



Press Release

Date 16 February 2023

Contacts Nguyen Mai Huong, PwC Vietnam, Marketing & Communications

Email: nguyen.mai.huong@pwc.com

Tel: (+84) 28 3823 0796; Mobile: (+84) 986930 631

Pages 5 pages

60% of global CEOs are not planning to delay M&A deals into 2023, even as deals activity falls below record 2021 levels on recession fears

- **Global M&A continues to face headwinds but is expected to rise in the second half of 2023**
- **Asia Pacific M&A activities dropped, especially in China**
- **Technology, Media and Telecommunications remain the most active sector for M&A, with a quarter of global deal volumes and values in 2022**
- **Strategic M&A and portfolio optimisation remain C-suite priority and key to business transformation in 2023**

Viet Nam, 16 February 2023 – Global M&A activity will likely rise in the second half of 2023 as investors and executives look to balance short-term risks with their long-term business transformation strategies, according to PwC's [2023 Global M&A Industry Trends Outlook](#).

While global deal activity remains clouded by macroeconomic volatility including recession fears, rising interest rates, a steep decline in equity valuations, geopolitical tensions including the war in Ukraine, and supply chain disruptions, three-fifths (60%) of global CEOs say they are nevertheless not planning to delay deals in 2023, according to [PwC's 26th Annual Global CEO Survey](#).

The global M&A market faced a challenging 2022 with M&A volumes and values declining from record-breaking highs (65,000 deals) in 2021 – respectively by 17% and 37% – although remaining above 2020 and healthy pre-pandemic levels. In the second half of 2022, deal volumes and values declined by a greater portion – by 25% and 51%, respectively – compared to the year prior. However, the impact of various macroeconomic and geopolitical factors has not impacted M&A markets uniformly. India, for example, was an outlier in 2022, seeing activity rise by 16% and volume by 35% – to an all-time high – compared to double-digit declines in the US, China and many other territories.

The outlook finds that M&A – and particularly portfolio optimisation – continues to represent a strategic opportunity for market players – irrespective of challenging macroeconomic and geopolitical factors – and



remains a tool to help CEOs reposition their businesses, bolster growth and achieve sustained outcomes over the longer-term.

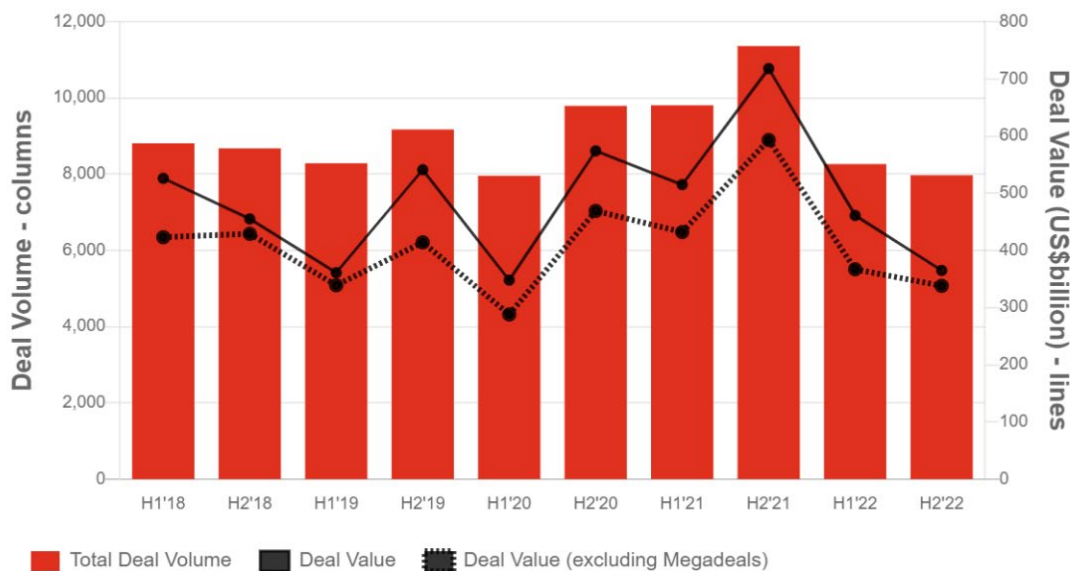
Global M&A Activity in 2022

Global M&A activity in 2022 varied by region, with more deals in Europe, Middle East and Africa (EMEA) in 2022 than in the Americas and APAC regions – despite higher energy costs and regional instability – highlighting a shift by investors to find opportunities and growth in other markets.

In EMEA, deal volumes and values declined by 12% and 37%, respectively, between 2021 and 2022. With approximately 20,000 deals in 2022, activity in the region remained 17% higher than pre-pandemic 2019 levels.

In the Americas, (approximately 18,000 deals) deal volumes and values declined by 17% and 40%, respectively, between 2021 and 2022. Deal values were particularly hard-hit and the number of US megadeals – transactions with a value exceeding US\$5bn – almost halved from 81 to 42 between 2021 and 2022, respectively. The decline in the second half of the year was more acute, with just 16 megadeals compared to 26 in the first half of 2022.

