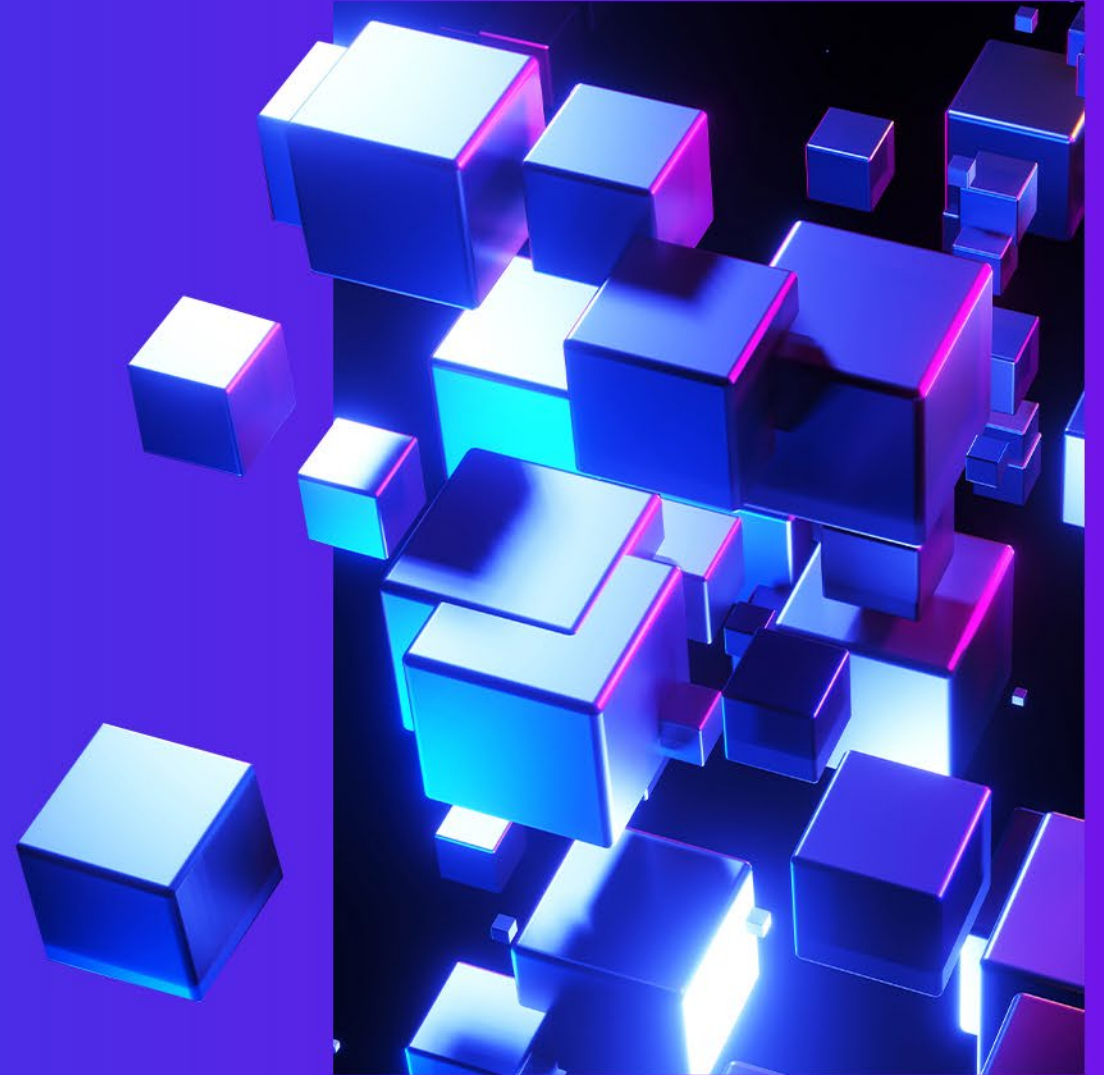




Creating value in M&A transactions

2023 Global Financial Reporting and Valuation Conference



Agenda



01 Welcome/Administrative matters

02 M&A Market update

03 Panel discussion – Value throughout M&A lifecycle

04 Questions/Wrap-up

The background features a complex, abstract pattern of overlapping, three-dimensional geometric shapes in various shades of purple and blue. A solid dark blue rectangular box is positioned on the left side of the image, containing the text 'Administrative matters' in white. The overall aesthetic is modern and professional.

