HORIZONS

BDO'S GLOBAL VIEW OF MID-MARKET DEAL ACTIVITY

MERGERS&ACQUISITIONS

ISSUE 1 | 2020

USA PRIVATE CAPITAL: OUTLOOK FOR 2020

REGIONAL VIEW

VIEWS FROM AROUND THE GLOBE

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TMT

BDO

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BDO GLOBAL CORPORATE FINANCE

1,530 COMPLETED DEALS IN 2019

WITH A TOTAL **DEAL VALUE** OF **$73.2bn**

33% PRIVATE EQUITY DEAL INVOLVEMENT

25% OF OUR DEALS ARE CROSS BORDER

ONE OF THE MOST ACTIVE ADVISORS GLOBALLY*

2,500 CORPORATE FINANCE **PROFESSIONALS**

100 COUNTRIES PROVIDING DEDICATED **CORPORATE FINANCE SERVICES**

*4th leading FDD provider globally – Mergermarket global accountant league tables 2019
5th leading FDD provider in Europe – Mergermarket European accountant league tables 2019

WELCOME

WELCOME TO THE FIRST EDITION OF HORIZONS IN 2020, IN WHICH BDO M&A PROFESSIONALS AROUND THE WORLD PRESENT THEIR INSIGHTS ON MID-MARKET DEAL ACTIVITY AND TRENDS

As we enter the new decade, we are have reasons to be optimistic after the dip in global mid-market deal activity in 2019. Most markets are cyclical to a greater or lesser extent and the M&A market is no exception to that. The previous decade was, on the whole, very good for M&A. It started with a steady annual increase in deal activity in the wake of the financial crisis, followed by five very strong years before a bit of a tail off in the final year.

As we enter 2020 in our own global business, we are developing our strategy for improving the linkages within our wider advisory business. In the past, we focused on corporate finance as a business but we believe we can provide greater service benefits to clients from a more seamless delivery of other advisory services, ideas generation and innovation within those service streams.

In the **"Global View"** article, as we look at the market data and how the final quarter made better reading with a recovery in most regions save for North America. The best reading however are the BDO Heat Charts for predicted global deal activity, which show a 35% increase on the previous quarter. This should be viewed through a balanced lens, given the influence that the global political landscape could have on the global economy and M&A as a whole.

As usual, we also look at the global themes that are influencing M&A, which on the whole, are very supportive of global M&A activity. These look more aligned to the Heat Charts now. There remains an abundance of cash with strategic and financial investors alike to support future M&A activity.

In the **"U.S. Private Capital Outlook"** article, we consider how the domestic private equity industry may adapt their investing activity to any economic slowdown against a backdrop of high availability to of capital and stiff competition for deals.

In the **"Sector View"** articles, we examine Natural Resources and TMT. In Natural Resources, we look at how global political events have impacted commodity prices and in turn M&A activity. In TMT, we look at whether new "hotspots" around the world along with essential technologies can create a bounce-back in M&A activity.

In summary, despite the slowdown in M&A activity during 2019, there are good reasons for optimism for those involved in M&A as depicted by our Heat Charts, subject to the global political landscape.

We hope you enjoy this edition of Horizons as you look to ramp up deal activity in 2020.

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GLOBAL VIEW

ENDING THE YEAR AS IT BEGAN BUT WITH GOOD REASONS TO BE CHEERFUL

2019 began and ended with a marked reduction in global mid-market deal activity compared to the previous year. The number of deals each quarter hovered around the 1,900 deals mark compared to over 2,200 in the prior year, a reduction of around 15%. Despite the decline, the figures were actually better than previously thought for the year, which at one stage were looking like a return to the deal activity levels of 2013 and before. We have ended up well ahead of that and given that there is always a lag in the full picture of deals in a quarter, Q4 2019 could look similar to 2018 levels when all the data is in. We see that as a very encouraging sign and more in line with the BDO Heat Charts from last year that were suggesting rumoured deal activity ahead of actual levels.

Whilst deal activity across 2019 broadly ticked up across the quarters, the trend for aggregate deal value went the other way with a decline but still ended up with a very respectable quarterly figure in excess of USD 160bn. Deal activity by strategic buyers held up better than that by financial buyers in 2019 and that was especially the case in the final quarter of the year. We would say that this is consistent with our own experience, although there is no shortage of available PE funds.

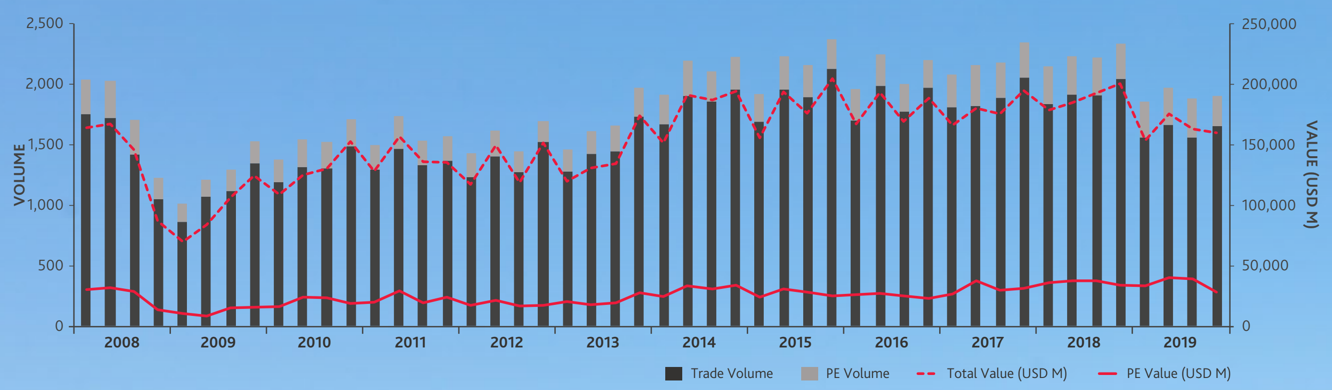
Deals do seem to be taking taken longer to do though, which could well be a contributory factor to the overall picture.

When we look at the regional picture, some interesting variations emerged in the final quarter of 2019. North American deal activity was well down on the rest of 2019 and as low as it has been for many years. In contrast, China showed a strong recovery from the earlier parts of the year to the extent that it was back at prior year levels.

Most other regions held up well, apart for a decline in DACH, Southern Europe and India. In contrast, the UK and Ireland finished the year strongly, along with Australasia and other parts of Asia.

In terms of sectors, most held up well in the final quarter with Energy, Mining & Utilities and Industrials & Chemicals gaining ground, whilst TMT lost some ground. Across the 2019 year as a whole, all sectors were down with Real Estate being the most resilient.

GLOBAL MID-MARKET M&A



FUTURE OUTLOOK LOOKS MUCH MORE EXCITING

Our Heat Charts of predicted deal activity make amazing reading compared to the actual deal data. They show that there are a staggering 11,400 rumoured mid-market deals around the world. At the end of the last quarter, this was a mere 8,400.

That represents is a huge 35% increase in the deal outlook. Alternatively, if you compare it with 2019 actual deal activity, the pipeline is some 50% higher! For M&A professionals and for buyers and sellers of businesses, that is great news.

GLOBAL BDO HEAT CHART BY REGION AND SECTOR

	Business Services	Consumer	Energy, Mining & Utilities	Financial Services	Industrials & Chemicals	Leisure	Pharma, Medical & Biotech	TMT	Real Estate	TOTAL	%*
North America	266	213	231	200	360	70	527	535	43	2445	21%
Greater China	318	222	246	185	938	91	197	306	376	2879	25%
CEE	94	106	62	78	202	50	36	132	14	774	7%
Southern Europe	81	167	48	56	127	28	60	123	22	712	6%
South East Asia	94	76	77	77	131	36	44	120	47	702	6%
Australasia	85	92	117	60	85	33	89	111	19	691	6%
UK & Ireland	71	73	63	66	66	39	48	126	12	564	5%
Latin America	67	57	74	47	85	21	20	81	13	465	4%
Other Asia	25	47	8	30	79	20	47	104	4	364	3%
DACH	34	56	27	16	124	10	35	92	3	397	3%
Nordic	28	22	18	19	37	5	43	48	5	225	2%
India	40	50	20	82	39	7	33	78	11	360	3%
Japan	25	12	6	23	70	10	31	60	19	256	2%
Benelux	41	28	8	16	48	11	17	41	5	215	2%
Africa	13	24	54	21	38	1	9	18	8	186	2%
Israel	6	10	5	3	14	5	25	43	4	115	1%
Middle East	3	5	6	6	8		4	10	1	43	0%
TOTAL	1291	1260	1070	985	2451	437	1265	2028	606	11,393	100%
	11%	11%	9%	9%	22%	4%	11%	18%	5%	100%	

* Percentage figures are rounded up to the nearest one throughout this publication.

Note: The Intelligence Heat Charts are based on "companies for sale" tracked by Mergermarket in the respective regions between 5 July 2019 and 7 January 2019. Opportunities are captured according to the dominant geography and sector of the potential target company. Mergermarket's Heat Chart of predicted deal flow is based on the intelligence collected in our database relating to companies rumoured to be for sale, or officially up for sale in the respective regions. It is therefore indicative of areas that are likely to be active in the months to come. The intelligence comes from a range of sources, including press reports, company statements and our own team of journalists gathering proprietary intelligence from M&A across the regions. The data does not differentiate between small and large transactions, nor between deals that could happen in the short or long-term.

GLOBAL THEMES INFLUENCING M&A

In line with BDO's Heat Chart outlook, we believe there are many factors that will drive deal flow. These include:

Strategic buyers still dominate global deal flow – in 2019, around 85% of global deals were done by strategic buyers, although they remain selective and high prices can limit appetite.

Larger groups continue to divest some non-core activities – driven in part by focus and in part by shareholder influence.

Private equity continues to grow – there are record levels of dry powder and an increasing number and spread of funds. If there is a slowdown in the appetite of boardrooms, PE could still benefit.

Cash and capital is available – there is a large amount of cash on corporate balance sheets as well as in institutional and private wealth funds and attractively priced debt.

Industrials & Chemicals and TMT remain the dominant sectors – between them, they represented 43% of transactions in 2019.

Digital capability is a strong driver of deals – the acquisition of technologies or capabilities and not just by TMT groups but by all types of acquirer.

But …

Global politics remains a major drag factor – US M&A activity continues to be impacted by the current trade relationships, which, despite some recovery in China deal activity, is still having a knock-on effect elsewhere.

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USA PRIVATE CAPITAL: OUTLOOK FOR 2020

With the global private equity industry now holding onto USD 1.5 trillion* of dry powder, the expectations for a potential economic slowdown and a fiercely competitive deal landscape will inform the pace at which private equity deploys that capital.

BDO USA's US Private Capital Outlook report,** a survey of 200 US private equity and venture capital fund managers conducted in October/November 2019, of 2019, found that 72% of private equity funds expect a downturn within the next two years. This comes as no surprise as, more than 10 years into a bull cycle, Wall Street has been anticipating some kind of economic contraction for a while. Asked how they are preparing for a recession, 50% of PE fund managers say they are being more selective when evaluating highly valued targets, 41% are raising additional capital, and 30% are looking to exit investments. Suggesting a potential trend toward shorter hold periods, less than half (46%) report they are holding current investments for longer periods.

Recession concerns aren't the only dynamic colouring investors' strategies. Private equity funds are also contending with the issue of how competitive M&A has become. Outperformance of the private markets over the public markets has generated massive investor interest in private capital and funds have grown around that appeal. Traditional hedge funds have expanded into private company investments through hybrid structures, and a growing handful of mutual funds are buying into private companies. At the same time, limited partners (LPs) have turned to co-investments and direct investments to increase their private market exposure while sparing themselves the management fees that accompany PE funds are offering co-investments. In fact, the survey found that 43% of PE funds report offering co-investments to their LPs in response to growing demand.

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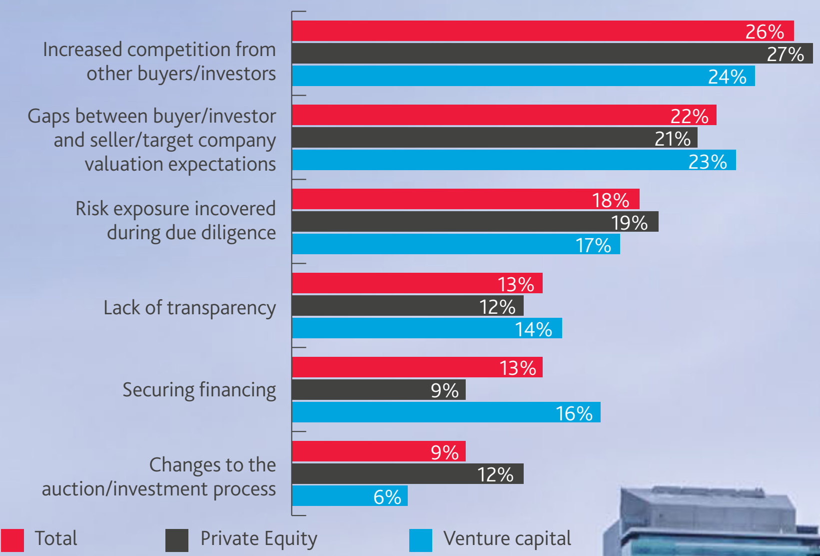
WHAT IS THE TOP CHALLENGE TO CLOSING DEALS IN THE CURRENT ENVIRONMENT?



* www.cnbc.com/2020/01/03/private-equitys-record-cash-pile-comes-with-a-new-set-of-challenges.html

** www.bdo.com/insights/industries/private-equity/us-private-capital-outlook-2020

More funds in the game means more competition, which has pushed EBITDA multiples into the double digits and increased fund specialization. PE fund managers identified increased competition from other buyers as the top challenge to closing deals in the current environment, followed by gaps between buyer/seller valuation expectations, as high deal multiples become more concerning given the ageing upcycle. Over the next 12 months, just 50% of PE respondents said they would direct the most capital to new deals, compared to 89.5% a year ago, signifying the trend towards more deliberation and selectivity in highly valued deals juxtaposed with greater creativity in capital deployment.

Meanwhile, PE firms expect to direct more capital to funding working portfolio capital needs – 28% compared to just over 1% in 2019. Add-on acquisitions comprise another piece of the capital deployment strategy: 14% say they plan to direct the most capital there, nearly double the 8% who said the same in 2019.

Looking at cross-border investing, both US private equity and venture capital survey respondents indicated that Asia and South East Asia are the geographic regions, aside from North America, that present the greatest opportunity for new investment. The region replaces Continental Europe, which had been the first choice for PE for the past two years of BDO USA's study. This indicates that the US-China trade war, while dampening global GDP, is not wholly suppressing investment opportunities – rather, to a degree it is redirecting investment into emerging countries like India and Indonesia, for example. Continental Europe has seen its own set of challenges: slowing or negative growth, the US tariffs in response to illegal EU subsidies awarded to Airbus and Brexit (though notably, Brexit ranks at the bottom of US fund managers' list of regulatory concerns in this study).

Looking at the sectors that will attract the most deal activity, technology reigns: 54% of PE respondents say that TMT is the most likely to see increased deal activity, followed by Energy and Natural Resources (32%) and Financial Services (31%).

Finally, PE funds' expectations around distressed deal flow experienced an astronomic year-over-year increase. While private company sales and capital raises (52%) and public to private transactions (47%) are expected to be the top key drivers of deal flow over the next 12 months, 40% of PE funds expect investing in distressed businesses to be a key driver, up from just 1% in 2019.

"A combination of having a lot of leverage but lower demand for certain services allows lenders or distressed investors to come in at more realistic valuations, take over ownership and wait for the economy to come back for the business to perform better and see great returns," said John Krupar, Managing Director, Restructuring & Turnaround Services at BDO USA.

With the capital markets amenable to fundraising, fund managers will continue to enable them to strike favourable deals during a downcycle. Furthermore, as funds scrutinize targets more closely to ensure that the underlying fundamentals are sound, they will also assess their own portfolios to shake out any companies that could be a drag on their returns. Deal volume will remain steady as they execute on these deals in preparation for a potential economic downturn.

GLOBAL

11,393 RUMOURED TRANSACTIONS

P07 | **NORTH AMERICA**

MID-MARKET M&A ACTIVITY PLUNGES TO SIX-YEAR LOW BUT BETTER TIMES LIE AHEAD

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M&A ACTIVITY PICKS UP WITH BEST PERFORMANCE FOR SIX QUARTERS

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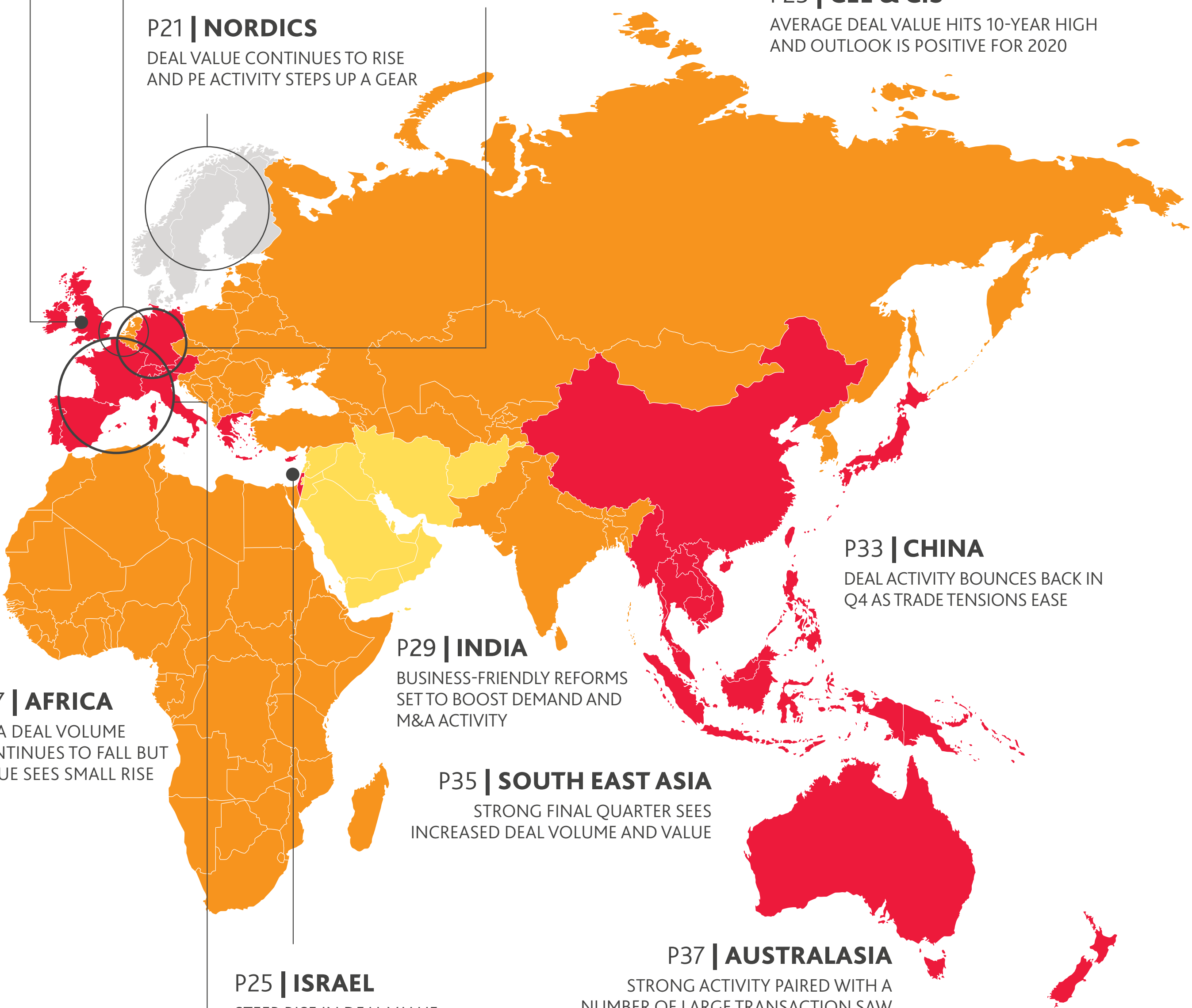

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BUSINESS-FRIENDLY REFORMS SET TO BOOST DEMAND AND M&A ACTIVITY

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P35 | SOUTH EAST ASIA
STRONG FINAL QUARTER SEES INCREASED DEAL VOLUME AND VALUE

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STRONG ACTIVITY PAIRED WITH A NUMBER OF LARGE TRANSACTION SAW BOTH Q4 2019 TRANSACTION VOLUME AND TOTAL DEAL VALUE REACH THEIR HIGHEST RECORDED LEVEL

P25 | ISRAEL
STEEP RISE IN DEAL VALUE ENDS YEAR ON A HIGH

P13 | SOUTHERN EUROPE
DOWNWARD TREND IN M&A ACTIVITY CONTINUES IN Q4 2019

Key % movement

-30% to -21%	-20% to -11%	-10% to -1%	0%
1% to 10%	11% to 20%	21% to 30%	

Note: The colouring illustrates the movement of expected transactions compared to the expected transactions in the previous quarter.

NORTH AMERICA

MID-MARKET M&A ACTIVITY PLUNGES TO SIX-YEAR LOW BUT BETTER TIMES LIE AHEAD

BIG PICTURE

- Overall deal count hits lowest level since Q3 2009
- 2019 aggregate mid-market deal count is down 33% year-over year
- Strategic buyers remain cautious as valuations hit new highs
- Private equity slows with only 54 deals in Q4.

