

Small Is Powerful - Micro M&A in US and Europe (Second Edition)



About Aranca

Our M&A Experience and Coverage

Experience spanning diverse range of sectors and geographies

800+ Assignments

In Mergers & Acquisitions

M&A Project Experience

130+

Global clients who have used our support services related to mergers & acquisitions (M&A)

250+

Products or services researched by us across multiple industry sub-segments

500+

Target identification and due-diligence studies completed

3,000+

Detailed company profiles developed by us as a part of the M&A studies



Sector Coverage

14+

Sectors and **80+** industry sub-sectors covered as a part of the M&A-oriented assignments

- Automobiles
- BFSI
- Chemicals
- Construction
- Consumer
- Energy
- Food & Beverages
- Healthcare
- Industrials
- Metals & Mining
- Packaging
- Technology
- Telecom
- Transportation



Geographical Coverage

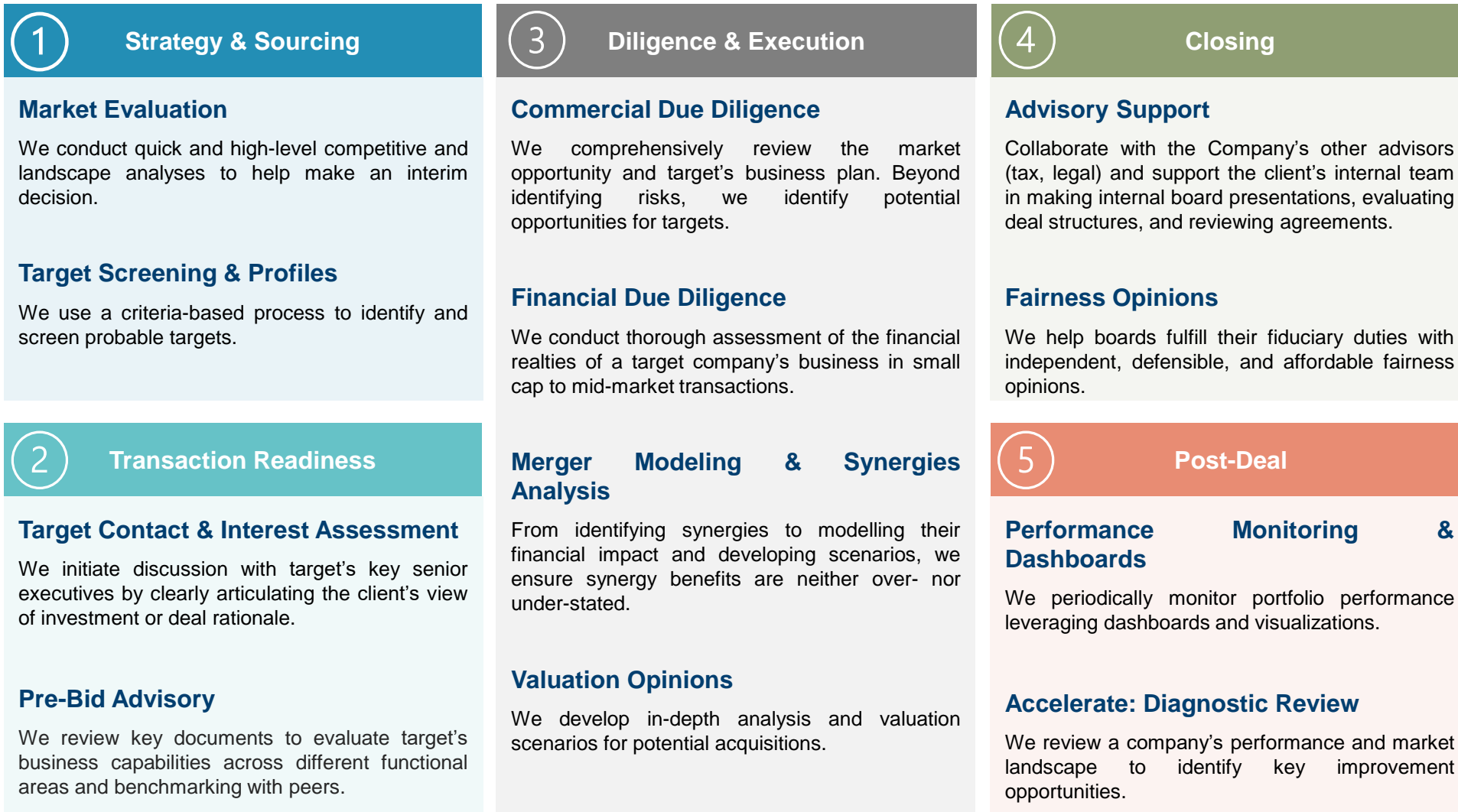
60+

Countries in which we executed M&A-related studies. Our experience spans the entire globe, covering all key geographical regions.

- North America
- South America
- Western Europe
- Eastern Europe
- Benelux
- Nordic Region
- South Asia
- East Asia
- Southeast Asia
- Africa
- Middle East
- Oceania

About Aranca

How Aranca supports Clients across the deal cycle?



Perspective

Micro M&A Deal Activity

\$986Bn

Total transaction value from 2016 to 2021

Micro M&A activity in the US stood at \$559Bn in the last six years.

M&A activity of over \$100Bn/year was recorded in transactions with ticket size less than \$100Mn.

40,391

Micro M&A deals from 2016 to 2021

Of the M&As, 53% were targeted at US companies.

Of the deal activity, 41% was targeted at those with transaction size of less than \$10Mn.

56% (in value terms)

Real estate, Industrials, and IT dominating micro M&A activity

Interestingly, large M&A activities are witnessed in well established/stable sectors.

Real estate and industrials dominate micro M&A activity (in terms of value and volume).

