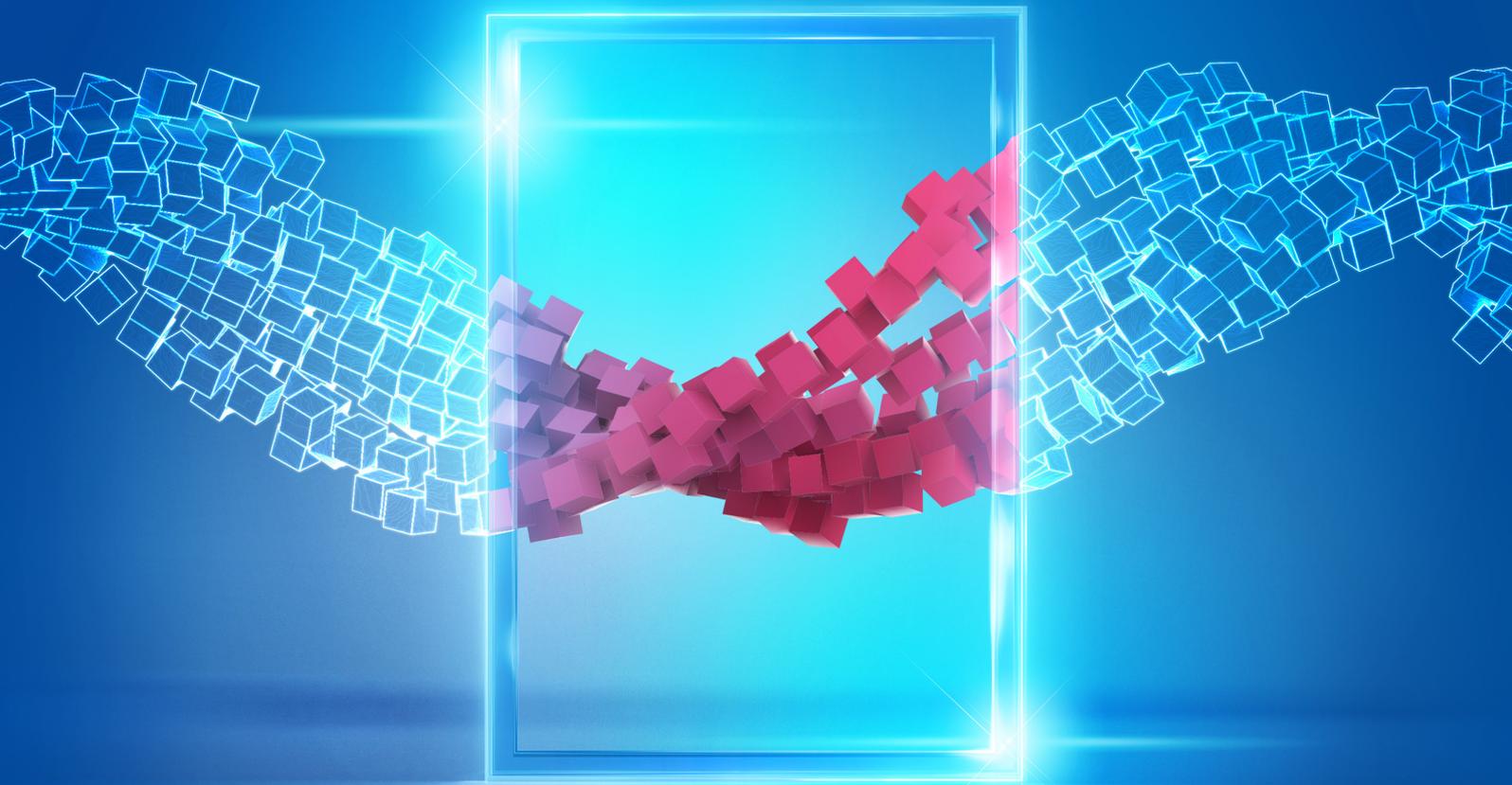




M&A Outlook 2022

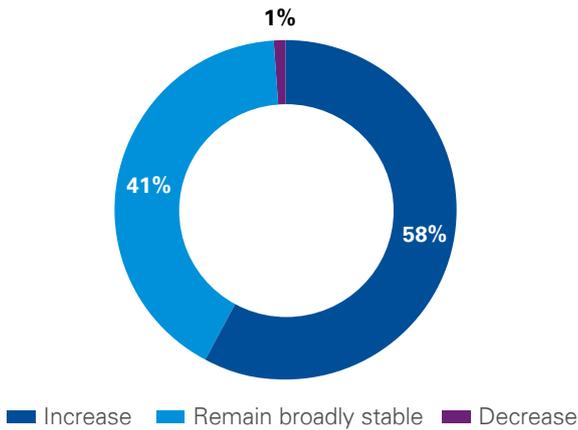
What's next for dealmaking?



