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Independent & International

M&A TRACKER SURVEY – QUARTERLY UPDATE

Review of Irish trade sales, buyouts and acquisitions
July – September 2008

Prepared by NCB Corporate Finance

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Introduction

Since the publication of the last M&A Tracker in July both the local and global economic landscapes have become increasingly challenging. There has been the much reported turmoil and rescue efforts in the international and local banking markets combined with the spectre of recession in many economies including Ireland which was confirmed in September to be in a recession following negative GDP growth in each of the first two quarters. This has put pressure on company profits in the real economy and led many financial institutions to adopt an increasingly cautious approach to deal financing. Despite this challenging environment, Irish deal volumes have remained resilient and compare favourably with quarter three of 2007 and quarter two of 2008. However, deal values are down considerably and hence the trend from our quarter two survey continues.

There were 60 deals in quarter three versus 51 in quarter two. The total value of all deals surveyed was approximately €1.25bn, a fall of 21.0% on the €1.58bn recorded in quarter two. Deal volumes have increased on a like for like basis when compared to quarter three of 2007 but deal values are down 77% from the €5.4bn recorded in the same quarter. A large part of the decline in deal values is attributable to the inclusion of the €2.9bn Houghton Mifflin Riverdeep/Reed Elsevier transaction in quarter three of 2007. When this transaction is excluded, the deal values for quarter three 2007 amount to €2.5bn which results in a reduction in deal values of €1.2bn, or 49%, in quarter three 2008. The reduction in quarter two deal values over the same quarter in 2007 was 25%.

In terms of particular categories of deal or sectors the professional services sector saw a number of transactions involving legal and accountancy firms, for example Grant Thornton's acquisition of Foster McAteer.

In the Management and Financial Buyout category there were three deals recorded in quarter three. The largest deal in this category was the €90m acquisition of Noonan Services Group by Alchemy Partners. The only MBO was that of Owens DDB Limited for a consideration of €5m.

Irish trade buyers continue to actively acquire foreign assets. There were 18 acquisitions recorded during quarter three of which 7 were UK assets and 4 were US assets. Reduced competition from private equity buyers and the continued strength of the Euro continues to provide a conducive environment for Irish trade buyers to make foreign acquisitions.

An analysis of deals by sector for quarter three shows the Industrial sector to the fore. This sector accounted for 25% of total deal values primarily due to a number of transactions in the energy and renewable energy space. It also accounted for the majority of deal volume, with 23% of all deals. The largest increase in terms of deal volume was in the professional and technical sector where volumes increased by 700% on quarter three 2007.

In terms of those themes of the current cycle highlighted in our quarter two survey we will continue to see further softening in valuations and deal multiples, although not to the extent experienced to date in 2008, reduced leverage multiples from an increasingly difficult banking market, more thorough due diligence and the prevalence of strategic trade buyers and their increasing competitiveness against private equity financial buyers.

Although at significantly lower valuations, activity levels, as measured by the volume of deals, have held up so far during 2008. However, anecdotally we suspect that this trend is unlikely to continue and there could therefore be a fall off in deal volumes in quarter four of 2008 and indeed in 2009 as a whole as we face into an uncharted and increasingly challenging economic environment.

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 deals concluded this quarter increased by 18% compared to quarter three 2007.¹ The most active sector was the Industrial sector with deal volumes up 114% on the same quarter last year. Foreign acquisitions by Irish companies accounted for 30% of total deal volumes.

Despite the increase in volumes, deal values were down 77% during quarter three when compared to the same quarter in 2007. This is largely due to the absence of a €1bn plus transaction such as Houghton Mifflin Riverdeep Group's acquisition of Reed Elsevier's US Schools Division (Harcourt Publishing) for €2.9bn which contributed significantly to the overall value of deals in quarter three of 2007. The acquisition by Endesa SA of certain generation assets of the ESB has not been included in the current quarter as, whilst the transaction is expected to close by the end of 2008, a number of conditions remain to be satisfied.

