

VISIONARY INVESTMENT BANKING



**RAPTOR**  
PARTNERS

## **Mergers & Acquisitions Monitor Winter 2023**

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## 2022 M&A Highlights

- **Global M&A:** Deal activity in 2022 cooled from 2021’s scorching pace as M&A volume declined 11.4%, and deal value fell 34.3%. Market headwinds, such as rapidly accelerating inflation, interest rate hikes, lower stock prices, and the Russia-Ukraine war, grew stronger throughout the year.
- **U.S. M&A:** Deal volume fared slightly worse as activity fell 14.3% and aggregate value dropped by 38.1%. Dealmaking and aggregate deal value steadily declined as the year progressed due to market conditions worsening each quarter.
- **Cross-Border:** Worldwide inflation and heightened geopolitical tensions drove 2022 total cross-border M&A deal value 46% lower than in 2021. Deal value from foreign acquisitions of U.S. companies accounted for 52% of the total cross-border value.
- **U.S. Private Equity Acquisitions:** In the face of a complex macroeconomic and geopolitical backdrop, U.S. private equity buyout volume fell 20.0%, and aggregate value fell 27.5% from the previous year. Firms are increasingly turning to “buy and build” strategies, as 78% of all buyouts were add-on acquisitions rather than platform investments.
- **U.S. Private Capital & Exits:** In 2022, U.S. PE firms raised \$343 billion across 405 funds, and 83% of that capital was raised for funds of greater than \$1 billion. U.S. PE exits fell off significantly in 2022 as the exit count fell 39% and exit value fell 66%. U.S. private equity dry powder contracted by 10.9% in 2022 to \$787.5 billion, the first down year since 2008, due to record deployment in late 2021.
- **2023 Outlook:** Despite major geopolitical and financial headwinds, global M&A activity for middle market deals was resilient in 2022. While macroeconomic uncertainty has forced dealmakers to temper prior expectations for 2023 and reassess their strategies, market participants still believe significant M&A opportunities exist in the current deal climate.



has been acquired by

**LANTRONIX, INC.**

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*Raptor Partners acted as financial advisor to Uplogix, Inc. and assisted in the negotiations.*




has acquired

**WIREBENDERS INC.**

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*Raptor Partners acted as financial advisor to Spang & Company and assisted in the negotiations.*



- **Trusted Advisor**
- **\$40+ Billion Transactions Completed**
- **400+ Engagements**
- **Senior-Level Attention at All Phases**
- **Private and Public Company Clients**
- **Focused Industry Experience**

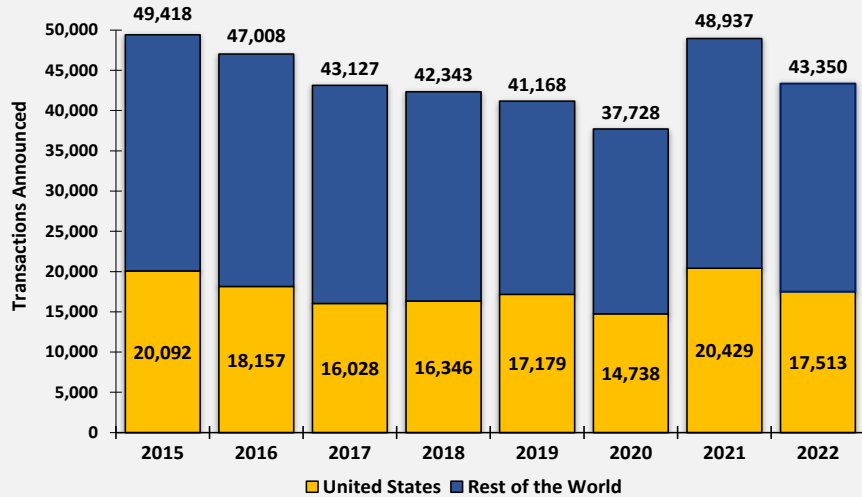
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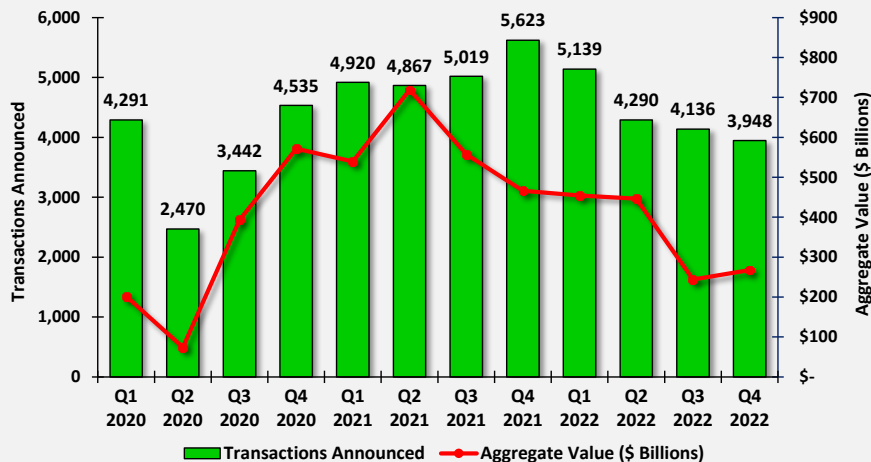
# MERGERS & ACQUISITIONS ACTIVITY

