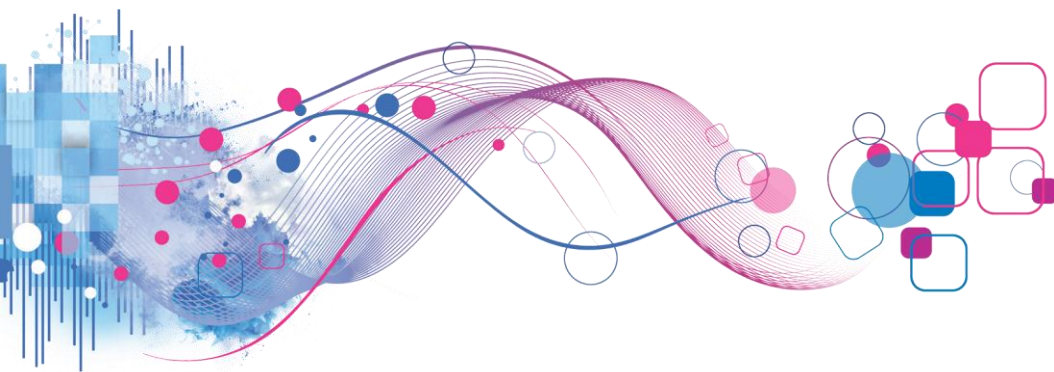


M&A Activity in Europe

Experian Business Research: February 2019



European M&A

The total value of European M&A soared to its highest level in more than a decade last year, according to new figures from Experian MarketIQ. Values reached €1.16bn in 2018, an increase of 22% year on year, with figures boosted by a flurry of high-value acquisitions in the tech, pharma and telecoms sectors.

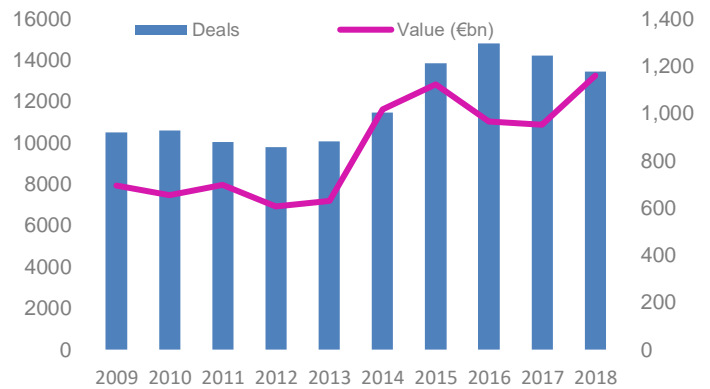
Although European deal volume declined overall (by 5.5%, from 14,229 transactions in 2017 to 13,452 last year), this represents a more than robust return given the wider geo-political uncertainties that gripped the Continent in 2018 and remains significantly ahead of the average annual total recorded over our ten-year review period.

Meanwhile European corporates were sufficiently confident to forge ahead with their growth plans, particularly in the first half of 2018, and the year proved to be one of the busiest on Experian record in the €1bn plus, 'mega' deal category. The European deal landscape was dominated by German life sciences giant Bayer's €54bn purchase of US agrichemicals business Monsanto. Completed in June, the long-running takeover was the biggest ever acquisition by a German firm and looks set to trigger a new wave of consolidation in the sector as we move further into 2019.

