

M&A IN 2020: THE NEW NORMAL

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Guides

Our latest global M&A report looks at the themes that we expect to see in M&A transactions in 2020.

In 2019, M&A activity remained healthy despite persistent geopolitical and economic uncertainty. The market continues to adopt ever-greater care around deal execution, against the backdrop of increased protectionism by governments around the world and a growing expectation on, and willingness of, investors to make their views known.

Deals around the globe are being driven by private capital with plenty of dry powder and by shareholder activists pursuing campaigns with an M&A objective. Strategic co-investing and consortium bids also remain popular, with parties teaming up to share the risk and rewards of public-to-private deals.

As market conditions become increasingly challenging for particular sectors, we will see a rise in stressed and distressed M&A. We are also seeing end-of-cycle transacting, with companies focusing on their core business and so looking to divest non-core or underperforming divisions. And tech disruption continues to drive not only dealmaking in every sector, but also minority and venture investing, and strategic partnerships.

In this report we focus on four trends which we believe will be important in 2020 dealmaking:

- **Environmental, social and governance (ESG)** issues are now mainstream and can no longer be considered an afterthought in M&A decision making.
- **Public-to-private bids** have returned to the market as financial buyers perceive greater value in underpriced public equity markets than in overcrowded private auctions.
- **Political intervention** remains a real risk which buyers and their advisers must navigate carefully as the widespread tightening of FDI regimes continues.
- **Deal disruption** is the "new normal", with threats from shareholders, from

interventionist governments and from anti-trust regulators with increasing appetite to exert their powers, in many cases with the possibility of competitor intervention never far away.

We also report on the views of our colleagues on regional activity in 2019 and the outlook for 2020.

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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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