Insights

insights@iongroup.com

Mergermarket

Wednesday, December 18, 2024

Written by the Insights team

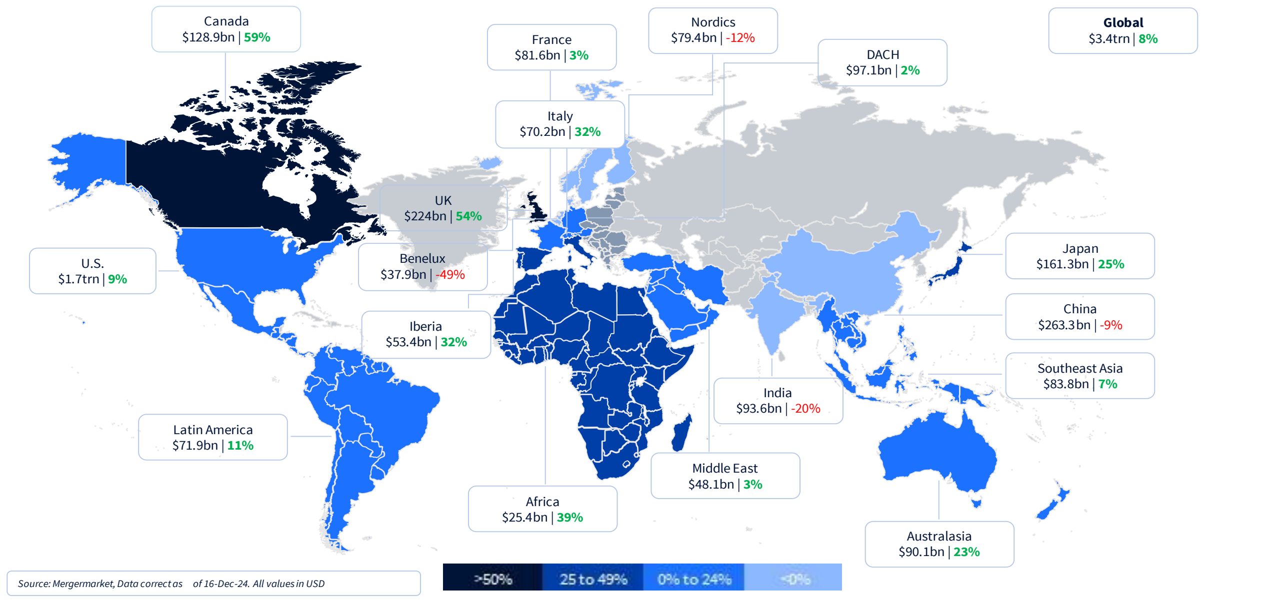
M&A Highlights 2024: Return to growth

Powered by Mergermarket data, M&A Highlights reviews M&A activity across North America, EMEA and APAC in 2024. All data correct as of December 16, 2024

Global M&A recovers from decade low

Global M&A 2024

Percentage change in deal volume year-on-year (2024 vs 2023)



KEY 2024 TRENDS IN GLOBAL M&A

Recuperation
Global M&A volume rises 8% to USD 3.4tn

Big in Japan
USD 58.4bn bid for retail group Seven & I was 2024's largest deal

Mega-deal boost
37 deals ≥USD 10bn, up from 35 in 2023

Snack attack
Mars' USD 36.1bn bid for Kellanova is biggest food deal in decade

Sponsors return
34% jump in buyout volume to USD 625bn

Tech comeback
16% increase in tech M&A volume to USD 638bn

Source: Mergermarket, data correct as of 16-Dec-24

ION ANALYTICS

Insights

insights@iongroup.com

Global dealmaking enjoyed a modest recovery in 2024 but remained suppressed historically.

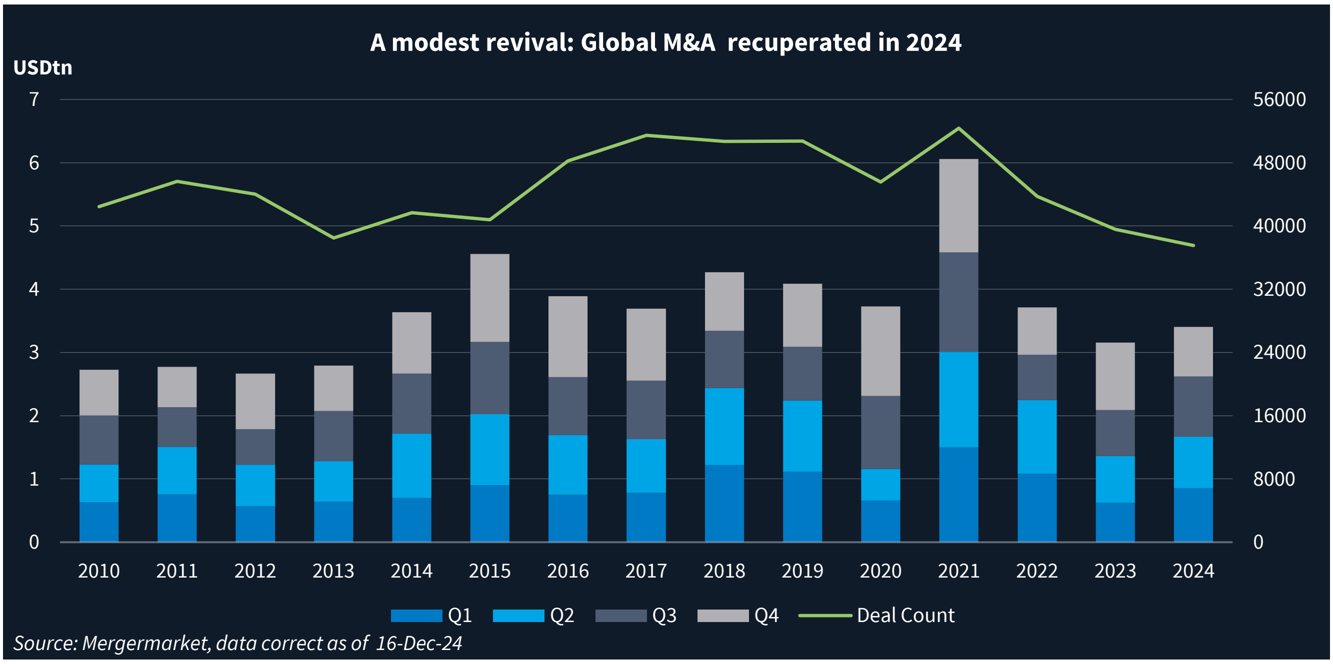
M&A volume reached USD 3.4tn, up 8% from 2023's 10-year low.

Despite the cautious recovery, the portents for a stronger 2025 are good after central banks in the US and Europe began dropping interest rates and some political certainty returned following a record number of elections around the world.

Donald Trump's win as US president, combined with the Republican party's sweep in Congress, have left dealmakers anticipating a rise in US dealmaking in 2025 thanks to the promise of lower corporate taxes, deregulation and leadership changes at key regulatory agencies. Fueling the optimism is the expectation that inflation can be tamed and that the Federal Reserve can achieve its soft economic landing.

"People are excited," said Louis Lehot, a partner at Foley & Lardner. "But I would not say the pipeline is full. People are going to wait until the beginning of the year to see who is in charge" of the regulatory agencies.

The technology, financial services, manufacturing, oil and gas, and healthcare sectors are all expected to benefit.



Corporates Go Big

North America took 49.8% of global deal volume, up from 49.1% in 2023. Europe, Middle East and Africa took 24.7%, up from 24.2%, and Asia Pacific 22.7% in 2024, down from 22.9%.

Larger deals continued their recovery in 2024, with the number of USD 2bn-plus transactions increasing 20% year over year. The number of mega deals – defined as those valued at USD 10bn or more – increased to 37 from 35 in 2023.

Corporates continued to be in charge, as financial sponsors shied away from mega transactions. Nine of the year's top 10 deals involved large strategic acquirors. The other deal was the USD 38bn corporate spinoff of General Electric's [NYSE:GE] electricity business, called **GE Vernova** [NYSE:GEV], to existing shareholders.

