

COVID HAS DEEPLY IMPACTED SPANISH M&A, BUT...

...there has been a strong recovery in 2H 2020 on the back of Private Equity investing in renewable energy sector

Coronavirus closes the worst year of corporate transactions since 2014

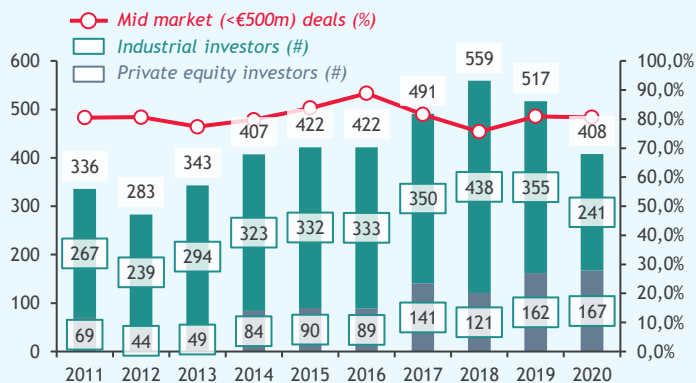
Private Equity (PE) funds have gained importance, increasing from 20.5% in 2011 to 40.9% in 2020 of the volume and accomplishing the highest number of deals in last 10 years. This is a reflection of the high level of dry powder available in the market.

On the other hand, industrial companies, recorded their lowest number of transactions since 2012 with 241 deals, losing weight in favor of the PE.

By nationality cross-border investors have been more cautious in their investments in Spain, decreasing volumes by 26% (vs 16% of national investors).

Mid-market deals (<€500M), are still representing c. 80% of deals in line with the whole period average.

Graph 1: Deal count by bidder



Source: Mergermarket and BDO analysis

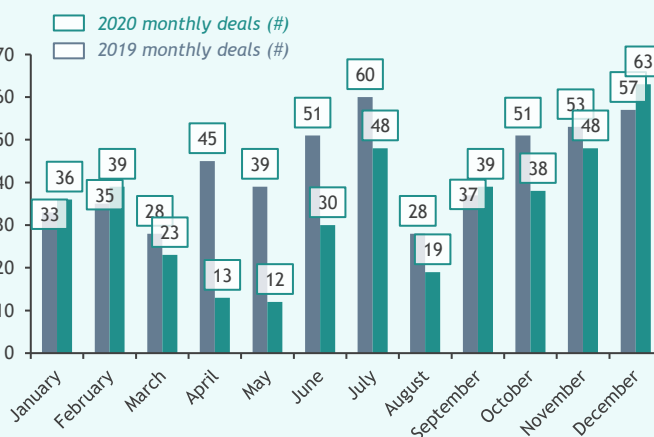
The number of transactions dropped in 2020 over 20% vs 2019, but recovering strongly in 2H

2020 finished with 408 transactions closed, with a drop of 21.1% compared to 2019.

The first three months of COVID (March-May), transactions fell by 57% over the same period of 2019, however in the last quarter, activity recovered reducing the fall to 7% vs 2019 (149 vs 161). In fact, December 2020 registered more transactions than the same month of 2019 (63 vs 57).

Despite the overall dropped of the market, Private equity funds increased their activity by 5 transactions over 2019, reaching 167 transactions, especially in the 2H of the year, where they carried out 68% of their total transactions.

Graph 2: Deal count comparative 2020 vs 2019



Source: Mergermarket and BDO analysis.

In the last 10 years, Consumer, Energy and Industrial sectors have been the most active sectors, deeply affecting coronavirus to Leisure, Consumer and Transport sectors.

In the Spanish market, the most active sectors have been Consumer (15% of total) and Energy (9%), followed by Industrial (9%), Medical (9%) and Financial (8%) for the full period 2011-2020.

The energy sector has been the most active during 2020 due to the boom in Energy with more than 50 transactions, followed by the Consumer sector with 48, Software & Computer with 41 and the Industrial sector with 39 deals.

Table 1: Deals by sector - Heat map

	Total	Energy	Chemical	Construction	Automotive	Consumer	Services	Computer	Real Estate	Medical	Telecom	Industrial	Media	Leisure	Internet	Utilities	Manufacturing	Transport	Agriculture	Mining	Biotechnology	Defence	Financial
Full period 2011-2020	4,188	373	144	210	86	629	320	294	102	365	75	358	81	280	118	41	128	127	69	6	48	10	324
FY 2020	408	57	9	26	8	48	37	41	7	30	10	39	6	14	14	2	10	16	4	2	3	-	25

Source: Mergermarket and BDO analysis.