

M&A Shakes Off Pandemic in Q4: Crosbie & Co.

Deal volume hit a quarterly record in Q4, value exceeded rest of 2020 combined

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February 18, 2021

Merger and acquisition activity that was paused when Covid-19 hit came roaring back in the fourth quarter of 2020, according to new data from Crosbie & Co.

The firm reported that deal volume surged to record levels in Q4, with 935 announced transactions. M&A activity rose 16% from the third quarter, which rebounded (rising 34%) after a very weak second quarter due to the effects of the pandemic.

The record fourth quarter pushed the annual transaction total to 3,136 in M&A deals, just shy of the tally for 2019.

“We saw a surge in transaction announcements in Q4 as many transactions that were put on hold in the first half of the year due to the pandemic were revived and completed,” said Ian Macdonell, managing director at Crosbie & Co., in a release.

Amid the record volume, total deal value for Q4 came in at \$84.5 billion, which Crosbie reported exceeded the total for the rest of 2020.

Aggregate value of the first three quarters of 2020 was \$78.8 billion.

There were 16 so-called “mega deals” — transactions valued at over \$1 billion — in the fourth quarter, totalling \$58.7 billion.

Crosbie said that the deal flow in Q4 increased across numerous industry sectors. The tech sector led in the number of deals with 117 (totalling \$8.4 billion), while the financial sector came out on top in terms of value with \$16.2 billion worth of deals (across 83 deals).

Despite ongoing travel restrictions, cross-border M&A activity “remained strong” in the fourth quarter, Crosbie said; noting that cross-border transactions accounted for 44% of aggregate deal activity and 69% of aggregate value.

“It will be interesting to see how the next cohort of deals unfolds as we have a generally positive environment for M&A based partly on an expectation of a relatively rapid economic recovery despite recent delays in the rollout of Covid-19 vaccinations,” Macdonell said.