

# **Acheter, vendre, fusionner ? Quelle transaction privilégier en 2020 ?**

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***Acquiring, selling or merging?  
What transaction type to consider in 2020?***

## Les panelistes / *Our panellists*



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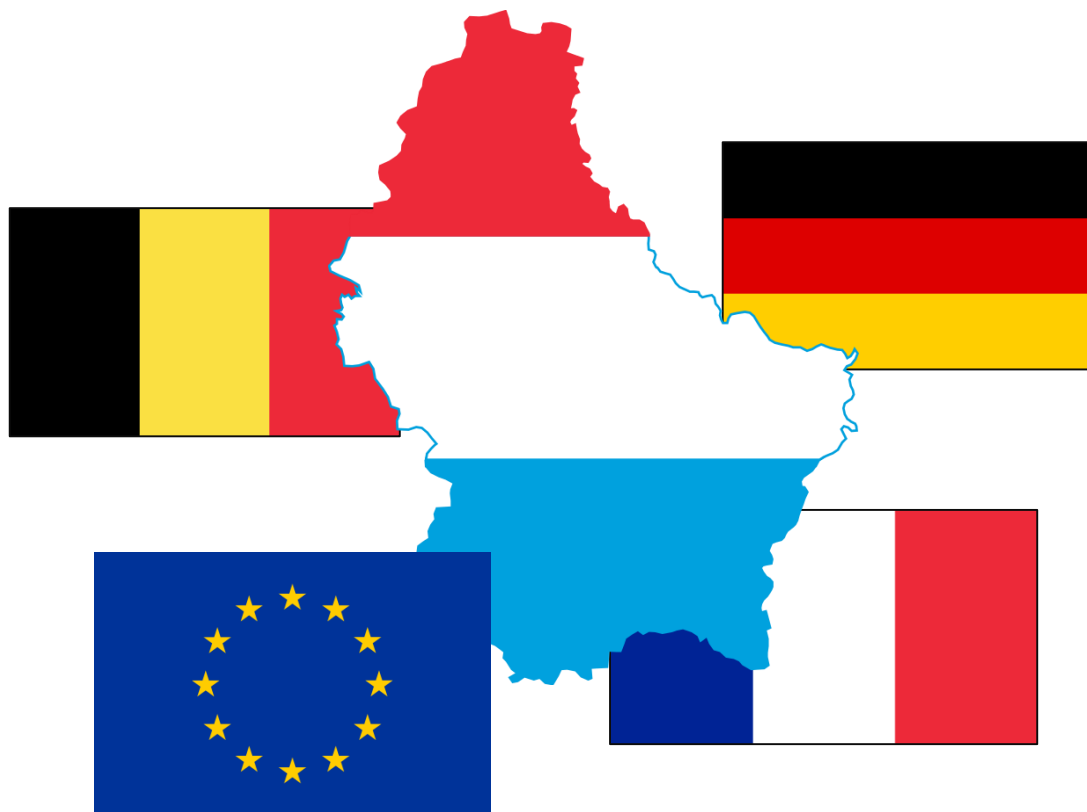
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## Introduction / *Opening statement*



