



M&A Outlook 2021

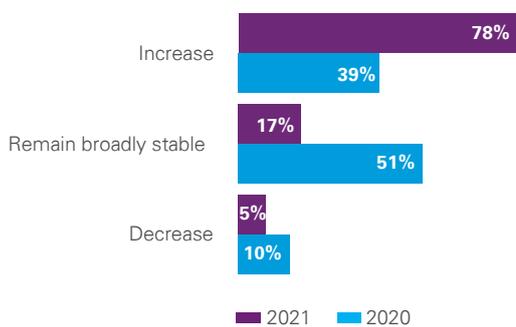
What's next for dealmaking?



Your Partner For What's Next

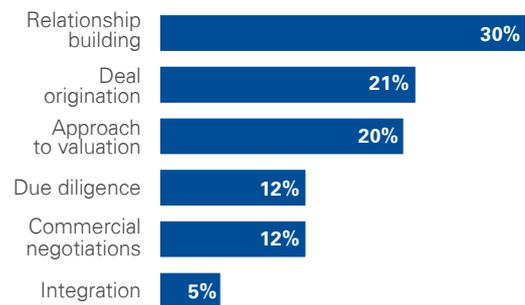
DEAL VOLUMES

It is not surprising that 95% of respondents expect 2021 deal volumes to remain **at or above 2020 levels**. The challenges of 2020 caused many businesses and investors to focus on existing operations. A restoration of confidence and re-emphasis on M&A strategy is expected to drive greater M&A activity in 2021.



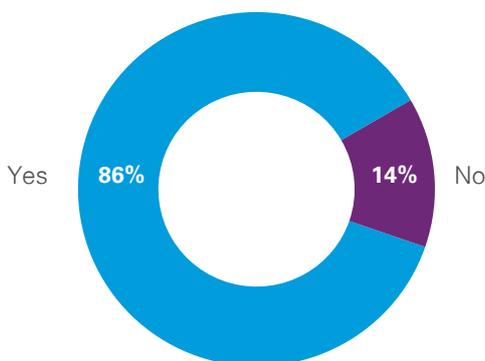
COVID DEAL CHALLENGES

Relationship building has been cited as the most challenging element of dealmaking during COVID-19. In the new working environment, the ability to build the rapport necessary to close a deal requires significant effort and innovation. Many respondents also note that they struggle with deal origination and their approach to valuation in light of the unusual trading environment.



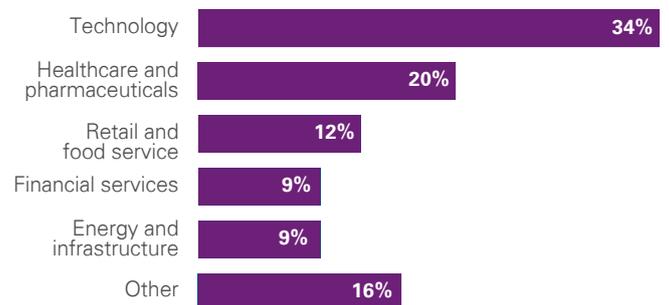
PURSUING M&A

In a **positive outlook** for deal activity, 86% of respondents intend to pursue M&A opportunities this year. The island of Ireland remains a location for quality assets, with readily available funding from private equity and corporates alike.



SECTOR ACTIVITY

Technology and Healthcare are expected to be the most active sectors in 2021. Drivers of activity will vary greatly from growth to distress, depending on the ability to demonstrate resilience, to adapt and to create opportunity.

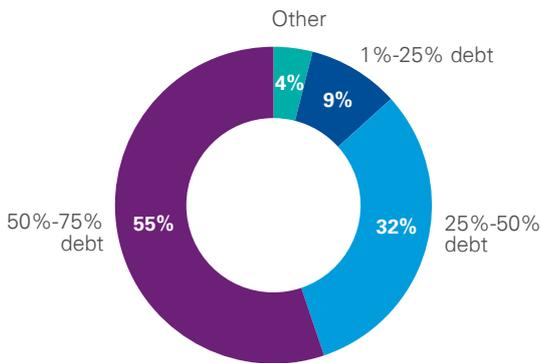


“ The COVID-19 pandemic and Brexit uncertainty made for a challenging M&A environment in Northern Ireland in 2020. However, we have seen M&A activity pick up considerably towards the end of the year and we would agree with the survey respondents that we are likely to see a continuation of this trend through 2021.”

