

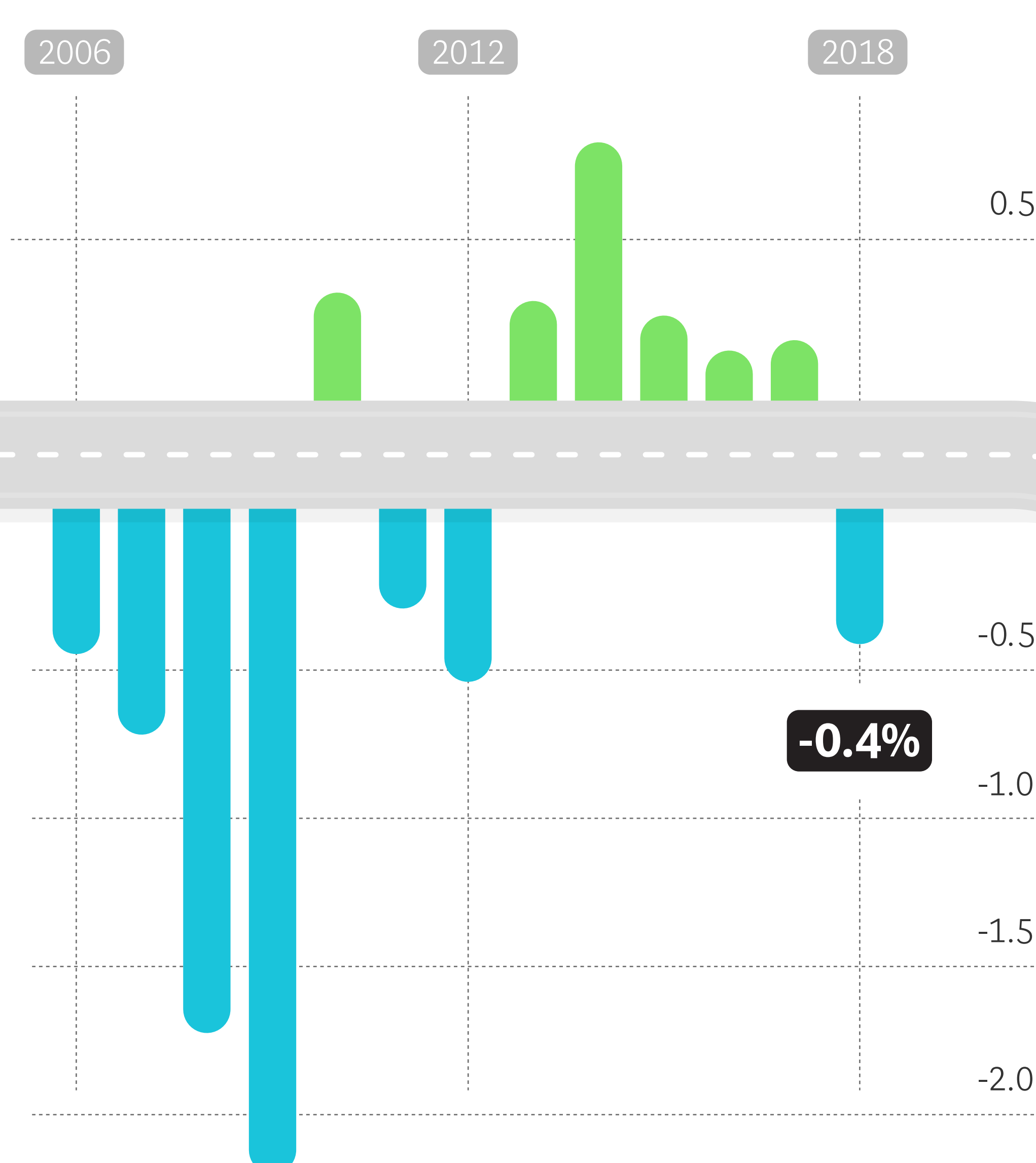
Delving Deeper into Downturn M&A

Acquirers generally see higher returns from deals made in a weak economy, a study by BCG finds



