

Three Trends to Watch: 2020 Industrials M&A

LINCOLN REMAINS AT THE TOP OF MERGERMARKET'S GLOBAL INDUSTRIALS LIST

Lincoln International's Global Industrials Group retained its spot atop the league tables in 2019. Our leadership in the sector continues to be recognized by MergerMarket, which ranked Lincoln as the number one industrials investment bank globally by number of deals in 2019. The group completed 67 sell-side transactions across its six industry verticals: aerospace and defense, automotive and truck, building products, chemicals, industrials and packaging.

The team's thoughtful, in-depth [perspectives](#) and bankers' connections between buyers and sellers are key to our continued success.

#1 industrials investment bank globally

515+ global industrials sell-side transactions in the last decade

115+ global industrials professionals

Looking at the year ahead, here's our take on the outlook for Industrials M&A:

Future with China Uncertain: On one hand, the inking of the phase 1 trade deal between the U.S. and China alleviates some uncertainty that sent ripple effects throughout geographies. However, coronavirus has triggered an extended shutdown of Chinese factories and markets, raising the question: as the virus spreads, will the terms of the deal actually be met? We have our eyes on the region to see how a hurting China will impact both the supply chain and cross-border deal volume.

Indicators Point to Soft Demand: Industrial production indicators throughout 2019 indicated subdued demand and were feared to be a harbinger of things to come in 2020. As we ended the year, U.S. industrial production fell .3% in December—marking the third drop in the last four months. However, the Eurozone may turn a corner, with a brighter end to 2019 as production figures swung positive to round out a year of falling production.

But Industry 4.0 Brings M&A Opportunity to the Sector: With the continued blurring of the lines between industrials and technology, there is ample opportunity for PE-driven consolidation and strategic acquisitions to better serve companies' need to build end-to-end data visibility from cradle to grave. Likewise, innovations like smart components and 3D printing are transforming the factory floor, improving data streams and reducing production downtime. One headwind for the fourth industrial revolution remains the tight labor market for skilled workers as new technologies are implemented. We expect to see continued deal volume straddling the intersection of industrials and tech in the year ahead.

As we charge into 2020, we're focused on strengthening our market position, and creating even more **Real Connections** and **True Perspective**.