M&A Attractiveness Index—Overview

Developed in association with the M&A Research Centre at Cass Business School

As part of White & Case's strategic partnership with the Mergers and Acquisitions Research Centre (MARC) at Cass Business School, we have used their M&A Attractiveness Index data for various countries where we have offices and combined this with the country's top inbound and outbound destinations, as well as our thoughts on each market.

Now in its fifth year, the MARC M&A Attractiveness Index provides an update based on 2014 data, ranking a total of 147 countries worldwide. The Index is designed to evaluate the capacity of a given country to attract and sustain M&A activity. It is a weighted average composite of 23 indicators that aggregate into five factor groups: regulatory and political, economic and financial, technological, socioeconomic, and infrastructure and assets. In order to reach the final score for each country, it apportions an 80 percent weight to the Index, with the remaining 20 percent weighting provided by that year's domestic and inbound cross-border M&A activity. The proprietary methodology for ranking and assessing a country's attractiveness for M&A activity has been developed exclusively by the M&A Research Centre at Cass Business School, London.

Twenty-three country development indicators have been aggregated into the following five factor groups:

- Regulatory and political indicators
- Economic and financial indicators
- Technological indicators
- Socioeconomic indicators
- Infrastructure and assets indicators.

Inbound and outbound investment flows

Data for this section was gathered from the Thomson Financial database and indicates the top five inbound and top five outbound investments flows, as well as in each case, United States and Asia flows.

> **The Index is designed to evaluate the capacity of a given country to attract and sustain M&A activity**

Factor groups and indicators

Factor group	Indicator
Regulatory and political	Rule of law Completion formalities Registering property Paying taxes Trading across borders Enforcing contracts Political stability Sovereign debt rating Control of corruption
Economic and financial	GDP size GDP growth – CAGR Inflation Stock market capitalisation as percentage of GDP Private credit provided as percentage of GDP
Technological	High-technology exports Innovation Internet users per 100 people
Socioeconomic	Population size Population aged 15 – 64 (percentage of total)
Infrastructure and assets	Registered companies (>US$1m total assets) Container port traffic (TEU) 4 Railway lines (km) Paved roads as percentage of total roads

White & Case country Indexes

Czech Republic
Finland
France
Germany
Italy
Middle East
Poland
Russia
Spain
Sweden
Turkey
United Kingdom

23 country development indicators

5 factor groups

147 country rankings

Mergers & Acquisitions at White & Case

White & Case has been a powerhouse of merger and acquisition activity across Europe, Middle East and Africa for many years. It has an impressive track record of helping clients achieve successful outcomes for their deals.

888 Holdings
Representation of JP Morgan Chase as lenders to 888 Holdings, the UK listed and Gibraltar-based gaming company, on its £900 million recommended takeover of bwin.party digital entertainment, the UK listed and Gibraltar-based gaming entertainment company.

Allianz Capital Partners
Representation of a Consortium led by Allianz Capital Partners GmbH, the Germany-based private equity and alternative investments arm of Allianz SE, on its acquisition of Tank & Rast GmbH, the Germany-based owner and concessionaire of a network of motorway service areas, for an estimated consideration of €3.5 billion.

Arkema SA
Representation of Arkema SA, the listed France manufacturer of chemical products, on its acquisition of Bostik SA from Total SA.

Banco de Sabadell
Representation of Banco de Sabadell SA, the Spanish listed and based banking firm on its takeover of TSB Banking Group plc, the UK listed and based banking firm.

Cerberus Capital Management
Representation of Cerberus Capital Management L.P., in relation to the asset purchase of Motherwell Shopping Centre as a property investment business for approximately £41 million and associated financing.

Charterhouse Capital Partners
Representation of Charterhouse Capital Partners on its acquisition of a 50 percent stake in Comexposium SAS, the France-based event organiser, from Unibail-Rodamco SA for an undisclosed consideration. The company is estimated to be valued at €550 million.

Circassia Pharmaceuticals
Representation of Circassia Pharmaceuticals Plc on its acquisition of Aerocrine AB from Novo A/S, OrbiMed Advisors, LLC, HealthCap, Investor Growth Capital AB and SLS Venture.

Cobepa
Representation of Cobepa S.A, the Belgium-based private equity firm on its acquisition of a majority stake in Exclusive Networks Group, the France-based IT security solutions provider, from Edmond de Rothschild Investment Partners, Omnes Capital and Socadif, the France-based private equity firms for an undisclosed consideration, estimated at €350 million.

Comverse
Representation of Comverse, Inc. of the Acision group, a UK based secure mobile messaging and engagement services business.

Continental Aktiengesellschaft
Representation of Continental Aktiengesellschaft on its acquisition of Elektrobit Automotive GmbH from Elektrobit Oyj.

CVC Capital Partners
Representation of CVC Capital Partners Limited, Temasek Holdings Pte Ltd and Vatera Healthcare Partners have together acquired a controlling stake in Alvogen, Inc., the Iceland-based specialty pharmaceutical company, in a management buyout transaction, from Pamplona Capital Management. The company is estimated to be valued at US$2.032 billion.

Government of Slovakia
Representation of Government of Slovakia on its sale of a 49 percent stake in Slovak Telekom from Deutsche Telekom A.G.

Hikma Pharmaceuticals
Representation of Hikma Pharmaceuticals PLC and its subsidiary Eurohealth (U.S.A.), Inc. in their acquisition of Roxane Laboratories Inc. and Boehringer Ingelheim Roxane Inc. from Boehringer Ingelheim.

International Consolidated Airlines Group
Representation of International Consolidated Airlines on its acquisition of Aer Lingus Plc, the Irish listed airline company.

Metso Oyj
Representation of Metso Oyj, the listed Finland-based supplier of technology and services for process industries on its sale of its Process Automation Systems business for a total consideration of €340 million to Valmet Corporation.

Mid Europa Partners
Representation of Mid Europa Partners and other investors on its acquisition of Danube Foods Group from Salford Capital Partners.

SPIE
Representation of SPIE on its initial public offering on Euronext Paris. SPIE raised €700 million by way of issuance of new shares while the sale of existing shares by existing shareholders amounted to €333 million. The total amount of the offering is €1,033 million. Market capitalisation on the day of listing was around €2.5 billion. This is the largest IPO on Euronext Paris since 2007.

Walmark
Representation of Walmark, a.s., one of the nation's leading consumer healthcare operators in Central and Eastern Europe with a leading position in food supplements and OTC pharmaceuticals, on its acquisition of Valosun, a.s.

Yıldız Holding A.Ş.
Representation of the vendor consortium including Yıldız Holding A.Ş., the Turkey-based company engaged in producing and supplying food products and beverages, on the sale of Ak-Gıda Sanayi ve Ticaret A.Ş., to Groupe Lactalis S.A. ■

LON0215033-2

M&A Attractiveness Index—Czech Republic

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, the Czech Republic is now ranked 21st out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The six-year trend data track the Czech Republic as achieving its best rank to date as the 21st most attractive country, seeing a steady improvement since its lowest rank as the 32nd in 2011.

Market challenges

The market challenges for the Czech Republic remain within its economic and financial factors, which includes measures of GDP (size and growth), inflation and availability of domestic bank credit. Of particular concern is the lack of improvement in the development of its equity market.

Market strengths

There are continued strengths in the technology factors, and the Czech Republic continues to score highly regarding its investment in its infrastructure and assets, specifically its road system and a number of high valued assets (i.e., registered companies with assets over US$1 million).

> “Czech Republic has achieved its best rank to date

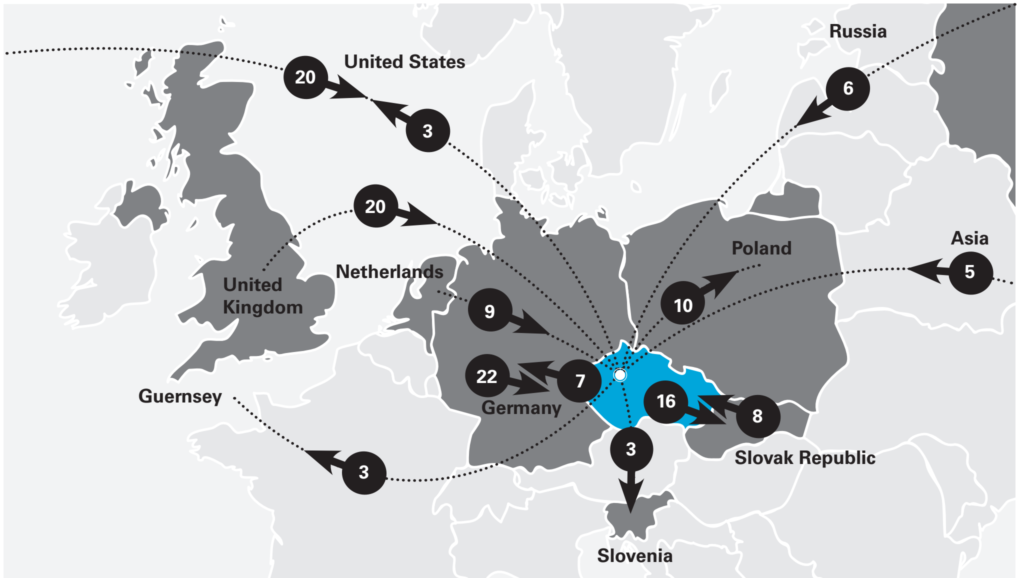
Ranked

21st

out of 147 countries

Inbound and outbound investment flows for the Czech Republic*

* Number of deals 2012 – 2014

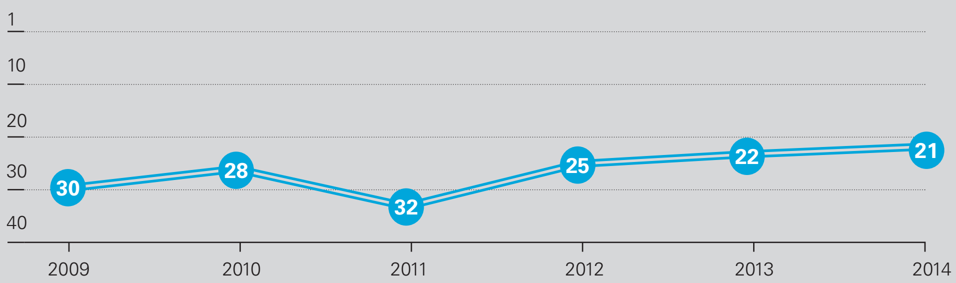


Source: Thomson Financial

The most important M&A markets for inbound deals are Germany, the United Kingdom and the United States. This arrangement isn't directly reciprocal, with the highest outbound deal destinations for Czech companies being Slovak Republic, Poland and then Germany. German companies are investing in oil and gas, while Czech companies are buying German machinery companies.

There was a high deal volume from the United States to the Czech Republic, mainly investing in food and beverage as well as healthcare equipment and supplies, but very little investment into the United States. Looking to the east, there were a number of deals from Asia into the Czech Republic, but no deals the other way around.

Attractiveness ranking for M&A purposes—Czech Republic



Source: M&A Attractiveness Index, Cass

The Czech Republic presents an interesting prospect for the energetic world of mergers and acquisitions. To begin with, its M&A attractiveness ranking is higher than ever, currently at 21. The country enjoys a positive reputation for launching successful technology ventures and start-ups—the M&A targets of tomorrow. Compared to its peers in Eastern and Southeastern Europe, it is especially strong at attracting foreign direct investment—Germany, Switzerland and the United States are active investors—bolstered by low interest rates, low inflation, stability and reasonable growth.

We note, however, that the economy failed to grow in 2012 – 13 but weathered the financial crisis better than most, and last year's recovery was significant. No single deal was above the billion-euro threshold, but the number of M&A deals was at its greatest since 2010, totalling more than €5 billion in aggregate. Technology, media and communications constitute the most active sphere, though a review of 2014's top ten transactions shows a healthy distribution of different industries. Deutsche Telekom secured a majority holding in T-Mobile Czech Republic, while CVC Capital Partners acquired a majority in Avast, a Czech software company with 230 million customers.

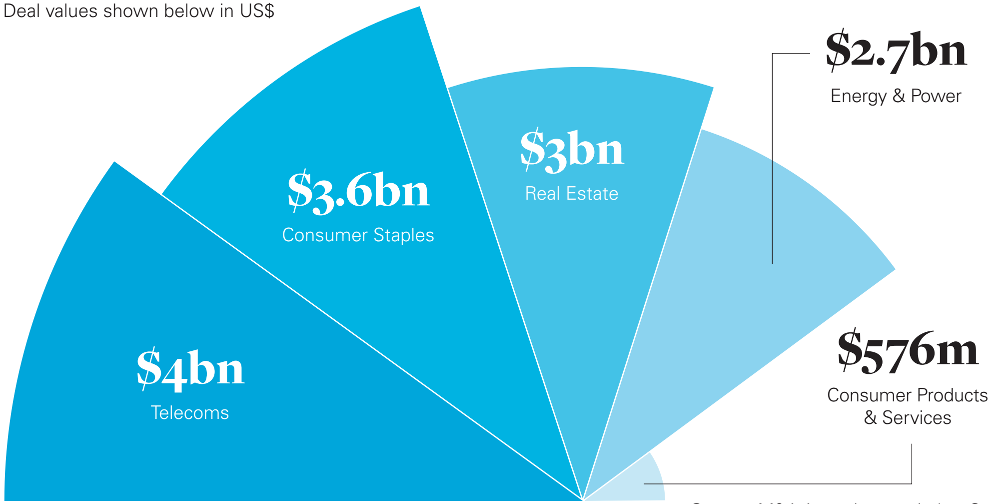
Certain M&A activity has been spurred by the departure of Western utility companies exiting, ostensibly to put their focus on so-called core assets. Deal flow in financials is also robust: Banks and insurance companies are selling non-core operations, and Citi sold its in-country consumer-facing units.

