

# Corporate Advisory Newsletter

Q2 2023

## Market Update: Looking for the silver lining



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Head of Corporate  
Advisory

*As Head of Corporate Advisory, Finbarr is responsible for developing the overall strategy for Corporate Advisory within Goodbody's Investment Banking division. The Corporate Advisory team comprises over 30 senior financiers and advisers based in Dublin and London who work collaboratively as one unit.*

Capital markets are likely to remain vulnerable in 2023, with stock market volatility expected to persist well into the year. Recession in Europe remains a very real possibility, with no end in sight to the war in Ukraine and sticky inflation continuing to be a theme across the EU. The ECB has now delivered 7 consecutive interest rate hikes since July 2022 and has already signalled there is more to come in terms of tightening monetary policy. With core inflation at 4.4% for Q1 2023, the market is anticipating further rate increases during the course of 2023 as the ECB seeks to fight inflation.

Looking for the silver lining, there was a positive uptick in M&A transaction volumes in the Irish market in the first quarter. Mergermarket shows that there were 99 M&A transactions announced in Ireland in Q1 2023 (where the company in any role was Irish) with total disclosed value of €4.3bn. Some of the larger value deals included Chiesi Farmaceutici's acquisition of Ireland's Amryt Pharma plc, for €1.3bn, followed by UK based Informa Plc's €932m acquisition of Irish based Tarsus Group, a B2B events and media company. Kerry Group sold its sweet ingredients division to Italy based Irca S.p.A for €500m and Chiquita Brands acquired Dole plc's Ireland based Fresh Vegetables Division for €270m. Transaction values in the same period last year, were significantly higher at €13.8bn, but this was skewed by two very sizeable deals with a combined value of approx. €6.5bn.

**4.4%**  
core inflation  
for Q1 2023

**25bps**  
rate increase  
at the ECB's  
May meeting

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In the UK, there were 1,215 transactions announced with a total disclosed value of £80bn in the first quarter, compared with total disclosed values of £223bn in the same period in 2022 – skewed by Unilever’s £50bn proposed acquisition of Haleon (which ultimately was rejected by GlaxoSmithKline) and Macquarie’s £15bn acquisition of UK Power Networks.

See page 4 for an interview with Don Harrington, Head of Growth Team, for insights on what sectors we expect will see most transaction activity in 2023.

Data from the London Stock Exchange showed just five IPOs in the UK market in Q1 2023, raising new capital of approx. £82m, compared with 19 IPOs in the same period last year raising capital of £389m. In disappointing news for the Irish stock market, in the last few weeks, CRH and Diageo confirmed their intention to delist from Euronext Dublin this year. CRH is moving its primary listing from London to New York. Given that 75% of CRH’s earnings come from North America, it is expected that a US primary listing would bring increased commercial, operational and acquisition opportunities for CRH. Diageo’s decision was announced following a review of the trading volumes, costs and administrative requirements that are related to the company’s listings on Euronext Paris and Euronext Dublin.

## 12 Irish companies have embarked on the 2023 Euronext six-month programme on what’s required to be IPO/Investment ready.

Looking ahead to the next generation of potential IPO candidates, in January Euronext Dublin announced the fifth edition of its IPO Ready programme having received an unprecedented number of applications this year. 12 Irish companies have embarked on a six-month training programme which is designed to equip them with the necessary skillset required to get their businesses ready for investment. This year’s intake includes Big Red Cloud; CWSI; Fortus Group; Inclusio; KOREC; Mail Metrics; Medserv; Neurent Medical; ReaDI-Watch; SEEYOU; Sigma Retail Partners and Urban Volt and we would like to take the opportunity to wish them well with the programme.