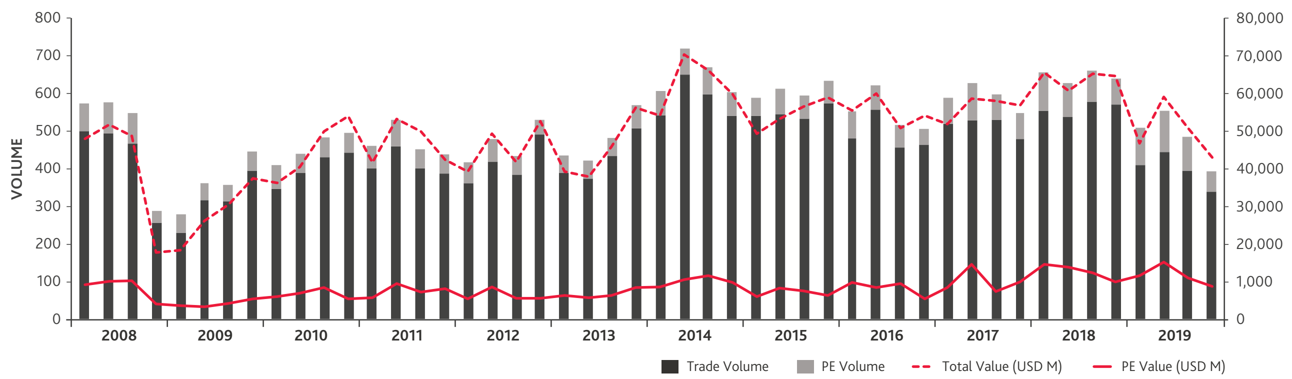
The North American M&A market in 2019 was significantly bifurcated by size. While mega- and super-mega transactions flourished, mid-market M&A languished. The year started with a sense of uneasiness for deals of any size due to concerns over inflated valuations, a sluggish Federal Reserve that was seemingly unwilling to cut rates to spur activity, rising trade tensions with China, market volatility and regulatory uncertainty. This led to a prolonged pause by strategic buyers as they reassessed whether they are better off deploying capital related to organic growth and shareholder enhancing strategies rather than risking bets on speculative M&A.

The mid-market was hit particularly hard in 2019 as the number of deals retreated to levels not seen since 2013. Cross-border activity plunged by 25% as European buyers weighed macroeconomic headwinds in key markets, including Britain, Germany and France, where Brexit uncertainty, slow growth and social unrest have been some of the main hurdles. On the regulatory front, the Foreign Investment Risk Review Modernization Act expanded the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS). Notably, regulations released by CFIUS added to the dampening effect on Chinese investments in the US, particularly in the TMT and Pharma, Medical and & Biotech sectors. Meanwhile, trade tensions between the US and China have escalated to the point that M&A timing and approvals are being directly impacted. Deals numbers for Chinese companies, which went on an overseas binge three years ago, were down by 74% from a year ago.

As mid-market M&A activity slowed considerably, the North American equity markets continued to hit new highs, propelled by better than expected earnings growth, low inflation and an accommodative Fed that reversed course and cut interest rates. As a result, valuations and multiples continued to rise, causing would-be M&A sellers to maintain lofty expectations relative to 10-year averages, further challenging the ability to get deals closed as buyers rebuffed pricing expectations and questioned deal timings.

While mid-market M&A activity was muted in 2019, there was an abundance of very significant large-deal activity, particularly in the first half of the year.

PE/TRADE VOLUME & VALUE



The number of M&A transactions worth more than USD 10bn increased 8% year-on-year to 43 this year, their highest level since 2015. Some 21 deals, each worth more than USD 20bn, accounted for almost 75% of the overall dollar volume of North American M&A.

Mega-deals included Raytheon's merger with United Technologies, Bristol-Myers Squibb Company's acquisition of Celgene (USD 74bn), AbbVie's deal with Allergan PLC (USD 63bn) and Occidental Petroleum Corporation's acquisition of Anadarko Petroleum Corp. ($38 billion). Mega-deal activity in certain sectors, some of which have been relatively quiet in the recent past, also surged in 2019. For example, BB&T's USD 28.1bn bid for SunTrust Banks is the largest bank merger in the US since the Great Recession. There has also been a wave of consolidation in the financial technology and payments space this year, led by Fidelity National Information Services' USD 42.6bn purchase of Worldpay, Fiserv's USD 38.4bn acquisition of First Data, and Global Payments' acquisition of Total System Services in a USD 21.5bn all-stock deal. In the healthcare sector, Danaher's bid for GE's biopharma business continues a multi-year trend of mega-deals in the biopharmaceutical space.

LOOKING AHEAD

For 2020, M&A activity offers greater promise, regardless of size given the underlying fundamentals of abundant cash, a steady economy, and the prospect of lower interest rates. Activity levels should certainly accelerate now that there has been progress on finalizing trade and regulatory policy with China. Meanwhile, private equity firms are still basking in piles of cash after yet another robust fundraising cycle and were happy to see the leverage loan market remain active. Total leverage ratios recovered at least a half a turn of EBTDA while pricing decreased in 2019. These developments continue to buoy North American PE activity, and this is expected to continue throughout 2020.

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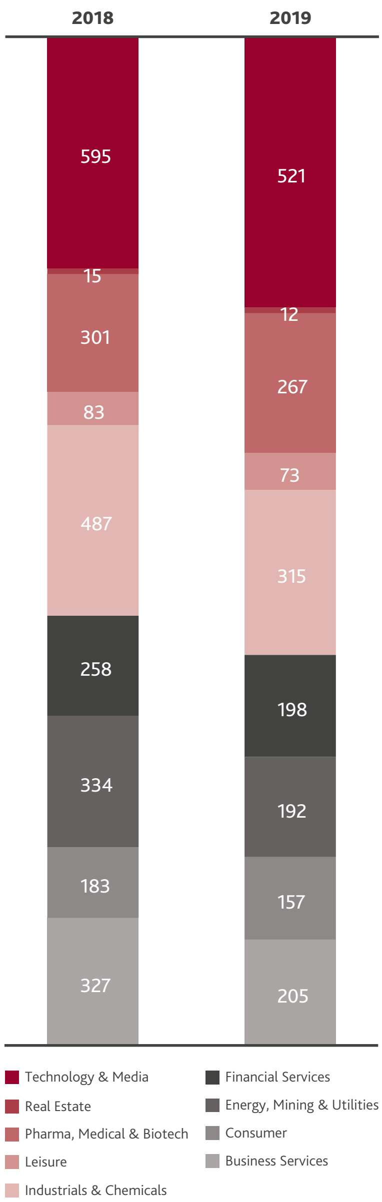
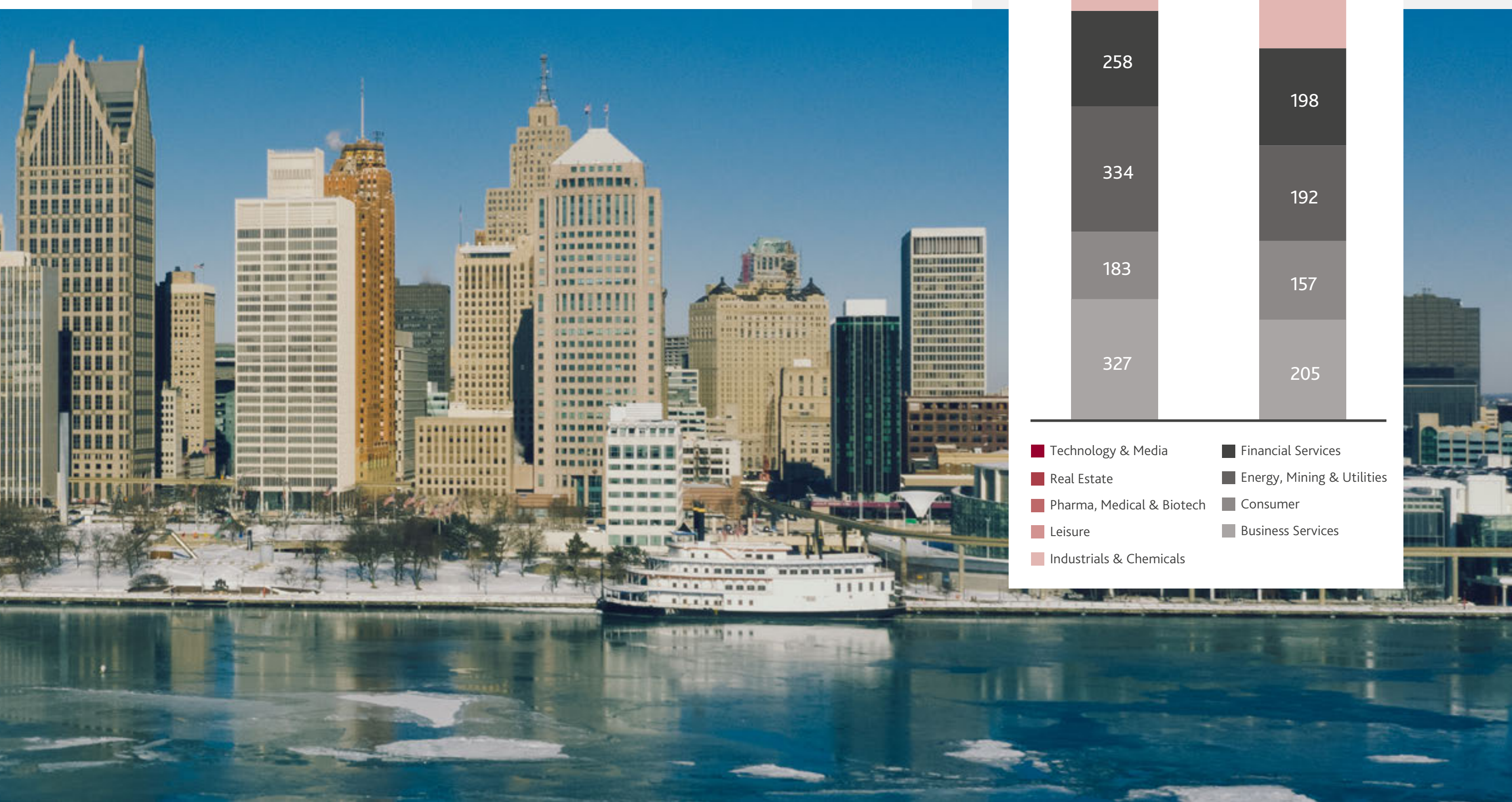
NORTH AMERICA
HEAT CHART BY SECTOR

Leisure	535	22%
Financial Services	527	22%
Consumer	360	15%
TMT	266	11%
Industrials & Chemicals	231	9%
Pharma, Medical & Biotech	213	9%
Business Services	200	8%
Energy, Mining & Utilities	70	3%
Real Estate	43	2%
TOTAL	**2445**	**100%**

NORTH AMERICA
MID-MARKET VOLUMES BY SECTOR





LATIN AMERICA

M&A ACTIVITY PICKS UP WITH BEST PERFORMANCE FOR SIX QUARTERS

BIG PICTURE

- With 85 deals closed, the Latin American market recorded its best performance for six quarters
- Brazil recorded nine deals in the top 20, representing 50% of the quarter's total deal value
- Business Services and Pharma, Medical & Biotech were the top performing sectors with four deals each in the top 20
- Brazil's business-friendly measures and privatisations are forecasted to bring economic growth as its Latin American peers struggle
- Latin America set to rely on Brazil, Colombia and Peru to bring growth to the region, as well as counting on the EU-Mercosur trade deal to strengthen exports and attract investment.

Latin America's mid-market segment recorded 85 deals worth USD 8,333m in Q4 2019, representing a slight increase in comparison to the previous quarter, both in terms of volume and value. The average value per deal was 0.7% higher than in Q3 2019, with overall deal volume and value increasing by 3.7% and 4.4% respectively.

PE deal numbers fell by half and there was also a sharp decline in overall value (70.8%). However, it is worth noting that these numbers were nearly identical to the overall volume and value of PE deals in Q4 2018. The six PE transactions in Q4 2019 were worth USD 656m, representing 7.9% of the overall value.

Looking at the quarter's top 20 deals, the total value of USD 5,630m represented 67.6% of Latin America's overall deal value.

In the last 12 months, the volume of deals has declined from 332 to 315 in comparison to the previous 12 months, a decrease of 5.1%. Overall value also fell by 8.2%, mainly due to the weak performances in Q1 2019 and Q2 2019.

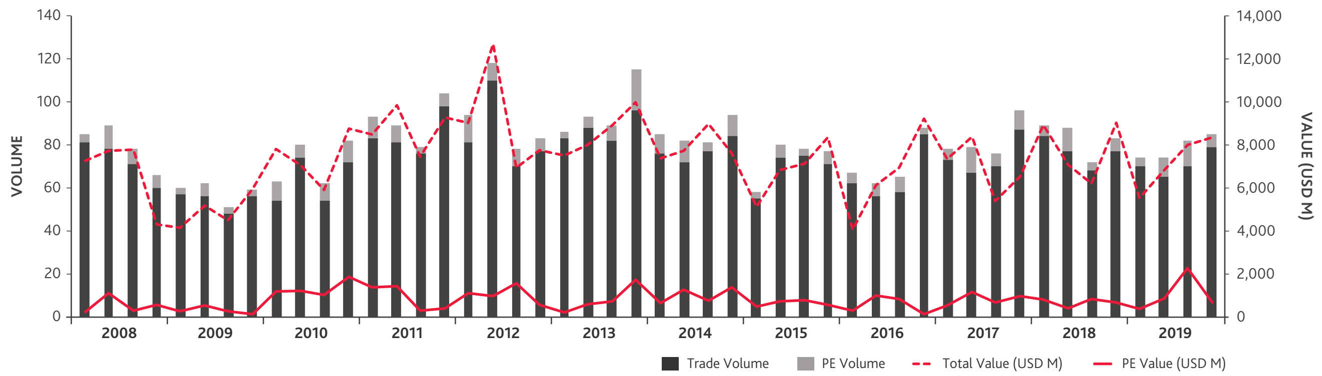
KEY DEALS AND SECTORS

Business Services and Energy, Mining & Utilities led the way in Q4 2019 with 15 deals each, accounting for approximately 35.3% of the deals closed. They were followed by Pharma, Medical & Biotech, with 13 deals, and TMT, with 12 deals. Energy, Mining & Utilities was a consistently strong performer in 2019, leading the way with 19 deals in Q2 and 17 deals in Q3.

The quarter's top 20 deals represented approximately 67.6% of all Latin American M&A activity in Q4 2019, with a total value of USD 5,630m. Brazil was the most targeted country, with nine out of the top 20, representing 50% of the value. The top 20 deals also involved Bermuda, with three deals, Colombia and Mexico, with two deals each, followed by Uruguay, Ecuador, Barbados and Paraguay, all with one deal each. Looking at the bidder countries in the top 20 deals, it was noteworthy that 12 involved bidders located outside Latin America, a sign of continued foreign interest in the region.

Brazil was the target country in four of the top five deals, two of which were in Business Services.

PE/TRADE VOLUME & VALUE



The quarter's top deal was the acquisition of Cell Site Solutions - Cessao de Infraestrutura S.A. by IHS Nigeria Limited, of the IHS Towers group, for USD 488m, helping the company towards its objective of becoming the leading telecom infrastructure player in emerging markets.

POLITICAL AND ECONOMIC CONTEXT

Currently, Brazil stands on the brink of a potentially decisive moment, as the rest of Latin America faces a surge of sociopolitical unrest and economic volatility. As the country's regional peers struggle, the Brazilian economy has started to show signs of recovery, with interest rates reaching a historical low of 4.5% and inflation being kept at a manageable level. The pension reform, approved by the Senate in October 2019 after nearly three decades of attempts, is expected to bring over USD 190bn in savings over the next 10 years.

Other business-friendly measures are next on President Jair Bolsonaro's agenda, such as tax reform, administrative reform and regulatory changes aimed at promoting economic development. Furthermore, the Brazilian government expects to raise over USD 30bn from privatisations and government divestments in 2020, hoping to reduce the number of state-owned and state-controlled companies by 300.

In addition to this, Brazil's five-year credit default swaps reached their lowest level since 2012, when the country still had investment-grade status. Analysts see a rating upgrade approaching as the country implements pro-market policies to accelerate growth. Investors have already priced in a rating upgrade for Brazil, ahead of expected changes in rating firms' outlook for the country.

With a positive forecast, Brazil is set to lead Latin American growth in 2020 along with Colombia and Peru, while Mexico, Chile and Argentina are all expected to struggle.

However, it should be noted that if Brazil fails to deliver on the economic front, it may lead to doubts regarding the current government's direction and policies, harming investor and consumer confidence.

LOOKING AHEAD

Latin America represents 4% of the global market with 465 deals announced or in course, as shown in the BDO Heat Chart. Industrials & Chemicals is expected to top the Heat Chart as the most represented sector, with 85 deals, followed by TMT (81), Energy, Mining & Utilities (74), Business Services (67) and Consumer (57).

The forecast for Latin America is one of subdued growth, boosted by rising domestic demand and foreign investment opportunities, especially in Brazil. However, there is risk to be found in the region's close relations to China and the US as both countries' trade dispute might impact trade and commodity prices. It is worth noting that the recent EU-Mercosur trade agreement could offset the effect from potential China-US spillovers, benefitting exports and attracting investment into the region.

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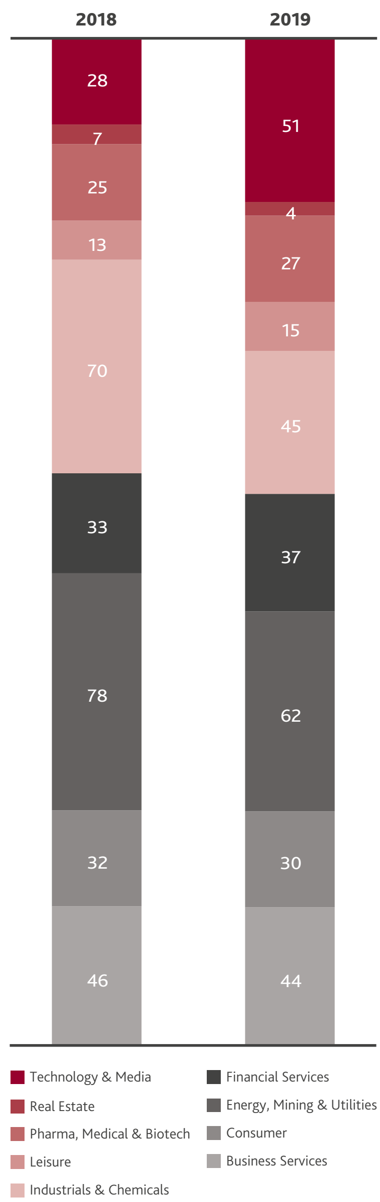
LATIN AMERICA
HEAT CHART BY SECTOR

Industrials & Chemicals	85	18%
TMT	81	17%
Energy, Mining & Utilities	74	16%
Business Services	67	14%
Consumer	57	12%
Financial Services	47	10%
Leisure	21	5%
Pharma, Medical & Biotech	20	4%
Real Estate	13	3%
TOTAL	**465**	**100%**

LATIN AMERICA
MID-MARKET VOLUMES BY SECTOR



UNITED KINGDOM & IRELAND

OVERALL ENVIRONMENT FOR M&A IN THE REGION REMAINS REASONABLY HEALTHY

BIG PICTURE

- Both the value and volume of M&A transactions were slightly up in Q4 2019
- The Brexit effect caused volatility in the economy's performance this year
- TMT remains the most in-demand sector, both in 2019 and looking forward into 2020.

Overall global mid-market M&A has slowed down in 2019 amid political and economic tensions. The UK & Ireland's deal-making activity has been similarly subdued despite a favourable funding environment and pockets of strong activity in certain sectors.

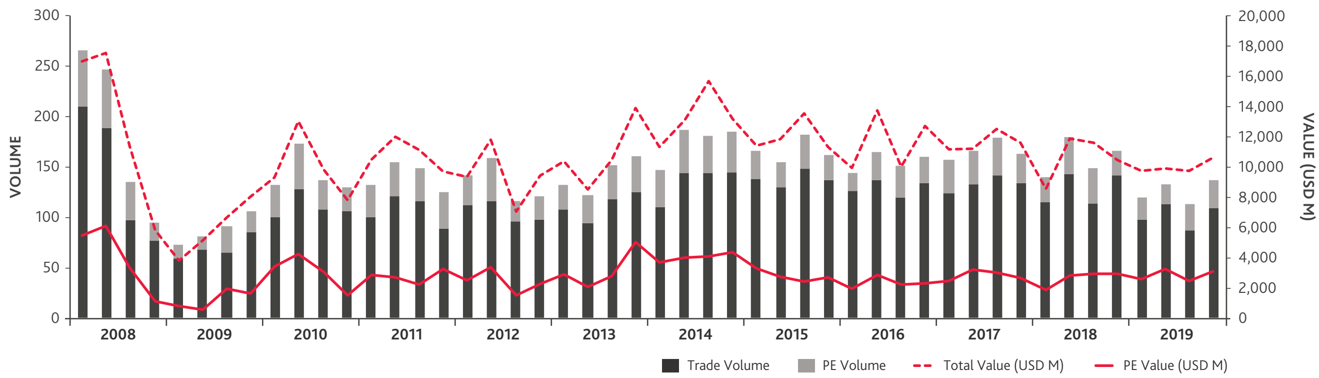
That being said, at 137 deals, Q4 was the region's strongest quarter of 2019, in terms of both volume and the value of deals, making up 27% of the overall volume and 35% of overall value for the year. The volume of deals was an unanticipated mix of 19% private equity-led and 81% trade. In value terms, the trend followed the number of deals, however it is worth noting that one third of the top 20 transactions for the quarter in terms of deal value were made by private equity bidders. Most sectors were active during Q4, 2019 albeit to varying degrees. Business Services, Industrials & Chemicals and TMT led the way with 26, 24 and 22 deals respectively. There has also been a noteworthy increase in the number and size of Leisure sector deals with 13 transactions – the highest number for the past five quarters for this region, including three of the top 20 deals in Q4 – all private equity investments into City Football Group Limited, Sykes Cottages Limited and Celtic Rugby DAC (27% stake).

On an annual basis, the mid-market data in the table below shows there were 132 fewer deals in 2019 compared to deals announced over the same period of 2018. This translates into a 21% overall decline, with sectors such as Energy, Mining & Utilities, Business Services, Leisure and Pharma, Medical & Biotech each exhibiting roughly a one third decline in deal volume versus their 2018 levels of activity.

