



Global M&A poised for growth as storm clouds recede

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North America acquirers closed 317 deals in 2023

ARLINGTON, Va., Jan. 10, 2024 (GLOBE NEWSWIRE) -- Global mergers and acquisitions (M&A) activity lost steam in the final three months of 2023, with buyers struggling to add value, according to new research on completed deals from leading global advisory, broking and solutions company WTW's Quarterly Deal Performance Monitor (QDPM).

Based on share price performance, companies completing M&A deals in the fourth quarter of 2023 underperformed the wider market by -13.6 percentage points for acquisitions valued over \$100 million between October and December 2023.¹ This result is an all-time low for any quarter since 2008 (when this study began) and follows a negative performance of -8.7 percentage points in the previous quarter.

Run in partnership with the M&A Research Centre at Bayes Business School, the full-year figures for 2023 reveal an underperformance by buyers of -7.2 percentage points compared with non-acquirers. This compares with the marginally negative full-year performance of -0.8 percentage points recorded in 2022. Despite these latest results, the long-term 15-plus-year trend shows deals have outperformed the market since the global financial crisis of 2007 - 2009 (+1.5 percentage points).

Global deal volume was down by 27%, with 619 transactions completed in 2023 compared with 853 in 2022, driven by persistent inflation, rising interest rates and geopolitical instability. Large deals (valued over \$1 billion) were down by 30% in 2023, continuing a steady decline that began in 2020, with 145 completed compared with 208 in 2022. Eleven mega deals (valued over \$10 billion) closed in 2023 compared with 15 in 2022. These numbers potentially indicate a new baseline and return to pre-pandemic levels.

"It has been a tough 12 months. M&A deals have been weighed down by geopolitical conflict, recession fears, rising interest rates and the high cost of capital," said David Dean, managing director, Mergers and Acquisitions, WTW. "Potential for disruption in 2024 remains considerable, exacerbated by a packed election calendar and a complex regulatory landscape raising more hurdles, scrutiny and longer timetables to complete deals.

"Despite these headwinds, inflation and the cost of financing seem to be stabilizing, and the record level of dry powder waiting to be deployed suggests a rebound of activity in 2024. With transactions facing greater scrutiny, however, successful bids will depend more than ever on exercising a high degree of caution, a focus on 'best-fit' deals and thorough due diligence."

Global M&A deals — annual performance

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Average annual performance (percentage point)*	+4.5	+5.5	+10.1	+5.4	-1.3	-3.0	-5.0	-1.9	+1.4	-0.8	-7.2

*The figures in the table show the annual median-adjusted performance of all acquirers.

North America acquirers closed 317 deals in 2023, 21% fewer compared with the 402 deals completed in 2022. European dealmakers also underperformed their regional index and showed a negative performance of -7.6 percentage points, with 117 deals in 2023. Deal volumes are down compared with the 203 deals in 2022.

Asia Pacific was the only region to outperform its regional index (+6.4 percentage points), with 155 deals completed in 2023. As with other regions, however, Asia Pacific volumes were down 23% compared with last year (200 deals in 2022).

Dean noted, "Macroeconomic volatility and geopolitical conflict will ensure conditions continue to test dealmakers over the next 12 months, driving the current trend of targeting smaller mid-market transactions that are easier to execute, are less risky to finance, and offer a unique and strategic fit within an acquirer's portfolio.

"We also expect joint ventures, strategic alliances and minority investments to gather pace in 2024 as companies respond to market disruption by sharing and mitigating risk in pursuit of strategic deals, with a renewed focus on technology not only as a source of growth but also to unlock greater value from M&A."

WTW QDPM methodology

- All analysis is conducted from the perspective of the acquirer.
- Share-price performance within the quarterly study is measured as a percentage change in share price from six months prior to the announcement date to the end of the quarter.
- All deals where the acquirer owned less than 50% of the shares of the target after the acquisition were removed; hence, no minority purchases have been considered. All deals where the acquirer held more than 50% of target shares prior to the acquisition have been removed; hence, no remaining purchases have been considered.
- Only completed M&A deals with a value of at least \$100 million that meet the study criteria are included in this research.
- Deal data are sourced from Refinitiv.

About WTW M&A

WTW's M&A practice combines our expertise in risk and human capital to offer a full range of M&A services and solutions covering all stages of the M&A process. We have particular expertise in the areas of planning, due diligence, risk transfer and post-transaction integration, areas that define the success of any transaction.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help organizations sharpen their strategy, enhance organizational resilience, motivate their workforce and maximize performance.

Working shoulder to shoulder with our clients, we uncover opportunities for sustainable success—and provide perspective that moves you. Learn more at wtwco.com.

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¹ The M&A research tracks the number of completed deals over \$100 million and the share price performance of the acquiring company against the MSCI World Index, which is used as default, unless stated otherwise.