

# INTERNATIONAL FINANCIAL LAW REVIEW (IFLR): M&A REPORT 2019

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Legal Briefings - By **contributing authors Gavin Davies, Caroline Rae, Tommy Tong, Nicky Cardno, Markus Lauer, Nico Abel, Antonia Kirkby and Roddy Martin**

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Herbert Smith Freehills was the lead contributor to International Financial Law Review's (IFLR's) M&A Report 2019 in which our leading M&A lawyers share their views on the main themes that will dominate M&A in 2019 as well as M&A market activity and the outlook for Germany, Hong Kong and the UK.

## **INTRODUCTION**

In 2018, global M&A values exceeded those in 2017 to reach one of their highest points since the financial crisis. This was in part buoyed by a number of mega deals, including the \$79.7 billion takeover of Shire by Takeda. Whilst there was a slowdown in pace during H2, deal activity recorded near peak levels in many markets - a positive and unanticipated result given the ongoing political and economic uncertainties. The busiest sectors included TMT, pharma, financial services and infrastructure. [Read more](#)

## **GERMANY**

Despite Brexit, disruptive trade disputes, rising regulatory scrutiny (foreign investment as well as merger control) and more volatile stock markets, Germany is still seeing strong M&A activity. However, buyers are starting to become more cautious and are aware of the risks associated with the high prices sellers are still seeking for their assets. General deal flow has been very strong in the last 12 months. Outbound activity has been driven by German corporates looking to grow their businesses through M&A rather than just by organic growth, in particular into the US. Inbound activity has been fuelled by the strong German economy.

[Read more](#)

## **HONG KONG**

2018 saw a downturn in M&A activity in Hong Kong amid global market turbulence impacted by factors including the US/China trade war and Brexit. Hong Kong's stock market also had a volatile year, with Hong Kong stocks dropping 13.6 % during 2018. This affected investor confidence and dampened M&A activity slightly compared to recent years, despite opening privatisation opportunities. Even with China's tightened control on outbound investment, Hong Kong companies continue to be targeted by Mainland Chinese acquirers as well as by private equity funds and overseas players looking to gain exposure to China through Hong Kong. [Read more](#)

## UK

As we look ahead in 2019, after a strong year in 2018, the M&A environment is less certain due to the political uncertainty around Brexit and the associated possibility of an economic slowdown. However, there are several factors that indicate we may see continued M&A activity, including the weakness of the pound which should continue to attract bidders to UK targets. We also expect end-of-cycle factors to lead to boards offloading non-core assets and increased pressure from activists. [Read more](#)

## 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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