

Dealing with the future

Deloitte M&A Index

Outlook for 2017



**2017 M&A Themes:
Fuelling growth
through innovation**
Deloitte M&A Index

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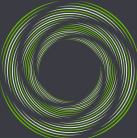
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**2017 M&A Themes:
Uncertainty is the "new normal"**
Deloitte M&A Index



**2017 M&A Themes:
Creating shareholder value
through divestments**
Deloitte M&A Index



Outlook for sectors & regions
Deloitte M&A Index

About the Deloitte M&A Index

The Deloitte M&A Index is a forward-looking indicator that forecasts future global M&A deal volumes and identifies the factors influencing conditions for dealmaking.

The Deloitte M&A Index is created from a composite of weighted market indicators from four major data sets: macroeconomic and key market indicators, funding and liquidity conditions, company fundamentals, valuations.

Each quarter, these variables are tested for their statistical significance and relative relationships to M&A volumes. As a result, we have a dynamic and evolving model which allows Deloitte to identify the factors impacting dealmaking and enable us to predict future M&A deal volumes. The Deloitte M&A Index has an accuracy rate of over 90% dating back to Q1 2008.

In this publication, references to Deloitte are references to Deloitte LLP, the UK member firm of DTTL.

Executive Summary

Despite the big shifts in political tectonic plates in 2016, M&A markets managed to hold up well. The year ended with \$3.2 trillion worth of announced deals, about 16 per cent down on the record-breaking figure in 2015, but still a high performing year out of the last ten. Volumes were 2.6 per cent higher than 2015.

In 2017, political and economic uncertainties are set to dominate global markets. M&A markets are sensitive to these uncertainties which could provoke corporate indecision. However, the momentum from 2016 will not simply evaporate. Instead deal-makers will exercise caution and deals might take longer to complete, but there is strong evidence that M&A markets recover quickly once uncertainty subsides.

Unrelenting technological progress brings uncertainties of another kind. Disruptive innovation technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), robotics and others are set to unleash a new competitive paradigm shift.

The confluence of technological advancements, changing customer preferences and an evolving regulatory landscape are reshaping how products and services are developed, delivered and consumed. Traditional sector boundaries are being blurred, leading to the convergence of business models across sectors such as health, finance, retail, manufacturing and others. This is paving the way for new competitors from adjacent sectors to enter the market. Companies who do not use innovation to fuel growth, risk being undermined.

CEOs are now saddled with the twin objectives of responding to the disruptive innovation threat in their traditional businesses and simultaneously harnessing these forces to create businesses of tomorrow and unlock new sources of revenue. We expect this reorientation will provide a significant boost to M&A and corporate venture investment activities seeking growth from sector convergence. This means companies will be making relatively smaller, more strategic deals. In 2016 alone companies spent nearly \$300 billion on deals to acquire disruptive innovation technologies and services, a fourfold increase since 2012.

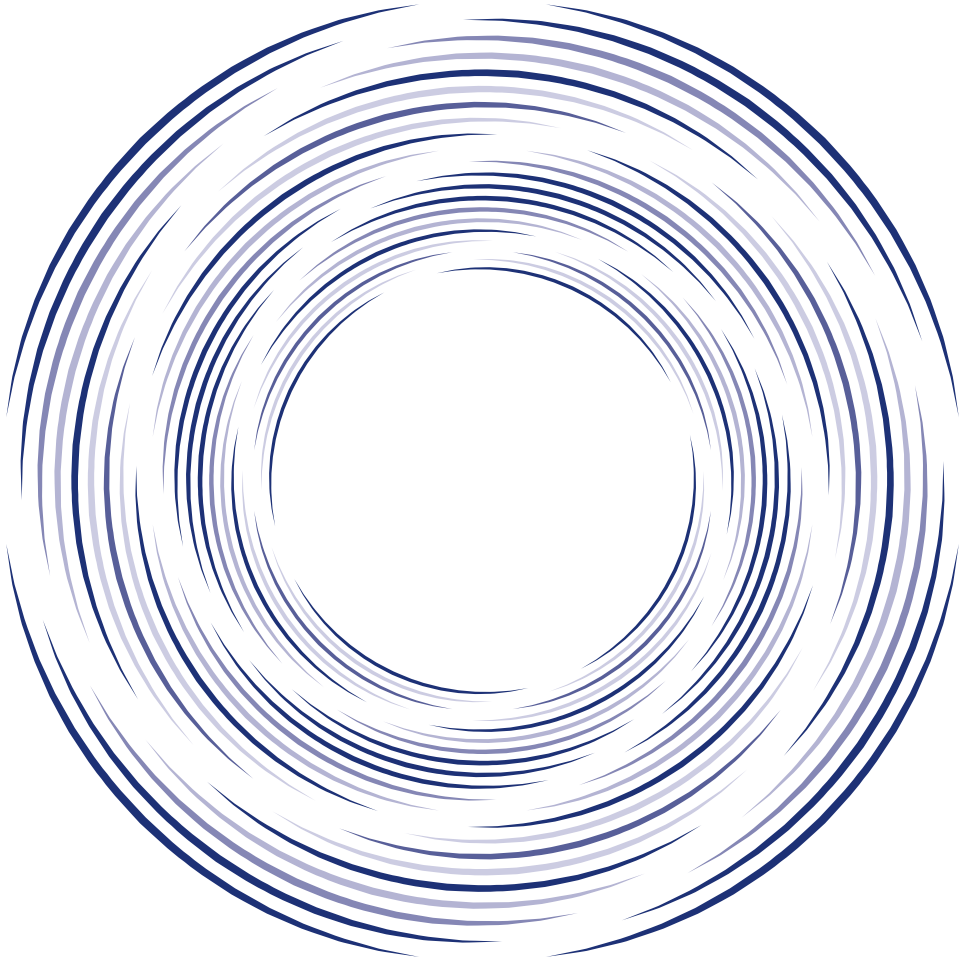
As part of this realignment, we expect companies to re-evaluate their portfolio of businesses and divest non-core assets in order to build the platform for future growth. Consolidation deals have been a mainstay of recent M&A markets and there will be many more large consolidation opportunities. Cross-border deal corridors are now a central feature of global M&A. The traditional Europe-North America corridor is expected to remain buoyant, but emerging corridors from China and Japan are likely to give additional momentum to the markets.

As Voltaire puts it, “uncertainty is an uncomfortable position, but certainty is an absurd one.” The new uncertain conditions will prompt caution but we expect companies to adapt quickly since M&A is inherently a long-term strategy. Bold, decisive moves in such times can potentially result in particularly successful periods of deal-making for companies. Savvy deal-makers will look to turn the current uncertainties into unique opportunities.



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Fuelling growth through innovation

Deloitte M&A Index

Outlook for 2017

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“Increasingly companies are adopting inorganic growth strategies to create 'businesses of tomorrow' through M&A and corporate venturing.”



Fuelling growth through innovation

The pace of technological advancements in recent years has been unprecedented. The disruptive potential of new technologies is being amplified by new business models such as crowdsourcing and other means of channeling an abundance of private capital into innovative ideas.

The confluence of these factors is making it possible for new innovative start-ups to disrupt traditional products, markets and industry incumbents. The dynamics of disruptive innovation are playing out in the following way:

Shifts in technology

Technological advances are providing breakthroughs in Artificial Intelligence (AI), cognitive computing, robotics and other fields. But it is the potent combination of the sustained drop in computing and storage costs and significant improvement in computing power and data bandwidth that is paving the way for the widespread adoption and mass functionality of new technologies.

Shifts in consumer behaviour

The digital consumer revolution allows not just for scale, but also diversity and a multiplicity of viewpoints. This in turn is inspiring new crowd-based business models. Three main types have emerged:

- 1 Consumers preferring peers over corporates**
e.g. peer-to-peer rating sites such as TripAdvisor;
- 2 Consumers preferring access over ownership**
e.g. ride-hailing apps such as Uber; and
- 3 Businesses preferring “collaboration over competition”** e.g. Wikipedia.

Convergence across sectors

Advances in disruptive technologies, along with the increasing digitisation of business models, are lowering barriers to entry and allowing non-traditional competitors to enter the market. In turn this is blurring the gaps between product and market offerings across many sectors. This cross-sector convergence allows companies to innovate, collaborate and create new market offerings in areas such as Fintech, Healthtech and others.

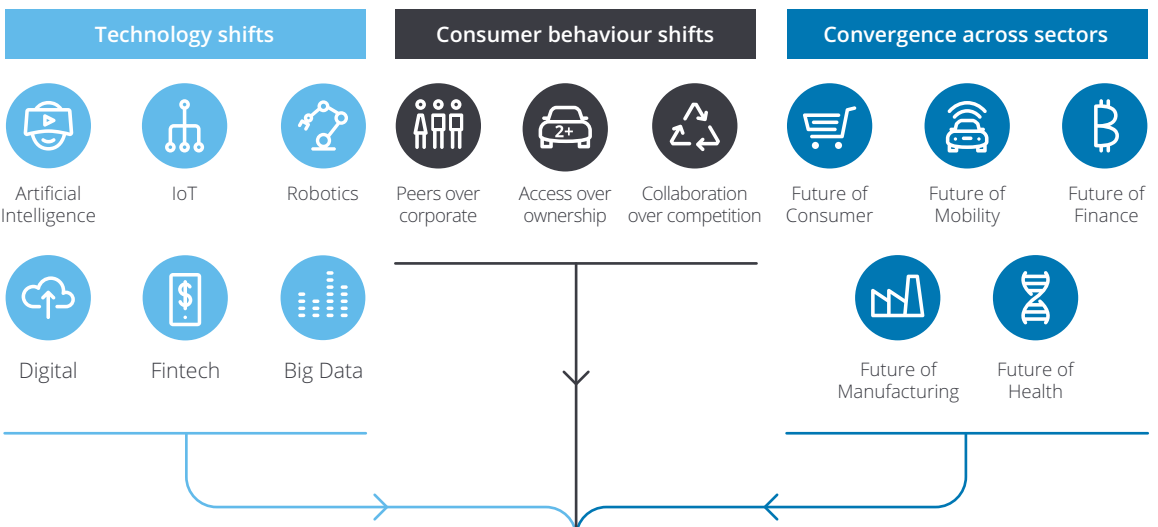
This dynamic makes it imperative for companies to innovate to unlock new sources of revenue. Increasingly companies are adopting inorganic growth strategies to create these “businesses of tomorrow” through M&A and corporate venturing. Indeed innovation-led growth can provide companies with advantages well beyond revenue growth, allowing them to attract talent, increase customer loyalty and command premium margins.

“Advances in disruptive technologies, along with the increasing digitisation of business models, are lowering barriers to entry and allowing non-traditional competitors to enter the market.”



Role of M&A and venture investments to capture innovation opportunities

Market disruptions



Execution

Invest

Develop corporate venturing as a core competency to allow the organisation to uncover, incubate and invest in new growth opportunities. This could also lead to financial gains and spin-off opportunities.

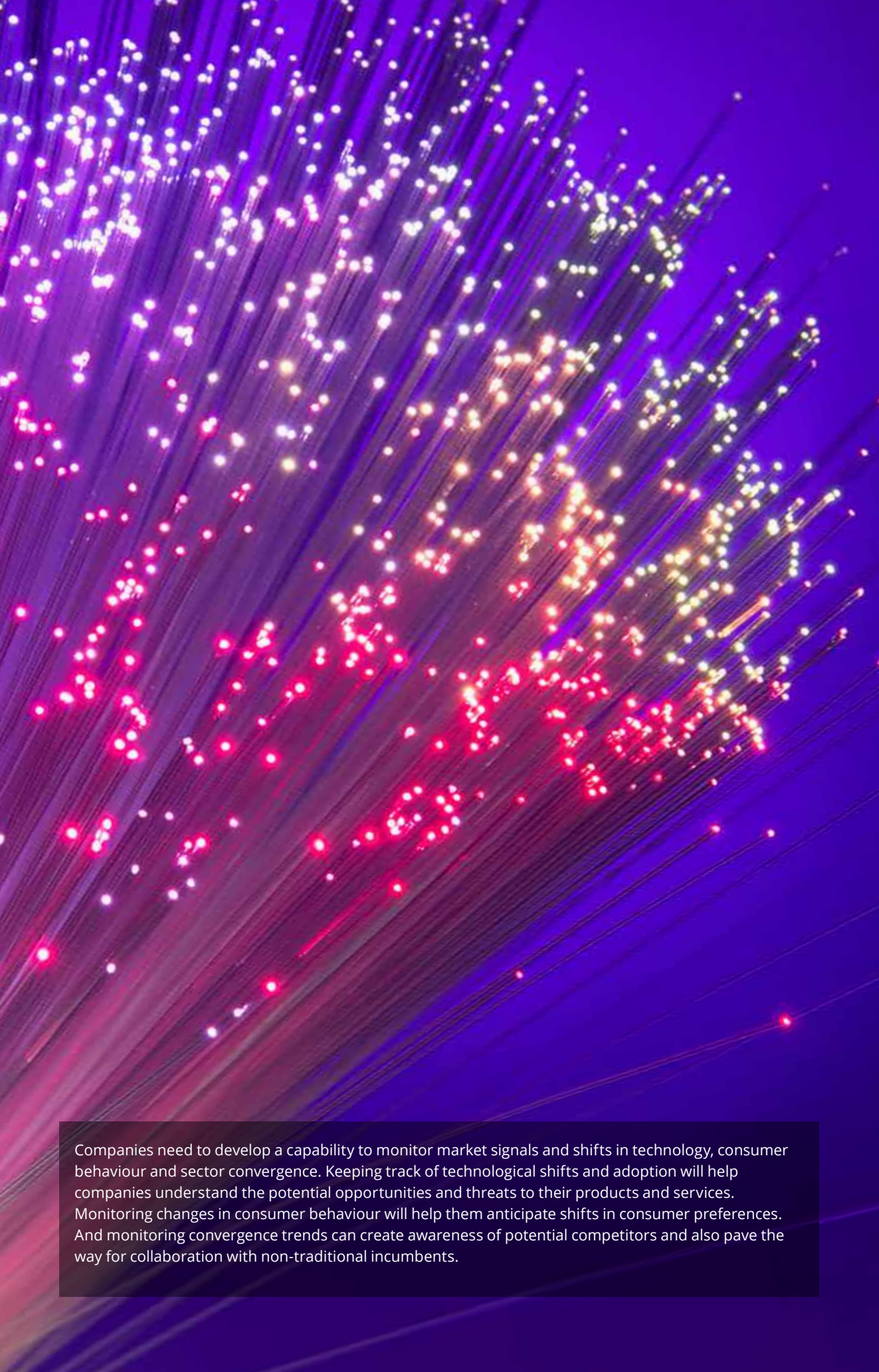
Strategic choices to capture innovation led growth

Buy

Collaborate

Consider close collaboration with a range of partners – ranging from innovation players such as start-ups and accelerators to cross-sector companies to co-innovate and develop new market offerings. Collaboration allows for pooling of costs and skills, exchange of ideas and the fostering of a culture of innovation.

Develop a dedicated Innovation M&A strategy to acquire capabilities, products and technologies that can unlock new sources of growth and revenues. Cultural adoption will be a key driver for the successful integration of such deals.



Companies need to develop a capability to monitor market signals and shifts in technology, consumer behaviour and sector convergence. Keeping track of technological shifts and adoption will help companies understand the potential opportunities and threats to their products and services. Monitoring changes in consumer behaviour will help them anticipate shifts in consumer preferences. And monitoring convergence trends can create awareness of potential competitors and also pave the way for collaboration with non-traditional incumbents.



Rise of innovation M&A

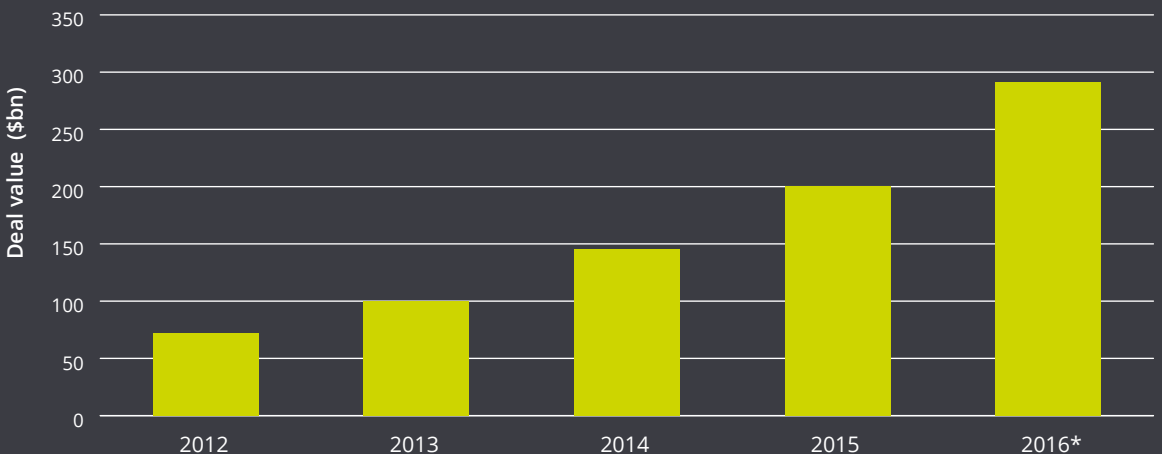
Deloitte analysis shows companies are using M&A as a strategic expedient to capture disruptive innovation growth opportunities. There has been a sharp and continuing increase in M&A deals done with the primary purpose of acquiring capabilities or technologies across key disruptive innovation categories such as Fintech, AI, Robotics and others.

While technology companies often lead the way, many other sectors, such as consumer businesses, telecoms, financial services and the service sector, have also become active deal-makers.

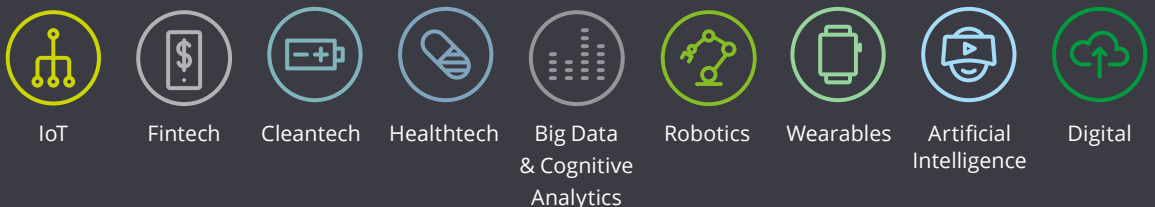
Globally, companies spent \$291 billion in 2016 on disruptive innovation-related M&A deals, a fourfold increase over the \$72 billion spent in 2012. The main segments were IoT, Digital and Social. In the IoT segment \$86 billion worth of deals were announced and in the Digital and Social segment around \$46 billion worth were announced.

“Globally, companies spent \$291 billion in 2016 on disruptive innovation-related M&A deals.”

Figure 1: Disruptive innovation related M&A activity



Disruptive innovation categories



* As of 22nd November 2016. Source: Deloitte Analysis



Rise of corporate venturing

Corporate venturing has emerged as a fundamental part of the corporate innovation strategy, providing companies with an important conduit into the external innovation ecosystem. It is no longer the prerogative of technology companies as companies across all sectors ranging from agriculture to transportation have launched venture funds. Beyond financial returns, these investments provide invaluable access to new technologies, business models and talent, all crucial to growth through innovation.

Corporate venturing itself is undergoing a steep change. Funds are exploring new models, such as co-investing with both traditional competitors and adjacent sector companies, with the aim of pooling resources and creating consumer and market offerings.

In 2016 corporate venture capital (CVC) funds made \$35 billion in investments, which is around 35 per cent of the total investments made by venture capital funds. The majority of the investments were in Series A to C funding rounds and, as some of these start-ups scaled up, the corporate sector often acquired these companies.

Figure 2: Number of active CVCs per year

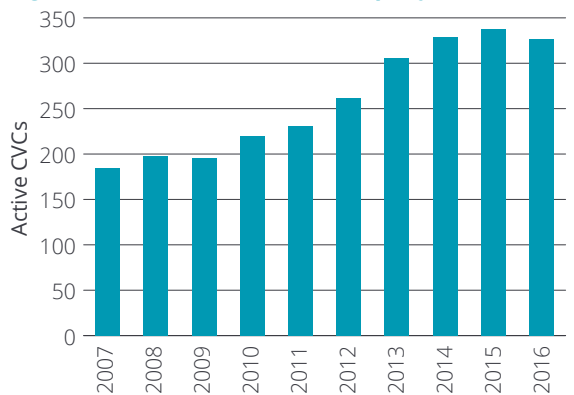
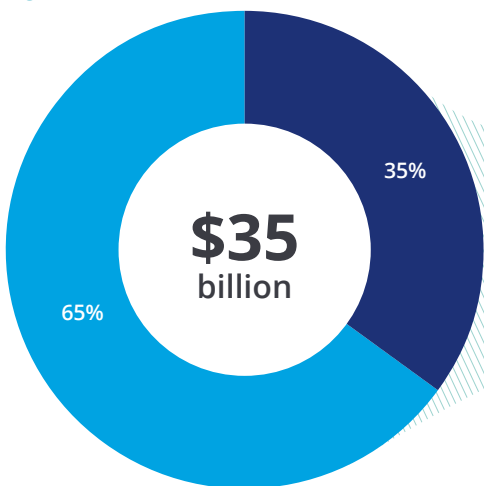


Figure 3: 2016 Global VC deal value breakdown



- Corporate VC
- Conventional VC

2016 Global VC deal volume breakdown



- Corporate VC
- Conventional VC

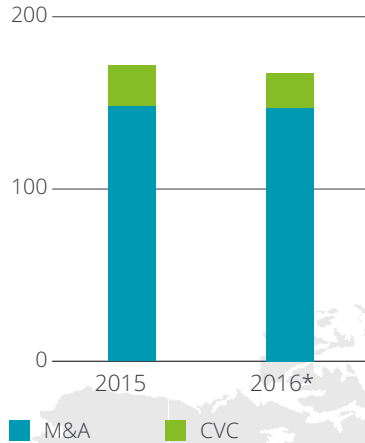
Source: Deloitte Analysis



Innovation Hotspots

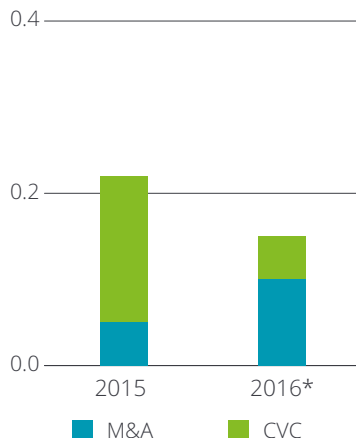
The trends in M&A and CVC point towards the emergence of global innovation hotspots – US, Israel, UK, France, Germany, India, China and Japan – that account for the lion’s share of corporate investments in innovation.

North America deal value (\$bn)



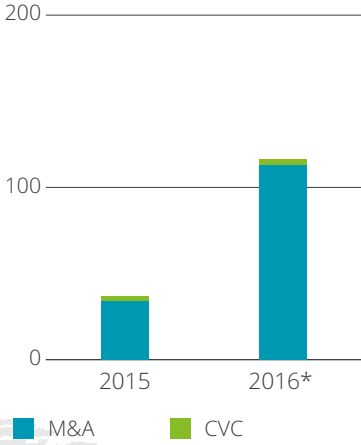
The US is the biggest market for innovation investments. M&A deals amounted to \$147 billion and CVC investments amounted to \$20 billion in 2016, just about keeping level with 2015.

South America deal value (\$bn)



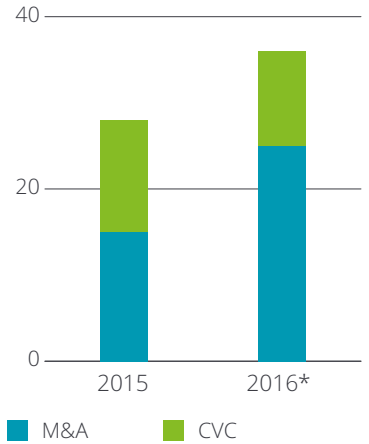
Brazil attracted the highest amount of M&A and CVC investments in South America, but the regional market is a small one.

Europe deal value (\$bn)

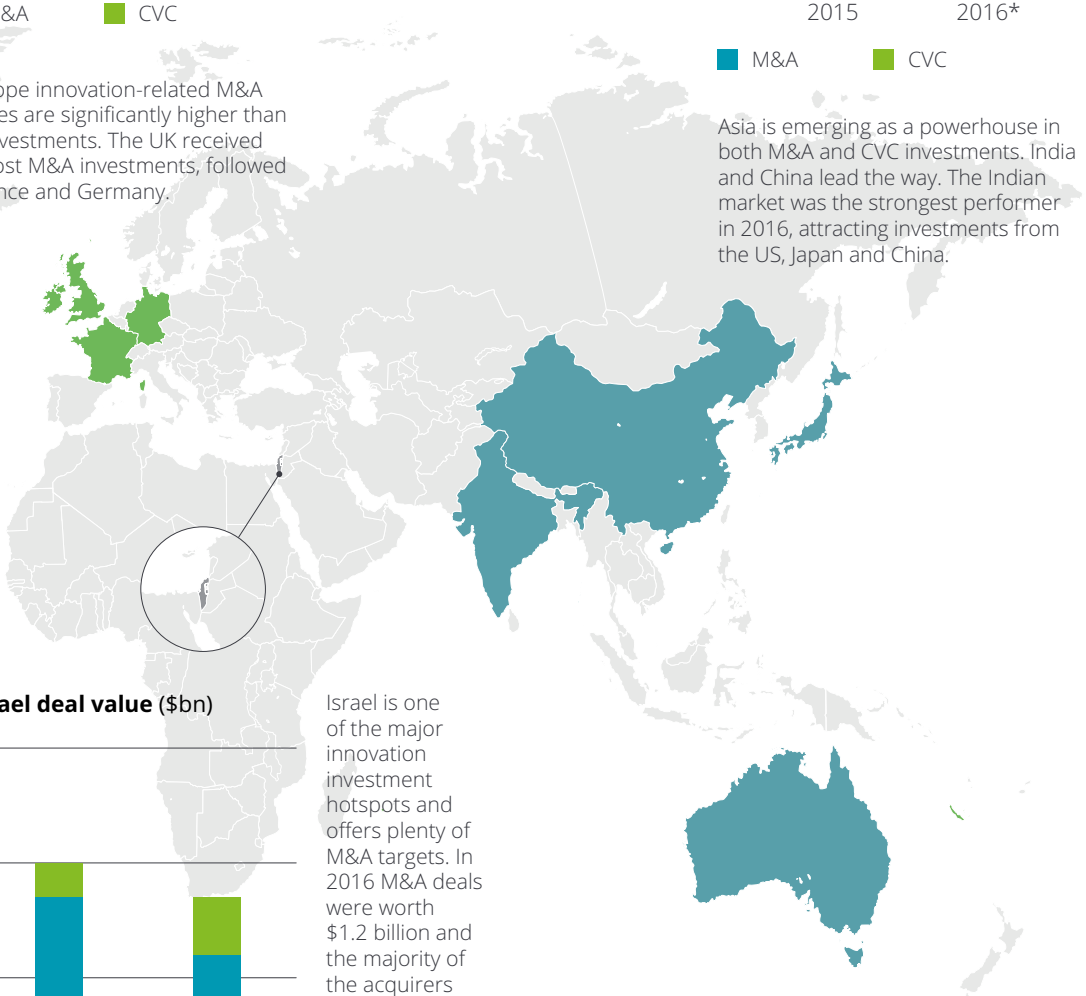


In Europe innovation-related M&A activities are significantly higher than CVC investments. The UK received the most M&A investments, followed by France and Germany.

