M&A Risk in Review 1H, 2022

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Methodology

In late Q4 2021 and early Q1 2022, Mergermarket surveyed 50 senior executives from corporate development teams, private equity firms, and investment banks. 40% of respondents were based in North America, 30% in EMEA, and 30% in APAC. The survey included a combination of qualitative and quantitative research. Results were analyzed and collated by Mergermarket. All responses are anonymized and presented in aggregate.

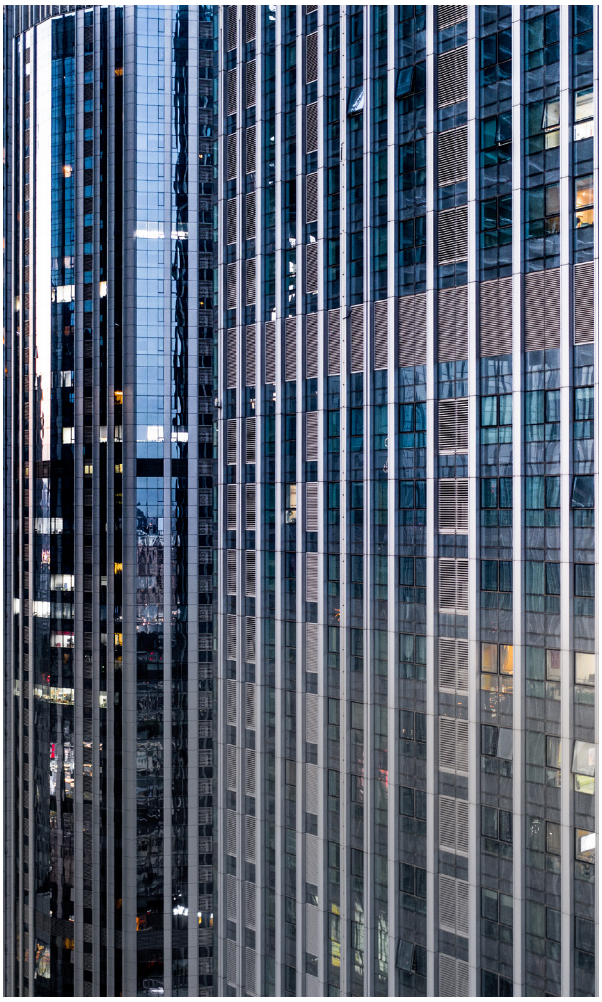
Introduction

As the world began to recover in 2021 from the COVID-19 pandemic, global M&A activity surged. Buoyed by the reopening of the world economy, supportive fiscal and monetary policy, and the eagerness of both strategic buyers and private equity investors to deploy capital, deal activity hit record highs. Mergermarket data reveals annual deal value surpassed $5 trillion for the first time last year, reaching $5.7 trillion in all, with nearly 26,000 transactions announced worldwide.

Some of the trends powering dealmaking look poised to endure, which was reflected in survey respondents' optimism around deal activity. Digital transformation remains a key motivator behind transactions, and consolidation drives are emerging in several sectors. Cybersecurity investments are particularly sought after in light of global geopolitical conditions. Moreover, many organizations are well positioned to capitalize on record piles of dry powder.

Against that, risk is on the rise. Russia's invasion of Ukraine has raised political tensions to levels not seen for decades. The economic impacts are already being felt, most notably through a sharp spike in inflation in many economies, prompting monetary tightening; global growth is likely to be slower than expected this year.

In this report, we explore these dynamics in detail. We report on investors' expectations for global M&A over the next 12 months, standout sectors, the key risks they see – and how best to mitigate them.



Key takeaways from the report:

- Almost three-quarters of respondents (70%), by far the largest share, cite technology, media & telecoms (TMT) as the most prolific sector in terms of expected dealmaking over the next 12 months. At the other end of the spectrum, 54% believe M&A will be least prolific in the energy, mining & utilities (EMU) space.
- Most respondents (54%) identify Asia Pacific (excluding Japan) as the single most attractive region for M&A over the next 12 months. Just over a third (34%) single out North America, with a further 32% identifying that region as the second most attractive for M&A overall.
- The two sources of financing that most respondents believe will emerge as primary options over the 12 months are private equity (64%) and non-bank lenders/credit funds (50%).
- Amid ongoing COVID-19 vaccine roll-outs and continued easing of pandemic restrictions in multiple economies, many respondents are amending their M&A strategies to include more alternative investments (38%), as well as increasing the size of deals they are undertaking (36%).
- The vast majority of respondents (90%) predict an increase in scrutiny of deals for environmental, social & governance (ESG) implications over the next three years; almost half (48%) believe the increase will be significant.
- The form of regulation that respondents find most challenging is antitrust, identified by 50% of all survey participants as one of their top two concerns, followed by environmental regulations (42%).
- Just under half of respondents (44%) employ some form of credit risk technology. Half of those respondents currently use an artificial intelligence-powered credit risk management system.
- In 2021, Aon's Global M&A and Transaction Solutions team secured M&A insurance solutions – which include representations & warranties insurance (R&W), tax insurance, and litigation/contingent insurance – to help clients execute more than 1,500 deals all around the world, influencing deal outcomes in North America, Latin America, Asia, Australia/New Zealand, the UK and Europe. Total limits placed globally by Aon topped $74.7 billion. Aon also conducted due diligence and advised clients on programs to improve outcomes for over 4,000 deals globally.

Part 1: M&A trends in the next 12 months

While Russia's invasion of Ukraine has undoubtedly elevated risk, this has yet to pass on meaningfully into dealmakers' expectations for M&A over the year ahead. More than two-thirds of those taking part in this research (68%) expect global M&A deal numbers to increase over the next 12 months; that includes 38% who anticipate an increase of more than 5%.

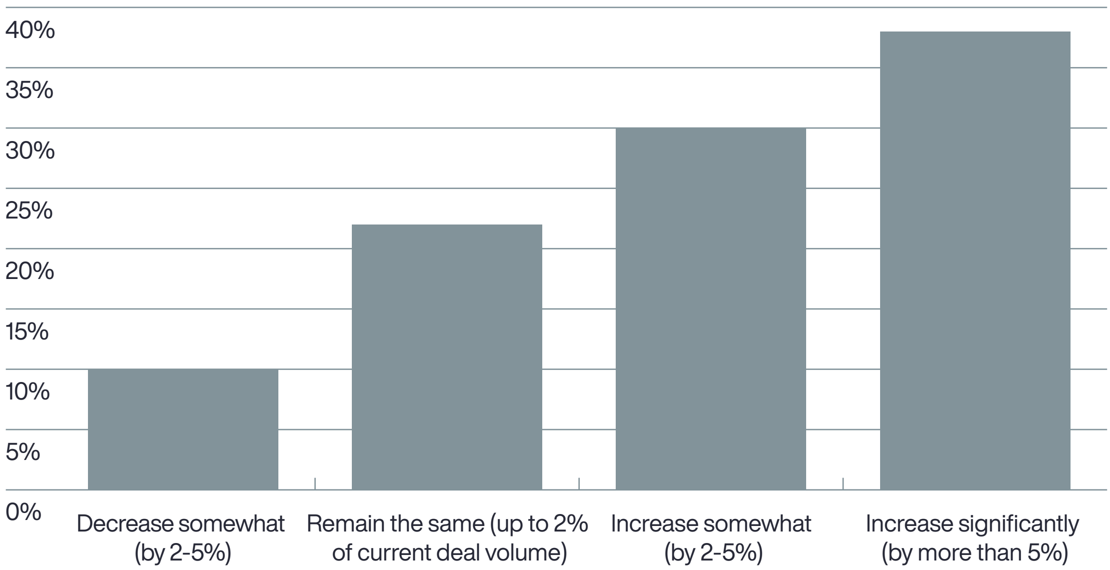
That optimism reflects several different – but complimentary – M&A drivers, particularly in the context of the COVID-19 crisis. "Many firms delayed their 2020 investment plans in light of the pandemic," says the managing partner of a South African private equity firm, who argues these plans are now back in play. "2021 would have been a better year to meditate on opportunities and the potential of target companies."

Similarly, the director of corporate development at a UK corporate says many of the impacts of COVID-19 are only just feeding through. "Market consolidation and an increase in distressed assets has driven the record-setting pace for M&A," the executive says. "The same pace might continue if the opportunities for consolidation increase."

Another factor is digital transformation, with businesses in every sector under pressure to innovate. As the managing director of a Canadian private equity firm explains, "The use of technology in most sectors has driven new deals; the acquisition of technology companies increased in 2021, a key trend for strengthening the operations of corporate acquirers."

Figure 1: M&A expectations optimistic

What do you think will happen to the number of M&A deals globally over the coming 12 months?



Identifying opportunities: Sectors

In this context, more than two-thirds of dealmakers (70%) expect the technology, media & telecoms (TMT) sector to generate the highest levels of deal activity over the next 12 months – well ahead of second-place pharma, medical & biotech (PMB), picked out by 44%.

