

2020 Market Impact Report

Key Takeaways



Clearsight Advisors
Investment Banking

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Strategic acquirers and private equity groups (PEGs) face unique challenges in adapting to the post-pandemic M&A environment. The COVID-19 crisis affects every phase of the M&A process, from funding deals to facilitating buyer-seller interaction. Understanding the front line impacts from strategic and PEG stakeholders is vital as the market moves toward recovery.

Clearsight's May survey of M&A professionals revealed optimism in the market with unique opportunities for firms that maintained growth during this period.

82%

Total respondents who expect the M&A market to return to pre-pandemic levels by the second half of 2021

Strategic Acquirer Findings

46%

M&A mandate unchanged, operating as usual or more active than usual

64%

Expect '20 deal volume to stay the same or increase as compared to '19

66%

Expect the M&A market to return to '19 levels by the first half of '21

55%

Expect valuation multiples to increase or decrease by less than 20%

Private Equity Group Findings

64%

Investment posture unchanged, operating as usual or more active than usual

54%

Expect '20 add-on deal volume to stay the same or increase as compared to '19

40%

Expect the M&A market to return to '19 levels by the first half of '21

79%

Expect valuation multiples to increase or decrease by less than 20%

Looking Further

Both groups show optimism, with nearly half of strategics operating as usual or more active from an M&A perspective. PEGs are at similar levels with 64% at or above average activity.

PEGs have a more conservative outlook on COVID-19's effect on valuations, with 79% expecting value to decline by 0-20%. Strategics were slightly more optimistic with 55% expecting valuation multiples to remain steady or decline by less than 20%.

For both groups surveyed, there is a willingness to remove impacts of COVID-19 when assessing a company's financials. For strategics, 76% are willing to value a business based on "normalized" financials or thought it was too early to tell. For PEGs, 87% shared this view.

Survey Methods

Clearsight's 2020 Market Impact Report was compiled from an anonymous survey conducted in May 2020 in response to the economic impact of the COVID-19 pandemic on the global M&A market.

Objectives

- Gauge the impact of COVID-19 on acquirer attitudes
- Assess strategic changes in investment focus areas
- Identify impacts of the crisis on valuation multiples
- Determine expected changes in the debt markets and their effects on deal structure

Audience

Clearsight surveyed C-suite executives, founders, and corporate development professionals from a range of industries including digital transformation, business consulting, IT & BPO services, and private equity. Respondents represent North America, South America, Europe, Africa, and Asia.

Access the full report here: bitly.3dYJrz2

About Clearsight

Clearsight Advisors is an independent merchant banking firm dedicated to driving the Knowledge Economy by providing world-class M&A and capital raising solutions exclusively to growth-oriented Business Services and Technology companies. Clearsight combines deep market insights across software, services and data. Clearsight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information about Clearsight, visit www.clearsightadvisors.com



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