REUTERS/Jim Young

2016 Dealmaking: Midmarket Review

November 3, 2016

Deals Intelligence and Reuters News

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Director, Deals Intelligence

Matthew Toole serves as Director of Deals Intelligence within the Banking and Research Division at Thomson Reuters and is responsible for communicating broad M&A, capital markets, private equity and venture capital industry trends through quarterly research reports and the financial media. Most recently, he was the director of media relations for Investment Banking content at Thomson Reuters, which includes mergers & acquisitions, private equity and capital markets. Matthew started his career as a research analyst in the fixed income group at Thomson Financial Securities Data and received his Bachelor of Science in Biology from Providence College. Follow Matt on Twitter @mgtoole.
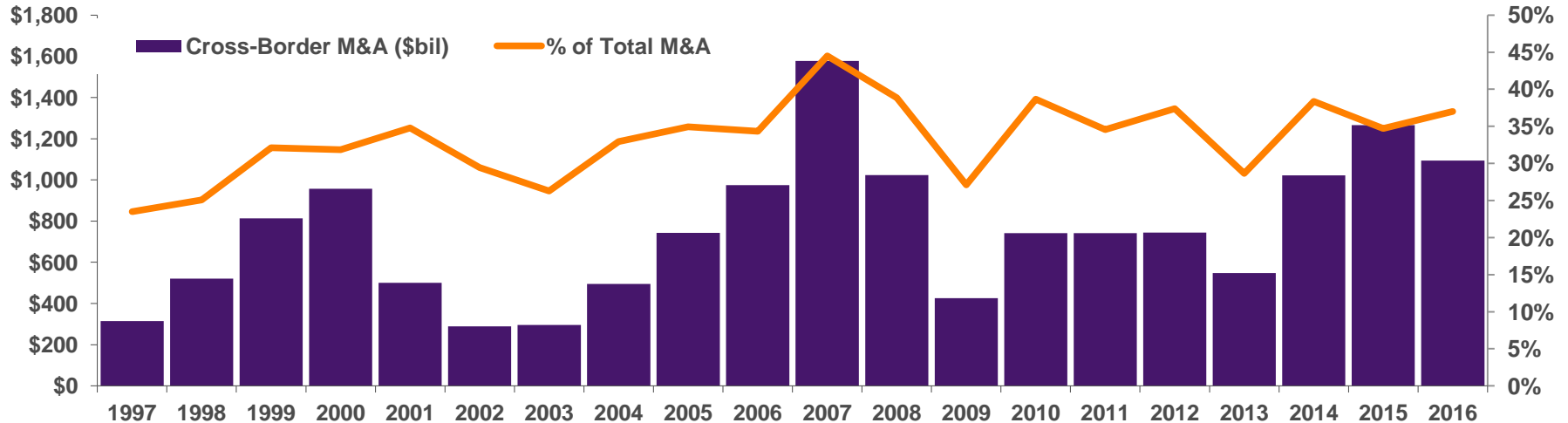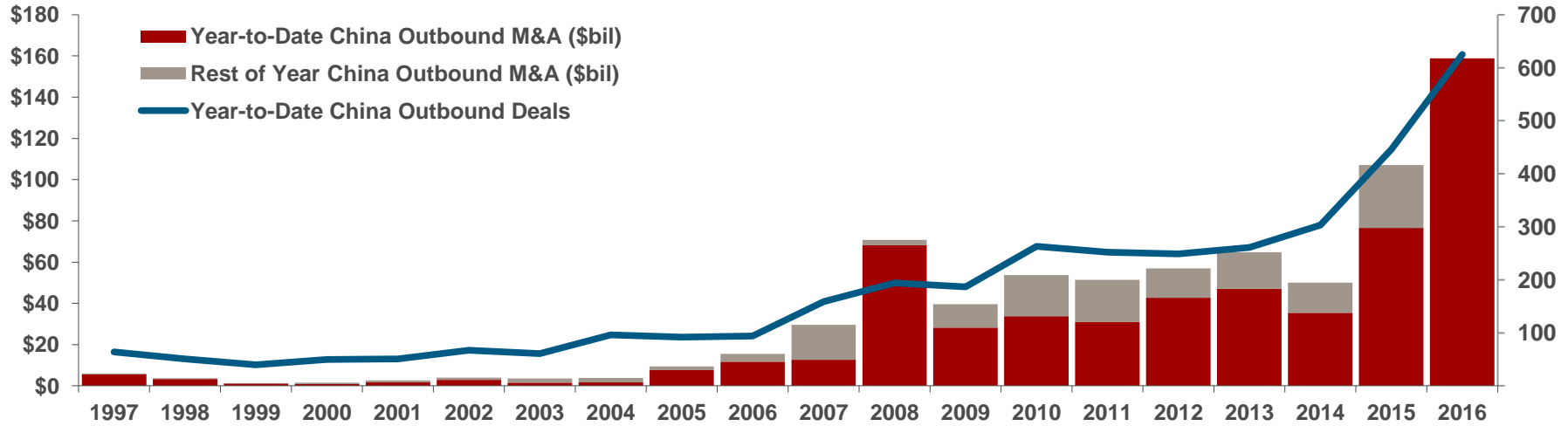
Lauren Hirsch
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Lauren Hirsch is deals team leader for Reuters News based in New York, covering mergers and acquisitions and IPOs. Originally from Rye, New York, Lauren attended Cornell University as a comparative literature major and went on to receive her MBA from the Tuck School of Business at Dartmouth.   Her coverage has included breaking news on water-cooler company Yeti's IPO plans and outdoors retailer Bass Pro Shops' bid for hunting and fishing store chain Cabela's. Follow Lauren on Twitter @LaurenSHirsch
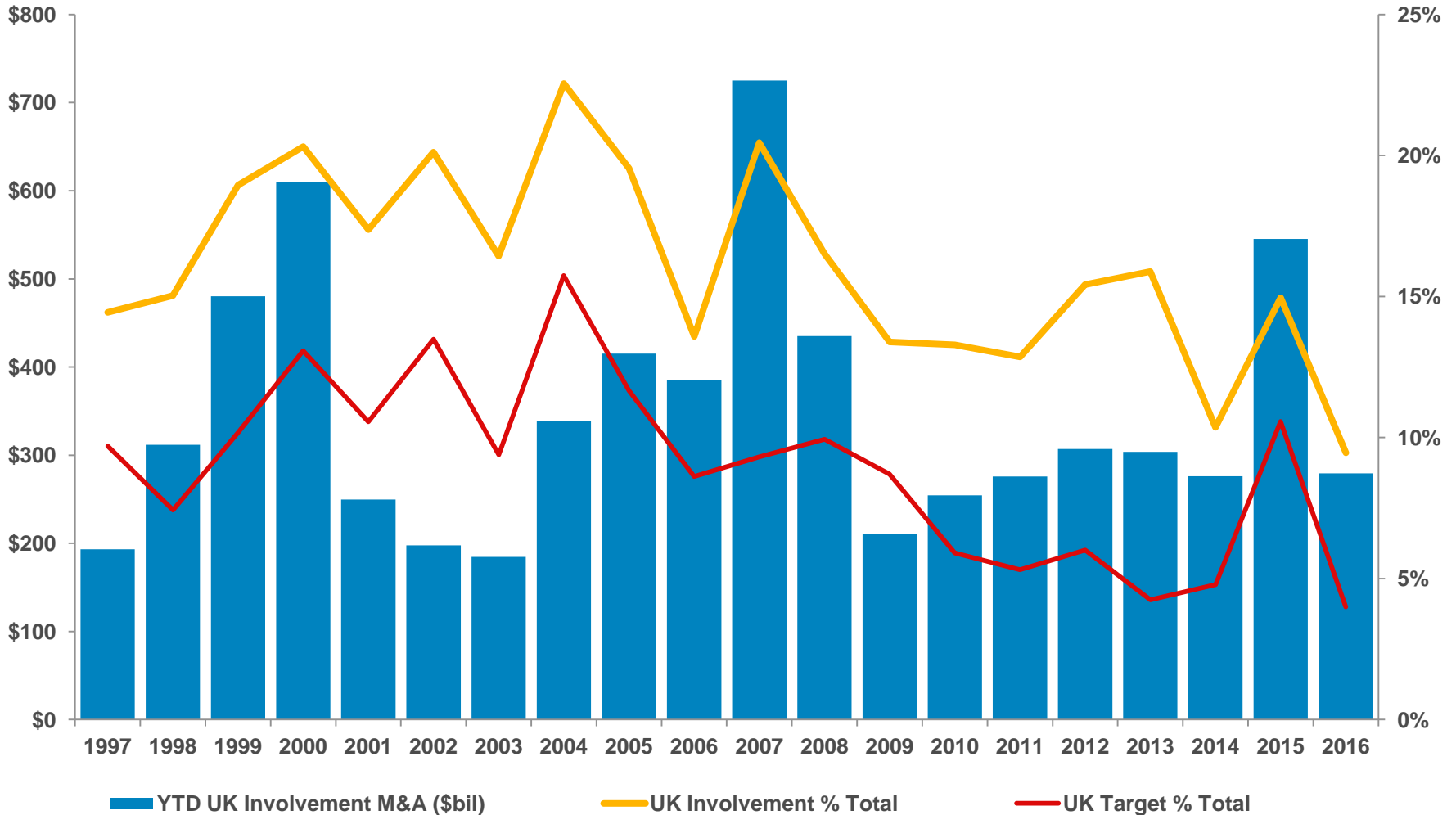
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Worldwide deal making totals $3.0 trillion, down 19% from 2015 and slowest YTD since 2014; Number of deals down 4%; Third consecutive YTD to surpass $2.5 trillion

