HORIZONS

BDO'S GLOBAL VIEW OF MID-MARKET DEAL ACTIVITY

MERGERS&ACQUISITIONS ISSUE 3 | 2019

WESTERN AUSTRALIA

MINERAL-RICH AUSTRALIAN STATE ENTICES INTERNATIONAL INVESTORS

BDO

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BDO GLOBAL CORPORATE FINANCE

1,440 **COMPLETED** DEALS IN 2018

WITH A TOTAL **DEAL VALUE** OF **$81.4bn**

36% **PRIVATE EQUITY** DEAL INVOLVEMENT

28% OF OUR DEALS ARE **CROSS BORDER**

ONE OF THE MOST ACTIVE ADVISORS GLOBALLY*

AN **AWARD WINNING** **CORPORATE FINANCE** BUSINESS

2,000 CORPORATE FINANCE **PROFESSIONALS**

100 COUNTRIES PROVIDING DEDICATED **CORPORATE FINANCE SERVICES**

*4th leading DD provider – Mergermarket global accountant league tables 2018
5th leading M&A advisor - Thomson Reuters mid-market Europe 2018 Financial advisor

WELCOME

WELCOME TO THE THIRD EDITION OF HORIZONS IN 2019, IN WHICH BDO M&A PROFESSIONALS AROUND THE WORLD PRESENT THEIR INSIGHTS ON MID-MARKET DEAL ACTIVITY AND TRENDS.

As we write this welcome, we are looking ahead to our BDO Asia Corporate Finance conference, which this year is taking place on Perth in Australia. We are expecting delegates from across the whole of Asia along with a number of guest speakers from corporates, private equity, law firms and the Chinese Chamber of Commerce. The theme of the conference is working together to lead in our markets and to unearth ideas for our clients.

The global M&A market has continued the year with a marked dip in deal activity compared to recent years, although the second quarter was better than the opening quarter.

In the "Global View" article, we take a closer look at this market data and ask the question as to whether this represents a new global paradigm or the shorter-term impact of global trade tensions. Despite the decline, the BDO Heat Charts for predicted global deal activity still reveal reasons to be optimistic over the outlook.

As usual, we also look at the global themes that are influencing M&A and we continue to believe that they are in favour of maintaining momentum in the market in the medium to long term. In the short term however, political factors especially in the US and China are having an impact. Despite these issues, we believe that strategic drivers, cash and opportunities will continue to fuel M&A activity.

In this edition, we have a special "Western Australia" article, where we ask if the mineral rich state can entice international investors. M&A activity in the region has seen its fourth year of growth with mid-market deals to the fore and natural resources dominating. Whilst China has been the leading international investor, capital inflows from the US are expected to increase.

In the "Sector View" articles, also written by our Australian M&A team, we examine Natural Resources, Healthcare, TMT and Consumer & Retail with a focus on that side of the world. In Natural Resources, macro-economic events continue to influence deal activity. In Healthcare, the sector maintains consistent global deal activity. TMT meanwhile emerges as the leading sector in this subdued period of global M&A activity. In Consumer & Retail we look at how technology is transforming the retail experience as millennials come of age.

In summary, we believe slowdown in M&A activity seen during 2019 is due to the adverse impact of global trade tensions rather than the emergence of a new paradigm. The underlying fundamentals of abundant cash and cost of debt provide us with confidence.

We hope you enjoy this edition of Horizons whilst progressing deals in interesting times.

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GLOBAL VIEW

A NEW GLOBAL PARADIGM OR THE SHORTER-TERM IMPACT OF GLOBAL TRADE TENSIONS?

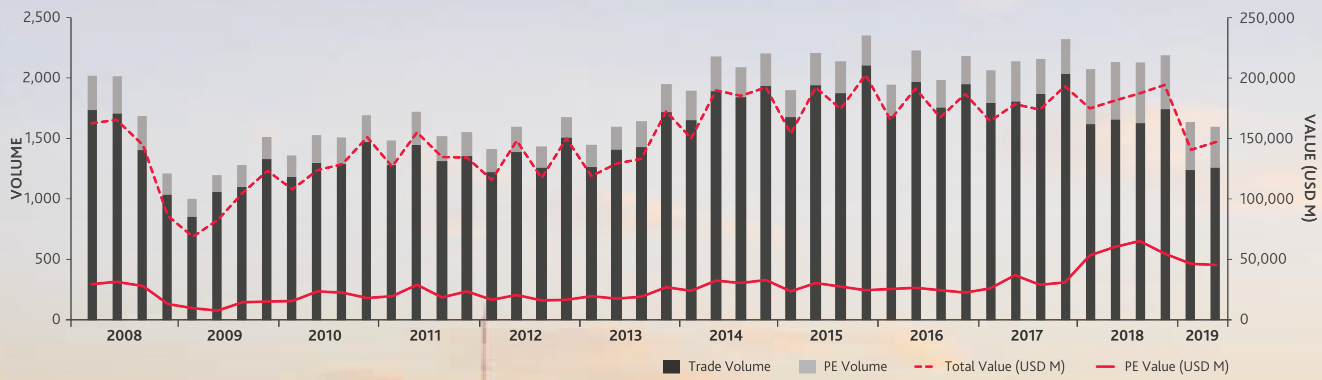
For the second period in a row, global mid-market deal volumes stood at a markedly lower level of just over 1,600 deals per quarter. This contrasts with around 2,000 deals per quarter in the five years from 2014 to 2018. Aggregate deal value showed a slight recovery to just under USD 150bn on the start of the year. This leaves us asking if global M&A markets are now back to pre-2014 levels?

Once again, the lower level of activity is across strategic and financial buyers alike, although private equity-led deals have continued to fall and trade deals have marginally picked up on the opening period of the year. Again we note that there is plenty of capital available to both groups of buyers and therefore maybe this is a short-term confidence issue in the face of continued uncertainty around US:China trade, Brexit and the like or it could be the case that there just aren't as many suitable targets available.

When we look deeper at individual regions and countries, the major driver of the decline is the US and China. These two major economies and engines of global M&A accounted for over 80% of the global decline in 2019. The UK, Southern Europe, Latin America, South East Asia and Australasia have also seen notable declines but elsewhere the picture is more stable.

All sectors have been impacted by the global reduction in M&A activity, which is not a surprise given the number of regions involved. The two major sectors of Industrials & Chemicals and TMT are both running at lower deal volumes, although TMT levelled out in Q2 while Industrials & Chemicals continued to decline.

GLOBAL MID-MARKET M&A



THE OUTLOOK LOOKS BETTER

The BDO Heat Charts of predicted deal activity once again make much happier reading. They show that there are just over 8,300 rumoured mid-market deals around the world. This is noticeably up on the last quarter of just under 8,000 and corresponds to over a year's pipeline of deals at 2014-18 levels of quarterly volumes of completed transactions. This supports the view that there is no shortage of capital available and suggests that the slowdown in M&A activity seen during 2019 is due to the adverse impact of global trade tensions rather than the emergence of a new paradigm.

GLOBAL BDO HEAT CHART BY REGION AND SECTOR

	Technology & Media	Industrials & Chemicals	Consumer	Business Services	Energy, Mining & Utilities	Pharma, Medical & Biotech	Financial Services	Leisure	Real Estate	TOTAL	%*
North America	703	353	224	224	395	218	169	73	23	2,382	29%
China	203	367	128	169	106	85	89	46	57	1,250	15%
Southern Europe	88	124	138	73	26	39	41	25	15	569	7%
CEE & CIS	134	162	106	75	34	46	45	40	16	658	8%
Australasia	78	59	63	62	46	44	43	22	10	427	5%
South East Asia	69	82	74	69	23	53	34	28	38	470	6%
UK & Ireland	90	46	56	61	35	34	44	33	9	408	5%
Latin America	73	58	69	63	17	57	31	17	3	388	5%
DACH	59	110	58	32	20	8	21	6	3	317	4%
Other Asia	102	82	33	23	40	7	22	11	6	326	4%
Nordic	55	54	24	30	24	16	14	9	2	228	3%
Benelux	32	36	39	31	18	7	9	7	3	182	2%
India	63	41	24	24	14	6	37	8	4	221	3%
Japan	41	45	35	25	14	3	8	13	9	193	2%
Africa	14	36	21	23	2	37	17	2	8	160	2%
Israel	36	21	6	11	16	3	5	1	1	100	1%
Middle East	9	4	4	3	2	6	5		2	35	0%
TOTAL	1,849	1,680	1,102	998	832	669	634	341	209	8,314	100%
	22%	20%	13%	12%	10%	8%	8%	4%	3%	100%	

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

GLOBAL THEMES INFLUENCING M&A

Despite the sharp decline in M&A activity so far in the current year as already outlined, we still believe there are multiple factors that will drive deal flow, including:

Strategic buyers still dominate global deal flow – over 80% of global deals are led by strategic buyers but they remain selective and high prices can limit appetite.

Larger groups have been divesting of 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, private equity should 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 represent one in three 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 is currently a major factor – US and Chinese M&A activity is being impacted by the current trade relationships and this is having a knock-on effect elsewhere.

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WESTERN AUSTRALIA

MINERAL-RICH AUSTRALIAN STATE ENTICES INTERNATIONAL INVESTORS

BIG PICTURE

- Natural Resources and supporting services are the primary target sector
- The majority of M&A activity occurs in the mid-market with targets being revenue-generating mature businesses
- Lithium and energy sector are rapidly growing areas of interest with the state government launching its 'Future Battery Industry Strategy' .

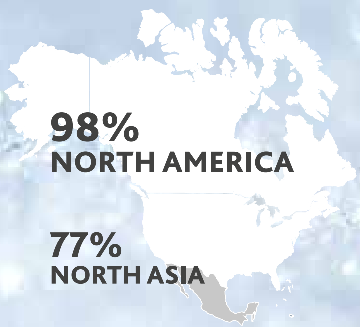
M&A activity in Australia has experienced its fourth year of growth with deals heavily focused in the mid-market, and the Natural Resources sector dominating the deal count. Western Australia (WA) is rich in minerals including iron ore, alumina, oil and gas, gold, lithium and other commodities enticing domestic and international investors to the state in search of their next target.

During the second half of 2019, M&A transactions in WA totalled over USD 5bn, with many deals taking place in the mid-market. Industries involved in the state's most recent transactions include, mining & construction, agribusiness, professional services, retail and technology.

Notably, two of WA's most established stockbroking firms and our most active advisory firm all have new owners, and the largest deals were those of WA retail giant, Wesfarmers, announcing bids for mines in the renewables and tech spaces.

International investment in Western Australia, historically dominated by China investing in large resources companies, is expected to increase, particularly from North American investors, due to caution being exercised in Asia as a result of the geopolitical tension between China and the US. Investors seeking stability elsewhere in the Asia-Pacific region are looking to Australia to expand their investment portfolio, primarily Western Australia, with Natural Resources being the dominant sector.

EXPECTED INBOUND M&A TO AUSTRALIA FROM:

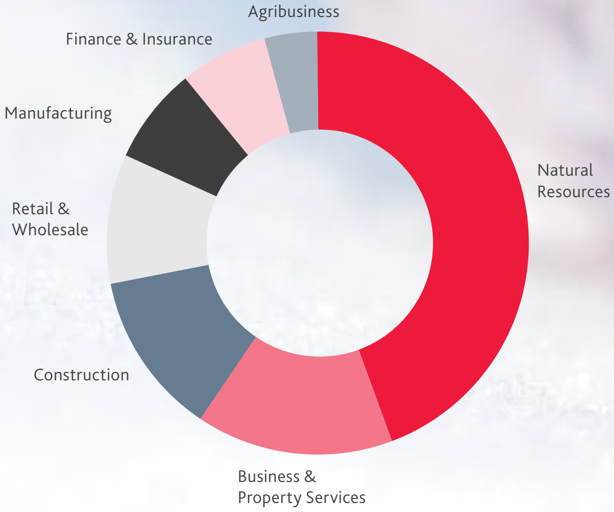


98%
NORTH AMERICA

77%
NORTH ASIA

42%
JAPAN / UK

MAJOR INDUSTRIES IN WESTERN AUSTRALIA



LOOKING AHEAD

Looking ahead, due to the global transition away from fossil fuels, Australia is set to invest heavily in renewable energy, as analysts predict growth in electric vehicle sales and energy storage. This transition is expected to drive a strong surge in demand for raw materials in the battery sector, including demand for the mineral lithium. WA currently exports 50% of the world's hard rock lithium concentrate and has five refineries in the pipeline including the Tianqi facility, tipped to be the largest lithium hydroxide plant in the world.

Furthermore, the state government has declared the battery market to be an important strategic focus for WA, recently announcing the implementation of the 'Future Battery Industry Strategy' and the 'Energy Transformation Taskforce' to champion the plan. Additionally, WA is also the third largest producer of cobalt and the fifth largest producer of nickel, chemicals used to build storage batteries, and with a rapidly growing market for electric vehicles, investment activity in Western Australia does not look like slowing down anytime soon.

PRIVATE COMPANY SALES – FIRST HALF OF 2019

Action Industrial Catering | Azure Capital | Blue Cow Cheese | Carr & Co | CSA Global | DJ Carmichael | Envar Engineering | GBF | Immersive Technologies | Infinite Energy | INX Software | Margaret River Premium Meat Exports | Margaret River Wine Production | Patersons Securities | Rosendorff | WA Profiling and WA Stabilising |

MERGERS & ACQUISITIONS IN WESTERN AUSTRALIA - FIRST HALF OF 2019

BIDDER	TARGET	VALUE (USD M)
Wesfarmers	Lynas Corporation	1048.46
Wesfarmers	Kidman Resources	543.34
AP Eagers	Automotive Holdings Group	444.78
Hancock Prospecting	Riversdale Mining	419.3
Wesfarmers	Catch Group	161
PharmaCielo	Creso Pharma	85.4
Chengtun Mining Group	Nzuri Copper	76.65
Sandfire Resources	MOD Resources	66.15
Primewest Funds	Trust owned by Blackstone	60.2
WND	Nuheara	57.75
Titan Minerals	Core Gold	53.69
Laguna Bay	McWilliams Wines' stake in Margaret River Wine Production	42

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GLOBAL

8,314 RUMOURED TRANSACTIONS

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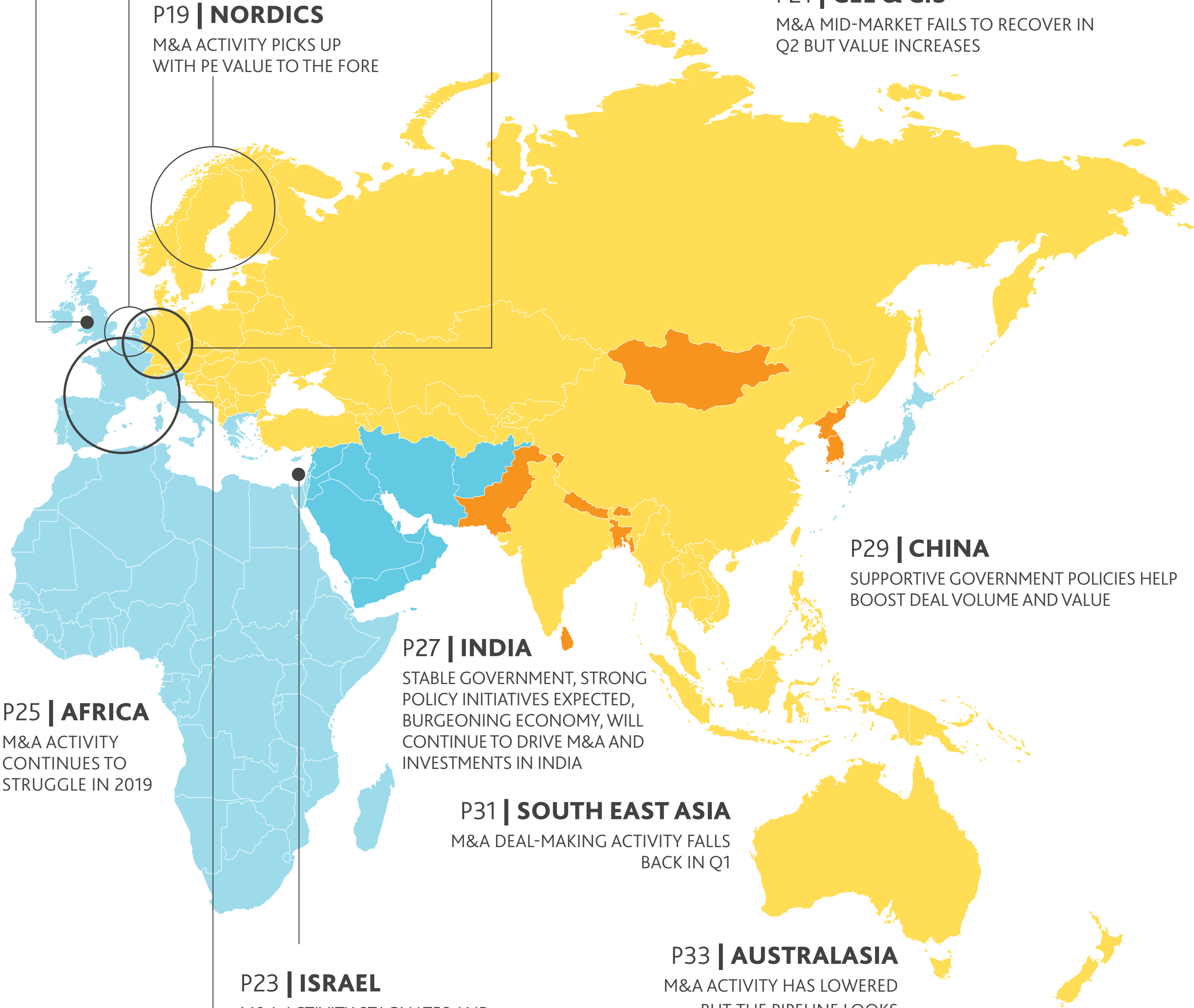

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DOWNWARD TREND CONTINUES WITH FALLS IN VOLUME AND VALUE

Key % movement

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

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

NORTH AMERICA

M&A PLAGUED BY VOLATILE MARKETS AND GROWING ECONOMIC AND POLITICAL CONCERNS

BIG PICTURE

- Overall deal count hits lowest level since Q2 2013
- Q2 2019 aggregate mid-market deal count down 27% year on year
- Strategic buyers cautious due to economic headwinds and uncertainty
- PE still active with 121 deals or 28% of total volume.

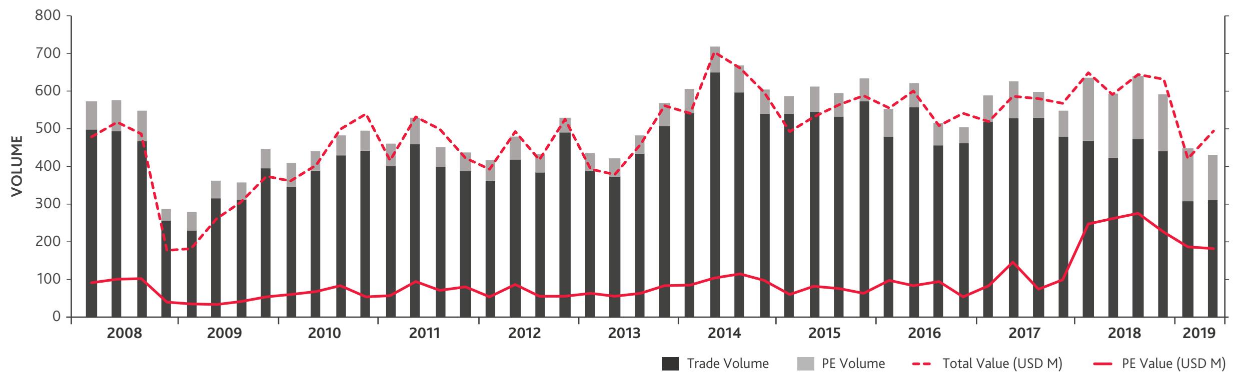
This sentiment is in stark contrast to 2018 where trade buyers were bursting with overwhelming optimism due to the enactment of US tax reforms, which included a significant cut in the corporate rate from 35% to 21%, generating billions of dollars in further profits – additional dry powder for an already buoyant M&A market. The overall M&A markets in North America were indeed robust in 2018 as mega-deals made a significant comeback and drove M&A dollar volume to the third highest level in a decade. As 2019 began, most market observers were cautioning that such enthusiasm could not last and the pace of deal activity had to slow – predictions that through the first half of the year have proved to be spot on.

While the M&A markets have slowed to a more normalised historic pace, North American equity markets continue to hit new highs propelled by better than expected earnings growth, low inflation and an expectation that the Fed will reverse course and cut interest rates in the coming months to kick-start an economy that has slowed from its frenetic pace in 2018. As a result, valuations and multiples continue 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. On the regulatory front, the Foreign Investment Risk Review Modernization Act, enacted in 2018, expanded the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS). Notably, interim regulations released by CFIUS in October 2018 have added to the dampening effect on Chinese investments in the US, particularly in the technology and biopharma sectors. Meanwhile, trade tensions between the US and China have escalated to the point that M&A timing and approvals are being directly impacted. Chinese companies, which went on an overseas binge three years ago, announced just USD 19bn in acquisitions, down about 74% from a year ago.

RETURN OF THE MEGA-DEALS

Beyond the M&A middle-market doldrums, 2019 has seen a resurgence in mega-deals in certain sectors, some of which have been relatively quiet in the recent past. For example, BB&T's USD 28.1bn bid for SunTrust Banks is the largest bank merger since the Great Recession. There also has been a wave of consolidation in the financial technology

PE/TRADE VOLUME & VALUE



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 trend of mega-deals in the biopharmaceutical space, while Chevron's USD 47.5bn purchase of Anadarko tops the list for the revived energy sector. The United States accounted for 21 of the 25 deals valued at more than USD 10bn worldwide, and the value of those deals made up 63% of the overall value of American mergers.

PE firms are still basking in piles of cash after yet another robust fundraising cycle and were happy to see the leverage loan market recover from a correction in late 2018. Total leverage ratios have recovered at least a half a turn of EBTDA while pricing has decreased. These developments continue to buoy North American PE activity, and this is expected to continue for the remainder of 2019.

LOOKING AHEAD

For the rest of 2019, M&A activity looks set to offer great promise given the underlying fundamentals of abundant cash, a steady (albeit volatile) economy, and the prospect of lower interest rates. Activity levels could certainly accelerate if progress is made on finalising trade and regulatory policy – especially with China. Unfortunately, political polarization and the failure of governmental authorities to enact pro-growth policies is likely to stymie any real momentum in deal-making over the balance of the year.

