

# Top UK Dealmakers' M&A Predictions 2022

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## Methodology

In the second quarter of 2021, Mergermarket surveyed 50 senior executives to gain insights on their M&A predictions in the UK. The respondents comprise 30 investment banks, 10 M&A law advisors and 10 private equity firms. Half of them are headquartered in the London area. All responses are anonymous, and results are presented in aggregate.

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## Foreword

The UK and the rest of Europe have come a long way in recent months. COVID vaccination programs have gained critical mass, allowing economies to reopen and lives to return to something resembling normality.



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M&A markets are booming, benefiting from this rebound in activity. Official figures published by the UK government, which average 19 forecasts, indicate GDP growth of 6.8% in 2021 and 5.5% in 2022. It's a similarly positive outlook in the European Union, where the economy is expected to expand by 4.8% and 4.5% this year and next year, respectively.

There is much for investors to be optimistic about and, according to the advisors and dealmakers polled by Ansarada, confidence is running high. Most expect even more

M&A activity to come, including anticipation of rising SPAC activity, which has so far been slow to take off compared with the US market.

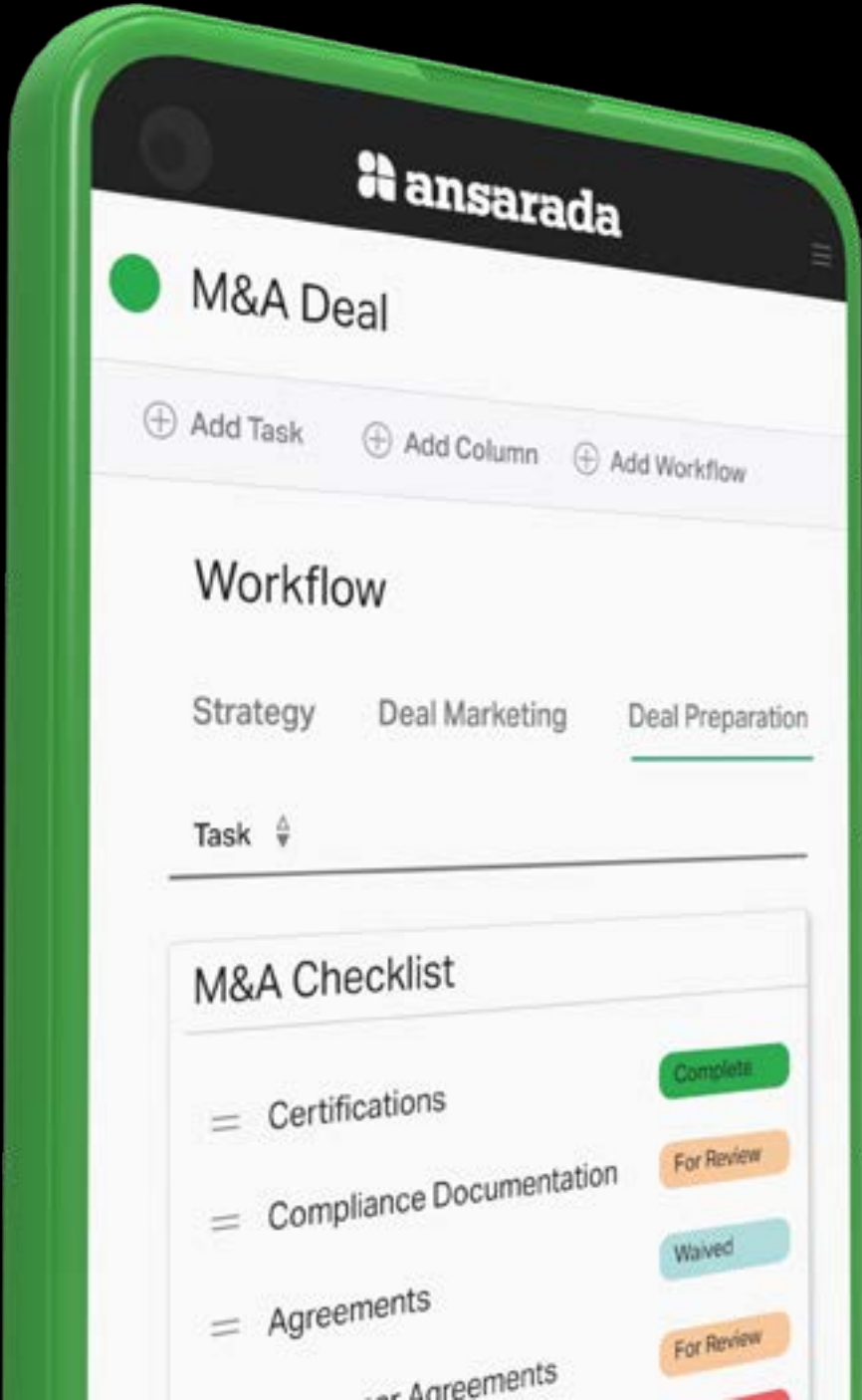
Even Brexit is not denting sentiment over investment opportunities in the UK, although this comes with a caveat. Significantly more dealmakers anticipate rising insolvencies in the UK than in Europe (albeit this should also deliver more opportunistic distressed deal flow for private equity buyers), reflecting the challenges that many British businesses have faced this year as their supply chains have been disrupted.

Naturally, risks remain across the region. Unprecedented liquidity means that valuations are higher than ever. This contrasts with looming uncertainty over the trajectory of the pandemic and the potential for further government interventions if necessary. But investors have adapted well to this new reality, harnessing technology not only to secure deals remotely, but dive deeper with their due diligence and build confidence in their bids in a highly competitive environment.

**Sam Riley, CEO Ansarada**

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# Overview

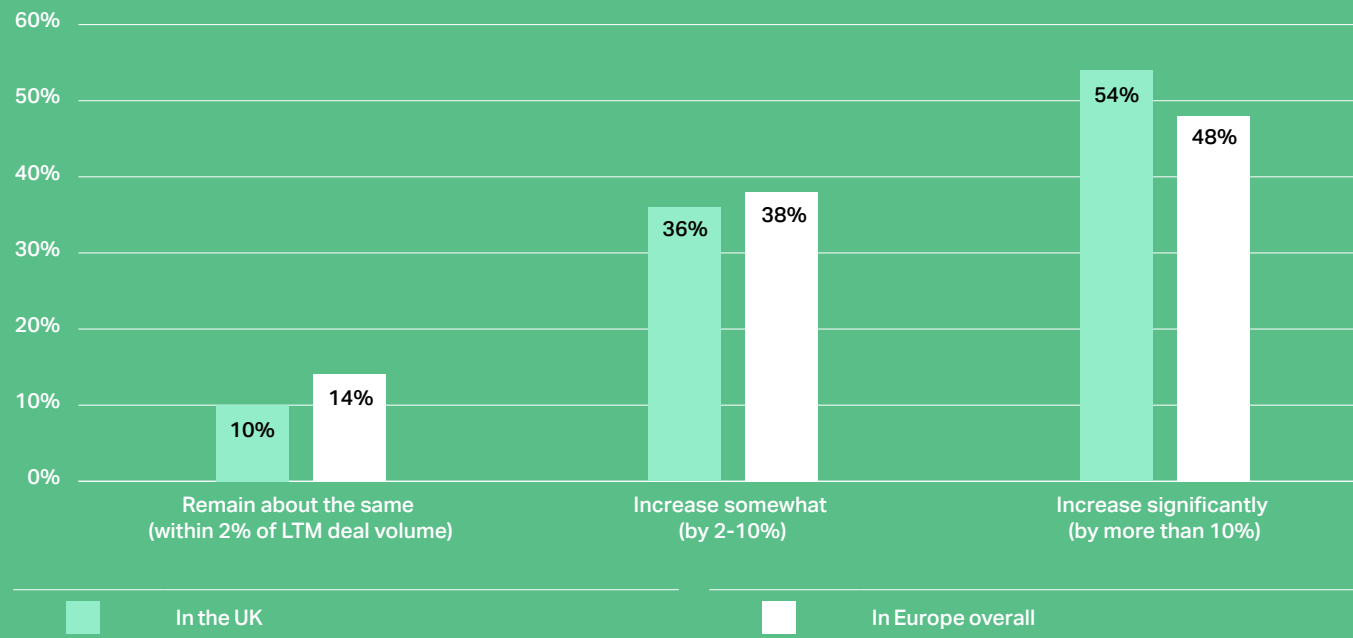


M&A activity in the UK and the rest of Europe has soared since initial lockdowns were lifted last year, momentum carrying over into 2021. Almost a full year's worth of M&A value has been packed into just six months in what has been a bona fide dealmaking boom.

In the UK alone, US\$308.5 billion deals were invested across 1,477 deals in the first three quarters, already more than the US\$215 billion trailing average over the past five full years. The success of national vaccine rollouts and associated economic recoveries are giving dealmakers confidence, record government stimulus providing for a highly liquid environment.

Market participants are overwhelmingly optimistic that the rebound has short to midterm staying power. A full 90% of respondents believe that the number of M&A deals in UK will increase in the next 12 months compared with the previous 12 months, including 54% who believe it will increase significantly. It's a similar story when accounting for Europe as a whole, 86% believing that M&A deals will increase and 48% expecting a significant increase.

What do you think will happen to the number of M&A deals in the next 12 months compared to the past 12 months?



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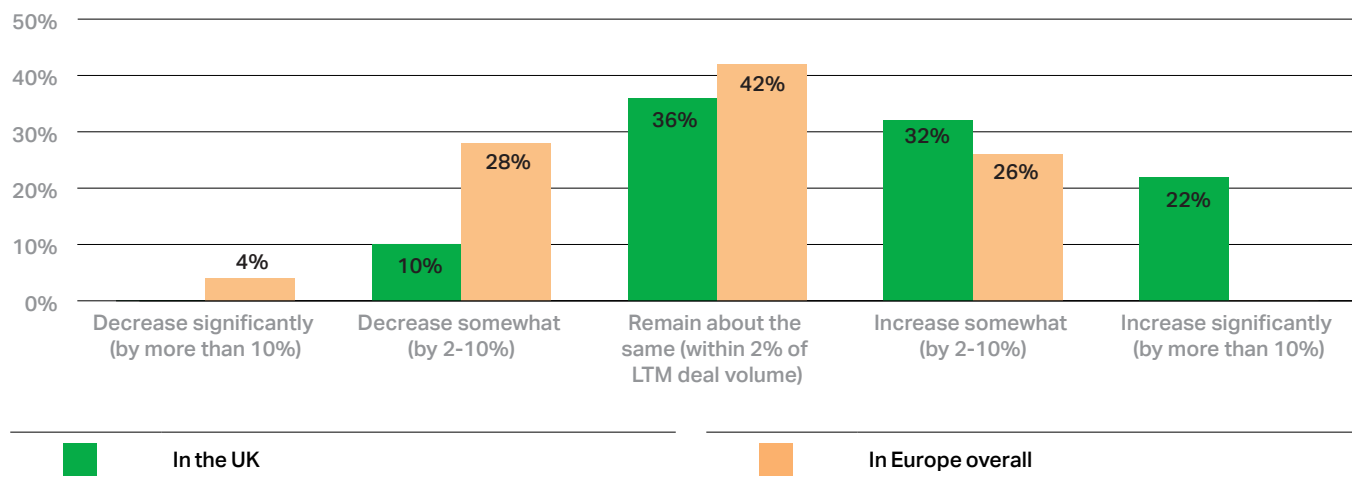
More than half of respondents see the number of distressed deals in the UK rising in the next 12 months.

