# HORIZONS

**BDO'S GLOBAL VIEW OF MID-MARKET DEAL ACTIVITY**

MERGERS&ACQUISITIONS

**ISSUE 3** | 2024

## DEAL ACTIVITY IN H1 2024 DECLINED BUT PE SHARE OF ACTIVTITY IS BACK TO 37%

**Regional view**

Views from around the Globe

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### BDO GLOBAL DEAL ADVISORY

**1,744** COMPLETED DEALS IN 2023

**31%** PRIVATE EQUITY DEAL INVOLVEMENT

**21%** OF OUR DEALS ARE CROSS BORDER

ONE OF THE MOST ACTIVE ADVISERS GLOBALLY*

**120** COUNTRIES PROVIDING DEDICATED DEAL ADVISORY SERVICES

**2,500** DEAL ADVISORY PROFESSIONALS

1st Financial Advisor Globally – Factset league tables 2023
1st most active Advisor & Accountant Globally 2023 – Pitchbook league tables 2023
2nd leading Financial Due Diligence provider Globally – MergerMarket global accountant rankings 2023

# Welcome

**Welcome to the third edition of Horizons in 2024, in which BDO M&A professionals around the world present their insights on mid-market deal activity.**

In this edition of Horizons, we go around the world providing analysis of deal activity and trends in our BDO regions. Our BDO M&A colleagues analyse deal activity and trends in their regions and look ahead at what we can expect for the foreseeable future.

Volumes and values are down and the heat map shows a significant decline in overall transaction appetite for the rest of 2024. There are signs of stabilisation in the market, with an important return of private equity buyers who now account for 37% of overall transactions, lower inflation and a sense that interest rates may actually start falling, which should be helpful for M&A.

If you are having a break over the northern hemisphere summer, you are probably attempting to manage the sweltering temperatures, enjoying multitudes of sporting events and visits to the world's most popular tourist destinations in Europe. We hope you find this edition of Horizons interesting.

www.bdohorizons.com

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# Global view

Deal activity in H1 2024 declined but still remained ahead of pre-COVID levels

**Global mid-market activity declined in the first half of 2024, but only to a level that was broadly in line with each half of 2021 and still some way ahead of pre-COVID levels. Total deal volume was down by around 6% compared to the second half of 2023. That movement was as a result of a fall of around 13% in trade-led acquisitions but an increase of over 10% in private equity-led acquisitions.**

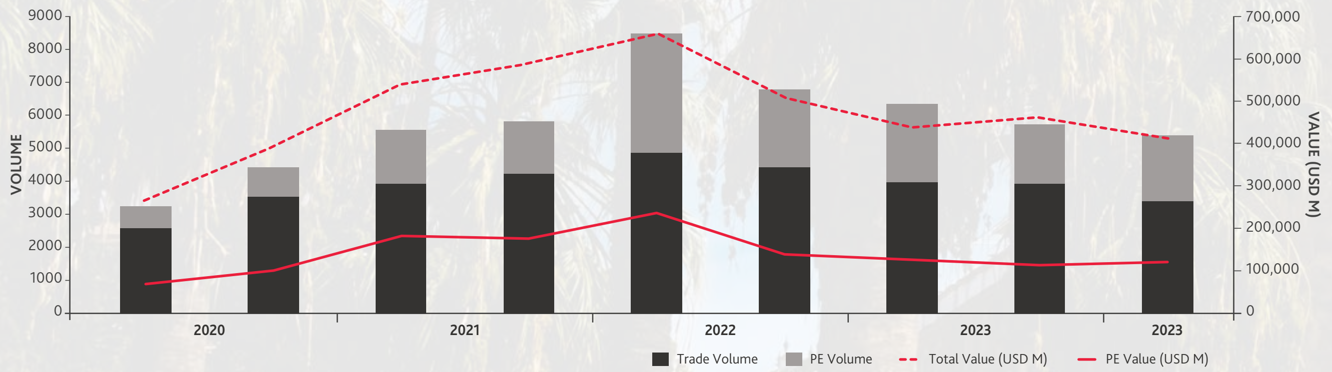
The uptick in PE is important as it had been declining for the three prior quarters as the impacts of inflation and interest rate rises were felt. We believed that a more stable inflationary environment, and the prospect of interest rates having peaked, would encourage more PE activity. For the first half of this year, that increased activity has put PE's share of global mid-market M&A at c37% of deal volume and nearly 30% of deal value, which is very high by historic standards.

With respect of the pricing of deals, we believe that multiples have compressed but it varies by sector and type of business. The rally in global capital markets in 2023 and into 2024 is a helpful factor for valuations. As fiscal policy succeeds in bringing global inflation under control, and thereby avoiding the need for further interest rate rises, that may also start to underpin valuations.

Looking at industry sectors, global deal activity was down in most sectors in the first half of 2024, apart from Leisure and TMT, which saw increases of 10% and 8% respectively. The most noticeable sector declines were recorded in Energy, Mining & Utilities (down 19%) and Industrial & Chemicals (down 17%). TMT accounted for nearly one in three deals in the period.

Looking around the world, there was a far more mixed picture in terms of deal activity in the first half of the year, with around half of the regions down but half of the regions up. The most significant falls, taking into account volume by region, were seen in Greater China, South East Asia and Other Asia. The biggest upticks were in the Nordics, Benelux and the CEE areas of Europe. North America also saw a more modest but nevertheless important increase in activity.

## GLOBAL MID MARKET M&A




## Global heat chart by region and sector

| | TMT | Industrials & Chemicals | Consumer | Business Services | Pharma, Medical & Biotech | Financial Services | Energy, Mining & Utilities | Leisure | Real Estate | TOTAL | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| North America | 661 | 366 | 318 | 282 | 345 | 220 | 83 | 101 | 14 | 2,390 | 39% |
| Greater China | 74 | 165 | 36 | 57 | 70 | 26 | 30 | 11 | 20 | 489 | 8% |
| CEE | 76 | 101 | 61 | 50 | 36 | 35 | 38 | 23 | 12 | 432 | 7% |
| Southern Europe | 88 | 116 | 102 | 70 | 41 | 51 | 56 | 39 | 10 | 573 | 9% |
| India | 31 | 29 | 29 | 17 | 23 | 20 | 16 | 7 | 3 | 175 | 3% |
| Latin America | 57 | 22 | 19 | 43 | 11 | 23 | 34 | 12 | 2 | 223 | 4% |
| Nordic | 46 | 50 | 16 | 18 | 27 | 9 | 11 | 7 | 1 | 185 | 3% |
| UK/Ireland | 59 | 36 | 46 | 50 | 27 | 26 | 18 | 38 | 5 | 305 | 5% |
| Australasia | 26 | 42 | 43 | 35 | 24 | 17 | 34 | 23 | 4 | 248 | 4% |
| DACH | 58 | 109 | 59 | 44 | 37 | 13 | 11 | 7 | 5 | 343 | 6% |
| Other Asia | 33 | 44 | 26 | 14 | 13 | 8 | 9 | 12 | 1 | 160 | 3% |
| South East Asia | 24 | 39 | 23 | 34 | 19 | 20 | 20 | 8 | 10 | 197 | 3% |
| Japan | 9 | 8 | 17 | 6 | 9 | 6 | 2 | 8 | | 65 | 1% |
| Middle East | 12 | 6 | 9 | 10 | 4 | 6 | 5 | | 1 | 53 | 1% |
| Africa | 9 | 17 | 7 | 5 | | 9 | 17 | | | 64 | 1% |
| Benelux | 17 | 20 | 21 | 24 | 16 | 7 | 6 | 3 | 1 | 115 | 2% |
| Israel | 29 | 14 | 13 | 10 | 28 | 16 | 5 | 2 | 2 | 119 | 2% |
| **TOTAL** | 1,309 | 1,184 | 845 | 769 | 730 | 512 | 395 | 301 | 91 | 6,136 | |

*** Percentage figures are rounded up to the nearest one throughout this publication.**

**Note:** The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between 1 January and 30 June 2024. Opportunities are captured according to the dominant geography and sector of the potential target company. Mergermarket's Heat Chart of predicted deal flow is based on the intelligence collected in our database relating to companies rumoured to be for sale, or officially up for sale in the respective regions. It is therefore indicative of areas that are likely to be active in the months to come. The intelligence comes from a range of sources, including press reports, company statements and our own team of journalists gathering proprietary intelligence from M&A across the regions. The data does not differentiate between small and large transactions, nor between deals that could happen in the short or long-term.

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## The outlook has remained at a lower level than last year

In recent years the number of rumoured transactions has been running in the range of 8,000 to 9,000. This dipped in the first quarter of 2024 and has dipped a bit further to just over 6,000 currently. That feels more concerning than the smaller dip in actual activity in the first half of the year. We would expect it to pick up again as inflation falls and interest rates peak and start to come down. We have already noted how PE deal activity has picked up so far in 2024 and we expect that to continue, which will have a further beneficial effect. We also see it as positive that North America, a major driver of global mid-market deal activity, is showing higher expected transactions across many sectors.

## Global themes influencing M&A

We expect PE to continue to invest strongly in the second half of 2024 into 2025 as interest rates peak or start to fall. It could also be a good time for strategic buyers to return to the market deploying some of the high levels of cash as they seek to add to capability. Finally, we expect the global megatrends of digitisation and decarbonisation to be key drivers of M&A activity moving forwards.

# Global

**6,136** rumoured transactions

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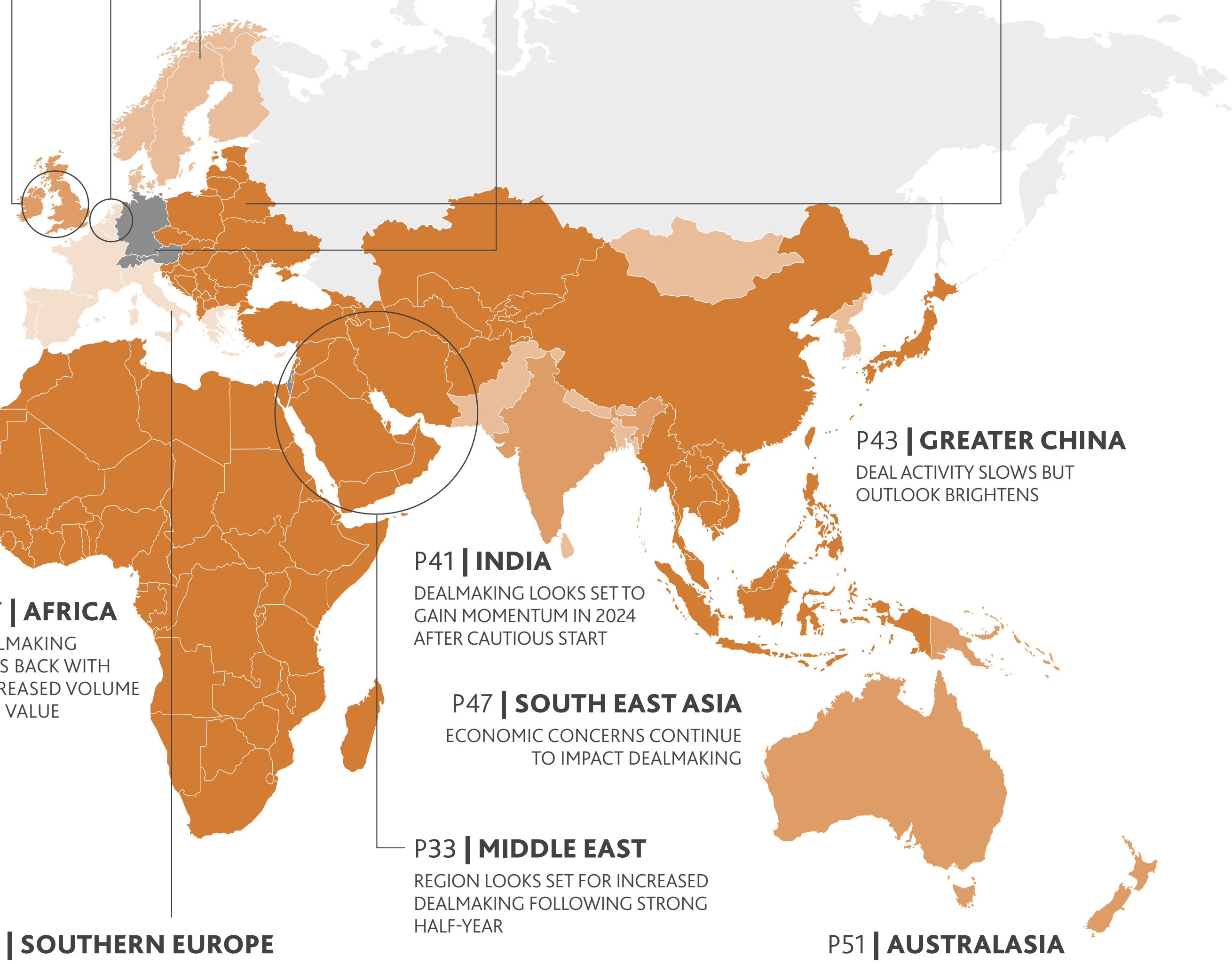

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**Key % movement**

| | | | |
|---|---|---|---|
| less than -31% | -30% to -21% | -20% to -11% | -10% to -1% |
| 0% | 1% to 10% | 11% to 20% | |

**Note:** The colouring illustrates the movement of expected transactions compared to the expected transactions in the previous quarter.

# North America

## SLUGGISH YET PROMISING RECOVERY LEADS TO CAUTIOUS OPTIMISM

### BIG PICTURE

- H1 2024 deal volume remained stable at 1,542 deals compared to 1,520 in H2 2023 with value falling by just 1%
- PE buyouts accounted for 56% of total volume due to the increased availability of private credit capital and firms coming under pressure to deploy dry powder
- TNT led sector activity with 40% of all deal volume and AI-driven deals and software consolidation are expected to continue driving dealmaking
- A gradual uptick in M&A activity is anticipated in the latter half of 2024, fuelled by declining interest rates and a steady economic recovery.

**In response to political and macroeconomic uncertainty in Canada and the United States, there was sustained investor hesitation in the first half of 2024. Deal volume grew at a sluggish rate in H1 2024 and is expected to gradually recover in response to recent and expected future interest rate cuts. Bank debt remains more challenging to obtain than during the height of the COVID-19 pandemic, resulting in longer deal close timelines, lower valuation multiples, and the increased use of vendor debt and creative deal structuring to close deals.**

Unprofitable business models and end-market volatility were penalised in H1 2024, as reflected by reduced deal volumes and lower valuations. Sustainable earnings, demand and markets continue to be important deal considerations, especially in the wake of mixed market sentiment regarding the near-term macroeconomic environment.

Deals continued to close in the first six months of 2024, though deal volume was lower than in 2023. H1 2024 deal volume was relatively stable compared to H2 2023, with 1,542 deals versus 1,520. However, deal volume declined 20% from H1 2023, representing a sustained decline in year-over-year M&A activity. There was a 1% decline in deal value compared to H2 2023 and a 5% decline compared to H1 2023, suggesting a continued emphasis on the mid-market and fewer larger deals when compared to 2023.

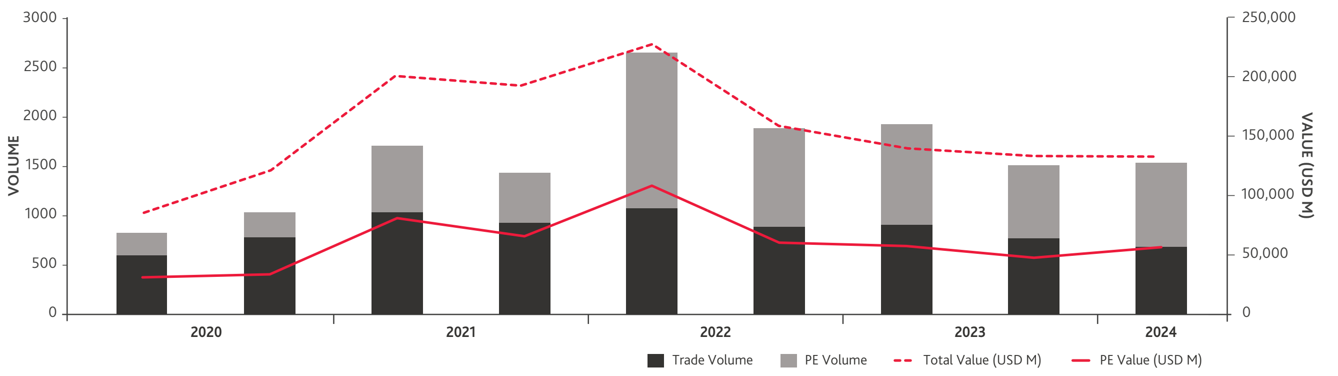
Sustained higher interest rates in H1 2024 contributed to reduced deal activity and lower observed valuations. Deal activity is expected to gradually increase following the Bank of Canada's 50 basis point interest rate cut across June and July 2024. While this interest rate reduction was not substantial, it has created some optimism for further downward adjustments in the second half of the year. The US Federal Reserve has continued holding rates since summer 2023 with policymakers indicating that despite signs of an inflation slowdown and increases in the unemployment rate, more evidence is needed before the benchmark interest rate can be reduced.

Despite market optimism and the recent interest rate decrease, Canadian banks continue to manage their credit risk more conservatively and have strict lending requirements, demonstrating a preference towards acquirers with proven track records and companies with stable business models in recession-proof industries. The importance of borrowers having existing relationships with lenders has been a continuing theme in 2024 as well as having a well-managed deal process. Increased bank scrutiny also requires more in-depth due diligence reviews by buyers, further contributing to extended deal close timelines.

The June 2024 change in Canada's capital gains inclusion rate, from one-half to two-thirds, accelerated the closing timelines of in-progress or pending transactions, contributing to increased M&A activity in Q2 2024.

Inflation in the US has continued to ease over the past four months while Canadian inflation experienced a slight increase in May. Additionally, the housing and job markets have shown divergent trends, with the US' economic recovery outpacing that of Canada. The contrasting economic landscape across the border led to uncertainty and sustained hesitation in the housing, consumption and M&A markets in the first half of 2024.

### PE/TRADE VOLUME & VALUE




### REGULATORY HEADWINDS

The North American M&A market is facing several regulatory headwinds that are impacting dealmaking activities. Notably, the stringent antitrust regulations passed by the US Department of Justice and the Federal Trade Commission at the end of 2023 and evolving regulations related to national security, data protection and ESG criteria. These regulations require companies to conduct thorough due diligence and ensure compliance, which can delay or complicate the M&A process. Geopolitical tensions among the major economic powers are also adding to regulatory complexity, as companies must navigate the implications of these tensions on their deal strategies.

The valuation expectations gap between buyers and sellers remains elevated in many sectors due to residual inflated expectations of pandemic-level transaction multiples. The still-buoyant stock market, driven partly by the promise of generative AI, remains high despite slower-than-anticipated interest rate recovery, as financial markets seem to have priced in central bank rate cuts prematurely. The combination of uncertainty and high valuations hindered M&A activity in H1 2024.

Debt service costs remained elevated, necessitating a continued emphasis on creative deal structuring. This included the use of earn-outs, carve-outs, vendor debt, or minority equity stakes. Public equities appreciated in value over the first half of 2024, evidenced by a 16% increase in the S&P 500, a 22% increase in the NASDAQ, and a 5% increase in the Dow Jones. However, these figures reflected overall exchanges, which are weighted more heavily to stronger, larger companies. The rise in equity values positioned public companies' shares as a viable tool for consideration, reducing the reliance on acquisition debt. This focus on deal structuring began to bridge the valuation gap between buyers and sellers, aiding companies in maintaining flexibility and considering third-party bids during the transaction process.

While the deal market remained cool compared to pandemic peaks, PE buyouts increased, representing 56% of total deal volume in H1 2024. The increased availability and attractiveness of private credit capital compared to syndicated financing, as well as increased pressure on PE buyers to deploy their ample dry powder, led to a more rapid recovery of PE dealmaking.

North American PE deal volume increased by 15% from H2 2023; however, this represented a 16% decline in deal volume compared to H1 2023, indicating that PE deal volume still has significant room for improvement to return to 2022 levels. PE aggregate deal value also increased by 19% from H2 2023, which represented a minor 1% decline from H1 2023. The increase in PE activity follows a sustained period of subdued PE volumes since 2022, indicating that the era of cautious PE deal involvement has undergone a significant transformation.

An emphasis on ESG compliance and the emergence of new technologies such as generative AI are some of the key trends that continued into 2024. Many businesses consider digital transformation as being an opportunity to create a 'first-mover' advantage, creating a shift towards AI-focused deal flow over the past 12 months, which is anticipated to continue into the second half of the year.

## KEY SECTORS AND DEALS

The TMT sector continued to account for a significant volume of deals in H1 2024. TMT M&A activity represented 40% of total volume in the past six months, increasing its share from 38% of all deals in 2023. The healthcare sector's share of deals remained stable from 2023 at 19%, while other tracked sectors' share of deal volumes remained stable.

