

*Sharing deal insight*  
European Financial  
Services M&A –  
Data Card

September 2013



# Data Card – H1 2013

- The total announced value of European financial services M&A during the first half of 2013 was €42.3bn, a 90% increase on 2012's equivalent figure of €22.2bn.<sup>1</sup>
- The growth in total M&A value was driven by an increase in the number of large deals. Eight transactions of €1bn or above were announced during the period, compared with nine during the whole of 2012.
- Government-led transactions during the first half of 2013 were worth €28.2bn, two-thirds of the total value. With these transactions stripped out, the total value of private sector M&A actually declined year-on-year, although it increased slightly from the second half of 2012 (see Figure 1).
- €27.8bn of total deal value during the first half of 2013 was represented by five banking recapitalisations. In Greece, the Hellenic Financial Stability Fund (HFSF) took majority control of four of the country's largest banks. These capital investments involved National Bank of Greece (€8.7bn), Piraeus Bank (€7.0bn), EFG Eurobank (€5.8bn) and Alpha Bank (€4.1bn). The Government of the Netherlands also nationalised SNS Reaal at a cost of €2.2bn, with an additional €1.5bn taken to write off impaired assets.
- €26.1bn of total deal value relates to the ongoing restructuring of the Greek banking sector and is largely administrative in nature. Greece is another example, like Spain, UK and Ireland, of a situation where government was the only institution available to offer a solution.
- Despite the banks' dominance of deal values, it was encouraging that the period also saw the insurance and asset management deal values reach their highest level for more than two years (see Figure 2).

Figure 1: European FS M&A total deal value (€bn), H1 2011–H1 2013

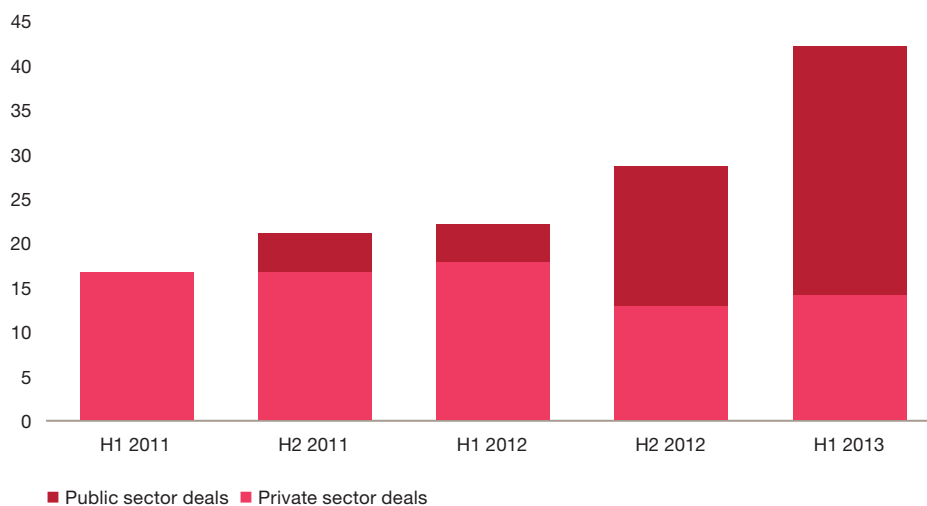
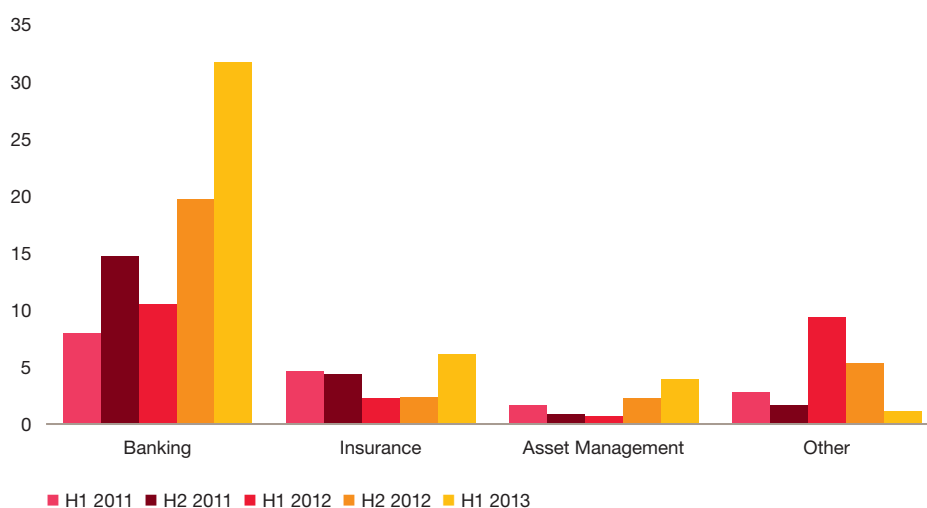


