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CROSS-BORDER MID-MARKET M&A COMPASS 2021

**A RESEARCH REPORT FOR MOORE GLOBAL CORPORATE
FINANCE**

**PROF. DR. KERSTIN FEHRE
PROF. DR. CARINE PEETERS
WANLIN HU**



**CROSS-BORDER MID-MARKET M&A COMPASS
2021**
**– A RESEARCH REPORT FOR MOORE GLOBAL
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Content

Executive Summary	1
Main idea and general concept of the compass	3
Parameters of the compass	5
First tier: the global perspective	6
Second tier: the continental perspective	12
Third tier: the Moore Global Corporate Finance geographies	19
Outlook	25
Appendix	26

Figures and tables

Figure 1. 1	Number of total completed M&A deals over the last three years.....	7
Figure 1. 2	Split of M&A deals by category over the last three years	8
Figure 1. 3	Average deal values (€m) over the last three years.....	8
Figure 1. 4	Overview of M&A deals globally by category in 2021.....	11
Figure 2. 1	Cross-border mid-cap M&A deals in 2021 by continent of acquirer and target	13
Figure 2. 2	Deep dive North American acquirers, number of deals	14
Figure 2. 3	Deep dive European acquirers, number of deals.....	15
Figure 2. 4	Deep dive European targets, number of deals.....	16
Figure 2. 5	Cross-border mid-cap M&A with North American acquirers.....	17
Figure 2. 7	Cross-border mid-cap M&A with European targets	18
Figure 3. 1	Overview percentage of cross-border mid-cap M&A by MGCF geography	19
Figure 3. 2	MGCF cross-border mid-cap M&A in 2021	21
Figure 3. 3	Split of cross-border mid-cap M&A deals by acquirers from MGCF geographies	22
Figure 3. 4	Split of cross-border mid-cap M&A deals by targets from MGCF geographies	23
Table 1. 1	Top 5 industries based on # of cross-border mid-cap M&A deals in 2019, 2020, and 2021	10
Table 2. 1	Value-to-volume ratio by continent of acquirer and target	13
Table 3. 1	Summary of net result for cross-border mid-market M&A in MGCF Geographies	20

Executive Summary

The purpose of this compass is to navigate you through the cross-border mid-market M&A deal landscape, an important M&A market segment requiring specialized expertise. By analysing almost 40,000 M&A deals completed in the year 2021, as well as analysing data for the years 2020 and 2019, we find the following:

- **The M&A market in general is recovering from Covid-19: while the number of total M&A deals dropped by 24% in 2020, it rose by 3% again in 2021, reaching a volume of 39,907 deals.**
- **Also, the cross-border mid-market M&A segment grew in 2021, reaching a volume of 4,826 transactions.**
- **Average deal values have steadily increased over the last 3 years, especially for cross-border M&A, leading to an average deal value of 49.7 million EUR for cross-border mid-market transactions.**
- **Hence, the cross-border mid-market M&A segment is following the macroeconomic trend of the total M&A market, in terms of both deal volume and value, which is different from the small-market M&A segment, where we see decreasing deal volumes and values.**
- **Cross-border mid-market M&A is a niche, but important, market segment: over the last 3 years, it constantly represented 12% of the total M&A market; hence, it was not hit more severely by the Covid-19 crisis than the total M&A market.**
- **From a continental perspective, North American acquirers are most active in the cross-border mid-market segment, followed by acquirers from Europe, realizing together more than 80% of deal value and volume.**
- **Cross-border mid-market targets predominantly come from Europe, making up around 40% of deal value and volume. The top 5 target countries within Europe are: the United Kingdom, Germany, France, the Netherlands, and Sweden.**

- **While North American acquirers are shopping globally, most cross-border mid-market M&A with European acquirers happen within Europe.**
- **Most cross-border mid-market deals occur within the IT industry, accounting for 42% of deal volume in 2021.**
- **An increasing number of deals are being completed in the healthcare industry, with 52.7 million EUR showing the highest average deal value for cross-border mid-market M&A in 2021.**
- **Taken together, North America is a “net buyer” with a high interest in the IT industry, whereas Europe is a “net target” attracting interest in the chemical and non-metallic products industries.**



Main idea and general concept of the compass

In an ever-increasingly globalized world, firms of all sizes are searching for opportunities to expand their business activities outside of their home country. Cross-border M&A is an important and common strategy for expanding abroad. Among other things, it is seen as a means of facilitating entry into foreign markets, accessing new resources, capabilities and technologies, and diversifying.

While large or mega deals get a lot of public attention, mid-market M&A deals often occur below the radar of publicity. However, with almost 60% of all deals, the mid-market M&A segment is the core of the M&A market worldwide.

While most reports either provide overviews of the total M&A market in general, or focus on the large-market M&A deals, this report sheds light on the cross-border mid-market M&A segment, a niche – but economically important – M&A market, requiring specialized expertise.

In other words: The purpose of this compass is to navigate you through the cross-border mid-market M&A landscape. It is a descriptive, exploratory, and conclusive research. We analyse data of completed-confirmed deals. This rather conservative approach distances us from market rumours and seems to be meaningful when analysing cross-border mid-market deals, a market segment in which information is, in general, rather limited. To understand the general market trends and identify its particular characteristics, we have developed a 3-tier framework. For each tier, we look at the deal volume, deal value, and average deal value.

The first tier takes on the global perspective and provides a general overview of the cross-border mid-market M&A segment compared to the total M&A market over the last 3 years. This gives us the opportunity to explore the general market trend after the break-out of Covid-19. Then, we compare the cross-border and domestic market, the different market segments per deal value, and the cross-border mid-market segment in 2021 to scrutinize the characteristics of this segment.

In the second tier, we take a closer look at cross-border mid-market deals from a continental perspective. We study the deal flow among 6 different continents. We break the analysis down into 2 perspectives – the acquirers per continents, and the targets per continents – to cover the 2 major parties in an M&A transaction. After ranking the continents by deal volume and deal value that were completed on the respective continents, we perform a detailed analysis for the continents with the largest deal number and deal value – from both an acquirer and a target

perspective – as well as a deep dive into the European continent. For the detailed analysis in each continent, we study the continental split of deal counter-parties, the top 3 or top 5 contributing countries within the continent, and the top 5 countries that actors within the respective continent are interested in making cross-border mid-market deals with.

Finally, we study the third tier of the framework: that is, deals conducted within the Moore Global Corporate Finance geographies. We first compare it with the continental analysis to understand the scale of the Moore Global Corporate Finance geographies in comparison to a geographical continent. Then, we compare the deal volume, deal value, and average deal value of different geographies to understand the particularities, similarities and differences within the Moore Global Corporate Finance geographies.

Parameters of the compass

Cross-border: We define cross-border as having at least 1 acquirer (if multiple) from a different geography than the target company.

Mid-market: We define mid-market deals as having deal value from 10-200 million EUR (small-market deals as having deal value lower than 10 million EUR, and large-market deals as having a deal value higher than 200 million EUR).

M&A: We define M&A as acquiring more than 15% ownership; or, if acquiring less than 15%, as acquiring more than 5 million EUR deal value.

Completed deals: We use complete-confirmed deals with a completion date in the respective year.

Data availability: We use data from 2019, 2020, and 2021. Data download cut off on 18 Feb 2022.

Data sources: We obtain research data from Zephyr, Bel-first, Bloomberg, Trends Top 100,000, Orbis Europe, acquirer and target websites, and related press releases.

Europe: We define Europe as geographical Europe.

MOORE Global Corporate Finance geographies: The geographies that Moore Global Corporate Finance is operating in, including: Belgium, Czech Republic, France, Germany, Hong Kong SAR, Hungary, Israel, Lithuania, the Netherlands, Poland, Portugal, South Africa, and the United Kingdom. ¹

Net acquirer(target): We define a net acquirer geographical region as a region in which a more significant number of deals are conducted with acquirers from that region than with targets from that geographical region. Vice versa, a net target geographical region is a geographical region in which a more significant number of deals are conducted with targets from that region than with acquirers from that region.

¹ MOORE Global Corporate Finance geographies in alphabetical order.

First tier: the global perspective

- **Total M&A market seems not to suffer from long-Covid: While the number of total M&A deals dropped significantly in 2020, it rose by 3% again in 2021.**
- **Cross-border mid-market M&A deals are in line with total M&A market, counting for 12% of the total market over the last 3 years, which is different from the cross-border small-market M&A segment, where we see decreasing deal volumes and values.**
- **Average deal values steadily increased over the last 3 years, especially for cross-border M&A.**
- **The IT industry is the dominant segment in cross-border mid-market M&A deals.**
- **Interest in the healthcare industry is steadily increasing, leading to the highest average deal value for cross-border mid-market M&A in 2021.**

Comparing the last 3 years – Do we see something like a Covid-19 effect?

