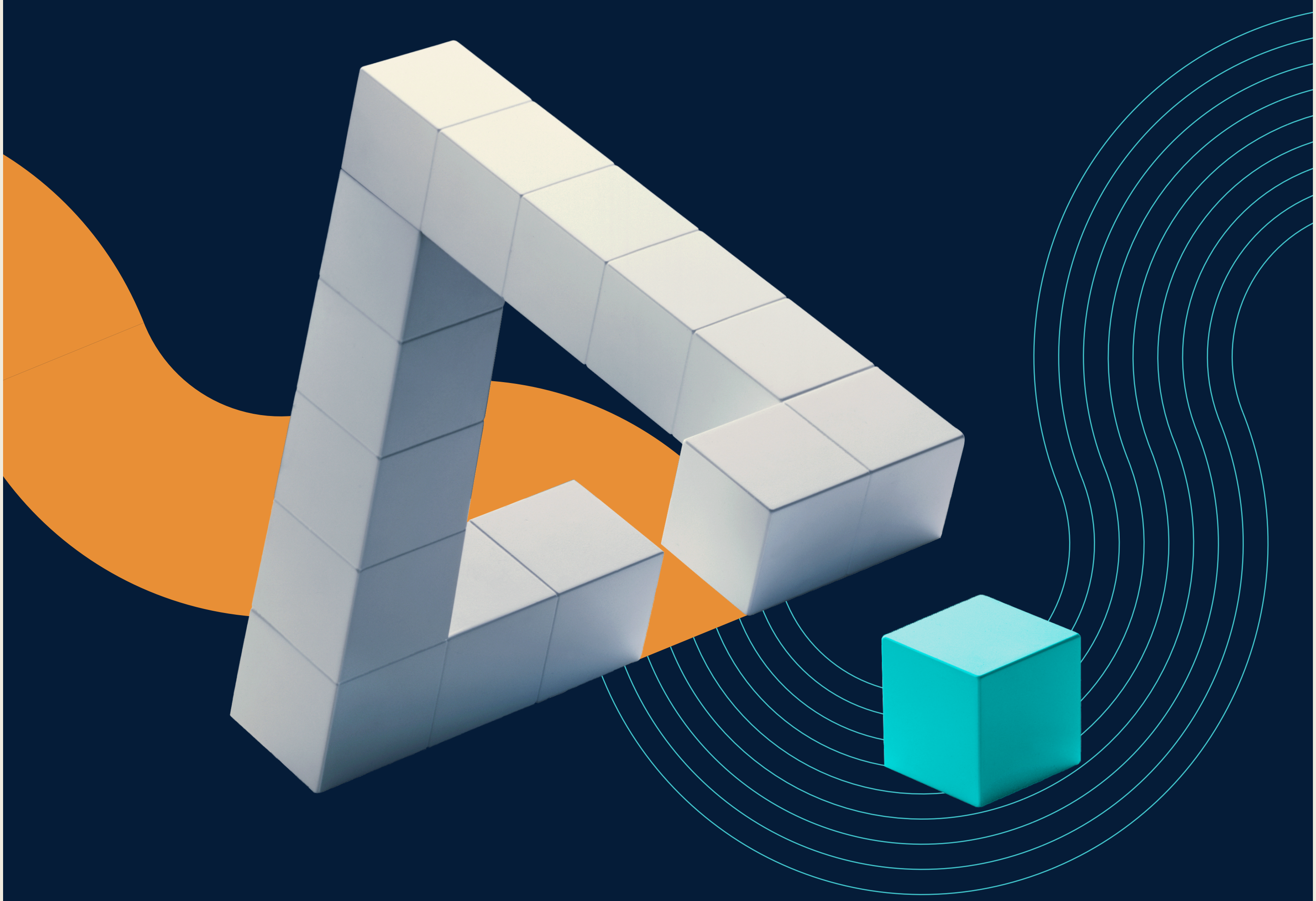
PitchBook

2024 ANNUAL

GLOBAL M&A Report



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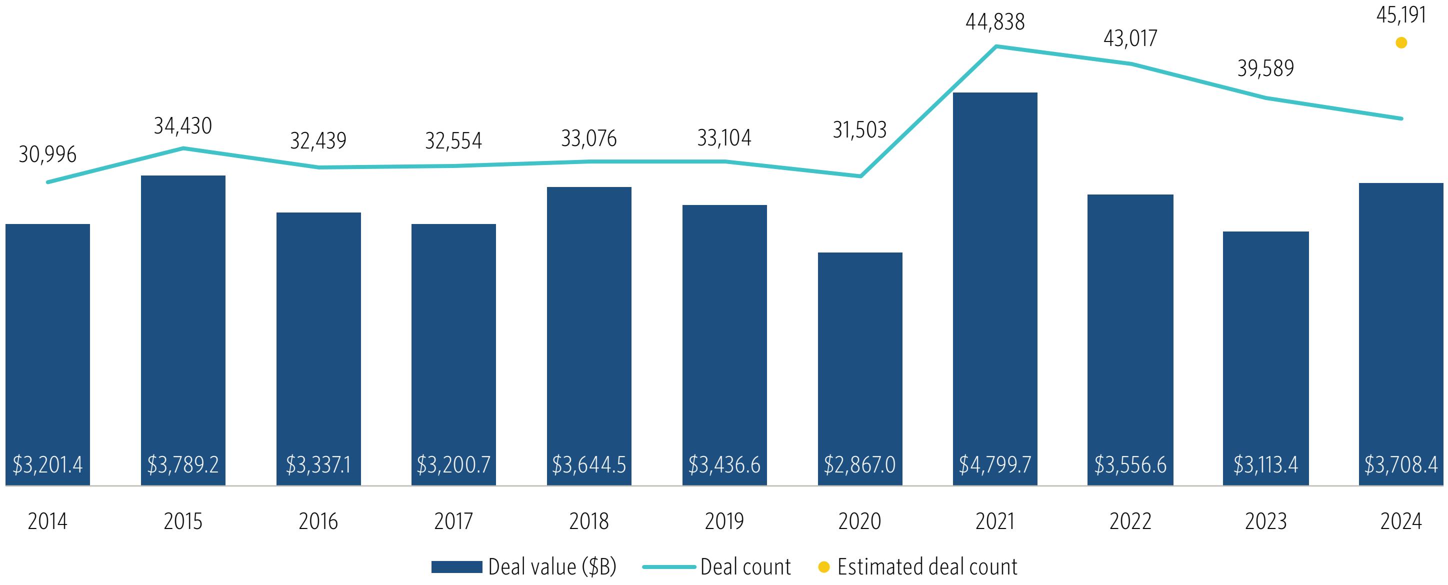
Overview

M&A activity



Source: PitchBook • Geography: Global • As of December 31, 2024

Garrett Hinds
Senior Analyst, Private Equity

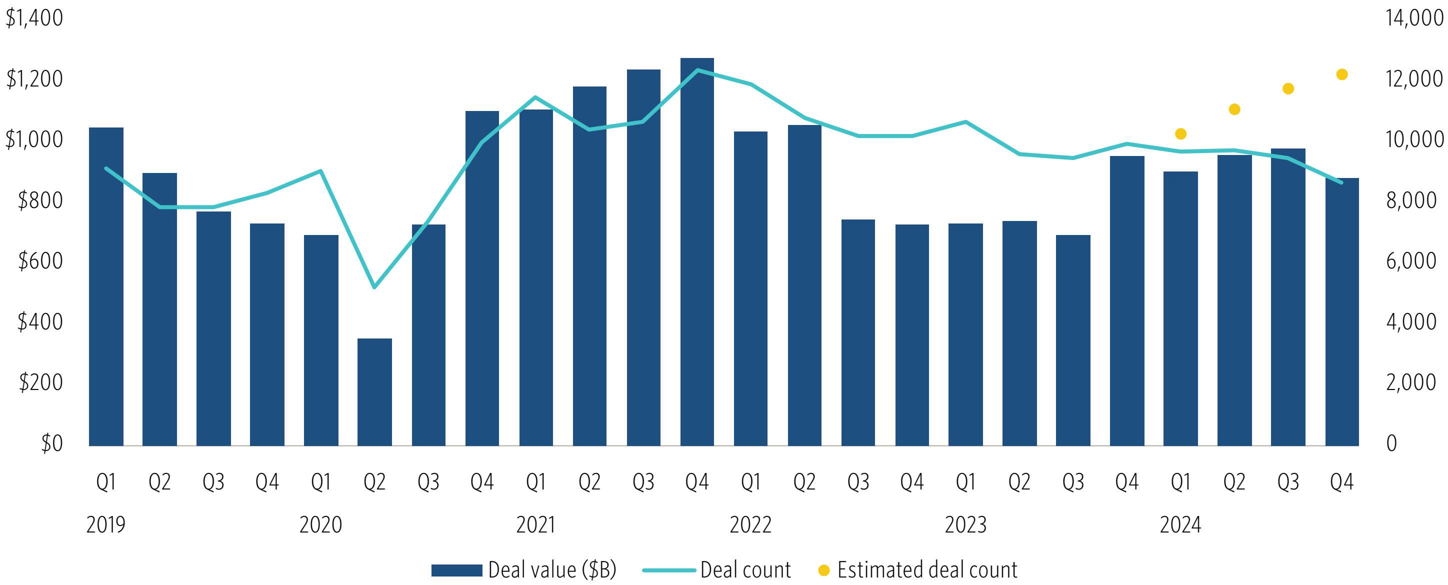
Global M&A activity achieved robust growth in 2024, fueled by more supportive macroeconomic conditions and stabilizing valuations. In North America, deal value surpassed $2 trillion across 17,509 deals, marking a 16.4% YoY increase in value and a 9.8% jump in count. The outflow of M&A capital to Europe grew modestly, even as US investors found renewed reasons to strike deals at home, as the US dollar's continued strength combined with relatively lower valuations in Europe supported steady cross-border flows to that region. We are encouraged to see a broad-based recovery in dealmaking across geographies as well as a favorable setup for continued growth into 2025.

European M&A witnessed a 29.2% YoY increase in value and a 17.5% increase in deal count, reflecting a full recovery from the rate-hike-induced slowdown in 2022. Europe's lower multiples compared to those of the US, at 8.3x versus 10.3x, continued to draw foreign buyers. Q4 saw several major take-private transactions, including Abu Dhabi National Oil Company's $16.3 billion purchase of chemicals-maker Covestro, helping push materials & resources to a record-breaking quarter.

Overall, valuations in North America and Europe stabilized around midcycle levels, suggesting that 2022's correction has largely run its course. The median enterprise value (EV)/EBITDA multiple for M&A transactions in 2024 was 8.8x, just slightly below 2023's 9x and still about 15% to 20% off the historic peak of 10.7x in 2021. EV/revenue multiples settled at 1.5x. While the US posted a notable increase in its EBITDA multiple, rising from 9.3x in 2023 to 10.3x in 2024, Europe's multiple moved from 8.9x to 8.3x, creating a larger gap that continued to attract US buyers. Still, public market trading multiples on the S&P 500 sat near historic highs, creating a persistent valuation gap between public and private markets. There is optimism among dealmakers that this gap could spark a bullwhip effect, supporting expansion of private multiples in the near future.

On a sector basis, the IT segment stood out, hitting $740.7 billion in deal value across 7,455 deals globally. Software companies were highly prized, owing to their combination of high gross margins and defensible moats, though Q4 saw a pullback, with an air pocket around the US election causing a deceleration. B2B and B2C deals both maintained strong recoveries, posting robust annual gains in deal count and value, even if the final quarter showed some deceleration. Energy, meanwhile, experienced a softening after multiple

M&A activity by quarter



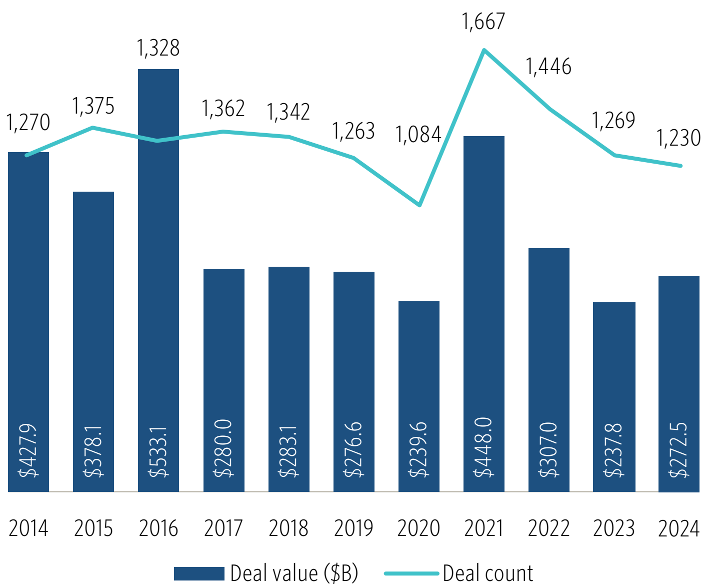
Source: PitchBook • Geography: Global • As of December 31, 2024

years of growth, though cleantech deals garnered sizable interest from acquirers seeking to capitalize on the energy transition. Financial services dealmaking rebounded with a 43% YoY rise in deal value, propelled by acquisitions over $1 billion in the insurance space and continued consolidation among asset managers.

Looking ahead to 2025, we remain optimistic about further growth. The valuation gap between the US and Europe could persist, continuing to spur cross-border dealmaking. Public market rallies have the potential to raise private multiples, particularly in tech, where strategic buyers are quick to capitalize on software's high-margin profiles. Healthcare, still lagging behind other sectors, may see renewed M&A activity amid hopes for regulatory easing and intensifying interest in AI-driven drug discovery. Overall, the year 2024 demonstrated that dealmakers are adapting to new market realities and remain enthusiastic to transact as they reposition their portfolios and businesses. The markets are flashing the all-clear sign after the most severe boom-bust cycle since the global financial crisis, suggesting the trade winds are poised to carry M&A on a prosperous course in the coming year.

Cross-border activity favored Europe over North America during 2024, though not by a wide margin. European M&A deals featuring North American acquirers netted to $44.1 billion over the full year. This margin is slightly above what

North American M&A activity with non-North American acquirer



Source: PitchBook • Geography: North America • As of December 31, 2024 was seen in 2023, although well below totals from 2022, when net flows to Europe peaked at $169.3 billion and total cross-border M&A by non-European acquirers accounted for 34.2% of all European M&A value. Most of these cross-border flows to Europe came from North America and were larger than the reverse flow (European investors acquiring North American companies) for the eighth straight year. Much of this is due to the US dollar's continued strength versus the euro and pound sterling. Purchase price multiples also ticked down YoY in Europe while they increased in the US, making Europe more attractive to US investors, even without the advantage of a stronger currency. As headwinds in the US have started to ease in recent months, the outflow of M&A capital from North America has slowed due to investors looking to increase dealmaking at home.

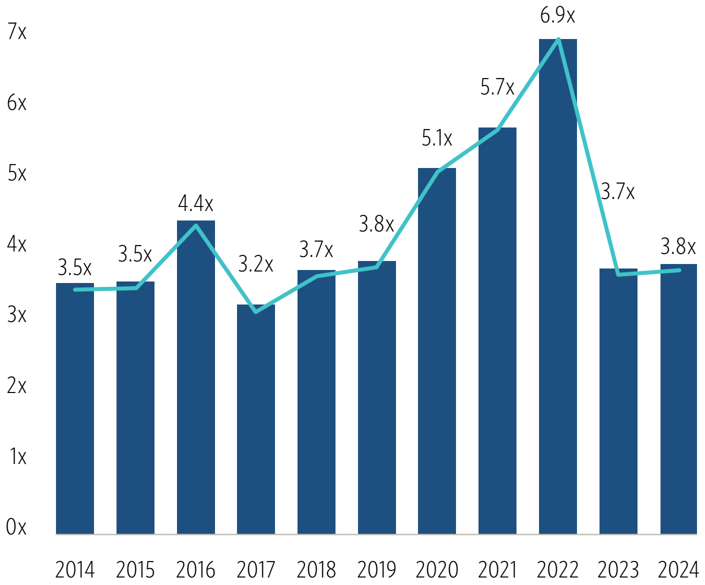
Valuations

In 2024, deal multiples in North America and Europe were range-bound and stabilized after a heavy descent in 2022, suggesting that a valuation reset may be complete. The median EV/EBITDA multiples for M&A transactions

European M&A activity with non-European acquirer

Source: PitchBook • Geography: Europe • As of December 31, 2024

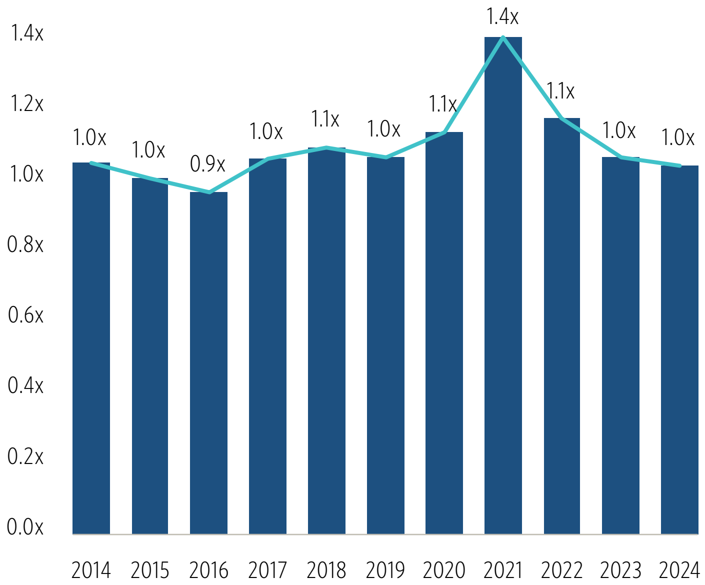
M&A megadeal EV/revenue multiples



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

Note: Megadeals are deals that are $5 billion or larger.

