

Small Is Powerful – Micro M&A in the US and Europe



About Aranca

Our M&A Experience and Coverage

Experience spanning a diverse range of sectors and geographies

800+ Assignments

In the Mergers & Acquisitions Space

M&A Project Experience

130+

Global clients used our Mergers & Acquisitions (M&A)-related support services

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 M&A studies



Sector Coverage

14+

Sectors and **80+** industry sub-sectors covered as a part of 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 have executed M&A-related studies; our experience span 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 deal cycle

1

Strategy & Sourcing

Market Evaluation

We conduct quick and high-level competitive and landscape analysis to help make an interim decision.

Target Screening & Profiles

We use a criteria-based process to identify and screen potential targets.

2

Transaction Readiness

Target Contact & Interest Assessment

We initiate discussion with the target's key senior executives by clearly articulating the client's view of investment or deal rationale.

Pre-Bid Advisory

We review key documents to evaluate the target's business capabilities across different functional areas and benchmark them against those of peers.

3

Diligence & Execution

Commercial Due Diligence

We conduct a comprehensive review of market opportunities and the target's business plan. Beyond identifying risks, we identify potential opportunities for the target.

Financial Due Diligence

We conduct a thorough assessment of the financial realities of a target company's business in the small cap to mid-market transactions space.

Merger Modeling & Synergies Analysis

From identifying synergies to modelling their financial impact and developing scenarios, we ensure that synergy benefits are neither over nor under-stated.

Valuation Opinions

We develop in-depth analysis and valuation scenarios for potential acquisitions.

4

Closing

Advisory Support

We collaborate with client's advisors (tax, legal) and support the client's internal team in creating internal board presentations, evaluating deal structures, and reviewing agreements.

Fairness Opinions

We help boards fulfill their fiduciary duties with independent, defensible, and affordable fairness opinions.

5

Post-Deal

Performance Monitoring & Dashboards

We periodically monitor portfolio performance, leveraging dashboards and visualizations.

Accelerate: Diagnostic Review

We review the company's performance and market landscape to identify key improvement opportunities.

A Perspective

Micro M&A Deal Activity

\$942Bn

Total transaction value during 2016–H1'21

The US and Europe have witnessed Micro M&A activity worth \$942Bn in the last five years.

Annually, transactions with ticket size less than \$100Mn contribute to M&A activity worth \$160–180Bn.

38,399

Micro M&A deals during 2016–H1'21

A total of 38,399 deals have been announced in the last five years in the Micro M&A segment.

On average, 6,500–7,500 deals are made annually.

One out of every two M&A is led by a US-based entity.

Historically, deals with ticket less than \$10Mn have accounted for majority (40.5%) of the activity.

52% (in value terms)

Real estate and industrials dominate Micro M&A activity

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

Real estate, followed by industrials, dominates the Micro M&A space (both in terms of value and volume).

Recently, information technology has witnessed an uptick in Micro M&A activity.

14%

1 out of every seven M&A's are led by large enterprises

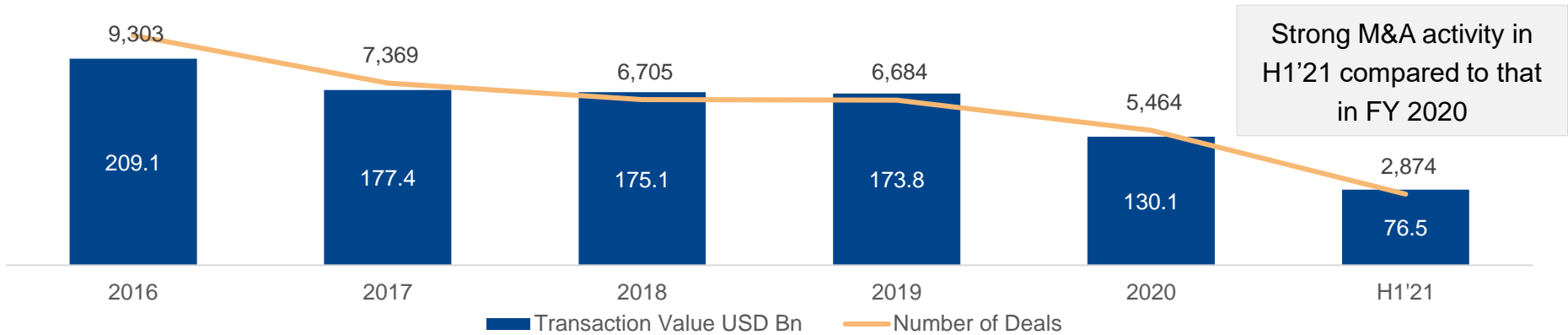
In the last five years, 14% of total Micro M&A deals have been led by large enterprises (companies with revenues more than \$500Mn).

Large enterprises focus on deals with sizes in the range of \$10–30Mn and \$50–100Mn.

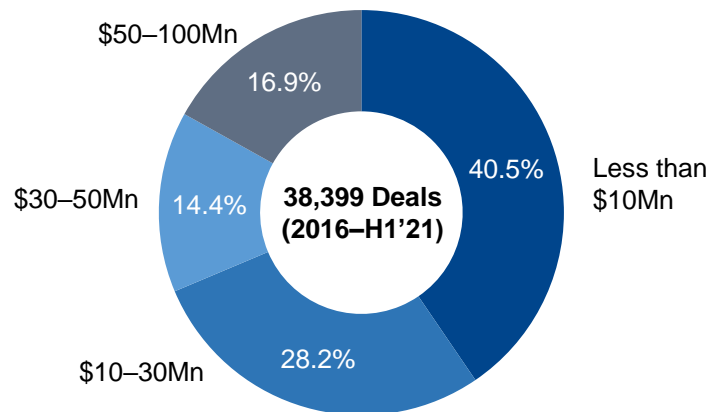
Micro M&A are deals with transaction value less than \$100Mn.