TMT M&A activity continues to be driven by market trends, such as increased investment in AI and machine learning. Software companies continued pursuing acquisitions to gain new capabilities and enter new markets, a sustained trend from Q1 2024. Notable North American TMT transactions included Synopsys' acquisition of Ansys, Cisco's acquisition of Splunk, Hewlett Packard Enterprise's acquisition of Juniper Networks, Nvidia's acquisition of Run:ai, and Sentinel One's acquisition of PingSafe.

AI-driven deals and software consolidation are expected to have a significant influence in driving TMT deal activity in the next six months as buyers look to enhance their existing platforms, increase their competitiveness and capture more market share.

In the healthcare sector, M&A was driven by the divestiture of underperforming non-core assets, pressure to increase rates of return to compensate for the higher costs of debt financing, and continued rollups of fragmented sectors.

Larger players continued looking for ways to leverage digital capabilities to unlock more cost-effective and higher-quality care. Notable North American healthcare transactions included Johnson & Johnson's acquisition of Shockwave Medical Inc, Vertex Pharmaceutical Inc.'s acquisition of Alpine Immune Sciences, Inc., and Gilead Sciences, Inc.'s acquisition of CymaBay Therapeutics.

## LOOKING AHEAD

A gradual uptick in M&A activity in the North American market is expected in the latter half of 2024, fuelled by declining interest rates and a steady economic recovery. Despite potential challenges from political uncertainty and tax reforms, the overall market outlook remains positive, particularly in the US.

Global dry powder reached USD 2.63 trillion in the first half of 2024, with 25 PE and venture capital firms holding 21% of this capital. The ageing entrepreneurial population, having faced a challenging five years, is becoming increasingly motivated to sell their businesses. This trend, particularly in the middle and lower mid-markets, is expected to boost M&A activity, as these segments are somewhat shielded from broader macroeconomic trends.

Amid market uncertainty, there will be significant opportunities for financial buyers with available capital to acquire companies at lower valuation multiples or under more favourable terms. This scenario fosters a spirit of cautious optimism for M&A activity in the latter half of 2024.

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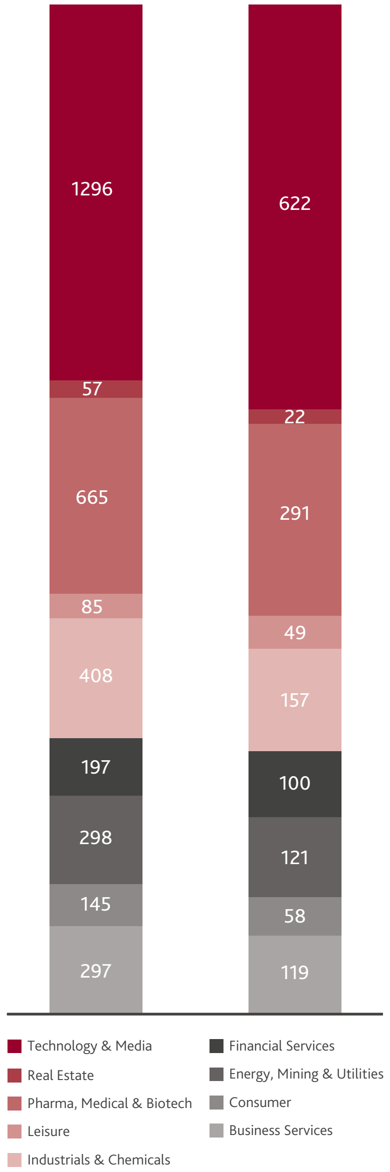
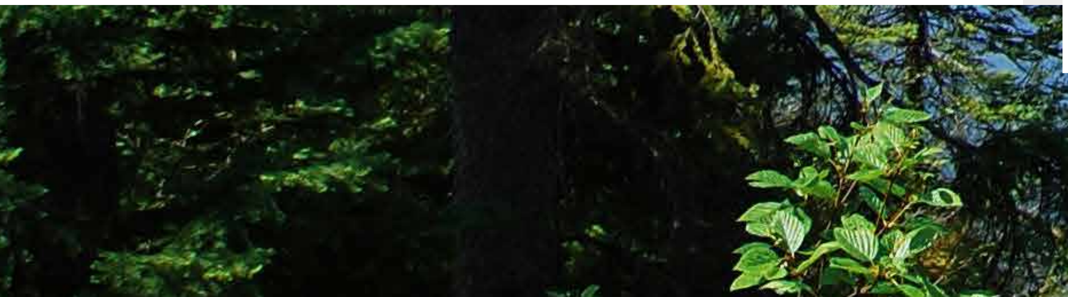
**NORTH AMERICA**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| TMT | 661 | 28% |
| Industrials & Chemicals | 366 | 15% |
| Pharma, Medical & Biotech | 345 | 14% |
| Consumer | 318 | 13% |
| Business Services | 282 | 12% |
| Financial Services | 220 | 9% |
| Leisure | 101 | 4% |
| Energy, Mining & Utilities | 83 | 3% |
| Real Estate | 14 | 1% |
| **GRAND TOTAL** | **2,390** | |

**NORTH AMERICA**
MID-MARKET VOLUMES BY SECTOR



# Latin America

## DEALMAKING STAGES RECOVERY WITH INCREASED VOLUME AND VALUE

### BIG PICTURE

- Deal numbers and deal value increased by 6.3% and 38.1% respectively compared to H1 2023
- PE activity accounted for 22.5% of overall volume and 11.5% of value
- In the top 20 deals Brazil dominated activity with nine deals totalling USD 3,215m, followed by Chile and Mexico
- BDO's Heat Chart reveals there are 258 deals announced or in progress, with future dealmaking likely to be concentrated in the TMT, Business Services, Energy, Mining & Utilities, Financial Services, Industrials & Chemicals and Consumer sectors.

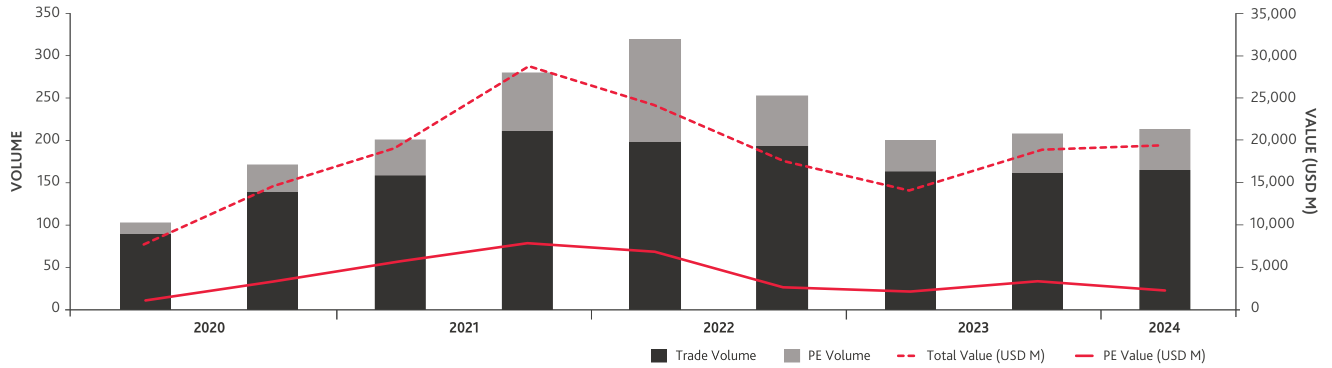
**M&A activity in Latin America in the mid-market segment saw a total of 219 deals worth USD 20,071m transacted in H1 2024, which represented increases of 2.3% in deal numbers and 4.1% in deal value compared to H2 2023. In comparison with H1 2023, deal numbers and value were both up by 6.3% and 38.1% respectively. The accumulated number of deals for the last 12 months was 433 with a value of USD 39,349m, compared to 466 and USD 32,700m for the same period in the previous year, a decrease in deal numbers of 7.1% but an increase in value of 20.3%.**

PE accounted for 49 deals worth USD 2,302m, representing 22.5% of the deal count and 11.5% of deal value in the first half of the year. PE average deal value was USD 47.0m versus USD 104.5m for non-PE transactions. Overall average deal value was USD 91.6m, a slight increase of 1.7% compared with H2 2023.

The top 20 deals amounted to USD 6,955m, with Brazil leading the target country rankings with nine deals worth USD 3,215m, followed by Chile and Mexico, with three deals each worth USD 1,084m and USD 1,002m respectively.

Looking at bidder countries, 37.7% of investments came from Brazil, with purchases worth USD 2,622m, leading the rankings inside the region. The majority of Brazilian investments took place in their own country (28.1%), with the rest taking place in Mexico, Japan and Canada. The remaining investments came mainly from Chile, with purchases worth USD 733m, followed by the US (USD 602m), Puerto Rico (USD 373m), United Arab Emirates (USD 364m), Canada (USD 350m), Hong Kong (USD 348m) and the Dominican Republic (USD 325m).

### PE/TRADE VOLUME & VALUE






### KEY DEALS AND SECTORS

The sector activity rankings were led by Energy, Mining & Utilities, Industrials & Chemicals, Business Services, Real Estate, and Financial Services with USD 2554m, USD 1,742m, USD 710m, USD 677m and USD 609m respectively.

Energy, Mining & Utilities maintained its position as one of the region's key sectors, mainly due to its crucial role in the energy transition. Two big deals in the sector included the acquisition of utilities company Light SA by creditors in Brazil for USD 431m and renewable energy company Inversiones Latin America Power SpA was acquired by Colbun SA in Chile for USD 401m.

Industrials & Chemicals took second spot with deals including the acquisition of Origo Energia in Brazil for USD 400m and a portfolio acquisition comprised of Dacomsa SA, Kuo Motor SA and Friccion y Tecnologia in Mexico for USD 388m.

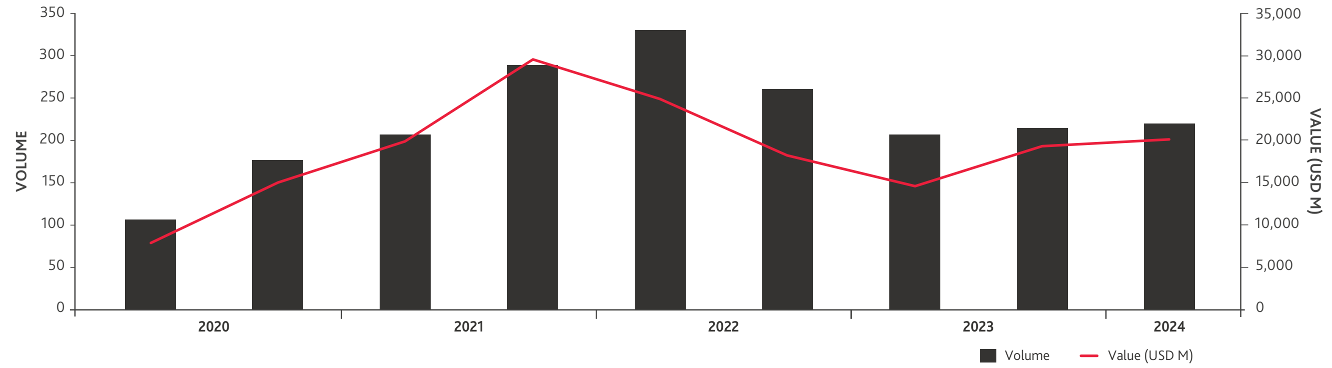
In Argentina, the new pro-market administration, which is trying to make the country more competitive by deregulation to attract investment, recently passed Ley de Bases through both chambers of the congress.

Primarily due to tax and foreign exchange incentives, it is expected that RIGI (Regimen de Incentivo a Grandes Inversiones), one of the articles included in the law, will attract backers who are willing to invest at least USD 200m million in the country.

On the fiscal side, the main benefits of RIGI include a 25% income tax rate and the refund of VAT credit balances within a term not exceeding three months. Furthermore, companies participating in this programme are only required to repatriate 20% of their export earnings in foreign currency during the first two years, 40% after three years, and 100% from the fourth year onwards. Other significant benefits include exemptions from export duties and import duties for importing capital goods or production inputs.

The bulk of the investment that RIGI is likely to attract will be directed towards the Energy, Mining & Utilities sector. However, other sectors being considered by RIGI are infrastructure, forestry, technology, tourism, and the steel Industry. For example, Transportadora de Gas del Sur (TGS), an Argentine gas midstream company, submitted a proposal to the government to invest USD 700m in building the second section of the Nestor Kirchner pipeline that goes from Vaca Muerta (Neuquen) to Salliquelo (Buenos Aires) to extend its current transport system northwards. Other players who are capitalising on the new legal framework include Pan American Energy (an LNG plant in Argentine waters), SIDERSA (a steel facility in Buenos Aires) and Genneia (two solar farms in Mendoza).

### PE/TRADE VOLUME & VALUE




## LOOKING AHEAD

The BDO Heat Chart indicates that there a total of 223 deals announced/in progress for the region, which represents 4% of the Global Heat Chart. Deal opportunities are expected to be concentrated in the TMT (leading the way with 57 predicted deals), Business Services, Energy, Mining & Utilities, Financial Services, Industrials & Chemicals and Consumer sectors.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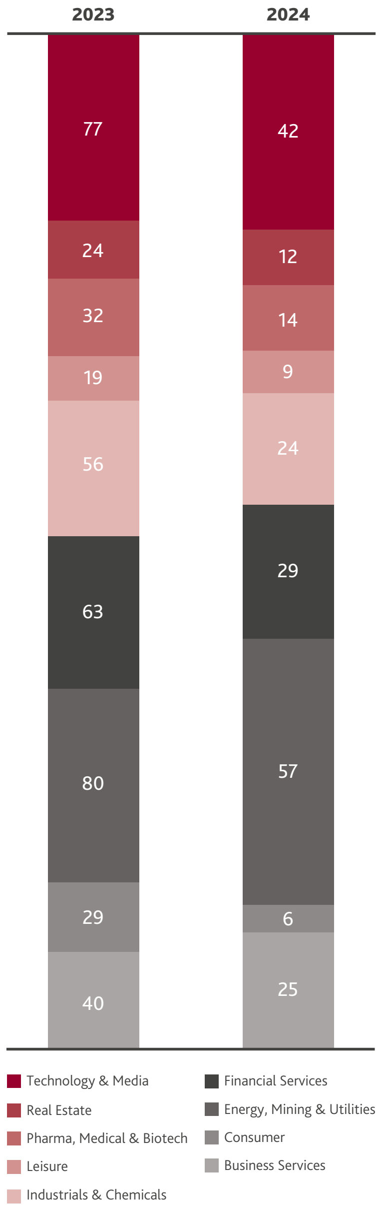
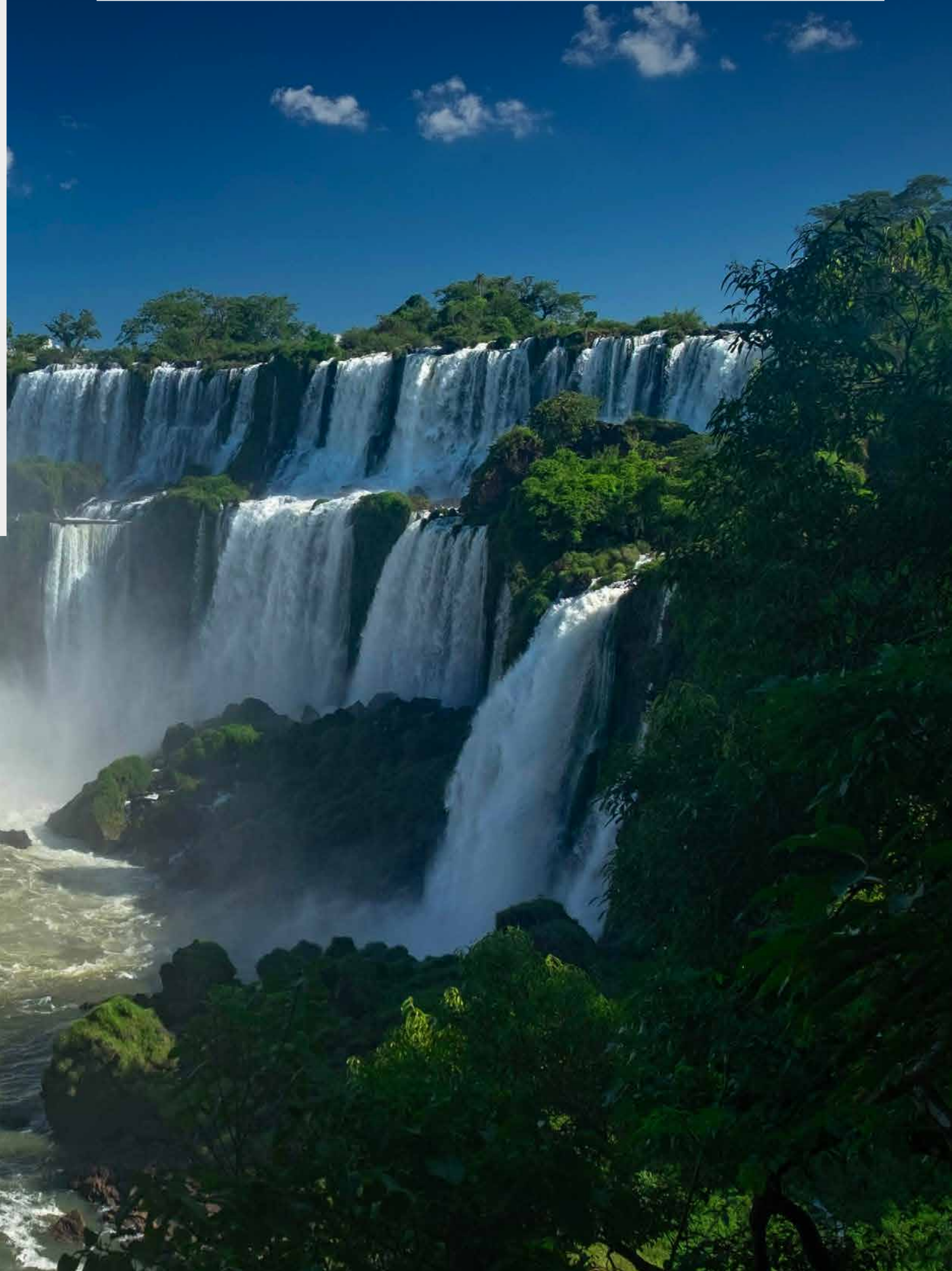
**LATIN AMERICA**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| TMT | 57 | 26% |
| Business Services | 43 | 19% |
| Energy, Mining & Utilities | 34 | 15% |
| Financial Services | 23 | 10% |
| Industrials & Chemicals | 22 | 10% |
| Consumer | 19 | 9% |
| Leisure | 12 | 5% |
| Pharma, Medical & Biotech | 11 | 5% |
| Real Estate | 2 | 1% |
| **GRAND TOTAL** | **223** | |

**LATIN AMERICA**
MID-MARKET VOLUMES BY SECTOR



# United Kingdom & Ireland

## MARKET CONTRACTS AMID CHALLENGING ECONOMIC LANDSCAPE

### BIG PICTURE

- Deal numbers dropped by 21% in H1 2024 and value fell by 10%
- PE-funded deal activity stepped up, accounting for nearly half of all deals
- Looking ahead, TMT, Industrials and Pharma, Medical & Biotech are likely to be the most active sectors, suggesting an ongoing appetite for strategic transactions.

**The mid-market M&A landscape in the UK & Ireland experienced a notable contraction in the first half of 2024, with a 21% decrease in the number of deals from the previous year, reporting 353 completed transactions. This decline was substantial when compared to the peak activity of 546 deals in the first half of 2022, indicating a cooling period following the post-COVID transaction surge.**

The total deal value also saw a downward trend, with a 10% reduction from USD 29.5bn in the same period last year to USD 26.6bn. This fall in value was even more pronounced compared with the USD 45.2bn high in H1 2022, signalling a market recalibration and a possible reassessment of valuations amidst a changing economic landscape.

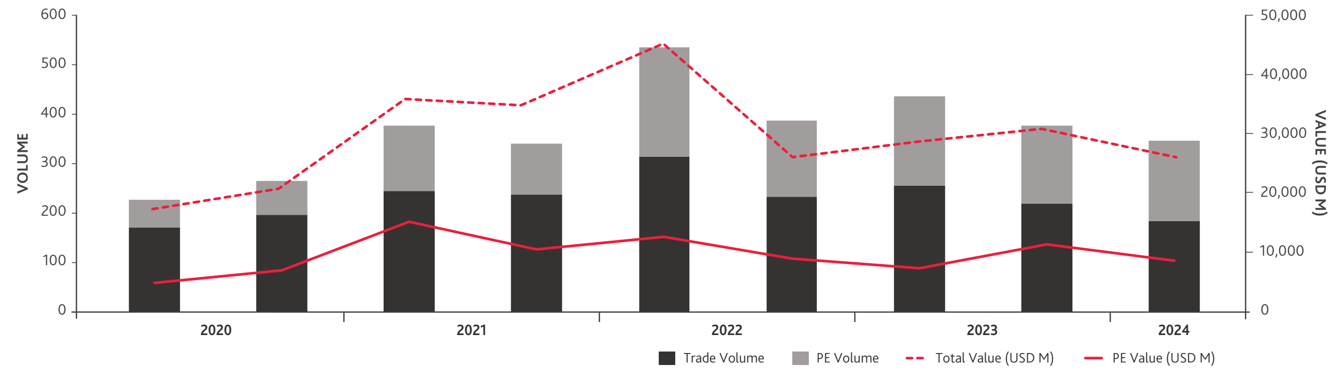
Private equity's role has become more pronounced in the current climate, with its involvement in deals rising from 42% to 47% compared to the same period last year. This increase underscores the strategic moves by PE firms to capitalise on market opportunities and potentially leverage their expertise in navigating through economic uncertainties.