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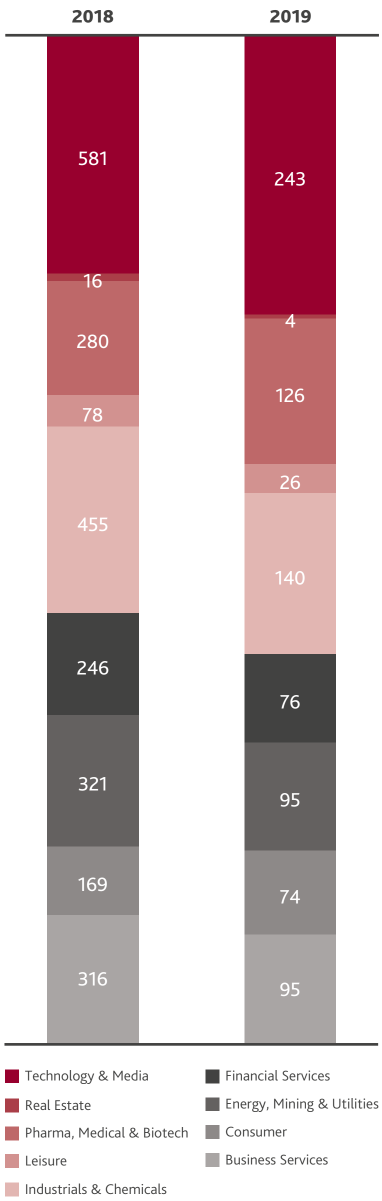
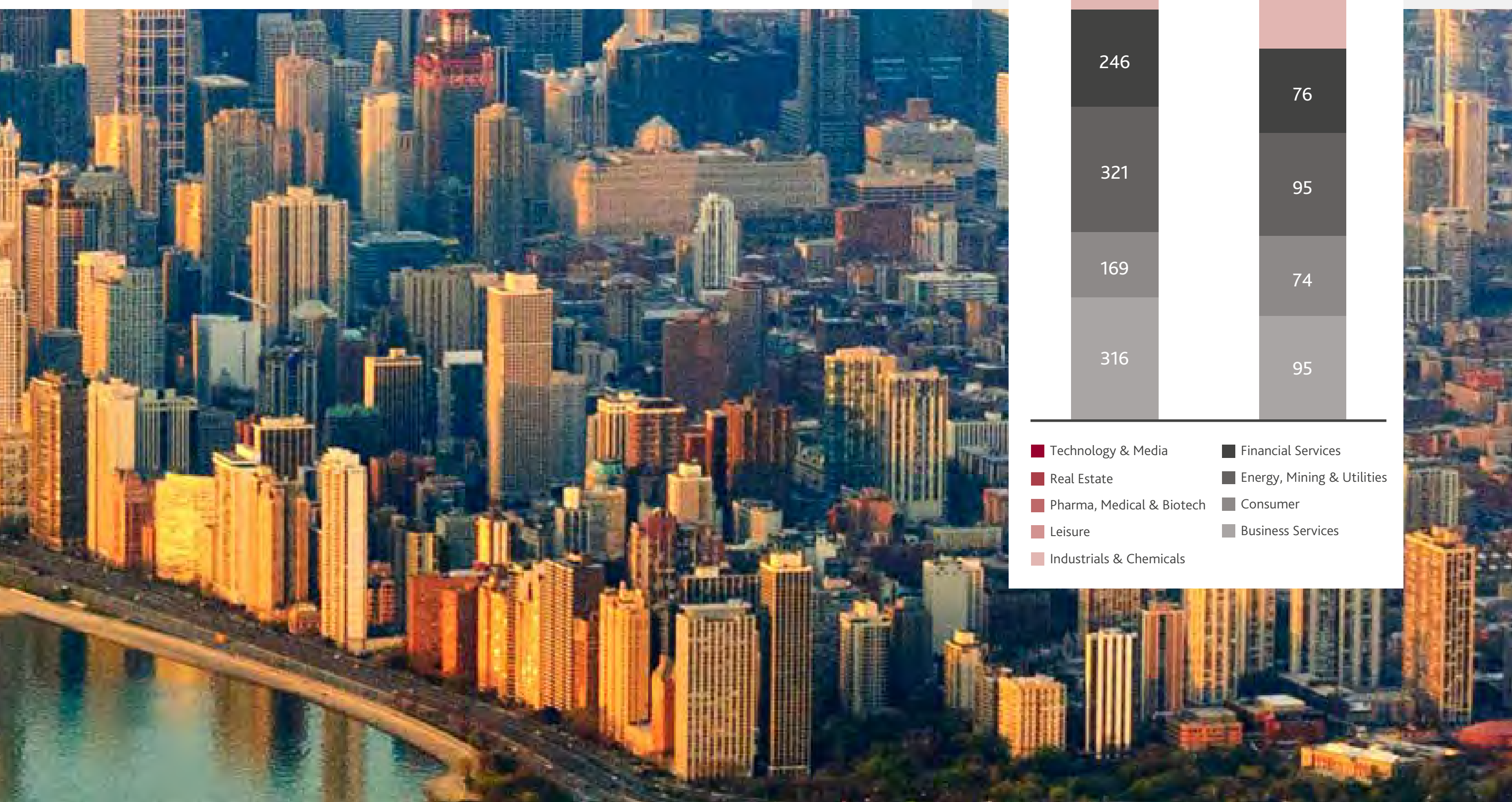
NORTH AMERICA
HEAT CHART BY SECTOR

TMT	703	30%
Pharma, Medical & Biotech	395	17%
Industrials & Chemicals	353	15%
Consumer	224	9%
Business Services	224	9%
Energy, Mining & Utilities	218	9%
Financial Services	169	7%
Leisure	73	3%
Real Estate	23	1%
TOTAL	**2382**	**100%**

NORTH AMERICA
MID-MARKET VOLUMES BY SECTOR





LATIN AMERICA

M&A STAGES SLIGHT RECOVERY AND PE ACTIVITY BOUNCES BACK

BIG PICTURE

- The Latin America market posted a slight recovery from the previous quarter with 62 deals closed, but was still below 2018 levels
- Brazil was the most represented country with 12 of the top 20 deals
- Energy, Mining & Utilities sector led the way with seven deals in the top 20. Business Services and Industrials & Chemicals sectors were the other prominent sectors in the quarter
- These sectors, together with TMT and Consumer, are expected to top the region's M&A activity in the coming periods
- The trade deal recently closed by the EU and Mercosur should boost the commerce between the partners and attract investments into Brazil, Argentina, Paraguay and Uruguay

Latin America's mid-market segment recorded 62 deals worth USD 5,868m in Q2 2019, which represented an increase compared to the previous quarter both in terms of volume and value. The overall value rose 13.1% in comparison with Q1 2019, mainly due to a higher value per deal (USD 94.6m and USD 86.5m, respectively).

PE transactions represented a significant improvement from the previous quarter. The 11 PE transactions in Q2 2019 were worth USD 1,162m, which accounted for 19.8% of the quarter's total value and an increase of 198.7% compared to Q1 2019.

The top 20 deals in the quarter were responsible for a big share of Latin America activity in Q2 2019. They were worth USD 4,742m and represented around 80.8% of the total value in the period.

Looking at the last 12 months, Latin America has seen a drop in the volume of deals compared to the previous last 12 months, falling from 344 to 272 deals, a decrease of 20.9%. In terms of value, there was also a decrease of 5.2%, despite the greater average value recorded in Q2 2019.

KEY DEALS AND SECTORS

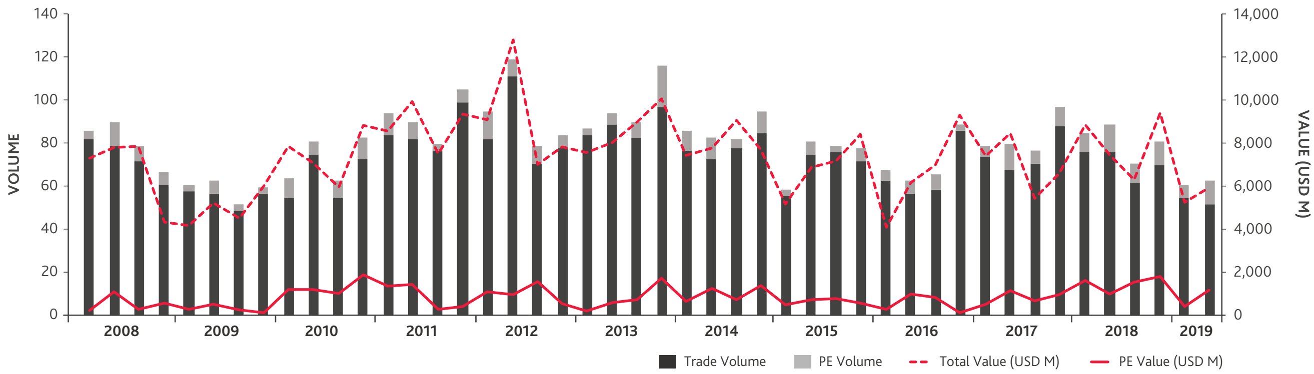
TMT sector led the way with 16 deals, accounting for approximately 25.8% of the deals in the period. Energy, Mining & Utilities and Industrials & Chemicals were also prominent, accounting for 13 and 10 deals respectively. These three sectors have dominated the first two quarters of 2019, combining for 58.2% of all the deals closed since the beginning of the year.

The top 20 deals were responsible for a big share of Latin America M&A activity in Q2 2019 and were worth USD 4,742m, representing around 80.8% of the total value transacted in the period. Brazil was the most targeted country, recording 12 out of the top 20 deals and responsible for more than half (58.0%) of the value generated by these deals. The other big deals were distributed among different countries such as Mexico and Panama, which had two deals each, followed by Argentina, Bermuda, Chile and Ecuador with one deal each. It is also worth noting that eight deals had bidder countries located outside Latin America, demonstrating the high levels of foreign interest in the region.

Looking at the quarter's five biggest deals, the target sectors were Energy, Mining & Utilities, with three deals, and Business Services, with two deals. Brazil was the target country in three of the region's five biggest deals.

The quarter's top deal was the acquisition of 49% of Sacyr Concesiones Chile, S.A. by the asset manager Toesca S.A. Administradora General de Fondos, both from Chile, for USD 495m, which will result in the creation of a new concession company called Concesiones Viales Andinas.

PE/TRADE VOLUME & VALUE



LATIN AMERICA
HEAT CHART BY SECTOR

TMT	73	19%
Consumer	69	18%
Business Services	63	16%
Industrials & Chemicals	58	15%
Energy, Mining & Utilities	57	15%
Financial Services	31	8%
Leisure	17	4%
Pharma, Medical & Biotech	17	4%
Real Estate	3	1%
TOTAL	**388**	**100%**

POLITICAL AND ECONOMIC CONTEXT

The Brazilian economy is at a turning point which will determine whether Latin America's largest economy will recover and flourish or remain stuck into recession. The election of Jair Bolsonaro to the presidency increased the optimism of investors and economists, which forecasted a resumption of GDP growth with the expectation of speedy approval of the reforms proposed by the new government. The pension reform, which is forecasted to save more than USD 260bn over the next 10 years, is expected to be approved during 2019 and has already been approved in the House of the Representatives in Congress. Any delay of the pension reform could hold back other much-needed reforms, such as tax system simplification, which could possibly unleash a series of investments in the country and start the recovery of investment grade status by Brazil.

On the other hand, M&A activity in Brazil may see an increase in the second half of the year due to the greater ease of investing in public assets. The main targets to be negotiated are assets related to the infrastructure sector, such as airports, railroads and highways. Private investors are waiting for a positive outcome of the pension reform votes to gain a clearer perspective on the Brazilian economy's future before releasing their capital into the country.

The positive forecast for the Brazilian economy, especially when pension reform is approved, could bolster investments in sectors that were deeply affected by the economic recession, such as Consumer and Retail.

LOOKING AHEAD

Latin America represents 5% of the global market with 388 deals announced or in course, as shown in the BDO Heat Chart. TMT is set to remain as the most represented sector, with 73 deals, followed by Consumer (69), Business Services (63), Industrials & Chemicals (58) and Energy, Mining & Utilities (57).

The recent trade deal closed by EU and Mercosur, which had been under negotiation for the last 20 years, should especially benefit exports for both sides but also attract investments into Brazil, Argentina, Paraguay and Uruguay. This movement will also strengthen the investment partnership with the EU, and will have broaden access to local markets with low tariffs and increase the possibility of being able to compete for public contracts.

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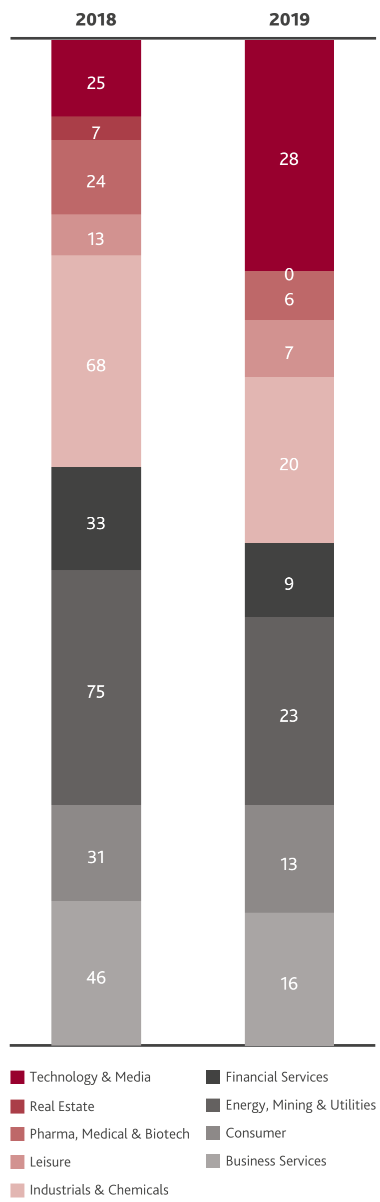
LATIN AMERICA
MID-MARKET VOLUMES BY SECTOR



UNITED KINGDOM & IRELAND

CONFIDENCE IN M&A PROSPECTS REMAINS DESPITE CHALLENGING DEAL ENVIRONMENT

BIG PICTURE

- Both the value and number of M&A transaction are down in H1 2019
- TMT remains the most in-demand sector in H1 2019
- Investors are willing to set Brexit uncertainty aside to execute strategic transactions
- M&A outlook for the remainder of 2019 remains positive despite an unpredictable macroeconomic climate.

There is understandable uncertainty within the UK and Irish deal-making community as well as that of inbound investors surrounding the outcome and consequences of the ongoing Brexit negotiations.

Brexit was initially planned for 29 March, but the UK government has agreed with EU leaders to delay the process to 31 October. Lack of clarity, combined with ongoing political turmoil in the UK and headwinds from the global economy, have dampened deal activity. Consequently, the first half of 2019 saw a decline in both deal volumes and values for UK & Ireland, as seen in the Mergermarket data behind the PE/TRADE VOLUME & VALUE graph on this page.

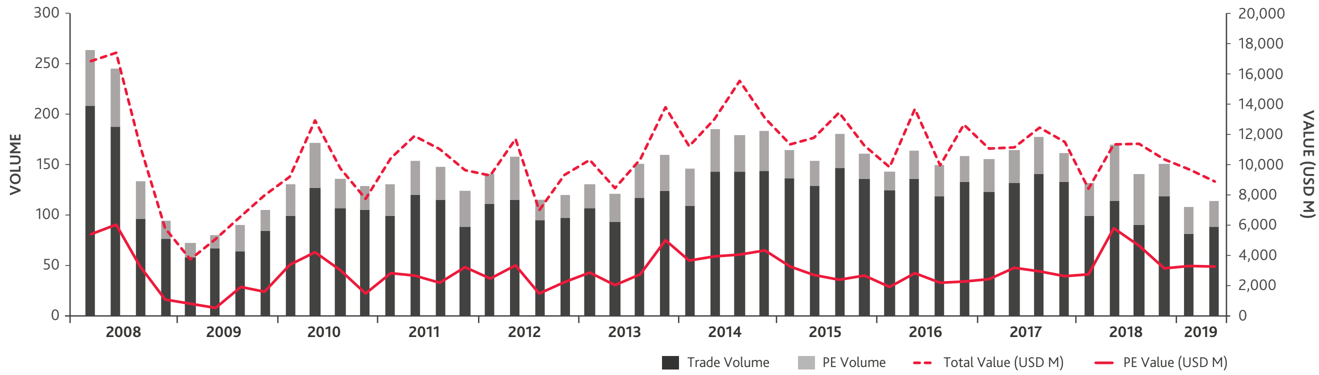
The second quarter of 2019 saw a 9% decline in deal values for UK & Ireland, while the deal numbers showed a 6% increase vs. the first quarter of 2019. Overall, 224 deals with a combined value of USD 18,873m were closed in H1 2019. Similarly, in both the first and second quarters, these deals were predominantly trade-led with only one in four being PE investments. In value terms, PE accounted for 34% in Q1 and 36% in Q2 of overall H1 deal values.

The drop in deal activity was experienced across a number of sectors in Q2 2019, particularly Leisure, Energy, Mining & Utilities and Industrials & Chemicals. In terms of in-demand sectors, TMT continues to attract high levels of interest, with 35 deals completed in Q2 and 21 deals in Q1. Similarly, Business Services had a strong half year, with 22 deals completed in Q2 and 21 deals in Q1, while Pharma, Medical & Biotech attracted increased interest from investors with 12 deals closed in Q2, vs only four closed in Q1, 2019 and eight deals closed in Q4 2019.

KEY DEALS AND SECTORS

For many investors, Brexit is an uncertainty that they are learning to manage and live with while taking immediate advantage of lower asset prices. While UK & Ireland deal values and volumes were trending downwards in H1 2019, some sectors were bucking the trend and corporate and financial investors are clearly willing to set political uncertainty aside to execute strategic transactions. This suggests that the outlook on deal activity could remain positive for the six months to the end of the year.

PE/TRADE VOLUME & VALUE



There is plenty of evidence that both corporates and PE investors are prepared to execute large strategic deals when opportunities arise; the UK & Ireland have attracted significant overseas capital for transactions in the USD 300m-USD 500m bracket, as evidenced by some of the key deals closed in Q2, 2019, including:

- TMT: US PE funds including BlackRock, Inc.; Baillie Gifford & Co Ltd and Andreessen Horowitz LLC acquired just under a fifth of UK-based Transferwise Limited for USD 292m at a USD 3.5bn valuation, effectively making this Europe's most valuable Fintech start-up;
- TMT: US PE funds TPG Capital LP and Insight Venture Partners LLC acquired Ireland-based Kaseya Limited for USD 500m;
- TMT: Canada's Entertainment One acquired UK's Audio Network Limited for USD 216m;
- Pharma, Medical & Biotech: Italian multinational Bracco S.p.A. acquired UK's Blue Earth Diagnostics Limited for USD 475m;
- Financial Services: Germany' Allianz SE went on an acquisition spree in the UK general insurance business space and acquired c.30% of Liverpool Victoria Friendly Society Limited for USD 460m, as well as the Legal & General Group Plc related business for USD 350m.

LOOKING AHEAD

Will Brexit uncertainty hold up M&A activity in UK & Ireland in the coming months? Looking ahead, the market intelligence in the BDO Heat Chart predicts a fairly strong level of activity in the region with 408 rumoured deals and continues to highlight TMT as the most active sector, with 22% of deals going forward expected to be tech-related. Large deals in data driven subscription-based business intelligence (such as AgriBriefing Ltd), cyber services/monitoring software (such as Kaseya Limited) and Fintech and payment solutions (such as Checkout Ltd, Monzo Bank, WorldRemit Limited or Transferwise Limited) were the headlines in Q2 2019 and the pursuit of disruptive and transformative tech companies by corporate and PE investors will continue despite substantial valuation tags. Significant deal activity is also expected in the Business Services (15%) and Consumer sectors (14%), while activity within sectors such as Leisure (8%) and Real Estate (2%) will remain muted.

Overall the M&A outlook for the remainder of 2019 remains positive despite an unpredictable macroeconomic climate. Valuations continue to hold firm as trade and PE buyers compete for quality businesses. Both local and inbound investors are showing signs of becoming more resilient as they seek out market opportunities to deploy increasing supplies of capital. Private equity houses active on the UK and Irish market have significant funds to invest; corporate balance sheets look similarly strong and there is well-priced debt to supplement available cash.

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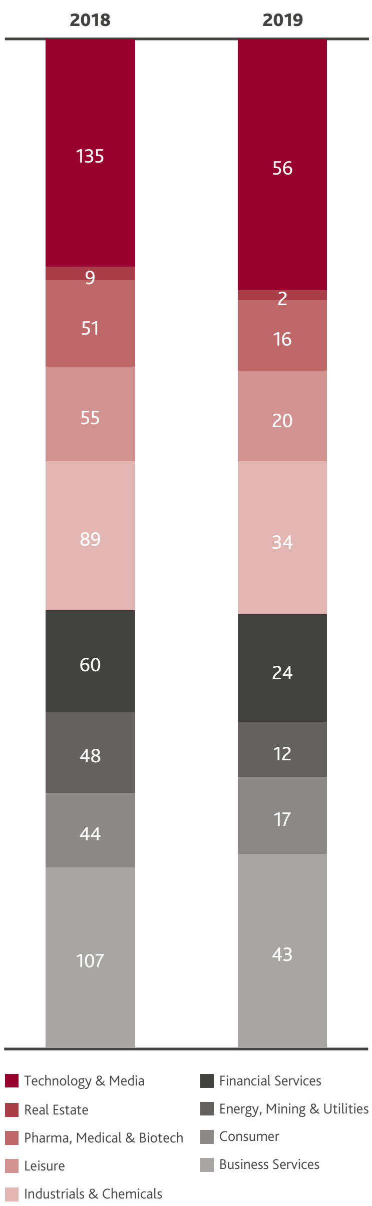
UNITED KINGDOM & IRELAND
HEAT CHART BY SECTOR

TMT	90	22%
Business Services	61	15%
Consumer	56	14%
Industrials & Chemicals	46	11%
Financial Services	44	11%
Pharma, Medical & Biotech	35	9%
Energy, Mining & Utilities	34	8%
Leisure	33	8%
Real Estate	9	2%
TOTAL	**408**	**100%**

UNITED KINGDOM & IRELAND
MID-MARKET VOLUMES BY SECTOR



SOUTHERN EUROPE

SLOW START TO THE YEAR FOR DEAL VOLUMES AND VALUES BUT AVERAGE VALUE RISES

BIG PICTURE

- Deal volumes and values declined further in Q2 2019
- Average PE deal size increased, reaching about USD 114m
- Industrials & Chemicals continued to lead the way in sector activity
- BDO Heat Chart predicts Consumer will become the most active sector.

The second quarter of 2019 was not a good period for M&A activity in Southern Europe as it has recorded only 116 overall transactions, with an aggregate value of USD 9.9bn, the lowest level since the third quarter of 2013.

This result confirmed the continuation of a negative trend that began in Q3 2018. Comparing Q2 2019 with the previous quarter, there was a decrease of approximately 12.12% in transaction volume and a decline of 10.62% in aggregate value. If we compare Q2 2019 with Q2 2018, we can see a sharper decline of 30.12% and 28.48% in the respective number of transactions and total value.

Looking at average deal size, Q2 2019 saw a slight increase compared to Q1 2019, with value growing from USD 83.91m in Q1 to USD 85.34m in Q2.

Southern Europe mid-market PE activity shows a similar deteriorating picture. The number of PE deals declined compared with Q1 2019, with only 43 transactions with an aggregate value of USD 4.9bn in Q2 2019, representing a decrease of 18.9% and 4.7% in terms of the volume and value of deals respectively. This performance also showed a drop compared to the corresponding quarter in 2018, when there were 50 PE buy-outs with a total value of USD 5.7bn. Despite the negative trends that dominated the quarter, there was a slight increase in the proportion of value of PE buy-outs over the total value of deals, going from 46.32% in Q1 2019 to 49.37% in Q2 2019.

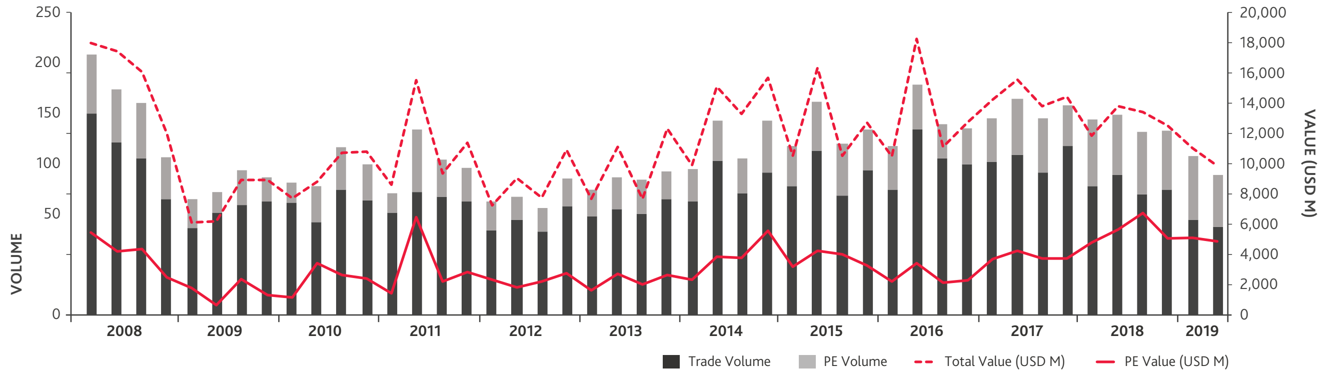
Although the number of deals and their value declined, the average PE deal size for the quarter increased considerably compared to the previous quarter, rising from USD 96.8m in Q1 2019 to USD 113.7m in Q2 2019.

