



I. RESILIENCY IN THE M&A MARKET

Fueled by low-cost debt, buoyant public equity markets and pent-up demand from record fundraising prior to the pandemic, global M&A activity has surged to \$4.4tn in transaction volume through the first three quarters of 2021. This represents a more than 10% increase to the 2020 full-year value of \$4.0tn. For the full-year, global total transaction deal value and volume is forecasted to be more than 106,000 transactions or \$5.93tn in transaction deal value. As travel restrictions subside, private equity firms are looking to deploy capital that was held on reserve during the start of the pandemic. Equally, public companies are continuing to search for areas of non-organic growth in adjacent sectors and geographies. SPAC issues reached all-time highs in the number of IPOs fueling an active market. Through mid-November there have been 541 SPAC IPOs with total gross proceeds of \$147.6bn. This represents a 118% increase in the number of SPAC IPOs (248) and a 77.1% increase over total gross proceeds of \$83bn raised in 2020.

The most active geographic regions in terms of total deal value in 2021 were North America and Asia/Pacific, accounting for 50.0% (\$2.2tn) and 22.9% (\$1.0tn) of the global transaction deal value, respectively. When combined, these markets represent approximately 73% of the deal value globally in the first three quarters of 2021. The North American region has seen a tremendous recovery through the first three quarters of 2021 with a total transaction deal value of \$2.2tn. This represents a 30.7% increase over the full-year 2020 value of \$1.7tn.

The UK and European region continue to demonstrate high M&A activity. Total transaction deal value for the European region for the first three quarters of 2021 was \$957.6bn, an 8% increase over the full-year 2020 value of \$887bn. The UK continues to experience recovery following Brexit with \$272bn in transaction value to date in 2021 and volume of 5,236 transactions with focus in the energy, healthcare and consumer sectors.

The sectors demonstrating the highest international transaction values through the first nine months of 2021 are the financials (16.8%), information technology (14.5%), industrials (12.4%) and healthcare (11.5%). Together, these sectors represent more than 55% of total transaction deal value, totaling over \$2.4tn.

We anticipate that the momentum of the first three quarters of 2021 will continue through the first half of 2022. However, should interest rates be increased to combat inflation, there could be a cooling of the stock and M&A Markets. In the United States, the Federal Reserve has signaled that there could be two interest rate increases in 2022 with the first being as early as July 2022.

