



KPMG Deal Activity Update

2016 full year analysis

Deal Advisory - Corporate Finance



Global M&A market snapshot

The global M&A market

Globally the economy continues to witness an overall improvement from prior years. This modest growth is also reflected in the number of international M&A volumes, which increased c. 1% from 18,063 announced deals in 2015 to 18,215 in 2016. However, the M&A activity at a European level observed a slightly better increase of 6% from the previous year, where in 7,453 deals were announced for 2016.

Globally, however the deal value has seen a significant decline of 17% from the prior year with the total value recorded at EUR 2,970 billion in 2016. This decrease,

however can be mainly attributed to the absence of large ticket-size multi-billion dollar deals that occurred in 2015. At a European level, a similar decrease has been observed, mirroring the decline in deal value globally.

From a sector perspective, the acquisition of tech business have risen sharply since 2009 both at a global level and on the Dutch market. These tech companies operated in either computer services, software, hardware or semi-conductors. Furthermore, acquisitions of these tech businesses have been made by non-tech organisations primarily from the Financials Services, Media and Industrial sectors.

Overall, the Dutch M&A market has witnessed an increase of c. 12% in deal activity adding up to a total of 647 deals in 2016 compared to 578 deals announced in 2015. However, in terms of deal value the Dutch market has seen a decline mirroring the decrease at a European and global level, where the total deal value dropped by 53% from EUR 179bn in 2015 to EUR 84bn in 2016. This was primarily driven by the absence of large ticket-size deals that occurred in 2015¹.

The Dutch M&A market

Outlook 2017

Though none of the two most important events of 2016 (Brexit and US election) did not majorly impact the M&A market. We believe that in 2017, once the outcomes of the two events come to full maturity, the M&A activity may be hampered by the continuing process of the UK leaving the EU and the renegotiations of international trade deals under Donald Trump's presidency. Additionally, the elections in the EU in 2017 are also likely to affect the M&A market.

Note 1: 2015 witnessed three deals of EUR >10bn each, the Shell bid for BG (EUR 74.5bn), the NXP Semiconductor takeover of Freescale (EUR 14.3bn) and the Ahold/Delhaize merger (EUR 10.6bn)
Source: Mergemarket

Global M&A market snapshot

	Global			EU			Netherlands		
	2015	2016	Delta	2015	2016	Delta	2015	2016	Delta
Number of deals	18,063	18,215	0.8%	7,052	7,453	5.7%	578	647	11.9%
Deal value in EURbn	3,584	2,970	(17.1%)	968	847	(12.5%)	179 ¹	84	(53.1%)
Median EBITDA multiple	11.3x	11.1x	(1.7%)	10.5x	9.9x	(5.5%)	11.2x	9.6x	(14.0%)
Number of financial deals	4,426	4,684	5.8%	1,931	2,091	8.3%	173	208	20.2%
Deal value financial deals in EURbn	707	719	1.7%	286	257	(10.3%)	48	15	(67.9%)
GDP growth	2.7%	2.2%		2.0%	1.7%		2.0%	3.0%	

Note 1: 2015 witnessed three deals of EUR >10bn each, the Shell bid for BG (EUR 74.5bn), the NXP Semiconductor takeover of Freescale (EUR 14.3bn) and the Ahold/Delhaize merger (EUR 10.6bn)

Source: Economist Intelligence Unit, Mergermarket (data per 2 August 2008, based on announced deals, exclusive of IPOs), KPMG Analysis

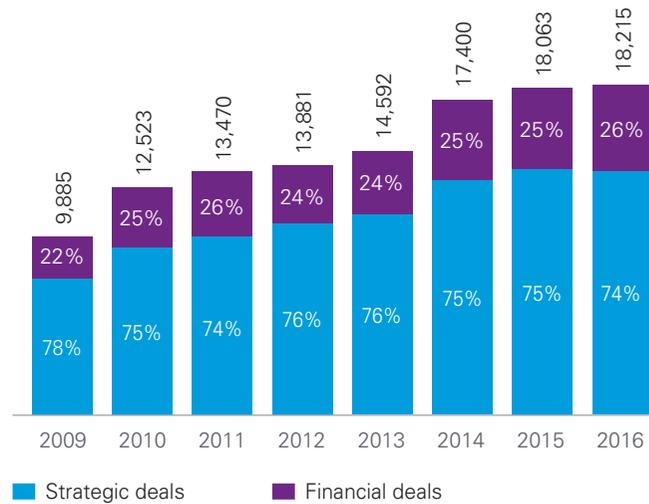
The Global and European M&A market

In 2016, total deal value and the share of financial investors are in line with 2015. In Europe, total deal volume increased slightly to 7453 deals. The share of financial investors was in line with 2015