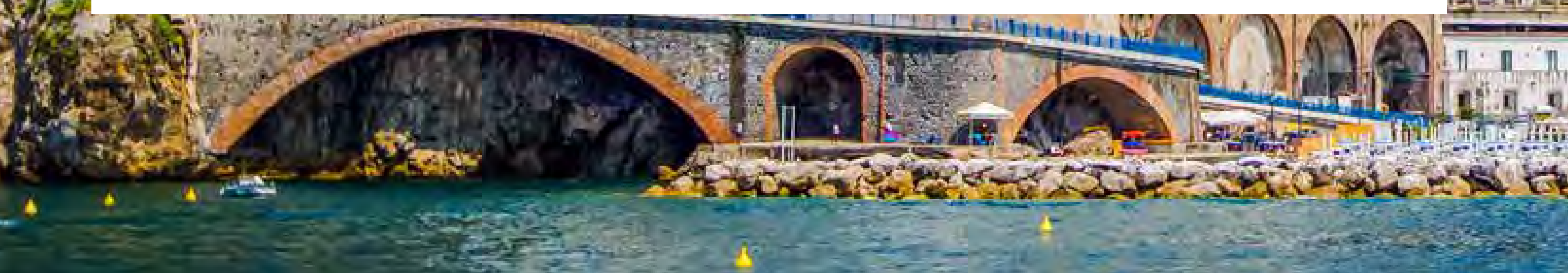
KEY SECTORS

In terms of the number of transactions, the most active and dominant sector in Q2 2019 was Industrials & Chemicals, with 28 deals. Overall, this sector accounted for 24.14% of Southern Europe's mid-market deals, followed by TMT (15.52%), Business Services and Consumer, with both sectors accounting for 14,66% each. Pharma, Medical & Biotech, Leisure and Energy, Mining & Utilities sectors were responsible for 11.2%, 8.62% and 7.76% of volume respectively. Financial Services, in contrast with the previous quarters, had a low number of deals, with only 2.59% of the overall volume. The least active sector was Real Estate, with only one deal in Q2 2019.

After recording a significant increase in Q1 2019, Business Services recorded 17 transactions in Q2 2019, a fall of 29.17% compared to the preceding quarter. Similarly, TMT had fewer transactions, from 27 in Q1 2019 to 18 in Q2 2019, and this performance represented the lowest volume for this sector since the beginning of 2017. Financial Services saw a sharp decline in Q2 2019, with just three transaction, its lowest level since 2014. The number of deals in Energy, Mining & Utilities and Consumer dropped by 25% and 15% respectively compared to Q1 2019. The sectors that showed an increase in the number of transactions were Industrial & Chemicals, Leisure and Pharma, Medical & Biotech with rises of 40%, +11.11% and +44.44% respectively compared to the preceding quarter.

PE/TRADE VOLUME & VALUE





KEY DEALS

The Top 10 mid-market deals totalled USD 3.3bn, which represented 33.2% of the overall transactions in Q2 2019.

The most important deal in terms of value was the acquisition of a 75% stake in Cypriot company ICR Cyprus Holdings Limited, which operates in the Leisure sector, by Melco Resorts & Entertainment Limited, a company located in Hong Kong, for USD 375m. The second largest transaction was the acquisition of Italian company Salcef Group S.p.A operating in the Industrials & Chemicals sector for USD 369m by Italian company Industrial Stars of Italy 3 S.p.A.. The third biggest deal was Santalucia Seguros S.A.'s acquisition of Spanish company Funespana SA. in the Business Services sector. Other transactions worthy of a mention were SIA S.p.A.'s acquisition of Grupo Empresarial Palacios Alimentacion, S.A. in the Consumer sector for USD 338m, and the acquisition of Italian company Nuova Castelli S.p.A. by Groupe Lactalis S.A. for USD 334m.

Looking at the make-up of the Top 10 deals, Italian companies were the most targeted, accounting for four transactions for a total of USD 1.3bn, followed by two Greek companies, two Spanish, one French and one Cypriot, which the most important deal in the quarter in terms of value.

Finally, the most attractive sector in the Top 10 deals was Industrials & Chemicals, which had three transactions with a total of USD 945m, representing 28.8% of the Top 10, followed by Consumer and Business Services with two deals each, and Leisure, TMT and Pharma, Medical & Biotech, all with one deal each.

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LOOKING AHEAD

Looking ahead, the BDO Heat Chart highlights that Southern Europe is predicted to achieve 569 PE deals, which would represent 6.8% of total global transactions. Consumer is expected to lead the way in the foreseeable future with 138 deals, accounting for 24.3% of the region's deals. Industrials & Chemicals sector follows with a forecasted deal count of 124 (21.8% of the total), followed by TMT and Business Services with 88 and 73 deals (15.5% and 12.8%) respectively. Overall these top four sectors are expected to account for 74.3% of the total number of future transactions in Southern Europe.

FOCUS ON ITALY: KEY DEALS AND SECTORS

There were several transactions that took place in the Italian market in Q2 2019 that are worth mentioning.

In April 2019 Ima Group, a designer and manufacturer of processing and packaging machinery, closed two important deals, namely the acquisition of a 70% stake in Spreafico Automation and a 61.45% stake in Tecmar. The first transaction was estimated to be worth around €11.7m, while the Tecmar deal saw a financial intervention by Ima of around €1.7m, of which €1.4m was paid at the closure of the deal with the remainder paid in May.

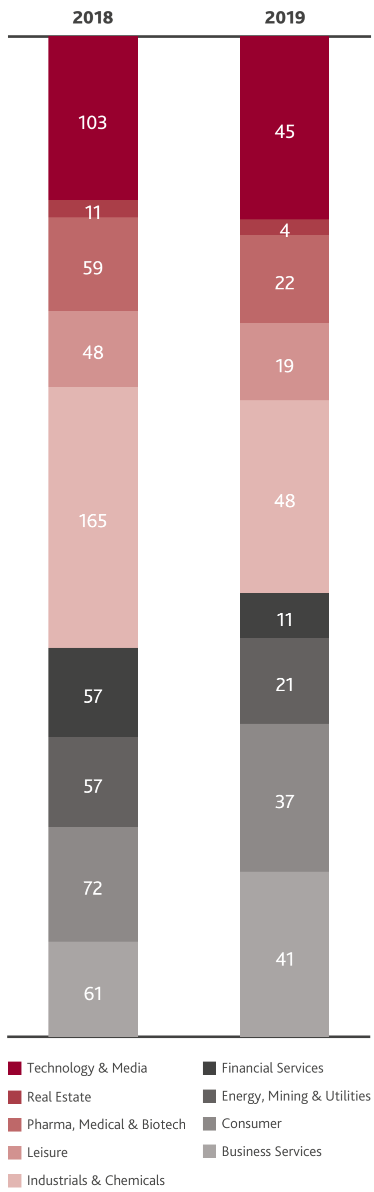
In June Digitouch, an Italian company listed on the Milan Stock Exchange, reached a deal to acquire 60% of Meware for €1.2m, following the agreement signed on May 2019. At the closing of the deal Digitouch paid the first tranche of €725k.

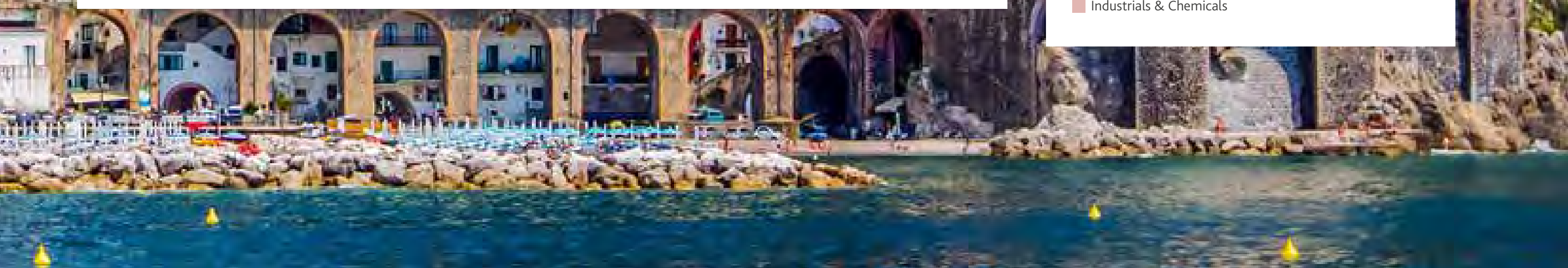
Finally, in May, Marchesini Group, an Italian company founded in 1974 that operates in the pharmaceutical packaging sector, finalised the acquisition of 60% of CMP PHARMA.

SOUTHERN EUROPE
HEAT CHART BY SECTOR

Consumer	138	24%
Industrials & Chemicals	124	22%
TMT	88	15%
Business Services	73	13%
Financial Services	41	7%
Energy, Mining & Utilities	39	7%
Pharma, Medical & Biotech	26	5%
Leisure	25	4%
Real Estate	15	3%
TOTAL	**569**	**100%**

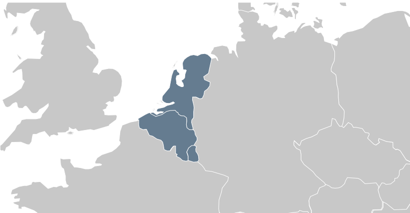
SOUTHERN EUROPE
MID-MARKET VOLUMES BY SECTOR





BENELUX

DEAL NUMBERS FALL AGAIN BUT AVERAGE DEAL VALUE RISES



BIG PICTURE

- Q2 2019 saw a low number of deals but average deal value increased
- With eight deals in Q2 2019, PE M&A activity volume fell from Q1 2019 (15 deals), but still accounted for 40% of the total deals and recorded high average deal value
- Four sectors (Business Services, Industrials & Chemicals, Pharma, Medical & Biotech and TMT) accounted for 80% of the quarter's deals.

Compared to Q1 2019, Q2 2019 saw a significant decrease in both the number of deals (from 34 to 20) and the overall deal value (down from USD 3.555m to USD 2.420m). However, average deal value rose from USD 104,6m to USD 121m. This was the highest average deal value recorded since Q4 2015.

PE accounted for eight transactions in Q2 2019, representing 59.5% of the overall deal value, which was a increase from the 36.7% recorded in Q2 2018. Transactions involving PE in Q2 2019 had an average deal value of USD 179.9m.

Looking at the global M&A trend, in Q2 2019 overall deal value increased, while the number of deals decreased. The Benelux did not follow this trend as it saw a decrease in overall total deal value as well as a decrease in the number of deals in Q2 2019.

KEY SECTORS

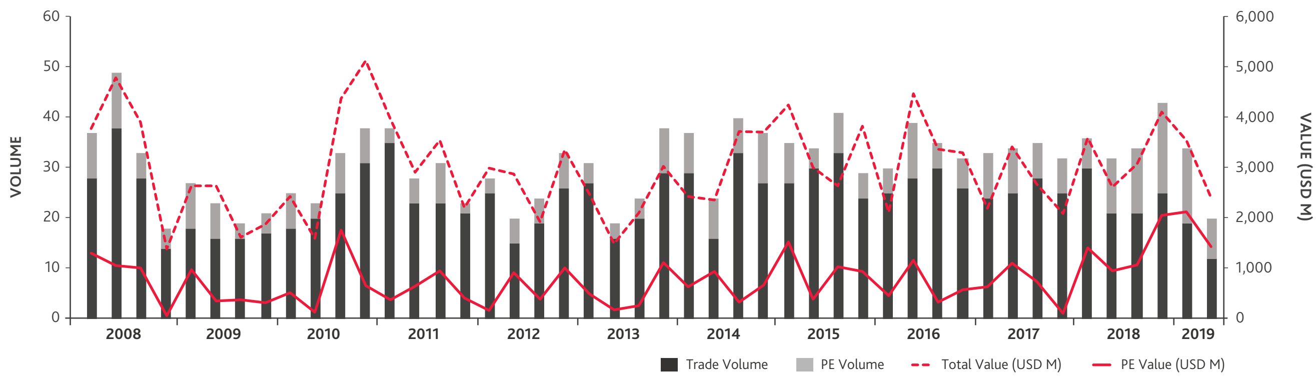
Business Services, Industrials & Chemicals, Pharma, Medical & Biotech and TMT were all equally active in Q2 2019, each accounting for four deals. There were no deals completed in the Financial Services and Real Estate sectors.

KEY DEALS

The top 10 deals in Q2 2019 in the Benelux ranged between USD 34m and USD 479m and took place in various sectors. Of these deals, nine buyers were foreign and only one was domestic.

The largest deal in Q2 2019 was the sale of Dutch Ophthalmic Research Center International B.V. (DORC), a Netherlands-based medical equipment provider, by Montagu Private Equity LLP to Eurazeo SA, for a total deal value of USD 479m. The company is headquartered in The Netherlands and is involved in the design, manufacturing and distribution of ophthalmic surgery equipment, consumables and instruments worldwide.

PE/TRADE VOLUME & VALUE



The second biggest deal involved Metallo Group, a recycler and refiner of metal materials, which was acquired by Aurubis AG from TowerBrook Capital Partners L.P., for a total value of USD 424m.

In third place, Oravel Stays Private Limited acquired The @Leisure Group, one of Europe's biggest specialist in vacation homes, through a USD 415m investment.

The fourth transaction saw NuStar Energy L.P. acquired by Prostar Capital Ltd. for a total deal value of USD 250m.

Looking at outbound deals, the transactions mostly took place in Europe.

LOOKING AHEAD

The BDO Heat Chart for Benelux shows 182 deals currently planned or in progress. In the coming months, the Consumer sector is expected to generate 39 deals, accounting for 21% of the region's total activity. The second most active sector is expected to be Industrial & Chemicals (also the second most active sector in global M&A), which is predicted to complete 36 deals. TMT, Business Services and Pharma, Medical & Biotech are expected to account for 18%, 17% and 10% of deals respectively. On a global scale, TMT is expected to account for the highest number of deals, with 22% of the total deals. In addition, Business Services is expected to account for 12% of total deals. Finally, Pharma, Medical & Biotech is expected to account for 10% of total deals, which is in line with deal expectations for the Benelux.

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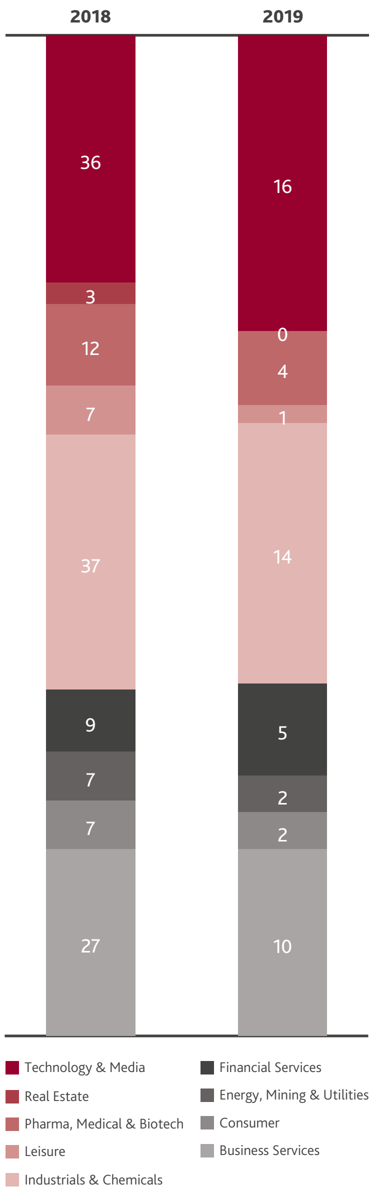
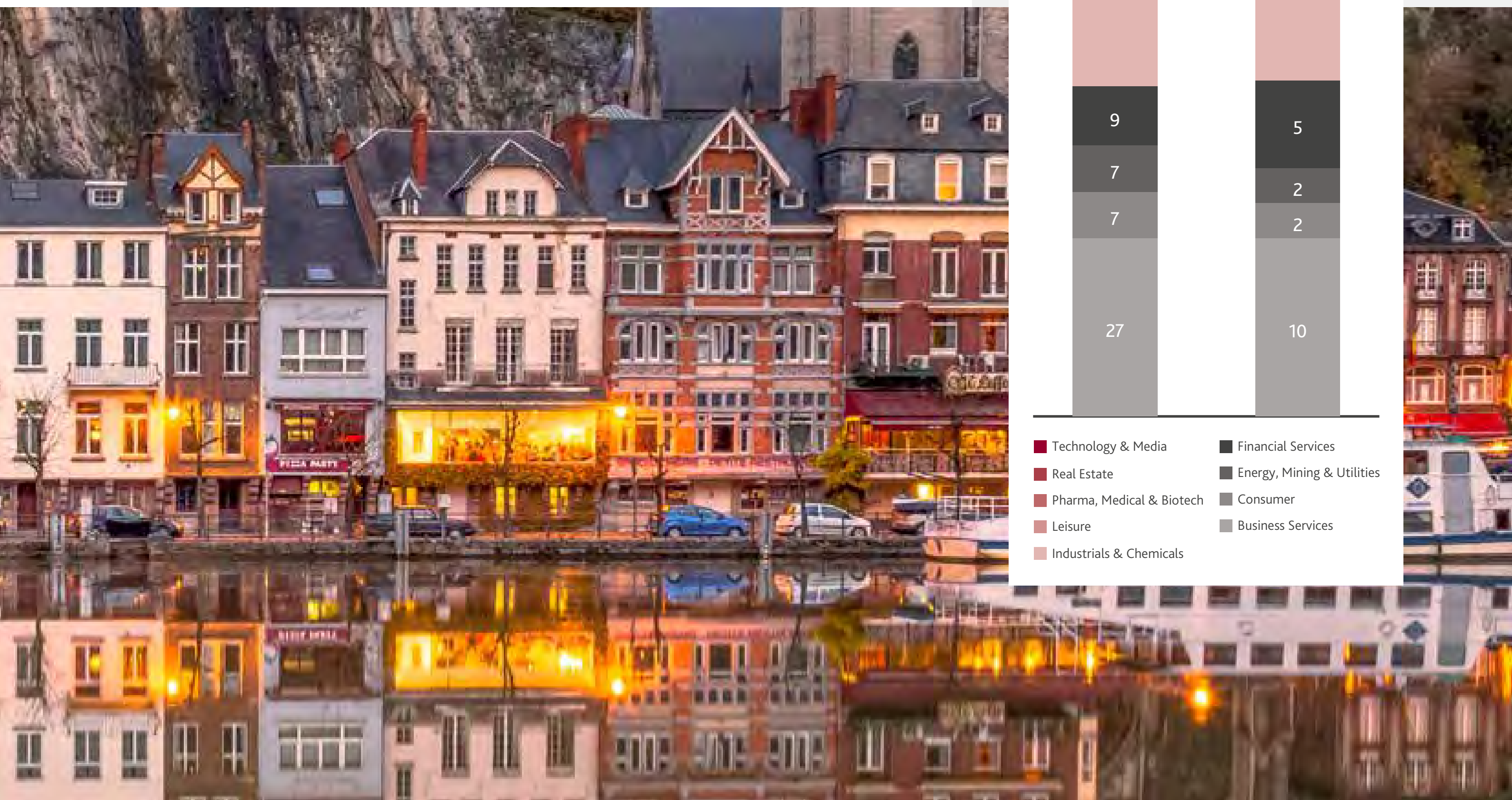
BENELUX
HEAT CHART BY SECTOR

Consumer	39	21%
Industrials & Chemicals	36	20%
TMT	32	18%
Business Services	31	17%
Pharma, Medical & Biotech	18	10%
Financial Services	9	5%
Energy, Mining & Utilities	7	4%
Leisure	7	4%
Real Estate	3	2%
TOTAL	**182**	**100%**

BENELUX
MID-MARKET VOLUMES BY SECTOR





DACH

MID-MARKET M&A ACTIVITY STAGES RECOVERY

BIG PICTURE

- In Q2 2019 total deal volume rose by 30% compared to Q1 2019
- Germany remained the region's most attractive target country
- High demand from Asia as two of the top three deals involved bidder companies from Japan
- Industrials & Chemicals maintained position as most attractive sector.

The number of M&A deals in Q2 2019 in DACH is on an upward plane again after a consistent decline in the previous quarters. Nevertheless, the 54 M&A completed deals still represent the weakest Q2 results since 2015. The total deal value in Q2 surged from USD 3.5bn to USD 6.2bn compared to the last quarter.

PE transactions recorded an increase in deal volume in Q2 2019, accounting for 10 deals in Q2 2019 compared to 12 deals in Q1 2019. The total value of PE transactions rose slightly to USD 2.1bn in Q2 2019 from USD 1.7bn in Q1 2019. The largest PE deal was also the region's largest overall deal by value in Q2 2019 and involved Sunstone Capital, Lakestar Advisors and the Singaporean state fund Temasek among others, and saw German start-up GetYourGuide Deutschland GmbH pick up USD 484m in a Series E round of funding.

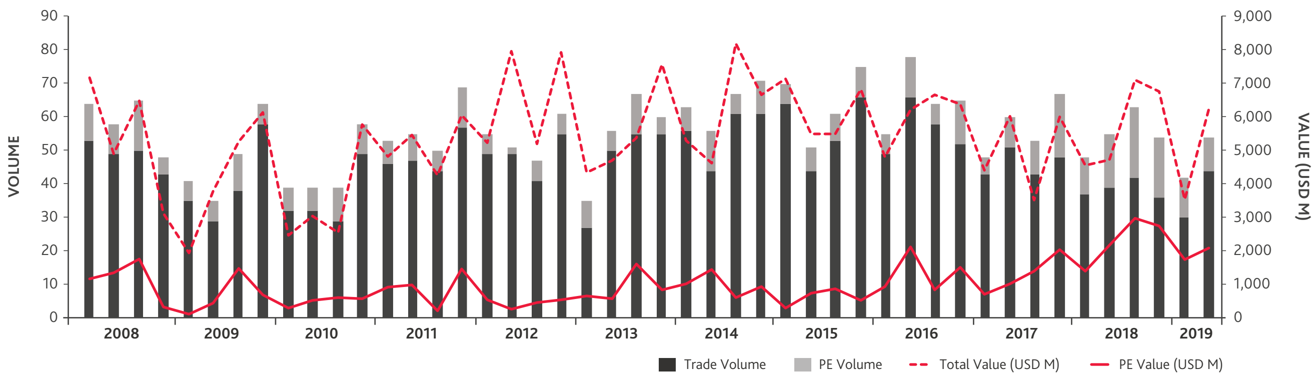
KEY SECTORS AND DEALS

In Q2 2019, the top 20 deals in DACH attracted bidders from 11 different countries. Bidders from Japan and Denmark were responsible for the top three deals in Q2 2019, reflecting the fact that the region remains an internationally attractive M&A market.

The largest overall transaction was the aforementioned deal involving GetYourGuide Deutschland GmbH. The second largest deal was the sale of Interprint GmbH by Wrede Industrieholding GmbH & Co. KG to Japanese Toppan Printing Co., Ltd. in a deal worth USD 437m. It's also worth mentioning the third largest deal, namely German Saint-Gobain Building Distribution Deutschland GmbH being sold by French Compagnie de Saint-Gobain SA to Danish Stark Group A/S in a deal amounting to USD 374m.

The biggest Austrian transaction was the acquisition of a 5% stake in Signa Prime Selection AG by FFP – the investment company of the Peugeot family – in a deal worth USD 209m.

PE/TRADE VOLUME & VALUE



As in previous quarters, the bulk of the Top 10 deals involved target companies based in Germany (eight) and two based in Switzerland.

Industrials & Chemicals and TMT were the most active sectors in Q2 2019. In fact, Industrials & Chemicals transactions almost doubled its deal count to 20 from 11 in Q1 2019. TMT came second with a deal count of 15, increasing from 12 in Q1 2019. On the other hand, Pharma, Medical & Biotech M&A activity fell from six deals in Q1 2019 to three in Q2 2019.

As in the last few quarters, Industrials & Chemicals and TMT are expected to remain among the region's most active sectors. This is confirmed by the BDO Heat Chart, which shows that the most companies currently up for sale are in Industrials & Chemicals, TMT and Consumer. Overall, cross-border transactions backed by plentiful financial resources from Asia, the US and within Europe are expected to be a significant source for DACH's M&A activity in the coming quarters.

LOOKING AHEAD

In the coming months we expect M&A activity to gather additional pace as it usually hits its yearly peaks in the second half of the year. Furthermore, low interest rates continue to provide good financial conditions for transactions, although political risks such as Brexit and the global tariff disputes remain a major cause of uncertainty. We maintain our belief that the DACH M&A market will recover and improve further during the coming quarters and there are currently around 317 companies for sale in the region, as illustrated in the BDO Heat Chart.

