PRESS RELEASE

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Pages	3
Subject	**CMS publishes European M&A Outlook**

The amount of mergers and acquisitions fall but their value increases

- Deal value worldwide has risen by 17% for the first half of the year while the volume of deals for the first half of 2015 dropped by 14% compared to last year
- European M&A market remains attractive to foreign acquirers
- Respondents believe private equity is now the most available source of financing
- The TMC sector has overtaken Industrials and Chemicals as the most sought after this year

Brussels, October 8, 2015. M&A deal value is at its highest level since 2007, but Europe's executives are adopting a more cautious outlook on European M&A, according to research carried out by the top 10 international law firm CMS, in partnership with Mergermarket.

As regards Belgium, the total deal value increased from EUR 614 million in the first half of 2014 to EUR 15.9 bn in the same period in 2015. This result is explained by the gigantic merger between Belgian retailer Delhaize and its Dutch counterpart Ahold. For the year 2015, an increase of gross national product of more than 1% is envisaged. The main sectors active in mergers and acquisitions are industrials and chemicals, consumer, business services and TMC. In the Benelux, although the number of transactions decreased by 12% year on year to 230 deals, the value of the latter has increased by 59% to EUR 29.8 bn.

Vincent Dirckx, partner, Head of CMS Belgium’s Corporate M&A practice said: “Our report echoes the sentiment of increasing market confidence as evidenced by the high level of M&A activity this year and the increase in deal value in Belgium in H1 2015. These figures are encouraging but continued financial and political uncertainty, particularly in relation to the UK and a potential “Brexit”, may still hold back M&A activity in Europe.”

The research showed that deal value in Europe has risen by 17% for the first half of the year, helped by large deals such as Royal Dutch Shell’s EUR 74.5 bn acquisition of the UK’s BG Group. Volume of deals, however, dropped by 14% in the first half of 2015 with 2,800 deals compared to 3,300 for the same period last year.

According to the research, the top buy-side driver of M&A in Europe will be increased appetite from foreign acquirers (66%), overtaking capital raising for expansion in faster growing areas (the top buy-side driver in 2014). Foreign acquirers with cash to spend are looking to Europe to snap up healthy assets.

An issue that could affect the M&A growth outlook for the coming year is the possibility of a “Brexit”. Two thirds of respondents believe that if Britain were to exit the EU it would negatively impact British M&A, but 160 of the 230 (70%) respondents believe that a "Brexit" is either somewhat or very unlikely. Overall, respondents are clear that it makes business sense for the UK to stay within the EU, and are optimistic that it will do so.

The findings also indicated that investors and corporates are becoming increasingly more creative in their attitudes to funding with private equity and non-bank lending being regarded as potential sources of financing showing a move away from traditional banks.

In terms of activity volume, TMC is to be the most sought after this year, up 15% from 2014 and overtaking the Industrials and Chemicals sector. Germany retains its lead position, now with 49% of the respondents' vote, as the busiest M&A market for the coming year, with the Nordic region in second and the UK in third place.

The report’s respondents comprise 230 key M&A stakeholders across all European geographies, including CEOs, finance directors, bankers, M&A heads, private equity investors and sector specialists. Each respondent gave their views on the areas for growth, economic and political pressures and key players in the M&A market producing a rounded macro- and microeconomic outlook for the next year.

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