

# NCB

Independent & International

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

Review of Irish trade sales, buyouts and acquisitions  
April – June 2009

**Prepared by NCB Corporate Finance**

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

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# Introduction

Since the publication of the quarter one survey in April, the global and domestic economic environment has remained extremely challenging such that there continues to be a depressed level of M&A activity. Whilst deal volumes remained broadly flat quarter on quarter (albeit amongst the lowest levels on record), at €238m our quarter two 2009 survey has recorded the lowest level of deal values on record. This is the most notable result of the quarter two survey and is unlikely to come as surprise to those who have an interest in M&A activity. The downward trend in deal values which commenced in quarter one of 2008 continues.

The total value of deals surveyed in quarter two was approximately €238m, versus €1.3bn in quarter one 2009 and €1.6bn for quarter two 2008. This represents a decline of 82% on quarter one 2009 and 85% on quarter two 2008. However, it should be noted that the deal value in quarter one 2009 was influenced by 3 large transactions which were worked on and announced in 2008 and which had a combined reported deal value of €814m (Endesa's €450m acquisition of certain ESB generation assets, Kerry Group's €140m acquisition of Breeo Foods Limited and CRH's acquisition of a 26% stake in Yatai Group Cement for €224m). When these deal values are excluded from the quarter one 2009 total the remaining €463m reflects a reduction in quarter two 2009 of 49%.

In terms of deal volume there were 33 deals in quarter two 2009 versus 34 deals, or 31 excluding the aforementioned 3 deals, in quarter one 2009 and 51 deals in quarter two 2008. This represents a decline of 35% on quarter two 2008.

The Food/Food Services sector again remained the most active sector recording 7 deals for the second quarter in succession. Three of these deals were acquisitions completed by Kerry Group which acquired Dera Holdings NV, Prima SA and G Adams Pastry for a combined value of €98m. The Building and Construction sector recorded 6 deals during the quarter, all of which were accounted for by CRH.

There were two energy deals reported during quarter two 2009 with Chevron Ireland's acquisition of the outstanding 50% of Texoil and Edward Holdings acquisition of Enwest Ltd - Oil Terminal.

Irish companies were involved in 14 acquisitions of foreign businesses during the quarter including those by CRH and Kerry Group which shows that just under half of the transactions were non-domestic. This compares with 11 acquisitions of foreign businesses by Irish companies during quarter one 2009 and 23 during quarter two 2008. There were 9 acquisitions of Irish companies by foreign buyers during quarter two compared to 12 acquisitions in quarter one which shows that notwithstanding the significant challenges facing Irish companies they are still attracting interest from international buyers.

We noted in the quarter one 2009 survey that private equity activity was likely to remain subdued for some time and this has remained the case with no acquisitions made by financial buyers during quarter two. However, we still believe that private equity and private equity backed trade buyers will continue to look to acquire good businesses, particularly those suffering from a highly leveraged capital structure leading to opportunistic distressed purchases.

Deal values fell each quarter on quarter in 2008 and this trend has continued in the current quarter with a record low for deal values. Deal volumes are continuing at historically low levels and the current quarterly run rate for deal activity is settling at around 30 deals a quarter.

## August 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.



**Jonathan Simmons**

Director

Tel: +353 1 611 5945

Email: [jonathan.simmons@ncb.ie](mailto:jonathan.simmons@ncb.ie)

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# 1. Review of M&A Activity

## 1.1 Overview

Both deal value and volumes are down in quarter two 2009 when compared to quarter one 2009 and quarter two in 2008. Whilst quarter two volume at 33 deals is only 1 deal less than quarter one 2009, deal values at €238m are significantly down. Furthermore, as can be seen from the graph below quarter two 2009 has been the worst quarter ever in terms of deal value on record.

The total value of deals surveyed was approximately €238m, versus €1.3bn in the first quarter of the year and €1.6bn for the same quarter last year. This represents a decline of 82% on quarter one 2009 and 85% on quarter two 2008. It is worth noting that this quarter's figures represent the reality of where M&A activity currently is and has been in the first half of the year given that the €1.3bn deal value recorded in quarter one 2009 included 3 significant transactions amounting to €1.1bn which were worked on and announced in 2008 (Endesa's €450m acquisition of certain ESB generation assets, Kerry Group's €140m acquisition of Breeo Foods Limited and CRH's acquisition of a 26% stake in Yatai Group Cement for €224m). Excluding these transactions deal values in quarter one 2009 amounted to €463m and as such the €238m deal value in quarter two 2009 represents a 49% decrease.

