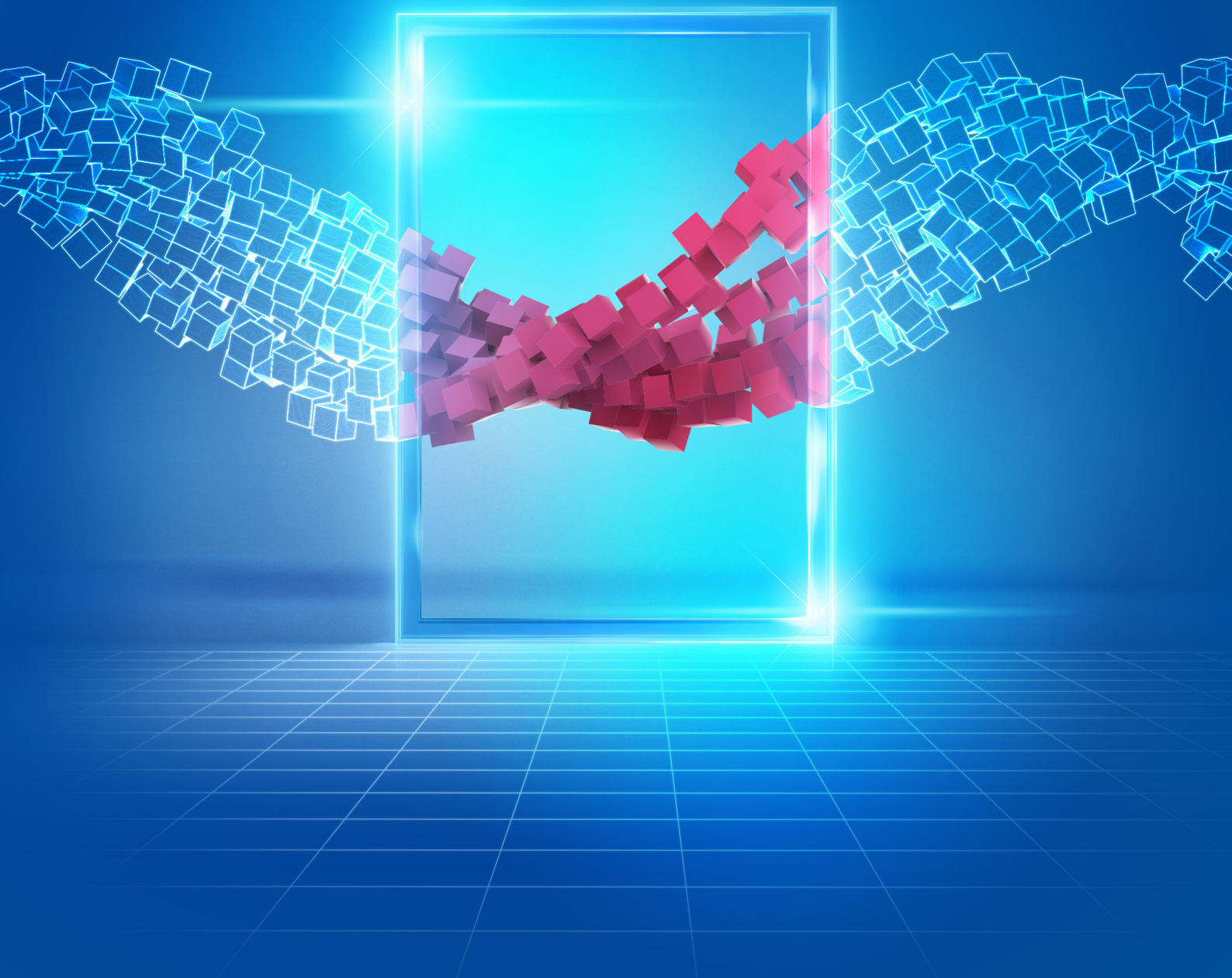




# M&A Outlook 2022

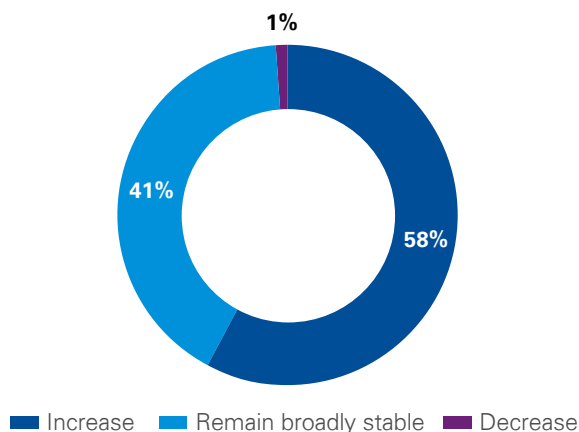
**What's next for dealmaking?**



***Your Partner For What's Next***

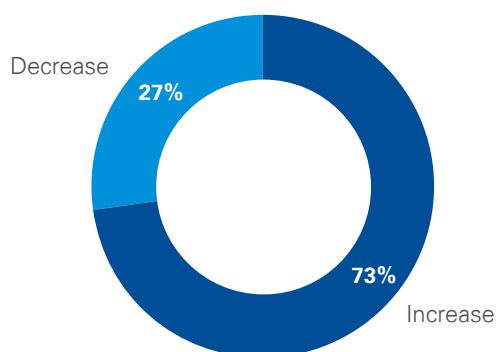
## DEAL VOLUMES

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



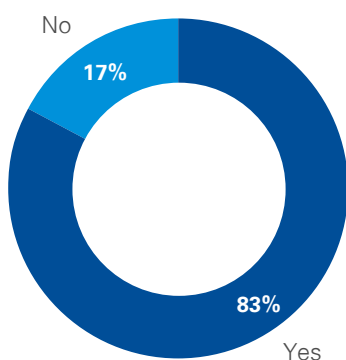
## DEAL MULTIPLES

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



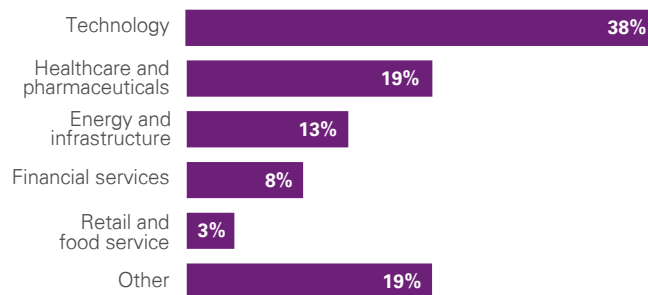
## PURSUING M&A

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



