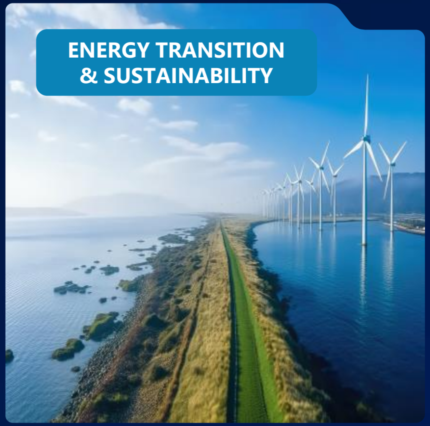
Bryan, Garnier & Co

QUARTERLY
REPORT

Q1 2024 | MARCH 2024



The Plastic Revival

The big picture challenge

Plastics are widely used for their manifold benefits, and forecasts indicate that global plastic production and usage could **quadruple by 2050**. However, plastics currently represent about **4% of the world's annual CO2** emissions. Over the last 60 years, the world has seen the production of more than **10 billion tons of plastic, yet less than 10% of the annual production is recycled** while the remaining, if not incinerated, accumulates on land or in waterways. Our current production of plastic still far outpaces our ability to manage the bottom of the value chain, with most plastics being designed for single-use purposes with short lifetime to waste but a long-lasting lifespan, leaving the door wide open for the recycling industry to accelerate its roll-out.

Regulation tightening unpacks great potential

With plastic production set to reach at least 750Mt by 2050, global efforts from governments and institutions are underway to implement frameworks with binding recycled content targets to incentivise brand owners and scale the recycling ecosystem. These developments pave the way for a rising share of recyclates in plastic production, **from less than 10% in 2019 to over 50% in 2050**. As such, recycled feedstock could become the “new oil”, offering substantial volume growth and attractive margins for recyclers while pressuring not only traditional brand owners but also textile and O&G players who benefit from current waste feedstock flows.

The reduce, reuse, recycle merit order

We are gradually shifting into a circular plastic era to reduce waste generation, prolong material use and truly recycle end-of-life products. Attaining these goals hinges on improving waste collection and recycling, which means alternatives to traditional mechanical recycling techniques. This remains the preferred solution for plastic waste management, but it is limited in terms of feedstock with unavoidable system leakages, and often leads to downcycling. **Alternative chemical recycling** is gaining traction to decrease reliance on incineration and landfilling. Nonetheless, factors like output quality, prices, and lifecycle assessment are crucial for the projected USD 70-100bn market by 2030.

Heading for the plastic odyssey

Investment in the plastic recycling ecosystem has surged globally, growing **four to five times since 2018** due to stricter regulations and increasing demand for sustainable materials. Despite this growth, the industry remains fragmented, with many local players. Efforts to improve efficiency among mechanical recyclers necessitate consolidation, amplifying the importance of effective collection and sorting. **Chemical recycling is attracting substantial investment**, offering complementary approaches to recycling. Regulations should act as a referee, but both would continue to drive expansion in the recycler’s ecosystem and mass market adoption of recycled materials.

Read more in our White Paper

Paul De Froment

Managing Director
BG IRIS

Energy Transition & Sustainability

Banking for a better future

Leadership

Olivier Beaudouin
Partner
Co-Head of Energy Transition & Sustainability
Co-Head of Industrial Tech

Falk Müller-Veerse
Partner
Co-Head of Energy Transition & Sustainability
Co-Head of Industrial Tech

“Q1 2024 investment trends in Europe saw climate technology leading the way with significant funding rounds. Balancing legacy businesses with clean energy pursuits became more intricate, influenced by geopolitical tensions, market valuations and economic uncertainties. Nevertheless, strategic investments persisted, emphasising a nuanced M&A strategy. The Inflation Reduction Act is encouraging the US to be more domestically focused, which is weighing down on deals, and this is unlikely to change in the early part of 2024.

We believe that companies must clarify their energy transition models, identify value chain opportunities and explore creative financing avenues. We expect a dynamic M&A landscape where innovative partnerships will be pivotal for success in the evolving energy landscape of 2024.