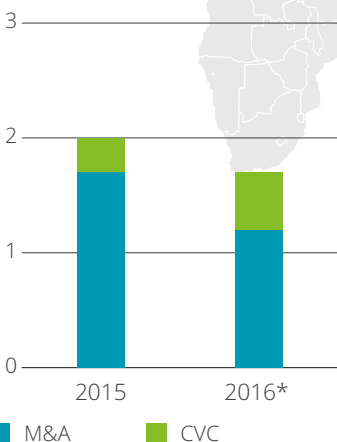
Asia Pacific deal value (\$bn)



Asia is emerging as a powerhouse in both M&A and CVC investments. India and China lead the way. The Indian market was the strongest performer in 2016, attracting investments from the US, Japan and China.

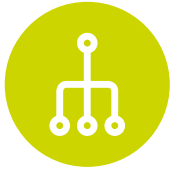


Israel deal value (\$bn)



Israel is one of the major innovation investment hotspots and offers plenty of M&A targets. In 2016 M&A deals were worth \$1.2 billion and the majority of the acquirers were US companies.

* As of 22nd November 2016. Source: Deloitte Analysis



Internet of Things

The Internet of Things (IoT) is about making intelligent digitally-enabled and connected products. The falling costs of key infrastructure and the proliferation of consumer and enterprise user applications have proven a catalyst.

In 2015-16, companies announced \$86 billion worth of M&A deals in this segment. This includes major investments such as Softbank's acquisition of ARM Holdings¹⁴ as a core part of its IoT growth strategy. There was also a surge in deals from the non-tech sector, such as telecoms, manufacturing and consumer business. For instance, Honeywell acquired Elster¹⁵ and notably since then has launched its industrial IoT-ready gas measurement and data management solutions.

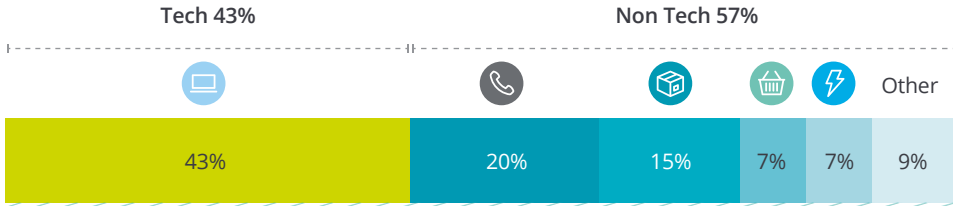
IoT also attracted \$1.6 billion in CVC investments, spread across all the major sectors. Such investments point towards a burgeoning IoT ecosystem that includes wearables, sensors, infrastructure and smart products across many sectors, including smart utilities, connected home, industrial IoT, connected health and automobiles.

For instance, Thalmic Labs, the wearable technology company, raised \$120 million in funding from Amazon, Intel and others.¹⁶

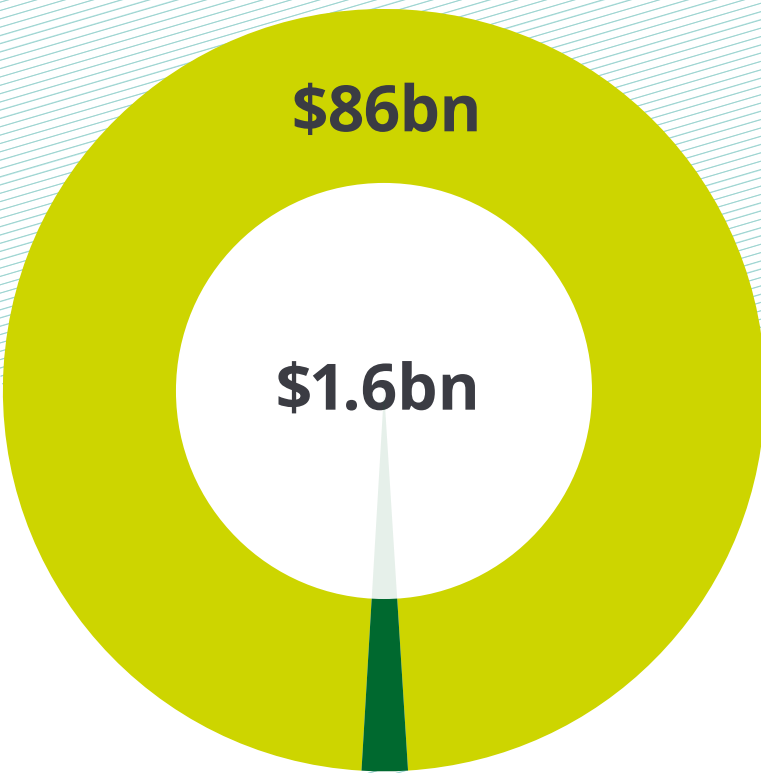
“In 2015-16, companies announced \$86 billion worth of M&A deals in this segment.”

Figure 4: M&A & CVC by Sector

M&A by Sector

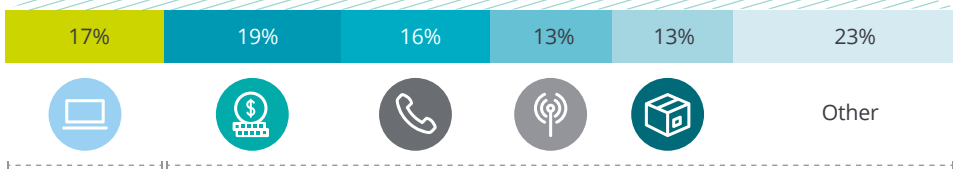


67 deals

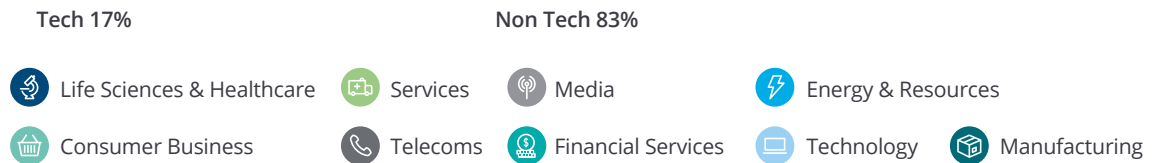


M&A deals
CVC deals

CVC by Sector



116 deals



Source: Deloitte Analysis



Robotics

Significant advances in new materials, computing and battery power as well as the rapid growth in both industrial and consumer applications is stimulating investment in robotics. These investments range from industrial automation and drones to service process automation.

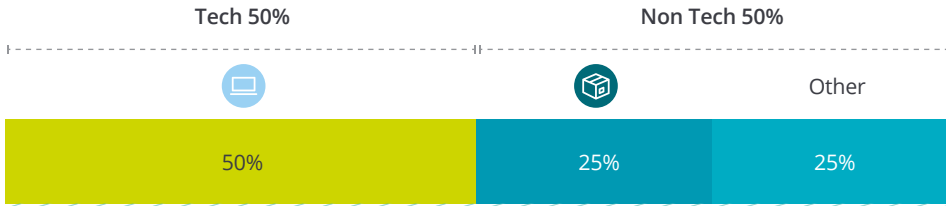
The robotics segment received nearly \$7 billion worth of M&A investments, ten times more than the \$700 million corporate venture investments in this segment. M&A was dominated by technology and industrials. Major deals included General Motor's acquisition of Cruise Automation¹⁷ to accelerate the development of autonomous vehicle technology.

Corporate venture investments in this segment came from a range of non-tech sectors, such as industrials, media and telecoms. For instance, Clearpath Robotics, which builds autonomous mobile robotic solutions, raised \$30 million from venture capital funds that included Caterpillar and GE.¹⁸

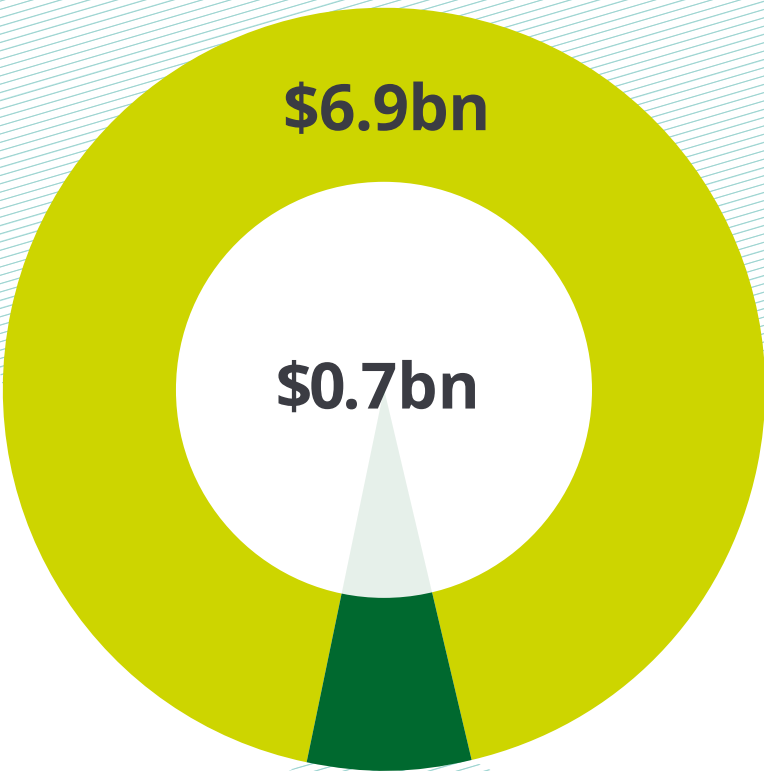
“The robotics segment received nearly \$7 billion worth of M&A investments, ten times more than the \$700 million corporate venture investments in this segment.”

Figure 5: M&A & CVC by Sector

M&A by Sector

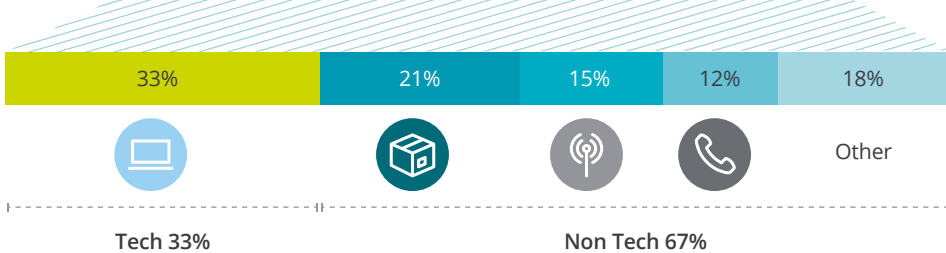


17 deals



M&A deals
CVC deals

CVC by Sector



48 deals

- Life Sciences & Healthcare
- Services
- Media
- Energy & Resources
- Consumer Business
- Telecoms
- Financial Services
- Technology
- Manufacturing

Source: Deloitte Analysis



Artificial Intelligence and cognitive technologies

The confluence of advances in deep-learning algorithms, chip manufacturing technologies and cognitive computing have spurred investments in AI which is on the cusp of a revolution in applications in both the consumer and enterprise segments. Investment in AI and cognitive technologies includes machine learning, recognition technologies, advanced chip manufacturing and cognitive computing.

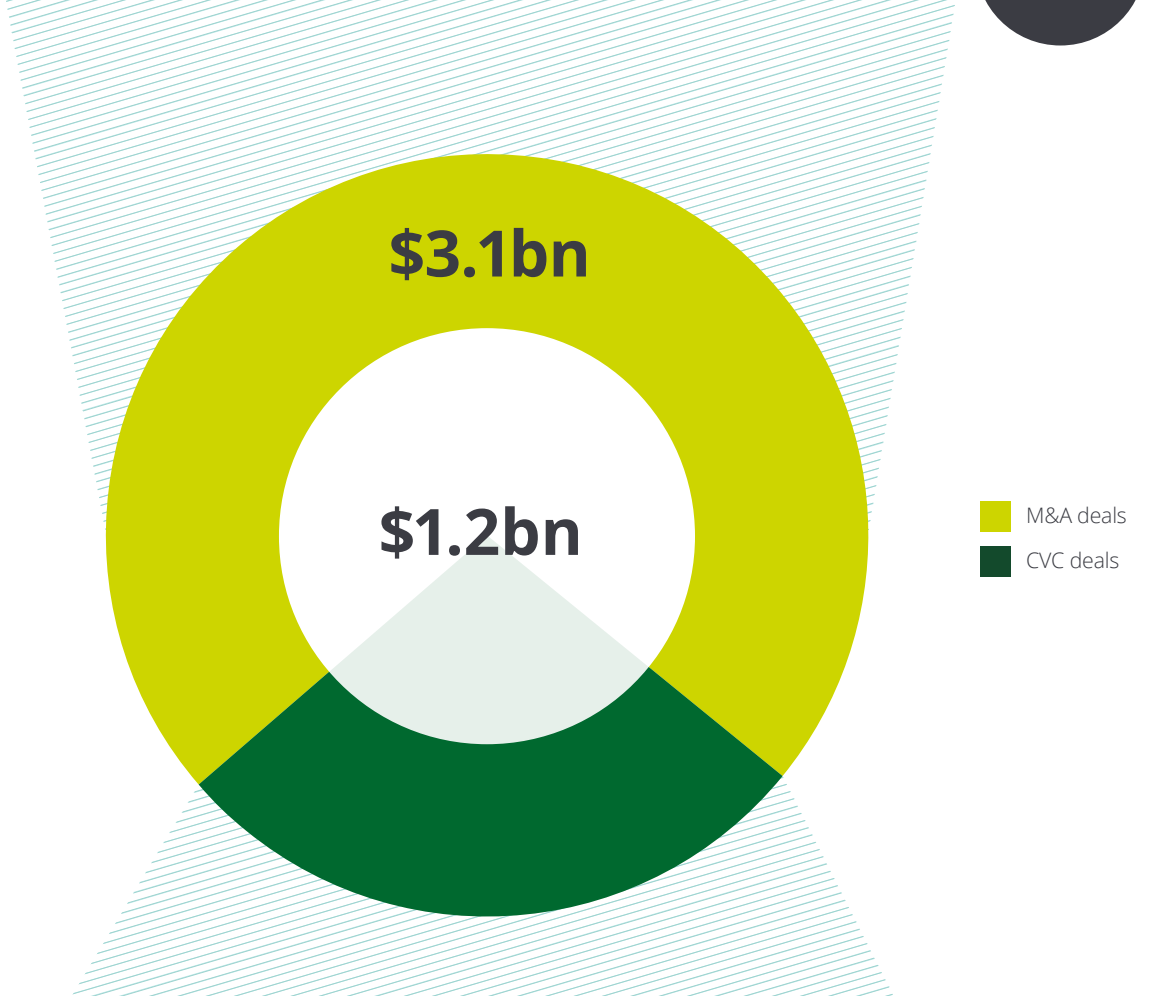
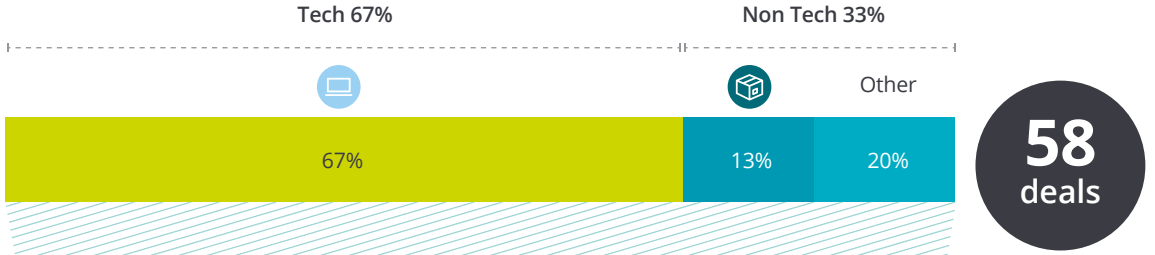
There were \$3.1 billion worth of M&A deals in 2015-2016 in this segment, dominated by acquisitions from the technology sector. These included deals such as Twitter's acquisition of Magic Pony¹⁹ to bolster its machine-learning capabilities for visual processing.

Corporate venture investments have started to accelerate and \$1.2 billion worth were made, with most from non-tech sectors such as financial services and media. For instance, Sensetime, a start-up focusing on recognition technologies, secured venture investment from Dalian Wanda²⁰, the Chinese retail and media conglomerate.

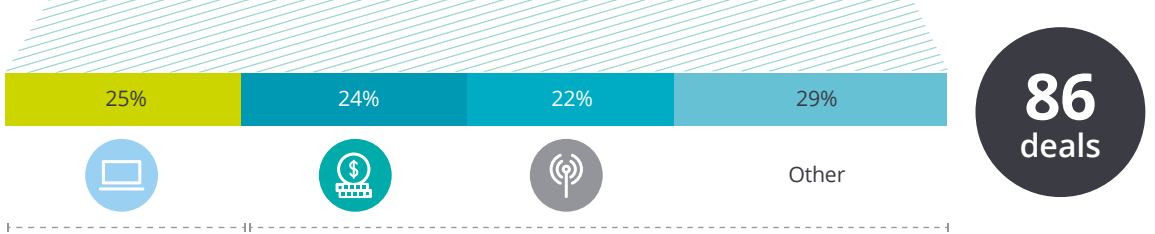
“Corporate venture investments have started to accelerate and \$1.2 billion worth were made, with most from non-tech sectors such as financial services and media.”

Figure 6: M&A & CVC by Sector

M&A by Sector



CVC by Sector



- Tech 25%
- Non Tech 75%
- Life Sciences & Healthcare
- Services
- Media
- Energy & Resources
- Consumer Business
- Telecoms
- Financial Services
- Technology
- Manufacturing

Source: Deloitte Analysis



Digital and Social

The digitisation of industries is leading to the development of cross-channel digital and social business models and investments in new segments such as Ad-tech, agri-tech and user-generated content business models.

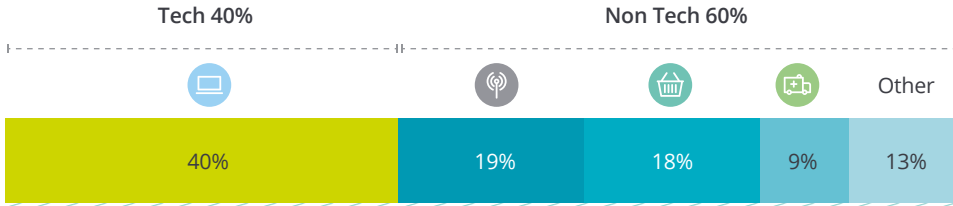
In the last two years nearly 500 M&A deals were done and \$46 billion invested in this segment, primarily by the technology, media, consumer business and services sectors. Deals included CNN's acquisition of Beme²¹, a social app that delivers user-generated content, and Telenor's acquisition of Tapad²², a US-based advertising and marketing technology start-up.

Corporate venture investments in the digital and social segments have risen to \$17 billion since 2015 and are dominated by the media and financial services sectors. For instance, Singtel has invested in ShopSpot, a mobile commerce platform, based in Asia²³.

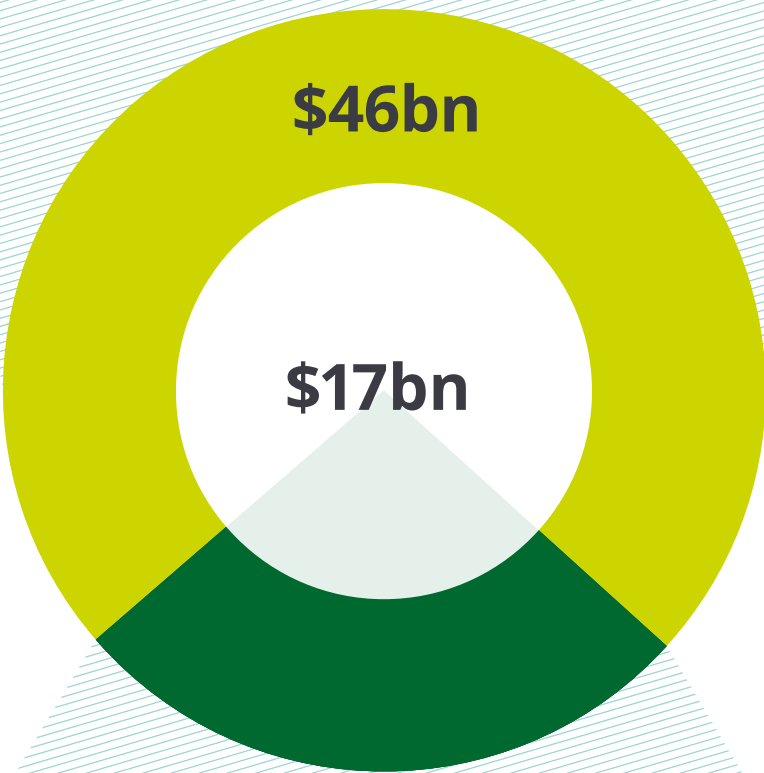
“Corporate venture investments in the digital and social segments have risen to \$17 billion since 2015 and are dominated by the media and financial services sectors.”

Figure 7: M&A & CVC by Sector

M&A by Sector



478
deals



M&A deals
CVC deals

CVC by Sector



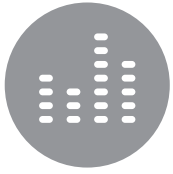
510
deals

Tech 12%

Non Tech 88%

- Life Sciences & Healthcare
- Services
- Media
- Energy & Resources
- Consumer Business
- Telecoms
- Financial Services
- Technology
- Manufacturing

Source: Deloitte Analysis



Big Data and Cognitive Analytics

Companies have been investing heavily to harness the potential of Big Data analytics and recently, cognitive analytics, as vast big data processing capabilities and advances in sensing applications provide practical business insights and applications.

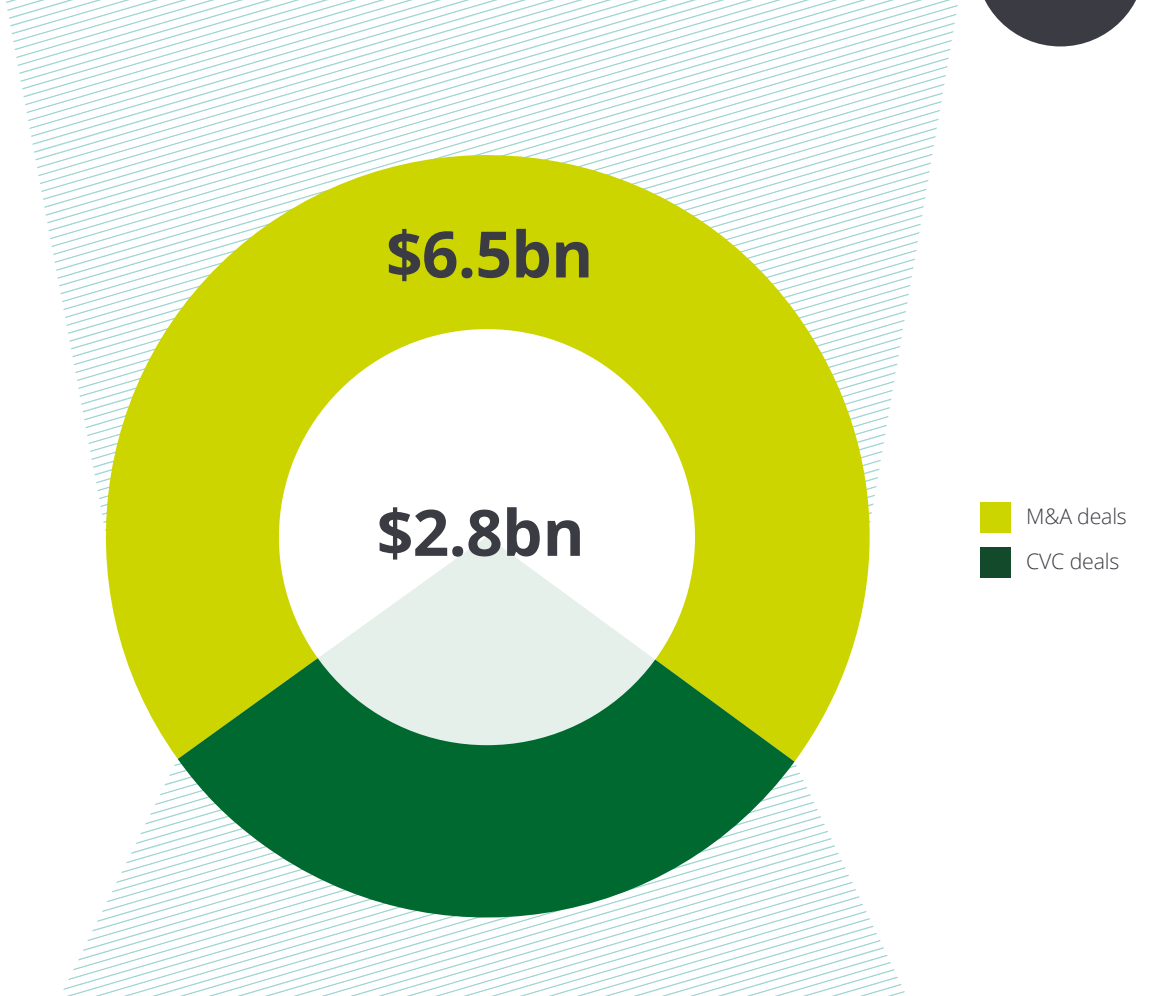
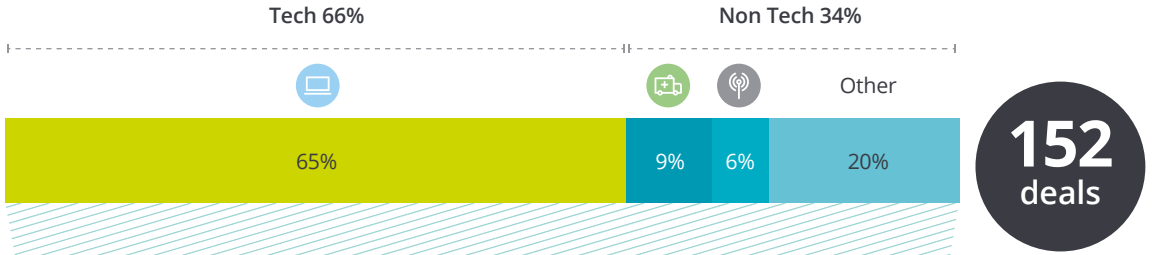
Since 2015 around \$6.5 billion worth of M&A deals have been done in this segment, dominated by the technology sector. These include deals such as eBay's acquisition of SalesPredict²⁴, an Israeli start-up that uses cognitive analytics and big data to predict customer buying behaviour and sales conversion.

