A man in a dark suit and tie is pointing with his right hand at a digital interface. The interface features a central hexagon labeled 'M&A' connected to several other hexagons, each containing a business-related icon: a person at a presentation, a handshake, a target, a pie chart, a gear, a bar chart, and a hierarchical chart. The background is a blurred office setting.

European M&A market overview IBA annual meeting 2021

1 Solid rebound in H1 2021 to make up for the Covid-19 impact in Europe

■ European deal making has come back with a bang in 2021:

- ▶ Volumes have climbed to 5,024 deals through the course of H1 2021
- ▶ Deal value for the period rising to €496bn

■ In a context of :

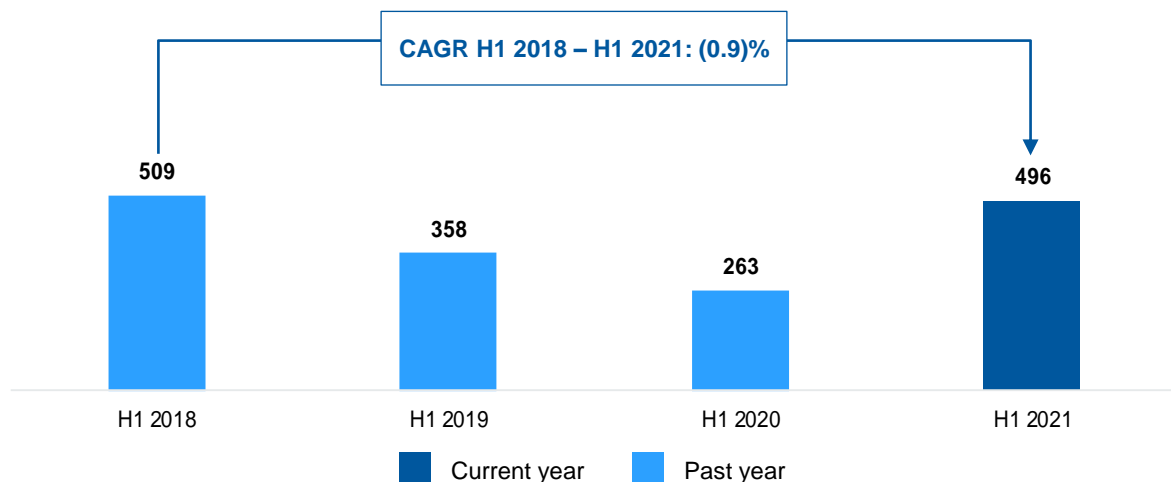
...a much-improved macroeconomic backdrop :

- ▶ Optimism that economies across the continent will see strong rebounds as vaccination programs continue to roll-out
- ▶ Businesses impacted by lockdowns are able to reopen.
- ▶ Broad debt and equity markets to support acquisition
- ▶ Accommodative fiscal & monetary policy

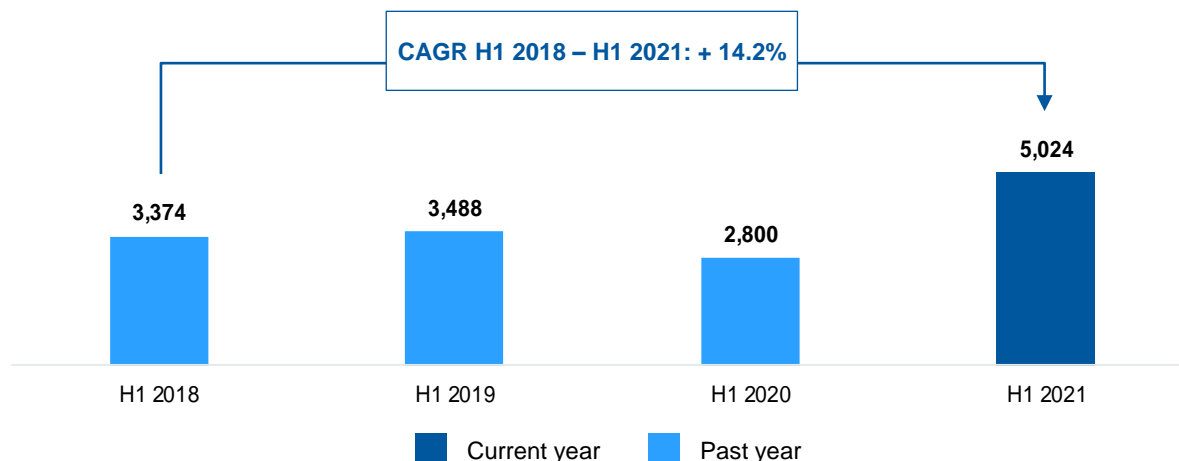
...where corporates and PE firms have moved decisively to :

