

NCB

Independent & International

M&A TRACKER SURVEY – QUARTERLY UPDATE

Review of Irish trade sales, buyouts and acquisitions
January – March 2010

Prepared by NCB Corporate Finance

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Introduction

Quarter one 2010 is the first quarter, since the downturn in M&A and other general economic activity began, where we begin to compare deal volumes, with a prior year quarter, which also reflected the reduced level of M&A activity, namely quarter one 2009. Quarter one 2009 was the first quarter in this current downturn where the volume of deals was at level not consistently seen for a number of years since the first three quarters of 2005. As a result we are now comparing against similar prior year comparatives and the large percentage reductions in deal volumes during 2009 will not be experienced in 2010 now that quarterly volumes have settled at a much lower level for both years. As in previous quarterly surveys we pointed out that the reduction in deal values occurred much earlier in the down cycle than deal volumes, namely during 2008 and the steep decline in deal values was evident in 2008 versus 2007, whereas the decline in deal volumes was evident in 2009 versus 2008.

There were 37 deals recorded during the quarter in comparison with 38 in quarter four 2009 so both of these quarters now show an improvement on the 28 deals recorded in quarter three 2009, the lowest quarterly volume on record, and the quarter during which we believe the bottom was reached. Hence, the improvement in quarter four 2009 is holding up. The current quarterly level, as measured by quarter four 2009 and the current quarter is an increase of c. 36% on the quarter three 2009 deal volume and if this level of deal activity was to continue the annualised difference would result in around 40 additional deals per annum.

Deal value at €445m for the quarter is down on the quarter four 2009 total deal value of €988m, a reduction of c.55%. This is mainly due to two large transactions recorded in quarter four 2009, namely, Hellman & Freidman LLC's acquisition of Web Reservations International Limited for €228m and Bord Gáis' acquisition of SWS Natural Resources for €300m. Also, in quarter four 2009 we recorded all of CRH's acquisitions for the second half of 2009 when it acquired 10 businesses for a combined value of €168m. The largest deal recorded in quarter one 2010 was the acquisition of Greencore Group plc's Malt Businesses by Axereal Union de Cooperatives Agricoles for €116m.

The most active sector during the quarter was IT & Telecoms with 7 deals including STT's €47.6m acquisition of Eircom Limited and Verint Systems €10.8m acquisition of Iontas Limited. Each of the Industrial, Health & Pharmaceutical and Retail sectors recorded 5 deals. Industrial deals of note included Greenstar's €50m acquisition of Veolia Environmental Services and San Leon Energy Plc's acquisition of Island Oil and Gas for €22.8m. Health & Pharmaceutical deals of note included Sisk Group's €30m acquisition of Eschmann Equipment and Trinity Biotech plc's €65.8m sale of its Coagulation Unit. In Retail Wolseley Ireland Holdings was acquired for €26.5m and Eason & Son acquired Hughes and Hughes' interest in its seven airport stores.

Irish companies have continued to acquire abroad with 9 foreign acquisitions during the quarter. The largest of these deals was IFG plc's €38.6m acquisition of James Hay Holding. Others included Creganna Medical Devices' acquisition of US company Tactx Medical and the aforementioned Sisk Group acquisition of Eschmann Equipment.

One buyout was recorded during the quarter, WIBHM's acquisition of Wolseley Ireland Holdings for €26.5m.

The trend in distressed deals continued during the quarter with First Derivatives plc acquiring certain assets of Cognotec, Eason & Son acquiring an interest in Hughes and Hughes airport stores and Club Travel's acquisition of certain assets of Budget Travel.

The main points in relation to the current quarter's survey is that for the second quarter in succession deal volumes, whilst unchanged against quarter four 2009, have remained above the low level of deals recorded in quarters two and three of 2009. Also, quarter one 2010 is the first quarter where we are comparing, in terms of deal volume, against a prior year quarter in which the reduction in deal volumes since the commencement of the current downturn is reflected.

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.