Recently, information technology recorded an uptick in M&A activity within the micro M&A category.

14%

M&As led by large enterprises

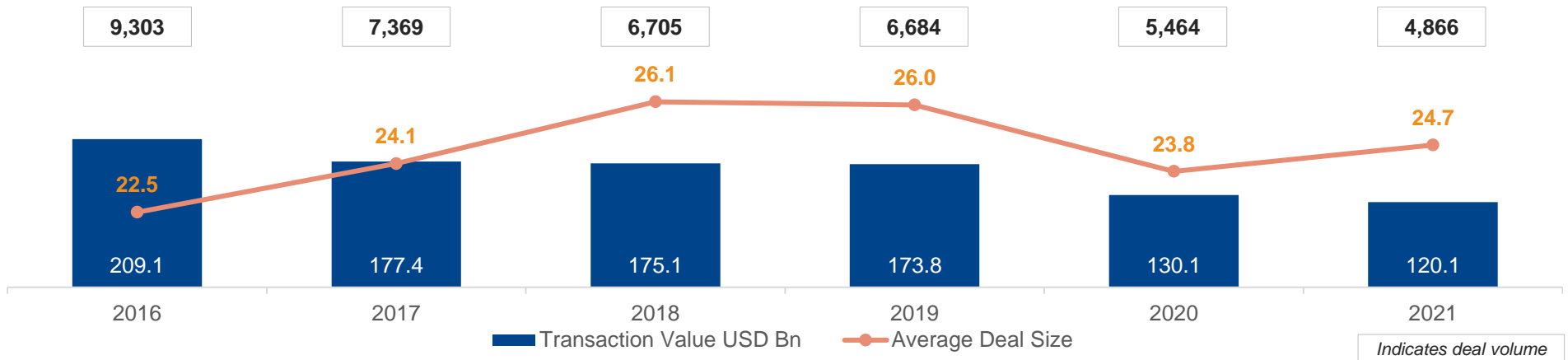
Nearly one in every seven deals in the micro M&A category was led by large enterprises (with revenue of more than \$500Mn) in 2021.

Large enterprises were the most active in deals of \$50Mn to \$100Mn (32% of the total deals by large enterprises) and \$10Mn to \$30Mn (28% of the total deals by large enterprises).

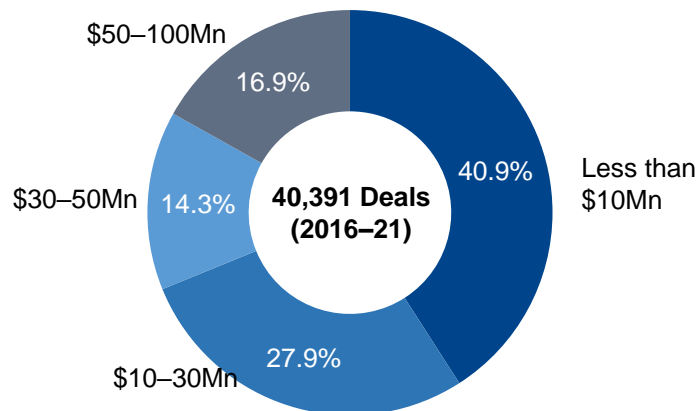
Micro M&A are deals with transaction value of less than \$100 million

Average deal size increased by 4% in 2021, following dip in 2020; 11% decline in deal volume as investors remain cautious of economic recovery

Micro M&A Deal Activity

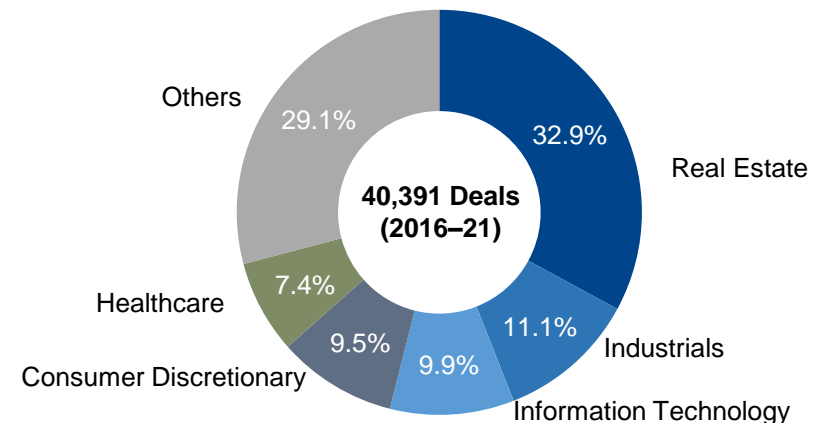


Micro M&A Deal Activity (volume) Breakdown By Size



Historically, micro M&A activity was dominated by deals with ticket size of less than \$10Mn.