- ▶ Catch up on delayed deal timetables
- ▶ Deploy the abundant pools of liquidity at their disposal
 - Non-financial European companies are now sitting on reserves equivalent to three months of turnover (more than half a month higher than pre-crisis levels)
 - European PE firms, meanwhile, have \$351.6bn of dry powder at their disposal, up from \$305bn a year ago

Deal value (in €bn) evolution over H1 2018 – H1 2021



Deal count evolution over H1 2018 – H1 2021



Sources: Mergermarket, CMS, W&C

■ **SPACs are the newcomers which are driving up the deal count:**

- ▶ In particular SPACs from North American have actively sought out deal targets in Europe :
 - In 2021, 37 SPAC transactions with European targets have been announced for a total deal value of 65,402 US\$m.

■ **A broad range of sectors are concerned:**

- ▶ Entertainment: I2PO, Mediawan, etc.
- ▶ Consumer goods: 2MX Organic, etc.
- ▶ Financial Institution: Pegasus, etc.






■ **Amsterdam Stock Exchange remains the most popular to list SPACs...**

- ▶ C.37% of the SPACs are listed in Amsterdam (from January to July)
- ▶ Flexible Dutch rules attract listing
 - Nevertheless apparently a current reform in the UK would be under consideration to drive listing is currently under consideration

Annual summary of SPAC transactions with European target from 2019 to now (until 31/08/2021)

Announcement year	Number of deals	Annual market share (%)	Deal value (\$m)
2019	6	11	1,213
2020	13	23	16,496
2021	37	66	47,694
Total	56	100	65,402

Breakdown SPAC deals by target industry from 2019 to now (until 31/08/2021)

5 most targeted sectors						
	High Technology	Financials	Industrials	Healthcare	Materials	
	Number of deals	12	10	6	6	4
	Market share (%)	21	18	11	11	7
	Deal value (\$m)	12,136	7,592	10,808	4,099	11,774
TOTAL SPACs IN EUROPE	56 deals			Overall value of SPAC acquisitions: \$65,402m		

Sources: Mergermarket, CMS, W&C

3 M&A market analyzed per deal range

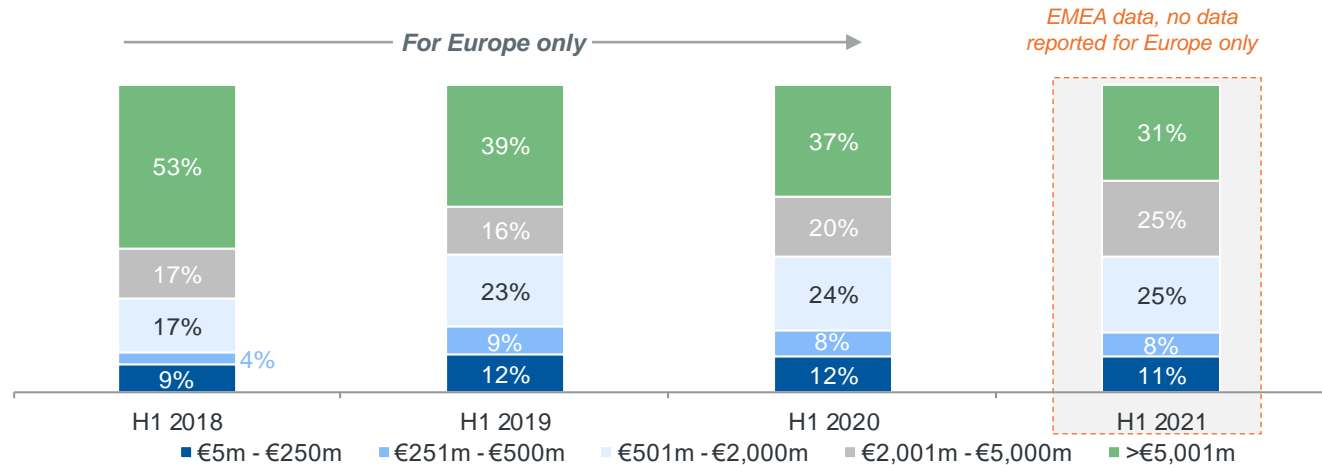
■ Strong trend for elephant deals in 2021