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1. Review of M&A Activity

1.1 Overview

The number of reported deals, 37, is up 8.8% versus quarter one 2009 (34) albeit total deal value at €505m¹ is down 60.4% from the €1.3bn recorded in quarter one 2009. In comparison with quarter four 2009 deal volume is similar at 37 versus 38 (when CRH's block of 10 deals completed in the second half of 2009, but all of which were included in the quarter four 2009 deal volumes, are excluded). However, total deal value at €505m¹ is down on the quarter four 2009 total deal value of €988m (or €820m excluding the 10 CRH deals).

The key driver of the difference in deal value versus quarter one 2009 was as a result of Endesa's €450m acquisition of 20% of the ESB's power generation assets which although negotiated in 2008 was completed in quarter one 2009. In addition CRH's €224m acquisition of Yati Group was included in the quarter one 2009 total deal value. As regards quarter four 2009 there were two large transactions in Hellman & Freidman LLC's acquisition of Web Reservations International Limited for €228m and Bord Gáis' acquisition of SWS Natural Resources for €300m. Also, in quarter four 2009 we recorded all of CRH's acquisitions for the second half of 2009 where it acquired 10 businesses for a combined value of €168m.

In contrast with quarters one and four of 2009 the largest deal recorded in quarter one 2010 was the acquisition of Greencore Group Plc's Malt Businesses by Axereal Union de Cooperatives Agricoles for €116m.

	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 0	€ 27	€ 85	€ 0	€ 33	€ 114	€ 131	€ 116	€ 505
Disclosed deals	0	0	3	0	2	3	3	2	13
Undisclosed deals	0	1	10	4	2	1	6	0	24
Total number of deals	0	1	13	4	4	4	9	2	37

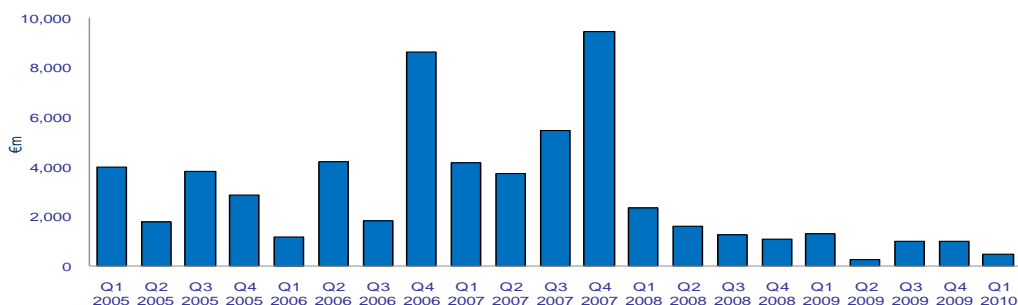
	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 0	€ 0	€ 144	€ 0	€ 374	€ 470	€ 288	€ 0	€ 1,277
Disclosed deals	0	0	3	0	4	4	5	0	16
Undisclosed deals	0	1	6	2	2	0	6	1	18
Total number of deals	0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

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

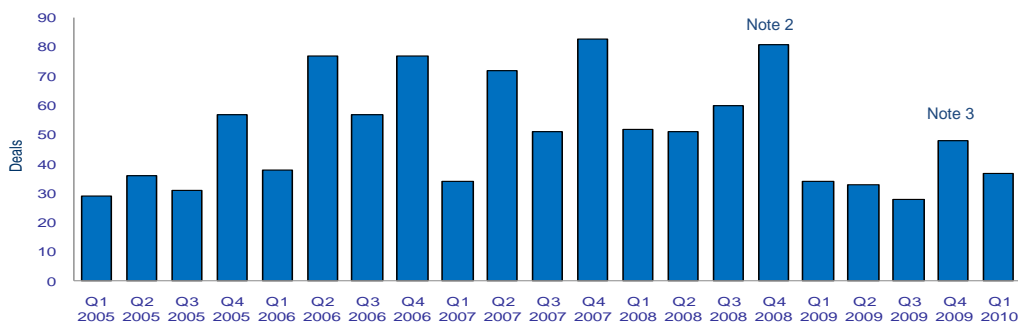
Foreign trade sales/buyouts are transactions involving the disposal of an Irish owned company that is located outside of the Irish Republic

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

Quarterly value trends: 2005-2010



Quarterly volume trends: 2005-2010



Note 1: Deal value for Smurfit Kappa's €51m acquisition of Mondi PLC (Corrugated Operation) and Wexford Milk Producers €9m acquisition of Wexford Creamery Ltd not disclosed until 2Q 2010 hence total deal value for the quarter may not reconcile to press reports at time of initial release of the 1Q 2010 tracker

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

Note 3: Included in quarter 4 2009 are 10 transactions completed by CRH in the second half of 2009 but not separately disclosed during, but rather disclosed as a block of transactions in January 2010.