Administrative matters

Creating value in M&A Transactions

Today's facilitators



Phil Cioffi
M&A Tax



JP Ditty
Corporate Finance



Martin Mazin
Economic and
Valuation Services



**Ramahi Sarma-
Rupavtarm**
Strategy



Bill Steciak
Accounting
Advisory Services

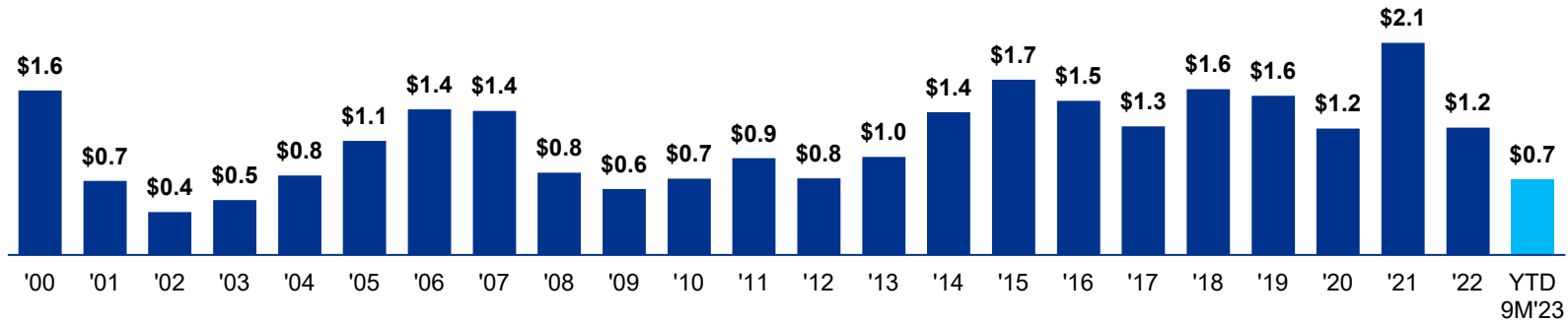


M&A Market update

Overview of U.S. M&A activity

M&A activity in the U.S. experienced its second consecutive decline both in terms of deal value and count

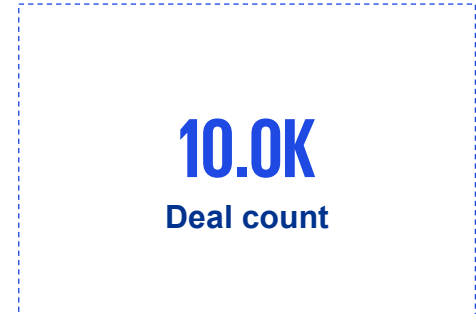
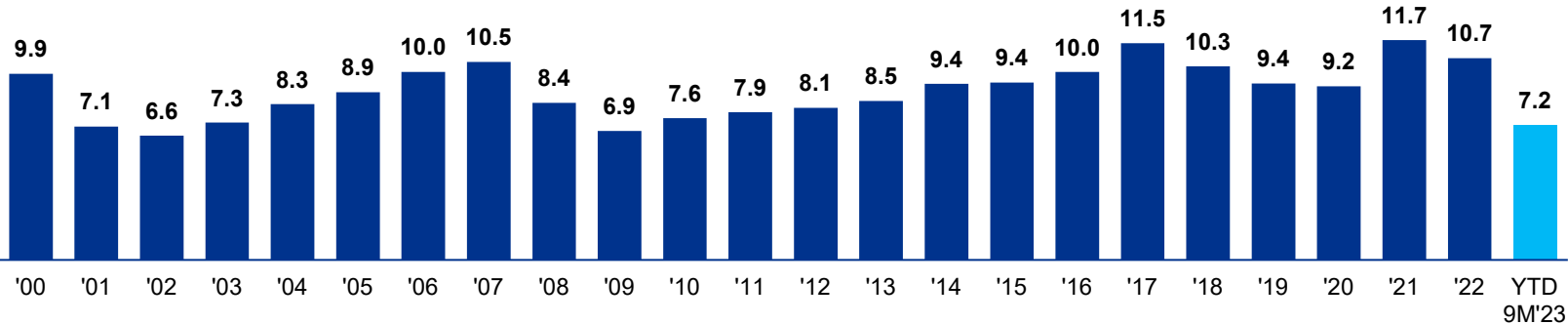
Announced transaction value (\$tn)



