



NYU STERN
NEW YORK UNIVERSITY · LEONARD N. STERN SCHOOL OF BUSINESS



光华管理学院
PEKING UNIVERSITY
Guanghua School of Management



CAMBRIDGE
Judge Business School

INTERNATIONAL INSTITUTE FOR THE STUDY OF CROSS-BORDER INVESTMENT AND M&A
跨国投资并购国际研究协会
WWW.XBMA.ORG

XBMA Quarterly Review

Q1 2017

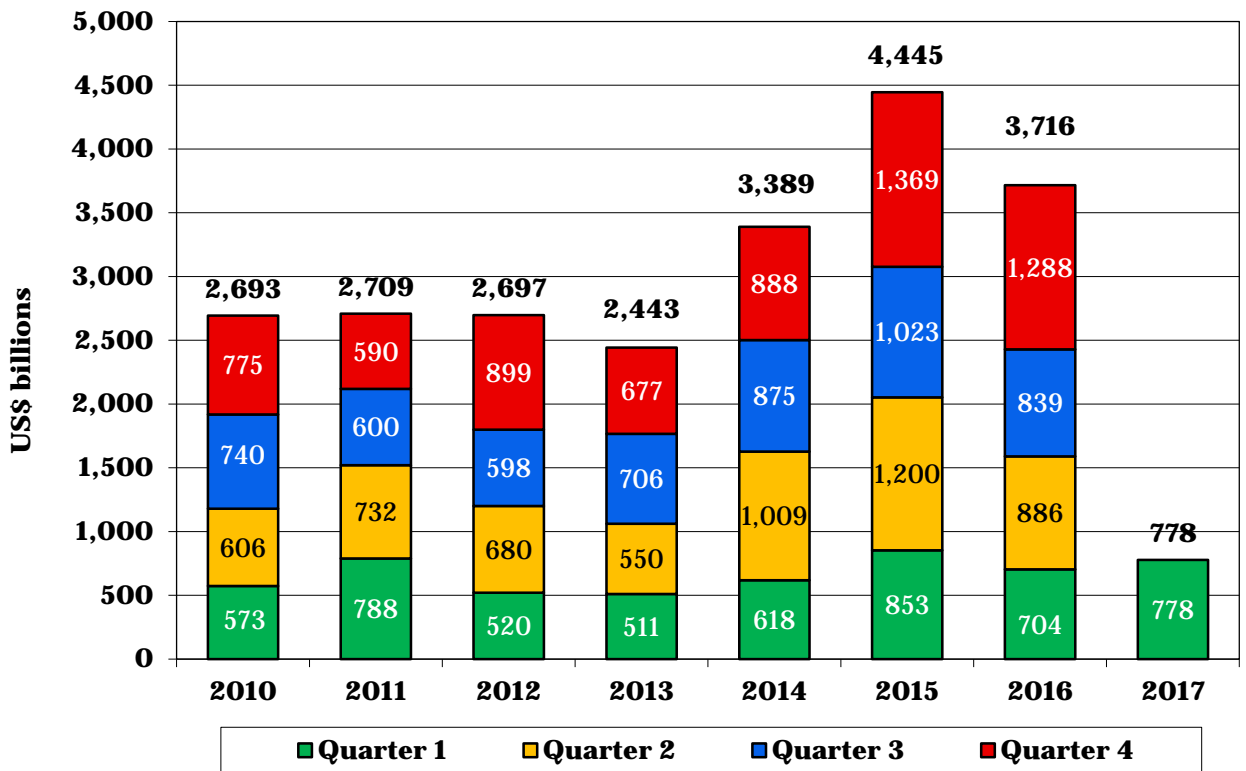
Raaj Narayan and Vishal Chanani, Co-Editors

The views expressed herein reflect only the views of XBMA's editorial staff individually and not those of any of XBMA's founders, academic partners, advisory board members, or others.

Global M&A Volume: Q1 Snapshot

- Global M&A volume in Q1 totaled approximately US\$778 billion, approximately 10% higher than Q1 2016, marking the second highest Q1 since 2011.
- Contrary to news reports bemoaning the death of globalization, cross-border M&A activity accounted for 43% of global deal volume in Q1, above 2016 levels, and led by activity in the Materials and Healthcare sectors. Five of the 10 largest deals in Q1 were cross-border transactions.
- Q1 alone had seven “megadeals” in excess of US\$10 billion, including Johnson & Johnson’s nearly US\$30 billion purchase of Actelion Pharmaceuticals.
- European M&A activity accounted for almost 29% of deal volume in Q1, up substantially from recent levels, whereas Chinese and U.S. M&A accounted for smaller percentages of global deal volume than in recent years. The percentage of M&A volume involving targets outside the United States increased to 65% in Q1, compared to recent levels of approximately 50%.

Deal Volume by Quarter

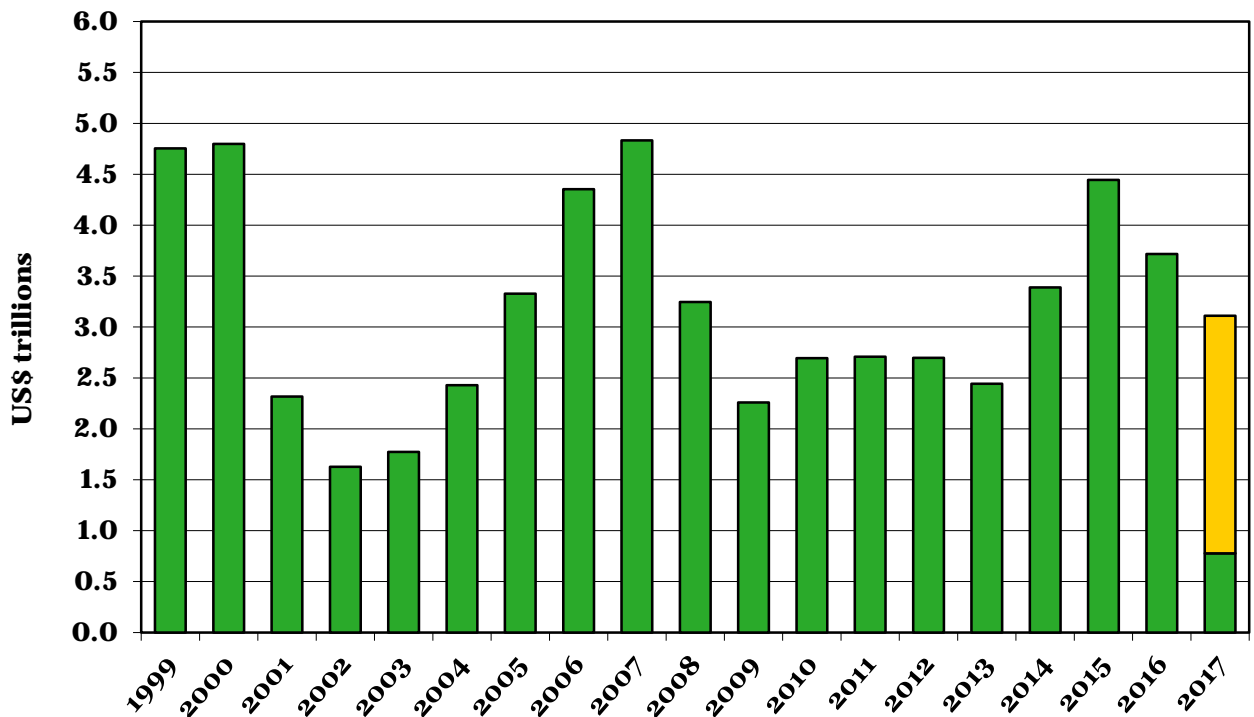


All figures are inflation-adjusted to 2017 dollars. Data in this report does not include spin-offs announced in 2017 that have not been completed.

Global M&A Volume: 1999-2017

- At its current rate, global M&A volume for 2017 is on pace to exceed US\$3 trillion.
- The continued fast pace of global M&A activity is being driven by the search for growth, including from new markets and emerging sector-crossing technologies, with large cash balances, high acquirer stock prices, and the availability of attractive acquisition financing for certain borrowers, continuing to facilitate acquisition activity for strategic and financial buyers alike. Macroeconomic factors including commodity prices and interest rates also undergird high levels of global M&A.
- Although cross-border activity remains robust, increasing economic populism, trade barriers (including protectionist investment policies), and uncertain political and regulatory environments in the United States, Europe and other jurisdictions may serve as tempering forces.

