

REDICTOR

JANUARY 2014

Appetite for deals climbs after strong H2

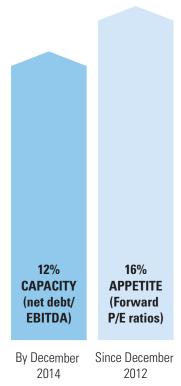
The world's largest corporates are expected to show a greater appetite for deals in 2014 compared to 12 months ago, according to analyst predictions.

Predicted forward P/E ratios (our measure of corporate appetite) in December 2013 were 16 percent higher than in December 2012. This reflects the last half of the year, which saw a 17 percent increase in forward P/E between June and December 2013. This was compared to a 1 percent fall in the previous 6 months, after concerns over the anticipated mid-year tapering of quantitative easing in the US.

The increase in appetite is matched by an anticipated increase of capacity of 12 percent over the next year.

What is KPMG's M&A **Predictor?**

KPMG's M&A Predictor is a forward-looking tool that helps member firm clients to forecast worldwide trends in mergers and acquisitions. It looks at the appetite and capacity for M&A deals by tracking and projecting important indicators 12 months forward. The rise or fall of forward P/E (price/ earnings) ratios offers a good guide to the overall market confidence, while net debt to EBITDA (earnings before interest, tax, depreciation and amortization) ratios helps gauge the capacity of companies to fund future acquisitions. The Predictor covers the world by sector and region. It is produced twice a year, using data comprising 1,000 of the largest public companies in the world by market capitalization.*



Source: S&P Capital IQ/KPMG analysis

^{*}The financial services and property sectors are excluded from our analysis, as net debt/EBITDA ratios are not considered relevant in these industries. All the raw data within the Predictor is sourced from S&P Capital IO. Where possible, earnings and EBITDA data is on a pre-exceptionals basis with the exception of Japan, for which GAAP has been used.



Capacity to transact continues to increase

The ability of the largest corporates to transact, measured by net debt to EBITDA ratios, is also expected to continue its upward trajectory of the last few years.

Analysts expect the overall net debt to EBITDA ratio to fall 12 percent over the next 12 months, thereby increasing capacity, as companies continue to build cash reserves.

The US Federal Reserve's end of year tapering of quantitative easing could have a dampening effect in 2014, but overall the ongoing increase in capacity, together with growing confidence levels, points to a potential rise in transaction levels as investors start pushing for a return to deal-making after the inactivity of recent years.

The pressure to transact is also reflected in the performance of share prices. Market capitalizations rose 19 percent between December 2012 and December 2013, suggesting that share prices are being buoyed by the increasing growth expectations of investors.

According to Tom Franks, Global Head of Corporate Finance at KPMG, "the growing appetite for deals and an increase in pressure to transact are two sides of the same coin. Investors have been patient over the last 3 or 4 years. But as deal capacity continues global to rise and maintain markets some stability, the pressure on cashrich corporates to start deal-making again is going to intensify."

Roller-coaster year for regions

Expectations for corporate deal appetite are up in every region except AsPac (other), which recorded a slight dip of 2 percent in predicted forward P/E ratios since December 2012.

In Europe and North America, forward P/E ratio expectations skyrocketed 19 and 22 percent respectively over the same period – higher than the global average of 16 percent. Africa and the Middle East also saw a healthy increase of 19 percent.

"It is encouraging to see such strong expectations for North America and Europe over the next 12 months, reflecting the return to form of these crucial M&A markets. Although the Fed's December announcement on tapering quantitative easing might cause an initial wobble, greater confidence in North America and Europe should hopefully kick-start a recovery in transaction levels globally during 2014," commented Tom Franks.

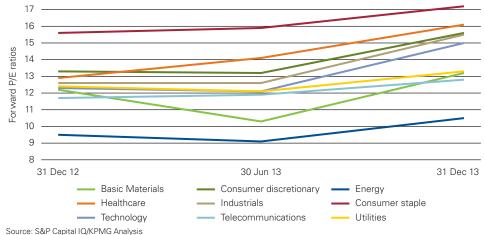
Healthcare leads sectors

Healthcare has consistently been one of the strongest sectors for analyst predictions in recent times, and these positive expectations show no signs of diminishing.

Predicted forward P/E ratios for Healthcare companies rose 24 percent over the year, followed by Industrials (23 percent) and Technology (22 percent).

In terms of capacity, Healthcare again leads the way with a predicted rise in capacity of 45 percent over the next 12 months, as measured by the forecast net debt to EBITDA ratios. The Technology sector continues to improve its cash reserves and it also sees anticipated capacity rise by 19 percent.

Market confidence by industry sector



Increasing corporate confidence is still not being reflected in global transaction levels, and deal markets are continuing to struggle

For many countries, 2013 was a year of mixed fortunes, with macroeconomic concerns initially dampening expectations, only for them to bounce back later on.

Like many other countries, Brazil, Russia, India and China all saw falls in predicted forward P/E ratios over the first 6 months of the year, only for them to come back to varying degrees during the latter half. For the second half of the year, analyst predictions for forward P/E ratios in Brazil and China were 15 percent higher than 6 months earlier, in Russia, they were 18 percent up over the same period.

Three stalwarts of global economic health, the UK, the US and Germany, were among the few major economies that appeared to ride through the uncertainties, with analysts' forward P/E ratio predictions for the year ahead rising 17 percent for the UK, 21 percent in Germany and 23 percent in the US.

Deal volumes still fragile

Despite the positive market sentiment, transactions levels are still struggling.

From 30,945 deals in January 2013, the total number of completed deals fell to 27,194 in December, a drop of over 12 percent. Deal values also declined, falling around 7 percent over the same period.

