

Deal Drivers: Americas Q3 2022

A spotlight on mergers and acquisitions trends in **2022**

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Foreword: M&A volume ebbs as dealmakers' risk appetite drops

M&A activity in the Americas slowed more extensively in Q3 than in previous quarters. What had previously been a decline in deal values spread to activity, the number of transactions coming down as dealmakers revise their calculus and steel themselves for less forgiving economic conditions. Comparing the most recent quarter's pace of dealmaking with Q3 last year shows a big drop-off.

However, last year was a blue moon period of blistering activity that makes like-for-like comparisons challenging. Taking 2022 in isolation, successive quarterly drops can be seen as the year has progressed. This actually began more than a year ago on the value front, the peak being found in Q2 of last year and trending down ever since. Volume topped out more recently, in Q1 of this year, and has now set on a steady decline.

All eyes are on the Fed

All eyes are now on the Federal Reserve as it presses on with an aggressive monetary tightening regime. There is now a singular focus on inflation, which is proving to be more stubborn than hoped. Core inflation, which excludes volatile food and energy prices, has become the main point of focus and data released in October showed this continuing to rise, up 6.6% from a year prior.

If this does not come under control soon some expect the Fed to hike rates to as high as 5.5%. This is an eye-watering pace of rate change from near zero as recently as March.

Inevitably this is impacting deal markets. Debt financing is more expensive and harder to access and companies with high leverage ratios are being given a wide berth as investors balk at risk. This is having a noticeable impact on the very largest private equity deals. The equity bear market also means now is not the time to issue stock to finance M&A. Current conditions favor corporates with cash-heavy balance sheets, low debt and defensive, inflation-resistant business models. Meanwhile, private deals will be concentrated at the lower end of the market until further notice.



Outlook: Americas heat chart

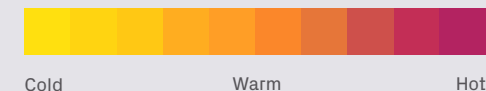
Our forward-looking heat chart, which illustrates the distribution of “companies for sale” stories on the Mergermarket intelligence tool, continues to show technology, media & telecommunications (TMT) as the hottest sector with a possible 832 deals in the offing. This comes as tech valuations have come off dramatically over the course of 2022, creating valuation gaps between buyers and sellers. It seems that acquirers are looking to capitalize on this pricing reset where possible.

What’s changed is that the Western US region is now in third place, after the Northeastern and Southern markets, down one spot compared to the same period in 2021. The West Coast is renowned for its rich tech startup ecosystem in Silicon Valley and it is no secret that the venture capital industry has been dealt a difficult hand this year. The Northeastern US had 175 TMT “for sale” stories to its name in Q3, although Western US wasn’t far behind with 162.

Pharmaceuticals, medical & biotech (PMB) deal pipelines in the Northeastern and Southern US also look healthy. Current conditions are conducive for healthcare and pharma deal activity in particular, which has demonstrated resilience through countless cycles. Across markets, PMB is behind TMT with 445 prospective deals.

Heat chart based on potential companies for sale

	Brazil	Canada	Western US	Midwestern US	Southern US	Northeastern US	Latin America & the Caribbean	TOTAL
TMT	98	26	162	89	173	175	109	832
Pharma, medical & biotech	15	4	79	83	105	137	22	445
Financial services	21	4	47	40	79	71	55	317
Business services	28	7	60	37	79	68	31	310
Consumer	23	19	45	33	50	35	15	220
Industrials & chemicals	6	15	39	38	57	46	6	207
Energy, mining & utilities	43	18	27	14	49	38	13	202
Transportation	8	4	4	2	7	10	9	44
Leisure	15	1	11	2	5	6	3	43
Agriculture	9	2	1	3	3	2	3	23
Defense			3		13	3		19
Real estate	3	1	4	1	1		2	12
Construction	5		1		3	1	2	12
TOTAL	274	101	483	342	624	592	270	2,686



Note: The Intelligence Heat Charts are based on ‘companies for sale’ tracked by Mergermarket in the respective regions between April 01, 2022 and September 30, 2022. Opportunities are captured according to the dominant geography and sector of the potential target company.

Summary: Deal volume begins to slide

M&A value is down and volume is now following. Across the Americas, M&A was worth US\$325bn in Q3 and this not only represents the lowest total deal value since the pandemic torpedoed markets in early 2020, it is below levels seen before this world-shaking black swan event—Q3 2019 saw deal activity of US\$354bn.

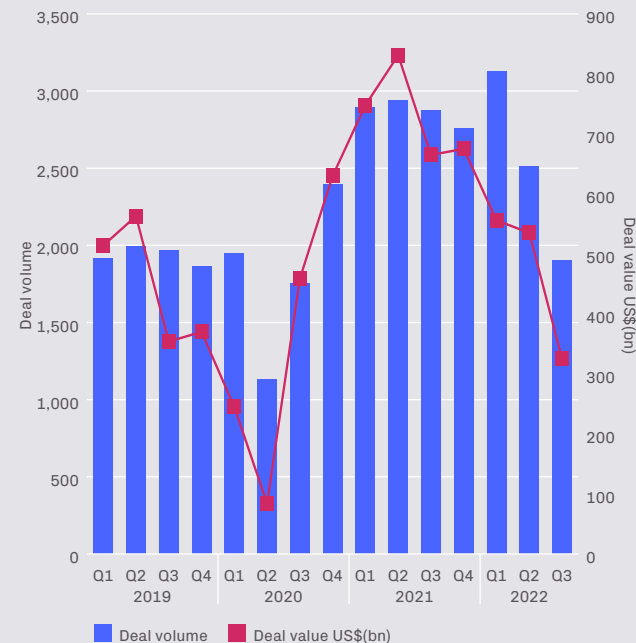
Volume also declined, but is largely in line with historic rates of activity, slipping by 34% annually to 1,901 transactions.

The global economy is slowing and recent projections have been dour. The International Monetary Fund (IMF) in October downgraded its US economic growth forecast to 1% as a result of the Fed's ongoing interest rate hikes, but noted the slowdown is likely to be felt most in Europe, where Russia's war in Ukraine is engendering an energy crisis. Nevertheless, persistent and broadening inflation pressures and a slowdown in China exacerbated by strict COVID measures is taking a heavy toll. The Fed is determined to tackle inflation by reining in demand, even at the cost of a possible recession.

Tech down but not out

It is a testament to the strength of TMT that it has remained on top even with the well-publicized pressure that technology companies have come under. The biggest sell-off in this year's bear market has been in growth stocks, which saw their valuations soar during the pandemic period, only to come crashing back down to earth in 2022. TMT M&A value was down by 56% in Q3, with US\$127.8bn less capital being invested into the sector, and this was still nearly twice the value of energy, mining & utilities (EMU), the next largest market. Volume in the sector was also down year-on-year, by 42% to 513 deals. This means this frontrunner industry delivered nearly a third of total M&A value and over a quarter of all volume. The Western US region is still the epicenter of this, claiming 41% of TMT deal value across the Americas in Q3.

Americas M&A activity, 2019-Q3 2022



Source: Mergermarket



Kinetic energy sector

The most consistency was seen across energy, mining & utilities (EMU). The sector only dipped by 18% on value and 17% on volume, with US\$57bn spent over 162 deals, holding up better than any other industry. A number of drivers are behind this. Energy companies in particular are seeing their profits surge with global energy prices. The Global Price of Energy Index skyrocketed by nearly 200% between January 2020 and August 2022. At the same time that cash has been flowing in, traditional energy producers are under continued pressure to branch out into renewables to future-proof their business models.

This is being supported by big policymaking. The landmark Inflation Reduction Act, passed in August, is the largest piece of federal legislation ever to address climate change and reducing greenhouse gas emissions. It will see US\$391bn invested in provisions relating to energy security and climate matters, including US\$270bn in tax incentives. The largest allocation area by quite a distance is renewable energy and grid energy storage, which will benefit from as much as US\$128bn in provisions.

Americas top sectors by value | Q3 2022

	US\$(m)
TMT	99,662
Energy, mining & utilities	56,992
Pharma, medical & biotech	36,992
Industrials & chemicals	32,150
Financial services	22,392

Americas top sectors by volume | Q3 2022

	Deal count
TMT	513
Business services	261
Industrials & chemicals	243
Pharma, medical & biotech	211
Financial services	178

Americas top bidders by value | Q3 2022

	US\$(m)
USA	221,149
Canada	19,232
Singapore	13,802
United Kingdom	11,191
Switzerland	6,862

Americas top bidders by volume | Q3 2022

	Deal count
USA	1,332
Canada	141
Brazil	110
United Kingdom	60
Japan	26

The eye of the storm

For all the doom and gloom in macro projections, 2022 still has the potential to finish with an impressive turnout by historic standards. If this comes true it will be because of the buoyant start to the year. The second half will not be as impressive and it will likely be a similar story going into the first six months of 2023, with the potential for inflation to have finally begun to top out between now and then.

