



ICFN

GLOBAL M&A

Q3 2023 news

For those about to M&A, we salute you.

Welcome to a new ICFN moment, friends. What is happening in the global M&A scenario?

The decrease in M&A activity, - also minority stake transactions and private equity financing rounds- that we saw in 2022 has continued into 2023. The factors for it: rising interest rates, high inflation and fears of a recession, the banking crisis and Central Banks announcing rate hikes. M&A benefits from a well-functioning financing market, therefore the combination of these together with geopolitical tensions, are certainly having a negative impact on deals.

Inflation is being much more resistant to drop in Europe, in contrast to North America macroeconomics.

Valuations may have become more realistic, descending from the heights of 2022, but prospective buyers are still facing higher capital costs and with rising interest rates again having an impact, even well-priced purchases are becoming more expensive.

There will be a subdued demand for M&A. Debt financing is necessary, but if there is a negative environment for it from the banking sector, private equity firms (a sector that boomed in 2023 and is forecast to double within five years) may have to step in and fill the gap.

But, let's focus on the advantages of the current situation.

Rebalancing valuations, less competition for deals and new assets coming to market present real opportunities for wise buyers.

Dealing is likely to accelerate in the second half of the year, driven by factors such as well-capitalized companies making acquisitions in their core businesses, financial sponsors deploying funds, and cross-border M&A.



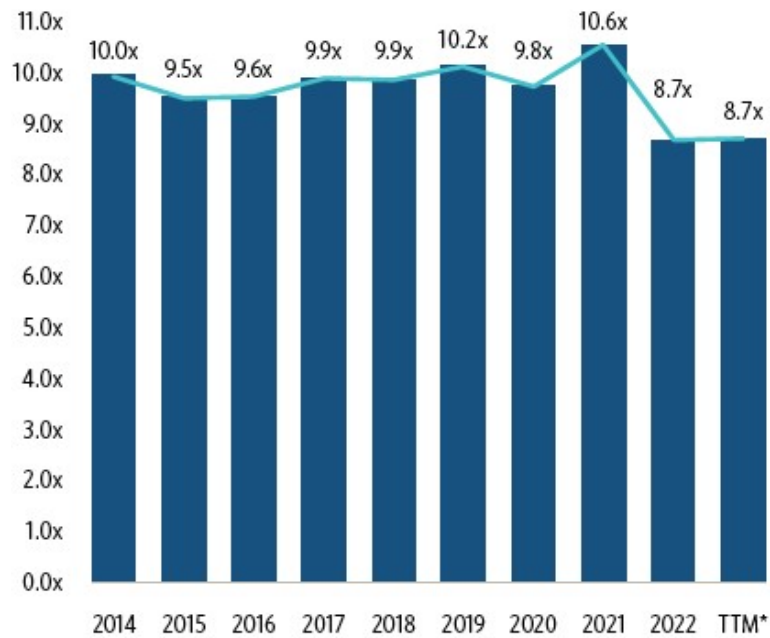
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Sources to the article: Global Shares: M&A Trends: 2023 So Far; Pitchbook Q3 2023 Global M&A