- Russell Smyth, Partner, Deal Advisory

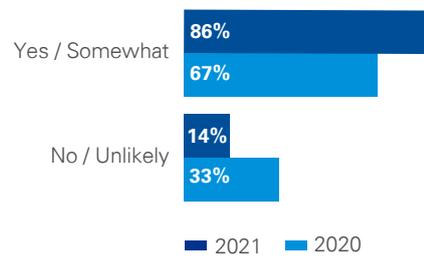
DEBT FUNDING

The majority of participants would consider **funding 50% - 75% of a transaction with debt** in 2021. Local and international funders, including traditional banks and non-bank lenders, continue to have appetite for Irish M&A transactions.



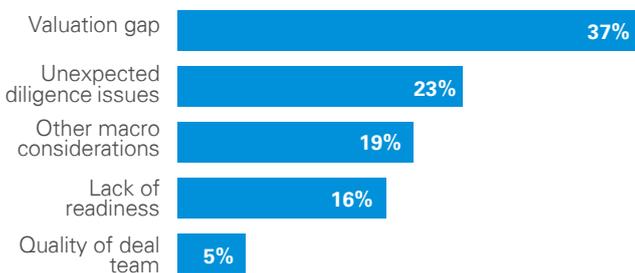
SUSTAINABILITY

86% of M&A leaders will factor sustainability into their 2021 M&A strategies, a notable increase from 67% in 2020. This trend demonstrates the **significant and growing influence** that ESG is having on corporate decision-making.



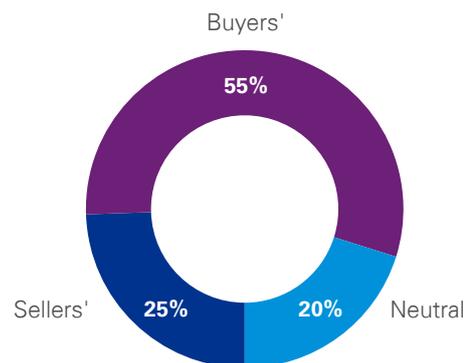
DEAL FAILURE

Valuation gaps were once again identified as a primary inhibitor of Irish M&A activity in Ireland, north and south. Given the turbulent climate of 2020, an increasing proportion of respondents believe macro considerations may put deals at risk in 2021.



BUYERS' OR SELLERS' MARKET

In a shift from prior years, most respondents think 2021 will be a **buyers' market**. Given the uneven impact of COVID-19 and Brexit the market sentiment is likely to vary significantly by sector.



" We are seeing increased investor interest in Northern Ireland companies operating in sectors of the economy that have remained resilient through the COVID-19 crisis. There is no surprise that our respondents expect technology and healthcare to be the most active sectors for M&A in 2021."

- Chris Donnelly, Director, Deal Advisory

Contact us



Russell Smyth

Partner & Head of Deal Advisory
KPMG in Northern Ireland

T: +44 7738 603 869

E: russell.smyth@kpmg.ie



Chris Donnelly

Director, Deal Advisory
KPMG in Northern Ireland

T: +44 7721 241 743

E: chris.donnelly@kpmg.ie



© 2021 KPMG, an Irish partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks of KPMG International Limited ("KPMG International"), a private English company limited by guarantee.

If you've received this communication directly from KPMG, it is because we hold your name and company details for the purpose of keeping you informed on a range of business issues and the services we provide. If you would like us to delete this information from our records and would prefer not to receive any further updates from us please contact unsubscribe@kpmg.ie.

Produced by: KPMG's Creative Services. Publication Date: January 2021. (6682)