There are some bright spots. The private equity industry remains well capitalized, with ample dry powder. Fundraising has slowed markedly this year as institutional investors have watched their equity portfolio valuations plummet, by default making them over-allocated to illiquid assets with lagging valuation intervals. But that slowing of incoming capital has been offset by lower buyout activity, which should keep dry powder relatively constant. Beaten down stock market valuations present a big opportunity for take-private deals over the short term for growth capital funds that don't over-rely on debt to finance their deals, or LBO funds willing to club together on deals and wait for credit markets to recover to refinance their equity positions. To be sure, this is proving to be the most challenging period for M&A in two years and before that the global financial crisis. For now, dealmakers are pushing on.

Americas top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	15-Sep-22	Adobe Systems Incorporated	Figma, Inc. (100% Stake)	TMT	Greylock Partners; Sequoia Capital; Index Ventures S.A.	20,000
2	15-Sep-22	GIC Private Limited; Oak Street Real Estate Capital	STORE Capital Corporation (100% Stake)	Real estate		13,802
3	08-Aug-22	Vista Equity Partners Management, LLC	Avalara, Inc. (100% Stake)	TMT		8,765
4	17-Aug-22	Phillips 66 Company	DCP Midstream Partners, L.P. (43.49% Stake)	Energy, mining & utilities		8,579
5	05-Sep-22	CVS Health Corporation	Signify Health Inc. (100% Stake)	TMT		7,600
6	08-Aug-22	Pfizer Inc.	Global Blood Therapeutics, Inc. (100% Stake)	Pharma, medical & biotech		5,332
7	06-Sep-22	EQT Corporation	XcL Midstream LLC (gathering and processing assets) (100% Stake); THQ Appalachia I, LLC (upstream assets) (100% Stake)	Energy, mining & utilities	Quantum Energy Partners; Tug Hill, Inc.	5,200
8	04-Aug-22	Apollo Global Management, LLC; J.F. Lehman & Company; Hill City Capital, L.P.	Atlas Air Worldwide Holdings Inc. (100% Stake)	Transportation		4,697
9	04-Aug-22	Amgen, Inc.	ChemoCentryx, Inc. (100% Stake)	Pharma, medical & biotech		4,530
10	19-Sep-22	Vista Equity Partners Management, LLC	KnowBe4, Inc. (100% Stake)	TMT		4,384



Canada

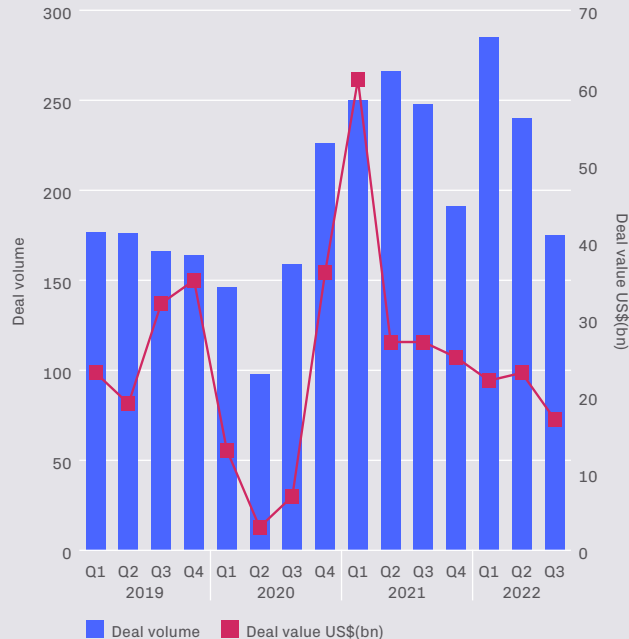
Energy crisis spells opportunity

Canada has been doing well amid wider global upheaval. The IMF sees the country growing by 3.3% through 2022, although its October forecast more than halved the outlook for 2023 from 3.3% to 1.5% on the basis of monetary tightening amid slowing growth around the world. There is now a one in ten chance of recession next year. Canada is a massive energy producer, which shows in its M&A markets, and so has been hit far less hard by the war in Ukraine than many other countries.

M&A wise, Canada has been something of a port in a storm. Across a number of sectors deal volume was either down minimally and in some cases up on the year. Overall, deal value fell by 39% year-on-year to US\$17bn in Q3, while volume was firmer at 175 deals, a decline of 29%.

Dealmakers kept themselves relatively active in the TMT industry, which saw a decline of 35%, dipping to 39 transactions from 60 during the corresponding period last year. Investors tilted toward far smaller plays, with deal value diving by 59% to US\$1.6bn, putting the sector in third place by value.

Canada M&A activity, 2019-Q3 2022



Source: Mergermarket

Chip to cloud

Semiconductors are top of mind for policymakers, with supply chain bottlenecks leading to shortages over the past few years of everything from PlayStations to cars. The biggest tech acquisition featured a chipmaker on the buy-side; however, this was less about securing supply chains and more about transforming a product offering. Semtech Corporation bought Vancouver internet of things (IoT) player Sierra Wireless for US\$1.3bn, bringing it cloud capabilities that it previously lacked.

Semtech specializes in a low-power wireless technology known as LoRa designed for carrying small amounts of data over long distances far more efficiently than 5G. With Sierra Wireless, the company has added cloud capabilities that it believes will help it to manage vast networks of LoRa devices in a world in which home automation and internet-connected industrial systems are becoming increasingly common. This was the only TMT deal in Canada valued above US\$1bn.

Canada top sectors by value | Q3 2022

	US\$(m)
Energy, mining & utilities	7,129
Industrials & chemicals	2,648
TMT	1,610
Leisure	1,349
Pharma, medical & biotech	1,057

Canada top sectors by volume | Q3 2022

	Deal count
TMT	39
Energy, mining & utilities	34
Business services	24
Industrials & chemicals	23
Consumer	14

Canada top bidders by value | Q3 2022

	US\$(m)
Canada	11,320
USA	3,263
Netherlands	666
Australia	417
Sweden	351

Canada top bidders by volume | Q3 2022

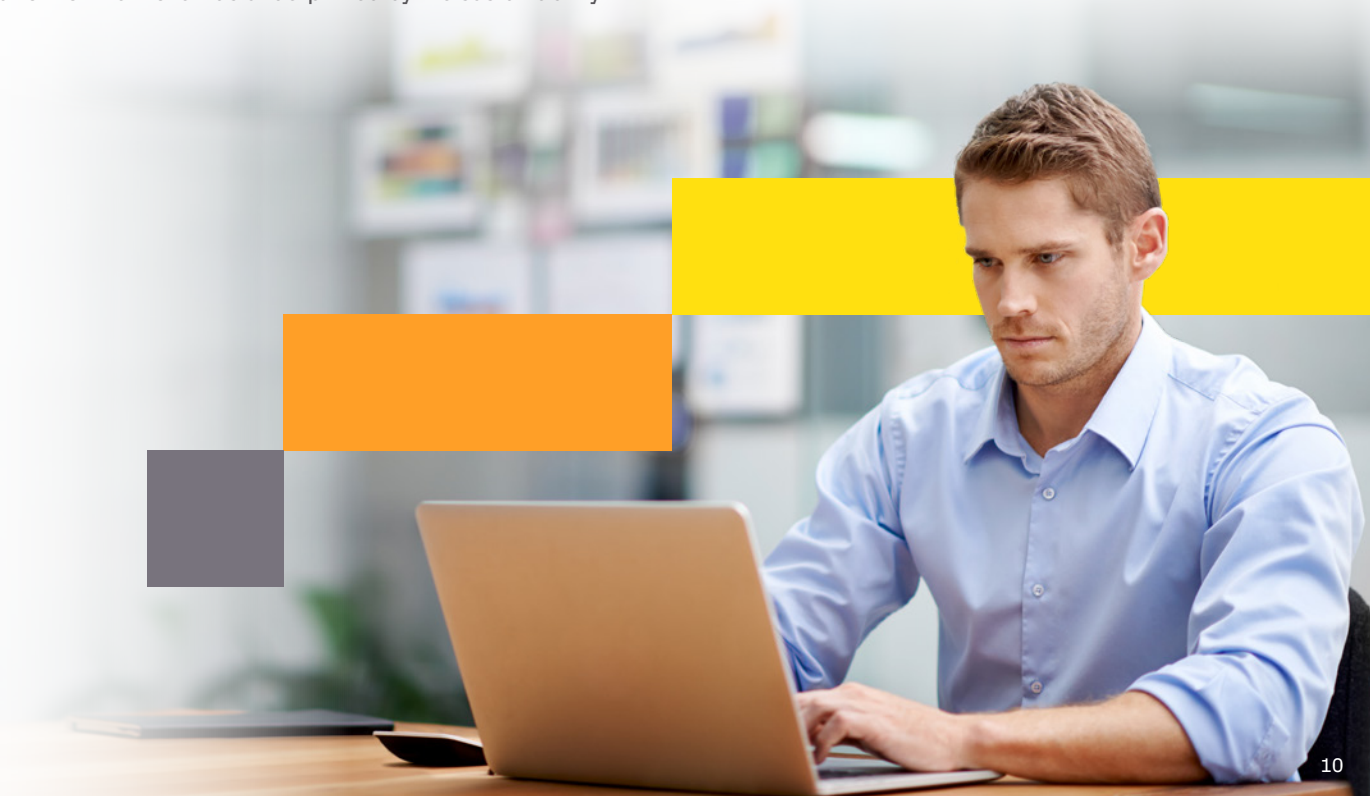
	Deal count
Canada	88
USA	61
United Kingdom	3
Australia	3
Sweden	3