## U.S. vs. Global M&A Deal Count



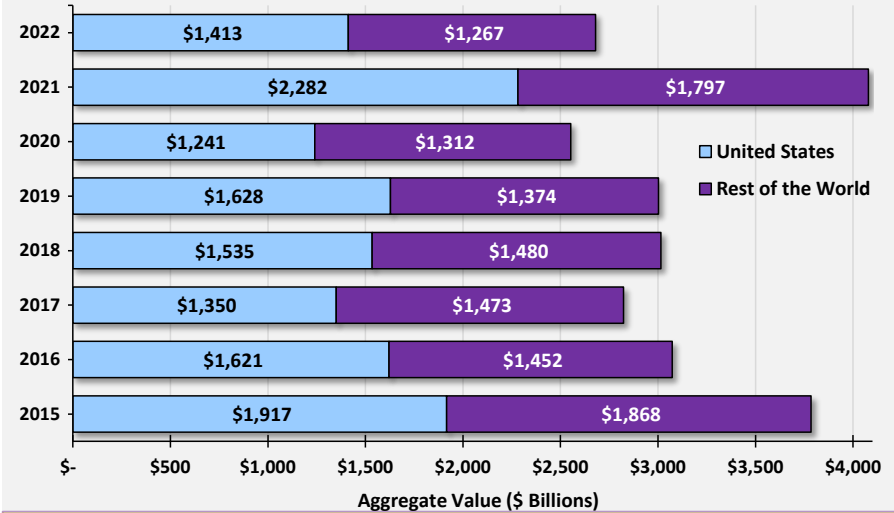
Global M&A deal activity in 2022 declined by 11.4% from 2021, while U.S. M&A deal volume was down 14.3%.

## U.S. Quarterly M&A Volume & Value



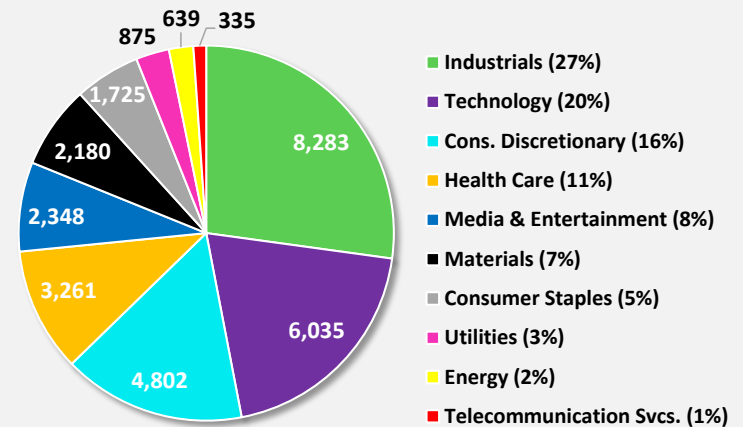
U.S. M&A deal activity started strong in Q1 2022; however, dealmaking steadily declined as the year progressed.

## U.S. vs. Global M&A Aggregate Deal Value



Global M&A deal value in 2022 fell 34.3% compared to 2021, while the U.S. M&A deal value dropped by 38.1%.

## 2022 M&A Deal Volume by Sector

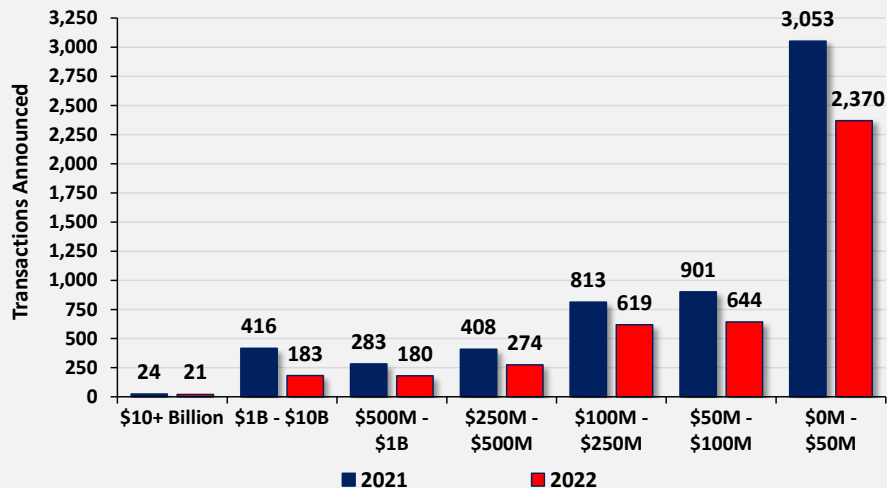


Data: YTD as of December 31, 2022, global

Industrial, Technology, and Consumer Discretionary sectors were most active M&A in 2022, accounting for 63% of deals.

