



KPMG

2024 M&A DEAL MARKET STUDY

Survey Report

—

December 2024

Objectives & Methodology



Objectives

- Assess the current deal market to understand how market conditions are impacting deals and the degree to which corporate and private equity firms are currently executing M&A deals.
- The research also looks ahead to the 2025 planning, including what those deals will look like, the availability of assets, the impact of the election, and whether deal makers plan to leverage generative AI.
- The analysis identifies differences between corporate and private equity firms throughout the report.

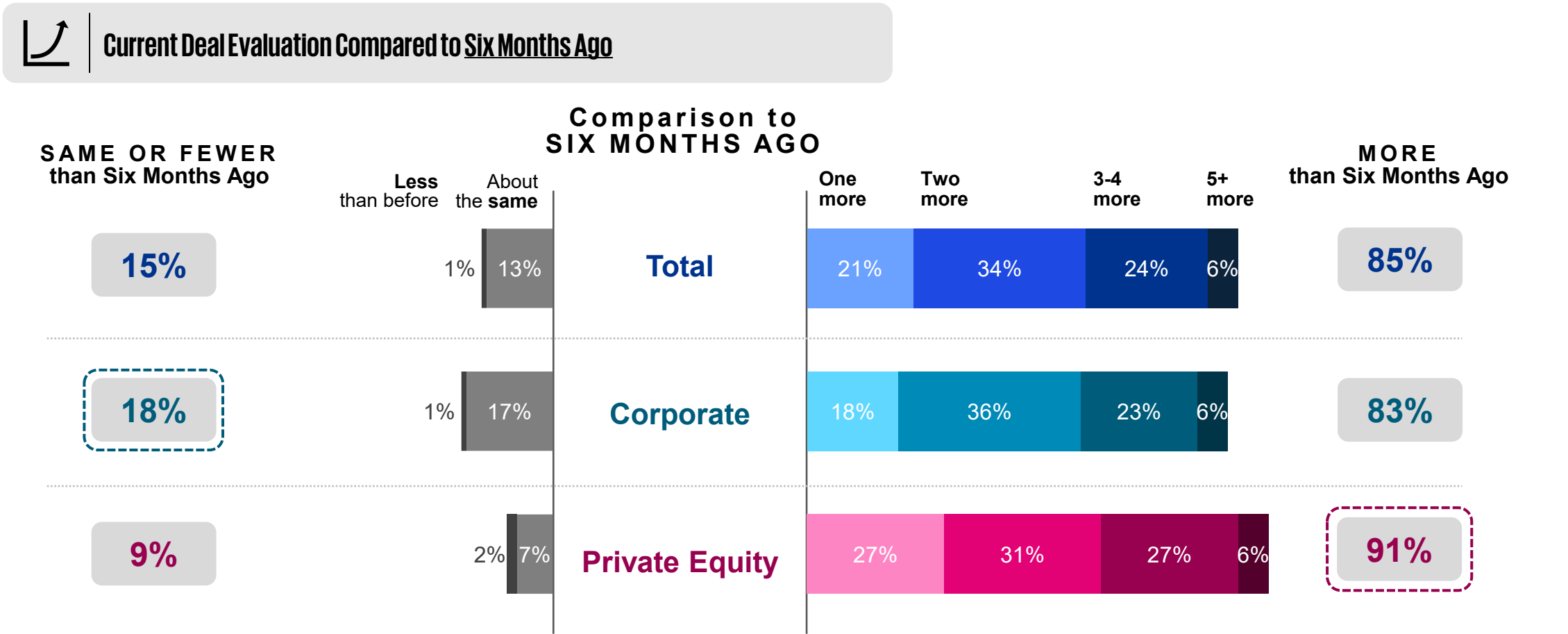


Methodology

- Online survey of n=300 M&A deal makers in the US.
- Deal makers were screened for the following:
 - Relevant C-Suite titles
 - Participate directly in M&A deal decisions, including responsibility for strategy, due diligence, negotiation, closing deals, etc.
 - Employed at a publicly traded company, private company that is not equity owned, or a private company that is equity owned. Referred to as “corporate” throughout the report (n=200)
 - Employed at a private equity company (n=100)
- All had to be working for organizations with \$1B or more in revenue/fund size
- The survey was fielded 11/18/24 – 12/6/24.

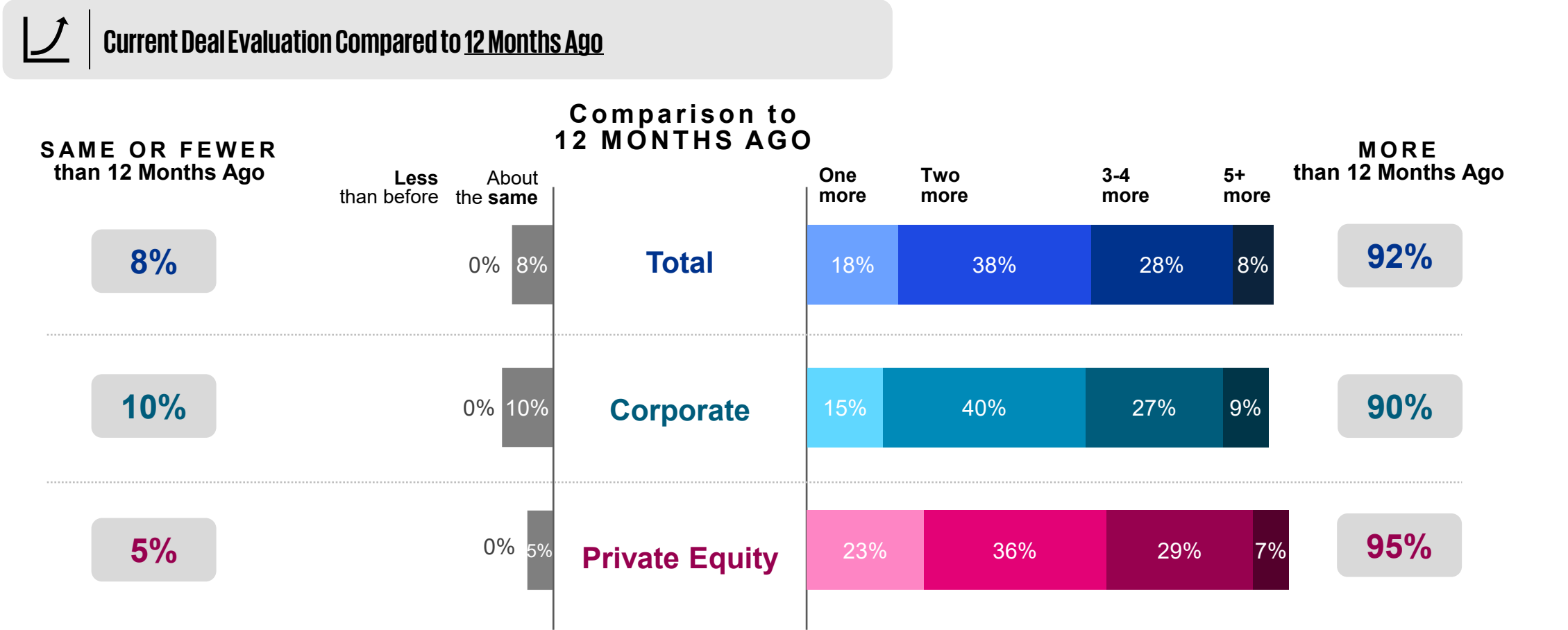
Nearly all are considering more deals now than they were six months ago. Almost six in ten (55%) are considering 1 to 2 more deals, and three in ten are considering 3 or more deals.

