KPMG

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M&A Predictor

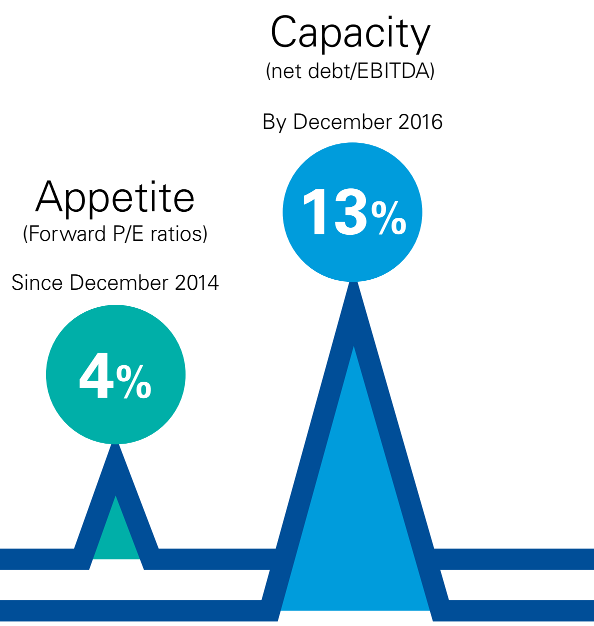
Global M&A levels expected to stay strong in 2016

After a strong year for M&A in key markets during 2015, analysts expect the world's largest corporates to maintain the positive momentum for deals in 2016, with both appetite and capacity predicted to increase globally.

The appetite for deals, as indicated by predicted forward P/E ratios (our measure of corporate appetite or confidence) is expected to rise by 4 percent over the next 12 months. Similarly, the capacity of corporates to fund M&A growth, measured by net debt to EBITDA ratios (our measure of capacity) is expected to rise by 13 percent over the same period, as companies continue to pay down debt and bolster their cash reserves.

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. The Predictor was established in 2007. 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 companies in the world by market capitalization.*



Source: S&P Capital IQ/KPMG analysis

> "We expect companies will continue to pursue transactions and believe that we will see strong activity in many western economies in 2016."

Positive expectations for appetite

The expected 4 percent growth in appetite comes amid a slightly uncertain economic picture in some markets, including China, Russia and Latin America. Globally, net profits are expected to fall by 7 percent. Nevertheless, analysts appear to be pricing this decline into their predictions, as market capitalizations demonstrate a decline of 3 percent. The fact that market capitalizations haven't declined as much as net profits equates to a 4 percent growth in appetite globally.

"With the Chinese economy cooling down, the US starting to raise interest rates and oil prices depressing the economies of oil exporting countries, uncertainty has increased significantly going into 2016. By contrast, in many mature, western economies, we continue to see healthy balance sheets and profit levels as well as strong liquidity in the debt markets. When combined with businesses facing digitalization and increased sector convergence, there will be the compelling need for strategic adjustments. Therefore, we expect companies will continue to pursue transactions and believe that we will see strong activity in many western economies in 2016. Emerging market economies are expected to remain challenging, however," commented Leif Zierz, Global Head of Deal Advisory.

In Europe, analysts expect the growth in appetite to be more than double the global average, at 10 per cent, while Asia Pacific (Other) and Asia Pacific (Japan) recorded growth figures of 6 percent and 4 percent respectively. In North America, the decline in net profits is expected to be matched by the decline in market capitalizations, so confidence levels are forecast to remain unchanged (0 percent) on 2015 — a strong year for M&A.

According to expectations, the largest growth in appetite will be in Latin America, at 12 percent. However, there are only 24 Latin American companies among the top 1,000 corporates used for the analysis.

UK leads the pack in Europe

Out of the largest European economies, the UK shows appetite growth at 11 percent, Spain at 7 percent and Germany at 5 percent. Combined with their growth in capacity (UK: 8 percent, Spain: 12 percent, Germany: 16 percent), analysts are expecting to see a robust M&A market in Europe in 2016.

Other notable European markets include Italy (appetite up 28 percent, capacity up 8 percent) and the Netherlands (appetite up 5 percent, capacity up 11 percent).

"We expect a robust M&A market in 2016 in Europe, which is being reflected in higher volumes and higher valuations. Financial Services in particular will experience regulations-induced activity. This started in the insurance industry last year and will continue into 2016. They will be joined by banks which are now under the direct supervision of the ECB (approx. 130 European banks). Higher regulatory capital requirements will force banks to look for strategic alternatives, such as M&A or selling non-core assets. This, combined with a strong PE buyer community, sets up the ideal environment for a very active 2016," says Giuseppe Rossano Latorre, Partner, KPMG in Italy.

These positive predictions for M&A in Europe are supported by KPMG's *US M&A Outlook Survey 2016*, which predicts Europe to be the top region for investment outside of the United States.

In India, appetite is predicted to be flat at 0 percent. An increase in capacity of 24 percent, however, suggests that Indian companies are improving their financial results, but not anticipating inorganic growth.

> “We expect a robust M&A market in 2016 in Europe, which is being reflected in higher volumes and higher valuations.”

Capacity growth to exceed appetite

The capacity to transact of the world’s largest corporates is predicted to show even stronger growth than appetite, up 13 percent globally. North America and Europe are both expected to show significant increases in capacity, at 15 percent and 12 percent respectively. Capacity in Asia Pacific (Other) is forecast to be even higher, at 19 percent, as is Africa and the Middle East, at 18 percent.

The only two regions expecting a below average growth in capacity are Asia Pacific (Japan) and Latin America, where the figures are 1 percent and 8 percent respectively. However, Latin America’s predicted increase in capacity, combined with the growth in appetite, suggests there are still continued opportunities in the region, despite its issues.

Confidence strong in Asia Pacific

Asia-Pacific’s predicted capacity growth is boosted by big increases in Taiwan (85 percent), South Korea (41 percent), India (24 percent) and China (19 percent). South Korea in particular, with its exceptional growth in capacity combined with an 8 percent growth in appetite, is expected to have a strong year in 2016.

“The Korean M&A market was mainly driven by large intra-group transactions as well as reorganization-related disposals and distressed M&A, etc. Between further inter-group activity and the distressed M&A area, we anticipate a very active 2016”, says Sung-Won Park, Partner, KPMG in Korea.

China, too, is looking very positive, combining a 9 percent increase in appetite with its 19 percent capacity growth.

“There are still large amounts of capital to deploy in China, along with pressure to grow in an increasingly challenging economy. We expect continued strong M&A activity as a result. China institutions will continue to direct capital to outbound investments, and ongoing State Owned Enterprise reforms will drive further domestic consolidations. The recent market turmoil may also assist the very active PE community, which is seeking more reasonable valuations,” says Ryan Reynoldson, Head of Transaction Services, KPMG China.

Many other Asia Pacific countries also posted impressive capacity numbers: Malaysia (26 percent), Indonesia (17 percent) and Singapore (15 percent). Capacity growth in Japan is more muted, however, at 1 percent.