Micro M&A activity declined in FY 2020, largely due to turbulence caused by COVID; however, the deal activity in H1'21 suggests significant uptick in the coming period

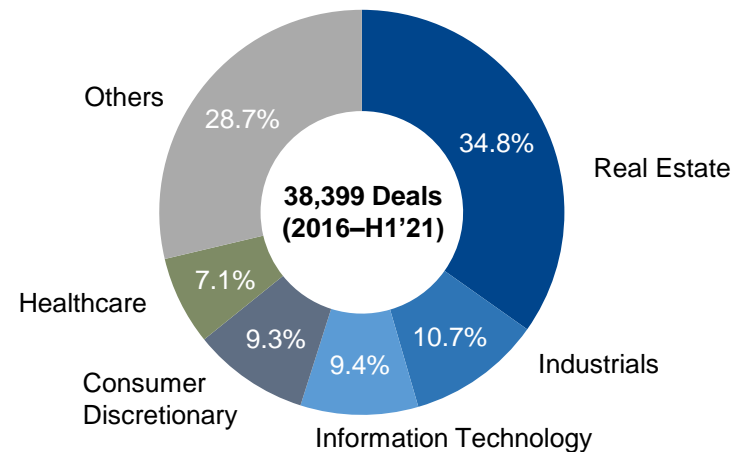
Micro M&A Deal Activity



Micro M&A Deal Activity (Volume) Breakdown, by Size



Micro M&A Deal Activity (Volume) Breakdown, by Sector



Historically, Micro M&A have been dominated by deals with ticket size less than \$10Mn.

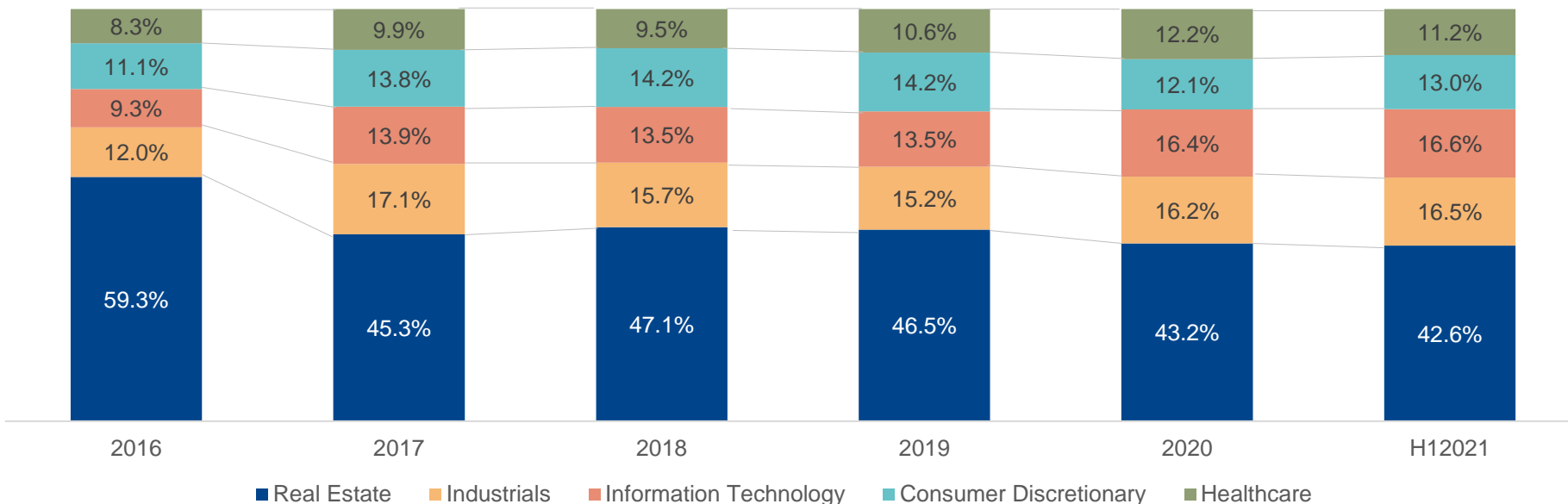
Real estate, followed by industrials, dominated the Micro M&A segment.

