



KPMG M&A DEAL MARKET STUDY

Survey Report

—

July 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 planning to execute M&A deals and the types of deals they expect.
- The research also focused on market conditions driving and/or limiting deal activity, including the run up to, and aftermath of the presidential election, and geopolitical issues.
- This report also examines key differences between corporate and private equity firms.

Methodology

- Online survey of n=200 M&A deal makers in the US.
- Relevant titles that are VP and above. All regularly participate in M&A deal decisions, including strategy, due diligence, negotiation, closing, etc.
- Type of company:
 - (n=150) Public, Private not equity owned, Private equity owned
 - (n=50) Private Equity (fund level)
- All had to be working for organizations with \$1B revenue/fund size
- The survey was fielded 6/11/24 – 6/20/24. Where possible, current survey results are trended to the November 2023 survey among the same audience.
- Note: due to rounding, totals do not always equal 100%

Summary: deal expectations, market conditions, and the election

Deal Making Expectations

Almost 6 in 10 (58%) deal makers expect their next deal will happen this year; 4 in 10 (41%) say their next deal will happen in 2025. Both corporate and private equity have similar outlooks across these timeframes.

The majority expect their deal volume (number of deals) to keep increasing, with more than half saying 2024 (54%) will outpace 2023 and 2025 (57%) will outpace 2024 activity. Private equity is far more bullish than corporate about its deal making expectations for the remainder of 2024 and throughout 2025, with 84% saying their deal making will be greater in 2025 than 2024.

Comparing 2024 and 2025, most deal makers expect to continue transformational deals (deals that change the very nature and operations of a company), including more than half (52%) of corporate and private equity (58%) that expect to make at least one these deals in 2025.

Market Conditions

Shifting business valuations, interest rates and persistent inflation are the biggest impediments to deal making right now – more so than they were in November of 2023.

Anti-trust regulation creates bigger issues for private equity now and for future deals.

Elevated rates and rate uncertainty are the biggest perceived hurdles for future deals, but overall concern about these factors has dropped from last year, which suggests a growing acceptance of being the ‘new normal’ for deal making.

A majority of deal makers (64%) said either a 0.25% or 0.5% cut in rates would drive their deal volume to a level consistent with prior peak periods, with 25% saying a quarter point cut would do it versus 39% saying a half point cut.

Evolving Deal Influencers

Two in three deal makers indicated geopolitical issues have affected their M&A plans, with 38% saying geopolitics has increased or brought forward their M&A plans. A third (35%) said geopolitics had not affected their deal making at all.

Most (79%) say that GenAI has affected their deal making primarily in terms of: 1) making new acquisitions of GenAI tech and products (47%), and 2) using GenAI to support the M&A deal process (42%). Fewer (21%) are making deals where the focus is on acquiring GenAI talent.