## IPO and M&A Recap



UK IPOs Q1 2023  
**5 IPOs**  
£82m of new capital

UK IPOs Q1 2022  
**19 IPOs**  
£389m of new capital



Irish M&A Q1 2023  
**99 deals**  
€4.3bn value

Irish M&A Q1 2022  
**53 deals**  
€13.8bn value



UK M&A Q1 2023  
**1,215 deals**  
£80bn

UK M&A Q1 2022  
**1,696 deals**  
£223bn



Source: Mergermarket, UK Stock Exchange



# Business exit planning and succession in Ireland | 2023

Exiting the business is one of the most important personal and professional decisions any entrepreneur can make. The team at Goodbody and AIB Capital Markets believe in the importance of planning and we want to arm owners with information and practical tips to be aware of and to action where appropriate, whether your exit is on the horizon or a little further into the future. [Download](#) our report and [register for our event series on exit readiness today](#).

Our Succession Advisory Team, made up of M&A and tax specialists and wealth planners, offers business owners a coordinated one-stop advisory service across all aspects of a potential business exit, including both personal and corporate financial readiness for business owners. Regardless of how distant or close your business exit might be, why not set up a complimentary consultation with our team today?

## Upcoming Events



### Food and Beverage Finance Conference (FBF 23), Cork. 18 – 19 May.

Our Food and Beverage Finance Conference (FBF 23) returns this year and will take place on the 18 - 19 May in the Campus of University College Cork. This major conference is sponsored by Goodbody, AIB, UCC, A&L Goodbody and KPMG and brings together industry leaders with financiers to debate and discuss key themes in the food and beverage sector. FBF 23 will focus on investing in two key areas – Proteins (Dairy, Meat, Alt, Plant) and Non-Alcoholic Beverages, both significant growth segments of the global industry.

FBF 23 will also include a gathering on 19 May with short 15-minute presentations by smaller growth companies exposed to the Food & Beverage industries before an audience of PE and VC type investors.



### Destination Ireland: Prospects and Possibilities, Dublin. 17 May.

Goodbody Chief Economist Dermot O'Leary will be joined by Minister for Finance Michael McGrath and other key industry experts, to discuss Ireland's attractiveness as an investment destination and its overall economic health. This event will take place in our office on Wednesday 17 May from 8:15 - 10:30am. Please email [rachel.t.gray@goodbody.ie](mailto:rachel.t.gray@goodbody.ie) if you would like to register for the event.



### Succession stories: Q&A with Andy Farrell and Jim Gavin, Dublin. 25 May.

Following the launch of our Business Owners Exit Planning series, the Goodbody and AIB Capital Markets team invites you to a business breakfast networking event with guest speakers Andy Farrell and Jim Gavin. Hosted by broadcaster Matt Cooper, this broad ranging interview with two leadership greats will cover succession planning in sport, transitions and life after the game.

We will also be hosting optional 30 minute breakout sessions with our tax, lending and pension specialists on the morning of this event, so please sign up for these sessions if interested as spaces are limited!

[Register here.](#)

**In need of more information  
on upcoming events?**

Contact us directly

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# Interview with Don Harrington

## Head of Growth Team



### 1. Tell us about the Growth Team within Goodbody Corporate Advisory?

The Goodbody Growth Team offers a wide range of services to private companies who are seeking to grow quickly, whether through acquisition or organically. Our advisory services include equity and debt fundraising and buy side and sell side M&A advisory. We cover a broad spectrum of transaction sizes – everything from late-stage series A funding of approx. €10m, buy and sell side M&A and private equity capitalisation, right through to companies who are planning to list on the stock market.

*Our role is to identify or position potential investment opportunities in the market and then seek to bring capital to the table to effect a transaction.*

We advise strategic trade buyers and private equity buyers of growth companies across the UK and Ireland, who are looking to deploy large pools of capital. Our role is to identify or position potential investment opportunities in the market and then seek to bring capital to the table to effect a transaction. Ireland has a strong domestic private equity ecosystem with well established managers now deploying their 2nd generation funds.

We have recently added to our senior team - David O'Flynn joined us in March 2023. David brings over 20 years of healthcare business development and corporate finance experience focussed mainly on the medical device and pharma sectors, advising on capital funding, M&A and strategic development.

