

Deal Drivers: Americas HY 2023

A spotlight on mergers and
acquisitions trends in 2023

Contents

| | |
|---|----|
| Foreword: Dealmakers grapple with the growing cost of capital | 03 |
| Outlook: Americas heat chart | 04 |
| All sectors | 06 |
| Consumer | 16 |
| Energy, mining & utilities | 21 |
| Financial services | 26 |
| Industrials & chemicals | 31 |
| Pharma, medical & biotech | 36 |
| Real estate | 41 |
| Telecoms, media & technology | 46 |
| About this report | 51 |



Foreword: Dealmakers grapple with the growing cost of capital

Global M&A markets are facing bruising headwinds, and American dealmakers are not sheltered from the storm. M&A activity in the Americas continued to slow over the first six months of 2023, having trended downwards through much of 2022. The record levels of dealmaking seen in 2021 now seem a long way off.

Geopolitical uncertainty is on the rise, with Russia's full-scale invasion of Ukraine continuing to create turmoil within global supply chains. Mounting tensions between China and the US have added to anxiety, despite recent efforts to repair political relations.

The economic backdrop is challenging, too: the International Monetary Fund (IMF) is predicting weak global GDP growth of just 2.8% in 2023, rising only to 3% in 2024. For advanced economies, the IMF's forecast is for growth of just 1.3% and 1.4% in 2023 and 2024, respectively.

Interest rate strain

Steps taken by the US Federal Reserve to tackle rampant inflation continue to weigh heavily on dealmakers. The Fed's Federal Open Market Committee raised interest rates on 10 consecutive occasions at its monthly meetings until taking a pause in June.

Overall, rates in the US have climbed from zero to 5.25%, the highest cost of borrowing since 2007, just prior to the onset of the global financial crisis. Policymakers in Canada and Latin America have followed a similar trajectory.

The question is whether this aggressive approach to monetary policy will be sustained. Headline US inflation rates have come down sharply, but there are still concerns about persistently high core inflation. Economists across the Americas are engaged in similar debates. In Brazil, inflation fell back to within the central bank's target range in May, but policymakers are divided about whether now is the time to begin easing back from interest rates of almost 14%.

With the cost of capital across the Americas so much higher—as well as other fears, including worry about antitrust interventions—the prospects for M&A in the region remain mixed. Deals are still getting done, but uncertainty and volatility are inevitably taking a toll.



Outlook: Americas heat chart

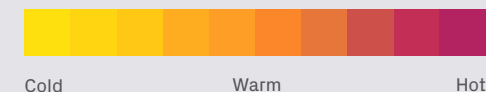
M&A in the Americas is not created equally. The more stable economies of North America, and especially the US, the world's largest economy, largely set the tone for those in Latin America. This is due, in no small part, to the impact of the US Federal Reserve, the most systemically important central bank, whose rate decisions feed through in one way or another to countries around the world.

While rising interest rates inevitably contributed to a dip in M&A through the first six months of the year, it seems now that the risk of recession in the US has largely abated. Dealmakers' appetite for risk is, in turn, expected to improve in the months ahead.

One sector stands out above all as a likely hotbed of M&A activity in the Americas in H2 2023, based on Mergermarket's analysis of 'companies for sale' stories. Despite the ongoing debate about valuations of telecoms, media & technology (TMT) businesses, the stage appears to be set for significant dealmaking over the next six months. During the first half of this year Mergermarket tracked over 1,100 stories concerning potential TMT M&A, more than double the number of stories logged in any other sector.

Heat chart based on potential companies for sale

| | Brazil | Canada | Western US | Midwestern US | Southern US | Northeastern US | Latin America & the Caribbean | TOTAL |
|----------------------------|------------|------------|------------|---------------|-------------|-----------------|-------------------------------|--------------|
| TMT | 115 | 81 | 228 | 140 | 266 | 238 | 58 | 1,126 |
| Pharma, medical & biotech | 14 | 20 | 102 | 66 | 102 | 155 | 7 | 466 |
| Consumer | 27 | 50 | 71 | 60 | 88 | 84 | 31 | 411 |
| Business services | 16 | 24 | 70 | 52 | 91 | 81 | 27 | 361 |
| Financial services | 25 | 7 | 56 | 27 | 56 | 78 | 30 | 279 |
| Industrials & chemicals | 7 | 17 | 46 | 39 | 88 | 73 | 6 | 276 |
| Energy, mining & utilities | 41 | 26 | 23 | 9 | 33 | 21 | 19 | 172 |
| Leisure | 6 | 4 | 9 | 6 | 15 | 11 | 5 | 56 |
| Transportation | 9 | 13 | 5 | 4 | 5 | 9 | 5 | 50 |
| Real estate | 1 | 10 | 5 | 2 | 5 | 6 | 8 | 37 |
| Construction | 3 | 12 | 2 | 2 | | 3 | | 22 |
| Defense | 1 | | 3 | | 10 | 4 | | 18 |
| Agriculture | 3 | 2 | 5 | 3 | 1 | 1 | 1 | 16 |
| TOTAL | 268 | 266 | 625 | 410 | 760 | 764 | 197 | 3,290 |



Note: The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between January 01, 2023 and June 30, 2023. Opportunities are captured according to the dominant geography and sector of the potential target company.

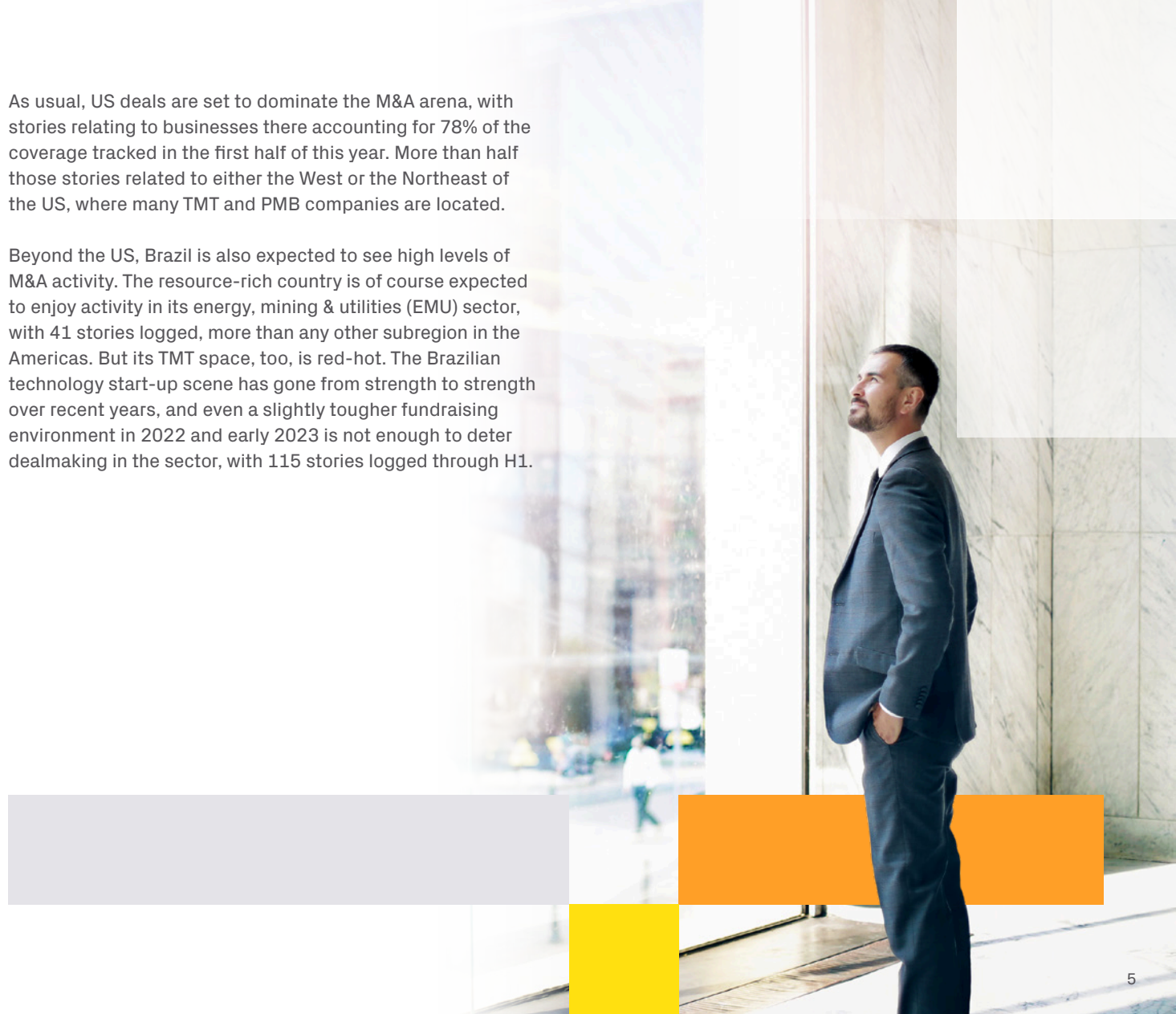
Digital transformation remains one of the most important driving forces for businesses looking to differentiate themselves from their competitors and capitalize on innovations in data and analytics. Though an expensive and often challenging proposition for many from an integration perspective, businesses cannot afford to fall behind on technology, and M&A offers one route to fulfilling these objectives.

That said, there is also significant interest in potential transactions in the pharma, medical & biotech (PMB) space, with 466 stories about likely transactions in the Americas. PMB was one of the few sectors, along with TMT, to have seen a meaningful influx in investment even at the height of the Covid-19 crisis.

Conditions slowed for a period of time once demand for a few large pharma players' Covid-19 vaccines and related lab-testing services retreated post-pandemic. But the need to maintain drug portfolios ensures strong cyclical activity in the sector, in addition to long-term supportive demographic trends as well as ongoing innovation in the biotech space.

As usual, US deals are set to dominate the M&A arena, with stories relating to businesses there accounting for 78% of the coverage tracked in the first half of this year. More than half those stories related to either the West or the Northeast of the US, where many TMT and PMB companies are located.

Beyond the US, Brazil is also expected to see high levels of M&A activity. The resource-rich country is of course expected to enjoy activity in its energy, mining & utilities (EMU) sector, with 41 stories logged, more than any other subregion in the Americas. But its TMT space, too, is red-hot. The Brazilian technology start-up scene has gone from strength to strength over recent years, and even a slightly tougher fundraising environment in 2022 and early 2023 is not enough to deter dealmaking in the sector, with 115 stories logged through H1.





All sectors

Summary: Signs of life in crucial energy and pharma sectors

Overall M&A activity across the Americas declined markedly in the first six months of 2023. The region recorded 6,775 deals worth US\$737bn in total during the period, representing declines of 24% and 33% in volume and value terms, respectively, from H1 2022.

Those hoping for a recovery in M&A markets can take some comfort from the fact that aggregate deal value bounced back a little in Q2, reflecting an increasing number of larger transactions.

There was US\$423bn worth of deal activity announced in Q2, up from US\$314bn in the preceding quarter. However, deal volume in Q2, at 3,016, was down from the 3,759 logged in the first three months of the year.

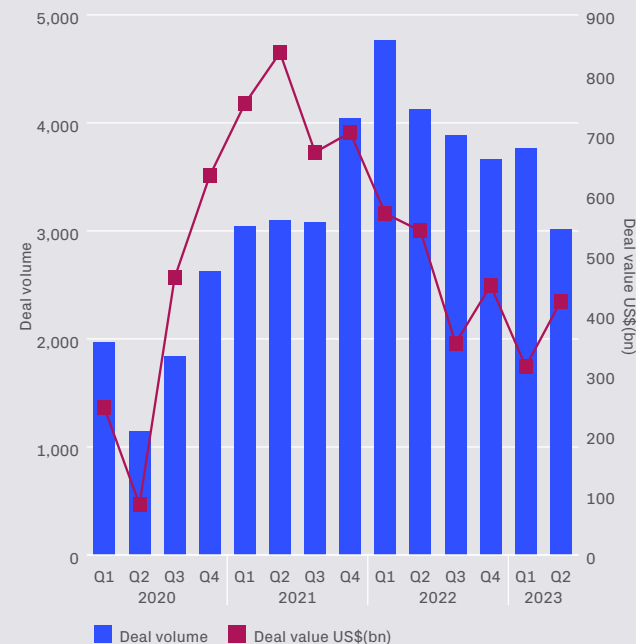
Energy powers on

One sector continues to dominate the M&A market in the Americas. Demand for TMT businesses has fallen this year compared to 2022, but nonetheless remains elevated. H1 2023 saw 1,826 deals in the sector; while that is down 38% on the same period in 2022, the next most active sector, business services, recorded only 1,062 transactions. The PMB sector, with 880 deals in H1, was the third busiest.

However, the picture looks markedly different in value terms. Here, the EMU sector tops the rankings in the Americas, with deal values totaling US\$158.3bn, narrowly ahead of PMB's US\$158.1bn. Indeed, both sectors recorded M&A activity that was well ahead of their totals in H1 2022—up 65% and 47% for EMU and PMB, respectively.

By contrast, that groundswell of deals in the TMT sector was worth a combined US\$130.6bn, considerably more modest compared to the industry's output over the last few years. That total was 74% down from the US\$493bn worth of TMT deals announced during the same period in 2022.

All sectors M&A activity, 2020-HY 2023



Source: Mergermarket



Betting on oncology

Such high headline aggregate value figures reflect these sectors' outsized contribution to the largest deals that came to market in the Americas in H1. Between them, the PMB and EMU industries accounted for five of the 10 biggest transactions announced in that period, including the three largest.

At the very top of the list was Pfizer's US\$45.7bn acquisition of the oncology-focused biotech business Seagen, the largest deal seen in the sector since AbbVie's US\$63bn purchase of Allergan in 2019. Pfizer justified the price tag on the grounds that oncology continued to be "the largest growth driver in global medicine", pointing to Seagen's 24 approved cancer medicines, as well as a further 33 in development.

