

Deal Drivers: Americas HY 2022

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

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Foreword: M&A continues to run hard as macro picture dims

The macroeconomic picture across the Americas is somewhat blurry right now. US GDP shrank by 0.9% in Q2, meaning the economy has contracted for two consecutive quarters, meeting the common definition for a technical recession, though policymakers have pushed back on statements of that sort.

Indeed, the White House has been quick to assert that by a number of measures the country is not in fact in a recession, with the moving average of the unemployment rate in particular indicating that labor markets are tight.

Meanwhile, the Federal Reserve has begun to raise rates ahead of Europe and at a pace not seen for decades in an effort to control prices. The US dollar is the strongest it's been in 20 years as investors flock to risk-off assets. This is hurting the export market and slowing growth for US multinationals with broad revenue bases.

Insulated from crises

However, despite these warning signs, there has been limited material weakness in M&A to date this year. Although dealmaking has slowed, this needs to be put into perspective. The slight deceleration is effectively a mean reversion after an unsustainably busy period through the first nine months of 2021.

In addition, the region has also been far less impacted than Europe by the ongoing conflict in Ukraine. It is also managing the impact of the pandemic better than China, whose zero-COVID approach has slowed the APAC region.

The macro picture is difficult to gauge with certainty. Some industrial indicators began to signal incoming demand pressure at the beginning of Q3 and prospective acquirers may need to proceed with more caution, testing their base case assumptions and diving deeper on their due diligence. However, if H1 2022 is any measure, the M&A markets in the Americas are likely to remain in rude health.



Outlook: Americas heat chart

Telecoms, media & technology (TMT) continues to outperform all other sectors and this is expected to be the case over the second half of the year, according to our forward-looking heat chart, which illustrates the distribution of ‘companies for sale’ stories on the Mergermarket intelligence tool.

There were 807 such stories related to TMT assets in the first six months of 2022, nearly double the number involving pharmaceutical, medical & biotech (PMB) companies, representing the second-biggest pipeline of potential deals.

Regionally, Northeastern and Western US have unmatched pedigree in TMT, with 185 and 169 TMT deal news items to their names, respectively. Southern US is not far behind with 146 stories, with the stars of both Birmingham and Huntsville, Alabama, in the ascent. The two cities are vying for the title of “Silicon Valley of the South”.

Brazil is no slouch on the TMT front either, with the country seeing 109 TMT stories. São Paulo is already an innovation powerhouse while fast-rising cities like Recife, which has the highest amount of technology per capita and 14,000 people working in its software-focused tech park, is drawing increased attention for its tech prowess.

Heat chart based on potential companies for sale

| | Brazil | Canada | Western US | Midwestern US | Southern US | Northeastern US | Latin America & Caribbean | TOTAL |
|----------------------------|------------|------------|------------|---------------|-------------|-----------------|---------------------------|--------------|
| TMT | 109 | 25 | 169 | 75 | 146 | 185 | 98 | 807 |
| Pharma, medical & biotech | 17 | 7 | 87 | 70 | 95 | 139 | 16 | 431 |
| Business services | 33 | 13 | 56 | 29 | 69 | 77 | 35 | 312 |
| Financial services | 37 | 6 | 31 | 27 | 51 | 53 | 76 | 281 |
| Industrials & chemicals | 15 | 14 | 40 | 38 | 70 | 54 | 5 | 236 |
| Consumer | 23 | 15 | 47 | 33 | 45 | 44 | 8 | 215 |
| Energy, mining & utilities | 45 | 13 | 23 | 8 | 47 | 28 | 8 | 172 |
| Transportation | 9 | 2 | 9 | 8 | 11 | 15 | 9 | 63 |
| Leisure | 19 | | 10 | 5 | 8 | 4 | 9 | 55 |
| Agriculture | 6 | 8 | 3 | 3 | 2 | 5 | | 27 |
| Real estate | 4 | 2 | 5 | 3 | 2 | 6 | 1 | 23 |
| Defense | | | 4 | | 10 | 2 | | 16 |
| Construction | 4 | | 1 | | 5 | 1 | 2 | 13 |
| TOTAL | 321 | 105 | 485 | 299 | 561 | 613 | 267 | 2,651 |



Note: The Intelligence Heat Charts are based on ‘companies for sale’ tracked by Mergermarket in the respective regions between December 01, 2021 and June 30, 2022. Opportunities are captured according to the dominant geography and sector of the potential target company.

All sectors



Summary: Value remains well above historic average despite macro fears

The macroeconomic climate across the Americas is highly unsettled. The International Monetary Fund (IMF) has cut its US growth forecast, most recently in July down to 2.3% from 2.9% a month prior.

Meanwhile, US inflation rates hit 9.1% in June—the highest since November 1981—and there are signs in some parts of the economy that consumer demand is beginning to cool, particularly for big ticket items such as new cars. However, a rebound in equity markets in July coupled with still high employment suggest that the Fed will stay the course with its tightening cycle to get a grip on prices.

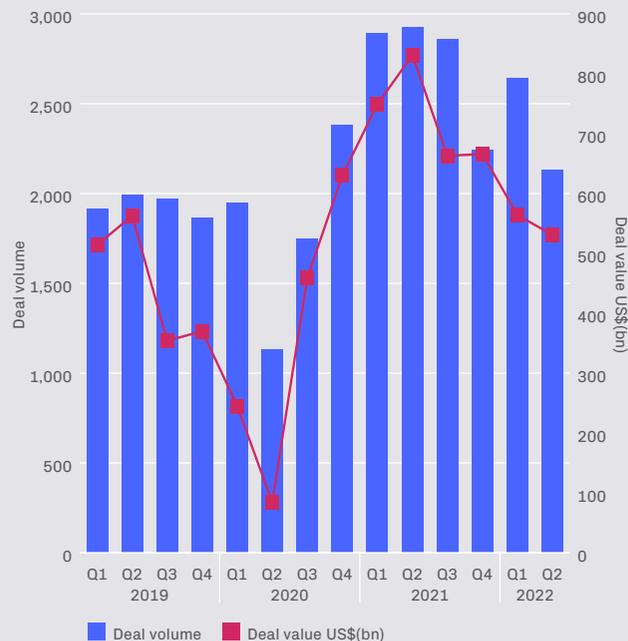
One indicator that will be closely watched to determine the health of the economy over the coming months is the ISM Purchasing Managers Index, which had begun to trend down to warning levels as of the beginning of H2.

Holding fast

Yet despite the volatility, dealmaking has held up well in the first half of 2022. The M&A market registered a total of US\$1.1trn from 4,771 deals in H1 2022, down 30.7% and 18% respectively year on year. However, these percentage falls should be put into context. Not only was 2021 a record-breaker, but the bulk of that was also front-loaded into the first nine months and by Q4 activity was already beginning to normalize. In this respect, what has been witnessed to date in 2022 is a correction to more sustainable levels.

Even with the easing off of M&A activity from the end of last year, there is still a considerable margin for dealmaking to remain in line, and even above, historic levels. Taking the US alone, the 10-year trailing average for annual M&A value is US\$1.49trn. Midway into 2022, we are already two-thirds of the way to meeting that threshold.

All sectors M&A activity, 2019-HY 2022



Source: Mergermarket



TMT juggernaut rolls on

TMT has continued its blistering run. There were 1,712 deals in the sector compared with 1,764 at the same juncture last year, a negligible slip of 2.9%. However, there has been a downturn in tracked value. TMT deals came to US\$471bn versus US\$612.1bn in H1 2021, down 23%.

No fewer than six of the 10 largest overall deals were in the TMT sector, including the top three. The largest of these was Microsoft Corporation's US\$75.1bn purchase of Activision Blizzard, the video games developer behind blockbuster titles such as the Call of Duty series. Microsoft's CEO Satya Nadella has said that the buy will provide the Windows developer with the building blocks for the much-vaunted 'metaverse'.

Chipmaker Broadcom came close to matching this colossal transaction with its US\$71.6bn bid for VMware in Q2, signifying the apex of an ongoing trend of semiconductor companies buying software businesses rather than hardware peers.

All sectors top sectors by value | HY 2022

| | US\$(m) |
|----------------------------|---------|
| TMT | 471,414 |
| Energy, mining & utilities | 102,608 |
| Real estate | 98,582 |
| Pharma, medical & biotech | 94,952 |
| Financial services | 83,616 |

All sectors top sectors by volume | HY 2022

| | Deal count |
|---------------------------|------------|
| TMT | 1,712 |
| Pharma, medical & biotech | 559 |
| Industrials & chemicals | 544 |
| Business services | 479 |
| Financial services | 387 |

All sectors top bidders by value | HY 2022

| | US\$(m) |
|----------------|---------|
| USA | 869,226 |
| Canada | 77,387 |
| Brazil | 27,670 |
| United Kingdom | 18,895 |
| Japan | 10,010 |

All sectors top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 3,455 |
| Canada | 349 |
| Brazil | 233 |
| United Kingdom | 121 |
| Japan | 73 |

Oil price equips corporates with cash

In third place was Elon Musk's controversial approach for social media platform Twitter, worth US\$41.3bn. However, it's highly unlikely that the deal will cross the finishing line after Musk quickly rescinded the offer, citing the higher-than-expected volume of bots counted as users. Twitter has responded by bringing a lawsuit against the Tesla CEO in the hope that the courts will find the offer legally binding.

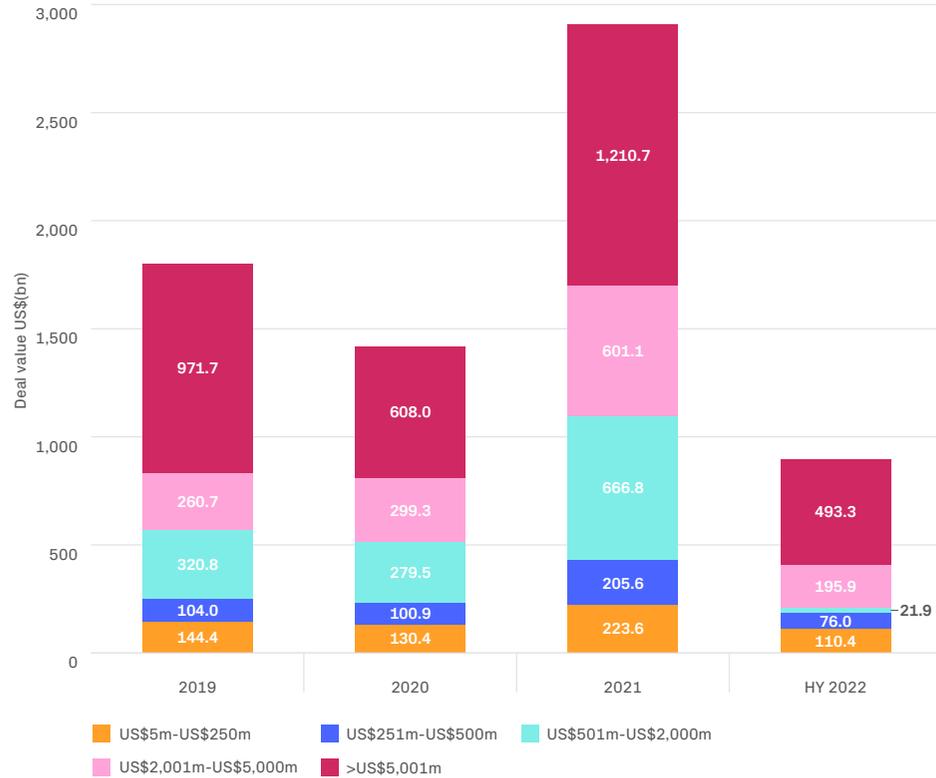
Following TMT in terms of value was the energy, mining & utilities (EMU) sector. There were US\$102.6bn worth of deals, although this was less than one-quarter of the size of TMT's tally measured by invested capital. Deal flow was more or less in line with last year, with 316 transactions recorded.

The busiest sector after TMT by deal count was pharmaceuticals, medical & biotechnology (PMB), responsible for 559 acquisitions, a relatively steep fall of 27.9%. For perspective and to illustrate once again just how outsized of a contribution TMT continues to make, PMB's volume came in at less than one-third of the size.