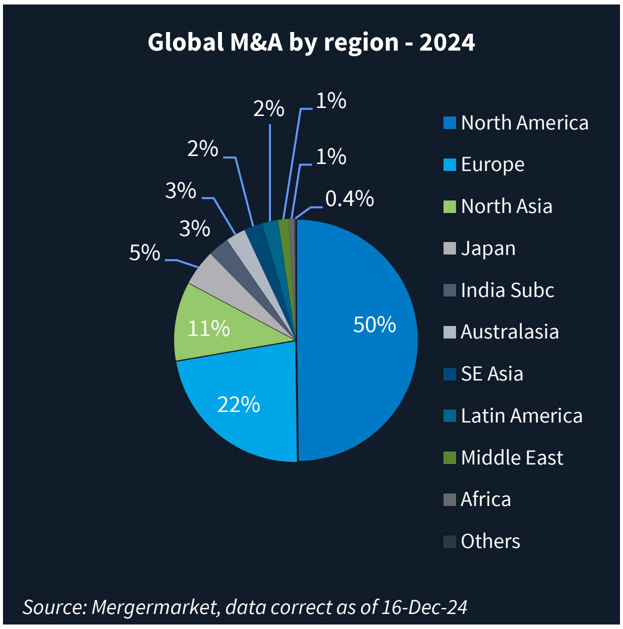
The year's biggest deal was the USD 58.4bn bid for Japan-based **Seven & I Holdings** [TYO:3382], owner of the 7-Eleven convenience store chain, by Canadian grocery group **Alimentation Couche-Tard** [TSX:ATD] in September. The deal propelled global retail sector M&A volume to USD 114bn, up 124% year over year.

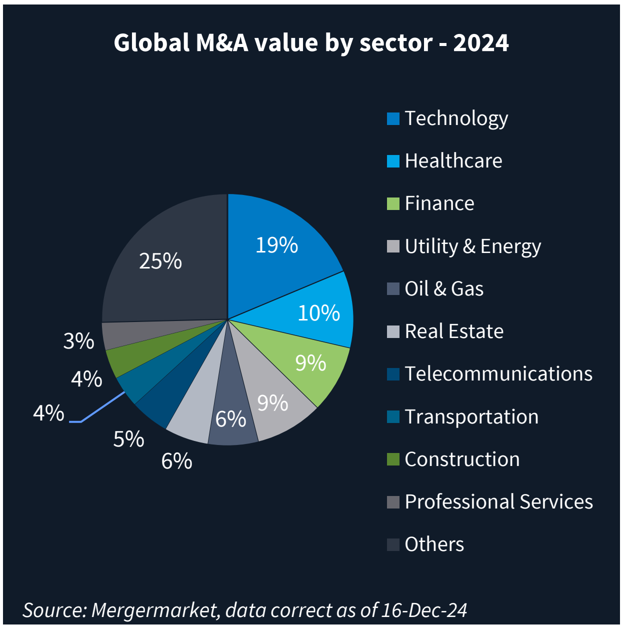
In August, **Mars** paid USD 36.1bn for **Kellanova** [NYSE:K], maker of Pringles and Pop-Tarts, in the biggest transaction in nearly a decade for North America's food sector.

Two upstream oil and gas deals featured in the top 10: **Diamondback Energy**'s [NASDAQ:FANG] USD 28.1bn bid for **Endeavor Energy Resources** in February and **ConocoPhillips**' [NYSE:COP] USD 22bn offer for **Marathon Oil** in May.

Insights

insights@iongroup.com



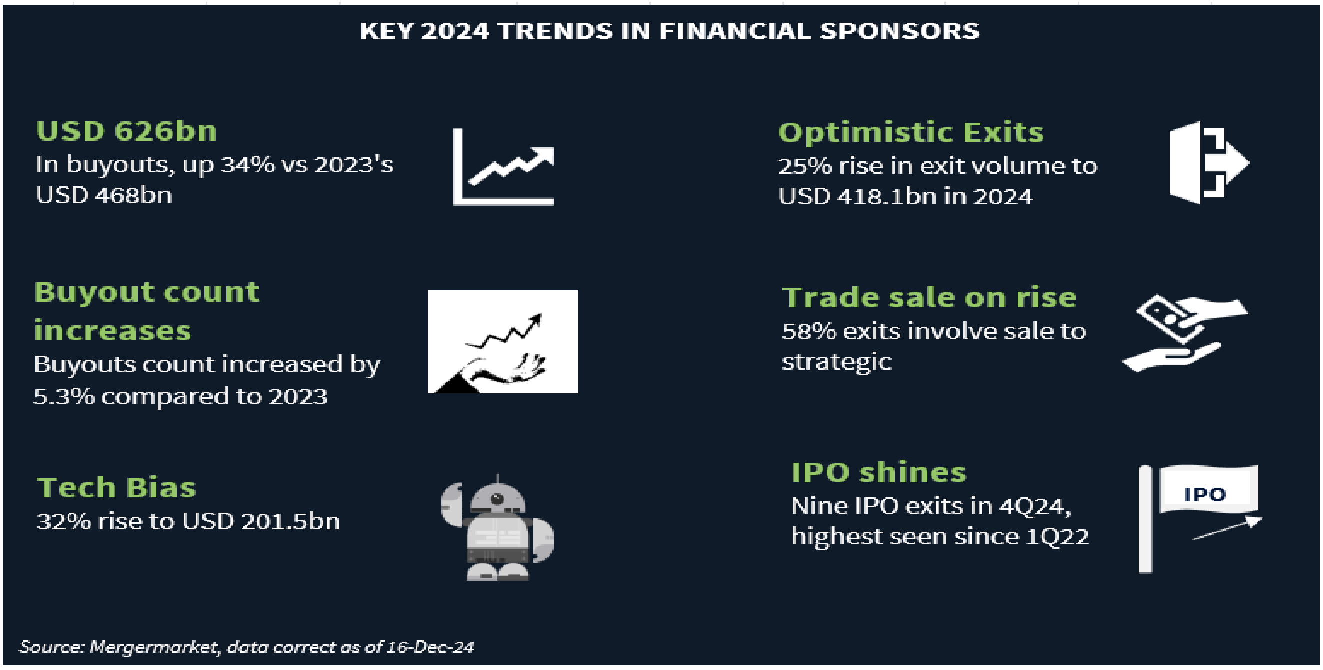


Zurich-based **Amcor**'s [NYSE: AMCR; ASX: AMC] USD 17.7bn all-stock offer for Evansville, Indiana-based consumer packaging company **Berry Global Group** [NYSE:BERY] in November underscored one upcoming shift in cross-border M&A: European companies making bigger moves to acquire US-based businesses as a way to sidestep Trump's import tariffs, a trend that also featured during his first term.

The tech sector accounted for 19% of global deal volume, up from 17% last year, but down from 24%-25% in 2022 and 2021. The healthcare sector came second with 10% of deal volume, while the finance sector came third with a 9% share.

Global buyout volume increased 34% year-over-year to USD 626bn, while exit volume rose 25% to USD 418bn, as financial sponsors returned to the dealmaking table, but that is still some way off the record levels seen in 2021.

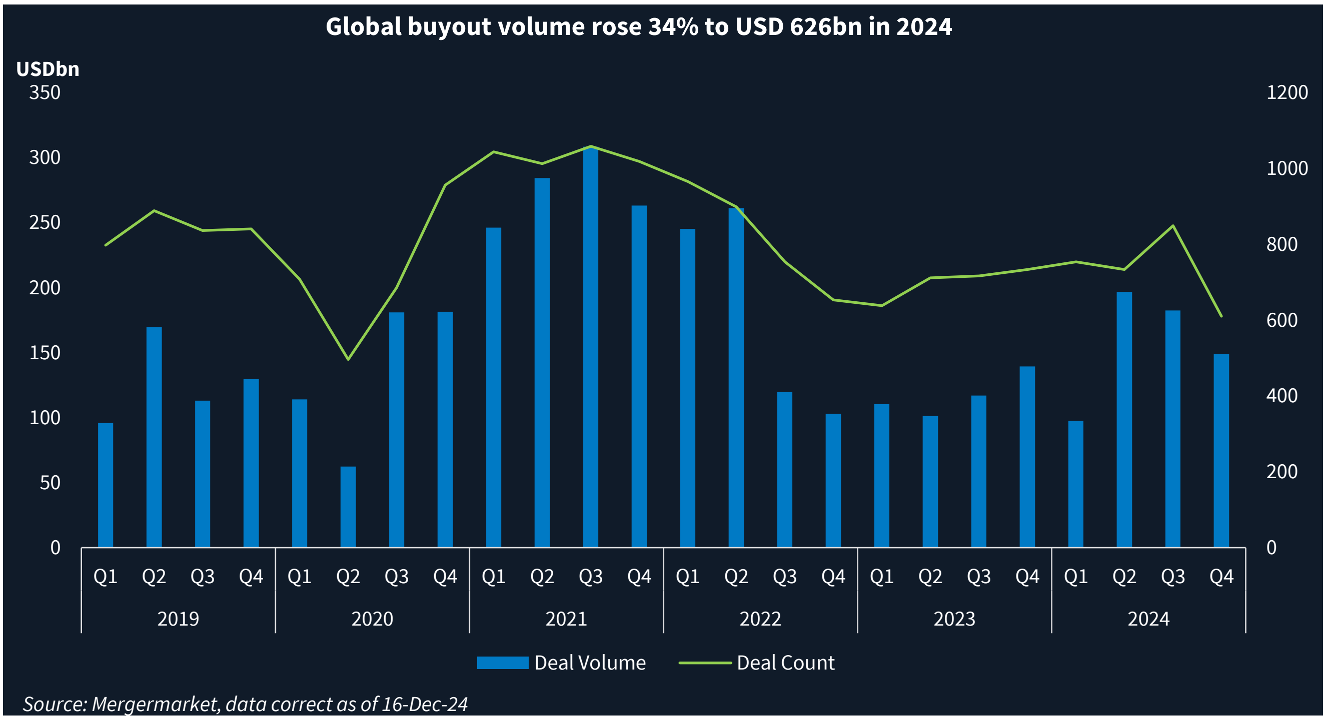
Financial sponsors: A shift in optimism



Buyout volume jumped 34% to USD 626bn in 2024 as easing inflation and falling interest rates provided the conditions for financial sponsors to make a comeback. The number of buyouts increased 5.3% to 2,945 deals.

