



2023 M&A YEAR IN REVIEW

- **Slowest Year for Dealmaking in Past Decade:** Following robust M&A activity in 2021 and 2022, after the Covid-19 lull, 2023 saw the lowest level of dealmaking in the last decade as global deal volume was down 24% and aggregate deal value was off 22%.
- **Buyers and Sellers Encounter Obstacles in 2023:** Several hurdles existed in the market in 2023, which caused M&A activity to slow. The significant amount of dealmaking in 2021 and 2022 caused a bit of a hangover in 2023 as buyers digested earlier deals. With the U.S. prime lending rate at 8.5%, a level not seen since 2001, buyers were affected by sharply increased borrowing costs. The higher borrowing costs also caused valuations to be depressed, keeping some sellers on the sidelines. In addition, banks have been tightening leverage standards in the face of decreasing collateral values and an uncertain economic outlook.
- **Energy Sector Bonanza:** Despite the slowdown in overall M&A activity, 2023 saw several massive deals in the Energy sector as consolidation was in full force. In early October, Exxon Mobil announced its \$65 Billion acquisition of Pioneer Natural Resources. Two weeks later, Chevron announced its \$60 Billion acquisition of Hess Corporation. This followed several other \$10 Billion+ acquisitions in the space by ONEOK, Occidental Petroleum, and Enbridge.
- **M&A Activity Poised to Rebound in 2024:** Following a decade trough in M&A activity in 2023, the market is expected to rebound in 2024. Due to the slow market in 2023, there is currently a large backlog of companies that will look to come to market in 2024. For example, private equity exits have sharply declined over the last two years. There should be an uptick in activity as these companies come to market as owners look to liquidate these investments. In addition, a more stable economic outlook is helping to reduce uncertainty. Regulatory and geopolitical concerns and higher capital costs will limit the upside.



has acquired

MAGNETIC TECHNOLOGY, INC

Raptor Partners acted as financial advisor to Spang & Company and assisted in the negotiations.




has acquired

SUPERIOR MACHINE COMPANY OF SC

Raptor Partners acted as financial advisor to Woodings Industrial and assisted in the negotiations.




has been acquired by

KODIAK BUILDING PARTNERS

Raptor Partners acted as financial advisor to Don's Appliances and assisted in the negotiations.




has been acquired by

INCAP CORPORATION

Raptor Partners acted as financial advisor to Pennatronics and assisted in the negotiations.



- **Trusted Advisor**
- **\$40+ Billion Transactions Completed**
- **400+ Engagements**
- **Senior-Level Attention at All Phases**
- **Private and Public Company Experience**
- **Focused Industry Expertise**

For a confidential consultation, please contact:

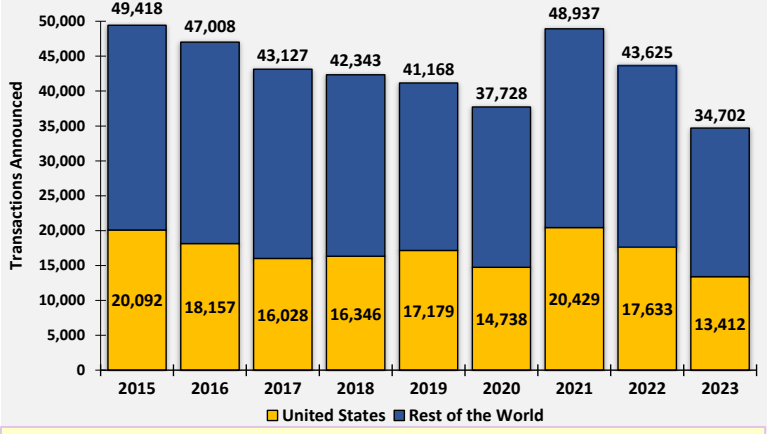
Craig A. Wolfanger
President & Founder
 craig.wolfanger@raptorllc.com
 (412) 281-1101

