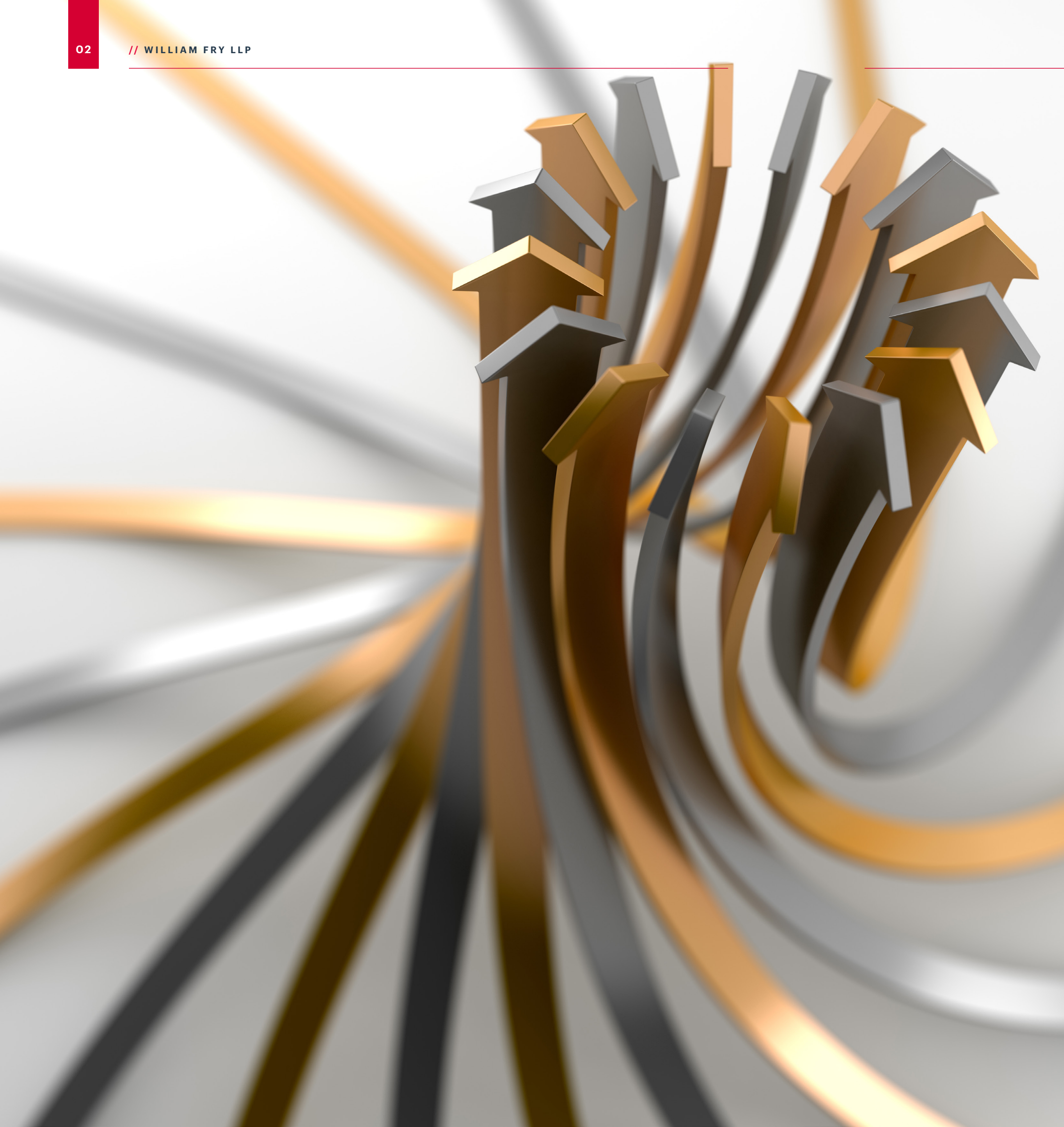


WILLIAM FRY

M&A
HALF YEAR
REVIEW | **2023**



August **2023**



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I. Overview



STEPHEN KEOGH
HEAD OF CORPORATE/M&A

In line with international deal activity, Ireland's mergers and acquisitions (M&A) market slowed in the first half of 2023. M&A worldwide has reduced as rising interest rates, high inflation and fears of a recession have impacted confidence and made acquisitions more expensive. The Financial Times recently reported that global M&A fell 38% to US\$1.3 trillion in the first half of the year, the lowest since the start of the pandemic in 2020.

The Irish economy itself is showing notable resilience. The International Monetary Fund expects our economy to expand by 5.6% over the course of 2023. This is a GDP measurement, often criticised for distorting the "real" Irish economic growth rate. Nevertheless, the Economic and Social Research Institute (ESRI) is forecasting Modified Domestic Demand growth of 3.6% this year and 4% next year. This compares very favourably to just 0.7% growth across the European Union as a whole¹. Similarly, inflation in the country has been relatively modest compared to many of Ireland's EU peers (even if it does not necessarily feel that way when doing the weekly shopping).

Despite some positive macro-economic indicators (at least in relative terms), the Irish M&A market has inevitably been impacted by the global slowdown in activity. The first six months of 2023 saw 177 deals involving Irish businesses, collectively worth just over €5.2bn. Year-on-year (YoY), that represents a minor decline of 2% in volume but a more substantial -58% decrease by value.

The shape of Ireland's M&A market in the first half of the year was similar to previous years, with 97% of transactions falling into the mid-market segment; of the 51 first-half deals where the value was disclosed, 45 of them were valued at between €5m and €250m. The top end of the market however was particularly quiet, with just three deals worth more than €500m announced during the first half. The biggest recorded deal of all saw Chiesi Farmaceutici agree to pay €1.34bn for Irish head-quartered Amryt Pharma, another sign of the influence of the international pharmaceutical sector on Irish M&A statistics in recent years. The next largest deal was the recent sale of Enva, the waste management company, by one private equity house to another.

