

IMAP closes 109 M&A transactions worth over \$18 billion in H1 2022

IMAP closed 109 M&A transactions valued at over \$18 billion in the first half of 2022. Compared to the past few quarters in which the market experienced a notable post-COVID rebound and IMAP record high deal closings (111 in Q4 2021 and 65 in Q1 of this year), the pace of dealmaking activity in Q2 was notably slower. IMAP partners are now operating in a market that is transitioning away from a phase of cheap financing, pent-up demand and high valuations to one of surging inflation, rising interest rates, more selective investor appetite, and widespread domino effects from the war in Ukraine.

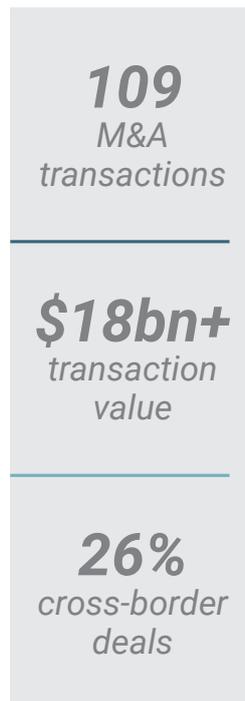
Despite the general downturn in M&A activity observed in Q2, the market is by no means frozen; buyers are still out there and looking for high quality opportunities. Companies with proven resilient business models in the face of challenging macroeconomic conditions are prime targets for acquisition. Moreover, even though PE investors are not immune to instability, their presence in the M&A market is expected to remain strong.

Technology, Business Services, Industrials, Financial Services, and Food & Beverage were the most active sectors for IMAP in H1, accounting for 59% of total deal volume. Ongoing digital transformation and evolving business models are driving convergence and deal opportunities across many of these sectors. Going forward, specialized companies in the IT, Healthcare and Financial Services sectors are expected to continue attracting significant investor attention. Roughly 26% of IMAP's transactions in H1 were cross-border, which is somewhat lower than previous periods and likely reflects growing investor uncertainty surrounding the international landscape. The majority of IMAP's H1 deals involved a target in Europe or North America, while difficult market dynamics continue to weigh on activity throughout other regions of the world.

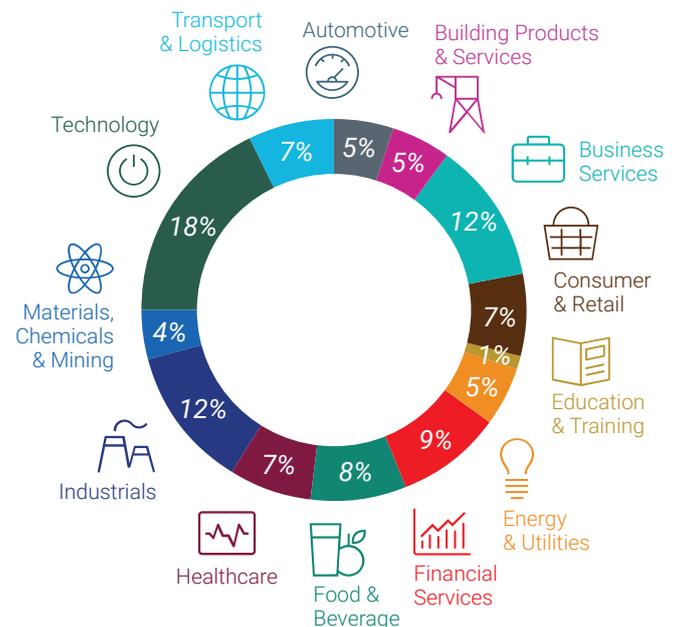
Global Performance

Rank	Advisor
1	PwC
2	KPMG
3	Rothschild
4	Houlihan Lokey
5	Deloitte
6	EY
7	IMAP
8	Grant Thornton
9	Lincoln International
10	Goldman Sachs

Ranking based on number of transactions closed in H1 2022.
Undisclosed values and values up to \$500 million.
Source: Refinitiv and IMAP internal data.



