

Investment Banking



Corporate Finance



Strategy Consulting



Global Mergers & Acquisitions Update

Fourth Quarter 2012

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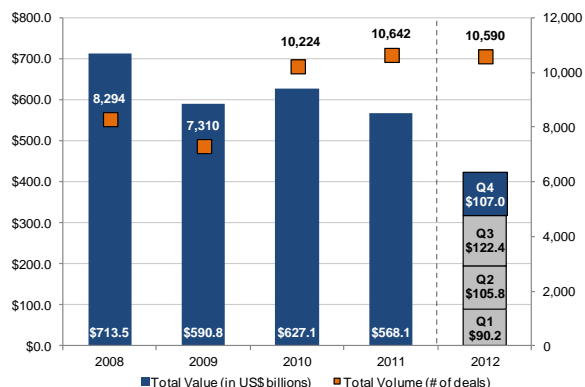
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Corporate M&A Activity and Equity Market Performance

2012 Deal Volume Meets Expectations:

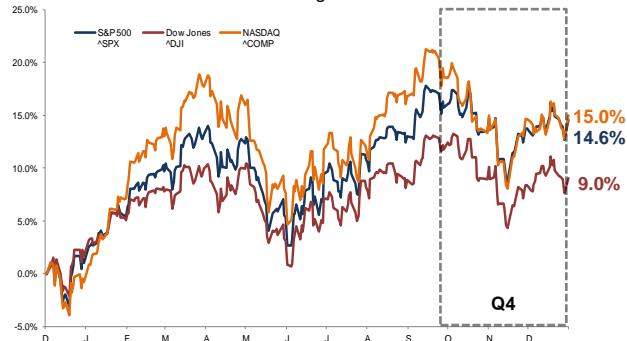
There were 2,950 closed and effective strategic M&A transactions in the United States in Q4 2012, totaling approximately US\$107 billion. Compared to Q4 2011, the number of deals increased by 19.1%, while deal value increased by 0.8%. Average quarterly deal value during 2012 was around US\$106 billion, while average quarterly number of deals was 2,648.

U.S. M&A Transactions



Source: Capital IQ

LTM Equity Market Performance % Change



Source: Capital IQ

M&A Trends and Transactions

Current M&A Trends:

- There were 89 U.S. middle-market private equity M&A deals in Q4 2012, a 178.1% increase from the previous quarter, and a 102.3% increase from Q4 2011.
- In Q4 2012 the U.S. middle-market private equity M&A EV/EBITDA multiples averaged 5.9x for deals sized between US\$10-250 million.
- Energy, Mining, Oil and Gas; Technology, Media, and Telecommunications; and Life Sciences and Healthcare represented the top 3 sectors for North American M&A deal value in 2012.
- Technology, Media and Telecommunications was the most active sector for M&A transactions in 2012, with 19.0% of total announced North American deals in 2012.
- Equity contribution during Q4 2012 was 46.5%, while senior and sub debt represented 38.3% and 15.3% of the capital structure, respectively.

Sources: Mergermarket and GF Data Resources

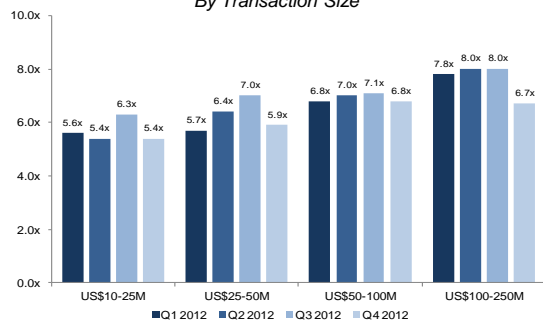
Selected M&A Transactions:

- **3M Co.**, a global diversified technology company, acquired **Ceradyne, Inc.**, a U.S.-based developer and manufacturer of ceramic products, for US\$949.1 million. The transaction value represents a multiple of 7.7x EBITDA and 1.4x Revenue.
- **H.I.G. Capital**, a global private equity firm, completed the recapitalization of **Harrison Gypsum, LLC**, a U.S.-based diversified gypsum and plaster mining, processing, and producing company. Transaction details were not disclosed.
- **Lincoln Electric Holdings, Inc.**, a designer and manufacturer of welding, cutting, and brazing products, acquired the **Kaliburn, Burny, and Cleveland Motion Control** businesses from **ITT Corp.**, a global manufacturer of engineered critical components and customized technology. Transaction details were not disclosed.

