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CMS European M&A Study 2019

Preview

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Eleventh Edition

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M&A 2018

Throughout 2018 there was considerable political and economic uncertainty globally and specifically in Europe which has, to some extent, impacted on the willingness of sellers, buyers and funders to pursue M&A transactions.

The overall geopolitical uncertainty began to affect the M&A market in Europe with a drop off during the final quarter of 2018, which was reported as having the lowest quarterly deal value since 2013. We believe M&A will continue to be undertaken by companies wishing to achieve their strategic goals and disruption can provide opportunities for those able to identify and capitalise on them. M&A opportunities remain for cash-rich domestic and international acquirers, particularly where there is a need for consolidation combined with an appetite for transformational deals.

Private equity was, once again, and is likely to continue to be the key driver of, M&A levels in Europe, with buy-out activity increasing significantly. There is continued pressure on funds to invest and PE houses have targeted higher-value transactions.

The sectors which have performed best over the year include energy, pharma and healthcare and media transactions, all with an overall increase in deal values.

The uncertainty regarding the future relationship between the UK and Europe seems likely to continue and will affect future M&A involving UK businesses. However, it remains to be seen whether this situation will provide any specific opportunities for investors, including those looking to implement wider strategic aims or seeking to benefit from a weaker sterling.

This CMS European M&A Study 2019 covers the 458 deals in 2018 on which CMS advised and which have the M&A characteristics to which this report relates. Notwithstanding the overall market uncertainty, this is an increase in number from last year and is reflective of CMS itself having gained market share in terms of deal value and numbers, as demonstrated by its rise up the league tables.

This report is now in its 11th year and remains unique in terms of depth and extent of coverage. We believe that the size of the deal sample and the range of countries reported on continues to mean that this is an important study that benefits all M&A practitioners throughout Europe.

We trust that this CMS European M&A Study will once again provide assistance in your continuing M&A activities throughout the year.



Stefan Brunnschweiler
Head of the CMS Corporate/M&A Group

Methodology

The Study includes deals which were structured either as a share sale or an asset sale, including transactions where a seller held less than 100% of the target company's share capital, provided this represented the seller's entire shareholding in the target company. The Study also includes property transactions which involved the sale or acquisition of an operating enterprise such as a hotel, hospital, shopping centre or comparable business, and not merely a piece of land. Internal group transactions were not included in the Study. The data has been divided for comparative purposes into four European regions. The countries included in each of these regions are as follows:

- Benelux: Belgium, The Netherlands and Luxembourg
- Central and Eastern Europe (CEE): Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia and Ukraine
- German-speaking countries: Austria, Germany and Switzerland
- Southern Europe: Italy, Spain and Portugal

France and the United Kingdom are presented as individual categories.

Transactions included in the Study cover the following sectors:

- Banking & Finance
- Hotels & Leisure
- Energy
- Consumer Products
- Technology, Media & Communications
- Infrastructure & Projects
- Lifesciences (pharmaceutical, medicinal and biotechnical products)
- Real Estate & Construction
- Industry
- Business (Other Services)

Comparative data from the US was derived from the "2016 and the first half of 2017 Private Target Mergers & Acquisitions Deal Points Study" produced by the Mergers & Acquisitions Market Trends Subcommittee of the Mergers & Acquisitions Committee of the American Bar Association's Business Law Section. Due to rounding, some totals may not correspond with the sum of the separate figures.

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#1 Europe, UK,
Germany, DACH,
CEE, Poland

#7 Global

Sources: Bloomberg, Mergermarket and Thomson Reuters, by deal count



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