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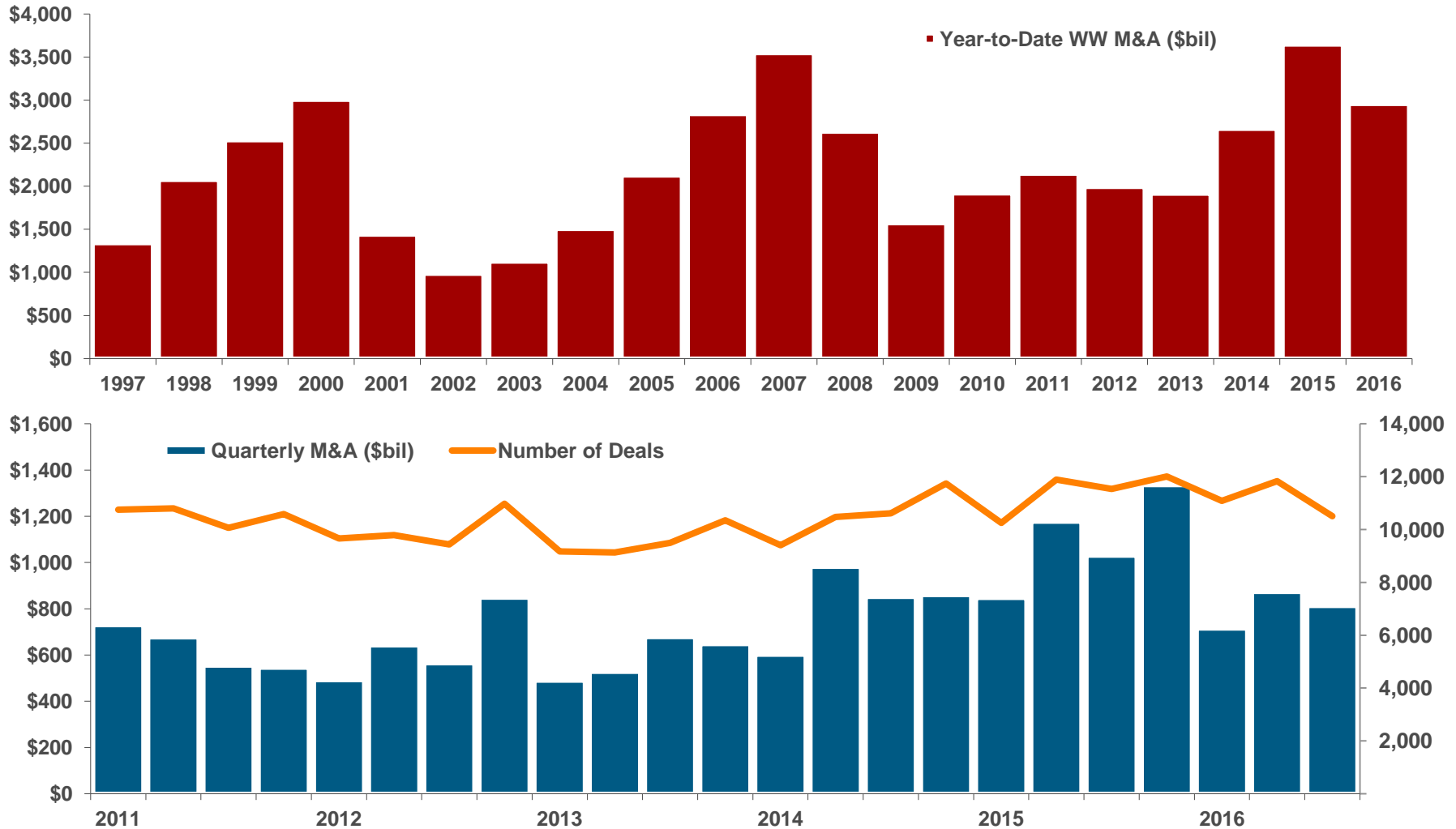
China Outbound M&A surpasses full year record as cross-border M&A accounts for 37% of total YTD M&A

