+32 9 245 17 00
www.vdp.be

Foreword

In the final months of 2023, VDP successfully assisted **Quatra International** through its acquisition of **OverOne** in France. Leveraging a successful buy-and-build strategy, Quatra has emerged as the European leader in used cooking oil collection. The acquisition of OverOne, a company specializing in the development of tanks and transfer systems, allows Quatra to further enhance its collection processes.

Additionally, the team has advised **Decebra** – a company specialized in developing and leasing logistics and industrial properties, office buildings and residential units – in attracting deb-funding from **ING**. We also assisted the Opsomer family in the sale of **Meutabel** to the group of **Frederic David** which already includes Hermalu and Alu De Jaeghere. Meutable was founded in 2009 and is a specialist in custom aluminum joinery, specifically facades, windows, and doors for the project industry.

Finally, Overnamepartners has closed the acquisition of **L&S Vastgoed** by **Topo-Immo and a private investor.** Topo-Immo, a portfolio company of Vela Co-Pilot, is the company behind the Hubr network, a strategic collaboration of local real estate agencies. This enables the combined entity to enhance its capabilities by leveraging the collective expertise, resources, and innovative solutions provided by Hubr.

As this is **our last newsletter for 2023**, we want to wish you and your loved ones happy holidays on behalf of the VDP team. We look forward to sharing more newsletters with you starting January 2024. Wishing you joy this holiday season and a great new year.

Happy reading

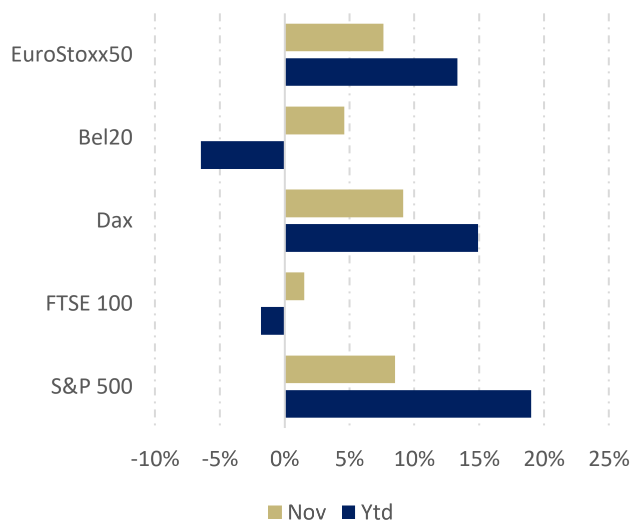
SECTIONS

- Overview macroeconomic situation
- What to expect going forward
- Selection of recent VDP transactions

Overview Macroeconomic situation

Markets are closing the year in a **positive mood** thanks to tentative signs of economic moderation in the US and falling inflation across developed markets. Data releases broadly supported the view that central banks have reached the **peak of their tightening cycles**, aiding both equities and fixed income.

Chart 1: Performance main indices



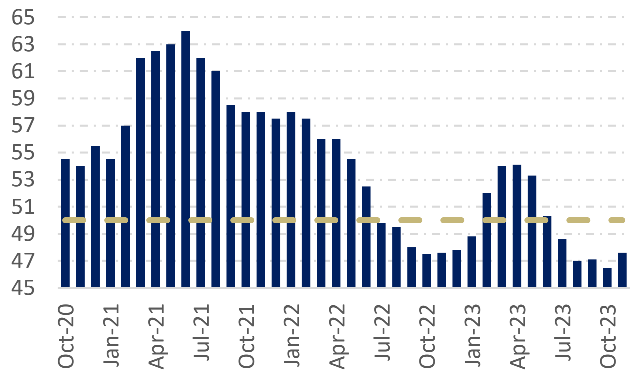
Major stock indexes gained over the month, with the US's S&P 500 index rising the most (up 8.5%) and growth stocks – in particular the **technology** sector - **outperforming** their value counterparts globally.

In Europe, Eurostat's CPI release for November showed headline and core **inflation slowing** to 2.4% y/y and 3.6% y/y respectively. Lower energy prices were the major contributor to the fall, but within the core print both goods and services inflation also eased. Despite recent progress,

+32 9 245 17 00
www.vdp.be
ALLIANCE OF INTERNATIONAL CORPORATE ADVISORS

the minutes of the European Central Bank's last meeting suggested it remains vigilant to upside inflation risks.