CVC investment is much more fragmented and companies across all major sectors are investing in this segment. Collectively they have made \$2.8 billion worth of investments. For instance, Acacia Research Corporation led the venture investment round into Veritone²⁵, a start-up that is developing a cognitive media platform.

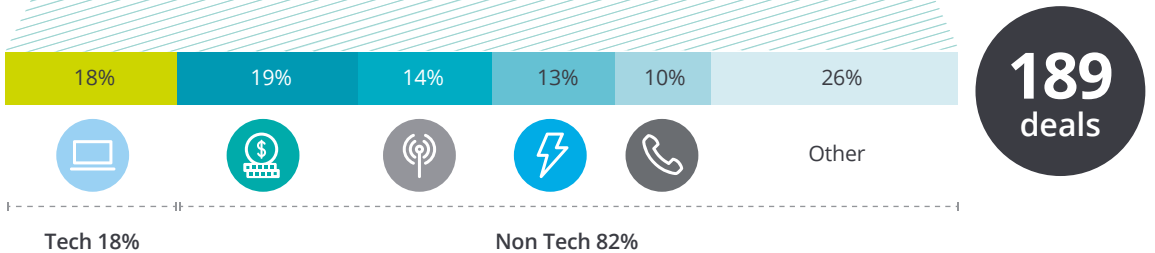
“Since 2015 around \$6.5 billion worth of M&A deals have been done in this segment, dominated by the technology sector.”

Figure 8: M&A & CVC by Sector

M&A by Sector



CVC by Sector



- Life Sciences & Healthcare
- Consumer Business
- Services
- Telecoms
- Media
- Financial Services
- Energy & Resources
- Technology
- Manufacturing

Source: Deloitte Analysis



Fintech

The wide range of opportunities presented by Fintech means there has been significant growth in investment from non-financial service sectors such as telecoms, software and retail.

Since 2015 around \$7.1 billion worth of M&A deals have been done in this segment. These include Amazon's acquisition of Emvantage Payments²⁶, which offers payment solutions across a range of digital channels.

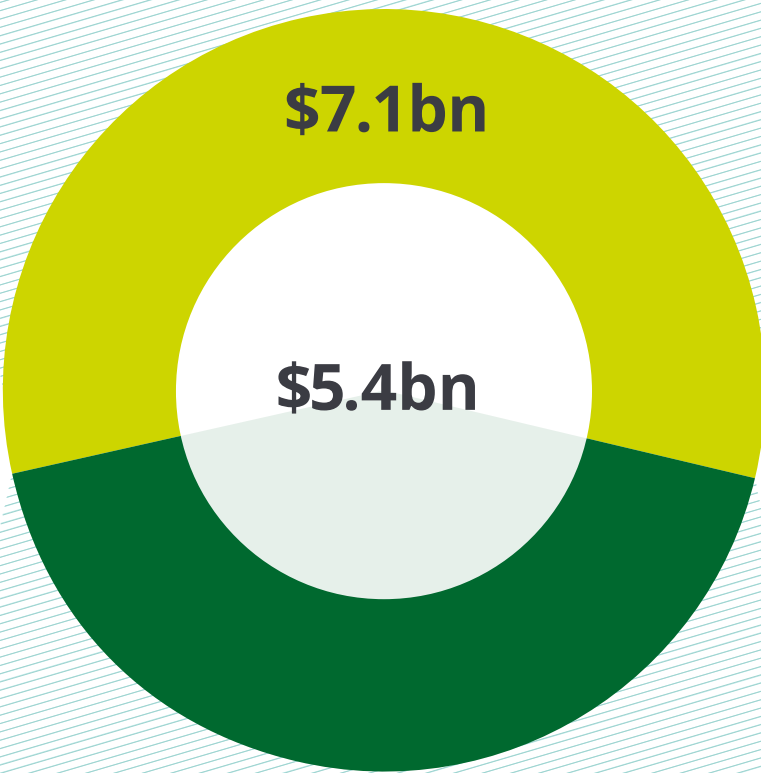
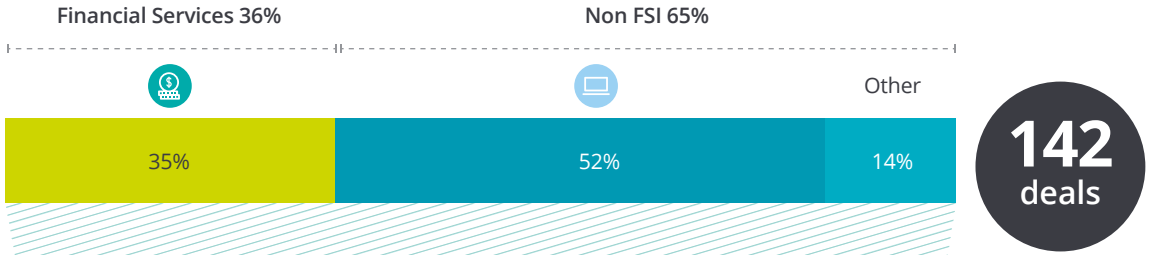
Over the same period around \$5.4 billion worth of CVC investments were made, led by financial services but also from software, telecoms and retail. Investments in blockchain and bitcoin technologies started to take off in 2016. There were also investments in predictive analytics, quantitative trading analytics, credit scoring and payments.

For instance, the Chinese internet giant Baidu was one of the main venture capital investors in ZestFinance²⁷, which uses big data and analytics to improve underwriting quality for lenders. Baidu also invested in Circle²⁷, a peer-to-peer start-up that uses open standards like blockchain to develop a payment platform.

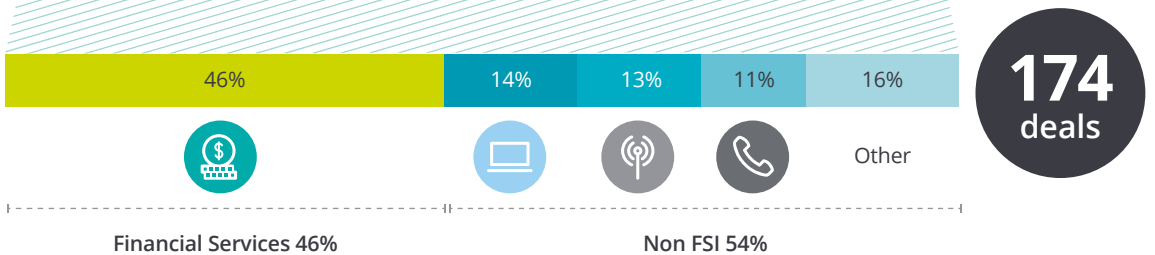
“\$5.4 billion worth of CVC investments were made, led by financial services but also from software, telecoms and retail.”

Figure 9: M&A & CVC by Sector

M&A by Sector



CVC by Sector



- Life Sciences & Healthcare
- Services
- Media
- Energy & Resources
- Consumer Business
- Telecoms
- Financial Services
- Technology
- Manufacturing

Source: Deloitte Analysis



How M&A and CVC investments are shaping convergence across sectors

The confluence of technological change, changing customer preferences and an evolving regulatory landscape are reshaping how products and services are developed, delivered and consumed. This is blurring the lines between sectors, creating opportunities for non-traditional competitors to enter with new consumer offerings.

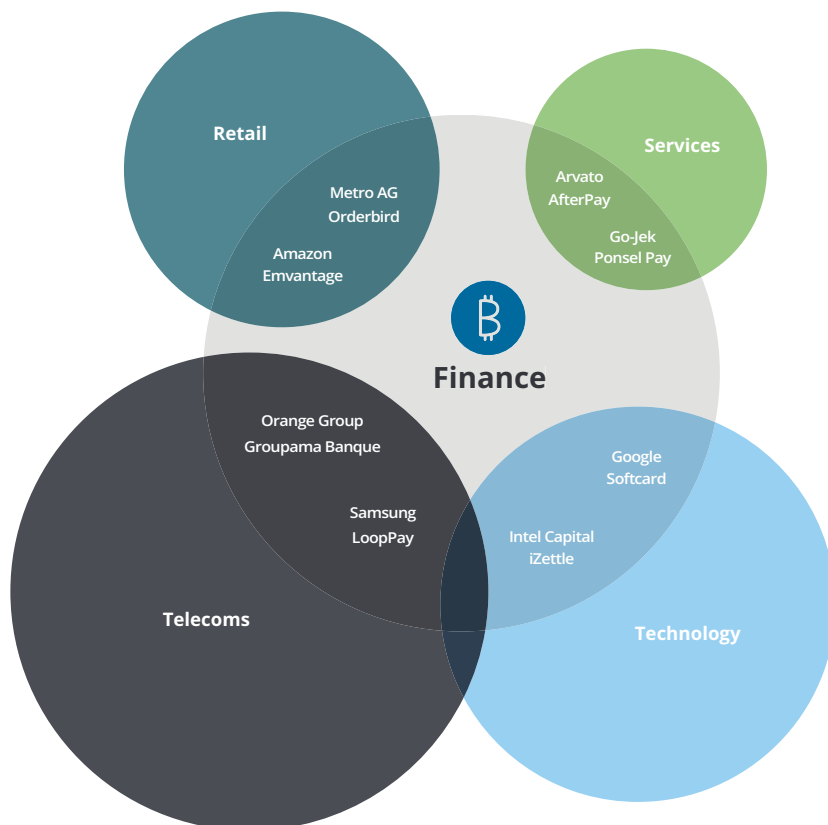
Companies are actively using M&A and venture capital to invest in innovative startups in order to develop these new consumer offerings. We expect that in the coming months small, strategic deals will create new market offerings, reshape competition and lead to convergence across sectors such as technology, finance, health, consumer and manufacturing.

“We expect that in the coming months small, strategic deals will create new market offerings.”



Future of Finance

Disruptive innovation technologies from crypto-currencies to predictive analytics and robotics, are transforming financial services. This is creating opportunities for other sectors, such as retail, telecoms, technology and services, to acquire and invest in Fintech start-ups and develop new cross-sector offerings.



Retail

Metro AG, the German retailer recently invested in **Orderbird**, an iPad-based point of sale system for restaurants in order to boost digital engagement with customers²⁸. **F**

Amazon recently entered the Indian marketplace and acquired **Emvantage** to develop its own payment platform²⁶. **F**

Telecoms

Orange Group recently acquired a majority stake in **Groupama Banque** and renamed it Orange Bank to offer mobile banking solutions to customers²⁹. **F**

Samsung acquired **LoopPay**, a pioneer of contactless payments and mobile wallets, in order to develop and launch SamsungPay³⁰. **F**

Technology

Google acquired intellectual property assets from **Softcard**, a payments start-up, in order to integrate it into GooglePay service³¹. **F**

Intel Capital is one of the investors behind **iZettle**, a fintech start-up that develops digital point of sale (POS) products for small businesses³². **F**

Services

Arvato, the BPO provider, acquired **AfterPay**, a payment-after-delivery solutions start-up to bolster its post-payment process service³³. **F**

Go-Jek, the Indonesian ride-hailing service provider that is backed by KKR, recently acquired **PonselPay**, a mobile payment start-up³⁴. **F**

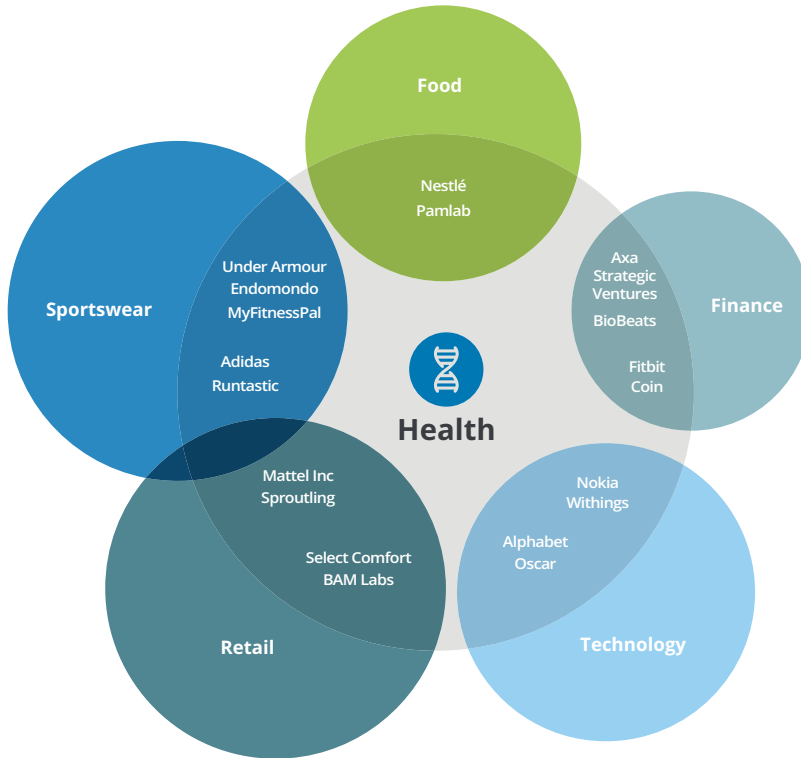
Key

- A** Analytics
- AI** AI
- D** Digital & Social
- F** Fintech
- I** IoT
- R** Robotics



Future of Health

Digital technologies are set to revolutionise future healthcare and in the process allow for new business models and marketplaces to emerge at the intersection of technology, health and consumers. As a result sectors such as consumer products, retail, insurance and others are using M&A and CVC to invest in innovative start-ups.



Food

Nestlé acquired **Pamlab**, a specialist medical food product company to develop new personalised healthcare solutions³⁵.

Sportswear

Under Armour, the apparel manufacturer, acquired **Endomondo**, a social fitness network and **MyFitnessPal**, a digital fitness training platform, to establish the world's largest digital health and fitness social community³⁶. **A** **D**

Adidas acquired the digital fitness platform, **Runtastic**, to develop opportunities resulting from convergence of health & fitness, lifestyle and digital communities³⁷. **A** **D**

Retail

Mattel Inc recently acquired **Sproutling**, a baby health sensing and wearable device manufacturer³⁸. **I**

Select Comfort, the Bedding manufacturing and retailer, acquired **BAM Labs** for its connected biometric solutions that improve sleep and wellness³⁹. **I**

Finance

Axa Strategic Ventures invested in **BioBeats**, an AI health platform that provide insights into individuals' health and well-being, by tracking data from wearables and smart-phone sensors⁴⁰. **AI**

Fitbit, the connected health device manufacturer, acquired **Coin**, a fintech start-up that has developed a wearable payment platform⁴¹. **F**

Technology

Nokia acquired **Withings**, a connected health company that has a range of consumer health monitoring devices and digital health services⁴². **I**

Alphabet's growth equity fund invested in **Oscar**, a health insurance start-up⁴³. **A** **AI** **F**

Key

A Analytics

AI AI

D Digital & Social

F Fintech

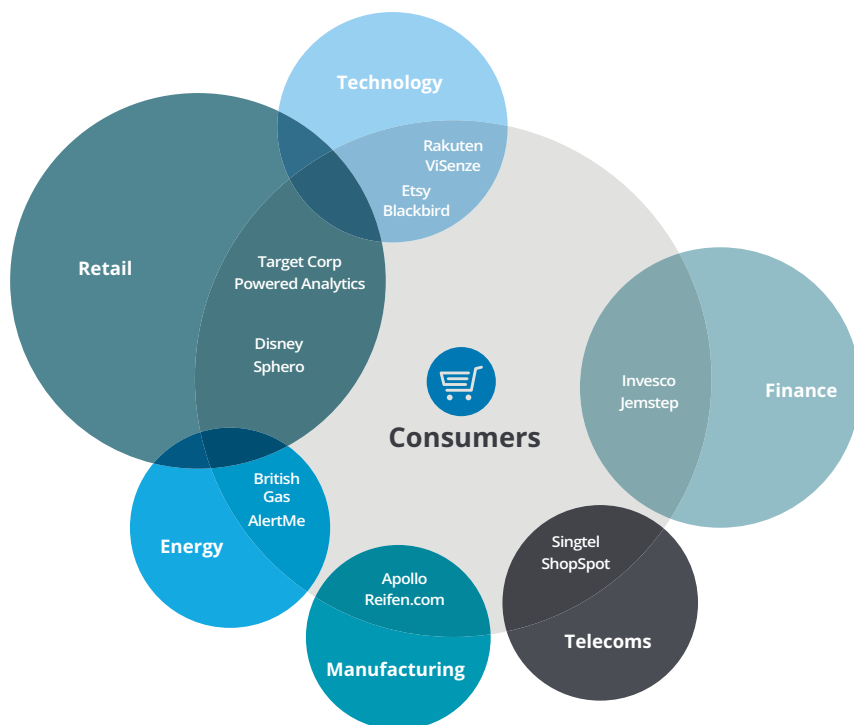
I IoT

R Robotics



Future of Consumers

The confluence of innovations in cognitive technologies, digital, data analytics and social media-oriented business models is redefining companies' engagement with consumers. This is creating new opportunities for sectors such as technology, health, finance and others. Companies are using M&A and venturing to explore and commercialise these opportunities.



Retail

Target Corp acquired **Powered Analytics** to use its iBeacon technology and data analytics to improve the in-store shopping experience⁴⁴. **A**

Disney's Accelerator is incubating **Sphero**, a connected play start-up that fuses digital and robotic play through connected toys and immersive experiences⁴⁵. **AI** **I**

Energy

British Gas acquired **AlertMe**, a start-up that has built an interoperable platform to connect an ecosystem of home devices and domestic appliances⁴⁶. **I**

Manufacturing

Apollo, the India based tyre manufacturer, acquired **Reifen.com**, the second largest online retailer of tyres in Europe⁴⁷. **D**

Telecoms

Singtel has invested in **ShopSpot**, a mobile commerce platform based in Asia²³. **D**

Technology

Rakuten, the e-commerce platform, has invested in Singapore-based AI start-up **ViSenze** which specialises in image recognition⁴⁹. **AI**

Etsy, the ecommerce platform, acquired **Blackbird**, an AI start-up that uses machine learning for consumer recommendations⁵⁰. **AI**

Finance

Invesco acquired **Jemstep**, a fintech start-up that developed an automated platform for investment advisors and combined it with its investment management capabilities to offer a comprehensive digital investment advisory solution⁴⁸. **A** **AI** **F**

Key

A Analytics

AI AI

D Digital & Social

F Fintech

I IoT

R Robotics



Future of Manufacturing

Technological breakthroughs such as additive manufacturing and advanced materials, in combination with changes in consumer demand and the economics of supply chains, are enabling the manufacturing sector to undergo a transformation not seen since the days of the industrial revolution. Companies are using M&A and venturing strategically to transform themselves and capture new opportunities.



Crowd Models

Airbus Ventures has invested in **Local Motors**, a start-up that uses a crowdsourcing model to design and develop Cargo Drone. Local Motors have previously used this crowd-based collaboration model to build the world's first 3D-printed car⁵¹. **A** **R** **D**

Retail

In an example of a digital retailer buying a 'bricks and mortar' business, **Harry's**, an online retailer start-up for men's grooming products, acquired **Feintechnik** razor factory in Germany to achieve end-to-end ownership of its production and supply chain systems⁵².

Technology

Midea, the Chinese consumer electronics company, bought **Kuka**, the German robotics and automation systems manufacturer⁵³. **R**

Autodesk acquired **Netfabb**, a German start-up focused on software solutions for industrial additive design and manufacturing⁵⁴. **A** **R**

Advanced Materials

Ikea has invested in **DyeCoo**, a supplier of dyeing systems for the textile finishing industry which are based on superior CO2 technology⁵⁵.

GE and **BMW** have invested in **Carbon**, a 3D printing company that uses a photochemical process to eliminate the shortcomings of conventional 3D printing by harnessing light and oxygen to produce objects from a pool of resin⁵⁶. **R**

Energy

Tesla acquired **SolarCity**, a specialist in solar energy products and services, to develop a vertically integrated sustainable energy market offering⁵⁷. **I**

Key

A Analytics

AI AI

D Digital & Social

F Fintech

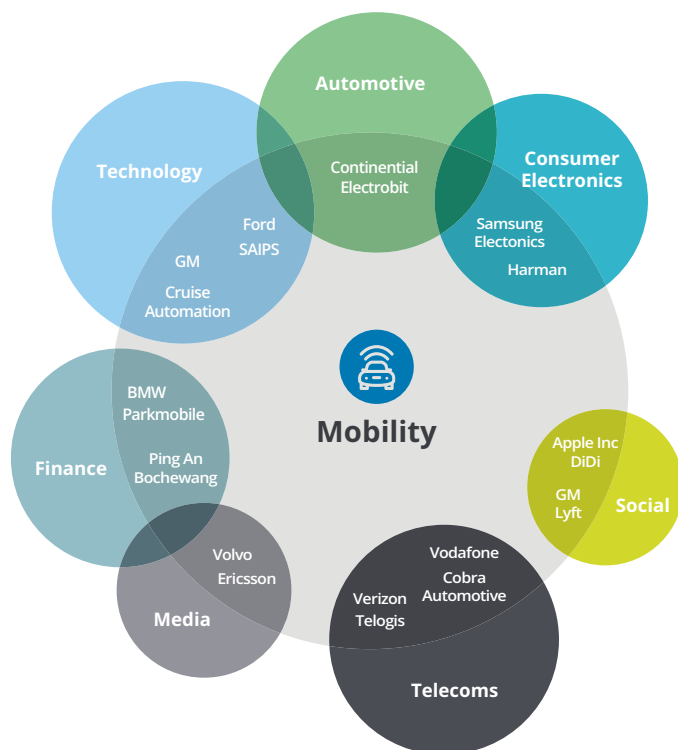
I IoT

R Robotics



Future of Mobility

Technological advances are transforming the global auto industry. Personal mobility is being redefined. This has implications for telecoms, insurers, health, energy companies, payment providers and more. A new ecosystem is developing at the cusp of automotive and other sectors. Companies are using M&A and CVC to develop new market offerings and tap into the full potential of these shifts.



Automotive

Continental acquired Finland-based **Elektrobit**, a specialist in automotive software solutions, to boost its development of automated driving systems⁵⁸. **A**

Technology

Ford acquired **SAIPS**, an Israeli start-up that focuses on machine learning and computer vision for driverless car systems⁵⁹. **A AI**

GM acquired **Cruise Automation** to accelerate the development of its autonomous vehicle technology⁶⁰. **A AI**

Finance

BMW has invested in **Parkmobile**, a start-up that is a leading provider of on-demand mobile payment solutions for public on-street parking⁶¹. **A D**

Ping An Insurance's venture capital fund has invested in **Bochewang**, a used and restored car sales marketplace⁶². **D**

Media

Volvo has entered into partnership with **Ericsson** to develop intelligent media streaming capabilities for autonomous vehicles⁶³. **I D**

Telecoms

Vodafone acquired **Cobra Automotive** to develop telematics and M2M connectivity solutions for Automotive and Insurance sectors⁶⁴. **I**

Verizon acquired **Telogis**, a mobile enterprise management platform, to enhance its connected vehicle business solutions⁶⁵. **A**

Social

Apple Inc. has invested \$1 billion in **DiDi**, China's largest ride-hailing platform⁶⁶. **D**

GM has invested in **Lyft** to develop new social business models for the autonomous vehicles market⁶⁷. **D**

Consumer Electronics

Samsung Electronics recently acquired **Harman**, the auto technology group, to accelerate its growth in automotive and connected technologies⁶⁸. **I**

Key

A Analytics

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Harnessing convergence opportunities through M&A and venturing

1 Align strategies to maximise impact

It is crucial companies develop clarity on the role that external innovation can play in helping them achieve their strategic ambitions. Innovation M&A and corporate venture strategies should closely mirror the long-term strategic goals, so that there is clarity of purpose and sharing of objectives on both sides.

2 Demonstrate commitment

Once companies choose a course of action, it is important they remain committed for a period of time to signal their intent to current and future targets and partners.

3 Develop a competency to monitor signals and shifts

As part of their M&A and venturing strategies, it is crucial that companies develop a competency to monitor signals in not just technology shifts, but also shifts in consumer behavior and market activities in adjacent sectors.