Deal Distribution by Sector



JURGIS V. ONIUNAS
IMAP Chairman

“The M&A boom recorded in the past few quarters has been suddenly overshadowed by record high inflation, rising interest rates, and fears of recession. Energy and food price increases are a danger to the stability of developing markets. Global stock market valuations are off 20-30% from their cycle highs and are showing no signs of an imminent recovery. Yet despite this difficult environment, IMAP advisors continue to close successful deals for clients around the world!”

IMAP Partner Local M&A Insights

GERMANY

IMAP Germany experienced a strong first half of the year with 4 signings in May alone and we are on track to achieve our ambitious plans for the current year. We are focusing on sell-side projects with companies whose business models are proving to be resilient with respect to the various current economic challenges, as a few projects have been put on hold due to investor concerns.

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Our deal flow for new sell-side projects remains strong which we attribute to our business model and sound market positioning, as overall transaction numbers are down quite a bit in Germany according to Refinitiv numbers with further bumpy conditions expected over the next 12-18 months.



Carsten Lehmann
IMAP Germany



NETHERLANDS

Our current portfolio of mandates is still very good and we are busy trying to convince potential clients to be prepared to start sales processes after the summer period. However, in the last couple of months, we have noticed that it is taking longer to close deals.

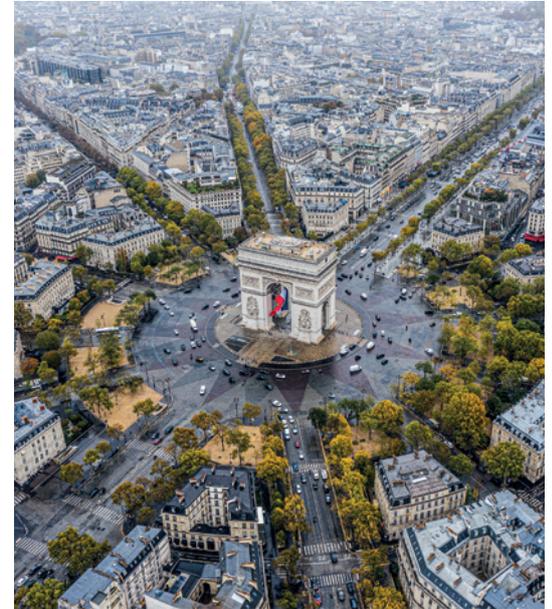
Business risks are increasing and organic growth is becoming more and more difficult because of the lack of qualified employees

Both strategic buyers and financial buyers are more critical regarding the outlook of target companies which is likely to slow down the number of deals, even though there are still many sellers on the market. Business risks are increasing and organic growth is becoming more and more difficult because of the lack of qualified employees.



Jan-Pieter Borst
IMAP Netherlands

FRANCE



In H1 2022, M&A transactions in France fell by 42% in value, to €37.5 billion. The decline was driven by rising interest rates, inflation, increased market volatility and high economic uncertainty stemming from the war in Ukraine. The French situation is not an exception in Europe. The entire European market is disrupted but the decline in France is the second largest in the region after Germany. This atmosphere of uncertainty has led to suspended auctions, reluctance from financing banks, tension among sellers and a wait-and-see attitude among buyers.

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As a result, some fundraising and financial operations are struggling (IQera backed by BC Partners, Havear backed by 3i Infra, Infopro owned by Towerbrook). And yet, the French market is not completely frozen (the optical wire provider ETC was sold to Cinven for €2 billion) and Degroof Petercam - IMAP France and Belgium closed 10 deals and signed 44 new mandates in the first half.



