Gatti Pavesi Bianchi

# An opportunity in crisis

## Italian M&A and PE activity in 2019–Q1 2020

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# M&A value in 2019 weakens, but volume stays solid

## Holding steady

2019 saw deal volumes hold relatively steady, even as deal value dropped

**637 DEALS**

**1%** annual drop

**€37.3 BILLION** in deal value

## PE volumes climb

PE buyouts volumes rose in 2019

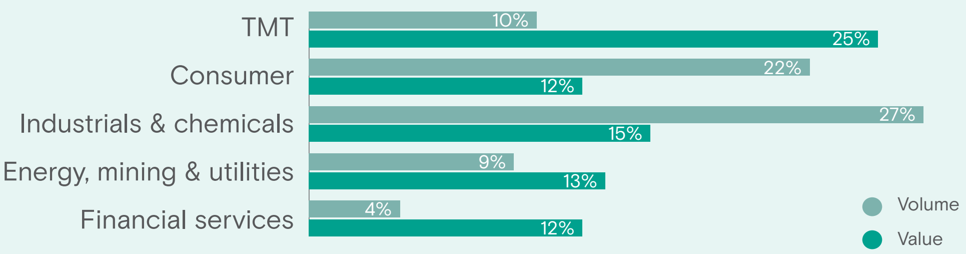
**121 BUYOUTS**

**9%** rise in volume

**€8.4 BILLION** in total value

## Sector Focus

Five sectors dominated M&A in 2019




## Big deals in Q1

Q1 2020 recorded a drop in deal volume from the year before, although value rose thanks to a few large transactions

**€4.8 BILLION** the largest deal in Q1, Intesa Sanpaolo's takeover of UBI Banca

**12%** YOY drop in deal volume

**€12 BILLION** total deal value in Q1

**187%** YOY rise in deal value

# Foreword:
# Where we are

Business cycles are guaranteed, but few anticipated a global recession precipitated by a viral pandemic that sent the world into an almost simultaneous lockdown. The precise impact of the coronavirus on Italy and Europe's wider economy are not yet known, but what is clear is that we are facing a deep recessionary environment. Consumer demand has slumped, and many industries have slowed to a crawl, some temporarily shutting altogether, with just a small number significantly benefitting from the nature of this unprecedented situation.

Italy was the first country in Europe to be hit by the pandemic and has been one of the worst affected, its death rate only overtaken by the UK in early May. The country's industrial and economic heartland in the northern regions of Lombardy, Veneto and Emilia-Romagna – home to Italy's world-renowned textiles, fashion, luxury goods and car industries, and which account for nearly half of the country's GDP – was the epicentre of the outbreak. Official figures show the economy contracted by 4.8% year on year in Q1, the steepest decline since the national statistics bureau ISTA began tracking the economy 25 years ago. This compares with a eurozone average fall of 3.8%. Government forecasts for the year, meanwhile, indicate a contraction of as much as 8.0% in 2020, while the International Monetary Fund (IMF) believes the figure will be 9.1% – again steeper than the 7.5% contraction it forecasts for the eurozone.

Consequently, buyout activity and M&A more broadly are going to take a significant hit in 2020 – that much is certain. The early signs of this can be seen in the first quarter of the year. There were 12% fewer deals than in Q1 2019, making it the weakest quarter in five years. It should be expected that Q2 will be an even more challenging quarter for dealmaking.

However, Warren Buffet's "be greedy when others are fearful" maxim rings loud at this time. We anticipate that M&A will be depressed as the majority of corporate investors will indeed be fearful. Public markets will not reward risky corporate spending. Instead, stock market investors will seek companies with strong balance sheets, stable growth and low volatility. Pharmaceuticals, non-discretionary consumer, and tech are in a strong position to prosper in this environment and those businesses which carry low levels of debt and high levels of cash may selectively target M&A opportunities now that valuations have fallen by circa 25% – and have the potential to drop further as 2020 unfolds.

