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

Q2 2017

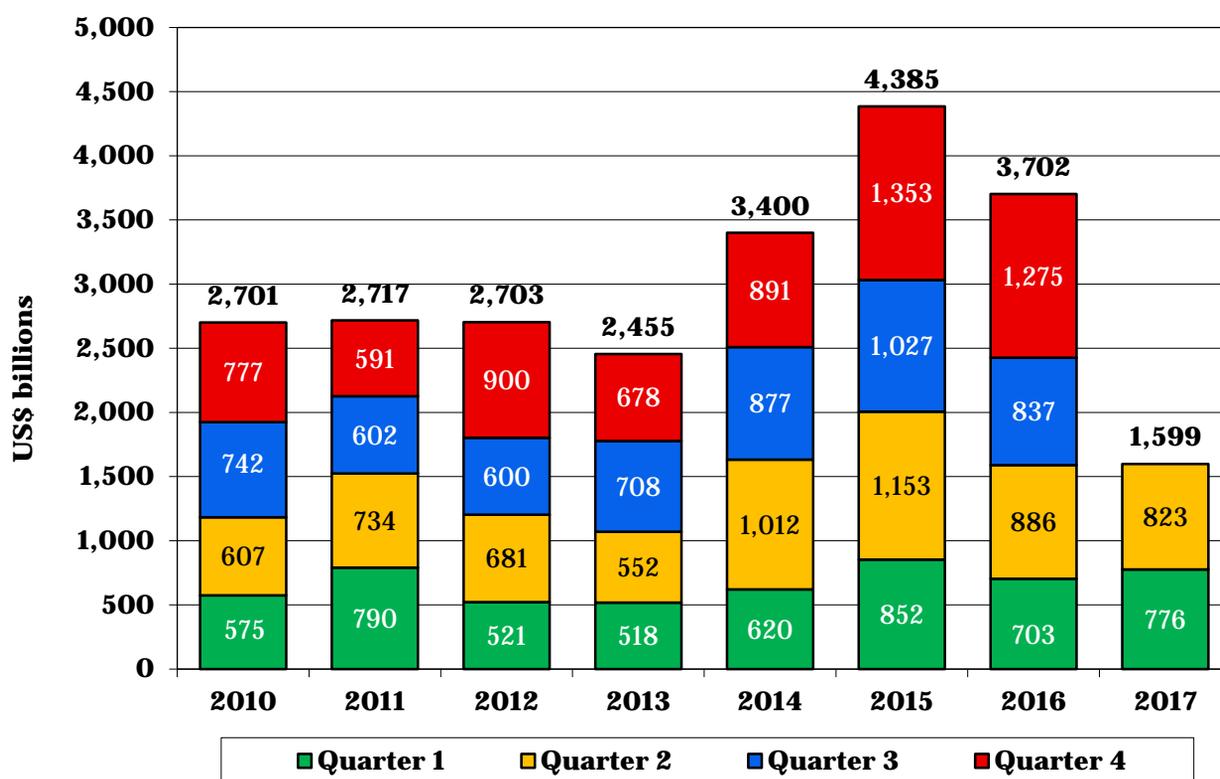
Raaj Narayan and Vishal Chanani, Co-Editors

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Global M&A Volume: Q2 Snapshot

- Global M&A volume in Q2 totaled approximately US\$823 billion, approximately 6% higher than Q1, with 2017 on pace to reach approximately US\$3.2 trillion in deal volume for the year.
- European M&A continued its strong trend in Q2, accounting for nearly 30% of deal volume, up slightly from Q1, but up substantially from prior years. U.S. M&A volume continued to trail historical levels, accounting for 37% of deal volume in Q2.
- Cross-border activity continued to account for approximately 35% of global deal volume, consistent with recent levels.
- Q2 saw six “megadeals” over US\$10 billion, including Becton Dickinson’s acquisition of C.R. Bard and Amazon.com’s purchase of Whole Foods Market.

Deal Volume by Quarter

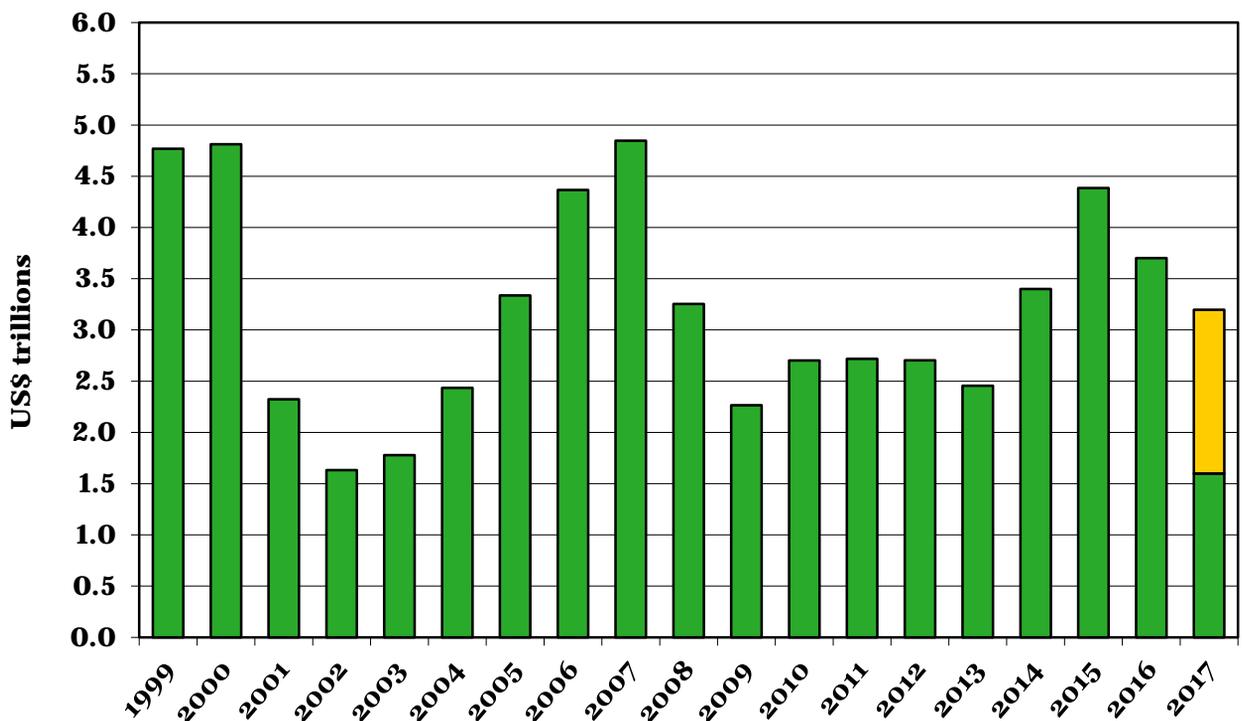


All figures are inflation-adjusted to 2017 dollars. Data in this report does not include spin-offs announced in 2017 that have not been completed.

Global M&A Volume: 1999-2017

- At its current rate, global M&A volume for 2017 remains on pace to reach nearly US\$3.2 trillion, which would be down relative to 2014, 2015, and 2016, but still a strong year by historical standards. Notably, both 2015 and 2016 experienced substantially greater deal volume in the second half of the year relative to the first half, so 2017 could exceed its current annualized pace.
- The continuing strength of European M&A in 2017 appears to be driven in part by the decreasing economic and political volatility in Europe. In addition, large-cap activism and unsolicited activity in Europe are likely to continue to drive activity on the continent.
- Uncertainty around antitrust enforcement in both the United States and Europe along with record-high equity market valuations globally has likely disproportionately impacted the largest deals, with only two deals announced over US\$20 billion in the first half of 2017 compared to five such deals at this time in 2016.
- In addition, political uncertainty, especially around tax and regulatory reforms to be enacted by the new presidential administration, may be responsible for the United States claiming a smaller share of global M&A activity than recent historical levels.

