Q3 2022 Global M&A Update

October 2022

Key Takeaways/At A Glance

1

Amid ongoing economic uncertainty and geopolitical tensions, global dealmaking in the first nine months slowed down considerably compared to a record-breaking 2021. Deal volumes fell 12% to 36,752 from a year ago; deal values declined 34% to $2.3 trillion.

2

Information technology deals continue to dominate M&A, with over $373 billion (16%) worth of transactions in the first nine months, followed by real estate (14%), and industrials (14%) sectors.

3

Deal activity in the US and Canada topped all other regions, with 15,427 transactions in the first nine months, down from 17,687 deals from a year ago.

4

The number of large deals worth over $1 billion saw a steep fall, sliding 40% in the first nine months from a year ago. While deals valued between $500 million and $1 billion saw a 22% decline in the same period.

5

Financial sponsors accounted for 17% of the total number of transactions in 2022; while contributing 28% to the total deal value.

6

Quarter on quarter, deal activity has trended downwards, signaling pressures from rising interest rates, inflation and an unfavorable economic climate.

Source: S&P Capital IQ

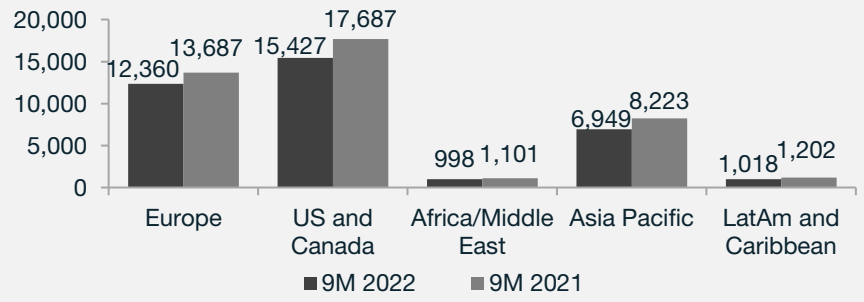
Nine Months Snapshot

	2022	2021	Growth
Total Number of Transactions	36,752	41,900	(12.29%)
Total Deal Value ($bn)	2,357	3,578	(34.14%)

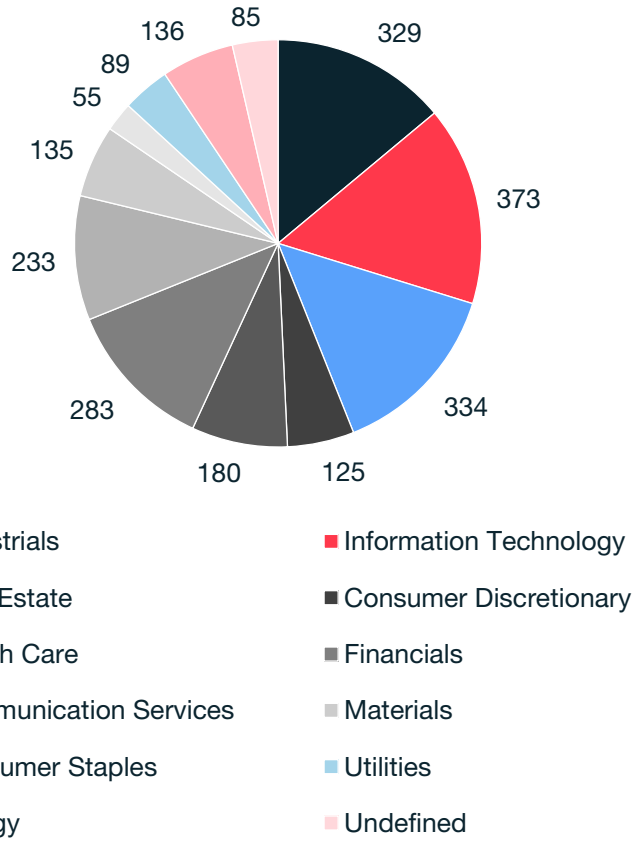
Number of Deals by Transaction Ranges

	2022	2021	Growth
>$1 Billion	382	651	(41.32%)
$100-499.9mm	1,777	2,284	(22.20%)
$500-999.9mm	355	456	(22.15%)
< $100mm	8,874	11,756	(24.52%)

9M 2022 vs 9M 2021 Transactions by Numbers



Total Deal Value ($bn)



