Ogier

Meeting the challenges of 2024

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In this article, Ogier's global head of Corporate, Nathan Powell, looks back on the market trends we've seen in 2023, and looks ahead to some of the opportunities to be had next year.

What trends has the global Corporate team seen in 2023?

We began 2023 with a cautious outlook, and there's no disputing that the first half of this year was certainly challenging for many dealmakers. Issues including rising inflation, a fear of recession, continued tensions between the US and China, the ongoing Russia/Ukraine war, calls for market de-coupling/de-globalisation and the US banking turmoil of March all affected the markets and provided a difficult backdrop for investment.

However, despite all this, financial markets have remained remarkably resilient. The much-anticipated US recession did not come to pass, and fears of a recession in the UK have also been averted. The disruption created by the collapse of several banks also proved short-lived.

Though we have seen these global issues impact on deal volumes, M&A and IPO activity, market momentum is building, especially in the technology, energy, healthcare and infrastructure sectors. Although we're not seeing the volume of mega deals we witnessed in 2021, we are seeing a steady pipeline of smaller deals, which are less affected by market volatility.

Despite a challenging global environment, the Asia-Pacific region remains a relatively bright spot and regional LPs appear positive on the mid/long term outlook for the region. Following the wave of SPAC listings in 2021 and 2022, we have seen a surge of de-SPAC mergers in 2023 in the Asian region, not least because listed SPACs are under pressure to identify a target business and complete the merger within a short time frame, typically up to two years, after their IPO.

Notwithstanding the uncertainties around the sustainability of the SPAC boom, Asian companies, particularly start-ups in high-growth sectors such as tech, fintech and healthcare, are still looking to this type of deal to drive their expansion. We're also seeing this play out in North American and LatAm markets, as the SPAC remains a more efficient, quicker and pricecertain route to market than most alternatives.

We've also seen resilience and innovation in private equity, particularly in Europe. We are still seeing a relatively high number of take-privates but we're also seeing a shift as PE firms diversify their exit strategies to meet market conditions. Compared to the first half of the year, we’re seeing a broader set of deal types, including secondaries and carve-outs.

In Luxembourg, the continuing success of environmental, social and governance (ESG) related strategies, including SFDR, the trend towards the retailisation of investment funds and upcoming regulations framing the digital assets space, the opportunities for the PE space are becoming even more numerous.

ESG has become embedded in strategic business plans and priorities over the last few years as companies are increasingly looking to reduce their impact on climate and pursue net-zero strategies – and that has brough with it some opportunities for M&A, particularly in mineral mining and battery production.

We have seen a flood of funds, investors and corporates doing ESG investments and a rise in the inclusion of so-called 'ESG clauses' in debt documentation. Several global megatrends are shaping this development, including the climate crisis, evolving regulation and growing investor demand, and we expect this trend to continue.

We've seen an uptick in work for our global Restructuring and Corporate Recovery team, which brings together specialists from across our disciplines, including Corporate, Banking and Finance, Corporate and Dispute Resolution. This work has included restructurings, litigation, portfolio management, divestments of non-performing assets and secured debt enforcements, and it is a trend that looks likely to continue into 2024.

While these situations can be challenging, it has provided an opportunity to really cement our relationships with our clients, by counselling them through stressful and complex matters to help them achieve the best possible outcomes in the circumstances. This will likely also prove invaluable when the market inevitably turns again and these same clients are looking to do more front-end deals.

What are some of the team's deal highlights in 2023?

Our emphasis on complex, cross-border matters has helped us to anticipate and meet the challenges of 2023. This year, more than ever, we have collaborated across our jurisdictions, and across our service lines, to remain at the forefront of the issues affecting clients across industries.

Our LatAm team in the Cayman Islands advised Pismo on its US$1 billion acquisition by Visa, which was, in June. This transaction is a great example of a Latin American client who was able to scale its business internationally using a Cayman Islands corporate structure.

Our Corporate team provided BVI and Jersey advice to Fortress Investment Group on its high-profile acquisition of Vice Media Group in a deal valuing the high-profile media company at US$350 million. Fortress led a consortium of lenders, including Soros Fund Management and Monroe Capital, in a court-sanctioned asset purchase after Vice filed for bankruptcy in May 2023. The digital media group's assets include Vice News, Motherboard, Refinery29 and Vice TV.

Our Corporate teams across our locations have assisted on multiple de-SPAC closings in 2023, including the de-SPAC merger with Bitdeer Technologies Holding Company, a world leading technology provider in cryptocurrency mining industry, as well as the de-SPAC merger with noco-noco Pte Ltd, an early-stage decarbonization solutions provider in Asia.

Corporate lawyers from our Energy and Natural Resources team advised Metals Acquisition Limited on the Jersey law aspects of a series of integrated transactions to acquire the CSA Copper Mine in Australia, for a total consideration of US$1.1 billion. The deal involved a series of extremely time-sensitive transactions across multiple time-zones. We were able to draw on our team's considerable experience advising clients in the natural resources sector to manage and co-ordinate the various deal streams, with each showcasing Ogier's strength and expertise in these types of transactions.

What is the outlook for 2024?

While investors seem set to begin next year with a similarly cautious outlook to that which we have seen during 2023, there is still a large amount of dry powder globally that needs to be deployed. PE firms have been a driving force in the M&A space and this trend is poised to continue well into 2024.

In Asia Pacific, economic growth for 2024 is also expected to be a considerable contributor to annual global growth. We may see an uptick in private M&A in 2024 if some of the concerns and challenges mentioned above, especially around cost of financing and asset value, ease off.

Asia Pacific is a diverse region with diverse opportunities across geographies and markets and we expect to see a continuation of the trend for private equity firms and other dealmakers to take a more regional focus when looking at potential acquisition targets in Asia.

International investment into China is still broadly on hold, but we are seeing some Middle Eastern clients interested in doing deals there. The shift in jurisdictional focus and in the types of players operating in different markets gives us an opportunity to grown into new markets and geographic areas and to target new entrants into certain more established ones.

We expect to see the buzz around AI continue to create M&A opportunities, with corporates and private equity firms looking to acquire new businesses or potentially exit them to monetise returns. Other sectors such as healthcare, technology, life sciences and renewable energy may also be at the forefront of deal activity as companies seek to capitalize on emerging trends and innovations.

There is strong expectation that deals between private equity players will increase in the Irish market in coming months and years ahead. With many transaction processes likely to have been in preparation mode over the summer months, global high interest rates, and inflationary measures potentially easing, the indications are that the Irish market can expect an intensification of M&A activity in the months ahead.

Over the last few years, there has been a global move towards increased regulation which has affected many industries and jurisdictions. Ogier is well positioned to provide a real value-add to clients in the context of the evolving regulatory landscape. We have grown our regulatory legal practice over recent years and launched Ogier Regulatory Consulting, a team of regulatory experts who assist our clients with the heightened focus on compliance and financial reporting management. These regulatory specialists also provide internal support to our transactional lawyers, so that they too remain on top of the most recent regulatory developments.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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