01

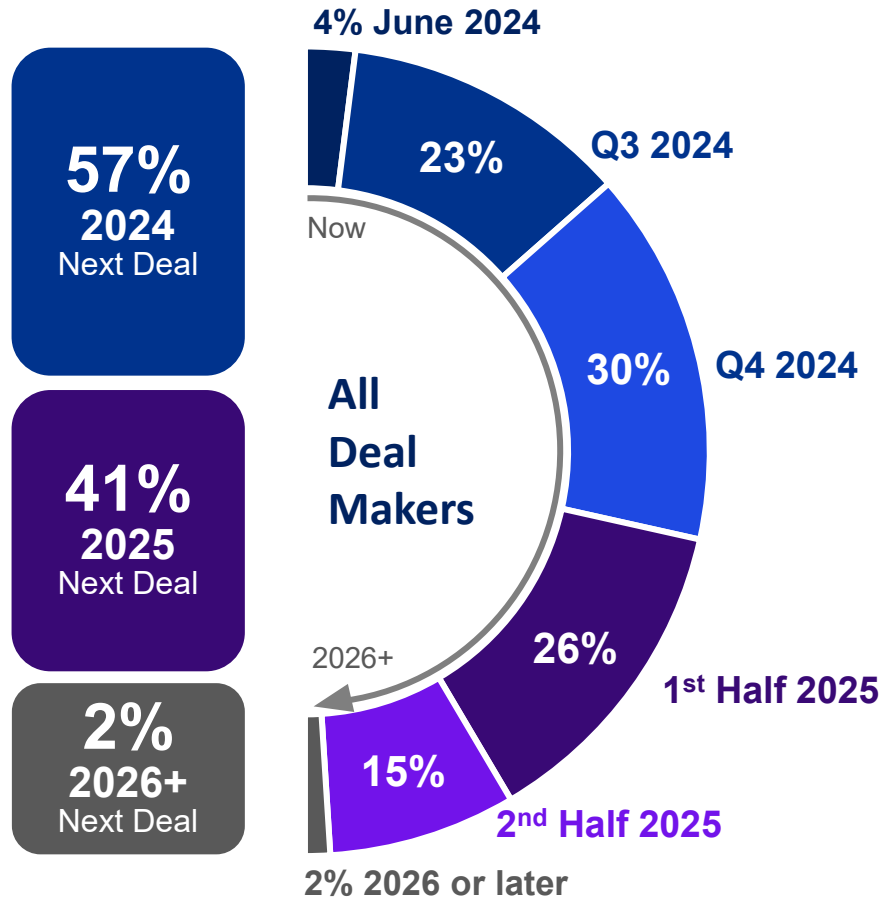
M&A Market Outlook

Most deal makers anticipate progress on their next deal this year.

Majorities of both corporate and private equity deal makers expect their next deal in 2024, with most activity anticipated in Q4.



Expected Timeline for Next Deal



Expected Timeline	Corporate	Private Equity
2024 Next Deal	58%	54%
June 2024	4%	2%
Q3 2024	23%	26%
Q4 2024	31%	26%
2025 Next Deal	40%	42%
1st Half 2025	25%	28%
2nd Half 2025	15%	14%
2026 or later	1%	4%

Q. When do you expect to proceed with your next deal? Please select one.

Private equity firms are more likely to anticipate increasing deal volume in 2024 compared to last year.

Seven in ten private equity firms expect more deals in 2024 than 2023, including nearly four in ten that anticipate at least one large, transformational deal.



Expected Deal Volume in 2024 Compared to 2023

SAME OR FEWER than Year Prior

— 2024 —
compared to 2023

More, including at least one large, transformational transaction

More, but mostly smaller transactions to support existing strategy

MORE than Year Prior

36%

Unsure, 11%

Relatively fewer than year prior

17%

About the same

19%

Total

33%

22%

54%

39%

Unsure, 12%

18%

21%

Corporate

31%

18%

49%

24%

Unsure, 6%

12%

12%

Private Equity

38%

32%

70%

Q. Do you anticipate doing more or fewer deals in 2024 than in 2023? Please select one.

Private equity firms are increasingly optimistic about deal volume in 2025 with six in ten expecting transformational M&A.

Corporate deal makers are steadier in their outlook with nearly half anticipating more deals than the year previous in both 2024 and 2025.



Expected Deal Volume in 2025 Compared to 2024

SAME OR FEWER than Year Prior

Relatively **fewer** than year prior

About the **same**

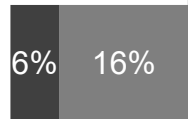
— **2025** —
compared to 2024

More, including at least **one large, transformative transaction**

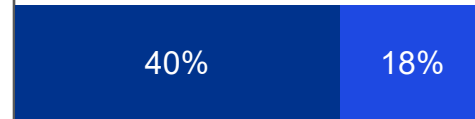
More, but mostly **smaller transactions** to support existing strategy

MORE than Year Prior

22%

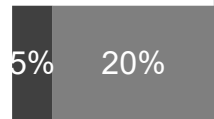


Total

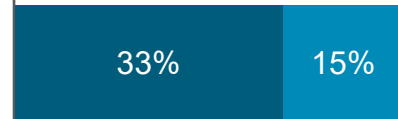


57%

25%

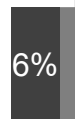


Corporate



48%

8%



Private Equity



84%

Q. Do you anticipate doing more or fewer M&A deals in 2025 than in 2024? Please select one.

Both corporate and private equity firms are aligned with their 2025 plans to pursue at least one transformational deal.