The year's largest buyout was the USD 16bn acquisition of Australia-based data-center operator **Airtrunk Operating** by **Blackstone** [NYSE:BX] and **CPPIB** in September. The second largest came in October when UK-based **Nord Anglia Education** agreed to a USD 14.5bn deal with **NB Private Equity Partners**, **CPPIB** and **EQT Partners Hong Kong**.

Technology remained the most attractive sector for financial sponsors. With 760 buyouts worth USD 201.5bn signed in 2024, the sector accounted for 32% of total buyout volume.



Insights

insights@iongroup.com

Clearing the exit backlog

Sponsor exit volume jumped 25% to USD 418.1bn in 2024, while the number of exits increased 15% to 1,371. Almost 58% of exits in 2024 involved a sale to a strategic buyer, down from almost 76% in 2023.

The public markets started to reopen as a liquidity option in 4Q24. Sponsors exited 28 companies through initial public offerings (IPOs) in 2024, with nine coming in 4Q24 for USD 4.5bn, the highest volume since 1Q22.

Several private equity groups are positioning their portfolio companies for a 2025 IPO. **Thoma Bravo** could make its long-awaited IPO market return in 2025 with cybersecurity portfolio companies **SailPoint** and **Proofpoint**.

Prosus [FRA:1TY] named three India-based portfolio companies it plans to take public in 12 to 18 months – ecommerce player **Meesho**, jewelry retailer **BlueStone**, and digital payments company **PayU**.

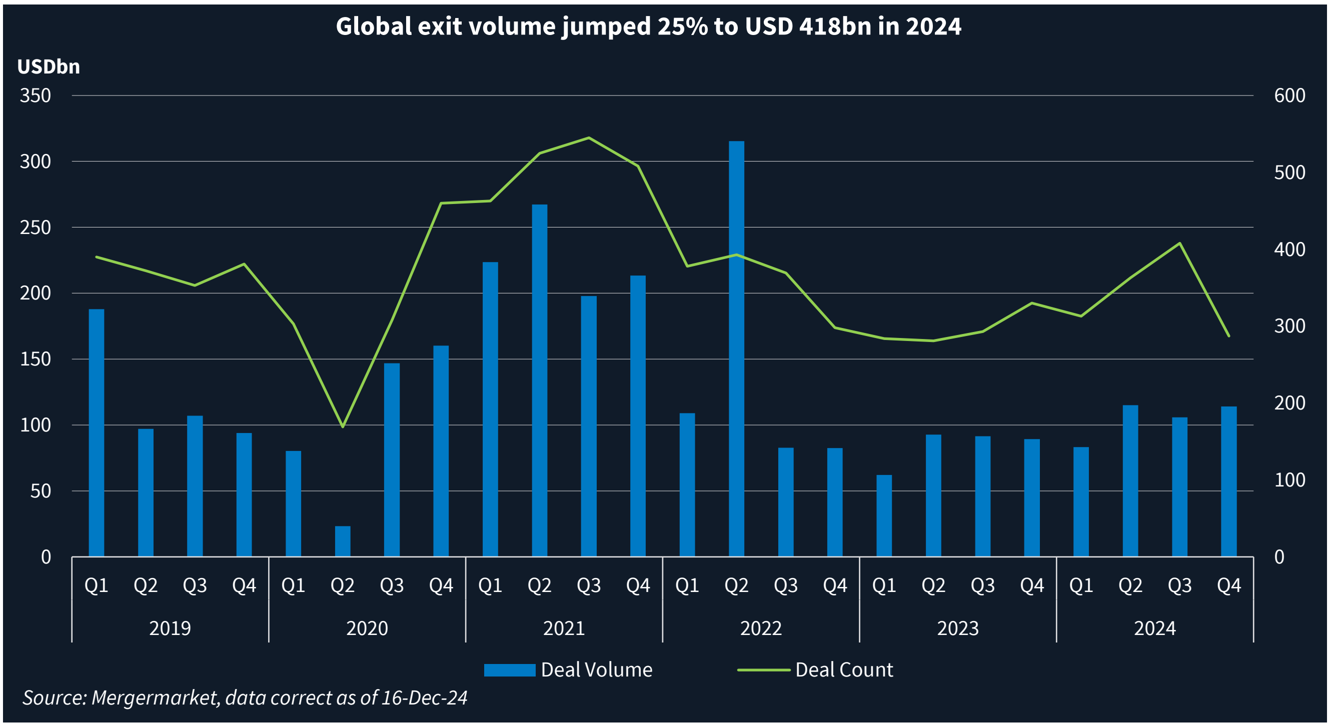
A **Centerbridge Partners**-led consortium is favoring a London listing to exit **Canopius Group**.

Carlyle is exploring a potential public listing of **Quest Global Services**, a Singapore-based provider of outsourced engineering services in India.

Private equity firms face one of the biggest exit backlogs in years, said Brian Wheeler, an attorney at Foley & Lardner. That could change following November's US elections.

Thanks to anticipated leadership changes at key regulatory agencies – the Federal Trade Commission (FTC) and the antitrust division of the Department of Justice (DoJ) – dealmakers expect transactions to be easier to close.

Combined with a more certain inflationary environment, interest rate cuts, and greater liquidity in credit markets as banks return to compete with private lenders, private equity firms have several tailwinds for a stronger 2025.



insights@iongroup.com

PE-backed companies in an active auction process in December

Target	Target Size	Target Nationality	Sector	Current Phase (Milestone)	Divestors	Latest Intel
VertiGIS	EUR 40m EBITDA	UK	Technology	Pre-Launch (Advisor Retained)	Battery Ventures	VertiGIS pre-empted by Partners Group as sponsor engages direct lenders
Lakrids by Johan Bulow	EUR 4m EBITDA	Denmark	Consumer & Retail	Pre-Launch (Fireside Chats)	Valedo Partners	Lakrids by Bulow back on market via Carnegie, Houlihan Lokey – sources
Darifair Foods	USD 50m+ EBITDA	US	Consumer & Retail	Pre-Launch (Advisor Retained)	Arbor Private Investment	Rubix Foods prepares for sale, sources say
Curium Pharma	EUR 240m EBITDA	France	Healthcare	Pre-Launch	CapVest Partners	Curium sale expected 2025 as GP-led secondary vehicles nears expiry - sources
Aquamar	USD 15-20m EBITDA	US	Consumer & Retail	Pre-Launch (Advisor Retained)	Huron Capital Partners	Aquamar to explore sale next year, sources say
Citrin Cooperman & Co	-	US	Business Services	Pre-Launch (Advisor Retained)	New Mountain Capital	Citrin Cooperman exploring sale, sources say
Hostaway	USD 40-50m Revenue	Finland	Technology	Pre-Launch (Advisor Retained)	PSG Equity	PSG-backed Hostaway explores minority stake sale via William Blair - sources
Behavior Frontiers	USD 15m EBITDA	US	Healthcare	Round 1	Lorient Capital	Behavior Frontiers exploring sale via TripleTree, sources say
Country Pure Foods	USD 50-55m EBITDA	US	Consumer & Retail	Round 1 (Initial Bids)	Blue Point Capital Partners	Country Pure Foods exploring sale, sources say
Crunch Fitness	USD 100m EBITDA	US	Consumer & Retail	Pre-Launch (Advisor Retained)	TPG Capital	TPG works with Jefferies to explore Crunch Fitness sale - report