Source: Capital IQ, Aranca Analysis

Information technology sector has witnessed rapid growth (share almost doubled compared to 2016) vis-a-vis other dominating sectors

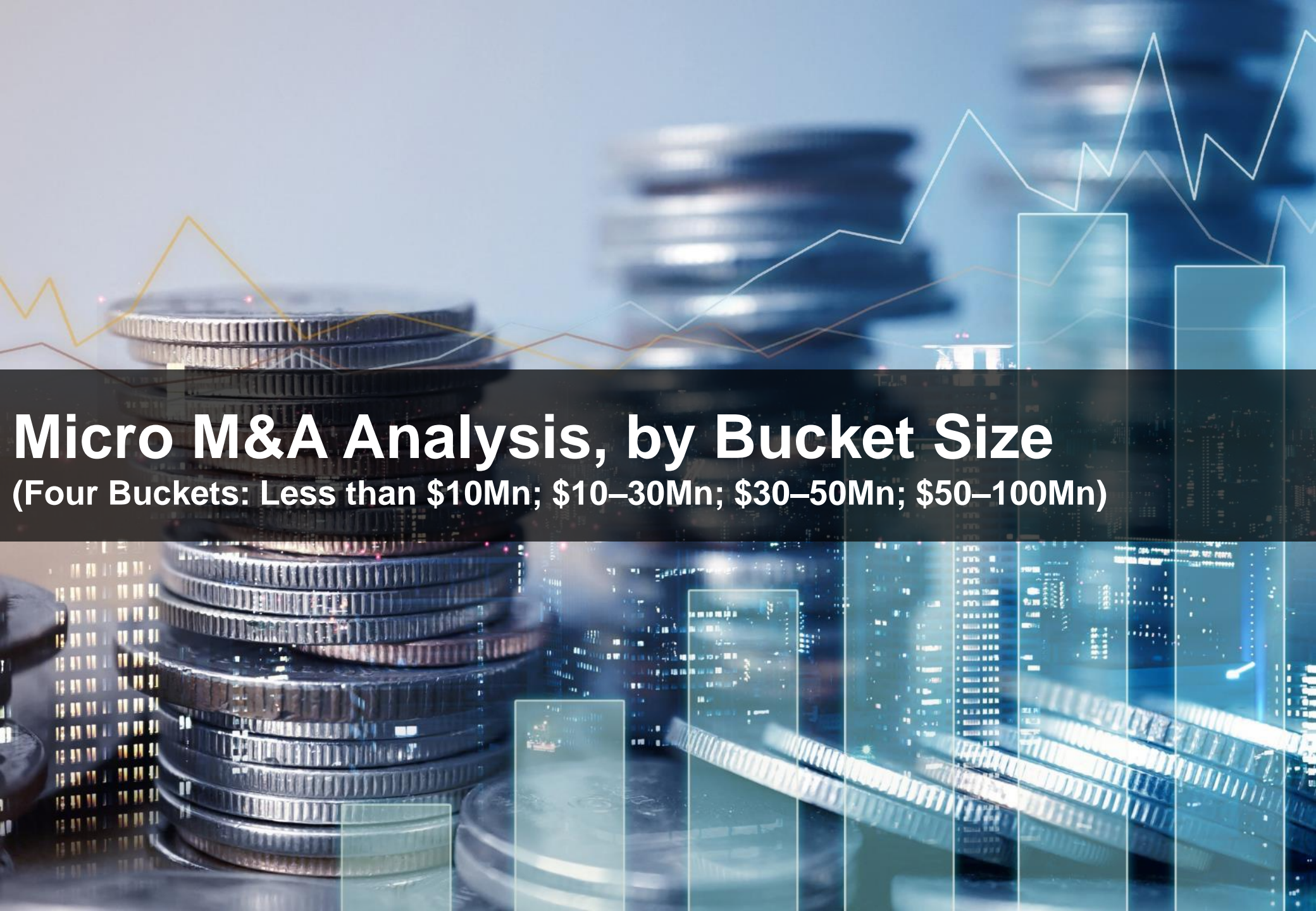
Micro M&A Deal Activity, by Volume – Top Five Sectors

Top Five Sectors Contributed to ~70% of Total M&A Deals



- The real estate sector has been dominating the Micro M&A space on a year-on-year basis. In H1'21, the trend continued, with the sector accounting for 42.6% of total deals made in the top five sectors.
- M&A activity in the real estate sector is declining compared to 2016. On the other hand, in sectors such as industrials, information technology, and healthcare, the activity is increasing.
- Increased automation requirement across businesses is expected to drive M&A activity further in the information technology sector in the coming quarters.

