



Global M&A 2022: By The Numbers

January 2023

Key Takeaways/At A Glance

1

Geopolitical tensions and economic uncertainty led to a decline in both global deal volumes and values. Deal numbers fell by 15% to 48,634 in 2022. In terms of value, global M&A was down about 34% to about \$3 trillion.

2

In terms of value, the industrials sector dominated with over \$459 billion (15%) worth of transactions, followed by IT (13%), and real estate (12%) sectors.

3

The US and Canada grabbed the highest position in terms of deal volume compared to other regions. However, transactions fell from 24,233 in 2021 to 20,084 in 2022.

4

The number of large deals worth over \$1 billion saw a steep decline, dipping by 44% in 2022. While deals valued less than \$100 million saw a 25% drop during the same period.

5

Financial sponsors accounted for 14% of the total number of transactions in 2022.

6

Deal activity witnessed a continuous downward trend quarter on quarter, signaling pressures from rising interest rates, inflation, and an unfavorable economic climate.

Source: S&P Capital IQ



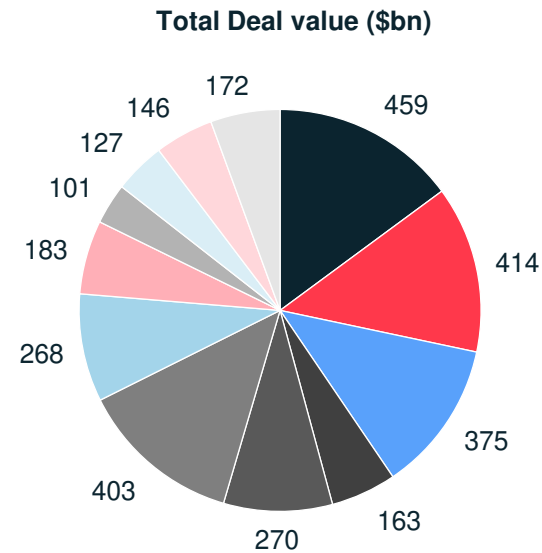
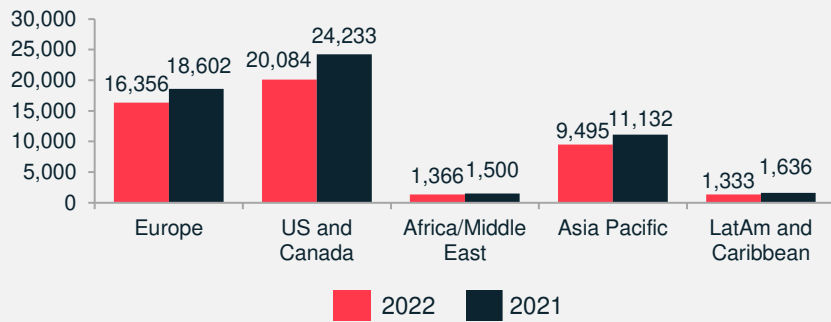
Full Year Snapshot

	2022	2021	Growth
Total Number of Transactions	48,634	57,103	(14.83%) ↓
Total Deal Value (\$bn)	3,081	4,642	(33.63%) ↓

Number of Deals by Transaction Ranges

	2022	2021	Growth
>\$1 Billion	490	868	(43.55%) ↓
\$100-499.9mm	2,311	3,240	(28.67%) ↓
\$500-999.9mm	465	635	(26.77%) ↓
< \$100mm	12,093	15,941	(24.14%) ↓

2022 vs 2021 Transactions by Numbers



- Industrials
- Information Technology
- Real Estate
- Consumer Discretionary
- Health Care
- Financials
- Communication Services
- Materials
- Consumer Staples
- Utilities
- Energy
- Undefined

- **The total number** of transactions saw a drop of 15% to 48,634 in 2022 compared to the previous year.
- **Larger deals** saw a much steeper fall in 2022. Smaller deals (less than \$100 million) were down 25% while larger deals of more than \$1 billion saw a sharp fall at 44%.
- **In terms of volume**, the US and Canada dominated globally with 20,084 transactions followed by Europe and Asia-Pacific with 16,356 and 9,495 transactions, respectively.
- **Industrials sector** dominated the total deal value on account of the number of deals that happened in the sector whereas the IT sector was led by the largest deals.