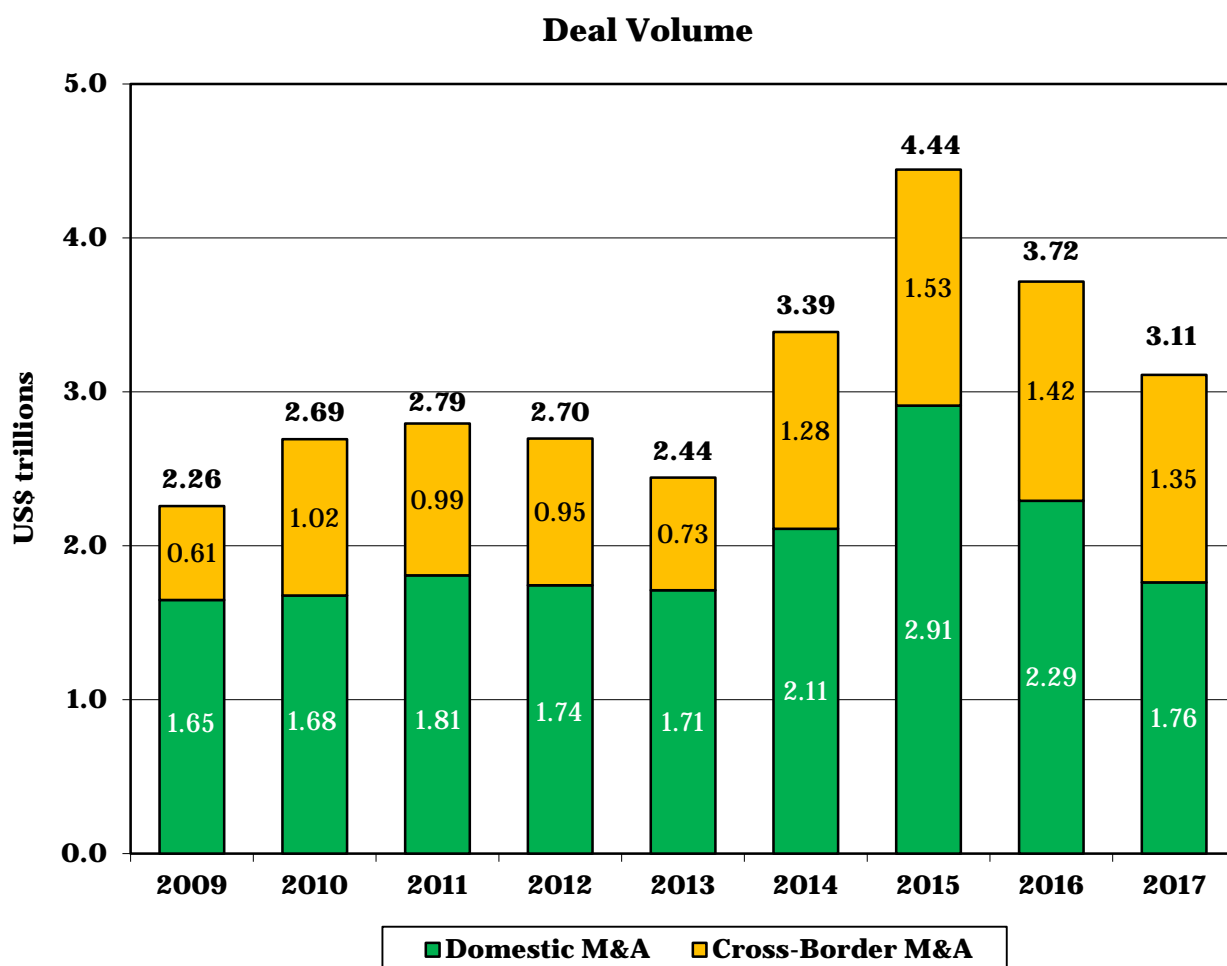
Global M&A Volume



All figures are inflation-adjusted to 2017 dollars. 2017 data is annualized.

Cross-Border M&A Volume: 2009-2017

- Cross-border M&A activity was US\$337 billion in Q1, a very promising start to the year and the most active Q1 for cross-border M&A deal volume since 2007.
- Cross-border deals accounted for approximately 43% of Q1 deal activity, well above the roughly ~35% level that has prevailed in recent years.
- Deal volume involving a developed economy acquirer and an emerging economy target in Q1 was up 77% year-over-year and, reversing a trend from 2016, substantially outpaced deals involving a developed economy target and an emerging economy acquirer.
- Notably, each of the four largest cross-border transactions in Q1 involved a developed country acquirer and a developed country target.

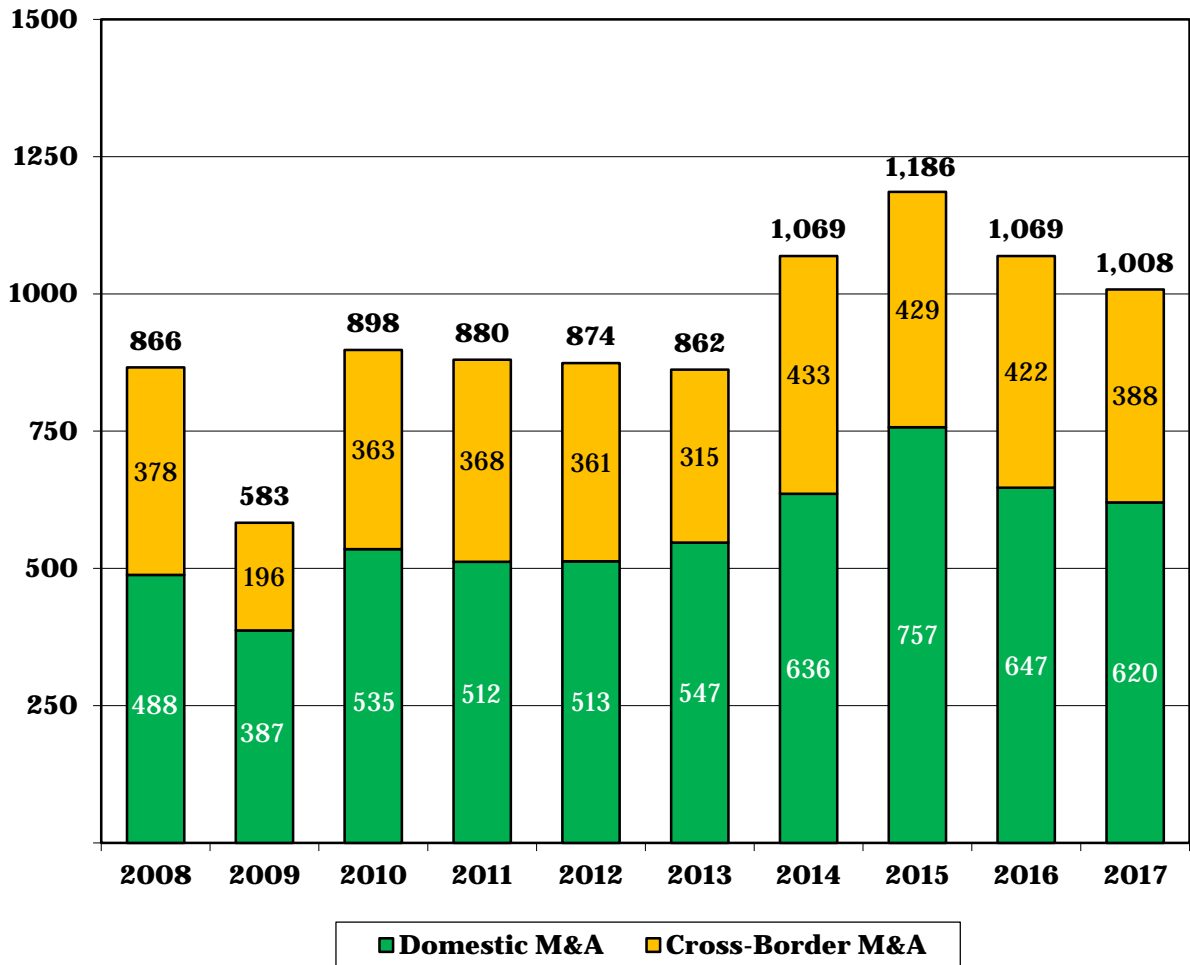


Cross-border M&A transactions are defined as those in which the parties are headquartered or based in different countries. All figures are inflation-adjusted to 2017 dollars. 2017 data is annualized.

Medium and Large M&A Deals: 2008-2017

- The number of deals in excess of US\$500 million in 2017 is on pace to fall just under the recent heights of 2014 - 2016, although still remains higher than other recent years.
- Cross-border transactions are on pace to account for 38% of these larger deals, generally consistent with the overall share of cross-border M&A as a percentage of global M&A volume in recent years (but below that share in 2017 to date).
- In a reversal of recent trends, U.S. targets only accounted for three of the 10 largest deals in Q1, on par with the number of European targets. Notably, Canadian targets accounted for two of the 10 largest deals.

