

C.W.Downer&Co.

Because the middle market is **global**

Transatlantic M&A

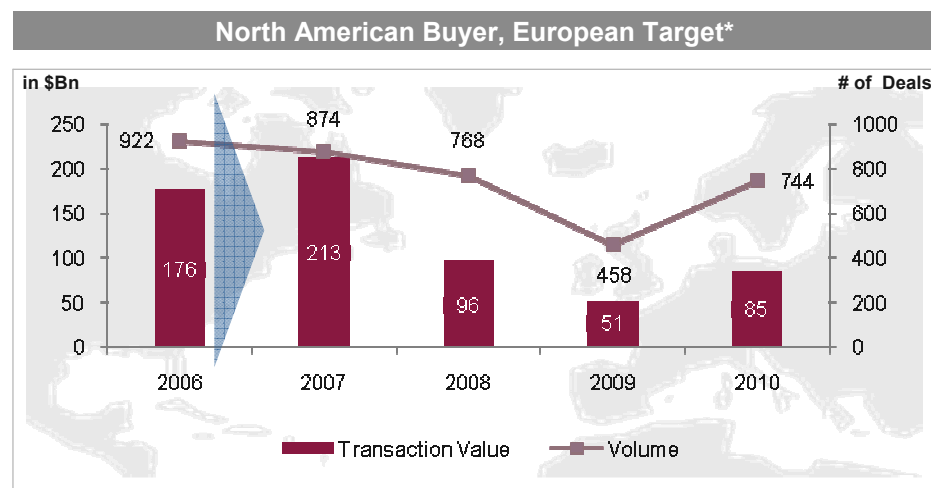
Selected Observations

26 March 2011

Boston • Dublin • Frankfurt • Madrid • Paris • Shanghai • Sydney

Transatlantic M&A 2006 - 2010

Values and volume recovering from the low point in 2009



Comments

- After a steep decline in 2008 and 2009, slow recovery in 2010
- Transaction values have declined even stronger than number of transactions
- In 50% of the largest transactions the North American acquirer is a financial investor
- We expect a much stronger increase in number of transactions in 2011

* Based on transaction announcement date with an ownership change of at least 30% considered

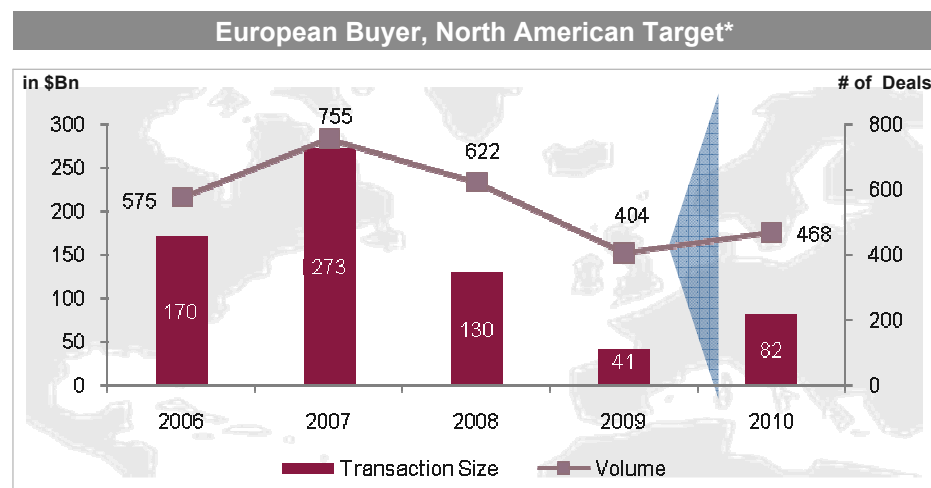
Source: Capital IQ

Largest Deals of North American Buyers in 2009 and 2010

Year	Buyer	Target	Country (Target)	Transaction Value (in \$m)
2009	Kraft Foods Inc.	Cadbury Limited	UK	14,727
2009	Abbott Laboratories	Solvay Pharmaceuticals S.A.	BE	7,653
2009	Global Infrastructure Partners	Gatwick Airport Limited	UK	2,498
2009	Index Ventures, Silver Lake Partners, Joltid, CPP Investment Board, Andreessen Horowitz	Skype Technologies S.A.	LU	2,025
2009	State Street Corporation	Intessa Sanopolo SpA (Security Services Business)	IT	1,831
2010	News Corporation	British Sky Broadcasting Group	UK	14,509
2010	CPP Investment Board, Onex	Tomkins Limited	UK	5,218
2010	Phillips-Van Heusen	Tommy Hilfiger B.V.	NL	4,534
2010	Morgan Stanley, STAR Capital Partners, 3i	Eversholt Rail Group	UK	3,327
2010	Carson Private Capital, Lion Capital LLP	Picard Surgeles S.A.	FR	1,965

