



LOOKING AHEAD OUR TAKE ON M&A IN 2020

WHAT WE SAW IN THE M&A MARKET IN 2019

- The strong M&A volumes in 2019 reflected the optimism and strong balance sheets of investors on a global scale
- This was further fueled by the regulatory environment in the United States, growing cash reserves and reforms to tax laws
- Despite the political and regulatory landscape complicating aspects of transactional activity, such as Brexit and the US-China Trade War, organic growth has not slowed
- This is evident as the current M&A value for 2019 globally is now at USD3.8trillion, down only 4% on 2018 (an unprecedented year in terms of M&A volumes)

SO WHAT WILL THIS MEAN FOR M&A IN 2020?

- It is widely expected that ongoing political and economic uncertainty will weigh heavily on investor sentiment
- We anticipate that around 80% of investors are becoming increasingly cautious and are expecting valuations to remain flat or drop
- In line with research and widely held estimates, we anticipate that global M&A volumes will decrease by 20-25% in 2020

HOW WILL THIS PLAY OUT IN EMERGING MARKETS?

- US, UK and European investors continue to be excited by the prospect of investing into Africa, The Middle East and South East Asia
- In these Emerging Markets, we anticipate favourable M&A conditions
- Political and regulatory considerations will continue to be important, as will currency, but 2020 is looking like a strong year for M&A activity in Emerging Markets

WHAT ARE SOME OF THE KEY DEAL DRIVERS?

- **Technology** - We anticipate that technology acquisitions will no longer be the most critical aspect of corporate M&A strategy. This year, we expect that there will be a heavier emphasis on M&A activity in more traditional customer base expansion and product diversification, as opposed to technology
- **Activist Investors** - There will be heightened pressure by activist investors on the boards of companies to re-structure and respond with strategic change, and a movement towards increased stakeholder capitalism
- **PE Dry Powder** - With large amounts of dry powder to deploy, we expect PE investors to swoop in and ride the wave of market volatility, bolstering transaction volumes



ABOUT CRASNER CAPITAL

Headquartered in London, Crasner Capital is an award winning boutique Investment Bank with deep roots across Africa, South East Asia and The Middle East

For more information about Crasner Capital, our services and market trends, please visit CrasnerCapital.com or contact Nick Crasner directly on ncrasner@crasnercapital.com

REFERENCES

Deloitte (2019) M&A Trends Report
Baker & McKenzie (2019) Global Transactions Forecast 2020

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