Private equity funds have an even greater opportunity to deploy capital than their corporate counterparts. High-quality assets will be available at attractive valuations and distressed companies in need of support will require capital restructuring. Much of this will come down to timing. Those PE managers that successfully raised funds prior to the global coronavirus pandemic are well-positioned to benefit from this sharp downturn in the economy; those who need to raise fresh funds find themselves in a more difficult position and may miss out on a buyout opportunity.

# Introduction:
# 2019 in review

While it's necessary to consider how the public health and economic scenario we are facing will develop in 2020, let's first look back at 2019 and the beginning of this year. The M&A market in Italy has been highly active, but there were already signs in 2019 that investors were taking less risks. The level of capital put to work displayed a marked decrease, even while deal numbers remained at historically elevated levels.

Year-on-year dealmaking volume held steady, decreasing by just 1% to 637 transactions, making it the country's second-strongest year on record, according to Mergermarket data. At the same time, total deal value saw an annual decrease of 33% to €37.3bn, the weakest total since 2014. This ebb in deal value is illustrated by the modest size of the year's largest transactions. The top ten Italian deals were worth a combined €15.9bn, a fraction of AbbVie's €76bn acquisition of Allergan, Europe's largest M&A deal of 2019.

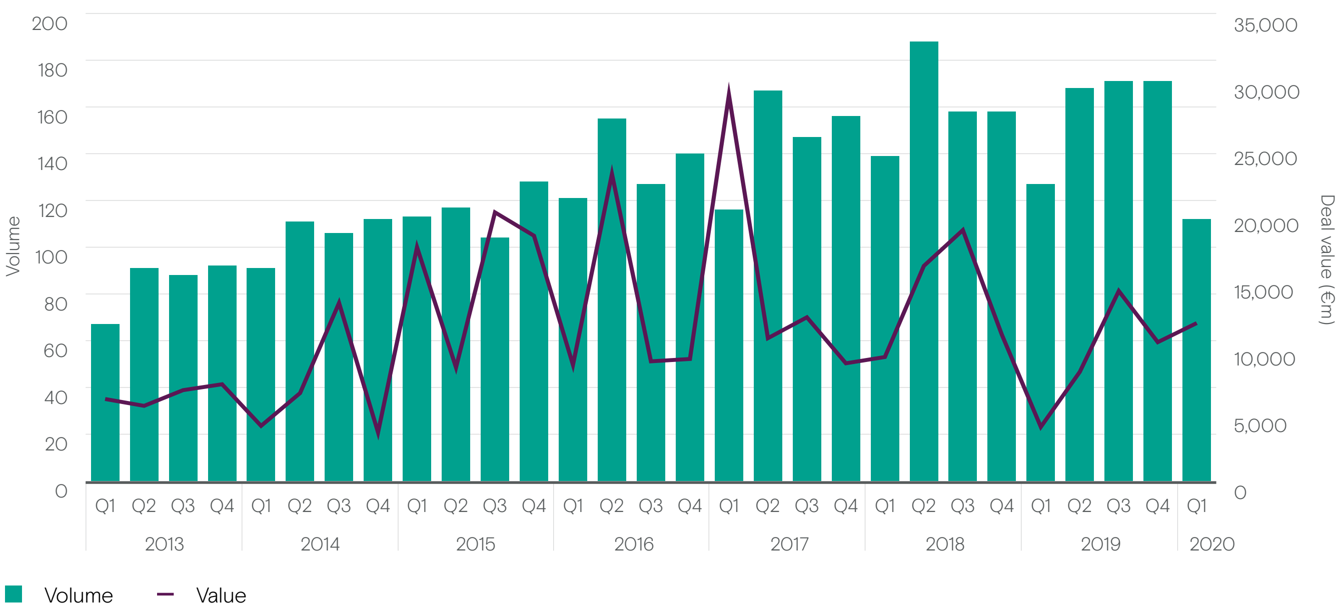
Italy's top deal came in at just €5.3bn and was an unusual arrangement. After receiving several offers for various parts of its tower portfolio, Vodafone Group decided to legally separate the infrastructure in to a 'TowerCo' with a dedicated management team in order to monetise the assets. As part of that Europe-wide deal, Vodafone Italy combined its 11,000-strong tower portfolio with Infrastructure Wireless Italiane (Inwit).