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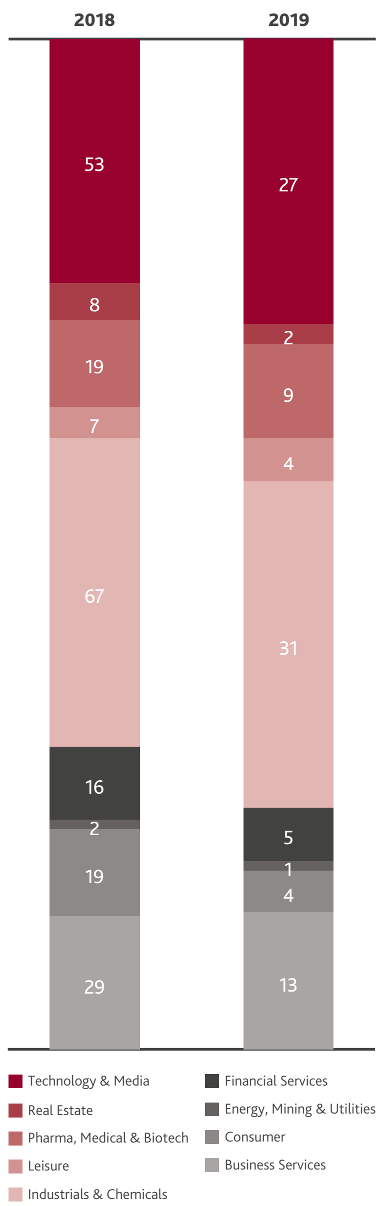
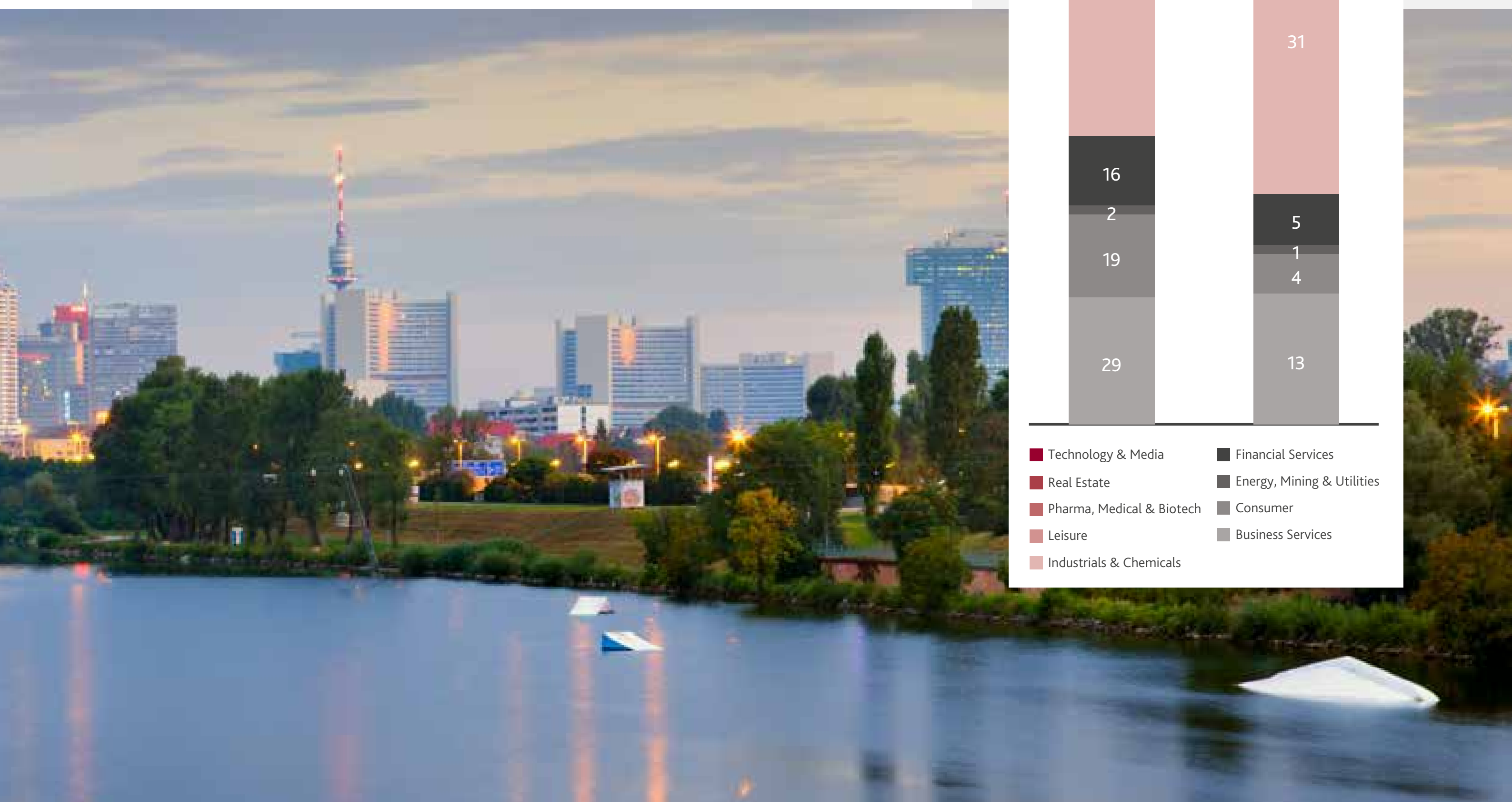
NORDICS
HEAT CHART BY SECTOR

TMT	55	24%
Industrials & Chemicals	54	24%
Business Services	30	13%
Pharma, Medical & Biotech	24	11%
Consumer	24	11%
Energy, Mining & Utilities	16	7%
Financial Services	14	6%
Leisure	9	4%
Real Estate	2	1%
TOTAL	**228**	**100%**

NORDICS
MID-MARKET VOLUMES BY SECTOR





NORDICS

M&A ACTIVITY PICKS UP WITH PE VALUE TO THE FORE

BIG PICTURE

- Increased deal activity after a slow start in previous quarter
- PE deal value amounted to 45% of total Nordic M&A deal value
- TMT outperformed Industrials & Chemicals to secure top place
- Top three deals in the Nordics were national, however, majority of the top 20 deals remained cross-border

After a slow start of the year, Nordic M&A deal activity picked up during the second quarter of the year as both the number of deals (up by 12%) and volume (up by 6%) increased compared to the previous quarter.

After a slow start of the year, Nordic M&A deal activity picked up during the second quarter of the year as both the number of deals (up by 12%) and volume (up by 6%) increased compared to the previous quarter.

Although Q2 2019 did not reach the record levels of activity previously seen in 2017 and 2018, M&A activity has remained at a high level. As a result H1 2019 achieved similar levels as H1 2018 in terms of deal volume and value. In Q2 2019 there were 64 deals completed with a combined value of USD 4.8bn.

There were 17 Nordic PE buy-outs in Q2 2019 and this level was similar to Q2 2018 in terms of the number of deals. However, deal value involving PE in Q2 2019 amounted to c. USD 2.2bn, representing 45% of total Nordic M&A deal value, the highest in proportion in the past three quarters.

KEY SECTORS AND DEALS

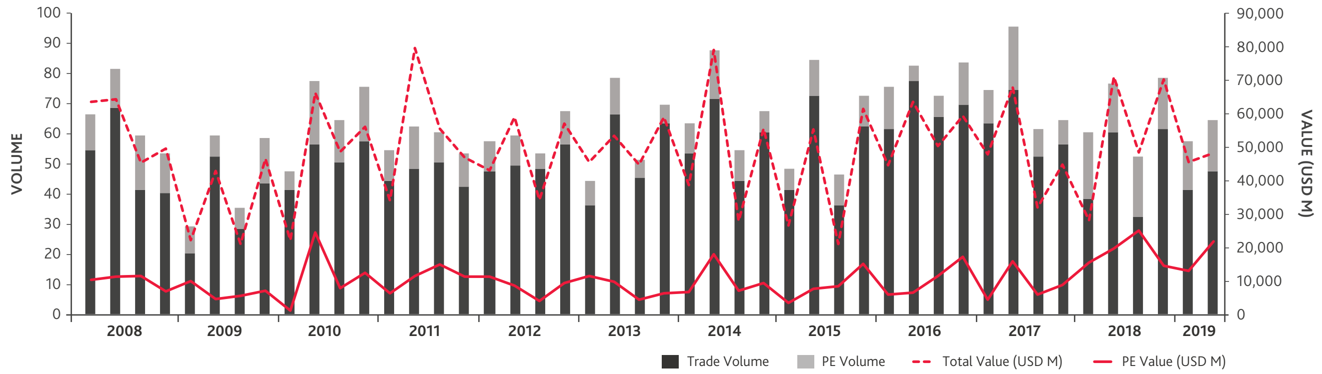
Although the top three deals were national transactions, cross-border deals were the primary focus in the top 20 transations, accounting for 12 deals.

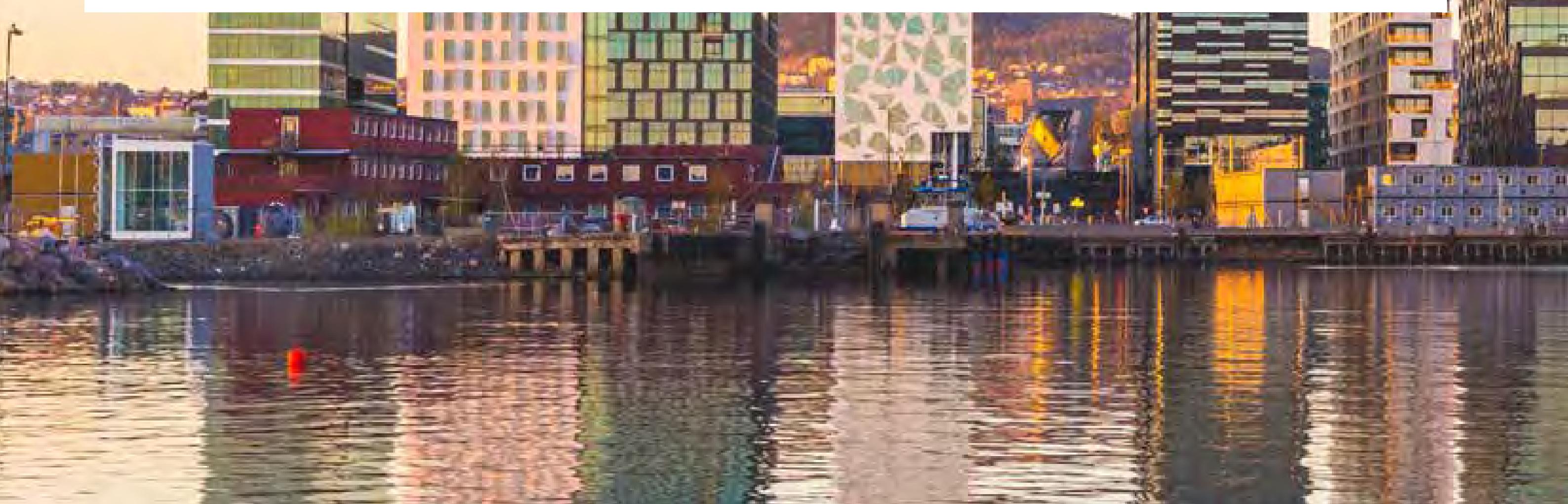
The majority of the deals took place in Sweden and Finland (with six deals each), followed by Denmark (four deals).

The largest deal was an inbound transaction in Norway, in which PE firm Altor equity Partners sold its portfolio company Spectrum ASA to Norwegian TGS-NOPEC Geophysical Company ASA. The deal amounted to USD 424m. Spectrum ASA's operations include production and sales of seismic surveys and seismic data imagining for multi-client survey and proprietary customers in the oil and gas market and is headquartered in Oslo, Norway.

The second largest deal was another inbound transaction in Denmark's Financial Services sector. The deal involved the sale of LR Realkredit A/S to Nykredit Realkredit A/S and was valued at USD 393m. LR Realkredit A/S is a mortgage credit institution headquartered in Copenhagen, Denmark.

PE/TRADE VOLUME & VALUE





Finally, the third largest deal was the acquisition of Sweden-based Trimb Healthcare AB by Swedish company Karo Pharma AB. The pharmaceutical company was sold by HealthCap and Avista Capital Partners in the US and the deal was valued at USD 362m.

TMT finally overtook the previously dominant sector of Industrials & Chemicals and was responsible for 19 out of the 64 deals. Industrials & Chemicals was a solid runner-up with 17 deals. Business Services remained among the top-performing sectors with 11 deals.

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LOOKING AHEAD

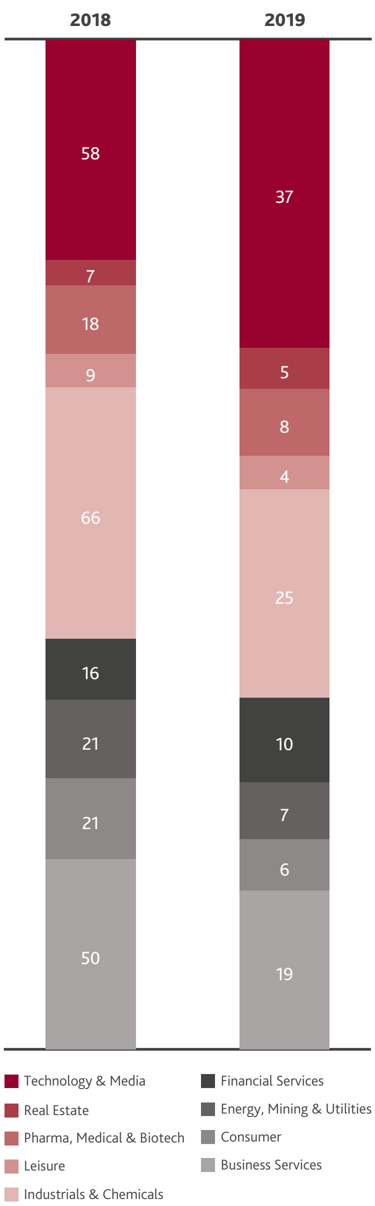
Nordic M&A activity in Q2 2019 may not have reached record levels, however, the number of deals and their deal value reflects a stable M&A environment. We expect 2019's M&A deal activity to achieve similar levels to the previous year.

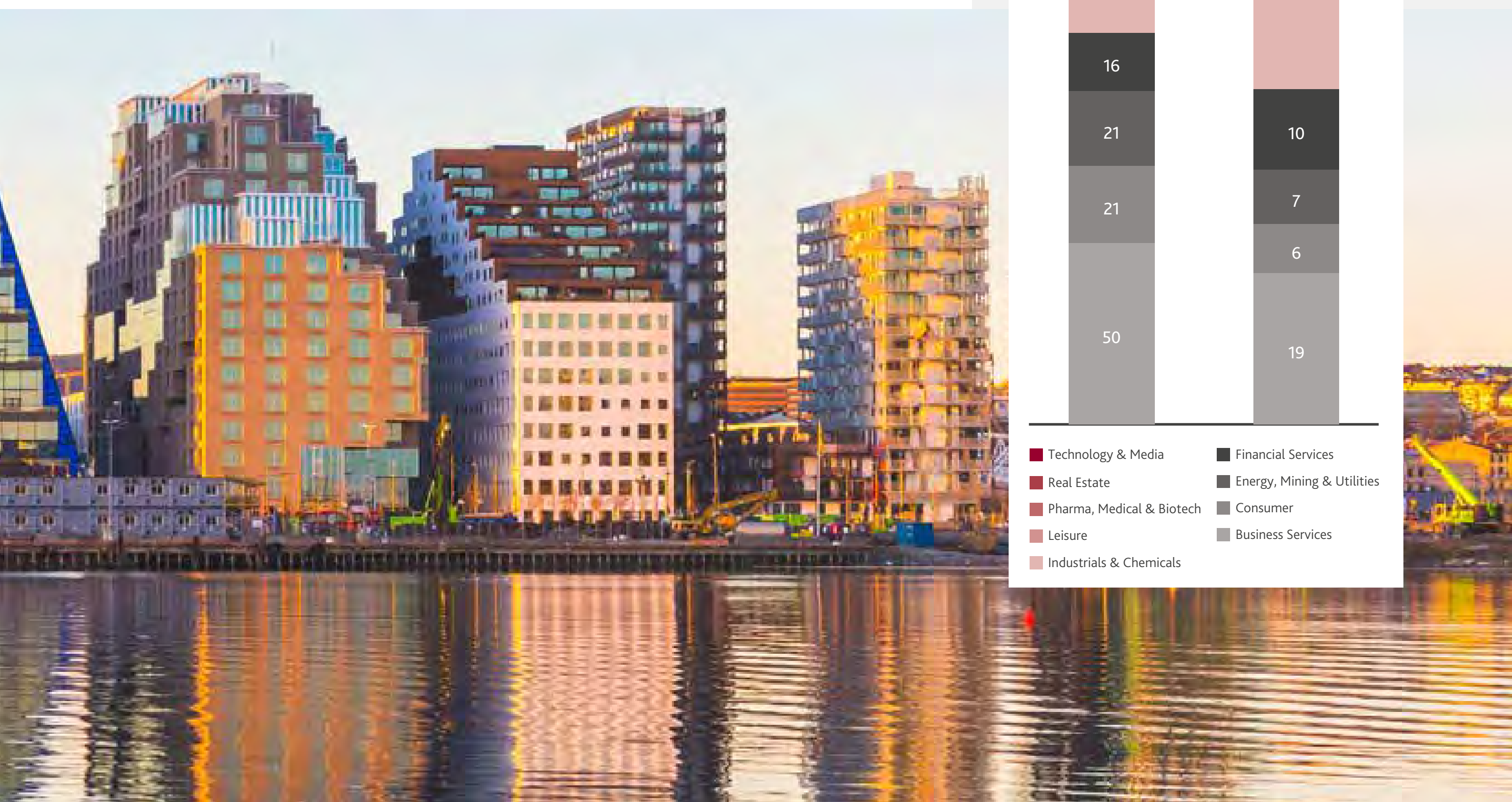
The Nordic TMT sector is set for potential growth as tech continues to drive investment in the region with corporates and financial sponsors both looking to buy innovative assets. The pressure on large corporates to invest in digitalization and keep up with newer and more innovative competitors is expected to continue to grow throughout the year. This demand has consequently led to an increase in carve-outs and spin-offs in a bid to focus resources on technology and will most likely keep increasing in near future. In summary, we believe Nordic M&A activity will perform at stable levels throughout the year.

NORDICS
HEAT CHART BY SECTOR

Industrials & Chemicals	44	21%
Technology & Media	40	19%
Business Services	31	15%
Consumer	27	13%
Pharma, Medical & Biotech	27	13%
Financial Services	17	8%
Energy, Mining & Utilities	13	6%
Leisure	7	3%
Real Estate	4	2%
TOTAL	**210**	**100%**

NORDICS
MID-MARKET VOLUMES BY SECTOR





CEE & CIS

DEAL ACTIVITY CONTINUES TO DECLINE AND VOLUME FALLS TO 10-YEAR LOW

BIG PICTURE

- Deal volume fell 12% in Q2 2019 from Q1 2019 and 32% compared to Q2 2018
- Mid-market deals were dominated by Industrial & Chemicals, Energy, Mining & Utilities and TMT, accounting for 56% of deals. Leisure saw a huge drop in transaction volume
- 11 PE deals were completed, representing 22% of the total value, largely due to low levels of M&A activity
- Total deal value increased by 40% from last quarter

Looking at the M&A global market so far in 2019, the CEE & CIS region has underperformed the international market, which has stagnated. After a weak start in Q1, the M&A market could not recover and continued to decline in Q2 2019. Even though a slow uptick was projected after the Q1 decline, the number of mid-market deals (50) completed in Q2 was even lower. In terms of volume, this was the lowest number of transactions recorded since 2008. However, these numbers could increase significantly due to follow-up corrections.

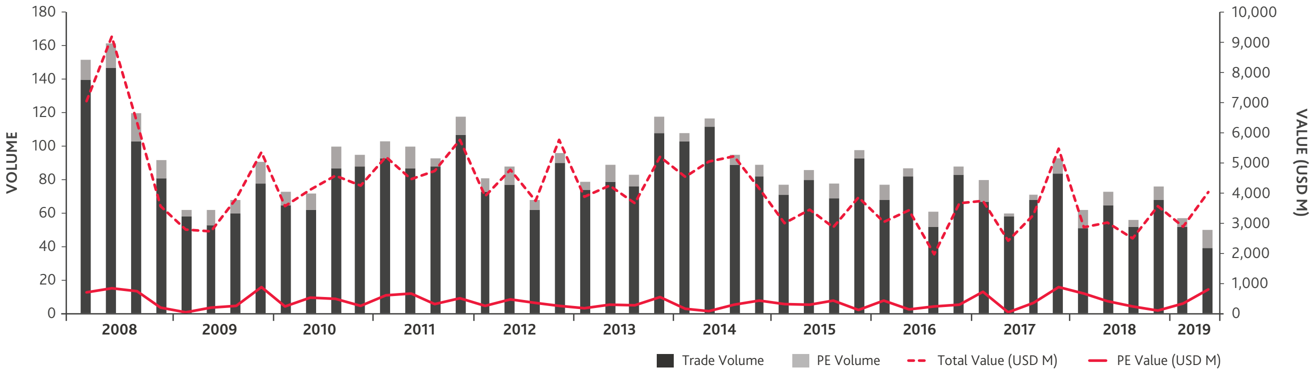
Despite the week performance in terms of volume, the total value of deals was USD 6,480m, up more than 40% from Q1 (USD 4,617m). There was an uptick in PE deal activity in Q2 2019, representing 22% of all transactions. Compared to the previous quarter, PE transactions doubled in both volume and value. The average size of the 11 PE deals was on the low side, with an average value of USD 115m and a total value of USD 1,267bn. All in all, the proportion of PE transactions increased, but the total volume was the lowest in the last decade.

KEY SECTORS AND DEALS

The most active sectors were Industrials & Chemicals with 11 deals, representing 22% of total deal volume, Energy, Mining & Utilities with nine deals (18%) and TMT with eight deals (16%), followed by Consumer with six deals (12%).

Of the Top 10 mid-market deals in Q2 2019, four took place in the Energy, Mining & Utilities sector. Surprisingly, seven of the top 10 were domestic deals in terms of the target and bidder countries: three Russian and one Bulgarian deal in Energy, Mining & Utilities, one each in Poland and Estonia in Financial Services and a TMT deal in Kazakhstan.

PE/TRADE VOLUME & VALUE



The quarter's highest value transaction was a deal in Poland, which saw PKO Leasing S.A. acquire Prime Car Management S. A. The value of the transaction was USD 479m. The region's Top 10 deals had a combined value of USD 3.66bn, which represented about 56.5% of the quarter's total deal value.

Overall, almost all sectors performed poorly compared to Q2 2018, especially the Consumer sector, which saw a huge drop from 14 to six transactions. Energy, Mining & Utilities and Pharma, Medical & Biotech were notable exceptions in this regard, with transaction volumes in both sectors increasing compared to Q2 2018.

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LOOKING AHEAD

Looking at the BDO Heat Chart, which captures all sales that are planned, rumoured or in progress), 658 deals are expected to be made in the region, which would represent a notable increase compared to Q2 2018's expectations (613). The slight increase in the number of expected transactions is in line with world economic trends, with BDO's Global Heat Chart projecting 8,314 deals, an uptick compared to Q2 2018.

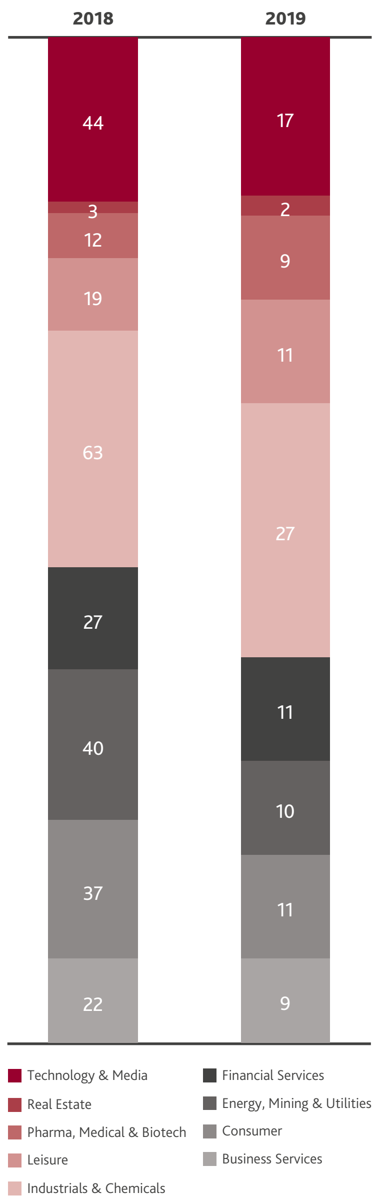
According to the BDO Heat Chart, CEE & CIS will remain in third place among the regions covered in this report, as in previous years, behind North America and Greater China.

