian Jiang**  
IMAP Germany



## Selected Q1 Transactions

<p><b>FINANCIAL SERVICES</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 Investment Interest in Seller's Business</p>  <p>FRANCE</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	<p><b>TRANSPORT &amp; LOGISTICS</b></p>  <p>NETHERLANDS</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>
<p><b>CONSUMER &amp; RETAIL</b></p>  <p>NETHERLANDS</p> <p>Acquired 100% of Business Operations</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>TECHNOLOGY</b></p>  <p>UNITED STATES</p> <p>Acquired</p>  <p>UNITED STATES</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p><b>BUILDING PRODUCTS &amp; SERVICES</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>FINANCIAL SERVICES</b></p>  <p>BRAZIL</p> <p>Acquired 100% of Business Operations</p>  <p>BRAZIL</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	<p><b>BUSINESS SERVICES</b></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>	<p><b>AUTOMOTIVE</b></p>  <p>AUSTRIA</p> <p>Acquired Majority Control of Business Operations</p>  <p>UNITED STATES</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>