In terms of deal numbers, from 2019 to 2020, total M&A deals decreased significantly by 24%: while 51,032 M&A deals were completed in 2019, only 38,813 M&A deals were completed in 2020. However, the deal volume shows a reverse trend in 2021. From 2020 to 2021, the number of total M&A deals increased by 3% to 39,907 in 2021.

Although the volume of total M&A deals has gone through turbulent times in the last 3 years, cross-border mid-market M&A has remained 12% of total M&A deals, reaching a volume of 4,826 transactions in 2021. This steady percentage shows that cross-border mid-market M&A has maintained its ground as an important segment of M&A deals and is not more severely affected by the Covid-19 crisis compared to the general M&A market. This is different for the cross-border small-market segment, for example, where we do not see a reverse in terms of deal numbers in 2021: the number of cross-border small-market deals decreased from 3,897 in 2019 to 2,507 in 2020, and decreased further to 1,875 in 2021.

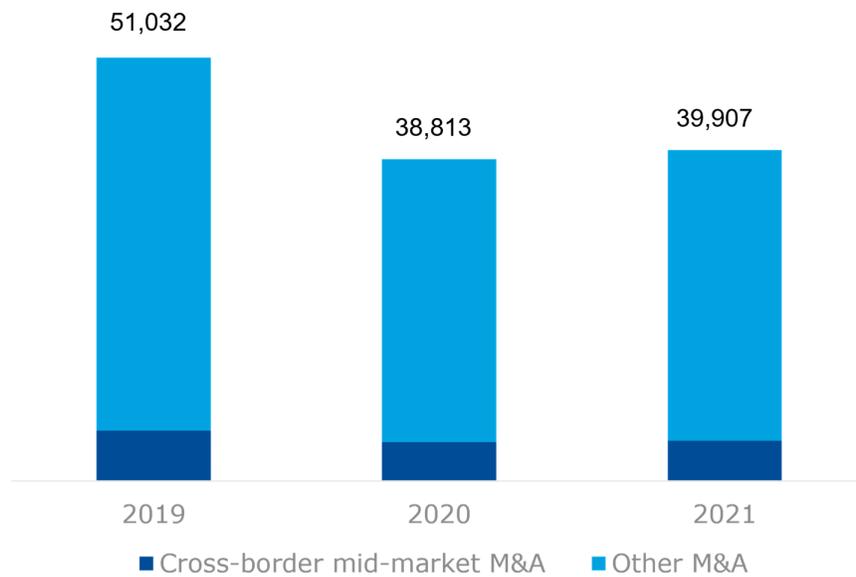


Figure 1. 1 Number of total completed M&A deals over the last three years

Over the last 3 years, the average deal value steadily increased for total M&A deals, cross-border M&A deals, and cross-border mid-market M&A deals. Compared to total M&A deals, cross-border M&A deals show a higher average deal value. The gap has increased during the past 3 years, from 7.0 million EUR in 2019 to 11.6 million EUR in 2020, and even 34.1 million EUR in 2021. In other words, the discrepancy accelerated from 9% in 2019, to 12% in 2020 and 29.4% in 2021. This shows that deal values of cross-border M&A have increased faster in the past 3 years. We observe a similar trend for cross-border mid-market M&A deal value. The average deal value of cross-border mid-market M&A has seen an 8% increase from 40.2 million EUR in 2019 to 43.3 million EUR in 2020, and a 15% increase to 49.7 million EUR in 2021. Again, we see a different picture for the cross-border small-market M&A segment: where average deal values remained rather stable over the last 3 years, with 6.5 million EUR in 2019 and 2020 and a decrease by 5% to 6.2 million EUR in 2021.

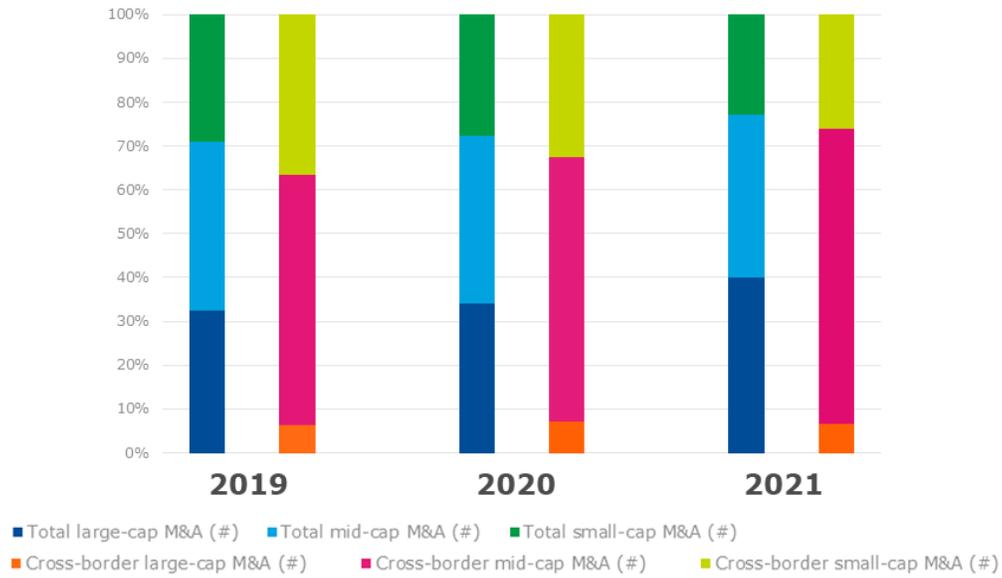


Figure 1. 2 Split of M&A deals by category over the last three years

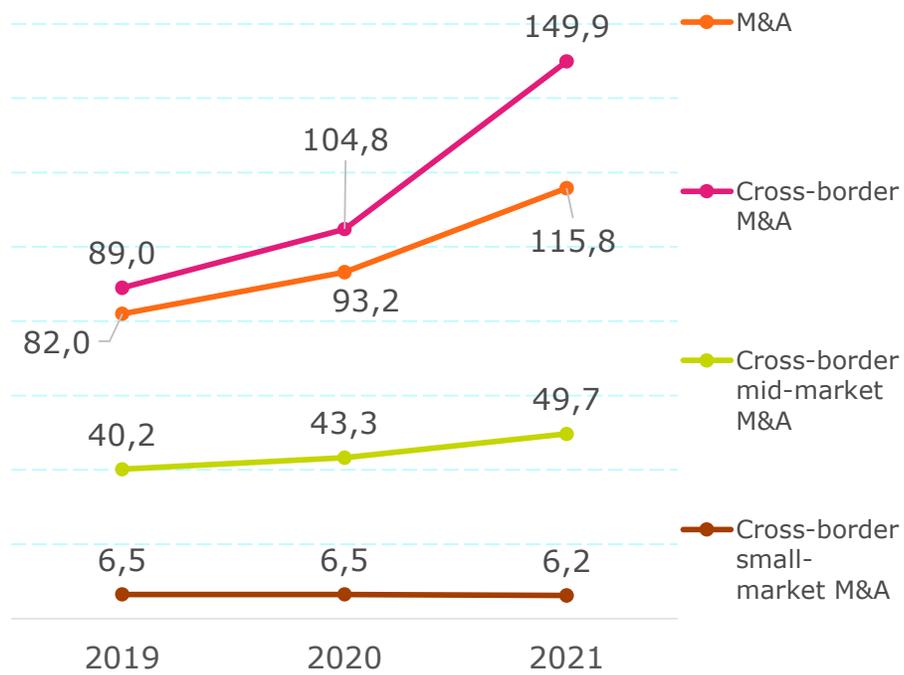


Figure 1. 3 Average deal values (€m) over the last three years

Another important aspect of M&As that could be affected by external, unforeseen crises (like the Covid-19 crisis) is the time to complete a deal. This can reflect the market expectation of deal participants when designing the deal timeline, and unforeseen circumstances might influence the deal execution. Hence, we analysed the time between announcement and completion of M&A deals for the last 3 years. In general, the time to complete a deal differs from months to years. For example, in 2021, 89% of cross-border M&A deals completed in the same year, while the oldest deal dates back to 2017. But the average time to complete an M&A deal does not differ much. From 2019 to 2021, the average completion time was 1.1 years.