## SECTOR ACTIVITY

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

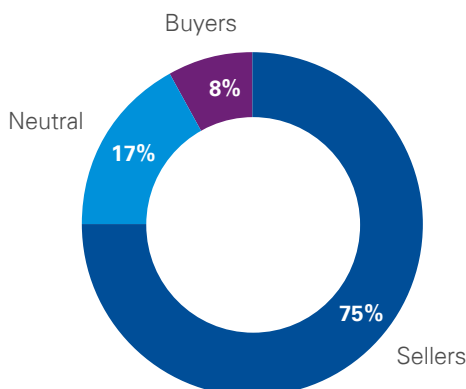


*"Dealmakers are optimistic of a continued uptick in deal volumes while sellers have raised their value expectations as buyers chase quality assets. Private equity is still flush with funding and will likely retain a competitive edge as 2022 unfolds."*

**- Russell Smyth, Partner and Head of Deal Advisory**

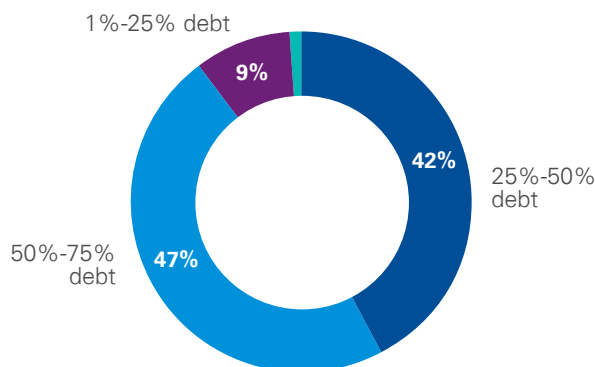
## BUYERS' OR SELLERS' MARKET?