Number of Deals > US\$500 million

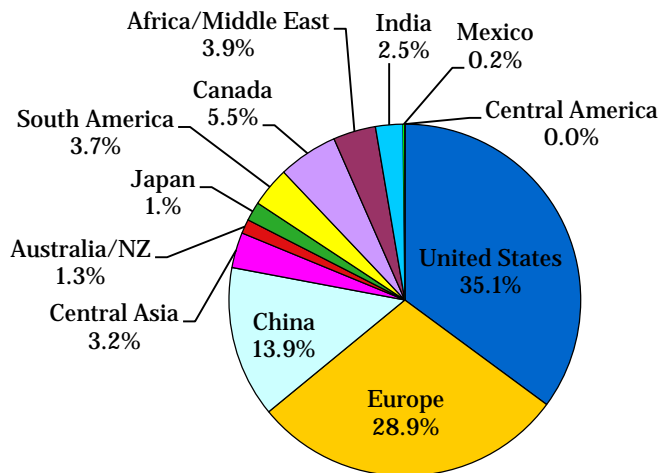


2017 data is annualized.

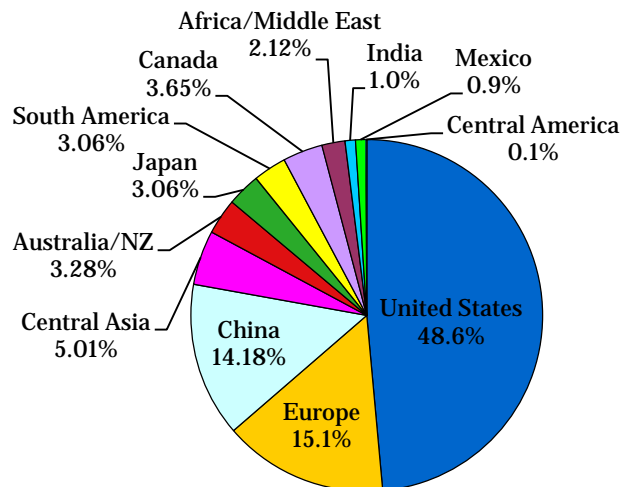
M&A Volume by Target Region

- Europe, Canada, and India all saw notable upticks in M&A volume relative to recent averages, with each up at least 50% relative to recent averages, and India up more than 150%.
- In contrast, the United States' share of global M&A declined below historical averages to 35% in Q1, which was also reflected in its representation among the largest deals.
- The developing regions of Central Asia, South America, Africa/Middle East, India, Mexico, and Central America accounted for an aggregate of 13.5% of global M&A volume in Q1, up slightly relative to a recent aggregate average of 12.2%, but down somewhat from 2016 highs.

Q1 2017



2012-2016

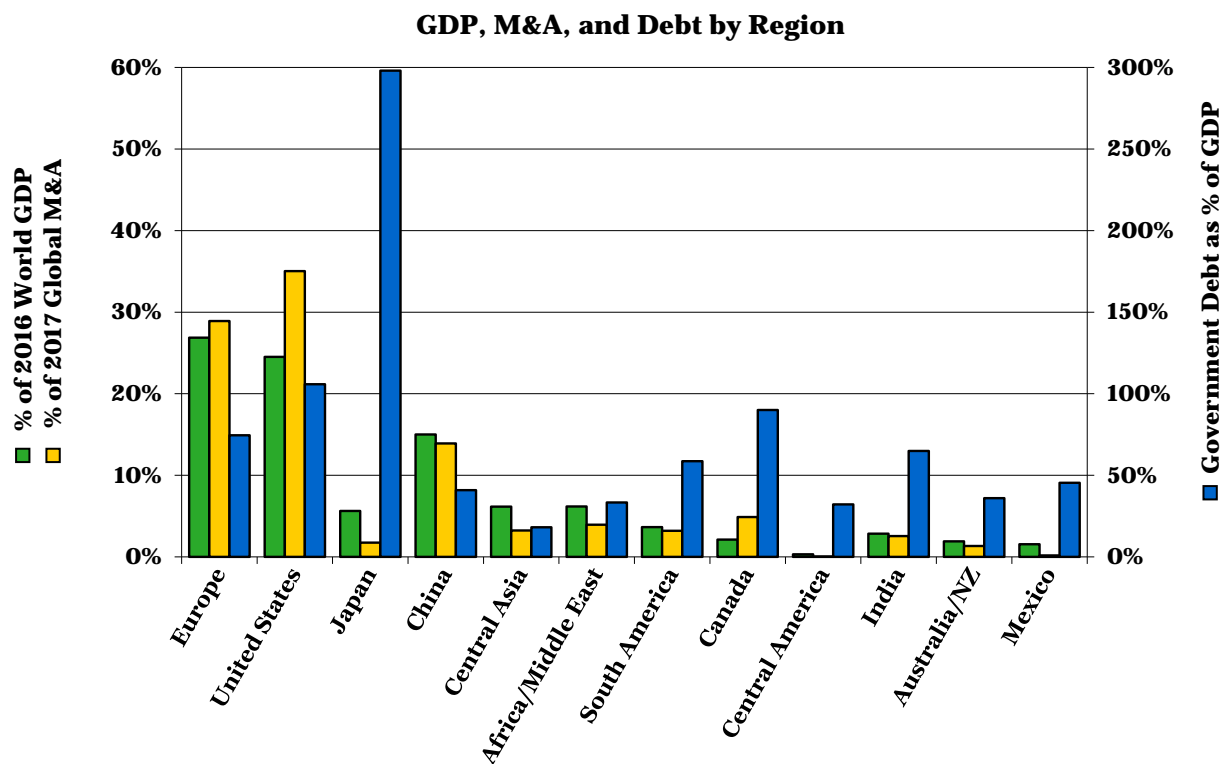


Represents share of global M&A volume based on target's headquarters. All figures are inflation-adjusted to 2016 dollars.

GDP and M&A

Volume by Target Region: Q1 2017

- Only the United States, Europe, and Canada accounted for higher levels of global M&A activity than shares of world GDP.
- Other than China and India, where shares of M&A activity only moderately lag behind shares of world GDP, emerging economies tended to see significantly lower levels of M&A activity relative to world GDP, suggesting room for further inbound activity into those economies.
- After reduced levels of M&A activity relative to GDP in recent years, European M&A demonstrated a substantial increase in Q1 2017, exceeding its share of GDP.

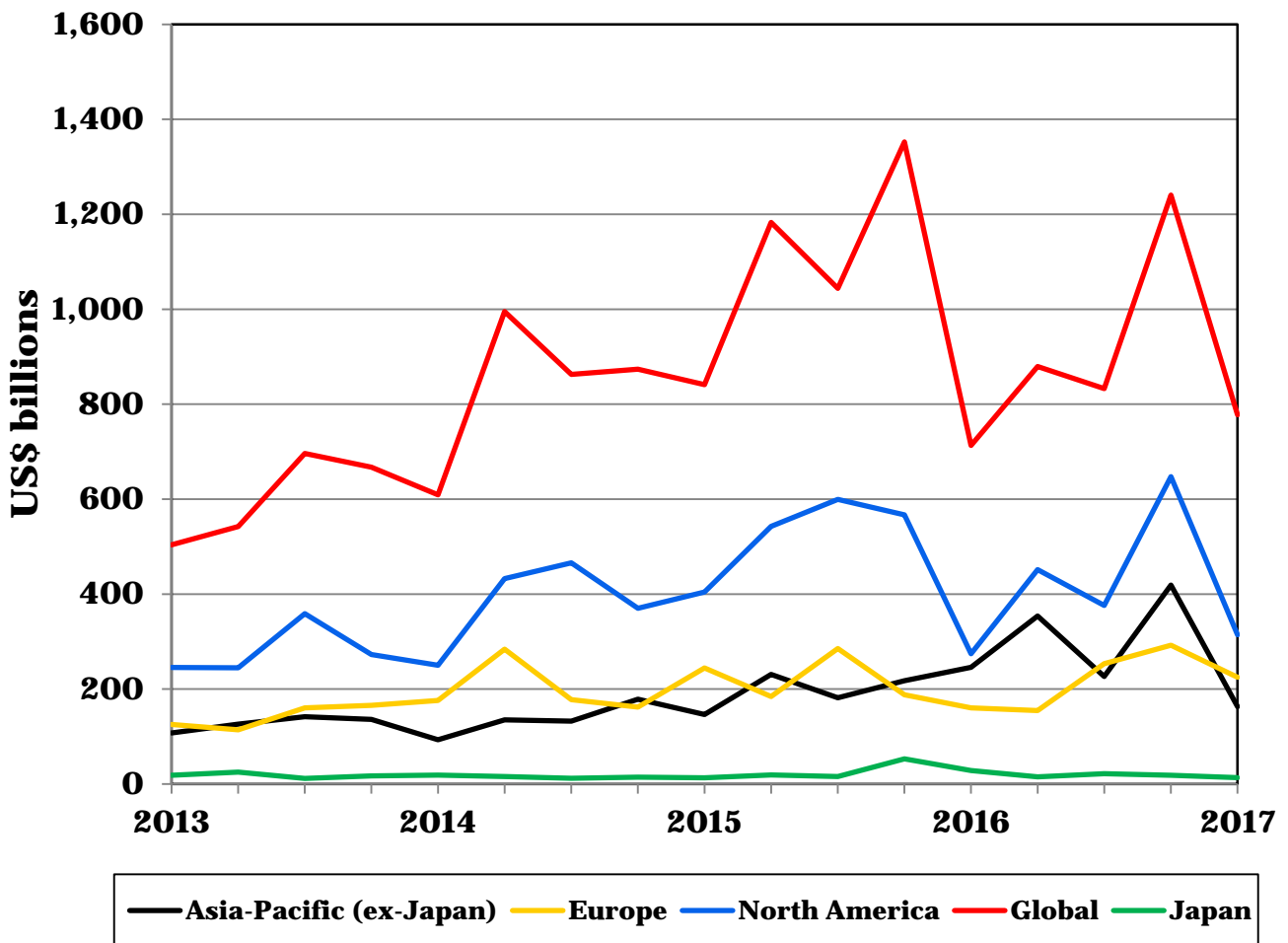


Region	2016 GDP (US\$ trillions)	2016 Per Capita GDP (US\$)
Europe	19.7	26,475
United States	17.9	55,805
China	11.0	7,989
Japan	4.1	32,486
India	2.1	1,617
World	73.2	12,979

