WILLIAM FRY

HALF-YEAR M&A REVIEW 2021

AUGUST 2021

CONTENTS

KEY TRENDS IN IRISH M&A

M&A DEAL VOLUME

33%

Deal volume rose by 33% from H1 2020 to H1 2021 to reach 106 deals, a new record high for any half-year period on Mergermarket record

PRIVATE EQUITY

477%

PE value leapt up by 477% year on year to a total of €9.8bn in the first six months of 2021

€1.7BN
H1 2020

€9.8BN
H1 2021

INBOUND DEALS

76 DEALS = €15BN

Inbound activity rose by both volume and value on H1 2020

MEGADEALS

There have been nine deals each worth €500m or more in H1 2021, triple the total number of transactions at that value in the whole of 2020

OVERVIEW

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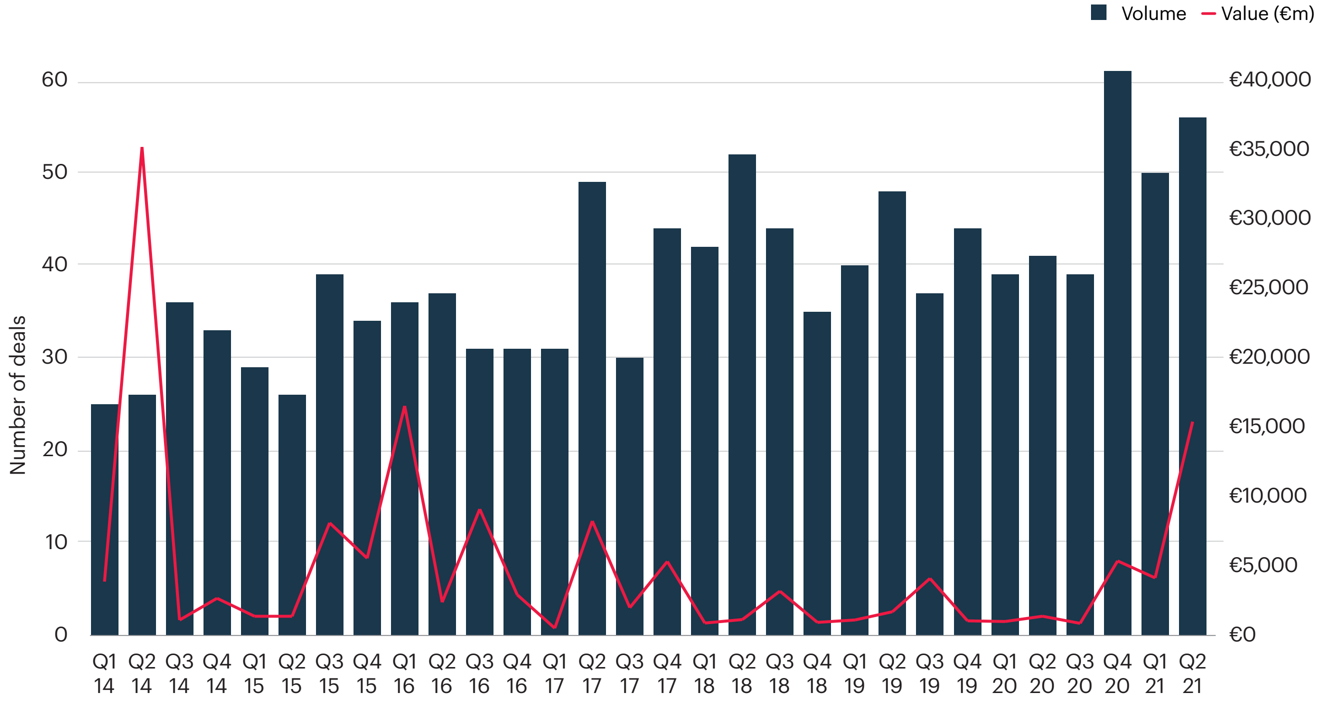
Irish M&A deals reached a new record high in the first six months of 2021, continuing to build on the momentum experienced in the final quarter of 2020. A total of 106 deals were recorded in the first half of the year – a 33% rise on the same period in 2020 and the most of any half-year period on Mergermarket record (since 2006).