2022 M&A – Top Deals

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
Norte Grande S.A. (SNSE:NORTEGRAN)	Inversiones SQYA S.A	Chile	48,504
Twitter, Inc. (NYSE:TWTR)	Elon Musk	United States	48,061
Albertsons Companies, Inc. (NYSE:ACI)	The Kroger Co. (NYSE:KR)	United States	34,011
Horizon Therapeutics PLC (NasdaqGS:HZNP)	Amgen Inc. (NasdaqGS:AMGN)	Ireland	30,246
PT Stargate Pasific Resources (SPR) /PT Stargate Mineral Asia (SMA)	PT Danusa Tambang Nusantara	Indonesia	27,312
Duke Realty Corporation	Prologis, Inc. (NYSE:PLD)	United States	25,492

“ M&A outlook - And we are cautiously optimistic. Is what I would say. I think when you look at last year, down 36 percent globally, down 36 percent in the year. But actually when you look at the long-term trend, 8 percent ahead globally of the average and 2 percent in a year. So putting the year in context, 20, 22. that is it was a kind of an average year, not too hot, not too cold.

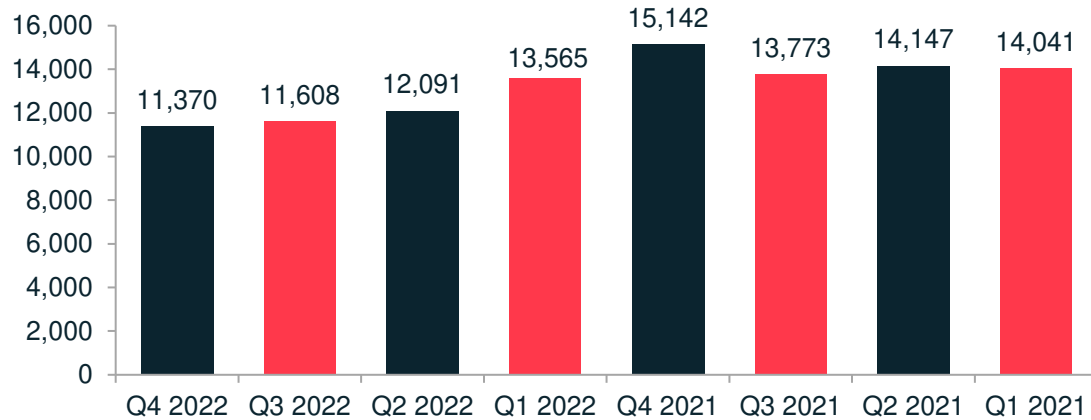
– Dwayne Lysaght, JPMorgan co-head of EMEA M&A

- **With record dry powder**, private equity firms continued to be active dealmakers. About 14% of the total number of transactions in 2022 involved financial sponsors.
- **In terms of value**, financial sponsors made up 17% of the total transaction value in 2022.

