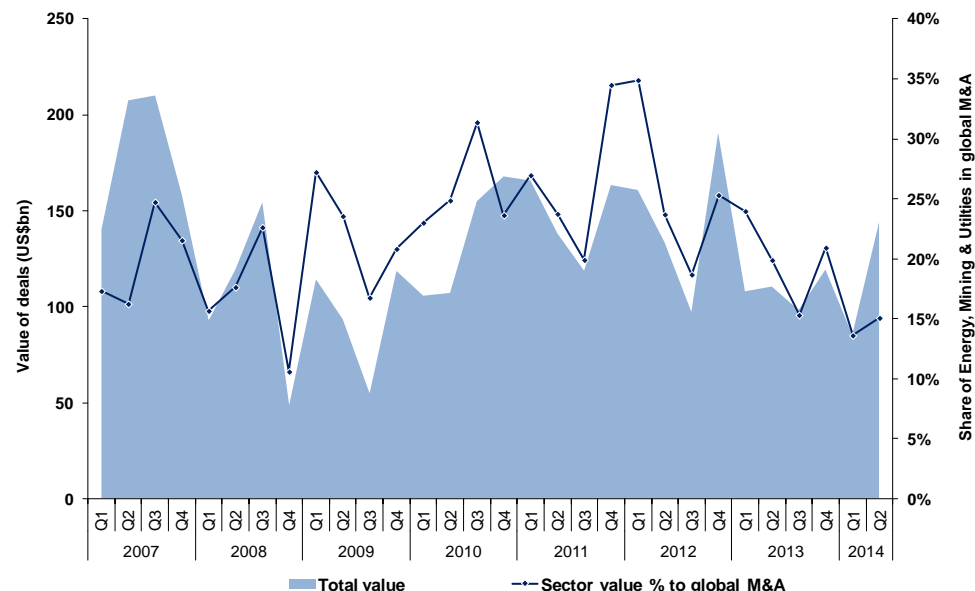


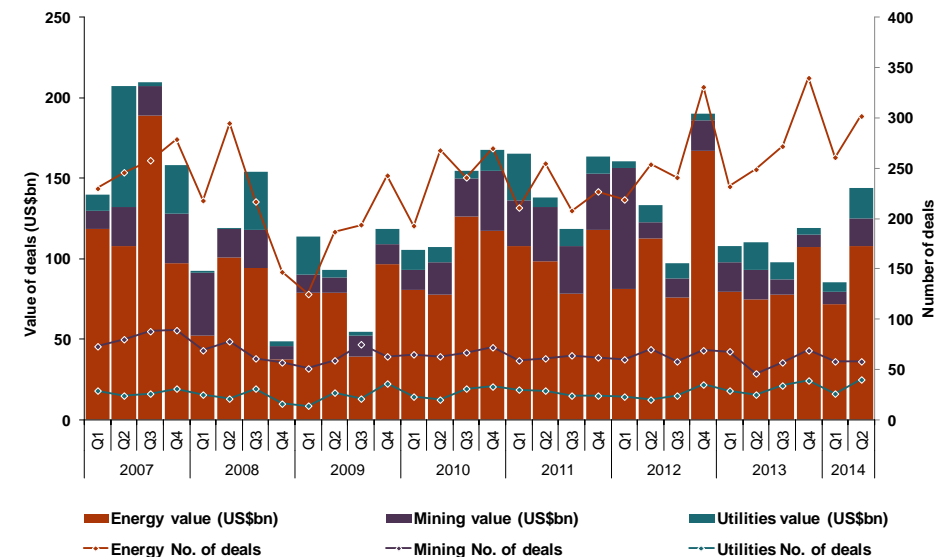
## Data analysis

- Q2 2014's global M&A targeting the Energy, Mining & Utilities (EMU) sector recovered from a subdued Q1. Deal value increased 68.8% to US\$ 143.8bn with 400 deals, up from 345 deals valued at US\$ 85.2bn Q1 2014 and marking the highest valued quarter in over a year (Q4 2012 valued at US\$ 190.4bn)
- The growth in Q2 contributed to H1 2014 deals valued at US\$ 229.1bn increasing very slightly on H1 2013 (US\$ 218.3bn), up 4.9%. Despite the growth though, the market share the EMU sector had in total global M&A during H1 2014 remained at a low 14.5% compared to 21.7% during the same time last year – this was the lowest half-year proportion since H1 2006 (12.8%).
- Q2's comeback was primarily because of the dominant Energy sub-sector which reached the highest quarterly value in Q2 2014 (US\$ 107.9bn) since Q4 2012, over 40% higher compared to both Q2 2013 (43.9%) and Q1 2014 (49.6%). Energy deal value in H1 2014 (US\$ 180bn) was up 16.5% from H1 2013
- North America remained the most targeted region in H1 2014 with deals valued at US\$ 117.3bn increasing 45.5% from the same period last year. Asia-Pacific (excl. Japan) caught up with Europe as US\$ 43.5bn-worth of deals wasn't far from matching Europe's US\$ 43.8bn. However, both regions saw lower deal values than H1 2013

