

Intralinks[®] Deal Flow Predictor

Our quarterly prediction of future trends in the global M&A market

Forecast of global M&A activity through Q2 2018



Includes a spotlight feature on post-merger integration and an interview with Professor Scott Moeller, Director of the M&A Research Centre at Cass Business School, and Philip Witchelo, Vice President of Intralinks, discussing the findings of their recently published research study "Abandoned Acquisitions: Why do some deals fail to complete?"

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Welcome to the latest edition of the Intralinks Deal Flow Predictor report. The Intralinks Deal Flow Predictor forecasts the volume of future merger and acquisition (M&A) announcements by tracking *early-stage* M&A activity – sell-side M&A transactions across the world that are in preparation or have begun their due diligence stage. These early-stage deals are, on average, six months away from their public announcement.

Along with our forecast of announced M&A activity for the next six months, this issue of the Intralinks Deal Flow Predictor includes:

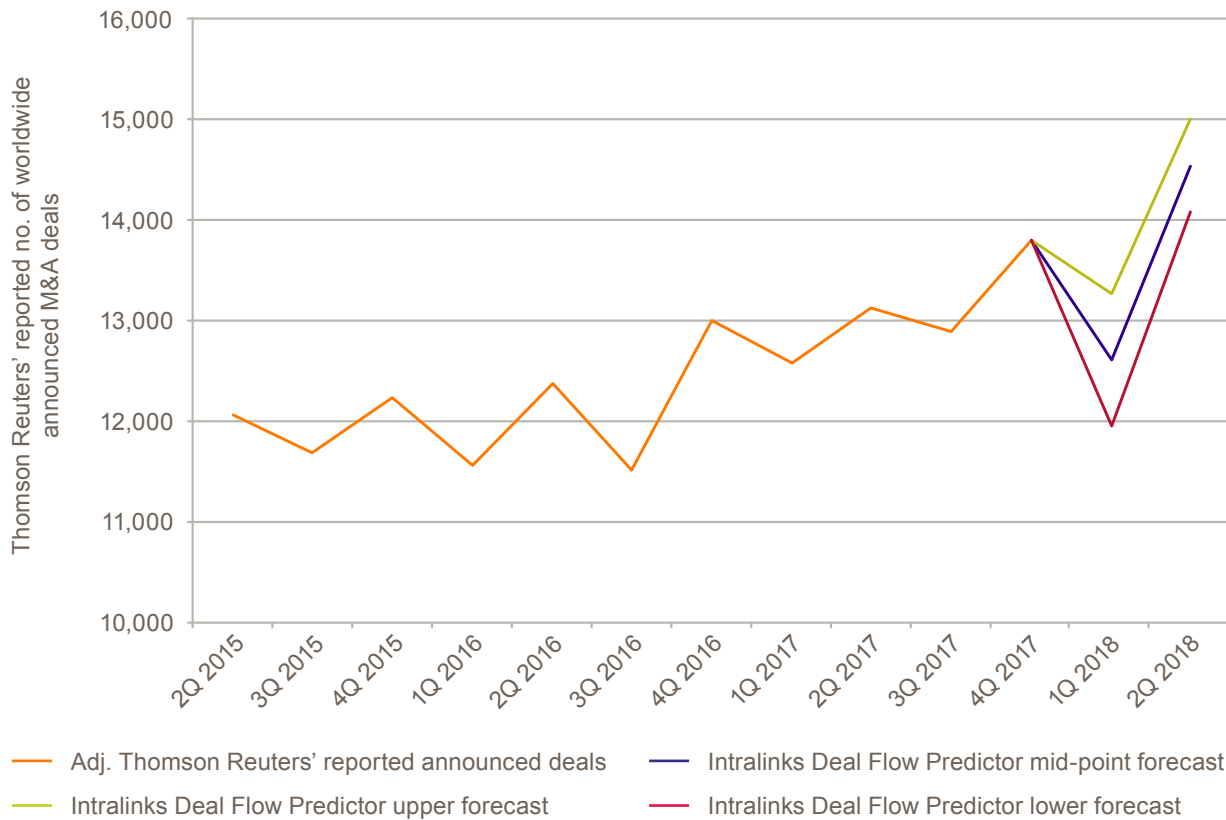
- Regional commentary on early-stage M&A activity
- Our regional sector “heat map”, that indicates the industries by region that we predict will show the greatest increases and decreases in announced M&A transactions over the next six months
- A spotlight feature on post-merger integration and its impact on deal success
- An interview with Professor Scott Moeller, Director of the M&A Research Centre at Cass Business School, and Philip Whitchelo, Vice President of Intralinks, discussing the findings of their recently published research study “Abandoned Acquisitions: Why do some deals fail to complete?”

Intralinks is the leading financial technology provider of software and services, including virtual data rooms (VDRs), for the global banking, dealmaking and capital markets communities and has been in business for over 21 years. Our solutions support buy-side and sell-side M&A deal management, alternative investments fundraising and investor reporting, debt and equity capital raising, syndicated loan management, as well as banking, securities and legal collaboration. Our involvement in the early stages of a significant percentage of the world’s M&A transactions gives us unique insight into the expected volume of future announced M&A deals.



