Clifford Chance Global M&A Trends 2024 | Deal-making will be driven by the decarbonisation, digitalisation and deglobalisation trends

M&A activity will intensify in 2024, as the macroeconomic climate is now stabilising, with deal-making closing influenced by geopolitics, new technology, and the regulatory response to it, according to the recent Clifford Chance M&A Trends 2024 report.

The most dynamic sectors to watch are Energy and Healthcare, as the energy transition intensifies, and drug patent cliffs encourage the pursuit of inorganic growth. Generative AI is also expected to bring about significant transformation in the tech sector.

The 2024 global M&A Trends

1. Energy Transition: Shifting government policies drive M&A
Government policies and tax incentives are set to stimulate more investment in clean energy and decarbonisation projects in 2024. While COP 28 resulted in the 'UAE Consensus' to transition away from fossil fuels, there should, nevertheless, continue to be, consolidation in the oil & gas sector in 2024.

2. Tech: AI in the M&A spotlight
AI is the great technological advance of our era. As governments and regulators respond, we expect tech M&A to continue to be in the regulatory spotlight. The fragmented legal landscape around AI, and related uncertainty, will impact business strategies, leading to M&A activity.

3. Antitrust: Extended timelines and closer scrutiny
As regulatory and control procedures become increasingly complex globally, companies must carefully plan their M&A strategy in line with global merger control policies, foreign direct investment (FDI) policies and the EU Foreign Subsidies Regulation, so as to obtain the fastest possible closing. The rise of independent-minded regulators wielding increased powers adds unpredictability and risk to the process.

4. Supply Chains: Pursuit of supply certainty fuels M&A
Geopolitics, including the potential escalation of sanctions and export controls on China and possible Chinese countermeasures, are prompting companies to reimagine their supply chains. Many businesses are adopting regionalisation strategies to mitigate these risks, and the quest to secure supply chains will drive M&A activity across various industries in the coming year, from automotive to retail and e-commerce, and healthcare. Vertical acquisitions, strategic alliances, and joint ventures to ensure access to scarce resources and stability in supply chains are to be expected.

5. Private Capital: Unblocking deal pipelines

Private capital deals will be a key component of the increase in M&A volume and value this year. Stabilising interest rates and inflation levels, combined with more widely accessible debt, will give dealmakers confidence in underlying valuations, paving the way for more transactions. Increased scrutiny from buyers will put pressure on valuations, returns expectations and deal timeframes. On the sell side, the goal to ensure liquidity and return capital to investors will lead to a pragmatic approach throughout the sell process.

At local level, M&A opportunities continue to attract more high-profile investors, and strategic industries remain in focus.

"Romania aligns itself to the global trends and, in certain areas, even paces faster than developed markets", says **Nadia Badea**, *Clifford Chance Partner and Head of the M&A practice in Romania*. “The renewable energy industry has been extremely dynamic in recent years and, judging from the signals we receive from large clients we advise internationally, it will continue to attract important investors this year as well. We are also witnessing an acceleration of consolidation trends in key industries such as Banking, Retail, Healthcare or Technology".

Loredana Ralea, Counsel with the Clifford Chance Badea M&A practice, adds: "This year we expect the Romanian M&A market to achieve a performance level similar to 2023. However, the duration of transactions tends to be more extensive, on the one hand because of potential investors' tendency for more detailed analysis (due diligence) but also because certain industries or areas of analysis within the transactional process are faced with an increasingly complex regulatory framework. In this context, the successful completion of M&A projects, within reasonable timeframes, will depend on how the parties involved manage to strategically plan each transaction, right from the start."

M&A deals successfully advised by the Clifford Chance Badea team in 2023 include:

1. Advising Enel Group in the sale of its Romanian assets to Public Power Corporation (PPC) for approx. EUR 1.24 billion;

2. Advising US-based private equity fund J.C. Flowers & Co. in connection with the sale of First Bank to the Italian-based Intesa Group;

3. Advising the Austrian group Enery Power Holding in connection with the acquisition and financing of a photovoltaic park in Sarmaşag commune, Salaj county, with a projected capacity of 50 MW, from the independent electricity supplier Restart Energy One;

4. Advising Enel Green Power Romania with the acquisition implementation and closing related to the 63 MW photovoltaic park developed in Calugareni, Giurgiu county, acquired from the Greek group Mytilineos;

5. Advising Actis, the global investment fund in sustainable infrastructure, in relation to post-closing matters and project implementation aspects of the wind and solar energy projects with +2,000 MW combined capacity acquired in Romania.