

## Media Release

Zurich/Geneva, 28 July 2021

### M&A activity of Swiss SMEs: Spectacular recovery in 2021 – record number of transactions reflects renewed confidence

M&A activity among Swiss SMEs increased to unprecedented levels in the first half of 2021. There was a total of 117 transactions, compared to 72 in the first half of 2020. This 62.5% annual increase and the total number of transactions in a six-month period are the highest since Deloitte launched its study on the M&A activities of Swiss SMEs in 2013. In particular, over two-thirds of all transactions were cross-border, reflecting renewed confidence in the overall economic outlook. M&A activity is expected to remain vibrant in the second half of 2021. However, the threat from an impending fourth wave of the pandemic is growing, which could harm the economic recovery and the appetite for transactions.

After a rocky period for M&A activity among Swiss SMEs in 2020, there was a historic rise in the number of transactions in the first half of 2021. A total of 117 transactions were undertaken in H1 2021, the highest number since the Deloitte study on SMEs' M&A activity began in 2013, and a record increase of 62.5% compared to the same period last year. In particular, inbound transactions jumped by 88% and outbound transactions doubled. This upturn in cross-border activity (67.5% of transactions) reflects the renewed confidence in the overall economic outlook. Although the increase in domestic transactions was less (+23%), this compares well with the previous year, when transaction volume was unchanged between H1 2020 and H1 2019.

Transactions	Buyers	Targets	H1 2019	H1 2020	H1 2021	Change, 20/19	Change, 21/20
Domestic	Swiss, all sizes	Swiss SMEs	31	31	38	0.0%	22.6%
Inbound	International, all sizes	Swiss SMEs	43	25	47	-41.9%	88.0%
Outbound	Swiss SMEs	International SMEs	21	16	32	-23.8%	100.0%
<b>Total</b>			<b>95</b>	<b>72</b>	<b>117</b>	<b>-24.2%</b>	<b>62.5%</b>
<b>Cross-border activity</b>			<b>67.4%</b>	<b>56.9%</b>	<b>67.5%</b>	<b>-10.5 pp</b>	<b>+10.6 pp</b>

**Figure 1:** Analysis by type of transaction

#### Outbound transactions mostly in Europe

84% of outbound acquisitions by Swiss SMEs were in Europe and 50% were in neighbouring countries. Germany remains the number one destination, with a 28% share of the total. Many were in the TMT and healthcare sectors, which have been winners from the COVID-19 crisis.

### Inbound transactions - Zurich comes out on top

Germany was the largest investor in Switzerland in H1 2021. In general, the main buyers of Swiss SMEs were European (81%) followed by North American and Asian companies. Acquisitions in the consumer goods industry, one of the main beneficiaries of the economic recovery, exceeded those in the industrial and TMT sectors which tend to top the rankings as the most sought-after Swiss SMEs. Acquisitions were

primarily in the German-speaking part of Switzerland (81%), with the largest number in the canton of Zurich (23 transactions). "After a decrease in foreign investments in 2020, it is reassuring to see that Switzerland once again attracts more external buyers", comments Jean-François Lagassé, Financial Advisory Partner and Financial Services Industry Leader at Deloitte Switzerland.

### Top five cantons by number of transactions (Inbound and Domestic)

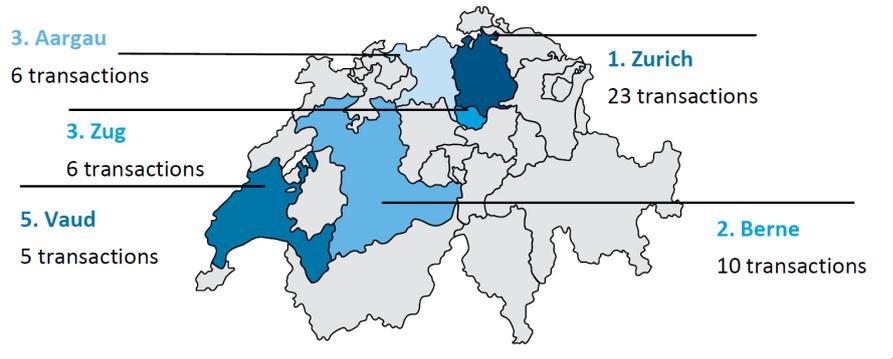


Figure 2: Top 5 cantons by number of transactions

### Fourth pandemic wave may hamper recovery

M&A activity in H1 2021 was bolstered by the prospect of a historically strong economic recovery. "Depending on how the pandemic situation develops and how fast the vaccination campaigns can move along, the historic gains from the first half of 2021 can be upheld. M&A activity should remain vibrant over the next half year supported by a backlog of transactions and strong market fundamentals in major countries", explains Jean-François Lagassé. "However, the threat of a fourth wave is growing with the rapid spread of the Delta variant. This could make the economic recovery more uncertain and negatively impact the markets and companies' appetite for transactions."

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### About the study

Deloitte's bi-annual study on M&A activity in the Swiss SME sector examines the mergers and acquisitions carried out or targeted by small and medium-sized Swiss companies from 1 January to 30 June 2021. Deloitte defines SMEs as follows: a turnover of more than CHF 10 million, fewer than 250 employees and an enterprise value between CHF 5 million and 500 million.

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