1.2 Management and Financial Buyouts

There was one deal recorded during the period, WIBHM's acquisition of Wolseley Ireland Holdings. This compares with 6 deals recorded in quarter four 2009, albeit the latter would be a large number of deals for this category in most quarters.

1.3 Trade Sales To Irish Buyers

Trade sales to Irish buyers saw the most activity during the quarter and accounted for 16.8% of deal value and 35% of deal volume. Only 4 of the 13 deals had a publically disclosed deal value, the largest of which was Greenstar's acquisition of Veolia Environmental Services for €50m. Island Oil and Gas Plc acquired San Leon Energy plc for €22.8m. CPL Resources made two acquisitions during the quarter and Eason & Son acquired the airport stores of Hughes and Hughes. In addition certain assets of Budget Travel were acquired by Club Travel.

1.4 Trade Sales To U.K. Buyers

There were four deals recorded in this segment during the quarter, none of which had a disclosed deal value. Transactions included SunGuard's acquisition of Hosting 365 Limited and Independent Media Distribution plc's acquisition of IMD AdSat.

1.5 Trade Sales To U.S. Buyers

Xerox Corporation acquired Irish Business Systems Limited for €22.0m and Veriant Systems acquired Iontas Limited for €10.8m. There were two other deals recorded in the quarter neither of which disclosed a deal value namely Trimble Navigation's acquisition of LET Systems and Verity Instruments Inc's acquisition of Lexas Research.

1.6 Trade Sales To Other Buyers

There were 9 deals during the quarter in contrast with 3 in quarter four 2009 and 11 in quarter one 2009. Acquisitions of note included Singapore Technologies Telemedia's €47.6m acquisition of Eircom and the sale by Trinity Biotech of its Coagulation Unit to Diagnostica Staga SAS of France. In addition Gallic Distributors Limited was acquired by Citroen Motors.

1.7 Foreign Acquisitions By Irish Companies

There were 9 deals recorded during quarter one of which only 4 had a disclosed deal value. In comparison quarter one 2009 recorded 11 deals with quarter four 2009 showing 20 deals. The largest disclosed deal value was Smurfit Kappa's acquisition of Mondi PLC (Corrugated Operation) for €51m while the next largest transaction was IFG Group Plc's acquisition of James Hay Holding for €38.6m. Other acquisitions of note included Sisk Group's acquisition of Eschmann for €30.4m and West African Diamonds Plc's acquisition of Stellar Diamonds Limited for €11.1m.