KEY DEALS AND SECTORS

The UK & Ireland continued to attract significant overseas capital, as evidenced by some of the key high-value deals closed in Q4 2019, with the top twenty transactions representing c. 55% of the aggregate value of mid-market transaction in the region. 70% of the top 20 transactions were led by international buyers, with about half of those being from the US. Asian buyers are also refocusing on Europe, including the UK, as the US becomes a somewhat harder place for international buyers to conduct M&A.

PE/TRADE VOLUME & VALUE



Key deals in the region included:

- TMT: UK-based digital marketing company Jellyfish Group Limited was acquired by France's Fimalac SA for USD 500m; and US Elavon, Inc. paid USD 300m for UK based Sage Pay Europe Limited;
- Leisure / Sports: US PE fund Silver Lake Partners acquired UK's City Football Group Limited for USD 500m, while UK-based CVC Capital Partners invested USD 155m in a 27% stake in Ireland's Celtic Rugby DAC;
- Financial Services: we have witnessed an influx of capital into the UK and Ireland's Financial Services sector, accounting for well over one third of the top 20 mid-market deals for Q4 2019. The investors came from four continents, with Canada's Sun Life Financial Inc. acquiring an 80% stake in UK's InfraRed Capital Partners Limited for USD 393m, the Bank of China acquiring Goodbody Stockbrokers UC in Ireland for USD 165m and Japan's Nippon Life Insurance Company acquiring UK's Resolution Life Group for USD 155m, as well as the Boubyan Bank of Kuwait acquiring a 70%+ stake in UK's BLME Holdings plc and Prepaid Financial Services (Ireland) Limited being acquired for USD 290m by Australia's EML Payments (ASX:EML);
- Energy, Mining & Utilities: Nigerian Seplat Petroleum Development Company Plc acquired UK-based Eland Oil & Gas Plc for USD 489m and Argentinian GeoPark Limited invested USD 282m in UK's Amerisur Resources Plc.

LOOKING AHEAD

Economists predict that Boris Johnson's victory in the UK election will boost business confidence in the short term. A significant issue for deal-makers in 2020 will be whether a new Free Trade Agreement will be agreed before the transition period ends at the end of 2020.

While it seems unlikely that any substantial upturn is imminent in the coming year, the overall environment for M&A remains reasonably healthy – the private equity market is strong, funding is still readily available and companies are clearly looking to M&A to deliver growth, transform their businesses or acquire new capabilities.

Looking ahead, the market intelligence in the BDO Heat Chart shows a strong level of activity, with 564 rumoured deals for 2020. This reflects our own experience in the mid-market in the region. TMT, Consumer and Business Services were identified in the Heat Chart as the sectors expected to see the most M&A activity looking ahead – with TMT anticipated to account for c. 22% of all rumoured deals – this is perhaps reflective of the continued success of UK and Irish technology companies in attracting the attention of strategic and financial buyers globally.

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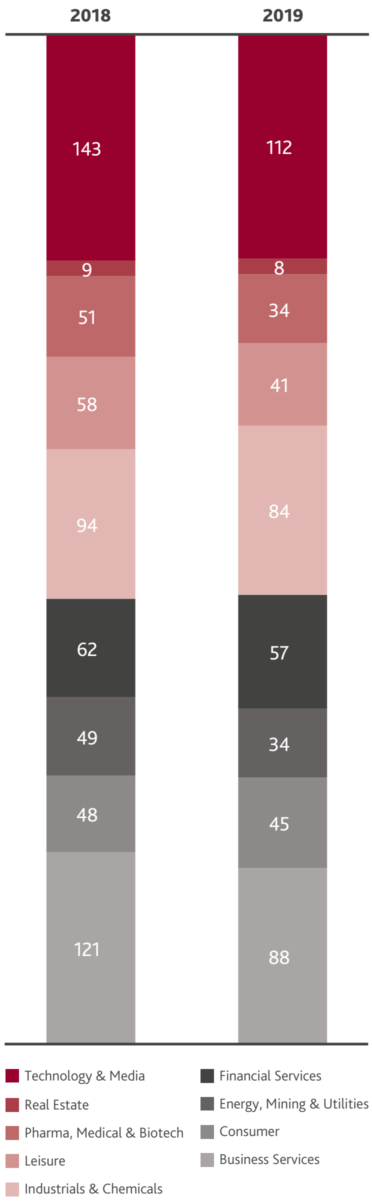
UNITED KINGDOM & IRELAND
HEAT CHART BY SECTOR

TMT	126	22%
Consumer	73	13%
Business Services	71	13%
Financial Services	66	12%
Industrials & Chemicals	66	12%
Energy, Mining & Utilities	63	11%
Pharma, Medical & Biotech	48	9%
Leisure	39	7%
Real Estate	12	2%
TOTAL	**564**	**100%**

UNITED KINGDOM & IRELAND
MID-MARKET VOLUMES BY SECTOR



SOUTHERN EUROPE

DOWNWARD TREND IN M&A ACTIVITY CONTINUES IN Q4 2019

BIG PICTURE

- Deal volume and value fall heavily in Q4 2019
- Average PE deal size also falls significantly to USD 69m
- Industrials & Chemicals continues to lead the way as the most active sector
- BDO Heat Chart forecasts Consumer to become the most active sector in deal numbers.

In Q4 2019, there were only 127 overall transactions in Southern Europe, with an aggregate value of USD 11.4bn, making it the quietest period since Q1 2014. Comparing Q4 2019 with Q3 2019, there were significant decreases in transaction volume and aggregate value, by 20.1% and 21.4% respectively. In addition, compared with the corresponding quarter in the previous year, the results are similarly disappointing as there were falls of approximately 20.6% in transaction numbers and 14.6% in total value.

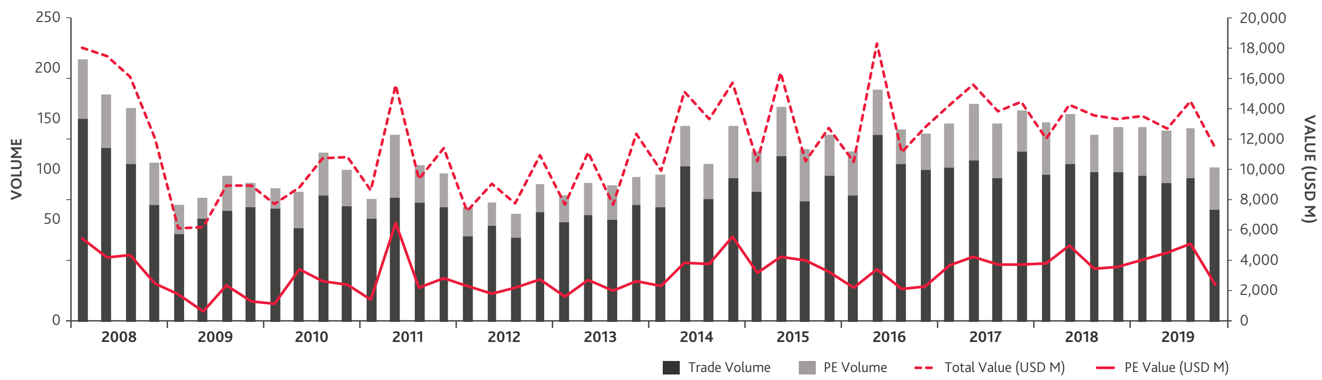
Looking at average deal size, Q4 2019 was marginally worse compared to Q3 2019, with value falling from USD 91.3m in Q3 2019 to USD 89.9m in Q4 2019. On the other hand, the average deal size increased when compared with Q4 2018, when it was around USD 83.5m.

Southern Europe's mid-market PE activity in Q4 2019 was slightly unusual. The number of PE deals declined compared with Q3 2019, falling from 41 transactions in Q3 2019 to 35 transactions in Q4 2019 but when looking at PE deals as a proportion of the total number of transactions, they represented 27.6% of the overall deals in Q4 2019 compared with 25.8% in Q3 2019. A similar situation was evident in Q4 2018, when there were 37 PE buy-outs, which represented 23.1% of the overall transactions.

However, the picture is a different one when looking at PE activity in terms of value. PE deals in Q4 2019 recorded a total value of USD 2.4bn, some 52.6% and 32.3% lower than the values achieved in Q3 2019 and Q4 2018 respectively. Overall, when comparing PE's proportion of deal value, Q4 2019 accounted for 21.3% of deal value, whereas PE deal value accounted for 35.3% of Southern Europe's transaction value in Q3 2019 and 26.8% in Q4 2018.

Overall, the conclusion that can be drawn from this analysis is that the average PE deal size for the quarter fell drastically to USD 69.3m, which was almost half of the average deal size of USD 125m recorded in Q3 2019. In fact, taking into account past performance, Q4 2019 was the worst quarter for average PE deal size since Q1 2016.

PE/TRADE VOLUME & VALUE



KEY DEALS AND SECTORS

Industrials & Chemicals continued to lead the way as the region's most active sector, accounting for 29 deals during Q4 2019 and representing 22.8% of total mid-market deals, although this volume was substantially lower than previous quarters. In fact, in terms of volume percentage changes compared to the previous quarter, Industrials & Chemicals was the worst performing sector.

Consumer was the next most active sector, with 22 deals closed, representing 17.3% of total transactions. Together with Real Estate, they were the only two sectors that recorded an increase in transaction numbers compared with Q3 2019. TMT accounted for 16.5% of deals with 21 transactions, the lowest number of transactions in this sector since mid-2017. The top three performing sectors in terms of volume were followed by Business Services and Energy, Mining & Utilities, with both sectors representing 12.6% of volume with 16 deals closed. However, this also represented a slight decline compared with the previous quarter.

Pharma, Medical & Biotech, Leisure and Financial Services accounted for 6.3%, 5.5% and 3.9% of deal numbers respectively. Real Estate was again the sector with the lowest deal count, registering only three in Q4 2019.

The top 10 mid-market deals in Southern Europe amounted to USD 3.9bn, which represented 34.1% of overall transactions in Q4 2019.

The most important deal in terms of value was the acquisition of French-based Nestle S.A in the Consumer sector, by the Spanish company Casa Tarradellas S.A. for USD 461m. The second largest deal was in Industrials & Chemicals, namely the acquisition of French company AsteelFlash Group for USD 452m by the Chinese company Universal Scientific Industrial (Shanghai) Co., Ltd. The third biggest deal was the acquisition of Renvico S.r.l., an Italian company in the Energy, Mining & Utilities sector, by the French company ENGIE S.A., for a total of USD 444m. Further deals worth mentioning were the acquisitions of the Italian TMT company GEDI Gruppo Editoriale S.p.A. by Italian company EXOR S.p.A. and the Spanish Business Services company Informatica El Corte Ingles S.A.by the French company GFI Informatique S.A..

Among the top 10 deals, French companies were the most targeted by international bidders, accounting for five transactions with a total value of USD 2.0bn, followed by three Italian companies with a value of USD 1.2bn and two Spanish companies acquired for USD 732m.

Finally, it should be noted that the top 10 deals were spread across multiple sectors including Consumer, Industrials & Chemicals and TMT.

FOCUS ON ITALY: KEY DEALS AND SECTORS

The Italian market saw several transactions over the last quarter of 2019 that are worth mentioning.

EXOR S.p.A., the Italian investment company controlled by the Agnelli family, signed a binding agreement to acquire a majority stake in GEDI Gruppo Editoriale S.p.A, a public Italian company listed on the Milan Stock Exchange active in the media business, from CIR, the holding company of the De Benedetti dynasty.

Another important deal closed at the end of Q3 2019 and the beginning of Q4 2019 was the acquisition of Industria Chimica Emiliana (ICE), an Italian company owned by the Bartoli family specialising in the production of UDCA, an active pharmaceutical ingredient (API), primarily used in drugs that treat gastroenterological and chronic diseases, by PE firm Advent International for around USD 600m-USD 700m.

continued on next page...

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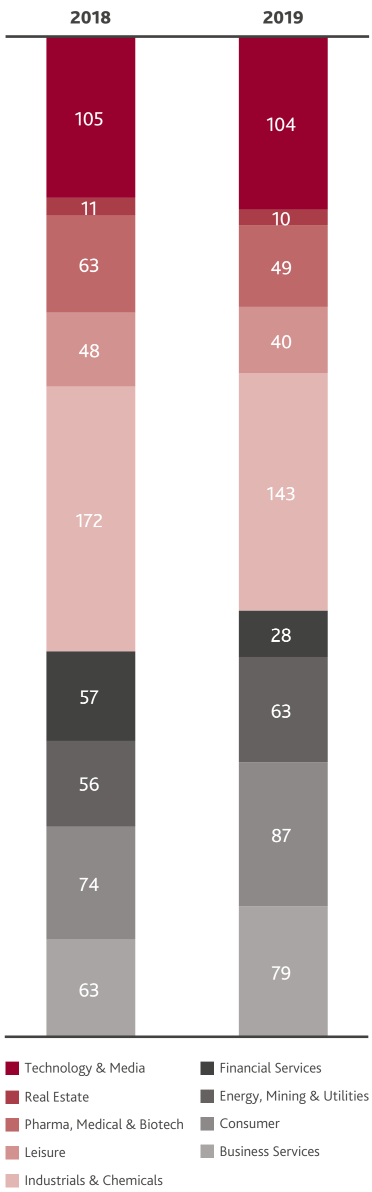
SOUTHERN EUROPE
HEAT CHART BY SECTOR

Consumer	167	23%
Industrials & Chemicals	127	18%
TMT	123	17%
Business Services	81	11%
Pharma, Medical & Biotech	60	8%
Financial Services	56	8%
Energy, Mining & Utilities	48	7%
Leisure	28	4%
Real Estate	22	3%
TOTAL	**712**	**100%**

SOUTHERN EUROPE
MID-MARKET VOLUMES BY SECTOR



SOUTHERN EUROPE CONT...

The French company ENGIE S.A., as part of efforts to expand its portfolio of renewable energy resources, acquired the Italian wind farm portfolio of the company Renvico S.r.l. from Macquarie Infrastructure and Real Assets (MIRA), via the Macquarie European Infrastructure Fund 4, and from KKR with its co-investors.

The Board of Directors of Intesa Sanpaolo and Intesa Sanpaolo Vita approved the acquisition of 50% plus one share of RBM Assicurazione Salute for approximately USD 333m, one of the largest companies in Italy with a 17.7% market share specialising in health insurance products, into the hands of the RBH group, which belongs to the Favaretto family. Subsequently, the RBH group will progressively increase its stake to 100% of the capital from 2026 to 2029.

The Zucchetti Group acquired a controlling stake (51%) in Amilon, a leading company in Italy and Europe in supporting companies with branded currency strategies, the so-called branded coins, issued by retail companies in the form of gift cards, loyalty points and coupons. The founding partners have retained a 49% stake and will continue to manage the company by implementing new business strategies and developing the market.

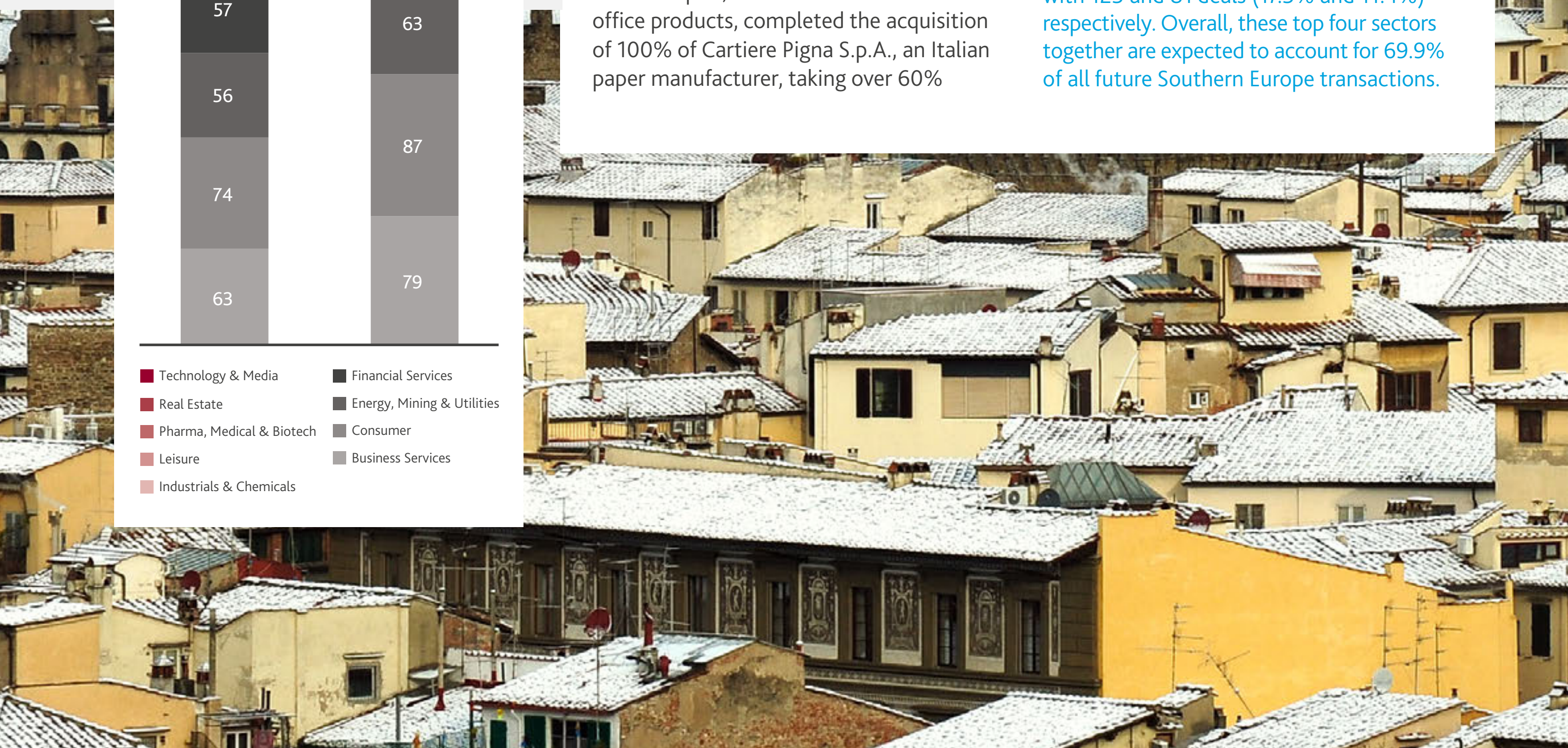
Buffetti S.p.A., an Italian distributor of office products, completed the acquisition of 100% of Cartiere Pigna S.p.A., an Italian paper manufacturer, taking over 60% from IDeA Corporate Credit Recovery I, a fund managed by DeA Capital Alternative Funds, and by Giorgio Jannone.

Taste of Italy, an Italian fund specialising in the agri-food sector and managed by DeA Capital Alternative Funds, acquired a 69.3% stake in Turatti S.r.l., a company active in the production of machines and plants for processing fruit and vegetables.

Finally, one of the most important transactions in Italy took place at the end of Q4 2019 when Group PSA, the France-based and listed car company, and Fiat Chrysler Automobiles N.V., the Italy- and US-based and listed company, announced they had signed a binding Combination Agreement for a 50/50 merger to create the fourth largest global automotive OEM by volume and the third largest by revenue with annual sales of 8.7m units and combined revenues of nearly USD 190bn.

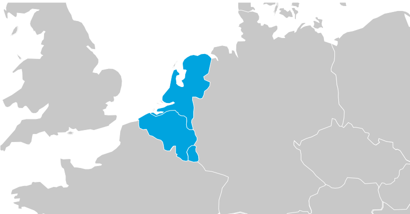
LOOKING AHEAD

Looking ahead, the BDO Heat Chart predicts that Southern Europe is expected to reach 712 PE deals, representing 6.2% of total global transactions. The Consumer sector is predicted to lead the way in the foreseeable future with 167 deals, accounting for 23.5% of the region's deals. Industrials & Chemicals is forecasted to record 127 deals (17.8% of the total), followed by TMT and Business Services with 123 and 81 deals (17.3% and 11.4%) respectively. Overall, these top four sectors together are expected to account for 69.9% of all future Southern Europe transactions.



BENELUX

M&A ACTIVITY STALLS IN Q4 BUT AVERAGE DEAL VALUE RISES



BIG PICTURE

- Average deal value in Q4 increased in contrast to the decrease in deal volume and overall deal value
- With four deals in Q4 2019, PE activity was limited in terms of deals compared to Q3 2019 (12 deals) but had a higher average deal value compared to the previous quarter
- Three sectors (TMT, Industrials & Chemicals and Business Services) accounted for 62% of deals.

Compared to Q3 2019, M&A mid-market activity in Q4 2019 recorded a significant decrease, both in terms of the number of deals (from 36 to 29) and overall deal value (down from USD 2,830m to USD 2,770m). However, the average deal value rose from USD 78.6m to USD 95.5m. In the first two quarters of 2019, average deal value was USD 108.2m (Q1) and USD 101m (Q2).

PE was involved in just four deals during Q4 2019, representing 14.2% of the overall deal value, a fall of 31.5% compared to Q2 2019. PE transactions had an average deal value of USD 98m in Q4 2019.

The global M&A trend saw an increase in the number of deals completed in Q4 2019, while overall deal value decreased. The Benelux region did not completely follow this trend as it recorded a decrease in the deal numbers as well as overall total deal value.