10-year average



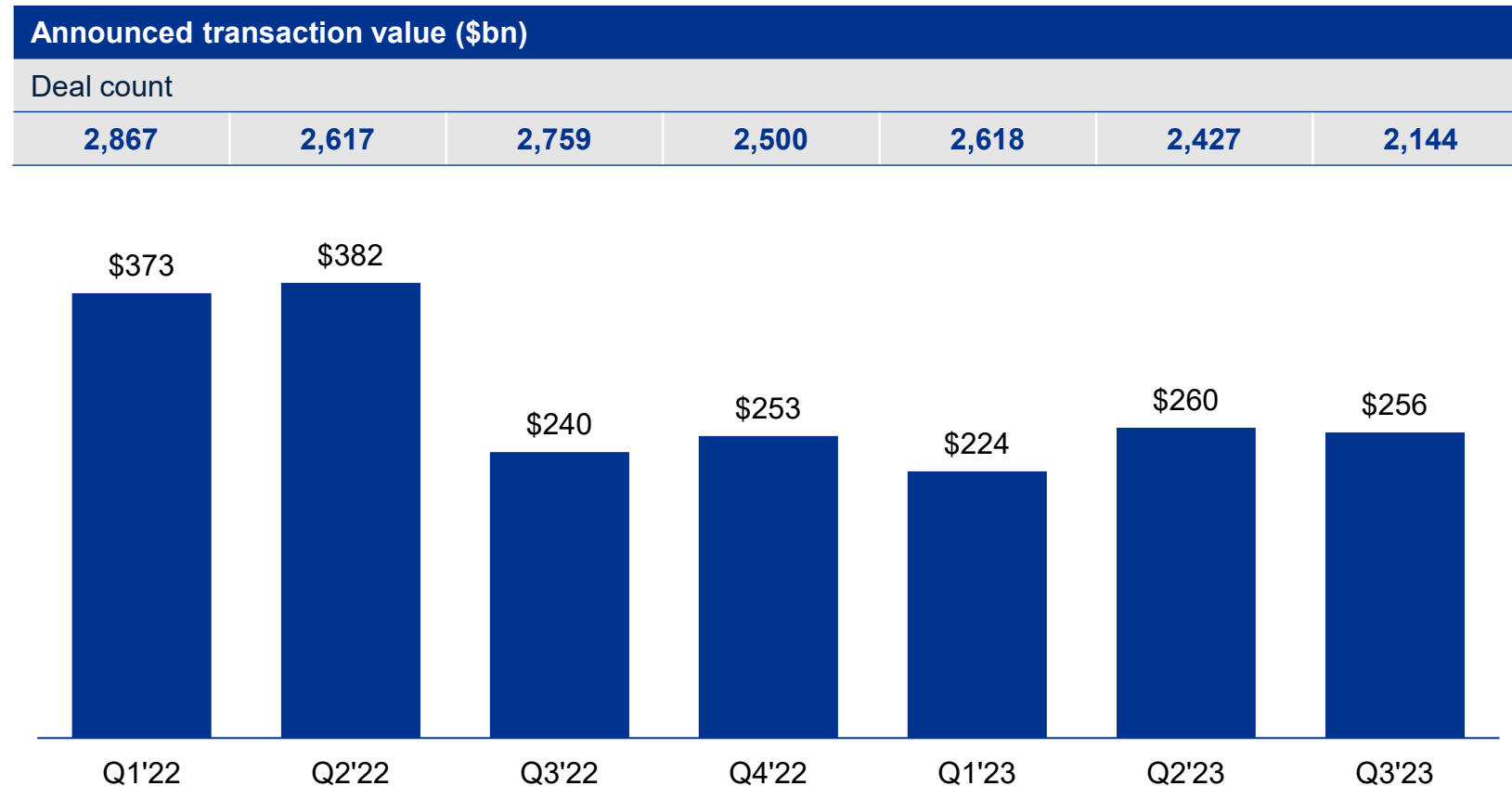
Announced transaction volume (000s)



Source: Refinitiv data as of September 30, 2023.

