

The Black Box Institute

M&A Market Overview

Q1 2023

June 15, 2023

- The aim of these reports is to provide an overview of M&A activity in the Global, North American, and Canadian economies
- All figures are in Canadian Dollars unless otherwise indicated
- This analysis is based on figures from Q1 2023, from the dates of Jan 1, 2023 until Mar 31, 2023
- All figures are sourced from S&P Capital IQ
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Q1 Summary: Significant slowdown in M&A activity

- Marred by two large bank failures and slower financial markets, organizations have had little confidence to pursue significant M&A deals
- The total value and number of global M&A deals announced in Q1 2023 was less than any quarter in 2022
- US M&A activity accounted for more than half (~56%) of the total value of global announced deals
- Despite economic uncertainty, the S&P 500 finished the first quarter up approximately 7% QoQ from the previous quarter

Outlook: Uncertain environment to keep M&A activity slow

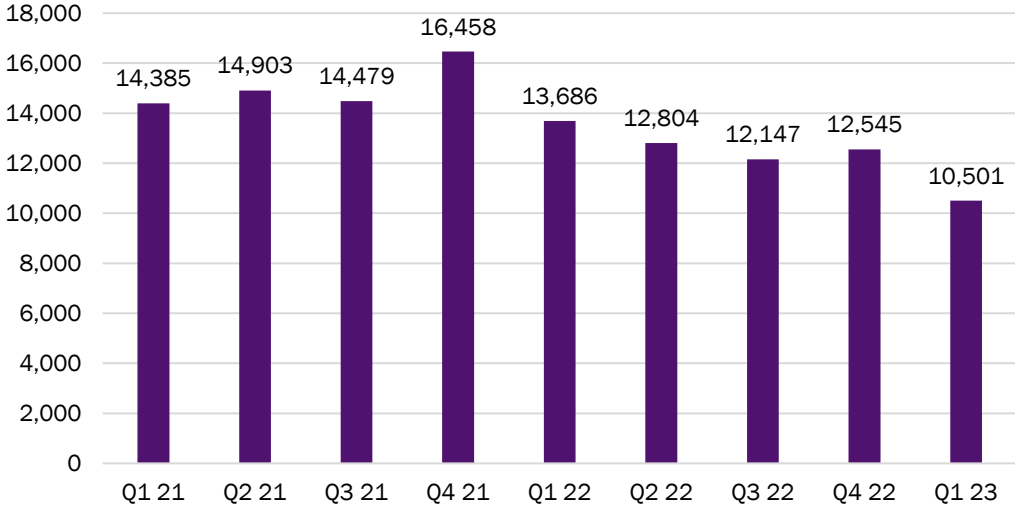
- 2023 is clouded in uncertainty with global recession fears, rising interest rates and geopolitical tensions
- The U.S Federal Reserve remains a big factor going forward. Depending how they adhere to their monetary policy and federal fund rates can push valuations up or down in 2023
- Investors are expected to remain risk-averse in Q2 of 2023
- Lower valuations may lead to private equity firms holding on to portfolio companies longer while waiting for prices to recover