Further, we analysed whether the Covid-19 crisis had an impact on the ratio between deals announced and deals completed in the same year. However, also in this respect, we do not see a large discrepancy. 86% of cross-border mid-market M&A deals announced in 2019 were completed in the same year. In 2020, 85% of the deals announced were completed in the same year; and in 2021, 85% of the deals announced were completed in the same year. Therefore, most cross-border mid-market deals are completed in the year of announcement, and the rate of completion to announcement in the same year was rather stable over the last 3 years.

Analysing the deals per industries, we see that, over the last 3 years, the IT industry not only remained the most interesting industry for cross-border mid-market acquirers globally, but it even became more dominant during this time period. The deal number has risen from 24% to 31%, seeing a rise of 7pp within the IT industry from 2019 to 2020, and another 14pp in 2021. IT is the significant-top one, with 42% of deal volume and 45% of deal value for cross-border mid-market M&A globally in 2021. Compared with the average deal value of cross-border mid-market M&A (49.7 million EUR), the IT industry has a comparable average deal value of 49.2 million EUR in 2021.

Another industry that has attracted increasing interest is the healthcare industry. While it was still the fourth industry of interest in 2019, it became the second most interesting sector in 2020. However, the interest is mainly reflected in the stable number of deals, whereas deal volumes decreased in other sectors. The value of deals in the healthcare industry dropped slightly in 2020 (from 24.9 billion EUR in 2019 to 23.5 billion EUR in 2020), but increased significantly in 2021 to 26.1 billion EUR. The average deal value in the healthcare industry increased from 42.1 million EUR in 2019 to 47.1 million EUR in 2020, and further increased to 52.7 million EUR in 2021. The healthcare industry had the highest average deal value for cross-border mid-market M&A globally in 2021 and a 6% higher average deal value than the global average cross-border mid-market deal value. It is the only industry with a higher-than-average deal value in the top 5 industries by deal numbers.

Table 1. 1 Top 5 industries based on # of cross-border mid-cap M&A deals in 2019, 2020, and 2021

	2019 ¹ :					2020 ² :					2021 ³ :							
	IT	BIFS ⁴	ME ⁴	Health	WRT ⁴	Other	IT	Health	BIFS ⁴	ME ⁴	Business Services	Other	IT	Health	ME ⁴	BIFS ⁴	Business Services	Other
Deals (#)	24%	13%	11%	10%	5%	37%	31%	12%	10%	9%	5%	32%	42%	12%	8%	7%	4%	26%
Deal value (€bn)	23%	13%	11%	11%	6%	37%	29%	13%	10%	9%	5%	34%	43%	13%	8%	7%	4%	4%
Avg. deal value (€m)	40.6	42.3	40.9	42.1	45.7	41.2	39.0	47.1	46.6	41.7	38.9	44.8	49.2	52.7	48.3	48.1	44.5	46.5

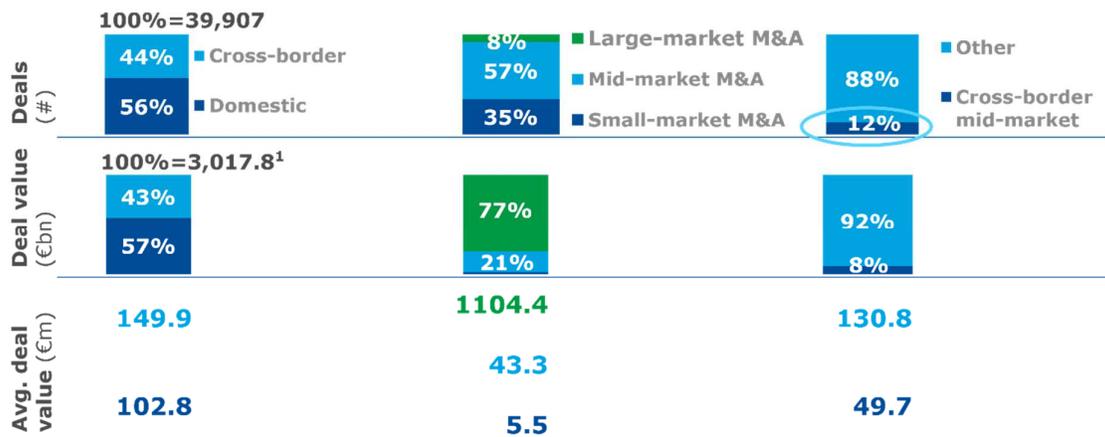
¹ Based on 5,703 deals
² Based on 4,250 deals
³ BIFS: Banking, Insurance & Financial Services, ME: Machinery & Equipment, WRT: Wholesale & retail trade

Taking a closer look at the year 2021

For the 39,907 M&A deals completed in 2021, 44% were cross-border deals. Mid-market deals make up 57% of total M&A deals, making it the largest segment in deal numbers compared to other market segments by deal size. Cross-border mid-market deals account for 12% of the total M&A deals completed in 2021. Therefore, among 17,462 cross-border M&A deals, 27% are mid-market deals. Among 14,800 mid-market deals, 21% are cross-border deals.

In terms of deal value, cross-border M&A made up 43% of total M&A in 2021. Mid-market deals made up to 21% of total M&A deal value. With a total deal value of 240.0 billion EUR, cross-border mid-market M&A accounted for 57% of deal value among total M&A in 2021.

On average, cross-border M&A has a deal value of 149.9 million EUR. The average deal value of mid-market M&A globally is 43.3 million EUR, while cross-border mid-market M&A has an average deal value of 49.7 million EUR. Cross-border mid-market M&A has a 15% higher average deal value than total mid-market M&A.



¹ Based on 26,066 global M&A deals with known deal value.

Figure 1. 4 Overview of M&A deals globally by category in 2021

Second tier: the continental perspective

- **North America and Europe are the top 2 continents in cross-border mid-market M&A in 2021. They make up to 81% deal value and volume as the acquirer origin and 67% deal value and volume as the target origin.**
- **North American acquirers are mainly coming from the USA, and show interest in targets from Europe and China.**
- **European acquirers are mainly active in the European market.**
- **Europe is the largest target origin continent of cross-border mid-market M&A deals.**
- **North American acquirers are buying IT; European targets are interesting for chemical and non-metallic products.**

Studying the deal flow among the 6 different continents, we find that the continental splits of deal volume and deal value are similar for both acquirer and target sides. Analysing the acquirer side of cross-border mid-market M&A deals, we see that most deals involve acquirers coming from North America, making up 50% deal volume and 54% deal value. The second-largest parties are European acquirers, with 29% deal volume and 27% deal value, followed by Asian acquirers with 17% of deal volume and value. Acquirers from Oceania, South America and Africa together account for only 4% deal volume and 3% deal value of cross-border mid-market M&A transactions.

On the target side, most targets of cross-border mid-market M&A come from Europe, making up 41% deal volume and 37% deal value. North American targets comprise the second largest cohort in cross-border mid-market deals, with 25% deal volume and 30% deal value, closely followed by Asian targets, which account for 28% of deal volume and value. Targets from Oceania, South America and Africa together represent 5% of deal value and volume in cross-border mid-market M&A transactions globally.

In total, North America and Europe are the top 2 continents in cross-border mid-market M&A in 2021. They make up to 81% deal value and volume as the acquirer origin and 67% deal value and volume as the target origin.

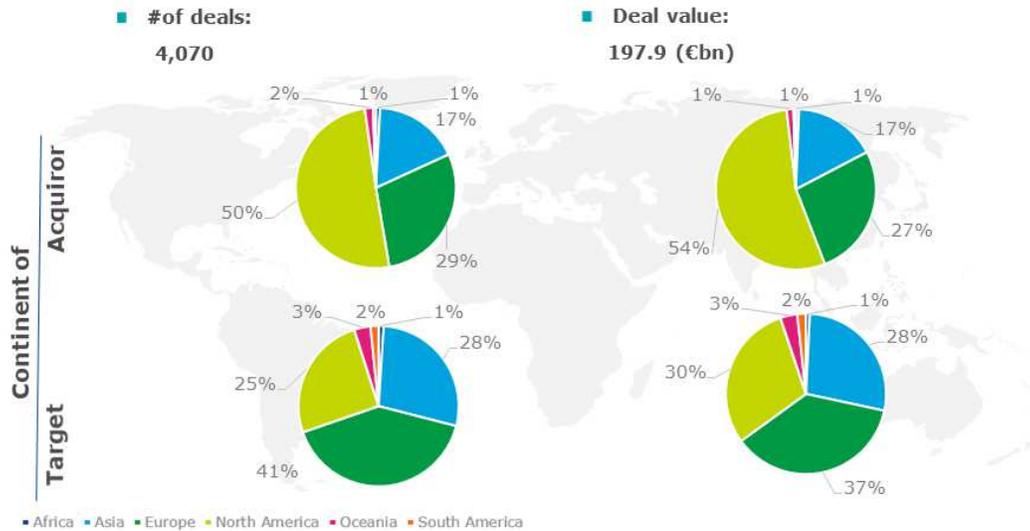


Figure 2. 1 Cross-border mid-cap M&A deals in 2021 by continent of acquirer and target

We introduce an indicator named 'Value-to-volume ratio' to evaluate the deal value and deal volume in a specific continent. Value-to-volume ratio = deal value % / deal volume %. If the Value-to-volume ratio is >1, the continent has a relatively higher deal value per deal. If the Value-to-volume ratio is <1, the continent has a relatively higher deal volume. As an acquirer origin, North America has a Value-to-volume ratio of 1.1, while Europe has a Value-to-volume ratio of 0.9. As a target origin, North America has a Value-to-volume ratio of 1.2, while Europe has a Value-to-volume ratio of 0.9. North America has a higher average deal value, while Europe has a relatively more active trading market as both the acquirer and the target origin.