2016 GDP figures are IMF estimates.

Trends in M&A Volume by Target Region: 2013-2017

- M&A activity in all regions fell relative to a strong finish in Q4 2016.
- Year-over-year, European deal volume experienced more than 40% growth, reaching nearly US\$225 billion, while North American deal volume exhibited more modest growth of approximately 15% (but nonetheless continuing to lead regions globally at US\$314 billion).
- Both Asian-Pacific and Japanese M&A activity fell in Q1 relative to 2016 levels and recent averages, which may, in the case of China, be related in part to increased regulatory scrutiny of outbound M&A by Chinese regulators.

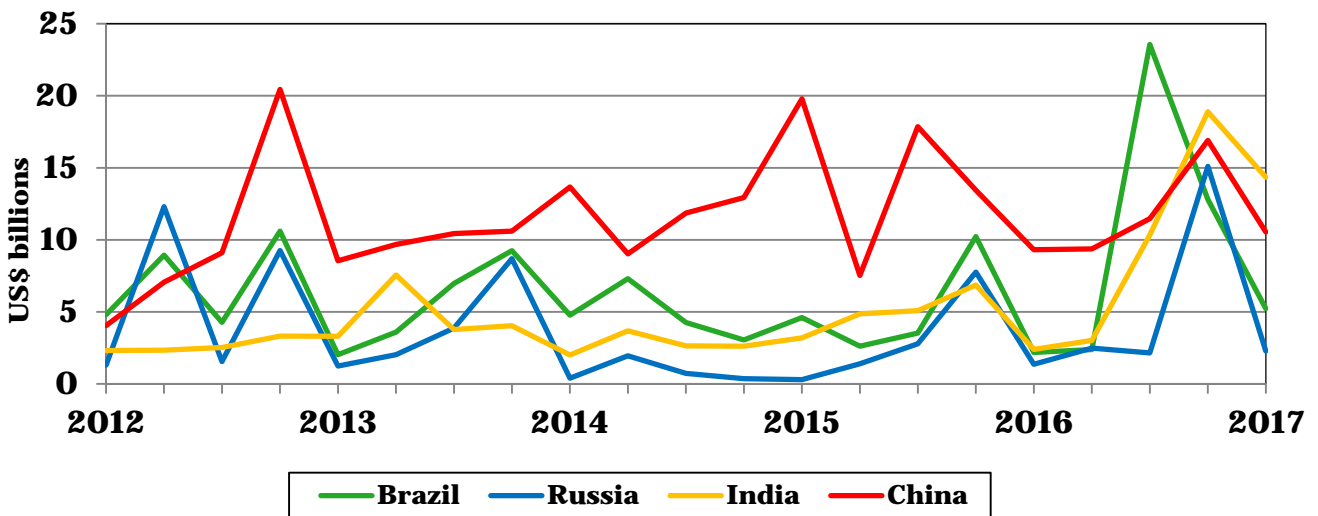


All figures are inflation-adjusted to 2016 dollars.

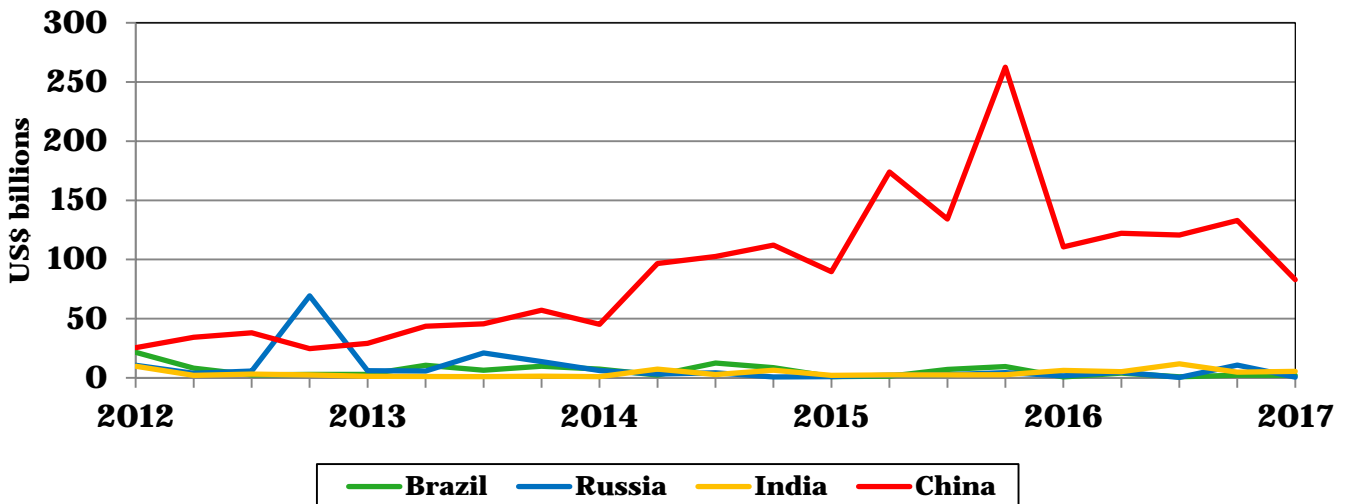
M&A in BRIC Countries: 2012-2017

- Aggregate inbound M&A volume into all BRIC countries reached US\$32 billion. This level of inbound M&A into the BRIC countries marked the strongest Q1 in recent years, despite a slowdown relative to Q4 2016 volumes.
- Domestic M&A activity among the BRIC countries in Q1 varied widely. Activity in India was up 15% relative to Q4 2016, continuing its strong performance from 2016. Activity in China fell approximately 38% relative to Q4 2016, totaling approximately US\$83 billion. Activity in Russia declined sharply, falling 94% relative to Q4 2016. And activity in Brazil remained approximately on par relative to Q4 2016.

2012-2017 Inbound M&A to BRIC Countries



2012-2017 Domestic M&A in BRIC Countries

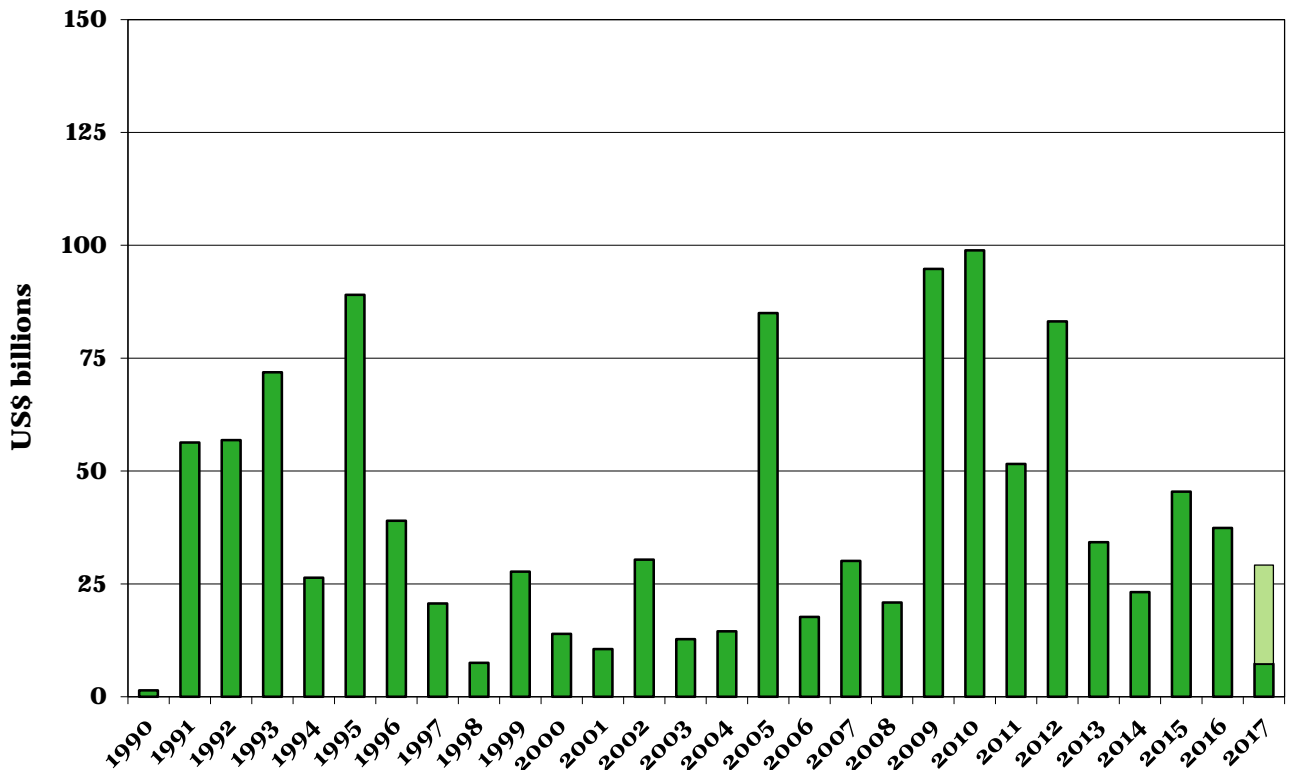


All figures are inflation-adjusted to 2017 dollars.