M&A Transaction Analysis

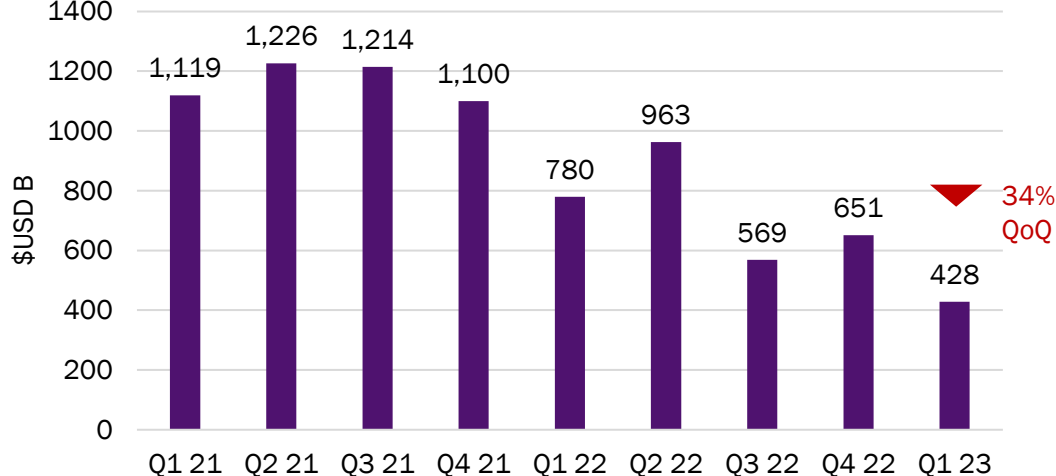


Global: Number and Value of M&A Transactions Comparison

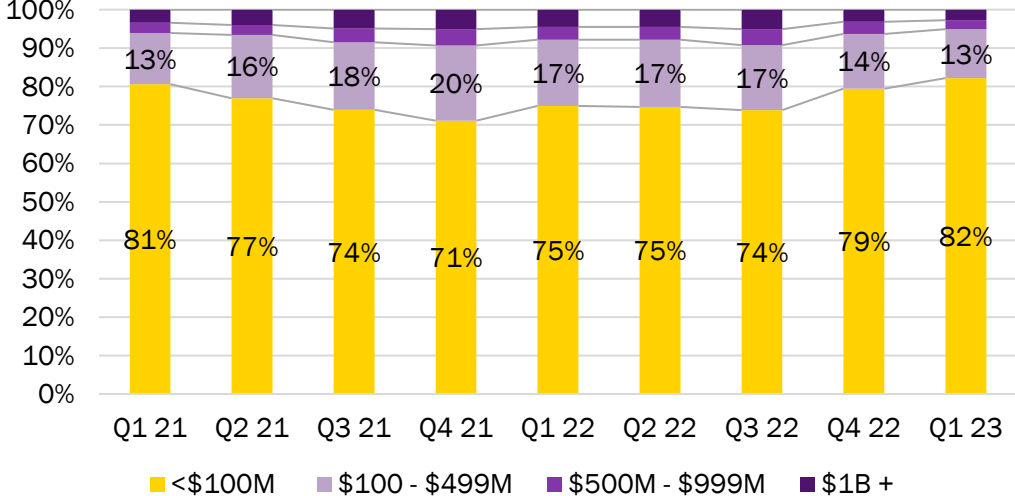
Total Number of Transactions (Global)



