



BUREAU VAN DIJK

A Moody's Analytics Company

North American FDI Trends

C2ER Webinar | 25th Feb 2020

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Welcome to the business of certainty

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About Bureau van Dijk

A global presence



We capture a wide variety of information

We capture data from regulatory and other sources

News	Industry research	M&A deals	PIEs	Industry codes	Directors and contacts	Royalty agreements	Marine vessels	Corporate actions
Company overviews	Original documents	LEI numbers	PEPs and sanctions	Agency ratings	Intellectual property	Patents	Stock data and earning estimates	
		Public tenders	Company financials	AML documents	Financial strength data	ESG Risk info		



We treat this data to add value

Addition of user interface and data visualization tools

Standardizing
financials
and ratios

Appending and
linking corporate
structures

Adding
bespoke
research

Applying data verification,
cleansing and quality control

Create
unique
identifiers

Identifying
beneficial
owners

Linking data
sources

Linking
directors and
contacts

Integrating
M&A deals
and rumours

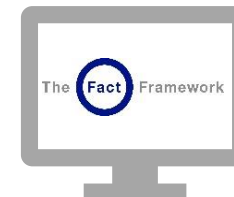
Output



Data



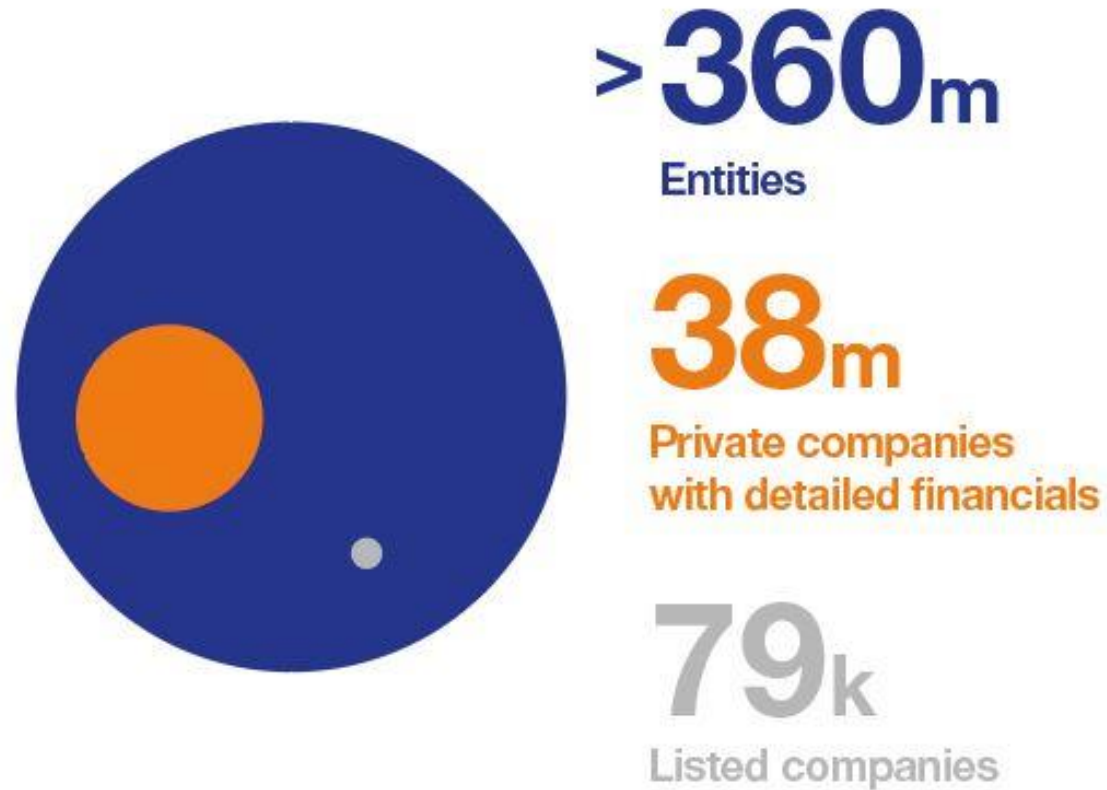
Catalyst



Custom



Orbis is *the* resource for entity data



And over 1 billion ownership links

Note: Figures are rounded



More than 360 million companies across all countries



Note: Figures are rounded



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Introduction Trade Wars and Brexit

The current investment climate

- Investor confidence remains fragile despite an increase in greenfield investment
- A number of factors are still creating uncertainty:
 - Trade wars – who are the biggest potential losers?
 - Geo-political risks
 - Tax policy changes
 - Slowdown in Chinese growth
 - Decrease in social cohesion within Europe – moving away from the level playing field
 - Brexit
 - Protectionism & Nationalism
 - Cybersecurity
 - Terrorism



Brexit – FDI implications

- Brexit **IS** happening, we just don't know what it looks like yet – left on 01/31/2020
- Brexit is not the only challenge facing the UK economy – demographic shifts, tech developments, talent shortfalls; trust in business has fallen and is influencing policy
- There's a need for multi-stakeholder collaboration to formulate new industrial policy with business contributing positively
- Businesses are still adjusting – relocating jobs – especially those servicing the European market – Dublin is the preferred hub
- **BUT** over 1,000 FS firms across Europe could open offices in the UK to serve UK market after 01/31/2020
- Manufacturing (investment lowest in 15 years) and Services in particular are being hit, but Technology remains strong as has Real Estate – Google, Facebook, Samsung
- FDI into the UK has remained strong (EY, AT Kearney's FDI Confidence Index)