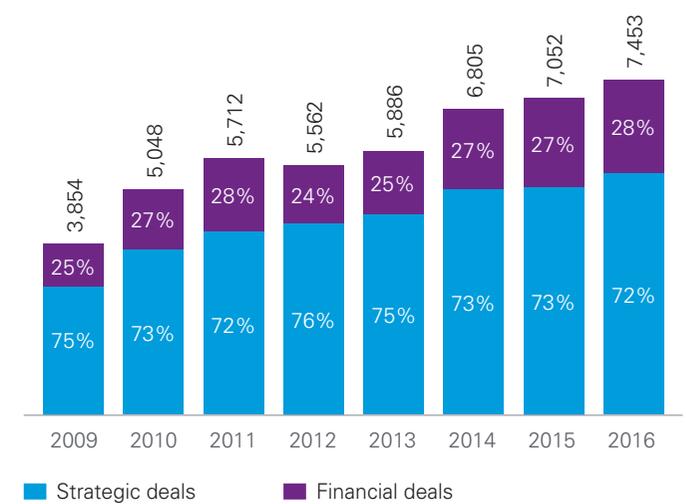
Financial investors accounted for 31% of the total deal value in Europe, indicating their involvement in larger deals, on average, compared to corporations

In 2016 both globally and in Europe globally deal value has dropped in 2016

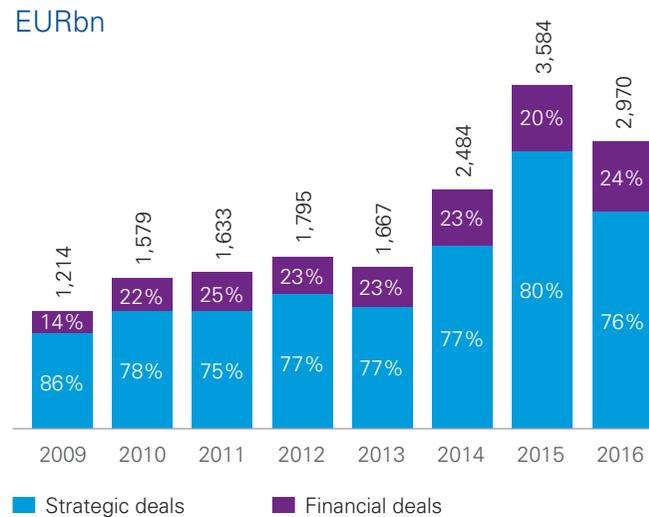
Global - Deal volume



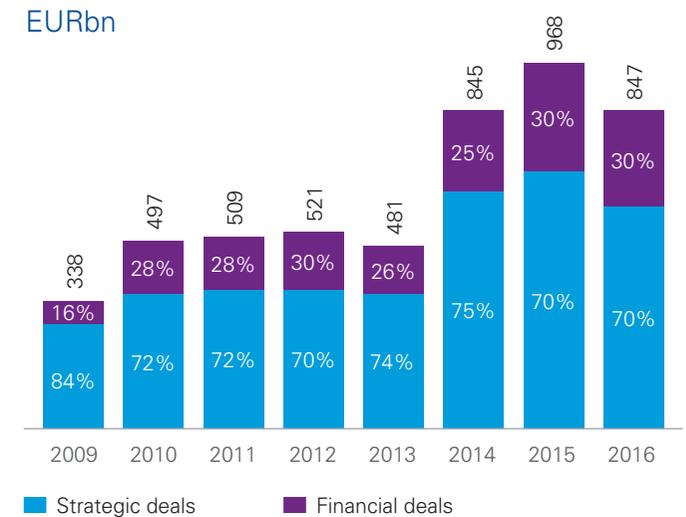
EU - Deal volume



Global - Deal value



EU - Deal value



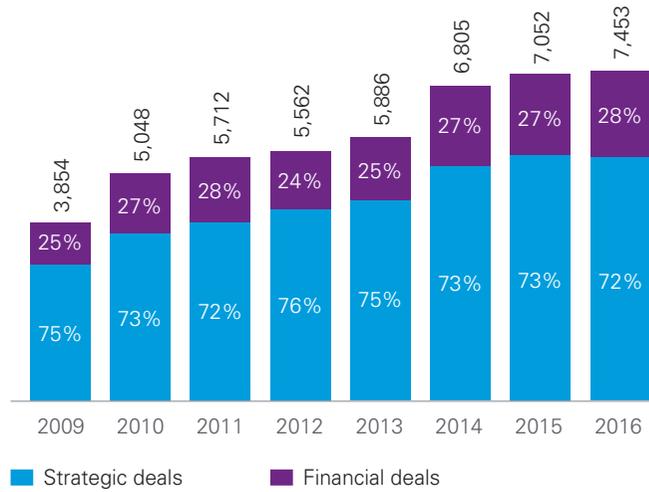
The European and Dutch M&A market

The Netherlands has seen an increase of 12% in deal activity. The share of financial investors, roughly 29%, is in line with 2015