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**David O'Flynn**  
Director

David is focused on healthcare, including MedTech, BioTech, Diagnostics, Healthcare Services and Distribution.

### 2. What sectors do you think will see the most activity in 2023?

We expect to see activity this year in Healthcare, Business Services and Support Services, Technology and Financial Services sectors. Logistics, for example, as a sub sector of support services has seen an increase in M&A activity, which is a function of the supply chain disruptions that happened during COVID-19. There is also the political dimension driving consolidation in this space where companies who previously outsourced to China/Southeast Asia are now looking to nearshore some of these activities to shorten lead times for customers and to reduce dependency on China/Southeast Asia.

We also expect to see strong interest in renewables and engineering, while businesses that support utility and infrastructure investment in water, power and data centres will also require investment.

Within Technology, Cyber Security will continue to see a lot of activity, driven by the ever-increasing number of cyber-attacks, increasing demand for specialty managed IT services companies and cyber security products.

*The Goodbody Growth Companies Team offers a wide range of services to private companies who are seeking to grow quickly, whether through acquisition or organically.*

### 3. What is the capital raising outlook for growth companies and key trends you and the team are seeing?

During 2020/2021 we saw a lot of companies focused on driving top line growth, often at the expense of the bottom line. We are seeing a reversal of that trend now and loss making companies are focused on getting to cash flow breakeven very quickly as investors are no longer prepared to support growth at any cost. The outlook remains strong with significant capital still available for growth companies with strong unit economics who are within sight of profitability. These companies will remain very attractive to acquirers and investors.

Notwithstanding the significant contraction in the debt market since last summer there is both equity and debt capital available for companies if they have sensible growth plans and valuations. The increased cost of funding is impacting company valuations and also slowing the pace of M&A buy and build activities for some of these companies.

[Read more](#)

*Notwithstanding the significant contraction in the debt market since last summer there is both equity and debt capital available for companies if they have sensible growth plans and valuations.*

There was a significant amount of hiring ahead of the curve in 2020 and 2021 with companies expanding quite rapidly and now there is a reversal of that, especially in the tech sector. 2023 so far has been a year for steadying the ship.

It'll be interesting to see what markets will look like in H2. There was an expectation that we would see capital markets open in H2 with some IPOs. The London Stock Exchange has flagged a pipeline of companies waiting to IPO, however the more recent banking crisis sparked by Silicon Valley Bank, Credit Suisse, First Republic and others will push some IPO timelines into 2024.

#### **4. What are investors/buyers currently focussing on? Can you see any themes emerging?**

It is a good market for trade buyers to acquire businesses right now. There is less competition and private equity are more cautious in pricing deals at the moment.

For earlier stage growth companies, we are seeing a lot of internal rounds and down rounds happening this year. Companies are looking to shore up their balance sheets and raise more capital from existing investors or raise debt instead of raising more equity where they can, to try and avoid dilution and give them more time to hit certain key commercial milestones.

We have also seen the level of activity from later stage investors dialing right back. VC investors have been re-focusing on earlier-stage investing, backing companies who are building their teams, building their revenue base, and expanding their businesses at a more measured pace.

