



Datasite Forecaster

2H M&A Outlook

Trends based on Datasite's proprietary, aggregated, and anonymized transaction data.





The Datasite view: Data and definitions

We have developed the following definitions to provide clarity on how we are filtering and categorizing our data, which is all aggregated and anonymized.

- **M&A deal.** Datasite projects categorized as an asset sale or merger
- **M&A deal kick-offs.** The day a new sell-side data room is created in Datasite Diligence or Acquire¹
- **M&A pipeline.** The total number of ongoing M&A processes on Datasite during a given time period, regardless of the deal's stage, size, or public status
- **Forecast, prediction, or indicator.** An estimate of future deal volume based on the assumption that sell-side due diligence takes from three to nine months to complete

Deal velocity
Deal outcomes
Deal depth

M&A market activity

What the public sees

Publicly announced deals

What we see

Undisclosed deals

Active, unannounced deals

Deals put on hold

Abandoned deals

¹: This excludes M&A deals created in our deal preparation application, Datasite Prepare.

Solid sell-side deal pipeline builds to busy 2H

Three-year trend hints at long-term market expansion

Expect a moderately busy autumn and winter. Dealmakers launched a steady number of sell-side processes in 1H 2023 and will likely complete many of them in the second half of the year.

In the first half of 2023, sell-side deal kick-offs dipped slightly below the same periods in 2022 and 2021. Sale kickoffs fell 10% from the same period as last year – and only 2% from the first half of the blockbuster year 2021.

Notably, this is the third year in a row first-half sell-side kickoffs sailed high above historical averages, suggesting the M&A market itself may be expanded permanently.

In this 2H Forecaster outlook, we explore:

- Sell-side kickoff trends by year and region
- Global sell-side kickoffs by top five industries

-10%

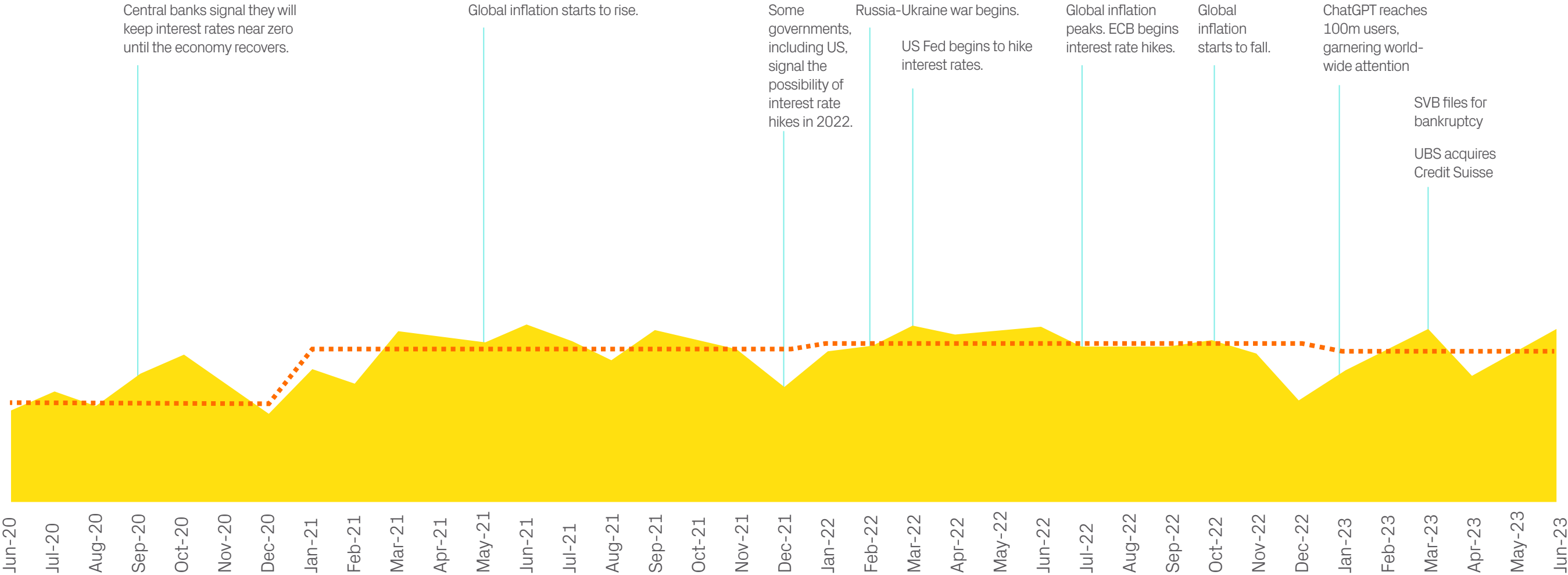
Sell-side kickoffs in
1H 2023 compared to
1H 2022