U.S. M&A Activity levels over the last quarters

The downturn in M&A activity over the last few quarters, shows no signs of recovery



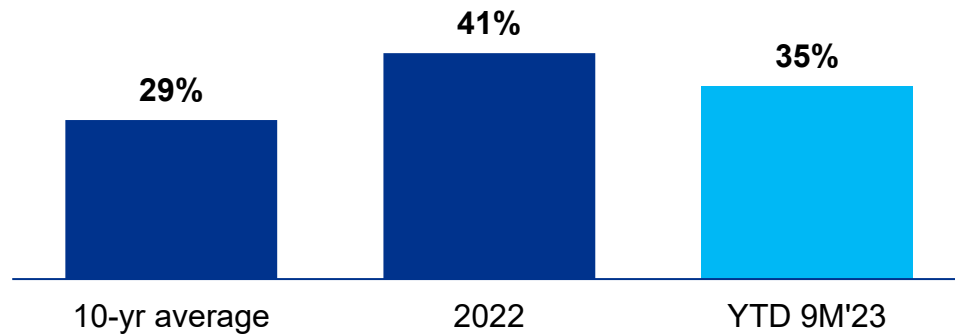
Source: Refinitiv data as of September 30, 2023.

Annualized deal metrics
<p>H1'22 Annualized</p> <p>\$1.5tn Deal value</p> <p>~10.9K Deal Count</p>
<p>Q3'23 Annualized</p> <p>\$0.9-\$1tn Deal value</p> <p>~9.6K Deal Count</p>

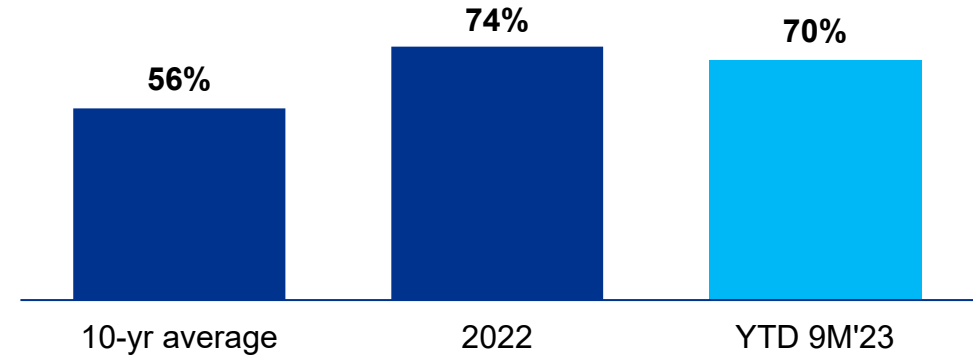
U.S. M&A Metrics indicative of market headwinds

The significant challenges for dealmaking are highlighted by a decline in key indicators

