

Contacts

Reza Eftekhari
 Director, M&A, Governance and Activism
reza.eftekhari@ihsmarkit.com

Ilkay Sarpdag
 Director, M&A, Governance & Activism
ilkay.sarpdag@ihsmarkit.com

Authors

Andreas Posovac
 Executive Director
 Global Head of ESG, Governance & M&A
Andreas.posovac@ihsmarkit.com

Alexandre Prost
 Senior Analyst
Alexandre.prost@ihsmarkit.com

Proactive engagement with Shareholders in Uncertain Times

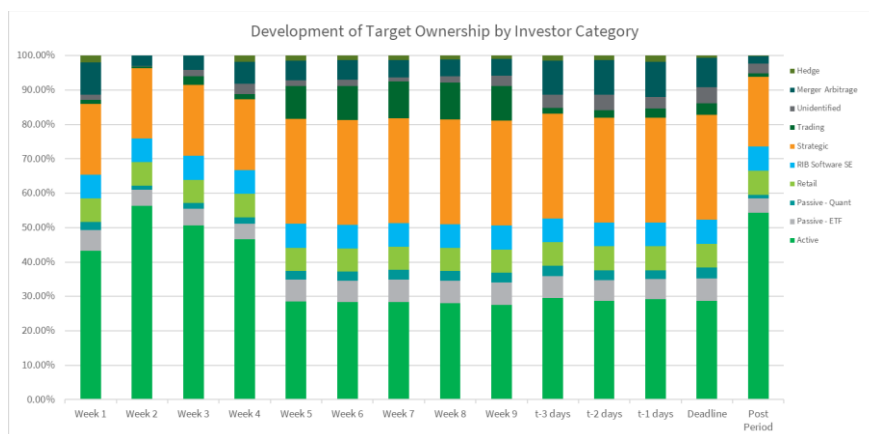
M&A Transaction Context

The client and deal team faced a few challenges. Almost half of the target's shareholder base transitioned within days of the offer announcement into the hands of alternative investors, right around the time of another COVID-19 lockdown. Through strategic outbound communication practice, IHS Markit provided vital support to a client through its M&A information agent, advisory and solicitor services, activating almost the entire target shareholder base, ultimately resulting in a successful squeeze out.

IHS Markit solutions to client challenges

At the campaign onset the client and its deal team faced the challenges and questions below:

Challenge 1: Which hedge funds and merger arbs are positioning themselves as long investors to sell into the market?



Solution 1: Alternative investors such as hedge funds, quants and merger arbs bought into the spread at an unprecedented time of crisis, accounting for nearly 50% of the free float upon announcement. IHS Markit's continuous tracking of fast-money fund flows, prime brokers activities and real-time analysis of lending and short-selling accounts

allowed an accurate planning and deal outcome projections throughout the campaign.

Challenge 2: In a crisis like the COVID-19 pandemic, how do investors react to regular communication, engagement and solicitation enquiries?

Solution 2: During the unprecedented COVID establishing direct contact with key decision makers at active and passive investors, hedge funds and merger arbs who were working from home added significant value to engagement. Mailers, emails, outbound and inbound calls provided multi-channels of communication based on engagement preference and styles, which enhanced project management efficiency.

Challenge 3: What is the market's sentiment, main concerns and confidence level in relation to the transaction?

Solution 3: Despite the majority of active investors being positive on the transaction, the option of selling into the market caused a risk to the deal. Ongoing tracking and engagement efforts allowed a real-time understanding of support levels and alerted key investor concerns to the bidder.

Challenge 4: How to engage index funds and retail investors and convince them to tender?

Solution 4: Real-time tracking of investors allowed a thorough projection of the influence and tender limitations of index & ETF funds on the deal outcome. Outbound engagement to corporate actions teams, monitoring of index alerts and proactive engagement with retail investors helped minimize risks and secure final tender levels at close.

Client Actions and Outcomes

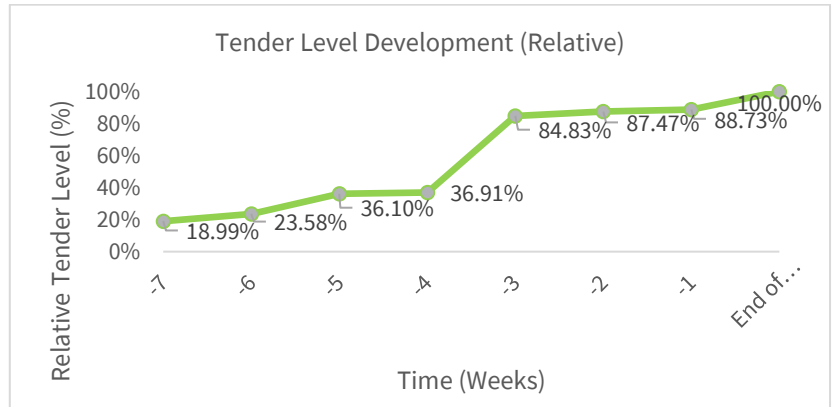
The company prepared proactively before the deal announcement to analyse market movements, fund flows and investor turnover; short levels and the specific capital market community sentiment in order to understand risks and opportunities early.

In conjunction with the deal publication, the company launched a proactive information agent campaign, resulting in more than 1.000 investors and market participants contacted and engaged with during the deal period, leading to an actively managed campaign in unprecedented times around COVID-19.

To stay up to date with market developments amid the COVID crisis, the company held bi-weekly calls to discuss market and regulatory trends between the closer deal team incl. the company's M&A, IR and

communications teams as well as its financial, legal and communication advisors together with the IHSMarkit M&A team to align on strategy.

A proactive retail-shareholder campaign in the secondary acceptance period helped to push acceptance levels into squeeze-out territory, a level which initially was considered as very ambitious. At the campaign onset the client and its deal team faced the challenges and questions below:



IHS Markit Services used

- Information Agent
- Tender Solicitation
- Shareholder Identification & Tracking
- Index & ETF Sensitivity Analysis
- Market Intelligence & Securities Finance (Lending & Short Selling Intelligence)

IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Japan +81 3 6262 1887

APAC +604 291 3600

EMEA +44(0) 134 432 8300

AMER +1 800 447-2273