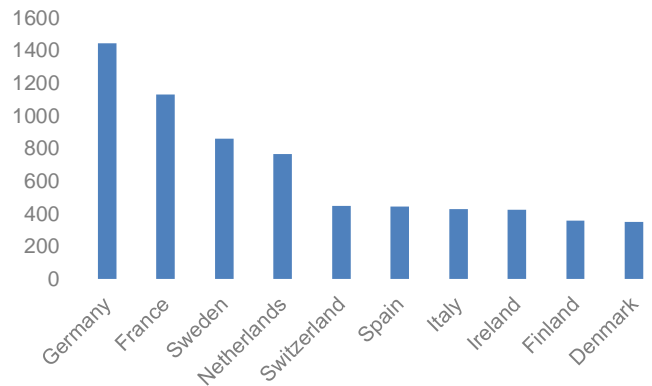
Elsewhere at the top-end of the market, we saw a number of blockbuster deals in the crowded telecoms space, as competitors jostled for market share and new technologies. Notable transactions here included Deutsche Telekom subsidiary T-Mobile's €22bn purchase of Sprint Corp, unifying the third and fourth largest mobile operators in the US, along with Vodafone's acquisition of cable assets in central Europe for €18.4bn from Liberty Global – both potentially transformational transactions in their respective territories, and both transactions that have attracted the attention of regulators.

The United Kingdom remained Europe's most valuable market for deal activity in 2018, with an involvement in almost €340bn worth of transactions. The UK was followed by Germany (€217bn), France (€107bn) and Sweden (€41bn). Germany saw the total recorded value of its deals increase by some 78% year on year, and there was also strong value growth in Switzerland (a 68% upturn), Sweden (33%), Spain (23%) and Ireland (22%), despite fewer transactions being carried out overall.

Volume and value of deals in Europe
2009 - 2018



Most active countries in Continental Europe by deal volume
2018

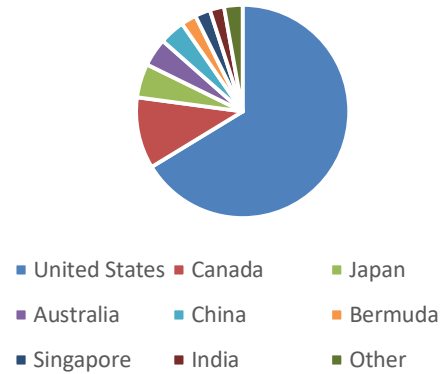


European M&A

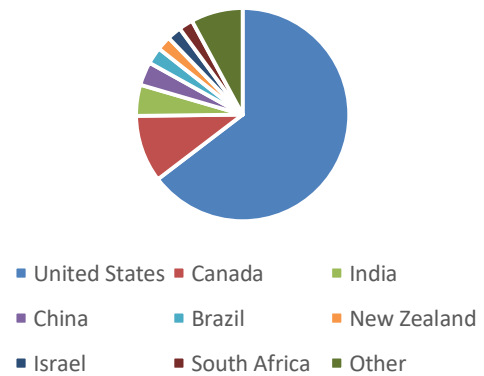
Drilling down, just over 53% of all European transactions in 2018 were traditional acquisitions, with a further 16% involving early-stage development capital investments and 12% seeing shares acquired via a capital increase or rights issue. While the number of acquisitions was down by around 6% year on year, there was a strong performance from the private equity sector, which saw a 10% upturn in buy-out transactions. Activity here tended to be focused on the infocomms sector, with notable deals including the €3.1bn buy-out of ZPG Plc, the London-listed firm behind a number of digital property and household-related brands including Zoopla, uSwitch, PrimeLocation and Hometrack, by funds managed by Californian private equity house Silver Lake Management.

Debt finance looked to be readily available in support of European companies looking to grow by acquisition in 2018 - with a 25% increase in the number of deals funded by new lending - while cross-border deals remained a key component of the deal landscape, both within Europe and further afield. There were 1,395 transactions where a European company was acquired by a business based outside of Europe – around 10% of the total number of European deals – with companies based in the United States by some way the most active investors. US firms accounted for almost 60% of all inward acquisitions, followed by companies based in Canada (10%), Japan (5%) and Australia (4%). Chinese direct investment stood somewhat further back at 3.5%, having receded significantly since 2016. It seems notable that where it did occur, Chinese outbound M&A switched focus in 2018 amid deteriorating relations with the US; a pivot to Europe saw Chinese companies make 48 European acquisitions in the last year, compared to just 12 in the US.