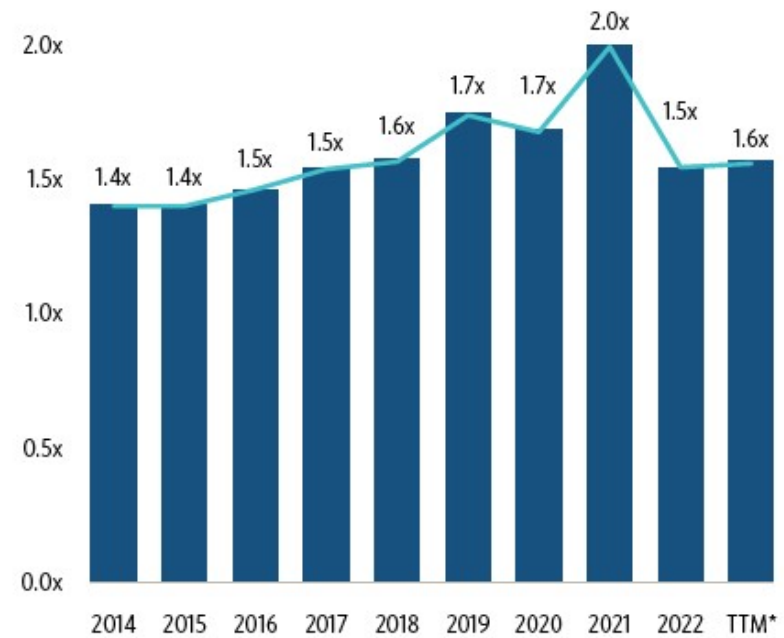
Valuation Metrics



Median M&A EV/EBITDA multiples



Median M&A EV/revenue multiples



Source: Pitchbook Q3 2023 MA Report
Geography: North America and Europe, as of September 30 2023

Global M&A



Finland: still cautious view of the market

Many companies providing M&A advice have recently estimated that there are signs of recovery in the M&A market.



Turo Kiiski
3J PARTNERS

Goldman Sachs believes that the second-quarter mega deal (>\$10 b.) transaction volume and some big tech IPOs (e.g. ARM and Instacart) indicate a positive outlook for the near future.

With regard to Finland, PWC expects the Finnish M&A market to start growing from 2024 onwards, based on the fact that throughout Q2 and the first months of Q3, the market showed signs of rebound in their statistics. TietoAkseli, on its part, estimates that the current declining inflation and restoration of financial confidence are the first signs of a better future.

We agree that M&A market is showing signs of getting out of the impasse, but we are still cautious before advancing any predictions about a clearly better future.

According to our statistics, the number of acquisitions in August was at the same level as in August last year – the first month in a long time when the market has no longer declined. However, the number of transactions was still significantly below the long-term averages, so no logical conclusion can be drawn from the fact that decline seems to come to an end, for example, that the stage of the market to come will be one of clear improvement.



M&A Outlook Germany: Lower Market Segment, TMT and ESG driving the market



Sonja Legtmann
EXG CONSULTING

*The M&A market remains under pressure from inflation, rising interest rates, geopolitical tensions and the threat of recession. **S&P Global Market Intelligence's** global Q2 2023 M&A report, for example, notes a 42.4% decline in M&A transactions' total value compared to the same quarter last year. However, this figure should not obscure the current momentum, as Q2 2023 grew by 28.8% compared to Q1 2023.*

*Technology, Media and Telecom (TMT) are currently giving particular reason to hope for brisk transaction activity, as indicated by 68% of respondents to **Mergermarket's** M&A Risk in Review 1H 2023 report.*

In Germany, market participants are expecting a pick-up of activity in the second half of 2023 and more so in 2024 with strong deal pipelines in the lower market segment.

*Apart from this, the trend towards green deals and ESG-compliant transactions also seems to be promising. According to **EY's** Sustainability Portfolio Review, 73% of large German companies are planning acquisitions or disposals in the next two years to improve their sustainability performance. As analysed by **EY**, sustainability is no longer just a "nice to have", but a necessity for survival for many companies, as they are otherwise penalized with lower company valuations and face more difficult access to outside capital.*

Recently, in the ICFN world

Sale of Cfx.re to Rockstar Games (part of Nasdaq noted Take-Two Interactive)



*Factor&Ros acted as adviser to the seller in the sale of **Cfx.re** to **Rockstar Games**, known for the famous games Grand Theft Auto and Red Dead Redemption. **Cfx.re** is the team behind the biggest Rockstar roleplay and creator communities FiveM and RedM.*

*The acquisition of **Cfx.re** helps Rockstar to find new ways to support the incredible community and improve the services they provide to their developers and players*



BAUM advises the selling side on the takeover of Playser Elevacion by Mateco

*Spanish companies **Mateco** and **Playser Elevacion**, leaders in the sector of lifting platforms and forklifts in Europe and Bizkaia respectively, have reached a takeover agreement for the rental and leasing section of **Playser Elevacion's** machinery.*



