

# NCB

Independent & International

## **M&A TRACKER SURVEY – QUARTERLY UPDATE**

Review of Irish trade sales, buyouts and acquisitions  
July - September 2009

**Prepared by NCB Corporate Finance**

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# Introduction

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The quarter three 2009 survey shows no marked change in the level of M&A activity, as measured by deal volume, from the levels reported in quarter four 2008 and quarters one and two of 2009. There were 28 deals reported at a combined deal value of €993m.

The volume of deals decreased from 33 in quarter two 2009 (down 15%) but deal values increased from €238m (the lowest reported quarter on record) to €993m (up 317%). However, two deals contribute €837m to this total, namely Johnson & Johnson plc's acquisition of 18.4% of Elan Corporation plc for €632m and C&C Group plc's €205m acquisition of Anheuser Busch InBev's Scottish and Northern Irish assets. Excluding these transactions the remaining 26 deals had a combined deal value of €156m and whilst only 11 of these 26 actually disclosed deal values all previous quarterly surveys also had several deals where no values were disclosed.

The most active sector during the quarter was Health & Pharmaceutical with 8 deals, which in addition to the aforementioned Elan Corporation plc transaction saw UPMG acquire the Beacon Hospital. The Professional & Technical sector, including facilities and business services, recorded 6 deals, 4 of which (Federal Security Group, Ecom Interaction Services Limited, Loss Control Services Limited and Sigmar Recruitment Consultants) were businesses acquired out of the receivership of Newcourt Group plc. Following 2 energy deals, in the Industrial Sector, reported in quarter two 2009 there were 3 reported in quarter three, of which 2 were for oil distribution businesses. DCC acquired Shell's Danish distribution business and TOP acquired Sweeney Oil.

There were 3 management and financial buyouts during quarter three with the largest being Birchhall Investment's €32m acquisition of Xtra-vision. The other 2 deals were the MBOs of Worldspreads Ireland Limited and Sigmar Recruitment Consultants.

The current quarter also saw a number of businesses being acquired from bank appointed receivers or bank driven restructurings. These include the four acquisitions of Newcourt Group plc businesses, the acquisition of Sweeney Oil, UPMG's acquisition of Beacon Hospital and the acquisition of the Setanta Ireland business. This trend will continue and will be reflected in forthcoming quarterly surveys.

The reality is that M&A activity in 2009 year to date is significantly off historic levels particularly as measured by deal values which in terms of quarterly values, as recorded by this survey, commenced falling in quarter one 2008 and are now at historically low levels. We commented before that the expected fall-off in deal volumes, the reduction in which lagged the sharp fall-off in deal values, would come in 2009 and looking at quarter four 2008 and each of the first two quarters of 2009 this fall-off has certainly arrived. The average quarterly deal volume is now running at approximately 30 deals which 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).

The 2009 year to date has undoubtedly seen a severe and sharp deterioration in the volume and value of deals, both at a domestic and international level. However, the recent news of countries such as Japan, France and Germany emerging from recession and the continued talk of green shoots emerging in the US along with the recent uptake in M&A activity on the international stage gives some grounds for optimism. It remains to be seen how this will impact on Irish M&A but anecdotally at this point it's likely that quarterly deal volumes will at least stay at current levels if not improve from the current quarterly average and that quarterly deal values have bottomed out.

## October 2009

### 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

Despite the low volume of deals continuing into quarter three of 2009, deal values were up considerably on quarter two 2009 due in the main to Johnson & Johnson plc's €632m acquisition of an 18.4% stake in Elan Corporation plc and the acquisition by C&C Group plc of Anheuser Busch InBev's Scottish and Northern Irish Assets for €205m.

The total value of deals surveyed was approximately €993m, versus €238m in the second quarter of the year and €1,245m for the same quarter last year. This represents an increase of 317% on quarter two 2009 and a decrease of 20% on quarter three 2008.

Deal volumes were down quarter on quarter with 28 deals in quarter three 2009 compared to 33 deals in quarter two 2009. Volumes were down 53% when compared to quarter three 2008 which recorded 60 deals.