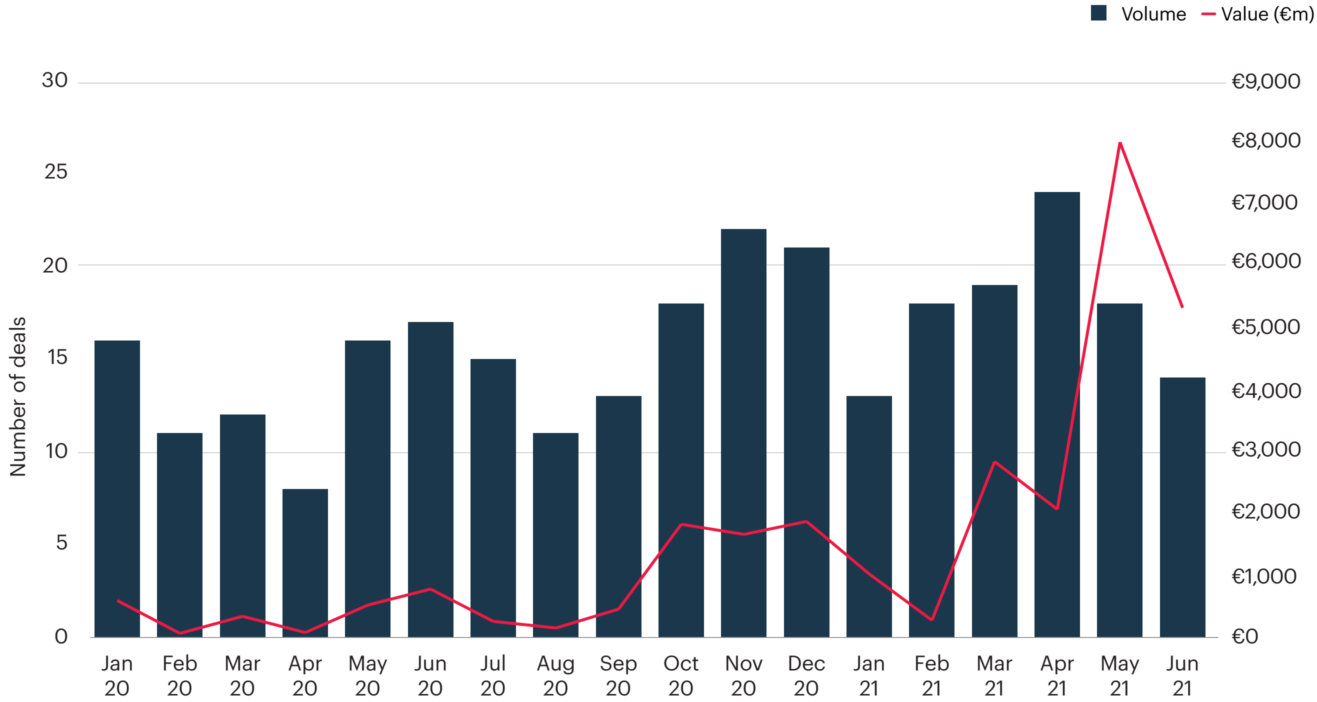
Deal value was also impressive, as rising demand in high-growth sectors boosted activity at the top end of the market. Total value came to €19.6bn in the first six months of the year, more than eight times H1 2020's figure of €2.4bn and the highest value of any half-year period since H1 2014.

International buyers – both corporate and private equity – have been a key driver of activity, with the value of M&A conducted by overseas bidders totalling €15bn in the first half, already more than the €8.3bn in total across the whole of 2020. Competition within high-growth sectors such as TMT, healthcare and consumer served to push up valuations, and activity shows no signs of slowing down.

IRISH M&A QUARTERLY TRENDS, 2014-H1 2021



IRISH M&A MONTHLY TRENDS, 2020-H1 2021



TOP 20 DEALS H1 2021

Announced date	Target company	Sector	Bidder company	Bidder dominant country	Seller company	Seller dominant country	Deal value €(m)
28/06/2021	Ulster Bank Ireland DAC (performing commercial lending business)	Financial services	Allied Irish Banks Plc	Ireland (Republic)	Royal Bank of Scotland Group Plc	United Kingdom	4,100
12/05/2021	UDG Healthcare Plc	Business services	Clayton, Dubilier & Rice, LLC	USA			3,359
29/03/2021	Fly Leasing Limited	Financial services	Carlyle Aviation Partners	USA			1,951
28/05/2021	Planet	TMT	Advent International Corporation	USA	Eurazeo SA	France	1,800
10/05/2021	Valeo Foods Group Limited	Consumer	Bain Capital, L.P.	USA	CapVest Partners LLP	United Kingdom	1,700
01/06/2021	Beauparc Utilities Limited	Industrials & chemicals	Macquarie Asset Management, Inc.	Australia	Blackstone Group Inc ; Eamon Waters (private investor)	Ireland (Republic)	1,000
07/05/2021	Navitas Semiconductor, Inc.	TMT	Live Oak Acquisition Corp. II	USA			785
19/01/2021	Mainstream Renewable Power Limited (75% Stake)	Energy, mining & utilities	Aker Horizons AS	Norway			675
16/04/2021	Brookfield Renewable Ireland Limited	Energy, mining & utilities	Orsted A/S	Denmark	Brookfield Renewable Energy Partners L.P.	Canada	571
30/04/2021	Fenergo Limited	TMT	Bridgepoint Advisers Limited; Astorg Partners	United Kingdom	DXC Technology Company; Insight Partners	USA	497
27/04/2021	Proper No. Twelve Irish Whiskey	Consumer	Proximo Spirits, Inc	USA	Conor McGregor (Private Investor)	Ireland (Republic)	497
11/03/2021	Six Nations Rugby Ltd (14.28% Stake)	Leisure	CVC Capital Partners Limited	United Kingdom			426
12/04/2021	Healthcare 21 Group	Pharma, medical & biotech	AddLife AB	Sweden	H2 Equity Partners B.V.	Netherlands	240
24/03/2021	Aqua Comms Limited	TMT	Digital 9 Infrastructure plc	United Kingdom	Cartesian Capital Group, LLC; Ireland Strategic Investment Fund	USA	182
13/05/2021	Evat Solutions Limited	TMT	Vertex, Inc.	USA			166
19/01/2021	Trinity Care	Pharma, medical & biotech	DomusVi SAS	France	Anne Heraty (Private Investor); Paul Carroll (Private Investor)	Ireland (Republic)	150
02/03/2021	Goodbody Stockbrokers UC	Financial services	Allied Irish Banks Plc	Ireland (Republic)	Fexco Unlimited Company; Management Vehicle	Ireland (Republic)	138
07/04/2021	Sentenial Limited	TMT	EML Payments Ltd.	Australia			110
12/04/2021	GH Research Ireland Ltd.	Pharma, medical & biotech	Venrock; OrbiMed Advisors, LLC; Deerfield Management Company, L.P.; RA Capital Management, LLC; BVF Partners L.P.; Boxer Capital, LLC; Cormorant Asset Management, LLC; RTW Investments L.P.; Acuta Capital Partners, LLC; Surveyor Capital; Logos Capital; Verition Fund Management LLC	USA			105
22/06/2021	Kayfoam Woolfson, Ltd.	Consumer	Leggett & Platt, Incorporated	USA	FL Capital Partners	Ireland (Republic)	100

