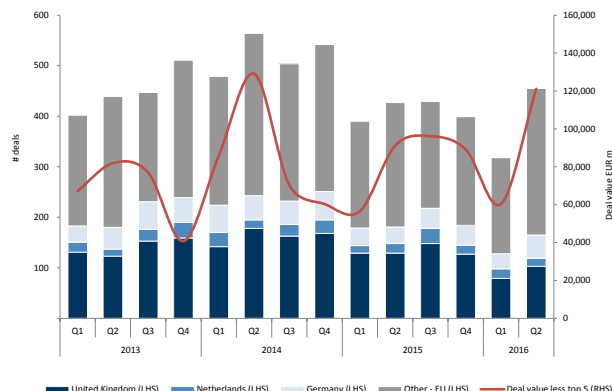


M&A ACTIVITY - EU



Source: Mergermarket Note: Deal value > €10m

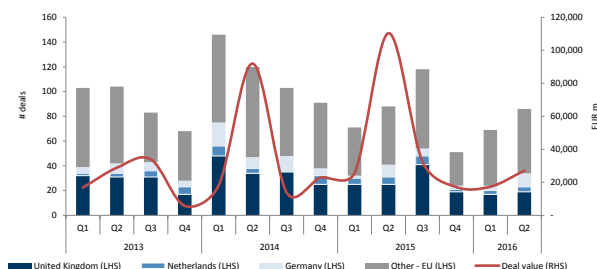
A&M VIEW

DEAL ACTIVITY AND VALUE DECREASED IN H1 2016 COMPARED TO H1 2015.

After two slow quarters (Q4 2015 and Q1 2016), European mergers and acquisitions (M&A) came back with a, volume-wise, fairly busy Q2 2016. The main drivers were, however, not the core markets (U.K., Germany and Benelux). Most of the recovery was on the back of particularly strong activity in France and Italy with other markets still showing subdued activity.

Deal value (excluding the top five transactions) showed an even stronger performance with the quarter ending near the peak of Q2 2014.

PE ACTIVITY - EU



Source: Mergermarket Note: Deal value > €10m
Note: Relates to deals with a PE buyer

PRIVATE EQUITY ALSO STAYED ON THE FENCE RESULTING IN DECLINES IN DEAL VOLUME AND VALUE.

Private equity (PE) investments largely followed the general M&A trend in H1 2016, with a total PE deal value of approximately €45 billion in 2016, a decrease of 77 percent.

PE investment in Europe accounted for 17 percent of total deal value in H1 2016. Despite the proposed Brexit vote, the U.K. is still the European market that is attracting the highest PE investment over the past six months, with a total of 36 deals out of the 155 deals announced in H1 2016.

CORE COUNTRIES SAW A REBOUND IN MOST INDUSTRIES.

The industrials and the technology, media and telecommunications (TMT) sectors led the recovery but both the TMT and consumer sectors are nowhere close to the levels seen in the last two years.

Although deal activity increased in the U.K. from 79 to 103 deals, deal value decreased by more than 50 percent from €35 billion in Q1 2016 to €17 billion in Q2 2016, the lowest average deal value in more than two years. The main reason cited is the uncertainty around the potential outcome of the Brexit vote but also the fairly high price expectations and buyers becoming less excited about Europe's economic growth.

INDUSTRY ANALYSIS (GERMANY, UK AND NETHERLANDS)

	2014				2015				2016		LFQ 2015	LFQ 2016
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
DEAL #												
Industrials & Chemicals	40	53	61	48	29	34	51	36	35	49	172	171
TMT	43	37	46	71	47	53	42	47	24	35	217	148
Energy, Mining, Utilities	26	25	18	12	11	13	17	22	13	11	54	63
Business Services	14	23	24	29	21	21	31	20	14	16	95	81
Consumer	19	30	36	32	20	20	21	21	18	17	108	77
Financial Services	32	22	9	17	14	12	20	12	6	12	52	50
Other	50	53	38	42	37	28	36	26	18	25	145	105
Total	224	243	232	251	179	181	218	184	128	165	843	695
Netherlands	28	17	23	27	15	19	30	18	19	16	84	83
United Kingdom	142	178	163	168	129	129	148	127	79	103	589	457
Germany	54	48	46	56	35	33	40	39	30	46	170	155
Total	224	243	232	251	179	181	218	184	128	165	843	695
Small > 25	111	110	99	104	71	54	79	65	34	41	328	219
Medium 25 - 750	105	116	123	132	92	109	119	104	81	108	456	412
Large <750	8	17	10	15	16	18	20	15	13	16	59	64
Total	224	243	232	251	179	181	218	184	128	165	843	695

Source: Mergermarket Note: Deal value > €10m

TRANSACTION ADVISORY GROUP

A SHORT-TERM AND LONG-TERM VIEW OF BREXIT

On 23 June 2016, Great Britain voted for Brexit. In the short term, there may well be a slow down or delay in M&A as parties aim to assess the impact of the Brexit vote and adjust to the new normal, whatever that may be.

The mid to longer-term outlook will mainly depend on the Brexit terms and the outcome of the negotiations between Great Britain and the EU, and it may take until well into 2017 before we get further clarity on what the outcome may be directionally. Until these negotiations are concluded, the legal framework of conducting M&A transactions will remain the same.

While it is expected that Brexit will slow down deal making, it could be argued that a falling pound could make U.K. companies more attractive takeover targets. A Brexit could complicate some pending deals because market volatility after the Brexit vote could make it more difficult for a company to raise capital for a contemplated transaction.

CONCLUSION:

Brexit launches the world into a period of greater uncertainty. Those that understand the ramifications of the potential outcomes are most likely the ones that are best placed to profit from this uncertainty.

WHY A&M FOR TRANSACTIONS?

GLOBAL REACH – A&M employs almost 3,000 professionals globally in various industry sectors and all geographies, combining world-class finance, accounting and business consulting expertise with seasoned operational experience.

Over 30 Managing Directors and 200 staff members from our Transaction Advisory Group are based in key locations in North America, Europe and Asia, including teams with more than 40 professionals in Shanghai and Mumbai. In Europe, we have a team of professionals based in four locations covering Germany, U.K. and Benelux.

GET THINGS DONE – A&M employs strong operators that have gained in-depth experience from long careers at leading corporates, have been working to build their own business or have been instrumental in growing start-ups. Moreover, A&M is a leading firm that helps clients create value by supporting management teams implementing change.

SECTOR-BASED APPROACH – We operate a fully integrated pan-European team that is geared to bringing sector and technical expertise from around the network. This enables you to get insights that are relevant to your deals from across Europe and beyond.

TRUSTED – We have performed a considerable number of vendor assistance projects that led to vendor due diligence (VDD) reports that have been used and accepted by lenders to provide financing. We bring in seasoned individuals that have gained considerable experience in their fields and are trusted advisers in their areas of expertise.

NO CONFLICTS – We focus on providing high-end consulting expertise. We have decided that audit and M&A advice should be provided by other specialists. Our services are therefore generally complementary to our clients' service offerings. Hiring A&M typically does not require audit committee preapproval.

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Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to activate change and achieve results.

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