In the Asia-Pacific (approximately 16,000 deals), volumes and values declined by 23% and 33%, respectively, between 2021 and 2022. The greatest declines were observed in China – impacted by COVID-19 challenges and weakening demand for exports – where deal volumes and values decreased by 46% and 35%, respectively. Companies seeking access to Asian markets are increasingly looking beyond China – to India, Japan and other countries within Southeast Asia – for investment opportunities. India has emerged as an increasingly attractive destination for investment, overtaking Japan and South Korea in deal values to rank second in the region behind China.



M&A in Asia Pacific resets to the pre-pandemic level in 2022



Ong Tiong Hooi, Partner of Transaction Services, PwC Vietnam, said: *“The global economy is presently facing a lot of pressures such as inflation and impending economic downturn, and Vietnam’s M&A market is not out of that general disruption. However, Asia Pacific remains the ‘sweet spot’ for global growth due to a range of factors - including burgeoning intergenerational wealth transfers, accelerated sector modernisations, growing intra-Asian trade flows and a nascent focus on Environment, Social and Governance (ESG). In recent months, we are seeing many deal thematics emerge recently including ‘roll-ups’ in fragmented markets to build scale, strategic divestments from selected Vietnamese groups as they seek to balance out their cash flows for upcoming bond redemptions, carve-outs for large family businesses relevant to wealth transfer events, transacting as a catalyst to transform and innovate, and partial trade-sales and stakes to fund strategic expansions - particularly within Southeast Asia (SEA) to manage regional political and supply chain tensions”.*

M&A Outlook for 2023: What matters to Vietnam?

Macroeconomic volatility and geopolitical conflict are not having a uniform impact across industries. The following industry dynamics will create opportunities for M&A in 2023:

- **Technology, Media and Telecommunications (TMT):** Digitalisation for many businesses remains a key focus. Software deals will continue to dominate the sector – as much as they did in 2022 – having accounted for two-thirds (71%) of tech deal activity and three-quarters (74%) of deal values. Other areas which will likely be hot spots of M&A activity in 2023 include telecoms, the metaverse and video games.
- **Industrial Manufacturing and Automotive (IM&A):** Portfolio optimisation will drive divestitures and acquisitions, particularly those focused on sustainability and accelerating digital transformation.
- **Financial Services (FS):** Disruption from platforms and FinTech is driving rapid technological changes across FS and will boost M&A as players seek to acquire digital capabilities.
- **Energy, Utilities and Resources (EU&R):** Energy transition will remain a priority for investors and management teams, directing large volumes of capital to M&A and other capital project development.
- **Consumer markets:** While challenges remain on the consumer front in 2023, portfolio reviews and a focus on transformational transactions will create M&A opportunities
- **Health industries:** The need to innovate and transform businesses to achieve growth goals will drive M&A activity in 2023. Biotech, CRO/CDMO, MedTech, consumer-facing healthcare and digital health solutions are expected to attract strong investor interest.

Macroeconomic and geopolitical volatility will also impact market players differently, creating advantages for some, and challenges for others:

- **Corporates:** Strong balance sheets will present an opportunity for corporates given tight financing conditions.
- **Private Equity:** PE will be looking at new deals and will be focused on creating value in their portfolio companies, which in turn will involve optimisation, build-ups, and divestitures.
- **Credit Funds and Private Markets:** Their lending will gain M&A share from banks and become key to providing much-needed liquidity, particularly in mid-market deals.



- **Venture Capital:** VC may retreat from some riskier investments, but climate tech investing remains a potential bright spot with more than one-quarter of all VC funding now going to climate technologies, especially those focused on cutting emissions.

“With transformation and transactions at the center of CEOs’ value creation plans, 2023 is expected to be an exciting year for M&A. In Vietnam, we continue to see interest by investors in the renewable, healthcare, logistics and education sector, as they broaden their manufacturing facilities, expand market share and tap onto an educated workforce and growing consumer base. However, these local companies now have to start incorporating ESG into their business plans as investors start to place priority on these initiatives in their investment agenda”, said Ong Tiong Hooi.

-ENDS-

Notes

PwC’s Global M&A Industry Trends Outlook is a semi-annual analysis of global deals activity across six industries – consumer markets (CM), energy, utilities and resources (EU&R), financial services (FS), health industries (HI), industrial manufacturing and automotive (IM&A), and technology, media and telecommunications (TMT).

About the data: Commentary on M&A trends is based on data provided by industry-recognised sources. Specifically, values and volumes referenced in this publication are based on officially announced transactions, excluding rumoured and withdrawn transactions, as provided by Refinitiv as of 31 December 2022 and as accessed on 2 January 2023. This has been supplemented by additional information from Dealogic, Preqin, S&P Capital IQ and PwC’s independent research and analysis. The publication includes data derived from data provided under license by Dealogic. Dealogic retains and reserves all rights in such licensed data. Certain adjustments have been made to the source information to align with PwC’s industry mapping.

About PwC: At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 152 countries with nearly 328,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. © 2022 PwC. All rights reserved.