Overseas Bidder Location for Inward Acquisitions 2018



Overseas Target Location for Outbound Acquisitions 2018



European M&A

Top Ten Deals in Europe

2018

Date	Target	Bidder	Value (€m)
07/06/2018	Monsanto Co, USA	Bayer AG, Germany	53,484
29/03/2018	Shire Plc, Ireland	Takeda Pharmaceutical Co Ltd, Japan	52,440
27/02/2018	Sky Plc, United Kingdom	Comcast Corp, USA	34,884
29/04/2018	Sprint Corp, USA	T-Mobile US Inc, USA (subsidiary of Deutsche Telekom AG, Germany)	21,920
09/05/2018	Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania	Vodafone Group Plc, United Kingdom	18,400
14/03/2018	Abertis Infraestructuras SA, Spain	Atlantia SpA, Italy	16,500
05/03/2018	XL Group Ltd, Bermuda	AXA SA, France	12,624
27/03/2018	Consumer Healthcare Joint Venture	GlaxoSmithKline Plc, United Kingdom	10,445
21/02/2018	Bioverativ Inc, USA	Sanofi SA, France	8,372
12/01/2018	GKN Plc, United Kingdom	Melrose Industries Plc, United Kingdom	9,234

M&A in Europe by Industry

2018

Industry	Volume 2018	Volume 2017	% Change	Value (€m) 2018	Value (€m) 2017	% Change
Manufacturing	3,951	4,273	-7.54%	487,107	411,412	18.40%
Infocomms	3,476	3,579	-2.88%	240,459	168,878	42.39%
Financial services	3,232	3,405	-5.08%	241,571	357,308	-32.39%
Wholesale and retail	2,419	2,655	-8.89%	367,309	281,189	30.63%
Professional services	2,411	2,481	-2.82%	291,437	147,623	97.42%
Support services	1,220	1,281	-4.76%	64,112	46,507	37.85%
Real estate	1,098	1,171	-6.23%	124,373	139,404	-10.78%
Construction	989	1,103	-10.34%	101,833	111,732	-8.86%
Transport	576	692	-16.76%	68,855	95,016	-27.53%
Health	543	491	10.59%	16,590	46,613	-64.41%

Name of firm supplying information

Client name

Companies	Name	Location	Type of business
Target			
Bidder			

Date Announced	DD / MM / YYYY	Consideration (millions)	
Date Completed	DD / MM / YYYY		
Deal Description		Consideration satisfied by	
		Company Share Issue	High Street Bank
		Existing Resources	Merchant Bank
		Mezzanine Finance	Vendor Placing
		Other Companies	Venture Capital

Type of deal			
Acquisition	Exit	Management Buy-out	Receivership Restructuring
Demerger	Flotation	Management Buy-in/Buy-out	Reverse Takeover
Development Capital	Investor Buy-in	Merger	Rights/Other issue
Disposal	Investor Buy-out	Minority Stake	Secondary Buy-out
Employee Buy-in	Leveraged Buy-out	Public to Private	Share Buy-back
Employee Buy-out	Management Buy-in	Reconstruction	Start-up

Advisers: please supply all advisers, noting for whom they acted and in what capacity

Adviser + office	Team (individuals)	Client	Role

Funding: please supply all investors

Investor + office	Debt/equity	Team (individuals)	Client

About Experian MarketIQ

How can we help you?

Experian MarketIQ reveals new layers of market insight by combining Corpfin's global M&A database with comprehensive Companies House data and our market leading business, financial and risk databases – all on a single platform. This enables you to be even better informed, even more confident in your decisions, and ready to make the most of all opportunities the moment they arise.

For information about the methodology used to create this report, or for any further information, please contact us at adviser.submissions@experian.com.

Find out about our bespoke solutions tailored to your firm at our website: www.experian.co.uk/marketiq

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Have more confidence

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Create more opportunities

Proactively target new clients or new business contacts using unique combinations of datasets.



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