Private equity firms are considering more deals versus six months ago than corporates.



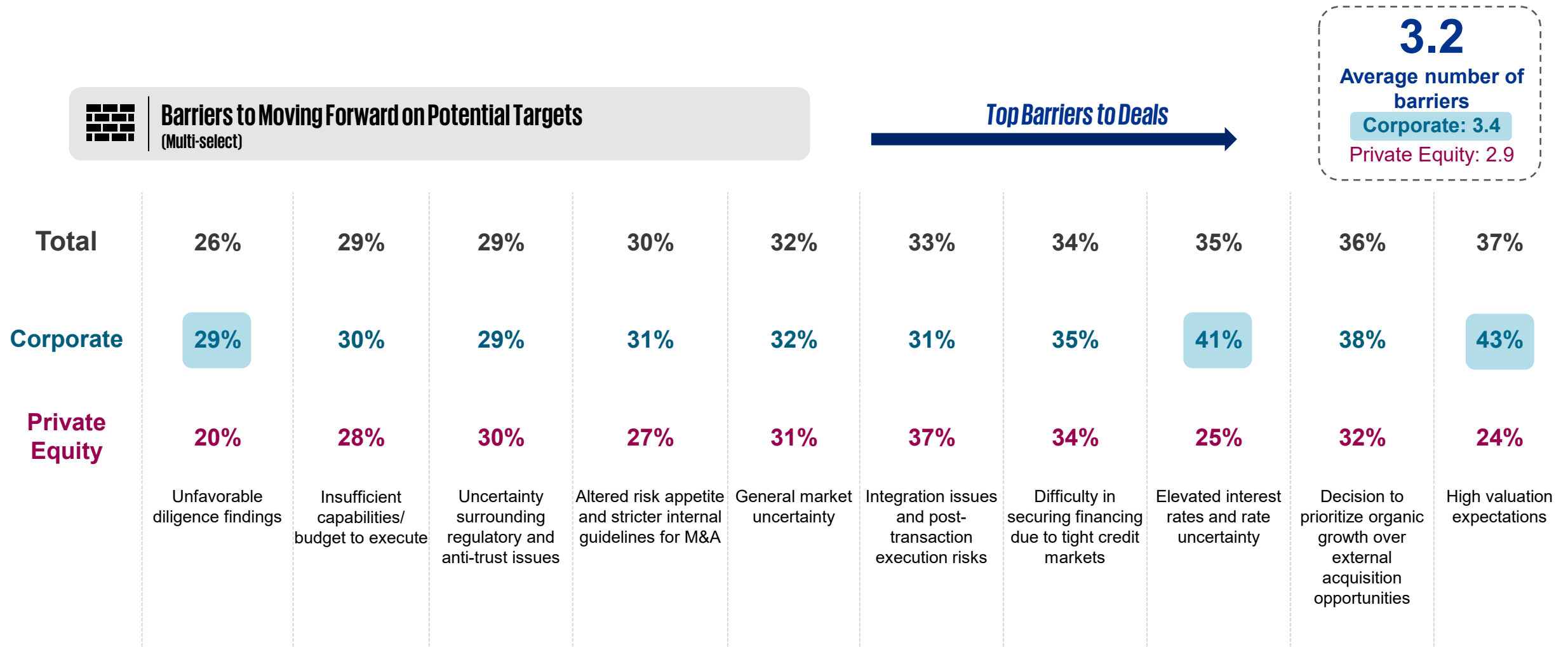
Q. How many deals are you evaluating now versus six months ago?

Nearly all are considering more deals now than they were 12 months ago, with about six in ten considering 1 to 2 more deals, and over one-third considering 3 or more deals.



Q. How many deals are you evaluating now versus 12 months ago? (“Less than before” not selected by any respondents)

Corporates are dealing with more barriers to moving deals forward, with high value expectations and elevated interest rates being the biggest challenges.



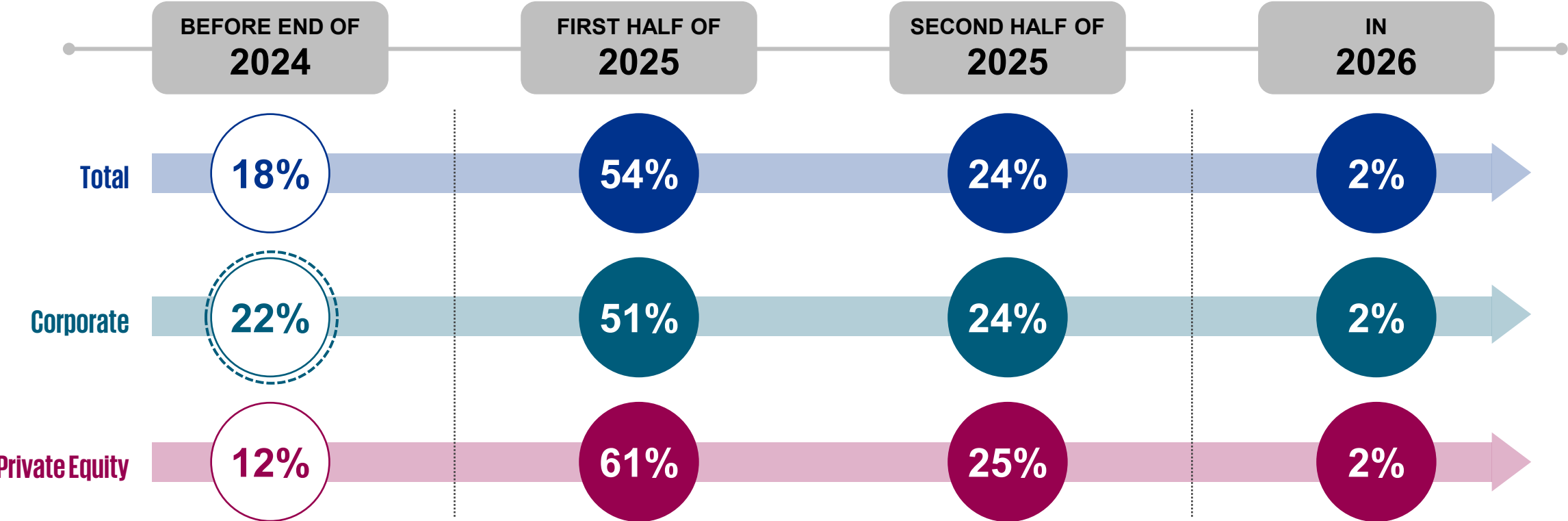
Q. What has prevented you and your team from moving forward on potential targets? Select all that apply. ("Not applicable, we have not considered potential candidates," 3%)

About three-quarters (72%) of deals are expected to occur by the first half of 2025 while a quarter are likely in the second half of the year.