Third Quarter 2009	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 0	€ 42	€ 37	€ 33	€ 657	€ 0	€ 224	€ 0	€ 993
Disclosed deals	0	1	4	2	1	0	3	0	11
Undisclosed deals	0	2	3	4	6	0	2	0	17
<b>Total number of deals</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>28</b>

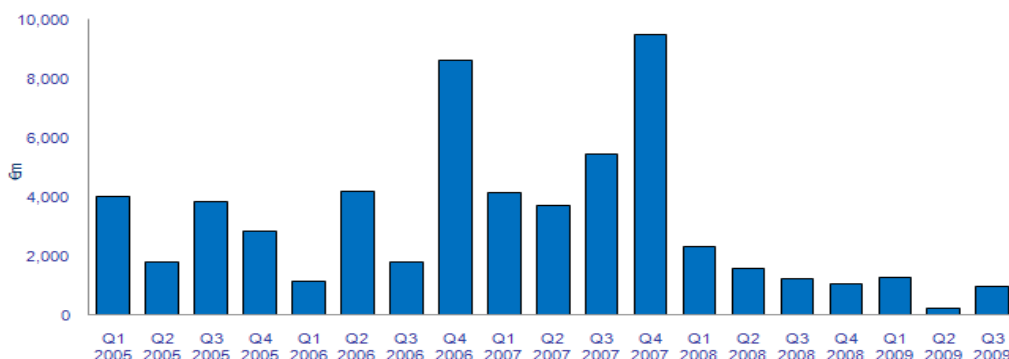
Third Quarter 2008	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 5	€ 96	€ 67	€ 143	€ 67	€ 277	€ 569	€ 22	€ 1,245
Disclosed deals	1	2	6	4	1	4	10	0	28
Undisclosed deals	0	0	10	3	4	5	8	2	32
<b>Total number of deals</b>	<b>1</b>	<b>2</b>	<b>16</b>	<b>7</b>	<b>5</b>	<b>9</b>	<b>18</b>	<b>2</b>	<b>60</b>

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

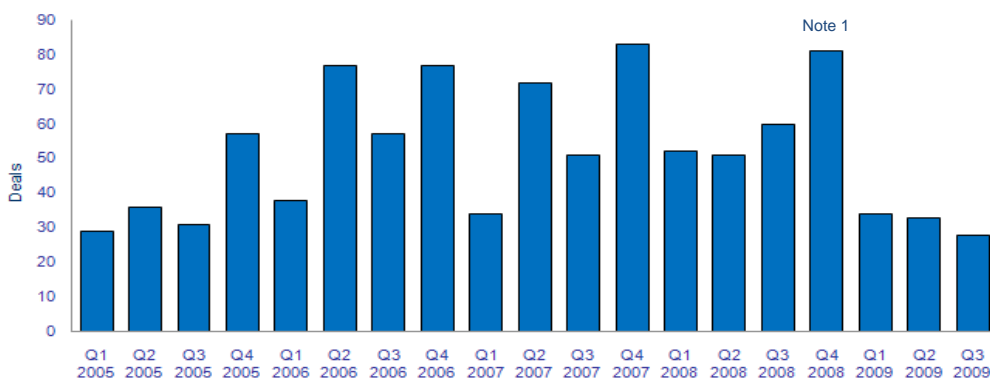
Foreign trade sales/buyouts are transactions involving the disposal of an Irish owned company that is located outside of the Irish Republic

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

Quarterly value trends: 2005-2009



Quarterly volume trends: 2005-2009



Note1: 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

## 1.2 Management and Financial Buyouts

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There were 3 financial and management buyouts recorded in the quarter the most notable of which was the acquisition of Xtra-vision Ltd. by Birchhall Investments Limited for a consideration of up to €32m. Other buyouts included the acquisition of Worldspreads Group Plc's Irish assets by Spreadbetting Limited. These 3 transactions compare with a total of 2 over the previous three quarters.

## 1.3 Trade Sales To Irish Buyers

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There were 6 (of which only three disclosed values) trade sales of Irish businesses to Irish buyers during the quarter with a total deal value of €25.1m. This compares with total disclosed deal values of €67m on 16 deals in quarter three 2008 and with €62m for 10 deals in quarter two 2009. The largest of these was the acquisition of Federal Security Group by Noonan Services Group for €15m. CPL Resources made 3 acquisitions during the quarter for which no deal values were disclosed.

## 1.4 Trade Sales To U.K. Buyers

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With 6 transactions the number of trade sales to U.K buyers increased from 3 in quarter two 2009. Deal values for 2 of the 6 deals were disclosed at €33m. There were 7 deals in quarter three 2008, however disclosed deal values were down from €143m. The quarter three 2009 disclosed deal values were for the acquisition of Imperative Energy Limited by Rockfield Energy Investments LLC for a consideration of €30m and the acquisition of Corneal Laser Centre Ltd. by Eye Laser Ireland for €3m.

