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<i>Contacts</i>	Nguyễn Thu Hà Tel: (+84) 24 3946 2246, Ext: 4692; Mobile: (+84) 979 893 020 Email: <a href="mailto:ha.nguyen@pwc.com">ha.nguyen@pwc.com</a>
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## Beyond COVID-19:

### **Deal-making in uncertain times introduces new considerations**

**Hanoi, July 10, 2020** - The impacts of the COVID-19 outbreak are drastically altering the global economic landscape, disrupting mergers and acquisitions (M&A) environment and opening up new deal considerations for any party involved.

The combination of initial shock that kept businesses' focus away from big investments and ongoing efforts to contain the virus in different parts of the world has put the brakes on both domestic and international deal-making. However, after this phase, the need for companies to divest and restructure their balance sheet will spark opportunities. Companies that made deals during uncertain times may outperform their industry peers – a PwC's analysis of companies having acquisitions during past recession suggests. As companies, private equity (PE) firms and other investors start reassessing portfolios and strategies, the appetite to buy will grow as others decide to sell in order to focus on their core businesses. Those in a solid position would consider acquisitions and be nimble to capture the market during the downturn.

Under the rippling effects the pandemic on world economy, deal-making for different industries, sectors and geographies have been impacted in varying ways. These factors are expected to change the M&A environment and raise new deal considerations. Potential buyers and sellers in this time of uncertainty need to be aware that traditional thinking might not apply in this new normal.

Amidst the unfolding disruptions in the global economic scene, results from **PwC's CFO Pulse survey** conducted in June 2020 suggest there remains a stable M&A appetite. 85% of companies responded that they are not changing their M&A strategy as a result of the COVID-19 pandemic.

In the case of Vietnam, given its safe and stable investment environment pre and even during the global pandemic spike, Vietnam is in a position where M&A could be largely anticipated to flourish post COVID-19. Observing the current situation, Ong Tiong Hooi, Transaction Services Partner, PwC Vietnam commented "We have noticed that the appetite for M&A activities has not dampened. It is understandable that local companies are now taking the lead as they are based in-country"



“With Vietnam’s economy on the road to recovery and the anticipated EVFTA taking effect, the next 6 to 12 months would be interesting to watch how the “new normal” unfolds.” added Tiong Hooi.

The M&A landscape will continue to evolve, and M&A traditional valuation models may no longer deliver. Recovery trajectories are expected to vary significantly across different industries and sectors. In latest publication by PwC Vietnam, **Beyond COVID-19: Deals consideration in a COVID-19 world** we look at potential revenue outlooks in sample markets and explore 8 key areas for companies who seek to either invest or to divest in this uncertain time.

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#### **Download the full publication:**

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