All sectors top 10 announced deals, HY 2022

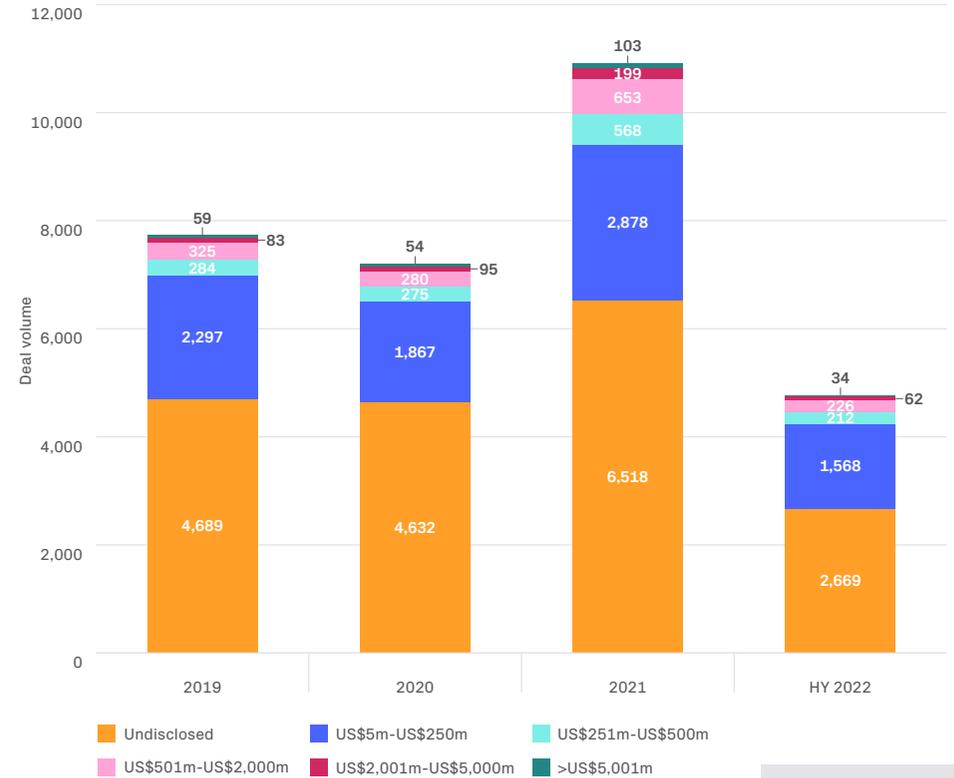
| | Announced date | Bidder company | Target company | Target dominant sector | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|---------------------------|----------------------|--------------------|
| 1 | 18-Jan-22 | Microsoft Corporation | Activision Blizzard, Inc. (100% Stake) | TMT | | 75,069 |
| 2 | 26-May-22 | Broadcom Inc. | VMware, Inc. (100% Stake) | TMT | Silver Lake Partners | 71,605 |
| 3 | 14-Apr-22 | Elon Musk (Private Investor) | Twitter, Inc. (91.24% Stake) | TMT | | 41,269 |
| 4 | 10-May-22 | Prologis, Inc. | Duke Realty Corp. (100% Stake) | Real estate | | 27,923 |
| 5 | 31-Jan-22 | Vista Equity Partners Management, LLC; Evergreen Coast Capital | Citrix Systems, Inc. (100% Stake) | TMT | | 16,613 |
| 6 | 04-May-22 | Intercontinental Exchange, Inc. | Black Knight, Inc. (100% Stake) | TMT | | 15,460 |
| 7 | 29-Mar-22 | Brookfield Business Partners L.P.; Evergreen Coast Capital | Nielsen Holdings plc (100% Stake) | TMT | | 15,344 |
| 8 | 28-Feb-22 | TD Bank Group | First Horizon National Corporation (100% Stake) | Financial services | | 13,350 |
| 9 | 19-Apr-22 | Blackstone Property Partners; Blackstone Real Estate Income Trust, Inc. | American Campus Communities, Inc. (100% Stake) | Real estate | | 13,120 |
| 10 | 10-May-22 | Pfizer Inc. | Biohaven Pharmaceutical Holding Company Ltd. (97.41% Stake) | Pharma, medical & biotech | | 11,564 |

All sectors M&A value split by deal size



Source: Mergermarket

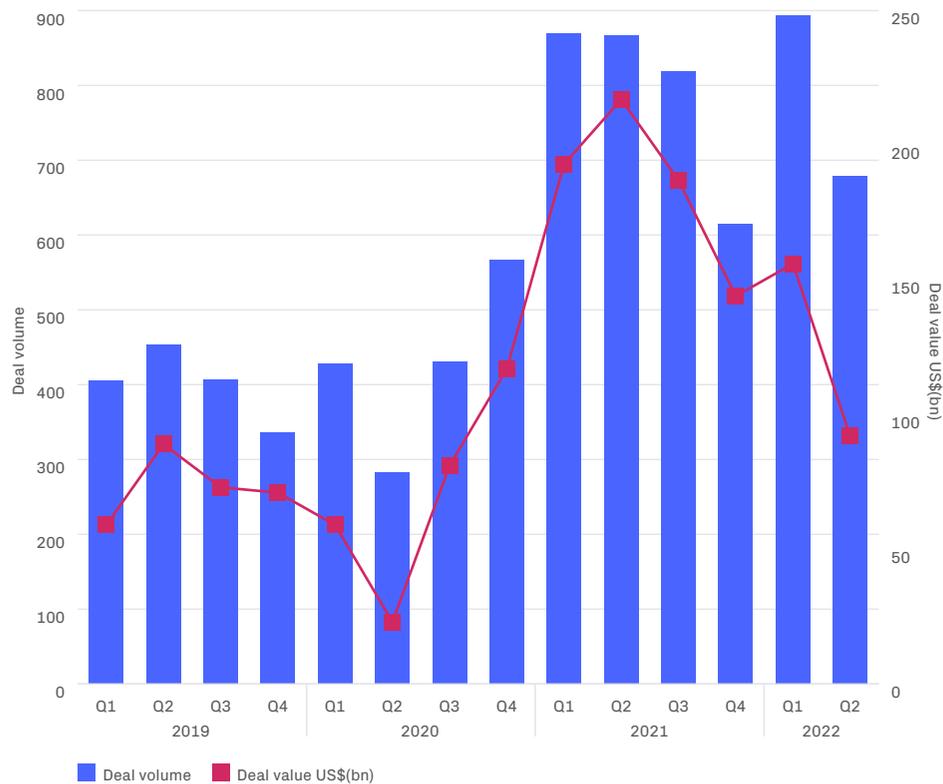
All sectors M&A volume split by deal size



Source: Mergermarket

All sectors PE buyouts

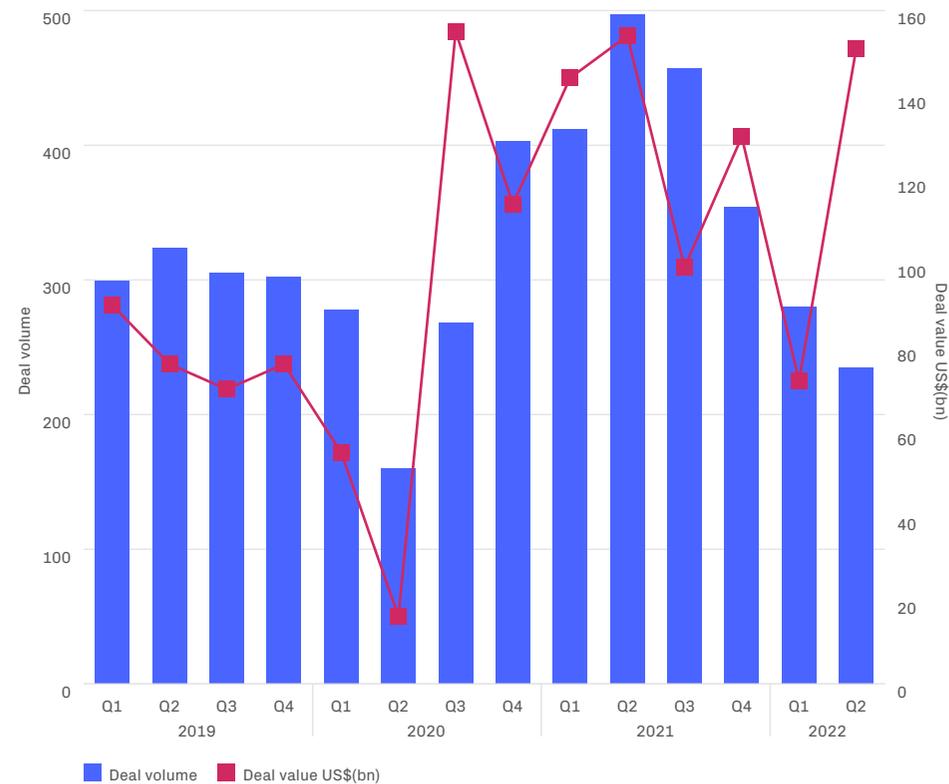
Based on announced buyouts, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

All sectors PE exits

Based on announced exits, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

All sectors league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 484,307 | 133 |
| 2 | 3 | Morgan Stanley | 376,600 | 83 |
| 3 | 2 | JPMorgan | 331,372 | 109 |
| 4 | 4 | Bank of America | 269,063 | 85 |
| 5 | 6 | Citi | 222,778 | 63 |
| 6 | 5 | Barclays | 214,452 | 62 |
| 7 | 7 | Credit Suisse | 163,038 | 41 |
| 8 | 10 | Allen & Company | 139,130 | 8 |
| 9 | 11 | Wells Fargo Securities | 126,182 | 30 |
| 10 | 22 | RBC Capital Markets | 82,110 | 68 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 484,307 | 133 |
| 2 | 2 | JPMorgan | 331,372 | 109 |
| 3 | 5 | Houlihan Lokey | 15,573 | 105 |
| 4 | 4 | Jefferies | 59,278 | 87 |
| 5 | 8 | Bank of America | 269,063 | 85 |
| 6 | 3 | Morgan Stanley | 376,600 | 83 |
| 7 | 10 | Piper Sandler & Co | 5,256 | 73 |
| 8 | 15 | Evercore | 73,052 | 69 |
| 9 | 19 | RBC Capital Markets | 82,110 | 68 |
| 10 | 7 | Citi | 222,778 | 63 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 2 | Wachtell, Lipton, Rosen & Katz | 242,899 | 45 |
| 2 | 1 | Simpson Thacher & Bartlett | 239,836 | 78 |
| 3 | 4 | Sullivan & Cromwell | 233,484 | 56 |
| 4 | 9 | Skadden Arps Slate Meagher & Flom | 219,583 | 72 |
| 5 | 5 | Latham & Watkins | 178,995 | 214 |
| 6 | 6 | Kirkland & Ellis | 178,537 | 360 |
| 7 | 10 | Davis Polk & Wardwell | 146,902 | 66 |
| 8 | 12 | Gibson, Dunn & Crutcher | 146,248 | 87 |
| 9 | 3 | White & Case | 121,193 | 76 |
| 10 | 19 | Weil Gotshal & Manges | 121,052 | 66 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 4 | Goodwin Procter | 66,460 | 395 |
| 2 | 1 | Kirkland & Ellis | 178,537 | 360 |
| 3 | 9 | Cooley | 40,379 | 321 |
| 4 | 3 | Latham & Watkins | 178,995 | 214 |
| 5 | 5 | Wilson Sonsini Goodrich & Rosati | 101,854 | 195 |
| 6 | 6 | Sidley Austin | 118,799 | 179 |
| 7 | 2 | DLA Piper | 44,662 | 167 |
| 8 | 14 | McGuireWoods | 3,721 | 133 |
| 9 | 22 | Fasken Martineau Dumoulin | 13,456 | 100 |
| 10 | 17 | Willkie Farr & Gallagher | 53,967 | 98 |

All sectors league tables—mid-market

Financial advisors by value—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 5 | Piper Sandler & Co | 2,889 | 26 |
| 2 | 7 | Jefferies | 2,347 | 16 |
| 3 | 1 | JPMorgan | 2,169 | 16 |
| 4 | 2 | Goldman Sachs & Co | 1,956 | 14 |
| 5 | 11 | Bank of America | 1,898 | 12 |
| 6 | 4 | Stifel/KBW | 1,827 | 16 |
| 7 | 14 | Houlihan Lokey | 1,789 | 15 |
| 8 | 48 | Centerview Partners | 1,415 | 7 |
| 9 | 17 | Evercore | 1,329 | 12 |
| 10 | 9 | Raymond James | 1,313 | 14 |

Financial advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------|---------------|------------|
| 1 | 5 | Piper Sandler & Co | 2,889 | 26 |
| 2 | 8 | Jefferies | 2,347 | 16 |
| 3 | 1 | JPMorgan | 2,169 | 16 |
| 4 | 3 | Stifel/KBW | 1,827 | 16 |
| 5 | 11 | Houlihan Lokey | 1,789 | 15 |
| 6 | 6 | Goldman Sachs & Co | 1,956 | 14 |
| 7 | 4 | Raymond James | 1,313 | 14 |
| 8 | 9 | Bank of America | 1,898 | 12 |
| 9 | 23 | Evercore | 1,329 | 12 |
| 10 | 15 | Lazard | 1,303 | 10 |

Legal advisors by value—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 10 | Cooley | 14,524 | 245 |
| 2 | 1 | Goodwin Procter | 12,509 | 230 |
| 3 | 2 | Wilson Sonsini Goodrich & Rosati | 7,893 | 111 |
| 4 | 4 | Latham & Watkins | 6,184 | 54 |
| 5 | 5 | Sidley Austin | 5,816 | 62 |
| 6 | 6 | Kirkland & Ellis | 5,054 | 40 |
| 7 | 7 | DLA Piper | 3,779 | 49 |
| 8 | 12 | Willkie Farr & Gallagher | 3,202 | 40 |
| 9 | 28 | Osler, Hoskin & Harcourt | 3,170 | 48 |
| 10 | 14 | Paul Weiss Rifkind Wharton & Garrison | 2,458 | 15 |

