



FALL 2023 M&A TAKEAWAYS

- **M&A Softness Continues in Q3:** U.S. M&A deal volume in Q3 2023 declined 25.1% compared to Q3 2022 and marked the seventh straight quarterly decline since Q4 2021. In what may be a sign of bottoming, deal volume only declined 2% in Q3 2023 from Q2, and announced value increased 11.8%.
- **Despite Softness, Large Deals Taking Place:** Q3 saw a number of multi-billion-dollar deals announced across various sectors including Technology (Cisco/Splunk \$28.5B), Materials (Smurfit/WestRock \$21.0B), and Utilities (Enbridge/Three Dominion Gas Utilities \$14.0B), among others.
- **Well Capitalized Acquirors Still Active:** With the U.S. prime lending rate at 8.5%, a level not seen since 2001, the current M&A market has favored well-capitalized strategic acquirors who continue to pursue strong “bolt-on” acquisition candidates actively.
- **Private Equity Dealmaking Slows:** Through Q3 2023, private equity transactions declined 30.9%, with both platform and add-on deals falling sharply. PE deal value fell 24.8% during the same period. Leverage ratios have been shrinking since the beginning of the year as lending standards have become more conservative.
- **Economic Strength Continues:** The U.S. economy grew an impressive 4.9% in the third quarter of 2023, defying recession fears as higher wages drove consumer spending and businesses restocked inventories to meet demand. Despite the strength in Q3, economists do not feel it is sustainable as aggressive interest rates bite consumers.
- **2023 Outlook:** As M&A activity was stable between Q2 and Q3 2023, there are signs that the market is beginning to bottom. If the economy can avoid slipping into a recession, 2024 can potentially see renewed M&A growth as headwinds dissipate and buyers seek growth.



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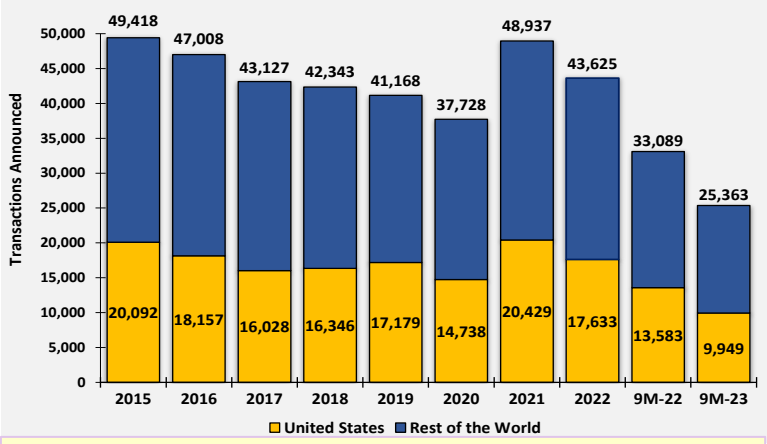
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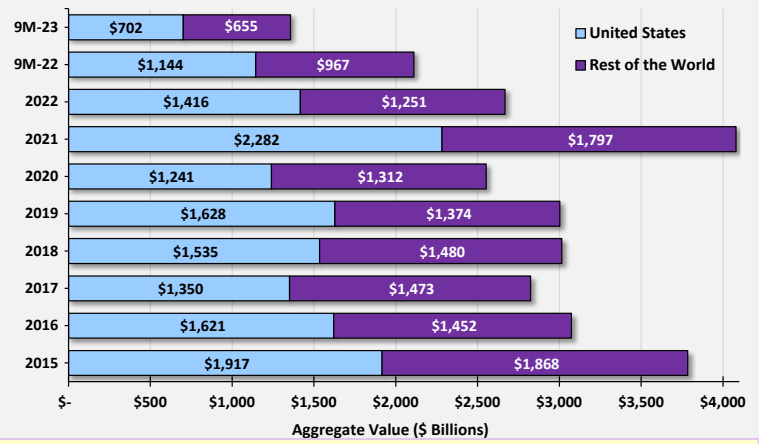