### KEY SECTORS AND DEALS

Sector-wise, TMT remained the most active, albeit with a slight contraction, totalling 125 deals. This demonstrates the sector's ongoing dynamism and critical role in driving innovation and digital transformation across industries. One of the largest TMT deals completed during the period was Starwood Capital Group's circa USD 872m strategic investment in Echelon Data Centres in Ireland.

The Industrials & Chemicals sector saw an uptick in deal flow, with 52 transactions representing a proportionate increase relative to total deals. This growth suggests a renewed focus on traditional sectors, driven by advancements in manufacturing technologies, sustainability initiatives, and the reshoring of supply chains. In April 2024, PE giant Blackstone announced that it was acquiring a 50.7% stake in Irish data centre developer Winthrop Technologies for a rumoured value of USD 436m. This was quickly followed by Canada Pension Plan Investments investing USD 450m into Ontic UK to support the continued growth of the leading OEM for aircraft maintenance.

PE/TRADE VOLUME & VALUE




The Pharma, Medical & Biotech sector saw steady interest with 38 deals, reflecting the industry's resilience and the continued importance of healthcare innovation and services. The largest transaction during the period was the sale of the Beacon Private Hospital in Ireland to Macquarie for USD 430m. We are seeing continued consolidation across the healthcare sector in both the UK & Ireland with PE-backed roll-ups across medical, dental and homecare providers. Further transactions are expected across the private hospital sector and residential healthcare as the ageing demographics and strong healthcare spend attract long-term institutional capital.

There has been a noticeable decline across the Real Estate, Consumer and Business Services sectors. This shift is attributable to changing consumer behaviour, the impact of remote working trends on commercial real estate, and the recalibration of business service offerings in response to evolving market needs.

Conversely, deal activity in the Leisure sector remained steady (albeit at a lower base), with two of the largest transactions during the period being Kennedy Wilson's sale of the Shelbourne Hotel in Dublin to Archer Hotel for USD 283m and the sale of an UK 18-hotel portfolio to Ares Management for USD 518m.

The region's top 20 transactions represented USD 8.3bn, nearly a third of the combined value of all M&A activity during the first six months. The US remained the driver of large-scale transactions with eight of the top 20 deals involving US buyers. It will be interesting to see whether this trend continues for the remainder of the year.

Transactions such as the USD 455m sale of Pendragon PLC to US-based Lithia Motors Inc and the USD 353m deal between Dogmates (t/a Butternut Box) and General Atlantic LLC and Catterton Management LLC were notable Consumer deals in the second half of the year, which may indicate signs of renewed confidence within the B2C sector.

### LOOKING AHEAD

While the UK & Ireland's mid-market M&A sector faces headwinds with reduced deal numbers and values, the increased PE activity and focus on resilient sectors such as TMT, Industrials, and Pharma, Medical & Biotech indicate an ongoing appetite for strategic transactions. The changing landscape presents both challenges and opportunities as market participants navigate through a period of adjustment and seek to align with the new economic realities of 2024.

As we look ahead, the BDO Heat Chart confirms that TMT is set to maintain its lead as the most active for potential M&A activity, with 59 rumoured deals in the pipeline. Business Services is anticipated to be the next hotbed for dealmaking, with expectations of an uptick in transactions as inflationary pressures ease and interest rates begin to lower, creating a more conducive environment for strategic investments.

The Financial Services sector is also predicted to remain active, particularly within the lower end of the mid-market. This activity is largely underpinned by PE firms investing in areas such as accounting, insurance, and wealth management.

The trend suggests a growing confidence in the sector's long-term prospects and a strategic focus on consolidating businesses that can deliver stable returns in a fluctuating economic landscape.

Future M&A activity across the market will undoubtedly be guided by the actions of the ECB and BoE, with both hinting at possible cuts in 2024. However, the exact timing and quantum of these cuts remains to be seen. As previously mentioned, the record high levels of dry powder will likely see firms eager to transact subject to appropriate financing costs and the availability of credit returning to the market.

In relation to deal structuring, we would expect to see a continued reliance on earnouts with buyers attempting to mitigate transaction risks through the use of deferred consideration, subject to certain pre-agreed deal metrics.

Such structures have become commonplace within transactions over the last 12 months and if structured correctly can result in vendors achieving significant upside potential on transactions.

In conclusion, the outlook is cautiously optimistic with the market headwinds observed in 2023 certainly feeling less fierce now than 12 months ago. This, combined with the return to a more normalised macroeconomic situation, should lead to strong demand from both trade and PE buyers as we enter 2024.

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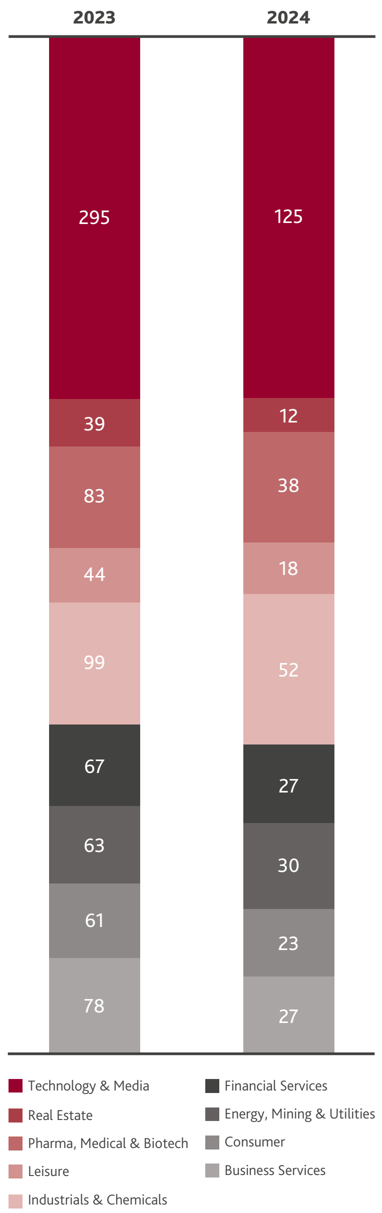
**UNITED KINGDOM & IRELAND**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| TMT | 59 | 19% |
| Business Services | 50 | 16% |
| Consumer | 46 | 15% |
| Leisure | 38 | 12% |
| Industrials & Chemicals | 36 | 12% |
| Pharma, Medical & Biotech | 27 | 9% |
| Financial Services | 26 | 9% |
| Energy, Mining & Utilities | 18 | 6% |
| Real Estate | 5 | 2% |
| **GRAND TOTAL** | **305** | |

**UNITED KINGDOM & IRELAND**
MID-MARKET VOLUMES BY SECTOR




# Central and Eastern Europe

## DEALMAKING SOFTENS BUT BRIGHT SPOTS REMAIN IN A CHALLENGING ENVIRONMENT

### BIG PICTURE

- Deal value and volume were slightly down in H1 2024 compared to H1 2023 with numbers (160) falling by 6% and value (USD 10.9bn) falling by 8%
- PE was a relatively bright spot as value (USD 1.2bn) was the highest since H1 2022 but this was still well below its peak in H1 2021
- Following two years of elevated deal volumes in Industrials & Chemicals and Energy, Mining & Utilities, their shares of activity decreased to 16% and 12% respectively. TMT was in top spot, accounting for 19% of all deals.

**The CEE region's M&A market has experienced increased volatility over the past few years. The elevated dealmaking seen during 2021 and H1 2022 ended as uncertainty and financing costs increased as central banks globally began raising interest rates to slow down inflation, followed by the Russia-Ukraine war and the constrained global supply chain. As a result, deal activity has seen a notable softening throughout 2023 and into H1 2024.**

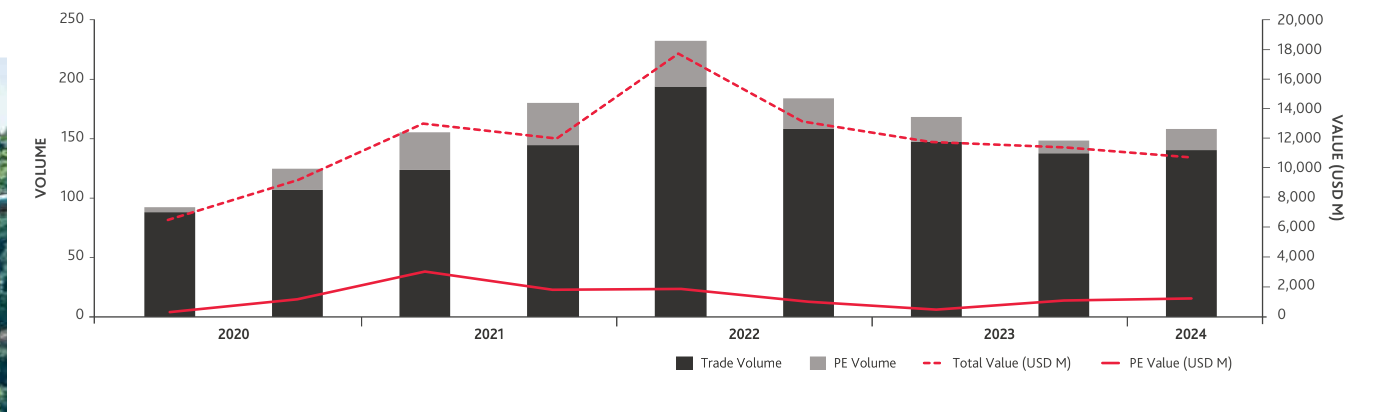
This year has also featured lots of political uncertainty with at least 64 countries in the world holding elections, involving about 49% the global population. The CEE region is especially affected in this regard as 19 sovereign countries will have or have already had local or national elections, as well as the European Union elections.

The work of the EU's Resilience and Recovery Facility (RRF) also has major ramifications to economies, particularly in Energy, Mining & Utilities as most of the funding flows to this sector. Apart from the elections, a range of global factors are also having significant impacts on M&A strategies and these include the EU's decoupling from Russian energy, ESG and AI and digitalization initiatives.

The CEE region saw 160 completed transactions in H1 2024, a 6% decrease in deal volume on a year-over-year basis, but a 7% increase compared to H2 2023. Total deal value decreased by 8% Y/Y to USD 10.9bn, the lowest the market has faced since the second half of 2020. The average deal value in H1 2024 was USD 68m (both in PE and non-PE deals) which was 7% lower than the average deal value of the H1 2020 to H2 2023 period, and an 11% decline compared to the second half of last year.

The main reason behind the fall in average deal value was the non-PE deals, with the average value of USD 68m being the lowest recorded since H1 2020.

PE/TRADE VOLUME & VALUE




### KEY SECTORS AND DEALS

The Industrials & Chemicals sector saw a significant downturn compared to last year in terms of its deal count (26), a decline of 50%. Even though deal activity fell heavily, it was still the second most active sector behind TMT (31 deals).

Real Estate also recorded a significant decline with deal numbers dropping from 13 to 7. However, Retail Estate was involved in the region's biggest deal, namely Orjin Group's acquisition of a 42% stake in the Istinye Park shopping centre in Istanbul, Turkey.

TMT led the way in sector activity with 31 transactions after a relatively subdued 2023. TMT accounted for four of the top 20 deals, including two of the biggest transactions at USD 436m and USD 341m.

The best-performing sectors compared to the first half of 2023 were Financial Services and Pharma, Medical & Biotech. Financial Services' deal numbers climbed by 80% to 18 from 10 and Pharma, Medical & Biotech's nine deals represented a 125% increase.

There was also elevated activity in the Consumer sector, which achieved its highest number of transactions since H1 2020. The total value of the top 20 deals in H1 2024 was USD 5.87bn, which represented 54% of the overall deal value but only 13% of the overall deal volume.

Looking at the top 20 deals from a geographic perspective, Polish and Russian companies appeared four times as targets, with totalling USD 2.4bn, followed by three Czech and three Turkish companies with a combined value of USD 1.65bn. The remaining six transactions were split equally between six countries – Armenia, Estonia, Lithuania, Malta, Romania, and Serbia.

The sector make-up in the top 20 changed significantly compared to H2 2023. Energy, Mining & Utilities and Industrials & Chemicals both saw significant downturns compared to H2 2023. Energy, Mining & Utilities was the top performer in H2 2023 with six deals and a total value of USD 1.56bn but in H1 2024 recorded just one deal in the top 20 worth USD 0.22bn. Similarly, the value of Industrials & Chemicals deals dropped from USD 0.86bn in H2 2023 to USD 0.38bn in H1 2024.

Real Estate, Leisure and Pharma, Medical & Biotech were the bright spots for sector activity. In H2 2023 Real Estate accounted for two transactions in the top 20 with a cumulative deal value of USD 0.46bn but in the first half of 2024 the three sectors accounted for seven transactions out of the top 20 (three were in Real Estate; two in Leisure: and one in Pharma, Medical & Biotech) with a total value of USD 1.97bn.

The region's top three deals were as follows:

- Turkey: Turkish-based Orjin Group acquired a 42% stake in the Istinye Park shopping centre in Istanbul from Qatar Investment Authority (QIA) and Turkish Dogus Holding for USD 500m;
- Serbia: British-based Actis LLP and Hungarian OTP Group member PortfoLion Capital Partners bought a 100% stake in Telekom Serbia's macro telecommunications tower portfolio covering three Balkan countries: Serbia, Bosnia Herzegovina and Montenegro for USD 436m; and
- Poland: American-based Heart of Poland SA and Italian Gruppo San Donato SpA acquired a 100% stake in Polish pharma company Scanmed SA for USD 398m.

## LOOKING AHEAD

The BDO Heat Chart reveals that there were 432 CEE deals in the pipeline in H1 2024 (versus 461 in H2 2023), the second highest level of predicted activity across the European region. Industrials & Chemicals are predicted to lead the way with 23% of all deals as the sector's dealmaking recovers following a period of volatility. Business Services and Consumer are predicted to record an uptick in deal activity in H2 2024 and, after TMT and Industrial & Chemicals, are expected to be the third and fourth most active sectors respectively.

The EU countries in the CEE region have a relatively stable outlook with inflation rates normalising and higher expected GDP growth compared to Western European EU countries for the rest of 2024. M&A activity in Poland could further increase as the country continues to receive EU funding after years of suspension because of political issues.

On the other hand, the Russia-Ukraine war still looms large in all CEE countries, negatively impacting dealmaking.
Deal activity in Russia, the region's largest economy, is expected to remain at elevated levels as many western companies continue to try to leave the country when exit opportunities present themselves.

Meantime, the EU's Resilience and Recovery Facility (RRF) offers significant financial assistance to EU member countries in Central and Eastern Europe. As part of this initiative, a series measures will help to deliver on the REPowerEU Plan's objective of making Europe independent from Russian fossil fuels well before 2030, which suggests a sustained deal flow in the future in the Energy, Mining & Utilities sector.

M&A stakeholders in the CEE will need to be resourceful and grasp the opportunities when they present themselves to succeed in this macroeconomically and politically challenging landscape. The outlook suggests a dynamic, yet cautiously optimistic M&A landscape in the CEE region for the rest of the year. In this environment, companies with robust financial foundations and effective management teams will be advantageously positioned for future M&A activity.

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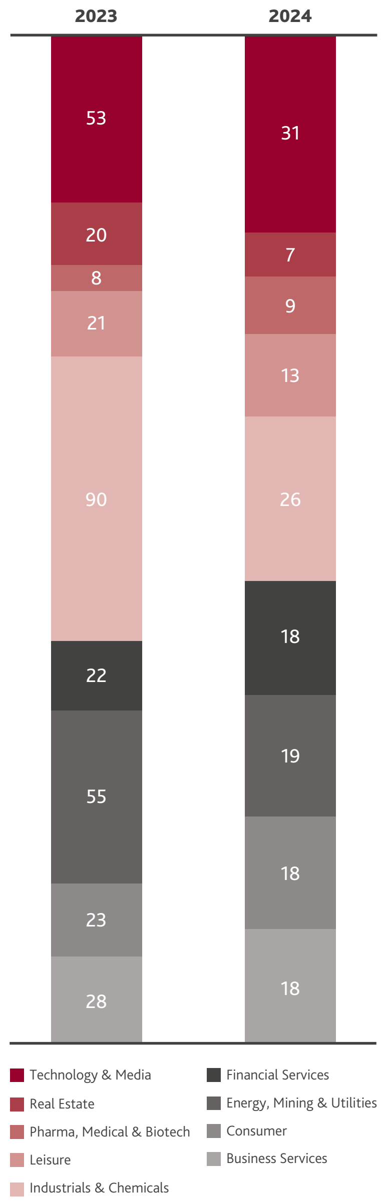
**CENTRAL AND EASTERN EUROPE**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Industrials & Chemicals | 101 | 23% |
| TMT | 76 | 18% |
| Consumer | 61 | 14% |
| Business Services | 50 | 12% |
| Energy, Mining & Utilities | 38 | 9% |
| Pharma, Medical & Biotech | 36 | 8% |
| Financial Services | 35 | 8% |
| Leisure | 23 | 5% |
| Real Estate | 12 | 3% |
| **GRAND TOTAL** | **432** | |

**CENTRAL AND EASTERN EUROPE**
MID-MARKET VOLUMES BY SECTOR




# Southern Europe

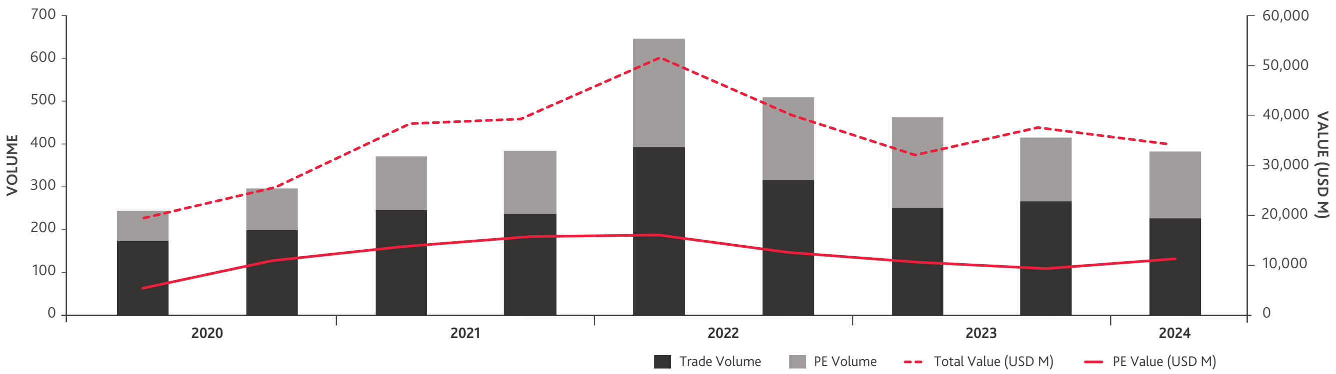
## DEALMAKING REMAINS STABLE AND PE STEPS UP ACTIVITY

### BIG PICTURE

- Southern European deal volumes and aggregate values recorded a moderate fall in H1 2024 (391 deals with an aggregate value of USD 34.6bn) compared to H2 2023 (424 deals and a value of USD 38.8bn)
- The average size of PE transactions in H1 2024 was higher (USD 72.7m) compared to H2 2023 (USD 63.1m). Deal numbers also recorded a small increase of 4.6% compared to H2 2023
- With over 25.4% of the region's deals, TMT was the most active sector, followed by Industrials & Chemicals with 21.5%
- BDO's Heat Chart predicts that TMT will be overtaken by Industrials & Chemicals, which is expected to account for 20% of deals in H2 2024, marking a shift in deal industry focus.

**In H1 2024, the Southern European mid-market recorded a total of 391 transactions. This figure was slightly lower than deal numbers in H2 2023 (424 transactions), meaning that the M&A market remained largely stable despite the ongoing global conflicts and falling investments due to increasing costs (e.g., energy costs and interest rates) and trade disruptions. A key reason behind this stability was companies' increasing focus on consolidation, stimulated further by PE funds, and strengthening their market positions.**

### PE/TRADE VOLUME & VALUE




Average deal size also held steady at USD 88.5m in H1 2024 compared to USD 91.5m in H2 2023, a marginal decrease of 3.3%. However, the average value for all of 2023 was USD 80.2m, suggesting that the first half of 2024 has started off strongly and there might be a tendency for less frequent but more valuable deals in the months ahead.

Looking at PE activity, the first half of the year saw growth both in the number of transactions (up 4.6%) and deal value (up 20.5%) compared to H2 2023. The increase may be due to consumers' increasing spending and confidence in the region's economies, which have led to PE firms investing in premium deals. Taking a closer look at Italy, PE activity saw a spike in deal volume in the period.