This global trend was replicated across the Americas, AsPac and EMA.

"Steadily increasing corporate confidence is still not being reflected in global transaction levels, and deal markets are continuing to struggle. However, this is against a background of a red hot IPO market in the UK and the US, and it will be interesting to see how the M&A situation changes throughout 2014," saidTom Franks.

Worldwide completed deals: 1 year trailing Jan 13 – Dec 13



Americas completed deals: 1 year trailing Jan 13 - Dec 13



AsPac completed deals: 1 year trailing Jan 13 – Dec 13



EMA completed deals: 1 year trailing Jan 13 - Dec 13



Source:Thomson Reuters SDC/KPMG analysis

Note: Figures shown are totals for the 12 month period up to the specified date

All figures are in US\$m

All figures are in US\$m																												
			Market Cap									P/E 31-Dec-12 30-Jun-13 31-Dec-							Net Debt		EBITDA 31-Dec-13 31-Dec-13				Debt/EBITD			
	Number of		As at			% change		31-Dec-12				% chang						change			31-Dec-13						31-Dec-13	
	Companies	31-Dec-12	30-Jun-13	31-Dec-13	C ve A	B vs A		31-Dec-13	30-Jun-14 R	31-Dec-14 С	C ve A	B vs A	C ve B	31-Dec-13	30-Jun-14 B	С	C vs A	R ve A	C ve B	31-Dec-13	31-Dec-14		31-Dec-13	31-Dec-14		D/F	31-Dec-14 F/G	
Africa and Middle East	24	461,601	460,372	530,574	15%	(0%)	15%	42,619	42,440	41,150	(3%)	(0%)	(3%)	10.8	10.8	12.9		0%	19%	48,552	42,680	(12%)	74,848	78,661	5%	0.6	0.5	(16%)
AsPac: Japan (GAAP)	83	1.516.481	1.766.076	1.908.999	26%	16%	8%	117.781	138,734	133,201	13%	18%	(4%)	12.9	12.7	14.3		(1%)	13%	548,856	489.567	(11%)	315.533	345.851	10%	1.7	1.4	(19%)
.5 AsPac: Other	169	4,078,373	3,788,641	4,193,228	3%	(7%)	11%	338,164	357,764	353,885	5%	6%	(1%)	12.1	10.6	11.8		(12%)	12%	552,798	507,364	(8%)	680,565	750,128	10%	0.8	0.7	(17%)
Europe	281	7,715,391	7,735,064	9,281,830	20%	0%	20%	710,542	725,768	717.549	1%	2%	(1%)	10.9	10.7	12.9		(2%)	21%	1.849.846	1.714.761	(7%)	1,579,399	1.657.516	5%	1.2	1.0	(12%)
LatAm	39	1,022,832	855,546	870,670	(15%)	(16%)	2%	79,261	72,571	67,320	(15%)	(8%)	(7%)	12.9	11.8	12.9		(9%)	10%	245,499	257,855	5%	153,388	164,213	7%	1.6	1.6	(2%)
North America	404	12,102,333	13,300,025	15,272,332	26%	10%	15%	913,955	968,791	944,034	3%	6%	(3%)	13.2	13.7	16.2	22%	4%	18%	1,949,802	1,872,831	(4%)	1,823,650	1,973,323	8%	1.1	0.9	(11%)
Global:	1,000	26,897,011	27,905,725	32,057,632	19%	4%	15%	2,202,322	2,306,067	2,257,139	2%	5%	(2%)	12.2	12.1	14.2	16%	(1%)	17%	5,195,353	4,885,058	(6%)	4,627,382	4,969,692	7%	1.1	1.0	(12%)
Argentina	1	7,918	8,367	17,733	124%	6%	112%	1,402	1,111	948	(32%)	(21%)	(15%)	5.6	7.5	18.7	231%	33%	148%	3,697	3,703	0%	3,572	4,208	18%	1.0	0.9	(15%)
Australia	15	614,176	511,370	589,806	(4%)	(17%)	15%	44,288	44,502	43,110	(3%)	0%	(3%)	13.9	11.5	13.7		(17%)	19%	106,474	103,727	(3%)	87,156	94,757	9%	1.2	1.1	(10%)
Austria	1	11,760	14,714	15,628	33%	25%	6%	1,784	1,915	1,862	4%	7%	(3%)	6.6	7.7	8.4		17%	9%	5,194	5,368	3%	6,542	6,953	6%	0.8	0.8	(3%)
Belgium	5	177,510	178,225	215,309	21%	0%	21%	10,970	11,627	11,612	6%	6%	(0%)	16.2	15.3	18.5		(5%)	21%	45,802	40,635	(11%)	23,648	26,171	11%	1.9	1.6	(20%)
Bermuda	3	80,618	82,164	90,721	13%	2%	10%	5,347	5,596	5,258	(2%)	5%	(6%)	15.1	14.7	17.3		(3%)	18%	26,009	26,873	3%	12,287	14,093	15%	2.1	1.9	(10%)
Brazil	14	406,686	318,636	335,448	(18%)	(22%)	5%	40,699	37,386	34,229	(16%)	(8%)	(8%)	10.0	8.5	9.8		(15%)	15%	152,597	169,983	11%	74,308	80,435	8%	2.1	2.1	3%
Canada	36	710,144	663,225	734,580	3%	(7%)	11%	53,248	52,563	48,906	(8%)	(1%)	(7%)	13.3	12.6	15.0		(5%)	19%	206,647	223,186	8%	113,074	124,509	10%	1.8	1.8	(2%)