Table 2. 1 Value-to-volume ratio by continent of acquirer and target

Continent	As acquirer origin	As target origin
Africa	0.7	0.8
Asia	1.0	1.0
Europe	0.9	0.9
North America	1.1	1.2
Oceania	0.8	1.0
South America	0.9	1.1

Taking a closer look at the continent where most acquirers active in cross-border mid-market deals are coming from – North America

On the continental level, most deals with North American acquirers happen within North America (35%), Europe (31%), and Asia (28%). The top 3 origin continents for targets add up to 94% of cross-border mid-market M&A deals with North American acquirers.

Most of the North American acquirers of cross-border mid-market M&A deals in 2021 come from the United States, contributing to 83% deal volume, whereas acquirers from Canada account for 6%. Hence, when analysing where the targets are coming from, we see a very similar picture. The top 5 countries that acquirers from North America and USA are interested in are: China, the United Kingdom, the Netherlands, Israel, and France. The top 5 target-origin countries add up to 35% cross-border mid-market M&A deals with acquirers from the United States and 33% cross-border mid-market M&A deals acquired by North American acquirers.

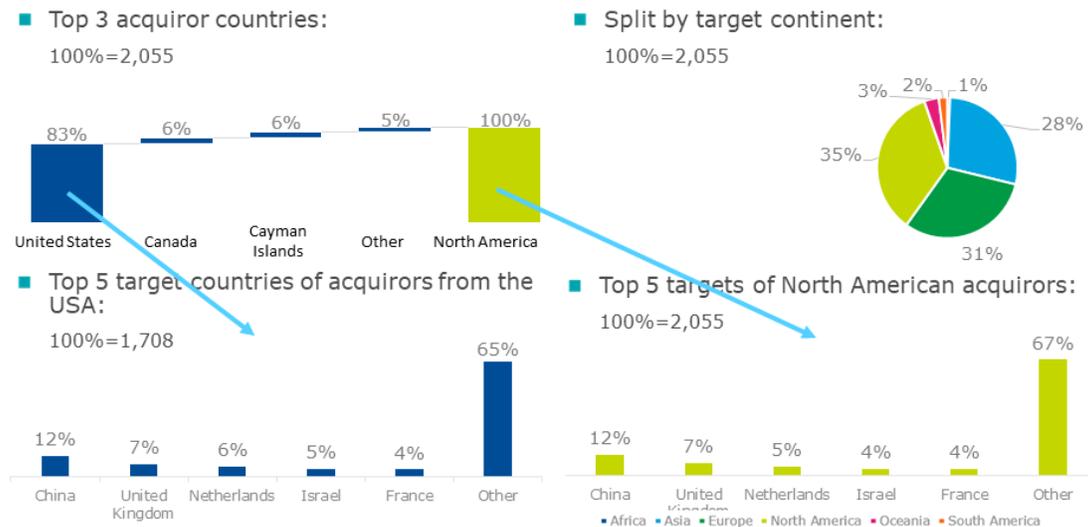


Figure 2. 2 Deep dive North American acquirers, number of deals

Taking a closer look at the second-largest acquirer-origin continent – Europe

Coming from the second-largest acquirer-origin continent, European acquirers are mainly active in cross-border mid-market M&A deals within Europe, making up to 76% cross-border mid-market M&A deals with European acquirers. North American targets are the second most interesting, with about 12% deal volume. The third attractive target-origin continent for European acquirers is Asia, with about 9% deal volume. These top 3 target-origin continents make up to 94% cross-border mid-market M&A deals with European acquirers.

On a country level, European acquirers have a more evenly distributed split than North American acquirers. The top 5 European acquirers are from the United Kingdom (40%), France (16%), Germany (7%), Sweden (6%), and Switzerland (5%). In total, acquirers from the top 5 European acquirers' origin countries make up to 74% total cross-border mid-market M&A deals with European acquirers.

European acquirers have a strong interest primarily in European and North American targets. The top 5 targets by country make up to 54% of the deals. 4 out of the top 5 countries, in terms of target numbers, are from Europe and take up 44% total deals with European acquirers. The most active acquirers within Europe are from the United Kingdom, whose top-5 targets by origin countries makes up 55% cross-border mid-market deals. The largest target origin country for acquirers from the United Kingdom is Germany, and it makes up 22% of transactions with acquirers from the United Kingdom. The second largest target origin country for acquirers from the United Kingdom is the United States, and it makes up 13% of deals with acquirers from the United Kingdom.

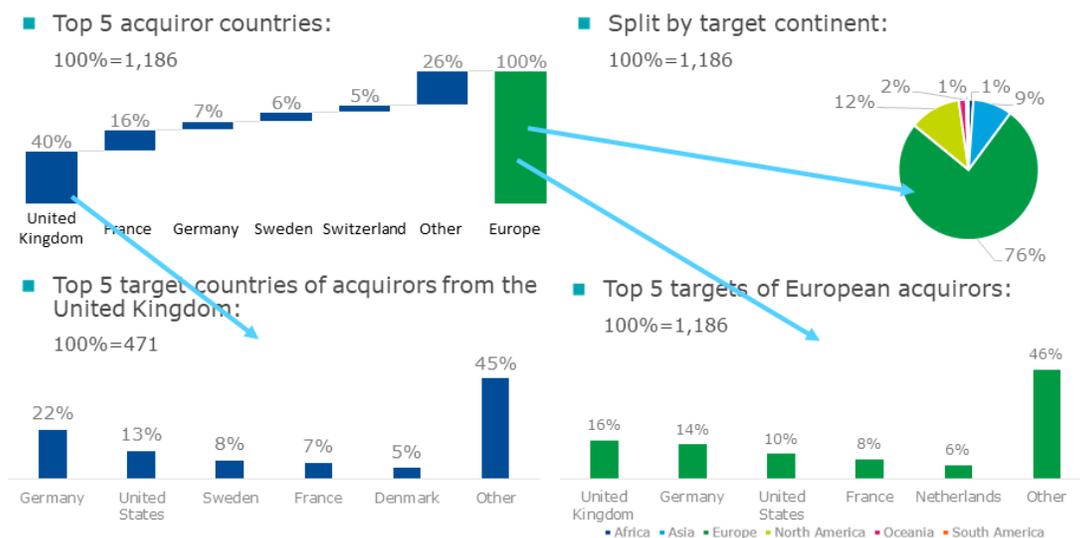


Figure 2.3 Deep dive European acquirers, number of deals

Switching the perspective and analysing Europe as the continent where most of the targets in cross-border mid-market M&A come from

Europe is the largest target origin continent of cross-border mid-market M&A deals. Most of the acquirers active in cross-border mid-market M&A deals with European targets come from Europe as well. European acquirers take up 54% of the total deal volume, followed by North American acquirers at 39%; hence, in total, North American and European acquirers make up a vast majority of 93% of deal volume. Asian acquirers are the third active acquirers of European targets, with a 5% deal volume. Therefore, deals with European targets have a relatively concentrated split in acquirer continents.

On a country level, European targets also have a more concentrated split in acquirer countries than Europe's situation as acquirers. The top 5 acquirers of European targets are from the United States (34%), United Kingdom (20%), France (10%), Germany (4%), and Sweden (4%). The top 5 acquirer countries make up 71% of deals with European targets, while the top 5 target countries make up 54% of deals with European acquirers. The largest target country within Europe is the United Kingdom. Targets from the United Kingdom have a relatively less concentrated split of acquirers. The United States is the largest acquirer country for targets in the United Kingdom, with 31% deal volume. South Africa is the only country amongst the five largest acquirers' country for the target companies in the United Kingdom, that is not coming from North America or Europe.