U.S. vs. Global M&A Deal Count



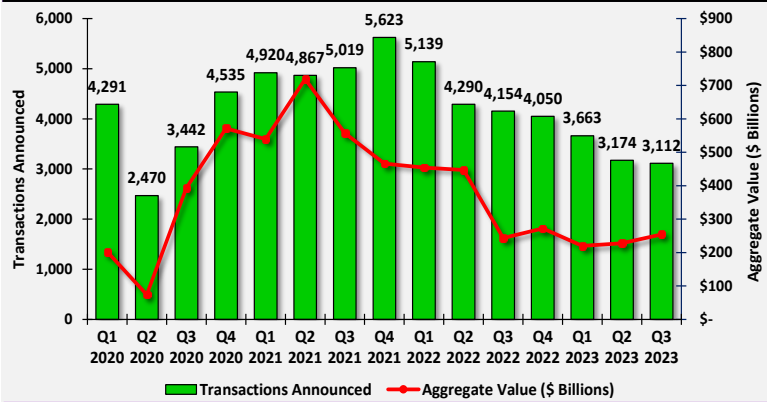
Global M&A volume in the first nine months of 2023 declined 23.3% from 2022, while U.S. M&A deal volume was down 26.8%.

U.S. vs. Global M&A Aggregate Deal Value



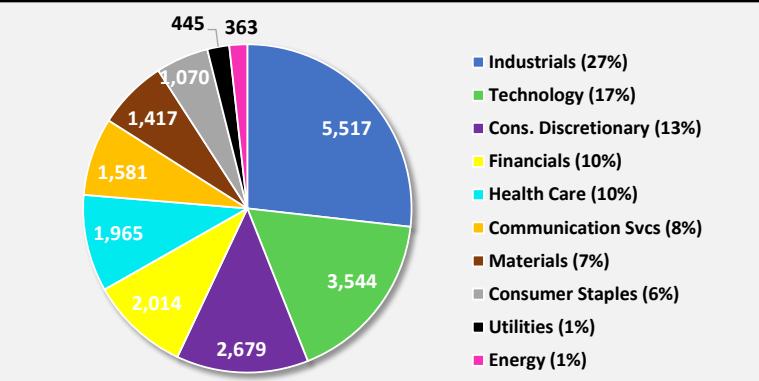
Global M&A deal value fell 35.7% in the first nine months of 2023 compared to 2022, while U.S. M&A deal value dropped 38.7%.

U.S. Quarterly M&A Volume & Value



U.S. deal volume trended lower for the seventh straight quarter; however, the aggregate value of announced deals increased.

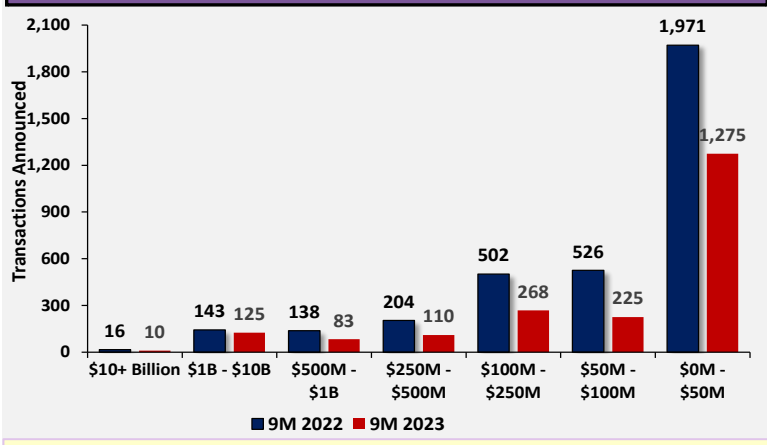
2023 M&A Deal Volume by Sector



Data: YTD as of September 30, 2023, global data.

