

# Transactions. Restructuring. Transformation. Financial Engineering.

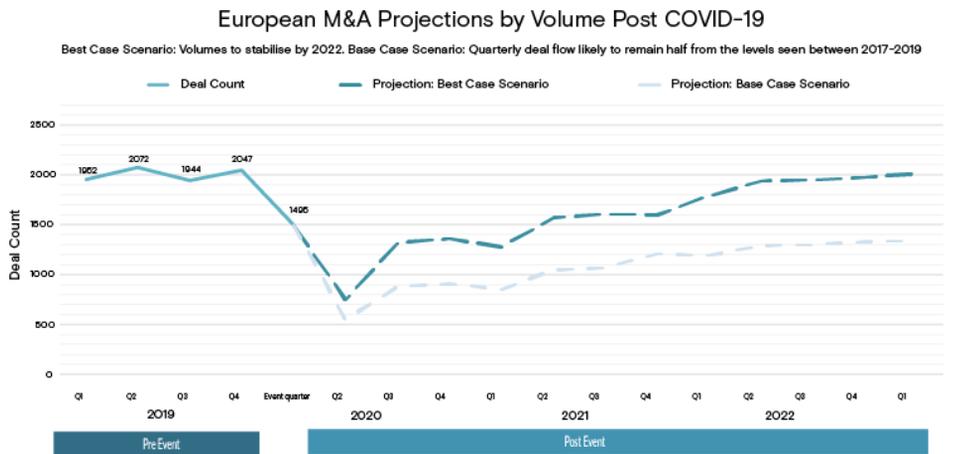


## GLOBAL INSIGHT

### M&A predictions in a post COVID-19 world

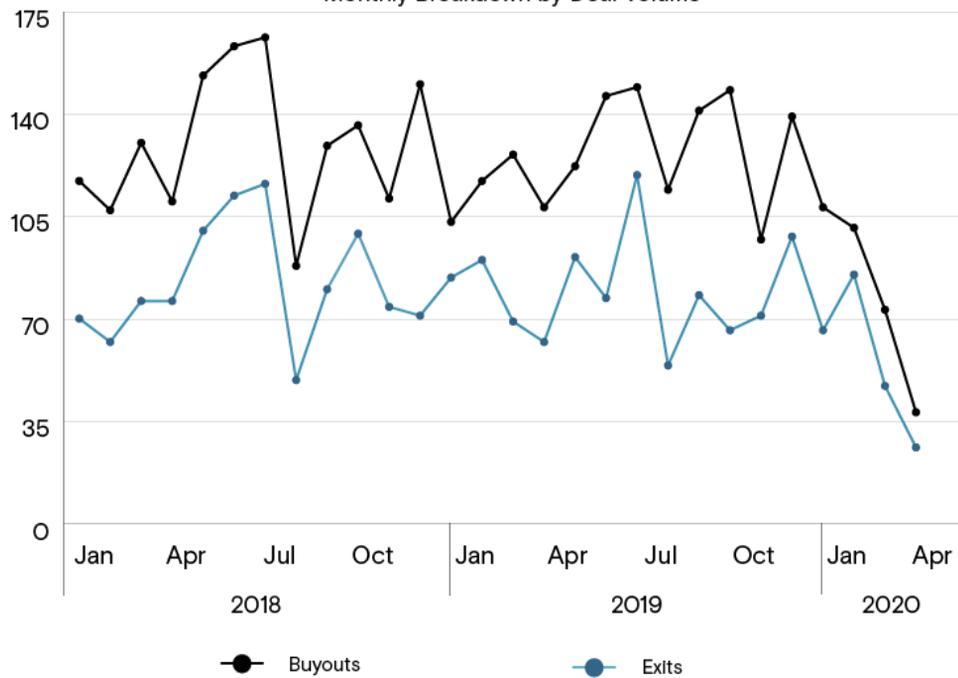
European M&A looks set to remain at historically low levels through 2020 with a recovery unlikely until mid-2021, as the world continues to grapple with the coronavirus pandemic and its economic consequences. However, there are early indications as to where M&A activity could start to pick-up, with some pockets of resistance in certain sectors such as tech and healthcare. There are also signs that countries which have managed to control the virus, such as Germany, are in a more advantageous position/

