

NCB

Independent & International

M&A TRACKER SURVEY – QUARTERLY UPDATE

Review of Irish trade sales, buyouts and acquisitions
January – March 2009

Prepared by NCB Corporate Finance

3 George's Dock, IFSC, Dublin 1, Ireland
51 Moorgate, London EC2R 6BH, England

Visit our website at www.ncb.ie

Introduction

The quarter four 2008 survey was published in early January 2009, less than three months ago, yet this seems an awful long time ago in terms of what has taken place both nationally and globally since then. In Ireland there have been several notable events most of which have involved our indigenous financial institutions including the nationalisation of Anglo Irish Bank plc. Quarter one 2009 has also seen the continued deterioration in our economy, the loss of our AAA Credit Rating from Standard & Poors and the introduction of what has been described as the most draconian budget in the history of the State. There are many economic indicators which are being constantly reported and unfortunately none of these have been positive for some time now. The only upbeat note from which some encouragement can be taken is that the rate of the downward trend in some of these indicators seems to have reduced, for example monthly live register unemployment and quarterly house prices.

It is against this backdrop that we report transactions for quarter one 2009 with a combined deal value of €1.28bn and numbering 34 deals in total. These numbers include two high profile transactions which were worked on and announced during 2008 but completed during quarter one of 2009, namely Endesa's €450m acquisition of certain ESB generation assets and Kerry Group's €140m acquisition of Breeo Foods Limited. Excluding these transactions we have underlying deal value and volume of €687m and 32 respectively. This deal value compares favourably with what was a very poor quarter four 2008. Indeed quarter four 2008 with total reported deal values of €473m, was the worst reported quarter since quarter one of 2005.

Whilst we welcome any increase in reported deal values, on foot of a number of sizable and notable transactions during the quarter, it does not take from the fact that quarter one of 2009 compares poorly with the same quarter in 2008 and indeed with quarters two and three of 2008 as well, both in terms of deal volumes and values. Total deal volume is down 28.8% and total deal value is down 70.6% on the comparative quarter one 2008. This reflects the international picture with the Financial Times recently reporting that global M&A volumes were down 36% in quarter one 2009 and, in terms of deal value at \$524.9bn, quarter one 2009 was the lowest since the third quarter of 2004.

Reported total deal values for each quarter of 2008 were less than their previous quarters and this trend of a falling average deal values was evident throughout 2008. Turning to deal volumes the run rate volume based on quarter four of 2008 and quarter one of 2009 would indicate a current level of activity of c. 30 deals per quarter. This compares with a historic average of 55 deals per quarter for 2006, 2007 and 2008 (excluding the multiple CRH transactions which only tend to be announced as a block number of deals in the last quarter of a particular year or the first quarter of the following year). This suggests that if this run-rate continues for the remainder of 2009 that deal activity will settle at a level which is c.45% less than in the previous three years.

The most active sectors during quarter one were Industrial, Food/Food Services and Health & Pharmaceutical – Industrial and Food/Food Services both registered 7 deals with Health & Pharmaceutical registering 6 deals.

Some of the larger and more notable deals during quarter one included Sysco Corporation's acquisition of Pallas Foods Limited for a reported €175m, Kerry Group finally completing the acquisition of Breeo Foods Limited for €140m, CRH plc's acquisition of a 26% stake in Yatai Group Cement for €224m (announced in quarter one 2008 but completed in January 2009), Western Union's €123.1m acquisition of Fexco's European Money Transfer Business and MasterCard's €71.1m acquisition of Orbiscom.

Irish companies were involved in 11 acquisitions of foreign businesses during the quarter. Given the challenging economic environment this compares well with the historic quarterly trend. There were 12 acquisitions of Irish companies by foreign buyers during quarter one, including the aforementioned Pallas Foods Limited, Orbiscom and Fexco acquisitions. This certainly compares favourably with the historic trend since quarter one 2005 and is something worth noting in the context of negative international sentiment towards Ireland.