**54%**



# Distressed deal flow could rise

What do you think will happen to the number of distressed M&A deals in the next 12 months compared to the past 12 months?



## Overcoming double challenges

There is a notable divergence in sentiment over the prospects of distressed activity in the UK and Europe, however. More than half (54%) of respondents see the number of distressed deals in the UK rising in the next 12 months, falling to 26% across Europe as a whole.

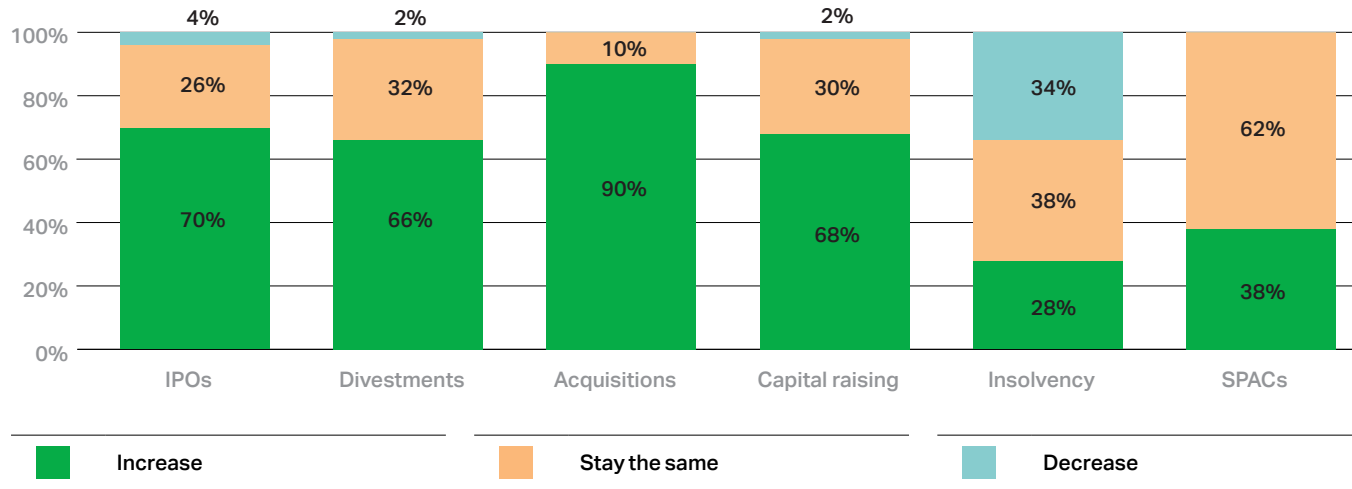
This coincides with a difficult period for UK businesses, which have faced the double challenges of the pandemic and the first year since Brexit took effect. Both of these pressures have been disrupting supply chains.

According to figures from accountancy firm Mazars, 31 UK haulage firms became insolvent in June 2021, the highest in a single month since January 2019, as the loss of cross-border trade and a lack of drivers took their toll on the industry.

Haulers have been hit by fewer shipments across borders due to the additional red tape and costs of doing business with the EU. Driver shortages have also been a problem. Inevitably these supply chain disruptions are stalling sales for swathes of businesses. Until the effect of Brexit normalises, the UK may see distressed deal flow increase to a degree, especially as government support to businesses affected by COVID-19 comes to an end.

# UK market activity

What do you think will happen to the following types of market activity in the next 12 months? – in the UK



## Acquisitions on the increase

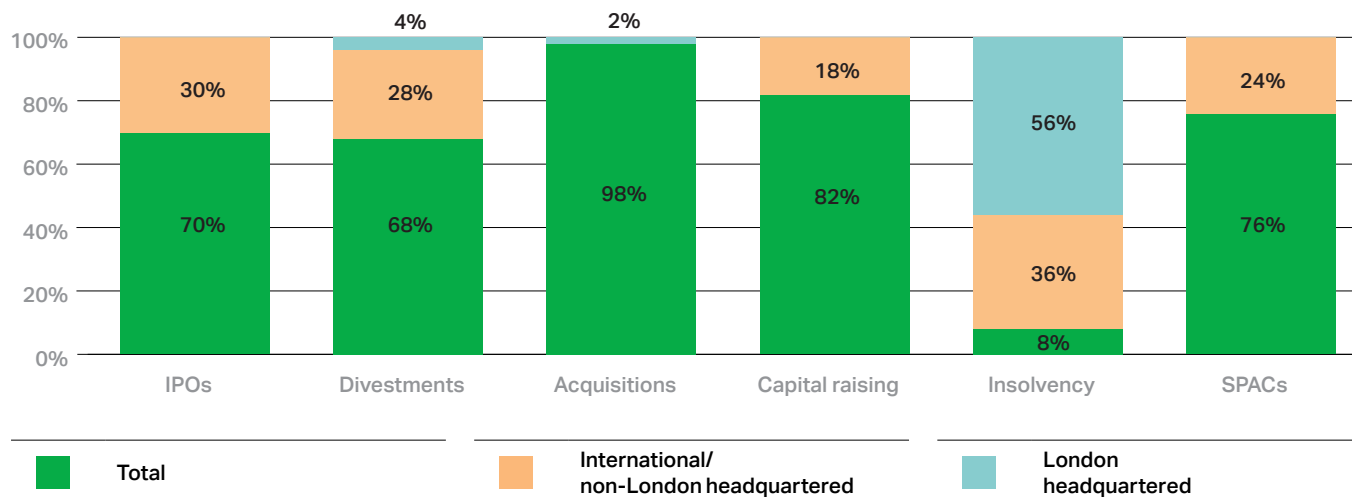
Across different types of market activity, it is acquisitions that are most expected to increase (90% in UK and 98% across Europe), although there are also high expectations for equity market activity including IPOs and capital raisings.

In the UK, there are only two areas where a majority do not expect elevated activity: insolvencies and special purpose acquisition companies (SPACs). Just over a quarter (28%) anticipate more insolvency situations, while a third (34%) see these decreasing. However, UK sentiment is comparatively pessimistic relative to Europe, mirroring the differing expectations on distressed deal flow in the two markets. A mere 8% of respondents see European insolvencies increasing over the short to medium term, and 56% see them decreasing, making for a notable divide.

“The growth has been very limited in the UK. Brexit and COVID-19 challenges together have been very stressful for companies to deal with. The insolvency will increase,” said the Managing Partner of a US investment bank.

# European market activity

What do you think will happen to the following types of market activity in the next 12 months? – in Europe



## Europe ahead on SPAC activity

Regarding SPACs, 38% of respondents believe more of these cash shells will come to market in the UK, with the remainder expecting activity to be flat. SPAC-friendly regulatory updates suggest that Europe is in line for more of these deals. In August, the UK's Financial Conduct Authority updated its listing rules, removing the presumption of suspension in trading in the SPAC shares after the announcement of a proposed acquisition, which was widely seen as unattractive by investors.

Other European markets did not have this rule and have therefore already seen more SPAC activity. Amsterdam played host to more SPAC IPOs than any other European city in the first half of 2021, followed by Frankfurt. Whether the UK soon assumes the mantle following the recent update to its regime remains to be seen, however across Europe the view is more bullish than for the UK: 76% anticipate an uptick of SPACs over the next 12 months in Europe overall.

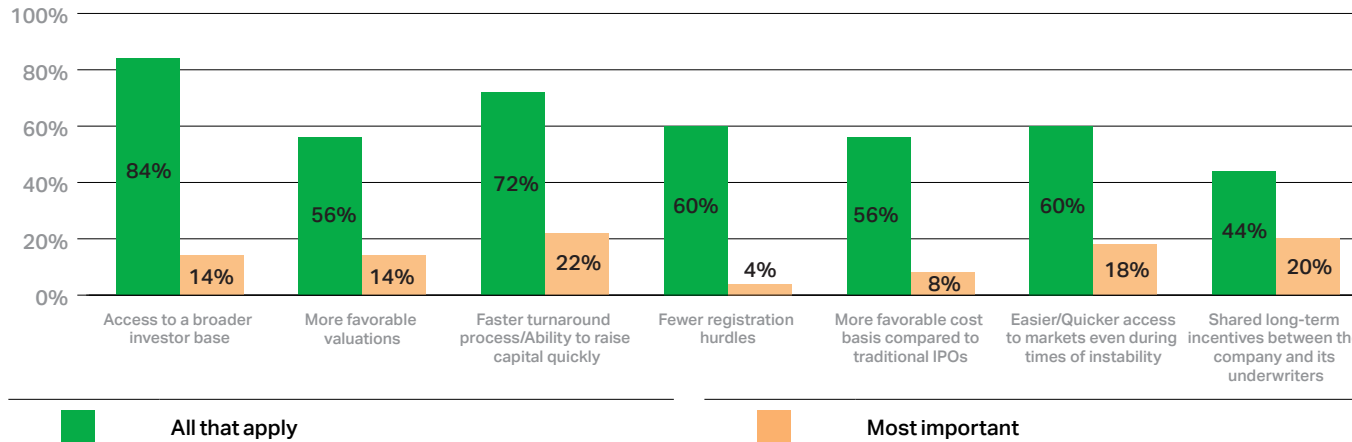
76% anticipate an update of SPACs over the next 12 months.

# 76%

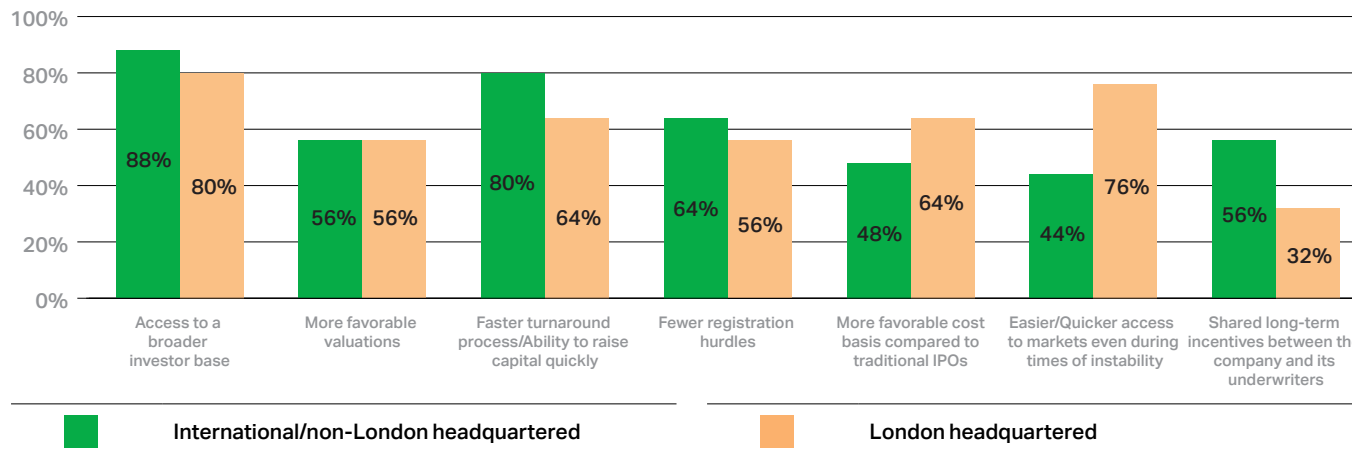


# SPAC advantages

What do you view as the main advantages of using a SPAC as a vehicle for raising capital (Select all that apply and most important)



What do you view as the main advantages of using a SPAC as a vehicle for raising capital (Select all that apply)



## SPACs have their pros and cons

The speed with which cash shells can IPO given their lack of an operating company has been widely touted as a key advantage in the financial press in recent months. However, our research shows that it is access to capital that makes them worth pursuing. As many as 84% of respondents think access to a broader investor base is one of the main advantages of using a SPAC for raising capital, which should come as no surprise given the surge in investor interest in these vehicles. This is followed by 72% who cite the speed with which sponsors can raise cash and list as being one of their primary benefits.