Source: Mergermarket, data correct as of 16-Dec-24

North America: A measured comeback

KEY 2024 TRENDS IN NORTH AMERICAN M&A

Bounce back
2024 M&A volume up 9% to USD 1.7tn

Tech gains
27% jump in tech M&A to USD 377bn

Star-spangled
Nine of top 10 global deals from the US

Healthcare slip
15% decrease in healthcare M&A to USD 234.6bn

Buyout bump
Sponsor-led activity up by 39% in 2024

Power surge
80% increase in utility & energy M&A to USD 137bn

Source: Mergermarket, data correct as of 16-Dec-24

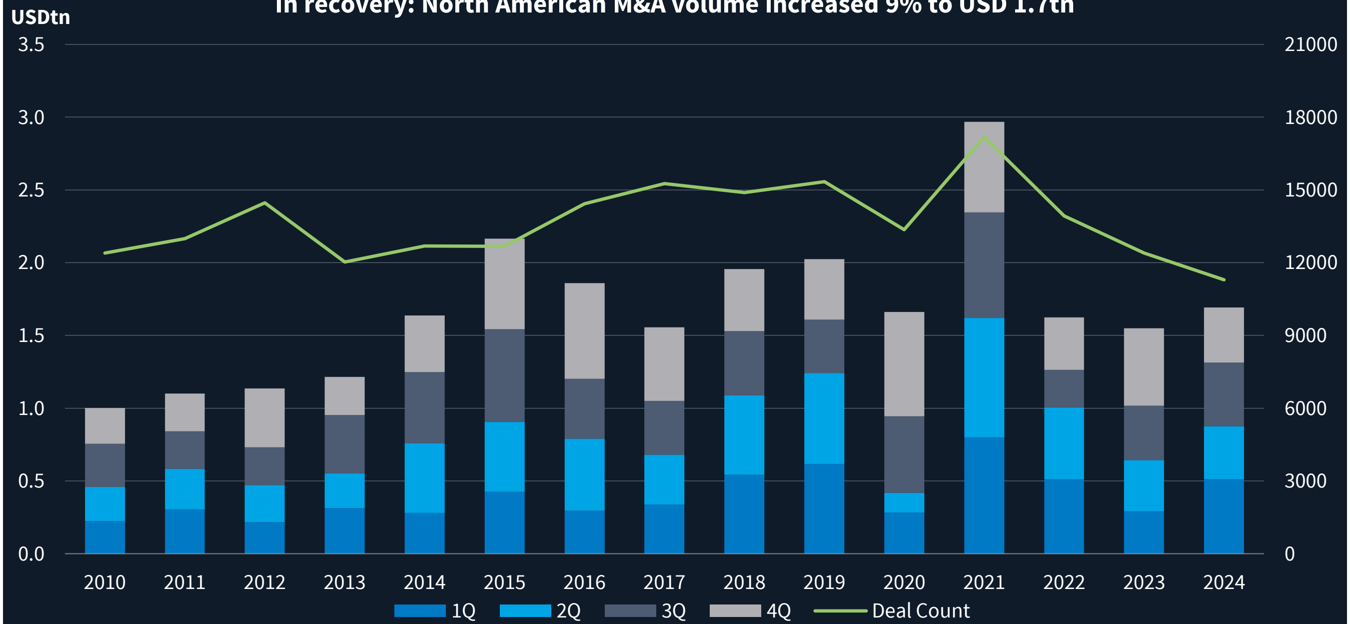
On the back of the worst year for dealmaking in a decade in 2023, M&A volume in North America increased by 9% to USD 1.7tn in 2024.

With the Federal Reserve starting interest-rate cuts in September and the prospect of moderating inflation, corporate tax cuts and deregulation under Trump, the M&A environment is favorable going into 2025.

In the year's final quarter, 22 deals worth USD 5bn-plus were recorded, two more than in 4Q23, led by **Amcor**'s [NYSE:AMCR] USD 17.6bn bid for packaging company **Berry Global** [NYSE:BERY] in November.

The region remained dominant on the global scene, accounting for half of global M&A volume and nine of the top 10 deals globally.

In recovery: North American M&A volume increased 9% to USD 1.7tn



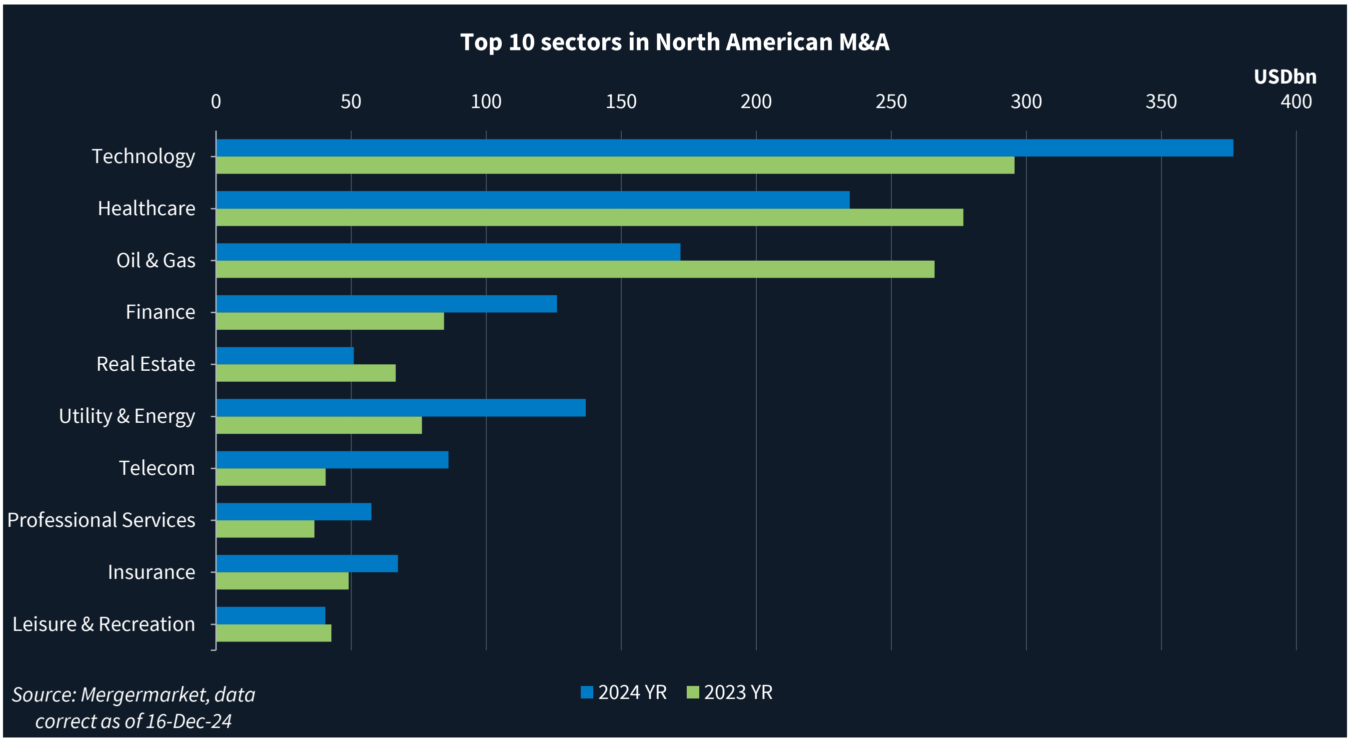
Source: Mergermarket, data correct as of 16-Dec-24

Insights

insights@iongroup.com

It's a tech world

North America's tech sector accounted for 59% of global tech M&A volume and almost a quarter of total North American deal volume. Dealmaking volume in the sector surged 27% year-over-year to USD 376bn in 2024, led by the USD 33.6bn pending acquisition of simulation software specialist **Ansys** [NASDAQ:ANSS] by **Synopsys** [NASDAQ:SNPS], followed by the USD 14.3bn acquisition of **Juniper Networks** [NYSE:JNPR] by **Hewlett Packard Enterprise** [NYSE:HPE], both announced in January.



Continued demand for automation across businesses pushed dealmaking momentum for artificial intelligence (AI) services. Dealmaking volume in AI more than doubled to USD 41.6bn across 339 deals in 2024, led by **OpenAI**'s USD 6.6bn funding from **Microsoft** [NASDAQ:MSFT], **NVIDIA** [NASDAQ:NVDA] and other investors in October, followed by **X.AI**'s USD 6bn funding round in December.

Data centers needed to power AI and high-performance computing remain attractive, leading M&A activity in the space to surge 93% in 2024 to USD 17.8bn across 55 deals, led by the USD 9.2bn acquisition of **Vantage Data Centers** by **DigitalBridge** and **Silver Lake Group**, announced in January.

Cryptocurrencies surged post the US November presidential election with Bitcoin crossing the USD 100,000 mark. Dealmaking in the space increased 5x on 2023, totaling USD 4bn across 55 deals.

Buyout bounce

Sponsor-led buyouts enjoyed a comeback in 2024, rising 39% to USD 312bn. The USD 13.3bn acquisition of **Truist Insurance** by **Stone Point Capital**, **Clayton Dubilier** and **Mubadala** in February was the largest US buyout in 2024, followed in April by **Silver Lake** agreeing to take sports and entertainment company **Endeavor Group** [NYSE:EDR] private in a USD 10.1bn deal.

