

**M&A IN UNCERTAIN TIMES
– A SERIES BY GOWLING WLG**

**DEAL DYNAMICS FOR M&A
TRANSACTIONS ARISING OUT OF
THE PANDEMIC**

APRIL 28, 2020

LEGAL DISCLAIMER

- The presentation today is not intended as legal advice.
- Because this is a high level overview, it is impossible to cover all relevant details, and your available rights and remedies will depend on the unique facts of each situation, your applicable transaction or the nature of our role in your transaction.
- For specific advice, please contact your qualified legal counsel before making any decisions or taking any action. This is of particular importance as every province and territory in Canada has its own legal regime.
- As you know, the situation is extremely fluid and is changing on a daily basis. As circumstances evolve, your best course of action could also evolve. Please follow up to date and reliable sources for your information.

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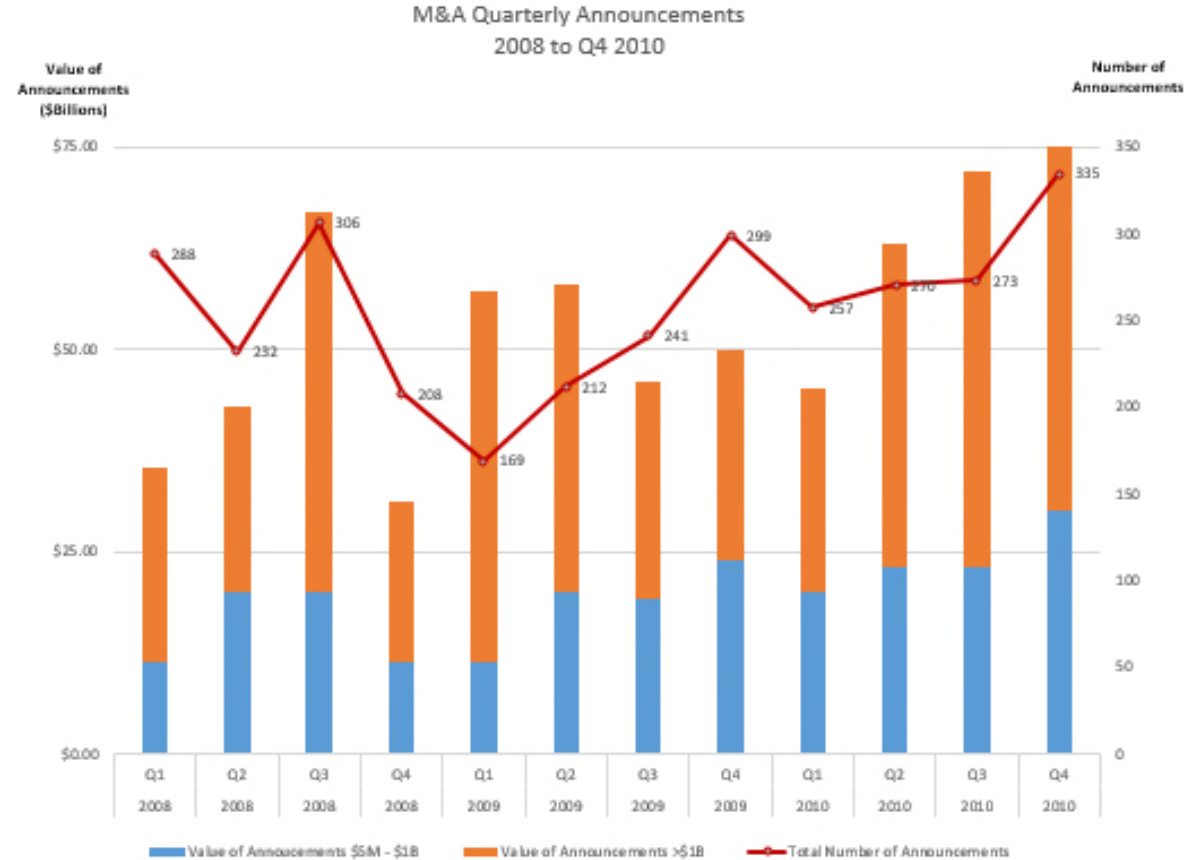
AGENDA

1. Introduction
2. Deal Dynamics – Exploring What We Might Expect
 - i. Overall M&A activity levels
 - ii. “Cash is king”
 - iii. Valuation challenges
 - iv. Cross border considerations
 - v. Distressed M&A transactions
3. Current trends and developments
4. Other M&A webinars in our series
5. Questions