#### Mergermarket



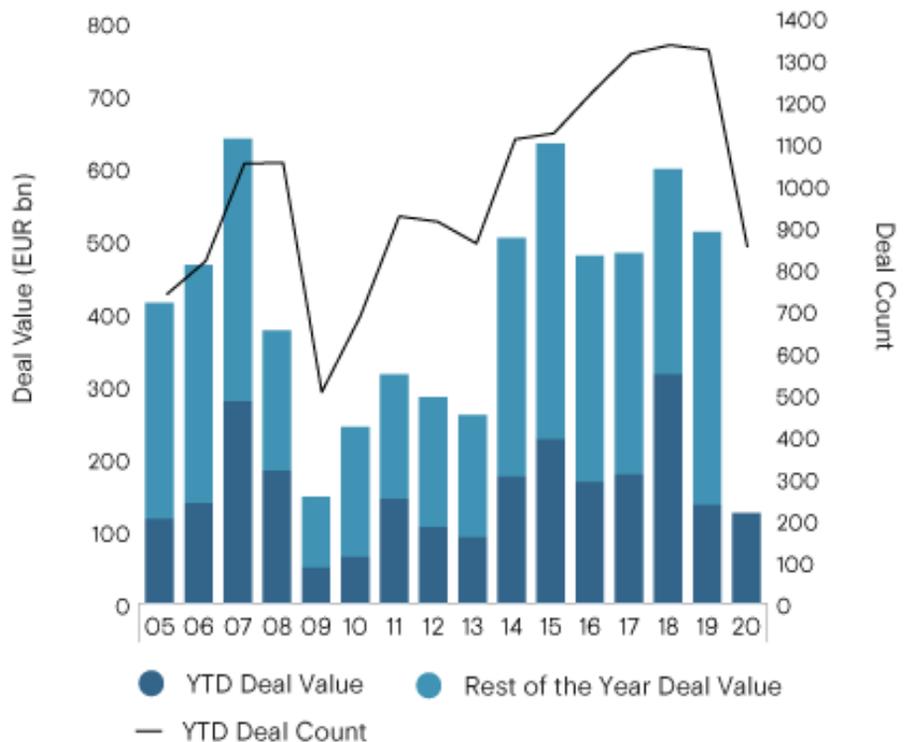
## European Private Equity Activity

Monthly Breakdown by Deal Volume



Data run from 01-Jan-2018 to 30-Apr-2020  
Source: Mergermarket, an Acquis company

## Cross-Border M&A - European Target



Source: Mergermarket

**PE strategies while social distancing**

**EC's Green Deal strategy to be transformed into a coronavirus economic rescue plan**

**Harvard's Carmen Reinhart named World Bank chief economist**

Dealmaking under quarantine: 8 private equity and M&A pros share strategies while social distancing./ [Mergers & Acquisitions](#)

The European Union is poised to announce the world's greenest recovery package next week, as it seeks to curb pollution and save its economy from the coronavirus pandemic. EC President Ursula Von Den Leyen is set to transform her Green Deal strategy to reach net zero greenhouse gas emissions by 2050, into a coronavirus economic rescue plan that'll rapidly drive private investment and create jobs across the continent, according to a draft document with details of the proposal seen by Bloomberg. The plan is part of the package that the EU executive will unveil on May 27 for the bloc's jointly financed response to the pandemic-induced recession. The package will include a proposal for the EU's next trillion-euro budget for the years 2021-2027 and a "recovery instrument" of at least half-a-trillion euros specifically designed to cushion the economic blow from the outbreak./ [Bloomberg](#)

SELECTED PROPOSALS (SUBJECT TO CHANGE):

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- 60 billion euros to 80 billion euros to boost electric vehicle sales and a doubling of investment in charging networks
- Option to exempt EVs electric vehicles from VAT
- 91 billion euros a year in grants and guarantees for sealing up drafty buildings - including plans to offer home buyers green mortgages
- 10 billion euros to leverage finance for 7.5 gigawatts of new renewable energy projects over the next 2 years
- 10 billion euros a year in a fund administered by the European Investment Bank to boost renewables and hydrogen infrastructure
- As much as 30 billion euros from the EU's existing Innovation Fund for the development of green hydrogen that can curb emissions in some of the hardest to tackle industries, like steel and cement making

The World Bank named Harvard University professor Carmen Reinhart as its chief economist, tapping an expert in the history of debt and financial crises as the global economy suffers its deepest downturn since the Great Depression. The appointment is effective June 15. Reinhart is known as co-author, with Kenneth Rogoff, of the 2009 book "This Time Is Different: Eight Centuries of Financial Folly." The book made them go-to resources on the history of government defaults, recessions, bank runs, currency sell-offs, and inflationary spikes./ [Bloomberg](#)

# FRANCE

France successfully tests digital euro. Further experiments are set to take place in the coming weeks, Banque de France said, as the global race to launch a central bank digital currency heats up./

[Modern Consensus](#)