More corporates will complete their next deal before the end of 2024.



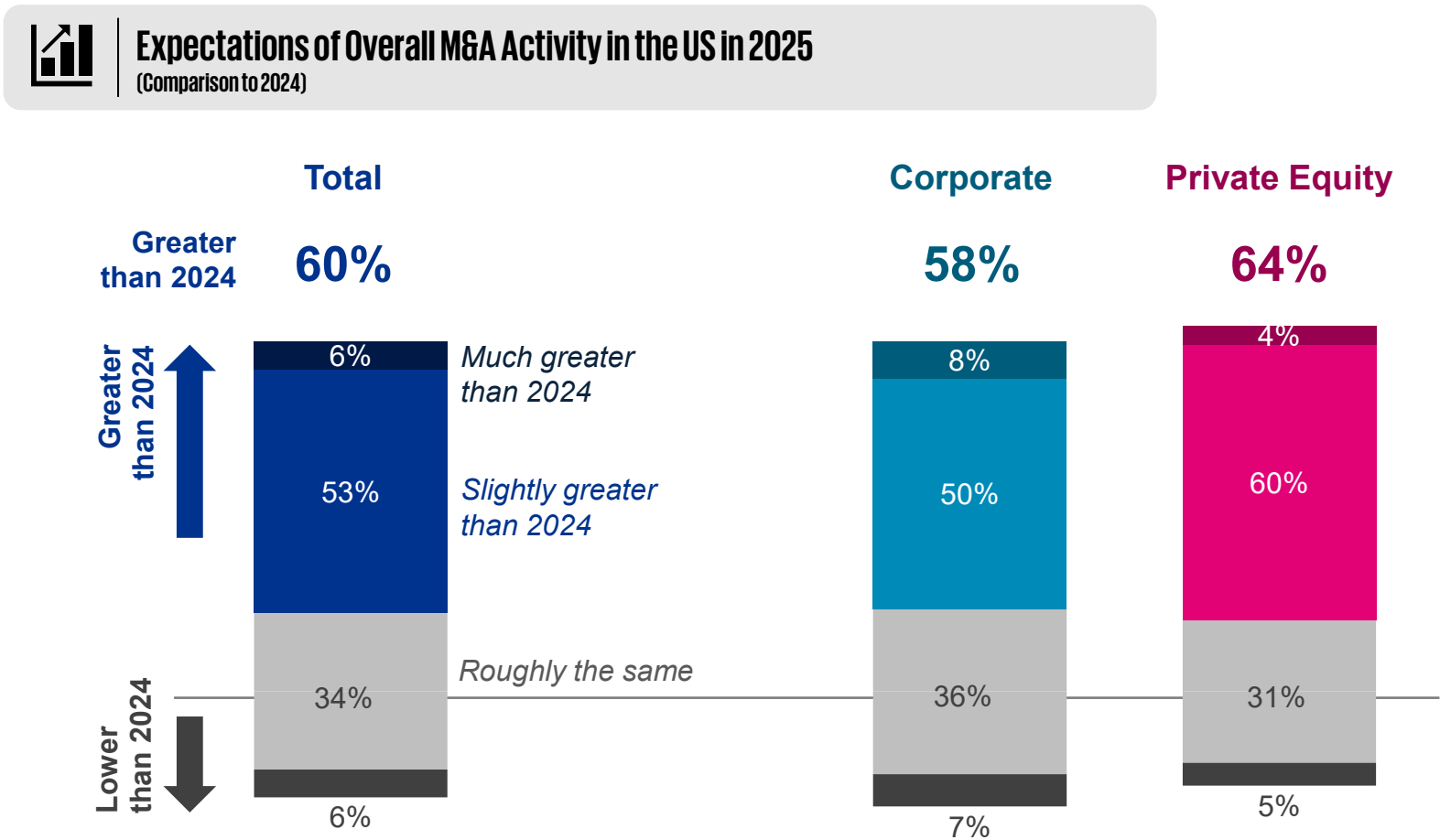
Expected Timeframe of Next Deal
(Asked of those planning at least one M&A deal in 2025)



Q. When do you expect to proceed with your next deal? (Asked of those planning at least one M&A deal in 2025; n=250)

M&A activity is expected to be greater in 2025 compared to 2024.

About a third of both corporates and private equity feel that activity will be roughly the same as 2024.



Q. Beyond your own activity, what is your expectation for overall M&A activity in the US in 2025?

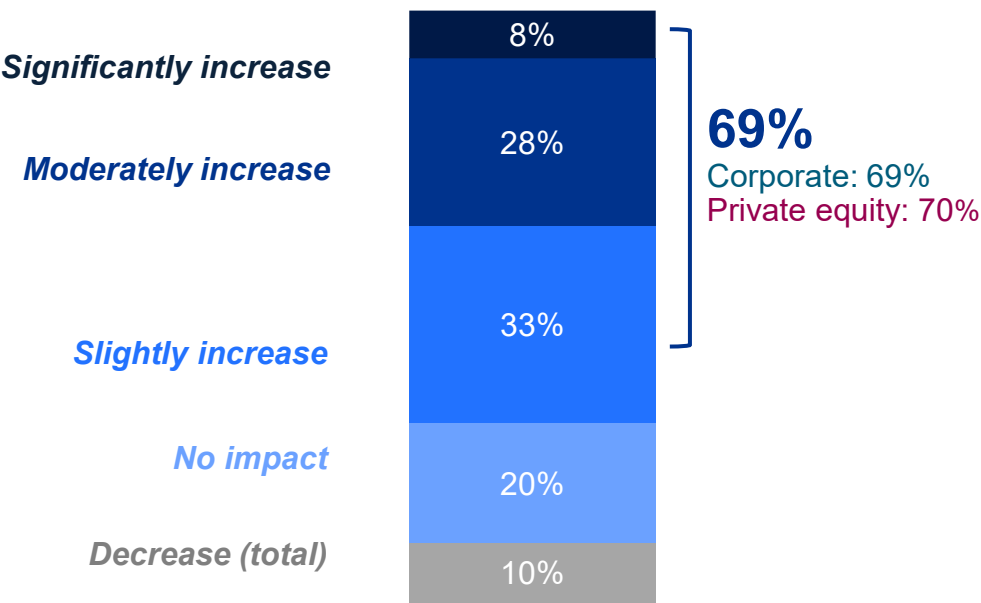
The majority view the September interest rate cut as a positive move for M&A deals.

