



Datasite Forecaster Spotlight on Industrials M&A

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



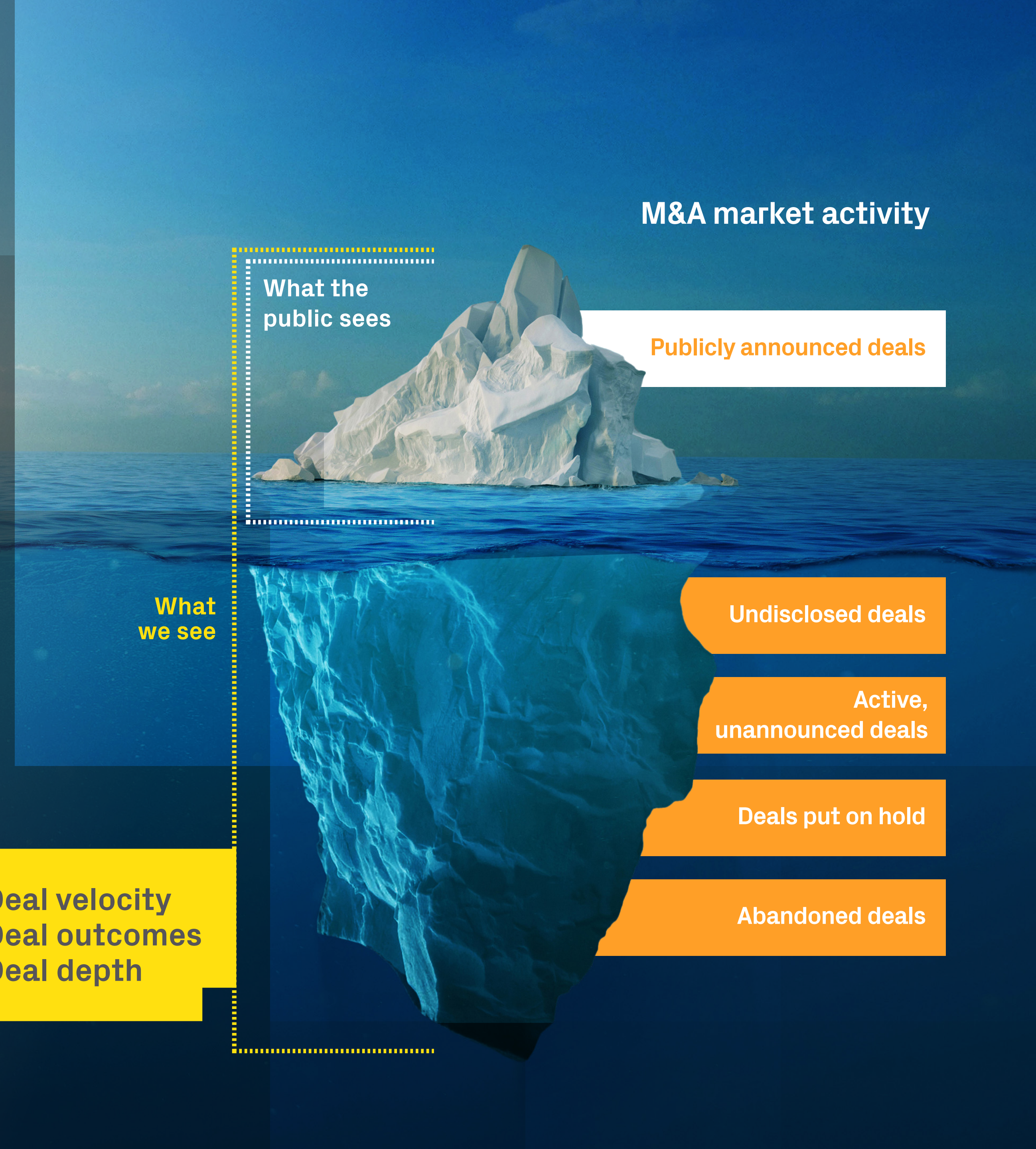
The Datasite view: Benchmark data and definitions

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

Definitions

- **Deal.** Datasite projects categorized as a financial transaction, including asset sales, asset purchases, capital raises, mergers, restructurings and partnerships & collaborations
- **Sell-side.** Datasite projects categorized as an asset sale or merger
- **Buy-side.** Datasite projects categorized as an asset purchase
- **Kickoff.** The day a new data room is created in Datasite Diligence or Acquire
- **Deal close.** When a deal successfully completes according to the deal administrator. Deal close benchmarks are based on 1 out of 100 deals

Deal velocity
Deal outcomes
Deal depth



Industrials' M&A outlook powers up

Six-month pipeline paves way to robust 2024

Spurred by cooling interest rates, industrials dealmakers are gearing up for a robust 2024, according to our rolling six-month M&A pipeline.

