



ICFN
GLOBAL M&A

Q2 2022 news

Meeting, talking, planning

On 23rd May 2022 ICFN members met in Amsterdam for the annual ICFN Global Summit. For the first time since the outbreak of the corona pandemic members were able to meet again in person to talk about cross-border opportunities and exchange thoughts on the current situation in the various M&A markets. Members unanimously confirmed high levels of activity with so far little to no impact from the war in the Ukraine nor from supply chain disruptions in the wake of the pandemic and ongoing lockdowns.

Inflation is an issue in most member countries as is a continuous lack of human resources especially in the technology sector. However, strong demand from strategic and financial investors with high volumes of cash looking to be invested are driving valuations which remain at a very high level.



ICFN 2022 anual Summit:

(Clockwise)

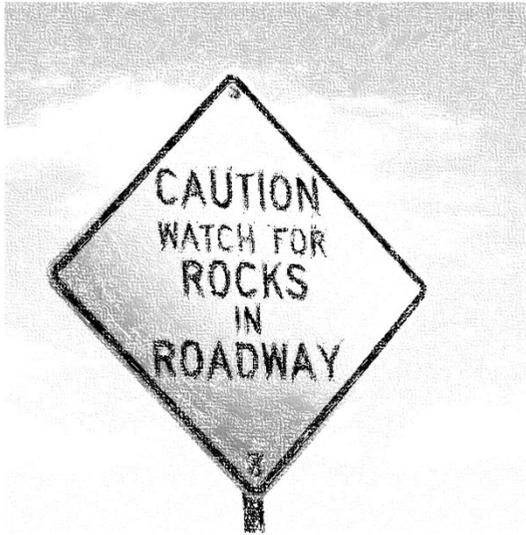
*Aitor Arteaga (BAUM),
Bartosz Marcinkowski (DZP),
Marina Alberti (STUDIO ALBERTI),
In the screen, Andrew Heitner (ALCON PARTNERS)
Michael Hirt (HIRT & FRIENDS),
Sonja Legtmann (EXG CONSULTING),
Bas Brusche (FACTOR)*

In an online session, ICFN members shared their insights with clients and friends. The online event also included an interview with Peter Dorfner, Principal at the Green Generation Fund, a new Berlin-based early stage impact fund backing the Seed and Series A funding rounds of European and American Food Tech and Green Tech startups. Peter Dorfner talked about challenges in foreign market deal sourcing, the role of intermediaries and their impact on transaction efficiency and price setting as well as on how to leverage strategic synergies in an international context.

For more information please contact baum@baum.es. We will be pleased to arrange a personal meeting/call with an ICFN member.



► A time for caution



Welcome to the ICFN Q2 2022 newsletter, members and friends. What is the global M&A scenario at mid-year?

Although global M&A activity in the first part of 2022 has been lower than in 2021, the performance is not catastrophic; in fact, it is in line with healthy pre-pandemic levels. But growing uncertainty has cooled M&A activity in the first half of 2022 compared to the previous six months.

On the other hand, in a relatively short period of time, the evolution of the PE model has created a well-oiled M&A machine, with this business considered at present by many as an abundant and perpetual source of deal capital, regardless of market challenges.

Three are the latest trends perceived:

- ✓ Virtual M&A is here to stay.
 - ✓ The M&A scrutiny on a shifting global regulatory environment is growing.
 - ✓ For many individual companies, ESG might not be a big deal driver yet, but, as this area becomes more and more relevant, it will also become easier to address.
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Our members talk



Aitor Arteaga
BAUM

Spanish scenario: caution, after the big boom

Despite the slowdown in the expected growth due to war, inflation, rising commodity prices and other factors that increase uncertainty, the Iberian Middle Market raised 805M€ in 31 investments. In addition, the volume of investment in Spain reached €2,056.8M in the first half of the year in a total of 394 investments, 27% more than in the same period of 2020. (H1 2022 Report published by *ASCRI*, the Spanish Association for Capital, Growth and Investment)

Highlighted sectors have been TMT, Transportation and Construction by value during Q1 2022 (Deal Drivers: EMEA Q1 2022 prepared by *Datasite*). Others such as Consumer, Healthcare and Industrial sectors have increased, and Food is on the eye of Private Equities.

Regarding PE, the sector culminated H1 in historical data. Economic and political uncertainty, inflation and rising commodity prices have not managed to slow down the push of domestic private equity funds, which close the half of the year with €5,580M invested (*Capital & Corporate* estimates). The large number of megadeals has raised a figure already boosted by the closing of transactions announced at the end of 2021, and by the push of Venture Capital.

The accelerated trend after the covid crisis of seeking growth and value opportunities may be related to the increase in both the number of transactions and the value of Private Equities. Furthermore, Private Equities would be the key driver in the implementation and monitoring of sustainability in companies.

Despite the optimism that this data may instill, the dark clouds on the horizon invite caution.

We believe that the macro situation in Spain will lead to more follow-on secondaries and sales to follow-on vehicles. Surely the time is ripe for special situation funds, now that stimulus and cheap money are coming to an end.





Sonja Legtmann
EXG CONSULTING GmbH

Germany: Strong outlook for small cap M&A; lowered expectations for mid- and large cap M&A

The most recent (May 2022) FINANCE M&A Panel conducted by *Finance Magazin* has shown that current M&A activity in Germany is remaining strong with “business as usual” for most advisors. Rising inflation, (expected) higher interest rates and the repercussions of the war in the Ukraine has, however, led mid- and large cap M&A advisors to lower their expectations with regards to their M&A deal flow in the coming months. Small cap M&A advisors on the other side are reporting a strong outlook. Valuations have been coming down slightly. Software companies are remaining at a very high level of M&A activity and persistently strong valuations are observed especially for companies in the cloud and IT security sector as well as companies with specialised own software developments that can be easily integrated.

Some of our ongoing projects

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- **Wood** / Sell-Side / Wood packaging / Turnover 5M €, Ebitda 10-15% / Type of investor: any / from Spain to any region / Spanish wood packaging company with sawing division (2 cutting lines) and packaging division. Solvent company, no debt.

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- **Cloud services** / Buy-Side / > € 20m sales / Germany, Austria, Switzerland.
- **IT Security** / Buy-Side / > € 5 m sales / Europe.
- **Software** / Buy-Side / > € 10m sales / Europe.

Calendar events 2022

3Q Conference

Quarterly
Deal Flow
Conference
3 p.m. CET

19

September

Q4 Conference

Quarterly
Deal Flow
Conference
3 p.m. CET

28

November

► We are International Corporate Finance Network



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... Bye!



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