## 1.5 Trade Sales To U.S. Buyers

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There were seven trade sales to US buyers in quarter three 2009, up from five transactions in each of quarter two 2009 and quarter three 2008. The deal value for the seven transactions in quarter three amounted to €700m with two transactions disclosed. The largest of these was the acquisition on an 18.1% stake in Elan Corporation by Johnson & Johnson. The other disclosed deal in this sector was the acquisition of a 66% stake in the Beacon Hospital by UPMC for €43m.

## 1.6 Trade Sales To Other Buyers

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There were no transactions in this category in quarter three 2009. This compared to one transaction in quarter two 2009 and 9 transactions in quarter three 2008.

## 1.7 Foreign Acquisitions By Irish Companies

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Once again, foreign acquisitions by Irish companies represented one of the most active categories of M&A activity in quarter three 2009 and saw five transactions completed with a combined value of €224m. This compares to 14 transactions in quarter two 2009 with a combined deal value of €131m and 18 transactions in quarter three 2008 with a combined deal value of €569m. The largest deal in quarter three was the €205m acquisition by C&C Group plc of the Northern Irish and Scottish assets of Anheuser Busch InBev.

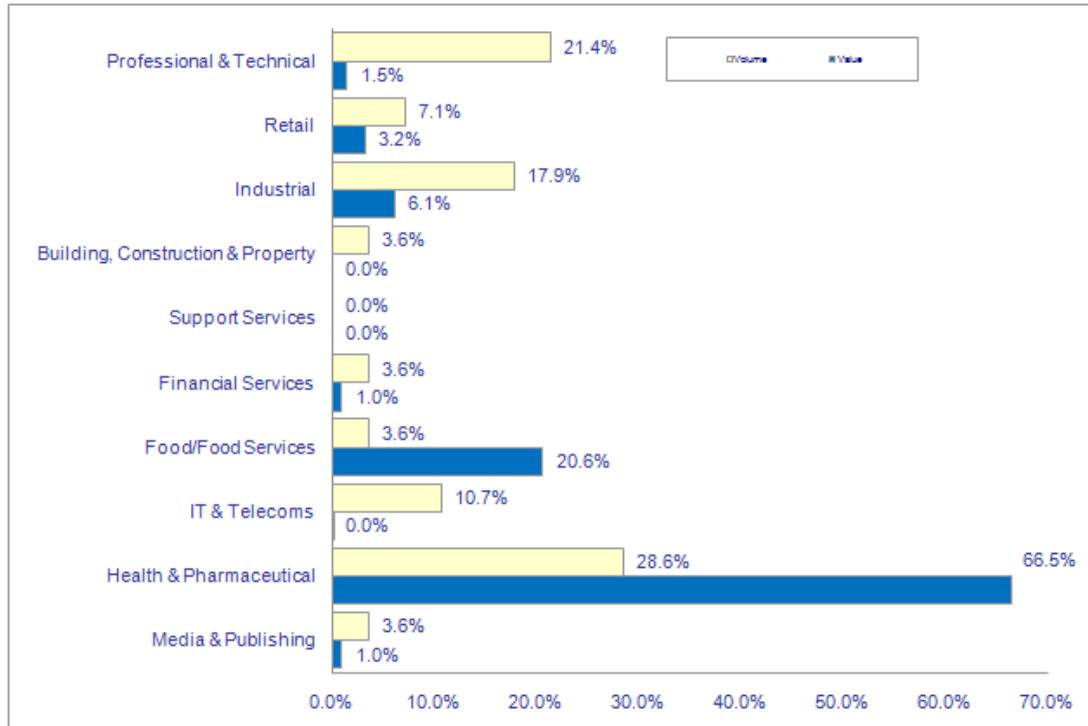
## 1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

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As with quarter two 2009 there were no transactions in this category during the quarter.

## 2. Sector Analysis

The Pharmaceutical sector saw the most activity in quarter one, accounting for 28.6% of deal volume or 8 transactions in total. This was followed by the Professional and Technical sector (which includes facilities and other services businesses) which saw 6 deals. In terms of deal value the Pharmaceutical sector generated by far the largest amount of deal value accounting for 66.5% of the total disclosed deal value in quarter three 2009. The Food/Food Services sector was next accounting for 20.6% of the total disclosed deal value during the quarter.