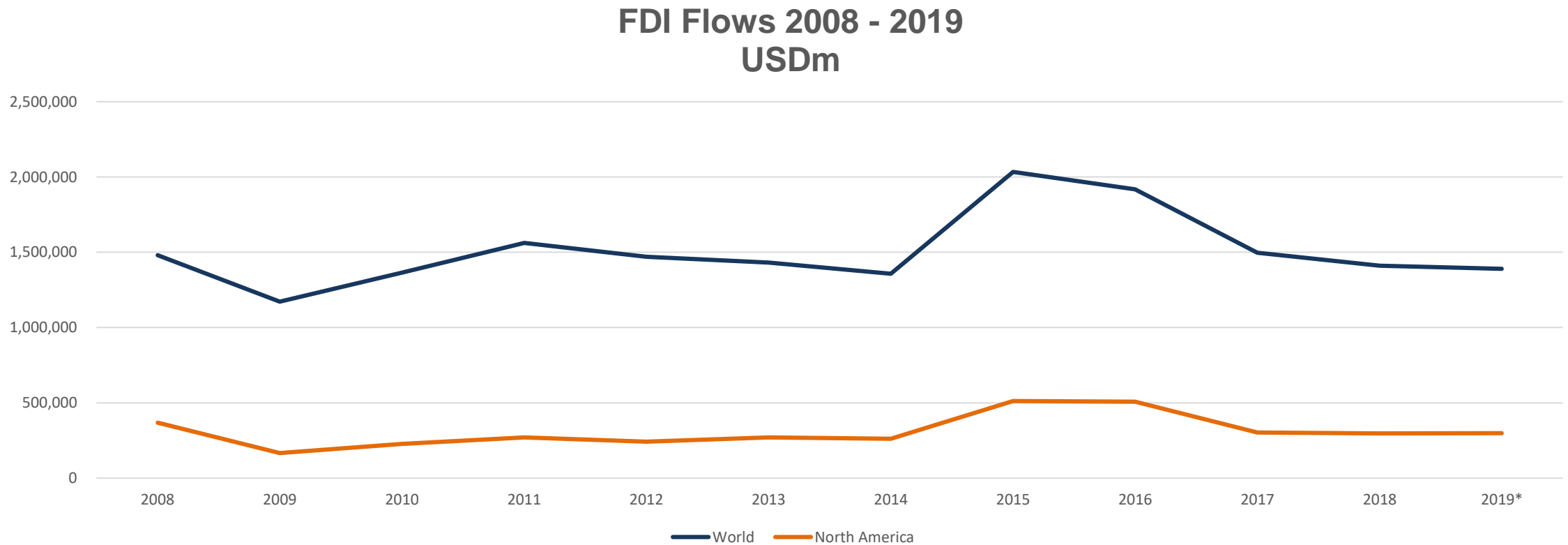
UK companies are looking for growth markets – North America?



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North American trends

FDI into North America appears flat going into 2020, yet worldwide declines

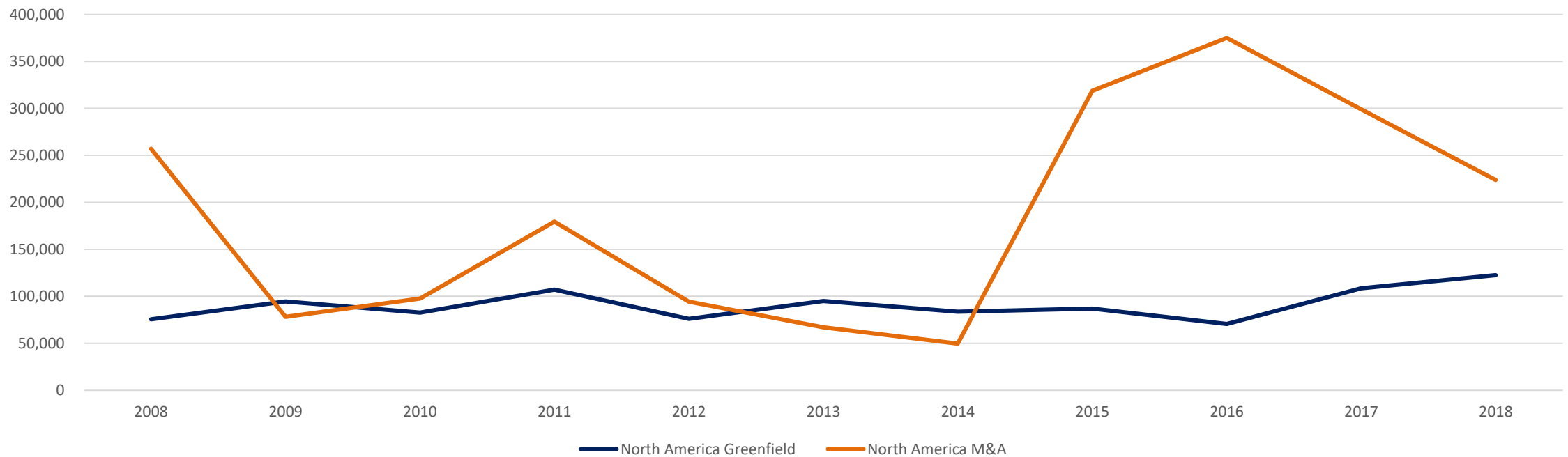


Source: UNCTAD World Investment Report 2019, FDI/MNE database (www.unctad.org/fdistatistics) + provisional numbers for 2019*