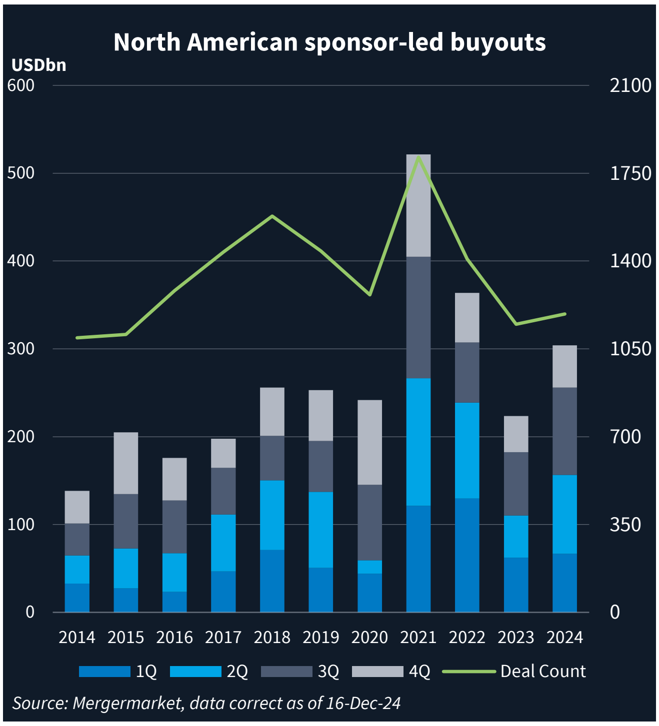
Buyout volume surged from the second quarter onwards as dealmakers priced in upcoming interest rate cuts but the reduction in rates, begun in September, is expected to start having a greater impact on buyouts from mid-2025.

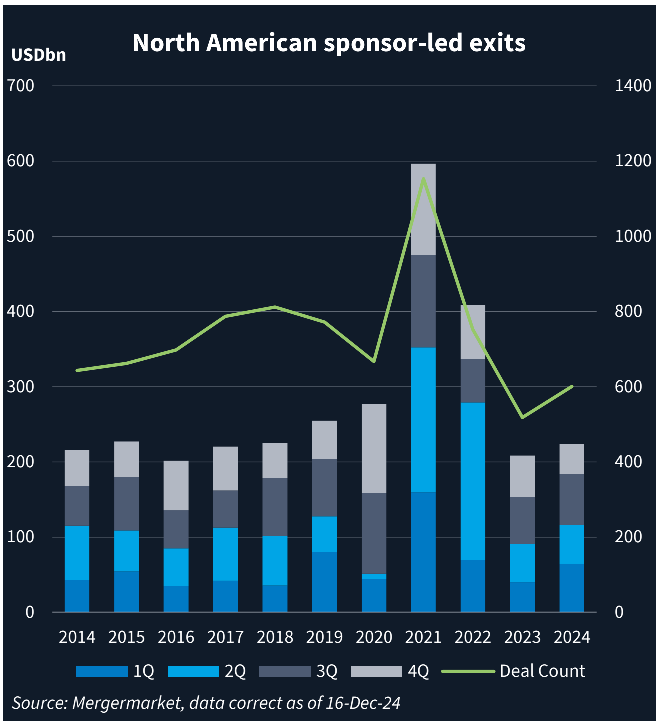
Sponsor-led exits totaled USD 247bn, up 19% from the lows of 2023. The biggest exit was the USD 18.2bn sale of **SRS Distribution** to **Home Depot** [NYSE:HD] in March, followed by **KKR**'s [NYSE:KKR] acquisition of a 50% stake in **Cotiviti Holdings**, a healthcare-data firm, from **Veritas Capital** in February.

An exit backlog remains, however, caused by a persistent valuation gap between buyers and sellers. This resulted in sponsors having an average holding period of five years in 2023-24 compared to 4.2 years in 2021-22, according to *Mergermarket* data. As pressure mounts on financial sponsors to return money to investors, dealmaking should increase further in 2025.

Insights

insights@iongroup.com





Strong pipeline ahead

Companies gearing up for multi-billion-dollar deals in 2025 include **Macquarie Asset Management** [MQG:AX], which is reportedly considering the sale of its helicopter leasing unit **Macquarie Rotorcraft**. Others are **Citrin Cooperman**, a New York-based accounting and consulting firm with about USD 700m in annual revenue, and **Proprium Capital Partners**, a real estate investment firm, with USD 4bn in assets under management.

Insights

insights@iongroup.com

EMEA: Back into growth mode

KEY 2024 TRENDS IN EMEA M&A

Growth plans
M&A volume up 10% to USD 840.9bn

Full pipeline
400+ active auctions in Europe

Take-private record
95 deals worth USD 79.8bn

Rule Britannia
UK takes 31% of EMEA volume in 4Q24

Stronger sponsors
Buyout volume up 36% to USD 213bn

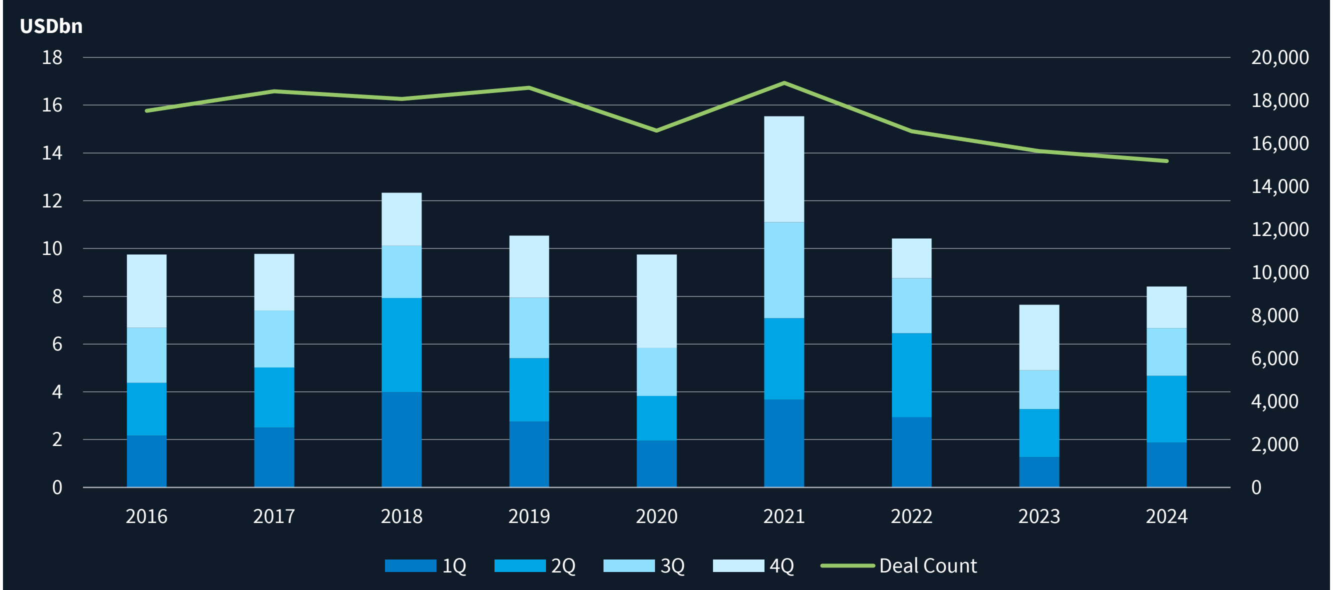
Foreign takeovers
M&A from non-European buyers up 11% to USD 178.9bn

Source: Mergermarket, data correct as of 16-Dec-24

M&A volume in Europe, the Middle East and Africa hit USD 841bn in 2024, up 10% from the two-decade low reached in 2023. Dealmaking returned on its growth trajectory as businesses took advantage of lower interest rates and a narrowing bid-ask spread.

The sluggish European economy will drive M&A activity in the coming months, with European companies likely to use mergers and acquisitions to grow in and outside EMEA, while overseas buyers – both corporates and financial sponsors – continue to hunt for bargains.