Global M&A Volume

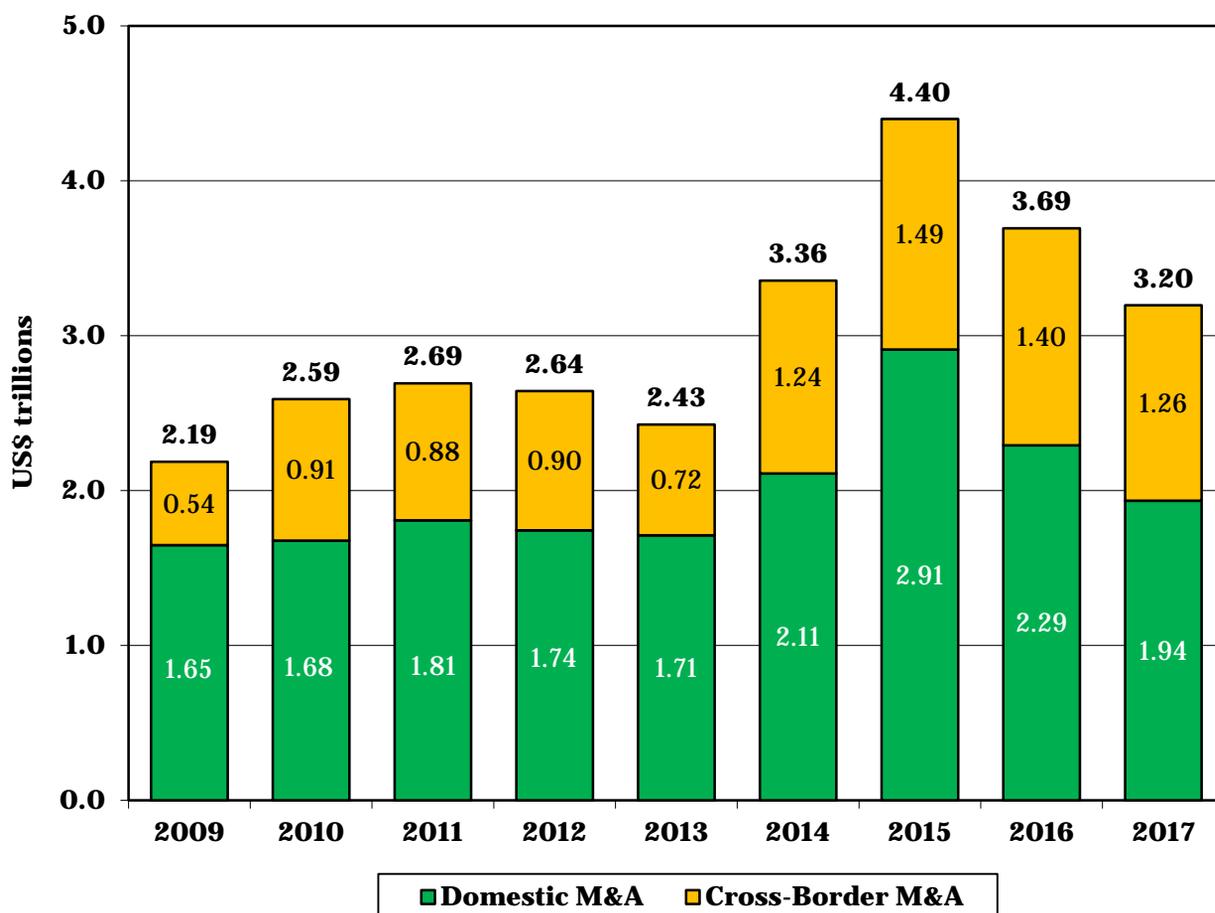


All figures are inflation-adjusted to 2017 dollars. 2017 data is annualized.

Cross-Border M&A Volume: 2009-2017

- Cross-border M&A activity was US\$293 billion in Q2, a slight reduction from Q1.
- Cross-border deals accounted for approximately 35% of Q2 deal activity, consistent with the level that has prevailed in recent years.
- Deal volume involving a developed economy acquirer and an emerging economy target in Q2 was up more than 150% year-over-year and again outpaced deals involving a developed economy target and an emerging economy acquirer, continuing Q1's return to the historical norm after a brief trend reversal in 2016.
- Of the 10 largest deals of Q2, five were cross-border, and all involved U.S. or European targets, but only one of the parties on either side was a developing economy.

Deal Volume

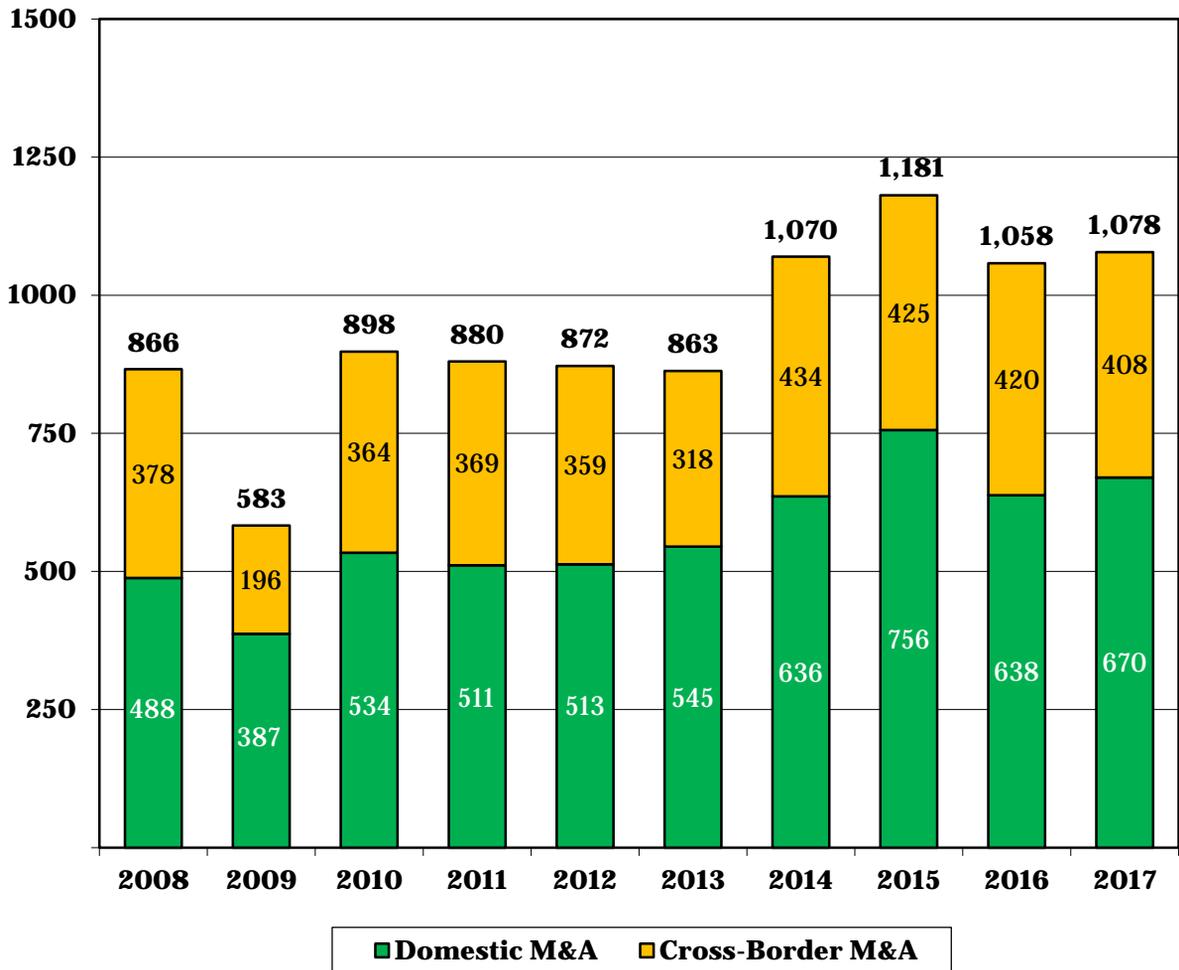


Cross-border M&A transactions are defined as those in which the parties are headquartered or based in different countries. All figures are inflation-adjusted to 2017 dollars. 2017 data is annualized.

Medium and Large M&A Deals: 2008-2017

- The number of deals in excess of US\$500 million in 2017 is on pace to exceed 2014 and 2016 and fall just under 2015.
- 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 and 2017 to date.
- In Q2, consistent with past trends, the largest targets were primarily U.S. and European companies, with each region claiming one-half of the top 10 deals for the quarter.

Number of Deals > US\$500 million

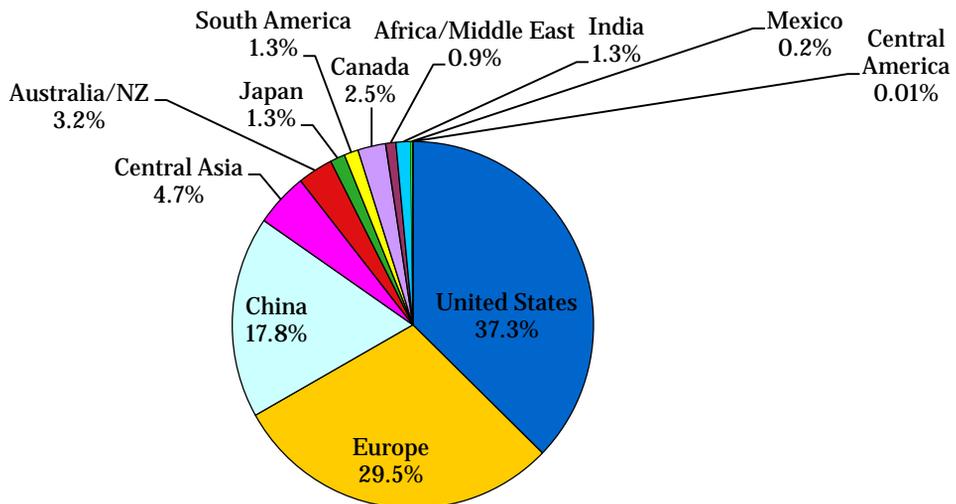


2017 data is annualized.

