Proskauer

Question of the Week:
As we begin the second half of 2023, what sectors or industries do you see the most opportunities in over the next 6-12 months?

July 17, 2023

"We have heard about the onslaught of potential distressed M&A since the onset of the pandemic. Now we are seeing those predictions come to fruition and expect to see more and more distressed M&A in the coming months – both in court and out-of-court workouts and restructurings, particularly in the consumer sector. In terms of so-called healthy M&A outside of the distressed context, we expect to see continued interest in the health care and life sciences and the infrastructure and renewables sectors, consistent with broader market trends."

Mike Ellis, M&A, New York

"We are going to continue to see opportunity in high-quality businesses across multiple sectors – well-performing assets will continue to trade. Sectors like financial services, business services and health care continue to provide good opportunities for consolidation plays and execution of buy and build strategies. We have seen a lot of recent interest in businesses which provide goods or services necessary to comply with regulation, which provide predictable recurring revenue and are non-cyclical. Across all sectors, we expect that complexity will play a part in unlocking value and anticipate an increased appetite for complex carve-out transactions."

Rebecca Villarreal, M&A, London

"Throughout the first half of 2023, we saw very high deal volume on the lower side of the middle market, and expect that to continue for the foreseeable future. From an industry perspective, we expect to see continued activity, across the deal size spectrum, within the health care, software, food and beverage and asset manager industries, as well as with companies with customer bases that include governmental entities. Finally, we expect the volume of secondaries transactions to remain high."

Chris Ahn, M&A, Los Angeles

"The first six months of 2023 was challenging for M&A, with the high cost of financing especially impacting large deal-making. In the second half, small to mid-cap transactions can be expected to continue to drive the market. Health care and software businesses should remain sought after and some sponsors will likely continue to postpone exits of certain of their investments and focus on build-up transactions for such assets. But with challenges come opportunities and we have seen an increased number of clients looking into distressed assets and completing acquisitions through liquidation processes run by courts. The current economic environment (increased price of debts, increase in raw materials) has resulted in more businesses being unable to carry out their operations and we can expect this trend to continue in the second quarter and opportunities to arise for businesses that are in a position to seize them."

Stephanie Martinier, M&A, Paris

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