Changes to the law aimed at curbing the invalidation of contracts, an ongoing problem, will go some way to prevent undue interference in corporate affairs by statutory bodies, which in turn should put the country on even surer commercial footing.

The last two years of deal-making, both surpassing €5 billion, may be a challenge to match, but there's still room to grow. ■

Top five active sectors by ranking value of deals for the Czech Republic*

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Czech Republic

Established in 1991, the Prague office is one of the largest international law firms in the Czech Republic. The office focuses on complex corporate and financial legal services, with solutions for all tax and customs issues.

International Law Firm of the Year in the Czech Republic

Chambers Europe Awards for Excellence 2014

Contact

Michal Smrek
Head of Corporate/M&A
Czech Republic
T +420 255 771 224
E msmrek@whitecase.com

LON0215033-2

M&A Attractiveness Index—Finland

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Finland is now ranked 25th out of a total of 147 countries in terms of its attractiveness for M&A purposes, (i.e., its ability to attract and sustain business activity).

Over the past six years of the Index, Finland has been oscillating between ranking in the mid-teens to mid-twenties, virtually every other year. Between 2013 and 2014, it saw its most dramatic fall, from 16th to its current ranking of 25th.

Market challenges

Finland has consistently scored poorly in the socioeconomic factors, which look at population size and population demographics. This is a familiar story in the Nordic region and follows the Swedish pattern.

Finland has traditionally scored quite highly in the technology factors (which look at high-technology exports, innovation and internet usage, but, again these scores have been falling over the six-year period.

Market strengths

The regulatory and political factors (which include scores for rule of law, paying taxes, political stability and sovereign debt rating) are stable in Finland. Finland scores particularly highly due to its efficiencies when dealing with completing formalities, trading across borders and registering property ownership. ■

> **Between 2013 and 2014, Finland saw a dramatic fall in its rankings, from 16th to its current ranking of 25th**

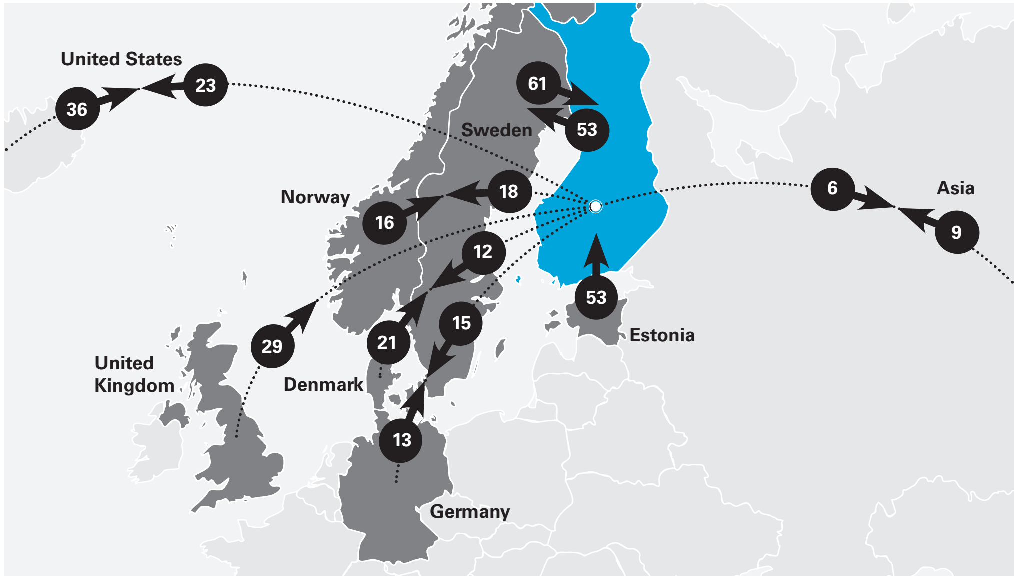
Ranked

25th

out of 147 countries

Inbound and outbound investment flows in Finland*

* Number of deals 2012 – 2014



Source: Thomson Financial

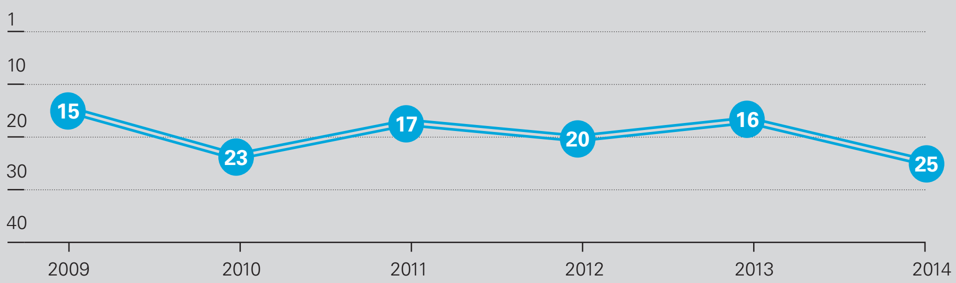
Mirroring its Swedish neighbour, Finland also does most of its M&A business within the Nordic region.

Again, the main sector bias is towards the building, construction and engineering, electronics, machinery and other industrials sectors. In terms of those investing into Finnish companies, the United Kingdom and Germany closely follow the Nordic countries, mainly within machinery, real estate, software, metals and mining, transportation and infrastructure sectors.

In terms of the United States inbound and outbound M&A activity, US companies interested in Finnish software companies, with other industrials and professional services the next highest sectors of interest. Finnish companies, on the other hand, are investing into United States machinery, building and construction and professional services companies.

There is very little M&A activity between Finland and Asia. ■

Attractiveness ranking for M&A purposes—Finland



Source: M&A Attractiveness Index, Cass

It is difficult to be particularly sanguine about the M&A landscape in Finland, even with its position on the Attractiveness Index between the mid-teens and mid-twenties.

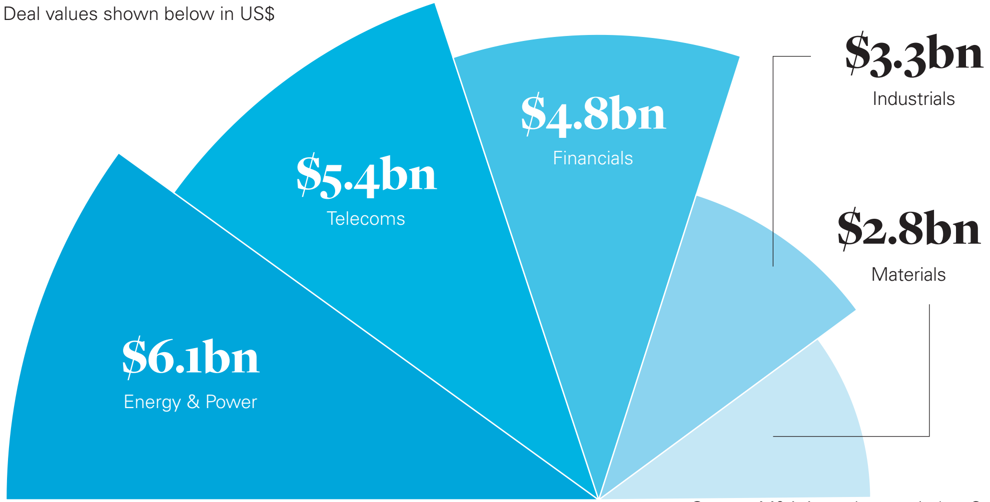
Admittedly, forecast sluggishness in the country's capital markets may provide the fodder for strategic takeovers and acquiring competitors on the cheap, but fearing Finland's structural challenges may impinge badly on the wider economy for the medium term, we highlight the importance of a robust economy underpinning a healthy M&A market in the long term.

A recovery is not so evidently on the cards, however. Finland is entering its fourth year of recession and, seven years on, output levels are still below those of 2008. Total deal value in 2014 fell by 23.1 percent year-on-year to approximately US$15 billion, with industrials (including chemicals) and financial services making up the bulk. Debt levels are approaching the EU limit, and depending where you fall on the political spectrum, you may see the country's 44 percent tax rate as hampering investment and job creation on a long-term basis. Indeed, the prime minister has warned of an entire decade of complete economic stagnation. The most recent central bank forecast puts average growth at one percent from now until 2030.

Is it all doom and gloom, you may ask? Well, no. The country has the wherewithal to get itself out of the doldrums: Its populace is educated, commerce is conducted fairly and in observance of business and contract law, and the country has shown itself to be a leader on the business stage before (consider the oft-invoked Nokia). Should the required reforms be implemented, and that with a dose of the hard graft that certain Finnish politicians have insisted on for strugglers like Greece, it is not unreasonable to expect a rebound to its 2009 position on the Index, but this will not come soon. ■

Top five active sectors by ranking value of deals* across Finland

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Finland

We are the only global law firm with a presence in Finland, having opened an office in Helsinki over 20 years ago. Services include mergers and acquisitions, capital markets, bank finance, financial restructuring and insolvency, real estate and regulatory.

"Impressive department with huge experience in advising on cross-border transactions"
Chambers Europe, Finland

Contact

Timo Airisto
Head of Corporate/M&A Finland
T +358 9 228 64 322
E tairisto@whitecase.com

M&A Attractiveness Index—France

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, France is now ranked 14th out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The six-year trend data track France as achieving a rank as the tenth most attractive country in 2012, but dramatically falling to its lowest rank in six years as the 17th the following year.

Market challenges

The market challenges are acute in the socioeconomic factors, where the threats are similar to the United Kingdom having a low population demographic level. To increase its overall position, France needs to continue to improve the regulatory and political area (such as paying taxes and enforcing contracts) and economic and financial (such as GDP size and growth) factors.

Market strengths

The key factors driving the French ranking are infrastructure and assets, which have remained consistently high throughout the six-year period, and also technology, which has steadily improved across the period. Within these factors roads are significant within infrastructure as well as innovation within technology.

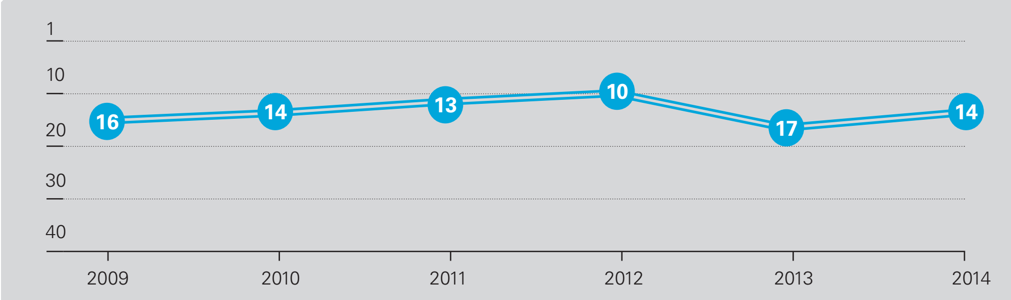
> "The key factors driving the French ranking are infrastructure and assets, which have remained consistently high

Ranked

14th

out of 147 countries

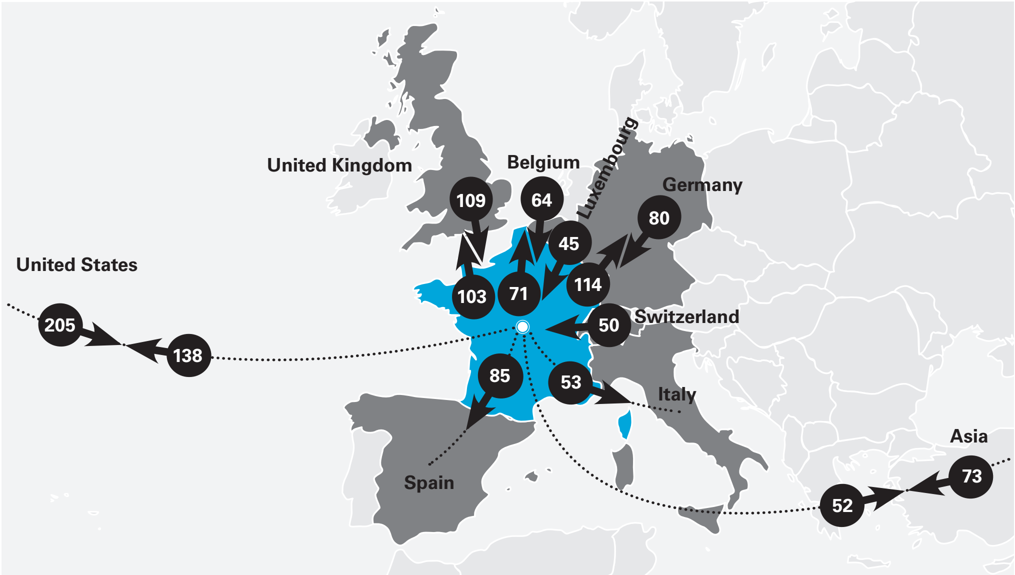
Attractiveness ranking for M&A purposes—France



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows in France*

* Number of deals 2012 – 2014



Source: Thomson Financial

The most influential market for M&A deals for France is the United States, both in terms of inbound and outbound deals. The inbound deals from the United States are double the size of the next largest market, the United Kingdom. The biggest sector that United States companies are investing in is the software sector (18 percent marketshare), followed by professional services (7 percent) and internet software (6 percent). The other way around, French companies are investing in United States software and healthcare equipment companies.