Another factor to be considered is the extent to which deal values are disclosed. In quarter three of this year only 48% of deal values were disclosed, this compares to an 80% disclosure rate for quarter three of 2007.

Third Quarter 2008	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	5	96	67	143	67	277	569	22	1,245
Disclosed deals	1	2	6	4	1	4	10	-	28
Undisclosed deals	-	-	10	3	4	5	8	2	32
Total number of deals	1	2	16	7	5	9	18	2	60

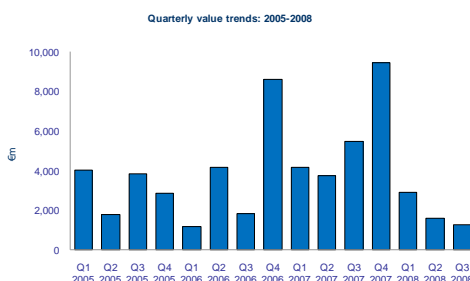
Third Quarter 2007	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	-	70	392	-	161	117	4,616	-	5,356
Disclosed deals	-	2	9	4	4	5	17	-	41
Undisclosed deals	-	-	1	2	-	3	4	-	10
Total number of deals	-	2	10	6	4	8	21	-	51

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

Quarter three excludes the acquisition of a portion of ESB's power generation assets by Endesa for c.€450m. This deal is expected to complete in quarter four



1.2 Management and Financial Buyouts

Management and financial buyout deal values were up 50% on the corresponding quarter in 2007 and 200% up on quarter two of this year. The largest transaction in quarter three was the sale of Noonan Services Group to Alchemy Partners for €90m. The ongoing difficulties in debt markets will mean that financial buyouts will remain challenging, but a combination of falling valuations and a willingness by financial buyers to commit greater levels of equity in deals should help address this.

1.3 Trade Sales To Irish Buyers

There were sixteen trade sales of Irish businesses to Irish buyers during the quarter. The two largest deals were both in the retail sector. These were Brian S. Ryan's acquisition of Office Evolutions for €15m and EWL Electric's purchase of Eastern Electric Limited for €20m. Another notable deal was the acquisition of Channel 6 by TV3 for

¹There were quite a number of deals, 12, in total, during quarter three which involved the acquisition of shares of less than 50%, for example Origins acquisition of 21% of Continental Farmers Group, TVC Holdings Plc's acquisition of 15% of UTV Media Plc and CRH's acquisition of 34.8% of French company Trialis Group. Nonetheless these deals are still part of the M&A activity involving Irish companies.

€10m. Although deal values were down on the corresponding period in 2007 the number of deals completed increased by 60%.

1.4 Trade Sales To U.K. Buyers

The number of trade sales to U.K buyers was up 17% on quarter two and by the same amount on the corresponding third quarter in 2007. Deal values were also up 47% and 57% on quarter two 2008 and quarter three 2007 respectively. The largest deal in this sector was Dreamport's (an acquisition vehicle for the Roche family and others) acquisition of 5.98% of NTR Plc.

1.5 Trade Sales To U.S. Buyers

There were five trade sales to US buyers in quarter three. Of these, the only disclosed deal value was Progress Technology Software's acquisition of IONA Technologies for €67m. Four of the deals completed in this category were in the IT and Technology sectors.

1.6 Trade Sales To Other Buyers

There were nine transactions in this category with a cumulative disclosed deal value of €277m. The most notable transaction in this category was the acquisition of a 50% stake in Jurys Inn Group by the Oman Investment Fund for c. €200m. The corresponding deal value for quarter three 2007 was €117m.