M&A EV/revenue multiples on deals below $100 million



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

announced or closed in 2024 stabilized at 8.8x, following the 9x median EBITDA multiple in 2023. Similarly, EV/revenue multiples were flat YoY at 1.5x, indicating a complete valuation reset.

While M&A deal multiples are still roughly 15% to 25% removed from 2021's all-time peak of 10.7x EBITDA and 2.0x revenue, the extended stable trend indicates what was mentioned above, with valuations now having room to grow after stabilizing in the past two years. Present multiples have come to rest slightly above the 2017-2019 average of 9.6x and 1.5x revenue despite much higher interest rates, though rates are headed lower. By region, European EV/EBITDA valuations declined YoY from 8.9x in 2023 to 8.3x in 2024, representing a 6.4% decline. On the revenue side, European EV/revenue multiples remained flat YoY at 1.4x. By comparison, US EV/EBITDA multiples increased by 11.2% YoY to 10.3x after falling to 9.3x in 2023. EV/revenue multiples in the US increased slightly YoY from 1.7x to 1.8x.

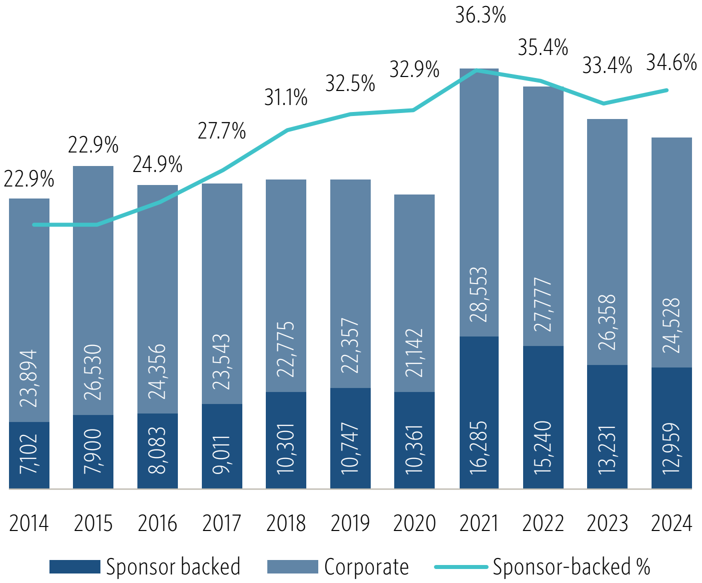
As M&A deal multiples on mostly private companies have moved sideways, trading multiples on public companies continue to ascend. EV/EBITDA and EV/revenue multiples on the S&P 500 index, excluding banks and insurance companies where enterprise values are not relevant, have risen by approximately 10% over the past two years. Despite this, the median EV/EBITDA multiple on the S&P 500 remains below its 2021 high of 15.5x; meanwhile, the median revenue multiple stands at 3.9x, 14.3% below its peak. By comparison, M&A deal multiples stand at 8.8x EBITDA and 1.5x revenue, or 20% to 25% below their peaks.

Comparing trading multiples on the S&P 500 with deal multiples in the broader M&A market is admittedly an apples-to-oranges exercise. The S&P 500 has evolved into a unicorn as indexes go, with iconic multiples at the top echelons especially. However, it is the index with the most highly scrutinized and reliable EBITDA data, and we focus mainly on the gap between it and the M&A market as a rough proxy for judging whether public and private markets are moving apart or converging. It is also a good proxy for viewing valuation trends between large and micro-cap companies. Approximately 95% of all M&A acquirees are private companies, and roughly 70% of all fully disclosed M&A deals are below $100 million in size.

The latest data shows that the two markets remain apart at a near-historic gap, and we think it is only a matter of time before a bullwhip effect takes hold of private company multiples to propel them higher. Ironically, the catalyst for that may have started in the public markets with the broadening of the rally into the small-cap sector, as we discuss in more depth in our recently published [Q3 2024 US PE Middle Market Report].

Deal metrics

M&A count by acquirer type



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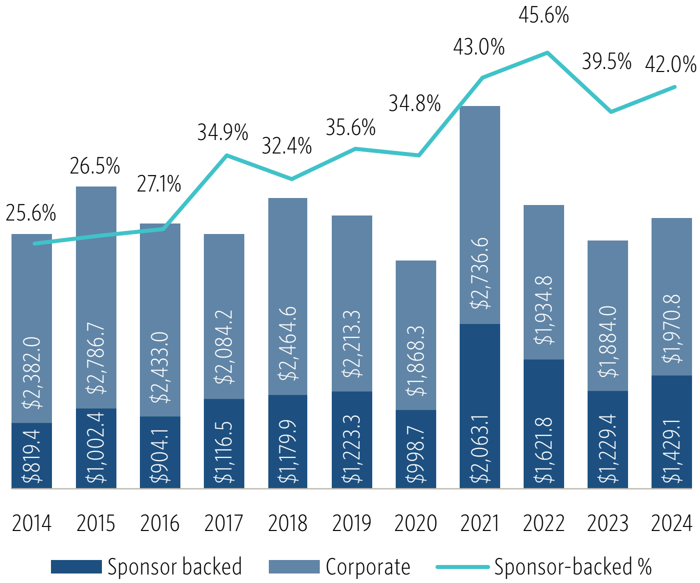
M&A value ($B) by acquirer type



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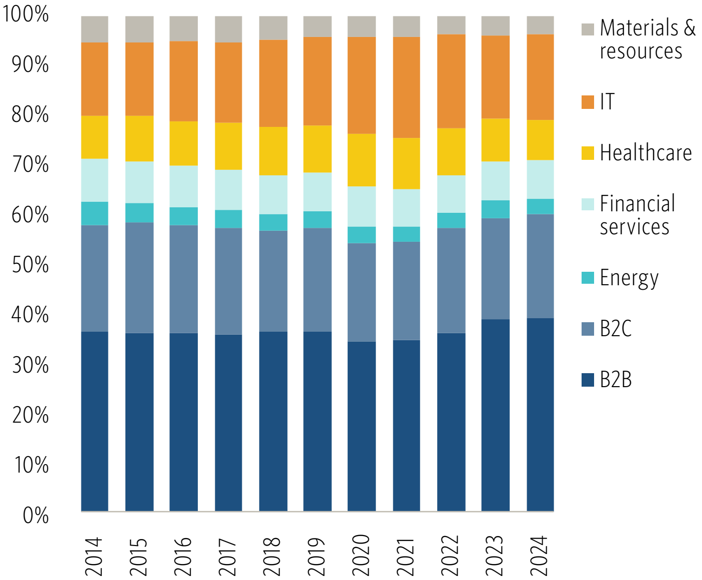
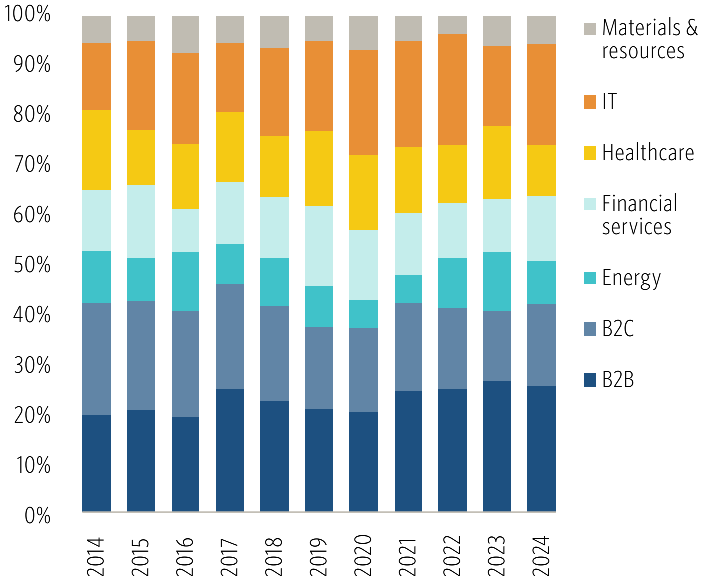
Share of M&A count by sector



Source: PitchBook • Geography: Global • As of December 31, 2024

Share of M&A value by sector



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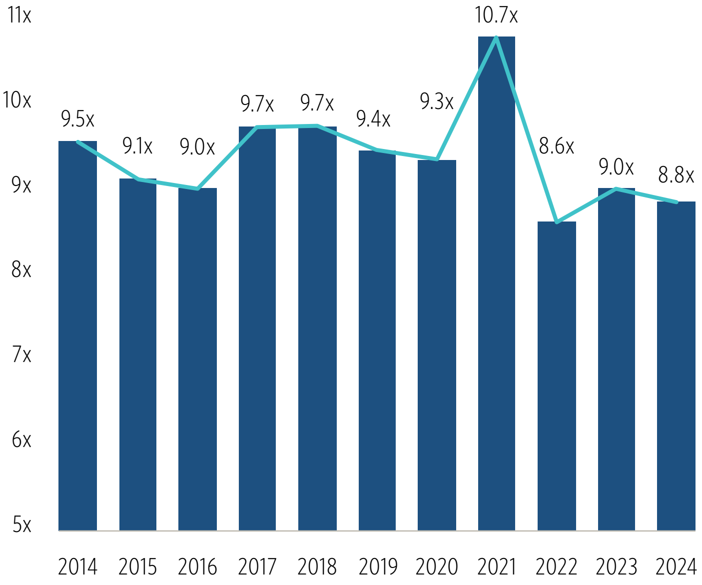
Valuation metrics

Median M&A EV/EBITDA multiples



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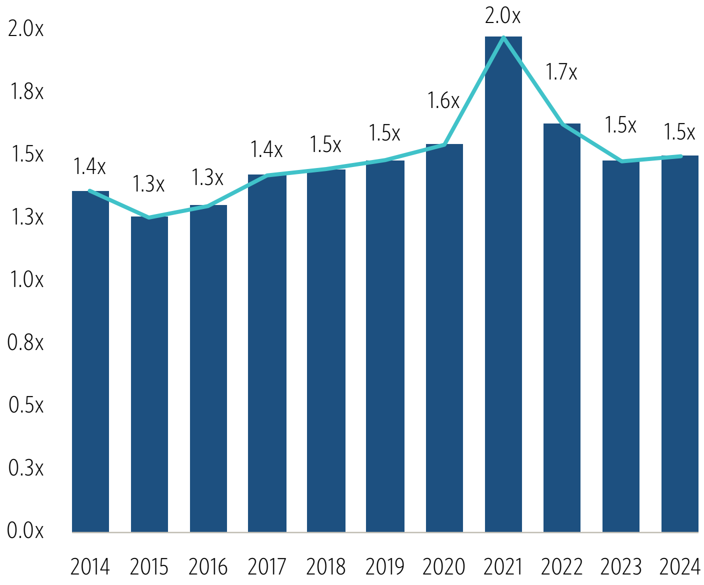
Median M&A EV/revenue multiples



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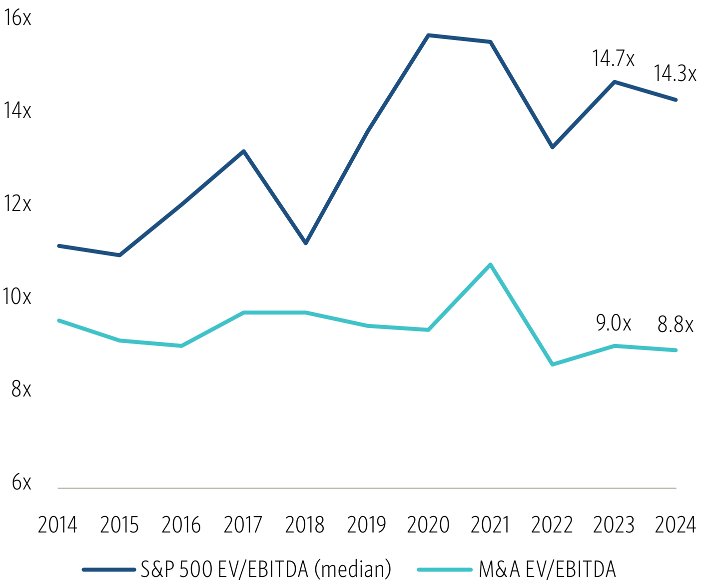
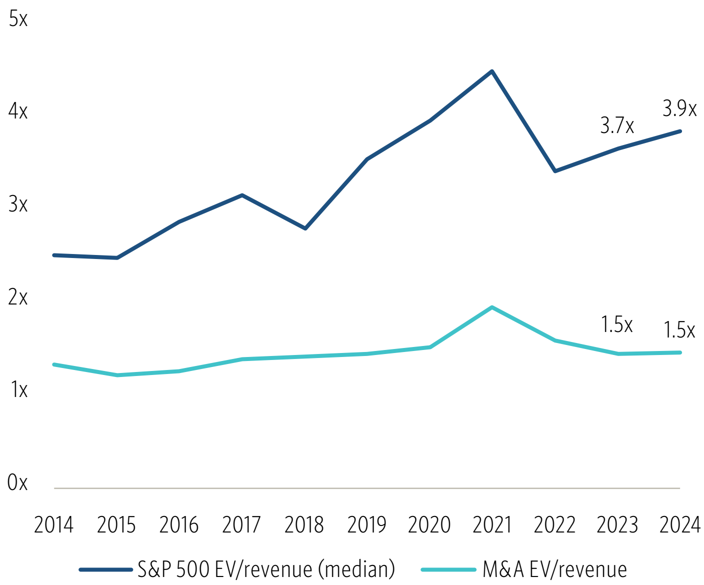
Public company trading multiples versus M&A multiples (EV/EBITDA)



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

Public company trading multiples versus M&A multiples (EV/revenue)



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

A WORD FROM LIBERTY GTS

The global M&A market is cautiously optimistic for 2025

There is an air of cautious optimism in global M&A markets. Following a peak in transactions in 2021, the M&A market has had a turbulent time in the years since. An environment of high inflation and high interest rates has heavily impacted global economic growth and reduced the interest of PE houses in funding new deals, thereby stifling M&A activity. However, as we enter 2025, there is at last some certainty in the US and UK following the elections held in 2024 in almost all major markets. This, alongside a new acceptance of adjusted economic realities on pricing, could lead to a more positive start to this year.

Rowan Bamford
President
Liberty GTS

Rowan is president of the Liberty Global Transactions Solutions (GTS) M&A insurance team. This global M&A insurance unit of Liberty Mutual offers transactional risk insurance products, such as representations and warranties insurance, tax liability insurance, and contingent legal risk insurance. Rowan oversees a team of over 90 specialists spread across 11 countries.

Looking back at recent years, borrowing rates have more than doubled from around 2% at the peak of the market in 2021 to between 5% and 8%, bringing a significant impact on the private equity market. Many private equity investors have preferred to move instead to a cautious strategy in which capital earns safe interest in the bank, fewer new investments are made, and existing businesses are pushed to mature for sale as an alternative route to returns. In addition, many sellers were "price-fixed" at a higher sale price than would now be achievable, which led them to reject realistic deal prices in the hope of a future recovery.

However, sellers who have failed to do deals for the last couple of years have had some time to reflect on the situation. Many are now adjusting to more realistic prices, and in some cases are accepting the need to borrow money at higher rates to fund deals. This opens the doors to a new pricing point and a larger number of M&A deals in 2025.

Meanwhile, interest rates also drive economic growth, and while the initial prognosis was that they would have fallen by the end of this year, both interest rates and inflation currently remain persistently high. As a result, the rate of recovery in dealmaking is perhaps six months behind the point at which we had expected it to be earlier in the year.

As with any economic downturn, large deals were rarely witnessed this year, but the middle market and lower middle market continued to be active, and the number of deals is likely to grow next year.

This is not true everywhere. In certain markets, most notably the US, activity has already started to pick up. Following the election of Donald Trump, who is seen as pro-M&A, this is likely to continue, and the US is being seen as the leading market for global M&A activity in 2025. It is also anticipated that the uptick in activity in the US will lead to an increase in larger deals globally.

Following the US election, Trump's probusiness stance led to an immediate jump in stock prices, and this was an activity trigger for US investment banks. It is likely, we believe, that the US will take the lead in the growth of the transactions market. We are hopeful that, subsequently, this could flow through to Europe and Asia within three to six months. However, the political and economic dynamics in Europe are very different from those of the US, and this is certainly not guaranteed.

The UK remains positive, and markets have weathered the transition to a Labour government in good order, possibly helped by the probusiness outlook of Rachel Reeves as well as the huge government majority for Labour, which at least gives certainty of tenure for a full five years. In the last week of November, four takeover deals worth £5.3 billion were announced in the UK,[1] demonstrating the positive direction of travel. However, there are still some negatives holding back sentiment. The full impact of the UK's public budget and its effect on foreign direct investment remains to be seen, for example.

1: "UK M&A Activity Sweeps Market With £5.3bn of Deals," Financial Times, Simon Foy, Marianna Giusti, and Ivan Levingston, November 29, 2024.

Overall, however, in the UK we expect the stimulus of further M&A activity as we head into the new year. Mainland European markets are a very different story. The region remains challenging for investors due to serious political uncertainty, particularly in France and Germany; both of which have endured six-month-long lame-duck leaderships, and both of which face new leadership elections with little certainty on the direction of outcome in 2025.

This is hardly reassuring for markets or investors, and the effect is multiplied given the fact that many European transactions are reliant on cross-border financing from international investors; and any sense of turbulence will not provide those investors with the confidence they require to look for deals in those countries. As a result, Europe may face a long and inactive spring in both political and M&A terms, and any sustained recovery will be dependent on a resolution to the political uncertainty that dogs both of the European Union's leading economies.

Asia, although by far the least developed and smallest of the global M&A markets, is its own beast in terms of growth. Asia has seen an economic downturn, and this has impacted deal volumes. However, the growth of the PE market here means that, for businesses like ourselves, we continue to see growth in the region, this being organic market size growth rather than economically driven.

Asian M&A activity originally came from hubs in Singapore and Hong Kong, but the Indian M&A market is the subject of much speculation about its possibility for explosive growth at present. There are many insurers and brokers currently investing in India, and this will be a market to watch with interest in 2025.