The next two biggest deals of the year so far came in the EMU sector. In April, Glencore announced a US\$32bn hostile bid for Teck Resources, a deal that would see the Swiss and Canadian companies come together to create one of the world's largest natural resources companies.

Then in May, ONEOK announced a US\$18.8bn offer for Magellan Midstream Partners, a deal that would create the US's fourth largest midstream energy company with a combined enterprise value of US\$60bn. Consolidation is, evidently, likely to remain a driving force behind M&A activity in this segment of the US energy market.

All sectors top sectors by value | HY 2023

| | US\$(m) |
|----------------------------|---------|
| Energy, mining & utilities | 158,335 |
| Pharma, medical & biotech | 158,105 |
| TMT | 130,637 |
| Financial services | 87,310 |
| Industrials & chemicals | 60,632 |

All sectors top sectors by volume | HY 2023

| | Deal count |
|---------------------------|------------|
| TMT | 1,826 |
| Business services | 1,062 |
| Pharma, medical & biotech | 880 |
| Industrials & chemicals | 796 |
| Financial services | 639 |

All sectors top bidders by value | HY 2023

| | US\$(m) |
|----------------|---------|
| USA | 541,546 |
| Canada | 44,037 |
| Switzerland | 39,061 |
| United Kingdom | 18,719 |
| Japan | 12,754 |

All sectors top bidders by volume | HY 2023

| | Deal count |
|----------------|------------|
| USA | 4,982 |
| Canada | 491 |
| Brazil | 309 |
| United Kingdom | 170 |
| France | 81 |

PE plays decelerate

In total, the 10 largest deals in H1 were worth a little over US\$180bn. But activity at the top end of the market has been more restrained than in the last two years. There have been US\$283.8bn of deals worth in excess of US\$5bn announced in the Americas so far in 2023; even assuming the market maintains the same pace through the rest of this year, that would leave the region quite far off the US\$706.1bn it achieved for deals of this size in 2022, let alone the equivalent US\$1.2tn reached in 2021.

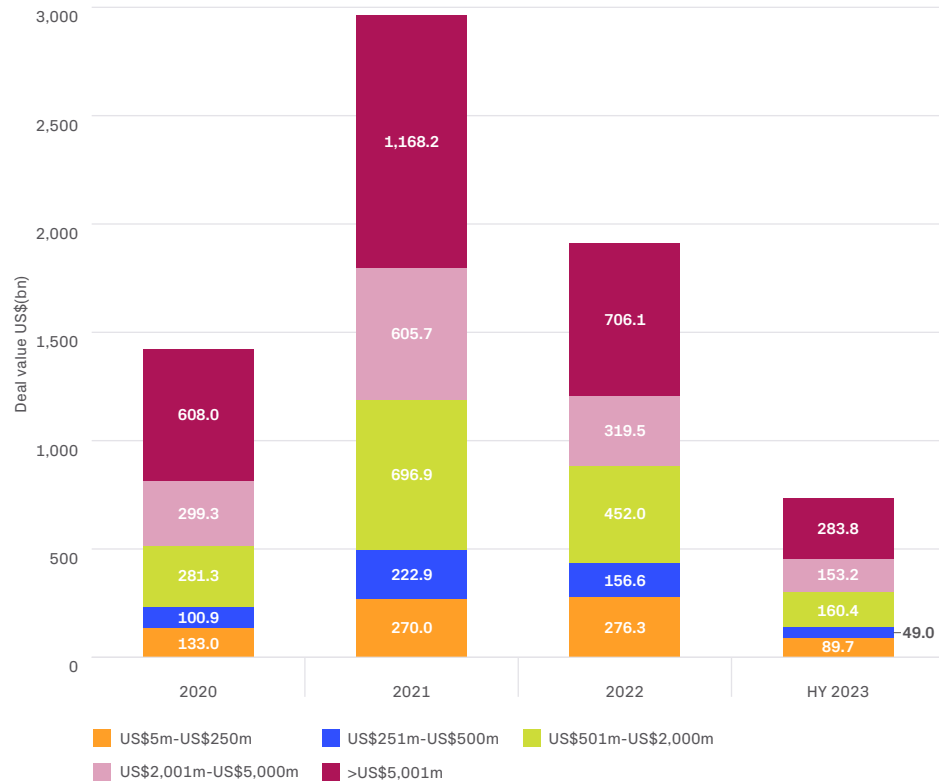
Some of this can be attributed to the particularly sharp fall in activity in the private equity (PE) sector. There were 1,717 buyouts worth US\$153bn announced in H1 2023 in the Americas, down from 2,842 worth US\$310bn in the same period a year prior.

Exits fell even more markedly, with 293 deals worth US\$91bn announced in the first half of this year, compared to 579 deals worth US\$239bn in H1 2022. PE houses continue to feel the strain of rising debt costs and the tough economic outlook— with many also pointing to the difficulty of agreeing valuations.

All sectors top 10 announced deals, HY 2023

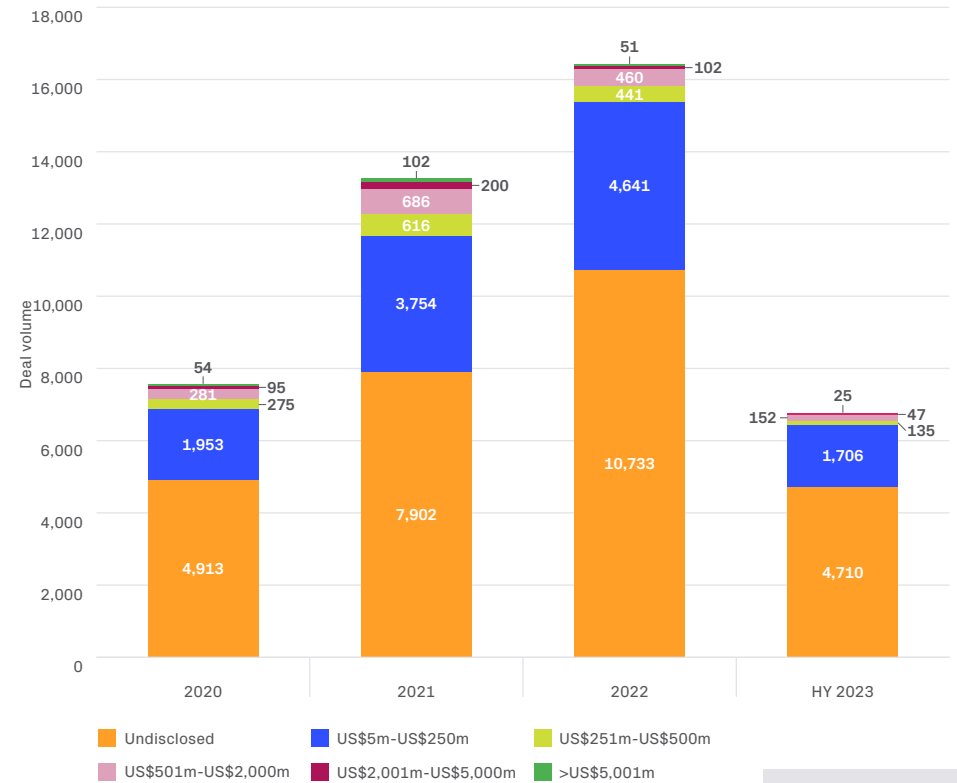
| | Announced date | Bidder company | Target company | Target dominant sector | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|----------------------------|--|--------------------|
| 1 | 13-Mar-23 | Pfizer Inc. | Seagen Inc. (100% Stake) | Pharma, medical & biotech | | 45,671 |
| 2 | 03-Apr-23 | Glencore Plc | Teck Resources Ltd. (100% Stake) | Energy, mining & utilities | | 31,972 |
| 3 | 14-May-23 | ONEOK, Inc. | Magellan Midstream Partners L.P. (100% Stake) | Energy, mining & utilities | | 18,803 |
| 4 | 03-Apr-23 | Extra Space Storage Inc. | Life Storage Inc. (100% Stake) | Real estate | | 15,779 |
| 5 | 12-Apr-23 | Brookfield Infrastructure Partners L.P.; Brookfield Infrastructure Partners Limited | Triton International Ltd. (100% Stake) | Financial services | | 13,512 |
| 6 | 06-Mar-23 | Silver Lake Group LLC; Canada Pension Plan Investment Board | Qualtrics International Inc. (96.34% Stake) | TMT | SAP SE | 11,931 |
| 7 | 16-Apr-23 | Merck & Co Inc. | Prometheus Biosciences Inc. (100% Stake) | Pharma, medical & biotech | | 10,874 |
| 8 | 12-Jun-23 | Nasdaq Inc. | Adenza Group Inc. (100% Stake) | TMT | Thoma Bravo LLC | 10,701 |
| 9 | 01-May-23 | JPMorgan Chase & Co. | First Republic Bank (substantial majority of assets and liabilities) (100% Stake) | Financial services | Federal Deposit Insurance Corporation | 10,600 |
| 10 | 06-Feb-23 | CVS Health Corp. | Oak Street Health Inc. (100% Stake) | Pharma, medical & biotech | General Atlantic LLC; Newlight Partners L.P. | 10,552 |

All sectors M&A value split by deal size



Source: Mergermarket

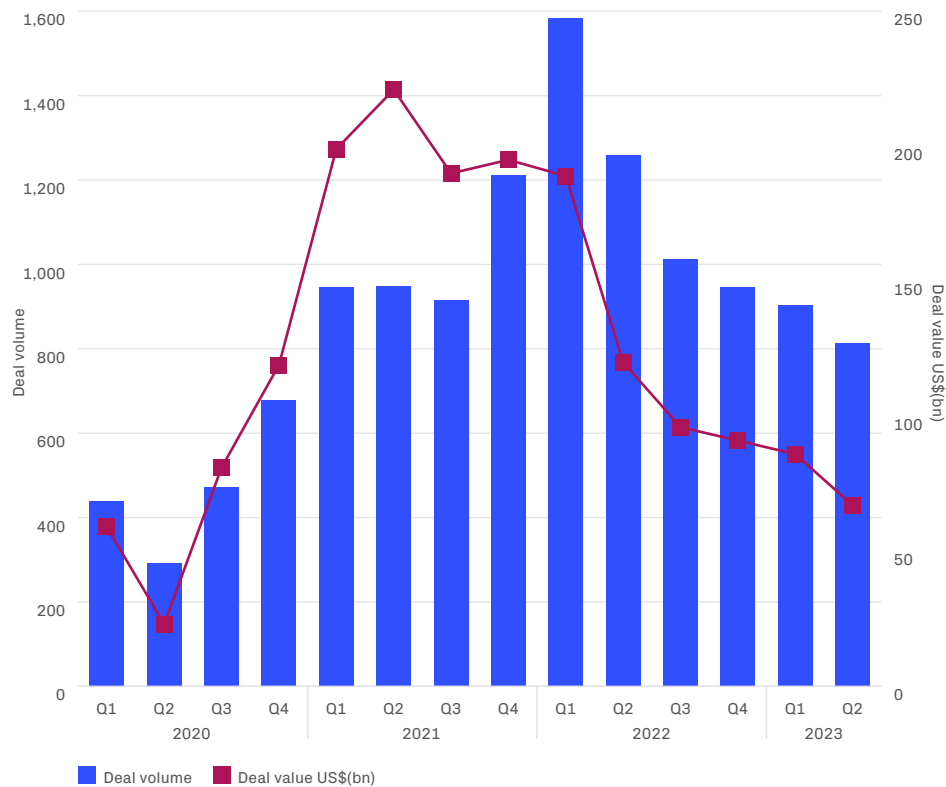
All sectors M&A volume split by deal size



Source: Mergermarket

All sectors PE buyouts

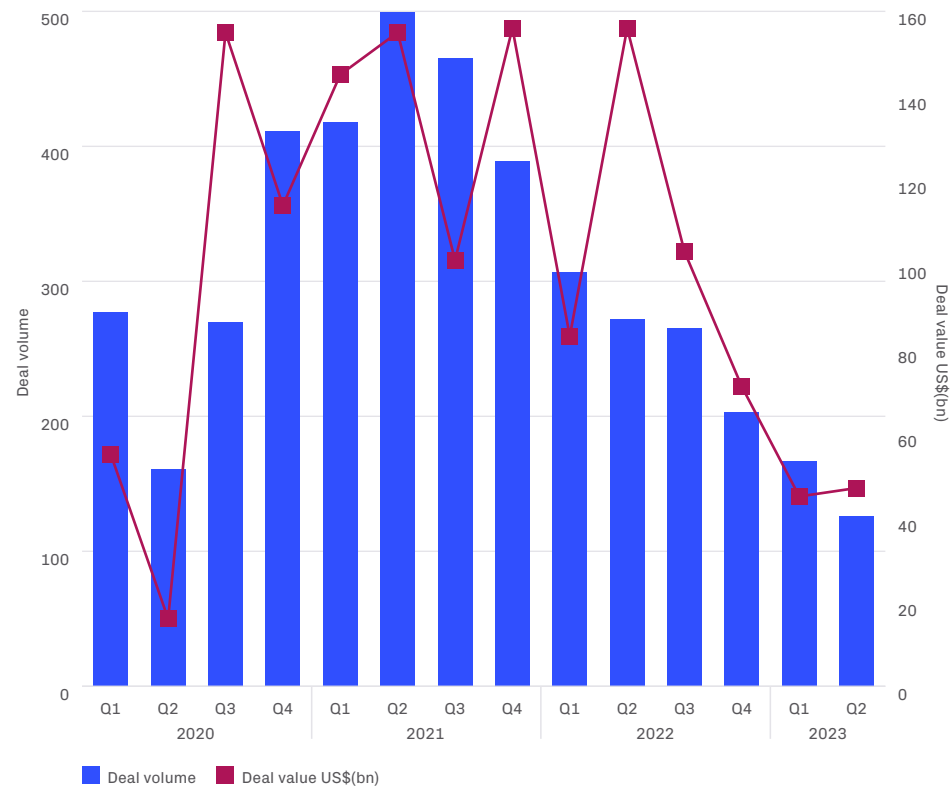
Based on announced buyouts, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