Chile	5	82,210	81,095	76,268	(7%)	(1%)	(6%)	4,927	5,434	4,868	(1%)	10%	(10%)	16.7	14.9	15.7		(11%)	5%	19,549	18,000	(8%)	11,113	11,906	7%	1.8	1.5	(14%)
Colombia	44	1,047,186	966,724	1,096,482	5%	(8%)	13%	89,610	97,100	95,571	7%	8%	(2%)	11.7	10.0	11.5		(15%)	15%	261,415	264,808	1%	221,443	243,101	10%	1.2	1.1	(8%)
Colombia	1	127,014	86,997	78,812	(38%)	(32%)	(9%)	8,732	6,614 1,758	6,888	(21%)	(24%)	4%	14.5	13.2	11.4		(10%)	(13%)	8,033	9,706	21%	15,476	15,348	(1%)	0.5	0.6	22% 11%
Czech Republic	5	19,081	12,800	13,899	(27%)	(33%)	9%	2,171		1,622	(25%)	(19%)	(8%)	8.8	7.3 7.7	8.6		(17%)	18%	8,678	8,657	(0%)	4,099	3,678	(10%)	2.1	2.4	
Denmark Finland	5	83,592 64,367	83,119 64,471	110,039 91,921	32% 43%	(1%) 0%	32% 43%	9,973 3,338	10,753 4,206	11,529 5,139	16% 54%	8% 26%	7% 22%	8.4 19.3	15.3	9.5 17.9	14%	(8%) (21%)	23% 17%	19,408 11,069	18,001 4,824	(7%) (56%)	23,210 9,445	24,988 10,139	8% 7%	0.8 1.2	0.7 0.5	(14%) (59%)
France	46	1,120,527	1,164,773	1.393.245	24%	4%	20%	95,201	97,858	97.731	3%	3%	(0%)	11.8	11.9	14.3	21%	1%	20%	329,392	305,647	(7%)	244.136	256,223	5%	1.3	1.2	(12%)
Germany	34	1,050,986	1,060,185	1,369,870	30%	1%	29%	94.994	99,527	101,990	7%	5%	2%	11.1	10.7	13.4	21%	(4%)	26%	178,361	146,861	(18%)	229,173	244,841	7%	0.8	0.6	(23%)
Hong Kong	22	672,119	621,083	683.932	2%	(8%)	10%	51,442	54,495	54,308	6%	6%	(0%)	13.1	11.4	12.6		(13%)	10%	18,328	13,380	(27%)	107,180	114.015	6%	0.0	0.0	(31%)
India	23	464,106	442,843	489,615	5%	(5%)	11%	35,415	36,152	37,151	5%	2%	3%	13.1	12.2	13.2		(7%)	8%	13,367	3,434	(74%)	55,519	64,989	17%	0.2	0.1	(78%)
Indonesia	4	77,992	87,941	65,015	(17%)	13%	(26%)	5,208	5,506	4,326	(17%)	6%	(21%)	15.0	16.0	15.0	0%	7%	(6%)	2,888	2,228	(23%)	7,404	8,116	10%	0.4	0.3	(30%)
Ireland	11	196,762	223,367	264,718	35%	14%	19%	14.944	16,232	16,226	9%	9%	(0%)	13.2	13.8	16.3	24%	5%	19%	16,189	14,960	(8%)	24,945	26,915	8%	0.6	0.6	(14%)
Israel	3	57,380	55,758	57,155	(0%)	(3%)	3%	6,538	6,695	5,485	(16%)	2%	(18%)	8.8	8.3	10.4		(5%)	25%	10,069	8,283	(18%)	8,170	8,469	4%	1.2	1.0	(21%)
Italy	11	254,682	223,657	273,623	7%	(12%)	22%	25,447	23,487	21,759	(14%)	(8%)	(7%)	10.0	9.5	12.6		(5%)	32%	190,367	184,734	(3%)	97,021	100,823	4%	2.0	1.8	(7%)
Japan	83	1,516,481	1,766,076	1,908,999	26%	16%	8%	117,781	138,734	133,201	13%	18%	(4%)	12.9	12.7	14.3	11%	(1%)	13%	548,856	489,567	(11%)	315,533	345,851	10%	1.7	1.4	(19%)
Kuwait	1	10,777	8,877	9,522	(12%)	(18%)	7%	936	907	874	(7%)	(3%)	(4%)	11.5	9.8	10.9		(15%)	11%	1,360	1,179	(13%)	1,885	1,976	5%	0.7	0.6	(17%)
Luxembourg	5	86,490	73,399	98,350	14%	(15%)	34%	5,816	6,410	5,589	(4%)	10%	(13%)	14.9	11.5	17.6	18%	(23%)	54%	25,351	24,445	(4%)	14,848	16,729	13%	1.7	1.5	(14%)
Macau	3	56,180	62,157	105,615	88%	11%	70%	3,295	4,143	4,637	41%	26%	12%	17.1	15.0	22.8	34%	(12%)	52%	196	889	354%	4,698	5,643	20%	0.0	0.2	278%
Malaysia	9	108,630	112,057	111,651	3%	3%	(0%)	6,237	6,265	5,852	(6%)	0%	(7%)	17.4	17.9	19.1	10%	3%	7%	1,775	857	(52%)	10,383	11,373	10%	0.2	0.1	(56%)
Mexico	16	381,294	346,627	344,979	(10%)	(9%)	(0%)	22,381	20,912	19,255	(14%)	(7%)	(8%)	17.0	16.6	17.9	5%	(3%)	8%	62,132	56,361	(9%)	47,050	50,446	7%	1.3	1.1	(15%)
Morocco	1	11,022	10,208	10,334	(6%)	(7%)	1%	875	837	864	(1%)	(4%)	3%	12.6	12.2	12.0	(5%)	(3%)	(2%)	802	787	(2%)	1,996	1,981	(1%)	0.4	0.4	(1%)
Netherlands	23	638,155	660,294	778,719	22%	3%	18%	59,957	64,074	61,077	2%	7%	(5%)	10.6	10.3	12.7		(3%)	24%	128,965	119,260	(8%)	132,199	142,351	8%	1.0	0.8	(14%)