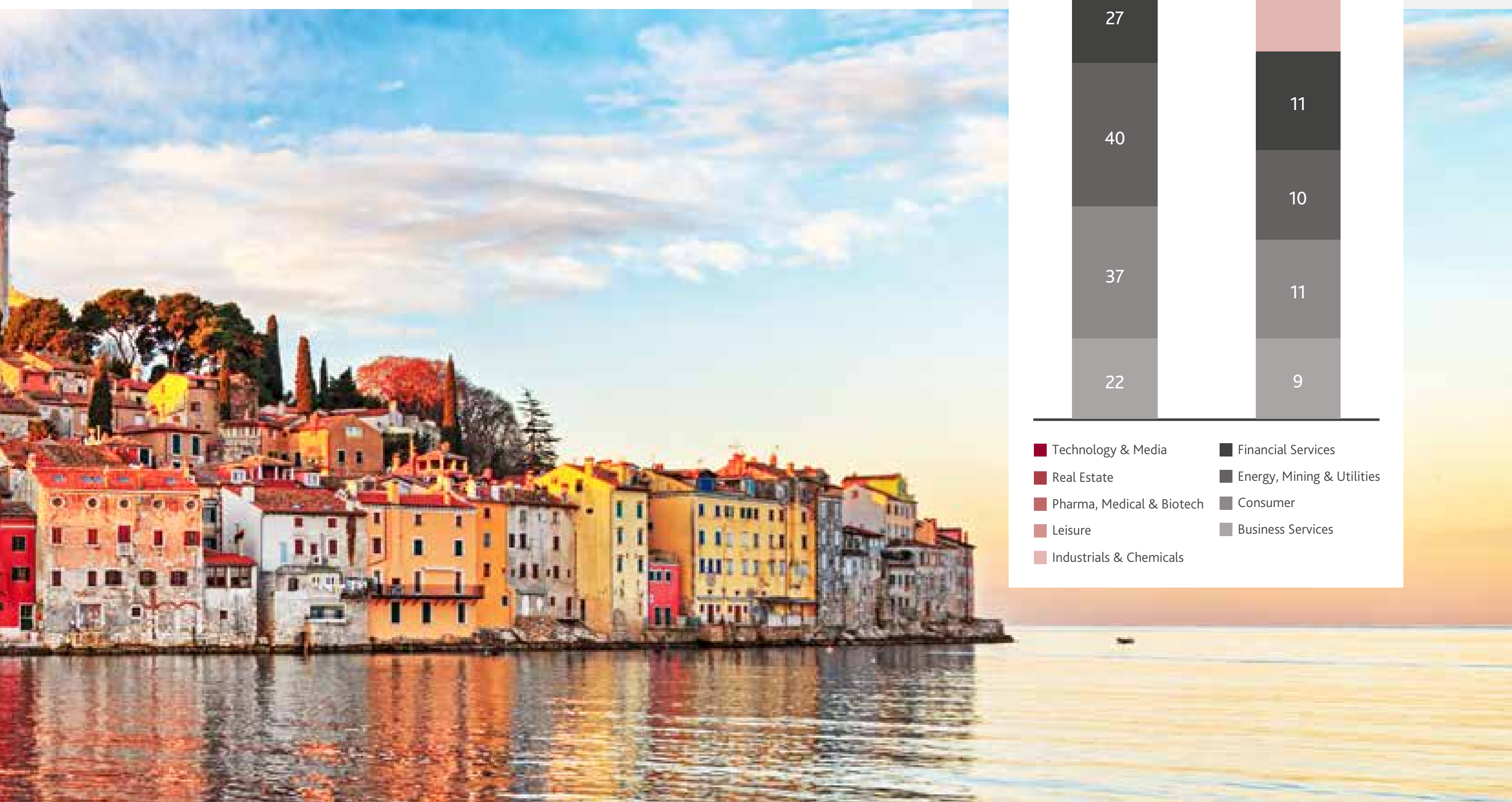
Even though there was a big drop in the Consumer and TMT sector in terms of transaction volume, the BDO Heat Chart predicts that there will be an uptick in M&A activity and that both sectors will be active in the coming period. Industrials & Chemicals is expected to remain the sector with the highest levels of deal activity, with 162 projected transactions.

CEE & CIS
HEAT CHART BY SECTOR

Industrials & Chemicals	162	25%
TMT	134	20%
Consumer	106	16%
Business Services	75	11%
Energy, Mining & Utilities	46	7%
Financial Services	45	7%
Leisure	40	6%
Pharma, Medical & Biotech	34	5%
Real Estate	16	2%
TOTAL	**658**	**100%**

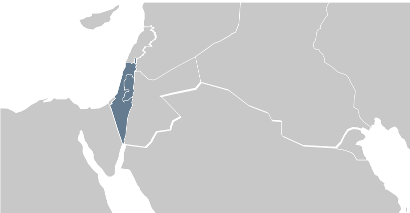
CEE & CIS
MID-MARKET VOLUMES BY SECTOR





ISRAEL

M&A ACTIVITY STAGNATES AND VALUE FALLS DRASTICALLY



BIG PICTURE

- Q2 2019 M&A value dropped significantly dropped (33.24%) in comparison to previous quarter and deal volume also decreased (15.78%), from 19 deals in Q1 2019 to 16 deals in Q2 2019.
- PE activity remained virtually unchanged in Q2 2019 from Q1 2019
- BDO Heat Chart shows 100 potential deals, suggesting a ramp-up in activity ahead.

A total of 16 deals, with a combined deal value of USD 1,444m, were successfully completed in Q2 2019. This represented 33.24% drop in deal value and a 15.78% decrease in deal volume from 19 completed deals to 16 compared to Q1 2019. Deal value fell significantly, resulting in a 20.72% decrease in the average transaction value, to USD 90m for the quarter, indicating smaller deals.

The second quarter of 2019 generated 16 completed deals, with a total value of USD 1,444m, a drop of USD 719m (33.24%) compared to Q1 2019 but a slight increase of USD 22m (1.54%) compared to Q4 2018.

Deal numbers fell from 19 in Q1 2019 to 16 in Q2 2019, a decrease of 15.78%, while total deal value dropped significantly during the same period. This led to a reduction in the average deal value from USD 114m in Q1 2019 to USD 90m in Q2 2019, which is a noticeable 20.72% diminishment from the previous quarter.

Private equity activity remained stable with Q2 figures showing no change in terms of volume and a negligible increase in terms of value from the previous quarter.

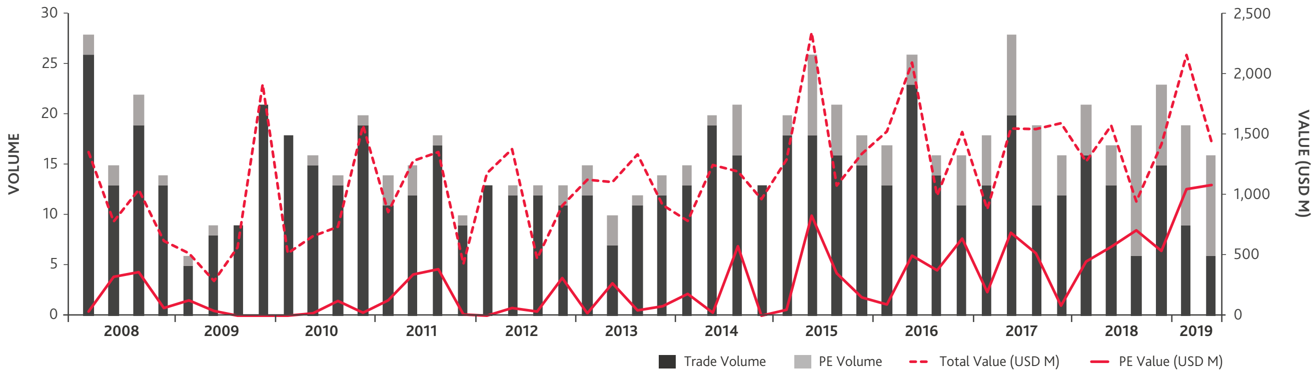
In Q2 2019, PE was responsible for 10 deals, worth a total of USD 1,088m, which represented 62.5% of the deal count and 75.3% of the quarter's value.

KEY SECTORS AND DEALS

Israel's Top 10 deals had an aggregated value of USD 1,348M, representing 93.35% of the total M&A transactions. The largest transaction was the USD 439m acquisition of The Phoenix Holdings Ltd. (30% Stake), a provider of various insurance products in Israel, which was purchased by Centerbridge Partners, L.P. & Gallatin Point Capital LLC.

Other deals included the USD 181m acquisition of Property and Building Corporation Ltd (31.17% stake), one of Israel's oldest and largest real estate leading companies, involved in income generating assets and residential assets, in Israel and abroad, with additional activity in the agriculture-related fields.

PE/TRADE VOLUME & VALUE



The acquisition was led by Discount Investment Corporation Ltd., one of Israel's leading commercial banks.

Further transactions included the USD 164m acquisition of Super-Pharm (Israel) Ltd. (35% stake), by Union Group, from private investor Leon Koffler, Leumi Partners Ltd. and Discount Capital.

TMT was the most active sector, accounting for seven deals (43.75% of total transactions) in Q2 2019. Business Services and Industrials & Chemicals took second place, accounting for two deals each (12.5%). Next was Consumer, Financial Services, Leisure, Pharma Medical & Biotech and Real Estate, with one deal each and last was Energy, Mining & Utilities with no deals.

Four of the Top 10 deals were by foreign bidders, supporting the continued global interest in Israel's resilient economy and robust equity market. The foreign bidders consisted of three US buyers and one French buyer.

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

LOOKING AHEAD

Looking ahead, the data supports a stagnation in growth rates. The BDO Heat Chart for Q1 2019, showed 103 deals planned or in progress, compared to 100 deals in Q2 2019, which reflects a 3% contraction in pipeline deals, a negligible downturn.

The BDO Heat Chart for Israel shows there are 100 deals planned or in progress for M&A with 36 (36%) related to TMT and 21 (21%) involving Industrials & Chemicals. Other sectors include Pharma, Medical & Biotech with 16 deals (16%), Business Services with 11 deals (11%), Consumer with six deals (6%), Financial Services with five deals (5%), Energy, Mining & Utilities with three deals (3%), and finally Real Estate and Leisure with one deal each (1% each).

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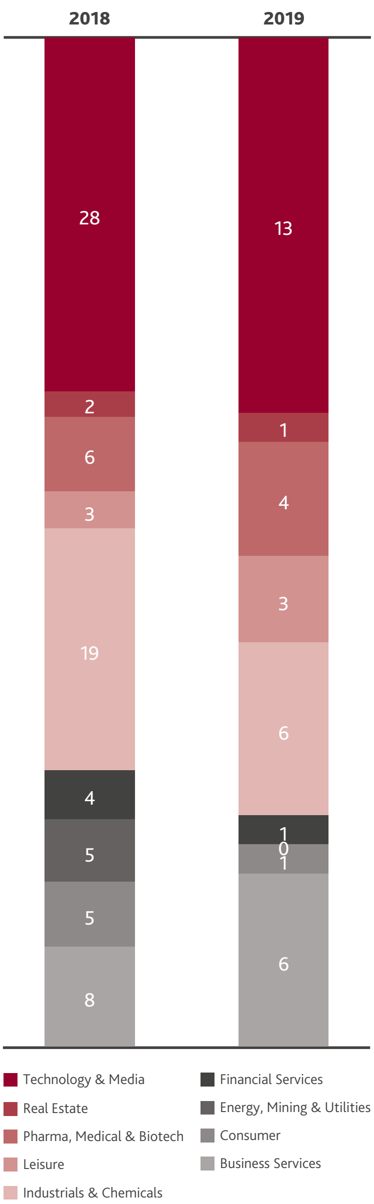
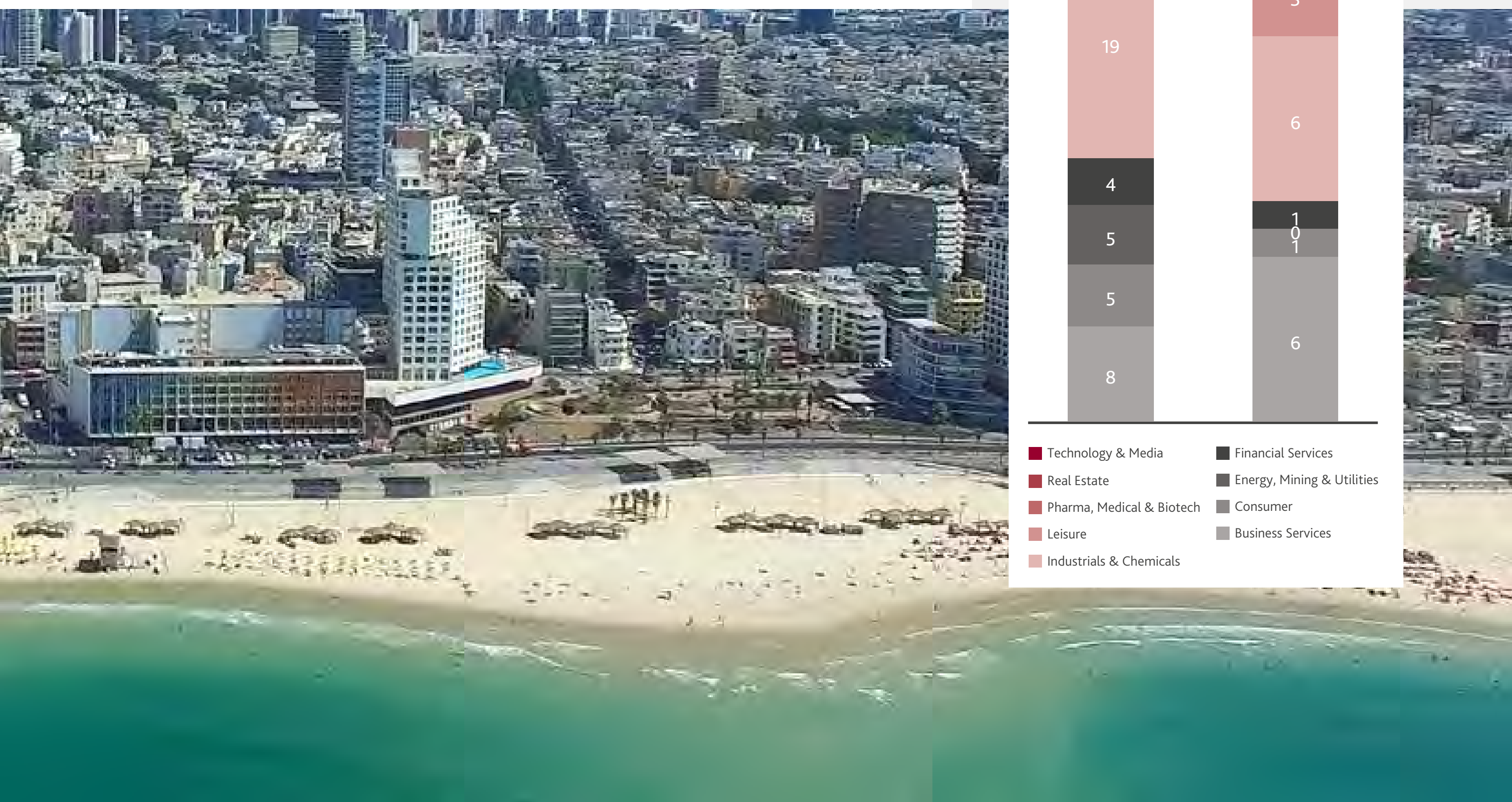
ISRAEL
HEAT CHART BY SECTOR

TMT	36	36%
Industrials & Chemicals	21	21%
Pharma, Medical & Biotech	16	16%
Business Services	11	11%
Consumer	6	6%
Financial Services	5	5%
Energy, Mining & Utilities	3	3%
Real Estate	1	1%
Leisure	1	1%
TOTAL	**100**	**100%**

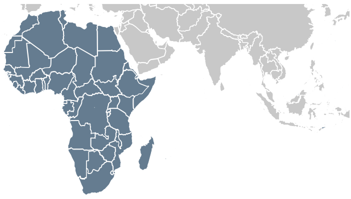
ISRAEL
MID-MARKET VOLUMES BY SECTOR





AFRICA

M&A ACTIVITY CONTINUES TO STRUGGLE IN 2019



BIG PICTURE

- Q2 2019 saw 22 mid-market deals completed in Africa with a total value of USD 1,540m, representing significant declines in volume and value of 24% and 22% respectively compared to Q2 2019
- Two PE buy-outs took place in Q2 worth USD 152m, which was lower in volume as well as value compared to the seven deals in Q1 2019 (worth USD 534m)
- While mid-market M&A deal volume remained at the same level as Q1 2019, this was the slowest quarter for mid-market M&A deal value since Q3 2012.

The second quarter of 2019 saw a total of 22 deals completed worth USD 1,540m, which was similar in volume to the previous quarter, but the value was lower by 2%. However, the number of PE buy-outs was lower in terms of volume and value by around 71% and 72% respectively compared to Q1 2019.

In comparison to the corresponding quarter in 2018, which saw 29 deals completed with a value of USD 1,981m, Q2 figures recorded significant drops in volume and value of 24% and 22% respectively. It is also worth noting that this quarter was the slowest for mid-market M&A deal value in Africa since Q3 2012.

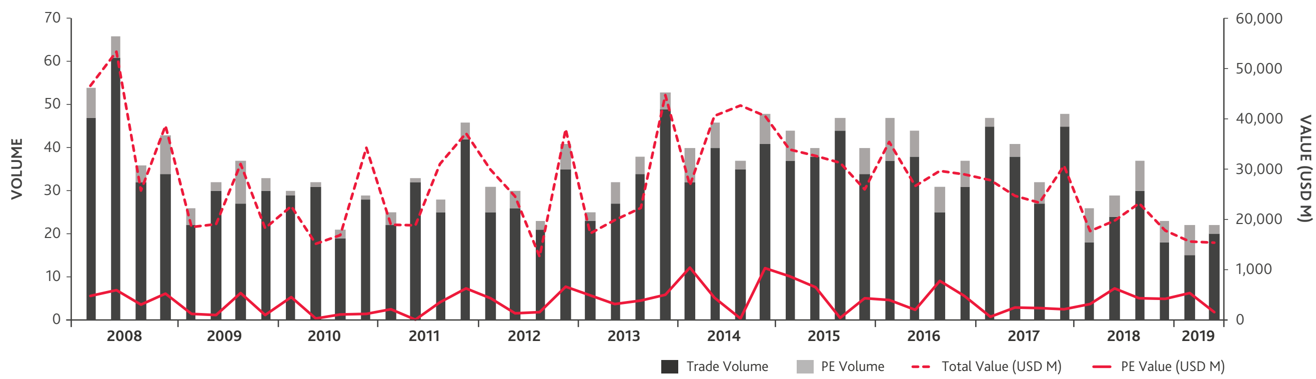
The most active sectors in Q2 2019 were Industrials & Chemicals (five deals) followed by Business Services and Energy, Mining & Utilities (each with four deals), Consumer (three deals), Financial Services and TMT (each with two deals). The remaining deals took place in Leisure and Pharma, Medical & Biotech (with one deal each). Looking at the region's top 22 deals, the majority occurred in South Africa (six deals), followed by Kenya and Rwanda (with three deals each) and Mauritius (two deals) with Cape Verde, Egypt, Guinea, Morocco, Nigeria and Zimbabwe all responsible for one deal each.

TOP DEALS

The quarter's largest deal was in the Consumer sector in Nigeria where Olam International Limited acquired 100% equity ownership of Dangote Four Mills Plc, a leading flour and pasta manufacturer, for a value of USD 363m. This acquisition represents part of Olam's strategy to strengthen its portfolio by investing in proven businesses where they have performed consistently and gained market-leading positions.

The quarter's second largest deal took place in the Business Services sector in South Africa, where a consortium of leading South African institutional investors comprising STANLIB Limited, Women Investment Portfolio Holdings Limited, along with the Land and Agricultural Development Bank of South Africa, acquired stakes in AFGRI Grain Silo Company Proprietary Limited, an agricultural services company. AFGRI Grain Silo Company Proprietary Limited owns grain silos and bunker complexes throughout six provinces in South Africa. The deal value was USD 256m.

PE/TRADE VOLUME & VALUE



Another major transaction occurred in the Financial Services sector, with CDC Group Plc, a British development finance agency, acquiring a 5% stake (worth USD 200m) in Banque Marocaine du Commerce Exterieur SA, a Morocco-based bank. CDC Group's objective is to boost its ties with the African continent.

ECONOMIC OUTLOOK

According to the IMF, GDP growth in Sub-Saharan Africa (SSA) is projected to pick up from 3% in 2018 to 3.5% in 2019, before stabilising at close to 4% over the medium term. In fact, this updated forecast is more optimistic than that of the World Bank, which took the view that economic recovery in Sub-Saharan Africa would take longer than previously expected and as a result has revised its forecast to 2.8% from 3.3%. While this slower-than-expected level of growth is slightly reflective of the ongoing global uncertainty, it is mostly attributable to the region's domestic macroeconomic instability including poorly managed debt, inflation and deficits.

Moreover, individual country performance is expected to vary significantly. For example, South Africa, which contracted by 3.2% in Q1 2019, is expected to recover in Q2 2019 as a result of a reduction in load shedding coupled by an end to the gold mining strike. Ghana and South Sudan are expected to be the fastest-growing economies in 2019, each with 8.8% growth rates. Significantly, South Sudan is emerging from years of conflict after a peace deal last year, which has allowed it to start pumping crude oil. Nevertheless, global uncertainties such as ongoing global trade disruptions and rising developed-market interest rates may affect SSA countries. Collapsing oil prices may also impact these economies and countries adversely.

LOOKING AHEAD

The BDO Heat Chart for Africa's mid-market M&A activity predicts a positive outlook for the rest of 2019, forecasting a promising total of 160 deals. The dominant sectors are likely to be Energy, Mining & Utilities with 37 deals, representing 23% of the total deals projected for the year, followed by Industrials & Chemicals and Business Services. A total of 59 deals are predicted in these two sectors, representing 37% of the forecasted deal volume for 2019.

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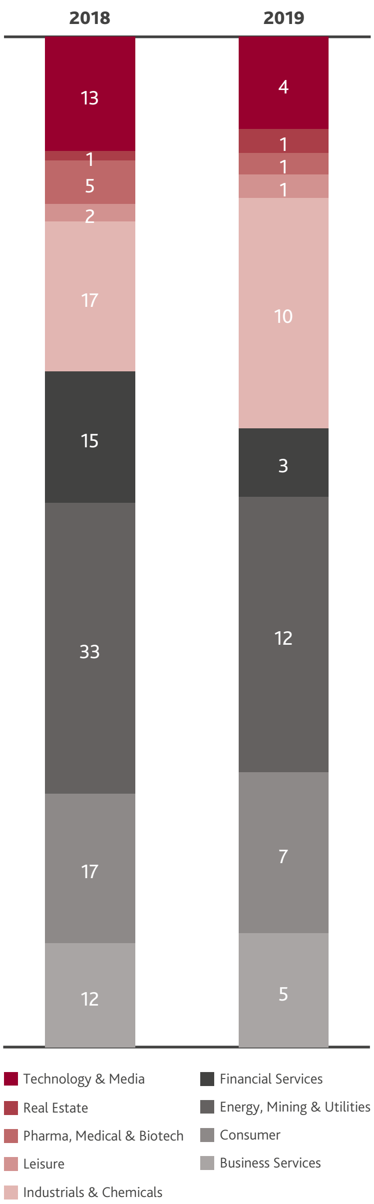
AFRICA
HEAT CHART BY SECTOR

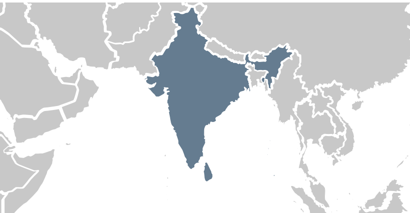
Energy, Mining & Utilities	37	23%
Industrials & Chemicals	36	23%
Business Services	23	14%
Consumer	21	13%
Financial Services	17	11%
TMT	14	9%
Real Estate	8	5%
Pharma, Medical & Biotech	2	1%
Leisure	2	1%
TOTAL	**160**	**100%**

AFRICA
MID-MARKET VOLUMES BY SECTOR



INDIA

STABLE GOVERNMENT, STRONG POLICY INITIATIVES EXPECTED, BURGEONING ECONOMY, WILL CONTINUE TO DRIVE M&A AND INVESTMENTS IN INDIA



BIG PICTURE

- Another term for the government will make additional business reforms easier and faster and create a more conducive environment for renewed deal activity in the coming months in India.
- High levels of public spending to drive investments in the rural and infrastructure related sectors in the short-term
- The World Bank has retained its forecast of India's growth rate at 7.5% for the current financial year.