Transatlantic M&A 2006 - 2010

Values and volume recovering from the low point in 2009



Comments

- (Disclosed) number of European outbound M&A deals towards N.A. 10-20% lower than vice versa
- Strategic transactions dominate
- European Private Equity is hardly involved in North American M&A Market

* Based on transaction announcement date with an ownership change of at least 30% considered

Source: Capital IQ

Largest Deals of European Buyers in 2009 and 2010

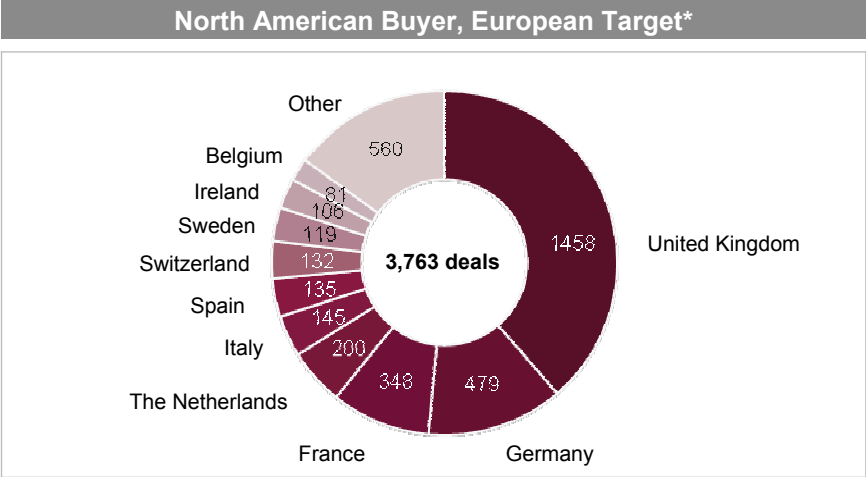
Year	Buyer	Country (Buyer)	Target	Transaction Value (in \$m)
2009	GlaxoSmithKline plc	UK	Stiefel Laboratories, Inc.	3,600
2009	Beverage Packaging Holdings III S.à r.l.	LU	Reynolds Packaging Group	3,000
2009	Warner Chilcott plc	IE	Procter & Gamble Pharmaceuticals, Inc.	2,919
2009	Sanofi-Aventis	FR	Chattem Inc.	2,239
2009	Unilever plc	UK	Sara Lee Corp., Global Body Care	1,781
2010	Sanofi-Aventis	FR	Genzyme Corp.	21,502
2010	Merck KGaA	DE	Millipore Corporation	7,072
2010	Royal Dutch Shell plc	NL	East Resources, Inc.	4,700
2010	ABB Ltd.	CH	Baldor Electric Co.	4,124
2010	BC Partners, Silver Lake Partners	UK/US	MultiPlan, Inc.	3,100

North American Acquisitions of European Targets by Country from 2006 to 2010

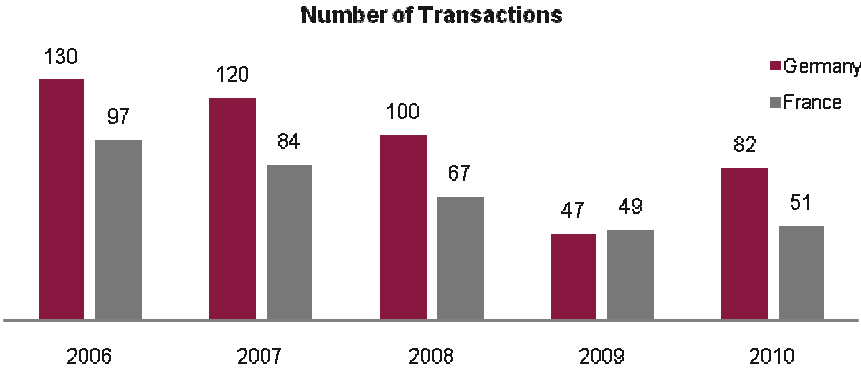
North American buyers have a historical preference for acquisitions in the UK

Comments

- Almost 40% of North American acquisitions in Europe had targets in the United Kingdom
- Relative to their economic power Belgium appears to be the most attractive target country for N.A. acquirers
- France might have suffered from (perceived) problems of US corporations to restructure their local companies during the crisis