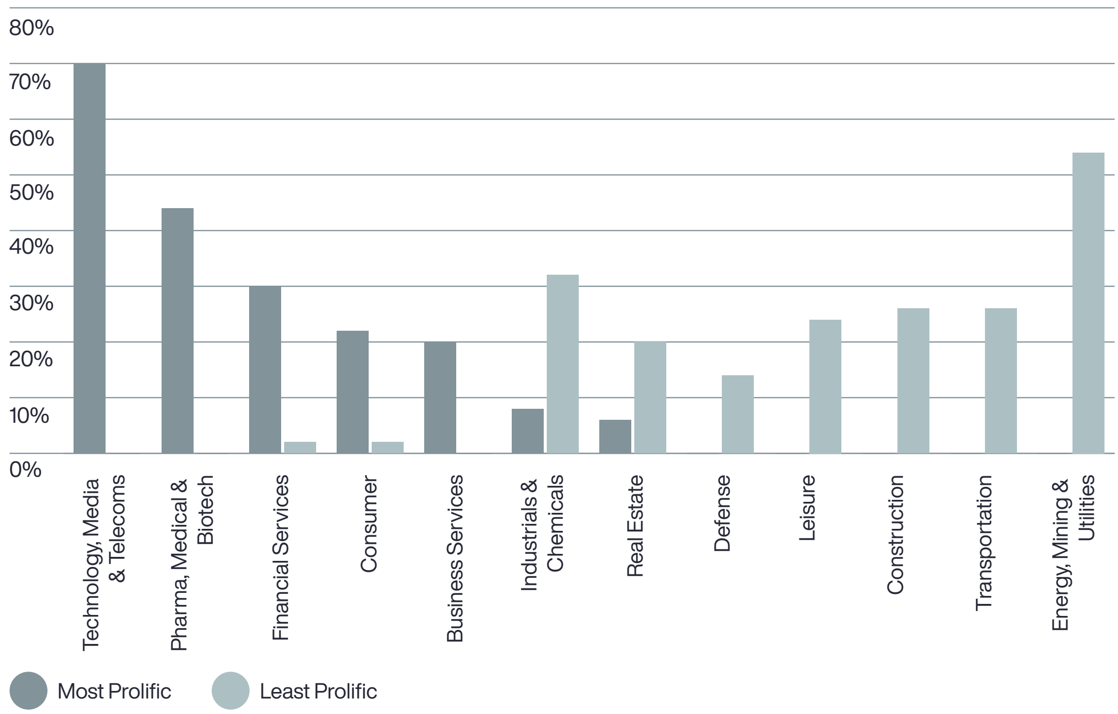
Digitalization has also supported dealmakers, respondents point out, with new technologies ensuring transactions have been able to go ahead despite COVID-19 restrictions. “Digital tools have helped facilitate dealmaking activity,” says the managing director of an Australian investment bank. “Even with the inability to travel to the target destination, deals can be evaluated and completed on time.”

At the other end of the spectrum, energy, mining & utilities (EMU) is seen as the area of the market where deal activity is likely to be least prolific. That reflects the challenges of the past two years, when slower global growth has drastically reduced demand for raw materials. It remains to be seen how quickly dealmaking appetite will return to the EMU sector as growth recovers – and the Ukraine conflict has added to commodity market volatility during Q1 2022. Given the tense backdrop, higher commodities prices may not necessarily fuel big-ticket, intra-sector activity.

It is also clear that dealmakers in certain sectors see significant scope for reducing uncertainty through the use of insurance. Aon’s own data reveals that the most active sectors for use of representations & warranties insurance (R&W, also known as warranty & indemnity, or W&I) include infrastructure and real estate (figuring in the top five in many regions). This cover also supports deals in technology (notably, it featured in 38% of deals in Australia & New Zealand) and healthcare (among the top five in North America, EMEA and Australia).

Figure 2: TMT set to dominate

Which of the following sectors do you believe will be the most/least prolific in terms of M&A activity over the next 12 months? (Select two for "most prolific" and two "least prolific")



Identifying opportunities: Regions

More than half of dealmakers identify the Asia Pacific region (excluding Japan) as providing the most supportive environment for M&A over the next 12 months. Some 54% cite it as likely to be the number one market in the year ahead, with a further 20% regarding it as the second most attractive.

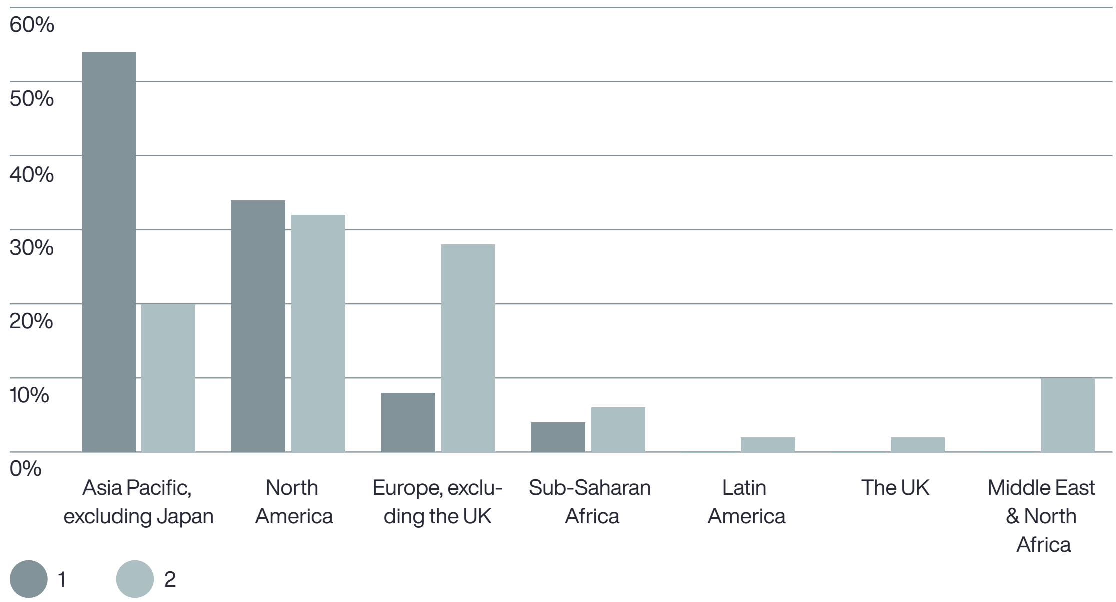
"APAC markets have been thriving under tough conditions," argues the managing director of an investment bank in the Netherlands. "After the initial shock of the pandemic and the ill-effects on companies' operations, they have recovered well." The managing partner of a South African PE firm adds: "APAC manufacturing, business services and technology companies are emerging successfully, with high profitability percentages."

North America also looks set to figure highly, with 34% and 32% of respondents picking it as their first and second most attractive regions for M&A, respectively. One attraction is consistency, says the chief corporate development officer of a US corporate. "North American markets fluctuate less compared to others," the executive argues. "There are short-term returns and long-term progress that investing firms can rely on – these conditions are important to pursue after an economic slowdown."

Other regions, by contrast, attract less excitement, though 28% do single out Europe (excluding the UK) as their second most attractive market for the year ahead.

Figure 3: Looking forward to APAC activity

Which of the following regions do you believe will be the most attractive for M&A over the next 12 months? (Select two and rank 1-2, where 1 is the most attractive and 2 the next most attractive)



Balancing risk and reward

One question for dealmakers is how to reassess their M&A strategies in the wake of the pandemic. How might their plans change with COVID-19 vaccine programs progressing around the world and economies reopening?

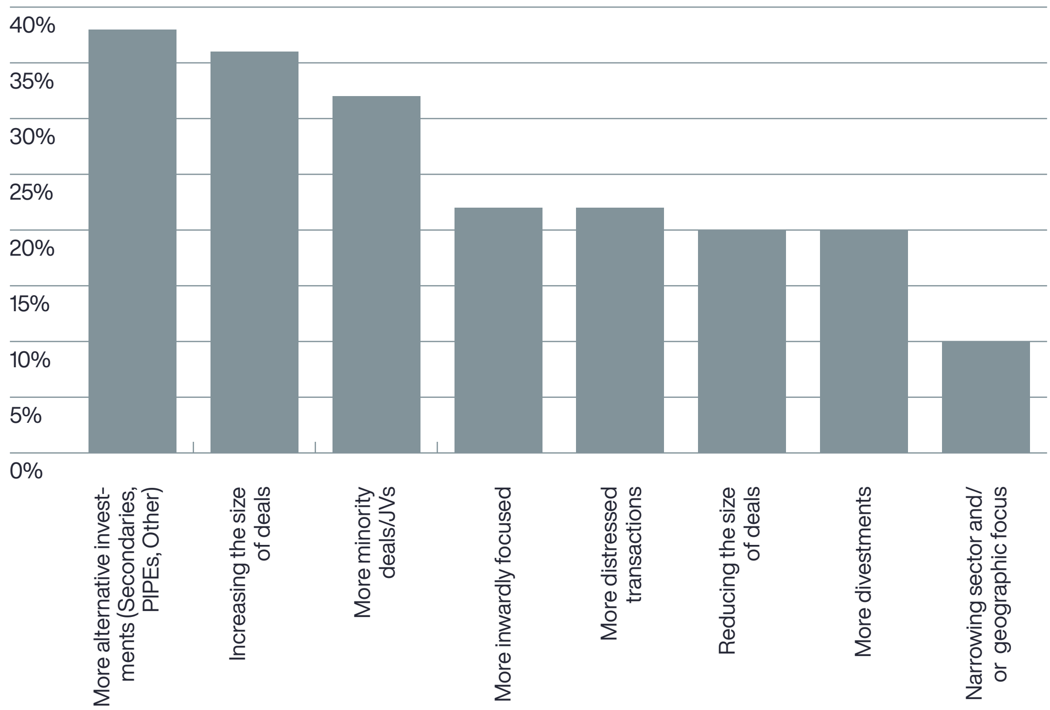
Many dealmakers seem ready to take greater risk, embracing larger deals once again; more than a third (36%) expect transaction sizes to increase over the next year. In fact, there is already significant evidence of this happening. Aon's own data suggests an uptick in mega deals announced over 2021, as well as increased use of M&A insurance products to support larger transactions.