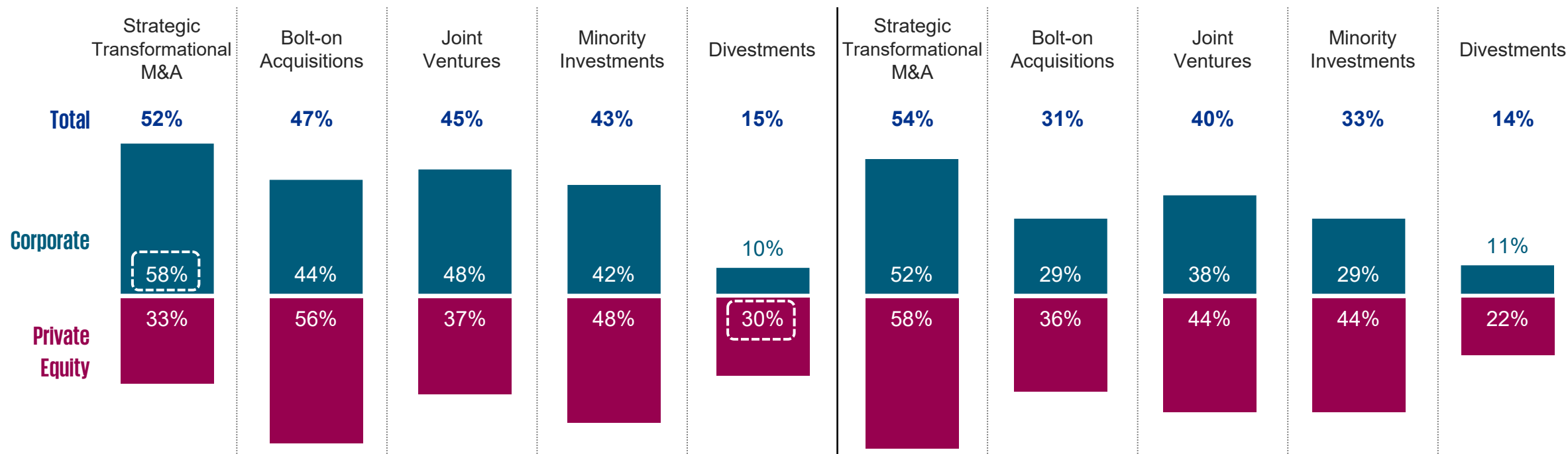
Comparing year to year, corporate expects less variety in its 2025 deals and private equity firms will put less focus on bolt-on acquisitions – going from more than half (56%) in 2024 to a third (36%) that plan to make at least one of these deals in 2025.



Types of Deals Planned for 2024 & 2025

— 2024 —

— 2025 —



Q. Looking to the remainder of 2024, what type of deals are you planning? Please select all that apply. (Base: Respondents indicating their organization plans to proceed with their next deal in 2024, n=115) | Q. Looking to 2025, what type of deals are you planning? Please select all that apply. (“Unsure,” 14%)

02

Deal Market Considerations

Shifting business valuations and interest rates given as most impactful on desire to do a deal.

Private equity firms emphasize the impact of anti-trust regulation on their deal making ambitions.



Top Market Conditions Impacting Desire to Buy or Sell Businesses (Ranked top 5 conditions)

