

# Carpe Diem: The State of the U.S. M&A Market

5<sup>th</sup> Annual Midwestern M&A/Private Equity Forum  
May 5, 2022

Panelists:

Patrick J. McHugh, Founder and Senior Managing Director, Okapi Partners

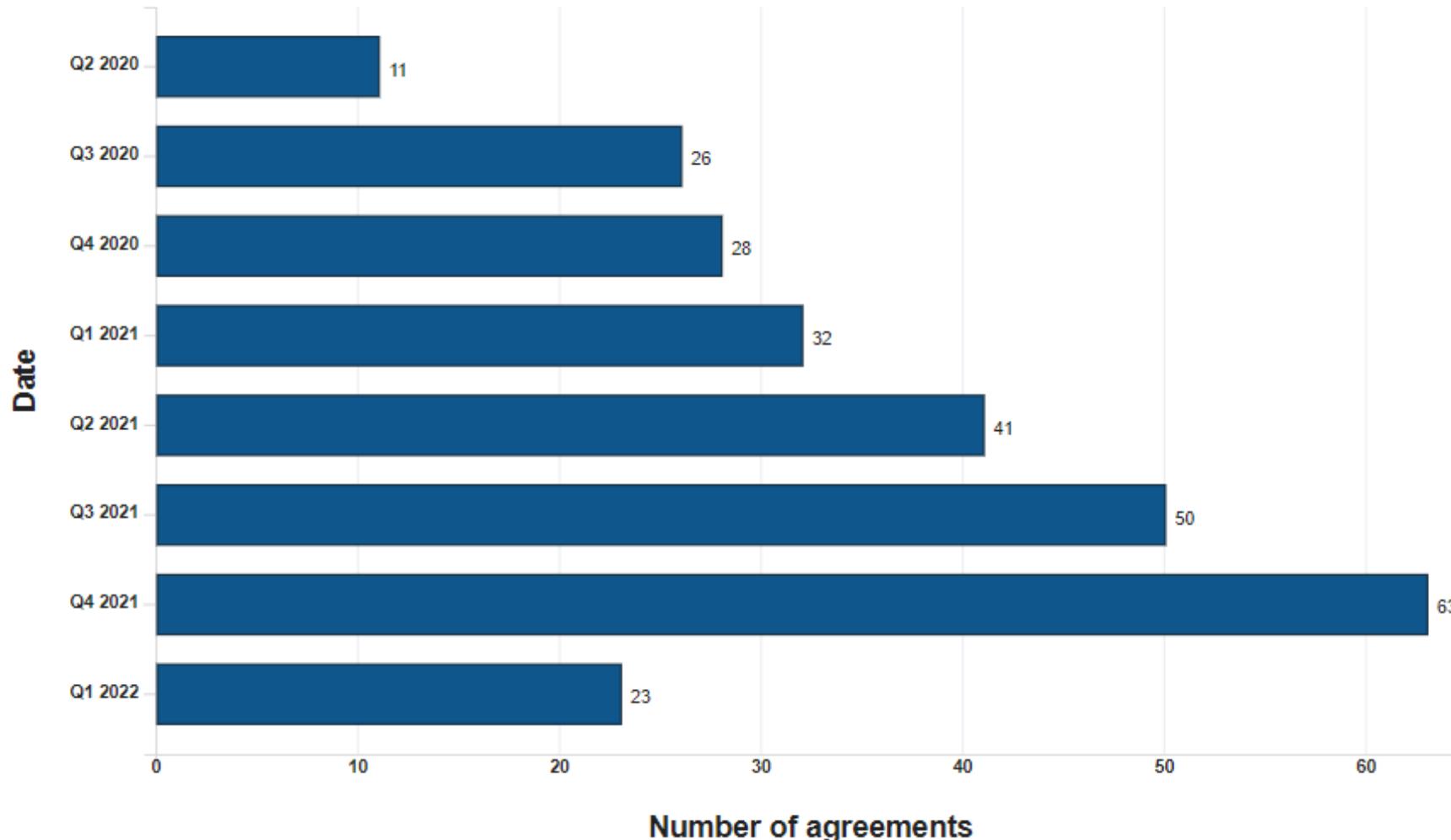
Robert L. Macklin, Shareholder, Davis|Kuelthau

T. Ted Mothral, Partner, Walter | Haverfield LLP

Moderator:

Ann Williams, Senior Legal Editor, Corporate & M&A, Thomson Reuters Practical Law