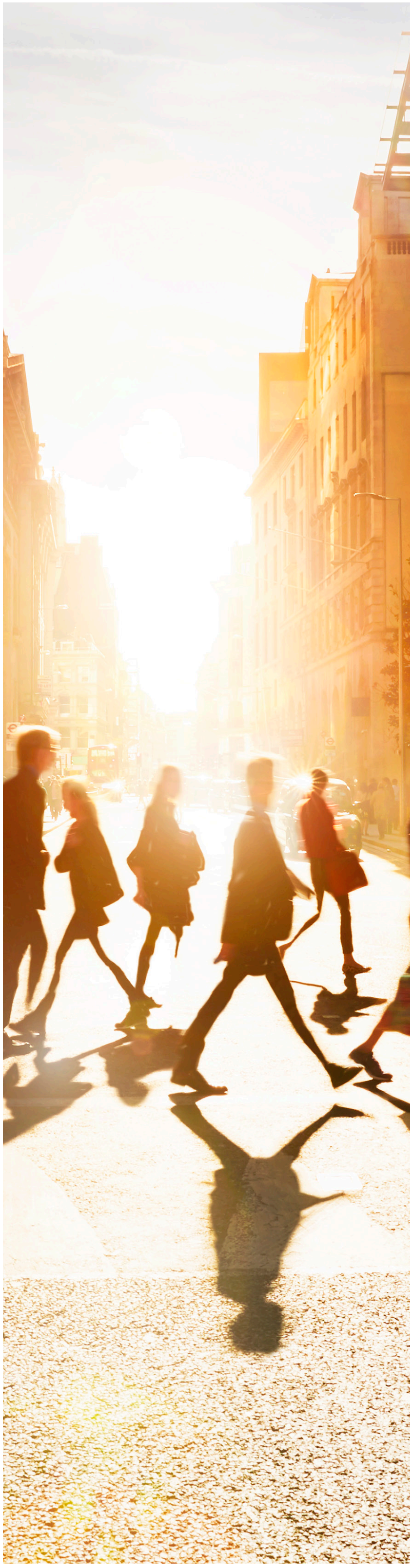
DEAL FOCUS

The first six months of the year saw a steep uptick in activity at the top end of the market, with nine deals valued at over €500m posting a combined value of €15.9bn. To put this into perspective, this is the highest number of deals within this price bracket in over four years. Activity has been driven by interest from international buyers, whose appetite for Irish multinationals and homegrown talent has remained undiminished despite the events of the past 16 months.

In a clear sign of confidence in Ireland's deal market, six deals secured a price tag of over €1bn in the first half of the year, the largest being Allied Irish Bank's (AIB) acquisition of Ulster Bank Ireland's commercial lending business from the Royal Bank of Scotland for €4.1bn.

Financial and business services dominated the top end of the market. Aside from the AIB/Ulster Bank transaction, the third transaction was Carlyle Aviation Partners' purchase of Fly Leasing Limited. The purchase of the aircraft leasing company, valued at €1.95bn, is a sign that optimism is returning to the beleaguered aviation industry. While hit hard by the impact of COVID-19, investors will be banking on a steep return in traffic once restrictions on travel are lifted.