Seven in ten indicate the rate cut will at least slightly increase dealmaking.

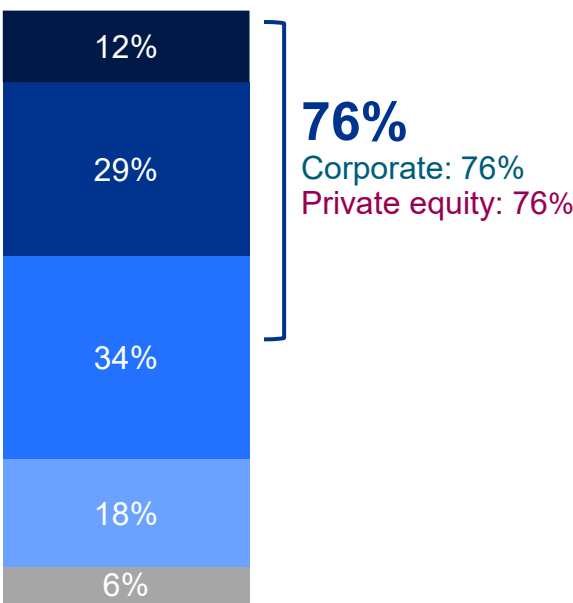
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Impact of the Interest Rate Decrease on Dealmaking

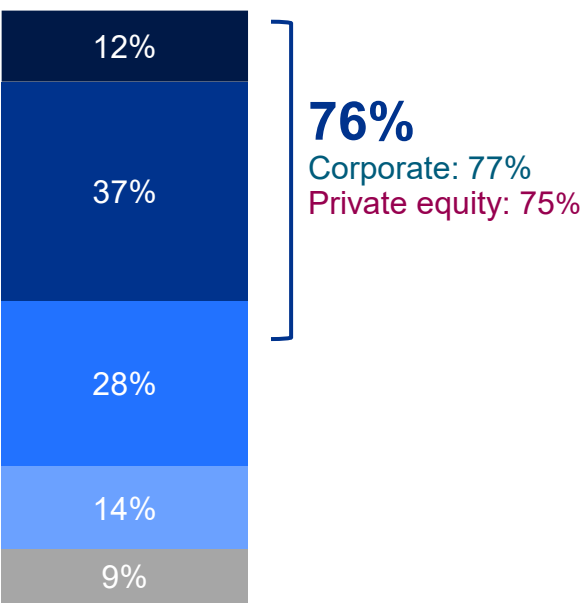
Actual Rate Cut:
September 2024, 0.5%



Additional Rate Cut:
Hypothetical, 0.5%



Additional Rate Cut:
Hypothetical, 1.0%



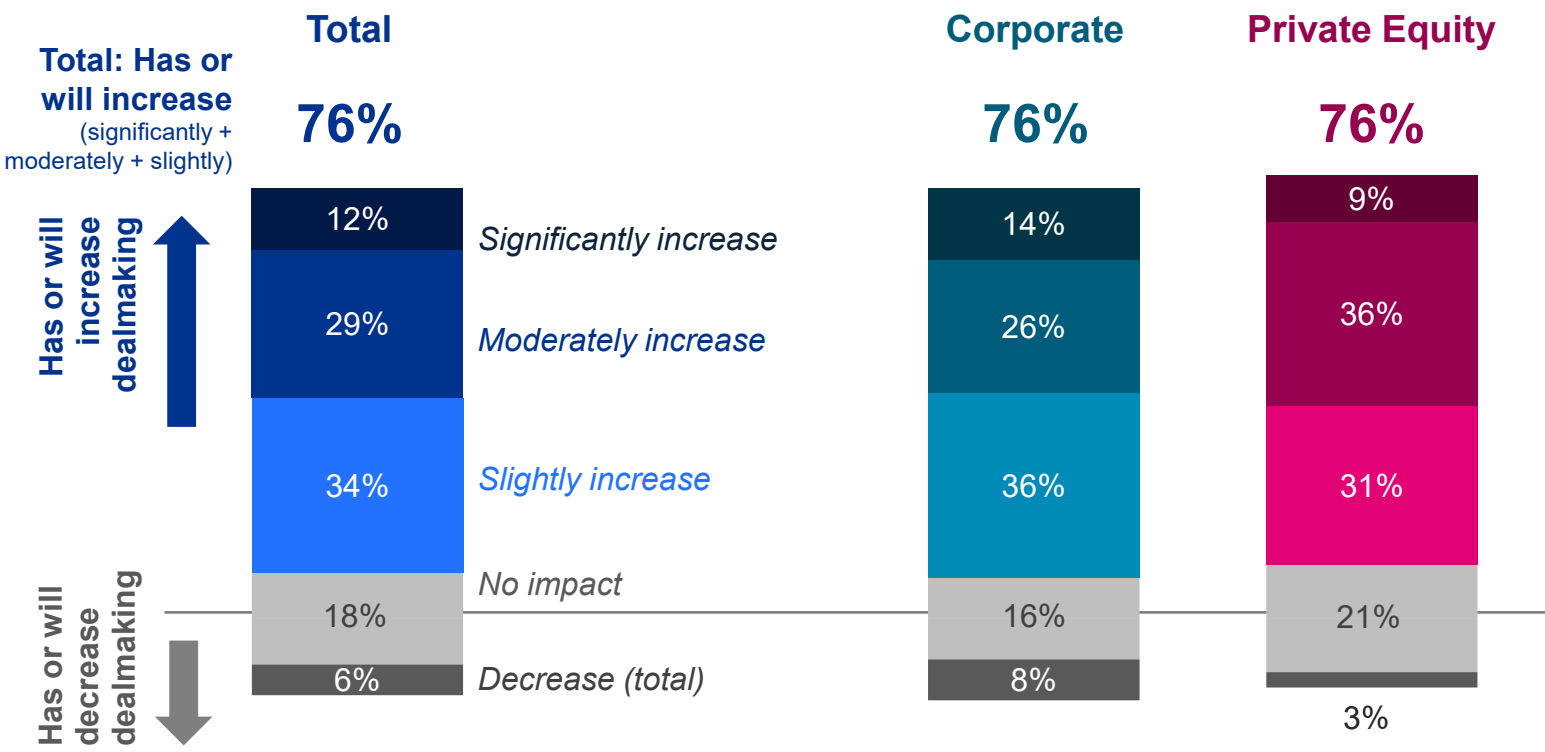
Q. How has the 0.5% cut in interest rates in September 2024 affected your dealmaking? (Not shown: "Unsure," <0.5%)

Another .5% rate cut will help bolster dealmaking, shifting from 70% anticipating an increase to 76%.



