



ACTIVIST INVESTORS IN EUROPE: WHO WILL THEY TARGET NEXT?

INTERIM OUTLOOK – JUNE 2021

A&M ACTIVIST ALERT (AAA)

Key observations

Activism slowed in 2020 as the COVID disruption reconfigured the landscape for activist investors across Europe. But activists have been biding their time and we predict a resurgence of public campaigns this year and into next.

As the wave of activism returns, our analysis for this interim edition of our A&M Activist Alert (AAA) has identified 157 European corporates considered to be at a heightened risk of public activist targeting over the next 18 months.

Six core themes are clear from this analysis:



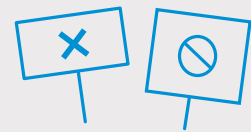
UK

Braced for a resurgence of activist attacks as COVID disruption highlights new targets



France & Switzerland

A greater number of predicted corporate targets



Attacks from multiple activists

Targeted corporates are more likely to receive demands from multiple activists



Industrials, tech, healthcare
Firmly in the activist crosshairs



Consumer

Back in the activist spotlight



ESG

Growth in campaigns focused on environmental and social demands



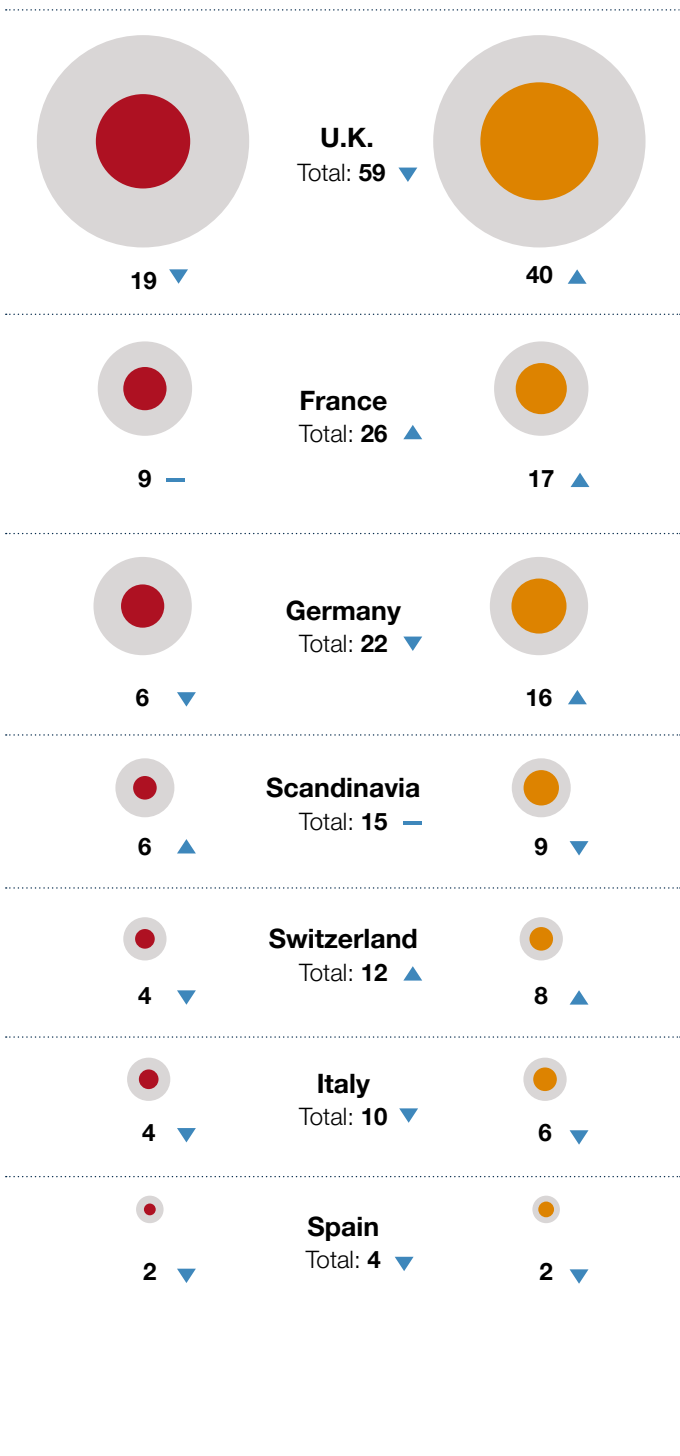
36%

increase in environmental and social related campaigns globally, Q1 2021 v Q1 2020.