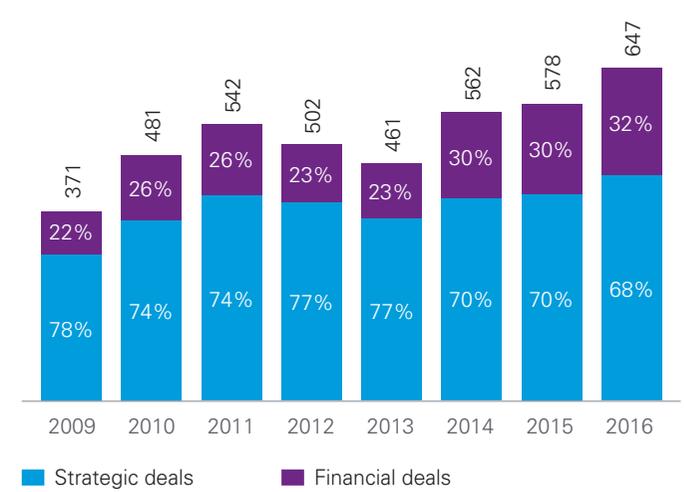
The peak in deal volume in 2015 in the Netherlands was primarily driven by large deals such as the Shell bid for BG (EUR 74.5bn), the NXP Semiconductor takeover of Freescale (EUR 14.3bn) and the Ahold/Delhaize merger (EUR 10.6bn)