There is no sign yet that France's easing of a lockdown to combat the coronavirus has boosted the epidemic, the health minister said on Wednesday, as the latest figures showed daily deaths trending lower./ [Business Times](#)

# UK

The Bank of England is studying how low U.K. interest rates can be cut amid the coronavirus crisis and isn't excluding the idea of taking borrowing costs below zero, according to Governor Andrew Bailey./ [Bloomberg](#)

## Nearing Negative

More than a dozen central banks are within 100 basis points of 0%

■ Below 0% ■ 0% ■ 0.1% ■ 0.25% ■ 0.5% ■ 0.75% ■ 0.9%-1%



Source: Bloomberg. Note: Fed policy rate is 0%-0.25%

U.K. inflation slowed to the weakest level since 2016 in April. The prospect of persistently low inflation will fuel speculation that more action is needed from the Bank of England, intensifying the debate among policy makers over taking rates below zero for the first time./ [Bloomberg](#)

## Weakest Since 2016

U.K. inflation rate tumbles amid coronavirus disruption



Source: Office for National Statistics

## • GERMANY

Britain's economy flattened out a bit this month from its nosedive in April, but it remains in the grip of a severe contraction caused by the coronavirus lockdown, a business survey showed on Thursday. An index measuring activity in the dominant services sector and in manufacturing rose to 28.9 in May's preliminary purchasing managers' index from 13.8 in April's final reading./ [Reuters](#)

## GERMANY

The German government has agreed on final details of a rescue package for airline carrier Lufthansa. The airline is seeking to tap Germany's economic stabilisation fund to help it weather the coronavirus pandemic and what is expected to be a protracted travel slump./ [Reuters](#)

## ITALY

Massimiliano Barrotta is seeing a surge in customers coming to sell their gold in his Rome store as Italians feel the economic pain of their government's lockdown, imposed to curb one of the world's worst COVID-19 epidemics. "We have seen an increase of about 50% in our purchases of gold from private customers this year, particularly in the last two weeks," Barrotta, the manager of three "Compro Oro" (I buy gold) shops, told Reuters./ [Reuters](#)

Foreign investors cut their holdings of Italian government bonds by 51.5 billion euros (\$56.5 billion) in March, when measures to stop the coronavirus pandemic paralysed economic activity across Italy. In its monthly balance of payments publication, the Bank of Italy said foreigners had reduced their overall holdings of Italian securities by 63.8 billion euro./ [Zawya](#)

## TURKEY

Turkey declared "mission accomplished" against its coronavirus outbreak, saying investments in the country's health system, a science-led approach to managing the disease and free treatment meant "the pandemic has been contained," President Recep Tayyip Erdogan's communications director said yesterday./ [Bloomberg](#)

## CHINA

China's parliament is poised to enact its first civil code, a wide-ranging legislative package that includes strengthening protection of property rights in a Communist Party-ruled country whose embrace of private ownership has long been awkward. The civil code, in the works since 2014, will become law at a time when China needs its often-embattled private sector to step up investment to help revive a virus-battered economy, and will be a centrepiece of the annual parliamentary session that begins on Friday after a more-than two month delay./ [Reuters](#)

Global market data (as of May 21, 2020) / **Reuters**

## SECTORS & INDUSTRIES

<b>-0.20%</b>	<b>Energy</b> Renewable Fuels, Integrated Oil & Gas, Oil & Gas Transport	<b>-0.23%</b>	<b>Financials</b> Banks, Diversified Investment Services, Property & Casualty Ins
<b>-0.21%</b>	<b>Basic Materials</b> Chemicals Diversified, Aluminum, Construction Materials	<b>-0.12%</b>	<b>Healthcare</b> Pharmaceuticals, Biotechnology & Medical Research
<b>-0.31%</b>	<b>Industrials</b> Industrial Machinery & Equipment, Construction & Engineering	<b>-0.06%</b>	<b>Technology</b> Semiconductors, Computer Hardware, IT Services & Consulting
<b>-0.23%</b>	<b>Cyclical Goods &amp; Services</b> Auto & Truck Manufacturers, Homebuilding, Cons Electronics	<b>-0.57%</b>	<b>Telecoms</b> Integrated Telecoms, Wireless Telecoms
<b>-0.29%</b>	<b>Non-Cyclical Goods &amp; Services</b> Brewers, Personal services, Food Distn & Convenience Stores	<b>-0.14%</b>	<b>Utilities</b> Electric, Gas, Water

Sector Percentage changes powered by Thomson Reuters Indices.

Latest **IHS Markit** flash composite PMI in different geographies.