**637**

Total number of M&A transactions in Italy in 2019

Another of the largest transactions of the year was also unusual – Banca Popolare di Bari was placed under special administration in December after it struggled with mounting loan losses amid economic weaknesses in the bank's home region in the south. State-owned Banca del Mezzogiorno-Mediocredito Centrale and the Interbank Deposit Protection Fund took part in a rescue of Popolare di Bari worth €1.4bn.

### ITALIAN M&A ACTIVITY, 2013-Q1 2020



This was followed in size by the largest PE buyout of the year, the sale of Doc Generici. The manufacturer of a portfolio of generic drugs used to treat cardiovascular, gastrointestinal and metabolic conditions was bought by Intermediate Capital Group (ICG) and Merieux Equity Partners for an enterprise value of €1.1bn.

Notably, the Doc Generici transaction was one of only two transactions in the top ten of the year that featured overseas acquirers, in this case from the UK (ICG) and France (Merieux). The other, also a PE buyout, involved US firm Carlyle Group purchasing Forgital, a manufacturer of aerospace and industrial components, for an enterprise value of €1bn.

Although the top deals of the year were dominated by domestic activity, overseas buyers were active in other segments of M&A. There were a number of inbound deals in the mid-market, including UK-based Farfetch's acquistion of fashion firm New Guards for €603m and US-based PE Platinum Equity's acquisition of a majority take in winemaker Farnese Vini for €175m.

In what is indicative of a country dominated by first-class family-run businesses, the Forgital deal saw members of the founding Spezzapria family exit. It is estimated that there are 784,000 family businesses in Italy, representing more than 85% of the total number of companies and constituting around 70% of employment. A significant portion of these fit the profile for PE investment, from SMEs all the way up to multibillion-euro firms.

The availability of attractive targets in Italy's rich business ecosystem helped to propel PE buyouts to a record high in 2019 of 121 deals, a 9% rise on the 111 transactions registered in 2018. Annual total deal value, however, softened year on year to €8.4bn, just over half of the €16.7bn in annual value for 2018. Even so, 2019 was a strong year and the third-highest measured by invested euro since the global financial crisis, behind only 2018 and 2017.

## TOP DEALS IN 2019

| Announced date | Target company | Sector | Bidder company | Bidder dominant country | Deal value €(m) |
|---|---|---|---|---|---|
| 26/07/2019 | Vodafone Group Plc (11,000 Italy Towers) | Telecommunications: Hardware | Infrastrutture Wireless Italiane S.p.A. | Italy | 5,270 |
| 08/02/2019 | Salini Impregilo S.p.A (33.63% Stake) | Construction | Salini Costruttori SpA; CDP Equity S.p.A. | Italy | 2,025 |
| 30/12/2019 | Banca Popolare di Bari | Financial services | Banca del Mezzogiorno - MedioCredito Centrale S.p.A; Fondo Interbancario di Tutela dei Depositi (FITD) | Italy | 1,600 |
| 04/08/2019 | DOC Generici s.r.l. | Medical: Pharmaceuticals | Intermediate Capital Group Plc; Merieux Equity Partners S.A.S. | United Kingdom | 1,100 |
| 13/06/2019 | SIAS - Societa Iniziative Autostradali e Servizi S.p.A. (33.31% Stake) | Transportation | ASTM S.p.A. | Italy | 1,082 |
| 29/05/2019 | Forgital Group S.p.A. | Industrial products and services | The Carlyle Group | USA | 1,000 |
| 14/05/2019 | Auchan S.p.A | Consumer: Retail | Conad Consorzio Nazionale Dettaglianti - Societa Cooperativa a r.l. | Italy | 1,000 |
| 23/12/2019 | Sorgenia SpA | Energy | F2i SGR SpA; Asterion Industrial Partners SGEIC, S.A. | Italy | 1,000 |
| 19/12/2019 | Intesa Sanpaolo (merchant banking operations) | Financial services | Nexi S.p.A. | Italy | 1,000 |
| 11/07/2019 | SIA S.p.A. (33.63% Stake) | Internet / ecommerce | CDP Equity S.p.A. ; FSIA Investimenti | Italy | 818 |

