IMBERIUM

Global Mergers and Acquisitions (M&A) Report

2023 ANNUAL

Contents

Overview

Two years after reaching an all-time peak in 2021, the global M&A market experienced its second weakest year in a decade. The total value of deals closed or announced in 2023 reached approximately $3 trillion, marking a 15.8% decrease from 2022. Encouragingly, the rate of decline appears to be moderating. The previous year saw a steeper decline of 23.4%, and the most recent quarter reported the best volumes since Q2 2022, approximately 6.5% higher than Q3 2023. This suggests a potential turnaround, although excluding the impact of the global lockdown in 2020, the dollar volumes haven't been this weak since 2013.

Deal count, however, paints a more positive picture. It is estimated that more than 40,200 M&A deals were announced or completed in 2023, making it the third-highest total on record. From its peak in 2021, global M&A value has now declined by 35.5%. The speculation among M&A professionals revolves around whether the current downward cycle will extend for another year. Not since the global financial crisis in 2007 has the M&A market experienced three consecutive years of decline. The 2007 downturn measured a 60.0% decrease in deal value, bottoming out in 2009 alongside a 29.3% contraction in deal count. However, the current situation is not expected to mirror that, with the latest quarter indicating a gradual recovery.

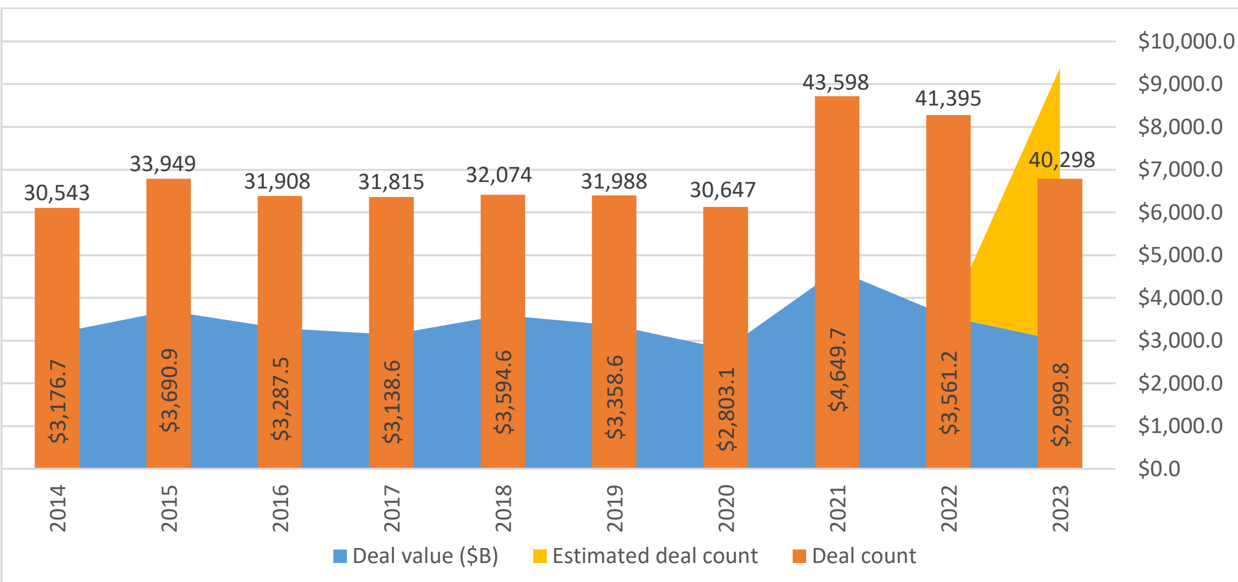

Figure 1: Mergers and Acquisitions Activity Data

An upcoming milestone that may reinforce the recovery is the two-year anniversary of the Federal Reserve's historic rate hike cycle. Expected in March 2024, this marks the beginning of a new cycle of Fed easing, providing relief to financial acquirers facing high borrowing costs and potentially mobilizing the $1.6 trillion of private equity dry powder.

The dynamics of cross-border M&A deal flow between North America and Europe continued favoring the latter for the seventh consecutive year in 2023. While not as pronounced as in 2022, when the net inflow to Europe reached $103.3 billion, the $24.3 billion net and $211.6 billion gross in 2023 still constituted a significant part of European M&A, totaling $856 billion for the year. The extended cycle is attributed to factors like a strong dollar and consistently more attractive valuations on European targets. In 2023, using the broader EV/revenue multiples yardstick, the median multiple for M&A completed or announced in Europe was 1.5x, reflecting a 19.7% discount compared to the median North American multiple of 1.9x. This discount is slightly higher than the 14.8% average discount observed since 2017.

Valuations

As we approach the conclusion of 2024, there are indications that transaction multiples in North America and Europe are stabilizing. The median EV/EBITDA multiple for M&A transactions announced or completed in 2023 showed a modest improvement, reaching 9.3x, up from 8.9x in 2022. Although this is 15.5% lower than the all-time peak of 11.0x in 2021 and falls below the three-year pre-COVID-19 average of 10.0x, the firming trend is encouraging. The recovery was more noticeable in Europe, where the median EV/revenue multiple improved from 1.4x in 2022 to 1.5x in 2023. In contrast, the median multiple for North American M&A remained unchanged at 1.9x in 2023.

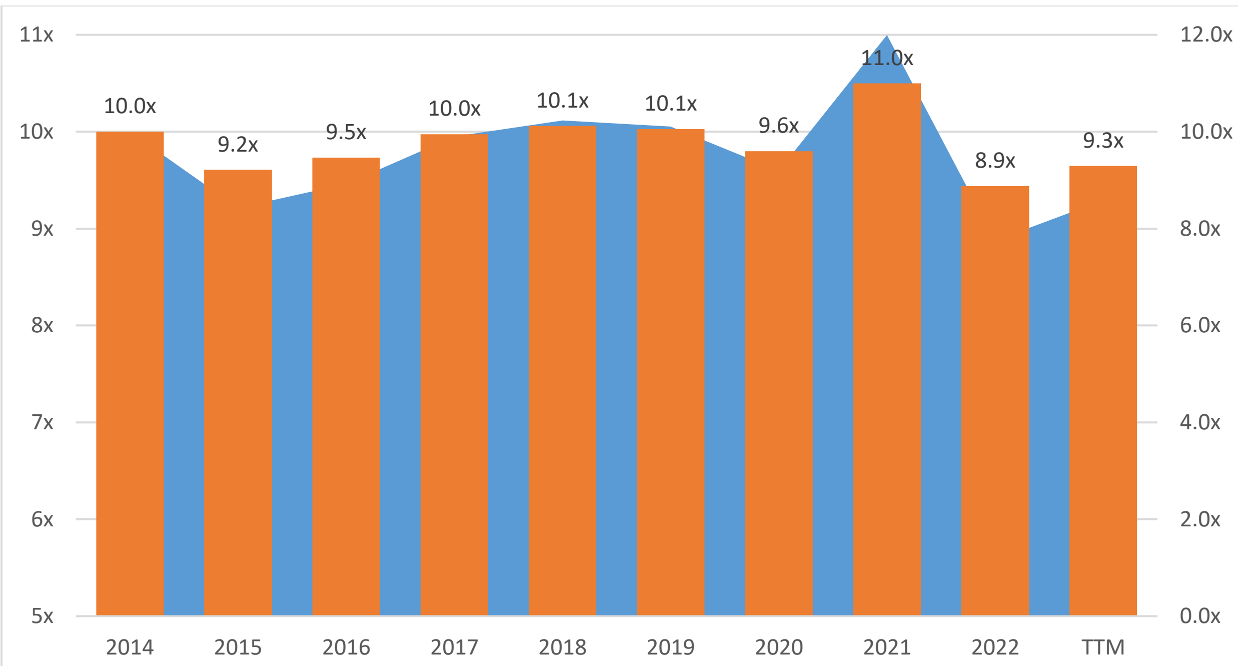

Figure 2: Median Mergers and Acquisition EV/EBITDA Multiples

Similar trends are observed in EV/revenue multiples. After a substantial decline in 2022, going from 2.1x to 1.6x, reflecting recalibration in response to a "higher for longer" interest rate environment, revenue multiples have stabilized and shown signs of improvement, mirroring the trend seen in EBITDA multiples.