## IHS Markit Flash Eurozone PMI®

### Eurozone economic downturn shows signs of easing as lockdowns lift

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 30.5 (13.6 in April). 3-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 28.7 (12.0 in April). 3-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 35.4 (18.1 in April). 2-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 39.5 (33.4 in April). 2-month high.

Data collected May 12-20

#### IHS Markit Eurozone PMI and GDP



## IHS Markit Flash France PMI®

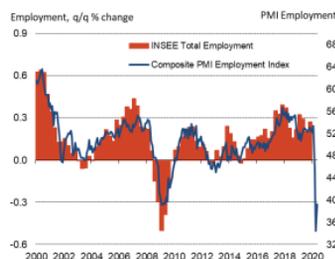
### Weaker fall in activity during May as firms begin to reopen after lockdown

#### Key findings:

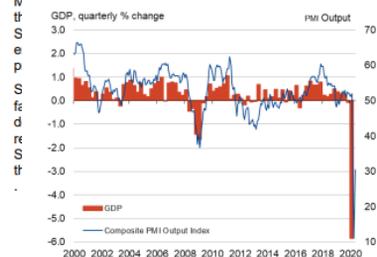
- Flash France Composite Output Index<sup>(1)</sup> at 30.5 in May (11.1 in April), three-month high
- Flash France Services Activity Index<sup>(2)</sup> at 29.4 in May (10.2 in April), three-month high
- Flash France Manufacturing Output Index<sup>(3)</sup> at 35.3 in May (15.1 in April), two-month high
- Flash France Manufacturing PMI<sup>(4)</sup> at 40.3 in May (31.5 in April), two-month high

Data collected May 12-20. The response rate for May was not affected by shutdowns in place due to the Covid-19 outbreak.

#### Employment



#### Economic Output



Sources: IHS Markit, INSEE via Datastream.

Eurozone

France

## IHS Markit / CIPS Flash UK Composite PMI®

Including IHS Markit / CIPS Flash UK Manufacturing and Services PMI®

Rapid downturn in UK private sector output continues in May, but the speed of decline eases since April

### Key data

Flash UK Composite Output Index  
May: 28.9, two-month high (Apr final: 13.8)

Flash UK Services Business Activity Index  
May: 27.8, two-month high (Apr final: 13.4)

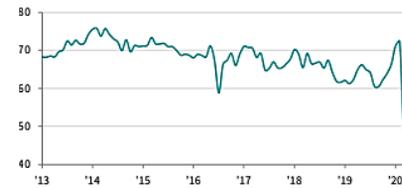
Flash UK Manufacturing Output Index  
May: 34.9, two-month high (Apr final: 16.3)

Flash UK Manufacturing PMI  
May: 40.6, two-month high (Apr final: 32.6)

May 2020 data were collected 12-19 May 2020.

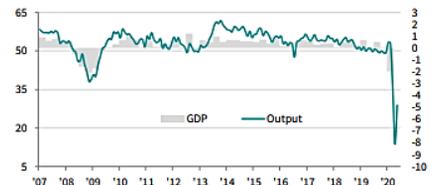
### UK Composite Future Business Activity Index

sa, above 50 = growth in next 12 months



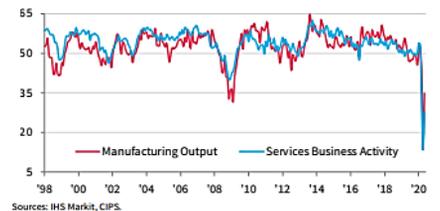
### UK Composite Output Index

sa, >50 = growth since previous month



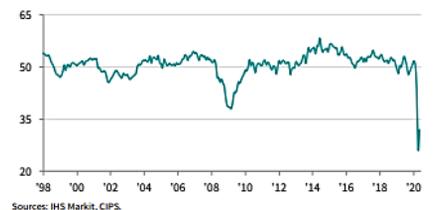
### Output Index by sector

sa, >50 = growth since previous month



### UK Composite Employment Index

sa, >50 = growth since previous month



## IHS Markit Flash Germany PMI®

Decline in German business activity eases in May

### Key findings:

- Flash Germany PMI Composite Output Index<sup>(1)</sup> at 31.4 (Apr: 17.4). 2-month high.
- Flash Germany Services PMI Activity Index<sup>(2)</sup> at 31.4 (Apr: 16.2). 2-month high.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 36.8 (Apr: 34.5). 2-month high
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 31.5 (Apr: 19.7). 2-month high.

