

UK Technology M&A Survey 2024



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“Our survey shows that UK Tech buyers have regained their confidence. That confirms what we are seeing at ICON, with a jump in new enquiries in Q1”



UK M&A Survey

In 4Q23 we saw a considerable jump in equity markets and a small rise in M&A deals as investors re-assessed the future direction of interest rates.

The rise from zero to 5% interest rates was incredibly quick. No one expects free money to return anytime soon but rates should drop in 2024. That is an encouraging backdrop.

As a result, many advisers are expecting a bounce in M&A activity this year on the back of the growing market confidence. That seems to be happening on the ground, with ICON seeing a step change in new enquiries in Q1.

That is all good, but what are UK Tech buyers really thinking? **What is the appetite of buyers?** We thought we would try and find out from the horse's mouth.

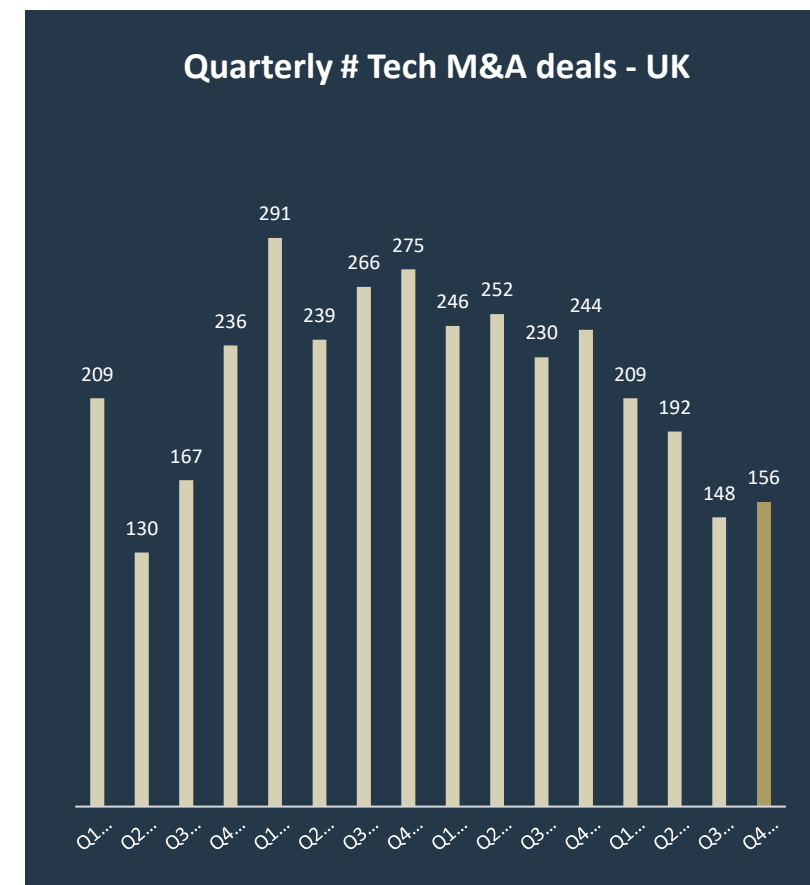
Survey of all the main UK Tech Buyers

Earlier this month, we contacted 50 of the most active trade acquirers of UK Technology companies and asked them to complete a brief survey to find out their appetite for further deals in 2024.

This included all the busiest trade acquirers such as **Access, Clearcourse, Iris, Advanced, Civica, and CACI.**

The results of the survey are very clear:

- **100% of buyers that responded are still looking to acquire in 2024.** In fact, none of the buyers have reduced their appetite for deals this year
- They all see increased appetite compared with the same time last year
- Key areas for expansion remain – digital transformation, managed services and vertical software



ICON M&A Survey Results

VALUATIONS

80%

Of buyers think valuations will be similar to 2023

M&A DEMAND

100%

Of buyers have increased M&A appetite in 2024

50

Buyers of UK Tech M&A surveyed

Buyers identify the following key areas for acquisition in 2024

- DIGITAL TRANSFORMATION
- MANAGED SERVICES
- VERTICAL SOFTWARE

Speaking to buyers there is no doubt that there was considerable uncertainty during last year with the rapid increase in interest rates. For a time, some feared that should the rises continue, funding costs would go through the roof. It certainly affected the pricing on some deals and some leveraged buyers have held back.

It now looks like rates have peaked and should fall, which should turn the uncertainty into increased buyer confidence. That's certainly one of the key messages from the survey.

“Based on our survey, buyers clearly expect a pick-up in demand for Tech M&A in 2024, as confidence rebuilds with lower funding costs.”

Brian Parker
Head of M&A at ICON

UK TECH SERIAL ACQUIRERS



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