Average enterprise values on deals with such insurance increased worldwide: in Asia, the average deal had an enterprise value of $516 million, up 157% on 2020; in Europe and the Middle East, average enterprise value rose 91% to $441 million; and in North America, it was up 24% to $408 million, according to Aon figures.

Dealmakers are changing course in other regards, too. For example, 38% are looking at a broader range of deals, including secondary buyouts, private investment in public equity deals, and other alternative investments. The market is also likely to see more minority deals and distressed transactions.

Figure 4: Bouncing back from the pandemic

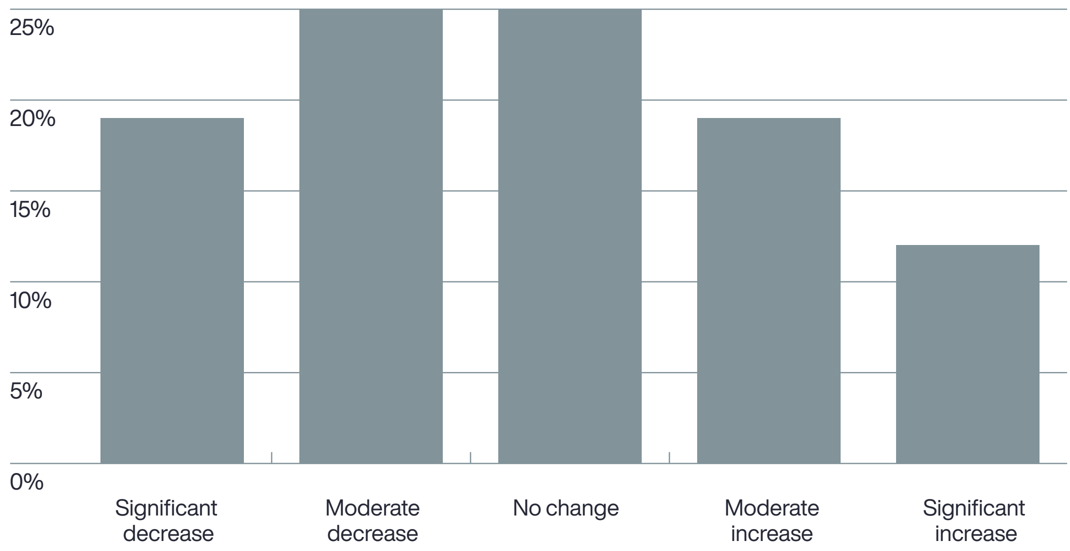
How is your M&A strategy changing in the current environment, with the COVID-19 vaccine roll-out and countries opening up over the course of 2021 and 2022? (Select top two)



That said, the war in Ukraine may give some dealmakers pause for thought, particularly in Europe. While the course of the conflict is very difficult to anticipate, it is notable that 44% of investment bankers already believed that the current environment – that is, pre-invasion, as respondents were surveyed in late December and early January – has led to a decrease in the volumes of sale processes and auctions that are being launched. That includes 19% who point to a significant decrease. The conflict in Ukraine can be expected to put a brake on things further.

Figure 5: The impact of conflict?

How has the current environment impacted the volume of the sales processes or auctions launched? (Investment bankers only)



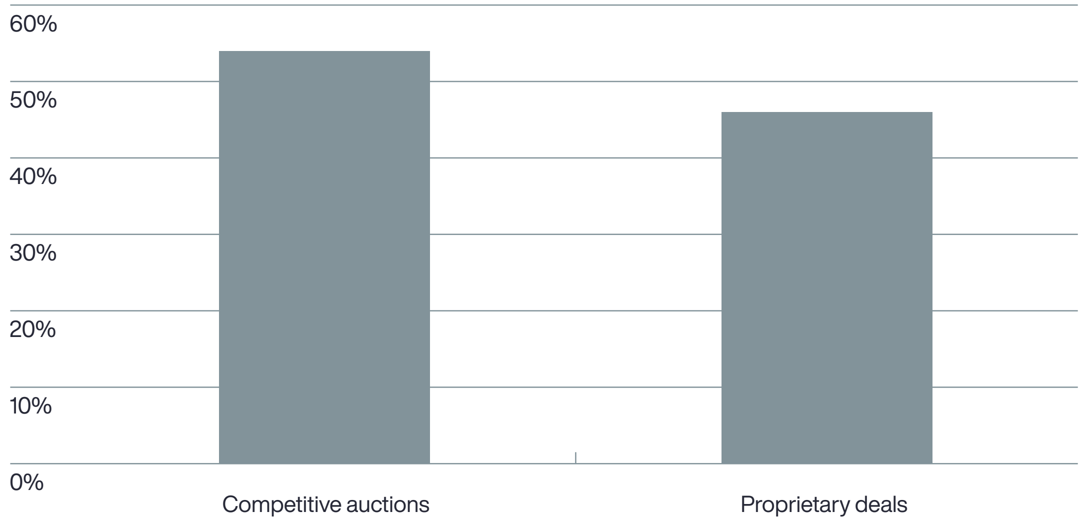
Cutthroat competition

Nonetheless, sellers will be keen to take advantage of buyers' willingness (and deep pockets) to pay good prices for many companies. The strong performance of public stock markets over the past 12 months underpins the valuation story – and buyers report having to pay higher EBITDA multiples over the course of 2021.

Against this backdrop, more than half of dealmakers (54%) say the majority of the deals they are currently exploring are going to competitive auction. Evidently, sellers are hoping to maximize value.

Figure 6: Seeking higher bidders

For the deals you are currently exploring, are they majority proprietary deals or competitive auctions?

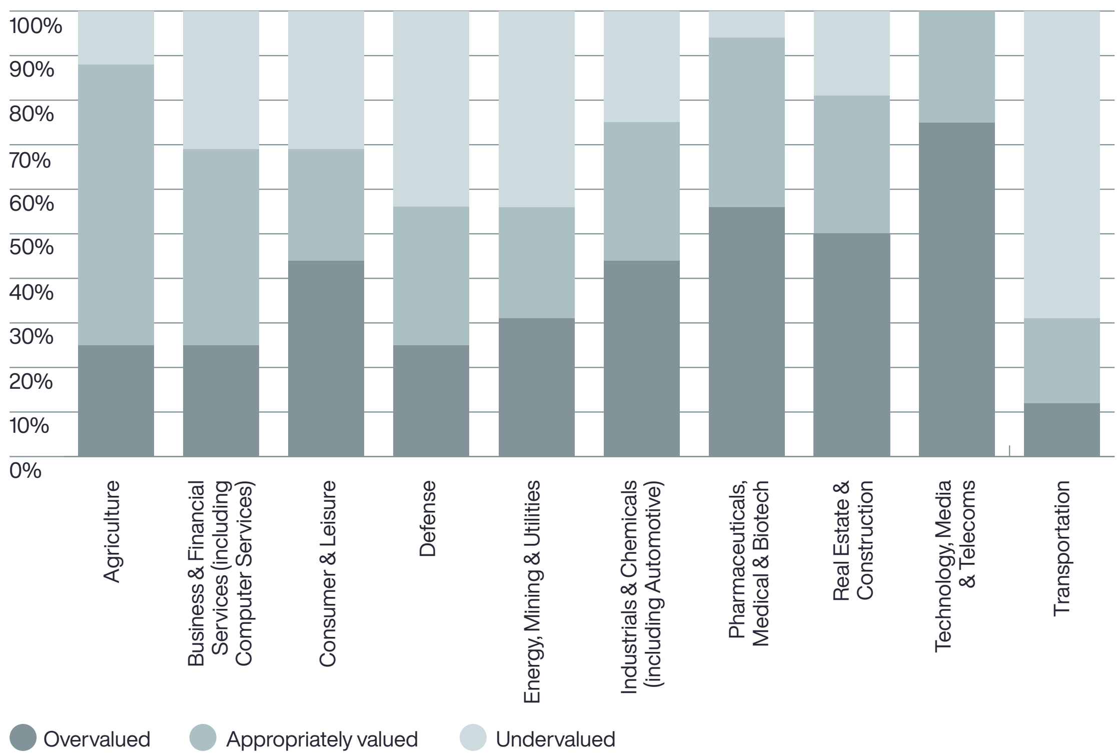


Indeed, in many sectors, there is concern that buyers are expected to overpay in order to secure in-demand assets. In the TMT sector, 75% of investment bankers think deal targets are now overvalued, while 56% say the same of PMB transactions. Real estate and construction is another industry where deals are attracting premium ratings; 50% of investment bankers say such targets are overvalued.

Still, in other sectors, many investment bankers see opportunities to secure good value. Most significantly, 69% pick out transportation as an area where deals are undervalued; 44% say the same of both the defense and EMU sectors.

Figure 7: Mind the gap

In your experience, how far apart have sellers and buyers been in assessing value? Are there differences among industries? (Investment bankers only)



Financing prospects

While many potential buyers still have significant capital to deploy towards M&A, 70% of dealmakers expect financing conditions over the next 12 months to become more challenging; that includes 30% whose expectations are for a much more challenging financing environment.