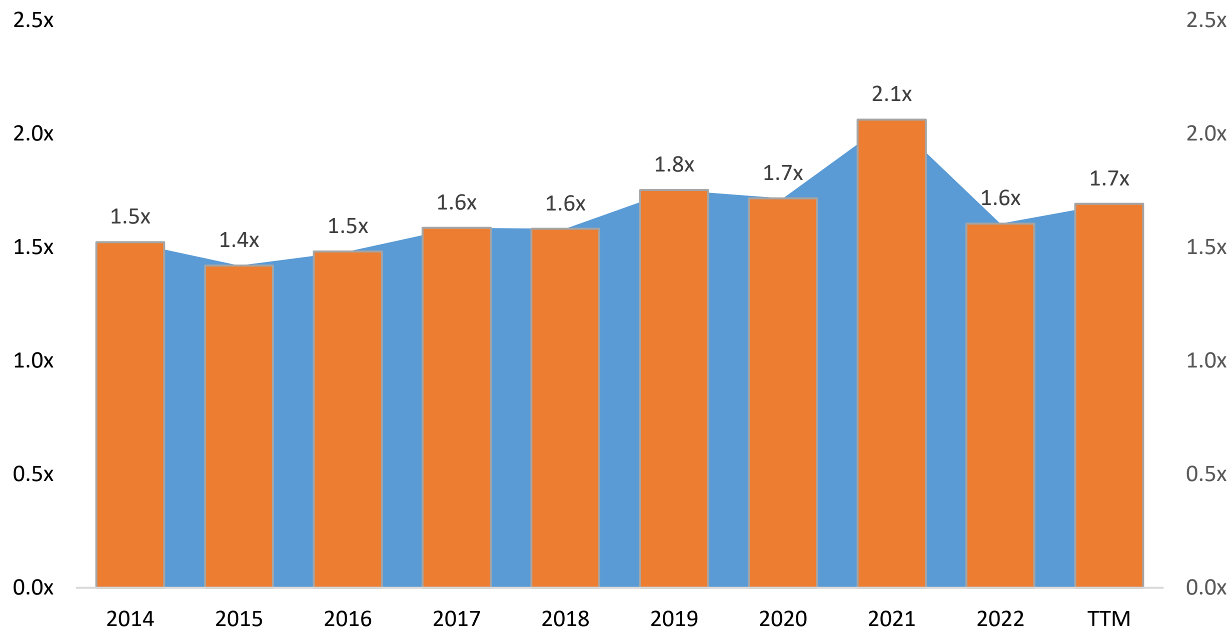

Figure 3: Median Mergers and Acquisitions EV/revenue multiples

European multiples, at a median of 9.3x in 2023, are slightly more affordable than the 9.7x observed in North America. Both regions experienced an improving trend of approximately 3% to 5% throughout the year.

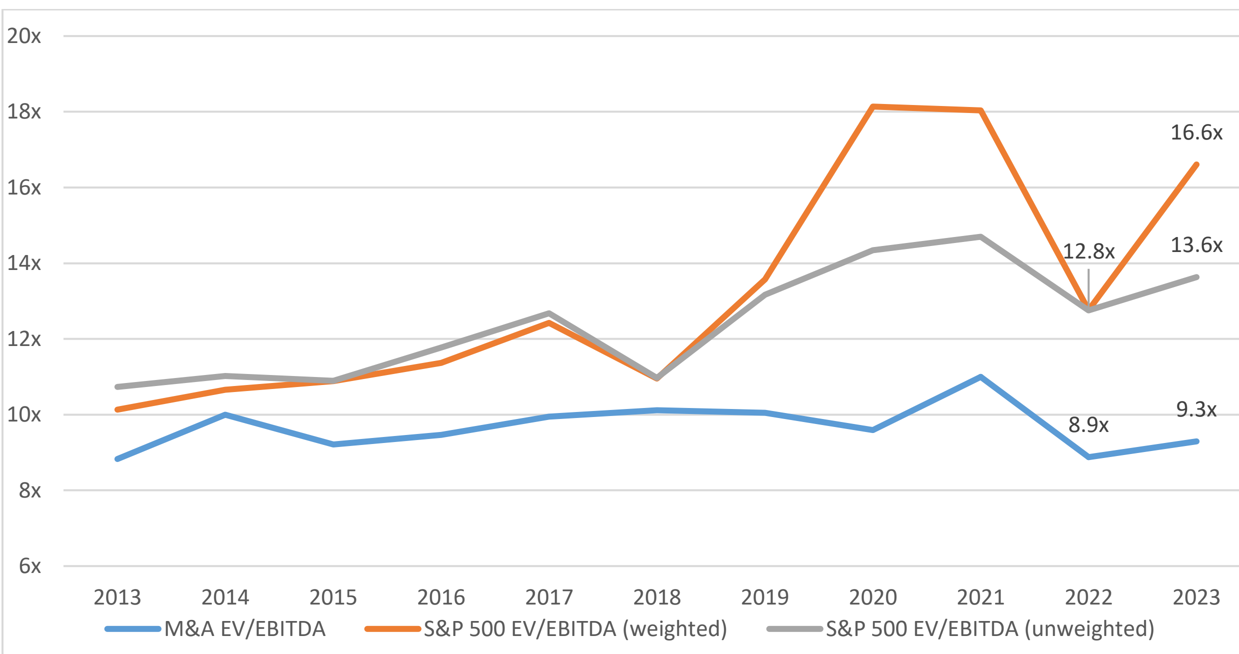

Figure 4: Public Company Trading Multiples versus Mergers and Acquisitions Multiples (EV/EBITDA)

Simultaneously, while deal multiples have seen a slight uptick, trading multiples for public companies have surged ahead. The EV/revenue multiple for the S&P 500 index now stands at 4.3x (weighted average) and

3.7x (unweighted). Historical patterns suggest that a bull-whip effect often propels M&A multiples higher shortly thereafter. Furthermore, a significant gap between public and private market valuations can facilitate the opening of a tight IPO window, benefiting exits and extending positive effects to the M&A sphere. Public market sentiment frequently precedes M&A activity, influencing potential sellers, and this is precisely what the M&A market currently lacks: willing sellers and price certainty.