Deal volumes remained flat quarter on quarter with 33 deals in quarter two 2009 compared to 34 deals in quarter one 2009. Excluding the aforementioned three 2008 transactions from the first quarter deal volumes, second quarter deal volumes increased by a modest two. However, volumes are down 35% when compared to quarter two 2008 which recorded 51 deals.

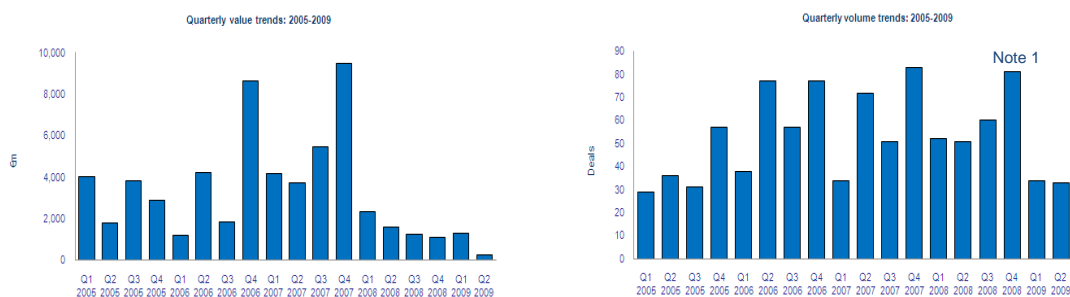
Second Quarter 2009	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 0	€ 0	€ 62	€ 20	€ 26	€ 0	€ 131	€ 0	€ 238
Disclosed deals	0	0	4	3	1	0	11	0	19
Undisclosed deals	0	0	6	0	4	1	3	0	14
<b>Total number of deals</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>14</b>	<b>0</b>	<b>33</b>

Second Quarter 2008	IRISH BUYOUTS		IRISH TRADE SALES				FOREIGN TRANSACTIONS		Total
	MBO	Financial	Irish buyer	UK buyer	US buyer	Other	Acquisitions	Disposals	
Value (€ million)	€ 32	€ 0	€ 114	€ 97	€ 0	€ 0	€ 1,119	€ 216	€ 1,578
Disclosed deals	1	0	5	1	0	0	18	3	28
Undisclosed deals	0	0	7	5	3	3	5	0	23
<b>Total number of deals</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>23</b>	<b>3</b>	<b>51</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



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 no financial buyer transactions in quarter two 2009. As outlined in last quarter's survey 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 and not be willing to meet reasonable vendor price expectations.

## 1.3 Trade Sales To Irish Buyers

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There were 10 (of which only four disclosed values) trade sales of Irish businesses to Irish buyers during the quarter with a total deal value of €46.1m. This compares with total disclosed deal values of €114m on 12 deals in quarter one 2008, a decline of 59.6% in terms of total deal value. The largest of these was Edward Holdings Ltd. €37m acquisition of the Enwest Ltd – Oil Terminal. There were 9 trade sales to Irish buyers during quarter one 2009 with the total disclosed deal value amounting to €144.1m.

## 1.4 Trade Sales To U.K. Buyers

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With 3 transactions reported the number of trade sales to U.K buyers increased from 2 in quarter one 2009. All 3 transactions for the quarter were disclosed at a combined deal value amounting to €19.5m. Deal value was not disclosed for the 2 transactions in quarter one 2009. Quarter two 2008 recorded 6 acquisitions by UK companies with a deal value of €97.1m from 1 disclosed transaction.

## 1.5 Trade Sales To U.S. Buyers

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There were 5 trade sales to US buyers in quarter two, down from 6 transactions in quarter one 2009 and up from 3 transactions in quarter two 2008. Only one transaction was disclosed which saw Housatonic Partners and Sverica International acquire a 60% stake in Oasis Group with an investment of c. €25.7m in the company. The deal value for the 6 transactions in quarter 2 amounted to €374.2m with 4 transactions disclosed.

## 1.6 Trade Sales To Other Buyers

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There was only 1 transaction in this category in quarter two 2009 which saw LVMH Moët Hennessy Louis Vuitton SA take an undisclosed stake in Edun Apparel Limited the ethical clothing company. This compared to 4 transactions in quarter one 2009 with a deal value of €470.4m and 3 transactions in quarter two 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 the second quarter of 2009 and saw 14 transactions completed with a total disclosed value of €131.0m. This compares to 11 transactions in quarter one 2009 with a total disclosed value of €288.3m and 23 transactions in quarter two 2008 with a disclosed value of €1.1bn. The majority of transactions in this category are accounted for by the 6 CRH transactions with a deal value of €26.0m and the 3 Kerry Group transactions with a deal value of €98.0m.