Nigeria	1	13,964	19,103	23,301	67%	37%	22%	1,406	1,495	1,463	4%	6%	(2%)	9.9	12.8	15.9		29%	25%	-417	-363	(13%)	1,503	1,869	24%	-0.3	-0.2	(30%)
Norway	4	134,688	114,944	134,811	0%	(15%)	17%	14,347	13,274	12,384	(14%)	(7%)	(7%)	9.4	8.7	10.9	16%	(8%)	26%	15,846	17,132	8%	47,369	48,200	2%	0.3	0.4	6%
Panama	1	4,409	5,774	8,852	101%	31%	53%	421	513	505	20%	22%	(1%)	10.5	11.3	17.5	67%	8%	56%	485	353	(27%)	660	752	14%	0.7	0.5	(36%)
Papua New Guinea	1	9,715	9,483	9,743	0%	(2%)	3%	170	318	327	93%	88%	3%	57.3	29.8	29.8	,	(48%)	0%	3,757	4,548	21%	416	728	75%	9.0	6.2	(31%)
Peru	1	13,302	8,051	8,576	(36%)	(39%)	7%	699	600	628	(10%)	(14%)	5%	19.0	13.4	13.7		(30%)	2%	-994	-250	(75%)	1,210	1,118	(8%)	-0.8	-0.2	(73%)
Philippines	2	26,697	30,253	25,717	(4%)	13%	(15%)	1,603	1,665	1,617	1%	4%	(3%)	16.7	18.2	15.9	(5%)		(12%)	5,342	5,171	(3%)	3,093	3,262	5%	1.7	1.6	(8%)
Poland	3	20,898	18,906	20,162	(4%)	(10%)	7%	1,993	1,796	2,011	1%	(10%)	12%	10.5	10.5	10.0	(4%)	0%	(5%)	1,984	2,299	16%	4,748	4,381	(8%)	0.4	0.5	26%
Portugal Qatar	2	35,910 32,578	37,154 36,822	39,252 40,132	9% 23%	3% 13%	6% 9%	2,526 3,843	2,571 3,885	2,422 3,651	(4%) (5%)	2% 1%	(6%) (6%)	14.2 8.5	14.5 9.5	16.2	14% 30%	2% 12%	12% 16%	28,217 5,023	27,781 3,024	(2%) (40%)	7,680 6,782	8,010 7,050	4% 4%	3.7 0.7	3.5 0.4	(6%) (42%)
	18		451,490	525,481				-			(4%)				4.6	11.0				140,594		(6%)	-	184,990	(0%)		0.4	
Russia Saudi Arabia	7	524,261 149,910	451,490 152,958	185,345	0% 24%	(14%) 2%	16% 21%	100,716 14,779	97,822 15,268	96,417 15,541	5%	(3%)	(1%) 2%	5.2 10.1	10.0	5.5 11.9		(11%)	18% 19%	27,341	132,214 23,889	(13%)	185,857 29,448	30,978	5%	0.8 0.9	0.7	(6%) (17%)
Singapore	8	132,289	131,587	136,783	3%	(1%)	4%	9,413	9,861	9,453	0%	5%	(4%)	14.1	13.3	14.5		(5%)	8%	18,049	17,828	(13%)	15.593	16,681	7%	1.2	1.1	(8%)
South Africa	7	156,735	131,367	164,901	5%	(11%)	18%	11,541	10,495	10,436	(10%)	(9%)	(1%)	13.6	13.3	15.8		(2%)	19%	3,878	5,459	41%	18,480	19,384	5%	0.2	0.3	34%
South Korea	18	467,296	404,802	474,376	2%	(13%)	17%	62,543	66,986	67,882	9%	7%	1%	7.5	6.0	7.0	10011	(19%)	16%	88,166	61,752	(30%)	117,064	130,306	11%	0.2	0.5	(37%)
Spain	12	303,802	303,198	393,840	30%	(0%)	30%	25,699	25,583	25,509	(1%)	(0%)	(0%)	11.8	11.9	15.4		0%	30%	180,551	165,721	(8%)	81,611	80,906	(1%)	2.2	2.0	(7%)
Sweden	13	278,979	272,003	328,004	18%	(3%)	21%	19,720	20,358	19,754	0%	3%	(3%)	14.1	13.4	16.6			24%	26,514	21,261	(20%)	32,282	36,169	12%	0.8	0.6	(28%)
Switzerland	28	957,762	1,065,367	1,222,356	28%	11%	15%	70,627	76,640	76,296	8%	9%	(0%)	13.6	13.9	16.0		3%	15%	121,439	101,279	(17%)	120,934	131,496	9%	1.0	0.8	(23%)
Taiwan	13	280,245	280,318	293,353	5%	0%	5%	18,497	19,422	19,412	5%	5%	(0%)	15.2	14.4	15.1		(5%)	5%	8,347	5,536	(34%)	31,722	36,269	14%	0.3	0.2	(42%)
Thailand	7	121,743	128,022	111,140	(9%)	5%		10,444	11,348	10,237	(2%)	9%	(10%)	11.7	11.3	10.9			(4%)	24,695	23,208	(6%)	18,893	20,887	11%	1.3	1.1	(15%)
Turkey	4	49,284	46,557	40,720	(17%)		(13%)	4,537	4,716	4,329	(5%)	4%	(8%)	10.9	9.9	9.4			(5%)	6,482	3,910	(40%)	7,154	8,020	12%	0.9	0.5	(46%)
United Arab Emirates	2	29,234	36,890	39,883	36%	26%	8%	2,701	2,857	2,836	5%	6%	(1%)	10.8	12.9	14.1		19%	9%	496	420	(15%)	6,584	6,954	6%	0.1	0.1	(20%)
United Kingdom	50	1,705,895			14%	(2%)	17%	145,784	145,161	142,292	(2%)	(0%)	(2%)	11.7	11.5	13.7			19%	369,443	369,772		282,501	295,531	5%	1.3	1.3	(4%)
United States	365			14,447,030		11%	15%	855,361	910,631	889,869	4%	6%	(2%)	13.2	13.8	16.2							1,698,290	1,834,721	8%	1.0	0.9	(13%)
Global:	1.000			32,057,632			15%	2,202,322		2,257,139	2%			12.2	12.1	14.2	16%						4,627,382		7%	1.1	1.0	(12%)