Cleaning crude

Way out in the lead with US\$7.1bn worth of M&A value was the EMU industry, which is par for the course in a country with an estimated 168 billion barrels of proven oil reserves, ranking it fourth in the world behind only Venezuela, Saudi Arabia, and Iran, according to the US Energy Information Administration.

The largest EMU transaction was private oil and gas producer Strathcona Resources's US\$1.8bn acquisition of Serafina Energy. On the face of it a standard fossil fuel transaction, the motivation for the move was underpinned by the sustainability

agenda. Strathcona said it was attracted by the technology being employed by Serafina, which uses steam to extract crude at its facilities in Saskatchewan. The company is looking at capturing the emissions from burning natural gas in its thermal projects to generate that steam and inject it back into the ground. It is expected that this could reduce these emissions by around 60% and make the oil production from these facilities among the cleanest in the world. That would be a big win for Waterous Energy Fund, the PE firm that owns Strathcona, for when it eventually exits the asset.



Canada top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	06-Jul-22	Domtar Corporation; Paper Excellence B.V.	Resolute Forest Products Inc. (100% Stake)	Industrials & chemicals	Fairfax Financial Holdings Limited	1,941
2	29-Jul-22	Strathcona Resources, Ltd.	Serafina Energy Ltd. (100% Stake)	Energy, mining & utilities	Pine Brook Road Partners LLC; Camcor Partners, Inc.	1,795
3	02-Aug-22	Semtech Corporation	Sierra Wireless Inc. (100% Stake)	TMT		1,253
4	09-Aug-22	Fairfax Financial Holdings Limited	Recipe Unlimited Corporation (53.9% Stake)	Leisure	Cara Holdings Limited	1,227
5	12-Sep-22	Tamarack Valley Energy Ltd.	Deltastream Energy Corporation (100% Stake)	Energy, mining & utilities		1,111
6	12-Jul-22	123Dentist Inc.	Altima Dental Canada, Inc. (100% Stake)	Pharma, medical & biotech	Sentinel Capital Partners, LLC	971
7	26-Sep-22	Decarbonization Plus Acquisition Corporation IV	Hammerhead Resources Inc. (100% Stake)	Energy, mining & utilities		882
8	28-Sep-22	Athabasca Indigenous Investments	Enbridge Inc. (seven pipelines in the Athabasca region of northern Alberta) (11.57% Stake)	Energy, mining & utilities	Enbridge Inc.	817
9	20-Jul-22	Alberta Investment Management Corporation	Cando Rail & Terminal Ltd. (100% Stake)	Transportation	TorQuest Partners Inc.	774
10	18-Jul-22	Arcadis N.V.	IBI Group Inc. (100% Stake)	Construction		666

Rollercoaster ride for oil & gas

Four of the ten largest deals in Canada in Q3 were in the EMU sector, with another of these just making it into the US\$1bn-plus bracket. Toronto Stock Exchange-listed Tamarack Valley Energy sealed a US\$1.1bn takeover of Deltastream Energy Corporation, cementing Tamarack as the largest producer in the Clearwater oil fairway in Alberta. There was a hint of ESG to an otherwise pure-play crude deal, with gas conservation and infrastructure synergies lowering the enlarged group's greenhouse gas emissions, although the company did not disclose the extent of this positive impact. The company will now be able to deliver around 23,000 more barrels of crude a day.

If the past two years were defined by connectivity and digitalization in a socially distanced world, attention is now fixed on energy security. This plays to Canada's strengths. The country accounted for 7.5% of global oil exports in 2021, just behind Russia, with 4.67 million barrels traded. Oil prices have been on a rollercoaster ride this year, West Texas Intermediate peaking at around US\$120 a barrel in June before trading below US\$90 more recently. If prices stabilize here that will provide strong enough pressure for Canada's energy deal pipeline. However, if global growth continues to weaken, bringing oil down with it, the outlook will dim.

An aerial photograph of a city skyline during sunset. The sky is filled with soft, orange and pink clouds, with the sun low on the horizon. The city is densely packed with buildings of various heights and architectural styles. In the foreground, there are several prominent buildings, including a large, modern glass skyscraper and a building with a red-tiled roof. A yellow banner is overlaid on the left side of the image, containing the text "Western US".

Western US

Downmarket cools tech's homeland

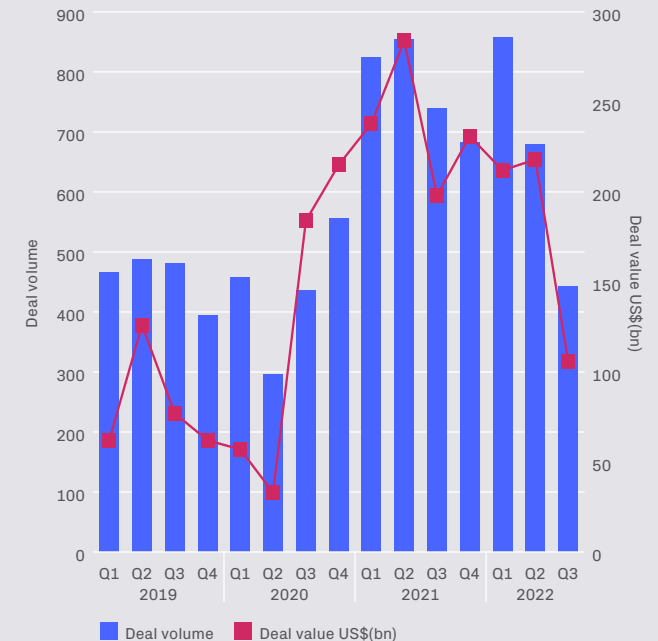
The Western US region is synonymous with tech and venture capital investment and it has flourished for decades, making California the largest sub-national economy in the world. If the state were a sovereign nation it would rank as the world's fifth largest economy, behind Germany and ahead of India. Yet dealmaking has cooled down pretty significantly of late.

No other market across the Americas had a bigger year-on-year decline in volume, a fall of 40% in Q3 delivering 443 deals. This is below the quarterly average in 2019, before the pandemic distorted the numbers. Value also came down sharply, by 47% to US\$106bn.

Cloud control

When interest rates are low and investors are pushing out along the risk curve, as they had been for well over a decade, the West Coast M&A market benefits. The reversal of these conditions in 2022 has led to a lull in the region. Tech deals have been on the smaller side, with some exceptions. Adobe Systems' takeover of Figma turned heads when it paid US\$20bn for the startup, or 50x its annual recurring revenue (ARR). The stock market made clear what it thought of the purchase price, Adobe's share price falling by more than 25% over the week following the news. Adobe has for more than two decades been the go-to suite for graphic designers and publishers, but the company saw the writing was on the wall. Figma has mastered version control management and cloud-based collaboration, whereas many see Adobe's online transition as having been a clunky execution. US\$20bn is a lot for a company with only US\$400m revenues and which was valued at US\$10bn a year prior at a time when tech valuations had ballooned. But it may be a small price to pay for ensuring Adobe's long-term future.