Potential Impact of Another 0.5% Rate Decrease on Dealmaking

Additional Rate Cut:
(Hypothetical, 0.5%)



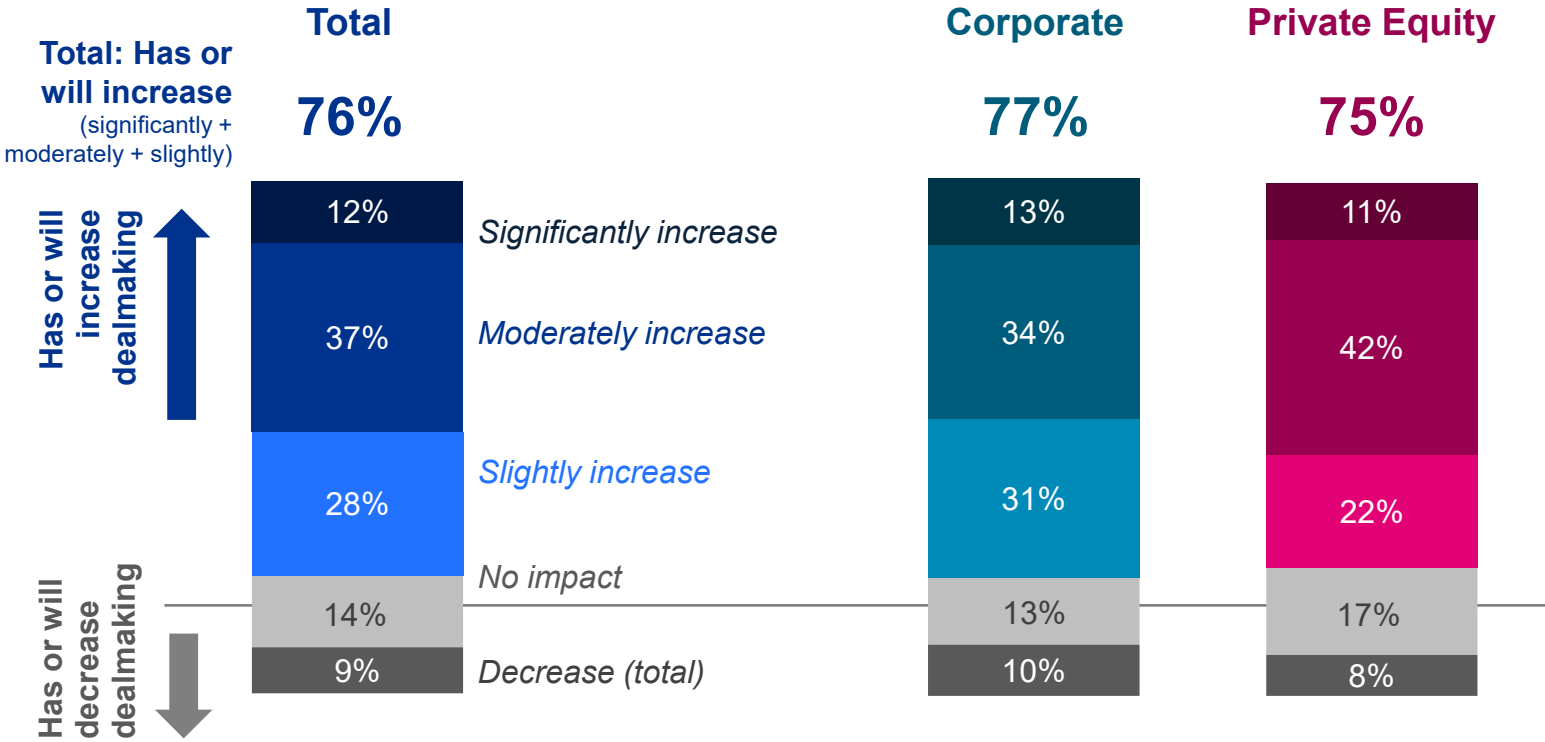
Q. How would another, hypothetical, 0.5% decrease in interest rates affect your dealmaking?

A 1% rate decrease shifts those who anticipate a slight increase in dealmaking to moderate increase.



Potential Impact of a 1.0% Rate Decrease on Dealmaking

Additional Rate Cut:
(Hypothetical, 1.0%)



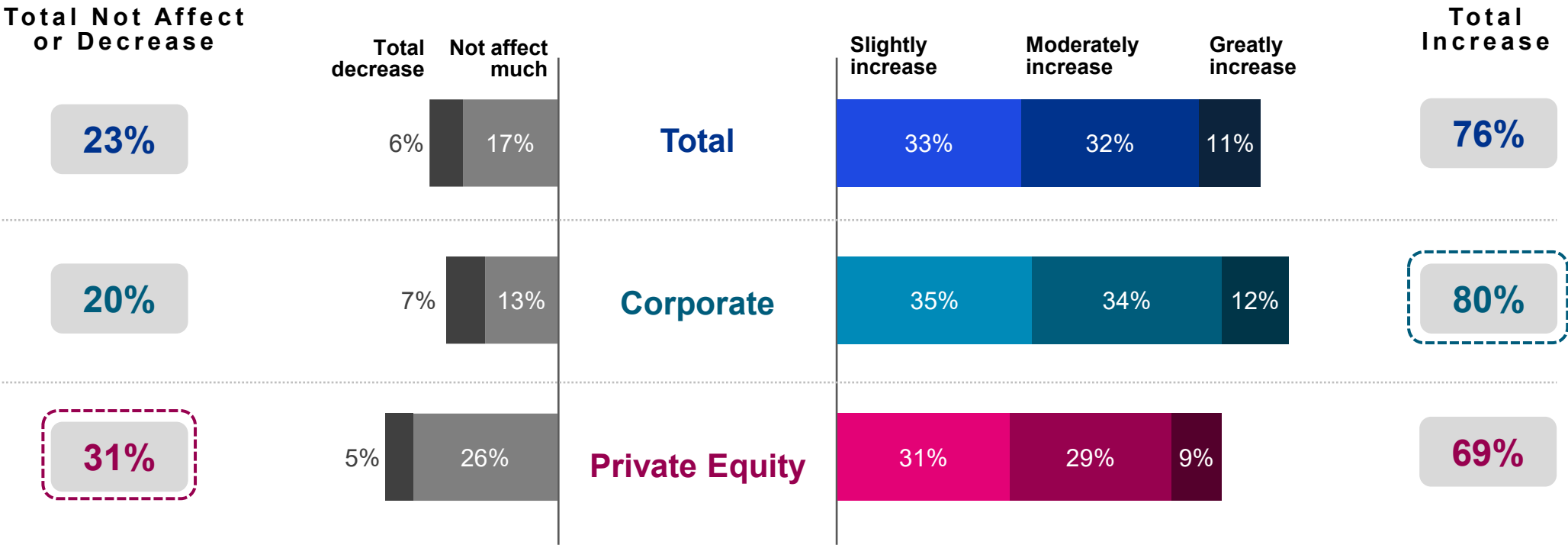
Q. How would a hypothetical 1.0% decrease in interest rates affect your dealmaking?