## Quarterly Energy, Mining & Utilities as a proportion of Global M&A



## Quarterly Energy, Mining & Utilities M&A trend

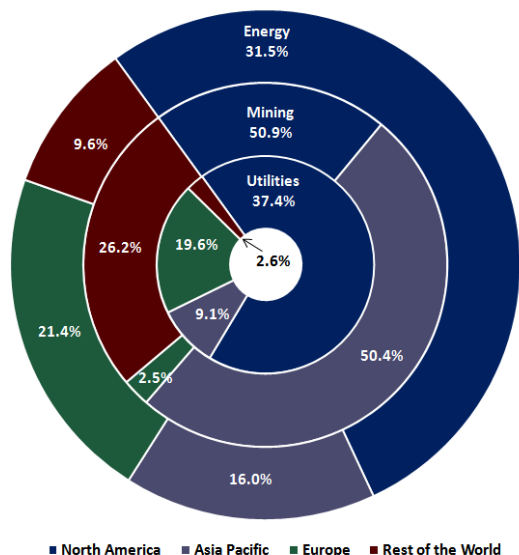


- Even though global cross-border deals are increasing, domestic transactions are favoured for EMU activity – 492 domestic deals valued at US\$ 154.1bn resulted in 94 extra deals seeing a 15.2% increase by value from H1 2013 (398 deals worth US\$ 133.8bn)
- Emphasising the domestic activity it the largest EMU transaction that saw two US-based listed companies involved - Pepco Holdings was acquired by Exton Corporation for US\$ 12.2bn. The offer price of US\$ 27.25 gave a 19.6% premium of Pepco's closing share price one day before, which provided significant value for Pepco's shareholders
- Goldman Sachs led the EMU financial advisor league table by value in H1 2014 with 27 transactions valued at US\$ 50.2bn, over double the value of H1 2013 (US\$ 24.9bn). Meanwhile, Citi led the EMU financial advisor league table by deal count during H1 2014 with 30 transactions valued at US\$ 40.8bn
- Baker Botts topped the EMU legal advisor league table by value recorded 21 deals worth US\$ 32.1bn. On the other hand, Latham & Watkins led the EMU legal advisor league table by volume with 31 deal valued at US\$ 30.9bn