Looking at investments into French companies, the United Kingdom is buying construction (nonresidential or industrial) and internet software companies, and the Germans are investing in alternative energy sources. French companies are buying German software and machinery companies as well as United Kingdom professional services and advertising and marketing companies.

Asian deal flow is also significant, both inbound and outbound. Asian companies are buying in the French food and beverage space, while French companies are buying advertising and marketing companies.

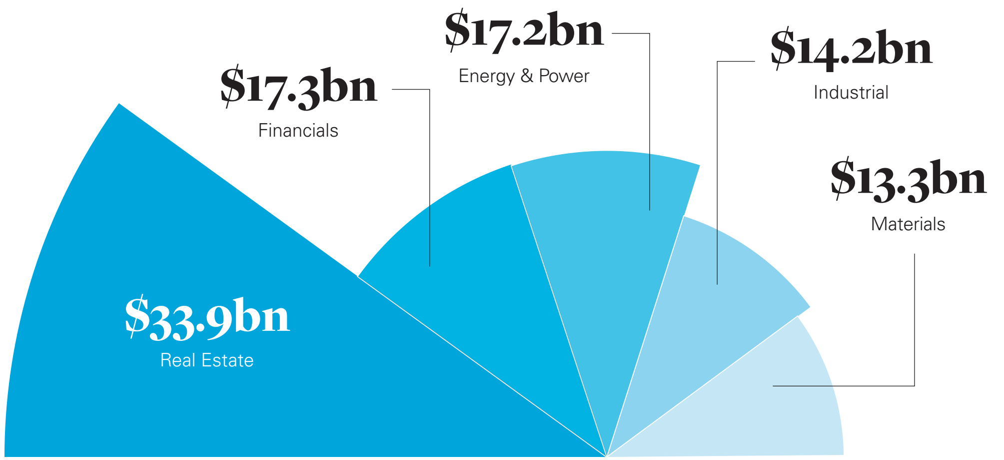
We refrain here from reading too much into a change in position on the M&A Attractiveness Index. The world's biggest banks and corporations have long been moving in and through (and sometimes out of) the French corporate landscape, and while the Gallic approach to protecting businesses—and thereby, more indirectly, the country's heritage—may present more challenges to M&A activity than, say, the British approach, our focus lies rather with the general economic climate.

Indeed, the turnaround in European M&A momentum has arguably been the most energetic for France as the country accounted for a sixth of all deal activity on the continent last year. At the top end, several transactions exceeded US$5 billion, and some were well over. The telecoms space is buoyant to the extent that consolidations and the like have given corporate dealmakers in other sectors the confidence to make a move. Furthermore, management team shake-ups in energy and defense (TOTAL, Thales) may well be setting the stage for more "fusions et acquisitions." And as we seem to be beyond the most troublesome aspects of eurozone skittishness, otherwise sensible deals that were not pursued are now getting the green light.

Foreign investors are riding the wave. The last calendar year of transaction activity was four times as robust as the year before, and France enjoyed a surge of over 600 percent in inbound M&A. Meanwhile, outbound deal value hit its highest level in half a decade, and there were more deals than in recent memory. Private equity buyouts were at their most numerous since 2007, a state of affairs reinforced by parties sidelined from the US$47 billion LafargeHolcim deal (industrials). These buyers are securing the assets being divested by the merger partners in order to stay on the right side of the European Commission. ■

Top five active sectors by ranking value of deals* across France

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in France

Our Paris office, which was established in 1926, was the first White & Case office established outside the United States. Offering the full range of legal services, we are consistently ranked among the leading law firms in France.

"White & Case [Paris] has emerged as arguably the most dynamic player currently in France."
The Legal 500 EMEA 2014

Contact

Hugues Mathez
Head of Corporate/M&A
France

T +33 1 55 04 15 10
E hmathez@whitecase.com

M&A Attractiveness Index—Germany

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Germany is now ranked seventh out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

Germany has made year-on-year improvements since 2012, achieving a position of seventh in 2014, but not back to its highest ranking of fourth in 2010. From 2011 – 2012 there was a material fall in its position in the Index.

Having said that, Germany has been consistently in the top 20 countries since the Index began and is considered the enginehouse of Europe and a safe haven for investments.

Market challenges

The 2012 fall in rankings can be tracked back to economic and financial measures, particularly GDP size and growth and inflation. These factors have improved since 2012, hence the improvement in the overall rankings.

Market strengths

Germany is very strong in the infrastructure and asset factors, which have remained consistently high at 94 percent. In addition, the increased number of both Internet users and high tech exports has improved its scores in technological ratings.

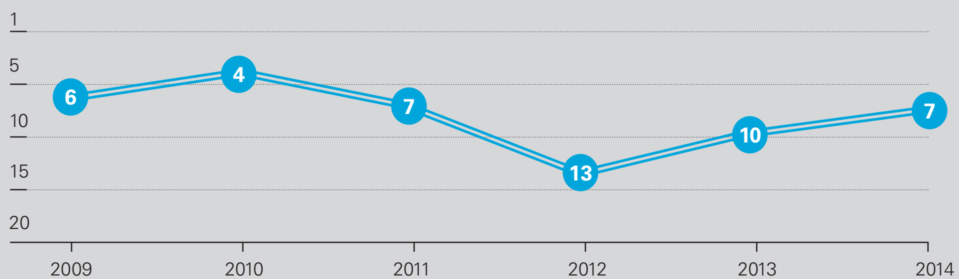
> **Germany is very strong in the infrastructure and asset factors**

Ranked

7th

out of 147 countries

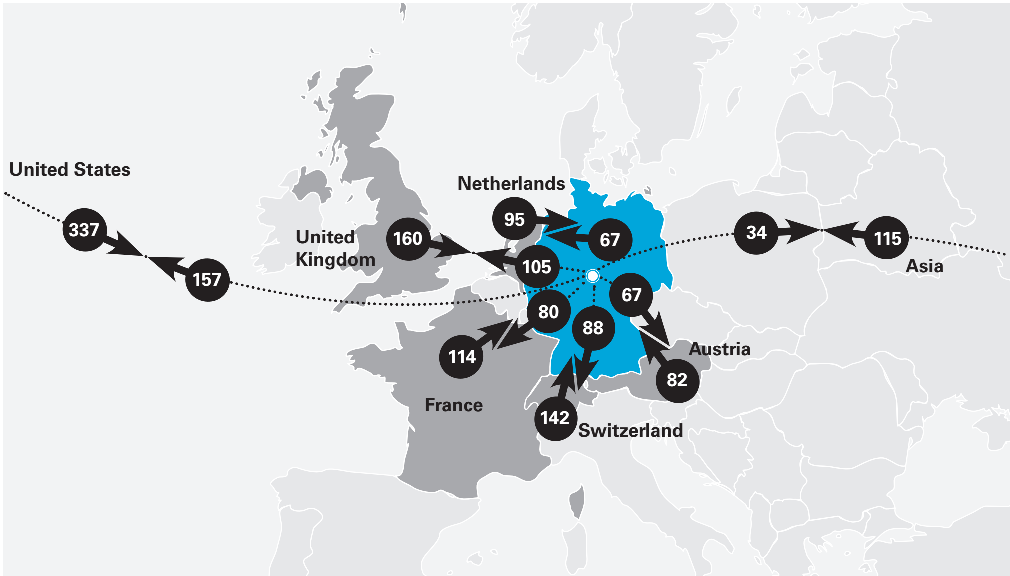
Attractiveness ranking for M&A purposes—Germany



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows for Germany*

* Number of deals 2012 – 2014



Source: Thomson Financial

By far the most important market for Germany is the United States, both by inbound and outbound M&A deals. The next three important markets are the United Kingdom, Switzerland and France. For inbound deals, foreign investors are interested in German companies within the software, building and construction, industrials, chemicals and machinery sectors. German companies, on the other hand, are buying up chemicals, software, machinery and alternative energy sources abroad.

Asia is also a significant market for Germany. Asian companies are investing in three times as many German companies as the other way around. Sectors of interest to Asian companies are machinery, automotive and components and other industrials.

Germany's role as a nexus for global M&A is being supported, in line with its neighbours, by depressed oil prices, cheap debt and generally improving fundamentals. The country is a hub for technology—the sector is third by volume of deals in the last five years—and the energetic pace of in-country tech growth is boosting targets and acquirers. Also keeping things buoyant is a healthy flow of foreign and domestic private equity buyouts and inbound interest from China that has grown for the fifth year in a row.

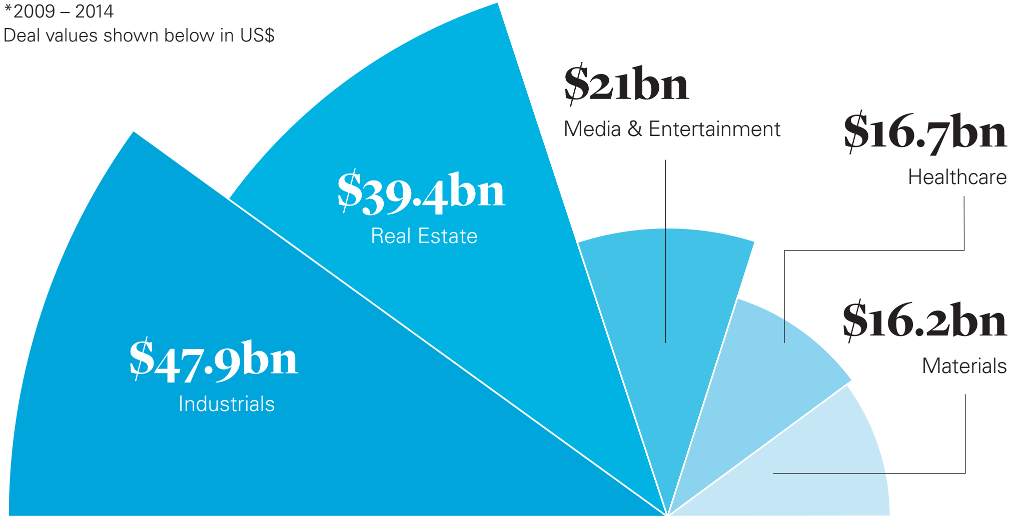
The mutually positive commercial relationship between Germany and the United States is in evidence as prodigious ticket sizes. Germany's ZF Group acquired an American automotive systems supplier for US$11.7 billion, and Merck bought US life sciences concern Sigma-Aldrich for US$17 billion.

There is more coming from the United States than simply M&A interest: An American style of shareholder activism is becoming more prevalent in Germany. This phenomenon frequently sees managers placing more short-term urgency on questions of value and may therefore force an emphasis on corporate takeovers and divestments. A more clear and present incentive for rationalizing business units is coming from low oil and the rise of renewables.

Reviewing the most active sectors in the last five years we see growth in industrials, consumer products/services and high technology, areas where Germany's highly educated workforce and intellectual property give it an edge. Representative of both the health of M&A and Germany's particular strengths are pharmaceuticals: After paying US$14 billion for Merck's consumer health division, Bayer announced it would spin off its plastics business. And there are more big ticket deals to come. ■

Top five active sectors by ranking value of deals* across Germany

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Germany

Operating out of five offices (Berlin, Düsseldorf, Frankfurt, Hamburg, Munich) and established via a merger in 2000, we can trace our roots in the German market back to 1858. All lawyers are German-qualified, and many are also English and/or US-qualified. ■

"White & Case LLP delivers 'pragmatic solutions that are clear and straight to the point'."

The Legal 500 EMEA 2014—Germany, Corporate

Contact

Dr. Jörg Kraffel
Head of Corporate/M&A
Germany

T +49 30 880911 400
E jkraffel@whitecase.com

M&A Attractiveness Index—Italy

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Italy is now ranked 23rd out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The six-year trend data track Italy as achieving its best rank to date of 23rd most attractive country in 2014 jumping seven positions in one year. A number of reasons are attributed to this rise, but particularly significant were the infrastructure and assets factors.