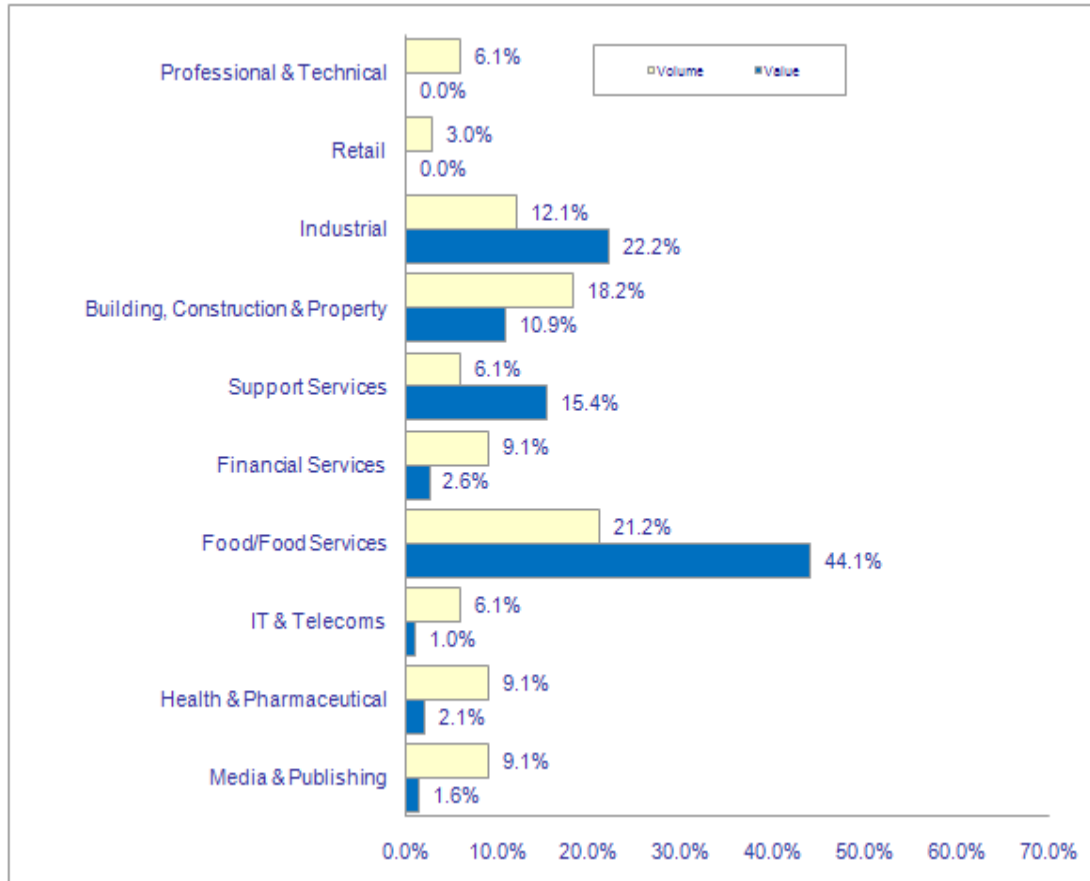
## 1.8 Trade Sales And Buyouts Of Irish Owned Foreign Companies

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There were no transactions in this category during quarter two 2009.

## 2. Sector Analysis

The Food/Food Services sector saw the most activity in quarter one, accounting for 21.2% of deal volume or 7 transactions in total. This was closely followed by the Building, Construction and Property sector which saw CRH complete 6 transactions in the quarter (18.2% of total deal volume). In terms of deal value the Food/Food Services sector generated the most amount of deal value accounting for 47.2% of the total disclosed deal value in the quarter. The Industrial and Support Services sectors were next accounting for 16.6% and 16.5% respectively of the total disclosed deal value during the quarter.



## 3. Key contacts at NCB Corporate Finance

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### Dublin Office

**Liam Booth**

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

**Jonathan Simmons**

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

**Andrew Ennis**

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

**Conor McCarthy**

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

**Kevin Gallen**

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

**Mandy O'Sullivan**

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

### London Office

**Xavier De Mol**

Director  
Tel: +44 207 071 5237  
[xavier.demol@ncb.ie](mailto:xavier.demol@ncb.ie)

# Appendix 1: Transactions by Sector

## Media and Publishing

Acquiror	Country	Target	Country	€m	Date
Clare FM / Liam O'Shea / Gay Mangan	Ireland	Kfm	Ireland	3.8	May-09
Snap Printing	Ireland	Corrib & Data Printers	Ireland	n/d	Jun-09
Private Investor (Dermot Hanrahan)	Ireland	Carlton Screen Advertising	Ireland	n/d	May-09
<b>Total</b>				<b>3.8</b>	

