

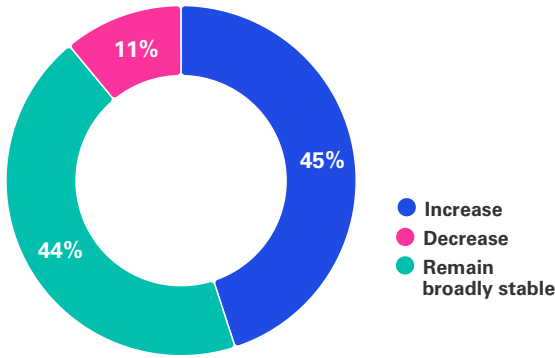


M&A Outlook 2024

Deal volumes

89% of participants expect deal volumes to increase or remain broadly stable, evidencing confidence in deal activity and the M&A market for 2024. Respondent forecasts for 2023 were less optimistic.

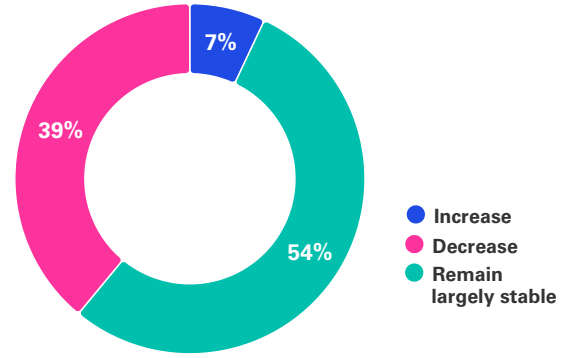
How do you expect deal volume in Ireland in 2024 will compare to 2023?



Deal multiples

54% of respondents expect stable valuations reflecting market confidence and a belief that any contraction was already reflected in 2023 transactions. 39% of respondents expect some regularisation in valuation multiples from those seen in 2023.

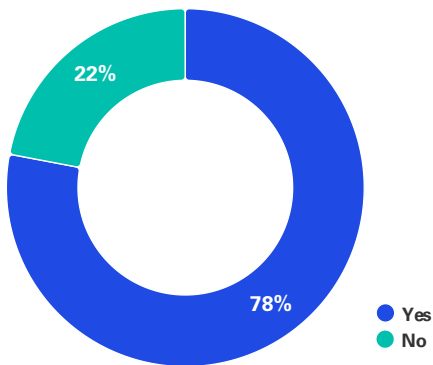
Do you expect deal multiples/pricing to increase or decrease



Pursuing M&A

In a positive outlook for deal activity, 78% of respondents intend to pursue M&A in 2024. A sense that the major economies are at the top of the interest rate cycle coupled with valuation rebasing in some sectors may provide opportunities to unlock attractive deals.

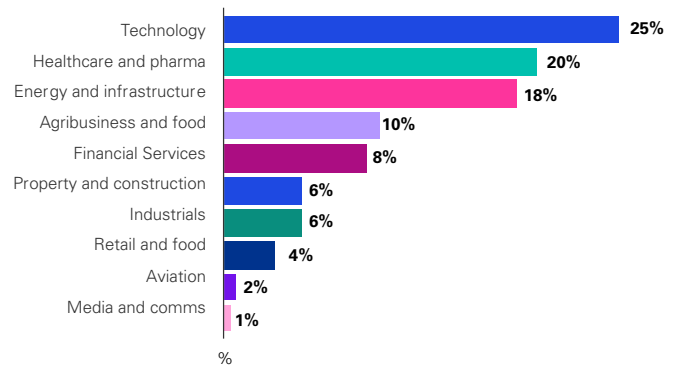
Do you expect to pursue M&A opportunities in 2024?



Sector activity

Technology, Healthcare & Pharmaceuticals, and Energy & Infrastructure are expected to be the most active sectors in 2024. 2023 witnessed strong activity across all of these sectors.

Within which sectors would you anticipate the most acquisitions to occur in Ireland in 2024?



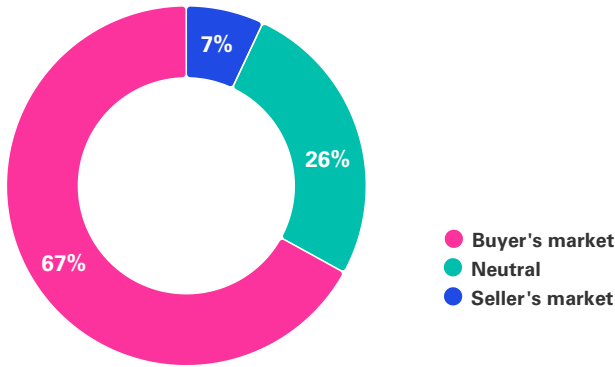
“Increasingly we see more positive outcomes from sellers that engage ahead of time on in market readiness and insightful preparatory diligence. This protects value in an environment with expected valuation tightening in what M&A leaders have predicted to be a buyer’s market.”

- Mark Collins, Partner, Head of Deal Advisory

Buyers' or sellers' market

For the second year in a row, 67% of respondents anticipate that 2024 will be a buyers' market. Elevated market volatility is driving lower buyer confidence. The resultant lack of buyers is decreasing the range of options available to sellers.

