
Investment Banking



Corporate Finance



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Global Mergers & Acquisitions Update

Third Quarter 2011

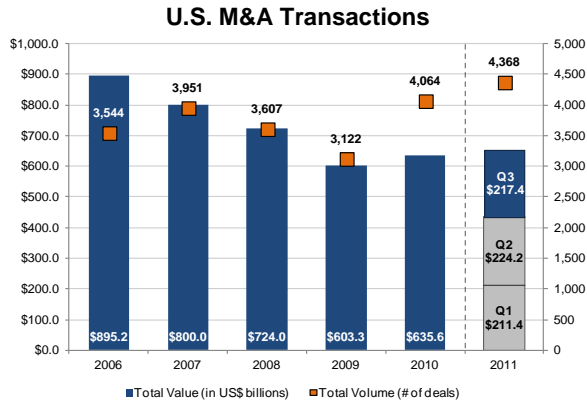
Contents

➤ United States	2
➤ Latin America	3
➤ Europe	4
➤ Asia/Pacific	5

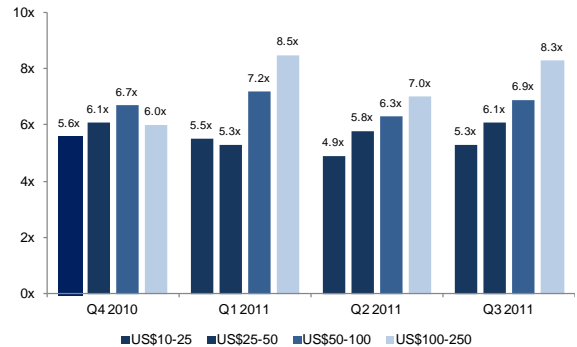
Corporate M&A Activity

Deal Volume and Value Level Out:

Deal volume in the United States in the third quarter of 2011 leveled out at 1,132 deals, or 4.3% lower than the previous quarter; the decrease in value was also very small. Compared to the same period last year, the third quarter of 2011 ended higher by 10.2% and 32.8% in volume and value, respectively. Total U.S. M&A value for the quarter was US\$217 billion.



Historical Private Equity M&A Multiples By Transaction Size



Sources: Capital IQ and GF Data

M&A Trends and Transactions

Current M&A Trends:

- Middle-market private equity M&A activity increased by 21.4% from the previous quarter, but was down 19.0% from the same period last year.
- 8 of the largest global M&A deals were U.S.-based.
- The Top 3 sectors by M&A value are Energy, Mining, and Utilities, Industrials and Chemicals.

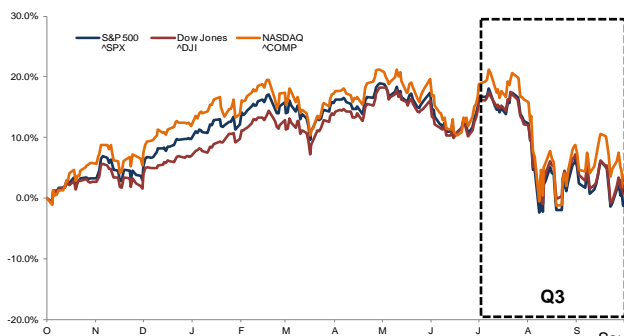
Selected Transactions:

- **Cree, Inc.**, a manufacturer of LEDs and LED lighting, acquired **Ruud Lighting, Inc.**, a manufacturer of traditional lighting fixtures and LEDs, for US\$716.1 million. The transaction value represents a multiple of 7.7x EBITDA and 1.0x Revenue.
- **Lassonde Industries, Inc.**, a listed manufacturer of fruit and vegetable juices, acquired **Clement Pappas & Co., Inc.**, a producer of fruit juices and sauces for US\$390.0 million. The transaction value represents a multiple of 6.5x EBITDA and 1.0x Revenue.
- **Eastman Chemical Company**, a U.S.-based manufacturer of chemicals, plastics, and fibers, acquired **Sterling Chemicals, Inc.**, a petrochemicals manufacturer, for US\$204.4 million. The transaction value represents a multiple of 7.9x EBITDA and 1.0x Revenue.