Despite the various uncertainties it is safe to assume that we will see more healthcare and private equity deals as the year progresses.

+5.6%



The International Monetary Fund expects Ireland's economy to expand by **5.6%** over the course of 2023

177



The first six months of 2023 saw **177** deals involving Irish businesses, collectively worth just over **€5.2bn**

¹https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/IRL/EU

Chart 1: Irish M&A is fighting fit despite turbulent times

Irish M&A Quarterly Trends

2017 - 2023

■ Volume

■ Deal Value in EUR(m)

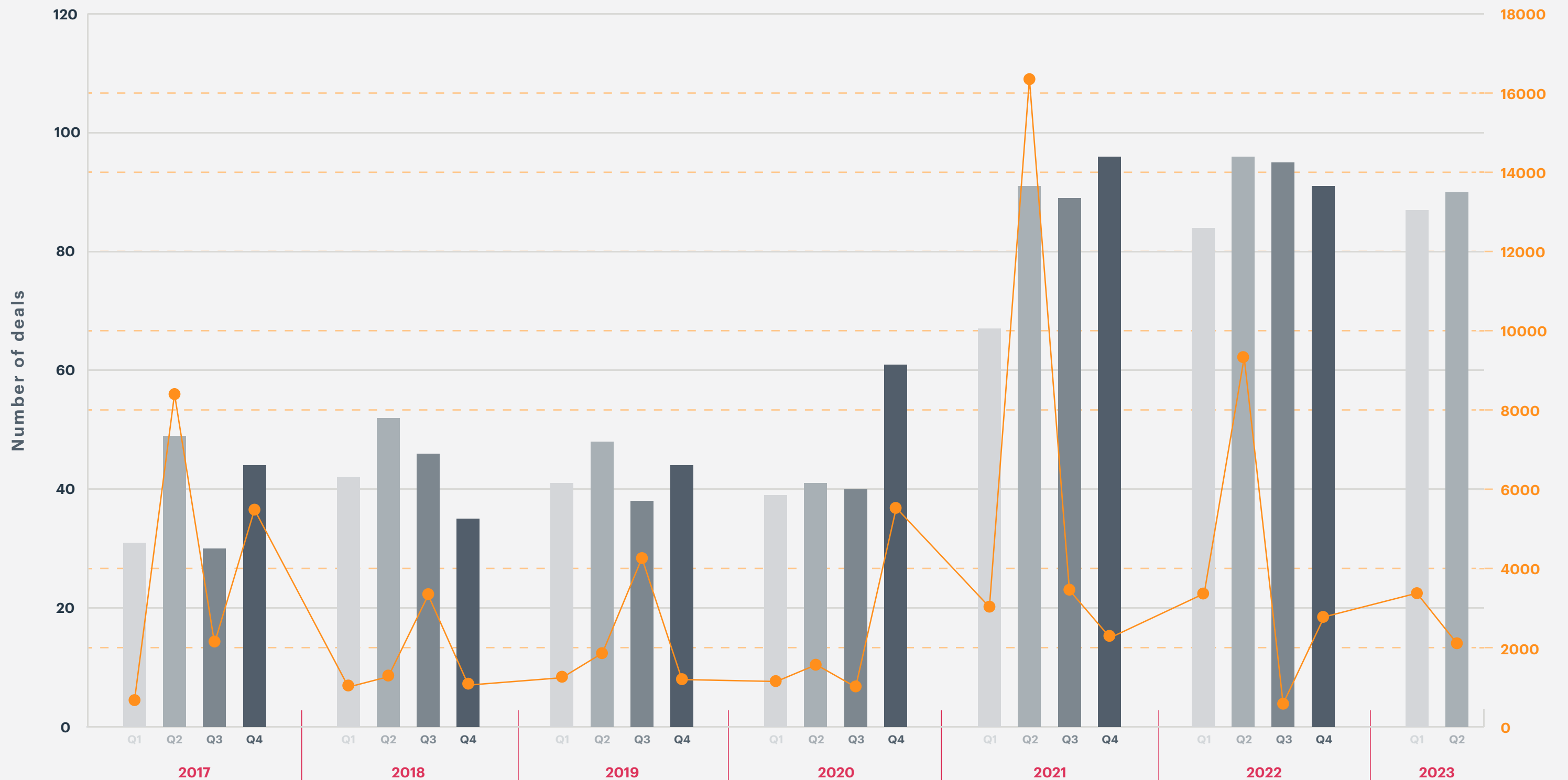


Chart 2: The biggest deals of H1 2023

Announced Date	Target Company	MM Sector	Bidder Company	Bidder Dominant Country/Territory	Seller Company	Seller Dominant Country/Territory	Deal Value EUR(m)
08/01/2023	Amryt Pharma plc (100% Stake)	Pharma, Medical & Biotech	Chiesi Farmaceutici S.p.A.	Italy			1,343
21/04/2023	Enva Ireland Ltd (100% Stake)	Industrials & Chemicals	I Squared Capital	Ireland (Republic)	Exponent Private Equity LLP	United Kingdom	779
06/06/2023	Immedis Ltd (100% Stake)	TMT	UKG Inc	USA	Scottish Equity Partners LLP; Lead Edge Capital Management LLC; Clune Technology Investment Group ULC	Ireland (Republic)	575
11/01/2023	Kerry (Sweet Ingredients Division) (100% Stake)	Consumer	Irca S.p.A.	Italy	Kerry Group plc	Ireland (Republic)	500
14/03/2023	Amarenco Solar Ltd (30% Stake)	Energy, Mining & Utilities	Arjun Infrastructure Partners Ltd	United Kingdom			300
31/01/2023	Dole (Fresh Vegetables Division) (100% Stake)	Business Services	Chiquita Brands International Inc; Fresh Express, Inc	USA	Dole plc	Ireland (Republic)	270
09/05/2023	JOLT Energy Ltd	Energy, Mining & Utilities	Sun Life Financial Inc; InfraRed Capital Partners Limited	Canada			150
16/02/2023	Malin Corporation plc (44.26% Stake)	Financial Services	Malin Corporation plc	Ireland (Republic)	Pentwater Capital Management LP	USA	140
15/05/2023	Banach Technology Limited (100% Stake)	TMT	FBG Enterprises Opco LLC	USA	PointsBet Holdings Limited	Australia	138
30/03/2023	Property Portfolio (Greenogue Logistics Park) (100% Stake)	Real Estate	Ingka Investments BV	Netherlands	KKR & Co Inc; Palm Capital	USA	110