Source: Capital IQ

II figures are in US\$m				Market Cap					Net	Profit (Pre	Exce)					P/E					Net Debt			EBITDA		Net	Debt/EBITD	A
	Number of	As at	As at	As at		change			30-Jun-13						30-Jun-13		%				31-Dec-13			31-Dec-13		31-Dec-13	31-Dec-13	- %
	Companies	31-Dec-12	30-Jun-13	31-Dec-13				31-Dec-13	30-Jun-14	31-Dec-14	<u> </u>			31-Dec-13	30-Jun-14	31-Dec-14				31-Dec-13	31-Dec-14		31-Dec-13	31-Dec-14		31-Dec-13	31-Dec-14	chan
Basic Materials	91	2,423,139	2,044,806	2,412,141	C vs A (0%)	(16%)	18%	A 198,343	198,597	182,908	(8%)	B vs A	(8%)	12.2	10.3	13.2	C vs A	(16%)		523,315	502,343	(4%)	377,701	412,238	9%	1,4	1.2	(12%
Consumer discretionary	179	3,749,814	4.214.538	5.038.939	34%	12%	20%	282.022	319.831	323,229	15%	13%	1%	13.3	13.2	15.6	17%	(1%)	18%	511.919	448,485	(12%)	609,171	668,368	10%	0.8	0.7	(20%
Energy	123	4.465.534	4,311,036	4.755.693	6%	(3%)	10%	471.569	474,806	452,422	(4%)	1%	(5%)	9.5	9.1	10.5	11%	(4%)	16%	1.102.241	1,176,786	7%	1,064,109	1,139,669	7%	1.0	1.0	(0%
Healthcare	85	2,676,131	3,061,549	3,509,729	31%	14%	15%	207,212	217,683	218,354	5%	5%	0%	12.9	14.1	16.1	24%	9%	14%	225,513	133,740	(41%)	340,807	366,545	8%	0.7	0.4	(45%
Industrials	165	3.098.702	3.330.125	4.012.904	30%	7%	21%	246.514	264,774	258.784	5%	7%	(2%)	12.6	12.6	15.5	23%	0%	23%	983.040	910,150	(7%)	486.015	532,499	10%	2.0	1.7	(15%
Consumer staple	118	3,680,785	3.967.241	4,220,212	15%	8%	6%	236,562	249,866	245,561	4%	6%	(2%)	15.6	15.9	17.2	10%	2%	8%	586,563	564,643	(4%)	439,299	469,345	7%	1.3	1.2	(109
Technology	111	3,747,601	3,912,126	4,786,976	28%		22%	304,661	324,498	319,737	5%	7%	(1%)	12.3	12.1	15.0	22%	(2%)	24%	-444,416	-577,778	30%	482.937	529,199	10%	-0.9	-1.1	199
Telecommunications Services	60	1.882.060	1,875,560	2.026.071	8%	(0%)	8%	161,118	157,571	158,679	(2%)	(2%)	1%	11.7	11.9	12.8	9%	2%	7%	613,315	628,675	3%	509.960	522,777	3%	1.2	1.2	(0%
Utilities	68	1,173,245	1,188,743	1,294,968	10%	1%	9%	94,322	98,441	97,465	3%	4%	(1%)	12.4	12.1	13.3	7%	(3%)	10%	1,093,862	1,098,013	0%	317,384	329,053	4%	3.4	3.3	(3%
Global:	1,000	26,897,011	27,905,725	32,057,632	19%	4%	15%	2,202,322	2,306,067	2,257,139	2%	5%	(2%)	12.2	12.1	14.2	16%	(1%)	17%	5,195,353	4,885,058	(6%)	4,627,382	4,969,692	7%	1.1	1.0	(12%
Africa and Middle East - Basic Materials	7	156,868	148,667	171,468	9%	(5%)	15%	14,358	14,096	13,488	(6%)	(2%)	(4%)	10.9	10.5	12.7	16%	(3%)	21%	9,528	3,486	(63%)	24,009	24,948	4%	0.4	0.1	(659
Africa and Middle East - Consumer discretionary	1	24,680	28,987	41,384	68%	17%	43%	1,065	1,272	1,256	18%	20%	(1%)	23.2	22.8	32.9	42%	(2%)	45%	1,247	1,390	11%	735	880	20%	1.7	1.6	(7%
Africa and Middle East - Energy	1	27,322	27,734	31,545	15%	2%	14%	3,196	2,913	3,017	(6%)	(9%)	4%	8.5	9.5	10.5	22%	11%	10%	290	133	(54%)	5,249	5,429	3%	0.1	0.0	(569
Africa and Middle East - Healthcare	2	41,460	43,816	45,535	10%	6%	4%	4,816	5,083	4,456	(7%)	6%	(12%)	8.6	8.6	10.2	19%	0%	19%	11,866	12,462	5%	6,505	7,019	8%	1.8	1.8	(39
Africa and Middle East - Industrials	2	33,140	38,866	42,762	29%	17%	10%	3,269	3,419	3,173	(3%)	5%	(7%)	10.1	11.4	13.5	33%	12%	19%	1,735	1,533	(12%)	3,883	4,105	6%	0.4	0.4	(169
Africa and Middle East - Consumer staple	1	5,333	6,399	8,934	68%	20%	40%	396	513	516	30%	30%	1%	13.5	12.5	17.3	29%	(7%)	39%	1,921	1,853	(4%)	741	852	15%	2.6	2.2	(169
Africa and Middle East - Technology	1	9,757	9,759	12,670	30%	0%	30%	711	725	705	(1%)	2%	(3%)	13.7	13.5	18.0	31%	(2%)	33%	-2,597	-3,180	22%	819	868	6%	-3.2	-3.7	15
Africa and Middle East - Telecommunications Services	8	148,155	141,811	160,111	8%	(4%)	13%	14,056	13,518	13,615	(3%)	(4%)	1%	10.5	10.5	11.8	12%	(0%)	12%	6,063	4,052	(33%)	29,000	30,411	5%	0.2	0.1	(36°
Africa and Middle East - Utilities	1	14,887	14,332	16,165	9%	(4%)	13%	751	901	923	23%	20%	2%	19.8	15.9	17.5	(12%)	(20%)	10%	18,499	20,952	13%	3,907	4,150	6%	4.7	5.0	79
