CMS European M&A Study 2017

Ninth Edition
Executive summary

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Purchase price adjustment (PPA)/Locked box
Earn-out
De minimis
Basket
Liability caps
Warranty & Indemnity insurance
Limitation period for warranty claims
Security for warranty claims
MAC clause
Arbitration
Tax

Where you can find CMS
Our latest CMS Corporate/M&A headline deals
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In geopolitical terms, there has been nothing to compare with 2016 since the end of the Cold War. Neither Brexit nor the election of President Trump was expected. The potential impact of either event, let alone both, could reasonably be anticipated to have given rise to inertia, confusion and uncertainty. In fact, M&A has been remarkably robust.

Although global M&A value tumbled by 18% in 2016, the number of deals remained constant. Overall, 2016 was similar in value and volume to 2014, a good year, but not as frothy as 2015. Remarkably, Europe saw more deals than any other region including North America.

Despite the prevailing uncertainty, there was a post-Brexit boom in the UK with foreign acquirers taking advantage of a much weaker GBP. This inflated European M&A figures to such an extent that Q4 was the best quarter for 2016. Inbound deals into Europe exceeded the previous year by 36% in value terms.

2017 presents more issues with political uncertainty caused by French, Dutch and German elections at a time when the UK has given notice to leave the European Union. North American buyers may feel more inclined to stay at home as they sense opportunities in a newly protected and lower tax US environment. Asian investors, however, remain highly interested in European targets and the private equity industry always has an existential reason to pursue deal flow. Global consolidation in various industries remains likely.

**European M&A will continue to provide opportunities.**

Our new CMS European M&A Study 2017 covers over 3,200 deals and we focus on the 443 CMS deals in 2016 and the 2,045 CMS deals in the period 2010–2015 by way of comparison. We trust that the Study will assist you in your everyday M&A life.

Stefan Brunnschweiler
Head of the CMS Corporate/M&A Group
Methodology

The Study includes deals which were structured either as a share sale or an asset sale, including transactions where a seller held less than 100% of the target company’s share capital, provided this represented the seller’s entire shareholding in the target company. The Study also includes property transactions which involved the sale or acquisition of an operating enterprise such as a hotel, hospital, shopping centre or comparable business, and not merely a piece of land. Internal group transactions were not included in the Study. The data has been divided for comparative purposes into four European regions. The countries included in each of these regions are as follows:

- Benelux: Belgium, The Netherlands and Luxembourg
- Central and Eastern Europe (CEE): Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia and Ukraine
- German-speaking countries: Austria, Germany and Switzerland
- Southern Europe: Italy, Spain and Portugal

France and the United Kingdom are presented as individual categories.

Transactions included in the Study cover the following sectors:

- Banking & Finance
- Hotels & Leisure
- Energy
- Consumer Products
- Technology, Media & Communications
- Infrastructure & Projects
- Lifesciences (Pharmaceutical, medicinal and biotechnical products)
- Real Estate & Construction
- Industry
- Business (Other Services)

Comparative data from the US was derived from the “2015 Private Target Mergers & Acquisitions Deal Points Study” produced by the Mergers & Acquisitions Market Trends Subcommittee of the Mergers & Acquisitions Committee of the American Bar Association’s Business Law Section.

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CMS tops M&A rankings again

2016 was another outstanding year for CMS’ Corporate/M&A group, with excellent M&A rankings across Europe by deal count. With over 300 deals CMS advised on more transactions than any other law firm in Europe.

#1 in Europe
in CEE
in France
in Germany*
in UK

source: Bloomberg, *Bloomberg, Mergermarket and Thomson Reuters
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