- ▶ In H1 2021, 25% of deal value in EMEA (and especially Europe) ranging from €2b to €5bn, and 31% above 5bn.
- ▶ EMEA is experiencing a strong trend for very large deals. **Such as:**
 - Autostrade per Italia purchased for c.€18bn by a consortium of investors.
 - Deutsche Wohnen bought for c.€29bn by Vonovia

■ Supported by a solid cross borders activity...

- ▶ Investors outside of Europe have a strong appetite for European targets, to develop into global champions

M&A value (€bn) split by deal size over H1 2018 – H1 2021



Sources: Mergermarket, Deal drivers EMEA

4 Focus on the Private Equity « Power »

■ In H1 2021, PE market accounts for:

- ▶ 57% of the total deal value
- ▶ 35% of the total number of deals
 - 1,770 deals in H1 2021 for an overall value of €285bn:
 - 1,139 buyouts with buyout deal value coming in at c.187bn
 - 631 exits worth c.98bn

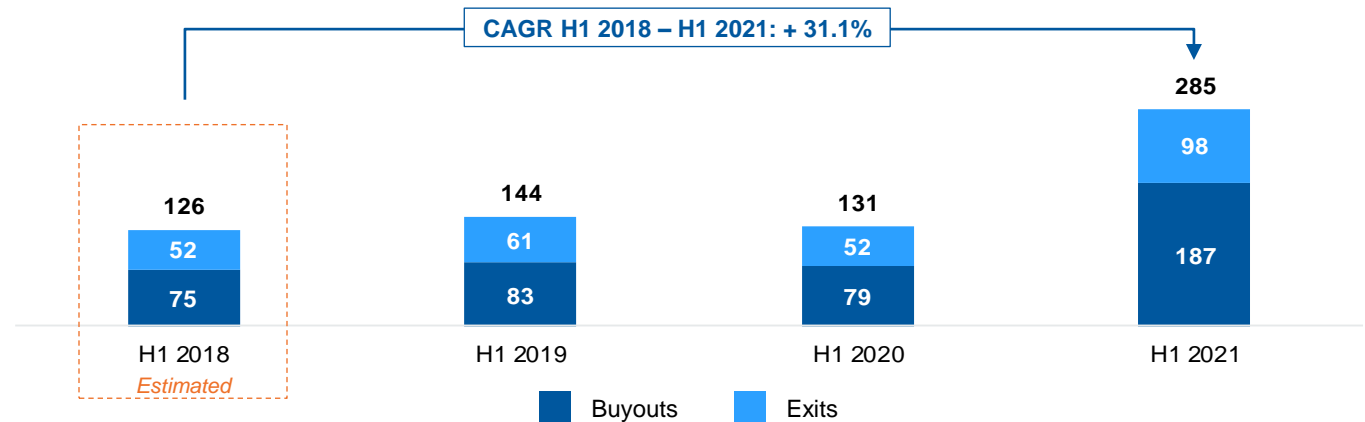
■ Omnipresence of PE firms can be explained by :

- ▶ PE-sponsored corporate carve-out activity has accelerated
- ▶ PE overhauled their portfolio generating acquisition opportunities
- ▶ PE paid record-level multiples