The 2024 US election is expected to have a positive impact on overall M&A activity.

Overall, three-quarters (76%) anticipate increased activity around M&As due to the results of the election. While all are optimistic, corporates are more likely to expect a positive impact (80%) than private equity firms (69%).



Impact of the 2024 US Election Results on Overall M&A Activity



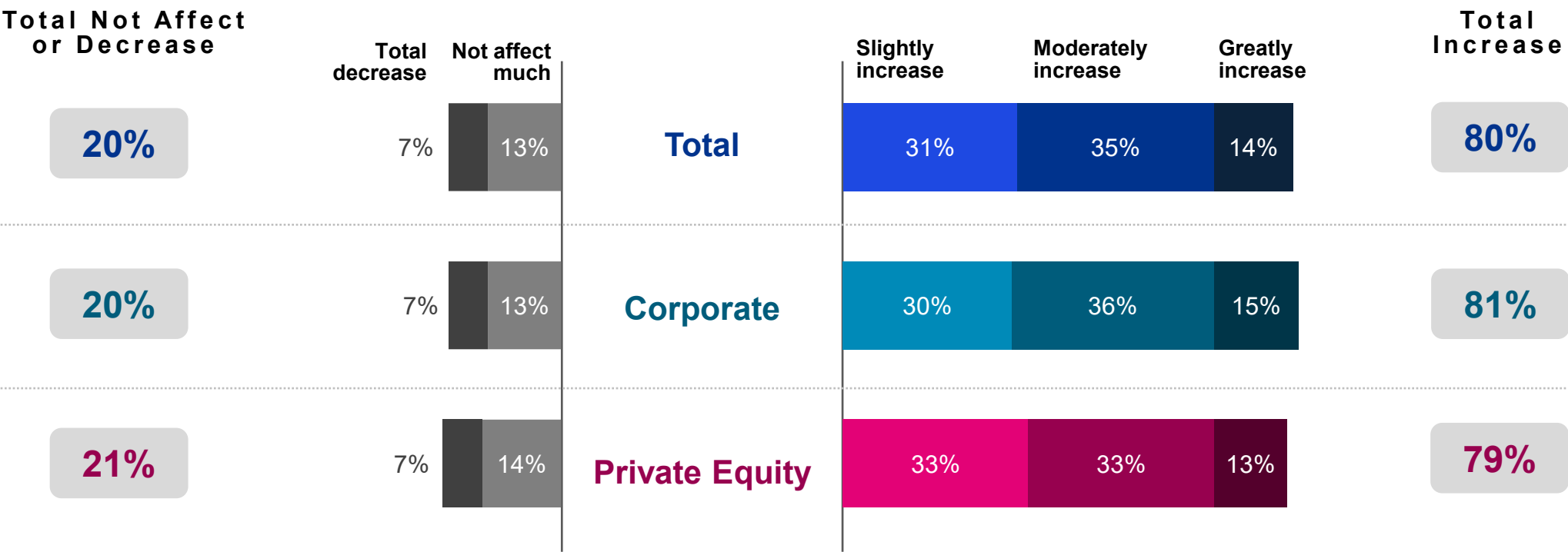
Q. How do you think the results of the 2024 US elections will affect overall M&A activity in the US?

Results of the 2024 election have also increased the 'appetite' for M&A in the US.

Corporate and private equity are similarly looking to increase M&A activity after the election.



Impact of the 2024 US Election Results on Appetite for M&A

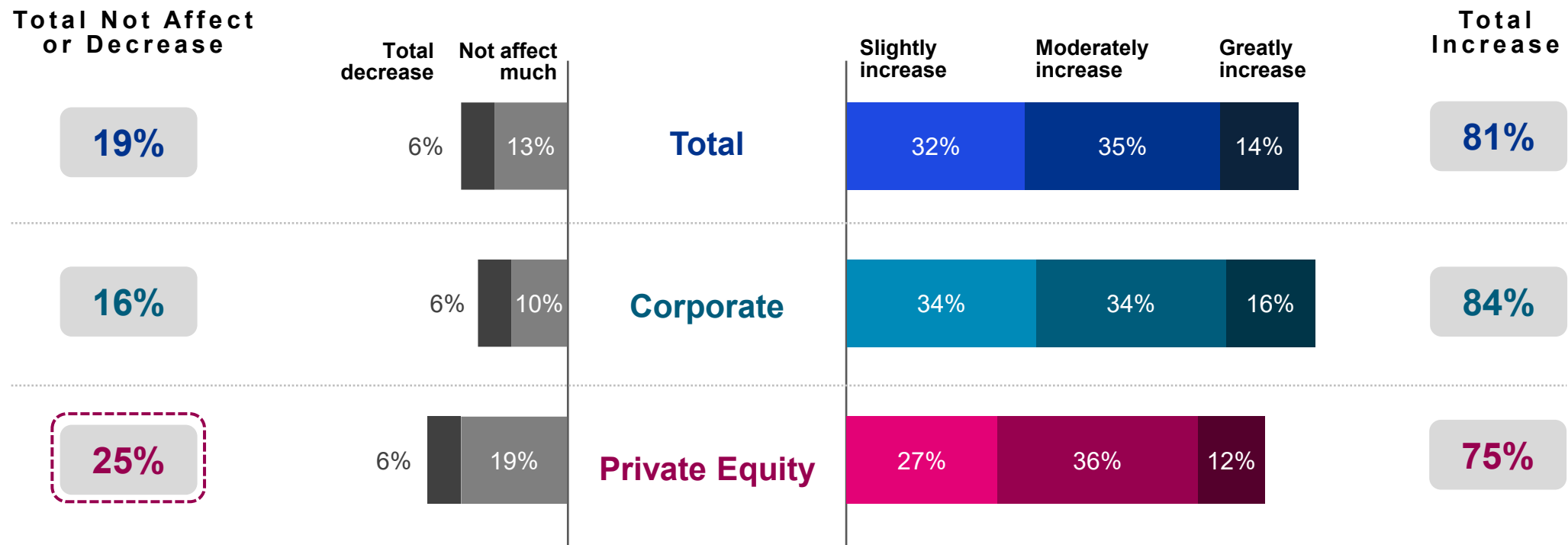


Q. How do the results of the 2024 US elections change your appetite for M&A in the US?

Tax policy changes after the election are also likely to increase the ‘appetite’ for M&A deals for corporate and private equity.