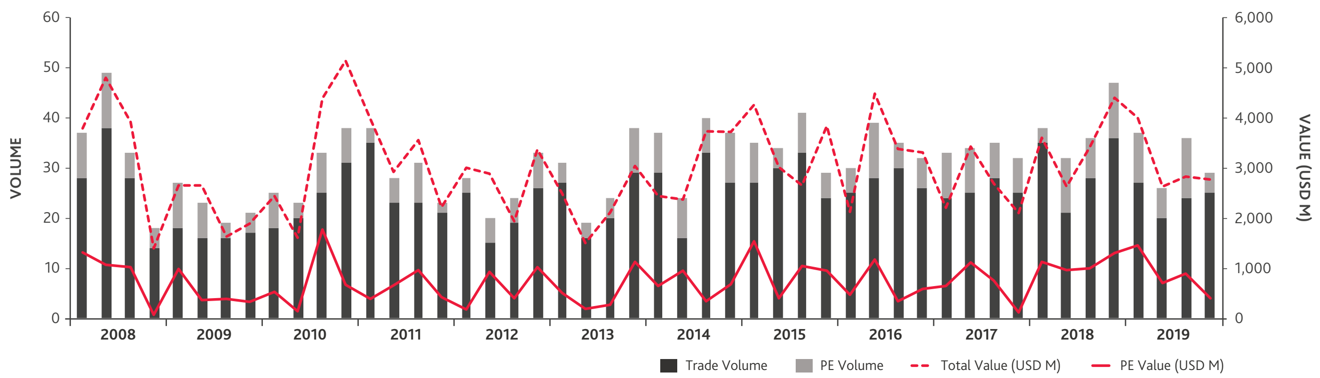
KEY SECTORS AND DEALS

A total of seven deals were closed in TMT, closely followed by six deals in Industrials & Chemicals. Business Services was in third place with five deals, followed by Financial Services (four deals), Pharma, Medical & Biotech (three) and the Consumer sector (two).

The deal value of the top 10 deals in Q4 2019 ranged from USD 145m to USD 310m. Most of the biggest deals took place in the Industrials & Chemicals (four) and the TMT (three) sectors. Looking at the top 10 deals, two featured a domestic buyer and the remaining eight were cross-border deals.

The largest deal in Benelux in Q4 2019 was the sale of Dutch Polymer Logistics to US-based Tosca Services LLC, which had a total deal value of USD 310m. Polymer Logistics focuses on retail ready packaging systems and technologies. The acquisition of Polymer Logistics will expand Tosca's geographic reach and increase its product portfolio.

PE/TRADE VOLUME & VALUE



The second largest deal in Q4 2019 involved the sale of DeGiro, the largest independent online stockbroker in the Netherlands, which was acquired by the German Flatex AG from LPE Capital, for a total value of USD 278m.

The Dutch Royal Schiphol Group, together with QIC Limited, was involved in the acquisition of a majority stake (70%) of Australia's Hobart International Airport (from Tasplan and Macquarie Infrastructure and Real Assets) with a deal value of USD 403m.

Finally, Royal Dutch Shell was involved in the acquisition of a majority stake (86.95%) of an offshore oil block CA1 off the coast of Brunei from the French company Total, with a deal value of USD 300m.

LOOKING AHEAD

The BDO Heat Chart for Benelux shows that there are 215 deals currently planned or in progress, which is higher than the 189 deals in Q3 2019. The majority of deals (48) are expected to take place in the Industrials & Chemicals sector, which would amount to 22% of the region's total activity. The second and third most active sectors in the Benelux are expected to be TMT and Business Services (both with 41 deals). On a global scale, Industrials & Chemicals, TMT and Business Services are expected to account for 22%, 18% and 11% respectively of the total deals in Q1 2020.

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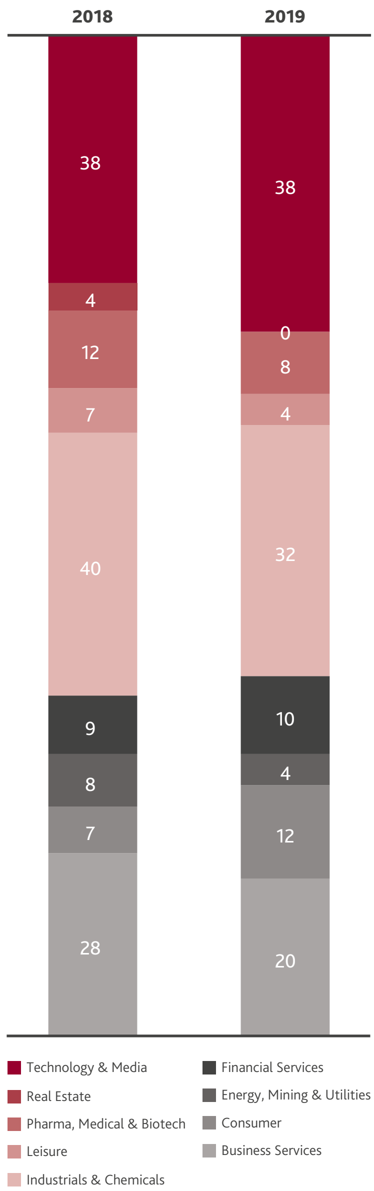
BENELUX
HEAT CHART BY SECTOR

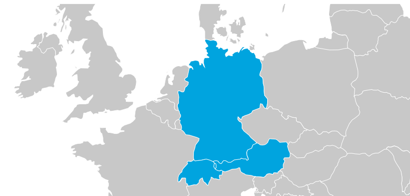
Industrials & Chemicals	48	22%
TMT	41	19%
Business Services	41	19%
Consumer	28	13%
Pharma, Medical & Biotech	17	8%
Financial Services	16	7%
Leisure	11	5%
Energy, Mining & Utilities	8	4%
Real Estate	5	2%
TOTAL	**215**	**100%**

BENELUX
MID-MARKET VOLUMES BY SECTOR



DACH

M&A ACTIVITY TAKES BACKWARD STEP IN FOURTH QUARTER



BIG PICTURE

- Deal value and volume sank in Q4 2019 with volume reaching a six-year low of only 41 deals
- PE buy-outs decreased not only in absolute numbers, but also relative to the overall number and value of deals. Relative PE deal value was down 27.4% quarter-on-quarter
- The Industrials & Chemicals and TMT sectors remained stable and are gaining traction after limited deal activity in Q2 2019.

DACH M&A activity saw a downturn in both value and volume in Q4 2019 after three quarters of growth. Overall, there were 41 deals, including five PE buy-outs. The non-PE deals amounted to USD 3.3bn, while PE transactions accounted for USD 901m, resulting in a total deal value of USD 4.2bn.

The total number of deals fell by 15 compared to the previous quarter, resulting in a decrease in value of 31.1%. Compared to Q4 2018, 18 deals less were recorded in Q4 2019 with an overall decrease in value of USD 2.3bn. These figures represented falls of 31% and 36%. More specifically, PE activity declined by 64% to just five deals, with a value of USD 901m compared to USD 2,958m in Q3 2019 and this performance represented a drastic fall of 70%.

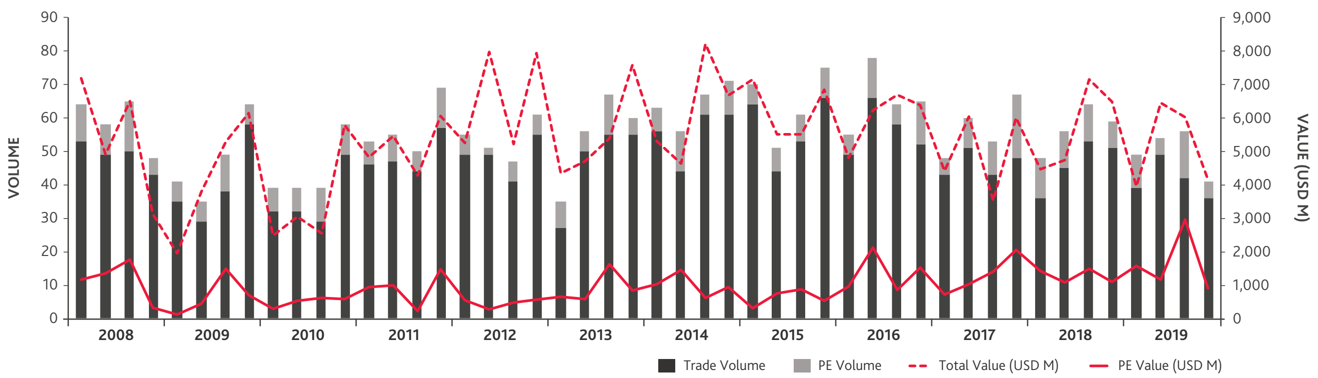
As a result, Q4 2019 did not achieve the expectations for a typically strong quarter for mid-market M&A activity and the performance was generally reflective of the current uncertainty in the market. This performance was also in keeping with the relatively low levels of mid-market M&A activity seen throughout 2019 on a global basis. However, the BDO Heat Chart for the region shows that better times may lie ahead as there are currently more companies rumoured or officially up for sale than at the end of Q3 2019.

KEY DEALS AND SECTORS

In Q4 2019, the top 10 deals made up 67.3% of the value of all transactions. Out of the 20 top deals, 14 German, four Swiss and two Austrian companies were targeted. Only four of those had a bidder from the same country, continuing the trend of international interest in the DACH region. Bidders from ten different countries outside the region were involved in the top 20 deals and bidders from the US were the most active with five transactions.

The quarter's biggest transaction was a takeover offer for the German wind farm project developer PNE Wind AG by Morgan Stanley Infrastructure Partner (MSIP), based in the USA. The deal was valued at USD 444m. To date, MSIP does not have the necessary minimum of 50% acceptance by shareholders. The major shareholders are Active Ownership Capital and Universal Investment. The next biggest transaction in Germany did not cross borders, with Ado

PE/TRADE VOLUME & VALUE



Properties GmbH acquiring a 22.18% stake in CONSUS Real Estate AG. The transaction was valued at USD 327m and took place simultaneously with ADO Properties agreeing to merge with ALDER Real Estate.

Another big deal completed in the quarter, with a value of USD 361m, was the acquisition of Swiss Education Group Holding AG, a provider of training for hotel management, by Chinese Skill Dragon Limited, an SPV of Tianjin Jinhua Management Consultancy from the Hong-Kong based Investment firm Jiarui Investment (Hong Kong) Company Limited.

The biggest Austrian deal stayed within the DACH region and was valued at USD 61m. Austrian-based MRB FerCon GmbH acquired an iron foundry in Herzogenburg, Austria from Swiss GF Casting Solutions AG. The transaction included a vendor loan by GF to finance the deal.

As in previous quarters, Industrials & Chemicals and TMT were the most active sectors for mid-market M&A activity, with 16 and 11 transactions respectively, the same as in Q3 2019. Unsurprisingly, the two sectors accounted for 66% of all deals, up by 18% from Q3 2019. The overall decline in deals was largely as a result of dramatic falls in the number of deals in the Pharma, Medical & Biotech and Energy, Mining & Utilities sectors. Both sectors recorded only one transaction, compared to ten and five respectively in Q3 2019. For the second quarter in a row Business Services was only responsible for two deals in the quarter, after recording more than four transactions in every quarter since Q1 2014.

LOOKING AHEAD

While M&A activity in Q4 2019 did not fall in line with historical trends, economic forecasts suggest that a growth in M&A activity lies ahead, especially by international buyers, with the GDP of emerging markets projected to grow by 4.4% in 2020. This is supported by consistently low interest rates that ease the cost of financing deals. However, uncertainty about Brexit and other geopolitical events that can hurt trade relations, for example potential disputes between the US and Europe related to trade tariffs, mean that investors will remain cautious. As a result, German companies are expected to be less active due to a relatively dim economic outlook for this year.

Historically, there are a lack of mid-market M&A transactions in the first quarter of the year. We expect this to be the case in the beginning of 2020 as well, since most of the world will be waiting to see what the new Brexit deadline in January will bring. However, with 397 companies rumoured to be up for sale in the BDO Heat Chart, almost 100 deals more than a year ago are waiting to happen. Consequently, this points to a potentially strong recovery in the M&A market in 2020 from the lows of 2019.

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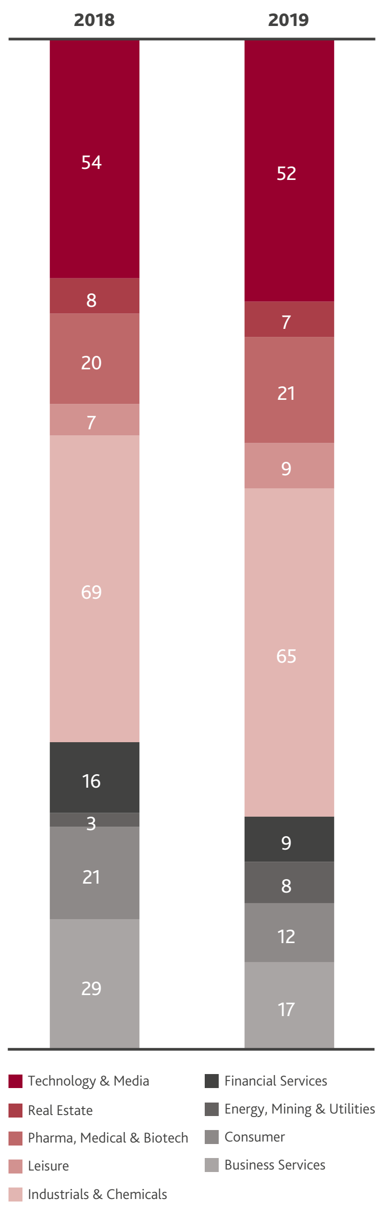
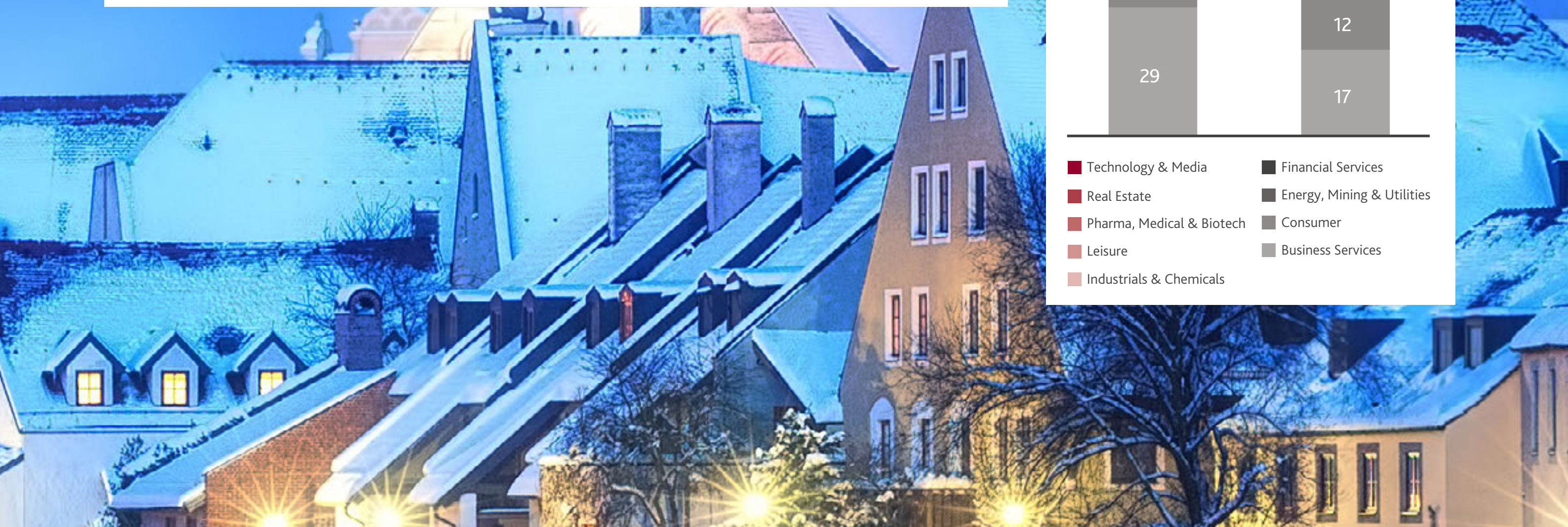
DACH
HEAT CHART BY SECTOR

Industrials & Chemicals	124	31%
TMT	92	23%
Consumer	56	14%
Pharma, Medical & Biotech	35	9%
Business Services	34	9%
Energy, Mining & Utilities	27	7%
Financial Services	16	4%
Leisure	10	3%
Real Estate	3	1%
TOTAL	**397**	**100%**

DACH
MID-MARKET VOLUMES BY SECTOR





NORDICS

DEAL VALUE CONTINUES TO RISE AND PE ACTIVITY STEPS UP A GEAR

BIG PICTURE

- M&A deal volume in Q4 2019 was at the same level as Q3 2019, although significantly lower than Q4 2018. However, deal value was back to the historically high levels of Q4 2018
- PE deal activity stepped up during Q4 2019, amounting to 27% of total deals and 32% of total deal value
- TMT activity fell to almost half of its historical average in Q4 2019, while Industrial & Chemicals and Business Services continued to see high levels of deal activity
- Cross-border transactions dominated the top 20 deals.

Overall, M&A activity was at low levels during Q4 2019 in terms of the number of transacted deals but in terms of volume it was a strong final quarter of the year. Fewer but larger deals were closed in Q4, in keeping with the trend of the last three years. The Nordic mid-M&A market is moving towards the larger part of the deal spectrum and Q4 2019 ended a very strong year for M&A activity in terms of the region's deal value.

The average transaction size was USD 120m, although outside the top 20 deals the average deal size was USD 38m, which is indicative of fewer but larger deals being completed in the quarter.

There were 16 PE deals in Q4 2019 with a total deal value of USD 2.3bn. PE's proportion of the overall deal value was substantial during Q4, increasing from the already high levels of Q3 2019 and it was almost double that of Q4 2018. With 32% of total deal value and 27% of total deal volume, Q4 2019 confirmed the trend that PE is playing a bigger role in the Nordic M&A market.

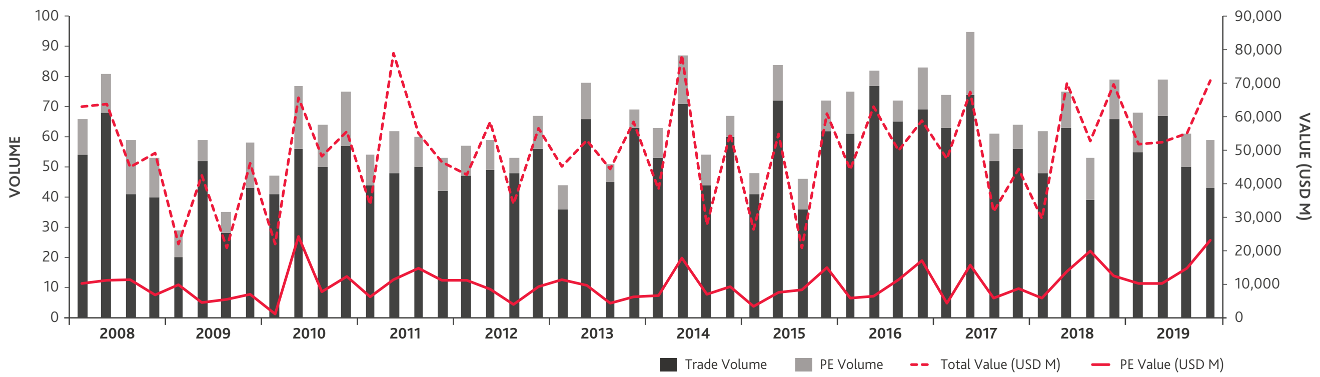
It's also worth mentioning that EQT Partners went public during Q4 2019, which channeled new capital to the Nordic M&A market. Historically, EQT has been very active in the Nordic mid-market and was involved in the quarter's fifth largest deal, acquiring Recover Nordic AS with a total deal value of USD 339m.

CROSS-BORDER TRANSACTIONS

Cross-border deals continued to drive value in the Nordic M&A market. Of the 59 deals completed in the quarter, the top 20 deals accounted for 79% of the total value and 75% of that value came from cross-border deals. The top 20 deals were spread evenly between Sweden, Norway and Denmark.

Among the top acquirer companies, 40% were based in the Nordics, 33% in Germany, France and the UK and 16% in the US. Some of the more publicly recognised companies sold during Q4 were Swedol and Opus, two listed Swedish companies bought by the Swedish industry group Momentum group and the American venture capital firm Searchlight respectively. The deal value for Swedol was USD 344m and the deal value of the Opus group transaction was USD 490m, making it the quarter's biggest mid-market deal.

PE/TRADE VOLUME & VALUE



Other noteworthy acquisitions included AKKA Technologies' acquisition of Norwegian technology company Data response, creating one of the largest digital solution companies in Europe, with a total deal value of USD 401m. The biggest Danish deal was the acquisition of Fitness World, which was sold by FSN Capital to Pure Gym limited, with a deal value of USD 461m. The biggest Finnish deal was the acquisition of marketing software company Smartly by Providence Equity Partners LLC with a total deal value of USD 223m.

PHARMA, MEDICAL AND BIOTECH ON THE RISE

Based on the information of upcoming deals, M&A activity in TMT looks set to be strong going forward. TMT, which was the most active sector during 2019, fell back in Q4 2019, but is expected to bounce back as the top performing sector in 2020. Industrials & Chemicals has fewer rumoured deals compared to the 2019 deal numbers, although the sector is still expected to remain one of the most active.

Looking forward, Pharma, Medical & Biotech is predicted to see significant growth. During 2019, the sector accounted for 7% of the total deal count but that figure is expected to rise to 19% with 43 rumoured deals in the pipeline. Real Estate M&A is expected to experience a small decline, Consumer deal activity is expected to increase and apart from that the sector distribution is likely to remain stable.

LOOKING AHEAD

After ending the year strongly in terms of deal value, the Nordic mid M&A market has shifted towards the larger end of the deal spectrum, and this trend of fewer but larger deals is a trend that is expected to continue into 2020. Increased levels PE activity are also expected to continue into 2020, staying at a constant deal size relative to the market, but increasing in terms of the percentage of the overall deal volume and value.

Globalisation and the increasing demand for digital capability remain strong market drivers and the region's historically strong tech sector is expected to attract attention going forward. There are also macro sentiments which are suggestive of an increased inflow of capital in the Nordic M&A market. These include favourable exchange rates – three of the four currencies in the Nordic market are small local currencies which have depreciated in recent year, creating potential opportunities for outside investors.

In summary, we expect the Nordic M&A market to continue to grow in terms of value, with an increased PE presence and an upswing in the Pharma, Medical & Biotech sector.