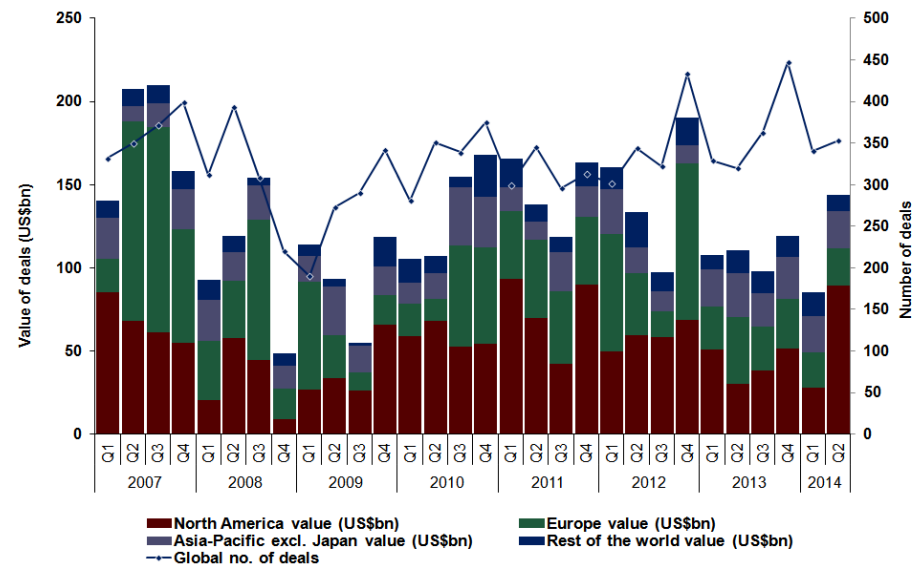
## Deal drivers

- According to Australia-based Minter Ellison partner Alberto Colla, the natural resources sector may see more offers emanating from Australian bidders after the ASX enjoyed strong gains over the past six months, a positive momentum being carried into 2015: “ASX-listed bidders will feel more confident undertaking capital raisings to fund cash acquisitions,” Colla said. “Alternatively they can feel confident taking advantage of their share price valuation to make scrip offers.”
- Minter Ellison is advising Chinese State-owned entity **Baosteel Resources Australia** in its joint off-market takeover bid with **Aurizon Operations** [ASX:AZJ] for **Aquila Resources** [ASX:AQA], which Colla labelled the firm’s “cornerstone” deal for the past fiscal year. The bid marks the first time a major takeover offer has been made jointly by a Chinese SOE and an Australian listed company
- During 2014, the market saw several examples of shareholder activism in the resources sector, for example, in the Aurora/Baytex transaction, key shareholders of Aurora applied pressure on the Canadian bidder to increase its offer price in the lead up to scheme meeting. The Canadian bidder yielded to pressure and increased its price from A\$ 4.1 to A\$ 4.2. “I don’t think there will be major impediments to continuing momentum to deals, just execution hurdles that need to be carefully navigated,” Colla added

## Sub-sector breakdown by region



## Quarterly geography breakdown



- There are two main catalysts for deal flow over next six months in the oil and gas space. One is if any of the majors such as **Statoil**, **Chevron**, or **Total**, which in recent times farmed into the unconventional space in central Australia, make unconventional shale work in the country on a resource scale, the look-through value from those results will flow through to smaller companies smaller in the sector such that they will become clear targets, he said.
- Mining M&A has been on a downward turn as it comes to the end of its major M&A cycle, faces commodity price pressures and the majors look to streamline portfolios with new CEOs. However, according to speakers at Mergermarket’s Mining event, nuggets of M&A will be seen in North America’s Gold mining industry in the shape of small deals. For example, the acquisition of Osisko mining corporation in April for US\$ 3.4bn
- In Europe, weak power prices and uncertain regulatory frameworks meant that the utilities did not have the capital, or the appetite to engage in sizable acquisitions. This trend is set to continue, as the ailing carbon market is expected to weigh on wholesale electricity prices in the mid-term.

## Top deals

Ann. date	Target	Target dominant geography	Bidder	Bidder dominant geography	Seller	Seller dominant geography	Bidder advisors	Target/Seller advisors	Deal value (US\$bn)
30-Apr-14	Pepco Holdings Inc	USA	Exelon Corporation	USA			<p><b>FA:</b> Barclays; Goldman Sachs; Loop Capital Markets</p> <p><b>LA:</b> <i>Advising FA:</i> Baker Botts; Fried Frank Harris Shriver &amp; Jacobson; Kirkland &amp; Ellis; Weil Gotshal &amp; Manges</p>	<p><b>FA:</b> Lazard; Morgan Stanley</p> <p><b>LA:</b> Covington &amp; Burling; Sullivan &amp; Cromwell; <i>Advising FA:</i> Davis Polk &amp; Wardwell</p>	12.2
23-Jun-14	Integrus Energy Group Inc	USA	Wisconsin Energy Corporation	USA			<p><b>FA:</b> Barclays</p> <p><b>LA:</b> Baker Botts; Skadden Arps Slate Meagher &amp; Flom</p>	<p><b>FA:</b> Lazard</p> <p><b>LA:</b> Cravath, Swaine &amp; Moore; Foley &amp; Lardner; <i>Advising FA:</i> Davis Polk &amp; Wardwell</p>	9.0
16-Mar-14	RWE Dea AG	Germany	LetterOne Group	Luxembourg	RWE AG	Germany	<p><b>FA:</b> EY; Morgan Stanley; Rothschild</p> <p><b>LA:</b> Linklaters; Wiersholm</p>	<p><b>FA:</b> <i>Advising seller:</i> Goldman Sachs</p> <p><b>LA:</b> Latham &amp; Watkins; <i>Advising seller:</i> Amereller Rechtsanwälte Partnerschaft; Arntzen de Besche; Freshfields Bruckhaus Deringer; Hengeler Mueller; Slaughter and May</p>	7.1
15-Jun-14	Access Midstream Partners LP (25% Stake); and Access Midstream Partners GP LLC (50% Stake)	USA	Williams Companies Inc	USA	Global Infrastructure Partners II	USA	<p><b>FA:</b> Barclays; Citi; UBS Investment Bank</p> <p><b>LA:</b> Gibson Dunn &amp; Crutcher; <i>Advising FA:</i> Covington &amp; Burling</p>	<p><b>FA:</b> -</p> <p><b>LA:</b> Latham &amp; Watkins</p>	6.0
13-Apr-14	Xstrata Las Bambas SA (99.99% Stake)	Peru	MMG South America Management Company Limited	Australia	Glencore Xstrata plc	Switzerland	<p><b>FA:</b> Bank of America Merrill Lynch; Citi; CITIC Securities; Deutsche Bank; Goldman Sachs</p> <p><b>LA:</b> Baker &amp; McKenzie; Dentons; Rodrigo Elias &amp; Medrano; White &amp; Case; <i>Advising FA:</i> Sullivan &amp; Cromwell</p>	<p><b>FA:</b> <i>Advising seller:</i> BMO Capital Markets; Credit Suisse</p> <p><b>LA:</b> <i>Advising seller:</i> Estudio Grau; Linklaters</p>	5.9