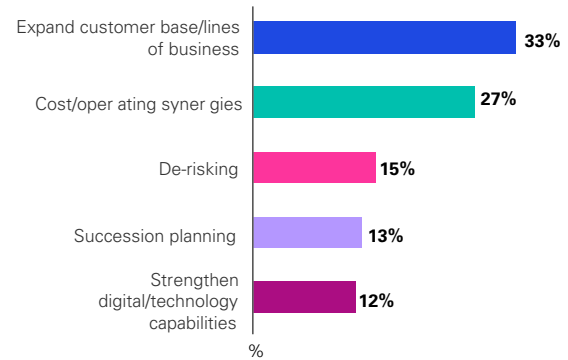
Will 2024 be a buyer's or a seller's market?



Shareholder considerations

Expansion of customer base & lines of business and the realisation of synergies were highlighted as the key drivers for M&A activity in 2024 as investors look to unlock value. De-risking and succession planning also continue to be strong drivers of activity.

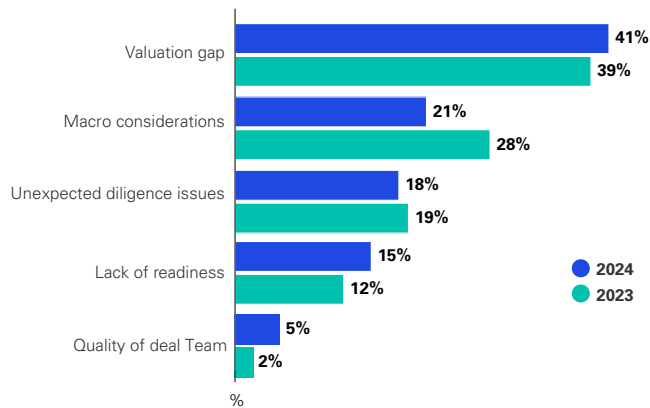
What will be the primary shareholder considerations / drivers for transactions in 2024?



Deal failure

As with prior years, valuation gaps continue to be cited as the primary reason for deal failure. 21% of respondents believe macro considerations are the second most likely driver of deal failure, perhaps reflecting volatility and market confidence.

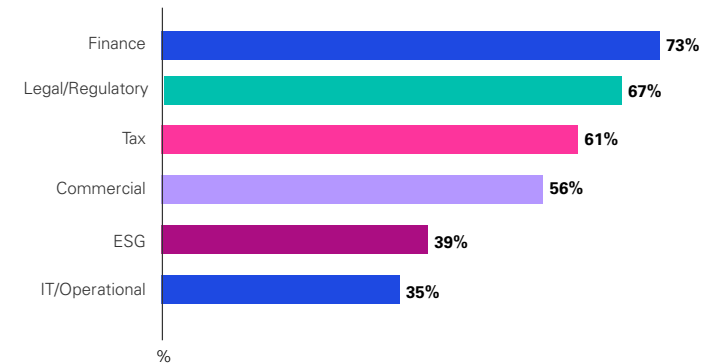
In your opinion, what is the primary reason for deal failure?



Diligence activity

Unsurprisingly financial due diligence was selected as the most common type of deal work that will be performed. Respondents highlighted that ESG and IT & Operational diligence continue to increase in importance.

What forms of diligence do you expect to carry out in 2024?



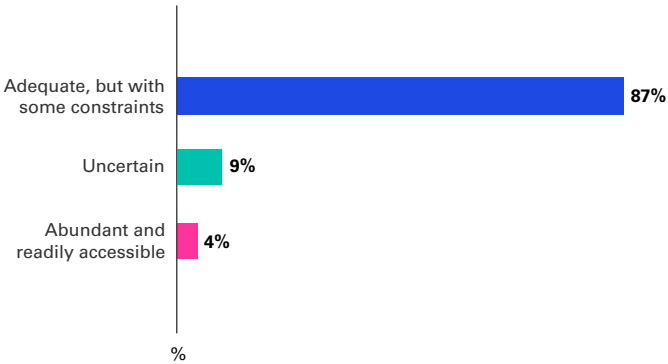
"The economic uncertainty in 2023 challenged dealmakers and resulted in a reduction in deal volumes from the historic highs of previous years. 2024 has commenced with notes of optimism for M&A driven by decreasing concern about inflation, positive views on the interest rate cycle and the availability of capital."

- David O'Kelly, Partner, Head of M&A

Access to financing

87% of M&A leaders cited the availability of financing as 'adequate but with some constraints'. This somewhat muted response may reflect the impact of higher interest rates on the debt capacity of acquisition targets.

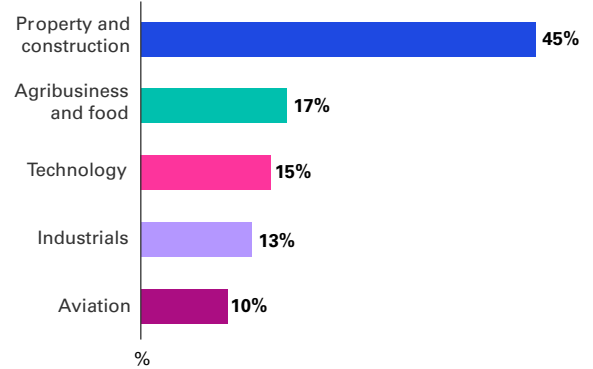
How do you perceive the availability of financing for M&A transactions in 2024?