30/03/2023	Property Portfolio (Residential building with 120 apartments in Dublin, Ireland) (100% Stake)	Real Estate	Pontegadea Inversiones SL	Spain			100
16/05/2023	Lumcloon Power Ltd; Shannonbridge Power Ltd	Industrials & Chemicals	Javah Energy Holdings Ltd	Ireland (Republic)	Hanwha Energy Corp Europe SLU	Spain	100
22/02/2023	Property Portfolio (Eglinton Place asset) (100% Stake)	Real Estate	M&G Real Estate Ltd	United Kingdom			100
27/03/2023	Spearline Labs Ltd (100% Stake)	Business Services	Cyara Solutions Pty Ltd	Australia			93
11/05/2023	Everseen Ltd	TMT	Crosspoint Capital Partners LP	USA			65
31/05/2023	Nomu Pay Ltd	Financial Services	Finch Capital; Outpost Ventures	Netherlands			50
05/05/2023	Hotels (Brooks Hotel) (100% Stake)	Leisure	MHL Hotel Collection	Ireland (Republic)	Charles Sinnott (Private Individual)	Ireland (Republic)	50
07/02/2023	OC Distributors Ltd (100% Stake)	Business Services	Richter Gedeon Nyrt	Hungary	Consilient Health, Ltd	Ireland (Republic)	36
13/03/2023	Vivasure Medical Limited	Pharma, Medical & Biotech	Haemonetics Corporation	USA			30
29/03/2023	Frenzy spzoo (100% Stake); Auto Simulation Limited (100% Stake)	Business Services	Undisclosed bidder	USA	ESE Entertainment Inc	Canada	28

II. Key Trends in Irish M&A

M&A DEAL VOLUME

2%

The number of deals in H1 2023 fell by **2%** YoY, to a total of **177 transactions** – compared to 180 recorded in H1 2022

180
DEALS

2022
H1

177
DEALS

2023
H1

M&A DEAL VALUE

58%

Deal values were **58% lower YoY**, reaching **€5.2bn**, with **97%** worth between **€5m** and **€250m**

€12.4bn

2022
H1

€5.2bn

2023
H1

INBOUND DEALS

113^{DEALS} = €4.1bn

There were **113 inbound cross-border transactions**, worth a total of **€4.1bn** – reduced YoY but still accounting for just over two-thirds of Irish M&A deals and 16 of the 20 largest transactions

MEGADEALS

There were just **three deals worth more than US\$500m** in H1 2023

7
DEALS

2022
H1

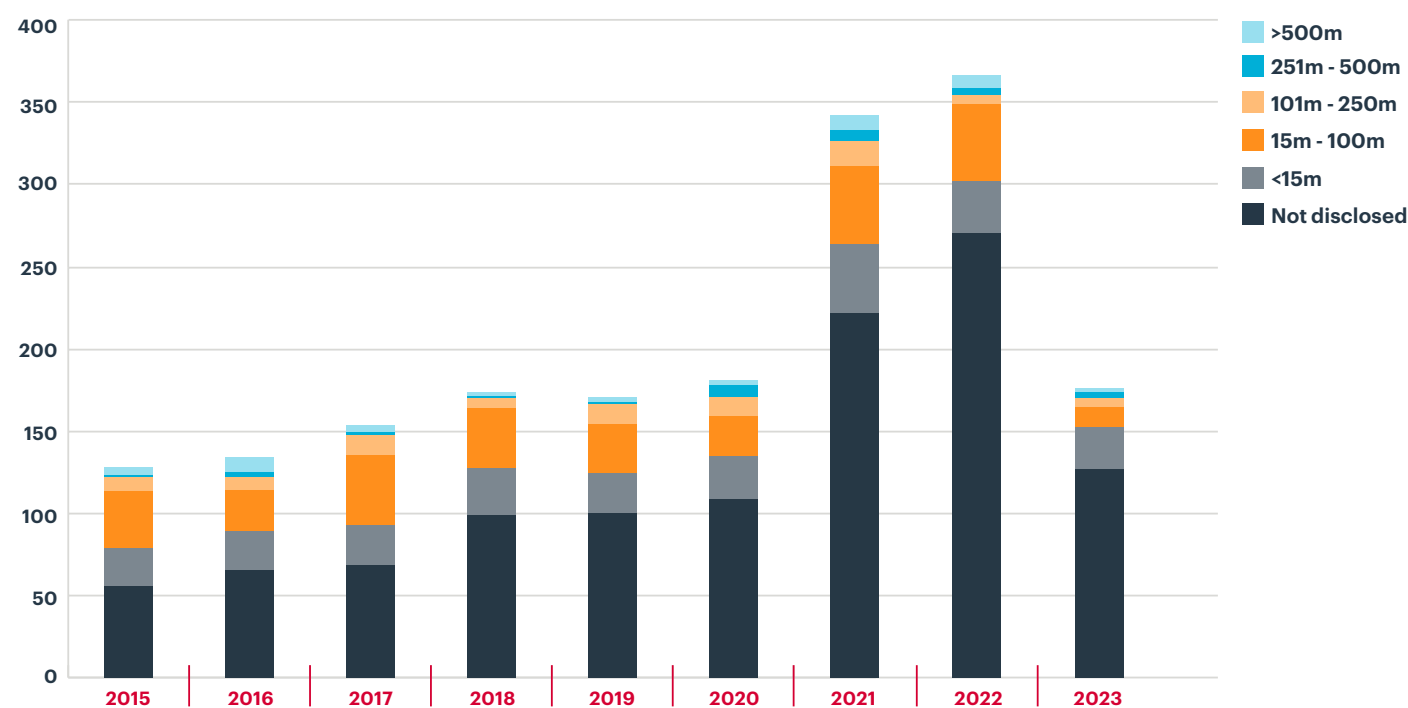
3
DEALS

2023
H1

III. Deal Focus

Chart 3: Irish M&A activity by size

Irish M&A Split by Deal Size



MYRA GARRETT
PARTNER | CORPORATE/M&A

Ireland's mid-market continues to dominate from an M&A perspective, with 97% of deals in the first half valued at between €5m and €250m. These transactions were dispersed across a broad spread of sectors.

