



## I. MERGER AND ACQUISITION ACTIVITY POST BREXIT

The aftermath of Brexit seems to have dissipated from the forecasted tempest to fairwinds in capital markets. Following quick action by the UK Government, the appointment of the new Prime Minister Theresa May and a Cabinet focused on positive transition, the seas are much calmer than many had envisaged. Since Brexit our research indicates a total of 222 transatlantic transactions have been completed, of which 33% (73) are between the USA and the UK. We anticipate that Brexit will have some impact on the liquidity and volume of the transatlantic M&A market; however, based upon our further research in reviewing the number of completed transactions since the referendum has passed, any negative impact has been overstated. Table I details the merger and acquisition and private placement activity since the 24th June announcement of the results. The number and pattern of transactions announced post-Brexit suggests that there is value in the current economic conditions and there has not been an acute shortage of liquidity. Across all UK and EU transatlantic markets, there have been 182 total deals that have been announced after the Brexit vote, 112 of which have closed and another 70 that are pending completion. There have been a number of large cross border transactions announced post Brexit, including the Ball

Corporation (US) acquiring Rexam PLC (UK) for \$9 billion on 30/06/16, Danone's (France) announced acquisition of The WhiteWave Foods Company (US) for \$12.5 billion on 07/07/2016 and the announced acquisition of Arm Holdings (UK) for \$32 billion on 17/07/2016 by SoftBank.

**Table I: Transatlantic M&As and Private Placements Post Brexit**

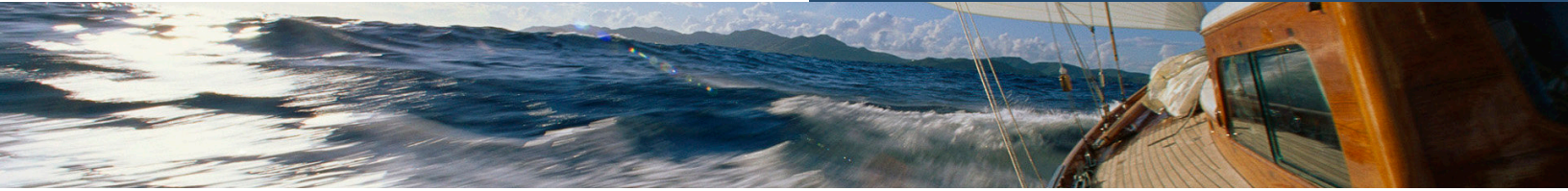
Acquirer	US	UK	US	EU	Total
Target	UK	US	EU	US	Deals
<b>Total Number of Transactions</b>	41	32	84	65	222
Announced Prior to Brexit & Closed Post Brexit	9	7	16	8	40
Announced Post Brexit & Closed Post Brexit	24	17	46	25	112
Announced Transactions (have not closed)	8	8	22	32	70
<b>Total Deal Value (\$mm)</b>	\$ 15,626	\$ 14,167	\$ 5,755	\$ 21,518	\$ 57,066
Minimum Deal Value (\$mm)	\$ 3.1	\$ 0.8	\$ 0.8	\$ 1.0	\$ 0.8
Maximum Deal Value (\$mm)	\$ 9,048	\$ 10,339	\$ 598	\$ 12,530	\$ 12,530
Average Deal Value (\$mm)	\$ 977	\$ 708	\$ 144	\$ 566	\$ 501
Number of Deals with Terms Disclosed	16	19	40	37	112
Percentage of Deals with Terms Disclosed	39%	59%	48%	57%	50%

Source: Winchester Capital Research

**Table II: Transatlantic M&As and Private Placements Post Brexit 2015**

Acquirer	US	UK	US	EU	Total
Target	UK	US	EU	US	Deals
<b>Number of Transactions Closed or Announced in 2015</b>	47	33	98	54	232
<b>Number of Transactions Closed or Announced in 2016</b>	41	32	84	65	222
<b>2016 Transaction % of 2015</b>	87%	97%	86%	120%	96%
<b>Total Deal Value (\$mm) in 2015</b>	\$ 3,887	\$ 2,905	\$ 5,693	\$ 4,708	\$ 17,192
Minimum Deal Value (\$mm)	\$ 1.9	\$ 4.2	\$ 0.1	\$ 0.3	\$ 0.1
Maximum Deal Value (\$mm)	\$ 1,068	\$ 1,500	\$ 3,030	\$ 1,215	\$ 3,030
Average Deal Value (\$mm)	\$ 149	\$ 161	\$ 150	\$ 131	\$ 146
Number of Deals with Terms Disclosed	26	18	38	36	118
Percentage of Deals with Terms Disclosed	55%	55%	39%	67%	51%