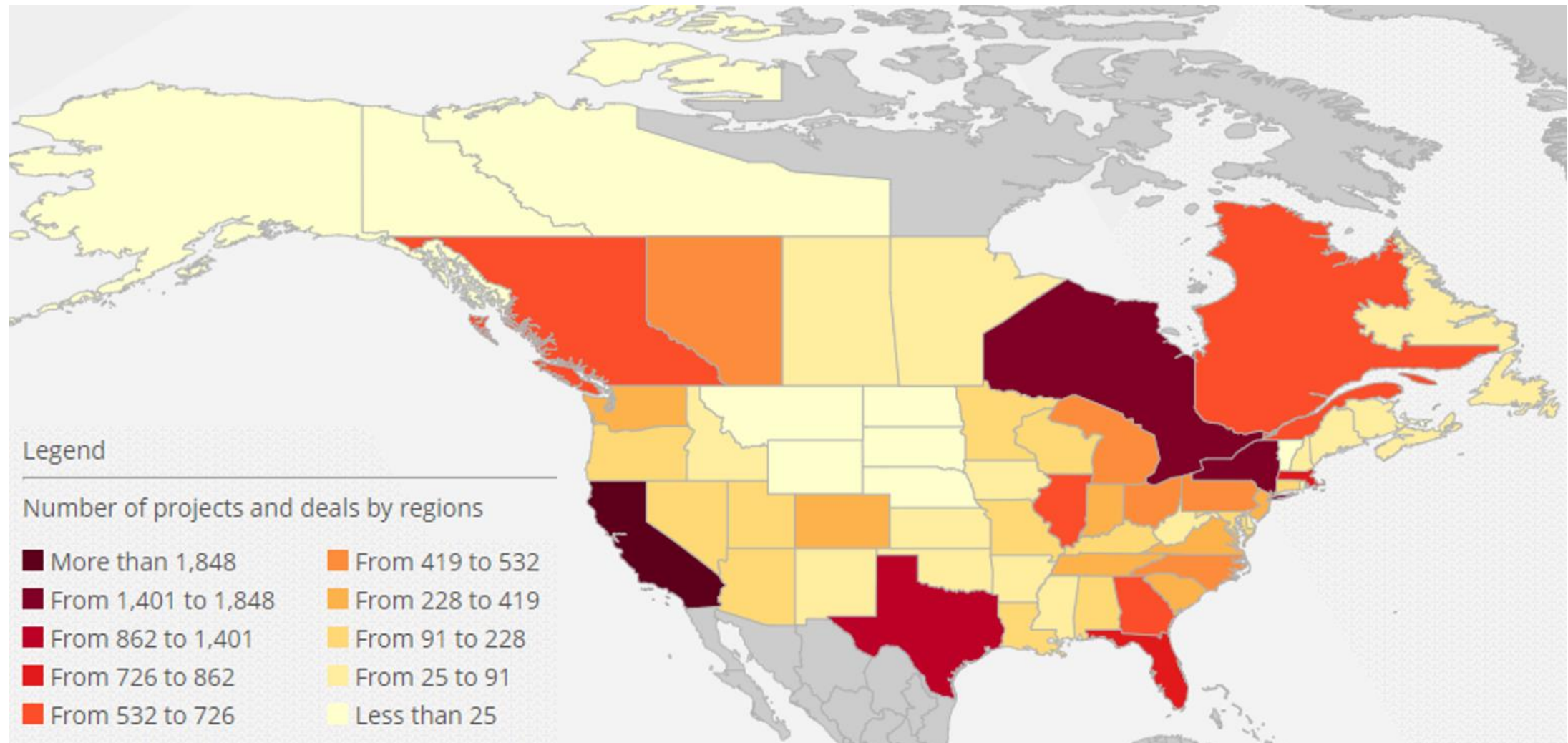


Greenfield FDI value increases in North America, but M&A continues to decline

Mergers & Acquisitions