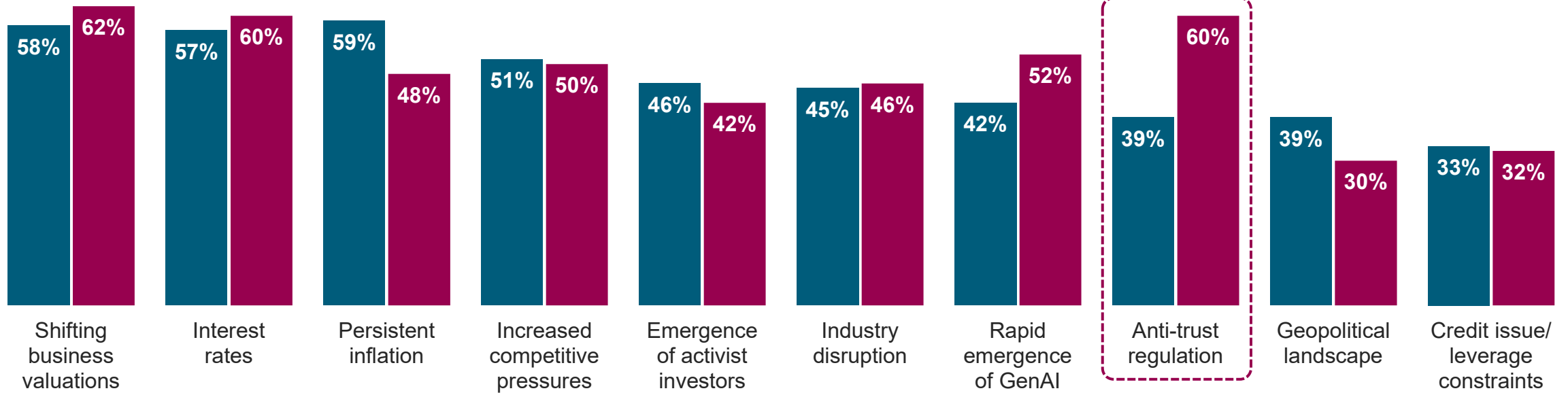


Corporate



Private Equity

MOST IMPACTFUL MARKET CONDITIONS

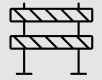


Q. What market conditions are impacting your current desire to buy and sell businesses?
Please rank your top five with 1 being the most important, 2 being second most important and so on.



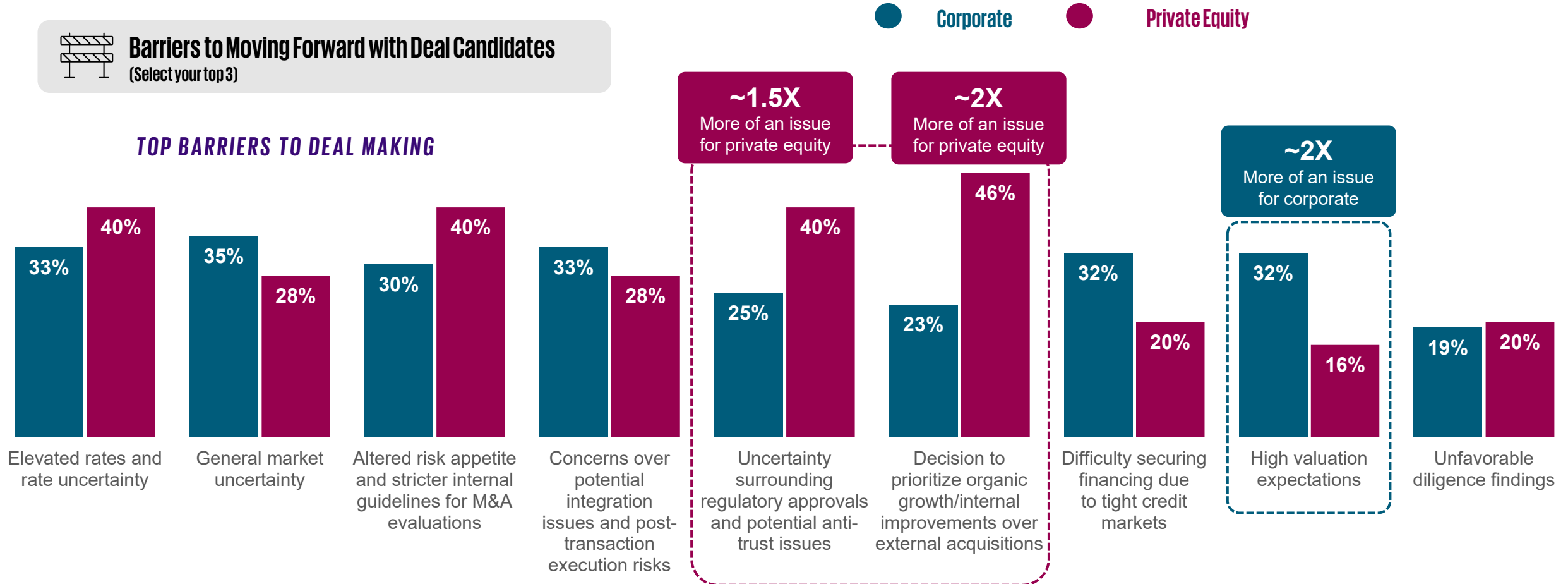
Private equity see bigger barriers around uncertain regulatory approvals and prioritization of organic growth over acquisitions.