Cyril Kammoun
Degroof Petercam - IMAP France

IRELAND & UK

M&A remains high on the agenda for boards and senior management teams across the UK & Ireland markets. The pace of deal-making has continued to hold strong despite the various economic challenges, with a particular focus on bolt-ons and operational acquisitions. We are seeing private equity interest across a range of sectors, from enterprise software through to logistics and distribution. Investor interest in the Irish market has strengthened and we are continually engaging with international investors attracted to the country's leading companies and highly promising growth opportunities.

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We are cautiously optimistic on the outlook for the rest of the year: although there are challenges that need to be navigated in each deal, we feel confident that buyers and investors are out there and continue to seek out high quality opportunities.



Saif Shubana
Key Capital - IMAP Ireland



SWEDEN

Overall, the Swedish M&A market was still very active in Q2 2022 despite the ongoing war, and both higher inflation and interest rates. Following the pandemic, companies are better at adapting to new macro environments, something that we observe with several of our clients. IMAP Sweden had a busy Q2. We closed four deals, including the sale of a drug test provider to a listed industrial conglomerate and the sale of a hydraulic service provided to a larger group in the same industry.

We think there will be a continued strong appetite for tech and healthcare companies, and greater focus on sustainability issues

We are optimistic going into H2 2022. There is still good access to capital and many funds that have just closed are looking to invest. We think there will continue to be a strong appetite for tech and healthcare companies, and greater focus on sustainability issues.



Andreas Anderberg
IMAP Sweden

POLAND



We did not see a slowdown in M&A activity in Q2 despite the impact of the war in Ukraine. All processes launched prior to 24 February are progressing and in May we closed the €90 million sale of Krynicki Recykling, Poland's #1 glass recycler, to SIBELCO, the leading European industrial minerals miner and processor. However, the IPO market did come to a halt in Q2 with all IPOs in the pipeline postponed until after the summer due to the impact of worsening global and local equity capital markets and the war in Ukraine affecting investor sentiment regarding the CEE and Europe region in particular.

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Moreover, investors are focusing on picking up already listed stocks which have dropped significantly in value since the beginning of 2022 and IPO pricings are not competitive at present. We hope the markets will re-open following the summer holidays, but this depends on macroeconomic and geopolitical headwinds.



Piotr Chudzik
Trigon - IMAP Poland



HUNGARY

Hungary is suffering the consequences of the deadly ongoing conflict in neighbouring Ukraine. Moreover, inflation is rising, the Forint has weakened, and interest rates are also up. The government has imposed extra levies on certain sectors trying to make up for the skyrocketing budget deficit. All these factors have a negative impact on both capital market transactions and acquisition processes.

A mid-term uptick in the market can be expected amid the government's attempt to support SMEs and a new wave of near-shoring

However, we have had a great year thus far, with nine closed deals and two additional transactions signed, though we have noticed certain cooling across industries, mostly due to the falling valuation expectations of buyers. Unless sellers adjust their expectations in line with market trends, transaction activity is likely to decrease in the second half of the year. A mid-term uptick in the market can be expected amid the government's attempt to support SMEs with subsidized loans and a new wave of near-shoring in the industrial production segment.



Gábor Szendrői
CMBP - IMAP Hungary



BRAZIL

M&A activity remains strong at roughly the same level as last year. We continue to see a very large number of leads and new mandates which will eventually reflect positively on 2023 deal closings.

We have not yet seen any signs of reduced interest from foreign buyers despite the upcoming presidential elections

For the second half of this year, we have not yet seen any signs of reduced interest from foreign buyers despite the upcoming presidential elections.



Marcio Fiuza
Brasilpar - IMAP Brazil



USA



The US M&A market is becoming more cautious, especially in the Consumer Products industry. We are seeing the volume of buyers and valuations coming off their 2021 peak.

Quality companies with high gross margins and proven resilience in uncertain economic times are doing very well

However, they are still at historic highs. Food, household essentials, personal care and quality companies with high gross margins and proven resilience in uncertain economic times are doing very well.