Key Figures

40+
Transactions since 2020

€3bn+
Deal value since 2020

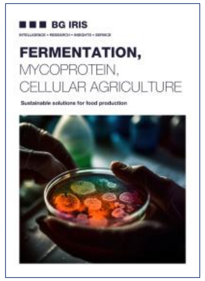
90%
Growth Financing

30
Dedicated bankers and research experts

Selected Deals

WAGA ENERGY	UNIFIED FIBER	avantium
Follow-on Offering	Private Placement	Rights Offering & Institutional Upsize ABB
EURONEXT	INDITEX, H&M, zalando, adidas, BESTSELLER, GOLDWIN PLAY EARTH, YOUNGONE, ITY Management B.V	EURONEXT
€52 000 000	€40 000 000	€70 000 000
Cleantech	Circular Economy	Cleantech

White Papers



Healthcare

Backing innovation in Healthcare

Leadership

Hervé Ronin
Partner
Head of Healthcare

Paul de Mestier
Partner
Healthcare

“

The Healthcare sector remains dynamic driven by innovation, regulatory changes, and consumer demand. Transactions are fuelled by low interest rates, growth objectives, and consolidation efforts. Capital markets are showing promise with successful IPOs like Galderma's. Large European biopharma companies are actively seeking to acquire smaller biotechs to enhance their pipelines. Orphan drugs remain a prominent focus. Healthcare services are seeing increased investment propelled by consumer trends and market fragmentation. Significant capital is put at work on medical group practices and international expansion is being considered by national leaders to create pan-European platforms.

Contract development and manufacturing organisations (CDMOs) and contract research organisation (CROs) surf the outsourcing wave and most players are keen to expand their capabilities through add-on acquisitions. Overall, the European midcap healthcare sector is expected to maintain strong momentum in M&A and fundraising throughout 2024.

Key Figures

90+
Transactions since 2020

€3.2bn
Raised in public capital since 2020

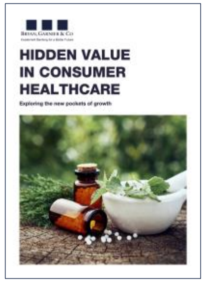
€83m
Average ECM offering size in 2023

40+
Dedicated bankers and research experts

Selected Deals

ONWARD	GENEURO	CAMURUS
Follow-On Offering	Follow-on Offering	Follow-on Offering
EURONEXT	EURONEXT	Nasdaq
€20 000 000	€5 000 000	SEK 1 090 000 000
Medtech	Pharma and Biotech	Pharma and Biotech

White Papers



Supply Chain Symphony

The notable challenges

The logistics industry and the various service providers it encompasses are facing challenges such as supply chain disruption, changing consumer behaviour and workforce issues in the post-Covid era. To remain competitive, the industry is embracing **three megatrends: digitalisation of business processes, transparency in the supply chain and the crucial role of data analytics**. Transport Management (TMS) and Warehouse Management Systems (WMS) are pivotal in addressing these trends.

Rapid growth and megatrends

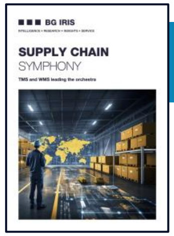
TMS and WMS markets are witnessing rapid growth driven by accessibility, technological progress, and cost-reduction benefits. Projections indicate robust growth, with the **TMS market expected to reach USD 31.2 billion and the WMS market projected to grow to USD 13.3 billion by 2030.** In Europe, TMS and WMS adoption is soaring, driven by cloud solutions, especially in Eastern Europe. France stands out for extensive WMS use, especially in large warehouses. While TMS is widespread among carriers with a penetration rate above 60%, adoption by shippers stands at almost 25%, indicating significant growth potential. TMS and WMS play a vital role in enhancing efficiency**, reducing costs, improving shipping accuracy and increasing client satisfaction**.

The emerging players

The competitive landscape in the French and European TMS and WMS markets is dynamic, made up of both global giants and emerging local players. The industry is witnessing the **rise of specialised digital solutions** provided by TMS/WMS editors and niche players, enhancing their software offerings. M&A trends in the TMS/WMS market reflect distinct investor motivation types.

The shining objects to investors

Financial investors are attracted by recurring revenue and generous EBITDA margins, while strategic **investors are focused on international expansion**, moves to complete offerings, and market share consolidation. These M&A strategies are shaping the competitive landscape and creating value for investors and the broader logistics and supply chain ecosystem.



Read more in our White Paper

Yizhi Long

Senior Associate
BG IRIS

Software & FinTech

Delivering for our clients through challenging times

Leadership

Thibaut De Smedt
Partner
Co-Head of Software & FinTech

Stanislas de Gmeline
Partner
Co-Head of Software & FinTech

Jonathan Bohbot
Partner
Software & Tech-Enabled Services

"In Q1 2024, the software sector saw a dynamic M&A activity, driven by a focus on strategic acquisitions such as Synopsys' purchase of Ansys and Capital One's takeover of Discover Financial. There is an emphasis on gross retention rates and key sub-sectors like AI and data analytics. Private equity firms are both directly and indirectly increasingly dominant in software deals, prioritising value creation over financial engineering.

In FinTech, Q1 2024 also saw a rise in M&A, with banks acquiring distressed assets, modernising payments, and prioritising compliance and security. FinTech firms are shifting towards organic growth strategies over acquisitions for rapid expansion.