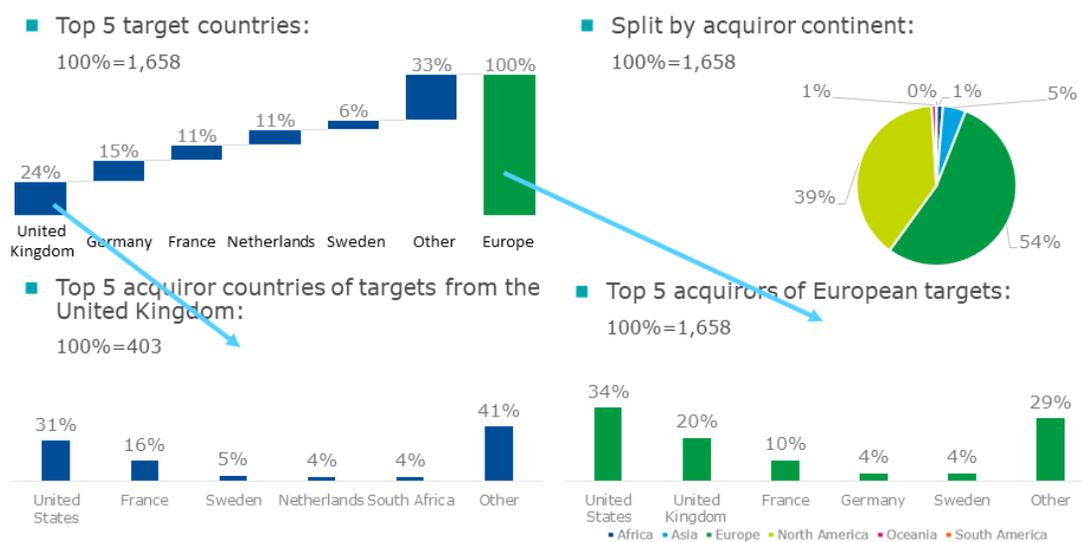
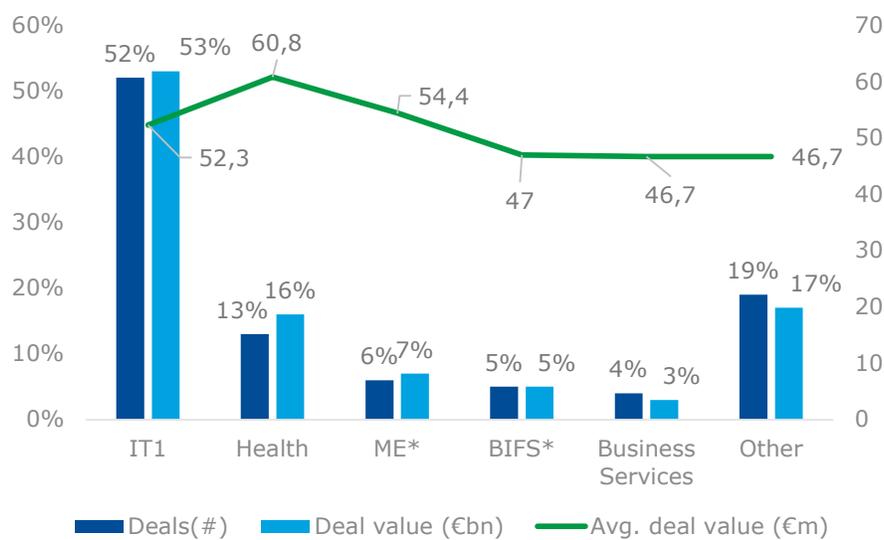


Figure 2. 4 Deep dive European targets, number of deals

From a continental perspective: Analysing in which industries cross-border mid-market M&A are happening

Analysing the target industry split of the largest acquirer continent, North America, and the largest target continent, Europe, we want to understand what North American acquirers are interested in and for what kinds of industries European targets are acquired.



*ME: Machinery & Equipment, BIFS: Banking, Insurance & Financial Services

Figure 2. 5 Cross-border mid-cap M&A² with North American acquirers

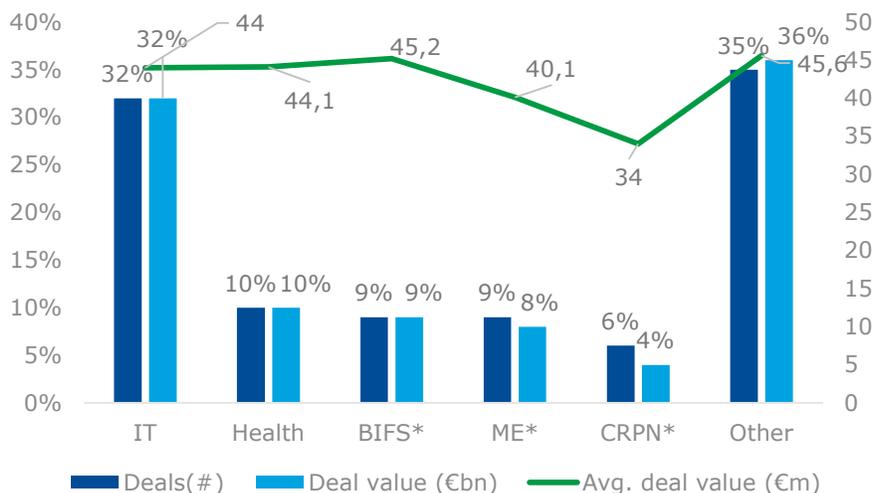
In terms of deal numbers, North American acquirers are active in the top 5 target industries of the total cross-border mid-market M&A segment. North American acquirers are even more active in the IT sector with 52% of deals, while it takes up 42% of global cross-border mid-market deals. North American acquirers also pay higher deal values for the IT industry. The average deal value for deals in the IT industry for North American acquirers is 52.3 million EUR, while the average deal value for cross-border mid-market deals within the IT industry is 49.2 million EUR. Hence, the average deal value for deals in the IT industry for North American acquirers is 6% higher than the global average in this industry.

The healthcare industry has the highest average deal value globally, and North American acquirers invest even more. The average deal value for the healthcare industry with North American acquirers is 60.8 billion EUR, while the average deal value for the global cross-border mid-market healthcare industry is 52.7 billion EUR, and the average deal value for global cross-border mid-market M&A deals is 49.7 million EUR. Therefore, the average deal value for the healthcare industry

² Based on 2,055 deals.

with North American acquirers is 15% higher than the global average for cross-border mid-market healthcare industry deals, and even 22% higher than the global average deal value for cross-border mid-market M&A deals.

Analysing the industry of cross-border mid-market deals with European targets involved, we see that they also mainly take place in the IT industry. IT is the largest industry for European targets, with 528 deals and 23.2 billion EUR deal value, representing 32% deal volume and value of cross-border mid-market M&A deals with European targets. Comparing the industry analysis of all cross-border mid-market deals with those for European targets, we see that the chemical, rubber, plastic, and non-metallic products industry plays an important role in Europe. It is ranked fourth in deal volume, whereas for cross-border mid-market M&A globally, it only ranked seventh in deal volume, with 137 deals in 2021 globally. European targets take up 67% of global deals in this industry and 54% of cross-border mid-market M&A deals globally.



* ME: Machinery & Equipment, BIFS: Banking, Insurance & Financial Services, CRPN: Chemicals, rubber, plastics, non-metallic products

Figure 2. 6 Cross-border mid-cap M&A³ with European targets

³ Based on 1,658 deals.

Third tier: the Moore Global Corporate Finance geographies

- For most of the MGCF geographies cross-border mid-market transactions account for more than 35% of all M&A transactions, thus outperforming the global average.
- Most MGCF geographies are net targets.
- Israel has almost twice the deal numbers as target origin than as acquirer origin, while Germany has almost 3 times the deal numbers as target origin than as acquirer origin.

When analysing the role that cross-border mid-cap M&A transactions play in the respective Moore Global Corporate Finance geographies, we see that – apart from the Czech Republic, Poland, and Lithuania – this specific market segment builds an important pillar in the respective regional M&A markets. Whereas the global average of cross-border mid-market transactions accounts for 12% of the total M&A market, it accounts for most of the MGCF geographies for more than 35%. In South Africa, for example, cross-border mid-market M&A transactions represent almost 50% of all M&A deals. Israel takes on the lead with 66% of cross-border mid-market transactions. Analysing the share of cross-border transactions within the segment of mid-market M&A deals, we see that for all Moore Global Corporate Finance geographies it lies above the global average of 21% and ranges between 23% (South Africa) and 67% (Lithuania).