Top chart legend:
- Year-to-Date China Outbound M&A ($bil)
- Rest of Year China Outbound M&A ($bil)
- Year-to-Date China Outbound Deals

Bottom chart legend:
- Cross-Border M&A ($bil)
- % of Total M&A

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United Kingdom Involvement M&A falls to 9% of total global deal making, lowest percentage on record

Legend: YTD UK Involvement M&A ($bil) · UK Involvement % Total · UK Target % Total

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Inbound US Cross-border M&A hits all-time YTD record, account for 15% of worldwide deals; Increases 23% by value and 8% by number of deals

Legend: Inbound US Cross-Border ($bil) — Inbound US Cross-Border as % of Total

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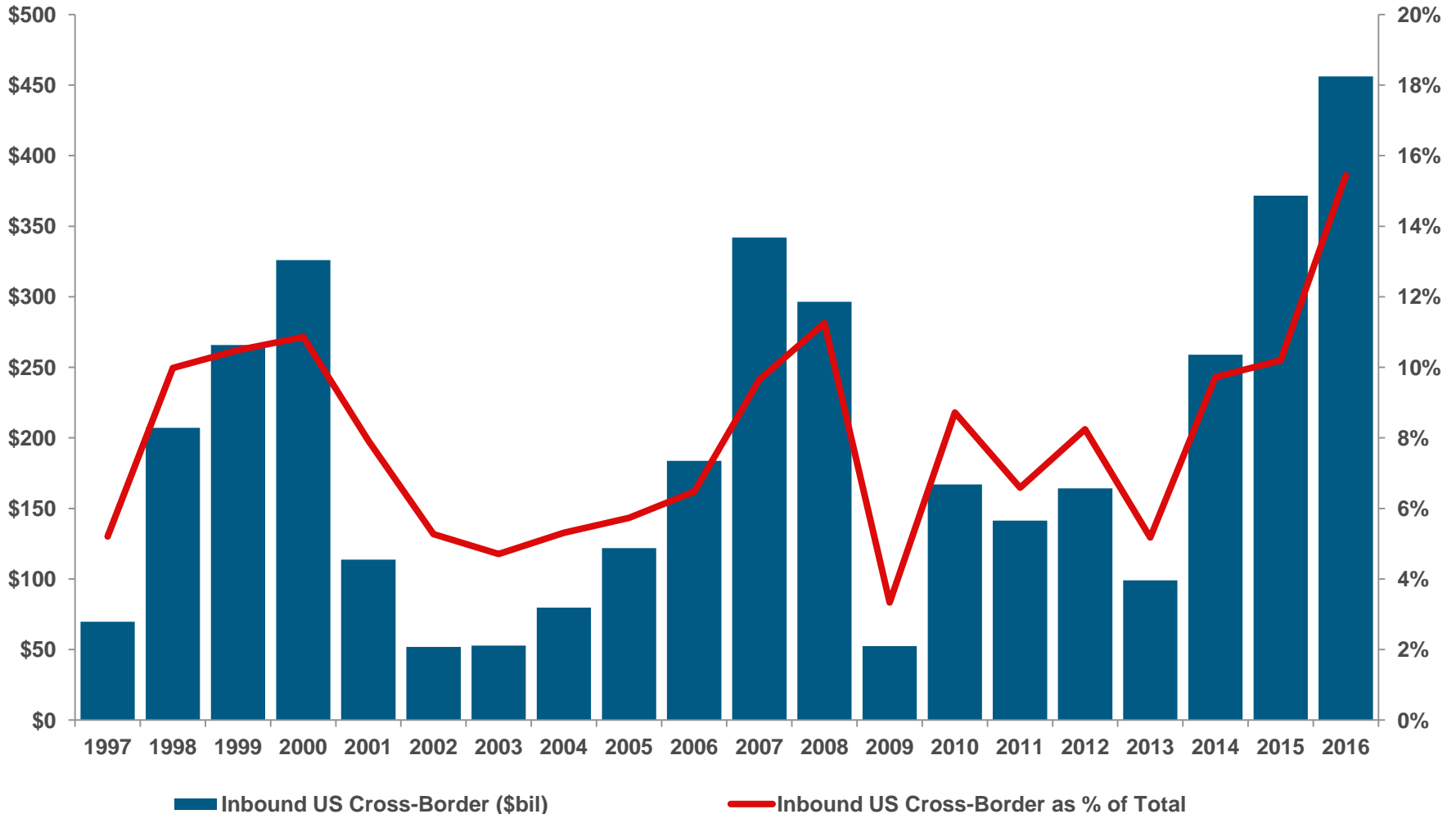
Energy & Power, Tech, Industrials and Materials lead balanced sector deal making mix

Legend: YTD 2016 Target Sector ($bil) · YTD 2015 Target Sector ($bil)