Worldwide announced deal volume forecast

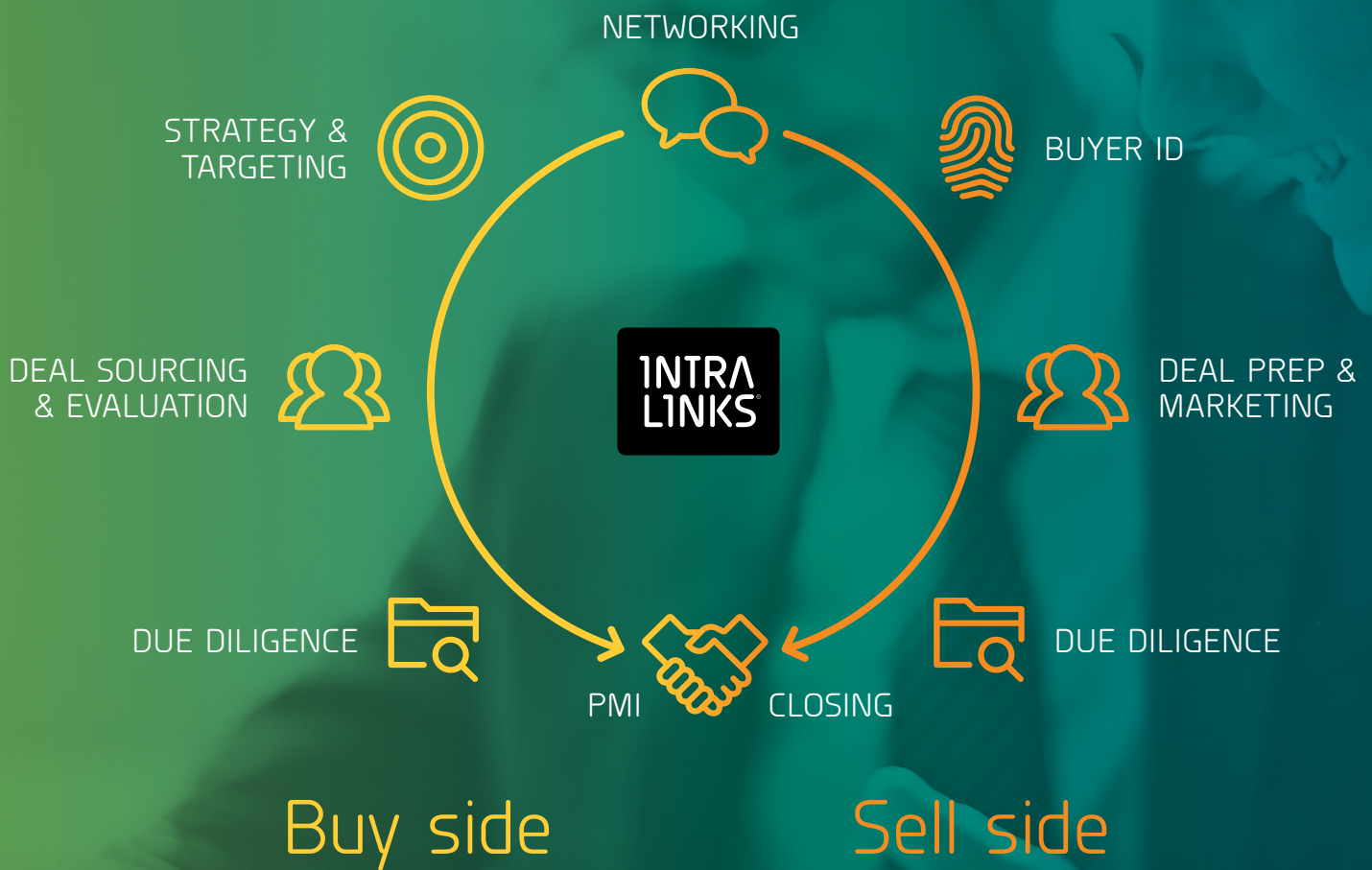
Intralinks' forecast of Thomson Reuters' future reported volume of worldwide announced M&A deals for the next two quarters



The **Intralinks Deal Flow Predictor** has been *independently verified*¹ as an accurate six-month forecast of future changes in the worldwide volume (number) of announced M&A transactions, as reported by Thomson Reuters. The Thomson Reuters data on announced deal volumes for the past four quarters has been adjusted by Intralinks for expected subsequent changes in reported announced deal volumes in Thomson Reuters' database.