Distressed Deals: 1990-2017

- Distressed M&A activity accounted for approximately US\$73 billion in Q1, less than 10% of total deal activity in the quarter.
- At its current pace, distressed deal volume in 2017 will be less than US\$30 billion, marking a downward trend compared to over US\$45 billion in 2015 and US\$37 billion in 2016.

Volume of Distressed Deals

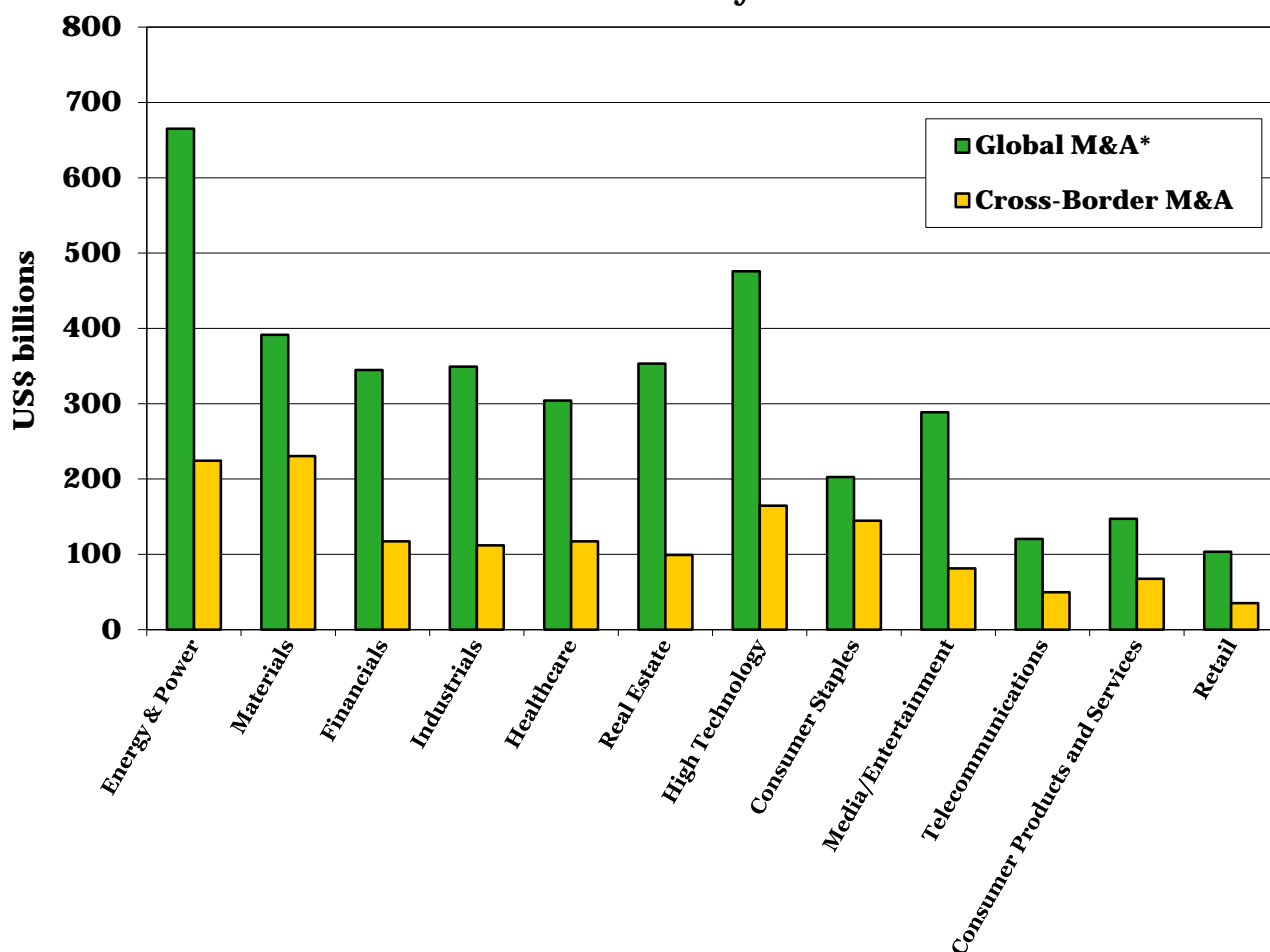


All figures are inflation-adjusted to 2017 dollars. 2016 data is annualized. Distressed transactions include those in which the target entity is undergoing restructuring or has reduced the debt on its balance sheet through a bankruptcy sale, a tender offer or an exchange offer for existing debt securities, or a loan modification. An entity is considered to be undergoing restructuring if it has publicly confirmed retention of a restructuring advisor, plans to restructure its debt, has filed for bankruptcy or has defaulted on its debt, has received an S&P or Moody's rating of CCC+/Caa1 or below before or in reaction to the announcement of a transaction, or its credit facility or debt securities carry a yield of 1,000 bps above that of U.S. Treasuries.

Global M&A by Sector: Last 12 Months

- The Energy & Power sector accounted for over US\$665 billion in global deal volume over the past 12 months, exceeding by nearly \$190 billion and retaking the lead from the High Technology sector. This level of deal activity was likely driven in part by continued volatility in commodities prices.
- However, the Materials sector accounted for the largest share of cross-border M&A activity over the past 12 months, exceeding US\$230 billion, with cross-border deals accounting for 59% of global deal volume in this sector. Cross-border deals also drove deal activity in the Consumer Staples sector, representing 71% of total M&A activity.
- Cross-border deals accounted for approximately 34% of Energy & Power sector M&A volume over the past 12 months, below the 39% share of cross-border deal activity generally over this period.

M&A Volume by Sector

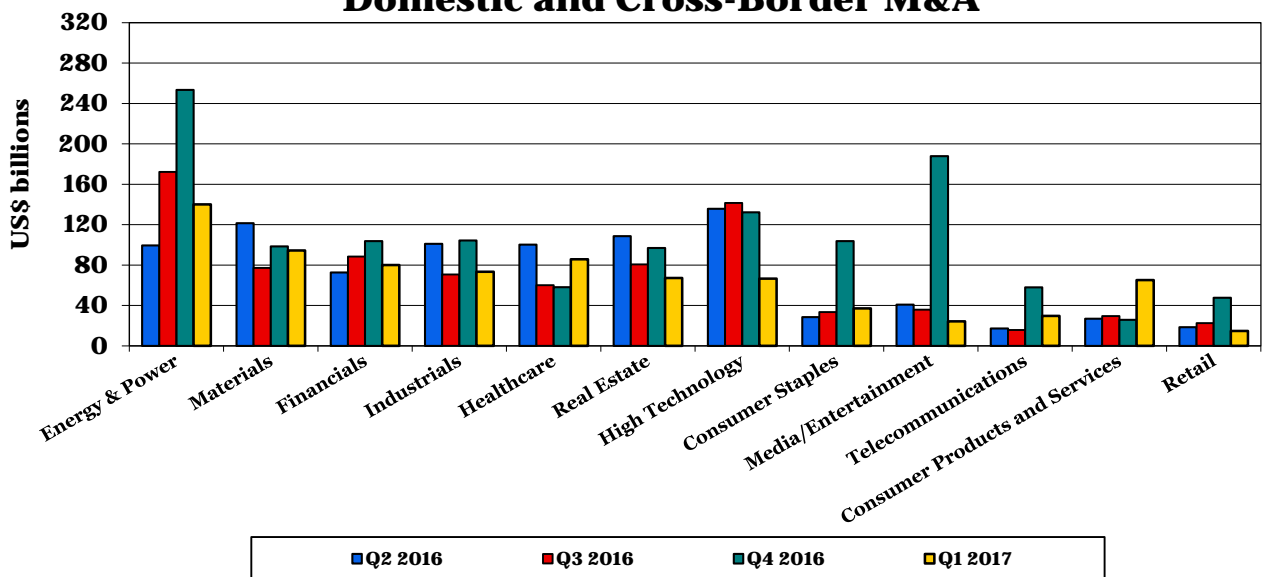


*Includes both domestic and cross-border transactions.