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



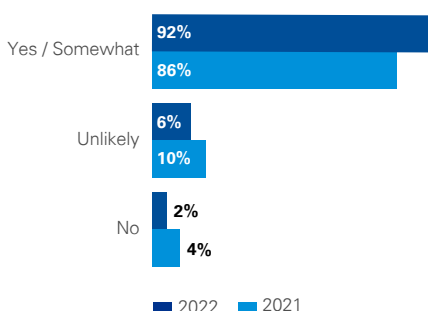
## DEBT FUNDING

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



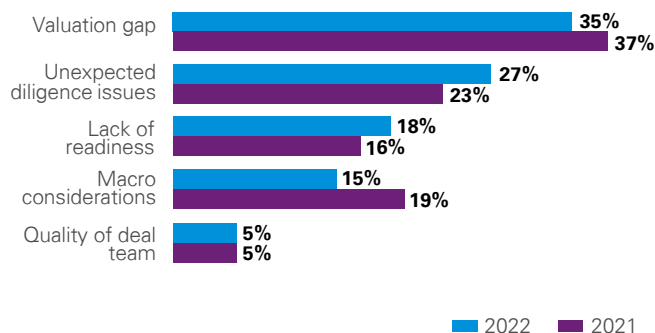
## SUSTAINABILITY

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



## DEAL FAILURE

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

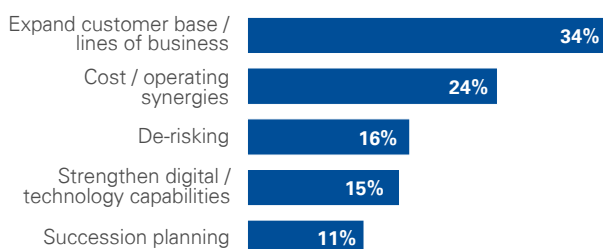


*" The growing importance of the green agenda will continue to gain prominence. Embedded sustainability is now demanded by investors, shareholders and regulatory bodies. Companies that fail to demonstrate that focus will be left behind. "*

**- Russell Smyth, Partner and Head of Deal Advisory**

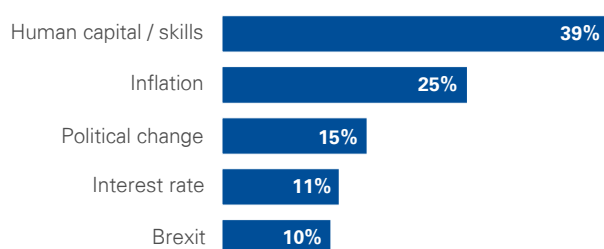
## SHAREHOLDER CONSIDERATIONS

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



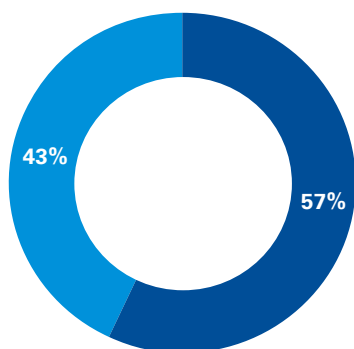
## INHIBITORS TO M&A

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



## FINANCIAL OR STRATEGIC BUYER

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



■ Financial buyers / sellers ■ Strategic buyers / sellers

## GREATER DEAL MAKING

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



*"The skills gap continues to be challenging for several industries post the pandemic and clients have been focussed on attracting and retaining talent."*

**- Chris Donnelly, Director, Deal Advisory**



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