

OVERVIEW OF TRANSATLANTIC DEAL ACTIVITY: Q3 2023

October 2023

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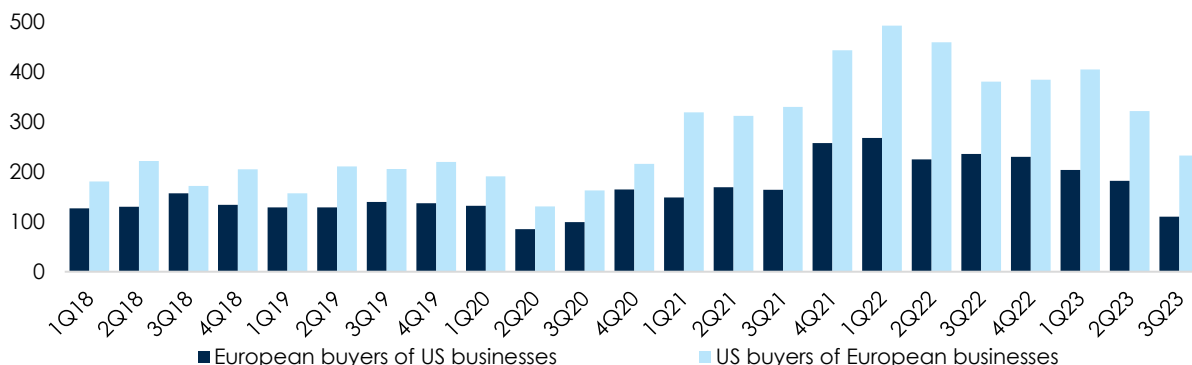
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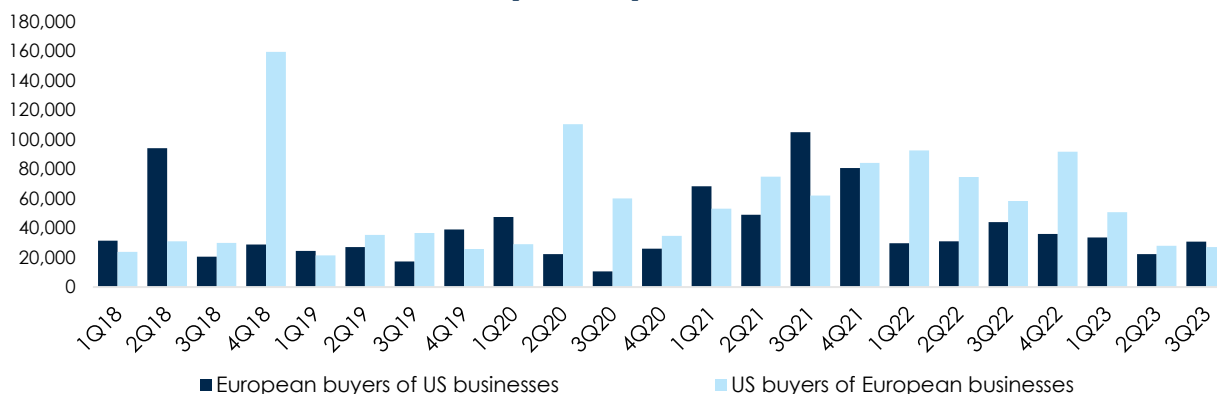
Overview of transatlantic deal activity: 2018 to present

Number of deals



Search criteria: "European buyers of US businesses" target sector all, target geography USA, buyer geography Europe, Value greater than or equal to £0m, undisclosed deal values are included, completed date between 01/07/2023-30/09/2023, transaction type all. "US buyers of European businesses" target sector all, target geography Europe, buyer geography US, Value greater than or equal to £0m, undisclosed deal values are included, completed date between 01/07/2023-30/09/2023, transaction type all

Total disclosed deal value (USD m)