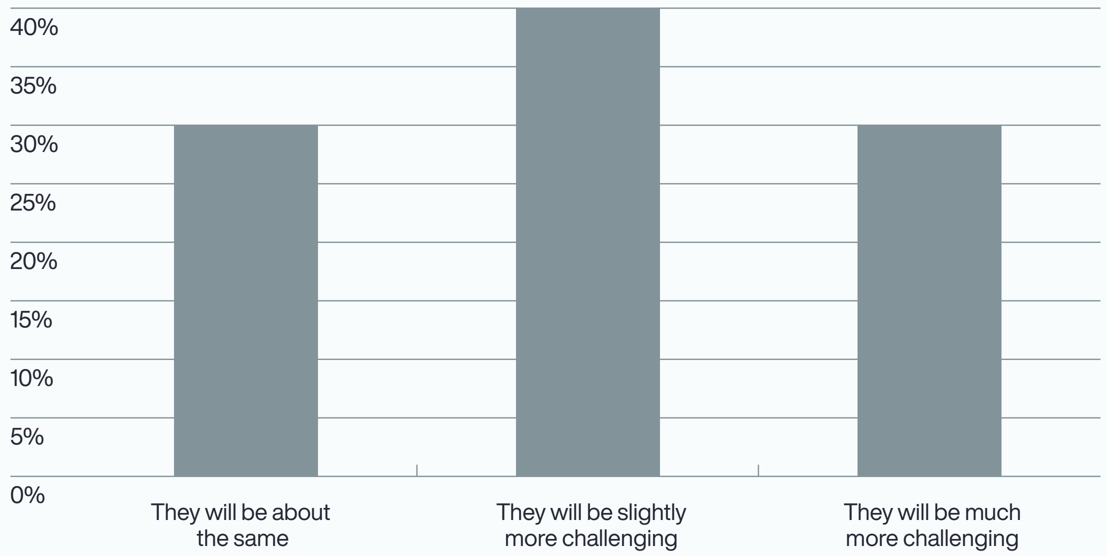
After a decade of holding interest rates at unprecedented lows, central banks worldwide are now pursuing monetary tightening. Rates remain low by historic standards in most markets, but against a backdrop of rising inflation – exacerbated by the Ukraine crisis – the cost of funding is likely to rise further.

“Changes in fiscal policies have already affected the deal environment,” says the partner of a private equity firm in the UK. “There are many deals that were completed in 2021 because of interest rates being lowered by the banks.”

Shifting monetary policy could drive a rush to get deals done, adds the managing director of a South Korean private equity firm. “Deal timelines have been impacted by interest rates – dealmakers want to take advantage of the situation before rates rise again.”

Figure 8: Tougher times ahead

How do you expect financing conditions over the next 12 months to compare to conditions in 2021?



A new era

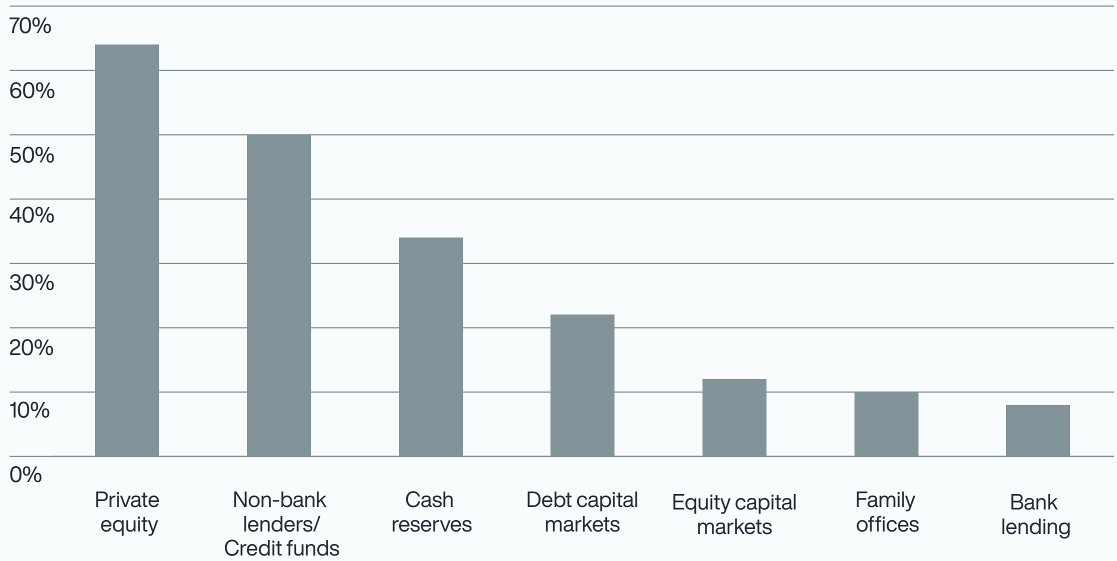
However, it would be a mistake to be too gloomy about the funding environment, with dealmakers citing a wide range of potential sources of capital. Almost two-thirds (64%) pick out private equity as a primary source of potential finance over the next 12 months, and 34% point to cash reserves, underling the reality that both strategic buyers and investors still have substantial sums to deploy.

It's also notable that 50% of dealmakers see non-bank lenders and credit funds as a likely source of finance, while 22% cite debt capital markets. Rising interest rates may not equate to any significant decline in lending.

Still, there is no doubt that we are moving into a new era. It will require precision and pace to identify the best strategic deal opportunities while interest rates remain low. And new types of creative fundraising, such as intellectual property (IP) lending, which may become a good solution for growth companies seeking access to non-dilutive capital, are likely to become more prominent.

Figure 9: Where capital will come from

What do you believe will emerge as the primary sources of financing over the next 12 months? (Select top two)

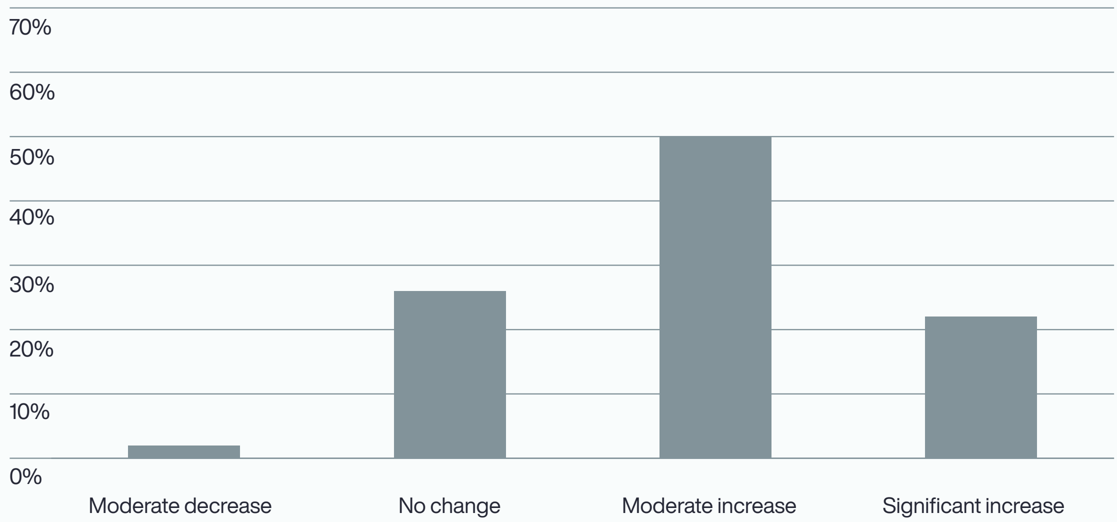


Losing luster

Similarly, in the special purpose acquisition company (SPAC) arena, where fundraising has boomed over the past two years, it now makes sense to rein in expectations. For now, at least, 72% of dealmakers expect SPACs to raise more money over the next 12 months, but the realities on the ground can change very quickly; concern about valuations and, in particular, tougher regulation of SPACs, may take their toll.

Figure 10: SPAC attack?

What do you think will happen to SPACs in the next 12 months?

