



Datasite Forecaster

Q1 2023 update

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.

Q1 2023: dealmakers gamble on good tidings ahead

Signaling continued optimism for M&A activity in the year ahead, deal kickoffs ticked up 5% in March despite bank industry turmoil.

- Bolstered by an unusually robust February, Q1 average monthly volume dipped only 1% below Q1 of 2021, a historically strong M&A year.
- March deal kickoffs dropped 16% and 12% compared to March of 2022 and 2021, respectively. However, kickoffs this March were up 79% from 2020, a better year to draw historical comparisons.
- Deals also continue to close. The most recent 12 months of M&A pipeline volume dropped 4% compared to the prior year timeframe, when the M&A markets froze at the advent of the Russia-Ukraine war.



We're in a weird space. We have two paths ahead: one leads to great fortune and the other to a dismal M&A year. Now, we're in purgatory and no one knows which way we're headed.

- Darryl Holmstrom, VP Data Science, Datasite

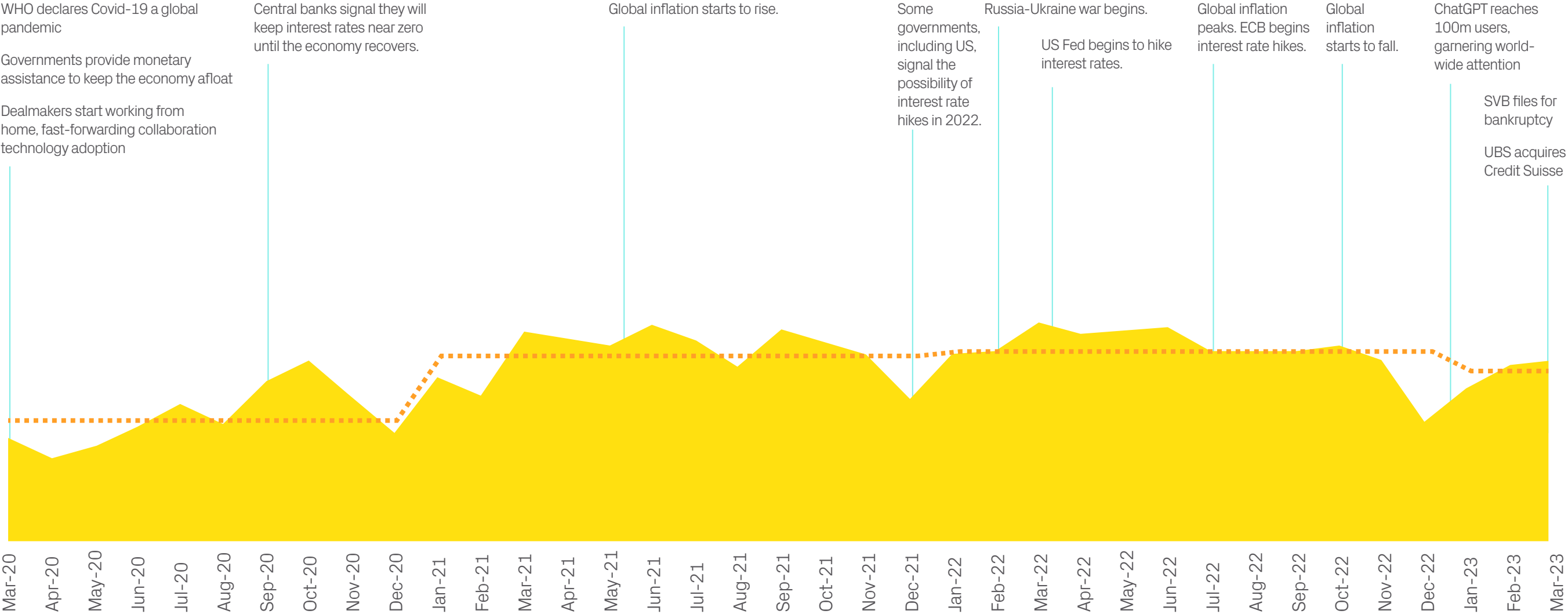
5%

increase in deal kick-offs
Feb 2023 to Mar 2023

-4%

drop in cumulative M&A
pipeline volume Feb 2022
to March 2023

March ticks up 5% off historically strong February



Global M&A deal kickoffs March 2020 –2023

■ Sale kickoffs (volume) - - - - Global 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 also added a few key market dates to provide additional context, as well as the monthly yearly average to provide insight into seasonal cyclicity. 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.