Japan - Basic Materials	5	75,567	85,125	91,330	21%	13%	7%	4,233	6,747	6,639	57%	59%	(2%)	17.8	12.6	13.8	(23%)	(29%)	9%	37,332	33,568	(10%)	14,784	17,958	21%	2.5	1.9	(26
Japan - Consumer discretionary	18	443,167	564,582	603,432	36%	27%	7%	31,479	47,742	47,189	50%	52%	(1%)	14.1	11.8	12.8	(9%)	(16%)	8%	171,595	144,370	(16%)	95,782	105,580	10%	1.8	1.4	(249
Japan - Energy	2	33,196	27,281	31,515	(5%)	(18%)	16%	3,624	3,530	3,368	(7%)	(3%)	(5%)	9.2	7.7	9.4	2%	(16%)	21%	19,714	22,133	12%	11,353	12,067	6%	1.7	1.8	69
Japan - Healthcare	9	122.618	138,934	143,864	17%	13%	4%	7.507	6,912	6,252	(17%)	(8%)	(10%)	16.3	20.1	23.0	41%	23%	14%	-8.902	-13.998	57%	13,444	14.597	9%	-0.7	-1.0	45
Japan - Industrials	21	335,049	359,243	399,906	19%	7%	11%	32,719	33,456	31,295	(4%)	2%	(6%)	10.2	10.7	12.8	25%	5%	19%	209.951	202,641	(3%)	60,167	66,631	11%	3.5	3.0	(139
Japan - Consumer staple	8	138,434	166,974	165,411			(1%)	9,779	10,182	9,665	(1%)	4%	(5%)	14.2	16.4	17.1	21%	16%	4%	21,414	17,455	(18%)	24,017	24,871	4%	0.9	0.7	(21
Japan - Technology	14	199.629	221,286	260.764	31%	11%	18%	13.204	14,801	13.214	0%	12%	(11%)	15.1	15.0	19.7	31%	(1%)	32%	-11.342	-18.923	67%	32,773	35.863	9%	-0.3	-0.5	529
Japan - Telecommunications Services	3	137,632	165,813	180,340	31%	20%	9%	15,710	14,218	14,150	(10%)	(9%)	(0%)	8.8	11.7	12.7	45%	33%	9%	33,092	26,795	(19%)	55,789	57,645	3%	0.6	0.5	(229
Japan - Utilities	3	31,189	36,836	32,438	4%		(12%)	-475	1.146	1.430		(341%)		-65.7	32.1	22.7	(135%)		_	76,003	75,526	(1%)	7.423	10,638	43%	10.2	7.1	(319
AsPac - Basic Materials	17	547,630	420,079	509,177	(7%)		21%	44.544	45,065	44,385	(0%)	1%	(2%)	12.3	9.3	11.5	(7%)	(24%)		104,916	94,872	(10%)	82,828	92,595	12%	1.3	1.0	(199
AsPac - Consumer discretionary	33	490,935	478,741	592,104	21%		24%	46,662	49,237	51,011	9%	6%	4%	10.5	9.7	11.6	10%	(8%)	19%	9,772	-582	(106%)	70,067	80,045	14%	0.1	0.0	(105
AsPac - Energy	21	898.167	787.733	787.213	(12%)	(12%)	(0%)	84.394	86.014	82.764	(2%)	2%	(4%)	10.6	9.2	9.5	(11%)	(14%)	_	187.482	204.065	9%	179.242	197,039	10%	1.0	1.0	(1%
AsPac - Healthcare	5	64,198	70,557	78,776	23%	10%	12%	2,653	3,073	3,190	20%	16%	4%	24.2	23.0	24.7	2%	(5%)	8%	-614	-1,281	109%	3,879	4,483	16%	-0.2	-0.3	819
AsPac - Industrials	23	317,565	291,647	337,972	6%	(8%)	16%	25,464	27,255	26,912	6%	7%	(1%)	12.5	10.7	12.6	1%	(14%)		107,822	106,758	(1%)	46.971	51.814	10%	2.3	2.1	(109
		383,455	396,111			3%		21,537	22,461	21.043	(2%)	4%	(6%)	17.8	17.6	18.3	3%	(14 /0)		-				35,589	12%	0.5	0.3	(35%
AsPac - Consumer staple AsPac - Technology	22 19	594,189	586,793	385,651 756,631	1% 27%	(1%)	(3%) 29%	55,973	63,689	64,991	16%	14%	2%	10.6	9.2	11.6	10%	(13%)	4% 26%	15,496 -71,033	11,223 -107,647	(28%) 52%	31,802 102,364	114,150	12%	-0.7	-0.9	369
AsPac - Telecommunications Services	16	582,682	560,793	555,882	(5%)	(4%)	(1%)	42.458	43,552	42.748	1%	3%	(2%)	13.7	12.9	13.0	(5%)	(6%)	1%	24.170	18,596	(23%)	124.745		4%	0.2	0.1	(269
	13				1 7	,	4		-				,		11.3		4 /	,				,	-	130,103 44.310			4.1	
AsPac - Utilities	28	199,552	196,180 723,341	189,821	(5%)	(2%)	(3%)	14,480 69.960	17,419	16,841 64,589	16%	20%	(3%)	13.8 12.2		11.3 13.4	(18%)	(18%)		174,787	181,360	4%	38,666 140.279		15% 9%	4.5 1.4	1.2	(9%
Europe - Basic Materials		850,139		867,289		(15%)	20%	,	71,873	. ,	4	3%	(10%)		10.1	-		(17%)	_	193,086	187,188	(3%)		152,850				-
Europe - Consumer discretionary	49	1,062,750	1,096,401	1,398,338	32%	3%	28%	90,130	95,405	99,283	10%	6%	4%	11.8	11.5	14.1	19%	(3%)	23%	50,520	32,412	(36%)	193,414	209,165	8%	0.3	0.2	(419
Europe - Energy	29	1,300,950	1,193,577	1,389,635	7%	(8%)	16%	194,075	190,281	182,449	(6%)	(2%)	(4%)	6.7	6.3	7.6	14%	(6%)	21%	329,916	329,080	(0%)	421,502	438,493	4%	0.8	0.8	(4%
Europe - Healthcare	21	915,269	1,032,595	1,187,025	30%	13%	15%	77,055	79,358	80,742	5%	3%	2%	11.9	13.0	14.7	24%	10%	13%	82,947	65,752	(21%)	123,251	128,982	5%	0.7	0.5	(249