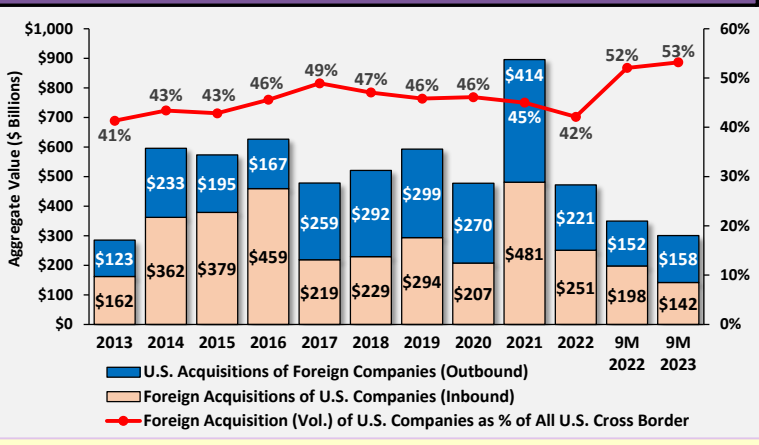
The Industrial, Technology and Consumer Discretionary sectors are the most active to date in 2023 at 57% of global deals.

U.S. M&A Volume by Deal Size



For deals with disclosed values in 2023, transactions below \$1B showed the largest % decline.

U.S. Inbound vs. Outbound Cross-Border Activity

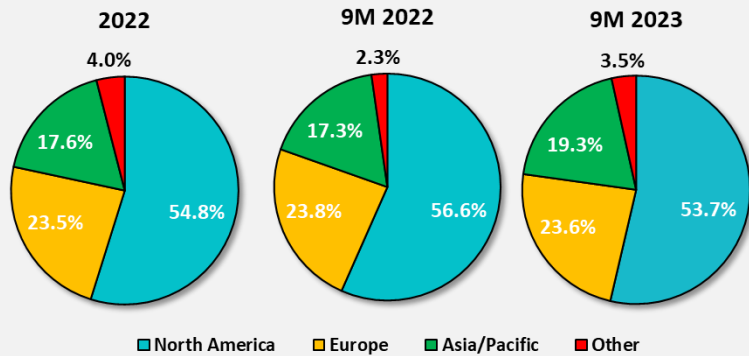


U.S. cross-border deal volume declined 22% in 2023. Foreign buyers of U.S. companies represented 53% of transactions.

Source for all data: S&P Capital IQ. All M&A data: Announced or Closed deals where at least 50% of target has been acquired.



% of Total Deal Value by Geographic Region



North American M&A value was a slightly smaller proportion of overall activity as the Asia/Pacific & Other markets increased.

Median M&A Control Premiums & Minority Discounts

Median M&A Control Premiums							
Years Ended December 31,							
Premiums	2017	2018	2019	2020	2021	2022	9M 2023
One Day	25.5%	23.0%	22.1%	24.7%	24.3%	39.2%	31.6%
One Week	27.5%	27.1%	25.4%	28.4%	26.0%	41.4%	32.6%
Four Week	33.1%	31.3%	29.1%	31.9%	36.9%	49.0%	40.7%

Median M&A Minority Discounts							
Years Ended December 31,							
Discounts	2017	2018	2019	2020	2021	2022	9M 2023
One Day	-20.3%	-18.7%	-18.1%	-19.8%	-19.5%	-28.2%	-24.0%
One Week	-21.6%	-21.3%	-20.3%	-22.1%	-20.6%	-29.3%	-24.6%
Four Week	-24.9%	-23.8%	-22.5%	-24.2%	-27.0%	-32.9%	-28.9%