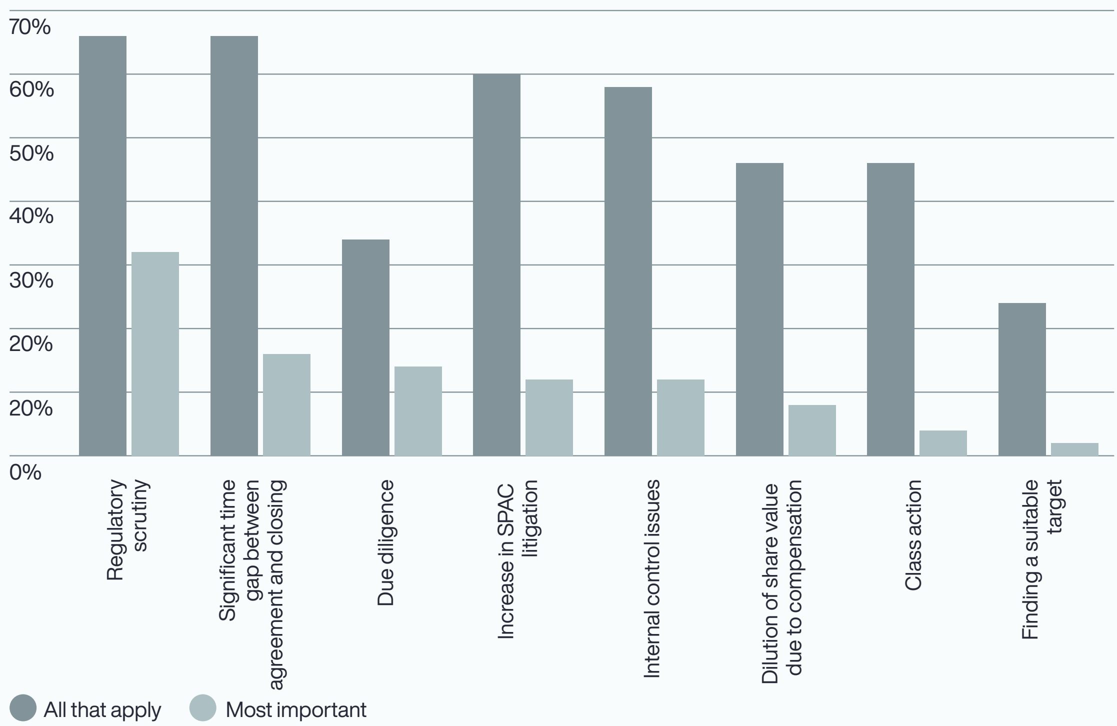


Already, almost a third of dealmakers (32%) cite regulatory scrutiny as the most pressing risk for those considering the use of a SPAC to raise capital. A series of interventions in the SPAC market by the US Securities & Exchange Commission last year are inevitably heightening concerns in this regard.

Equally, dealmakers point to other SPAC-related anxieties. For example, in a volatile market, two-thirds of respondents (66%) worry about the significant timescales involved in SPAC fundraising and capital deployment. And allied to that governance risk, 60% point to both increased SPAC litigation and fears about the quality of internal controls.

Figure 11: Regulators on the prowl

What do you think are the main risks of using a SPAC as a vehicle to raise capital (Select all that apply/Most important)?



Dealing with due diligence

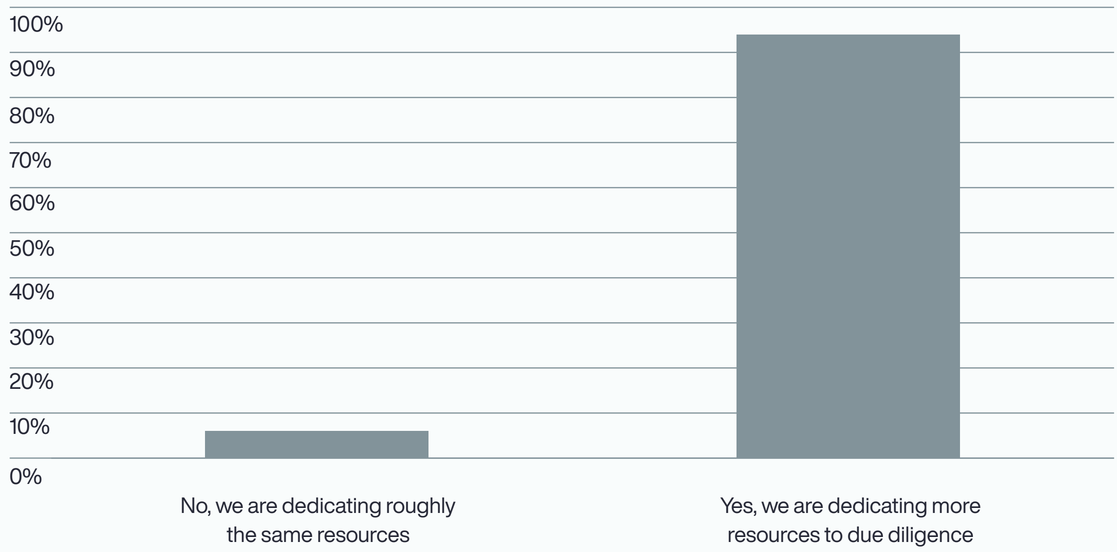
The COVID-19 pandemic undoubtedly made due diligence more difficult. At the height of the crisis, dealmakers were unable to meet one another face-to-face, at least in person, or to travel to targets' sights. Previously, dealmaking might have collapsed in the face of such challenges, but digital technologies, from tele-conferencing tools to virtual data rooms, have helped breach the gap.

Still, this has required significant investment in such capabilities, and an ongoing commitment to maintaining robust technologies. No wonder more than nine in 10 dealmakers (94%) say they are now dedicating more resources to due diligence processes than in the past.

This pressure is unlikely to ease. While relaxations of COVID-19 restrictions will enable more traditional due diligence work, many dealmakers will also look to sustain their new tools – not least because in some cases, these have accelerated processes.

Figure 12: More resources required

A) Considering the current economic environment, are you dedicating more resources than in the past to due diligence processes when considering a transaction?



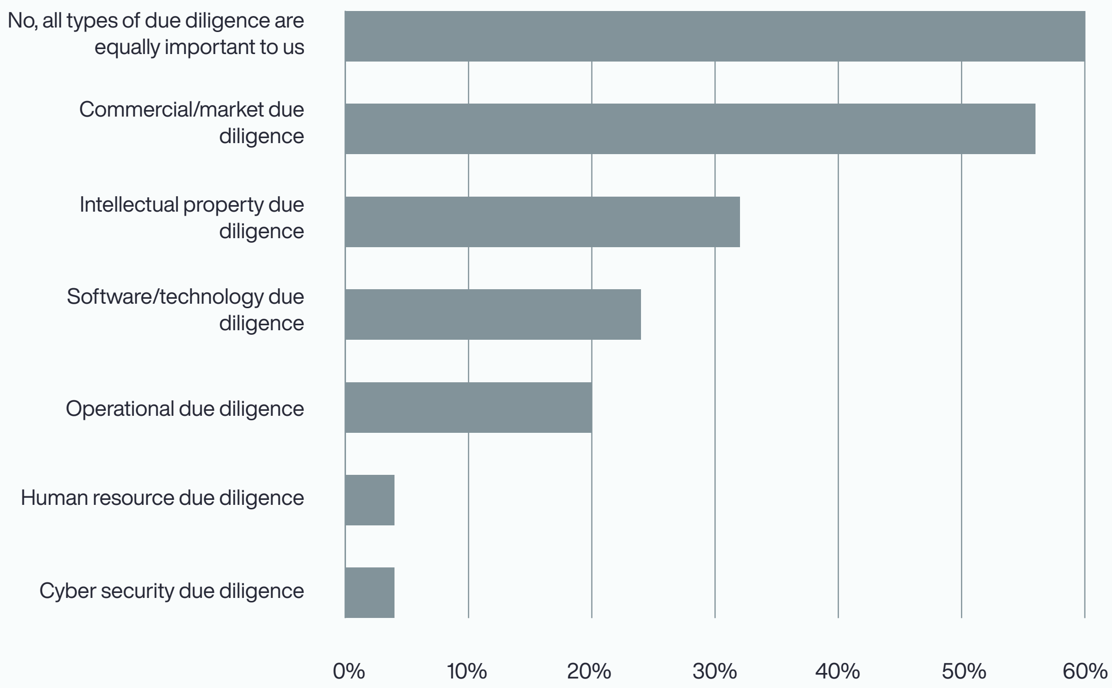
As for where dealmakers will deploy these additional resources, many see the need to spend across the board; in this research 30% of respondents say simply that all types of due diligence are equally important to them.

More specifically, 28% of dealmakers single out commercial/market due diligence as a priority – a figure that may increase if market volatility intensifies – while 16% point to IP due diligence. With many deals now predicated on access to innovation and talent, this figure may also rise in the months and years ahead.

One surprising finding is that only 2% of dealmakers pick out cybersecurity as an area of due diligence where they are currently paying particularly close attention. Given their own investment in digital tools and the mounting threat posed by cyber-attacks worldwide, this, too, is likely to be an area of increased focus in the future.

Figure 13: Where due diligence pressures are felt most keenly

B) Are you paying particularly close attention to any of the following types of due diligence?



Part 2: Risks and regulation

The good news is that, for many dealmakers, the COVID-19 crisis is now moving into the rear-view mirror – just 26% cite the pandemic as one of the three most significant risks their organization will face over the next 12 months. On the downside, more than half of dealmakers (54%) fear the impact of geopolitical uncertainty, and 50% cite market dislocation or disruption.