vs. Greenfield FDI into North America 2008 - 2018
USDm



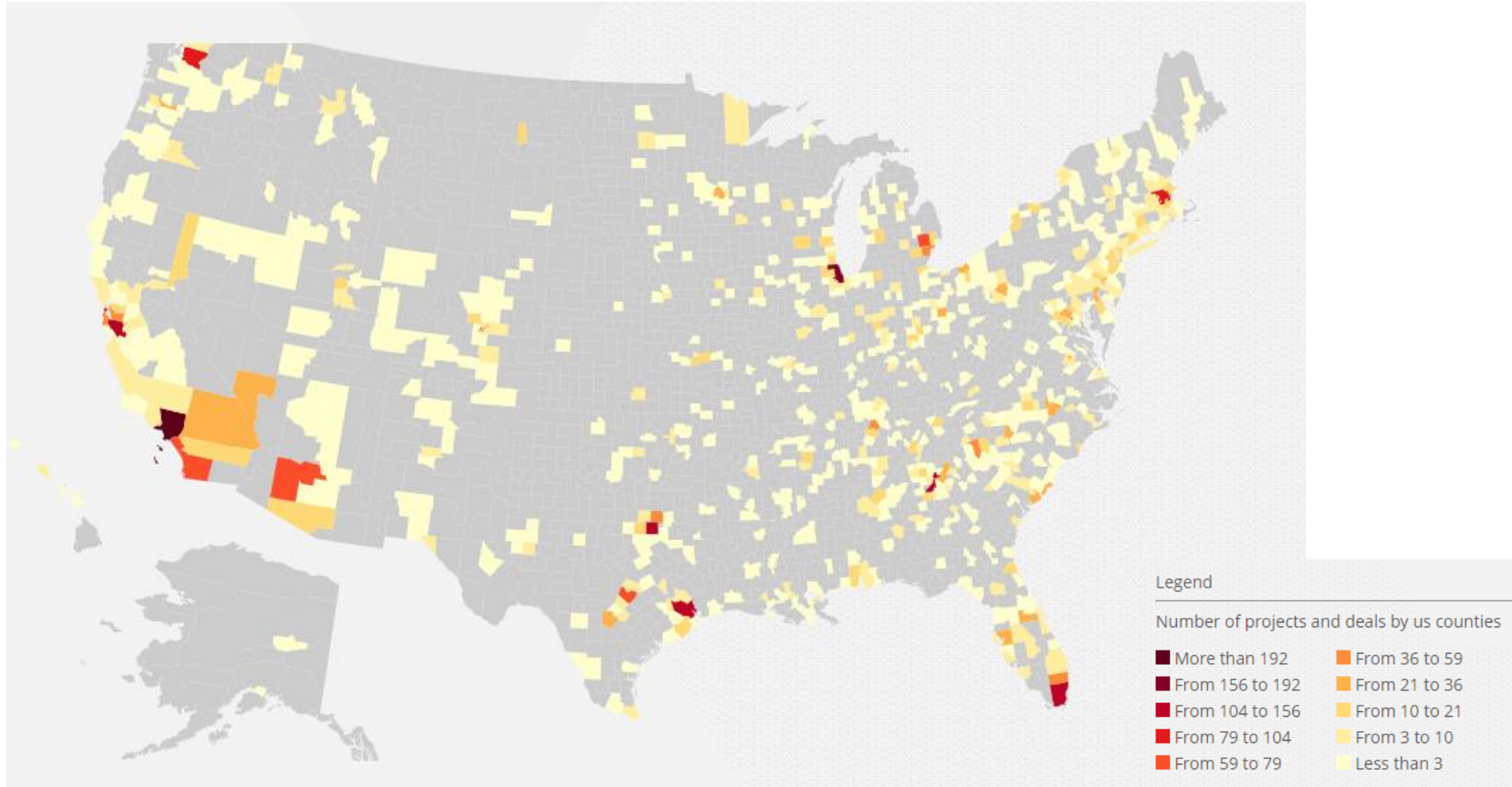
North America destination trends since 2013