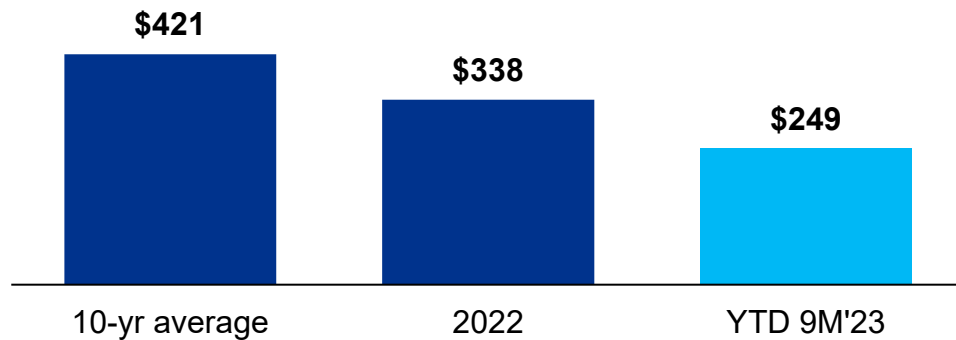
Median 1-week premium



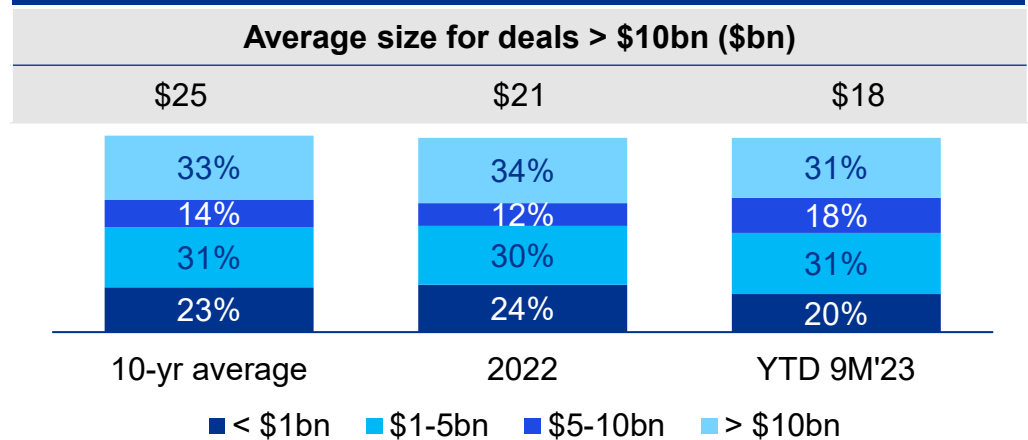
All-cash consideration (% of total consideration)



Cross-border deal value (\$bn)



Announced transaction value by deal size (% of total)



Source: Refinitiv data as of September 30, 2023.

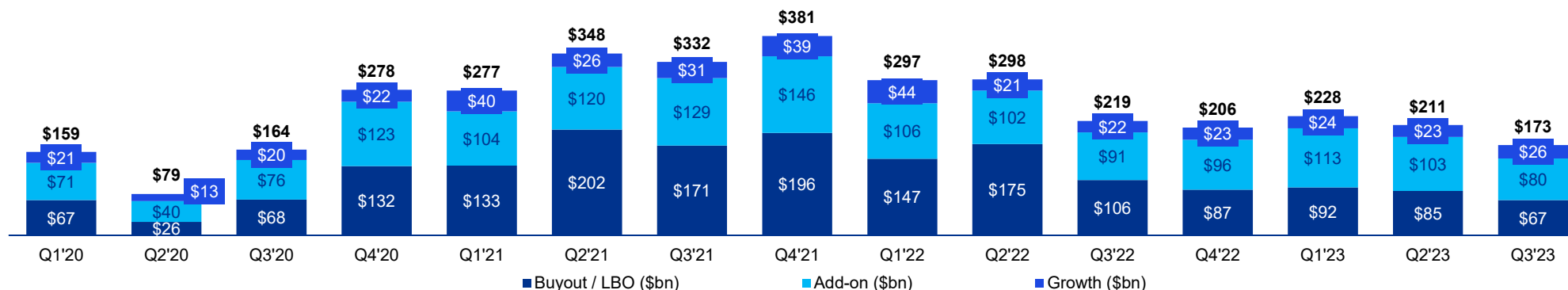
Financial sponsor activity muted, with IPO Exits almost nil

PE dealmaking continued to remain sluggish in the most recent quarter, combined with weak exit activity

Closed buy-side private equity deal flow

Deal count (000s)