However, for Asia overall, one drag factor to watch out for could be the impact of potential US trade tariffs. If these are imposed, they are expected to be more significant in Asia than in any other region. Here, Trump's impact could be strongly felt and may hold back a growing market.

For those of us with long memories in M&A insurance, the last few years have shown us the first really sustained soft market for M&A insurance. Rates were fairly stable between 2010 and 2020 as the market developed and matured.

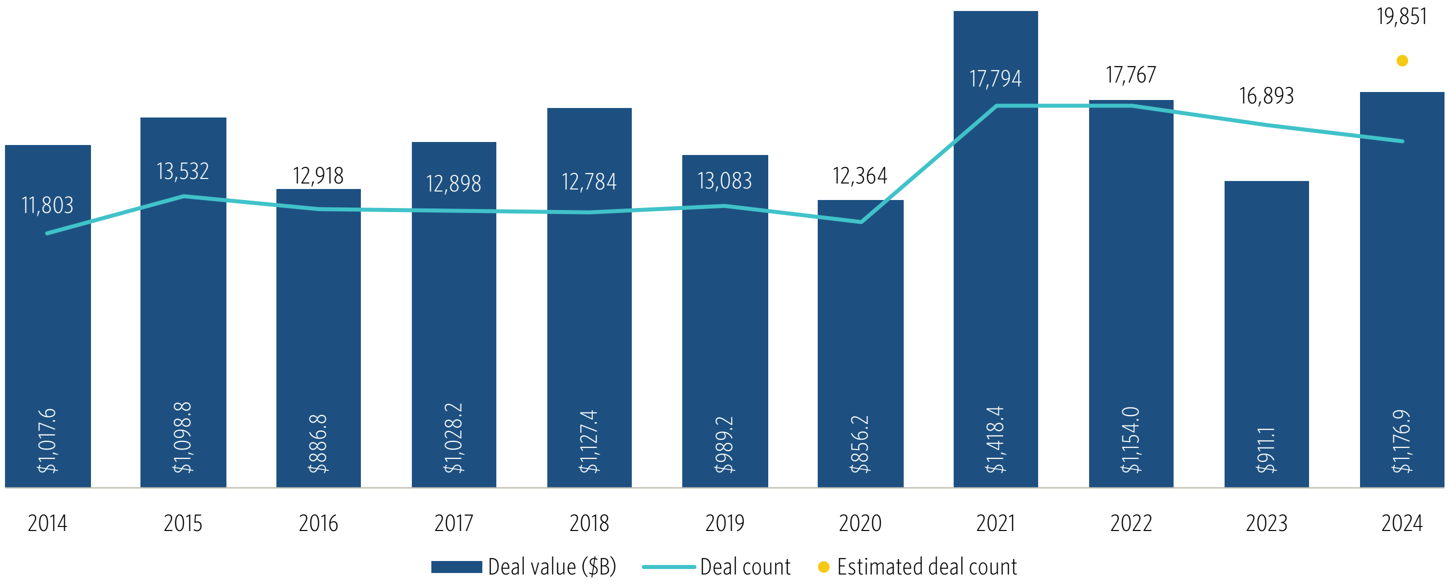
In 2020, the M&A market peaked, both in terms of deal volume and pricing, and this was reflected in higher insurance costs, as capacity became stretched across so many deals. In the years since 2021, however, rates have fallen back significantly. The warranty & indemnity (W&I) market has no experience of this rate of decline, but happily for the stability of the market, in spite of some predictions to the contrary, claim notifications remain at 2020 levels, giving insurers room to continue to accommodate a soft market for buyers.

Overall, as we look ahead, we are already seeing the trajectory toward what I believe could be a significantly growing market for W&I in the US in 2025. The W&I market in Europe is dependent on much more variable factors and may be held back by politics and economics in 2025; although the UK should lead the region because of its greater political stability. However, there are significant opportunities for growth across Asia due to its potential size.

I remain cautiously optimistic that we will see growth for M&A insurance in 2025 after a few challenging years. However, I believe it will be patchy and geographically diverse. M&A insurers will need to choose their markets and their deals carefully to ensure solid returns and protect their claims ratios.

European M&A

M&A activity



Source: PitchBook • Geography: Europe • As of December 31, 2024

Nicolas Moura, CFA
Senior Analyst, EMEA Private Capital

European M&A fully recovered from the subdued levels seen in 2021 and 2022, which were marked by monetary tightening. M&A deal value grew 29.2% YoY while deal count grew 17.5%, buoyed by a shift in monetary policy. In fact, 2024 saw the highest level of estimated M&A deal count in a decade, with close to 20,000 deals taking place in Europe. While the US saw valuations rise in 2024, Europe bottomed out, thus offering a discount compared to US assets. Indeed, the median US EV/EBITDA multiple in 2024 was 10.3x compared with 8.3x with Europe. This valuation gap has become increasingly noticeable in 2024, whether looking at public market index returns or at macroeconomic indicators. The S&P 500 commands an all-time premium of 65% in terms of its price/earnings ratio, well above that of the S&P Europe 350 as of year-end 2024.[2] This helps explain why Europe has seen more deal count than North America but less deal value in 2024.

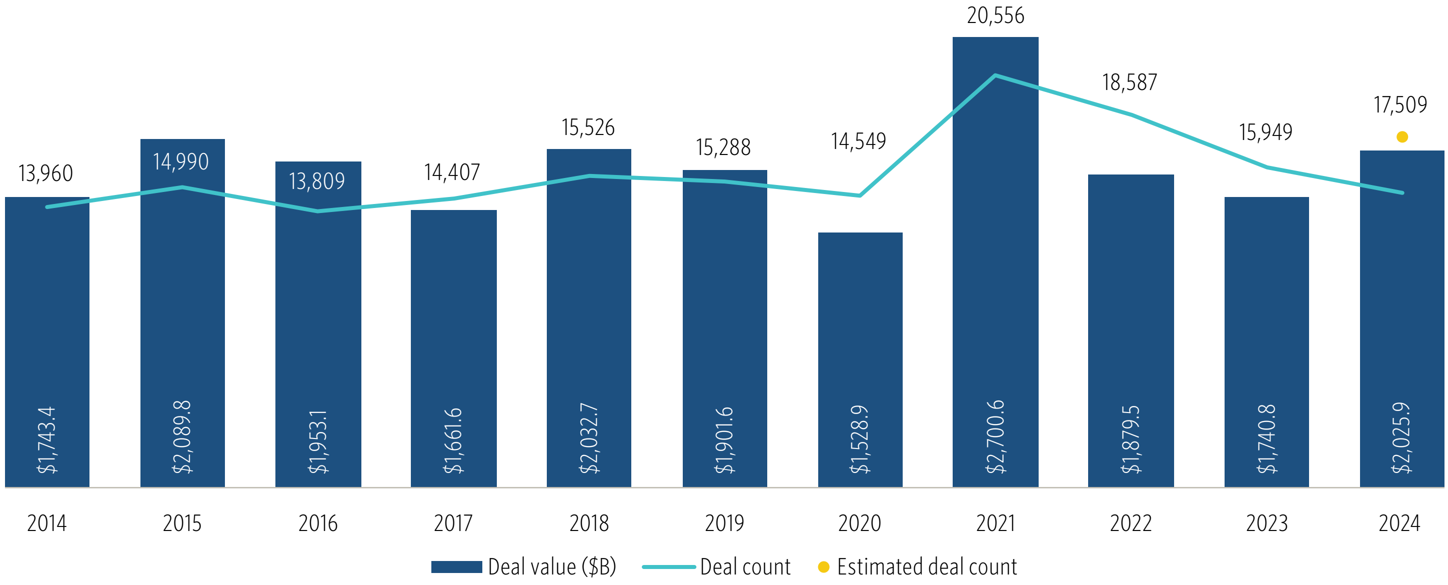
Q4 2024 M&A in Europe closed the year on a high note with some very large deals. Covestro, the German chemicals giant that spun out of Bayer, was taken private by Abu Dhabi National Oil Company (ADNOC) for €14.7 billion, making it the largest nondomestic acquisition by a Persian Gulf company as the region seeks to diversify its revenues away from oil.[3] This deal helped the materials & resources sector have its best year in deal value since 2016. Financial services rose 35.5% YoY in deal value, as M&A remains the inorganic growth playbook for many executives in an industry that is consolidating when it comes to banking, asset management, brokerage, and insurance. In Q4 alone, Aviva bought Direct Line Insurance Group, Danish lender Nykredit bought out its local rival Spar Nord Bank, and DNB strengthened its asset management offering by buying Carnegie. Healthcare, on the other hand, continued to fall out of favor, marking the worst year of M&A deal value for the sector in a decade.

We remain cautiously optimistic for European M&A as we move into 2025. Macroeconomic indicators are shaping up positively, but market conditions could be dampened by political turmoil in individual countries such as France and Germany. Valuation gaps remain with the US, which should continue attracting M&A transactions given the relative value.

2: "The European (Non?) Discount," Financial Times, Robert Armstrong and Aiden Reiter, January 13, 2025.
3: "Covestro Shareholders Accept ADNOC's XRG $15 Bln Takeover Offer," Reuters, Yousef Saba, December 19, 2024.

North American M&A

M&A activity



Source: PitchBook • Geography: North America • As of December 31, 2024

Garrett Hinds
Senior Analyst, Private Equity

For full-year 2024, including our estimate of deals yet to be reported, North American M&A advanced by approximately 16.4% YoY in terms of deal value and 9.8% in terms of deal count. Deal value topped $2 trillion across 17,509 deals that were announced or closed during 2024, supported by more sanguine macroeconomic conditions—namely stabilized inflation expectations and lower interest rates. Q3 was the peak for activity in 2024. Q4 2024 was lower sequentially by 23% in terms of value and 2% in terms of count, largely due to a reduction in large take-private transactions as public market valuations reached new highs.

The top 10 North American deals in Q4 totaled $90.9 billion, down 46.7% QoQ. The largest deal, which was in B2B in Q4, was less than half the scale of Q3's largest deal, which was in B2C, accounting for much of the sequential delta. Sector participation on the top 10 leaderboard was broad with no clear leader: B2B, financial services, IT, and materials & resources each had two deals, and healthcare and B2C each had one. PE sponsors held back on taking down large targets in Q4, and the PE-backed share of deals fell to 30%, down from 60% in Q3 and 50% in Q2.

Notable transactions in Q3 included megadeals in B2B and financial services. The Interpublic Group of Companies—a global marketing and advertising services company—agreed to be acquired by Omnicom Group in an all-stock transaction. Interpublic Group holders will receive 0.344 Omnicom shares for each share of the company common stock held.[4] At the time of the announcement, this valued Interpublic at approximately $14 billion. Management expects the deal to drive $750 million in run-rate cost synergies, with the majority achieved within two years.[5] Management cited key strategic benefits for the transaction being an expanded product portfolio and competitive positioning, an enhanced value proposition, and a greater capacity for organic investments and acquisitions. Additionally, AssuredPartners—a middle-market insurance brokerage firm—agreed to be acquired by Arthur J. Gallagher & Co. for $13.5 billion.[6] The transaction will bolster Gallagher's retail, property & casualty, and employee benefits presence nationally, in addition to expanding its niche sector coverage in transportation, energy, healthcare, and government, according to management.[7]

4: "Omnicom To Acquire Interpublic Group To Create Premier Marketing and Sales Company," Omnicon Group, December 9, 2024.
5: Ibid.
6: "Arthur J. Gallagher & Co. Signs Agreement To Acquire AssuredPartners," Arthur J. Gallagher & Co., December 9, 2024.
7: Ibid.

A WORD FROM RSM

Boost M&A confidence through sell-side readiness

Why is sell-side readiness important when preparing a business for sale?

George Douvris: Sell-side readiness is akin to staging a home before putting it on the market, and in our experience, it plays a critical role in instilling confidence in buyers. Early sell-side readiness demonstrates professionalism and minimizes uncertainty, which is key to boosting buyer confidence. We have seen many deals where readiness has significantly improved the outcome by reducing buyer hesitation.

Oliver Snavely: Buyers are attracted to a business that presents itself well. When a seller is well prepared, it boosts buyer confidence and can lead to a smoother, more efficient transaction. Being proactive also mitigates risks for both parties to the transaction.

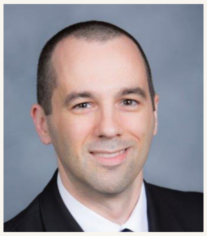
How does sell-side readiness mitigate risk?

Snavely: Sophisticated buyers have a sharp eye for businesses that are not fully prepared. Unpreparedness can give buyers leverage, leading to a less favorable outcome for the seller. Sell-side readiness levels the playing field by addressing potential issues up front and reducing uncertainties. It shows that the seller is serious, professional, and transparent. When buyers have confidence in the data and the overall story, they are more likely to trust the process and make fair evaluations.

Douvris: On the flip side, unknowing buyers are equally at risk. In another case, during a private equity transaction, we uncovered tax errors that could have resulted in a $25 million liability for the seller but would have also affected the buyer due to adverse partnership income allocation adjustments postclose. Our early identification of the issue and collaboration with the seller reassured the buyer that the matter was under control, which helped the transaction proceed smoothly.

What are the tangible benefits of being sell-side ready?

Jason Fennessy: There are several clear benefits. First, it streamlines the due-diligence process by having all documents and data organized and readily accessible, which makes it easier for buyers to assess the business, speeding up the entire process. Second, it reduces the perceived risk, which can enhance the valuation of the business. Buyers are more willing to offer a higher price when they feel confident they are not walking into unknown risks. Lastly, readiness builds trust. By being transparent and proactive, sellers can establish a relationship with the buyer based on mutual respect and confidence.



George Douvris
Partner, M&A Tax

George Douvris is a partner in RSM's M&A Tax practice and leads the Deal Advisory group. With over 20 years of public accounting experience, including over 15 years in M&A, he specializes in tax due diligence, structuring, and technical analysis. Douvris advises private equity and corporate clients across industries and is a frequent speaker and published author.

Jason Fennessy
Principal, Transaction Advisory Services

Jason Fennessy is a principal in RSM's Global M&A practice with over two decades of experience in managing both international and domestic transactions for private equity firms and multinational corporations. His comprehensive knowledge in M&A spans across the Americas, Europe, India, Asia, and Latin America. Honored as one of M&A Advisor's "40 Under 40 Stars," Fennessey holds a Master of Business Administration from Northeastern University and a bachelor's degree from Merrimack College.

Oliver Snavely
Partner, Risk Consulting

Oliver Snavely, a partner in RSM's Risk Consulting practice, specializes in enterprise risk management, governance advisory, and exit readiness services for private equity and portfolio companies. With 14 years of finance experience, including over 12 years in public accounting, he focuses on governance, enterprise risk assessments, and designing and implementing various risk management programs. His expertise spans industries such as technology, real estate, and insurance, advising on strategy, compliance, and security operations.

How can sell-side readiness streamline the due-diligence process?

Fennessy: In our experience, when a business is fully prepared, due diligence moves faster and with fewer surprises. Buyers appreciate it when data is well organized, accessible, and transparent. It allows them to make informed decisions without being bogged down by delays or concerns about data accuracy.

Douvris: In several cases, we have seen that sell-side readiness uncovers key issues, such as tax complications or financial inconsistencies, which can derail a deal if not addressed early. By being prepared, sellers have the opportunity to fix these issues ahead of time, ensuring a smoother transaction process.

How does sell-side readiness affect buyer perception and valuation?

Fennessy: What we are seeing is that readiness does not just protect the seller—it actively enhances buyer perception of the business. A well-prepared business signals stability, professionalism, and growth potential. Buyers are more likely to view the company as a sound investment, which can lead to a higher valuation. We had a client whose readiness efforts highlighted the company's strengths, leading to an increased valuation during negotiations. Without that preparation, those strengths might have gone unnoticed.

What role does data management and technology play in sell-side readiness?

Fennessy: Technology and data management are critical components of the process. Sellers need to ensure that all relevant data—whether financial, operational, or legal—is well organized, easily accessible, and accurate. This supports the identification of potential risks and a faster, more efficient due-diligence process. In our experience, having a solid foundation of data management allows sellers to address any issues that arise quickly, mitigating the risk of delays or problems that could jeopardize the transaction. Technology also aids in keeping these documents secure and confidential, which is crucial in high-stakes transactions.

What specific risks does sell-side readiness help uncover?

Douvris: In our work, we have seen that readiness often uncovers a variety of risks. Common issues include tax complications, such as state nexus problems, aggressive tax filings, or cross-border challenges like transfer pricing.

Fennessy: Financial inconsistencies, such as inefficient closing processes or discrepancies in reporting, are also frequent concerns.

Snavely: Operational challenges like cybersecurity vulnerabilities, unresolved legal matters, or unclear leadership structures can raise red flags for potential buyers. By addressing these issues upfront, sellers can present a cleaner, more attractive package to buyers.

What is the overall takeaway for sellers preparing their business for M&A?

Fennessy: The key takeaway is that preparation is essential. In our experience, sellers who enter the M&A process unprepared are at a significant disadvantage. Experienced buyers can easily exploit gaps in preparation, leading to lower valuations or deal complications. On the other hand, a business that is sell-side ready demonstrates credibility, builds trust with buyers, and presents a compelling narrative backed by accurate data. This preparation makes the business more appealing and ensures a more efficient, smoother transaction process.

Can you share a specific example where sell-side readiness made a significant difference?

Douvris: One case that stands out involved a seller facing significant sales tax exposure. The buyer initially proposed a $5 million reduction in purchase price based on their findings during due diligence. However, because we had engaged in sell-side readiness and started the remediation process early, we were able to demonstrate that the exposure was only $1.5 million. It allowed us to negotiate a short-term escrow instead of a price reduction, and the deal closed successfully with both parties satisfied. This is just one example of how readiness can protect the seller's interests and build buyer confidence.

For sellers who may be hesitant to invest the time and resources into sell-side readiness, what would you say?