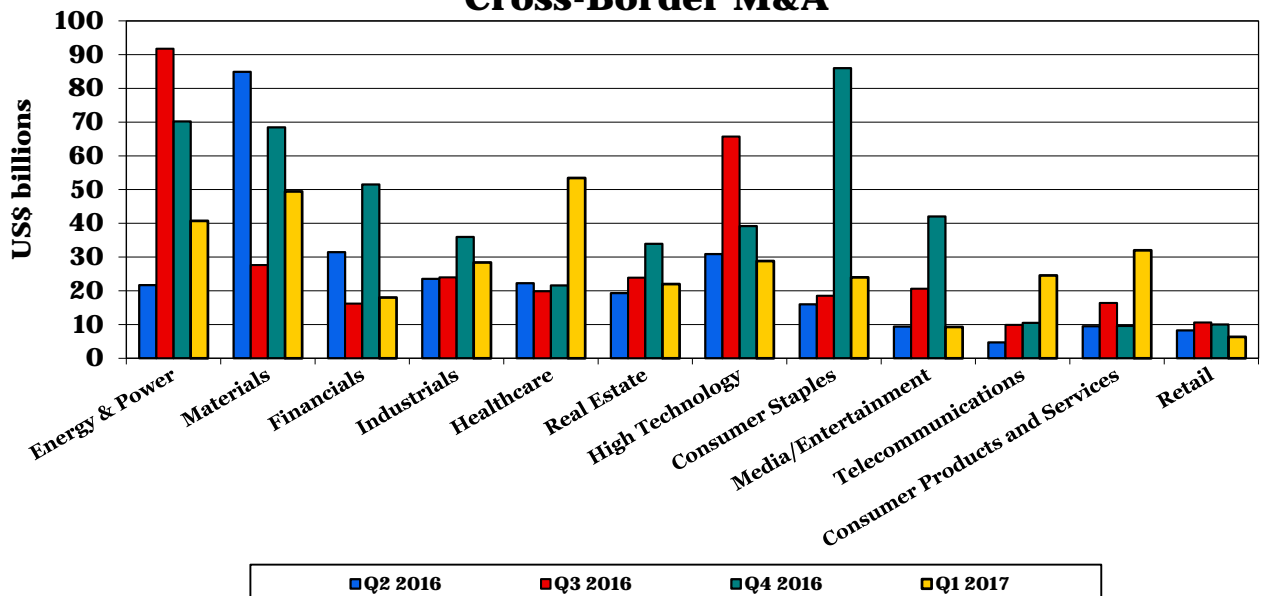
Trends in Global M&A by Sector: Last Four Quarters

- The Energy & Power sector had the strongest Q1, with US\$140 billion in total deal volume, although deal volume was below levels in the second half of 2016. The Materials sector had the next strongest quarter at US\$94 billion. The Consumer Products and Services sector was the one sector to see a relative high in deal volume in Q1 relative to the prior three quarters.
- The Healthcare sector accounted for the most cross-border M&A volume in Q1, exceeding US\$53 billion and accounting for 62% of total Healthcare deal volume and 16% of all cross-border deal activity in Q1.





















Domestic and Cross-Border M&A



Cross-Border M&A























Top 10 Global Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Johnson & Johnson (United States)	 Actelion Pharmaceuticals Ltd (Switzerland)	Healthcare	29,038
 Reckitt Benckiser Group PLC (United Kingdom)	 Mead Johnson Nutrition Co (United States)	Consumer Staples	17,828
 ONEOK Inc (United States)	 ONEOK Partners LP (United States)	Energy and Power	17,118
 Essilor International SA (France)	 Luxottica Group SpA (Italy)	Consumer Products and Services	15,878
 Intel Corp (United States)	 Mobileye NV (Israel)	High Technology	15,277
 Cenovus Energy Inc (Canada)	 FCCL Partnership (Canada)	Energy and Power	13,240
 Vodafone Group PLC (United Kingdom)	 Idea Cellular Ltd – Mobile Business (India)	Telecommunications	11,627
 Mars Inc (United States)	 VCA Inc (United States)	Consumer Products and Services	8,903
 Canadian Natural Resources Ltd (Canada)	 Athabasca Oil Sands (Canada)	Energy and Power	8,311
 Safran SA (France)	 Zodiac Aerospace SA (France)	Industrials	7,292

*Company nationality determined by location of headquarters or by location of target assets.

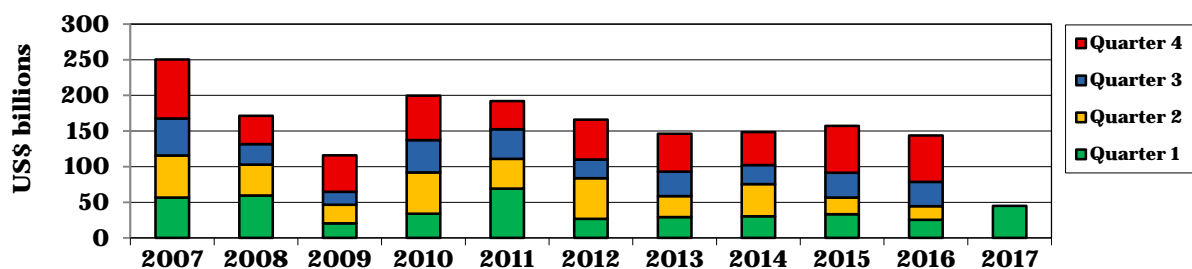
Top 10 Deals from Developed into Emerging Economies* Announced in Q1 2017

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)
 Vodafone Group PLC (United Kingdom)	 Idea Cellular Ltd – Mobile Business (India)	Telecommunications	11,627
 Exxon Mobil Corp (United States)	 ENI East Africa SpA (Mozambique)	Energy and Power	2,800
 Tronox Ltd (United States)	 The National Titanium Dioxide Company Ltd (Saudi Arabia)	Materials	2,215
 OMV AG (Austria)	 Severneftegazprom (Russian Fed)	Energy and Power	1,850
 Vitol Holding BV (Netherlands)	 OMV Petrol Ofisi Holding AS (Turkey)	Energy and Power	1,437
 Investor Group (Canada)	 Bharti Infratel Ltd (India)	Telecommunications	953
 Glencore PLC (Switzerland)	 Mutanda Mining SARL (Dem Rep Congo)	Materials	922
 BBVA (Spain)	 Turkiye Garanti Bankasi AS (Turkey)	Financials	917
 L'Arche Green NV (Netherlands)	 Brasil Kirin Holding SA (Brazil)	Consumer Staples	706
 PGIM Inc (United States)	 Property Portfolio (Mexico)	Real Estate	422

*Developed/Emerging economies are defined by IMF classification, available at <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/groups.htm>.





















**Company nationality determined by location of headquarters or by location of target assets.

Aggregate Value of Deals from Developed into Emerging Economies



All figures are inflation-adjusted to 2017 dollars.

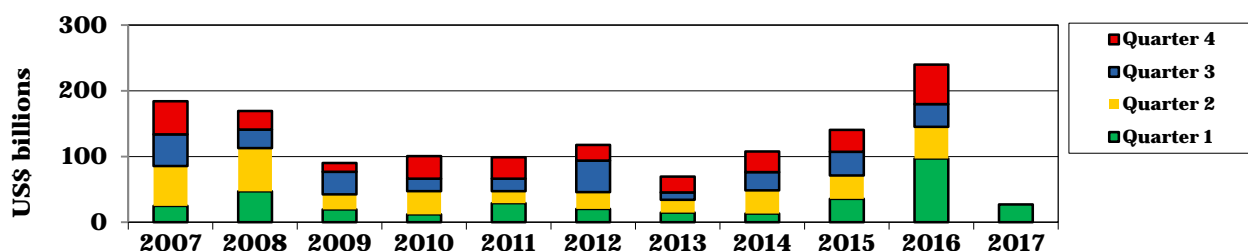
Top 10 Deals from Emerging into Developed Economies* Announced in Q1 2017

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)
 Yan Kuang Group Co Ltd (China)	 Coal & Allied Industries Ltd (Australia)	Materials	2,450
 ARAMCO (Saudi Arabia)	 Motiva Enterprises LLC (United States)	Energy and Power	2,200
 Grupo Mexico SAB de CV (Mexico)	 Florida East Coast Railway Co (United States)	Industrials	2,100
 United Luck Group Holdings Limited (Hong Kong)	 Outfit7 Investments Ltd (United Kingdom)	High Technology	1,000
 Dalian Hexing Investment Co (China)	 Nordic Cinema Group Holding AB (Sweden)	Media and Entertainment	949
 Qingdao Doublestar Co Ltd (China)	 Kumho Tire Co Inc (South Korea)	Industrials	833
 Sanpower Group Co Ltd (China)	 Dendreon Pharmaceuticals Inc (United States)	Healthcare	820
 Ant Financial Services Group (China)	 MoneyGram International Inc (United States)	Financials	703
 Motherson Sumi Systems Ltd (India)	 PKC Group Oyj (Finland)	Industrials	654
 EFG Hermes Holdings SAE (Egypt)	 TerraForm UK (United Kingdom)	Energy and Power	583

*Developed/Emerging economies are defined by IMF classification, available at <http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/groups.htm>.





