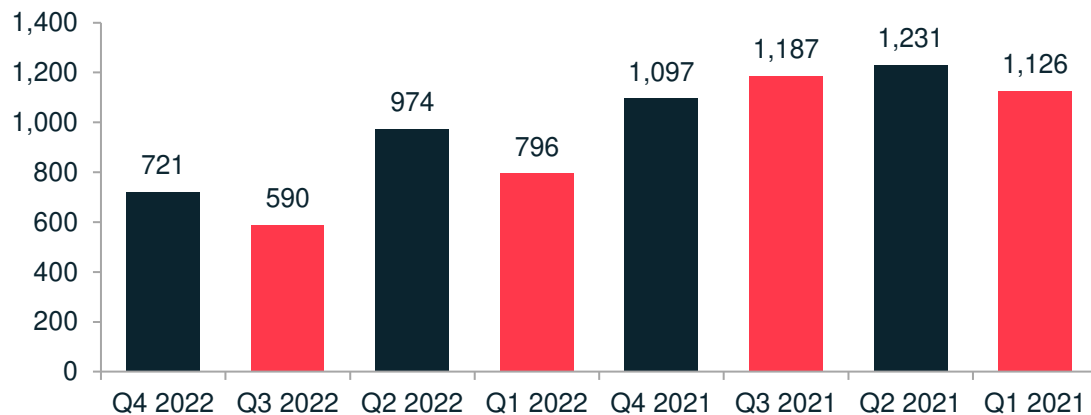
Source: S&P Capital IQ

M&A Dashboard (Quarter over Quarter) - Overall

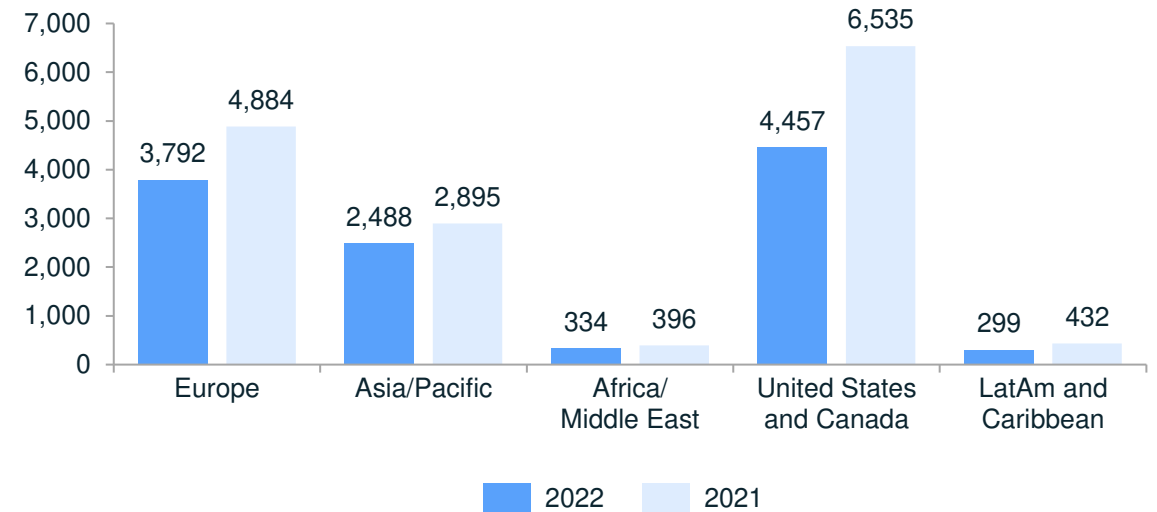
Total Number of Transactions



Total Deal Size (\$mm)



Regional share (Q4'22 vs Q4'21)



- **Deal activity** gradually declined quarter over quarter. Q4 of 2021 witnessed the highest number of transactions at 15,142, falling to 11,370 transactions in Q4 of 2022.
- **In terms of deal value**, Q3 2022 saw a steep decline, down 50% from the comparable quarter in 2021.
- **In terms of region**, the US and Canada captured the largest share of deals followed by Europe and Asia-Pacific holding the second and third positions, respectively in 2022.

Source: S&P Capital IQ

12 Months 2022 M&A Dashboard - Information Technology

Full Year Snapshot

	2022	2021
Total Number of Transactions	6,656	7,939
Average Deal Value (\$mm)	261	215
Total Deal Value (\$bn)	416	508

Number of Deals by Transaction Ranges

	2022	2021
>\$1 Billion	57	86
\$100-499.9mm	207	361
\$500-999.9mm	45	59
Less than \$100mm	1,281	1,860
Undisclosed	5,066	5,573

- **Technology deals** have been one of the most sought-after in 2022 and 2021. However, IT deals witnessed a 16.1% decline in terms of deal volumes to 6,656 deals. Deal values in the tech sector fell by 18.11% to \$416 billion compared to 2021.
- **The number** of deals above \$1 billion saw a 33.7% drop year-on-year. Deals ranging between \$500-999 million saw a 23.72% drop year-on-year. While smaller deals between \$100 million and \$500 million witnessed a 42.65% decline.