Source: Capital IQ

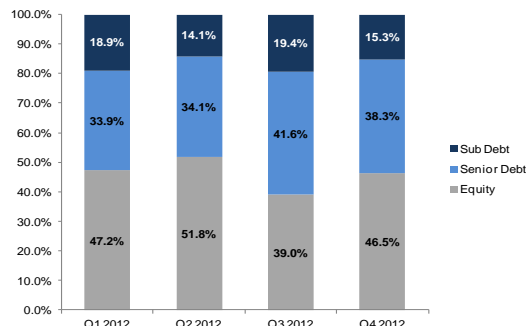
Private Equity-Sponsored M&A Activity

Historical Private Equity M&A Transaction Multiples By Transaction Size



Source: GF Data Resources

Quarterly Equity and Debt Contributions



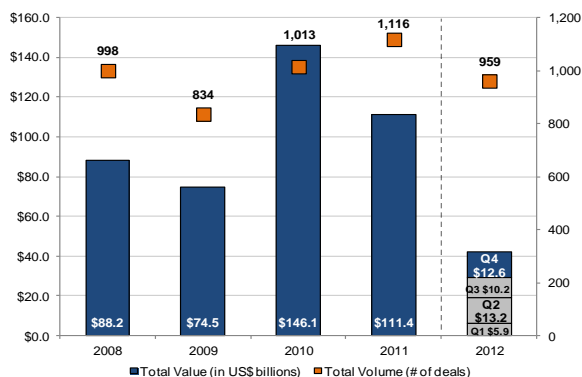
Source: GF Data Resources

Corporate M&A Activity and Equity Market Performance

End of Year Deal Value Improves:

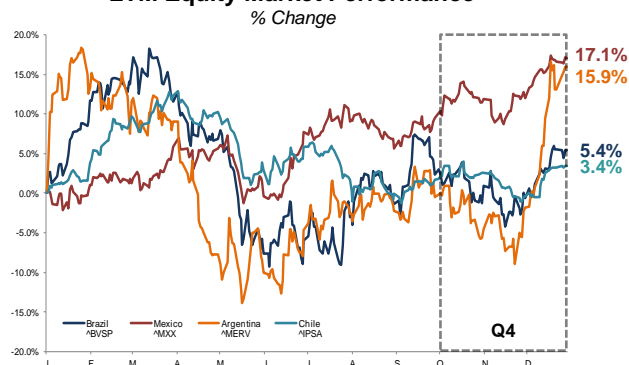
Closed and effective Latin American deal value in 2012 was approximately US\$42 billion, which represented a 62.4% drop from 2011 levels. Average quarterly deal volume was 240 for 2012, compared to 279 in 2011. Average quarterly deal value was approximately US\$10 billion, compared to US\$28 billion in 2011. The total value of M&A in Q4 2012 was approximately US\$13 billion or 23.3% higher than in Q3 2012.

Latin America M&A Transactions



Source: Capital IQ

LTM Equity Market Performance



Source: Capital IQ

M&A Trends and Transactions

Current M&A Trends:

- In 2012, Central and South America represented 5.4% and 4.9% of total announced global M&A deal value and deal volume, respectively.
- The top 3 countries that generated the majority of Latin American M&A deal value and volume in 2012 were Brazil, Mexico, and Chile.
- The sectors with the largest market share of Latin American M&A deal value in 2012 were the Consumer; Energy, Mining, and Utilities; and Financial Services sectors, with 29.9%, 21.9%, and 11.3% of market share, respectively.
- In 2012, the most active sectors in Latin America in terms of M&A deal volume were the Consumer; Industrials and Chemicals; and Energy, Mining, and Utilities sectors with 122, 107, and 99 total announced deals, respectively.