Micro M&A Deal Activity (volume) Breakdown By Sector



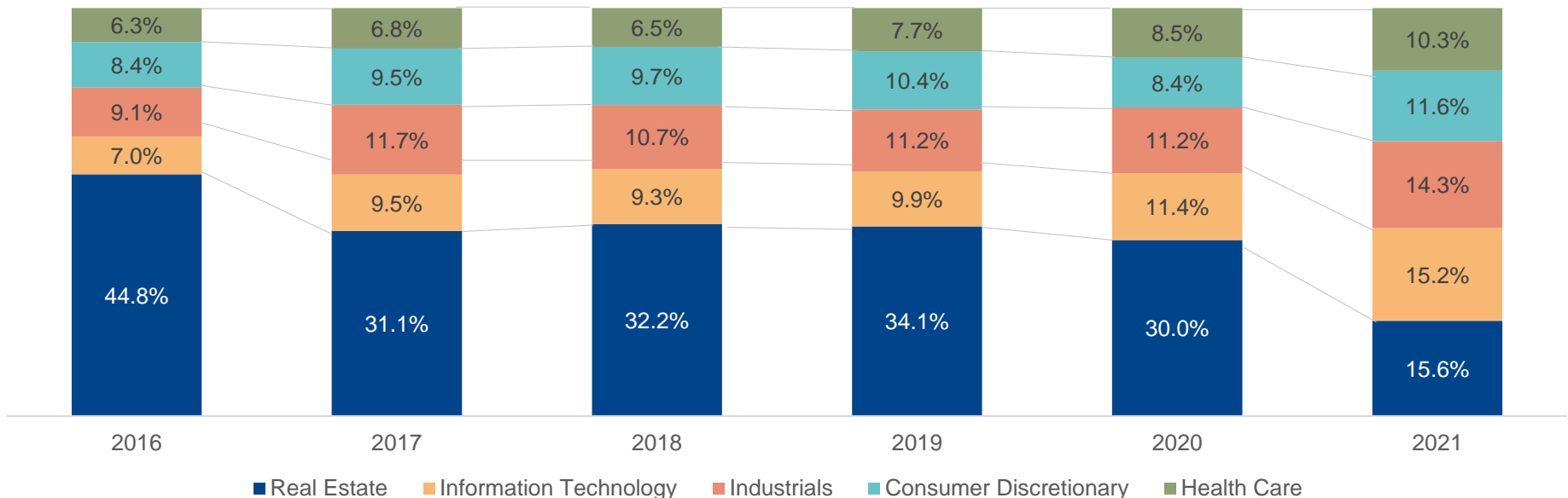
The real estate sector dominates the micro M&A segment, followed by industrials.

Source: Capital IQ, Aranca Analysis

Historically, Micro M&A deal activity dominated by real estate; 2021 witnessed a surge in deals focusing on industrials and information technology sectors

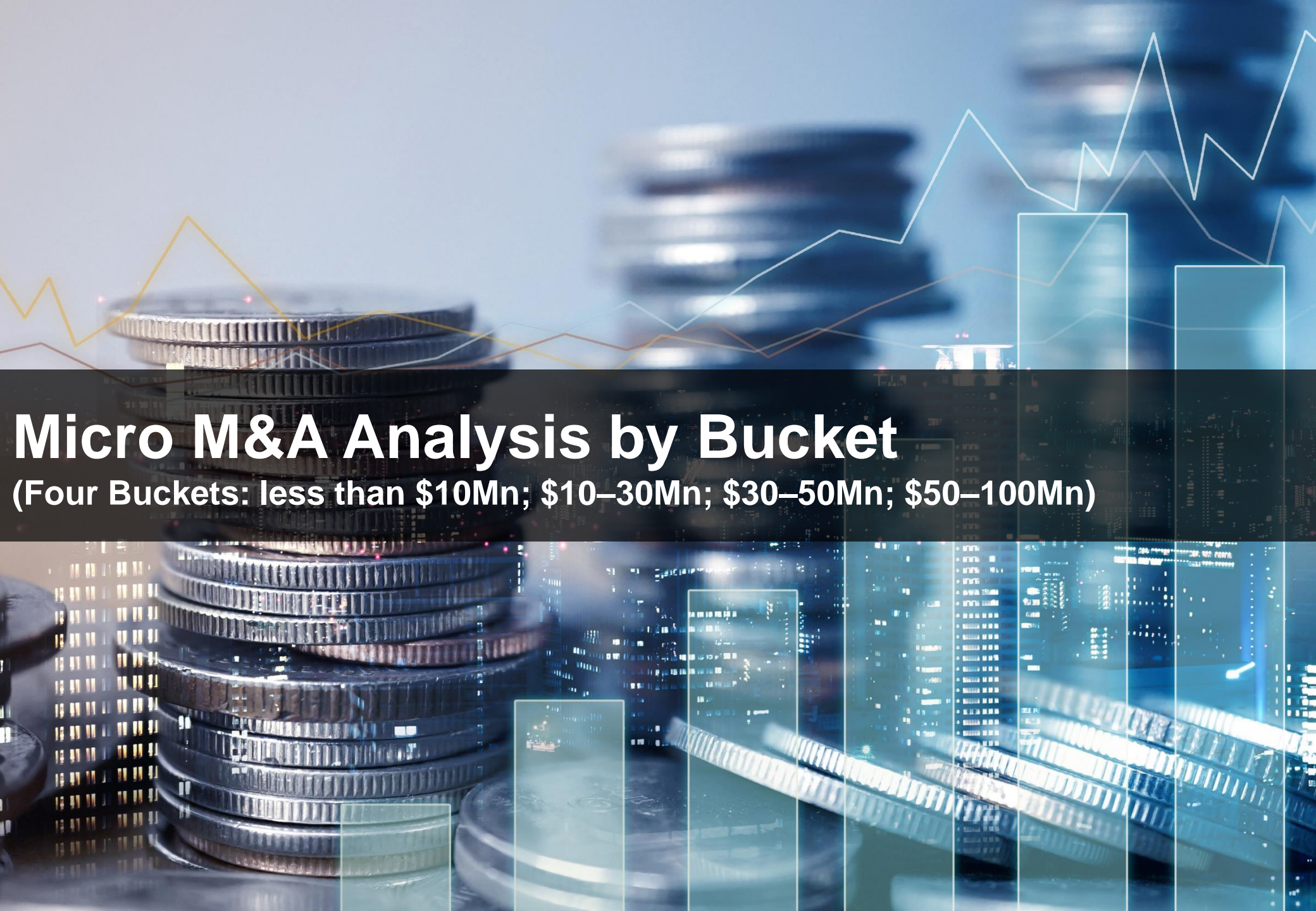
Micro M&A Deal Activity By Volume – Top Five Sectors

Top 5 sectors contribute ~70% of total M&A deals



- Deals in the real estate sector continued to decline in 2020–21.
- Deals in the information technology sector increased at a CAGR of 2.6% in 2016–21, primarily driven by greater usage of automation, IoT, and allied IT services by businesses and individuals.
- Industrial automation led to a rise in deal activity in the industrials sector.

