

# UK M&A deals continue to rebound after pandemic

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Saleha Riaz



A notable domestic acquisition was National Grid's £8bn acquisition of British firm Western Power Distribution. Photo: PA

The total value of mergers and acquisition (M&A) activity taking place across the UK has gone up significantly in the second quarter of 2021 compared to the first, as lockdown restrictions eased, government data has revealed.

According to the Office for National Statistics (ONS), the total value of inward M&A — foreign companies abroad acquiring UK companies — was £27.7bn (\$38bn) in Q2, £19.4bn more than the previous quarter.

The value of domestic M&A — UK companies acquiring other UK companies — was £10.6bn in Q2, an increase of £6.1bn.

Two notable domestic acquisitions were National Grid's (NG.L) [£8bn acquisition of British firm Western Power Distribution](#); and water giant Pennon Group (PNN.L) buying the company behind Bristol Water from its US, European and Japanese owners for £425m.

Outward M&A — UK companies acquiring foreign companies abroad — was valued at £6bn in the second quarter of this year, which was £4.3bn more than Q1.

"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," said Chris Biggs, partner at accounting and consultancy firm Theta Global Advisors.

"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."

However, the ONS said monthly M&A activity, which hit a peak in March 2021 at 246 deals, fell considerably to 127 in April 2021 and stayed around that level to June 2021 (131).

The total number of monthly cross-border and domestic deals had fallen to a low of 58 in May 2020 amid the pandemic.

It has also been reported that global M&A activity has hit new records — according to Refinitiv, the total value of pending and completed deals announced in 2021 has already touched \$3.6tn year-to-date, surpassing the full-year tally of \$3.59tn in 2020.