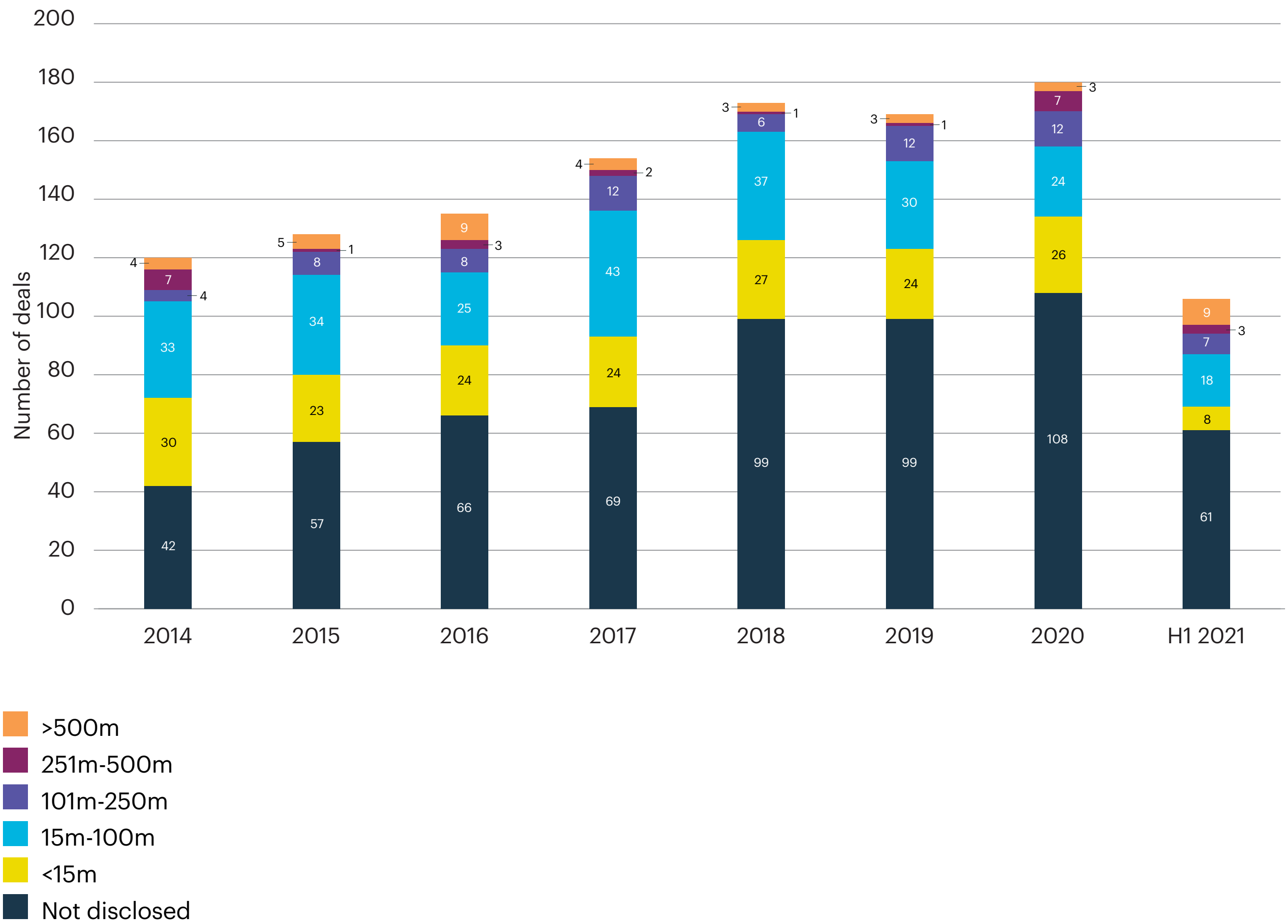
The second largest deal was in the business services sector and saw UDG Healthcare, a healthcare advisory, communications and manufacturing firm, receive a takeover offer from US-based PE firm Clayton, Dubilier & Rice. The €3.4bn deal serves as an endorsement of the healthcare industry in Ireland – one of the country's strengths.



Typically the mainstay of the Irish M&A deal landscape, the mid-market (€5m-€250m) continued to perform well in the first half of the year, accounting for 73% of deals with disclosed value. The largest mid-market deal of the year was Swedish medtech company Addlife's €240m purchase of Cork-based medical equipment supplier Healthcare 21. The deal highlights the appeal of Irish homegrown life sciences talent for international firms looking to access new markets.

Overseas interest in local companies operating in high-growth sectors such as healthcare and TMT remained strong during the first half of the year. With this driving force behind it, the Irish mid-market is expected to remain active throughout the rest of the year.

IRISH M&A SPLIT BY DEAL SIZE



SECTOR WATCH

Following on from an active 2020, the TMT sector continued to generate the largest number of deals across all sectors in the first six months of 2021, taking up 27% of overall M&A volume. Six of the top twenty deals during this period took place within the sector, and the sector took up 19% of total M&A value – the second highest after financial services.

The largest TMT deal in H1 saw US PE firm Advent International acquire an undisclosed stake in fintech firm Planet, alongside existing investor Eurazeo, in a deal which valued the target at €1.8bn. The transaction is reflective of growing deal activity in the payments space, as well as a bet on recovery in the travel industry – in addition to payments, Planet provides currency conversion and VAT refund processing services for tourists.

Other deals in the TMT sector demonstrated how broad and varied Ireland's tech expertise is. The second largest transaction in the sector in H1 saw Navitas Semiconductor merge with US-listed SPAC Live Oak Acquisition Corp, at a €785m valuation.

Navitas is focused on gallium nitride (GaN), a next-generation semiconductor technology that reportedly runs up to 20 times faster than legacy silicon. This technology has potential for electric vehicles, as well as consumer electronics, and Navitas could benefit from increasing demand for connectivity post-pandemic and the ongoing trend of electrification as companies shift away from fossil fuels.

Digital 9's acquisition of subsea fibre firm Aqua Comms, valued at €182m, is another deal powered by growing demand for connectivity. Deals within tech subsectors that support the global shift online – such as e-commerce, telecoms and semiconductors – will continue to attract M&A attention over the course of the year.

While the TMT sector attracted the highest number of deals, it was financial services that delivered the highest deal value – accounting for 32% of market share in the first six months of the year. Its dominance is largely due to Ulster Bank Ireland's acquisition by the Royal Bank of Scotland for the deal value of €4.1bn.