Impact of Potential Tax Policy Changes on Appetite for M&A



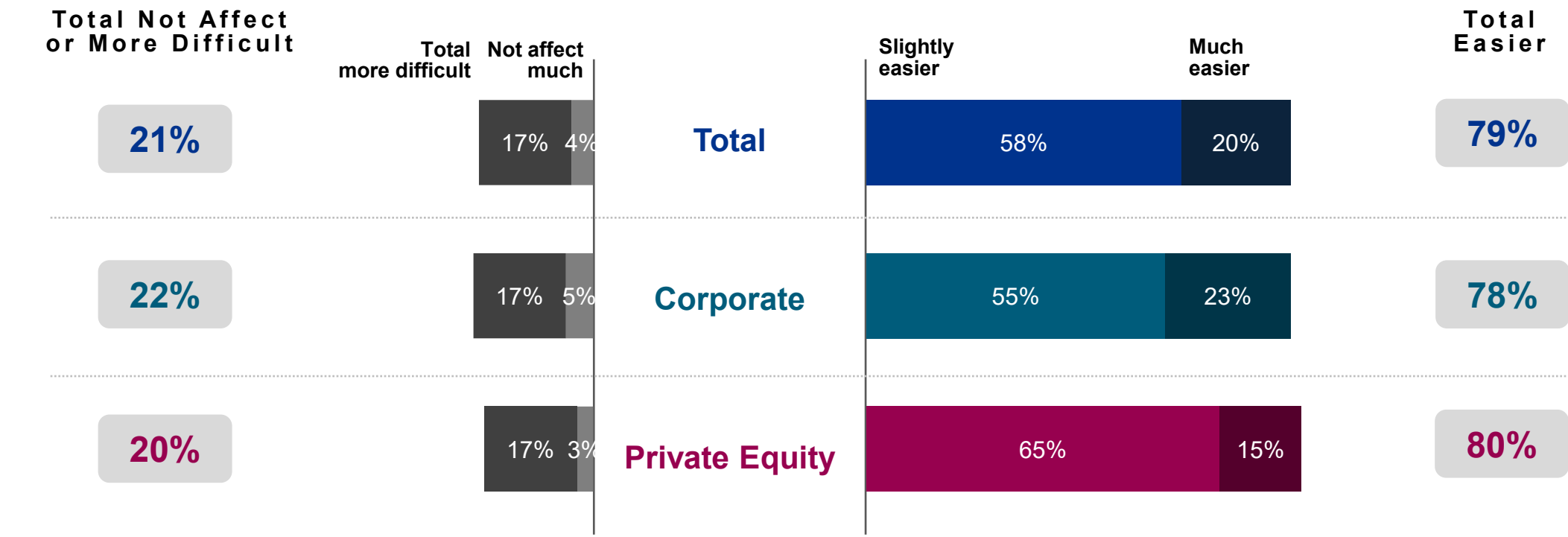
Q. How will potential tax policy changes after the 2024 US elections affect your appetite for M&A in the US?

The regulatory environment for M&A is poised to benefit from the election results.

Anti-trust approach to M&A is anticipated to become easier, particularly for corporate firms.



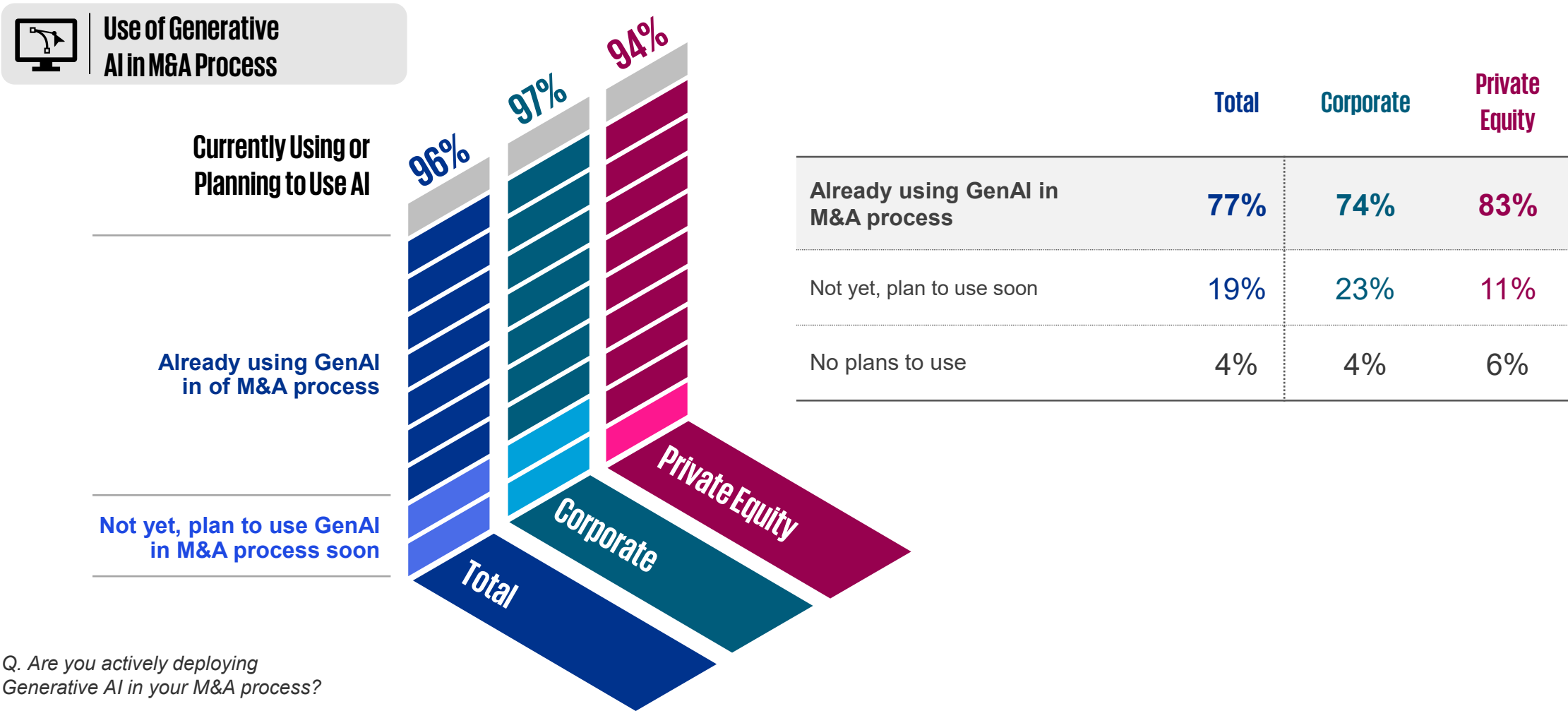
Impact of 2024 US Election Results on Regulatory Environment for M&A