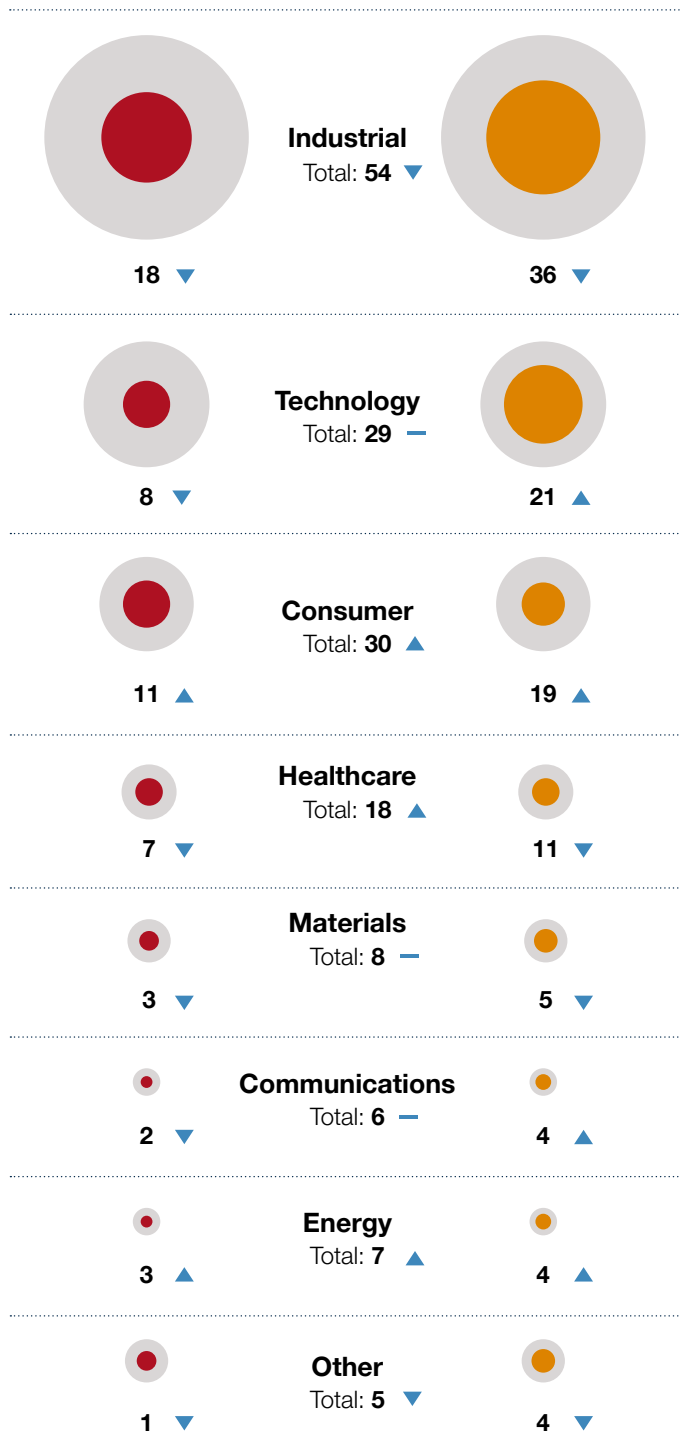
Number of predicted activist targets:

Changing profiles since December 2020 report

Countries (as at 30 March 2021):



Sectors (as at 30 March 2021):



Total: 53 ▼ **Total: 157** ▼ **Total: 104** ▲

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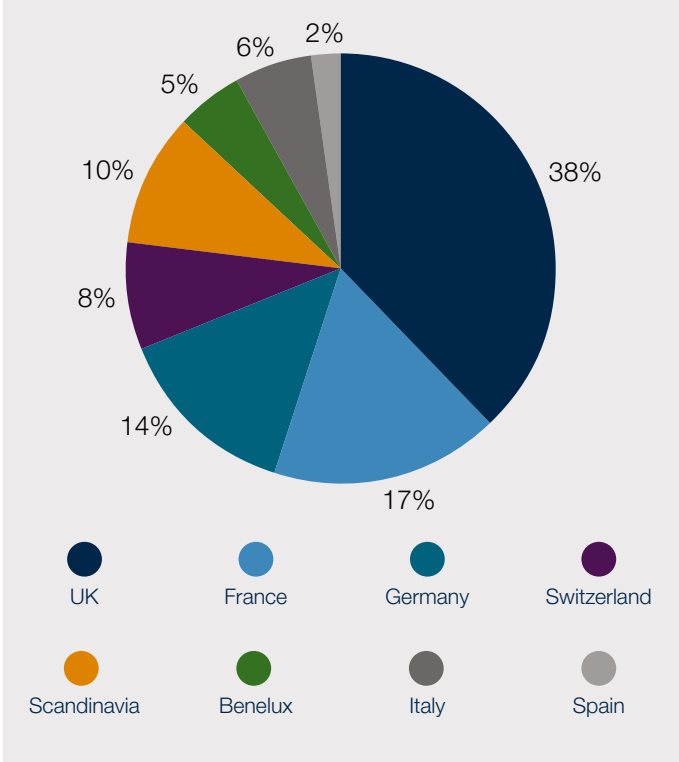
● A **red** alert indicates that a company is likely to become a target within the next 6-12 months.