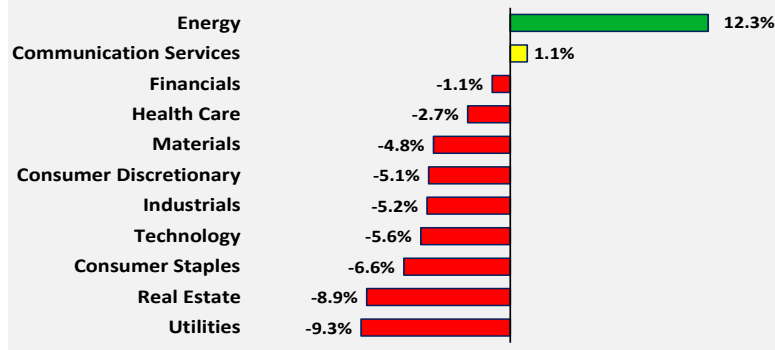
Acquisition control premiums for public companies declined in 2023 from 2022.

LARGEST U.S. M&A TRANSACTIONS ANNOUNCED

Date	Target	Acquiror	Enterprise Value	Industry
03/13/2023	Seagen Inc. (NasdaqGS:SGEN)	Pfizer Inc. (NYSE:PFE)	\$43.0 B	Health Care
09/21/2023	Splunk Inc. (NasdaqGS:SPLK)	Cisco Systems, Inc. (NasdaqGS:CSCO)	\$28.5 B	Technology
08/08/2023	DISH Network Corporation (NasdaqGS:DISH)	EchoStar Corporation (NasdaqGS:SATS)	\$25.1 B	Communication Svcs.
09/12/2023	WestRock Company (NYSE:WRK)	Smurfit Kappa Group Plc (ISE:SK3)	\$21.0 B	Materials
05/14/2023	Magellan Midstream Partners, L.P.	ONEOK, Inc. (NYSE:OKE)	\$18.8 B	Energy
09/05/2023	3 Gas Utility Operations from Dominion Energy, Inc. (NYSE:D)	Enbridge Inc. (TSX:ENB)	\$14.0 B	Utilities
03/12/2023	Qualtrics International Inc. (NasdaqGS:XM)	Silver Lake Technology Management, LLC; Canada Pension Plan Investment Board (CPP Investments)	\$10.9 B	Technology
06/12/2023	Adenza Group, Inc.	Nasdaq, Inc. (NASDAQGS:NDAQ)	\$10.7 B	Technology
02/08/2023	Oak Street Health, Inc. (NYSE:OSH)	CVS Health Corporation (NYSE:CVS)	\$10.5 B	Health Care
04/16/2023	Prometheus Biosciences, Inc.	Merck & CO., Inc. (NYSE:MRK)	\$10.2 B	Health Care
04/03/2023	World Wrestling Entertainment, Inc.	Zuffa, LLC; Endeavor Group Holdings, Inc. (NYSE:EDR)	\$9.3 B	Media and Entertainment
03/14/2023	Univar Solutions Inc. (NYSE:UNVR)	Apollo Global Management, Inc. (NYSE:APO); Abu Dhabi Investment Authority	\$8.1 B	Industrials
05/22/2023	PDC Energy, Inc. (NasdaqGS: PDCE)	Chevron Corporation (NYSE:CVX)	\$7.7 B	Energy
01/23/2023	Evoqua Water Technologies Corp. (NYSE:AQUA)	Xylem Inc. (NYSE:XYL)	\$7.5 B	Industrials
07/28/2023	Reata Pharmaceuticals, Inc. (NasdaqGM:RETA)	Biogen Inc. (NasdaqGS:BIIB)	\$7.4 B	Health Care
05/10/2023	Syneos Health, Inc.	Veritas Capital Fund Management, L.L.C.; Elliot Investment Management L.P.; Patient Square Capital LP	\$7.4 B	Health Care
08/16/2023	Crestwood Equity Partners LP (NYSE:CEQP)	Energy Transfer LP (NYSE:ET)	\$7.3 B	Energy
02/27/2023	Focus Financial Partners Inc. (NasdaqGS:FOCS)	Clayton, Dubilier & Rice, LLC; Stone Point Capital LLC	\$7.0 B	Financials
07/31/2023	New Relic, Inc. (NYSE:NEWR)	Francisco Partners and TPG Capital	\$6.6 B	Technology
09/11/2023	Hostess Brands, Inc. (NasdaqCM:TWNK)	The J. M. Smucker Company (NYSE:SJM)	\$5.5 B	Consumer Staples
08/17/2023	Ball Aerospace & Technologies Corp	BAE Systems plc (LSE:BA.)	\$5.5 B	Industrials
04/30/2023	IVERIC bio, Inc. (NasdaqGS: ISEE)	Astellas US Holding, Inc.	\$5.4 B	Health Care
07/13/2023	Denbury Inc. (NYSE:DEN)	Exxon Mobil Corporation (NYSE:XOM)	\$5.0 B	Energy
04/05/2023	Scopely, Inc.	Savvy Games Group	\$4.9 B	Media and Entertainment
05/04/2023	Arconic Corporation (NYSE:ARNC)	Apollo Global Management, Inc. (NYSE:APO); Irenic Capital Management LP	\$4.7 B	Materials
06/26/2023	Apptio, Inc	International Business Machines Corporation (NYSE:IBM)	\$4.6 B	Technology