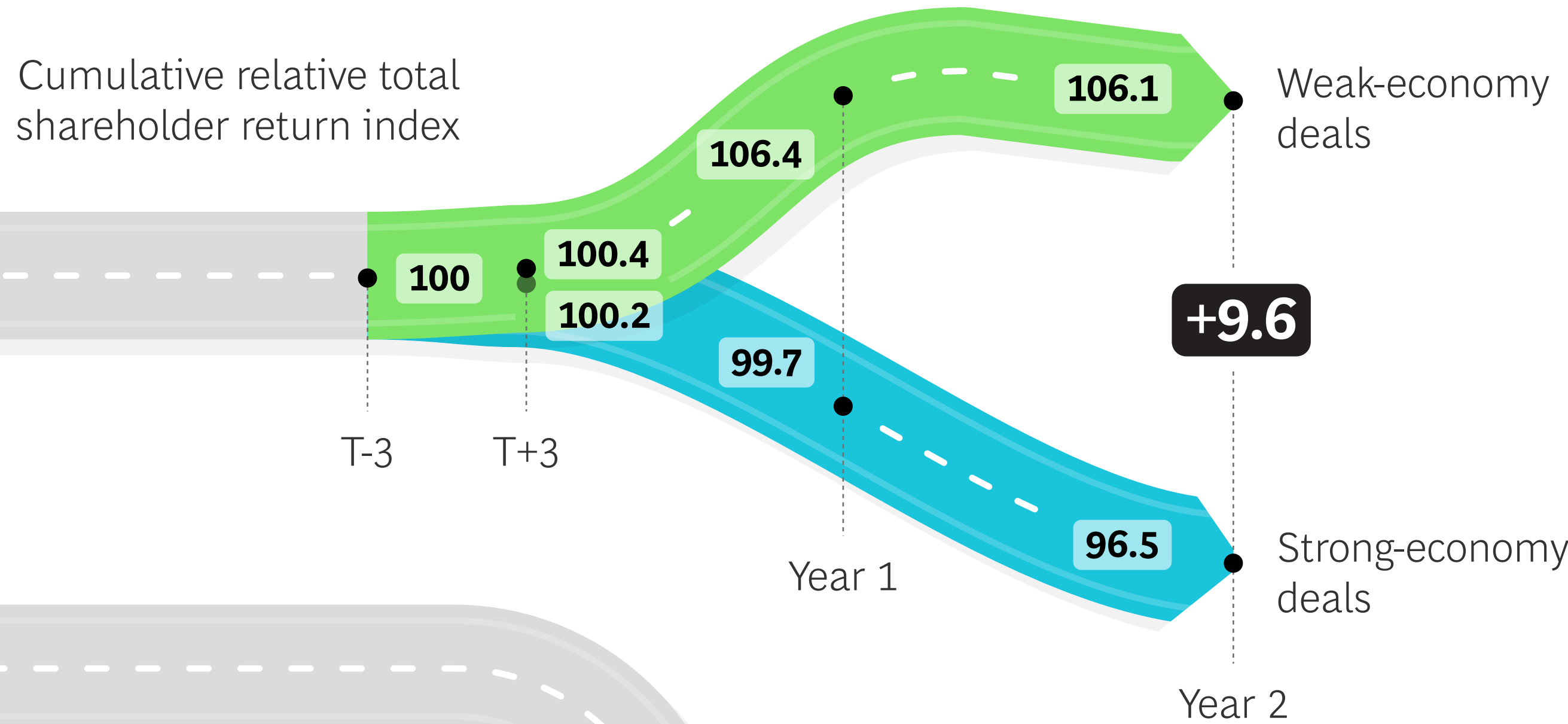
DEALMAKERS ARE BRACING FOR A DOWNTURN AGAINST THE BACKDROP OF SOFTENING INVESTOR SUPPORT

Acquirers' cumulative abnormal returns (CARs) centered on the announcement date fell to an average of -0.4% in 2018. This is the first time since 2012 that CARs were negative for acquirers of public targets.