Brant G. Cappelloni
Managing Director & Co-Founder
 brant.cappelloni@raptorllc.com
 (412) 281-1084

12 Federal Street. 2nd Floor | Pittsburgh, PA 15212

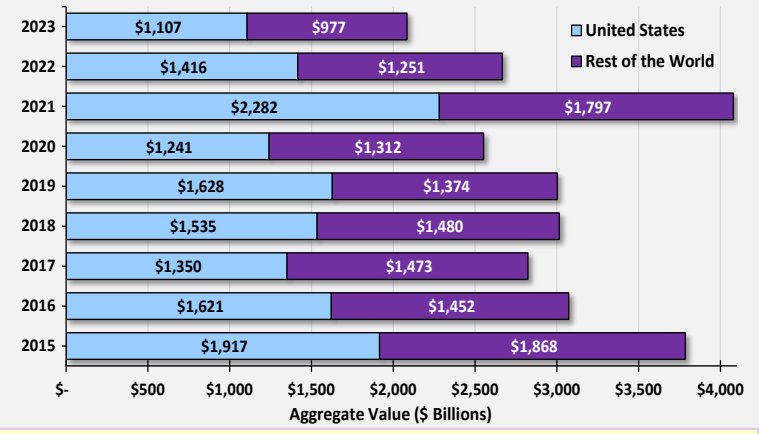


U.S. vs. Global M&A Deal Count



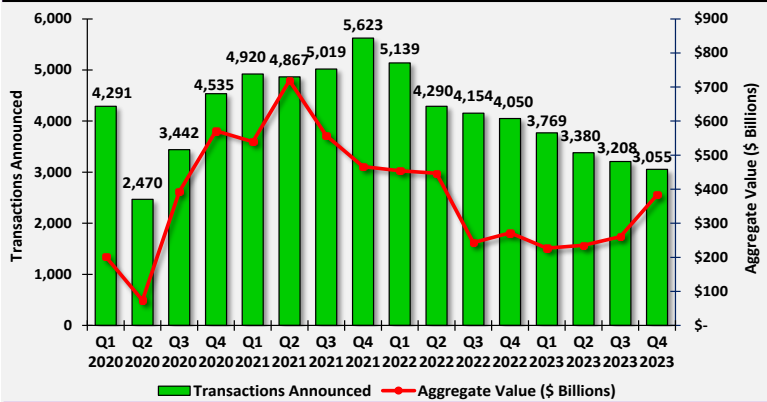
Following a post-pandemic surge, M&A volume declined sharply in 2023, with global activity off 23.9% and the U.S. off 20.5%.

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



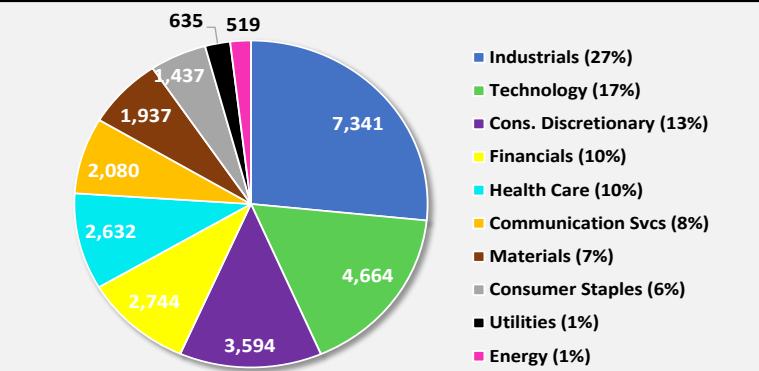
Global and U.S. aggregate M&A deal value both fell nearly 22% in 2023 compared to 2022.

U.S. Quarterly M&A Volume & Value



U.S. deal volume trended lower for the eighth straight quarter; however, the deal value reached its highest level since Q2-2022.