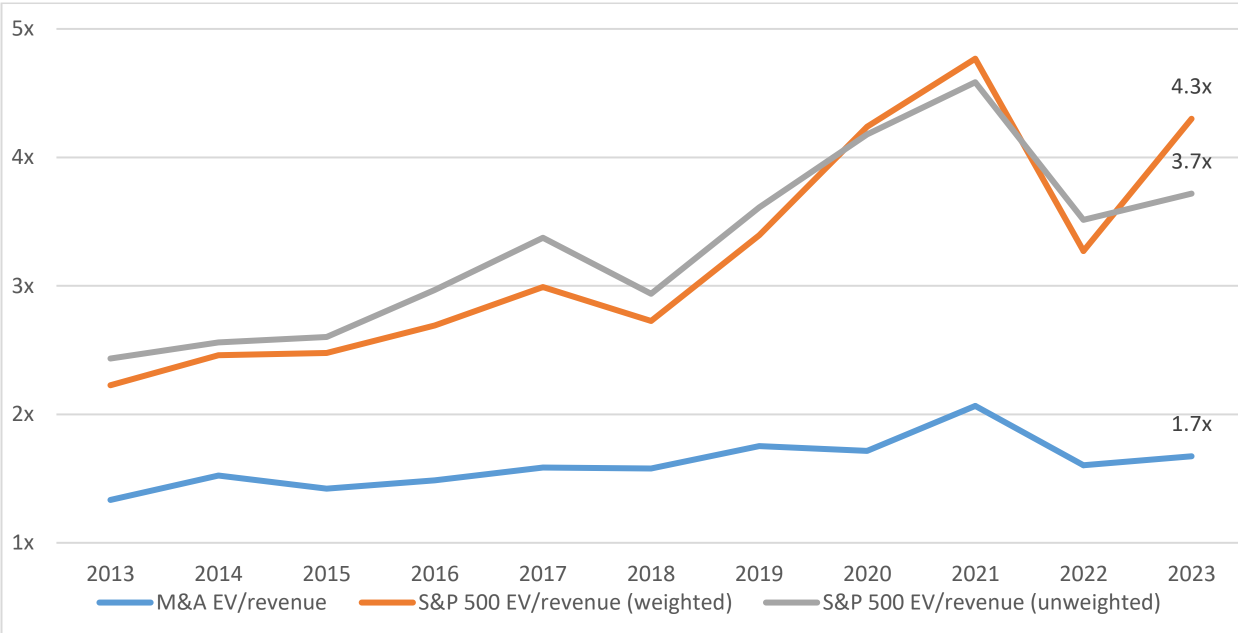

Figure 5: Public Company Trading Multiples versus Mergers and Acquisitions Multiples (EV/Revenue)

European

European M&A activity experienced a second consecutive year of deceleration, with deal value decreasing by 21.3% compared to 2022 and a significant 36.4% drop from the record levels seen in 2021. This decline in deal making enthusiasm is directly attributed to the tightening monetary policy, with the European Central Bank doubling the deposit facility rate throughout 2023. The impact of higher rates was most pronounced in the information technology (IT) sector, leading to adjusted valuations over the past two years due to the higher discount factor resulting in lower valuations, all else being equal. European IT M&A witnessed a year-on-year decline of 33.0%, transitioning from representing 18.6% of M&A deal value in 2022 to 15.9% in 2023. Sponsors chose to retain their assets for extended periods due to market price dislocation, shifting dynamics from a seller's to a buyer's market. Furthermore, M&A deals in 2023 tended to be smaller, with the average European M&A deal size decreasing from $64.7 million in 2022 to $53.5 million, a consequence of higher borrowing costs resulting in reduced debt utilization in M&A transactions.

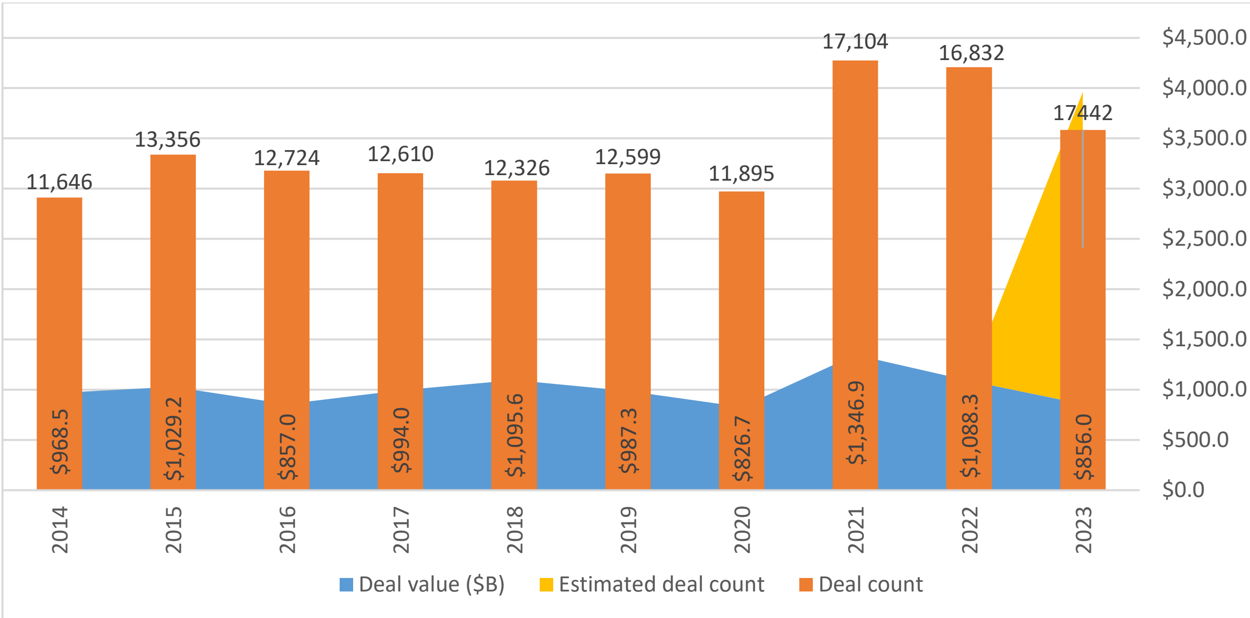

Figure 6: European Mergers and Acquisitions Deal Activity Data

Despite these challenges, 2023 exhibited resilience in M&A deal count, maintaining levels 20% to 30% higher than those seen before 2021. This resilience was particularly evident in lower size brackets, with deal value experiencing a proportionally larger decrease compared to deal count. In the financial services sector, there was a 20.2% year-on-year increase in M&A deal value in Europe. The financial sector underwent consolidation, with higher interest rates exposing vulnerabilities in certain banks like Credit Suisse and Metro Bank, and putting pressure on asset managers striving to expand their assets under management (AUMs), leading to M&A activities such as Degroof Petercam and Crux Asset Management.

Looking ahead to 2024, a reversal in M&A deal making appetite is anticipated as the latest monetary tightening cycle concludes, with markets expecting rate cuts in 2024. This is expected to fuel M&A and stimulate economies across the continent. Another contributing factor is the drought in public listings in 2023, prompting sponsors to exit through M&A deals with corporates or private equity buyout funds. Despite the higher prospects for growth, a significant recovery in public listings in Europe is not expected in 2024. Consequently, M&A is likely to remain the primary means for monetizing growth. However, potential risks to M&A growth in 2024 include persistent inflation, concerns about recessions, and ongoing geopolitical uncertainties.

North American

In the final quarter of 2023, the M&A landscape in North America presented a nuanced scenario amid persistent macroeconomic challenges. The region experienced a notable surge in total M&A value, primarily propelled by the energy sector. The fourth quarter's M&A value reached $497.1 billion, showcasing a robust increase of 17.8% year-on-year (YoY) and an even more substantial 35.9% quarter-on-quarter (QoQ). However, a contrasting trend emerged when examining the volume of deals, with the quarter recording 4,043 deals—a 6.6% YoY decrease and a slight 0.9% QoQ dip. Optimism prevails for improved deal activity in the upcoming quarters, particularly with expectations of lower rates in 2024, assuming the avoidance of a recession.