Source: Capital IQ, Aranca Analysis

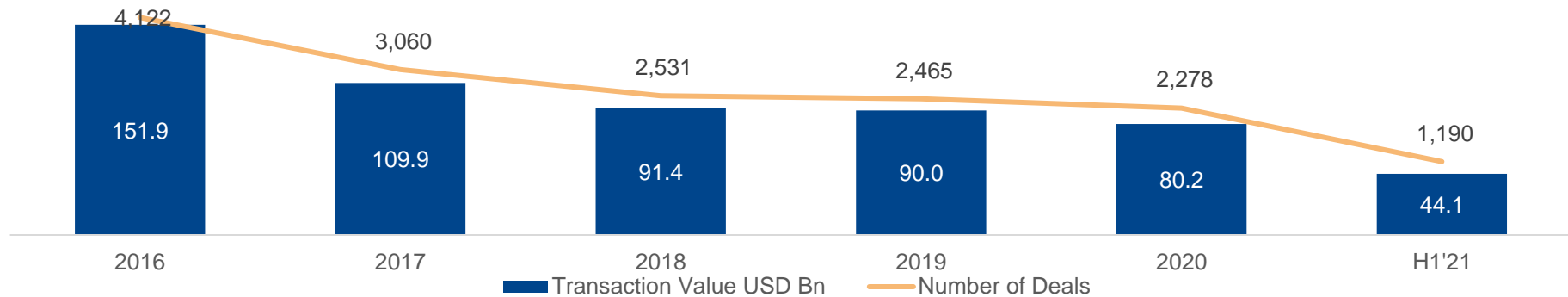


Micro M&A Analysis, by Bucket Size

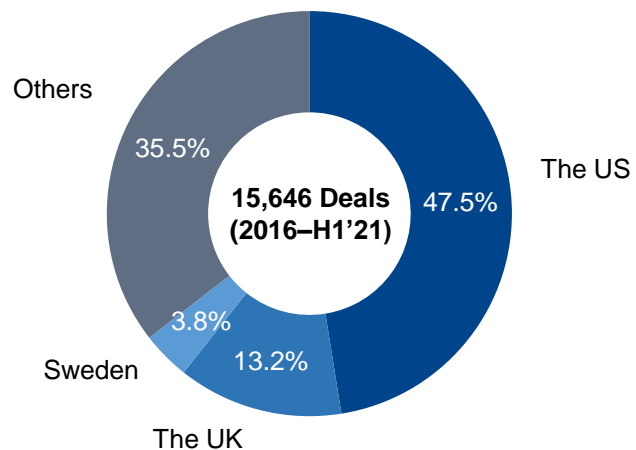
(Four Buckets: Less than \$10Mn; \$10–30Mn; \$30–50Mn; \$50–100Mn)

Within this category there is a good mix of M&A activity across key sectors; the US and the UK dominated the category

Less than \$10Mn Deal Activity

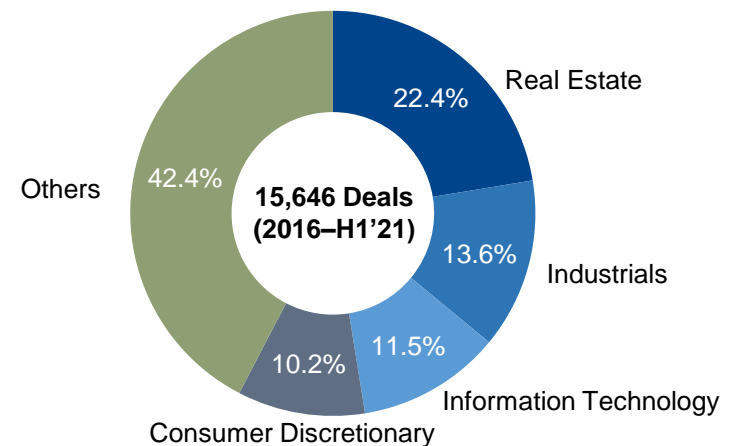


Less than \$10Mn Deal Activity Breakdown, by Country



The trend of US and UK dominating the Micro M&A market holds true in less than \$10mn transaction size

Less than \$10Mn Deal Activity Breakdown, by Sector



There is relatively a good mix of sectors compared to sectors dominating the overall Micro M&A deal activity.

Source: Capital IQ, Aranca Analysis

Large companies (revenue more than \$500Mn) accounted for 8.4% of total M&A activity

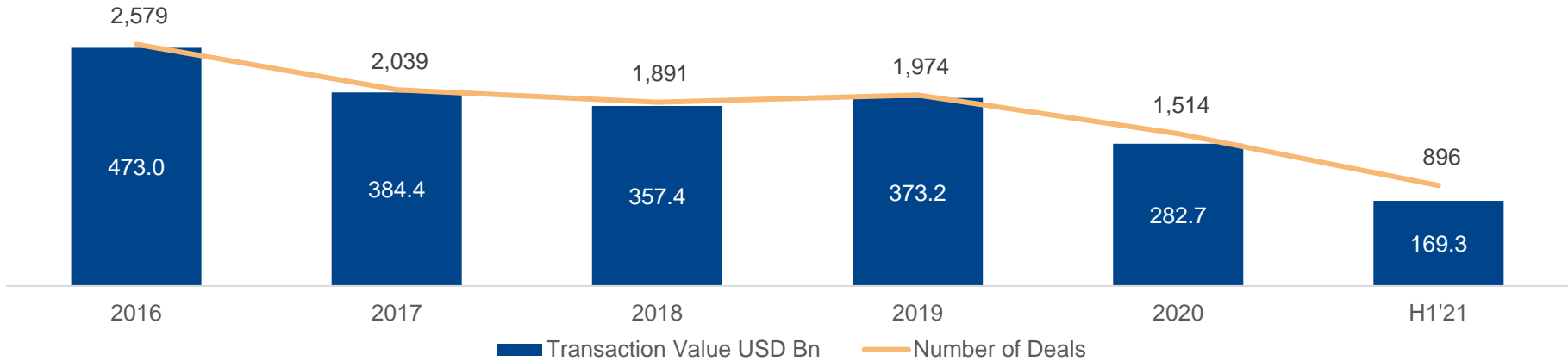
Large Companies Active in Micro M&A (Less than \$10Mn Deals)

