

WINTER 2023

# DealMaker Meter

by **DFIN**



OPTIMISM PREVAILS  
DESPITE UNCERTAINTY

# Dealmaking is experiencing significant changes.



## Expect more M&A deals soon

Market uncertainty is changing the nature of deals, with dealmakers thinking early 2023 is a good time for M&A activities.

## Extra due diligence is occurring

Dealmakers are going beyond their traditional due diligence processes to determine company value.



## Look to the mid-year for IPOs

The second and third calendar quarters are considered the best time for taking a company public during 2023.

## Take private activity continues

Economic-related factors are driving the pace of take private activity to remain similar or increase this year.



## North America & EMEA lead dealmaking

Deals will continue in all global regions, but deal activity in these regions is expected to surpass Latin America and APAC.

## Shifting industry focus

The deal activity of the technology, media and telecom industry has slowed to match the business services and financial services industries.



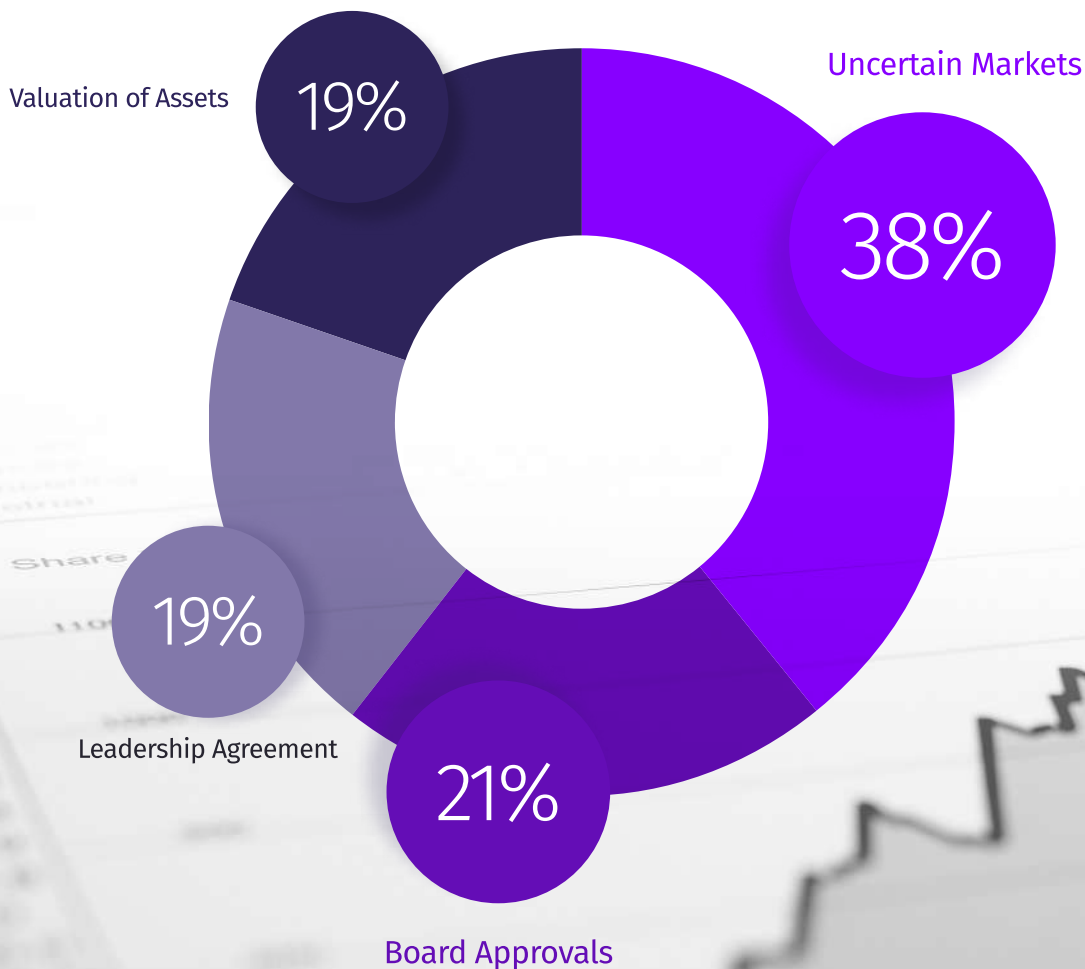
## Cybersecurity affecting dealmaking

Dealmakers are concerned cybercrime, corporate security, and data breaches will impact the close of their deals.

# Dealmakers signal **more activity** in 2023

# Market uncertainty is seen as the biggest challenge, but it's **not** stopping dealmaking.

In the current economic environment, what is the biggest challenge to success?



M&A continues to be an imperative and sustainable strategy for growth and remains a strong value proposition even with market shifts and economic uncertainty.

# 67% are confident or extremely confident that it is a good time to acquire companies.

How confident are you that this is a good time to acquire companies?

Extremely Confident



Confident



Neither Confident nor Unconfident



Unconfident



Extremely Unconfident





Nuvei Corporation (TSX:NVEI), a global payments technology company, entered into a definitive agreement to acquire Paya Holdings Inc. (NASDAQ:PAYA), a leading provider of integrated payment and frictionless commerce solutions, for **\$1.3 billion** on January 9, 2023.

52% believe  
the volume of deals  
will be higher over  
the next three months.

What do you predict the volume of deals will be like over the next 3 months?  
(Compared to the previous 3 months)