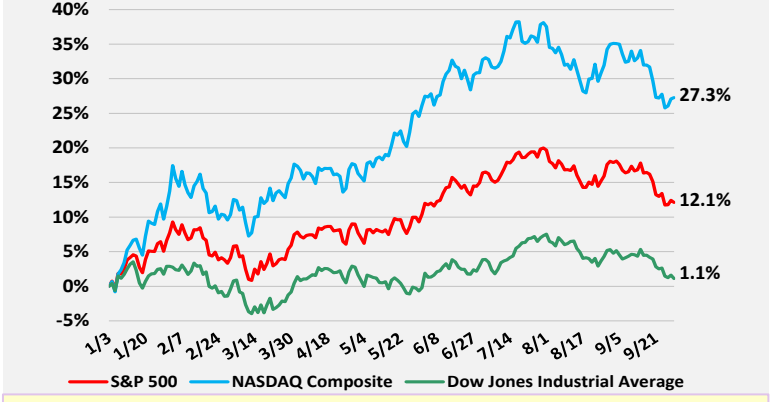
S&P Sector Performance – Q3 2023



*Q3 Data as of September 30, 2023. Performance based on total return. Source: S&P Capital IQ. Based on S&P 500 industry groups.

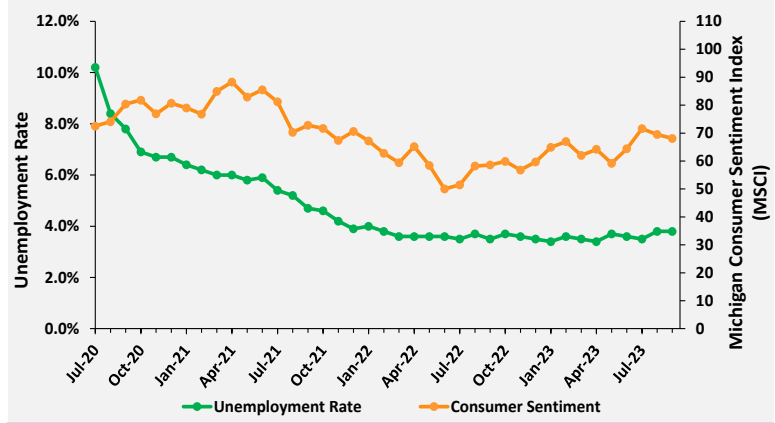
The S&P 500 declined 3.8% in Q3 2023 as interest sensitive sectors led the decline, while Energy showed strong gains.