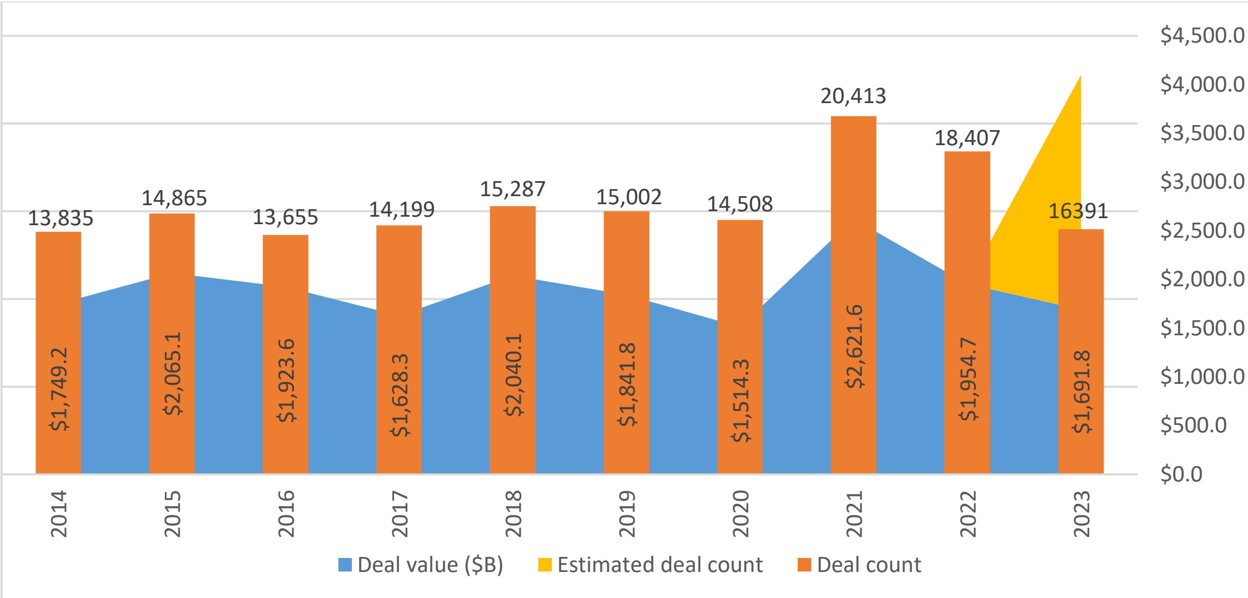

Figure 7: North American Mergers and Acquisitions Deal Activity Data

The top 10 North American deals in Q4 amounted to $215.7 billion, witnessing a remarkable 160.5% QoQ surge, largely bolstered by two mega energy deals. Pioneer Natural Resources, an independent oil & gas exploration and production company focused on the Permian Basin, agreed to Exxon Mobil's acquisition for an enterprise value (EV) of $64.5 billion in early October. This deal enhances Exxon Mobil's upstream portfolio by doubling its presence in the Permian Basin. Shortly afterward, Hess, an independent oil & gas producer with strategic assets, agreed to Chevron's acquisition for an EV of $60.0 billion. Chevron anticipates this deal to enhance its estimated five-year production and free cash flow growth rates, extending the growth into the next decade. The materials sector also experienced significant activity, with US Steel reaching an agreement in mid-December to be acquired by Nippon Steel Corporation (NSC) for $14.9 billion.

For the entire year of 2023, the M&A scene was somewhat subdued. The total deal value amounted to $1,691.8 billion, reflecting a 13.4% YoY decline—a sign of the overall challenges faced throughout the year. In terms of the number of transactions, there were 16,391 deals, marking a notable 11.0% YoY decrease. For the second consecutive year, this downturn can be ascribed to several factors, such as the implementation of tighter monetary policies resulting in elevated interest rates, an expanding disparity in valuation expectations between buyers and sellers, and escalated geopolitical tensions. Despite these challenges, there are signs that these headwinds are moderating, with inflation fading and expectations of falling interest rates in 2024. Geopolitical tensions remain uncertain, and the risk of a recession lingers, but there is cautious optimism that the worst may be behind us.

Antitrust update

Government agencies worldwide are reinforcing their competition policies, marking a rapid evolution of competition laws.[1] Over 125 jurisdictions now have competition-law regimes, a stark increase from the

[1] https://pitchbook.com/news/reports/q4-2023-pitchbook-analyst-note-increased-antitrust-scrutiny-and-complexity-for-ma

12 in the 1970s. Recent years have seen a surge in antitrust sentiments, prompting the development of new guidelines aimed at enhancing competition within contemporary market dynamics.

In the United States, the Federal Trade Commission and the Department of Justice's (DOJ) Antitrust Division released draft merger guidelines in July. These guidelines, featuring 13 points for evaluating mergers, notably lower thresholds for deeming mergers presumptively anticompetitive. Attention is also drawn to private equity (PE) deals, with agencies indicating scrutiny of roll-up acquisitions that have largely evaded antitrust radar. Regulators intend to examine deals as part of a broader assessment of acquisitions in aggregate.

In Europe, both the EU and individual countries are introducing new reforms to strengthen merger control. Antitrust agencies have expanded the jurisdictional reach of antitrust laws, and the European Commission (EC) has issued guidance for member state agencies to report potentially anticompetitive transactions escaping national review. The EU Foreign Subsidies Regulation has added regulatory complexity to M&A activity, empowering the EC to investigate deals involving companies receiving subsidies from foreign governments for potential distortions of competition.

Highlighted Deals:

1. **Alaska Air and Hawaiian Airlines/JetBlue and Spirit Airlines:** In January 2024, a federal judge blocked the proposed $3.8 billion merger between JetBlue and Spirit Airlines, following a lawsuit by the DOJ in March 2023. Concerns about harming competition and increasing prices for consumers led to the block. The ruling adds pressure on Alaska Air's $1.9 billion acquisition of Hawaiian Airlines, announced in December 2023, potentially facing antitrust opposition. The DOJ's aggressive stance against perceived anticompetitive M&A deals is evident, impacting the airline industry.[2]

2. **Terminated deal - Adobe and Figma:** In December, Adobe and Figma announced the termination of their $20 billion merger agreement, citing an inability to secure regulatory approval. Antitrust regulators in the EU and the UK had expressed concerns about the impact on competition and innovation due to Adobe's dominance in the design software space. The companies will now proceed independently after Adobe rejected concessions suggested by the UK's Competition and Markets Authority.

These developments reflect a heightened focus on antitrust scrutiny globally, with government agencies aiming to ensure fair competition and prevent consolidation that may harm market dynamics.

B2B

Mergers and Acquisitions activity in the B2B sector has demonstrated resilience, accounting for approximately 2% to 3% of global M&A in both deal value and count. In 2023, an estimated 16,027 B2B deals were closed or announced, totaling $793.5 billion. B2B M&A activity showed stability year-on-year, with a 6.2% increase in deal count and a 3.8% decrease in deal value compared to 2022. B2B multiples rebounded from the previous year as buyers actively sought opportunities in a somewhat stabilized

[2] https://ny1.com/nyc/all-boroughs/ap-top-news/2023/12/04/another-proposed-airline-merger-tests-biden-administrations-resolve-to-preserve-competition

macroeconomic environment. M&A opportunities within the sector varied, encompassing strategic acquisitions, take-privates, and corporate divestitures.