Source: Capital IQ, Aranca Analysis

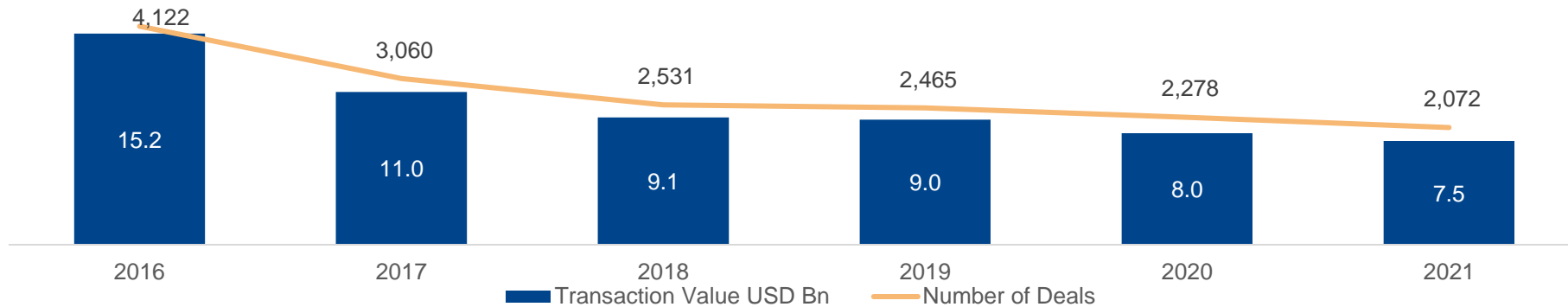


Micro M&A Analysis by Bucket

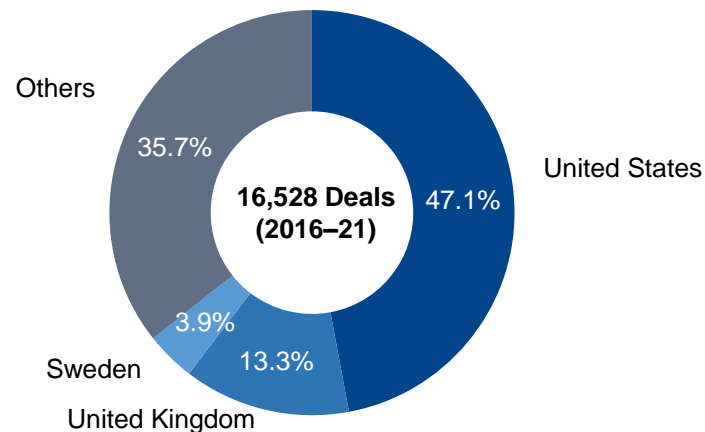
(Four Buckets: less than \$10Mn; \$10–30Mn; \$30–50Mn; \$50–100Mn)

M&A deals in this category spread across sectors and dominated by companies operating in US

Less than \$10Mn Deal Activity

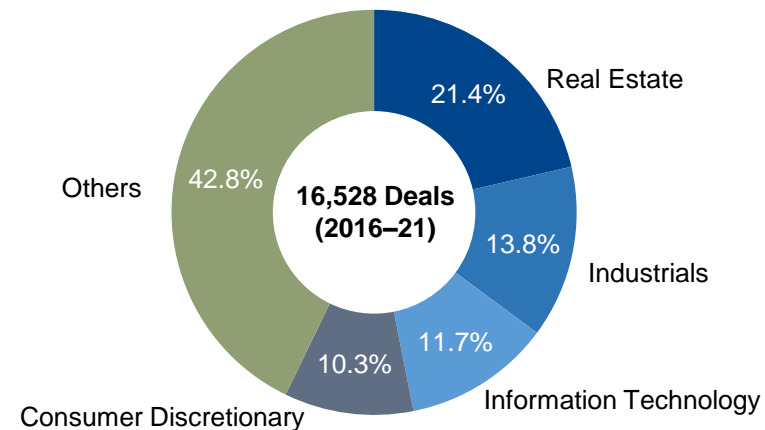


Less than \$10Mn Deal Activity (volume) By Country



The US and UK dominate the micro M&A market in deals with transaction size of less than \$10Mn.

Less than \$10Mn Deal Activity (volume) By Sector



Although real estate constitutes a major share, a good mix of sectors is noted in deals of less than \$10Mn.

Large companies completed 168 deals and invested ~\$800Mn in 2021; average ticket size increased by 5% to \$4.7Mn in same year

