

- M&A deal activity contracted rapidly in the wake of COVID-19. It did not cause all transaction activity to stop, but many buyers paused or pulled out of transactions as they sought to understand the impact of COVID-19 on potential targets. In addition, potential buyers had to deal with the effect of COVID-19 on their own businesses.
- Based on the fundraising and M&A mandates we have been advising on in recent months, our own experience is consistent with the general trends we are seeing in the domestic and international markets.
- Speaking with stakeholders, in broad terms, the market splits into three main categories:

| Category | Participants' Approach |
|---------------------------------|--|
| 1. Open for business | <ul style="list-style-type: none"> • Participants, principally Private Equity (PE) firms are mainly open for business and keen to explore new opportunities. Their initial focus was on providing support to portfolio companies, but their focus is now back to building the pipeline of new opportunities. • A selection of PE also indicated that they will look at companies which are in financial distress due to COVID-19. • Some cash-rich corporates in certain sectors continue to explore M&A opportunities and see the potential for consolidation. |
| 2. Cautiously progressing | <ul style="list-style-type: none"> • Participants are willing to continue progressing transactions but are keen to understand how COVID-19 will impact on the target's business and its markets, to determine if they will ultimately transact. |
| 3. Press pause / off the agenda | <ul style="list-style-type: none"> • Some participants made the decision to pause or stop all M&A activity. Generally these are more conservative corporates or they operate in sectors where COVID-19 is having a material impact • In some instances where 'pause' was pressed, transaction discussions have started again. |

- Regardless of the approach taken by potential buyers, processes are likely to take longer given the additional due diligence required to understand the COVID-19 impact, plus the practicalities of completing and negotiating a transaction due to social distancing constraints.
- AIB Corporate Finance are actively advising clients, helping them to navigate the complexity of executing a transaction in the current circumstances. We also continue to identify relevant M&A opportunities for clients who can see the value of continuing to transact and grow.

AIB Corporate Finance Contacts:

Alan Mahon
 Managing Director
 Tel: 01-64 15802
alan.d.mahon@aib.ie

Shane Foyle
 Associate Director
 Tel: 01-64 14738
shane.c.foyle@aib.ie

Peter Golden
 Associate Director
 Tel: 01-64 19317
peter.t.golden@aib.ie

Niamh O'Neill
 Associate Director
 Tel: 01-64 19304
niamh.m.o'neill@aib.ie