**“SPACs are offering more promising terms for companies and the time-efficiency provided by these vehicles is attractive,”** said a Managing Director at a UK investment bank.

For 76% of London-headquartered respondents, one of the top advantages of SPACs is the swifter access to markets even in times of instability, while only 44% of international companies share this view.

SPACs have existed long before their recent boom in the US. Activity has cooled in recent months after an intervention by the Securities and Exchange Commission over the accounting standards employed by blank cheque companies, but the sheer liquidity in the markets and appetite to commit that capital indicates that SPACs are here to stay on both sides of the Atlantic, especially if they can demonstrate advantages to target companies, sponsors and investors.

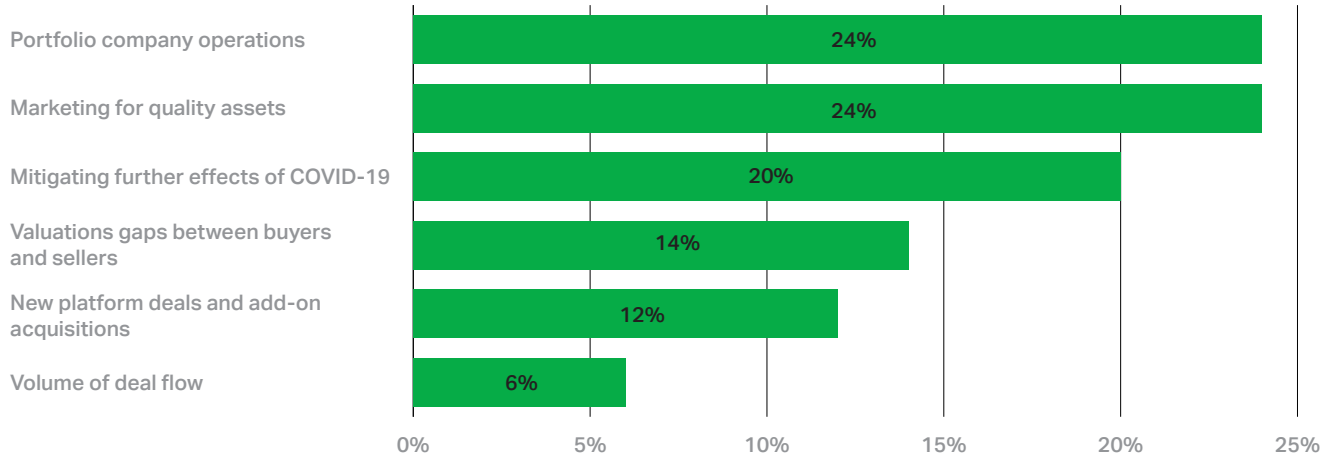
“SPACs are offering more promising terms for companies and the time-efficiency provided by these vehicles is attractive.”

Managing Director at a UK investment bank

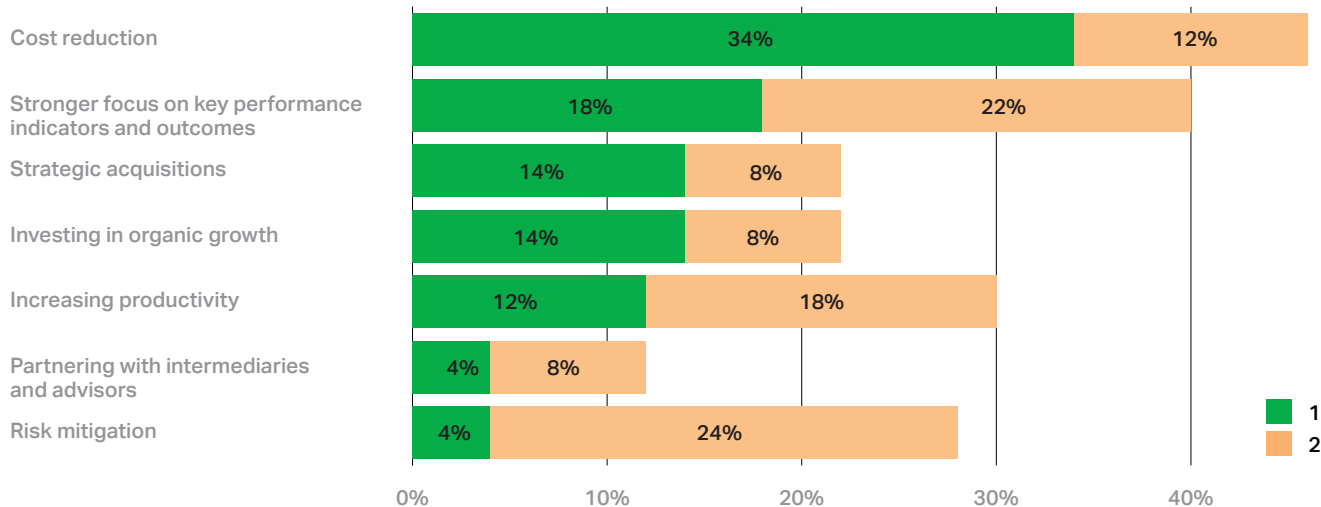


# Spotlight on Private Equity

What will be the biggest focus for UK private equity firms in the next 12 months? (Select one)



What will be the biggest focus for companies in the next 12 month? (Please rank top two, where 1 = top choice)



## Competition for assets is running high

With supply chains under stress and businesses continuing to navigate the impacts of Brexit since the UK's departure from the EU in January, PE firms in the country have their work cut out for them. As a result, portfolio company operations are expected to be a major focus of funds over the next 12 months, 24% of respondents seeing this as being a priority for UK-based PE firms.

Tying with portfolio operations as an area of attention is marketing for quality assets with another 24% considering this to be where UK PE firms' efforts will be trained over the coming months. Like other markets, there is no shortage of dry powder in the UK and competition for assets is running high, especially due to a Brexit-weakened sterling. These fundamentals are drawing interest from international funds, particularly blue-chip managers located in the US seeking bargains for their dollars. This is adding deal pressure and will mean firms will have to search harder and wider to secure high-quality deals, and will be expected to pay up for this quality.

Similarly, while M&A may be on a steep upward trajectory, it's not the primary focus for companies who remain conscious of downsides by ensuring that their businesses are as lean and efficient as possible. To be sure, while progress has been made, the pandemic has by no means subsided and tail risks remain. A third (34%) of respondents say that companies will primarily concentrate on cost reductions over the next year, with 24% expecting the second biggest focus to be on risk mitigation.



## Technology opportunities

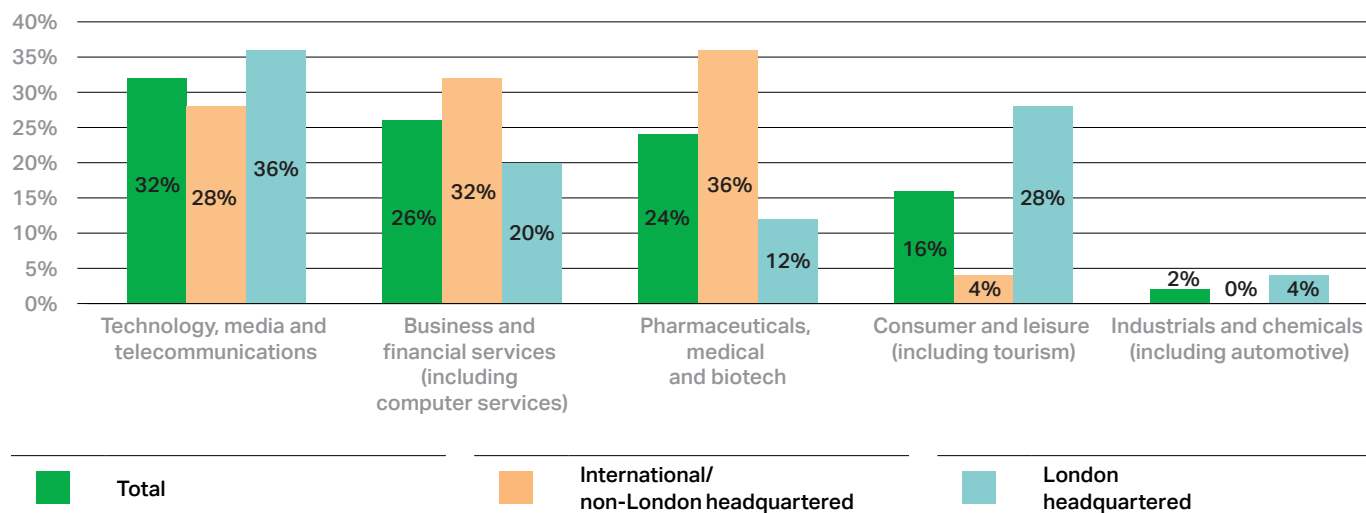
The investment case for technology continues to dominate amid the pandemic. Businesses in the sector flourished during lockdown disruptions, and the world is only heading further in the direction of digital consumption and connectivity.

### TMT leads the COVID recovery

Accordingly, 32% of respondents view TMT as being poised to see the most M&A activity in UK in the next 12 months, followed by business, financial and computer services (26%) and pharmaceuticals, medical and biotech (24%), which have also benefited from strong pandemic tailwinds.

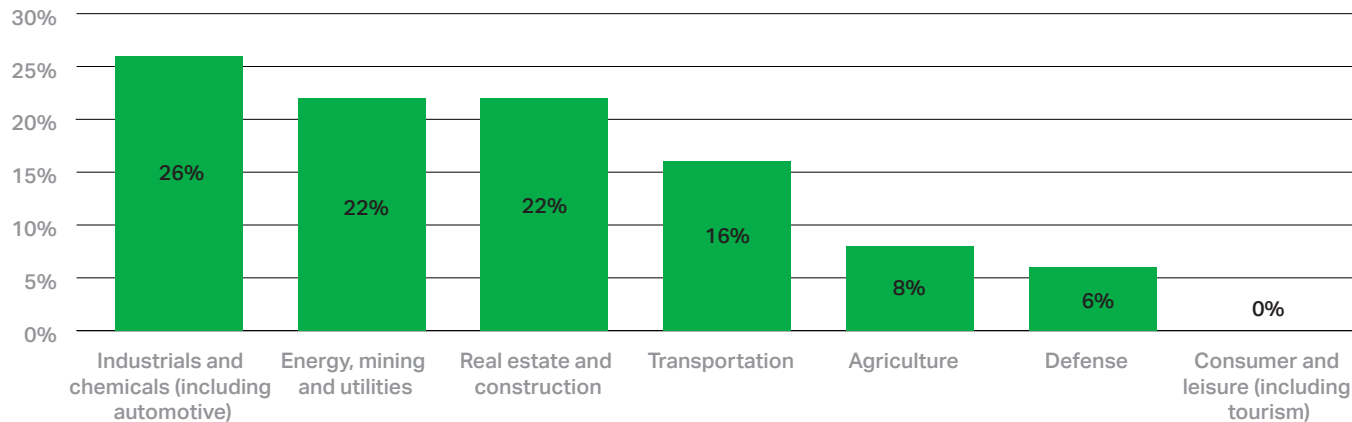
Consumer and leisure businesses have undoubtedly been some of the worst affected by the pandemic and only 4% of international investors expect deals in the sector to spur overall UK M&A activity. But British respondents are far more bullish. As many as 28% see these deals lifting overall deal activity. This confidence may reflect the fact that the UK was one of the first countries to achieve majority vaccination and, as such, cinemas and gyms reopened earlier than many neighboring countries. The brightening outlook for the consumer and leisure space and increasing confidence is likely to motivate dealmaking.