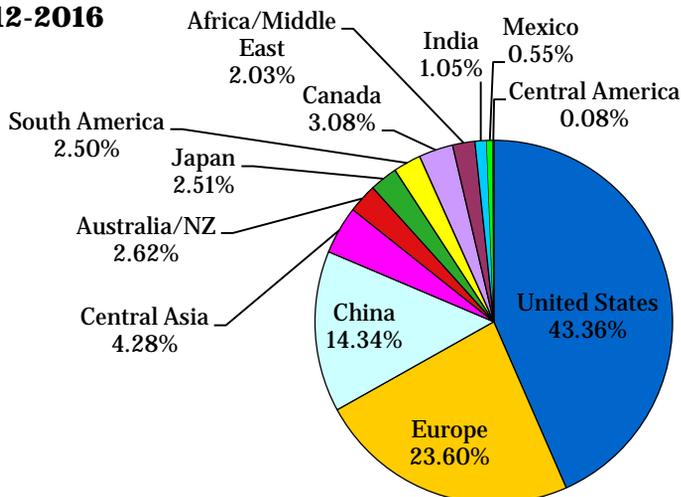
M&A Volume by Target Region

- European M&A continued strong in Q2, accounting for almost 30% of M&A volume in Q2, consistent with Q1 levels but well above recent historical levels. Just two of the top 10 deals of Q2 did not include either a European acquirer or European target.
- The United States continued to claim a smaller share of global M&A volume than the ~43% level that has prevailed in recent years, while China improved from a dip in Q1 to nearly 18% of global volume, modestly exceeding recent historical averages.
- The developing regions of Central Asia, South America, Africa/Middle East, India, Mexico, and Central America accounted for an aggregate of 8.49% of global M&A volume in Q2, down relative to Q1 and to the recent historical aggregate average of 10.49%.

Q2 2017



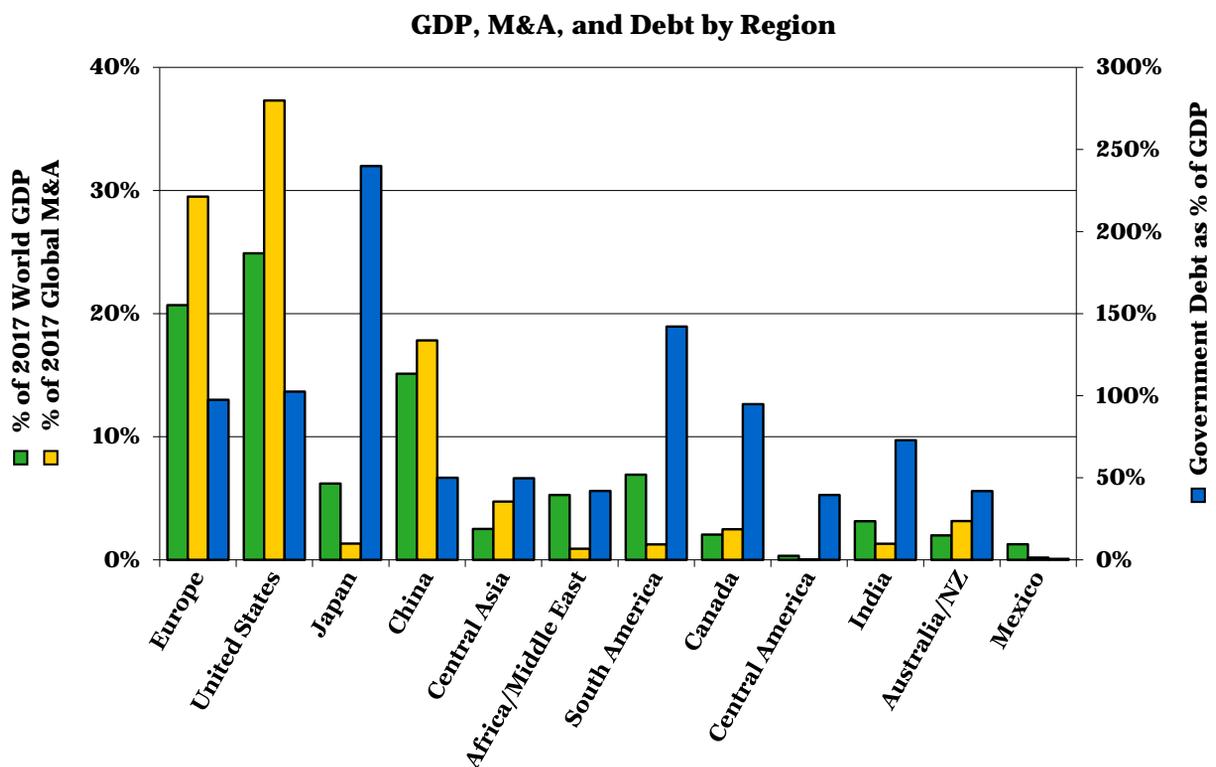
2012-2016



Represents share of global M&A volume based on target's headquarters. All figures are inflation-adjusted to 2017 dollars.

GDP, Debt and M&A Volume by Target Region: Q2 2017

- A number of regions, including Europe, the United States, China, Central Asia, Canada, and Australia/New Zealand, accounted for higher shares of global M&A than GDP, in contrast to Q1, at which time only Canada, Europe and the United States did so.
- Japan, Africa/Middle East, and South America continued to produce lower shares of M&A volume than global GDP, suggesting room for further deal activity in these regions.