United States drives capacity growth in North America

The growth in North American capacity is led by the United States at 16 percent. Mexico contributes with 10 percent and Canada trails at 6 percent. With US appetite predicted to remain the same, the increase in capacity means the United States is still on track to match last year’s blockbuster year. This ties in with the *M&A Outlook Survey 2016*. The survey found that the high level of M&A activity is expected to continue into 2016, with record cash balances seen as the major driver by 51 percent of respondents.

“Numerous factors indicate that the high level of activity in 2015 will carry over into 2016. As US companies continue their quest for growth, many companies are choosing to include M&A as an integral part of their strategy”, says Dan Tiemann, Head of Deal Advisory, KPMG in the US.

All of these big capacity numbers are mostly based on reduction of debt, with some help from positive EBITDA.

> "Appetite is expected to stay the same as 2015 in the Technology sector."

Mixed expectations for key industry sectors

In terms of sectors, the strongest performers in terms of appetite are expected to be: Energy, with a 23 percent increase expected in 2016, Basic materials at 12 percent and Consumer Staple at 6 percent. There are some significant declines in other sectors, however. Most notably Utilities, where appetite is expected to decrease by 6 percent.

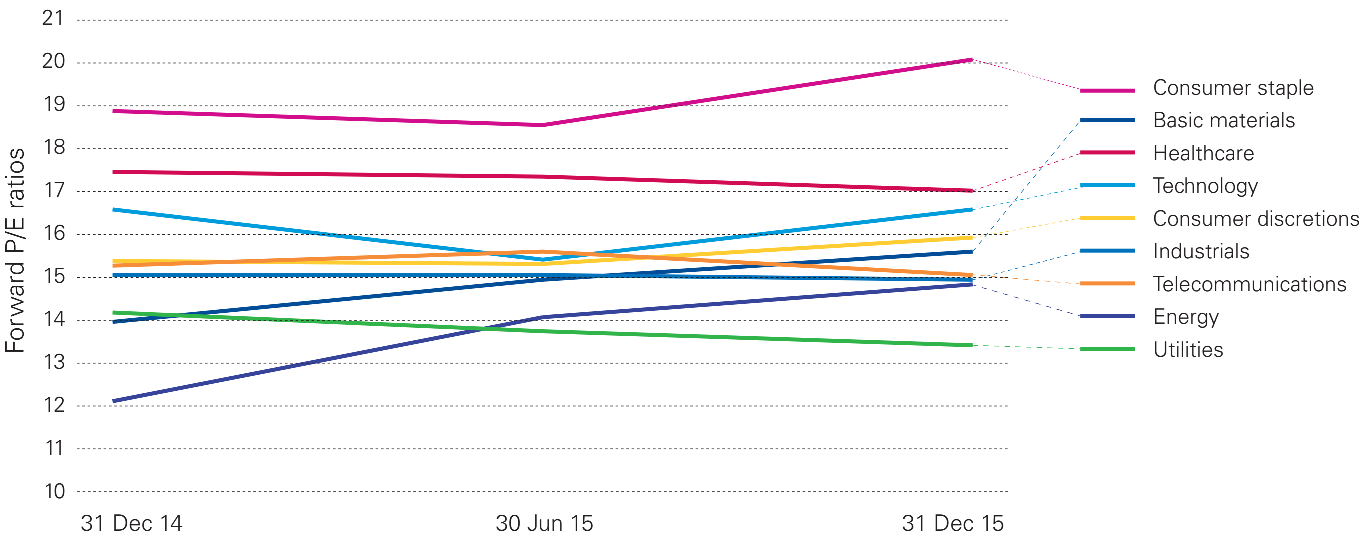
Technology is the star performer for capacity growth, with analysts expecting an increase of 90 percent in 2016, as tech companies continue to increase their cash stockpiles. Appetite is expected to stay the same as 2015 in the Technology sector. But given that 2015 was a strong year for Technology M&A, maintaining appetite at the same level is a positive sign — and one that is consistent with the findings of the *KPMG US M&A Outlook Survey*, in which respondents expected Technology to be the most active sector in 2016.

Additionally, we can see corporate appetite for technology through their investments in Venture Capital. Globally, corporates have participated in 25 percent of deals for three quarters straight, as corporates continue to open venture investment arms "at a feverish pace", states KPMG and CB Insights in the recently published *Venture Pulse, Q4'15.* In Asia, corporates accounted for 1/3 of deals.*

Healthcare is predicted to see the second highest rise in capacity, at 30 percent. With market capitalizations (up 7 percent) and net profits (up 10 percent) also forecast to rise, a strong year is anticipated for Healthcare companies. This, too, is supported by the *US M&A Outlook Survey*, which anticipates that four of the seven most active M&A sectors next year will be healthcare-related.

Analysts are not expecting Energy, on the other hand, to see any growth in capacity, despite its healthy growth in appetite of 23 percent. Given the record low price levels in the global energy market recently, particularly oil, such a cautious prediction is perhaps not surprising.

Market confidence by industry sector



Source: S&P Capital IQ/KPMG Analysis

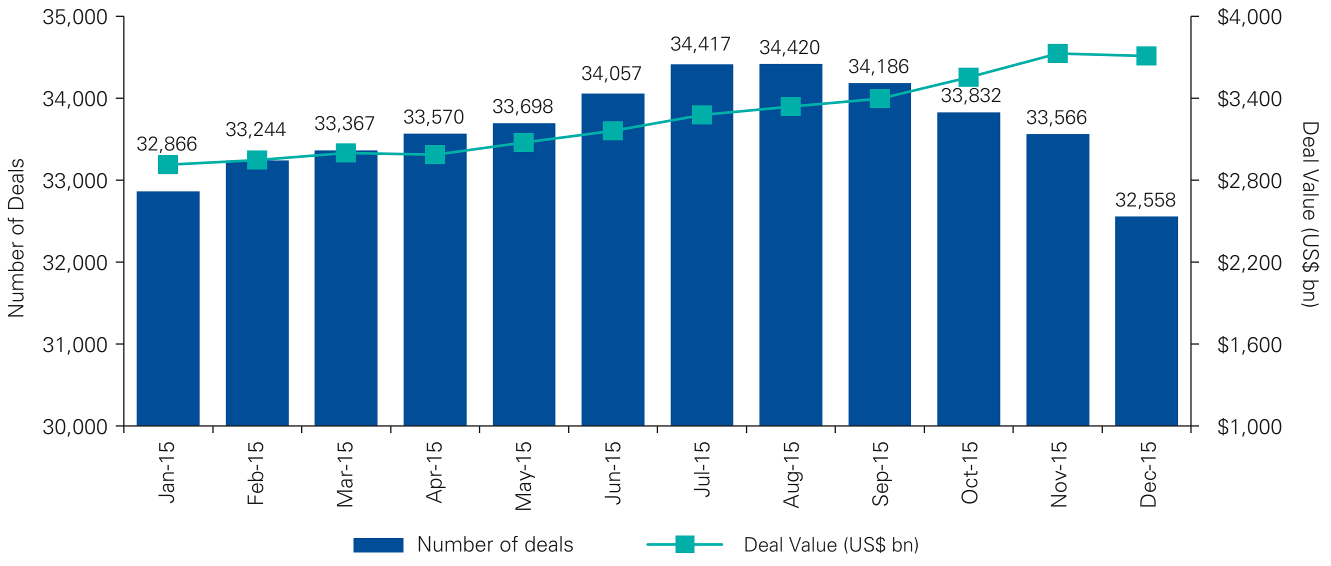
*Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