EMEA M&A back on track in 2024



Source: Mergermarket, data correct as of 16-Dec-24

Insights

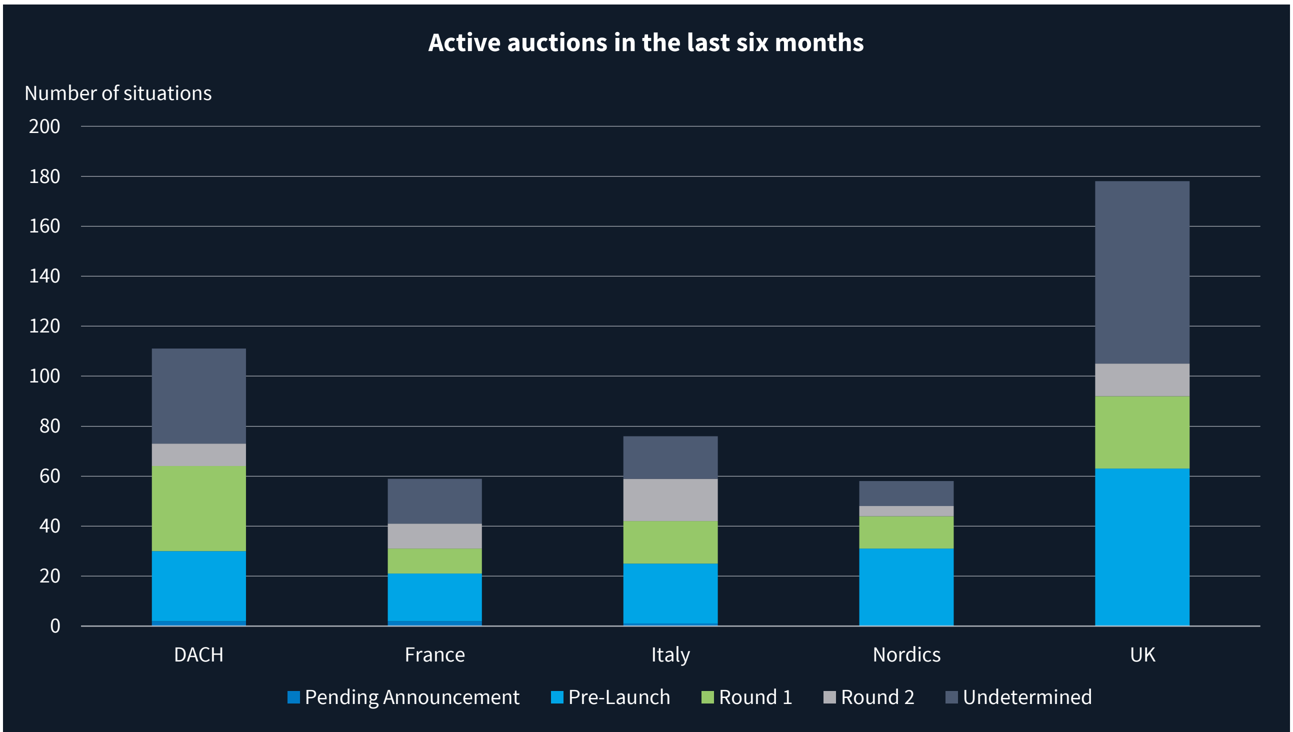
insights@iongroup.com

PE: Harder, better, faster, stronger

As exemplified by the region's largest deal in the fourth quarter – the USD 14.5bn takeover of UK-based schools operator **Nord Anglia Education** by **Neuberger Berman Private Markets**, **EQT**, and **Canada Pension Plan Investment Board** – private equity firms have been executing more and bigger deals. Financial sponsors signed USD 212.5bn worth of buyouts in 2024, up 36% on 2023 (USD 156.8bn).

Sponsors should be even busier in the first months of 2025 with more than 400 auctions currently active in the UK, the DACH countries (Germany, Austria and Switzerland), Italy, France and the Nordics countries (Sweden, Denmark, Norway, Finland), according to *Mergermarket*'s Auctions tracking platform.

Among those, **CapVest**-backed French radiopharmaceuticals company **Curium** is expected to come up for sale next year with sponsors including **Astorg**, **Bain**, **CD&R**, **CVC**, and **Nordic Capital** likely to show interest. A sale process for **Banking Circle,** the **EQT**-backed Danish payments processor, is also set to launch in 1Q25.

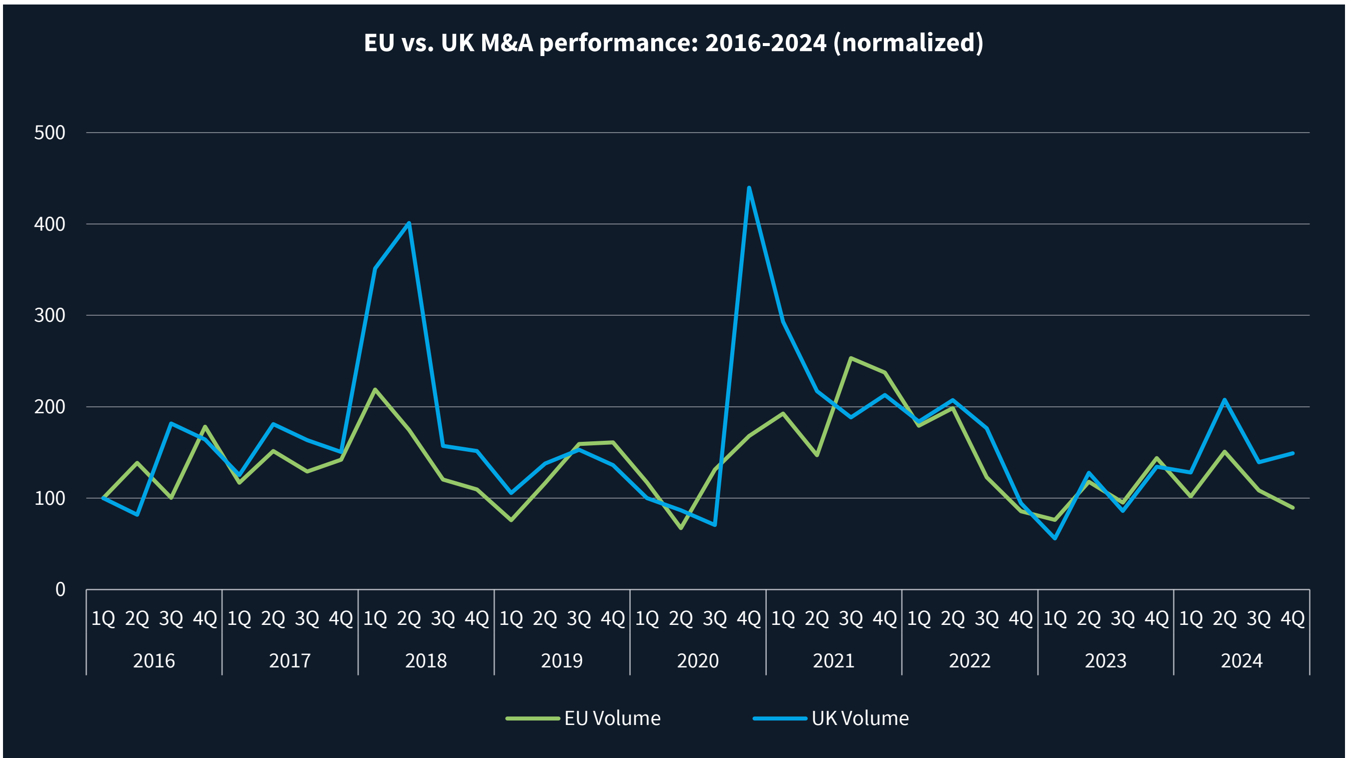


Source: Mergermarket; Data correct as of 16-Dec-24

Take-private transactions in Europe reached their highest number on record in 2024, with 95 deals worth a combined USD 79.8bn. The largest was **Brookfield**'s proposed delisting of Paris-based renewable energy generator **Neoen** [EPA:NEOEN] for EUR 9.2bn (USD 10bn) in May. British food and beverage ingredients company **Tate & Lyle** [LON:TATE] could be next after it reportedly attracted takeover interest from **Advent International** in October.

UK outperforms Germany and France

The UK further asserted its dominance on the European M&A landscape in 4Q24, accounting for more than 31% (USD 53.6bn) of all EMEA deal volume and recording more deals than Germany, France and Italy combined (822 vs 769).



Source: Mergermarket, data correct as of 16-Dec-24

Political instability in France and Germany could hamper dealmaking but also spawn distressed deals and carve-outs in 2025, especially in sectors such as industrials, automotive, retail and consumer.

In Germany, automotive technology supplier **J.G. Weisser Soehne** is one distressed company seeking suitors. Meanwhile, **Contintental** is carving out its car part unit and automotive supplier **ZF Friedrichshafen** is expected to sell or list its **ZF Lifetec** airbag unit. In France, car equipment manufacturer **Valeo** [EPA:FR] and tire manufacturer **Michelin** [EPA:ML] are expected to dispose of their "underperforming" French production sites.

Behind the traditionally dominant tech sector, the finance sector more than doubled its 2023 volume to EUR 97.4bn across 717 deals. Two megadeals in banking buoyed sector activity: **BBVA**'s [BME:BBVA] EUR 11.5bn bid for **Banco Sabadell** [BME:SAB] in May and **UniCredit**'s [BIT:UCG] EUR 10bn offer for **Banco BPM** [BIT:BAMI] in November. UniCredit's move for a domestic rival in Italy – rather than pursuing Germany's **Commerzbank** [ETR:CBK] – once again dampened hopes for the formation of a European champion to rival the US banking giants.