Development of Acquisitions of German and French Targets

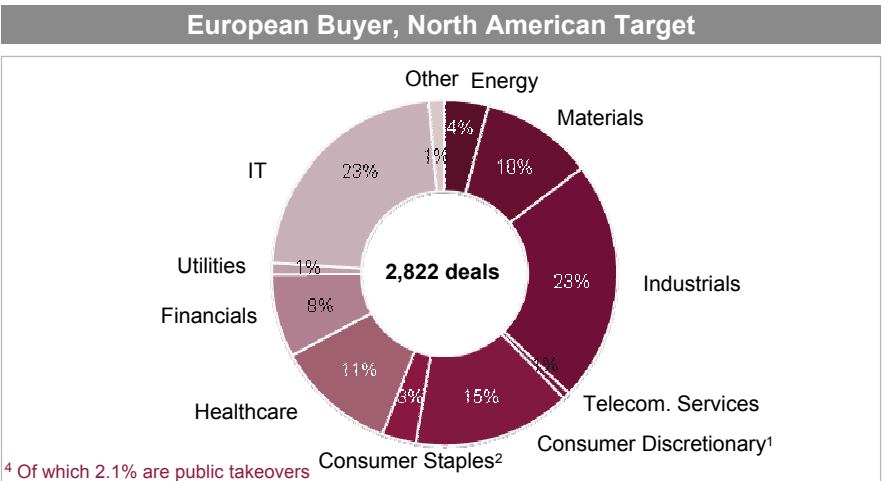
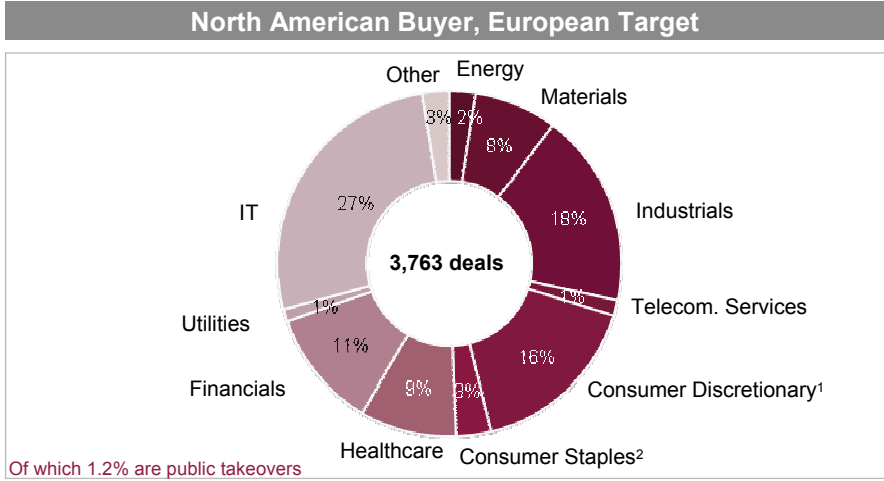


Attractiveness of a Target Country Compared to GDP (2009)

Country	Transaction Value / GDP
Belgium	1.73%
United Kingdom	1.25%
Ireland	0.52%
Spain	0.15%
The Netherlands	0.13%
Italy	0.10%
France	0.05%
Germany	0.05%
Sweden	0.04%
Switzerland	0.02%

Transatlantic M&A by Target Sector from 2006-2010

Largest number of deals in IT, Industrials and Consumer



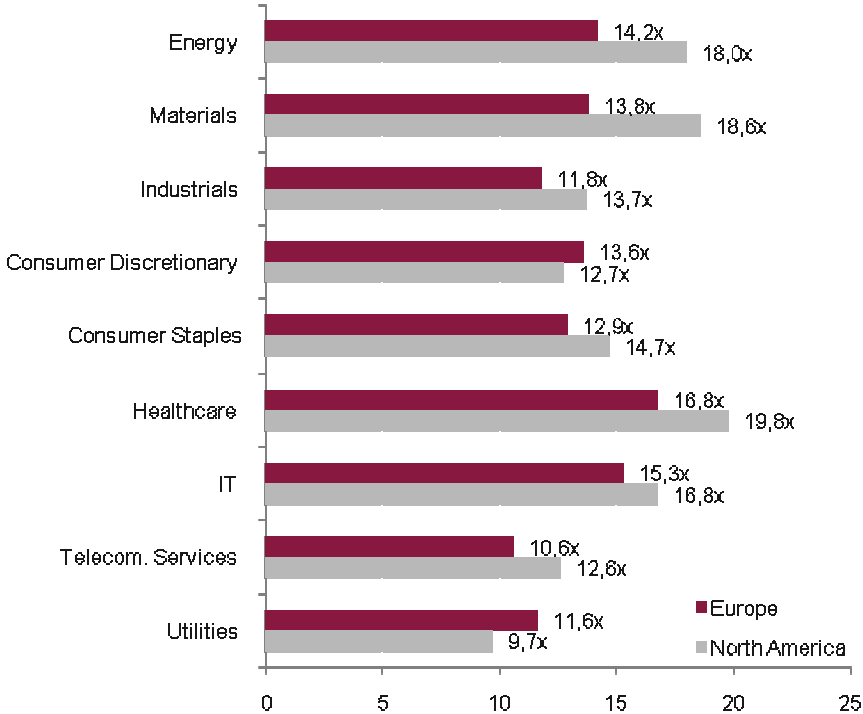
¹Includes automobiles and components, consumer durables and apparel, consumer Services, media, retailing
² Includes food and staples retailing, food, beverage and tobacco, household and personal products