Announced deals on the up

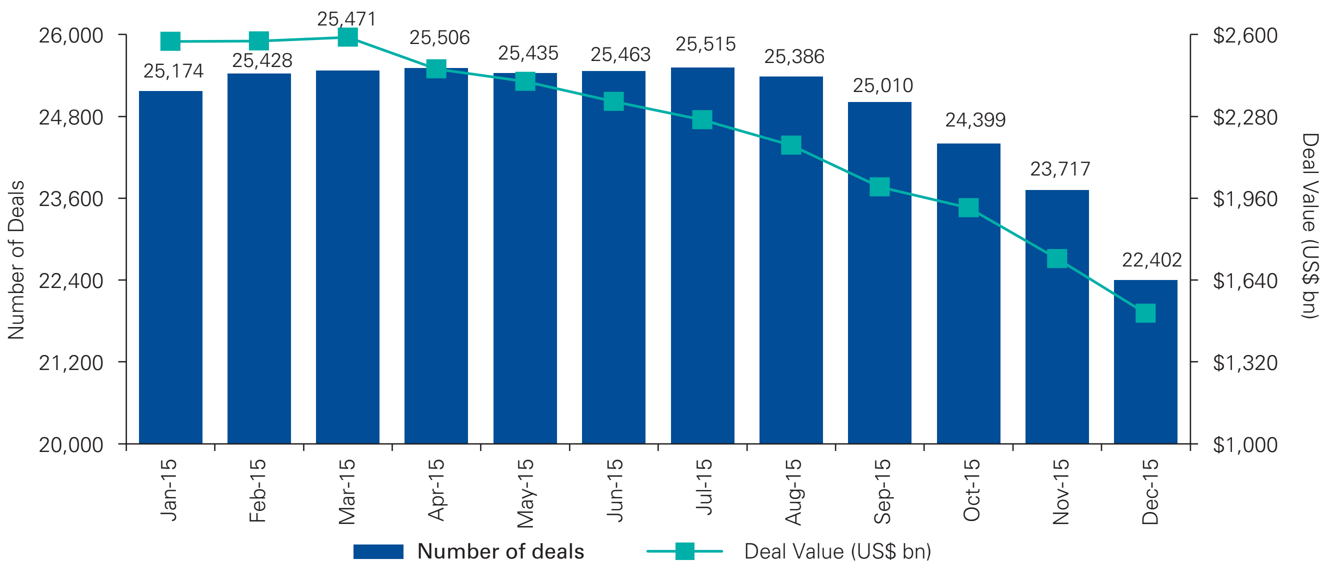
The total value of all announced transactions worldwide climbed by 31 percent in value from US$2,828B to US$3,709. This diverged significantly from the total value of all completed transactions worldwide, which declined by 40 percent during 2015 (from US$2,513.5B to US$1,510.3B).

"Despite recent market jitters, the expectation that M&A activity will remain robust in 2016 is well-founded based on corporates' ample cash reserves and their desire for growth coupled with consistent demand for quality opportunities from private equity sponsors", commented Phil Isom, Global Head of M&A.

Worldwide announced deals: 1 year trailing — Jan 15 — Dec 15



Worldwide completed deals: 1 year trailing — Jan 15 — Dec 15



Source: Thomson One, accessed on January 12th, 2016.

