



Datasite Forecaster

February 2023

Trends based on Datasite's proprietary, aggregated, and anonymized transaction data.



The Datasite view: Data and definitions

We have developed the following definitions to provide clarity on how we are filtering and categorizing our data, which is all aggregated and anonymized.

- **M&A or deal.** Datasite projects categorized as an asset sale or merger
- **M&A or deal kick-offs.** The day a new sell-side data room is created in Datasite Diligence or Acquire¹
- **M&A pipeline.** The total number of ongoing M&A processes on Datasite during a given time period, regardless of the deal's stage, size, or public status
- **Forecast, prediction, or indicator.** An estimate of future deal volume based on the assumption that sell-side due diligence takes from three to nine months to complete

Deal velocity
Deal outcomes
Deal depth

M&A market activity

What the public sees

Publicly announced deals

What we see

Undisclosed deals

Active, unannounced deals

Deals put on hold

Abandoned deals

¹: This excludes M&A deals created in our deal preparation application, Datasite Prepare.

February: robust reset signals optimistic 2023 outlook

Recharged from their first real December break since 2020, dealmakers raced to kick off new sale processes this January, signaling a robust start to the new year.

- January kick-offs dropped 18% YoY from the frenzied heights of early 2022; however, they were up 41% from comparable pre-Covid-19 times of January 2020.
- Dealmakers historically held off on starting new deals until the New Year. Based on December and January data, dealmakers may be returning to older, seasonal cycles.
- Cumulative M&A pipeline volume dropped 2% from December to January. In 2022, due to tumultuous market conditions, many potential deals wound up withering away or being put on hold for better times. With economic tailwinds at their back, look for dealmakers to keep closing out of that lingering inventory.

41%

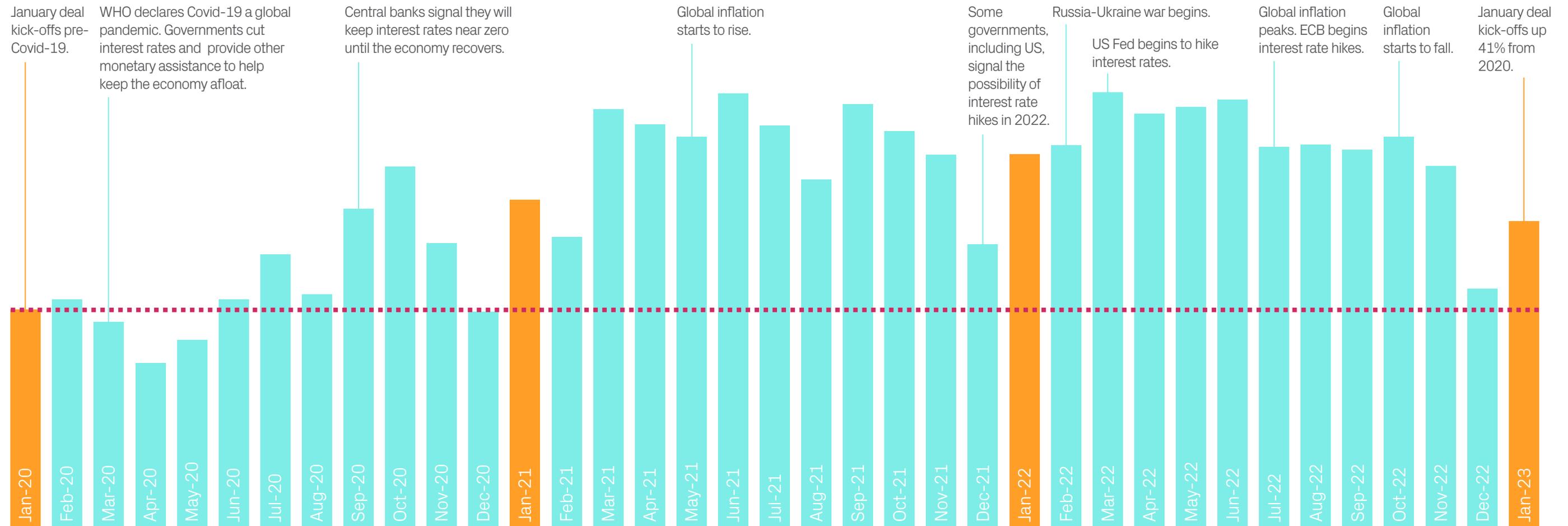
increase in deal kick-offs
Jan 2020 to Jan 2023

-2%

drop in cumulative M&A
pipeline volume Dec 2022
to Jan 2023

With 2022 in the rearview mirror, January 2023 deal kickoffs swing up

High, but not inflated, numbers suggest market recalibration finally underway



Global sale kickoffs January 2020 – 2023

What is this chart showing?

To get a sense of the current and future M&A market, we provided three years of data on M&A deal kickoffs, or the day a new sell-side data room is created on Datasite Diligence or Acquire.