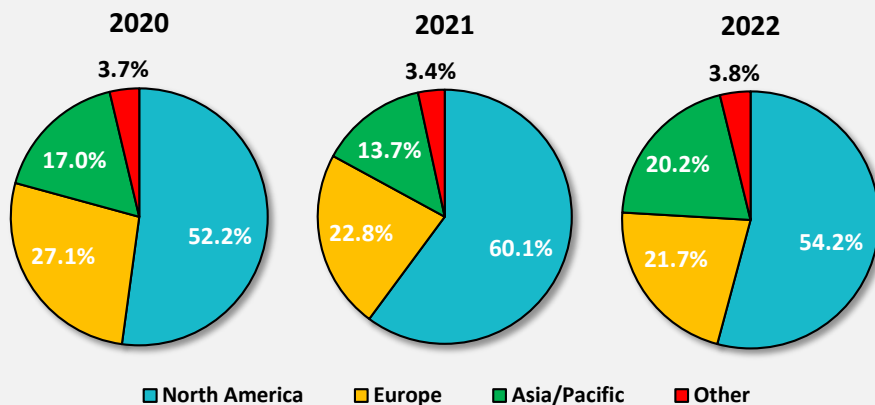
# MERGERS & ACQUISITIONS ACTIVITY

## U.S. M&A Volume by Deal Size



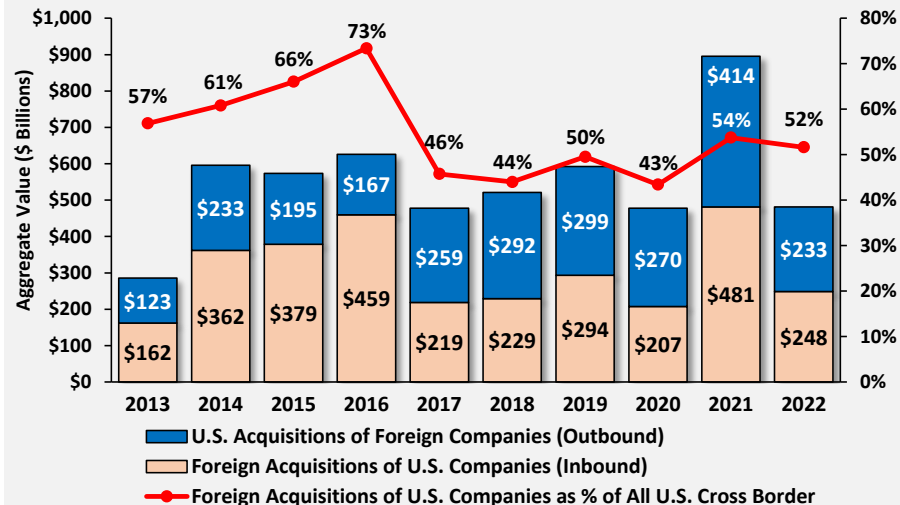
Larger valued U.S. transactions (above \$500M) fell by 46.9% in 2022, contributing to a 38.1% drop in U.S. deal value for the year.

## % of Total Deal Value by Geographic Region



North American M&A deal value accounted for 54.2% of the total global deal value in 2022, down from 60.1% in 2021.

## U.S. Inbound vs. Outbound Cross-Border Activity



2022 total cross-border M&A deal value fell by 46%.  
Inbound U.S. deal value accounted for 52%.

## Median M&A Control Premiums & Minority Discounts

Median M&A Control Premiums							
Years Ended December 31,							
Premiums	2016	2017	2018	2019	2020	2021	2022
One Day	26.7%	25.5%	23.0%	22.1%	24.7%	24.3%	39.2%
One Week	30.0%	27.5%	27.1%	25.4%	28.4%	26.0%	41.4%
Four Week	29.7%	33.1%	31.3%	29.1%	31.9%	36.9%	49.0%