### KEY SECTORS AND DEALS

TMT led the way with 99 transactions, accounting for 25.4% of all deals in the half year, compared to 18.9% in H2 2023. Next up was Industrials & Chemicals with 84 deals with 21.5% of deal numbers, which was in line with 2023. There were 47 Business Services deals (12% of H1 deals). All told, the top three sectors accounted for 59% of all transactions, followed by Consumer, Leisure and Financial Services, which accounted for roughly 24%. The Energy, Mining & Utilities and Financial Services sectors were the heaviest fallers, with deals numbers dropping by 50%, while at the other end of the scale Leisure and TMT were the biggest risers, with deal numbers increasing by 60% and 24% respectively.

The region's top 10 mid-market transactions totalled USD 4.3bn, accounting for 11% of the overall value in H1 2024, while the top 20 deals accounted for about 22.5% of value.

The biggest deal in the half-year period was the acquisition of Spanish Pharma, Medical & Biotech company Ercros SA by Esseco Group S.r.l., Inc. for USD 497m. The second biggest deal took place in the TMT sector and saw KKR & Co Inc acquire a 4.5% stake in Italian company FiberCop S.p.A. (owned by Swisscom AG) for USD 477m. In third place Leonardo S.p.A.'s sold its Industrials & Chemicals business Underwater Armaments Systems too Fincantieri S.p.A. for USD 446m.

Other noteworthy transactions included the acquisition of Consumer business Spanish Plenoil S.A. by Portobello Capital Gestion, SGECR, S.A. and Tensile Capital Management (three PE funds based in Spain and the US) for USD 438m and the purchase of a 40% stake in Italian Energy, Mining & Utilities company Hydro Dolomiti Energia S.r.l. by La Finanziaria Trentina S.p.A., Target Capital SGR S.p.A. and Equitix Investment Management from Macquarie Asset Management Holdings Pty Ltd for USD 429m.

Looking at the top 20 deals, Spanish companies were targeted in nine deals totalling USD 3.5bn. This was followed by six Italian target companies with a value of USD 2.5bn, four French companies with a value of USD 1.5bn billion and one Portuguese company, which was purchased by for USD 347m.

Unlike the targeted companies, there was no clear trend when it came to the countries of the bidding companies. In the top 20 deals, 12 were evenly split between French, Italian and American companies and the remaining eight involved British, Spanish, Swiss, Norwegian and Portuguese firms.

Finally, Industrials & Chemicals, Consumer and TMT led the way in the top 20 with four transactions each (20% per sector) followed by Energy, Mining & Utilities (15%), Pharma, Medical & Biotech (10%), Real Estate (10%) and Business Services (5%).

## LOOKING AHEAD

Looking ahead, BDO's Heat Chart suggests that Southern Europe could reach 573 transactions, or 10% of future deal numbers globally, in H2 2024. Industrials & Chemicals is expected be the most active sector with 116 predicted deals (20% of total deals). TMT is expected to record 88 transactions (15% of the total) and the Consumer sector is expected to be involved in 18% of the potential 573 deals.

## FOCUS ON ITALY: KEY DEALS AND SECTORS

Italy was the stage for several noteworthy transactions in H1 2024, especially considering the geopolitical and economic tensions affecting the financial markets. Deals covering typical Made in Italy sectors secured their position at the top of the ranking in terms of deal volume. Over 50% of all deals in H1 2024 took place in the Consumer (30.5%) and Industrials & Chemicals (23.6%) sectors.

In the Consumer sector, Gruppo Campari's acquisition of historic French premium cognac producer, Courvoisier (100% of the capital of Beam Holdings France S.A.S.) was a significant deal, as was TDR Capital LLP's purchase of a 60% stake in hygiene products retailer Acqua e Sapone S.r.l from HIG Capital LLC. The Support Services & Infrastructure market also grew compared to H1 2023, both in terms of the number of deals (98 vs. 68) and the aggregate value (USD 3.9bn vs. USD 1.2bn). Another deal worthy of a mention was the maxi acquisition by the MSC Group (the Aponte family) of 50% of Italo - Nuovo Trasporto Viaggiatori S.p.A. (among the leading private operators of high-speed passenger trains in the European market), from Global Infrastructure Management LLC.

Switching focus to the mid-market, as mentioned earlier, Italian Esseco Group S.r.l., announced an offer in June 2024 to acquire 100% of Spanish Pharma company Ercos S.A. in a deal worth USD 497m. Using its existing competencies and know-how, Esseco aims to further develop Ercos by promoting growth and talent retention. In the same month, KKR & Co Inc., a New York-based PE fund with over USD 500bn Assets under Management, finalised a 4.5% stake acquisition in FiberCop S.p.A. worth USD 477m from leading Swiss mobile operator Swisscom A.G. The transaction is expected to be closed by the beginning of August. Nevertheless, the Swiss company announced that it still plans to invest in telecommunications infrastructure in Italy via its fully-owned operator Fastweb. In addition, TIM S.p.A. has just finalised the sale of its fixed-line domestic access network to US PE fund KKR, a deal that makes it the first phone incumbent in a major European country to part ways with its landline grid.

In May 2024, Italian ship manufacturer Fincantieri S.p.A, announced the acquisition of a 100% stake in Leonardo S.p.A.'s Underwater Armaments Systems Division for USD 446m. For Leonardo the deal is part of a rationalisation plan while for Fincantieri it confirms a commitment to develop a highly technological Subsea division, following its previous acquisition of Remazel Engineering. The deal will entail a USD 4350m capital raise by Fincantieri, financed mostly by its controlling shareholder Cassa dei Depositi Equity S.p.A., and will be financed with cash of USD 322m and USD 123m as an earnout.

Finally, in June 2024, Sydney-based Macquarie Asset Management Holdings Pty Ltd. announced the sale of its 40% stake in Hydro Dolomiti Energia S.r.l. to a group of investors made up by La Finanziaria Trentina S.p.A., Tages Capital SGR S.p.A. and Equitix Investment Management Ltd. The company is based in the Trentino Alto-Adige region in North Italy and manages 29 hydroelectric plants (1.3GW), producing energy for an equivalent of one million households. The deal is worth USD 429m (fully paid in cash) and is expected to be completed by the end of October 2024.

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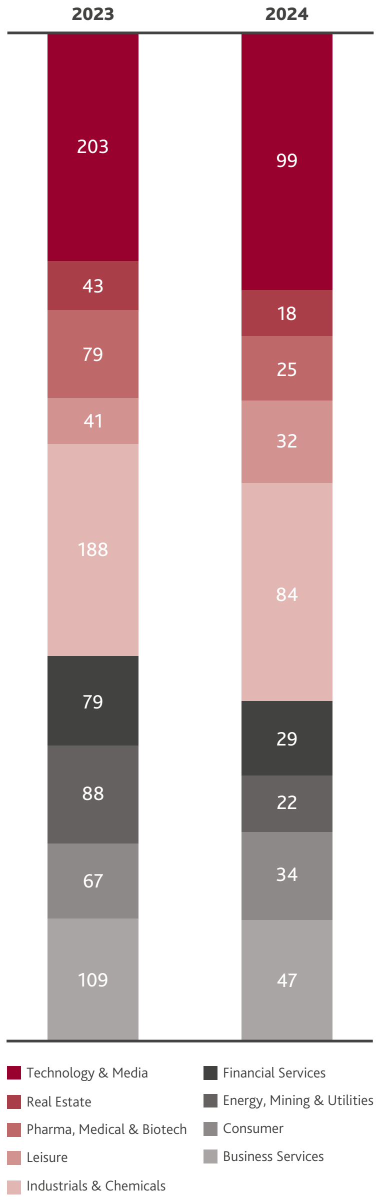
**SOUTHERN EUROPE**
HEAT CHART BY SECTOR

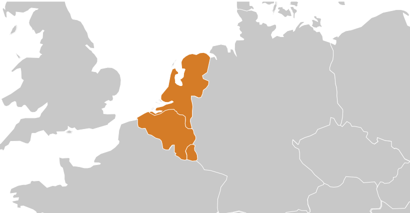
| | | |
|---|---|---|
| Industrials & Chemicals | 116 | 20% |
| Consumer | 102 | 18% |
| TMT | 88 | 15% |
| Business Services | 70 | 12% |
| Energy, Mining & Utilities | 56 | 10% |
| Financial Services | 51 | 9% |
| Pharma, Medical & Biotech | 41 | 7% |
| Leisure | 39 | 7% |
| Real Estate | 10 | 2% |
| **GRAND TOTAL** | **573** | |

**SOUTHERN EUROPE**
MID-MARKET VOLUMES BY SECTOR




# Benelux

## DEAL VOLUME GOES UP IN 2024 WHILE VALUE SLOWS



### BIG PICTURE

- Deal volume increased by 13% in H1 2024 to 108 deals from 96 compared to H2 2023
- 36% of deals involved PE firms, a slight decrease compared to the last two years' average of 42%, in line with global PE deal numbers
- 39% of total value was related to the top 10 transactions
- TMT (26 deals), Industrials & Chemicals (24) and Pharma, Medical & Biotech (13) accounted for 58% of all dealmaking activity
- Currently, there are 125 deals planned or in progress in the Benelux..

**M&A activity in the Benelux mid-market recorded a slowdown in deal value compared to the second half of 2023 (from USD 9,479m to USD 9,063m).**

PE players were involved in 39 deals in the region, representing 36% of the total deal volume (versus 42% over the last two years) and 24% of the overall deal value (versus 28% over the last two years).

### KEY SECTORS AND DEALS

TMT led the way again in sector activity with 26 deals in H1 2024, followed by Industrial & Chemicals (24 deals), Pharma, Medical & Biotech (13) and Energy, Mining & Utilities (11).

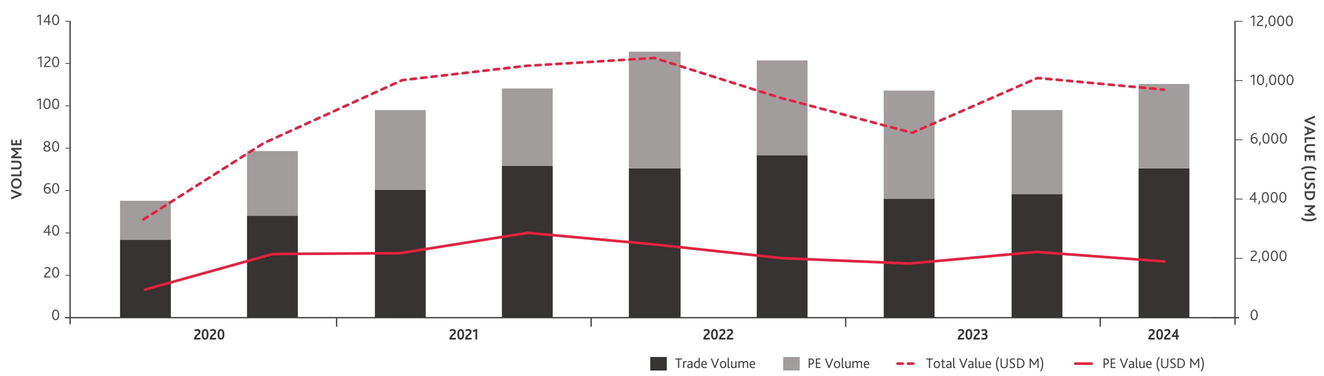
The total value of the top 20 deals in H1 2024 totaled USD 5,515m, with numbers ranging from USD 500m to USD 165m (an average of USD 276m per deal). In the top 20, four deals involved a domestic buyer, while the remainder were all cross-border transactions.

The top 20 deals accounted for 61% of the total deal value in the period.

The biggest deal in the Benelux in H1 2024 involved US-based BlackRock Inc, which acquired a 20% stake in Recurrent Energy BV (a subsidiary of Canadian Solar Inc) for a price of approximately USD 500m. This investment will provide Recurrent Energy with additional capital to grow its high-value project development pipeline, while executing its strategy to transition from being a pure developer to a developer and long-term owner of solar and energy storage assets and operator in select markets, including the US and Europe. This transition is expected to create a more diversified portfolio and provide more stable long-term revenue in low-risk currencies.

The second largest deal involved Swiss-based Novartis AG, which acquired Netherlands-based Calypso Biotech BV for a total price of approximately USD 425m. Calypso Biotech is a European immunotherapy biotech company focused on the research and development of novel biologics.

### PE/TRADE VOLUME & VALUE




Finally, the third largest deal involved Picnic BV, which raised USD 388m from Edeka Gruppe, Germany's largest supermarket group and the US-based Bill and Melinda Gates Foundation Trust.

The company was founded in the Netherlands in 2015 and delivers groceries from localdistribution warehouses to customers using small electric vans. This fundraising is expected to allow Picnic BV to expand its presence in France and Germany.

### LOOKING AHEAD

The Benelux BDO Heat Chart shows that there are currently 115 deals planned or in progress. Most of the transactions in the pipeline relate to Business Services (24 deals, 21% of the total) together with Consumer (21, 18%), Industrials & Chemicals (20, 17%), Pharma, Medical & Biotech (16, 14%).

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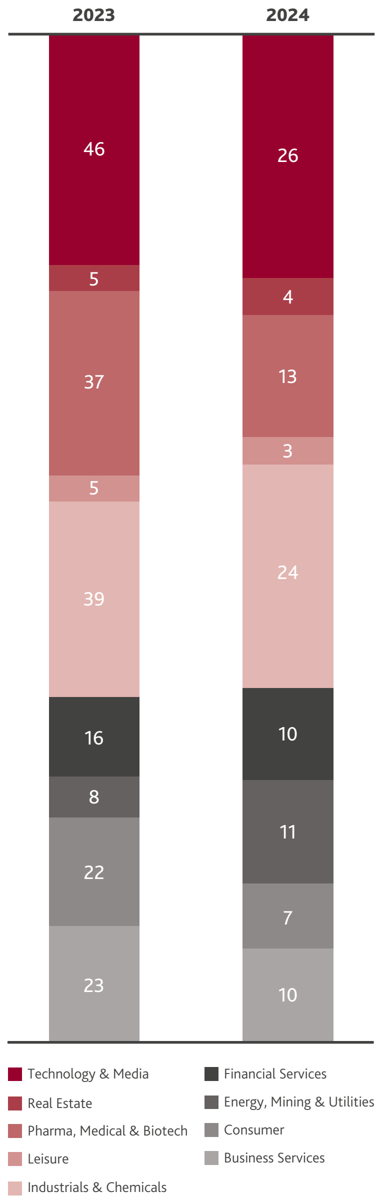
### BENELUX
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Business Services | 24 | 21% |
| Consumer | 21 | 18% |
| Industrials & Chemicals | 20 | 17% |
| TMT | 17 | 15% |
| Pharma, Medical & Biotech | 16 | 14% |
| Financial Services | 7 | 6% |
| Energy, Mining & Utilities | 6 | 5% |
| Leisure | 3 | 3% |
| Real Estate | 1 | 1% |
| **GRAND TOTAL** | **115** | |

### BENELUX
MID-MARKET VOLUMES BY SECTOR




# DACH

## TRANSACTION NUMBERS HOLD UP AND PE DEALMAKING RISES

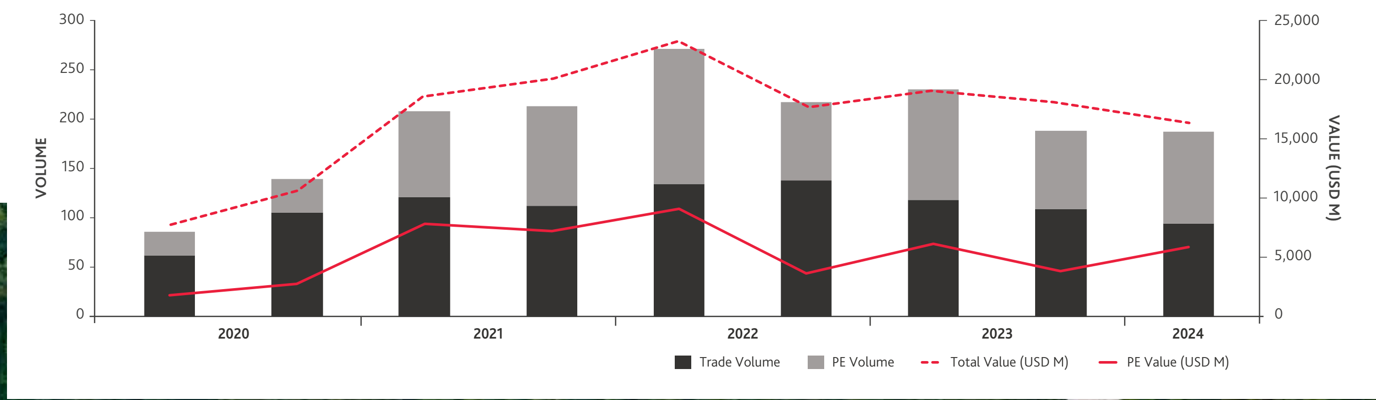
### BIG PICTURE

- In H1 2024, deal volume in the DACH region (187 transactions) was almost the same as in H2 2023
- PE and trade buyers each accounted for 50% of total deal volume
- Total deal value fell by 9.2% to USD 16.4bn, which resulted in a decrease in the average value per deal of 8.7% compared to H2 2023
- Trade buyers accounted for 64% of total deal value in H1 2024 compared to 79% in H1 2023
- TMT maintained its position as the most active sector, accounting for 31% of all transactions
- Looking ahead, falling interest rates, paired with an expected economic upswing, should result in deal demand remaining stable.

**In an economic environment still characterised by high interest rates, ongoing macroeconomic and political uncertainty and sustained increased financing costs, H1 2024 saw remarkably stable M&A mid-market activity in terms of deal volume (187) across the DACH region.**

PE-related deal volume increased from 79 transactions by around 18% to 93 transactions in the first half of 2024 compared to the last six months of 2023. The transaction value of PE deals increased more notably by around 52% to USD 5.8bn and as a result accounted for more than one third of the region's total deal value. As a result, the average value per PE transaction rose from USD 49m by 29% to USD 63m in H1 2024.

### PE/TRADE VOLUME & VALUE




By contrast, trade buyers' deal volume dropped from 109 in H2 2023 to 94 in H1 2024, a fall of around 14%. Total deal value fell even more significantly to USD 10.5bn, down by 26% versus H2 2023, while the average transaction size was USD 122 m in H1 2024, a decrease of 14%.

Comparing H1 2024 with the DACH region's post-COVID M&A peak in H1 2022, both deal volume and value recorded heavy falls with volume down by 31% from 271 deals and value down by 30% from USD 23.2bn. In the same period, PE-related deal volume decreased by 44 deals to 93 and trade buyers' fell from 134 transactions to 94.

Remarkably, the PE transaction value in H1 2024 was around 36% lower compared to H1 2022, while trade buyers' transaction value fell by only 26% over the same period. Consequently, the average deal value per PE transaction fell to USD 63m (H1 2024) vs. USD 67m in H1 2022. By contrast, trade buyers made slightly larger deals on average with USD 112m (H1 2024) vs. USD 106m in H1 2022.

### KEY SECTORS AND DEALS

In H1 2024, TMT (31% of all deals), Industrials & Chemicals (22%) and Pharma, Medical & Biotech (19%) accounted for around 72% of the region's total deal volume.

At a sector level, H1 2024 deal volumes were a mixed picture in comparison to H2 2023. While Consumer (+3 deals), Financial Services (+10), and Pharma, Medical & Biotech (+10), and TMT (+1) all saw an uptick in deal volume, Energy, Mining & Utilities (-7 deals), Industrials & Chemicals (-7), Business Services (-6), and Leisure (-4) all experienced declines. The decrease in Industrials & Chemicals M&A activity by 15% versus H2 2023 was mostly due to an uncertain economic picture paired with negative sector cycle trends, for example in the automotive and chemicals markets.

In H1 2024, the most active sectors by far in terms of volume were TMT (57) and Industrials & Chemicals (41), which was in line with previous years. These two sectors accounted for more than 50% of the total M&A volume of 187 transactions. The sharpest declines compared to the previous six months were seen in Business Services (13 vs. 19 in H2 2023), Energy, Mining & Utilities (6 vs. 13), and Industrials & Chemicals (41 vs. 48). Pharma, Medical & Biotech deal numbers jumped to 35 compared to 25 in H2 2023.

The region's top 20 deals had a combined transaction value of USD 7bn (43% of total value). Industrials & Chemicals and TMT accounted for five deals each in the top 20. It's also worth mentioning that 75% of the top 20 were cross-regional deals, with only five being domestic deals (with both seller and buyer located in the DACH region).

The single biggest deal was the 100% acquisition of German copper specialist Cunova GmbH (previously KME special products & solutions) by NYSE-listed SDCL EDGE Acquisition Corp. (SPAC) for USD 497m.

Another notable transaction was the acquisition of German in-tech GmbH by Infosys Ltd. (India) with a total transaction value of approximately USD 480m.

Finally, Austrian-based Constantia Flexibles Group GmbH acquired 57% of the shares of Swiss-based Aluflexpack AG for USD 421m.

## LOOKING AHEAD

M&A market sentiment across the region continues to be affected by high interest rates (despite a recent ECB interest rate decrease), unattractive valuation levels as well as political uncertainty — but on the positive side, easing inflation rates will support the M&A sector.