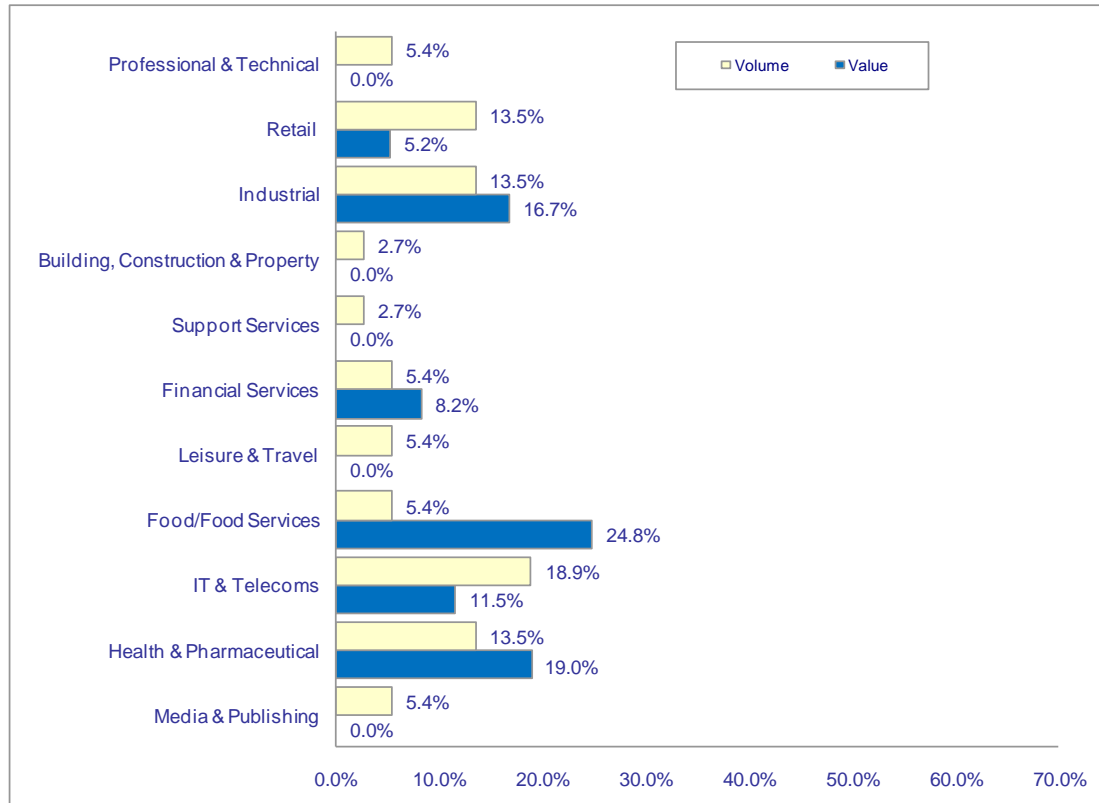
1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

Two deals were recorded during the quarter including the aforementioned acquisition of Greencore Group Plc's Malt Businesses by Axereal Union de Cooperatives Agricoles for €116m. The other deal in this segment was the disposal of the Independent and the Independent on Sunday newspaper titles by Independent News and Media Plc to an entity controlled by Alexander Lebedev.

2. Sector Analysis

The IT & Telecoms sector saw the most activity in quarter one, accounting for 18.9% of deal volume or 7 transactions in total. The Industrial, Health & Pharmaceutical and Retail sectors each recorded five transactions during the quarter and each accounted for 13.5% of deal volume.

The largest sector in terms of deals value was the Food/Food Services sector accounting for 24.8% of the total value of deals recorded. The next largest sector by deal value was Health & Pharmaceutical, representing 19.0% of deal value.



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Appendix 1: Transactions by Sector

Media and Publishing

Acquiror	Country	Target	Country	€m	Date
Independent Media Distribution Plc	UK	IMD AdSat (remaining 50% stake)	Ireland	n.d.	Feb-10
Independent Print Limited	UK	Independent and the Independent on Sunday	Ireland	0.0	Mar-10
Total				0.0	

Health and Pharmaceutical

Acquiror	Country	Target	Country	€m	Date
Creganna Medical Devices Limited	Ireland	Tactx Medical Inc.	US	n.d.	Jan-10
Alliance Pharma Plc	UK	Cambridge Laboratories (Ireland)	Ireland	n.d.	Feb-10
Sisk Group	Ireland	Eschmann Equipment	UK	30.4	Feb-10
Azur Pharma Limited	Ireland	Élan (PRIALT Rights)	Ireland	n.d.	Mar-10
Diagnostica Stago SAS	France	Trinity Biotech Plc (Coagulation Unit)	Ireland	65.8	Mar-10
Total				96.2	

IT and Telecoms

Acquiror	Country	Target	Country	€m	Date
Singapore Technologies Telemedia*	Singapore	Eircom Limited*	Ireland	47.6	Jan-10
Digiweb Ltd	Ireland	Internet Interactions Ltd	Ireland	n.d.	Jan-10
Afilias Limited	Ireland	mTLD Top Level Domain Ltd (dotMobi)	Ireland	n.d.	Feb-10
Verint Systems Inc.	US	Iontas Limited	Ireland	10.8	Feb-10
SunGard Availability Services	UK	Hosting365 Ltd	Ireland	n.d.	Mar-10
Xerotec Office Systems Ltd	UK	Digital Documents Direct	Ireland	n.d.	Mar-10
Trimble Navigation	US	LET Systems	Ireland	n.d.	Mar-10
Total				58.4	