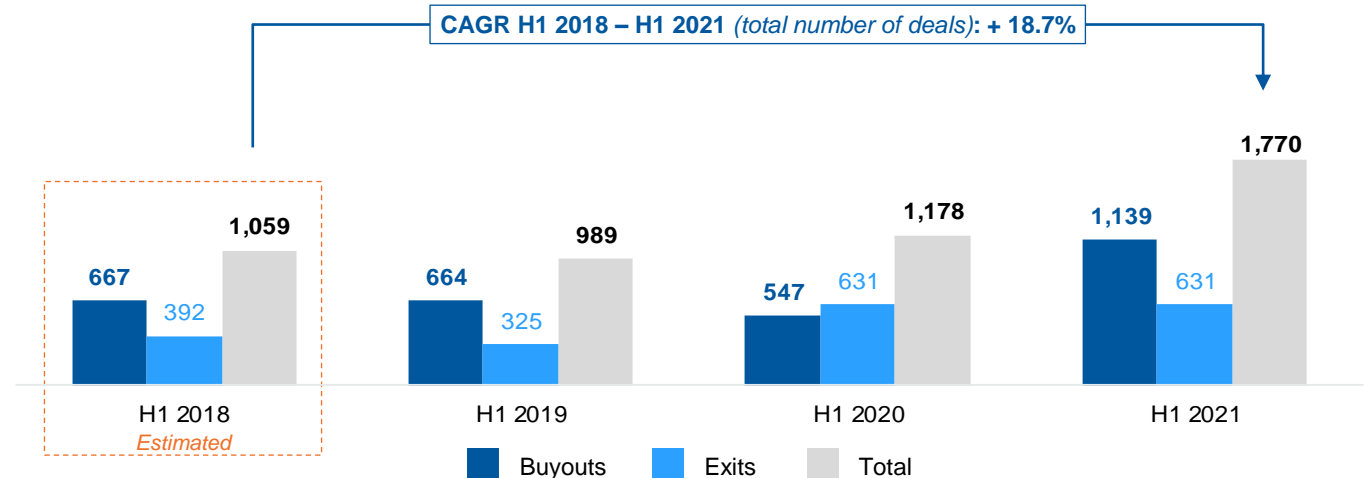
■ PE firms are innovative and open to deploying capital in flexible ways such as through :

- ▶ SPAC deals
- ▶ Participation in minority deals and growth equity investment structures

Deal value (in €bn) for PE market (buyouts and exits) over H1 2018 – H1 2021



Number of deals for PE market (buyouts and exits) over H1 2018 – H1 2021



Sources: Mergermarket, CMS

5 What are the drivers for a sale in Europe ?

FINANCIAL REASONS

Carve-out & distressed M&A

- ✓ Offload non-core assets
- ✓ Reduce debt which have been amplified through the pandemic period
- ✓ Portfolio review by strategic buyers after Covid-19

High valuation

- ✓ EBITDA multiples for European mid-market companies climbed to an all-time high of 11.6x in Q2 2021 according to the Argos Index
- ✓ Strong appetite for technological, infrastructure and fintech companies driving up valuation

High level of liquidity and SPACs

- ✓ Wave of SPACs coming from the USA that incentives companies to list without classic IPO process
- ✓ Monetary and fiscal stimulus packages introduced by governments in response to the crisis

CIRCUMSTANTIAL REASONS

Ease of restrictions

- ✓ Covid-19 slowed down M&A market
- ✓ Some sectors such as consumers were highly impacted of lockdown
- ✓ Vaccination reduce the risk of new lockdowns and Support current positive outlooks

Mergermarket surveyed **senior executives from 240 corporates and 90 PE firms** based in Europe, the Americas and APAC regions about **their expectations for the European M&A market** in the year ahead.