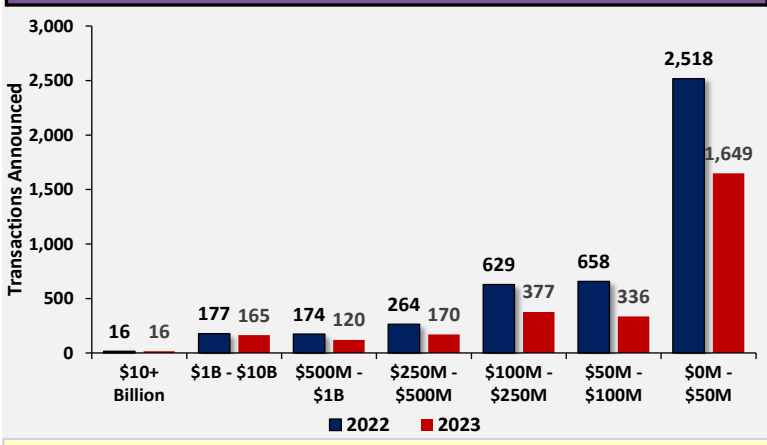
2023 M&A Deal Volume by Sector



Data: Year ended December 31, 2023, global data.

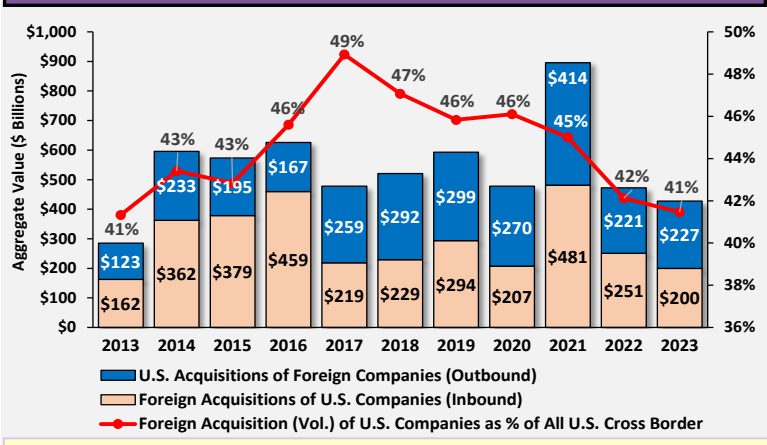
The Industrial, Technology and Consumer Discretionary sectors were the most active in 2023 at 57% of global deals.

U.S. M&A Volume by Deal Size



Despite the large decline in overall M&A activity, large deals (\$1B+) fared better in 2023 than smaller transactions.

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

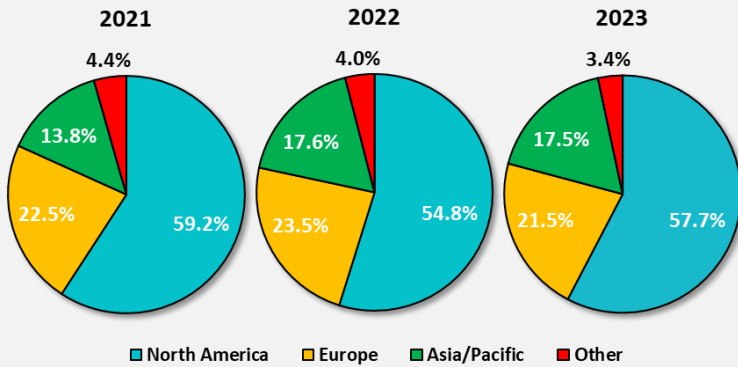


The value of U.S. acquisitions of foreign companies saw an increase in 2023, while inbound U.S. acquisitions by foreign buyers declined.

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 represented an increased portion of overall M&A activity in 2023 versus 2022.