Still, while the first half of 2023 saw only a handful of larger deals in Ireland, several large transactions did stand out. These included deals in the pharmaceutical sector, as well as significant activity in business services and technology, media and telecoms (TMT) sectors.

The largest deal so far, recorded in the Irish M&A statistics due to the target's Irish HQ – the purchase of UK incorporated company, Amryt Pharma, by Italy's Chiesi Farmaceutici, valued at €1.34bn – was almost twice the size of the next biggest deal during the period. Chiesi's determination to clinch the deal, paying a 107% premium over the pre-deal closing price of Amryt's shares, reflects the value of Amryt's drug development pipeline for the treatment of rare diseases, in which Chiesi Farmaceutici is particularly strong.

Other notable deals in the Pharma, Medical & Biotech sector announced in 2023 include the sale of a stake in Vivasure Medical to Haemonetics and Advanced Medical Solutions' purchase of Connexicon Medical. In the first of these deals, Haemonetics is investing €30m in Vivasure, which produces vascular closure devices. The AMS deal for Connexicon, meanwhile, is part

of its strategy to grow its surgical products expertise through M&A.

More broadly, these deals reflect a global M&A marketplace in which the pharmaceuticals industry has been a particularly bright spot. A flurry of deals in the industry began with Amgen's announcement in December 2022 that it would acquire Horizon Therapeutics PLC, a Dublin-headquartered business with shares listed on Nasdaq.

The second largest deal of H1 2023 was the biggest private equity (PE) transaction of the year to date, with Exponent Private Equity selling the recycling and waste management business Enva Ireland to another PE, I Squared Capital, for €779m. Exponent had owned Enva for six years, with Enva growing its presence in the UK and Ireland, with a particular focus on hazardous and specialist waste. The company has also won plaudits for its development of low-carbon waste-derived materials as alternatives to traditional, extractive virgin materials.

The US group Ultimate Software Group or UKG announced a €575m deal for the payroll software company Immedis. It is acquiring the business from owners including CluneTech Group, the technology group operated by Kilkenny-based entrepreneur Terry Clune, and Scottish Equity Partners. Immedis has built a strong international business working with multinationals to manage payrolls across multiple countries.

In the only other deal valued at €500m or more in the first half of 2023, Kerry Group announced it would sell its Sweet Ingredients Portfolio business to Italy's Irca. The business produces sweet and cereal products, mostly for the bakery, cereal, confectionery, dairy and ice cream markets in Europe and the US. Kerry plans to use the capital raised to support other areas of its business.

IV. Sector Watch

The pharmaceuticals, medical and biotech sector accounted for **28%** of Irish M&A activity by value in the first half of 2023.



MARK QUEALY
PARTNER | CORPORATE/M&A

With only a handful of very large deals in H1 2023, the sectors in which these took place were inevitably the most dominant, at least by value.

The pharmaceuticals, medical and biotech (PMB) sector accounted for 28% of Irish M&A activity by value in the first half of the year, versus just 2% during the same period last year. That was not entirely down to the inclusion of Chiesi Farmaceutici's acquisition of Irish head-quartered Amryt Pharma, but that deal was by far the largest of the dozen PMB transactions seen in the first half of the year.

Industrials & Chemicals, meanwhile, was the next most active sector by value, accounting for 18% of Irish M&A activity in the first half of the year, up from just 1% during the same period last year. In part, this reflects the sizeable Enva Ireland transaction, but Industrials & Chemicals was also the fourth most active sector by volume, with 18 deals announced in H1 2023.

We have also seen an increase in consolidation activity in the professional services subsector, a relatively new trend in Ireland. Areas such as audit and legal services are beginning to see a wave of M&A activity, mirroring similar activity in markets such as the UK.

TMT saw 56 transactions announced in the first half of the year, up on last year's first-half total of 36. In all, TMT deals accounted for 32% of H1 2023 deal activity by volume.

Many of the TMT transactions were relatively low value, with acquirers looking to add specific competencies or tools to their businesses, particularly as digital transformation continues to sweep through a variety of industries. M&A activity often provides a short-cut to innovation in this regard.

By contrast, M&A activity in financial services fell back sharply in the first half of 2023, with just 14 deals worth €190m in aggregate (compared to 25 deals worth €7.40bn in the first half of 2022). While there is still some activity at the smaller end of the sector – including ongoing appetite for financial technology (fintech) players – trends that have dominated in recent years, such as insurance company consolidation, appear to have lost some of their momentum.

Other sectors to note include energy, where Arjun Infrastructure Partners' deal to take a 30% stake in Amarenco Solar required an investment of €300m. Further consolidation in this part of the market is likely as the focus on decarbonisation intensifies, even if overall energy sector M&A activity was down in the first half of the year.

Similarly, while deal activity in the leisure sector has been muted, this may pick up in H2 2023 if higher interest rates persist. Inevitably, this will put pressure on operators in sub-sectors such as hotels, which is likely to lead to consolidation.