**Company nationality determined by location of headquarters or by location of target assets.

Aggregate Value of Deals from Emerging into Developed Economies



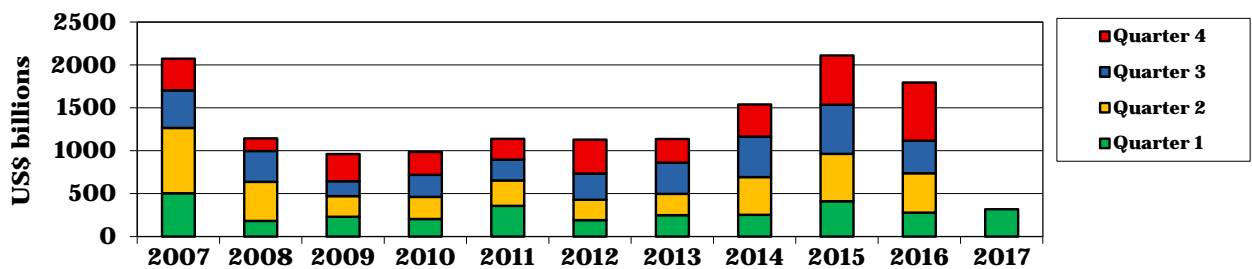
All figures are inflation-adjusted to 2017 dollars.

Top 10 North American Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Reckitt Benckiser Group PLC (United Kingdom)	 Mead Johnson Nutrition Co (United States)	Consumer Staples	17,828
 ONEOK Inc (United States)	 ONEOK Partners LP (United States)	Energy and Power	17,118
 Cenovus Energy Inc (Canada)	 FCCL Partnership (Canada)	Energy and Power	13,240
 Mars Inc (United States)	 VCA Inc (United States)	Consumer Products and Staples	8,903
 Canadian Natural Resources Ltd (Canada)	 Athabasca Oil Sands (Canada)	Energy and Power	8,311
 Exxon Mobil Corp (United States)	 BopCo LP (United States)	Energy and Power	6,600
 AltaGas Ltd (Canada)	 WGL Holdings Inc (United States)	Energy and Power	6,584
 Takeda Pharmaceutical Co Ltd (Japan)	 ARIAD Pharmaceuticals Inc (United States)	Healthcare	5,310
 Blackstone Group LP (United States)	 Aon Hewitt – Benefits Admin & HR Business (United States)	Consumer Products and Services	4,800
 Vista Equity Partners LLC (United States)	 DH Corp (Canada)	High Technology	4,612





















*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of North American Deals



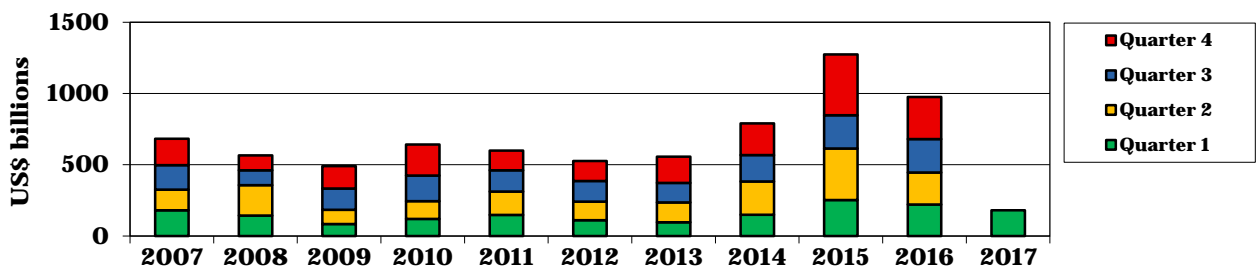
All figures are inflation-adjusted to 2017 dollars.

Top 10 Asian-Pacific Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Vodafone Group PLC (United Kingdom)	 Idea Cellular Ltd – Mobile Business (India)	Telecommunications	11,627
 Wang Tai Holdings Ltd (China)	 Iron Mining International (Mongolia) Ltd (Mongolia)	Materials	5,516
 Shenzhen Metro Group Co Ltd (China)	 China Vanke Co Ltd (China)	Real Estate	5,359
 Investor Group (China)	 JD Finance (China)	Finance	4,986
 Pacific Alliance Group Ltd (Hong Kong)	 Yingde Gases Group Co Ltd (Hong Kong)	Materials	2,730
 Yan Kuang Group Co Ltd (China)	 Coal & Allied Industries Ltd (Australia)	Materials	2,450
 MBK Partners Ltd (South Korea)	 Daesung Industrial Gases Co (South Korea)	Materials	2,433
 Comcast Corp (United States)	 USJ Co Ltd (Japan)	Media and Entertainment	2,262
 China Life Insurance (Group) Co (China)	 Shenwan Hongyuan Group (China)	Financials	2,180
 CITIC Ltd (Hong Kong)	 McDonald's China Mgmt Ltd (China)	Retail	2,080





















*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of Asian-Pacific Deals



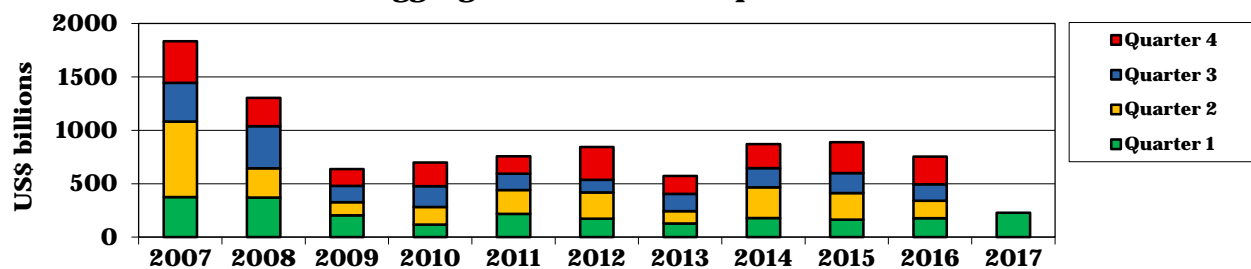
All figures are inflation-adjusted to 2017 dollars.

Top 10 European Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Johnson & Johnson (United States)	 Actelion Pharmaceuticals Ltd (Switzerland)	Healthcare	29,039
 Essilor International SA (France)	 Luxottica Group SpA (Italy)	Consumer Products and Staples	25,018
 Safran SA (France)	 Zodiac Aerospace SA (France)	Industrials	7,293
 Standard Life PLC (United Kingdom)	 Aberdeen Asset Management PLC (United Kingdom)	Financials	4,642
 Tesco PLC (United Kingdom)	 Booker Group PLC (United Kingdom)	Consumer Staples	4,516
 Cardety SA (France)	 Carmila SAS (France)	Real Estate	4,412
 John Wood Group PLC (United Kingdom)	 Amec Foster Wheeler PLC (United Kingdom)	Industrials	3,854
 Chrysaor Holdings Ltd (United Kingdom)	 Royal Dutch Shell PLC – UK North Sea Assets (United Kingdom)	Energy and Power	3,804
 Covalis Capital LLP (United Kingdom)	 Naturgas Energia Distribucion (Spain)	Energy and Power	2,806
 Lion Participations (France)	 Peugeot SA (France)	Industrials	2,079

*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of European Deals



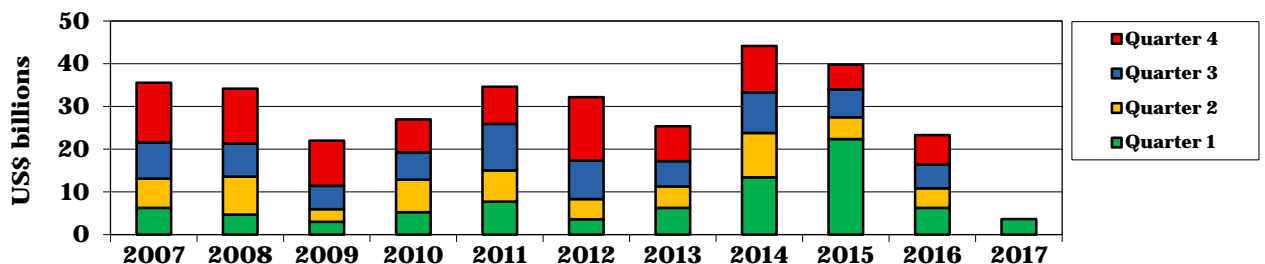
All figures are inflation-adjusted to 2017 dollars.