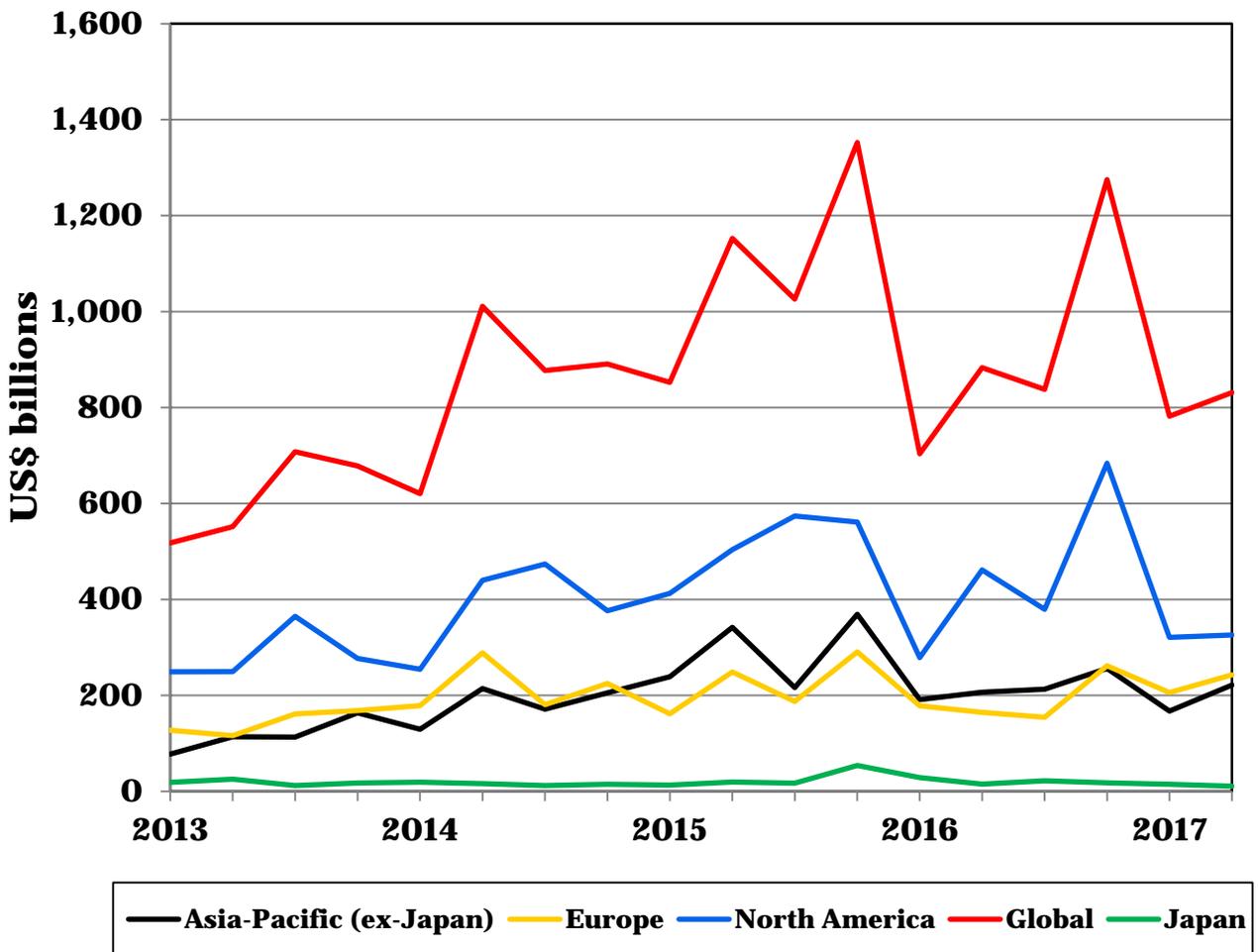


Region	2017 GDP (US\$ trillions)	2017 Per Capita GDP (US\$)
Europe	16.1	13,933
United States	19.4	59,609
China	11.8	8,480
Japan	4.8	38,281
India	2.5	1,850
World	78.0	10,400

2017 GDP figures are IMF estimates.

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

- M&A activity in each of Asia-Pacific (ex-Japan), Europe, and North America increased relative to Q1, reflecting the strong overall performance of the quarter.
- Year-over-year, European deal volume experienced more than 47% growth, reaching nearly US\$243 billion in Q2, while North American deal volume fell nearly 30% year-over-year (but nonetheless continued to lead regions globally at US\$326 billion in Q2).
- Japanese M&A activity continued to fall, posting its third consecutive decline. Asian-Pacific M&A (ex-Japan), by contrast, saw large gains, increasing over 32% relative to Q1, and totaling over US\$221 in deal volume.

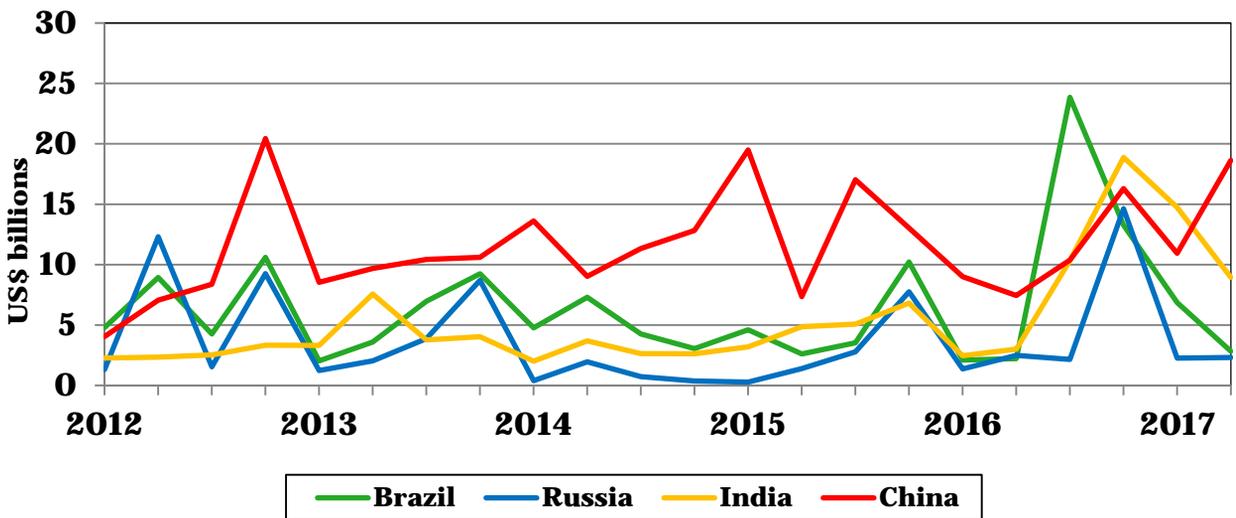


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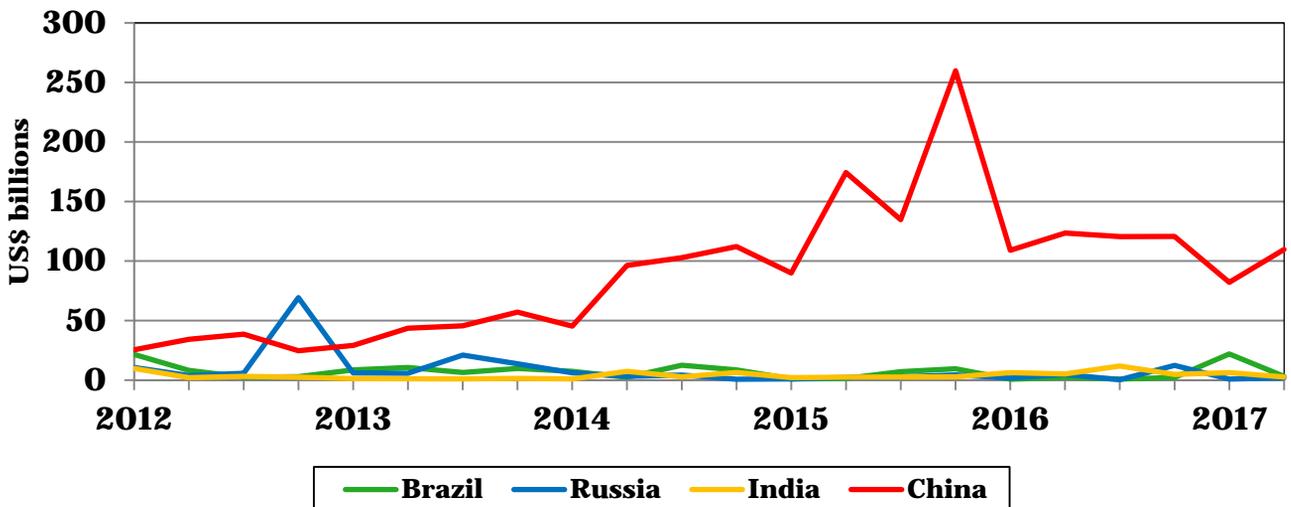
M&A in BRIC Countries: 2012-2017

- Aggregate inbound M&A volume into all BRIC countries reached nearly US\$33 billion. This level of inbound M&A into the BRIC countries marked the strongest Q2 in recent years, contributing to the strongest H1 in recent years, and more than double the level from H1 2016.
- Domestic M&A activity among the BRIC countries in Q2, in the aggregate, remained consistent with levels from Q1, but performance by country varied. Deal activity in Brazil and India fell substantially, by 85% and 57%, respectively, while activity in Russia and China increased substantially, by 125% and 33%, respectively.