The KPS acquisition of the Irish and UK business of Waterford Wedgwood Group was the only buyout transaction reported during the quarter. Whilst buyout debt is currently cheap the level of debt available and the terms of same together with an increasingly cautious approach by private equity firms is likely to result in activity levels remaining subdued for some time yet. That said, private equity firms do remain active on the ground and many have substantial amounts of capital to deploy having raised significant amounts of capital in recent years. They will continue to look to acquire good businesses, particularly those suffering a highly leveraged capital structure.

In the quarter four 2008 tracker we commented that whilst 2008 saw a fall off in deal values, volumes held up well in the first three quarters and that 2009 would be the year in the current down cycle that would see a fall off in deal volumes. This is now evident with the level of deals reported in the last two quarters down considerably and likely to remain at these levels for some time.

About NCB Corporate Finance

NCB is the leading provider of independent corporate finance advisory services in Ireland. We have a highly experienced team of professionals working in our Dublin and London offices. With a track record spanning some of Ireland's highest profile deals NCB Corporate Finance has become an advisor of choice within the Irish Market for leading companies, private equity funds and entrepreneurs.



Jonathan Simmons

Director

Tel: +353 1 611 5945

Email: jonathan.simmons@ncb.ie

Contents

1. Review of Irish M&A activity in the first quarter of 2009
 - 1.1 Overview
 - 1.2 Management and financial buyouts
 - 1.3 Trade sales to Irish buyers
 - 1.4 Trade sales to U.K. buyers
 - 1.5 Trade sales to U.S. buyers
 - 1.6 Trade sales to other buyers
 - 1.7 Foreign acquisitions by Irish companies
 - 1.8 Trade sales and buyouts of Irish owned foreign companies
 2. Sector analysis
 3. Key contacts at NCB Corporate Finance
- Appendix 1: Transactions by Sector

1. Review of M&A Activity

1.1 Overview

Our headline survey numbers show a total of 34 deals with a combined deal value of €1.28bn for quarter one 2009. It is important to note that this includes two high profile deals which were worked on and announced during 2008. The first was Endesa's €450m acquisition of certain ESB generation assets which received Departmental Approval during January 2009. The second was Kerry Group's €140m acquisition of Breco Foods Limited following what was the first ever appeal to the High Court from a decision of the Competition Authority under the Competition Act 2002.

Net of these two transactions deal volume was 32 and deal value €687m. This compares favourably with quarter four of 2009 in terms of deal value. Excluding the catch-all inclusion of multiple CRH deals from quarter four of 2008 shows an underlying position for quarter four of 2008 of 31 deals with a combined deal value €473m. This shows an underlying increase in deal value of 45.2% for quarter one 2009 and in the main can be attributed to sizable transactions such as CRH's acquisition of a 26% stake in Yatai Group Cement for €224m (announced in quarter one 2008 but completed in January 2009), Sysco Corporation's €175m acquisition of Pallas Foods Limited and Western Union's acquisition of Fexco's European Money Transfer Business for €123.1m. Deal volume at 32 is in line with quarter four 2008 at 31.

However, quarter four of 2008 had the lowest reported deal value since quarter one of 2005 and the comparison of quarter one of 2009 with quarter one of 2008 is poor. Quarter one of 2008 reported 52 deals with a combined deal value of €2.34bn and as such quarter one of 2009 represents a reduction in deal volume of 28.8% and in deal value of 70.6%. This does not come as a surprise as it was a readily apparent trend during 2008.