*The agreement between **Mateco** and **Playser Elevacion** has been reached as part of the strategy of both companies to maintain the growth line in which they have achieved great success in recent years. For **Mateco** it means continuing to strengthen its business in Spain and maintaining the company's growth plan in the Iberian Peninsula, which will involve new branch openings throughout this year and the possibility of new acquisitions complementary to the one formalized with **Playser Elevacion**. This purchase represents a further step in the growth and expansion of **Mateco**, which consolidates its position in the Basque Country, increasing its presence in the industrial sector and strengthening its technical department.*



*For **Playser Elevacion**, it is a commitment to the future to continue developing its new business lines of AGVs and autonomous vehicles on which it has focused its projects in recent years.*



3J Partners acts as financial advisor to the sellers in the sale of family-owned LH Lift to JOST Werke

LH Lift is one of the leading manufacturers of tractor coupling equipment for the world's best-known tractor brands. LH Lift's products are used in tractors from Valtra, John Deere and Massey Ferguson, among others. LH Lift's factories are in Kuusa, Finland and Ningbo, China and it employs a total of 90 workers.



JOST Werke is a leading global manufacturer of safety-related systems for the commercial vehicle industry. The company's brands include JOST, ROCKINGER, TRIDEC and Quicke. JOST has sales and production facilities in 26 countries and employs approximately 3,600 people worldwide. JOST Werke SE is listed on the Frankfurt Stock Exchange.



3J Partners acts as financial advisor to the buyers in the acquisition of Hydroline Service by HL-Hydraulics.

HL-Hydraulics is a company offering maintenance and repair services for hydraulic cylinders, with offices in Vuorela and Hämeenlinna, Finland. The company is one of the leading players in its market segment and serves a wide customer base in the steel, mining and lifting industries, among others.



Hydroline designs and manufactures heavy hydraulic cylinders for the world's leading machine and equipment manufacturers and provides lifecycle services for the cylinder industry. The company's production facilities are located in Siilinjärvi in Finland and Stargard in Poland. The company's turnover is approximately EUR 67 million and it employs approximately 330 people.

CLOSING, advisor to Delcambe shareholders

Besson completes acquisition of Delcambe. Besson Chaussures completes its first international acquisition with the takeover of Delcambe Chaussures in Belgium. With this acquisition, Besson Chaussures backed by Weinberg Capital Partners and by Groupe Philippe Ginestet, since 2018, underlines its ambition to become a benchmark player in the European footwear market.



CLOSING, advisor to Travelec shareholders

Parduyns acquires Travelec. Parduyns, a Belgian leader in industrial maintenance based in Leuze-en-Hainaut, has announced the acquisition of Travelec, a well-known engine repair shop located in the Haut-Sarts industrial estate in Herstal.



In an actively evolving market, the acquisition of Travelec is a strategic step for Parduyns. The workshop has been recognized for many years for its technical expertise, exceptional customer service and ability to solve the most complex problems relating to motors, geared motors and alternators. This acquisition will enable Parduyns to strengthen its position as a leading supplier in the motor repair sector, and to increase the power of (re)windable motors to 800 kW.



Project Popelin: CoTra Law, together with Stibbe, advised the Belgian Goed group in the sale of its audiology business to Audika NV, the Belgian subsidiary of the listed Danish Demant Group.

Project Fire: CoTra Law assisted the shareholders of the FPC Risk Group (advisory in fire safety and protection) in the sale of 100% of their shares to the Swedish listed group Sweco.

Project Wonka: Cotra Law assisted Pauwels Engineering / the Belgian Chocolate Group in its acquisition of the chocolate production business of Caluwé Artisan (a leading Belgian chocolate producer)

CLOSING



CoTra

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*Project Crown: **Cotra Law** assisted the Verreth family in the sale of **Veralu** (an independent Belgian construction company specialized in the production of windows and doors, to serial entrepreneur Nick Volckaert*

*Project Alien: **CoTra Law** assisted the founding shareholders of **Alien Mobility** (a Belgian service provider providing integrated mobility solutions) during a financing round during which **Alien Mobility** attracted new investors and growth capital to expand its business.*

Events calendar

Q4 Conference

Quarterly

Deal Flow Conference

3 p.m. CET

27

November

Some of our ongoing projects

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- **Dairy Farm** / Sell-Side / Dairy / size of the company 20,3M € (2022) / Type of investor Strategic - PE / From any region to any region / Trader of dairy products for the food industry. No significant competitor. EBITDA of 1.4M €