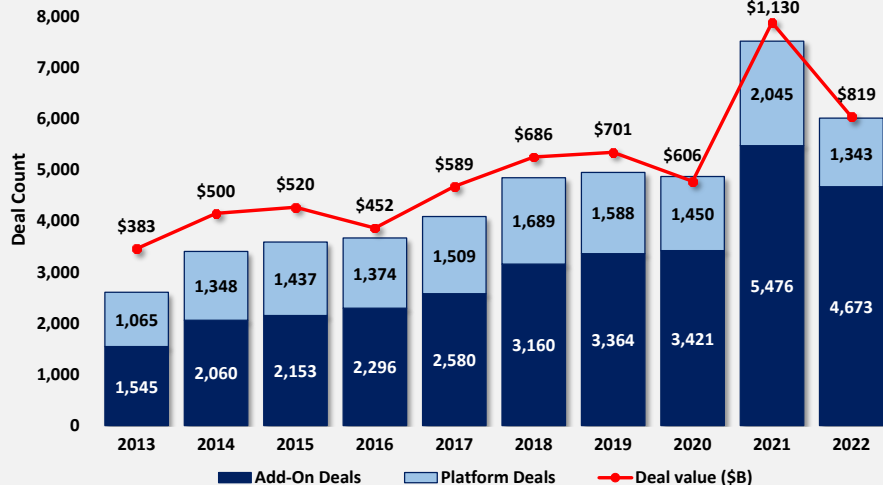
  

Median M&A Minority Discounts							
Years Ended December 31,							
Discounts	2016	2017	2018	2019	2020	2021	2022
One Day	-21.1%	-20.3%	-18.7%	-18.1%	-19.8%	-19.5%	-28.2%
One Week	-23.1%	-21.6%	-21.3%	-20.3%	-22.1%	-20.6%	-29.3%
Four Week	-22.9%	-24.9%	-23.8%	-22.5%	-24.2%	-27.0%	-32.9%

A declining equity market and the increased economic uncertainty  
Increased control premiums past the levels of prior years.

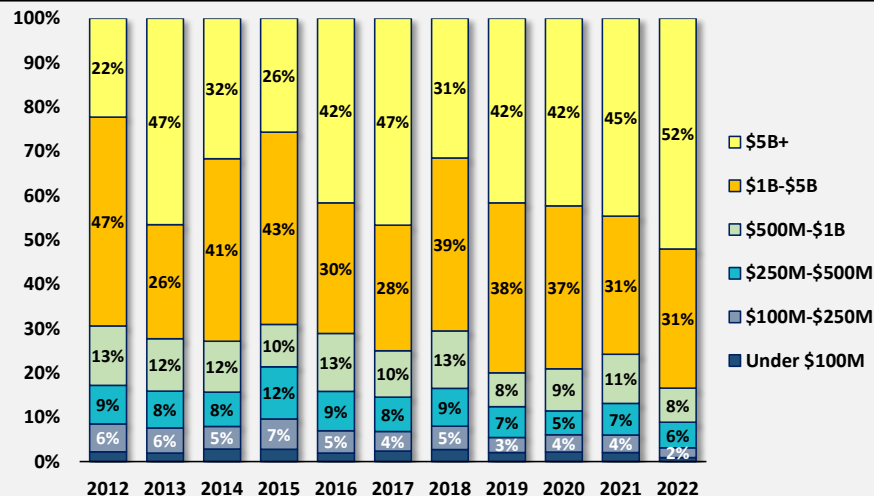
# U.S. PRIVATE EQUITY ACTIVITY

## Buyout M&A Volume & Value



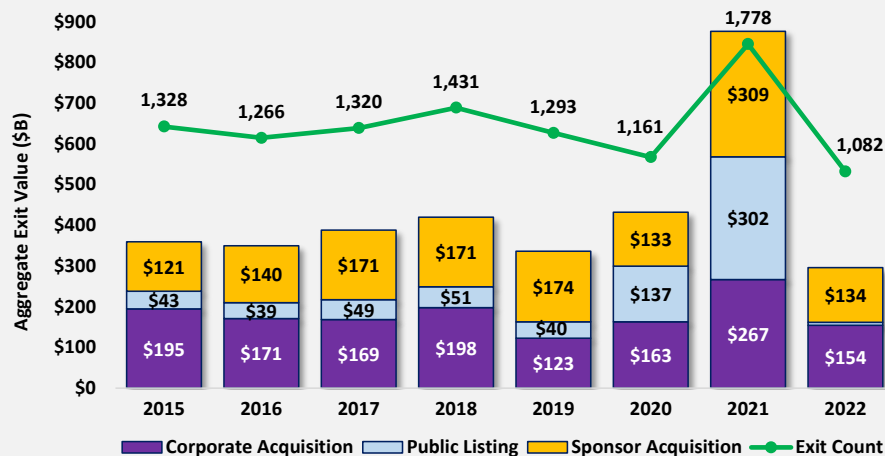
U.S. private equity buyout volume fell 20.0%, and value fell 27.5%. 78% were add-on deals.

