

Datasite Forecaster

March 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 deal.** Datasite projects categorized as an asset sale or merger
- **M&A 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.

March: Dealmakers on the sidelines move in

Dealmakers standing on the sidelines in January jumped into February with deal kickoff gusto, signaling growing optimism for the 2023 M&A outlook.

- February kick-offs increased 15% from January. After the January starting bell, dealmakers historically take a breath in February, with deal kick-offs plateauing or dipping slightly. The robust uptick suggests increased confidence in M&A market conditions.
- Our year-over-year analysis supports this view. February numbers dropped only 8% YoY from the ballooning heights of February 2022, and were up 21% from a red-hot February of 2021.
- Another sign of market optimism: the most recent 12 months of M&A pipeline volume dropped 3% compared to the prior year timeframe. This 3% drop is a sign that dealmakers continue to close out lingering 2022 inventory.

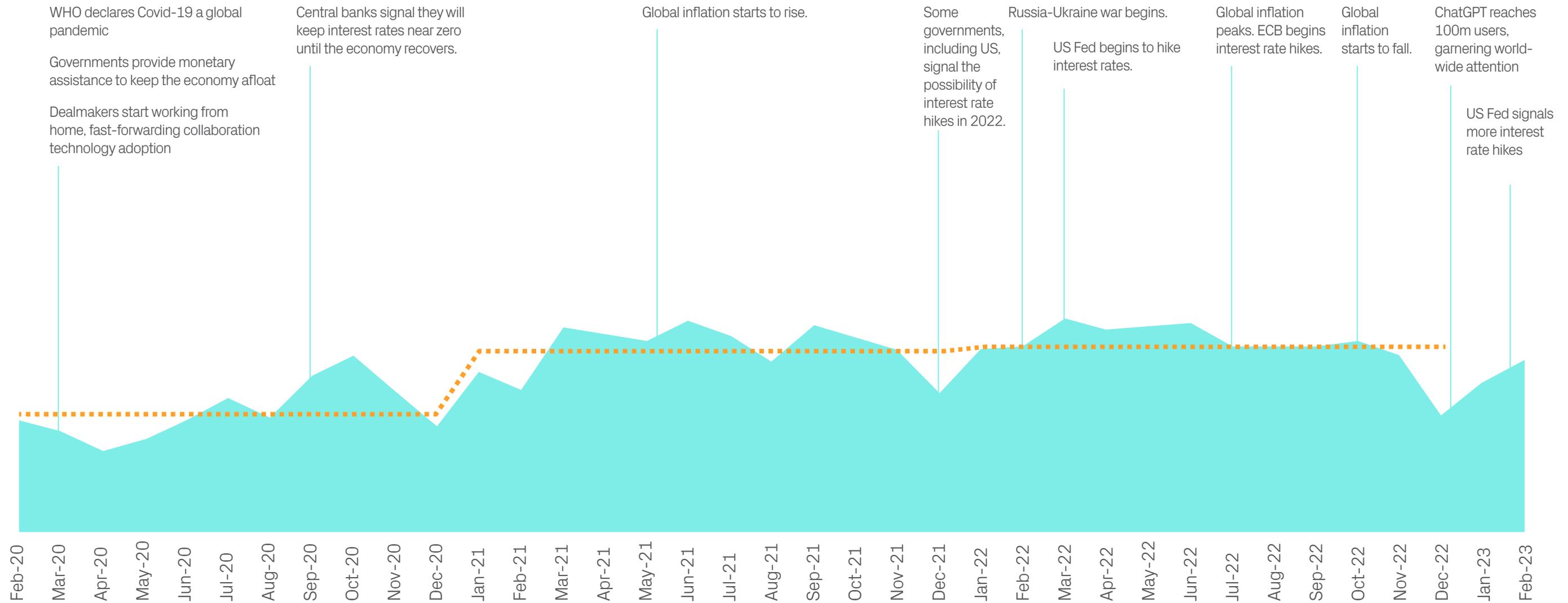
15%

increase in deal kick-offs
Jan 2023 to Feb 2023

-3%

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

Global: 2023 positive momentum kicks up a notch



WHO declares Covid-19 a global pandemic
Governments provide monetary assistance to keep the economy afloat
Dealmakers start working from home, fast-forwarding collaboration technology adoption

Central banks signal they will keep interest rates near zero until the economy recovers.