52%

Higher

37%

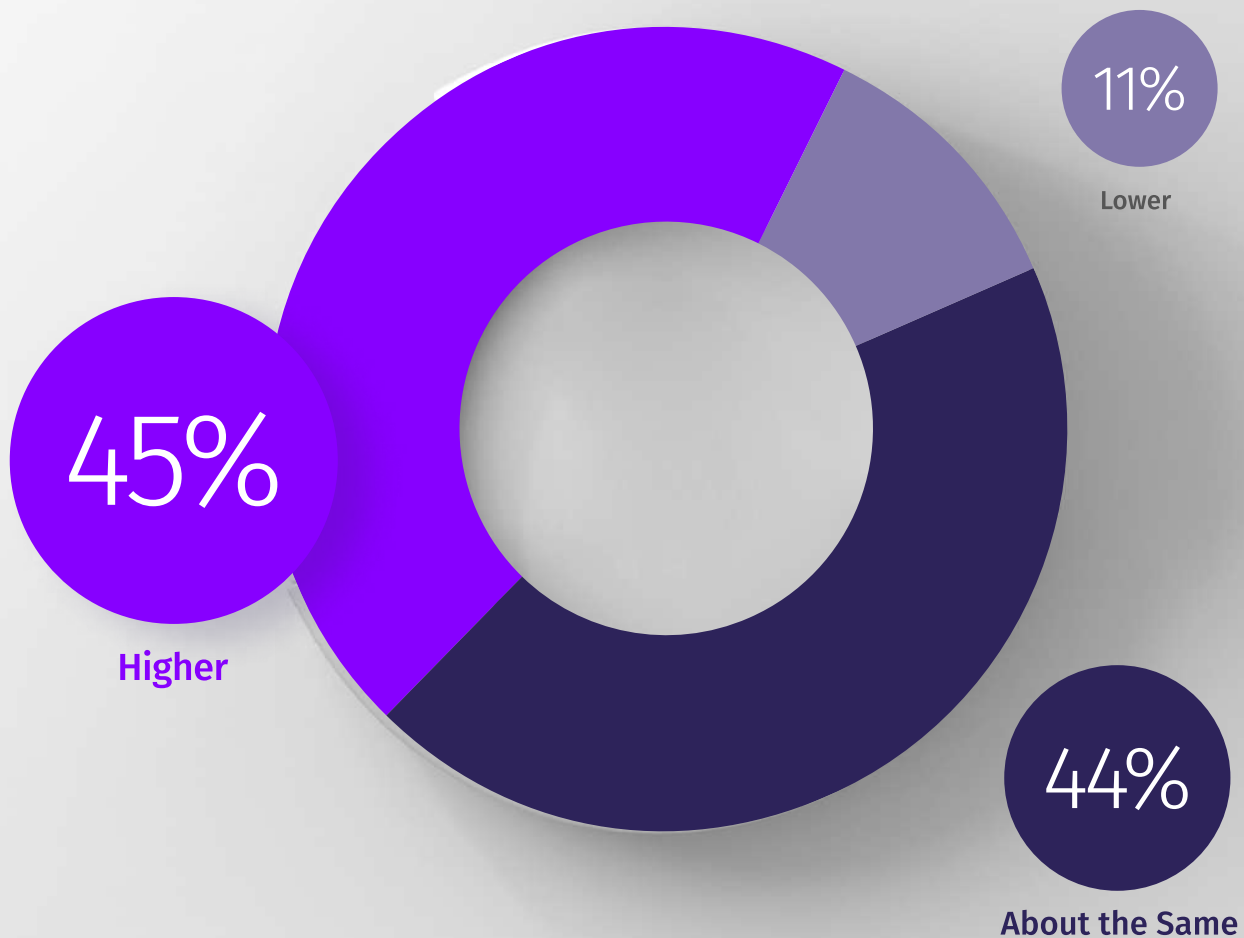
About the Same

11%

Lower

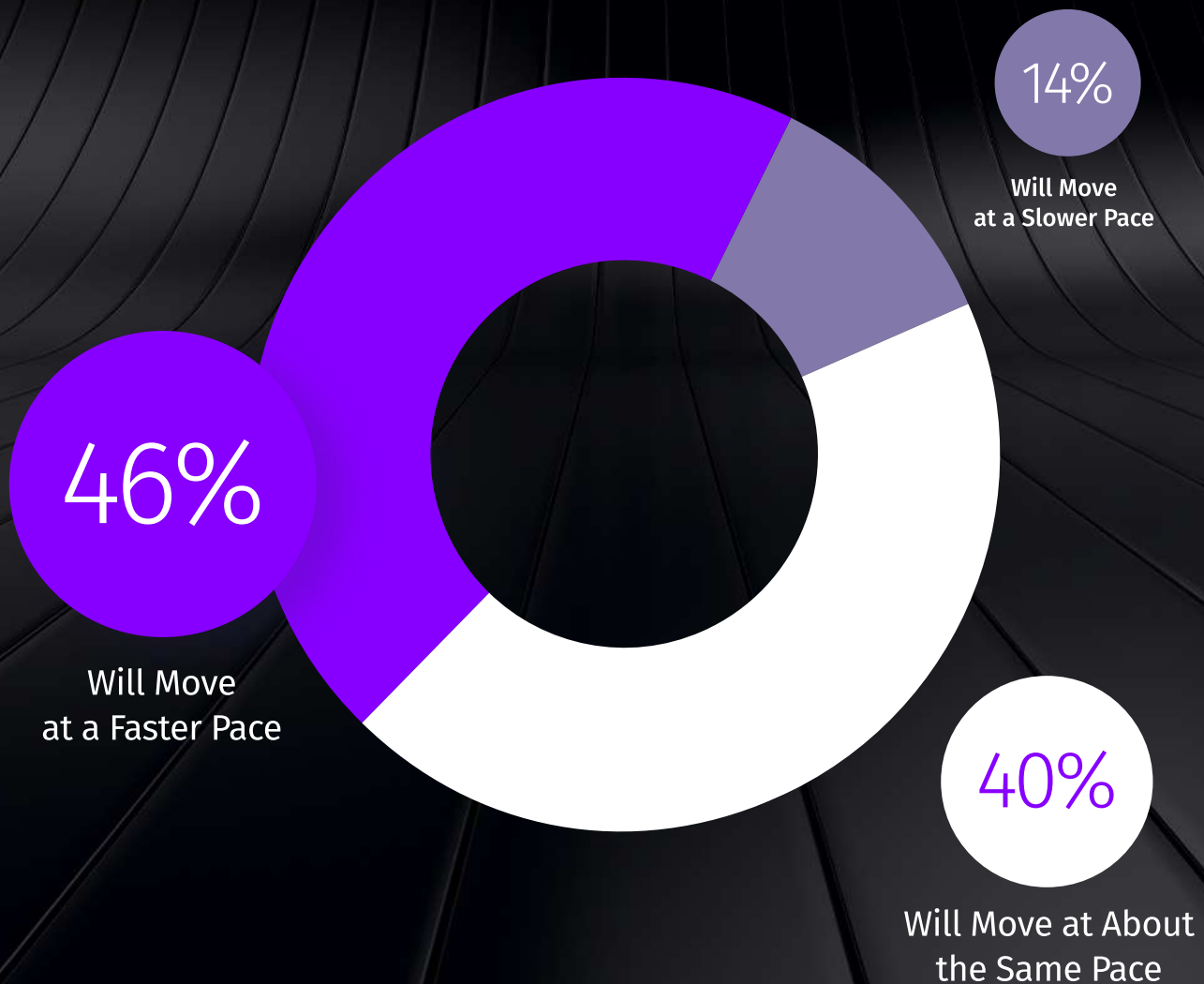
89% think average multiples across all deals will remain the same or higher over the next three months.

How do you think the average multiples across all deals will change over the next 3 months? (Compared to the previous 3 months)



86% predict the pace of deals will move the same or faster over the next three months.

How do you predict the pace of deals will change over the next 3 months?  
(Compared to the previous 3 months)



Gone is the seller's market and buying spree of 2021. In today's market, buyers & sellers alike have become increasingly more selective and cautious in their approach to dealmaking.

64% of respondents  
are going **beyond**  
**traditional due diligence**  
processes to determine  
company value.

Given the current environment, are you going beyond your traditional due diligence process to determine company value?

64%  
Yes

6%  
Not Sure

30%  
No

**76%** of respondents think the pace of take privates will increase or continue due to the economy.

Given the economy, will the pace of take privates decrease, continue or increase?

Increase

25%

Continue

51%

Decrease

24%

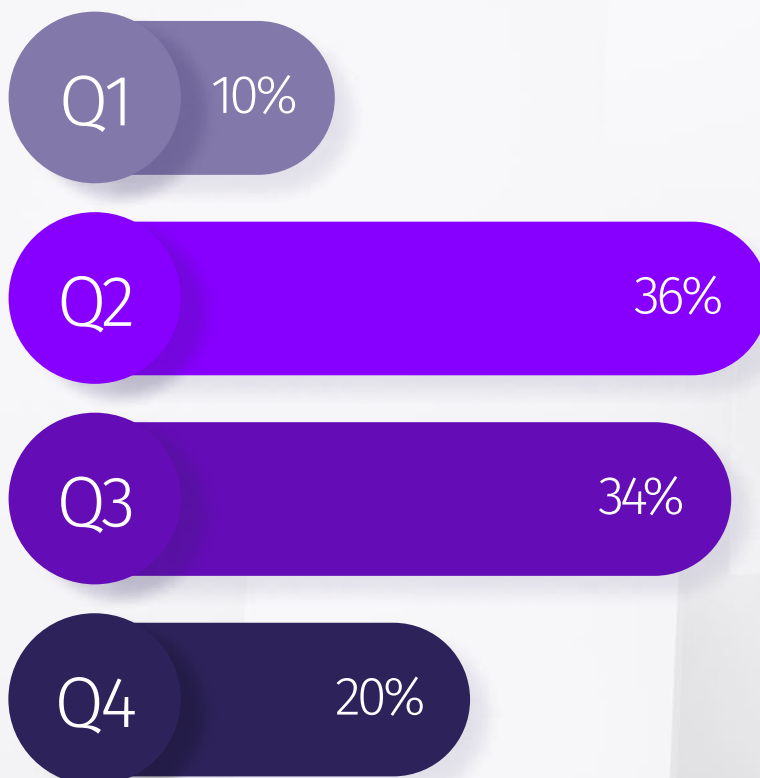


Twitter, an online social media and social networking service, was acquired by Mr. Elon Musk and other investors for **\$44 billion** on October 27, 2022.



# Q2 and Q3 will be the best quarters for companies to go public.

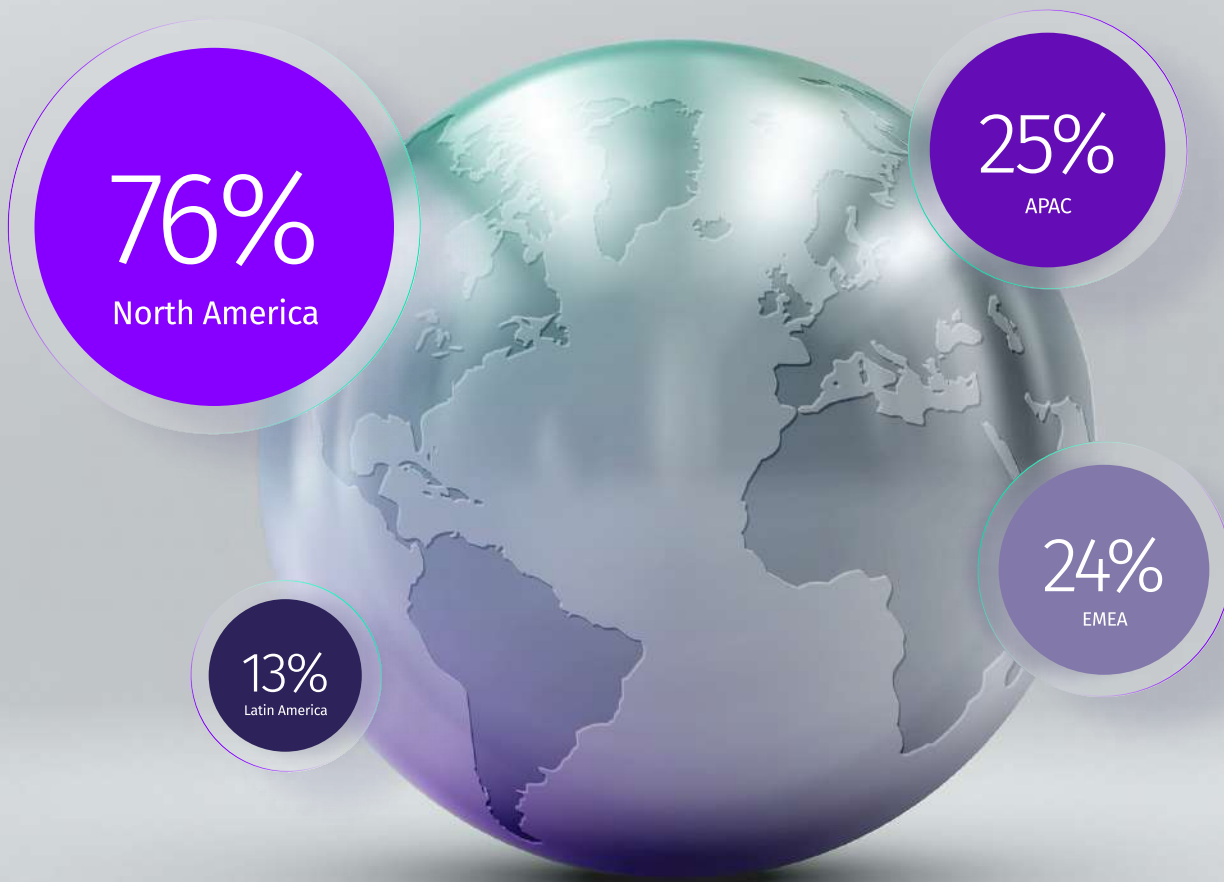
What quarter of 2023 will be the best for a company to go public?



# Dealmaking continues in every global region

76% of dealmakers agree that North America has the **hottest geography** for deal activity.

What geographic regions have been considered most active for deal activity (including M&As, IPOs, SPACs, De-SPACs, etc.) for the last 3 months?



67% of North America  
and 21% of EMEA dealmakers  
agree that their regions will  
lead deal acceleration  
for the next three months.

What regions will see accelerated deal activity over the next 3 months?