All figures are in US$m

	Number of Companies	Market Cap						Net Profit (Pre Exce)						P/E						Net Debt			EBITDA			(Net debt)/(EBITDA)		
		As at 31-Dec-14	As at 30-Jun-15	As at 31-Dec-15	% change			31-Dec-14 31-Dec-15	30-Jun-15 30-Jun-16	31-Dec-15 31-Dec-16	% change			31-Dec-14 31-Dec-15	30-Jun-15 30-Jun-16	31-Dec-15 31-Dec-16	% change			31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	% change	31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	% change	31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	% change
		A	B	C	C vs A	B vs A	C vs B	A	B	C	C vs A	B vs A	C vs B	A	B	C	C vs A	B vs A	C vs B	D	E		F	G		D/F	E/G	
Region																												
Africa and Middle East	19	460,292	494,764	435,570	(5%)	7%	(12%)	33,281	32,672	30,604	(8%)	(2%)	(6%)	13.8	15.1	14.2	3%	9%	(6%)	76,496	70,089	(8%)	54,572	60,945	12%	1.4	1.2	(18%)
AsPac : Japan (GAAP)	99	2,005,993	2,260,559	2,194,083	9%	13%	(3%)	138,755	151,925	145,704	5%	9%	(4%)	14.5	14.9	15.1	4%	3%	1%	686,059	703,999	3%	359,923	373,623	4%	1.9	1.9	(1%)
AsPac : Other	201	5,027,314	5,564,480	4,778,666	(5%)	11%	(14%)	352,229	363,887	315,961	(10%)	3%	(13%)	14.3	15.3	15.1	6%	7%	(1%)	706,078	624,313	(12%)	666,816	723,682	9%	1.1	0.9	(19%)
Europe	252	8,441,666	8,763,909	8,247,149	(2%)	4%	(6%)	607,170	608,292	537,351	(11%)	0%	(12%)	13.9	14.4	15.3	10%	4%	7%	1,604,647	1,482,688	(8%)	1,195,390	1,259,938	5%	1.3	1.2	(12%)
LatAm	24	631,401	625,092	461,981	(27%)	(1%)	(26%)	47,960	40,099	31,365	(35%)	(16%)	(22%)	13.2	15.6	14.7	12%	18%	(6%)	236,062	231,642	(2%)	93,646	99,744	7%	2.5	2.3	(8%)
North America	405	16,142,912	16,123,294	15,730,462	(3%)	(0%)	(2%)	927,703	960,011	903,417	(3%)	3%	(6%)	17.4	16.8	17.4	0%	(3%)	4%	2,405,009	2,195,364	(9%)	1,771,797	1,897,486	7%	1.4	1.2	(15%)
Global:	**1,000**	**32,709,578**	**33,832,099**	**31,847,911**	**(3%)**	**3%**	**(6%)**	**2,107,098**	**2,156,886**	**1,964,401**	**(7%)**	**2%**	**(9%)**	**15.5**	**15.7**	**16.2**	**4%**	**1%**	**3%**	**5,714,352**	**5,308,095**	**(7%)**	**4,142,143**	**4,415,418**	**7%**	**1.4**	**1.2**	**(13%)**
Country																												
Australia	13	470,220	421,598	356,311	(24%)	(10%)	(15%)	30,144	24,878	18,168	(40%)	(17%)	(27%)	15.6	16.9	19.6	26%	9%	16%	89,304	87,155	(2%)	53,245	53,371	0%	1.7	1.6	(3%)
Austria	1	8,691	8,969	9,259	7%	3%	3%	1,042	942	748	(28%)	(10%)	(21%)	8.3	9.5	12.4	48%	14%	30%	5,488	5,509	0%	4,171	3,815	(9%)	1.3	1.4	10%
Belgium	5	227,584	236,920	246,086	8%	4%	4%	11,771	12,182	11,094	(6%)	3%	(9%)	19.3	19.4	22.2	15%	1%	14%	49,125	54,287	11%	23,744	24,998	5%	2.1	2.2	5%
Bermuda	3	51,325	46,295	41,388	(19%)	(10%)	(11%)	4,055	4,365	3,981	(2%)	8%	(9%)	12.7	10.6	10.4	(18%)	(16%)	(2%)	13,613	11,596	(15%)	9,096	10,455	15%	1.5	1.1	(26%)
Brazil	8	271,823	275,222	171,059	(37%)	1%	(38%)	25,542	19,344	14,015	(45%)	(24%)	(28%)	10.6	14.2	12.2	15%	34%	(14%)	148,149	147,575	(0%)	44,608	47,706	7%	3.3	3.1	(7%)
Canada	26	653,748	621,078	489,363	(25%)	(5%)	(21%)	37,108	36,996	30,141	(19%)	(0%)	(19%)	17.6	16.8	16.2	(8%)	(5%)	(3%)	217,242	217,644	0%	77,480	82,639	7%	2.8	2.6	(6%)
Chile	4	59,485	57,858	48,704	(18%)	(3%)	(16%)	3,758	3,936	3,360	(11%)	5%	(15%)	15.8	14.7	14.5	(8%)	(7%)	(1%)	14,632	14,094	(4%)	8,587	9,297	8%	1.7	1.5	(11%)
China	82	2,018,637	2,515,634	2,025,685	0%	25%	(19%)	121,128	131,288	111,506	(8%)	8%	(15%)	16.7	19.2	18.2	9%	15%	(5%)	372,271	334,475	(10%)	246,373	274,366	11%	1.5	1.2	(19%)
Colombia	1	35,869	27,391	14,378	(60%)	(24%)	(48%)	3,400	2,240	1,663	(51%)	(34%)	(26%)	10.6	12.2	8.6	(18%)	16%	(29%)	15,439	15,424	(0%)	6,001	6,770	13%	2.6	2.3	(11%)
Czech Republic	1	13,780	12,398	9,538	(31%)	(10%)	(23%)	1,058	932	895	(15%)	(12%)	(4%)	13.0	13.3	10.7	(18%)	2%	(20%)	5,800	5,875	1%	2,648	2,553	(4%)	2.2	2.3	5%
Denmark	7	210,496	241,951	249,947	19%	15%	3%	12,638	13,599	12,405	(2%)	8%	(9%)	16.7	17.8	20.1	21%	7%	13%	9,202	8,060	(12%)	22,477	23,523	5%	0.4	0.3	(16%)
Finland	5	89,459	79,904	82,490	(8%)	(11%)	3%	4,950	4,759	4,502	(9%)	(4%)	(5%)	18.1	16.8	18.3	1%	(7%)	9%	-5,981	-7,521	(26%)	7,285	7,369	1%	-0.8	-1.0	(24%)
France	44	1,373,993	1,408,278	1,308,224	(5%)	2%	(7%)	89,481	88,972	81,385	(9%)	(1%)	(9%)	15.4	15.8	16.1	5%	3%	2%	259,008	234,714	(9%)	204,277	212,215	4%	1.3	1.1	(13%)
Germany	31	1,191,372	1,225,731	1,155,974	(3%)	3%	(6%)	90,360	93,660	83,397	(8%)	4%	(11%)	13.2	13.1	13.9	5%	(1%)	6%	127,795	116,209	(9%)	183,743	199,223	8%	0.7	0.6	(16%)
Hong Kong	17	606,863	660,704	594,843	(2%)	9%	(10%)	51,710	52,927	48,031	(7%)	2%	(9%)	11.7	12.5	12.4	6%	6%	(1%)	40,474	43,402	7%	112,945	118,456	5%	0.4	0.4	2%
India	26	605,602	635,718	582,670	(4%)	5%	(8%)	39,141	41,932	37,673	(4%)	7%	(10%)	15.5	15.2	15.5	(0%)	(2%)	2%	62,222	55,333	(11%)	59,638	69,353	16%	1.0	0.8	(24%)
Indonesia	3	66,880	65,652	60,144	(10%)	(2%)	(8%)	3,588	3,504	3,135	(13%)	(2%)	(11%)	18.6	18.7	19.2	3%	1%	2%	3,538	3,184	(10%)	6,102	6,648	9%	0.6	0.5	(17%)
