

BEYOND BORDERS: THE FUTURE OF DEALMAKING

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Legal Briefings

We are delighted to introduce the first edition of our global cross-border [mergers and acquisitions \(M&A\)](#) report, carried out in association with FT Remark, the research division of the FT.

The report canvasses the opinions of 700 senior executives at major businesses around the globe on their experiences of cross-border M&A and their views on the outlook for M&A activity over the next three years. The original survey was conducted at the end of 2015 but, in order to capture any change in sentiment due to the market downturn in early 2016, the report also includes a second study of a significant cross section of the same respondents, providing a comprehensive review of the current M&A landscape.

OVERVIEW

After a record-breaking year for M&A last year, the start of 2016 has been more uncertain with the slowdown in the Chinese economy and volatile stock markets, contributing to turbulence in the global economy. However, despite these uncertainties our surveys demonstrate that the short to medium-term outlook for M&A remains extremely robust.

Key highlights from the report include:

- **Market downturns have not dampened dealmaking appetite in the short or medium term:** The 2016 updated survey indicates that the more recent market volatility will not adversely affect M&A plans. When asked about the next 12 months, 46% of respondents say recent turbulence will have no effect, while almost 20% believe that it will increase their appetite for M&A.
- **More capital for M&A:** Companies are increasingly prioritising capital for M&A. The

updated survey shows that 45% of respondents plan to use capital for acquisitions, compared to 36% three years ago, and 35% in Q4 2015.

- **Cross-border deals on the agenda:** Most respondents (86%) say they are looking to make between one to three or more acquisitions over the next three years. And out of these, 88% believe that between one and three of these acquisitions are likely to be cross-border deals.
- **Global/local:** Whilst geographical diversification is increasingly important, international M&A is much more likely to be conducted in neighbouring countries or regions than in continents in which the acquirer does not already operate. 33% of EMEA-based companies will focus on Western Europe. 37% of Asia-Pacific respondents are targeting Southeast Asia while 44% of respondents in the Americas are focusing attention on Latin America or North America.
- **M&A hurdles:** Regulatory barriers have represented the most challenging strategic factor in recent M&A experiences for 28% of our survey respondents, followed by difficulties in bridging the valuation gap between buyer and seller.

The surveys have produced a comprehensive overview of the cross-border M&A landscape and some valuable insights into the experiences of and outlook for M&A activity. To download the full report please visit www.hsfbeyondborders.com.

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