Source: Mergermarket

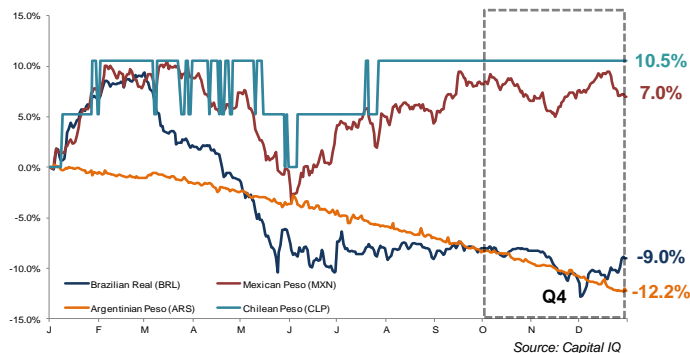
Selected M&A Transactions:

- Colfax Corp.**, a U.S.-based diversified industrial manufacturing and engineering company, acquired **Futura Consorcio Inmobiliario SA**, a Peru-based manufacturer and distributor of welding inputs, for US\$226.5 million. The transaction value represents a multiple of 10.2x EBITDA and 1.8x Revenue.
- Arca Continental, S.A.B. De C.V.**, the listed Mexican producer and distributor of non-alcoholic beverages, acquired **Wise Foods, Inc.**, a U.S.-based regional salty snack food business. Transaction details were not disclosed.
- Femsa Comercio (OXXO)**, a subsidiary of Fomento Economico Mexicano, S.A.B. de C.V. (FEMSA), the Mexican food retailer, non-alcoholic beverages and beer producer, acquired a minority stake in and negotiated a long-term supply agreement with **Café del Pacifico, S.A.P.I. de C.V. (Caffenio)**, a Mexican coffee company. Transaction details were not disclosed.

Source: Capital IQ

Currency and Interest Rate Performance

LTM Currency Market Performance relative to U.S. Dollar



Source: Capital IQ

Short and Long-Term Interest Rates

As of December 31, 2012

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Argentina	15.30%**	NA	12.80%	NA
Brazil	7.05%	9.04%	10.90%	11.33%**
Chile	0.65%	NA	5.76%	2.24%*
Mexico	4.85%	7.75%	4.32%	6.29%

*USD denominated bonds

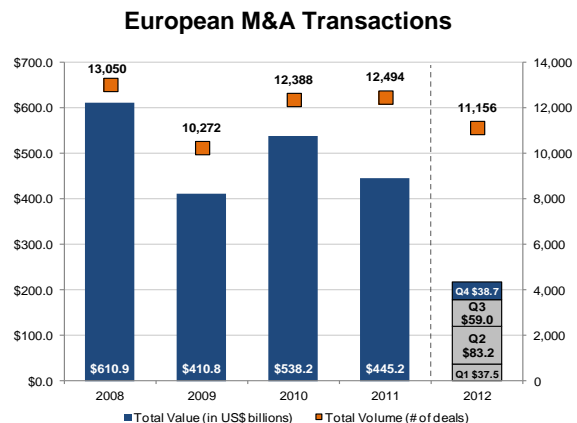
**New series

Source: The Economist

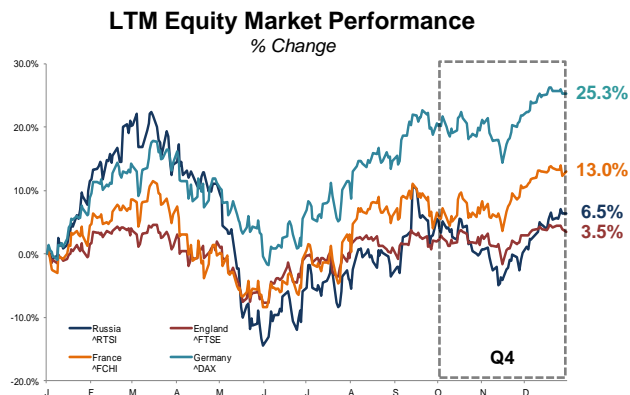
Corporate M&A Activity and Equity Market Performance

Deal Value Quarterly Average Lower than 2011:

There were 11,156 closed and effective M&A transactions in Europe, in 2012, of which 2,803 occurred in Q4. This represents a 6.2% and 52.9% decrease in deal volume and deal value, compared to Q4 2011 deal volume and value, respectively. Since Q3 2012, deal value has decreased 34.3%, while deal volume remained the same. The total amount of closed and ongoing deal value in 2012 reached US\$218 billion.