YTD 2023 Major Stock Index Performance



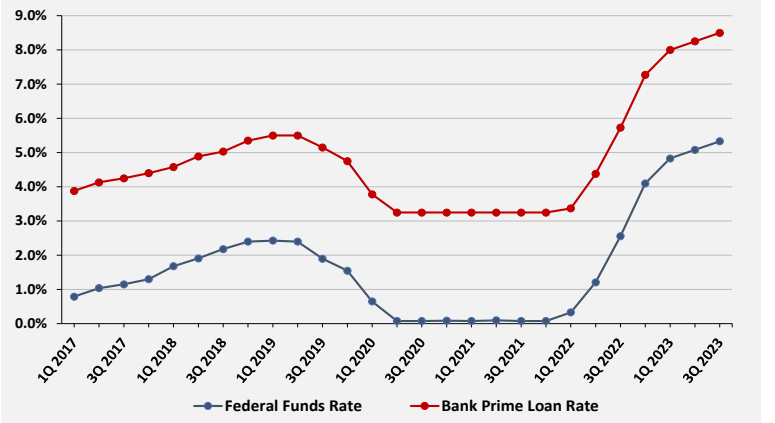
Despite declines in Q3, all major stock indices remain positive in 2023, with the tech-heavy Nasdaq up a sharp 27.3%.

Unemployment Rate & Consumer Sentiment



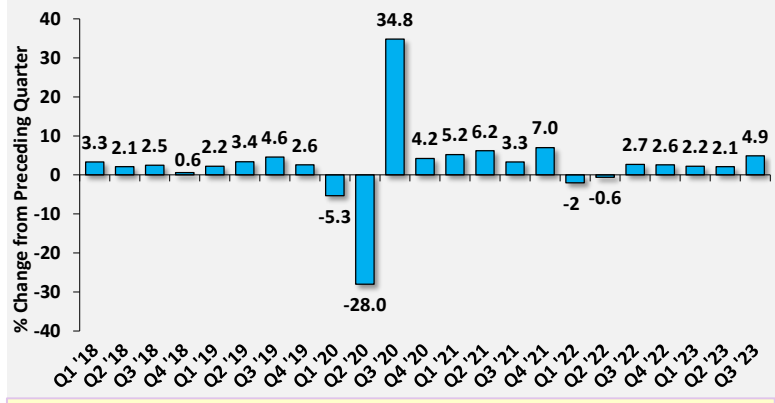
Despite low unemployment, consumer sentiment declined for the second straight month in September 2023.

Federal Funds Rate & Prime Lending Rate



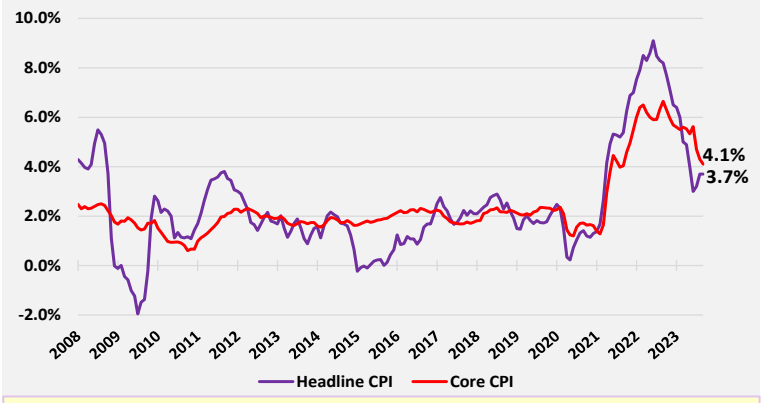
The Federal Reserve raised the Federal Funds Rate 25 basis points to 5.50% at its July 2023 meeting to combat inflation.

U.S. Real GDP: % Change from Preceding Quarter



Q3 U.S. Real GDP is estimated to have expanded a strong 4.9% following a summer of surging travel and entertainment.