Sources: Capital IQ, GF Data and Mergermarket

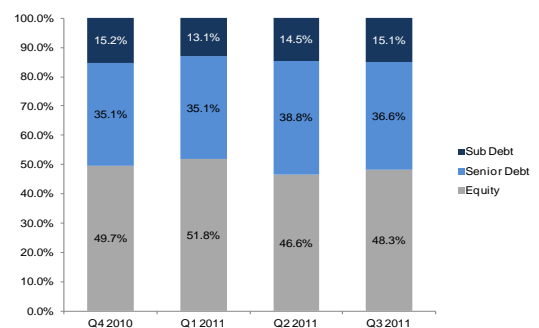
Market Trends and Performance

LTM Equity Market Performance



Source: Capital IQ

Quarterly Equity and Debt Contributions



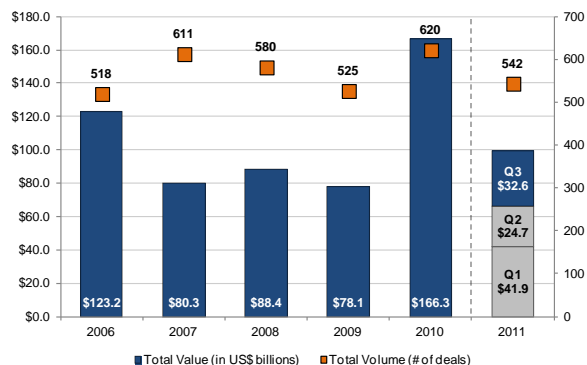
Source: GF Data

Corporate M&A Activity

M&A Value Continues Steady Climb:

There was a total of approximately US\$33 billion worth of Latin American M&A deals in the third quarter of 2011 including 155 announced and closed transactions. This represents an increase in both deal volume and deal value from the same period in 2010, by 8.4% and 40.9%, respectively. Compared to the previous quarter, there was a slight 13.4% decrease in terms of volume but a 32.1% increase in deal value. The average value of M&A deals, during the last four quarters, has been around US\$34 billion.

LATAM M&A Transactions



Short and Long-Term Interest Rates

As of September 30, 2011

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Argentina	12.44%	NA	12.38%	NA
Brazil	11.90%	11.68%**	10.66%	6.16%*
Chile	5.40%	2.40%*	3.00%	2.08%*
Mexico	4.34%	6.34%	4.36%	6.06%

*USD denominated bonds

**New series

Sources: Capital IQ and The Economist

M&A Trends and Transactions

Current M&A Trends:

- South and Central America represented 7% of total global M&A volume in the third quarter of 2011.
- Brazil and Mexico remain very active.
- Most of the inbound M&A was driven by the Natural Resources, Soft Commodities, and Infrastructure sectors.
- There is also an increasing outbound M&A trend from Latin America, especially from countries like Brazil or Mexico, where companies have started seeking more growth opportunities outside their borders.

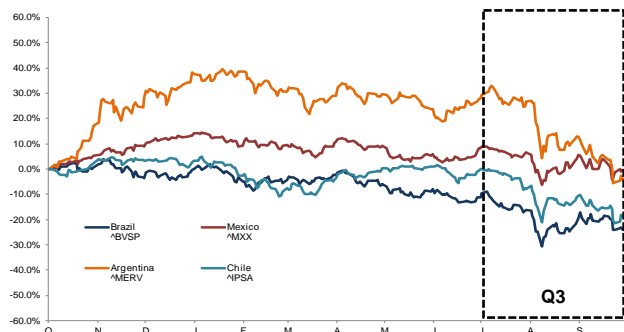
Selected Transactions:

- **Cia Energetica de Minas Gerais**, a listed power and utility company, acquired **Light SA**, a Brazilian electrical power firm, for US\$900.5 million. The transaction value represents a multiple of 7.3x EBITDA and 1.4x Revenue.
- **Fleury S.A.**, a Brazilian diagnostics medicine center operator, acquired **Diagnoson Ultra-Sonografia e Densitometria Ossea S/S, Ltda.**, a diagnostic imaging service provider, for US\$39.2 million. The transaction value represents a multiple of 8.9x EBITDA and 2.5x Revenue.
- **Corporacion Azucarera del Peru, S.A.**, a subsidiary of Grupo Gloria, the Peruvian industrial conglomerate, acquired **Ecudos, S.A.**, a sugar mill operator, for US\$133.8 million. Transaction multiples were not disclosed.