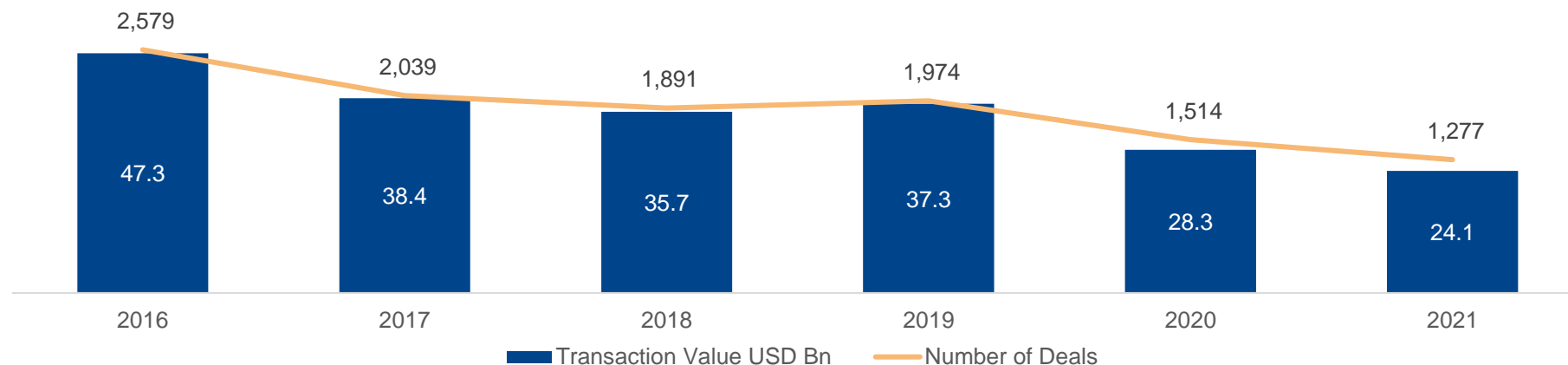
Large Companies (companies with revenue of more than \$500Mn) Active in Micro M&A Transaction (Less than \$10Mn deal)

Primary Industry	Buyer/Investors	Buyer Country	Target Company	Target Company Country	Deal Date	Deal Size (USD Mn)	Acquisition Description
Real Estate	Compass Inc (Revenue: \$3,720Mn)	US	Lila Delman Real Estate	US	Mar-21	9.7	Acquisition of assets of Lila Delman Real Estate Ltd
	Travis Perkins plc (Revenue: \$8,407Mn)	UK	Palace Capital Plc	UK	Dec-21	3.5	Acquisition of Russell House property located on Walton on-Thames in Surrey, UK
Industrials	ASSA ABLOY AB (Revenue: \$10,672Mn)	Sweden	Malkowski-Martech Spółka Akcyjna	Poland	Dec-21	8.1	The company provides door opening products, solutions, and services for the institutional, commercial, and residential markets.
	Builders FirstSource, Inc. (Revenue: \$8,559Mn)	US	Katerra, Inc.	US	Mar-21	4.5	Acquisition of Apollo software assets of Katerra, Inc.
Information Technology	StoneX Group Inc. (Revenue: \$54,036Mn)	US	Chasing Returns Limited	Ireland	Aug-21	6	The company provides a financial behavioral science platform for City Index and FOREX.COM traders in Ireland and internationally.
	Computacenter plc (Revenue: \$7,429Mn)	UK	ITL logistics GmbH	Germany	Apr-21	2	The company offers technology logistics and IT services for enterprise customers and public sector clients across Europe.
Consumer Discretionary	JD Sports Fashion plc (Revenue: \$8,061Mn)	UK	Oi-Polloi Limited	UK	Mar-21	0.1	The company retails branded sports fashionwear, outdoor clothing, footwear, accessories and equipment.
	Foot Locker, Inc. (Revenue: \$8,005Mn)	US	Japanese Cool	Japan	Aug-21	3.3	The company is a non-profit charitable organization that promotes Japanese culture by organizing concerts and manufactures local craft products.

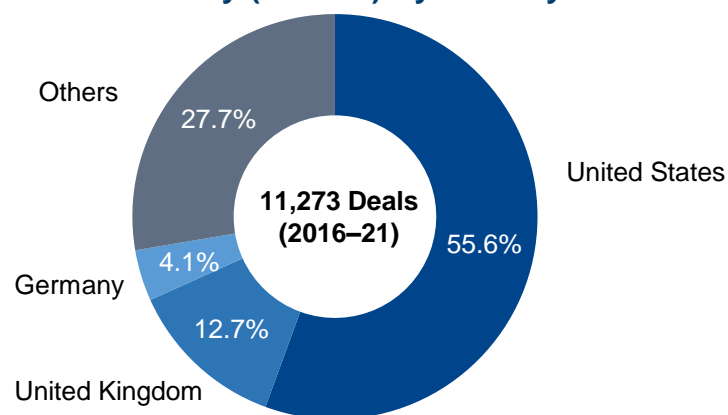
Of the deals completed by large companies, 23% were focused on the industrials sector, followed by IT and healthcare.

15% dip in deal value in this category in 2021; dominated by US and real estate sector

\$10–30Mn Deal Activity

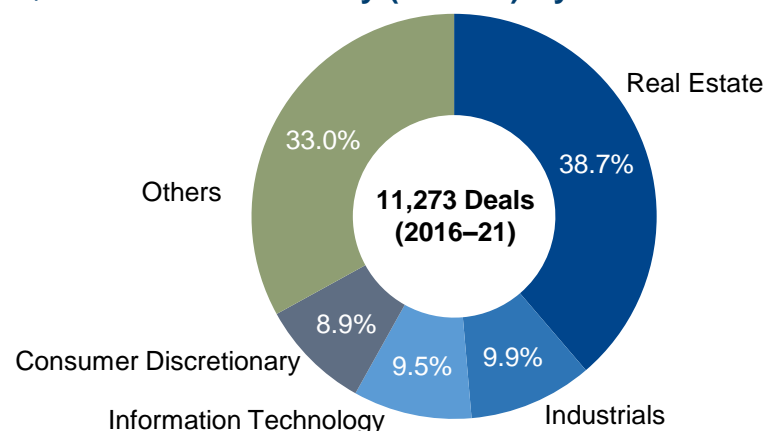


\$10–30Mn Deal Activity (volume) By Country



Companies headquartered in the US and the UK accounted for nearly 70% of the deal activity.

\$10–30Mn Deal Activity (volume) By Sector



Real estate, followed by industrials, dominated the \$10–30Mn deal category.

