
News release

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M&A reached record heights in 2021 and deal momentum is set to continue in 2022: PwC analysis

- *Record-breaking 57% increase in global deal values and 24% increase in global deal volumes from 2020 to 2021.*
- *Asia Pacific also recorded an impressive 17% growth in deal volumes over the prior year.*
- *Private equity (PE) deals are on course to grow their share of M&A as almost 40% of deals in 2021 involved a PE fund, up from just over a quarter over the past five years.*
- *Portfolio reviews and divestitures are among key trends as corporate dealmakers seek to reinvest and optimise their assets for growth*
- *Outlook for 2022 remains positive, with cautions needed to beware of growing macroeconomic and regulatory headwinds.*

23 February 2022 – After a record-breaking year for M&A in 2021, optimism for another supercharged year in 2022 remains, despite growing market headwinds. PwC's latest [Global M&A Industry Trends 2022](#) revealed a strong deals pipeline, the availability of abundant capital, and an ongoing intense demand for digital and data-driven assets as the reasons why.

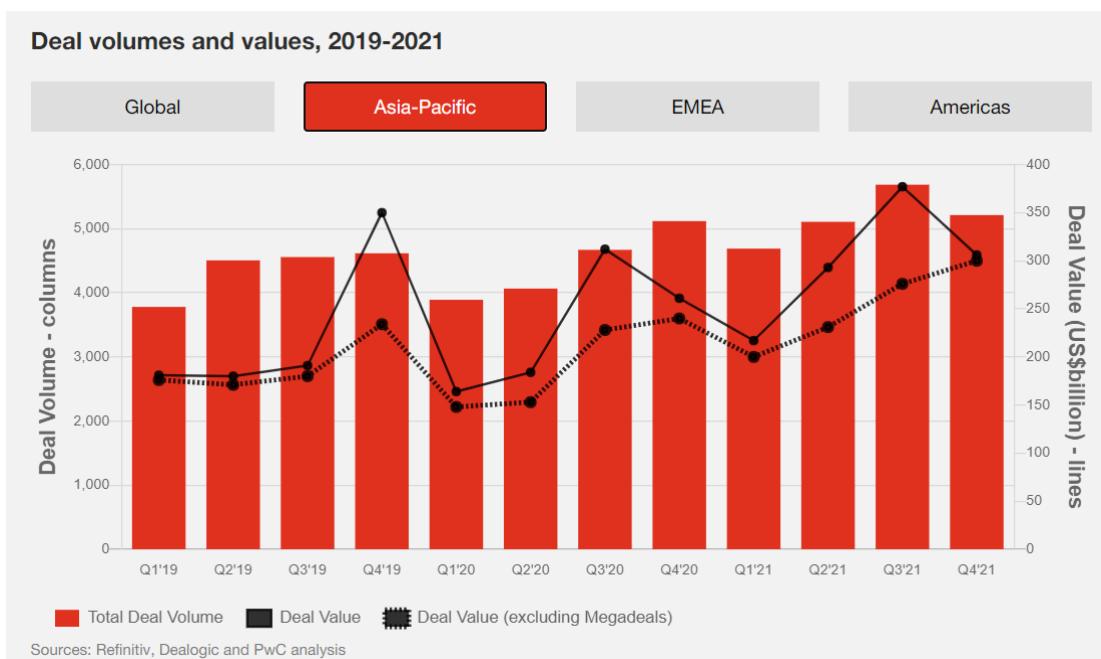
The analysis examines current global deals activity and incorporates insights from PwC's deals industry specialists to identify the key trends driving M&A volumes and valuation multiples.

2021: A record-breaking year for M&A

2021 was a remarkable year for M&A in both volume and value – by a long shot. The number of announced deals exceeded 62,000 globally in 2021, up an unprecedented 24% from 2020. Publicly disclosed deal values reached all-time highs of US\$5.1 trillion – including 130 megadeals with a deal

value of US\$5 billion or more – 57% higher than in 2020 and smashing the previous record of US\$4.2 trillion set in 2007.

M&A activity last year was fueled in large measure by intense demand for technology, digital and data-driven assets, and the unleash of pent-up deal-making demand from 2020. The record levels of deal-making in 2021 were evident across all regions, reflecting the strong bounce-back in the global economy, with Asia Pacific showing a 17% growth in deal volumes over the prior year.



Spotlight on Private equity as a rising player

Private equity (PE) continues to capture more, and larger, deals. Almost 40% of deals in 2021 involved a PE fund, up from just over a quarter for the past five years, and PE firms are doing bigger deals, accounting for 45% of total deal value in 2021, compared to 30% over the past five years.

Heading into 2022, PE has ramped up its deal capacity. Global PE capital ended 2021 at US\$2.3 trillion, 14% higher than the start of the year – providing plenty of fuel for M&A activity in 2022. While funding is abundant, there will be increasing pressures on PE to find ways to create value in an environment of rising interest rates, higher multiples and Environment, Social and Social (ESG) pressures.

Key themes driving M&A: Divestitures and ESG

On the corporate side, we expect the strategic shift to digital, innovative and new disruptive business models to continue to drive M&A decision-making. With market conditions that demand a greater value creation mindset across global boardrooms, CEOs will also likely focus on divestitures, as they rebalance their portfolios for longer term growth and profitability.



ESG factors will also increasingly influence M&A strategies throughout 2022 as investors use ESG criteria to assess risks and to identify value creation opportunities. With growing commitments being made to reduce carbon emissions by companies and PE funds, we anticipate increased capital will be mobilised for transition to greener sources of energy, creating opportunities for robust M&A activities.

Ong Tiong Hooi, Transaction Services Leader and ESG Lead of Deals Services, PwC Vietnam, commented on the rising prominence of ESG: “In response to growing demand from investors and clients, ESG factors now rank highly in the boardroom agenda. Companies today see ESG as an opportunity to unlock value. In recent years, there has been significant commitment to ESG by many Vietnamese listed companies from traditional businesses to renewables. It is not surprising then that M&A will be used to rebalance portfolios and companies with strong sustainability values and robust ESG initiatives will have access to a larger pool of high-quality capital.”

A soaring outlook for 2022 despite headwinds

As economic optimism remains high, the global M&A market is expected to soar in 2022, with deal volume and valuations continuing to reflect a dynamic market and an abundance of capital.

However, the pandemic-induced disruptions to the global economy present numerous structural or financial hurdles for deals in 2022, including higher interest rates, rising inflation, increased taxes and greater regulation. Even so, business leaders are seemingly undaunted by these macroeconomic headwinds as 77% of CEOs expect global economic growth to improve during the year ahead, finding from the [25th edition of PwC's annual global CEO survey](#). Furthermore, over 50% of CEOs reported high levels of confidence for revenue growth in their own companies over the next 12 months; led by CEOs of private equity (67%) and technology companies (64%), two sectors which saw the highest M&A volumes and values in 2021.

Sharing on the future outlook, **Tiong Hooi** added: “Deal activities across the world and in Vietnam are expected to remain vibrant in 2022. In order to maintain competitive advantage, dealmakers should be on the lookout for potential deal disruptors such as financial market volatility and macroeconomic headwinds. The next 6 to 12 months could be exciting times for Vietnam M&A, following supportive regulations and policies of the government. The local market is expected to maintain a good growth momentum with many opportunities for domestic investors as well. There are strong prospects for Vietnamese corporations to compete on a greater scale.”

//ENDS.



Notes to editors

PwC's Global M&A Industry Trends 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).

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