Data collected May 12-20

### IHS Markit Germany Flash PMI



## au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Severe economic downturn continues in Japan

### Key findings

Flash Composite Output Index, May: 27.4  
(Apr Final: 25.8)

Flash Services Business Activity Index, May: 25.3  
(Apr Final: 21.5)

Flash Manufacturing Output Index, May: 31.7  
(Apr Final: 34.7)

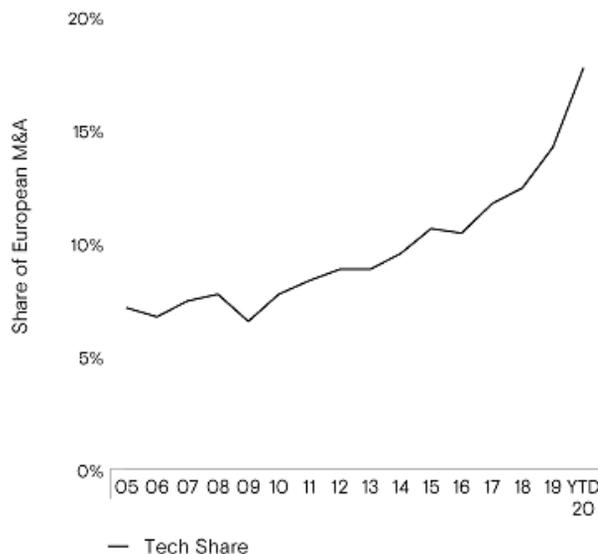
### au Jibun Bank Japan Composite Output Index

Composite Output Index, sa, >50 = growth since previous month



Tech together with business services and healthcare appear likely to see continued activity despite the global slowdown in dealmaking, with sectors more resilient to the crisis such as payment services and renewables as key areas to watch./ [Mergermarket](#)

#### Tech Share of European Deal Count



Source: Mergermarket

ByteDance Ltd.'s valuation has risen at least a third to more than \$100 billion in recent private share transactions, people familiar with the matter said, reflecting expectations the owner of video phenom TikTok will keep pulling in advertisers./ [Bloomberg](#)

## Green energy

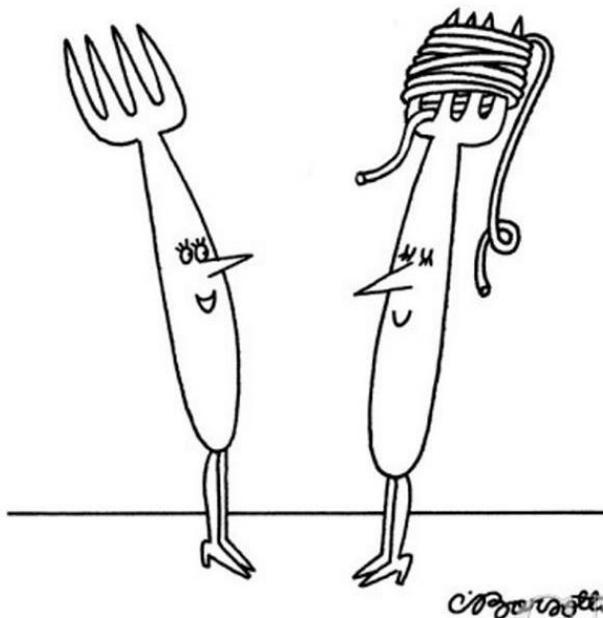
The global plunge in electricity demand will drag on long after nations lift stay-at-home orders, leading to the biggest annual drop since the Great Depression and fundamentally reshaping power markets. As economies struggle to recover, worldwide electricity consumption will decline 5% in 2020 according to the International Energy Agency. The prolonged slowdown will increase economic pressure on older, uneconomic power plants - especially those that burn coal - and help speed the transition toward cleaner and cheaper wind and solar./ [Bloomberg Green](#)

## Oil & gas

Crude prices have slumped in 2020, with global benchmark Brent hitting a 21-year low below \$16 in April as demand collapsed. With fuel use rising and mounting signs that the supply glut is being tackled, Brent has since more than doubled./ [Reuters](#)

Forks used to be instruments of oppression. They can speed things up, especially when dealing with long strings of pasta. Historically, however, their role has been deliberately to slow things down./ [The Economist 1843 magazine](#)

And speaking about forks .... a stylish friend brought to you by **Charles Barsotti/The New Yorker Cartoons**



*“I love it. Who did it?”*

## About Eight International

Eight International is a global advisory organization founded in 2016 by six consultancies sharing the same values. A globally integrated team of over 70 leaders and over 600 professionals seamlessly advises corporate clients, businesses, private equity funds and leading investment banks to help navigate challenges across transactions, restructuring and operational transformation. Eight International brings innovative solutions in a broad array of industries through its three key pillars: Reactivity via its nimble business model, Quality of its experienced practitioners and Independence, given no conflicts of interest.

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