Your Partner For What's Next

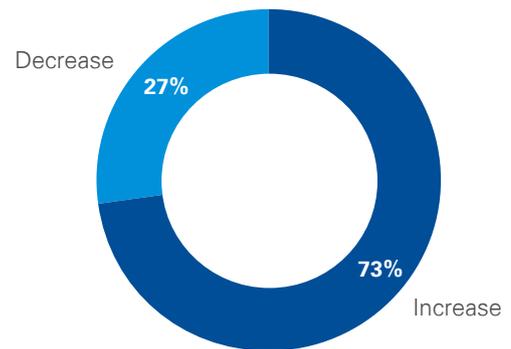
DEAL VOLUMES

58% of respondents anticipate 2022 deal volumes to increase above 2021 levels. 2021 was a buoyant year for M&A, this trend is set to continue driven by the availability of capital and strong business confidence.



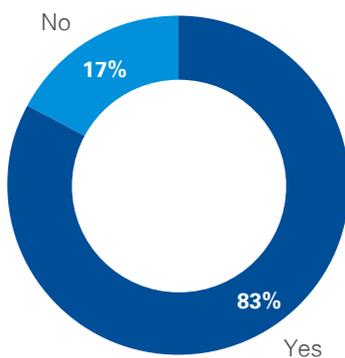
DEAL MULTIPLES

73% of M&A leaders expect deal multiples to increase in 2022. Strategic and financial buyers continue to compete for high quality Irish assets, with persistent interest from international players. Private equity continues to sit on substantial dry powder.



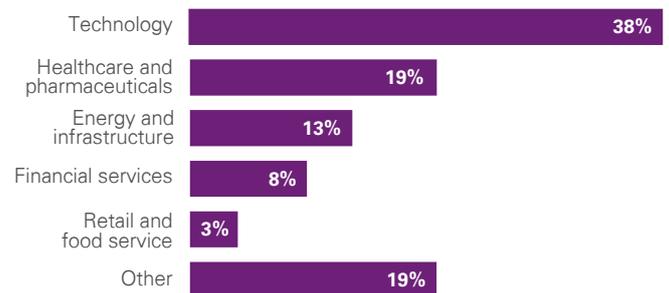
PURSUING M&A

In a **positive outlook** for deal activity, **83% of respondents intend to pursue M&A opportunities in 2022.** Ireland continues to provide high quality assets, with funding readily available from domestic and international private equity and corporates alike.



SECTOR ACTIVITY

In line with 2021, it is not surprising that **Technology and Healthcare** are expected to be the most active sectors. Tech enabled assets continue to be highly sought after to support long term value creation. Respondents also expect an increase in energy and infrastructure M&A with many investors increasing their focus on the ESG agenda.

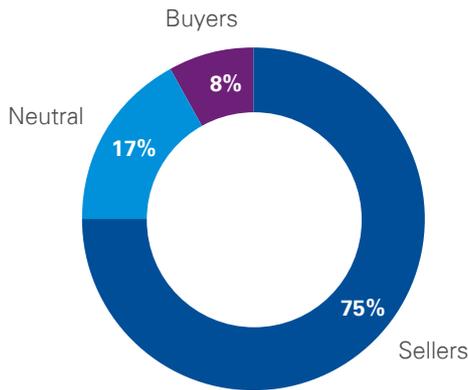


" 2022 looks to be another busy year for M&A activity, with dealmakers indicating increased deal volumes with market multiples expected to continue to harden due to continued competition amongst buyers for high quality Irish targets. The survey highlighted increased activity amongst the private equity community which is evident from 2021 activity. "

- Mark Collins, Partner, Head of Deal Advisory

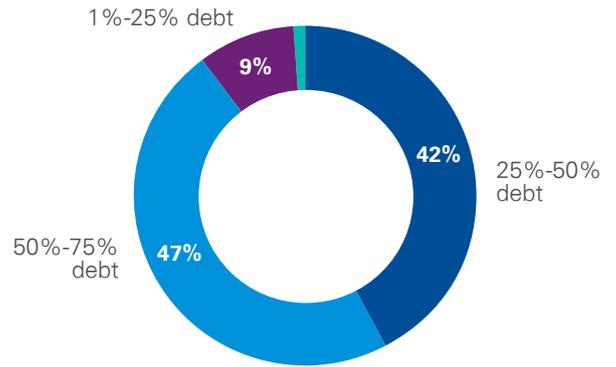
BUYERS' OR SELLERS' MARKET

75% of M&A leaders expect 2022 to be a sellers' market driven by continued competition for high quality Irish targets amongst both international and domestic investors. This is consistent with participants expectations that deal multiples will continue to increase.