Ireland	15	419,071	519,812	512,353	22%	24%	(1%)	25,729	34,346	31,173	21%	33%	(9%)	16.3	15.1	16.4	1%	(7%)	9%	91,037	56,907	(37%)	43,413	48,440	12%	2.1	1.2	(44%)
Israel	2	57,770	61,636	65,087	13%	7%	6%	4,464	4,487	5,708	28%	1%	27%	12.9	13.7	11.4	(12%)	6%	(17%)	9,255	6,897	(25%)	6,380	8,713	37%	1.5	0.8	(45%)
Italy	8	207,027	216,642	209,343	1%	5%	(3%)	14,633	13,145	11,553	(21%)	(10%)	(12%)	14.1	16.5	18.1	28%	16%	10%	136,992	132,759	(3%)	53,188	55,773	5%	2.6	2.4	(8%)
Japan	99	2,005,993	2,260,559	2,194,083	9%	13%	(3%)	138,755	151,925	145,704	5%	9%	(4%)	14.5	14.9	15.1	4%	3%	1%	686,059	703,999	3%	359,923	373,623	4%	1.9	1.9	(1%)
Luxembourg	3	46,905	43,501	38,297	(18%)	(7%)	(12%)	3,122	2,633	2,032	(35%)	(16%)	(23%)	15.0	16.5	18.8	25%	10%	14%	3,043	3,377	11%	4,442	4,545	2%	0.7	0.7	8%
Macau	1	39,692	27,165	27,643	(30%)	(32%)	2%	2,871	1,805	1,415	(51%)	(37%)	(22%)	13.8	15.1	19.5	41%	9%	30%	2,310	3,378	46%	2,140	2,177	2%	1.1	1.6	44%
Malaysia	9	129,445	117,193	109,831	(15%)	(9%)	(6%)	7,023	6,222	5,760	(18%)	(11%)	(7%)	18.4	18.8	19.1	3%	2%	1%	12,108	9,606	(21%)	10,872	11,725	8%	1.1	0.8	(26%)
Mexico	11	264,224	264,621	227,840	(14%)	0%	(14%)	15,260	14,579	12,327	(19%)	(4%)	(15%)	17.3	18.2	18.5	7%	5%	2%	57,842	54,548	(6%)	34,449	35,971	4%	1.7	1.5	(10%)
Morocco	1	11,041	9,745	9,896	(10%)	(12%)	2%	686	682	644	(6%)	(1%)	(5%)	16.1	14.3	15.4	(5%)	(11%)	7%	1,088	1,039	(5%)	1,727	1,797	4%	0.6	0.6	(8%)
Netherlands	17	654,704	656,803	618,963	(5%)	0%	(6%)	48,443	48,150	43,578	(10%)	(1%)	(9%)	13.5	13.6	14.2	5%	1%	4%	112,635	109,419	(3%)	97,899	106,544	9%	1.2	1.0	(11%)
Nigeria	1	18,553	15,402	14,539	(22%)	(17%)	(6%)	1,163	1,233	1,154	(1%)	6%	(6%)	16.0	12.5	12.6	(21%)	(22%)	1%	1,225	1,509	23%	1,370	1,611	18%	0.9	0.9	5%
Norway	3	98,325	103,569	81,386	(17%)	5%	(21%)	7,601	7,597	6,024	(21%)	(0%)	(21%)	12.9	13.6	13.5	4%	5%	(1%)	23,208	26,276	13%	26,987	27,989	4%	0.9	0.9	9%
Philippines	4	48,382	50,115	44,034	(9%)	4%	(12%)	2,295	2,491	2,337	2%	9%	(6%)	21.1	20.1	18.8	(11%)	(5%)	(6%)	10,435	10,252	(2%)	4,704	4,965	6%	2.2	2.1	(7%)
Portugal	2	22,615	23,500	22,763	1%	4%	(3%)	1,555	1,575	1,497	(4%)	1%	(5%)	14.5	14.9	15.2	5%	3%	2%	21,389	21,120	(1%)	5,835	5,793	(1%)	3.7	3.6	(1%)
Qatar	1	27,909	23,924	18,456	(34%)	(14%)	(23%)	2,212	1,744	1,379	(38%)	(21%)	(21%)	12.6	13.7	13.4	6%	9%	(2%)	-1,399	-1,334	5%	304	297	(2%)	-4.6	-4.5	2%
Russia	10	221,576	275,824	218,755	(1%)	24%	(21%)	69,111	60,440	48,369	(30%)	(13%)	(20%)	3.2	4.6	4.5	41%	42%	(1%)	80,048	72,740	(9%)	91,766	91,769	0%	0.9	0.8	(9%)
Saudi Arabia	6	152,630	171,158	147,314	(3%)	12%	(14%)	12,747	12,198	11,136	(13%)	(4%)	(9%)	12.0	14.0	13.2	10%	17%	(6%)	51,216	48,321	(6%)	24,162	26,429	9%	2.1	1.8	(14%)
Singapore	6	121,688	129,088	121,766	0%	6%	(6%)	9,159	10,027	9,434	3%	9%	(6%)	13.3	12.9	12.9	(3%)	(3%)	0%	26,070	23,788	(9%)	14,177	15,259	8%	1.8	1.6	(15%)
South Africa	6	151,391	163,526	125,728	(17%)	8%	(23%)	8,871	8,783	7,006	(21%)	(1%)	(20%)	17.1	18.6	17.9	5%	9%	(4%)	9,230	10,417	13%	11,459	12,647	10%	0.8	0.8	2%
South Korea	19	477,896	470,913	456,047	(5%)	(1%)	(3%)	54,794	55,272	48,619	(11%)	1%	(12%)	8.7	8.5	9.4	8%	(2%)	10%	71,627	45,360	(37%)	102,913	110,642	8%	0.7	0.4	(41%)
Spain	12	360,833	359,951	347,725	(4%)	(0%)	(3%)	21,189	20,945	19,104	(10%)	(1%)	(9%)	17.0	17.2	18.2	7%	1%	6%	148,123	137,106	(7%)	55,801	58,509	5%	2.7	2.3	(12%)
Sweden	10	258,465	256,277	240,420	(7%)	(1%)	(6%)	15,124	15,818	14,634	(3%)	5%	(7%)	17.1	16.2	16.4	(4%)	(5%)	1%	18,303	15,571	(15%)	26,339	27,986	6%	0.7	0.6	(20%)
Switzerland	25	1,147,436	1,161,576	1,098,290	(4%)	1%	(5%)	67,228	67,747	59,779	(11%)	1%	(12%)	17.1	17.1	18.4	8%	0%	7%	94,024	77,537	(18%)	99,860	104,573	5%	0.9	0.7	(21%)
Taiwan	14	329,847	352,419	307,156	(7%)	7%	(13%)	23,054	25,886	23,201	1%	12%	(10%)	14.3	13.6	13.2	(7%)	(5%)	(3%)	-6,658	-13,110	(97%)	39,483	41,965	6%	-0.2	-0.3	(85%)
Thailand	7	112,162	118,282	92,536	(17%)	5%	(22%)	7,322	7,655	6,681	(9%)	5%	(13%)	15.3	15.5	13.8	(10%)	1%	(10%)	22,378	21,491	(4%)	14,225	14,758	4%	1.6	1.5	(7%)
Turkey	1	13,455	11,737	9,505	(29%)	(13%)	(19%)	1,243	1,079	1,051	(15%)	(13%)	(3%)	10.8	10.9	9.0	(17%)	0%	(17%)	3,909	4,079	4%	1,707	1,929	13%	2.3	2.1	(8%)
United Arab Emirates	2	40,998	49,374	54,549	33%	20%	10%	3,138	3,545	3,576	14%	13%	1%	13.1	13.9	15.3	17%	7%	10%	5,881	3,238	(45%)	9,169	9,451	3%	0.6	0.3	(47%)
United Kingdom	52	1,875,878	1,920,565	1,787,830	(5%)	2%	(7%)	120,892	119,772	104,131	(14%)	(1%)	(13%)	15.5	16.0	17.2	11%	3%	7%	421,501	408,663	(3%)	239,806	252,392	5%	1.8	1.6	(8%)
United States	376	15,437,839	15,455,921	15,199,712	(2%)	0%	(2%)	886,540	918,650	869,294	(2%)	4%	(5%)	17.4	16.8	17.5	0%	(3%)	4%	2,174,155	1,966,125	(10%)	1,685,221	1,804,392	7%	1.3	1.1	(16%)
Global:	**1,000**	**32,709,578**	**33,832,099**	**31,847,911**	**(3%)**	**3%**	**(6%)**	**2,107,098**	**2,156,886**	**1,964,401**	**(7%)**	**2%**	**(9%)**	**15.5**	**15.7**	**16.2**	**4%**	**1%**	**3%**	**5,714,352**	**5,308,095**	**(7%)**	**4,142,143**	**4,415,418**	**7%**	**1.4**	**1.2**	**(13%)**