1.7 Foreign Acquisitions By Irish Companies

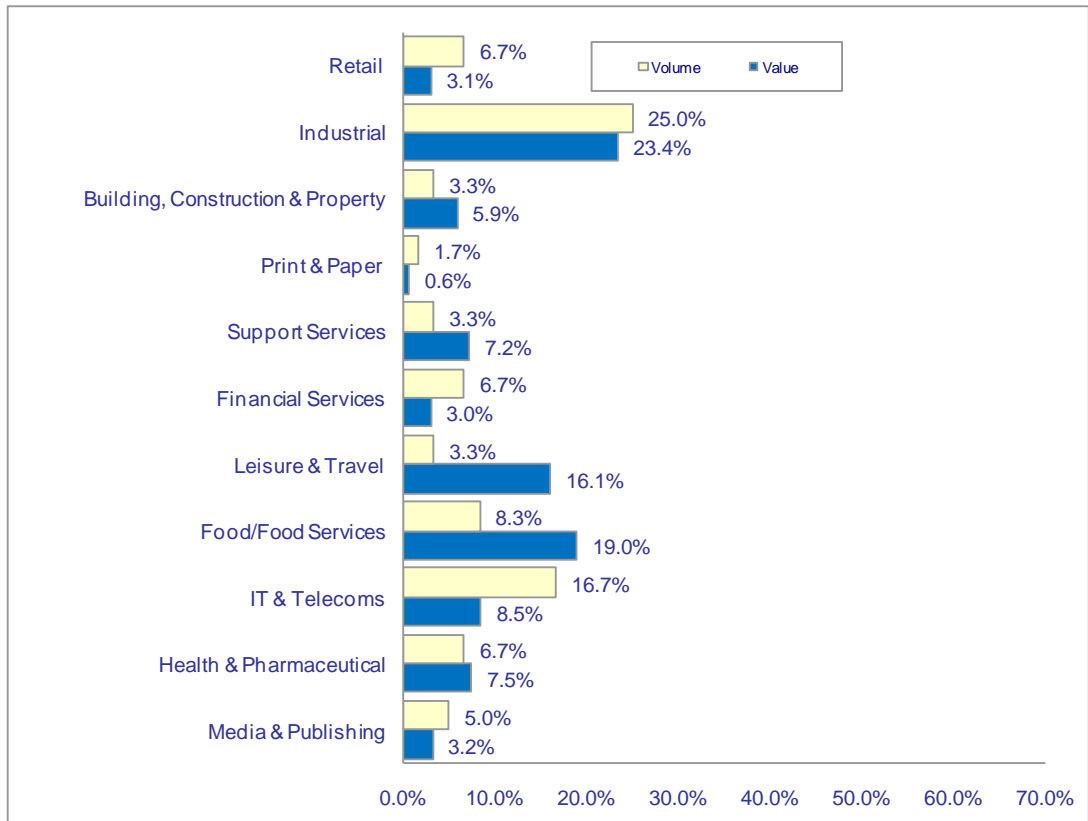
Foreign acquisitions by Irish companies represented the most active category of M&A activity in the third quarter of 2008 and saw eighteen deals completed with a total disclosed value of €569m. The largest transaction in this category was Glanbia's acquisition of Optimum Nutrition Inc for a consideration of €214m.

1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

Two transactions took place during quarter three. MyWebGrocer LLC's purchased Buy4Now USA Limited for a consideration of €8m and Prime Active Capital disposed of both The Plastic Card Co. and PCC Services to CPI Card Group Inc. Deal values in this category are down 90.0% on quarter two of this year.

2. Sector Analysis

The Industrial sector saw the most activity in quarter three accounting for 25% of deal volume and 23.4% of deal value. There were 10 deals in the IT & Telecoms sector which accounted for 16.7% and 8.5% of deal volumes and deal value respectively. The Food/Food Services sector generated 5 deals representing 19.0% of deal values.