# Deals by Quarter (deal values of \$25 million - \$500 million)

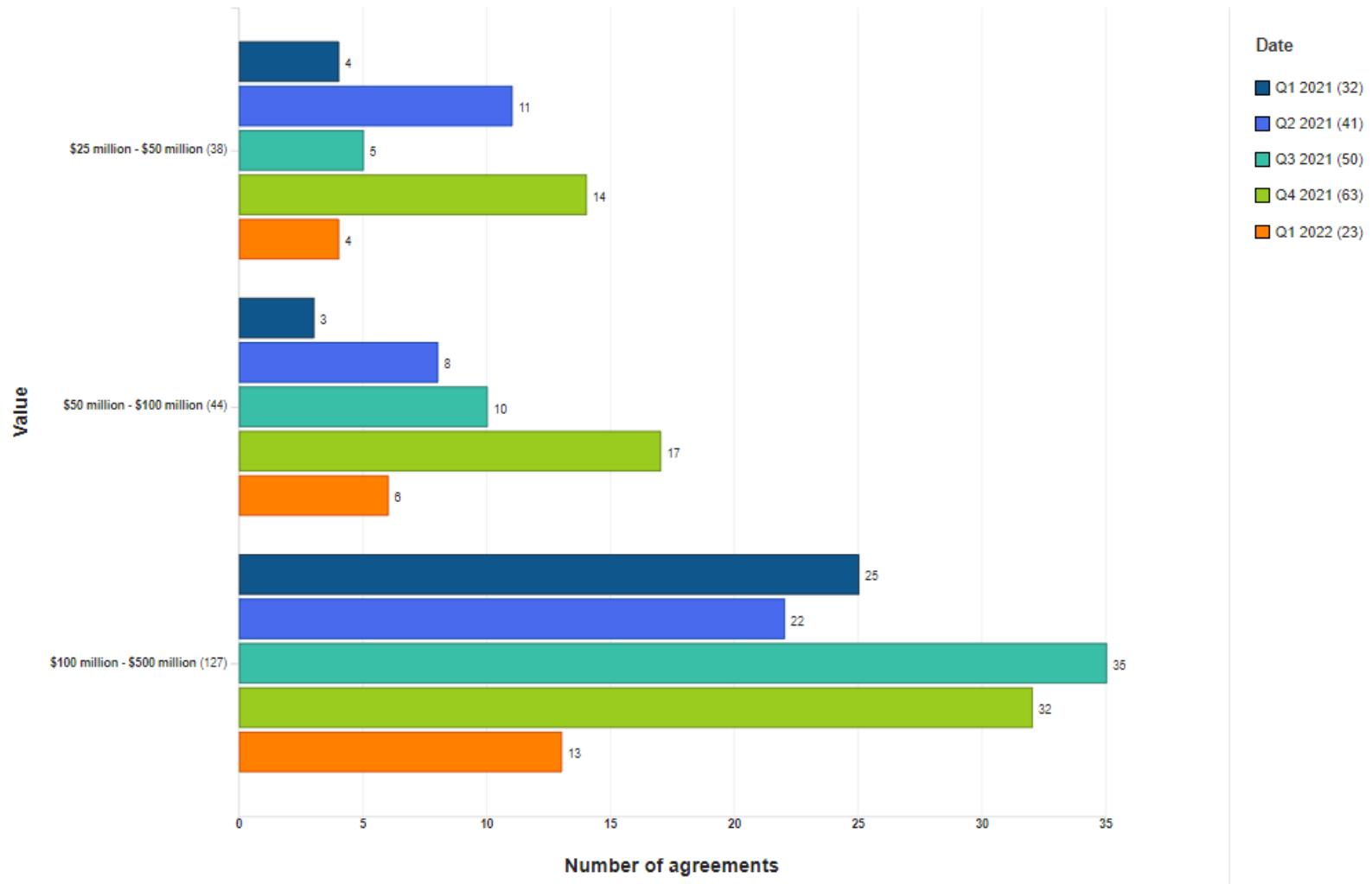


Source: Practical Law, What's Market Analytics Tool for Private Acquisition Agreements

The Private Acquisition Agreements database includes all publicly filed acquisition agreements entered into after January 1, 2010, with a signing value of at least \$25 million involving the acquisition of (i) all or substantially all of the assets of private US companies, (ii) at least a majority of the outstanding stock of private US companies or (iii) business units of US companies. This database excludes bankruptcy sales and certain outlier transactions.

\*The Q1 2022 data used for the Practical Law charts in this presentation is substantially complete, but not final.