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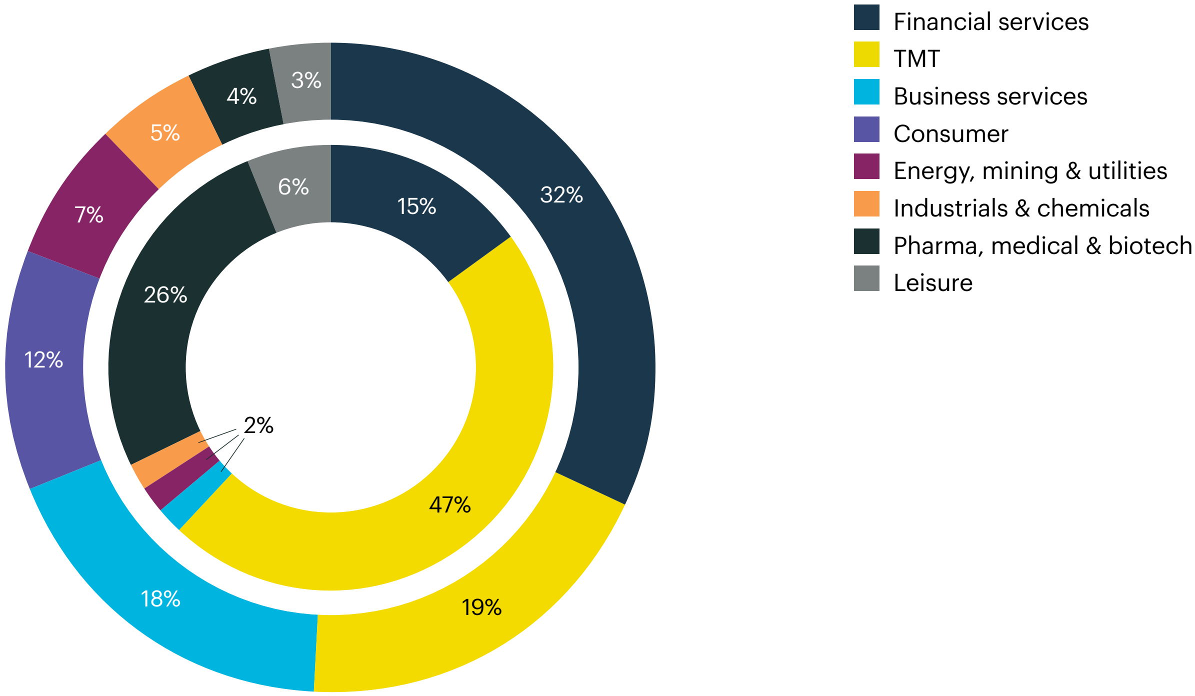
The third largest sector by value was consumer, which posted €2.2bn across four deals in the first half of the year. While the same number of deals were announced in H1 2020, none of these had disclosed values. The €1.7bn acquisition of Valeo Foods by Bain demonstrates the attractiveness of food and beverage manufacturers which have shown tremendous resilience through the pandemic. Moreover, M&A within the sector is set to heat up as buyers look to adapt to changes in consumer behaviour seen amidst the COVID-19 dislocation period – particularly in relation to online shopping, home improvement, fitness and gaming.

A notable trend of 2021 so far has been the growing number of deals within the renewable energy sector. Solar and wind assets have been in high demand, as seen in Norwegian sustainable investment company Aker Horizon's €675m acquisition of Mainstream Renewable Power – an Ireland-based developer of utility-scale wind and solar plants around the world.

In another deal targeting Ireland's renewables potential, Danish multinational power company Orsted purchased Brookfield Renewables' onshore wind business in Ireland and the United Kingdom, Brookfield Renewable Ireland (BRI). Headquartered in Cork, the target currently has a portfolio of 389MW in operation and under construction. Regulatory support and investor interest in clean energy sources could prompt a further wave of M&A targeting renewables firms during the second half of the year.