In which sector do you expect to see the most M&A activity in the UK in the next 12 months? (Select one)



# Distressed M&A activity by sector

In which sector do you expect to see the most distressed M&A activity in the UK in the next 12 months? (Select one)



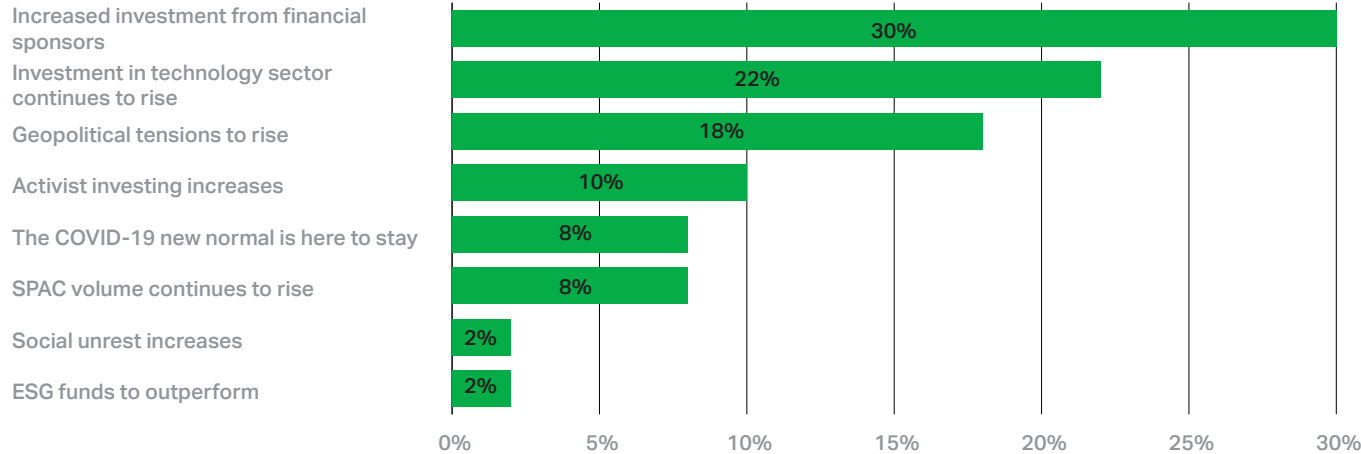
## Distressed activity expected in cyclical industries

Nearly three quarters (70%) of respondents believe that distressed M&A activity in the UK in the coming months is expected to be across the industrials and chemicals (26%), real estate and construction (22%) and energy, mining and utilities (22%) sectors. All three are cyclical industries that tend to underperform during times of recession. The UK has rebounded from the effect of lockdowns, but momentum is not guaranteed. In July, for example, GDP flatlined at 0.1% due to a fall in retail sales and Brits being advised to self-isolate by the NHS track and trace system. In this context it is surprising that no respondents believed that the consumer and leisure sectors would see the greatest amount of distressed deal activity in the coming year.



# Future M&A investment headlines

Which headlines do you expect to be prominent in the M&A investment in the European market in the next 12 months? (Select one)



## PE and technology will define markets

As far as what's expected to define the markets going forward, it's all about private equity. Nearly a third (30%) of respondents expect 'Increased investment from financial sponsors' to be the most prominent headline in Europe's M&A markets in the next 12 months. According to Preqin there is circa US\$2.3 trillion of PE dry powder globally, with European firms holding approximately US\$410 billion, or 18% of the total pie.

Technology and geopolitics are also on the minds of investors. Nearly a quarter (22%) of respondents see 'Investment in technology sector continues to rise' to be the most dominant headline, while 18% think 'Geopolitical tensions to rise' will be the story of the coming 12 months. Without a doubt, the pandemic has done nothing to quell already tense international relations. However, there are some positive signs. For example, the EU appears committed to striking an investment agreement with China that was put on hold earlier in 2021.



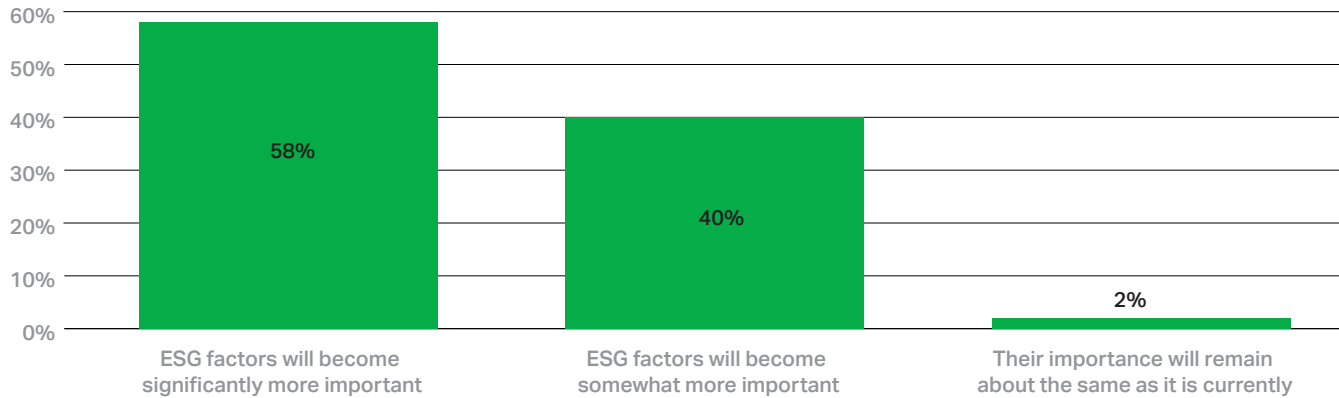
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As many as 98% of respondents expect the role of ESG to become more important in acquirers' M&A decisions in the next 12 months.

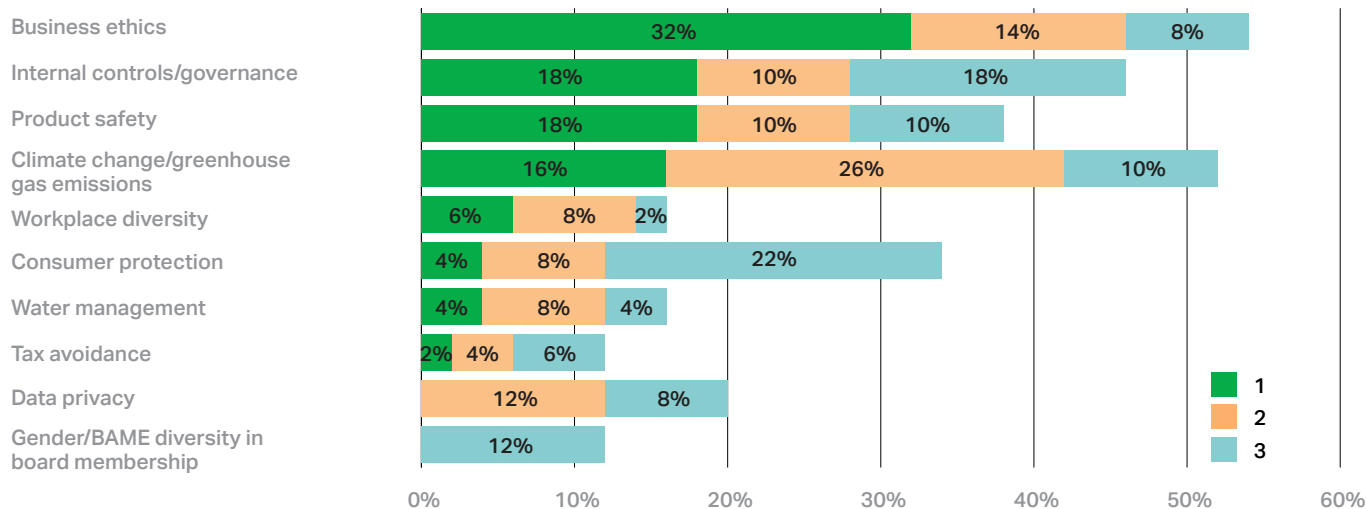
# 98%

# Spotlight on ESG

**How will the role of ESG factors change in acquirers' M&A decisions in the next 12 months? (Select one)**



**Which ESG issues are most important to your firm and your current investor base? (Rank from 1 to 3, where 1 = most important)**



## Pressure is on to disclose impacts

The writing is on the wall for ESG issues. Nowhere is this truer than in Europe, which has led the charge globally on regulations. This year the EU introduced its Sustainable Finance Disclosure Regulation, requiring PE firms that fell within its scope to provide investors data on the sustainability of their investments. In capital markets, institutional investors continue to put pressure on corporates to disclose their social and environmental impacts and adapt their strategies or risk losing investment.

As many as 98% of respondents expect the role of ESG to become more important in acquirers' M&A decisions in the next 12 months, 58% of which say it will become significantly more important. But it is not the environment that is taking precedence. Instead, business ethics (32%) is the most important ESG issue to the respondents' firms and their current investor base. Climate change and green house gas emissions was seen as important, however, with 26% of respondents ranking it as the second most important issue. Product safety and internal controls/governance issues were also top of mind, with each chosen by 18% of respondents as the most important issue.

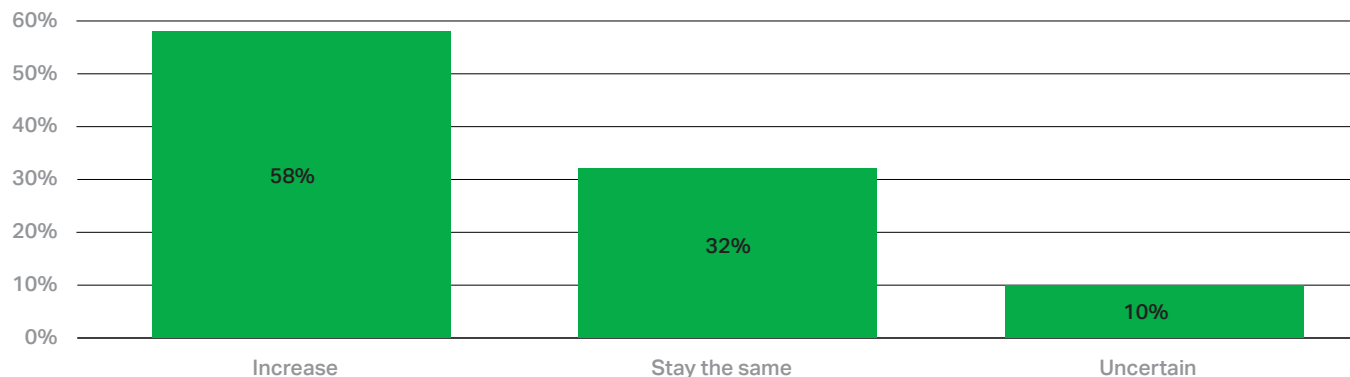
## M&A challenges & opportunities

The improved backdrop for M&A and seemingly bottomless appetite for deals among PE buyers is not only expected to result in more deals being made, but pricing is also anticipated to march upward from what are already lofty valuations.