Corporate deal makers are more apt to identify high valuation expectations and difficulty securing financing as an issue than private equity firms.



Barriers to Moving Forward with Deal Candidates (Select your top 3)

TOP BARRIERS TO DEAL MAKING



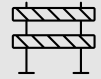
Q. What has prevented you and your team from moving forward on potential acquisition candidates? Please select your top three. ("None of the above," 1%)



Tracking:
November
2023 Survey

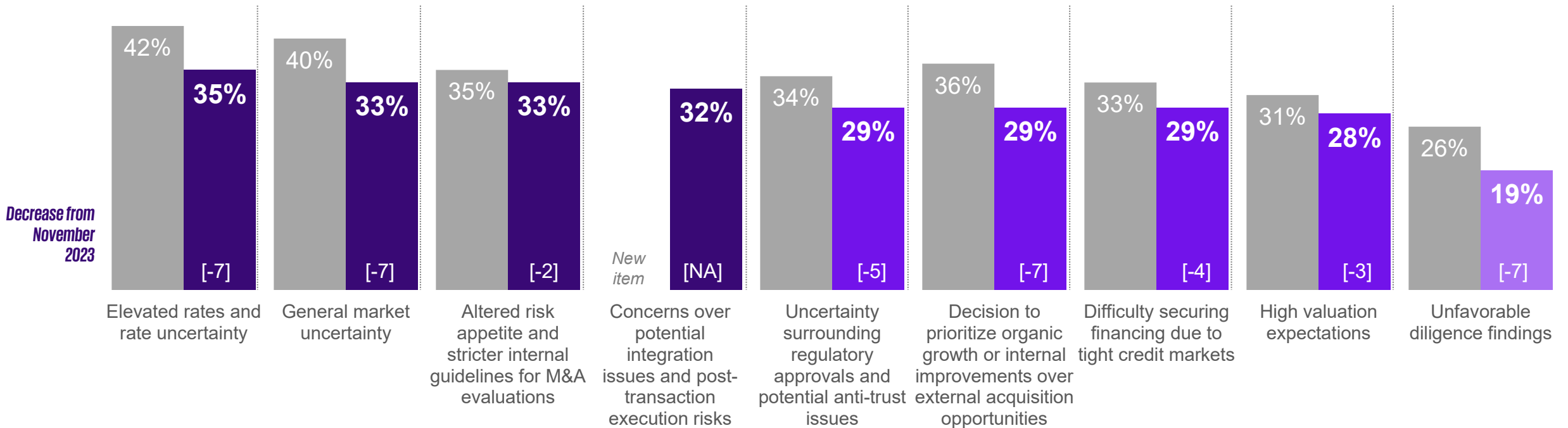
Deal makers are less likely to cite market factors as barriers to M&As this year compared to last year.

Interest rates and market uncertainty remain the top barriers to new acquisitions, but overall concern about these factors has dropped from last year, suggesting a growing acceptance as being the 'new normal' for operating conditions.



Barriers to Moving Forward with Deal Candidates

(Select your top 3)