Three takeaways:

- 1 Industrials' sell-side pipeline is full; up 9% September 2023 to February 2024 from the same time last year. Expect the first wave of inventory to begin closing in 2Q 2024.
- 2 Sell-side close rates remained the same compared to the same time last year at 47 out of 100 deals, signaling healthy growth.
- 3 Meanwhile, the buy-side surge that started last year shows no signs of slowing down. Successfully closing those deals is another matter, however. Buy-side deal closes dropped 14 percentage points (pp) to 43 deals closed out of every 100, suggesting buyers' appetite is larger than their stomach.

A note on our data:

- Deal numbers may uplift slightly over time as unknown deals get reclassified
- Industrials data includes transportation and defense



Global Industrials' M&A pipeline*

+9%

Global sell-side
kickoffs

+100%

Global buy-side
kickoffs

0%

Percent point
change in sell-side
deal closes

-14%

Percent point drop
in buy-side deal
closes

*January –February 2024 compared to the same time last year

Sell-side kickoffs up 20% since January Americas lags EMEA in enthusiasm

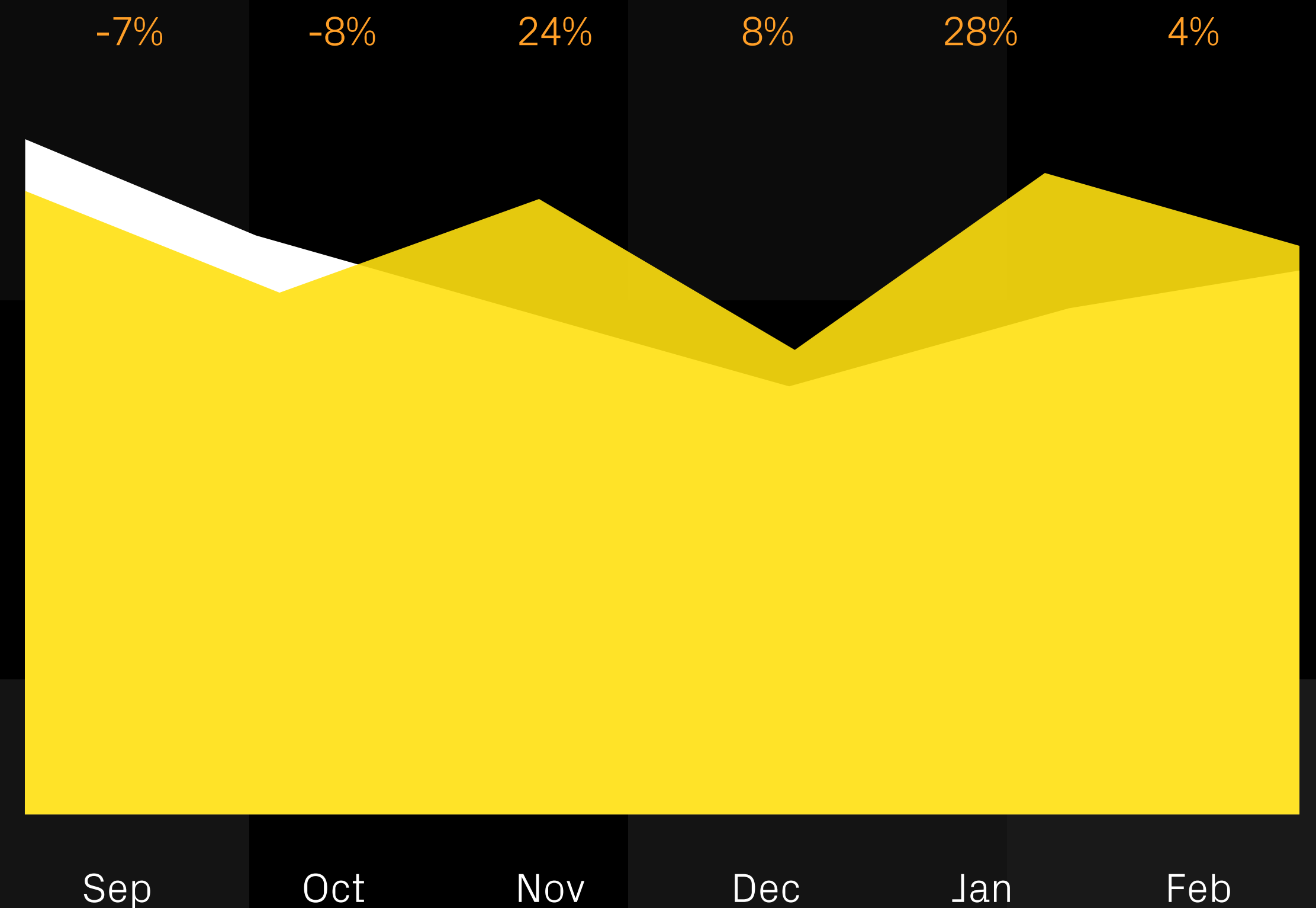
The first two months of 2024 are off to a roaring start for industrials M&A, with sell-side kickoffs up 20% from the same time last year.