> The drivers of the M&A market – the strategic need for growth, supply chain considerations, dealing with changing demand of the consumer, all of that is not only intact but even more urgent. However, the facilitators of M&A – cheap capital, cheap debt, strong stock price, boardroom confidence – those are a little murky.
>
> **– Anu Aiyengar,** Global Co-Head of mergers and acquisitions at JPMorgan Chase & Co

> Cross-border has been one of those areas that has been less active. So certainly currency could help that.
>
> **– Stephan Feldgoise,** Co-Head of Global M&A, Goldman Sachs

Source: S&P Capital IQ, Axios

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Nine Months Snapshot

Target	Buyer/Investor	Target Country	Deal Value ($mm)
Activision Blizzard, Inc. (NasdaqGS:ATVI)	Microsoft Corporation (NasdaqGS:MSFT)	United States	79,590
VMware, Inc. (NYSE:VMW)	Broadcom Inc. (NasdaqGS:AVGO)	United States	72,967
Atlantia SpA (BIT:ATL)	Schematrentatre S.P.A.	Italy	63,896
HDFC Limited (BSE:500010)	HDFC Bank Limited (NSEI:HDFCBANK)	India	61,253
Twitter, Inc. (NYSE:TWTR)	Elon Musk	United States	48,329
Duke Realty Corporation	Prologis, Inc. (NYSE:PLD)	United States	25,492
Firmenich International SA	Koninklijke DSM N.V. (ENXTAM:DSM)	Switzerland	20,574
Figma, Inc.	Adobe Inc. (NasdaqGS:ADBE)	United States	19,411
Huainan Mining (Group) Co., Ltd.	Huaihe Energy (Group) Co.,Ltd (SHSE:600575)	China	18,573
Swedish Match AB (publ) (OM:SWMA)	Philip Morris Holland Holdings B.V.	Sweden	17,695

> “Now is not the time to sit on the sidelines, but to reassess—even reset—M&A strategy. I expect to look back at 2022 to find the successful dealmakers of tomorrow who will be defined as those who boldly execute on their M&A goals today and overcome the current market challenges.
>
> – **Brian Levy,** Global Deals Industries Leader, Partner, PwC US

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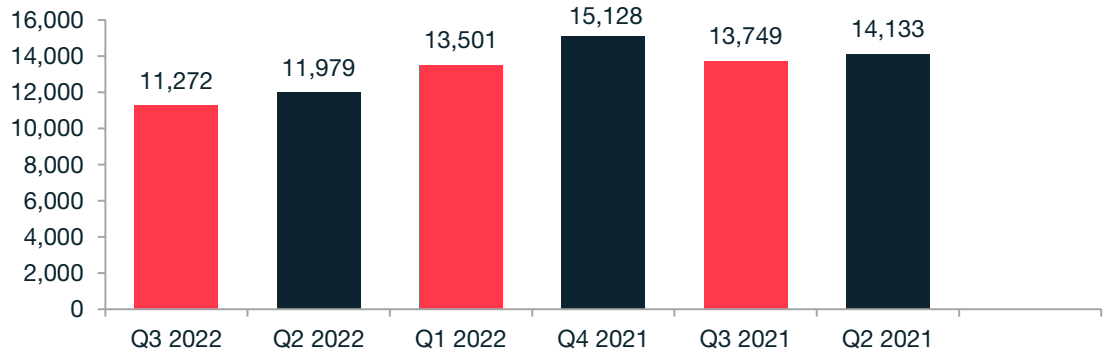
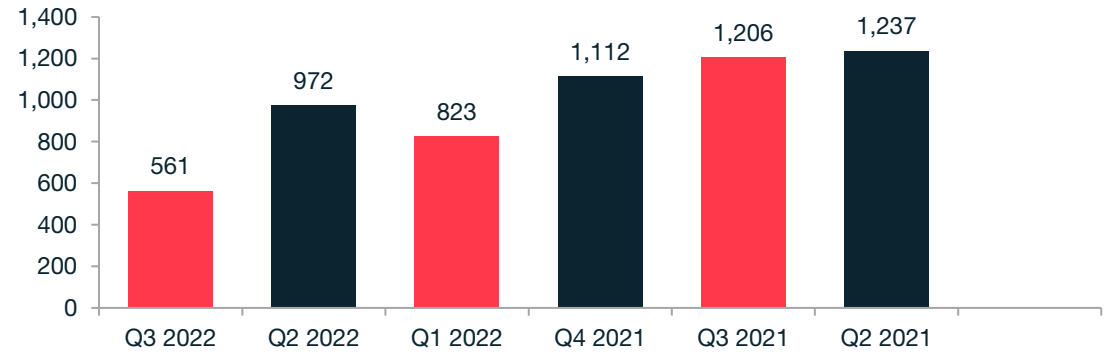
M&A Dashboard