Legal advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|--|---------------|------------|
| 1 | 10 | Cooley | 14,524 | 245 |
| 2 | 3 | Goodwin Procter | 12,509 | 230 |
| 3 | 1 | Wilson Sonsini Goodrich & Rosati | 7,893 | 111 |
| 4 | 4 | Sidley Austin | 5,816 | 62 |
| 5 | 5 | Latham & Watkins | 6,184 | 54 |
| 6 | 2 | DLA Piper | 3,779 | 49 |
| 7 | 34 | Osler, Hoskin & Harcourt | 3,170 | 48 |
| 8 | 7 | Kirkland & Ellis | 5,054 | 40 |
| 9 | 13 | Willkie Farr & Gallagher | 3,202 | 40 |
| 10 | 82 | Bronstein, Zilberberg, Chueiri & Potenza Advogados | 1,101 | 32 |

All sectors league tables—PR advisors

PR advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 85 | FGH SVC Holdco | 102,191 | 37 |
| 2 | 2 | Brunswick Group | 97,817 | 15 |
| 3 | 1 | Joele Frank Wilkinson Brimmer Katcher | 67,498 | 33 |
| 4 | - | Sam Brown | 12,802 | 2 |
| 5 | 23 | Lambert & Co | 12,005 | 31 |
| 6 | 10 | FTI Consulting Group | 11,605 | 9 |
| 7 | - | MacKenzie Partners | 11,473 | 1 |
| 8 | 6 | Abernathy MacGregor Group (AMO) | 8,749 | 12 |
| 9 | 9 | Kekst CNC (Publicis) | 7,326 | 21 |
| 10 | 17 | Prosek Partners | 6,350 | 23 |

PR advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 39 | FGH SVC Holdco | 102,191 | 37 |
| 2 | 1 | Joele Frank Wilkinson Brimmer Katcher | 67,498 | 33 |
| 3 | 10 | Lambert & Co | 12,005 | 31 |
| 4 | 14 | Gasthalter & Co | 5,783 | 24 |
| 5 | 5 | Prosek Partners | 6,350 | 23 |
| 6 | 7 | Kekst CNC (Publicis) | 7,326 | 21 |
| 7 | 3 | ICR | 2,528 | 16 |
| 8 | 8 | Brunswick Group | 97,817 | 15 |
| 9 | 13 | Chris Tofalli Public Relations | 350 | 13 |
| 10 | 4 | Abernathy MacGregor Group (AMO) | 8,749 | 12 |

PR advisors by value—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 7 | Prosek Partners | 1,300 | 11 |
| 2 | 2 | ICR | 841 | 9 |
| 3 | 17 | FGH SVC Holdco | 706 | 6 |
| 4 | 4 | Joele Frank Wilkinson Brimmer Katcher | 488 | 5 |
| 5 | 11 | Kekst CNC (Publicis) | 443 | 3 |
| 6 | 9 | Brunswick Group | 442 | 4 |
| 7 | 31 | Lambert & Co | 401 | 5 |
| 8 | - | Highwire PR | 352 | 2 |
| 9 | 13 | Stanton Public Relations & Marketing | 350 | 2 |
| 10= | 77 | 5W Public Relations | 300 | 2 |
| 10= | - | Rubenstein Associates | 300 | 2 |

PR advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 8 | Prosek Partners | 1,300 | 11 |
| 2 | 1 | ICR | 841 | 9 |
| 3 | 16 | FGH SVC Holdco | 706 | 6 |
| 4 | 4 | Joele Frank Wilkinson Brimmer Katcher | 488 | 5 |
| 5 | 54 | Lambert & Co | 401 | 5 |
| 6 | 14 | Brunswick Group | 442 | 4 |
| 7 | 11 | Kekst CNC (Publicis) | 443 | 3 |
| 8 | 32 | Ten Bridge Communications | 251 | 3 |
| 9 | - | Bospar | 243 | 3 |
| 10 | - | LLYC | 233 | 3 |

All sectors league tables—PE advisors

PE advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 26 | Silver Lake Partners | 72,965 | 9 |
| 2 | 126 | Evergreen Coast Capital | 31,957 | 2 |
| 3 | 3 | Carlyle Group | 28,459 | 36 |
| 4 | 12 | Thoma Bravo | 26,537 | 18 |
| 5 | 11 | TPG Capital LP | 22,805 | 25 |
| 6 | 36 | Vista Equity Partners Management | 19,694 | 20 |
| 7 | 6 | Apollo Global Management | 19,346 | 17 |
| 8 | 4 | Hellman & Friedman | 17,165 | 10 |
| 9 | 52 | Clayton, Dubilier & Rice | 14,049 | 9 |
| 10 | 852 | Permira Advisers | 12,606 | 5 |

PE advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------|---------------|------------|
| 1 | 3 | Insight Partners | 10,612 | 63 |
| 2 | 1 | Tiger Global Management | 8,042 | 47 |
| 3 | 7 | Andreessen Horowitz | 6,459 | 47 |
| 4 | 13 | Carlyle Group | 28,459 | 36 |
| 5 | 6 | Sequoia Capital | 5,549 | 36 |
| 6 | 8 | Bain Capital, LP | 10,151 | 34 |
| 7 | 21 | Clearlake Capital Group | 11,236 | 33 |
| 8 | 2 | KKR & Co | 8,432 | 30 |
| 9 | 31 | Lightspeed Venture Partners | 6,051 | 27 |
| 10 | 53 | General Catalyst | 2,844 | 26 |

PE advisors by value—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------|---------------|------------|
| 1 | 1 | Tiger Global Management | 4,353 | 42 |
| 2 | 4 | Insight Partners | 3,647 | 50 |
| 3 | 6 | Andreessen Horowitz | 3,554 | 40 |
| 4 | 2 | Sequoia Capital | 3,124 | 29 |
| 5 | 17 | Lightspeed Venture Partners | 2,131 | 22 |
| 6 | 15 | GV Management Company | 1,998 | 18 |
| 7 | 78 | Y Combinator | 1,865 | 21 |
| 8 | 19 | Salesforce Ventures | 1,814 | 16 |
| 9 | 8 | Coatue Management, L.L.C | 1,809 | 12 |
| 10 | 27 | General Catalyst | 1,676 | 20 |

PE advisors by volume—mid-market (US\$5m-US\$250m)

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------|---------------|------------|
| 1 | 2 | Insight Partners | 3,647 | 50 |
| 2 | 1 | Tiger Global Management | 4,353 | 42 |
| 3 | 3 | Andreessen Horowitz | 3,554 | 40 |
| 4 | 4 | Sequoia Capital | 3,124 | 29 |
| 5 | 7 | Lightspeed Venture Partners | 2,131 | 22 |
| 6 | 48 | Y Combinator | 1,865 | 21 |
| 7 | 29 | General Catalyst | 1,676 | 20 |
| 8 | 68 | Gaingels | 1,464 | 19 |
| 9 | 9 | GV Management Company | 1,998 | 18 |
| 10 | 115 | Redpoint Ventures | 1,265 | 17 |

Consumer

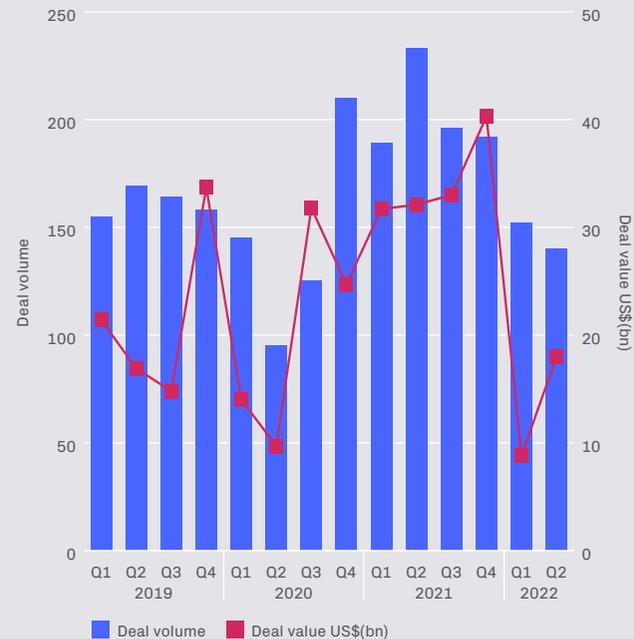
A woman with dark, curly hair, wearing a bright yellow sweater, is seated at a grey countertop in a cafe. She is looking down at a light blue tablet computer she is holding with both hands. In her right hand, she also holds a blue and white card, possibly a credit card. On the counter in front of her is a white coffee cup on a saucer. To the right, there is a metal container with coffee stirrers and a small potted plant. The background is a warm, dimly lit cafe with wooden walls and hanging string lights.

M&A value tumbles as consumers tighten their belts

The consumer sector is showing signs of pressure as the inflation rate spirals. In the US, the consumer price index rose 9.1% in June, making everyday goods less affordable. Retail giants Target and Walmart have both seen downgrades while Kohl's department store chain, which was the subject of an unforthcoming bidding war, issued a warning over the effects of higher costs on its profit margins.

However, there were signs of resilience. Retail sales were up by 1% in June with May's rate having been revised upwards, even as credit card companies report seeing consumers shift their spending to lower-cost products to manage the effects of inflation on their income.

Consumer M&A activity, 2019-HY 2022



Source: Mergermarket

Health is wealth

Amid this thrift, the consumer sector has seen the biggest relative decline in deal value, down by a full 58% on last year to US\$26.8bn. Volume held up better with the 292 transactions coming in short of H1 2021 by 31%. US bidders accounted for nearly 75% of all dollars invested and, barring a single Mexican deal, all of the remaining 10 largest consumer transactions featured a US target.

Even though consumption is slowing, there are still numerous patches of growth. Acquirers are scanning for these, pinning their strategies and investment theses onto strong secular trends such as ESG, health and wellness, and conscious consumerism.

In June, Nasdaq-listed Mondelez International, the owner of Oreo and other iconic snack brands, purchased Clif Bar & Company for US\$2.9bn. Clif is a natural energy, nutrition, and snack bar company that uses organic ingredients in its products and targets diet-conscious fitness enthusiasts. The company is unique in that it has an employee stock ownership plan, with 20% of its staff holding equity in the business, yet another reason for shoppers to gravitate to its products.

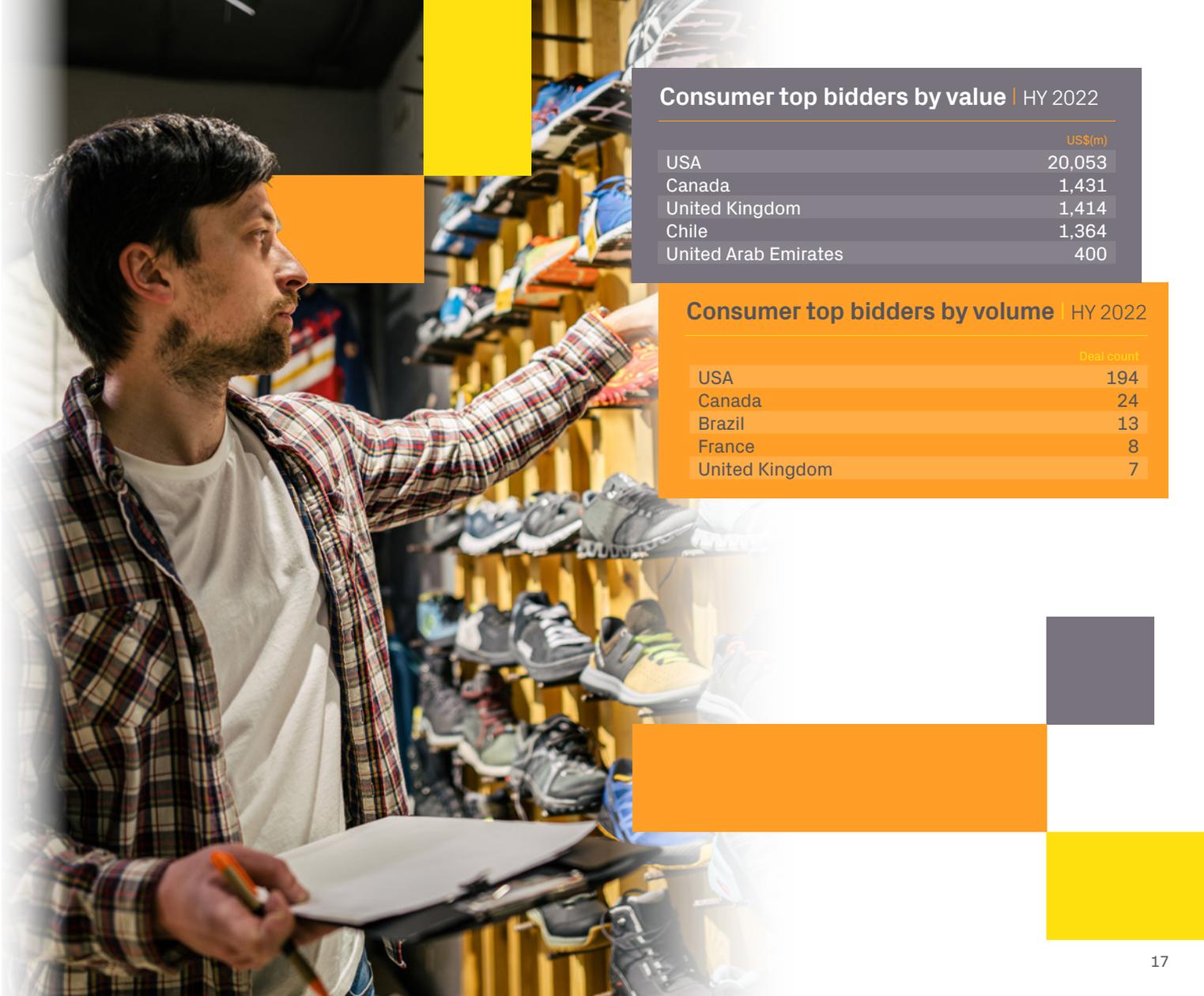
A sporting chance

There's nothing like the unwavering enthusiasm of diehard sports fans to ensure growth. Michael Rubin, co-owner of the Philadelphia 76ers and New Jersey Devils, clinched a US\$1.5bn funding round for his sports platform Fanatics, giving it an eye-watering valuation of US\$27bn. Investors in the round included BlackRock, Fidelity and Michael Dell's MSD Partners.