# A new dawn: Q1 2020

Turning attention now to Q1, in a matter of weeks market sentiment changed dramatically. The coronavirus outbreak started in China in December 2019 and by January 20, 2020, the World Health Organization confirmed that it was transmissible between humans. By the end of that month, Italy had recorded its first two cases and declared a state of emergency. On March 9, the government announced a lockdown.

It will come as no surprise, then, that M&A figures for Q1 were suppressed. Over the first quarter of 2020, the country saw 112 deals, 12% fewer than in Q1 2019 and the weakest quarter in five years. Deal value of €11.9bn, however, was notably high considering the circumstances and topped the same period in the previous two years.

This was thanks to four acquisitions with a price tag above the €1bn mark. The largest was Intesa Sanpaolo's €4.8bn bid to take over 99.92% of UBI Banca. If approved by shareholders and regulators, the deal would be one of the biggest European banking acquisitions of the past decade and would create the eurozone's seventh-largest banking group. Italian banks have spent the years following the global financial crisis cleaning up their loan books and offloading assets. As the economy faces unprecedented headwinds,

### TOP PE DEALS IN Q1 2020

| Announced date | Target company | Sector | Bidder company | Bidder dominant country | Deal value €(m) |
|---|---|---|---|---|---|
| 05/02/2020 | Engineering Ingegneria Informatica SpA | Computer services | Bain Capital, LP. | USA | 1,600 |
| 28/01/2020 | Pasticceria Bindi S.p.A. | Consumer: Foods | BC Partners Limited | United Kingdom | 200 |
| 07/01/2020 | MBE WorldWide S.p.A. (40% Stake) | Transportation | Oaktree Capital Management LP | USA | 120 |
| 13/02/2020 | Gruppo Sicura S.r.l. | Services (other) | Argos Wityu | France | 55 |
| 14/02/2020 | Grafiche Favillini Srl (60% Stake) | Manufacturing (other) | Arcadia Sgr SpA | Italy | 29 |

## TOP DEALS IN Q1 2020

| Announced date | Target company | Sector | Bidder company | Bidder dominant country | Deal value €(m) |
|---|---|---|---|---|---|
| 17/02/2020 | UBI Banca S.p.A (99.92% Stake) | Financial services | Intesa Sanpaolo S.p.A. | Italy | 4,836 |
| 21/03/2020 | Esselunga SpA (30% Stake) | Consumer: Retail | Marina Caprotti (Private Investor); Giuliana Albera (Private Investor) | Italy | 1,830 |
| 02/05/2020 | Engineering Ingegneria Informatica SpA | Computer services | Bain Capital, LP. | USA | 1,600 |
| 17/02/2020 | Intesa Sanpaolo S.p.A. (400/500 branches) | Financial services | BPER Banca S.p.A. | Italy | 1,015 |
| 01/06/2020 | The Dedica Anthology | Leisure | Covivio S.A | France | 573 |
| 21/03/2020 | La Villata Spa (32.5% Stake) | Real estate | UniCredit Group | Italy | 435 |
| 17/02/2020 | BancAssurance Popolari S.p.A; Lombarda Vita SpA; Aviva Assicurazioni Vita S.p.A. | Financial services | UnipolSai Assicurazioni S.p.A. | Italy | 300 |
| 17/03/2020 | MolMed S.p.A. | Biotechnology | AGC Inc. | Japan | 239 |
| 28/01/2020 | Pasticceria Bindi S.p.A. | Consumer: Foods | BC Partners Limited | United Kingdom | 200 |
| 01/07/2020 | MBE WorldWide S.p.A. (40% Stake) | Transportation | Oaktree Capital Management LP | USA | 120 |

potentially for an extended period, synergistic mergers and acquisitions present an opportunity for banks to maintain and improve their margins as revenues come under pressure.