All sectors PE exits

Based on announced exits, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

All sectors league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 274,761 | 96 |
| 2 | 3 | JPMorgan | 196,663 | 96 |
| 3 | 4 | Bank of America | 178,682 | 85 |
| 4 | 2 | Morgan Stanley | 137,389 | 61 |
| 5 | 10 | Centerview Partners | 120,820 | 30 |
| 6 | 6 | Citi | 112,024 | 44 |
| 7 | 28 | Guggenheim Partners | 106,144 | 36 |
| 8 | 5 | Barclays | 97,705 | 38 |
| 9 | 31 | BMO Capital Markets | 74,342 | 44 |
| 10 | 12 | RBC Capital Markets | 65,669 | 56 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 2 | Houlihan Lokey | 11,521 | 105 |
| 2 | 1 | Goldman Sachs & Co | 274,761 | 96 |
| 3 | 3 | JPMorgan | 196,663 | 96 |
| 4 | 4 | Bank of America | 178,682 | 85 |
| 5 | 5 | Jefferies | 53,457 | 65 |
| 6 | 7 | Piper Sandler & Co | 30,445 | 64 |
| 7 | 6 | Morgan Stanley | 137,389 | 61 |
| 8 | 10 | Evercore | 65,494 | 57 |
| 9 | 8 | RBC Capital Markets | 65,669 | 56 |
| 10 | 15 | Raymond James | 9,284 | 55 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 3 | Sullivan & Cromwell | 200,111 | 63 |
| 2 | 5 | Kirkland & Ellis | 163,629 | 267 |
| 3 | 19 | Paul Weiss Rifkind Wharton & Garrison | 155,016 | 72 |
| 4 | 6 | Latham & Watkins | 140,193 | 173 |
| 5 | 1 | Skadden Arps Slate Meagher & Flom | 134,546 | 70 |
| 6 | 4 | Wachtell, Lipton, Rosen & Katz | 117,285 | 39 |
| 7 | 14 | Cleary Gottlieb Steen & Hamilton | 114,349 | 51 |
| 8 | 20 | Goodwin Procter | 94,333 | 290 |
| 9 | 9 | Davis Polk & Wardwell | 86,318 | 50 |
| 10 | 2 | Simpson Thacher & Bartlett | 73,586 | 58 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Goodwin Procter | 94,333 | 290 |
| 2 | 2 | Kirkland & Ellis | 163,629 | 267 |
| 3 | 3 | Cooley | 32,088 | 223 |
| 4 | 6 | Latham & Watkins | 140,193 | 173 |
| 5 | 59 | Holland & Knight | 2,217 | 167 |
| 6 | 4 | Wilson Sonsini Goodrich & Rosati | 51,022 | 147 |
| 7 | 9 | Fasken Martineau Dumoulin | 8,200 | 123 |
| 8 | 7 | Sidley Austin | 46,770 | 104 |
| 9 | 5 | DLA Piper | 10,940 | 100 |
| 10 | 17 | Gibson, Dunn & Crutcher | 50,240 | 83 |

All sectors league tables

Financial advisors by value—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 40 | UBS Investment Bank | 2,164 | 20 |
| 2 | 4 | Jefferies | 1,976 | 14 |
| 3 | 3 | Houlihan Lokey | 1,918 | 17 |
| 4 | 6 | Bank of America | 1,547 | 13 |
| 5 | 21 | TD Securities | 1,523 | 12 |
| 6 | 15 | Evercore | 1,504 | 11 |
| 7 | 1 | Piper Sandler & Co | 1,463 | 18 |
| 8 | 2 | JPMorgan | 1,451 | 13 |
| 9 | 10 | Lazard | 1,356 | 7 |
| 10 | 5 | Goldman Sachs & Co | 1,172 | 7 |

Financial advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------|---------------|------------|
| 1 | 44 | UBS Investment Bank | 2,164 | 20 |
| 2 | 1 | Piper Sandler & Co | 1,463 | 18 |
| 3 | 2 | Houlihan Lokey | 1,918 | 17 |
| 4 | 5 | Jefferies | 1,976 | 14 |
| 5 | 6 | Stifel/KBW | 712 | 14 |
| 6 | 9 | Bank of America | 1,547 | 13 |
| 7 | 3 | JPMorgan | 1,451 | 13 |
| 8 | 24 | TD Securities | 1,523 | 12 |
| 9 | 15 | Banco BTG Pactual SA | 850 | 12 |
| 10 | 8 | Evercore | 1,504 | 11 |

Legal advisors by value—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 2 | Goodwin Procter | 8,317 | 150 |
| 2 | 1 | Cooley | 6,583 | 137 |
| 3 | 4 | Latham & Watkins | 5,019 | 49 |
| 4 | 6 | Kirkland & Ellis | 3,851 | 30 |
| 5 | 3 | Wilson Sonsini Goodrich & Rosati | 3,177 | 63 |
| 6 | 13 | Gibson, Dunn & Crutcher | 2,322 | 25 |
| 7 | 5 | Sidley Austin | 2,070 | 27 |
| 8 | 17 | White & Case | 2,061 | 18 |
| 9 | 54 | Skadden Arps Slate Meagher & Flom | 1,713 | 11 |
| 10 | 28 | Fasken Martineau Dumoulin | 1,710 | 41 |

Legal advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Goodwin Procter | 8,317 | 150 |
| 2 | 2 | Cooley | 6,583 | 137 |
| 3 | 3 | Wilson Sonsini Goodrich & Rosati | 3,177 | 63 |
| 4 | 6 | Latham & Watkins | 5,019 | 49 |
| 5 | 12 | Fasken Martineau Dumoulin | 1,710 | 41 |
| 6 | 9 | Kirkland & Ellis | 3,851 | 30 |
| 7 | 8 | Osler, Hoskin & Harcourt | 1,463 | 29 |
| 8 | 5 | Sidley Austin | 2,070 | 27 |
| 9 | 16 | Gibson, Dunn & Crutcher | 2,322 | 25 |
| 10 | 4 | DLA Piper | 1,574 | 21 |

All sectors league tables

PR advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 2 | Joele Frank Wilkinson Brimmer Katcher | 218,366 | 96 |
| 2 | 1 | FGS Global | 116,704 | 74 |
| 3 | 5 | H/Advisors Abernathy | 63,899 | 35 |
| 4 | 3 | Brunswick Group | 49,104 | 21 |
| 5 | 6 | Kekst CNC (Publicis) | 40,496 | 56 |
| 6 | 18 | ICR (CT) | 27,914 | 50 |
| 7 | 4 | Prosek Partners | 23,861 | 69 |
| 8 | 7 | Edelman | 21,792 | 15 |
| 9 | 27 | Reevemark | 13,977 | 5 |
| 10 | - | August | 9,350 | 1 |

PR advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 2 | Joele Frank Wilkinson Brimmer Katcher | 218,366 | 96 |
| 2 | 1 | FGS Global | 116,704 | 74 |
| 3 | 3 | Prosek Partners | 23,861 | 69 |
| 4 | 5 | Kekst CNC (Publicis) | 40,496 | 56 |
| 5 | 10 | ICR (CT) | 27,914 | 50 |
| 6 | 13 | BackBay Communications | 6 | 41 |
| 7 | 4 | Lambert & Co | 2,000 | 40 |
| 8 | 6 | H/Advisors Abernathy | 63,899 | 35 |
| 9 | 12 | FTI Consulting Group | 5,545 | 24 |
| 10 | 8 | Brunswick Group | 49,104 | 21 |

PR advisors by value—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 8 | ICR (CT) | 2,706 | 23 |
| 2 | 5 | Kekst CNC (Publicis) | 1,153 | 7 |
| 3 | 1 | Prosek Partners | 1,143 | 9 |
| 4 | 3 | Joele Frank Wilkinson Brimmer Katcher | 1,071 | 7 |
| 5 | 2 | FGS Global | 665 | 9 |
| 6 | 86 | FTI Consulting Group | 628 | 8 |
| 7 | 70 | Gateway Investor Relations | 628 | 4 |
| 8 | 29 | Teneo | 565 | 5 |
| 9 | 7 | H/Advisors Abernathy | 470 | 4 |
| 10 | - | Treble Public Relations | 421 | 2 |

PR advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 4 | ICR (CT) | 2,706 | 23 |
| 2 | 2 | Prosek Partners | 1,143 | 9 |
| 3 | 1 | FGS Global | 665 | 9 |
| 4 | 43 | FTI Consulting Group | 628 | 8 |
| 5 | 7 | Kekst CNC (Publicis) | 1,153 | 7 |
| 6 | 3 | Joele Frank Wilkinson Brimmer Katcher | 1,071 | 7 |
| 7 | 28 | Teneo | 565 | 5 |
| 8 | 40 | Gateway Investor Relations | 628 | 4 |
| 9 | 8 | H/Advisors Abernathy | 470 | 4 |
| 10 | 91 | Citadel Magnus | 399 | 4 |

All sectors league tables

PE advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------------|---------------|------------|
| 1 | 1 | Silver Lake Group | 18,431 | 5 |
| 2 | 6 | Apollo Global Management | 17,930 | 13 |
| 3 | 27 | General Atlantic | 15,781 | 12 |
| 4 | 3 | Thoma Bravo | 12,997 | 9 |
| 5 | 5 | Vista Equity Partners | 12,405 | 12 |
| 6 | 310 | EnCap Investments LP | 11,033 | 8 |
| 7 | 20 | Blackstone | 10,859 | 20 |
| 8 | 16 | Andreessen Horowitz | 9,640 | 39 |
| 9 | 103 | Stone Point Capital | 9,561 | 10 |
| 10 | 15 | KKR & Co | 8,493 | 25 |

PE advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------|---------------|------------|
| 1 | 3 | Andreessen Horowitz | 9,640 | 39 |
| 2 | 10 | KKR & Co | 8,493 | 25 |
| 3 | 5 | General Catalyst | 7,807 | 23 |
| 4 | 7 | Y Combinator | 535 | 22 |
| 5 | 12 | GV Management Company | 1,626 | 21 |
| 6 | 47 | Blackstone | 10,859 | 20 |
| 7 | 8 | Carlyle Group | 6,094 | 20 |
| 8 | 6 | Sequoia Capital | 1,741 | 20 |
| 9 | - | The Riverside Company | 1,469 | 19 |
| 10 | 15 | New Enterprise Associates | 726 | 19 |

PE advisors by value—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------------------|---------------|------------|
| 1 | 3 | Andreessen Horowitz | 1,820 | 34 |
| 2 | 10 | GV Management Company | 1,626 | 21 |
| 3 | 43 | ARCH Venture Partners | 1,106 | 12 |
| 4 | 55 | Wellington Management Group | 1,046 | 8 |
| 5 | 8 | General Catalyst | 957 | 20 |
| 6 | 31 | Alexandria Venture Investments | 879 | 12 |
| 7 | 19 | RA Capital Management LP | 879 | 11 |
| 8 | 21 | Norwest Venture Partners | 803 | 14 |
| 9 | 96 | F Prime | 784 | 13 |
| 10 | 165 | Viking Global Investors LP | 771 | 10 |

PE advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------|---------------|------------|
| 1 | 3 | Andreessen Horowitz | 1,820 | 34 |
| 2 | 9 | GV Management Company | 1,626 | 21 |
| 3 | 6 | General Catalyst | 957 | 20 |
| 4 | 14 | New Enterprise Associates | 726 | 18 |
| 5 | 5 | Sequoia Capital | 691 | 17 |
| 6 | 8 | Y Combinator | 529 | 17 |
| 7 | 24 | Norwest Venture Partners | 803 | 14 |
| 8 | 62 | F Prime | 784 | 13 |
| 9 | 7 | Lightspeed Venture Partners | 602 | 13 |
| 10 | 21 | 8VC | 592 | 13 |



Consumer

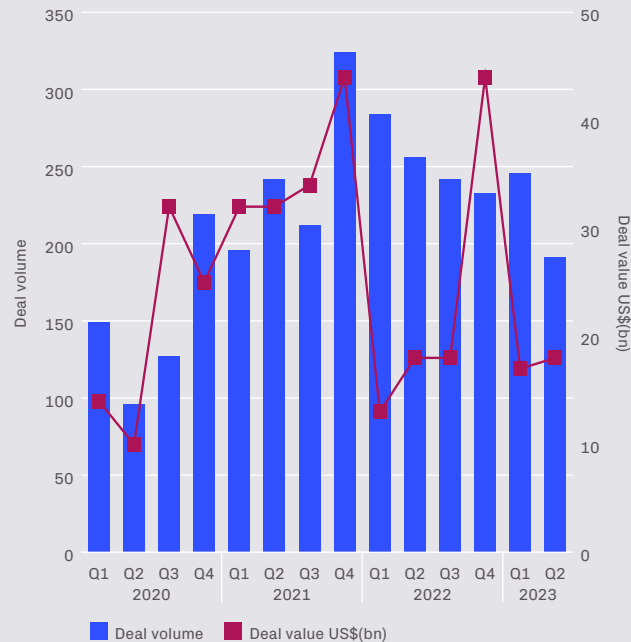
Dealmakers wary of weak consumer confidence

Consumers across the Americas are under significant strain: inflation and rising interest rates are stretching household budgets, and the fear of recession is adding to anxiety. Consumer confidence levels are particularly low in the US, with many individuals worrying that they have run down their savings and that unemployment has the potential to rise, even if official data does not, currently, paint such a worrying picture. In Latin America, the gloom is also pronounced, though sentiment has begun to improve in Canada.

Against this backdrop, dealmakers' appetite for M&A in the consumer sector has inevitably diminished. Activity may not have fallen off a cliff, but dealmaking is more modest than last year at least in volume terms, even if a handful of larger deals have contributed to a moderate year-on-year increase in value.

Overall, 437 consumer deals were announced in the Americas in H1 2023, down 19.1% on the 540 transactions logged in the same period last year. Moreover, the rate of M&A in the sector appears to be slowing, with only 191 deals announced in Q2 2023, down from 246 deals in the first three months of this year and the lowest quarterly total since the 127 logged in the pandemic-hit Q3 2020.