Fanatics has exclusive licensing deals with the NFL, NHL, NBA, Major League Baseball, and many colleges and universities to make and sell jerseys, caps, and other official team merchandise. This also includes sports collectibles such as non-fungible tokens (NFT) and trading cards, the company having acquired Topps trading cards for US\$500m earlier this year.

The only private equity buyout that came in sector saw a consortium consisting of Nautic Partners, The Vistria Group, and General Atlantic purchase PANTHERx Rare, a pharmacy business that specializes in the door-to-door delivery of so-called orphan drugs for rare conditions, for US\$1.5bn.

Fewer than 7% of the 7,000-known rare disorders have an FDA-approved treatment available. Orphan drug designation is a status given to certain medicines that show promise in treating rare but often life-threatening diseases. Federal policy changes and scientific advances have led to a surge in FDA orphan drug approvals, propelling PANTHERx Rare's growth.



Consumer top bidders by value | HY 2022

| | US\$(m) |
|----------------------|---------|
| USA | 20,053 |
| Canada | 1,431 |
| United Kingdom | 1,414 |
| Chile | 1,364 |
| United Arab Emirates | 400 |

Consumer top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 194 |
| Canada | 24 |
| Brazil | 13 |
| France | 8 |
| United Kingdom | 7 |

Identifying trends

Consumer deals may continue at subdued levels through 2022, as economic growth shows signs of losing momentum. Likely the most exposed businesses in this environment are so-called 'me-too' retailers with little market differentiation and that have yet to make material progress rationalizing their store portfolios since the pandemic. Discretionary goods companies are also likely to face pressure as shoppers tighten their belts.

However, buyers are identifying pockets of resilience and companies that are unsusceptible to weakening demand. Corporates continue to seek out insurgent brands to rekindle their growth and underlying all of this is the shift toward more socially, environmentally, and health-conscious consumption habits. Large companies with vast distribution networks are able to quickly scale up sales of already fast-growing niche products with relatively little effort.

Consumer top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|-----------------------------------|--------------------|
| 1 | 20-Jun-22 | Mondelez International, Inc. | Clif Bar, Inc. (100% Stake) | USA | | 2,900 |
| 2 | 02-Mar-22 | BlackRock, Inc.; MSD Capital, L.P.; Fidelity Management & Research Company LLC; Qatar Holding LLC | Fanatics, Inc. (55.55% Stake) | USA | | 1,500 |
| 3 | 19-Apr-22 | Undisclosed bidder | Milk Specialties Company (100% Stake) | USA | American Securities LLC | 1,500 |
| 4 | 05-May-22 | General Atlantic Service Company, L.P.; Nautic Partners, LLC; The Vistria Group, LLC | PANTHERx Rare, LLC (100% Stake) | USA | Centene Corporation | 1,450 |
| 5 | 25-Apr-22 | Mondelez International, Inc. | Ricolino (100% Stake) | Mexico | Grupo Bimbo S.A.B. de CV | 1,300 |
| 6 | 10-May-22 | Cencosud S.A. | Fresh Market Holdings Inc. (67% Stake) | USA | Apollo Global Management, LLC | 1,235 |
| 7 | 15-Feb-22 | Masimo Corporation | Sound United LLC (100% Stake) | USA | Charlesbank Capital Partners, LLC | 1,025 |
| 8 | 30-May-22 | Unilever Plc | Nutraceutical Wellness Inc. | USA | | 1,000 |
| 9 | 04-Apr-22 | ABC Phones of North Carolina Inc | Go Wireless Inc (100% Stake) | USA | | 735 |
| 10 | 03-Jan-22 | Dessert Holdings | Steven Robert Originals LLC (100% Stake) | USA | | 645 |

Consumer league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 6 | JPMorgan | 4,303 | 8 |
| 2 | 1 | Morgan Stanley | 3,989 | 4 |
| 3 | 12 | RBC Capital Markets | 2,250 | 6 |
| 4 | 83 | Stifel/KBW | 2,218 | 6 |
| 5 | 2 | Goldman Sachs & Co | 2,112 | 8 |
| 6 | 19 | Barclays | 2,095 | 4 |
| 7 | 8 | Bank of America | 1,782 | 5 |
| 8 | 30 | Rothschild & Co | 1,737 | 7 |
| 9 | 5 | Credit Suisse | 1,685 | 3 |
| 10 | 20 | Houlihan Lokey | 1,679 | 9 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 4 | Houlihan Lokey | 1,679 | 9 |
| 2 | 7 | Raymond James | 150 | 9 |
| 3 | 9 | JPMorgan | 4,303 | 8 |
| 4 | 1 | Goldman Sachs & Co | 2,112 | 8 |
| 5 | 27 | Rothschild & Co | 1,737 | 7 |
| 6 | 17 | RBC Capital Markets | 2,250 | 6 |
| 7 | 94 | Stifel/KBW | 2,218 | 6 |
| 8 | 23 | Evercore | 1,553 | 6 |
| 9 | 5 | Bank of America | 1,782 | 5 |
| 10 | 42 | William Blair & Company | 108 | 5 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 5 | Latham & Watkins | 3,452 | 10 |
| 2 | 14 | Gibson, Dunn & Crutcher | 3,163 | 3 |
| 3 | - | Fenwick & West | 2,900 | 1 |
| 4 | 4 | Ropes & Gray | 2,345 | 5 |
| 5 | - | NautaDutilh | 2,292 | 2 |
| 6 | 37 | Goodwin Procter | 1,777 | 17 |
| 7 | 144 | Cooley | 1,708 | 6 |
| 8 | 139 | White & Case | 1,681 | 3 |
| 9 | 41 | Sidley Austin | 1,600 | 11 |
| 10 | 3 | Paul Weiss Rifkind Wharton & Garrison | 1,450 | 5 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 450 | 23 |
| 2 | 28 | Goodwin Procter | 1,777 | 17 |
| 3 | 19 | Sidley Austin | 1,600 | 11 |
| 4 | 20 | Jones Day | 590 | 11 |
| 5 | 3 | Latham & Watkins | 3,452 | 10 |
| 6 | 12 | McGuireWoods | 101 | 9 |
| 7 | 7 | Fasken Martineau Dumoulin | 100 | 7 |
| 8 | 91 | Cooley | 1,708 | 6 |
| 9 | 13 | Simpson Thacher & Bartlett | 1,424 | 6 |
| 10 | 33 | Morgan Lewis & Bockius | 374 | 6 |

A large offshore oil rig is illuminated with warm lights against a sunset sky. The rig's complex structure of pipes, ladders, and platforms is reflected in the dark blue water. The sky transitions from a deep blue at the top to a soft orange and pink near the horizon. The rig is supported by several dark legs extending into the sea. In the foreground, a yellow walkway with a railing leads towards the rig. The overall scene conveys a sense of industrial activity in a natural setting.

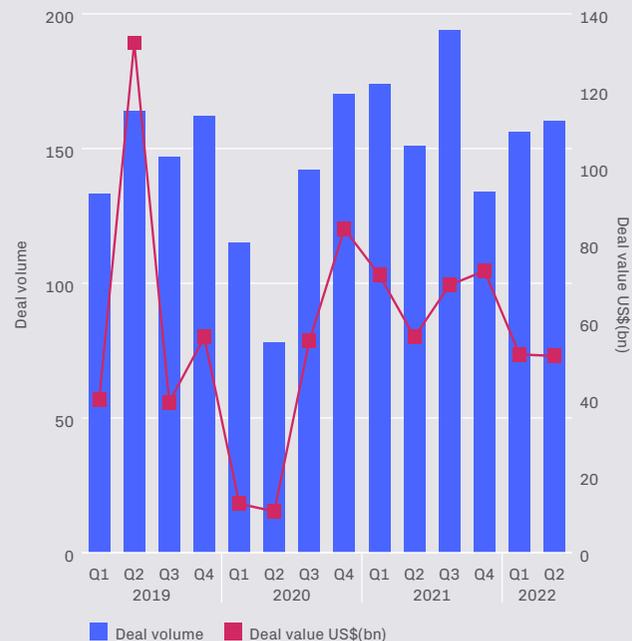
Energy, mining & utilities

Elevated oil prices give producers a strong dealmaking hand

After the price of West Texas Intermediate took a downturn during the pandemic—oil futures briefly turning negative in the nadir of April 2020—the first half of 2022 saw an unprecedented rally with prices hitting a high of above US\$128 per barrel in March. Even as the commodity settled back down, it still reached more than US\$120 as recently as mid-June, before settling at around US\$100. This flush of price appreciation has armed energy producers with profits not seen for years.

More broadly, the S&P GSCI, a composite that measures the performance of the commodities market and which in addition to energy includes grains as well as industrial and precious metals, has seen a similarly positive run of performance.

EMU M&A activity, 2019-HY 2022



Source: Mergermarket

Decarbonization deal takes top spot

Consequently, M&A in the EMU sector has been relatively robust. There were 316 deals in H1, representing a small decline of 3%, exactly matching TMT's relative outperformance. These transactions were collectively worth US\$102.6bn, making EMU the second highest value sector after TMT and the 20% fall in invested dollars meant the industry held up better than TMT in relative terms. Only the real estate sector beat EMU in year-on-year value growth.

This came in spite of there being an absence of headline-stealing deals. The largest of the period was a moderately-sized US\$7.6bn take-private of South Jersey Industries (SJI) by Infrastructure Investments Fund, a group within JPMorgan Investment Management.

The company owns two of New Jersey's four gas utilities, which serve some 700,000 families. SJI said that its new shareholder will help it to execute on its clean energy and decarbonization initiatives in support of the environmental goals of the state as energy markets push ahead with the ongoing transition to low-carbon and renewable energies. Natural gas is considered by many as a necessary bridge in this transition given rising demand for energy on the one hand and gas's lower-carbon profile on the other.



All that glitters

In the Great White North, Toronto-headquartered gold miner Yamana Gold was taken over by South African miner Gold Fields for US\$7.3bn to create the world's fourth-largest gold producer. The merger of equals is timely given the limited lifespan of Gold Fields' existing operations, not to mention the synergistic benefits it will deliver.

Yamana has high-quality assets in Canada, Chile, and Brazil, with a pipeline of projects in both Canada and Argentina due to come online. Gold has under-delivered on its promise as a safe haven asset recently in the face of rising inflation this year, falling in price over the course of Q2 owing to the unstoppable strengthening of the US dollar. However, the precious metal could glitter once more as the Fed reaches the end of its interest rate hike push.

The EMU sector's third largest deal saw energy billionaire Harold Hamm purchase the remaining 18.71% stake he did not previously own in Continental Resources, the NYSE-listed oil company he founded in 1967. The deal was worth US\$4.8bn and valued Continental at US\$25.4bn. Continental has been delisted as part of the deal, with Hamm telling employees that he believes the company will have more operational freedom in private ownership, taking it back to its roots before it floated in 2007.

