Proskauer

Question of the Week:

In 100 words or less, what are your expectations for M&A in 2023?

January 19, 2023

Based on what I have been seeing in the market, great opportunities exist for buyers and sellers in M&A despite indications of economic headwinds. Interest is still high for businesses with strong fundamentals, or those in generally cyclical-resistant industries, particularly as tack-ons for strategics or existing PE portfolio platforms. I also anticipate that the secondaries market will be quite active as sponsors may seek to extend hold periods for platforms that are disproportionately impacted by an economic dip.

Kristian M. Herrmann, M&A, Los Angeles

In spite of the challenging environment, there are reasons for optimism in 2023. Borrowing costs and economic headwinds are putting pressure on valuations, and financial sponsors have significant capital to deploy as those valuations become more attractive. Demand for infrastructure, healthcare, digital and software assets will remain strong. A weak pound will make UK assets attractive to foreign capital, and distressed situations will also create opportunities. Sponsors will seek value in complex transactions and will double down on strong assets through acquisitions. Top that with regulatory change and assertive regulators, and we have the ingredients for an interesting 2023.

Liam Arthur, M&A, London

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