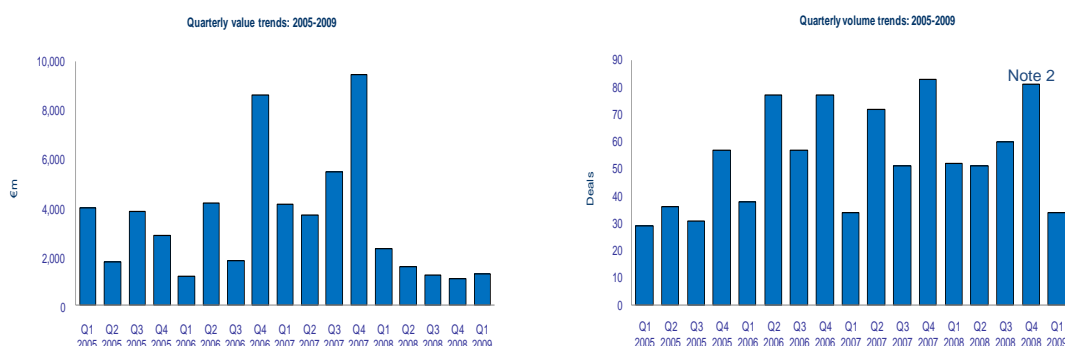
First Quarter 2009	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 0	€ 0	€ 144	€ 0	€ 374	€ 470	€ 288	€ 0	€ 1,277
Disclosed deals	0	0	3	0	4	4	5	0	16
Undisclosed deals	0	1	6	2	2	0	6	1	18
Total number of deals	0	1	9	2	6	4	11	1	34

First Quarter 2008	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 48	€ 0	€ 252	€ 1,101	€ 21	€ 29	€ 885	€ 4	€ 2,340
Disclosed deals	2	0	4	4	1	3	14	1	29
Undisclosed deals	1	0	7	2	4	0	9	0	23
Total number of deals	3	0	11	6	5	3	23	1	52

Foreign acquisitions are transactions involving the acquisition of a company outside of the Irish Republic

Foreign trade sales/buyouts are transactions involving the disposal of an Irish owned company that is located outside of the Irish Republic

Buyouts are recorded on the date of unconditional acceptance of an offer by the shareholders



1.2 Management and Financial Buyouts

The only transaction in quarter one was the acquisition of the Irish and UK businesses of Waterford Wedgwood Group by the American restructuring and turnaround specialists KPS Capital Partners. There are a number of factors which continue to curtail the number of management and financial buyout transactions. These include availability of buyout debt, private equity companies experiencing problems with existing portfolio companies and perhaps the increasing tendency of private equity firms to value all assets as distressed assets.

Note 1: On 7 April the Competition Authority informed Kerry Group that it would appeal the High Court's decision to the Supreme Court

Note 2: Included in quarter 4 2008 are 50 transactions completed by CRH throughout 2008 not separately disclosed during 2008, but rather disclosed as a block of transactions in January 2009

1.3 Trade Sales To Irish Buyers

There were 9 (of which only three disclosed values) trade sales of Irish businesses to Irish buyers during the quarter with a total deal value of €144.1m. This compares with total disclosed deal values of €252m on 11 deals in quarter one 2008, a decline of 42.8% in terms of total deal value. The largest of these was Kerry Group's €140m acquisition of Breeo Foods Limited. There were 8 trade sales to Irish buyers during quarter four 2008 with the total disclosed deal value amounting to €73.9m.

1.4 Trade Sales To U.K. Buyers

With 2 transactions, the number of trade sales to U.K buyers was down from 4 in quarter four 2008. No deal values were disclosed in either of the transactions. The value of disclosed transactions in quarter four 2008, of which there were 2, was €144.5m.

1.5 Trade Sales To U.S. Buyers

There were 6 trade sales to US buyers in quarter one. There were three notable and sizeable deals in this category including MasterCard's acquisition of Orbiscom in January for €71.1m and Western Union's acquisition of Kerry based Fexco's European Money transfer business for €123.1m in February. The final deal was the acquisition of Pallas Foods from the Geary family by Sysco Corporation for a reported €175m. The sale of Pallas represents one of the largest ever acquisitions of an Irish family business. Deal values in this segment totalled €374.2m up 312.2% on quarter four 2009.