The second-largest transaction of the first quarter was the €1.8bn sale of a 30% stake in supermarket chain Esselunga to private investors Giuliana Albera and Marina Albera, who now own the asset outright.

The third-largest was an inbound transaction featuring the consortium between US PE firms Bain Capital and NB Renaissance, which took control of IT services firm Engineering Ingegneria Informatica for €1.6bn, announced at the start of February. This single deal helped to keep buyout value at €2.1bn, nearly double the €1.1bn recorded in the same period in 2019.

Another significant PE buyout was UK-based Permira's acquisition of an undisclosed majority stake in Italian luxury apparel-maker Golden Goose. While the value of the deal was not disclosed, according to press reports, it values the company at €1.28bn.

Despite these notable buyout deals, however, GPs clearly shifted to a more risk-averse footing at the beginning of 2020 as the magnitude of the coronavirus pandemic became clear. Italian PE deal volume (including both exits and buyouts) in Q1 2020 was 42% below that of the previous quarter. Indeed, total PE volume was the lowest it's been in over two years.

Moreover, the relatively robust overall M&A value figures deserve a caveat, however. Q1 figures include all deals announced during the quarter, whether they have closed or not. Given the increased uncertainty in global markets, a greater number of these could fall through than typical. So far, the largest of these abandoned transactions in Italy was French insurance group Covea's planned acquisition of reinsurance business PartnerRe from Exor, the investment group controlled by the Agnelli family. Announced initially in early March, Covea pulled out of the €7bn transaction in mid-May.

# Bold steps into the unknown: The future of Italian M&A

These are uncertain times. A global pandemic of this magnitude has never struck in today's unique stage of economic, industrial and technological development, which makes it difficult to know what to expect. There are many examples of actions and behaviours that have mitigated against the worst effects of this crisis.

Digital tools have enabled many companies to continue operations remotely. Central banks are taking unprecedented measures to prop up hobbled economies and governments are issuing stimulus packages to save businesses hit by the coronavirus.

In March, the European Central Bank (ECB) announced a €750bn Pandemic Emergency Purchase Programme (PEPP) to acquire not only government bonds but private debt too, improving Italian businesses' borrowing costs. PEPP will last until the end of 2020.

By April, the Italian government had put together €750bn worth of state aid packages to support both the domestic market and exports. This is equivalent to around half the country's gross domestic product and is what Prime Minister Giuseppe Conte called the "the most powerful intervention in the country's history". Such moves are undoubtedly a positive in a challenging time for businesses and economic growth.

One of the most striking characteristics of this downturn has been its speed. The stock market meltdown in the first quarter was the fastest bear market in history, taking only three weeks. This may point to a rapid rebound. Certainly, government intervention is a promising step towards achieving such a swift recovery.

**€750 Billion**

Total state aid package the Italian government has committed to support the economy, as of April 2020

However, there is good reason to believe the rebound will take longer than hoped. Businesses cannot simply go 'back to normal'. Some distancing measures will have to remain in place to mitigate further waves of the virus and the public is likely to continue to avoid socialisation to some degree, in the short to medium term. Further, Italy's unemployment rate is expected to hit 11% this year, according to a forecast by Statista, which will

Extreme market volatility and uncertainty results in a wide gap between buyer and seller expectations, with vendors reluctant to divest of assets whose valuations have rapidly declined.

dampen consumption and domestic demand for months to come.

It should be anticipated that M&A volume and value will take a significant dent in 2020, with 2021 likely to remain at depressed levels in spite of the anticipated improvement. Extreme market volatility and uncertainty results in a wide gap between buyer and seller expectations, with vendors reluctant to divest of assets whose valuations have rapidly declined. Looking back to the global financial crisis for precedent, M&A targeting Italian companies more than halved between 2007 and 2008, then fell further in 2009. Total M&A value in 2008 was €32.7bn, a 62% drop year on year, before falling further to €20.13bn in 2009. Recessions – and in this instance we may be facing a full depression – typically take time.