Market challenges

On the negative side, Italy does not score well in terms of regulatory and political ratings. Over the six-year period, there have been improvements in this area, but it has failed to solve its political instability and another factor—the number of days to enforce a contract—still remains high.

Market strengths

Italy has seen a high level of investment into its infrastructure and scores consistently well in this area, particular its improvements in roads, ports and rail. There has also been an increase in the number of registered companies with assets over US$1million. ■

“Italy has seen a high level of investment into its infrastructure

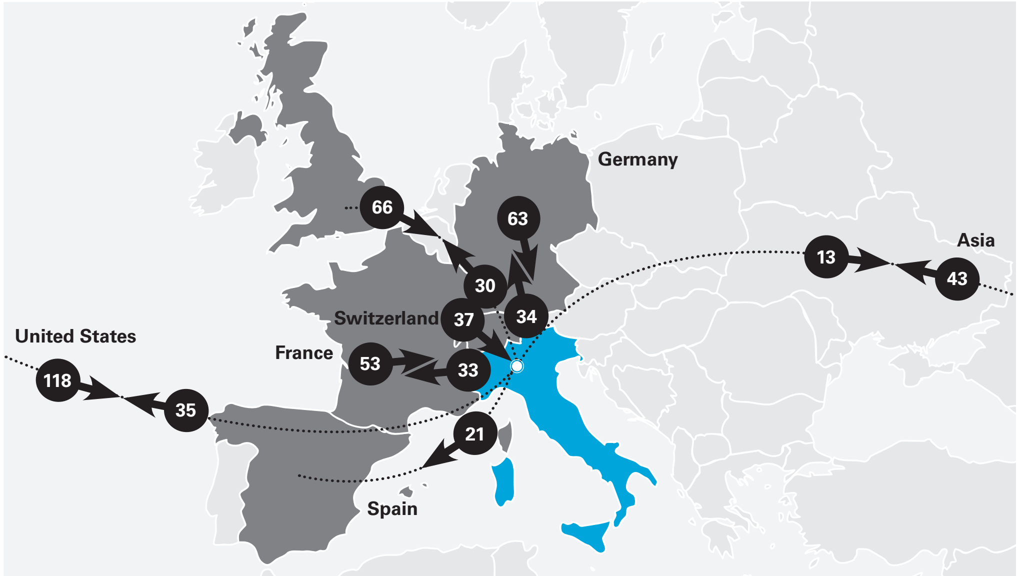
Ranked

23rd

out of 147 countries

Inbound and outbound investment flows for Italy*

* Number of deals 2012 – 2014



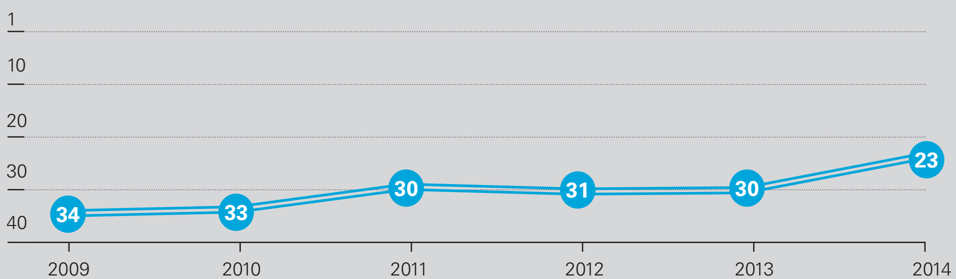
Source: Thomson Financial

The United States/Italy deal flow is the most important for Italy. US companies have invested into machinery (10 percent of investments), followed by other industrials and textiles and clothing. Italian companies have responded in kind by buying US machinery companies (11 percent) as well as healthcare equipment.

The theme of investment into the machinery sector is also true for the Italy/German dealflow as well as Italian companies buying French machinery companies. For United Kingdom/Italy, Italians are investing in the UK hotel industry, whilst UK companies are buying Italian construction, software and textile and clothing companies.

There is a significant dealflow into Italy from Asia. Again the machinery sector features heavily, but also textiles and clothing. Going the other way, Italian companies are purchasing Asian machinery and automotives and components. ■

Attractiveness ranking for M&A purposes—Italy



Source: M&A Attractiveness Index, Cass

With the increased stability brought by the new prime minister's reforms, it is no surprise that Italy's M&A attractiveness is on the upswing. The mainstay of M&A activity that is up a massive 400 percent year-on-year according to Bloomberg is medium-sized Italian companies known for their expertise in branding, fashion or technology and associated patents. Matteo Renzi's one-two punch of introducing institutional reform while attracting foreign investment sits in stark contrast to past governments' resistance to foreign ownership, especially of quintessentially Italian businesses.

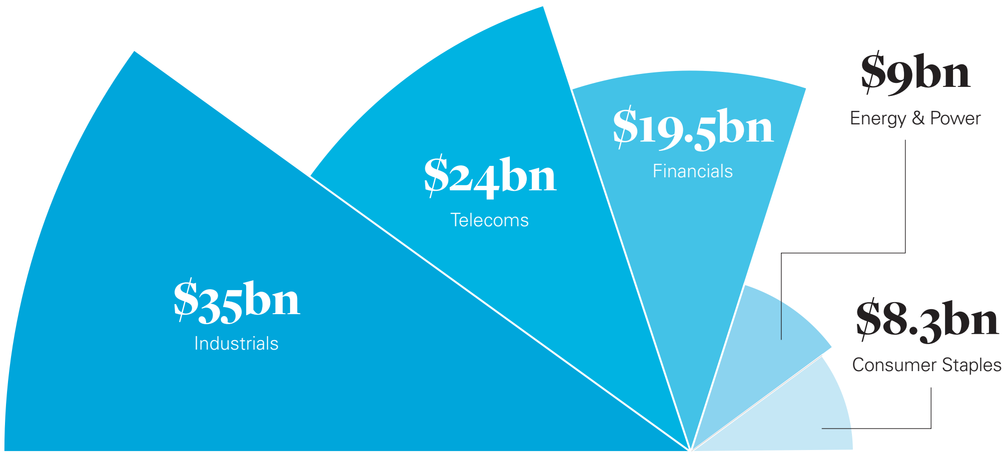
All the better for foreign buyers. In an US$8 billion deal ChemChina acquired tyre manufacturer Pirelli, and Switzerland's Dufry picked up a majority stake in World Duty Free SpA for US$1.5 billion. Several of the largest deals in 2015 have been launched by Asian corporates, while last year saw some brand-new entrants, and Vodaphone returned.

As is the case generally, quantitative easing has kept the cost of doing deals down, and after three years of recession, Italy may offer better value than its European peers. The stage is set for financials, the third-most active sector by deal value in the last five years, as parliament approved a law to transform the largest cooperative banks into joint-stock companies— a precursor, we expect, to a flurry of M&A consolidation. Indeed, there are 650 banks at the moment, and the European Central Bank has hailed the move.

The government's moves toward labour reform, corporate tax reductions and welcoming foreign investors are mere steps on the road. M&A, and business in general, can be marred by overlong negotiations, complicated company structures, and reluctant family vendors. But such challenges are not insurmountable, and Italy's recovery is a good sign for the near future of the deal landscape. ■

Top five active sectors by ranking value of deals* across Italy

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Italy

Our team in Milan are qualified in Italian, US and English law. We focus on M&A, capital markets (equity and debt) bank finance and restructuring.

"Combines great availability with good preparation."
Chambers Europe, Italy 2015

Contact

Michael Immordino
Head of Corporate/M&A
Italy
T +39 020 068 8310
E michael.immordino
@whitecase.com

LON0215033-2

M&A Attractiveness Index—Middle East

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, the Middle East countries of Qatar, Saudi Arabia and United Arab Emirates are ranked 50th, 81st and 28th, respectively, out of a total of 147 countries.

United Arab Emirates

The six-year trend data show United Arab Emirates as remaining fairly stable, being ranked at 28th for three of those years. Recently the market strength is the socioeconomic factors, which saw an increase in both the population size and demographics. Challenges are in infrastructure and assets, in which assets are still at a relatively low level.

Qatar

In Qatar, even though the ranking has decreased, the underlying figures have improved. This is particularly true of the regulatory and political factors, mainly due to trading across borders and enforcing contracts. Technology has remained a market challenge, albeit an improving one.

Saudi Arabia

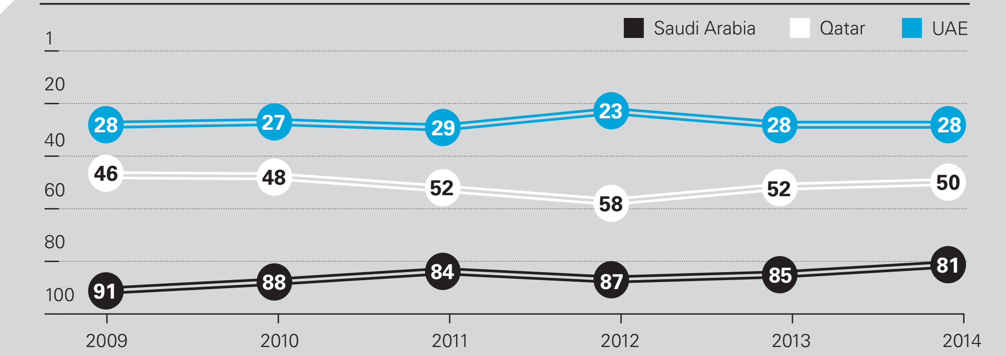
Saudi Arabia remains in the bottom half of the Index, although it has increased its position by ten places in the last six years. Driving the attractiveness of Saudi Arabia are socioeconomic factors, which saw a huge increase in both population size and demographics. Inhibiting factors are infrastructure and assets. ■

Qatar ranked
50th
out of 147 countries

Saudi Arabia ranked
81st
out of 147 countries

UAE ranked
28th
out of 147 countries

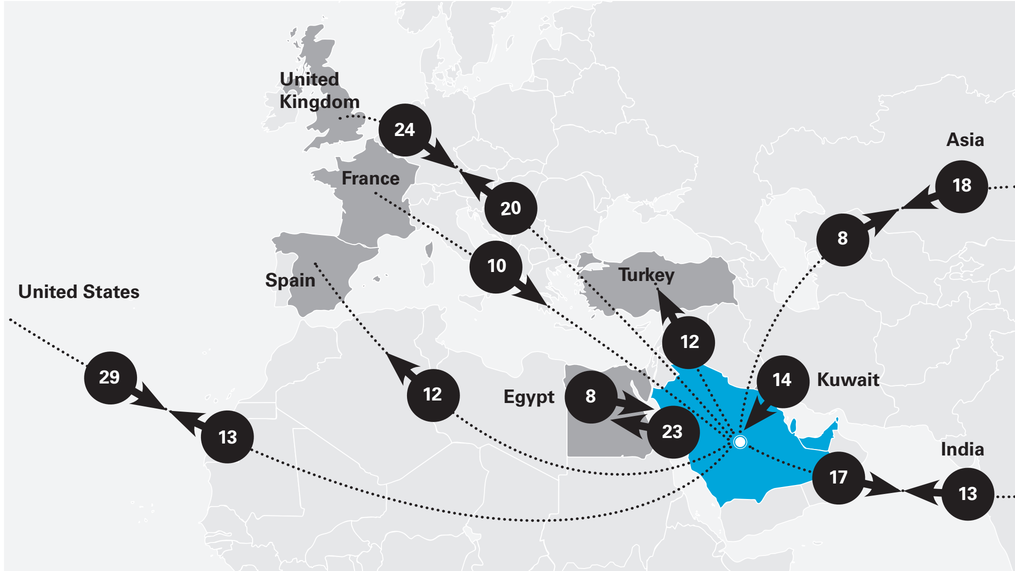
Attractiveness ranking for M&A purposes—Middle East



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows for the Middle East*

* Number of deals 2012 – 2014



Source: Thomson Financial

In terms of the Middle East as a region, the United States and United Kingdom are the top investors into the region. US companies are investing in the building, construction and engineering and also broadcasting, advertising and marketing sectors. From the UK side, the professional services sector was the clear winner, with building, construction and engineering, and insurance close behind. There are also significant deal flows from Asia into the region, with oil and gas the dominant sector receiving interest.

Investment out of the region has been predominately to Egypt, the United Kingdom and India. The most attractive sectors for Middle East companies have been travel services, hotels and lodging, oil and gas and real estate. ■

Despite reports of Middle East M&A hitting a peak last year, our view is that activity remains sluggish. The most obvious headwind is oil, but the systemic factors that see the United Arab Emirates, Qatar and Saudi Arabia well behind our other focus countries on the Index are just as relevant: Political uncertainty conspires with legal and cultural barriers to takeovers, which keeps things challenging for foreign dealmakers.