Financial investors accounted for 18% of the total deal value in the Netherlands

EU - Deal volume

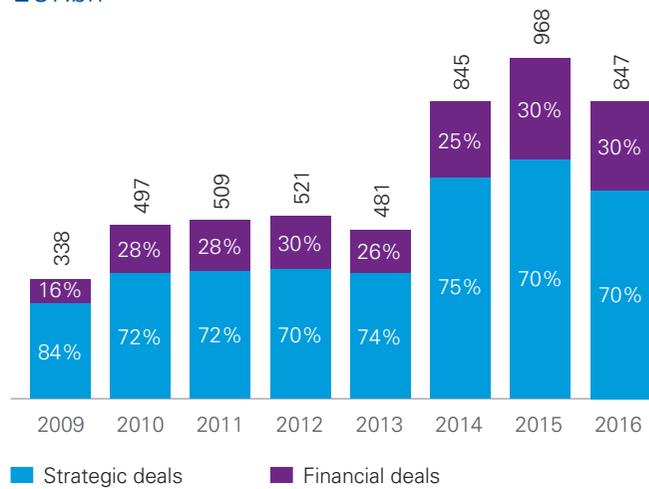


Netherlands - Deal volume



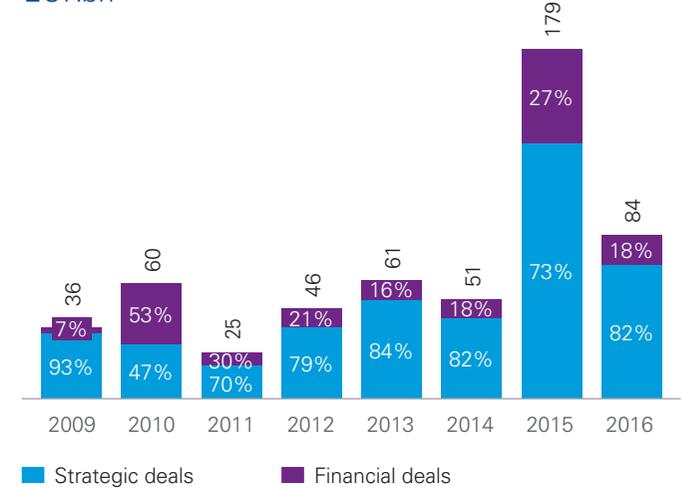
EU - Deal value

EURbn

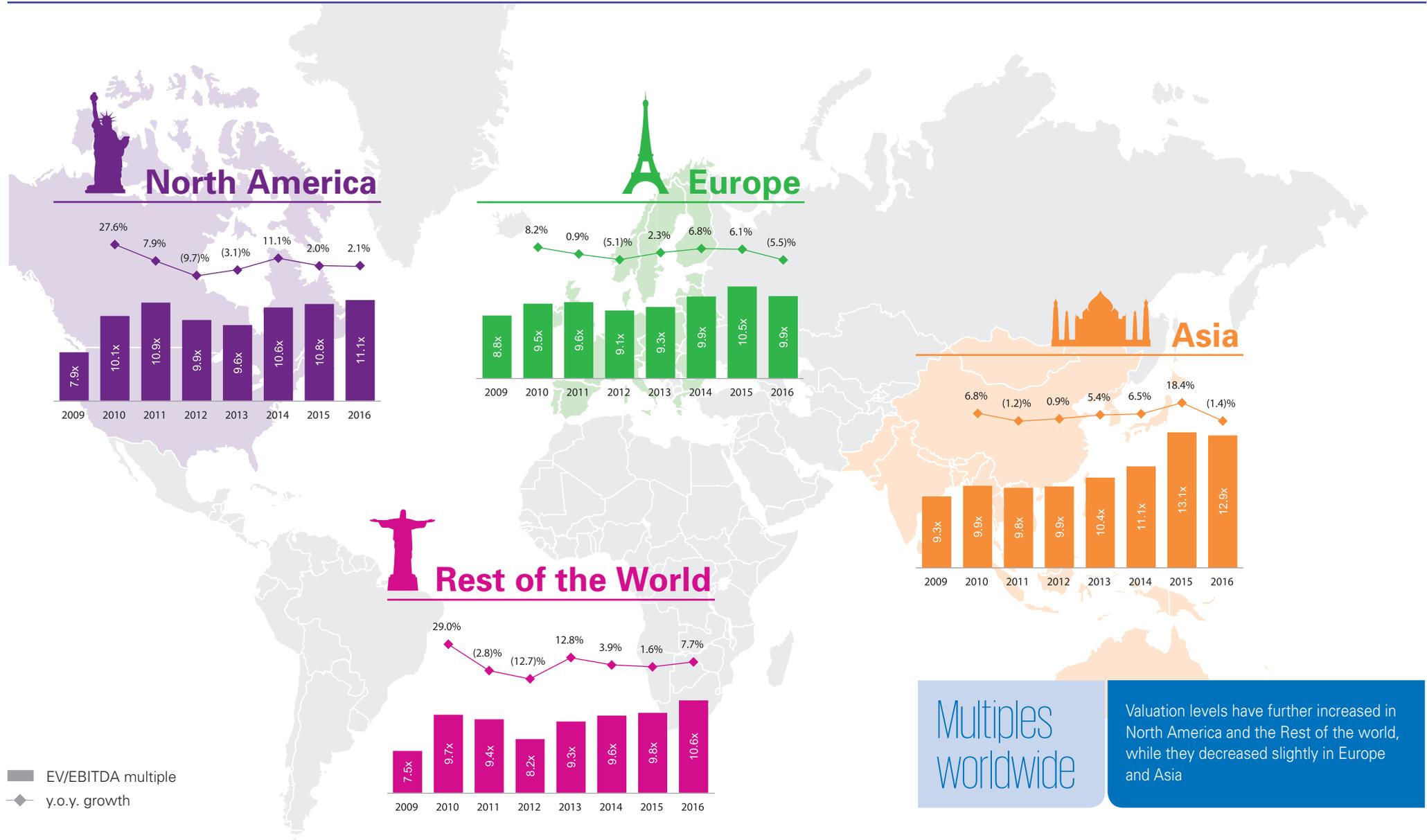


Netherlands - Deal value

EURbn



Global EV/EBITDA multiples observed

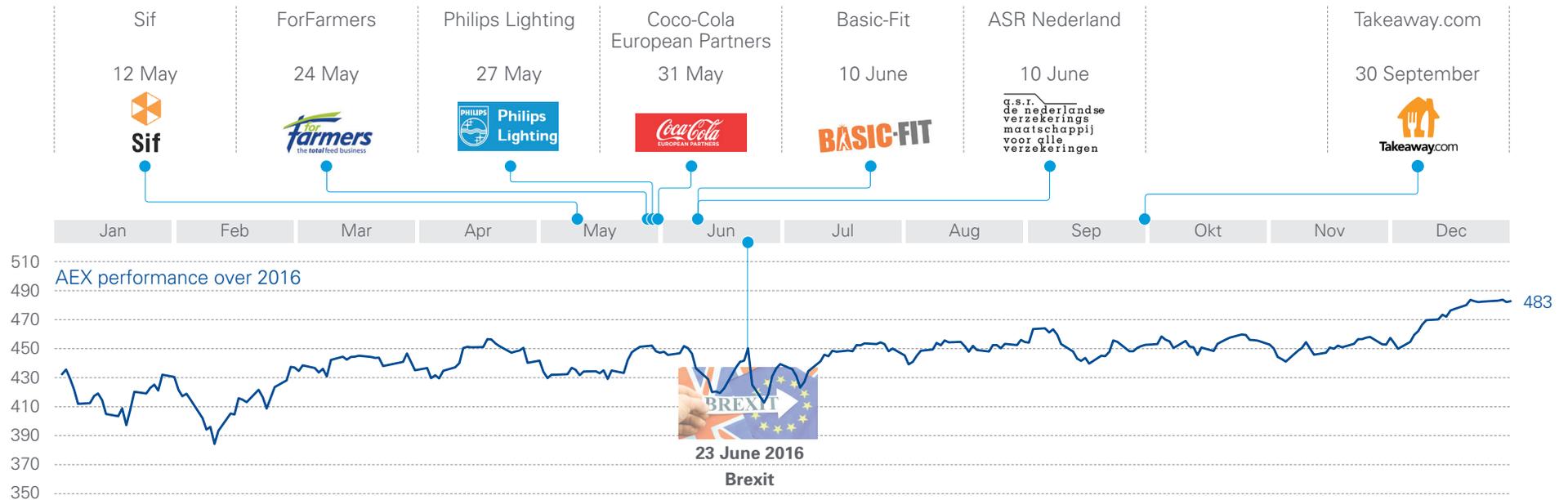


Multiples worldwide

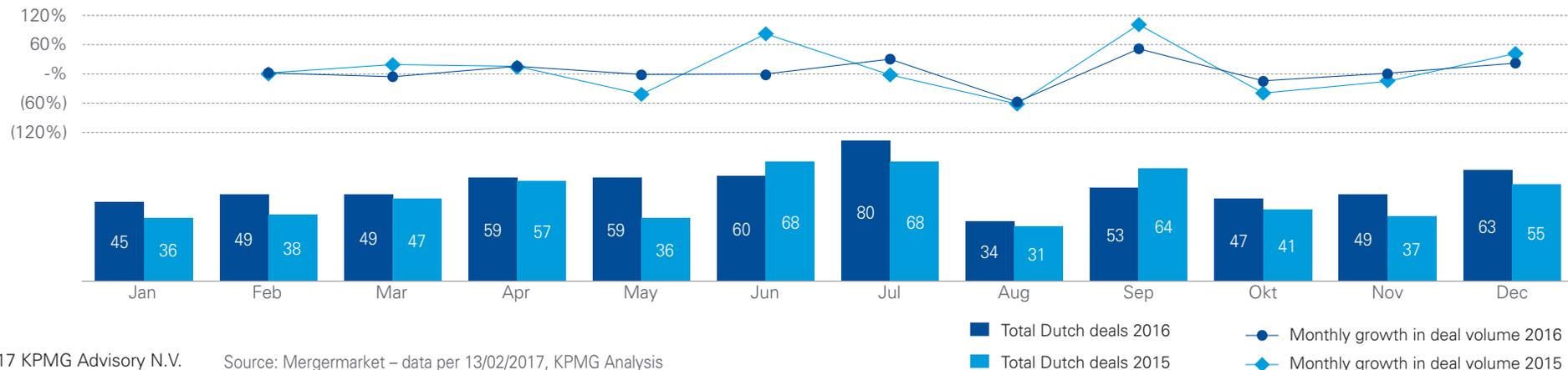
Valuation levels have further increased in North America and the Rest of the world, while they decreased slightly in Europe and Asia