Consumer M&A activity, 2020-HY 2023



Source: Mergermarket

Value holds steady

By contrast, the aggregate value of this year's H1 consumer sector M&A was actually up, with the total of US\$35bn up 12% from that posted in the same period in 2022. This robustness can be attributed to a number of relatively sizable deals that have recently come to market. In H1 2022, just one consumer sector deal in the Americas was valued at more than US\$2bn; through the first six months of this year, five transactions exceeding that threshold have been announced.

Despite the rising value figures, however, there is no hiding the fact that consumer sector M&A has slowed markedly, with deals involving PE players having declined especially sharply.

The first half of 2023 saw 77 PE buyouts of consumer businesses, with these transactions worth just US\$1.6bn in aggregate. To put that into perspective, the H1 figures for 2022 included 150 buyouts worth over US\$8.4bn. PE money seems largely to have deserted the sector.



Colombian food giant falls

The biggest consumer deal in the Americas so far this year was the US\$4.5bn takeover of Grupo Nutresa, Colombia's largest food business, by International Holdings Company. IHC is an Abu Dhabi-based investment company controlled by Sheikh Tahnoon, brother of the ruler of the United Arab Emirates. It teamed up in May with Colombian financier Jaime Gilinski to launch a bid for control of Nutresa.

The aim is to transform the Latin American business into a global player capable of challenging sector leaders such as Nestlé and Mondelez, particularly in markets such as India, Indonesia, and the Middle East.

The transaction is also interesting in that Nutreso was previously controlled by a group of Colombian families who also own the financial conglomerate Grupo Sura and infrastructure business Grupo Argos. Many analysts had thought complex cross-shareholdings between the companies would make it impossible for a third-party bidder to win control of any of the three companies. Speculation about the fate of the remaining two companies will inevitably now step up.

Consumer top bidders by value | HY 2023

| | US\$(m) |
|----------------|---------|
| USA | 22,245 |
| Colombia | 5,995 |
| United Kingdom | 4,638 |
| Bermuda | 750 |
| Brazil | 275 |

Consumer top bidders by volume | HY 2023

| | Deal count |
|----------|------------|
| USA | 319 |
| Canada | 31 |
| Brazil | 28 |
| Colombia | 6 |
| France | 6 |

Hoping for a bounce back

The next two largest deals in the consumer sector were more straightforward transactions. In March, the specialty chemicals manufacturer Solenis announced a US\$4.3bn deal to take the disinfectant maker Diversey back into private ownership. Diversey was acquired by PE investor Bain Capital in 2017, before it listed the business in 2021.

Then in May, mattress manufacturer Tempur Sealy International agreed to pay almost US\$4bn for Mattress Firm, agreeing a deal with Steinhoff International, a global retailer with dual listings in Germany and South Africa. The acquisition of the largest retailer of mattresses in the US gives Tempur access to a network of almost 2,500 bricks-and-mortar stores as well as the opportunity to sell through a fast-growing ecommerce platform.

Such activity underlines the fact that there is still life in this M&A arena—and if consumer sentiment across the Americas recovers, there may be a spike in near-term deal activity. It is worth noting that Mergermarket's tracking of 'companies for sale' stories picked up 411 pieces of coverage of consumer companies in H1—only TMT and PMB saw more speculation.

Consumer top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|--|--------------------|
| 1 | 24-May-23 | International Holdings Co. PJSC; Grupo Gilinski | Grupo Nutresa S.A. (56% Stake) | Colombia | Grupo de Inversiones Suramericana S.A.; Grupo Argos S.A. | 4,453 |
| 2 | 08-Mar-23 | Solenis Holdings LLC | Diversey Holdings Ltd. (100% Stake) | USA | Bain Capital L.P. | 4,261 |
| 3 | 09-May-23 | Tempur Sealy International Inc. | Mattress Firm Holding Corp. (100% Stake) | USA | Steinhoff International Holdings N.V. | 3,987 |
| 4 | 06-Mar-23 | Altria Group Inc. | NJOY LLC (100% Stake) | USA | Homewood Capital LLC; Mudrick Capital Management, L.P. | 3,250 |
| 5 | 16-Feb-23 | BP Plc; BP Products North America Inc. | TravelCenters of America Inc. (100% Stake) | USA | | 3,074 |
| 6 | 21-Apr-23 | FJ Management Inc.; Maverik Inc. | Kum & Go LC (100% Stake); Solar Transport (100% Stake) | USA | Krause Group Ltd. | 2,000 |
| 7 | 28-Jun-23 | John Swire & Sons Ltd. | Swire Pacific Holdings Inc. (39.69% Stake) | USA | Swire Pacific Limited | 1,548 |
| 8 | 28-Jun-23 | Jaime Gilinski Bacal (Private Investor) | Almacenes Exito S.A. (96.52% Stake) | Colombia | Companhia Brasileira de Distribuicao | 1,518 |
| 9 | 31-May-23 | Undisclosed bidder | Restaurant Depot LLC | USA | Fomento Economico Mexicano S.A.B. de C.V. | 1,400 |
| 10 | 31-Mar-23 | Authentic Brands Group Inc. | Boardriders Inc. (100% Stake) | USA | Oaktree Capital Group LLC | 1,250 |

Consumer league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 2 | Goldman Sachs & Co | 19,877 | 9 |
| 2 | 3 | JPMorgan | 16,195 | 8 |
| 3 | 4 | Bank of America | 11,779 | 6 |
| 4 | 30 | Centerview Partners | 11,358 | 7 |
| 5 | 1 | Morgan Stanley | 7,323 | 3 |
| 6 | 22 | Moelis & Co | 6,498 | 5 |
| 7 | 11 | Evercore | 6,221 | 3 |
| 8 | 5 | Barclays | 5,197 | 4 |
| 9 | 28 | Piper Sandler & Co | 4,261 | 6 |
| 10 | 20 | Jefferies | 3,987 | 3 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 8 | Simpson Thacher & Bartlett | 10,435 | 7 |
| 2 | 23 | Sullivan & Cromwell | 8,605 | 3 |
| 3 | 1 | Kirkland & Ellis | 7,982 | 17 |
| 4 | 150 | Clifford Chance | 5,843 | 4 |
| 5= | - | Londono&Arango Abogados | 5,723 | 2 |
| 5= | 55 | Skadden Arps Slate Meagher & Flom | 5,723 | 2 |
| 7 | 17 | Wachtell, Lipton, Rosen & Katz | 5,521 | 4 |
| 8 | 3 | Gibson, Dunn & Crutcher | 5,421 | 9 |
| 9 | 41 | Cleary Gottlieb Steen & Hamilton | 4,712 | 6 |
| 10 | - | Proskauer Rose | 4,688 | 2 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|--|---------------|------------|
| 1 | 4 | Goldman Sachs & Co | 19,877 | 9 |
| 2 | 1 | Houlihan Lokey | 126 | 9 |
| 3 | 3 | JPMorgan | 16,195 | 8 |
| 4 | 33 | Centerview Partners | 11,358 | 7 |
| 5 | 8 | Bank of America | 11,779 | 6 |
| 6 | 15 | Piper Sandler & Co | 4,261 | 6 |
| 7 | 31 | Moelis & Co | 6,498 | 5 |
| 8 | - | Truist Securities | 235 | 5 |
| 9 | 83 | Benchmark International Capital Partners | 16 | 5 |
| 10= | 16 | Lincoln International | - | 5 |
| 10= | - | Performance Brokerage Services | - | 5 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 7,982 | 17 |
| 2 | 166 | Holland & Knight | 109 | 17 |
| 3 | 5 | Jones Day | 3,085 | 11 |
| 4 | 36 | Gibson, Dunn & Crutcher | 5,421 | 9 |
| 5 | 18 | Paul Weiss Rifkind Wharton & Garrison | 4,500 | 8 |
| 6 | 4 | Latham & Watkins | 3,970 | 8 |
| 7 | 10 | Simpson Thacher & Bartlett | 10,435 | 7 |
| 8 | 6 | Fasken Martineau Dumoulin | 78 | 7 |
| 9 | 7 | DLA Piper | 68 | 7 |
| 10 | 100 | Cleary Gottlieb Steen & Hamilton | 4,712 | 6 |



Energy, mining & utilities

Key long-term drivers provide spur to EMU M&A

EMU is one sector bucking the trend in the broader M&A market that has otherwise seen dealmaking fall quite precipitously. Indeed, deal activity in this space is proving to be remarkably resilient.

There are some important macro drivers underpinning that resilience. In energy, for example, commoditization of upstream products, tough competition, and the ongoing need for capital investment all contribute to the imperative for scale. With another factor being decarbonization initiatives that is driving a wave of consolidation, businesses rethink strategy. Consolidation is also continuing in the utilities space, particularly in the US, where the industry still remains highly fragmented.

Meanwhile mining, a sector that has traditionally been highly cyclical, has changed markedly in recent years. The energy transition continues to accelerate, spurring demand for critical minerals such as copper, nickel, lithium, and cobalt. M&A activity provides a means through which miners can reposition their portfolios accordingly.

World interest in American EMU

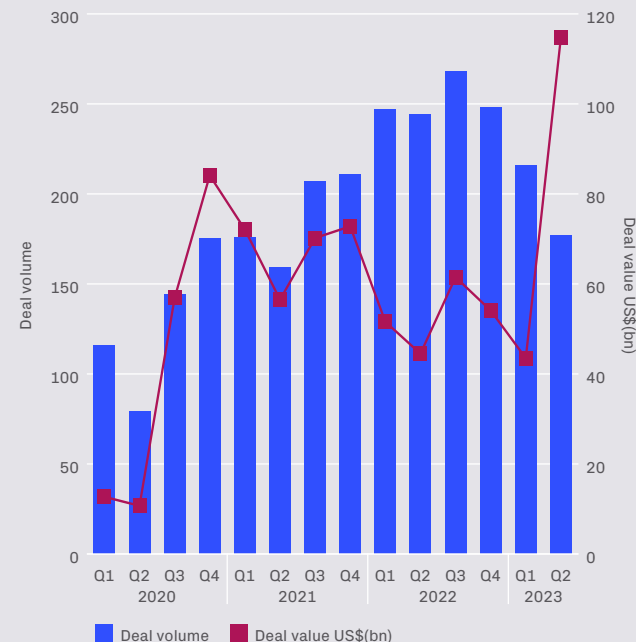
In total the EMU sector in the Americas saw 393 deals announced in H1 2023. While deal volume was down 20% compared to the same period in 2022, this was a bumper period by other recent measures, with volume ahead of H1 totals seen in both 2021 and 2020.

Moreover, in value terms the first six months of this year was the strongest half-year performance in the past five years. The EMU sector recorded US\$158.3bn worth of transactions in H1 2023, an increase of 65% compared to the same period a year ago, with more than two-thirds of that sum coming in Q2.

These figures reflect the announcement of a number of very large deals—five transactions in H1 were worth in excess of US\$5bn, whereas only one deal exceeded that threshold in the same period in 2022. But the data also underlines positive momentum in the EMU sector. While activity slid quarter on quarter, from 216 deals in Q1 to 177 in the second, volumes remain healthy by historic standards.

Interest in EMU businesses in the Americas is global. Between them, bidders from the UK, Australia, Japan, and France made more than 40 plays for companies in the region. And by value, Swiss bidders alone accounted for around 20% of total EMU activity in H1.

EMU M&A activity, 2020-HY 2023



Source: Mergermarket

Glencore big-game hunting

That high level of Swiss dealmaking, of course, is almost exclusively accounted for by a single transaction, namely Glencore's US\$32bn bid for Canada's Teck Resources, launched early in April. If successful, Glencore's campaign to secure Teck would see it pull off the second biggest deal across all sectors in the Americas in H1 of this year, and create one of the world's largest natural resources businesses.

That is by no means guaranteed. At time of writing, Teck was still rebuffing overtures from Glencore, which wanted to buy the whole company. Glencore's proposal was to split the combined companies' assets following a deal, creating a metals mining and trading business that would operate separately to a publicly-listed coal miner.

Variations on this theme would see Glencore buy only Teck's coal business and then spin out the combined venture as a separate company. The two parties have held discussions on this option, though Teck says other suitors have also made approaches for this business. Potential deal prices for the coal business alone remain undisclosed, but this option could be attractive to Glencore as it seeks to cut its carbon emissions.

EMU top bidders by value | HY 2023

| | US\$(m) |
|----------------|---------|
| USA | 82,926 |
| Switzerland | 32,063 |
| Canada | 21,235 |
| Mexico | 6,185 |
| United Kingdom | 4,757 |

EMU top bidders by volume | HY 2023

| | Deal count |
|----------------|------------|
| USA | 191 |
| Canada | 73 |
| Brazil | 20 |
| United Kingdom | 17 |
| Australia | 11 |

EMU top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|--|--------------------|
| 1 | 03-Apr-23 | Glencore Plc | Teck Resources Ltd. (100% Stake) | Canada | | 31,972 |
| 2 | 14-May-23 | ONEOK, Inc. | Magellan Midstream Partners L.P. (100% Stake) | USA | | 18,803 |
| 3 | 22-May-23 | Chevron Corp. | PDC Energy Inc. (100% Stake) | USA | | 7,652 |
| 4 | 06-Mar-23 | Vistra Corp. | Energy Harbor Generation LLC (100% Stake) | USA | Avenue Capital Group LLC; Nuveen Global Equity Income Fund | 6,763 |
| 5 | 04-Apr-23 | Fideicomiso F/ 5073 – Mexico Infrastructure Partners F1 SAPI de CV; Fondo Nacional de Infraestructura – FONADIN | Iberdrola S.A. (8,539 MW combined cycle gas and wind power plants) (100% Stake) | Mexico | Iberdrola S.A. | 6,000 |
| 6 | 26-Apr-23 | Suncor Energy Inc. | TotalEnergies EP Canada Ltd. (100% Stake) | Canada | TotalEnergies SE | 4,476 |
| 7 | 03-Apr-23 | Ovintiv Inc. | Piedra Resources, LLC (100% Stake); Black Swan Oil & Gas LLC (100% Stake); PetroLegacy Energy Operating LLC (100% Stake) | USA | EnCap Investments L.P. | 4,353 |
| 8 | 02-Feb-23 | Brookfield Super-Core infrastructure Partners L.P. | FirstEnergy Transmission, LLC (30% Stake) | USA | FirstEnergy Corp. | 3,500 |
| 9 | 07-Apr-23 | China Southern Power Grid Co., Ltd.; China Southern Power Grid International (HK) Co., Ltd. | Enel Distribucion Peru SAA (83.15% Stake); Enel X Peru SAC (100% Stake) | Peru | Enel Americas S.A. | 3,370 |
| 10 | 26-May-23 | ConocoPhillips | Oil & Gas Assets (Surmont oil sands project) (50% Stake) | Canada | TotalEnergies SE | 3,280 |

Consolidation continues

By contrast, the second biggest deal in the EMU sector announced in H1 looks much less contentious. The boards of both ONEOK and Magellan Midstream Partners have already signed off on the former's acquisition of the latter in a deal worth US\$18.8bn. The transaction creates one of the biggest oil & gas infrastructure companies in North America, at a time when investors are looking for greater operational efficiency from the sector.