Global inflation starts to rise.

Some governments, including US, signal the possibility of interest rate hikes in 2022.

Russia-Ukraine war begins.

US Fed begins to hike interest rates.

Global inflation peaks. ECB begins interest rate hikes.

Global inflation starts to fall.

ChatGPT reaches 100m users, garnering world-wide attention

US Fed signals more interest rate hikes

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, as well as the monthly yearly average to provide insight into seasonal cyclicity.

- 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.

Global sale kickoffs February 2020 – 2023

■ Sale kickoffs (volume) ■ Global yearly average

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

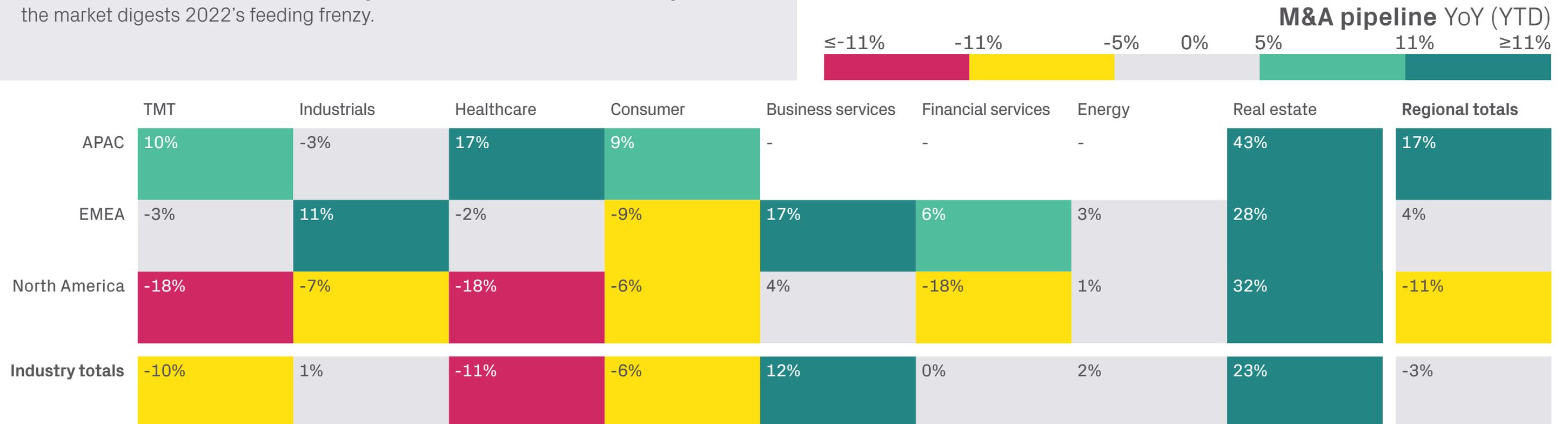
Our 12-month rolling comparison of total ongoing M&A processes: Mar 22 - Feb 23 vs Mar 21 - Feb 22

The most recent 12 months of M&A pipeline volume dropping 3% from the prior year timeframe is not a bad sign. Rather, it indicates the market continues to close out inventory from last year.

Looking at how our Forecaster heat map shifted from January to February, TMT took the biggest hit, cooling an additional 5%. North America fell 8% suggesting TMT dealmakers raced to close out deals in February.

Industrials dealmakers also were on the move, clearing out 5% of global inventory. Given the surfeit of industrials deals last year, look for industrials to cool this year as the market digests 2022's feeding frenzy.

Other sectors with lots of churn this month include financial services and energy. Both pipelines ticked up 4% this month from -4% and -2% the month before, respectively. In financial services, North America dealmakers appeared busy clearing out inventory, with a 10% drop from the month before; meanwhile, EMEA dealmakers ramped up deal kickoffs, with a 5% uptick from January. In energy, North America and EMEA dealmakers appeared aligned, kicking off new processes for a total 4% swing.



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.

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.

From this data we have produced:

- 1) Informed estimates about future deal volumes
- 2) Heat maps of total ongoing M&A activity by geography and industry.

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

180
countries covered

50+
years of experience

We are Datasite

Datasite is where deals are made. Driving M&A in more than 180 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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