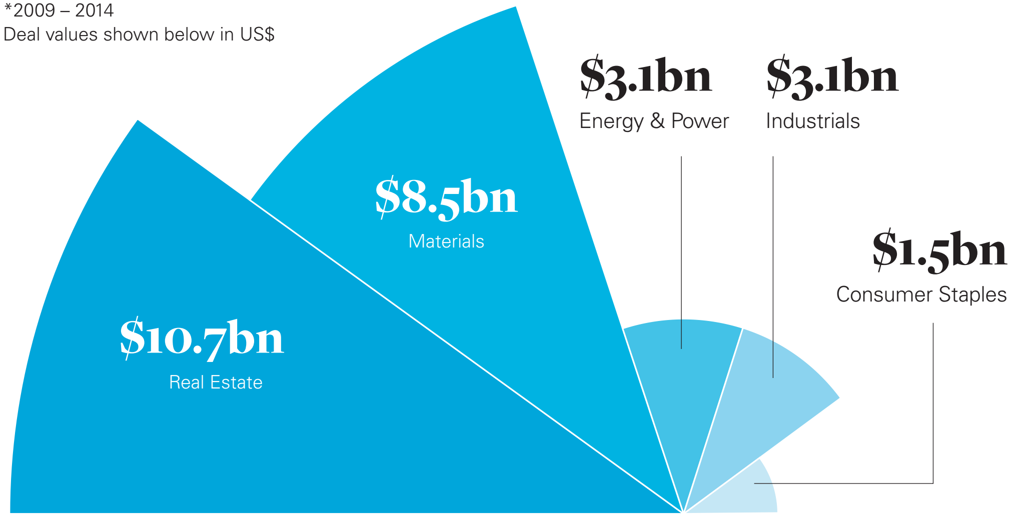
These dealmakers and investors, then, may laud the upgrade of the United Arab Emirates and Qatar to "emerging market" status by MSCI Inc, a step that should mean more investment (especially from the United States) and is a precursor to those countries' inclusion in the widely held MSCI Emerging Markets Index. With more of the global populace holding their shares, the stage is set for a crescendo of interest in their stock markets and corporate takeovers.

In the shorter term, the United Arab Emirates remains the most targeted country in the region despite a first quarter that saw half as many outbound deals, at one-fifth of the value (US$526 million), as the year before. The recent opening of Saudi Arabia's stock market to foreigners should mean a welcome fillip for IPOs and a welcome drop in volatility, we expect, in the face of more liquidity, transparency and institutional participation. And while Qatar's growth is beyond the heady days of 2008 – 12 when GDP grew 86 percent, in Q1 the country surpassed the United Arab Emirates as the leader in outbound dealmaking: Two of its deals were worth nearly US$2 billion—half the value of all regional activity.

Though the first half of 2015 represented a slow start for the region, we expect all three countries to experience meaningful improvements to their attractiveness rankings and an associated surge in M&A activity in the coming years. ■

Top five active sectors by ranking value of deals* for the Middle East

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in the Middle East

We have been a market-leading advisor to clients in the region for more than 50 years, through our offices in Qatar, Saudi Arabia and the United Arab Emirates. We focus on corporate, M&A, project development and finance, capital markets, bank finance (including Islamic finance) and construction and offer English, US, French, Saudi Arabian and United Arab Emirates law coverage.

&

M&A Deal of the Year

IFLR Middle East Award, 2014

Contact

Campbell Steedman
Head of Corporate/M&A
United Arab Emirates

T +971 2 611 3444
E csteedman@whitecase.com

M&A Attractiveness Index—Poland

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Poland is now ranked 33rd out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The six-year trend data show that Poland has achieved its best ranking so far, listed as the 33rd most attractive country in 2014. There was a huge oscillation between 2012 and 2014, when it lost ten places in 2013, only to gain 11 places in 2014.

Market challenges

Poland scores particularly badly in the regulatory and political factors, which is impacting heavily on its position in the Index. Although there has been steady improvement in these factors, it is being held back by the number of days to enforce contracts (currently 685 days), which is still very high compared to other countries.

Market strengths

Improvement in regulatory and political, as well as economic and financial, factors contributed to the improvement of 11 places in 2014. Further market opportunities are within the socioeconomic factors, in which Poland's population size and demographics are both at high levels. ■

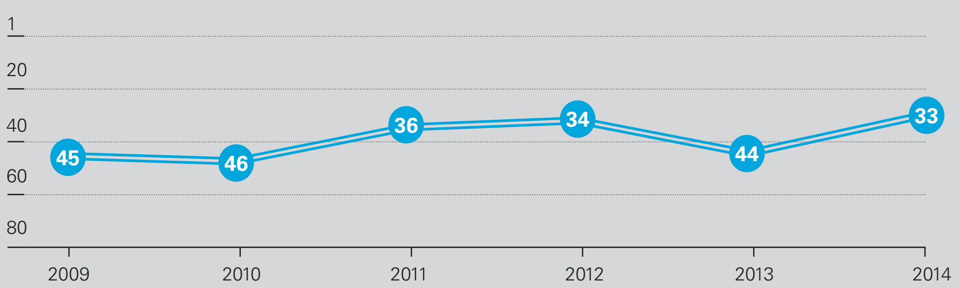
> **Poland has achieved its best ranking so far**

Ranked

33rd

out of 147 countries

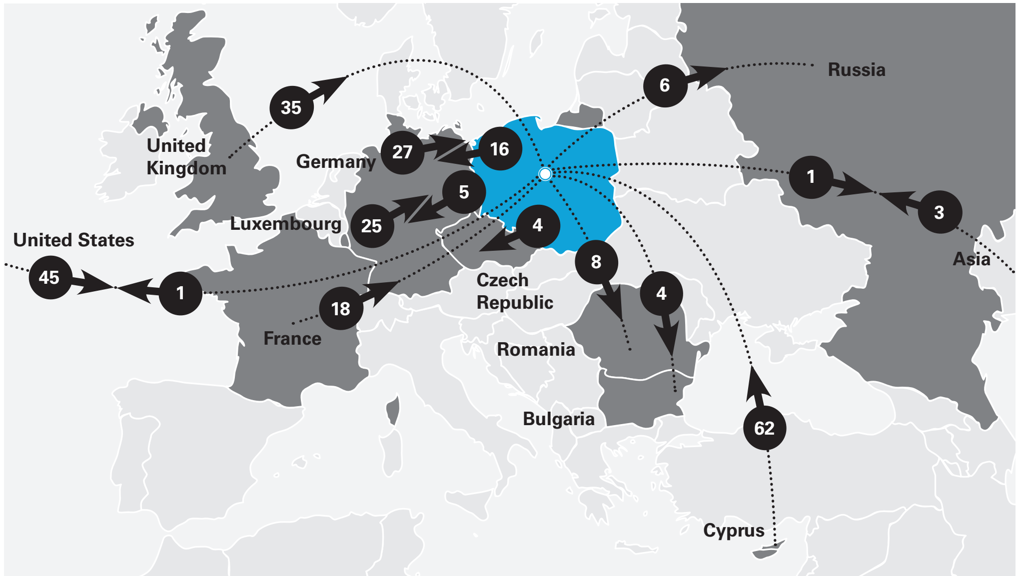
Attractiveness ranking for M&A purposes—Poland



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows for Poland*

* Number of deals 2012 – 2014



Source: Thomson Financial

The most important European countries for deals coming into Poland are Cyprus, the United Kingdom and Germany. The United States is also an important market, second only to Cyprus. In terms of outbound countries to Polish companies, there is virtually no flow back to Cyprus or the United States, indicating that some companies may be using Cyprus as a tax haven, similar to Russian data. Outbound from Poland, Germany and Romania are the top destinations. In terms of Asia, Poland has very little interaction on inbound or outbound M&A deals.

On the sector bias, foreign investors are investing in construction (not residential or industrial), financials and insurance and food and beverage sectors in Poland. Polish companies are investing overseas into the automotive and components, software, banks, and food and beverage sectors. ■

Poland experienced a substantial improvement in its Index ranking, though the study's authors note challenges with contract enforcement. While we don't deny the attractiveness upswing per se, total transactions in 2014 were down about 10 percent by number and 25 percent by value.

The Russian embargo on Polish fruit and vegetables was introduced ostensibly for reasons of hygiene the day after the West imposed its first wave of sanctions in response to the crisis in Ukraine. It hit the food and beverage space hard. Poland exports more food to Russia than anywhere else; so related M&A activity was barely there. Two sector-beating real estate transactions served to offset the absence in food: Together the deals, involving an office building and a shopping mall, accounted for nearly three-quarters of a billion US dollars.

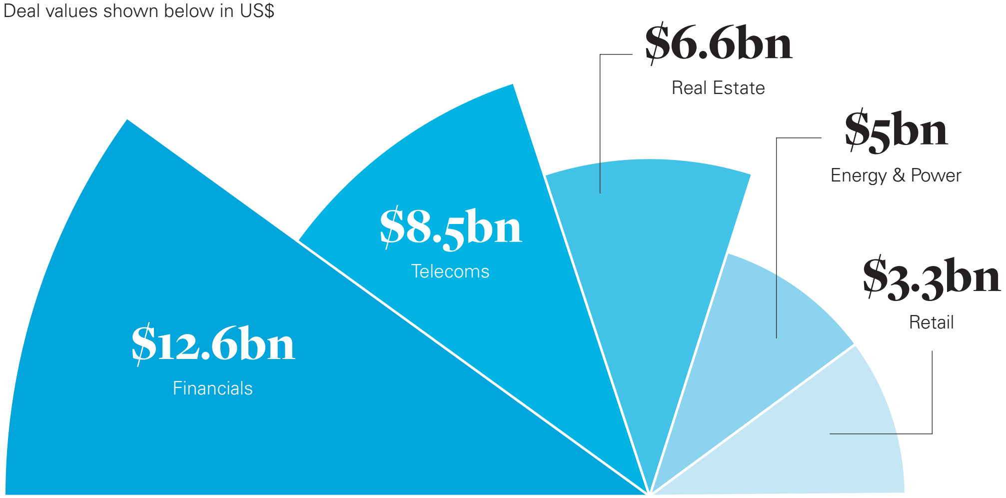
Though it does not appear in our diagram of the top five most active sectors, it was IT that outshone the rest last year, supported by increasing Internet penetration and associated growth in ecommerce. Banking, however, the second-most active space for M&A deals in 2014, is represented as the leader in our diagram, with financials constituting the largest sector by deal value over the last six years.

Poland's Ministry of Treasury reports that among Central and Southeastern European countries, Turkey and the Czech Republic vie with Poland for the top spots by number of deals and headline value, and inbound transactions outstrip outbound by a factor of two in the country. In other words, there are half as many M&A deals originating from Poland and targeting foreign firms (which constitute about one-sixth of the deal flow) as there are deals launched by the United States, France, Greece, Germany, Sweden and others at Polish targets. The remainder are domestic.

Despite the ongoing embargo, the stage feels set for optimism about Polish M&A in 2015. ■

Top five active sectors by ranking value of deals for Poland*

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Poland

Our Warsaw office was established in 1991 and is one of the leading law firms in Poland. The office focuses on M&A/corporate, capital markets, banking and finance, disputes, energy and infrastructure, and real estate.

Central & Eastern Europe Legal Adviser of the Year

MergerMarket & Financial Times European M&A Awards 2013

Contact

Marcin Studniarek
Head of Corporate/M&A
Poland

T +48 22 50 50 132
E mstudniarek@whitecase.com

LON0215033-02

M&A Attractiveness Index—Russia

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Russia is now ranked 57th out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

Russia has steadily increased its position up the Index over the past six years, to its current position of 57th, apart from 2013 when it momentarily staggered backwards before jumping forward into its best performance in the Index in 2014.

Market challenges

Russia traditionally scored badly in the factors measured in the regulatory and political and economic and financial areas. These have steadily improved over the years, contributing to its increased ranking. The fluctuation downwards in 2013 was due to economic and financial measures, specifically low inflation and GDP, which slowed growth.