1.6 Trade Sales To Other Buyers

There were 4 transactions in this category. The most notable transaction was Endesa's acquisition of certain ESB generation assets for €450m. This transaction was announced on 31 July 2008, but was only granted Departmental approval on 8 January 2009. Due to the fact that this was the largest transaction disclosed during the quarter, Trade Sales to Other Buyers represented the most active sector by deal value. The second largest transaction was the €18m investment by a consortium of foreign and domestic venture capital firms of Ospona Therapeutics Limited.

1.7 Foreign Acquisitions By Irish Companies

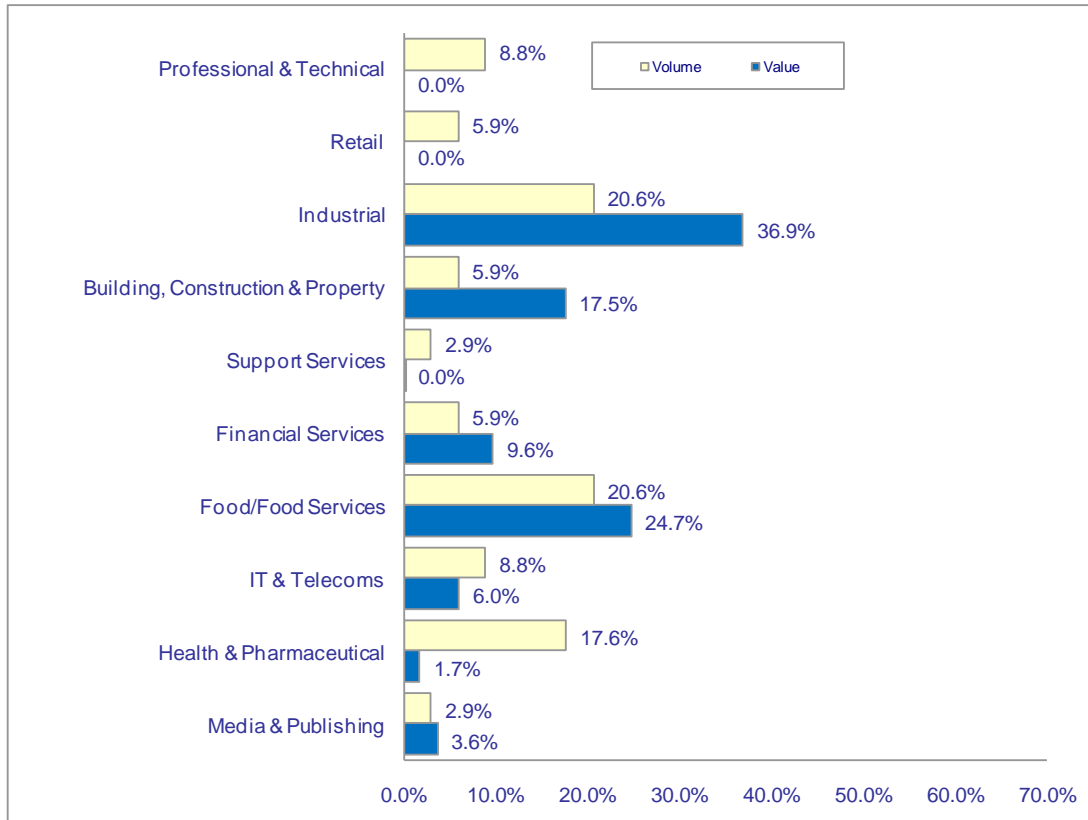
Foreign acquisitions by Irish companies represented one of the most active categories of M&A activity in the first quarter of 2009 and saw 11 transactions completed with a total disclosed value of €288.3m. The largest transaction in this category was CRH's acquisition of a 26% stake in Yatai Group Cement for €224.0m.