Source: Winchester Capital Research

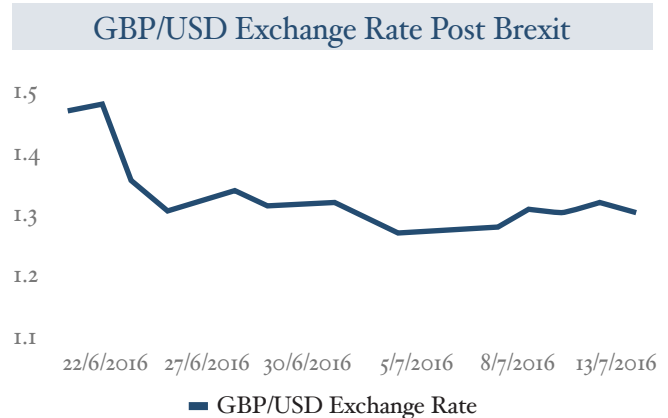


## II. POST BREXIT COMPARISON TO 2015 M&A ACTIVITY

The transaction volume from the comparable time period in 2015 (24 June -21 July, 2015) reflects only a marginal decline in transaction volume compared to 2016 to date. Remarkably, according to our research, M&A market activity remains on track. For the same period in 2015, there were approximately 96% of the number of transactions completed or announced in 2016. In transactions where EU firms have acquired US firms, the volume in 2016 is greater than the volume in 2015. Comparing the total announced deal value amount in each year, 2016 to date (\$57 billion) is over 230% greater than 2015 (\$17 billion).

## III. BREXIT'S IMPACT ON GBP/USD FOREIGN EXCHANGE RATE

The day that the Brexit vote passed, the GBP/USD exchange rate decreased to \$1.36 from \$1.48 from the day prior, a decrease of nearly eight percent. The rate continued to decrease to \$1.29 on 06 July 2016, a decrease of over twelve percent from the pre-Brexit exchange rate. With analysts forecasting that the exchange rate will decrease to \$1.20 by the end of the year, there could be considerable opportunity for US firms to acquire UK firms at a USD price markedly lower than pre-Brexit conditions. We believe that there is underlying strength in the UK economy and do not foresee an extended period of depressed sterling. There is incredible value for firms who wish to leverage the buying power of the dollar in transatlantic markets. However, we feel this window of opportunity will have to be seized upon before these unprecedented conditions change.



### ABOUT THE AUTHOR DR. DAVID BOWEN

Winchester Capital is pleased to announce the addition of David Bowen, Ph.D. to our team of transatlantic professionals. A native of Massachusetts, David is a cum laude graduate of Bryant University and achieved his Masters of Business Studies in Corporate Finance and Accounting from University College, Cork, (Ireland) where he also received his Doctorate in Finance. Dr. Bowen is a published author in *The Journal of Trading* and also *The European Journal of Finance*. Dr. Bowen's previous career experience included positions at Brown Brothers Harriman & Co. and Bridgewater Associates.

### ABOUT WINCHESTER CAPITAL

Since 1986, Winchester Capital has focused on our four pillars: Integrity, Heritage, Insight and Perseverance. We offer professional advisory services and asset management with a record of transactions in 40 countries. In 2015, we received the Distinguished Award for Boutique Investment Banking Firm of the Year. We excel in direct transaction research, initiation and execution. For companies that are considering an acquisition or disposal transaction or would like to explore the merits of a possible deal, please contact our Director of Communications, Ms. Pippa Smith at [Pippa.Smith@WinchesterCapital.com](mailto:Pippa.Smith@WinchesterCapital.com). For further information on this research please visit [winchestercapital.com](http://winchestercapital.com) or contact our Director of Global Research, Dr. David Bowen at [David.Bowen@WinchesterCapital.com](mailto:David.Bowen@WinchesterCapital.com).

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