EMU top bidders by value | HY 2022

| | US\$(m) |
|----------------|---------|
| USA | 63,936 |
| Canada | 12,220 |
| Brazil | 10,221 |
| South Africa | 7,346 |
| United Kingdom | 2,797 |

EMU top bidders by volume | HY 2022

| | Deal count |
|-----------|------------|
| USA | 168 |
| Canada | 56 |
| Brazil | 26 |
| France | 10 |
| Chile | 7 |
| Australia | 7 |

EMU top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|-------------------------|--|--------------------|
| 1 | 24-Feb-22 | The Infrastructure Investments Fund | South Jersey Industries, Inc. (100% Stake) | USA | | 7,638 |
| 2 | 31-May-22 | Gold Fields Limited | Yamana Gold Inc. (100% Stake) | Canada | | 7,346 |
| 3 | 14-Jun-22 | Hamm Family | Continental Resources, Inc. (18.71% Stake) | USA | | 4,830 |
| 4 | 19-May-22 | Centennial Resource Development, Inc. | Colgate Energy LLC (100% Stake) | USA | NGP Energy Capital Management; Pearl Energy Investments | 3,942 |
| 5 | 01-Mar-22 | Pembina Pipeline Corporation (field-based natural gas processing assets and the Veresen Midstream business 45%) | SemCAMS ULC (51% Stake); KKR & Co Inc (Veresen Midstream business 55% and Energy Transfer Canada 9%) (100% Stake) | Canada | KKR & Co. Inc.; Pembina Pipeline Corporation; Energy Transfer L.P. | 3,593 |
| 6 | 16-Jun-22 | Targa Resources Corp | Lucid Energy Group II, LLC (100% Stake) | USA | Riverstone Holdings LLC; Goldman Sachs Principal Strategic Investments group | 3,550 |
| 7 | 10-Jan-22 | Enterprise Products Partners L.P. | Navitas Midstream Partners, LLC (100% Stake) | USA | Warburg Pincus LLC | 3,250 |
| 8 | 07-Jan-22 | Blackstone Infrastructure Partners | Invenergy Renewables LLC | USA | Caisse de Depot et Placement du Quebec; Invenergy LLC | 3,000 |
| 9 | 07-Mar-22 | Oasis Petroleum Inc. | Whiting Petroleum Corporation (100% Stake) | USA | | 2,794 |
| 10 | 25-Jan-22 | Chesapeake Energy Corporation | Chief E&D Holdings L.P. (100% Stake) | USA | Tug Hill, Inc. | 2,764 |

Cash to spend on clean energy projects

The record cash flow windfall for oil and gas producers over the past two years has not manifested in a commensurate rise in capex. Upstream producers are deliberating over their futures rather than doubling down on their past strategies, but have cash to invest in deals.

One of the primary motivations for them to transact is to decarbonize their assets. For this reason, M&A has the potential to remain firm for as long as oil and energy prices are elevated. This environment allows corporates to divest carbon-intensive assets at attractive valuations so that they can reallocate capital to natural gas and renewables projects, a trend that has already been set in motion.

EMU league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 7 | RBC Capital Markets | 20,298 | 23 |
| 2 | 15 | Bank of America | 19,182 | 9 |
| 3 | 13 | Jefferies | 14,561 | 18 |
| 4 | 20 | Scotiabank | 13,840 | 10 |
| 5 | 6 | Citi | 11,515 | 10 |
| 6 | 1 | Goldman Sachs & Co | 9,469 | 4 |
| 7 | 16 | Credit Suisse | 8,787 | 6 |
| 8 | 2 | JPMorgan | 8,665 | 12 |
| 9 | 24 | Rothschild & Co | 8,153 | 9 |
| 10 | 26 | Stifel/KBW | 8,102 | 5 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 5 | RBC Capital Markets | 20,298 | 23 |
| 2 | 4 | Jefferies | 14,561 | 18 |
| 3 | 3 | JPMorgan | 8,665 | 12 |
| 4 | 8 | Scotiabank | 13,840 | 10 |
| 5 | 2 | Citi | 11,515 | 10 |
| 6 | 13 | Bank of America | 19,182 | 9 |
| 7 | 29 | Rothschild & Co | 8,153 | 9 |
| 8 | 12 | Lazard | 7,030 | 9 |
| 9 | 21 | Banco BTG Pactual | 915 | 9 |
| 10 | 7 | TD Securities | 7,700 | 8 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 9 | Latham & Watkins | 25,276 | 25 |
| 2 | 6 | Vinson & Elkins | 23,730 | 27 |
| 3 | 19 | Kirkland & Ellis | 21,422 | 31 |
| 4 | 7 | Gibson, Dunn & Crutcher | 12,730 | 12 |
| 5 | 87 | Torys | 12,200 | 5 |
| 6 | 3 | White & Case | 10,714 | 16 |
| 7 | 39 | Linklaters | 8,511 | 3 |
| 8 | 44 | Willkie Farr & Gallagher | 8,386 | 4 |
| 9 | 2 | Skadden Arps Slate Meagher & Flom | 8,040 | 3 |
| 10 | 73 | Fasken Martineau Dumoulin | 8,020 | 7 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------------|---------------|------------|
| 1 | 4 | Kirkland & Ellis | 21,422 | 31 |
| 2 | 1 | Vinson & Elkins | 23,730 | 27 |
| 3 | 3 | Latham & Watkins | 25,276 | 25 |
| 4 | 2 | White & Case | 10,714 | 16 |
| 5 | 22 | Shearman & Sterling | 5,101 | 15 |
| 6 | 23 | Bennett Jones | 1,725 | 14 |
| 7 | 20 | Gibson, Dunn & Crutcher | 12,730 | 12 |
| 8 | 19 | Locke Lord | 4,520 | 12 |
| 9 | 76 | Machado Meyer Sendacz e Opice | 5,589 | 11 |
| 10 | 7 | Baker Botts | 6,715 | 10 |



Financial services

Value pullback in financial sector as tech convergence fails to materialize

Financial services M&A in the Americas smashed previous records in value terms in 2021 and so it was only to be expected that levels cooled off this year. The US\$83.6bn registered in the first half of this year represents a drop of 48%, undershooting the cross-sector average decline of 31%. Volume proved to be more resilient as investors focused their attention on smaller plays. There were 387 deals, a year-on-year fall of 18%, broadly in line with the average across industries.

Although the sector continues to adapt to shifting consumer demand for digital financial services and digital assets, it was more traditional deals and transactions involving lessors serving the logistics market that made it to the top of the league table in the first half of 2022.

The biggest financial services deal was Toronto's TD Bank Group's US\$13.4bn takeover of First Horizon National Corporation, the only financial services deal to make it in to the overall top 10. The acquisition is one of the largest US banking deals in recent history and has created the sixth largest lender in the country with First Horizon having a strong presence across the Southern region.

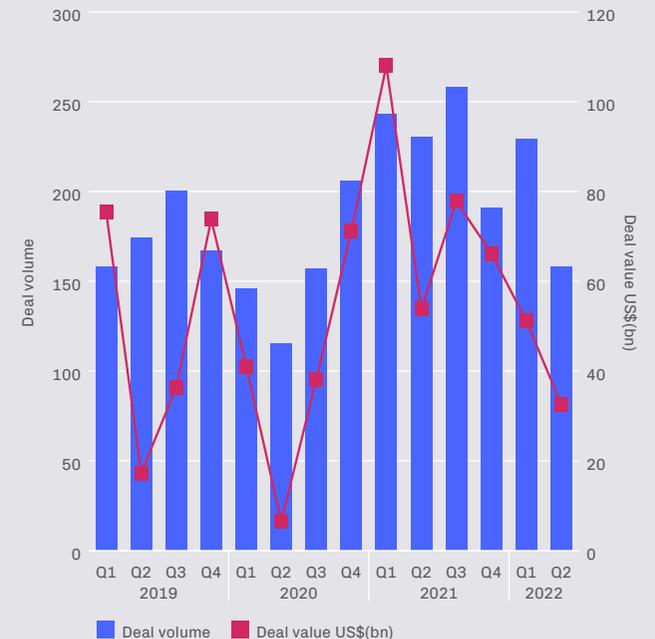
Banking and insurance on top

The sector's second largest was similarly traditional in nature, with Berkshire Hathaway paying US\$11.5bn for insurance company Alleghany Corporation. While inflation is not kind to insurers' investment portfolios, particularly their significant bond exposure, it is an enduring service that tends to see sales volumes rise in lockstep with rising prices.

In third place, hedge fund HG Vora Capital Management, which pitches itself as a value and "event-driven" investor, moved on truck fleet operator Ryder System in a deal worth US\$11.1bn. The company's share price was up more than 50% on pre-pandemic levels even before the deal was announced, having benefited from surging demand for delivery and freight services as the pandemic delivered a boom in e-commerce sales.

Ryder leases out and maintains trucks and provides financing through a network of banking partners. Despite Ryder's buoyant stock market performance through 2020 and 2021, HG Vora said it believes the company is still undervalued. Indeed, the business has been trading at a P/E ratio of around 6 versus around 17 for the S&P 500 index.

Financial services M&A activity, 2019-HY 2022





Supply on demand

The Ryder deal was not the only example of a financial investor backing a logistical leasing business. GIC Private Limited, OMERS Infrastructure Management, and Wren House Infrastructure Management acquired Direct ChassisLink (DCLI) for US\$4.5bn in a deal that has a similar investment thesis. In a freight and logistics context, a chassis refers to a wheeled trailer under-frame on which containers can be mounted to carry goods between terminals, warehouses, and ports via truck. Operating out of Charlotte, North Carolina, DCLI is one of the largest chassis lessors in the US, with a 250,000-strong fleet.

EQT Partners bought the business in June 2016, overseeing the expansion of DCLI's national footprint to encompass all major ports and railway terminals in the US. The company also owns a subsidiary called Blume Global that offers complementary asset management, logistics execution, end-to-end supply chain visibility, optimization, and automated financial settlement services.

With supply chains still under stress, it is companies such as Blume that help to untie logistical knots, which will be targeted by financial sponsors and strategics alike.

FS top bidders by value | HY 2022

| | US\$(m) |
|-----------|---------|
| USA | 47,813 |
| Canada | 16,259 |
| Brazil | 5,680 |
| Singapore | 4,500 |
| Colombia | 2,843 |

FS top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 273 |
| Canada | 34 |
| Brazil | 28 |
| United Kingdom | 9 |
| Japan | 5 |

Fintech on hold

The traditional nature of the largest financial services deals in 2022 comes during a tough time for technology-focused firms in the sector. Globally, fintech funding has been in retreat this year, reflecting a pullback in investment across the tech space amid a valuation reset.

Even if banks and other financial institutions were interested in buying assets at more attractive prices, the bid/ask spread on written down companies is too wide for now. Given the macro pressures that have built and with the Fed staying on course with its tightening, financial services M&A activity for the remainder of 2022 is likely to mirror what has been seen to date. However, digitization will remain a critical driver of financial services deal activity over the long term.

Financial services top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|---------------------------------------|--------------------|
| 1 | 28-Feb-22 | TD Bank Group | First Horizon National Corporation (100% Stake) | USA | | 13,350 |
| 2 | 21-Mar-22 | Berkshire Hathaway Inc. | Alleghany Corporation (100% Stake) | USA | | 11,473 |
| 3 | 13-May-22 | HG Vora Capital Management, LLC | Ryder System, Inc. (90.13% Stake) | USA | | 11,059 |
| 4 | 24-Jun-22 | GIC Private Limited; OMERS Infrastructure Management Inc.; Wren House Infrastructure Management Limited | Direct ChassisLink, Inc. (100% Stake) | USA | Apollo Global Management, LLC; EQT AB | 4,500 |
| 5 | 23-Feb-22 | Rede D'Or Sao Luiz S.A. | Sul America S.A. (100% Stake) | Brazil | | 3,117 |
| 6 | 02-Feb-22 | Carlyle Group Inc. | iStar Inc (net lease business) (100% Stake) | USA | iStar Inc | 3,070 |
| 7 | 28-Mar-22 | Banco de Bogota S.A. (Shareholders) | BAC Holding International Corp (75% Stake) | Colombia | Banco de Bogota S.A. | 2,412 |
| 8 | 31-Jan-22 | Talcott Resolution Inc.; Sixth Street Partners, LLC | Principal Financial Group, Inc. (retail fixed annuity and secondary guarantee universal life insurance liabilities) (100% Stake) | USA | Principal Financial Group, Inc. | 2,000 |
| 9 | 15-Feb-22 | Madison Dearborn Partners, LLC | MoneyGram International Incorporated (100% Stake) | USA | | 1,891 |
| 10 | 09-May-22 | Carlyle Group Inc | NSM Insurance Group, Inc. (100% Stake) | USA | White Mountains Insurance Group, Ltd. | 1,775 |

Financial services league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 3 | Morgan Stanley | 34,846 | 12 |
| 2 | 4 | JPMorgan | 25,026 | 15 |
| 3 | 2 | Goldman Sachs & Co | 18,081 | 11 |
| 4 | 1 | Citi | 15,512 | 10 |
| 5 | 73 | TD Securities | 13,720 | 2 |
| 6 | 16 | Bank of America | 8,512 | 15 |
| 7 | 42 | PwC | 6,360 | 6 |
| 8 | 23 | RBC Capital Markets | 5,984 | 9 |
| 9 | 15 | Credit Suisse | 5,668 | 4 |
| 10 | 9 | Banco Itau BBA | 5,106 | 6 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------|---------------|------------|
| 1 | 1 | Piper Sandler & Co | 2,269 | 28 |
| 2 | 4 | JPMorgan | 25,026 | 15 |
| 3 | 24 | Bank of America | 8,512 | 15 |
| 4 | 2 | Stifel/KBW | 1,328 | 15 |
| 5 | 6 | Morgan Stanley | 34,846 | 12 |
| 6 | 5 | Raymond James | 199 | 12 |
| 7 | 3 | Goldman Sachs & Co | 18,081 | 11 |
| 8 | 8 | Citi | 15,512 | 10 |
| 9 | 14 | Hovde Financial | 673 | 10 |
| 10 | 10 | Houlihan Lokey | 180 | 10 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 13 | Davis Polk & Wardwell | 17,667 | 7 |
| 2 | 11 | Skadden Arps Slate Meagher & Flom | 16,982 | 11 |
| 3 | 2 | Sullivan & Cromwell | 16,260 | 6 |
| 4 | 32 | Willkie Farr & Gallagher | 16,208 | 16 |
| 5 | 52 | Torys | 14,804 | 5 |
| 6 | 19 | Wachtell, Lipton, Rosen & Katz | 14,735 | 8 |
| 7 | 14 | Simpson Thacher & Bartlett | 14,136 | 5 |
| 8= | 182 | Eversheds Sutherland | 11,473 | 1 |
| 8= | - | Munger Tolles & Olson | 11,473 | 1 |
| 10 | 17 | Kirkland & Ellis | 7,047 | 27 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 7,047 | 27 |
| 2 | 4 | Alston & Bird | 2,017 | 24 |
| 3 | 6 | Sidley Austin | 6,596 | 23 |
| 4 | 8 | Willkie Farr & Gallagher | 16,208 | 16 |
| 5 | 7 | Goodwin Procter | 716 | 14 |
| 6 | 29 | Shearman & Sterling | 2,514 | 13 |
| 7 | 2 | Skadden Arps Slate Meagher & Flom | 16,982 | 11 |
| 8 | 37 | Osler, Hoskin & Harcourt | 1,439 | 9 |
| 9 | 24 | Stikeman Elliott | 34 | 9 |
| 10 | 15 | Wachtell, Lipton, Rosen & Katz | 14,735 | 8 |



Industrials & chemicals

Manufacturing output weaknesses are reflected in deal slowdown

M&A activity in the industrials & chemicals (I&C) sector decelerated at a similar rate to consumer in 2022 as manufacturing slowed in the face of a confluence of headwinds.