1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

Only one transaction took place during the quarter and it again involved CRH. The Group disposed of part of its Dutch operations (Leebo Projekten BV / Solidem Holding BV / Press Brick System BV) to a management buyout team.

2. Sector Analysis

The Industrial and Food/Food Services sector jointly saw the most activity in quarter one, each accounting for 20.6% of deal volume or 7 transactions each. In terms of deal value the Industrial sector generated the most amount of deal value accounting for c.37% of the total disclosed deal value in the quarter. The Food/Food Services sector accounted for c.25% of the total disclosed deal value during the quarter. There were 2 deals in the Building Construction & Property sector both of which involved CRH plc. Due to CRH's acquisition of a 26% stake in Yatai Cement, the sector accounted for c.17.5% of deal value.



3. Key contacts at NCB Corporate Finance

Dublin Office

Liam Booth

Managing Director
Tel: +353 (1) 611 5940
liam.booth@ncb.ie

Jonathan Simmons

Director
Tel: +353 (1) 611 5945
jonathan.simmons@ncb.ie

Andrew Ennis

Director
Tel: +353 (1) 611 5949
andrew.ennis@ncb.ie

Conor McCarthy

Director
Tel: +353 (1) 611 5989
conor.mccarthy@ncb.ie

Kevin Gallen

Director
Tel: +353 (1) 611 5938
kevin.gallen@ncb.ie

Mandy O'Sullivan

Director
Tel: +353 (1) 611 5949
mandy.osullivan@ncb.ie

London Office

Jonathan Gray

Director
Tel: +44 207 071 5252
jonathan.gray@ncb.ie

Appendix 1: Transactions by Sector

Media and Publishing

Acquiror	Country	Target	Country	€m	Date
GoAdv SA	Ireland /France	LeGuide.com	France	46.0	Feb-09
Total				46.0	

Health and Pharmaceutical

Acquiror	Country	Target	Country	€m	Date
Icon plc	Ireland	Beacon Bioscience (ICON Medical Imaging) remaining 30%	US	n/d	Jan-09
Boston Scientific Corporation	US	Labcoat Limited	Ireland	n/d	Jan-09
Creganna Limited	Ireland	Micromuscle AB (technology and patents)	Sweden	n/d	Feb-09
Helix Health Limited	Ireland	Health Ireland Limited	Ireland	n/d	Feb-09
Fountain Healthcare Partners; Inventages Venture Capital; Novartis Venture Fund; Seroba Kernel Life Sciences Limited	Switzerland /Ireland	Opsona Therapeutics Limited(undisclosed stake)	Ireland	18.0	Feb-09
Channele Group	Ireland	PBS Sales Limited	Ireland	4.0	Feb-09
Total				22.0	

IT and Telecoms

Acquiror	Country	Target	Country	€m	Date
MasterCard	US	Orbiscom Limited	Ireland	71.1	Jan-09
Orsus Solutions	US	Cinario Ltd	Ireland	n/d	Feb-09
Lam Research Corporation	US	Straatum Processware Limited	Ireland	5.0	Mar-09
Total				76.1	

Food/Food Services

Acquiror	Country	Target	Country	€m	Date
Tayto Limited	Ireland	Natural Crisps Limited	UK	n/d	Jan-09
Origin Enterprises plc	Ireland	Welcon (50% stake)	Norway	n/d	Feb-09
McNally Foods Limited	Ireland	Barbeque Products	Ireland	n/d	Feb-09
Kerry Group plc	Ireland	Dera Holding NV	Belgium	n/d	Feb-09
Kerry Group plc	Ireland	Breeo Foods Limited	Ireland	140.0	Mar-09
Investor Group (Liffey Mills & Freshgrass Investments)	UK	Drummonds Limited	Ireland	n/d	Mar-09
Sysco Corporation	US	Pallas Foods Limited	Ireland	175.0	Mar-09
Total				315.0	