2012-2017 Inbound M&A to BRIC Countries



2012-2017 Domestic M&A in BRIC Countries

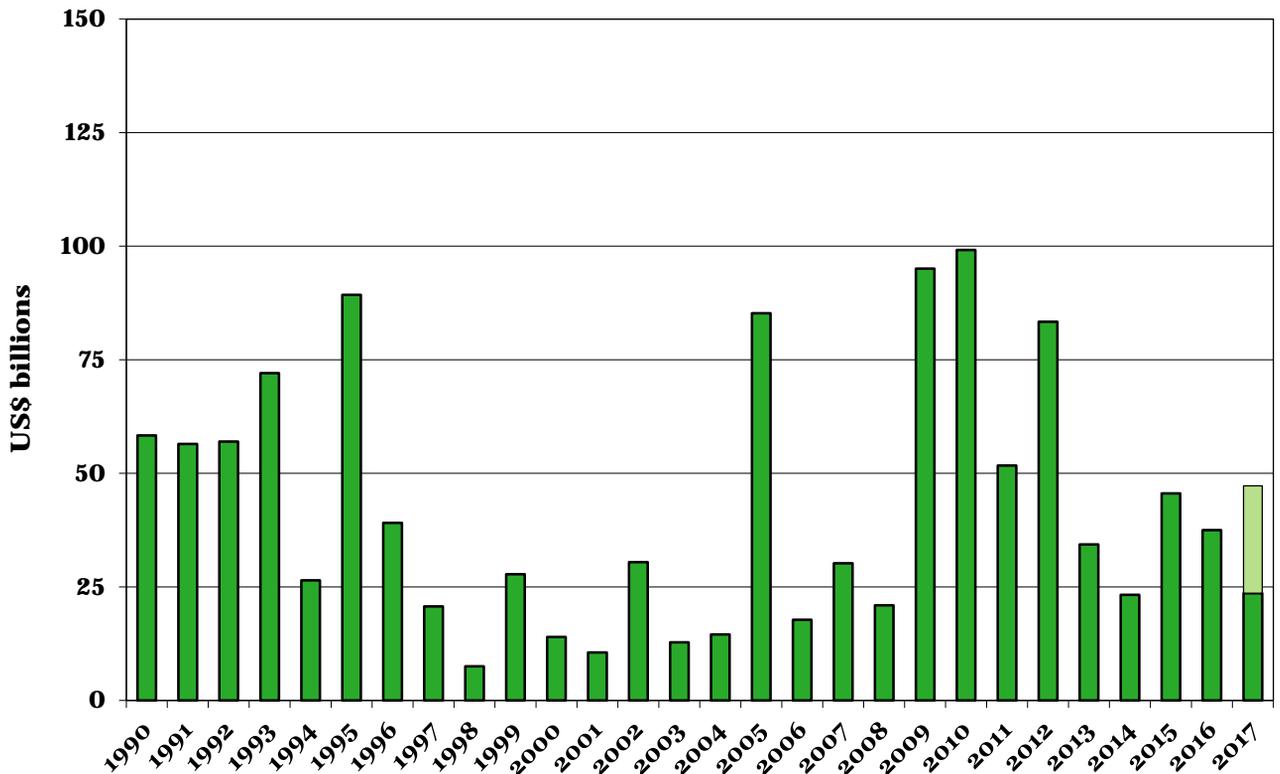


All figures are inflation-adjusted to 2017 dollars.

Distressed Deals: 1990-2017

- Distressed M&A activity accounted for approximately US\$23 billion in Q2, less than 3% of total deal activity in the quarter.
- At its current pace, distressed deal volume in 2017 will be approximately US\$47 billion, marking an increase compared to over US\$45 billion in 2015 and US\$37 billion in 2016, but still substantially below post-financial crisis levels.

Volume of Distressed Deals

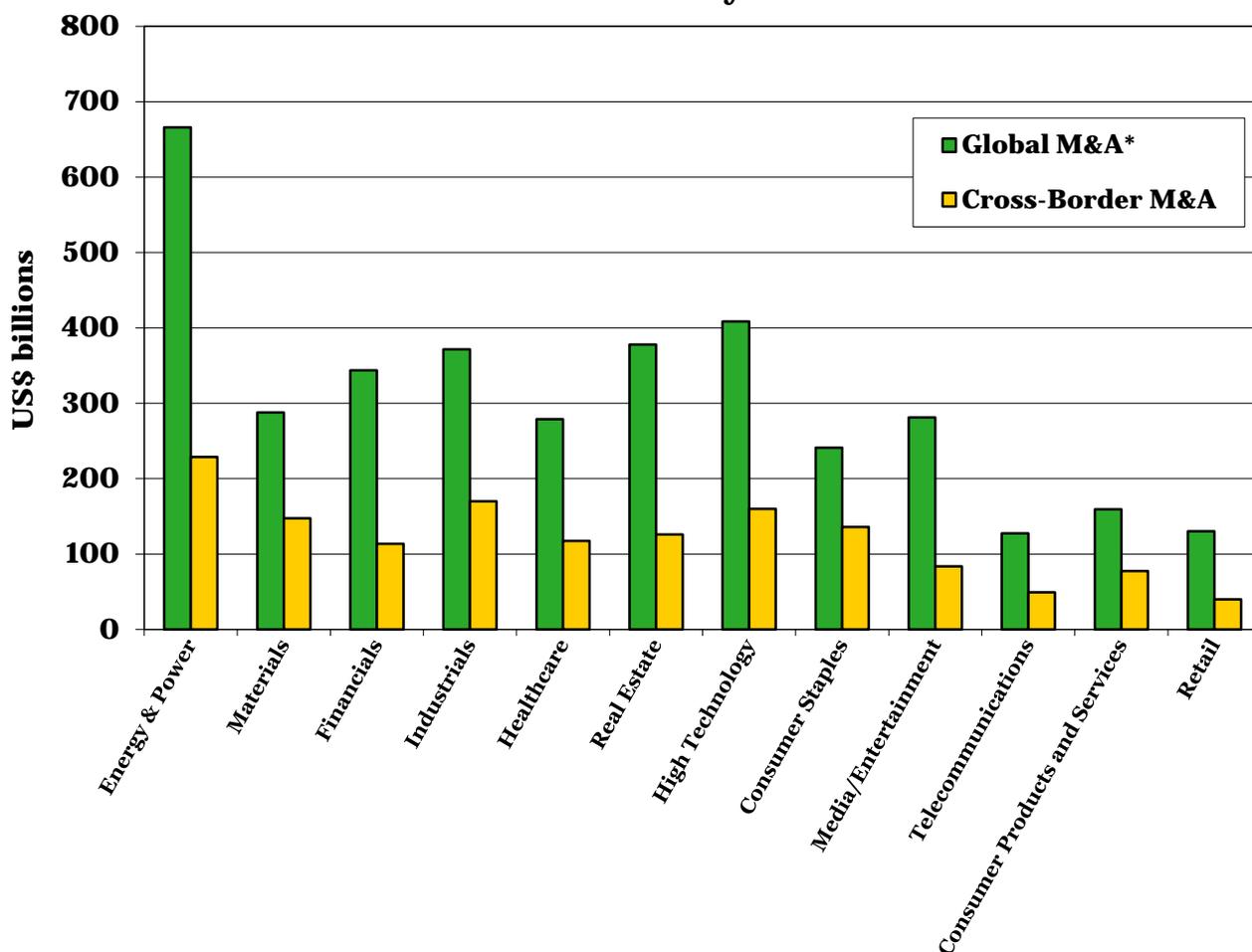


All figures are inflation-adjusted to 2017 dollars. 2017 data is annualized. Distressed transactions include those in which the target entity is undergoing restructuring or has reduced the debt on its balance sheet through a bankruptcy sale, a tender offer or an exchange offer for existing debt securities, 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\$666 billion in global deal volume over the past 12 months, exceeding High Technology (the next highest) by more than US\$250 billion. This level of deal activity was likely driven in part by continued volatility in commodities prices as well as in the geo-political climate globally.
- Energy & Power deals also accounted for the largest share of cross-border M&A activity over the past 12 months by a large margin, totaling nearly US\$229 billion, with cross-border deals accounting for 34% of global deal volume in this sector.
- Cross-border deals drove deal activity in the Consumer Staples and Materials sectors, accounting for 56% and 51% of deals in each sector, respectively. These two sectors were the only sectors in which more than half of deal volume was cross-border over this period.