Total Transaction Value



Proportion of Transactions by Transaction Sizes

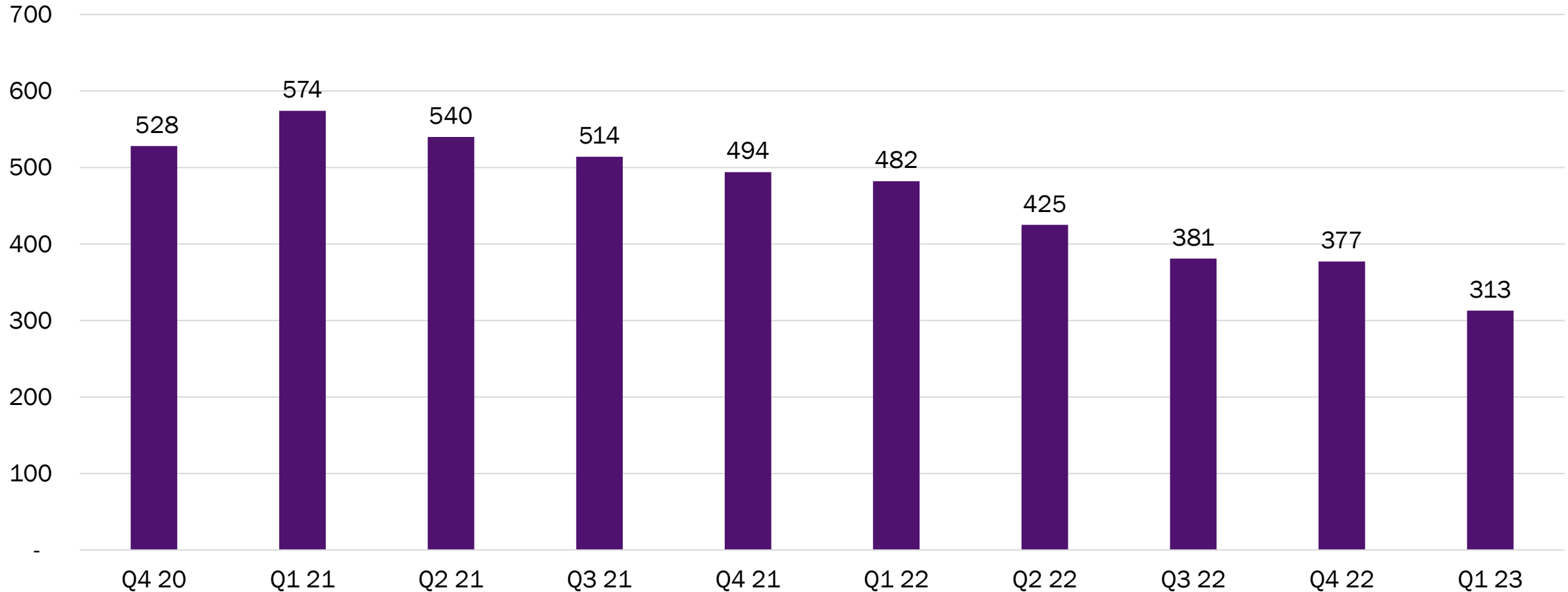


Global M&A Activity fell in Q1 2023. The aggregate transaction value was \$428B USD, a 34% decrease QoQ.

Q1 2023 saw an increase in the proportion of smaller transactions (<\$100M) relative to the previous quarter. Overall, the average transaction size has decreased since Q1 of 2022.

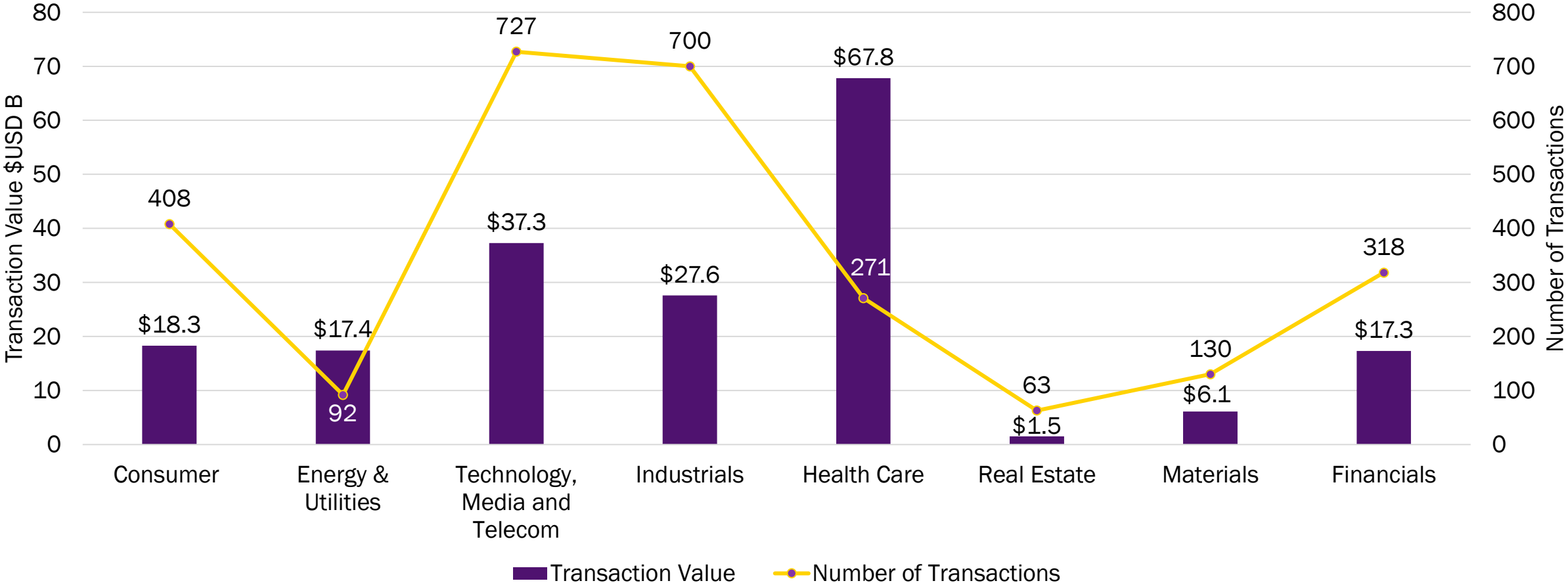
The total value and number of M&A deals announced in Q1 2023 was less than any quarter in 2022.