Chart 3.1: Deal activity by sector (value)

Irish M&A Value by Sector 2022 - 2023 HY

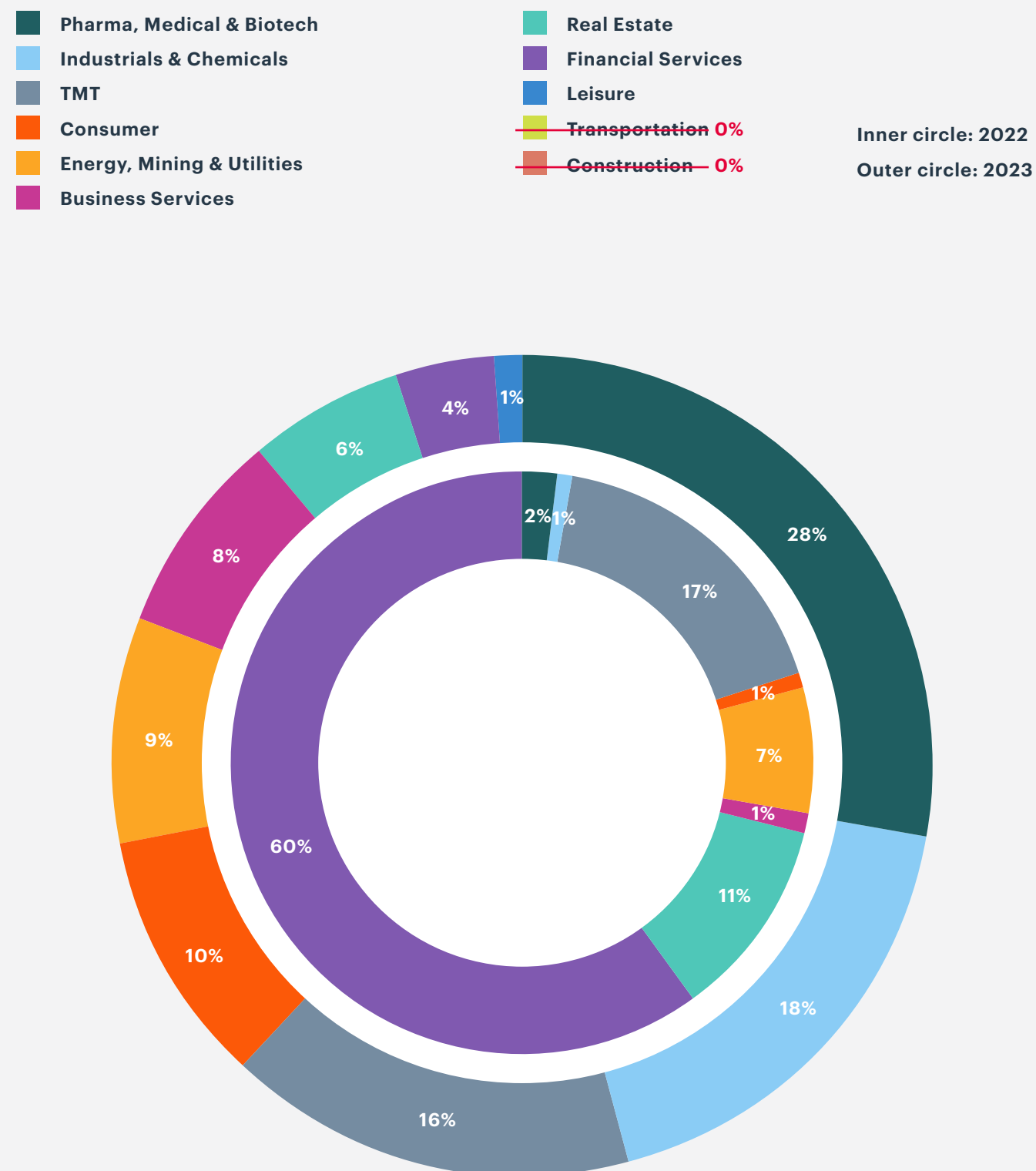
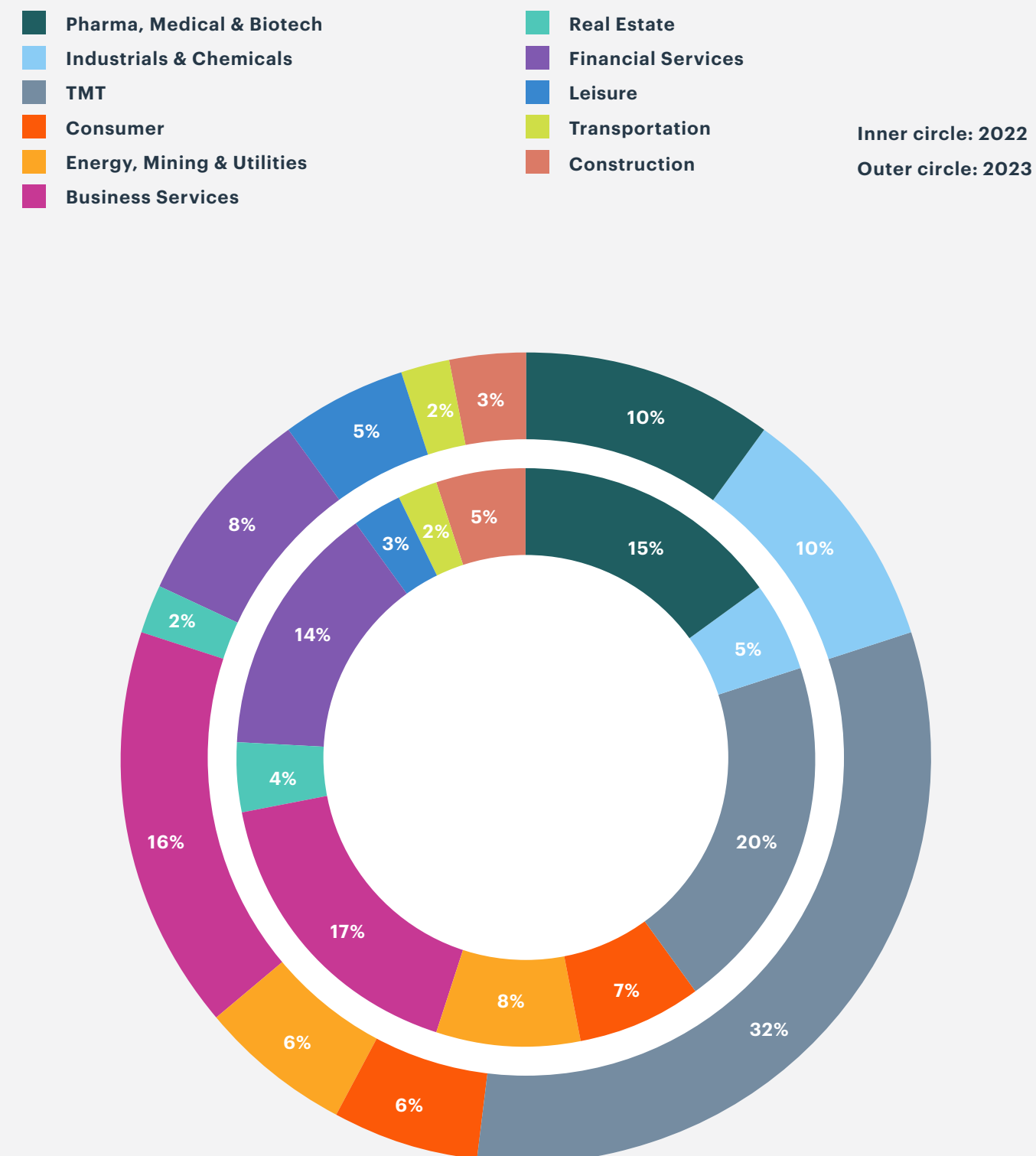