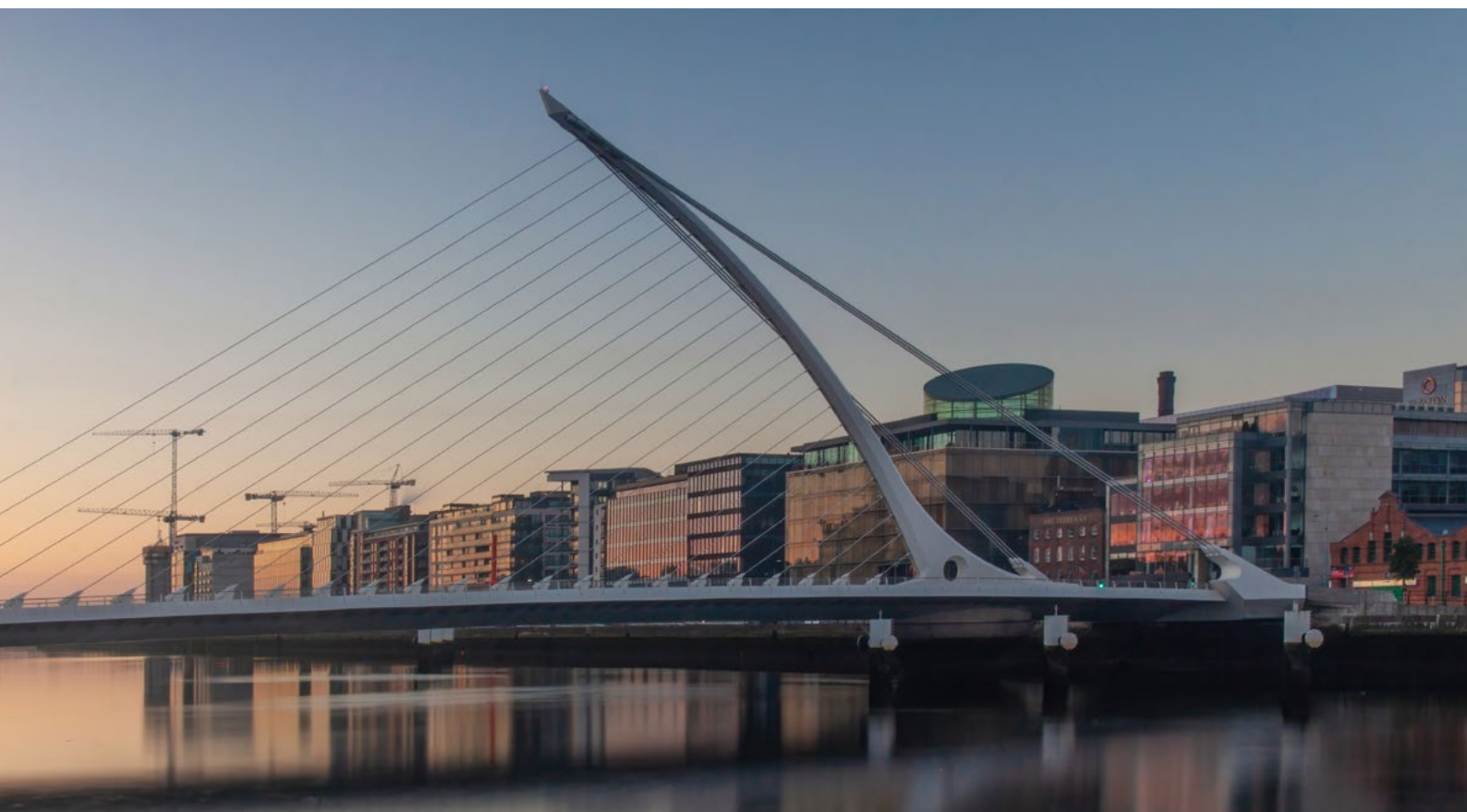
Overall, there continues to be strong appetite for deals from the private equity community in Ireland and overseas. While deal flow has certainly receded slightly, transactions are still coming to market, but the bar is higher to get through investment committees.

#### **5. What is your view on the current outlook for mid-market M&A in Ireland for 2023?**

We are cautiously optimistic about the outlook for mid-market M&A in Ireland. Well-funded corporates with strong balance sheets are positioned to capitalise in this market. Private equity firms who don't have any problem cases in their portfolio and invested strategically over the last couple of years, will likely maintain a similar investment approach.

Investors are being realistic in this market and are not expecting the same level of growth that they would have previously. Companies who can demonstrate some level of growth compared to the market and show expansion within their customer base will capture investors' attention.

*Overall, there continues to be strong appetite for deals from the private equity community in Ireland and overseas.*





# Want to talk to us?

For more information on our corporate advisory capabilities, please contact us using the details below and a member of our team will be in touch.

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