| Primary Industry | Buyer/Investor | Buyer Country | Target Company | Target Company Country | Deal Date | Deal Size (USD Mn) | Acquisition Description |
|------------------------|---|---------------|-----------------------------|------------------------|------------|--------------------|---|
| Real Estate | Compass Inc (Revenue: \$3,720Mn) | The US | Lila Delman Real Estate | The US | Mar-2021 | 9.7 | Deal: Acquisition of assets of Lila Delman Real Estate Ltd |
| | SBA Communications (Revenue: \$2,083Mn) | The US | Details not available | The US | Feb-2021 | 8.4 | Deal: Acquisition of 25 wireless communication sites |
| Industrials | Elanders AB (Revenue: \$1,345Mn) | Sweden | Schätzl Druck & Medien GmbH | Germany | July-2021 | 9.5 | The company provides printing services for children's books, invitation cards and smaller editions of books and catalogues. |
| | The Hut Group (Revenue: \$2,203Mn) | The UK | Indigo Environmental Ltd | The UK | Mar-2021 | 9.8 | The company develops recycling and reuse solutions. |
| Information Technology | Snap Inc (Revenue: \$2,507Mn) | The US | Pixel8earth Inc | The US | April-2021 | 7.6 | The company provides crowdsourced and perpetually updating 3D map that include camera, and georeferenced services. |
| | Pearson plc (Revenue: \$4,638Mn) | The UK | Opinion Interactive LLC | The US | Feb-2021 | 4.7 | The company provides a SaaS system that automatically analyzes and communicates data. |
| Consumer Discretionary | Betfred Group Ltd (Revenue: \$667Mn) | The UK | Betting World Ltd | South Africa | June-2021 | 8.8 | The company is a sports betting brand allowing customers to bet on different sports. |
| | Coor Service Management Holding (Revenue: \$1,168Mn) | The UK | R&K Service AS | Norway | Feb-2021 | 7.8 | The company provides cleaning and canteen services. |

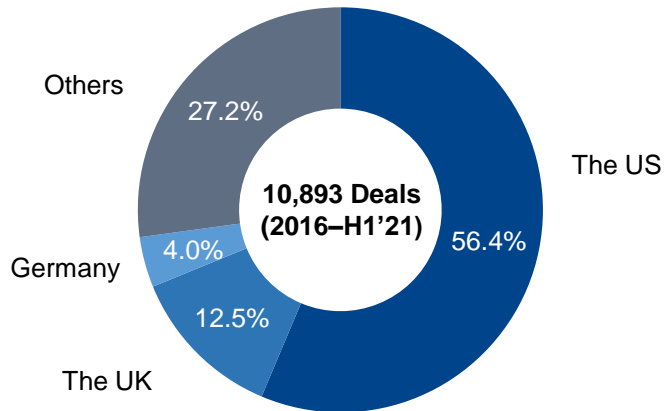
Four Corners Property Trust has been involved in 122 deals with ticket size less than \$10Mn during the last five years (total transaction value: \$359Mn).

2020 witnessed subdued M&A activity; activity picked up in H1'21, with the value crossing 60% of the total value for FY 2020

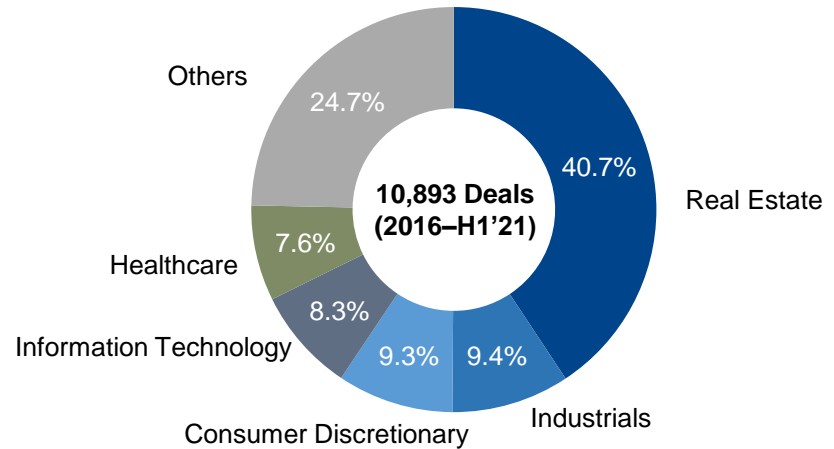
\$10–30 Mn Deal Activity



\$10–30Mn Deal Activity Breakdown, by Country



\$10–30Mn Deal Activity Breakdown, by Sector



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

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

Source: Capital IQ, Aranca Analysis

Large companies (revenue more than \$500Mn) accounted for 15% of total M&A activity

Large Companies Active in Micro M&A (\$10–30Mn Deals)

| Primary Industry | Buyer/Investor | Buyer Country | Target Company | Target Company Country | Deal Date | Deal Size (USD Mn) | Acquisition Description |
|------------------------|---|---------------|-------------------------------|------------------------|-----------|--------------------|---|
| Real Estate | Heimstaden Bostad AB (Revenue: \$822Mn) | Sweden | Daramis Management | The Czech Republic | Mar-2021 | 27.4 | Deal: Acquisition of 226 apartments and 5 non-residential premises |
| | The Carlyle Group Inc (Revenue: \$2,935Mn) | The US | AmeriCare Health & Retirement | The US | July-2021 | 26.8 | Deal: Acquisition of 54,703 sq ft of Vista Medical Plaza in San Diego. |
| Industrials | Openjobmetis S.p.A. (Revenue: \$632Mn) | Italy | Quanta Resources Humaines SA | Switzerland | Jan-2021 | 29 | The company provides temporary and permanent staffing and recruitment services. |
| | Ratos AB (Revenue: \$2,550Mn) | Sweden | Vestia Construction Group AB | Sweden | Mar-2021 | 26.7 | The company provides construction contracts and services such as maintenance, repair, and remodeling for both residential and commercial buildings. |
| Information Technology | Enphase Energy (Revenue: \$774Mn) | The US | Sofdesk Inc | Canada | Jan-2021 | 28.1 | It is a cloud-based solar energy software company and offers an intuitive sales acceleration software platform. |
| | Volati AB (Revenue: \$815Mn) | Sweden | Scanmast AB | Sweden | July-2021 | 26.2 | The company builds towers, masts, pipe bridges, portals and plate carriers, and provides foundation and customized solutions. |
| Consumer Discretionary | Franklin Electric (Revenue: \$1,247Mn) | The US | Puronic Water Systems | The US | Apr-2021 | 28 | The company manufactures and sells water treatment equipment. |
| | Boohoo group (Revenue: \$1,576Mn) | The UK | Karen Millen Fashions Ltd | The UK | July-2021 | 25.2 | Deal: Acquisition of online businesses of Karen Millen and coast fashion brands |