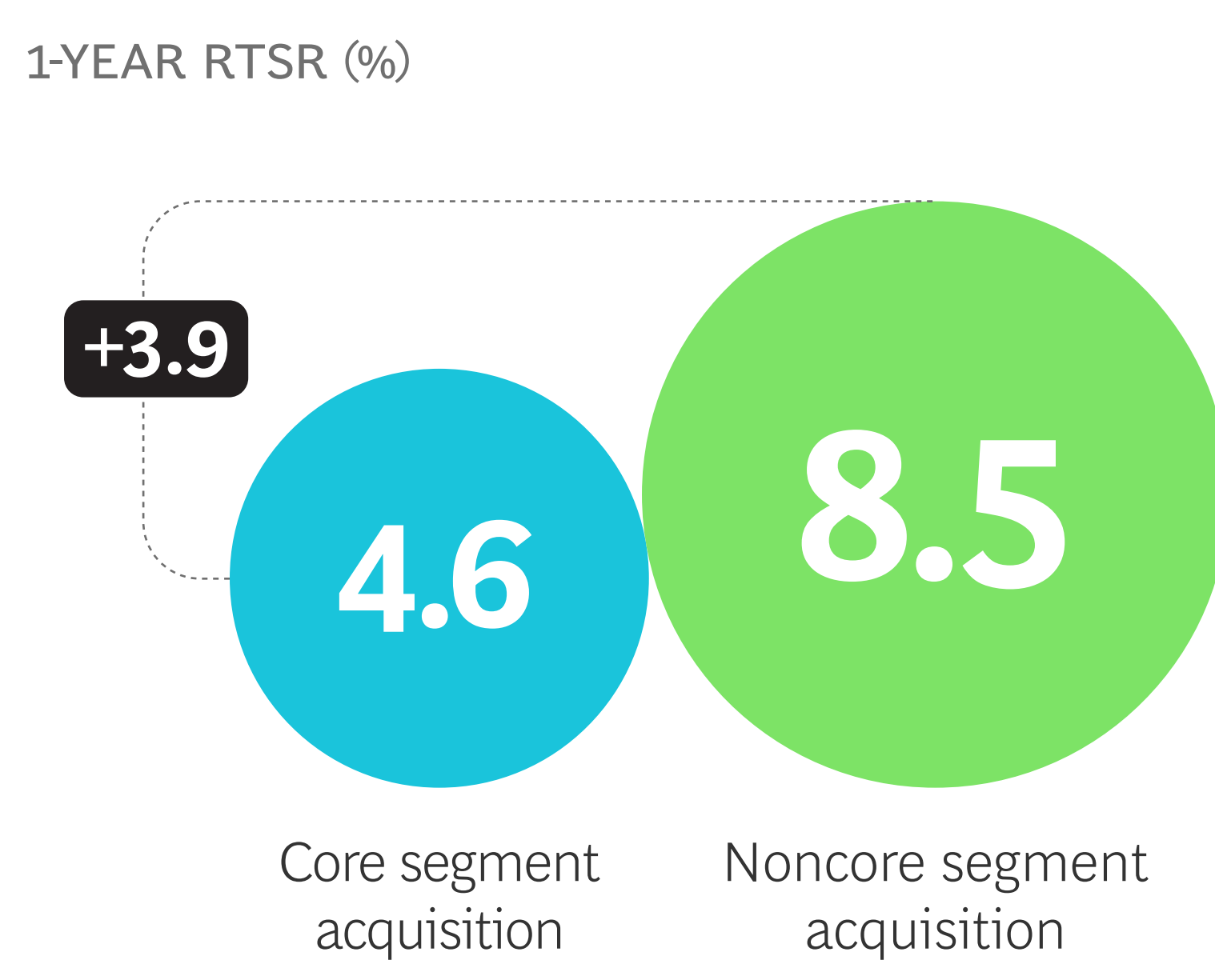
EVEN IF A DOWNTURN OCCURS, DEALMAKERS SHOULD NOT BE DETERRED

In the medium term, weak-economy deals create more value for buyers than strong-economy deals. Two years after an acquisition, buyers' relative total shareholder return (RTSR) is more than 9 percentage points higher.