# Le marché transactionnel en situation de pandémie

*M&A update: market in pandemic condition*



# M&A update: market in pandemic condition

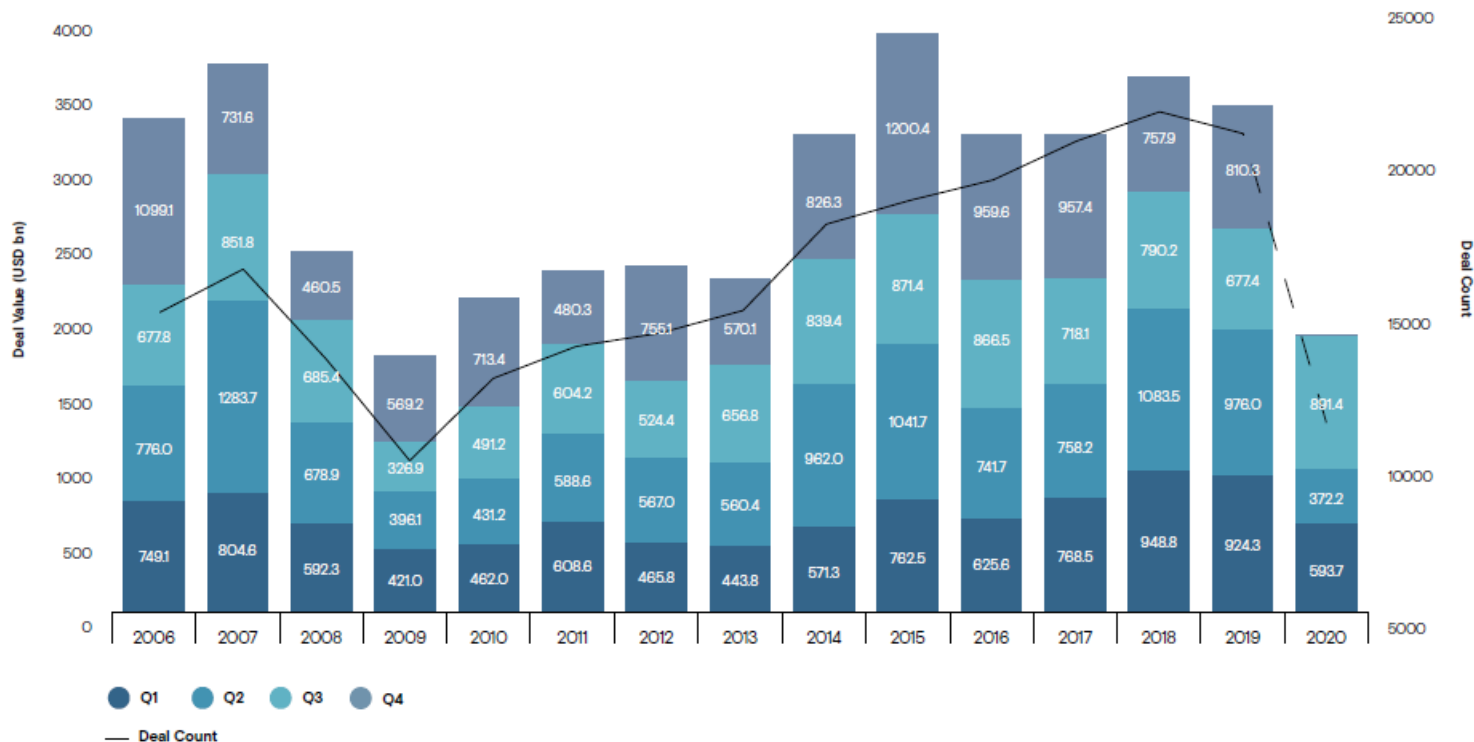
Quotes from large PE firms' heads globally

- *"I was struck by the fact that he (David Tepper, GS alumnus & reknown stock investor) was more worried than I was, and I was worried,"* David M. Solomon (Goldman Sachs, CEO), about the COVID-19 impact on the US markets.
- It's important for investors to recognize that some things have *"temporarily changed"* while others are now probably *"permanently damaged"*, in order to profit from the post-pandemic economic recovery, Stephen Schwarzman, (The Blackstone Group Inc., CEO)
- *"As bad as things have been for corporate America in recent weeks, they are likely to get worse"*, Larry Fink (BlackRock Inc., CEO)
- *"Today's world is volatile and uncertain. It may, indeed, seem that complexity has been supplanted by chaos, and there may be much to fear about the impact of COVID-19. However, I am confident we will survive this test, because we are committed, resilient, and will work together to come through it."* Lim Boon Heng (Temasek, Chairman)
- *"This is an event-driven crisis,"* says Michael Kim (MBK Partners, Founder). *"What that means is when the event is resolved or even after it's under control, you have a much sharper recovery."*

# M&A update: market in pandemic condition

Global Market trends at 3Q2020 (Year To Date) (1)