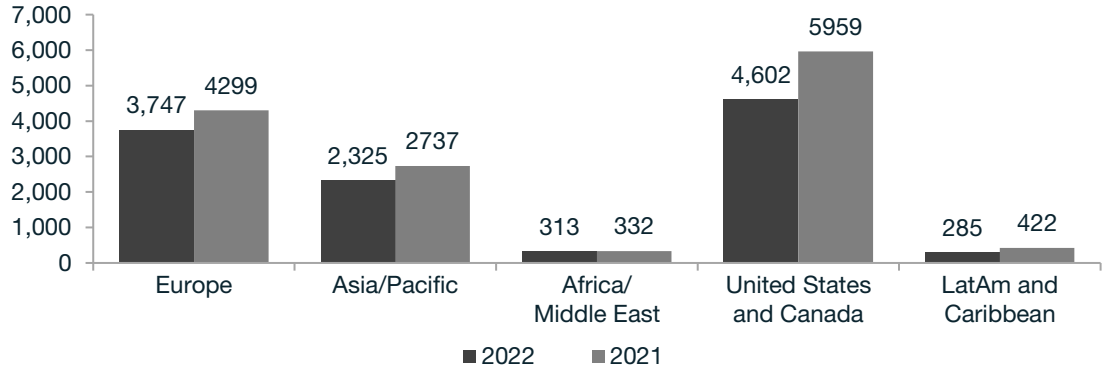
Total Number of Transactions



Total Deal Size ($mn)



Regional Share (Q3'22 vs Q3'21)



> "This is much more a of a buyer's market. If you are a large strategic investment grade you have capital at hand or a PE firm with a big new fund, and you can over-equitise a deal, this is a great environment.
>
> **– Anu Aiyengar,** Global Co-Head of mergers and acquisitions at JPMorgan Chase & Co

Source: S&P Capital IQ, Axios

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Nine Months 2022 M&A Dashboard

Quarterly Snapshot

	2022	2021
Total Number of Transactions	5,825	6,682
Average Deal Value ($mm)	443	285
Total Deal Value ($bn)	638	599

Number of Deals by Transaction Ranges

	2022	2021
>$1 Billion	72	109
$100-499.9mm	210	328
$500-999.9mm	49	63
Less than $100mm	1,108	1,606
Undisclosed	4,386	4,576

Top Deals

Target	Buyer/Investor	Target Country	Deal Value ($mm)
Activision Blizzard, Inc. (NasdaqGS:ATVI)	Microsoft Corporation (NasdaqGS:MSFT)	US	79,590
VMware, Inc. (NYSE:VMW)	Broadcom Inc. (NasdaqGS:AVGO)	US	72,967
Atlantia SpA (BIT:ATL)	Schematrentatre S.P.A.	Italy	63,896
Twitter, Inc. (NYSE:TWTR)	Elon Musk	US	48,329
Figma, Inc.	Adobe Inc. (NasdaqGS:ADBE)	US	19,411
Citrix Systems, Inc.	TIBCO Software Inc.	US	17,182
Black Knight, Inc. (NYSE:BKI)	Intercontinental Exchange, Inc. (NYSE:ICE)	US	16,383
Zendesk, Inc. (NYSE:ZEN)	Hellman & Friedman LLC; GIC Private Limited; Abu Dhabi Investment Authority; Permira Advisers LLC	US	10,990
Switch, Inc. (NYSE:SWCH)	IFM Investors Pty Ltd; DigitalBridge Group, Inc. (NYSE:DBRG)	US	10,607
Anaplan, Inc.	Thoma Bravo, L.P.	US	10,385

Source: S&P Capital IQ

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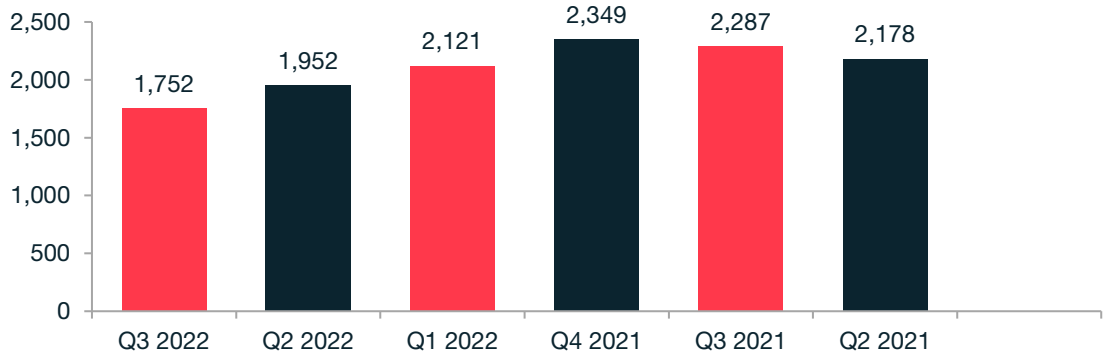
M&A Dashboard (Quarter over Quarter)