Source: Orbis Crossborder Investment



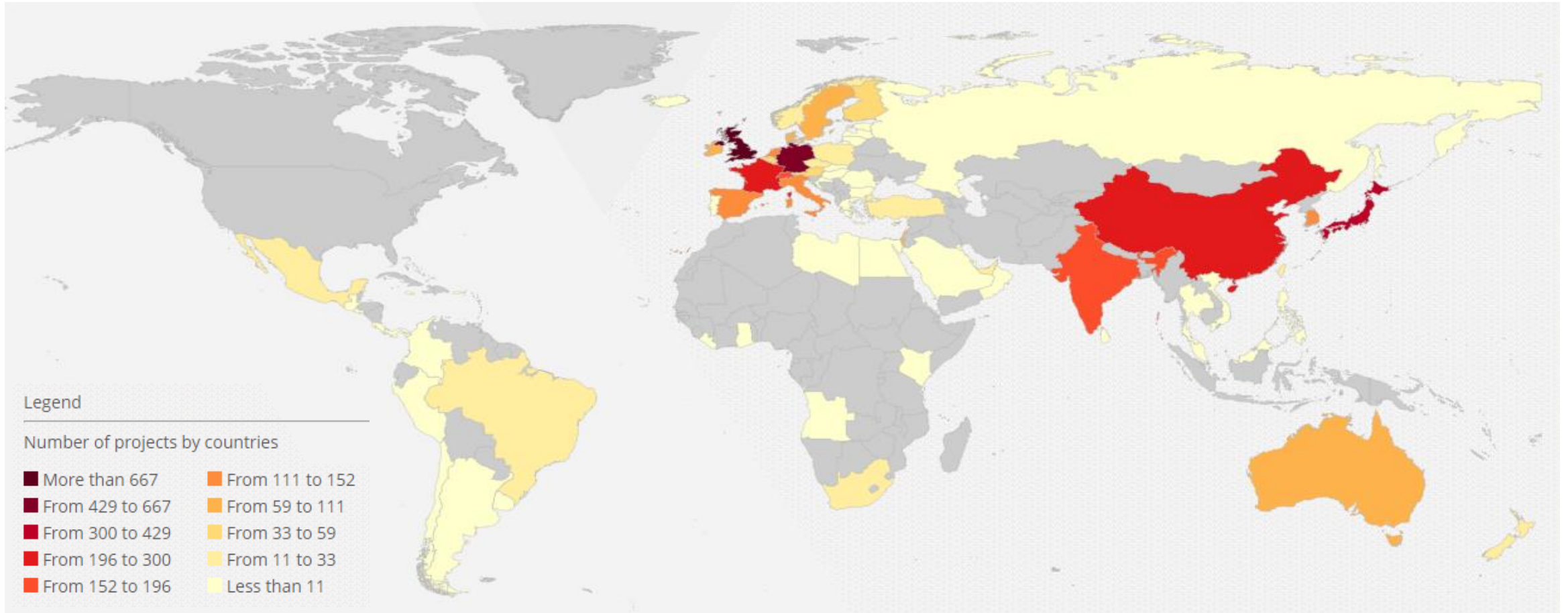
Investment in major metro counties



Source: Orbis Crossborder Investment



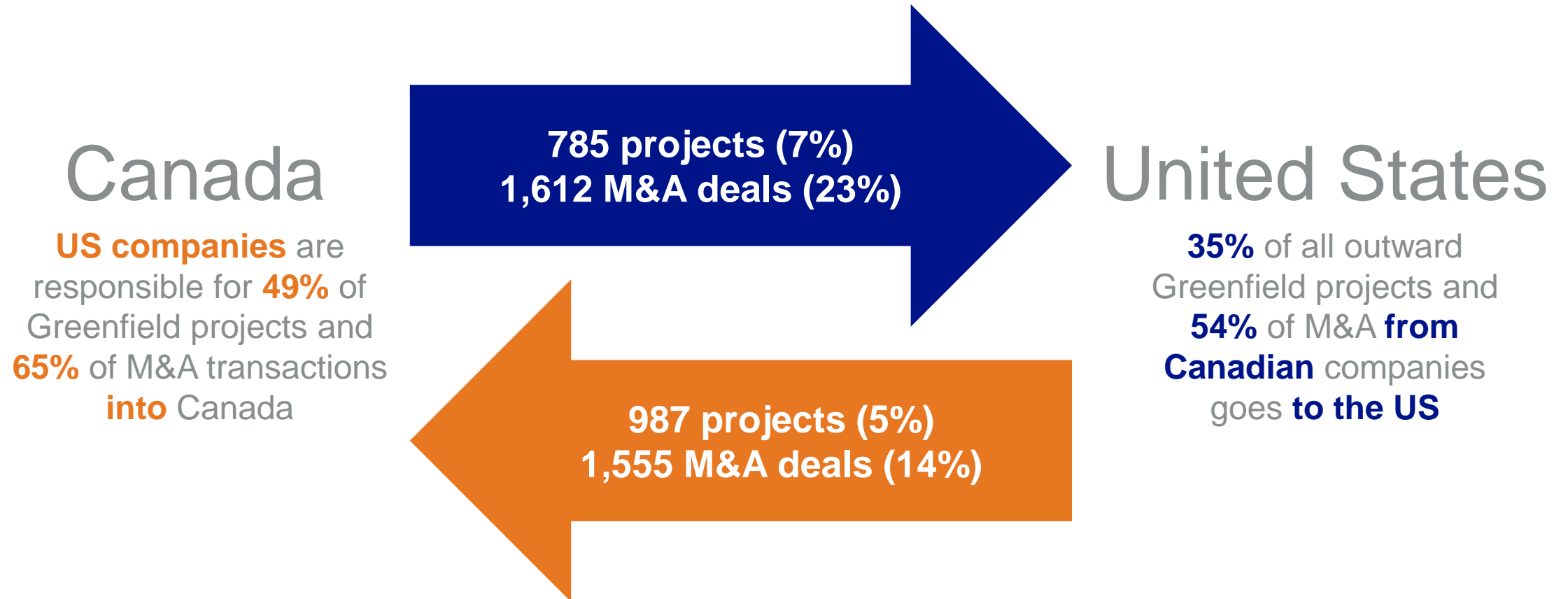
UK, Western Europe and APAC are key source regions for Greenfield FDI since 2018