^[1] <https://www.intralinks.com/resources/publications/intralinks-dfp-explained>

Intralinks for the deal lifecycle



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Matt Porzio

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Worldwide *early-stage* M&A activity in Q4 2017 increased by 12 percent year-over-year (“YOY”)², more than double the rate of YOY growth in the preceding two quarters and the highest rate of growth since Q1 2017. At the same time, according to data from Thomson Reuters and Intralinks’ own analysis, the number of worldwide M&A deals that were *announced* in Q4 2017 increased by 6 percent YOY.³

Based on these data points, our predictive model is forecasting that the number of worldwide announced M&A deals in 1H 2018 is expected to increase by around 6 percent compared to 1H 2017⁴, with a range between 1 percent and 10 percent. The mid-point of our forecast is for over 27,000 worldwide announced M&A deals in 1H 2018, a new record for worldwide annual first half announced deal count. Data from Thomson Reuters has also confirmed our prediction, made in July 2017, that the number of worldwide announced M&A deals for the full year 2017 would exceed 50,000, also a new annual record.

Worldwide, over the next six months, the strongest growth in deal announcements is expected to come from the Consumer & Retail, Industrials and Healthcare sectors.

In Asia Pacific (“APAC”), the number of announced M&A deals in 1H 2018 is predicted to increase by around 14 percent YOY, with a range between 7 percent and 21 percent. Over the next six months, the strongest growth in APAC deal announcements is predicted to come from North Asia (China, Hong Kong and South Korea), India, Southeast Asia and Australia, and from the Energy & Power, Industrials and Materials sectors.

In Europe, the Middle East & Africa (“EMEA”), the number of announced M&A deals in 1H 2018 is predicted to increase by around 3 percent YOY, with a range between -2 percent and 8 percent. Over the next six months, the strongest growth in EMEA deal announcements is predicted to come from the Middle East & Africa, Eastern Europe and Northern Europe, and from the Healthcare, Materials and Consumer & Retail sectors.

In Latin America (“LATAM”), the number of announced M&A deals in 1H 2018 is predicted to fall by around 4 percent YOY, with a range between -16 percent and 9 percent. Over the next six months, the strongest growth in LATAM deal announcements is predicted to come from Peru, Mexico and Brazil, and from the Financials, Healthcare and Technology, Media & Telecoms (“TMT”) sectors.

In North America (“NA”), the number of announced M&A deals in 1H 2018 is predicted to be around 5 percent lower YOY, with a range between -14 percent and 3 percent. Over the next six months, the strongest growth in NA deal announcements is predicted to come from the Industrials, Healthcare and TMT sectors.

² Unless stated otherwise, all references to year-over-year percentage growth in early-stage M&A activity as shown by the Intralinks Deal Flow Predictor refer to the percentage difference in the number of early-stage M&A deals compared to the same period one year prior.

³ http://dmi.thomsonreuters.com/Content/Files/Global_MNA_Financial_Advisors_2017.pdf. The Thomson Reuters data on the number of announced deals for the past four quarters has been adjusted by Intralinks for expected subsequent changes in reported announced deal volumes in Thomson Reuters’ database.

⁴ Unless stated otherwise, all references to year-over-year percentage growth in the expected number of announced M&A deals refer to the percentage difference in the expected number of announced deals compared to the same period one year prior.

**Philip Whitchelo**

Vice President, Strategic Business Development
Intralinks

In 2017, the worldwide M&A market completed its fourth consecutive year of annual growth, with the number of announced deals rising by 8 percent YOY. The increase in dealmaking activity was not evenly spread, however: in NA and APAC, the numbers of announced deals rose by 26 percent and 7 percent YOY, respectively, whereas in EMEA and LATAM, they fell by 3 percent and 1 percent YOY, respectively.

Worldwide M&A activity also looks set for a strong start in 2018, with our own Intralinks Deal Flow Predictor forecasting up to 10 percent YOY growth in the number of announced deals in 1H 2018. The dealmaking environment continues to be supported by a combination of a pickup in global economic growth, moderate inflation in advanced and emerging economies, buoyant asset markets and historically low interest rates.

Global economic growth prospects were confirmed by the International Monetary Fund (“IMF”) in its January 22 *World Economic Outlook Update*⁵. The IMF is forecasting world economic growth of 3.9 percent in both 2018 and 2019, the strongest such increase since 2010, with advanced economies, emerging markets and developing economies all contributing to a synchronized global growth upsurge.

The risks to the scenario of a fifth consecutive year of increasing M&A activity are twofold: political and financial. Increases in economic nationalism, protectionism and restrictions on global trade and cross-border economic integration all have the potential to negatively affect dealmaking sentiment. With global equity markets at record highs, and nine years since the last major trough, a correction that turns into a more serious sell-off could also prove negative for dealmaking confidence.

Asia Pacific

In APAC, according to the latest Intralinks Deal Flow Predictor data, early-stage M&A activity in Q4 2017 increased by 13 percent YOY. At the same time, according to data from Thomson Reuters and Intralinks’ own analysis, the number of announced M&A deals in APAC in Q4 2017 rose by 14 percent YOY. Based on this data, our predictive model is forecasting that the number of announced M&A deals in APAC in 1H 2018 is expected to increase by around 14 percent YOY.