The entire Union Budget 2019 has been based on the vision of making India a $5 trillion economy in the next few years. In the latest budget the Finance Minister of India has outlined plans to make the Indian economy a $3 trillion economy in the current year mainly by improving infrastructure investments, encompassing roads, railways, aviation, waterways, metro rail network and housing.

Not only that the Budget has outlined steps to increase industrial investments in MSMEs, start-ups, Make in India and electric mobility. The government in their Budget announced some relief for the tightening financial sector in India by promising an INR 700 Billion infusion in public sector banks to boost credit. NBFCs with strong performances are also expected to continue to receive funding from banks and mutual funds to sustain their growth.

One of the major reforms announced emphasized the strengthening of the startup ecosystem in India by doing away with angel tax which caused a lot of hurdles in terms of establishing the identity of the investor and source of funds. The updated reforms will have the same taken care of in an e-verification process without the scrutiny of the Income Tax Department of India.

As for improving electric mobility in India there was also a push for electric mobility in a big way with income tax deductions on interest on loans on electric vehicles, lower import duty on a host of components and investment-linked income tax exemption for setting up manufacturing for solar electric charging infrastructure and lithium storage batteries. Customs duties on many electric components like E-drive assembly, onboard charger, E-compressor and charging gun have also been scrapped.

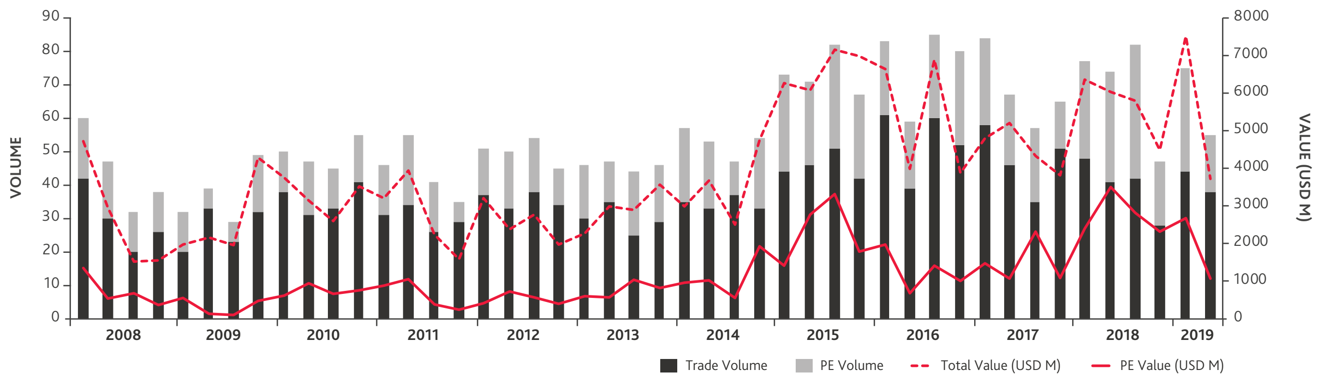
The World Bank has retained its forecast of India's growth rate at 7.5% for the current financial year. It is expected that private consumption and investment will benefit from strengthening credit growth amid a more accommodative monetary policy.

The overall number of Mergers & Acquisitions in India has greatly decreased when compared with the first half of 2018 and more than halved to $41.6 Billion in the first half of 2019. Deal activity saw a decline in both cross border and domestic transactions. Outbound deals saw M&A deals declining 42.6% in the first half of 2019. Investments flowed in mostly from the United States, Japan and China.

The ambiguity in the Indian economic outlook due to the upcoming elections caused some uncertainty in the deals landscape. After the announcement of another term for the government, the existing updated business reforms to continue is expected to continue and additional new reforms will make it more conducive for renewed deal activity in the coming months in India.

The total M&A deal value in the financial sector stood at $13.7 billion, up 7.2% from the year-ago period. This was followed by energy and power, which had a 13.5% market share worth $5.6 billion, but witnessed a 54.5% decline in value compared to the first half of 2018. Technology was among the top three sectors with a 12.7% market share in M&A deals, worth $5.3 billion, up more than two-fold from the year earlier.

PE/TRADE VOLUME & VALUE



KEY SECTORS AND DEALS

- HDFC Ltd, India's largest mortgage financier, has agreed to acquire the entire 50.8% stake of Apollo Hospitals Group in a health insurance joint venture with German reinsurer Munich Re Group as part of its strategy to tap this potential growth market. HDFC will pay Rs 1,336 crore to Apollo Hospitals for the deal. It will pay an additional 10.84 crore to employees of Apollo Munich Health Insurance Co. Ltd to purchase their 0.4% stake in the company.
- Lemon Tree Hotels Ltd, which operates an eponymous mid-range hotel chain, is acquiring Keys Hotels for $68.2 million to expand its portfolio. New Delhi-based Lemon Tree counts private equity giant Warburg Pincus among its investors.
- Canada's Brookfield Asset Management Inc is set to acquire two wind farms from Hyderabad-based Axis Energy Ventures for Rs 500 crore. This would be Brookfield's first direct acquisition in the renewable energy space in India. In 2017, it acquired US renewable energy company SunEdison's solar yieldco TerraForm Global Inc, which gave Brookfield a 300 megawatt portfolio of renewable assets in India. The addition of Axis Energy's two wind farms totalling 210 MW will take Brookfield's total renewable portfolio in the country to 510 MW.
- Chinese travel company Ctrip International will become the largest stakeholder in homegrown online travel operator MakeMyTrip (MMT) after South African tech and internet conglomerate Naspers sells its stake in the Gurgaon-based, Nasdaq-listed company in a shareswap deal. Cape Town-based Naspers said that the share swap will occur at $32.30 per share, reflecting a 25% premium to the most recent closing price and a 19% premium to MakeMyTrip's current 30-day volume weighted average price.
- Sundaram Finance Ltd (SFL) and BNP Paribas Personal Finance have reached an agreement under which BNP Paribas Personal Finance will sell its entire 49.9 per cent equity stake in Sundaram BNP Paribas Home Finance Ltd (SBPHFL) to SFL for a consideration of about ₹1,000 crore.

LOOKING AHEAD

Election years usually tend to witness high levels of public spending which has been highlighted in the 2019 Budget as well. This will most likely push investments in the rural and infrastructure related sectors in the short-term, on the other hand the mid-market segment will not get impacted as investors are likely to take a long term bet on growth potential of investee companies. Looking at the current financial scenario in banks and non-banking financial companies (NBFCs) the sector is expected to ease in the immediate term and PE Investments and M&A transactions will continue to be a highlight for the next financial year.

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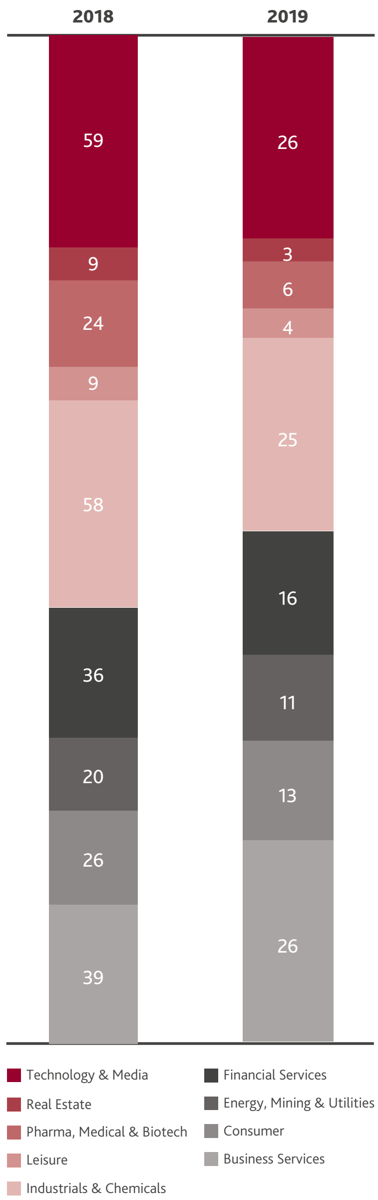
INDIA
HEAT CHART BY SECTOR

TMT	63	29%
Industrials & Chemicals	41	19%
Financial Services	37	17%
Consumer	24	11%
Business Services	24	11%
Pharma, Medical & Biotech	14	6%
Leisure	8	4%
Energy, Mining & Utilities	6	3%
Real Estate	4	2%
TOTAL	**221**	**100%**

INDIA
MID-MARKET VOLUMES BY SECTOR



CHINA

SUPPORTIVE GOVERNMENT POLICIES HELP BOOST DEAL VOLUME AND VALUE

BIG PICTURE

- Overall mid-market deal volumes decreased to 335 deals in Q2 2019 from 431 deals in Q2 2018. Deal value also decreased to around USD 28.8bn in Q2 2019 from USD 40.4bn in Q2 2018
- However, both deal volume and deal value increased by around 4% and 6% respectively in Q2 2019 compared to Q1 2019
- The improvement was mainly due to several supportive policies introduced by the Chinese government to promote economic activities, including reduced value-added tax rates for all entities in China and reduced financing costs for small and private enterprises

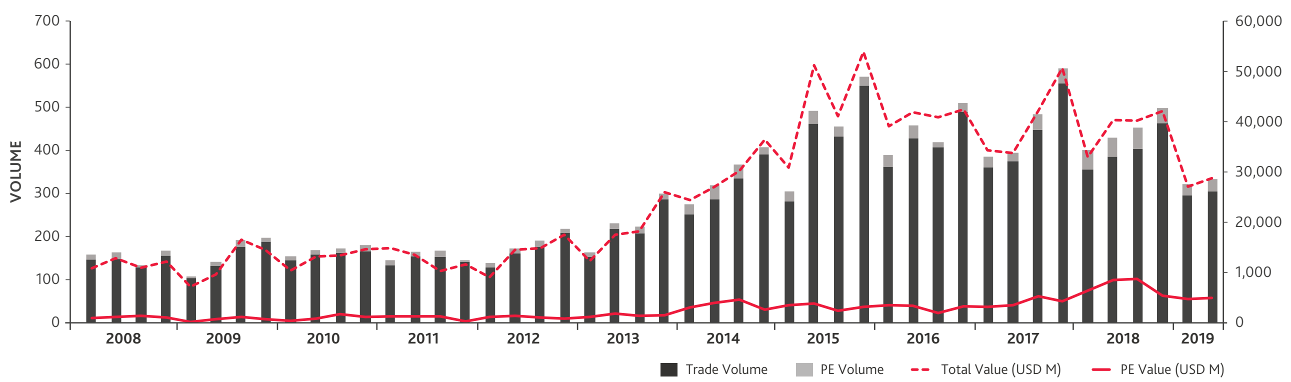
Mid-market M&A levels in the Greater China region recorded a 21% decline in deal volume to 658 deals in the first six months of 2019 from 833 deals in the first six months of 2018. Deal value in the Greater China region fell by around 24% to around USD 56bn in the first six months of 2019 from around USD 73bn in the first six months of 2018.

This decline confirmed that global geopolitical tensions and economic uncertainties have significantly impacted M&A activities in the Greater China region. However, and despite the continued adverse fall-out particularly from the US-China trade tensions, the Chinese economy is expected to stay in good shape given the generally strong economic fundamentals.

The Chinese government announced various initiatives and polices to support domestic market activities, including:

- From 1 April 2019, the Ministry of Finance, State Administration of Taxation and General Administration of Customs of the People's Republic of China have effectively reduced the value-added tax (VAT) rates to 13% from 16% for sectors including manufacturing. VAT rates have also been reduced to 9% from 10% in other sectors including transportation, construction, real estate, basic telecommunication services and agricultural products. This policy was designed to assist domestic businesses and promote organic growth in China.
- The People's Bank of China announced a three-phase plan to reduce the regional banks' reserve requirements in May 2019, in order to reduce financing costs for small and private enterprises.
- As proposed by President Xi Jinping at the G20 Summit on 28 June 2019, the China market will further open up, especially in the agriculture, mining, manufacturing and services sectors. China is planning to establish six new pilot free trade zones and a new section of the Shanghai Pilot Free Trade Zone, as well as speeding up construction of the free trade port in Hainan province.
- On 30 June 2019, the National Development and Reform Commission of the People's Republic of China released revised negative lists for foreign investment market access. The revised lists have fewer investment

PE/TRADE VOLUME & VALUE



restrictions compared with previously issued lists, especially regarding high-end manufacturing, intelligent manufacturing and green manufacturing sectors.

TOP DEALS

The biggest mid-market deal in Q2 2019 was in Industrials & Chemicals. The top three major mid-market deals included:

- Jiangsu Shenghong Petrochemical Industry Development Co., Ltd. invested USD 486m in Jiangsu Honggang Petrochemical Co., Ltd. – announced in April 2019;
- China Chengxiang Holding Group Co., Ltd. invested USD 472m for a 10.71% stake in Beijing Originwater Technology Co., Ltd. – announced in May 2019; and
- Multiple investors, including Anhui Conch Cement Co., Ltd., Anhui Wanjiang Logistics (Group) Co., Ltd., Anhui Provincial Port & Shipping Group Co., Ltd. and Chizhou Construction Investment Group Co., Ltd. invested USD 434m for a 41.7% stake in Anhui Port Operation Group Co., Ltd. –announced in June 2019.

LOOKING AHEAD

The latest BDO Heat Chart for Greater China indicates a total of 1,250 deals planned or in progress with 367 (29%) related to Industrials & Chemicals and 203 (16%) related to TMT. Other key sectors include Business Services, Consumer and Pharma, Medical & Biotech.

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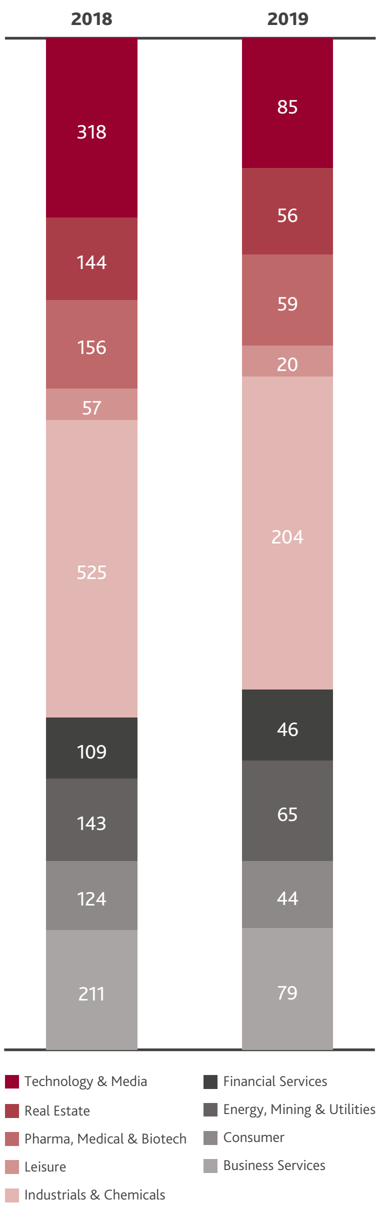
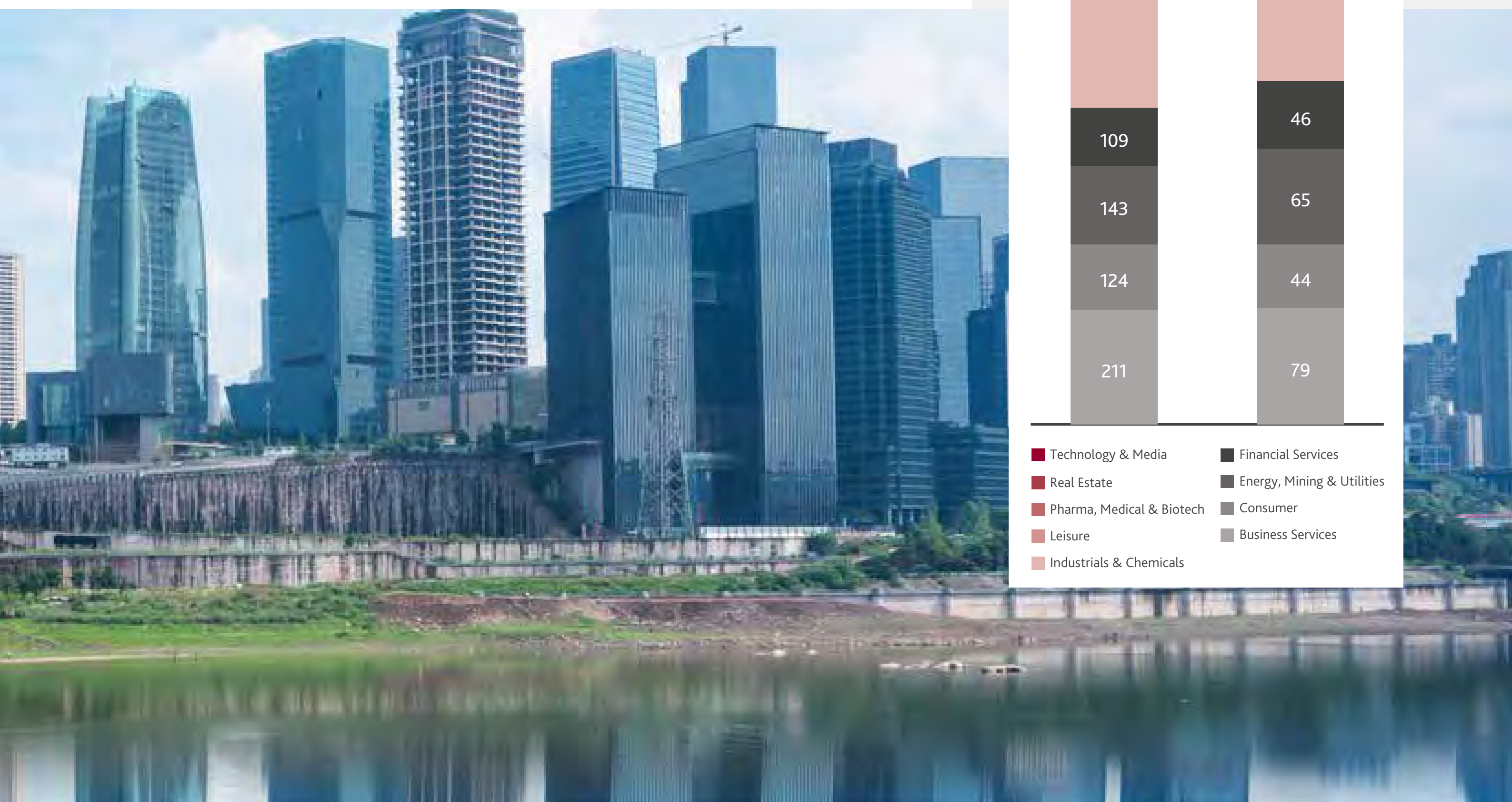
CHINA
HEAT CHART BY SECTOR

Industrials & Chemicals	367	29%
TMT	203	16%
Business Services	169	14%
Consumer	128	10%
Pharma, Medical & Biotech	106	8%
Financial Services	89	7%
Energy, Mining & Utilities	85	7%
Real Estate	57	5%
Leisure	46	4%
TOTAL	**1250**	**100%**

CHINA
MID-MARKET VOLUMES BY SECTOR





SOUTH EAST ASIA

M&A ACTIVITY CONTINUES TO STRUGGLE DUE TO ECONOMIC CHALLENGES

BIG PICTURE

- Volume of deals fell by 38.9% in Q2 2019 compared to Q1 2019
- Slowest quarter for M&A since Q1 2011
- Industrials & Chemicals and Consumer topped the deal count with 10 each.

M&A market activity in South East Asia was lower in Q2 2019 compared with the previous quarter, both in terms of the volume of deals and the value per deal.

51 deals were transacted in Q2 2019 compared to the 66 deals closed in Q1 2019, representing a total volume decrease of 38.9%, with total value decreasing to USD 2.3bn in Q2 2019 from USD 5.9bn in Q1 2019. The Top 10 deals for the quarter amounted to USD 2.1bn, representing 58.8% of the total deal value for Q2 2019, a drop from the Top 10 deals in Q1 2019, which totalled USD 2.7bn and which represented 49.8% of total deal value. Despite the fall in the total volume of deals and value per deal in Q2 2019 as compared to Q1 2019, the largest M&A deal recorded in Q2 2019, at USD 420m (the acquisition of Traveloka in Indonesia) was bigger than the largest M&A deal recorded in Q1 2019 (the USD 373m acquisition of Epic Gas Limited in Singapore).

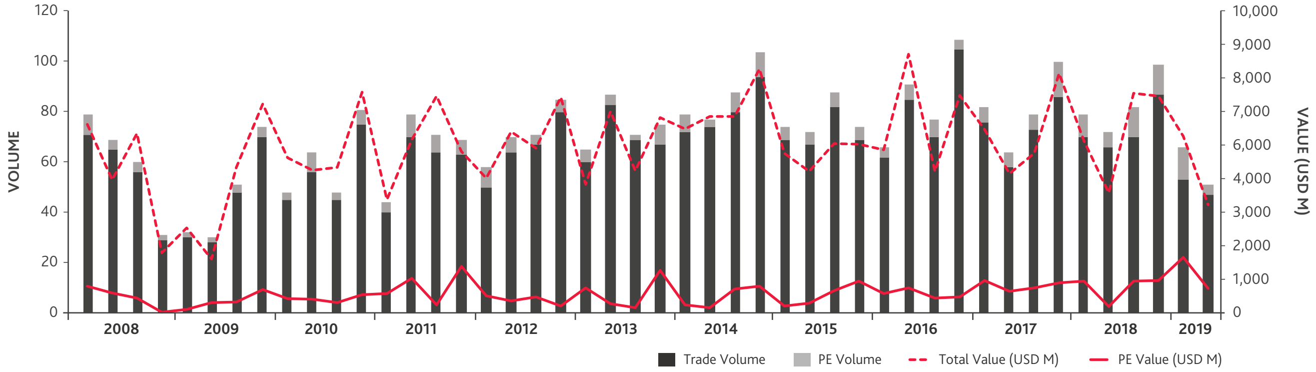
PE completed four deals in Q2 2019, which was two less than the corresponding period in 2018. PE's contribution to total M&A activity for the quarter was small, representing 7.8% of the total number of deals and 22.2% of the total transaction value.

KEY SECTORS

The most active sectors in South East Asia were Industrials & Chemicals, Consumer, Real Estate and Business Services, which together contributed 72.5% of the total deals in Q2 2019, an increase from the previous quarter where the same four sectors accounted for 47.0% of deals. Industrials & Chemicals and Consumer were the two key sectors, each contributing 10 deals (Q1 2019: 13 and 5 deals, respectively), followed by Real Estate with nine deals (Q1 2019: 1) and Business Services with eight deals (Q1 2019: 12).

While the most active sectors were Industrial & Chemicals, Consumer, Real Estate and Business Services, the top three deals in terms of value were in TMT, Energy, Mining & Utilities and Real Estate.

PE/TRADE VOLUME & VALUE



The biggest deal was the acquisition of Traveloka in Indonesia at a consideration of USD 420m by Expedia Inc., GIC Private Limited, JD.com Inc., Hillhouse Capital Management Ltd., Global Founders Capital GmbH and East Ventures. This was followed by the acquisition of 5.99% stake in Electricity Generating Public Company Limited in Thailand by Kyushu Electric Power Co., Inc from Japan at a consideration of USD 273m, and finally the acquisition of a 50% stake in Bayswater Co Ltd in Thailand by Central Pattana Pcl at a consideration of USD 244m.