Global Quarterly Breakdown Trend  
2006 - 3Q20



## Global M&A

YTD  
USD 1,857.3bn

**-28% YoY**

3Q20

3,494 deals

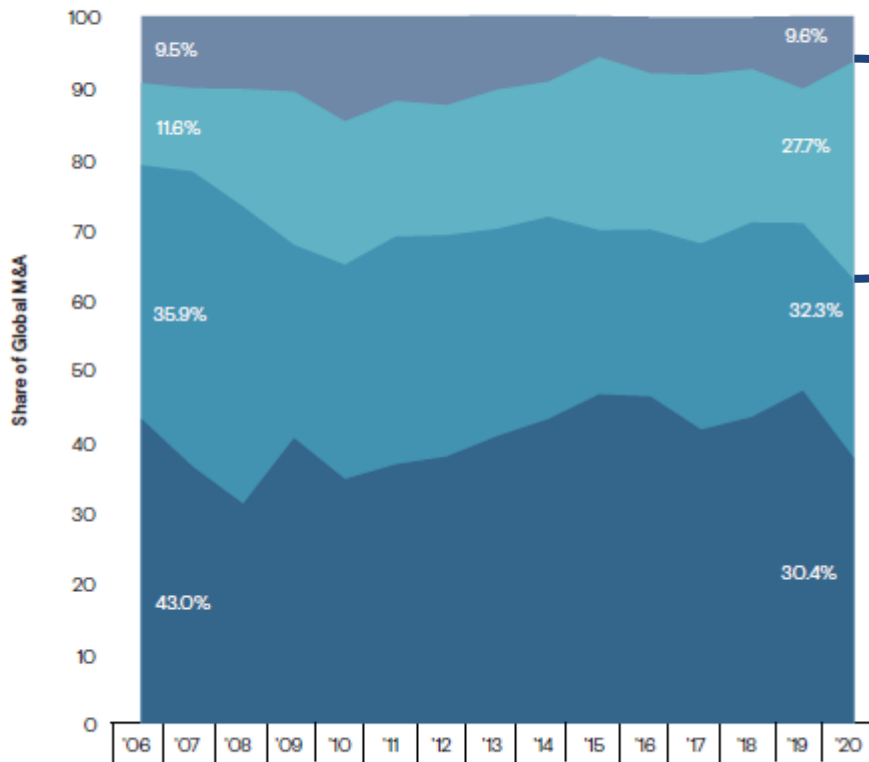
USD 891.4bn

**+139.5% QoQ**

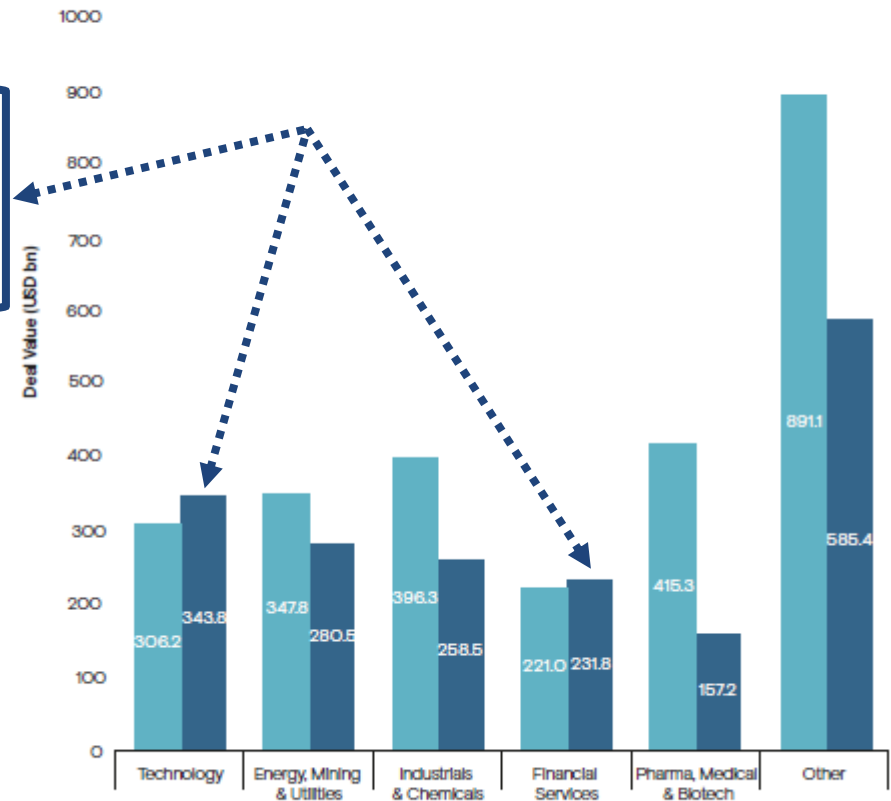
# M&A update: market in pandemic condition