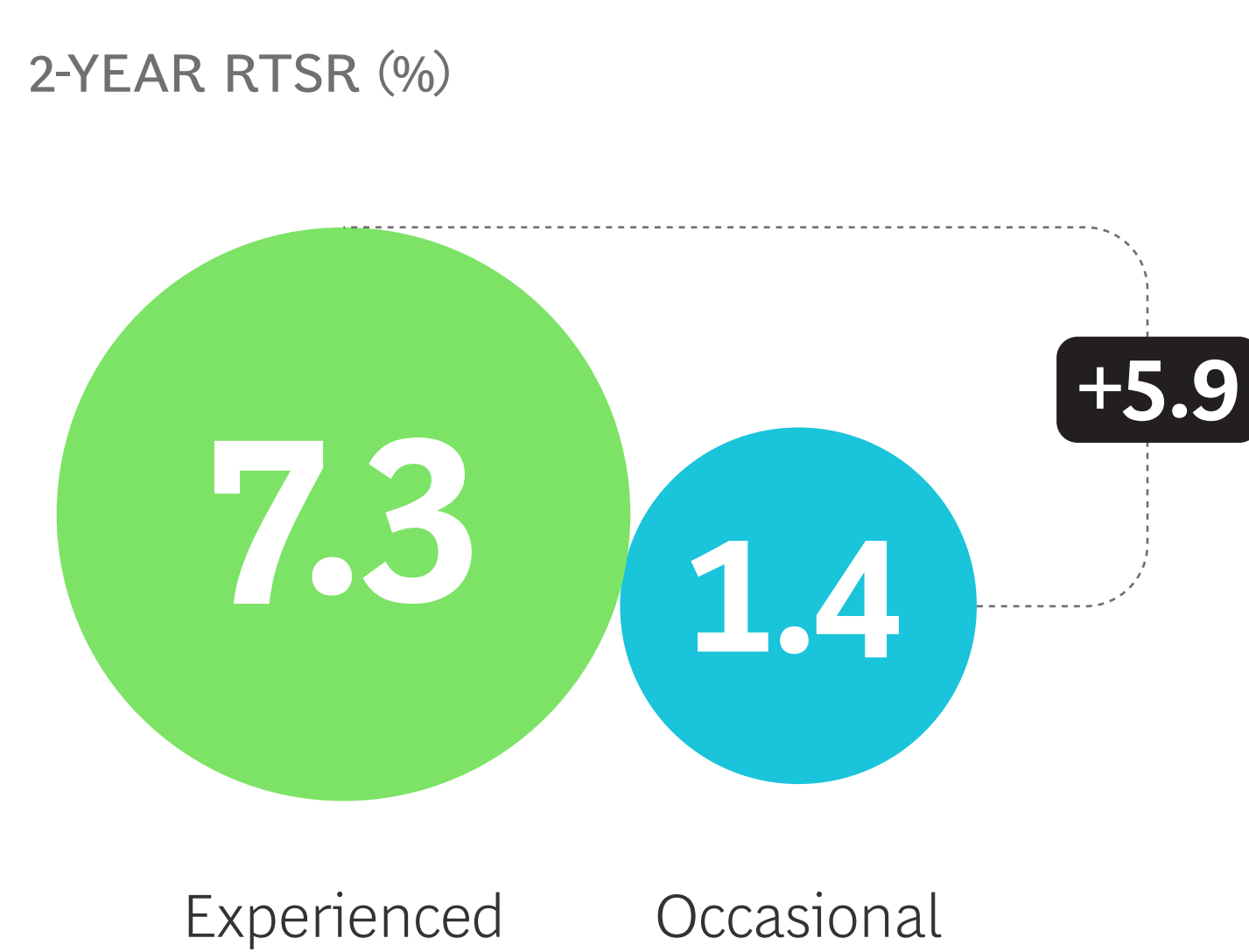
BOLDNESS PAYS OFF, AS DOWNTURN OUTPERFORMANCE IS DRIVEN LARGELY BY NONCORE DEALS

In a weak economy, noncore deals (acquisitions outside the buyer's industry) create more value than core deals: 1-year RTSR is 3.9 percentage points higher



EXPERIENCE MATTERS, A LOT, WHEN IT COMES TO CREATING VALUE FROM WEAK-ECONOMY DEALS

In a downturn, experienced buyers create significantly more value from M&A than occasional buyers: 2-year RTSR of 7.3% for experienced versus 1.4% for occasional



TO MASTER M&A IN A DOWNTURN, BUYERS SHOULD FOLLOW A SET OF IMPERATIVES



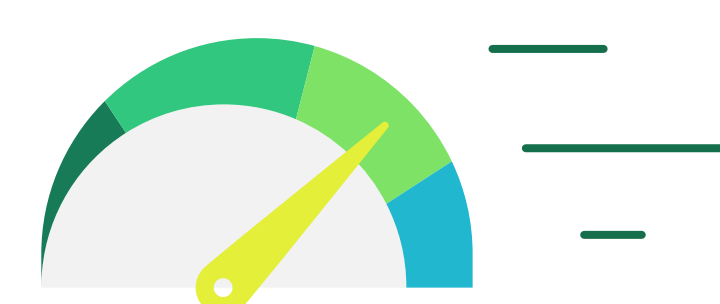
Be prepared

Put in place an ongoing target-screening process that covers strategic priorities — it's a no-regrets move



Be bold

Boldly pursue downturn M&A opportunities if they materialize — downturns are, on average, good times to make deals



Be transformative

Use transformational deals to stay ahead of the curve and accelerate out of the recession when the upturn starts

Source: This infographic is based on BCG's 2019 M&A Report: Downturns Are a Better Time for Deal Hunting. The data set used for the analyses in BCG's M&A research comprises approximately 759,000 deals, covering the period 1980 through 2018. We collected and collated data from a variety of financial databases, including Refinitiv (formerly Thomson Reuters Financial & Risk), Datastream, Worldscope, and S&P Capital IQ, as well as our own proprietary data and analytics. For the analyses in the report, we focused on roughly 51,600 deals that met our study criteria and involved transfers of majority shares, including spinoffs, with a transaction value of at least \$250 million. The data set covers all acquisitions—of both private and public targets—by public buyers.