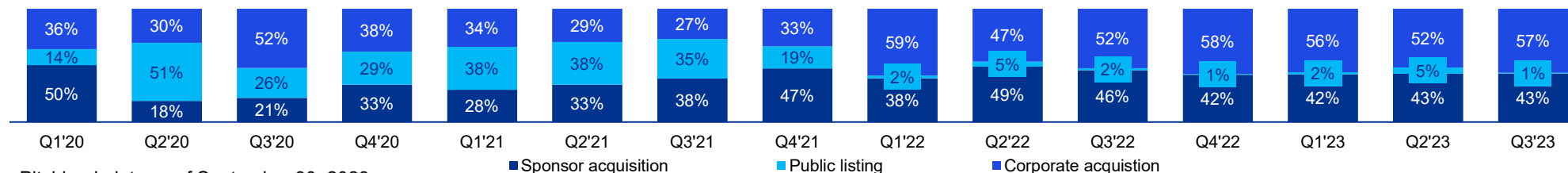
1.6	0.9	104	2.3	2.1	2.1	2.3	3.0	2.3	2.1	2.1	2.0	1.8	1.7	1.3
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Closed private equity exits by type (% of total value)

Exit deal value (\$bn)

\$71	\$44	\$138	\$177	\$174	\$270	\$243	\$204	\$84	\$93	\$81	\$72	\$65	\$74	\$44
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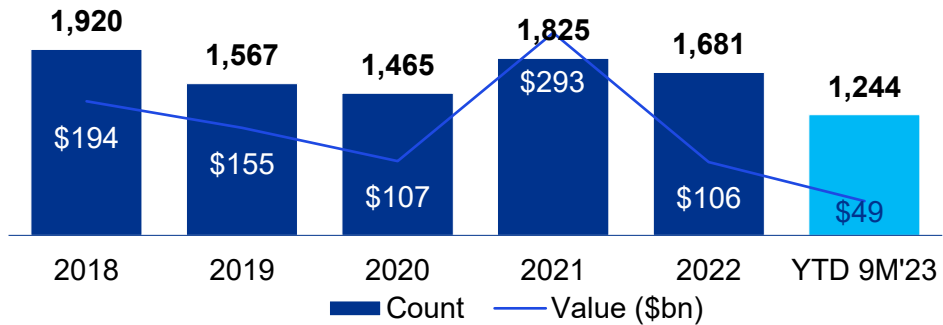


Source: Pitchbook data as of September 30, 2023.

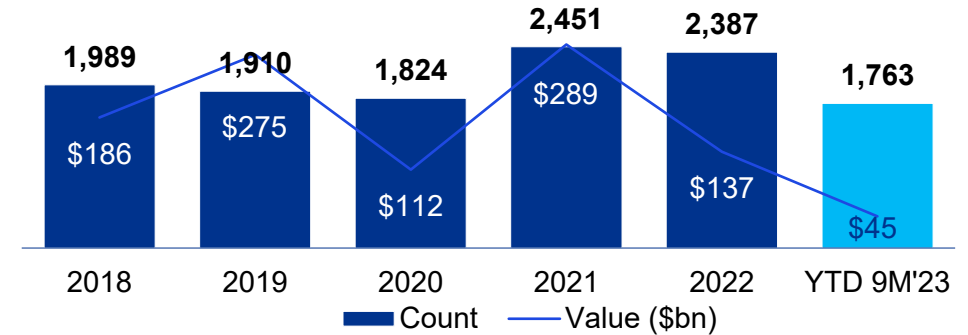
U.S. M&A Volume by major verticals

The dealmaking has stayed subdued for the first 9 months 2023 across all major sectors