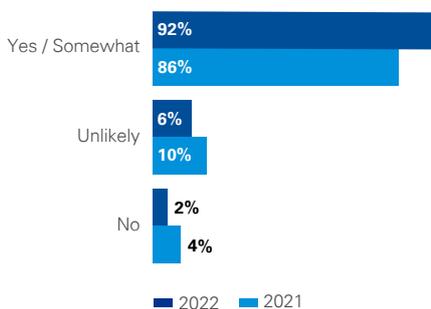
DEBT FUNDING

The majority of respondents would consider **funding 50-75% of a transaction with debt** in 2022, the optimum financial leverage. Traditional banks and non-bank lenders both internationally and domestically continue to be supportive of Irish M&A transactions.



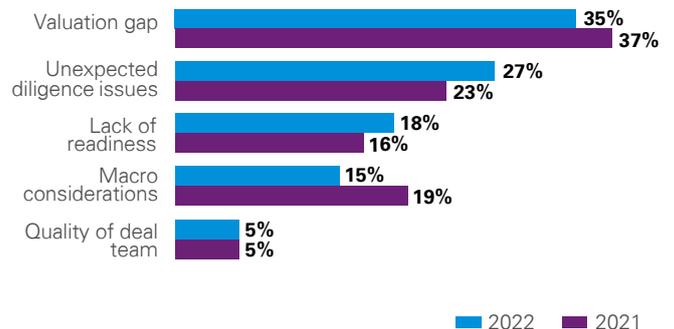
SUSTAINABILITY

92% of participants will factor sustainability into their 2022 M&A considerations. ESG will increasingly impact decision making as operating models become subject to more stringent sustainability requirements.



DEAL FAILURE

Valuation gaps were once again identified as a primary inhibitor of Irish M&A activity. A growing proportion of respondents identified lack of readiness and unexpected diligence issues as potential inhibitors, as sellers seek to capitalise on current market valuations, without investing sufficient time in deal preparation.

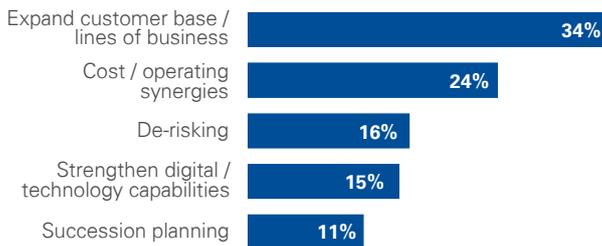


" While the exit of Ulster Bank from the Irish market reduced the options available to borrowers we are still seeing strong appetite from domestic lenders. We have noted that those seeking the most flexible terms may need to investigate less obvious approaches to funding. "

- Hazel Cryan, Director, Head of Debt Advisory

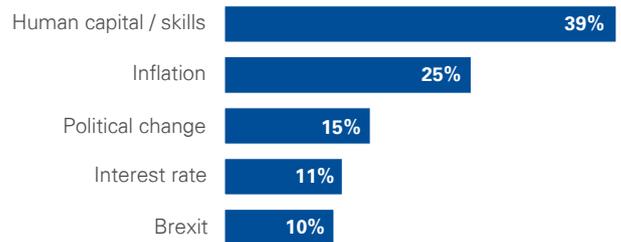
SHAREHOLDER CONSIDERATIONS

Respondents cited **commercial ambitions, to expand existing business and create synergies** as the primary objectives of deal activity in 2022. Unlocking value will require careful assessment of target revenue and margin profiles to achieve alignment with long term growth ambitions.



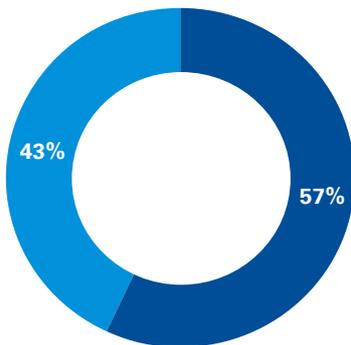
INHIBITORS TO M&A

39% of respondents identified a **lack of available human capital and skills shortages** as primary barriers to deal activity in 2022. As companies continue to move towards new working models, recruitment of sufficiently skilled employees will continue to prove challenging. Implications of rising inflation will also need to be carefully considered.



FINANCIAL OR STRATEGIC BUYER

57% of participants expect private equity to complete the highest volume of transactions in Ireland in 2022. This trend has emerged over recent years with increased investment in Irish targets by both domestic and international private equity funds. Activity will likely be focused on crystallising gains through sale or increased investment from the establishment of new funds.



■ Financial buyers / sellers ■ Strategic buyers / sellers

GREATER DEAL MAKING

As highlighted in previous surveys, a **strong network** is crucial to ensure that opportunities aligned to deal makers' corporate strategy and objectives are brought to their attention. Of increasing importance is appropriate investment in sell side preparation ensuring a smoother deal making process.



" Dealmakers cited the sustainability agenda and lack of human capital as core M&A considerations. The skills gap has been challenging for several industries post pandemic. Clients have been focused on attracting and retaining talent in order to create and maintain value. "

- David O'Kelly, Partner, Corporate Finance

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