⁵ <http://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>

All APAC regions, except Japan, are showing double-digit increases in their volumes of early-stage M&A activity, with North Asia (China, Hong Kong and South Korea), India, Southeast Asia and Australia making the strongest contributions to APAC's growth. In Japan, early-stage M&A activity fell by 2 percent YOY in Q4 2017. Japan has seen declining levels of early-stage M&A activity in three out of the last four quarters. Despite political volatility on the Korean peninsula and in Myanmar, for most of the APAC region, strengthening global economic demand and supportive fiscal and monetary policy actions are driving vigorous economic growth and increasing dealmaking confidence.

The Energy & Power, Industrials and Materials sectors are predicted to lead the growth in APAC M&A announcements over the next six months.

Europe, the Middle East & Africa

In EMEA, according to the latest Intralinks Deal Flow Predictor data, early-stage M&A activity in Q4 2017 increased by 14 percent YOY, the fastest rate of growth for six quarters. At the same time, according to data from Thomson Reuters and Intralinks' own analysis, the number of announced M&A deals in EMEA in Q4 2017 fell by 2 percent YOY. Based on this data, our predictive model is forecasting that the number of announced M&A deals in EMEA in 1H 2018 is expected to increase by around 3 percent YOY.

In EMEA, two of the region's largest M&A markets, Germany and France, saw double-digit YOY declines in the number of announced M&A deals in 2017. In the UK, despite the uncertainty surrounding the Brexit negotiations, the number of announced M&A deals rose by 14 percent YOY in 2017.

We are predicting a recovery in French deal announcements in 1H 2018, as early-stage M&A activity in that country has risen by 7 percent over the past six months. Germany, however, looks set for further disappointment in 1H 2018, as early-stage M&A activity has fallen by 18 percent over the past six months, suggesting that the number of announced deals in 1H 2018 will be less than in the same period last year. The UK looks set for modest growth in 1H 2018, with early-stage M&A activity having risen by 4 percent over the past six months. We expect the strongest growth in EMEA deal announcements in 1H 2018 to come from the Middle East & Africa, Eastern Europe and Northern Europe, with these regions showing double-digit increases in early-stage M&A activity over the past six months.

The Healthcare, Materials, and Consumer & Retail sectors are predicted to lead the growth in EMEA M&A announcements over the next six months.

Latin America

In LATAM, according to the latest Intralinks Deal Flow Predictor data, early-stage M&A activity in Q4 2017 increased by 43 percent YOY. At the same time, according to data from Thomson Reuters and Intralinks' own analysis, the number of announced M&A deals in LATAM in Q4 2017 fell by 19 percent YOY. Based on this data, our predictive model is forecasting that the number of announced M&A deals in LATAM in 1H 2018 is expected to decrease by around 4 percent YOY, due partly to a strong 1H 2017 comparison period.

Early-stage M&A activity in LATAM has increased YOY for five consecutive quarters, confirming the region's return to growth. According to the IMF's latest *World Economic Outlook Update*⁵, the region's economic recovery is expected to strengthen, with growth of 1.9 percent in 2018 and 2.6 percent in 2019. Growth prospects for the region reflect increasing consumption and a firmer recovery in Brazil, economic and monetary reforms in Argentina, energy-sector liberalization in Mexico, as well as improving commodity prices and stronger demand from the US.

The Financials, Healthcare and TMT sectors are predicted to lead the growth in LATAM M&A announcements over the next six months.

North America

In NA, according to the latest Intralinks Deal Flow Predictor data, early-stage M&A activity in Q4 2017 rose by 5 percent YOY. At the same time, according to data from Thomson Reuters and Intralinks' own analysis, the number of announced M&A deals in NA in Q4 2017 increased by 9 percent YOY. Based on this data, our predictive model is forecasting that the number of announced M&A deals in NA in 1H 2018 will decrease by around 5 percent YOY, due to an exceptionally strong 1H 2017 comparison period.

Supportive fiscal conditions, a booming US equity market and strong business and consumer confidence are all contributing to the current buoyant NA M&A market. A sweeping overhaul of US corporate and personal taxation, passed by the US Congress in December, is also expected to stimulate growth and M&A activity. These fiscal reforms contrast with increasing protectionist measures by the Trump administration, which could prove negative for M&A, such as the increasingly bitter negotiations between the US, Canada and Mexico over the future of the 24-year-old North American Free Trade Agreement and steep tariffs on imports of some aircraft, solar panels and washing machines announced by the Trump administration in the past four months.