Insights

insights@iongroup.com

APAC: Financial sponsors and government strategies spark M&A revival

KEY 2024 TRENDS IN APAC M&A

M&A revival
USD 792.8bn, volumes up 3% vs 2023

National interest
Geopolitical rivalry drives strategic M&A in China to USD 263.3bn

Financial sponsors
Financial sponsors boost deal volume by 19%

Outbound deals
Japanese, Chinese, Indian buyers increase outbound acquisitions

Sector growth
Real Estate, Retail,Utilities, and Transportation surge

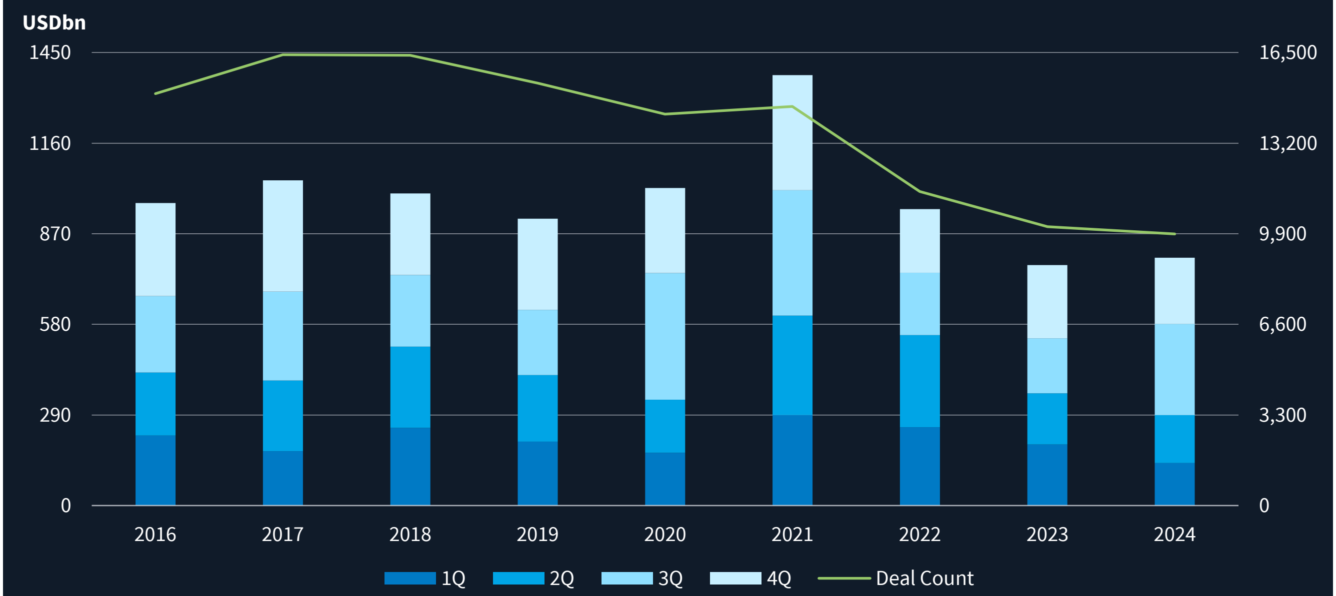
Tech leads
Technology sector leads APAC M&A with USD 120.5bn

Source: Mergermarket, data correct as of 16-Dec-24

M&A activity across the Asia-Pacific region livened up in 2024, with deal volume up 3% year-on-year to USD 792.8m.

After a disappointing start, dealmaking activity gained momentum in the second half of the year, when eight out of the 10 largest transactions were announced.

APAC M&A activity sees slight growth



Source: Mergermarket, data correct as of 16-Dec-24

Financial sponsors rev up the dealmaking engine

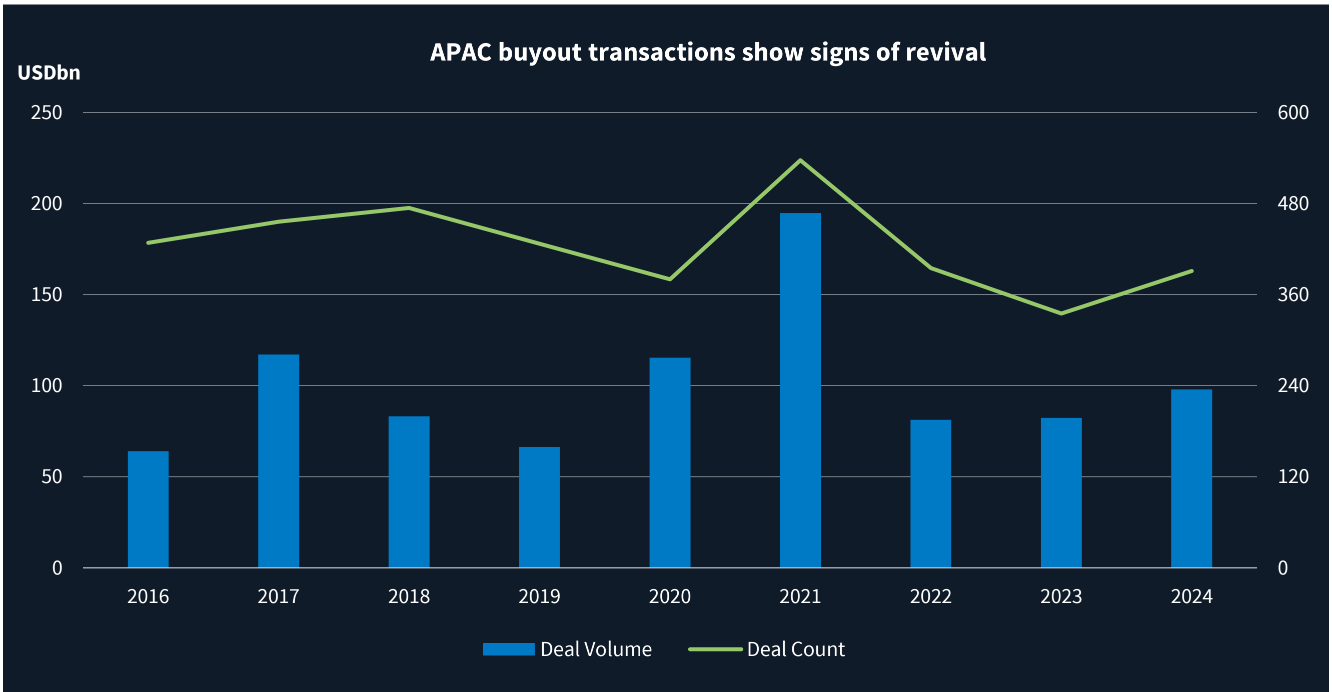
Financial sponsors led buyouts played a pivotal role in shaking APAC dealmakers out of slumber, with volume jumping 19% year-on-year to USD 98bn, with Australia, Japan, South Korea and China being the main hotspots.

The largest financial sponsor-backed transaction of the year was the USD 16.1bn acquisition of Australian hyperscale data center operator **AirTrunk** by **Blackstone** [NYSE:BX], **Canada Pension Plan Investment Board** and other partners in September.

Mainland China and Hong Kong accounted for the next three largest deals: the proposed take-private of logistics assets manager **ESR Group** in December; a 60% stake sale in **Zhuhai Wanda Commercial Management Group** in March; and the takeover of **Airpower**'s industrial gas unit in November.

In Japan and South Korea, a significant surge in shareholder activism is reshaping corporate governance and domestic and international private equity firms are adopting a more aggressive approach to dealmaking.

KKR and **Bain Capital** are battling for the acquisition of Yokohama-based software company **Fuji Soft**, with Bain launching a USD 4.3bn counterbid. But there is a much bigger deal in the making in which financial sponsors could play a crucial role.



Source: Mergermarket, data correct as of 16-Dec-24

Although its USD 58.1bn public offer for Japanese competitor **Seven & I Holdings**, which owns the **7-Eleven** retail group, has been initially rebuffed, **Alimentation Couche-Tard** [TSE:ATD] remains determined to pursue a friendly takeover. In response, the founding Ito family is exploring a take private of Seven & i Holdings seeking support from major US investors like **KKR**, **Bain Capital**, **Apollo Global Management** and **Blackstone**.

M&A in the name of national interest

Geopolitical rivalry is a major force behind dealmaking across Asia and especially in China, where policymakers see M&A as a strategic tool to advance national interests. The world's second largest economy continue to consolidate state-owned enterprises to enhance their competitiveness worldwide.

In September, two units of state-owned **China State Shipbuilding Corporation** announced a USD 12.3bn merger to create the world's largest publicly listed shipbuilder.

In October, **Haitong Securities** and **Guotai Junan Securities** announced a USD 13.7bn merger aimed at establishing a state-backed brokerage with USD 226bn in assets to compete with Wall Street firms expanding in the country.

In addition, Chinese authorities are seeking to facilitate M&A deals unlocking synergies on “hard technology” sectors like machinery, automotive, semiconductors, electronics, and pharmaceuticals, emphasizing industry chain integration and innovation.

