

## Foreword

Dear reader/client,

**2022 has been a grim year:** war, sky-high inflation, an energy crisis, a cost-of-living crisis, a stock market correction and increasing fears of recession. Even these latter fears failed to stop surging inflation and interest rates from sending bond yields soaring for much of 2022. **On the upside, we believe the starting point for 2023 is much better than in 2022,** as we start from more normalised levels with reasonable valuations, higher interest rates, altered expectations, adjusted risk positions and high cash balances.

In December VDP acted as advisor to **Euroglas'** management and Dovesco on the sale to the French glass group **RIOU Glass**. Euroglas is a one-stop-shop glass processing group that specializes in tempered and laminated safety glass. By joining forces, the two glass processors aim to achieve industrial and commercial synergies to develop their respective businesses.

We are also very pleased that we are **expanding our legal department** with **Lukas Goossens** joining the team as legal expert. Lukas joins VDP from a leading international law firm located in Brussels where he was active in the corporate and commercial department and mainly acquired **first-hand experience in mergers and acquisitions, private equity and real estate**.

We hope you enjoy this reading

Yours sincerely,

*The VDP team*

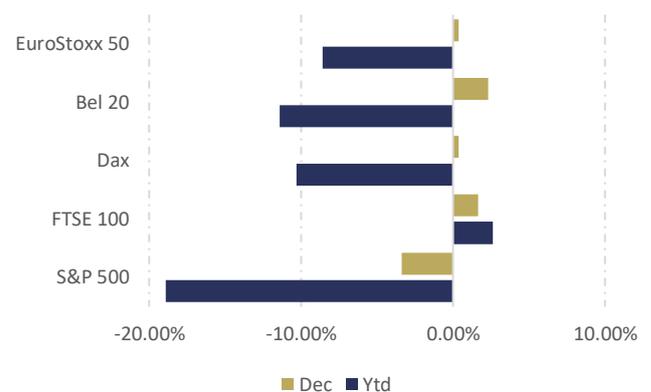
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### Overview Macroeconomic situation

**2022 was a difficult year.** The war in Ukraine and central banks' battle against inflation have been the main sources of bond and equity markets' struggles. However, the final quarter of the year has at least brought some relief.

Chart 1: Performance main indices



Arguably the **most painful move in markets has been the sharp decline in government bond prices**. We all know that stocks can provide a bumpy ride but the unusually large sell-off in government bonds, alongside falling stock prices, left investors with no port in the storm. This was caused by central banks having to raise interest rates by far more than investors had expected at the beginning of the year because of runaway inflation.

**The headwinds witnessed in 2022 were all the worse as the market became used to low inflation.** After the global financial crisis of 2007-09, central banks cut interest rates in an attempt to revive the economy. This gradual decrease in rates triggered a bull market in everything which eventually peaked in 2021.

Chart 2: European manufacturing PMI



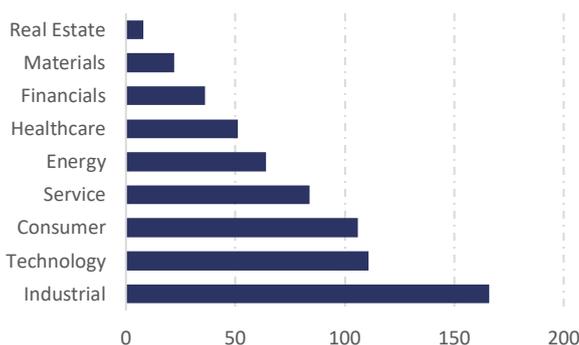
On the plus side, with a recession now widely expected and markets already starting to anticipate a decline in inflation and a peak in interest rates, 2023 could be a better year for both bonds and stocks.

### European M&A activity

After a record-setting year for M&A activity in 2021, it would have been challenging to maintain dealmaking momentum at such a pace even in the most auspicious of circumstances. Adding to this the darkening mood, it is no surprise that the overall M&A activity eased throughout 2022.

This is however not suggesting that the global M&A market is grinding to a halt. Activity in 2022 compares well to pre-pandemic levels of dealmaking. Moreover, many of the drivers remain in place. Corporates continue to focus on improving supply-chain resilience, optimizing their portfolios, reflecting on ESG themes, and, perhaps above all, securing digital transformation. While PEs on the other hand are still sitting on a pile of dry powder.