M&A Volume by Sector

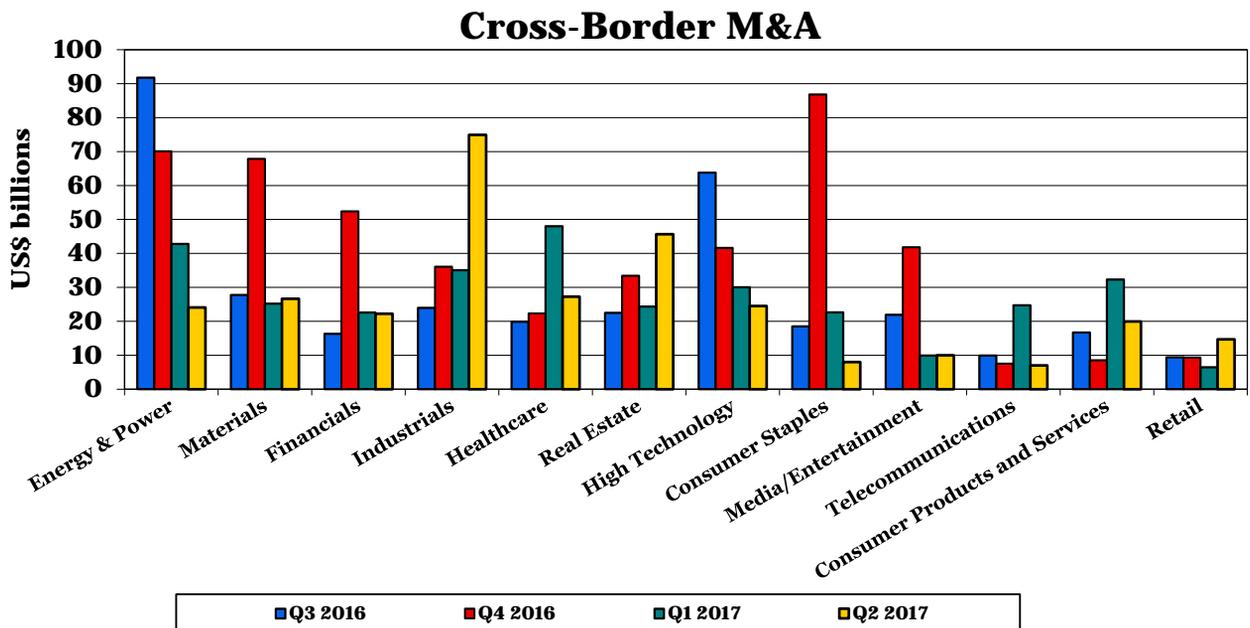
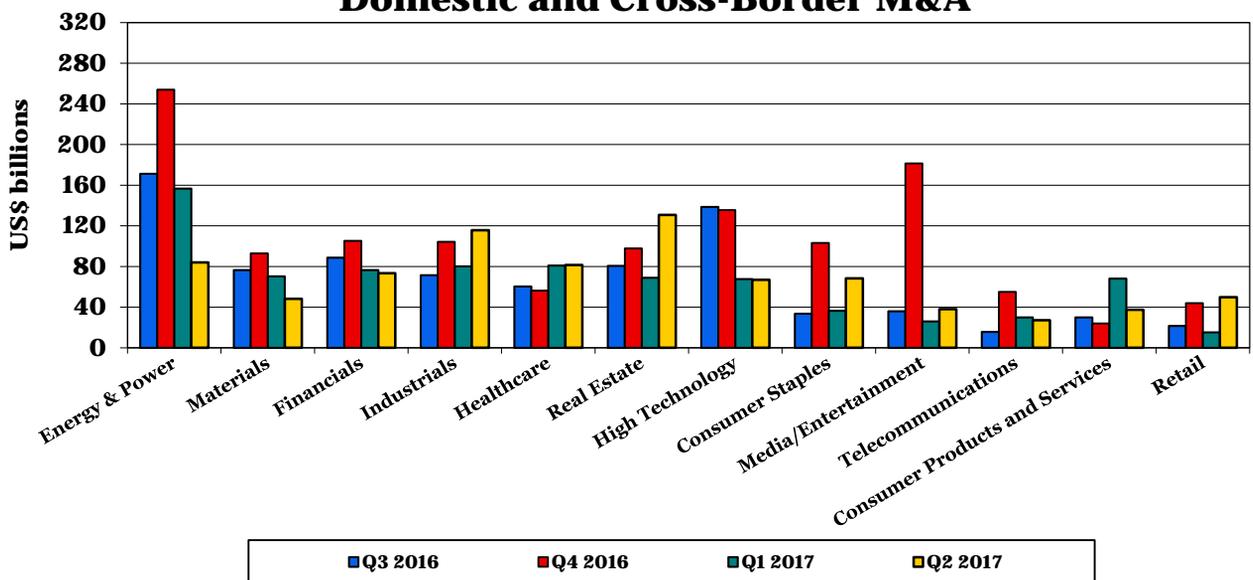


*Includes both domestic and cross-border transactions.

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

- The Real Estate sector (uncharacteristically) had the strongest Q2, with US\$131 billion in total deal volume, posting its strongest quarter of the last four quarters, and jumping 90% relative to Q1. The Industrials sector had the next strongest quarter at US\$116 billion, experiencing 45% growth relative to Q1. Retail was the only other sector to see a relative high among the last four quarters in Q2, more than tripling deal volume relative to Q1.
- The Industrials sector accounted for the most cross-border M&A volume in Q2, at almost US\$75 billion and accounting for nearly 25% of all cross-border deal activity in Q2.

Domestic and Cross-Border M&A



Top 10 Global Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Becton Dickinson & Co (United States)	 CR Bard Inc (United States)	Healthcare	24,227
 Atlantia SpA (Italy)	 Abertis Infraestructuras SA (Spain)	Industrials	17,800
 China Investment Corp (China)	 Logicor Ltd (United Kingdom)	Real Estate	13,742
 Amazon.com, Inc (United States)	 Whole Foods Market Inc (United States)	Retail	13,598
 Groupe Arnault SE (France)	 Christian Dior SE (France)	Consumer Staples	13,045
 Clariant AG (Switzerland)	 Huntsman Corp (United States)	Materials	10,483
 Pembina Pipeline Corp (Canada)	 Veresen Inc (Canada)	Energy & Power	7,651
 JAB Holding Company (Luxembourg)	 Panera Bread Co (United States)	Retail	7,490
 Digital Realty Trust Inc (United States)	 DuPont Fabros Tech Inc (United States)	Real Estate	7,283
 Thermo Fisher Scientific Inc (United States)	 Patheon NV (Netherlands)	Healthcare	7,132

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

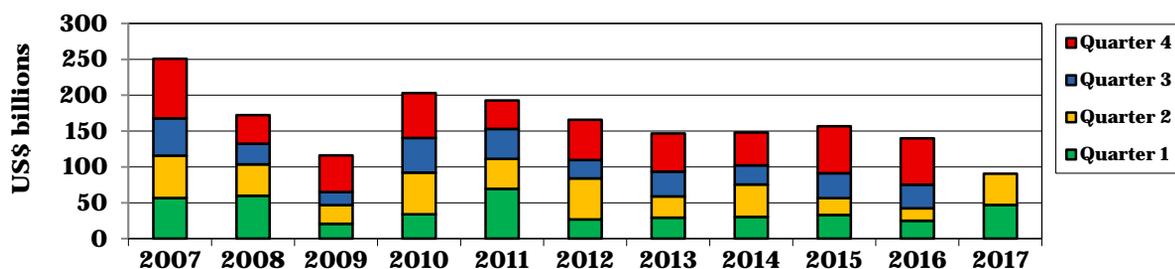
Top 10 Deals from Developed into Emerging Economies* Announced in Q2 2017

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)
 SoftBank Group Corp (Japan)	 Didi Chuxing (China)	High Technology	5,500
 Investor Group (United States)	 ICICI Lombard Gen Ins Co Ltd (India)	Financials	3,147
 Investor Group (United States)	 Flipkart Internet Pvt Ltd (India)	Retail	1,400
 Mediterranean Shipping Company SA (Switzerland)	 Portonave SA (Brazil)	Industrials	1,248
 Inmobiliaria Espacia SA (Spain)	 OHL Mexico SAB de CV (Mexico)	Industrials	1,089
 AINMT Holdings AB (Sweden)	 Nextel Holdings SARL (Brazil)	Telecommunications	875
 Engie SA (France)	 Tabreed (United Arab Emirates)	Energy & Power	775
 Tokio Marine Holdings Inc (Japan)	 IFFCO Tokio General Insurance (India)	Financials	393
 Warburg Pincus LLC (United States)	 Tata Technologies Ltd (India)	High Technology	360
 CSL Ltd (Australia)	 Wuhan Zhongyuan Ruide (China)	Consumer Products and Services	352

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

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Aggregate Value of Deals from Developed into Emerging Economies



All figures are inflation-adjusted to 2017 dollars.

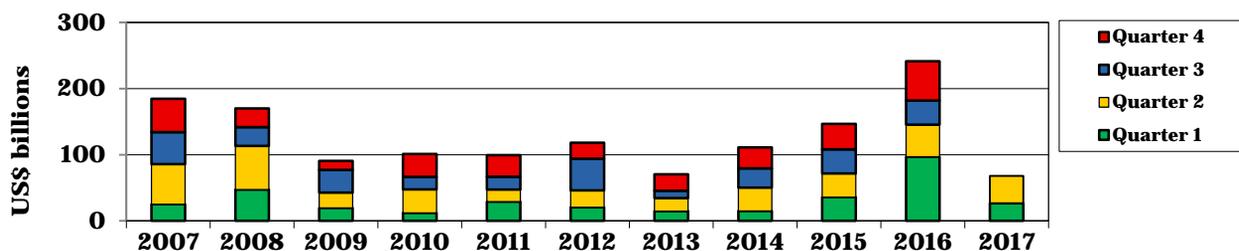
Top 10 Deals from Emerging into Developed Economies* Announced in Q2 2017