WONG WING SEONG
EXECUTIVE DIRECTOR, ADVISORY

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LOOKING AHEAD

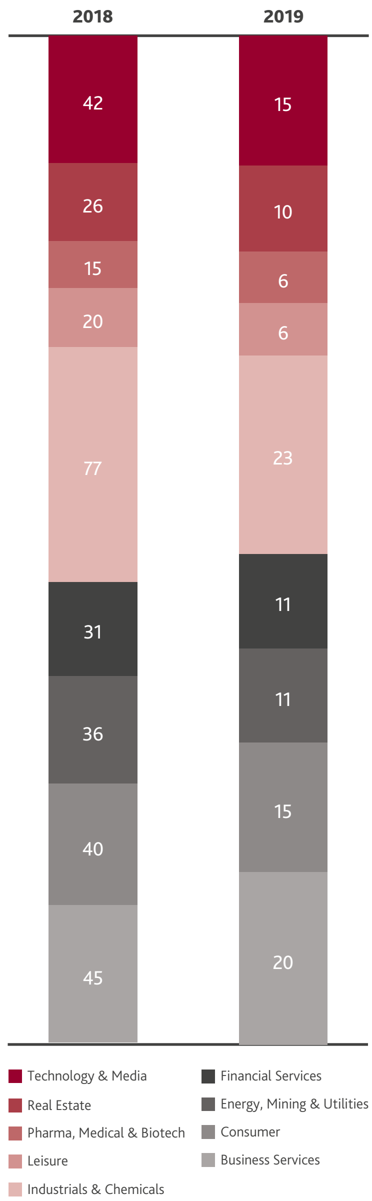
M&A activities in South East Asia slowed down even further in Q2 2019 after a quiet first quarter, dropping to the lowest quarterly result recorded since Q1 2011. The M&A activities in the region are expected to continue be affected by current economic challenges, which include the US-China trade war and technology war situation, political uncertainty arising from general elections across some of the South East Asia countries and fluctuation of currencies in the region.

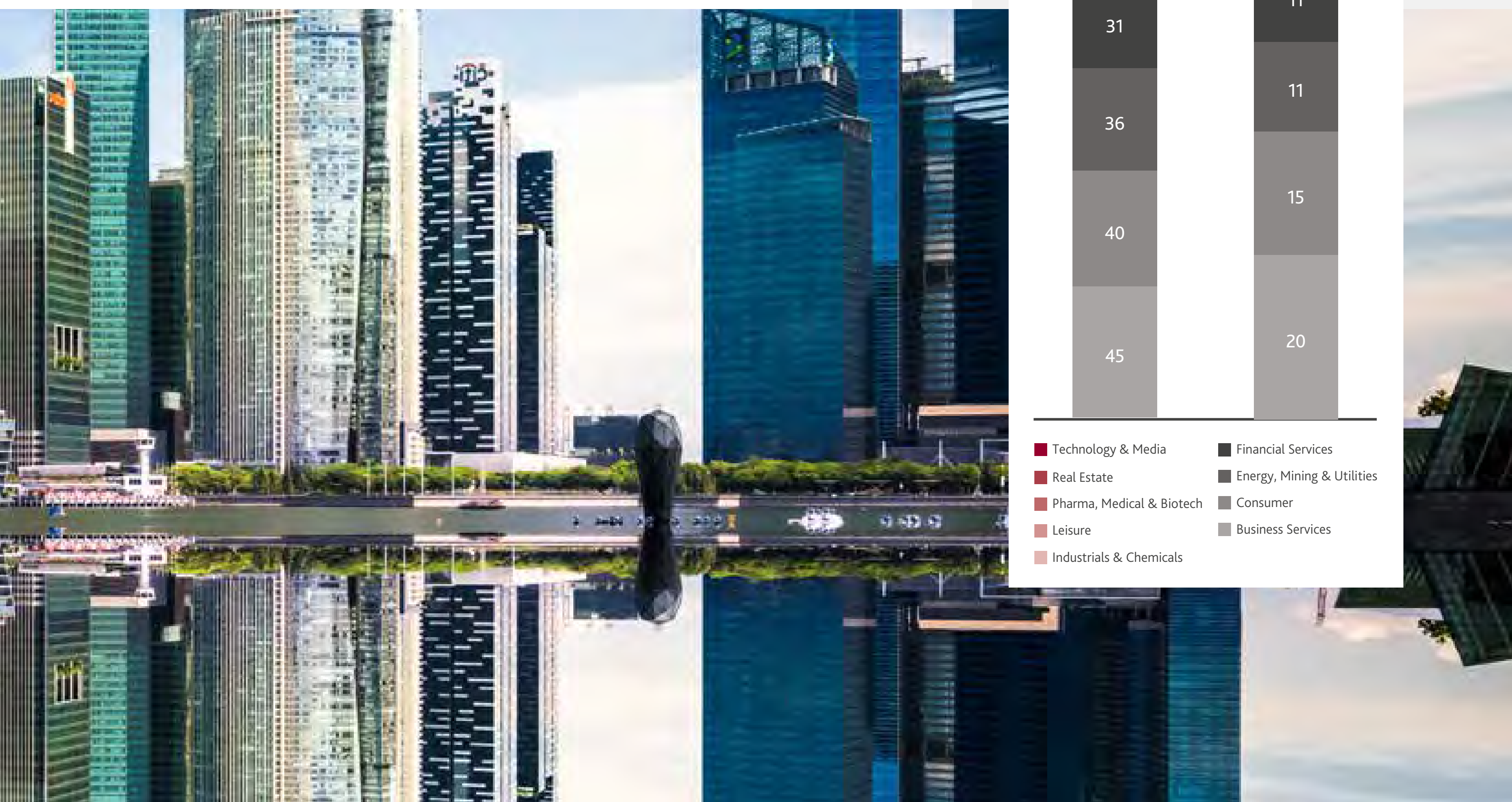
The main focus of M&A activity in South East Asia was in Industrial & Chemicals as it maintained the recent trend of contributing the most deals (10). This sector achieved the highest cumulative number of deals based on the four-quarter cumulative sum as of Q2 2019 of 59 deals. Consumer accounted for 10 deals in Q2 2019 and has a four-quarter cumulative sum of 41 deals as of Q2 2019. Finally, M&A activities in Business Services recorded the second highest cumulative figure with a four-quarter sum of 45 deals as of Q2 2019.

SOUTH EAST ASIA
HEAT CHART BY SECTOR

Industrials & Chemicals	82	17%
Consumer	74	16%
TMT	69	15%
Business Services	69	15%
Energy, Mining & Utilities	53	11%
Real Estate	38	8%
Financial Services	34	7%
Leisure	28	6%
Pharma, Medical & Biotech	23	5%
TOTAL	**470**	**100%**

SOUTH EAST ASIA
MID-MARKET VOLUMES BY SECTOR





AUSTRALASIA

M&A ACTIVITY HAS LOWERED BUT THE PIPELINE LOOKS HEALTHY

BIG PICTURE

- The volume of deals declined 11% from Q1 2019 to Q2 2019, and this represented the lowest volume of deals since Q2 2009.
- The number of deals attributable to private equity has declined from 10% in Q2 18 to 3% in Q2 19.
- The largest sector by deal volume was Energy, Mining and Utilities which accounted for 25% of transactions.

Q2 2019 saw 64 deals with a combined value of USD 3.2bn successfully completed. This represented an 11% decrease on Q1 2019's deal volume of 72 and a 48% decrease in deal value compared to the corresponding quarter in 2018 (USD 6.0bn).

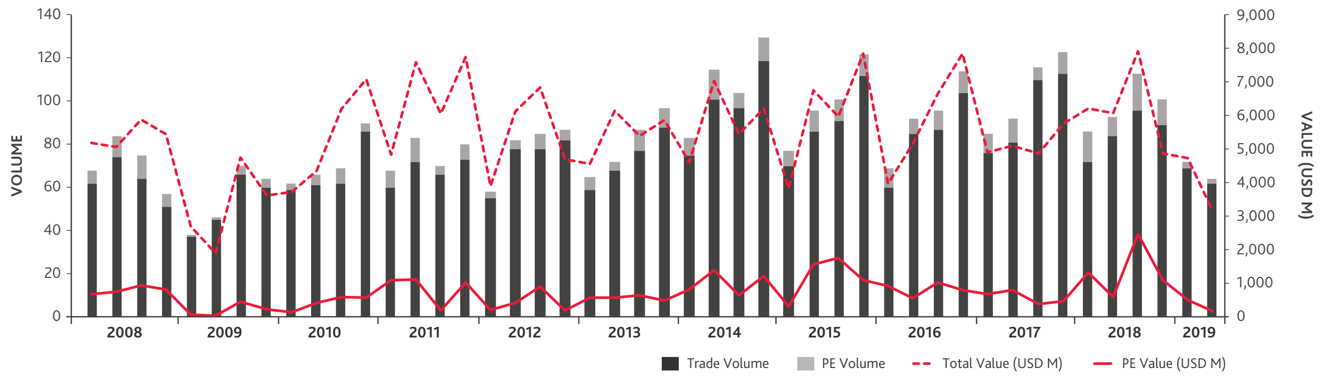
Deal volume in Q2 2019 was 25% down from the corresponding quarter in 2019 (93 Deals) and Q2 2019 volume is the lowest since Q1 2013. The value of completed deals is the lowest since Q2 2009.

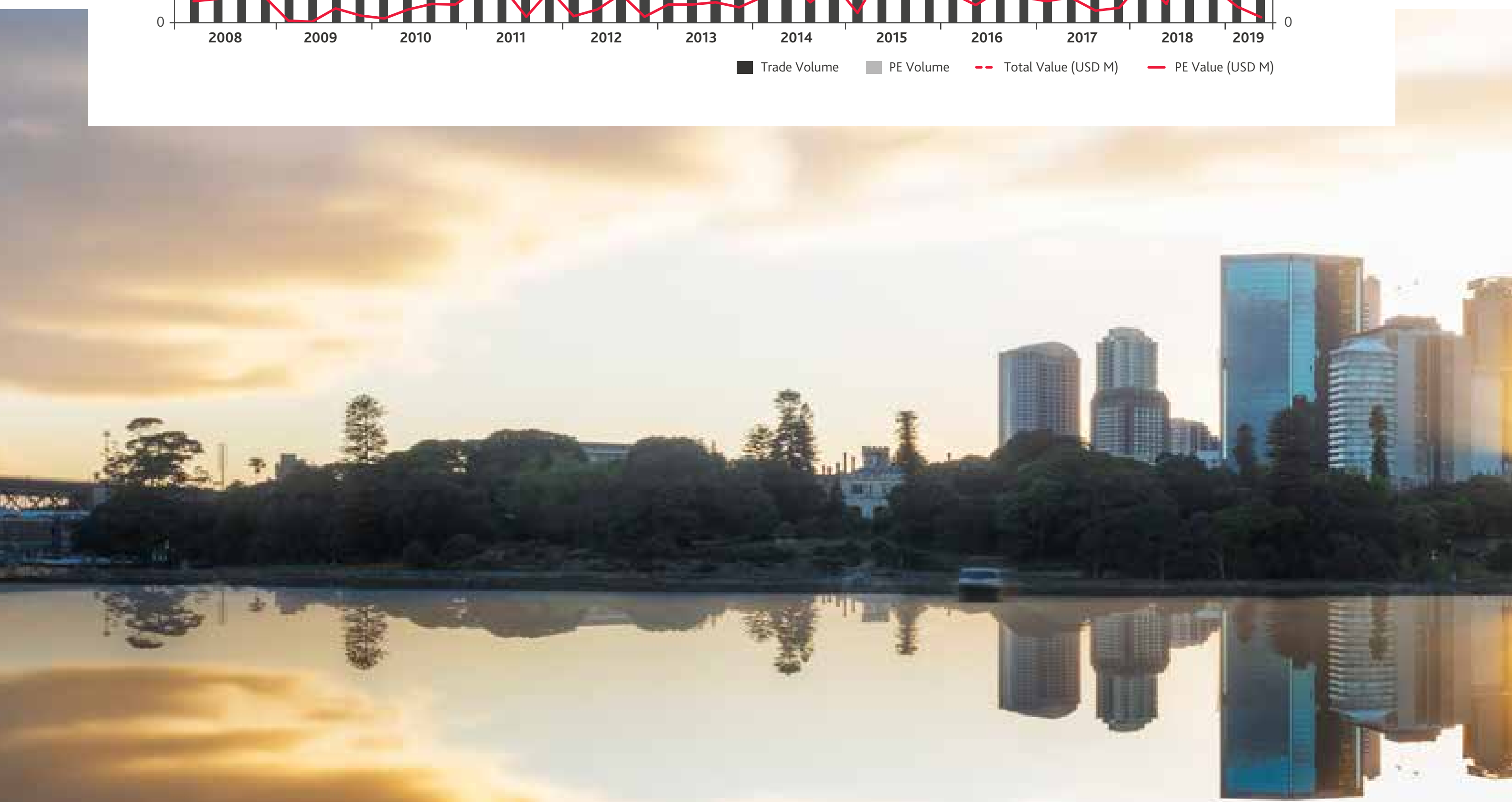
The average deal value has also decreased at USD 50m in Q2 2019 compared to USD 65m in both Q1 2019 and Q2 2018. The level of overseas bidders has reduced in Q2 2019 with 30% of the top 10 deals involving an overseas bidder (Q1 2019 70%).

PE transactions accounted for USD 163m (5.1%) of Q2 2019. This is a 67% decrease on the previous quarter and the lowest value recorded since Q2 2009.

The Pharma, Medical & Biotech sectors have had the largest drop in volume in the current year with three deals compared to 22 in the same period in 2018. Industrials and Chemicals also recorded low levels of deal activity this quarter, down 63% compared to Q2 2018.

PE/TRADE VOLUME & VALUE





KEY DEALS

AMP Capital, an Australian based fund manager, purchased a student accommodation 30 year concession at the Australian National University for USD 498m. The business was purchased from Infratil (A New Zealand listed investment fund) and Commonwealth Superanuation Corporation (An Australian Superannuation fund). The deal expands AMP's university student accommodation portfolio from two universities to three and provides investors with access to long term inflation linked contracts.

The second largest deal was the USD 251m sale of Fonterra Brands (Tip Top) Limited, an ice cream producer, from the New Zealand dairy co-operative Fonterra Co-operative Group Limited to Froneri Limited (United Kingdom). The deal represents an expansion of Froneri, an ice cream company with brands operating across 20 countries, into the New Zealand market.

LOOKING AHEAD

At the end of Q2 2019 there were 427 deals in the pipeline, an increase over the 402 at the end of Q1 2019. This indicates that deal volumes could rebound throughout the remainder of 2019.

The TMT sector has the highest level of forecast transactions with 102 (31%) currently in the pipeline. The next largest sector is Industrial and Chemical with 82.

A significant deal expected to be completed in Q3 2019 is the sale of New Zealand company Westland Milk Products to Chinese dairy company Yili for US$392. The deal received overseas investment office approval on 16 July 2019.

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PARTNER

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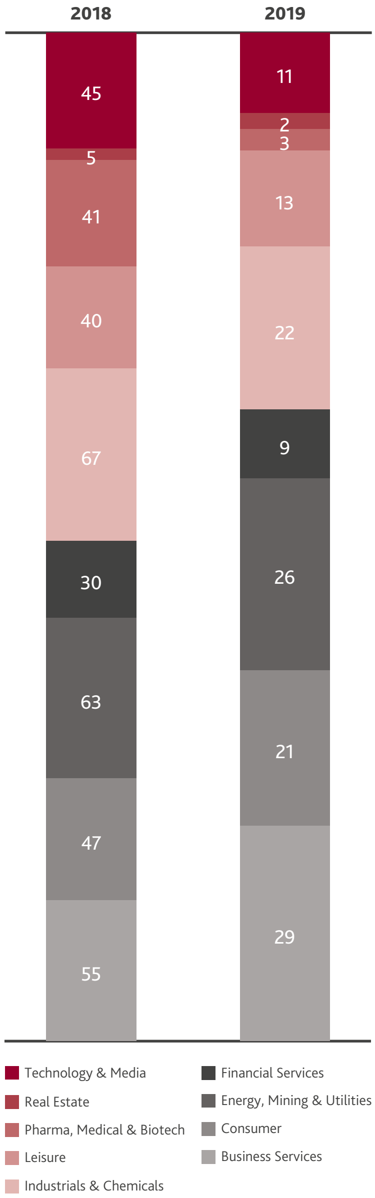
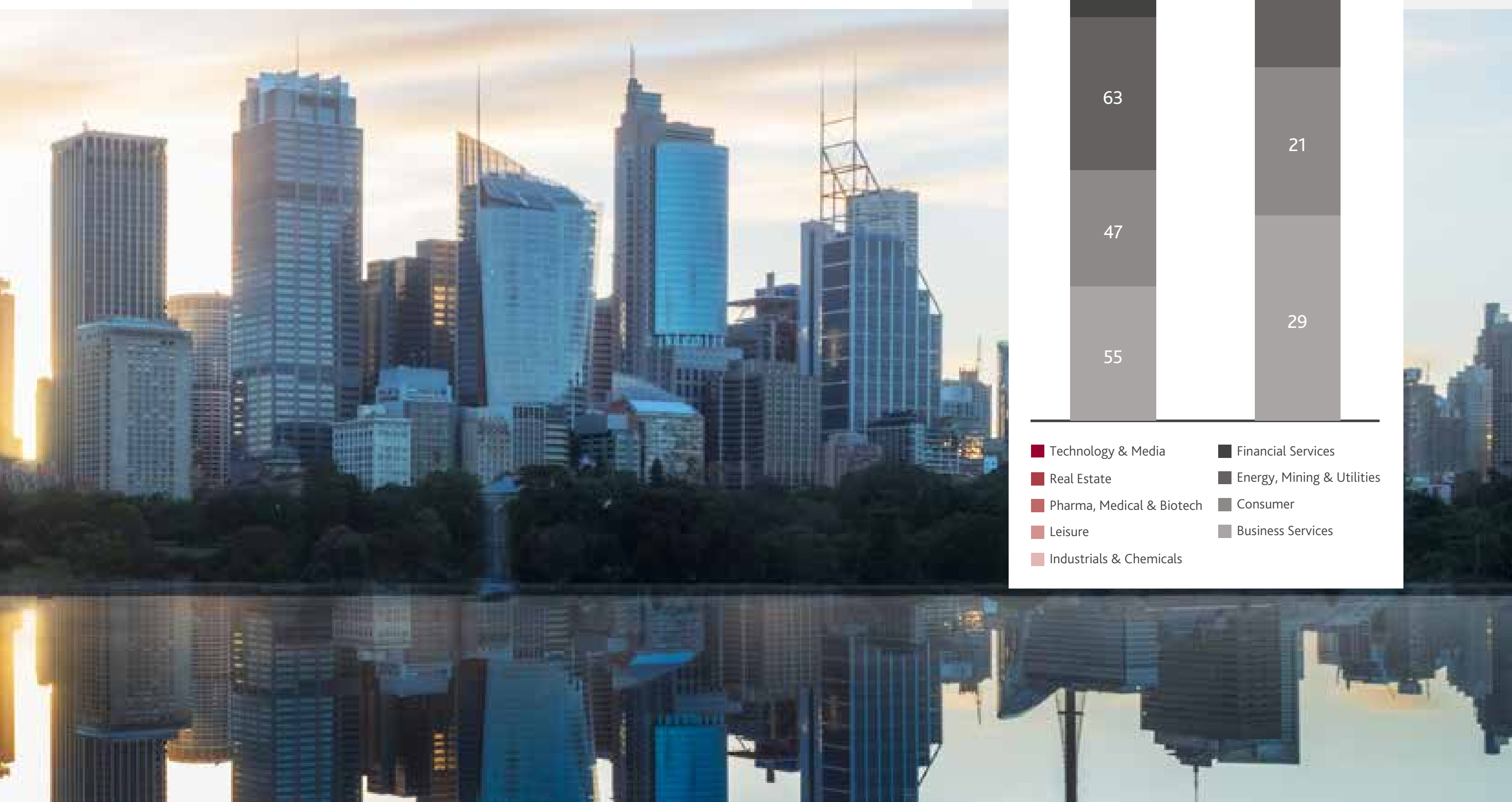
TMT	78	18%
Consumer	63	15%
Business Services	62	15%
Industrials & Chemicals	59	14%
Pharma, Medical & Biotech	46	11%
Energy, Mining & Utilities	44	10%
Financial Services	43	10%
Leisure	22	5%
Real Estate	10	2%
TOTAL	**427**	**100%**

AUSTRALASIA
MID-MARKET VOLUMES BY SECTOR





SECTOR VIEW

NATURAL RESOURCES

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Macroeconomic events continue to influence mid-market M&A activity within Natural Resource-focused industries, as ongoing posturing and speculation surrounding a potential trade war between the USA and China (who together comprise 40% of the world's GDP) continue to impact markets in volatile, sometimes unexpected ways.

Strategic commodities have been particularly impacted by trade tensions. One winner of the ongoing trade war posturing has been long-suffering rare earths producers, which have rallied on the back of speculation of China (the dominant rare earths producer) threatening to curtail supply. Australian conglomerate Wesfarmers, quick to capitalise on this uncertainty and rare earths' strategic value, made an unsolicited AUD 1.5bn takeover offer for rare earths producer Lynas Corporation. The 'opportunistic' offer, at a 45% premium to the company's latest share price, was vigorously rejected by Lynas. Wesfarmers have since entered an AUD 500m scheme of implementation with Lithium producer, Kidman Resources.

In one of the largest deals in USA and Canada so far in 2019, China-based CITIC Resources acquired an additional USD 450m stake in Ivanhoe Mines, a Canadian-listed company developing high-grade copper deposits in the Democratic Republic of the Congo. Although a significant transaction, we expect the same drivers to support activity amongst mid-market companies developing high-tier quality deposits in frontier markets.

Uranium producers have been one such victim of trade war speculation. Already suffering from sustained low prices, uranium producers (outside of the US) fell victim to uncertainty attributable to proposed quotas supported by President Trump. First proposed in January 2018, these quotas would have compelled US nuclear power generators to purchase domestically produced Uranium and there is no doubt that they have dampened market activity. As we publish this report, President Trump has announced he will no longer support these quotas.

The gold sector began 2019 with the two largest mergers in the sector's history, and consensus suggests there will be no shortage of activity in the foreseeable future. In addition to these mergers, sentiment in the sector has been buoyed by six-year highs in the gold price to more than USD 1,440 per troy ounce; giving companies both the means, and the mandate, to pursue prospective M&A opportunities.

SUM OF TOTAL TRANSACTION VALUE (USD MM, HISTORICAL RATE)

INDUSTRY CLASSIFICATIONS (TARGET)	TOTAL
Oil and Gas Services	21,132.80
Gold	14,102.00
Oil and Gas Production	13,601.90
Diversified Metals and Mining	3,399.20
Steel	1,166.40
Aluminium	497.1
Copper	302.3
Coal and Consumable Fuels	148.7
Precious Metals and Minerals	132.3
Silver	4.7
TOTAL	**54,487.4**

Oil and gas M&A activity remains lacklustre and uncertainty reigns as the industry struggles to reconcile lower oil prices with significant price volatility. With the exception of Anadarko Petroleum's planned USD 38bn sale to Occidental Petroleum (labelled as 'hugely overpriced' by billionaire activist investor Carl Icahn), the pace of mergers and acquisitions remains subdued, and is being predominantly driven by the rationalisation of major players and resulting divestiture of assets. One example of this trend can be seen with Pioneer Natural Resources' sale of their Eagle Ford shale and remaining South Texas assets. Once a darling of the fracking boom, Pioneer has dramatically scaled back its ambitions, selling its assets to Ensign Natural Resources LLC, a small, two-year-old oil and gas producer focused solely on the region.

Iron ore producers continue to rally to all-time highs off the back of a resurgence in the iron ore price. However, with 2016's all-time lows still in recent memory and the likelihood that the current high prices will not be sustained, producers remain reticent with respect to prospective M&A activity.

NATURAL RESOURCES
HEAT CHART

North America	218	9.2%
Greater China	85	6.8%
CEE & CIS	46	7.0%
Southern Europe	39	6.9%
South East Asia	53	11.3%
Australasia	44	10.3%
UK & Ireland	34	8.3%

OUTLOOK

Although total M&A transactions sizes have decreased marginally through the quarter and there has been no lack of surprises, transaction volumes have remained steady and consensus estimates support continued M&A activity through 2019.

Mergermarket's Heat Map, which tracks companies available for sale, and is a leading indicator of future M&A activity, suggests that Energy, Mining & Utilities-related activity will continue to remain an important contributor to overall M&A activity globally, with North America continuing to be the largest source of deals.

HEALTHCARE

SECTOR MAINTAINS CONSISTENT GLOBAL DEAL VOLUMES, BOOSTED BY A NUMBER OF RECENT MEGA-DEALS

Global Healthcare M&A activity has been consistent in recent years, punctuated by a number of primarily US mega-deals focused around vertical integration and revenue capture. The period has seen increasing activity by the world's largest e-retailers in the Healthcare sector.