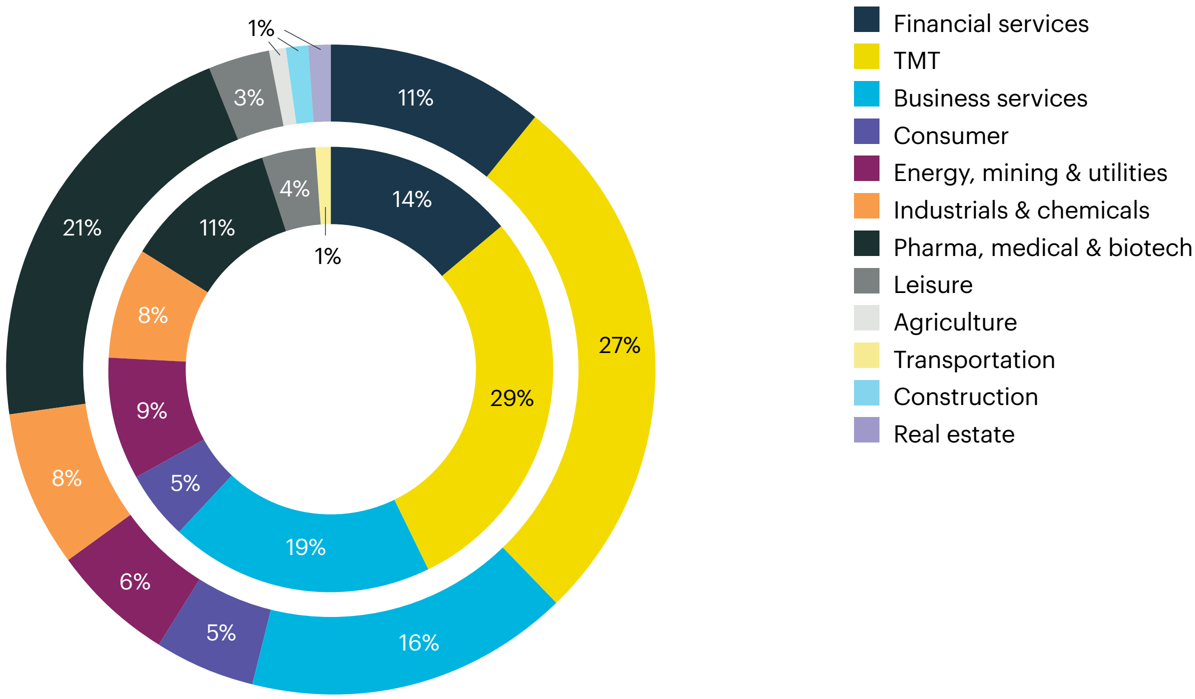
IRISH M&A VALUE BY SECTOR 2020-2021 H1

Inner circle: 2020
Outer circle: 2021



IRISH M&A VOLUME BY SECTOR 2020-2021 H1

Inner circle: 2020
Outer circle: 2021



INBOUND ACTIVITY

The first half of the year was characterised by an influx of overseas interest in Irish assets. Particular interest focused on sectors which saw demand increase amidst the pandemic such as healthcare, TMT and consumer. International investors continue to be drawn to Ireland's open economy, educated workforce and competitive tax rate, with multinationals and homegrown talent alike offering attractive returns.

Reflecting the dominance of overseas buyers in Ireland's M&A market, 18 out of the top 20 deals of H1 were inbound transactions. While inbound activity remained resilient over the course of 2020, the growth in deal size seen in H1 2021 reflects an increasing confidence in the market – the €15bn in value in the first six months of the year has already overtaken total value in the entirety of 2020. A total of 76 inbound transactions in the first half represents a 25% increase compared to H1 2020.

US buyers spent €10.7bn on Irish firms – the highest value of any inbound country. They were also the most active buyers in terms of volume, securing 26 deals during the first half of the year. The largest of these deals – and the largest overall of the first five months – was the previously mentioned acquisition of UDG Healthcare, a healthcare advisory and communications firm, by PE firm Clayton, Dubilier & Rice.

US-based PE firms were not the only ones interested in the Irish market – corporate buyers based in the US were also active this year, as seen in tax technology solutions provider Vertex's €166m acquisition of Evat Solutions (Taxamo). The all-cash deal for Taxamo – a cloud-based pioneer in tax and payment automation for global e-commerce and marketplaces – is a clear bet of confidence in Irish homegrown tech talent.

The UK came in second place behind the US, with 16 deals worth €1.29bn announced during the first half of the year. The largest of these deals was the acquisition of an undisclosed stake in Fenergo, another Irish fintech firm, by UK PE firm Bridgepoint in partnership with French PE group Astorg. Media reports have estimated that the deal was for US$600m and valued the bank solutions provider at just over US$1bn, making it Ireland's third tech unicorn.

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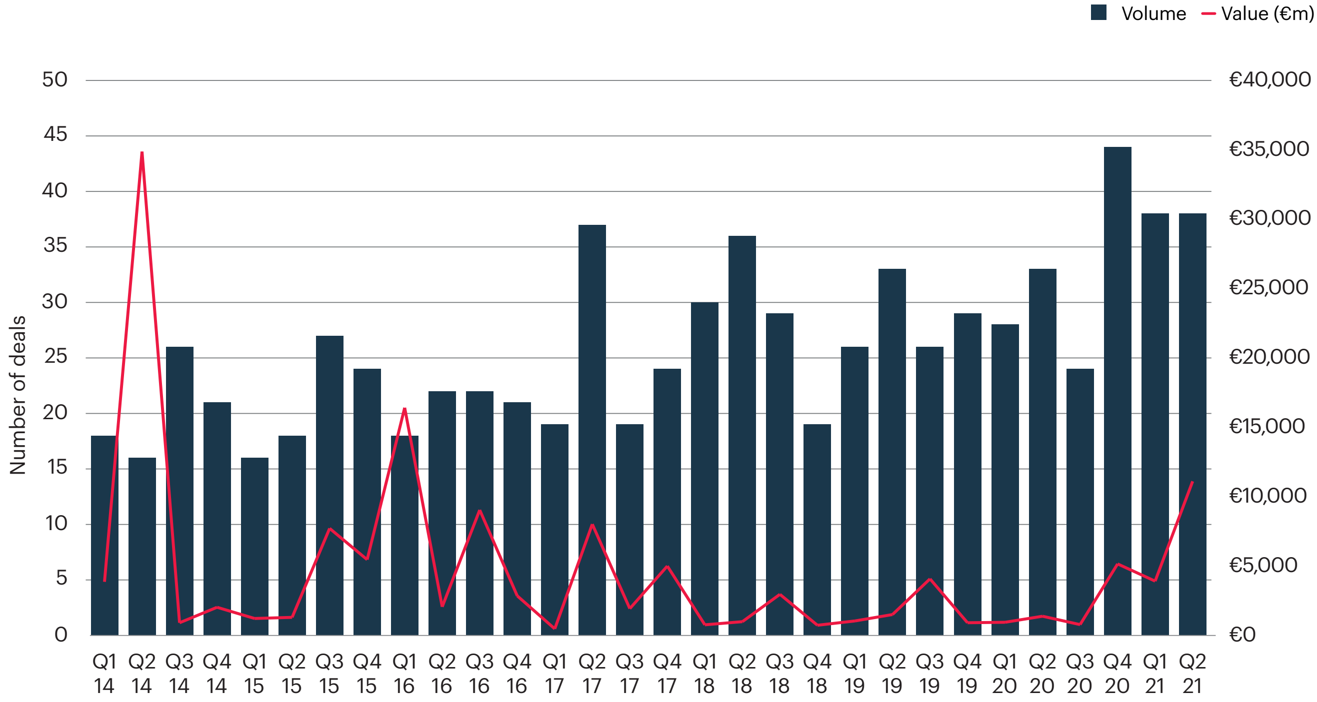
INBOUND M&A, 2014-H1 2021



Irish dealmakers will be keeping an eye on the G20's discussions regarding setting a minimum corporate tax rate. Ireland has been one of seven countries not to join a coalition of 132 countries which have agreed to changes to the international tax system which will set a minimum rate of 15% for corporate tax, which the OECD announced in early July.