67%

North America

21%

EMEA

17%

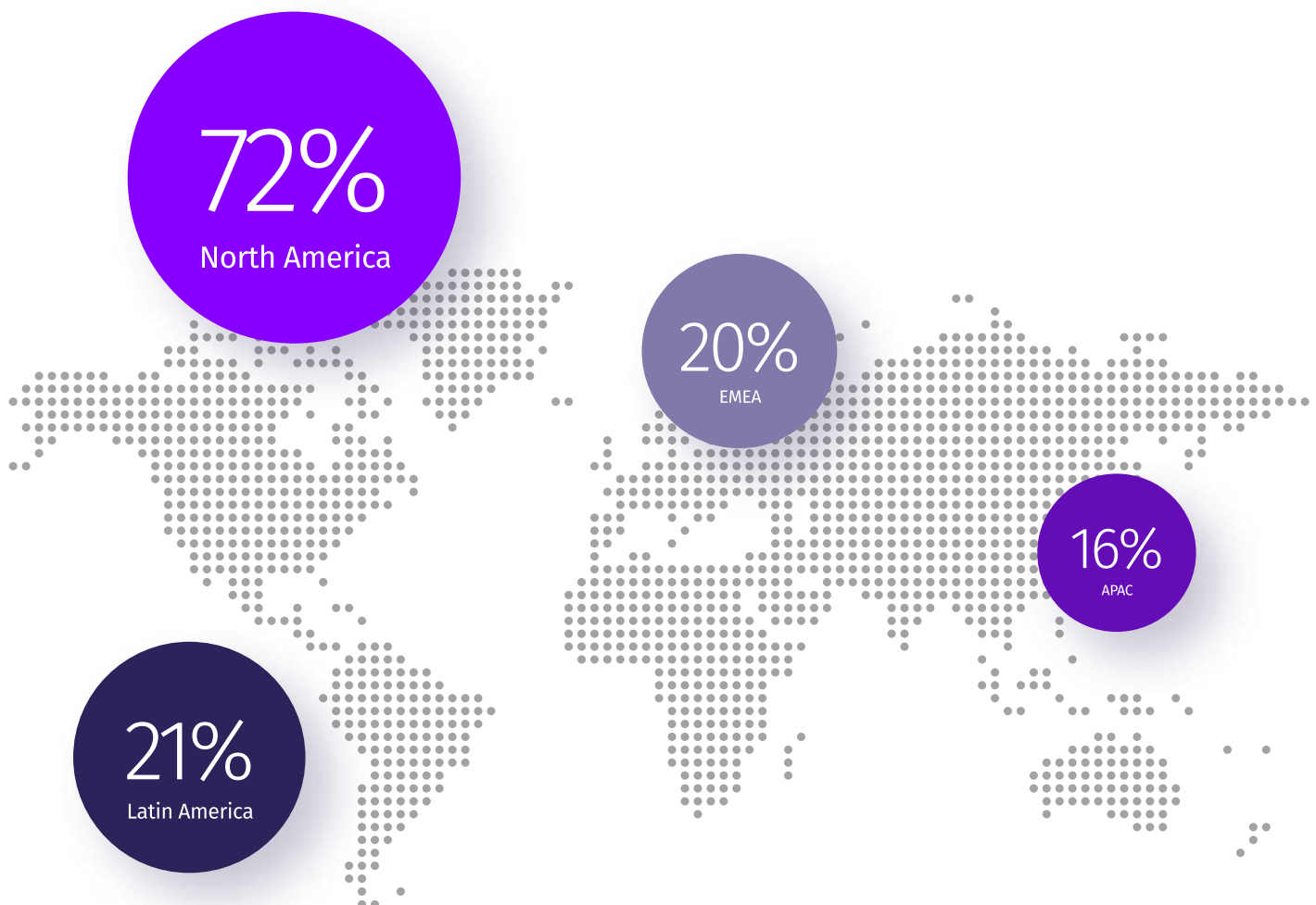
Latin America

15%

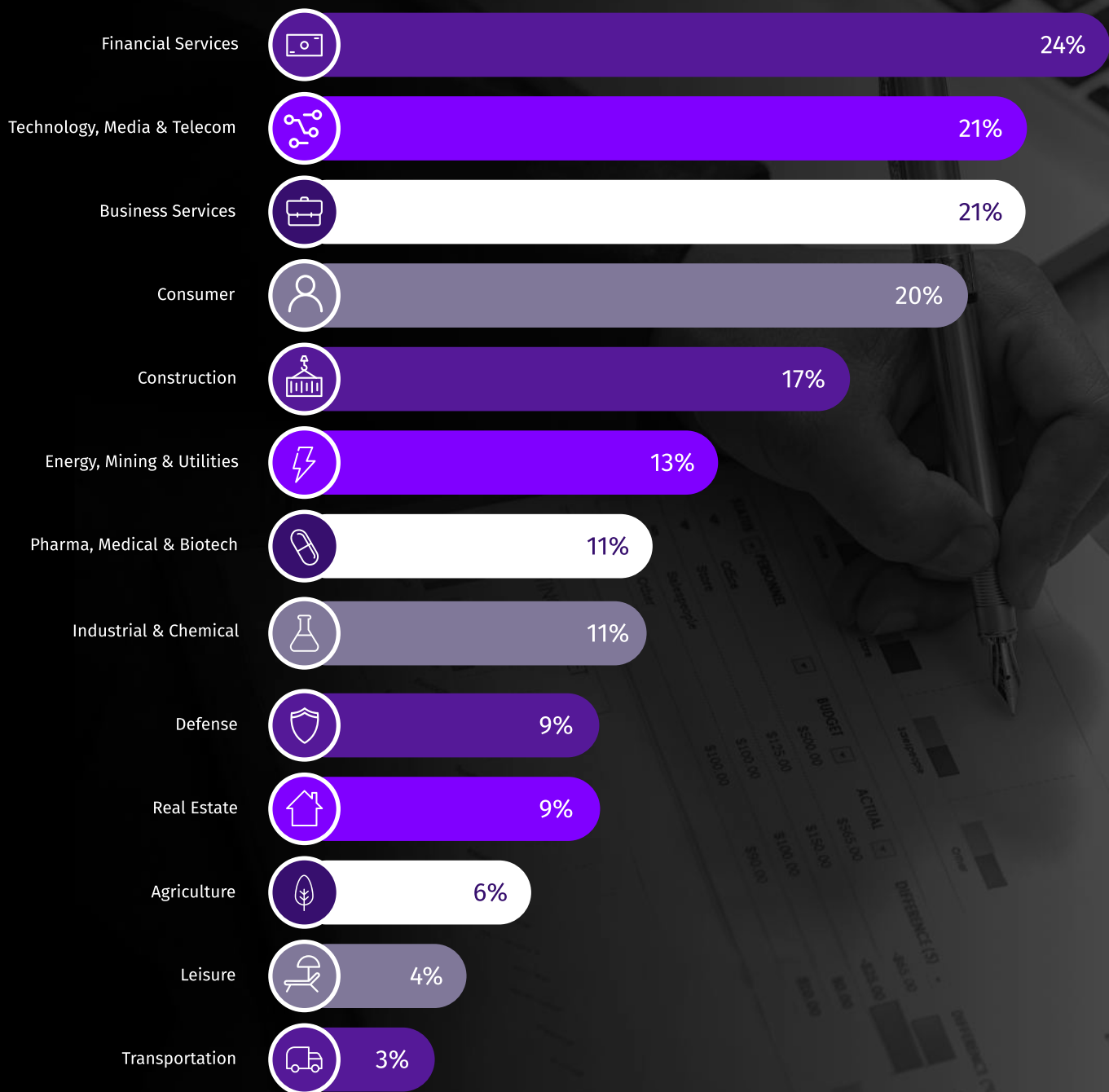
APAC

# North America and Latin America take the cake for M&A deal activity.

Looking specifically at M&As, what geographic regions have been considered most active for deal activity over the last 3 months?