Consumer Price Index: % Change from a Year Ago

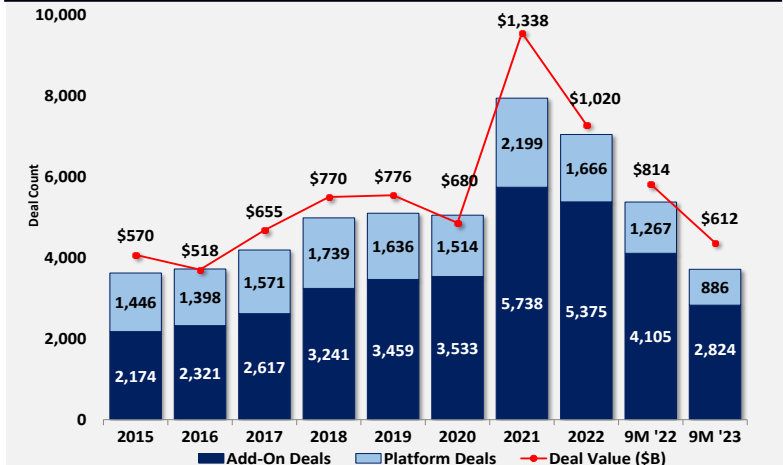


The U.S. Core Consumer Price Index continued to decline in Q3-2023 as the Fed's tightening cycle takes effect.

* Seasonally adjusted at annualized rates. Q3 '23 GDP is the "advance" estimate released by the Bureau of Economic Analysis. Sources: Federal Reserve Bank of St. Louis, Bureau of Labor Statistics, Bureau of Economic Analysis, Department of the Treasury, The Conference Board.

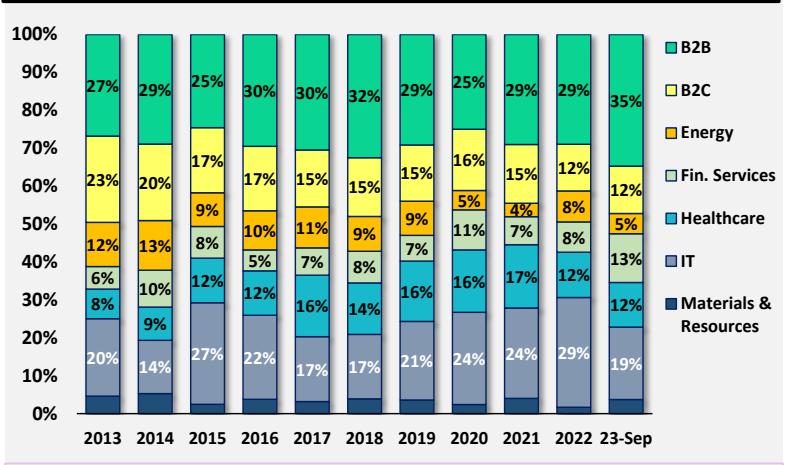


Private Equity Buyout M&A Volume & Value



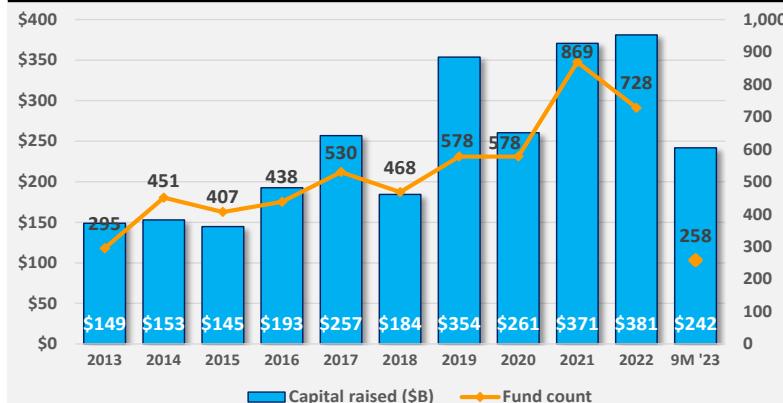
U.S. private equity buyout volume through September 2023 fell 30.9% from 2022, and while deal value fell 24.8%.

