

SECTOR SPECIFIC M&A ON THE RISE - ABBC

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A few years ago, companies from an industry sector would just buy or invest in other sectors as much as they could and this diversification got everyone excited, says Nuno Azevedo Neves, Commercial and Corporate Partner at ABBC & Associados.

"The crisis then kicked in and there was no more finance and no more transactions. Companies found themselves diversifying, but this time in order to survive."

Now, in completely different market conditions, Azevedo Neves is seeing an increase in M&A activity once again. But although the transactions are not particularly specific to any one industry, they are specific to the individual business. While it's early days, companies appear to be growing, but are doing it within their sectors, he explains.

Azevedo Neves believes that this is partly due to the fact that for all the predictions of what would happen after the downturn, the current climate has shown that it was never a sectoral issue in the first place – it was because the financing model changed. "Subsequently, any decrease in M&A activity couldn't then be attributed to any particular industry, except in as much as certain kinds of businesses that previously had easy access to financing fell by the wayside. And those that were able to leverage their own resources had to do a lot of work to adapt to this new structure."

Out of this downturn a new sector-specific reality for businesses and financial investors has emerged, therefore.

"In terms of M&A activity, the market conditions are no longer dramatic and things are starting to move forward," he concludes. "What we have seen over the last year is that when those opportunities come up, businesses now know their sector."