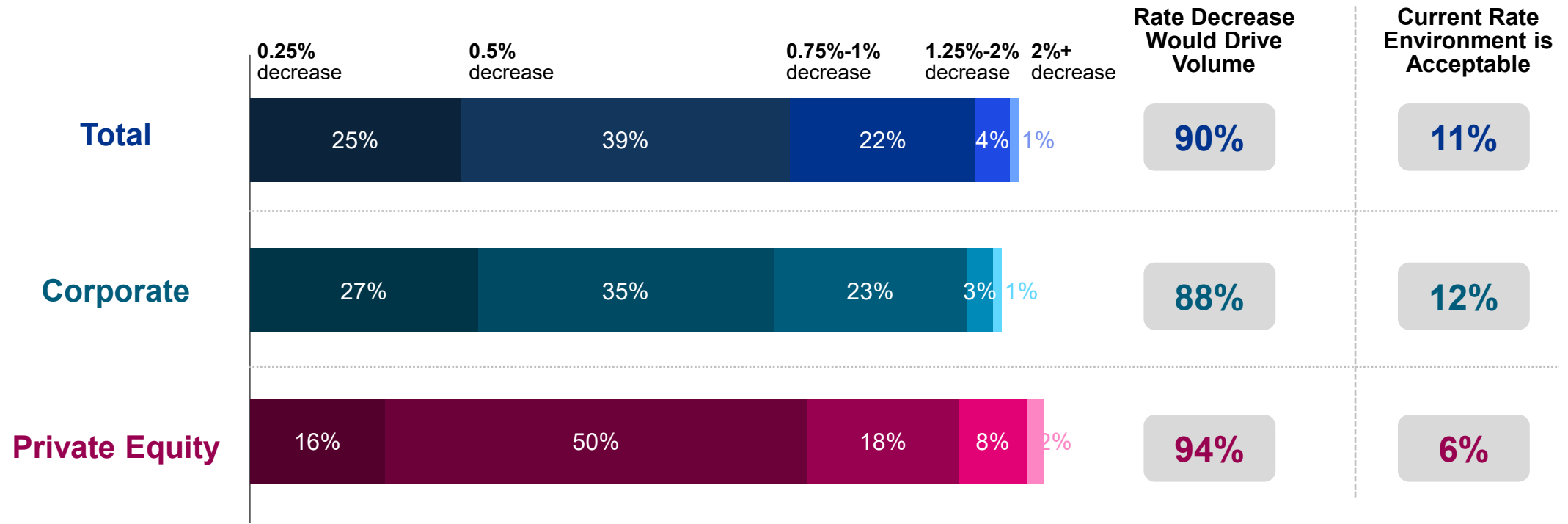
Q. What has prevented you and your team from moving forward on potential acquisition candidates? Select your top three. ("None of the above," 1%; Tracking from November 2023 survey)



The majority (64%) of deal makers say only a 0.25% or 0.5% decrease would drive more deal volume.

Half of private equity would need a .5% decrease to drive deal volume that is consistent with previous peak periods.

Rate Decrease Needed to Return to Prior Peak Deal Volume Period



Q. How significant of an interest rate decline would be needed for you to pursue a deal volume consistent with prior peak periods? Please select one.

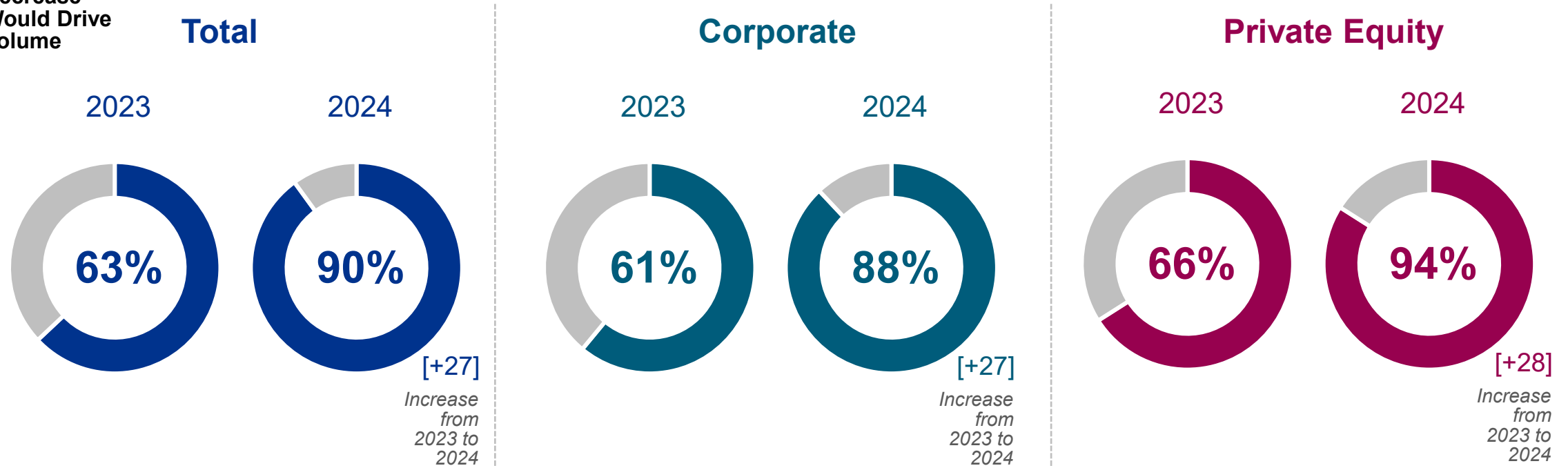
Deal makers are increasingly likely in 2024 to indicate a rate decrease would improve their deal volume.