85%

2021-2023 average 1H
sell-side kickoff high
compared to 1H 2020

June bounces up 15% from May, raising 2H outlook

Weaker May and April numbers offset by June uptick and bullish 1Q



Central banks signal they will keep interest rates near zero until the economy recovers.

Global inflation starts to rise.

Some governments, including US, signal the possibility of interest rate hikes in 2022.

Russia-Ukraine war begins. US Fed begins to hike interest rates.

Global inflation peaks. ECB begins interest rate hikes.

Global inflation starts to fall.

ChatGPT reaches 100m users, garnering worldwide attention

SVB files for bankruptcy
UBS acquires Credit Suisse

Global M&A deal kickoffs June 2020 – 2023

■ M&A deal kickoffs (volume) - - - - Yearly average

What is this chart showing?

- To get a sense of the current and future M&A market, we provided three years of data on M&A deal kickoffs, or the day a new sell-side data room is created on Datasite Diligence or Acquire. We added a few key market dates to provide additional context, as well as the monthly yearly average to provide insight into seasonal cyclicality.
- Deal kickoffs can be seen as an indicator of dealmaker market sentiment, as they are a prelude to sell-side process launches.
- This data is captured in close to real time and includes sale processes that may never complete or be publicly announced.
- Depending on deal size and other variables, sell-side processes typically take anywhere from three to nine months to complete.
- The M&A market is historically cyclical, with sale kickoffs ramping up in January, May and September, and slowing down during the summer months and popular holidays.

Is higher deal-flow the new norm?

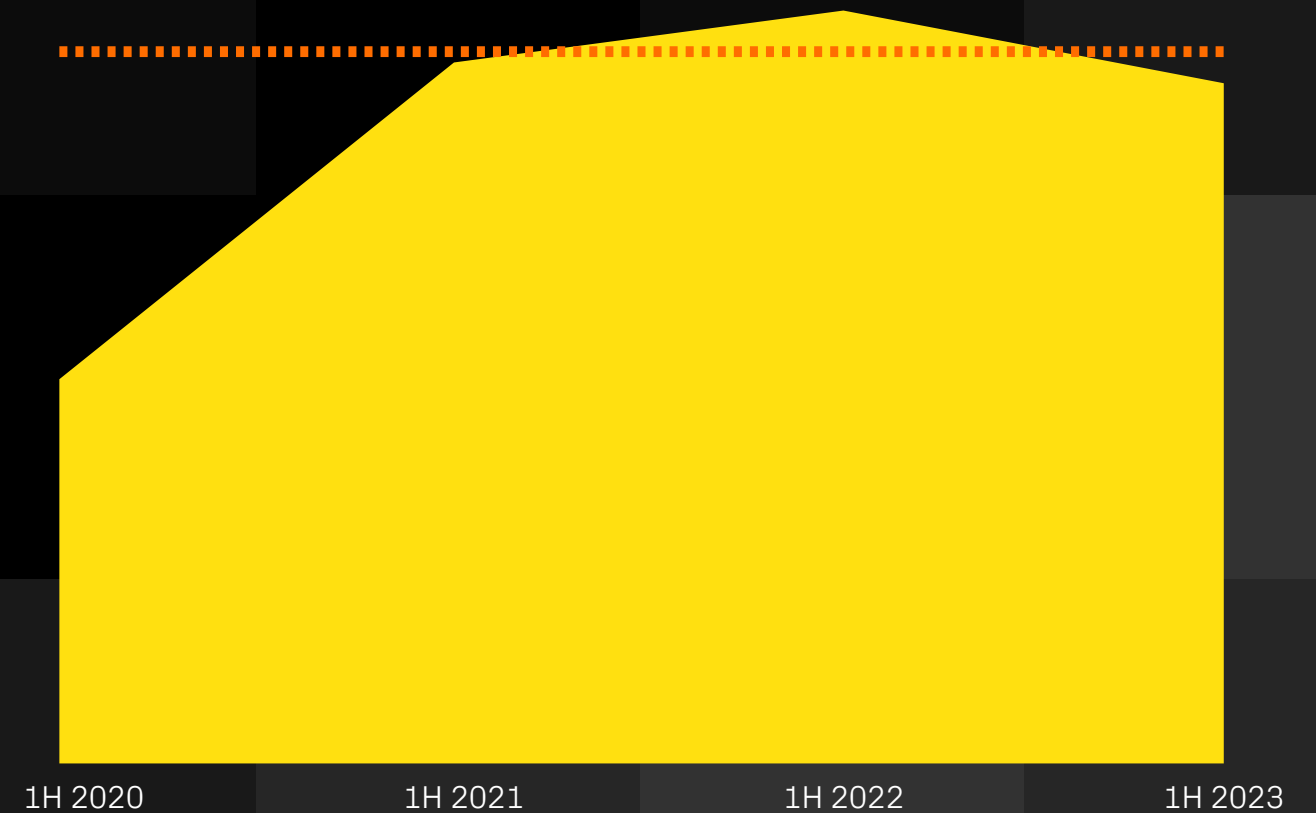
Short-term prognosticators may be disappointed by the 10% dip in sell-side kickoffs in 1H 2023 compared to 2022. However, 1H 2023 sale kickoffs still represent a startling 77% spike from 1H 2020 volume. In fact, the 2021-2023 average 1H deal-flow is 85% higher than 2020.