Source: Capital IQ

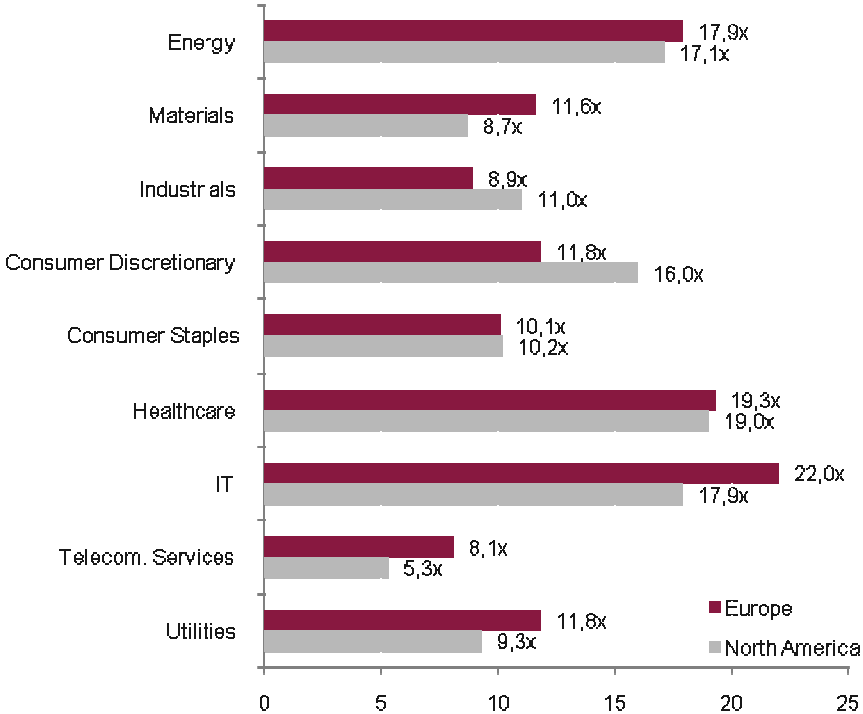
Comparison of Aggregate Sector Multiples by Region

In most sectors, North America has a significant valuation premium over Europe

Average Trading Multiple EV/EBITDA by Industry Sector



Average Transaction Multiple EV/EBITDA by Industry Sector*



* Based on transaction announcement date with an ownership change of at least 30% over a period of one year as of March 22, 2010 considered; 13,902 transactions with North American targets screened of which 410 had a multiple; 14,166 transactions with European targets screened of which 310 had a multiple

Mid-Market Auction Processes – Some Observations

	North America		Europe (Germany)
Potential Bidder Universe	<ul style="list-style-type: none"> ▪ Broad, „you don't get an answer if you don't ask“ 	◀	<ul style="list-style-type: none"> ▪ More exclusive, a priori judgment about strategic fit
Marketing Materials	<ul style="list-style-type: none"> ▪ VDD concept not accepted ▪ Information Memoranda still dominant 	◀	<ul style="list-style-type: none"> ▪ VDD typical in PE processes, also used by large corporates ▪ Increasingly use of “fact books” instead of IM
Way to Market	<ul style="list-style-type: none"> ▪ Traditional: call → teaser → CA → IM 	◀	<ul style="list-style-type: none"> ▪ Often more individualized: “pre-marketing”, “coffee meetings”
Bidder Tactics	<ul style="list-style-type: none"> ▪ Aggressive, quick first round bids based on presented figures ▪ Rather trying to lower price based on DD findings 	◀	<ul style="list-style-type: none"> ▪ Rather conservative first round bids often discounting presented numbers, rather open to increase bid during process based on more detailed information
Agreements	<ul style="list-style-type: none"> ▪ Locked box uncommon 	◀	<ul style="list-style-type: none"> ▪ Locked box increasingly accepted