Our YOY growth predictions for the number of announced M&A deals in 1H 2018



APAC

Mid-point forecast: +14%
High forecast: +21%
Low forecast: +7%



EMEA

Mid-point forecast: +3%
High forecast: +8%
Low forecast: -2%



LATAM

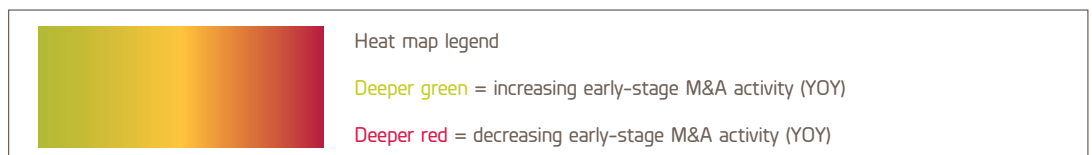
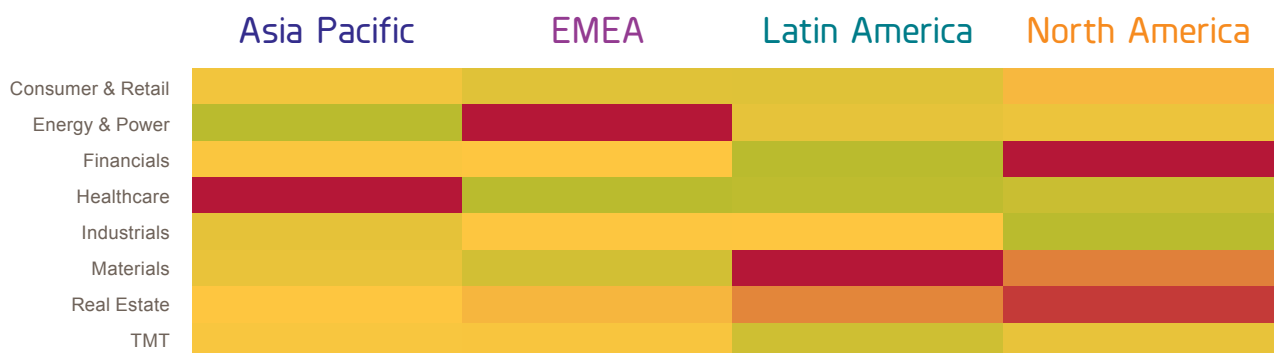
Mid-point forecast: -4%
High forecast: +9%
Low forecast: -16%



NA

Mid-point forecast: -5%
High forecast: +3%
Low forecast: -14%

Regional sector heat map: Our prediction for growth in M&A deal announcements over the next six months





facilitating over
US\$34+ trillion in
transactions

**Ben Collins**

Director, Corporate Development Product Marketing
Intralinks

Most M&A transactions complete with a sense of euphoria and promises of revenue synergies, cost-savings and increased shareholder value. However, over and over we hear stories of “failed deals”, deals that, while making it over the finishing line, never achieve the targets set when they were announced. Indeed, the M&A history books are full of stories about deals that destroyed value, ranging from the merely disappointing to the catastrophic.

With any merger or acquisition, closing the deal is just the first step in achieving value. Experts agree, the key to a successful deal lies in a comprehensive post-merger integration (PMI) process that is developed as early in the deal as possible and put into place on day one of the deal completing.

In a [series of posts](#)^{6, 7, 8} on Intralinks’ blog, Danny A. Davis, an expert in post-merger integration, discusses essential steps and best practices for M&A practitioners to follow to ensure a successful PMI process and the realization of the anticipated value from the deal.

Davis argues that the timing of integration is critical – the earlier you begin, the earlier you can deliver on projected synergies. Integration planning should start many months before the deal is closed, with team mobilization typically beginning once the deal is announced. He further argues that educating your team is key. The integration team needs to know and be comfortable with what they need to deliver and how their deliveries interact across other workstreams. Coordinating a broad pool of cross-functional teams is challenging, but it’s critical to success. An efficient way to manage this complex process is to define a clear set of integration goals and match numbers (synergies) with people. He concludes by saying that timing, education and delivery are imperative for having a successful M&A integration process.

However, one of the primary challenges that organizations face as they prepare a plan for PMI, is accessing critical and confidential information that neither party is willing to, or can legally, share with the other before the deal officially closes. In [another blog post](#)⁹, I shared how businesses can overcome this challenge through the use of a virtual data room as a “clean room”.

I wrote that, while the acquiring company will conduct detailed due diligence on the target, there is a limit as to what information is made available in the virtual data room. As many of these M&A transactions are conducted through an auction process, it is sensible to err on the side of discretion when sharing information during the early stages of the due diligence process. After all, every potential acquirer that either passes on the opportunity or is eliminated from consideration will be a likely competitor once the deal is closed.

^[6] <https://blogs.intralinks.com/2016/02/delivering-growth-during-ma-integration/>

^[7] <https://blogs.intralinks.com/2016/03/mobilising-ma-integration/>

^[8] <https://blogs.intralinks.com/2016/05/delivering-synergies-in-ma-integration/>

^[9] <https://blogs.intralinks.com/2016/01/accelerating-post-merger-integration-clean-rooms/>