Market strengths

The market strengths are the steady socioeconomic factors, in which both population size and demographics are high and stable. The economic and financial factors recovered in 2014 partly due to an improvement in the availability of domestic credit. Another opportunity is with the consistently improving technological factors. ■

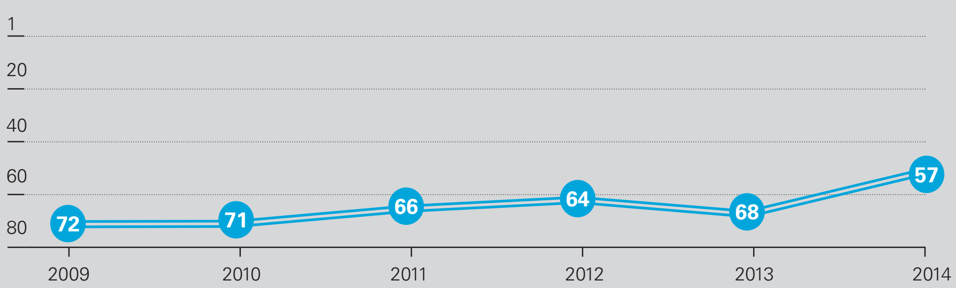
> **Russia has steadily increased its position up the Index**

Ranked

57th

out of 147 countries

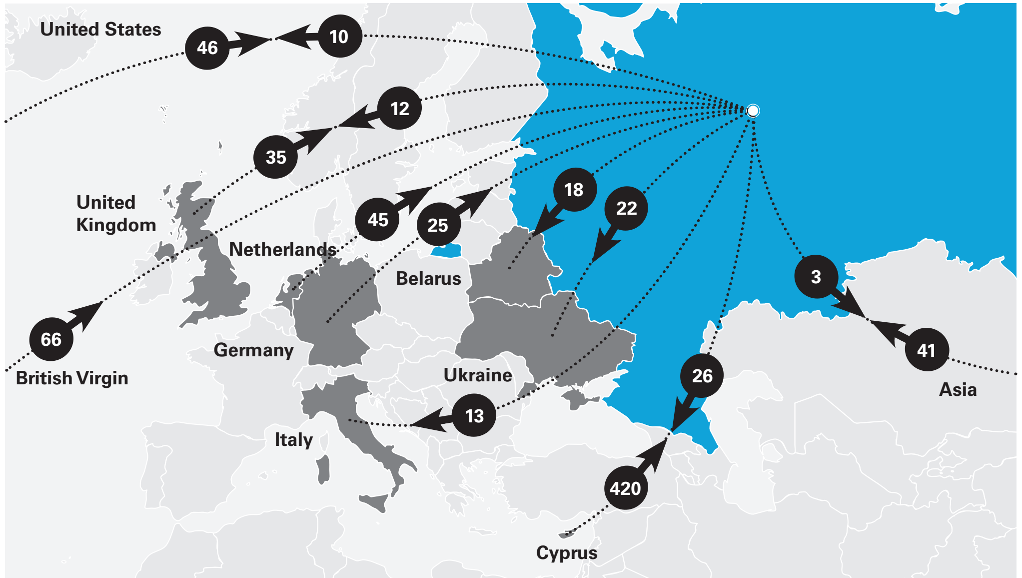
Attractiveness ranking for M&A purposes—Russia



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows for Russia*

* Number of deals 2012 – 2014



Source: Thomson Financial

One of the most important deal markets for Russia is Cyprus, which is mostly due to Cyprus' tax haven status and despite the Cypriot government seizing vast amounts of deposits for a banking system bailout in 2013. Another tax haven, the British Virgin Islands, contributes to the inbound flow, closely followed by the Netherlands and the United Kingdom.

Interestingly, Asian companies are investing in Russia, but there is very little investment from Russian companies in Asia. Asian companies are interested in the automotives and components, metals and mining and oil and gas sectors. ■

The story that Russia's improving position on the M&A Attractiveness Index doesn't tell, of course, is sanctions. In response to the crisis in Ukraine, the United States and Europe targeted oil and defense interests and restricted Russian banks' access to Western financial markets.

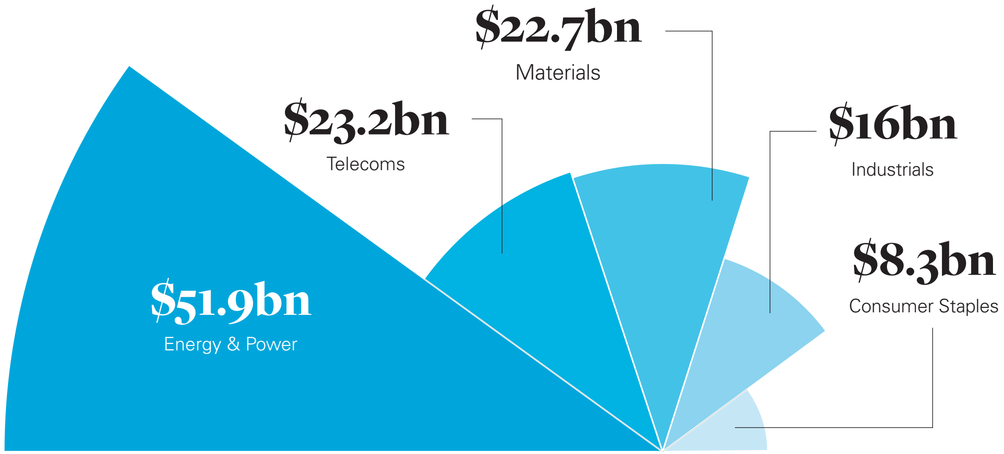
To be sure, the country is not a straightforward place to do business to start with, and its ranking below our other subject nations is not a surprise. Perhaps, though, an increase in Russia's attractiveness ranking is at odds with the increased geopolitical instability and the fact that 2014 saw fewer M&A transactions than there had been in half a decade. Deals of size have been subdued by sanctions directed at the state-owned banks and powerhouses such as Rosneft and Gazprom, and by headwinds in the form of a devaluing rouble, recession and lower oil prices—the latter a phenomenon that hits Russia harder than some. Less than 10 percent of M&A activity is now inbound or outbound, with the country's increased isolation to blame. The sanctions are firming up Russia's resolve around its ongoing "deoffshoreification" effort to bring ownership or operations back under domestic control.

Though the M&A landscape has become demonstrably less friendly in the short term, authorities have taken steps to improve things structurally. Amendments to the law that encompasses strategic investments made it easier to acquire more than 25 percent of a Russian target's main production assets, and the way has been smoothed for foreign investors in Russian shares, which can now be traded through Euroclear and Clearstream.

General in-country weakness is an opportunity, however, as domestic investors can swoop in to real estate, cement or oil-production infrastructure as prices are low. And Russia is looking east as it firms up bilateral agreements with China and the Middle East, which are possessed of a different perspective of Russian risk. ■

Top five active sectors by ranking value of deals* across Russia

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Russia

Our Moscow office was established in 1991, and we are one of the largest law firms in Russia. We focus on banking and finance, corporate/M&A, tax, capital markets, energy and infrastructure, real estate and dispute resolution.

"White & Case has a long history in the Russian market and has consistently been involved in some of the most important transactions in the energy sector."
Chambers Europe 2013

Contact

Andrei Dontsov
Head of Corporate/M&A
Russia

T +7 495 787 3044
E adontsov@whitecase.com

LON0215033-3

M&A Attractiveness Index—Spain

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Spain is now ranked 16th out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

Spain has achieved its highest position in the Index in the last six years. During 2010 – 2012 it fell to its lowest position of 26th, but has increased in the last couple of years and jumped a huge seven places between 2012 – 2013.

Market challenges

The regulatory and political factors have been the challenges for Spain. There has been a marked improvement in these factors, which have contributed to its improvement in the Index rankings. However, there is still room for improvement in terms of enforcing contracts and completing formalities.

Market strengths

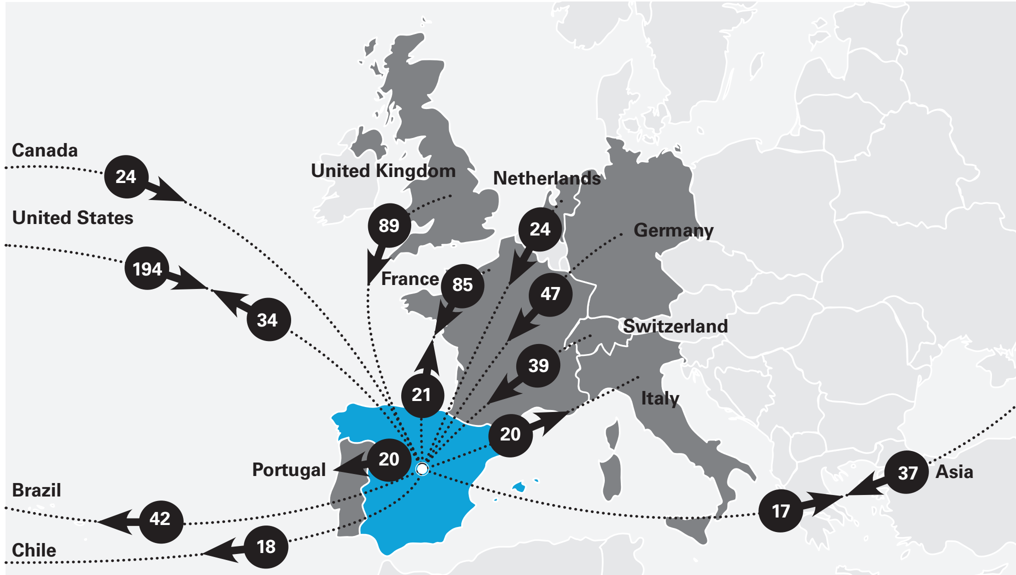
Spain scores particularly high in the areas of infrastructure and assets. Within infrastructure and assets the main strengths lie within roads and ports. ■

> “Jumped a huge seven places between 2012–2013

Ranked
16th
out of 147 countries

Inbound and outbound investment flows for Spain*

* Number of deals 2012 – 2014

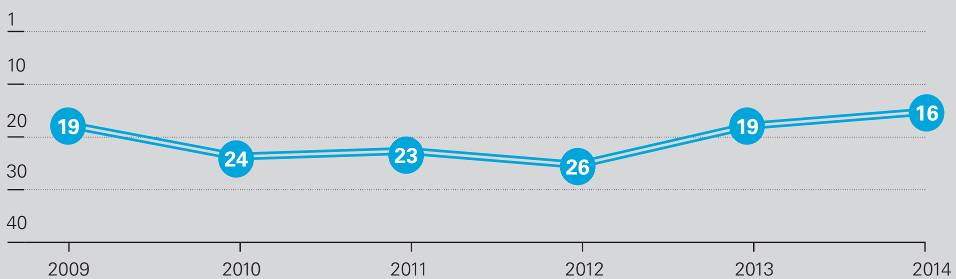


Source: Thomson Financial

By far the largest inbound deal flow is from the United States to Spain. This market represents double the amount of deals (194 deals) than the next two largest, that of the United Kingdom (89 deals) and France (85 deals). In terms of outbound deals from Spain, Brazil is the destination of choice, closely followed by the United States and then France.

The sector focus of the United States to Spain deal flow is primarily around financial services, where credit institutions, software companies and banks make up 25 percent of the deals done. For its near neighbour France, French companies are buying up transportation and infrastructure companies, whereas Spanish companies are buying French machinery and construction companies. ■

Attractiveness ranking for M&A purposes—Spain



Source: M&A Attractiveness Index, Cass

Spain's healthy rise on the M&A Attractiveness Index is mirrored in last year's activity. Industrials & chemicals stayed strong into 2015 as the most-targeted industry in the first quarter, with announced deal value over US$2 billion steadily approaching last year's grand total already. Spain was applauded by the head of the European Stability Mechanism for using less than half the funds earmarked for its recovery, and for exiting the programme after only a year.

Indeed, the country's emergence from largely real estate–led woes has preceded the present M&A boom in that sector: There were 22 transactions in 2014, a 400 percent increase from previous years, and 2015 is looking robust.

As are outbound deals, the headline energy transaction was Iberdrola's acquisition of US-based UIL Holdings for US$4.1 billion. In financial services, Banco de Sabadell purchased Britain's TSB Banking Group for US$2.7 billion. Meanwhile, several buyout firms have been shedding assets, which means, of course, more targets in the private equity space.

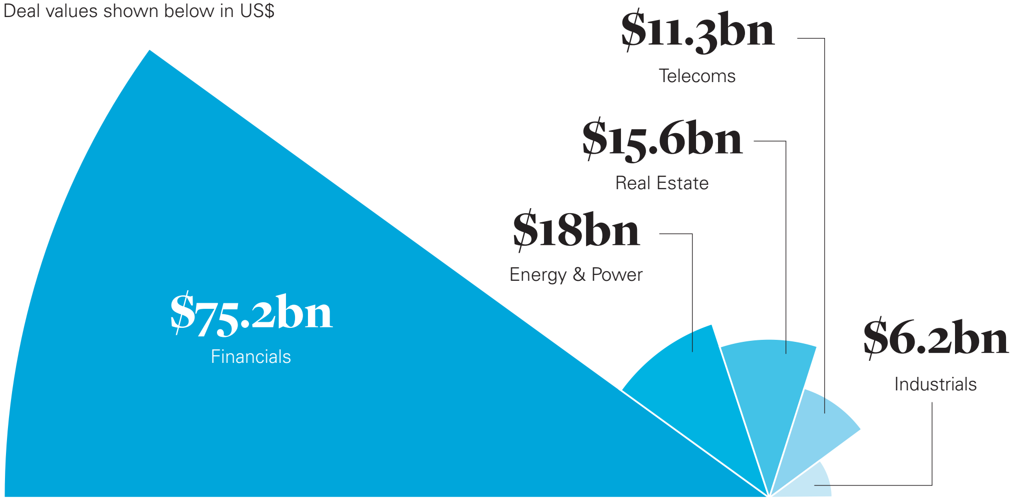
So there is positive activity, and some of it is of size. In line with its own economic turnaround, and along with its neighbours, Spain is seeing dealmaking supported by the continent's loose monetary policy and by sustained interest from Asia.