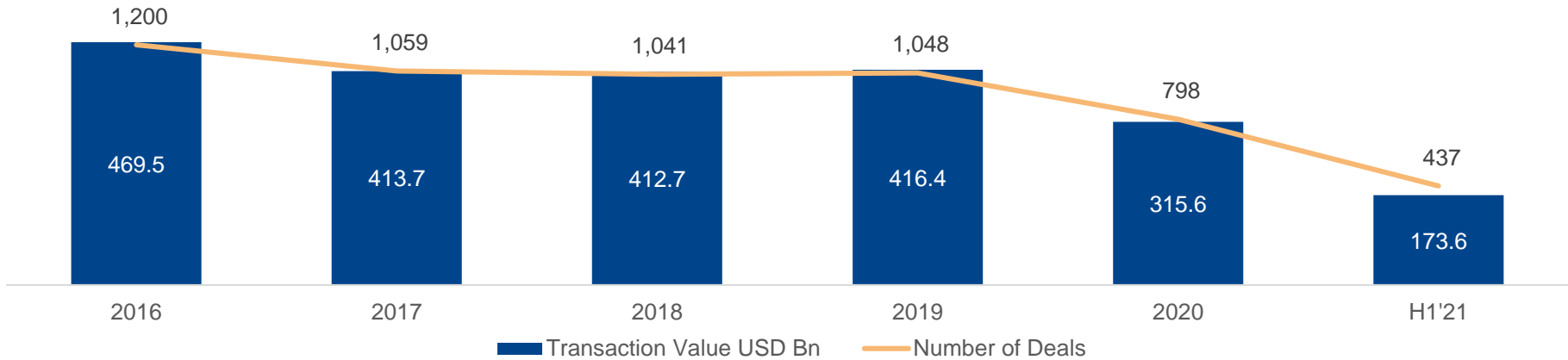
Rexford Industrial Realty has been involved in 41 deals with ticket size \$10–30Mn during the last five years (total transaction value: \$749Mn).

Source: Capital IQ, Aranca Analysis

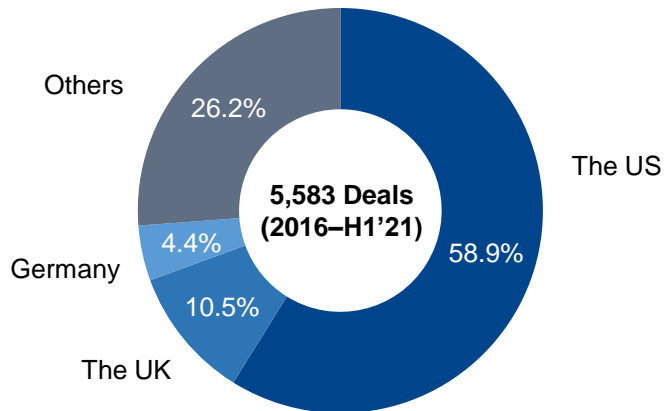
Deals include both completed and announced

During 2016–H1'21, 5,583 deals with ticket size \$30–50Mn were conducted; real estate and information technology sectors accounted for 55% of the deals

\$30–50Mn Deal Activity

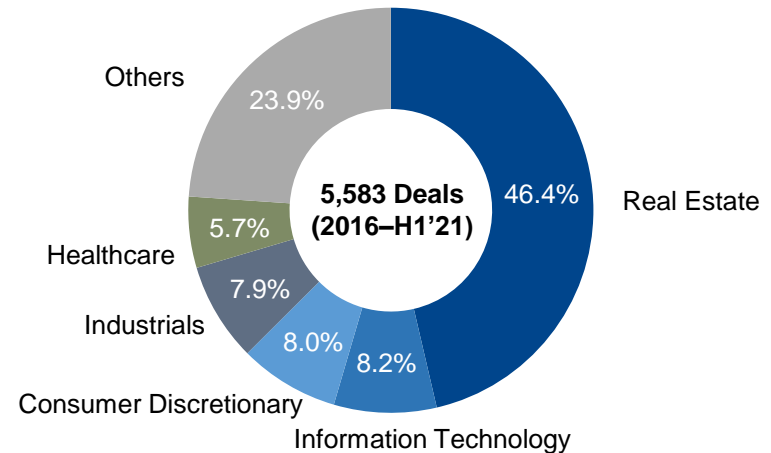


\$30–50Mn Deal Activity Breakdown, by Country



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

\$30–50Mn Deal Activity Breakdown, by Sector



Information technology position and industrials held the 2nd and 4th largest share, respectively.