U.S. Private Equity Deal Value by Sector (%)



B2B and IT deals continued to represent the largest PE deal sectors representing a combined 54% of transactions.

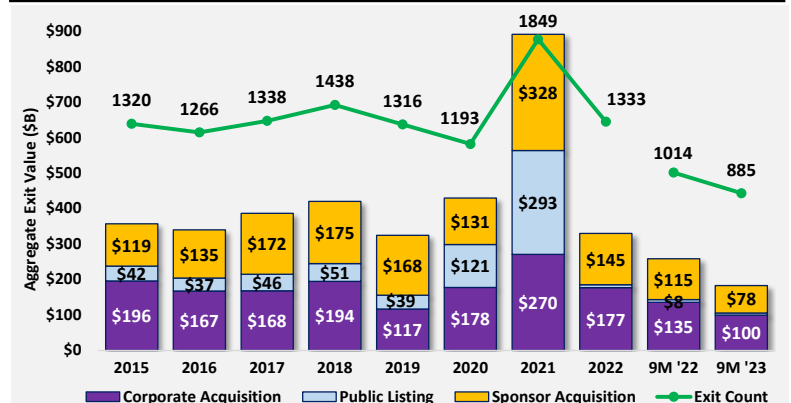
Private Equity Fundraising and Fund Count



Following a record-breaking 2022, fundraising slowed through Q3 2023 compared with 2022, down 12.9%.

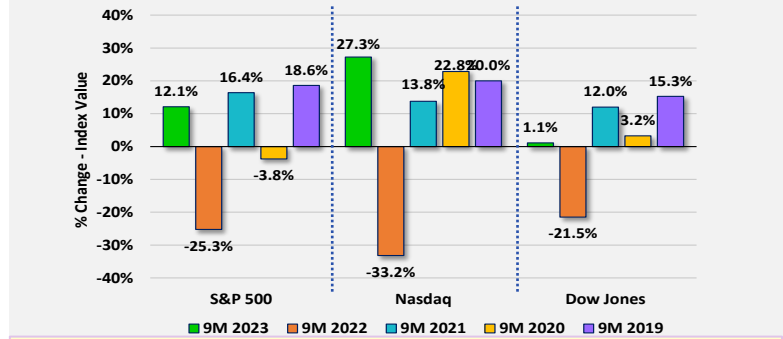
Source for all private equity data: PitchBook Data, Inc.

Private Equity Exit Volume and Value by Type



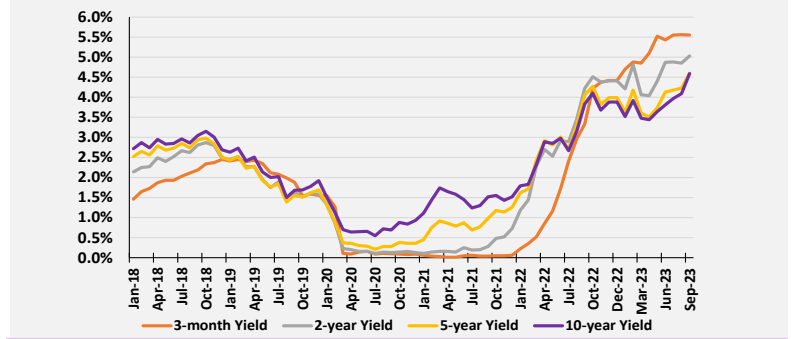
U.S. PE exits are well below historical levels through Q3 2023. The current IPO market has not been a strong option for PE exits.

Historical Stock Index Performance



The major market indices have been mixed through Q3 2023 with the tech-heavy Nasdaq up strong and the Dow flat.

Historical U.S. Treasury Market Yields



The Treasury curve remained inverted through Q3 2023, as investors worry about a potential economic recession.