Quarterly Transaction Count



The number of quarterly transactions in Canada has steadily fallen since Q1 of 2021. More recently, the number of transactions have dropped from 377 in Q4 to 313 in Q1 of 2023.

Q1 2023 Transactions by Industry



While the Health Care industry accounts for only 10% of the number of transactions in Q1 2023, the industry represented the largest share of the total transaction value (\$68B). Technology, Media and Telecom represented the largest share of the number of transactions in Q1.

Largest Transactions



US: Largest M&A Transactions

Target Primary Industry	Buyer	Target	Announcement Date	Transaction Value (\$B USD)
Healthcare	Pfizer Inc.	Seagen Inc.	Mar 13, 2023	\$42.8
Financials	Goldman Sachs & Co. LLC	Securities portfolio of Silicon Valley Bank	Mar 8, 2023	\$21.5
Technology, Media and Telecommunications	Silver Lake Technology Management LLC and Canada Pension Plan Investment Board	Qualtrics International Inc.	Mar 12, 2023	\$10.4
Healthcare	CVS Health Corp.	Oak Street Health Inc.	Feb 8, 2023	\$10.4
Industrials	Apollo Global Management Inc. and Abu Dhabi Investment Authority	Univar Solutions Inc.	Mar 14, 2023	\$8.2
Industrials	Xylem Inc.	Evoqua Water Technologies Corp.	Jan 23, 2023	\$7.5
Technology, Media and Telecommunications	WPF Holdings Inc.	Vezbi Inc.	Jan 30, 2023	\$4.8
Materials	Solenis LLC	Diversey Holdings Ltd.	Mar 8, 2023	\$4.5
Technology, Media and Telecommunications	Blackstone Inc. and Abu Dhabi Investment Authority	Cvent Holding Corp.	Mar 14, 2023	\$4.2
Financials	Clayton Dubilier & Rice LLC and Stone Point Capital LLC	Focus Financial Partners Inc.	Feb 2, 2023	\$4.2

Global: Largest SPAC Transactions

Target Primary Industry	SPAC	Private Target	Announcement Date	Transaction Value (\$M USD)
Automobile Manufacturers	L Catterton Asia Acquisition Corp.	Wuhan Lotus Technology Co. Ltd.	Jan 31, 2023	\$5,500
Renewable Electricity	Aquaron Acquisition Corp.	Bestpath (Shanghai) IoT Technology Co. Ltd.	Mar 27, 2023	\$1,353
Healthcare Services	Pono Capital Two Inc.	SBC Medical Group Holdings Inc.	Feb 1, 2023	\$1,200
Aerospace and Defense	Kernel Group Holdings Inc.	AIRO Group Inc.	Mar 6, 2023	\$1,100
Electrical Components and Equipment	Nubia Brand International Corp.	Honeycomb Battery Co.	Feb 16, 2023	\$955
Biotechnology	Apeiron Capital Investment Corp.	GIO World Health Ltd.	Mar 8, 2023	\$805
Insurance Broker	Prime Impact Acquisition I	Beijing Cheche Technology Co. Ltd.	Jan 30, 2023	\$792
Application Software	Vahanna Tech Edge Acquisition I Corp.	RoadZen Inc.	Feb 13, 2023	\$683
Electrical Components and Equipment	Plum Acquisition Corp. I	Sakuu Corp.	Mar 2, 2023	\$674