Should the Glencore-Teck transaction ultimately fail, ONEOK's deal for Magellan would replace it as the second largest M&A transaction in the Americas from the first half of this year. Indeed, it is more than twice the size of the next biggest H1 deal in the sector, Chevron's US\$7.7bn acquisition of PDC Energy, another example of consolidation in the US shale gas space.

Such drivers have further to run and more deals in the second half of this year are certainly possible in the EMU sector. That said, speculation about M&A activity has been notably less marked than in other areas of the market.

EMU league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------------|---------------|------------|
| 1 | 5 | Goldman Sachs & Co | 81,046 | 14 |
| 2 | 3 | Citi | 58,903 | 13 |
| 3 | 19 | Barclays | 45,018 | 12 |
| 4 | 10 | Morgan Stanley | 43,294 | 11 |
| 5 | 9 | JPMorgan | 35,343 | 19 |
| 6 | 18 | BMO Capital Markets | 34,904 | 8 |
| 7 | 4 | Bank of America | 33,143 | 14 |
| 8 | - | Origin Merchant Partners | 32,585 | 2 |
| 9 | - | Ardea Partners LP | 31,972 | 1 |
| 10 | 1 | RBC Capital Markets | 28,243 | 21 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 26 | Paul Weiss Rifkind Wharton & Garrison | 63,853 | 5 |
| 2 | 2 | Kirkland & Ellis | 49,689 | 36 |
| 3 | 8 | Blake, Cassels & Graydon | 42,985 | 10 |
| 4 | 16 | Sullivan & Cromwell | 41,303 | 5 |
| 5 | 31 | Stikeman Elliott | 35,838 | 6 |
| 6 | 1 | Latham & Watkins | 32,266 | 14 |
| 7 | - | Richards Layton & Finger | 20,803 | 3 |
| 8 | 3 | Vinson & Elkins | 19,603 | 20 |
| 9 | 39 | Davis Polk & Wardwell | 18,843 | 3 |
| 10 | 51 | Cleary Gottlieb Steen & Hamilton | 16,322 | 7 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------------------|---------------|------------|
| 1 | 1 | RBC Capital Markets | 28,243 | 21 |
| 2 | 3 | JPMorgan | 35,343 | 19 |
| 3 | 24 | Goldman Sachs & Co | 81,046 | 14 |
| 4 | 13 | Bank of America | 33,143 | 14 |
| 5 | 5 | Citi | 58,903 | 13 |
| 6 | 11 | CIBC World Markets | 5,397 | 13 |
| 7 | 16 | Barclays | 45,018 | 12 |
| 8 | 14 | Morgan Stanley | 43,294 | 11 |
| 9 | 2 | Jefferies | 10,222 | 11 |
| 10 | 9 | Scotiabank Global Banking & Markets | 6,226 | 9 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 49,689 | 36 |
| 2 | 3 | Vinson & Elkins | 19,603 | 20 |
| 3 | 19 | Cassels Brock & Blackwell | 1,683 | 15 |
| 4 | 2 | Latham & Watkins | 32,266 | 14 |
| 5 | 13 | Fasken Martineau Dumoulin | 900 | 14 |
| 6 | 14 | Gibson, Dunn & Crutcher | 9,366 | 13 |
| 7 | 11 | Norton Rose Fulbright | 4,431 | 13 |
| 8 | 9 | Sidley Austin | 8,033 | 12 |
| 9 | 10 | McCarthy Tetrault | 1,568 | 12 |
| 10 | 7 | Bennett Jones | 1,729 | 11 |

A woman with long brown hair, wearing a dark grey blazer over a white shirt, is sitting at a wooden desk in an office. She is smiling and looking towards a woman in a blue suit who is sitting across from her. In the background, a man in a grey suit is working at a computer. A yellow banner with the text "Financial services" is overlaid on the image. There are also orange and grey rectangular overlays on the image.

Financial services

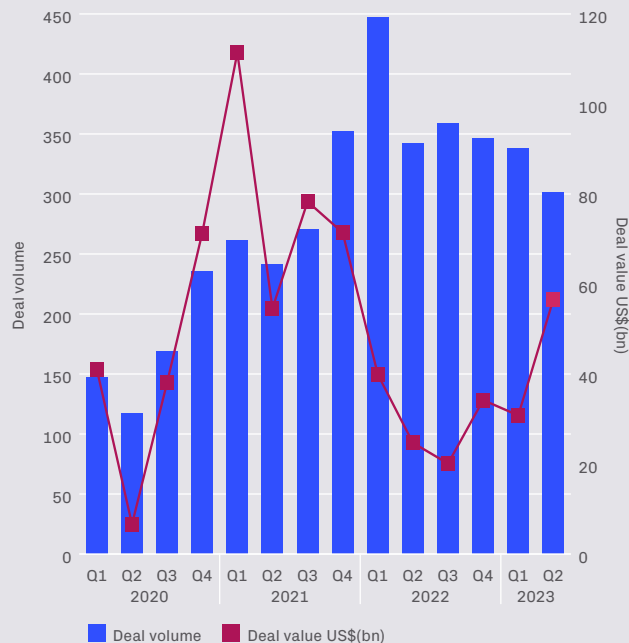
Regional banking crisis weighs on financial dealmakers

The medium-term prospects for M&A in the financial services sector are strong. As digital transformation sweeps through industries such as banking, insurance, and wealth management, many in the sector will deal with disruption through dealmaking to boost innovation. Trends such as the growing creep of regulation and, increasingly, the demands of the environmental, social, and governance agenda, also support the case for scale.

In the short term, however, the economic backdrop has felt particularly unsupportive of M&A in the sector. As central banks worldwide have repeatedly increased interest rates—with the possibility of more to come—uncertainty has increased. Several high-profile bank failures have added to the sense of volatility.

M&A activity in financial services has, accordingly, been relatively muted. There were 639 deals announced in the Americas in H1 2023, down 19% from the H1 total of 789 a year ago. However, this year's H1 transactions were worth US\$87.3bn in aggregate, representing a 35% increase on the US\$64.6bn logged over the first six months of 2022, thanks largely to a spike in value in Q2 2023 of US\$56.6bn, the highest quarterly sum since end-2021.

Financial services M&A activity, 2020-HY 2023



Source: Mergermarket

Bigger is better

As in other sectors, the fact that financial services saw higher total deal value in H1 2023 on lower deal volumes is a stand-out statistic. There have certainly been more larger deals this year—nine worth more than US\$2bn in the sector in H1, versus only five during the same period a year ago.

Another contributing factor here has been the interest of overseas bidders in targets in the Americas. Bidders from the United Arab Emirates were involved in just three financial services transactions in H1, but these were worth a combined US\$3bn, the bulk of which came from the Mubadala Investment Company's involvement in the US\$2bn acquisition of Fortress Investment. This compares to just US\$725m that Emirati financial services dealmakers accounted for in the Americas over the entirety of 2022.

Similarly, while PE firms supported only 63 buyout deals for financial services companies in the first half of the year, down from 148 in the same period in 2022, the value of those deals fell much less steeply to US\$15.6bn, versus US\$17.3bn a year ago. On the sell side, there were 12 PE exits in H1 worth US\$1.8bn from financial service business, down from 24 such transactions worth US\$6.1bn in 2022.



Betting on global trade

One financial services sector company predicting further consolidation in the industry is Brookfield Asset Management, with the Canadian group's chief executive pointing to the need for scale earlier this year.

Its sister company Brookfield Infrastructure has been leading the way in this regard, with its US\$13.5bn acquisition of Triton International in April topping out as the largest financial services deal announced in H1 in the Americas.

The deal is something of a specialty play in that Triton International's expertise lies in leasing freight containers in order to grease the wheels of global trade. But Brookfield, a long-time investor in logistics assets, hopes to capitalize on a boom for such containers, as trade routes worldwide reopen in the wake of post-Covid-19 supply-chain disruption. The deal takes Triton private, with the business having previously been listed on the New York Stock Exchange.

FS top sectors by value | HY 2023

| | US\$(m) |
|----------------------|---------|
| USA | 66,010 |
| Canada | 8,175 |
| Bermuda | 3,696 |
| United Arab Emirates | 3,042 |
| Japan | 2,452 |

FS top sectors by volume | HY 2023

| | Deal count |
|----------------|------------|
| USA | 488 |
| Canada | 44 |
| Brazil | 41 |
| United Kingdom | 9 |
| Bermuda | 8 |

Rescue mission

Other recent notable deals in the financial services sector include the takeovers by JP Morgan of First Republic and by First Citizens BancShares of Silicon Valley Bridge Bank. In both cases, the suitors stepped in to rescue banks that had failed, buying their assets from the US Federal Deposit Insurance Company for US\$10.6bn and US\$5.8bn, respectively.

Indeed, there were no fewer than four prominent bank failures in the first few months of 2023, with the US Federal Reserve and other policymakers eventually forced to step in with emergency measures to stabilize markets and prevent a full-blown crisis in the sector.

While disaster appears to have been averted, the failures brought back painful memories of the 2008 financial crisis and will give acquirers in this part of the financial sector in particular food for thought. That said, Mergermarket's 'companies for sale' stories tracker does highlight significant ongoing speculation about likely dealmaking in the financial services sector generally in the second half of the year.

Financial services US top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|---------------------------------------|--------------------|
| 1 | 12-Apr-23 | Brookfield Infrastructure Partners L.P.; Brookfield Infrastructure Partners Limited | Triton International Ltd. (100% Stake) | USA | | 13,512 |
| 2 | 01-May-23 | JPMorgan Chase & Co. | First Republic Bank (Substantial majority of assets and liabilities) (100% Stake) | USA | Federal Deposit Insurance Corporation | 10,600 |
| 3 | 02-Feb-23 | Clayton, Dubilier & Rice, LLC; Stone Point Capital LLC | Focus Financial Partners, Inc. (100% Stake) | USA | | 7,149 |
| 4 | 26-Mar-23 | First Citizens BancShares, Inc. | Silicon Valley Bridge Bank NA (100% Stake) | USA | Federal Deposit Insurance Corporation | 5,760 |
| 5 | 27-Jun-23 | Brookfield Reinsurance Ltd. | American Equity Investment Life Holding (AEL) (79.62% Stake) | USA | | 3,413 |
| 6 | 15-May-23 | TPG Inc. | Angelo Gordon & Co L.P. (100% Stake) | USA | | 3,100 |
| 7 | 22-May-23 | RenaissanceRe Holdings Ltd. | Validus Reinsurance Limited (100% Stake); American International Group Inc. – AIG (AlphaCat and Talbot Treaty Reinsurance Business) (100% Stake) | USA | American International Group Inc. | 2,985 |
| 8 | 23-Jan-23 | Elevance Health Inc. | Louisiana Health Service & Indemnity Co (100% Stake) | USA | | 2,500 |
| 9 | 02-May-23 | Fortitude Reinsurance Co., Ltd. | Lincoln National Corp. (\$28bn in-force ULSG, MoneyGuard and fixed annuity statutory reserves) (100% Stake) | USA | Lincoln National Corporation | 2,240 |
| 10 | 22-May-23 | Existing Management; Mubadala Investment Company PJSC | Fortress Investment Group LLC (90.01% Stake) | USA | SoftBank Corp. | 2,000 |

Financial services league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 31,960 | 15 |
| 2 | 5 | Bank of America | 30,120 | 8 |
| 3 | 3 | JPMorgan | 25,548 | 10 |
| 4 | - | Mitsubishi UFJ Financial Group | 20,661 | 2 |
| 5 | 44 | Guggenheim Partners | 16,420 | 5 |
| 6 | - | Mizuho Financial Group | 14,204 | 3 |
| 7 | 4 | Morgan Stanley | 13,236 | 12 |
| 8 | 29 | BMO Capital Markets | 13,144 | 8 |
| 9 | 28 | Ardea Partners LP | 10,635 | 8 |
| 10 | 8 | RBC Capital Markets | 10,324 | 8 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------|---------------|------------|
| 1 | 6 | Goldman Sachs & Co | 31,960 | 15 |
| 2 | 1 | Piper Sandler & Co | 10,284 | 14 |
| 3 | 13 | Waller Helms Advisors | 1,015 | 14 |
| 4 | 12 | Morgan Stanley | 13,236 | 12 |
| 5 | 3 | JPMorgan | 25,548 | 10 |
| 6 | 2 | Bank of America | 30,120 | 8 |
| 7 | 46 | BMO Capital Markets | 13,144 | 8 |
| 8 | 31 | Ardea Partners LP | 10,635 | 8 |
| 9 | 5 | RBC Capital Markets | 10,324 | 8 |
| 10 | 14 | Evercore | 5,750 | 8 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 25 | Sullivan & Cromwell | 33,291 | 13 |
| 2 | 14 | Davis Polk & Wardwell | 23,334 | 8 |
| 3 | 1 | Skadden Arps Slate Meagher & Flom | 21,963 | 15 |
| 4 | 45 | Torys | 16,128 | 5 |
| 5 | 73 | Debevoise & Plimpton | 16,061 | 13 |
| 6 | 82 | Freshfields Bruckhaus Deringer | 15,525 | 5 |
| 7 | - | Appleby | 13,512 | 1 |
| 8 | 7 | Kirkland & Ellis | 12,832 | 30 |
| 9 | 13 | Simpson Thacher & Bartlett | 11,656 | 12 |
| 10 | - | Baer & Karrer | 10,134 | 2 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 12,832 | 30 |
| 2 | 63 | Holland & Knight | 2 | 23 |
| 3 | 3 | Alston & Bird | 635 | 21 |
| 4 | 8 | Skadden Arps Slate Meagher & Flom | 21,963 | 15 |
| 5 | 22 | Sullivan & Cromwell | 33,291 | 13 |
| 6 | 51 | Debevoise & Plimpton | 16,061 | 13 |
| 7 | 28 | Simpson Thacher & Bartlett | 11,656 | 12 |
| 8 | 2 | Sidley Austin | 7,636 | 12 |
| 9 | 14 | Mayer Brown | 533 | 11 |
| 10 | 58 | Giordano, Halleran & Ciesla Pc | - | 11 |



Industrials & chemicals

Heavy lifting required for M&A recovery

The first half of 2023 did not see a supportive environment for M&A activity in the industrials & chemicals (I&C) sector. With geopolitical uncertainty continuing to create energy price volatility and supply-chain disruption still an issue in many industries, many I&C businesses have opted to take a cautious approach.