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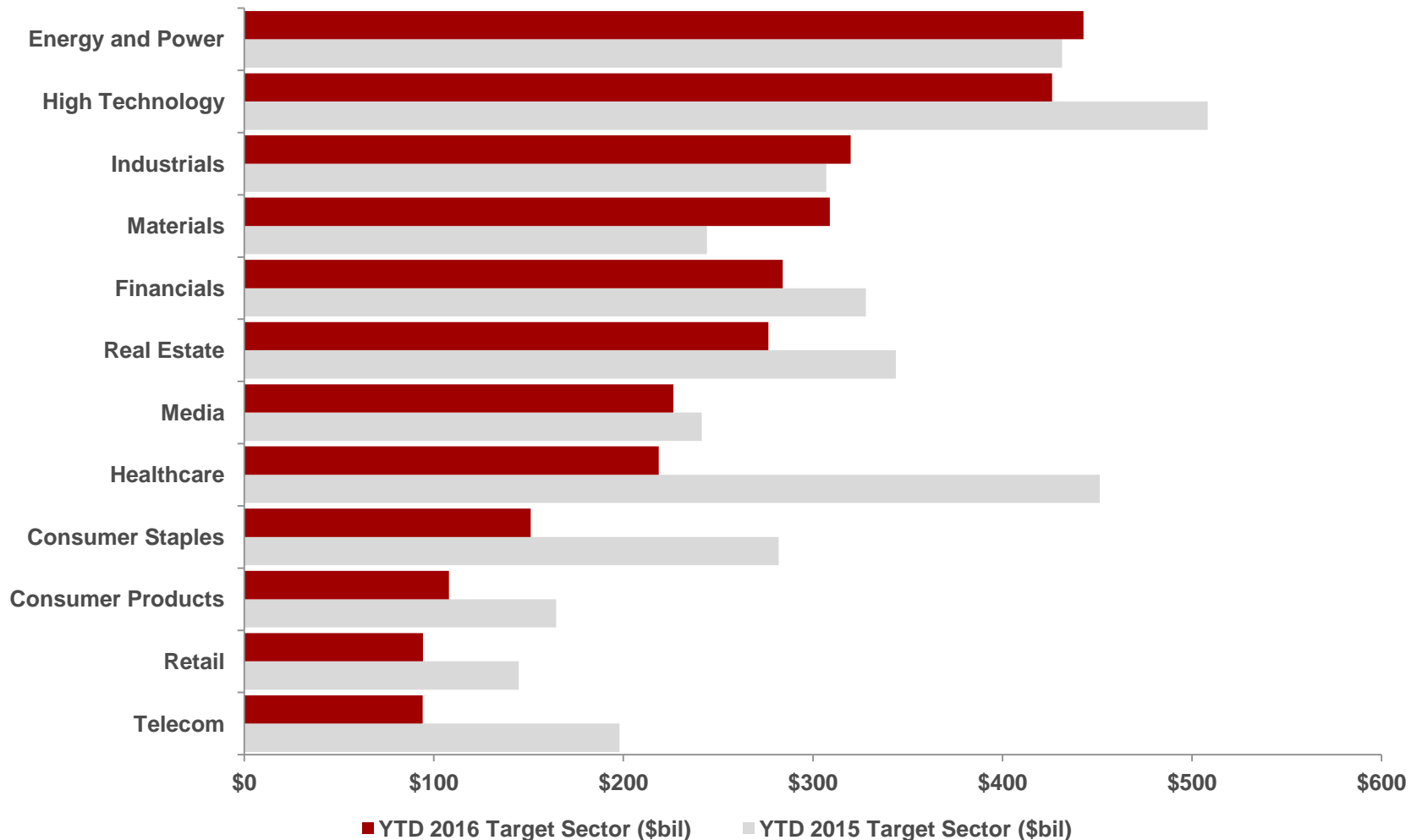
All-time value record for US deal making in October as four of top ten deals announced late last month

Date	Target Name	Target Nation	Acquiror Name	Acquiror Nation	Value ($bil)	Macro Industry
10/22/16	Time Warner Inc	United States	AT&T Inc	United States	107.3	Media and Entertainment
05/23/16	Monsanto Co	United States	Bayer AG	Germany	63.9	Materials
10/21/16	Reynolds American Inc	United States	British American Tobacco PLC	United Kingdom	57.8	Consumer Staples
02/03/16	Syngenta AG	Switzerland	CNAC Saturn (NL) BV	Netherlands	46.6	Materials
10/27/16	NXP Semiconductors NV	United States	Qualcomm Inc	United States	46.6	High Technology
09/06/16	Spectra Energy Corp	United States	Enbridge Inc	Canada	43.1	Energy and Power
10/31/16	Level 3 Communications Inc	United States	CenturyLink Inc	United States	34.7	Telecommunications
07/18/16	ARM Holdings PLC	United Kingdom	SoftBank Group Corp	Japan	30.8	High Technology
04/28/16	St Jude Medical Inc	United States	Abbott Laboratories	United States	30.5	Healthcare
01/25/16	Johnson Controls Inc	United States	Tyco International PLC	Ireland-Rep	27.7	Industrials
06/13/16	LinkedIn Corp	United States	Microsoft Corp	United States	24.6	High Technology
10/31/16	Baker Hughes Inc	United States	GE	United States	22.6	Energy and Power
02/17/16	Credit Agricole-Regional Banks	France	SACAM Mutualisation	France	20.1	Financials
06/13/16	Danaher Corp-Industrial Growth	United States	Shareholders	United States	19.9	Industrials
09/12/16	Agrium Inc	Canada	Potash Corp of Saskatchewan	Canada	18.3	Materials
05/23/16	SF Holding (Group) Co Ltd	China	Maanshan Dingtai Rare Earth &	China	16.8	Industrials
04/11/16	Hatteras Financial Corp	United States	Annaly Capital Management Inc	United States	14.5	Real Estate
09/06/16	CNPC Capital Co Ltd	China	Jinan Diesel Engine Co Ltd	China	14.5	Financials
07/03/16	National Bank of Abu Dhabi	Utd Arab Em	First Gulf Bank PJSC	Utd Arab Em	14.1	Financials
02/23/16	London Stock Exchange Grp PLC	United Kingdom	Deutsche Boerse AG	Germany	13.9	Financials

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Deals over $10 billion fall 37% compared to a year ago, as deal making under $1 billion falls 10% by value and 4% by number of deals