Global: Largest IPO Transactions

Target Primary Industry	Company (Ticker)	Closed Date	Transaction Value (\$M USD)
Industrials	Nextracker Inc. (NXT)	Feb 8, 2023	\$734
Energy and Utilities	Atlas Energy Solutions Inc. (AESI)	Mar 8, 2023	\$324
Healthcare	Mineralys Therapeutics Inc. (MLYS)	Feb 9, 2023	\$221
Healthcare	Structure Therapeutics Inc. (GPCR)	Feb 2, 2023	\$185
Financials	Skyward Specialty Insurance Group Inc. (SKWD)	Jan 12, 2023	\$154
Information Technology	Israel Acquisitions Corp. (ISRL)	Jan 13, 2023	\$144
Unclassified	SilverBox Corp III (SBXC)	Feb 27, 2023	\$138
Energy and Utilities	TXO Energy Partners LP (TXO)	Jan 26, 2023	\$115

About TBBI



The Black Box Institute



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FINANCIAL ADVISORY

The Black Box Institute (TBBI) provides financial advisory services, including fair market valuation of businesses, corporate finance and transaction advisory for mergers and acquisitions, business sales and divestitures, buy-side services, recapitalizations and private equity fundraising to a broad range of industries and for businesses of any size.

FRAMEWORK

TRANSACTION ADVISORY

How do strategic, financial and operational considerations inform a successful transaction?



CORPORATE VALUATION

What is a fair valuation?
What are the key value drivers?
What is the market appetite?