## Health and Pharmaceutical

Acquiror	Country	Target	Country	€m	Date
Covidien Ltd	USA	Westside Healthcare 21 Limited	Ireland	n/d	Apr-09
Icon plc	Ireland	Assets of the former Qualia Clinical Services Inc.	US	n/d	Apr-09
Euromedic Ireland	Ireland	South Terrace X-Ray	Ireland	5	Jun-09
<b>Total</b>				<b>5.0</b>	

## IT and Telecoms

Acquiror	Country	Target	Country	€m	Date
Tektronix Communications	USA	Arantech	Ireland	n/d	Apr-09
Genetix Limited	UK	Slidepath Limited	Ireland	2.5	Apr-09
<b>Total</b>				<b>2.5</b>	

## Food/Food Services

Acquiror	Country	Target	Country	€m	Date
D&G Food Group Limited	Ireland	McCambridge (Southern bakery division)	Ireland	n/d	Jun-09
Kinvara Smoked Salmon Limited	Ireland	Fastnet Mussels	Ireland	n/d	Apr-09
Total Produce plc	Ireland	ASF Holland (50% stake)	Netherlands	1.0	Apr-09
Kerry Group plc	Ireland	Dera	Belgium	98.0	May-09
Kerry Group plc	Ireland	G Adams Pastry	UK	n/d	May-09
Kerry Group plc	Ireland	Prima SA	Costa Rica	n/d	May-09
Fyffes plc	Ireland	Agroindustries Golden West	Panama	6.0	May-09
<b>Total</b>				<b>203.0</b>	

## Financial Services

Acquiror	Country	Target	Country	€m	Date
RSA Group plc	UK	Benchmark Underwriting Limited	Ireland	6	Apr-09
Private Investor (Fergus Rice)	Ireland	Worldspreads Sports Division	Ireland	0.3	Apr-09
Fexco	Ireland	Federal Pacific Group	New Zealand	n/d	Jun-09
<b>Total</b>				<b>6.3</b>	

## Support Services

Acquiror	Country	Target	Country	€m	Date
The Capita Group plc	UK	Capmark Services Ireland Ltd	Ireland	11.0	Jun-09
Housatonic Partners / Sverica International	USA	Oasis Group (60% stake)	Ireland	25.7	May-09
<b>Total</b>				<b>36.7</b>	

## Building, Construction and Property

Acquiror	Country	Target	Country	€m	Date
CRH plc	Ireland	Quimipetra Quarry Portugal	Portugal	n/d	Jun-09
CRH plc	Ireland	Creyns N.V.	Belgium	n/d	Jun-09
CRH plc	Ireland	Warburton Acoustical Products	USA	n/d	Jun-09
CRH plc	Ireland	Interstate 93	USA	n/d	Jun-09
CRH plc	Ireland	Appalachian Paving Products	USA	n/d	Jun-09
CRH plc	Ireland	Holland Corporation	USA	n/d	Jun-09
<b>Total</b>				<b>26.0</b>	

## Industrial

Acquiror	Country	Target	Country	€m	Date
Chevron	USA	Texoil Ltd	Ireland	n/d	Apr-09
Liffey Mills, TPDL, Grassland Fertilizers Limited	Ireland	Drummonds	Ireland	16.0	May-09
Edward Holdings	Ireland	Erwest Ltd - Oil Terminal	Ireland	37.0	Apr-09
Mainstream Renewable Power	Ireland	Portfolio of Wind Farms in Illinois	USA	n/d	Jun-09
<b>Total</b>				<b>53.0</b>	

## Retail

Acquiror	Country	Target	Country	€m	Date
LVMH Moet Hennessy Louis Vuitton SA	France	Edun Apparel Limited (undisclosed stake)	Ireland	n/d	May-09
<b>Total</b>				<b>0.0</b>	

## Professional and Technical

Acquiror	Country	Target	Country	€m	Date
CPL Resources	Ireland	Kenny Whealan Associates	Ireland	n/d	Jun-09
Leo Burnett Associates	USA	Larkin Partnership	Ireland	n/d	Jun-09
<b>Total</b>				<b>0.0</b>	

Note 1: Deal value for the Kerry Group plc acquisitions has not been disclosed individually however total value of the acquisitions was disclosed as €98m

Note 2: Deal value for the CRH plc acquisitions has not been disclosed individually however the total value of the acquisitions was disclosed as €26m

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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**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