WHAT TO EXPECT POST-PANDEMIC

• Overall M&A Activity

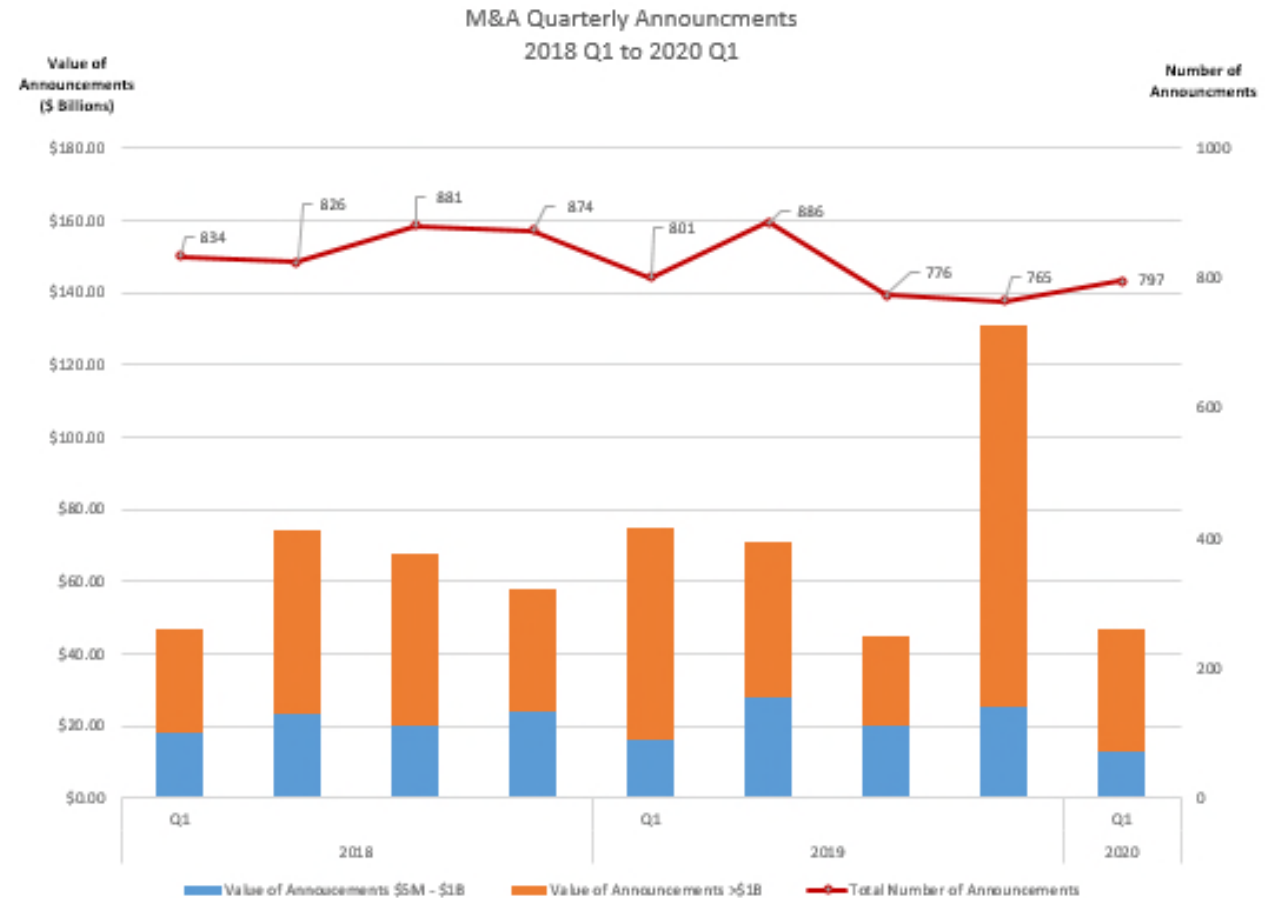
- Historical data – drop to 169 deals in Q1 2009
 - Decline in volume
 - Steady mid-market presence
 - Less frequent mega deals
 - Bounce-back within 18 months – up to 335 by Q4 2010



WHAT TO EXPECT POST-PANDEMIC

• Overall M&A Activity

- Recent data – steady volume of deals since Q1 2018
 - Average of 826 announced deals per quarter
 - Mid-market continues to dominate volume of transactions
 - Fast forward to Q1 2020 – 797 announced transactions



WHAT TO EXPECT POST-PANDEMIC

- **“Cash is king”**
 - Reserves = opportunistic buyers
- **Valuation challenges**
 - Declines in public market indices
 - Fewer buyers
 - Negative impact on financial metrics

WHAT TO EXPECT POST-PANDEMIC

- **Cross border considerations**
 - Exchange rates
 - New regulatory considerations
- **Distressed M&A transactions**
 - Creditors as sellers
 - Opportunities for buyers with cash and a good strategy

CURRENT TRENDS AND LEGAL DEVELOPMENTS

- **“Material Adverse Effect”**
- **Extensions of Outside Dates**
- **Accommodating Court closures**
- **Interim period covenants**

OTHER M&A WEBINARS IN OUR SERIES

- **April 14, 2020 – Disruptive effect of COVID 19 on M&A transactions in Canada**
 - *Now available on demand on the [GowlingWLG.com](https://www.gowlingwlg.com) website*
- **April 21, 2020 – Taking control in uncertain times: how to prepare your business for sale**
 - *Now available on demand on the [GowlingWLG.com](https://www.gowlingwlg.com) website*
- **May 5, 2020 – Multi-disciplinary M&A: exploring employment, tax, IP and environmental issues**

QUESTIONS



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