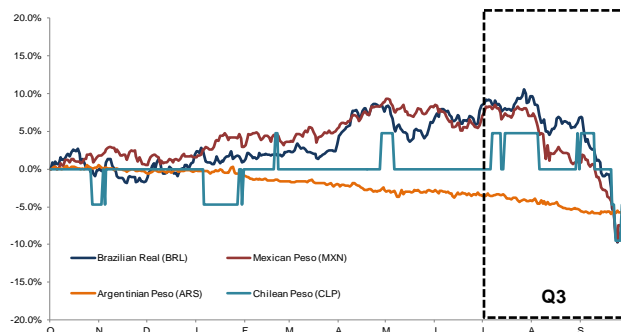
Sources: Bloomberg, Capital IQ and Mergermarket

Market Trends and Performance

LTM Equity Market Performance



LTM Currency Market Performance relative to U.S. Dollar

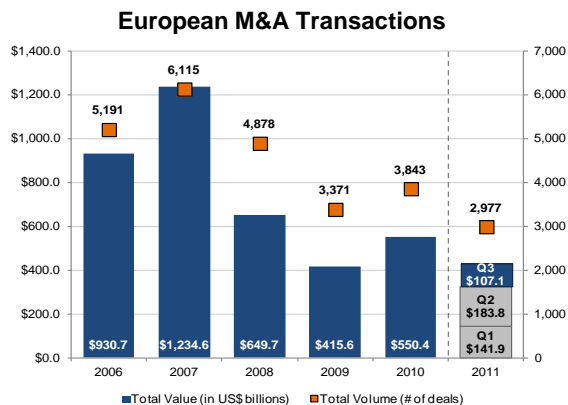


Source: Capital IQ

Corporate M&A Activity

M&A Volume Holds Steady:

In the third quarter of 2011, deal value decreased while and deal volume increased by approximately 8.5% compared to the same time period in 2010. Total deal value was down 41.4% from last quarter, to a low of US\$107 billion; deal value hasn't reached this level since the end of 2009. Year-to-date average M&A volume is around 992 deals.



Short and Long-Term Interest Rates

As of September 30, 2011

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Britain	0.95%	2.51%	0.80%	3.01%
France	1.54%	2.68%	0.89%	2.62%
Germany	1.54%	1.97%	0.89%	2.23%
Russia	6.11%	4.73%	7.75%	5.34%

Sources: Capital IQ and The Economist

M&A Trends and Transactions

Current M&A Trends:

- The U.K. and Ireland had the highest percentage of European M&A value for the first nine months of 2011; Germany and the Central Eastern European (CEE) region follow close behind.
- Total European M&A deal value for the first nine months of 2011 was approximately US\$432 billion.
- As in Q2 2011, the driving sectors of European M&A were Energy, Mining, and Utilities, Industrials and Chemicals, and Financial Services.
- Other important sectors driving M&A growth include Pharma, Medical and Biotech, Telecommunications, and Technology.

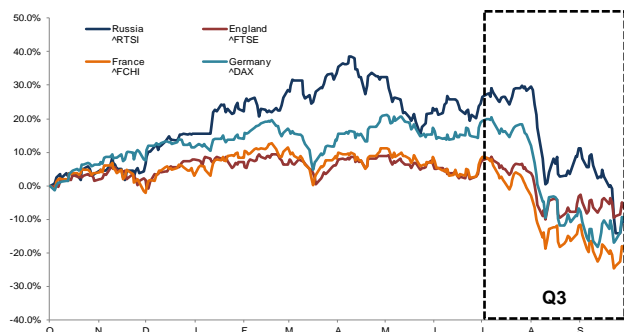
Selected Transactions:

- Nyrstar NV**, a listed mining firm, acquired **Breakwater Resources Ltd.**, a mineral resource company, for US\$619.4 million. The transaction value represents a multiple of 4.3x EBITDA and 1.6x Revenue.
- Foundation Asset Management AB**, a privately-owned investment manager, acquired **Alfa Laval AB**, an engineering solutions firm for the heat transfer, separation, and fluid handling industry, for US\$312.4 million. The transaction value represents a multiple of 11.7x EBITDA and 2.2x Revenue.
- Tuscany International Drilling, Inc.**, a Canadian oilfield services provider, acquired **Maurel & Prom SA**, a French hydrocarbons exploration and production company, for US\$209.9 million. The transaction value represents a multiple of 3.6x EBITDA and 1.1x Revenue.

