

A VIEW FROM EUROPE

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Legal Briefings

M&A deal highlights in continental Europe in 2018

- Akzo Nobel's sale of its speciality chemicals business to Carlyle and GIC
- Atlantia and Hochtief's joint investment in Abertis
- China Three Gorges's offer for EDP
- E.ON's offer for innogy

The M&A market in continental Europe is likely to remain a sellers' market with an increasing level of interest from international buyers.

The expectations for 2019 are also positive and confidence in the M&A market in the continent for the coming 12 months remains strong, although there are some factors that may have a negative impact.

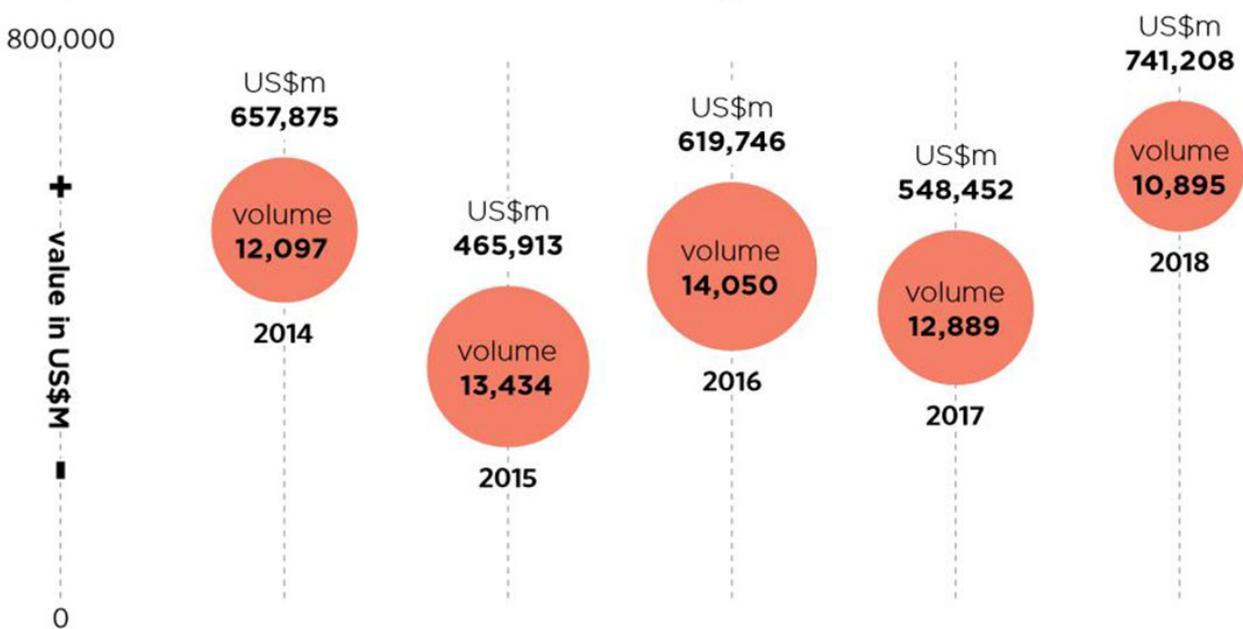
On the positive side, the availability of different financing options for M&A deals will satisfy the appetite of buyers. Along with traditional bank lending, alternative debt providers and more liquid debt capital markets will boost options. Private equity houses will continue to play a key role in the market, both because they are looking to divest and release returns from their current portfolios and because they have considerable dry powder, raised in recent years. Overseas buyers are also expected to be among the key players in the market and we anticipate an increased level of inbound M&A activity, both in terms of volume and value.

There are however a number of factors that may cause M&A in Europe to slow down. These include, in particular, political instability and geopolitical risk, increasing protectionism and political intervention, and a reduction in GDP growth forecasts. Greater equity capital market volatility may also be a negative factor for public M&A activity, although it might also serve to boost the interest in private deals and, thus, have a positive impact on M&A activity overall.

Finally, it seems reasonable to expect that, as has been the case for the last few years, the M&A market in Europe will remain a sellers' market with competitive sale processes for high quality assets targeted by a significant number of bidders, including both corporates and financial buyers."

"The level of M&A activity in continental Europe was significant in 2018. While there were slightly fewer deals than in the preceding year, the total value of M&A transactions increased compared with 2017 due to, amongst other things, a number of mega-deals across a broad range of sectors (energy and utilities, construction, industrials, chemicals and TMT) and different countries (Germany, France, Spain and Portugal)."

European deal value and volume over the last five years



Source: Thomson Reuters

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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