# What industries have been driving the M&A activity?

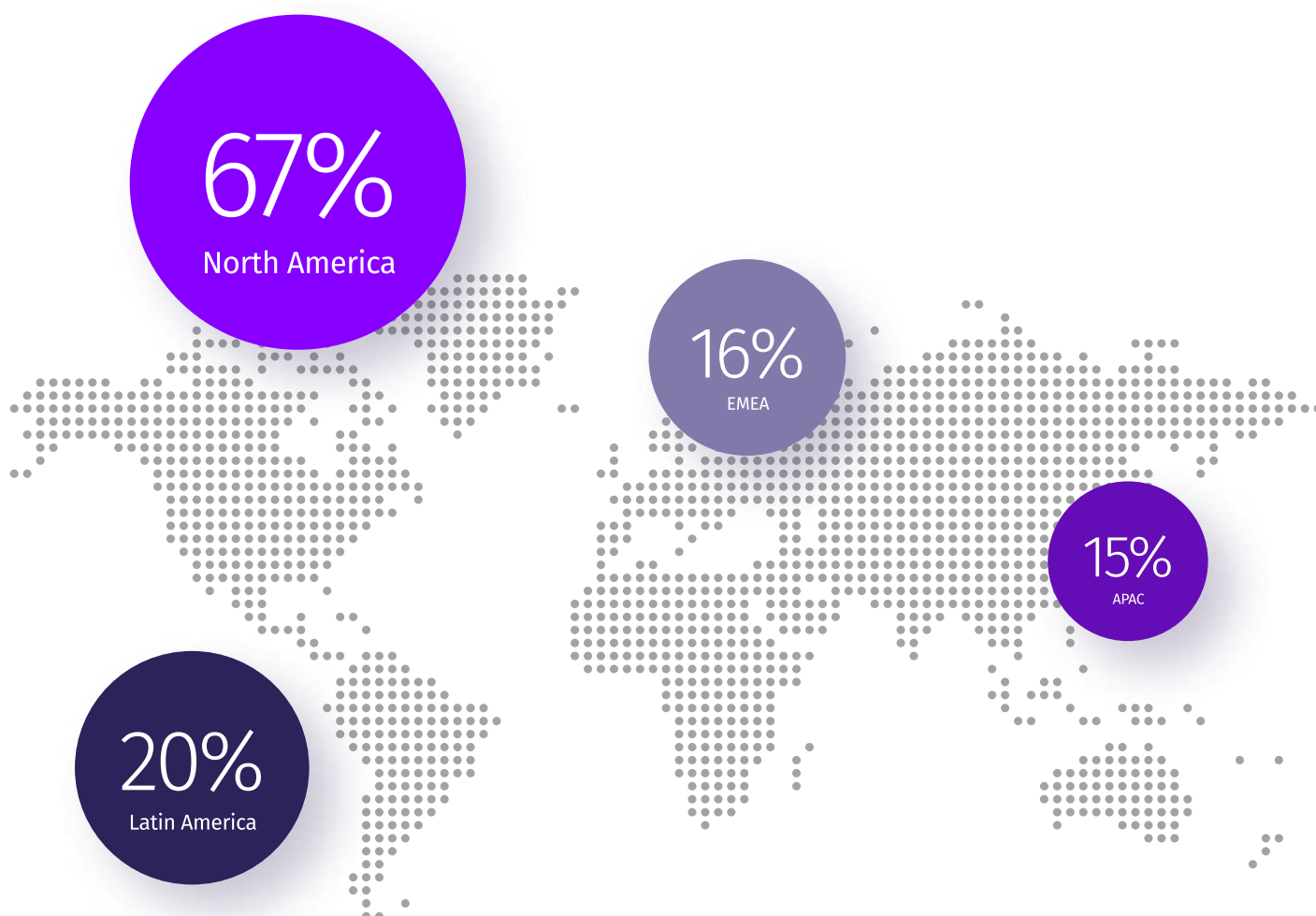




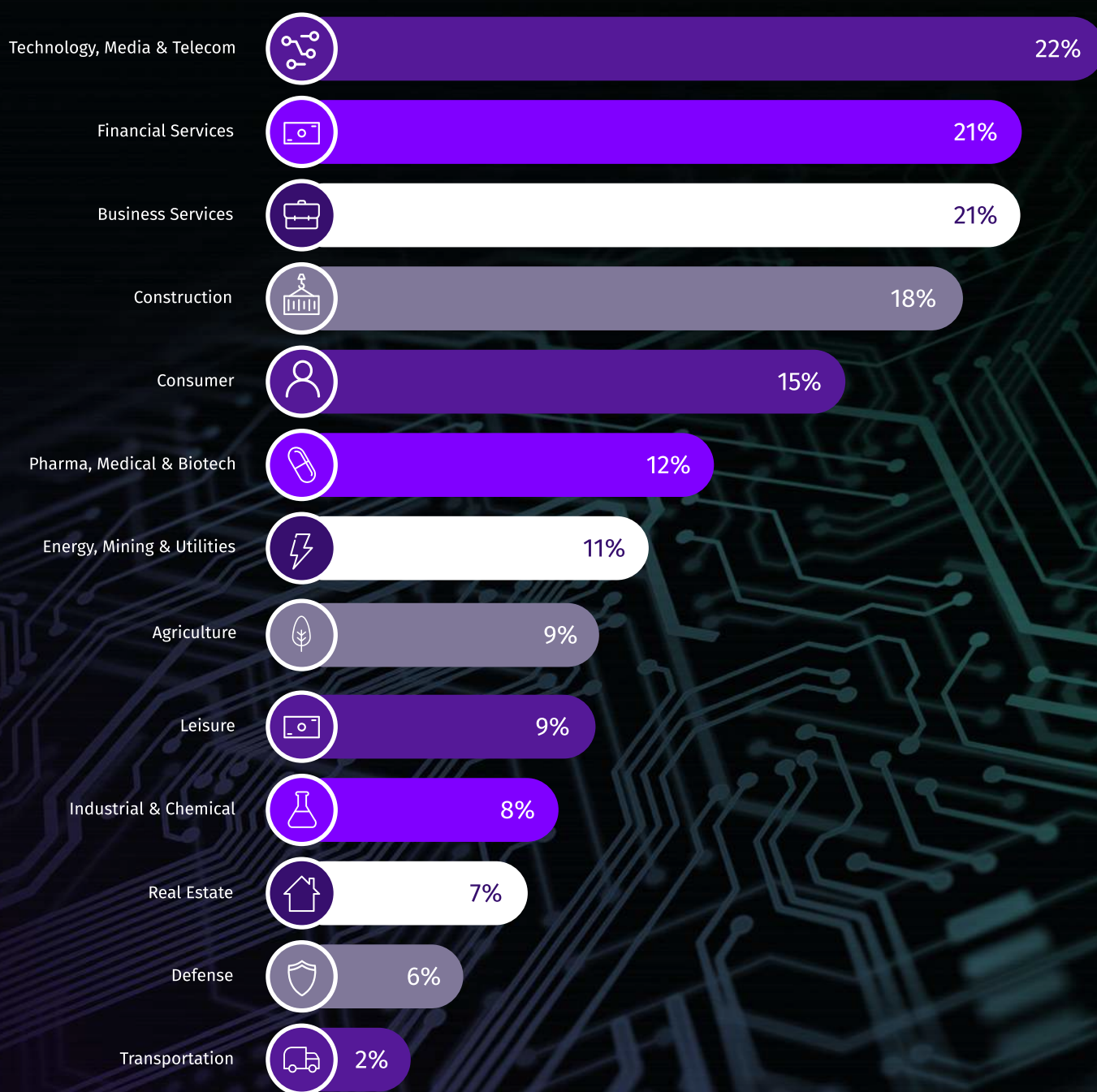
Vista Equity Partners, a leading global firm exclusively investing in enterprise software, data and technology-enabled organizations, agreed to a **\$4.6 billion** all-cash deal to acquire KnowBe4, a publicly traded cybersecurity company specializing in helping enterprise workers avoid phishing attacks. The deal was completed on February 1, 2023.

67% agree North America  
is considered the **most**  
active for IPO deal activity.

Looking specifically at IPOs, what geographic regions have been considered most active for listings on U.S. exchanges over the last 3 months?



# What industries have been driving the IPO activity?



# Industry musical chairs

# Industries driving dealmaking activity changed from a focus on Technology, Media and Telecom a year ago to a focus on Financial Services and Business Services now.

What industries have been driving deal activity?



## WINTER 2022

Technology, Media & Telecommunications



Pharma, Medical & Biotech



Energy, Mining & Utilities



Consumer

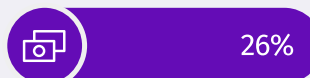


Industrial & Chemical



## WINTER 2023

Financial Services



Business Services



Technology, Media & Telecommunications



Consumer

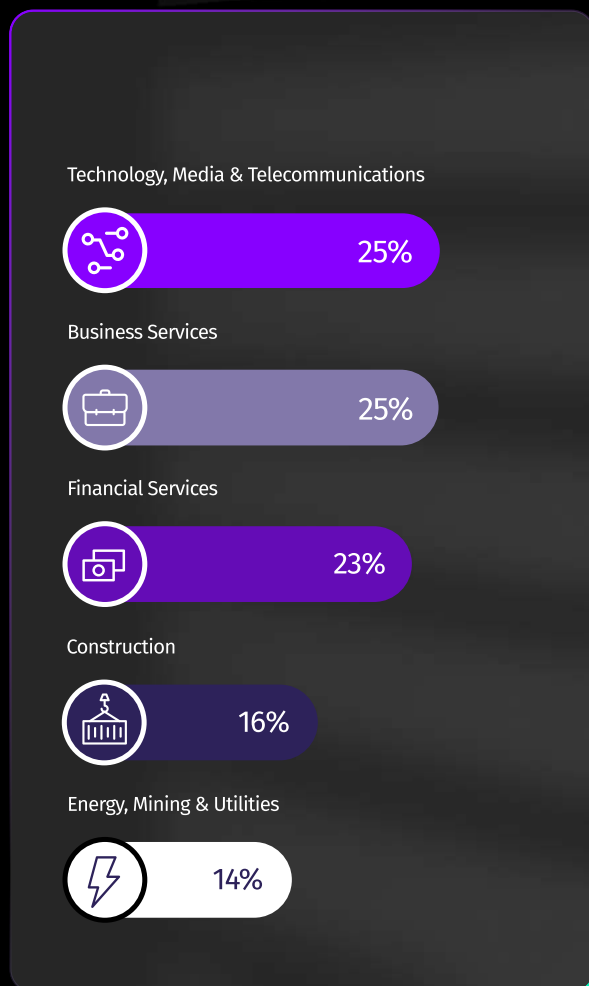


Pharma, Medical & Biotech

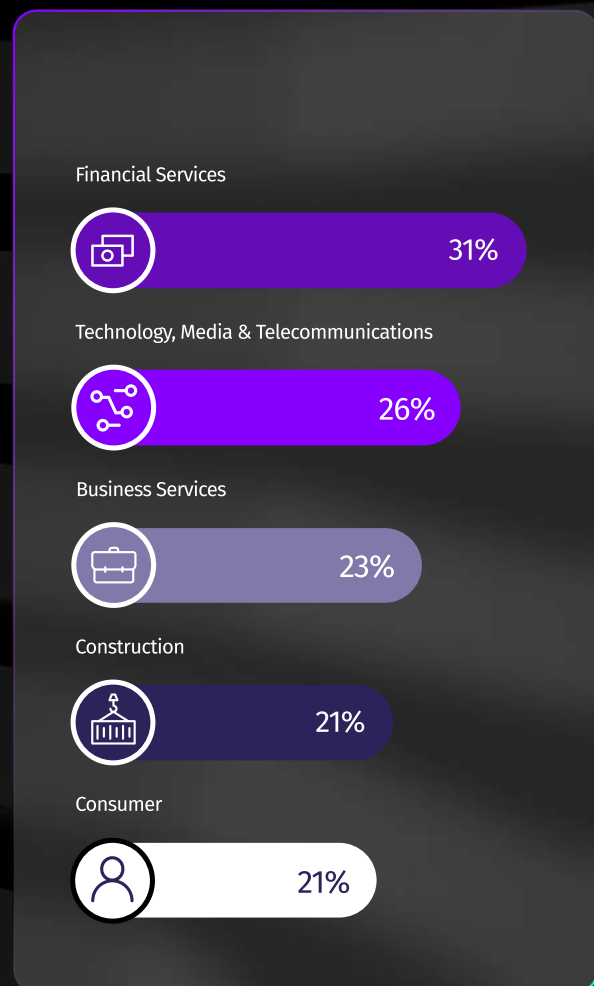


# Similar industries will experience accelerated activity and significant consolidation.

What industries will see accelerated deal activity over the next 3 months?