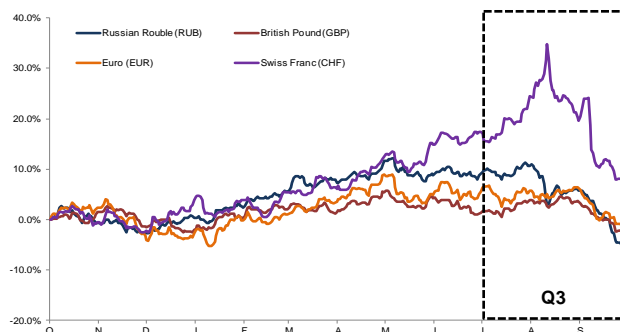
Sources: Capital IQ and Mergermarket

Market Trends and Performance

LTM Equity Market Performance



LTM Currency Market Performance relative to U.S. Dollar

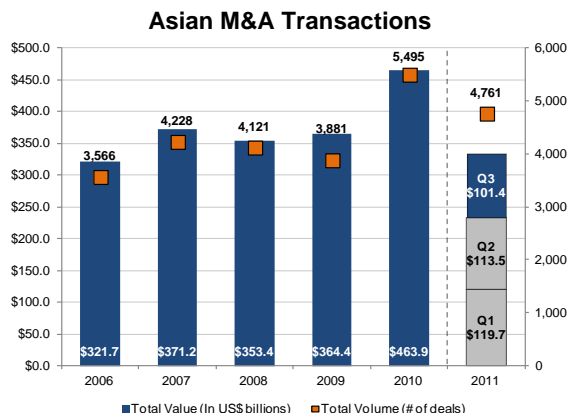


Source: Capital IQ

Corporate M&A Activity

M&A Volume Higher on Average:

Deal volume for the third quarter of 2011 increased 18.1% from the same period in 2010. Over the same time period, deal value decreased by the same amount, to a level of approximately US\$101 billion. M&A activity in Asia over the past four quarters has averaged around US\$125 billion in value, while on average volume has been around 1,643 deals over that same time period.



Short and Long-Term Interest Rates

As of September 30, 2011

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Hong Kong	0.28%	1.19%	0.33%	1.80%
India	8.44%	8.46%	6.19%	8.14%
Japan	0.15%	0.99%	0.19%	0.90%
South Korea	3.57%	3.74%	2.67%	4.04%

Sources: Capital IQ and The Economist

M&A Trends and Transactions

Current M&A Trends:

- Similarly to previous quarters, M&A growth (both volume and value) was driven by several countries including Australia, China, and Japan with minor drops in Chinese and South Korean M&A activity.
- Private equity buyout activity intensified during the third quarter of 2011, reaching levels comparable to early 2007.
- Energy, Mining, and Utilities, Financial Services, and Consumer sectors are the drivers of growth in the Asian/Pacific M&A deals.
- Other sectors driving growth include Industrials and Chemicals, Technology and Media.

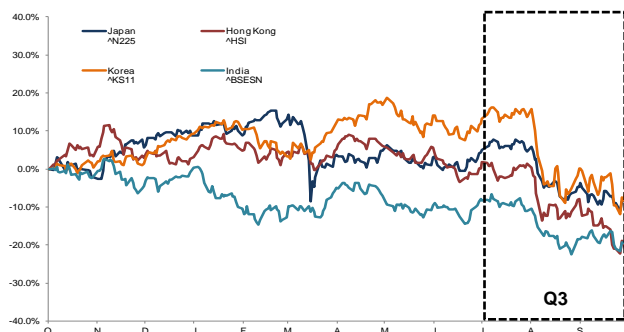
Selected Transactions:

- Advantest Corporation**, the Japanese manufacturer of semiconductor and test system products, acquired **Verigy, Ltd.**, a manufacturer of test systems and semiconductor solutions, for US\$1.1 billion. The transaction value represents a multiple of 9.4x EBITDA and 1.1x Revenue.
- Gloucester Coal Ltd.**, an Australian coal producer, acquired **Donaldson Coal Holdings Limited**, a coal mining company, for US\$664.2 million. The transaction represents a multiple of 11.8x EBITDA and 2.7x Revenue.
- Sportingbet Australia Pty., Ltd.**, an Australian online gaming operator, acquired **Centrebet International Ltd.**, an online wagering product provider, for US\$289.4 million. The transaction value represents a multiple of 15.5x EBITDA and 3.3x Revenue.

Sources: Capital IQ and Mergermarket

Market Trends and Performance

LTM Equity Market Performance



LTM Currency Market Performance relative to U.S. Dollar



Source: Capital IQ

Seale & Associates

Creative Solutions. Trusted Advice.

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