Large companies invested ~\$4.6Bn, 4% rise from that in 2020, and led 18% of deal activity in 2021

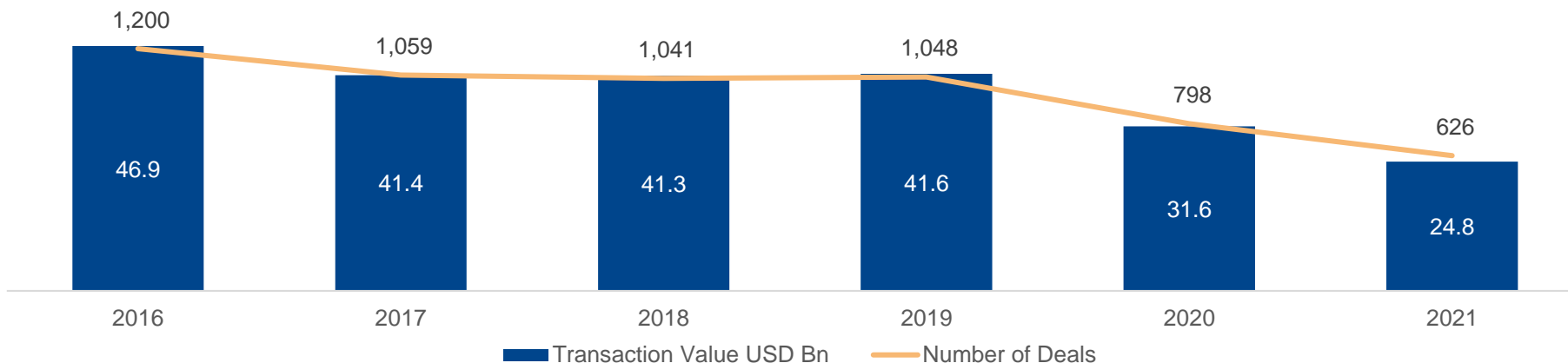
Large Companies (companies with revenue of more than \$500Mn) Active in Micro M&A Transaction (\$10–30Mn deal)

Primary Industry	Buyer/Investors	Buyer Country	Target Company	Target Company Country	Deal Date	Deal Size (USD Mn)	Acquisition Description
Real Estate	Skanska AB (Revenue: \$19.5Bn)	Sweden	Block in Gothenburg	Sweden	Nov-21	25.8	Block in Gothenburg comprises development properties and is located in Sweden.
	Peab AB (Revenue: \$7.3Bn)	Sweden	Mall Knallerian in Borås	Sweden	Dec-21	12.2	Acquisition of Chartwell Le Teasdale I, a retirement home located in Quebec, from Chartwell Retirement Residences.
Industrials	CMA CGM S.A. (Revenue: \$31.5Bn)	Spain	Continental Rail, S.A.	France	Jul-21	29.6	Provides rail freight services
	Leggett & Platt (Revenue: \$4.3Bn)	US	Avica Aerospace Ducting Limited	US	Mar-21	27.3	Manufactures high-temperature and high-pressure metallic ducts, clamps, and related products
Information Technology	Accenture plc (Revenue: \$44,327Mn)	Ireland	Automation Partners Pty. Ltd.	Australia	May-21	23.1	The company provides operational technology (OT) consulting services, including automation, electrical, instrumentation, safety, networking, and industrial IT.
	salesforce.com, inc. (Revenue: \$17,098Mn)	US	LevelJump Software	Canada	Sep-21	11.2	The company develops a video SaaS platform for use by sales teams.
Consumer Discretionary	KKR & Co. Inc. (Revenue: \$8,510Mn)	US	Double Tree	US	Sep-21	27.5	The company operates a hotel.
	Vertu Motors plc (Revenue: \$3,913Mn)	UK	Farmer & Carlisle Holdings Limited	UK	Dec-21	12.2	The company offers new and used vehicles.

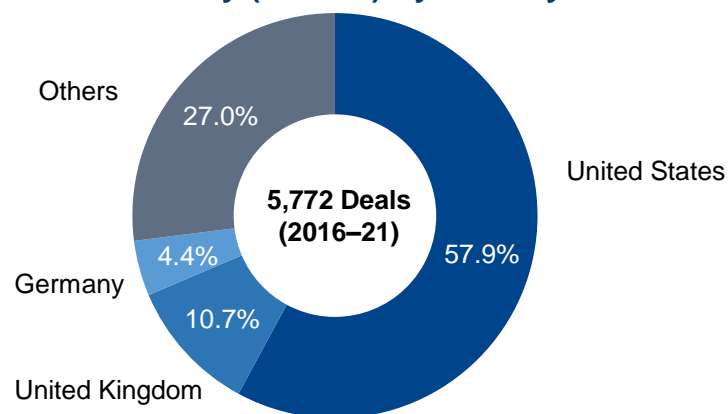
Investors with revenue of \$1–5Bn accounted for 50% of the total deals completed by large companies in this category.

Deal activity in 2021 almost half of that in 2016; top four sectors, led by real estate, accounting for ~70%

\$30–50Mn Deal Activity

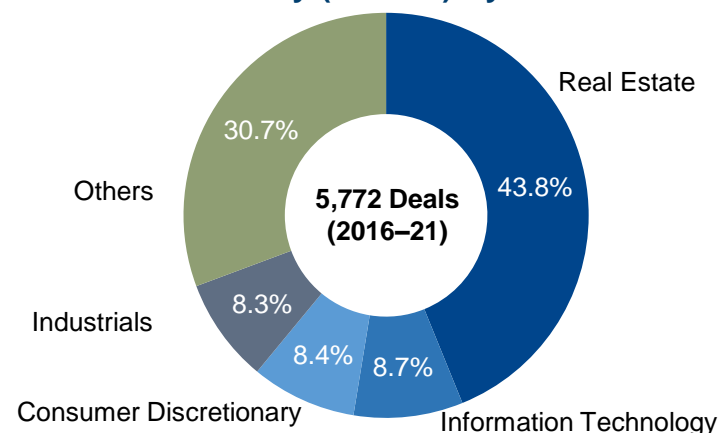


\$30–50Mn Deal Activity (volume) By Country



The US, followed by the UK and Germany, recorded majority of the M&A activity.