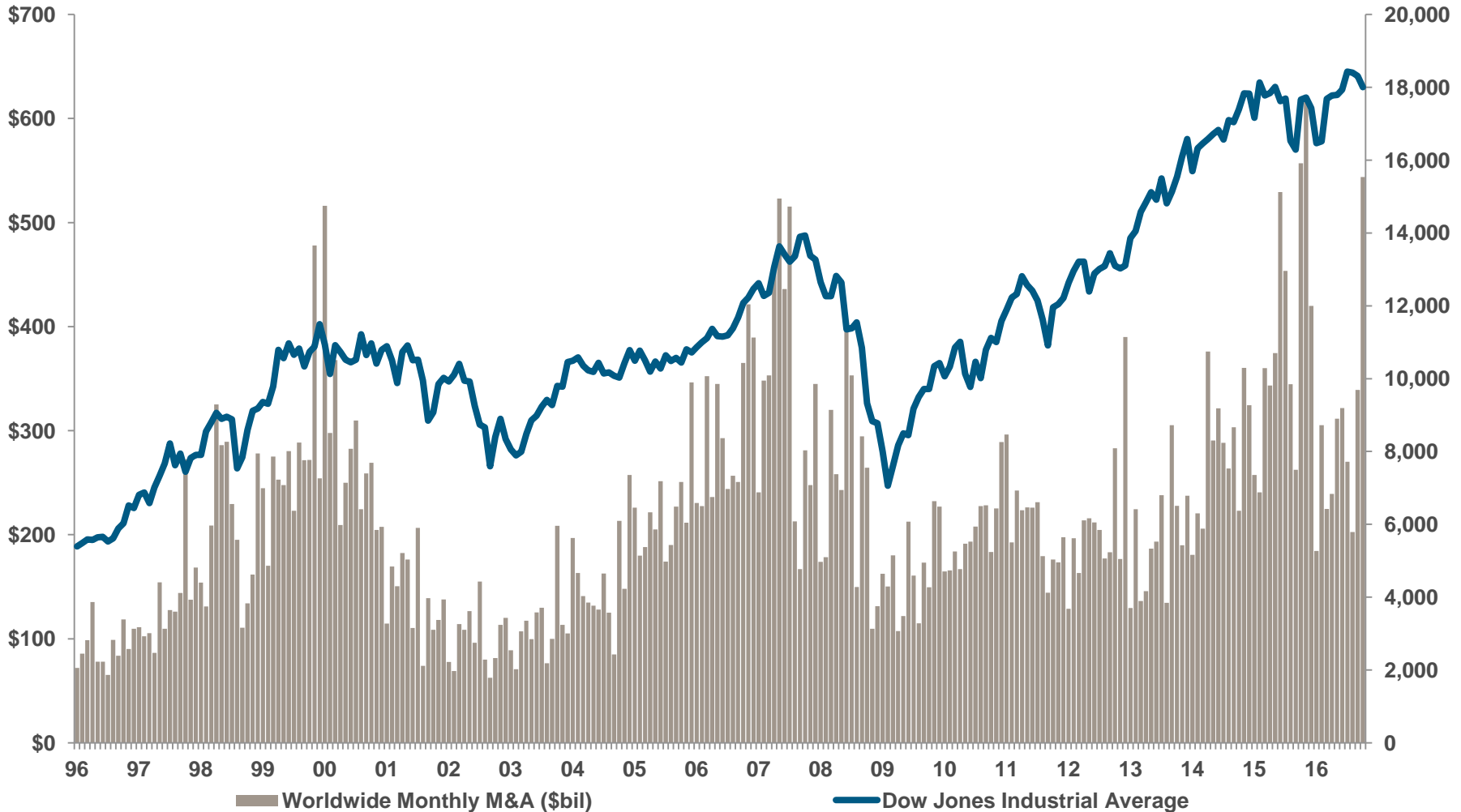Legend (top chart): TYD WW M&A Under $500m ($bil) | Number of Deals