We also added a few key market dates to provide additional context.

- Deal kickoffs can be seen as an indicator of dealmaker market sentiment, as they are a prelude to sell-side process launches.
- This data is captured in close to real time and includes sale processes that may never complete or be publicly announced.
- Depending on deal size and other variables, sell-side processes typically take anywhere from three to nine months to complete.
- The M&A market is historically cyclical, with sale kickoffs ramping up in January, May and September, and slowing down during the summer months and popular holidays.

The M&A pipeline: What's up, down, and neutral YTD

Our 12-month rolling comparison of total ongoing M&A processes: Feb 2022 - Jan 2023 vs Feb 2021 - Jan 2022

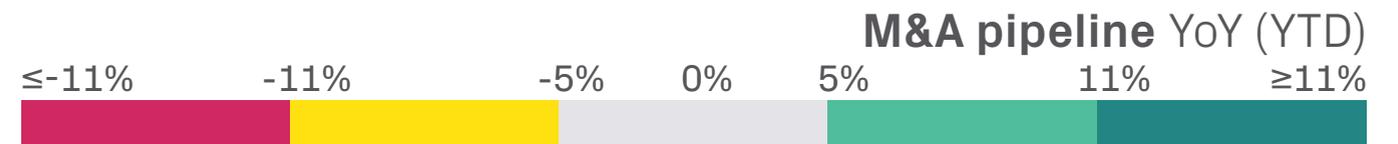
Cumulatively, 12-month rolling pipeline volume dropped 2% from December. This is not a bad sign. Rather, like the boa constrictor that swallowed the elephant, this global cooling suggests the market is finally digesting lingering inventory from 2022's Q1 M&A fest.

Industrials, the M&A juggernaut of 2022, dropping to 6% from 10% the month before. Meanwhile, the two hottest but smaller industries, real estate and business services, barely budged.

TMT, still the largest industry by volume, cooled to -5% from -1% the month prior. Again, this may be a positive sign that, capital markets are now improving, dealmakers are moving forward and closing out TMT deals from last year.

Healthcare, the third largest industry, held steady from December to January. However, that global number hides a drop in North America and strong, 7% upswing in healthcare deal kickoffs in EMEA.

Overall, M&A pipeline volume dropped evenly across all regions in January. Between that and robust deal kickoffs, dealmakers appear eager to get a fresh start on the year ahead.



	TMT	Industrials	Healthcare	Consumer	Business services	Financial services	Energy	Real estate	Regional totals
APAC	16%	7%	20%	6%	-	-	-	67%	19%
EMEA	-2%	17%	1%	-2%	23%	1%	1%	23%	6%
North America	-12%	-4%	-17%	-3%	3%	-8%	-6%	58%	-8%
Industry totals	-5%	6%	-9%	-2%	14%	-4%	-2%	24%	0%

What is this chart showing?

This chart provides a year-over-year (YoY) view of the total number of ongoing M&A processes on Datasite by region and industry. We have provided this view on a cumulative, 12-month trailing basis and only provided data on sample sizes of 40 deals or more. We have left blank any areas where our sample size was not robust enough to report on. Industry totals include LATAM.

Our research

The Datasite Forecaster compiles data from deals conducted on Datasite's platform, aggregated and anonymized to protect client confidentiality. Datasite hosts more than 13,000 projects a year and has over 50 years' experience in M&A, so we have one of the largest databases of current and historical M&A deal activity in the world.

From this data we have produced:

- 1) Informed estimates about future deal volumes
- 2) Benchmark data drawn from historical deals

We cleaned and prepared our data using the R statistical programming environment. Then we defined a 'typical' Datasite-hosted project using three criteria. Firstly, we used the median (rather than the mean). Secondly, we based our deal kickoff data on sell-side deals only. Thirdly, in order to compare timeframes consistently, we broke these into two parts: days from project creation to launch ('prep time') and days from launch to close ('due diligence time'). We excluded projects that were never launched or still open.

We used the same methodology for forecasts relating to specific sectors, scenarios, and Datasite products. We reviewed sector breakdowns only in countries with 100+ transactions a year, and we reported on countries only where our sample size was 40+ transactions a year.

The Datasite Forecaster is for informational purposes only. All information contained within is not intended to provide, and should not be relied upon for, legal, tax, financial, investment recommendations, or any other type of advice.

13k+
transactions annually

80k+
logins monthly

170
countries covered

50+
years of experience

We are Datasite

Datasite is where deals are made. Driving M&A in more than 170 countries. Delivering many of the world's top transactions – sell-side, buy-side, and beyond.

Discover an end-to-end M&A suite built around the world's most trusted data room. In one place you have all you need for every type of project, from advanced AI tools to global support 24/7/365. Seamless processes cut deal times by up to 40%. And a fast-evolving platform keeps you one step ahead of the competition. Secure your success with Datasite.



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