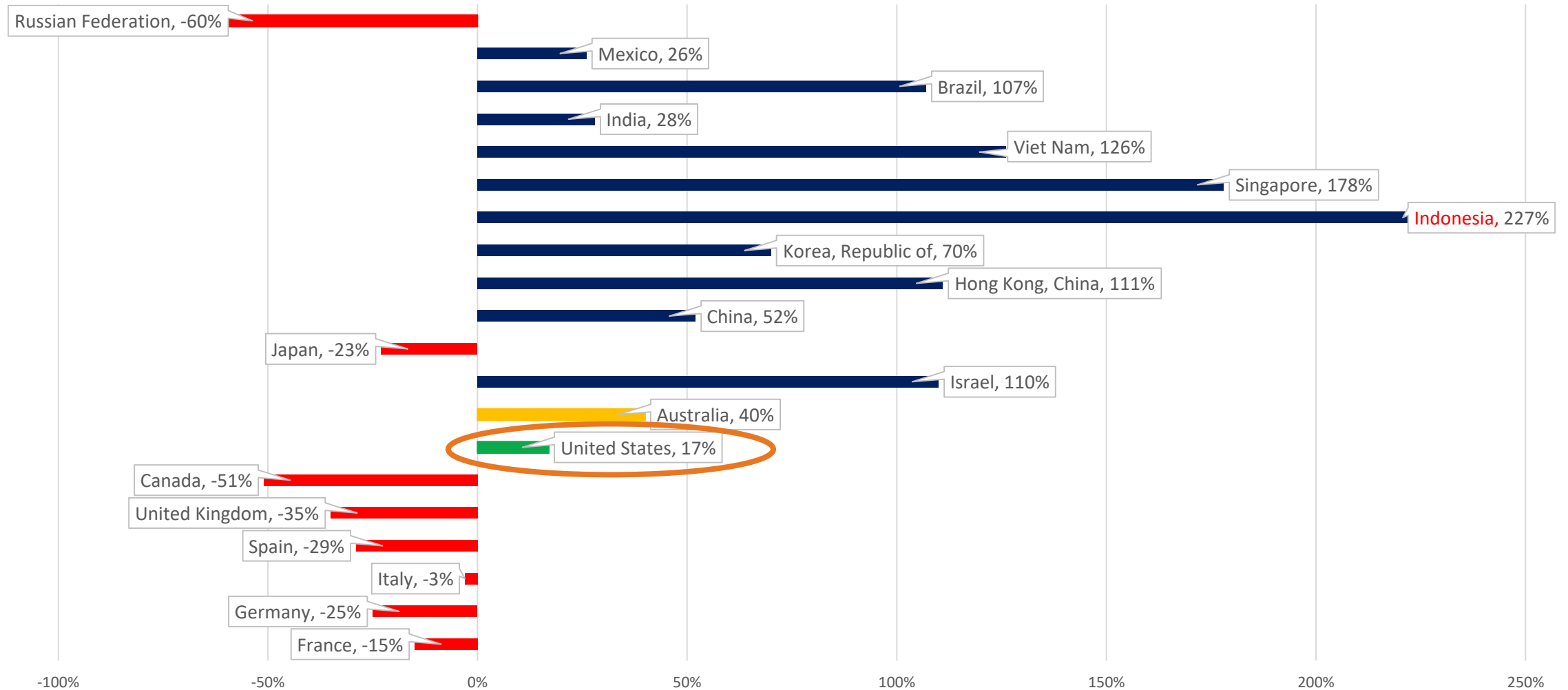
Source: Orbis Crossborder Investment



Impact of Greenfield and M&A between United States and Canada



Global FDI recovery post-2008 financial crisis



Top investors in North America since 2013

Most active greenfield investors by number of projects

June '19 Rank	Jan '20 Rank	Company name	Country
1	1	DHL International GmbH	Germany
2	2	Regus Plc	United Kingdom
3	3	Daimler AG	Germany
4	4	ABB Ltd	Switzerland
5	5	Honda Motor Co. Ltd	Japan
6	6	Toyota Motor Corporation	Japan
7	7	Samsung Electronics Co. Ltd	Republic of Korea
--	8	Siemens AG	Germany
9	9	BASF SE	Germany
10	10	Amazon Inc.	United States
11	11	Intertek Group	United Kingdom
12	12	Lidl Stiftung & Co KG	Germany
13	13	Ernst & Young LLP	United Kingdom
14	14	Clariant AG	Switzerland
--	15	Wipro Ltd	India

Most active crossborder investors by number of deals

June '19 Rank	Jan '20 Rank	Company name	Country
1	1	Hub International Ltd.	Canada
2	2	Accenture Plc	Ireland
--	3	Apax Partners LLP.	United Kingdom
10	4	SGS SA	Switzerland
3	5	Avison Young (Canada) Inc	Canada
7	6	Bunzl Plc	United Kingdom
4	7	Dentsu Aegis Network	United Kingdom
5	8	Arthur J Gallagher & Company	United States
8	9	Colliers International Group	Canada
9	10	Roche Holding AG	Switzerland
11	11	Descartes Systems Group Inc.	Canada
12	12	Samsung Electronics Co. Ltd	Republic of Korea
13	13	Open Text Corporation	Canada
14	14	Publicis Groupe SA	France
--	15	Nibe Industrier AB	Sweden

Source: Orbis Crossborder Investment



Growth opportunities in North America

Industries

1. Communications
2. Computer software
3. Industrial, electric & electronic machinery
4. Transport, freight & storage
5. (tie) Transport manufacturing
5. (tie) Food manufacturing


Business functions

1. Education & training
2. Technical support centers
3. Software development centers
4. Data centers
5. Logistics, distribution and transportation (e-commerce)



Greenfield FDI projects of interest in 2019


LG Chem Ltd. and GM – \$2.3bn investment in battery cells plant in Lordstown, OH (December) - JV

 “Ohio and its highly capable workforce will play a key role in our journey toward a world with zero emissions.....Mary Barra, CEO. Our joint venture with the No. 1 American automaker will further prepare us for the anticipated growth of the North American EV market, while giving us insights into the broader EV ecosystem.”