Fennessy: We understand that the process can seem time-consuming, but the benefits far outweigh the costs. Sellers who are ready not only protect themselves from buyer leverage but also have a much higher chance of closing a deal successfully—and at a favorable price. By addressing potential issues before the buyer even comes to the table, you are setting the stage for a smoother, more efficient process. It is an investment in the success of the sale.

For our latest perspectives on M&A trends affecting global markets, go to RSM M&A insights.

Antitrust M&A update

Pending deals

Update	Agency	Action	Deal target	Deal acquirer	Deal value ($M)	Deal announcement date	Elapsed time (years)
January 11, 2025	DOJ	The Biden administration delayed an order for Nippon Steel to abandon its bid for US Steel until June.	United States Steel	Nippon Steel	$14,900.0	December 18, 2023	1.1
December 31, 2024	FTC	A judge will rule on the FTC's request for a preliminary injunction at least 10 days before the February 9, 2025 termination date in the merger agreement.	Mattress Firm	Tempur Sealy International	$4,000.0	May 9, 2023	1.6
December 30, 2024	CMA	The CMA launched an investigation into the proposed acquisition and will officially review the deal.	HashiCorp	IBM	$6,400.0	April 24, 2024	0.7
December 27, 2024	DOJ	UnitedHealth and Amedisys agreed to extend the deadline to their merger agreement a month after the DOJ and three states filed a lawsuit to block the deal.	Amedisys	UnitedHealth Group	$3,700.0	June 26, 2023	2.5
December 19, 2024	EC	The EC has opened an in-depth investigation into the acquisition after the preliminary investigation indicated the deal may reduce competition.	Dorna Sports	Liberty Media	$4,570.0	April 1, 2024	0.7
December 4, 2024	CMA	The CMA approved the combination of Vodafone and Three in the UK. The deal is expected to formally close in H1 2025.	Three UK	Vodafone Group	$3,660.0	June 14, 2023	1.5
November 20, 2024	EC and FTC	The EC has approved the deal unconditionally, under the EU Merger Regulation. The acquisition is expected to close in early 2025.	Juniper Networks	Hewlett Packard Enterprise	$14,000.0	January 9, 2024	0.9
October 30, 2024	EC	The EC approved Bunge's acquisition of Viterra, conditional on certain commitments, but the deal is awaiting regulatory approval in key markets, including Canada and China.	Viterra	Bunge	$18,000.0	June 13, 2023	1.4

Source: PitchBook • Geography: US and Europe • As of December 31, 2024

Cancelled deals

Update (2024)	Agency	Action	Deal target	Deal acquirer	Deal value ($M)	Deal announcement date	Elapsed time (years)
December 10	FTC and nine state AGs	A US judge blocked the pending merger of the two grocery chains, ruling it would be anticompetitive.	Albertsons Companies	Kroger	$25,000.0	October 13, 2022	2.2
November 14	FTC	Capri and Tapestry mutually agreed to terminate the merger agreement as US regulatory approvals were unlikely to be met by the merger agreements date of February 10, 2025.	Capri Holdings	Tapestry	$8,500.0	August 10, 2023	1.3
August 1	EC	In the beginning of August, IAG announced it was terminating the proposed takeover.	Air Europa	International Consolidated Airlines Group (IAG)	$538.7	February 23, 2023	1.2
April 22	DOJ	The deal was terminated after the DOJ moved to block and TopBuild elected not to challenge.	Specialty Products & Insulation	TopBuild	$960.0	July 27, 2023	0.7
March 28	DOJ	The deal was terminated after the DOJ moved to block and Chiquita elected not to challenge.	Dole Food Company (fresh vegetables division)	Chiquita Brands International	$293.0	January 30, 2023	1.2
March 11	FTC	The deal was terminated prior to the FTC completing its review.	Wyndham Hotels & Resorts	Choice Hotels	$9,800.0	October 17, 2023	0.4
March 4	DOJ	The deal was terminated following a court ruling in favor of the DOJ.	Spirit Airlines	JetBlue Airways	$7,600.0	July 28, 2022	1.6
January 19	EC	The EC moved to block the deal.	iRobot	Amazon	$1,700.0	August 4, 2022	1.5
January 3	FTC	The deal was terminated following a court ruling in favor of the FTC.	Propel Media	IQVIA	$800.0	December 1, 2022	1.1

Source: PitchBook • Geography: US and Europe • As of December 31, 2024

Completed deals

Update (2024)	Agency	Action	Deal target	Deal acquirer	Deal value ($M)	Deal announcement date	Elapsed time (years)
December 17	CMA	The CMA approved all necessary regulatory clearances and the deal is expected to close on January 16.	Britvic	Carlsberg	$4,180.0	July 8, 2024	0.4
June 26	EC	The deal was closed following conditional clearance from the EC.	Viatris (over-the-counter drug business)	Cooper Consumer Health	$2,170.0	October 2, 2023	0.7
June 24	FTC	The company was spun out of Illumina in a public listing for $580 million.	GRAIL	Illumina	$8,000.0	September 20, 2020	3.8
May 31	EC and CMA	The deal was closed following conditional clearance by both regulators.	Thales GTS	Hitachi Rail	$1,754.0	October 31, 2023	0.6
May 30	EC	The deal was closed following unconditional approval by the EC.	Telecom Italia (fixed -network assets in Italy)	KKR	$23,784.3	November 5, 2023	0.6
February 29	EC	The deal was closed following conditional clearance by the EC.	Bolloré Logistics	CMA CGM	$5,312.7	May 8, 2023	0.8

Source: PitchBook • Geography: US and Europe • As of December 31, 2024

Sector metrics

Jinny Choi
Senior Analyst, Private Equity

Methodology

Our cross-sector momentum scores provide insight into how changes in M&A deal activity and median valuations compare across sectors. The scores range from -2.0 to 2.0 and establish a relative evaluation for each sector. The basis of these scores is the percentage change over the prior quarter and trailing 12-month (TTM) period, which are equally weighted. In the case of the valuation score, just the TTM change is considered versus the prior calendar year, using both EV/EBITDA and EV/revenue multiples. The deal momentum scores encompass both deal count and volume, which are also equally weighted. Prior to calculating deal volume growth rates, the data is winsorized—meaning it is clipped—at the 98th percentile to mitigate the impact of outliers. To establish the final sector momentum scores, we employ Z-score calculations using the mean and standard deviation of the cross-sector growth rates.

Sector overview

As detailed above, our deal momentum scores reflect each sector's relative strength to overall M&A deal flow using three-month and 12-month rates of change (in deal count and deal value).

Three sectors experienced frequent reversals in deal momentum scores in 2024, demonstrating the volatility of the sectors' deal activity levels within the broader M&A market. First, energy flipped from a slightly positive deal momentum to a negative one in Q4, experiencing a reversal in deal momentum three quarters in a row. Energy M&A activity during the quarter faltered, particularly regarding deal value compared to the rest of the group. Financial services also fell from a deal momentum score of 0.18 in Q3 to -0.01 in Q4, driven by a dip in deal count both on a quarterly and annual basis. Financial services had previously catapulted from a position of second-weakest deal momentum score to the highest deal momentum score in Q2.

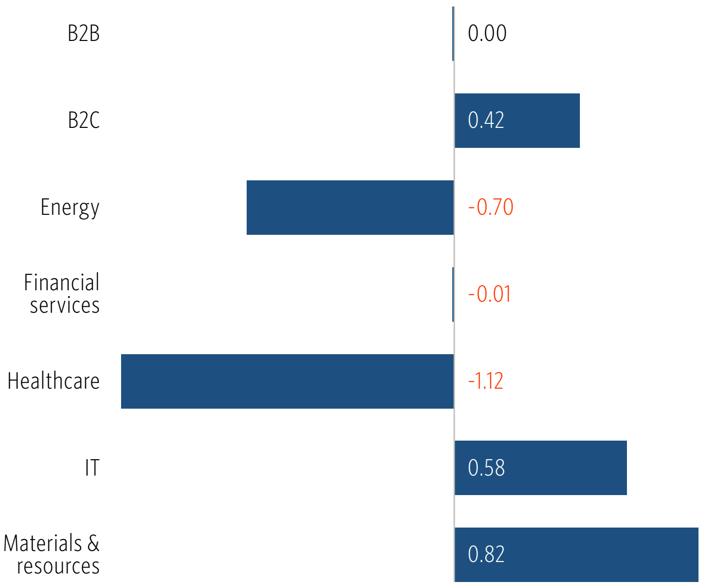
Materials & resources overtook IT as the sector with the strongest deal momentum in Q4. The sector reversed its negative score of -0.19 at the beginning of the quarter to 0.82 by the end of the quarter, led by a 74.8% jump in deal value and an 8.9% increase in count. Materials & resources was also the only sector to see QoQ growth in deal count. A sharp deceleration in containers & packaging deal flow had pushed the sector into a slightly negative deal momentum in Q3, but other industries supported the sector's improvement in deal activity in Q4. Chemicals & gases had a high momentum score in the industry group M&A heatmap.

B2C secured a return to positive deal momentum after two consecutive quarters of declining deal momentum scores. The sector experienced quarterly and annual growth in deal value and maintained relative strength in deal count compared with the rest of the M&A market.

Healthcare, on the other hand, plummeted from -0.17 in Q3 to -1.12 in Q4 as persistent weakness in M&A activity continued to drag the sector's momentum score downward. Healthcare was the only sector to see declines in deal value and deal count on both a quarterly and annual basis. This is the fourth negative reading in a row for the sector, but the good news is that its multiples continue to expand. Healthcare's valuation momentum score improved for two consecutive quarters to clinch the top spot at 0.84 in Q4. The median EV/EBITDA multiple expanded from 12.3x in 2023 to 14.4x in 2024, while the median EV/revenue multiple improved from 2.3x in 2023 to 2.5x in 2024.

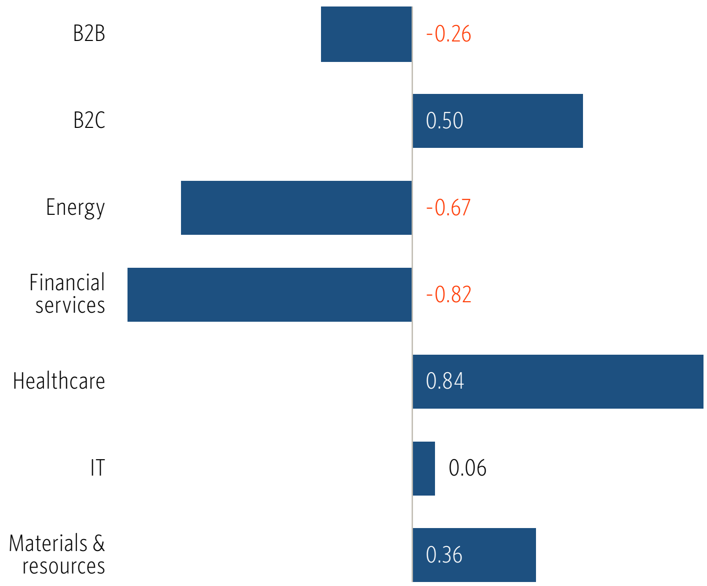
Our valuation momentum scores reflect each sector's relative strength to overall M&A multiple trends using TTM rates of change to the prior year (for both EV/EBITDA and EV/revenue). Along with healthcare, IT and materials & resources also improved their valuation momentum scores, flipping to a positive momentum score in Q4. In energy, the sector's valuation momentum score fell from 1.30 in Q3 to -0.67 in Q4 as the TTM median EV/revenue multiple contracted from 2.3x to 1.8x. Deal and valuation momentum scores can also be analyzed together to discern trends in market sentiment. In IT, the increase in valuation momentum score from -0.36 to 0.06 may have decelerated deal momentum. Meanwhile, B2C deal momentum accelerated while valuation momentum remained strong, suggesting steady demand for B2C deals despite higher prices.

Deal momentum score



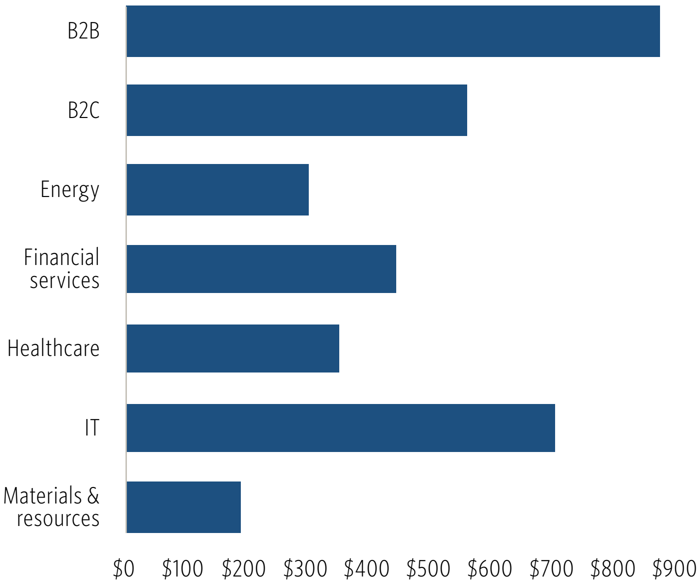
Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

Valuation momentum score



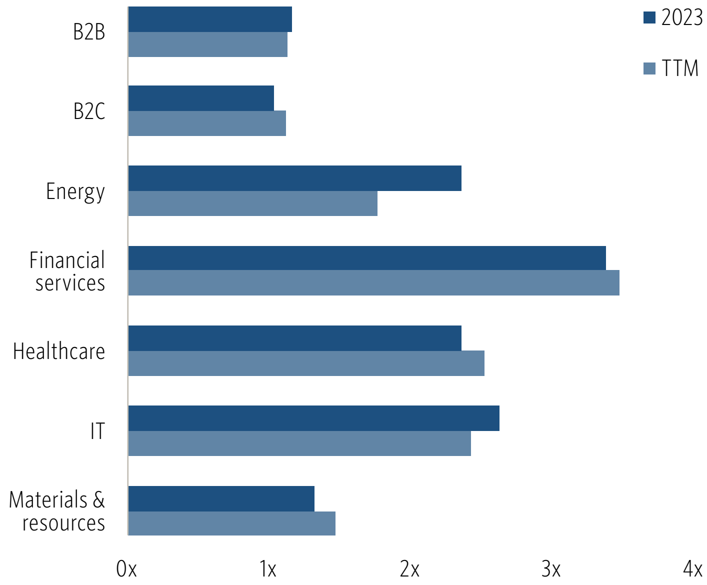
Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

Sector rank by deal value ($B)



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

Sector rank by deal multiples (EV/revenue)



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

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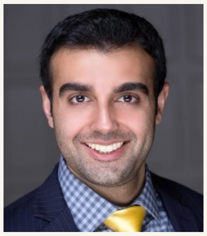
A WORD FROM IDEALS

Where next for deals and due diligence in 2025?

After a period of subdued M&A activity, there is optimism that dealmakers should get ready for a busy year ahead.

We spoke to Sabine Schilg and Deven Monga from Ideals VDR, which supports thousands of global M&A deals each year, to understand how their clients are preparing for 2025 and the trends that are impacting due diligence.



Deven Monga
VP of sales for strategic accounts, North America
Ideals VDR

A former investment banker, Deven is now a results-driven sales leader with more than 12 years of experience leading sales teams in the software-as-a-service, AI, and financial technology (fintech) spaces.

Sabine Schilg
VP of customer success
Ideals VDR

Sabine is an experienced business leader and board member, with an extensive background in M&A. She has excelled in leading acquired technology startups and delivering multimillion-dollar growth.

How do you sum up the M&A market in 2024? What were your biggest takeaways?

Deven: 2024 was defined by resilience amid uncertainty. Deal flow remained steady for our clients, particularly in the middle market, despite challenges such as higher interest rates, inflation concerns, and geopolitical tensions. Strategic acquirers and PE firms focused on value-driven transactions, emphasizing synergies and operational improvements.

A key takeaway for our customers has been the growing importance of speed and efficiency as dealmakers seek to navigate complex economic conditions while remaining competitive.

Sabine: After a sluggish year, customer activity is already picking up in purposeful AI, life sciences, and in particular, renewable energy.

It shows, as so often, that inflation and political uncertainties along with leadership changes influence M&A tremendously. However, with a stabilization of interest rates and the US elections behind us, our customers are optimistic about deal activity in 2025.

Looking at the year ahead, how do you expect the market to develop?

Deven: Cautious optimism should define the year ahead. If the US economy stays strong and we see further interest rate cuts, then dealmaking activity should rebound. David Solomon from Goldman Sachs recently said he expects deal activity to potentially exceed 10-year averages in 2025.

Middle-market transactions will likely continue to dominate, and I anticipate we will see an increase in carve-outs and divestitures as companies look to streamline operations and focus on core business areas.

Sabine: We know investors have plenty of money in the bank to drive moderate growth this year. PE and VC funds have more than $2.5 trillion waiting to be deployed.

If conditions remain positive, I would expect to see a further rebound as we move into the second half of the year. However, the threats of trade tariffs and the overheated equity market should be monitored closely.

Which regulatory or policy changes related to M&A are you watching most closely?

Deven: Regulatory scrutiny is intensifying around two key areas, which only emphasizes the importance of due diligence and compliance.

Firstly, the US government is imposing heightened oversight on foreign investments, especially in critical infrastructure, technology, and data-sensitive sectors. Committee on Foreign Investment in the US (CFIUS) reviews have lengthened timelines and introduced additional complexity to cross-border deals.

More broadly, we are continuing to see the US Federal Trade Commission and the US Department of Justice take an aggressive stance on mergers and acquisitions, particularly in concentrated industries such as technology, healthcare, and energy. This trend has prompted dealmakers to engage in more extensive pretransaction risk assessments and contingency planning.

Sabine: Taxes and tariffs are two areas I am watching closely. Tax reductions could lead to greater investment in the US, but there is a lot of discussion around economic growth and the need to impose trade tariffs between the US, China, and other territories.

If this materializes, I expect to see even more stringent screening of cross-border investment, which will inevitably lead to some suppression of M&A activity and delays in getting deals done in 2025.

Which aspects of due diligence have changed the most in the past year?