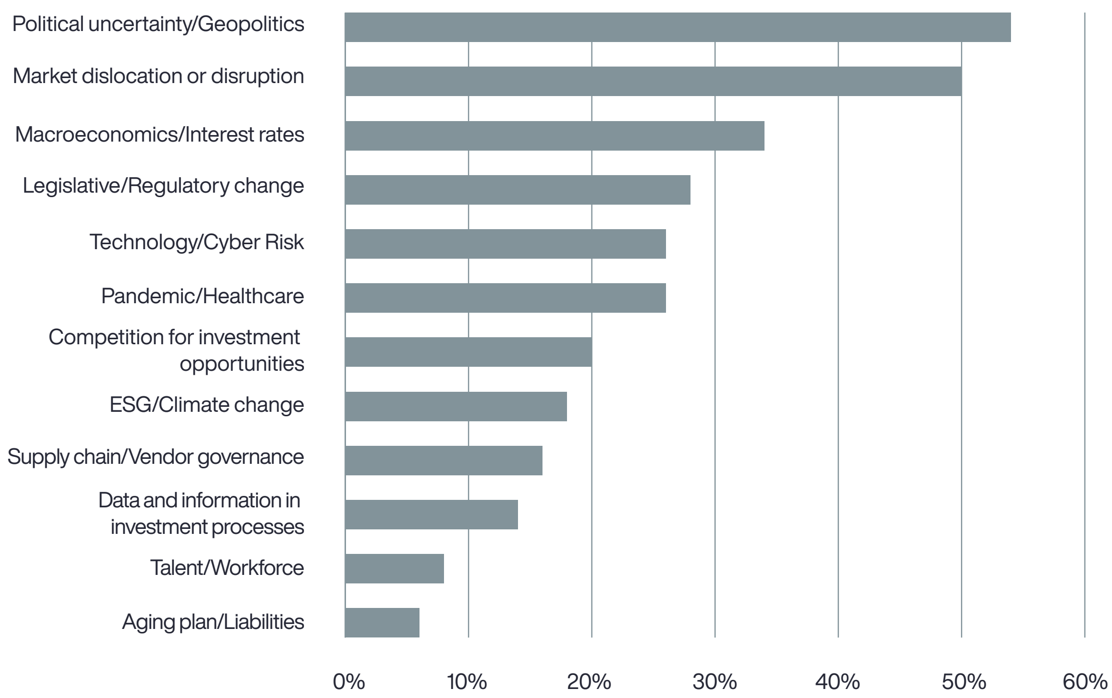
Inevitably, Russia's invasion of Ukraine will weigh heavily on dealmakers and markets in the months ahead; European M&A is more likely to be significantly impacted than dealmaking in other markets, but sentiment worldwide will take a knock. It is very difficult to predict how long the conflict may last, or what the broader implications may be in the long term – but that uncertainty is part of the fear factor for dealmakers.

Other risks are also coming to the fore. More than a third of dealmakers (34%) cite the macroeconomic picture as of concern, as rampant inflation forces central banks to tighten monetary policy. Legislative/Regulatory change is an issue for 28%, while 26% point to technology/cyber risk.

Aside from these big-picture themes, there is also nervousness about issues such as the environmental, social & governance (ESG) agenda, supply chain risk and securing data and information during investment processes.

Figure 14: Risk rising – from pandemic to geopolitics

What are the most significant risks that your organization will face over the next 12 months (select top 3)?



An evolving rulebook

Many areas of risk are multifaceted. Regulation is a good example – cited by 28% as a concern for their organization, the nature of this risk varies by jurisdiction, by sector and by individual business.

In an M&A context, antitrust is the area of regulation that dealmakers find most challenging, with 50% citing competition as one of their top two areas of concern. The growing number of mega deals – often reviewed by antitrust regulators as a matter of course – is part of the story here. But so too is the high-profile intervention of antitrust regulators in the TMT sector, where there are growing calls for scrutiny of “Big Tech” organizations.

In a related area, the past year has also seen increased scrutiny of M&A activity by regulators concerned about national security or the broader “national interest”. Countries including the UK have moved to toughen foreign direct investment regimes, making it more difficult to pursue cross-border deal activity in certain sectors.

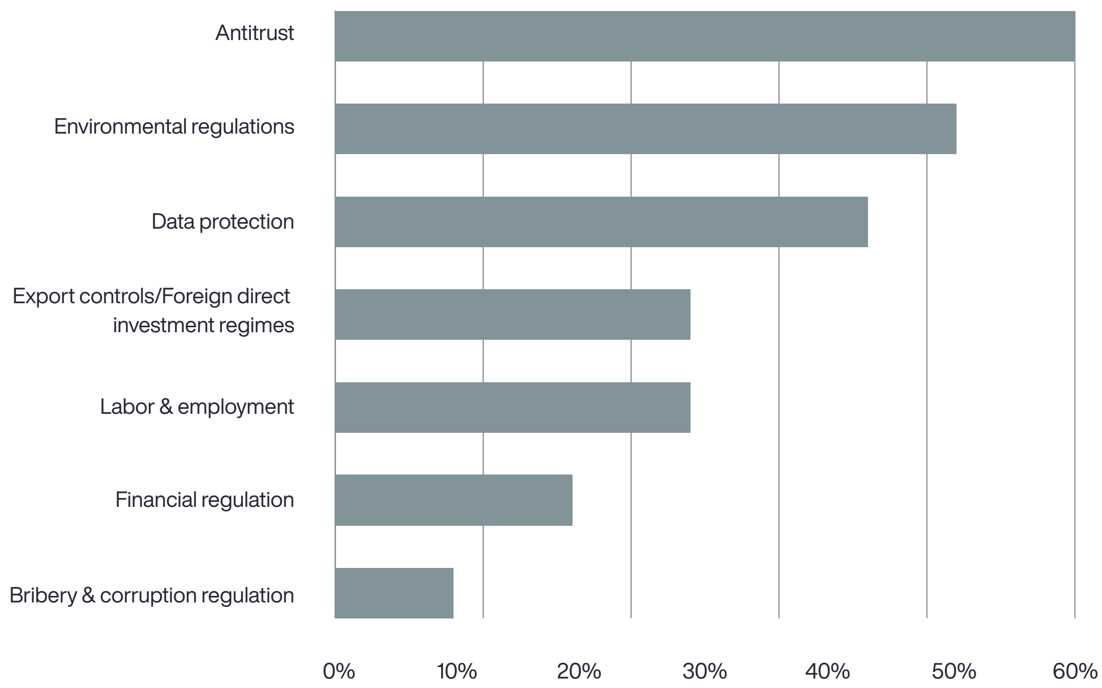
Correspondingly, almost a quarter of dealmakers (24%) cite export controls and foreign direct investment rules as one of their top two regulatory challenges.

Data protection regulation, meanwhile, is a challenge for 36% of respondents. With many jurisdictions now following the lead set by the European Union, with its introduction of the General Data Protection Regulation (GDPR), this latter issue is becoming a worldwide concern.

The other significant area of anxiety around regulation is environmental issues, cited by 42% of dealmakers. As increasing numbers of countries introduce demanding targets for cutting carbon emissions, the pressure is on every organization to account for their carbon footprint, and to reduce it. Inevitably, many are finding it tough to comply with new reporting requirements, as well as to make changes within their organizations and supply chains to lower emissions.

Figure 15: Where regulation bites

Which form of regulation do you find most challenging? (Please select the two most important)



Held to a higher standard

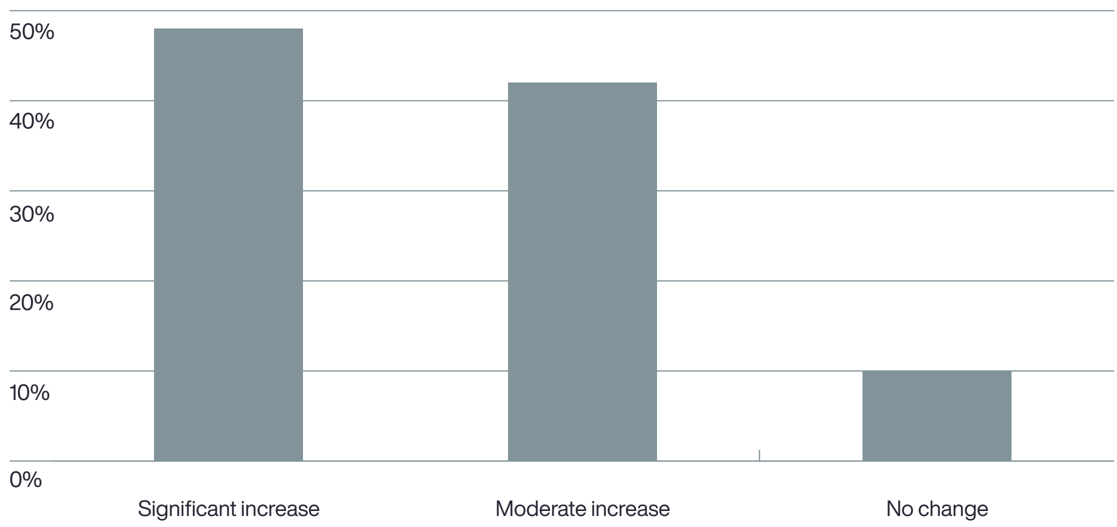
But the environment is just one element of ESG more broadly, where 90% of dealmakers expect to see increased scrutiny of transactions over the next three years – and more than half of those respondents expect to see a significant increase.

In part, this reflects the growing perception that strong ESG performance and commercial strength often go together. Aside from the external pressures driving increased ESG scrutiny, research has continued to draw firm correlations between material ESG factors – including social issues such as diversity, inclusion and employee engagement – and corporate financial performance.

It is also the case that ESG regimes such as the Sustainability Accounting Standards Board, and going forward the International Sustainability Standards Board, have shown corporate issuers and investors how to quantify social issues more effectively. As a result, we are better equipped today to dig past feel-good narratives to get to metrics that are meaningful for current and future financial performance. And demographic shifts among the workforce and consumers mean pressure to address material social issues is coming from the bottom up and not just top down from investors and regulatory bodies. The time to act is now.

Figure 16: Dealing with ESG

How do you expect ESG scrutiny to change in deals over the next three years?