\$30–50Mn Deal Activity (volume) By Sector



Of the is deal activity, 53% focused on the real estate and IT sectors.

14% growth in investments by large companies in 2021, accounting for 25% of total M&A activity in this category

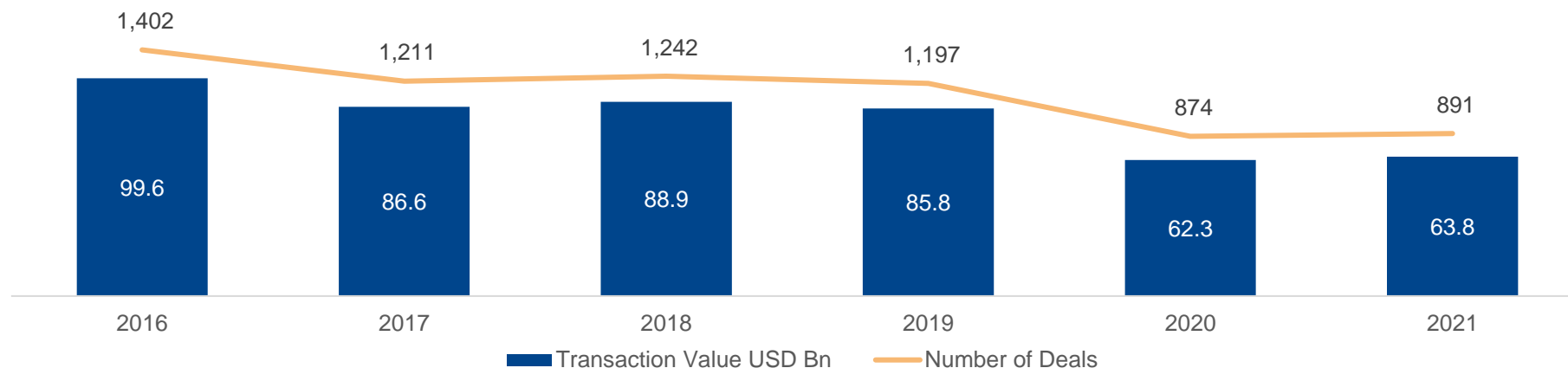
Large Companies (companies with revenue of more than \$500Mn) Active in Micro M&A Transaction (\$30–50Mn deal)

Primary Industry	Buyer/Investors	Buyer Country	Target Company	Target Company Country	Deal Date	Deal Size (USD Mn)	Acquisition Description
Real Estate	Blackstone Inc. (Revenue: \$6,189Mn)	US	InterCapital Partners, LLC	US	Jul-21	48.5	Acquisition of Aslan on the River Apartments, a 324-unit apartment community in Georgia, from InterCapital Partners, LLC
	abrdn plc (Revenue: \$4,916Mn)	UK	Peel L&P Limited	UK	Sep-21	48.3	Acquisition of Trafford Retail Park, a 143,000-sq-ft 14-unit complex let to businesses
Industrials	ASSA ABLOY AB (Revenue: \$10,672Mn)	US	Birdseye Renewable Energy, LLC	US	May-21	46	The company develops utility-scale solar environmental facilities and projects.
	Donaldson Company, Inc. (Revenue: \$2,582Mn)	US	Solaris Biotechnology Srl	Italy	Nov-21	46.2	The company manufactures bioreactors, fermenters, and related bioprocessing equipment.
Information Technology	Apple Inc. (Revenue: \$274,515Mn)	US	ViLynx, Inc.	Spain	May-21	50	The company provides an online platform to publish, edit, store, share, and browse videos.
	VTB Bank (public joint-stock company) (Revenue: \$6,928Mn)	Russia	Infotex Internet Trust JSC	Russia	May-21	31.5	The company offers electronic document flow and digital signature certificates for electronic document management and electronic reporting.
Consumer Discretionary	NEXT plc (Revenue: \$5,576Mn)	UK	Reiss Ltd.	UK	Apr-21	45.8	The company manufactures design-led men's wear, women's wear, and accessories.
	Scientific Games Corp. (Revenue: \$2,724Mn)	UK	SidePlay Entertainment Ltd	UK	Sep-21	45.3	The company develops online games for lottery and gambling operators.

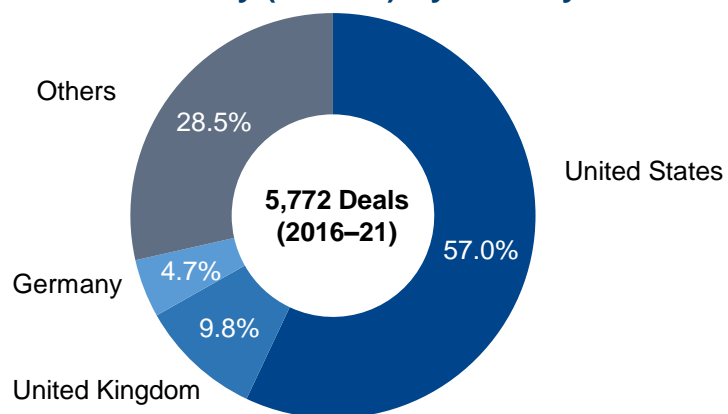
Blackstone completed four deals in 2021 and invested \$169Mn in the real estate sector.