Median M&A Control Premiums & Minority Discounts

Median M&A Control Premiums							
Years Ended December 31,							
Premiums	2017	2018	2019	2020	2021	2022	2023
One Day	25.5%	23.0%	22.1%	24.7%	24.3%	39.2%	32.4%
One Week	27.5%	27.1%	25.4%	28.4%	26.0%	41.4%	36.1%
Four Week	33.1%	31.3%	29.1%	31.9%	36.9%	49.0%	44.6%

Median M&A Minority Discounts							
Years Ended December 31,							
Discounts	2017	2018	2019	2020	2021	2022	2023
One Day	-20.3%	-18.7%	-18.1%	-19.8%	-19.5%	-28.2%	-24.4%
One Week	-21.6%	-21.3%	-20.3%	-22.1%	-20.6%	-29.3%	-26.5%
Four Week	-24.9%	-23.8%	-22.5%	-24.2%	-27.0%	-32.9%	-30.9%

Acquisition control premiums for public companies declined in 2023 from 2022 as overall equity prices rose.

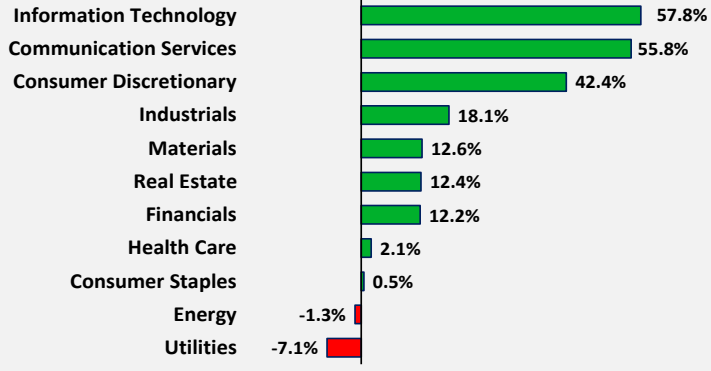
LARGEST U.S. M&A TRANSACTIONS ANNOUNCED IN 2023

Announce Date	Target	Acquiror	Enterprise Value	Industry
10/11/2023	Pioneer Natural Resources Company (NYSE:PXD)	Exxon Mobil Corporation (NYSE:XOM)	\$65.3 B	Energy
10/23/2023	Hess Corporation (NYSE:HES)	Chevron Corporation (NYSE:CVX)	\$60.4 B	Energy
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
12/18/2023	United States Steel Corporation (NYSE:X)	Nippon Steel North America, Inc.	\$15.0 B	Materials
09/05/2023	3 Gas Utility Operations from Dominion Energy, Inc. (NYSE:D)	Enbridge Inc. (TSX:ENB)	\$14.0 B	Utilities
12/20/2023	NFP Corp.	Aon plc (NYSE:AON)	\$13.6 B	Financials
12/22/2023	Karuna Therapeutics, Inc. (NasdaqGM:KRTX)	Bristol-Myers Squibb Company (NYSE:BBY)	\$12.7 B	Health Care
12/11/2023	CrownRock, L.P.	Occidental Petroleum Corporation (NYSE:OXY)	\$12.0 B	Energy
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
10/29/2023	Spirit Realty Capital, Inc. (NYSE:SRC)	Realty Income Corporation (NYSE:O)	\$9.3 B	Real Estate
11/30/2023	ImmunoGen, Inc. (NasdaqGS:IMGN)	AbbVie Inc. (NYSE:ABBV)	\$8.9 B	Health Care
12/06/2023	Cerevel Therapeutics Holdings, Inc. (NasdaqCM:CERE)	AbbVie Inc. (NYSE:ABBV)	\$8.4 B	Health Care
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

All transactions based on Announced Date and Implied Enterprise Value of transaction.
Source: S&P Capital IQ.