## TRADING TIES AND CROSS-BORDER DEALS

There are reasons for optimism thanks to areas of likely deal activity. Certain industries that have been disproportionately affected by the pandemic, such as travel and leisure, transportation, and oil and gas, may see upticks in M&A activity in 2020 as buyers see opportunities for bargains. Restructurings and distressed sales will likely increase.

There are other trends to watch for. Italy is an export-oriented economy and can benefit from growth overseas. It has strong trade ties with China in particular. Growth in Asia's largest, and the world's second-biggest, economy for 2020 will be significantly reduced, but is nevertheless expected to be positive. A Reuters poll of 62 analysts indicated a median projection of 2.5% for the year, down from 6.1% achieved in 2019. This growth will come as the West contracts steeply and could be to Italy's benefit, depending on its ability to maintain its manufacturing capacity and meet Chinese demand.

Although outbound M&A by China-based buyers has fallen substantially in recent years after peaking in 2016 as the government cracked down on risky borrowing by private firms, there is some indication that Chinese firms are beginning to hunt for bargains overseas again. Reporting by Bloomberg suggests that a number of Chinese state-owned enterprises have recently begun making enquiries about potential takeovers of European firms.

Fosun International told shareholders in March that in the face of a "once-in-a-century global crisis, we believe Fosun can deal with all possible issues calmly and

even turn crisis into opportunity", using its worldwide resources to identify deals. This statement came a week after a Fosun subsidiary, Yuyuan Jewelry & Fashion, acquired a 55.5% stake in French jewellery brand Djula for €26m, in what could be a sign of what to expect in Italy's luxury consumer market.

One impediment to increased inbound M&A activity is the Italian government's augmenting of existing Golden Power Law protections against foreign takeovers. The restrictions have widened since the coronavirus outbreak to include more strategically important sectors including banks, utilities providers and healthcare. However, since consumer is not considered to be a strategic sector under the law and because Italy is world-renowned for its high-class consumer goods, we can expect to see heightened interest from overseas acquirers, with China a potential hotspot source of investment.

We should also expect to see outbound M&A from Italy that can help to bolster companies' operations, reduce their costs and give them a footing in higher-growth economies. This is because the Italian economy is set to contract even further than its peers. The IMF has forecast that GDP will decline by 9.1% in 2020, not only a more severe pullback than the EU average (7.5% decline) and G7 average (6.2% decline), but the worst of any G7 nation.

These outbound transactions are likely to have high synergistic potential. The tried-and-tested model of squeezing out cost savings will play a central role in M&A over the coming months as companies look to increase margins and weather the storm, which could potentially last into 2021. This will be an option for companies with strong balance sheets loaded with cash and favourable credit ratings that allow them access to competitive debt funding in what is undoubtedly now a more risk-averse environment.

Opportunistic deals with lots of value potential are also likely to emerge. In May, the privately held Italian pharma group Menarini, based in Florence, bought for €585m Stemline Therapeutics, a US developer of an oncology drug called Elzonris. The drug has had disappointing sales since it treats a rare form of cancer called blastic plasmacytoid dendritic cell neoplasm. However, Menarini sees potential for the treatment to be applied to a broad spectrum of blood cancers. The Italian company has the existing development resources and distribution reach to scale up the drug and was willing to pay a 150% premium for Stemline.

As a defensive sector, healthcare and pharmaceuticals businesses, especially those with proven drug portfolios and predictable, repeatable revenue streams, are likely to see strong interest from financial sponsors in particular. Unlike corporate investors, PE funds benefit from being inherently sector agnostic and can choose to move into non-cyclical industries that are better positioned to perform in spite of the stalling economy.

# Italian PE in focus

Recent years have been a clear seller's market. Those conditions have now been turned on their head. Although the total PE deal value of €2.7bn in the first quarter represented a 117% increase compared to Q1 2019, that was almost entirely due to the secondary buyout of engineering services firm Engineering Ingegneria Informatica – announced in early February. PE exits will be few and far between in 2020 as fund managers await better conditions in which to sell.