Although changes to the international tax system will inevitably have an impact on Ireland – which has one of the most favourable corporate tax regimes in the world – the country need not worry about a mass exodus of multinationals. Ireland's status as the only English-speaking country remaining in the EU, as well as its highly educated and tech-savvy workforce, is set to continue attracting investment.

With the recently agreed Brexit deal in place, international businesses will continue to seek a foothold in Europe through M&A transactions – regulated industries, fintech among them, are key beneficiaries. While this trend has been accelerating over recent years, the agreement will bring a renewed sense of certainty to the market. Dealmakers will be watching any Brexit developments closely as they begin to look towards a post-pandemic future.

PRIVATE EQUITY

Ireland's private equity activity displayed a clear shift towards the top end of the market in the first half of 2021. A total deal value of €9.8bn announced in the first half of the year represented an impressive 477% year-on-year increase, reaching the highest half yearly value since H2 2015. Total deal volume of 29, meanwhile, dipped by 3 transactions compared to H1 2020. The buoyant activity thus far in 2021 comes on the back of strong 2020 figures, which saw a 49% year-on-year rise in volume to 58 deals and an 81% increase in value to €4.6bn.

The largest deal of H1 2021 was US buyout firm Clayton, Dubilier & Rice's aforementioned purchase offer for UDG Healthcare for €3.4bn. US-based PE firms continued their dominance in the Irish market, being responsible for five of the top ten PE deals in H1.

The second and third largest PE deals – Advent and Eurazeo's €1.8bn acquisition of Planet and Bain's US$1.7bn acquisition of Valeo – both also involve US-based bidders.

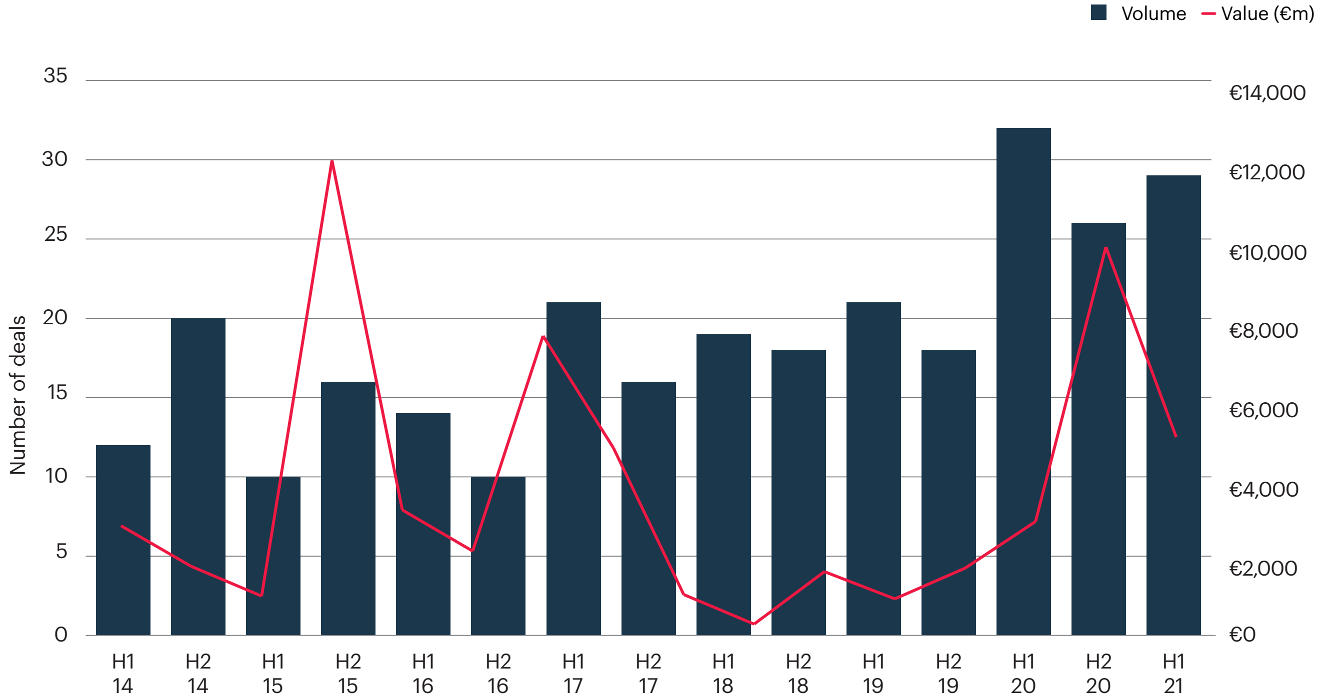
UK PE firms were active in the Irish deal market, showing a particular focus on TMT assets. Both Bridgepoint/Astorg's acquisition of Fenergo and Digital 9 Infrastructure's purchase of Aqua Comms highlight their interest in Ireland's homegrown tech talent.