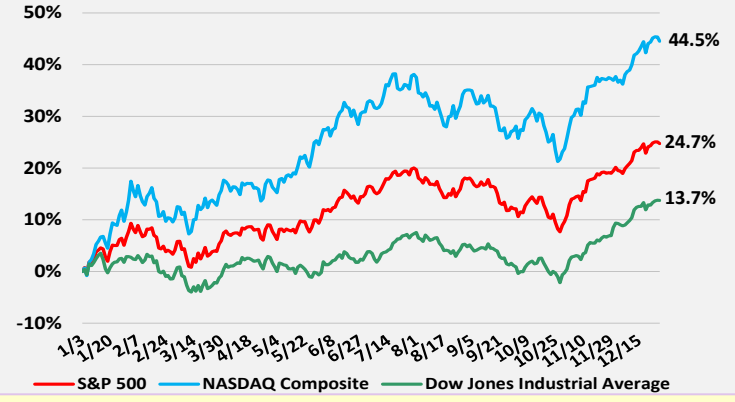
S&P Sector Performance – 2023



Source: S&P Capital IQ. Based on S&P 500 industry groups.

The IT, Communications Services, and Consumer Discretionary sectors recorded huge gains in 2023 as the market rebounded.

2023 Major Stock Index Performance



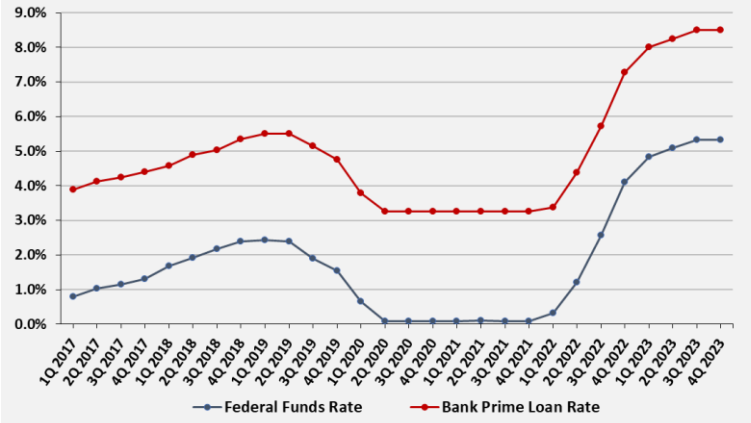
A very strong stock market performance in the fourth quarter of 2023 led to very strong annual gains in all major indices.

Unemployment Rate & Consumer Sentiment



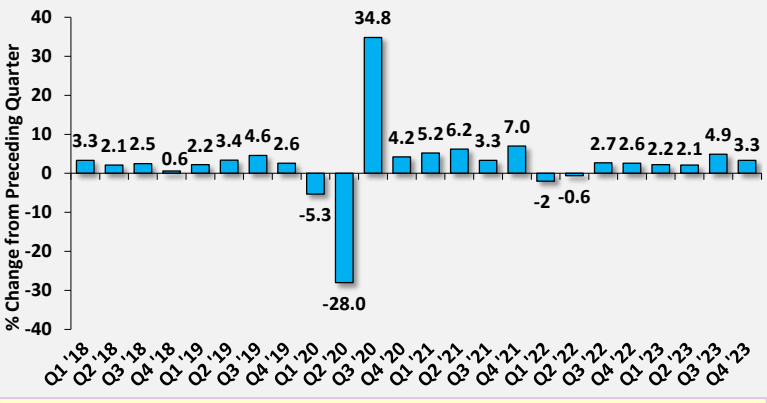
The unemployment rate remained steady at 3.7% in December 2023, while consumer sentiment surged higher.