Instead, the focus will now be on minting new deals and there will be ample buyout opportunities for funds to capitalise on over the next 18-24 months. Valuations in recent years have been abnormally high due to the level of committed but uninvested capital, or 'dry powder', in the system. Now that price multiples have fallen substantially due to the pervading uncertainty, PE managers can put their undeployed capital to use. Indeed, 2020 and 2021 are likely to be looked back upon as two of the best vintages for private equity in the last decade. Not only is dry powder at an all-time high – US$1.45trn across private equity strategies as at December 2019, according to Preqin – but credit conditions continue to be highly favourable for the leveraged financing required for PE buyouts. Moreover, PE has historically found its best returns with investments made during downturns.

Interest rates were already at historic lows, a hangover of the long-term monetary response to the global financial crisis. Now, with the ECB stepping in with its PEPP bond-buying programme, leverage is going to become more competitively priced for financial sponsors. The real challenge for GPs who have raised funds at the ready will be finding sellers willing to divest near the bottom of the market cycle.

Non-mainstream strategies that will likely prove successful in this environment are turnaround and distressed debt funds. These types of firms have the requisite expertise and approval of their investors, as stipulated in their limited partnership agreements, and can target businesses that are in trouble. In some cases, they can extend equity or debt financing, often a blend of the two, with highly attractive risk-adjusted returns – since few other investors or banks will be willing to back these more precarious assets. At the more extreme end, distressed debt funds, whose loan-to-own strategies involve acquiring company debt at a discount before forcing restructuring processes and becoming majority equity holders, are more relevant than ever in the current climate.

**€2.7 Billion**

Total value of private equity activity in Q1 2020

There is already evidence of domestic Italian GPs seizing upon this opportunity. In announcing the close of its first debt fund on €417m in April, Italian GP Springrowth has said that it is gearing up for the launch of a €200m rescue financing fund, aimed at providing short- and medium-term liquidity and actively supporting the recovery processes of companies in crisis as a result of the coronavirus outbreak. Similarly, Italian alternative investment specialist Main Capital has said it intends to launch UTP Restructuring Corporate Fund in the coming months, a restructuring fund to support the recovery of virus-stricken companies, UTP standing for 'unlikely to pay'.

