Wolters Kluwer

CT

Global M&A Trends in 2021

Steady increases in transaction activity seen during the second half of 2020 are predicted to continue through 2021. Deals postponed or halted when the Covid-19 pandemic hit are picking back up, including new deals resulting from opportunities created by the crisis. All this points to 2021 seeing a significant recovery of M&As, corporate venture capital, and partnership investments.

What are the main drivers?

- Continuing effects of the pandemic
- Economic recovery
- Industry consolidation
- Strategic acquisitions
- Technology influencing corporate strategy
- Regulatory environment

What are the biggest trends we expect to continue seeing in 2021?

TREND 1 — Divestitures

Triggered by the significant economic downturn in early 2020 due to the onset of the coronavirus pandemic and its continued effects throughout the year

- Strategically reviewing company portfolios
- Selling off parts of the company for capital generation
- Restructuring to focus more on core capabilities and those activities with the highest growth potential, revenue generation, and operational efficiencies

TREND 2 — Cross-Sector Deals

Companies looking to expand capabilities and enter new markets

- Acquisitions and/or joint ventures between companies from different industries
- Especially notable in tech, with industrial companies moving into this space via M&As

TREND 3 — Technology-Driven Deals

Companies seeking to scale and leveraging technology to achieve it

- Transforming company operations through digital investments
- Increasing interest in emerging technologies

TREND 4 — Deals Driven by Geopolitical Changes

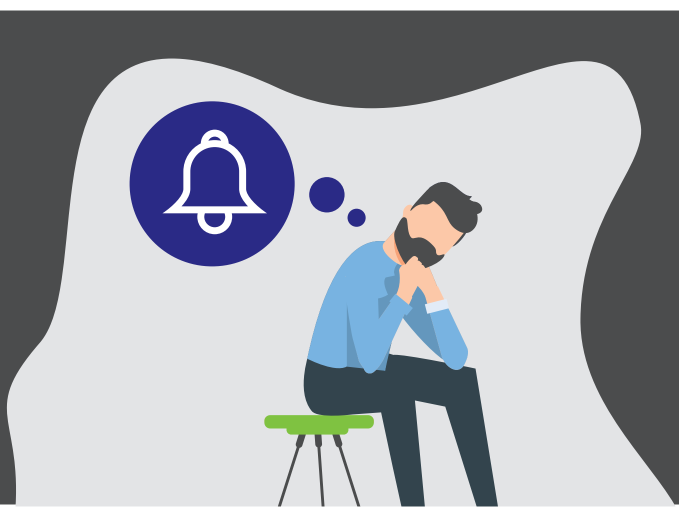
Geopolitical changes will continue to inform strategic capital decisions

- Changing regulations and political environments around the world, such as:
  - The effects of Brexit in Europe
  - Policy impacts from the new U.S. administration
- Driving executives to rethink corporate strategies and capital allocations

TREND 5 — Special purpose acquisition companies (SPACs)

One of the biggest trends from 2020 that will continue through 2021 as a popular investment vehicle

- According to the NY Times, an average of 5 SPACs per business day have been formed so far in 2021
- SPACs are attractive because they are quicker than a traditional IPO process, which normally takes 12 to 18 months to complete.
- Popular targets for SPACs are companies in the mobility and technology space. Particularly, the electric vehicle industry is expected to continue seeing much activity via SPACs in 2021.



Risks and Considerations?

- Increasing concerns about ESG factors can derail deals
- Extended pandemic effects
- A slower economic recovery than expected
- Continuing changes to regulations around the world and corporate tax rates

Whether at the beginning stages of due diligence – from document searches, translations, filings, etc. – to resolving any issues that may arise, CT's team of global experts is there to support you throughout the entire deal process. To learn more about how CT's services can help support your international deals, contact a representative at **855-316-8944** (toll-free U.S.).