Taking all these factors into account, strategic buyers seem to be waiting for the market to stabi-lise, while PE investors are still finding attractive investments in the current environment, which have contributed to a stable M&A period in DACH. For PE portfolios, the pressure for successful exits is building up as of result of limited exits taking place over the few last months. It is also worth mentioning that PE fundraising activities remain challenging, which may negatively impact M&A deal volume in the mid- to long-term. However, DACH M&A activity is bound to pick up even-tually because the current market environment is offering plenty of M&A opportunities in terms of industry consolidation as well as quality 'German Mittelstand' assets.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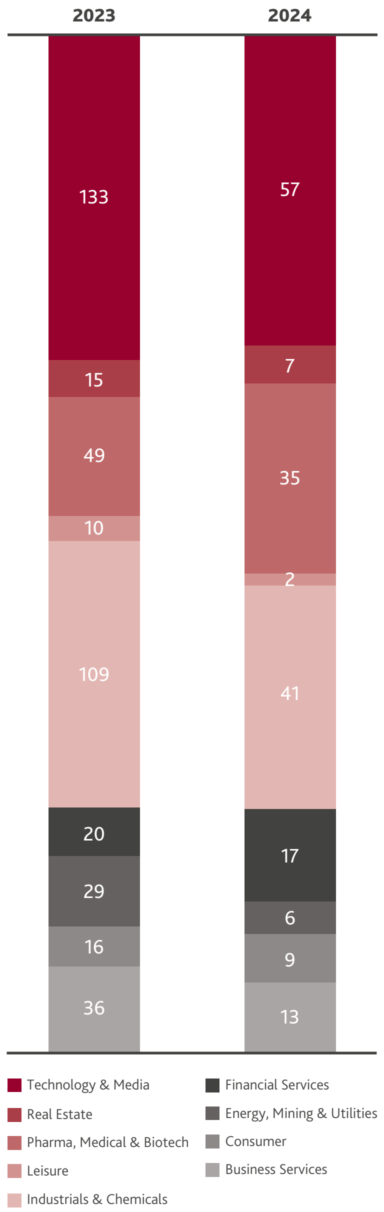
**DACH**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Industrials & Chemicals | 109 | 32% |
| Consumer | 59 | 17% |
| TMT | 58 | 17% |
| Business Services | 44 | 13% |
| Pharma, Medical & Biotech | 37 | 11% |
| Financial Services | 13 | 4% |
| Energy, Mining & Utilities | 11 | 3% |
| Leisure | 7 | 2% |
| Real Estate | 5 | 1% |
| **GRAND TOTAL** | **343** | |

**DACH**
MID-MARKET VOLUMES BY SECTOR




# Nordics

## INCREASED PE APPETITE FOR BIGGER DEALS PUSHES VALUE UP

### BIG PICTURE

- In H1 2024, deal volume fell by 11.5%, whereas deal value increased by 15.5% compared to H1 2023
- PE buyouts recorded a marginal decline in volume but value climbed by 33.6% compared to H1 2023
- Many sectors experienced a sharp fall in deal volume (led by Pharma, Medical & Biotech, Industrials & Chemicals and TMT) while Financial Services and Leisure regained momentum with increased volumes of 40% and 100% respectively.

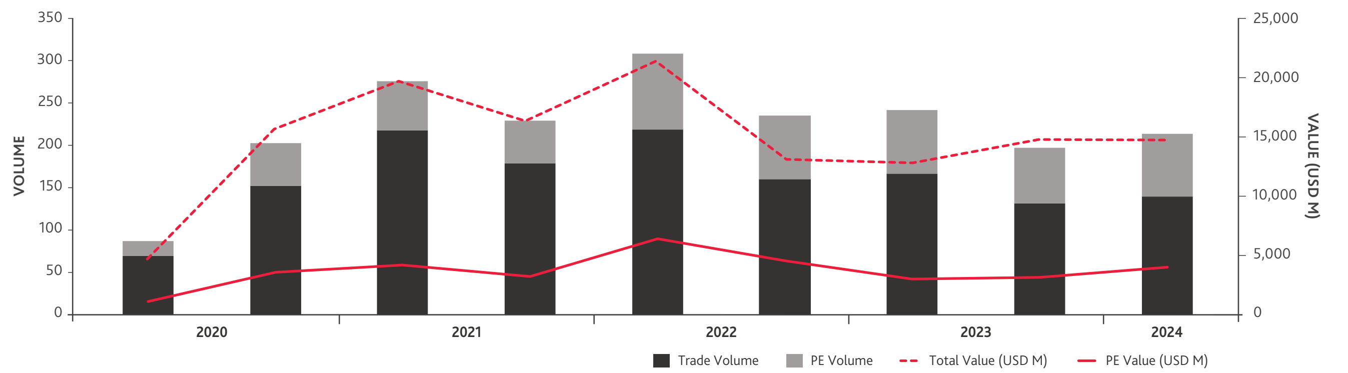
**In H1 2024, transaction activity recorded a significant increase compared to the latter half of 2023, with 207 deals completed with a total value of USD 14.3bn. This increase was largely anticipated, as the second half of the year typically sees lower transaction volumes due to the summer holidays.**

Although deal volume was lower than in H1 2023, deal value rose sharply from USD 12.4bn in H1 2023 and was up marginally from the USD 14.2bn recorded in H2 2023, indicating a trend towards fewer but larger transactions. Investors have started to ease the restraints that have characterised recent periods. However, ongoing geopolitical tensions, uncertainty surrounding upcoming elections and persistently high levels of inflation and interest rates continue to check a substantial surge in deal activity.

Compared to H1 2023, PE buyers were involved in slightly fewer deals (1.4%) in H1 2024. However, total PE deal value was 33.6% higher than the equivalent period in 2023, signalling an increased investment appetite for bigger deals. As a proportion of total deal volume, PE increased its share from 31.2% to 34.8% from H1 2023 to H1 2024. In addition, PE deal value accounted for 26.9% of total value in H1 2024, compared to 23.3% in H1 2023. The shift in PE deal proportions indicates an increasing focus on larger deals from this group of investors.

Nordic PE funds raised USD 40.2bn and USD 25.2bn in 2022 and 2023 respectively, while the average annual capital raised from 2012 to 2021 was USD 12.4bn. As a result, PE firms in the region have been investing significant amounts of the substantial dry powder built up from recent years' capital raising, which was evident in the momentum shift in PE deals in H1 2024.

### PE/TRADE VOLUME & VALUE




### KEY SECTORS AND DEALS

Looking at sector activity, TMT and Industrials & Chemicals remained the two biggest contributors to M&A with 59 and 37 deals respectively, accounting for a combined share of nearly half (46.4%) of all transaction volume in H1 2024. Most sectors gained momentum compared to H2 2023 but fell back compared to H1 2023. These included Business Services (no change from H2 2023 but a decline of 11.5% compared to H1 2023), Consumer (36.4% increase compared to H2 2023 but an 11.8% fall compared to H1 2023), Real Estate (8.3% increase compared to H2 2023 but a 13.3% decline compared to H1 2023), and TMT (13.5% increase compared to H2 2023 but a decline of 14.5% compared to H1 2023).

Real Estate gained significant momentum, accounting for the region's two biggest deals so far this year as well as six of the top 20 deals. The biggest deal in the period was the USD 496m purchase of a 100% stake in Besqab AB (a residential housing developer in Sweden). The second largest deal saw the acquisition of a 60.66% stake in Svenska Nyttobostader AB (an owner and manager of newly-built residential properties) by ALM Equity AB.

### LOOKING AHEAD

Moving forward, the biggest challenges remain the high levels of inflation and interest rates, alongside the ongoing political challenges in eastern Europe. The Nordics and many other regions have been trying to tame inflation by raising interest rates – and in general terms this has been successful, with inflation falling during the year. In terms of where interest rates are heading, many are observers are looking to the US for guidance. The Federal Reserve stopped raising the interest rate any further in H2 2023 and has signalled that there may be potential reductions in 2024. Many of the Nordic countries have followed suit and interest rates in the region have not risen any higher. Entering into 2024, there is cautious optimism in the mid-market. While 2023's challenges may well persist into 2024, the current outlook suggests a possible easing of some of these economic conditions.

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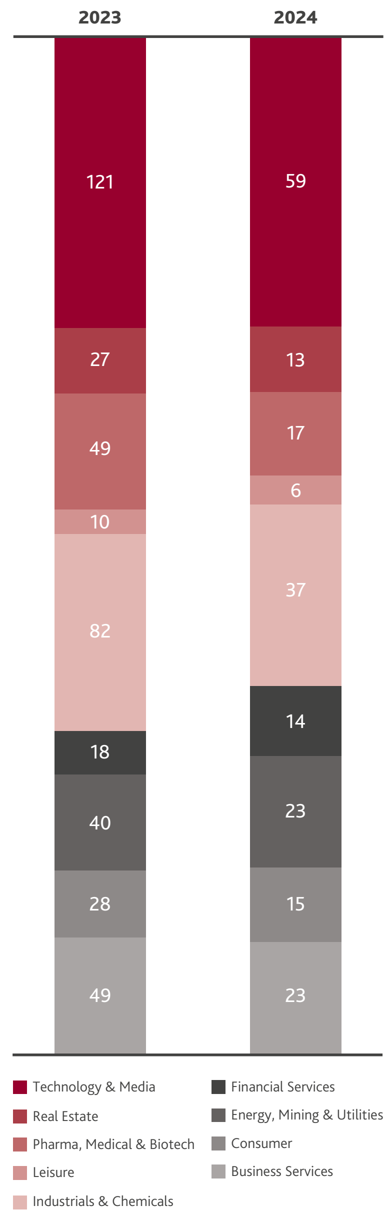
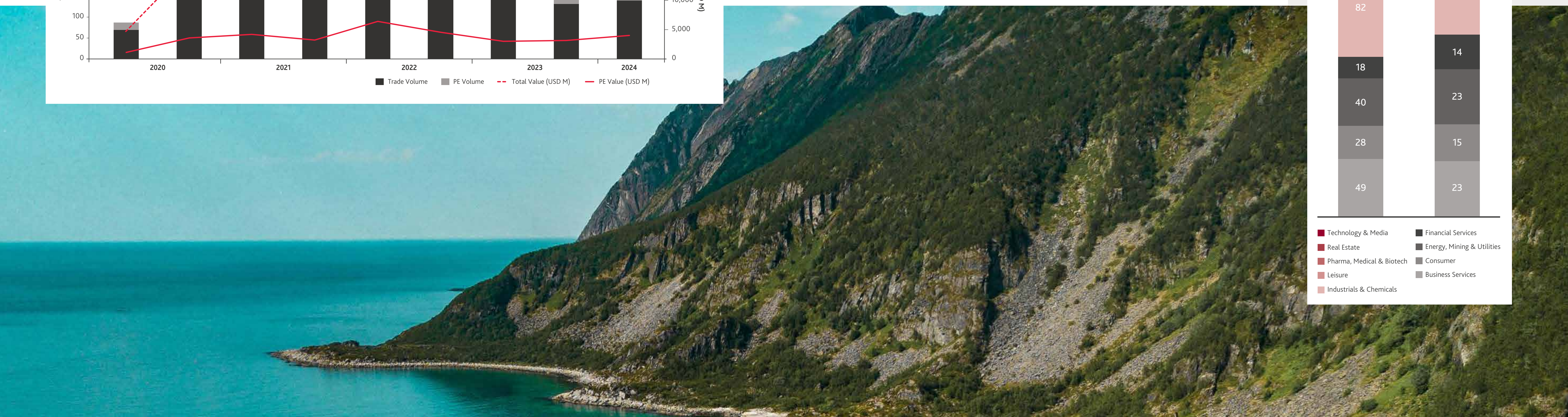
### NORDICS
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Industrials & Chemicals | 50 | 27% |
| TMT | 46 | 25% |
| Pharma, Medical & Biotech | 27 | 15% |
| Business Services | 18 | 10% |
| Consumer | 16 | 9% |
| Energy, Mining & Utilities | 11 | 6% |
| Financial Services | 9 | 5% |
| Leisure | 7 | 4% |
| Real Estate | 1 | 1% |
| **GRAND TOTAL** | **185** | |

### NORDICS
MID-MARKET VOLUMES BY SECTOR



# Middle East

## REGION LOOKS SET FOR INCREASED DEALMAKING FOLLOWING STRONG HALF-YEAR

**BIG PICTURE**

- M&A activity was led by sovereign wealth funds and state-backed enterprises and the volume of mid-market deals rose slightly with value remaining stable
- Significant deals took place in the TMT, Energy, Mining & Utilities and Healthcare sectors
- The Middle East's IPO market remained vibrant
- The outlook for future dealmaking looks very positive due to the region's strong economic framework and dynamic sovereign wealth funds.

**In the first half of 2024 the Middle East experienced a vigorous upswing in mergers and acquisitions despite global economic uncertainties and geopolitical tensions. The region's M&A activity was largely driven by sovereign wealth funds and state-backed enterprises, showcasing their strategic foresight and resilience.**

Key sectors such as TMT, Energy, Mining & Utilities and Healthcare all saw significant deals, with a notable increase in cross-border transactions, reflecting the Middle East's ambition to integrate more deeply into the global economy and expand its global footprint.

In H1 2024, the region's M&A landscape saw 356 transactions totaling approximately USD 33bn, marking an 11.9% increase in deals and a 10.9% rise in transaction value compared to the same period in 2023. A significant proportion of these deals were in the Financial Services and Industrials & Chemicals sectors, with Saudi Arabia and the UAE being the most active markets.

Saudi Arabia's large-scale infrastructure and energy projects made substantial contributions to the overall transaction value, while the UAE attracted significant FDI in the TMT, Healthcare and Renewable Energy sectors.

The Middle East's mid-market sector saw a modest increase in activity with 109 deals, up from 97 in the first half of 2023, though the value of these transactions remained stable at around USD 9.8bn. This is indicative of an increasing focus on smaller yet strategically important deals.

### KEY MID-MARKET TRANSACTIONS

Significant mid-market deals in H1 2024 included:

- Alcon Management S.A. acquired medical device company Belkin Vision Ltd from BioLight Life Sciences Ltd and others for USD 466m;
- Kazyon Limited, the UK-based parent company of Kazyon, successfully acquired a 50% equity stake in grocery business Dukan for USD 66.6m, signaling its entry into Saudi Arabia's lucrative grocery retail market, which is valued at approximately USD 40bn annually;
- CrowdStrike acquired data security start-up Flow Security – the deal value is estimated at USD 200m-USD 220m, predominantly in cash;
- CCL Industries Inc, a global leader in specialty labels, security and packaging solutions for corporations, government institutions, small businesses and consumers, acquired the remaining 50% equity interest in its Middle East joint venture, Pacman-CCL (PCCL), from its partner Albwardy Investment LLC, based in Dubai, for USD 104m.

### SOVEREIGN WEALTH FUNDS AND STATE ENTERPRISES DRIVE M&A

Leading sovereign wealth funds such as ADIA, Mubadala, and ADQ were instrumental in shaping the region's M&A arena in the first half of 2024. ADIA's significant deals included a collaborative investment in India's property developer Prestige Group for USD 240m. Mubadala entered into a USD 1bn private-credit partnership with Goldman Sachs to co-invest in private-credit opportunities in Asia and the partnership made strategic investments in PAG's Asia-Pacific renewable energy platform, which is primarily focused on supplying solar power to corporations across Japan.

Meanwhile, ADQ is set to acquire the development rights for Ras El-Hekma in Egypt for USD 24bn to develop the region into one of the largest new city developments by a private consortium. As part of this investment, ADQ will also invest USD 11bn in prime projects across Egypt to support the country's economic growth and development. These moves underscore a rising trend of sovereign funds channeling their investments into international markets.

### SECTOR FOCUS

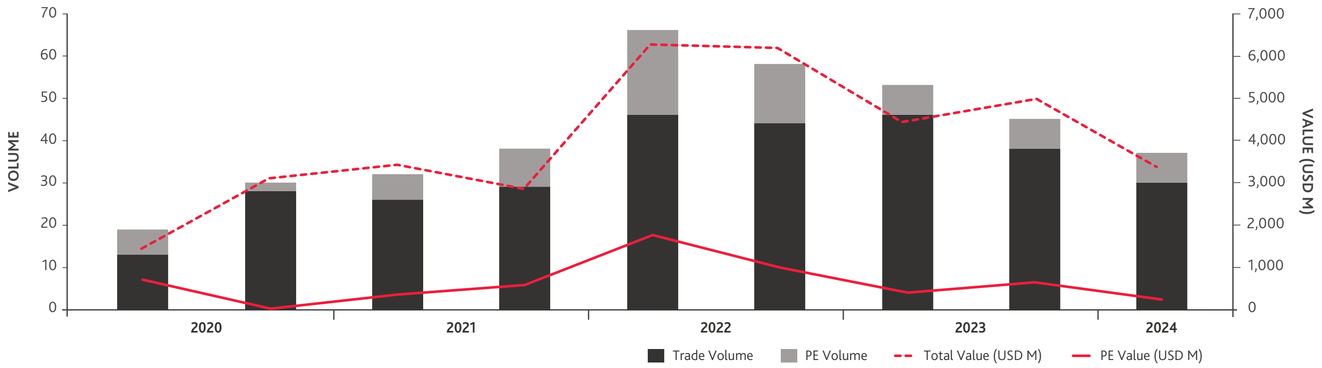
In the first half of 2024, there was a notable vibrancy in dealmaking in the Energy, Mining & Utilities, Industrials & Chemicals and TMT sectors. Saudi Aramco and ADNOC both made noteworthy international acquisitions, with ADNOC making a foray into downstream sectors. Saudi Arabia led the region's M&A in Industrials & Chemicals in the first quarter of 2024, with USD 500m worth of deals. Saudi Arabiaalso plans to establish a USD 40bn fund dedicated to investing in artificial intelligence. Set to launch in the second half of 2024 and spearheaded by Saudi Arabia's Public Investment Fund, it aims to attract partnerships with US venture capital firm Andreessen Horowitz and other financiers.

### IPO ACTIVITY

In Q1 2024, the Middle East IPO markets saw numerous IPOs, which raised over USD 1bn in proceeds, representing a 66% decrease in proceeds despite having the same number of IPOs compared to Q1 2023. The Kingdom of Saudi Arabia (KSA) dominated the region's IPO activity with nine out of 10 listings in Q1 2024, raising USD 724m. The highest proceeds were from Modern Mills (USD 314m), followed by MBC Group (USD 222m) and Middle East Pharmaceutical Industries Company (USD 131m), all of which were listed on Tadawul. The remaining six IPOs took place on the Nomu (with total proceeds of USD 57m). So far in 2024, in the KSA, IPO activity has spanned a variety of sectors, including healthcare, food and beverages, and media and entertainment and we expect this trend to continue.

Despite the ongoing and challenging geopolitical environment, there has not yet been any signs of a slowdown in IPO activity. An additional 25 private companies and 10 funds intend to list on the MENA exchanges in 2024 across various sectors. The KSA leads with 21 announced IPOs followed by one company in the UAE.

**PE/TRADE VOLUME & VALUE**




### MIDDLE EAST
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| TMT | 12 | 23% |
| Business Services | 10 | 19% |
| Consumer | 9 | 17% |
| Industrials & Chemicals | 6 | 11% |
| Financial Services | 6 | 11% |
| Energy, Mining & Utilities | 5 | 9% |
| Pharma, Medical & Biotech | 4 | 8% |
| Real Estate | 1 | 2% |
| **GRAND TOTAL** | **53** | |

## PUBLIC-PRIVATE PARTNERSHIP MARKET ACTIVITY

PPP projects in the region include the following:

**Project pipeline:** The National Centre for Privatization & PPP in the KSA approved 200 projects in 17 sectors, covering areas like airports, water treatment, and transit projects.

**Healthcare sector:** The UAE launched PPP projects including the Al Ain Hospital and several infrastructure initiatives, supported by a new PPP manual.

**Infrastructure investments:** Key projects included the expansion of Prince Naif International Airport in the KSA and the construction of villages for the NEOM project, also in the KSA.

**Sports infrastructure and educational facilities:** Qatar has advanced PPP projects in sports infrastructure and educational facilities, under a strong legal framework.

## LOOKING AHEAD

In 2024, M&A activity in the Middle East is showing promising signs of a revival. This resurgence is chiefly being driven by the active participation of sovereign wealth funds, extensive legislative reforms, and the region's increasing appeal to foreign investors. Key sectors such as energy, infrastructure, technology, and healthcare are poised to benefit significantly. Despite challenges, including changes in tax regimes and global political uncertainties, the region's strong economic framework and dynamic sovereign wealth funds mean that the outlook for M&A activities remains very positive.