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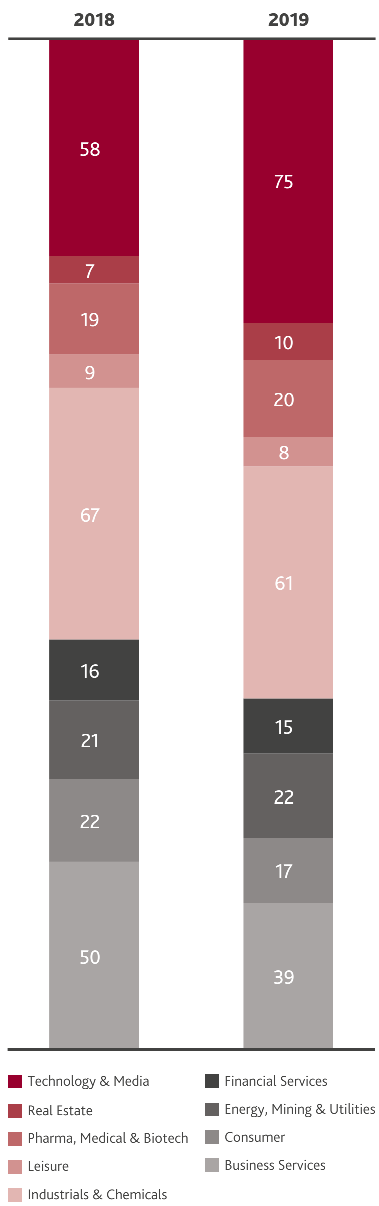
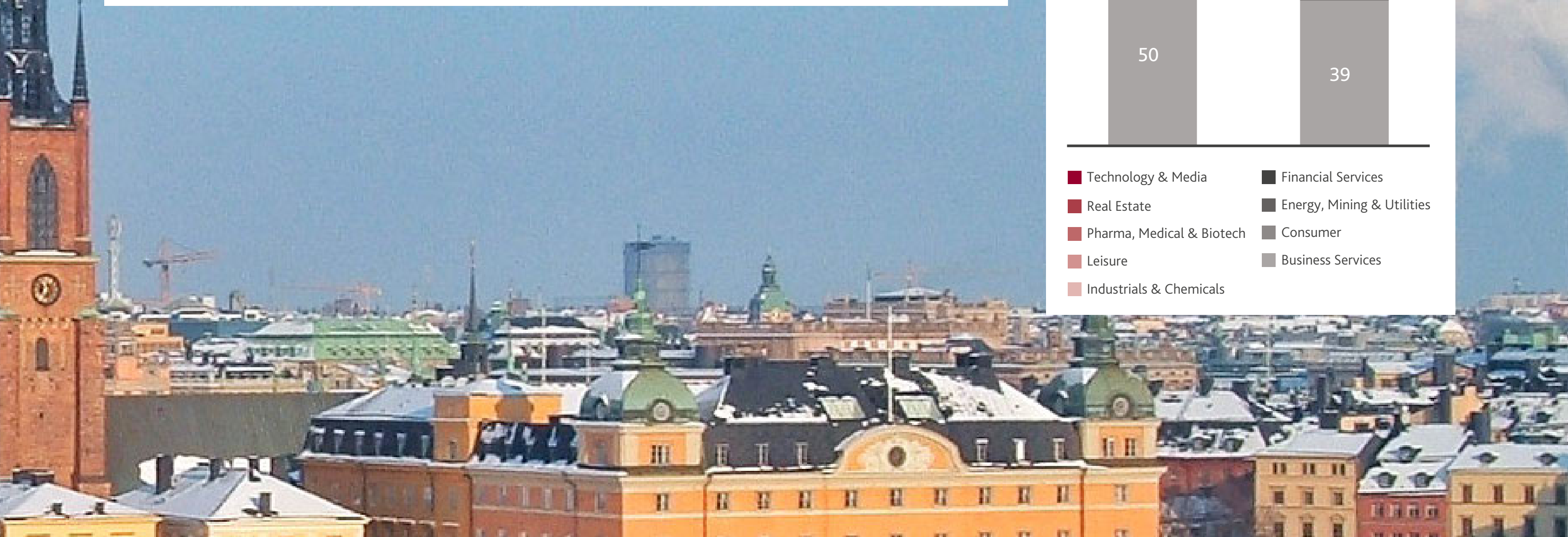
NORDICS
HEAT CHART BY SECTOR

TMT	48	21%
Pharma, Medical & Biotech	43	19%
Industrials & Chemicals	37	16%
Business Services	28	12%
Consumer	22	10%
Financial Services	19	8%
Energy, Mining & Utilities	18	8%
Real Estate	5	2%
Leisure	5	2%
TOTAL	**225**	**100%**

NORDICS
MID-MARKET VOLUMES BY SECTOR





CEE & CIS

DEAL ACTIVITY FALTERS WITH VOLUME FALLING TO 11-YEAR LOW

BIG PICTURE

- After a weak H1 2019, the M&A market failed to recover and remained flat in H2 2019 but there are positive signs for the future
- 2019's deal volume was down 10% comparedto 2018 but deal value rose by 15%
- Average deal value was up from USD 69.4m in 2018 to USD 89.1m in 2019, the highest average deal size in the last 10 years
- Mid-market deals were dominated by Industrial & Chemicals, TMT and Energy, Mining & Utilities, with 55% of total deal volume.

Looking at the CEE & CIS region's M&A activity in 2019, the number of total transactions continued to decline, as was the case in the global market.

However, although deal volume in the region fell by 10% from 270 deals in 2018 to 242 deals in 2019, deal value increased from USD 18.728m in 2018 to USD 21.566m in 2019. As a result, the average deal value increased from USD 69.4m in 2018 to USD 89.1m in 2019, hitting a 10-year high.

KEY SECTORS AND DEALS

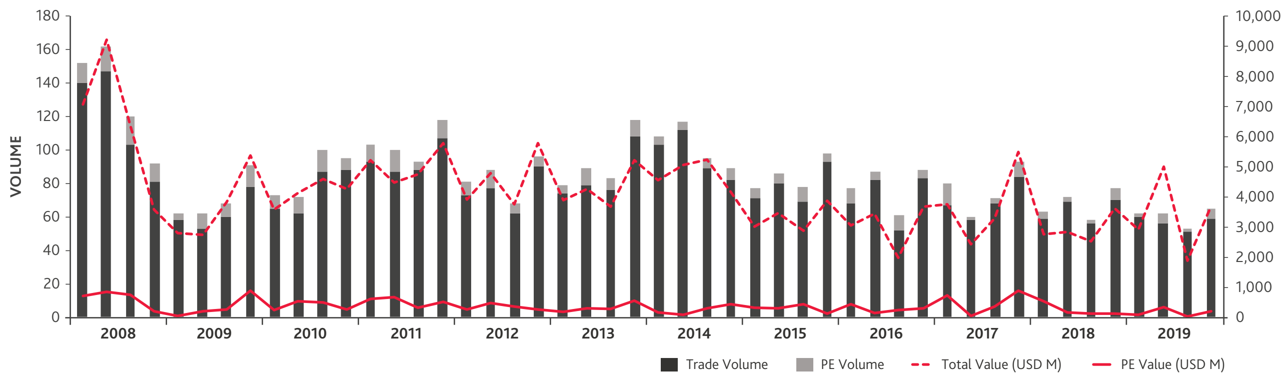
The region's top 10 deals had a combined value of USD 3,130m, which represented about 53% of the quarter's overall value, suggesting a high concentration of big deals.

As has been the case in previous quarters, the most active sectors in 2019 were:

- Industrials & Chemicals with 57 deals, accounting for 24% of total deal volume
- TMT with 43 deals (18%), and
- Energy, Mining & Utilities with 33 deals (14%).

Of the top 10 deals, there were three each in the Industrials & Chemicals and Energy, Mining & Utilities sectors and two in TMT. Looking at the top three deals, two were transacted in Russia. The biggest deal was in Uzbekistan, where PJSC Tatneft acquired a 51% share of the Birinchi Mechanical Rubber Goods Factory, with a transaction value of USD 500m million. Looking at the target, bidder and seller counties in the top 20 deals, four were domestic deals in Russia and there were six additional domestic deals – three Turkish, two in Poland and one in the Czech Republic.

PE/TRADE VOLUME & VALUE



LOOKING AHEAD

According to the BDO Heat Chart, 774 deals are predicted in the CEE & CIS region, a notable increase from Q3 2019 expectations (664). The increased deal pipeline is the result of a significant uplift in the expected number of deals in the Industrials & Chemicals, Business Services and Financial Services sectors. This big increase is in line with world economic trends, with the Global Heat chart predicting 11,393 deals, a significant uptick compared to Q3 2019's projected 8,426 deals.

Finally, based on the BDO Heat Chart, the CEE & CIS will maintain its third-place position among the regions covered in this report, sitting as in previous years, behind Greater China and North America.

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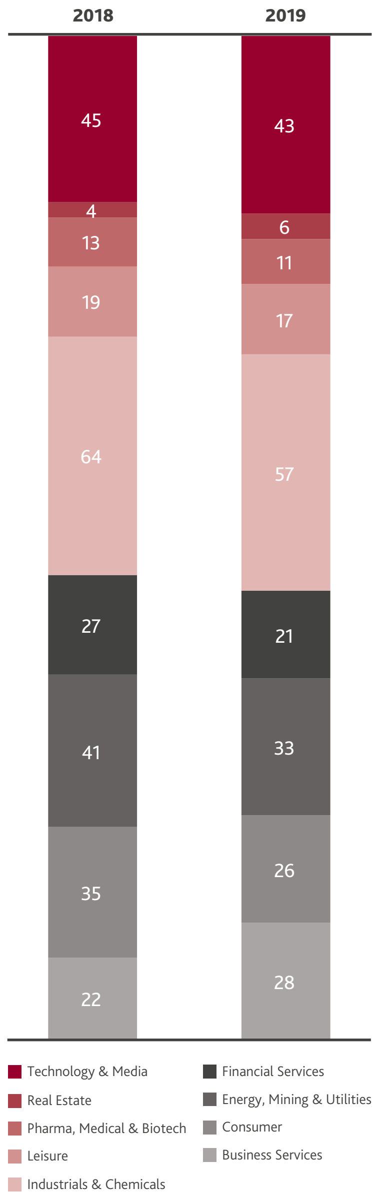
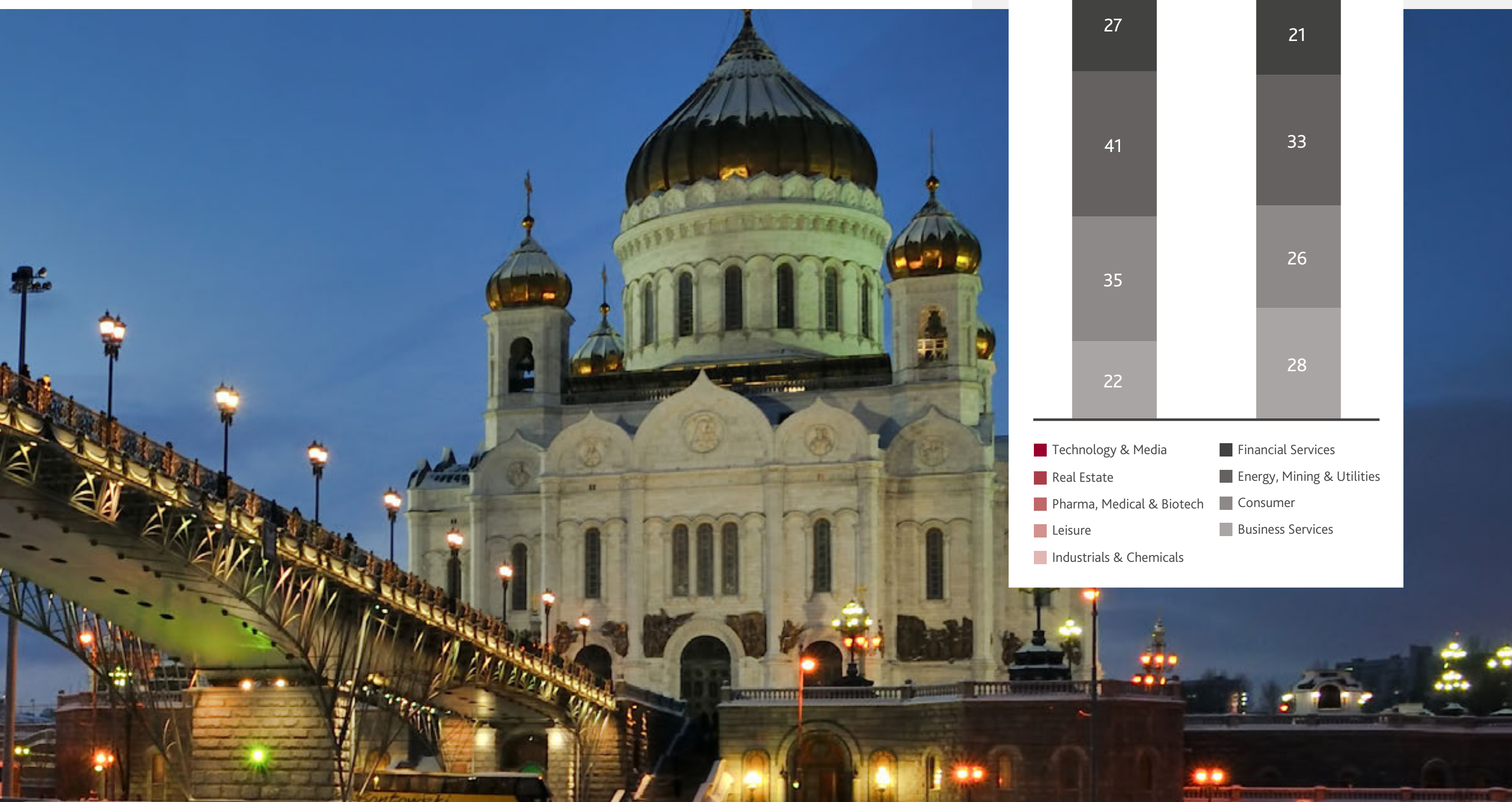
CEE & CIS
HEAT CHART BY SECTOR

Industrials & Chemicals	202	26%
TMT	132	17%
Consumer	106	14%
Business Services	94	12%
Financial Services	78	10%
Energy, Mining & Utilities	62	8%
Leisure	50	6%
Pharma, Medical & Biotech	36	5%
Real Estate	14	2%
TOTAL	**774**	**100%**

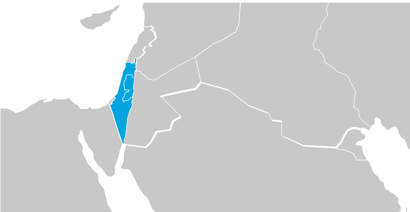
CEE & CIS
MID-MARKET VOLUMES BY SECTOR





ISRAEL

STEEP RISE IN DEAL VALUE ENDS YEAR ON A HIGH



BIG PICTURE

- Q4 2019 M&A value boomed (66.78%) in comparison to the previous quarter while deal volume dropped slightly from 22 deals in Q3 2019 to 21 deals in Q4 2019
- PE activity fell back in Q4 2019 from Q3 2019 levels
- The BDO Heat Chart shows 115 potential deals, suggesting a ramp up in activity ahead.

M&A activity in Israel increased dramatically during Q4 2019 in terms of value.

A total of 21 deals, with a combined deal value of USD 2,018m, were successfully completed in Q4 2019. This represented a 66.78% rise (USD 808m) in deal value, and a 4.55% decrease in deal volume from 22 completed deals to the 21 deals in Q3 2019. Deal value increased significantly, triggering an enormous growth of 74.72% in the average transaction value compared to the previous quarter, to USD 96.1m, indicating much bigger deals.

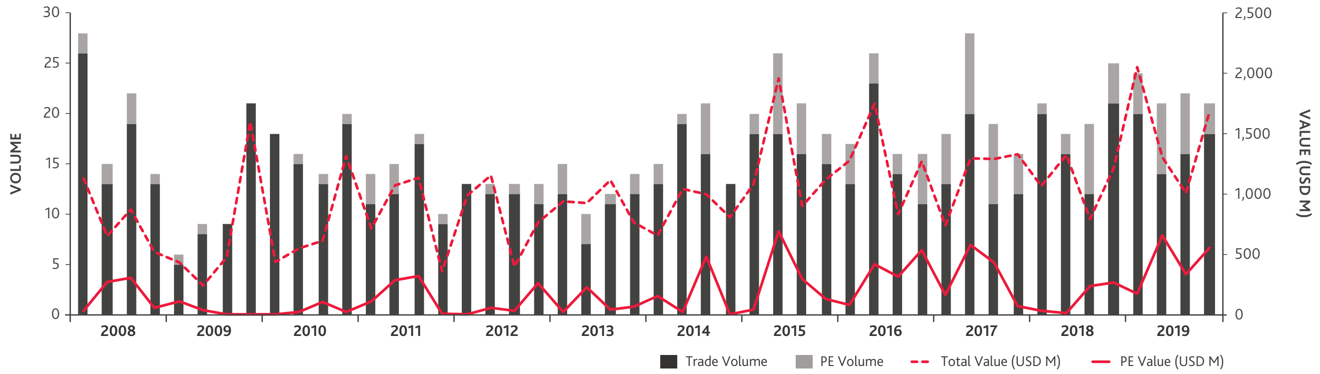
Private equity activity was weak in the final quarter with a noticeable descent in the number of completed deals but deal value increased. PE was responsible for three deals, worth a total of USD 665m, representing 14.3% of the deal count and 33% of the value for the quarter.

KEY SECTORS AND DEALS

Israel's top 10 Q4 2019 deals had an aggregated value of USD 1,726m, representing 86% of total M&A transactions. The largest transaction was the USD 487m acquisition of ECI Telecom ltd., a global provider of ELASTIC network solutions to CSPs, critical infrastructures and data centre operators, by Ribbon Communications Inc.

Other deals included the USD 400m acquisition of IronSource Ltd., a developer of engagement and analytical tools designed to empower mobile and digital businesses. The acquisition was led by CVC Capital Partners Limited. Further transactions were the USD 165m acquisition of Riskified Limited., by General Atlantic Service Company, L.P. FMR LLC; Pitango Venture Capital; Winslow Capital Management LLC; Entree Capital, and Qumra Capital.

PE/TRADE VOLUME & VALUE



TMT was the most active sector, accounting for nine deals (42.86% of total transactions) in Q4 2019. Pharma, Medical & Biotech was in second place with six deals (28.57%). Next up was Consumer, with four deals (19.05%), followed by Industrials & Chemicals and Leisure with one deal each, and finally there were no deals in the Business Services, Energy, Mining & Utilities, Financial Services and Real Estate sectors.

Seven of the top ten deals involved foreign bidders, confirming the continued global interest in Israel's resilient economy and robust equity market. The foreign bidders consisted of five US buyers, and one buyer each from the United Kingdom and Germany.

Israel continues to attract foreign investment due to its favourable economic conditions, considerable incentives and strong R&D sector, coupled with its highly-skilled and multilingual workforce.

LOOKING AHEAD

Looking ahead, all the data supports accelerated growth rates. The BDO Heat Chart for Q3 2019 showed 77 deals planned or in progress, compared to 115 deals in Q4 2019, reflecting a 49% upsurge in pipeline deals and a serious ramp up in M&A activity.

The BDO Heat Chart for Israel shows there are 115 deals planned or in progress for M&A with 43 (37%) related to TMT and 25 (22%) involving Pharma, Medical & Biotech. Other sectors include Industrials & Chemicals with 14 deals (12%), Consumer with ten (9%), Business Services with six (5%), Energy, Mining & Utilities and Leisure with five deals each (4% each), Real Estate with four (3%) and finally Financial Services with three (3%).