Source: Capital IQ

All figures are in US$m

		Number of Companies	Market Cap						Net Profit (Pre Exce)						P/E						Net Debt			EBITDA			(Net debt)/(EBITDA)		
			As at 31-Dec-14	As at 30-Jun-15	As at 31-Dec-15	% change			31-Dec-14 31-Dec-15	30-Jun-15 30-Jun-16	31-Dec-15 31-Dec-16	% change			31-Dec-14 31-Dec-15	30-Jun-15 30-Jun-16	31-Dec-15 31-Dec-16	% change			31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	30-Jun-15	31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	% change	31-Dec-15 31-Dec-15	31-Dec-15 31-Dec-16	% change
			A	B	C	C vs A	B vs A	C vs B	A	B	C	C vs A	B vs A	C vs B	A	B	C	C vs A	B vs A	C vs B	D	E		F	G		D/F	E/G	
Industry	Basic Materials	89	2,070,635	2,100,334	1,722,642	(17%)	1%	(18%)	148,703	140,771	110,319	(26%)	(5%)	(22%)	13.9	14.9	15.6	12%	7%	5%	490,928	488,226	(1%)	278,090	287,910	4%	1.8	1.7	(4%)
	Consumer discretionary	188	5,036,904	5,410,301	5,241,257	4%	7%	(3%)	326,635	352,559	329,351	1%	8%	(7%)	15.4	15.3	15.9	3%	(0%)	4%	668,702	621,958	(7%)	633,280	687,182	9%	1.1	0.9	(14%)
	Energy	85	3,741,727	3,690,595	2,905,801	(22%)	(1%)	(21%)	309,580	261,075	196,031	(37%)	(16%)	(25%)	12.1	14.1	14.8	23%	17%	5%	1,089,863	1,149,428	5%	628,977	666,418	6%	1.7	1.7	(0%)
	Healthcare	105	4,284,673	4,756,599	4,576,763	7%	11%	(4%)	245,635	275,353	269,414	10%	12%	(2%)	17.4	17.3	17.0	(3%)	(1%)	(2%)	433,556	333,059	(23%)	401,126	437,981	9%	1.1	0.8	(30%)
	Industrials	174	3,930,353	4,088,660	3,767,682	(4%)	4%	(8%)	261,218	272,699	253,137	(3%)	4%	(7%)	15.0	15.0	14.9	(1%)	(0%)	(1%)	885,512	872,257	(1%)	506,277	541,028	7%	1.7	1.6	(8%)
	Consumer staple	113	4,366,293	4,441,888	4,500,189	3%	2%	1%	231,363	240,017	224,206	(3%)	4%	(7%)	18.9	18.5	20.1	6%	(2%)	8%	602,083	578,797	(4%)	405,364	429,891	6%	1.5	1.3	(9%)
	Technology	127	5,755,478	5,790,703	5,779,595	0%	1%	(0%)	346,598	375,342	348,124	0%	8%	(7%)	16.6	15.4	16.6	(0%)	(7%)	8%	-283,248	-581,697	(105%)	530,976	573,645	8%	-0.5	-1.0	(90%)
	Telecommunications Services	52	2,119,527	2,235,531	2,080,556	(2%)	5%	(7%)	138,627	142,942	138,946	0%	3%	(3%)	15.3	15.6	15.0	(2%)	2%	(4%)	768,675	753,388	(2%)	465,157	490,498	5%	1.7	1.5	(7%)
	Utilities	67	1,403,989	1,317,489	1,273,425	(9%)	(6%)	(3%)	98,740	96,129	94,873	(4%)	(3%)	(1%)	14.2	13.7	13.4	(6%)	(4%)	(2%)	1,058,280	1,092,679	3%	292,896	300,865	3%	3.6	3.6	1%
	Global:	**1,000**	**32,709,578**	**33,832,099**	**31,847,911**	**(3%)**	**3%**	**(6%)**	**2,107,098**	**2,156,886**	**1,964,401**	**(7%)**	**2%**	**(9%)**	**15.5**	**15.7**	**16.2**	**4%**	**1%**	**3%**	**5,714,352**	**5,308,095**	**(7%)**	**4,142,143**	**4,415,418**	**7%**	**1.4**	**1.2**	**(13%)**
Region/Industry	Africa and Middle East - Basic Materials	5	115,249	127,717	105,028	(9%)	11%	(18%)	9,904	9,341	8,507	(14%)	(6%)	(9%)	11.6	13.7	12.3	6%	17%	(10%)	20,392	20,156	(1%)	16,549	18,049	9%	1.2	1.1	(9%)
	Africa and Middle East - Consumer discretionary	1	52,247	64,267	59,044	13%	23%	(8%)	1,484	1,857	1,514	2%	25%	(18%)	35.2	34.6	39.0	11%	(2%)	13%	2,894	2,429	(16%)	450	746	66%	6.4	3.3	(49%)
	Africa and Middle East - Energy	1	24,048	23,873	17,701	(26%)	(1%)	(26%)	2,313	1,871	1,548	(33%)	(19%)	(17%)	10.4	12.8	11.4	10%	23%	(10%)	-455	2,603	672%	2,904	3,334	15%	-0.2	0.8	598%
	Africa and Middle East - Healthcare	2	65,185	63,631	65,053	(0%)	(2%)	2%	4,976	4,977	5,985	20%	0%	20%	13.1	12.8	10.9	(17%)	(2%)	(15%)	12,092	8,865	(27%)	6,925	9,247	34%	1.7	1.0	(45%)
	Africa and Middle East - Industrials	2	45,339	41,686	35,305	(22%)	(8%)	(15%)	2,943	2,677	2,373	(19%)	(9%)	(11%)	15.4	15.6	14.9	(3%)	1%	(4%)	4,676	4,456	(5%)	2,189	2,445	12%	2.1	1.8	(15%)
	Africa and Middle East - Consumer staple	1	12,266	14,360	12,507	2%	17%	(13%)	557	638	643	16%	15%	1%	22.0	22.5	19.4	(12%)	2%	(14%)	2,613	2,821	8%	940	1,111	18%	2.8	2.5	(9%)
	Africa and Middle East - Technology	1	8,611	11,519	9,162	6%	34%	(20%)	94	169	179	89%	79%	6%	91.3	68.2	51.3	(44%)	(25%)	(25%)	-364	-525	(44%)	126	203	62%	-2.9	-2.6	11%
	Africa and Middle East - Telecommunications Services	5	120,803	128,578	114,286	(5%)	6%	(11%)	10,133	10,237	9,084	(10%)	1%	(11%)	11.9	12.6	12.6	6%	5%	0%	-737	-3,655	(396%)	20,425	21,010	3%	0.0	-0.2	(382%)
	Africa and Middle East - Utilities	1	16,543	19,133	17,484	6%	16%	(9%)	877	905	770	(12%)	3%	(15%)	18.9	21.1	22.7	20%	12%	7%	35,385	32,938	(7%)	4,064	4,799	18%	8.7	6.9	(21%)
	Japan - Basic Materials	7	103,425	107,044	94,774	(8%)	3%	(11%)	7,424	8,875	6,343	(15%)	20%	(29%)	13.9	12.1	14.9	7%	(13%)	24%	43,648	42,676	(2%)	19,899	21,038	6%	2.2	2.0	(8%)
	Japan - Consumer discretionary	20	585,358	651,524	602,363	3%	11%	(8%)	47,306	52,178	50,746	7%	10%	(3%)	12.4	12.5	11.9	(4%)	1%	(5%)	212,819	205,965	(3%)	105,969	105,957	(0%)	2.0	1.9	(3%)