**MUHAMMAD ASSAD BUTT**
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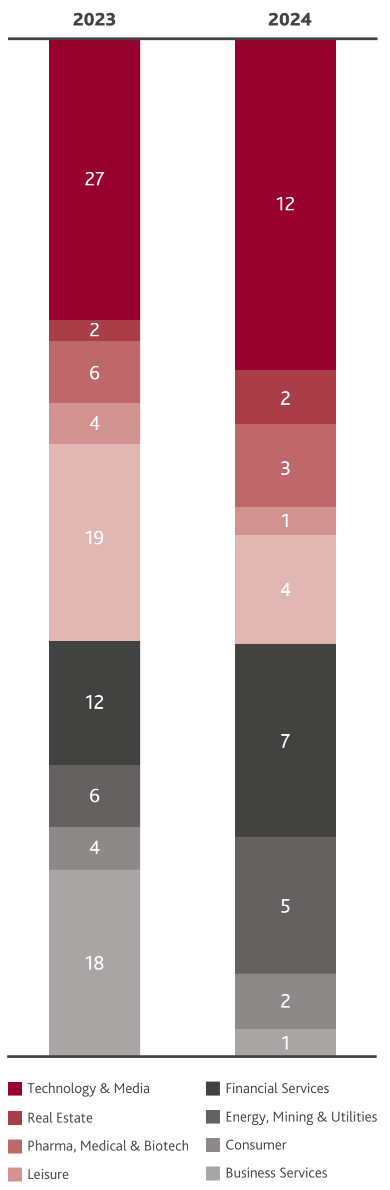
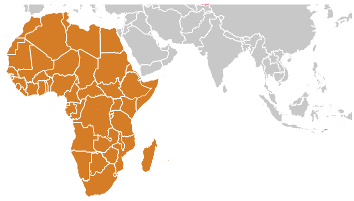
### MIDDLE EAST T
MID-MARKET VOLUMES BY SECTOR




# Africa

## DEALMAKING FALLS BACK WITH DECREASED VOLUME AND VALUE



**BIG PICTURE**

- Deal volume and value was subdued on the continent, with 46 deals in H1 2024 versus 59 in H2 2023 and value falling by 9%
- PE accounted for just nine deals but total value climbed to USD 667m
- South Africa accounted for eight of the top 20 deals and improving market sentiment is suggestive of a renewed dealmaking appetite in the country and Africa as a whole.

**Q2 2022 saw the lowest deal activity recorded since 2013 (excluding 2020 which had an average quarterly deal volume of 23 deals). In fact, deal activity was even below the levels seen during the 2008 global financial crisis (GFC), with just 26 deals completed. However, the combined deal value of USD 3.661bn was 37.1% higher than the average deal value over the last decade. This was mainly due to the top five deals, with each having a deal value of over USD 300m.**

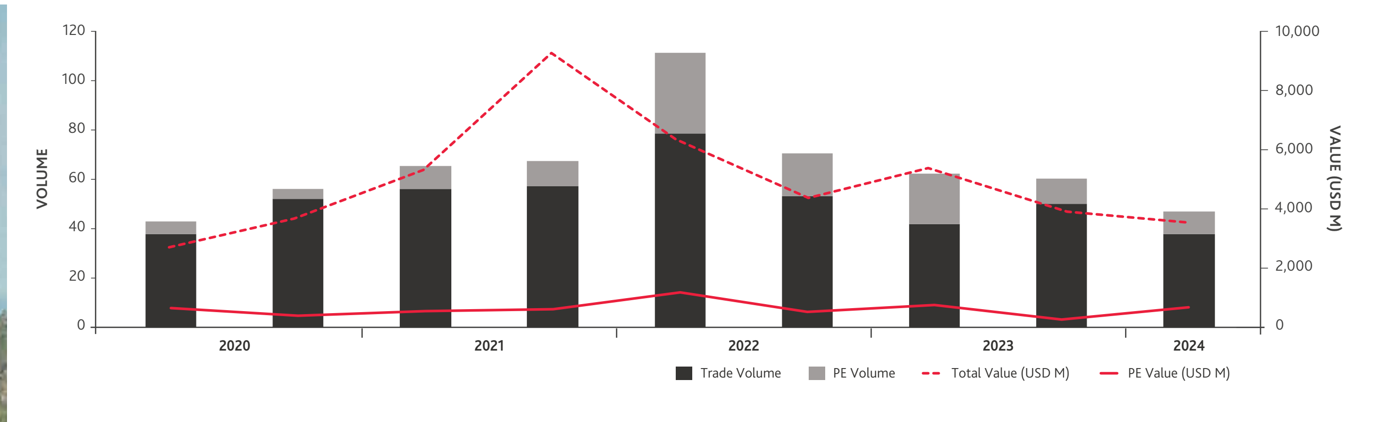
Global M&A activity declined by 10% in deal value in the first half of 2024 compared to H2 2023. PE buyouts, however, increased by 7% in deal value on a global scale.

African mid-market M&A activity followed a similar path with just 46 deals finalised in H1 2024 compared to 59 in H2 2023, a drop of 22%. Deal volume in H1 2024 was at a similar level to the COVID-affected H1 2020, which saw 42 reported deals.

Our research also indicated that PE deal activity in Africa remained at low levels, accounting for c.20% of total deal value during H1 2024 (up slightly from 17% in H2 2024). There were just nine PE-backed deals in H1 2024, compared to 10 in H2 2023. However, total PE deal value increased to USD 667m compared to USD 250m in H2 2023.

Overall, total deal value in H1 2024 (c. USD 3.5bn) fell by 9% from H2 2023, which was 29% lower than the average deal value over the last four years.

**PE/TRADE VOLUME & VALUE**




In the last edition of HORIZONS we reported on some of the challenges that the continent of Africa was facing, which may be hindering deal activity and which now seem to be easing. These included:

- Market confidence in the continent. There has been a notable improvement in market confidence owing to a number of factors, which include a relatively successful National and Provincial election process for South Africa, which is being heralded as a 'victory for democracy' and has seemingly helped to improve investor sentiment;
- Although interest rates remain high, the indications are that they will be rate cuts in the foreseeable future which, combined with political stability, may well result in additional appetite for dealmaking in South Africa and Africa generally; and
- Eskom, the local power producer in South Africa, has somewhat curtailed the rolling blackouts (known as 'load shedding') and seems to be on a path to providing more reliable power to support the economy.

These factors all bode well for increased M&A activity and, given the weakness of the Rand relative to certain other currencies, present opportunities for international investors to acquire some 'bargains'. For local investors, the outlook also appears positive and the drive for strategic investments remains strong in both the private equity and corporate sectors.

### KEY SECTORS AND DEALS

Energy, Mining and Utilities led the way in sector activity with 12 deals. However this was significantly lower than H2 2023, when the sector recorded 21 deals. Financial Services and Industrials & Chemical occupied the next two spots, each concluding eight deals in H1 2024.

There was a significant decline in Pharma, Medical and Biotech deal volume, with just one deal compared to six in H2 2023. M&A in the Consumer sector recorded a small increase to five deals, up from three in H2 2023.

With one deal each, Real Estate and Leisure continued the pattern of slow or no growth following the COVID-19 pandemic.

Looking at the region's top 20 deals, South Africa accounted for the four biggest transactions, all in different sectors. In total, South Africa contributed eight of the top 20 and 59% of deal value. Nigeria and Egypt each accounted for two deals in the top 20 and other countries with significant deals included Namibia (USD 199m) and Gabon (USD 150m).

Half of the top 20 deals involved acquisitions by overseas bidders including UK, USA, France and Switzerland. Five of the eight deals concluded in South Africa involved local parties.

The region's biggest deal was Impala Platinum Holdings' (Implats) broad-based black economic empowerment (B-BBEE) USD 495m transaction for its Impala Rustenburg and Impala Bafokeng assets, aiming to boost black ownership and participation in South Africa's platinum group metals sector. The transaction has resulted in a 13% B-BBEE ownership at Impala Platinum Limited and Impala Bafokeng through its subsidiary, Impala Bafokeng Resources (IBR) Proprietary Limited. Equity ownership is through an employee share ownership trust, a community share ownership trust, and a strategic empowerment consortium. Implats has partnered with Siyanda Resources Proprietary Limited to lead the strategic empowerment consortium. The transaction will be facilitated through loans provided by Impala and IBR, with dividend flow used for interest and capital repayments.

The second biggest deal in the period was the sale of Telkom's 100% interest in Swiftnet (Pty) Limited, its telecoms towers and masts business, to a consortium comprising Actis LLP and Royal Bafokeng Holdings, in a significant debt and equity transaction valuing Swiftnet at USD 370 million. Under the terms of the agreement, Telkom has sold Swiftnet to a newly established entity named Towerco Bidco, with Actis holding a 70% stake and Royal Bafokeng Holdings holding the remaining 30%.

Finally, the third biggest transaction also took place in South Africa and involved Sanlam's acquisition of 100% of the ordinary shares in of life insurer Assupol Holdings Limited, with the aim of enhancing the insurance group's extensive life and savings portfolio. The transaction followed a notice sent to Assupol shareholders in April last year, advising them that Bidvest (Pty) Ltd, which held 46.02% of Assupol's securities and the International Finance Corporation, which had a 19.41% stake in the company, expressed their intention to sell their holdings.

## LOOKING AHEAD

According to the BDO Heat Chart, the Industrial & Chemicals, Energy Mining & Utilities, Business Services and Financial Services sectors will account for the bulk of activity across the continent for the foreseeable future, with the balance spread across the remaining sectors. As mentioned earlier, the Pharma, Medical & Biotech, Real Estate and Leisure sector are predicted to continue to record low or no dealmaking activity in future periods.

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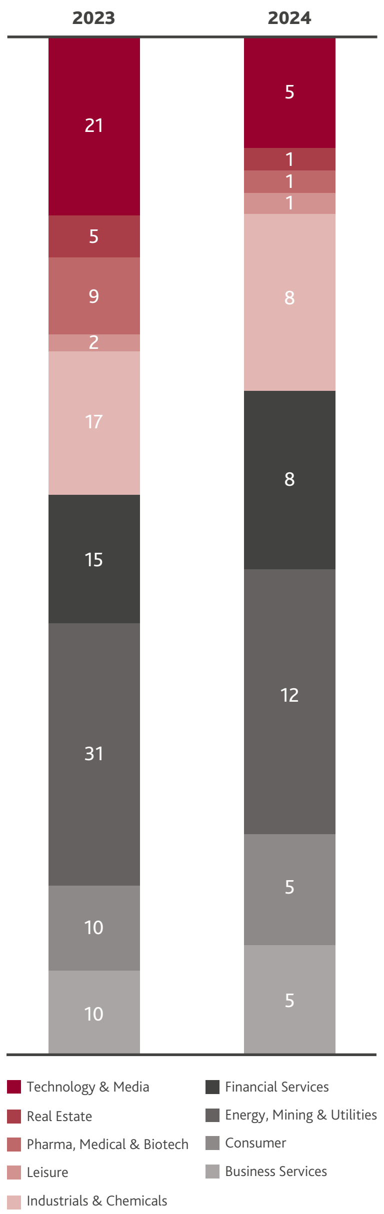
**AFRICA**
HEAT CHART BY SECTOR

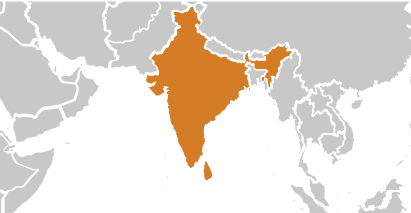
| | | |
|---|---|---|
| Industrials & Chemicals | 17 | 27% |
| Energy, Mining & Utilities | 17 | 27% |
| TMT | 9 | 14% |
| Financial Services | 9 | 14% |
| Consumer | 7 | 11% |
| Business Services | 5 | 8% |
| GRAND TOTAL | 64 | |

**AFRICA**
MID-MARKET VOLUMES BY SECTOR




# India

## DEALMAKING LOOKS SET TO GAIN MOMENTUM IN 2024 AFTER CAUTIOUS START



### BIG PICTURE

- In H1 2024 there were 278 deals versus 276 in H2 2023
- PE activity accounted for 41% of total deal volume and 32% of deal value
- TMT was the top performing sector with 68 deals, followed by Industrials & Chemicals and Financial Services
- Stable government and increased public and private expenditure point to better times ahead for M&A activity.

**In H1 2024 Indian mid-market M&A saw similar levels of deal activity to those recorded in H1 2023 and H2 2023. There were 278 deals transacted compared to 301 and 276 deals in H1 and H2 2023 respectively. However, the total deal value in the first half of the year was USD 17102m, which represented falls of 18% and 14% compared to H1 and H2 2023 respectively. Moreover, PE-backed activity was responsible for 41% of total deal volume and 32% of total deal value in the half-year period.**

### M&A LANDSCAPE

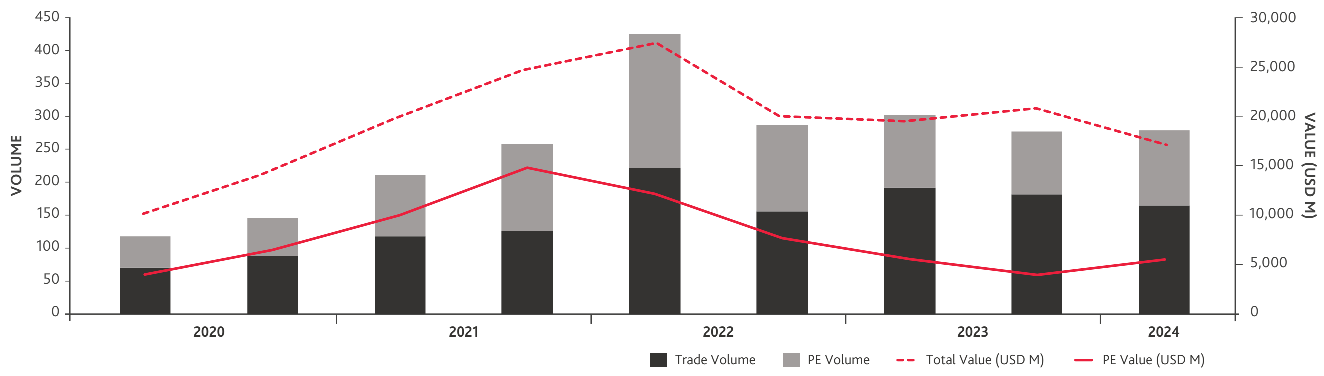
Overall deal activity across the globe showed mixed results during the first six months of 2024. Investors continued to proceed with caution due to the continuing economic uncertainty, inflation, and regulatory challenges. The first half of 2024 saw hints of a development and recovery in India's M&A landscape, particularly following a difficult 2023. However, with India recently holding its general election, investors and other market participants found it challenging to accurately account for or anticipate a variety of factors that could have a significant impact on investment decisions across sectors.

As a result, they were largely cautious about their plans for expansion and investment during H1 2024.

However, with a stable government now in place and various other factors outlined below, the second half of 2024 is likely to bring significant cheer to Indian M&A markets due to the following:

- Increased infrastructure spending, especially by government
- Increased private and public capital expenditure
- India is seen as a favourable destination for investment due to its geopolitical stability and other macroeconomic factors such as economic growth, population profile etc. Initiatives such as Make in India and boardroom policies such as China +1 are boosting investor confidence
- PE firms are deploying significant capital in India, not only in the form of growth capital but in terms of strategic capital as well, acquiring majority stakes in companies and building platform plays
- India's strong consumer base continues to drive economic activity.

### PE/TRADE VOLUME & VALUE




### KEY SECTORS AND DEALS

TMT led the way in deal numbers with 68 during H1 2024, followed by Industrials & Chemicals (57) and Financial Services (35). The half-year period also saw an increase in the Real Estate and Consumer sectors with 12 and 32 deals respectively. Real Estate and Consumer deal numbers also grew by 100% and 33% respectively versus H2 2023.

Some of India's key mid-market deals in H1 2024 included:

**Energy, Mining, & Utilities**

- Lanco Amarkantak Private Limited, a subsidiary of Lanco Group, which is involved in the generation and distribution of power, was acquired by Adani Power for USD 496m;
- India's leading decarbonization solutions company, Renew, sold its 300 MW solar project in Rajasthan, ReNew Saur Urja Pvt Ltd, to infrastructure investment trust India Grid Trust for USD 207m.

**Consumer**

- Packaged foods manufacturer Capital Foods Ltd was acquired by Tata Consumer Foods for USD 463 million. The acquisition forms part of Tata Consumer's strategic objective of expanding into new complementary food and beverage sectors with strong growth and excellent margins;
- Singapore's investment firm Temasek and Fidelity Investments deployed USD 200m for a 4% stake in India based omnichannel eyewear retailer Lenskart.

**Real Estate**

- A commercial property (IT Special Economic Zone property) in Hyderabad was purchased by GIC and Xander Investment Management Partnership from Allianz Group and Shapoorji Pallonji Group for USD 246m;
- Indiabulls Real Estate raised USD 469m (for a 33% stake) from Blackstone Inc, Baillie Gifford & Co Ltd, Maybank Securities Pte Ltd, and others.
  The purpose of the fundraise was to recapitalise the balance sheet and position the business for both organic and inorganic growth.

### LOOKING AHEAD

India held its general elections in H1 2024 and as a result the overall M&A market had a cautious outlook. Despite it, the Indian deal market remained stable for the first half of the year and is expected to gain momentum in the second half of 2024. The recently announced budget provides impetus to sectors like infrastructure, space ecosystem, and agriculture which can ultimately lead to increase in deal activity across these sectors. Also, this budget abolished Angel Tax, giving significant benefits to startup ecosystem. Moreover, India was recently listed in the JP Morgan Emerging Market Bond Index, which will give organisations easier access to raise capital and is likely to significantly increase inflows.

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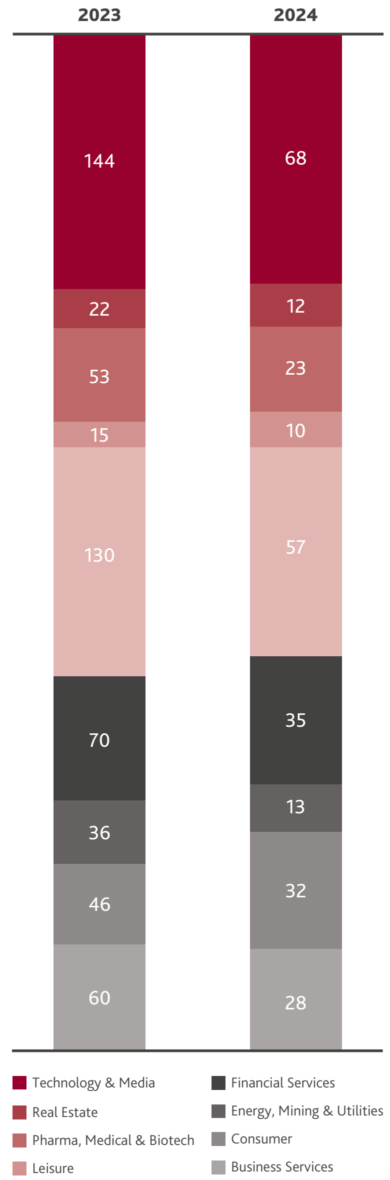
### INDIA
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| TMT | 31 | 18% |
| Consumer | 29 | 17% |
| Industrials & Chemicals | 29 | 17% |
| Pharma, Medical & Biotech | 23 | 13% |
| Financial Services | 20 | 11% |
| Business Services | 17 | 10% |
| Energy, Mining & Utilities | 16 | 9% |
| Leisure | 7 | 4% |
| Real Estate | 3 | 2% |
| GRAND TOTAL | 175 | |

### INDIA
MID-MARKET VOLUMES BY SECTOR



# Greater China

## DEAL ACTIVITY SLOWS BUT OUTLOOK BRIGHTENS

### BIG PICTURE

- The volume of mid-market deals in the Greater China region fell from 965 deals in H1 2023 to 816 in H1 2024, a decline of 15.4%. Deal values also decreased by 27.7% from USD 69.6bn in H1 2023 to USD 50.3bn in H1 2024
- Compared with H2 2023, deal values fell by 33.6% from USD 75.7bn in H2 2023 to USD 50.3bn in H1 2024. Deal volume also dropped by 24.4% compared to the 1,080 deals recorded in H2 2023
- The proportion of private equity buyouts to total mid-market deal volume increased from 11.5% in H2 2023 to 14.3% in H1 2024. Deal values involving PE recorded a slight increase from 13.2% in H2 2023 to 14.8% in H1 2024.

**The International Monetary Fund (IMF) raised its GDP forecast for China to 5.0% in May 2024 from an earlier forecast of 4.6%. This was after China recorded 5.3% GDP growth in the first quarter of 2024, which exceeded its original target of 5.0%. The growth was mainly driven by strong exports during the period.**

China introduced a series of measures to support the struggling property sector in May 2024. These included provisions of USD 41.3 bn to state-owned enterprises through financial institutions for the acquisition of unsold apartments. China's central bank will also provide loans of USD 129bn to complete the construction on unfinished projects and remove a floor on mortgage interest rates.

The IMF has supported China's efforts to address issues in its Real Estate sector and complimented China's achievement on its high-quality growth initiatives. These include innovation in the green high-tech sectors and revised regulations in the Financial Services sector. Nevertheless, the IMF has encouraged China to adopt a more balanced and comprehensive approach to regulate its market. For instance, China should provide a better social safety net to its citizens and income for workers should increase to encourage spending.