This stated impact of decreasing interest rates went up by more than 25 points from November 2023 to 2024.


Tracking:
November
2023 Survey

Rate Decrease Needed to Return to Prior Peak Deal Volume Period

Rate
Decrease
Would Drive
Volume



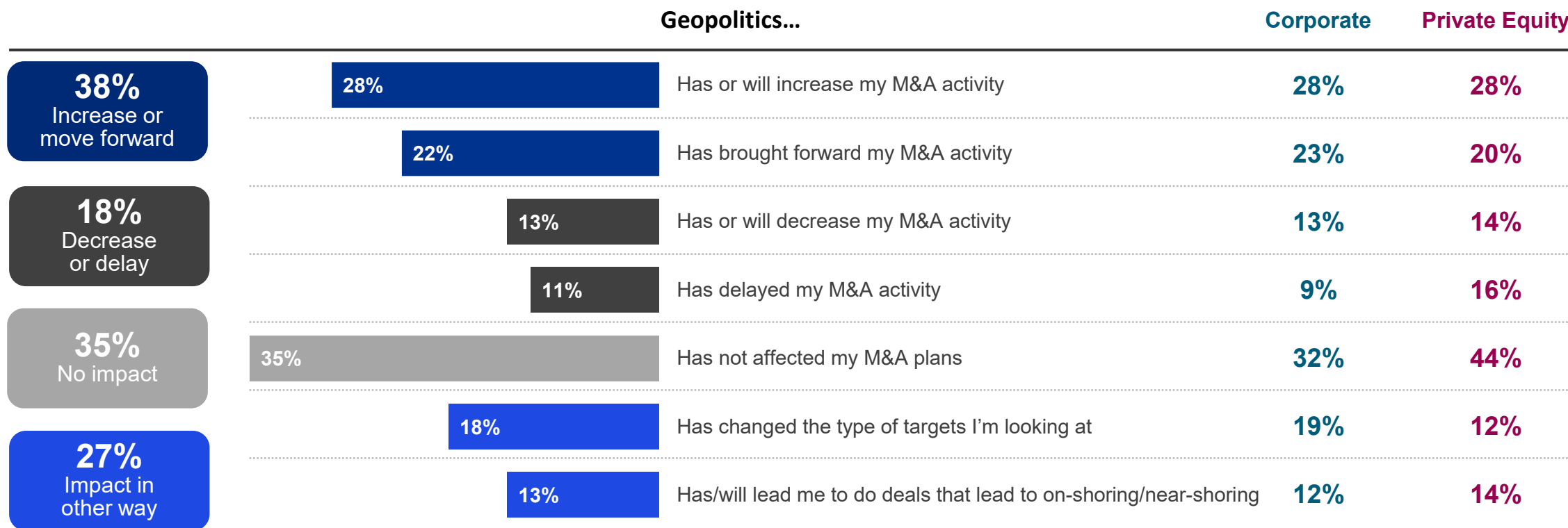
Q. How significant of an interest rate decline would be needed for you to pursue a deal volume consistent with prior peak periods? Please select one.
(Tracking from November 2023 survey)

Two in three deal makers indicate geopolitical issues have affected their M&A plans.

Geopolitical issues have been more likely to increase or bring forward M&A plans rather than decrease or delay them.