Source: Capital IQ, Aranca Analysis

Large companies (revenue more than \$500mn) accounted for 18% of total M&A activity

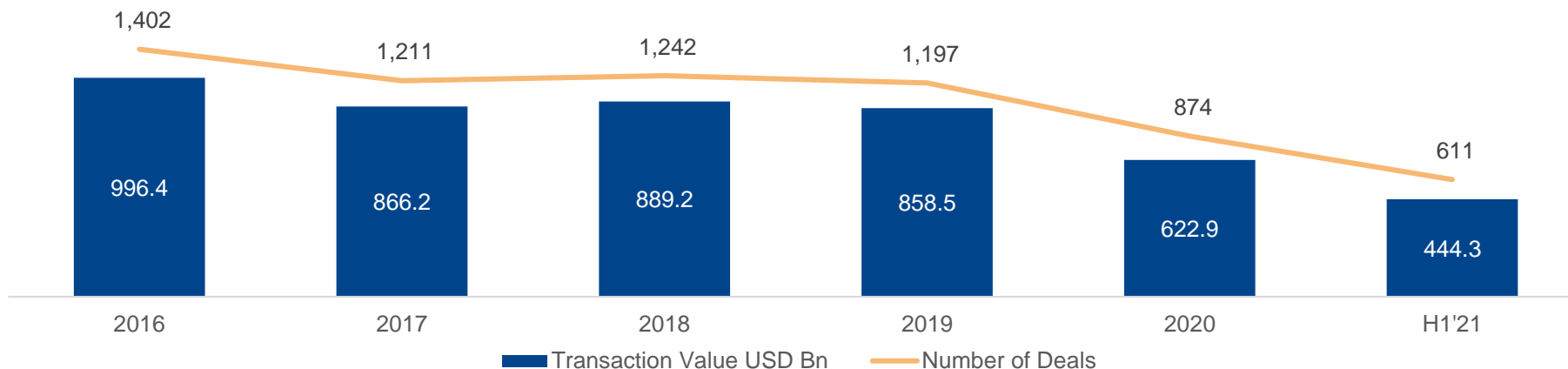
Large Companies Active in Micro M&A (\$30–50Mn Deals)

| Primary Industry | Buyer/Investor | Buyer Country | Target Company | Target Company Country | Deal Date | Deal Size (USD Mn) | Acquisition Description |
|------------------------|--|---------------|--|------------------------|-----------|--------------------|--|
| Real Estate | Brixmor Property Group (Revenue: \$1,053Mn) | The US | Details not available | The US | May-2021 | 48.5 | Deal: Acquisition of Bonita Springs shopping center |
| | The Blackstone Group (Revenue: \$6,189Mn) | The US | Inter Capital Partners | The US | July-2021 | 48.5 | Deal: Acquisition of 324-unit Aslan on the River apartment complex |
| Industrials | Installed Building Products (Revenue: \$1,653Mn) | The US | I.W. International Insulation Incorporated | The US | Mar-2021 | 48.1 | The company provides insulation installation services to residential customers. |
| | Latécoère S.A (Revenue: \$506Mn) | France | Bombardier Inc | Canada | Feb-2021 | 50 | Deal: Acquisition of certain assets of EWI System business of Bombardier Aviation |
| Information Technology | Apple Inc (Revenue: \$264,515Mn) | The US | Vilynx Spain SL | Spain | Jan-2021 | 50 | The company provides an online platform to publish, edit, store, share, and browse videos. |
| | Datto Holding Corp (Revenue: \$519Mn) | The US | BitDam Ltd | Israel | Mar-2021 | 45.5 | The company offers protection from cyber attacks via email attachments. |
| Consumer Discretionary | NEXT plc (Revenue: \$5,576Mn) | The UK | Reiss Ltd | The UK | Mar-2021 | 45.8 | The company manufactures design-led menswear, womenswear, and accessories. |
| | Boozt AB (Revenue: \$531Mn) | Sweden | Rosemunde ApS | Denmark | June-2021 | 40 | The company manufactures and retails clothes for women. |

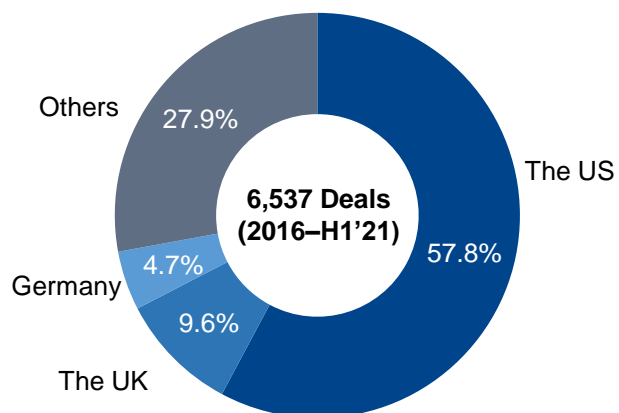
BRT Apartments Corp is the most active company in this category; it conducted 16 deals with a combined value of \$613Mn during 2016–19.

