

# PRESS RELEASE

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**Subject** A renewed optimism surrounds European dealmaking, according to survey by CMS and Mergermarket

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## A renewed optimism surrounds European dealmaking, according to a survey by CMS and Mergermarket

- 90% of respondents expect an increase in the number of European M&A deals involving non-European buyers
- 67% expect M&A in Europe to increase
- 54% believe that cash-rich corporates will be behind acquisitions on the buy-side (followed by consolidation plays)
- 53% are more positive about European M&A than last year

Dealmaking appetite in Europe has seen a swift turnaround following the shock of last year's Brexit vote, according to the fifth 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, assessing dealmaking sentiment for the European M&A market in the year ahead.

Last year's survey, conducted in the immediate aftermath of the Brexit vote, saw dealmakers express an unprecedentedly gloomy view of European M&A activity, with 66% expecting activity to decrease over the forthcoming year and just 24% anticipating an increase. This year's respondents display a more positive outlook. A clear majority (67%) expect European M&A activity levels to increase while just 5% of respondents anticipate a slowdown. Vincent Dirckx, partner and Head of the Corporate/M&A practice at CMS in Belgium, comments: *"As the survey demonstrates, after a year of turbulence in 2016, there is growing sense of optimism regarding the challenging European M&A market – especially regarding TMT M&A deals (worth 34.3bn only in the first half of 2017). Nevertheless, both corporate and private equity firms are highly cognisant of some of the risks they face in M&A, from regulatory issues through to geopolitical risk."*

Dealmakers seem to be adapting to a "new normal" in European M&A activity. Stefan Brunnschweiler, Head of the Corporate/M&A Practice Group at CMS, comments, *"The mood among dealmakers is markedly different in 2017. While acknowledging some of the challenges they face, respondents are largely optimistic about dealmaking prospects for the coming year, with many suggesting they are ready*

*to take advantage of opportunities stemming from dislocations that result from Brexit and from a return to economic growth in the eurozone.”*

Indeed, M&A in Europe shows some signs of stabilisation. According to Mergermarket data, M&A deal value in H1 2017 saw a sharp increase in value over the same period a year earlier, rising a third (33%) to EUR 443bn.

Kathleen Van Aerden, Head of Research EMEA at Mergermarket says, *“European M&A in the first half of 2017 shows positive signs of recovery, with momentum gathering as we move through the year. The EUR 246bn total value recorded in Q2 2017 was up 25% on the previous quarter and was higher than any quarter in 2016.”*

According to the survey, large, transformational deals are expected to increase. In line with the rise of larger, EUR1bn+, deals seen in the first half of 2017, two-fifths of corporates and nearly half of PE firms are seeking out large, transformational deals over the next year.

Executives surveyed also feel that European financing conditions are favourable, and this will drive deals over the next twelve months. An overwhelming majority (88%) of respondents expect similar or more favourable financing conditions over the coming year.

Overseas buyers have been eyeing the European market with interest, with four of the top ten European deals in H1 2017 led by bidders located outside the EU. Respondents expect this trend to continue, with 90% saying they expect an increase in the number of European M&A deals involving non-European buyers and 60% anticipating an increase in value over the next 12 months.

This renewed dealmaking confidence on the continent looks set to translate into activity, with 66% of respondents this year expecting to engage in M&A, including acquisitions, divestments or both over the coming 12 months, up from 46% last year.

### **Methodology**

In the second quarter of 2017, Mergermarket surveyed senior executives from 170 corporates and 60 PE firms based in Europe about their expectations for the European M&A market in the year ahead.

All respondents have been involved in an M&A transaction over the past two years and all responses are anonymous and results are presented in aggregate.

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