Federal Funds Rate & Prime Lending Rate



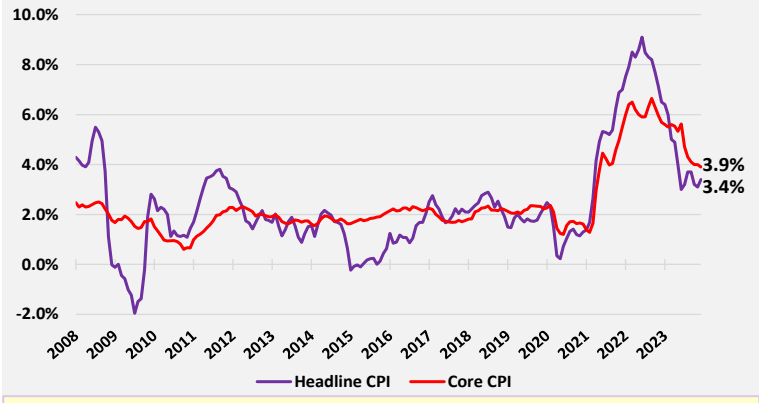
The Federal Reserve held its policy rate in the 5.25-5.5% range at its December meeting and signaled three rate cuts in 2024.

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



Q4 U.S. Real GDP increased at a 3.3% annualized rate which was much stronger than the 2% gain Wall Street expected.

Consumer Price Index: % Change from a Year Ago

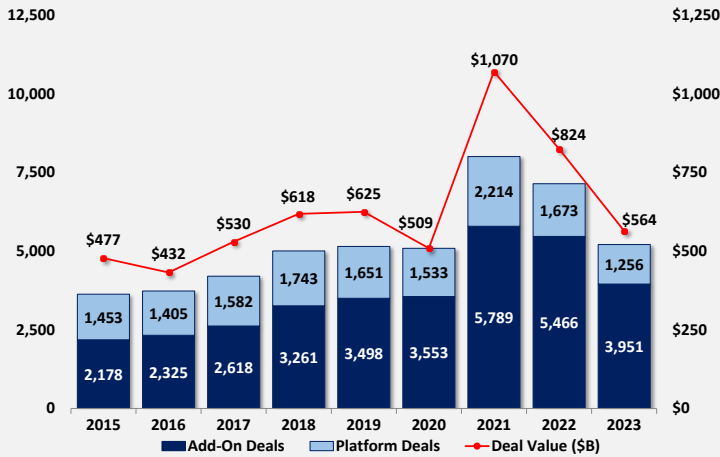


The U.S. Core CPI declined slightly in Q4-2023 to 3.9% but remains well above the Fed's 2% target.

* Seasonally adjusted at annualized rates. Q4 '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.



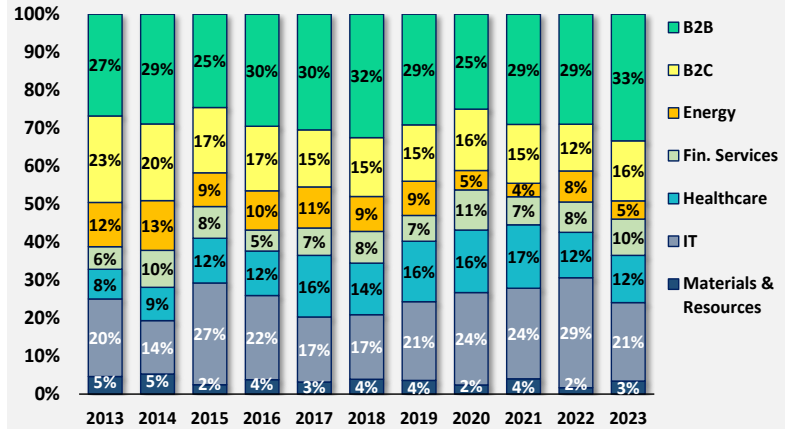
U.S. Private Equity M&A Volume & Value



U.S. private equity transaction volume fell 27.1% in 2023 from 2022, and while deal value fell 31.6%.