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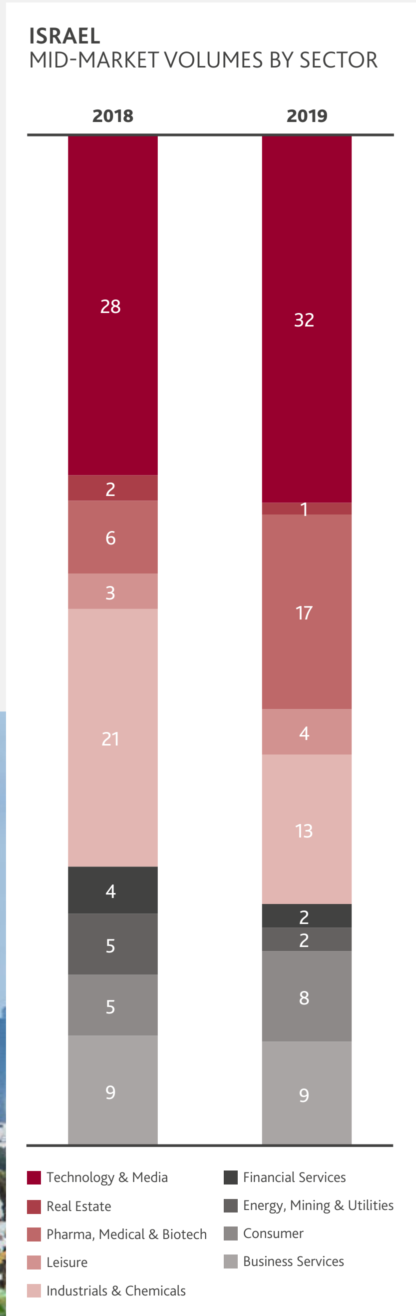
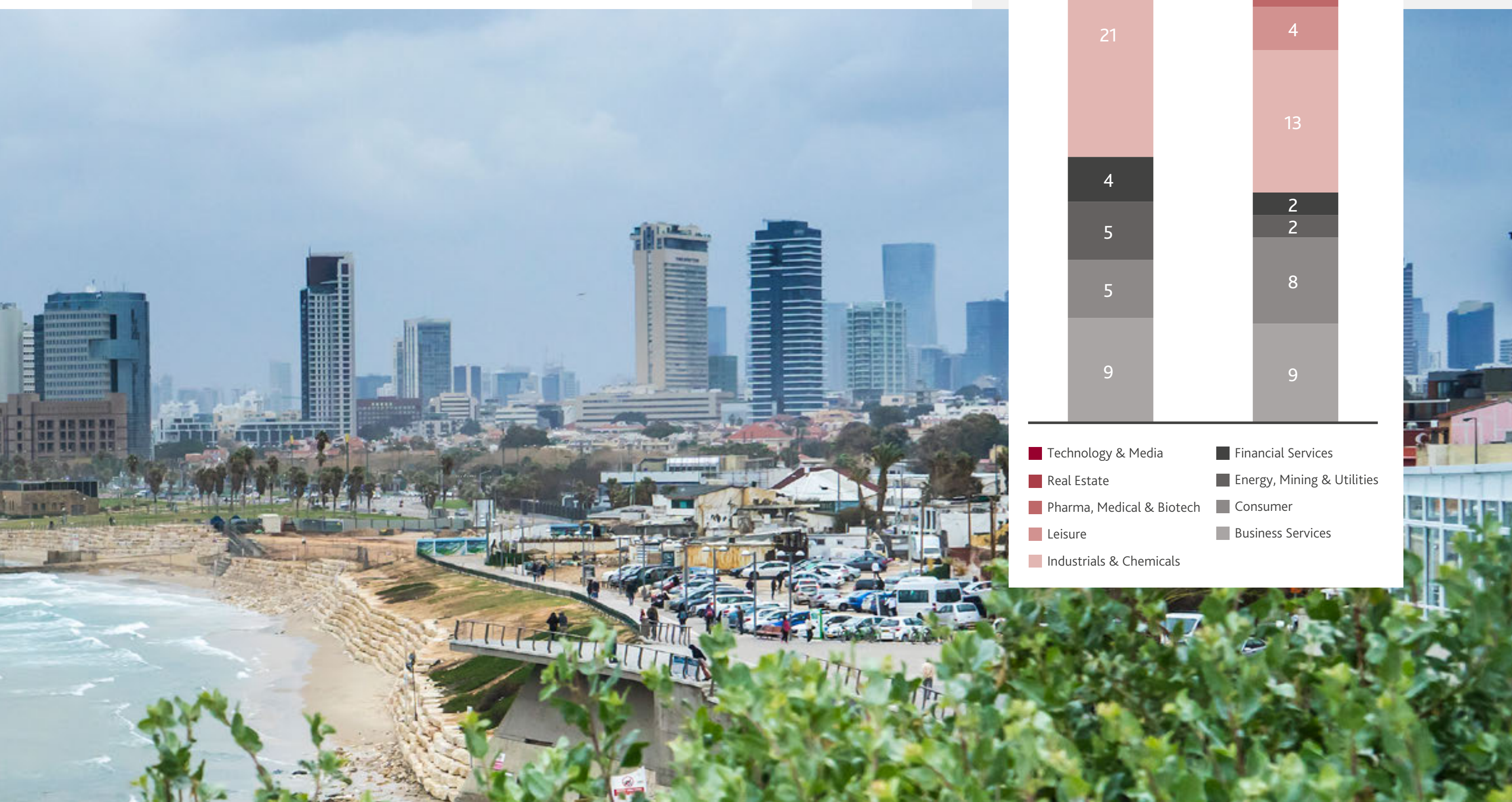
ISRAEL
HEAT CHART BY SECTOR

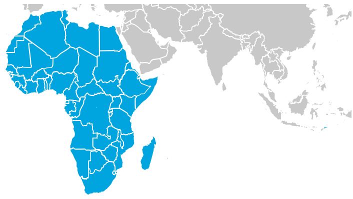
TMT	43	37%
Pharma, Medical & Biotech	25	22%
Industrials & Chemicals	14	12%
Consumer	10	9%
Business Services	6	5%
Energy, Mining & Utilities	5	4%
Leisure	5	4%
Real Estate	4	3%
Financial Services	3	3%
TOTAL	**115**	**100%**





AFRICA

M&A VOLUME AND VALUE MAINTAIN DOWNWARD TREND IN 2019



BIG PICTURE

- Q4 2019 saw 26 mid-market completed deals in Africa with a total value of USD 2,132m, representing a decline in volume of approximately 19% and a rise in value of approximately 6% compared to Q4 2018
- There were two PE buy-outs in Q4 worth USD 35m, which was similar in volume to Q3 2019 but significantly lower in value (Q3: USD 124m)
- Q4 2019's mid-market M&A deals were lower in volume but higher in value than the preceding quarter.

In Q4 2019, there were 26 deals worth USD 2,132m transacted, which was around 3% lower in volume but 3% higher in value compared to the previous quarter. Although the number of PE buy-outs remained the same as the previous quarter with two deals, they were lower in value terms by around 72%.

In comparison with Q4 2018, which had a total of 32 deals with a value of USD 2,017m, deal activity in Q4 2019 fell by 19% in terms of volume but saw a 6% rise in value. It is also worth noting that this quarter was the slowest for mid-market M&A deal value since Q1 2013.

KEY SECTORS AND DEALS

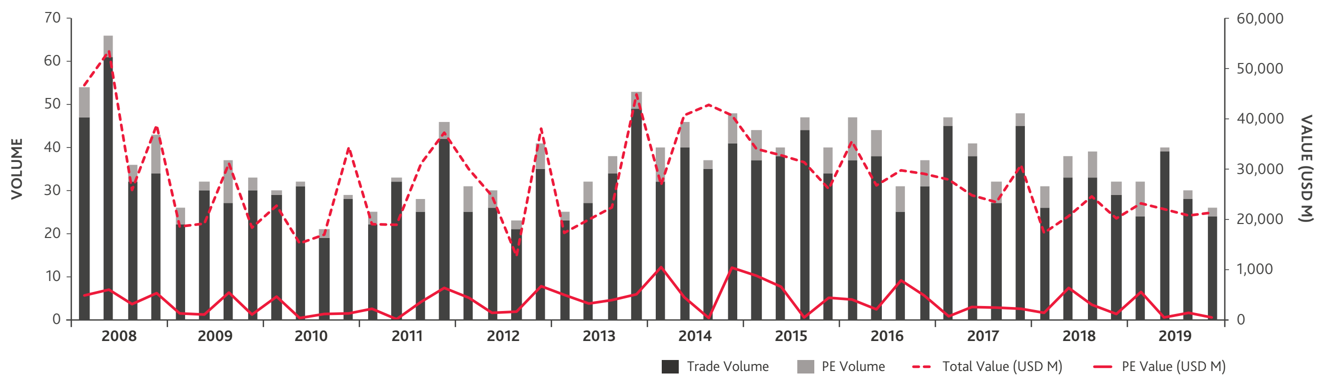
The most active sectors in Q4 2019 were Energy, Mining & Utilities (six deals) followed by Consumer and Financial Services (four deals each). Other active sectors included Industrials & Chemicals, Pharma, Medical & Biotech and TMT, all with three deals each, Business Services (two) and Leisure (one). Of the 26 top deals completed in Africa, the majority took place in South Africa (11 deals), followed by Angola, Congo, Egypt, Lesotho, Mali, Nigeria, Senegal, Togo, and Zimbabwe (all with one deal each).

The quarter's largest recorded deal was in Energy, Mining & Utilities in Angola where Total S.A, a French multi-national integrated oil and gas company, acquired 50% of the ownership interests in Block 20/11 and 80% of the ownership interests in Block 21/09 from Sonangol E.P., a state-owned oil company, at a value of USD 500m. These acquisitions are part of Total S.A.'s strategy to boost its production capacity and to develop Angola's energy sector.

The second largest deal was also in Energy, Mining & Utilities and saw Canada-based gold company Teranga Gold Corporation acquire around a 90% stake in Senegal's Massawa project from Barrick Gold, the world's second biggest gold producer. The deal value was estimated at around USD 380m and the acquisition represents an opportunity to expand Senegal's gold mining industry and contribute to the country's economic development.

Another major transaction was in Financial Services with the Social Welfare Institute–General State Pension Fund (IPS-CGRAE) of Ivory Coast acquiring a 52.45% stake in Oragroup from Emerging Capital Partner LLC, a Pan-African private equity firm, for USD 243 million. The acquisition was in line with IPS-CGRAE's strategy of optimising its financial capacities as an investor to intensify the progress towards the sustainable growth of economies for the benefit of populations, pensioners and public officials.

PE/TRADE VOLUME & VALUE



ECONOMIC OUTLOOK

According to the IMF, growth in Sub-Saharan Africa remained sluggish throughout 2019 at around 3.2%, mainly due to persistent uncertainty in the global economy and the slow pace of domestic reforms, but it is expected to rise to 3.6% in 2020. Nonetheless, there has been a downward revision in the growth estimates for about two thirds of the countries in the region. This is mainly reflective of the more challenging external environment and persistent output disruptions in oil-exporting countries.

Economic recovery in Nigeria, South Africa and Angola has been weak and is weighing on the region's prospects. The non-oil sector in Nigeria has experienced a marginally low growth rate, while in Angola the oil sector has remained stagnant. South Africa, on the other hand, is being affected by low business confidence due to its faltering economy.

Growth in the rest of the subcontinent is expected to remain robust, albeit at a slower rate in certain countries. The average growth among non-resource-intensive countries is anticipated to be at a slow pace, due to events like natural hazards in Mozambique and Zimbabwe, political turmoil in Sudan, weaker agricultural exports in Kenya and fiscal consolidation in Senegal.

Economic activity is expected to gain momentum at a modest pace in Central African Economic and Monetary Community countries (which are also resource-intensive) and will be supported by rising oil production.

Growth among metals exporters is expected to be modest due to a slowdown in mining production and a fall in metal prices.

LOOKING AHEAD

BDO's Heat Chart for Africa's mid-market M&A predicts a positive outlook for 2020, forecasting a promising total of 186 deals. The dominant sectors are likely to be Energy, Mining & Utilities with 54 deals, representing 29% of the total deals projected for the year, followed by Industrials & Chemicals and Consumer. A total of 62 deals are anticipated in these last two sectors, representing 33% of the forecasted deal volume for the 2020.

This year's AFRICA CEO FORUM will be held on 9-10 March 2020 in Abidjan in the Ivory Coast and is set to be the largest annual gathering for the African private sector. The previous forum attracted over 8,000 businesses from more than 60 countries.

mid-market M&A predicts a positive outlook for the rest of 2019, forecasting a promising total of 160 deals. The dominant sectors are likely to be Industrials & Chemicals, followed by Energy, Mining & Utilities sector and Business Services.

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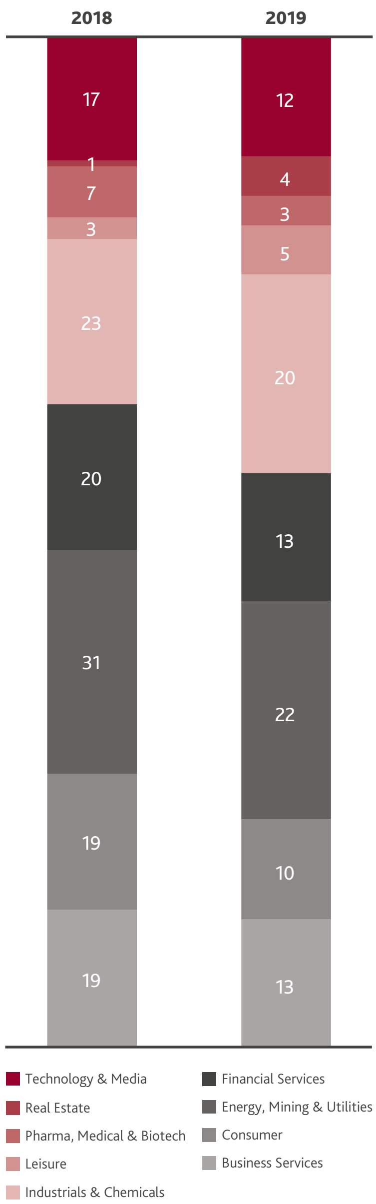
AFRICA
HEAT CHART BY SECTOR

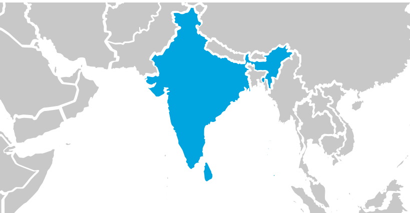
Energy, Mining & Utilities	54	29%
Industrials & Chemicals	38	20%
Consumer	24	13%
Financial Services	21	11%
TMT	18	10%
Business Services	13	7%
Pharma, Medical & Biotech	9	5%
Real Estate	8	4%
Leisure	1	1%
TOTAL	**186**	**100%**

AFRICA
MID-MARKET VOLUMES BY SECTOR



INDIA

BUSINESS-FRIENDLY REFORMS SET TO BOOST DEMAND AND M&A ACTIVITY



BIG PICTURE

- Government takes bold steps to revive the Indian economy
- Financial Services, TMT and Consumer sectors account for more than half of all Q4 deals
- Government reforms and consumption growth potential point to increased M&A activity.

In 2019, the Indian economy faced multiple economic challenges – from a liquidity crisis and economic drift (multi-decade lows with respect to aggregate credit growth, corporate RoEs and tax revenues) to a deceleration in exports/rural wages.

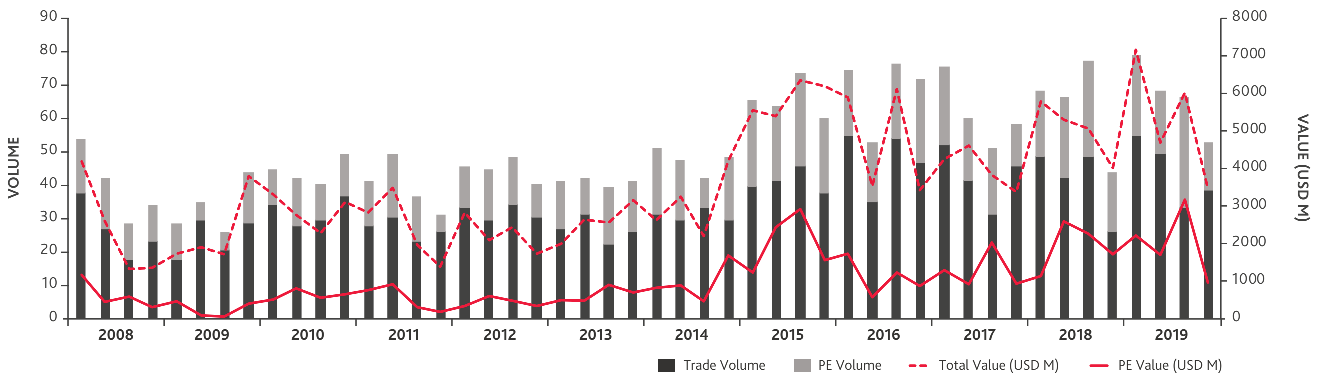
The government has pegged the economic growth rate for 2019-2020 at 5%, slower than the 2018-2019 expansion rate of 6.8% and this represents an 11-year low. With lower growth rates and consumption facing a sharp setback, the deceleration is broad-based:

- The farm sector is set to grow at 2.8% (2019: 2.9%) at constant or inflation-adjusted prices
- The manufacturing sector is set to grow at 2% (a sharp decline from the 6.9% in 2018-2019)
- Private final consumption expenditure (PFCE) may grow at 5.8% (FY19: 8.1%)
- Gross fixed capital formation (GFCF) is forecast to be just 1% (vs. 10% in the previous year)
- Government final consumption expenditure (GFCE) or government expenditure is expected to grow at 10.5% in 2019-2020 versus 9.2% a year ago.

Nevertheless, the Modi 2.0 regime responded with a bold steps in the second half of the year to revive the economy. These included a corporate tax cut in September 2019 (impact at Rs 1.45 lakh crore), lowering GST rates for select goods and services, and rolling back the surcharge on Foreign Portfolio Investors. However, these growth stimulating measures were on the supply side.

Demand side reforms are equally critical for the restoration of the twin engines of growth – consumption and investment. A weaker and long than expected economic slowdown and a declining household savings rate necessitated multiple actions for growth and sentiments to pick up. These included a cut in personal/salaried income tax rates, the removal of Dividend Distribution Tax (DDT), the rationalisation of Long-Term Capital Gains tax (LTCG) and heightened government expenditure on social/rural sectors as some of most desired action points. Other ways of doing this could be to accelerate the focus on rural and infrastructure spending and the privatisation of government-owned entities.

PE/TRADE VOLUME & VALUE



These initiatives could be complemented by:

- Improving economic factors – easing liquidity/lower rates, improving exports, normalizing food prices
- Favourable demographics – young population, burgeoning middle class, increasing urbanisation trends.

Foreign reserves reached a record high of ~USD 455bn (as per RBI's latest release). FDI in India grew 15% to USD 26 bn in H1FY20.

India's Next Gen Story keeps delivering milestones year-after-year and remains the bright spot for investors and global giants:

- The Digital India story remains ripe: NPCI, which operates UPI and other retail networks, placed the total UPI transactions in the country for December 2019 at 1.31bn (a 7% month-on-month, M-o-M, growth over November 2019). The total value transacted through the network reached ~USD 28.5 bn (INR 2.02 lakh crore with a 7% increase M-o-M). IMPS transactions grew by 12% M-o-M, NETC total transactions in December 19 almost doubled M-o-M due to making FASTags mandatory for vehicles passing tolls
- 2019 saw India's Unicorn companies increase to 33 with the addition of seven start-ups (Source: Inc42) with large international conglomerates such as SoftBank, Alibaba, Tencent, and Bytedance increasing their focus on the Indian market and signing larger cheques.

KEY SECTORS AND DEALS

The Financial Services, TMT and Consumer sectors remained the sweet spots, contributing 58% of total transactions. Key deals included:

- Flipkart received its third round of fund infusion of ~USD 397m (~INR 28.4bn) from its parent company. The funds will be deployed towards strengthening its B2B operations. The latest fund infusion comes at a time when Flipkart is conducting its sale season for the year, 'The Big Shopping Days'. Walmart acquired Flipkart in May 2018 in a deal valued at USD 16bn
- CDPQ agreed to buy erstwhile IDFC Private Equity's road portfolio Highway Concessions One (HC1) for USD 341m (~ Rs 24bn). HC1 comprises seven road assets covering 472 kilometres and has consolidated revenues of Rs 6.2bn a year. The five toll roads and two annuity projects are in the states of Tamil Nadu, Telangana, Madhya Pradesh, Karnataka, Gujarat, Rajasthan and Meghalaya
- SoftBank has invested USD 275m (~Rs 16.5 bn) in Lenskart Solutions through a primary and secondary purchase of shares. The USD 231m investment in Lenskart is through a primary infusion and the secondary transaction is worth ~USD 40-45m and involves buying out part stakes from TPG Group, PremjiInvest and IFC. Lenskart has cumulatively raised ~USD 380m in primary equity financing. And its investors have earned over USD 250m in secondary transactions across rounds. Funds will be used to ramp up its manufacturing, supply chain and fulfilment capacities and this will build it technology functions and double the size of its team
- Insurance Australia Group (IAG) sold its entire 26% stake in SBI General to PremjiInvest and Warburg Pincus (deal value: USD 435m). PremjiInvest will acquire 16.01% of the company and Warburg Pincus Group 9.99%. SBI General Insurance, which began operations in 2010, is a JV between State Bank of India (SBI) and IAG. SBI and IAG currently own 70% and 26% respectively in SBI General. The company is ranked eighth by way of gross written premiums among private insurers. SBI recorded 32.83% growth in gross written premiums in FY19 (vs. broader industry growth of 12.95%). PE funds have been buying into insurance as India is one of the world's fastest-expanding markets, with the industry set to expand to USD 280 bn by FY20. KKR is an investor in SBI Life, while True North has bought 51% in Max Bupa

continued on next page...

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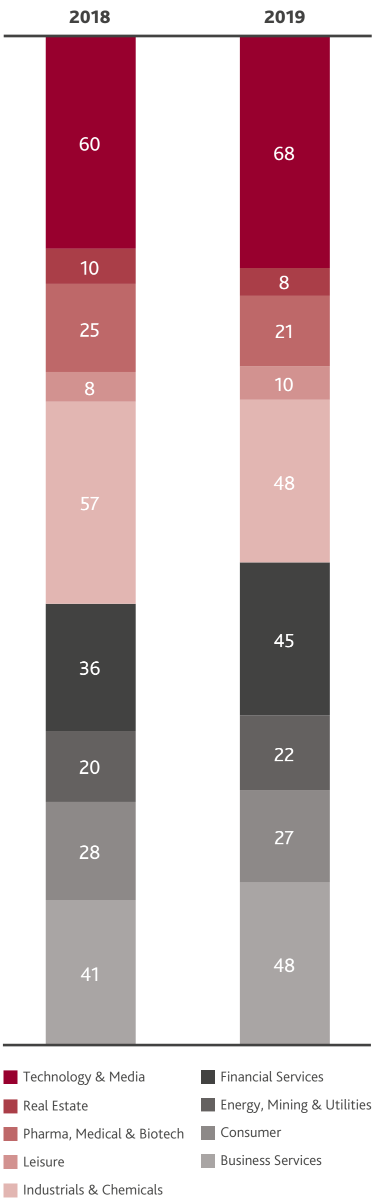
INDIA
HEAT CHART BY SECTOR

Financial Services	82	23%
TMT	78	22%
Consumer	50	14%
Business Services	40	11%
Industrials & Chemicals	39	11%
Pharma, Medical & Biotech	33	9%
Energy, Mining & Utilities	20	6%
Real Estate	11	3%
Leisure	7	2%
TOTAL	**360**	**100%**

INDIA
MID-MARKET VOLUMES BY SECTOR



INDIA CONT...

- Linde India received ~USD 193m (~INR 13.8bn) from Air Water India as per biz transfer agreement: Linde India consummated and closed the Business Transfer Agreement for divestment of the South Region Divestment Business, with Air Water India Pvt. Ltd. (the purchaser) and Air Water Inc (the guaranteeing party)
- Adani Transmission Ltd sold a 25.1% stake in its arm Adani Electricity Mumbai Ltd to Qatar Investment Authority for ~ INR 32 bn. AEML is the licensee for an integrated power distribution, transmission and generation business and currently serves 3+m consumers across a license area of approximately 400 square kilometres in the city of Mumbai, the world's seventh largest city by population. AEML's market share of Mumbai is approximately 87% by license area, 67% by consumers served and 55% by electricity supplied. The businesses operate under a cost-plus fixed ROE regime subject to maintenance of operational parameters above normative levels. The licence area has earned 17%-18% return on equity from the business through improved operations.