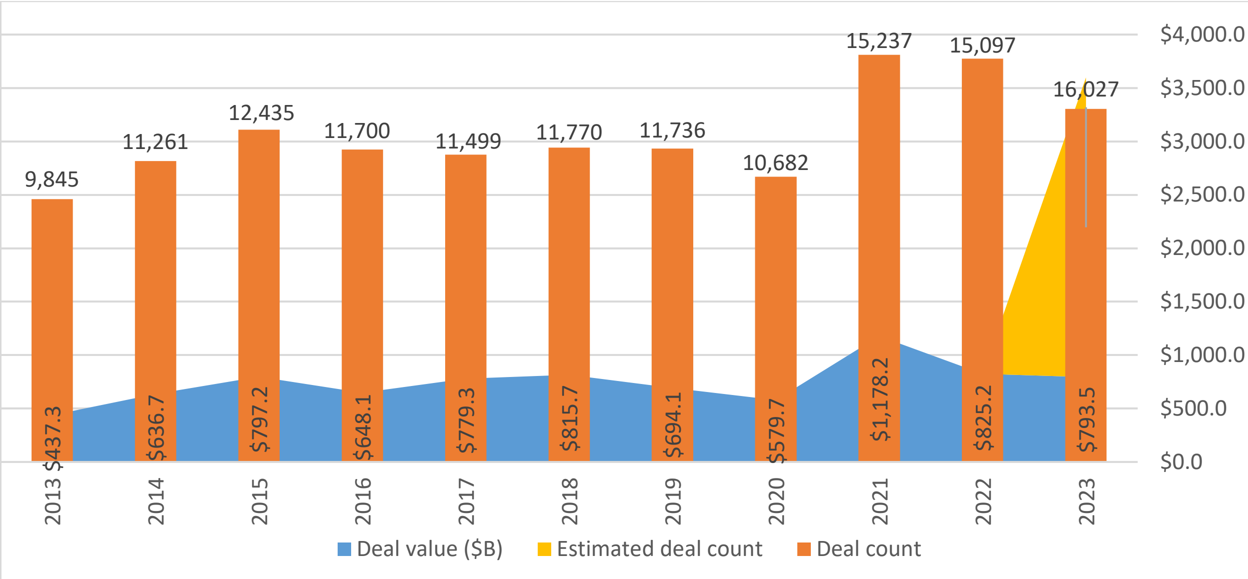

Figure 8: B2B Mergers and Acquisitions Deal Activity Data

Private equity (PE) firms demonstrated a keen interest in public companies, with four of the top 20 B2B deals for 2023 involving a public company being taken private by a PE buyer. The largest of these transactions was Apollo's $8.1 billion take-private of specialty chemicals distributor Univar Solutions in March. Additionally, Apollo, along with Irenic Capital Management, took private aluminum parts supplier Arconic for $5.2 billion a few months later. PE firms explored opportunities across various industries, exemplified by Clayton, Dubilier & Rice and Stone Point Capital's $7.0 billion acquisition of Focus Financial Partners, a consultant to wealth management firms, in February. Stone Point Capital highlighted that Focus's transition to a private company would enhance financial and operating flexibility, allowing it to leverage growth and consolidation in its industry.

Corporate divestitures were driven by businesses aiming to streamline noncore assets in response to macroeconomic challenges, leading to increased efficiency and cost reduction. Most divested assets were acquired by corporate strategics rather than PE buyers. The largest carveout deal involved Carrier Global's $13.1 billion acquisition of German manufacturer Viessmann Climate Solutions from the Viessmann Group in April. This acquisition positioned Carrier Global as a leader in climate and energy solutions, enabling the company to capitalize on Europe's energy transition.

B2C

Deal value has fallen below historical trends in the B2C sector, with approximately 8,711 M&A deals closing or being announced, amounting to a combined value of $434.9 billion in 2023. Year-on-year, deal value witnessed a decline of 28.7%, while deal count experienced a modest increase of 0.5%. Comparing these figures with pre-pandemic averages (2017 to 2019), deal value plummeted by 32.1%, while deal count saw a notable rise of 31.9%. These patterns underscore the persistent challenges of lower valuations and difficulties in securing funds for significant acquisitions throughout the year. Correspondingly, the median B2C deal size has decreased for the second consecutive year, reaching a new low of $16.4 million. B2C faced subdued investor confidence due to an uncertain macroeconomic outlook and high inflation, resulting in weak and volatile consumer sentiment. Consequently, B2C's share of global M&A value declined by approximately 3% in 2023. Moving into 2024, deal activity is expected to commence slowly as buyers assess the direction of interest rates. Simultaneously, cash-rich private equity firms and corporations are anticipated to pursue deals to expedite growth and fortify their positions amid market uncertainty and evolving consumer trends.

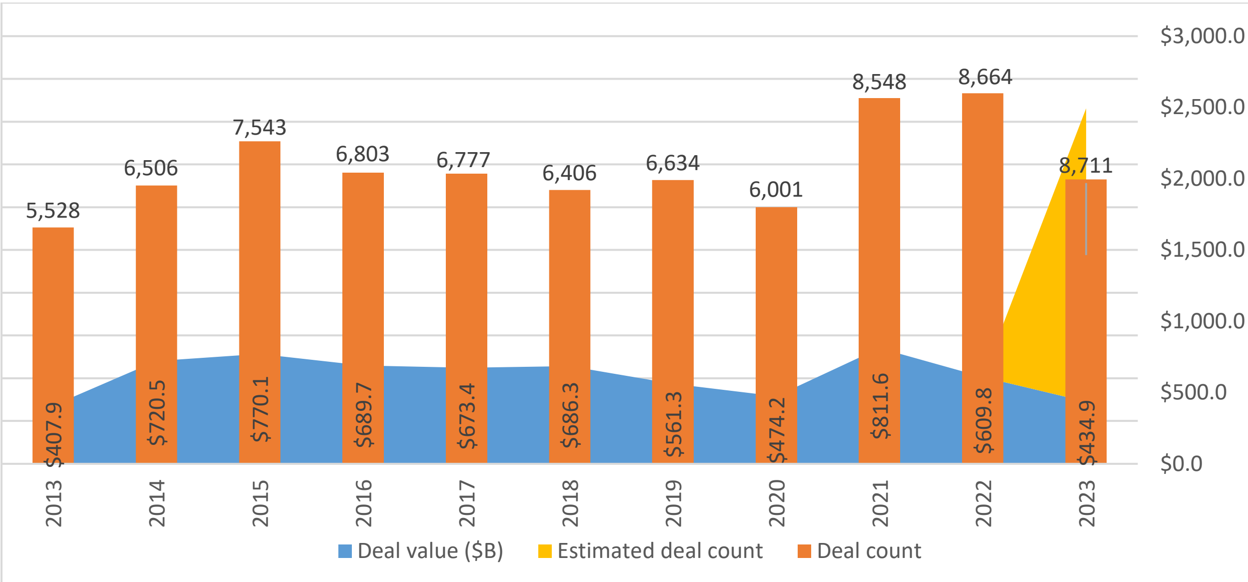

Figure 9: B2C Mergers and Acquisitions Deal Activity Data

Buyers in the B2C sector actively pursued megadeals within automotive companies, seeking transformational opportunities despite challenges posed by high interest rates and increased input costs. Automotive deals constituted a significant portion of the top B2C deals, exemplified by Bolt's $6.0 billion acquisition of Mazda Motor in April—the largest transportation deal in 2023. Bolt outlined plans to develop a new electric bio-car by 2030, aligning with its goal to transition its entire fleet to zero-emission vehicles by the same year and Mazda's aspiration to be carbon neutral in the long term. In December, Finnish car dealership business Wetteri Group acquired Suvanto Trucks for $4.5 billion. Suvanto Trucks, a Finnish automotive dealership specializing in commercial vehicles and trucks, positions Wetteri to build a national network in used heavy vehicles, setting the stage for larger operations and innovations in response to the evolving automotive industry.

Energy

Energy M&A concluded 2023 on a robust note, marking its strongest performance since 2016. Despite an initially slow-paced first half, the second half, particularly Q4, propelled the sector forward. Q4 alone witnessed four of the sector's five largest deals for the year, setting a quarterly record with a total deal value of $194.2 billion, surpassing the $186.6 billion in aggregate deal value from the preceding three quarters. The sector concluded the year with 1,135 deals totaling $380.8 billion. Notably, the median deal size in the energy sector reached a new high of $109.0 million, reflecting an 11.8% increase from $97.5 million in 2022 and a substantial 39.7% rise from $78.0 million in 2021.