The M&A pipeline: What's up, down, and neutral YTD

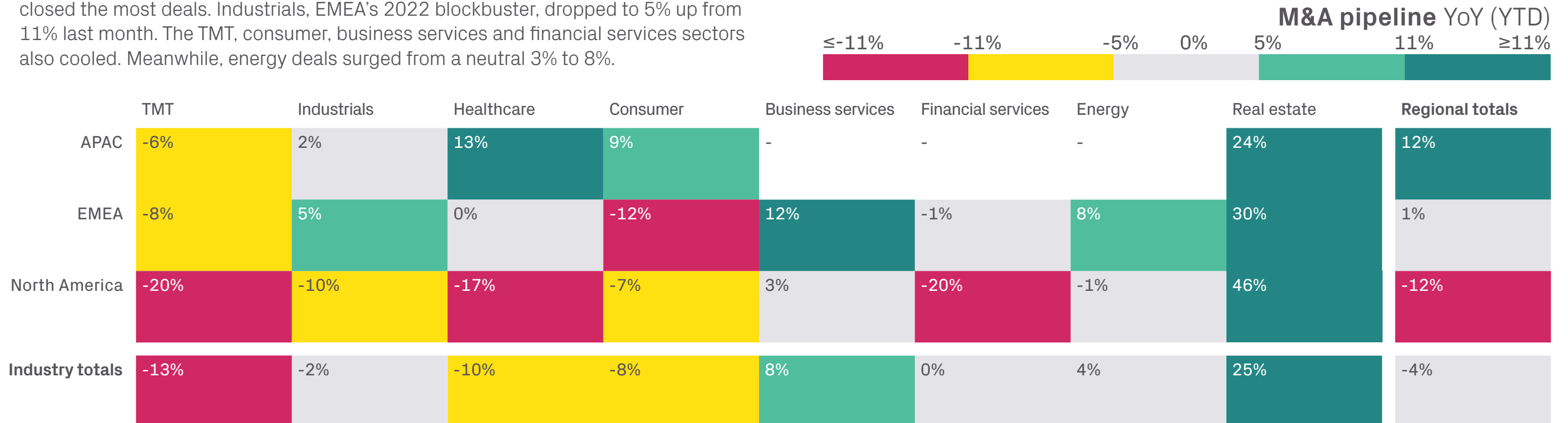
Our 12-month rolling comparison of total ongoing M&A processes: Apr 22 - Mar 23 vs Apr 21 - Mar 22

The most recent 12 months of M&A pipeline volume dropped 4% from the prior year, as deals closed in the face of a potential bank crisis. This time last year large swathes of the M&A market went on ice, awaiting fallout from the Russia-Ukraine war, interest rate hikes and tumultuous stock markets. The churn this year suggests that, at least for now, dealmakers are shrugging off SVB's bankruptcy and UBS's acquisition of Credit Suisse as business as usual.

Looking at how our Forecaster heat map shifted from February to March, EMEA closed the most deals. Industrials, EMEA's 2022 blockbuster, dropped to 5% up from 11% last month. The TMT, consumer, business services and financial services sectors also cooled. Meanwhile, energy deals surged from a neutral 3% to 8%.

APAC dealmakers also were busy based on a month-to-month heat map comparison, spurred mainly by a 16% turnover in TMT inventory. Other sectors with robust monthly churn include industrials, healthcare, and real estate.

M&A inventory moved more slowly in North America. However, dealmakers also worked through some industrials, TMT, financial services, and energy inventory. Meanwhile, real estate deal kickoffs spiked, jumping to 46% YoY from 32% last month.



What is this chart showing?

This chart provides a year-over-year (YoY) view of the total number of ongoing M&A processes on Datasite by region and industry. We have provided this view on a cumulative, 12-month trailing basis and only provided data on sample sizes of 40 deals or more. We have left blank any areas where our sample size was not robust enough to report on. Industry totals include LATAM.

March ground view: energy and real estate deals on the rise



Market view from New York
Taylor Dixon, VP Advisory Sales, NY

March was one of the better months since August. We've seen a lot of deals come back to market from 2022 or 2021. It's a combination of adjusted valuations, landing a buyer, and securing financing either via private capital or larger equity checks,

We've seen a ton of bilateral deals pop up in the last four weeks. There's still a dislocation between public and private valuations. So rather than go through a whole broad auction process, if you have someone in mind that makes it easy. Those deals naturally move faster as they have a buyer and financing in place.

Energy, metals and mining has jumped onto our radar. We're seeing a lot of consumer, specifically companies with a real estate footprint, like convenience stores, grocery stores, gas stations, retail shops.



Market view from London
Nertila Asani, VP Advisory sales, UK

We had a record month in March. We've seen many deals in prep stage launch in the last two weeks. People are stressed. They are telling us, "We need to launch our process today."

I haven't seen as many bilateral deals but mostly bigger auction processes.

We see an uptick in energy, and especially clean tech. A lot of the banks are building teams for that, so they are hiring seniors from other banks.

In general, I've been seeing more fintech and real estate deals pop up the last two to three weeks. FIG is very busy. So far, the UBS acquisition has not negatively impacted deal flow.

Our research

The Datasite Forecaster compiles data from deals conducted on Datasite's platform, aggregated and anonymized to protect client confidentiality. Datasite hosts more than 14,000 projects a year and has over 50 years' experience in M&A, so we have one of the largest databases of current and historical M&A deal activity in the world.

We reviewed sector breakdowns only in countries with 100+ transactions a year, and we reported on countries only where our sample size was 40+ transactions a year.

14k+
transactions annually

80k+
logins monthly

180
countries covered

50+
years of experience

From this data we have produced:

- 1) Informed estimates about future deal volumes
- 2) Heat maps of total ongoing M&A activity by geography and industry.

The Datasite Forecaster is for informational purposes only. All information contained within is not intended to provide, and should not be relied upon for, legal, tax, financial, investment recommendations, or any other type of advice.

We are Datasite

Datasite is where deals are made. Driving M&A in more than 180 countries. Delivering many of the world's top transactions – sell-side, buy-side, and beyond.

Discover an end-to-end M&A suite built around the world's most trusted data room. In one place you have all you need for every type of project, from advanced AI tools to global support 24/7/365. Seamless processes cut deal times by up to 40%. And a fast-evolving platform keeps you one step ahead of the competition. Secure your success with Datasite.



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