Global Market trends at 3Q2020 (Year To Date) (2)

Regional Share of Global M&A By Value  
2006 - 3Q20



Global Sector Breakdown Trend  
1Q-3Q19 - 1Q-3Q20



● US ● Europe ● Asia ● Rest of the World

● 2019 ● 2020

# M&A update: market in pandemic condition

European Market trends at 3Q2020 (Year To Date) (1)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



- Largest deals:
  - USD 38.5bn NVIDIA acquired ARM (Tech)
  - USD 35.6bn Aon acquired Willis Towers Watson (FS)
  - 7 deals above USD 5bn in Q3, compared to 3 in Q2
  - UK included

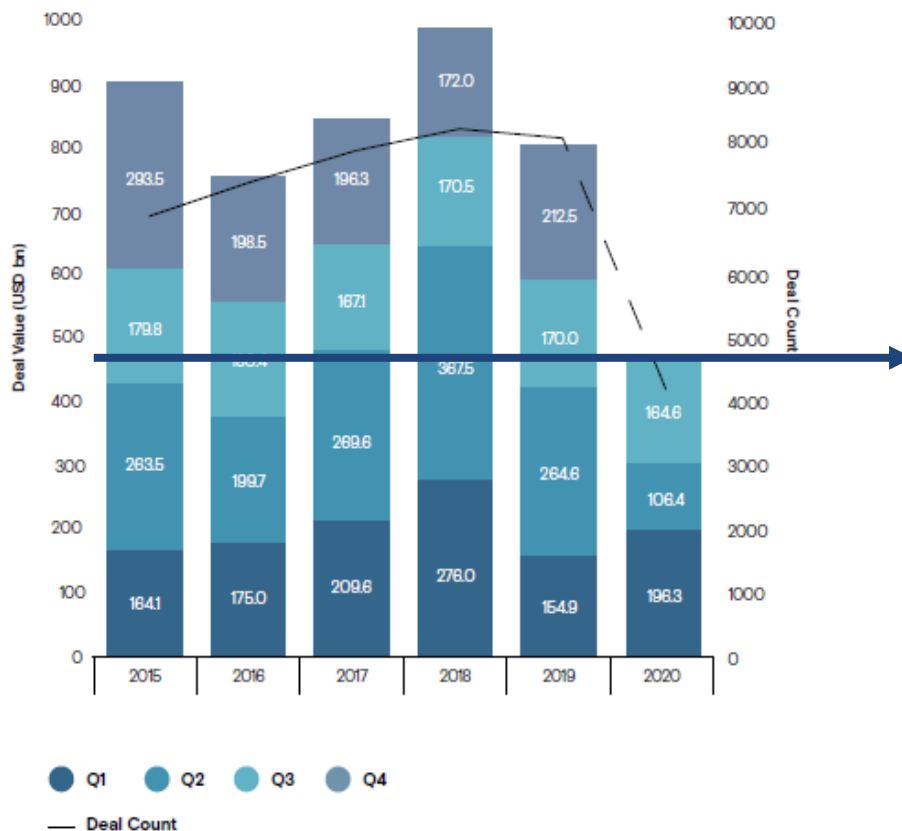
● Q1   
 ● Q2   
 ● Q3   
 ● Q4  
— Deal Count



# M&A update: market in pandemic condition

European Market trends at 3Q2020 (Year To Date) (2)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



Global european M&A activity level has decreased compared to 2019:

- YTD 2020 : USD 467.2bn
- YTD 2019 : USD 589.6bn

**-20.7% YoY**

- Lowest since YTD 2010 (USD 392.2bn)

# M&A update: market in pandemic condition

European Market trends at 3Q2020 (Year To Date) (3)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