Figure 2: European FS M&A total deal value (€bn) by subsector, H1 2011–H1 2013



- One driver of this growth was the most valuable European asset management deal of recent years – the €1.9bn acquisition of Robeco by Japanese financial firm Orix. Like the 2012 purchase of Dexia Asset Management by GCS Capital of Hong Kong, this deal points to potential global synergies in asset management.
- The period's largest insurance transaction also involved a bidder from outside Europe. Great-West Lifeco of Canada acquired Irish Life from the Irish state for €1.3bn as part of its expansion strategy. The second largest insurance deal saw Generali buy out the remaining share of its Czech joint venture from PPF of the Netherlands for €1.3bn.

<sup>1</sup> Deal data is sourced from mergermarket, Reuters and Dealogic, unless otherwise specified. For details of our analysis methodology, please refer to the information on page 4

• A look through the rest of the period's 20 largest deals (see Figure 3) and other announced transactions reveals some key themes. These include:

– **Bank restructuring in Spain.**

The FROB took over Banco Mare Nostrum in Spain with an injection of €730m, and recapitalised Banco Gallego at a cost of €245m before selling it to Sabadell.

Knock-on effects in insurance saw Sabadell and BBVA buy out two bancassurance joint ventures for €450m and €353m, respectively.

– **The attraction of Turkey.** Two very different buyers made investments in Turkish financial services. Allianz acquired insurer Yapi Kredi Sigorta for €684m, while the Commercial Bank of Qatar took a controlling stake in mid-tier Alternatifbank (€494m). Moreover, Denizbank, the local subsidiary of Sberbank acquired Citibank's Turkish consumer banking division for an undisclosed sum.

– **Portfolio tidying by Western European banks.** Lloyds sold its 50% share of Sainsbury's Bank for

€295m, giving full control to retailer J Sainsbury. Lloyds also divested its operations in Switzerland (€117m) and Spain (€104m). Nordea sold its Polish banking and life insurance operations to PKO Bank for €626m and €42m each. Swedbank, KBC and ING all disposed of units in Central & Eastern Europe.

– **Increasing private equity activity.**

One eye-catching deal was the €488m management buyout of AXA Private Equity. J O Hambro Investment Management was also bought out from Credit Suisse by existing management and Bermuda National (€59m). In contrast, one of the period's largest deals saw the UK's esure taken public by Penta Capital and its management. The IPO's 57.5% stake was valued at €815m.

– **UK asset management consolidation.** The sector saw several deals, some driven by changes to the distribution environment after the Retail Distribution Review went live on 1 January 2013. Schroders acquired Cazenove Capital Management for

€500m in the period's second largest asset management deal. Legal & General purchased investment platform Cofunds for €154m, while Standard Life Wealth acquired Newton Private Clients in a deal reported as being valued at less than €100m.

– **Payments transactions.** Deals involving payment specialists included the acquisition of Belgian firm Ogone by French competitor Ingenico for €360m. Other deals without disclosed values were Swisscom's purchase of Entris and WorldPay's acquisition of the UK's YESpay International.

– **Strong deal activity in Russia.** The period saw more than 50 Russian banks, insurers and investment houses change hands. Most were privately owned and were sold for undisclosed sums.