### M&A valuations on the rise

Well over half (58%) of respondents expect pricing multiples to rise over the next 12 months, and 32% expect them to hold their levels. This should make clear the need for potential bidders to gain an edge over their competitors, from engaging in the process early through to due diligence and execution.

How do you anticipate M&A valuations to change in the next 12 months?



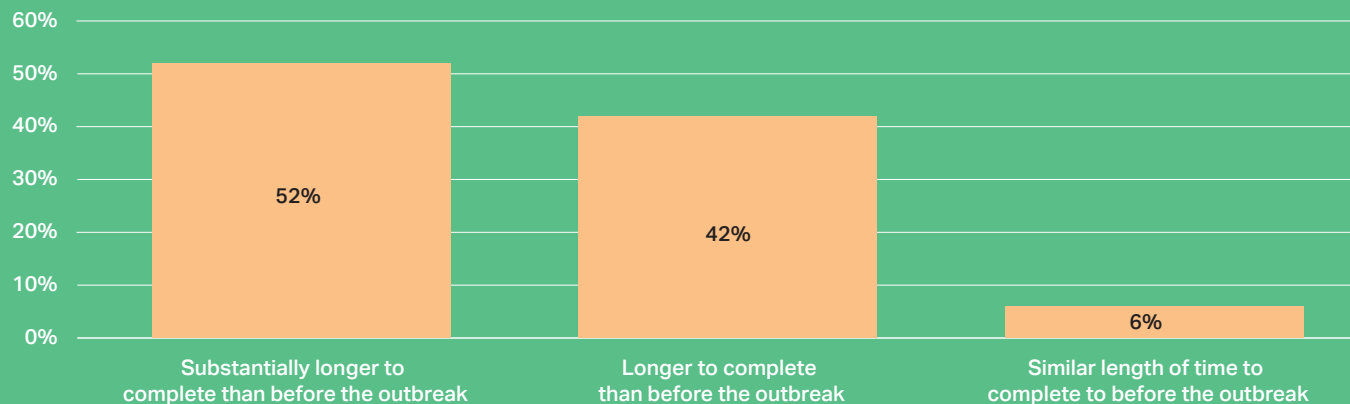


## M&A processes slow to a crawl

Nearly all (94%) respondents agree that due to the COVID-19 pandemic, M&A processes are taking longer, 52% of which think they are taking substantially longer.

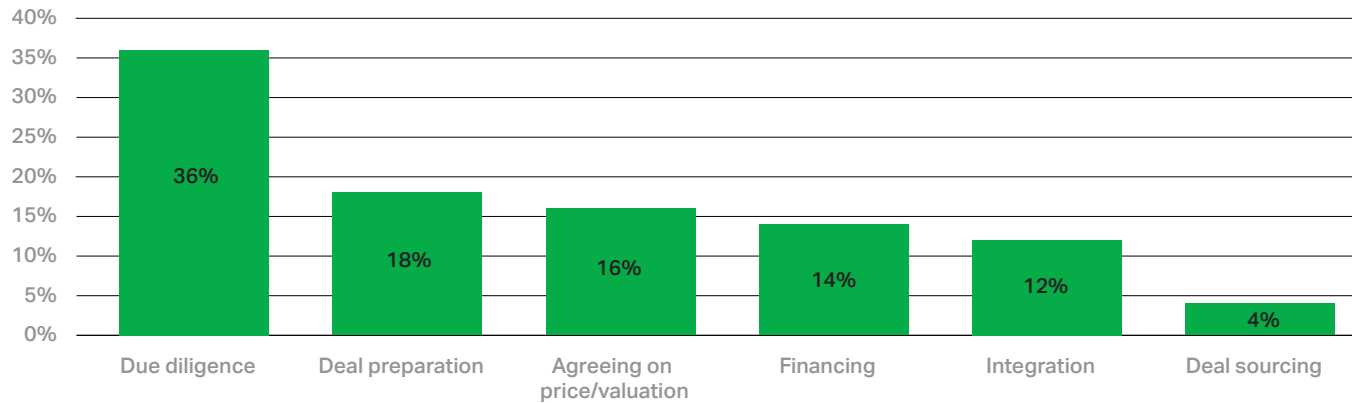
Europe's M&A markets have been rocketing, confidence rebounding strongly with the reopening of economies and vaccine rollouts. Nevertheless, processes continue to be executed remotely and buyers need to make sure they are comfortable meeting today's prices in an unpredictable environment, balancing thorough diligence with the need to clinch deals before their competitors. Nearly all (94%) respondents agree that due to the COVID-19 pandemic, M&A processes are taking longer, 52% of which think they are taking substantially longer.

Due to the COVID-19 pandemic, are M&A processes taking (Select one)

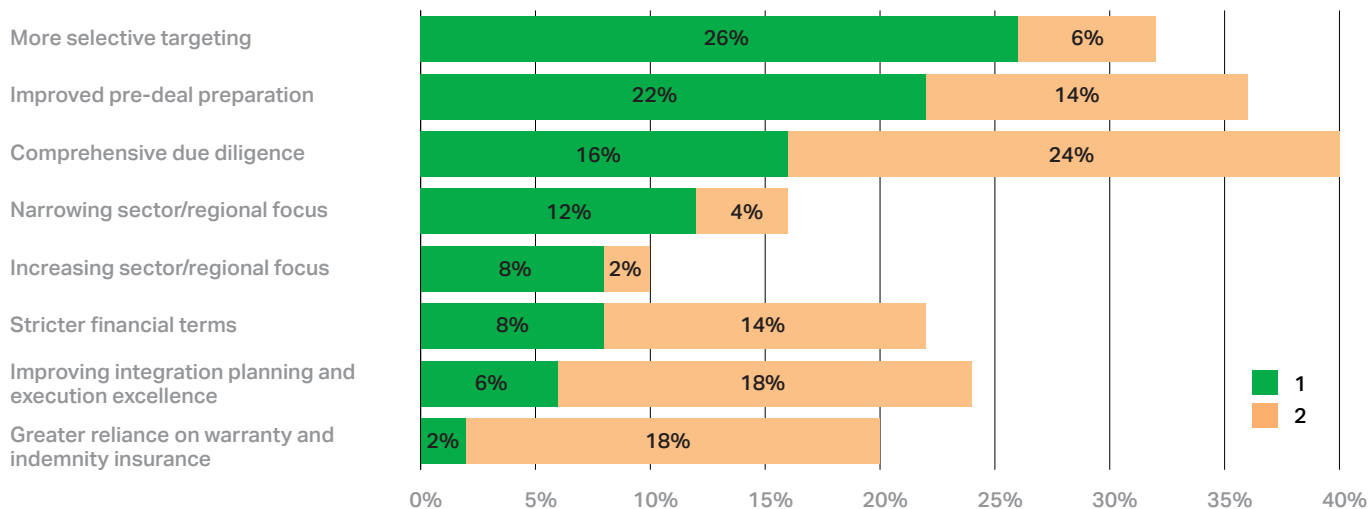


# Technology crucial for due diligence success

Which part of the M&A process will be most difficult in the next 12 months? (Select one)



How will companies mitigate M&A risk in the next 12 months (Please rank top two, where 1 = top choice)



## Mitigating M&A risk

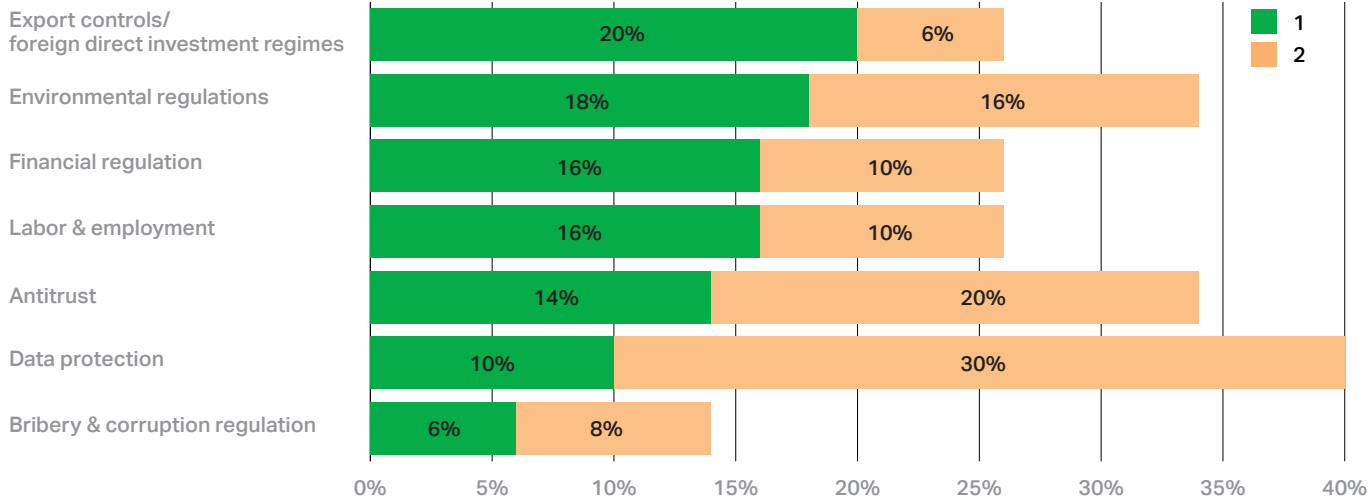
The mass disruptions caused by the pandemic have touched upon virtually every aspect of business activity. Companies have had to adapt their employment arrangements, commercial contracts, financial models, treasury risk management and more. Because of this, buyers have their work cut out for them in performing rigorous analysis of a deal target and its various risks. Accordingly, we see that 36% of respondents view due diligence as most likely being the most difficult part of the deal process over the next 12 months.

In today's high-multiple environment, investors have to be sure they are paying for quality. This calls for honing selection criteria and putting assets under the microscope, including harnessing data analytics. In this way, buyers can gain confidence that their investment theses are foundationally sound and will support paying the prices that vendors have come to expect. Precision and rigor are absolutely paramount when developing deal pipelines.

Respondents think that more selective deal targeting (26%) followed by comprehensive due diligence (24%) are the top two strategies that will help companies mitigate M&A risk in the next 12 months.

# Regulations pose challenges

Which form of regulation do you find most challenging when doing a deal in Europe?  
(Please select the two most important, 1 = most important, 2 = second most important)



## Lengthy vetting processes

Protectionist trade policies were a rising threat to dealmaking prior to the pandemic and have only ratcheted up over the past two years across Europe. A new EU framework for screening foreign direct investment (FDI) became fully operational as of 11 October 2020. Lower revenue thresholds and greater sensitivity to sectors from regulators means that deals may now have to go through lengthy vetting processes, stalling deal timelines.