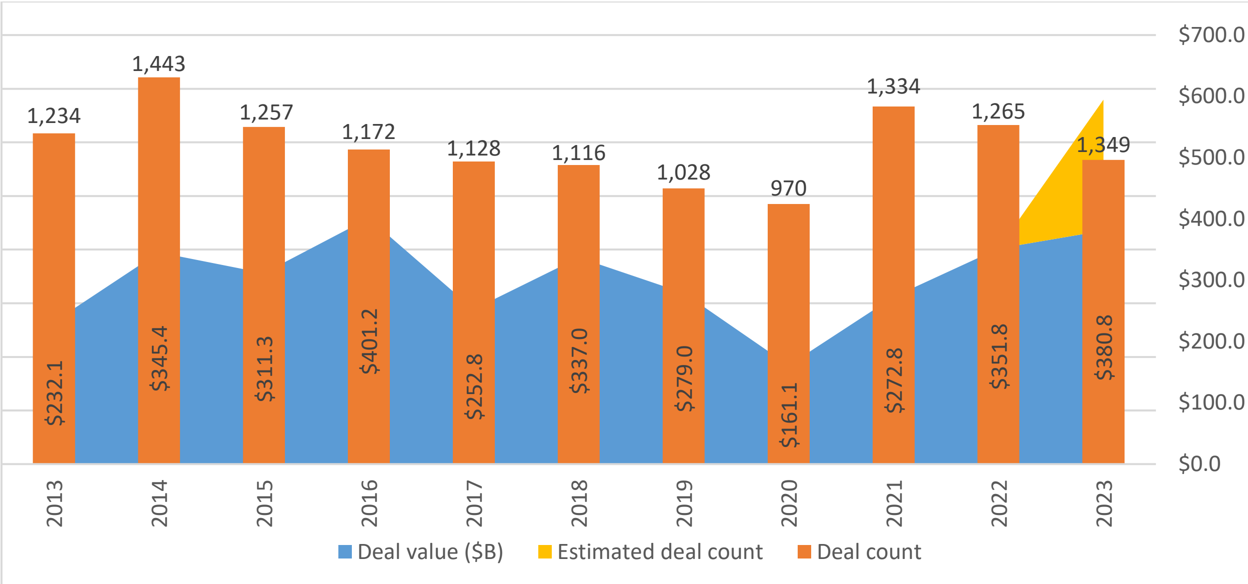

Figure 10: Energy Mergers and Acquisitions Deal Activity Data

Consolidation in the oil & gas segment played a pivotal role, driven by two significant M&A deals in Q4, totaling over $120 billion in deal value. These transactions marked the largest mergers among US oil & gas producers since Exxon Mobil's $81.0 billion acquisition of Mobil in 1998.[3] In October, Exxon Mobil announced a $64.5 billion acquisition of Pioneer Natural Resources, ranking as the second-largest deal in its history and transforming its upstream portfolio. Shortly thereafter, Chevron agreed to acquire Hess Corporation for $60.0 billion, its largest acquisition to date. This strategic move enhances Chevron's portfolio, with Hess Bakken's assets complementing its DJ and Permian Basin operations, reinforcing domestic energy security.[4]

The momentum of the energy transition continued to drive deals in the clean tech industry, as investors expressed optimism about the growth opportunities arising from the clean energy transition. In December, KKR announced a $1.6 billion take-private transaction to acquire British energy infrastructure company Smart Metering Systems (SMS). KKR aims to accelerate SMS's growth and transition it into a fully integrated, end-to-end energy infrastructure company.[5] In November, Norwegian energy company Statkraft agreed to acquire Spanish renewable energy company Enerfin for $1.9 billion, reinforcing Statkraft's position as a major player in renewable energy and significantly strengthening its presence in Spain and Brazil.

Financial Services (FC)

Financial services deal value has experienced a second consecutive year of decline, attributed to a challenging macroeconomic outlook and a mini-crisis in the banking sector earlier in 2023. Throughout the year, deal value within the financial services sector remained subdued, fluctuating between $75 billion and $85 billion quarterly. This recent stagnation falls below the pre-pandemic quarterly average of $117.2

[3] https://www.reuters.com/business/energy/biggest-oil-gas-sector-deals-since-2000-2023-10-06/
[4] https://www.chevron.com/newsroom/2023/q4/chevron-announces-agreement-to-acquire-hess
[5] https://www.reuters.com/markets/deals/uks-smart-metering-systems-agrees-163-bln-takeover-offer-2023-12-07/

billion, representing a 51.4% decrease from the peak in Q3 2021. On an annual basis, a total of 2,771 financial services deals were announced or completed in 2023, accumulating to a combined value of $319.4 billion. The median deal size for financial services in 2023 was $47.4 million, slightly lower than the pre-pandemic median of $50.0 million.

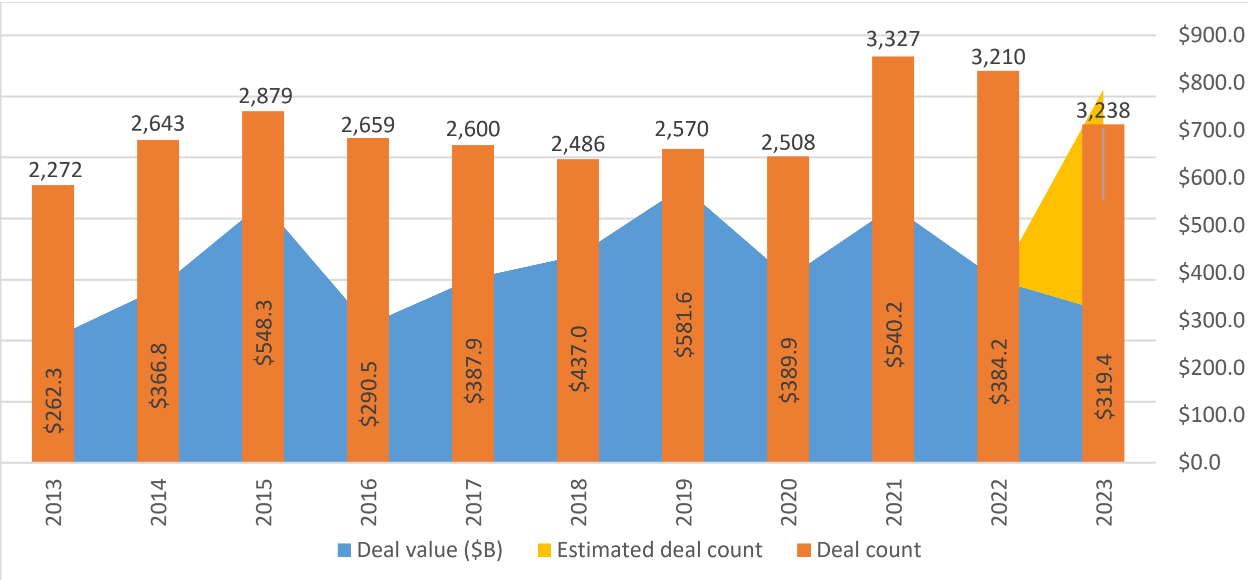

Figure 11: Financial Services Mergers and Acquisitions Deal Activity Data

Despite the overall downturn, acquirers within the financial services industry seized opportunities in the insurance sector to spur growth across insurance platforms. In December, Aon inked an agreement to acquire NFP—a middle-market broker specializing in property and casualty, benefits consulting, wealth management, and retirement plan advisory—for $13.4 billion. This strategic move aims to broaden Aon's presence in the rapidly growing middle-market segment, offering comprehensive services in risk management, benefits, wealth management, and retirement plan advisory.[6] It also enhances distribution through the Aon Business Services platform, delivering increased value to clients. Similarly, Prosperity Life Group has agreed to acquire National Western Life Insurance Company in a $1.9 billion take-private transaction, complementing Prosperity's existing value proposition to policyholders.[7]