Western US M&A activity, 2019-Q3 2022



Source: Mergermarket

Tech is still the torchbearer

TMT continued to bear the torch in Western US in value terms, as it did across the Americas, but that lead has massively shrunk. The US\$40.7bn transacted in the sector represented an annual decline of 56%, volume coming down by 47% to 167 deals. Private equity was active, with software specialist Vista Equity Partners moving on Avalara, a provider of tax compliance automation, for US\$8.8bn in the second largest TMT deal. Current market conditions play into Vista's hands. Avalara's share price lost more than 50% over the first three months of this year as investors fled richly valued growth

stocks, before Vista made its take-private approach. But the deal also illustrates the challenges in conducting M&A after a major stock market correction: one of Avalara's earliest and largest investors, Altair, attempted to block the deal, questioning the timing of the sale.

Vista was also involved in the third largest TMT deal, this time on the sell-side. Fellow software-focused PE firm Thoma Bravo took digital identity management company Ping Identity off its hands for US\$2.8bn, delisting it from the New York Stock Exchange (NYSE) in the process.

W-US top sectors by value | Q3 2022

	US\$(m)
TMT	40,716
Pharma, medical & biotech	21,938
Energy, mining & utilities	18,065
Real estate	13,926
Industrials & chemicals	3,154

W-US top sectors by volume | Q3 2022

	Deal count
TMT	167
Business services	56
Pharma, medical & biotech	55
Industrials & chemicals	40
Financial services	33

W-US top bidders by value | Q3 2022

	US\$(m)
USA	80,715
Singapore	13,802
Germany	4,250
Hong Kong (China)	1,110
Taiwan (China)	981

W-US top bidders by volume | Q3 2022

	Deal count
USA	353
Canada	15
United Kingdom	13
Japan	10
Germany	7



Health disruption

A trio of PMB deals in the top 10 largest M&As in Western US put the sector in second place by value, with an annual increase of 16% to US\$21.9bn. Pfizer and Amgen were behind the two largest of these, but the third was more notable for the fact it saw ecommerce giant Amazon double down on its incursion into the health space. It paid US\$3.7bn for primary-care company One Medical, which operates 182 medical offices in 25 markets in the US. Customers pay a subscription fee for access to its physicians and round-the-clock digital health services. This marked Amazon's third biggest acquisition to date after organic grocer Whole Foods Market and film studio Metro-Goldwyn-Mayer and follows its acquisition of mail-order pharmacy PillPack four years ago.

The new sense of caution toward tech has shown this year for the Western US, but the region is an indomitable force. It is a hotbed of innovation and the startups from Silicon Valley's dotcom boom and bust over 20 years ago are now some of the country's biggest acquirers. Tech may not be in vogue for now, but it always comes back, and during the current major shake-out the next generation of disruptors will be left standing.

Western US top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	15-Sep-22	Adobe Systems Incorporated	Figma, Inc. (100% Stake)	TMT	Greylock Partners; Sequoia Capital; Index Ventures S.A.	20,000
2	15-Sep-22	GIC Private Limited; Oak Street Real Estate Capital	STORE Capital Corporation (100% Stake)	Real estate		13,802
3	08-Aug-22	Vista Equity Partners Management, LLC	Avalara, Inc. (100% Stake)	TMT		8,765
4	17-Aug-22	Phillips 66 Company	DCP Midstream Partners, L.P. (43.49% Stake)	Energy, mining & utilities		8,579
5	08-Aug-22	Pfizer Inc.	Global Blood Therapeutics, Inc. (100% Stake)	Pharma, medical & biotech		5,332
6	04-Aug-22	Amgen, Inc.	ChemoCentryx, Inc. (100% Stake)	Pharma, medical & biotech		4,530
7	21-Jul-22	Amazon.com, Inc.	1Life Healthcare, Inc. (100% Stake)	Pharma, medical & biotech		3,739
8	03-Aug-22	Thoma Bravo, LLC	Ping Identity Holding Corp. (100% Stake)	TMT	Vista Equity Partners Management, LLC	2,750
9	01-Sep-22	IKAV Capital Partners GmbH	Aera Energy LLC (48.2% Stake)	Energy, mining & utilities	Exxon Mobil Corporation	2,000
10	01-Sep-22	IKAV Capital Partners GmbH	Aera Energy LLC (51.8% Stake)	Energy, mining & utilities	Royal Dutch Shell Plc	2,000



Midwestern US

Deals continue to flow in America's breadbasket

The Midwest, America's industrial base, has shown some signs of weakness recently. The closely watched Creighton University's Mid-America Business Conditions Index, which surveys supply chain manager sentiment, declined for the fifth time in the six months in September, the worst string of readings since the global financial crisis in 2008 to 2009. The index uses the same methodology as the Institute for Supply Management, or the ISM, ranging between 0 and 100, 50 being neutral and anything below signaling recession. September's reading came in at 52.7, its lowest point in more than two years.

Taken as a whole, M&A in the region stood out for the fact it had the lowest rate decline in volume of any market in the Americas. The deal total came to 239, down a relatively moderate 28% versus 34% across the Americas. Value, on the other hand, more than halved by 56% to US\$35bn, once again making it the smallest M&A market in the US.

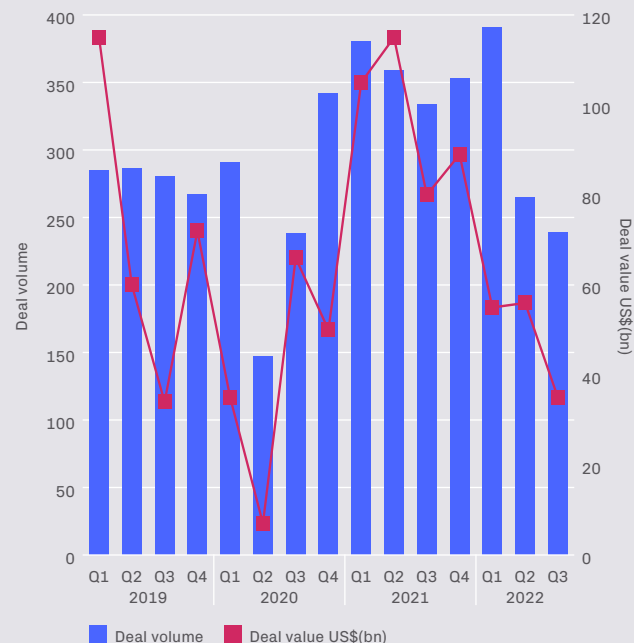
I&C rules the roost

The economic make-up of the region ensures that industrials and chemicals a perennial performer and true to its nature the sector delivered more deals than any other industry in Q3, although only just. There were 53 such deals, down 45%.

The largest of these, Meridian Bioscience, was worth US\$1.6bn. As the name suggests, Meridian is engaged in life sciences, although as a maker of reagents it sits within the chemicals space, serving into the PMB sector as a key market. The deal was unique in that it was made by a partnership between two South Korean parties, private equity firm SJL Partners, which focuses on outbound cross-border opportunities, alongside SD Biosensor, a maker of in-vitro diagnostic tests.

The only other I&C deal to make it into the top 10 also featured a PE sponsor. The mid-market fund AEA Investors bought Burke Porter Group, which is involved in the manufacture of precision machines also for life sciences but for industrial applications too. The buyout was worth US\$1bn and helped put I&C behind TMT as the second highest value sector for M&A in the Midwest with US\$6.4bn of deal value.

Midwestern US M&A activity, 2019-Q3 2022



Source: Mergermarket



Vital lifelines

TMT claimed three spots on the top 10 table and with US\$9.6bn in transacted value was a rare sector across the Americas to have seen an annual rise, by as much as 74%. TMT not only performed on a value basis, but it also outshone on volume. The 49 deals made was less than a 16% annual shortfall.

The largest of these saw private equity firm Berkshire Partners increase its stake to take majority control of AHEAD, a Chicago-based enterprise cloud consulting firm, with co-investor Centerbridge Partners selling down its position and retaining a minority interest. The deal was rumored to be worth US\$3bn. PE investors are drawn to companies that benefit from moats that prevent competitors replicating their business models. With AHEAD, Berkshire has just that.

Another sizable mid-range Midwest TMT deal was on the telecoms side of the industry. Fund manager Stonepeak paid Intrado Corporation US\$2.4bn to carve out its safety business, a provider of critical public emergency communications that is the foundation for 911 infrastructure in the US, connecting citizens with public safety answering points and first responders.