The looming Brexit caused a surge in IPO activity, but did not appear to have significantly impacted the Dutch deal activity

IPOs and stock market performance in 2016

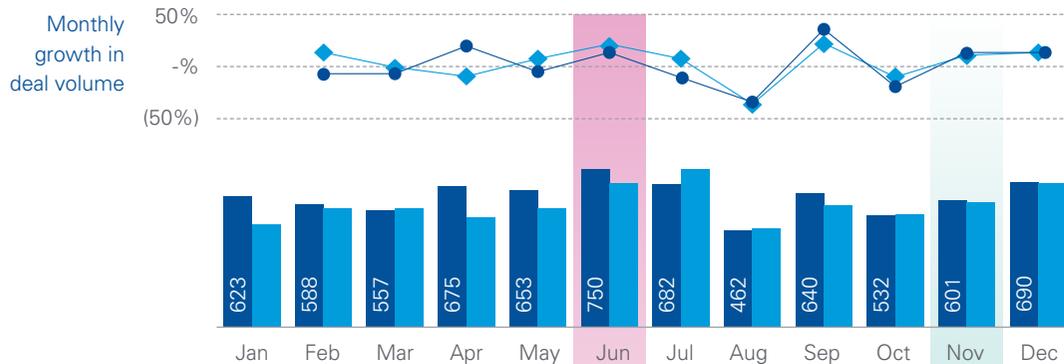


Deal activity in the Netherlands in 2016

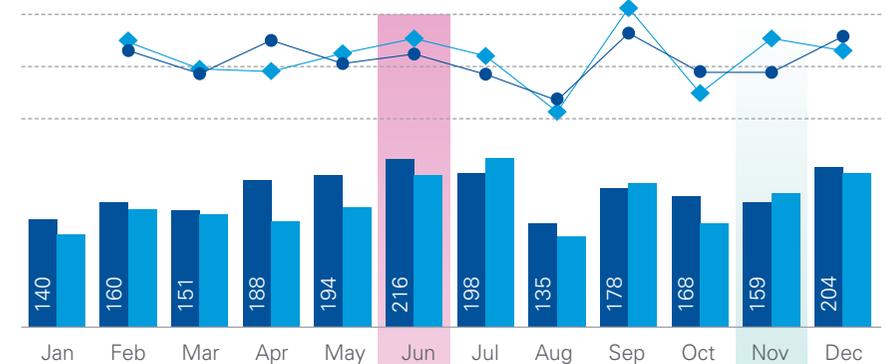


Looking at Europe, the Brexit referendum did not seem to have any significant impact on deal activity, similarly the elections had little effect on the US deal activity in 2016