What gives? The M&A frenzy of 2021 has commonly been attributed to low interest rates, government spending, and pent-up demand during the early days of the global pandemic. These market headwinds are no longer, suggesting another factor may be at play.

Mid- to long-term productivity gains from the forced move online during the global pandemic could be one overlooked driver. Greater technology adoption and freedom from onerous travel schedules may have permanently boosted the M&A industry's capacity to do deals.

1H 2020 –2023 sale kickoffs

■ Global 1H sell-side kickoffs - - - - 2021-2023 yearly average



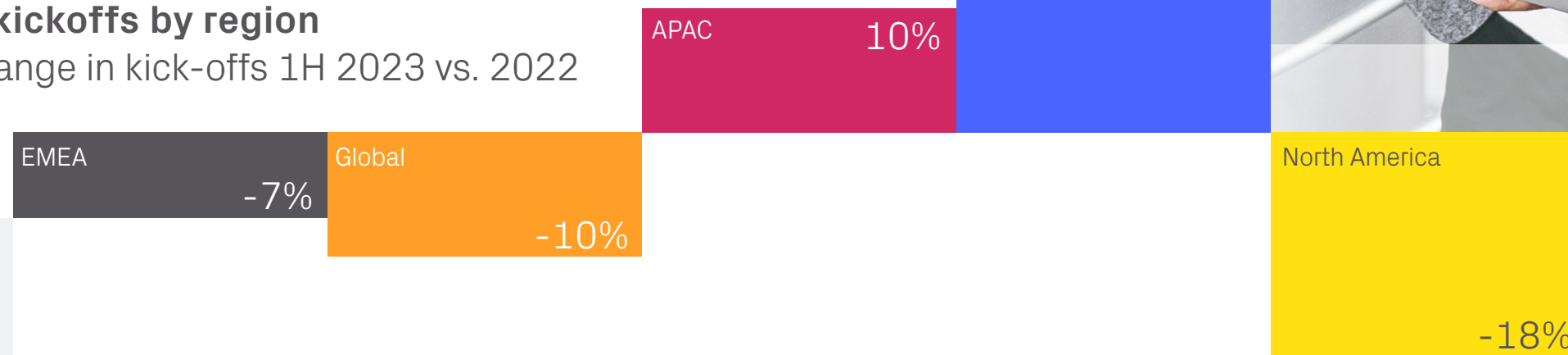
Buoyant Lat Am and APAC lift North America ballast

Challenging financing conditions, the Russia-Ukraine war, fewer quality assets, tech industry doldrums, and recession worries are some of the factors weighing down the North America and EMEA markets going into 2H. North America faces the steepest headwinds with kickoffs down 18% from the same period in 2022.