In the fourth quarter, real estate investment trusts (REITs) underwent significant transactions. Realty Income Corporation announced its $9.5 billion acquisition of Spirit Realty Capital in October. Upon completion, the merged company will boast an enterprise value of approximately $63 billion, strengthening Realty Income's position with increased size, scale, and diversification.[8] Similarly, Healthpeak Properties revealed its $2.6 billion acquisition of Physicians Realty Trust, establishing a healthcare properties operator valued at $21 billion. This operator will oversee clinics, hospitals, and

[6] https://www.nfp.com/about-nfp/newsroom/aon-to-acquire-nfp/
[7] https://www.prnewswire.com/news-releases/national-western-and-prosperity-life-group-announce-1-9-billion-cash-merger-301950347.html
[8] https://www.realtyincome.com/investors/press-releases/realty-income-acquire-spirit-realty-capital-93-billion-transaction

surgery centers, primarily located in high-growth markets, expanding its presence strategically and unlocking growth opportunities in the healthcare discovery and delivery sectors.[9]

Healthcare

Global healthcare M&A activity in 2023 came close to matching the figures from 2022, with 2,956 deals announced or closed, totaling $428.0 billion. Healthcare delivery systems worldwide continued to face significant challenges, including rising staffing costs and health-related changes at the population level post-COVID-19. The initial enthusiasm for virtual care delivery diminished by the end of 2023, leading many healthcare organizations with unsustainable business models to rationalize or undergo distressed transactions. Looking ahead to 2024, strategic moves are expected to dominate as industry participants position themselves amid significant shifts in AI, weight loss, value-based care, and healthcare consumerization.

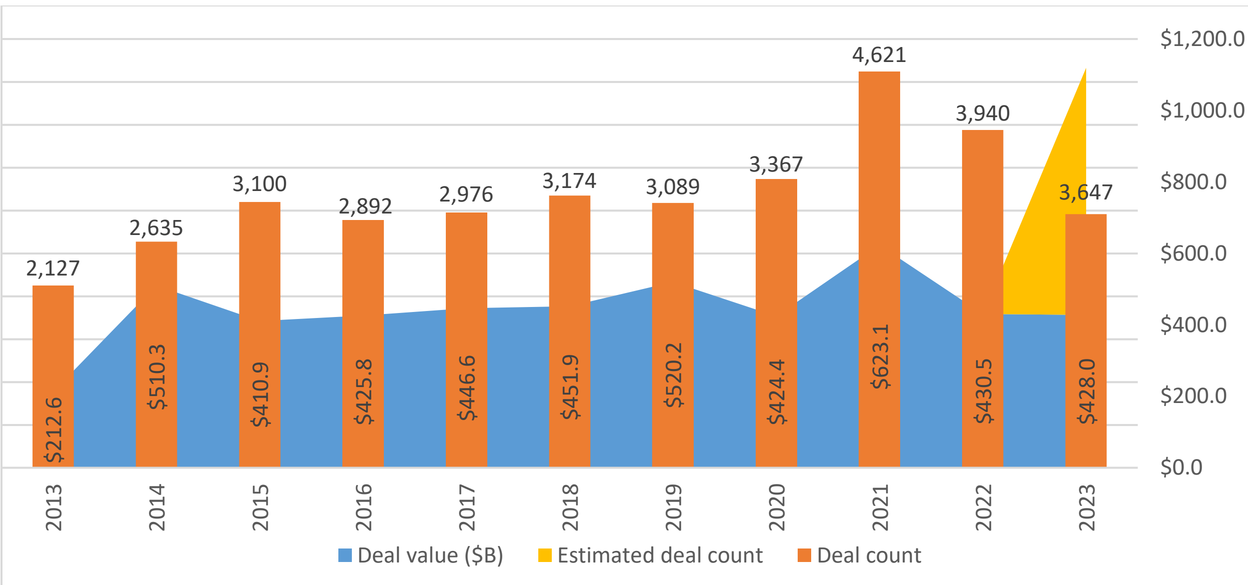

Figure 12: Health Mergers and Acquisitions Deal Activity Data

The pharmaceuticals industry took the lead in healthcare M&A activity in 2023, witnessing a strategic shift among major players. Big Pharma, after redirecting resources used for vaccine manufacturing and distribution, focused on establishing dominance in the thriving weight loss drugs category. Roche acquired Carmot Therapeutics, and Eli Lilly acquired Versanis to enhance their pipelines. The biotech and pharmaceuticals sector had a robust start in 2024 with numerous M&A deals around the J.P. Morgan Healthcare conference. Winners in the weight loss drugs race may utilize their cash reserves to fortify their drug portfolios through substantial deals, akin to Pfizer's acquisition spree in 2022 fueled by its COVID-19 vaccine earnings. Pfizer's $43 billion Seagen acquisition, announced in March 2023, successfully closed in December.

[9] https://ir.healthpeak.com/news/news-details/2023/Healthpeak-Properties-and-Physicians-Realty-Trust-to-Combine-in-an-All-Stock-Merger-of-Equals-to-Create-the-Pre-Eminent-Owner-Operator-and-Developer-of-Real-Estate-for-Healthcare-Discovery-and-Delivery-An-Attractive-and-Growing-Market/default.aspx

The healthcare sector also saw a boost in deal figures in 2023 due to significant care delivery acquisitions by retailers. This included CVS's acquisition of Oak Street Health and Signify, Amazon's acquisition of One Medical, and Walgreens-Village MD's acquisition of Summit Medical Group. Anticipations for retailer-driven M&A in healthcare services to quieten in 2024 relative to the pace set in 2022 and early 2023, as key players focus on integration and unrelated financial challenges. However, there are potential players like Walmart waiting in the wings that may consider acquiring provider assets in the future. Payers continue to be active acquirers of healthcare services assets, pursuing greater vertical integration.

Additionally, there are strategic shifts observed in private equity (PE) healthcare deal activity, some of which may persist even after interest rates fall and PE deal activity recovers. A greater emphasis on healthcare IT and pharma services is expected, while larger firms may show reduced interest in US-based specialty physician roll-ups.

IT

IT deal value faced a downturn in Q4, experiencing a sharp decline of 28.0% QoQ and 29.6% YoY. The absence of a megadeal exceeding $10 billion, like the Splunk-Cisco deal in the previous quarter, contributed significantly to the QoQ decline. However, deal count showed a modest increase of 3.3% QoQ and 1.1% YoY. In the overall analysis for the full year 2023, the trends reflected various challenges to dealmaking compared to 2022, with deal value down by 44.9% YoY and deal count decreasing by 24.1%. To provide a more relevant perspective, considering the abnormally strong fiscal and monetary stimulus in 2021 to H1 2022, we compared 2023 against the pre-pandemic period of 2017 to 2019, revealing a 12.1% decrease in IT deal value and a 7.7% increase in deal count.