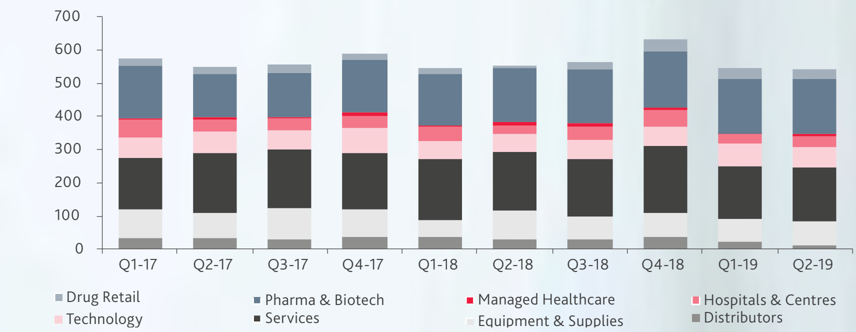
Despite economic and global geopolitical headwinds, Healthcare deal volumes have remained remarkably consistent, at around 560 transactions per quarter, over the last 10 quarters, highlighting the extent to which many Healthcare sectors operate independently of the wider economic cycle.

In contrast to the consistent deal volumes, deal values have fluctuated dramatically by quarter, reflecting a number of record Healthcare transactions. Vertical integration, category leadership and R&D acquisition have been key Healthcare M&A themes in recent years and this has been reflected in recent quarters' mega-deals.

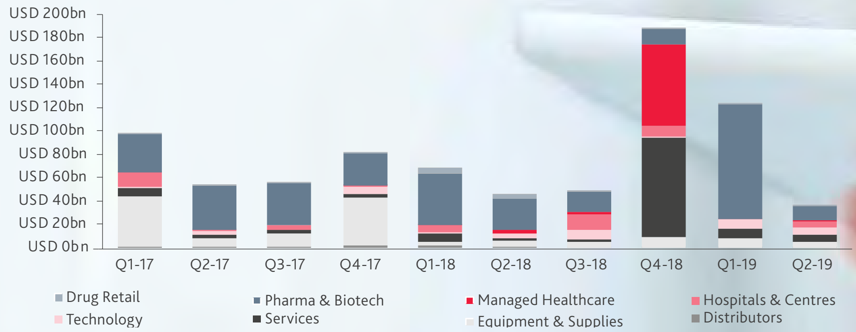
Health insurer Cigna acquired pharmacy benefit manager Express Scripts for USD 71bn in December 2018. A month earlier, CVS Health Corporation closed its USD 69.5bn acquisition of Aetna Inc, combining CVS' pharmacies with Aetna's insurance business. These transactions were the latest in a series of vertical integrations between major US health insurers and pharmacy benefit managers with a view to reducing costs for consumers and policyholders.

In Q1 2019, Japan's Takeda Pharmaceutical Company acquired Shire plc, a pharmaceutical company focused on rare diseases and specialised conditions, for USD 80.9bn. The acquisition positions Takeda uniquely as big-pharma with a focus on rare diseases and also provides Takeda with increased exposure to the US market.

DEAL VOLUMES BY SUB-SECTOR Q1 2017 – Q2 2019



DEAL VALUES BY SUB-SECTOR Q1 2017 – Q2 2019



SIGNIFICANT TRANSACTIONS Q1 2017 – Q2 2019

CLOSED	SECTOR	TARGET	USD BN
Q1-17	Equipment & Supplies	St. Jude Medical, Inc.	30.3
Q1-17	Pharma & Biotech	Sanofi, Animal Health Business	12.5
Q2-17	Pharma & Biotech	Actelion Ltd	29.9
Q4-17	Equipment & Supplies	C. R. Bard, Inc.	25.8
Q4-17	Pharma & Biotech	Kite Pharma, Inc.	11.2
Q1-18	Pharma & Biotech	Bioverativ Inc.	11.5
Q1-18	Pharma & Biotech	Juno Therapeutics, Inc.	9.3
Q1-18	Pharma & Biotech	Impact Biomedicines, Inc.	7.0
Q2-18	Pharma & Biotech	AveXis, Inc.	8.7
Q4-18	Services	Envision Healthcare Corporation	11.2
Q4-18	Services	Express Scripts Holding Company	71.0
Q4-18	Managed Healthcare	Aetna Inc.	69.5
Q1-19	Pharma & Biotech	Loxo Oncology, Inc.	8.0
Q1-19	Pharma & Biotech	Shire plc	80.9

TECH GIANTS PIVOTING TO HEALTHCARE?

The Healthcare sector may be on the verge of significant structural disruption with major consumer retail and technology players either making acquisitions or increasing their focus in traditional health businesses.

In January 2018, Amazon announced its partnership with Berkshire Hathaway and JPMorgan Chase to form an independent healthcare company for their US employees and, in September 2018, followed up with a USD 753m foray into the prescription medication market with the acquisition of PillPack Inc.

Apple has updated Apple Health, a new personal health record app which interfaces with hospital electronic health records. It has also added an electrocardiogram feature to the Apple Watch, shifting its focus from fitness and into the health space.

OUTLOOK

Given the performance of Healthcare M&A in the last two years, we expect M&A deal volumes to continue to be steady, defying the uncertainties in the global economic outlook. Large-scale transactions are also expected to continue to feature as Healthcare companies use acquisitions to grow revenue.

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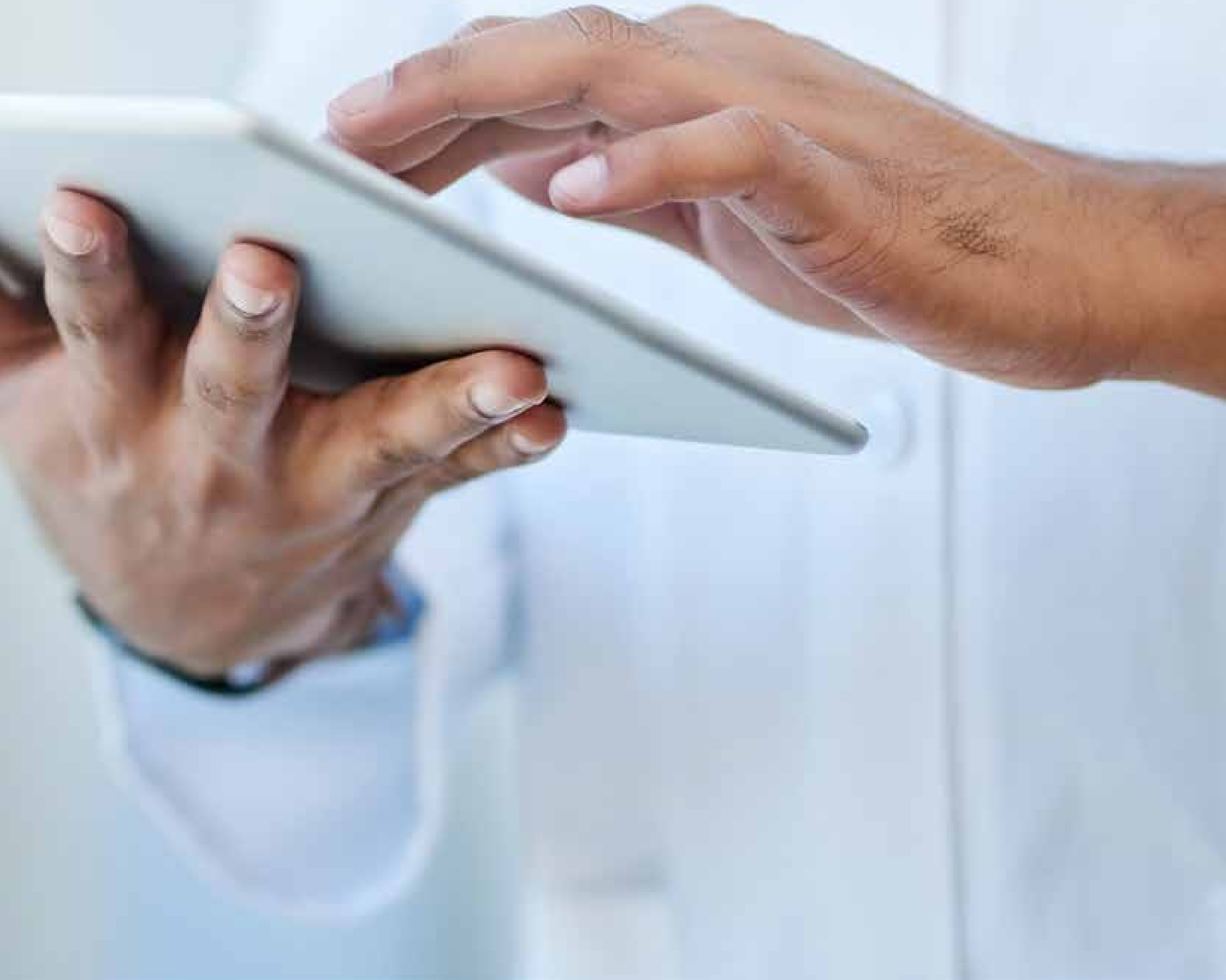

TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS

TMT EMERGES AS THE LEADING SECTOR IN A PERIOD OF SUBDUED GLOBAL M&A ACTIVITY

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M&A activity in the TMT sector has declined in line with the global trend. However, the market appetite for TMT deals remains buoyant as digitisation, the Internet of Things, blockchain and artificial intelligence continue to disrupt traditional industries.

Deal volume in TMT declined by 25% in Q2 2019 compared to last year, driven by declining business confidence globally and heightened macroeconomic pressure, particularly in Asia and Europe. Europe's GDP growth remains well below levels observed during 2017 to 2018, with the EU Commission recently downgrading its 2020 forecast growth to 1.4%.

Trade tensions between China and North America, who represent approximately half of all TMT transactions globally, led to a reduction in investment and M&A activity. TMT deal volume in China fell by over 40% in Q2 2019 compared to last year.

Despite a broad decline in M&A activity in 2019, TMT remains one of the most active sectors. BDO's Heat Chart indicates that of all deals in the global pipeline, 22% relate to TMT, ahead of the Industrials & Chemicals and Consumer sectors. The strong global demand in TMT is due to companies increasingly relying on M&A as a strategy to drive innovation.

DEMAND FOR TMT DEALS AND DIGITISATION OF TRADITIONAL SECTORS

Three trends are underpinning the M&A activity and demand for technology businesses: tech giants investing in emerging technology; PE capitalising on the high growth potential of scalable platforms; and traditional businesses acquiring digital solutions to drive efficiencies and remain competitive.

Industry and sector convergence continue to be a major theme in M&A, with TMT being the focal point for business transformation and innovation. One example is the digitisation of the legal profession. Elevate Services made several strategic TMT-related acquisitions including LexPredict. LexPredict is an artificial intelligence (AI) company that provides automated analytics and review of contracts. This is just one example of how the lines between TMT and other sectors continue to blur.

Digitisation is the largest driver of M&A activity, with software-related transactions consistently contributing to over a third of all TMT deals over the past year. This demand lifted market prices higher with the median EBITDA multiple for software companies increasing to 18x in Q2 2019 compared to 12x last year. In contrast, other sub-sectors including IT services, media, electronic equipment and entertainment all saw a broad decline in EBITDA multiples in comparison to Q2 2018.

TECH GIANTS GO HEAD TO HEAD

While total TMT deal volume declined in the quarter, M&A activity in emerging sub-sectors including the Internet of Things (IoT), AI and blockchain continues to increase as global players invest in the hottest technology. IoT and AI deal volume increased by more than 60% and 30% respectively for the quarter compared to last year.

We have entered a modern day 'Space Race', with global technology giants racing to control and acquire new technologies. Both Uber and Apple acquired artificial intelligence-based companies focused on autonomous vehicles in June 2019. Uber acquired Mighty AI in order to improve the computer vision of their autonomous vehicles through the training of data. Apple continues to compete against Google's Waymo with the acquisition of Drive.ai, a start-up which develops kits to turn regular vehicles into autonomous ones.

PRIVATE EQUITY REMAINS HOT

PE activity in the sector has continued to rise since 2018, driven by record levels of 'dry powder' (funds which are available but not yet invested) and low interest rates. Private equity buy-outs are increasing consistently, accounting for 21% of deals in Q2 2019, up from Q2 2017 (15%) and Q2 2016 (11%).

As a result, we are now seeing PE firms outbidding strategic buyers, particularly in the TMT space. This is counterintuitive given that PE firms typically cannot access the same synergies available to strategic acquirers.

In Australia, KKR recently completed their USD 1.75bn acquisition of leading ASX-listed accounting software company MYOB. KKR will support MYOB's strategy to increase market share and challenge its global competitor, Xero.

TMT HEAT CHART BY REGION

North America	703	38%
China	203	11%
CEE & CIS	134	7%
Southern Europe	88	5%
South East Asia	69	4%
Australasia	78	4%
UK & Ireland	90	5%
Latin America	73	4%
Other Asia	102	6%
DACH	59	3%
Nordic	55	3%
India	63	3%
Japan	41	2%
Benelux	32	2%
Africa	14	1%
Israel	36	2%
Middle East	9	0%
TOTAL	1,849	

LOOKING FORWARD

At a macro level, weak business confidence remains a major obstacle to growth and M&A activity over the remainder of 2019. Trade tensions between the US and China are expected to ease, with market analysts predicting a resolution over the near term. This should spur on increased M&A activity in those regions.

We expect the TMT sector to remain strong as emerging technologies become more mainstream. M&A activity across blockchain, AI and IoT will continue to increase as the markets consolidate and companies integrate new solutions.

5G technology becoming the new standard, tighter data privacy regulation in response to Europe's GDPR, increased concern over cyber security by senior management teams and the acceleration of investment into automation are all key trends that will drive M&A activity in both TMT and wider sectors in the coming years.

CONSUMER & RETAIL

TECHNOLOGY TRANSFORMS THE RETAIL EXPERIENCE AS MILLENNIALS COME OF AGE

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The global consumer and retail marketplace continues to evolve at a rapid rate, driven in large part by natural demographic effects, changing consumer tastes and continuing advancements in technology, which have all transformed the retail experience for both retailers and consumers.

The demographic segmentation of the global retail marketplace is changing as the latter half of the Baby Boomer generation eases into retirement. The balance of power now arguably resides with Millennials and Generation Y consumers – who have become empowered by the emergence of the Web 2.0 platform, the importance of social media in general, and their user-generated content in particular, in building brands and driving sales volumes.

As such, the equilibrium has arguably flipped 180 degrees in comparison with the 1950s when earlier generations dutifully bought whatever detergent or breakfast cereals were advertised to them. The youngest generations are the least pliable that global retailers have dealt with in living memory – and are more informed and forthright in their product and brand preferences. Generation Z – the first digital native generation which never experienced life before the internet and digital computing – is likely to be even less easily influenced than their parents and older siblings. Retailers will have to work harder than ever before to encourage consumer loyalty and differentiate their brands versus competitors.

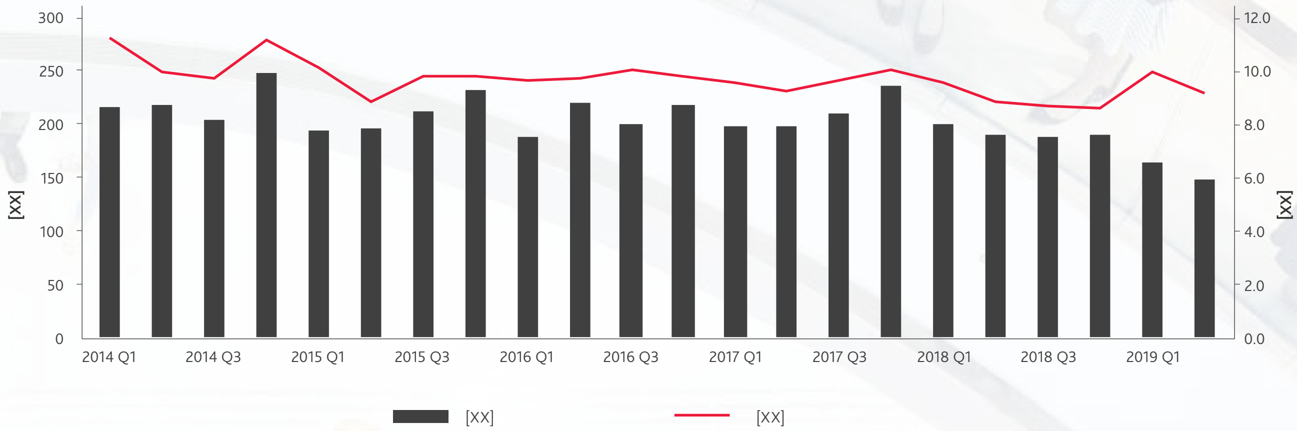
RETAIL MODEL MOVES WITH THE TIMES

In the past decade, the retail model has continued to evolve as consumers demand a seamless and more personalised shopping experience – often with brands which they feel are relatable and share similar personal values. At the same time, consumers retain high expectations around convenience and value for money – which has necessitated the use of technology by retailers to lower costs to serve by redesigning supply chains, redefining manufacturing techniques and right-sizing their corporate structures. The rise of omni-channel retailing has also brought the challenge to retailers of unifying customer experience across all operations. The recent advent of experiential retail ('retailtainment' or the co-location of physical retail shopping and entertainment options) is also changing the retail terrain while accommodating the Millennials' desire for experiences.

Retailers will need to continue to deploy technology in an innovative manner to build and retain market positions against emerging low-cost operators – some of whom are digital natives themselves without the legacy infrastructure of surviving formerly dominant players from previous generations. Finally, the predicted widespread adoption of voice-activated digital assistants in the home such as Amazon's Alexa and Google Home is likely to herald further changes in competitive dynamics.

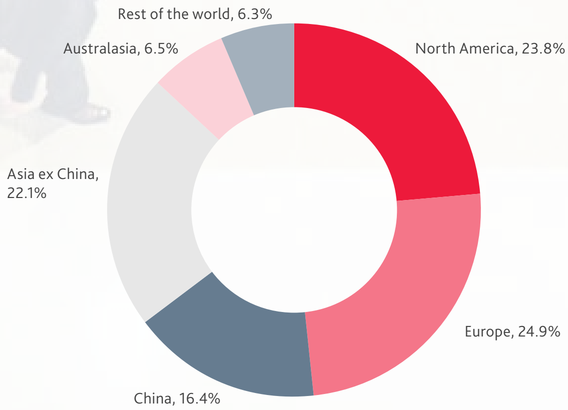
The abovementioned continually evolving factors are all combining to make the current consumer & retail landscape a particularly challenging environment for operators to navigate, and we believe this will drive M&A activity over the short to medium term, as established players look to leverage acquisitions and divestments to optimise their portfolios, enact growth strategies and deploy capital in transactions which will create meaningful value for shareholders.

GLOBAL MID-MARKET M&A VOLUMES: CONSUMER & RETAIL SECTOR



During the first six months of 2019, mid-market M&A volumes in the global Consumer & Retail sector declined 20% from the activity levels of H1 2018, broadly mirroring the year-on-year decline in total mid-market deal volumes (-23%), and representing the lowest recorded level over the past five years. This decline is largely attributable to continuing global economic uncertainty amidst trade tensions between the US and China, and the downturn in global equity markets in late 2018 and early 2019. Consumer & Retail sector's proportional share of total deal volumes remained broadly in line with 2015 to 2018 levels.

North America continues to be the most active M&A market, representing almost a quarter of global mid-market deal volumes over the last 12 months. China was the second-biggest contributor in terms of deal volume, and activity levels throughout the rest of Asia remain buoyant, driven by the continuing expansion of global majors into high growth regions.



Notable mid-market deals over the first six months of 2019 have included Unilever's recently announced acquisition of prestige skincare brand Tatcha, KPS Capital's acquisition of fitness equipment manufacturer Life Fitness, and a number of deals in the food sector.

REGION	ANNOUNCED DATE	TARGET COMPANY	SECTOR	TARGET COUNTRY	BIDDER COMPANY	BIDDER COUNTRY	DEAL VALUE (US$M)
US	Jun-19	Tatcha LLC	Cosmetics	USA	Unilever Plc	UK	500
US	May-19	Life Fitness, Inc.	Fitness equipment	USA	KPS Capital Partners, LP	USA	490
US	Apr-19	PAX Labs, Inc.	Tobacco - vaping	USA	Tiger Global Management; Redmile Group, LLC; Tao Capital Partners LLC; Prescott General Partners LLC	USA	420
Japan	Apr-19	Maxvalu Chubu Co., Ltd.	Food retail	Japan	Maxvalu Tokai Co Ltd	Japan	375
Europe	Jun-19	Burger Sohne Holding AG (on! products) (80% Stake)	Tobacco	Switzerland	Altria Group, Inc.	USA	372
Africa	Apr-19	Dangote Flour Mills Plc	Food - flour	Nigeria	Olam International Limited	Singapore	363
Asia (ex China)	Mar-19	Yatra Online Inc	Online travel retail	India	EbixCash World Money Limited	India	342
Europe	Apr-19	Grupo Empresarial Palacios Alimentacion, S.A.	Food - meats & desserts	Spain	Unigrains SA; Ardian; MCH Private Equity; LGT European Capital Ltd.	France	338
Europe	May-19	Nuova Castelli SpA	Food - cheese	Italy	Groupe Lactalis S.A.	France	334
China	Jun-19	Royale Furniture Holdings Limited (46.28% Stake)	Furniture	Hong Kong	Consortium for Royale Furniture Holdings Ltd	China	308

LOOKING AHEAD

Looking ahead, while we expect the muted levels of M&A activity to continue throughout the remainder of 2019 (in comparison with prior years), the current deal pipeline suggests that deal volumes will increase in absolute levels over the remainder of the year. In particular, we expect that deal activity will continue to be strong in the food, food ingredients and beverages segments – the latter supported by continuing positive developments in the global regulatory environment for cannabis (as evidenced by strategic acquisitions by Constellation Brands and Molson Coors in the past 12 months).

SOME OF OUR RECENTLY COMPLETED DEALS

PRIMARY

BDO advised Primary Capital on the acquisition of ASL Group from Mobeus

July 2019

eksote

BDO acted as lead advisor to EKSOTE in the sale of 100% of shares in Etelä Karjalan Työkunto Oy to Terveystalo Oyj

JUNE 2019

GB TEC

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

JUNE 2019

SPYDER

BDO acted as financial advisor to Spyder Facilities on the sale to Digital Colony

JUNE 2019

Avista TECHNOLOGIES

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.

MAY 2019

Lambert Value through Innovation

Lead advisor for the sale of Lambert Automation Limited to Mpac Group plc

MAY 2019

the Local Shopping REIT plc

BDO Advised The Local Shopping REIT plc on a hostile bid defence from Thalassa Holdings Ltd

APRIL 2019

PROCENTEC

BDO advised the shareholders of Procentec on the sale of a minority interest in Procentec to the management team.

APRIL 2019

Van Assendelft Hollander Bogaert

KeBeK Private Equity purchased 100% of the shares of Van Assendelft Hollander Bogaert. It concers a strategic investment

MARCH 2019

SIGMAX

Quadrum Capital purchased Sigmax ICT Specialisten. Strategic investment. BDO advised the shareholders of Sigmax ICT Specialisten

MARCH 2019

RIIHIMÄKI

BDO acted as Lead advisor to City of Riihimäki in the sale of 49% of shares in Riihimäen Kaukolämpö Oy (a district heating company) to Aberdeen Standard Investment

MARCH 2019

UNITEK ENGINEERING

Supporting Unitek Engineering AG as Financial Advisor during the sales to Netcetera AG.

FEBRUARY 2019

Sale of Adam Equipment Co. Limited to Indutrade AB

May 2019

WILD ROSE BREWERY

BDO advised the board of directors of Wild Rose Brewery Ltd., on the sale to Sleeman Breweries.

MAY 2019

BDO acted as financial advisor to Livingbridge on the acquisition of Adarma from ECS Group

MAY 2019

Steadfast Capital has acquired a stake in Wilvo Group. BDO acted as financial advisor to Wilvo.

MAY 2019

Lead Advisor to the shareholders of Topwell Apotheken AG in the sale to Medbase, a group company of retailer Migros

APRIL 2019

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

APRIL 2019

BDO acted for Entsorgungsgesellschaft Niederrhein GmbH on the acquisition of Jochims Transport GmbH

APRIL 2019

BDO was the adviser of the Republic of Serbia in the privatization of Hidrotehnika-hidroenergetika a.d. Beograd

MARCH 2019

Sale of the agricultural fencing division of Praesidiad Group

JANUARY 2019

BDO acted as M&A advisor to Holiday Taxis Group on the sale to Hotelbeds Spain

JANUARY 2019

FleuraMetz has acquired a majority stake in Holland Indoor Plants B.V. (HIP)

JANUARY 2019

Advisor to Novartis and Clariant on the sale of two major industrial parks in Muttenz to GETEC

NOVEMBER 2018

FOR MORE INFORMATION:

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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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