We do not discount the challenges to a smooth M&A path, however. The Iberdrola and Banco de Sabadell purchases could be seen through the prism of willing dealmakers apportioning risk outside the country. Ongoing uncertainty from the appearance of two new political parties on an otherwise long-established political landscape undermines the sort of stability that gives companies the confidence to pull the trigger. Still, it's easy to vote for someone, anyone else, when unemployment is near 24 percent.

It hasn't hurt IPOs, though. Spain is leading Europe this year by amounts raised in new offerings. ■

Top five active sectors by ranking value of deals* across Spain

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Spain

We opened our office in Madrid in 2013 and have a team of lawyers qualified in Spanish, New York and UK law. We focus on inbound and outbound M&A, including public and privately negotiated transactions; equity and debt capital markets, including regulatory and corporate governance issues; bank finance; restructuring; competition and disputes.

&

Band 1: Corporate/M&A in Western Europe

The Legal 500 EMEA 2014

Contact

Juan Manuel de Remedios
Head of Corporate/M&A
Spain

T +34 91 787 6310
E jderemedios@whitecase.com

LON0215033-3

M&A Attractiveness Index—Sweden

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Sweden is now ranked 19th out of a total of 147 countries in terms of its attractiveness for M&A purposes, (i.e., its ability to attract and sustain business activity).

Over the six-year period, apart from 2013, Sweden has been consistently ranked amongst the top 20 countries in the world for M&A attractiveness. Sweden achieved its highest position of 12th in 2011, and this can be tracked back to improving economic and financial factors.

Market challenges

Over the lifetime of the Index data, Sweden has seen a consistent decrease within the socioeconomic factors. These factors look at a country's population size as well as population demographics (i.e. those people aged between 15 and 64). Sweden has been falling in both of these measurements.

Market strengths

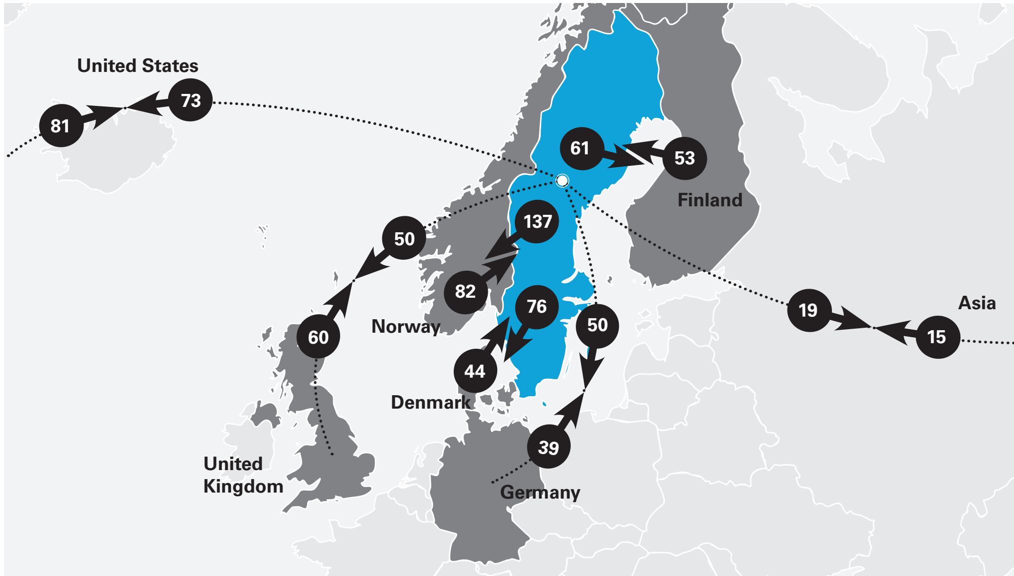
Sweden's real strengths are in the area of technological factors (which include high-technology exports, innovation and internet users per 100 people). These statistics have grown to a very, very high level (90 percent overall), with the percentage of Internet users in Sweden being close to 100 percent. ■

> "Over the six-year period, Sweden has oscillated between rankings in the early twenties to a highest rank in 2011 of 12th place

Ranked
19th
out of 147 countries

Inbound and outbound investment flows in Sweden*

* Number of deals 2012 – 2014



Source: Thomson Financial

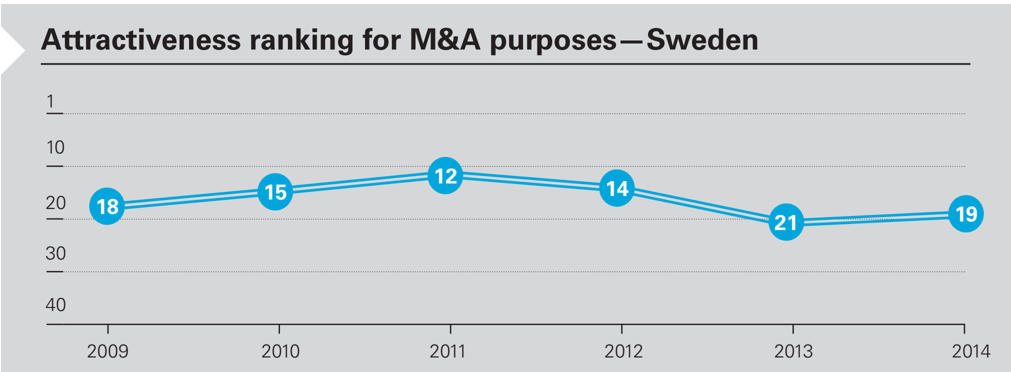
Sweden consistently does the most business (both inbound and outbound M&A) with its neighbours Norway, Finland and Denmark, as well as with the United States and the United Kingdom.

In terms of its neighbouring countries, the targets sectors are building, construction and engineering, electronics, machinery and other industrials. In the United Kingdom, Sweden is buying up industrials, software and professional services companies, whilst the United Kingdom is buying Swedish building/construction and pharmaceutical companies.

In the United States, Sweden is predominantly buying software, machinery and pharmaceutical companies. As supported by the technology strength in the Index, the United States has a heavy bias toward investing in Swedish software, IT consulting and internet software and services companies.

In terms of Asia, Asia is interested in Swedish software and automobiles and components companies, whereas Sweden is interested in Asian professional services and other industrials. ■

Attractiveness ranking for M&A purposes—Sweden



Source: M&A Attractiveness Index, Cass

Surpassed only by Norway among the Nordics, and with approximately US$17 billion in deal value last year, Sweden saw a large proportion of its publicly traded firms joining the M&A fray, emboldened somewhat by strong valuations.

To a certain extent, Sweden's stable position on the Attractiveness Index is to be expected. It weathered the financial crisis better than most, and its government emphasizes stability through its monetary and tax policies. Negative interest rates dampen activity in unduly risky ventures, while the expansionary effect of cheap money persists. That real estate leads the sectors for deal value is a consequence of Swedish house prices, the growth in which has even outstripped that of Britain since the mid-nineties.

Though Sweden may be down from a peak of 12th place in 2011, we submit that deal activity in countries more badly hit by the crisis has recovered to previous levels, and a return to the high teens is less a pertinent recent trend and more a move closer to long-term equilibrium.

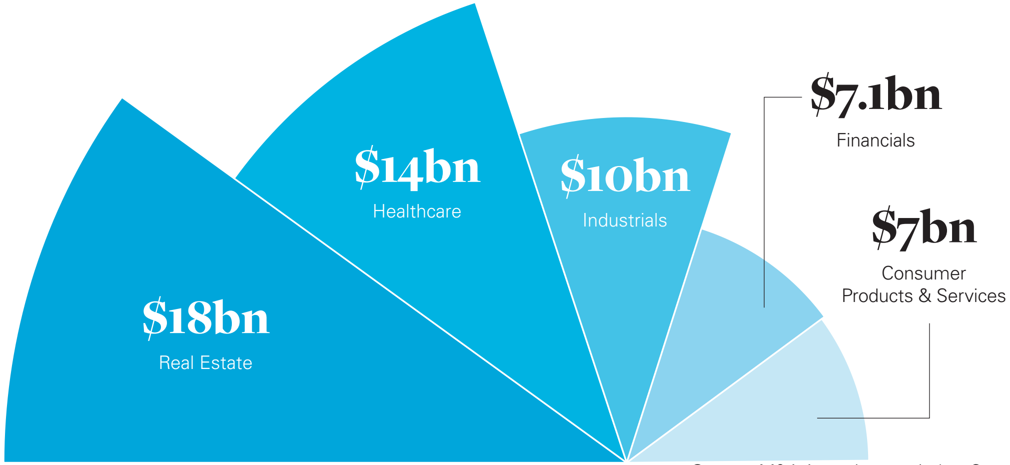
Given its magnitude, we mention 2014's acquisition of a further stake in automotive manufacturer Scania by Volkswagen, reinforcing its majority ownership with a US$9 billion investment.

While we are not convinced that socioeconomic factors present any secular roadblock to M&A activity for a country this educated and financially savvy, challenges posed by high income taxes and stringent employment laws are present, but may have more of a bearing on micro- and macroeconomic considerations than M&A activity per se.

The year closed with the financial regulatory authority, Finansinspektionen, proclaiming the financial system's stability to be at acceptable levels, an evaluation apparently borne out by Sweden's position of 19 on the Attractiveness Index, up two points from the previous year. As is the case with its neighbours, the strongest headwind is from eurozone weakness. ■

Top five active sectors by ranking value of deals* across Sweden

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Sweden

The first global law firm to be established in Sweden over 30 years ago, offering M&A, private equity, banking and capital markets services.

"The firm has one of the strongest deal lists in the market."
Chambers Europe, Sweden

Contact

Darragh Byrne
Head of Corporate/M&A
Sweden
T +46 8506 32360
E dbyrne@whitecase.com

M&A Attractiveness Index—Turkey

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, Turkey is now ranked 53rd out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The six-year trend data saw Turkey achieve 25th position in 2011, but falling by ten places from last year to its lowest rank in six years at 53rd place. Several reasons are attributed to this fall, including fluctuations in the economic and financial factors.

Market challenges

In the economic and financial ratings, the results have fluctuated significantly, starting at 36 percent in 2009 through to a high of 63 percent in 2011, then falling back to 51 percent in 2014. This has been mainly due to fluctuations in GDP size and growth and its current account balance.

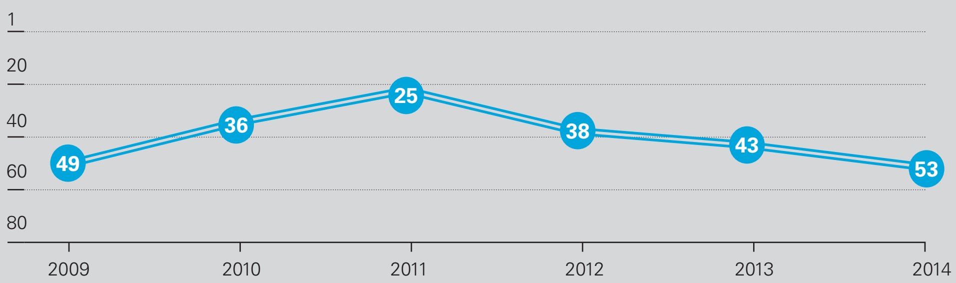
Market strengths

On the plus side, the market strengths have increased over the years in the infrastructure and assets factors, in which there has been a steady increase and improvement in ports, rails and roads. An area of concern for Turkey is the dramatic fall in 2014 to 77 percent, the lowest level in five years, due to a fall in the number of companies with assets over US$1 million. ■

> **Turkey falls to its lowest rank in six years**

Ranked
53rd
out of 147 countries

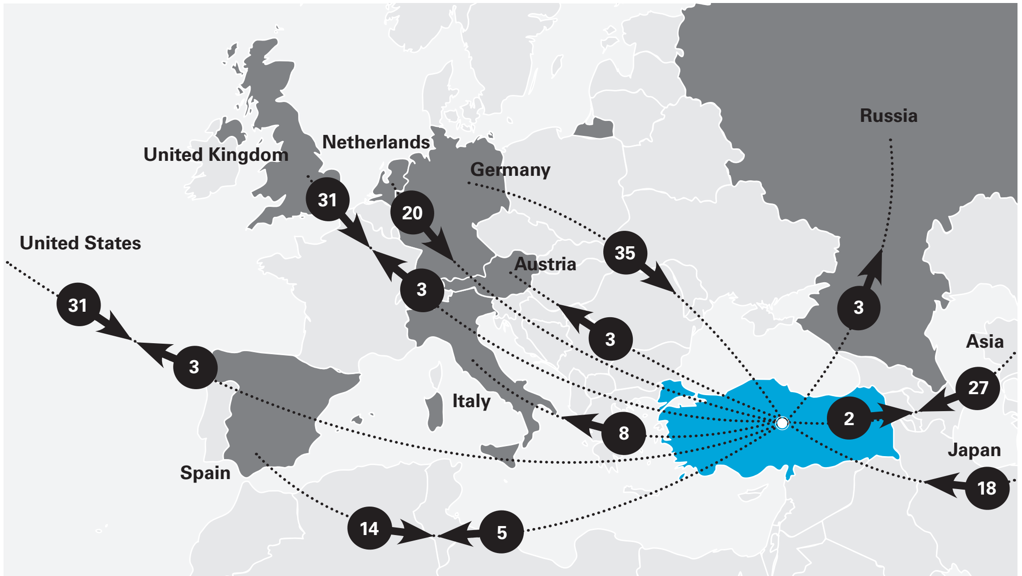
Attractiveness ranking for M&A purposes—Turkey



Source: M&A Attractiveness Index, Cass

Inbound and outbound investment flows for Turkey*

* Number of deals 2012 – 2014



Source: Thomson Financial

M&A deals flowing into Turkey far outstrip Turkish companies acquiring abroad.