Europe - Industrials	60	965,848	1,016,145	1,278,209	32%	5%	26%	75,218	82,102	82,737	10%	9%	1%	12.8	12.4	15.4	20%	(4%)	25%	200,738	176,984	(12%)	162,500	180,968	11%	1.2	1.0	(219
Europe - Consumer staple	31	1,358,442	1,418,566	1,584,092	17%	4%	12%	88,934	92,265	93,178	5%	4%	1%	15.3	15.4	17.0	11%	1%	11%	245,110	224,615	(8%)	167,446	175,990	5%	1.5	1.3	(139
Europe - Technology	19	349,008	366,739	466,384	34%		27%	21,040	24,470	26,021	24%	16%	6%	16.6	15.0	17.9	8%	(10%)		-17,318	-30,534	76%	38,968	44,258	14%	-0.4	-0.7	559
Europe - Telecommunications Services	22	443,602	436,831	555,744	25%	(2%)	27%	47,164	45,499	44,189	(6%)	(4%)	(3%)	9.4	9.6	12.6	34%	2%	31%	324,774	305,050	(6%)	164,327	163,073	(1%)	2.0	1.9	(5%
Europe - Utilities	22	469,384	450,869	555,114	18%	(4%)	23%	46,966	44,515	44,361	(6%)	(5%)	(0%)	10.0	10.1	12.5	25%	1%	24%	440,074	424,214	(4%)	167,712	163,739	(2%)	2.6	2.6	(1%
LatAm - Basic Materials	9	232,081	152,427	172,794			13%	19,936	16,978	16,161	(19%)	(15%)	(5%)	11.6	9.0	10.7	(8%)	(23%)		57,365	60,323	5%	36,420	37,470	3%	1.6	1.6	2%
LatAm - Consumer discretionary	3	54,042	56,902	54,371	1%	5%	(4%)	2,558	2,685	2,427	(5%)	5%	(10%)	21.1	21.2	22.4	6%	0%	6%	7,610	7,184	(6%)	4,899	5,425	11%	1.6	1.3	(15%
LatAm - Energy	5	289,710	215,868	217,548	(25%)	(25%)	1%	28,183	24,406	22,151	(21%)	(13%)	(9%)	10.3	8.8	9.8	(4%)	(14%)	11%	109,137	127,111	16%	51,602	56,246	9%	2.1	2.3	7%
LatAm - Industrials	4	43,080	42,967	48,676	13%	(0%)	13%	2,394	2,762	2,597	8%	15%	(6%)	18.0	15.6	18.7	4%	(14%)		6,443	5,298	(18%)	4,977	5,656	14%	1.3	0.9	(289
LatAm - Consumer staple	11	226,934	221,757	203,303	(10%)	(2%)	(8%)	10,448	11,520	10,342	(1%)	10%	(10%)	21.7	19.3	19.7	(9%)	(11%)	2%	22,429	18,018	(20%)	20,075	22,971	14%	1.1	0.8	(309
LatAm - Technology	1	18,204	19,824	21,837	20%	9%	10%	1,235	1,294	1,281	4%	5%	(1%)	14.7	15.3	17.0	16%	4%	11%	601	419	(30%)	1,713	1,873	9%	0.4	0.2	(36)
LatAm - Telecommunications Services	3	122,849	112,693	115,272	(6%)	(8%)	2%	11,530	9,694	9,413	(18%)	(16%)	(3%)	10.7	11.6	12.2	15%	9%	5%	34,684	32,801	(5%)	26,459	26,887	2%	1.3	1.2	(79
LatAm - Utilities	3	35,932	33,110	36,869			11%	2,976	3,232	2,950	(1%)	9%	(9%)	12.1	10.2	12.5	4%		22%	7,231	6,702	(7%)	7,242	7,683	6%	1.0	0.9	(139
North America - Basic Materials	25	560,854	515,166	600,083	7%	(8%)	16%	45,311	43,838	37,647	(17%)	(3%)	(14%)	12.4	11.8	15.9	29%	(5%)	36%	121,089	122,906	2%	79,381	86,417	9%	1.5	1.4	(7%
North America - Consumer discretionary	75	1,674,241	1,988,925	2,349,310	40%	19%	18%	110,129	123,490	122,064	11%	12%	(1%)	15.2	16.1	19.2	27%	6%	19%	271,175	263,711	(3%)	244,274	267,274	9%	1.1	1.0	(119
North America - Energy	65	1,916,189	2,058,842	2,298,237	20%	7%	12%	158,097	167,663	158,673	0%	6%	(5%)	12.1	12.3	14.5	20%	1%	18%	455,702	494,263	8%	395,161	430,395	9%	1.2	1.1	(09
North America - Healthcare	48	1,532,587	1,775,647	2,054,529	34%	16%	16%	115,181	123,257	123,714	7%	7%	0%	13.3	14.4	16.6	25%	8%	15%	140,216	70,806	(50%)	193,728	211,465	9%	0.7	0.3	(54
North America - Industrials	55	1,404,021	1,581,257					107,448	115,780	112,071	4%	8%	(3%)	13.1	13.7	17.0	30%	5%		456,351	416,937	(9%)	207,517	223,323	8%	2.2	1.9	(15
North America - Consumer staple	45	1,568,186				12%	7%	105,469	112,926	110,817	5%	7%	(2%)	14.9	15.6	16.9	14%	5%	9%	280,193	291,479	4%	195,217	209,072	7%	1.4	1.4	(39
North America - Technology	57	2,576,813	2,707,725					212,497	219,520	213,525	0%	3%	(3%)	12.1	12.3	15.3	26%	2%	24%	-342,727	-417,913		306,300	332,188	8%	-1.1	-1.3	12
North America - Telecommunications Services	8	447,140	457,612	458,724	3%	2%	0%	30,200	31,090	34,564	14%	3%	11%	14.8	14.7	13.3				190,534	241,382	27%	109,639	114,657	5%	1.7	2.1	21
	26	422,301	457,417	464,561	10%	8%	2%	29,623	31,229	30,960	5%	5%	(1%)	14.3	14.6	15.0	5%	3%		377,269	389,260	3%	92,434	98,533	7%	4.1	4.0	(3%
North America - Utilities	Zn																											

