

# CHANGES IN M&A SECTOR CASUED BY COVID-19

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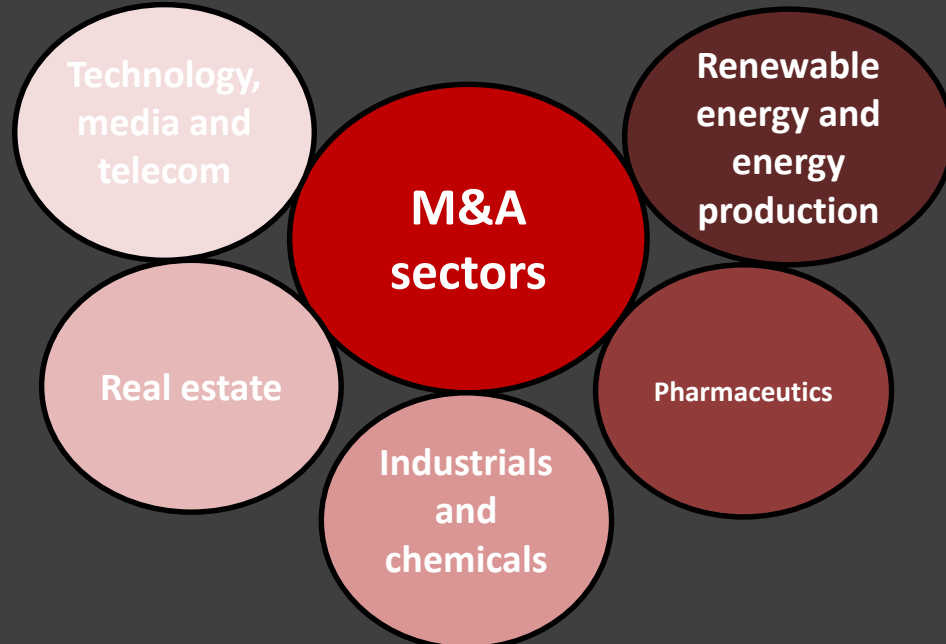
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# INTRODUCTION

- The COVID-19 crisis has compounded and accelerated the transformation towards a more global and digital world with a widespread uncertainty and ambiguity.
- The role of mergers and acquisitions during the pandemic has grown in importance.
- In the first ten months of 2020, the global mergers and acquisitions market has noted a record transaction value of USD 2.2 trillion (69 transactions between 5 - 100 bln \$), according to data from Deloitte research.
- The purpose of this project is to present an impact of the COVID-19 on M&A sector and changes in the number of transaction.
- In order to present the problem, analyzes and reports from various analytical laboratories have been used, including Deloitte or GlobalData.

# THE TOP M&A CHALLENGES DURING COVID-19

- Over the past year and a half, the COVID-19 pandemic has affected all sectors of the global economy and society.
- Actions taken by the authorities to reduce the spread of COVID-19, including communication restrictions, temporary closure of some non-essential entities, services, schools and offices, cancellation of many cultural events and implementation of social distancing rules have had direct impact on business efficiency and number of transactions.
- This situation has significant implications on preparation of financial statements of business entities, including not only the level of measurement of assets and liabilities but also the scale of disclosures, going concern assumption, financial and non-financial obligations and revenue recognition.



Source: own work based on [www.statista.com](http://www.statista.com)

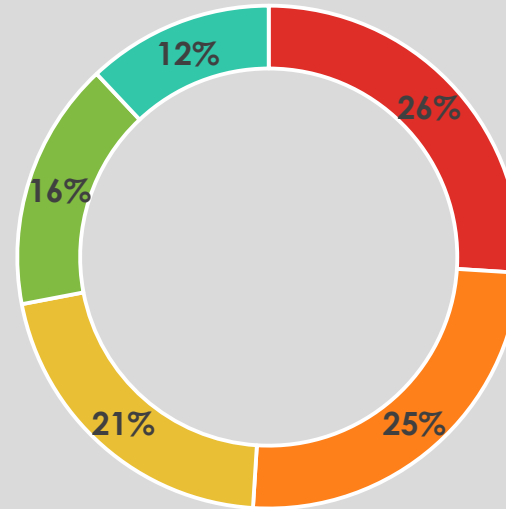
MOTIVES	FACTORS
<b>Operative motives</b> -> improving the best way to use financial resources	Economy of scale Growth of market power Competitive advantage
<b>Financial motives</b> -> developing the business efficiency	Tax benefits Possibility of subsequent resale Risk diversification
<b>Strategic motives</b> -> focusing on self-interest of managers and owners	Sale of recurrent assets Access to insider stock Defense against hostile takeover

Source: own work based on [www.corporatefinanceinstitute.com](http://www.corporatefinanceinstitute.com)

# THE MOST POPULAR M&A SECTORS DURING COVID-19

# MAIN STRATEGIC DRIVERS FOR PURSUING M&A TRANSACTIONS

## M&A trends



- Response to regulatory or tariffs and trade changes
- Acquiring technology, talent and new production methods
- Using an adjacent growth strategy

Source: own work based on Global Capital Confidence Barometer, [www.ey.com](http://www.ey.com)



# DATA ANALYSIS GLOBAL M&A DEALS BEFORE AND DURING COVID-19

The number of mergers and acquisitions in the analyzed period has been systematically increasing (except for the Q2 2020, when drastic sanitary restrictions were introduced in many countries to limit the spread of the pandemic). This situation had influence on both the total value of deals and the number of mergers and acquisitions carried out at the time.