LOOKING AHEAD

Demand side economic reforms, the easing of geopolitical tensions and the decline in crude oil prices will all play a critical role in improving the consumption, savings and investment trends for India in 2020.

In the mid-market segment, we expect a flow of funds to disruptive/niche/innovative companies and high-profile entrepreneurs/promoters. The trend of funds allocating bigger amounts to quality and selective investments looks set to continue. M&A activity is expected to improve as corporates seek to drive better revenue growth and enter new markets/product lines, while private investments increases and consolidation within sectors continues.

Canada's Brookfield Infrastructure Partners' USD 3.66bn investment in Tower Infrastructure Trust (which owns RIL's Reliance Jio Infratel tower assets) was just the start and could be a harbinger of investments in high capex industries. More deals are set to follow, for example as was publicly announced, the likely USD 15bn deal between Saudi's Aramco and RIL.

India's business-friendly reforms (India's rank currently stands at 63 and improved by 14 points last year) and high consumption growth potential will continue to garner interest from domestic and foreign investors.

CHINA

DEAL ACTIVITY BOUNCES BACK IN Q4 AS TRADE TENSIONS EASE

BIG PICTURE

- Overall mid-market deal value in Greater China region decreased from approximately USD 44bn in Q4 2018 to around USD 32bn in Q4 2019 as deal volume fell from 529 transactions in Q4 2018 to 456 in Q4 2019
- Compared with Q3 2019, however, both deal volume and deal value increased by around 17% and 4% respectively, indicating that reduced tensions in the US-China trade war in Q4 2019 had a positive impact on deal making.

Mid-market M&A deal value increased from around USD 31bn in Q3 2019 to around USD 32bn in Q4 2019. This upturn was mainly due to domestic M&A activities, with drivers including the continued reform and restructuring of state-owned enterprises.

The application of 5G wireless technology was launched in 2019. This is expected to change consumer habits in the coming years with increased internet speeds and capacity, which will stimulate demand in mobile streaming services, mobile gaming and the further development of Internet of Things technology. As such, it is expected that 5G technology applications will further drive domestic and outbound M&A transactions in the TMT sector in 2020.

OPENING UP OF THE FINANCIAL INDUSTRY

The State Council announced Order No.720 on 30 September 2019, which will allow foreign banks and insurers a higher degree of access into the China market.

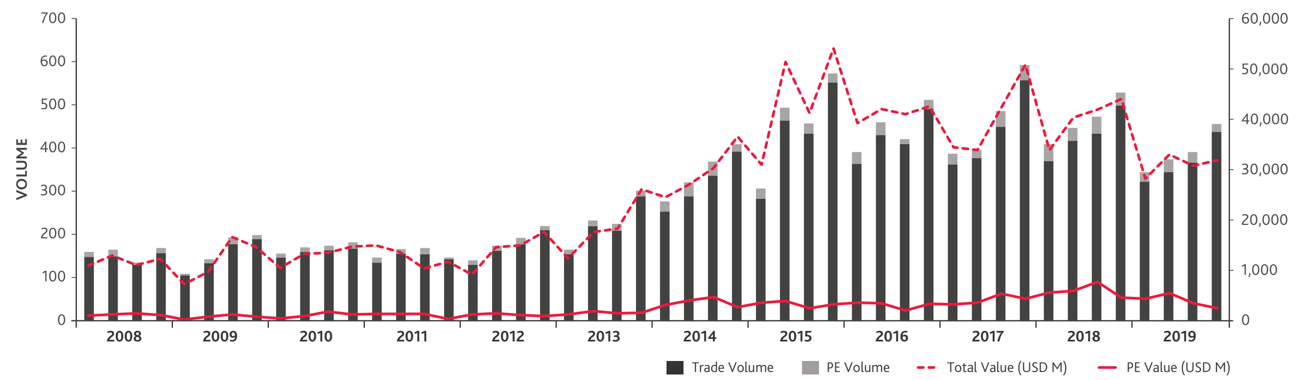
The main contents of Order No.720 for new foreign banks included a removal of the USD 20bn total asset requirement, the permission to operate in parallel foreign bank branches and wholly foreign owned enterprise (WFOE) banks or joint ventures, the expansion of business scope for foreign banks in China, a reduced transaction deposit threshold, the removal of the renminbi licensing requirement, the removal of the 30% interest generating assets requirement and the removal of the 8% restriction on the proportion of RMB capital to RMB risk assets.

The main contents of Order No.720 for new foreign insurance companies included the permission to set up in China, the removal of requirements of 30 years' experience and two years' representative office presence in China, and permission for overseas financial institutions' equity investment in foreign insurance companies in China.

NEW POLICY TO STIMULATE FOREIGN DIRECT INVESTMENT

In addition, the State Administration of Foreign Exchange (SAFE) launched Article 28, effective from 25 October 2019, which reduced investment restrictions for foreign invested enterprises (FIEs) in China. Non-investment nature FIEs were previously partially restricted in their use of foreign capital to invest in Chinese companies and were only allowed to use domestically accumulated business profits for investments.

PE/TRADE VOLUME & VALUE



After the issuance of Article 28, FIEs have been granted more flexibility to use either foreign capital or domestic accumulated business profits to invest in Chinese companies or carry out domestic restructuring. This also applies to Chinese enterprises that have been publicly listed overseas and intend to expand domestically. As such, we expect the new policy to stimulate increased foreign direct investment into China in 2020.

China also concluded its 13th National People's Congress on 26 October 2019 and fourth plenary session of the 19th CPC Central Committee on 31 October 2019. More economic policies are expected to be announced in the coming quarters.

TOP DEALS

In total, six out of Greater China's top 20 mid-market deals in Q4 2019 were in the Industrials & Chemicals sector. The top three major mid-market deals included:

- Jining Urban Construction Investment Co., Ltd invested USD 494m in Shandong Ruyi Technology Group Co., Ltd. for a 26% stake – announced in October 2019;
- Zhuzhou State-owned Assets Investment Holding Group Co., Ltd and its partners invested USD 486m for a 34.47% stake in Zhongche Industrial Investment Co., Ltd. – announced in December 2019; and
- Accor SA disposed of its 5% stake in Huazhu Group Limited for a consideration of USD 451m – announced in December 2019.

LOOKING AHEAD

The latest BDO Heat Chart for the Greater China region indicates that there are a total of 2,879 deals planned or in progress with 938 (33%) related to Industrials & Chemicals and 376 (13%) related to Real Estate. Other key sectors include Business Services and TMT.

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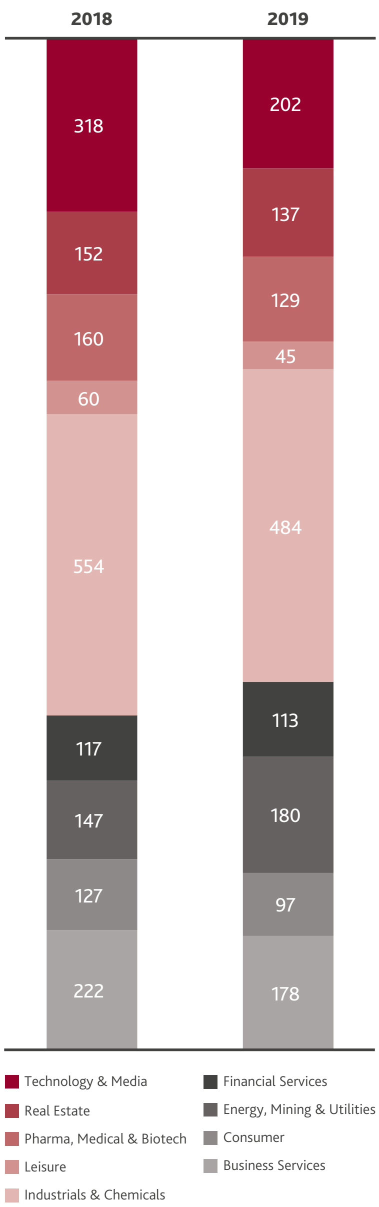
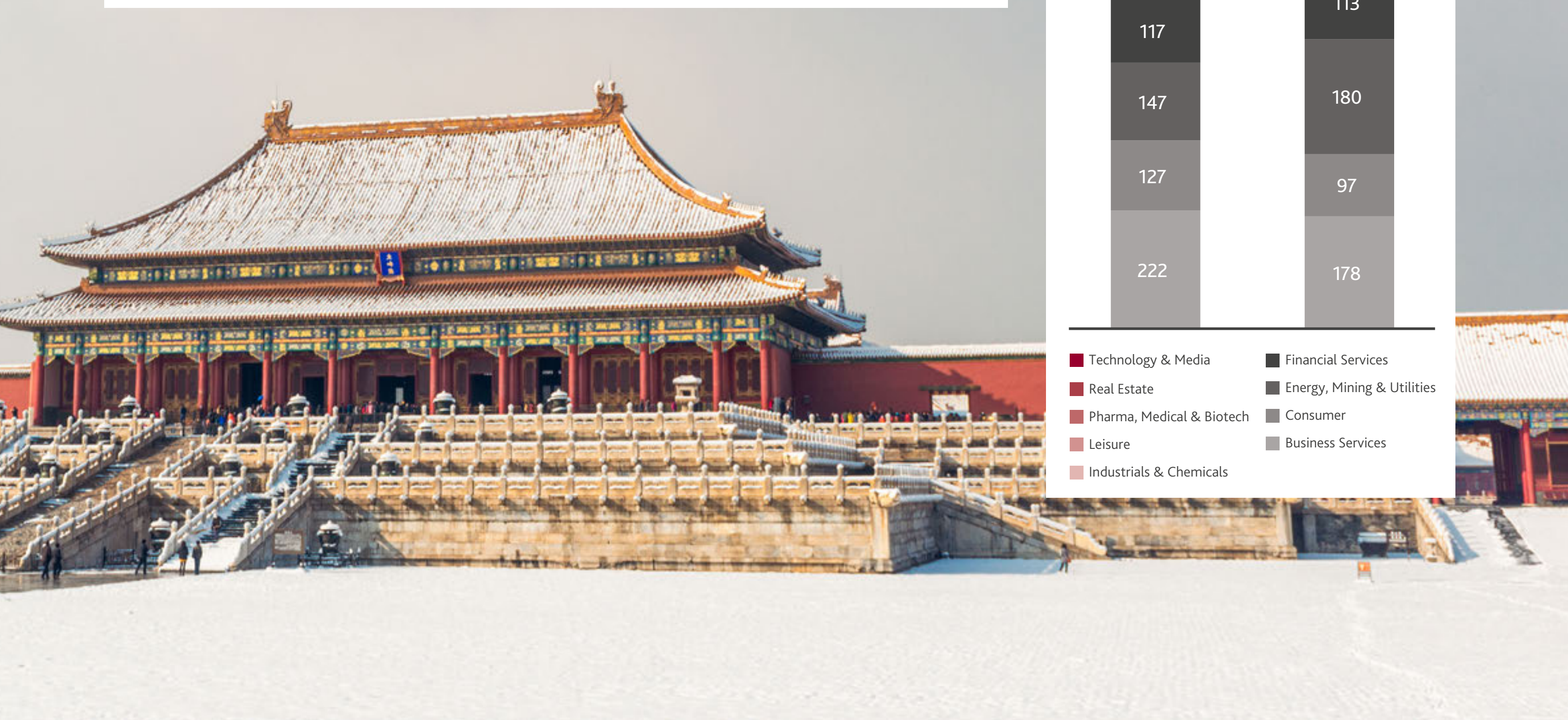
CHINA
HEAT CHART BY SECTOR

Industrials & Chemicals	938	33%
Real Estate	376	13%
Business Services	318	11%
TMT	306	11%
Energy, Mining & Utilities	246	9%
Consumer	222	8%
Pharma, Medical & Biotech	197	7%
Financial Services	185	6%
Leisure	91	3%
TOTAL	**2,879**	**100%**

CHINA
MID-MARKET VOLUMES BY SECTOR





SOUTH EAST ASIA

STRONG FINAL QUARTER SEES INCREASED DEAL VOLUME AND VALUE

BIG PICTURE

- Deal count and value improves in Q4 2019
- Top 10 deals account for 58% of total deal value
- Industrial & Chemicals remains the region's top performing sector.

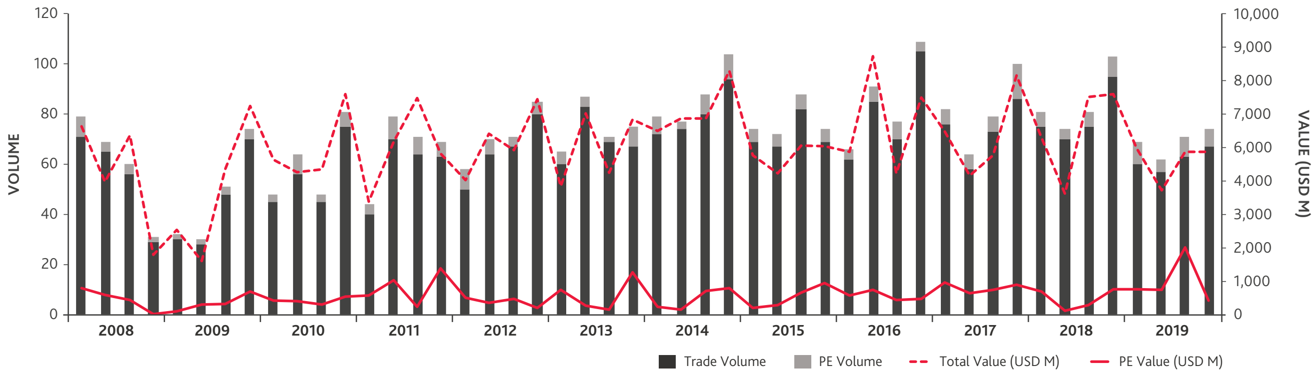
The M&A market in South East Asia was more active in Q4 2019 than the previous quarter, both in terms of deal volume and value. In total, 74 deals were transacted in Q4 2019 compared to 71 deals in Q3 2019, with total deal value rising marginally from USD 5.41bn in Q3 2019 to USD 5.42bn in Q4 2019. The top 10 deals for the quarter amounted to USD 3.1 billion, accounting for 58.0% of the total deal value for Q4 2019 and representing an increase on the USD 2.5bn value of the previous quarter's top 10 deals.

PE completed seven deals in Q4 2019, a slight decrease from the eight deals completed in both Q4 2018 and Q3 2019. The total value of PE buy-outs in Q4 2019 also fell to USD 0.5bn compared to USD 0.8bn in Q4 2018 and USD 2.2bn in Q3 2019. Overall, PE accounted for a smaller proportion of the total M&A activities for Q4 2019 compared to the previous quarter, with 9.5% of the total deals and 8.5% of the total transaction value in Q4 2019.

KEY SECTORS AND DEALS

The most active sectors in Q4 2019 were Industrials & Chemicals, Business Services and Energy, Mining & Utilities, which together contributed 54.1% of the total deal count, a drop from the previous

PE/TRADE VOLUME & VALUE



quarter when the same three sectors were responsible for 59.2% of deals. In Q4 2019, Industrials & Chemicals was the most active sector with 21 deals (Q3 2019: 19 deals), followed by Business Services with 10 deals (Q3 2019: 12) and Energy, Mining & Utilities sector with nine deals (Q3 2019: 11).

Meanwhile, the sectors responsible for the top three deals in terms of value were Leisure, Business Services and Industrials & Chemicals. The biggest deal was the acquisition of Andaz Singapore hotel in Singapore by Hoi Hup Realty Pte Ltd at a consideration of USD 475m from M+S Pte Ltd. The second biggest deal was the acquisition of CITIC Envirotech Ltd in Singapore by CITIC Limited at a consideration of USD 430m. In terms of size, this was followed by the acquisition of AVIC International Maritime Holdings Limited by China Merchants Group Limited at a consideration of USD 412m from AVIC International Holdings Limited.

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LOOKING AHEAD

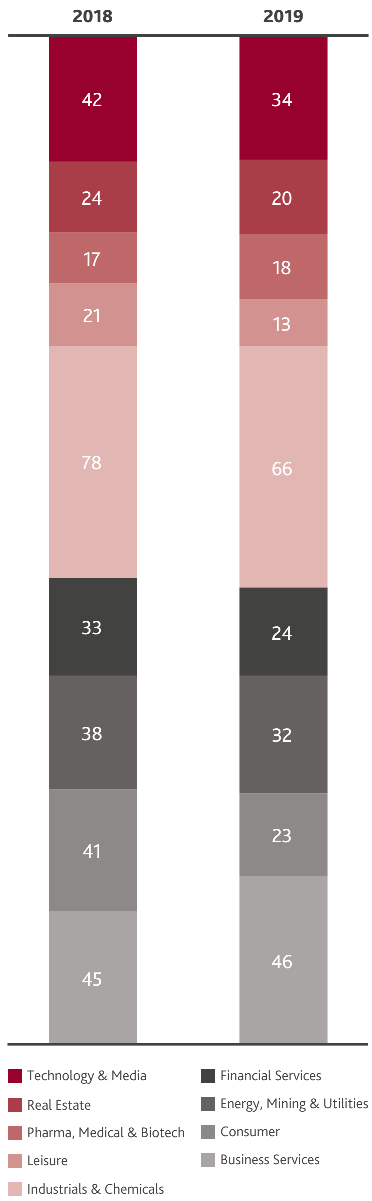
As has been the case in previous years, M&A activities in South East Asia recorded the highest deal volume in the last quarter of the year. However, M&A activity in Q4 2019 also recorded the second highest deal value of the year at USD 5.4bn, slightly lower than the USD 5.5bn recorded in Q1 2019. M&A activities in South East Asia are expected to remain dependent on the current economic challenges faced by the region amid a global slowdown, which include geopolitical tension, the outlook on crude oil prices and the consequential fluctuation of currencies in the region.

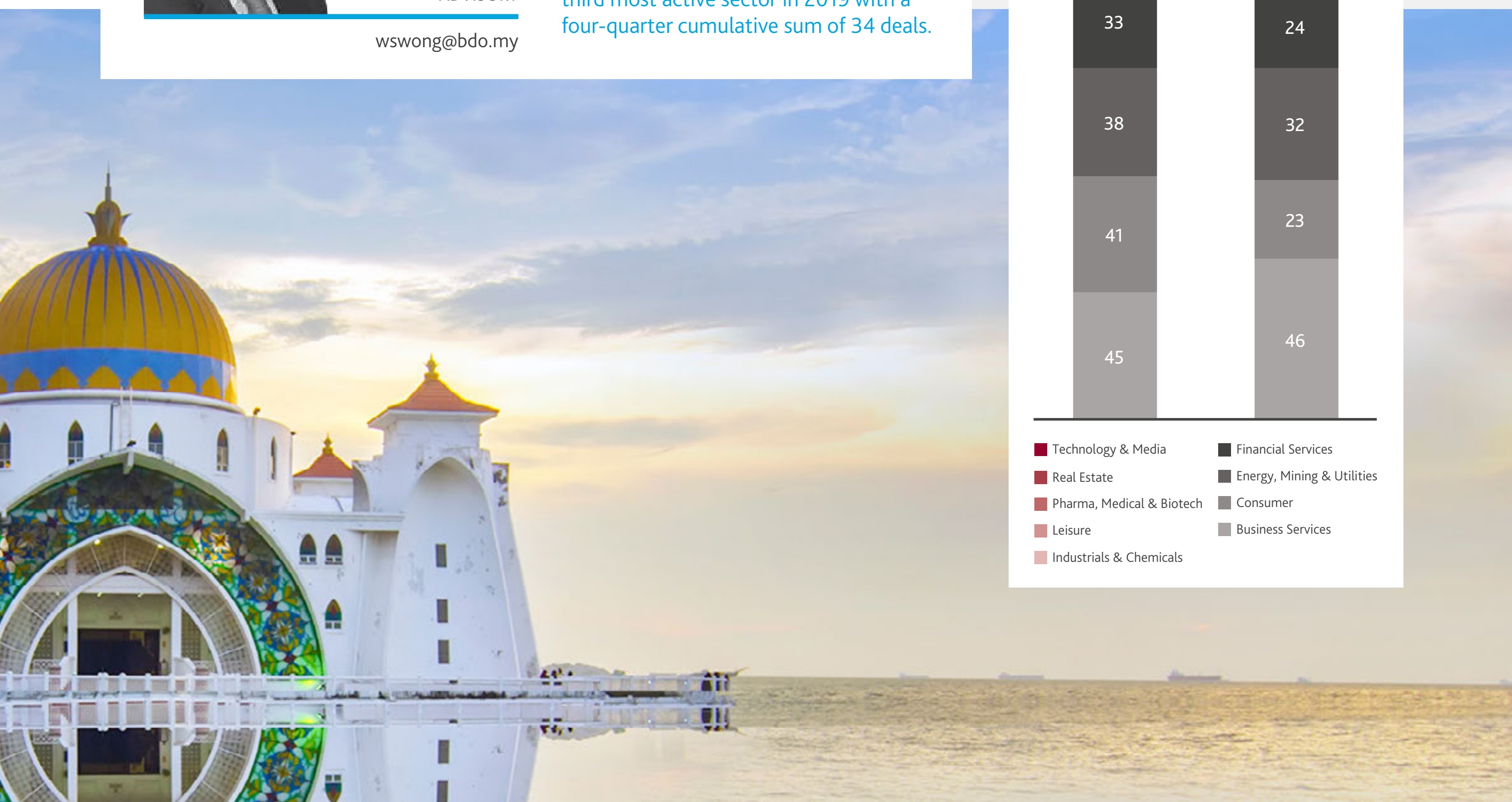
The focus of M&A activities in South East Asia appears set to remain in Industrial & Chemicals and it has led the way in previous quarters. The sector has been the region's biggest deal contributor since Q2 2019 and in Q4 2019 the sector saw 21 completed deals. Overall, during 2019, Industrial & Chemicals achieved the highest cumulative number of deals completed based on the four-quarter cumulative sum of 66 deals. Business Services was the second most active sector with 10 deals completed in Q4 2019 and a four-quarter cumulative sum of 46 deals. Even though TMT recorded only five deals in Q4 2019, it was the third most active sector in 2019 with a four-quarter cumulative sum of 34 deals.