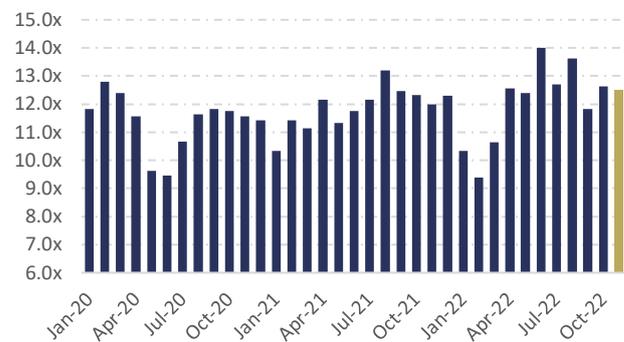
Chart 3: # of EU transactions per sector (Sept.)



Source: MergerMarket

Additionally, a slowdown in the frenetic pace of dealmaking brings new opportunities. Most obviously, valuations may become less demanding. Mergermarket's data points to early evidence of this; indeed, lower public market valuations saw USD 216 billion in public-to-private transactions up to the end of the third quarter in 2022 — a 24 percent year-over-year increase.

Chart 4: Multiple (EV/EBITDA) EU M&A (3m moving avg)

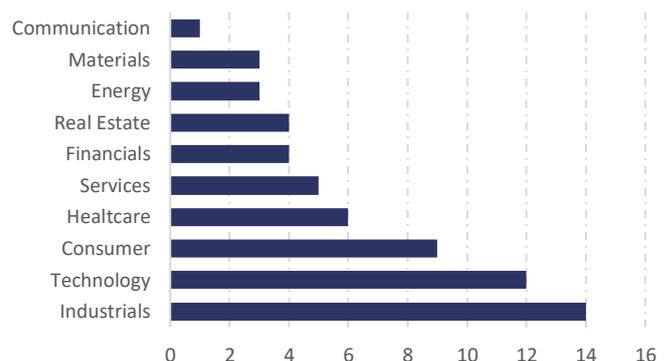


Source: MergerMarket

### Belgian M&A review

During the last quarter, we've noticed some recovery in Belgian M&A activity with 58 deal announcements for a total deal value of >€10bn. PEs are still active with 19 (33%) transactions, while cross-border investors represented the bulk of the deal flows – 44 (76%) deals. As with the overall European trend, industrials and technology were the most active sectors (45% of deals) and are expected to remain a large contributor to the Belgian M&A landscape.

Chart 5: # of Belgian transactions per sector (L3M)



Source: MergerMarket

Although M&A activity declined in Belgium, we could expect some stabilization over the next few months. Technology, consumer and industrials have been especially sensitive to recent macro developments, the former on the valuation side and the latter on the revenue growth side. Acquirers may look to seize upon opportunities in the coming months, supporting the overall deal flow.

Chart 6: Evolution of # of transactions (L3M)



Source: MergerMarket

Overview of recent VDP transactions

<p><b>RIOU.</b> glass acquires EUROGLAS de landsheer VDP advised the seller 2022</p>	<p><b>Mail to pay</b> acquires <b>pom</b> VDP advised the seller 2022</p>	<p><b>springbok</b> acquires <b>make sense</b> VDP advised the seller 2022</p>	<p><b>Emeria</b> acquires <b>VMRE</b> VDP advised the seller 2022</p>	<p><b>coelembier</b> acquires <b>VALDORF</b> VDP advised the seller 2022</p>	<p><b>Bike REPUBLIC</b> acquires <b>Cyclom</b> VDP advised the seller 2022</p>
<p><b>SMART</b> TOYS AND GAMES acquires <b>Smart Toys</b> VDP advised the buyer 2022</p>	<p><b>azelis</b> acquires <b>P</b> VDP advised the seller 2022</p>	<p><b>EURASIA CORP</b> acquires <b>MATCOPLASTICS</b> VDP advised the seller 2022</p>	<p><b>3d_investors</b> acquires <b>JATI &amp; KEBON</b> VDP advised the seller 2022</p>	<p><b>Teamleader</b> acquires <b>Vectera</b> VDP advised the seller 2022</p>	<p><b>INTEGRA</b> acquires <b>Nestor</b> VDP advised the seller 2022</p>
<p><b>BOVAENVIRO+</b> MILIEU RUIMTE BOEDEN acquires <b>ESHER</b> VDP advised the buyer 2022</p>	<p><b>SAINT-GOBAIN</b> acquires <b>Vicki</b> VDP advised the seller 2022</p>	<p><b>aim</b> acquires <b>epyc</b> VDP advised the seller 2022</p>	<p>Private investors acquire <b>VanOtex</b> VDP advised the buyer 2022</p>	<p><b>färm</b> good food, good people acquires <b>biostory</b> VDP advised the seller 2022</p>	<p>Private investor acquires <b>HYDRO TECHNIC</b> VDP advised the sellers 2022</p>