This is not to suggest M&A has fallen off the radar entirely in the sector. Medium- and long-term drivers for dealmaking include the need to reposition from a carbon footprint perspective, the importance of filling strategic gaps in technology and talent, and the potential for new approaches to supply-chain management, including vertical integration. While I&C dealmakers may be sitting on their hands for now, the potential for M&A is strong—and in some cases, deals will be large and transformative.

Nevertheless, the past six months has been relatively quiet, with the I&C sector recording one of the largest year-on-year declines in deal activity. In total, there were 796 M&A transactions announced in H1 2023, a 19% drop from 2022's first-half total of 984. The decline in value terms was even more stark, with aggregate deal value coming in at US\$60.6bn in H1, down 34% from the US\$92.1bn logged during the same period last year.

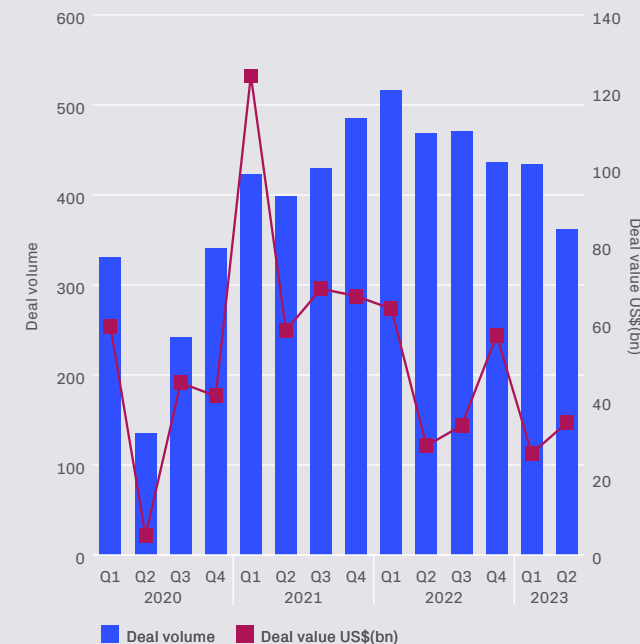
Deal decline accelerates

The numbers suggest appetite for dealmaking in the I&C sector has steadily diminished. Activity began declining in the latter half of 2022, but the slowdown has intensified so far this year. Q2 2023 was quieter than the first, with 362 deals announced compared to 434 in Q1.

This is also a sector where larger transactions have become scarce. There was just one I&C deal worth in excess of US\$5bn in H1 2023, compared with seven over the full year of 2022. Q2 did see six deals worth between US\$2bn-US\$5bn, but even within this range activity has slowed.

PE demand for deals in the sector has also slowed. Firms were involved in 173 buyouts at I&C businesses in the first half of this year, taking part in deals collectively worth US\$17.7bn, though this did include a spike in Q2 of US\$13.7bn from Q1's US\$3.9bn on roughly the same number of buyouts. Taken together, that compares to 365 deals worth US\$37.6bn during the same period of 2022.

I&C M&A activity, 2020-HY 2023



Source: Mergermarket

I&C top bidders by value | HY 2023

| | US\$(m) |
|-------------|---------|
| USA | 45,533 |
| Australia | 4,426 |
| Switzerland | 2,393 |
| Brazil | 2,182 |
| Japan | 1,279 |

I&C top bidders by volume | HY 2023

| | Deal count |
|--------|------------|
| USA | 566 |
| Canada | 54 |
| Brazil | 28 |
| France | 18 |
| Japan | 18 |

Thirst for dealmaking

The biggest deal of all in the I&C sector in the Americas during H1 2023 saw Xylem pay just over US\$7bn for Evoqua Water Technologies, the ninth acquisition that the New York-based company has made in the past six years. Xylem manufactures pumps, valves, and filters to help industrial and utility customers treat and manage their water. It views Evoqua as adding complementary expertise to its business, though there is also potential for significant cost synergies.

The deal signals the growing sophistication of leading businesses in the water and waste management sector,

for whom innovative technology is increasingly the most crucial point of competitive differentiation. Xylem's last sizable deal saw it acquire the smart metering company Sensus, with the water sector now focused on how data analytics tools can help it to perform better.

Xylem's deal with Evoqua creates the largest water business in the US, but while there has been significant consolidation among the biggest companies in the sector, analysts see scope for more smaller deals. In the small- and mid-cap arena, the US water industry remains highly fragmented.



I&C top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|---|--------------------|
| 1 | 23-Jan-23 | Xylem Inc. | Evoqua Water Technologies Corp. (100% Stake) | USA | | 7,039 |
| 2 | 04-May-23 | Apollo Global Management Inc.; Irenic Capital Management L.P. | Arconic Corp. (100% Stake) | USA | | 4,555 |
| 3 | 04-Apr-23 | Crane Co. (Shareholders) | Crane Co. (100% Stake) | USA | Crane NXT Co. | 4,481 |
| 4 | 10-May-23 | Allkem Ltd. | Livent Corporation (100% Stake) | USA | | 3,849 |
| 5 | 09-May-23 | Apollo Global Management Inc.; Abu Dhabi National Oil Company | Braskem S.A. (38.3% Stake) | Brazil | Novonor S.A. | 2,869 |
| 6 | 15-May-23 | HEICO Corp. | Wencor Group LLC (100% Stake) | USA | Warburg Pincus LLC | 2,050 |
| 7 | 12-Jun-23 | Unipar Carbocloro S.A. | Braskem S.A. (34.37% Stake) | Brazil | Novonor S.A. | 2,049 |
| 8 | 03-Feb-23 | Lone Star Global Acquisitions Ltd. | Titan Acquisition Holdings Ltd. (100% Stake) | USA | Carlyle Group Inc.; Stellex Capital Management L.P. | 2,000 |
| 9 | 27-Feb-23 | LKQ Corporation, Inc. | Uni-Select Inc. (100% Stake) | Canada | Birch Hill Equity Partners Management Inc.; EdgePoint Investment Group Inc. | 1,951 |
| 10 | 28-Jun-23 | Arcline Investment Management L.P. | Circor International Inc. (100% Stake) | USA | | 1,684 |

Up in the air

The next biggest I&C deal in H1 came in a very different subsector, with Apollo Global Management unveiling a US\$4.6bn buyout at aerospace supplier Arconic Corporation. The deal to take Arconic private provides an exit for shareholders in the business, with Apollo convinced that its relationships in the aerospace sector will enable it to drive value.

Meanwhile, Crane Co, which manufactures industrial products, announced a US\$4.5bn plan to separate its business into two smaller and more focused companies that will trade independently. Crane Co will concentrate on highly engineered products for industries such as aerospace and electronics, while Crane NXT will specialize in industrial technology.

The latter business sees the potential for targeted M&A as it seeks to drive earnings growth, suggesting further transactions to come. More broadly, the I&C sector is expected to see a pick-up in deal activity during the second half of the year, though Mergermarket's 'companies for sale' tracker suggests any bounce will be less pronounced than in other industries.

I&C league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 22,683 | 14 |
| 2 | 2 | Bank of America | 16,445 | 14 |
| 3 | 11 | Lazard | 12,451 | 7 |
| 4 | 3 | JPMorgan | 9,776 | 12 |
| 5 | 5 | UBS Investment Bank | 8,899 | 11 |
| 6 | 7 | Citi | 8,623 | 12 |
| 7 | 6 | Evercore | 8,239 | 8 |
| 8 | 16 | Guggenheim Partners | 7,957 | 3 |
| 9 | 8 | Morgan Stanley | 7,774 | 10 |
| 10 | 38 | TD Securities | 6,741 | 4 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 3 | Houlihan Lokey | 2,304 | 16 |
| 2 | 2 | Goldman Sachs & Co | 22,683 | 14 |
| 3 | 11 | Bank of America | 16,445 | 14 |
| 4 | 1 | JPMorgan | 9,776 | 12 |
| 5 | 16 | Citi | 8,623 | 12 |
| 6 | 7 | UBS Investment Bank | 8,899 | 11 |
| 7 | 18 | Stifel/KBW | 768 | 11 |
| 8 | 17 | Morgan Stanley | 7,774 | 10 |
| 9 | 33 | BMO Capital Markets | 6,448 | 10 |
| 10 | 36 | National Bank Financial | 111 | 10 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 1 | Latham & Watkins | 11,776 | 24 |
| 2 | 14 | Wachtell, Lipton, Rosen & Katz | 11,164 | 7 |
| 3 | 6 | Davis Polk & Wardwell | 9,298 | 8 |
| 4 | 4 | Skadden Arps Slate Meagher & Flom | 8,573 | 8 |
| 5 | 46 | Jones Day | 8,141 | 24 |
| 6 | 50 | Cleary Gottlieb Steen & Hamilton | 7,462 | 9 |
| 7 | 3 | Paul Weiss Rifkind Wharton & Garrison | 7,175 | 7 |
| 8 | 10 | Gibson, Dunn & Crutcher | 7,039 | 5 |
| 9 | 2 | Kirkland & Ellis | 6,795 | 31 |
| 10 | 29 | Sullivan & Cromwell | 6,552 | 5 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 6,795 | 31 |
| 2 | 2 | Latham & Watkins | 11,776 | 24 |
| 3 | 7 | Jones Day | 8,141 | 24 |
| 4 | 105 | Holland & Knight | - | 18 |
| 5 | 27 | Osler, Hoskin & Harcourt | 2,420 | 17 |
| 6 | 6 | Goodwin Procter | 999 | 17 |
| 7 | 14 | Fasken Martineau Dumoulin | 5,934 | 15 |
| 8 | 17 | Sidley Austin | 4,913 | 13 |
| 9 | 3 | DLA Piper | 1,034 | 13 |
| 10 | 18 | Stikeman Elliott | 2,405 | 11 |

A woman with short, light-colored hair, wearing a white lab coat over a pink shirt, is looking through a microscope in a laboratory. The background is bright and slightly blurred, suggesting a window or large light source. The image has a bokeh effect on the right side. There are several colored rectangular overlays: a yellow one containing text, an orange one on the left, a grey one on the right, and a white one on the bottom right.

Pharma, medical & biotech

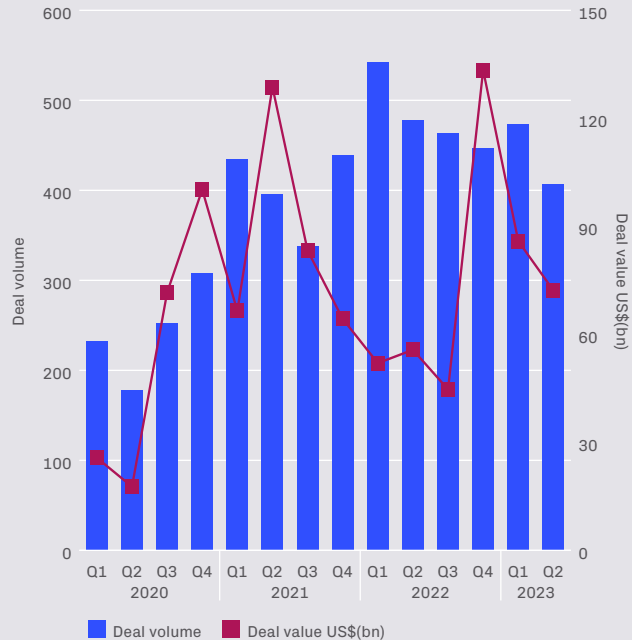
Pharma a rare bright spot for Americas M&A in 2023

PMB businesses are determined to protect future earnings. Research from consultants EY suggests the world's largest pharma businesses began this year with a US\$1.4tn war chest earmarked for dealmaking as they eyed the expiry of drug patents worth around US\$200bn by 2030. Some of that firepower was certainly deployed in H1 2023, with industry leaders including Pfizer, Merck, and Sanofi all announcing significant deals.

However, the question for the PMB sector is whether the US Federal Trade Commission (FTC) will frustrate dealmakers' strategies. In May the FTC announced it would try to block Amgen's US\$28bn takeover of Horizon Therapeutics, unveiled last December, on antitrust grounds. The intervention is controversial, but has nonetheless sent a chill wind through dealmakers in the sector.

Biotech companies have particular reason to be worried. With finance far tougher to come by as the monetary backdrop has tightened, M&A represents many biotech's best bet of securing the backing they need to continue drug development work.