3 FIRST DRIVERS THAT CAME OUT OF THE POLL

1

Distressed driven M&A

2

Private Equity divestments

3

Pick-up in valuation

RESULTS

GROUP 1⁽¹⁾

GROUP 2⁽¹⁾

22%

17%

18%

16%

17%

16%

Sources: CMS, Argos, Deal Drivers EMEA

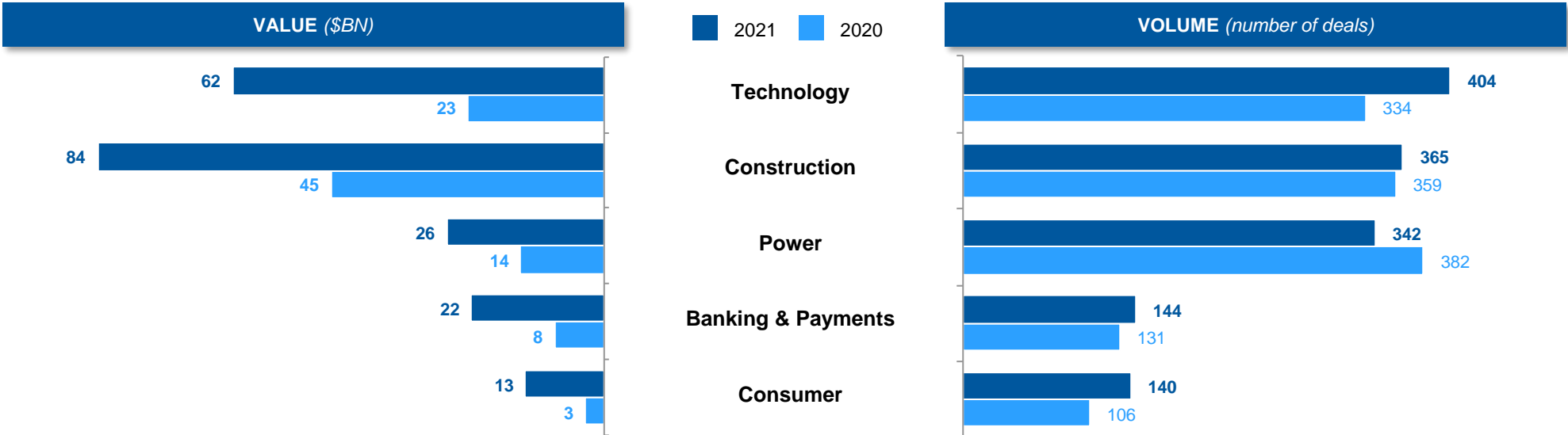
Note: (1) groups made by CMS and Mergermarket among professional polled – no more information

6 Who are the sellers ?

Main typology of sellers involved in M&A European deals

PLAYERS	Large Corporates	Financial sponsors	Family-owned business	State-owned companies
WHY THEY SELL ?	<ul style="list-style-type: none"> To offload non core assets and to avoid monopolistic positions To gain margins and cash for financing transforming and strategic projects 	<ul style="list-style-type: none"> Reshape their portfolio and adapt to new trends post covid-19 trends Benefit from SPACs trend 	<ul style="list-style-type: none"> To solve succession issues Situation where next generation of owners or managers unable to succeed 	<ul style="list-style-type: none"> To reduce public debt To open to competition some markets To get back to competitiveness and innovation

TOP 5 most active sub-sectors in H1 in Europe: comparison 2021 vs 2020



Sources: CMS, GlobalData

Disclaimer

The present document (the “Document”) has been prepared by Credit Agricole CIB for the exclusive use of “the Recipient”. The Document was drafted for the sole purpose of presenting analysis materials (the “Project”). By receiving the Document from Credit Agricole CIB, the Recipient shall be deemed to have accepted all of the below mentioned provisions.

This Document is confidential and its content may not be quoted, referred to or otherwise disclosed, in whole or in part to any third party, except with Credit Agricole CIB prior written consent and only for the sole purpose of the achievement of the Project. It is understood that, in such a case, by receiving the Document from the Recipient, all of the provisions of the present disclaimer shall apply in the same terms and conditions to any of such third party. To that extent, the Recipient undertakes to notify any of such third party of this disclaimer in providing it with the Document.

The information contained in the Document is being delivered for information purposes. Although the information contained in the Document or on which the Document is based has been obtained from sources which Credit Agricole CIB believes to be reliable, it has not been independently verified. Credit Agricole CIB does not make any representation or warranty, express or implied, as to the accuracy or the completeness of such information. As a result, the Recipient has agreed that no liability of any form is or will be accepted by Credit Agricole CIB or any of its directors or employees which expressly disclaim any and all liabilities which may be based on, or may derive from the Document or its content or for any errors, omissions or misstatements.

Nothing contained in the Document is a promise or a representation of the future or should be relied upon as being so. In particular, no representation or warranty is given by Credit Agricole CIB as to the achievability or reasonableness of any future projections, estimates, management targets or prospects, if any. It is therefore advisable for the Recipient to make its own judgment and assessment of the information contained in the Document.

In providing the Document, Credit Agricole CIB does not undertake to provide the Recipient with access to any additional information or to update the information contained in the Document or to correct any inaccuracies therein which may become apparent.

The Document can not be considered as a recommendation by Credit Agricole CIB to the Recipient in relation to the Project. The Document does not constitute an offer or invitation to treat and is not intended to provide as a basis of any agreement or a substitute for the Recipient’s analysis. Furthermore, the Recipient agrees that although this Document might contain legal, tax, or accounting references as a way to clarify its contents, it does not constitute any legal, tax, or accounting advising.