

GLOBAL M&A 2021: UNCERTAINTIES REMAIN WITH REASONS FOR OPTIMISM

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Firm news

M&A enables business transformation required to address the fundamental shifts in the way the world lives, works and plays

Global law firm Herbert Smith Freehills has launched its 4th annual [global M&A report](#), titled “M&A in 2021: Resilient, agile and coming off mute”. The firm examines some of the most important legal issues in global dealmaking including:

- the lessons learnt from the impact of the pandemic that are being built into deal process and documentation, in particular around termination rights, for whatever black swan event next comes along;
- the continued rise of FDI regimes and its deployment by governments in the pandemic;
- the significance of shifts taking place in ESG, and the energy transition agenda in particular as a driver of M&A;
- rebound in activity in the public markets as bidders seek to take advantage of lower valuations; and
- the distressed deals that we might expect to see in 2021, when governmental support necessarily runs out and the true impact is felt in the most damaged sectors.

The report also includes local insights across different regions and markets.

Gavin Davies, Head of Global M&A, comments:

“In 2021, we will see many uncertainties from 2020 remain. The significant regional and global questions from last year haven’t gone away, albeit some have taken different forms as situations have played out: the impact of the presidential election in the US, China's role and relationships across the world, what Brexit actually means for the UK and Europe.

“However, there are reasons for optimism. There was a strategic recognition that 2020 has catalysed fundamental shifts in the way the world lives, works and plays, not least the importance of technology in all of our lives. And a recognition that, for the best placed, M&A can be a tool of choice for effecting a rapid transformation of businesses to address that shift. In the more favoured sectors, we are seeing strong liquidity in the bank market to support strategic M&A by corporate clients and would expect this to continue into 2021.

Corporate M&A partner Caroline Rae adds:

“On deal execution, 2020 also showed us that even the most complex deals could be done in lockdown conditions, indeed sometimes more efficiently. We also faced challenges: a need to find other ways online of connecting at a personal level and of managing training for younger team members, and the sometimes unsustainable nature of working conditions on deals from home.

“After a year when the three most popular phrases have been resilience, agility, and "you're on mute", M&A seems to be emerging in 2021 on the right side of each of those trends.”

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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