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Subdued outlook for 2008 as M&A activity hits plateau, claims KPMG's Global M&A Predictor

KPMG Corporate Finance's Global Predictor suggests that 2008 M&A deal levels may just about hold steady compared to 2007 but deal values are expected to fall away. Simonyi Tamás, Director of Corporate Finance at KPMG in Hungary also prognosticates stagnation in the CEE region. The Predictor indicates a clear split in appetite for deals, with the mature regions of Europe and North America showing a declining valuation trend. However, with corporate balance sheets generally looking strong, the capacity for "intelligent" deals to be struck does still remain.

After calling the top of the M&A market six months ago, the latest version of KPMG's Global M&A Predictor provides further evidence that M&A activity has now plateaued and is in decline in some areas.

The Predictor suggests that 2008 deal levels may just about hold steady compared to 2007 but deal values will fall away. However, with corporate balance sheets generally looking strong, the capacity for "intelligent" deals to be struck does still remain.

Commenting on M&A prospects in the Central and Eastern Europe region, Simonyi Tamás, Director of Corporate Finance at KPMG in Hungary, said:

"In Central and Eastern Europe activities are holding up. The most recently announced Intesa/Pravex Bank transaction in the Ukraine, however, signals that bank valuations are maintained in a key market that underlines the potential of the region in general."

KPMG's forward PE valuation analysis of global sectors highlights Basic Materials, Telecoms and Industrials as exhibiting the most positive forward looking valuation trends, suggesting that this is where the M&A activity is likely to be over the next six months. The weakest are Consumer Services and Healthcare.

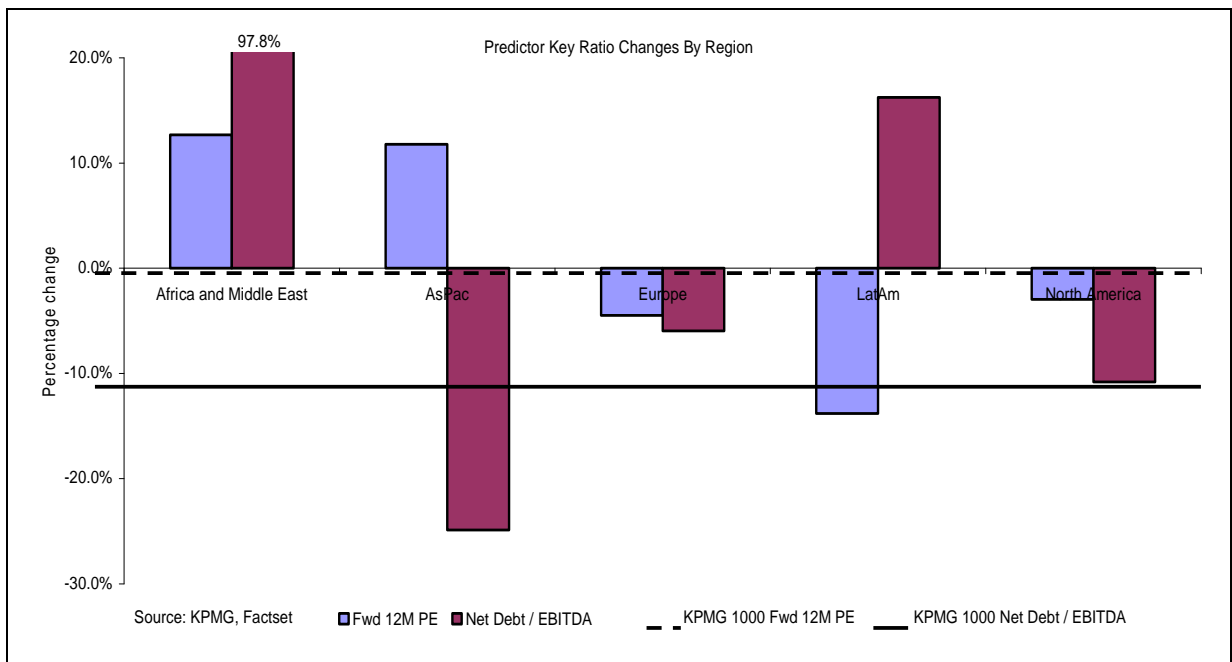
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Notes:

Predictor Key Ratio Changes By Region



Global M&A Activity - number of deals vs average deal size