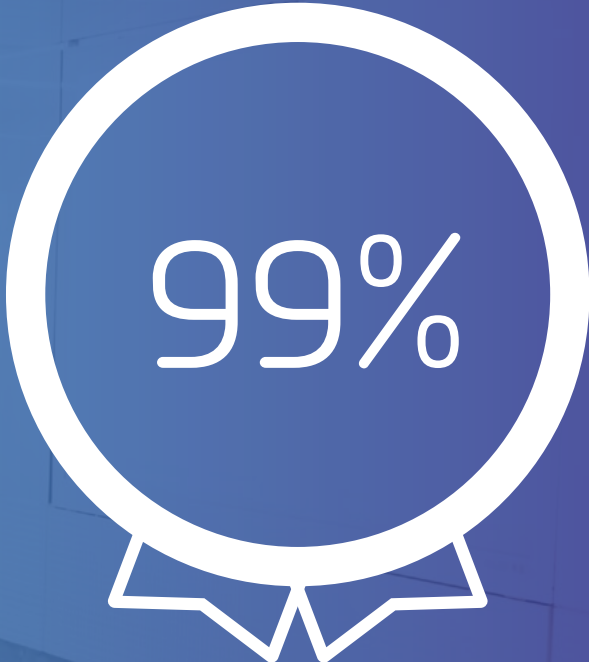
While this secrecy alleviates the seller's concerns around information security, it is a cause for consternation to those tasked with leading the potential integration efforts should the deal be consummated. In the eyes of this team, any gaps in due diligence are red flags and are viewed as risks – there's fear in the unknown.

One tactic that can help fill some of the knowledge gaps is the establishment of an online clean room. The clean room serves as a standalone environment where sensitive information is posted by both parties, and the contents are only accessible to a select set of individuals – typically a third-party consultant or legal advisor. Otherwise known as the “clean team”, this group has unfiltered access to pivotal information – that could influence the probability of a deal being a success or a failure. Obviously, the clean team is bound by strict rules of disclosure; but after assessing the data through a neutral lens they can provide guidance to both sides on the likelihood of synergy attainment and assess whether there are major integration risks.

Clean rooms are often used in deals that are extremely sensitive in nature. For instance, when two dominant players in the same market announce a merger, antitrust concerns are brought to the forefront to ensure that the outcome of the deal does not create a monopoly. As an example, the Hart-Scott-Rodino Antitrust Improvements Act mandates that companies must not complete mergers, acquisitions or transfers of securities or assets until a filing with the US Federal Trade Commission and Department of Justice is concluded. Even after the preliminary deal announcement, parties can carry out due diligence and plan for PMI, but they must still operate as two separate business units, and importantly still vigorously compete, to ensure that potentially anti-competitive business material isn't mingled.

Utilizing a clean room can be viewed as a win-win – it provides the acquirer with a head start on the PMI process and it offers the seller protection if the deal falls through.

So, when it comes to PMI and ensuring a successful transaction, the key is early and detailed preparation and making the most of the technology and tools available.



of the Fortune 1000
have used Intralinks



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*Scott Moeller is the Director and founder of the M&A Research Centre at Cass Business School where he is also a Professor in the Practice of Finance. Scott is widely published as an author and co-author, including **Why Deals Fail & How to Rescue Them: M&A Lessons for Business Success** (Economist Books, September 2016), and the award-winning **Intelligent M&A: Navigating the Mergers and Acquisitions Minefield** (John Wiley & Sons, 2nd edition, May 2014). Prior to his teaching and research, Scott was at Deutsche Bank in London for six years in several senior banking positions. He worked first at Booz Allen & Hamilton management consultants for over five years and then at Morgan Stanley for over 12 years in New York, Japan, and then as co-manager of Morgan Stanley in Germany.*

Philip Whitchelo is a Vice President of Intralinks, responsible for strategic business development. He is a member of the advisory board of the M&A Research Centre at Cass Business School. Prior to joining Intralinks in 2010, he worked for 17 years in M&A investment banking, corporate finance and management consulting. He began his career at Deloitte in London in the financial services practice and has also worked at NatWest Markets Corporate Finance, Dresdner Kleinwort Wasserstein, in corporate development for The Rank Group plc, as well as founding an M&A consulting firm.

In 2016, 7.2 percent of worldwide announced M&A deals failed to complete – the highest rate of deal failure since 2008, the start of the global financial crisis. Why are some deals more likely than others to fail? What factors are significant predictors of deal failure? What can acquirers and targets do to increase the likelihood of successful deal completion?

Seeking to answer these questions, Intralinks and the M&A Research Centre at the University of London's Cass Business School recently published a report detailing the findings of a very large, long-term research study into abandoned acquisitions. In this issue of the Intralinks Deal Flow Predictor, Intralinks (IL) interviewed two of the authors of the report, Professor Scott Moeller (SM) and Philip Whitchelo (PW). They talk us through some of the key findings and discuss potential strategies that acquirers and targets may wish to consider, increasing the likelihood of their transactions proceeding to completion.

IL: *Could you begin by outlining your most recent piece of research and what prompted it?*

PW: Intralinks has been in business for over 21 years, helping the global M&A dealmaking, capital markets and alternative investments communities execute their most important transactions. We aim to be a thought leader in our industry and publish several high-quality pieces of in-depth research every year on topics that are of interest to our customers. We have had a very successful collaboration with Cass Business School since 2009 and have jointly published several studies looking at topics such as M&A deal leaks, due diligence, shareholder value from M&A and what makes an attractive acquisition target. We decided it would be interesting to pivot away from deal success to deal failure. Our latest study analyses acquisitions which were announced but subsequently failed to complete. Failed deal completions impose significant deadweight and reputational costs on acquirers and targets. We wanted to see if we could identify the significant predictors of deal failure and thereby formulate some strategies and tactics that acquirers and targets could use to try to increase the likelihood of successful deal completion.