Chart 3.2: Deal activity by sector (volume)

Irish M&A Volume by Sector 2022 - 2023 HY



V. Inbound Activity



FIACHRA CORK
PARTNER | CORPORATE/M&A

2/3



Inbound activity accounts for **almost over two-thirds** of Irish M&A deals in H1 2023 and includes 16 of the 20 largest transactions.

-50%



Domestic deal values fell from **€2.2bn** in the first six months of 2022 to **€1.1bn** this year.

As in previous years, a significant percentage of M&A activity in Ireland in the first half of 2023 involved international acquirers. Inbound activity is reduced YoY, in line with the overall market, but still accounts for almost over two-thirds of Irish M&A deals in H1 2023 – 113 of the total 177 – and that includes 16 of the 20 largest transactions.

Clearly, Ireland remains an attractive destination for international buyers and investors, offering a strong economy and a crucial foothold in the European Union (EU). As a gateway market into the EU for companies from the US and, in the wake of Brexit, the UK, Ireland remains well-placed for attracting new foreign direct investment.

Unsurprisingly, acquirers from the US and the UK accounted for a significant share of overseas interest in Irish targets. UK acquirers agreed 43 deals in the first half of the year, with US acquirers responsible for a further 28. Acquirers from Sweden and the Netherlands, accounting for five deals respectively, were the next most active in the first half of the year.

That said, the largest deal by value was the acquisition of Irish head-quartered Amryt Pharma by Chiesi Farmaceutici for €1.343bn. As a result, Italian acquirers were the most active overseas players in the Irish market by value during this period, accounting for €1.9bn worth of transactions.

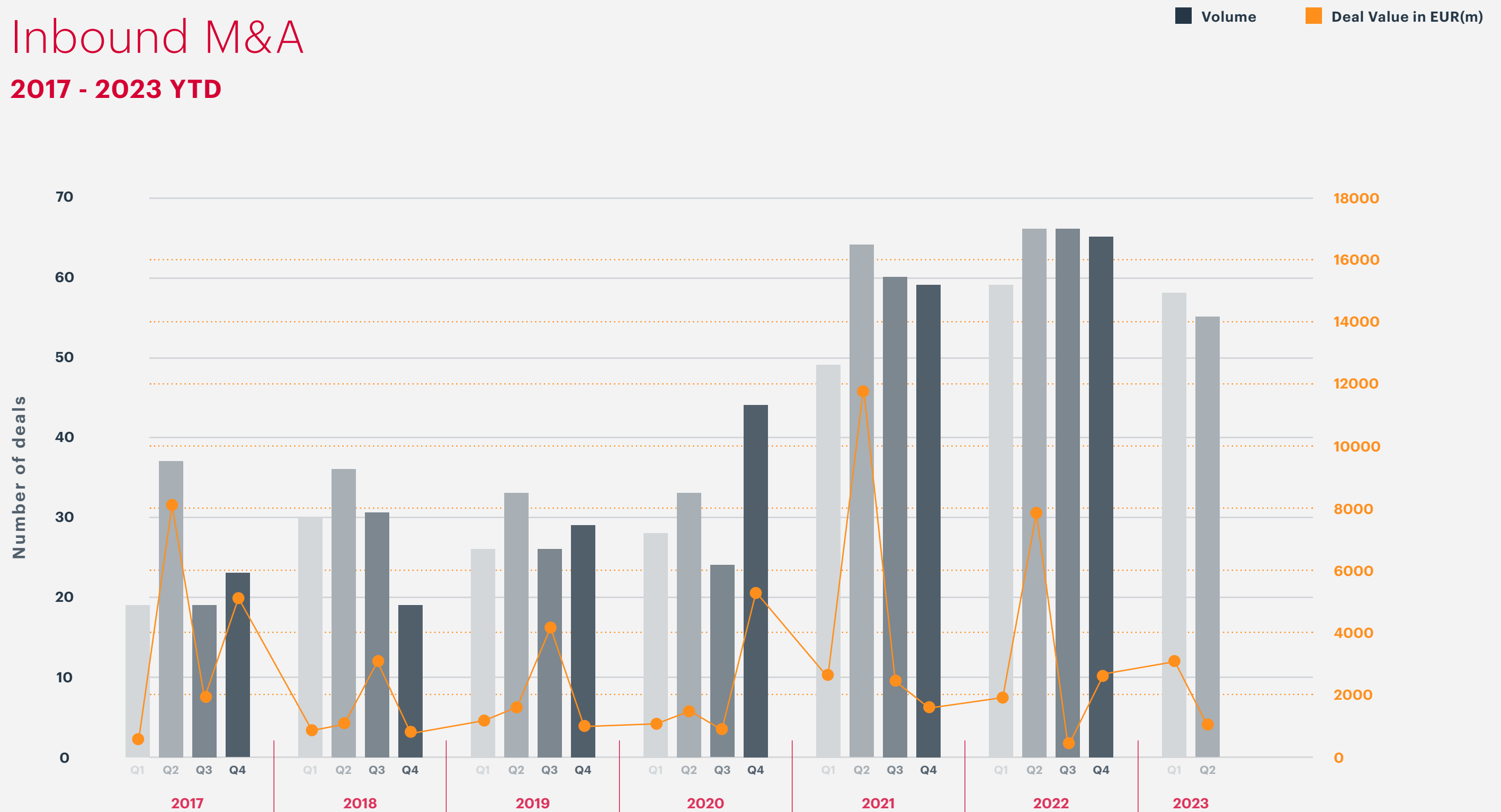
Acquirers from the US, on €1.1bn, and the UK, on €449m, came next in value terms. Many of the deals involving acquirers from those countries were relatively small. One significant source of deal work continues to be the indirect acquisition of Irish subsidiaries by overseas buyers as part of their acquisition of international parent companies.