4 Use collaboration as a business model

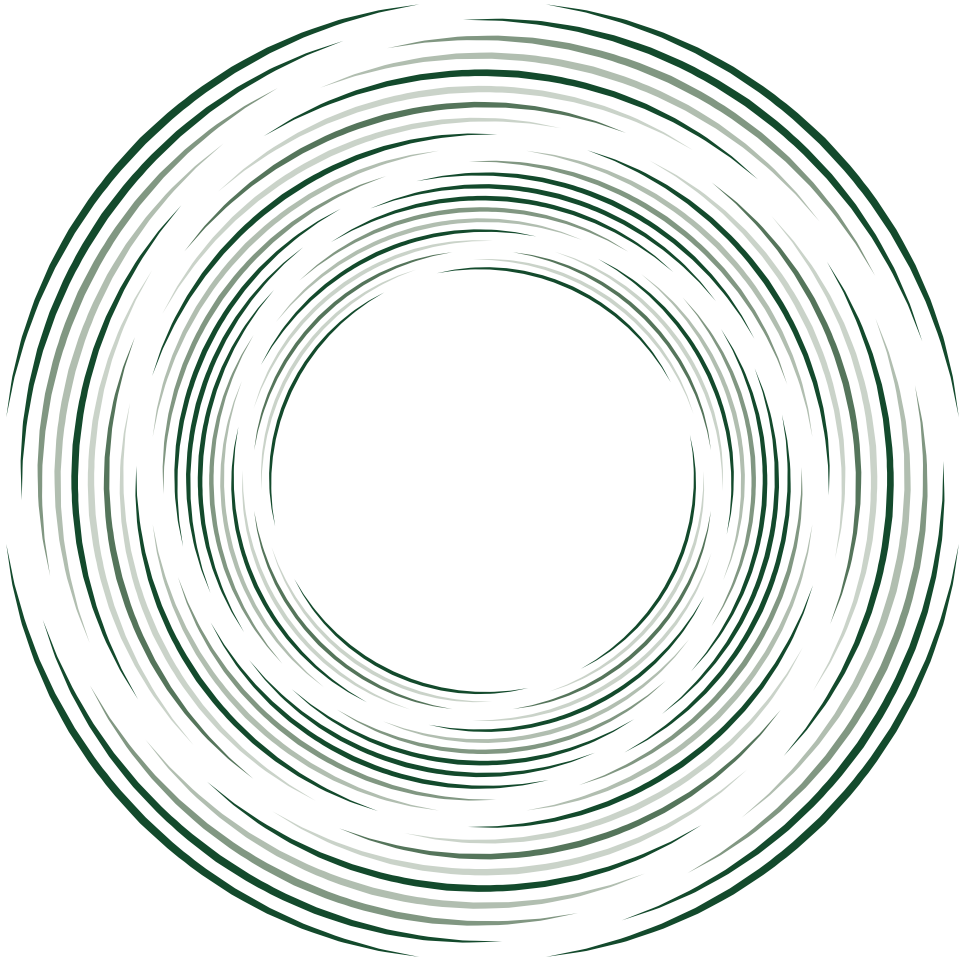
Companies should consider collaboration, not just with innovation ecosystem players, but also with other industries with a view to harnessing convergence opportunities. Convergence should also provide incentives for non-traditional competitors to co-invest in emerging technologies. Such investments minimise the risks and capital outlay while at the same time allowing for sharing of skills and expertise. In turn, this could create new consumer offerings and reshape existing markets.

5 Use these smaller acquisitions and investments to drive cultural change

Assimilating external innovation into company culture is perhaps the most challenging aspect of innovating for growth. Change starts at the top and leaders need to be fully committed to this strategy. M&A and CVC teams need to act as change agents to encourage adoption and inspire a culture of innovation within the corporate.

“Assimilating external innovation into company culture is perhaps the most challenging aspect of innovating for growth. Change starts at the top and leaders need to be fully committed to this strategy.”





Uncertainty is the “new normal”

Deloitte M&A Index

Outlook for 2017

Contents

Uncertainty is the “new normal”	01
Slowdown in global trade is mirrored by growth of the digital economy	04
Economy of expectations	05

"Once uncertainties subside, M&A tends to pick up rapidly."



Uncertainty is the “new normal”

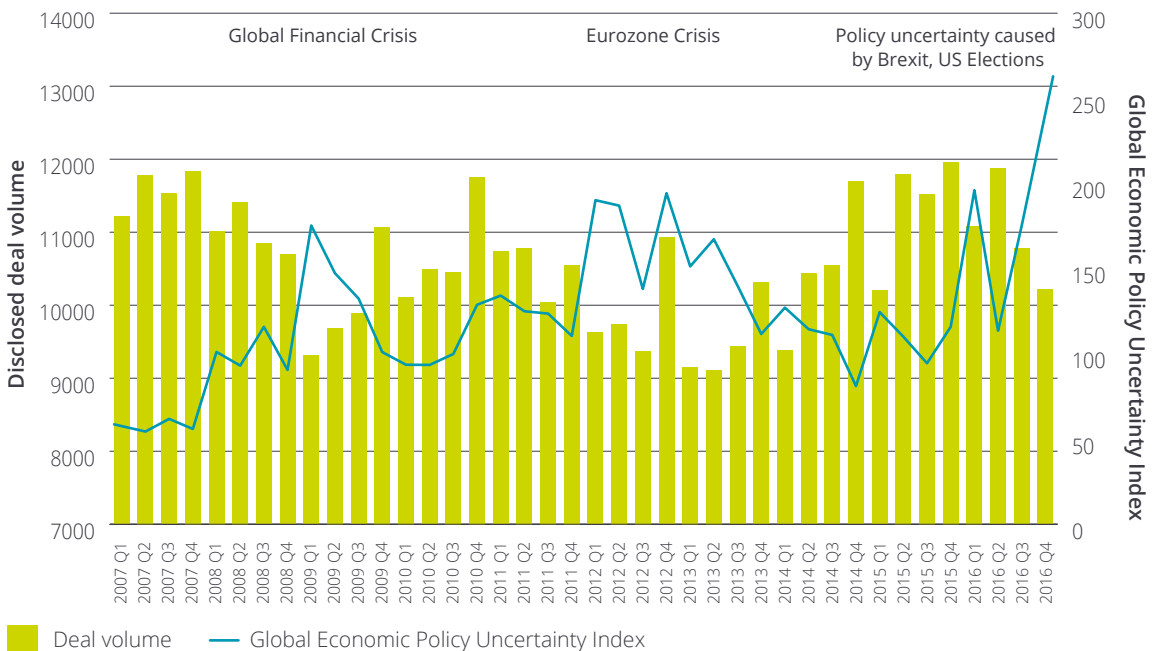
In 2017, uncertainty is set to be a central theme. There will be major elections across Europe, policy announcements from the newly-elected US government and progress in the UK’s exit negotiations with the EU. The global impacts of the new US government will be carefully studied and weighed.

Uncertainty tends to drag on corporate confidence and our analysis shows policy uncertainty and M&A deal flows are inversely correlated. Unsurprisingly, during the financial crisis, Eurozone debt crisis and Brexit, there was a slowdown in M&A. However, there is clear evidence to suggest that once uncertainties subside, M&A tends to pick up rapidly.

Uncertainties also create opportunities. M&A is inherently a long-term strategy and so we expect deal-makers will come to terms with uncertainty as a “new normal” parameter and focus on its potential to create opportunity. Bold, decisive moves in such times can potentially result in some of the most successful periods of deal-making for companies.

“Bold, decisive moves in such times can potentially result in some of the most successful periods of deal-making for companies.”

Figure 1: Global M&A deal volumes vs uncertainty: quarterly



Source: Bloomberg, Deloitte Analysis, Economic Policy Uncertainty ⁷⁰

Figure 2: Uncertainty is the 'new normal'



Political elections and economic policy uncertainties



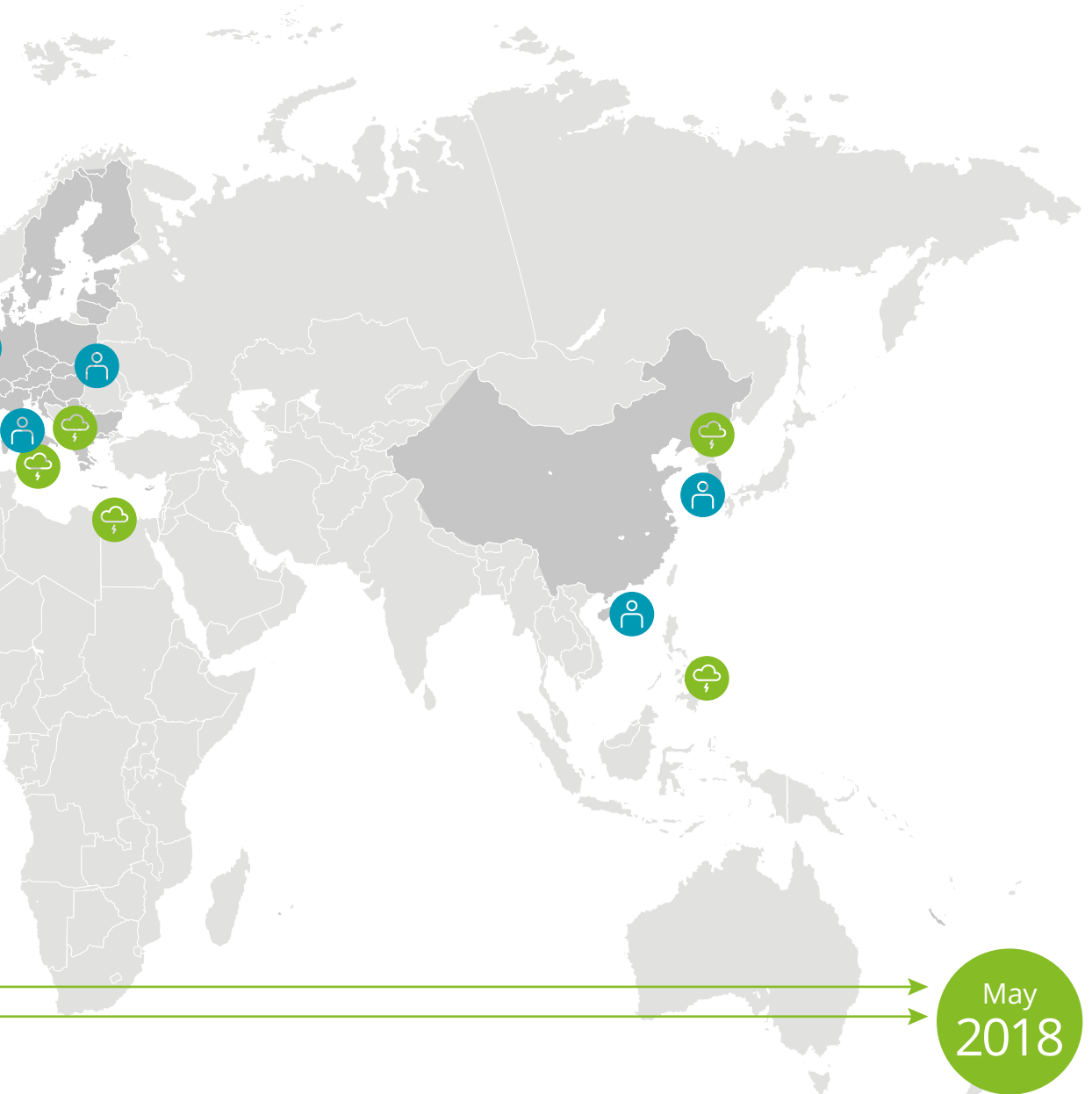
Political tensions and humanitarian crisis



Source: Deloitte analysis

"Uncertainty is an uncomfortable position.
But certainty is an absurd one."

Voltaire



German federal election
(Oct 2017)



South Korean presidential election
(Dec 2017)



Hungarian parliamentary election
(before Spring 2018)



Italian general election
(before May 2018)





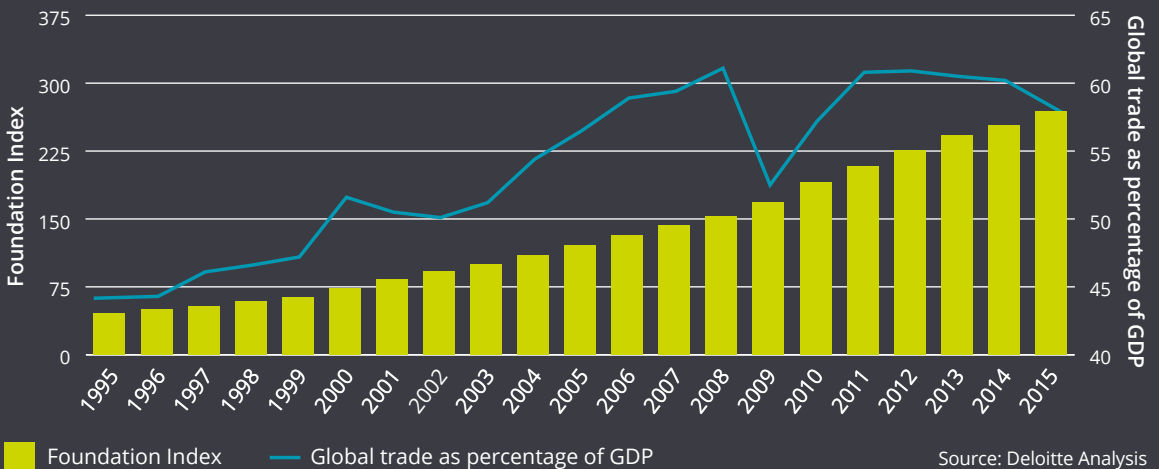
Slowdown in global trade is mirrored by growth of the digital economy

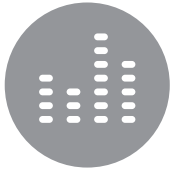
Since 2011, there has been a slowdown in global trade. There are many reasons for this, including synchronised weakness in economic growth across regions, lack of capital investment, and a decline in global value chains. An important factor has been the transition of the Chinese economy from export-led to consumption-driven growth. China is also producing more of its intermediate inputs domestically, affecting global trade volumes and global prices.

At the same time, the pace of digital change is impacting every aspect of the economy. The Deloitte Foundation Index is one measure of this change – and it has been rising steeply over the past two decades. It shows the cost/performance ratio of core digital technology improving exponentially. There have been greater flows in cross-border digital technologies which are enabling new business models and ways of working that could increase productivity.

This means companies across all sectors will need to recalibrate their global market, customer base, supply chain, business investment and operational strategies to reflect the new paradigm. We expect this reorientation will provide a boost to M&A activities. On the one hand, we can expect deals where companies try to leverage their economies of scale and realign their global supply chains to position themselves for this shift. On the other, the acceleration towards digital business models means companies are also likely to acquire innovative technologies and businesses that will help them adapt quickly to this changing environment.

Figure 3: Deloitte Foundation Index, Global Trade as % of GDP





Economy of expectations

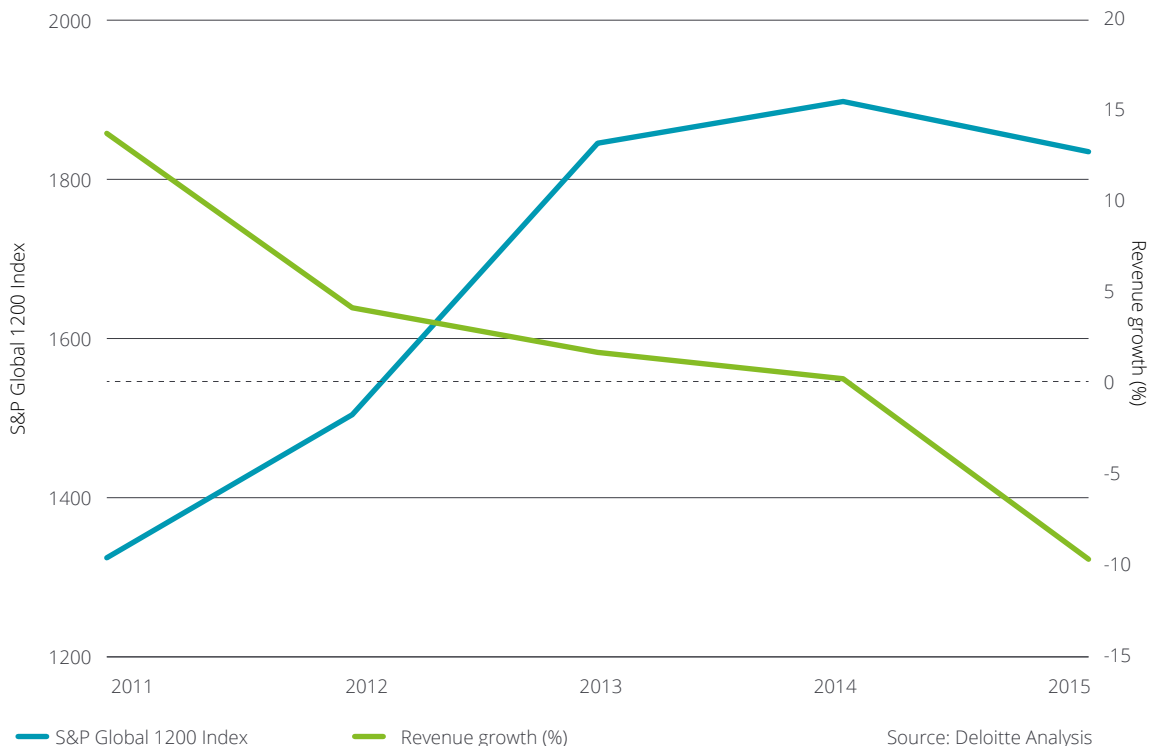
Against this backdrop, even as the S&P Global 1200 index has hit new highs in the last few years, the annual revenue growth for its constituents has been declining for three consecutive years.

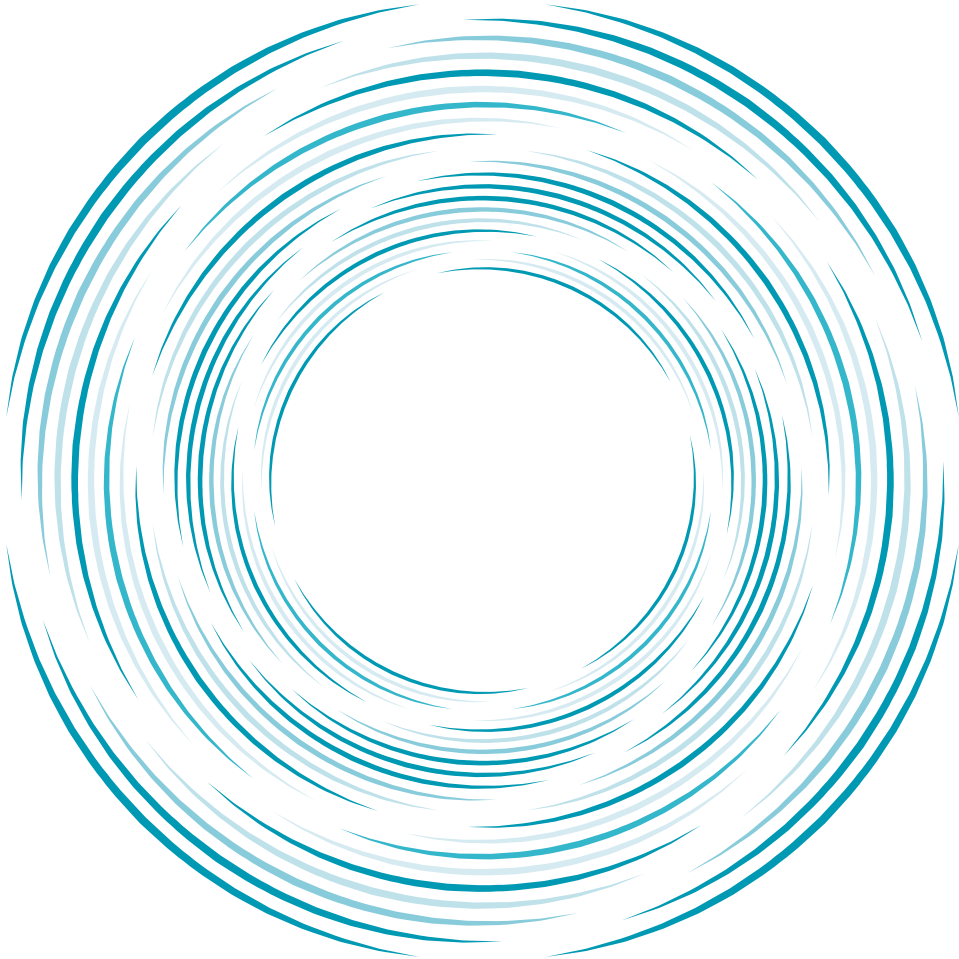
The 2014-2016 M&A wave was dominated by consolidation plays. However, falling revenue growth means investors will scrutinise future deals more closely for their revenue growth potential.

“Falling revenue growth means investors will scrutinise future deals more closely for their revenue growth potential.”

Companies will no doubt need both to invest and acquire new capabilities to tap into the opportunities of disruptive innovation, which means in the coming months they are likely to do smaller, more strategic deals with strong growth upsides.

Figure 4: S&P Global 1200 index share price vs revenue growth rate





**Creating shareholder value
through divestments**

Deloitte M&A Index

Outlook for 2017

Contents

A wave of divestments	01
Europe leads the way in divestments	02
Divestments are rising across most sectors	04
Creating shareholder value through divestments	05

“In 2016 alone nearly \$200 billion worth of divestments were announced.”



A wave of divestments

A defining feature of this M&A wave has been a rise in divestments. Since 2014 there has been a steady increase in divestments as companies seek to realign their portfolios to position themselves for growth. In 2016 alone, nearly \$200 billion worth of global divestments were announced.

During the crisis years of 2009-12, financial pressures were the main motive for divestments. In the last few years, the primary motive has been strategic realignment of portfolios as non-core assets are shed.

“The mega-deals of 2014 and 2015 resulted in \$194 billion worth of divestments.”

The rise of mega-deals in M&A markets has been another key factor driving divestments. Companies are actively divesting assets to obtain regulatory approvals for such deals, raise capital to bolster their post-acquisition balance sheets, and refocus on the core businesses within their portfolio. The mega-deals of 2014 and 2015 resulted in \$194 billion worth of divestments.

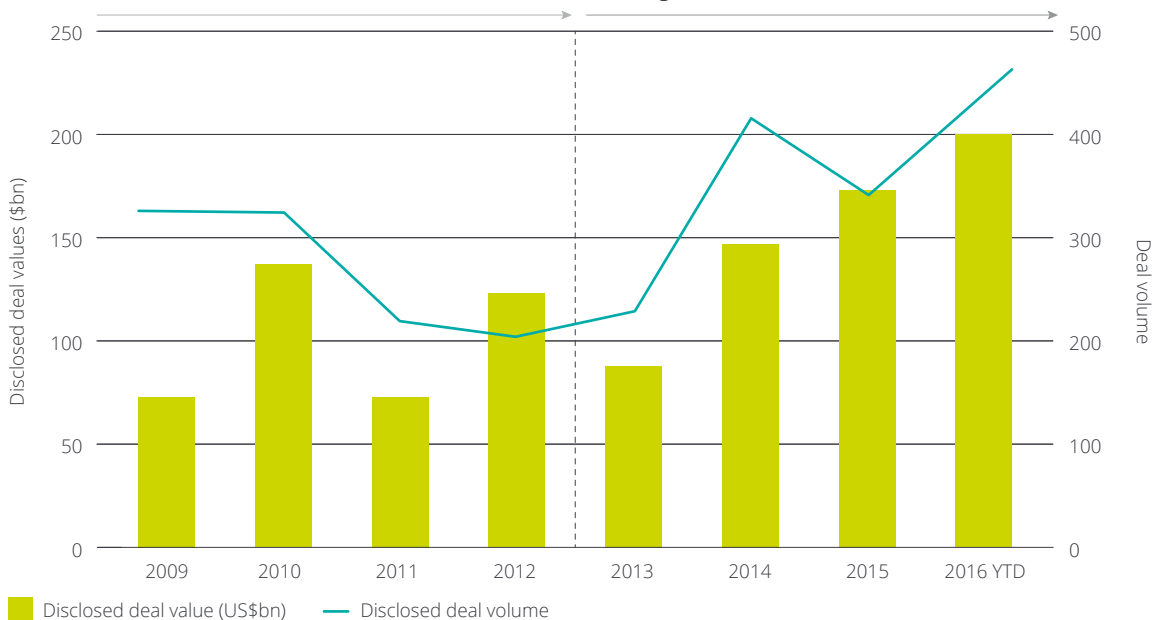
Figure 1:

Crisis (2009-12)

Financial Pressures

Recovery (2013-16)

Strategic realignment, regulatory approvals for mega-deals



Note: 2016 figures are as on 9th December 2016. Source: Deloitte Analysis

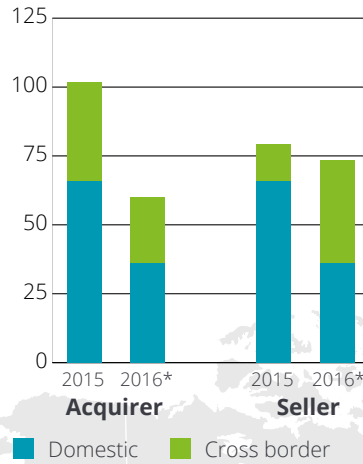


Europe leads the way in divestments

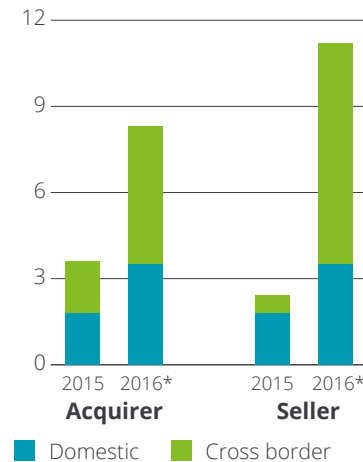
In 2016, European companies were involved in \$84 billion worth of divested assets. This was followed by North American companies who were involved in \$74 billion worth of divested assets. Overall, cross-border divestments accounted for 64 per cent of total divestment transactions.

European companies were involved in \$30 billion worth of cross-border divestment activities, of which three-quarters were acquisitions of divested assets in North America. There was a sharp increase in cross border outbound activities from Asia Pacific which acquired \$22 billion worth of divested assets in Europe and North America. These acquisitions were largely led by companies from China and Japan.

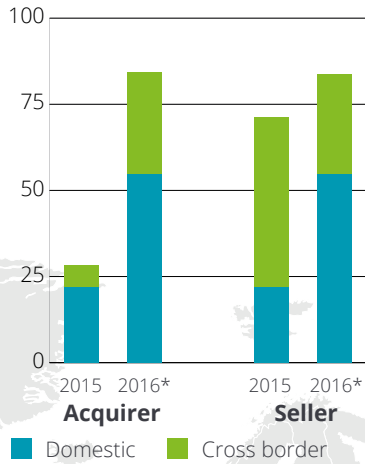
North America deal value (\$bn)



South America deal value (\$bn)

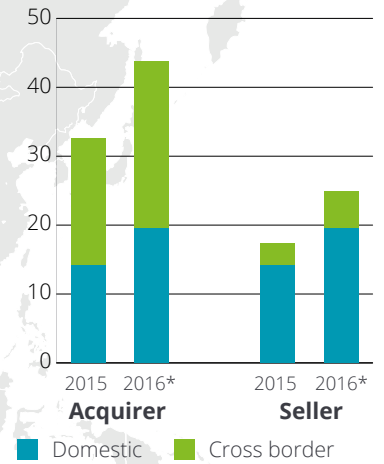


Europe deal value (\$bn)

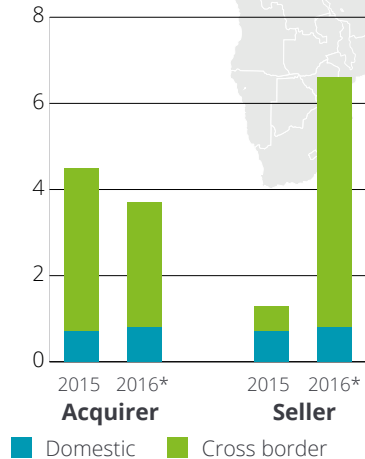


“European companies were involved in \$30 billion worth of cross-border divestment activities.”

Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)



*2016 figures are as on 9th December 2016

Divestments are rising across most sectors

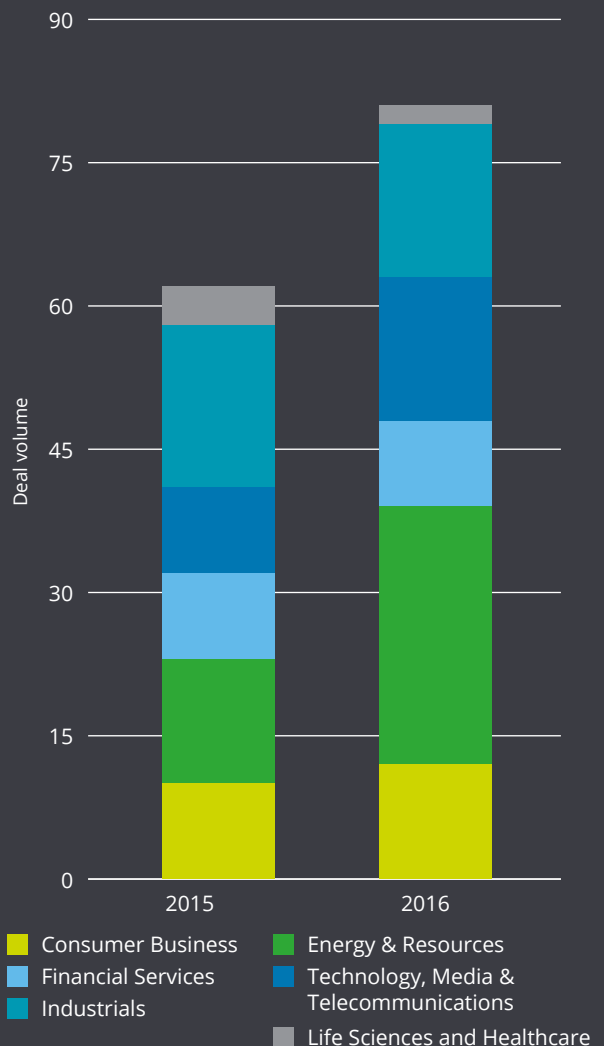
In 2016, a third of all divestments were in the energy and resources sector. The doubling of activity in this sector since 2015 reflected companies restructuring their portfolio of assets after the era of mega-deals and pressure on revenues from weak commodity prices.

The Technology, Media & Telecommunications (TMT) sector also saw an increase in divestments, while there were declines in life sciences and health care and manufacturing sectors.

Looking ahead, we expect divestments will continue to play a big role in M&A markets as companies seek to realign their businesses for growth. In the medium term we expect to see large divestments in industrials, TMT and the consumer business sectors, where the mega-deals of 2016 will be a catalyst to divest assets.

“Looking ahead, we expect divestments will continue to play a big role in M&A markets.”

Divestments by seller industry



Note: Above deals are the ones which have deal value of \$500mn and above; 2016 figure as on 9th December 2016, which account for 80% of all divestments

Source: Deloitte Analysis



Creating shareholder value through divestments

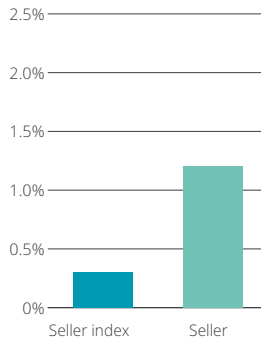
We analysed the immediate market reaction to divestments by measuring the short-term (+/- three days) share price performance for both buyers and sellers and comparing them to the index return. During that period, the average return for the seller was 92 basis points higher than the average return of its index, while the average return for the buyer was 178 basis points higher than the average return of its index.

When we considered the average one year share price performance after divestment, the average return for the seller was 91 basis points higher compared to its index. The average returns for the buyer was 421 basis points higher than the return for its index.

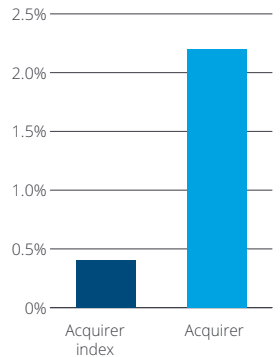
Our research* found successful companies adopt the following best practices:

- They have a divestment strategy in place that is aligned to future growth prospects, making them better able to respond to market requirements;
- They proactively communicate their growth strategy to the markets. In uncertain times, markets are looking for a clear focus on core business and a well-defined divestment plan;
- They tend to focus on a number of smaller divestments, rather than a single blockbuster;
- They focus on people and cultural challenges. Divestments are significant events and leaders must provide clarity of purpose and keep staff motivated throughout the process.

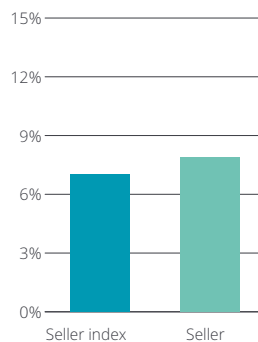
Short term (7 Days) average returns of seller & seller index (2009-16)



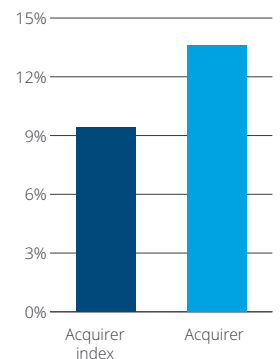
Short term (7 Days) average returns of acquirer & acquirer index (2009-16)



One year average returns of seller & seller index (2009-16)



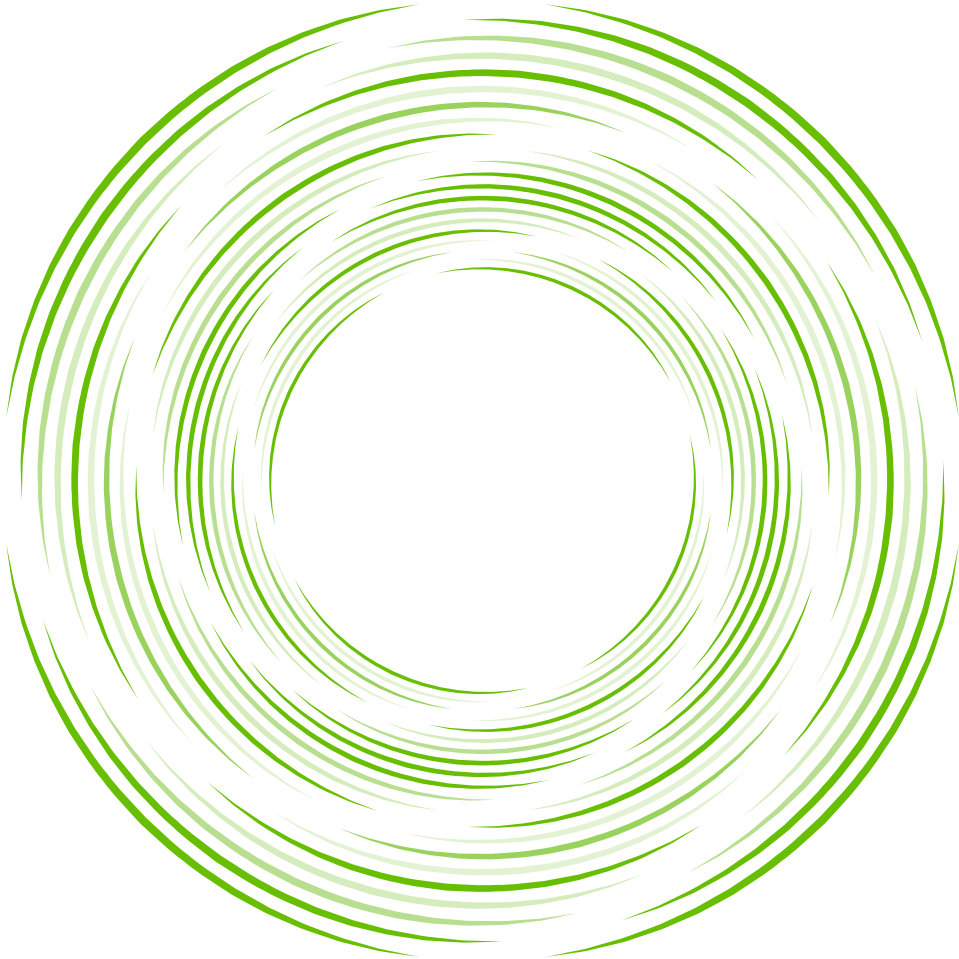
One year average returns of acquirer & acquirer index (2009-16)



Note: 2016 figures are as on 29th September 2016

Source: Deloitte Analysis

*Creating value from divestments Deloitte M&A Research



Outlook for regions and sectors

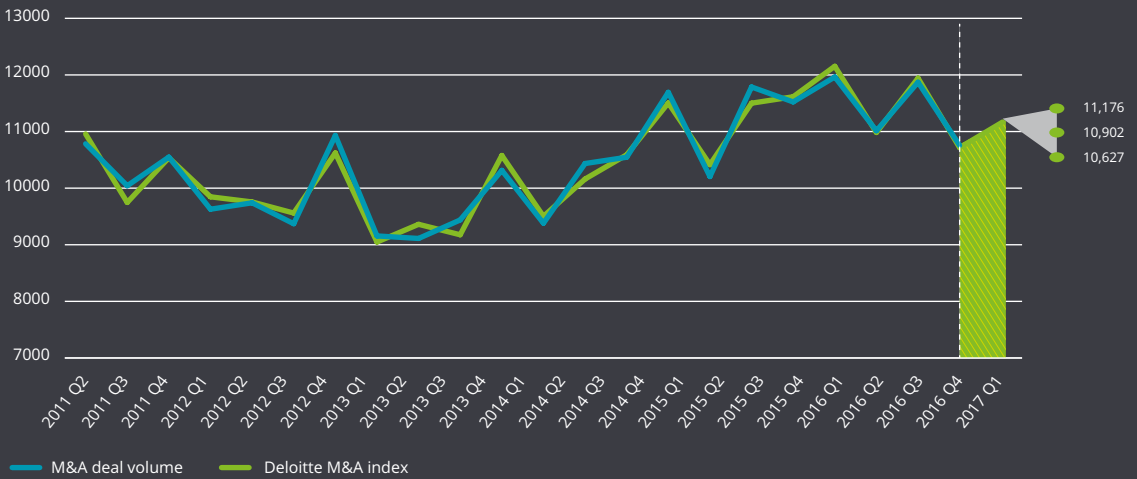
Deloitte M&A Index

Outlook for 2017

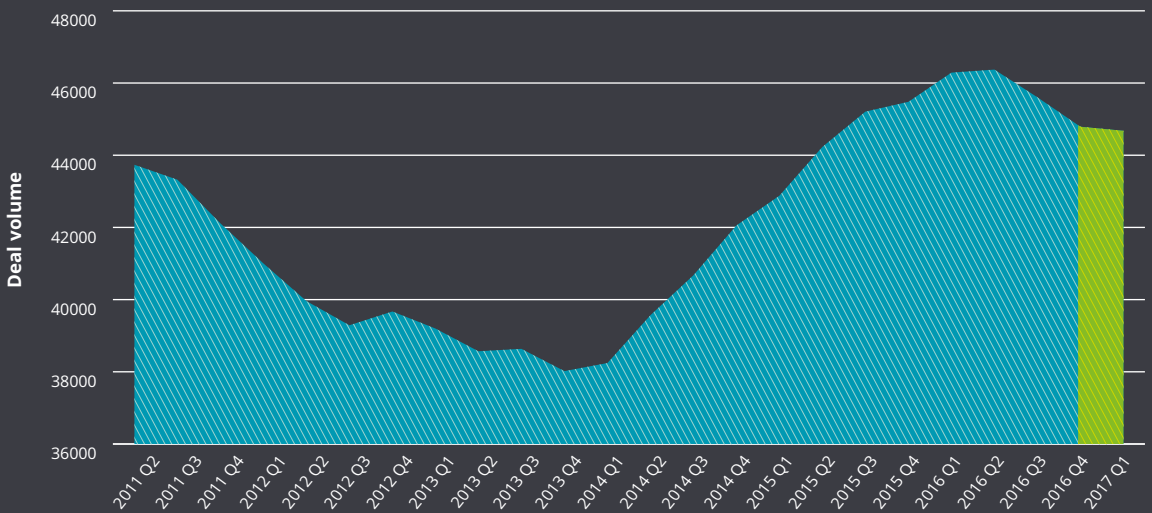
M&A Index Model Prediction

The M&A Index model predicts a modest decline in volumes in the first quarter of 2017. Overall, volumes have held up reasonably well and are just two to three per cent down on 2015. However, on LTM (last-twelve-months) basis deal volumes have been slowing since the second half of 2016.

The Deloitte M&A Index



Global LTM deal volumes



Source: Deloitte M&A Index model based on Deloitte Analysis as of 6th December 2016. M&A deal volume and LTM based on analysis of data from Thomson One Banker as of 6th December 2016.



Deal corridors and outlook for regions

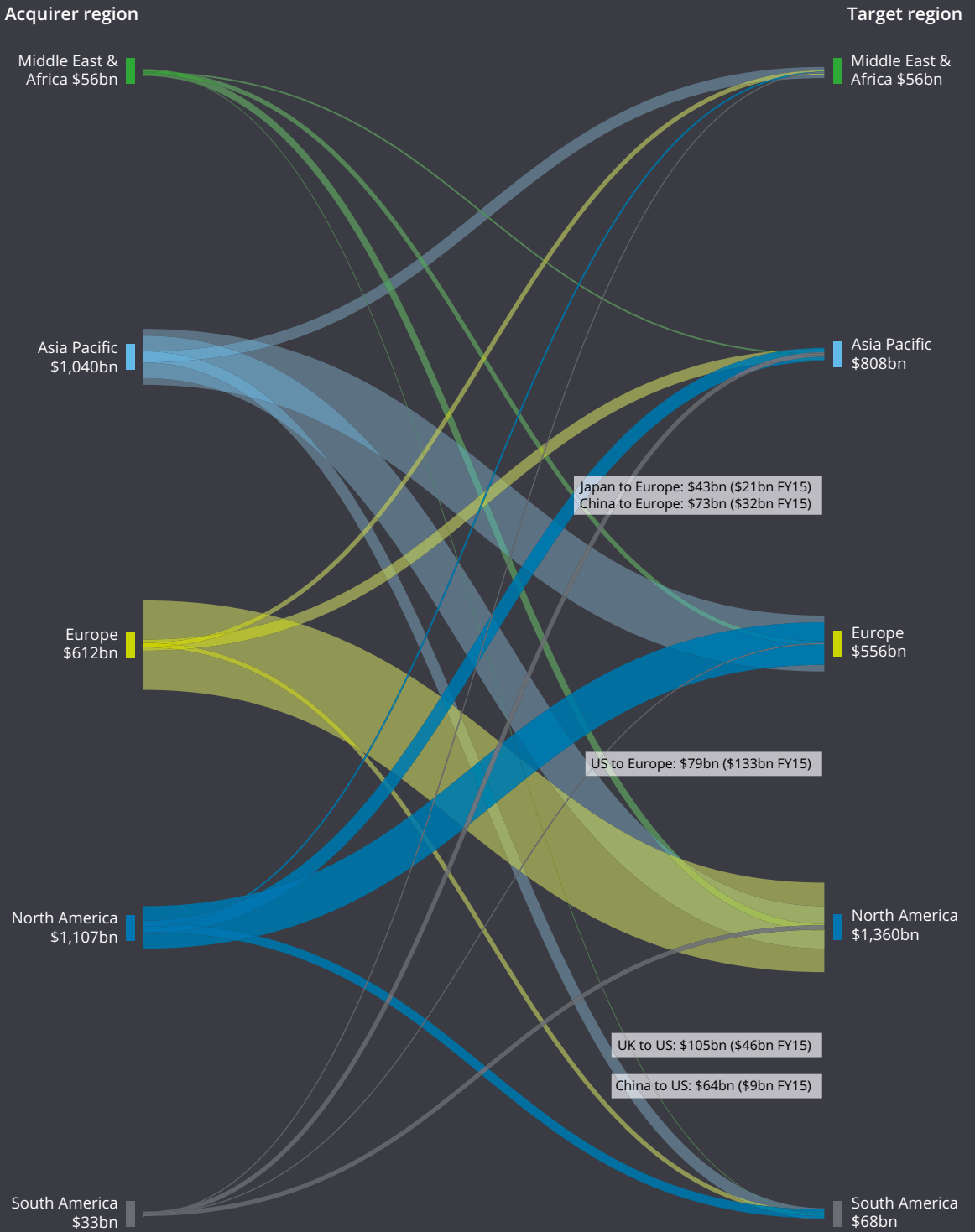
In 2016 around \$1.04 trillion worth of cross-border deals were announced, accounting for 36 per cent of total global M&A deals, the highest proportion since 2012.

Deal corridors were a central feature of cross-border M&A. The most active corridor was between Europe and North America. The UK (\$106 billion) and Germany (\$76 billion) were the most active acquirers in North America in 2016. However, US acquisitions in Europe declined from \$133 billion in 2015 to \$79 billion. The Asia-Europe corridor has been dominated by China and Japan. They made acquisitions of \$73 billion and \$43 billion respectively in Europe.

Looking ahead, we expect cross-border M&A to remain prominent in 2017. The US economy has started to accelerate and will provide growth opportunities. The strength of the dollar could also prompt US companies to seek assets in Europe and elsewhere. China has emerged as a major player in cross-border outbound deals. Chinese companies are seeking overseas growth opportunities to counter domestic slowdown. At the same time the current levels of capital outflow are putting pressure on the renminbi and deals could face greater government scrutiny.

“Looking ahead, we expect cross-border M&A to remain prominent in 2017. The US economy has started to accelerate and will provide growth opportunities. The strength of the dollar could also prompt US companies to seek assets in Europe and elsewhere.”

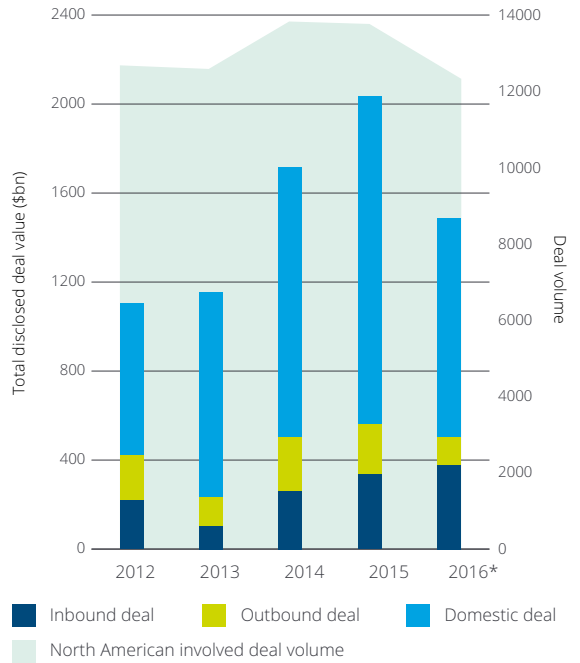
Figure 1: M&A deal value across regions in 2016 (in \$bn)



Note: 2016 figures are as on 7th December 2016. Width of the curve indicates the sum deal value.
Source: Deloitte Analysis

Outlook for regions

Total disclosed deal value in North America, 2012-16



“In 2016 around \$1.5 trillion worth of deals were announced by North American companies, a slowdown from the \$2 trillion announced in 2015.”

North America

In 2016 around \$1.5 trillion worth of deals were announced by North American companies, a slowdown from the \$2 trillion announced in 2015.

In Canada, the M&A market remained strong, boosted in particular by the energy and resources sector. Canadian companies were involved in \$165 billion in deals, compared to \$170 billion in deals in 2015.

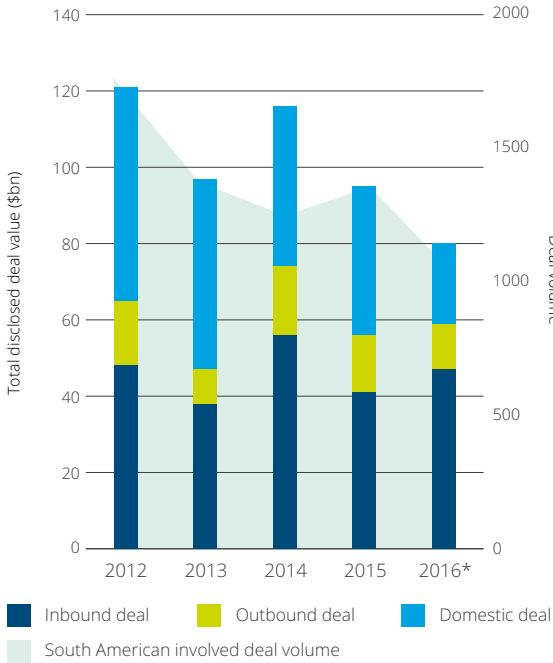
Last year, Deloitte surveyed** over 1,000 US corporate executives on the prospects for M&A in 2017 and the vast majority are expecting an uptick this year. They expect transaction sizes to become bigger and divestments to be a major focus as companies shed businesses to refocus. Acquiring technology assets to mitigate the impact of disruptive innovation is a top priority for all sectors.

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

** Deloitte US M&A Trends Report

Total disclosed deal value in South America, 2012-16



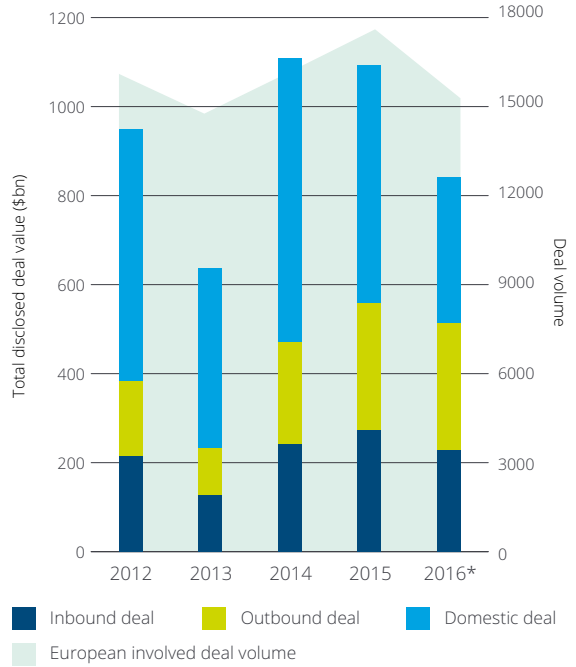
South America

M&A remained subdued in South America during 2016 as major economies like Brazil continued to battle recession. Around \$80 billion worth of deals were announced, the lowest in over a decade.

However, inbound investment into South America recovered well and last year \$47 billion worth of deals were announced, led by Chinese and US investments. The region received nearly \$22 billion of inbound investments in the energy and resources sector, one of the highest figures on record.

Despite political and economic challenges, Brazil was the most active market in the region, followed by Chile. Private Equity firms have started coming back to the region and this trend seems likely to continue in 2017.

Total disclosed deal value in Europe, 2012-16



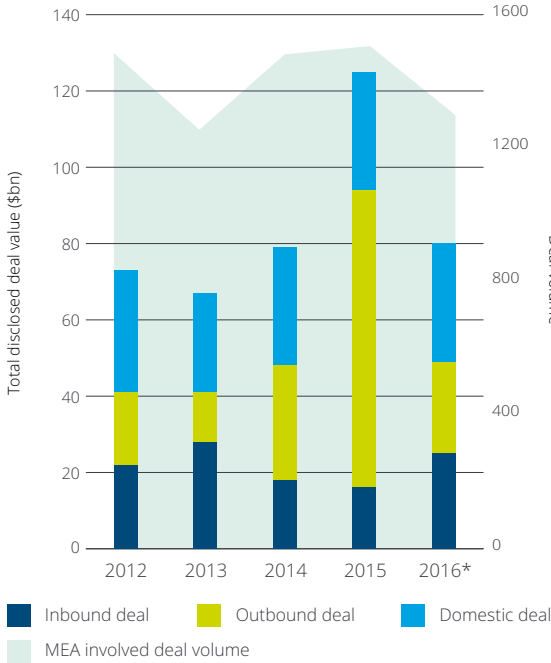
Europe

In 2016 M&A slowed down by 23 per cent from 2015, primarily due to the weak domestic market. However, cross-border M&A remained strong. European companies announced a record \$285 billion worth of outbound deals into North America, the highest since 2007. Chinese companies announced \$73 billion worth of acquisitions of European companies.

The UK was the dominant market in Europe and UK companies were involved in \$255 billion worth of deals. The other key markets were Germany with \$169 billion and France with \$111 billion worth of deals.

Looking ahead, Europe faces much political uncertainty over the coming months with elections in the Netherlands, France and Germany, and with the UK's exit negotiations with the EU. Despite this, there are indications that deal-making will continue to hold up well. In the UK, companies will seek to expand into overseas markets to offset the pressure from "Brexit". European assets will continue to remain attractive to overseas buyers from the US, China and Japan.