MW-US top sectors by value | Q3 2022

	US\$(m)
TMT	9,629
Industrials & chemicals	6,389
Financial services	4,108
Consumer	4,060
Transportation	3,255

MW-US top sectors by volume | Q3 2022

	Deal count
Industrials & chemicals	53
TMT	49
Business services	36
Pharma, medical & biotech	34
Financial services	26

MW-US top bidders by value | Q3 2022

	US\$(m)
USA	25,372
Australia	2,037
Switzerland	1,800
South Korea	1,593
Canada	1,577

MW-US top bidders by volume | Q3 2022

	Deal count
USA	205
United Kingdom	7
Canada	5
Germany	4
Japan	4

Adjacent sectors

In another example of a Midwest deal target adjacently serving PMB as a key market, healthcare IT company HealthMyne was taken over by Swiss pharma giant Roche and Genentech for US\$1.8bn. HealthMyne is involved in the emerging field of radiomics, in which data and biomarkers are extracted from medical images helping clinicians to make better informed decisions. Little was publicized about the deal; however, the company only disclosed two funding rounds worth a total of US\$27.8m, suggesting that its backers, which included VC firms Venture Investors LLC and 4490 Ventures, made a handsome return on their investment.

The falling confidence among Midwestern supply chain managers is a cause for concern and reflects weaker ISM readings across the country and elsewhere in the world as manufacturing softens. New orders are beginning to slow and this may signal that inflation rates could soon slow too, which could end up being welcome news if it encourages the Fed to change course in a case of bad news is good news. We are at a critical point here and many will be watching to see whether the US industrial heartland's reading falls below 50 over the coming months, which would be a recessionary sign.

Midwestern US top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	06-Sep-22	Truist Financial Corp; Afco Credit Corporation	BankDirect Capital Finance LLC (100% Stake)	Financial services	Texas Capital Bancshares, Inc.	3,400
2	26-Sep-22	Berkshire Partners LLC	AHEAD, LLC (100% Stake)	TMT	Centerbridge Partners, L.P.	3,000
3	08-Aug-22	Whirlpool Corporation	Insinkerator (100% Stake)	Consumer	Emerson Electric Co.	3,000
4	16-Sep-22	Stonepeak Infrastructure Partners	Intrado safety business (100% Stake)	TMT	Intrado Corporation	2,400
5	10-Aug-22	Kohlberg & Company, LLC	United States Infrastructure Corp (50% Stake)	Construction	Partners Group Holding AG	2,050
6	12-Sep-22	Atlas Arteria	Skyway Concession Company, LLC (66.67% Stake)	Transportation	Canada Pension Plan Investment Board; OMERS Private Equity Inc.	2,037
7	31-Jul-22	Roche Holding AG; Genentech, Inc.	HealthMyne Inc. (100% Stake)	TMT	Venture Investors LLC	1,800
8	07-Jul-22	SJL Partners; SD Biosensor, Inc.	Meridian Bioscience Inc. (100% Stake)	Industrials & chemicals		1,593
9	25-Jul-22	MasTec, Inc.	Infrastructure & Energy Alternatives, Inc. (100% Stake)	Construction	A consortium led by Ares Management LLC and Leonard Green & Partners, L.P.	1,184
10	11-Jul-22	AEA Investors L.P.	The Burke Porter Group (100% Stake)	Industrials & chemicals	CEL Global Investment Fund L.P.	1,000

An aerial photograph of a city skyline at sunset. The sky is a mix of blue, orange, and white clouds. In the foreground, there is a complex highway interchange with several lanes of traffic. The city is filled with various buildings, including several tall skyscrapers. A prominent yellow rectangular box is overlaid on the left side of the image, containing the text "Southern US".

Southern US

The South takes second place

Deal activity fell sharply in the Southern US in value terms to the lowest point in more than two years. However, the broader decline across the country meant the sub-region came in second position after Western US and it boasted some of the most noteworthy deals across the entire Americas region.

M&A totaled US\$75bn, coming off by 55%, while volume was firmer at 473 deals, a 31% decline, and meant this was the busiest market across the US by volume as investors picked off smaller transactions in Q3 as financing costs rose to their highest point in over a decade.

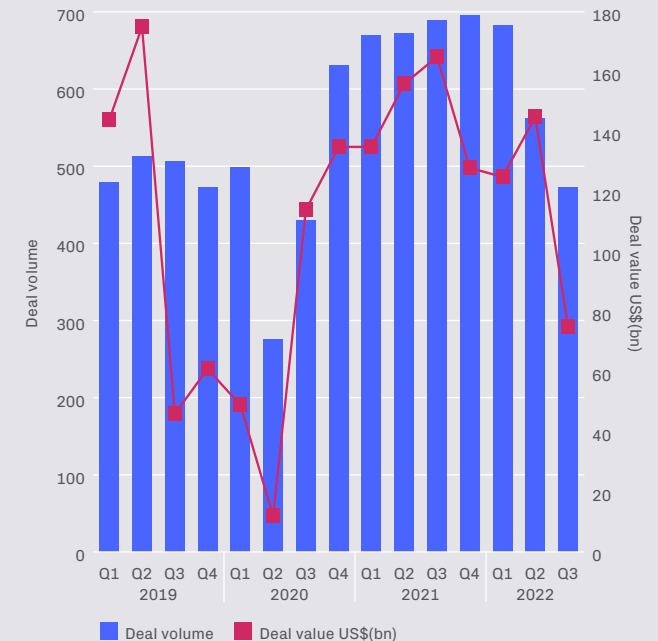
TMT led much of this activity, being the top sector by both value and volume in spite of a colossal fall in invested capital. The US\$20bn spent in 100 deals represented respective annual declines of 76% and 45%.

Phish out of water

One of the biggest tech deals of the quarter was Vista Equity Partners' US\$4.4bn take-private of KnowBe4, a Floridian cybersecurity awareness and training business founded by convicted hacker Kevin Mitnick that helps enterprise workers avoid costly phishing attacks. The human error factor plays a large part in security breaches and KnowBe4 offers simulated phishing attacks and training programs that include videos, interactive modules, and games that help business staff to spot attacks. The company IPO'd only last year, but its share performance has been flat, largely owing to its market timing. It is yet another example of Vista scanning public markets for affordable assets it can delist and improve with a view to floating them once again with bigger revenues and earnings and once tech is back in vogue.

On the financial end of tech, Fortune 500 firm Global Payments bought Atlanta-based paytech company EVO Payments for US\$3.7bn. The deal will give Global Payments access to new target markets such as Poland, Germany, Chile, and Greece and greater exposure in existing markets such as the US, UK, Canada, Mexico, Spain, and Ireland. In addition, it will augment its B2B software and payment offering with the addition of EVO's accounts receivable software.

Southern US M&A activity, 2019-Q3 2022



Source: Mergermarket



Across the spectrum

T-Mobile expanded its coverage with a US\$3.5bn purchase of additional 600 MHz spectrum from Channel 51 License and LB License, two companies owned by the communications sector specialist venture capital firm Columbia Capital. The licenses apply to markets such as San Francisco, Atlanta, Chicago, Los Angeles, Boston, Tampa, Washington, D.C., Dallas, Phoenix, Houston, and New Orleans among many others, and cover around a third of the entire US population.

T-Mobile had previously entered into exclusive leasing arrangements with Channel 51 and LB when the pandemic hit as major wireless carriers sought to increase their capacity, but wanted to own the spectrum outright and in perpetuity.

S-US top sectors by value | Q3 2022

	US\$(m)
TMT	19,992
Energy, mining & utilities	15,990
Industrials & chemicals	10,299
Pharma, medical & biotech	7,667
Financial services	6,943

S-US top sectors by volume | Q3 2022

	Deal count
TMT	100
Business services	69
Industrials & chemicals	63
Pharma, medical & biotech	59
Energy, mining & utilities	54

S-US top bidders by value | Q3 2022

	US\$(m)
USA	58,274
Switzerland	4,812
United Kingdom	4,163
Saudi Arabia	2,650
Canada	1,426

S-US top bidders by volume | Q3 2022

	Deal count
USA	404
Canada	19
United Kingdom	14
Switzerland	6
Spain	3
Sweden	3

Oil rich

EMU was another strong performer, relatively speaking, which is hardly surprising given that the region includes three of the top five energy-producing states: Texas, Louisiana, and West Virginia.

Pittsburgh's NYSE-listed energy company EQT Corporation met a US\$5.2bn price tag for Tug Hill's upstream assets and XcL Midstream's gathering and processing assets. Tug Hill's assets add 800 million standard cubic feet per day of natural gas production across 90,000 acres in southwest Appalachia to EQT's portfolio, while XcL brings 95 miles of midstream pipelines and connectivity to all interstate transmission carriers operating in the region. This was the largest transaction across the Southern US in Q3 and ensured total EMU deal value of US\$16bn, a 31% decline.