Meanwhile, at -7% the EMEA market continues to show surprising resiliency, particularly considering ongoing stresses related to the Russia-Ukraine war.

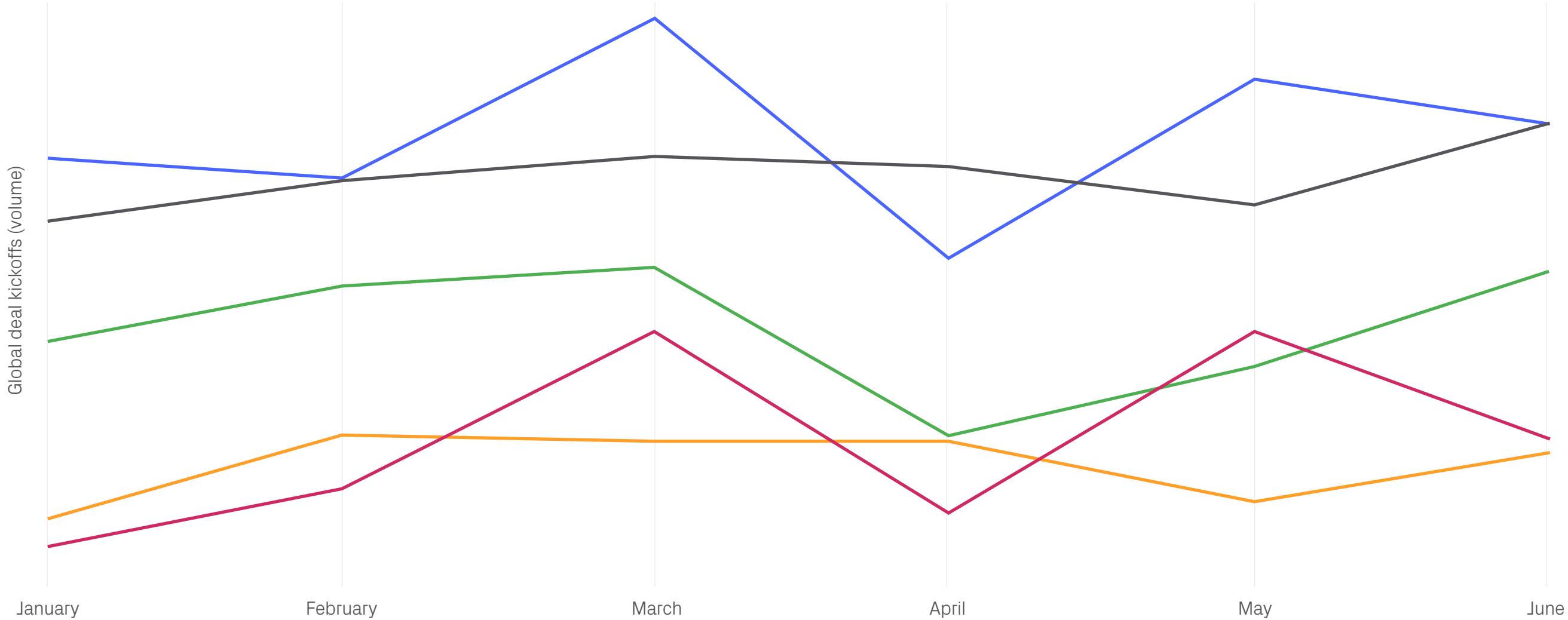
Sell-side kickoffs by region

Volume change in kick-offs 1H 2023 vs. 2022



Industrials, healthcare and energy kickoffs swell in June

Tech and consumer soften after May bounce



Sell-side kickoffs by top five sectors
January - June 2023

Energy & Power Industrials Consumer Healthcare TMT

Datasite is where deals are made

 14,000 deals annually

 2 million users (4 years)

 Track deals at inception vs. announcement

Datasite is where deals are made. We provide a complete M&A platform, driving transactions in 180 countries for investment banks, corporates, private equity, and law firms. Projects become seamless through our unique combination of technology and always-on assistance, built around the world's most trusted data room. Learn more at [Datasite.com](https://www.datasite.com).

 #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-24.457-01

 **Datasite**[®]