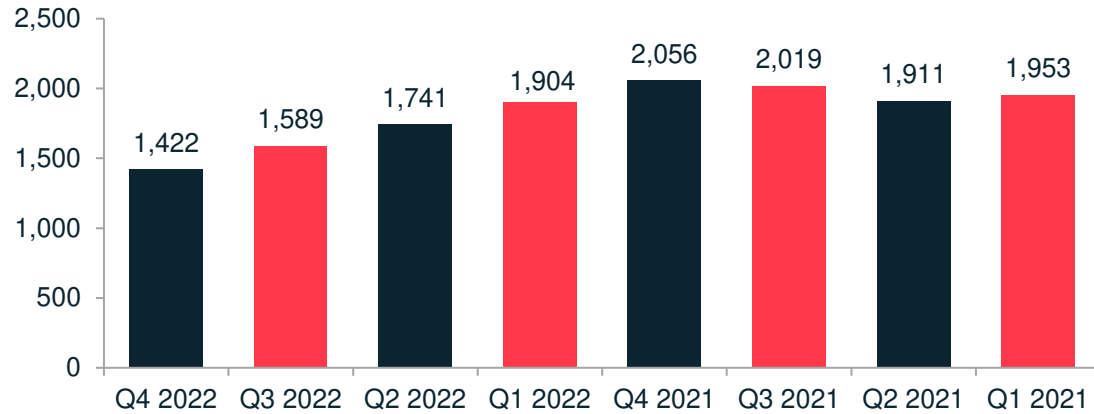
Top Deals

Target	Buyer/Investor	Target Country	Deal Value (\$mm)
VMware, Inc. (NYSE:VMW)	Broadcom Inc. (NasdaqGS:AVGO)	US	72,967
Afterpay Limited	Lanai (AU) 2 Pty Ltd	Australia	28,302
McAfee Corp. (NasdaqGS:MCFE)	Advent International Corporation; GIC Private Limited; CPP Investments; Abu Dhabi Investment Authority; Permira Advisers LLC; Crosspoint Capital Partners, LP	US	20,862
Nuance Communications, Inc.	Microsoft Corporation (NasdaqGS:MSFT)	US	19,796
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
Proofpoint, Inc.	Thoma Bravo, L.P.	US	12,372
The Rocket Science Group, LLC	Intuit Inc. (NasdaqGS:INTU)	US	11,719
Zendesk, Inc.	Hellman & Friedman LLC; GIC Private Limited; Abu Dhabi Investment Authority; Permira Advisers LLC	US	10,990