Oil major Shell's US subsidiary also completed a US\$2.8bn acquisition and planned merger of Houston-based Shell Midstream Partners, taking the 39% shareholding it did not previously own and delisting the business from the NYSE. Shell Midstream owns pipelines and other midstream and logistics assets in the US, the deal helping Shell to streamline costs and simplify governance.

Southern US top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	06-Sep-22	EQT Corporation	XcL Midstream LLC (gathering and processing assets) (100% Stake); THQ Appalachia I, LLC (upstream assets) (100% Stake)	Energy, mining & utilities	Quantum Energy Partners; Tug Hill, Inc.	5,200
2	19-Sep-22	Vista Equity Partners Management, LLC	KnowBe4, Inc. (100% Stake)	TMT		4,384
3	01-Aug-22	Global Payments Inc.	EVO Payments, Inc. (100% Stake)	TMT	Madison Dearborn Partners, LLC	3,689
4	08-Aug-22	MetroPCS Communications, Inc.; T-Mobile License LLC	Columbia Capital (600 MHz spectrum licenses) (100% Stake)	TMT	Columbia Capital	3,500
5	09-Aug-22	Partners Group Holding AG	Foundation Risk Partners	Financial services	Warburg Pincus LLC	2,800
6	25-Jul-22	Royal Dutch Shell Plc; Shell Oil Company	Shell Midstream Partners, L.P. (39.32% Stake)	Energy, mining & utilities		2,768
7	01-Aug-22	Saudi Arabian Oil Co; Aramco Overseas Company B.V.	Valvoline Inc. (Global Products business) (100% Stake)	Industrials & chemicals	Valvoline Inc.	2,650
8	28-Jul-22	Blackstone Real Estate Income Trust, Inc.; Starwood Capital Group Management LLC	InTown Suites, Inc. (100% Stake)	Leisure	Starwood Capital Group Management LLC	2,200
9	21-Sep-22	Avalon Acquisition Inc.	The Beneficiary Company, L.P. (100% Stake)	Financial services		1,812
10	06-Sep-22	Falcon Minerals Corp	Brigham Minerals, Inc. (100% Stake)	Business services		1,782

Northeastern US



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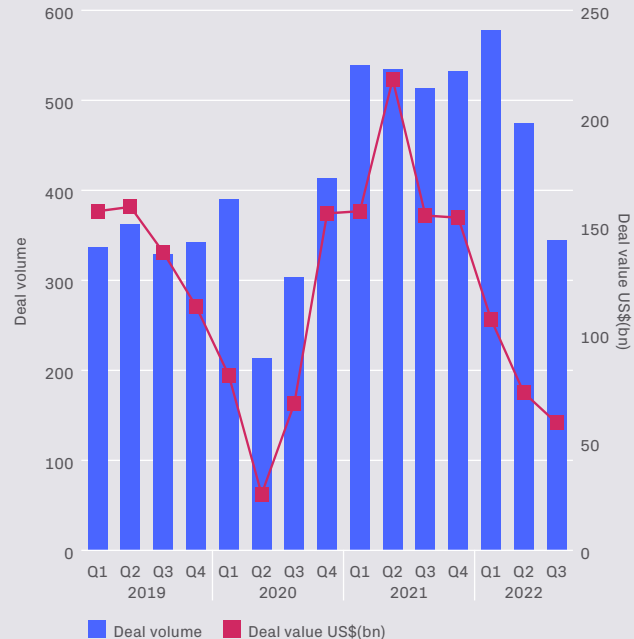
Tech continues to set the pace amid M&A value slump

The Northeastern US M&A market found itself in third place behind the South for deal value, after the sharpest fall of any part of the Americas. Aggregate value was down by as much as 62% to \$59bn, a two-year low.

Volume fell less steeply, by 33% compared to the same period in 2021. The sub-region has one of the stronger pipelines in the US, according to Mergermarket's intelligence tool, ahead of even the Western US market. Of course, that does not guarantee these will all materialize.

No fewer than four of the top 10 deals were TMT transactions, with only the consumer sector coming close to that distinction with two. CVS Health Corporation paid US\$7.6bn for Signify Health, a digital healthcare company. Doctors book virtual and in-home check-ups using the Signify service. CVS is the largest drugstore chain in the US and so there are obvious value chain synergies between the two businesses.

Northeastern M&A activity, 2019-Q3 2022



Source: Mergermarket

Software efficiencies

TMT overall continued to generate the majority of value, being responsible for around a third of the overall pie with US\$19.6bn worth of deals. It also remained out in front on volume, in spite of a year-on-year fall of 37% to 104 deals.

PE firms Thoma Bravo and Insight Partners sealed an exit from Frontline Education, which makes administration software that is dedicated to K-12 educators, in an all-cash sale to NYSE-listed Roper Technologies for US\$3.7bn. The company's product helps with human capital management and offers analytics to increase productivity and improve performance for K-12 administrators, its acquisition coming at a time of a teacher shortage crisis in the US.

Another software play saw Swedish PE firm take NASDAQ-listed BTRS Holdings, a B2B accounts receivable automation and integrated payments business that trades as Billtrust, off the tech-centric bourse for US\$1.7bn. Private equity's interest in software-as-a-service shows no signs of dimming. Whether we are still in the earliest stages of digitalization or have passed the tipping point, this remains an ongoing trend and, if anything, there has never been more pressure for companies to automate back-office processes as costs escalate amid decades-high inflation.

NE-US top sectors by value | Q3 2022

	US\$(m)
TMT	19,560
Financial services	7,450
Consumer	7,014
Energy, mining & utilities	6,447
Transportation	5,297

NE-US top sectors by volume | Q3 2022

	Deal count
TMT	104
Financial services	48
Pharma, medical & biotech	43
Business services	43
Industrials & chemicals	39

NE-US top bidders by value | Q3 2022

	US\$(m)
USA	48,730
United Kingdom	2,826
Canada	2,208
Sweden	1,890
Denmark	1,237

NE-US top bidders by volume | Q3 2022

	Deal count
USA	284
United Kingdom	10
Canada	9
France	5
Japan	5

Market cap

Behind TMT with the second highest number of deals and second largest sum of deal value was the financial services sector. There were 48 transactions worth US\$7.5bn, down 13% and 74% respectively, although there were no stand-out deals to speak of. Consumer was close behind with US\$7bn in total value, a fall of just 15% on Q3 last year.

PE fund manager Acon Investments led the largest of these, a US\$2bn deal involving headwear brand New Era. Acon initially invested in January 2021 and brought new investors including

Apollo, GCM Grosvenor, Hamilton Lane, and Neuberger Berman into a continuation vehicle to extend the life of the investment and bring in new capital to fund the business. New Era has partnerships with major US sporting leagues such as the NBA and NFL and its caps have been a hip hop fashion staple for years. The Buffalo, New York-based company has 800 retail stores throughout Asia, Mexico, Latin America, and Brazil and is growing its direct-to-consumer platform.



Northeastern US top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	05-Sep-22	CVS Health Corporation	Signify Health Inc. (100% Stake)	TMT		7,600
2	04-Aug-22	Apollo Global Management, LLC; J.F. Lehman & Company; Hill City Capital, L.P.	Atlas Air Worldwide Holdings Inc. (100% Stake)	Transportation		4,697
3	30-Aug-22	Roper Technologies, Inc.	Frontline Education, Inc. (100% Stake)	TMT	Thoma Bravo, LLC; Insight Partners	3,725
4	11-Jul-22	Stonepeak Infrastructure Partners	American Tower Corporation (U.S. data center business) (29% Stake)	Real estate	American Tower Corporation	2,500
5	01-Aug-22	New Mountain Capital, LLC	PerkinElmer (applied, food and enterprise services businesses) (100% Stake)	Industrials & chemicals	PerkinElmer, Inc.	2,450
6	05-Jul-22	Apollo Global Management, LLC	New Fortress Energy Inc. (11 LNG infrastructure vessels) (80% Stake)	Energy, mining & utilities	New Fortress Energy LLC	2,000
7	04-Aug-22	ACON Investments LLC	New Era Cap Company Inc.	Consumer		1,950
8	28-Sep-22	EQT AB	BTRS Holdings Inc. (100% Stake)	TMT		1,776
9	05-Aug-22	Amazon.com, Inc.	iRobot Corporation (100% Stake)	Consumer		1,667
10	27-Sep-22	West Realm Shire Services Inc.	Voyager Digital, Ltd. (100% Stake)	TMT		1,422

Buyouts still dominate

PE activity still dominated dealmaking in the region, despite the overall drop in market activity. No less than seven of the top 10 deals of the year in the Northeast were buyouts.