The regulatory effort culminated with the announcement of new policies guiding M&A among listed companies in September. Chinese outbound M&A activity is also expected to take off in response to Donald Trump’s tariff threats.

Technology continues to lead

The Technology sector remained the leading hotspot for M&A across Asia-Pacific, exceeding USD 121bn and accounting for 15.2% of the total number of transactions, led by the takeover of Australian data center operator **AirTrunk**.

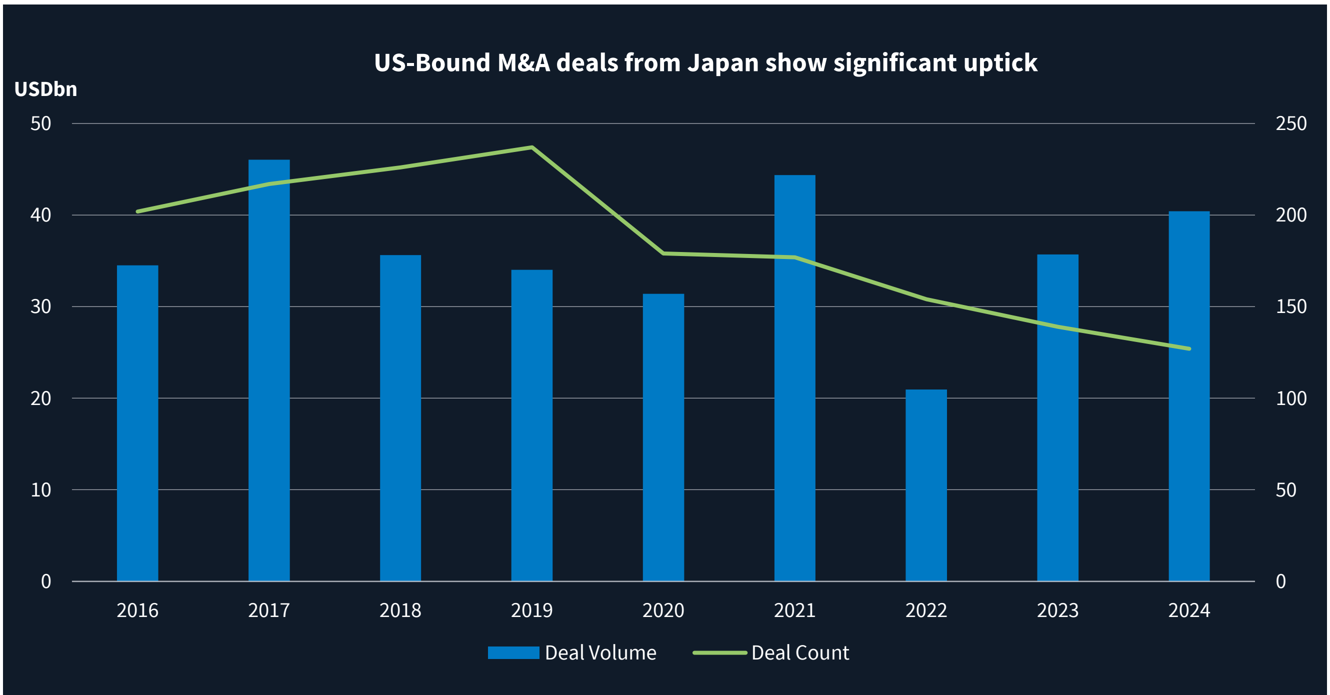
Meanwhile, Real Estate surged 76% year-on-year to USD 81bn, largely thanks to opportunities unlocked by the divestment of assets from indebted property developers in China, such as the sale of 60% stake sale in **Zhuhai Wanda Commercial Management Group**. Retail follows closely behind with USD 76.6bn, 4.3x year-on-year, lifted by the USD 58.1bn public offer for **Seven & i Holdings**.

Other sectors that showed a market increased from the previous year were Transportation (USD 54.7bn, up 2.6x); Utility & Energy (USD 55.4bn, up 18.5%); Telecommunications (USD 37bn, up 2.4x); as well as Construction/Building (USD 32.6bn, up 34.6%).

Asian buyers set sail for outbound deals amid geopolitical gusts

Next year, Japanese, Chinese and Indian buyers are expected to further increase outbound acquisitions.

Japan’s outbound deals surged 40% year-on-year to USD 65.6bn, with the United States accounting for more than 60% of total volume. The largest transaction – the acquisition of Bermuda-based **Resolution Life Group Holdings** by **Nippon Life Insurance** for USD 8.2bn – is intended to give Japan’s biggest insurer a firmer footing in the US market.



Source: Mergermarket, data correct as of 16-Dec-24

Although the US government is likely to oppose **Nippon Steel**’s USD 14.9bn buyout of **US Steel**, Japanese firms like **Nidec** are generally expected to find it easier to gain approval for US acquisitions next year under the incoming Trump administration.

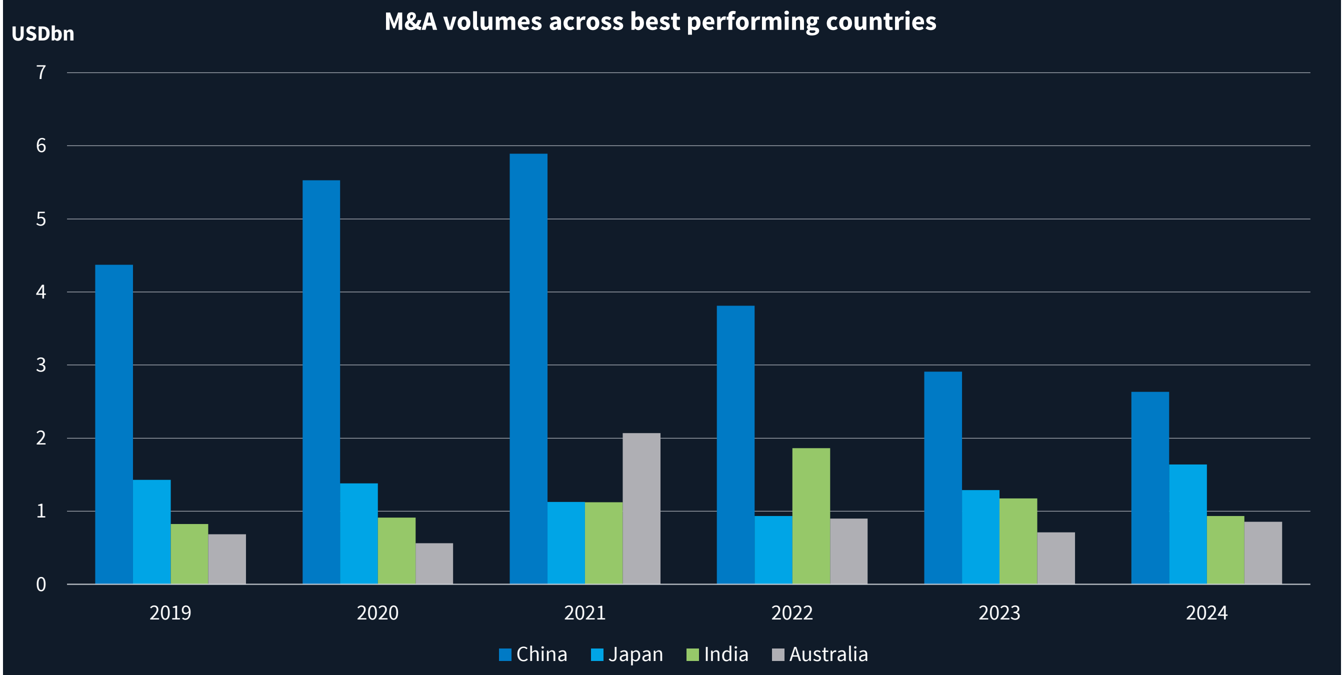
In addition, Japanese megabanks **Mitsubishi UFJ Financial Group**, **Sumitomo Mitsui Financial Group** and **Mizuho Financial Group**, are hunting deals in the US and India to reinvest the cash raised from selling off cross-shareholdings.

Chinese outbound efforts will be directed at reducing reliance on the US in response to Donald Trump’s tariff threats. In 2024, Chinese outbound deals jumped to USD 30.5bn – the highest level since 2019, with Hong Kong, Ireland, Brazil, South Korea and Germany being the main destinations.

Insights

insights@iongroup.com

Meanwhile, Indian dealmakers will continue to focus on their domestic market while looking to capitalize on the country's neutral geopolitical stance – a precarious balance that offers both challenges and opportunities for cross-border dealmaking. In August, **Bharti Global** and **Bharti Enterprises bought** a 24.5% stake in UK telecom giant **BT Group** [LON: BT.A] for USD 4bn.



Source: Mergermarket, data correct as of 16-Dec-24