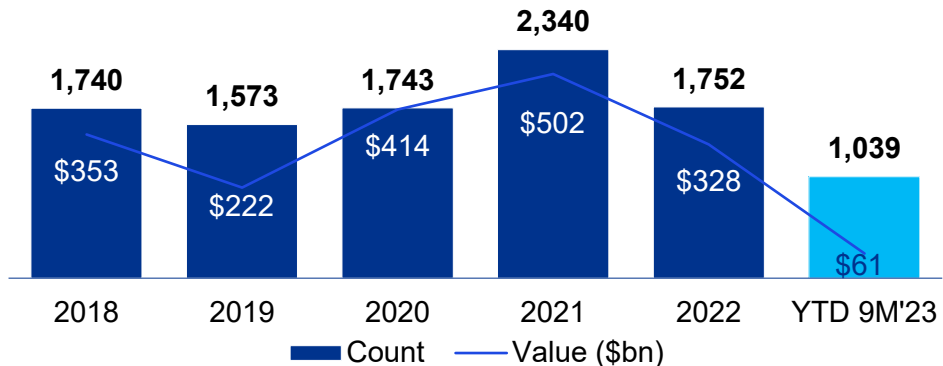
Consumers



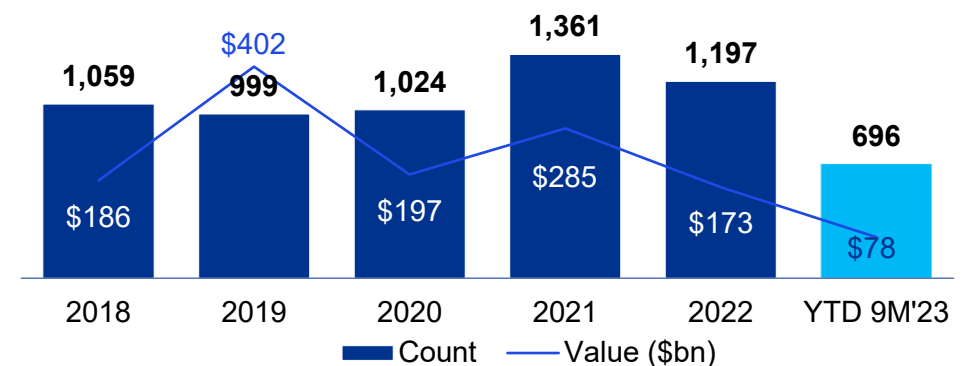
Industrials¹



Technology



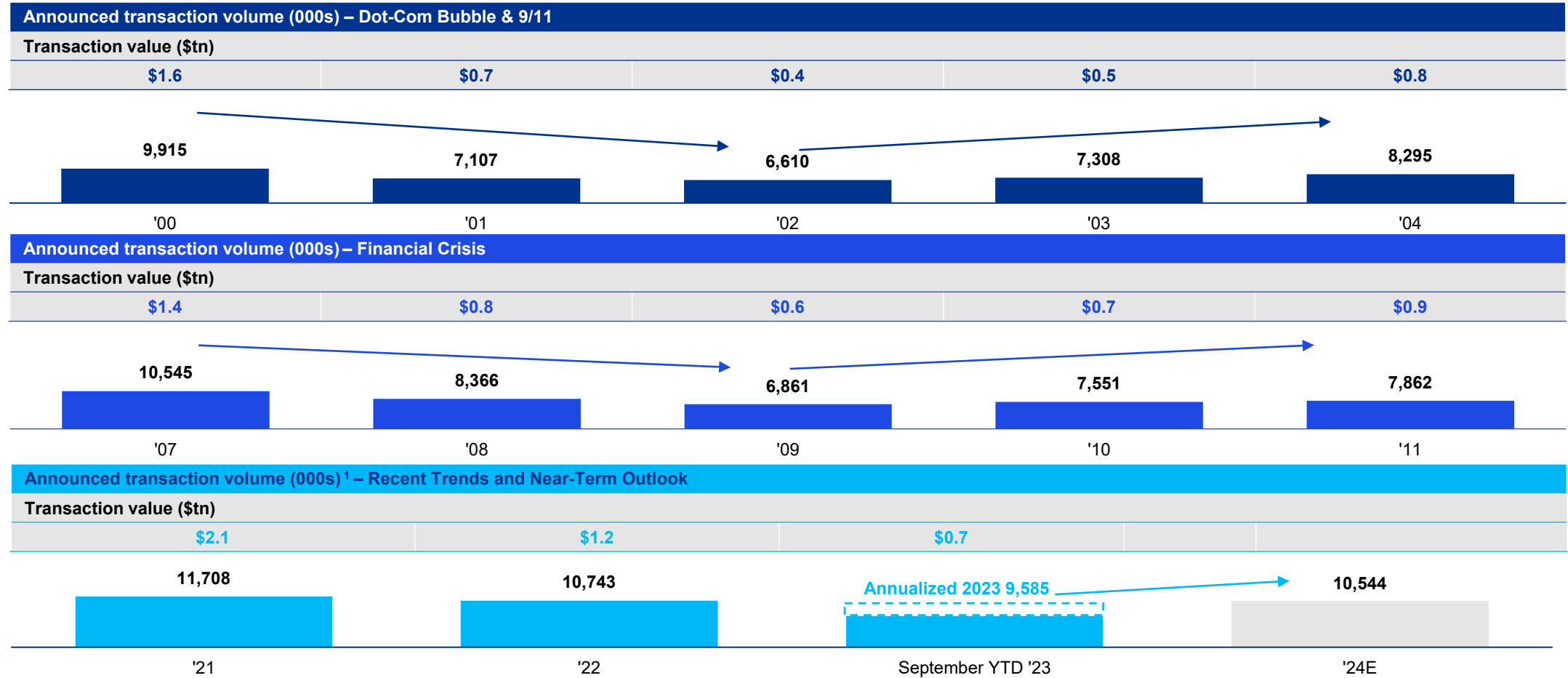
Healthcare



Note: (1) Includes automotive and auto parts.

Source: Pitchbook data as of September 30, 2023.

In Prior Cycles, the U.S. M&A Market has bottomed over two years before resuming growth



Note: (1) 2023 annualized on the basis of first 9 months ending 9/30/23. Forecast for 2024 based on 10% growth over 2023 annualized.
 Source: Refinitiv data as of September 30, 2023.

Will 2024 be better for M&A volume? Food for thought...

- Macroeconomic Factors
 - ✓ Geopolitical Conflicts (Russia / Ukraine) (Israel / Hamas), others
 - ✓ Decoupling with China (supply chain issues)
- Microeconomic Factors
 - ✓ Inflation
 - ✓ Interest Rates
 - ✓ Tight Labor Markets
- Election Year (Gulp!)
 - ✓ Right vs Left, Republican vs Democrat, Conservative vs Liberal...everything is about Polarization
 - ✓ Gun Control, Abortion, Homelessness, Border Security, International Trade, etc.

- Portfolio Rationalization
 - ✓ Over invest/pay in the good times – what does that mean now
 - ✓ Winners vs Losers
- Increased Regulatory Scrutiny
 - ✓ Nationalism vs Globalism
 - ✓ Anti-competitiveness (focus shifts to smaller deals)
- Sectors:
 - ✓ AI – general tool, M&A tool, investment thesis around digital innovation
 - ✓ ESG – for Businesses, Investors and Stakeholders
 - ✓ Software, Crypto, Renewable Energy, Healthcare