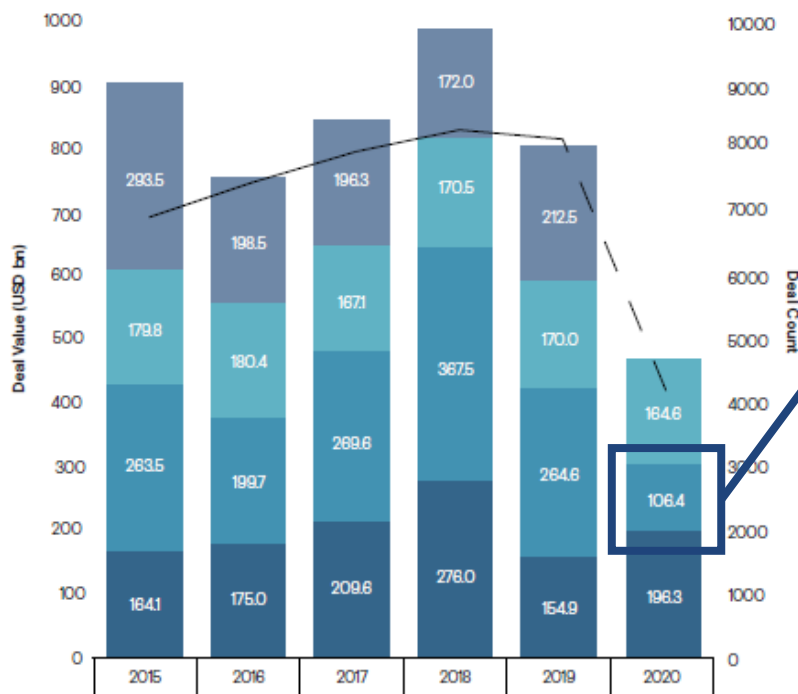
2020 has begun strongly with an increasing Q1.

Deals have been initiated far before the Covid-crisis and have been completed before the lockdown?

# M&A update: market in pandemic condition

European Market trends at 3Q2020 (Year To Date) (4)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



We see in Q2 the impact of the first wave of the Covid-19 and the consecutive lockdown:

**USD 106.4bn**      **-59.8% YoY**

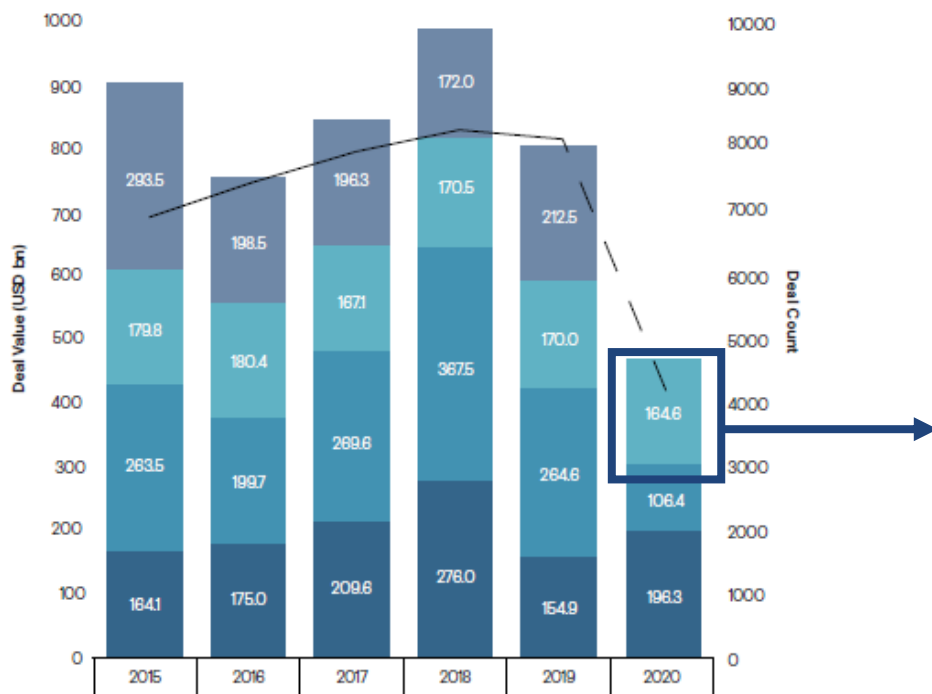
- Corporates are hesitant to enter into M&A talks
- A lot of initiated deals have been put on hold or cancelled
- PE focus on positive EBITDA and asset-owning targets
- European market is specifically slowing down compared to US (risk+ averse market)

# M&A update: market in pandemic condition



European Market trends at 3Q2020 (Year To Date) (5)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



- It is interesting to see that as soon the lockdown was over, the business came back as usual with a strong Q3.