Search criteria: "European buyers of US businesses" target sector all, target geography USA, buyer geography Europe, Value greater than or equal to £0m, undisclosed deal values are not included, completed date between 01/07/2023-30/09/2023, transaction type all. "US buyers of European businesses" target sector all, target geography Europe, buyer geography US, Value greater than or equal to £0m, undisclosed deal values are not included, completed date between 01/07/2023-30/09/2023, transaction type all

The nine quarters up to the end of Q1 2020 – the onset of the Covid pandemic – averaged **196 US acquisitions in Europe** per quarter. The level of quarterly dealmaking activity naturally dropped sharply as Covid hit, but then consistently and dramatically increased on a quarterly basis to a peak of **493 US acquisitions of European companies** in Q1 2022. However, the level of US acquisitions in Europe has since fallen back towards pre-pandemic average levels (233 in Q3 2023).

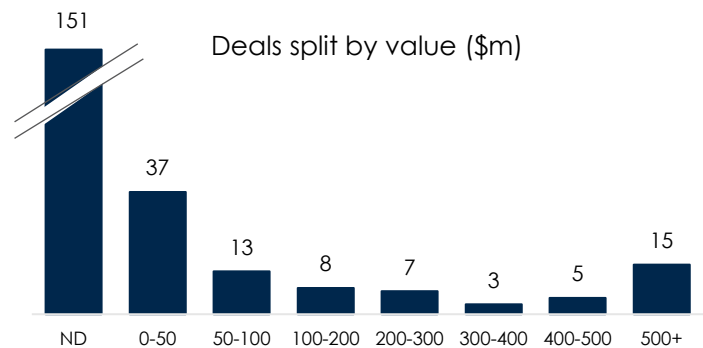
For European acquisitions of US businesses, the nine quarters up to the end of Q1 2020 averaged **135 deals per quarter**, again dropping sharply at the onset of the Covid pandemic before increasing to a peak of **268 deals in Q1 2022**. The level of European M&A activity in the US has now actually **fallen below pre-pandemic levels** of dealmaking (110 deals in Q3 2023).

The **significant – and clearly unsustainable – growth** in transatlantic deal volumes through 2021 and into 2022 has normalised during the extraordinary economic environment we have encountered in 2023. The apparent loss of confidence of European buyers in transatlantic dealmaking is of some concern – with the number of European acquisitions in the US in Q3 almost half the level of the corresponding period in 2022. We will monitor Q4 data for signs of an improvement in European buyer appetite for transatlantic M&A.

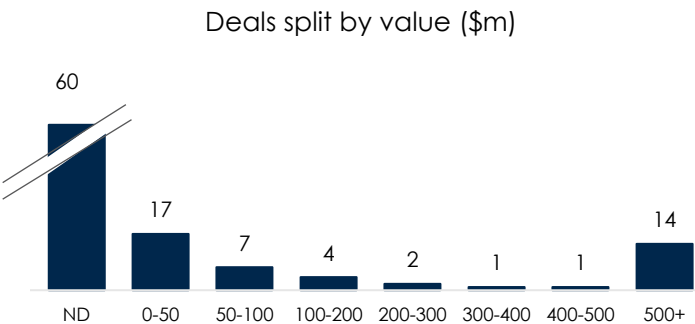
Source: This document includes data derived from data provided under license by ION. ION retains and reserves all rights in such data. Copyright © 2023, ION. All rights reserved. Currency: All deal value data sourced in GBP and converted to USD at the 30th September 2023 rate of 1.219939393. Rate sourced from xe.com

Overview of transatlantic deal activity: Q3 2023

European businesses acquired by US buyers



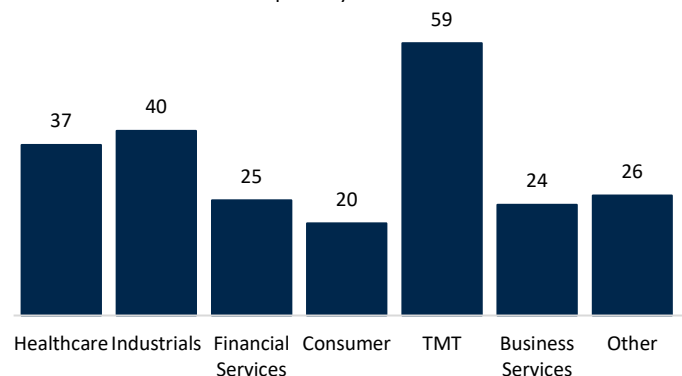
US businesses acquired by European buyers