Impact of Geopolitical Issues on M&A Plans (Multi-select)



Q. To what extent have geopolitical issues, i.e. Ukraine, Gaza, Red Sea shipping, China & Taiwan, etc. affected your M&A plans?
(Multiple selections allowed except among mutually exclusive options; "Unsure," 2%)

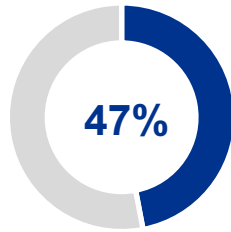
8 in 10 deal makers indicate GenAI has had some impact on their deals, especially as an acquisition target and/or to support the M&A process.

Private equity firms (64%) are especially likely to say their firm's AI strategy includes buying GenAI technology through acquisition.



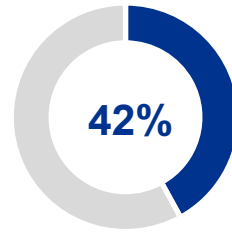
Impact of GenAI on M&A Dealmaking

(Multi-select)



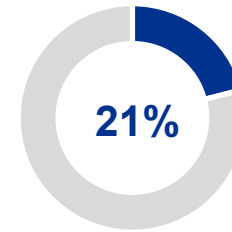
Part of my org's AI strategy includes **buying new GenAI technology/products through acquisitions**

Corporate | 41%
Private Equity | 64%



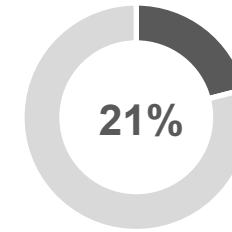
Using GenAI as **part of my dealmaking process**

Corporate | 44%
Private Equity | 36%



Part of my organization's AI strategy includes **acquiring GenAI talent through acquisitions**

Corporate | 23%
Private Equity | 16%



It has **not affected my dealmaking plans**

Corporate | 22%
Private Equity | 18%

Q. How has GenAI affected your dealmaking? Please select all that apply.

04

Appendix

Organization Profile

Type of Company	Corp.	Private Equity
Public	33%	--
Private – not private equity owned	41%	--
Private – private equity owned	26%	--
Private equity (fund level)	--	100%

Size by Revenue/Vol.	Corp. (annual revenue)	Private Equity (fund size)
\$1B - \$4.9B	41%	16%
\$5B - \$9.9B	48%	60%
\$10B - \$19.9B	9%	24%
\$20B+	1%	--

Sector	Corp. (operations)	Private Equity (investment)
Consumer/retail	15%	16%
Technology	13%	72%
Industrials/manufacturing	13%	28%
Financial services	13%	28%
Telecommunications	9%	20%
Media	9%	10%
Healthcare	7%	22%
Energy/nat. resources/ chemicals	7%	18%
Life sciences	7%	6%
Power and utilities	5%	22%

Q. Please specify the type of company for which you work. | Q. Please select the sector in which your company operates. |

Q. Please select the sector[s] in which your fund invests in. (multiple selections allowed) | Q. What is your company's annual revenue? | Q. What is your fund size?

Business Leader Profile

Organizational Role	Corp.	Private Equity
CEO	5%	--
CFO	3%	16%
COO	10%	3%
Head of Corporate Development	25%	16%
CSO/ Head of Strategy/Growth	22%	19%
CTO/CIO	5%	16%
General Counsel	15%	16%
Investment Partner	11%	13%
Operating Partner	4%	3%

M&A Operations	Corp.	Private Equity
Participate directly in deal decisions	65%	56%
Provide input into deal decisions	35%	44%
Participation in M&A Operations	Corp.	Private Equity
Deal structuring	87%	74%
Deal strategy	86%	78%
Post-close strategy and design	85%	82%
Post-close value creation and deal execution	80%	78%
Deal closing and day 1	78%	78%
Negotiation	77%	84%
Diligence	77%	80%

Q. Which of the following titles best describes your role in the company? | Q. Please describe your level of involvement in Merger and Acquisition (M&A) dealmaking decisions. | Q. Please indicate your degree of participation across the following Merger and Acquisition (M&A) operations. (% includes "very active participation" and "active participation")



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