



The M&A market in Europe: 2022 and expectations

In 2021, the mergers and acquisitions (M&A) market in Europe exceeded all expectations, setting a record that will be hard to beat.

The circumstances were indeed favorable: after a pandemic in which the economy suffered an unexpected halt, factors such as economic growth due to the return to activity, the need for companies to adapt to this new environment, and the policies of central banks that brought with them the availability of liquidity and easier access to debt, made 2021 the ideal year for the M&A market.

In contrast to 2021, 2022 has been less frantic. However, as several experts have pointed out, any comparison with 2021 should be made with caution, as 2021 was an exceptionally good year due to out-of-the-ordinary circumstances and cannot therefore be used as a frame of reference.

Even so, 2022 is proving to be a more turbulent year than anticipated due to several factors that have contributed to volatility and uncertainty. Included among these factors are the war in Ukraine, the rising cost of oil, gas and energy, the disruption in the supply chain, the aftermath of the Covid-19 pandemic, and growing rates of inflation.

In this context, consumers are understandably becoming more cautious and preemptive, paying more attention to the destination of their investments and the sectors in which they invest.

However, not all sectors have suffered the consequences of a decline in activity. Technology, biotech, pharma, and renewables are some of the industries that have succeeded in maintaining more stable operating levels.

According to experts, there is too much liquidity to have good expectations. Forecasts point to a phase in which many M&A transactions will take place, albeit in a somewhat more leisurely pace. In any case, the slowdown is not expected to turn into stagnation.

By 2023, M&A activity is expected to follow a growing trend, overcoming the turbulent scenario marked by the factors previously mentioned in an attempt for getting back to normality after a year of instability.

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