

M&A - Reflecting and Looking Ahead



Gisèle Rosselle

Uncertainty has been a strong characteristic for the [global M&A activity](#) in 2017, with the swearing in of a new US administration, ongoing Brexit negotiations, geopolitical instability and, increased capital regulations in China, all giving dealmakers cause for concern. This unease has seen M&A volume and value drop. The widening valuation gap between buyers and sellers, coupled with a few high-profile failed deals, such as Dutch paint maker Akzo Nobel's failed US\$30 billion tie-up with competitor Baxalta, have added to the political volatility. Despite the fall in deal activity, 2017 also marked the fourth straight year that deal levels surpassed US\$3.5 trillion, a record streak, with the US\$69 billion takeover by Disney of Murdoch's 21st Century Fox being the biggest deal. The US remained the most active region, EU deal activity climbed despite the failure of the US\$143 bid by Kraft Heinz to acquire Unilever, and activity in the Asia-Pacific region rose with Chinese companies' continued aggressive pace in buying overseas targets. The main sectors for M&A deal-making were technology, real estate, industrials and chemicals. The private equity market remained strong, accounting for 29% of global M&A deal value compared to 23% in 2016, and was crowned by large PE buyouts, such as the Bain-led deal to buy Toshiba's chip company for US\$17.7.



Kamran Arshad

The [2017 Belgian M&A market](#) did better than in 2016 with €22 billion (versus the €15,5 billion in 2016). The availability of cheap financing was the key driver. With the abortion of the mega acquisition of U.S. fruit giant Dole foods by Greenyard, most 2017 deals were small-medium sized. Deal-highlights were the acquisition of U.S.- based logistics company Radial by Bpost, the merger of Belgian maritime operators Euronav NV and US Company Gener8, and the participation by Gimv in IT group Cegeka. The latter one confirms the trend of increased involvement of PE players in the Belgian M&A market. Eventually, 2017 marked some rather surprising transactions such as Marc Coucke's acquisition of football club Anderlecht, Albert Frère's investment in Burberry and De Persgroep's takeover of Medialaan.

Key drivers for [2018 global deal activity](#) are technology, innovation and the recovery and growing global economy. A volatile macro-economic climate as a turn in the economic cycle may indeed hamper M&A activity in 2018. Despite the optimistic forecast, dealmakers are erring on the side caution. Technology and innovation are expected to be the most important sectors for deal-making. While some areas of the PE market look vulnerable to valuation risk, PE is likely to remain high on the agenda in 2018.

The [Belgian M&A market](#) is expected to continue its positive trend in 2018. The proposed acquisition of the media group De Vijver Media by Telenet, the potential acquisition of Danish Public broadcaster Tv2 by De Persgroep, the planned exit of Waterland from Sarens, and the sale of the automotive division of Recticel are some of the deals in the 2018 pipeline. Some smaller upcoming deals are the sale of food-chains Vanreusel & Ellis Hamburgers and the sale of Select HR and Asap Interim.