Legend (bottom chart): YTD WW M&A Over $5b ($bil) | Number of Deals

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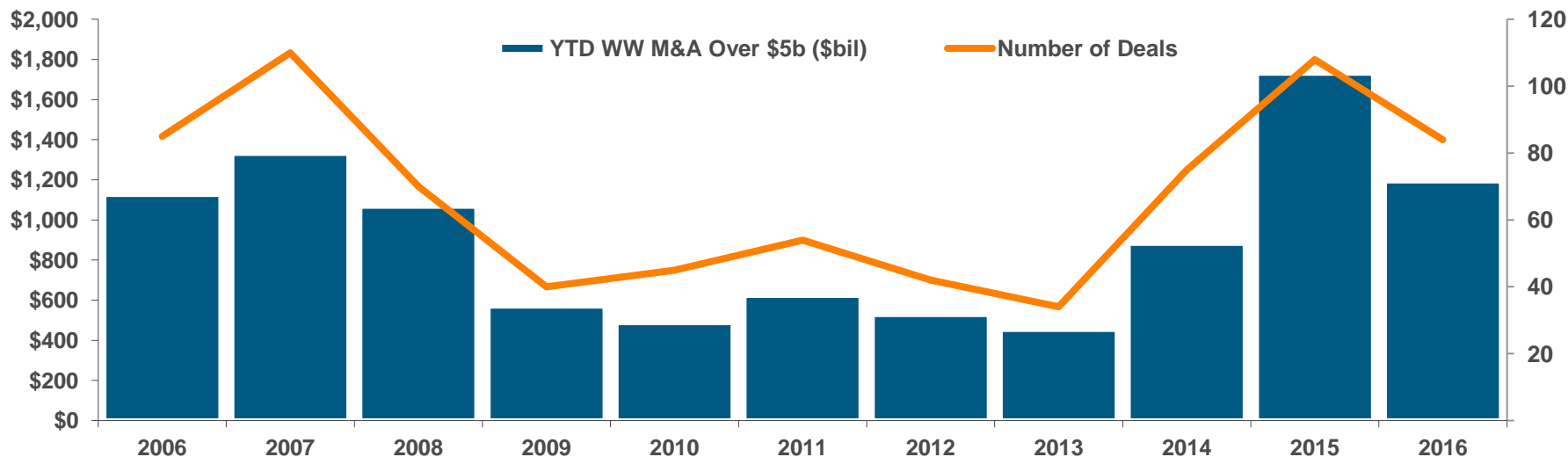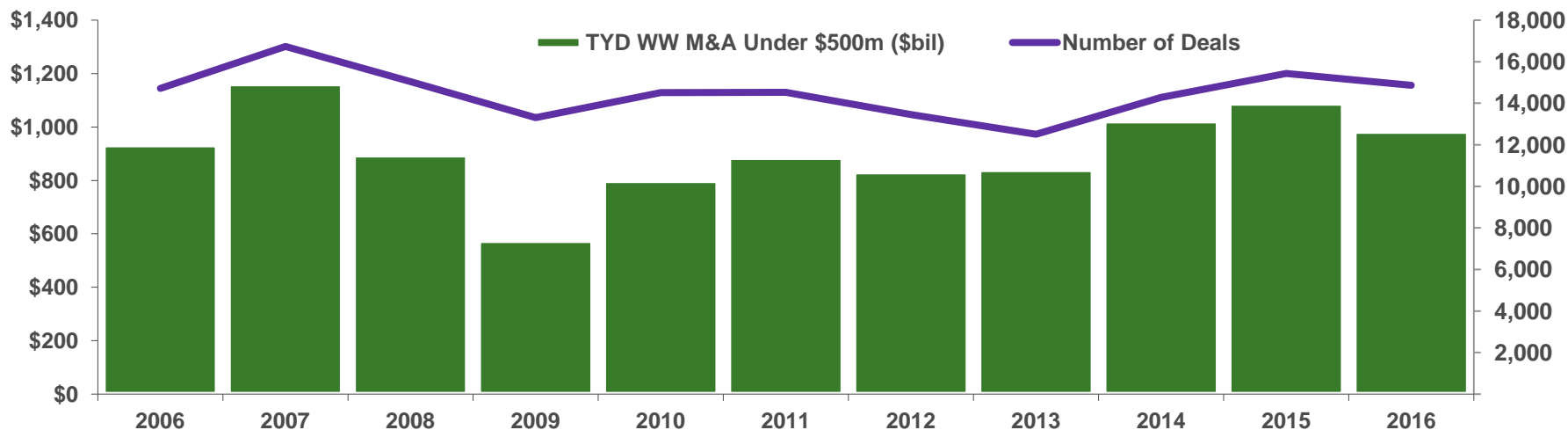
M&A Sector Scorecard: Energy & Power, Materials and Consumer Products display strength in mid-market

Worldwide Mid Market M&A

UNDER $500m

Macro Sector	1/1/2016-11/2/2016 Value ($mil)	Mkt. Share	Number of Deals	1/1/2015-11/2/2015 Value ($mil)	Mkt. Share	Number of Deals	% Chg. ($)	% Chg. (#)
Real Estate	122,062.3	17.0	1,463	125,407.3	16.6	1,594	-2.7	-8.2
Industrials	85,827.8	11.9	1,890	91,242.9	12.1	1,841	-5.9	2.7
High Technology	84,250.1	11.7	2,277	101,230.2	13.4	2,496	-16.8	-8.8
Financials	84,195.7	11.7	1,555	80,570.3	10.7	1,631	4.5	-4.7
Energy and Power	70,436.8	9.8	1,102	69,599.0	9.2	1,112	1.2	-.9
Materials	66,144.1	9.2	1,415	60,928.8	8.1	1,367	8.6	3.5
Healthcare	46,053.9	6.4	999	53,620.1	7.1	1,047	-14.1	-4.6
Consumer Products	44,837.8	6.2	1,140	39,637.3	5.3	1,114	13.1	2.3
Media and Entertainment	38,965.3	5.4	891	54,664.8	7.2	990	-28.7	-10.0
Consumer Staples	32,899.8	4.6	800	36,182.4	4.8	828	-9.1	-3.4
Retail	31,183.0	4.3	671	29,158.1	3.9	660	6.9	1.7
Telecommunications	13,081.5	1.8	273	12,447.6	1.7	275	5.1	-.7
Industry Total	**720,174.7**	**100.0**	**14,487**	**755,412.1**	**100.0**	**14,963**	**-4.7**	**-3.2**

UNDER $1b

Macro Sector	1/1/2016-11/2/2016 Value ($mil)	Mkt. Share	Number of Deals	1/1/2015-11/2/2015 Value ($mil)	Mkt. Share	Number of Deals	% Chg. ($)	% Chg. (#)
Real Estate	154,774.0	15.8	1,512	168,241.7	15.5	1,655	-8.0	-8.6
High Technology	120,303.6	12.2	2,328	140,416.4	12.9	2,553	-14.3	-8.8
Industrials	118,794.6	12.1	1,937	134,297.8	12.3	1,901	-11.5	1.9
Energy and Power	113,183.7	11.5	1,161	108,395.7	10.0	1,165	4.4	-.3
Financials	111,947.8	11.4	1,591	115,970.7	10.7	1,680	-3.5	-5.3
Materials	89,330.1	9.1	1,449	89,856.9	8.3	1,410	-.6	2.8
Healthcare	62,212.5	6.3	1023	82,169.6	7.6	1,087	-24.3	-5.9
Consumer Products	53,825.7	5.5	1,153	54,485.7	5.0	1,134	-1.2	1.7
Media and Entertainment	51,812.1	5.3	909	72,830.6	6.7	1016	-28.9	-10.5
Consumer Staples	46,805.3	4.8	821	53,944.4	5.0	854	-13.2	-3.9
Retail	36,721.7	3.7	680	42,190.5	3.9	678	-13.0	.3
Telecommunications	22,560.9	2.3	287	24,472.6	2.3	292	-7.8	-1.7
Industry Total	**982,508.4**	**100.0**	**14,862**	**1,087,996.0**	**100.0**	**15,433**	**-9.7**	**-3.7**