# Deals Values \$25 million - \$500 million by Quarter



Source: Practical Law, What's Market Analytics Tool for Private Acquisition Agreements Database

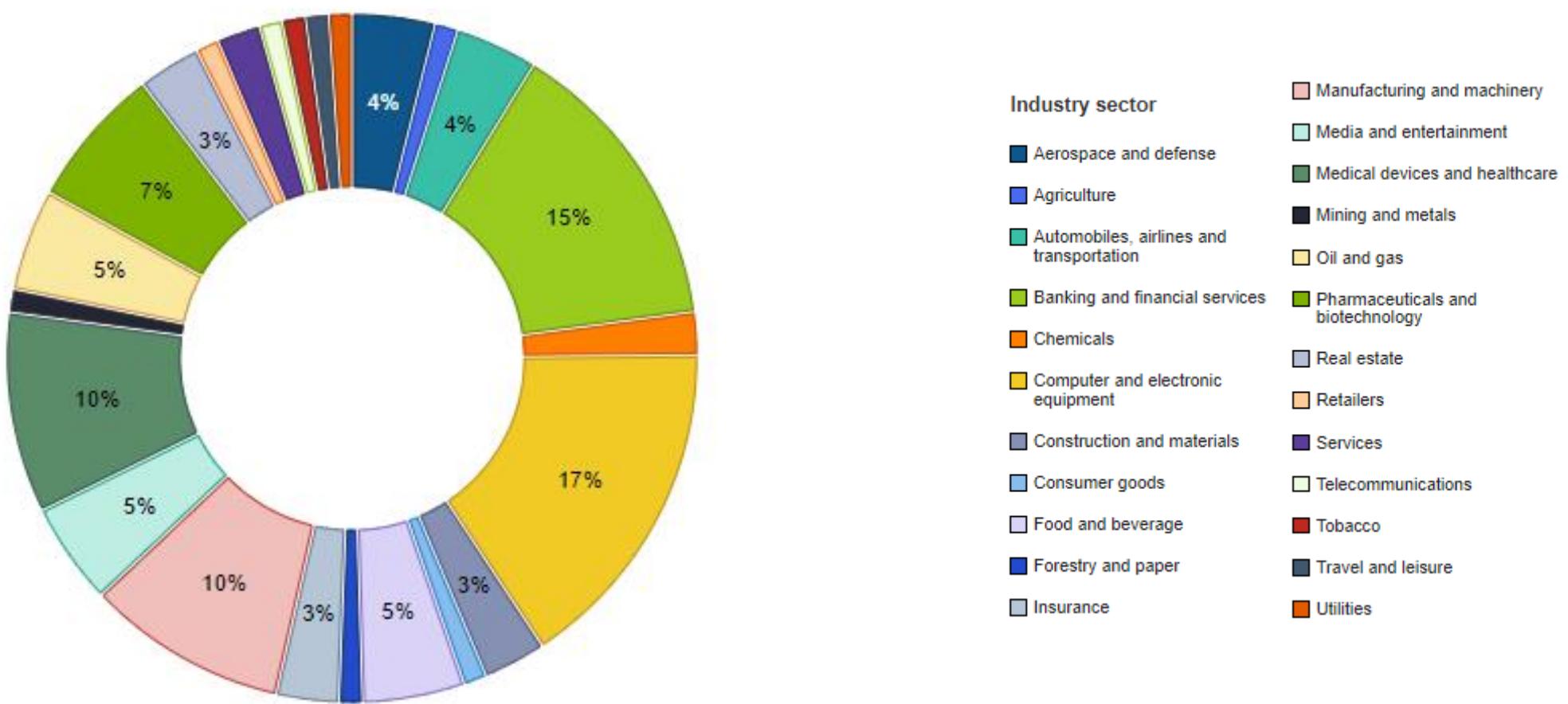
## Factors Contributing to Record M&A Levels in 2021

- High levels of dry power in PE markets/record PE fundraising
- Attractive multiples
- Post-pandemic surge
- Concerns over possible tax reform
- Low interest rates/favorable borrower market
- ESG acquisitions/divestitures
- Retiring baby boomers exiting businesses
- Friends/colleagues selling out

## Potential Headwinds to M&A Activity in 2022

- Inflation
- Rising interest rates
- Lingering Covid-19 pandemic concerns
- Geo-political concerns (including the Russia/Ukraine conflict)
- Supply chain issues
- Labor shortages
- Increased regulatory scrutiny on deals (antitrust, CFIUS)

## 2021 Deals By Industry (Values \$25 million - \$500 million)



Source: Practical Law, What's Market Analytics Tool for Private Acquisition Agreements