Deven: We work with the world's biggest M&A advisors, and they consistently tell us that due diligence is becoming more complex and fast-moving, so they are looking for ways to digitalize and streamline the process.

Buyers and sellers are prioritizing tools that enable them to collaborate more effectively while ensuring compliance and data security. Legacy virtual data rooms (VDRs) with convoluted, per-page pricing models have become a frustration for many deal teams, leading to a shift toward transparent, predictable pricing structures.

Cybersecurity concerns have also become more prominent, especially with the data breach Datasite experienced in July 2023. This has driven the adoption of platforms that emphasize both security and efficiency.

Sabine: From deal analysis using our VDR platform, we found that average deal timelines have increased by 32% since 2020. That is an extra 63 days per deal.

Interest rates and the availability of capital inevitably play a big role here, but we are also seeing other factors slow the due diligence process, such as the focus on environmental, social and governance; cybersecurity; and data privacy laws. These are familiar parts of the diligence process, but the focus on them is increasing.

What are the biggest technical hurdles your clients have had to overcome when undertaking M&A?

Deven: Two major hurdles stand out. The first is cost unpredictability with legacy VDR providers. Many clients have been frustrated by opaque pricing structures commonly used by our competitors, where back-end-loaded fees significantly inflate their costs. This lack of transparency creates budget overruns and complicates deal planning.

Similarly, legacy systems often lack the intuitive workflows and advanced security needed to execute modern M&A transactions efficiently. As deals grow in complexity, firms need solutions that combine speed, security, and user-friendly interfaces to meet their evolving needs.

Sabine: One of the most interesting trends we are seeing is in AI, which is having a big impact on the dealmaking process. Our customers are looking to gain advantages and reduce costs by embedding new AI tools for things such as risk assessments, but this brings its own risks in terms of misjudgments or data security.

Looking specifically at virtual data rooms, security and privacy remain the priorities for our customers, but they need to be paired with practical uses of AI for things such as data redaction or document search.

We expect to see some regional differences here, with the US leaning into AI, while some European countries remain more sensitive and restrictive. This will likely cause some additional technical hurdles in 2025.

Are there any sector-specific trends you are seeing in your work with customers?

Deven: We are seeing a lot of deal activity in the technology space at the moment, which is reflective of the market as a whole. Software, fintech and AI are driving a lot of interest, and that will only continue in 2025.

Elsewhere, our customers in life sciences have been active, particularly with advancements in precision medicine and digital health. However, the healthcare sector will likely face regulatory challenges, with some US states looking less attractive for deal activity.

Sabine: We expect to see strong activity among our customers in the renewable energy sector. Firms around the world are pursuing decarbonization strategies, while governments are offering regulatory support and incentives to renewables investors. We are looking forward to supporting our energy sector customers with their M&A activity in 2025.

Industry metrics

M&A heatmap

	Deal value momentum		Deal count momentum		
	Three months	12 months	Three months	12 months	Score
Materials					
Agriculture	14.5%	-9.5%	-22.2%	13.2%	-0.14
Chemicals & gases	82.7%	10.9%	29.0%	7.4%	1.32
Construction (nonwood)	N/A	54.9%	N/A	0.0%	N/A
Containers & packaging	N/A	33.7%	N/A	22.3%	N/A
Forestry	78.8%	-4.8%	5.3%	0.0%	0.63
Metals, minerals & mining	19.8%	42.3%	13.7%	3.4%	0.78
Other materials	N/A	-48.0%	N/A	3.8%	N/A
Textiles	N/A	49.7%	N/A	10.0%	N/A
Technology					
Communications & networking	-55.8%	107.7%	-24.8%	24.5%	0.48
Computer hardware	-25.3%	6.0%	3.8%	16.8%	0.20
IT services	-24.1%	20.6%	-7.5%	3.2%	-0.10
Other IT	N/A	-16.5%	N/A	0.0%	N/A
Semiconductors	15.3%	-43.6%	-10.0%	5.3%	-0.35
Software	-21.9%	26.6%	-7.1%	-0.6%	-0.09
Healthcare					
Healthcare devices & supplies	-64.7%	-5.1%	-30.7%	13.4%	-0.84
Healthcare services	-28.1%	-4.9%	-26.1%	15.7%	-0.44
Healthcare technology systems	-20.8%	35.6%	5.5%	-10.6%	0.04
Other healthcare	N/A	N/A	N/A	-50.0%	N/A
Biotech & pharma	-13.6%	-34.7%	1.4%	9.6%	-0.22
Financial services					
Capital markets/institutions	20.9%	4.7%	-5.0%	10.0%	0.27
Commercial banks	N/A	N/A	N/A	-8.1%	N/A

Source: PitchBook • Geography: Global • As of December 31, 2024
Note: "N/A" indicates an insufficient sample size.

M&A heatmap, continued

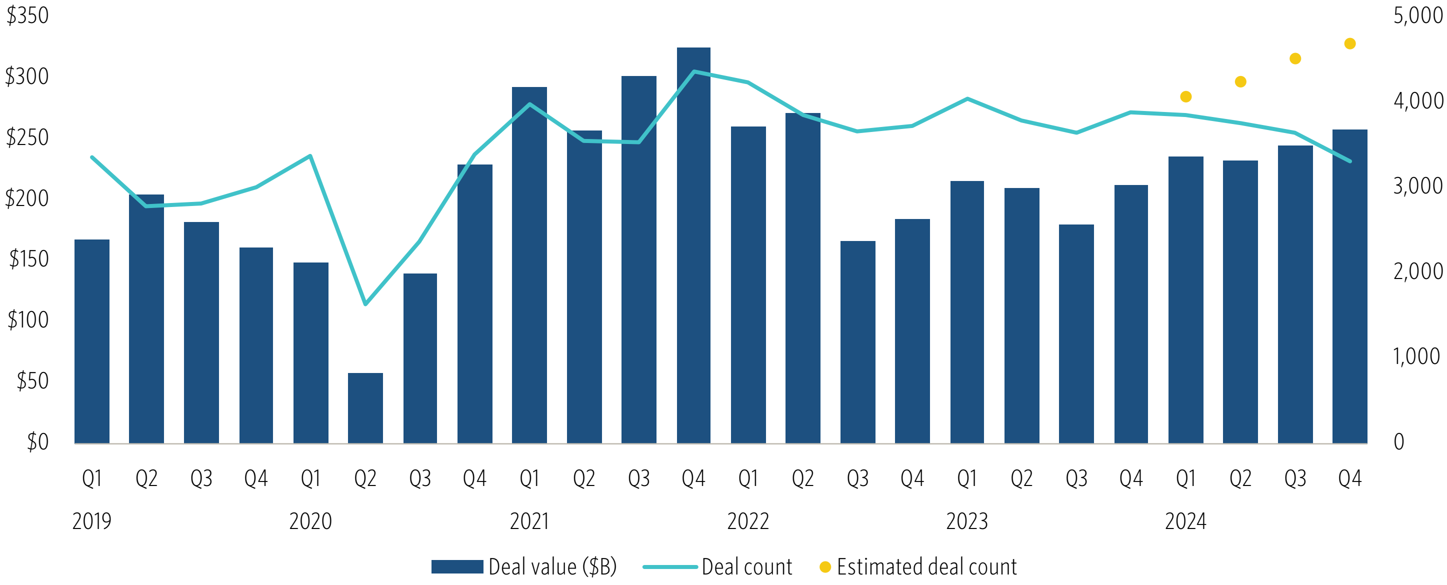
	Deal value momentum		Deal count momentum			
	Three months	12 months	Three months	12 months	Score	
Insurance	-21.9%	-17.0%	-13.0%	12.6%	-0.33	Financial services (cont.)
Other financial services	-26.7%	4.7%	1.2%	8.9%	-0.01	
Energy equipment	-31.4%	12.9%	-17.5%	7.7%	-0.31	Energy
Energy services	-2.3%	36.7%	5.7%	5.8%	0.47	
Exploration, production & refining	-72.0%	-23.0%	-20.3%	36.9%	-0.46	
Other energy	-16.1%	-24.4%	-22.4%	16.4%	-0.44	
Utilities	-5.3%	24.1%	32.5%	-16.6%	0.41	
Apparel & accessories	-28.2%	-10.7%	-12.0%	12.9%	-0.30	B2C
Consumer durables	5.3%	17.9%	-1.6%	-0.2%	0.14	
Consumer nondurables	19.1%	21.8%	-2.8%	4.4%	0.34	
Media	-22.2%	11.3%	-1.1%	14.0%	0.13	
Other B2C	N/A	34.1%	N/A	-17.2%	N/A	
Restaurants, hotels & leisure	9.6%	15.3%	9.8%	-9.4%	0.19	
Retail	5.0%	-14.2%	-16.3%	14.7%	-0.12	
Services (nonfinancial)	-9.6%	15.9%	-20.0%	2.4%	-0.25	
Transportation	-2.1%	3.2%	-2.3%	-3.4%	-0.10	
Commercial products	-29.4%	10.0%	-10.8%	6.6%	-0.22	B2B
Commercial services	-4.4%	10.2%	-9.5%	4.5%	-0.05	
Commercial transportation	14.4%	-19.2%	0.7%	6.2%	0.05	
Other B2B	N/A	-18.7%	N/A	34.7%	N/A	

Source: PitchBook • Geography: Global • As of December 31, 2024

Note: "N/A" indicates an insufficient sample size.

B2B

B2B M&A activity by quarter



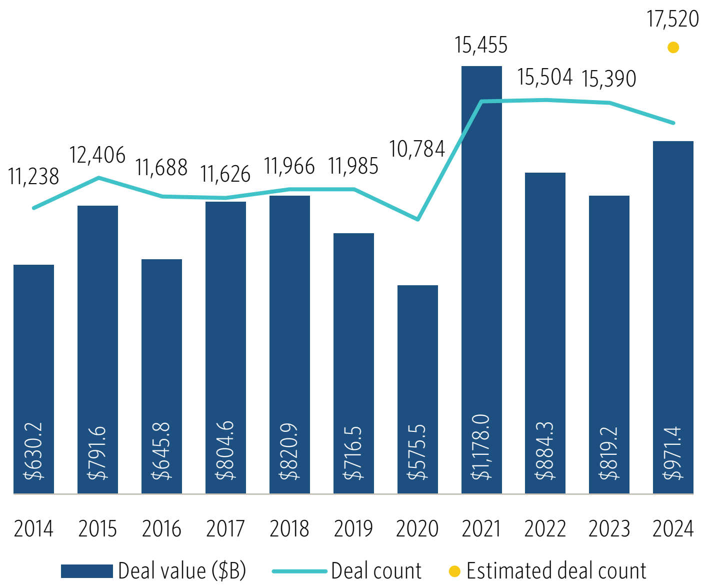
Source: PitchBook • Geography: Global • As of December 31, 2024

Jinny Choi
Senior Analyst, Private Equity

B2B M&A activity rebounds and sets new record: The sector ended 2024 with a full rebound, achieving growth in both deal count and value in comparison to both the prior year and pre-COVID-19 averages from 2017-2019. With an estimated 17,520 deals for an aggregate of $971.4 billion, deal count was up 13.8% and deal value up 18.6% from 2023's trough. Furthermore, the B2B sector pushed to a record number of deals when including estimates for lagging deal data. Deal value sat just 17.5% below the deal value record set in 2021, surpassing activity levels from all other years. M&A activity ticked up steadily each quarter, reflecting improving buyer sentiment amid a stabilizing macroeconomic environment.

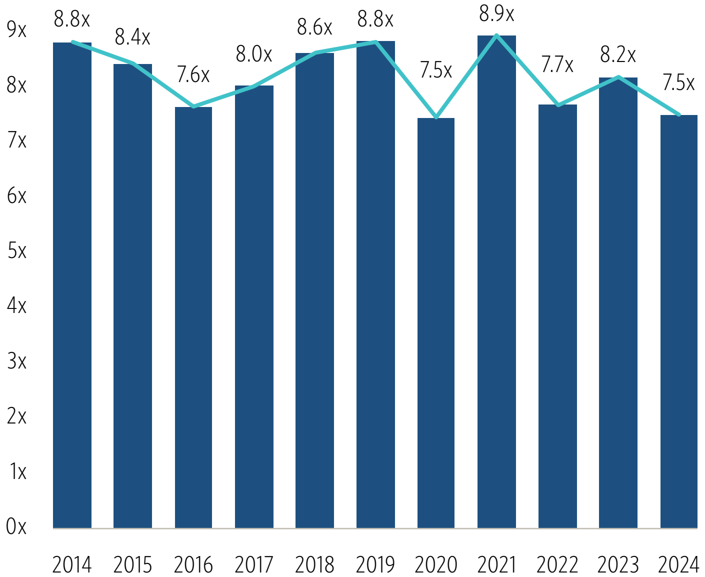
Megadeals take center stage: There were 95 megadeals in 2024 for an aggregate of $308 billion compared to 82 megadeals for an aggregate of $278 billion in 2023. The largest B2B deal of 2024 was the $18 billion acquisition of SRS Distribution by The Home Depot in Q1, while the $16.5 billion acquisition of Catalent by Novo Holdings in December cinched the second-largest deal of the year. Corporate-led acquisitions made up the majority of megadeals, as cash-rich sponsors turned to M&A to drive growth and strengthen their

B2B M&A activity



Source: PitchBook • Geography: Global • As of December 31, 2024

B2B M&A EV/EBITDA multiples



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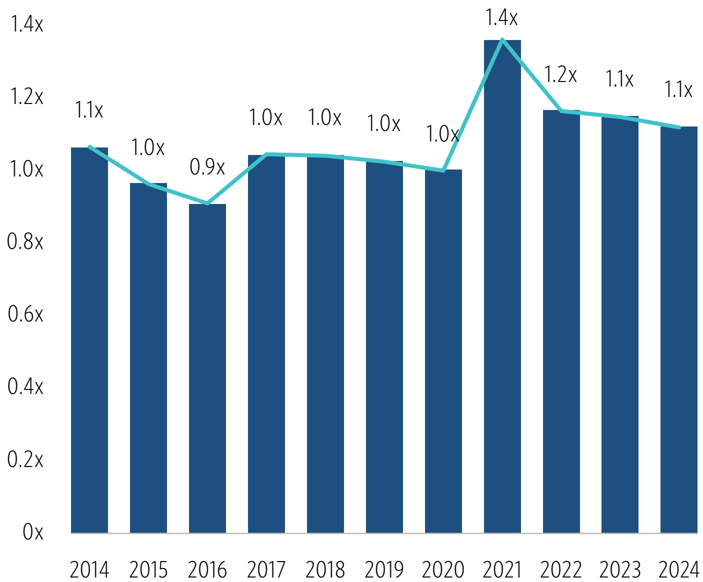
B2B M&A EV/revenue multiples



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

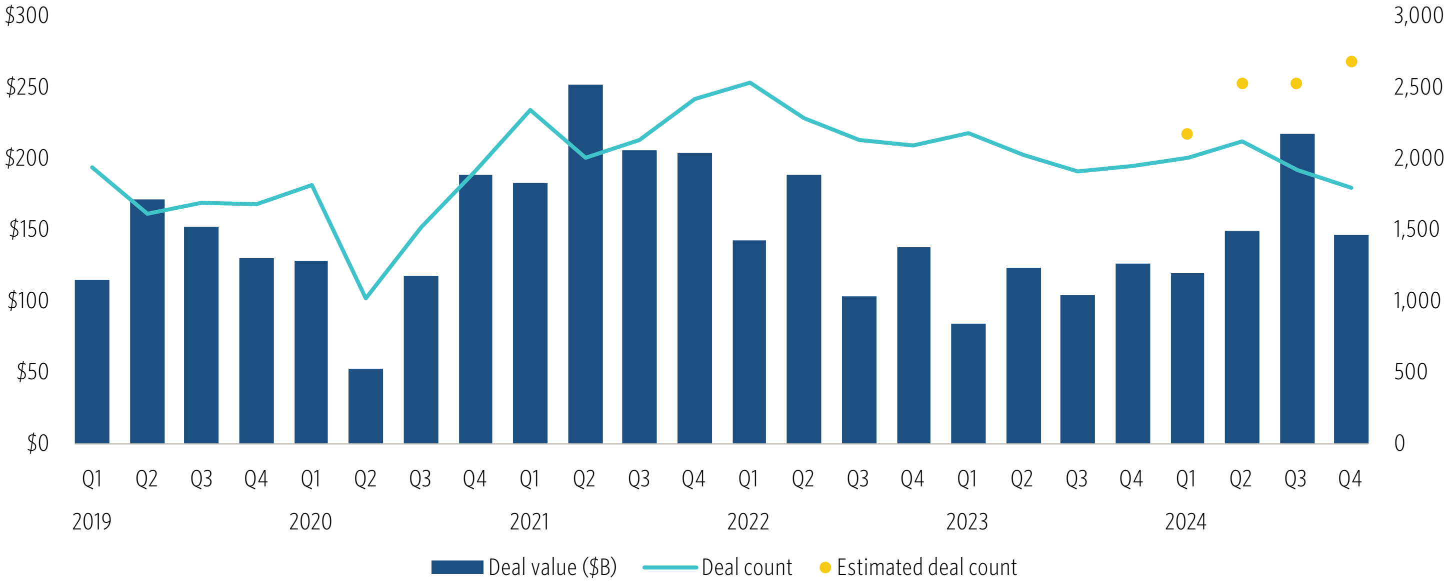
market positions. For sponsors, numerous megadeals took the form of take-privates as alleviated borrowing costs renewed appetite for public-to-private acquisitions.