	Japan - Energy	2	26,151	27,354	24,920	(5%)	5%	(9%)	2,620	2,247	1,665	(36%)	(14%)	(26%)	10.0	12.2	15.0	50%	22%	23%	15,694	21,351	36%	6,304	8,067	28%	2.5	2.6	6%
	Japan - Healthcare	14	191,161	227,617	251,193	31%	19%	10%	7,425	7,634	8,146	10%	3%	7%	25.7	29.8	30.8	20%	16%	3%	-11,753	-12,864	(9%)	16,191	17,326	7%	-0.7	-0.7	(2%)
	Japan - Industrials	24	415,618	453,676	423,456	2%	9%	(7%)	32,331	34,482	30,963	(4%)	7%	(10%)	12.9	13.2	13.7	6%	2%	4%	203,905	224,994	10%	65,795	70,042	6%	3.1	3.2	4%
	Japan - Consumer staple	11	185,800	222,321	234,132	26%	20%	5%	9,397	9,836	10,116	8%	5%	3%	19.8	22.6	23.1	17%	14%	2%	16,053	21,281	33%	24,291	26,461	9%	0.7	0.8	22%
	Japan - Technology	13	220,527	246,365	230,869	5%	12%	(6%)	12,514	14,547	14,208	14%	16%	(2%)	17.6	16.9	16.2	(8%)	(4%)	(4%)	-2,901	-5,968	(106%)	33,694	35,998	7%	-0.1	-0.2	(93%)
	Japan - Telecommunications Services	4	240,558	281,749	290,385	21%	17%	3%	16,971	18,664	19,511	15%	10%	5%	14.2	15.1	14.9	5%	7%	(1%)	102,377	101,516	(1%)	67,694	70,257	4%	1.5	1.4	(4%)
	Japan - Utilities	4	37,396	42,910	41,991	12%	15%	(2%)	2,767	3,462	4,006	45%	25%	16%	13.5	12.4	10.5	(22%)	(8%)	(15%)	106,217	105,048	(1%)	20,086	18,477	(8%)	5.3	5.7	8%
	AsPac - Basic Materials	22	465,920	490,761	376,224	(19%)	5%	(23%)	32,092	28,039	20,343	(37%)	(13%)	(27%)	14.5	17.5	18.5	27%	21%	6%	102,590	101,055	(1%)	55,871	57,618	3%	1.8	1.8	(4%)
	AsPac - Consumer discretionary	30	483,045	538,785	502,275	4%	12%	(7%)	47,446	47,732	40,157	(15%)	1%	(16%)	10.2	11.3	12.5	23%	11%	11%	16,277	-10,339	(164%)	49,906	57,961	16%	0.3	-0.2	(155%)
	AsPac - Energy	15	803,498	857,729	626,361	(22%)	7%	(27%)	63,920	56,413	43,285	(32%)	(12%)	(23%)	12.6	15.2	14.5	15%	21%	(5%)	210,988	205,741	(2%)	130,991	140,977	8%	1.6	1.5	(9%)
	AsPac - Healthcare	10	133,801	156,965	156,892	17%	17%	(0%)	5,488	6,306	5,735	4%	15%	(9%)	24.4	24.9	27.4	12%	2%	10%	4,151	3,431	(17%)	8,250	9,763	18%	0.5	0.4	(30%)
	AsPac - Industrials	39	630,253	882,338	722,766	15%	40%	(18%)	43,614	52,223	49,097	13%	20%	(6%)	14.5	16.9	14.7	2%	17%	(13%)	214,780	209,140	(3%)	99,193	110,577	11%	2.2	1.9	(13%)
	AsPac - Consumer staple	23	394,706	437,162	398,527	1%	11%	(9%)	20,631	22,256	19,845	(4%)	8%	(11%)	19.1	19.6	20.1	5%	3%	2%	10,544	6,061	(43%)	29,757	33,249	12%	0.4	0.2	(49%)
	AsPac - Technology	26	1,186,615	1,214,820	1,146,850	(3%)	2%	(6%)	70,493	83,548	72,525	3%	19%	(13%)	16.8	14.5	15.8	(6%)	(14%)	9%	-117,644	-148,473	(26%)	112,566	123,823	10%	-1.0	-1.2	(15%)
	AsPac - Telecommunications Services	18	637,779	673,040	575,583	(10%)	6%	(14%)	41,645	43,029	40,322	(3%)	3%	(6%)	15.3	15.6	14.3	(7%)	2%	(9%)	38,595	35,401	(8%)	119,369	126,457	6%	0.3	0.3	(13%)
	AsPac - Utilities	18	291,697	312,879	273,188	(6%)	7%	(13%)	26,898	24,342	24,653	(8%)	(10%)	1%	10.8	12.9	11.1	2%	19%	(14%)	225,799	222,297	(2%)	60,913	63,257	4%	3.7	3.5	(5%)
	Europe - Basic Materials	25	716,576	729,081	584,298	(18%)	2%	(20%)	56,219	52,108	40,855	(27%)	(7%)	(22%)	12.7	14.0	14.3	12%	10%	2%	165,759	160,703	(3%)	102,715	105,282	2%	1.6	1.5	(5%)
	Europe - Consumer discretionary	51	1,363,093	1,458,447	1,347,978	(1%)	7%	(8%)	98,383	106,225	95,203	(3%)	8%	(10%)	13.9	13.7	14.2	2%	(1%)	3%	57,422	37,843	(34%)	195,732	212,547	9%	0.3	0.2	(39%)
	Europe - Energy	19	966,274	984,840	813,468	(16%)	2%	(17%)	129,033	111,344	86,177	(33%)	(14%)	(23%)	7.5	8.8	9.4	26%	18%	7%	235,839	238,786	1%	236,395	248,128	5%	1.0	1.0	(4%)
	Europe - Healthcare	27	1,443,998	1,612,023	1,572,565	9%	12%	(2%)	85,129	96,178	90,052	6%	13%	(6%)	17.0	16.8	17.5	3%	(1%)	4%	192,045	140,446	(27%)	133,544	143,164	7%	1.4	1.0	(32%)
	Europe - Industrials	52	1,047,755	1,053,008	997,199	(5%)	1%	(5%)	70,876	71,603	65,577	(7%)	1%	(8%)	14.8	14.7	15.2	3%	(1%)	3%	172,224	154,889	(10%)	134,165	142,340	6%	1.3	1.1	(15%)
	Europe - Consumer staple	27	1,471,663	1,519,196	1,565,613	6%	3%	3%	78,868	82,390	75,940	(4%)	4%	(8%)	18.7	18.4	20.6	10%	(1%)	12%	221,990	195,425	(12%)	134,869	141,037	5%	1.6	1.4	(16%)
	Europe - Technology	18	445,553	447,252	463,024	4%	0%	4%	25,638	27,507	26,480	3%	7%	(4%)	17.4	16.3	17.5	1%	(6%)	8%	893	-5,351	(700%)	38,933	43,761	12%	0.0	-0.1	(633%)
	Europe - Telecommunications Services	13	484,970	508,939	478,733	(1%)	5%	(6%)	27,283	27,645	25,710	(6%)	1%	(7%)	17.8	18.4	18.6	5%	4%	1%	242,565	236,851	(2%)	106,655	111,499	5%	2.3	2.1	(7%)
	Europe - Utilities	20	501,784	451,123	424,272	(15%)	(10%)	(6%)	35,740	33,294	31,356	(12%)	(7%)	(6%)	14.0	13.5	13.5	(4%)	(3%)	(0%)	315,910	323,097	2%	112,382	112,180	(0%)	2.8	2.9	2%
	LatAm - Basic Materials	2	63,078	52,104	32,194	(49%)	(17%)	(38%)	6,959	4,344	2,233	(68%)	(38%)	(49%)	9.1	12.0	14.4	59%	32%	20%	31,834	34,853	9%	10,572	10,561	(0%)	3.0	3.3	10%