As for domestic deals, there have been 64 transactions announced thus far in 2023, versus 55 during the same period last year. Domestic deal values reduced from €2.2bn in the first six months of 2022 to €1.1bn this year.

Chart 4: Overseas investors continue to seek out Irish M&A opportunities

Inbound M&A

2017 - 2023 YTD



VI. Private Equity



MÁIRE O'NEILL
PARTNER | CORPORATE/M&A

34



Overall, the first half of 2023 saw **34 Irish M&A transactions** involving a PE interest, worth **€1.69bn** in aggregate. That marks a **11% and 32% decline in volume** and value terms YoY.

PE investors, both international and domestic, continue to take a keen interest in Irish businesses – and the sector retains significant sums of dry powder to invest. Nevertheless, PE dealmaking has slowed worldwide in recent months, and Ireland has not been immune to that shift.

Overall, the first half of 2023 saw 34 Irish M&A transactions involving a PE interest, worth €1.69bn in aggregate. That marks a 11% and 32% decline in volume and value terms YoY.

Five of the top 20 largest deals by value were PE-related transactions, including two of the top three deals. The sale of Enva Ireland by Exponent Private Equity to I Squared Capital was an all-PE deal, while UKG's purchase of Immedis saw Scottish Equity Partners and Lead Edge Capital sell their stake in the business.

There has also been notable buy-out activity. In the largest such deal of the year to date, Crosspoint Capital Partners, which has a particular focus on the cybersecurity, privacy and infrastructure software markets, acquired an undisclosed stake in Everseen, as part of the firm's €65m series A funding round. Everseen develops software for reducing theft at self-checkout points in retailers.

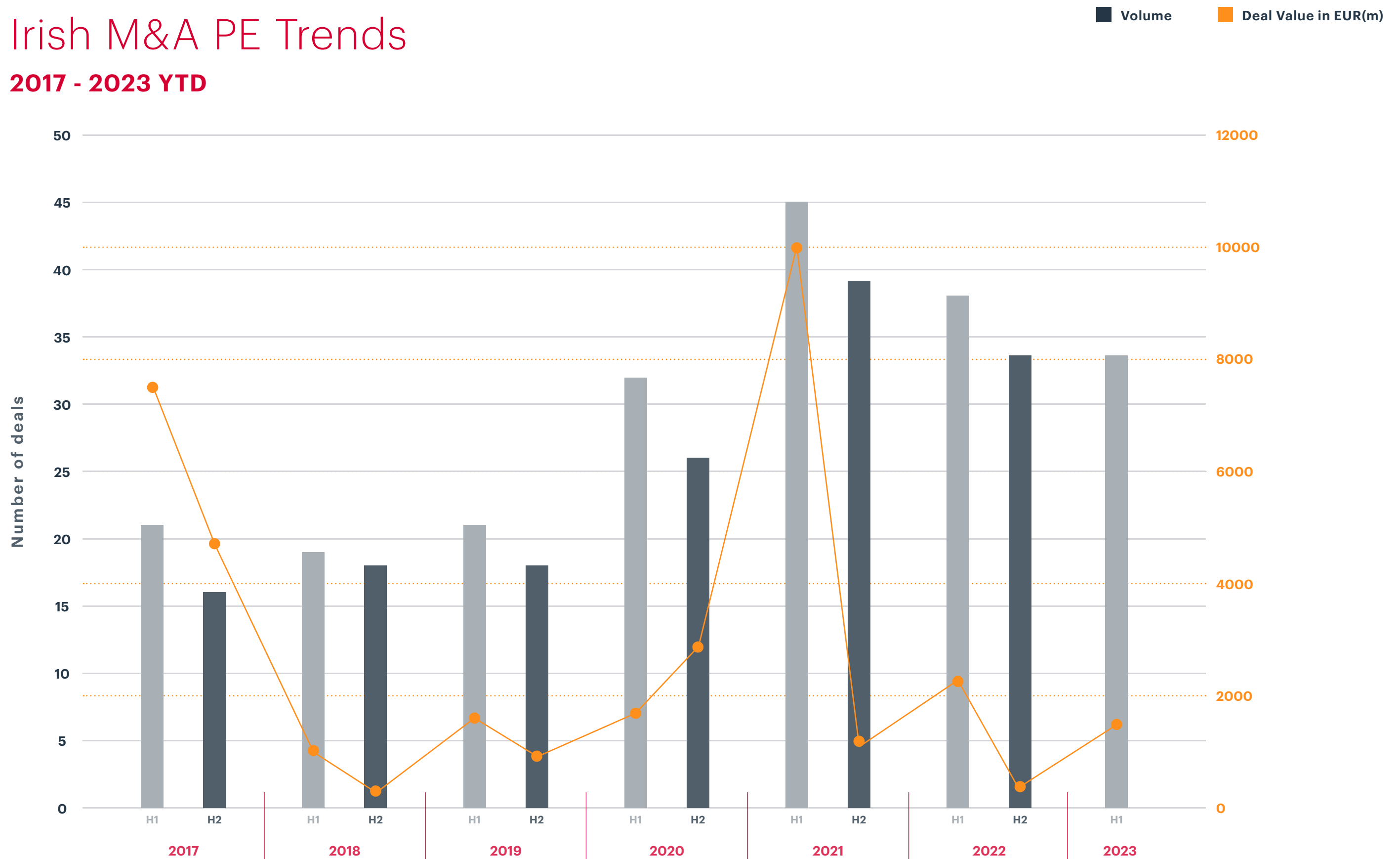
Given the substantial capital firepower of PE investors which has yet to be deployed, there will be further deals to come in 2023, but some investors report frustration that sellers' expectations on valuation have not yet adjusted to reflect the realities of prices in listed markets. That pressure is particularly acute in industries such as TMT, where the sell-off of shares in public technology companies has been especially marked in the recent past.

