Global CEOs prepare for takeover spending spree following boom in UK markets

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By LLB Editor

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With AA motoring group, Asda, Morrisons and Stock Spirits taken over by private equity firms such as CVC, the UK market has recaptured the globe's attention, having seen an unprecedented wave of deals. Stemming from initial undervaluations due to Covid-19 and Brexit, Schroders indicated that on average, UK companies were being undervalued by around 30%, leading to a rush for takeovers and mergers of these UK firms.

However, bankers and professional service and accounting and consultancy firms have rejoiced at the $343.1 billion worth of M&As (double the volume of 2019 and the highest since 2000) completed since the start of the year, making their work essential amidst an unprecedented year of uncertainty. Now, as the globe responds and the global economy sees signs of recovery, CEOs of global companies gear up to take this trend the UK has seen global.

As such, mid-sized firms, such as Theta Global Advisors have responded, disrupting the sector this year, taking on many of these large clients, and offering more tailored solutions for their M&A processes. This is now another opportunity for these firms to further monopolise and aid both buyers and sellers in the private sector to ensure neither party falls flat at a time of rapid deals, and surges in cashflow and financial backing driving deals quicker than ever before.

Chris Biggs, Partner at Theta Global Advisors – an accounting and consultancy disruptor – has commented:

“2021 is proving to be a record year for M&As and other kinds of deals as a large amount of uncertainty melts away that has lingered from Covid and Brexit. It is a perfect storm of returning optimism, loosening restrictions and undervalued firms. We have been instructed on a number of deals in the past few weeks and this looks set to carry on for the foreseeable, something that will be a boost to firms and especially those below the Big Four.

“The UK market has seen a strong wave, and this trend is looking like it is set to go global as major firms gear up to undertake similar takeovers globally in a similar manner to what UK companies saw this year. For those companies investing now into developing and maintaining strong equity stories, the future seems far more stable. A strong equity story will allow these companies to continue to ride this wave and make plans for healthy developments as a company, developing financially in a sustainable manner going forwards.

“The UK has set up a plan for recovery that is extremely investment-friendly post-Covid. Despite the initial impact of Brexit with deals and investments moving abroad, we are seeing the financial services sector adapt, with mid-sized firms offering agile, diverse services to their clients with less risks for conflicts of interest (as we have seen previously) as companies begin processes for a boom in global takeovers.“As business look to avoid actual or perceived conflicts of interest, I can see a big shift towards smaller firms. It is easy to get lost in a sea of big clients if your firm is not a key account, but when working with smaller accountancy practices your needs are prioritised no matter how big you are or how tailored a solution you might need as a CEO or CFO. This has come into increased focus throughout the pandemic and will continue long beyond it.”