Interest rates

Property and construction was highlighted as the sector most sensitive to interest rate movements which is expected with leveraged commercial property portfolios and heightened build costs. Other industries noted as having a pronounced impact are listed below.

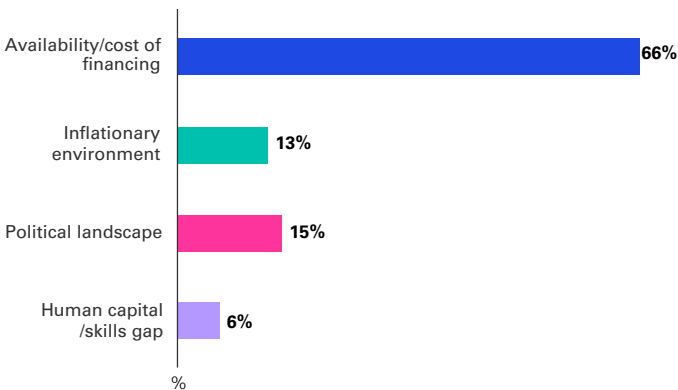
In which of the following sectors will changes in interest rates have the most pronounced impact on M&A activity?



Inhibitors to M&A

66% of M&A leaders identified availability/cost of financing as the primary obstacle facing deal activity. While a subsequent response in relation to access to financing provides caveated confirmation that funding is available, responders' views on the inhibitors highlight that formulating an executable funding strategy will be key to M&A success in 2024.

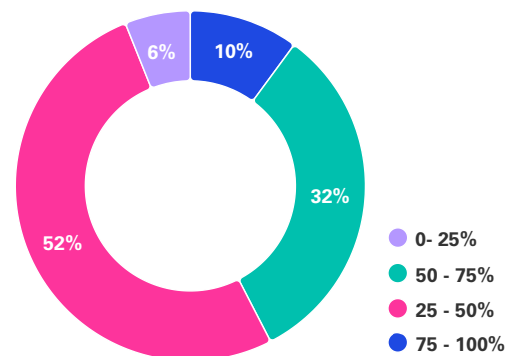
In your opinion, what will be the largest inhibitor to deal activity in 2024?



Debt funding

The significant majority of dealmakers expect to fund less than 50% of a deal using debt. This relatively conservative position may reflect the strength of corporate balance sheets and the perceived constraints on the availability of debt due to elevated interest rates.

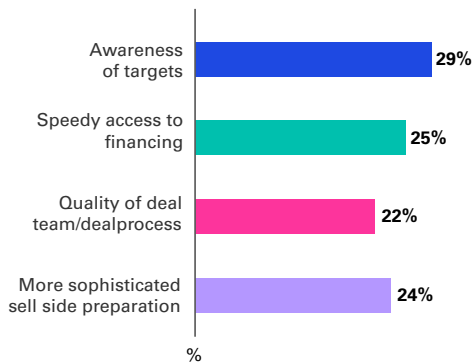
What percentage of a transaction would you consider funding from debt?



Greater deal making

29% of M&A leaders highlighted awareness of targets as the greatest enabler of dealmaking in 2024 followed by speedy access to financing. As in prior years, strong networks will need to be maintained to ensure market knowledge.

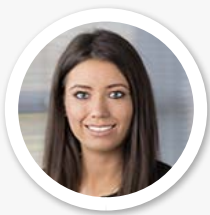
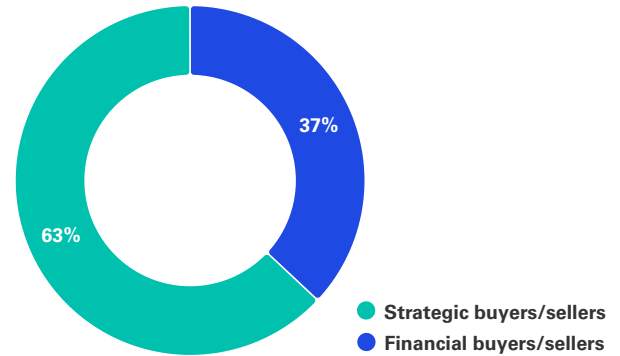
What factors do you think will enable greater deal making in Ireland in 2024?



Financial or strategic buyer

63% of respondents expect strategic buyers to be most active in 2024 as companies seek to strengthen their operations to achieve growth ambitions. The strong prediction for private equity (37%) reflects the increasing growth of the sector and the abundant dry powder.

Which group would you consider most likely to complete the highest volume of transactions in Ireland in 2024?



“The pursuit of technological advancement through acquisition is expected to drive a wave of activity in 2024 with companies seeking to integrate AI and Cybersecurity into their operations, particularly in technology led sectors.”

- Megan Smythe, Director, M&A



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