CLOSING

www.closing.be

- **Cheese** / Sell-Side / Food industry/Sales 7M€ / Type of investor Strategic player in the cheese industry / From Belgium to France (preferably) or Europe / Belgian group active in the production and marketing of organic cheese. The group is encountering structural difficulties due to a lack volumes to make its production facilities profitable (2 factories able to produce 1,500 tons/year, 30 people, around 20 well known brands)
- **Composite** / Sell-Side / Manufacturing / 3M€ - EBITDA 1M€ / Strategic player in the composite industry- OR 2 engineers willing to do a MBI with appropriate transition period with the sellers / From Belgium to any French speaking region / Company offering a range of engineering, design, prototyping and production services in high-performance mechanics and composites. Mainly active in the medical and leisure aviation industries, where they developed breakthrough products and solutions for their clients



www.factor-ros.nl

- **Frame** / Sell-Side / Art Painting – Photography - Market / (€ 6M) / Type of investor Strategic - PE / From Netherlands to Europe - US / Producer of niche products for the art painting and photography market, sales cover the whole European region
- **Retail** / Sell-side / Retail chain / € 40M / Type of investor Strategic - PE / From Netherlands to Europe / Retail Chain with over 80 multi brand stores throughout the Northern part of the Netherlands
- **Brokerage - Trading platform** / Sell – Capital raising / Financial Services / Type of investor Strategic - PE / From Netherlands to Europe / Trading platform for business and individual investors, attracting early stage investors. Business model is based on attracting capital for SME companies via the online trading platform



www.auris-finance.fr

- **Gaia project** / Sell-Side / Production – distribution of deli food products / T/O 12M€ - FTE 70p / Type of investor Strategic-Industrial / From France to any region / Recognized know how. Expert and dedicated team. Labels and certifications. Regular investments, strong growth potential
- **Gel project** / Sell-Side / Food-frozen / / 6M€ - FTE 35p / Type of investor: Strategic / From France to Europe /
- **Cérès** / Sell-Side / Manufacture & marketing of organic food / T/O 2M€ - 8% EBITDA – FTE 10p / Type of investor Strategic-Industrial / From France to any region / Young innovative brand. Regular investment. 1500 points of sale. Sale of the 100% of the shares
- **Arctique** / Sell-Side / Import-Export-frozen food / T/O 16M€ - FTE 6p / Type of investor: Strategic / From France to Netherlands, Belgium
- **Polar** / Sell-Side / Manufacture of smoked fish / T/O 3.8M€ - EBITDA 31% - FTE 15P / Type of investor Strategic-Industrial / From France to any region / Traditional craftsmanship. Premium clientele. Quality products, awards. Sale of 100% of the shares
- **Héra** / Sell-Side / Manufacture of pastries / T/O 1M€ - 39€ cagr on 20 years / Type of investor Strategic-Industrial / From France to any region / Manufacture of cookies and others. Strategic location. Craftmanship & industrial methods. Fast growing business. Sale of 100% of the shares

Michael says



Dr. Michael Hirt

Global Executive Coach

CEO coach

Management Expert

In today's business landscape, there is no skill more valuable than negotiation. That's why ICFN Executive Director Dr. Michael Hirt recently held the very well received interactive video training program "The Power of Negotiation" for ICFN members firms and their teams, to take them to the next level in serving their demanding local and international M&A Advisory Clients.

The event was designed to equip participants with actionable, proven tools, methods, and techniques to transform their contract negotiation skills and results.

Master Negotiator Michael has trained and coached executives, managers, and salespeople throughout the world in the art of negotiating. As a ghost negotiator he advises and accompanies his clients in difficult negotiations. He brings a wealth of 30 years of experience from different roles and many negotiations.

If the other side brings a dealbreaker to the table early in the negotiations, use the "set-aside" technique by saying:

"That's fine. I understand exactly how important this is to you because [here you list two to three reasons why it's really important to the other side]. However, I suggest we set that issue aside for now and talk about the other issues and interests that are also important to you."