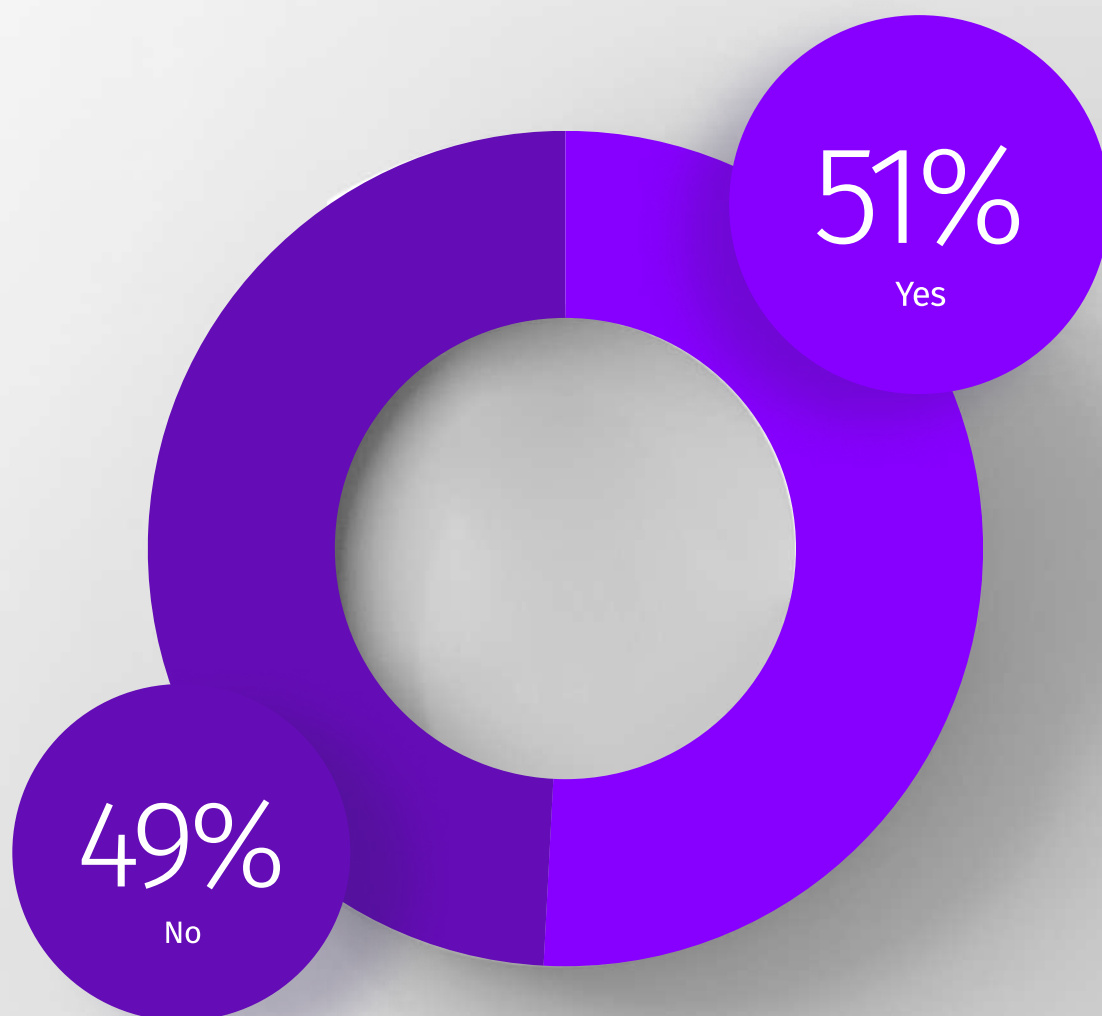
What industries will see significant consolidation?



Regarding the market's current state, good deals could be harder to come by, and SPACs have an uphill battle ahead.

Respondents are split on whether there will be **more public debuts** via SPAC mergers vs. traditional IPOs.

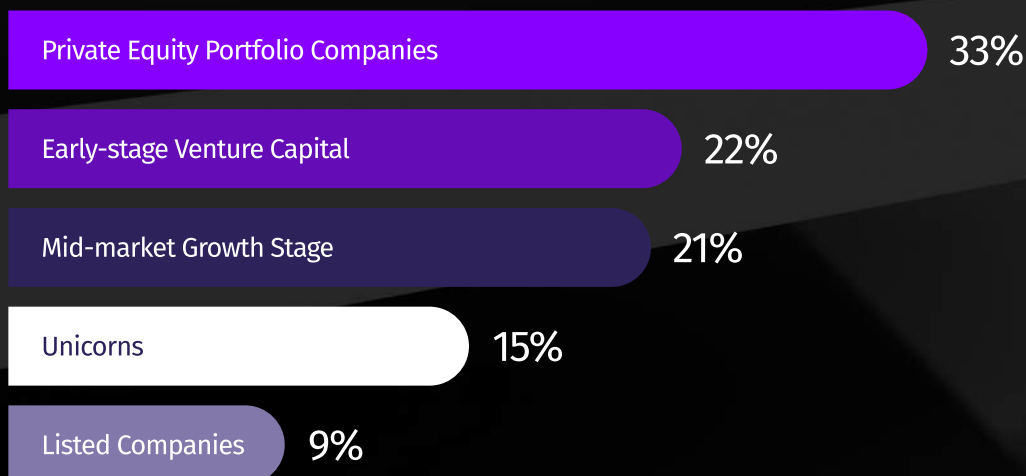
Will we see more public debuts via SPAC mergers versus traditional IPOs?



**63%** say it will be difficult for the remaining SPACs to find their targets.

**33%** of SPACs are most likely to target private equity portfolio companies in 2023.

Which type of company are SPACs most likely to target in 2023?



Nearly **90%** of respondents agree private equity purchasing and selling appetite will be **the same or higher** in 2023.

87%

Purchasing

Selling

89%

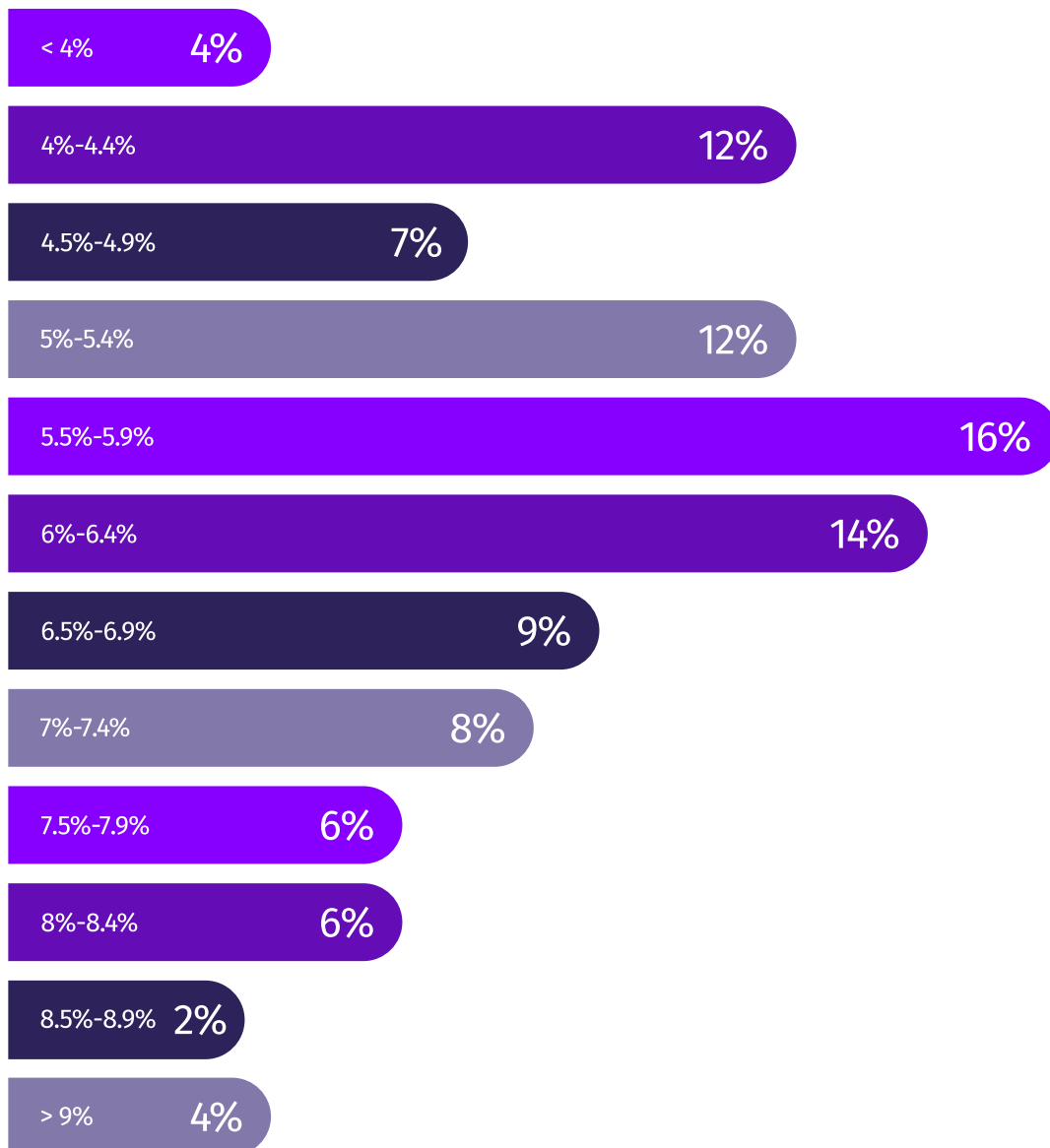
 **THOMABRAVO**

Thoma Bravo, a leading private equity firm investing in and growing software and technology businesses, announced a take private for Coupa Software Inc., a global technology platform for cloud-based Business Spend Management (BSM), for **\$6.7 billion** on December 11, 2022.