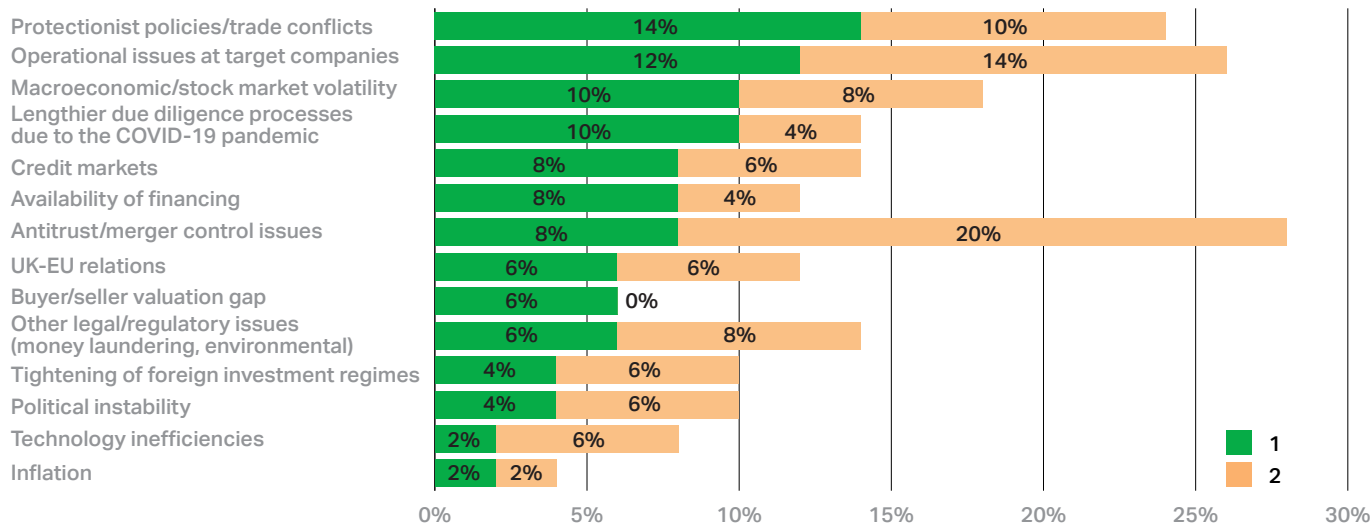
According to one in five (20%) of those polled, export controls/FDI regimes is the most challenging form of regulation when doing a deal in Europe, while 30% see data protection as the second most significant obstacle. Undoubtedly Europe has been a leader in regulating data with GDPR, which deal parties must be careful to comply with when engaging in a transaction, given the potential fines that can be levied.

One in five think 'FDI regimes' is the most challenging form of regulation when doing a deal in Europe.

# 20%

# Challenges to getting the deal done

What will be the biggest challenges to completing an M&A deal in the next 12 months?  
(Please rank top two, where 1 = biggest challenge)



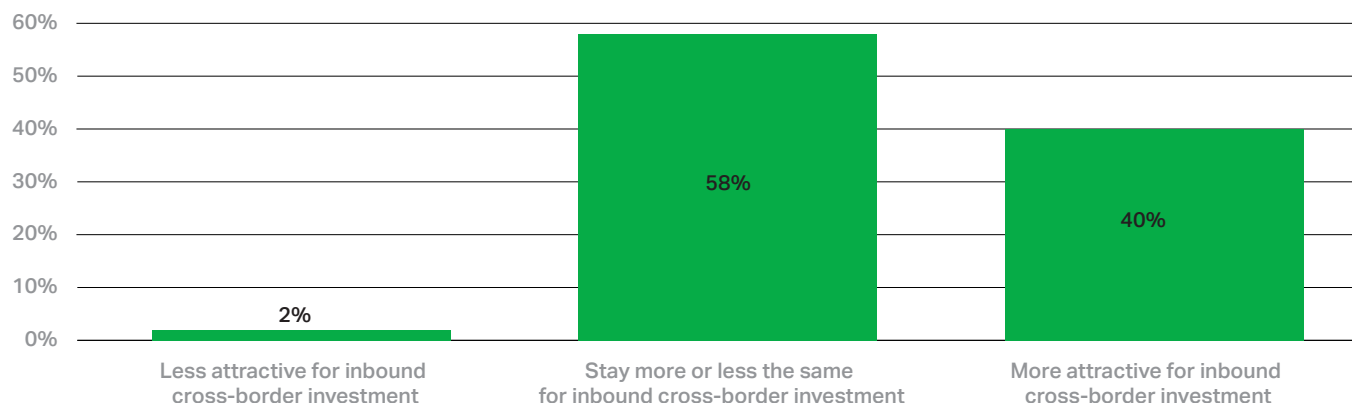
## Protectionist policies, trade conflicts and Brexit

Further, it is intervention by authorities, either directly or indirectly, that is expected to pose the biggest hurdle to future deals. For 14% of respondents, protectionist policies/trade conflicts will be the biggest challenge to completing an M&A deal in the coming 12 months, followed by antitrust issues, chosen by 20% as the second biggest challenge.

“Considering the investment climate, it is regulatory issues that cause the most hindrances for dealmakers. The regulatory framework in each market is going through constant changes,” said a managing partner of a US investment bank polled in our research.

While these risks are largely outside of investors’ control, they can prepare for the likelihood of these interventions arising and build this into their risk analyses and deal timelines.

Do you expect the UK market post-Brexit to become (Choose one)

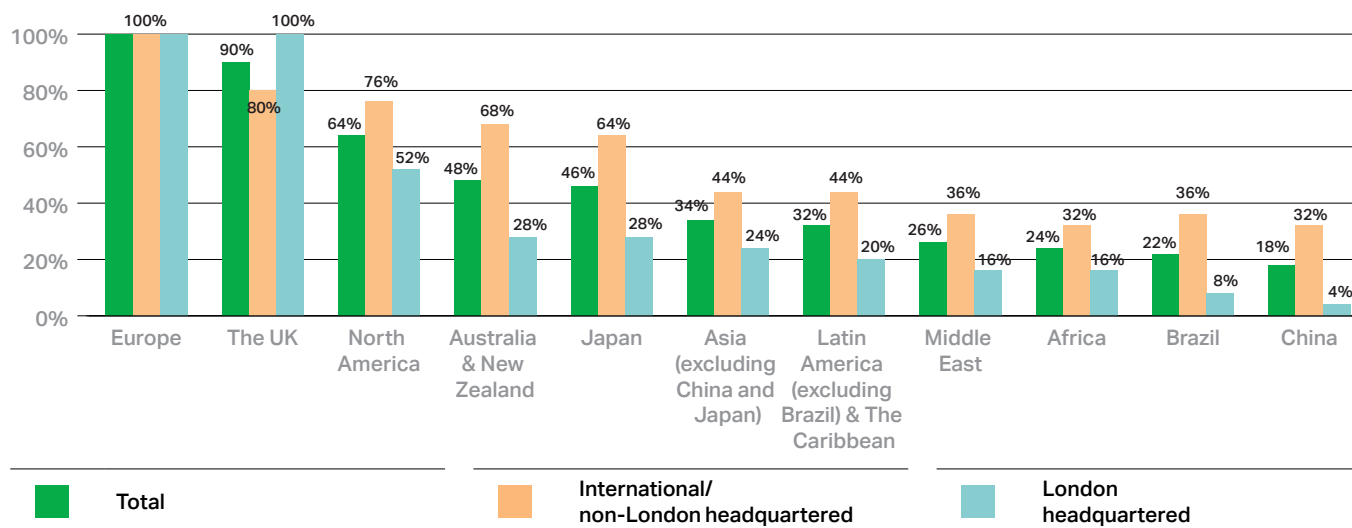


Brexit may be disrupting supply chains, hitting a number of sectors including retail, but investors are largely upbeat on the prospects of the UK as a deal destination. Two in five (40%) respondents in our survey say they expect the UK market to become more attractive for inbound cross-border investment post Brexit, with 58% believing it will stay more or less the same. This broad optimism is reflected in the influx of US PE funds seeking out listed assets in 2021, benefiting from the ability to buy quality companies at a favorable FX rate, as a consequence of Britain leaving the EU.



# Investment beyond the UK

In which of the following regions do you expect to execute deals in the next 12 months? (Select all that apply)



According to our survey, 64% of internationally-based respondents are considering Japan, falling to 28% of those headquartered in London.

# 64%

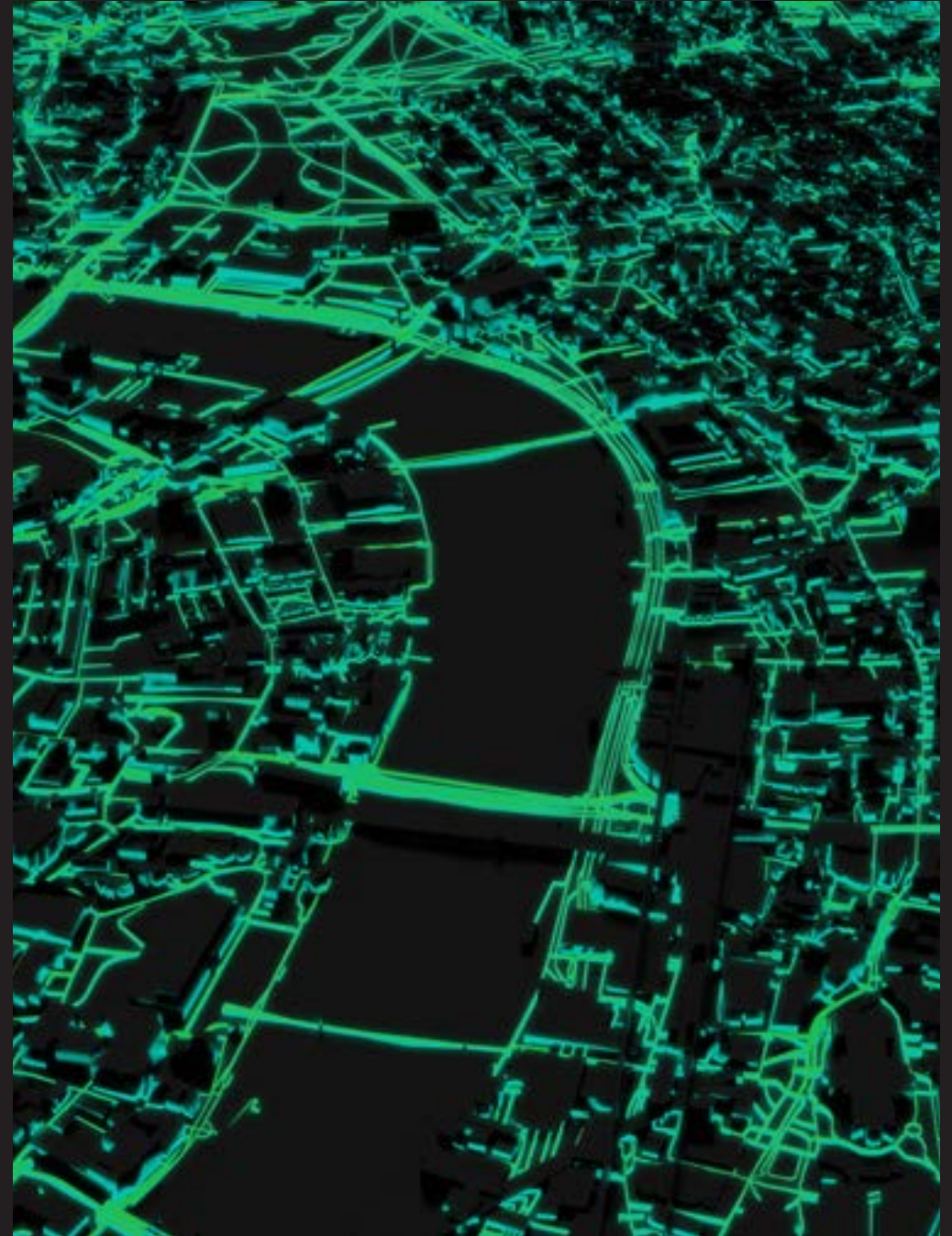
## Attractive overseas deal partners

All respondents surveyed said they plan to invest in Europe over the next year, which may be expected given that only a third of the respondent sample is from outside of the region, and 90% expect to execute deals in the UK. Beyond Europe's borders it is North America that is the top destination where respondents are expecting to execute deals. This should be no surprise given the state of the US M&A market, which has seen a blockbuster few quarters with US\$1.4 trillion in deal value just in the first half of 2021. Australia and New Zealand are also finding favor among international (non-UK-based) respondents. Up until recently, Australia had coped well in containing the pandemic and, despite having a low vaccination rate for a developed country, has kept infection rates down.

