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INDEPENDENT NEWS FROM RUSSIA

Russian Investment Slumps to Pre-Crimea Levels

M&A activity crashes as the coronavirus puts corporate expansion on hold.

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Russia is bracing for a serious economic crisis as a result of the coronavirus. **Alexander Avilov / Moskva News Agency**

Corporate dealmaking in Russia ground to a halt in the first three months of the year, figures from Mergermarket have shown.

Russia clocked its lowest level of inbound merger and acquisition (M&A) activity since at least 2013 at just five foreign deals for a total value of only 54 million euros.

More than two billion euros was reported in cross-border investment in the same period in 2018 and 2019. This year's slump in overseas M&A is sharper than at any point since the annexation of Crimea and imposition of western sanctions — another sign of how the coronavirus was affecting the Russian economy even before the full force of the pandemic had

reached Moscow.

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Domestic M&A — deals which involve only Russian companies on both sides of a transaction — also dropped dramatically. More than half of the recorded 2.4 billion euros came from a single share buyback — energy and metals giant EN+ taking back a stake in itself from state-owned lender VTB.

In terms of the number of individual mergers and acquisitions, Russia recorded the lowest quarterly deal count — at 28 — since 2004, Mergermarket said.

Analysts said the outlook for corporate deals around the world would deteriorate further, in line with the macroeconomic picture, into at least the second quarter of the year. To date, Russian M&A has been more seriously affected by the coronavirus than markets in the U.S. and Europe, potentially because of sharp volatility in oil prices deterring deals in the energy sector, Mergermarket said in a report on the global investment picture.

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