In terms of regional activity, the **UK was the most popular country** for US buyers during the quarter (37% of total deal volume), followed by Germany (17%), France (10%), the Netherlands and Italy (5% each).

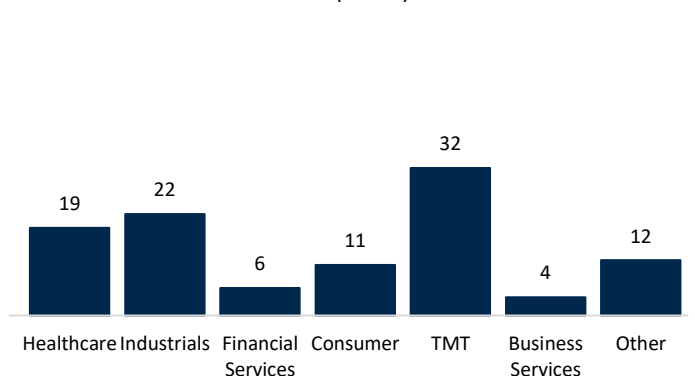
Conversely, the **UK was the most active European country** in the quarter for acquisitions in the US (43% of total deal volume), followed by France (12%), Switzerland (10%), Germany and Italy (7% each).

Deals split by sector



Search criteria: Target sector all, target geography Europe, buyer geography USA, Value greater than or equal to \$0m, completed date between 01/07/2023-30/09/2023, transaction type all.

Deals split by sector



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European buyers in the US are predominantly making add-on acquisitions for existing operations (78% of total deal volume in the quarter). While US buyers in Europe are also making add-on acquisitions (58% of US deal flow in Europe in the quarter), they are bolder in terms of new platform acquisitions (42% versus 22%).

Continued Strong Transatlantic Aerospace & Defense Activity

Market review



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Interest in the acquisition of Aerospace & Defense assets remains robust, with near-record deal volumes in recent years, given the financial resilience and projected near-term growth of the sector. Drivers of strong transatlantic M&A activity in the sector include:

Acquiring Mission Critical Technologies

- Filling portfolio gaps and expanding into attractive adjacencies
- Acquiring key talent and/or certifications

Strengthening International Positioning

- Leveraging strong US or European market presence with complementary international positions, becoming "local" on the other side of the Atlantic
- Gaining new markets for existing products and capabilities

Gaining Customer and Program Access

- Acquiring companies with strong and trusted customer relationships
- Gaining access to established or near-term programs for which it would be difficult to compete without a local presence

Select Stephens recent transatlantic Aerospace & Defense transactions

\$240,000,000

Has sold
Safran Aerosystems Arresting
Company (SAA)
to
**CURTISS-
WRIGHT**

SELL-SIDE ADVISOR
US ASSET / EURO SELLER

NOT DISCLOSED

Has sold
Pioneer Aerospace
Corporation
to
AVIATION SAFETY RESOURCES
INNOVATIVE SOLUTIONS FOR AVIATION SAFETY

SELL-SIDE ADVISOR
US ASSET / EURO SELLER

NOT DISCLOSED

Has sold
Selex ES
Air Traffic Management
(ATM) line of business to
indra

SELL-SIDE ADVISOR
US ASSET / EURO BUYER

NOT DISCLOSED

Has been acquired by
AXON

SELL-SIDE ADVISOR
EURO ASSET / US BUYER

NOT DISCLOSED

A portfolio company of
Baird Capital
Has been acquired by
LOIAR GROUP

SELL-SIDE ADVISOR
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