During 2016–H1'21, 6,537 deals with ticket size \$50–100Mn were conducted; real estate and industrials sectors accounted for 54% of the deals

\$50 Mn to \$100 Mn Deal Activity

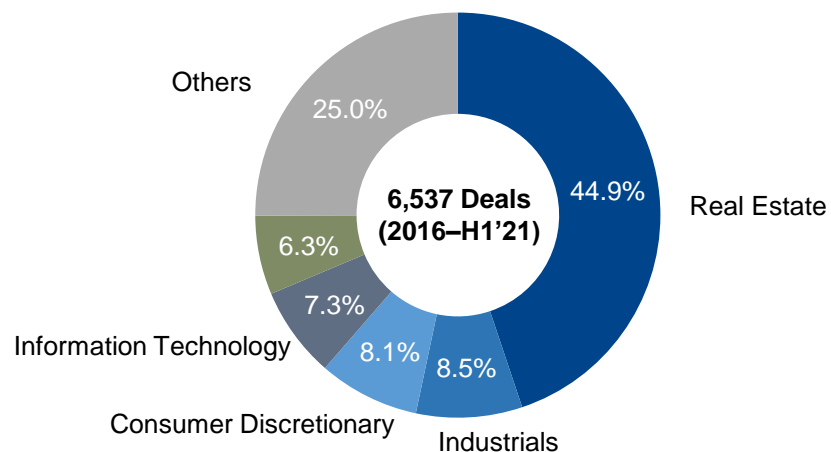


\$50–100 Mn Deal Activity Breakdown, by Country



The US, followed by the UK, dominated the \$50–100Mn category, similar to the overall Micro M&A market.

\$50–100 Mn Deal Activity Breakdown, by Sector



Real estate and industrials sectors witnessed several large-ticket transactions.

Source: Capital IQ, Aranca Analysis

Large companies (revenue more than \$500mn) accounted for 21% of total M&A activity

Large Companies Active in Micro M&A (\$50–100Mn Deals)

| Primary Industry | Buyer/Investor | Buyer Country | Target Company | Target Company Country | Deal Date | Deal Size (USD Mn) | Acquisition Description |
|------------------------|---|---------------|-------------------------|------------------------|-----------|--------------------|---|
| Real Estate | Boston Properties Inc (Revenue: \$2,737.8Mn) | The US | Arsenale Real Estate | The US | June-2021 | 100 | Deal: Acquisition of mixed laboratory/office properties in Waltham |
| | Realty Income Corporation (Revenue: \$1,652Mn) | The US | Henley Investments | The UK | June-2021 | 99.3 | Deal: Acquisition of Tesco supermarket in Hayes, West London |
| Industrials | Kadant Inc. (Revenue: \$635Mn) | The US | Joh. Clouth GmbH | Germany | June-2021 | 92.9 | The company manufactures and supplies doctor blades, spare parts, and capital equipment. |
| | Prysmian S.p.A. (Revenue: \$12,310Mn) | Italy | EHC Global Inc | Canada | Jan-2021 | 96.9 | The company supplies escalator handrails, elevator belts, and strategic components to the vertical transportation industry. |
| Information Technology | ADESA Inc. (Revenue: \$1,920Mn) | The US | Auction Frontier LLC | The US | May-2021 | 95 | The company develops Velocicast, a cloud-based auction simulcast solution. |
| | Quadient S.A. (Revenue: \$1,267Mn) | France | Beanworks Solutions Inc | Canada | Mar-2021 | 86.1 | The company provides an accounts payable software solution. |
| Consumer Discretionary | Inspired Education Holdings Limited (Revenue: \$573Mn) | The UK | Wey Education | The UK | Apr-2021 | 96.3 | The company provides online educational services using an Internet-based platform. |
| | Shutterstock Inc. (Revenue: \$1,920Mn) | The US | Turbo Squid Inc. | The US | Jan-2021 | 88.2 | The company owns and operates a website for sharing professional 3D models. |

The Blackstone Group has been involved in 21 deals with ticket size \$50–100 Mn during the last five years (total transaction value: \$1,556 Mn).



Large Companies' Micro M&A Activity

Overall, top five companies executed 374 deals with total transaction value of \$5,854Mn during the last five years

Analysis of Top Five Large Companies Which Conducted Multiple M&As in Last Five years

| Company Name | Company Description | Headquartered in | Sector | Key M&A Sectors | Number of Deals in Last Five 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. | The US | Real Estate | <ul style="list-style-type: none"> Consumer Discretionary Real Estate | 139 | 6.1 |
| Rexford Industrial Realty Inc | The company is a real estate investment trust focusing on owning and operating industrial properties throughout southern California. The company owns 232 properties with ~27.9 Mn square feet rentable area. | The US | Real Estate | <ul style="list-style-type: none"> Real Estate | 76 | 28.3 |
| Marlowe plc | The company provides water treatment, air hygiene, health and safety, and risk and compliance software services in the UK. | The UK | Industrials | <ul style="list-style-type: none"> Consumer Discretionary Real Estate Healthcare Financials Industrials | 47 | 8.5 |
| 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 | 39 | 10.1 |
| Installed Building Products Inc | The company engages in the installation of insulation, waterproofing, fire-stopping, and fireproofing products; garage doors, and more. | The US | Consumer Discretionary | <ul style="list-style-type: none"> Consumer Discretionary Industrials Materials | 30 | 13.2 |



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

ABOUT ARANCA



Business Research & Advisory

CXOs in Strategy, SBUs, Sales, Marketing, CI/MI, Innovation



Valuation & Financial Advisory

CFOs in Startups, PE/VC Firms, Corporate M&A Teams, Mid-market Companies



Technology | IP Research & Advisory

R&D, Tech Scouting, Open Innovation, IP Teams, Product Development



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