3. Key contacts at NCB Corporate Finance

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Appendix 1: Transactions by Sector

Media and Publishing

Acquiror	Country	Target	Country	€m	Date
TVC Holdings plc	Ireland	UTV Media Plc (15%)	UK	24.8	Jul-08
TV3 Television Network Ltd	Ireland	Channel 6 Broadcasting Ltd	Ireland	10.0	Jul-08
Owens DDB (MBO vehicle)	Ireland	Owens DDB Limited	Ireland	5.0	Aug-08
Total				39.8	

Health and Pharmaceutical

Acquiror	Country	Target	Country	€m	Date
Earlybird Venture Capital & Delta Partners	Germany & Ireland	Miracor Medizintechnik (63.8% Stake)	Austria	6.0	Jul-08
Bioniche Pharma	Ireland	Baxter Healthcare Corp (ENLON Product Line)	US	n/d	Jul-08
United Drug Plc	Ireland	Sharp Corporation	US	62.0	Jul-08
Diasorin S.p.A	Italy	Biotrin Holdings	Ireland	25.0	Jul-08
Total				93.0	

IT and Telecoms

Acquiror	Country	Target	Country	€m	Date
Flint Telecom Inc	US	Prime Carrier Ltd	Ireland	n/d	Jul-08
SunGard Data Systems Inc	US	Delpi Technologies	Ireland	n/d	Jul-08
Shared Access Limited	Ireland	iProperty	Ireland	n/d	Aug-08
Investcorp Technology Funds	Caymen Islands	Fleetmatics Group Limited (35% Stake)	Ireland	16.5	Aug-08
Progress Software Corporation Inc	USA	IONA Technologies Plc	Ireland	67.0	Aug-08
OpenJaw Technologies Ltd	Ireland	Traventec Ltd	Ireland	n/d	Sep-08
First Derivatives Plc	Ireland	Market Resource Partners LLC	UK	14.0	Sep-08
MyWebGrocer LLC	USA	Buy4Now USA Limited	USA	8.0	Sep-08
Undisclosed Acquiror	Unknown	Specialist Software Developer	Ireland	n/d	Sep-08
Wolters Kluwer Tax & Accounting	US	CI Consultancy Ltd	Ireland	n/d	Sep-08
Total				105.5	

Food/Food Services

Acquiror	Country	Target	Country	€m	Date
Continental Farmers Group	Poland	Jokemato Limited	Ireland	n/d	Jul-08
Origin Enterprises PLC	Ireland	Continental Farmers Group (21%)	Poland	12.0	Jul-08
Glanbia Plc	Ireland	Optimun Nutrition Inc	US	214	Aug-08
DCC PLC	Ireland	FindlaterGrants	Ireland	10	Sep-08
Calypso Soft Drinks	UK	Mr. Freeze Zed Candy's Brand	Ireland	n/d	Sep-08
Total				236.0	

Leisure and Travel

Acquiror	Country	Target	Country	€m	Date
Oman Investment Fund	Oman	Jurys Inn Group (50% Stake)	Ireland	200.0	Aug-08
Unnamed Middle Eastern Group	Middle East	JetBird AG (9.3%)	Ireland	n/d	Sep-08
Total				200.0	

Financial Services

Acquiror	Country	Target	Country	€m	Date
Irish Life & Permanent Plc	Ireland	Springboard Mortgages Ltd (Remaining 50%)	Ireland	n/d	Jul-08
IFG Trust (Cyprus) Limited	Cyprus	Excel-Serve Management Limited	Cyprus	25.0	Jul-08
Charles Taylor Consulting Plc	UK	Santam Europe Ltd	Ireland	12.6	Sep-08
Straumur-Burdaras Fjarfestingabanki hf	Iceland	Merrion Capital Group (84%)	Ireland	n/d	Sep-08
Total				37.6	

n/d – not disclosed

Appendix 1: Transactions by Sector

Support Services

Acquiror	Country	Target	Country	€m	Date
Shannon Transport Holdings Limited	Ireland	Johnson Brothers Holdings	Ireland	n/d	Aug-08
Alchemy Partners	UK	Noonan Services Group	Ireland	90.0	Aug-08
Total				90.0	