# **A look at inflation & interest rates**

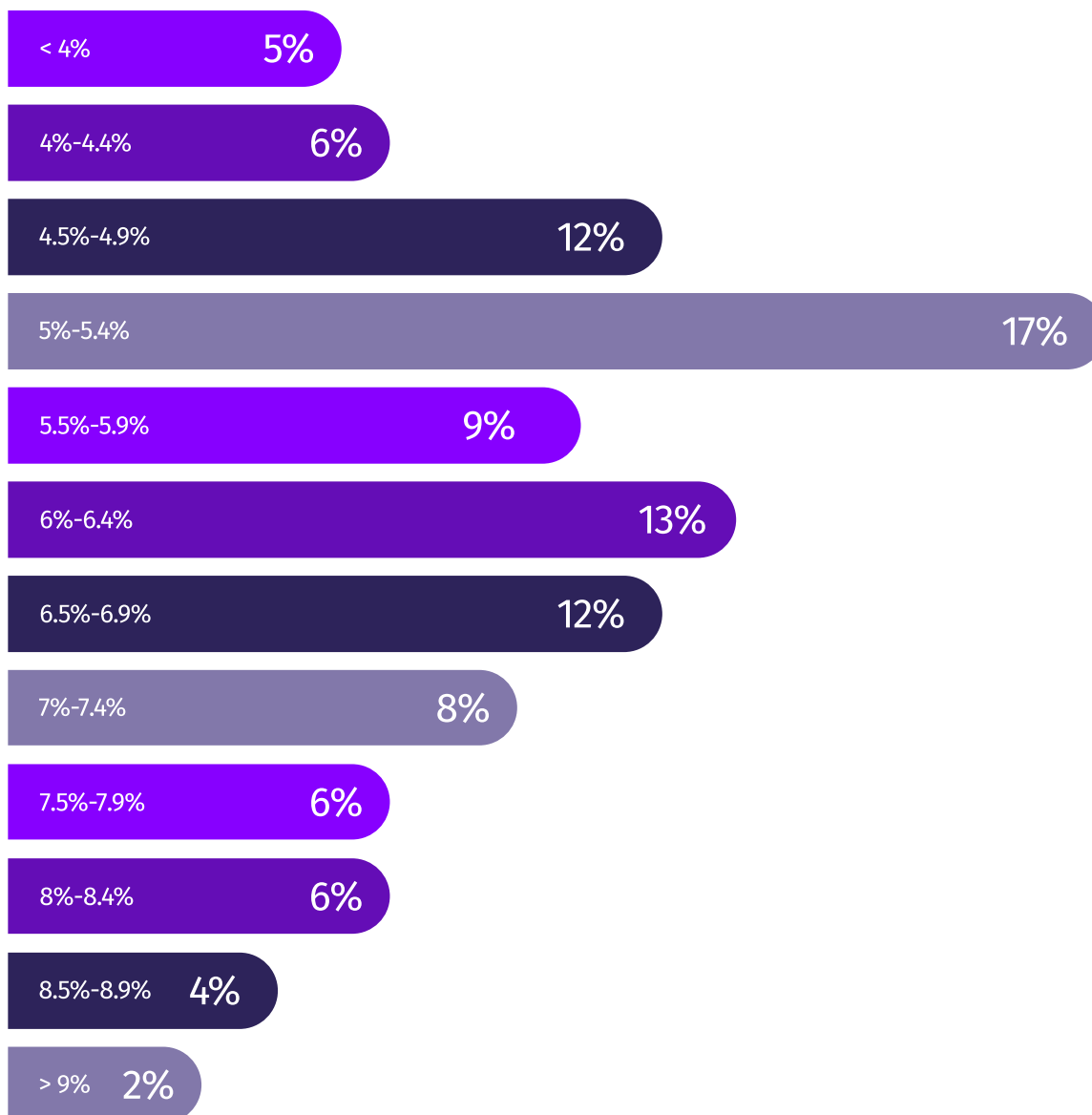
69% of respondents feel  
the current inflation rate  
will be lower at year-end.

Where do you think inflation will be at the end of 2023?



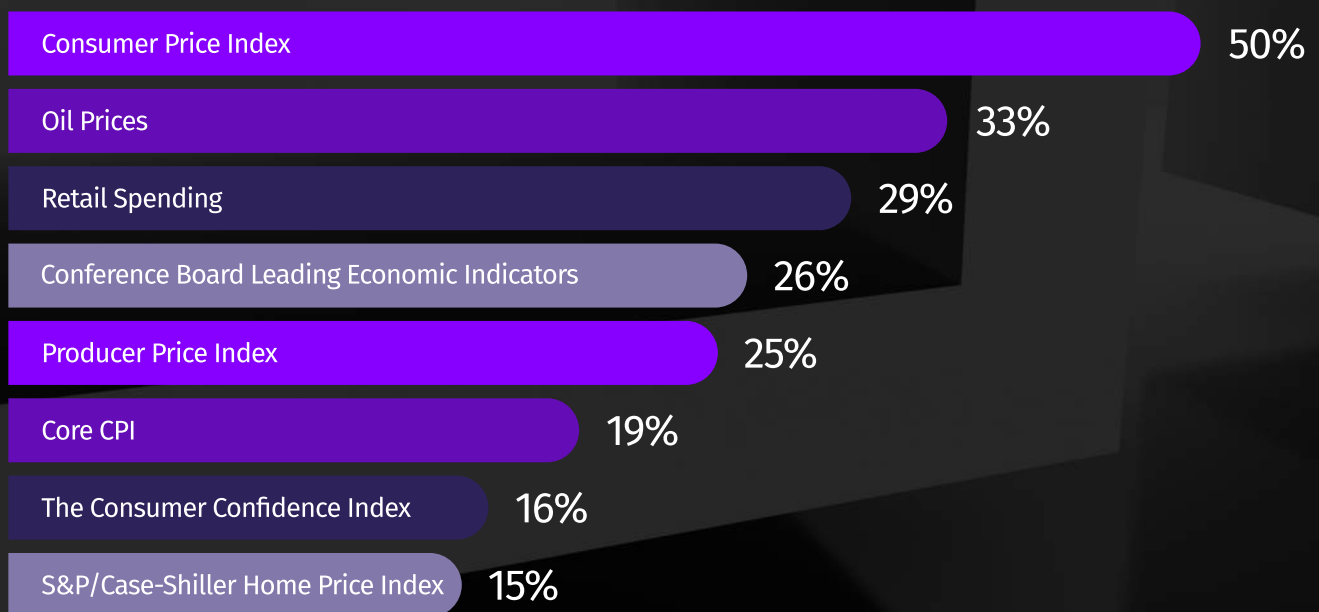
# 89% of respondents expect the Fed interest rate to be similar or higher at year-end.

What do you think the Federal Reserve interest rate will be at the end of 2023?



50% of respondents watch the Consumer Price Index to predict a recession.

What indexes do you most watch to predict a recession?