## U.S. Private Equity Capital Raised by Fund Size (\$)



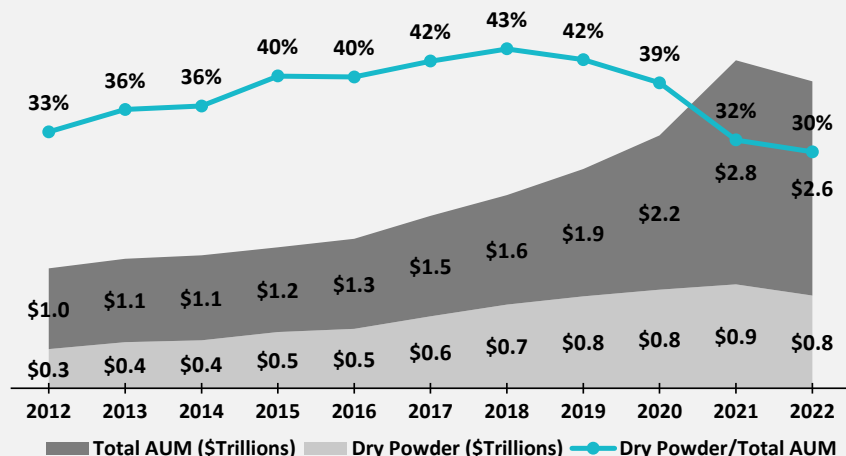
In 2022, U.S. PE firms raised \$343 billion. Fundraising is expected to temper in 2023.

## Exit Volume and Value by Type



U.S. PE exits fell by 39% in 2022, and exit value fell 66%. IPO exits were nearly nonexistent as public market conditions suffered.

## Dry Powder vs. Total Assets Under Management



While still historically high, U.S. dry powder shrank by 10.9% in 2022 to \$787.5 billion, the first down year since 2008.

# LARGEST U.S. M&A TRANSACTIONS ANNOUNCED

Date	Target	Acquiror	Enterprise Value	Industry
05/26/2022	Vmware, Inc. (NYSE:VMW)	Broadcom Inc. (NasdaqGS:AVGO)	\$69.2 B	Information Technology
01/18/2022	Activision Blizzard, Inc. (NasdaqGS:ATVI)	Microsoft Corporation (NasdaqGS:MSFT)	\$69.0 B	Media & Entertainment
04/14/2022	Twitter, Inc. (NYSE:TWTR)	Elon Musk; Investor Group	\$44.0 B	Media & Entertainment
10/14/2022	Albertsons Companies, Inc. (NYSE:ACI)	The Kroger Co. (NYSE:KR)	\$30.6 B	Consumer Staples
09/15/2022	Figma, Inc.	Adobe Inc. (NasdaqGS:ADBE)	\$19.4 B	Information Technology
01/31/2022	Citrix Systems, Inc. (NasdaqGS:CTXS)	Vista Equity Partners; Evergreen Coast Capital	\$16.7 B	Information Technology
11/01/2022	Abiomed, Inc. (NasdaqGS:ABMD)	Johnson & Johnson (NYSE:JNJ)	\$16.6 B	Health Care
05/04/2022	Black Knight, Inc. (NYSE:BKI)	Intercontinental Exchange, Inc. (NYSE:ICE)	\$16.4 B	Information Technology
03/29/2022	Nielsen Holdings plc (NYSE:NLSN)	Brookfield Business Partners L.P. (NYSE:BBU); Evergreen Coast Capital	\$15.8 B	Communication Services
10/31/2022	Climate Technologies Business of Emerson Electric Co. (NYSE:EMR)	Blackstone Inc. (NYSE:BX); Abu Dhabi Investment Authority; GIC Private Limited	\$14.0 B	Industrials
02/28/2022	First Horizon Corporation (NYSE:FHN)	The Toronto-Dominion Bank (TSX & NYSE:TD)	\$13.6 B	Financials
08/17/2022	DCP Midstream, LP (NYSE:DCP)	Phillips 66 (NYSE:PSX)	\$13.2 B	Energy
01/10/2022	Zynga Inc. (NasdaqGS:ZNGA)	Take-Two Interactive Software, Inc. (NasdaqGS:TTWO)	\$12.7 B	Media & Entertainment
05/10/2022	Biohaven Pharmaceutical Holding Company Ltd. (NYSE:BHVN)	Pfizer Inc. (NYSE:PFE)	\$11.9 B	Pharmaceuticals
03/21/2022	Alleghany Corporation (NYSE:Y)	Berkshire Hathaway Inc. (NYSE:BRK.A)	\$11.4 B	Financials
02/18/2022	Mobility and Materials Business of DuPont de Nemours, Inc.	Celanese Corporation (NYSE:CE)	\$11.0 B	Industrials
05/11/2022	Switch, Inc. (NYSE:SWCH)	DigitalBridge Group, Inc. (NYSE:DBRG); IFM Investors	\$10.6 B	Information Technology
03/20/2022	Anaplan, Inc. (NYSE:PLAN)	Thoma Bravo, L.P.	\$10.1 B	Information Technology
06/24/2022	Zendesk, Inc. (NYSE:ZEN)	Hellman & Friedman LLC; Permira Advisers LLC, GIC Pte. Ltd.; Abu Dhabi Investment Authority	\$9.9 B	Information Technology
11/07/2022	City Practice Group of New York, LLC (dba: Summit Health-CityMD)	Village Practice Management Company, LLC (Walgreens Boots Alliance, Inc. (NasdaqGS:WBA)) (dba: VillageMD)	\$8.9 B	Health Care
02/22/2022	TEGNA Inc. (NYSE:TGNA)	Standard General L.P.	\$8.8 B	Media & Entertainment
08/08/2022	Avalara, Inc. (NYSE:AVLR)	Vista Equity Partners Management, LLC	\$8.4 B	Information Technology
04/07/2022	CDK Global, Inc.	Brookfield Business Partners L.P. (NYSE:BBU)	\$8.2 B	Information Technology
12/12/2022	Coupa Software (NasdaqGS:COUP)	Thoma Bravo, L.P.; Abu Dhabi Investment Authority	\$8.0 B	Information Technology
10/11/2022	Westinghouse Electric Company LLC	Brookfield Renewable Partners L.P. (TSX:BEP.UN); Affiliates of Brookfield Asset Management Inc.; Cameco Corporation (TSX:CCO)	\$7.9 B	Industrials