The country is currently experiencing an M&A boom, with deal figures reaching all-time highs, lifted by Square Inc's record-breaking US\$29 billion acquisition of buy now, pay later firm Afterpay.

Japan is also in vogue, coinciding with corporate governance reforms in the country that have paved the way for foreign investors seeking to take control of major listed businesses. Earlier this year Bain Capital raised US\$1 billion for its first ever Japan-focused private equity fund, following in the footsteps of Carlyle which amassed US\$2.3 billion last year for its largest Japanese buyout fund to date. According to our survey, 64% of internationally-based respondents are considering Japan, falling to 28% of those headquartered in London.

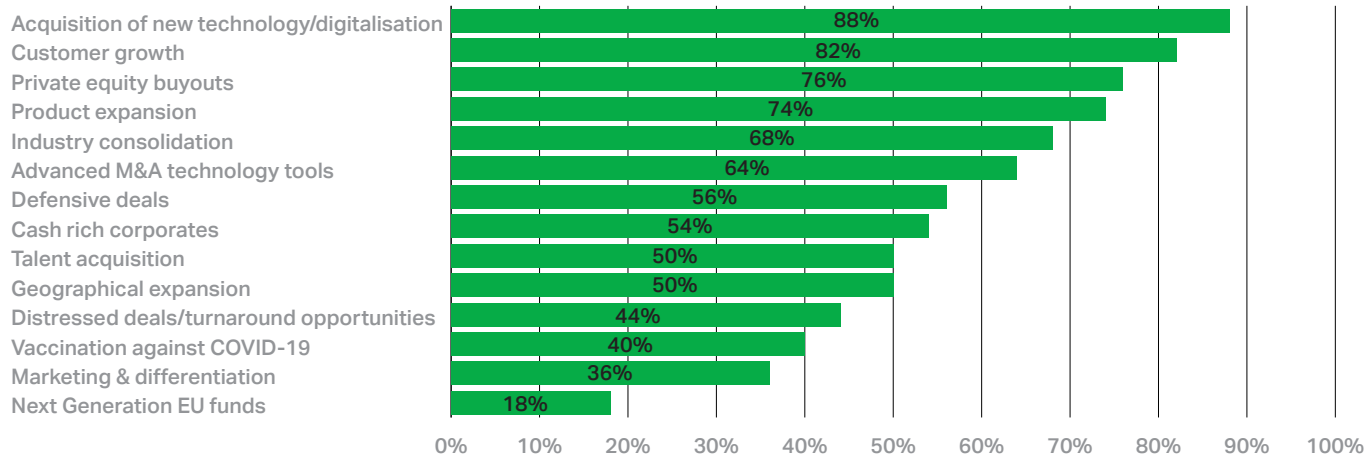
# Focus on Technology



# Tech is more than an investment opportunity

The COVID-19 pandemic has accelerated technological disruption

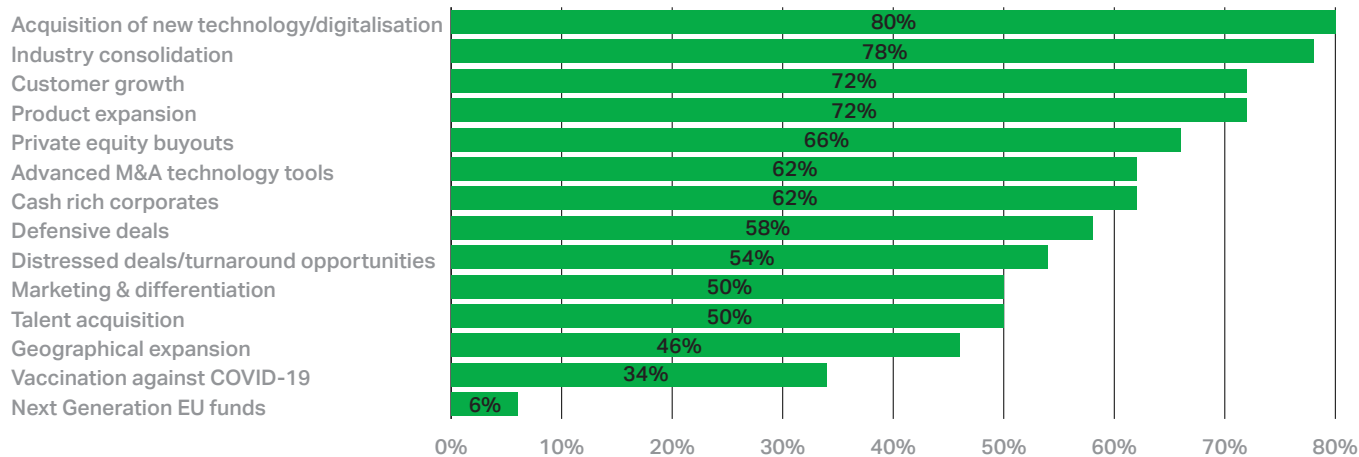
Which of the following will be the main drivers for M&A in the UK in the next 12 months?  
(Select all that apply)



Investors and dealmakers are increasingly favouring digital mavens at the expense of bricks-and-mortar businesses. Lockdowns exposed the gap between sectors that had been losing relevance and industries that are primed to succeed. M&A offers an opportunity for established organisations to accelerate their digital transformation and adapt their strategies for long-term success. Consequently, the acquisition of new technology and digitalisation are expected to be the primary drivers of deals in the months ahead.

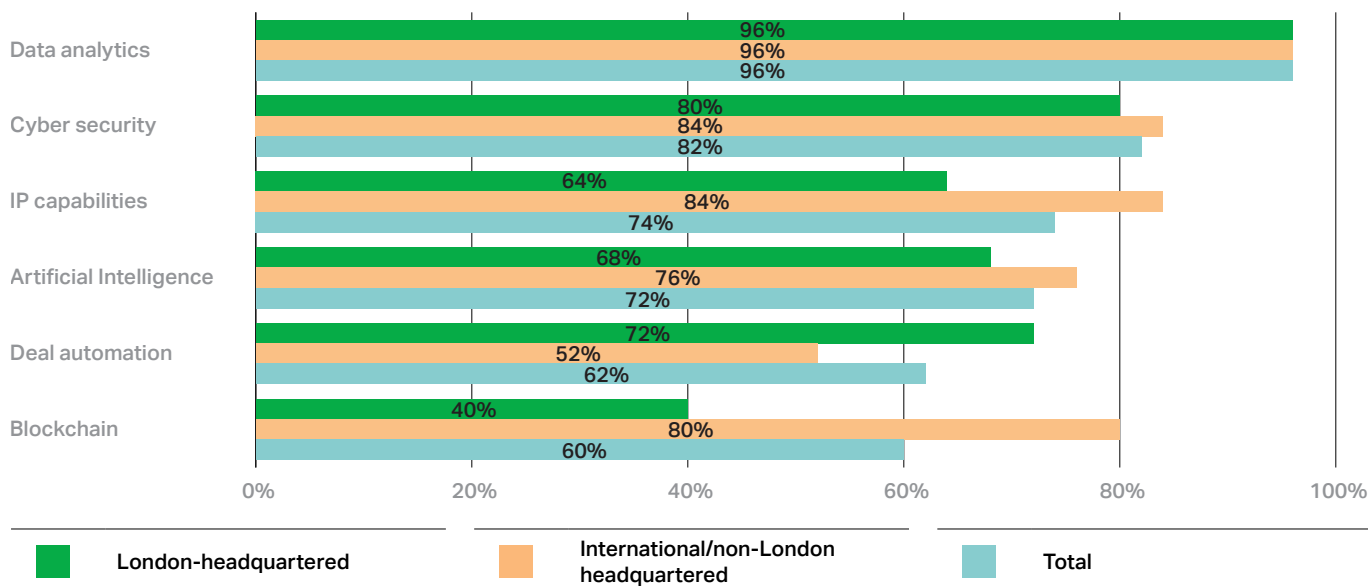
This view is shared across the region, too. Nearly nine out of ten (88%) respondents expect this to motivate M&A activity in the UK with customer growth, industry consolidation, PE buyouts and product expansion all also expected to underpin acquisitions, while a similar proportion (80%) believe the same for Europe.

Which of the following will be the main drivers for M&A in Europe in the next 12 months?  
(Select all that apply)



# Disruptive trends in M&A

What disruptive trends will most affect M&A processes in the next 12 months?  
(Select all that apply)



## Technology's influence on the investment process

Technology is so pervasive that it not only determines what companies and PE funds invest in, but also influences the investment process itself. Sophisticated virtual data rooms and the application of advanced data analytics allow for deeper due diligence and can help to give an acquirer the upper hand by negotiating more advantageous deal terms or by justifying a higher bid. As many as 96% of respondents believe that the use of data analytics will be the top disruptive trend that will affect M&A processes in the next 12 months.

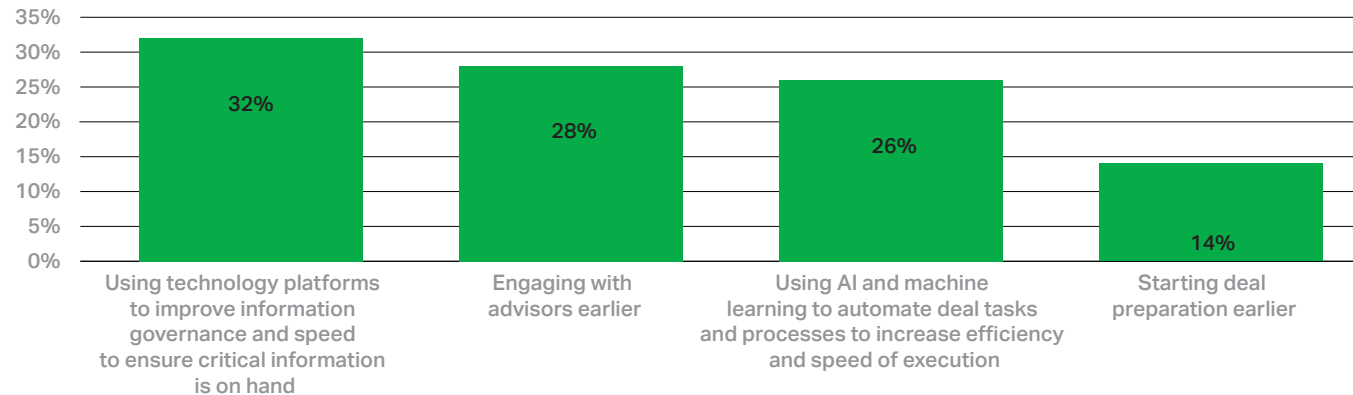
High-profile hacks are also keeping this issue at the front of investors' minds. On 14 May 2021, the Irish health service suffered a major ransomware breach that caused all of its IT systems to shut down, representing the most significant cybercrime attack on an Irish government agency. More than four in five (82%) respondents believe cybersecurity will be among the top disruptive trends that will affect M&A processes, as deal parties seek to keep confidential data and intellectual property safe and secure.