The main countries important to the Turkish market are Germany, United States, United Kingdom and Asia. The dominate sector for both German and Asian company investment has been in the power sector, while US companies are acquiring advertising and marketing and professional services companies. Mirroring the United States, UK companies have been acquiring professional services companies.

Outbound investment by Turkish companies has been virtually nonexistent. Where Turkish companies have done deals, the sectors have tended to be food and beverage, oil and gas, and healthcare equipment and supplies. ■

The severe drop in a measure indicating the ease and attractiveness of undertaking M&A in the country is belied somewhat by Turkey's pole position among Central and Southeastern European nations, with E&Y reporting US$12.3 billion in deals.

IT was the most active sector, and the largest transaction was in manufacturing (industrials) as Anadolu Endüstri acquired a stake in Migros for US$799 million, in what was the third-largest deal in the entire region. Rounding out the top ten were two more Turkish acquisitions: GIC of Singapore bought into Rönesans Gayrimenkul (real estate) for US$318 million, and the Industrial and Commercial Bank of China paid US$314 million for Tekstilbank (financials).

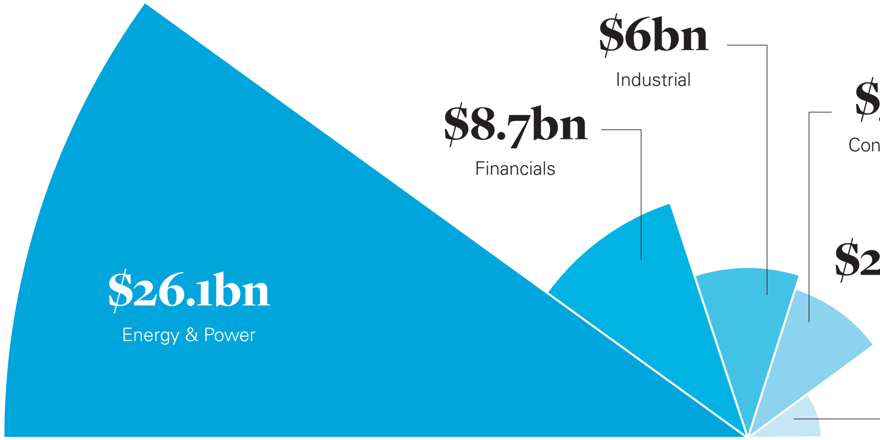
Moreover, deal volumes have been in line with years past. Relatively steady activity has, in part, been supported by the robust rate of privatisations—not to mention the bread and butter of the country's M&A landscape: the middle market. Three-quarters of the transactions in 2014 were below US$50 million; Turkey doesn't see a surplus of marquee, big-number deals.

Headwinds in the form of a steadily deflating Turkish lira actually scuppered last year's largest M&A deal, the sale of national lottery administrator Milli Piyango for US$3.2 billion, though it appears that an alternative bidder is stepping in. Other roadblocks to a favourable landscape include general liquidity constraints in emerging markets, in-country elections, uncertain eurozone growth and, in a word, Russia.

As for a drop in the country's favour in the eyes of outside dealmakers, and contrary to any definitive indications, foreign investors are originating nearly half the deals in Turkey, with Europeans leading the charge. We also observe private equity players enjoying some healthy exits, as KKR, GE Energy and Ashmore have all cashed out of Turkish investments of late. ■

Top five active sectors by ranking value of deals* across Turkey

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in Turkey

Our offices in Istanbul and Ankara have been established since 1985, but have been active in the market since 1978. We focus on M&A, corporate law, corporate finance (including capital markets, bank finance and project finance), power projects, infrastructure, real estate, privatisation and dispute resolution.

"The quality of this team's advice is great from a technical standpoint, as well as being thorough and precise."

Chambers Europe 2015

Contact

Ashley Ballard
Head of Corporate/M&A
Turkey

T +90 212 355 1346
E aballard@whitecase.com

LON0215033-3

M&A Attractiveness Index—United Kingdom

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, the United Kingdom is now ranked fifth out of a total of 147 countries in terms of its attractiveness for M&A purposes (i.e., its ability to attract and sustain business activity).

The United Kingdom is still in the top five most attractive countries for M&A. The six-year trend data track the United Kingdom as achieving its highest rank of third most attractive country in both 2013 and 2012.

Market challenges

Although the United Kingdom has maintained a top ten ranking over the six years of data, its main challenge is the below par percentage it scores in the socioeconomic factors, particularly regarding its population demographic.

Market strengths

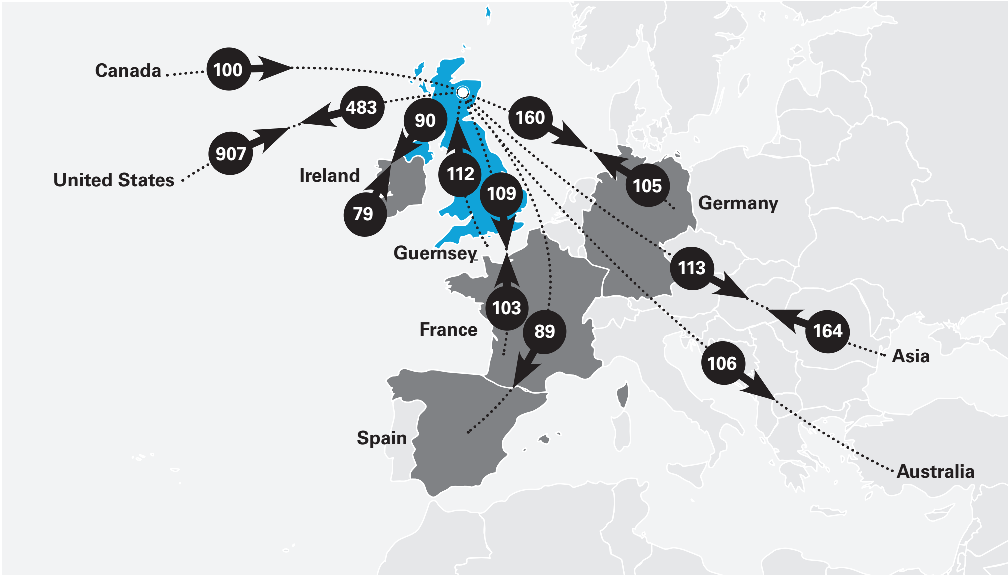
On the positive side, the market strengths have consistently increased over the years in both infrastructure and assets, as well as in the technology sector. The United Kingdom now scores very highly in these categories (both at 93 percent). ■

> **"The United Kingdom has maintained a top ten ranking over the six years of data**

Ranked
5th
out of 147 countries

Inbound and outbound investment flows for the United Kingdom*

* Number of deals 2012 – 2014

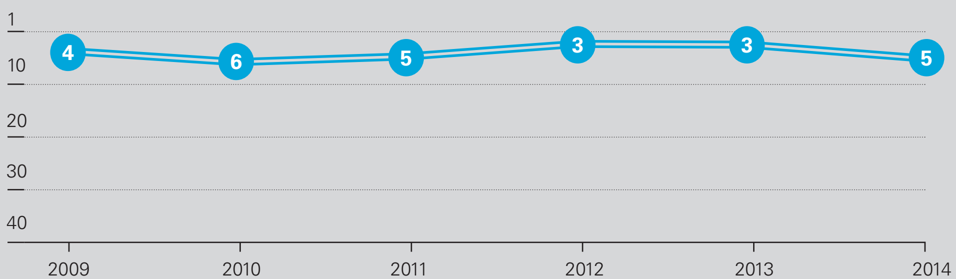


Source: Thomson Financial

For the United Kingdom, the largest and most important market, both in terms of inbound and outbound M&A deals, is the United States. Over 20 percent of the deals from the United States to the United Kingdom, and 22 percent of the deals from the United Kingdom to the United States, were in the professional services and software sectors. Asia is also an important market for inbound and outbound M&A deals.

In terms of Europe, deal flow between the United Kingdom and Germany is one of the most significant. Regarding sectors, UK companies are more likely to buy German companies that operate in the construction (nonresidential or industrial) and other industries, while German companies invest in UK chemicals and professional services companies. ■

Attractiveness ranking for M&A purposes—United Kingdom



Source: M&A Attractiveness Index, Cass

Perhaps it isn't especially telling that the United Kingdom's M&A Attractiveness Index ranking has moved a few positions from year to year given that the country sits in the top five or ten globally. And with US$45 billion worth of inbound M&A transactions in the first quarter alone, sentiment is good, deal volumes are robust and confidence has returned.

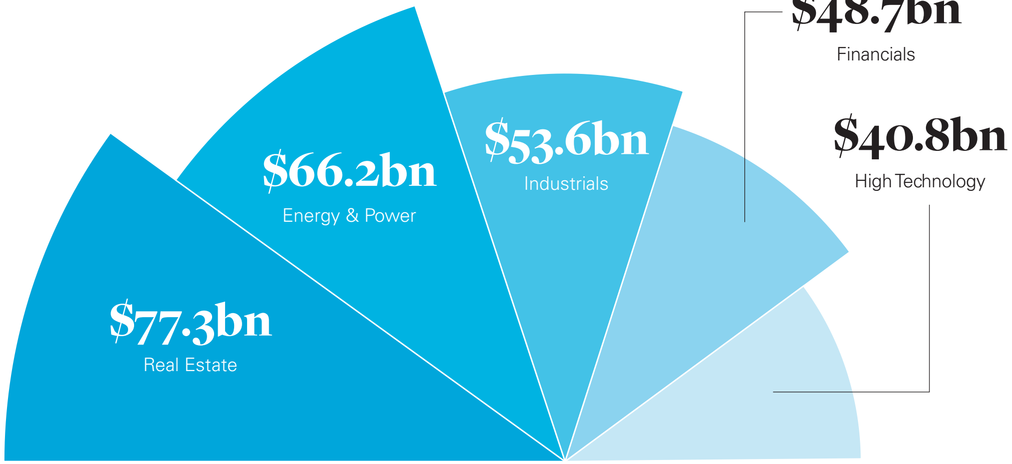
According to EY, over half of British companies intend to make acquisitions this year—a rather bullish state of affairs. Corporate earnings are healthy, cash stores are ample and loose European monetary policy is keeping rates low, making it that much easier for dealmakers. Expectations for the Bank of England to raise interest rates before 2016 are nil. These auspicious fundamentals conspire with a British business community that is emerging from years of uncertainty and defensiveness with strong balance sheets and a readiness to look outward. For the moment, the lack of a funding gap, which is to say the notional difference between the price that buyers and sellers are willing to accept, means the stars are aligned for M&A.

GlaxoSmithKline sold its oncology division to Novartis for £8.6 billion, Carphone Warehouse and Dixons Retail effected their £3.8 billion merger and US concern Alcoa bought British jet engine expert Firth Rixson for nearly £3 billion. As private equity divests itself of assets and takes profits after a long period of wait-and-see, the inventory of attractive targets increases in turn. Innovation itself produces opportunities, and companies will be keen to buy or merge their way into a competitive advantage.

Post election, the business landscape is stable, confidence is on the upswing and companies are actively looking for opportunities. If the UK's M&A market is strong, it's primed to get stronger.

Top five active sectors by ranking value of deals* across the United Kingdom

*2009 – 2014
Deal values shown below in US$



Source: M&A Attractiveness Index, Cass

White & Case in the United Kingdom

With over 350 lawyers based in our London office, we are a significant player in the London deal market. We offer the full suite of services including mergers and acquisitions, financing, capital markets, regulatory, employment and tax.

"High-quality work—very forward-thinking and a lot of good ideas. We use them as strategic advisers."
Chambers UK 2015

Contacts

Ian Bagshaw
Co-heads Corporate/M&A
United Kingdom
T +44 20 7532 1575
E ibagshaw@whitecase.com

Richard Youle
Co-heads Corporate/M&A
United Kingdom
T +44 20 7532 1577
E ryoule@whitecase.com