- PE Dominance – Privates, Public to Private, and up and down the Investor stack

What's driving value – thoughts on valuation

Buyer / Investor Valuation Considerations:

- TAM
- Scale of Business
- Competitor Landscape
- Customer Set
- Synergies
- Cultural Fit
- Differentiators – Technology or otherwise
- GTM Motion / Sales Model
- Management Team
- Cap Table
- Financial Metrics
- Recurring vs Reoccurring Revenue
- Competitive Process!
- Etc.....

Tactical Process Considerations:

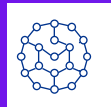
- Company Preparation
- Now vs Later
- Marketing Materials
- Quality of Earnings Analysis
- LT vs ST Deferred Revenue
- Customer Concentration
- International Sales (FX)
- International Subsidiaries
- Working Capital Fluctuations
- Sales Taxes by State
- Tax Planning for Owners
- Regulatory Hurdles
- Due Diligence Timing
- Etc.....

Panel discussion

What's at stake in today's environment?

Dynamic conditions are driving greater deal complexity and put more at stake than ever before.

Today's M&A market realities....



More complex M&A strategies to address disruption



Unparalleled deal competition and faster cycle times



Elevated M&A valuations that require greater synergies



New and compounding macro-economic risks



Evolving ESG, talent and regulatory dynamics



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Questions/ Wrap-up



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