Taxing requirements

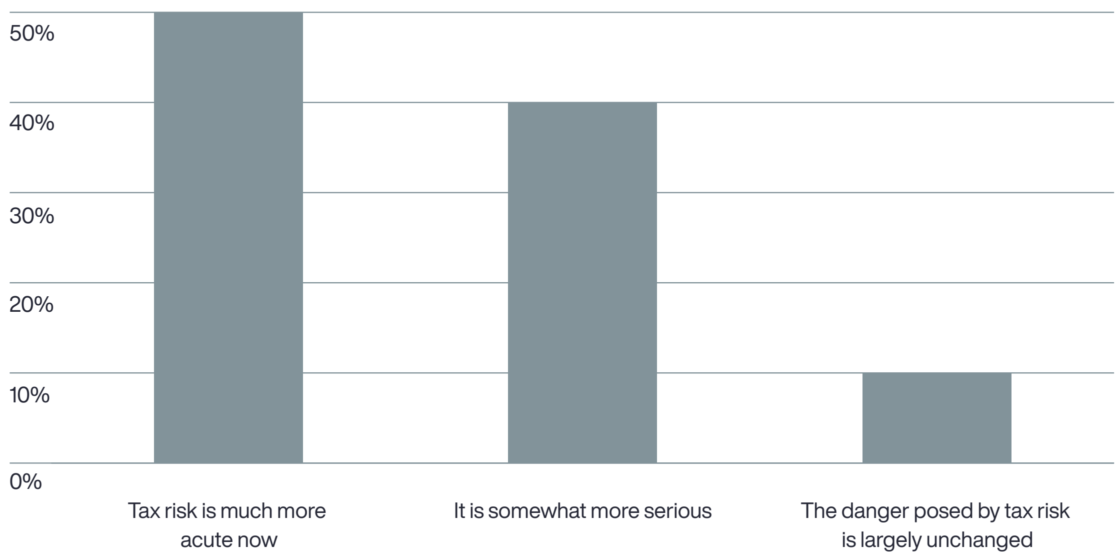
Tax risk is also on the increase, with 50% of dealmakers warning it is now significantly more acute to deal success than in the past – a further 40% say it is somewhat more acute.

"The value of the target company cannot be determined accurately without knowing about the tax risks," warns the managing director of an investment bank in Canada, while the managing director of a private equity firm in Australia adds: "We have to hire local advisers who know more about these risks, and we then prepare a strategy for deals accordingly."

Certainly, 2021 saw an increase in cross-border tax concerns. These included increased scrutiny of large multinational deals taking place across multiple jurisdictions and with exposure to multiple currencies, as well as inbound foreign investment into the US, withholding tax concerns and transfer pricing.

Figure 17: Tax risk on the rise

How much more acute is tax risk to deal success now as compared to the recent past? (Select one)



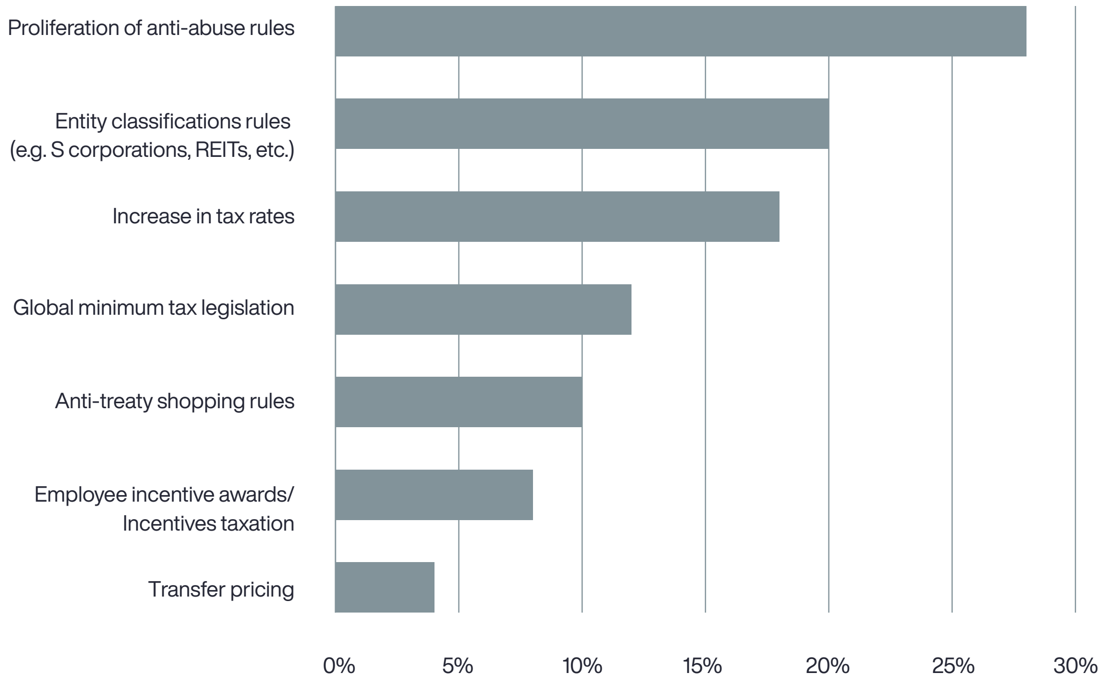
Indeed, dealmakers warn of growing tax risks on multiple fronts. More than a quarter (28%) pick out the proliferation of anti-abuse rules as their most pressing concern, but others include entity classification rules and increases in tax rates.

Mitigating these risks is increasingly important. For example, Aon's clients continue to secure tax insurance to remove the worry of inheriting liability for particular known tax issues in M&A deals throughout the world. And with the rapid speed at which deals were being completed in 2021, there was an increase in tax risk management outside of the traditional deal timeline, including post-closing mitigation strategies and target-level risk management before commencement of the bid process.

Many dealmakers report increased dependence on both talent and technology as they confront tax risk. "We find it useful to hire expertise on a temporary basis to assess tax risks," says the senior vice president for corporate development at a US corporate. "It is important to get an unbiased view about the tax environment and the challenges specific to the target." The partner of a British private equity firm adds: "We use technology to assess tax risks – artificial intelligence and automated functions can help us ascertain the actual risk level without forgetting about any important indicators."

Figure 18: Tax issues on many fronts

Which of the following tax-related issues is of greatest concern to you? (Select one)



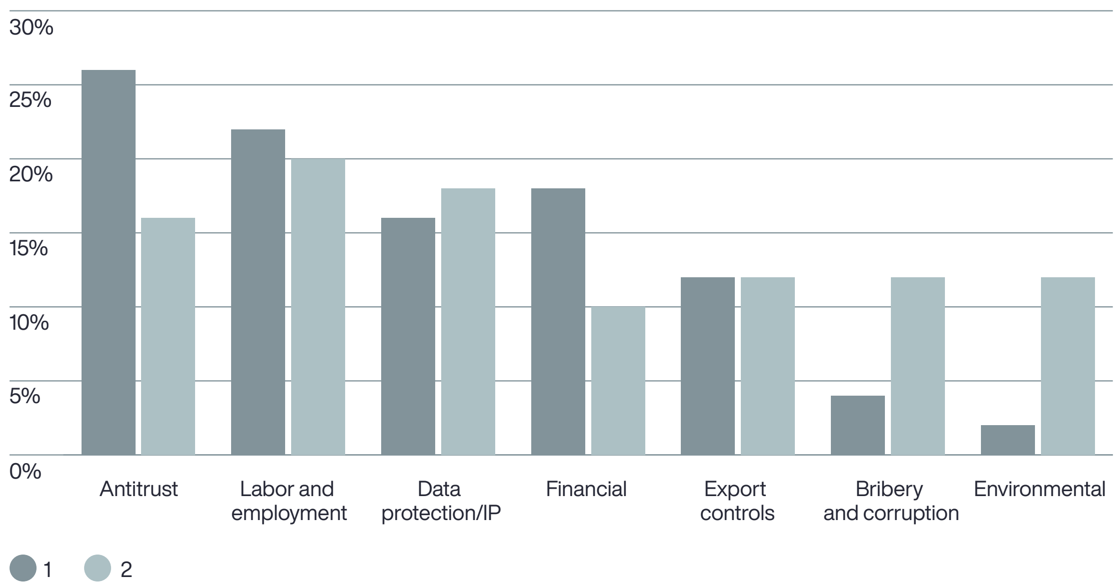
Courtroom drama

Litigation risk also worries many dealmakers. The biggest area of concern, cited by 26%, is litigation related to antitrust issues, mirroring respondent's most pressing anxiety about regulation. That is closely followed by labor and employment, which 22% of dealmakers identify as the area of litigation that worries them the most.

Other potential flashpoints include data protection/ IP, cited as the most concerning litigation risk by 16%, and financial disputes, singled out by 18% of respondents.