Nordic Aquafarms (Rasmussengruppen AS) – \$400m salmon farm in Eureka, CA (November)

 “We are especially proud to bring this investment to Berkeley... and to the greater San Francisco Bay Area, the birthplace of biotechnology and a global epicenter of drug development innovation.”


Maple Leaf Foods (McCain Capital) – \$310m plant-based food processing plant in Shelbyville, IN (April)

 “By establishing a large-scale North American network, we will continue to meet rapidly growing demand for delicious protein alternatives and create a centre of excellence for innovation. It will escalate the financial contribution of this business and advance Maple Leaf’s vision to be the most sustainable protein company on earth.”

Aptiv and Hyundai – Artificial Intelligence R&D Centre in Pittsburgh, PA (December)

 “We’re proud to be a part of Pittsburgh, a city with incredible talent and a legacy in engineering – from its history in industrial manufacturing, to its current standing as a global hub for robotics and the self-driving future.”

Ocado Group Plc. – expanded distribution centre in Frederick, MD (January 2020)

 “This site will be key to delivering amazing grocery experiences to households across Maryland, Pennsylvania and the District of Columbia. It will also create fantastic job opportunities for engineers looking to work alongside state-of-the-art robotics and automation....Ocado's proven technology will allow Kroger to achieve the lowest cost-to-serve in the market, combined with the best freshness, accuracy and service.”



Mergers & acquisitions of interest in 2019

LVMH – \$16.7bn acquisition of Tiffany & Company (October)



“...intend to develop this jewel with the same dedication and commitment that we have applied to each and every one of our Maisons”

Froneri - \$4bn acquisition of Nestle's ice-cream business in the US (December)



"With this transaction, we are taking a decisive step towards our goal of achieving global leadership in ice cream."

Volkswagen AG – \$2.6bn acquisition of minority stake in Argo AI Inc from Ford Motor Company (July)



"Volkswagen will join Ford in investing in Argo AI, the autonomous vehicle platform company- the tie-up allows both automakers to independently integrate ArgoAI's self-driving system into their own vehicles, delivering significant global scale. Ford will use Volkswagen's electric vehicle architecture and Modular Electric Toolkit (MEB) to design and build at least one high-volume fully electric vehicle in Europe"

UCB SA - \$2.1bn acquisition of Ra Pharma (October)



"Ra Pharma is an excellent strategic fit addressing multiple areas of UCB's patient value growth strategy..."

BAE Systems – \$275m acquisition of Raytheon Company's airborne tactical radios business (January 2020)



"These are strong businesses with talented employees who share our focus on quality and technology innovation. We are confident of a smooth transition that will accelerate our future together and look forward to welcoming these new employees to the BAE Systems team once the transactions are approved."



Greenfield FDI rumors

Techchefs Software Pvt Ltd. (January 2020)



A software engineering services provider, plans to invest in USA...Over the next two years, we plan to increase our business footprint significantly in the USA to enable TechChefs' ability to cater to global clients in product development."

Teraki GmbH (December)



An online insurance, predictive maintenance and autonomous driving application Software-as-a-Service (SaaS) provider plans to invest in USA supported by a recent round of funding.... We will use these funds to propel Teraki into new areas outside of automotive with significant recurring revenues as clients start large scale deployments of our technology.

KSE Process Technology BV (December)



A dosing and weighing machines manufacturer, plans to open a dosing and weighing machines manufacturing plant in USA. KSE is seeing an increasing demand in the US for specific animal.....This is a sign for us that substantial investments are in the pipeline.

Sony Corporation (November)



An audio visual equipment manufacturer, plans to open an AI research and development centre in USA. Mr Peter Stone has been hired as General Manager.

Elucidat (October)



The E-learning platform Software-as-a-Service (SaaS) provider plans to invest in the USA. Furthermore, the company has secured investment in a round of funding and will open a presence in the country in 2020.



Mergers & acquisitions rumors

WSP Global Inc (January 2020)



Considering a \$7.25bn take-over of **AECOM**

Spotify Technology SA (January 2020)



In early talks in order to acquire **Bill Simmons Media Group LLC (The Ringer)**

FCF Fishery Co. Ltd. (November)



Plans to acquire **Bumble Bee Foods LLC** for \$925m – if this acquisition is approved, it will save the company from bankruptcy. This sales involves Bumble Bee Foods' patents. *(Bumble Bee pleaded guilty in 2017 to conspiring along with two other companies to fix and raise prices of canned tuna in the US).*

Nestle Health Science SA (September)



