

Winter Deal Recap

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Welcome back from the winter break and happy 2020! Recent dominating headlines, such as the Australia bushfires and the Novel Coronavirus, have made many think the new year is off to a bad start. Has this negative sentiment also spread to the financial market? Despite the signs of the easing global financial conditions, the completion of US-China Phase One Trade Deal, the finally happening Brexit, and PEs holding the unprecedented amount of unspent cash in hand, the significant decrease of the number of mega-deals announced between Jan 1st to Feb 10th in 2020 proves weak worldwide deal activity. Rather than the recent events, the spike of equity valuation (according to Goldman Sachs' Investment Research, most corporations are valued at the 90th percentile of historical expensiveness) due to multiple expansion in 2019 is the bigger reason behind, resulting in the increasing cautiousness when it comes to capital spending and screening targets. This also stands as a headwind in the ECM market where investors have more scrutiny of valuations. However, this will not stop BSIC from introducing you to some of the most interesting deals announced over the break.

Year	> 5 bil. USD	> 1 bil. USD
2009	4	35
2010	9	44
2011	19	70
2012	6	52
2013	9	57
2014	8	67
2015	21	73
2016	15	78
2017	14	74
2018	21	86
2019	17	58
2020	5	47

Source: Institute for Mergers, Acquisitions, and Alliances (IMAA) research, Thomson Financial

*Deal value includes debt. Dates are announcement dates.

New York Life to Acquire Cigna Corp's Life and Disability Insurance Business

Deal Value: **\$6.3bn** | Deal Type: **Acquisition** | Date: **18-Dec-2019** | Nationality: **US** | Subsector: **Insurance**

The total value of insurance deals in December 2019 amounted to 14.3bn, representing a 235.6% mom spike. The volume of M&A transactions has been continuously increasing since 2015 as the past decade's average low interest in the global pressuring insurance companies' return on investment and forcing them to search for scale and profit expansion. Besides the deal being discussed, MetLife's recent acquisition over PetFirst that allows MetLife to tap into the pet health insurance area is another example. The units sold by Cigna are commented by

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analysts to be “less capital intensive and less reliant on investment income” being consistent with New York Life’s long-term strategy. After acquiring Cigna’s Life, Accident and Disability Insurance Business, New York Life will become the top player in the non-medical insurance field. [bsic.it](https://www.bsic.it)

Boeing Suppliers Woodward and Hexcel to Merge

Deal Value: **\$7.6bn** | Deal Type: **Merger** | Date: **12-Jan-2020** | Nationality: **US** | Subsector: **Aerospace**

This is the Aerospace and Defense sector’s ninth merger of at least 1bn over the past 12 months. The great deal activity of the sector is resulted from suppliers’ needs for consolidation to counter the price pressure forwarded from aircraft manufacturers like Boeing and Airbus with more negotiating power. The new company Woodward Hexcel created after the two supplier’s merger will become one of the world’s largest independent suppliers in the industry “touching nearly every aspect of aerospace design”.

Visa to Acquire Plaid

Deal Value: **\$5.3bn** | Deal Type: **Acquisition** | Date: **13-Jan-2020** | Nationality: **US** | Subsector: **FinTech**

Visa’s acquisition over Plaid at an acquisition value that is two times more than the target’s latest private valuation and at the highest price-sale multiple in recent history is a big surprise from the financial technology field after last year’s deluge in deal activity. Two reasons supporting the high price tag include greater access to the NextGen customer base through Plaid’s wide collaboration with the popular fintech apps in the US such as Venmo and Robinhood, and the potential to expand Plaid overseas leveraging Visa’s global network. The relaxation of global regulations on data-sharing and the public’s increasing acceptance of online financial services and mobile wallets makes it a must for payment service providers like Visa to develop noncard products to adjust to the new payment trends. This deal that gives Visa a first-mover advantage in the noncard payment field over its peers might also stand as a signal for more consolidation of the same kind in the future.

Worldline to Acquire Ingenico

Deal Value: **\$8.6bn** | Deal Type: **Acquisition** | Date: **03-Feb-2020** | Nationality: **US, CH** | Subsector: **FinTech**

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For more information about the deal, please read the detailed analysis presented by our corporate finance analysts.

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Global Investor Consortium Stone Point Capital and Further Global Management to Acquire Duff & Phelps

Deal Value: \$4.2bn | Deal Type: Acquisition | Date: 22-Jan-2020 | Nationality: US | Subsector: Finance

The professional services field has seen a growing appetite for investment from private equities in recent years. From deals like Carlyle's holding of the UK management and technology consulting firm PA Consulting Group and Bain Capital's previous investment in Genpact, a professional service firm advising digital transformation, it can be seen private equities are acknowledging the development of international expansion opportunities, strong talent management, loyal customer bases and long-term project setup that increase the visibility of regular revenue streams and mitigate the risk of unsustainability resulted from professional services' great dependence on high-quality employees. Under Permira fund's investment, Duff & Phelps has broadened its capabilities via its acquisition of Kroll, a global leader of complex investigation, will continue to work on global expansion with Stone Point and Further Global Management.

Primary-care Startup 1Life Healthcare Went Public (NASDAQ:ONEM)

Deal Value: \$2.5bn | Deal Type: IPO | Date: 31-Jan-2020 | Nationality: US | Subsector: Healthcare

2019 was a big year for IPOs, especially within the health care sector due to its defensiveness in the unpromising economic prospects. Companies like Health Catalyst that combines health care and IT to improve operational efficiency and patients' experience were favored by the public and had a phenomenal performance in the equity market. A great percentage of the companies that went public since the start of this new decade are also from the digital health care field. One Medical, going public under the name 1Life Healthcare, stood out from the pack because of its innovative business model that could make a dent in the health care industry and reshapes the way patients receive medical care. Comparing to traditional concierge primary care providers that don't accept insurance, operate only at working hours, and make patients spend half of their time at the clinic filling out paperwork, One Medical lets patients who pay a small annual membership fee to store all clinical and health care records online and get access to 24/7 services provided the platform's own doctors under insurance coverage. The thriving of digital primary care services shows that US employers and patients are actively trying new options to avoid poor experience resulted from the expensive and inefficient traditional public health care services, and indicates a great potential for the undergrown field comparing to other countries. (3% of health care spending in the US, 18% in many European countries)

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The company is backed by cornerstone investors such as Carlyle Group, Benchmark and Google Ventures. The transaction is underwritten by Morgan Stanley and J.P. Morgan.

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Abu Dhabi Power (ADPower) Completed an Asset Swap Deal with Abu Dhabi National Energy (TAQA)

Deal Value: **\$1.13bn** | Deal Type: **Asset Swap** | Date: **03-Feb-2020** | Nationality: **UAE** | Subsector: **Energy**

Last year's historic IPO of Saudi Aramco shows the region's ambition to foster sustainability agenda and economic reformation from overconcentration in oil production to developing other non-oil revenue sources. The consolidation of assets between ADPower, a listed company that owns the majority of Abu Dhabi's water and electricity assets, and TAQA, a global energy company investing in "power generation, water desalination, oil and gas exploration, and gas storage", will be critical part of UAE's 2050 energy strategy of diversify the current energy mix and reducing carbon footprint of power generation by 70%. The transaction will allow equity investors to get access to more key utilities within the country, leading to greater liquidity and investment flow and accelerate the transformation of the sector.

TAGS: M&A, ECM, IPO, Corporate Finance, 2020 Deals

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