Largest M&A Deals YTD, as of December 31, 2022.

All transactions based on Announced Date and Implied Enterprise Value of transaction

Source: S&P Capital IQ

Excludes REIT deals.

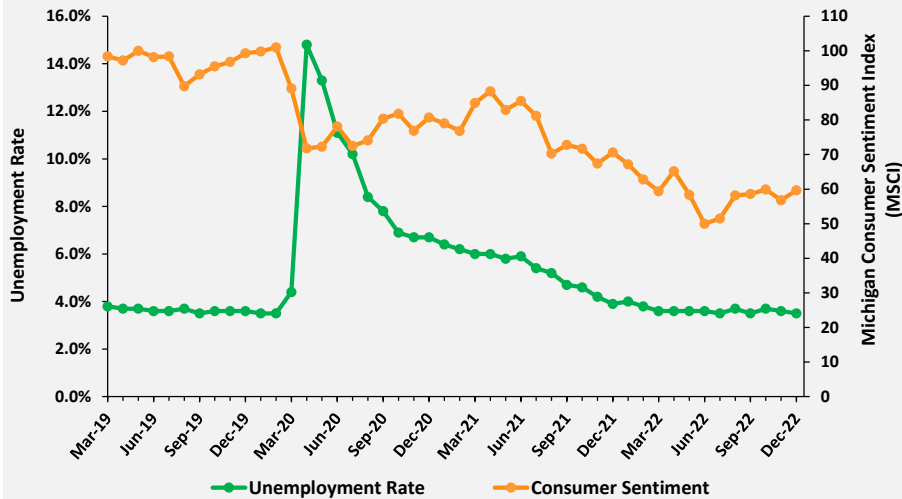
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Red highlighted acquirors are private equity investment firms or investors.