Top 10 Inbound Chinese Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Yanlord Land Group Ltd (Singapore)	 Shenzhen Long Wei Xin Investment Co (China)	Real Estate	243
 Avery Dennison Corp (United States)	 Yongle Tape Co Ltd (China)	Consumer Staples	190
 Yanlord Land Group Ltd (Singapore)	 Shenzhen Hengming Commercial Co Ltd (China)	Real Estate	163
 Power Corp of Canada (Canada)	 China Asset Management Co Ltd (China)	Financials	136
 City Developments Ltd (Singapore)	 Shanghai Meidao Investment Co (China)	Real Estate	131
 UKC Holdings Corp (Japan)	 Quatius Ltd (Hong Kong)	High Technology	100
 Cavalli Enterprises Inc (United States)	 Ynnovate Sanzheng (Yingkou) (China)	Materials	83
 Learning Technologies Group (United Kingdom)	 NetDimensions (Holdings) Ltd (Hong Kong)	High Technology	52
 CWG International Ltd (Singapore)	 Suzhou Industrial Park Bus (China)	Consumer Products and Services	29
 The Jordan Co LP (United States)	 Santai (Cayman) Holding Corp – Assets (China)	Materials	22





















*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of Inbound Chinese Deals



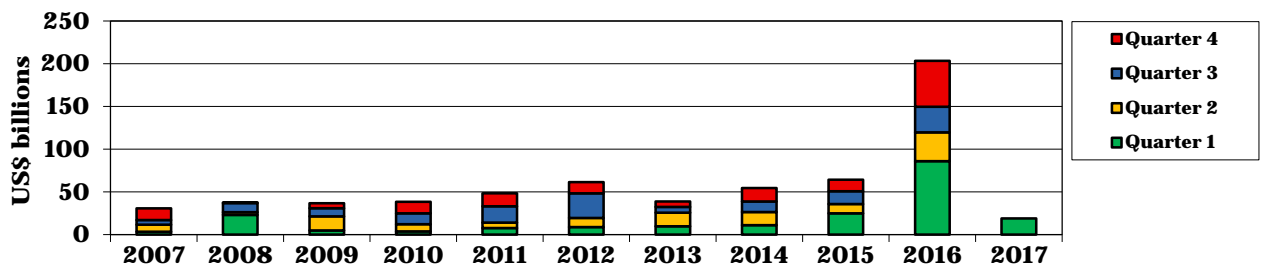
All figures are inflation-adjusted to 2017 dollars.

Top 10 Outbound Chinese Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Wang Tai Holdings Ltd (China)	 Iron Mining International (Mongolia) Ltd (Mongolia)	Materials	5,516
 Yan Kuang Group Co Ltd (China)	 Coal & Allied Industries Ltd (Australia)	Materials	2,450
 Cheung Kong Ppty Holding Ltd (Hong Kong)	 Reliance Home Comfort LP (Canada)	Industrials	2,104
 China National Petroleum Corp (China)	 Abu Dhabi National Oil Co (United Arab Emirates)	Energy and Power	1,770
 C C Land Holdings Ltd (Hong Kong)	 Leadenhall Holding Co (Jersey) (United Kingdom)	Real Estate	1,404
 United Luck Group Holdings Ltd (Hong Kong)	 Outfit7 Investments Ltd (United Kingdom)	High Technology	1,000
 Dalian Hexing Investment Co (China)	 Nordic Cinema Group Holding AB (Sweden)	Media and Entertainment	949
 China Petrochemical Corp (China)	 Chevron South Africa (Pty) Ltd (South Africa)	Financials	900
 Shanghai Zhongan Joint Invest (China)	 Abu Dhabi National Oil Co (United Arab Emirates)	Energy and Power	888
 Qingdao Doublestar Co Ltd (China)	 Kumho Tire Co Inc (South Korea)	Industrials	833





















*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of Inbound Chinese Deals



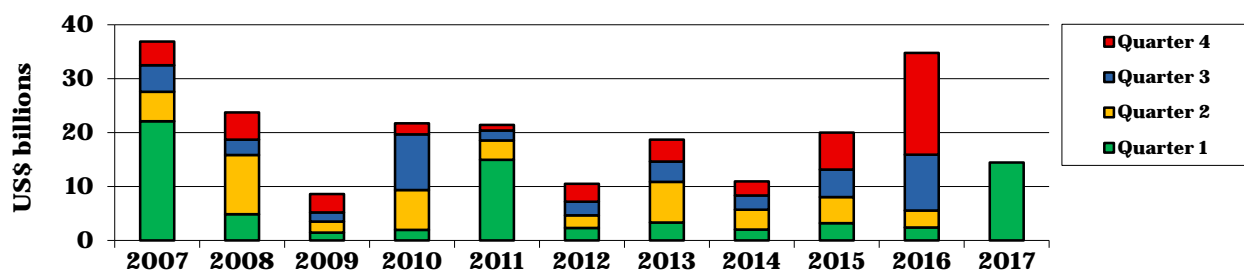
All figures are inflation-adjusted to 2017 dollars.

Top 10 Inbound Indian Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Vodafone Group PLC (United Kingdom)	 Idea Cellular Ltd – Mobile Business (India)	Telecommunications	11,627
 Canada Pension Plan Investment Board and KKR & Co (Canada and United States)	 Bharti Infratel Ltd (India)	Telecommunications	953
 JERA Co, Inc (Japan)	 ReNew Power Ventures Pvt Ltd (India)	Energy and Power	200
 CKP Group (United States)	 Diamond Power Infrastructure Ltd (India)	High Technology	181
 Schneider Electric SA (France)	 Luminous Power Technologies Pvt Ltd (India)	Energy and Power	140
 JTEKT Corp (Japan)	 Sona Koyo Steering Systems (India)	Industrials	126
 Warburg Pincus LLC (United States)	 PVR Ltd (India)	Media and Entertainment	121
 GIC Pte Ltd (Singapore)	 Can Fin Homes Ltd (India)	Financials	113
 The Carlyle Group and Tiger Global Management (United States)	 SSN Logistics Pvt Ltd (India)	Industrials	100
 Canary Topco Ltd (United Kingdom)	 Accelya Kale Solutions Ktd (India)	High Technology	70

*Company nationality determined by location of headquarters or location of target assets.

Aggregate Value of Inbound Indian Deals



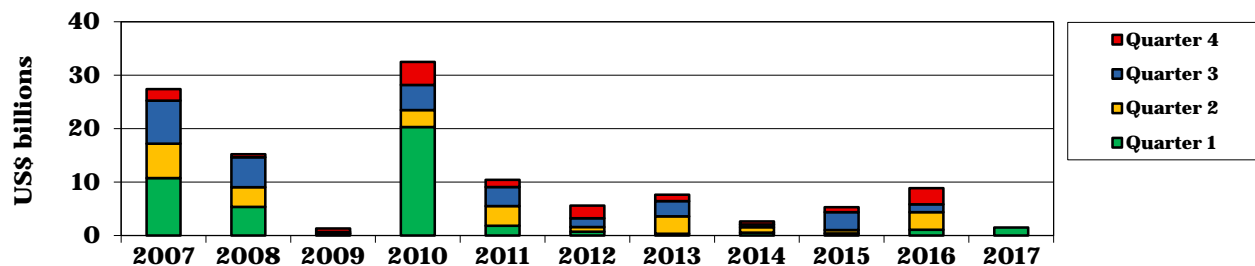
All figures are inflation-adjusted to 2017 dollars.

Top 10 Outbound Indian Deals Announced in Q1 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Motherson Sumi Systems (India)	 PKC Group Oyj (Finland)	Industrials	654
 Tech Mahindra Ltd (India)	 HCI Group Inc (United States)	Financials	220
 Piramal Enterprises Ltd (India)	 Mallinckrodt Plc – Intrathecal (United States)	Consumer Products and Services	203
 Aurobindo Pharma Ltd (India)	 Generis Farmaceutica SA (Portugal)	Healthcare	142
 WNS (Holdings) Ltd (India)	 HealthHelp LLC (United States)	Healthcare	95
 WNS (Holdings) Ltd (India)	 Denali Sourcing Services Inc (United States)	Consumer Products and Services	40
 Mahindra & Mahindra Ltd (India)	 Hisarlar Makina Sanayi ve (Turkey)	Industrials	19
 Tata Motors Ltd (India)	 CloudCar Inc (United States)	Financials	15
 TV Sundram Iyengar & Sons Ltd (India)	 SPC International Ltd (United Kingdom)	High Technology	15
 Wipro Ltd (India)	 Infoserver SA (Brazil)	High Technology	9

*Company nationality determined by location of headquarters or by location of target assets.

Aggregate Value of Outbound Indian Deals



All figures are inflation-adjusted to 2017 dollars.