	LatAm - Consumer discretionary	3	49,869	55,120	47,424	(5%)	11%	(14%)	2,244	2,296	1,993	(11%)	2%	(13%)	22.2	24.0	23.8	7%	8%	(1%)	7,648	7,815	2%	4,460	4,886	10%	1.7	1.6	(7%)
	LatAm - Energy	4	108,960	109,192	59,419	(45%)	0%	(46%)	14,776	10,163	7,274	(51%)	(31%)	(28%)	7.4	10.7	8.2	11%	46%	(24%)	126,938	124,916	(2%)	30,147	32,594	8%	4.2	3.8	(9%)
	LatAm - Industrials	2	22,718	19,343	19,503	(14%)	(15%)	1%	1,156	1,150	1,137	(2%)	(0%)	(1%)	19.7	16.8	17.1	(13%)	(14%)	2%	4,171	3,641	(13%)	2,727	2,968	9%	1.5	1.2	(20%)
	LatAm - Consumer staple	8	239,167	241,998	204,013	(15%)	1%	(16%)	12,363	12,257	10,716	(13%)	(1%)	(13%)	19.3	19.7	19.0	(2%)	2%	(4%)	21,441	18,716	(13%)	20,076	22,573	12%	1.1	0.8	(22%)
	LatAm - Technology	1	24,555	26,492	15,956	(35%)	8%	(40%)	1,399	1,332	1,048	(25%)	(5%)	(21%)	17.6	19.9	15.2	(13%)	13%	(23%)	2,954	1,939	(34%)	1,340	1,505	12%	2.2	1.3	(42%)
	LatAm - Telecommunications Services	2	94,546	93,841	61,447	(35%)	(1%)	(35%)	7,190	6,469	5,132	(29%)	(10%)	(21%)	13.1	14.5	12.0	(9%)	10%	(17%)	35,311	34,253	(3%)	19,362	19,206	(1%)	1.8	1.8	(2%)
	LatAm - Utilities	2	28,509	27,002	22,025	(23%)	(5%)	(18%)	1,873	2,088	1,832	(2%)	12%	(12%)	15.2	12.9	12.0	(21%)	(15%)	(7%)	5,765	5,509	(4%)	4,961	5,451	10%	1.2	1.0	(13%)
	North America - Basic Materials	28	606,386	593,626	530,124	(13%)	(2%)	(11%)	36,105	38,066	32,037	(11%)	5%	(16%)	16.8	15.6	16.5	(1%)	(7%)	6%	126,706	128,783	2%	72,484	75,362	4%	1.7	1.7	(2%)
	North America - Consumer discretionary	83	2,503,292	2,642,157	2,682,173	7%	6%	2%	129,772	142,272	139,737	8%	10%	(2%)	19.3	18.6	19.2	(0%)	(4%)	3%	371,642	378,245	2%	276,762	305,084	10%	1.3	1.2	(8%)
	North America - Energy	44	1,812,796	1,687,607	1,363,933	(25%)	(7%)	(19%)	96,917	79,037	56,083	(42%)	(18%)	(29%)	18.7	21.4	24.3	30%	14%	14%	500,860	556,032	11%	222,236	233,318	5%	2.3	2.4	6%
	North America - Healthcare	52	2,450,528	2,696,361	2,531,061	3%	10%	(6%)	142,618	160,258	159,496	12%	12%	(0%)	17.2	16.8	15.9	(8%)	(2%)	(6%)	237,021	193,181	(18%)	236,216	258,480	9%	1.0	0.7	(26%)
	North America - Industrials	55	1,768,671	1,638,608	1,569,452	(11%)	(7%)	(4%)	110,298	110,564	103,989	(6%)	0%	(6%)	16.0	14.8	15.1	(6%)	(8%)	2%	285,756	275,136	(4%)	202,208	212,656	5%	1.4	1.3	(8%)
	North America - Consumer staple	43	2,062,692	2,006,851	2,085,396	1%	(3%)	4%	109,548	112,641	106,946	(2%)	3%	(5%)	18.8	17.8	19.5	4%	(5%)	9%	329,442	334,493	2%	195,431	205,459	5%	1.7	1.6	(3%)
	North America - Technology	68	3,869,618	3,844,255	3,913,735	1%	(1%)	2%	236,459	248,240	233,685	(1%)	5%	(6%)	16.4	15.5	16.7	2%	(5%)	8%	-166,185	-423,318	(155%)	344,317	368,356	7%	-0.5	-1.1	(138%)
	North America - Telecommunications Services	10	540,871	549,385	560,124	4%	2%	2%	35,404	36,897	39,187	11%	4%	6%	15.3	14.9	14.3	(6%)	(3%)	(4%)	350,563	349,022	(0%)	131,652	142,069	8%	2.7	2.5	(8%)
	North America - Utilities	22	528,060	464,443	494,464	(6%)	(12%)	6%	30,584	32,037	32,256	5%	5%	1%	17.3	14.5	15.3	(11%)	(16%)	6%	369,204	403,789	9%	90,490	96,702	7%	4.1	4.2	2%
	Global:	**1,000**	**32,709,578**	**33,832,099**	**31,847,911**	**(3%)**	**3%**	**(6%)**	**2,107,098**	**2,156,886**	**1,964,401**	**(7%)**	**2%**	**(9%)**	**15.5**	**15.7**	**16.2**	**4%**	**1%**	**3%**	**5,714,352**	**5,308,095**	**(7%)**	**4,142,143**	**4,415,418**	**7%**	**1.4**	**1.2**	**(13%)**

Source: Capital IQ

- A Concensus forecasts in existence on 31-Dec-14 in respect of the year ending 31-Dec-15 for net profilt and P/E
- B Concensus forecasts in existence on 30-June-15 in respect of the year ending 30-June-16 for net profilt and P/E
- C/G Concensus forecasts in existence on 31-Dec-15 in respect of the year ending 31-Dec-16 for net profit, P/E and EBITDA
- D Actual/ Concensus net debt forecasts in existence on 31-Dec-15 in respect to the closest fiscal year end to 31-Dec-15
- E Concensus forecasts in existence on 31-Dec-15 in respect of the closest fiscal year end to 31-Dec-16
- F Concensus forecasts in existence on 31-Dec-15 in respect of the year ending 31-Dec-15

Deal Advisory: Delivering real results

KPMG's integrated team of specialists works at deal speed to help you find, secure and drive value throughout your business transformation and transaction lifecycle. By thinking like an investor, our M&A specialists can support you – whether you are on the buy side or the sell side – to see beyond immediate challenges to drive strategic change.

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* 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 IQ. Where possible, earnings and EBITDA data is on a pre-exceptionals basis with the exception of Japan, for which GAAP has been used.

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