The largest of these was the US\$4.7bn acquisition of Atlas Air Worldwide, a provider of air freight services, by Apollo. The aviation industry is facing recovering demand post-COVID, but also struggling with strong headwinds in the form of energy price inflation, as well as staff shortages. These pressures could make a PE take-private more attractive in coming months.



Brazil

Latin America's largest market remains resilient

Brazil's GDP growth has surpassed expectations, being revised to 2.8% from 1.7% for 2022. In part, this came from former President Jair Bolsonaro's extra public spending measures ahead of the country's elections. Brazilians are now tightening their spending as inflation ramps up and interest rates rise on debts taken out during the pandemic. The IMF expects growth to slow to 1.0% through 2023.

Brazil had the shallowest year-on-year dip in M&A value of any market in the Americas in Q3. Total capital invested was US\$14bn, down only 11% on the US\$16bn transacted in last year's third quarter. The 143 deals made, meanwhile, was a fall of 34%.

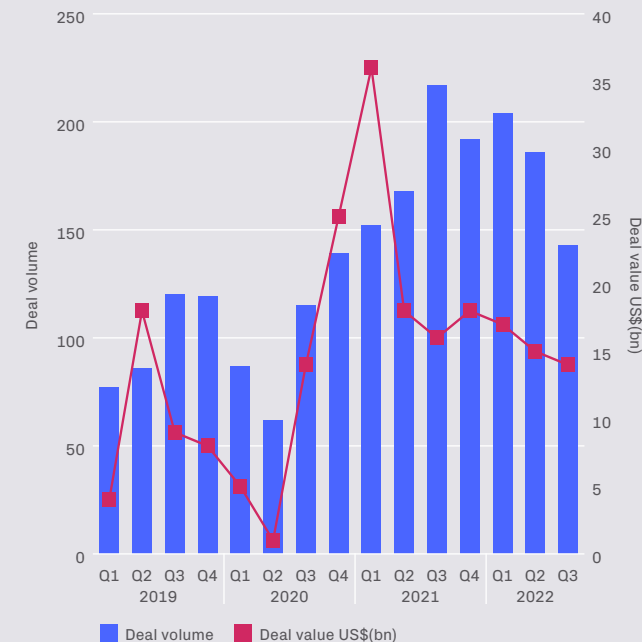
EMU deals dominated the leaderboard, with four of the top 10 deals of the quarter in Brazil in this sector. Although overall value in the sector declined by 28% to US\$3.8bn, this still put it into top place.

EMU deals top the table

The largest of these EMU deals was the third biggest deal overall in the country in the third quarter. Local power company Equatorial Energia acquired electricity distributor Celg-D for US\$1.5bn, including debt restructuring, enabling Italy's Enel to walk away from the company having made a US\$990m loss on its investment when the business was privatized in 2016. Celg-D struggled with quality issues and failed to reach certain minimum regulatory levels.

Other sizable energy plays included a consortium led by Grupo Energía Bogotá buying five electric power transmission concessions in northeastern Brazil for US\$834m, while utility Engie Brasil Energia offloaded its last remaining coal-fired plant in Brazil as it looks to achieve a 100% renewable portfolio in the country. The 345-MW thermal power plant was sold to investment funds Grafito and Perfin Space X, the transaction being worth US\$433m including the assumption of debt. The smallest energy deal to make it into the top 10 M&As in the country in Q3 was valued at US\$397m, AES Brasil buying the Ventos do Araripe, Caetés, and Cassino wind farms from Cubico Sustainable Investments, a renewables development company owned by Ontario Teachers' Pension Plan and PSP Investments.

Brazil M&A activity, 2019-Q3 2022



Source: Mergermarket

Metals major moves in

The top deal of the quarter was the only I&C M&A to make it into the top 10 largest deals, though ensured the sector came second to EMU, lifting its year-on-year deal value by 50% to US\$2.6bn.

ArcelorMittal, the second largest steel producer in the world, bought Companhia Siderúrgica do Pecém for US\$2.2bn. The company owns a steel facility that operates a three million tonne capacity blast furnace and has access via conveyors to the Port of Pecém, a large-scale, deep-water port located 10 kilometers from the plant. CSP operates within Brazil's first Export Processing Zone, and benefits from various tax incentives including a low corporate income tax rate. ArcelorMittal has the option of supplying the slab intra-group or directly into the Brazilian market and cited the potential of a planned clean electricity and green hydrogen hub construction project in nearby Pecém. Notably, the deal coincides with ArcelorMittal shutting down one of its two existing blast furnaces at its steelworks plant in Bremen, Germany, citing excessive energy costs in the country.



Brazil top sectors by value | Q3 2022

	US\$(m)
Energy, mining & utilities	3,801
Industrials & chemicals	2,619
TMT	2,530
Business services	2,121
Transportation	1,300

Brazil top sectors by volume | Q3 2022

	Deal count
TMT	31
Business services	24
Consumer	16
Energy, mining & utilities	15
Financial services	14
Industrials & chemicals	14

Brazil top bidders by value | Q3 2022

	US\$(m)
Brazil	4,794
USA	2,267
Luxembourg	2,206
South Africa	1,811
Spain	1,734

Brazil top bidders by volume | Q3 2022

	Deal count
Brazil	101
USA	10
United Kingdom	6
Spain	6
France	4

Divested interests

Second to this deal was European food ordering and delivery giant Just Eat's sale of a 33% stake in its iFood joint venture to Amsterdam-based technology investor Prosus for US\$1.8bn. Around US\$300m of this was structured as an earnout that will pay the Just East contingent on iFood's performance over the next 12 months. iFood holds a more than 80% market share of the food delivery sector in Brazil and has a presence in Colombia. It merged its businesses in Argentina and Colombia with rivals PedidosYa in August 2018 and Domicilios.com in March 2021 respectively, both being brands owned by Delivery Hero which in turn is also owned by Prosus.

Brazil continues to offer opportunities and, as the largest economy in the region, is typically the entry point to Latin America for international investors. There is a sweeping privatization drive underway which is feeding the M&A pipeline. In less than three years, the Brazilian government has offloaded more than 100 assets, either directly or through state-controlled enterprises. No other period in the country's history has seen more privatizations. A number of port concessions are expected to be offered by the close of the year. This deal flow of real assets should keep M&A in Brazil moving even as growth decelerates over the next 12 months.

Brazil top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	28-Jul-22	ArcelorMittal S.A.	Companhia Siderurgica do Pecem (100% Stake)	Industrials & chemicals	Vale S.A.; Dongkuk Steel Mill Co., Ltd.; POSCO Holdings Inc.	2,200
2	19-Aug-22	Naspers Limited; Prosus N.V.	iFood S/A (33% Stake)	TMT	Just Eat Takeaway.com N.V.	1,811
3	23-Sep-22	Equatorial Energia S.A.	CELG Distribuicao S.A. (100% Stake)	Energy, mining & utilities	Enel S.p.A.	1,458
4	15-Sep-22	TPB Acquisition Corporation I	Lavoro Agrocomercial Ltda. (100% Stake)	Business services	Patria Investments Limited	1,074
5	29-Jul-22	Grupo Energia Bogota S.A. ESP; Red Electrica de Espana S.A.; Argo Energia Empreendimentos e Participacoes S.A.; Gebbras Participacoes Ltda	Odoya Transmissora de Energia S.A. (100% Stake); Esperanza Transmissora de Energia S.A. (100% Stake); Transmissora Jose Maria de Macedo de Electricidad S.A. (100% Stake); Giovanni Sanguinetti Transmissora de Energia S.A. (100% Stake); Veredas Transmissora de Eletricidade S.A. (100% Stake)	Energy, mining & utilities	Brasil ENergia Fundo de Investimento Emparticipacoes Multiestrategia	834
6	18-Aug-22	Aena SME, S.A.; Aena Desarrollo Internacional S.A.	Government of Brazil (11 Airports in Sao Paulo, Minas Gerais, Mato Grosso do Sul and Para) (100% Stake)	Transportation	Government of Brazil	791
7	01-Aug-22	SBA Communications Corporation	Grupo TorreSur (2,600 towers) (100% Stake)	Business services	Grupo TorreSur	725
8	01-Aug-22	Mubadala Capital	BK Brasil Operacao e Assessoria a Restaurantes S.A. (45.15% Stake)	Leisure		451
9	15-Sep-22	Grafito Fundo de Investimento em Participacoes Multiestrategia; Perfin Space X Fundo de Investimento em Participacoes em Infraestrutura	Engie Brasil (Pampa Sul Thermoelectric Power Plant) (100% Stake)	Energy, mining & utilities	Engie Brasil Energia S.A.	433
10	09-Aug-22	AES Brasil Energia S.A.	Ventos do Ararape I wind farm (100% Stake); Cassino (wind power plant) (100% Stake); Caetes (wind power plant) (100% Stake)	Energy, mining & utilities	Cubico Brasil S.A.	397

An aerial photograph of a city skyline, likely Bogotá, Colombia, featuring a prominent skyscraper under construction in the center. The sky is filled with dramatic, dark clouds. A yellow banner is overlaid across the middle of the image, containing the text 'Latin America & the Caribbean (excl. Brazil)'. To the right, a vertical strip shows a close-up of a modern building with a dark, perforated facade.

