



M&A Deals Newsletter

Buy. Sell. Fund. Partner. Fix.
2022 Q1

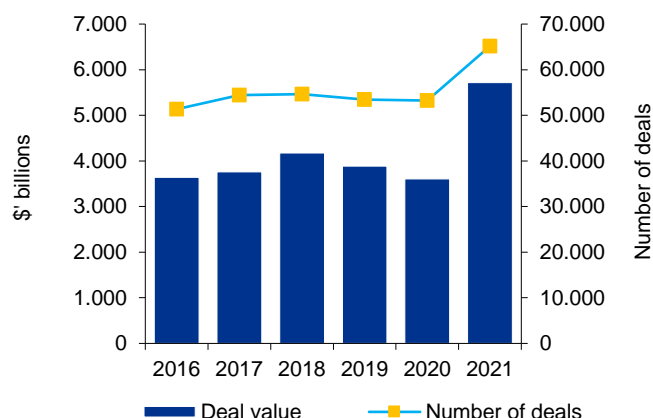
KPMG in Cyprus
kpmg.com.cy

The Global M&A environment in 2021

2021 was a blowout year for M&A with global mergers and acquisitions bouncing back and surpassing pre-pandemic levels. While the initial outlook for M&A deal activity in 2022 remains positive with dealmakers indicating increased deal volumes across industries, international unrest mainly arising from the Russia – Ukraine situation, has derailed planned deals and created uncertainty in the market.

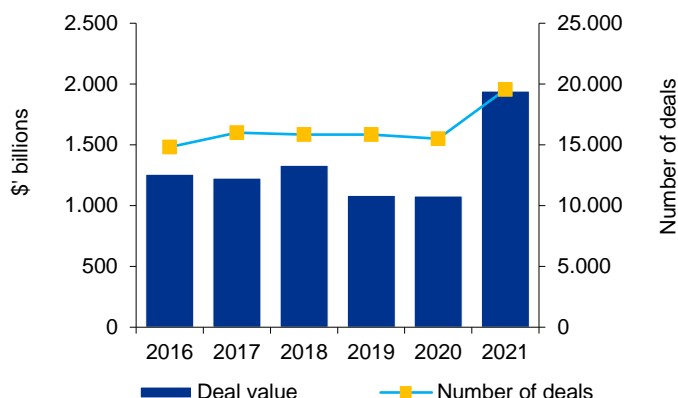
Trends in M&A

Global M&A activity



In 2021, both the value of transactions and volume of deals, **increased by approximately 59% and 22%** respectively, compared to 2020.

Global cross border M&A activity



Despite the Covid-19 pandemic, the global cross border transactions' total value and volumes were at an all-time high in 2021, at **\$1,9 trillion and 19,6 thousand deals**, respectively.

Notable Deals Globally

1. Technology, Media & Telecom Sector

Discovery Inc. merged with WarnerMedia. The deal was valued at \$43,0 billion and was announced in May 2021.

2. Technology, Media & Telecom Sector

Altmer Growth Corp. merged with Grab Holdings Inc. The deal was valued at \$40,0 billion and was announced in April 2021.

Notable Local Deals

1. Healthcare Sector

Hellenic Healthcare Group (HHG) acquired Apollonion Hospital in Cyprus. The deal was valued at approximately €85,0 million towards the end of 2021.

2. Real Estate Sector

Emerald Coast Properties Limited fully acquired Parklane Hotels Limited. The deal was allegedly valued at €22,5 million, accounting for 24,98% of issued shares and closed within the first half of 2021.

Key Sectors for international M&A Activity in 2021

Industry	Volume Contribution	Number of Deals	Total Value
Technology, Media & Telecom	24%	15,297	\$1,418 billion
Consumer Goods	13%	3,154	\$747 billion

M&A drivers, challenges and outlook

Buy and sell side M&A drivers

Distressed and undervalued firms

Distress-driven M&A and private equity divestments to be the main sell-side driver of M&A activity in Europe over the next 12 months, according to a Statista survey conducted in Q1-Q2 2021. On the other hand, undervalued targets and private equity buyouts are expected to be the main buy-side drivers.

Spinoffs

In an attempt to maintain a more disciplined approach when it comes to shareholder value creation, many companies chose to announce separation and asset divestitures enabling greater strategic focus on core business activity.

Economic factors

The re-opening of economies, record-breaking stock markets, an increased supply of cheap capital and record amounts of cash, are expected to keep M&A activity momentum.

High valuations

To justify high transaction costs, there is an increased pressure for increased valuations. Over 60% of US corporate executives which cited high valuations as the major M&A challenge in 2022.

Tighter liquidity

Liquidity challenges were cited as the 2nd biggest challenge by 56% of the corporate executives, due to potential interest rate hikes expected in 2022.

Competition and supply chain factors

Fierce competition for limited number of high value targets and supply chain disruptions, were voted as the 3rd and 4th biggest challenges in 2022, by 55% and 52% of the respondents, respectively.

M&A challenges

Note: The above challenges were cited by 350 US corporate executives who were interviewed by KPMG between November and December 2021

M&A outlook

Technology and innovation

Companies are pursuing transformative deals to change their business and operating models, as the incorporation of technology becomes crucial and as companies try to optimise the use of their resources. This is the most consistent trend witnessed over recent years in the M&A space.

ESG goals

ESG is a top priority for companies globally and is critical to building sustainable businesses. Reducing ecological footprint and consider purchasing, rationalising or divesting assets. Investors are looking for access to new products, services and technologies.

Increased M&A activity

Despite recent uncertainty due to increased international tension, as covid-19 subsides we expect to see heightened M&A cross border transactions. In Europe, Africa, Asia and the Middle East, sustained GDP growth and conducive capital markets will provide the base for another year of high volume M&A deals globally.

Selected KPMG Deal opportunities in Cyprus

Cyprus Deal opportunities (Up to €5 Million)

Target activity	Description
Technology	A food technology startup company utilising data, food science and biochemistry to make fibrous, delicious, plant-based poultry products and ingredients. The company is looking to acquire funding to grow the business.
Education	The shareholders of a technology startup are seeking capital for the development and promotion of a professional learning and networking platform.
Energy	The company is raising finance for the realisation of the commercialisation project of a 1MW Concentrated Solar Power system in Greece.

Cyprus Deal opportunities (Greater than €5 Million)

Target activity	Description
Energy	The company is raising finance for the construction of 65MW solar thermal plant in Cyprus or alternatively the sale of the licence for the construction of the Project.
Healthcare	A company well established in the medical sector in Cyprus, is raising finance to develop a proton therapy centre with a maximum annual capacity of 320 patients.
Healthcare	The shareholders of an upcoming healthcare development with an operational capacity of 145 beds, seek equity funding. Total Project cost has been estimated around €60,0 million and the Hospital is expected to be fully operational by Q1 of 2024.
Hospitality	A prominent beachfront 4-star hotel located in a prime location, featuring premium facilities and services, including 228 rooms, 3 restaurants, 4 bars and cafes, wellness and conference facilities. The owners are seeking to exit the business.
Real Estate	The company is looking to raise finance for the development of a residential complex based in Nicosia with a total building density of 22 thousand square metres.
Energy	Investment opportunity in the development of an electricity production plant of 105MW which will use natural gas as fuel.

Contact us

Christophoros Anayiotos
Board Member
Head of Deal Advisory
T: +357 22 20 92 92
E: canayiotos@kpmg.com

Georgios Ioannou
Manager
Deal Advisory
T: +357 22 20 92 36
E: ioannoug@kpmg.com

kpmg.com.cy