Key Figures

70+
Transactions since 2020

€4.8bn
Deal value since 2020

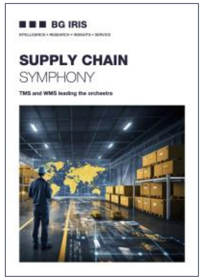
95%
M&A, of which 75% sell-side

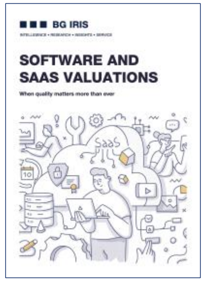
30+
Dedicated professionals

Selected Deals

FinTech	Healthcare Software	TMS Software
Diapason	nehs DIGITAL xperis	Sinari
Acquired by	Acquired by	Acquired by
PSG Providence Strategic Growth	enovacom Subsidiary of Orange Business	Bridgepoint
Undisclosed	Undisclosed	Undisclosed

White Papers





Business & Tech-Enabled Services

A resilient sector

Leadership

Guillaume Nathan
Partner
Head of Business
& Tech-Enabled Services

"In Q1 2024, specialist digital services firms were prime acquisition targets, particularly for corporate buyers while private equity remained cautious due to high interest rates. Companies proficient in AI, open-source tech and digital areas such as DevOps, cloud platform implementation, and cybersecurity were especially sought after. More generally, businesses involved in digitisation and digital transformation remain attractive. Additionally, seeking to take advantage of the strong US dollar, Europe was high on the radars of US buyers.

Apart from the continued strong focus on companies with expertise in key technologies, for the upcoming quarters, we expect to see an increased level of consolidation and disposal of non-core businesses.

Key Figures

35+
Transactions since initiation

€1.5bn
Deal value since initiation

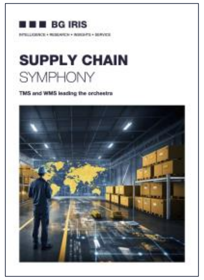
75%
Sell-side M&A
with trade buyers

20+
Dedicated bankers
and research experts

Selected Deals

Health Commerce	RTS	Vulcain / Equistone / Sagard
Acquired by	Acquired by	Investment in
Supreme Group	advania	iplan
Undisclosed	Undisclosed	Undisclosed
Biotech	IT Services	Engineering Services

White Papers



BRYAN, GARNIER & CO

Industrial Tech

Automating industries

Leadership

Olivier Beaudouin
Partner
Co-Head of Industrial Tech,
Co-Head of Energy Transition & Sustainability

Falk Müller-Veerse
Partner
Co-Head of Industrial Tech,
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“ In Q1 2024, European tech companies outperformed their 2023 counterparts, despite the Industrial Tech sector facing challenges beyond interest rates and financing costs. Energy price inflation and semiconductor chip shortages are notable issues, alongside managing wage pressures.

There was a notable increase in industrial technology M&A activity compared to 2023, indicating potential growth in deals in the sector despite decreased overall funding. We see overall strategies centering around targeting synergies and filling strategic gaps that will continue to shape the Industrial Technology M&A landscape.

Key Figures

30+
Transactions since 2020

€2.5bn+
Deal value since 2020

75%
M&A

20+
Dedicated professionals

Selected Deals

SÜSS MicroOptics	elkoscan INTEGRITY	INSPEKTO
Acquired by	Investment in	Acquired by
FOCUSLIGHT	AUT Solutions	SIEMENS
€75 500 000	Undisclosed	Undisclosed
Optics	Ultra Sounds	Machine Vision

White Papers

NextGen Consumer

Adapting to the future generations

Leadership

Andreas Kulcsar
Managing Director
Head of NextGen Consumer

Greg Revenu
Managing Partner

"In 2023, uncertainty also dominated the Consumer M&A market, with the majority of targets being add-ons for platform businesses or struggling businesses in need of a capital injection. However, stabilisation indicators are emerging, hinting at a potential uptick in activity for the second half of 2024.

Various factors such as expected interest rate decreases, stabilised trading performance and the availability of significant amount of capital by corporates and financial sponsors alike may drive this shift. While challenges persist, including geopolitical tensions and inflation, we are witnessing increased M&A activity in certain sub-sectors like consumer health & beauty, food & beverage, specialty (omni-channel) retail, and pet-related products & services.

Key Figures

10+
Transactions including 2 IPOs since 2020

€1.2bn+
Average transaction value, including private and public capital raises

50
NextGen consumer stocks covered by BG IRIS

10+
Dedicated professionals

Selected Deals

claranova
Senior Term Loan
Cheyne Capital / HEIGHTS Capital Management
€108 000 000
Consumer

BOIRON
Tender offer by the Boiron Family joined by
EW Healthcare Partners
€875 000 000
Pharma and Biotech

PROTIX
Private Placement
€50 000 000
Insect Protein

White Papers

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