

1 November 2016

### **Global gains for the private M&A market as advisors predict increased deal activity**

A ground-breaking global survey of mid-market M&A advisors by IR Global and the Alliance of M&A Advisors – two of the largest international professional services networks – has found that:

- 91% of respondents believe that mid-market M&A activity (deals valued at up to \$500million) will increase or stay the same during the next 12 months
- There is optimism for cross-border deals with 95% of respondents predicting that the number of cross-border mid-market M&A deals over the next 12 months will stay the same or increase

IR Global and the Alliance of M&A Advisors joined together to produce “*Vanishing Borders: How the private M&A market is making global gains*” after observing the changing role of the advisors in their networks in response to the need in today’s market to be connected internationally. The findings of the research give a fascinating insight into expectations and future projections for global mid-market deal activity, the challenges facing today’s independent advisors, and the issues that affect the successful completion of such deals.

Mid-market M&A deals are a vital but often overlooked part of the global economy; with high-profile international mega-mergers dominating the headlines. But where mega-mergers lead does the private market follow? This research – which canvassed the views of over 250 independent professional advisors to mid-market M&A deals in North America, Europe and Asia Pacific – found that the mid-market is ripe for cross-border consolidation.

#### **Key findings**

##### *Deal activity*

- When asked what will lead to deal activity increasing in the mid-market respondents cited: continued low interest rates (75%); large cash reserves (71%); and opportunities in emerging markets (69%).
- Of the major factors that may upset expectations and lead to less mid-market M&A activity of most concern to respondents were economic uncertainty (85%) and volatility in global markets (62%).

### *Geographical variances*

- Despite the political uncertainty following the Brexit vote, 64% of global respondents believe Europe will see the most mid-market cross-border M&A activity during the next 12 months.
- 60% of respondents based in the US expect their M&A advice to involve Europe, whereas 54% of Asia Pacific based respondents expect to advise on M&A deals in the US.
- Creating new opportunities in emerging markets is of paramount importance for 69% of global respondents however many of the experts highlighted that emerging to developed investment is closing the gap on developed to emerging deal flow.

### *The changing role of independent advisors*

- Almost two thirds of respondents (61%) see their most important role over the next 12 months as helping clients to arrange deals.
- More than half of the independent advisors surveyed (53%) believe they will need to expand their international network of trusted advisors to be effective.
- 51% recognise the need to offer more holistic advice on the progression of deals.
- Half of all respondents felt they need to provide more specialist sector knowledge.

### *Getting the deal done*

- Post-closing integration issues is the area that clients most often neglect when preparing for a deal (64%).
- For cross-border deals, the stage where most problems occur are the due diligence process (52%) and post-closing integration (47%).
- 56% of global respondents named country culture and differing business practices as their main concerns when advising on cross-border deals.

Thomas Wheeler, Group Managing Director of IR Global, commented:

*“Mega-mergers make the headlines but the engine room of the M&A industry is in the mid-market, where thousands of deals are completed annually of varying sizes, from less than \$10 million through to \$500 million. Our ground-breaking survey of mid-market M&A advisors shows optimism for growth in this type of M&A activity despite the political and economic instability we have seen of late. It also shows an appetite for cross-border deals in the private market with the need to create new opportunities in emerging markets of paramount importance for independent advisors.”*

Michael R. Nall, founder of the Alliance of Merger & Acquisition Advisors, added:

*“With the continued advance of globalisation, extended trade boundaries and the free flow of capital, we have observed the mid-market enjoying increasing activity in cross-border M&A in recent years. Our survey evidences this growth, but also shows how the role of independent consultants is developing to respond to these changes. Good advisors are providing holistic support – helping their clients to arrange deals and ensuring they have the international capabilities and network in place to meet the global client demands that arise.”*

ENDS

### **About the survey**

- The survey was conducted by IR Global and the Alliance of M&A Advisors – two of the largest international professional services networks;
- Multiple-choice questions were answered by over 250 professional advisors to mid-market M&A deals in North America, Europe and Asia Pacific (full survey responses are available on request including a breakdown of responses for each region);
- Interviews were carried out with leading industry experts:
  - Jean-François Alandry at Pan-European corporate finance consultancy Eurohold based in Barcelona, Spain;
  - Aleš Eppinger at Prague-based law firm Schaffer & Partners, Czech Republic;
  - Urs Breitsprecher at Düsseldorf-based law firm MKRG, Germany;
  - Nick Chen at Pamir Law Group in Taipei, Taiwan;
  - Winchell Cheung at the Hong Kong Trade & Development Council Chicago office in the US;
  - Uroš Ilić at ODI Law based in Ljubljana, Slovenia;
  - John Gabbert at Seattle-based data software provider PitchBook, U.S.;
  - Seema Jhingan at LexCounsel based in New Delhi, India;
  - Nuno Fernandes at IMD in Lausanne, Switzerland;
  - Janusz Fiszer at Warsaw-based law firm Gessel, Poland;
  - Ross Koffel at Sydney-based Koffel’s Solicitors, Australia;
  - Andrew Rice at The Jordan Company, a private equity firm, U.S.;
  - Michael S. Roberts at Chicago-based law firm Roberts McGivney Zagotta, U.S.;
  - Valeriano Del Rosario at Manila-based VeraLaw, Philippines;
  - Tom Schramski at Tucson-based consultancy Vertess, U.S.; and
  - Sid M. Shaver at Statesman Corporate Finance, U.S.

### **About IR Global**

IR Global is the fastest growing professional service firm network in the world with 850+ members, providing legal, accountancy and financial advice to companies and individuals across 150 jurisdictions.

The group's founding philosophy was based on bringing the best of the advisory community into a sharing economy; a system which is ethical, sustainable and provides significant added value to the client. Businesses today require more than just a lawyer or accountant. IR is at the forefront of this transition with members connecting clients and offering strategic development support. Each member is carefully vetted and recognised for their knowledge on local business, political and economic environments. The group is renowned for its high ethical standards, innovative approach and niche expertise. All major world languages are spoken.

### **About the Alliance of M&A Advisors**

The Alliance of M&A Advisors® (The Alliance) is the Premiere International Organization serving the educational and transactional support needs of middle market M&A professionals worldwide. The Alliance was formed in 1998 to connect CPAs, attorneys, and other experienced corporate financial investors and advisors, and currently has more than 1,000+ professionals that are among the most highly recognized leaders in the industry—drawing upon proven capital resources combined with a think-tank of transactional expertise to better serve the many business investment needs of middle market companies worldwide. Alliance Members represent corporate and institutional sellers and buyers of businesses ranging broadly from \$5 to \$500 million in transaction value. These essential corporate financial advisory and transaction services include investment banking, accounting, finance, valuation, tax, law, and due diligence.

### **For more information please contact**

Eugenia Verenko, Byfield Consultancy, 0207 092 3984, [Eugenia@Byfieldconsultancy.com](mailto:Eugenia@Byfieldconsultancy.com)