Your goal with the "set aside" technique is to keep the negotiations moving and, by making progress on less important issues, to create a positive dynamic that will allow you to then constructively resolve the perceived dealbreaker later in the negotiations."

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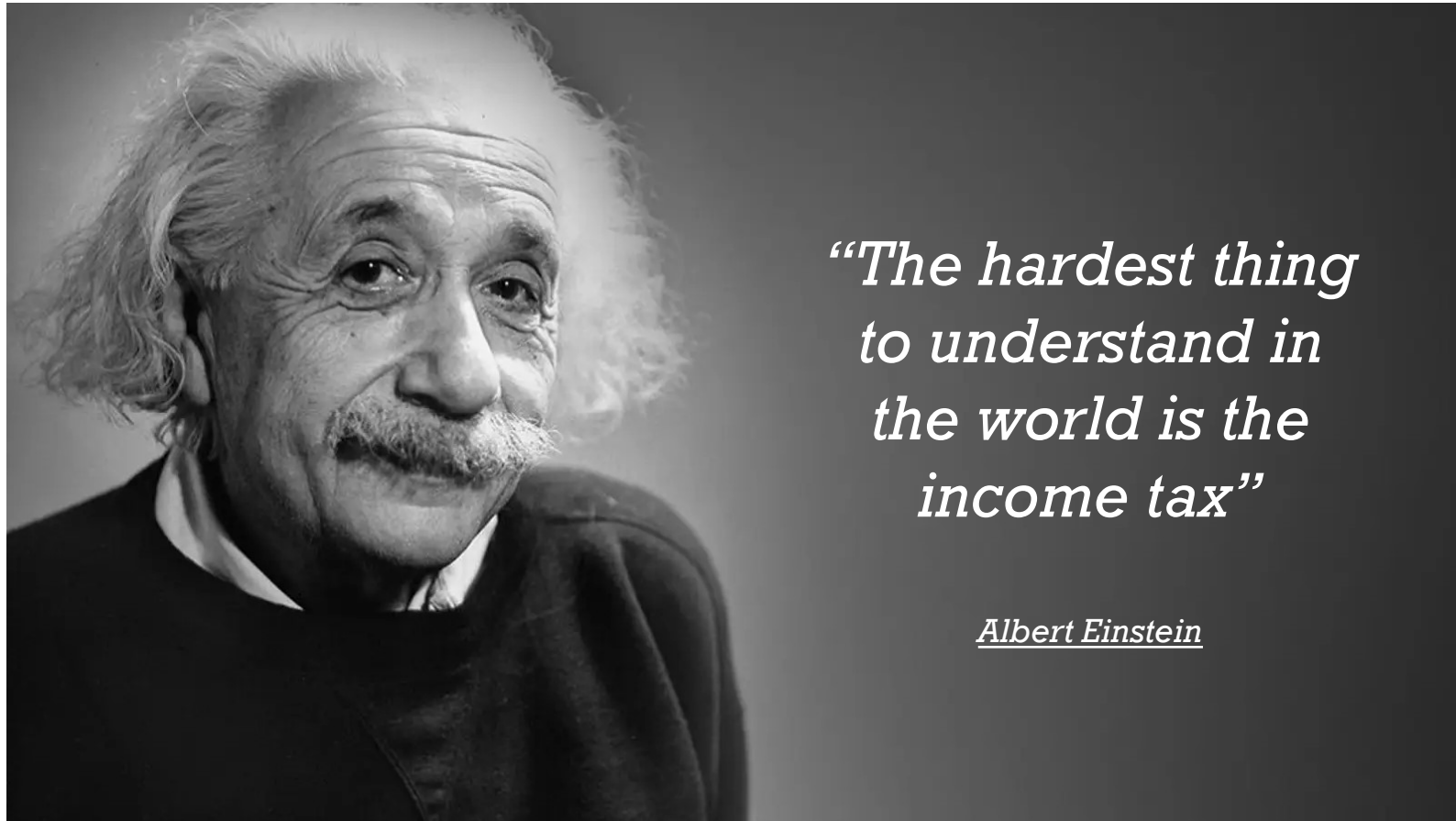
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... Bye!



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