Figure 3: Top 20 European FS M&A deals, H1 2013

Month	Target company	Target country	Bidder company	Bidder country	Deal value (€m)
Jun	National Bank of Greece (84.4%)	Greece	Hellenic Financial Stability Fund	Greece	8,680
Jun	Piraeus Bank (81%)	Greece	Hellenic Financial Stability Fund	Greece	7,000
Apr	EFG Eurobank Ergasias	Greece	Hellenic Financial Stability Fund	Greece	5,839
May	Alpha Bank (85.6%)	Greece	Hellenic Financial Stability Fund	Greece	4,114
Feb	SNS Reaal	Netherlands	Government of the Netherlands	Netherlands	2,200
Feb	Robeco (90%)	Netherlands	ORIX	Japan	1,935
Feb	Irish Life	Ireland	Great-West Lifeco	Canada	1,299
Jan	Generall (Czech Republic, 25%)	Czech Republic	Generall	Italy	1,286
Mar	esure (57.5%)	UK	Market listing	UK	815
Mar	Banco Mare Nostrum	Spain	FROB	Spain	730
Mar	Yapi Kredi Sigorta (94%)	Turkey	Allianz	Germany	684
Jun	Nordea Bank Polska	Poland	PKO Bank	Poland	626
Mar	Laiki/Bank of Cyprus/Hellenic Bank – Greek operations	Greece	Piraeus Bank	Greece	524
Mar	Cazenove Capital Management	UK	Schroders	UK	500
Mar	Alternatifbank (70.8%)	Turkey	Commercial Bank of Qatar	Qatar	494
Mar	AXA Private Equity (73%)	France	Existing management	France	488
May	Mediterraneo Vida (50%)	Spain	Sabadell	Spain	450
Jan	Ogone	Belgium	Ingenico	France	360
Feb	Unnim Vida (50%)	Spain	BBVA	Spain	353
May	Sainsbury's Bank (50%)	UK	J Sainsbury	UK	295
			<b>Subtotal</b>		<b>38,672</b>
			Other		3,647
			<b>Grand total</b>		<b>42,319</b>

# Methodology

This Data Card includes financial services deals:

- Reported by mergermarket, Reuters and Dealogic;
- announced in the first half of 2013, and expected to complete;
- involving the acquisition of a >30% stake (or significant stake giving effective control to the acquirer); and
- acquisitions of an Europe-based financial services targets where a deal value has been publicly disclosed.

Our analysis excludes deals that, in our view, are not 'pure' FS deals involving corporate entities, or entire operations, e.g. real estate deals and sales/purchases of asset portfolios where the disclosed deal value represents the value of assets sold.

**Figure 4: European FS deals – half-yearly summary**

Deal value in € billions	H1 2011	H2 2011	FY 2011	H1 2012	H2 2012	FY 2012	H1 2013
Asset management	1.4	0.8	2.1	0.5	2.0	2.4	3.7
Banking	7.9	14.7	22.7	10.4	19.5	29.9	31.7
Insurance	4.5	4.2	8.6	2.0	2.3	4.3	6.0
Other	2.7	1.7	4.3	9.3	5.1	14.4	0.9
<b>Total deal value</b>	<b>16.5</b>	<b>21.3</b>	<b>37.7</b>	<b>22.2</b>	<b>28.9</b>	<b>51.0</b>	<b>42.3</b>
Corporate	14.3	13.5	27.8	17.0	11.9	29.0	13.0
PE	2.2	1.2	3.4	0.2	1.1	1.3	1.2
Government	0	4.4	4.4	4.5	15.6	20.1	28.2
Other	0	2.2	2.2	0.5	0.2	0.7	0.0
<b>Total deal value</b>	<b>16.5</b>	<b>21.3</b>	<b>37.7</b>	<b>22.2</b>	<b>28.9</b>	<b>51.0</b>	<b>42.3</b>
Domestic	11.5	13.7	25.2	8.9	22.7	31.6	33.7
Cross-border	4.9	7.6	12.5	13.4	6.0	19.4	8.6
<b>Total deal value</b>	<b>16.5</b>	<b>21.3</b>	<b>37.7</b>	<b>22.2</b>	<b>28.9</b>	<b>51.0</b>	<b>42.3</b>

Source: mergermarket, Reuters, Dealogic, PwC analysis

Note: may contain rounding errors

## Contacts

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