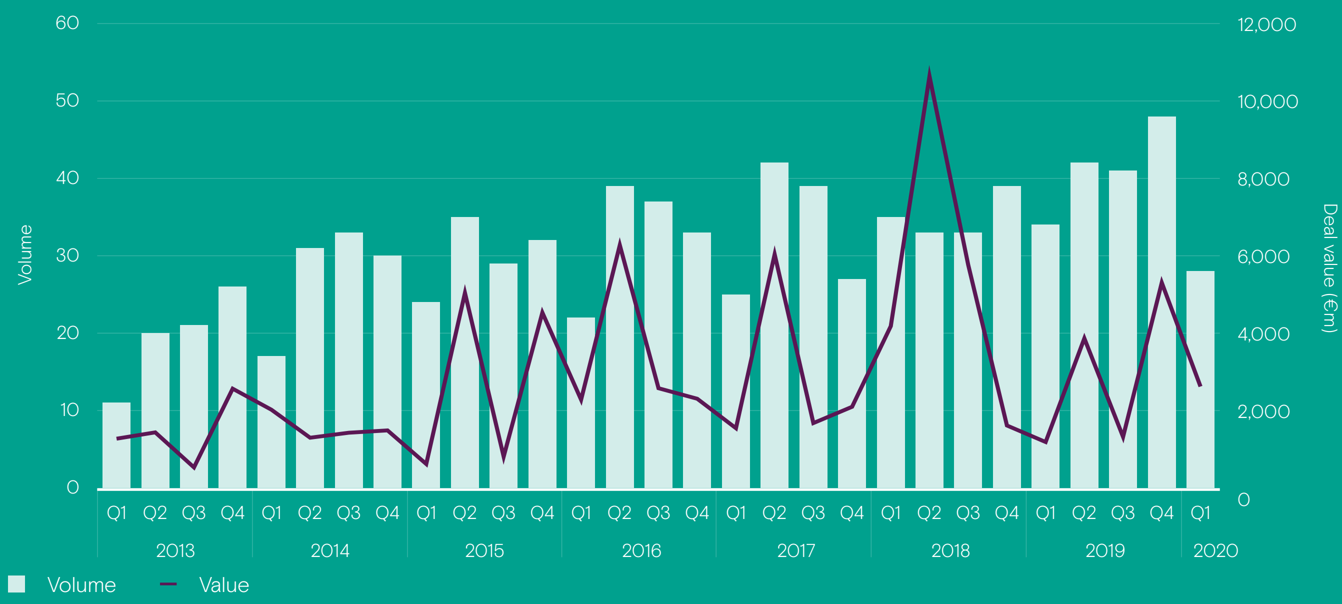
## FUNDRAISING ISSUES

One of the challenges for Italy's PE market will undoubtedly be fundraising. A number of GPs in the Italian market have either delayed the launch of their next fundraises or postponed the final closes of open funds until the crisis calms. Mergermarket sister publication Unquote reports that Consilium Private Equity and Green Arrow Capital among others have chosen to delay entering the market for the time being, while Quadrivio, Mandarin Capital and Aksìa Group intend to keep their already open funds in the market for a while longer.

The reason why fundraising has stalled, not only in Italy but globally, is two-fold. For one, exits are drying up, resulting in less capital being returned to LPs for them to reinvest back into the asset class. Secondly, the crash in stock markets has heralded the return of the 'denominator effect', whereby investors become overexposed to private equity, as asset allocations are rapidly skewed by the rapid fall in value of liquid assets.

This is why those GPs with ample funds raised prior to the pandemic will be at a distinct advantage to their peers. These managers can make the most of the buying opportunities that will be available to them in 2020 and 2021.

## PRIVATE EQUITY DEAL ACTIVITY, 2013-Q1 2020



# Conclusion

We are at a historic crossroads in terms of public health, social cohesion, the economy and geopolitics. After years of asset valuation growth following the global financial crisis more than a decade ago, the coronavirus has knocked the world off its axis, at least momentarily. If a permanent or semi-permanent solution to Covid-19 is found, either in the way of a vaccine and/or a proven treatment, we could see a relatively swift return to normality. A longer tail or second wave of the virus could, however, mean that businesses steer clear of the deal table for a while yet.

Parties to pending M&A transactions the world over are abandoning intended deals and even attempting to back out of agreed-upon transactions. Corporates are likely to maintain their primary focus on liquidity and managing their balance sheets, rather than ground-breaking transactions. The Italian economy faces material challenges. The flipside to this is that it is likely to become an attractive destination for foreign investors with well-managed balance sheets and who are able to benefit from the downturn in asset valuations. The fundamentals of many Italian businesses remain strong.

Private equity can bring its toolkit to bear in this exceedingly challenging environment. It has seen a number of business cycles before. Companies can benefit from funds' hands-on, active, operationally led approach to investment. Already successful businesses can be upgraded with the assistance of financial sponsors, who can invest in value-adding digitalisation programmes, sales generation capabilities and governance improvements, increasing revenues, reducing costs and boosting profits.

The PE industry has immense financial firepower at its disposal. Dry powder is at record highs and GPs have been waiting for a market correction to spend this untapped capital. Depressed stock market valuations will ensure that bargains are not hard to find and will likely result in PIPE (private investment in public equity) investments and outright take-privates.

Some of these will represent distressed opportunities, which will be too high-risk for most strategic investors. But for PE houses with the expertise to acquire discounted debt and push for ownership, today's scenario represents something of a golden opportunity.

Negotiations will take longer as buyers and sellers find that the distance between their expectations requires concessions from both parties. Due diligence will also be made more challenging by social-distancing efforts and travel complications, with buyers having to rely on virtual data rooms and remote communications to establish the answers to their questions before signing on the dotted line. But those with the will and the nerve to transact in 2020 will be rewarded for their temerity.

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