Total disclosed deal value in MEA, 2012-16



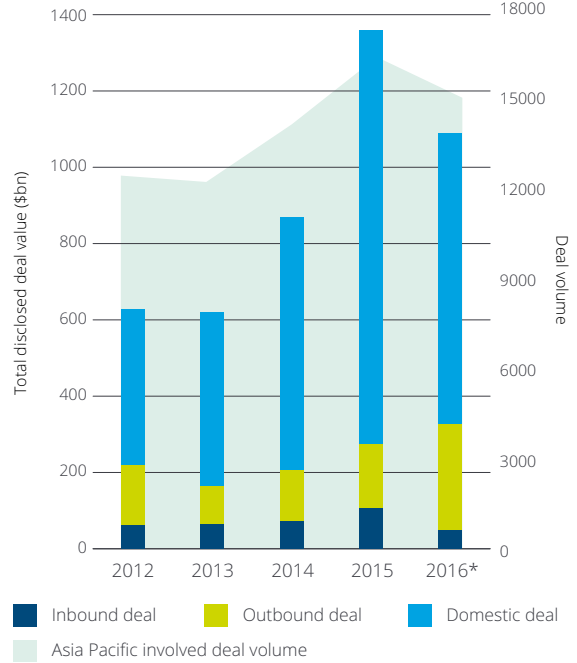
Middle East and Africa

In 2016, M&A markets in the Middle East and Africa held up relatively well. Inbound investments increased by 55 per cent to \$25 billion, the highest since 2013. China was the most active investor in this market. Domestic M&A remained steady at \$31 billion while outbound flows fell to \$24 billion, a 69 per cent decline from 2015.

The Middle East was a strong performer, largely down to Israel, which saw \$17 billion in deals, the highest in over a decade; this was largely due to US acquisitions of innovative Israeli start-ups. The UAE was the other strong performer, with \$16 billion worth of deals.

In Africa the weak economic and political outlook, combined with low oil prices, continued to affect oil-dependent economies such as Nigeria. Political uncertainty in South Africa also dented investor confidence and M&A fell to its lowest there since 2013.

Total disclosed deal value in Asia Pacific, 2012-16



Asia Pacific

After two record-breaking years, Asia-Pacific saw a relative slowdown in 2016 with \$1.1 trillion worth of deals announced. In part this was due to the cooling of the Chinese economy and reduced domestic Chinese M&A.

China and Japan remained active in outbound acquisitions. Chinese companies announced \$188 billion worth of outbound deals, the highest on record. Japanese companies announced \$76 billion worth of outbound deals, marking a strong return to the global M&A markets.

Australian companies maintained their momentum and, despite the challenging global conditions, were involved in \$83 billion worth of deals, which is 16 per cent lower than 2015.

Note: 2016 figures are as on 7th December 2016*

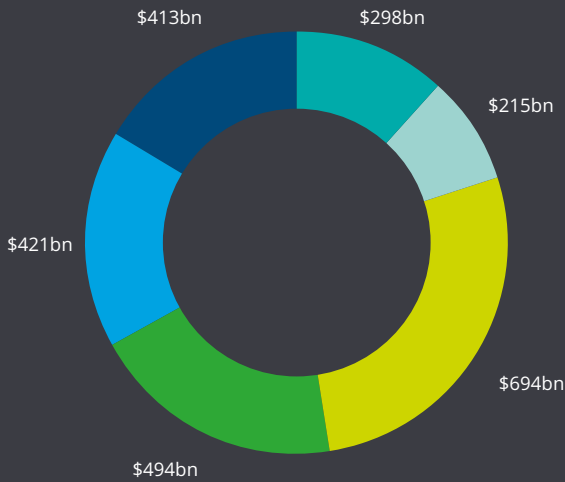
Source: Deloitte Analysis



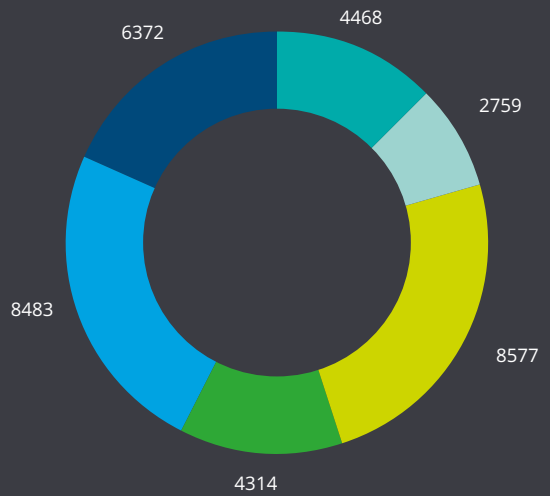
Outlook for sectors

The TMT sector dominated the M&A markets in 2016, accounting for \$694 billion in deals, about 24 per cent of total global deal values, and 8,577 deals, about 21 per cent of total global deal volumes. From a value perspective, the other strong sectors were Energy & Resources, with \$494 billion, and Consumer Business, with \$421 billion worth of deals. In terms of volume the other strong sectors were Consumer Business, with 21 per cent of global deal volumes, and the Manufacturing sector, with 16 per cent of global deal volumes.

Global M&A deal value (2016) by target sector



Global M&A deal volume (2016) by target sector



- Financial Services
- Life Sciences & Healthcare
- Technology, Media & Telecoms
- Energy & Resources
- Consumer Business
- Manufacturing

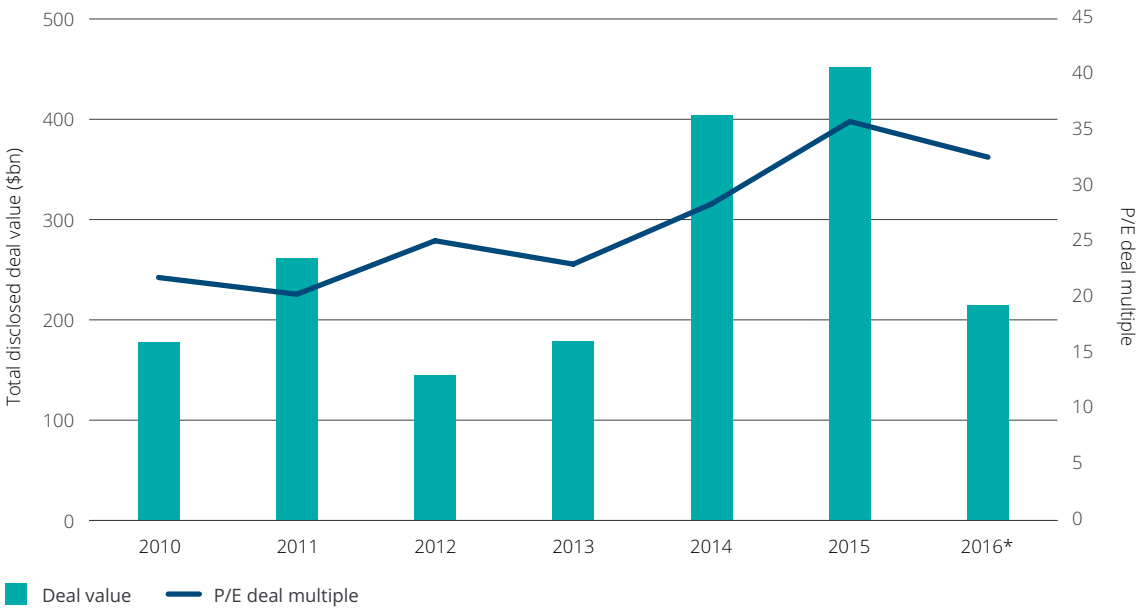




Life Sciences and Healthcare (LSHC)

In 2016, the life sciences and healthcare sector announced around \$215 billion worth of deals, about half the level of the previous two years. One of the reasons for this decline was that \$168 billion worth of deals were withdrawn in 2016. In the pharmaceutical sector \$75 billion worth of deals were announced, compared to \$200 billion in 2015, and in the healthcare sector \$131 billion worth of deals were announced, compared to \$205 billion in 2015.

Figure 1: Global disclosed deal values for LSHC as a target (\$bn), 2010-2016



The average price to earnings multiple on the 2016 deals still remained relatively high at 32.6 compared to 35.8 in 2015. There was a decline in mega-deals; only three were announced in 2016 compared to eight in 2015.

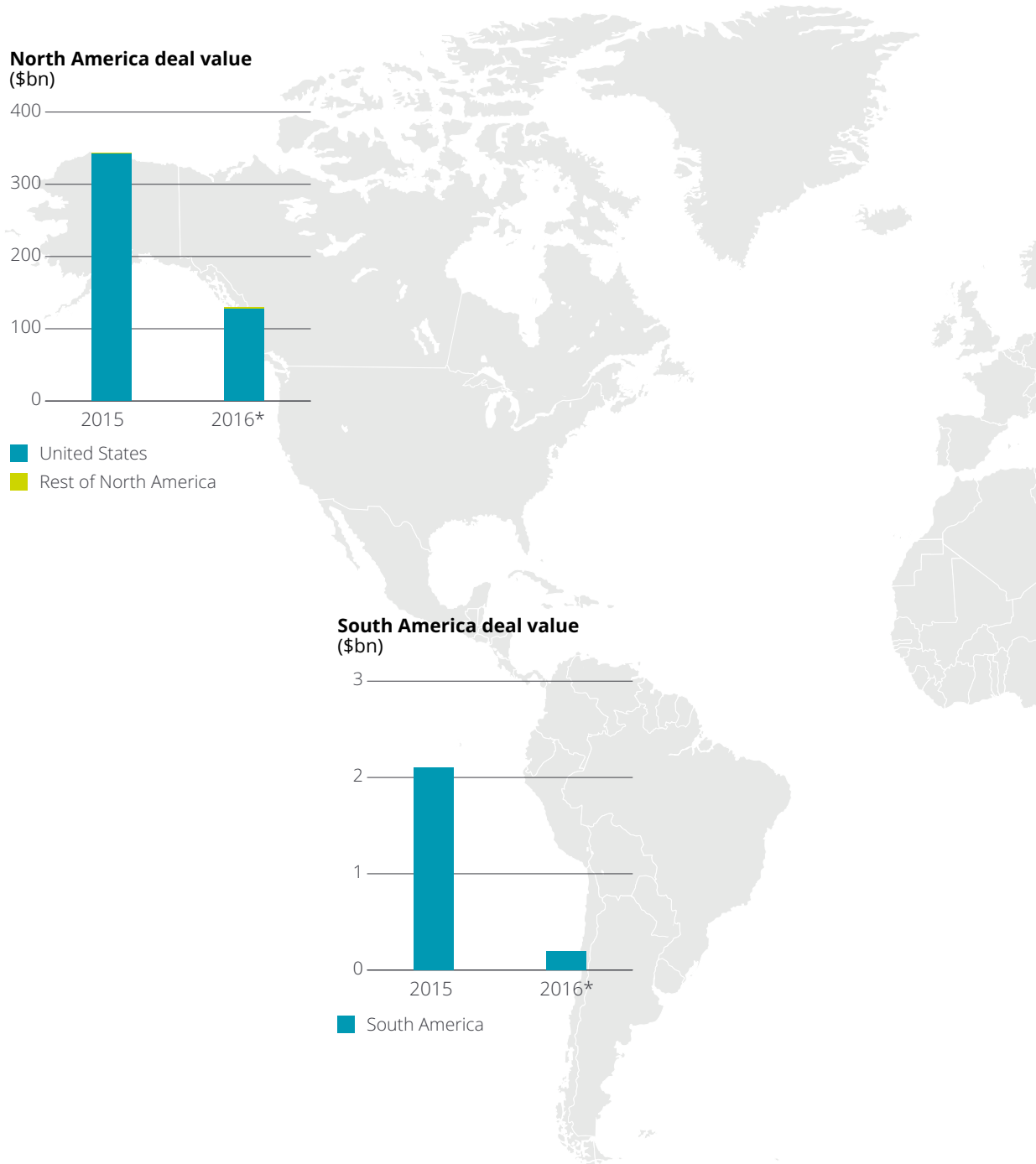
There were also \$168 billion worth of announced deals that were withdrawn in 2016 compared to \$97 billion withdrawn in 2015.

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

The US was the most active market and contributed to nearly 60 per cent of the announced deals. Europe was the only region that saw an uptick in deals and France was the most active target country, followed by the UK and Sweden.

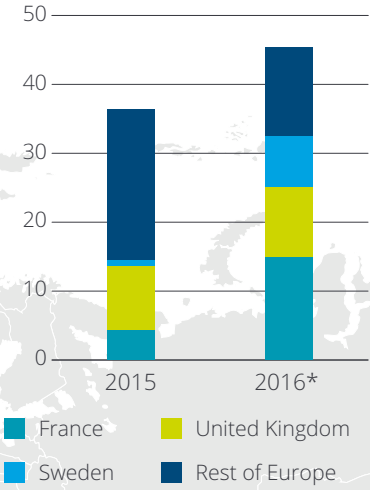
Figure 2: LSHC deals by target region (2015 vs 2016)



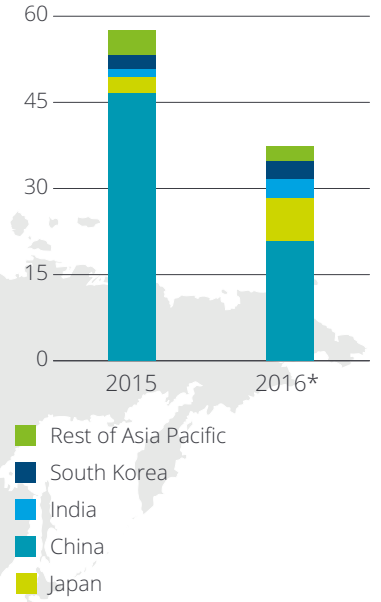
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

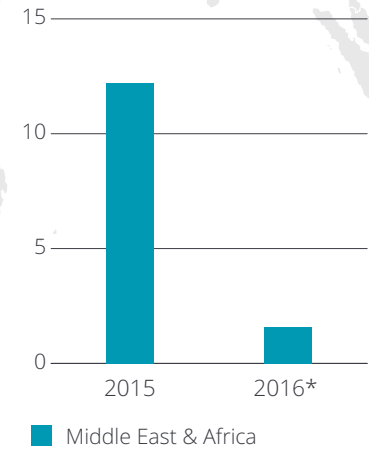
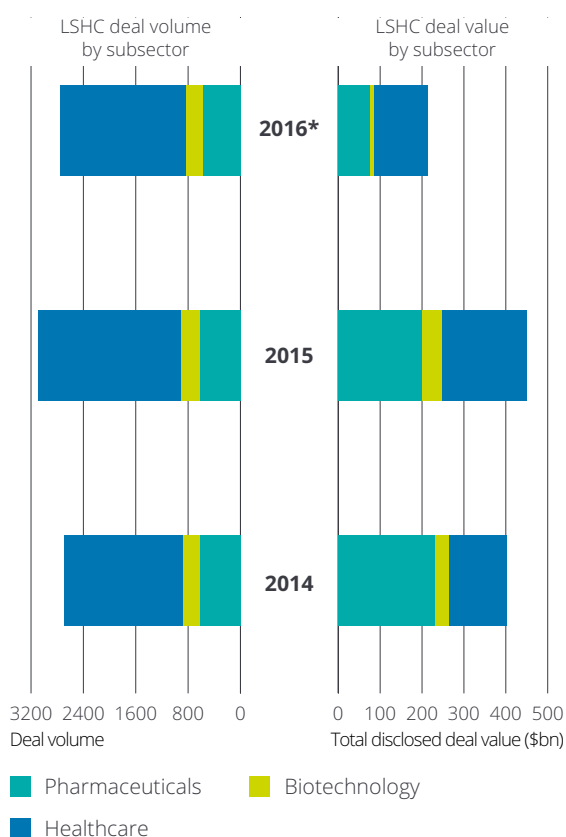


Figure 3: LSHC deals by target subsector



While LSHC volumes remained strong, values declined sharply, driven by the fall in mega-deals in this sector.

Cross-border deals in 2016 stood at \$60 billion, down from \$154 billion in 2015. France received \$13.1 billion worth of inbound investments, followed by the US, with \$12.1 billion. Germany and the US were the most active cross-border acquirers and made acquisitions of \$19.8 billion and \$15.1 billion respectively in 2016.

“Germany and the US were the most active cross-border acquirers and made acquisitions of \$19.8 billion and \$15.1 billion respectively in 2016.”

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
France	13,080
United States	12,056
Sweden	7,188
United Kingdom	7,056
Spain	6,621
Total	59,973

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
Germany	19,782
United States	15,066
China	5,669
Japan	3,567
Switzerland	3,288
Total	59,973

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Figure 4: Financial performance of the S&P Global 1200 Health Care Index constituents

Figures in \$bn	CH1 2015	CH1 2016	
Cash & ST Investments	312.0	312.8	▲
Total Debt	675.7	796.1	▲

Figures in \$bn	CH1 2015	CH1 2016	
Total Revenues	708.9	827.0	▲
Cash spent on M&A	127.8	42.2	▼
Capital expenditure	20.1	23.0	▲
R&D expense	55.3	59.4	▲
Common dividends paid	46.8	48.2	▲
Share repurchases	42.9	44.9	▲

Note: CH is Calendar Half Year

Source: Deloitte Analysis

The financial performance of the largest life sciences and healthcare companies has been buoyant in 2016. Their revenues have risen substantially, spurring increases in capital expenditure and R&D. There has also been a big rise in their total debt, largely down to their M&A activities in 2015. At the same time, the cash spent on M&A has halved compared to the same period in the previous year and cash reserves remain broadly the same.

In the US, the healthcare sector will be closely following the healthcare policies of the new US government administration. Initial soundings suggest increased emphasis on consumer responsibility and affordability. This may prompt a shift towards transparency, emphasis on the patient experience and a move from volume-based to value-based care models. The healthcare sector is likely to continue to pursue M&A deals to consolidate and achieve economies of scale.

Consolidation and scale benefits were strong factors driving healthcare sector deal-making and, given the significant pressure on costs, these are likely to continue to drive M&A in 2017 as well.

We can also expect acquisitions in specialist areas, where unmet medical needs create the scope to command high margins.

Looking ahead, companies are likely to innovate to deliver high-value healthcare that improves overall health outcomes and reduces costs. This in turn could stimulate deals at the convergence between the technology and health sectors.

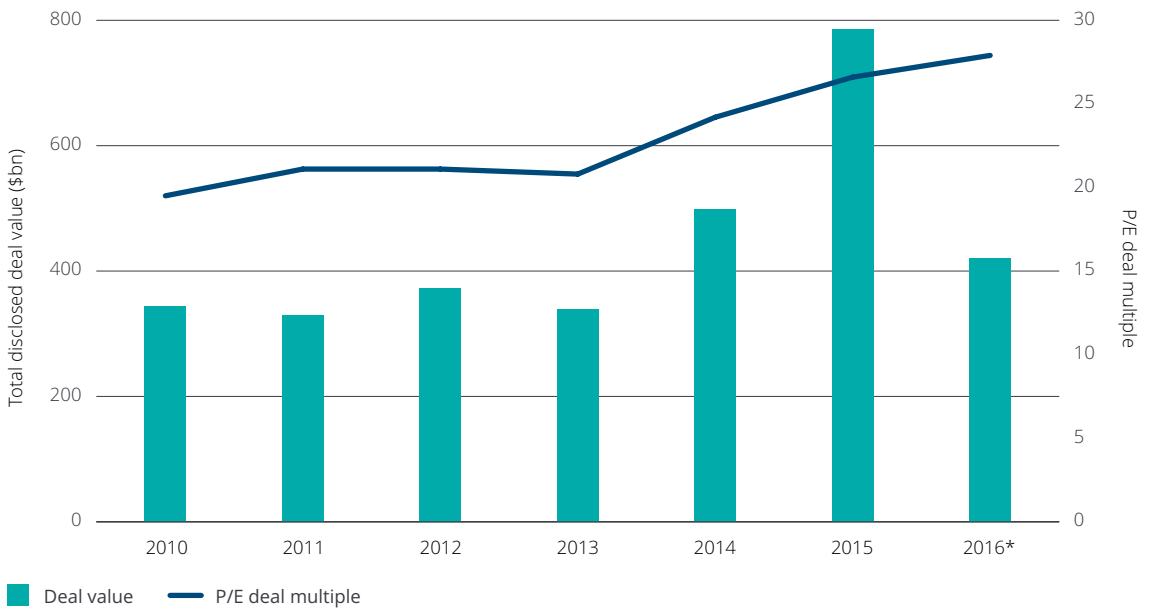




Consumer Business

The Consumer Business (CB) sector announced deals worth \$421 billion in 2016 compared to \$786 billion in 2015. There were fewer mega-deals (greater than \$10 billion), just four were announced, compared to 14 in 2015. However, mid-market deals in this sector held up well and overall the consumer business sector accounted for 21 per cent of total global volumes

Figure 1: Global disclosed deal values for consumer business as a target (\$bn), 2010-2016



The average P/E multiples for deals in this sector continued to soar and currently stands at 28, the highest in many years. This may begin to impact affordability and deal completion.

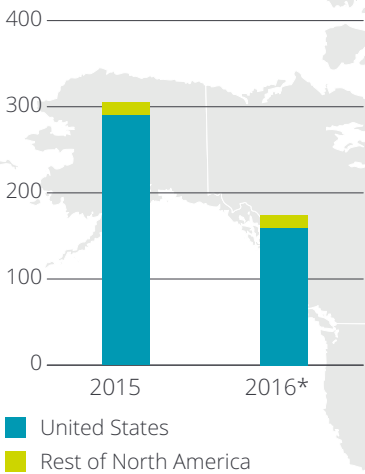
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

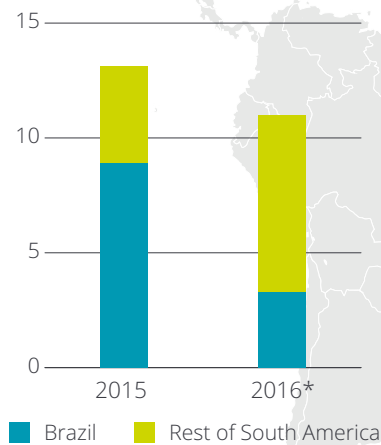
All major regions saw a slowdown in M&A deal values, with Europe bearing the brunt. Some of the hot spots were Australia, the Middle East & Africa and South America.

Figure 2: Consumer Business deals by target region (2015 vs 2016)

North America deal value (\$bn)



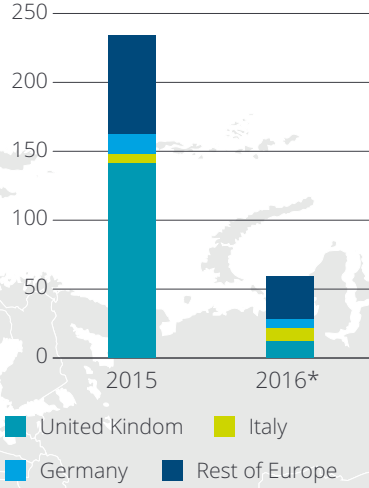
South America deal value (\$bn)



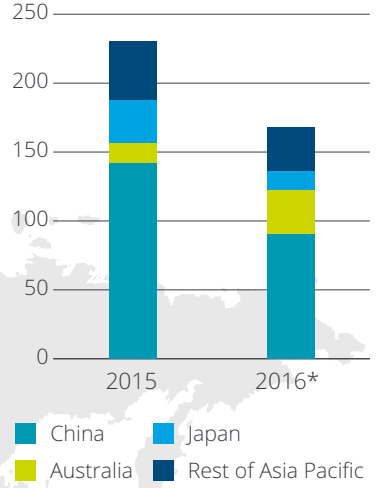
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

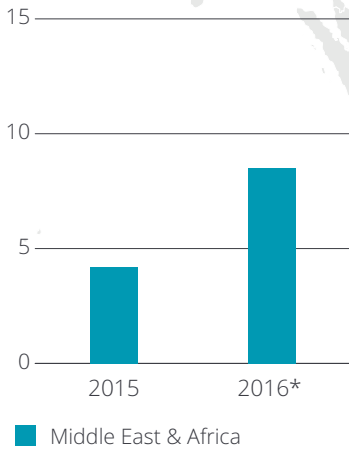
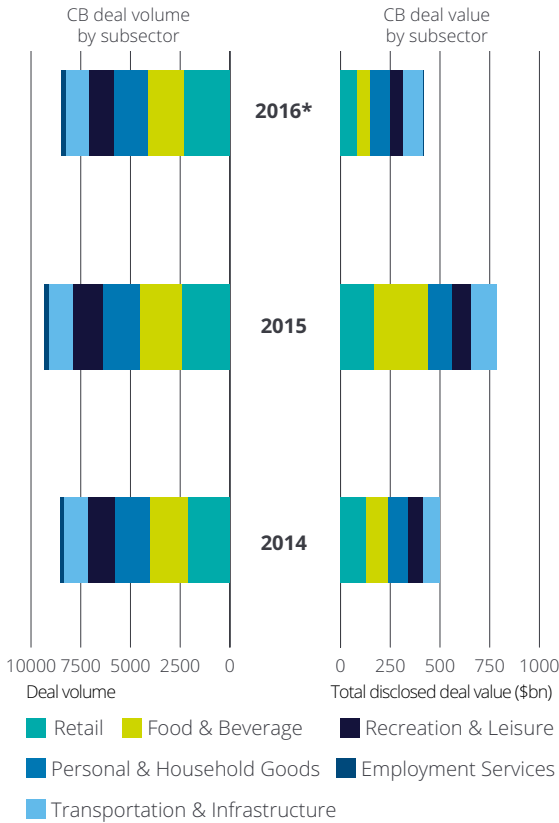


Figure 3: Consumer Business deals by target subsector (2014-2016)



Although deal values fell, deal volumes have held up relatively well in the Consumer Business sector. Volumes were propped up by smaller deals in a variety of sub-sectors such as packaged goods, food & beverages, recreation & leisure and transportation.

In 2016, companies announced \$193 billion in cross-border deals, 43 per cent lower than the \$338 billion announced in 2015.

The US received \$105 billion in inbound investments, over half the total. The UK was the biggest investor into the US, with \$47.4 billion in deals made last year. China was the other significant player in outbound acquisitions, making \$25 billion worth of investments, of which \$18 billion were in the US.

“In 2016 companies announced \$193 billion in cross-border deals.”

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
United States	104,982
United Kingdom	7,160
Canada	6,706
China	6,520
Australia	5,455
Total	193,283

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
United Kingdom	56,422
China	25,160
France	18,901
United States	18,897
Ireland-Rep	11,128
Total	193,283

Note: 2016 figures are as on 7th December 2016*
Source: Deloitte Analysis

Figure 4: Financial performance of the S&P Global 1200 Consumer Staples and Consumer Discretionary Indices constituents

Figures in \$bn	CH1 2015	CH1 2016		Figures in \$bn	CH1 2015	CH1 2016	
Cash & ST Investments	513.7	609.3	▲	Total Revenues	2468.9	2591.1	▲
Total Debt	1905.7	2226.9	▲	Cash spent on M&A	45.3	67.9	▲
				Capital expenditure	106.3	111.2	▲
				R&D expense	23.7	25.2	▲
				Common dividends paid	89.1	90.3	▲
				Share repurchases	64.1	71.5	▲

Note: CH is Calendar Half Year

Source: Deloitte Analysis

Analysis of the consumer business constituents of the S&P Global 1200 index shows that overall performance has been strong. Companies in this sector have managed to increase their cash reserves significantly to \$609 billion, despite spending \$22 billion more cash than in 2015 on M&A. Their revenues increased by 5 per cent, as did their capital expenditure and R&D spending.