Supply chain disruptions and the global semiconductor shortage alongside an increase in raw material prices and growth uncertainties have weighed on dealmaking appetite.

Reflecting this, 544 I&C deals were announced across the Americas in H1, an annual fall of 32% and the biggest decline of any sector covered in this report. Value was down by 55% to US\$82bn. US bidders were the most active, contributing 82.5% of all value recorded and these were largely concentrated on home soil. There was only one Canadian transaction among the top 10, the remainder all involving US-headquartered businesses.

Automotive stress

The largest of these saw chemicals group Celanese Corp buy DuPont's mobility and materials business for US\$11bn, encompassing numerous engineering thermoplastic brands and technologies. The deal doubled the size of Celanese, whose core markets are medical, advanced mobility, electrical, and 5G.

Private equity was highly active among the 10 largest transactions, claiming no fewer than four, with buyout group Apollo Global Management responsible for both the second and third biggest deals.

Apollo is a turnaround specialist and its US\$6.3bn takeover of auto parts maker Tenneco (the second largest) very much fits that strategy. The company's share price has been languishing for five years and CEO Brian Kessler is departing, replaced by Apollo CEO and operating partner Jim Voss. However, since the announcement in February, the transaction has hit a snag, the banking syndicate backing the deal delaying the sale of the company's leveraged loans and high-yield bonds. This is unlikely to be the only large PE-backed transaction that faces these issues over the coming months as credit conditions tighten.

I&C M&A activity, 2019-HY 2022



Source: Mergermarket

I&C top bidders by value | HY 2022

| | US\$(m) |
|----------------|---------|
| USA | 67,772 |
| United Kingdom | 3,033 |
| Switzerland | 2,261 |
| France | 1,535 |
| Brazil | 1,155 |

I&C top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 402 |
| Canada | 30 |
| Brazil | 22 |
| United Kingdom | 11 |
| France | 10 |
| Germany | 10 |

Sustainable packaging

The third largest deal looks very different to Tenneco and has a clear ESG thread running through it. Apollo paid US\$6bn for Novolex, a manufacturer of sustainable packaging products for the food service, delivery and carryout, food processor, and industrial markets.

The company has more than 10,000 employees worldwide and operates 57 manufacturing facilities in North America and Europe, including two plastic recycling facilities. Fellow PE firm Carlyle has stayed on as a minority investor as part of the deal,

the financing for which included the largest-ever sustainability-linked loan issued to date. Apollo has pedigree in the space, having last year purchased a majority stake in Italian coated recycled cartonboard manufacturer Reno De Medici.

Indeed, the global sustainable packaging market is set to outpace the economy, with an estimated CAGR of 5.1% through to 2028, taking revenues from US\$265.9bn in 2021 to US\$358.3bn in 2028, as companies put sustainability at the heart of their strategies and consumers increasingly shun single-use plastics.



I&C top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|--|---|-------------------------|-------------------------|--------------------|
| 1 | 18-Feb-22 | Celanese Corporation | DuPont de Nemours (mobility & materials unit) (100% Stake) | USA | DuPont de Nemours, Inc. | 11,000 |
| 2 | 23-Feb-22 | Apollo Global Management, LLC | Tenneco Inc (100% Stake) | USA | | 6,297 |
| 3 | 14-Feb-22 | Apollo Global Management, LLC | Novolex | USA | Carlyle Group Inc. | 6,000 |
| 4 | 22-Feb-22 | Cummins Inc. | Meritor, Inc. (100% Stake) | USA | | 3,710 |
| 5 | 28-Feb-22 | Chevron Corporation | Renewable Energy Group, Inc. (100% Stake) | USA | | 3,166 |
| 6 | 10-Mar-22 | Cinven Partners LLP | Bayer CropScience L.P. (environmental science professional business) (100% Stake) | USA | Bayer AG | 2,600 |
| 7 | 08-Mar-22 | Clearlake Capital Group, L.P. | Intertape Polymer Group Inc. (100% Stake) | Canada | | 2,508 |
| 8 | 05-Apr-22 | Colfax Corporation (Existing Shareholders) | ESAB Corp (90% Stake) | USA | Colfax Corporation | 2,424 |
| 9 | 09-Feb-22 | Republic Services, Inc. | US Ecology, Inc. (100% Stake) | USA | | 2,267 |
| 10 | 18-Mar-22 | General Motors Company | Cruise LLC | USA | SoftBank Group Corp. | 2,100 |

PE and ESG to move the market

This growth also supported the rationale for the only Canadian deal to make it into the top 10, which once again featured a financial sponsor as a buyer. Clearlake Capital bought out Intertape Polymer Group for US\$2.5bn. The Montreal-based business manufactures packaging across B2B and e-commerce segments, with the majority of its revenues derived from products that are recyclable, reusable, or compostable. While it is true that packaging demand tends to be tied to GDP performance, and is therefore cyclical, these businesses also typically serve less discretionary end-markets and benefit from having diverse customer bases.

I&C M&A has tracked down alongside consumer sector activity and has similar prospects for the months ahead. As margins come under pressure, particularly among publicly-traded companies, there will be an opportunity for PE turnaround specialists to breathe new life into assets in need of transformation, both operationally and strategically. Industrial companies are exposed to the same shift in consumption habits and behaviors that are reshaping sectors across the board, with sustainability being an unstoppable catalyst for change.

I&C league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|--------------------|---------------|------------|
| 1 | 3 | Goldman Sachs & Co | 38,209 | 18 |
| 2 | 2 | Bank of America | 22,126 | 9 |
| 3 | 7 | JPMorgan | 18,394 | 18 |
| 4 | 9 | Evercore | 14,844 | 10 |
| 5 | 5 | Barclays | 12,497 | 8 |
| 6 | 8 | Credit Suisse | 12,330 | 7 |
| 7 | 1 | Citi | 12,281 | 8 |
| 8 | 4 | Morgan Stanley | 9,347 | 8 |
| 9 | 15 | Rothschild & Co | 8,855 | 5 |
| 10 | 13 | Deutsche Bank | 8,508 | 2 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 6 | Latham & Watkins | 27,374 | 28 |
| 2 | 15 | Paul Weiss Rifkind Wharton & Garrison | 20,531 | 9 |
| 3 | 2 | Kirkland & Ellis | 20,269 | 40 |
| 4 | 10 | Skadden Arps Slate Meagher & Flom | 17,400 | 7 |
| 5 | 132 | Eversheds Sutherland | 17,297 | 3 |
| 6 | 1 | Shearman & Sterling | 14,301 | 3 |
| 7 | 3 | Davis Polk & Wardwell | 14,297 | 6 |
| 8 | 45 | O'Melveny & Myers | 13,614 | 12 |
| 9 | 29 | Baker McKenzie | 13,435 | 6 |
| 10 | 9 | Gibson, Dunn & Crutcher | 13,349 | 16 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 38,209 | 18 |
| 2 | 2 | JPMorgan | 18,394 | 18 |
| 3 | 6 | Houlihan Lokey | 4,237 | 16 |
| 4 | 8 | Jefferies | 3,761 | 13 |
| 5 | 11 | Deloitte | 1,554 | 13 |
| 6 | 4 | Lincoln International | 115 | 13 |
| 7 | 70 | EC Mergers & Acquisitions | 825 | 12 |
| 8 | 16 | KPMG | 460 | 11 |
| 9 | 19 | Evercore | 14,844 | 10 |
| 10 | 3 | Robert W. Baird & Co | 2,133 | 10 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 1 | Kirkland & Ellis | 20,269 | 40 |
| 2 | 3 | Latham & Watkins | 27,374 | 28 |
| 3 | 36 | Cooley | 1,003 | 19 |
| 4 | 34 | Goodwin Procter | 2,223 | 18 |
| 5 | 30 | Gibson, Dunn & Crutcher | 13,349 | 16 |
| 6 | 2 | Jones Day | 2,173 | 16 |
| 7 | 5 | DLA Piper | 356 | 16 |
| 8 | 13 | Winston & Strawn | 2,250 | 14 |
| 9 | 19 | McGuireWoods | 28 | 14 |
| 10 | 48 | O'Melveny & Myers | 13,614 | 12 |

Pharma, medical & biotech



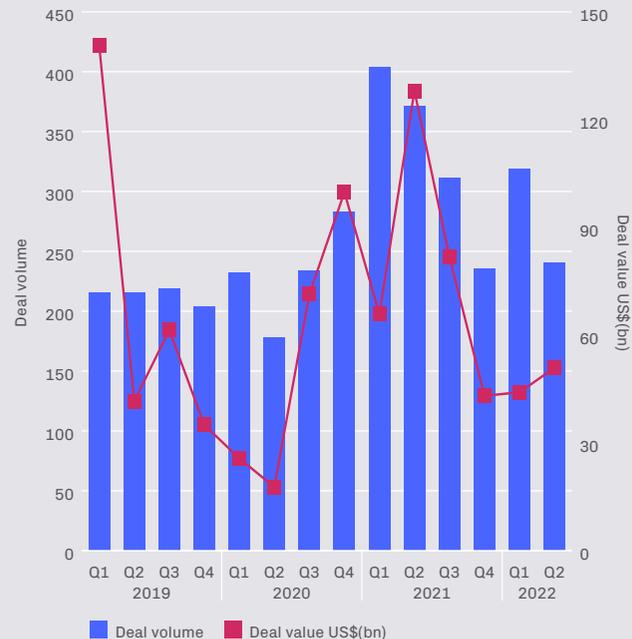
Paucity of megadeals curtails PMB value but volume stays solid

The PMB sector in the Americas fell back to baseline in the first six months of the year. There were US\$95bn-worth of deals, down 51% on what was an exceptional first half in 2021. Volume wise, activity is still running high. There were 559 deals, an annual fall of 28% on the same period last year.

However, coming off a record year, this figure should be put into context. There were a total of 853 PMB deals during the whole of 2019. The first half of 2022 is only 34.5% short of this full-year figure, which at the time was a record annual high.

US bidders claimed 74.1% of all deal value in the sector and 75% of volume, or US\$70.3bn and 419 respectively. Canadian and Brazilian acquirers, meanwhile, were in a distant second and third place with 28 and 23 deals apiece.

PMB M&A activity, 2019-HY 2022



Source: Mergermarket

Relieving portfolio headaches

All targets in the top 10 were US firms, the largest of which was the US\$11.6 billion purchase of migraine drug developer Biohaven Pharmaceutical by Pfizer. The deal has a long backstory.

Pfizer, which, among other pharma giants, is looking to bolster its pipeline as a number of its drugs come off patent, had shown interest in the business as far back as 2018, with other companies circling Biohaven's migraine drug portfolio. At the time, Biohaven weighed up a potential sale of its migraine product pipeline but decided to test the market and prove the potency of its products.

Since then, the company secured FDA approval in 2020 for its star product, Nurtec, an oral migraine treatment. As recently as November 2021, Pfizer and Biohaven inked a commercialization deal for Nurtec and another migraine treatment, zavegepant, outside the US.

PMB top bidders by value | HY 2022

| | US\$(m) |
|----------------------|---------|
| USA | 70,346 |
| United Kingdom | 6,740 |
| France | 3,517 |
| India | 3,391 |
| United Arab Emirates | 2,040 |

PMB top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 419 |
| Canada | 28 |
| Brazil | 23 |
| United Kingdom | 15 |
| Japan | 8 |

Payer and provider

On the healthcare side of the sector, NYSE-listed insurer UnitedHealth Group took over LHC Group, a hospice and home care business that trades on the Nasdaq, for just under US\$6.1bn. The insurance company will integrate LHC with its existing home health asset Optum. It's a potential portent future strategy, with UnitedHealth acting as both the healthcare payer and provider, directing revenues to its own primary care assets.