SM: We had seen anecdotal evidence in the market that deal failure rates were creeping up and wanted to know if it was a real trend and, if so, why.

IL: *Could you put the current levels of abandoned acquisitions into a historical context?*

SM: Sure. In 2016, 7.2 percent of worldwide announced M&A deals failed to complete. That was the highest rate of deal failure since 2008, which was the start of the global financial crisis. If you ignore 2008, then 2016 saw the highest rate of failed deals since 1995.

PW: We also found that 2016 was the third consecutive year in which the worldwide rate of failed deals had increased. So, it seemed to us an ideal time to look at what was going on.

IL: *Can you explain the methodology you used for your study?*

SM: Our sample for the study comprised M&A transactions worldwide announced during the period 1992-2016, with a deal value of at least US\$50 million or where either the acquirer or target had revenues of at least US\$50 million. This gave us a very large set of deals and acquirers/targets to analyse: over 78,000 deals and over 100,000 acquirers/targets. Also, looking at acquisitions from 25 years of M&A activity meant that we could analyse data from five M&A cycles – making sure that our analysis was not biased toward any particular period. Using this data set, we investigated 30 deal-specific, company-specific and macro-level financial and non-financial factors to determine which, if any, were statistically significant predictors of deal failure.

PW: Following the completion of the research, we had some very interesting findings. We wanted to get the reactions to these from experienced M&A practitioners, so we also conducted interviews with 40 M&A professionals worldwide. Their insights were very valuable in enabling us to add some human colour and context to our findings.

IL: *What are the key findings of the research?*

PW: We found that public and private M&A deals have very different deal failure rates, and that there are five to six significant predictors of deal failure. The failure rate for acquisitions of publicly listed targets was over 11 percent, whereas for private targets it was less than 4 percent. The significant predictors of deal failure include break fees, size of transaction, initial reaction of the target, number of advisers on the deal, type of deal consideration and financial stability of the acquirer.

SM: The higher deal failure rates for public targets have several possible explanations. Public targets are governed by takeover rule disclosures that private targets are not. This can lead to premature disclosure in some situations, for example if the deal leaks to the market before the intended announcement. There are also often many more stakeholders to satisfy for a public target, including the presence of activist investors.

IL: *Could you tell me more about the significant predictors of deal failure that you found?*

PW: For public targets we found that target break fees (i.e., a fee paid by the target to the acquirer in the event of non-completion) were the most significant factor influencing the probability of deal failure. Deals that had a negotiated target break fee were 12 percent less likely to fail than deals without a target break fee. The second most significant predictor for public targets was the size of the target, both in absolute terms and relative to the size of the acquirer. Deals involving larger targets were more likely to fail. The third most significant predictor for public targets was the approach taken by the acquirer: hostile and unsolicited acquisitions had a more than 50 percent failure rate. Interestingly, we also found that the number of acquirer advisers influenced the probability of deal failure: increasing the number of acquirer advisers reduced the probability of failed completions by between 8 and 12 percent.

SM: For private targets we found that the relative size of the target compared to the acquirer was the most significant predictor, with acquisitions of relatively larger targets more likely to fail. The sweet spot seems to be targets which are around 25-30 percent the size of the acquirer. The rate of failed deal completions for these was below the average, whereas for targets larger than this deal failure rates were higher than the average. The second most significant predictor was the financial stability of the acquirer. We measured this by looking at the ratio of current assets to current liabilities of the acquirer's balance sheet – effectively this is a measure of the acquirer's ability to pay its day-to-day bills. We found that more financially stressed acquirers had significantly higher deal failure rates – something that targets should keep an eye on when considering the approaches of different suitors! Third, cash really is king! Deals where cash was the only form of consideration for the target had lower failure rates than deals with equity or cash/equity hybrid consideration. Lastly, acquirer break fees (i.e., a fee paid by the acquirer to the target in the event of non-completion) were found to reduce the probability of deal failure.

IL: *What was the most surprising finding?*

SM: For me, it was the finding that major, unexpected political events such as the terrorist attacks of September 11, 2001 or the UK's Brexit referendum vote did not increase M&A deal failure rates, whereas unexpected financial shocks, such as the Lehman Brothers bankruptcy in 2008 did significantly increase failed deal completions. Dealmakers seem to shrug off political crises, whereas financial crises, which affect liquidity, solvency and availability of financing, can have a severe impact.