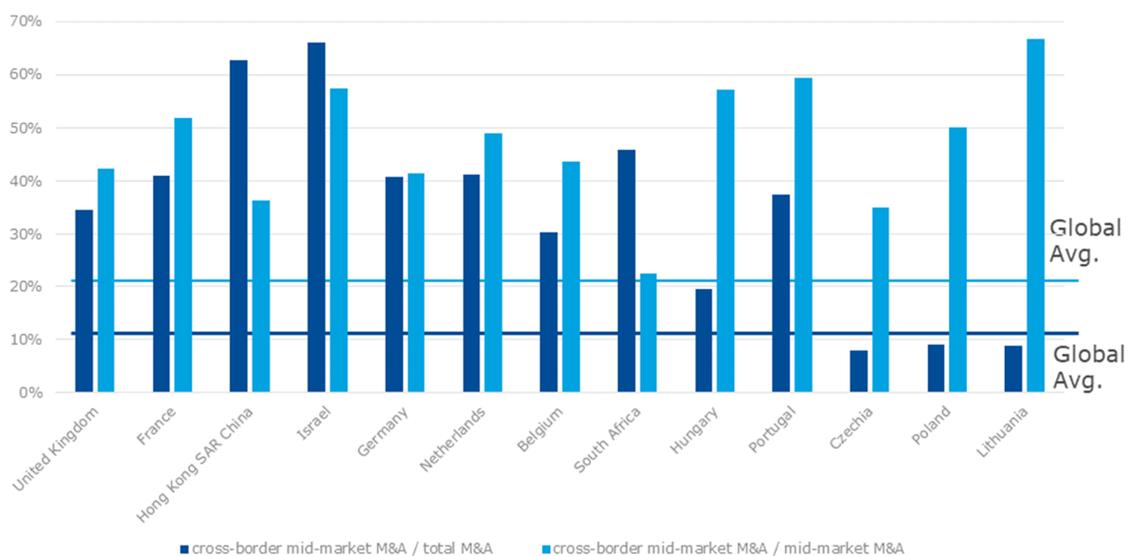


Figure 3. 1 Overview percentage of cross-border mid-cap M&A by MGCF geography

Calculating a net result for cross-border mid-market M&A can help us understand the aggregate inflow or outflow of company numbers and asset values in a geographical region. Compared with 1,076 deals with acquirers from the MGCF geographies, 1,325 deals have targets from the MGCF geographies, making the MGCF geographies a net target with 249 deals. The United Kingdom, France, and Germany are the top 3 target origins from the MGCF geographies. Israel has almost twice the deal numbers as target origin than as acquirer origin, while Germany has almost 3 times the deal numbers as target origin than as acquirer origin. However, while most of the MGCF geographies can be considered as net targets, Hong Kong SAR China, South Africa, and Hungary are net acquirer regions. For France, there are almost the same number of cross-border mid-market transactions with acquirers from France as with targets from France. The United Kingdom takes on an interesting role. While taking deal volume into account, the United Kingdom can be considered as a net acquirer; however, when analysing the deal values, the United Kingdom is a net target instead.

Table 3. 1 Summary of net result for cross-border mid-market M&A in MGCF Geographies

	Net Deal Number (#)	Deal Number	Net Deal Value (€m)	Deal Value
MGCF Geographies	-249	Net target	-12340.8	Net target
United Kingdom	68	Net acquirer	-1199.9	Net target
France	3	Net acquirer	1089.0	Net acquirer
Hong Kong SAR China	78	Net acquirer	3346.0	Net acquirer
Israel	-87	Net target	-4211.6	Net target
Germany	-165	Net target	-5639.0	Net target
Netherlands	-118	Net target	-4503.2	Net target
Belgium	-12	Net target	-724.1	Net target
South Africa	12	Net acquirer	597.6	Net acquirer
Hungary	4	Net acquirer	281.9	Net acquirer
Portugal	-14	Net target	-749.0	Net target
Czech Republic	-1	Net target	-26.9	Net target
Poland	-16	Net target	-577.2	Net target
Lithuania	-1	Net target	-24.4	Net target

Analysing the industries in which deals with targets or acquirers from MGCF geographies are taking place, we see a similar picture overall to the cross-border mid-market M&A segment in general⁴: the IT sector as well as the healthcare sector are very attractive. Leading in deals in these 2 sectors are Israeli actors: Acquirers from Israel performed 67% of their transactions in the IT sector and 13% in the healthcare sector. When analysing cross-border mid-market M&A transactions with targets from Israel, we see that even 82% of all deals are happening within the IT sector and 6% within the healthcare sector. Although the IT and healthcare sectors are also the 2 most important sectors for acquirers from Hong Kong, they account for only 17% (IT) and 15% (healthcare) of transactions. The second most important sector in Germany, from both a target and an acquirer perspective, is the Machinery & Equipment sector; 14% of all deals with acquirers from Germany and 13% of all deals with targets from Germany are happening within this sector. Whereas Dutch acquirers execute 15% of their cross-border mid-market transactions in the IT sector, 53% of the deals with targets from the Netherlands are happening within this industry. The second most important industry from a target perspective is the telecommunications sector: 15% of all cross-border mid-market transactions with targets from the Netherlands are happening within this industry. While Belgian acquirers are also shopping within the IT industry (45% of all deals), Belgian targets are – after the IT industry with 22% – acquired in the food, beverages, and tobacco industry. This is, together with healthcare, the second most important sector and accounts for 19% of all cross-border mid-market transactions.

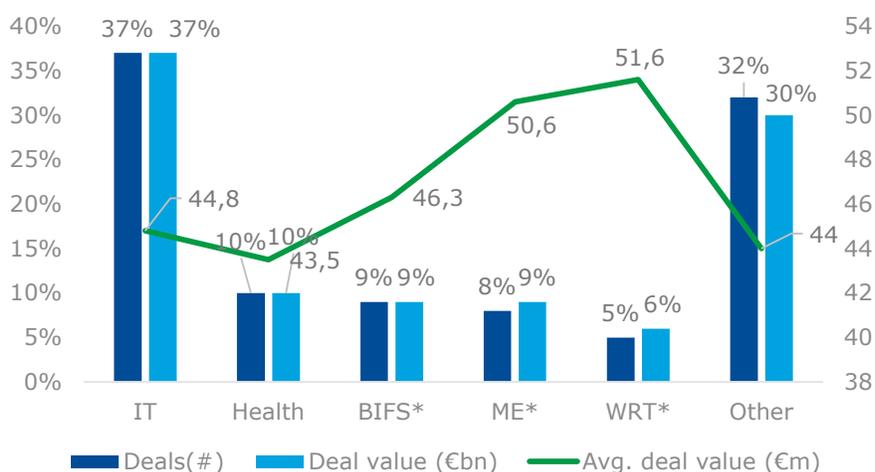


Figure 3. 2 MGCF cross-border mid-cap M&A in 2021

⁴ For details on the respective geographies please see the appendix.

Analysing cross-border mid-market deals with acquirers from the MGCF geographies

In 2021, 1,076 cross-border mid-market deals with a deal value of 46.7 billion EUR have acquirers from the MGCF geographies. Compared with the acquirer split by continent, we can see that cross-border mid-market M&A deals with acquirer from the MGCF geographies have comparable deal numbers and values with Europe, the second-largest acquirer origin continent, of 1,186 deals and 53.0 billion EUR deal value. A partial reason could be that MGCF operates in the European countries with the largest deal numbers as the acquirer. Acquirers from the United Kingdom, France, and Germany are the top 3 European acquirer origins within the MGCF geographies. They are also the top 3 acquirers within Europe. Acquirers from the United Kingdom contribute to about 2.5 times the deal volume compared to France, the second-largest MGCF geographies acquirer country. The acquirers from the United Kingdom also have the highest total deal value in the MGCF geographies: 18.6 billion EUR.

However, deals with acquirers from the United Kingdom have a relatively lower average deal value (39.5 million EUR) among all MGCF geographies, while the second-largest acquirer origin, France, has an average deal value of 47.6 million EUR. The average deal value for cross-border mid-market deals with acquirers from MGCF geographies is 43.4 million EUR, and hence is 14.5% lower than the global average cross-border mid-market deal value (49.7 million EUR). The median deal value for cross-border mid-market deals in the MGCF geographies is 44.9 million EUR. With 127.3 million EUR, the Czech Republic has the highest average deal value among the Moore Global Corporate Finance geographies.