The US Medicare Advantage, an all-in-one alternative to the original Medicare program, is widening its scope to include hospices in what the Center for Medicare & Medicaid Innovation hope will bring reduced healthcare costs and improved quality, but will also mean that payers and providers will take on more financial risk. Owning the two sides of payments versus provision will help UnitedHealth to mitigate this risk.



Fast-track approval

The third largest PMB deal in the Americas was another portfolio restocking pharma play. Bristol-Myers Squibb bought Turning Point Therapeutics for US\$4.6bn, equipping it with a drug candidate called Repotrectinib, which has been granted breakthrough therapy designation from the FDA, expediting its approval. The treatment targets non-small cell lung cancer, which accounts for 80% of all cases in the US.

Additionally, Turning Point has a number of early-stage clinical assets targeting different cancers. The global oncology market is one of the fastest growing within the pharmaceutical sector and was worth US\$286bn in 2021. It is on course to grow by a CAGR of 8.2% through to 2030, when it will be valued at US\$581.3bn, according to Precedence Research.

PMB top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|--|--------------------|
| 1 | 10-May-22 | Pfizer Inc. | Biohaven Pharmaceutical Holding Company Ltd. (97.41% Stake) | USA | | 11,564 |
| 2 | 29-Mar-22 | UnitedHealth Group, Inc.; Optum, Inc. | LHC Group, Inc. (100% Stake) | USA | | 6,050 |
| 3 | 03-Jun-22 | Bristol-Myers Squibb Company | Turning Point Therapeutics, Inc. (100% Stake) | USA | | 4,636 |
| 4 | 20-May-22 | TPG Capital L.P.; Clayton, Dubilier & Rice, LLC | Covetrus, Inc. (76.68% Stake) | USA | | 3,406 |
| 5 | 27-Feb-22 | Biocon Limited; Biocon Biologics India Limited | Viatis Inc (Biosimilars business) (100% Stake) | USA | Viatis Inc | 3,335 |
| 6 | 31-May-22 | GSK plc | Affinivax, Inc. (100% Stake) | USA | Bain Capital, L.P.; Wellington Management Company LLP; Bill and Melinda Gates Foundation; Viking Global Investors L.P.; Foresite Capital Management, LLC; Surveyor Capital; Logos Capital; Ziff Capital Partners | 3,300 |
| 7 | 21-Apr-22 | Clayton, Dubilier & Rice, LLC | Humana Inc (hospice, palliative, and personal care business) (60% Stake) | USA | Humana Inc | 2,800 |
| 8 | 13-Apr-22 | GSK plc | Sierra Oncology Inc (100% Stake) | USA | | 1,982 |
| 9 | 05-Apr-22 | Stone Point Capital LLC | Tivity Health, Inc. (100% Stake) | USA | | 1,930 |
| 10 | 18-Jan-22 | Social Capital Suvretta Holdings Corp. III | ProKidney, LLC (100% Stake) | USA | | 1,799 |

PMB league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------|---------------|------------|
| 1 | 3 | JPMorgan | 19,542 | 9 |
| 2 | 1 | Goldman Sachs & Co | 16,020 | 13 |
| 3 | 5 | Centerview Partners | 15,679 | 7 |
| 4 | 13 | Jefferies | 14,708 | 19 |
| 5 | 18 | SVB Securities | 8,905 | 11 |
| 6 | 8 | Citi | 6,353 | 5 |
| 7 | 4 | Barclays | 6,280 | 7 |
| 8 | 15 | Deutsche Bank | 6,206 | 3 |
| 9 | 10 | UBS Investment Bank | 6,206 | 2 |
| 10 | 22 | Lazard | 5,602 | 4 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 2 | Jefferies | 14,708 | 19 |
| 2 | 1 | Goldman Sachs & Co | 16,020 | 13 |
| 3 | 5 | Houlihan Lokey | 2,420 | 13 |
| 4 | 12 | SVB Securities | 8,905 | 11 |
| 5 | 3 | JPMorgan | 19,542 | 9 |
| 6 | 7 | Morgan Stanley | 4,547 | 9 |
| 7 | 9 | William Blair & Company | 4,485 | 8 |
| 8 | 17 | Centerview Partners | 15,679 | 7 |
| 9 | 4 | Barclays | 6,280 | 7 |
| 10 | 15 | PwC | 3,669 | 7 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 9 | Ropes & Gray | 23,754 | 19 |
| 2 | 16 | Skadden Arps Slate Meagher & Flom | 22,075 | 8 |
| 3 | 15 | Sullivan & Cromwell | 22,073 | 5 |
| 4 | 11 | Kirkland & Ellis | 14,047 | 31 |
| 5 | 47 | Freshfields Bruckhaus Deringer | 13,144 | 2 |
| 6 | 7 | Debevoise & Plimpton | 12,256 | 4 |
| 7 | 25 | Goodwin Procter | 9,973 | 70 |
| 8 | 8 | Latham & Watkins | 8,903 | 21 |
| 9 | 10 | White & Case | 8,757 | 10 |
| 10 | 36 | Davis Polk & Wardwell | 8,587 | 10 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Goodwin Procter | 9,973 | 70 |
| 2 | 4 | Wilson Sonsini Goodrich & Rosati | 6,099 | 51 |
| 3 | 2 | McGuireWoods | 413 | 50 |
| 4 | 10 | Cooley | 8,462 | 40 |
| 5 | 5 | Kirkland & Ellis | 14,047 | 31 |
| 6 | 3 | McDermott Will & Emery | 1,033 | 23 |
| 7 | 7 | Sidley Austin | 3,490 | 22 |
| 8 | 6 | DLA Piper | 3,182 | 22 |
| 9 | 9 | Latham & Watkins | 8,903 | 21 |
| 10 | 11 | Ropes & Gray | 23,754 | 19 |

Real estate



Real estate surprises with its best HY performance on record

Real estate M&A has been on a winning streak recently in the Americas. It was the only sector to see gains across both volume and value in the first half of 2022. In fact, Q2 of this year was the highest value quarter for real estate in the region over the past two years.

In H1, there was US\$98.6bn worth of transactions, putting real estate in third position, well behind TMT but on a par with EMU. This was an annual gain of no less than 85%. In volume terms, there were 58 deals, an uplift of 52.6% on H1 2021.

There's no doubting that property prices have benefited from the Fed's dovish policy of the past two years, although with variation between asset types. Between the start of 2020 and the end of 2021, the United States House Price Index soared from just over 450 to slightly under 558, a gain of 24%.

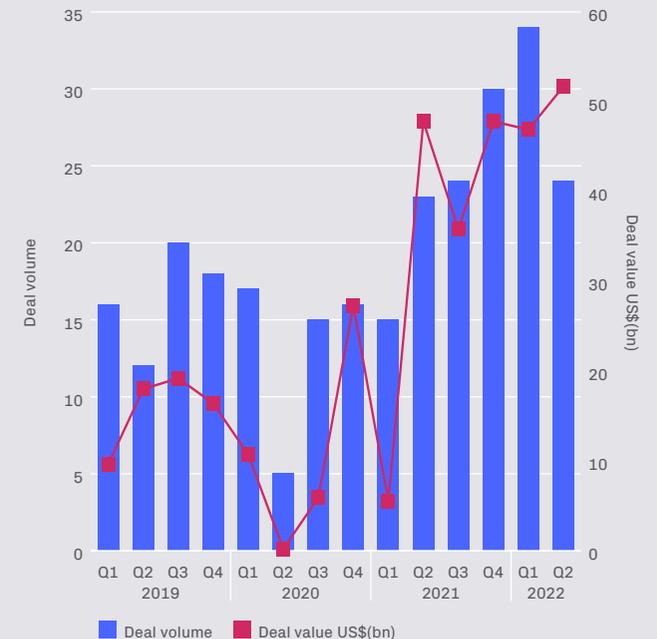
Warehouse space

At the same time, some parts of the commercial real estate sector, namely office space and retail, had to contend with the effects of the pandemic. In the case of office space, vacancy rates have been higher as companies got to grips with what working model to adopt, while the tilt toward e-commerce over in-person shopping put pressure on retail assets.

Logistics is one subsector that has seen consistent demand and this translated into the largest transaction of H1. Close to a third of all real estate M&A value in the region came from the US\$27.9bn all-stock acquisition of Duke Realty Corp by Prologis, two industrial real estate investment trusts (REITs) specializing in warehouse logistics. As part of the deal, Prologis gained properties in strategic locations in Southern California, New Jersey, South Florida, Chicago, Dallas, and Atlanta.

One of the biggest economic narratives of the past two years has been the immense strain on supply chains and expanding warehousing capacity has been a no-brainer for REITs with the capital resources to invest.

Real estate M&A activity, 2019-HY 2022



Source: Mergermarket



A degree of success

Student housing has been another area where investors have been willing to place selective bets. Blackstone Group acquired American Campus Communities (ACC) for US\$13.1bn in the sector's second biggest play. ACC is the largest owner, manager, and developer of high-quality student housing communities in the US, its portfolio comprising 166 properties in 71 university markets.

The company has performed well since listing on the NYSE back in 2004, its share price approximately tripling in that time. This was achieved in spite of US college enrollment rates peaking in 2010. ACC set out to transform the student housing sector into a mainstream, institutional asset class within the wider commercial real estate sector by building longstanding relationships with some of the most prestigious and fastest-growing universities in the country.

Real estate top bidders by value | HY 2022

| | US\$(m) |
|-----------|---------|
| USA | 91,851 |
| Canada | 4,083 |
| Brazil | 2,583 |
| Australia | 40 |
| Israel | 26 |

Real estate top bidders by volume | HY 2022

| | Deal count |
|-----------|------------|
| USA | 38 |
| Brazil | 9 |
| Canada | 8 |
| Australia | 1 |
| Israel | 1 |
| Bahrain | 1 |

Activism moves the healthcare office space

Bowing to pressure from activist investor Elliott Investment Management after lagging its peers, Healthcare Trust of America explored its sale options last year and found a buyer in Healthcare Realty Trust. The reverse merger was valued at US\$11.2bn and created the largest medical office landlord in the US, with 727 properties used for the delivery of outpatient healthcare services to its name. The deal saw the enlarged REIT, which leases on-campus and off-campus properties around hospitals and universities, included in the S&P MidCap 400 Index.

In contrast to retail and office buildings, demand for medical office real estate held up well through the pandemic and, like the healthcare sector, has defensive qualities that make it well protected from weakening economic growth.

The merger is indicative of the selective nature of real estate M&A and where to expect ongoing deal activity, especially as macro dynamics shift. The recent interest rate rises—up by a further 0.75% in July to borrowing rates to the range of between 2.25% and 2.5%—has the potential to dampen house sales. This of course will depend on how much further the Fed tightens. A higher interest rate means higher borrowing costs, slowing property sales, and new construction, bringing down valuations. However, investors will continue to seek out in-demand properties with high rental and lease potential that can deliver attractive yield opportunities.

