

# PRESS RELEASE

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**Subject** Brexit vote dampens dealmaking expectations,  
according to survey by CMS and Mergermarket

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## Brexit vote dampens dealmaking expectations, according to survey by CMS and Mergermarket

London, 1 November 2016 – Dealmaking appetite in Europe has been overshadowed by the UK’s decision to leave the European Union, according to the fourth edition of the European M&A Outlook, published by CMS in association with Mergermarket.

The report canvassed the opinions of 230 Europe-based executives, from corporates and private equity firms, both before and after the UK’s referendum on 23 June.

In the aftermath of the Brexit vote, 66% of respondents believed European M&A will be more muted over the next 12 months, compared to just 18% pre-referendum. Moreover, while only 23% of those surveyed before 23 June felt less positive about levels of European M&A activity than they did in the previous year, after the vote 90% said they were less positive about the European deal outlook.

Despite the volatility and uncertainty, there is room for cautious optimism. Stefan Brunnschweiler, Head of the Corporate/M&A Practice Group at CMS, comments: “Europe is still seen as a notable destination for deals, both cross-border and intra-regional; Europe is very much open for business and favourable valuations could potentially spur the market. And, once the dust has settled, it is those companies that are ready to invest that will be the winners.”

Indeed, Mergermarket data for the third quarter of 2016 shows only a mild slowdown in UK and European M&A.

Charles Currier, Head of Corporate at CMS in London, says: “The M&A trend data is very much in line with global M&A, which in deal value and volume resembles activity in 2013 rather than the soaring heights of 2014 and 2015. The UK still tops the table in terms of deal volume and value for Europe, despite the Brexit vote, and numerous other markets across Europe remain attractive prospects for inbound buyers.”

A potential upside of the Brexit vote for buyers is its effect on the price of assets. Post-Brexit, 54% of respondents say that undervalued targets will be one of the greatest buy-side drivers, compared with

39% before the vote. Among corporate and private equity firms considering acquisitions, favourable prices are seen as a key motivator by almost nine in ten.

Executives surveyed also feel that cross-border deals into Europe will increase in terms of both volume and value over the next 12 months. Almost four-fifths anticipate more cross-border M&A into Europe next year, while 61% think the value of these deals will increase. Buyers from North America and China in particular will look to snap up assets to fuel overseas growth.

Meanwhile, technology could prove the catalyst that sparks the M&A market in a post-Brexit Europe – the vast majority of respondents (80%) say that technology or intellectual property would be the most important aspect of their next European M&A target.

### **Methodology**

In the second quarter of 2016, Mergermarket surveyed senior executives from 170 corporates and 60 private equity firms based in Europe about their expectations for the European M&A market the year ahead. We then resurveyed the same participants in the wake of the Brexit vote in July and August. All respondents had been involved in an M&A transaction over the past two years.

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