The pandemic boosted demand for technology companies, due to the global shift online. This trend will continue to drive interest in Ireland's tech scene from international PE houses in the second half of the year.

Another factor contributing to healthy interest in Irish firms is the US$1.6tn of dry powder that global PE funds are estimated to have at their disposal. Firms sitting on record levels of dry powder will be looking to capitalise on opportunities created by the pandemic – a positive sign for the Irish deal market. Increasing competition for deals, meanwhile, will continue to push up price tags, ensuring that activity at the top end of the market remains robust.

A total deal value of €9.8bn announced in the first half of the year represented an impressive 477% year-on-year increase, reaching the highest half yearly value since H2 2015.

IRISH M&A PE QUARTERLY TRENDS, 2014-H1 2021



OUTLOOK

Ireland's economy looks set to brighten over the course of the year. The European Commission is projecting that Ireland's GDP will grow at an impressive 7.2% this year and 5.1% in 2022. This stands ahead of the Euro area, which is predicted to grow by 4.8% in 2021 and 4.5% in 2022, according to the EC's interim forecast published in July 2021.

Domestic demand, which fared worse than overall GDP, is also expected to expand in 2021 and 2022. Although domestic consumption shrank by 9% in 2020, it is expected to grow by 5.5% in 2021 and 8.6% in 2022, according to the EC's last full forecast, published in May.

Improving economic fundamentals will support deal activity over the course of the year. Areas of the global market that thrived during the pandemic – technology, pharma and healthcare – are pillars of the Irish economy, and international buyers will continue to pay high price tags for companies operating in these sectors.

Yet headwinds remain. In a post-pandemic deal environment, protectionism could increase, with the EU's recently released guidance on FDI a potential sign of things to come. Dealmakers will also be closely watching G20 discussions surrounding a minimum corporate tax rate. Furthermore, Ireland's reliance on international investment means that Ireland's M&A market is particularly vulnerable to future waves of COVID-19 in key trading markets such as the US and UK.

H1's performance shows that Ireland is resolutely open for business. International PE funds in particular, with access to unprecedented amounts of capital, will continue to search for attractive acquisition targets. Overseas buyers will continue to be drawn to Ireland's business-friendly economy, thriving multinational scene and homegrown talent. With the macroeconomic picture continuing to improve, the stage looks set for a stand-out year for Irish deal-making.

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ABOUT WILLIAM FRY

As one of Ireland's largest law firms, William Fry LLP ("William Fry") offers unrivalled legal and tax expertise across the full breadth of the business sector. M&A is core to our practice at William Fry. Our team has top-tier credentials, a wealth of experience and an impressive depth of expertise. We are consistently involved in the most sophisticated and complex corporate transactions in Ireland, including large cross-border deals. We focus on identifying and delivering on our clients' priorities.

With a staff of over 460, the Firm operates a large international practice with offices in Dublin, Cork, London, New York, San Francisco and Silicon Valley, and regularly acts in cases involving other jurisdictions, including the United Kingdom, the United States, Asia, the Netherlands, Germany, France, Spain, Italy, Poland and Eastern Europe.

Recent awards include:

Finance Dublin's Deals of the Year Awards 2021 –

- M&A – Merger: Flutter Entertainment plc merger with The Stars Group Inc
- Equity Capital Markets - International Equity Markets: FINEOS Corporation Holdings plc
- Debt Capital Markets: Refinancing Programme – Ardagh Packaging Finance plc 2021 Notes programmes
- Loans & Financing, & Private Equity – Refinancing – Ireland: Uniphar
- Loans & Financing, & Private Equity – Green Finance (SME): LD Power Limited
- Financial Services Ireland & International Financial Services – Ireland: Financing & Acquisition: Chill Insurance & Ivernia Insurance by Livingbridge

Recent rankings include:

- We are one of only two Irish law firms who have been ranked in the top 3 for Irish M&A activity annually by deal volume since 2015 (Mergermarket).
- Consistently ranked as a top law firm for Corporate/M&A work by leading M&A league table houses including Mergermarket, Refinitiv, Bloomberg, Experion.
- Consistently ranked in the top Tier / Band by leading international legal directories Chambers Global / Europe, Legal 500 EMEA and IFLR1000.

Recent directory commentary includes:

- "William Fry exhibited an intricate understanding of Ireland's M&A complexities and cross-border attributes. The team leaves no stone unturned, prioritizing a pragmatic approach to legal advisory. I was impressed with the team's ability to identify and negotiate effectively on a variety of legal issues of varying levels of magnitude, which positively impacted and assured our client. The team eliminated any potential issues from arising at the eleventh hour and were extremely proactive by identifying and resolving them early in the process."
  Legal 500 EMEA, 2021
- "The 'diligent and personable' team at William Fry has an excellent reputation."
  Legal 500 EMEA, 2021
- "Very solid commercial advice. The firm has been consistently reliable, diligent and dependable."
  Chambers Global, 2021
- "The lawyers apply the law in a very commercial manner and give sensible suggestions. Their responsiveness and the turnaround time on work is excellent."
  Chambers Global 2021
- "What always amazes me is their ability to understand a complex case in a very limited timeframe and come up with a winning legal strategy," says an impressed client.
  Chambers Europe, 2021
- "An experienced team of lawyers providing clear, actionable advice backed up with great depth of knowledge."
  IFLR1000, 31st Edition (2021)
- "William Fry has been exemplary in its work. It has assigned experts to what has been a very technically demanding assignment. A very responsive and professional approach has been adopted consistently."
  IFLR1000, 31st Edition (2021)

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