Q. How will the results of the 2024 US elections affect the regulatory (i.e. anti-trust) approach to M&A in the US?

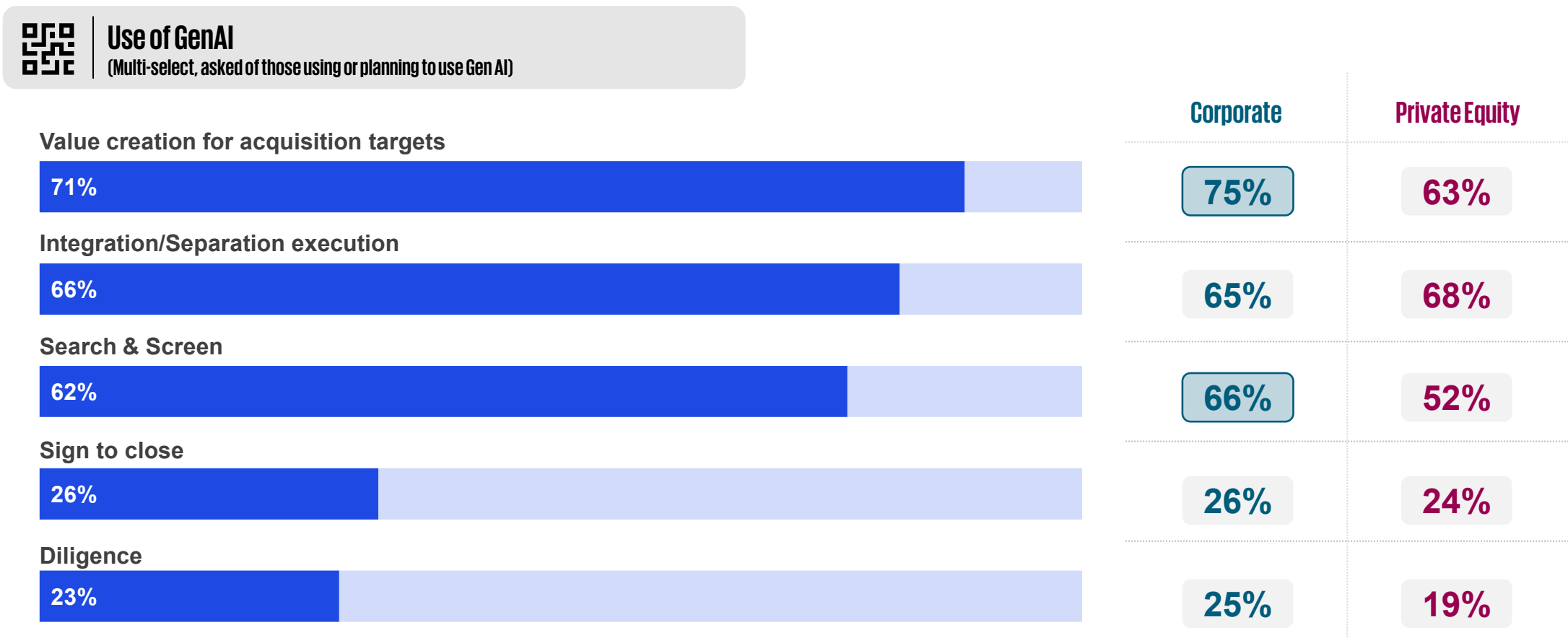
The vast majority are either currently using or plan to use GenAI in the M&A process.

Corporate firms slightly lag private equity firms in current use.



GenAI is most likely to be used at value creation, integration/ separation and search & screen stages of the M&A lifecycle.

Corporate firms are leveraging GenAI at a higher rate than Private Equity firms at the value creation and search & screen stages.



Q. Where along the M&A life cycle is your organization using Generative AI? Select all that apply.
(Asked of those using or planning to use generative AI in the M&A process; n=287; Not shown above: “none of these areas,” 3%)

Organization Profile

Type of Company	Corp.	Private Equity
Publicly traded	56%	--
Private – not private equity owned	27%	
Private – equity owned	17%	
Private equity	--	100%

Size by Revenue/Vol.	Corp. (annual revenue)	Private Equity (fund size)
\$1B - \$4.9B	44%	36%
\$5B - \$9.9B	27%	29%
\$10B - \$19.9B	23%	22%
\$20B+	6%	13%

Sector	Corp. (operations)	Private Equity (investment)
FS: Banking/ insurance/ capital markets/ payments/ other financial services	30%	20%
TMT: Technology/ media/ telecoms/ business services	29%	19%
IM: Industrials/ manufacturing/ infrastructure	13%	18%
C&R: Consumer/ retail	15%	20%
HCLS: Healthcare/ life sciences	11%	21%
ENRC: Energy/ natural resources/ chemicals	9%	8%

Q. Please specify the type of company for which you work. | Q. Please select the sector in which your company operates. (multi-select) |
 Q. Please select the sector[s] in which your fund invests in. (multi-select) | Q. What is your company's annual revenue? | Q. What is your fund size?

Business Leader Profile

Organizational Role	Corp.	Private Equity
CEO	9%	15%
CFO	9%	14%
COO	12%	13%
Head of Corporate Development	11%	20%
CSO/ Head of Strategy/Growth	21%	18%
Investment professional	27%	6%
Private equity operating partner	14%	14%

M&A Decision Making	Corp.	Private Equity
Participate directly in deal decisions	79%	86%
Provide input into deal decisions	22%	14%

Participation in M&A Operations	Corp.	Private Equity
Deal strategy	93%	99%
Post-close value creation and deal execution	86%	93%
Post-close strategy and design	85%	90%
Deal structuring	85%	89%
Deal closing and day 1 planning and execution	84%	96%
Negotiation	82%	90%
Diligence	81%	89%

Q. Which of the following titles best describes your role in the company? | Q. Please describe your level of involvement in dealmaking decisions. |
 Q. Please indicate your degree of participation across the following operations. (Showing % total active participation – “very active” or “active” participation)



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