Looking ahead, in both the US and the EU the labour market continues to strengthen, disposable personal income is edging up and consumer confidence remains elevated. However, the possibility of rising inflation and the impact of uncertainties such as Brexit remain a concern. While there is appetite for large-scale consolidation deals, regulatory obstacles and high valuations means it is becoming harder to pull them off. Last year alone, \$107 billion worth of deals were withdrawn and this included three mega-deals worth \$65 billion.

Consumer business companies need to address two key challenges. Firstly, they need to respond to the rapid technological and digital shifts that are transforming industry dynamics. Secondly, they need to keep pace with shifts in consumer preferences as choices expand and consumers demand more personalised services and products.

M&A is likely to play a vital role in helping companies address these challenges.

We expect to see an increase in smaller, more strategic deals at the convergence of consumer products, services, technology and health – such as Adidas³⁷ recent acquisition of Runtastic, the digital fitness platform.

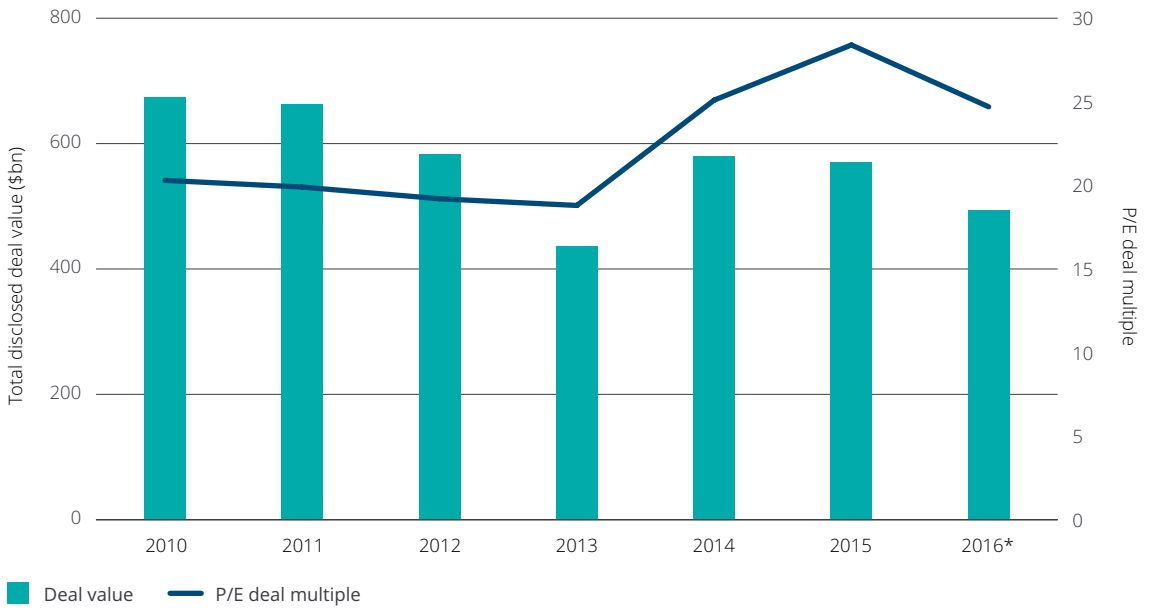




Energy & Resources

The Energy & Resources (E&R) sector saw \$494 billion worth of deals announced in 2016, compared to \$571 billion in 2015. This was largely driven by mega-deals of over \$10 billion, of which there were five worth \$107 billion.

Figure 1: Global disclosed deal values for Energy & Resources as a target (\$bn), 2010-2016



As the price of commodities remained depressed for most of 2016, the M&A market was relatively muted. Towards the end of 2016, however, OPEC announced production cuts and helped give a boost to oil prices. The second half of 2016 also saw a rise in divestments in the E&R sector. This is likely to continue into 2017.

The fall in commodity prices had a spill over impact on the average P/E multiple for deals, which came down in 2016 and is now close to 25.

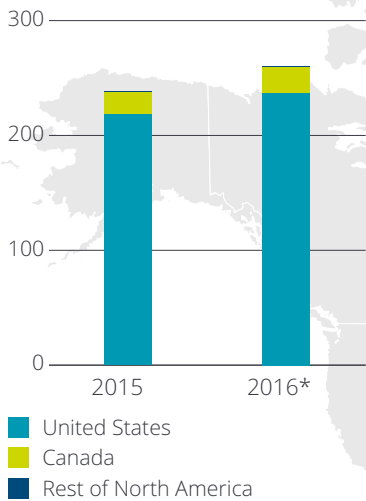
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

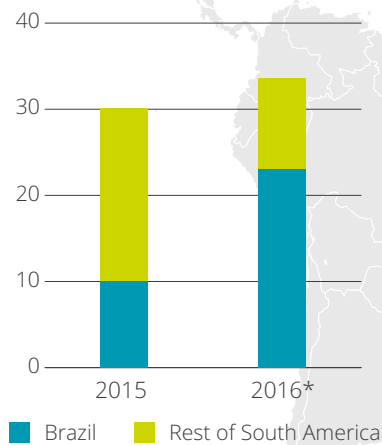
Most regions, except North America, saw a slowdown in M&A deal values, with Europe bearing the brunt. Some of the bright spots were the US, Canada, Australia and Brazil.

Figure 2: Energy & Resources deals by target region (2015 vs 2016)

North America deal value (\$bn)



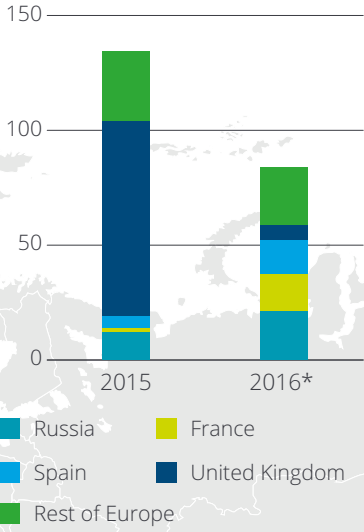
South America deal value (\$bn)



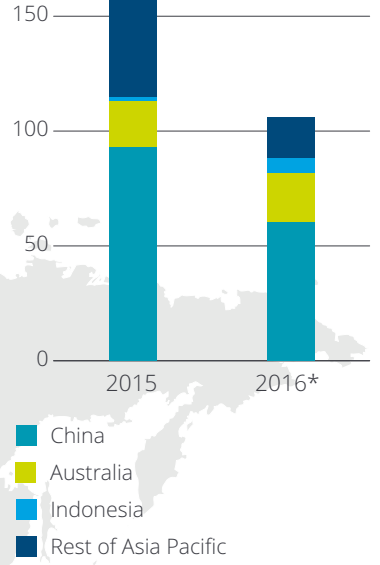
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

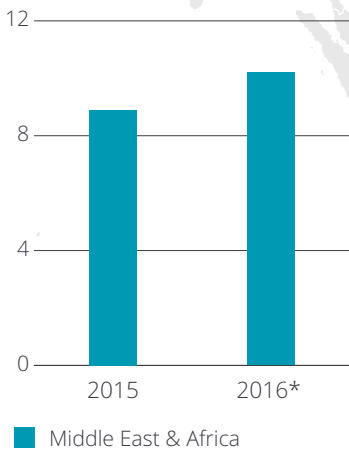


Figure 3: Energy & Resources deals by target subsector (2014-2016)



In 2016, there was a decline in both volumes and values. However some sub-sectors such as metals & mining and oil & gas managed to hold up reasonably well.

Despite the slowdown, the E&R sector remained active in cross-border M&A and in total did \$200 billion in cross-border deals in 2016.

The North American market grew in 2016. Canadian companies made \$62.1 billion of acquisitions in the US, a threefold increase from 2015 as consolidation continued in this sector.

Chinese companies have been acquiring global mining assets at attractive valuations, thereby expanding their geographic presence and feeding raw materials to the Chinese economy. Chinese outbound acquisitions increased by 85 per cent in 2016 to \$34.5 billion, with acquisitions in particular in Brazil and Australia.

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
United States	103,991
Brazil	15,384
France	10,434
Spain	7,051
Australia	6,805
Total	199,986

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
Canada	66,982
United Kingdom	34,816
China	34,519
United States	20,565
Luxembourg	7,312
Total	199,986

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Figure 4: Financial performance of the S&P Global 1200 Energy Index constituents

Figures in \$bn	CH1 2015	CH1 2016		Figures in \$bn	CH1 2015	CH1 2016	
Cash & ST Investments	303.1	266.4	▼	Total Revenues	1426.7	1087.7	▼
Total Debt	1105	1160.9	▲	Cash spent on M&A	14.6	19.0	▲
				Capital expenditure	198.3	136.2	▼
				R&D expense	3.5	3.2	▼
				Common dividends paid	42	35.2	▼
				Share repurchases	10.2	3.7	▼

Note: CH is Calendar Half Year

Source: Deloitte Analysis

Analysis of the energy and resources constituents of the S&P Global 1200 index shows there has been a decline in cash reserves and an increase in debt. There have also been sharp declines in revenues, as well as in capital expenditure.

The oil and gas sector is cautiously envisaging a more promising 2017 as oil prices seem to be recovering. Wood Mackenzie, the industry specialists, estimate that as long as oil prices hold above \$55 per barrel, the oil and gas industry is set to be cashflow positive this year for the first time since 2014⁸. That could boost its spending and M&A.

The Energy and Resources sector is using M&A to consolidate as companies look for growth in an environment marked by rising costs, low prices, higher customer expectations and tight regulatory standards. Many companies are also engaging in M&A and venture investments to acquire innovative technologies to manage costs and improve their customer focus.

“The Energy and Resources sector is using M&A to consolidate as companies look for growth in an environment marked by rising costs, low prices, higher customer expectations and tight regulatory standards.”

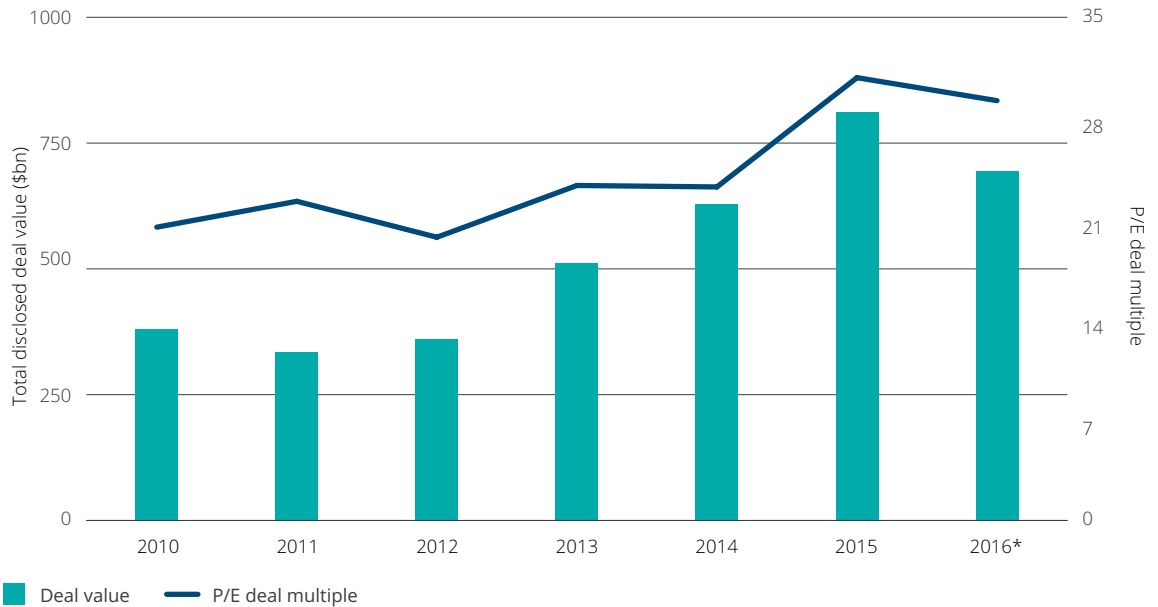




Technology, Media and Telecommunications (TMT)

In 2016, the TMT sector announced \$694 billion worth of deals, a decline from \$812 billion in 2015. The US, with \$429 billion in deals, and China, with \$88 billion, were the most active markets in 2016.

Figure 1: Global disclosed deal values for TMT as a target (\$bn), 2010-2016



The technology sector announced \$464 billion worth of deals, compared to \$496 billion in 2015, the media sector \$151 billion compared to \$143 billion in 2015 and the telecoms sector \$79 billion, well below the \$171 billion in 2015.

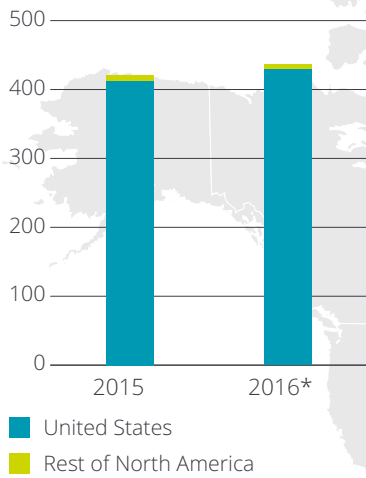
The average P/E multiple for deals declined for the first time since 2014 and now stands at 29.2. The TMT sector led the way for mega-deals. There were six such deals announced, including the AT&T⁶⁹ and Time Warner deal, which was the largest M&A transaction of 2016.

Note: 2016 figures are as on 7th December 2016*

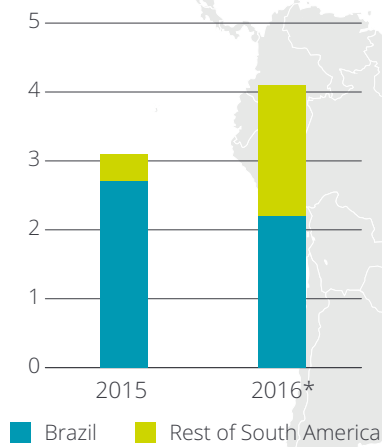
Source: Deloitte Analysis

Figure 2: Technology, Media and Telecommunications deals by target region (2015 vs 2016)

North America deal value (\$bn)



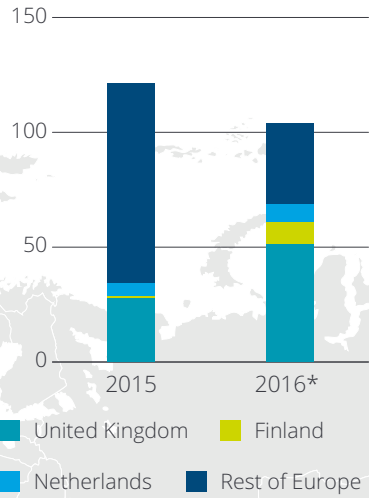
South America deal value (\$bn)



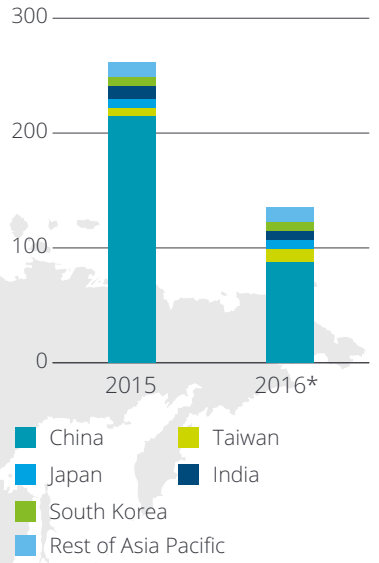
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

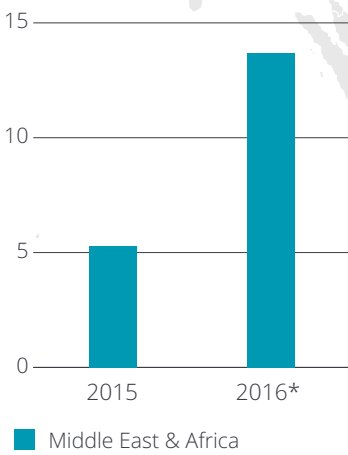
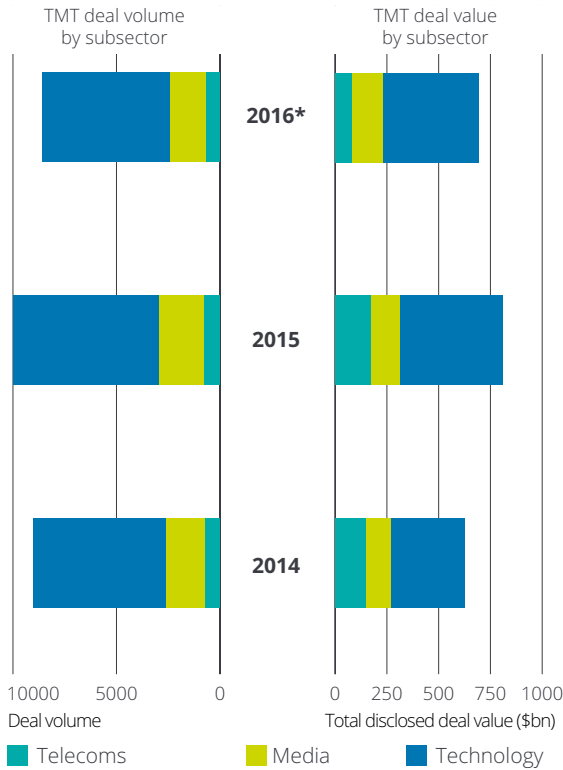


Figure 3: Technology, Media and Telecommunications deals by target subsector (2014-2016)



In 2016, there was a relative slowdown in both deal volumes and values. However, there were \$191.6 billion worth of cross-border deals announced in 2016, an increase of 20 per cent over 2015.

Chinese and Japanese companies were the most active cross-border acquirers. They announced deals for \$44.2 billion and \$41.6 billion respectively in 2016. Most of the Chinese acquisitions were in the US while Japanese companies mostly acquired in Europe.

“Chinese and Japanese companies were the most active cross-border acquirers. They announced deals for \$44.2 billion and \$41.6 billion respectively in 2016.”

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
United States	78,820
United Kingdom	46,914
Finland	9,105
Jersey	7,141
Israel	6,568
Total	191,569

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
China	44,149
Japan	41,596
United States	22,132
United Kingdom	17,835
Luxembourg	11,953
Total	191,569

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Figure 4: Financial performance of the S&P Global 1200 Information Technology Index constituents

Figures in \$bn	CH1 2015	CH1 2016		Figures in \$bn	CH1 2015	CH1 2016	
Cash & ST Investments	573.4	649.3	▲	Total Revenues	570.7	587.8	▲
Total Debt	348.4	437.9	▲	Cash spent on M&A	15.2	38.6	▲
				Capital expenditure	48.6	41.2	▼
				R&D expense	57	60.7	▲
				Common dividends paid	23.2	24.9	▲
				Share repurchases	38.2	38.4	▲

Note: CH is Calendar Half Year

Source: Deloitte Analysis

Analysis of the TMT constituents of the S&P Global 1200 index shows they have managed to increase their cash reserves and are sitting on \$650 billion worth of cash. In addition, their revenues have increased, but there has been a decrease in capital expenditure and only a moderate increase in R&D expenditure.

In 2016 consolidation was a key theme in this sector. Looking ahead, there is still scope for more consolidation and this in turn could lead to divestments as companies try to recalibrate their portfolios to acquire regulatory approvals.

Companies across all the other industrial sectors are looking towards the technology sector to accelerate their own transformations. This means opportunities for technology companies have broadened considerably.

They have been making significant investments in technologies such as AI, Robotics, IoT and Cognitive Computing, among others, allowing them to offer the backbone platform for other sectors and also tap into the opportunities arising from technological convergence across sectors.



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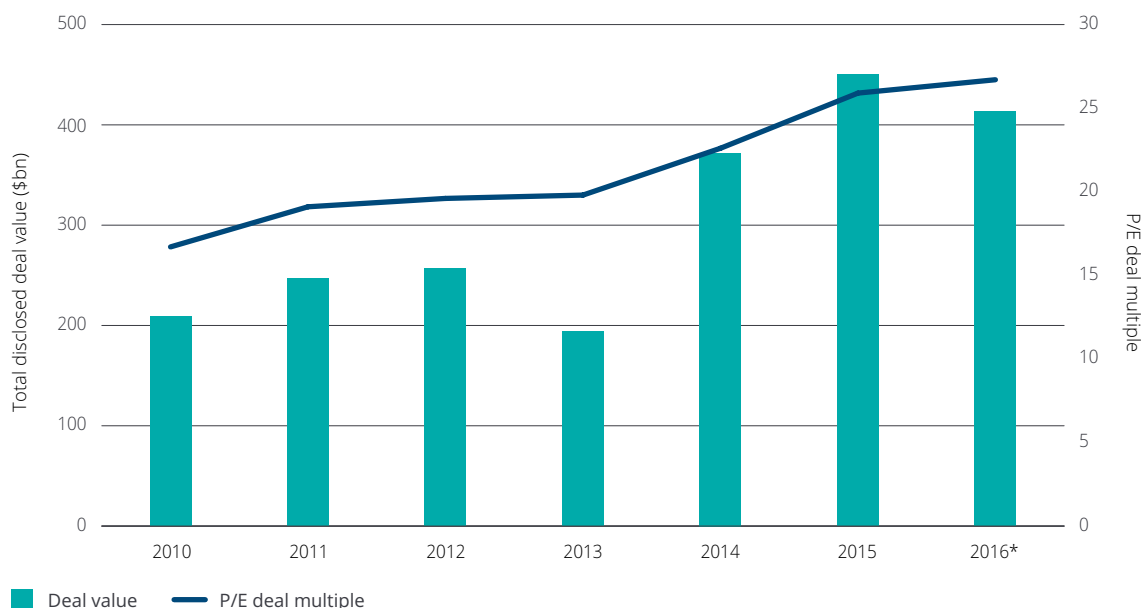
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Manufacturing

In 2016, manufacturing sector companies announced \$413 billion worth of deals, nearly matching the \$450 billion worth of deals announced in 2015. In addition the manufacturing sector had five \$10 billion plus mega-deals in 2016 worth \$147 billion, higher than the \$114 billion announced in 2015.

Figure 1: Global disclosed deal values for manufacturing as a target (\$bn), 2010-2016



Europe was the only major target region that performed better in 2016 than in 2015. Deal values were up to \$100 billion from \$88 billion in 2015. This was largely due to an increase in inbound cross-border M&A.

The average deal P/E multiple continued to rise and currently stands at 26.7 in 2016, the highest it has been for many years.

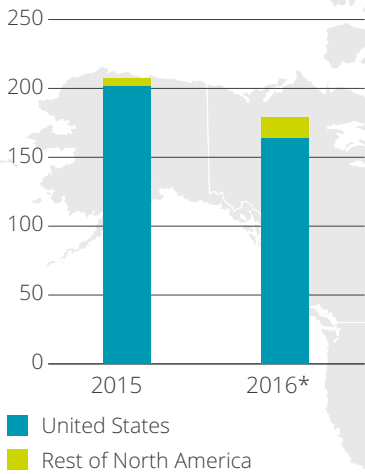
The US, with \$164 billion in deals, remained the most active market in 2016, followed by China, with \$75 billion.

Note: 2016 figures are as on 7th December 2016*

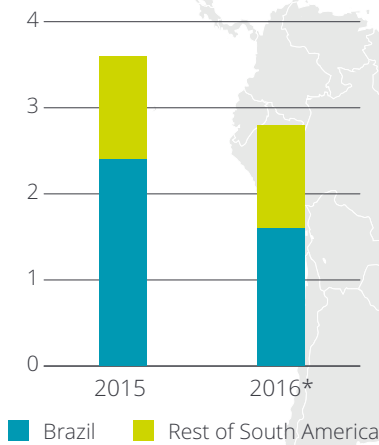
Source: Deloitte Analysis

Figure 2: Manufacturing deals by target region (2015 vs 2016)

North America deal value (\$bn)



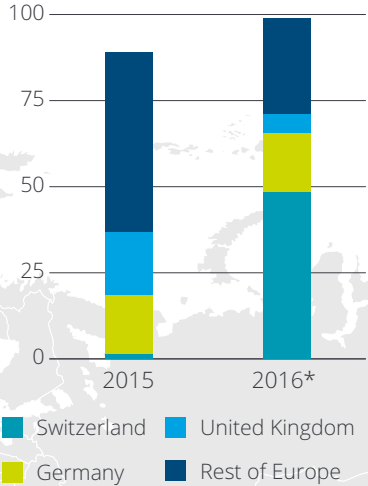
South America deal value (\$bn)



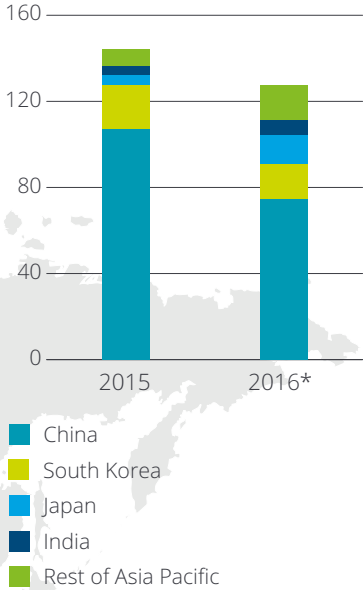
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

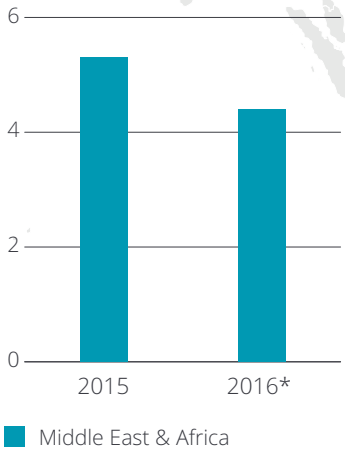
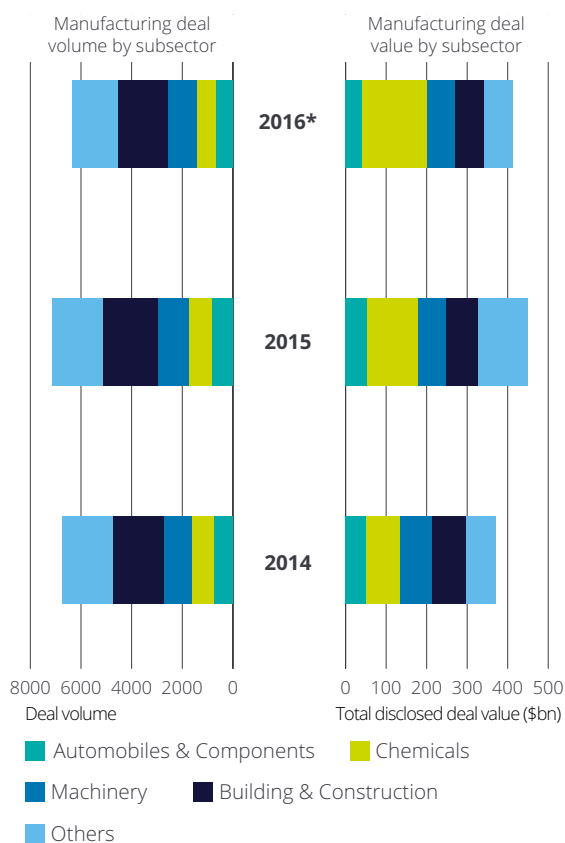


Figure 3: Manufacturing deals by target subsector (2014-2016)



Overall there was a slowdown both in volumes and values from 2015. However, some sub-sectors, such as building & construction and machinery, held up well. Chemicals was a bright spot. This sector announced \$161 billion worth of deals in 2016, surpassing the \$124 billion announced in 2015.