Industrials and manufacturing opportunities continue to flow: Buyers picked up industrials and manufacturing companies throughout the year, despite high interest rates and election uncertainty, to diversify and scale their business capabilities. M&A in key strategic areas such as aerospace and defense made up a significant portion of PE-led acquisitions: In Q4, defense tech company BlueHalo was acquired for $4.6 billion in Q4 by AeroVironment, a PE firm focused on government-regulated industries, and aerospace component manufacturer Barnes Group was acquired by Apollo Global Management for $3.6 billion. Megadeals also occurred in other market segments. In Q1, Sekisui House acquired US homebuilder MDC Holdings for $4.6 billion, achieving its goal of supplying over 10,000 detached homes in overseas markets by 2025 ahead of schedule.[8] Also in Q1, Owens Corning acquired Masonite for $3.9 billion, expanding its position in the building and construction materials space and adding a complementary line of door systems.[9]

8: "What the $4.9 Billion Blockbuster Sekisui House Purchase of MDC Means," The Builder's Daily, John McManus, January 18, 2024.
9: "Owens Corning Completes Acquisition of Masonite, Strengthening Leadership in Building and Construction Materials," Owens Corning, May 15, 2024.

B2C

B2C M&A activity by quarter



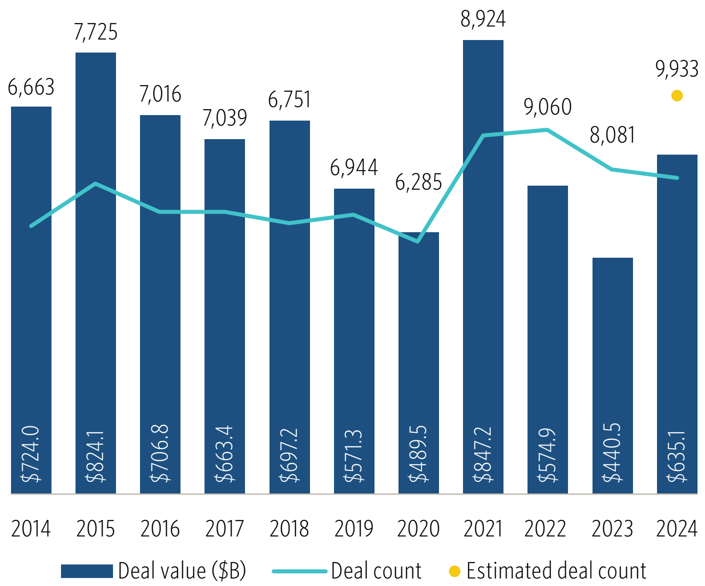
Source: PitchBook • Geography: Global • As of December 31, 2024

Jinny Choi
Senior Analyst, Private Equity

B2C solidifies its recovery: M&A activity in B2C firmly overcame its two-year dip and experienced growth in both deal count and value in 2024. With an estimated 9,933 deals for an aggregate of $635.1 billion, B2C deal count improved by 22.9% while deal value jumped by 44.2% YoY. M&A activity also surpassed the pre-pandemic average deal count by 43.7%, while deal value was just 1.4% short of pre-pandemic levels. Q3 was an outlier quarter during the year, with deal value jumping 45.2% from $150.3 billion in Q2 to $218.2 billion in Q3 due to the $35.9 billion acquisition of snack maker Kellanova by Mars. Deal activity settled down to $146.9 billion in Q4, although the quarter saw the greatest number of deals in 2024. Still, even without this outsized deal, the B2C sector's deal value increased by approximately 36% from 2023 levels, demonstrating a successful recovery from the recent market downturn.

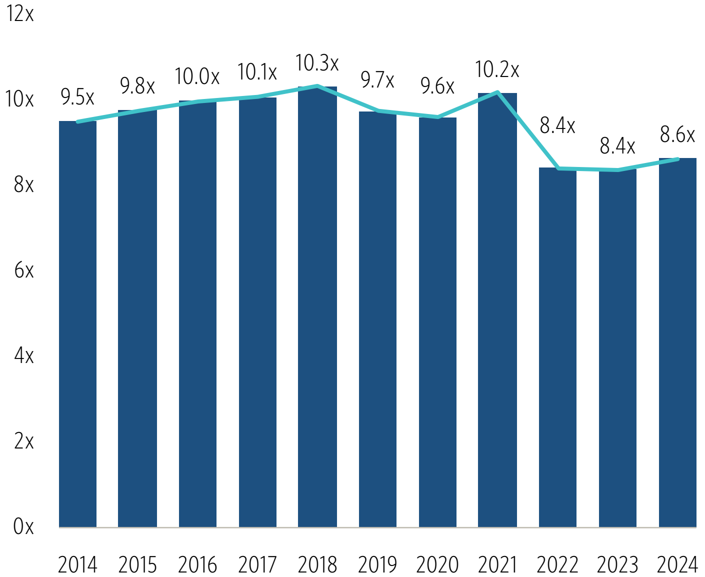
Challenges in the retail space lead to big M&A opportunities: The retail industry has been facing difficulties from lowered consumer purchasing power and competition from online or low-cost-oriented retailers, leading large companies to turn to M&A to build resilience and achieve scale. In Q4, Nordstrom

B2C M&A activity



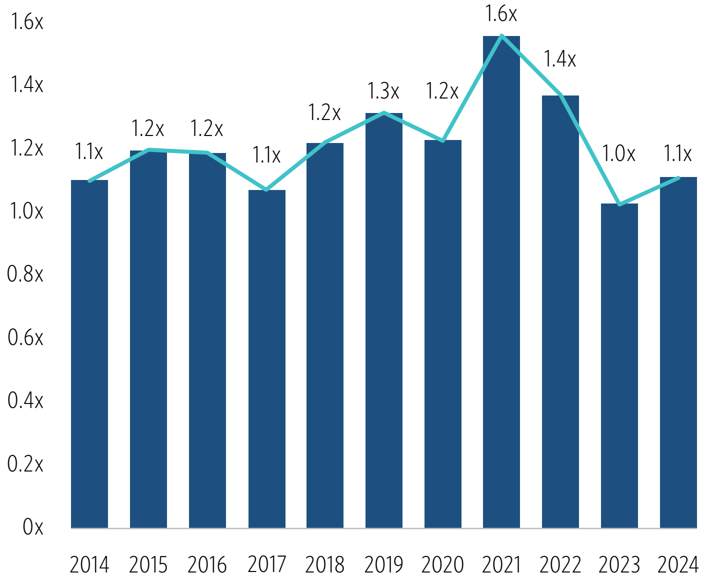
Source: PitchBook • Geography: Global • As of December 31, 2024

B2C M&A EV/EBITDA multiples



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

B2C M&A EV/revenue multiples



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

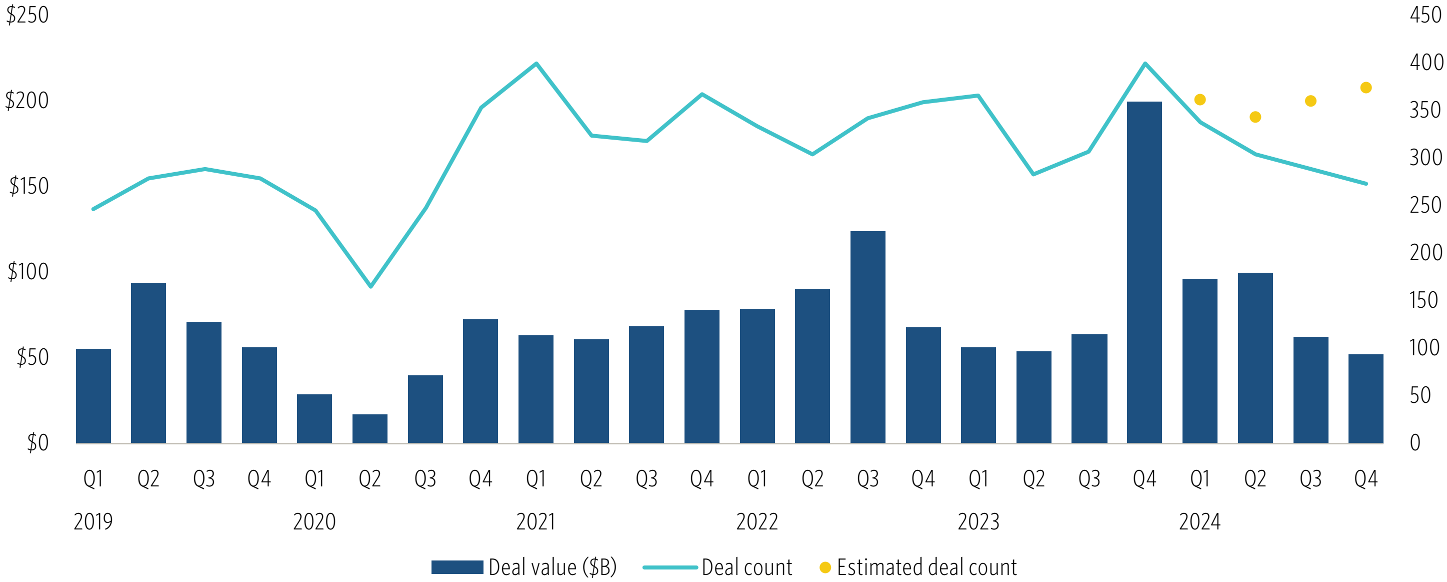
was taken private by the Nordstrom family and Mexican retail group El Puerto de Liverpool for $6.3 billion. By taking the company private, the acquirers hope to better revive the company and focus on driving long-term growth without being subject to public market scrutiny. Also in the luxury retail space, Saks Global acquired Neiman Marcus for $2.7 billion in Q3 to expand its brand portfolio and drive growth through a bigger consumer base.

Sports and entertainment M&A draws interest: Six Flag Entertainment's $8 billion acquisition of Cedar Fair Entertainment marked the fifth-largest B2C deal during 2024, with the merger forming the largest amusement park operator in North America. The combined company plans to use its new scale to compete with destination parks like Disney Parks and Universal Destinations & Experiences while improving the visitor experience.[10] In Q4, Rogers Communication purchased a majority stake in Maple Leaf Sports & Entertainment for $3.5 billion as part of its core business strategy focused on live sports and entertainment.[11] Also expanding its sports portfolio, TKO acquired the Professional Bull Riders for $3.3 billion, adding the league to its current portfolio, which includes World Wrestling Entertainment and the Ultimate Fighting Championship.

10: "These Two Amusement Park Giants Just Merged. Rollercoaster Fans Are Nervous," ABC, Nathaniel Meyersohn, July 7, 2024.
11: "Rogers Communications Buys Out Bell Stake in Maple Leafs Sports for $3.5 Billion," The Associated Press, September 18, 2024.

Energy

Energy M&A activity by quarter



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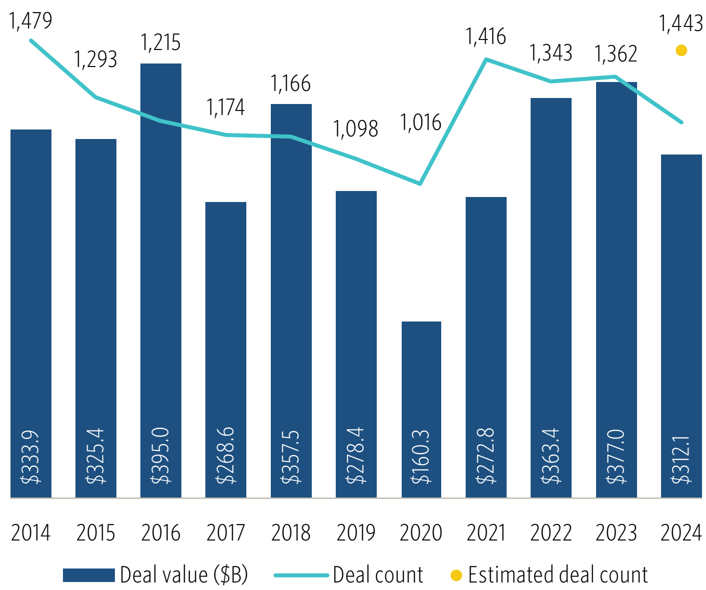
Kyle Walters
Analyst, Private Equity

After three years of sequential increases, energy M&A activity declined in 2024: Moreover, the energy sector ended the year on a low as the fourth quarter represented the sector's worst of 2024. This downturn represented the second consecutive quarter where the industry saw declining M&A activity. These subsequent quarterly slowdowns represented lower annual activity than in years past. The sector finished 2024 with 1,443 deals announced or completed worth $312.1 billion total. Deal count was up YoY, while deal value saw a decline. However, Q4 2023 was the sector's best-ever quarter, with $200.8 billion in deal value, which provides an unfair comparison.

Energy services drove M&A activity in Q4: Companies providing energy-related services to other businesses were in demand at the end of 2024. In October, TPG Rise Climate, the dedicated climate investment strategy of TPG, agreed to acquire Techem for $7.4 billion. Techem, a digital energy services platform, is active in 18 countries and supports the property sector and private landlords in improving energy efficiency. With the help of TPG, Techem will look to make significant progress in implementing its corporate strategy.

Energy M&A activity



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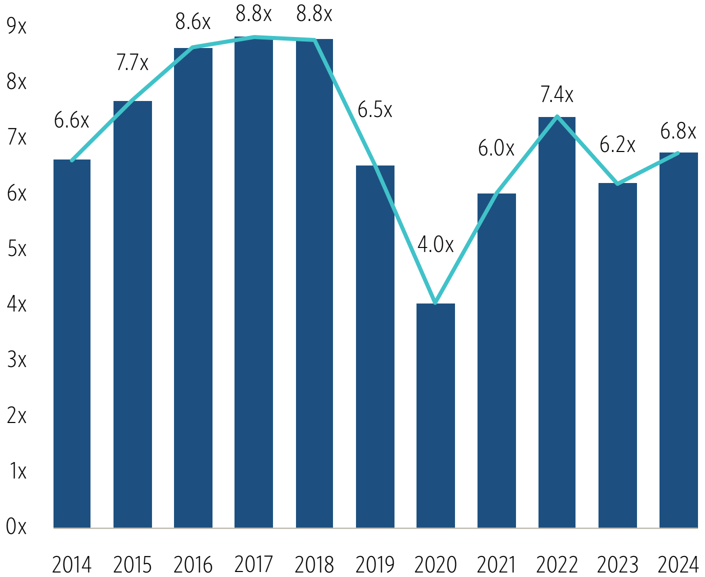
Energy M&A EV/EBITDA multiples



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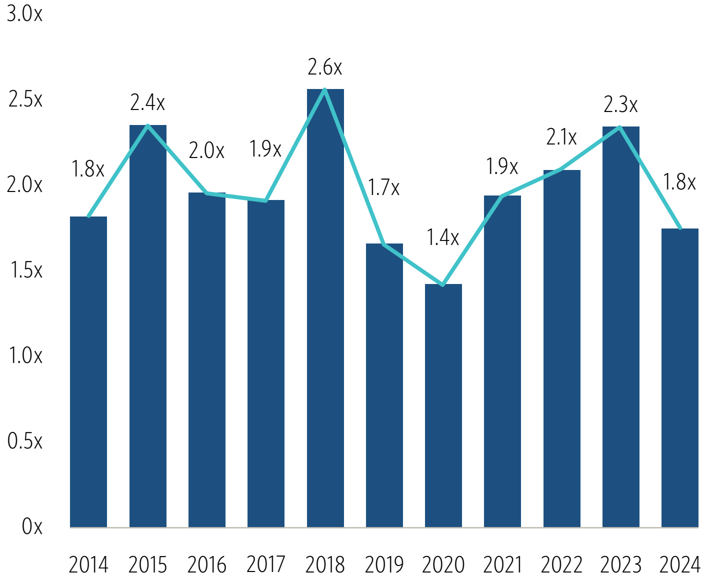
Energy M&A EV/revenue multiples



Source: PitchBook • Geography: North America and Europe • As of December 31, 2024

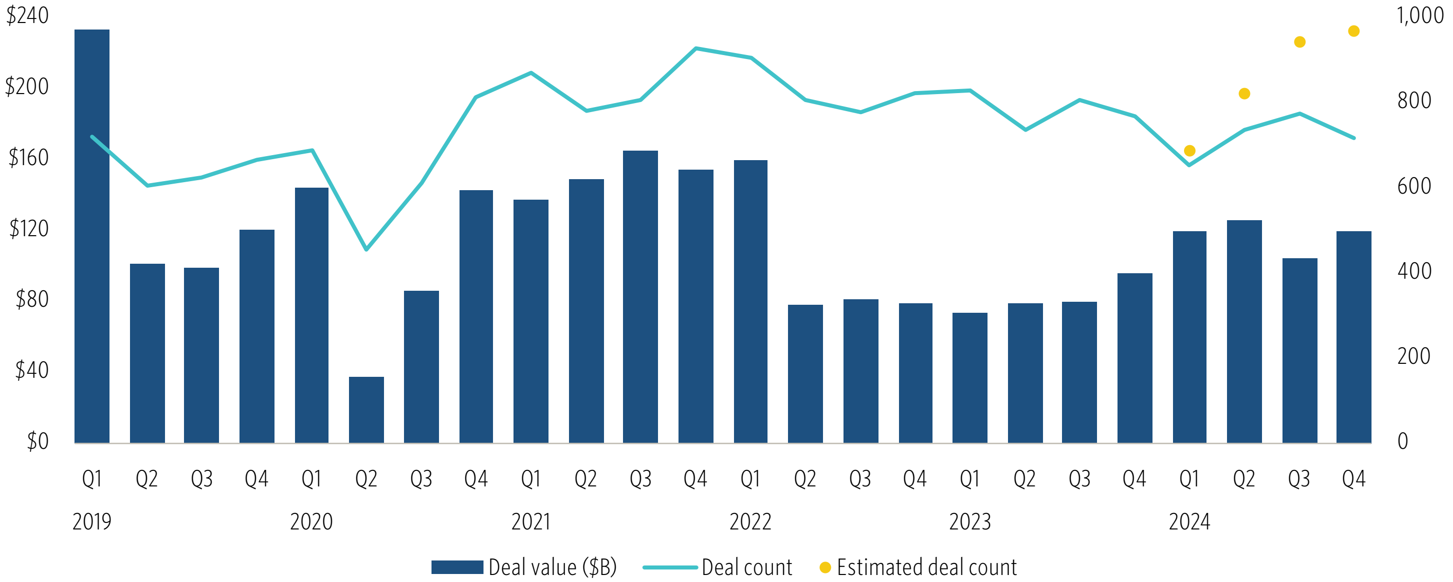
In November, ONEOK agreed to purchase the remaining stake it did not yet own in EnLink Midstream for $4.3 billion. This deal comes after ONEOK announced it acquired a 43% stake in EnLink for $3.3 billion in August. The deal will help ONEOK expand its presence in the Permian Basin.