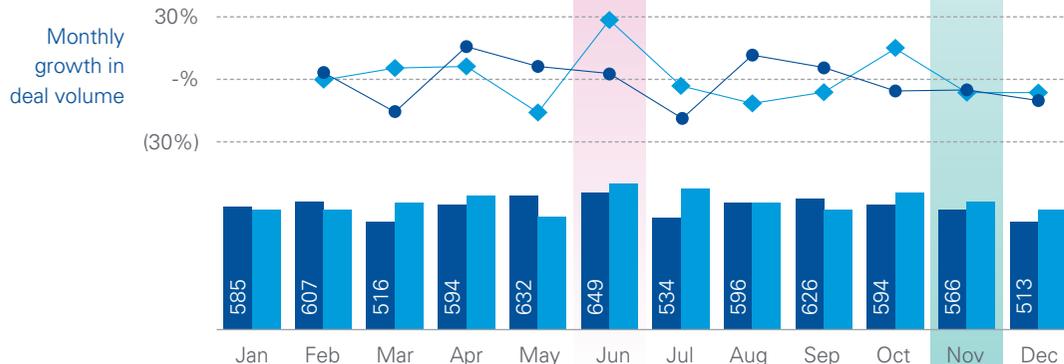
Deal activity Europe - total deals



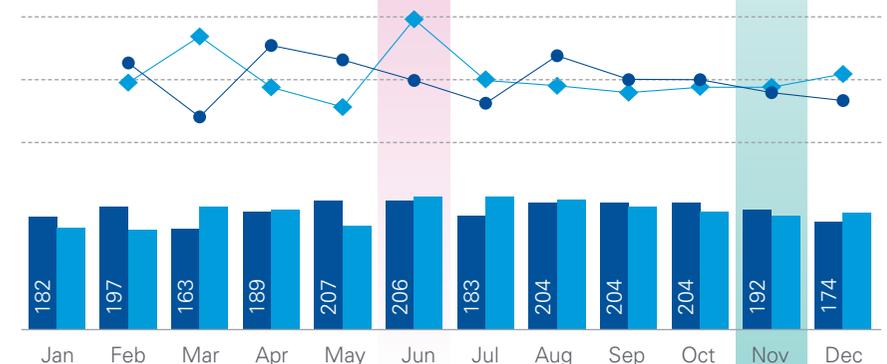
Deal activity Europe - financial deals



Deal activity North America - total deals



Deal North America - financial deals



Legend

- Month of the Brexit referendum
- Month of the American elections
- Deals in 2016
- Deals in 2015
- Monthly growth in deal volume 2016
- Monthly growth in deal volume 2015

Brexit & Trump

Compared to the prior year, the Brexit referendum did not have any significant impact on the number of deals in Europe specifically around June 2016, when the referendum was held. This was observed for the total deals as well as the financial deals in 2016

In North America, no apparent impact of the election is witnessed. Both for the total number of deals and financial deals

Tech focus globally and in the Netherlands

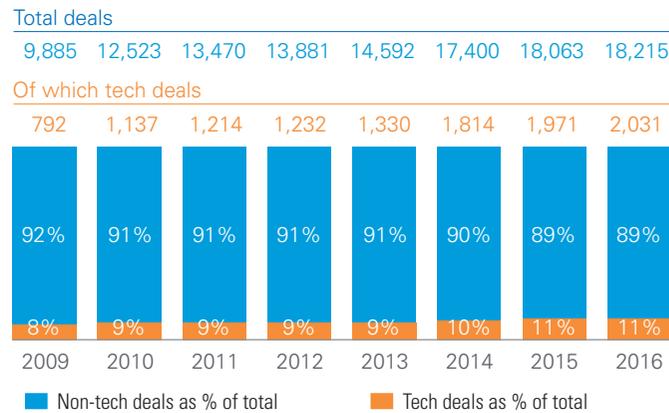
The share of tech deals, where the acquired entity is involved in computer services, software, hardware or semiconductors, as a percentage of total deals has steadily risen from 2009 onwards, both globally as well as in the Netherlands. Currently, c. 11% (globally and in the Netherlands) of all M&A activity involves a tech business

Compared to 2009, the number of tech deals increased 156% globally and 164.3% in the Netherlands

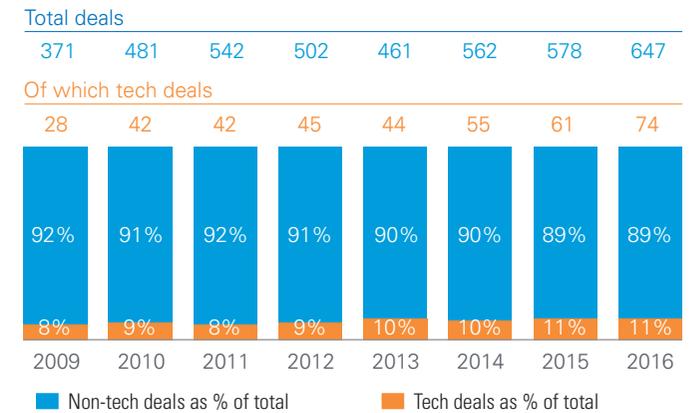
Of all tech deals in 2016, c.47% of the bidders were not active in the sector emphasising that they see technology as a driver for growth in their respective organisations

Furthermore, we witnessed more non-tech companies acquiring tech businesses, in which the Financial Services, Media and Industrials sectors being the most dominant players

Tech deals as a share of total deals (global)