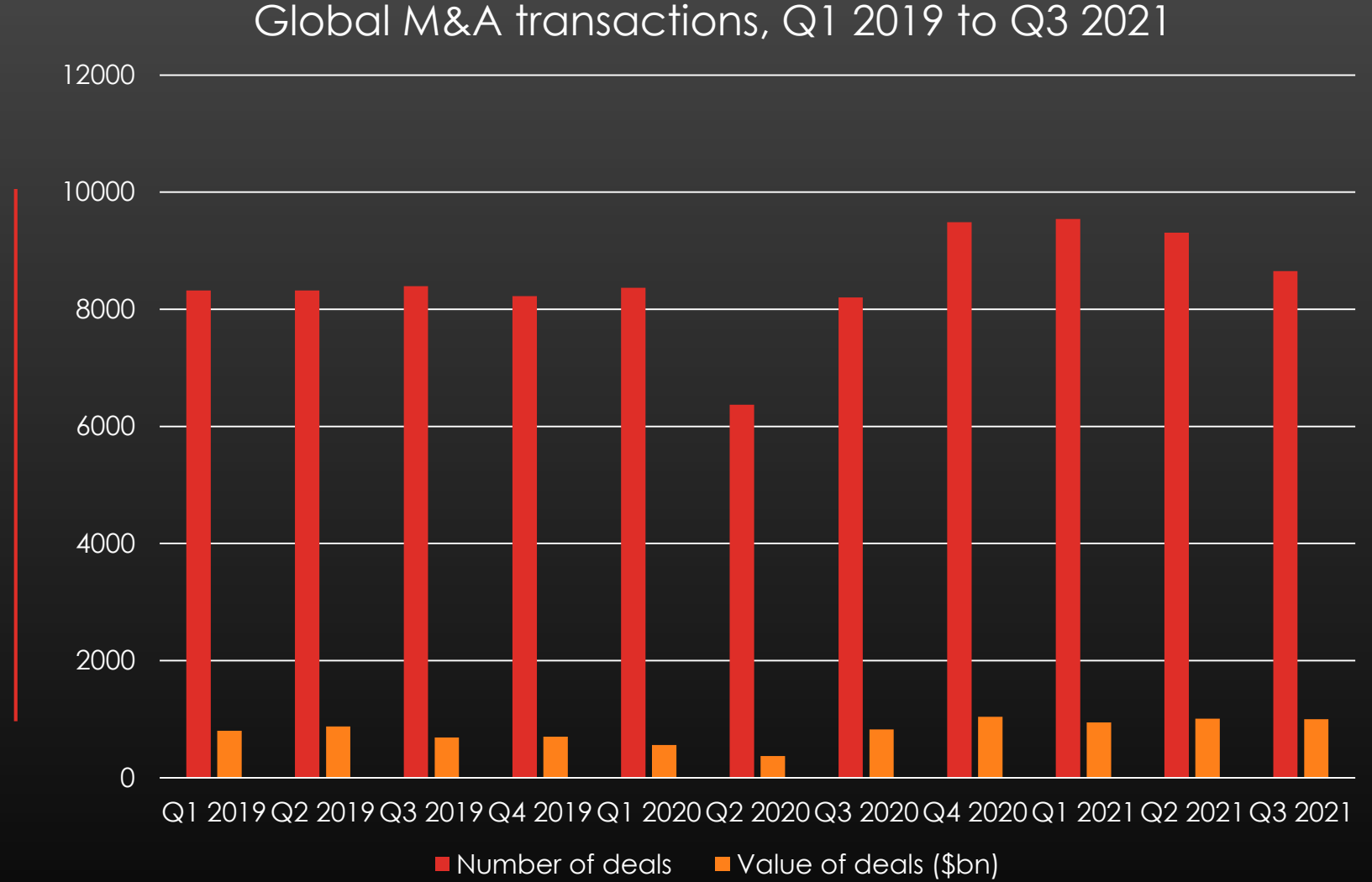
- After hitting a record-low transaction level in Q2 2020, the M&A market noticed a significant increase in Q4 2020 and has still recovering throughout the first three quarters of 2021.

- The M&A sector is not negatively vulnerable to changes resulting from the COVID-19 pandemic. The most expensive M&A transactions were recorded in the technology, media and telecommunications sector.

- Due to many limitations and recommendations in the field of contactless communication, more and more enterprises have introduced remote work, and the distance education model has been adopted in schools.

- Global mergers and acquisitions (M&A) deal value came close to \$1 trillion in Q3 2021, mainly supported by the tech, media and telecom (TMT) sector.

# DATA ANALYSIS GLOBAL M&A DEALS BEFORE AND DURING COVID-19



Source: own work based on [www.globaldata.com](http://www.globaldata.com)



# CONCLUSION

- In order to thrive in the post-pandemic world, companies therefore need to reinvent themselves. Enterprises must focus on providing alternative forms of contact with contractors and clients by using modern methods of electronic communication.
- The results of survey confirm that M&A is likely to play an important role in this process.
- These transactions allow not only to thrive the difficult time of crisis by reorganizing management system, but also to strengthen the competitive advantage focused on building long-term economic growth.