Cleantech accounts for more and more deals over $1 billion as interest grows: The cleantech industry continues to provide the sector with strong deal flow as investors continue to adapt and seek clean energy transition and the growth opportunities it presents. In early December, TotalEnergies announced it would acquire VSB Group for $1.6 billion from PE firm Partners Group. VSB operates throughout the renewable energy value chain, developing, building, owning, and managing renewable projects. With the agreement, VSB will help TotalEnergies develop renewable energy projects in six European energy markets.[12] Later in December, Indian company JSW Energy's Neo Energy unit agreed to buy Temasek-backed renewable energy platform O2 Power's subsidies for $1.5 billion. The acquisition aligns with JSW's target of achieving 20 gigawatts of renewable-led capacity before 2030 amid a strong government push for higher clean energy capacity.

12: "Sustained Growth Secured: TotalEnergies Acquires 100 per Cent of VSB Group," VSB Group, April 12, 2024.

Financial services

Financial services M&A activity by quarter



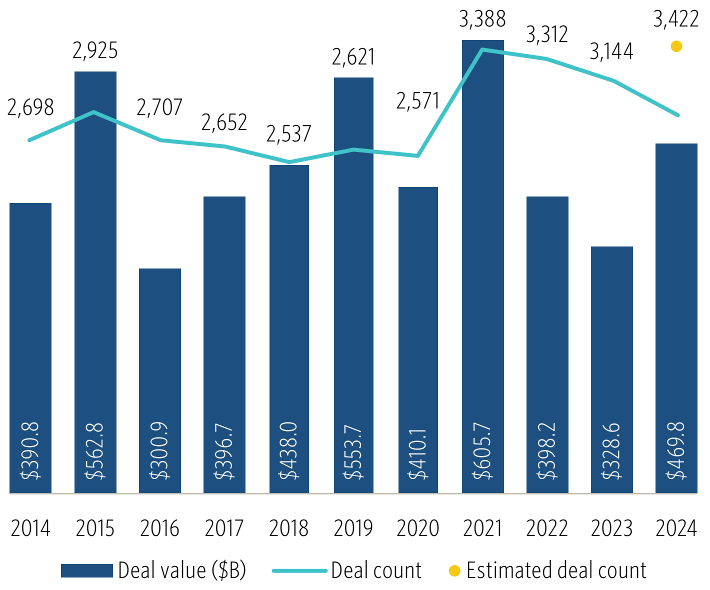
Source: PitchBook • Geography: Global • As of December 31, 2024

Kyle Walters
Analyst, Private Equity

Financial services deal activity rebounded in 2024: Following more subdued years of deal activity in 2022 and 2023, financial services finished with its best year since 2021, with 3,422 deals announced or completed, worth an aggregate deal value of $469.8 billion. This rebound represents YoY increases of 8.8% and 43%, for deal count and deal value, respectively. On a quarterly basis, deal activity for the sector in each quarter of 2024 was greater than in any of the previous seven quarters. Furthermore, the estimated deal count for financial services in the fourth quarter reached its highest point ever, which could be a sign for the quarters to come.

The insurance industry produces multiple deals over $1 billion: Throughout 2024, the insurance segment played a critical role in the financial services rebound, and Q4 was no exception. The quarter's largest deal was insurance broker Arthur J. Gallagher & Co.'s $13.5 billion acquisition of AssuredPartners. The acquisition will expand Gallagher's retail middle-market property, casualty, and employee benefit focus across the US. In December, Aviva agreed to buy Direct Line Insurance Group for $4.6 billion in a deal that will create one of the UK's largest home and motor insurers. The

Financial services M&A activity



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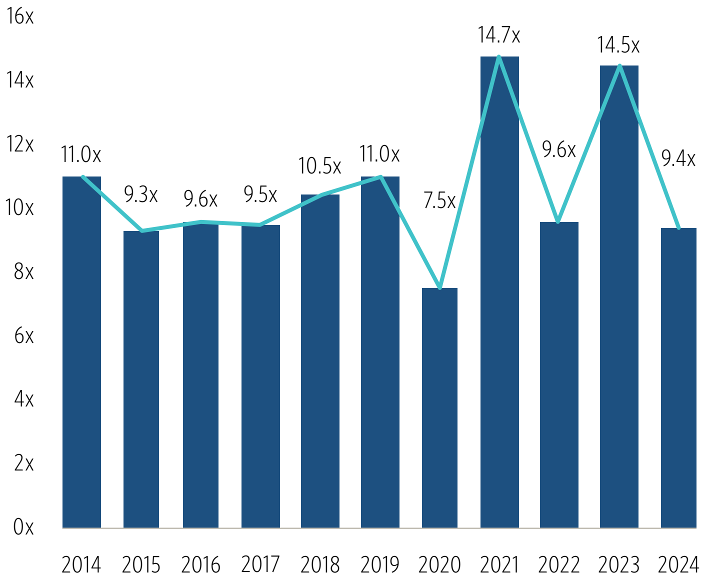
Financial services M&A EV/EBITDA multiples



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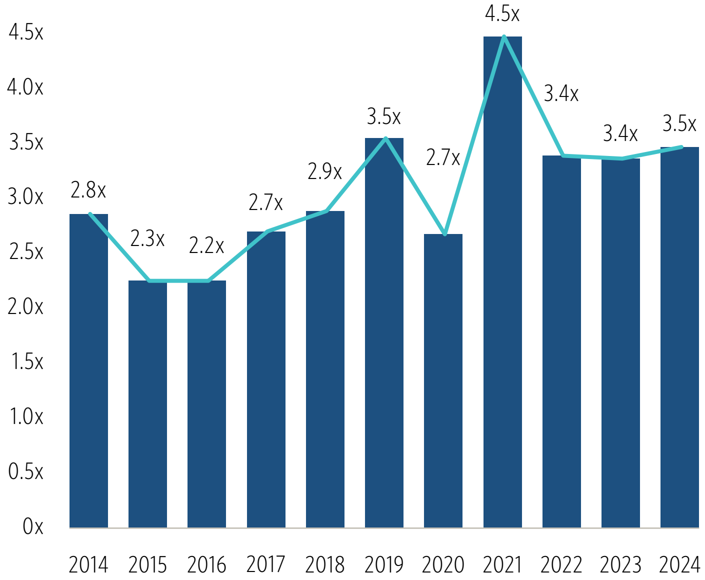
Financial services M&A EV/revenue multiples



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agreement is part of a larger effort at Aviva to expand in the company's core markets of Britain, Canada, and Ireland.[13]

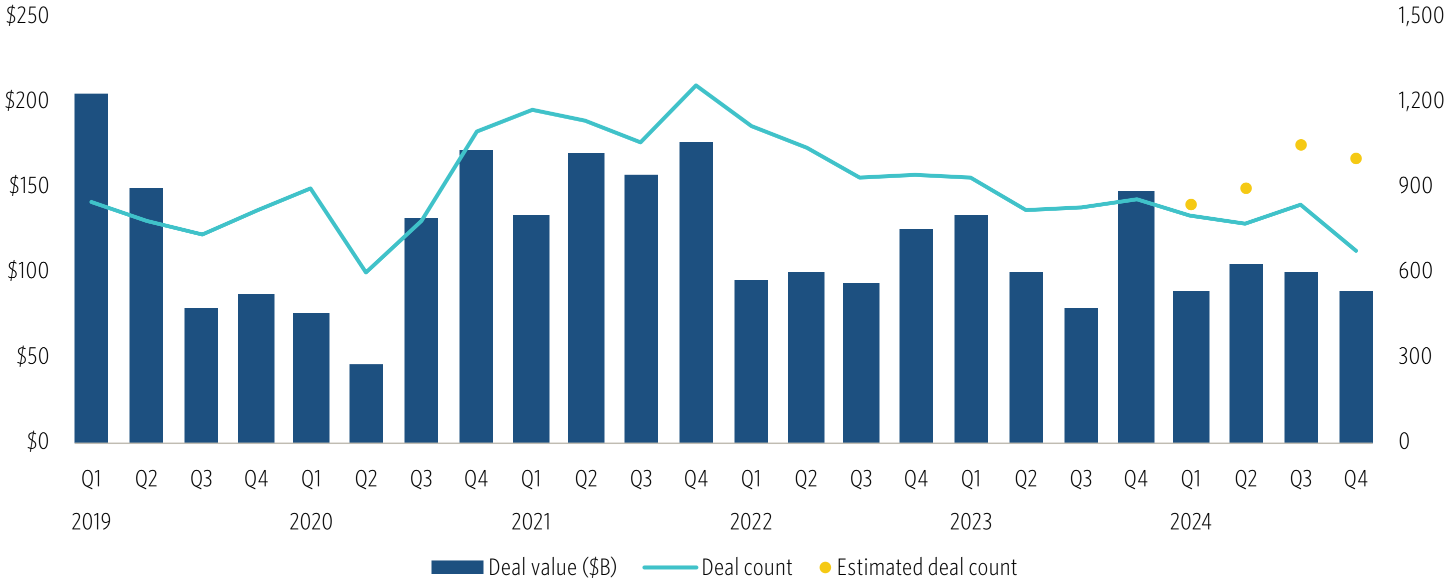
Consolidation in the alternative asset manager space continues: Consolidation of asset managers has been quite common for traditional asset managers, and over the last couple of years the same trend has accelerated in the alternative asset manager space. The end goal is almost always the same: building out offerings to scale the business. In December, BlackRock announced it would acquire private credit manager HPS Investment Partners for $12 billion. The acquisition will see BlackRock take on HPS' $148 billion in AUM to create an integrated private credit franchise with approximately $220 billion in client assets. The deal allows BlackRock to take advantage of robust demand in the private credit asset class. Earlier in the quarter, Ares Management agreed to acquire GCP International, the international business of GLP Capital Partners, excluding its operations in Greater China. The acquisition of GCP, which has $44 billion in AUM, will create a real estate alternative asset manager with approximately $96 billion in AUM. This deal helps Ares cement itself as a key player in the alternative real estate space.

13: "UK Insurer Aviva To Shed Up To 2,300 Jobs in $4.65 Billion Direct Line Deal," Reuters, Chandini Monnappa and Lawrence White, December 23, 2024.

PitchBook

Healthcare

Healthcare M&A activity by quarter



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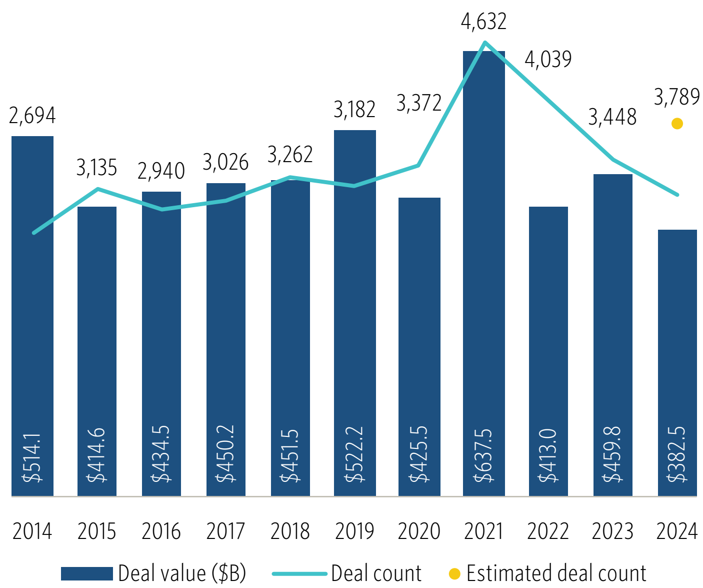
Aaron DeGagne
Senior Analyst, Healthcare

Q4 saw muted deal flow: The fourth quarter is typically a slower period for healthcare M&A, as deal flow tends to decrease during the holidays and market participants look toward the JP Morgan Healthcare Conference to capture attention. This year followed that trend, with lower deal value despite healthy deal count, as 1,005 healthcare deals were announced or closed for a combined value of $88.5 billion. In comparison, the first three quarters of the year saw an average of 928 deals and $98 billion of deal value. A significant transaction in Q4 was Patient Square Capital's $4.1 billion buyout of dental distributor Patterson Companies. Other deals included Cencora's purchase of Retina Consultants of America, Lundbeck's purchase of Longboard Pharmaceuticals, and the take-private of NeueHealth by a PE consortium led by New Enterprise Associates. And in the new year, there has been strong early momentum for medtech M&A with the acquisitions of Bolt Medical and Inari Medical.

Opportunities appear in AI drug discovery: In Q4 2024, a notable deal in the biotech & pharma sector was the $688 million acquisition of AI drug discovery platform Exscientia by Recursion Pharmaceuticals. At first glance,

Healthcare M&A activity



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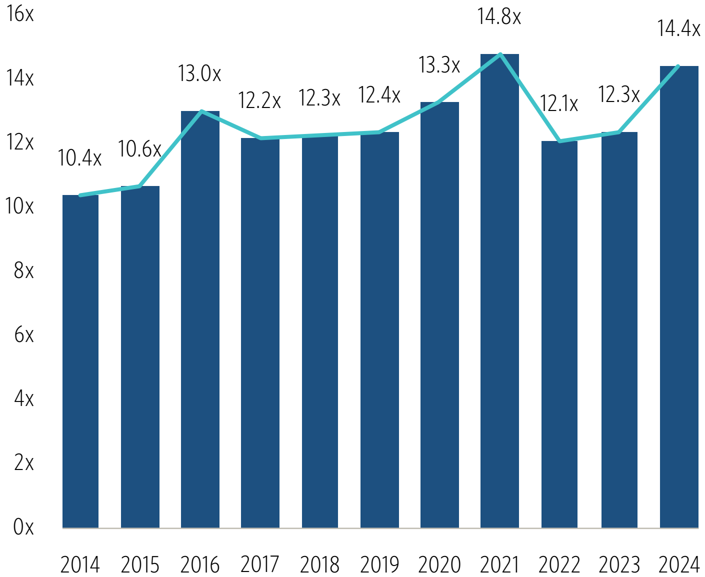
Healthcare M&A EV/EBITDA multiples



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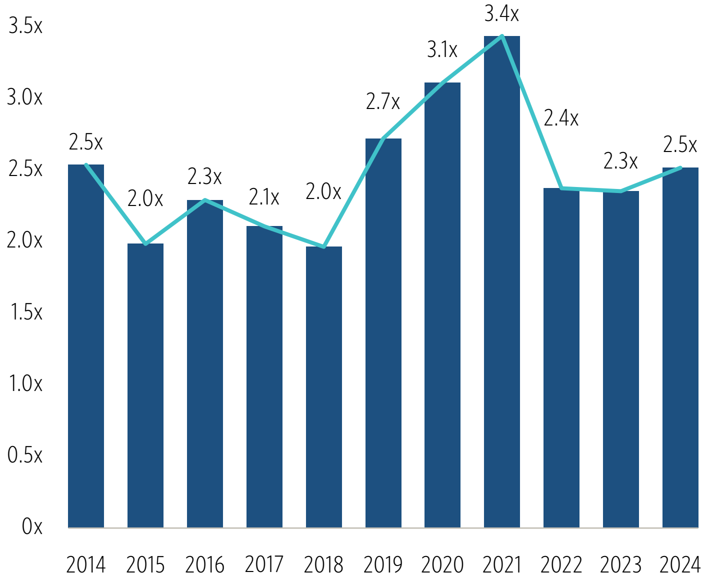
Healthcare M&A EV/revenue multiples



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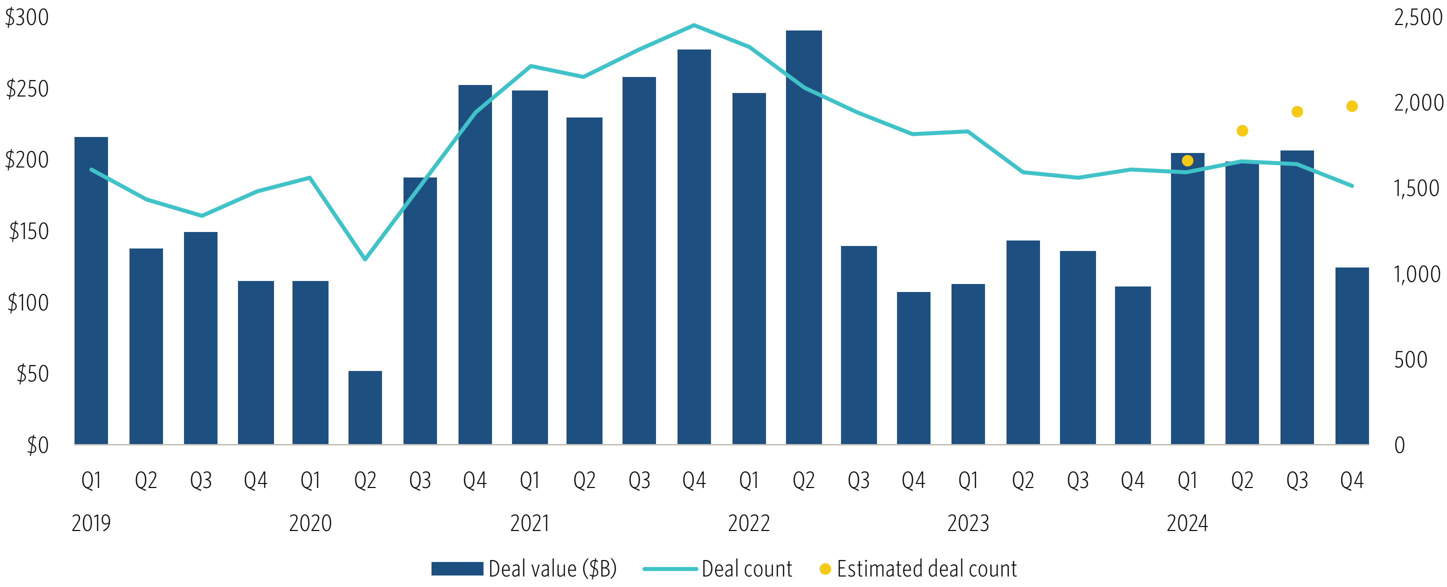
this transaction may suggest an increase in deal flow within the AI drug discovery space, which has been an attractive area for venture capital investment. However, the situation is more nuanced. Both companies have been early leaders in AI drug discovery over the past decade, but despite some successes, the sector has faced challenges in transitioning from portfolio development to the prioritization of top candidates for commercialization. That said, the consolidation makes sense for both companies given the limited overlap in their portfolios. With the evolving dynamics in this space, we expect more M&A activity in AI-driven drug discovery as companies continue to seek out strategic partnerships and use consolidation as a lever to scale their capabilities.