The manufacturing sector announced \$215 billion worth of cross-border deals, an increase of 67 per cent over 2015.

China was one of the most active acquirers. Outbound investment from China was the highest for over a decade, with \$57 billion worth of deals announced in 2016.

The US received \$108 billion worth of cross-border investments, treble the \$31.2 billion worth of deals announced in 2015.

“The manufacturing sector announced \$215 billion worth of cross-border deals.”

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
United States	107,566
Switzerland	47,925
Germany	12,505
Luxembourg	3,494
Taiwan	3,276
Total	214,965

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
Germany	67,646
China	56,931
Ireland-Rep	22,660
United States	17,407
Japan	11,264
Total	214,965

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Figure 4: Financial performance of the S&P Global 1200 Industrials Index constituents

Figures in \$bn	CH1 2015	CH1 2016		Figures in \$bn	CH1 2015	CH1 2016	
Cash & ST Investments	279.8	269.6	▼	Total Revenues	1125.4	1134.9	▲
Total Debt	1114.9	1014.3	▼	Cash spent on M&A	6.5	19.6	▲
				Capital expenditure	56.7	55.6	▼
				R&D expense	17.4	18.5	▲
				Common dividends paid	43.9	42.2	▼
				Share repurchases	41	56.8	▲

Note: CH is Calendar Half Year

Source: Deloitte Analysis

Analysis of the manufacturing constituents of the S&P Global 1200 index shows there has been a reduction in both cash reserves and debt. On the other hand there has been an increase in revenues and the cash spent on M&A.

Manufacturing M&A was dominated by large-scale consolidation deals and it is likely many of these deals will result in divestment of non-core assets in the coming months. Looking ahead, the emergence of additive technologies, smarter products and Internet of Things offers opportunity for this sector to reinvent traditional product categories. This is especially true in the automation sector, where the future of mobility is being redefined between auto manufacturers, telecoms and technology companies.

Companies in this sector have been acquiring innovative technology assets and are likely to continue doing so in 2017.

“Manufacturing M&A was dominated by large-scale consolidation deals and it is likely many of these deals will result in divestment of non-core assets in the coming months.”



A close-up, angled view of a digital stock market display. The screen shows a grid of data points, likely representing stock prices, changes, and volumes. The background is dark, and the text is in white, green, and red. The data is organized into rows and columns. The rightmost column contains large numbers, possibly representing volume or market cap. The middle column shows changes in price, with green indicating an increase and red indicating a decrease. The leftmost column shows current prices. The overall appearance is that of a busy financial data feed.

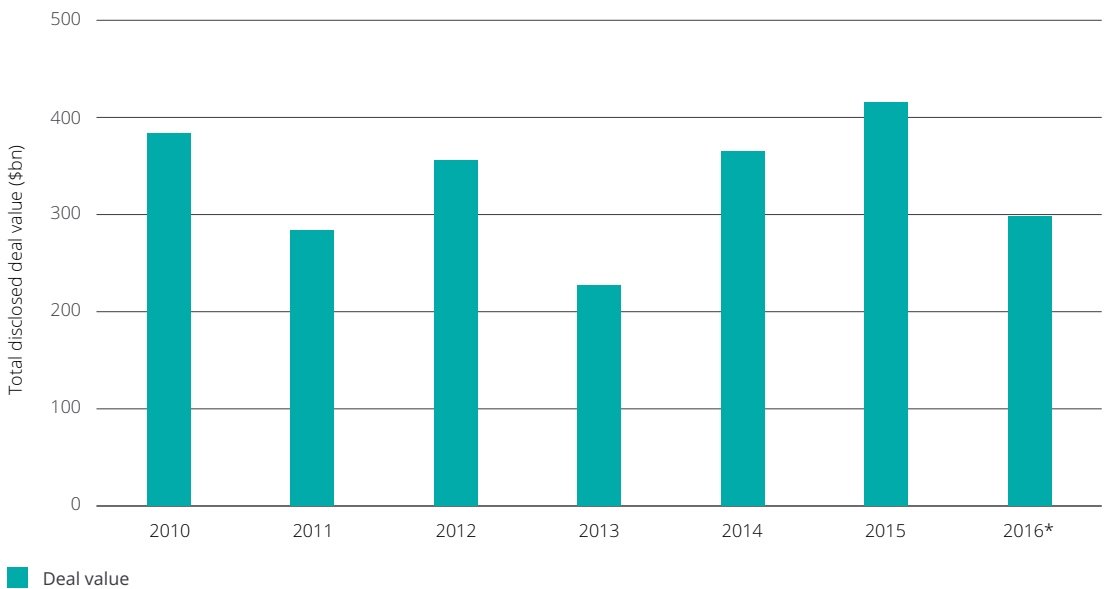
1.5		431,522,000
0.13	+8.33	
3.9	+2.63	5,221,600
0	0.00	0
29	0.00	14,400
4.44	-0.45	24,300
484	+0.81	5,600
2.02	+1.00	1,220,900
64.5	-0.77	6,400
0.95	+1.46	4,319,600
		577.10



Financial Services

In 2016, the financial services sector announced around \$298 billion worth of deals, lower than the \$415 billion in 2015.

Figure 1: Global disclosed deal values for Financial Services as a target (\$bn), 2010-2016



In 2016, the banking sector announced \$103 billion worth of deals, compared to \$149 billion in 2015, and the insurance sector \$43 billion worth, much lower than the \$104 billion in 2015.

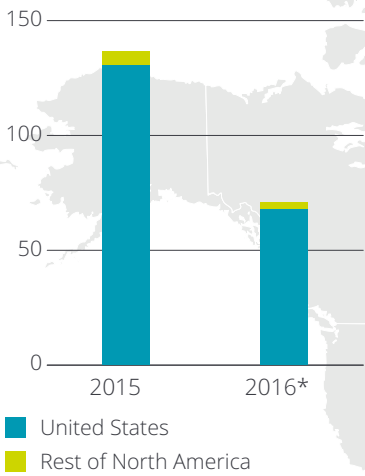
The US market announced \$68 billion worth of deals, almost half the \$130 billion of 2015. By contrast, the European market held up well. There was strong growth in France and Italy, but a weaker market in the UK.

Note: 2016 figures are as on 7th December 2016*

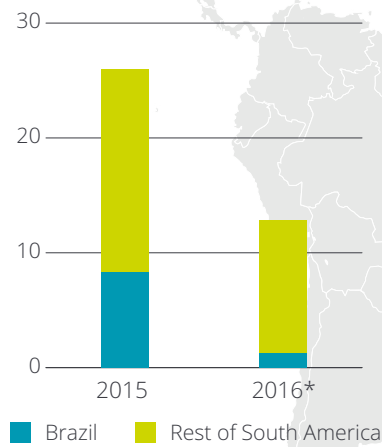
Source: Deloitte Analysis

Figure 2: Financial Services deals by target region (2015 vs 2016)

North America deal value (\$bn)



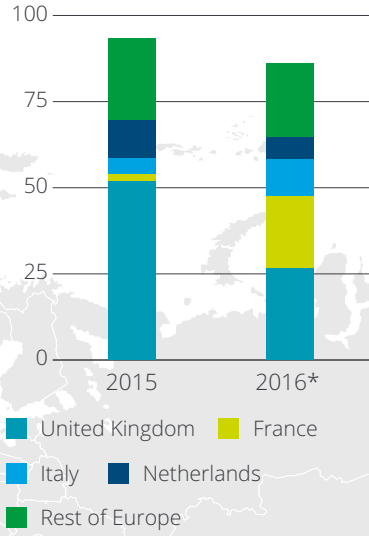
South America deal value (\$bn)



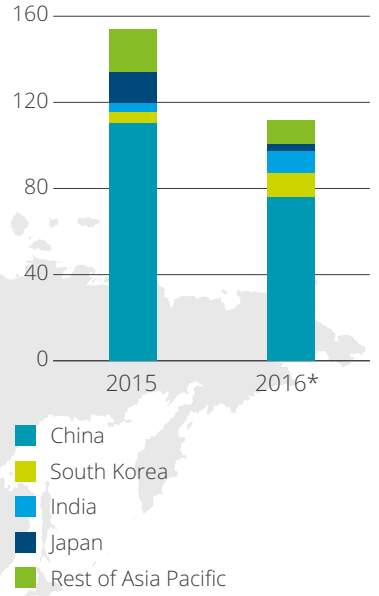
Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Europe deal value (\$bn)



Asia Pacific deal value (\$bn)



Middle East & Africa deal value (\$bn)

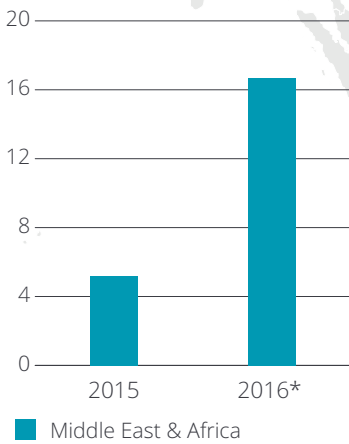
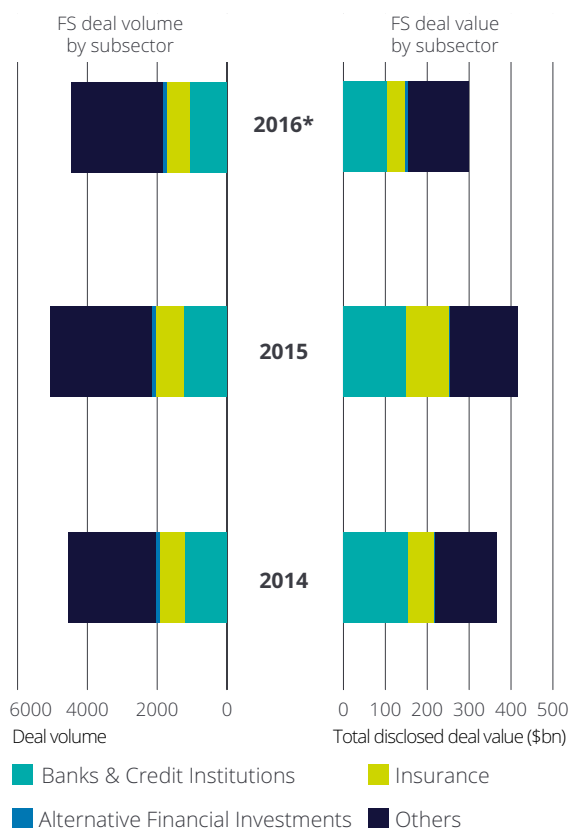


Figure 3: Financial Services deals by target subsector (2014-2016)



While both volumes and values declined in 2016, volumes held up relatively well.

There were \$89.6 billion worth of cross-border deals announced in 2016, less than half the \$190 billion in 2015.

The UK, followed by the US, received the most inbound investment, while Germany and the US were among the leading cross-border acquiring nations.

“There were \$89.6 billion worth of cross-border deals announced in 2016, less than half the \$190 billion in 2015.”

Cross-Border Deals received (2016)	
Country	Deal value (\$mn)
United Kingdom	21,425
United States	19,842
Bermuda	9,451
Norway	4,595
Italy	4,288
Total	89,563

Cross-Border Acquirers (2016)	
Country	Deal value (\$mn)
Germany	13,999
United States	11,164
China	8,846
Canada	8,299
Japan	7,978
Total	89,563

Note: 2016 figures are as on 7th December 2016*

Source: Deloitte Analysis

Analysis of the financial services constituents of the S&P Global 1200 index shows that revenues are holding steady while the cash spent on M&A is up significantly.

On both sides of the Atlantic, policy uncertainties are affecting the financial services sector, and particularly London as a financial services hub. It is possible that M&A may pause initially until greater clarity about the coming regulatory landscape emerges, potentially prompting a rethink of business strategy. The pressure on capital requirements means that banks are likely to continue pursuing divestments to shed non-core businesses that do not generate a sufficient return on investment.

Technological advances, ranging from crypto-currencies to AI and robotics, are having a major impact on financial services. In response, this sector has been investing heavily in new technologies and service models. In addition to challenger banks, financial services companies are facing market threats in specific customer segments from non-traditional competitors in other sectors such as technology, retail and health. For instance, Samsung acquired LoopPay³⁰ in order to develop and launch SamsungPay, an embedded mobile payments solution.

It is possible we might see more collaboration across these sectors as companies start to develop new service models to target consumers.

“Technological advances, ranging from crypto-currencies to AI and robotics, are having a major impact on financial services. In response, this sector has been investing heavily in new technologies and service models.”

Figure 4: Financial performance of the S&P Global 1200 Financials Index constituents

Figures in \$bn	CH1 2015	CH1 2016	
Total Revenues	1748.8	1749.5	▲
Cash spent on M&A	7.4	71.6	▲
Common dividends paid	76.4	86.5	▲
Share repurchases	70.7	72.9	▲

Note: CH is Calendar Half Year

Source: Deloitte Analysis

Appendix

1. Deal criteria for M&A data from Thomson One Banker
 - a. Pending and completed deals are considered
 - b. The deals considered are majority stake acquisitions, minority stake acquisitions, leveraged buyouts
 - c. 2016 figures are as on 7th December 2016
 - d. The industry classification are based on the Deloitte industry classification
2. Deal criteria for divestments from Mergermarket
 - a. Divestments which are announced (excluding lapsed/withdrawn bids) were considered
 - b. 2016 figures are as on 9th December 2016
 - c. Short term average returns of seller, seller index, acquirer and acquirer index is the change in share price during 7 days (+/- 3 days from the announcement date). The performance is calculated for the deals which have the disclosed deal value of \$500 million and above
 - d. One year average return of seller, seller index, acquirer and acquirer index is calculated by considering the change in share price one month prior to the date of the announcement till one year post the announcement of the divestment. The performance is calculated for the deals which have the disclosed deal value of \$500 million and above
 - e. Divestments by seller industry chart includes the deals which have the disclosed deal value of \$500mn and above
 - f. Industry classification is based on the Deloitte industry classification
3. Disruptive innovation related M&A includes 1) VC Exits (corporates as acquirers); 2) Pre-venture M&A deals (self-funded startups M&A) and 3) Billion dollar M&A deals whose deal rationale is disruptive in nature
4. Active CVC: CVC participated in at least one investment round in the respective year
5. Digital and Social includes AdTech, AgTech, E-commerce, EdTech, HealthTech & Virtual Reality companies
6. Innovation data for 2016 is as on 22nd November 2016 based on data sourced from Pitchbook
7. Deloitte Shift Index <https://www2.deloitte.com/us/en/pages/center-for-the-edge/topics/deloitte-shift-index-series.html>
8. Wood Mackenzie's global corporate outlook for 2017 <https://www.woodmac.com/media-centre/12534118>
9. Deloitte M&A trends report 2016 <https://www2.deloitte.com/us/en/pages/mergers-and-acquisitions/articles/ma-trends-report.html>
10. Bloomberg
11. Capital IQ
12. World Bank <http://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?end=2015&start=1997&view=chart>
13. Divestments: Creating shareholder value <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/corporate-finance/deloitte-uk-ma-upfront-in-brief-divestments.pdf>
14. SoftBank Group Corp.'s acquisition of ARM Holdings http://www.softbank.jp/en/corp/news/press/sb/2016/20160718_01/
15. Honeywell's acquisition of Elster <https://www.honeywell.com/newsroom/pressreleases/2015/07/honeywell-to-acquire-elster-a-global-leader-in-gas-heating-controls-metering-and-advanced-technologies>; <https://www.honeywellprocess.com/en-US/news-and-events/Pages/pr-06-10-2016-honeywell-launches-iiot-ready-gas-measurement-data-management-solutions.aspx>

16. Thalmic Labs raised \$120m in venture capital from Amazon, Intel and others <https://www.bloomberg.com/news/articles/2016-09-19/amazon-intel-invest-in-gesture-control-startup-thalmic-labs>; <https://www.thalmic.com/press>
17. GM's acquisition of Cruise Automation <http://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2016/mar/0311-cruise.html>
18. ClearPath Robotics raised \$30 million from venture capital funds that included Caterpillar and GE <https://www.clearpathrobotics.com/2016/10/clearpath-robotics-raises-30m-expand-indoor-self-driving-vehicle-market/>
19. Twitter's acquisition of Magic Pony <https://blog.twitter.com/2016/increasing-our-investment-in-machine-learning>
20. Dalian Wanda Group's investment in SenseTime http://www.globalcorporateventuring.com/article.php/15684/sensetime-speeds-to-120m?tag_id=562
21. CNN's acquisition of Beme https://www.nytimes.com/2016/11/28/technology/cnn-brings-in-the-social-app-beme-to-cultivate-a-millennial-audience.html?_r=0
22. Telenor's acquisition of Tapad <https://www.telenor.com/media/press-releases/2016/telenor-to-acquire-marketing-technology-firm-tapad/>
23. Singtel's investment in ShopSpot <http://innov8.singtel.com/news.html>
24. eBay's acquisition of SalesPredict <https://www.ebayinc.com/stories/news/ebay-acquires-salespredict/>
25. Acacia Research Corp. investment into Veritone http://acaciaresearch.com/wp-content/uploads/2016/08/082316-Veritone_Acacia.pdf
26. Amazon's acquisition of Emvantage Payments <http://www.amazon.in/b?ie=UTF8&node=8520697031>
27. Baidu's investment in ZestFinance, Circle <http://www.businesswire.com/news/home/20160717005040/en/ZestFinance-Receive-Funding-Baidu-Fuel-Development-Search-Based>; <https://blog.circle.com/2016/06/22/circles-new-capital-china-and-euro-expansion/>
28. Metro Group's investment in Orderbird <https://www.metrogroup.de/en/media/press-releases/2016/05/11/metro-group-acquires-a-stake-in-orderbird-a-leading-ipad-based-pos-system-for-restaurants>
29. Orange's majority stake acquisition in Groupama Banque <https://www.orange.com/en/Press-Room/press-releases-2017/press-releases-2016/Orange-to-acquire-a-65-stake-in-Groupama-Banque-which-will-become-Orange-Bank>
30. Samsung's acquisition of LoopPay https://www.looppay.com/wp-content/uploads/2015-02-18_Samsung_LoopPay.pdf
31. Google's acquisition of IP assets from Softcard <https://www.bloomberg.com/news/articles/2015-02-23/google-buys-softcard-s-technology-gets-deal-with-u-s-carriers>
32. Intel Capital's investment in iZettle <http://www.intelcapital.com/portfolio/company.html?id=18949>
33. Arvato's acquisition of AfterPay <https://www.arvato.com/finance/en/about/press-releases/2014/arvato-financial-solutions-acquires-dutch-pay-after-delivery-pay.html>
34. Go-Jek's acquisition of PonselPay http://www.business-standard.com/article/companies/indonesia-s-go-jek-acquires-payments-start-up-to-get-around-e-money-license-issue-116102500609_1.html
35. Nestlé's acquisition of PamLab <http://www.nestle.com/media/newsandfeatures/nhsc-acquires-pamlab>

36. Under Armour's acquisition of Endomondo and MyFitnessPal <http://investor.underarmour.com/releasedetail.cfm?ReleaseID=894685>
37. Adidas' acquisition of Runtastic <http://www.adidas-group.com/en/media/news-archive/press-releases/2015/adidas-group-acquires-runtastic/>
38. Mattel's acquisition of Sproutling <http://sproutling.com/>; <http://www.mobihealthnews.com/content/mattel-acquires-baby-health-wearable-maker-sproutling>
39. Select Comfort's acquisition of BAM Labs <http://bamlabs.com/select-comfort-acquires-bam-labs/>
40. AXA Strategic Ventures' investment in BioBeats [http://www.axastrategicventures.com/assets/back/uploads/companies/Biobeats_AXASV_VA_\(FinalApril\).pdf](http://www.axastrategicventures.com/assets/back/uploads/companies/Biobeats_AXASV_VA_(FinalApril).pdf)
41. Fitbit's acquisition of Coin <https://investor.fitbit.com/press/press-releases/press-release-details/2016/Fitbit-Inc-Acquires-Wearable-Payments-Assets-From-Financial-Technology-Company-Coin/default.aspx>
42. Nokia's acquisition of Withings http://www.nokia.com/en_int/news/releases/2016/05/31/nokia-completes-the-acquisition-of-withings
43. Alphabet's investment in Oscar <http://blogs.wsj.com/digits/2015/09/15/google-bets-on-insurance-startup-oscar-health/>; <https://www.capitalg.com/company/oscar/>
44. Target's acquisition of Powered Analytics <http://www.bizjournals.com/pittsburgh/blog/techflash/2014/11/pittsburgh-based-powered-analytics-acquired-by.html>
45. Disney's incubation of Sphero <http://www.businesswire.com/news/home/20150127006384/en/Walt-Disney-Company-Announces-Startup-Accelerator-Program>; <http://www.sphero.com/about>
46. British Gas' acquisition of AlertMe <https://www.britishgas.co.uk/media/releases/ReleaseDetailPage.aspx?releaseId=1291>
47. Apollo Tyre's acquisition of Reifen.com <http://www.apollovredestein.com/nieuws/940/apollo-tyres-takes-over-reifen-com>
48. Invesco's acquisition of Jemstep <http://www.prnewswire.com/news-releases/invesco-acquires-jemstep-a-market-leading-provider-of-advisor-focused-digital-solutions-300202958.html>
49. Rakuten Ventures' investment in ViSenze <https://www.visenze.com/company/press-releases/visenze-series-b>
50. Etsy's acquisition of Blackbird <https://investors.etsy.com/phoenix.zhtml?c=253952&p=irol-newsArticle&ID=2204526>
51. Airbus' investment in Local Motors <http://www.airbusgroup.com/int/en/news-media/commercial-drones.html>; <https://localmotors.com/posts/2016/08/airbus-ventures-invests-local-motors-shake-aerospace-industry/>; <http://www.airbusventures.vc/>
52. Harry's acquisition of Feintechnik https://dealbook.nytimes.com/2014/01/21/a-start-up-run-by-friends-takes-on-shaving-giants/?_r=1
53. Midea's acquisition of Kuka <https://www.wsj.com/articles/chinas-midea-group-announces-bid-for-germanys-kuka-1463556160>; <https://www.kuka.com/en-de/investor-relations/takeover-offer-midea-mecca>
54. Autodesk's acquisition of netfabb <https://spark.autodesk.com/blog/autodesk-signs-agreement-acquire-netfabb-and-enter-strategic-partnership-fit-ag>
55. Ikea's investment in DyeCoo Textile Systems http://www.ikea.com/ca/en/about_ikea/newsitem/waterless_dye

56. GE's and BMW's investment in Carbon <http://www.carbon3d.com/news/carbon-announces-new-funding-from-global-strategic-investors-and-international-expansion-to-europe-japan-and-other-asian-markets/>
57. Tesla's acquisition of SolarCity <https://www.tesla.com/blog/tesla-and-solarcity>
58. Continental's acquisition of Elektrobit http://www.continental-corporation.com/www/pressportal_com_en/themes/press_releases/2_corporation/acquisitions_jointventures/pr-2015-07-01-elektrobit-en.html
59. Ford's acquisition of SAIPS <https://media.ford.com/content/fordmedia/fna/us/en/news/2016/08/16/ford-targets-fully-autonomous-vehicle-for-ride-sharing-in-2021.html>
60. GM's acquisition of Cruise Automation <http://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2016/mar/0311-cruise.html>
61. BMW's investment in Parkmobile http://www.parkmobile.co.uk/news/bmw_group_expands_footprint_of_bmw_i_premium_parking_service_parknow_with_investment_in_parkmobile
62. Ping An Ventures' investment in Bochowang <https://www.cbinsights.com/blog/insurers-tech-startup-investing-2016/>
63. Volvo's partnership with Ericsson <https://www.media.volvocars.com/global/en-gb/media/pressreleases/172080/volvo-cars-and-ericsson-developing-intelligent-media-streaming-for-self-driving-cars>
64. Vodafone's acquisition of Cobra Automotive <http://www.vodafone.com/business/iot/vodafone-completes-acquisition-of-cobra-automotive-technologies-2014-06-18>
65. Verizon's acquisition of Telogis and Fleetmatics <https://www.telogis.com/press-releases/verizon-acquisition-telogis>; <https://www.fleetmatics.com/news/verizon-to-acquire-fleetmatics>
66. Apple's investment in Didi <http://www.prnewswire.com/news-releases/didi-chuxing-announces-progress-in-current-fundraising-round-300268199.html>
67. GM's investment in Lyft <http://media.gm.com/media/us/en/gm/home.detail.html/content/Pages/news/us/en/2016/Jan/0104-lyft.html>
68. Samsung's acquisition of Harman <https://news.samsung.com/global/samsung-electronics-to-acquire-harman-accelerating-growth-in-automotive-and-connected-technologies>
69. AT&T and Time Warner deal was the largest M&A transaction of 2016. <http://money.cnn.com/2017/02/15/media/time-warner-shareholders-att-merger/>
70. Economic Policy Uncertainty (<http://www.policyuncertainty.com/>)

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