## 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
Gaiety Investments Limited and Sabloss Limited	Ireland	Setanta Ireland (80% stake)	Ireland	10	Jul-09
<b>Total</b>				<b>10.0</b>	

## Health and Pharmaceutical

Acquiror	Country	Target	Country	€m	Date
Corneal Laser Centre Ltd	UK	Eye Laser Ireland	Ireland	3	Jul-09
ICON plc	Ireland	Veeda Laboratories Ltd. (Subsidiary of Veeda Clinical Research Group)	UK	n.d.	Jul-09
Lake Region Medical Ltd	US	Brivant Med Engineering Ltd	Ireland	n.d.	Jul-09
Keys Group	UK	Child Services Ireland	Ireland	n.d.	Aug-09
University of Pittsburgh Medical Center (UPMC)	US	Beacon Court Limited (Beacon Hospital)	Ireland	25.0	Aug-09
Johnson & Johnson	US	Elan Corp. (Rights & Assets of Alzheimer's Program 50.1%)	Ireland	n.d.	Sep-09
Johnson & Johnson	US	Elan Corp. (18.4% stake)	Ireland	632	Sep-09
West Pharmaceutical Services, Inc.	US	Plastef Investissements SA (Drug delivery device assets)	Ireland	n.d.	Sep-09
<b>Total</b>				<b>660.0</b>	

## IT and Telecoms

Acquiror	Country	Target	Country	€m	Date
Aepona Limited	UK	Valista Limited	Ireland	n.d.	Jul-09
Time Solution Ltd. (t/a Timeworks)	Ireland	Crimson Tide plc (Irish Time & Attendance Business)	Ireland	0.1	Sep-09
Roamware Inc	US	Macalla Software Ltd	Ireland	n.d.	Sep-09
<b>Total</b>				<b>0.1</b>	

## Food/Food Services

Acquiror	Country	Target	Country	€m	Date
C&C Group Plc	Ireland	Anheuser Busch InBev (NI and Scottish assets)	Irl / Scotland	205	Aug-09
<b>Total</b>				<b>205.0</b>	

## Financial Services

Acquiror	Country	Target	Country	€m	Date
Spreadbetting Limited	Ireland	Worldspreads Group Plc (Irish Assets)	Ireland	9.9	Sep-09
<b>Total</b>				<b>9.9</b>	

## Building, Construction and Property

Acquiror	Country	Target	Country	€m	Date
Keltbray Group Holdings	UK	CainWhite Piling & Foundations	Ireland	n.d.	Jul-09
<b>Total</b>				<b>0.0</b>	

## Industrial

Acquiror	Country	Target	Country	€m	Date
Clondalkin Group Holdings BV	Ireland	Global Film & Packaging Corporation	US	n.d.	Jul-09
DCC	Ireland	Royal Dutch Shell plc (Oil distribution business)	Denmark	14.0	Aug-09
Moyné Roberts	Ireland	Metselaar Group	Netherlands	5.0	Aug-09
Rockfield Energy Investments LLC	UK	Imperative Energy Limited	Ireland	30.0	Aug-09
Tedcastles Oil Products Limited (Top Oil)	Ireland	Fate Park Limited (Sweeney Oil)	Ireland	12.0	Aug-09
<b>Total</b>				<b>61.0</b>	

## Retail

Acquiror	Country	Target	Country	€m	Date
Birchhall Investments Limited	Ireland	Xtra-vision Limited	Ireland	32.0	Aug-09
FleetCor Technologies Inc	US	Retail Decisions Plc (Up & Irl Fuel Card Businesses)	Ireland	n.d.	Aug-09
<b>Total</b>				<b>32.0</b>	

## Professional and Technical

Acquiror	Country	Target	Country	€m	Date
Noonan Services Group	Ireland	Federal Security Group	Ireland	15.0	Jul-09
CPL Resources Plc	Ireland	Ecom Interaction Services Limited	Ireland	n.d.	Jul-09
CPL Resources Plc	Ireland	Loss Control Services Limited	Ireland	n.d.	Jul-09
CPL Resources Plc	Ireland	Techstaff International Ltd.	Ireland	n.d.	Aug-09
Investor Group	Ireland	Sigmar Recruitment Consultants	Ireland	n.d.	Sep-09
Moore Stephens	UK	HLB Nathans	Ireland	n.d.	Sep-09
<b>Total</b>				<b>15.0</b>	

n/d – not disclosed

## Methodology

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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

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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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