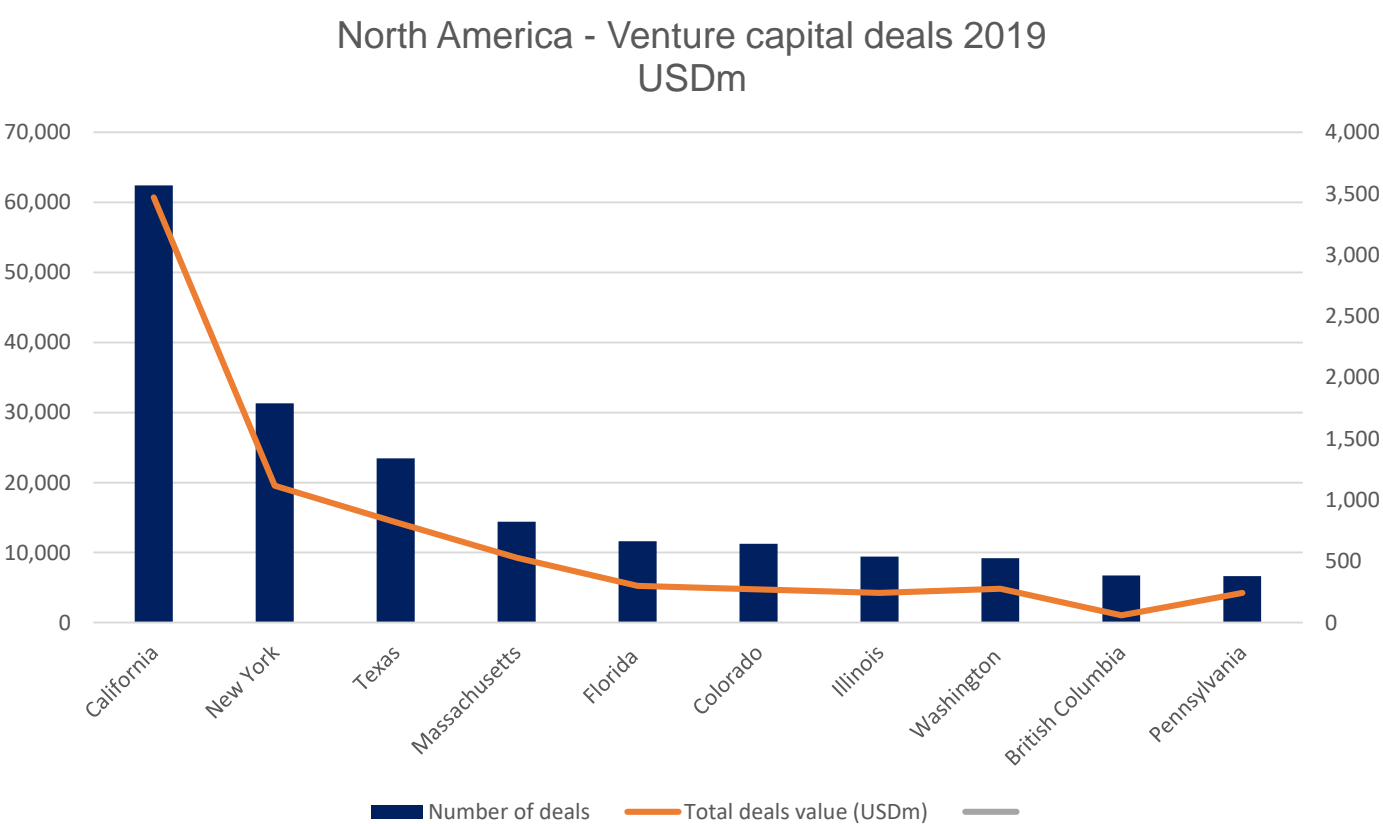
Nestle Health Science may acquire remaining stake in Before Brands Inc. – the transaction also includes the sale of Before Brands' patents.



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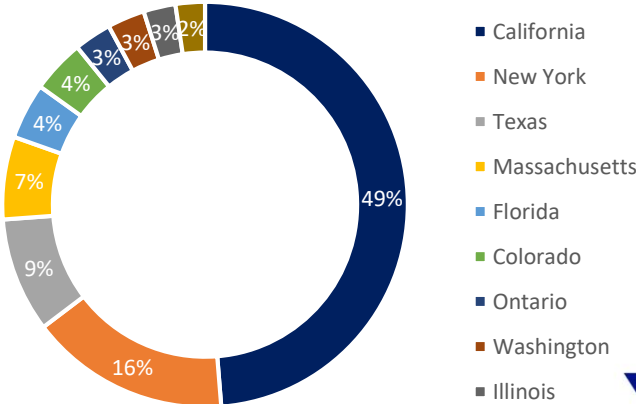
Venture capital

Venture capital in North America – where companies are opening and expanding



Company Name	Country
Y Combinator Management LLC	United States
AH Capital Management LLC	United States
Accel Management Company LLC	United States
New Enterprise Associates Inc	United States
Bain Capital Ventures LP	United States
NVP Associates LLC	United States
Sequoia Capital Operations LLC	United States
Entrepreneurs Roundtable Accelerator	United States
GV (Google Ventures)	United States
Felicis Ventures Management Company LLC	United States

Companies citing expansion (by state)



Source: Orbis Crossborder Investment



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Summary

Summary

- Global FDI **↓ 13%** from 2017 to 2018*
- FDI in North America* **↓ 4%**
- Value of **mergers & acquisitions** into North America* **↓ 25%** and **↓ 36%** in the US
- Value of **Greenfield FDI** in North America* **13% ↑** BUT **↓ 20%** in the US
- Early indications for 2019 show FDI for North America as flat
- Globally, there's a '**war for talent**' meaning increased investment in up-skilling
- Long-term trend is towards non-equity modes of international production outpacing FDI (i.e. royalties, licencing agreements, etc.)
- The trade/tariffs and policy uncertainty continues to negatively dampen investor confidence

*Year on year 2017 to 2018





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