Opinions over the potential of blockchain, however, are split. Internationally, 80% of international companies expect blockchain to be a disruptive trend but this falls to 40% of London-headquartered respondents. The reason for this unclear, but the potential of distributed ledger technology tends to be divisive. Some see smart contracts as inevitably revolutionizing the legal profession, including the counsel provided in M&A processes while others are less confident. Certainly, the potential is there, but the uptake has so far been minimal.



# Technology benefits execution of M&A

Which of the following will be most important to help companies better execute M&A in the next 12 months? (Select one)



## Information governance standards

Having critical data at one's fingertips is essential for decision-making, a fact that applies to M&A processes. It is important that companies have sound information governance standards in place at all times, because leaving this until it comes time to sell will put unnecessary pressure on a business and its management. Once these foundations are laid, it will not only massively improve day-to-day operational and strategic decision-making, but also M&A execution by supporting potential acquirers when the time to transact comes around.

Investors understand this, with 32% of respondents saying that using technology platforms to improve information governance and speed to ensure critical information is on hand is seen as the most important factor to help companies better execute M&A in the next 12 months.

*"Deal preparation and due diligence automation technology will improve the quality of assessments. Preparing for a sale will be systematic. Automation will be helpful for completing tasks within the desired timeframe,"* said an M&A partner at a law firm in China.

Engaging with advisors early (28%) and employing AI (26%) are also considered important ways of improving deal execution.

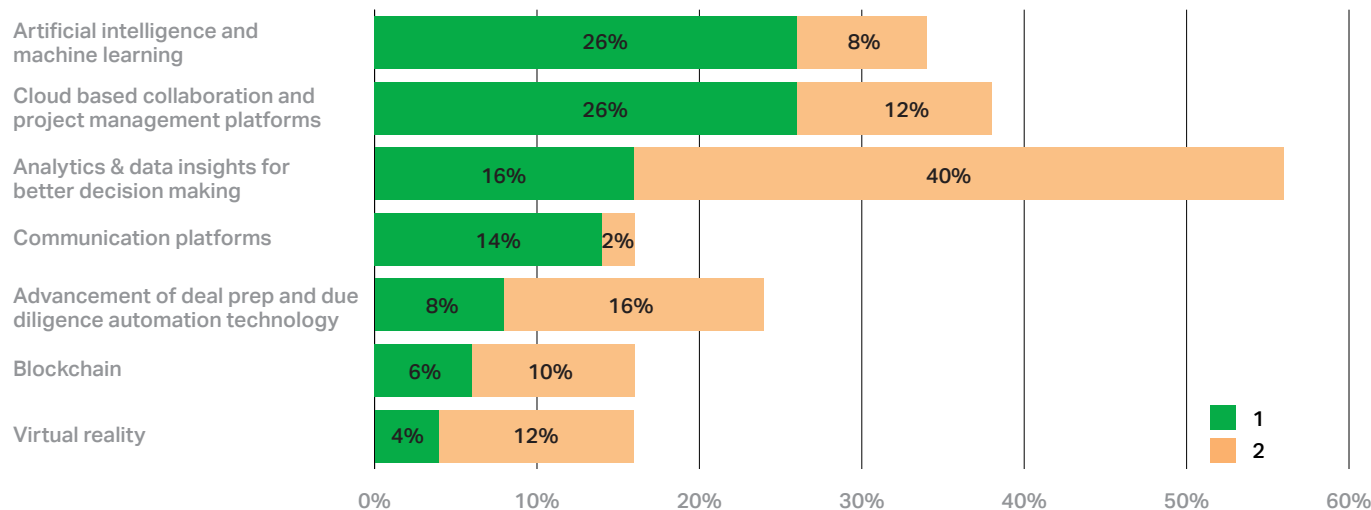
Transactions involve the organisation and analysis of vast volumes of data, and artificial intelligence (AI) and machine learning tools can help to automate otherwise slow manual tasks while reducing human error.

### COVID-19 has changed dealmaking for good

The pandemic has changed how we work and nowhere is this truer than in M&A, a relationship business. Deals are made remotely and any tools that can support and expedite that process are hugely beneficial.

For more efficient remote dealmaking, 26% of respondents look at AI as a top choice. Meanwhile, analytics and data insights for better decision making is the most popular second choice, chosen by 40%. Once embedded, the combination of AI and analytics can help to make the work of all stakeholders, including buyers and intermediaries, easier and deliver swifter and more efficient deal processes.

What will be the biggest contributor for more efficient remote dealmaking in the next 12 months? (Please rank top two, where 1 = top choice)



For more efficient remote dealmaking, 26% of respondents look at AI as a top choice.

26%

# Conclusion and Outlook



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M&A activity in the UK has recovered well since the second half of 2020, and dealmakers have learned to adjust to the high levels of uncertainty present in the deal landscape due to the COVID-19 pandemic. Nonetheless, despite all the challenges that M&A practitioners have had to encounter in the past 18 months, more disruptions are on the horizon. Looking ahead to the next 12 months, these are the key themes that are expected to shape deal activity in the UK, Brexit being one of them.





# 4 key themes

## 01

### Taking the lead on ESG will reap rewards

There is no turning back on ESG. Europe is a pacesetter on these issues and regulators continue to introduce measures to bring companies in line, improve disclosures and transition to cleaner, more equitable economies.

Rather than doing the bare minimum to comply, investors and businesses should prioritise sustainability and become leaders within their peer groups. Doing so will not only lay the foundations for future compliance, but will be commercially and financially advantageous, improving revenues and attracting investor interest.

## 02

### Technology is a deal enabler

Technology is not only a source of alpha investment returns and a means of unlocking future growth, it will also increasingly embed itself in M&A processes. The pandemic period has demonstrated to many investors how harnessing AI, machine learning and data analysis in deal origination and due diligence can deliver more precise and dependable valuation calculations and expedite transactions, while lightening workloads.

Those who continue to build on these lessons by developing their tech capabilities both in-house and through outsourcing will be at a distinct advantage, while those that stick to the old ways of doing business in M&A will get left behind.

## 03

### Prepare for protectionist intervention

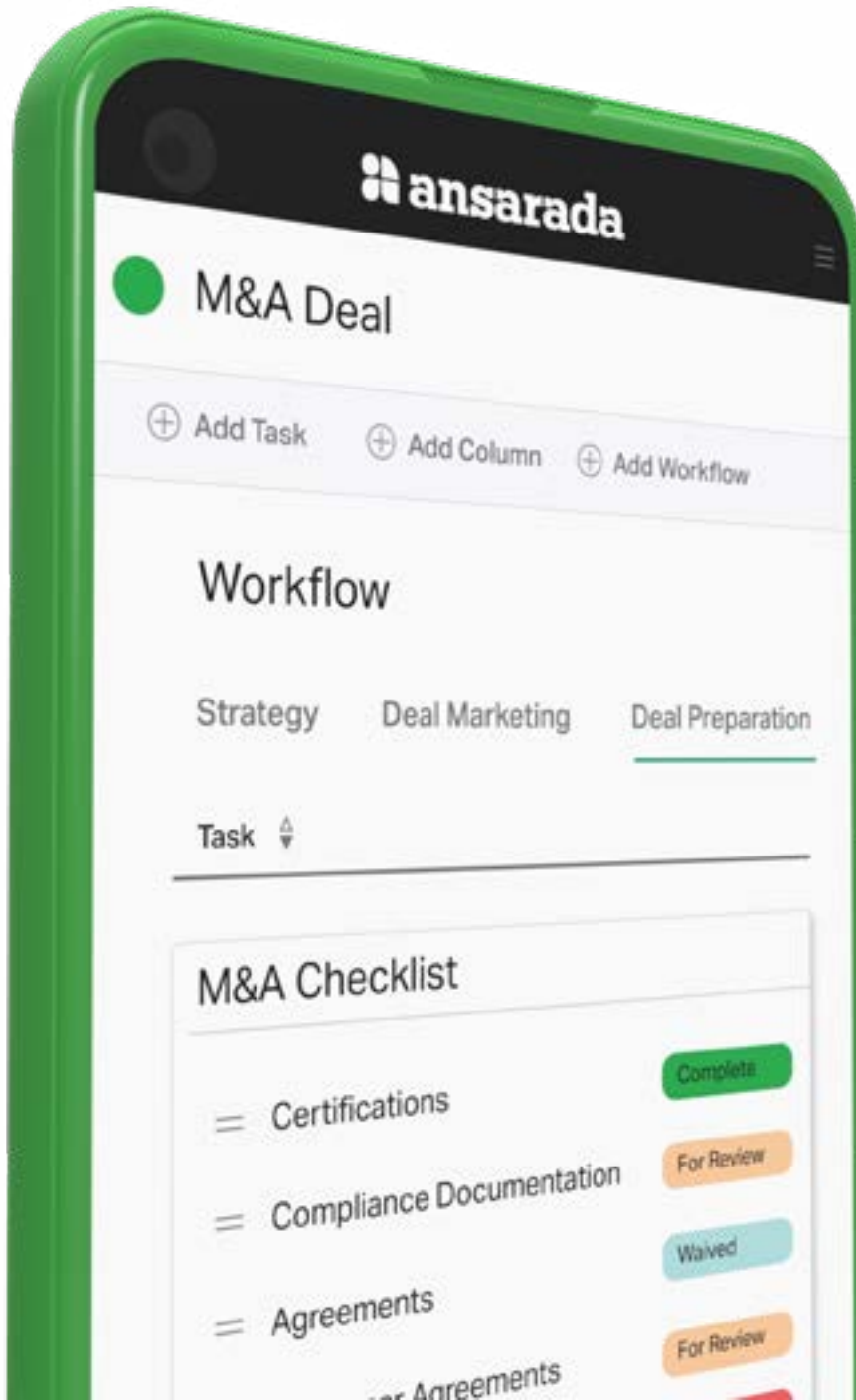
Like other markets, Europe has become more protectionist over the past 18 months. Even between EU countries, deal vetting protocols have tightened. As investors seek out high-potential technology deals and medicinal/pharma assets, sectors that are considered to be strategically sensitive, they should prepare for cross-border regulatory intervention.

This involves evaluating what assets are likely to come under review, building any potential delays into deal timelines and engaging openly with local supervisory authorities responsible for the screening of FDI.

## 04

### Factor Brexit into deal decisions

Dealmakers in UK will endure additional risks because of Brexit. Decision-making teams will have to study the impact of trade disruptions to businesses before they think about pursuing any targets and put together a roadmap for mitigating against, or even harnessing, the effects of Brexit, whether divesting assets, securing an operational presence in the EU or developing a customer base outside of Europe in higher-growth markets.



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