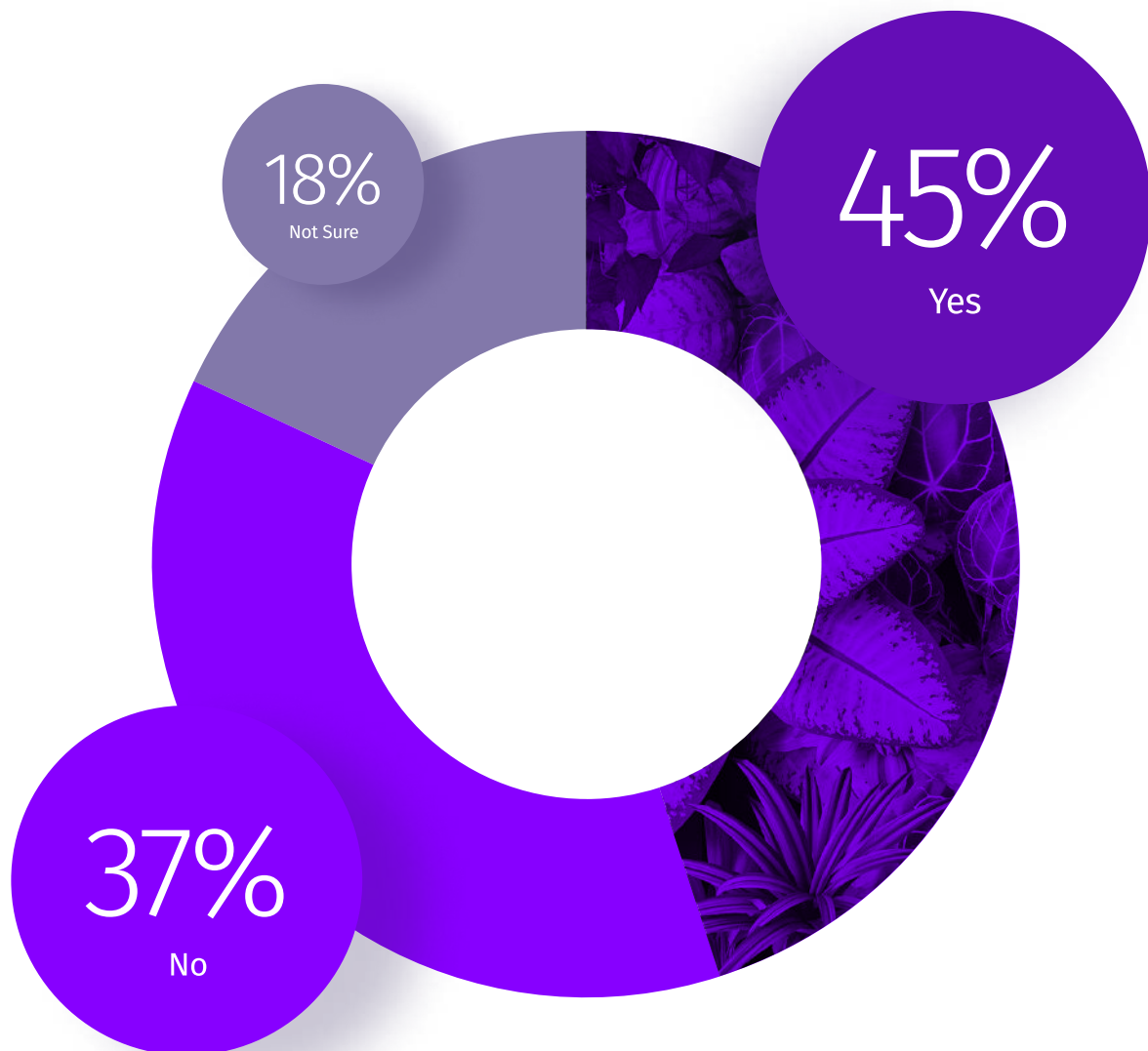


As ESG has become a more prominent factor in the way customers and society evaluate companies, the same is increasingly true for potential acquirers.

For the foreseeable future, M&A assessed from a sustainable perspective will be an important and valuable means to create growth, gain a competitive edge and access affordable capital.

45% believe the push  
for new SEC climate risk  
disclosure requirements  
will become mandated.

Will the push for new SEC climate risk disclosure requirements become mandated?



41% agree that the new makeup in Congress will create more market regulations.

What impact is the new makeup in Congress likely to have?

More Market Regulations

41%

Fewer Market Regulations

26%

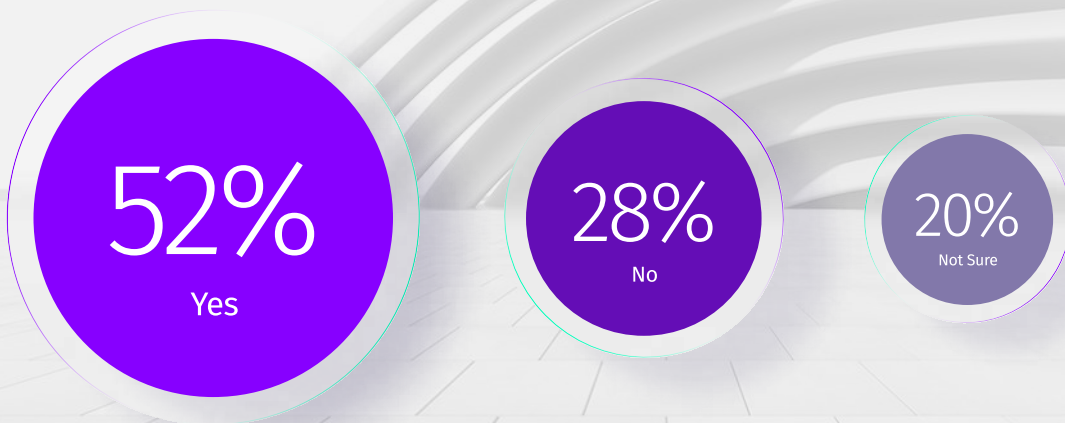
Stalemate on Increasing or Decreasing Market Regulations

33%

54% consider ESG practices when deciding to invest or make a deal.

Top corporations have publicly embraced ESG as core to their shareholder and stakeholder policies, but behind the scenes, most respondents agreed ESG backlash is real.

Is ESG backlash a real thing?



# Data Protection, Security and Compliance are Table Stakes

70% are concerned  
about breaches  
impacting deal  
closures.

Attention to privacy  
and cybersecurity  
due diligence in  
dealmaking has  
become critical  
to closing a deal.



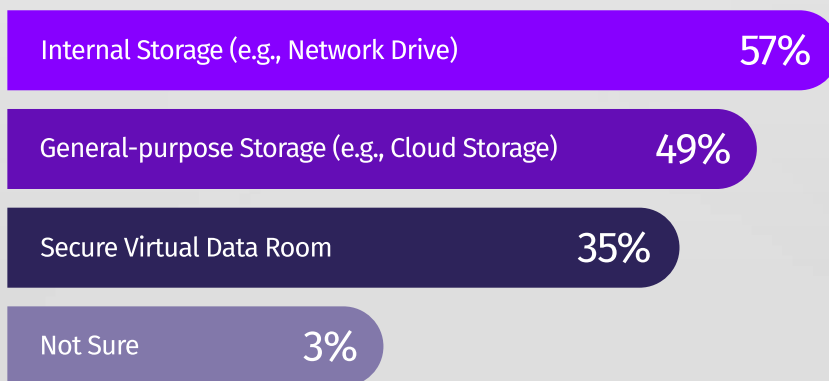
69% of advisors are concerned about the level of security employed at corporations.

As an advisor, are you concerned about the level of security employed at corporations?

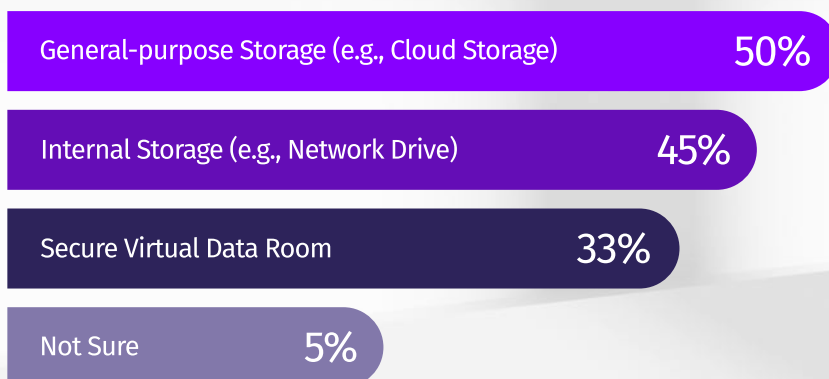


35% of respondents are taking full advantage of the benefits of virtual data rooms optimized for security, productivity and usability.

Before a deal commences, where does your company store digital files to collect, organize and prepare information?



During the deal, where does your company store digital files to share information with stakeholders?

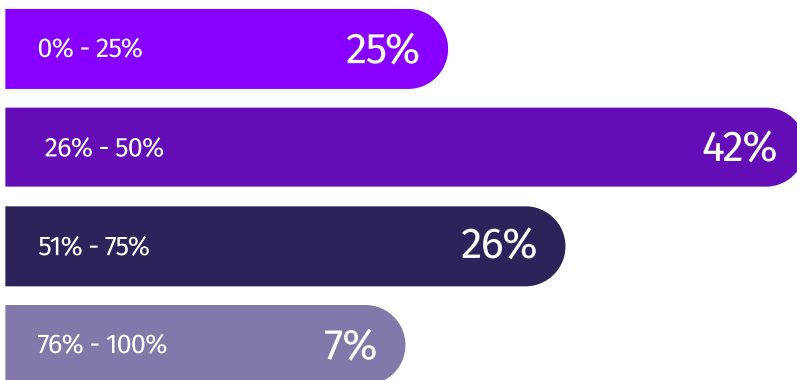


Virtual data rooms are critical to **effectively accelerate deals** securely and affordably. The good news is most respondents are using a corporate repository.

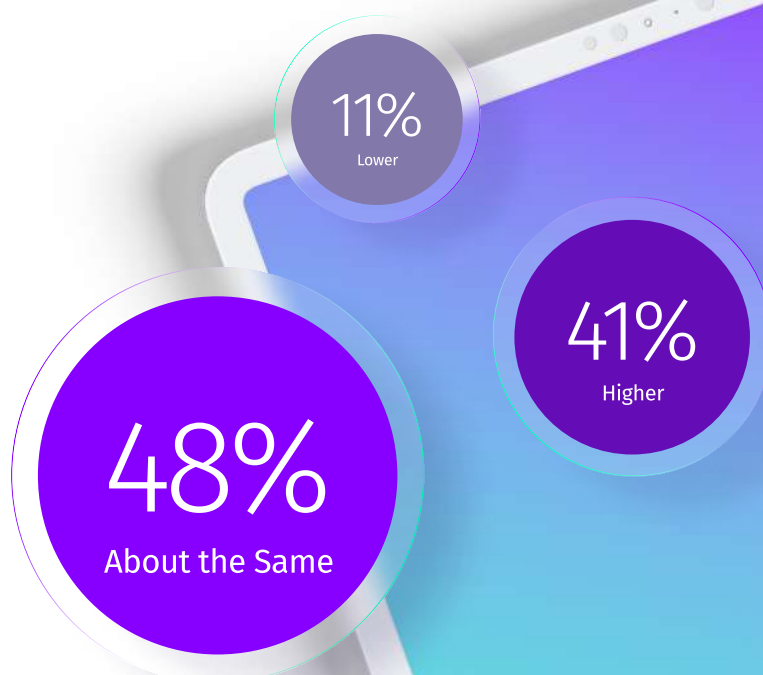
53% use a corporate repository that can convert to a future virtual deal room when needed.

33% of the respondents predict most deals will be **done virtually** over the next three months.

What percentage of deals will be done virtually over the next 3 months?



How does this compare to the previous 3 months?



# From the water cooler

46% expect future regulations for Ticketmaster.