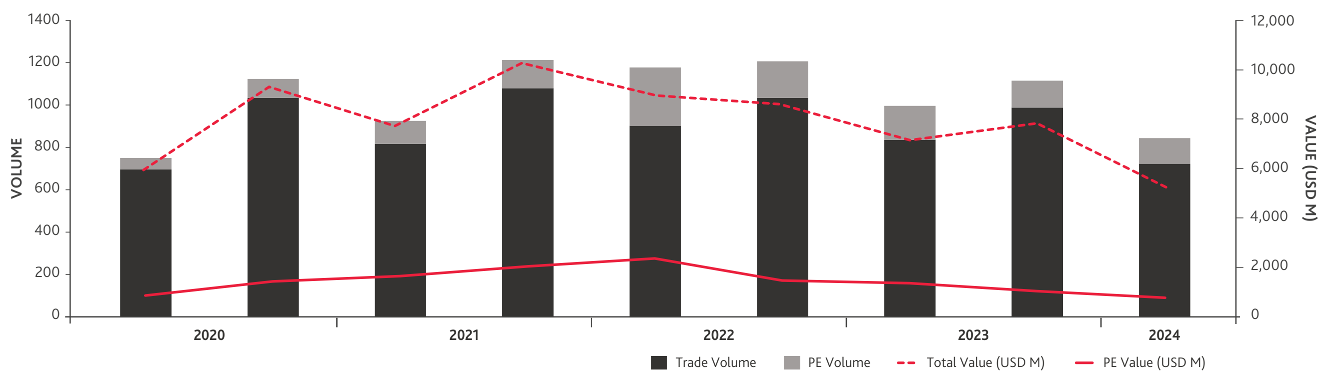
### CHINESE INVESTMENT MARKET REMAINS ATTRACTIVE

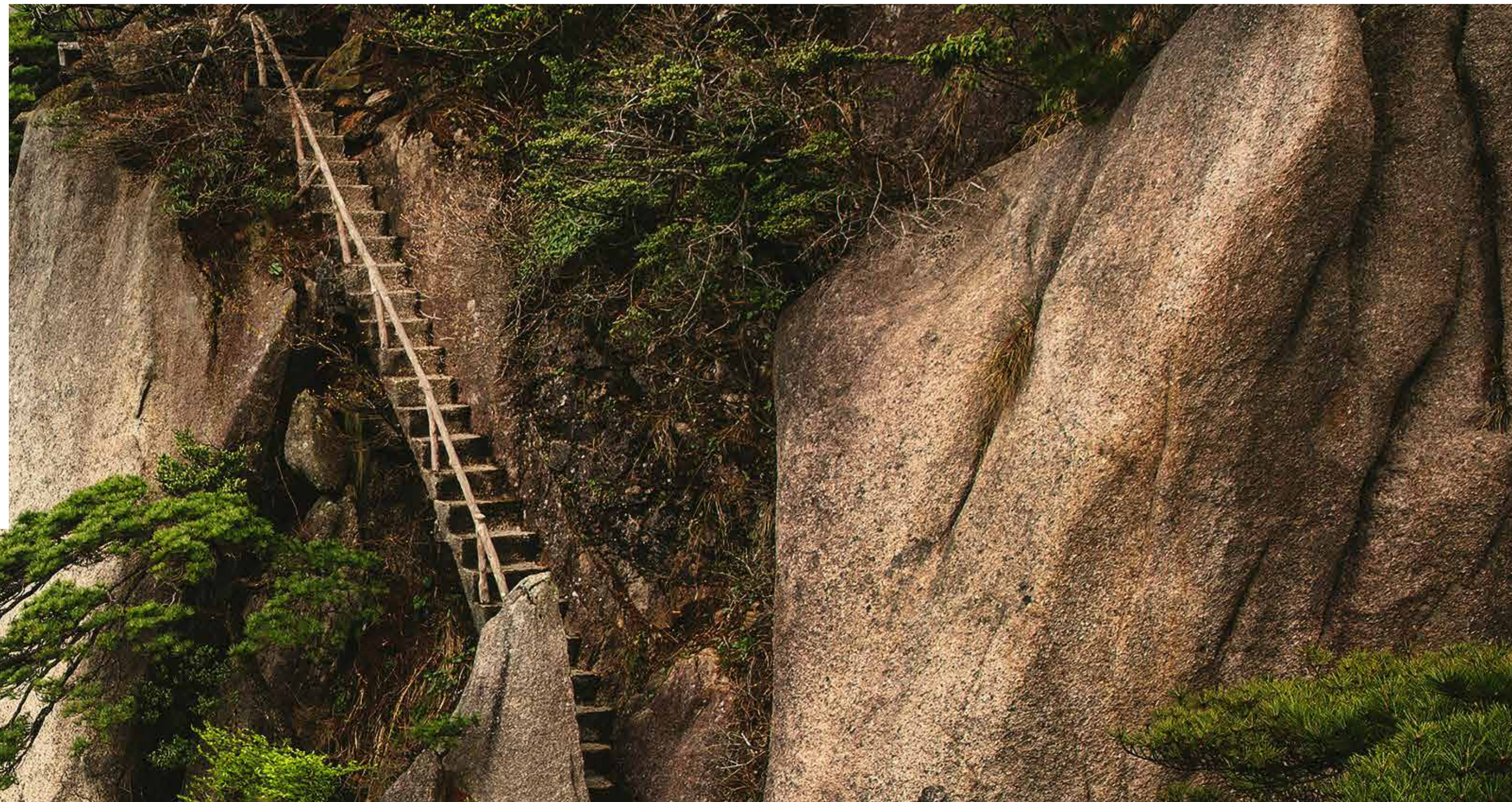
Although M&A activities in China declined in H1 2024 compared to H2 2023, optimism has grown towards the Chinese market as the country's inflation may have peaked and supportive policies were consistently introduced during H1 2024.

The Ministry of Commerce of China announced in May 2024 that China's FDI fell by 27.9% to USD 50.7bn in the first four months of 2024 from the reported USD 70.3bn during the comparative period in 2023. Despite the decrease, FDI in the high-tech manufacturing sector reported investments of USD 6.3bn during the period, representing 12.7% growth year-on-year. Furthermore, investment from Spain, Germany and the Netherlands increased by 263%, 34.7% and 9.5% respectively. This indicated that the Chinese market remains attractive to overseas countries and investors in specific sectors.

Additional policies have been announced to attract foreign investment and develop a reformed and open market. In March 2024, officials of the State Council of China announced action plans such as implementing preferential tax policies for foreign investors investing in the Chinese bond and other financial markets.

### PE/TRADE VOLUME & VALUE



Support will also be provided for foreign financial institutions to participate in domestic bond underwriting and investment in PE funds. In April 2024, Chinese authorities declared that domestic venture capital funds established by overseas institutions will have equal treatment with those established by domestic investors. With the implementation of these new measures and continued efforts to encourage market access, the investment environment in China should become more favourable.

### TESLA EV ADDED TO GOVERNMENT PURCHASE LIST

In June 2024, the model Y of US electric vehicle manufacturer Tesla was added to a list of vehicles eligible for purchase by the Jiangsu government. The China Association of Automobile Manufacturers confirmed that Tesla's Model Y met China's compliance requirements for data security. This means that employees in the public sector of China will be able to purchase Tesla's model Y for official use.China has also supported Tesla's plans to build a data training centre and roll out its full self-driving software in the country this year. Tesla's inclusion in the government procurement list is reflective of China's commitment towards treating domestic and foreign enterprises equally. An increasingly open Chinese market will provide more opportunities for international companies and attract more foreign capital.

China's new measures highlight a concerted effort to attract foreign investment and address the urgent need for fresh capital infusion, particularly in response to the outbound investment restrictions imposed by the US. These measures have signalled China's openness for business and have also served as a response to US investment controls. Accordingly, M&A activities China are expected to recover gradually in H2 2024.

### KEY SECTORS AND DEALS

The largest mid-market deals in H1 2024 took place in a range of sectors including TMT, Real Estate, Consumer, Industrials & Chemicals, Financial Services, Pharma, Medical & Biotech, Energy, Mining & Utilities and Business Services.

The region's top three mid-market deals were as follows:

- CNIC Corp Ltd and Comor Holdings Co Ltd acquired a 45.0% stake in international mining company MMG Africa Resources Co Ltd, at a consideration of USD 500m - announced in May 2024;
- Shijiazhuang Kangfu Runjian Enterprise Management Consultation Co Ltd acquired a 100.0% stake of Real Estate business China Resources Land (Shijiazhuang) Co Ltd from China Resources Land Ltd at a consideration of USD 473m - announced in June 2024; and
- BEST Global Partners acquired a 100.0% stake of supply chain and logistics solutions provider BEST Inc at a consideration of USD 469m - announced in June 2024.

## LOOKING AHEAD

The latest BDO Global Heat Chart shows that Greater China is the second most active region with 489 deals announced or in progress. 165 (34%) of the expected deals are related to the Industrials & Chemicals sector, followed by 74 (15%) in TMT and 70 (148%) in Pharma, Medical & Biotech.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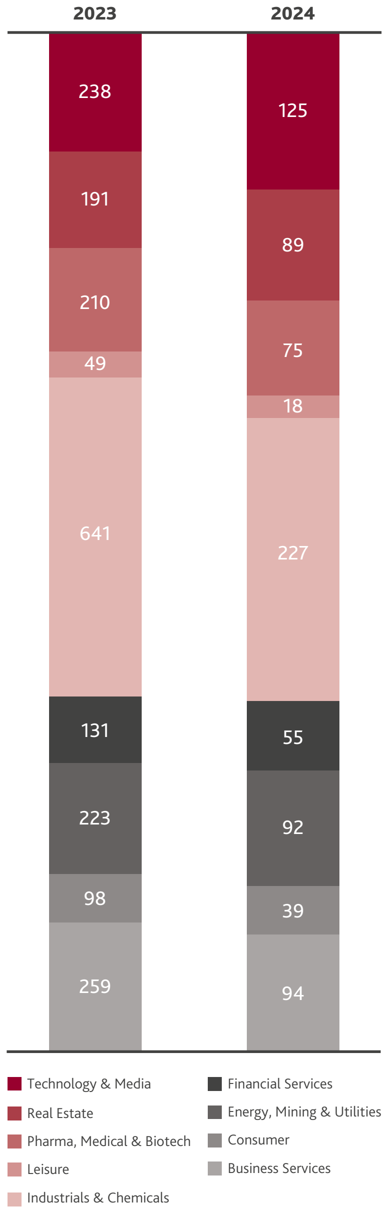
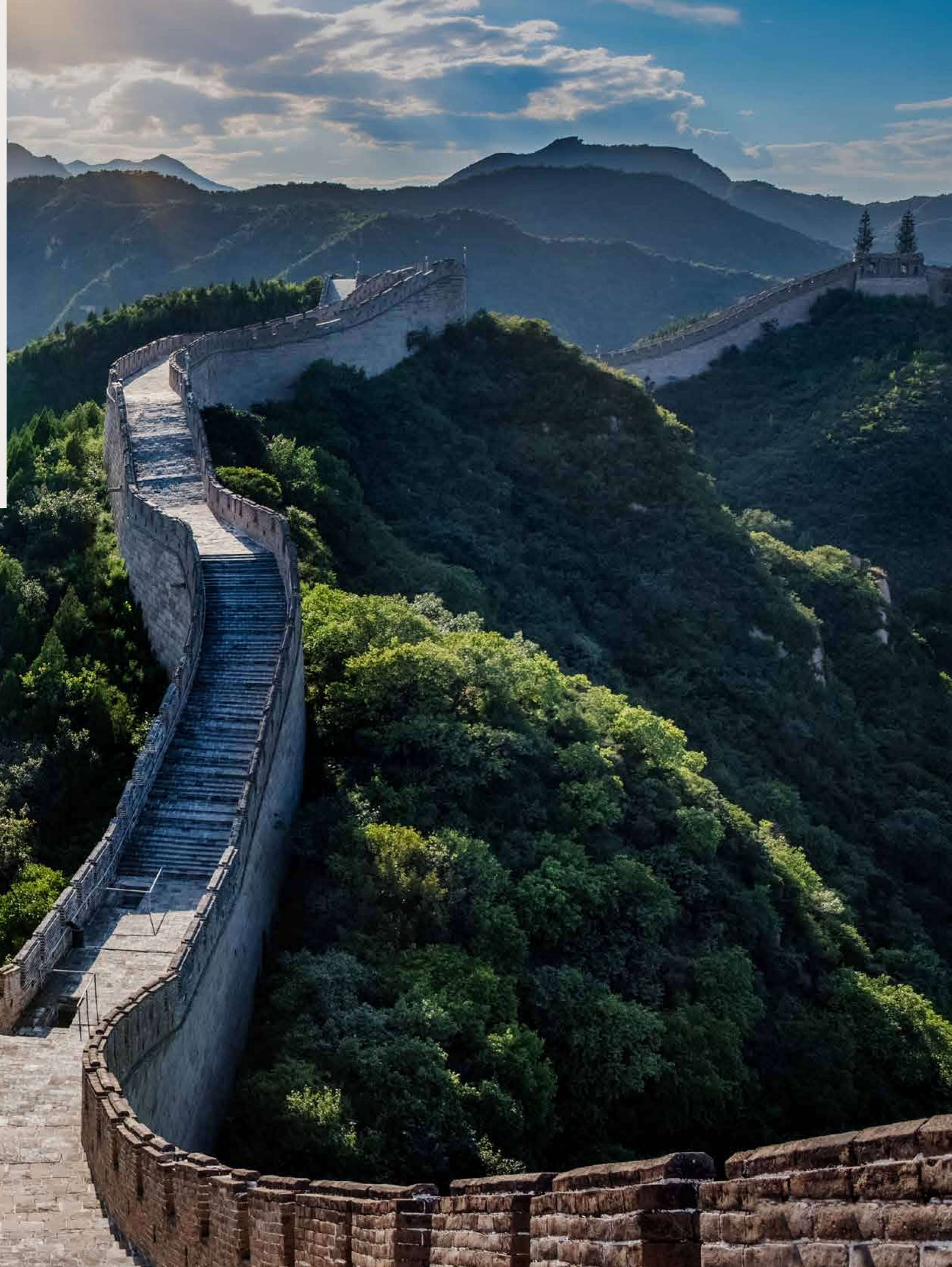
### CHINA
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Industrials & Chemicals | 165 | 34% |
| TMT | 74 | 15% |
| Pharma, Medical & Biotech | 70 | 14% |
| Business Services | 57 | 12% |
| Consumer | 36 | 7% |
| Energy, Mining & Utilities | 30 | 6% |
| Financial Services | 26 | 5% |
| Real Estate | 20 | 4% |
| Leisure | 11 | 2% |
| **GRAND TOTAL** | **489** | |

### CHINA
MID-MARKET VOLUMES BY SECTOR



# South East Asia

## ECONOMIC CONCERNS CONTINUE TO IMPACT DEALMAKING

### BIG PICTURE

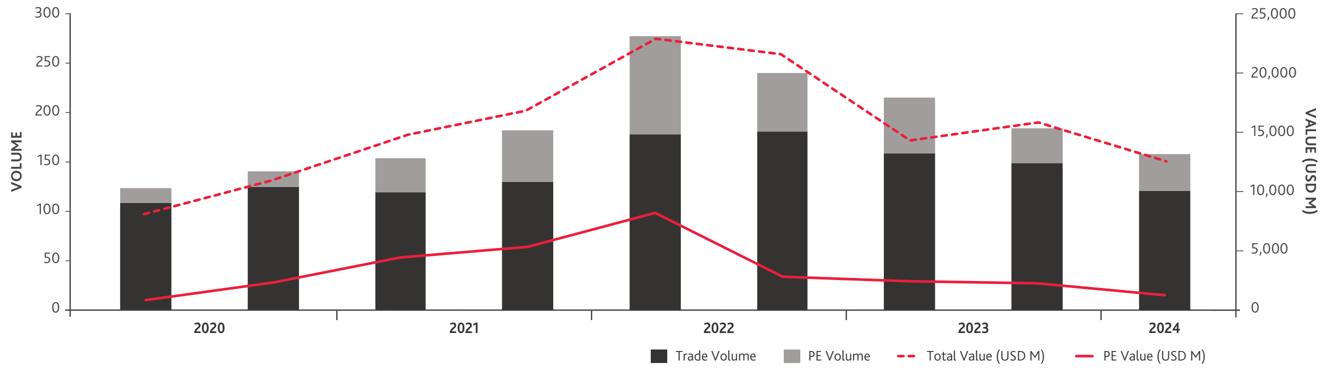
- Deal numbers dropped to 157 in H1 2024 compared to 183 in H2 2023 and value fell to USD 12.54bn from USD 15.71bn in the same period
- PE deal activity also declined to 37 deals versus 56 in H1 2023
- TMT, Industrials & Chemicals and Business Services accounted for 56% of the region's deal volume.

**Since 2022, central banks around the world have been tightening monetary policies by raising interest rates to contain widespread inflation. The constricted financial conditions have negatively impacted M&A activities in South East Asia, which, in H1 2024, resulted in total deal volume dropping to 157 from the 183 deals recorded in H2 2023, while total deal value also fell to USD 12.54bn in H1 2024 from USD 15.71bn in H2 2023. The deal volume and deal value recorded in the first half of 2024 was the lowest in the last three years.**

Looking at deal size, the average deal value dropped to USD 79.85m in H1 2024 from USD 85.84m in H2 2023, indicating that PE dealmaking in the region has fallen, both in terms of volume and the average deal size.

In line with the drop in overall M&A activities in the region, the PE segment saw similarly depressed levels of deal activity. PE deal numbers fell to 37 from the 56 deals closed in H1 2023, with total PE deal value falling to USD 1.24bn compared to USD 2.42bn in H1 2023.

### PE/TRADE VOLUME & VALUE




### KEY DEALS AND SECTORS

TMT maintained its position as the region's top sector in H1 2024 , recording the highest deal volume with 38 deals in the first half of the year. TMT was also the top sector in both 2023 and 2022.

For information, South East Asia's top three sectors in H1 2023 and H1 2024 are summarised as follows:

| | 2024 H1 (top 3) | 2023 H1 (top 3) |
|---|---|---|
| 1 | TMT – 38 deals (24%) | TMT – 38 deals (18%) |
| 2 | Industrials & Chemicals – 31 deals (20%) | Industrials & Chemicals – 45 deals (21%) |
| 3 | Business Services – 19 deals (12%) | Business Services – 30 deals (14%) |

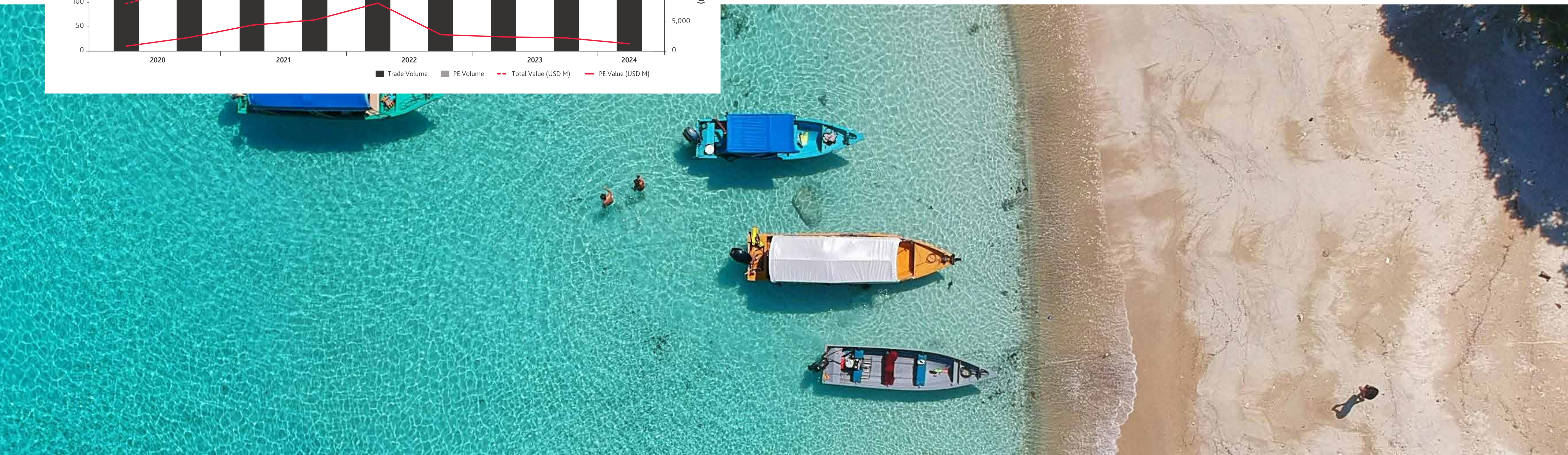
The top three sectors in South East Asia in H1 2024 were the same as in H1 2023, with TMT, Industrials & Chemicals and Business Services accounting for the majority of deals. Collectively, these sectors accounted for approximately 56% of the region's total deal volume in H1 2024 compared to 53% in H1 2023.

The top three M&A deals by value in H1 2024 were as follows:

- Business Services – the acquisition of a 50% stake in port terminals (the Map Ta Phut LNG Receiving Terminal 2) in Thailand (with a purchase consideration of USD 450m);
- TMT – the acquisition of a 90.11% stake in telecoms infrastructure business PT Inti Bangun Sejahtera Tbk in Indonesia (with a purchase consideration of USD 449m); and
- Industrial & Chemicals – the acquisition of a 100% stake in waste management company ECO Industrial Environmental Engineering Pte Ltd in Singapore (with a purchase consideration of USD 447m).