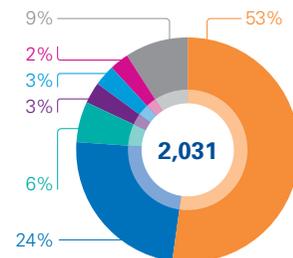


Tech deals as a share of total deals (Netherlands)

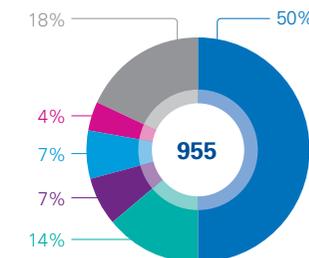


Who is acquiring tech companies (global)

Acquiring tech companies: Most active bidders according to their sector



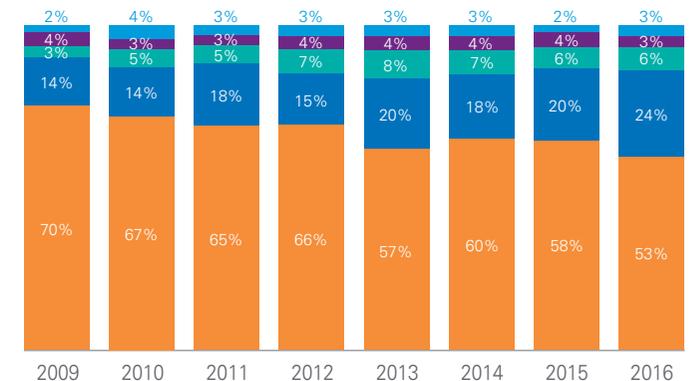
Acquiring tech companies: Data as to the left, excluding tech bidders acquiring other tech companies



- Technology
- Financial Services
- Media
- Industrials
- Business Services
- Chemicals & Pharma
- Other

Top 5 development (global)

The development of the top 5 most active sectors acquiring technology companies in the past 8 years



- Technology
- Financial Services
- Media
- Industrials
- Business Services

The role of financial buyers in the Netherlands

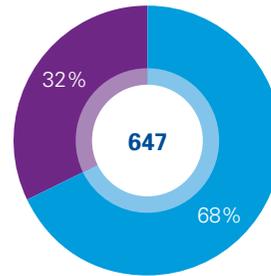
In 2016, 208 financial transactions have been announced in the Netherlands

64% of the transactions were acquired by a financial investor

In 2016, Dutch financial buyers acquired a total of 133 companies. Since 2009 financial investors have not made such significant number of entry investments. Almost 80% of the entry investments concerned a Dutch financial investor acquiring a Dutch target company

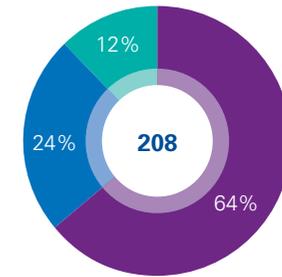
In 2016, a total of 50 exits were acquired locally, by a Dutch organisation. The remaining 54% were acquired by foreign players illustrating the attractiveness of Dutch assets

Split by type of deal



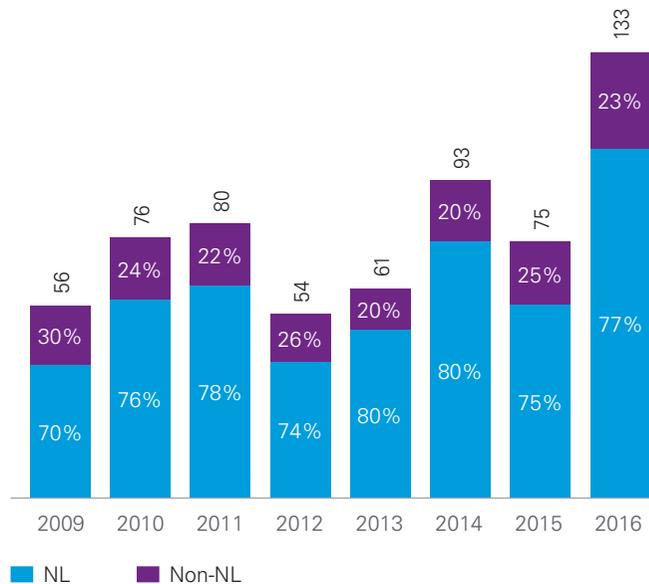
● Strategic ● Financial

Financial deals split by type of deal



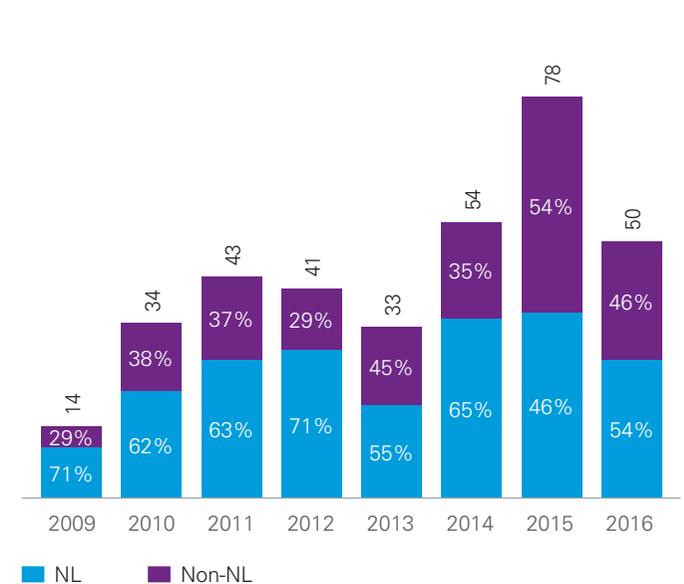
● Entry ● Exit ● Secondary

Entry: Origin of the target



■ NL ■ Non-NL

Exit: Origin of the buyer



■ NL ■ Non-NL

Classification of financial deals:

Entry: Financial investor acquires a company from a non-financial investor

Exit: Financial investor sells a portfolio company to a strategic buyer (excluding IPOs)

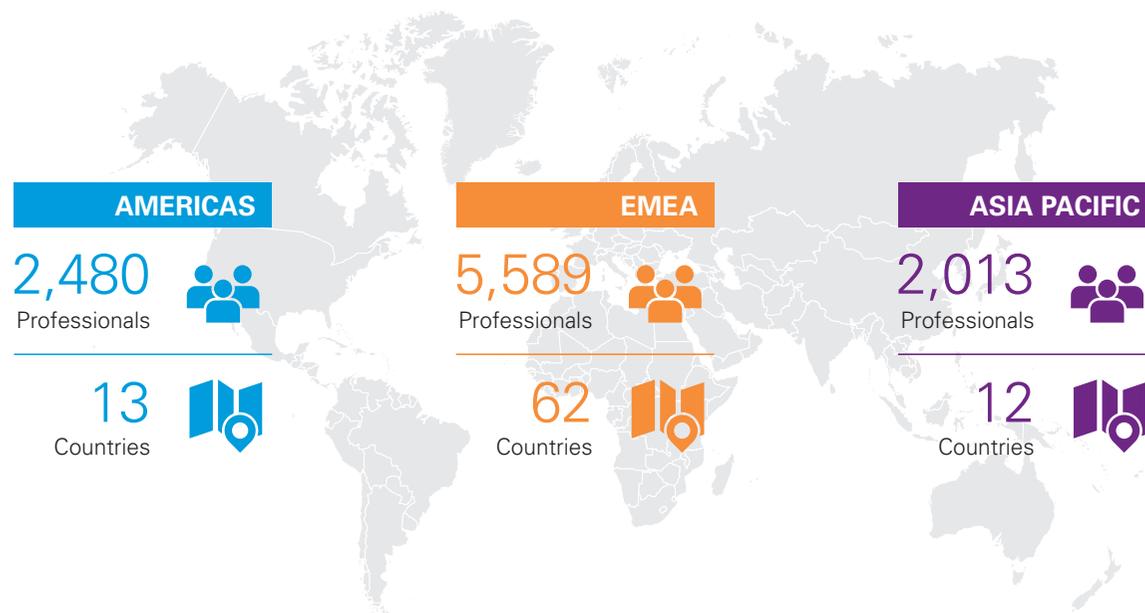
Secondary: Financial investor sells a portfolio company to another financial investor

About KPMG Deal Advisory

With over **10,000 Deal Advisory professionals in 87 countries** working from more than **170 offices** across the world KPMG Deal Advisory is one of the leading advisors and we consistently rank in the top 3 of advisors by number of deals globally

We distinguish ourselves by our **global reach** and **deep sector expertise** in combination with **local presence** and an **integrated deal advisory offering** consisting of M&A, capital structure, valuation, due diligence, and integration and separation advice

In the Netherlands our practice consist of **100+ professionals** and we serve a broad clientele of listed and private **corporate clients, financial investors, as well as governmental institutions**



A selection of recent accomplishments include:

 <p>KPMG Deal Advisory acted as exclusive financial advisor to Toyota Industries Corporation on the acquisition of VANDERLANDE</p> 	 <p>KPMG Deal Advisory acted as financial advisor to Five Degrees on growth capital investments by Karmijn Kapitaal, 5square and Velocity Capital</p> 	 <p>KPMG Deal Advisory acted as financial advisor to the selling partners of DTZ Zadelhoff on the sale of their interests to Cushman & Wakefield</p> 	 <p>KPMG Deal Advisory acted as exclusive financial advisor to the shareholders of Scholt Energy Control on the sale of the company to Waterland</p> 	 <p>KPMG Deal Advisory acted as exclusive financial advisor to the shareholders of PCI on the sale of the company to ABN-Amro Participaties</p> 	 <p>KPMG Deal Advisory acted as exclusive financial advisor to the shareholders of ISDC on the sale of the company to Endava Limited</p> 	 <p>KPMG Deal Advisory acted as exclusive financial advisor to the shareholders of Corins on the sale to a.s.r.</p> 	 <p>KPMG Deal Advisory acted as financial advisor to a consortium of Lone Star and JP Morgan on the acquisition of Propertize B.V.</p> 
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