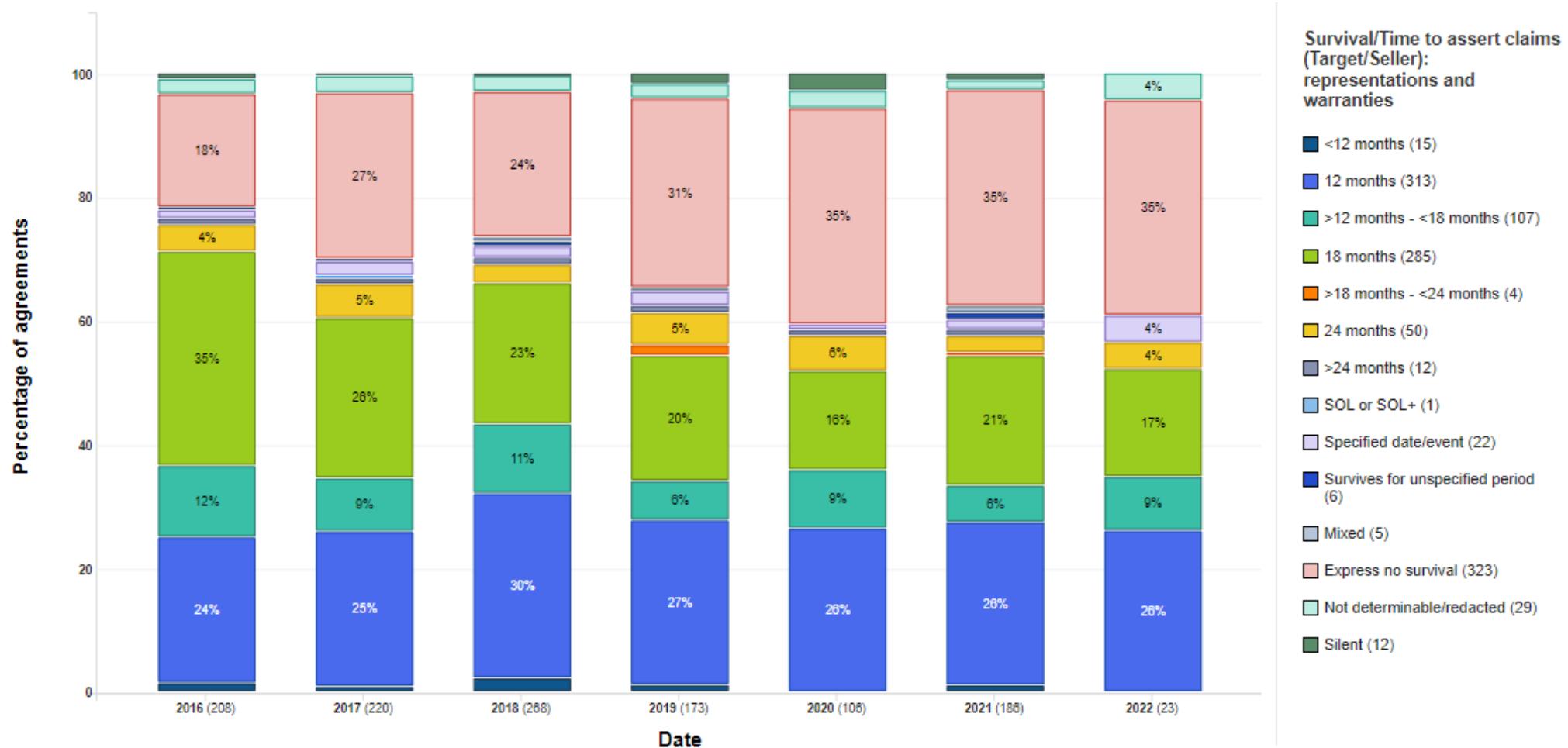
# The Current M&A Market – Financial Advisory Services

- Statistics from Fidelity's Fourth Quarter M&A Review on RIAs and Broker-Dealers:
  - 79 transactions representing \$96.2B in client AUM
    - 42 transactions between \$250M and \$1.0B
  - 2021 – A record 215 RIA transactions representing \$345.2B, which is up 64% and 88%, respectively, over the records set in 2020.
  - Large deal continue to be present – 85 \$1.0B+ deals in 2021, more than doubling the 42 \$1.0B deals in 2020.
  - IBD deals for 2021 – 7 deals consisting of \$67.6B total

# Partnership with Strategic Companies and Private Equity Firms

- 10 years ago – you rarely saw a PE firm invest in a RIA unless they were going to buy the entire Company:
  - Why?
    - Power and ROI
    - Why now?
      - Even as a minority investor, PE firms can control and drive certain parts of a RIA firm (i.e. their acquisition platform and strategy)
      - Significant ROI
- Why partner with a PE firm?
  - Capital
  - Capabilities
  - Taking the next step (acquisitions, growth)

# Survival Periods of General Representations & Warranties (Deal Values \$25 million - \$500 million)



Source: Practical Law, What's Market Analytics Tool for Private Acquisition Agreements

Thank you.

Any questions?