Three takeaways:

- 1 Industrials' sell-side resurgence began in November, driven by EMEA dealmakers' rapid response to cooling inflation rates
- 2 EMEA enthusiasm grows stronger, with kickoffs up 27% this January and February compared to last year
- 3 While Americas dealmakers waited longer to jump back into the game, sell-side kickoffs rose 6% this January and February compared to last year

Industrials sell-side kickoffs

■ 2022-2023 ■ 2023-2024 ■ Monthly kickoffs YoY



Industrials market health solid, with some tender spots

What does the overall health of the industrials M&A market look like?

In this snapshot we looked at the last six months of industrials sell-side activity compared to the same time last year by both kickoffs and change in successful deal closes.

Four takeaways:

- 1 Globally, the industrials market looks stable, with a 9% uptick in kickoffs and stable deal close rates
- 2 The EMEA surge in process kickoffs may be negatively impacting dealmakers on the back end, with a 4 percentage point (pp) drop in successful deal closes out of every 100 deals
- 3 The reverse appears true in the Americas, where dealmakers are seeing a 4 pp gain in successful deal closes
- 4 Finally, market health looks strongest overall in the \$10-\$1bn size range, a positive signal for the mid-market

Industrials market health scorecard

Six-month sell-side activity: Sept 2023 – Feb 2024 compared to the same period the year before

	Sell-side pipeline	Deal close pp change	Deal close pp change 10m – 1bn size range
Global	▲ 9%	■ 0%	▲ 1%
AMERs	▼ -4%	▲ 4%	▲ 2%
EMEA	▲ 16%	▼ -4%	■ 0%

A note on our deal close data:

- We review deal closes based on 1 out of 100 deals run on Datasite
- Percentage point changes show whether the chances of successfully closing a deal have increased, decreased, or remained the same over time

2023 industrials regional rankings by total sell-side kickoffs and closes

Germany led the way in total industrials sell-side kickoffs in 2023, dislodging the US South from its top spot in 2022. Meanwhile, the Nordics made their way into the top five rankings by kickoffs, booting the US Northeast from its spot in 2022.

The true winner may be the US South, however, who took first place two years in a row for most successful deal closes. The ramp up in German kickoffs may not have been in vain, however, as Germany moved up the deal close ladder to take the third spot after the US Midwest.

Top five regions by total sell-side kickoffs

	2022	2023
1	US South	▲ Germany
2	Germany	▼ US South
3	US Midwest	■ US Midwest
4	France	■ France
5	US Northeast	▲ Nordics

Top five regions by total deal closes

	2022	2023
1	US South	■ US South
2	US Midwest	■ US Midwest
3	US Northeast	▲ Germany
4	Germany	▲ France
5	US West	▼ US Northeast

Conclusion

After a one-year breather, industrials M&A deal flow looks bright for the rest of 2024.

Questions we're tracking:

- As the EMEA surge of sell-side deals moves through the pipeline, will close rates stabilize?
- Will Americas industrials make a full recovery?
- Will buy-side-driven activity subside as the sell-side market strengthens?





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