SOUTH EAST ASIA
HEAT CHART BY SECTOR

Industrials & Chemicals	131	19%
TMT	120	17%
Business Services	94	13%
Energy, Mining & Utilities	77	11%
Financial Services	77	11%
Consumer	76	11%
Real Estate	47	7%
Pharma, Medical & Biotech	44	6%
Leisure	36	5%
TOTAL	**702**	**100%**

SOUTH EAST ASIA
MID-MARKET VOLUMES BY SECTOR





AUSTRALASIA

STRONG ACTIVITY PAIRED WITH A NUMBER OF LARGE TRANSACTION SAW BOTH Q4 2019 TRANSACTION VOLUME AND TOTAL DEAL VALUE REACH THEIR HIGHEST RECORDED LEVEL

BIG PICTURE

- Q4 2019 deal volume increased 28% on Q4 2018, with an 81% increase in total deal value for the same period.
- 2019 deal volume declined by 5% compared with prior year, while total deal value was largely unchanged, with a number of big ticket transactions driving total deal value.
- Foreign interest in Australasia remained strong, especially regarding the largest transactions, with foreign buyers involved in three of the top six deals, and two of the top four.
- With 691 M&A deals in the pipeline, 2020 appears well placed to continue the strong level of activity seen in Q4 2019.

A total of 131 deals were completed in Q4 2019, with a combined value of USD 8.7bn. This represented a 28% increase on Q4 2018's deal volume of 102 and an 81% increase in total value compared to the USD 4.8bn in the 2018 corresponding quarter.

Average transaction value for Q4 2019 was USD 66m, representing a 41% increase on Q4 prior year.

Total Q4 PE deal value increased 106% to USD 2.0bn, up from USD 975m in the corresponding 2018 quarter. The total proportion of mid-market PE transactions increased marginally in 2019 to 8.7% (34 transaction) of the total transactions completed, compared to 8.5% (35 transactions) in 2018.

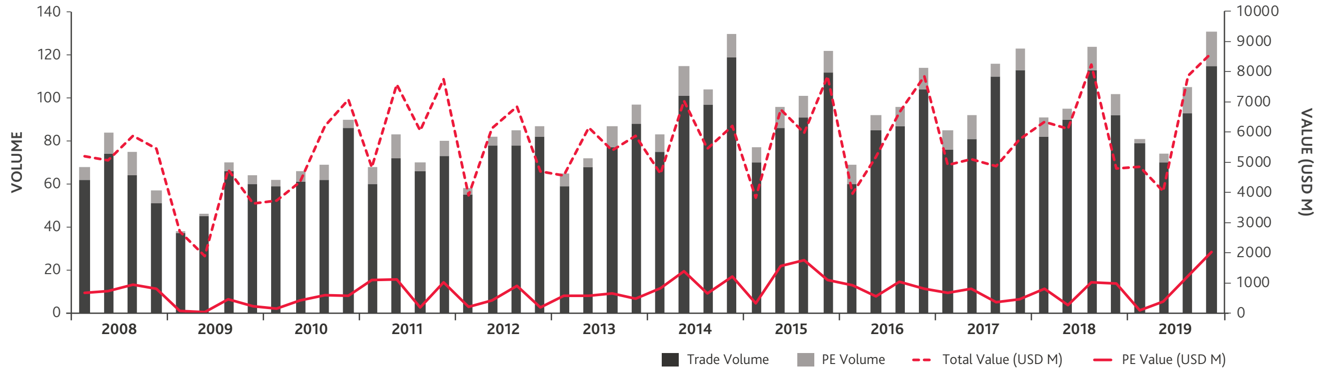
The Business Services and Industrials & Chemicals sectors were the most active in 2019, with 77 and 64 transactions, respectively. Business Services experienced the largest increase, up 31% on 2018 volumes, while Pharma, Medical & Biotech declined the most, down 52%.

KEY DEALS

The largest deal in Q4 2019 was Virgin Australia Holdings Limited's USD 478m buy back of Hong Kong based PE firm, Affinity Equity Partners' 34.82% interest in Velocity Frequent Flyer Pty Ltd. The move returned to Virgin 100% control of its frequent flyer rewards programme, which was previously sold to Affinity for USD 231m in 2014. The next largest transaction was SeaLink Travel Group Limited's USD 428m acquisition of 100% of Transit Systems Pty Ltd, Tower Transit Group Ltd and their broader group of entities, together Australia's largest private operator of metropolitan public bus services and an international bus operator in London and Singapore.

Other notable Q4 transactions included China Mengniu Dairy Company Limited's acquisition of Lion-Dairy & Drinks Pty Ltd from Japanese Kirin Holdings Company Limited for USD 407m. The purchase of Kirin's Lion Dairy & Drinks business in Australia covers Lion's milk-based beverages, juice, water ice brands, and yogurt brands including Dairy Farmers, Pura, Dare,

PE/TRADE VOLUME & VALUE



Farmers Union, Yoplait, Daily Juice, The Juice brothers, and Berri. A consortium comprising Dutch entity, Royal Schiphol Group and the Australian Government owned QIC Limited, acquired a 70% stake in Hobart International Airport Pty Ltd for USD 403m from Tasplan Pty Ltd and Macquarie Infrastructure and Real Assets. Additionally, Chevron Corporation purchased all shares and equity interests in Puma Energy (Australia) Holdings Pty Ltd, a global energy business, for USD 291m.

Across the ditch in New Zealand, Ferrovial, S.A. divested its New Zealand and Australian services subsidiary, Broadspectrum Limited, to Ventia Pty Limited, a specialist infrastructure services provider in New Zealand and Australia, for USD 336m. NZX-listed Kathmandu Holdings Limited acquired Rip Curl Group Pty Ltd for USD 235m, in the process creating a USD 660m global outdoor and action sports company anchored by two iconic Australasian brands. The Trans-Tasman dental company, Abano Healthcare Group Limited, known for its key brands Lumino the Dentists in New Zealand and Maven Dental Group in Australia, was acquired by Australia-based private equity firm, BGH Capital and the Ontario Teachers' Pension Plan for USD 183m under a scheme of arrangement.

International investment in Australia remained a significant contributor to total deal value in Q4 2019, with five of the top 10 deals involving foreign bidders, and representing 17% of total Q4 total deal value.

LOOKING AHEAD

The year ahead looks to be another of strong M&A activity with 691 deals under consideration, continuing record low interest rates, and foreign interest remaining strong due to New Zealand and Australia's respective stable Governments and strategic proximity to the Asia-Pacific region.

Commentators are also suggesting that there will be an improvement in global political relations in 2020, which will help drive M&A confidence. This includes a strong UK Election victory and continued progress in US-China trade relations. However, stability and relations at global government levels can change quickly, which can affect large cross-border M&A deals.

Our analysis indicates that most active sectors with regard to M&A activity will be Energy, Mining, & Utilities, and TMT, with 117 and 111 transactions under consideration, respectively. These sectors are closely followed by the Consumer and Pharma, Medical & Biotech sectors, with 92 and 89, deals in the pipeline.

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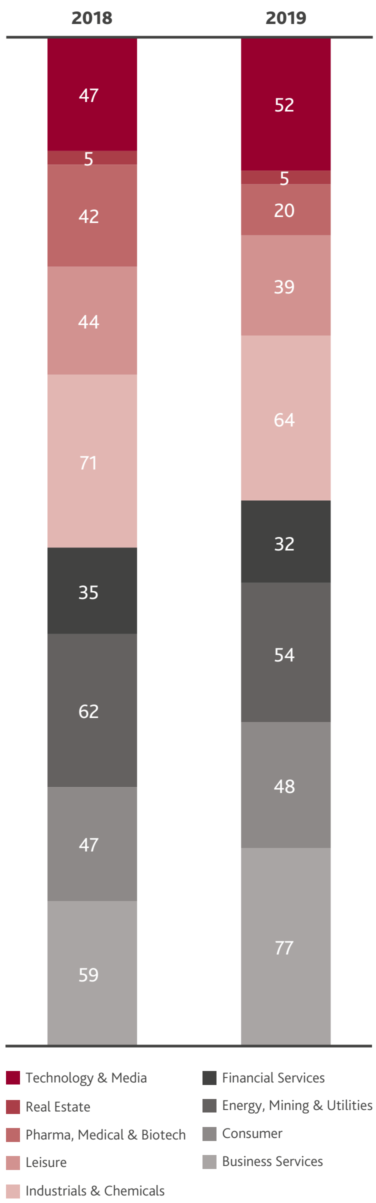
AUSTRALASIA
HEAT CHART BY SECTOR

Energy, Mining & Utilities	117	17%
TMT	111	16%
Consumer	92	13%
Pharma, Medical & Biotech	89	13%
Business Services	85	12%
Industrials & Chemicals	85	12%
Financial Services	60	9%
Leisure	33	5%
Real Estate	19	3%
TOTAL	**691**	**100%**

AUSTRALASIA
MID-MARKET VOLUMES BY SECTOR



SECTOR VIEW

P41

NATURAL RESOURCES

KEY POLITICAL EVENTS CONTINUE TO IMPACT COMMODITY PRICES

P43

TMT

WILL NEW HOTSPOTS AND NEED-TO-HAVE TECHNOLOGIES CREATE A BOUNCE-BACK?

NATURAL RESOURCES

KEY POLITICAL EVENTS CONTINUE TO IMPACT COMMODITY PRICES

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Key global political events had a significant influence on commodity prices in the six months to December 2019. The US–China Trade War has fuelled volatility in financial markets, adversely impacting commodity prices. On 15 December 2019, however, the US and China progressed to the Phase One trade deal, providing some optimism for global financial markets.

US sanctions on Iran, after the attack on Saudi oil fields, will continue to underpin the global crude oil market. As a result of uncertainties surrounding the oil and gas supply in the region, prices have continued to increase. The Oil and Gas sector has seen a slowdown in M&A activity during the period, however it remains the most active sector, with the largest number of M&A mid-market transactions. This included the acquisition of the ConocoPhillips Company's 30% interest in Greater Sunrise by Dili for USD 300m. The sector also saw the largest M&A deal in second half of 2019, with Occidental Petroleum acquiring Anadarko Petroleum Corporation for USD 57bn.

The upcoming US presidential election in November 2020 will likely support ongoing volatility in the commodities markets, as uncertainty in future policies and political agendas increases.

OVERALL M&A ACTIVITY

During the second half of 2019, a total of 192 M&A mid-market transactions closed in the Natural Resources sector globally. M&A targets were headquartered in 40 jurisdictions, with just under half of these transactions taking place in the US or Canada, which remain the primary markets for M&A activity. China continued to show growth in the number of mid-market M&A transactions, accounting for over 11% of all deals. The increase in the number of M&A mid-market transactions in China was predominately due to an increase in interest in Diversified metals.

Diversified metals, including lead, zinc, copper, nickel and tin, have seen an increase in the number of M&A mid-market transactions globally too, as companies look to secure future supply chains for rare earth elements and battery minerals in particular. In May 2019, Highlands Pacific Limited was acquired by Cobalt 27 Capital Corp for USD 70m.

INDUSTRY CLASSIFICATIONS	TOTAL	TRANSACTION VALUE US D M
Oil and Gas Exploration and Production	58	9,934
Diversified Metals and Mining	33	5,544
Oil and Gas Storage and Transportation	22	5,287
Steel	20	3,501
Gold	19	2,896
Coal and Consumable Fuels	11	1,835
Oil and Gas Refining and Marketing	8	1,433
Oil and Gas Equipment and Services	10	1,206
Copper	5	870
Aluminium	3	546
Oil and Gas Drilling	1	389
Precious Metals and Minerals	2	288
TOTAL	**192**	**33,729**

TARGET COMPANY HEADQUARTERS	TOTAL	%
United States	69	35.90%
China	26	13.50%
Canada	22	11.50%
Australia	16	8.30%
United Kingdom	5	2.60%
Other	54	28.10%
TOTAL	**192**	**100%**

The gold price continued to strengthen throughout 2019, increasing to more than USD 1,500 per troy ounce in late December 2019. The increase reflects the uncertainty surrounding the US–China trade war and volatility in the financial markets, as investors flock to the safe haven of gold. The strong price performance also led to an increase in mid-market M&A transaction activity in the sector. In July 2019, Resolute Mining Limited acquired Toro Gold Limited for USD 274m and in November 2019, Saracen Mineral Holdings Limited purchased the 50% stake in the Super Pit from Barrick Gold for USD 750m. Following this transaction, Northern Star Resources Limited completed the acquisition of the other 50% stake previously owned by Newmont Goldcorp Corporation, valued at USD 800m.

Nickel remained the best performing base metal in 2019, despite a price fall in the last quarter of 2019. The overall rise in the nickel price during the year was a consequence of supply concerns, due to a potential ban on the export of unprocessed ore in Indonesia, which accounts for 9% of global mined nickel.

Silver also saw a price increase from just over USD 15 per troy ounce in June 2019 to just under USD 18 per troy ounce in December 2019. Like gold, the increase was driven by investors favouring the security of precious metals.

A decline in the demand for steel from China, due to falling car sales and the country's war on pollution, resulted in a strain on iron ore prices. The price fell from over USD 110 per tonne in June 2019 to USD 85 per tonne in December 2019, as steel producers looked to reduce expenditure on lump ore, due to the thin steel margins.

OUTLOOK

Mergermarket's Heat Chart indicates that Greater China and Australasia will see increased M&A activity in 2020, with a high level of anticipated transactions, while North America will also remain a region with strong M&A activity in the sector. In other regions, the overall number of anticipated transactions is predicted to be slightly lower, however the sector will continue to account for an important proportion of anticipated M&A transactions, particularly in Africa (29%) and Latin America (16%).

HEAT CHART BY GEOGRAPHY

Greater China	246	9%
North America	231	9%
Australasia	117	17%
South East Asia	77	11%
Latin America	74	16%
UK/Ireland	63	11%
CEE & CIS	62	8%
Africa	54	29%
Southern Europe	48	7%
TOTAL	**1,849**	**117%**

TMT

WILL NEW HOTSPOTS AND NEED-TO-HAVE TECHNOLOGIES CREATE A BOUNCE-BACK?

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A drop in mid-market M&A deal numbers across traditional hotspots for technology, media and telecommunications deals was counterbalanced by rising activity elsewhere.

Deal volume was down across North America, Europe, China and Northern Asia, contributing to the slowest Q4 in years. 2019 deal numbers were also well below those for 2018.

Most strategic and financial buyers have no shortage of available capital, so the downturn may be related to buyer confidence and geopolitical uncertainties, such as the ongoing trade dispute between China and the US. Furthermore, the mismatch between expected valuations and actual valuations, famously epitomised during 2019 by the WeWork saga and Uber's post-IPO struggles, may also be a contributing factor.

The US election, China's attempt to bounce back from the lowest growth rate for decades, and the Brexit endgame on the event horizon, mean that 2020 could potentially see a continuation of lower deal activity in these markets.

LOOKING ELSEWHERE FOR GROWTH IN TMT DEALS

In contrast, deal TMT numbers rose in Israel, while Latin America saw TMT deal activity nearly double. Australia, parts of Southern Asia and India also saw increased activity.

Each region has unique offerings that look promising for 2020. Israel's growing tech scene keeps attracting new investments, often from abroad. Australia's ASX exchange and superannuation funds are an effective combination, creating a strong IPO and investment ecosystem. In India, activity is partly driven by the likes of Amazon, Walmart and SoftBank competing for market positions in India's online shopping space. Lower cost of services and technology and the rising number of middle-class households able to purchase services and products provide a tantalising incentive for further investments. The same dynamic applies to regions of Southern Asia and Latin America.

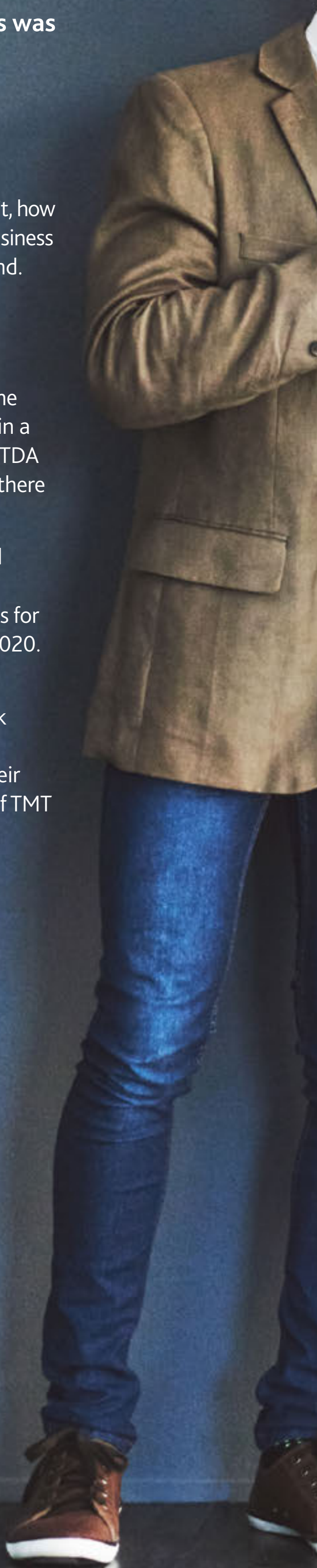
DATA TECHNOLOGIES CONTINUALLY MORE NEED-TO-HAVE

Data is often described as the new oil. What you can do with it, how you can move it, and how you keep it secure are crucial business aspects for companies across the TMT sectors and beyond.

Our recent analysis of technology predictions for 2020 showed that analysts, industry insiders and CEOs overwhelmingly point to AI as a disruptive force that has gone from nice-to-have to a necessity. M&A looks like one of the most efficient tools to procure talent or solutions in a market starved of expertise. This could lead to higher EBITDA valuations in 2020, but with so many interested buyers, there is likely to be increased activity.

2019 saw the launch of the first 5G networks and related services will play a huge role as telecommunications companies stake out market shares and ready themselves for increased competition. A similar picture looks likely for 2020.

Data security continues to be challenged, as hackers and cybercriminals develop new, sophisticated tools to attack companies. New regulations, such as EU's GDPR, and increased customer focus on what companies do with their data will lead to cybersecurity being another subsector of TMT that could see a strong 2020.



SOME OF OUR RECENTLY COMPLETED DEALS

bavak SECURITY GROUP

OxGreenfield, together with the CEO, purchased a majority stake from the sellers.

January 2020

SCHILLER GROUNDS CARE

Schiller Grounds Care, Inc. has announced its divestiture of BOB-CAT Mowers and the Steiner and Ryan brands to Doosan Bobcat Inc. (S. Korea:KRX)

DECEMBER 2019

BERMAD CS LTD.

Served as exclusive financial advisor to Bermad CS LTD., on a 20% purchase by Tama Group

DECEMBER 2019

GROUPE PLAIRE

Acquisition of GROUPE PLAIRE, a group of 5 companies specialized in real-estate development and in residential house building, by HEXAOM, a listed group leader on the french house building market

DECEMBER 2019

ORAL CARE

Lead buy-side advisor in Oral Care's acquisition of Tannlegesenteret AS

NOVEMBER 2019

HEGGLI AG

The company Heggli AG sells its division "Recycling, Dump Service, Winter Services" to Schneider Umweltservice AG.

NOVEMBER 2019

POSERA LTD.

BDO provided sell-side advisory services to Posera, a leading provider of touch screen Point of Sale software solutions to the food & beverage, hospitality and payment solutions industries

NOVEMBER 2019

WME

Advisor to seller, sale of WME AS to IKM

NOVEMBER 2019

alpha college of English

BDO provided sell side advice to the owners of Alpha Colleges on the disposal to the Twin Group

NOVEMBER 2019

gosweetspot reinventing courier & freight

BDO Auckland acted as Sell-side Advisor for the sale of 33.3% of Sweetspot Group Limited to Freightways Limited

OCTOBER 2019

OCT Office & Computer Transport

BDO acted as exclusive financial advisor to the owners in the sale of OCT Transport to Eqivate

OCTOBER 2019

LINKFRESH Driving Growth Through ERP

BDO advised LinkFresh Software on its sale to Aptean inc

OCTOBER 2019

BDO has advised SDS Holdings on the sale of IMD Group to Chiltern Capital

August 2019

HKA GLOBAL, INC

BDO has advised HKA Global, Inc., a Bridgepoint Development Capital portfolio business, on its acqusition of The Kenrich Group Holding Corporation

JULY 2019

ALDEA LA QUINTA

BDO acted as financial advisor to Aldea La Quinta in the disposal of its Spanish elderly care operations located in a 100 bed premium elderly home in Marbella

JULY 2019

Advisor to the shareholders of gbtec on the sale of a majority stake to Main Capital

JUNE 2019

European House of Beds acquired by Capidea. Acted as financial adviser to seller

JUNE 2019

BDO Capital Advisors, LLC served as exclusive financial advisor to Avista Technologies, Inc. and Avista Technologies (UK) Ltd. in their sale to Kurita Water Industries, Ltd. (TSE:6370)

MAY 2019

European Dental Group (Nordic Capital) acquired a majority stake in MondzorgPlus

APRIL 2019

CMS ACQUISITION COMPANY LIMITED

MBO of CMS Acquisition Company, backed by Maven Capital Partners LLP

MARCH 2019

PROMETEIA SPA

Financial Advisor to Company

MARCH 2019

FRAPORT SE

Financial advisor to Fraport SE on the sale of Energy Air GmbH to Mainova

JANUARY 2019

Sale of Core Management Logistics to Rhenus Logistics

JANUARY 2019

AHOROUTA OY

Alma Mediapartners, a Alma Media Group company, acquired Katsastushinnat.fi. BDO acted as a lead advisor to Katsastushinnat.fi.

JANUARY 2018

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Data compiled by Acuris.

We focus on the middle market, defined as deals with a value from $5m to $500m in US Dollars.

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