Acquirer**	Target**	Target Industry	Value of Deal (US\$mil)
 China Investment Corp (China)	 Logicor Ltd (United Kingdom)	Real Estate	13,742
 IPIC (United Arab Emirates)	 Williams Olefins LLC (United States)	Materials	2,100
 Ningbo Joyson Electronic Corp (China)	 Takata Corp (Japan)	Industrials	1,573
 HNA Holding Group Co Ltd (China)	 CWT Ltd (Singapore)	Industrials	1,323
 Alibaba Group Holding Ltd (China)	 Lazada South East Asia Pte Ltd (Singapore)	Retail	1,000
 Silk Road Fund Co Ltd (China)	 Autostrade per l'Italia SpA (Italy)	Industrials	807
 Yan Kuang Group Co Ltd (China)	 Mitsubishi (Australia)	Materials	710
 Investor Group (China)	 Ansell Ltd – Sexual Wellness Business (Australia)	Industrials	600
 Zhengzhou Coal Mining (China)	 Robert Bosch Starter Motors (Germany)	Energy & Power	594
 Tahoe Investment Group Co Ltd (China)	 Alliance Health Care Services Inc (United States)	Healthcare	591

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

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Aggregate Value of Deals from Emerging into Developed Economies



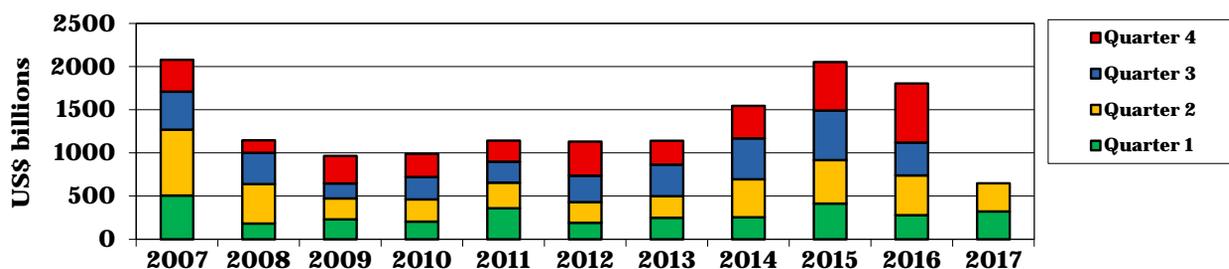
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Top 10 North American Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Becton Dickinson & Co (United States)	 CR Bard Inc (United States)	Healthcare	24,227
 Amazon.com, Inc (United States)	 Whole Foods Market Inc (United States)	Retail	13,598
 Clariant AG (Switzerland)	 Huntsman Corp (United States)	Materials	10,483
 Pembina Pipeline Corp (Canada)	 Veresen Inc (Canada)	Energy & Power	7,651
 JAB Holding Company (Luxembourg)	 Panera Bread Co (United States)	Retail	7,490
 Digital Realty Trust Inc (United States)	 DuPont Fabros Tech Inc (United States)	Real Estate	7,283
 EQT Corp (United States)	 Rice Energy (United States)	Energy & Power	6,696
 New Mountain Capital (United States)	 VWR Corp (United States)	Healthcare	6,567
 Sycamore Partners LLC (United States)	 Staples Inc (United States)	Retail	6,451
 Sinclair Broadcast Group Inc (United States)	 Tribune Media Co (United States)	Media/Entertainment	6,437

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Aggregate Value of North American Deals



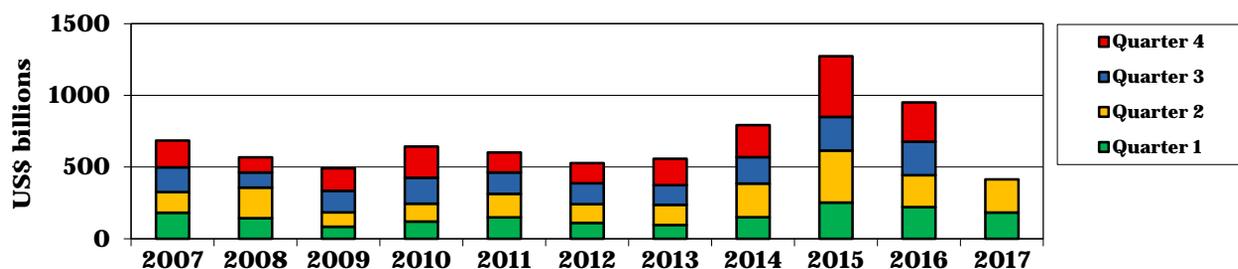
All figures are inflation-adjusted to 2017 dollars.

Top 10 Asian-Pacific Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Investor Group (Australia)	 Endeavour Energy Pty Ltd (Australia)	Energy & Power	5,609
 Soft Bank Group Corp (Japan)	 Didi Chuxing (China)	High Technology	5,500
 Muse Holdings Inc (China)	 Belle International Holdings Ltd (China)	Consumer Staples	4,576
 Investor Group (China)	 China Everbright Bank Co Ltd (China)	Financials	4,499
 Bach Holdings Ltd (Cayman Islands)	 Nord Anglia Education Inc (Hong Kong)	Consumer Products and Services	4,300
 Shenzen Metro Group Ltd (China)	 China Vanke Co Ltd (China)	Real Estate	4,294
 Shanghai Yuyuan Tourist Mart (China)	 Shanghai Fosun High Technology Co Ltd (China)	Real Estate	4,013
 NARI Technology Co Ltd (China)	 Nanjing NARI Group Corp (China)	Energy & Power	3,635
 Investor Group (United States)	 ICICI Lombard Gen Ins Co Ltd (India)	Financials	3,147
 China Cosco Shipping Corp Ltd (China)	 Shanghai Intl Port (Group) Co Ltd (China)	Industrials	2,787

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Aggregate Value of Asian-Pacific Deals



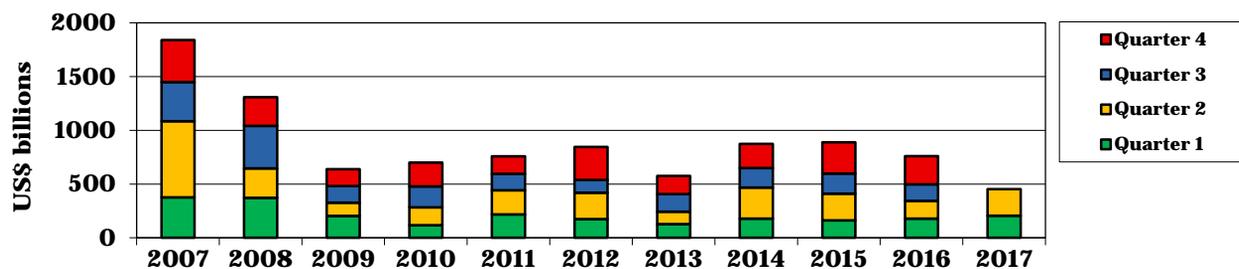
All figures are inflation-adjusted to 2017 dollars.

Top 10 European Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Atlantia SpA (Italy)	 Abertis Infraestructuras SA (Spain)	Industrials	17,800
 China Investment Corp (China)	 Logicor Ltd (United Kingdom)	Real Estate	13,742
 Groupe Arnault SE (France)	 Christian Dior SE (France)	Consumer Staples	13,045
 Thermo Fisher Scientific Inc (United States)	 Patheon NV (Netherlands)	Healthcare	7,132
 Gecina SA (France)	 Eurosic SA (France)	Real Estate	6,812
 Drillisch AG (Germany)	 1&1 Telecommunication SE (Germany)	Telecommunications	5,738
 Deere & Co (United States)	 WIRTGEN GROUP Holding GmbH (Germany)	Industrials	5,174
 Blackstone Group LP (United States)	 Sponda Oyj (Finland)	Real Estate	4,087
 The Carlyle Group LP (United States)	 Engie E&P International SA (United Kingdom)	Energy & Power	3,900
 Elis SA (France)	 Berendsen PLC (United Kingdom)	Consumer Products and Services	3,337

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

Aggregate Value of European Deals



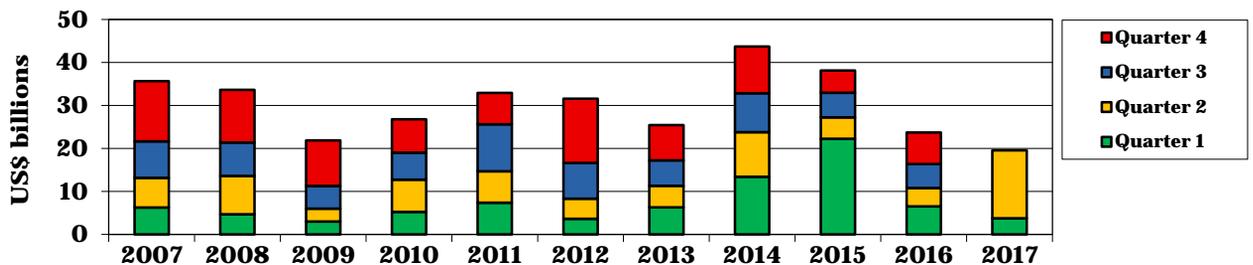
All figures are inflation-adjusted to 2017 dollars.