United States Mid Market M&A

UNDER $500m

Macro Sector	1/1/2016-11/2/2016 Value ($mil)	Mkt. Share	Number of Deals	1/1/2015-11/2/2015 Value ($mil)	Mkt. Share	Number of Deals	% Chg. ($)	% Chg. (#)
Real Estate	28,121.8	17.2	286	29,274.6	16.9	396	-3.9	-27.8
Energy and Power	23,100.9	14.2	173	22,943.3	13.2	201	.7	-13.9
High Technology	20,505.7	12.6	314	25,260.7	14.6	311	-18.8	1.0
Financials	18,468.0	11.3	197	16,330.2	9.4	227	13.1	-13.2
Healthcare	14,495.0	8.9	252	18,746.7	10.8	251	-22.7	.4
Industrials	12,714.0	7.8	152	12,482.8	7.2	179	1.9	-15.1
Consumer Products	12,299.2	7.5	146	10,642.6	6.1	153	15.6	-4.6
Media and Entertainment	10,429.4	6.4	133	16,826.8	9.7	213	-38.0	-37.6
Materials	8,823.9	5.4	121	7,978.6	4.6	93	10.6	30.1
Consumer Staples	5,730.4	3.5	55	5,113.9	3.0	75	12.1	-26.7
Retail	5,524.2	3.4	78	5,947.5	3.4	76	-7.1	2.6
Telecommunications	3,039.1	1.9	24	1,462.2	.8	23	107.8	4.3
Industry Total	**163,290.5**	**100.0**	**1,933**	**173,404.9**	**100.0**	**2,200**	**-5.8**	**-12.1**

UNDER $1b

Macro Sector	1/1/2016-11/2/2016 Value ($mil)	Mkt. Share	Number of Deals	1/1/2015-11/2/2015 Value ($mil)	Mkt. Share	Number of Deals	% Chg. ($)	% Chg. (#)
Energy and Power	41,897.4	16.5	199	35,839.8	12.7	219	16.9	-9.1
High Technology	39,898.7	15.7	341	40,517.1	14.4	332	-1.5	2.7
Real Estate	39,514.9	15.6	303	40,642.7	14.4	411	-2.8	-26.3
Healthcare	24,393.1	9.6	267	30,882.0	11.0	267	-21.0	.0
Financials	22,242.5	8.8	202	26,718.2	9.5	240	-16.8	-15.8
Industrials	20,887.6	8.2	164	21,485.0	7.6	191	-2.8	-14.1
Consumer Products	16,029.5	6.3	151	17,832.5	6.3	163	-10.1	-7.4
Materials	15,331.7	6.0	130	19,022.4	6.8	108	-19.4	20.4
Media and Entertainment	14,646.9	5.8	139	22,036.0	7.8	220	-33.5	-36.8
Consumer Staples	8,717.1	3.4	60	11,276.3	4.0	84	-22.7	-28.6
Retail	6,817.7	2.7	80	9,920.5	3.5	82	-31.3	-2.4
Telecommunications	3,689.1	1.5	25	5,150.5	1.8	28	-28.4	-10.7
Industry Total	**254,105.3**	**100.0**	**2,063**	**281,718.1**	**100.0**	**2,347**	**-9.8**	**-12.1**

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Stock market volatility subsides in third quarter as deal making activity rebounds in October

Worldwide Monthly M&A ($bil)   Dow Jones Industrial Average

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Stock market reaction for deals improves in second half; Year-to-date deal approval sits at 44%

Quarterly Positive Stock Price Reaction (%) (LH) values:

Quarter	Value
1Q 08	55%
2Q 08	54%
3Q 08	31%
4Q 08	50%
1Q 09	22%
2Q 09	44%
3Q 09	50%
4Q 09	68%
1Q 10	46%
2Q 10	43%
3Q 10	42%
4Q 10	67%
1Q 11	65%
2Q 11	65%
3Q 11	29%
4Q 11	29%
1Q 12	65%
2Q 12	50%
3Q 12	61%
4Q 12	50%
1Q 13	60%
2Q 13	59%
3Q 13	57%
4Q 13	60%
1Q 14	80%
2Q 14	70%
3Q 14	63%
4Q 14	55%
1Q 15	69%
2Q 15	63%
3Q 15	37%
4Q 15	37%
1Q 16	44%
2Q 16	37%
3Q 16	47%
4Q 16	50%

Quarterly Positive Stock Price Reaction (%) (LH)

Annual Positive Stock Price Reaction (%) (RH)

Based on US public acquirors, Deals over $1 billion

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Annualized deal making projections see M&A as percentage of GDP tumble in 2016

