PE a growing force in M&A

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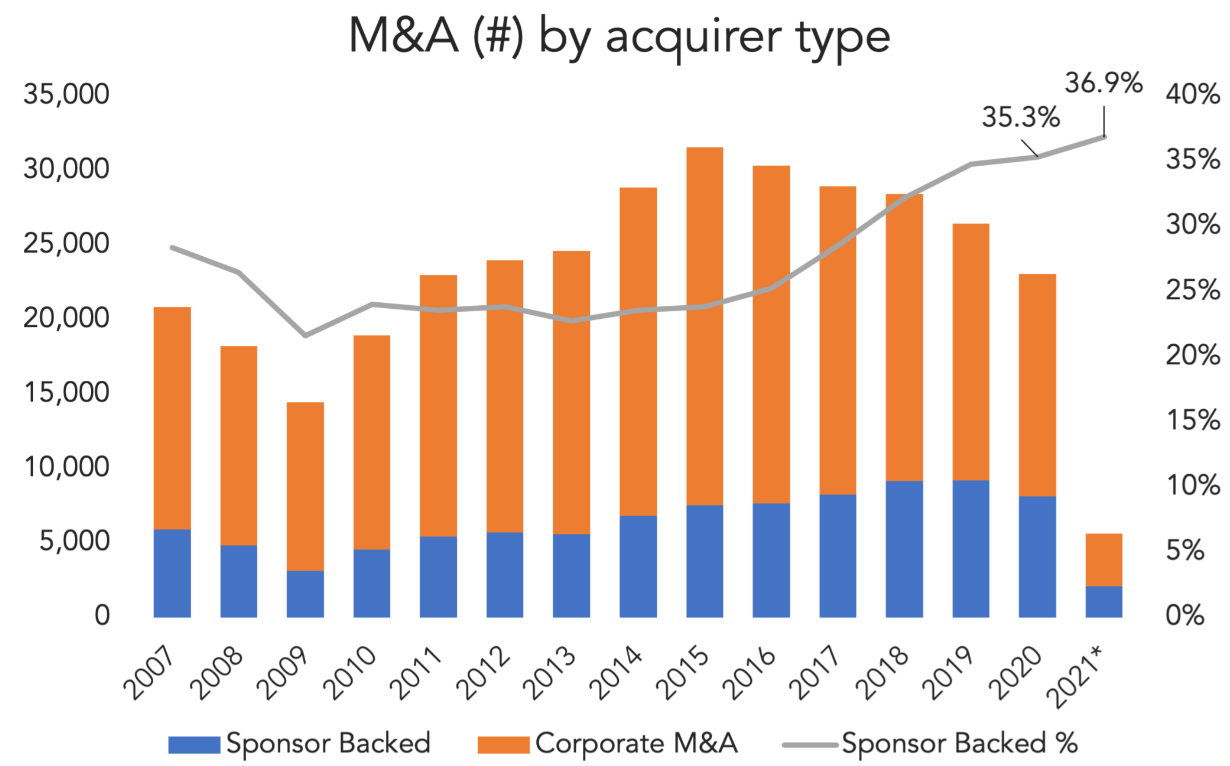

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Private equity is accounting for a growing share of M&A transactions. PitchBook's just-released Global M&A Report shows that PE deals made up about 37% of all acquisitions last quarter, continuing an upward trend from the low 20s less than a decade ago. Last year PE transactions made up 35% of all M&A deal volume, marking a new high point. It wasn't related to the unique market, though, since PE's ratio was just under 35% in 2019, as well.

PE firms pay in cash and debt, lacking the wild card that strategic buyers can offer: stock payments. That's where strategic buyers have been throwing their weight around, starting last year. By deal value, 23.3% of all M&A transactions last year were paid in stock, up from 18.2% of 2019 transactions. 2021 is off to an even faster start, with 27.4% of all Q1 deals being paid in stock. All-cash transactions haven't gone down in ratio terms—still about 50% of all deal volume—but cash/stock combinations have. 27% of 2020 deal volume had cash and stock arrangements, down from more than 40% just three years ago.

(Past performance is no guarantee of future results.)