## League tables for advisors on Energy, Mining & Utilities deals

### Financial advisor league table by value

Rank		House	Value (US\$bn)	Deal count	% Value change
H1 2014	H1 2013				
1	7	Goldman Sachs	50.2	27	101.5%
2	6	Barclays	42.2	17	52.9%
3	2	Citi	40.8	30	24.1%
4	3	Morgan Stanley	34.7	14	6.4%
5	4	Lazard	28.3	10	0.6%
6	15	Bank of America Merrill Lynch	19.7	15	113.6%
7	1	Credit Suisse	15.5	7	-53.2%
8	38	Scotiabank	15.1	15	450.5%
9	45	BMO Capital Markets	15.0	11	568.2%
10	27	RBC Capital Markets	15.0	26	259.6%

### Financial advisor league table by deal count

Rank		House	Value (US\$bn)	Deal count	Deal count change
H1 2014	H1 2013				
1	1	Citi	40.8	30	8
2	8	Goldman Sachs	50.2	27	11
3	7	RBC Capital Markets	15.0	26	9
4	11	Barclays	42.2	17	5
5	5	Evercore Partners	6.5	16	-1
6	12	Bank of America Merrill Lynch	19.7	15	3
7	40	Scotiabank	15.1	15	11
8	15	Jefferies	10.8	15	6
9	3	Morgan Stanley	34.7	14	-5
10	44	TD Securities	7.6	14	10

### Legal advisor league table by value

Rank		House	Value (US\$bn)	Deal count	% Value change
H1 2014	H1 2013				
1	9	Baker Botts	32.1	21	118.1%
2	12	Latham & Watkins	30.9	31	123.7%
3	35	Skadden Arps Slate Meagher & Flom	27.9	11	476.0%
4	51	Sullivan & Cromwell	26.2	9	716.1%
5	13	White & Case	24.1	16	77.8%
6	30	Davis Polk & Wardwell	22.1	7	266.7%
7	39	Covington & Burling	18.2	3	315.1%
8	6	Vinson & Elkins	15.8	24	-25.2%
9	2	Linklaters	15.8	10	-56.7%
10	7	Freshfields Bruckhaus Deringer	15.3	9	-27.1%

### Legal advisor league table by deal count

Rank		House	Value (US\$bn)	Deal count	Deal count change
H1 2014	H1 2013				
1	5	Latham & Watkins	30.9	31	11
2	1	Vinson & Elkins	15.8	24	-7
3	2	Norton Rose Fulbright	13.0	22	-4
4	16	Baker Botts	32.1	21	9
5	6	Herbert Smith Freehills	12.1	21	3
6	4	Akin Gump Strauss Hauer & Feld	7.8	20	-2
7	12	Jones Day	6.2	18	5
8	10	White & Case	24.1	16	1
9	17	Bracewell & Giuliani	7.7	15	4
10	18	Stikeman Elliott	6.9	15	4

## Notes

All data is based on announced transactions over US\$ 5m. Deals with undisclosed deal values are included where the target's turnover exceeds US\$ 10m. Deals where the stake acquired is less than 10% will only be included if their value is greater than US\$ 100m. Activities excluded include property transactions and restructurings where the ultimate shareholders' interests are not changed. [Criteria](#)

- M&A Trend: Based on the dominant sector of the target being Energy, Mining & Utilities and the dominant geography of the target company being Global unless otherwise stated. Excludes lapsed and withdrawn bids.
- Top Announced Deals: Based on the dominant sector of the target company being Energy, Mining & Utilities. FA refers to Financial Advisor and LA refers to Legal Advisor. Excludes lapsed and withdrawn bids.
- League Tables: Based on the dominant sector of the target, bidder or seller company being Energy, Mining & Utilities. The financial advisor tables exclude lapsed and withdrawn bids. The legal advisor tables include lapsed and withdrawn bids.
- All values are in US\$.
- Mega-deal refers to deals above US\$ 5bn.
- 2014/2013 refers to the period 01-Jan-2014/2013 to 30-June-2014/2013

All data correct as of **02-July-2014**

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