Inevitably, business owners and founders will take some time to become accustomed to the idea of lower valuations compared to those seen in recent years, but as those expectations do shift, PE investors have the capital and the appetite to do more deals.

Chart 5: The private investor perspective

Irish M&A PE Trends

2017 - 2023 YTD



VII. Outlook



STEPHEN KEOGH
HEAD OF CORPORATE/M&A

As discussed above in this report, Irish M&A has been relatively muted in the first half of the year in line with the global M&A market. While Ireland's economy continues to outperform international peers, the international pressures to which all economies are currently subject – elevated inflation fears, rising interest rates and the threat of recession – are unlikely to lift in the very short term. Nor does the geopolitical backdrop provide much solace given the ongoing conflict in Ukraine, as well as tensions between China and western governments. On this basis, while we expect to see reasonably healthy levels of Irish M&A activity, the prospect of a significant uplift in the second half of the year looks limited.

In addition to economic factors, Irish M&A also faces some regulatory changes in line with global trends. The forthcoming Screening of Third Country Transactions Act, when brought into force, will require buyers of Irish businesses to assess carefully the likely impact on deal timing, conditionality and overall implementation certainty. The new EU Foreign Subsidies Regulations will also have a impact on some very large transactions. This is in addition to an increasingly interventionist approach being taken by mergers control regulators at home and abroad.

This is not to suggest that dealmaking will slow to a halt. There is ongoing interest in Irish businesses across a range of sectors – TMT, healthcare, business services and energy are notable examples. And as always, a tougher economic environment will create plenty of opportunities for M&A activity – for example, we expect to see more deals in the consumer and leisure sectors. PE investors, as well as corporates, continue to seek out opportunities in Ireland.

To conclude, we expect reasonably healthy levels of Irish M&A activity in the second half of 2023, but no imminent return to the bumper volumes witnessed in the immediate aftermath of the Covid era.

VIII. About William Fry

Leading law firm William Fry LLP (William Fry) was established in 1847 and is a premium Irish corporate law firm. In 2022 we celebrated our 175th anniversary. William Fry has over 320 legal and tax professionals and over 470 staff. As one of Ireland's largest law firms, William Fry offers unrivalled legal and tax expertise across the full breadth of the business sector. Our head office is in Dublin, and we also have offices in Cork, London, New York, and San Francisco and a global law firm network to service our clients at home and abroad. Our capability is enhanced by our alliance with Tughans, Northern Ireland's largest law firm, through which we provide an all-island solution.

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, many of which are referred to in this report. We focus on identifying and delivering on our clients' priorities.

The Firm is focused on the need to achieve results for clients. Continued investment in people, technology and research maintain the Firm's ability to provide practical and prompt solutions, while devoting exacting attention to details.

Recent awards include:

Finance Dublin Deals of the Year 2023 –

Mergers & Acquisitions

- Mid-market: ATA's acquisitions of Van Hoorn Carbide and Industrial Tooling Corporation
- Acquisition, Life Sciences: Amgen Inc's acquisition of Horizon Therapeutics plc

Debt Capital Markets

- Note issuance: Ardagh Metal Packaging's Senior Secured Green Notes

Equity Capital Markets

- Public Equity, Block Trades Programme: The Department of Finance of Ireland sales of AIB shares
- Public Equity, Issuance: Greencoat Renewables equity issuance
- Restructuring: Mallinckrodt plc

Loans & Financing

- Public Private Partnership: EquiSisk Community Care Partnership Limited
- Loans & Financing Deal of the Year: Eirgrid Celtic Interconnector financing
- Refinancing: Uniphar plc

Financial Services

- Banking - Permanent TSB Plc's acquisition of Ulster Bank assets
- Financial Services: Aviation Finance Restructuring
- Aviation Finance Restructuring: Restructuring of Nordic Aviation Capital DAC and its subsidiaries

Recent rankings include:

- 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 and Chambers Europe, Legal 500 EMEA and IFLR1000

Recent directory commentary includes:

"William Fry brings international firm service levels and responsiveness to the Irish market with great effect and has a great breadth of expertise in both public and private M&A."

- Legal 500, 2023

"William Fry are an excellent firm to deal with. They have a great team of lawyers and you can always be guaranteed an excellent service."

- Legal 500, 2023

"William Fry have an experienced and gifted team."

- Chambers Global, 2023

"The team has a strong bench of experts across industries and fields of expertise."

- Chambers Global, 2023

"Attention to detail. Timely delivery of service. Easy to deal with. Relevant expertise. Excellent people."

- IFLR1000, 2023

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