The total value of the region's top 20 deals in H1 2024 was USD 6.41bn (H2 2023: USD 6.54bn), accounting for 51% of the total deal value.

Looking at the top 20 deals, it is noted that Singaporean, Indonesian and Malaysian companies were the most popular targets, accounting for 70% of the top 20 in H1 2024. By comparison, the same three countries were also involved in more than 70% of the top 20 deals in H2 2023.



## LOOKING AHEAD

The first half of 2024 was a challenging period for M&A dealmaking in South East Asia due to the high interest rate environment and tightened monetary policies across the region. For the remainder of 2024, M&A activities in the region are expected to remain subdued as investors need to weigh in economic uncertainties such as the ongoing conflict between Israel and Palestine and China's economic performance, as well as the higher funding costs needed to finance M&A transactions. Economic concerns will continue to affect buyers and sellers' price expectation for M&A transactions, which could in turn complicate and delay the negotiation and decision-making processes.

Notwithstanding the above, it should be noted that several countries such as Sweden, Switzerland, Canada and the European Central Bank have begun cutting interest rates to help stimulate their economies. In the next 12 months, we will likely be seeing more countries easing their monetary policies and ending the cycle of interest rate hikes. Investors and business owners in South East Asia will be closely monitoring any changes in monetary policies and geopolitical tensions, which may affect decision-making and M&A opportunities in the near term.

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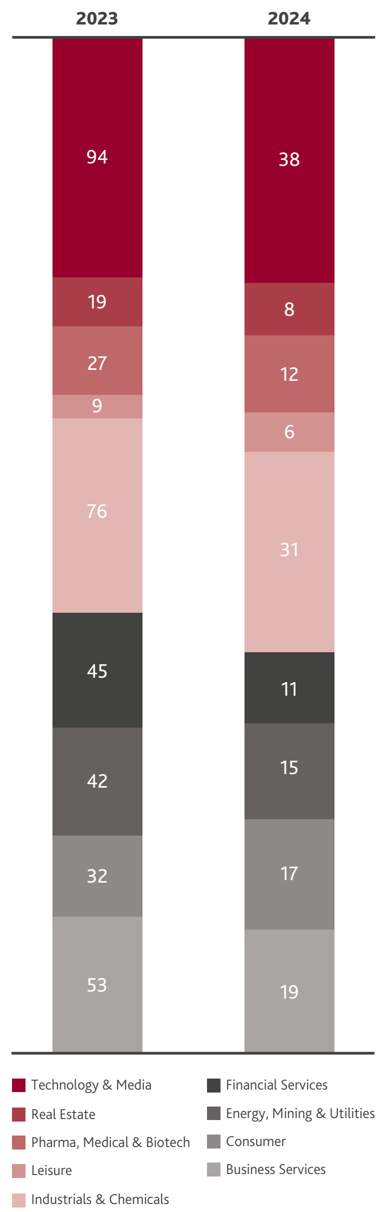
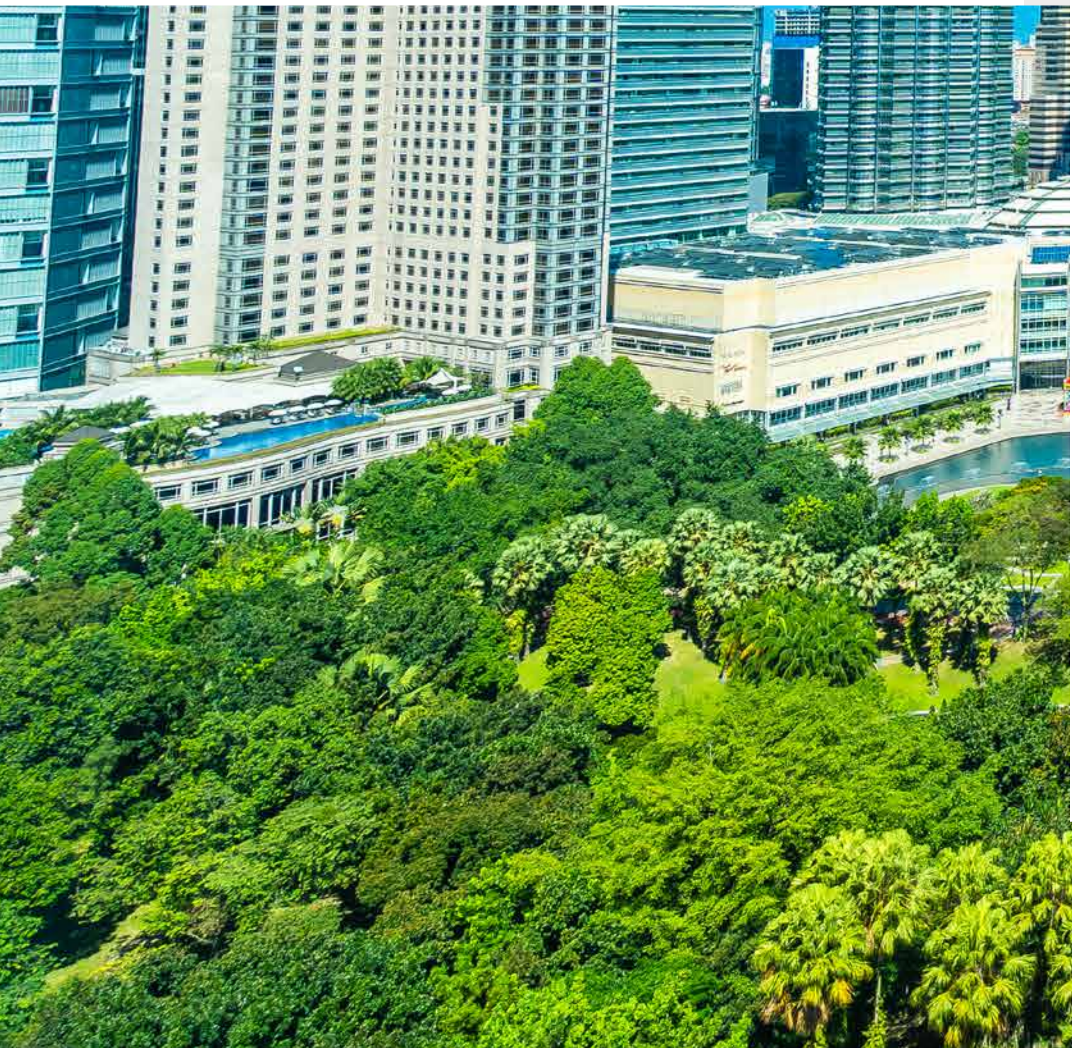
### SOUTH EAST ASIA
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Industrials & Chemicals | 39 | 20% |
| Business Services | 34 | 17% |
| TMT | 24 | 12% |
| Consumer | 23 | 12% |
| Financial Services | 20 | 10% |
| Energy, Mining & Utilities | 20 | 10% |
| Pharma, Medical & Biotech | 19 | 10% |
| Real Estate | 10 | 5% |
| Leisure | 8 | 4% |
| **GRAND TOTAL** | **197** | |

### SOUTH EAST ASIA
MID-MARKET VOLUMES BY SECTOR



# Australasia

## M&A ACTIVITY CONTINUES TO BE CHALLENGED IN THE CURRENT ECONOMIC CLIMATE

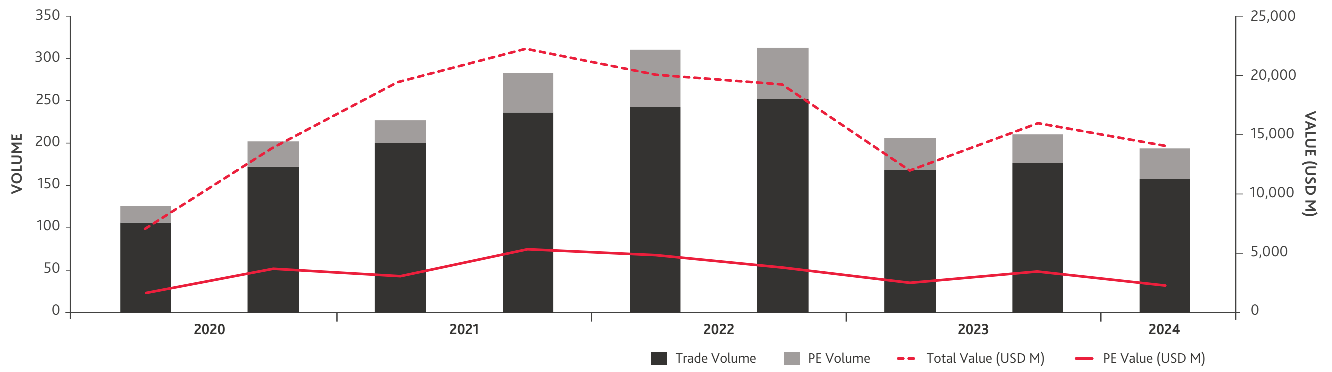
### BIG PICTURE

- In H1 2024, total deal value increased by 16.5% compared to H1 2023, driven by a 23.9% increase in average deal value to USD 72.4m, despite deal volume decreasing by 6% compared to H1 2023
- Foreign interest in Australasia remained strong, with foreign investors/acquirers involved in ten of the top 20 mid-market Australasian deals in H1 2024
- The BDO Heat Chart indicates there are 248 Australasian deals in the pipeline at the end of H1 2024 compared to 340 deals at the end of H2 2023. Noting that 188 deals were completed (55% pipeline conversion) in H1 2024, M&A activity over the next six months is likely to be subdued compared to H1 2024. .

**A total of 188 deals were completed in H1 2024, with a combined value of USD 13.6bn, representing a 6% decrease in deal volume and a 16.5% increase in deal value compared to H1 2023. This reflects the continuation of an 18-month trend towards pre-pandemic M&A activity levels, driven by sustained high inflation, rising interest rates and geopolitical uncertainty. Furthermore, the average transaction value rose to USD 72.4m compared to USD 58.5m in H1 2023, driven by investors prioritising stronger assets which typically transact at higher multiples.**

The total deal value of PE-backed transactions increased from USD 2.4bn (37 deals) in H1 2023 to USD 3.4bn (33 deals) in H2 2023 and subsequently decreased to USD 2.2bn in H1 2024, driven by average deal value.

### PE/TRADE VOLUME & VALUE




### KEY SECTORS AND DEALS

TMT, Energy, Mining & Utilities and Industrials & Chemicals were the most active sectors in H1 2024, completing 34, 32 and 31 transactions respectively. Industrials & Chemicals, Real Estate and Consumer recorded the most significant increases in transaction volumes at 40.9%, 28.6% and 18.8% respectively. Conversely, Leisure and Business Services recorded the most significant reductions, with eight fewer deals in each sector (representing falls of 44.4% and 25%, respectively) compared to H1 2023.

The largest deal in H1 2024 was Trelleborg AB's USD 400m acquisition of Baron Rubber Pty Ltd. Trelleborg, a Swedish Engineering Group listed on the Nasdaq Stockholm, agreed to acquire Baron Group, an Australian-Chinese manufacturer of advanced precision silicone components.

The acquisition strengthens Trelleborg's application expertise and manufacturing capacity, positioning the Group as a global partner for medical technology products.

The second largest transaction was Keppel Infrastructure Trust's USD 390m acquisition of Ventura Motors Pty Ltd. Keppel Infrastructure Trust (KIT) is a diversified infrastructure fund listed on the Singapore Exchange, whilst Ventura Motors is the largest bus service business in Victoria, with over 80% of Ventura's revenue generated from long-term government route services and it is a first mover in terms of the energy transition within the public transportation sector.

Additionally, KIT will accelerate Ventura's shift towards electrification, with the company's carbon emission intensity expected to decrease by approximately 8% post-acquisition.

Rounding out the top three announced deals in H1 2024 was Quadrant Private Equity's USD 330m acquisition of a 1.2% stake in Canva Pty Ltd. Quadrant is an Australian-based mid-market PE equity firm specialising in managed buyouts across a wide range of sectors including retail, healthcare, media, consumer foods and financial services. Canva is an Australian-based multi-national software company providing a graphic design platform with the capability to create and tailor social media graphics and presentations. Quadrant's investment in Canva represented their largest deal to date and was also the first from its new Strategic Equity Fund, which commenced in 2023 with a flexible mandate to invest in high-growth businesses across a range of sectors.

## LOOKING AHEAD

In line with the trend observed over the 18 months to June 2024, M&A dealmaking is expected to remain subdued in H2 2024. The BDO Heat Chart shows that there were 250 Australasian deals in the pipeline at the end of H1 2024, compared to 353 deals in the pipeline at the end of H1 2023 and 340 deals at the end of H2 2023.

The BDO Heat Chart indicates that the most active sectors will be Consumer, with a predicted deal flow of 43 transactions, Industrials & Chemicals (42) and Energy, Mining & Utilities (34). Conversely, the Real Estate (4 deal), Leisure (23) and Pharma, Medical & Biotech (24) sectors are predicted to be the least active. This is largely consistent with the transaction volume trends recorded in H1 2024.

M&A activity continues to be challenged by the current economic climate. Interest rates were progressively hiked from 0.1% in May 2022, and remained at decade-highs at 4.35% at the end of H1 2024. Despite this, interest rates still remain lower than in other major global economies such as the US and UK at 5.5% and 5.25% respectively. Whilst inflation has fallen substantially from its Q4 2022 peak of 7.8%, it still remains above the Reserve Bank of Australia's target band (2%-3%) at 3.6% as of the end of Q1 2024.

At the Reserve Bank's latest monetary policy meeting (held at 4.35%), the board indicated that the main priority would continue to be returning inflation to its target band, and consequently consensus around future monetary policy decisions and further interest rate increases is mixed.

As has been the case over the last 18 months, further prolonged periods of high interest rates and continued uncertainty around future rate movements are likely to enhance the mismatch between the pricing expectations of buyers and sellers. Furthermore, continued geopolitical tensions between global heavyweights (the US and China), the ongoing war in Ukraine and conflict in the Middle East are all likely to place additional strain on an already uncertain macroeconomic environment.

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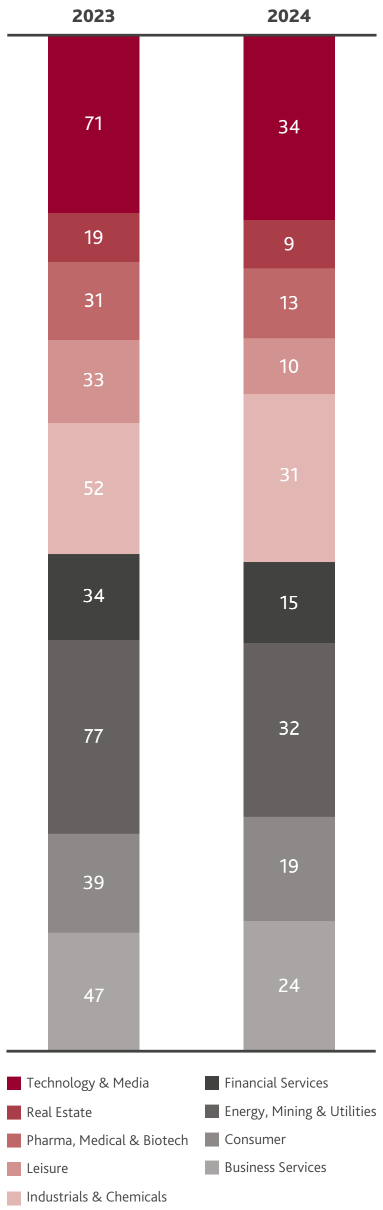
**AUSTRALASIA**
HEAT CHART BY SECTOR

| | | |
|---|---|---|
| Consumer | 43 | 17% |
| Industrials & Chemicals | 42 | 17% |
| Business Services | 35 | 14% |
| Energy, Mining & Utilities | 34 | 14% |
| TMT | 26 | 10% |
| Pharma, Medical & Biotech | 24 | 10% |
| Leisure | 23 | 9% |
| Financial Services | 17 | 7% |
| Real Estate | 4 | 2% |
| **GRAND TOTAL** | **248** | |

**AUSTRALASIA**
MID-MARKET VOLUMES BY SECTOR




# Some of our recently completed deals

### FENZ-SOFTWARE GMBH

BDO provided M&A sell-side advisory services to the vendor.

**JANUARY 2024**
**AUSTRIA**

### AEROCOMPACT GROUP HOLDING AG

BDO Austria in co-operation with BDO Germany, BDO USA and BDO India supported Aerocompact with an international tax and payroll vendor due diligence and comprehensive financial vendor assistance services.

**JANUARY 2024**
**AUSTRIA**

### SBL ENERGY LIMITED

Financial advisor to SBL Energy in the raise of growth capital from Synergy Capital, India SME Investments and a few others.

**FEBRUARY 2024**
**INDIA**

###

Progrits AB has acquired Tetrasoft A/S. BDO acted as vendor financial advisor.

**MARCH 2024**
**DENMARK**

### AUTO-IT GROUP

100% acquisition of Auto IT Group by Perseus Group (Constellation Software Inc.).

**MARCH 2024**
**AUSTRALIA**

### family land

Van Hoorne Studios acquires Familyland.

**MARCH 2024**
**NETHERLANDS**

### Proff Rent.no

BDO Corporate Finance acted as lead advisor to the owners of Proffrent AS in the sale to 4Service.

**MARCH 2024**
**NORWAY**

### TAKSENTERET AS

BDO Corporate Finance acted as lead advisor to the owners of Taksenteret AS in the sale to Areco Profiles AS (Areco Group AB).

**MARCH 2024**
**NORWAY**

### KLEIN WIERINGEN

Bussola Groep acquires Klein Wieringen.

**MARCH 2024**
**NETHERLANDS**

### SIMPSON TRAVEL

The Leisure M&A Team announces its latest travel sale to private equity. BDO advised the shareholders of Simpson Travel on the sale to Risk Capital Partners (RCP), the private equity firm led by Luke Johnson.

**MARCH 2024**
**UNITED KINGDOM**

### investree.

Karmijn Kapitaal acquires stake in Investree.

**MARCH 2024**
**NETHERLANDS**

### JFW RENEWABLES LIMITD

BDO acted as lead advisor to JFW Renewables on their sale to NRG Panel, a portfolio company of Melior Private Equity.

**APRIL 2024**
**IRELAND**

### MOTORSPORT PRODUCTS GROUP, INC.

BDO Capital advises Motorsport Products Group, Inc. on acquisition by Radial Equity Partners.

**APRIL 2024**
**USA**

### UNIQUEPAK PTY LTD

Lead advisor to UniquePak's shareholders in relation to the acquisition of the company by TricorBraun.

**APRIL 2024**
**AUSTRALIA**

### ECONIS

Sell-Side lead advisor to Econis AG in connection with the sale to WIIT S.p.A.

**MAY 2024**
**SWITZERLAND**

### OMNI

BDO has provided buyside M&A and CDD services on the acquisition of Compass Continuing Healthcare by Omni Partners LLP.

**MAY 2024**
**UNITED KINGDOM**

### INTERNATIONAL SCHOOL OF ATHENS

BDO Greece acted as exclusive financial advisor and negotiator of ISA and its shareholders for the sale of 100% of shares to a UK Education Group.

**MAY 2024**
**GREECE**

### thrive

BDO advised the shareholders of Petproject Limited (trading as Thrive Pet Foods) on the sale to Petbuddy Group.

**MAY 2024**
**UNITED KINGDOM**

### TORIRO POWER SOLUTIONS

BDO Deal Advisory acted as exclusive financial advisor to the owners of Toriro Power Solutions AB in the divestment to Sparc Group.

**MAY 2024**
**SWEDEN**

### multigraf

Sell-Side lead advisor to Multigraf AG in connection with the sale to Duplo Seiko Corporation.

**MAY 2024**
**SWITZERLAND**

### ANDERSON TRANSPORTATION AND LOGISTICS, LLC

FLS Transportation Services Limited , an Abry Partners portfolio company, acquired Anderson Transportation & Logistics, LLC . BDO Capital served as exclusive financial advisor to ATL on this transaction.

**JUNE 2024**
**USA**

### PROFAST GROUP

BDO acted as the Lead Advisory team to Profast Group in their acquisition of Profast Ltd in Ireland, Profast (NI) Ltd, and Fortus Hardware Ltd. BDO provided Financial Due Diligence, Tax Due Diligence, and Finance Raising as part of the MBO process.

**JUNE 2024**
**NORTHERN IRELAND**

### torus group

Sale of Torus Technology Group Limited to Industrial Physics LLP.

**JUNE 2024**
**UNITED KINGDOM**

### PELCO LIMITED

BDO acted as lead advisor to Pelco on their sale of 9 forecourts to Circle K Ireland. Pelco is a convenience retail group and operates a number of petrol stations in Leinster.

**JULY 2024**
**IRELAND**

## FOR MORE INFORMATION: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Data compiled by Acuris.

We focus on the middle market, defined as deals with a value from $5m to $500m in US Dollars.



**www.bdo.global**


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