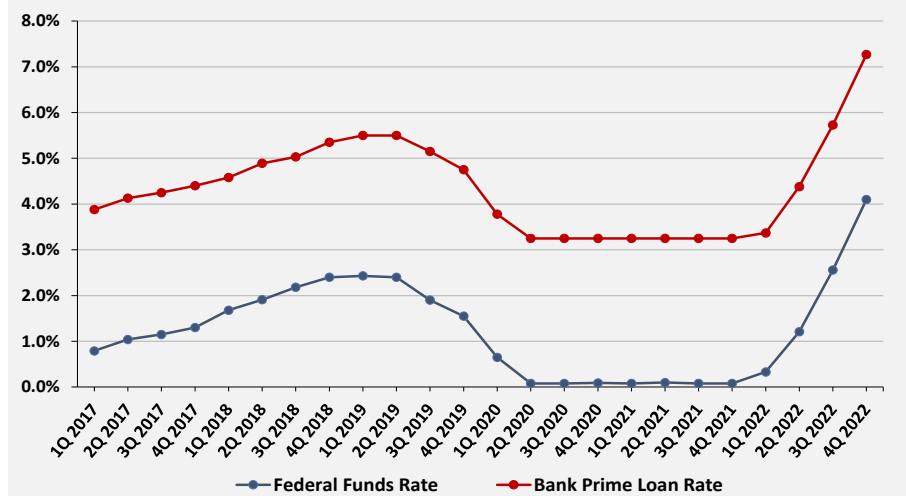
# ECONOMIC INDICATORS

## Unemployment Rate & Consumer Sentiment



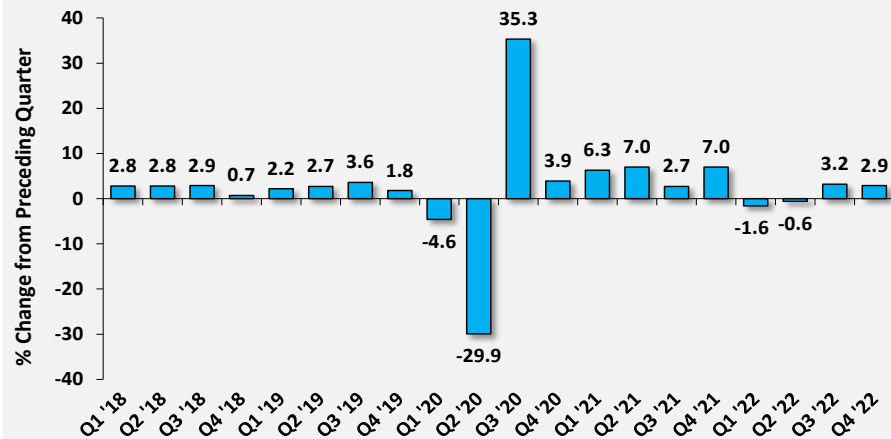
The U.S. unemployment rate declined to 3.5% by the end of 2022. Consumer sentiment hit an all-time low of 50.0 in June.

## Federal Funds Rate & Prime Lending Rate



The Federal Reserve aggressively raised rates in 2022 to combat inflation, pushing borrowing costs to the highest level since 2007.

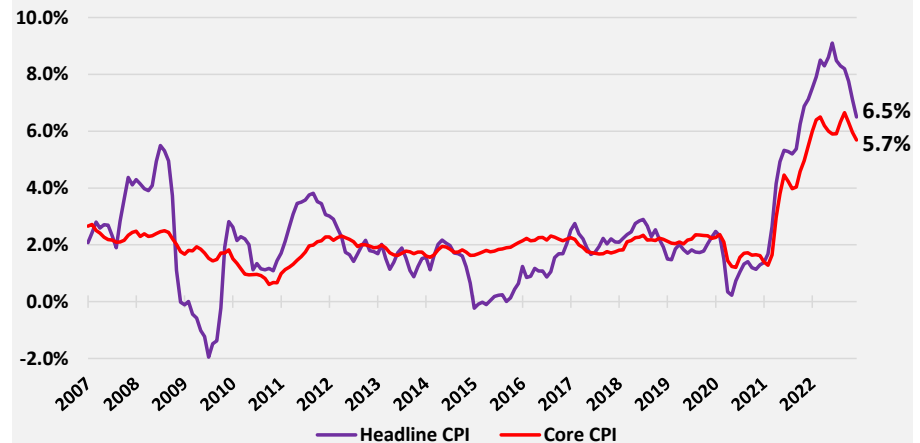
## U.S. Real GDP: % Change from Preceding Quarter



\* Seasonally adjusted at annualized rates. Q4 '22 GDP is advanced estimate from Bureau of Economic Analysis, January 26.

The U.S. GDP contracted in two straight quarters to begin 2022. GDP rebounded and is estimated to have grown 2.9% in Q4.

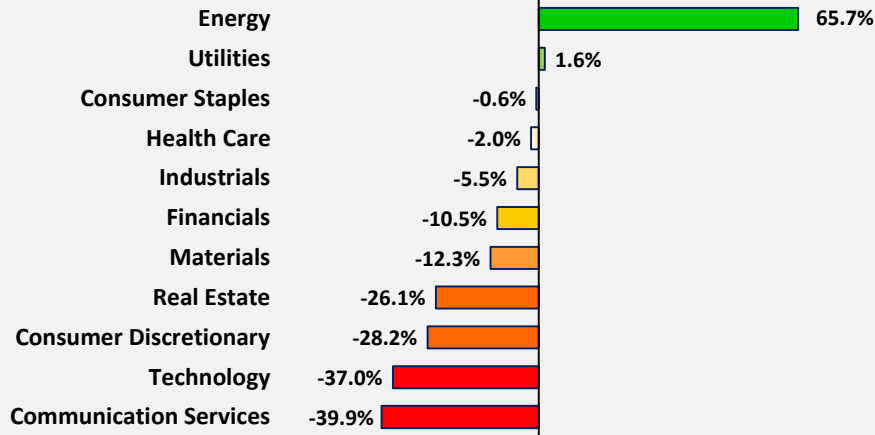
## Consumer Price Index: % Change from a Year Ago



The U.S. Consumer Price Index increased 6.5% at the end of Q4 from a year earlier, easing from a 40-year high of 9.1% in June.