● An **amber** alert signals a medium-term risk of becoming a target within 12-18 months.

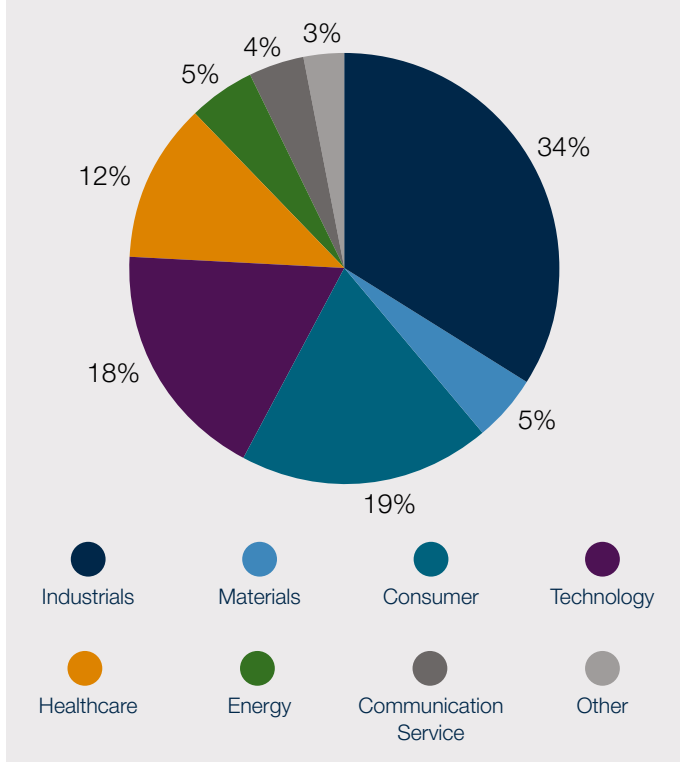
Indicators showing change compared to our Dec 2020 report ▲ ▼ —



Countries most at risk as % of predicted targets (based on total)



Sectors most at risk as % of predicted targets (based on total)



Notable subsectors featuring on the red and amber lists include:



Industrials

- Conglomerates
- Industrial machinery
- Heavy engineering & equipment
- Distribution



Technology

- Application software
- Semi-conductors
- Electronic components
- IT consulting



Pharmaceuticals

- Life sciences
- Health care equipment
- Biotech
- Pharmaceuticals



Consumer

- Apparel, accessories and luxury goods
- Consumer staple foods, drinks and personal products
- Auto parts and equipment
- Gaming & sports

Multiple Activists:

Proportion of targeted corporates facing demands from multiple activists



“More Boards in Europe will be coming up against campaigns from multiple activists, creating a Gordian knot of strategic, operational, financial, environmental, societal and governance challenges. Companies must have a strategy in place to balance this wider range of demands, which are often competing, or face being cornered on all fronts.”

Malcolm McKenzie,
Managing Director and Head of European
Corporate Transformation Services.

A&M Activist Alert

The AAA is the most comprehensive statistical analysis of its kind. Now in its fifth year, the AAA model analyses a range of qualitative and quantitative factors for 1,598 corporates with a market capitalisation of US\$200 million or more, listed and headquartered in the U.K., Germany, France, Scandinavia, Switzerland, Benelux, Italy, and Spain. The resulting predictive model successfully predicted the majority of corporates publicly targeted by activists since January 2015. The report is typically published twice yearly and individual companies can check their position on the Alert List by contacting A&M.

For more information and to read our past reports and analysis please go to:

www.alvarezandmarsal.com/de/insights/am-activist-alert

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