



# European Acquisition Finance Debt Report 2017

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Welcome to DLA Piper's European Acquisition Finance Debt report 2017 . This report, now in its eighth year, presents detailed results of our survey of 300 participants active in the European acquisition finance debt market.

- The market had a robust year in 2016 despite a hiatus in deal activity following the Brexit vote
- 87% of banks, alternative lenders and advisory firms stated that deal activity was either in line or exceeded expectations at the beginning of the year
- Only 13% said deal activity in 2016 was below their expectations at the outset of the year

2016 was yet again a robust year for deal activity despite a slowdown immediately before and for a period after the Brexit vote. The majority (87%) of survey respondents across Europe reported that deal activity was at least in line with their expectations at the beginning of the year.

The first five months of 2017 have been notably quieter, particularly in the UK. This could be an indicator of deal flow for the rest of the year. Only a quarter of survey respondents forecast an increase in deal volumes in 2017, the lowest number in the last eight years.

What has caused the slowdown? A key factor is the diverse quality of assets that are coming to market. Good quality credits are frequently subject to highly competitive auction processes, often involving trade buyers, in which borrowers are able to drive terms from lenders competing for the mandate. But there are also a large number of lesser quality credits coming to market at valuations that buyers are not prepared to match (and their lenders not prepared to support), resulting in aborted processes.

Of course, many political factors are also at play. Elections in France and the UK have already taken place this

year and German elections will take place in September. Deal activity is often quiet in the months preceding an election. Also, while deal activity picked up in Q4 2016 following the Brexit vote, deal volumes could be impacted by residual uncertainty around Brexit negotiations.

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