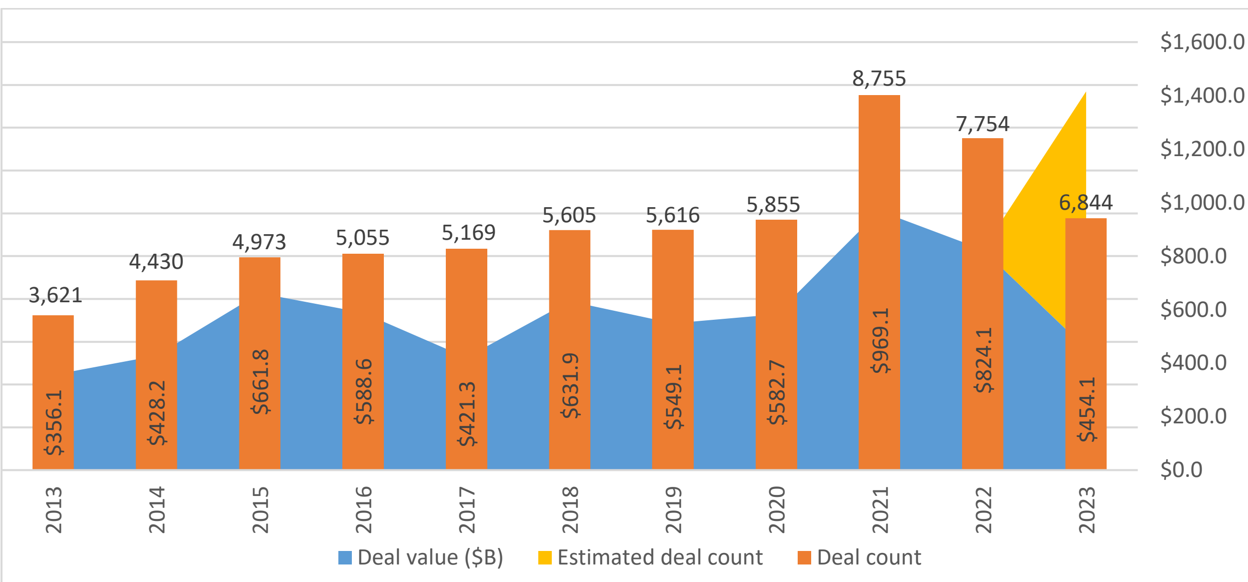

Figure 13: IT Mergers and Acquisitions Deal Activity Data

In 2023, IT contributed to 15.1% of global M&A deal value, marking a significant 800 basis points decrease from 2022 but only 64 basis points below the 2017 to 2019 average. Analyzing deal momentum across sectors revealed a decline in IT, currently holding the lowest deal momentum score. However, in a similar analysis on multiple expansion, IT secured the second-highest score. These dynamics are attributed to the current state of private markets, where firms strategically sell high-quality assets that can achieve strong valuations while holding onto assets when buyers are unable to meet the seller's price expectations.

PE buyers took the lead in the top five IT deals in Q4, with all transactions involving private equity buyers. The largest deal was the $5.3 billion acquisition of Vodafone España by PE firm Zegona Communications, announced in October.[10] This corporate carveout transaction aligns with Vodafone's portfolio optimization strategy, focusing on sustainable markets with sufficient local scale. The second-largest deal involved analytics software vendor Alteryx, acquired by Clearlake Capital Group and Insight Partners for $4.4 billion, including debt.[11] This represented an EV/sales multiple of 4.4x, offering shareholders a substantial premium and increased working capital and industry expertise as a private company.

Materials and Resources

Materials & resources staged a strong comeback in 2023, marking its most successful year in terms of deal value since 2018. Throughout the year, the sector witnessed the announcement or completion of 1,303 deals, totaling $189.0 billion and representing an impressive 39.4% increase in deal value YoY. Known for its cyclical nature, especially during periods of economic uncertainty, the sector experienced a revival of larger-scale deals in 2023, significantly contributing to the overall deal value. Five deals in 2023 surpassed the $5 billion mark, with a combined value of $63.0 billion, contrasting with the sole deal in 2022, amounting to $11.0 billion in total deal value.

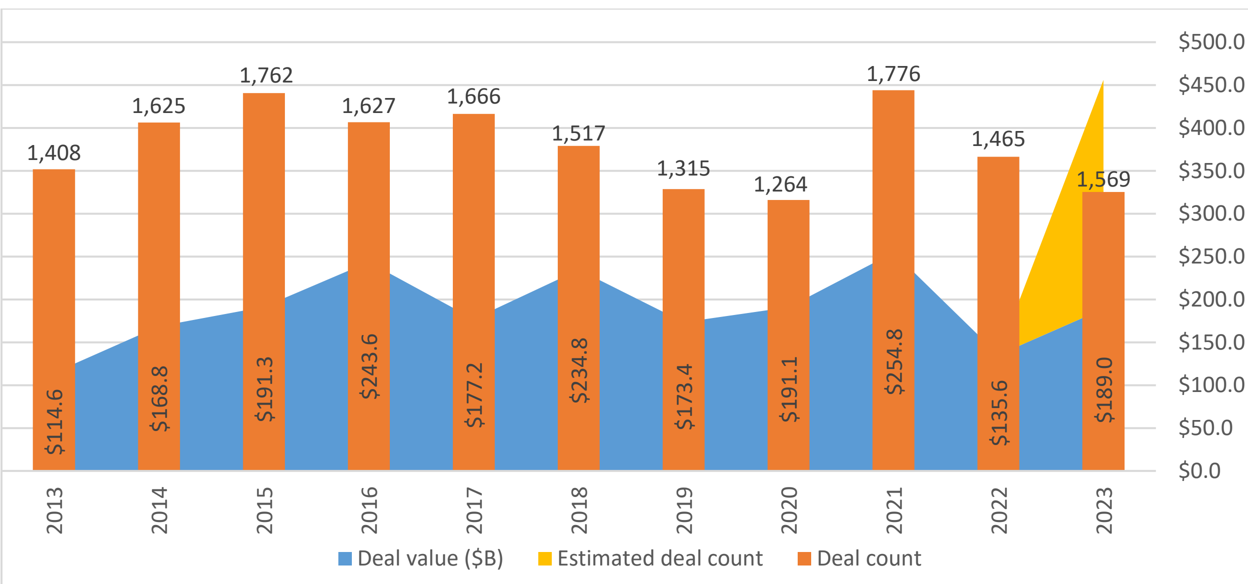

Figure 14: Material and Resources Mergers and Acquisitions Deal Activity Data

The metals, minerals, and mining industry played a pivotal role in the sector's positive performance. NSC, Japan's largest steelmaker and a global industry leader, featured in two of the largest deals, one as a majority stakeholder and the other as a minority stakeholder. In December, NSC agreed to acquire US Steel for $14.9 billion, strategically enhancing its manufacturing and technology capabilities while

[10] https://www.vodafone.com/news/corporate-and-financial/sale-of-vodafone-spain

[11] https://investor.alteryx.com/news/news-details/2023/Alteryx-Enters-into-Definitive-Agreement-to-Be-Acquired-by-Clearlake-Capital-Group-and-Insight-Partners-for-4.4-Billion/default.aspx

diversifying its global presence, particularly expanding production in the US.[12] In another notable transaction, Teck Resources opted to sell its entire interest in Elk Valley Resources, a steelmaking coal business, through a majority stake sale to Glencore for an implied EV of $9.0 billion, with NSC acquiring a minority stake. This acquisition complements Glencore's existing coal production and strengthens its global presence.[13]

The sector also experienced significant opportunities through corporate divestitures in Q4 2023, as acquirers capitalized on noncore assets. Noteworthy among these transactions was the sale of Iowa Fertilizer Company by OCI Group to Koch Ag & Energy, a unit of Koch Industries, for $3.6 billion. This deal facilitates OCI's debt reduction and allows Koch to further invest in its fertilizer business. In the construction industry, Martin Marietta Materials agreed to sell its South Texas cement business to CRH Americas Materials for $2.1 billion, enabling Martin Marietta to focus on growth objectives while empowering CRH in Texas and high-growth markets.

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[12] https://investors.ussteel.com/news-events/news-releases/detail/659/nippon-steel-corporation-nsc-to-acquire-u-s-steel

[13] https://www.glencore.com/media-and-insights/news/acquisition-of-a-77-percent-interest-in-tecks-steelmaking-coal-business-for-USd6-93-bn