Top 10 Inbound Chinese Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 SoftBank Group Corp. (Japan)	 Didi Chuxing (China)	High Technology	5,500
 Bach Holdings Ltd (Cayman Islands)	 Nord Anglia Education Inc (Hong Kong)	Consumer Product and Services	4,300
 Toray Industries Inc (Japan)	 Pacific Textiles Holdings Ltd (Hong Kong)	Consumer Staples	519
 Prosperity Vision (III) Pte (Singapore)	 Ever Jump Investments Ltd (Hong Kong)	Real Estate	403
 Blackstone Group LP (United States)	 Global Sources Ltd (Hong Kong)	High Technology	369
 CSL Ltd (Australia)	 Wuhan Zhongyuan Ruide (China)	Consumer Products and Services	352
 Investor Group (Japan)	 PT Cayman Ltd (Hong Kong)	Financials	182
 DCC Plc (Ireland)	 Royal Dutch Shell – Liquefied Petroleum Gas Business (Hong Kong)	Energy & Power	150
 Aimhigh Global Corp (South Korea)	 Mastery Century Ltd (China)	Financials	104
 MediaTek Investment Singapore Pte Ltd (Singapore)	 Mapbar Technology Ltd (China)	High Technology	97

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Aggregate Value of Inbound Chinese Deals



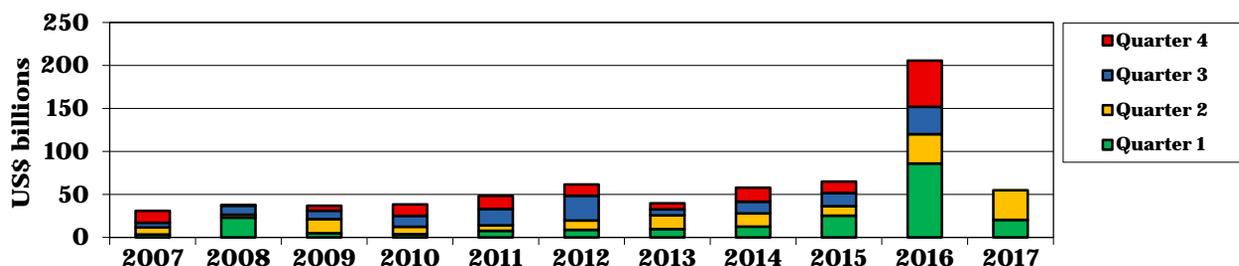
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Top 10 Outbound Chinese Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 China Investment Corp (China)	 Logicor Ltd (United Kingdom)	Real Estate	13,742
 Ningbo Joyson Electronic Corp (China)	 Takata Corp (Japan)	Industrials	1,573
 HNA Holding Group Co Ltd (China)	 CWT Ltd (Singapore)	Industrials	1,323
 Alibaba Group Holding Ltd (China)	 Lazada South East Asia Pte Ltd (Singapore)	Retail	1,000
 Shandong Gold Mining Co Ltd (China)	 Barrick Gold Corp – Veladero mine (Argentina)	Materials	960
 Hainan Mining Co Ltd (China)	 Polyus (Russian Federation)	Materials	887
 Silk Road Fund Co Ltd (China)	 Autostrade per l'Italia SpA (Italy)	Industrials	807
 Investor Group (China)	 Ansell Ltd – Sexual Awareness Business (Australia)	Industrials	600
 Zhengzhou Coal Mining (China)	 Robert Bosch Starter Motors (Germany)	Energy & Power	594
 Tahoe Investment Group Co Ltd (China)	 Alliance Health Care Services Inc (United States)	Healthcare	591

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Aggregate Value of Outbound Chinese Deals



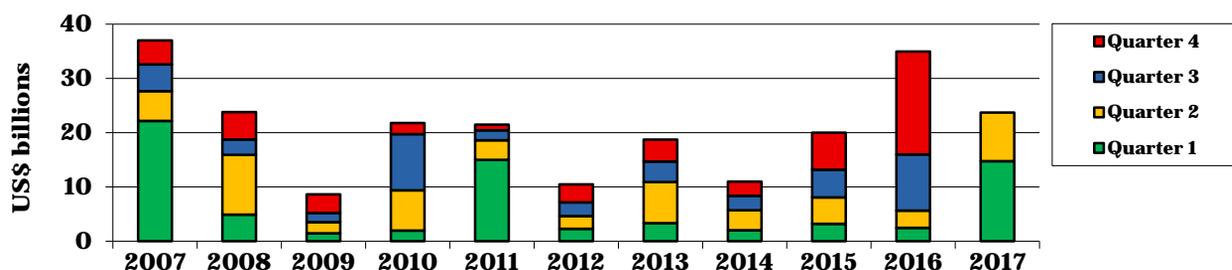
All figures are inflation-adjusted to 2017 dollars.

Top 10 Inbound Indian Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Investor Group (United States)	 ICICI Lombard Gens Insurance Co Ltd (India)	Financials	3,147
 Investor Group (United States)	 Flipkart Internet Pvt Ltd (India)	Retail	1,400
 Tokio Marine Holdings Inc (Japan)	 IFFCO Tokio General Insurance (India)	Financials	393
 Warburg Pincus LLC (United States)	 Tata Technologies Ltd (India)	High Technology	360
 Canada Pension Plan Investment (Canada)	 Island Star Mall Developers (India)	Real Estate	338
 Capital Square Partners Pte (Singapore)	 Aegis Ltd (India)	Consumer Product and Services	300
 Hon Hai Precision Industry (China)	 SB Energy Holdings Ltd (India)	Energy & Power	272
 Fairfax Financial Holdings Ltd (Canada)	 Bangalore International Airport Ltd (India)	Industrials	200
 Investor Group (Singapore)	 MakeMyTrip Ltd (India)	Consumer Products and Services	165
 Ebix Inc (United States)	 ItzCash Card Ltd (India)	Financials	120

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

Aggregate Value of Inbound Indian Deals



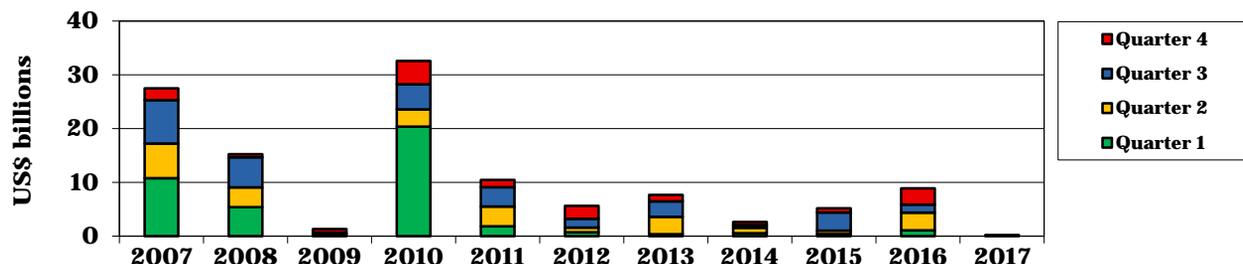
All figures are inflation-adjusted to 2017 dollars.

Top 10 Outbound Indian Deals Announced in Q2 2017

Acquirer*	Target*	Target Industry	Value of Deal (US\$mil)
 Serum Institute of India Ltd (India)	 Nanotherapeutics Bohumil Sro (Czech Republic)	Healthcare	78
 Jain Irrigation Systems Ltd (India)	 Agri-Valley Irrigation Inc and Irrigation Design & Construction (United States)	Energy & Power	48
 HCL Technologies Ltd (India)	 Urban Fulfillment Services LLC (United States)	Financials	30
 Dabur India Ltd (India)	 D&A Cosmetics Pty Ltd (South Africa)	Consumer Products and Services	4
 Wipro Ltd (India)	 Drivestream Inc (United States)	High Technology	0.8
 Dabur India Ltd (India)	 Atlanta Body & Health Products Proprietary Ltd (South Africa)	Consumer Products and Services	0.2
 Advanced Enzyme Tech Ltd (India)	 Palm Techno Ventures Enzyme (Malaysia)	Materials	0.05
 Infosys Ltd (India)	 Skytree Inc (United States)	High Technology	–
 Cliantha Research Ltd (India)	 Inflamax Research Inc (Canada)	Consumer Products and Services	–
 Inmage Group (India)	 Pixlr.com (United States)	High Technology	–

*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.