

PRESS RELEASE

Date 22 September 2020
Page(s) 2
Subject CMS European M&A Outlook 2020

**CMS Reich-Rohrwig Hainz
Rechtsanwälte GmbH**
Gauermannngasse 2
1010 Vienna
Austria

cms.law

T +43 1 40443-4000
F +43 1 40443-94000
E presse@cms-rrh.com

Who dares wins: European M&A Outlook 2020

European dealmaking downcast, but distressed opportunities emerging

The COVID-19 pandemic has taken a heavy toll on European dealmaking activity. However, opportunities remain for those willing to take risks, according to the eighth edition of the European M&A Outlook, published by CMS in association with Mergermarket.

The report is a comprehensive assessment of dealmaking sentiment in the European M&A market. It canvasses the opinions of 230 senior Europe-based executives, from corporate and private equity firms, about their expectations for M&A in the year ahead.

According to Mergermarket data, in H1 2020, European deal volume fell 31% to 2,800 transactions and aggregate value dropped by 29% to EUR 262.9bn compared to the same period in 2019. Volume and value figures for Q2 are the lowest for any quarter since 2013.

This period of volatility looks set to continue. 74% of respondents to this year's survey say the pandemic has lessened their dealmaking appetite, with 65% not considering M&A at all, compared to just 45% last year. Correspondingly, only 2% of respondents expect their deal activity to increase this year, in comparison to 27% in 2019. More than half of those surveyed (53%) expect activity levels to decrease significantly during the next 12 months.

Peter Huber, head of the Corporate/M&A Group at CMS in Vienna, comments: "In addition to COVID-19 disruption, the upcoming US election in November, the end of the UK's Brexit transition period, and deteriorating relations between China and the West will intensify the headwinds M&A investors face." Vienna-based Partner and expert for corporate/M&A, Alexander Rakosi, who played a key role in the preparation of the study, adds: "The existing uncertainty and volatility on the market are hampering M&A activities in many industries; nevertheless, there are areas such as biotech/life sciences and the packaging sector which are – despite or partly due to the current situation – attracting an increased interest of investors."

In the meantime, there will likely be opportunities in distressed M&A – 90% of respondents say there will be an increase in restructuring activity, and 82% expect an increase in corporate defaults. Almost three-quarters of cash-rich private equity firms noted their interest in distressed and turnaround opportunities, signalling that prospects remain for those brave enough to embrace both the challenges and the opportunities found in this period of instability.

Further key findings from the report include:

- Struggling companies are unlikely to find the help they need from the corporate sector. Only 14% of corporates said they would consider acquiring distressed targets at this time. Instead, 83% of such respondents identify the acquisition of new technologies as one of their two principal deal drivers.
- Non-distressed deals will be mostly found in the sectors which have proven most resilient through lockdown periods, including technology, media & telecoms (TMT), financial services, pharma, medical & biotech (PMB) and industrials. Respondents pointed to TMT (68%) and PMB (38%) as the two sectors where they expect to see the most European M&A activity over the next year. Meanwhile, the industries hit hardest by COVID-19 – including aviation, retail, leisure and restaurants – will find it difficult to find potential buyers without accepting much lower valuations.
- North America is considered the most attractive overseas market, with almost two-thirds (63%) of respondents predicting that it will be the top non-European target region for European acquirers in the coming year. Asia-Pacific placed a distant second at 35%.

Methodology

In the second and third quarters of 2020, Mergermarket surveyed senior executives from 170 corporates and 60 private equity 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. All responses are anonymous and results are presented in aggregate.

You can download the report [HERE](#)

- END -

Contact:

Kristijana Lastro

Head of Business Development, Marketing & Communications

T +43 1 40443 4000

E kristijana.lastro@cms-rrh.com

Feel free to download this and other press releases from our website cms.law.

About CMS Reich-Rohrwig Hainz

CMS Reich-Rohrwig Hainz is one of the leading law firms in Austria and Southeast Europe. Because we are specialists, our lawyers and tax advisors are able to provide you with advice of the highest calibre and sophistication, both from a legal perspective as well as through our industry specific know-how. Highly specialised teams consisting of internationally experienced lawyers primarily provide services in the following fields of law: M&A, banking and finance, real estate, construction law, taxes, labour laws, IP and IT laws, and public procurement.

We not only create sound legal solutions for you but also work to create pragmatic solutions, also with regards to your commercial goals. Our solutions correspond as much as possible to your company's business needs. We operate offices in Vienna, Belgrade, Bratislava, Istanbul, Kyiv, Ljubljana, Podgorica, Sarajevo, Skopje, Sofia and Zagreb. All CMS offices together offer clients a team of more than 600 experienced specialists in 17 offices across the CEE/SEE region. cms.law

About CMS

Founded in 1999, CMS is an integrated, multi-jurisdictional organisation that offers full-service legal and tax advice. With more than 70 offices in over 40 countries across the world and more than 4,800 lawyers, CMS has long-standing expertise both in advising in its local jurisdictions and across borders. From major multinationals and mid-caps to enterprising start-ups, CMS provides the technical rigour, strategic excellence and long-term partnership to keep each client ahead in its chosen markets.

The CMS legal and tax advisors provide a wide range of expertise across 19 practice areas and sectors, including Corporate/M&A, Energy & Climate Change, Funds, Life Sciences & Healthcare, TMC, Tax, Banking & Finance, Commercial, Competition & EU, Dispute Resolution, Employment & Pensions, Intellectual Property and Real Estate & Construction.