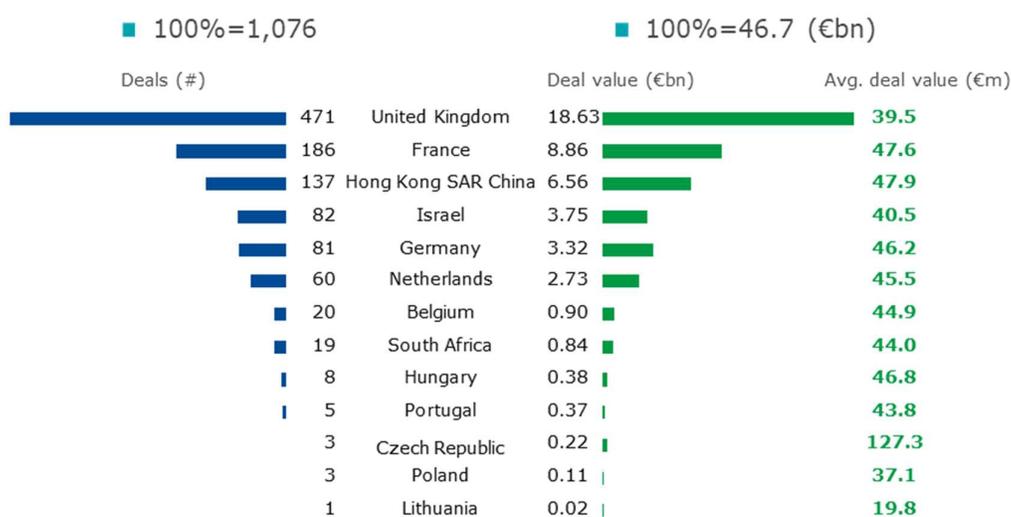


Figure 3. 3 Split of cross-border mid-cap M&A deals by acquirers from MGCF geographies

Analysing cross-border mid-market deals with targets from the MGCF geographies

In 2021, 1,325 cross-border mid-market deals with a deal value of 59.0 billion EUR had targets from the MGCF geographies. Compared with the target split by continent, we can see that cross-border mid-market M&A deals with targets from the MGCF geographies have comparable deal numbers with Asia (1,138 deals), the second-largest target origin continent. The MGCF geographies also have comparable deal value with the largest target origin continent, Europe (53.0 billion EUR deal value). Acquirers from the United Kingdom, Germany, and France are the top 3 European target origins within the MGCF geographies.

The average deal value for cross-border mid-market deals with targets from MGCF geographies is 44.5 million EUR, and hence 12% lower than the global average deal value. However, it is 3% higher than the average deal value with acquirers from the MGCF geographies. The median deal value for cross-border mid-market deals in the MGCF geographies is 42.4 million EUR. With 102.2 million EUR, deals with targets from the Czech Republic have the highest average deal value.

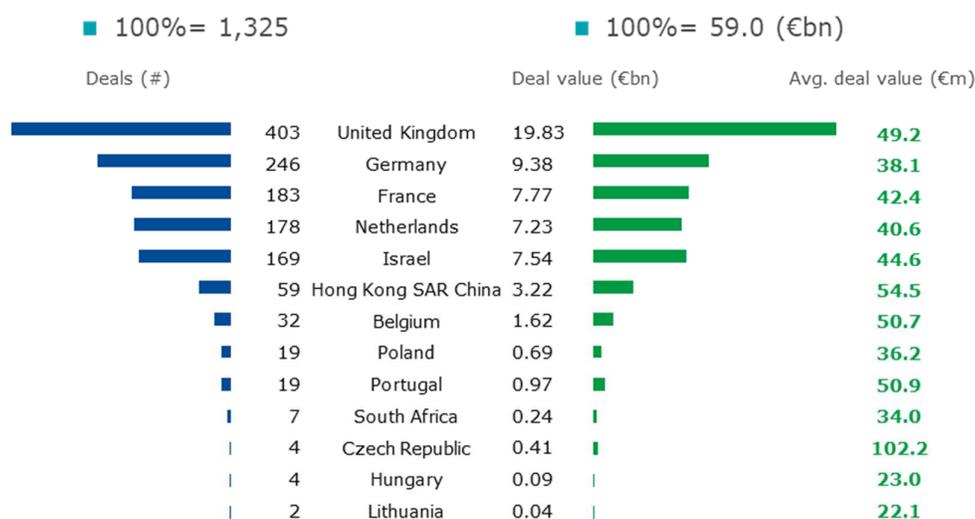


Figure 3.4 Split of cross-border mid-cap M&A deals by targets from MGCF geographies

Analysing the deal flows between the different MGCF geographies

Finally, analysing the deal flows between the different MGCF geographies⁵, we see that (in addition to the previously described actors coming from the United Kingdom) acquirers from France are mainly acquiring in the United Kingdom (34%); acquirers from Israel are mainly acquiring in the United States (23%); German acquirers are shopping a little bit everywhere, with very low concentrations on the first 3 most important target countries; similar to Belgian acquirers with 15% of transactions with targets from India, 10% from France as well as from the Netherlands; and Dutch acquirers are mainly interested in targets coming from the United Kingdom (25%).

On the target side, we see that French targets are mainly acquired by US American acquirers (40%). We see a similar picture when analysing deals with targets coming from Israel, the Netherlands, and Belgium – almost 50% (Israel), 60% (the Netherlands), and 34% (Belgium) of the respective acquirers come from the United States. Most interest in German companies comes from the United Kingdom (42%).

⁵ For details on the respective geographies please see the appendix.

Outlook

There are several reasons to expect M&A activity – especially in the cross-border mid-market segment – to grow further in 2022.

Globalization and the ever-increasing search for growth opportunities will positively influence activities in the cross-border sector.

Although digitalization has been a major topic for years now, it will remain one of the main challenges for firms, especially in the mid-market sector. We expect the interest in the IT sector to be unbroken.

Societal grand challenges, like climate change, are still far from being solved. The climate change summit in Glasgow in November 2021, as well as the European Green Deal, are examples of how the topic is only gaining momentum and influencing firm behaviour. While we already see an increasing trend in larger M&A transactions for the topic of EGS, we expect this to become an increasingly important topic in cross-border mid-market transactions as well.

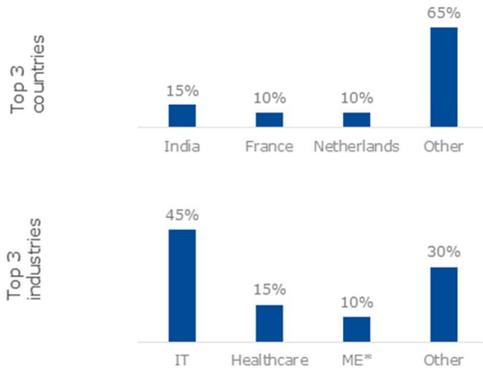
Unfortunately, the last couple of months, as well as more recent events, have taught us that new challenges can arrive very abruptly. The aftermath of the Covid-19 crisis, as well as the dramatic situation in Ukraine, will most certainly put pressure on the global economy and thus influence the M&A landscape.

Appendix

BELGIUM

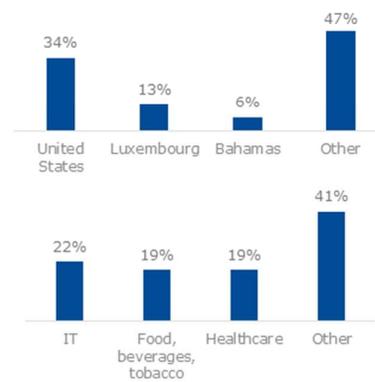
AS ACQUIRER

■ 100%= 20



AS TARGET

■ 100%= 32



CZECH REPUBLIC

AS ACQUIRER

■ 100%= 3

Top 3 countries

Netherlands	33%
Spain	33%
United Kingdom	33%
Other	0%

Top 3 industries

Transport	67%
Travel, Personal & Leisure	33%
Other	0%

AS TARGET

■ 100%= 4

Top 3 countries

France	50%
Netherlands	25%
United States	25%
Other	0%

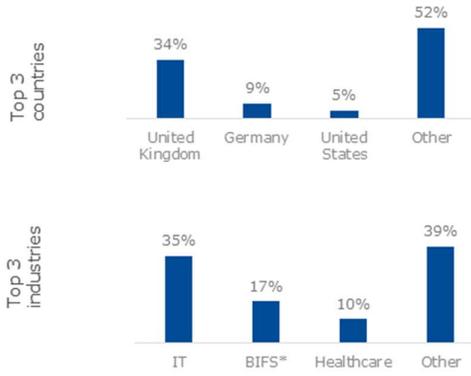
Top 3 industries

WRT*	50%
BIFS*	25%
IT	25%
Other	0%

FRANCE

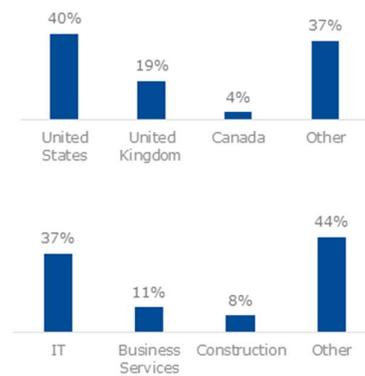
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AS TARGET