Healthcare M&A is set to rise: In our US Presidential Election Guide, we noted our expectation for greater M&A in healthcare as scrutiny of PE investment in healthcare—and antitrust broadly—could decrease in intensity under a Republican administration. Several factors are likely to fuel M&A activity in healthcare, including declining interest rates, low valuations in healthcare services, and significant capital directed toward AI opportunities. We also believe major insurers will face challenges in executing meaningful deals in the near-to-medium term due to increased scrutiny of their business models. On a different front, we anticipate private equity buyers will target businesses in the healthcare retail sector, as both Walgreens and CVS continue to confront significant growth hurdles and business challenges.

IT

IT M&A activity by quarter



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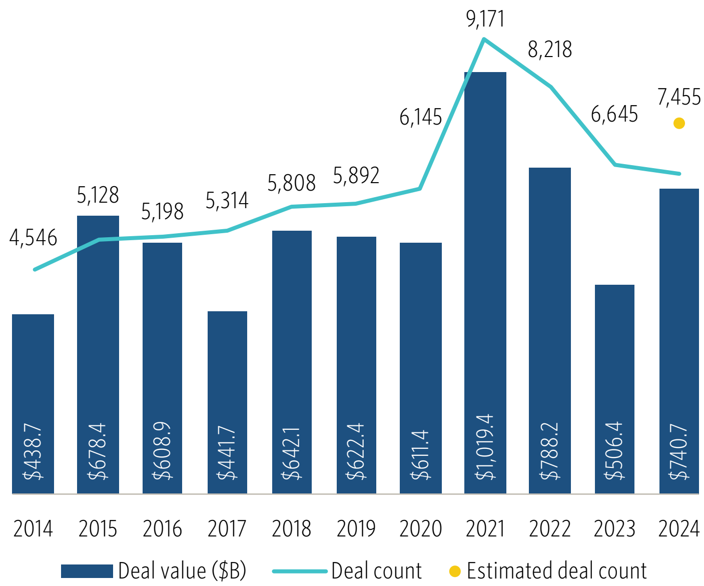
Garrett Hinds
Senior Analyst, Private Equity

Tech deal value surges in 2024: In 2024, the IT sector experienced a surge in transaction value, spurred by a notable flight to quality. Investors converged on valuations of high-quality assets—especially in software, where gross margins tend to be high, moats are robust, and value propositions stand out. For full-year 2024, IT deal value reached $740.7 billion, up 46.3% YoY, across 7,455 deals. Deal count increased 12.2% YoY as there was a shift toward larger-scale transactions.

Unpacking the data by quarter reveals that deal value slowed sequentially in Q4 2024 but still posted annual growth, with a total value of $125.5 billion, up 12.4% YoY yet down 39.8% QoQ, and a deal count of 1,994, up 22.8% YoY and marking a modest growth of 2.3% QoQ. Value and count figures are inclusive of estimates for nondisclosed values and late-reported transactions.

In summary, the IT sector was a clear driver of the deal recovery in 2024, although Q4 saw a deceleration in value. This slowdown was affected by an air pocket around the US election and the subsequent rise in valuations as public markets climbed, making take-privates more expensive and increasing the hurdle for any given deal's economics.

IT M&A activity



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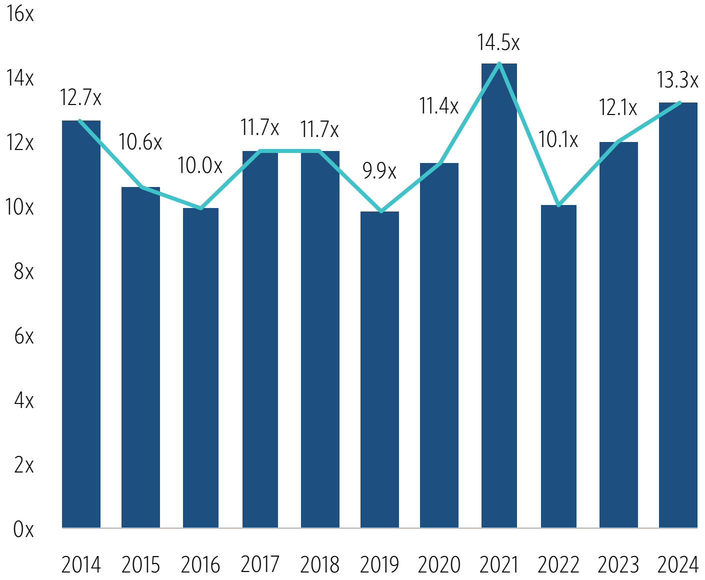
IT M&A EV/EBITDA multiples



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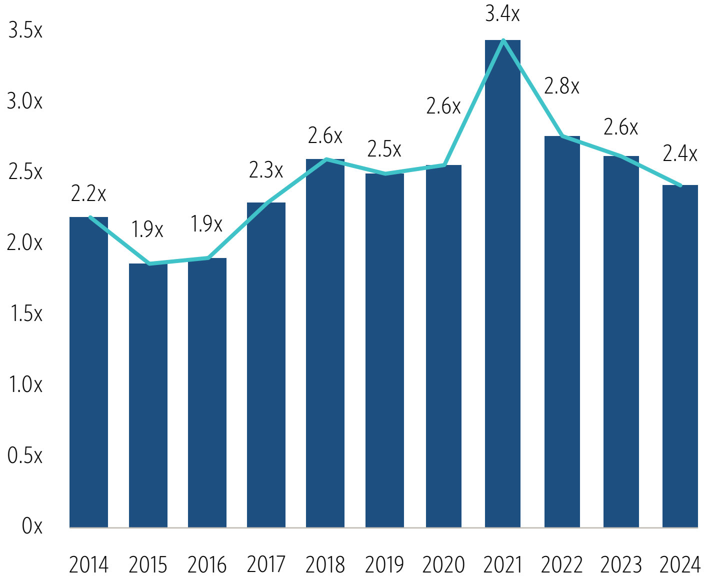
IT M&A EV/revenue multiples



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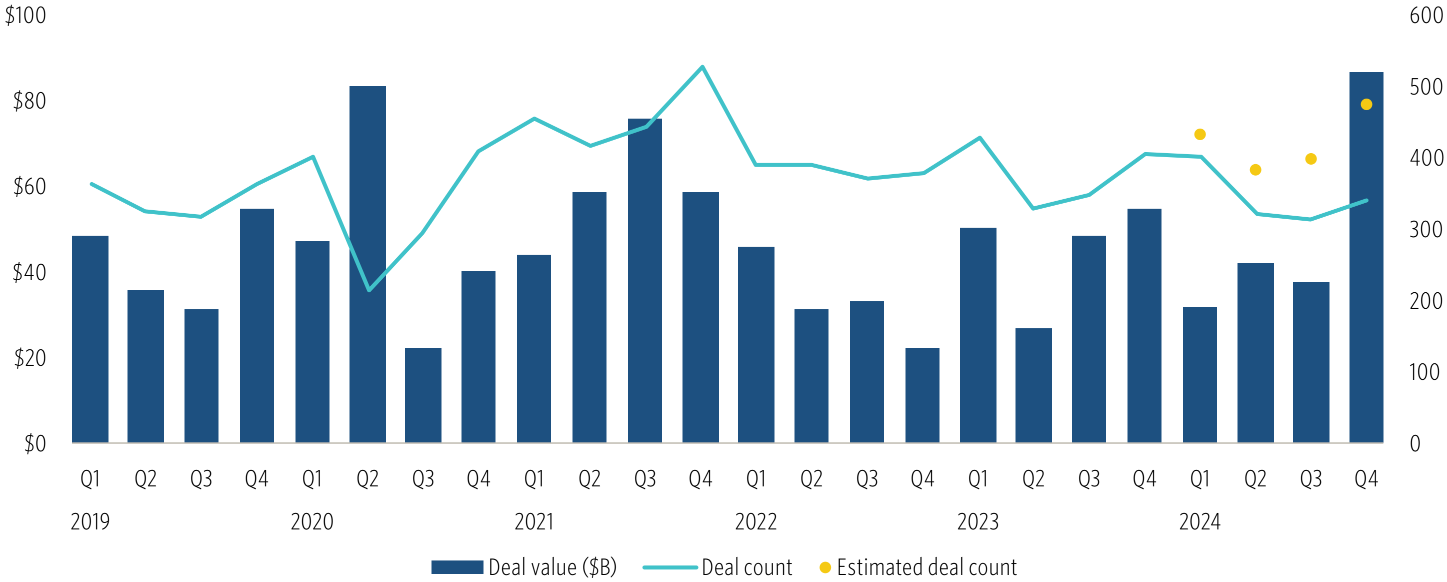
Tech was second place in deal momentum: The IT sector's share of global M&A deal value stood at 20.5%, modestly above the five-year average of 19.8%. This strong growth trend is reflected in the sector's deal momentum score of 0.58 for Q4 2024, putting it in second place among the seven sectors. This was a decline from the previous quarter, when IT had score of 0.71 and held first place.

Notable Q4 deals in the IT sector included companies in the software and digital infrastructure categories. The largest deal was the $10.6 billion acquisition of Altair Engineering—provider of enterprise-class engineering software—by Siemens.[14] Altair shareholders will receive $113.0 per share in cash, a premium of 19% relative to the close price on October 21, 2024, the last day prior to media reports of a possible transaction. Altair's capabilities in simulation, high-performance computing, and AI will enhance Siemens' AI-driven portfolio of design and simulation software, according to management.[15] Ziply Fiber—offering fiber optic internet connectivity to customers across Washington, Oregon, Idaho, and Montana—agreed to be acquired by BCE for $5.0 billion.[16] The transaction will expand BCE's network beyond Canada, enhancing its growth profile by giving it a foothold in the US fiber market, according to management.[17]

14: "Altair Signs Definitive Agreement With Siemens To Be Acquired for $10.6 Billion," Altair, October 30, 2024.
15: Ibid.
16: "BCE To Acquire Ziply Fiber, Accelerating Its Fiber Growth Strategy Across North America," Ziply Fiber, November 4, 2024.
17: Ibid.

Materials & resources

Materials & resources M&A activity by quarter



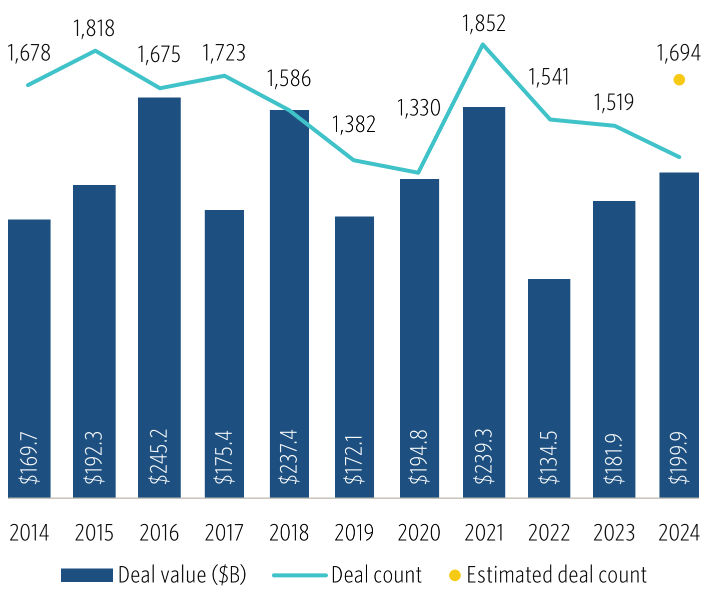
Source: PitchBook • Geography: Global • As of December 31, 2024

Kyle Walters
Analyst, Private Equity

Materials & resources M&A activity saw its second consecutive year of growth driven by the sector's second-best quarter in the past decade: In 2024, the industry saw 1,694 deals announced or completed, for a sum of $199.9 billion, representing YoY increases of 11.5% and 9.9% for deal count and deal value, respectively. Propelling the sector was the outstanding fourth quarter, which saw M&A deal activity totaling $87 billion across 476 deals. To further illustrate how dominant Q4 was, the first three quarters of the year averaged $37.6 billion in deal value, less than half of the fourth quarter's total. Q4 saw the resurgence of larger-scale deals, including 16 deals worth over $1 billion, four of which were over $5 billion in size. Furthermore, Q4 accounted for four of the sector's five most prominent deals of the year.

Acquisitions of public companies account for the sector's largest deals: In the fourth quarter, buyers took advantage of the public markets and scooped up significant assets to benefit existing platforms. The largest deal of the quarter and the year was ADNOC's acquisition of chemicals-maker Covestro. The German company, listed on the Frankfurt Stock Exchange, was acquired for $16.3 billion. According to

Materials & resources M&A activity



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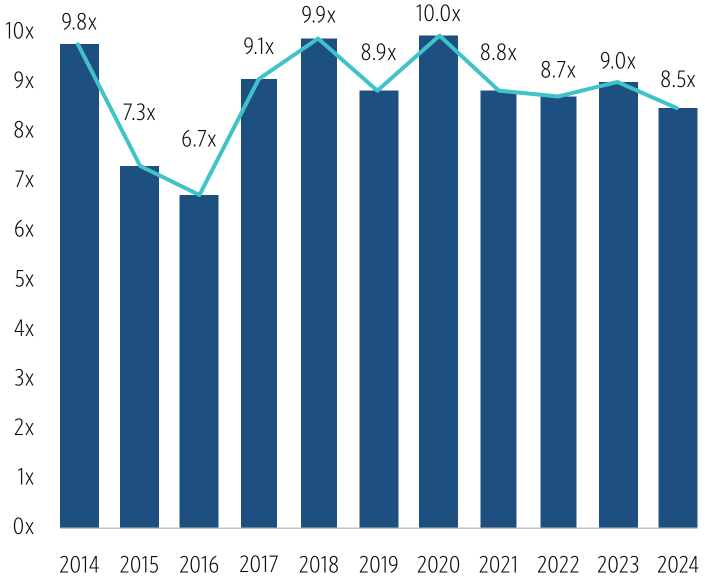
Materials & resources M&A EV/EBITDA multiples



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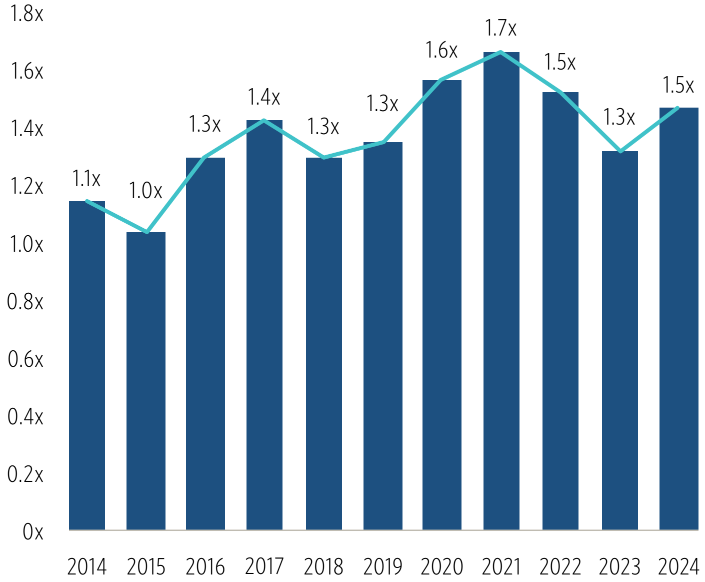
Materials & resources M&A EV/revenue multiples



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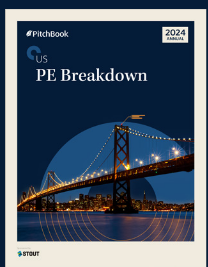
ADNOC,[18] the aligned strategies of both groups position them to meet the growing global demand for energy and chemical products and support ADNOC's vision of becoming a top-five global chemicals company. The other large take-private seen in the sector was the acquisition of Pactiv Evergreen by Apollo-backed Novolex for $6.7 billion. The combination brings together two complementary businesses offering a broad product platform, establishing a diverse offering in the packaging industry. Additionally, packaging firms have been scouting for deals as easing demand—following a boom fueled by e-commerce during the pandemic—sparked consolidation in the sector.

Metals, minerals & mining continue to help support the sector: In October, diversified miner Rio Tanto agreed to acquire Arcadium Lithium for $6.7 billion. For Rio Tinto, the acquisition will help to establish a leading lithium business alongside its existing aluminum and copper operations to supply materials needed for energy transition. In November, Anglo American divested its steelmaking coal business to Peabody Energy for $3.8 billion. The deal allows Peabody to acquire additional steelmaking coal assets as it looks to reweight its portfolio toward metallurgical coal, an essential ingredient in steel production, making it one of the most widely used building materials on earth.

18: "Covestro Signs an Investment Agreement With ADNOC and Supports ADNOC's Public Takeover Offer to All Covestro Shareholders," Covestro, October 1, 2024.

Additional research

Private markets



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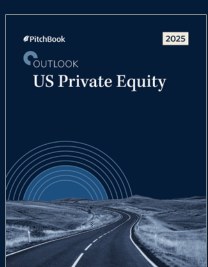

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