1,000 26,897,011 27,905,725 32,057,632 19% 4% 15% 2,202,322 2,306,067 2,257,139 2% 5% (2%) 12.2 12.1 14.2 16% (1%) 17% 5,195,353 4,885,058 (6%) 4,627,382 4,969,692 7% 1.1 1.0 (12%)

• A Concensus forecasts in existence on 31-Dec-12 in respect of the year ending 31-Dec-13 for net profilt and P/E • B Concensus forecasts in existence on 31-Dec-14 for net profilt and P/E • C/G Concensus forecasts in existence on 31-Dec-13 in respect of the year ending 31-Dec-14 for net profilt, P/E and EBITDA

• D Actual/Concensus net debt forecasts in existence on 31-Dec-13 in respect of the year ending 31-Dec-13 in re Source: Capital IQ

KPMG's Global M&A team

The ability to create, enhance or preserve value is critical in any economy. For many organizations, this means taking advantage of merger or acquisition opportunities. We can support you – whether you are on the buy side or the sell side – with services that cover the full life cycle of a transaction.

Contacts

Tom Franks

Global Head of Corporate Finance Partner, KPMG in the UK

T: +44 20 73118416

E: tom.franks@kpmg.co.uk

Americas

Peter Hatges

Head of Corporate Finance Canada & Americas Partner, KPMG in Canada

T: +416 777 3614 **E:** phatges@kpmg.ca

David Bunce

Head of Corporate Finance Latin America Partner, KPMG in Brazil

T: +55 11 32458002 **E:** dbunce@kpmg.com.br

EMA

Wouter Van De Bunt

Head of Global M&A and EMA Partner, KPMG in the Netherlands

T: +31206 567373

E: vandebunt.wouter@kpmg.nl

Asia Pacific

Vishal Sharma

Head of M&A Asia Pacific Partner, KPMG in Singapore

T: +65 6213 2430

E: vishalsharma@kpmg.com.sg

kpmg.com/Predictor

kpmg.com/socialmedia









kpmg.com/app



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2014 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

Designed by Evalueserve

Publication name: M&A Predictor – January 2014

Publication number: 130905 Publication date: January 2014