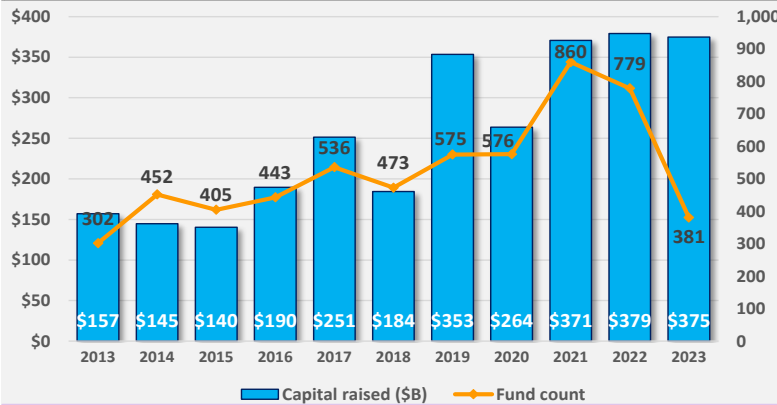
* Excludes PE Growth/Expansion investments.

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



B2B and IT deals represented the largest PE deal sectors combining for 54% of transactions in 2023.

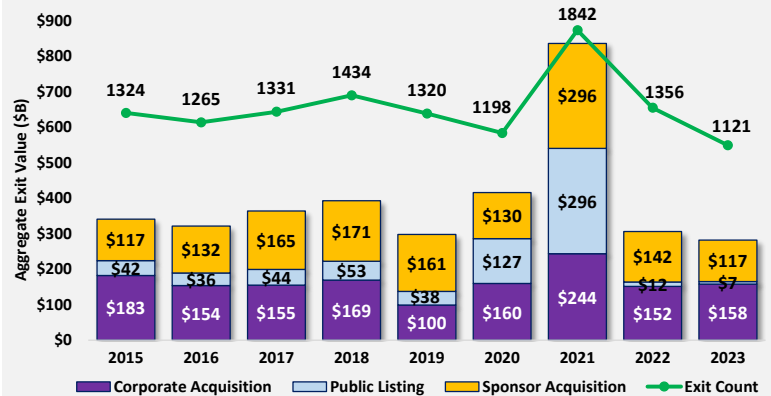
Private Equity Fundraising and Fund Count



The number of PE funds raising capital dropped sharply in 2023, while the capital raised was flat as more mega funds were raised.

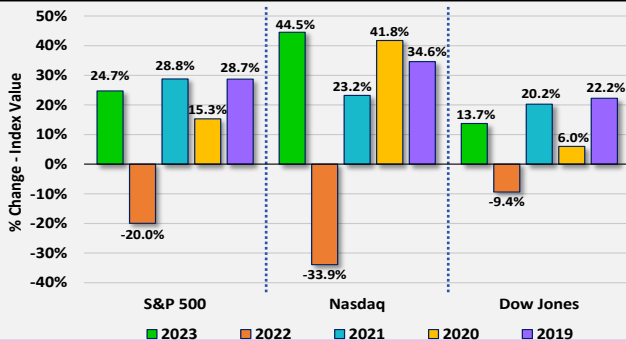
Source for all private equity data: PitchBook Data, Inc.

Private Equity Exit Volume and Value by Type



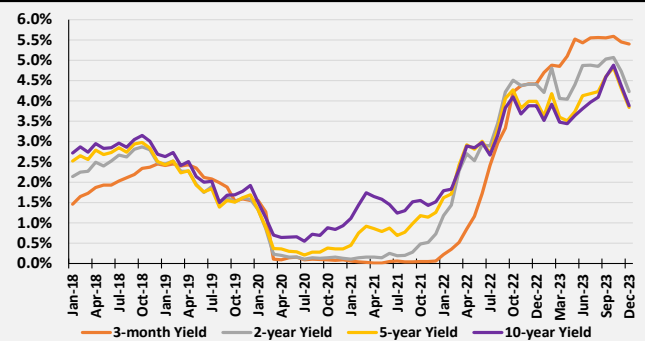
PE exits fell sharply in 2023 for the second straight year and were at their lowest level in the past decade.

Historical Stock Index Performance



All three major market indices posted sharp rebounds in 2023 following the big downturn in 2022.

Historical U.S. Treasury Market Yields



The Treasury curve remained inverted throughout 2023, as investors worried about a potential economic recession.