Financial Services

Acquiror	Country	Target	Country	€m	Date
Irish Ministry of Finance	Ireland	Anglo Irish Bank	Ireland	n/d ⁽¹⁾	Jan-09
Western Union	US	Fexco (European Money Transfer Business)	Ireland	123.1	Feb-09
Total				123.1	

Support Services

Acquiror	Country	Target	Country	€m	Date
Capstar Limited	Ireland	Veris Moving & Storage Division (Bond Business Support, Nat Ross, Oman transport, AG Doree, McConnells Removals & Hire A Crate)	Ireland	0.1	Mar-09
Total				0.1	

Building, Construction and Property

Acquiror	Country	Target	Country	€m	Date
CRH plc	Ireland	Yatai Group Cement Co Ltd (26% stake) CRH plc - (CRH Kleiwaren Beheer BV) Leebo Projekten BV /	China	224.0	Jan-09
Dutch MBO Vehicle	Netherlands	Solidem Holding BV / Press Brick System BV	Netherlands	n/d	Jan-09
Total				224.0	

Industrial

Acquiror	Country	Target	Country	€m	Date
DCC plc	Ireland	Samuel Cooke & Co-Fuel Card Business	UK	10.1	Jan-09
Procap Holdings SA	Belgium	Macfarlane Plastics Ltd	Ireland	1.9	Jan-09
Endesa SA	Spain	ESB Generation Assets	Ireland	450.0	Jan-09
Vattenfall AB	Sweden	Pandion Limited (51% Stake)	Ireland	0.5	Jan-09
Quinn Property Holdings Limited	Ireland	Quinn Investments Sweden AB (Irish Windfarm Assets)	Sweden	n/d	Feb-09
San Leon Energy plc	Ireland	Gold Point Energy Corporation	Canada	1.0	Feb-09
Mainstream Renewable Power	Ireland	Alberta Wind Energy Corp (80% 3 Development Assets)	Canada	7.2	Mar-09
Total				470.7	

Retail

Acquiror	Country	Target	Country	€m	Date
Lifestyle Sports Limited	Ireland	Sasha-Outlets	Ireland	n/d	Feb-09
WWRD Holdings Limited (KPS Capital Partners)	US	Waterford Wedgewood plc	Ireland	n/d	Feb-09
Total				0.0	

Professional and Technical

Acquiror	Country	Target	Country	€m	Date
RPS Group plc	UK	Mary Murphy Associates	Ireland	n/d	Jan-09
Outsource Services Group Limited	Ireland	Lynch Goggin Associates	Ireland	n/d	Jan-09
Quinn Family Investments	Ireland	Claret Capital Limited (25% stake)	Ireland	n/d	Mar-09
Total				0.0	

Note 1: Any value due to equity shareholders will be ultimately determined by an assessor appointed by the Minister for Finance

n/d – not disclosed

Methodology

The information in this report relates to transactions announced during the first quarter of 2009. Financial consideration is shown in EURO (€), and is based on disclosed figures or market or media estimates at the time each deal was announced. In cases where the deal consideration was in a foreign currency, the equivalent amount in EURO (€) has been calculated using the exchange rate that was in force at the time of the original transaction announcement. Certain transactions which have been announced but which are subject to approval by the Competition Authority are shown on the assumption that approval will be forthcoming.

Disclaimer

This survey does not purport to be a complete statement or summary. All opinions and estimates included reflect our judgement as of the date the information was compiled and may be changed without notice. This survey should not be construed as professional advice or as a recommendation to invest in particular securities, sectors or locations.



Independent & International

For further information visit our website: www.ncb.ie

NCB - Dublin
3 George's Dock
IFSC
Dublin 1
Ireland

Telephone: +353 1 611 5611
Fax: +353 1 611 5766

NCB - London
51 Moorgate
London EC2R 6BH
England

Telephone: +44 207 071 5200
Fax: +44 207 071 5202