

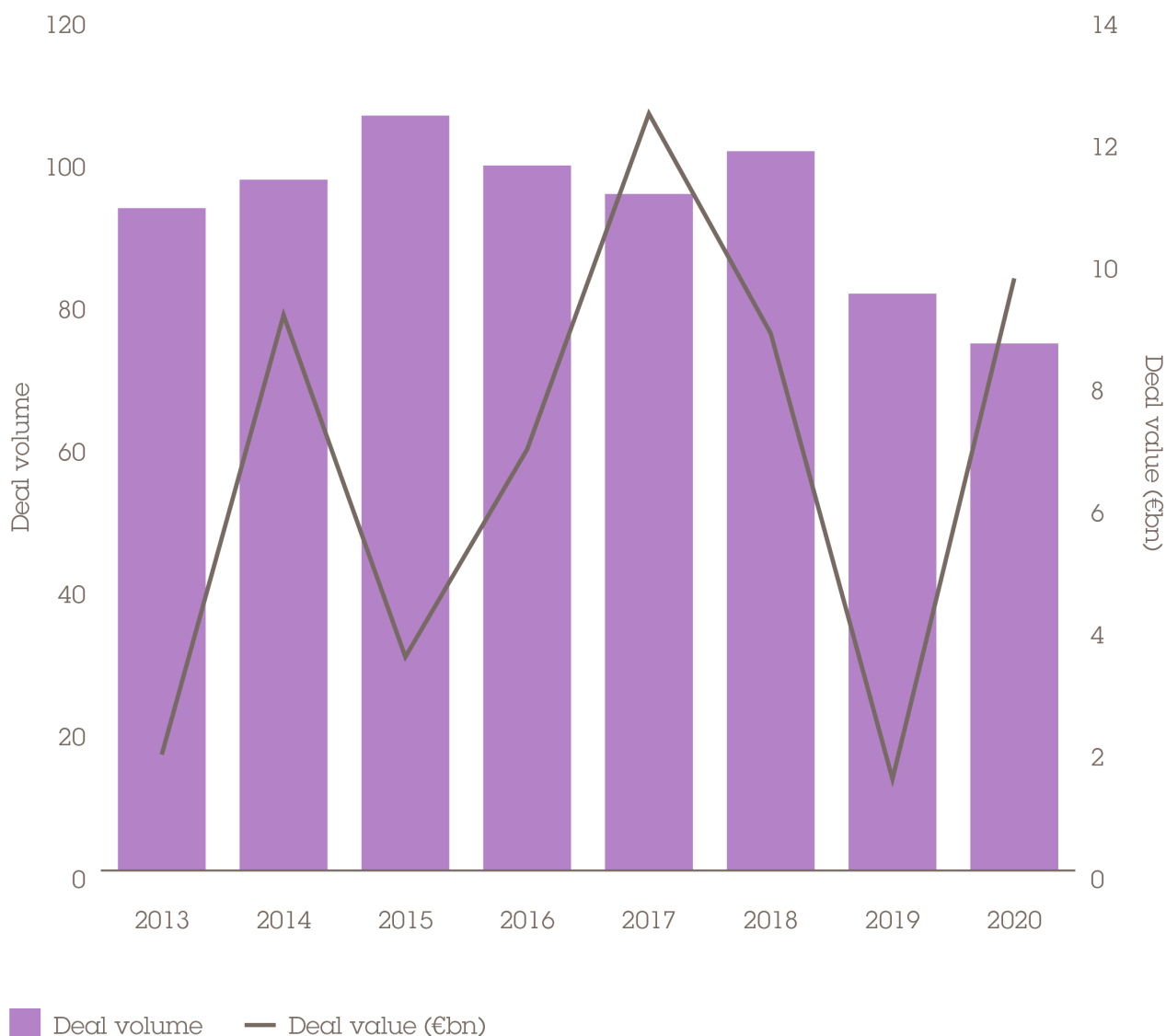
Pandemic planning points to decent dealmaking year for Austria

In our series focusing on key markets in the CEE/SEE, we turn our attention to Austria, which has seen an upturn in its dealmaking fortunes in 2020

Austria has the most developed economy and highest GDP per capita of any country in CEE/SEE, its profile more reflective of Western Europe than Eastern Europe.

It tends to draw relatively low levels of foreign capital, with overseas investors instead seeking out deals in the likes of Germany, France and Italy. M&A is therefore dominated by domestic and outbound deals, neighbouring Germany being the most active jurisdiction for Austrian investors and companies, the two sharing the same language. The country saw €11.2bn worth of M&A deals in the 2019-20 period, putting it €7.7bn behind Poland but comfortably ahead of the Czech Republic. It also played host to the region's biggest deal of the year as Vienna-based oil company OMV bought an additional 39% stake in petrochemicals company Borealis for €5.7bn.

Austria M&A, 2013-2020



Protection against the pandemic

Austria has handled the pandemic relatively well, with 35,715 cases per million. The actions of the Austrian government have proven to be some of the most effective in the EU for preventing the spread of the virus and protecting the lives of its citizens, including in the latter part of 2020. However, GDP for 2020 was down by -7.1%, the steepest regional decline, with a 4.1% rebound forecast for 2021.

The country signed the Treaty of Accession in 1994, becoming a member state of the EU in 1995. This means Austria is institutionally embedded in Europe and is therefore generally a politically stable country. It has not been without its issues though. A press scandal in 2019 caused the fall of the coalition government of Chancellor Sebastian Kurz, who declared victory once again in the most recent election in January 2020. Despite this, the country's general stability, its stable M&A performance in 2020 and its handling of the pandemic augurs well for dealmaking in the coming year.