Chart I: Global M&A Activity 2018-2021

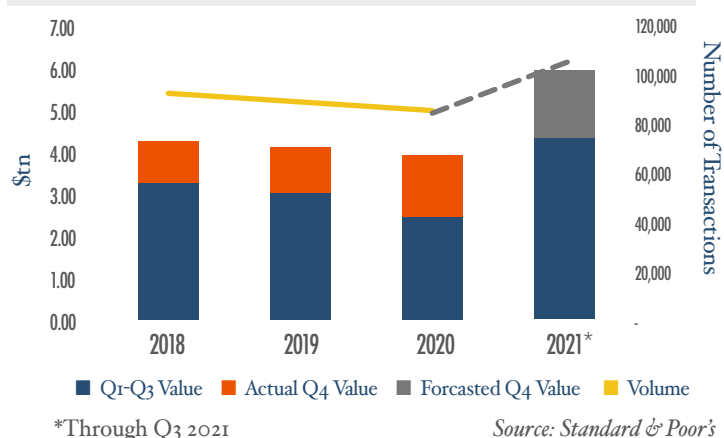


Chart II: Global M&A Activity by Region 2021

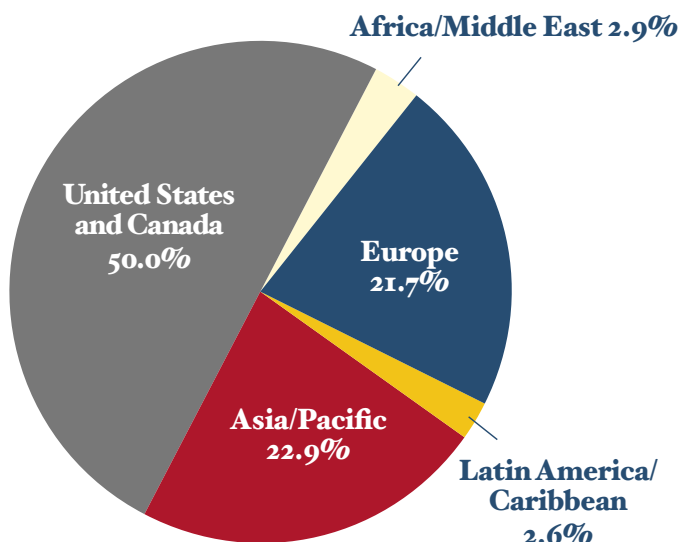
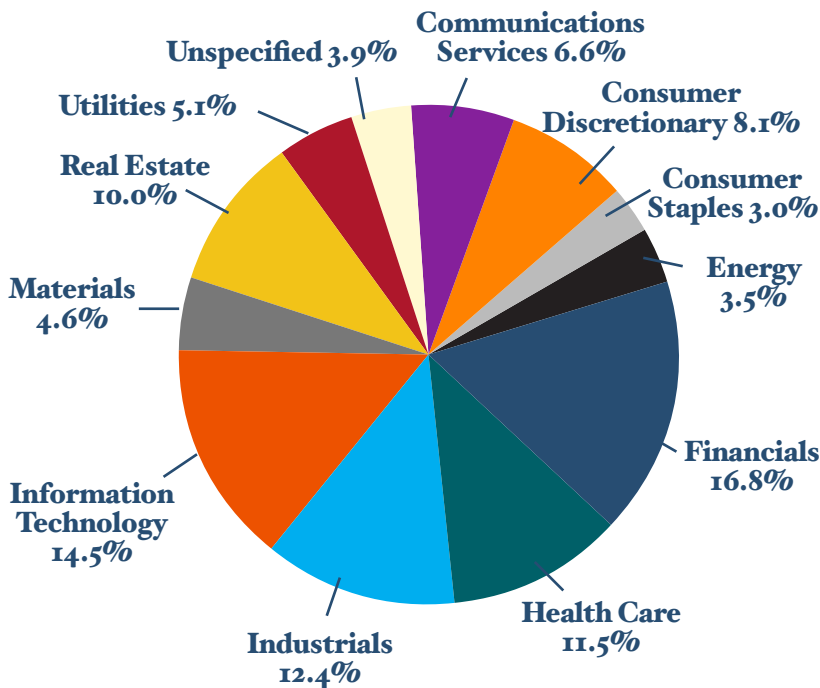




Chart III: 2021 Global M&A Transaction Value by Sector



*Through Q3 2021

Source: Standard & Poor's

II. GROWTH IN THE RENEWABLE ENERGY SECTOR

The renewable energy sector has seen tremendous resilience and growth through the first three quarters of 2021. As governments around the world continue to focus on the energy transition from fossil fuels to renewable energy, the renewable energy sector is forecasted to have significant growth in volume and value in 2021. Total transaction value is forecasted to increase by 11% to \$61.1bn and total transaction volume is forecasted to increase by 21% in 2021 to 1,461 transactions. The sectors with the highest concentration of total transactions through the first three quarters are the solar (42.3%) and the wind sectors (21.4%). Geographically, Europe and the Asia Pacific sectors report the most activity with 39.3% and 32.1% of total transaction deal volume, respectively.

We expect continued growth in the renewable M&A market driven by: (i) increasing activity from private equity and infrastructure fund players, (ii) the adoption of creative transaction structures (i.e., joint ventures) and (iii) expansion of traditional oil and gas companies into the renewable energy sector.

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