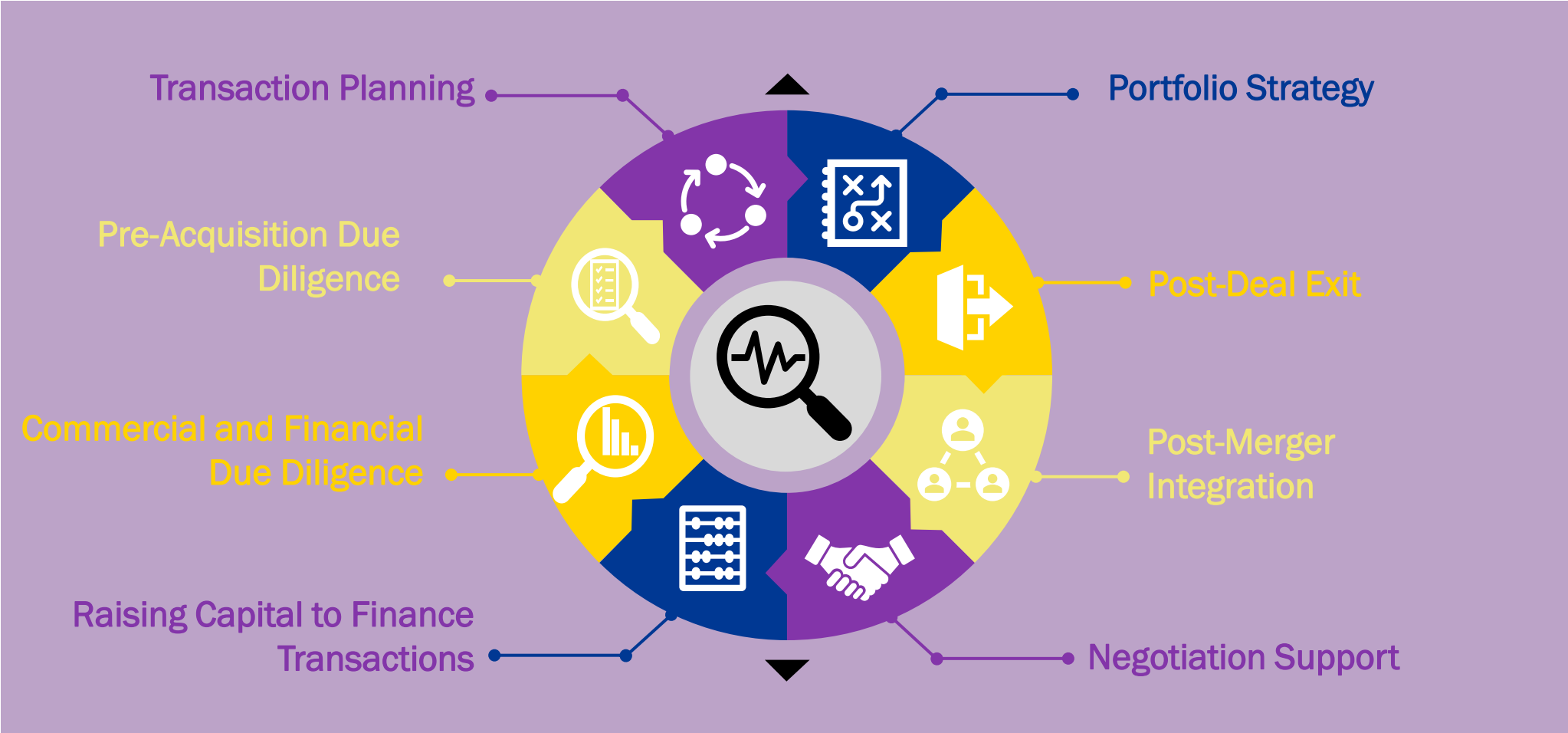


CORPORATE DUE DILIGENCE

How can projects be financed?
What is the optimal capital structure?

Transaction Advisory

TBBI works as a buy and sell-side advisor to clients to advise them on corporate finance transactions:



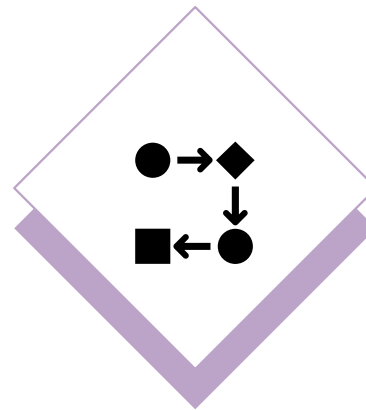
As a part of its financial due diligence services TBBI assesses fair market value of businesses, including:



M&A Valuations



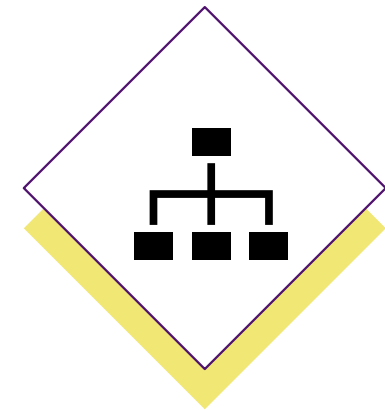
Internal Valuations



Related Party Transaction
Fairness Options



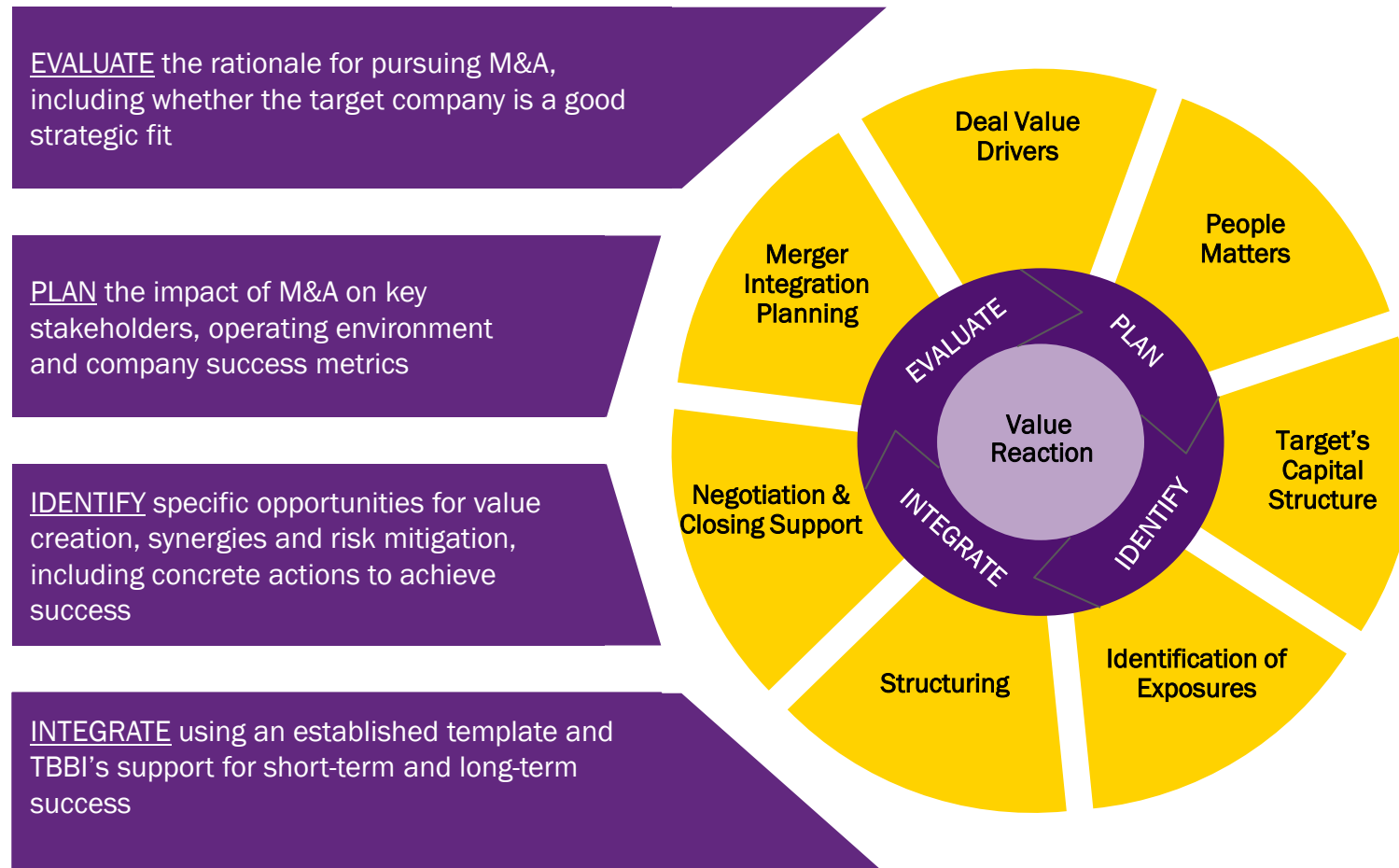
Joint Venture
Valuations



Arm's-length Asset
Valuation for
Restructuring

At The Black Box Institute we perform holistic commercial due diligence investigations to inform decision-making and identify value maximizing solutions.













A HOLISTIC FRAMEWORK FOR A MORE CONFIDENT TRANSACTION

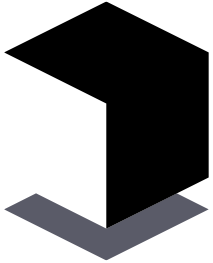


SELECTED CORPORATE FINANCE EXPERIENCE



RECENT TRANSACTIONS

<p>2015</p>  <p>has sold its equipment business to Honeywell for CDN\$472,000,000</p> 	<p>2015</p>  <p>Transaction Advisory</p> 	<p>2015</p>  <p>Transaction Advisory and Partnership Planning</p> 	<p>2015</p>  	<p>2020</p>  <p>got partially acquired by MORNINGSTAR for EUR\$55,000,000</p> 	<p>2022</p>  <p>has acquired SERTI (Commercial Due-Diligence)</p> 
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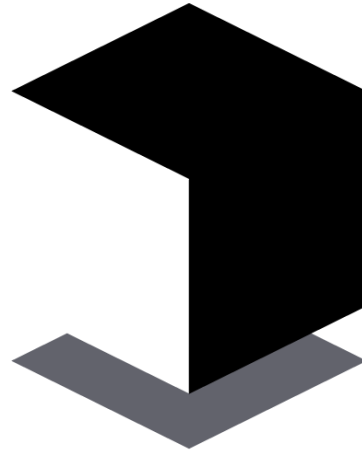
The Black Box Institute is a unique boutique advisory firm and think tank that brings purposeful and thoughtful advice and guidance to clients. We specialize in complex business, transactional and organizational challenges. Our problem-solving techniques are a blend of traditional strategy and financial advisory capabilities and incorporate creative design thinking.

For more information, please contact:

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