Legend: WW M&A ($bil) | WW as % of GDP | Europe as % of GDP | US as % of GDP

*annualized M&A

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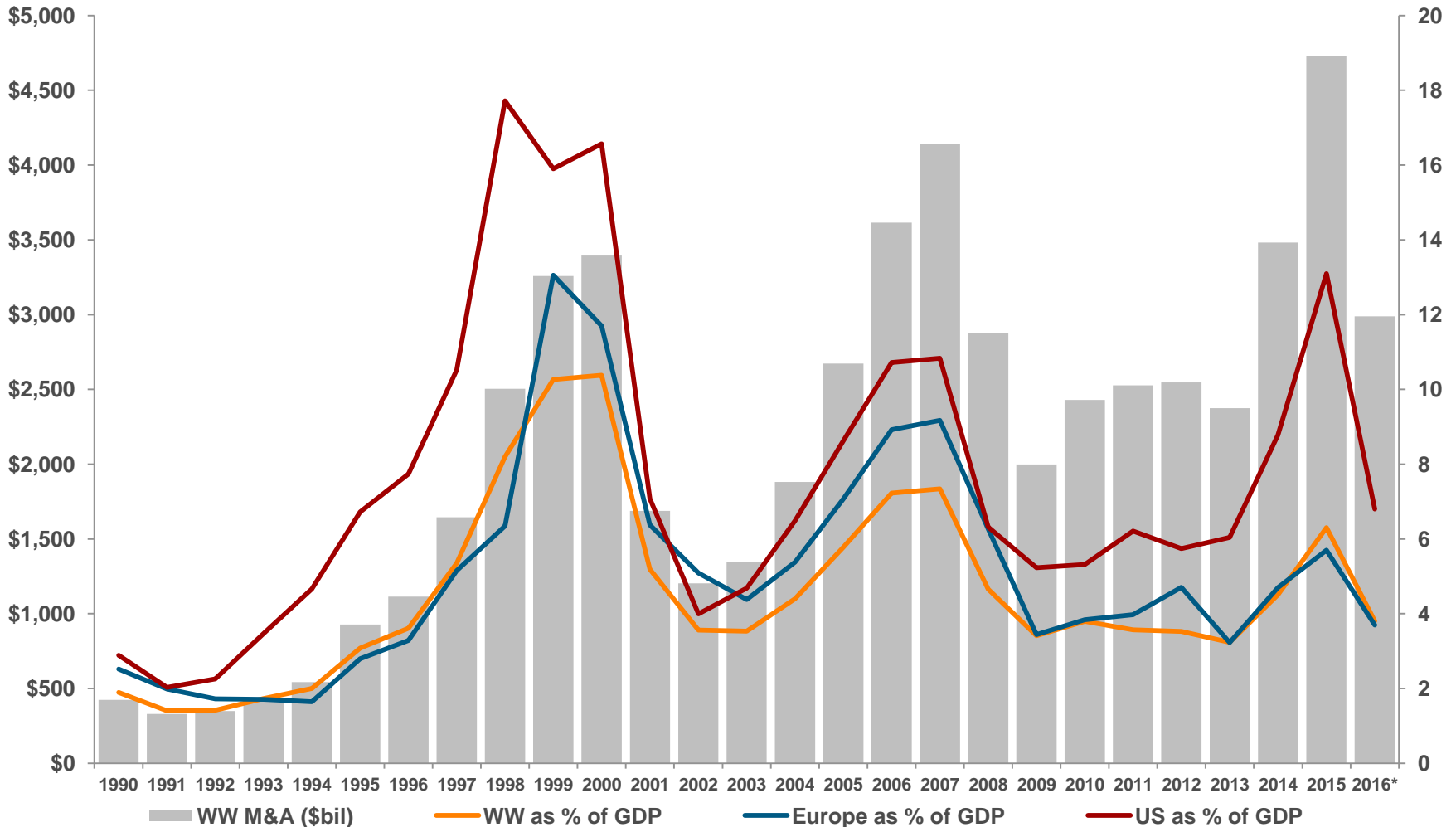
Share of fee wallet for boutique M&A advisors continues to hover around 30% of all completed M&A fees for the fifth consecutive year

Legend:
- YTD Boutique M&A Fees ($bil)
- YTD Non-Boutique M&A Fees ($bil)
- All Boutique (%)
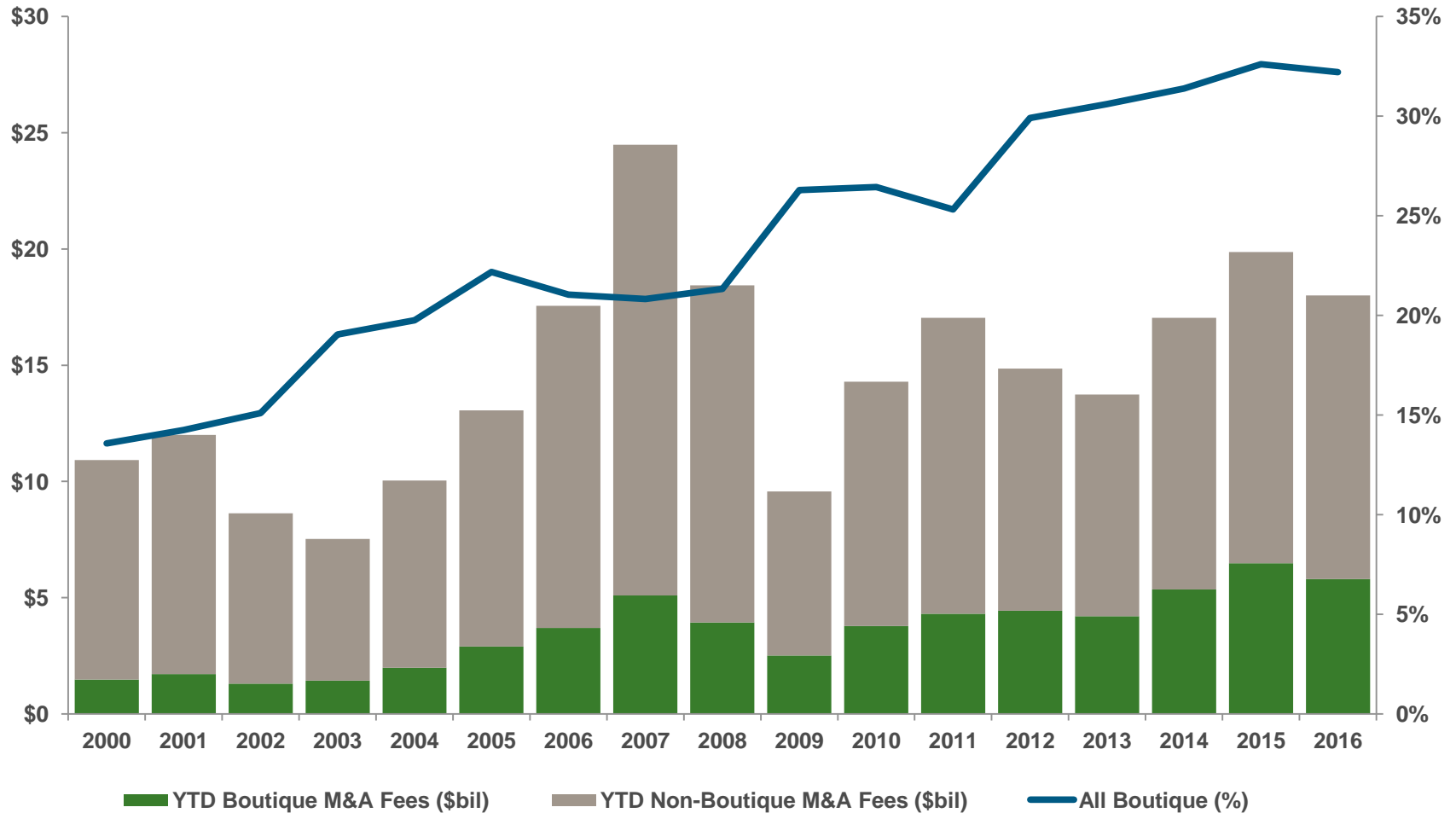
Boutiques are defined as firms earning greater than 85% of fees from M&A and ECM since 2000 with M&A fees accounting for at least 70% of those corporate finance fees

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Questions & Answers

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