- Some on-hold deals have been reactivated and low-hanging opportunities in the market have been chased.

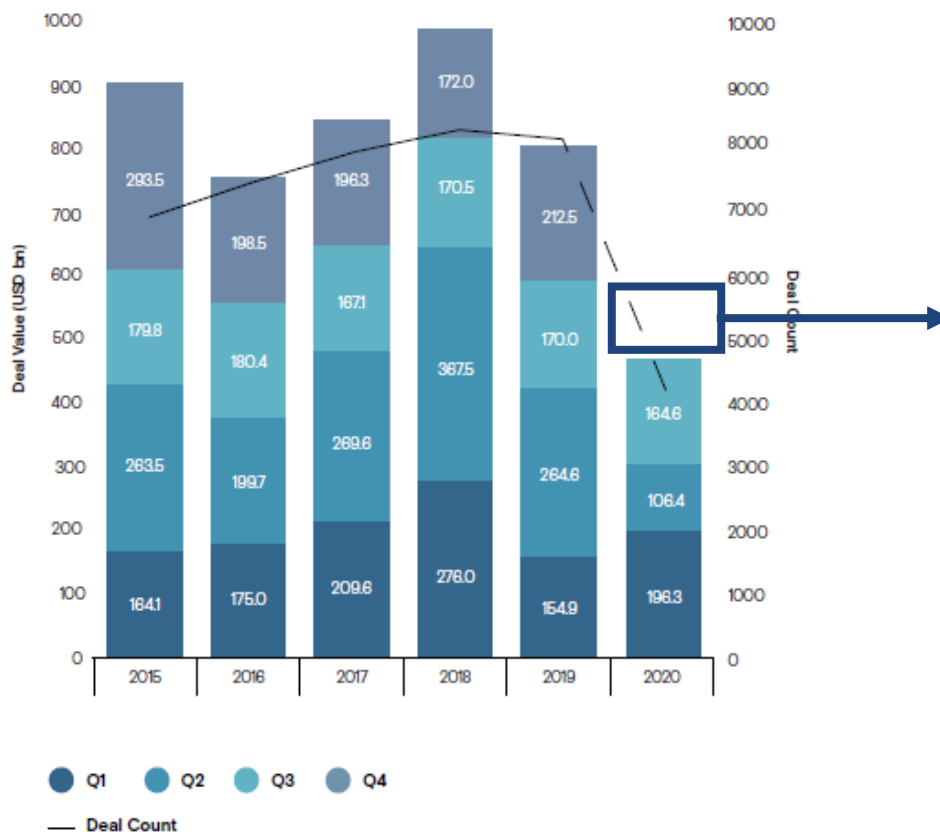
**1,244 deals**

**USD 164,6bn +54.8% QoQ**

# M&A update: market in pandemic condition

European Market trends at 3Q2020 (Year To Date) (6)

Europe Quarterly Breakdown Trend  
2015 - 3Q20



- Incoming second wave of lockdowns will impact Q4
- Alike Q2, a 50%+ slowdown is expected in Q4