PMB M&A activity, 2020-HY 2023



Source: Mergermarket

Return of the megadeal

The PMB sector is not immune to the headwinds facing M&A markets. In volume terms at least, activity during H1 2023 did fall back slightly, with 880 transactions announced compared to 1,020 in H1 2022 and 911 in the latter half of last year. Still, those 2022 figures were exceptional, and the sector's first-half deal volumes for 2023 remain strong by historical standards.

However, it is in value terms that the sector really stands out. The deals announced in H1 2023 were worth US\$158.1bn in aggregate, up 47% from the same period in 2022. That represented one of the strongest periods for M&A in the PMB sector in the past five years.

Megadeals are very much part of that story. There were three deals worth more than US\$10bn announced in H1 2023, plus a further two transactions valued above US\$5bn. By contrast, the first six months of last year saw just a single deal of this size.

Deal activity did slow a little in Q2 of this year, with 407 deals worth US\$72.2bn announced, down from 473 deals worth US\$85.9bn in Q1, perhaps owing to the shock FTC intervention. Nevertheless, PMB has so far been a rare bright spot in the Americas M&A data this year.

PMB top sectors by value | HY 2023

| | US\$(m) |
|----------------|---------|
| USA | 129,712 |
| Japan | 6,709 |
| France | 4,291 |
| United Kingdom | 4,188 |
| Switzerland | 3,724 |

PMB top sectors by volume | HY 2023

| | Deal count |
|----------------|------------|
| USA | 699 |
| Canada | 39 |
| Brazil | 22 |
| United Kingdom | 17 |
| France | 10 |

Escaping competition concerns

The good news for the biggest PMB deal in the Americas in H1—Pfizer’s US\$45.7bn acquisition of Seagen—is that there has so far been no sign of a move by the FTC to block it. While antitrust intervention is still possible, analysts point out that the overlap between the companies’ products is limited. This should ease concerns about the impact on drug prices, a serious issue for the Biden administration.

Seagen’s reputation has been built on its pioneering work in the area of antibody-drug conjugates, designed to target cancer cells while avoiding damage to healthy cells in the body. Seagen has so far had four drugs of this type approved—Pfizer, by contrast, has no products in the same area and has done limited work in the field.

Barring last-minute disasters, the transaction is on target to complete late in 2023 or early 2024. That would cement its place in the record books as the largest M&A deal across all sectors in the Americas for 2023 so far.



Big-deal bonanza

In the next largest PMB deal from H1, in April Merck agreed to pay US\$10.9bn for Prometheus Biosciences. The San Diego-based biotech is best known for its work on diseases linked to abnormal activity of the immune system, including its development of a treatment for ulcerative colitis. For Merck, which is growing anxious about the patent expiry of one of its bestselling cancer drugs, the deal offers welcome diversification, as well as additional intellectual property in the fast-growing field of immunology.

The other US\$10bn-plus deal of H1—CVS Health Corp’s US\$10.6bn acquisition of Oak Street Health—is a different proposition. Drugstore chain CVS already provides some primary healthcare through its retail outlets, but sees Oak Street as a means to significantly expand that work as the US government looks to reduce costs while improving the health of those in its Medicare program.

The CVS-Oak Street tie-up is a reminder that big pharma is not the only M&A player in the sector, albeit that headlines in H2 are likely to be dominated by the tension between pharma’s desire to do deals and nervousness about antitrust.

PMB top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|--|---|-------------------------|--|--------------------|
| 1 | 13-Mar-23 | Pfizer Inc. | Seagen Inc. (100% Stake) | USA | | 45,671 |
| 2 | 16-Apr-23 | Merck & Co Inc. | Prometheus Biosciences Inc. (100% Stake) | USA | | 10,874 |
| 3 | 06-Feb-23 | CVS Health Corp. | Oak Street Health Inc. (100% Stake) | USA | General Atlantic LLC; Newlight Partners L.P. | 10,552 |
| 4 | 10-May-23 | Veritas Capital Fund Management LLC; Elliott Investment Management L.P.; Patient Square Capital L.P. | Syneos Health, Inc. (100% Stake) | USA | | 7,390 |
| 5 | 30-Apr-23 | Astellas Pharma Inc.; Astellas US Holding Inc. | IVERIC bio Inc. (100% Stake) | USA | | 6,331 |
| 6 | 20-Jun-23 | Existing Shareholders | Fortrea Holdings Inc. (100% Stake) | USA | Laboratory Corp of America Holdings | 4,355 |
| 7 | 08-May-23 | Warburg Pincus LLC; Advent International Corp. | Baxter International Inc. (BioPharma Solutions business) (100% Stake) | USA | Baxter International Inc. | 4,250 |
| 8 | 05-Jun-23 | UnitedHealth Group Inc.; Optum, Inc. | Amedisys Inc. (100% Stake) | USA | | 3,798 |
| 9 | 09-Feb-23 | Globus Medical Inc. | NuVasive, Inc. (100% Stake) | USA | | 3,780 |
| 10 | 12-Jun-23 | Novartis AG | Chinook Therapeutics Inc. (100% Stake) | USA | | 3,452 |

PMB league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 3 | Centerview Partners | 99,676 | 15 |
| 2 | 16 | Guggenheim Partners | 52,147 | 6 |
| 3 | 49 | MTS Health Partners | 51,396 | 5 |
| 4 | 2 | Goldman Sachs & Co | 29,351 | 8 |
| 5 | 9 | Bank of America | 24,613 | 10 |
| 6 | 12 | Lazard | 19,265 | 9 |
| 7 | 6 | UBS Investment Bank | 19,195 | 10 |
| 8 | 15 | Morgan Stanley | 15,153 | 5 |
| 9 | 1 | JPMorgan | 13,528 | 8 |
| 10 | 17 | Moelis & Co | 9,530 | 9 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 13 | Centerview Partners | 99,676 | 15 |
| 2 | 2 | Jefferies | 6,465 | 13 |
| 3 | 9 | Piper Sandler & Co | 3,577 | 12 |
| 4 | 1 | Houlihan Lokey | 1,653 | 12 |
| 5 | 7 | Bank of America | 24,613 | 10 |
| 6 | 16 | UBS Investment Bank | 19,195 | 10 |
| 7 | 27 | Raymond James | 789 | 10 |
| 8 | 30 | Lazard | 19,265 | 9 |
| 9 | 17 | Moelis & Co | 9,530 | 9 |
| 10 | 4 | Goldman Sachs & Co | 29,351 | 8 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 2 | Skadden Arps Slate Meagher & Flom | 72,310 | 11 |
| 2 | 10 | Goodwin Procter | 57,455 | 84 |
| 3 | 3 | Sullivan & Cromwell | 55,119 | 5 |
| 4 | 28 | Wachtell, Lipton, Rosen & Katz | 49,451 | 2 |
| 5 | 59 | Paul Weiss Rifkind Wharton & Garrison | 37,055 | 12 |
| 6 | 14 | Latham & Watkins | 34,849 | 26 |
| 7 | 4 | Kirkland & Ellis | 27,211 | 24 |
| 8 | 20 | Fried Frank Harris Shriver & Jacobson | 21,909 | 8 |
| 9 | 36 | Gibson, Dunn & Crutcher | 18,355 | 19 |
| 10 | 19 | Wilson Sonsini Goodrich & Rosati | 18,100 | 38 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Goodwin Procter | 57,455 | 84 |
| 2 | 5 | Cooley | 11,346 | 60 |
| 3 | 2 | Wilson Sonsini Goodrich & Rosati | 18,100 | 38 |
| 4 | 8 | McDermott Will & Emery | 10,790 | 34 |
| 5 | 55 | Holland & Knight | 133 | 34 |
| 6 | 9 | Latham & Watkins | 34,849 | 26 |
| 7 | 6 | Kirkland & Ellis | 27,211 | 24 |
| 8 | 10 | Sidley Austin | 3,539 | 24 |
| 9 | 4 | McGuireWoods | 51 | 22 |
| 10 | 26 | Gibson, Dunn & Crutcher | 18,355 | 19 |



Real estate

Occasional megadeal insufficient to offset macroeconomic headwinds

Real estate M&A does not traditionally respond positively to economic uncertainty and disruption. This has borne out during the current period of volatility, with a sharp slowdown in dealmaking during the latter half of last year continuing into H1 2023.

There is no shortage of headwinds. A slower economy means less demand for most subsectors of commercial property. Squeezed household budgets put pressure on the residential housing market. Higher interest rates and an increasing cost of capital are unhelpful for investment.

There will, no doubt, be opportunities for fleet-footed acquirers—an increase in distressed situations perhaps—and M&A in the sector has not disappeared altogether. For now, however, dealmaking remains modest, with relatively little hope of a near-term spike.

Real estate M&A activity, 2020-HY 2023



Source: Mergermarket

Arrow pointing down

The figures speak for themselves. The first six months of last year saw 131 deals worth US\$91bn announced in the real estate sector across the Americas. That slipped to 112 deals worth US\$37bn in H2 2022, and then to 75 transactions valued at US\$33bn in H1 2023. Year-on-year, those figures represent declines of 43% and 64% in volume and value terms, respectively.

Quarter by quarter the picture also does not look especially encouraging. There were 44 deals announced in Q1 2023, falling to 31 in Q2, the lowest quarterly figure since Q3 2021. Aggregate deal value was more resilient, but only because of a single large transaction, Extra Space Storage's US\$15.8bn acquisition of Life Storage in April.

The withdrawal of PE has been a significant part of the story in real estate M&A. PE investors announced just five buyouts worth US\$650m in H1 2023, down from 19 deals valued at more than US\$5bn in the same period a year prior. Exit activity was also muted, with three deals worth US\$739m in the first half, compared to five exits worth US\$1.2bn in the first half of 2022.



The search for space

Against this backdrop, the Extra Space deal with Life Storage was certainly a bright spot for the sector. The combined entity will be the market-leading operator in the US self-storage industry, accounting for around 13% of all square footage. Extra Space is particularly pleased to be acquiring a business that has significant assets in southern regions of the US, where growth in the self-storage market has been notably high in recent times.

Economies of scale and operational synergies provide an opportunity to reduce cost, both parties argue. That should improve net operating income over the long term for the business, which will trade as a real estate investment trust (REIT). Such improvements are important in a sector where there are doubts about future growth prospects—the self-storage sector expanded during the pandemic as Americans looked to create more space at home, but has since cooled.

Indeed, more deals are possible. Public Storage, the largest operator in the US—at least until the Extra Space and Life Storage tie-up completes—has also looked to expand through acquisition but had its bid for Life Storage rebuffed in February.

Real estate top bidders by value | HY 2023

| | US\$(m) |
|--------|---------|
| USA | 29,983 |
| Canada | 1,035 |
| Japan | 973 |
| Brazil | 829 |
| Mexico | 110 |

Real estate top bidders by volume | HY 2023

| | Deal count |
|---------|------------|
| USA | 49 |
| Canada | 9 |
| Brazil | 8 |
| Turkey | 1 |
| Peru | 1 |
| Mexico | 1 |
| Germany | 1 |

Real estate top bidders by volume also saw 1 deal from Singapore, Chile, China, Japan, and Israel.

Blackstone stays busy

The next biggest deal in the real estate sector in H1 was a US\$4bn investment by the University of California in a real-estate fund run by PE group Blackstone. UC has a long-standing relationship with Blackstone, having invested US\$2bn in a number of its funds over the past decade or so, though the latest deal is not without controversy. Some students and staff accuse Blackstone of exacerbating a housing crisis in California by buying up homes and pushing up rents.

Meanwhile, Blackstone was also involved in the third biggest transaction in the sector through the first six months of this year, with its real estate funds selling a portfolio of properties to ProLogis for US\$3.1bn. The deal saw the warehouse-focused REIT acquire around 14m square feet of industrial property.

The fact that no other deal worth more than US\$2bn was announced during the first half of this year exemplifies the slowdown in the real estate sector. And there is not much sign of a turnaround—Mergermarket’s ‘companies for sale’ tracker identified just 37 stories over the last six months about potential deals in the industry.