# STOCK AND TREASURY MARKET PERFORMANCE

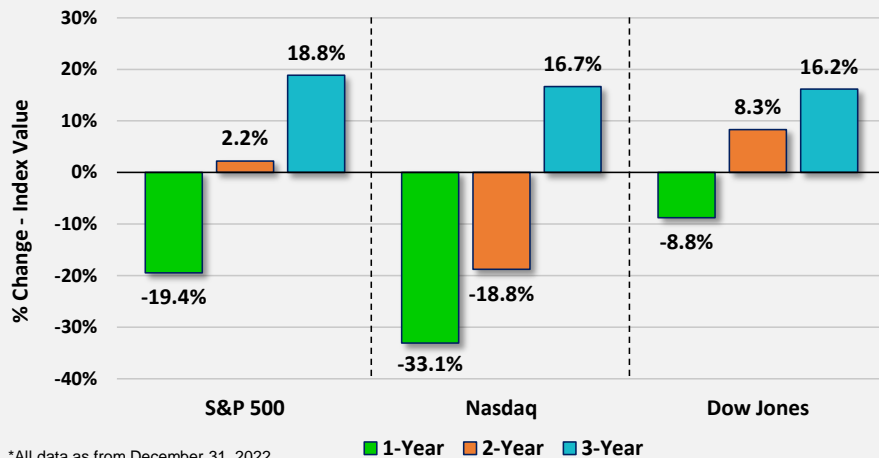
## S&P 500 Sector Performance



\*YTD Data as of December 31, 2022. Performance based on total return.  
Source: S&P Capital IQ. Based on S&P 500 industry groups.

Driven by oil supply concerns and soaring energy prices, the Energy sector of the S&P 500 posted a 65.7% gain in 2022.

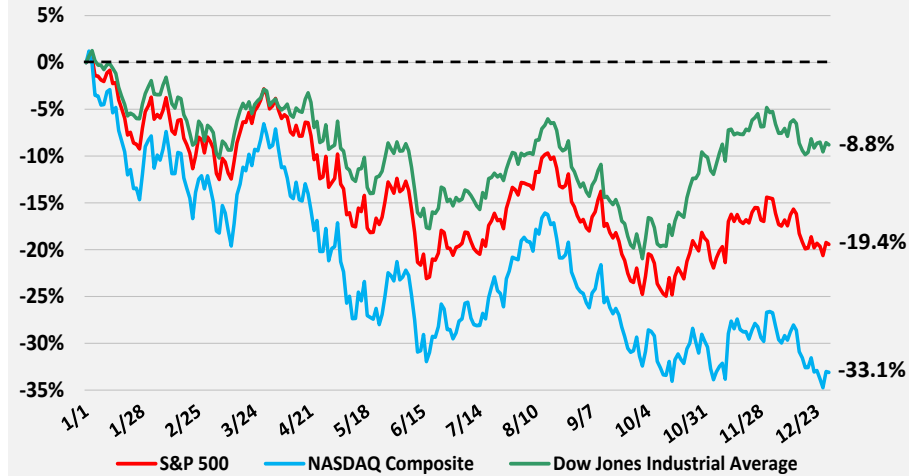
## Historical Major Stock Index Performance



\*All data as from December 31, 2022

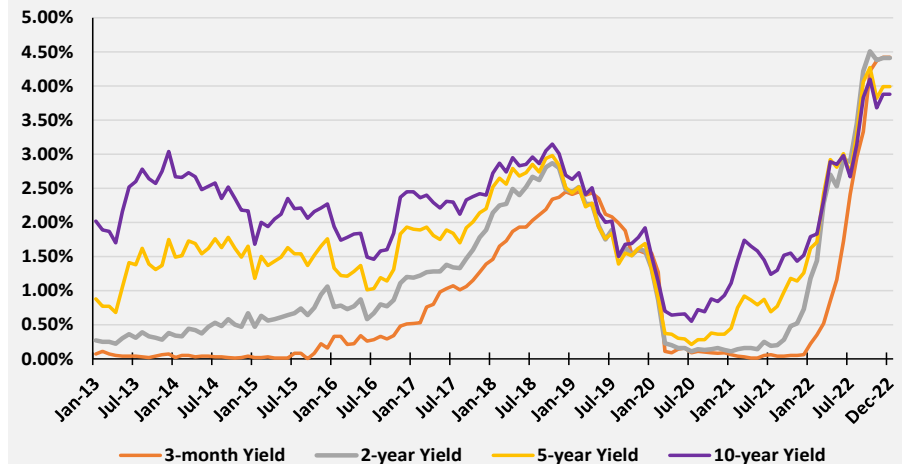
Technology and Consumer Goods/Services companies that make up most of the NASDAQ were down 18.8% in the last two years.

## 2022 Major Stock Index Performance



The stock market had its worst year since 2008, as all three major indices were down in 2022.

## Historical U.S. Treasury Market Yields



Treasury yields climbed quickly in 2022, with the 2-year treasury yield now surpassing 5-year and 10-year yields.