Real estate top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|---|-------------------------|----------------------------------|--------------------|
| 1 | 10-May-22 | Prologis, Inc. | Duke Realty Corp. (100% Stake) | USA | | 27,923 |
| 2 | 19-Apr-22 | Blackstone Property Partners; Blackstone Real Estate Income Trust, Inc. | American Campus Communities, Inc. (100% Stake) | USA | | 13,120 |
| 3 | 28-Feb-22 | Healthcare Realty Trust Inc. | Healthcare Trust of America, Inc. (100% Stake) | USA | | 11,249 |
| 4 | 30-Jan-22 | Land and Buildings Investment Management LLC | Lexington Realty Trust (Formerly Lexington Corporate Properties Trust) (100% Stake) | USA | | 5,945 |
| 5 | 16-Feb-22 | Blackstone Real Estate Income Trust, Inc. | Preferred Apartment Communities, Inc. (100% Stake) | USA | | 5,857 |
| 6 | 25-Feb-22 | Monarch Alternative Capital L.P. | Paramount Group, Inc. (94.43% Stake) | USA | | 5,787 |
| 7 | 25-Apr-22 | Blackstone Real Estate Partners | PS Business Parks, Inc. (100% Stake) | USA | | 5,230 |
| 8 | 17-Feb-22 | Ares Management Corporation | Capital Automotive L.P. (100% Stake) | USA | Brookfield Asset Management Inc. | 3,800 |
| 9 | 24-Jan-22 | Blackstone Real Estate Income Trust, Inc. | Resource Real Estate Opportunity REIT, Inc. (100% Stake) | USA | C-III Capital Partners LLC | 3,700 |
| 10 | 06-May-22 | Brookfield Asset Management Inc. | Watermark Lodging Trust, Inc. (100% Stake) | USA | | 3,595 |

Real estate league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 1 | JPMorgan | 61,117 | 5 |
| 2 | 9 | Citi | 47,997 | 4 |
| 3 | 8 | Bank of America | 42,537 | 9 |
| 4 | 3 | Morgan Stanley | 38,936 | 5 |
| 5 | 5 | Goldman Sachs & Co | 37,725 | 5 |
| 6 | 2 | Wells Fargo Securities | 31,307 | 5 |
| 7 | 29 | KeyBanc Capital Markets | 19,803 | 3 |
| 8 | - | TSB Capital Advisors | 13,120 | 1 |
| 9 | - | Eastdil Secured | 12,302 | 5 |
| 10 | - | Scotiabank | 11,249 | 1 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------|---------------|------------|
| 1 | 3 | Bank of America | 42,537 | 9 |
| 2 | 1 | JPMorgan | 61,117 | 5 |
| 3 | 2 | Morgan Stanley | 38,936 | 5 |
| 4 | 6 | Goldman Sachs & Co | 37,725 | 5 |
| 5 | 4 | Wells Fargo Securities | 31,307 | 5 |
| 6 | - | Eastdil Secured | 12,302 | 5 |
| 7 | 10 | Citi | 47,997 | 4 |
| 8 | 29 | KeyBanc Capital Markets | 19,803 | 3 |
| 9 | - | Banco Itau BBA | 2,554 | 3 |
| 10 | 15 | Berkshire Global Advisors | 40 | 3 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 7 | Fried Frank Harris Shriver & Jacobson | 40,165 | 6 |
| 2 | 4 | Alston & Bird | 39,998 | 5 |
| 3 | 1 | Wachtell, Lipton, Rosen & Katz | 38,940 | 3 |
| 4 | 2 | Latham & Watkins | 28,378 | 2 |
| 5 | 8 | Hogan Lovells International | 27,923 | 1 |
| 6 | 5 | Simpson Thacher & Bartlett | 27,907 | 5 |
| 7 | 3 | Cravath, Swaine & Moore | 16,479 | 2 |
| 8 | 15 | Dentons | 13,120 | 1 |
| 9= | 44 | Hunton Andrews Kurth | 11,249 | 1 |
| 9= | - | McDermott Will & Emery | 11,249 | 1 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|---------------------------------------|---------------|------------|
| 1 | 5 | Fried Frank Harris Shriver & Jacobson | 40,165 | 6 |
| 2 | 2 | DLA Piper | 10,160 | 6 |
| 3 | 4 | Goodwin Procter | 10,011 | 6 |
| 4 | 19 | Alston & Bird | 39,998 | 5 |
| 5 | 7 | Simpson Thacher & Bartlett | 27,907 | 5 |
| 6 | 14 | Kirkland & Ellis | 4,173 | 5 |
| 7 | 1 | Wachtell, Lipton, Rosen & Katz | 38,940 | 3 |
| 8 | - | Proskauer | 10,185 | 3 |
| 9 | 25 | Clifford Chance | 6,532 | 3 |
| 10 | 13 | Skadden Arps Slate Meagher & Flom | 3,365 | 3 |

A woman with dark hair, wearing a green blouse and a brown beaded necklace, is looking down at a tablet computer she is holding. The background is a bright, modern office with large windows and other people working in the distance. There are decorative orange and grey rectangular blocks on the right side of the image.

Telecoms, media & technology

Tech remains the beating heart of the region's dealmaking

The TMT sector in the Americas continues to prove itself to be the bedrock of global M&A value, thanks to the outsized contribution made by the US. The S&P 500 index is top heavy, with tech with over a quarter of its market cap attributable to this one industry—think Apple, Microsoft, Amazon, Meta, and Google parent company Alphabet. It is the persistence of this sector in its pursuit of continuous growth and innovation that ensures the region's M&A market stays well ahead of any other.

Even with value falling by 23% in H1 this year, there was still US\$471bn-worth of deals. This is well above any full calendar year stretching back over the past 15 years (with the exception of 2021).

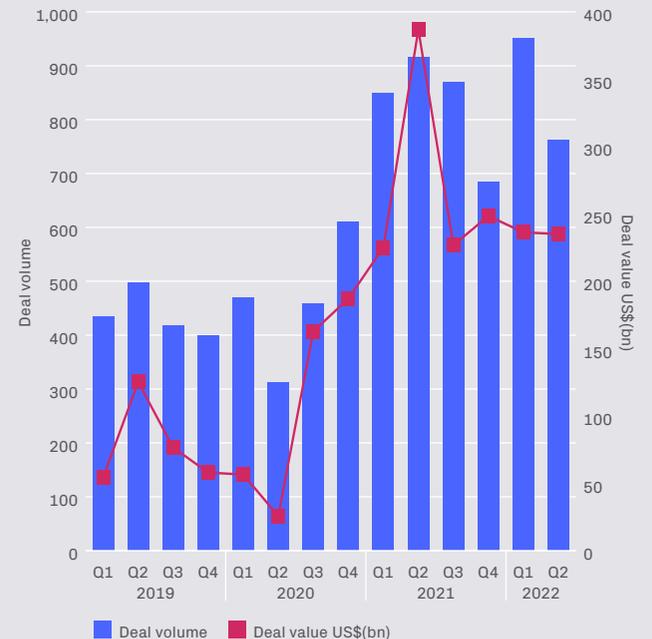
Looking at the US specifically, the annual trailing average over the past decade, which includes 2021's blitz, is US\$377.6bn, more than 20% below H1 2022's performance. It is difficult to overstate how strong this sector has been.

Rash of megadeals

Given the depth of acquirers' pockets in this space it should surprise no one that there have been some truly monster plays so far this year. The top three—Activision Blizzard, VMware, and Twitter—have a combined value of US\$187.9bn.

There are, however, some signs that these will not be completed any time soon and, in the case of Twitter, possibly not at all. Microsoft's US\$75.1bn bid for Activision was valued at \$95.00 per share. Tellingly, the company's stock price never reached that level, instead hovering below the US\$80 mark for months. In February, the Federal Trade Commission launched a probe into the deal and by July, the UK's antitrust enforcers started their own review. The target's middling share price suggests that markets are not convinced it will go through.

TMT M&A activity, 2019-HY 2022



Source: Mergermarket



Antitrust concerns

Broadcom's US\$71.6bn approach for cloud computing business VMware drew interest not just for its size. Like-for-like semiconductor mergers have been in decline over the past decade, with chipmakers increasingly interested in expanding their offering by acquiring software firms. But, like the Activision Blizzard deal, the tie-up is facing a lengthy antitrust investigation, in this case at the hands of European regulators.

The most controversial deal in the sector and, arguably, of the year is Elon Musk's rescinded US\$41.3bn offer for social media giant Twitter. The Tesla CEO's proposed strategy was to find new revenue streams for the micro-blogging platform, whose share price has round-tripped back to where it started when it floated a decade ago. Musk also said that he wanted to flush the platform of bots.

This was the stated reason for the billionaire pulling out of the deal, claiming the high number of fake accounts had exceeded his expectations. Twitter is determined to enforce the deal and in July a Delaware judge agreed to hear the case at an October trial date.

TMT top bidders by value | HY 2022

| | US\$(m) |
|-----------|---------|
| USA | 410,085 |
| Canada | 31,326 |
| Japan | 6,807 |
| Singapore | 2,775 |
| Germany | 2,590 |

TMT top bidders by volume | HY 2022

| | Deal count |
|----------------|------------|
| USA | 1,309 |
| Canada | 93 |
| Brazil | 66 |
| United Kingdom | 58 |
| Japan | 30 |

TMT top 10 announced deals, HY 2022

| | Announced date | Bidder company | Target company | Target dominant country | Vendor company | Deal value (US\$m) |
|----|----------------|---|--|-------------------------|----------------------|--------------------|
| 1 | 18-Jan-22 | Microsoft Corporation | Activision Blizzard, Inc. (100% Stake) | USA | | 75,069 |
| 2 | 26-May-22 | Broadcom Inc. | VMware, Inc. (100% Stake) | USA | Silver Lake Partners | 71,605 |
| 3 | 14-Apr-22 | Elon Musk (Private Investor) | Twitter, Inc. (91.24% Stake) | USA | | 41,269 |
| 4 | 31-Jan-22 | Vista Equity Partners Management, LLC; Evergreen Coast Capital | Citrix Systems, Inc. (100% Stake) | USA | | 16,613 |
| 5 | 04-May-22 | Intercontinental Exchange, Inc. | Black Knight, Inc. (100% Stake) | USA | | 15,460 |
| 6 | 29-Mar-22 | Brookfield Business Partners L.P.; Evergreen Coast Capital | Nielsen Holdings plc (100% Stake) | USA | | 15,344 |
| 7 | 10-Jan-22 | Take-Two Interactive Software, Inc. | Zynga, Inc. (100% Stake) | USA | | 10,580 |
| 8 | 24-Jun-22 | Hellman & Friedman LLC; Permira Advisers LLP; Abu Dhabi Investment Authority; GIC Private Limited | Zendesk, Inc. (100% Stake) | USA | | 10,381 |
| 9 | 20-Mar-22 | Thoma Bravo, LLC | Anaplan, Inc. (100% Stake) | USA | | 10,307 |
| 10 | 22-Feb-22 | Standard General L.P. | TEGNA Inc. (100% Stake) | USA | | 8,688 |

Private interest

Private equity has also been snapping up large assets. Sponsors were responsible for four of the seven remaining top 10 TMT deals and claimed US\$139.3bn of transaction value, a 29.6% share. The largest of these featured Vista Equity Partners and Evergreen Coast Capital, who paid US\$16.6bn in the take-private of cloud computing company Citrix Systems, which they believe was being mis-valued by the stock market. The business is being integrated with existing Vista portfolio company TIBCO Software, a data analytics firm.

The home bias of US bidders pursuing domestic deals with a historic volume of capital flowing into the sector is testament to a number of TMT's strengths. Acquirers in the sector have abundant cash reserves and access to financing and there is a deep, expansive pool of groundbreaking technology companies to choose from, with tech innovation complementing and enabling the gamut of industries in one way or another. This sector in this region is unmatched anywhere else in the world.

TMT league tables

Financial advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 302,063 | 45 |
| 2 | 3 | Morgan Stanley | 243,535 | 22 |
| 3 | 2 | JPMorgan | 183,206 | 29 |
| 4 | 6 | Barclays | 160,737 | 16 |
| 5 | 4 | Bank of America | 150,638 | 12 |
| 6 | 10 | Allen & Company | 133,130 | 5 |
| 7 | 5 | Credit Suisse | 122,022 | 6 |
| 8 | 7 | Citi | 108,184 | 13 |
| 9 | 12 | Wells Fargo Securities | 88,515 | 5 |
| 10 | 34 | Qatalyst Group | 44,846 | 5 |

Financial advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-------------------------|---------------|------------|
| 1 | 1 | Goldman Sachs & Co | 302,063 | 45 |
| 2 | 2 | JPMorgan | 183,206 | 29 |
| 3 | 15 | Houlihan Lokey | 2,291 | 28 |
| 4 | 9 | Canaccord Genuity Group | 422 | 28 |
| 5 | 4 | William Blair & Company | 6,167 | 27 |
| 6 | 3 | Morgan Stanley | 243,535 | 22 |
| 7 | 10 | Evercore | 33,049 | 21 |
| 8 | 14 | Jefferies | 13,483 | 20 |
| 9 | 11 | Raymond James | 868 | 19 |
| 10 | 28 | PwC | 911 | 18 |

Legal advisors by value

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|-----------------------------------|---------------|------------|
| 1 | 1 | Sullivan & Cromwell | 172,493 | 22 |
| 2 | 2 | Simpson Thacher & Bartlett | 148,436 | 28 |
| 3 | 3 | Skadden Arps Slate Meagher & Flom | 135,884 | 22 |
| 4 | 4 | Wachtell, Lipton, Rosen & Katz | 124,050 | 13 |
| 5 | 5 | Gibson, Dunn & Crutcher | 106,666 | 29 |
| 6 | 6 | Davis Polk & Wardwell | 98,367 | 23 |
| 7 | 7 | Weil Gotshal & Manges | 96,504 | 23 |
| 8 | 8 | Debevoise & Plimpton | 95,122 | 9 |
| 9 | 9 | White & Case | 93,561 | 18 |
| 10 | 10 | Wilson Sonsini Goodrich & Rosati | 92,924 | 107 |

Legal advisors by volume

| HY 2022 | HY 2021 | Company name | Value (US\$m) | Deal count |
|---------|---------|----------------------------------|---------------|------------|
| 1 | 1 | Cooley | 26,692 | 232 |
| 2 | 2 | Goodwin Procter | 39,498 | 219 |
| 3 | 3 | Kirkland & Ellis | 87,609 | 114 |
| 4 | 4 | Wilson Sonsini Goodrich & Rosati | 92,924 | 107 |
| 5 | 5 | Latham & Watkins | 38,079 | 79 |
| 6 | 6 | Sidley Austin | 92,134 | 72 |
| 7 | 7 | DLA Piper | 20,973 | 66 |
| 8 | 8 | Willkie Farr & Gallagher | 21,401 | 55 |
| 9 | 9 | Osler, Hoskin & Harcourt | 79,643 | 41 |
| 10 | 10 | Ropes & Gray | 21,370 | 37 |

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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