Real estate top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|-------------------------|---------------------------------|--------------------|
| 1 | 03-Apr-23 | Extra Space Storage Inc. | Life Storage Inc. (100% Stake) | USA | | 15,779 |
| 2 | 03-Jan-23 | The Regents of the University of California | Blackstone Real Estate Income Trust, Inc. | USA | | 4,000 |
| 3 | 26-Jun-23 | ProLogis Inc. | Property Portfolio (Industrial Property Portfolio) (100% Stake) | USA | Blackstone Real Estate Partners | 3,100 |
| 4 | 06-Mar-23 | Realty Income Corporation | EG Group Ltd. (415 convenience stores) (100% Stake) | USA | EG Group Ltd. | 1,500 |
| 5 | 18-May-23 | Regency Centers Corp. | Urstadt Biddle Properties Inc. (100% Stake) | USA | | 1,146 |
| 6 | 23-May-23 | Global Net Lease Inc. | Necessity Retail REIT Inc. (100% Stake) | USA | | 998 |
| 7 | 17-Mar-23 | SoftBank Group Corp. | WeWork Inc. (58.42% Stake) | USA | | 973 |
| 8 | 06-Jun-23 | Undisclosed bidder | Apartment Income REIT Corp. (two joint ventures with 11 properties) | USA | Apartment Income REIT Corp. | 600 |
| 9 | 25-Jan-23 | The Regents of the University of California | Blackstone Real Estate Income Trust, Inc. | USA | | 500 |
| 10 | 06-Feb-23 | Stone Point Capital LLC | Lincoln Property Company | USA | | 407 |

Real estate league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|------------------------|---------------|------------|
| 1 | 5 | Bank of America | 21,035 | 8 |
| 2 | 6 | Wells Fargo Securities | 20,025 | 3 |
| 3 | 1 | Citi | 19,520 | 4 |
| 4 | 2 | JPMorgan | 19,286 | 3 |
| 5 | 10 | Eastdil Secured | 5,746 | 3 |
| 6 | 4 | Goldman Sachs & Co | 5,000 | 3 |
| 7 | 13 | Barclays | 4,600 | 2 |
| 8 | 3 | Morgan Stanley | 4,444 | 3 |
| 9 | - | Deutsche Bank | 4,246 | 2 |
| 10 | 18 | PJT Partners | 4,073 | 2 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|------------------------|---------------|------------|
| 1 | 3 | Bank of America | 21,035 | 8 |
| 2 | 4 | Citi | 19,520 | 4 |
| 3 | 17 | Banco BTG Pactual SA | 542 | 4 |
| 4 | 7 | Wells Fargo Securities | 20,025 | 3 |
| 5 | 5 | JPMorgan | 19,286 | 3 |
| 6 | 6 | Eastdil Secured | 5,746 | 3 |
| 7 | 2 | Goldman Sachs & Co | 5,000 | 3 |
| 8 | 1 | Morgan Stanley | 4,444 | 3 |
| 9 | - | CIBC World Markets | 474 | 3 |
| 10 | - | TD Securities | 204 | 3 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 3 | Latham & Watkins | 18,425 | 3 |
| 2 | 6 | Hogan Lovells International | 16,925 | 3 |
| 3 | 7 | Cravath, Swaine & Moore | 16,186 | 2 |
| 4 | 59 | Morrison & Foerster | 16,179 | 2 |
| 5 | - | Cleary Gottlieb Steen & Hamilton | 15,887 | 2 |
| 6 | - | Quinn Emanuel Urquhart & Sullivan | 15,779 | 1 |
| 7 | 4 | Simpson Thacher & Bartlett | 7,600 | 3 |
| 8 | 16 | Goodwin Procter | 4,606 | 4 |
| 9 | 5 | Wachtell, Lipton, Rosen & Katz | 1,553 | 2 |
| 10 | 20 | Skadden Arps Slate Meagher & Flom | 1,541 | 2 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 1 | Goodwin Procter | 4,606 | 4 |
| 2 | 10 | Latham & Watkins | 18,425 | 3 |
| 3 | 36 | Hogan Lovells International | 16,925 | 3 |
| 4 | 2 | Simpson Thacher & Bartlett | 7,600 | 3 |
| 5 | 21 | Cravath, Swaine & Moore | 16,186 | 2 |
| 6 | 61 | Morrison & Foerster | 16,179 | 2 |
| 7 | - | Cleary Gottlieb Steen & Hamilton | 15,887 | 2 |
| 8 | 20 | Wachtell, Lipton, Rosen & Katz | 1,553 | 2 |
| 9 | 7 | Skadden Arps Slate Meagher & Flom | 1,541 | 2 |
| 10 | 8 | Kirkland & Ellis | 1,373 | 2 |



Telecoms, media & technology

TMT dealmakers move to capitalize on data-led growth

The mood has shifted decisively in the TMT sector. The heady days of 2020 and 2021, when funding was plentiful and valuations were elevated, feel like a long time ago. Between the spring and autumn of 2022, the valuation of Facebook owner Meta fell from 26 times earnings to 16; Google-owner Alphabet went from 30 times earnings to 17 times; and Microsoft slipped from 34 times to 21. Investors in early-stage tech businesses are in retreat.

Growth businesses have inevitably been hit by higher interest rates, which reduce the value of earnings tomorrow compared to those of today. And in any case, even earnings today are harder to come by for many in the sector—slower economic growth means, for example, weaker digital advertising sales.

For all that, however, M&A interest in TMT businesses remains high. The narrative around digital transformation remains compelling. Exciting advances in areas such as data analytics, robotics and, above all, generative artificial intelligence, are capturing investor attention. So, while TMT dealmaking has certainly retrenched, M&A in the sector remains healthy compared to other industries. TMT was the busiest sector by deal volume during the first six months of the year and the third most active by value.

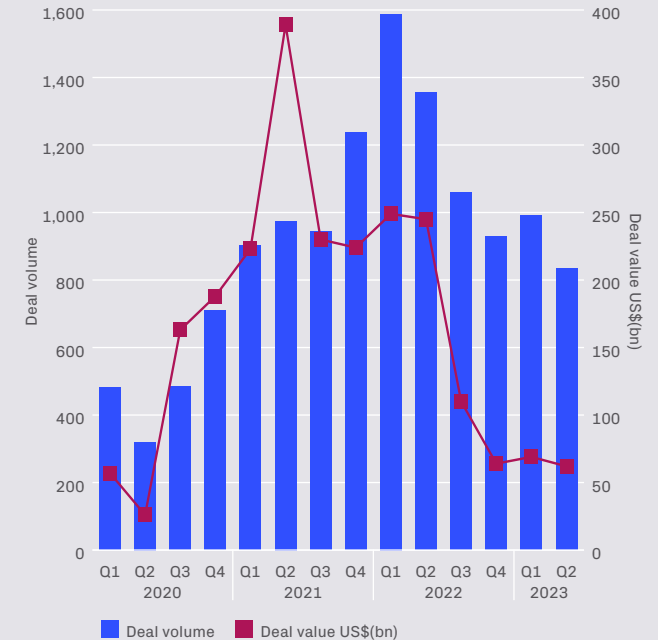
Dealmaking downshifts

Overall, the TMT sector saw 1,826 deals worth US\$130.6bn in the Americas in H1 2023. Those figures are down slightly from those recorded in H2 2022, but significantly worse than the first half of last year, when there were 2,943 deals worth US\$493.5bn announced. Year-on-year, that represents a decline of 38% and 74% in volume and value terms, respectively.

Still, global interest in TMT companies in the Americas remains, with the sector attracting a more diverse set of bidders than most. Saudi Arabia has been a significant player this year, for example, courtesy of Savvy Games' US\$4.9bn bid for Scopely. Bidders from the UK, Japan, Israel, Germany, France, India, and Australia have all been involved in a significant number of TMT deals already this year.

On the whole, deals have been smaller— just five TMT transactions worth in excess of US\$5bn were announced in H1 2023, compared to 13 in the same period last year. But large transactions are still getting done, including very sizable deals involving PE investors. Indeed, while PE firms appear reluctant to throw money at early-stage companies, they are still pursuing M&A in the TMT sector—they announced 771 buyouts in H1, broadly in line with second-half activity last year.

TMT M&A activity, 2020-HY 2023



Source: Mergermarket



Data and analytics premium

In fact, the largest first-half TMT deal of all this year involved PE group Silver Lake. Together with partners including the Canada Pension Plan Investment Board, it agreed to pay US\$11.9bn for Qualtrics International, acquiring the company from global business software giant SAP.

The deal is a good example of how demand for digital transformation is powering elements of the TMT sector. Qualtrics is best known for the analytics tools it has developed to help companies work with online customers more effectively. Demand for those tools saw its sales rise 36% last year to US\$1.5bn.

The deal is also expected to involve Ryan Smith, the billionaire co-founder of Qualtrics, who sold the company to SAP for US\$8bn in 2018. Smith, now a public figure through his ownership of the Utah Jazz basketball franchise, is reported to be a co-investor in the acquisition.

The structure of the transaction proves PE deals can still get done in TMT. Silver Lake's recruitment of equity partners enabled it to pursue the transaction despite the difficulties of raising finance.

TMT top bidders by value | HY 2023

| | US\$(m) |
|----------------|---------|
| USA | 108,435 |
| Saudi Arabia | 4,900 |
| Sweden | 3,736 |
| United Kingdom | 3,545 |
| Canada | 3,404 |

TMT top bidders by volume | HY 2023

| | Deal count |
|----------------|------------|
| USA | 1,360 |
| Canada | 118 |
| Brazil | 72 |
| United Kingdom | 67 |
| Japan | 18 |

TMT top 10 announced deals, HY 2023

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|-------------------------|---------------------------|--------------------|
| 1 | 06-Mar-23 | Silver Lake Group LLC; Canada Pension Plan Investment Board | Qualtrics International Inc. (96.34% Stake) | USA | SAP SE | 11,931 |
| 2 | 12-Jun-23 | Nasdaq Inc. | Adenza Group Inc. (100% Stake) | USA | Thoma Bravo LLC | 10,701 |
| 3 | 03-Apr-23 | Endeavor Group Holdings, Inc. | World Wrestling Entertainment Inc. (100% Stake) | USA | | 9,350 |
| 4 | 17-Jan-23 | Emerson Electric Co. | National Instruments Corp. (98.25% Stake) | USA | | 8,266 |
| 5 | 15-Mar-23 | Temasek Holdings Pte. Ltd.; Baillie Gifford & Co., Ltd.; Silver Lake Group LLC; GIC Pte. Ltd.; Goldman Sachs Asset Management L.P.; General Catalyst; Andreessen Horowitz LLC; Hillhouse Investment Management Ltd.; Thrive Capital LLC; MSD Partners, L.P.; The Founders Fund Growth Management, LLC | Stripe, Inc. (13% Stake) | USA | | 6,500 |
| 6 | 05-Apr-23 | Savvy Games Group | Scopely, Inc. (100% Stake) | USA | | 4,900 |
| 7 | 14-Mar-23 | Blackstone Inc. | Cvent Holding Corp. (100% Stake) | USA | Vista Equity Partners LLC | 4,600 |
| 8 | 26-Jun-23 | International Business Machines Corp. | Apptio Inc. (100% Stake) | USA | Vista Equity Partners LLC | 4,600 |
| 9 | 01-Mar-23 | Existing Management; Public Sector Pension Investment Board; EQT AB | Radius Global Infrastructure Inc. (100% Stake) | USA | | 2,967 |
| 10 | 09-Jan-23 | Vista Equity Partners LLC | Duck Creek Technologies Inc. (100% Stake) | USA | | 2,525 |

More to come

The next biggest deal in the TMT sector so far this year in the Americas also highlighted the value of data. US stock exchange group Nasdaq agreed to pay PE firm Thoma Bravo US\$10.7bn to acquire Adenza Group, the financial risk software company. Its data management technology will help Nasdaq to keep pace with competitors such as the London Stock Exchange Group and Intercontinental Exchange, which have made similar data-focused acquisitions in recent years.

Elsewhere, the merger between Endeavor Group and World Wrestling Entertainment represents a deal worth US\$9.4bn. The transaction will see the creation of a new business containing the Ultimate Fighting Championship and WWE, with Endeavor owning 51% of the venture. The two companies describe the business as a “global live sports and entertainment pureplay”.

Analysts do not expect the TMT deals to end there, despite the continuing slowdown in the sector. A third of all ‘companies for sale’ stories recorded by Mergermarket’s tracker during the first half of the year featured businesses from the sector. No other industry has seen anywhere near this level of M&A speculation.

TMT league tables

Financial advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 65,393 | 21 |
| 2 | 3 | JPMorgan | 61,620 | 21 |
| 3 | 2 | Morgan Stanley | 44,592 | 10 |
| 4 | 5 | Bank of America | 29,841 | 12 |
| 5 | 4 | Barclays | 29,353 | 10 |
| 6 | 16 | Evercore | 26,983 | 20 |
| 7 | 7 | UBS Investment Bank | 20,964 | 11 |
| 8 | 12 | Qatalyst Group | 17,731 | 4 |
| 9 | 9 | Wells Fargo Securities | 16,641 | 4 |
| 10 | 8 | Citi | 15,399 | 5 |

Financial advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 65,393 | 21 |
| 2 | 3 | JPMorgan | 61,620 | 21 |
| 3 | 8 | Evercore | 26,983 | 20 |
| 4 | 5 | William Blair & Company | 1,704 | 18 |
| 5 | 12 | Raymond James | 3,094 | 16 |
| 6 | 2 | Houlihan Lokey | 590 | 15 |
| 7 | 4 | Canaccord Genuity Corp | 43 | 14 |
| 8 | 18 | Bank of America | 29,841 | 12 |
| 9 | 14 | Lincoln International | 1,346 | 12 |
| 10 | 11 | TD Securities | 377 | 12 |

Legal advisors by value

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Sullivan & Cromwell | 48,738 | 23 |
| 2 | 13 | Kirkland & Ellis | 44,063 | 65 |
| 3 | 20 | Latham & Watkins | 33,085 | 50 |
| 4 | 14 | Cleary Gottlieb Steen & Hamilton | 29,442 | 13 |
| 5 | 17 | Goodwin Procter | 29,218 | 129 |
| 6 | 11 | Wilson Sonsini Goodrich & Rosati | 26,515 | 79 |
| 7 | 42 | Freshfields Bruckhaus Deringer | 26,347 | 7 |
| 8 | 3 | Simpson Thacher & Bartlett | 25,578 | 11 |
| 9 | 7 | Davis Polk & Wardwell | 21,086 | 13 |
| 10 | 2 | Wachtell, Lipton, Rosen & Katz | 20,058 | 10 |

Legal advisors by volume

| HY 2023 | HY 2022 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 2 | Goodwin Procter | 29,218 | 129 |
| 2 | 1 | Cooley | 17,238 | 117 |
| 3 | 3 | Wilson Sonsini Goodrich & Rosati | 26,515 | 79 |
| 4 | 4 | Kirkland & Ellis | 44,063 | 65 |
| 5 | 6 | Latham & Watkins | 33,085 | 50 |
| 6 | 12 | Fasken Martineau Dumoulin | 698 | 38 |
| 7 | 11 | Osler, Hoskin & Harcourt | 1,482 | 28 |
| 8 | 42 | Holland & Knight | 215 | 27 |
| 9 | 5 | DLA Piper | 2,334 | 26 |
| 10 | 13 | Ropes & Gray | 8,712 | 24 |



About this report

Produced in partnership with Mergermarket

Editor: Julian Frazer



For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: www.mergermarket.com/pdf/deal_criteria.pdf

    #Wheredealsaremade

Get in touch, visit www.datasite.com or contact: info@datasite.com

AMERS +1 888 311 4100 | EMEA +44 20 3031 6300 | APAC +852 3905 4800

©Datasite. All rights reserved. All trademarks are property of their respective owners. DS-24.461

