



Intralinks Summit 2022: Navigating New Challenges in M&A

Published on Alvarez & Marsal | Management Consulting | Professional Services

(<https://www.alvarezandmarsal.com>)

January 20, 2023

Olivier Maltese, Managing Director with A&M's Corporate Transformation Services, recently joined a panel of experts at Intralinks' Strategic Insights Summit in London to discuss the outlook for mergers and acquisitions (M&A) in 2023. The panel discussed the macroeconomic headwinds that hindered dealmaking last year and how these factors will play out in the next quarters and years.

In the article below, we summarize the key takeaways from the session:

An improved outlook?

Despite a clear cooldown in M&A in 2022, panelists agreed there are reasons to be cautiously optimistic going into 2023. For example, corporate divestments, continued consolidation in sectors including healthcare and business services as well as opportunistic moves may support some activity in the coming quarters, despite the major headwinds. In addition, as the year progresses, it is expected that market participants will get more clarity on the outlook for interest rates and inflation, one of the key factors holding back acquirers last year.

That said, we may see some divergence between private equity-led and corporate dealmaking. While sponsors may prefer to stay on the sidelines for the time being given the difficulties around debt financing, well-capitalized corporates could move faster as they continue to look for assets that fit their long-term business strategy. Trade buyers may also be able to take advantage of undervalued deal targets currently in the market to achieve these strategies.

Carve-outs are another potential bright spot. Wider trends in ESG and net-zero, persistent supply chain pressures and increased shareholder activism are just some of the factors leading to a rise of portfolio reviews by large corporations that may end up in spin-offs. In a slowing economy, divestments can also allow companies to optimise cash flows and enhance equity value. As more businesses divest assets, new investment opportunities will open for buyers with high amounts of cash on hand.

Undervalued targets, Technology and ESG set to drive activity

A weak euro and pound could prompt investors to seize opportunities in the eurozone and in the UK, in particular.

Technology will continue to be a key theme driving M&A across all industries and geographies. Deals in the sector are being propped up by companies' need to respond to digital disruptions as well as to the current environment of weaker growth and inflationary pressures which requires cost optimization and other operational improvements within businesses.

In addition, global supply chains disruptions are drawing attention to M&A targets in the logistics and supply management space, including companies leveraging technology to improve and transform traditional logistics processes.

We have seen that environmental, social and governance (ESG) goals have been a hot topic in every industry, and this won't change this year. The growth of ESG investing will continue to demand companies to transform the way they do business; many will need to split, sell and adapt to keep ahead of activists and regulations. Meanwhile, new technologies will be needed to monitor ESG compliance and support the transition to net-zero, creating investment opportunities.

How can A&M help?

A&M's Corporate Transformation Services (CTS) helps companies leverage M&A and divestitures to unlock shareholder value. We help clients achieve the full benefits of an acquisition and help streamline the organization through asset portfolio reviews, divestments or restructuring of under-performing and non-core business units or assets.

We also help predict, prepare for and manage activist engagements. Our team offers pragmatic advice to help proactively align key stakeholders and execute a plan to address activist concerns and deliver shareholder value.

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