Print and Paper

Acquiror	Country	Target	Country	€m	Date
Zeus Packaging Group	Ireland	Omega Packaging	Ireland	8.0	Aug-08
Total				8.0	

Building, Construction and Property

Acquiror	Country	Target	Country	€m	Date
CRH France Distribution	France	Trialis Group (34.81%)	France	n/d	Jul-08
Nexgen Capital Limited	Ireland	LIG Engineering & Construction Co (16.83% stake)	South Korea	73.0	Aug-08
Total				73.0	

Industrial

Acquiror	Country	Target	Country	€m	Date
Greenstar Recycling Holdings Ltd	Ireland	Lecister Paper Processors	UK	n/d	Jul-08
Agri Energy	Ireland / UK	Enva's Food Service Solution (DCC)	Ireland	n/d	Jul-08
John & Cheryl O'Shaughnessy	US	ECTG Ltd (30% Stake)	Ireland	n/d	Jul-08
C&F Tooling Limited	Ireland	Iralco	Ireland	n/d	Jul-08
Tom Gorman	Ireland	Minco Plc (3.5%)	Ireland	0.5	Aug-08
Barclays Capital	UK	Mainstream renewable Power (14.6%)	Ireland	20.0	Aug-08
DCC Plc (GB Oils Ltd)	UK	Chevron Limited	UK	28.0	Aug-08
Dreampart Ltd	UK	NTR Plc (5.98%)	Ireland	77.4	Aug-08
Kingspan Group Plc	Ireland	Metecno, Inc	US	75.0	Aug-08
EirGrid	Ireland	S.O.N.I	UK	37.6	Aug-08
Kingspan Group Plc	Ireland	Thermomax Ltd	UK	n/d	Aug-08
CPI Card Group	US	Plastic Card Co / PCC Services	UK / US	13.9	Aug-08
Minco Plc	Ireland	Shoshone Silver Mining Co (25%)	Mexico	3.4	Sep-08
Libya Oil Holding Ltd & Kaupthing Bank HF (45.27%)	Libya	Circle Oil Plc	Ireland	35.6	Sep-08
John Wood Group Plc	UK	MCS Ltd	Ireland	n/d	Sep-08
Total				291.4	

Retail

Acquiror	Country	Target	Country	€m	Date
Bryan S Ryan Limited	Ireland	Office Evolutions	Ireland	15.0	Aug-08
EWL Electric Limited	Ireland	Eastern Electric Limited	Ireland	20.0	Aug-08
ADM Londis Plc	Ireland	Paddy Daly XConvenience Store	Ireland	3.0	Aug-08
Volkswagenwerk AG	Germany	VW Group Ireland Ltd(VW Irish Franchise)	Ireland	n/d	Sep-08
Total				38.0	

Professional and Technical

Acquiror	Country	Target	Country	€m	Date
SLR Consulting Ltd	UK	CSA Group Ltd	Ireland	n/d	Jul-08
Oxford Aviation Training	UK	Parc Aviation	Ireland	33.0	Jul-08
Saongroup.com	Ireland	localjobsgroup.co.uk	UK	n/d	Jul-08
Saongroup.com	Ireland	MyJob.mu	Mauritius	n/d	Aug-08
Mason Hayes & Curran	Ireland	Arthur O'Hagan	Ireland	n/d	Aug-08
Saongroup.com	Ireland	Tecoloco.com	El Salvador	n/d	Sep-08
Grant Thornton	Ireland	Foster McAteer	Ireland	n/d	Sep-08
Sherwin O'Riordan Solicitors	Ireland	Brendan Walsh & Partners & Mullany Solicitors	Ireland	n/d	Sep-08
Total				33.0	

n/d – not disclosed

Methodology

The information in this report relates to transactions announced during the second quarter of 2008. 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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