Kenneth Wasik
Capstone Partners - IMAP USA

JAPAN

The total value of M&A transactions involving Japanese companies dropped 13% during the first half of 2022 and volume declined by 17%. While the world appears to be approaching the end of the COVID-19 challenge, Japanese corporates are now facing the plunge of the yen to a 20-year low against the US dollar and geopolitical risks caused by the war in Ukraine, which is discouraging outbound M&A activities.



Easing of entry restrictions on business travelers, along with the favorable exchange rate for foreign buyers, could drive inbound M&A

The recent easing of entry restrictions on business travelers, along with the favorable exchange rate for foreign buyers, should provide sufficient tailwind for what could be a beneficial surge of inbound M&A in Japan.



Tomoyuki Izumi
Pinnacle - IMAP Japan

CHINA



In the course of 2022, China has experienced slower growth but low inflation. Cross-border M&A deals are expected to remain at the current subdued level, while pent-up demand could be unleashed if travel restrictions are lifted. The Zero COVID Strategy has had a strong impact on the economy. Local firms are putting effort into change management initiatives, revealing M&A opportunities during strategic reorientation and organizational restructuring.

Geopolitics and supply-chain disruptions are driving Chinese companies with strong export exposure to optimize their overseas footprint

Geopolitics and supply-chain disruptions are driving Chinese companies with strong export exposure to optimize their overseas footprint and find new growth potential. The most demanded targets for outbound transactions are companies with unique technologies, leading market positions and sustainable profitability.



Tinglian Jiang
IMAP Germany

INDIA

Rising inflation and higher interest rates have impacted the growth outlook, the state of public markets and bank's credit appetite. There is not yet clarity on the longevity of this situation, but the biggest and most immediate impact is on primary issuances in equity capital markets. Overall M&A activity is still volatile across sectors and mergers among equals to survive or face markets together is a new trend.

Mergers among equals to survive or face markets together is a new trend

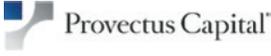
Start-ups and new companies are definitely rationalising their cost structures and customer mix to increase the runway to the next fund raise. We continue to build on our distressed M&A and credit resolution business. At the same time, integrated large players in traditional cement, steel and polymers businesses have preferred to buy downstream processors impacted by volatility in recent years which has proven relevant for us in terms of consolidation deals this year.



Ashutosh Maheshvari
IMAP India



Selected Q2 Transactions

<p>HEALTHCARE</p>  <p>SWEDEN</p> <p>Acquired 100% of Business Operations</p>  <p>SWEDEN</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>FOOD & BEVERAGE</p>  <p>DOMINICAN REPUBLIC</p> <p>Acquired an Indirect Stake in Agropecuaria Aliar (La Fazenda)</p>  <p>COLOMBIA</p> <p>IMAP</p> <p>ADVISED ON ACQUISITION</p>	<p>HEALTHCARE</p>  <p>CROATIA</p> <p>Acquired Majority Control of Business Operations</p>  <p>Dentalne poliklinike</p> <p>CROATIA</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>
<p>FOOD & BEVERAGE</p>  <p>UNITED STATES</p> <p>Acquired 100% of Business Operations</p>  <p>ITALY</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>	<p>TECHNOLOGY</p>  <p>FINLAND</p> <p>Acquired 100% of Business Operations</p>  <p>GERMANY</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>FOOD & BEVERAGE</p>  <p>NETHERLANDS</p> <p>Acquired 100% of Business Operations</p>  <p>NETHERLANDS</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>
<p>INDUSTRIALS</p>  <p>SPAIN</p> <p>Acquired 100% of Business Operations</p>  <p>SPAIN</p> <p>IMAP</p> <p>ADVISED ON SALE OF COMPANY</p>	<p>FINANCIAL SERVICES</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>TRANSPORT & LOGISTICS</p>  <p>HUNGARY</p> <p>Acquired Investment Interest in Seller's Business</p>  <p>HUNGARY</p> <p>IMAP</p> <p>ADVISED ON PURCHASE OF COMPANY</p>