# M&A update: market in pandemic condition

## European Market trends at 3Q2020

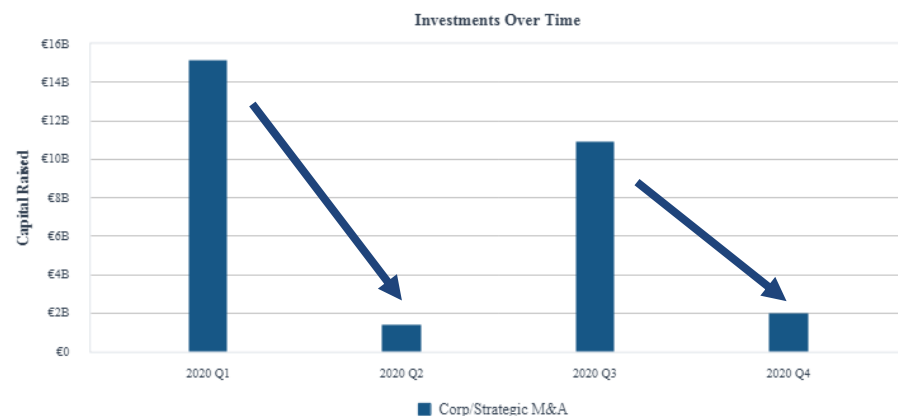
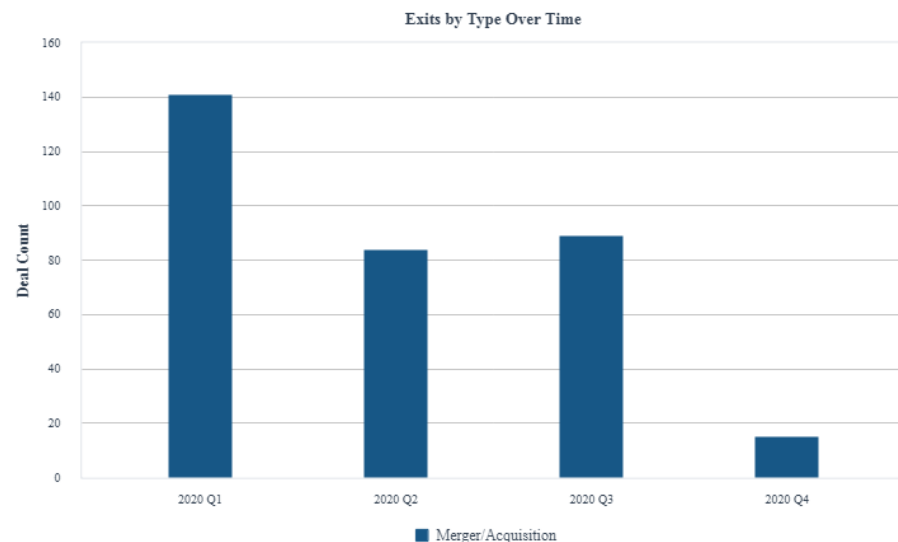
- High-levels of dry-powder continue to fuel PE investment:
  - Buyouts hitting USD 100bn YTD for the fourth successive year
  - PE spending, USD 131.3bn, represents 28.1% of the total European M&A value, higher than ever.
- European market is far less buoyant than its US counterpart:
  - Europe's M&A market share is 18.5% in value in Q3, compared to 33.1% in Q1
  - Europe investors are more risk-averse and impacted by market volatility
- The small and mid-market has not recovered in Q3 compared to the already disappointing Q2:
  - 1,187 deals below USD 500m, worth a disclosed USD 25.6bn – (versus 1,159 deals, USD 26.6bn in Q2)
  - Overall, deals below USD 500m have reached a combined USD 82.3bn this year, the lowest YTD value since 2009 (USD 77.5bn).
- Despite Brexit uncertainty and bankruptcies, the UK remains the most active European country by both value and volume, accounting for 59.7% of the European deal count so far this year.
- Overall M&A in Europe looks set to remain low in Q4 with most activity in Tech and financial services where USD 85.1bn has been spent as of 3Q2020 across 769 deals.

# M&A update: Activity in Benelux (1/2)



As of October 2020

- 374 transactions in the BeNeLux in 2020 YTD worth EUR 29.56bn, already up from EUR 24.31bn in 2019
  - 259 in the Netherlands
  - 97 in Belgium
  - 18 in Luxembourg (26 in 2019)
  
- The Benelux region has been affected by the current pandemic, with Belgium recording one of the highest death rates in Europe and M&A recording its lowest quarterly value since 2014. However cross-border transactions from China and the US have been providing a boost
- Data room creation, as an activity proxy (to mitigate with restructuring cases):
  - + 30% YoY in January-February (+20% for EMEA)
  - -20% YoY in March-early May
  - Since late May, levels are on par YoY
  
- More robust secondary market than during GFC limit systematic risks
- PE's dry powder is likely to support a strong recovery



Source: PitchBook Data



12 novembre 2020

Webinar  
Sources: European Central Bank; Mergermarket; Datasite; Reuters; Pitchbook; ABA analysis

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