Total Number of Transactions



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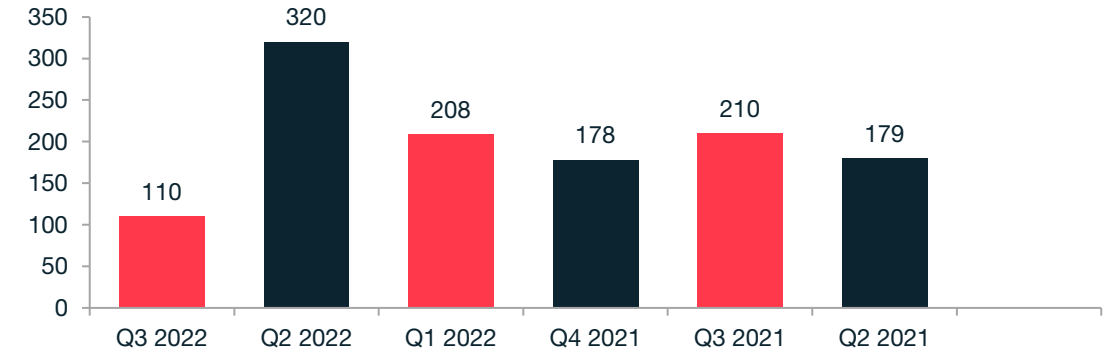

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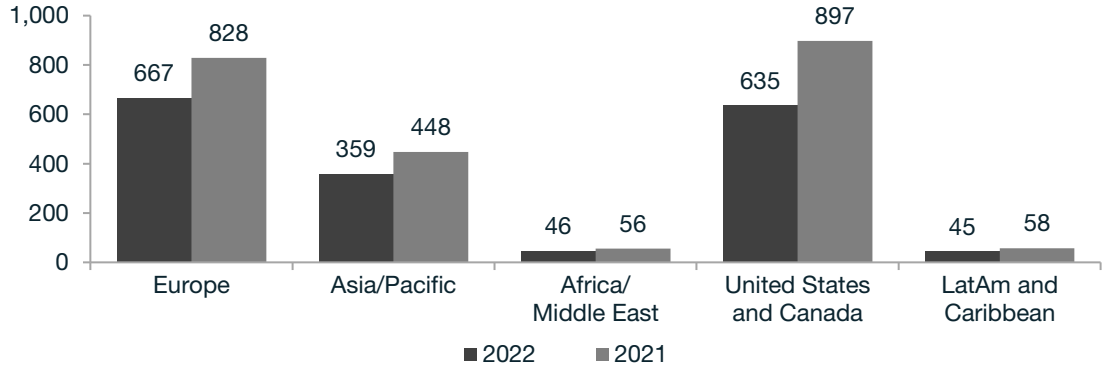

> "Technology is pervasive…it's not just tech-to-tech mergers. It's industrial technology, it's consumer technology, technology is pervasive in healthcare… and so when you think about transaction activity and technology specifically picking up and becoming more active, It's going to affect every industry.
>
> **– Stephan Feldgoise,** Goldman Sachs Co-Head of Global M&A

Source: S&P Capital IQ, CNBC

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Macro Trends Affecting M&A

Supply Chain Challenges	The Russia-Ukraine conflict has exacerbated global supply chain challenges. The need for diversification of supply chains and the larger role of digitalisation is spurring deals in the sector.
Rising Inflation	Rising global commodity and energy prices have triggered tighter monetary policies, in turn raising borrowing costs. More expensive debt is in part a factor in slowing down M&A
Market Volatility	Market volatility is leading to greater caution among company boards as they become more strategic with their inorganic growth strategy.
PE Dry Powder	Despite a slowing M&A market, private equity firms continue to be in a comfortable position with records amount of dry powder--an estimated $1.2 trillion--at their disposal.

Source: WSJ, Axios, S&P, Business Insider

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