

For immediate release

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PRESS STATEMENT

Year of mega-deals as momentum in US M&A shows no sign of slowing

2015 has been a bumper year for M&A, with over US\$ 4.28trn of deals announced to date, according to a preview of international law firm Clifford Chance's latest Global M&A Trends report.

Global M&A value has reached record levels, with 2015 lining up to be the strongest year ever for M&A. While these record levels have been driven by some high value mega-deals, data shows a decline in deal volumes for the second half of the year.

North American buyers make up just over half of total global M&A activity (by deal value) for the year to date. M&A in North America increased 58% year-on-year, reaching US\$2.2 trillion in 2015 so far. Since the financial crisis, US boards had been inhibited from launching major or transformational transactions but now perceive inaction as riskier than pursuing opportunities while they are available. This, combined with favourable financing conditions and excess cash that cannot be repatriated without adverse tax consequences, is driving large and mega M&A by US companies, both within the US and overseas, particularly in Europe.

Guy Norman, Global Head of Clifford Chance's Corporate Practice, said:

"We are seeing the pipeline of potential major M&A deals coming to fruition, many of which had been contemplated for some time. Now, as companies have built cash reserves and acquisition finance conditions are very favourable, we are seeing them come to market. However, the momentum is in the US, and European deal flow is, with a few very large exceptions, lagging behind. 2016 is expected to continue to see strong levels of high-value M&A globally, and continued strong intra-regional activity in Asia. Increasing political tensions globally, the prospective US election and rate rises may however impact activity as the year develops."

The Corporate Practice of international law firm Clifford Chance has been involved in some of the largest, transformational deals announced throughout 2015.

- Advice by a multi-jurisdictional team of London, New York and Brussels top lawyers to the key AB InBev shareholders on the acquisition of SABMiller, including on financing the transaction, corporate and tax matters (November);
- Advice to General Electric on the antitrust aspects of its proposed acquisition of Alstom's power and grid businesses and the submission of a remedies package to the European Commission (September);
- Advice to Deutsche Telekom on the acquisition of the 49% stake of Slovak Telekom that it does not already own, with a purchase price of EUR 900 million (May).

- Advice to Deutsche Telekom AG which, along with Orange S.A, has reached an agreement with the British telecommunications operator BT Group plc. on the sale of their UK joint venture EE (February).

Nadia Badea, Partner Clifford Chance Badea, summarizes the 2015 M&A activity on the Romanian market: "While still dominated by small to medium deals, the Romanian market has seen a few strategic transactions in recent months that involved local businesses (entrepreneurs) and global players. The latter are either attracted by the local market potential or are looking to establish a bridgehead for Europe.

This year has again seen our team involved in several local and cross-border transactions that had an impact at a local and regional level. Foreign Private Equity funds represent a very dynamic segment, with several important deals sealed in 2015. We have still to see the largest players of this industry entering the local market; however, they are actively watching it and waiting for the right opportunities in terms of investment potential.

The consolidation trend of the Romanian Financial sector continued in 2015, in parallel with a reactivation of the Real Estate market. We also see increasing appetite for investments in Healthcare, Agriculture, Technology and Telecommunications, Distribution and Retail".

Throughout the year, the Bucharest Corporate M&A team has been involved in deals such as

- Legal advice to Nidera, a global commodity trader and agribusiness company, in its acquisition of United Shipping Agency (USA) (January);
- Legal advice to Abris Capital Partners, that became a shareholder of Pehart group, a leading Romanian-based paper manufacturer with operations in the region (April);
- Legal advice to Czech-based company CTP, one of the most important developers and managers of industrial parks in Central and Eastern Europe, in its acquisitions of Mercury Logistics Park, Cefin Arad and Deva Logistic Park (2015).

Global 2015 snapshot

- **Inversions remain on the M&A agenda** - Mega-deal corporate inversions, particularly in the healthcare and consumer goods sectors remain part of the M&A landscape. These deals see US companies slash US corporate tax exposure by shifting the merged entity's domicile to the lower-tax jurisdiction. Legislative action limiting the tax benefits of these transactions appears unlikely given the election cycle.
- **TMT and Healthcare driving deals** – TMT has seen US\$ 855.9bn of transactions in the year to date, with consolidation of mobile operators in as well as convergence. Healthcare is also outperforming, as acquisition-hungry US-led pharmaceutical companies with access to low cost debt, seek to increase scale and access new products.
- **Significant regional M&A boom in Asia Pacific** – Despite continued international concerns over the slowdown in China, Asia Pacific M&A has increased 62% year-on-year. This 'mini boom' is being driven largely by a significant 65% increase in the value of intra-regional deals, with Chinese companies continued pursuit of regional and global expansion and Japanese investment in the wider region helping to drive activity. Another significant element of the intra-regional activity has been conglomerate restructurings.

The Firm's Global M&A Trends report analyses Thomson Reuters data and brings this together with the firm's market intelligence, to review trends and provide insights into global M&A activity. The full report will be available in January 2016.

Clifford Chance has been present in Romania since 2006 and operates now as Clifford Chance Badea. The Bucharest office is frequently involved in complex transactions such as syndicated loans, project finance, restructurings, Eurobonds and shares issues on international capital markets, derivatives, companies' acquisitions by strategic investors or private equity funds, infrastructure and motorway projects, real estate investments etc., as well as domestic and international litigation and arbitration.

In the most recent editions of Legal500, Chambers Global and IFLR1000, Clifford Chance Badea ranks first (Tier 1) among law firms in Romania under the section of Banking & Finance and Capital Markets. It also has a strong Corporate and M&A practice, ranked Tier 1 by IFLR1000 Financial & Corporate 2015-2016, and Tier 2 by Legal 500 and Chambers Global. IFLR1000 also ranks the law firm as Tier 1 for Project Finance and has twice in a row awarded Clifford Chance Badea with the National Law Firm of the Year in Romania Award at the IFLR's Europe Awards, in 2014 and 2015.

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Notes to Editors:

1. Clifford Chance's Corporate practice has 750 legal advisers worldwide. Lawyers advise on M&A, commercial contracts, competition and antitrust, funds, investment banking and private equity across a range of sectors including communications, energy, healthcare, financial institutions, funds, investment banking, insurance, media and technology. For more information please visit: http://www.cliffordchance.com/legal_area/manda_corporate.html
2. Clifford Chance is one of the world's pre-eminent law firms with significant depth and range of resources across five continents. As a single, fully integrated, global partnership, we pride ourselves on our approachable, collegiate and team based way of working. We always strive to exceed the expectations of our clients, which include corporates from all the commercial and industrial sectors, governments, regulators, trade bodies and not for profit organisations. We provide them with the highest quality advice and legal insight, which combines the firm's global standards with in-depth local expertise.
3. Clifford Chance's Global M&A Trends report is part of the Firm's Global M&A Toolkit (see www.cliffordchance.com/GlobalM&AToolkit). The toolkit comprises a growing collection of web-based transaction tools, video content and in-depth analysis of the most important market and regulatory developments in M&A regimes across the globe.

For further details about Clifford Chance, please access www.cliffordchance.com.

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