Food/Food Services

Acquiror	Country	Target	Country	€m	Date
Axereal Union de Cooperatives Agricoles	France	Greencore Malt Businesses	Ireland	116.3	Mar-10
Wexford Milk Producers ¹	Ireland	Wexford Creamery Limited (Stake Increased to 70%)	Ireland	9.0	Jan-10
Total				125.3	

Leisure and Travel

Acquiror	Country	Target	Country	€m	Date
Club Travel Limited	Ireland	Budget Travel Limited (Certain Assets)	Ireland	n.d.	Feb-10
Kerten	Ireland	The House Apart (Majority Stake)	Turkey	n.d.	Feb-10
Total				0.0	

Financial Services

Acquiror	Country	Target	Country	€m	Date
First Derivatives Plc	Ireland	Cognotec Ltd (Certain Assets)	Ireland	3.0	Feb-10
IFG Group Plc	Ireland	James Hay Holding	UK	38.6	Mar-10
Total				41.6	

Support Services

Acquiror	Country	Target	Country	€m	Date
Manguard Plus Ltd	Ireland	Gold Force Security Management	Ireland	n.d.	Feb-10
Total				0.0	

Print and Paper

Acquiror	Country	Target	Country	€m	Date
Smurfit Kappa Group ¹	Ireland	Mondi PLC (Corrugated Operation)	UK	51.0	Jan-10
Smurfit Kappa Group	Ireland	Smurfit Kappa Sturovo (Remaining minority stake)	Slovakia	n.d.	Feb-10
Xerox Corporation	US	Irish Business Systems Limited (IBS)	Ireland	22.0	Feb-10
Total				73.0	

Building, Construction and Property

Acquiror	Country	Target	Country	€m	Date
CRH Plc	Ireland	A.L. Blades & Sons Inc	US	n.d.	Mar-10
Total				0.0	

Industrial

Acquiror	Country	Target	Country	€m	Date
West African Diamonds Plc	Ireland	Stellar Diamonds Limited	Channel Islands	11.1	Jan-10
Verity Instruments Inc	US	Lexas Research Ltd	Ireland	n.d.	Feb-10
AxFlow Holding AB	Sweden	Combiflow Ltd	Ireland	0.8	Feb-10
San Leon Energy Plc	Ireland	Island Oil and Gas Plc	Ireland	22.8	Feb-10
Greenstar Environmental Limited	Ireland	Veolia Environmental Services	Ireland	50.0	Mar-10
Total				84.6	

n/d – not disclosed

(8)
NCB Corporate Finance has compiled the information in this report from sources believed to be reliable. No representations or warranties are made as to the reliability, accuracy or completeness of such information.

Retail

Acquiror	Country	Target	Country	€m	Date
Henderson Foodservice Ltd	Ireland	The Streat Franchising Ltd	US	n.d.	Jan-10
WIBHM Limited	Ireland	Wolseley Ireland Holdings	Ireland	26.5	Jan-10
Citroen Motors	France	Gallic Distributors Ltd	Ireland	n.d.	Feb-10
Electronic Media Sales	Ireland	SalesOnline	Ireland	n.d.	Feb-10
Eason and Son	Ireland	Hughes and Hughes (Seven Irish airport stores)	Ireland	n.d.	Mar-10
Total				26.5	

Professional and Technical

Acquiror	Country	Target	Country	€m	Date
CPL Resources Plc	Ireland	Servisource Healthcare Ltd	Ireland	n.d.	Feb-10
CPL Resources Plc	Ireland	Servisource Recruitment Ltd	Ireland	n.d.	Feb-10
Total				0.0	

**Revised terms. Based on implied offer price of AUD 0.545 per share for 167.905m shares outstanding. eircom Holdings Limited scheme booklet 10 November 2009*

Methodology

The information in this report relates to transactions announced during the first quarter of 2010. 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.



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