Chart 2: European composite PMI index



Source: MergerMarket

Finally, European industrial production and manufacturing activity **remain depressed**, mainly due to poor data from Germany and France. However, eurozone Q3 employment growth was robust, rising 0.3% quarter-on-quarter (q/q).

As such, ongoing economic momentum, particularly in the US, and tight labor markets reinforced market **hopes for a soft landing** and supported equity markets through November.

What to expect going forward

As the markets seem to have defied gravity in 2023, optimists who predicted a '**soft landing**' are taking victory laps. Indeed, Europe has mostly weaned itself off Russian gas without economic catastrophe, global inflation has fallen without big surges in unemployment and central banks have slammed on the brakes without causing economic havoc.

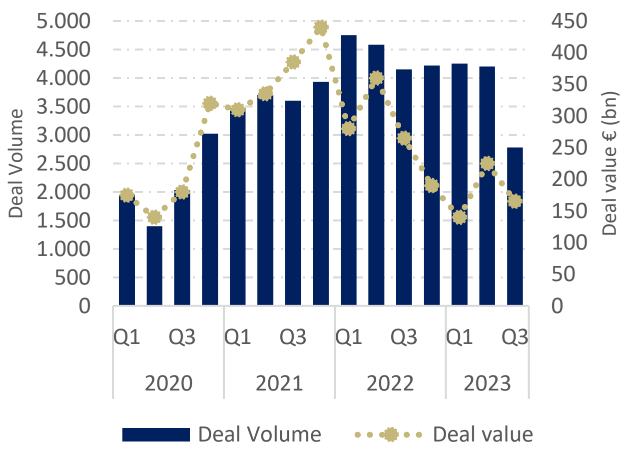
Yet the world economy **will remain fragile in 2024**. For one thing, **labour markets** still look very hot with nominal wage increases sustaining inflation levels, making it unlikely to continue declining. Secondly, companies that are looking for refinancing and households that have run down their pandemic-era saving, will start to feel the squeeze of **higher interest rates**. Additionally, the timid economic growth comes with a big asterisk: it is being supported by extraordinary levels of government borrowings while the world economy will suffer from **China's growth slowdown**.

Against this backdrop, we are witnessing a gradual worsening of **geopolitical tensions** between America and China, and the global tide of protectionism is throwing sand in the gears of trade. In fact, the duplication of investment and loss of gains from specialization are weighing on the global economy's potential growth.

However, our largest source of concern would be the outcome of the **US president elections**. As in 2016, stockmarkets might rally if Mr. Trump wins in November, but it would be no good-news story. By the end of 2024 it might feel less as though the global economy has landed softly, and more like the start of **another wild ride**.

In 2023, the M&A market faced challenges against the backdrop of a **complex economic landscape**. Escalating interest rates cast a shadow on implied valuations, concurrently raising borrowing costs for potential buyers. This gave rise to a discernible misalignment in valuation expectations between sellers and buyers, shaping the market dynamics.

Chart 3: European M&A Activity



Source: MergerMarket

Looking forward, the pu**lse of M&A sentiment** is anticipated to **mirror the overall macro-economic** conditions, particularly in the domain of sizable and cross-border transactions. However, in the midst of this volatility, the **mid-market** segment acts as a **beacon of stability**. Despite

+32 9 245 17 00
www.vdp.be
ALLIANCE OF INTERNATIONAL CORPORATE ADVISORS

a discernible shift towards a buyer's market, the mid-market is expected to uphold its resilience.

With plenty of **dry powder** still available, the mid-market remains an environment of dynamic deal activity. We see PE investors continuing to actively invest in SMEs and fast-growing entrepreneur-led businesses, although with an increased focus on cash generation and debt repayment capabilities. As such, we anticipate **transaction volume** and value for high quality businesses to **remain robust** into 2024.

As this is our last newsletter for 2023, we wish you on behalf of the VDP-team a merry Christmas and a happy new year for you and your loved ones. We are looking forward to reconnect in 2024.

Selection of recent VDP transactions