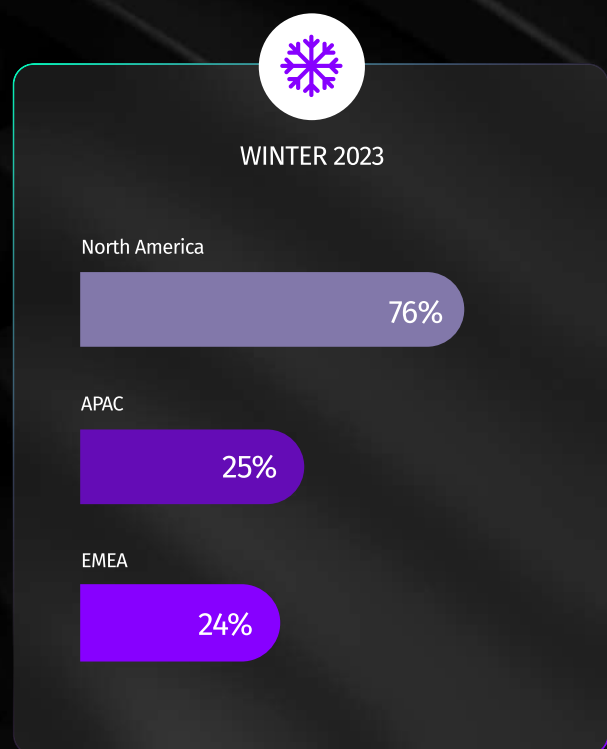
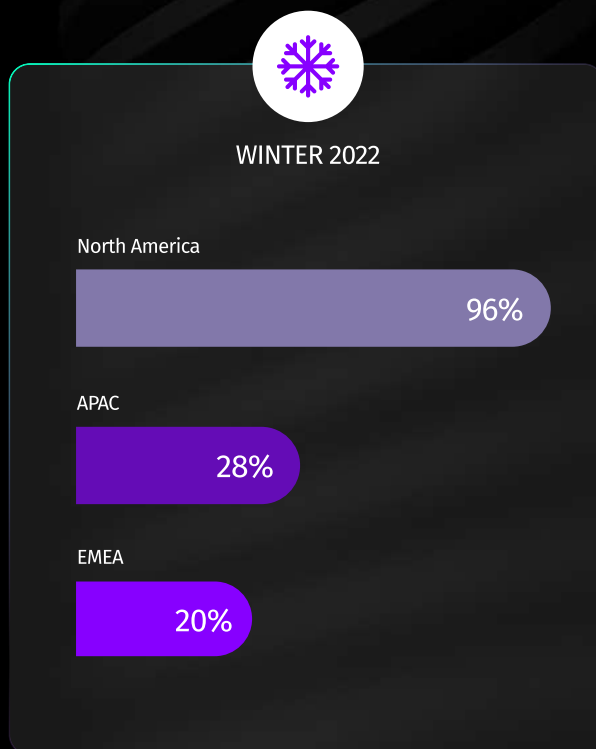
43% believe Twitter's value will increase.



56% agree Janet Yellen will remain Secretary of the Treasury throughout 2023.

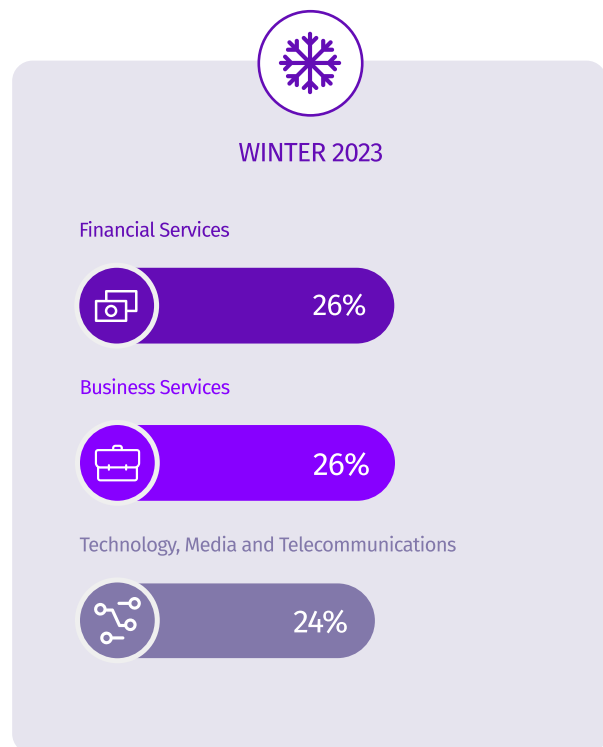
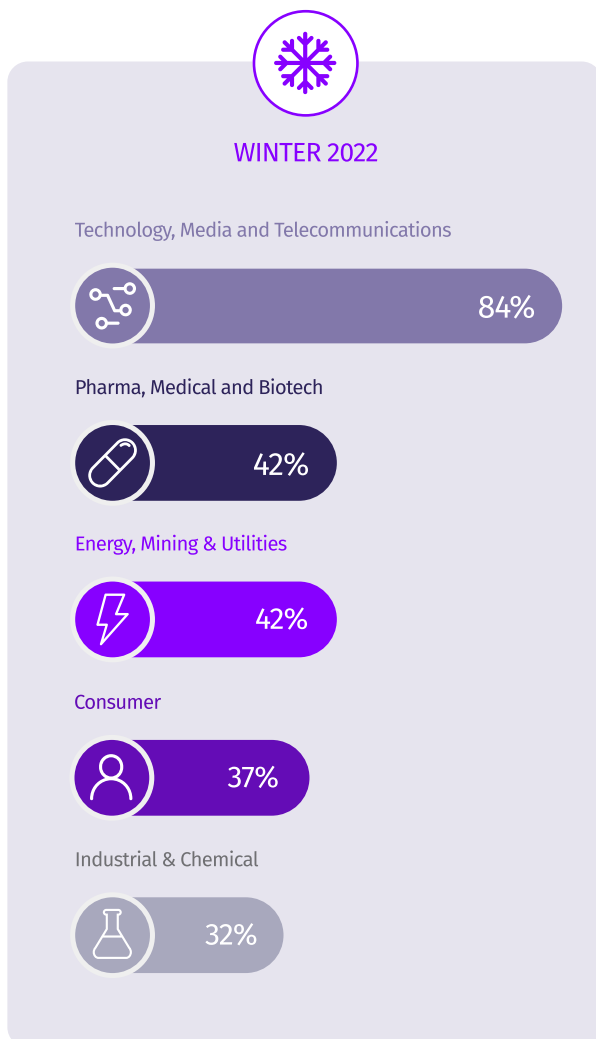
North America was still the **hottest geography** for deal activities during the last three months, followed by APAC and EMEA.

What geographic regions have been considered most active for deal activity?



# Industries driving dealmaking activity changed from a focus on TMT to a focus on financial services and business services.

## What industries have been driving activity?



Dealmakers agree North America, APAC and EMEA will experience **accelerating deal activity** for the next three months.

What geographic regions will have accelerated deal activity over the next 3 months?



WINTER 2022

North America



APAC



EMEA

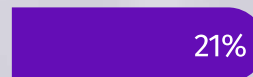


WINTER 2023

North America



EMEA



APAC



# Dealmaker Quotes

“The market is looking up.  
I have high hopes, especially for **Europe.**”

“I think the outlook  
of the market based  
on strategies  
will be higher  
compared to the last  
three months and  
I think a certain  
amount of deals will  
be **done virtually.**”

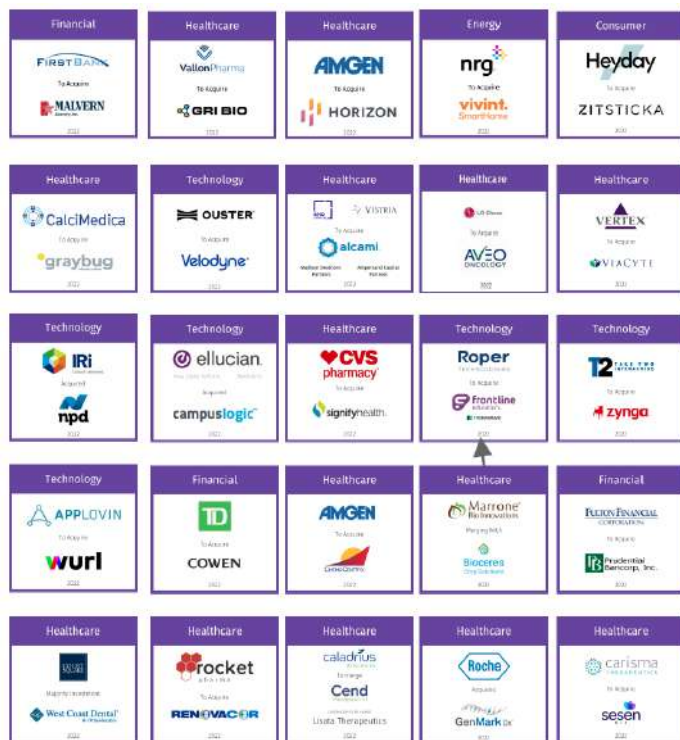
“More cautious  
**optimism.**”

“With inflation we have  
a calming down, we hit  
a new higher “normal”  
rating which will keep  
pricing at a **higher level.**”

“I have hope!  
The large ups and  
downs of late are  
remarkable. It should  
settle out and get  
the losses lower and  
**gains higher.**”

# DFIN 2022 year in review

## M&A



## SPIN



## IPO



## DeSPAC



## Take-Private



# What is the DealMaker Meter?

Keeping your finger on the financial pulse, the DealMaker Meter compiles answers to questions about everything from activities in sectors/industries to geographies and impacts.

## Who answers?

A blue-ribbon panel made up of our top global DFIN dealmakers/partners (advisors, corporate clients, lawyers, bankers, etc.).

## How should I use it?

To gauge the global market outlook – and plan your next move.

The Dealmaker Meter is a 2022 Platinum Award winner of the MarCom Awards honoring excellence in marketing and communication.

MarCom Awards are administered by the Association of Marketing and Communication Professionals (AMCP). The international organization, founded in 1995, consists of several thousand marketing, communication, advertising, public relations, digital, and web professionals.



# DealMaker Meter

by **DFIN**

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