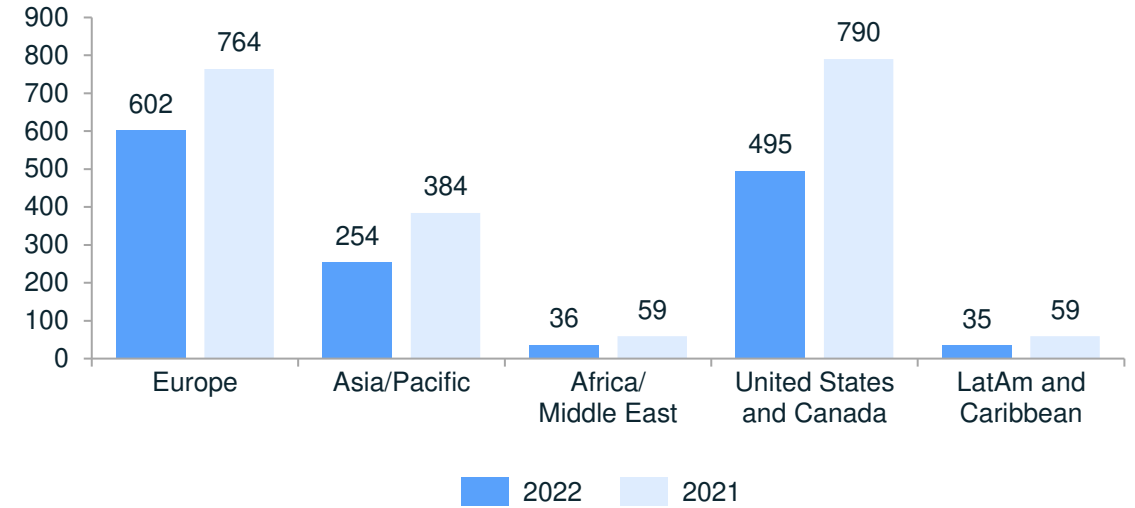
Source: S&P Capital IQ

M&A Dashboard (Quarter over Quarter) - Information Technology

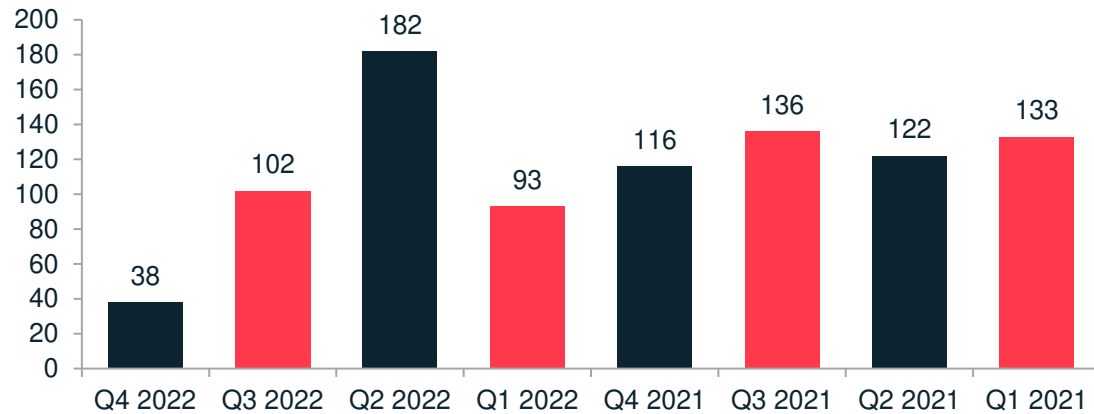
Total Number of Transactions



Regional share (Q4'22 vs Q4'21)



Total Deal Size (\$mm)



- **Quarterly deal activity** in the IT sector saw a gradual decline. The number of transactions observed a moderate decline from 2,056 deals in Q4 2021 to 1,422 deals in Q4 2022.
- **Deal values** in the IT sector observed significant growth in Q2 2022 at \$182 million, followed by a steep decline in Q4 2022 to \$38 million.
- **In terms of regions**, Europe captured the largest share followed by the US and Canada and Asia-Pacific.

Source: S&P Capital IQ

Macro Factors Impacting M&A

Economic Headwinds	<ul style="list-style-type: none">▪ Recessionary fears, sluggish capital markets, underperforming bank stocks, and geo-political and supply chain issues all are expected to put a dampener on deal activity. The tech industry could lose its top spot in 2023 because of hiring freezes and layoffs¹.
Market Volatility	<ul style="list-style-type: none">▪ The M&A market is likely to be slow and uncertain in 2023 but expected to recover slightly in the latter half of the year.
Tight Lending Conditions	<ul style="list-style-type: none">▪ Rising interest rates and inflation pressures have increased the cost of capital, prompting a shift away from larger deals².
ESG	<ul style="list-style-type: none">▪ Green deals are gaining traction with the increasing focus on environmental and social issues. There could be a considerable opportunity in the decarbonization efforts of energy, oil, and gas companies³.
Dry Powder	<ul style="list-style-type: none">▪ Private equity investors continue to have access to huge amounts of dry powder. As of 2022, dry power held by PE firms stood at an all-time of \$1.24 trillion globally. The majority of this remained in the US (about \$700 billion), followed by Europe (about \$250 billion)⁴.

Source: 1) Bloomberg Law, 2) Morrison Foerster, 3) BCG, and 4) RSM

About RocSearch

Founded in 1999, RocSearch has been a pioneer in empowering our clients to overcome challenges and realise their goals. Our strength is delivering research and advisory solutions through managed and dedicated teams that produce the expert intelligence our clients require to gain a true competitive advantage.

We provide extensive buy-side and sell-side support to leading private equity firms, corporate finance advisory firms and corporate M&A teams. Our data intelligence-driven offerings span buyer and target identification, market and commercial due diligence support, investment thesis validation, market mapping, comparable and intrinsic valuations, competitive benchmarking, ESG assessments, and capital structure analyses.

Our longstanding client relationships bear testament to the enduring value we create, alongside our consistent reliability and absolute discretion. We take great pride that many of the brightest global companies rely on us to help them achieve top-line growth, operational efficiency and increased profitability.

Offices: UK | India | USA | Hong Kong | Argentina

www.rocsearch.com

Authors

Rimin Dutt, *Head of Content and Communications*

Radhika Joshi, *Associate Specialist – Content Development*

Vikas Kumar, *Manager*

Contact

info@rocsearch.com

Feel free to reach out to us:

Business enquiry:

sales@rocsearch.com

Disclaimer

This document is proprietary to RocSearch and the information contained herein is confidential. Not without prior written permission from RocSearch, may this document be reproduced, either in whole or in part, or disclosed to others outside your firm.

Whilst care and attention has been exercised in the preparation of this document, RocSearch does not accept responsibility for any inaccuracy or error or any action taken in reliance on the information contained within. All warranties whether expressed or implied by statute, law or otherwise are hereby disclaimed and excluded to the extent permitted by law.

© 2023 RocSearch | All Rights Reserved