PW: For me it was the finding that a higher number of acquirer financial and legal advisers significantly reduces the probability of deal failure. This finding was a case where the quantitative data and the qualitative responses from our interviews were opposed. The majority of the 40 M&A professionals that we interviewed thought that a higher number of advisers would not be beneficial for their deals, the most commonly cited reasons being extra costs, conflicting advice and the problem of coordinating multiple views. This really was an interesting example of how data can be used to challenge a commonly held view: the data does not lie!

IL: *Talk to us about break fees. How common are they and how successful are they?*

PW: Well, it depends on where you are. In North America, target break fees are used in over 50 percent of deals for public company targets. In Europe and Asia, it is a very different situation and we see them used in less than 5 percent of such deals. Some countries, notably the UK, have prohibited target break fees completely (although not acquirer break fees). Our research showed they are the most significant single factor influencing the probability of deal failure. Target break fees reduce the average probability of deal failure by 12 percent, compared to deals without break fees. That said, acquirer termination fees or reverse break fees have no significant effect on public target deal failure but do reduce private target deal failure.

SM: Break fees are designed by lawyers and bankers to incentivize the parties to complete agreed transactions, and they do work – as shown by the empirical evidence of our research.

IL: *How can M&A practitioners use this research to their practical advantage?*

PW: Our report, *“Abandoned Acquisitions: Why do some deals fail to complete?”*, actually contains practical recommendations, based on our findings, for how to increase the likelihood of successful deal completion. These include: use break fees, where possible, to align the interests of acquirer and target; avoid large, risky, transformational acquisitions in favour of smaller, strategic deals; take the time to woo your target – going hostile or unsolicited is high risk; and pay for the right advice.

SM: Don't bite off more than you can chew. Keep a healthy balance sheet, cash is king.

IL: *Finally, can you tell us if you are planning to publish any interesting M&A research in 2018?*

PW: So, in Q2 we will publish the 2018 Intralinks/Cass annual M&A deal leaks report. This looks at deals which leak prior to their public announcement, and the impact that has on the deal, as well as global regulatory responses to market abuse. And then we have a new research project where we are hoping to look at how gender and diversity within the senior management teams of companies affect M&A deal outcomes.

SM: This new project is still in its early stages, but we are looking forward to it very much as our preliminary research indicates some interesting findings.

IL: *Thank you for both for your time.*

The **Intralinks Deal Flow Predictor** provides Intralinks' perspective on the level of early-stage M&A activity taking place worldwide during any given period. The statistics contained in this report reflect the volume of VDRs opened, or proposed to be opened, through Intralinks and other providers for conducting due diligence on proposed transactions, including asset sales, divestitures, equity private placements, financings, capital raises, joint ventures, alliances and partnerships. These statistics are not adjusted for changes in Intralinks' share of the VDR market or changes in market demand for VDR services. These statistics may not correlate to the volume of completed transactions reported by market data providers and should not be construed to represent the volume of transactions that will ultimately be consummated during any period nor of the revenue or M&A deal volume that Intralinks may generate for any financial period. Indications of future completed deal activity derived from the Intralinks Deal Flow Predictor are based on assumed rates of deals going from due diligence stage to completion. In addition, the statistics provided by market data providers regarding announced M&A transactions may be compiled with a different set of transaction types than those set forth above.

To verify the predictive nature of the Intralinks Deal Flow Predictor, we compared the data underlying the Intralinks Deal Flow Predictor with subsequent announced deal volume data reported by Thomson Reuters to build an econometric model (using standard statistical techniques appropriate for estimating a linear regression model) to predict the future reported volume of announced M&A transactions two quarters ahead, as recorded by Thomson Reuters. We engaged Analysis & Inference ("A&I"), an independent statistical consulting and data science research firm, to assess, replicate and evaluate this model. A&I's analysis showed that our prediction model has a very high level of statistical significance, with a more than 99.9 percent probability that the Intralinks Deal Flow Predictor is a statistically significant six-month predictive indicator of announced deal data, as subsequently reported by Thomson Reuters. We plan to periodically update the independent statistical analysis to confirm the Intralinks Deal Flow Predictor's continuing validity as a predictor of future M&A activity.

The Intralinks Deal Flow Predictor report is provided "as is" for informational purposes only. Intralinks makes no guarantee regarding the timeliness, accuracy or completeness of the content of this report. This report is based on Intralinks' observations and subjective interpretations of due diligence activity taking place, or proposed to take place, on Intralinks' and other providers' VDR platforms for a limited set of transaction types. This report is not intended to be an indicator of Intralinks' business performance or operating results for any prior or future period. This report is not intended to convey investment advice or solicit investments of any kind whatsoever.

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Intralinks is a leading financial technology provider for the global banking, dealmaking and capital markets communities. As pioneers of the virtual data room, our technology enables and secures the flow of information, empowering our customers to work more productively and with complete confidence. Intralinks facilitates strategic initiatives such as mergers and acquisitions, capital raising and investor reporting. Our solutions enhance these activities by streamlining operations, reducing risk, improving client experiences and increasing visibility. We've earned the trust and business of more than 99 percent of the Fortune 1000 and have executed over \$34.7 trillion worth of financial transactions on our platform. For more information, visit www.intralinks.com.

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