Latin America & the Caribbean (excl. Brazil)

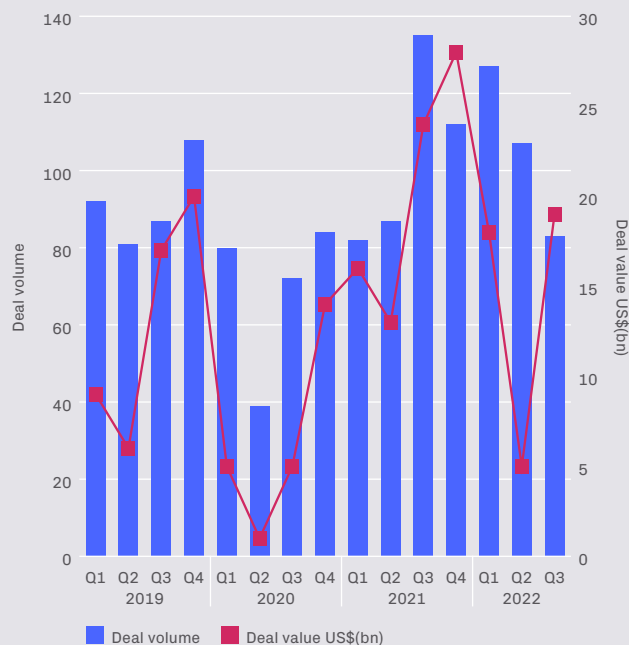
Consumer and commodity strength underpin robust activity

Growth in 2022 in Latin America and the Caribbean was revised higher by 0.5 percentage points in October, reflecting stronger than expected activity in the first half of 2022 on the back of favorable commodity prices and the normalization of activities in close-contact services sectors as COVID subsided. However, much of this came from Brazil. Mexico, the next largest economy in the region, is projected to expand 2.1% this year, down from the IMF's previously forecasted 2.4%. This will nearly halve to 1.2% next year.

Inflation is still accelerating in many Latin American nations, with Mexico and Chile recently posting multi-decade highs. The IMF sees consumer prices rising 14.6% in 2022 and expects the rate to decline to 9.5% in 2023, a significant threat to the region's poorest and a major potential dampener for discretionary spending.

Like Brazil, the M&A market in the rest of LatAm has held up remarkably well. Value was only down by 20% to US\$19bn in Q3 and this was spread over 83 deals, a decline of 39% on the third quarter last year.

Latin America & the Caribbean (excl. Brazil) M&A activity, 2019-Q3 2022



Source: Mergermarket

Tower disposals

Indeed, despite weakness in EMU and financial services deal value, every other sector posted gains. TMT contributed both the most volume and value, the lion's share of this coming from América Móvil's US\$4bn spin-off of Sitios Latinoamerica, its telecoms towers and other infrastructure involved in the construction and operation of these network assets. The towers will be available to wireless telecoms operators in Argentina, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panamá, Paraguay, Puerto Rico, and Uruguay, while the company has also begun constructing towers in Peru.

Overall, the TMT sector saw US\$5.6bn invested over 23 transactions in the region. This represented a 31% increase in terms of deal value, and a 26% drop in the number of deals compared to the same period in 2021.

Much of this aggregate transaction value was due to two large deals in the towers space—the next largest transaction after the América Móvil spin-off was Chilean telco WOM's US\$930bn sale of a portfolio of 2,334 towers to US-based Phoenix International, which specializes in owning and operating telecoms towers.

LatAm top sectors by value | Q3 2022

	US\$(m)
TMT	5,625
Consumer	4,005
Energy, mining & utilities	3,259
Industrials & chemicals	1,874
Business services	1,768

LatAm top sectors by volume | Q3 2022

	Deal count
TMT	23
Industrials & chemicals	11
Energy, mining & utilities	10
Business services	9
Transportation	8

LatAm top bidders by value | Q3 2022

	US\$(m)
Mexico	5,124
USA	2,527
Chile	2,158
United Kingdom	1,815
United Arab Emirates	1,712

LatAm top bidders by volume | Q3 2022

	Deal count
USA	15
United Kingdom	7
Mexico	6
China	5
Colombia	5

Consumer staples

Pushing the consumer sector into second place by value with US\$4bn in deal value, a year-on-year increase of no less than 1,300%, was Abu Dhabi holding company IHC's US\$1.7bn bid for a 25% stake in Grupo Nutresa, part of Colombia's largest conglomerate, Grupo Empresarial Antioqueno, or GEA. The Colombian processed food company owns around 70 brands with a product range that spans biscuits, chocolates, coffee, ice cream, and pasta, and brands including Jet Chocolate, Jumbo Bars, and Ducales Crackers.

Another major contributor to consumer deal value was Brazilian food retailer Grupo Pão de Açúcar (GPA) selling its 83% stake in Colombia's biggest supermarket chain, Grupo Éxito, to existing GPA shareholders for US\$1.4bn. Also known as Almacenes Éxito, the company operates 2,606 stores in South America selling everything from packaged foods and perishables to department store products ranging from electronics to furniture. These two bumper deals made up a quarter of what was only 7 transactions in the sector in Q3. Similarly, only 8 were made in the same period last year.



Latin America & the Caribbean (excl. Brazil) top 10 announced deals, Q3 2022

	Announced date	Bidder company	Target company	Sector	Vendor company	Deal value (US\$m)
1	29-Sep-22	Existing Shareholders	Sitios Latinoamerica SAB de C.V. (100% Stake)	TMT	America Movil SAB de C.V.	4,027
2	21-Sep-22	International Holdings Company P.J.S.C.	Grupo Nutresa S.A. (25% Stake)	Consumer		1,712
3	28-Jul-22	Sociedad Austral de Electricidad S.A.	Enel Transmision Chile S.A. (99.09% Stake)	Energy, mining & utilities	Enel Chile S.A.	1,562
4	28-Jul-22	Inchcape Plc	Derco (100% Stake)	Business services		1,540
5	05-Sep-22	Existing Shareholders	Almacenes Exito S.A. (83% Stake)	Consumer	Companhia Brasileira de Distribuicao	1,400
6	27-Jul-22	WestRock Company	Gondi, S.A. de C.V. (67.7% Stake)	Industrials & chemicals		1,300
7	31-Jul-22	Vinci S.A.; VINCI Airports S.A.S.	Grupo Aeroportuario Centro Norte, S.A.B. de C.V. (29.99% Stake)	Transportation	Fintech Advisory Inc.	1,170
8	11-Jul-22	Ganfeng Lithium Co., Ltd.	LitheA Inc. (100% Stake)	Energy, mining & utilities	Pluspetrol Resources Corporation N.V.	962
9	05-Jul-22	Phoenix Tower International; Phoenix Tower International Chile S.p.A.	WOM (2,334 telecommunication towers) (100% Stake)	TMT	WOM S.A.	930
10	16-Sep-22	Agnico Eagle Mines Limited	Minas de San Nicolas SAPI de C.V. (50% Stake)	Energy, mining & utilities	Cominco Ltd	580

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The EMU sector was also a major contributor of M&A value despite decreasing by 70% to settle at US\$3.3bn. Volume also fell precipitously, by 55% to 10 deals.

The largest of these was a sale of Enel's Chilean electricity transmission business to Sociedad Transmisora Metropolitana for US\$1.6bn. Enel Transmisión Chile operates 683km of transmission lines and manages 60 substations in Santiago's metropolitan area, 57 of which it owns.

In Argentina's mining sector, China's Ganfeng Lithium took over Lithea for US\$962m in a transaction that has strong secular tailwinds. Ganfeng supplies battery-grade lithium to electric vehicle (EV) makers and is one of many companies seeking to secure resources to meet soaring demand for EVs over the coming years.

Part of Latin America's expected slowdown over the next year is due to the more negative outlook on commodities, the region's richest assets. Lower global economic demand will mean the price of these foundational input materials will sink over the near term, but the long-term fundamentals remain strong and will underscore growth as inflation and interest rates finally begin to normalize.

About this report

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For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: www.mergermarket.com/pdf/deal_criteria.pdf



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