Rise of 2% in deal activity in this category in 2021, with growing interest in IT sector

\$50–100Mn Deal Activity

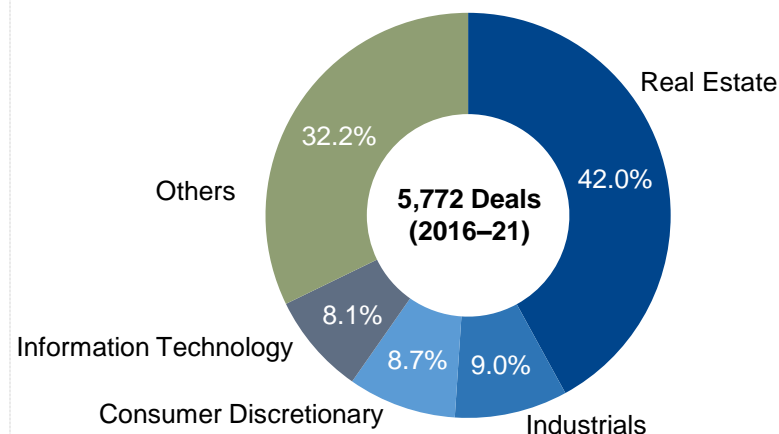


\$50–100Mn Deal Activity (volume) By Country



Top three countries accounted for ~70% of the deal activity in 2016–21.

\$50–100Mn Deal Activity Breakdown By Sector



Share of deal activity in the IT sector increased from 4% in 2016 to nearly 16% in 2021.

About 30% of total M&A activity led by large companies that invested ~\$19Bn in 2021,
62% increase annually

Large Companies (companies with revenue of more than \$500Mn) Active in Micro M&A Transaction (\$50–100Mn deal)

Primary Industry	Buyer/Investors	Buyer Country	Target Company	Target Company Country	Deal Date	Deal Size (USD Mn)	Acquisition Description
Real Estate	Allianz SE (Revenue: \$143,769Mn)	Germany	Hammerson plc	UK	Mar-21	70.1	Acquisition of Espace St Quentin And Nicetoile, comprising real estate properties in France
	KKR & Co. Inc. (Revenue: \$8,510Mn)	US	Lincoln Property Company	US	Mar-21	68.0	Acquisition of a portfolio of five Industrial buildings in Phoenix, Arizona
Industrials	ALD S.A. (Revenue: \$12,140Mn)	France	BanSabadell Renting, S.L.	Spain	Nov-21	71.5	The company provides vehicle leasing services.
	Masco Corporation (Revenue: \$7,188Mn)	US	Work Tools International, Inc (The Muralo Company, Inc)	US	Feb-21	53.0	The company manufactures bioreactors, fermenters, and related bioprocessing equipment.
Information Technology	Cognizant Technology Solutions Corporation. (Revenue: \$16,652Mn)	US	Linium, LLC	US	Jan-21	85.0	The company provides enterprise service management, IT operations management, enterprise planning and analysis, custom application development, business management, and business intelligence and analytical solutions.
	Spotify Technology S.A. (Revenue: \$6,928Mn)	Luxembourg	Betty Labs Incorporated	US	May-21	66.9	The company develops sports trivia applications to provide live sports-focused experiences.
Consumer Discretionary	Best Buy Co., Inc. (Revenue: \$43,638Mn)	US	Two Peaks, LLC	US	Nov-21	85.0	The company manufactures and sells outdoor furniture.
	Norges Bank (Revenue: \$4,132Mn)	Norway	boohoo group plc	UK	Dec-21	90.6	The company operates as an online fashion retailer.

Americold Realty Trust was the most active in this category and completed four deals in 2021 and invested \$266Mn in the real estate and industrials sectors.

The background is a complex collage. On the left, there are several stacks of silver coins. Overlaid on the top half are a yellow line graph and a white line graph. On the right side, there is a bar chart with blue bars. The bottom half of the image shows a dark, blue-toned scene with what appears to be server racks or circuit boards, with some light reflecting off the surfaces.

Large Companies' Activity in Micro M&A

Execution of 367 deals by top five companies together in last six years with overall transaction value of \$4.5Bn

Analysis of top five companies that executed multiple M&As in last five years

Company Name	Company Description	Headquarter Country	Sector	Key M&A Sectors	Number of Deals in last 5 years	Average Ticket Size (USD Mn/deal)
Four Corners Property Trust	The company is a real investment trust primarily engaged in the acquisition and leasing of restaurant properties.	US	Real Estate	<ul style="list-style-type: none"> Consumer Discretionary Real Estate 	170	4.9
Rexford Industrial Realty Inc	The company is a real estate investment trust focused on owning and operating industrial properties throughout southern California. The company owns 232 properties with approximately 27.9Mn sq. ft. of rentable area and manages 1Mn sq. ft. of rentable area.	US	Real Estate	<ul style="list-style-type: none"> Real Estate 	89	27.1
Marlowe plc	The company provides water treatment, air hygiene, health and safety, and risk and compliance software services in the United Kingdom.	UK	Industrials	<ul style="list-style-type: none"> Consumer Discretionary Real Estate Healthcare Financials Industrials 	50	11.8
Keywords Studios plc	The company provides integrated outsourced creative and technical services to the video game industry.	Ireland	Information Technology	<ul style="list-style-type: none"> Communication Services IT 	35	10.8
Installed Building Products Inc	The company installs insulation, waterproofing, fire-stopping, fireproofing, garage doors, and other products.	US	Consumer Discretionary	<ul style="list-style-type: none"> Consumer Discretionary Industrials Materials 	23	15.1

Source: Capital IQ, Aranca Analysis

Deals include both completed and announced



500+

Strong team of professionals
across multi-disciplinary domains

2500+

Global clients

120+

Sectors and sub-sectors
researched by our analysts

80+

Countries where we have
delivered projects

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