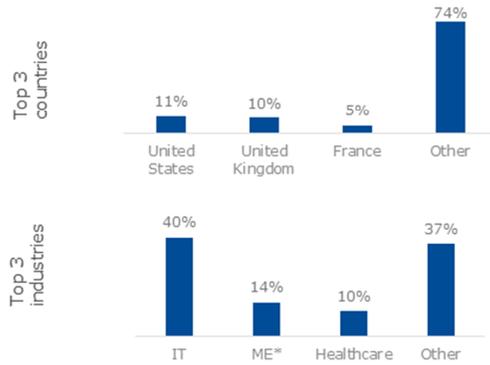
■ 100%= 183



GERMANY

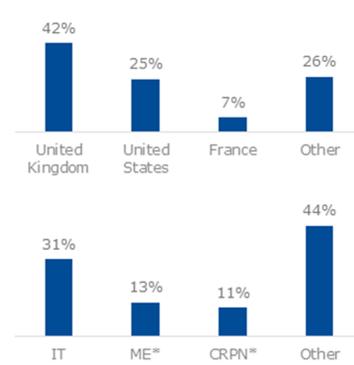
AS ACQUIRER

■ 100%= 81



AS TARGET

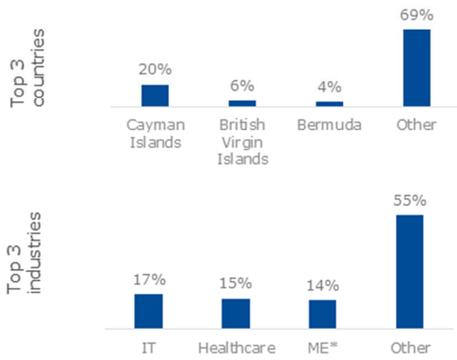
■ 100%= 246



HONG KONG SAR

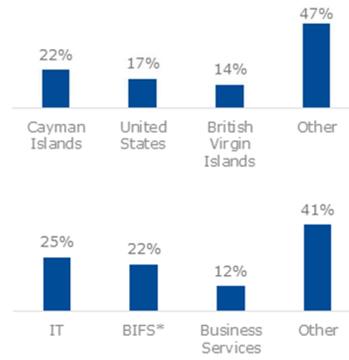
AS ACQUIRER

■ 100%= 137



AS TARGET

■ 100%= 59



HUNGARY

AS ACQUIRER

■ 100%= 8

Top 3 countries

United States	38%
Croatia	13%
Mexico	13%
Other	38%

Top 3 industries

BIFS*	25%
IT	25%
Business Services	13%
Other	38%

AS TARGET

■ 100%= 4

Top 3 countries

Cayman Islands	25%
China	25%
Sweden	25%
Other	25%

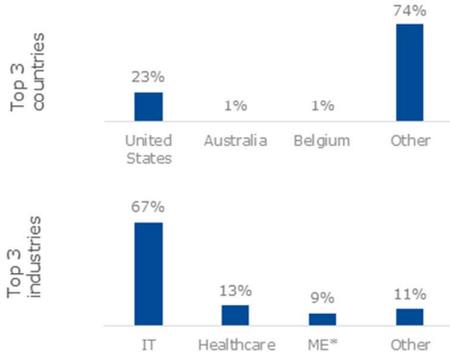
Top 3 industries

IT	50%
ME*	25%
Metals & metal products	25%
Other	0%

ISRAEL

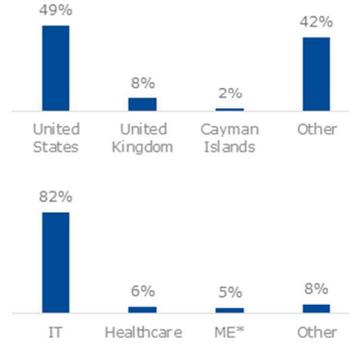
AS ACQUIRER

■ 100% = 82



AS TARGET

■ 100% = 169



LITHUANIA

AS ACQUIRER

■ 100% = 1

Top 3 countries

Lithuania	100%
Other	0%

Top 3 industries

IT	100%
Other	0%

AS TARGET

■ 100% = 2

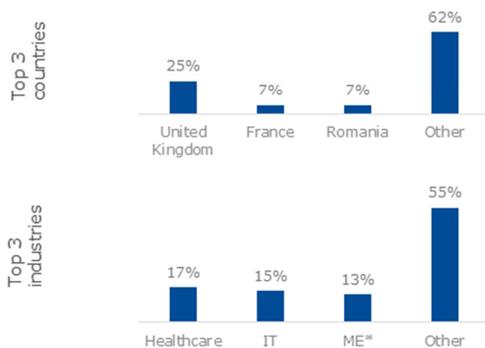
United States	50%
Other	50%

IT	100%
Other	0%

NETHERLANDS

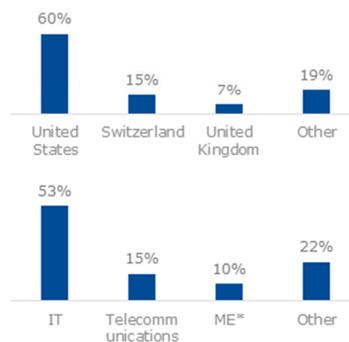
AS ACQUIRER

■ 100% = 60



AS TARGET

■ 100% = 178



POLAND

AS ACQUIRER

■ 100% = 3

Top 3 countries

Croatia	33%
Italy	33%
Portugal	33%
Other	0%

Top 3 industries

BIFS*	53%
Metals & metal products	16%
IT	11%
Other	21%

AS TARGET

■ 100% = 19

Top 3 countries

United States	43%
Belgium	14%
Cayman Islands	14%
Other	29%

Top 3 industries

BIFS*	43%
WRT*	29%
Food, beverages, tobacco	14%
Other	14%

PORTUGAL

AS ACQUIRER

■ 100%= 5

Top 3
countries

United Kingdom	40%
Mozambique	20%
Other	40%

Top 3
industries

IT	40%
BIFS*	20%
Food, beverages, tobacco	20%
Other	20%

AS TARGET

■ 100%= 19

Spain	26%
United States	26%
United Kingdom	16%
Other	32%

IT	26%
Health	21%
ESG	16%
Other	37%

SOUTH AFRICA

AS ACQUIRER

■ 100%= 19

Top 3
countries

United Kingdom	79%
Mauritius	11%
Brazil	5%
Other	5%

Top 3
industries

BIFS*	53%
Metals & metal products	16%
IT	11%
Other	21%

AS TARGET

■ 100%= 7

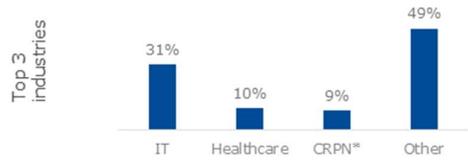
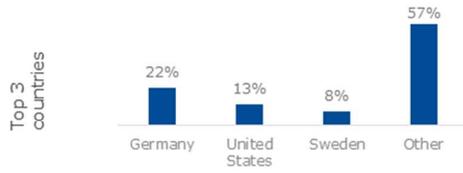
United States	43%
Belgium	14%
Cayman Islands	14%
Other	29%

BIFS*	43%
WRT*	29%
Food, beverages, tobacco	14%
Other	14%

UNITED KINGDOM

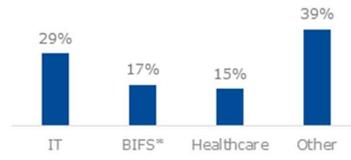
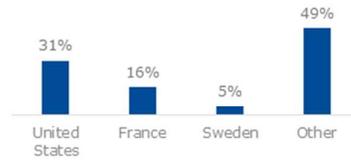
AS ACQUIRER

■ 100%= 471



AS TARGET

■ 100%= 403





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VLERICK BUSINESS SCHOOL - THE BUSINESS SCHOOL OF GHENT UNIVERSITY AND KU LEUVEN
STICHTING VAN OPENBAAR NUT - REEP 1 - 9000 GENT - BELGIE - T + 32 9 210 97 11 - BTW BE 0424 244 049 - RPR GENT
INFO@VLERICK.COM - WWW.VLERICK.COM