Figure 19: Litigation risk in focus

What type of litigation creates the most concern in a deal? (Select top two and rank 1-2)



The tech toolbox

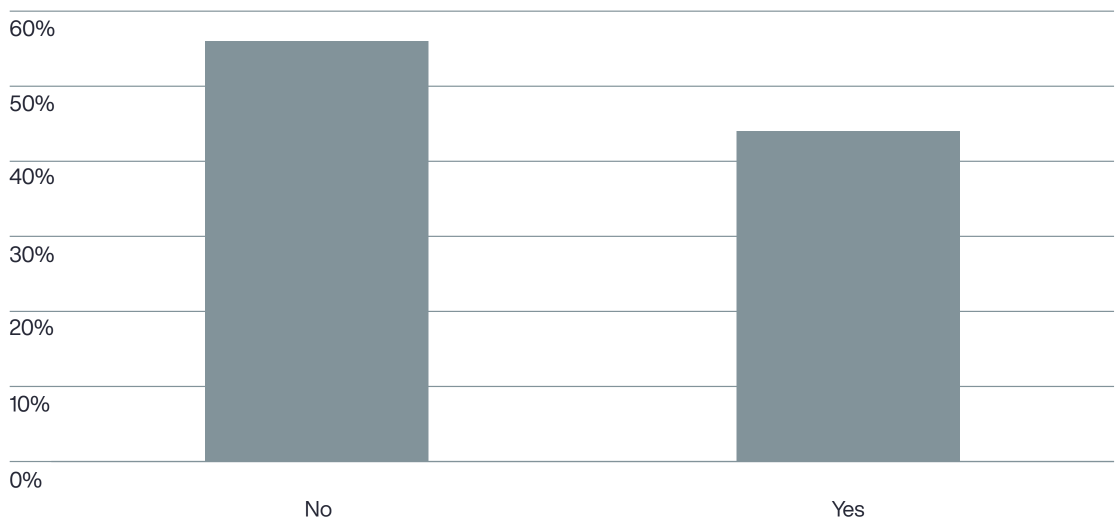
With other types of risk, different mitigation strategies make sense. In particular, 44% of dealmakers say they are currently employing some form of credit risk technology. Of that group, 50% say they now have access to a credit risk management system powered by artificial intelligence, while 41% point to their customer relationship management software.

Such tools can help reduce uncertainty, explains the partner of a private equity firm in the UK. "The pandemic has had a broad impact on credit markets; credit risk has become something of an enduring threat over the past few years," the executive adds. "We cannot predict the underlying risks."

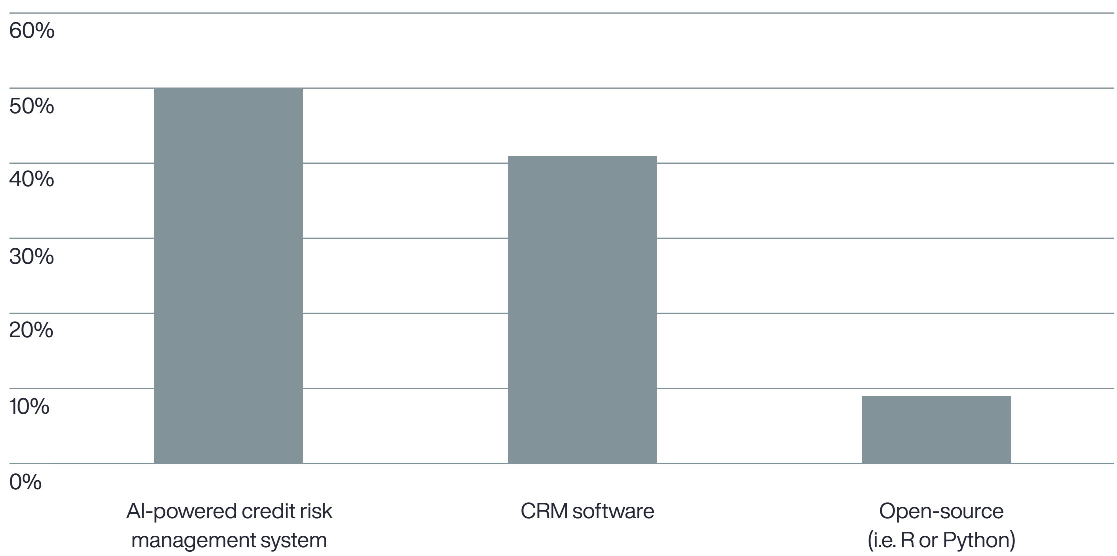
Other respondents are keen to see further development of technology solutions to help them in this area. "There are insufficient risk-assessing tools in the market," says the managing director of a US investment bank. "From a lender's perspective, the current environment is increasing credit risks – although lending trends are improving, the risks of the pandemic still remain."

Figure 20: Putting technology to work in credit insurance

A) Do you currently have a credit risk technology in place?



B) If yes, what tools are you currently using to address credit risk?



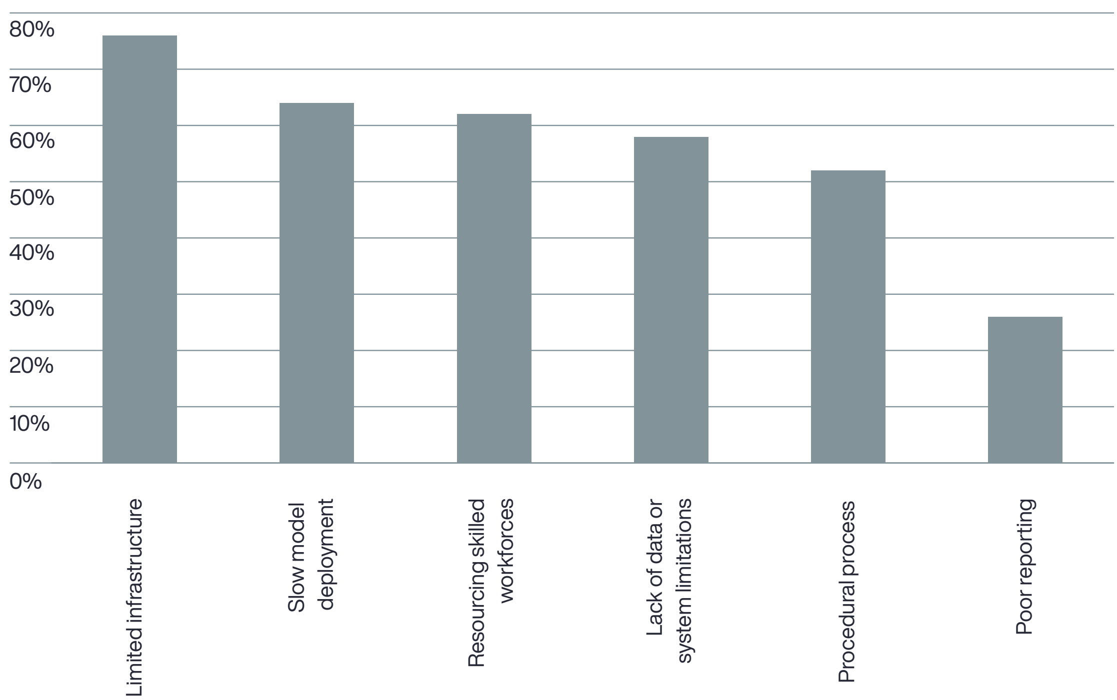
Many dealmakers worry there is still significant work to do to get the best out of technologies that address credit risk. More than three-quarters (76%) worry about their limited infrastructure, while 64% say deployment has been slow and 62% cite skills shortages.

With credit risk still elevated, these problems must be addressed. The corporate development director of a corporate in the Netherlands says: "Operating challenges have continued in 2022; there are companies in capital intensive sectors that have not been able to revive operations completely, which has led to higher credit risks."

While long established, awareness of how the insurance markets can address credit risk to transactions is limited. With a risk capacity exceeding $4 billion, live credit insights into over 100 million discreet commercial entities and a regulatory framework that can deliver cost of capital benefits, the insurance market offers dealmakers concrete opportunities to add value to transactions and portfolio companies. Aon has seen the successful structured non-payment, political risk and surety solutions on single and portfolio risks resulting in improved cash positions by enabling short-term financing, creating off-balance-sheet solutions for transaction-related demands for collateral, shortened cash conversion cycles and lower cost of capital.

Figure 21: Bars to credit risk technology

What are your greatest challenges in addressing credit risk using technology? (Select all that apply)



Conclusion: Key trends for the year to come

This report suggests that last year's resurgence of M&A can be sustained, with dealmakers looking forward to further transactions as they exploit recovering global growth and pursue digital transformation. The outlook looks especially promising for M&A in sectors such as TMT and in the APAC region.

Nevertheless, there are some dark clouds on the horizon. First, it is by no means clear that the COVID-19 pandemic is behind us. While many countries are finding ways to cope with the crisis, some lockdowns and restrictions as the virus breaks out on a localized basis seem likely – this is bound to impact dealmaking. In addition, Russia's invasion of Ukraine has hugely increased anxiety about geopolitical risk and threatens to hold back global growth. The longer the conflict lasts, the greater the impact on M&A is likely to be.

Then there are more specific risks. Regulation is on the increase across several fronts. Credit markets look more uncertain. Tax risk is rising too. Against this backdrop, the next 12 months are likely to be defined by four key trends.

Increased investment in technology.
Digital solutions played a crucial role in facilitating M&A even at the height of the pandemic; having seen the advantages of working this way, dealmakers will continue to invest. Technological innovation has the potential to support M&A in multiple areas, from understanding tax and credit risk to driving valuation models.

Enhanced use of risk mitigation tools.
With risk heightened and the outlook uncertain, dealmakers will look for more imaginative and creative methods of mitigating risk.

Increased financial due diligence.
Sellers continue to demand higher prices, but with an increasingly uncertain big picture outlook, and buyers becoming more dependent on third-party deal finance, a determined focus on the fundamentals of financial due diligence will be crucial.

The rise and rise of the ESG agenda.
From climate change risk to social issues, ESG considerations will play a role in every M&A transaction. In due diligence processes, buyers will increasingly scrutinize targets' ESG credentials, homing in on reputational risks as well as regulatory concerns.

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About

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