Source: Capital IQ



Source: Capital IQ

M&A Trends and Transactions

Current M&A Trends:

- The U.K. and Ireland; the Germanic region; and Central and Eastern Europe had the largest share of announced European M&A deal value in 2012.
- Other countries which generated significant M&A deal value in 2012 included those in the Benelux, Nordic, and Iberian regions.
- The largest number of transactions announced in 2012 originated in the U.K. and Ireland and represented 22.6% of all announced European M&A deals for the year.
- The sectors with the greatest percentage change in M&A deal value as compared to 2011 were Defense, Transport, and Construction with increases of 181.0%, 59.8%, and 51.9%, respectively.

Source: Mergermarket

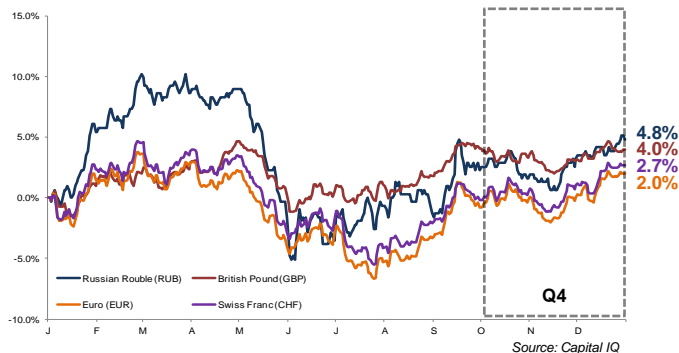
Selected M&A Transactions:

- Mondi Group**, the South African paper and packaging products distributor, acquired **Nordenia International AG**, a German producer of specialty films, flexible packaging, and industrial packaging products, for US\$792.8 million. The transaction value represents a multiple of 6.0x EBITDA and 0.7x Revenue.
- Petroceltic International plc**, a listed Ireland-based oil and gas exploration and production company, acquired **Melrose Resources plc**, an oil and gas property exploration, development, and production company, for US\$558.9 million. The transaction value represents a multiple of 2.8x EBITDA and 2.0x Revenue.
- Motorola Solutions, Inc.**, a listed U.S.-based mission critical communications infrastructure, device, and services company, acquired **Psion plc**, a British mobile enterprise computing solutions company, for US\$197.6 million. The transaction value represents a multiple of 15.4x EBITDA and 0.6x Revenue.

Source: Capital IQ

Currency and Interest Rate Performance

LTM Currency Market Performance relative to U.S. Dollar



Source: Capital IQ

Short and Long-Term Interest Rates

As of December 31, 2012

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Britain	0.50%	1.83%	1.10%	2.04%
France	0.19%	2.08%	1.32%	3.33%
Germany	0.19%	1.45%	1.32%	1.92%
Russia	7.50%	7.04%	6.87%	4.73%

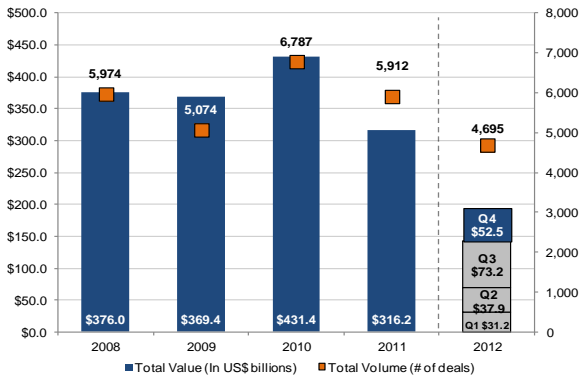
Source: The Economist

Corporate M&A Activity and Equity Market Performance

Deal Value Slightly Higher in Q4 2012 vs. Q4 2011:

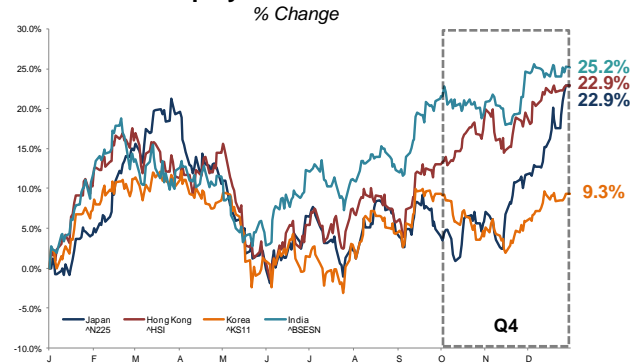
Total closed and pending M&A deal value in the Asia/Pacific region during 2012 was approximately US\$195 billion. This value was supported by 4,691 closed and effective transactions. Q4 2012 contributed US\$53 billion to the annual M&A deal value for the region, which was 3.2% higher than in Q4 2011. Average quarterly deal value in the Asia/Pacific region during 2012 was US\$49 billion, while the average number of deals during the year was 1,174.

Asia/Pacific M&A Transactions



Source: Capital IQ

LTM Equity Market Performance



Source: Capital IQ

M&A Trends and Transactions

Current M&A Trends:

- In 2012, M&A activity in the Asia/Pacific region represented 19.8% and 20.0% of total global deal value and deal volume, respectively.
- The sectors with the greatest percentage change in M&A deal value as compared to 2011 were the Telecommunications, Leisure, and Construction sectors with an increase of 75.4%, a decrease of 59.5%, and a decrease of 48.9%, respectively.
- In 2012, China, Japan, and Australia represented the largest share of Asia/Pacific M&A deal value, with 29.2%, 16.6%, and 10.6% of total announced deals, respectively.
- Other contributors to regional M&A deal value in 2012 included Singapore, India, and South Korea.
- Asia/Pacific M&A deal volume in 2012 was predominantly supported by transactions originating from China, which represented 25.7% of the total number of regional transactions.

Source: Mergermarket

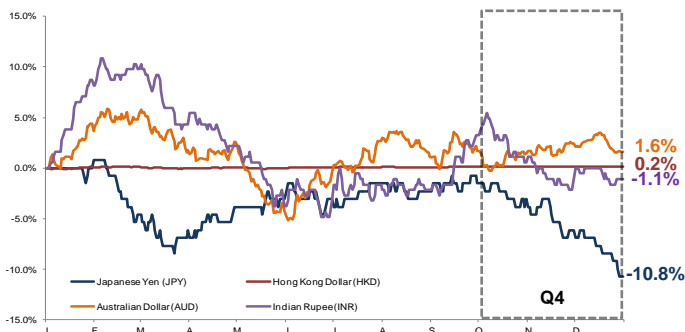
Selected M&A Transactions:

- General Electric Co.**, the global technology and financial services company, acquired **Industree Ltd.**, an Australian provider of mining products and services, for US\$705.8 million. The transaction value represents a multiple of 5.8x EBITDA and 1.9x Revenue.
- Champ Private Equity**, a private equity and venture capital firm, acquired **Gerard Lighting Group Ltd.**, an Australia-based manufacturer and distributor of lighting and allied electrical products, for US\$297.1 million. The transaction value represents a multiple of 7.0x EBITDA and 0.7x Revenue.
- Silver Lake Resources Ltd.**, a listed Australian gold exploration, development, and production company, acquired **Integra Mining Ltd.**, a gold exploration, development, and production company, for US\$457.5 million. The transaction value represents a multiple of 7.6x EBITDA and 3.6x Revenue.

Source: Capital IQ

Currency and Interest Rate Performance

LTM Currency Market Performance relative to U.S. Dollar



Source: Capital IQ

Short and Long-Term Interest Rates

As of December 31, 2012

	Current		1 Year Ago	
	3-month	10-year	3-month	10-year
Hong Kong	0.45%	0.74%	0.38%	1.38%
India	8.13%	8.00%*	8.52%	8.60%
Japan	0.17%	0.79%	0.15%	0.99%
South Korea	2.87%	3.18%	3.56%	3.76%

*USD denominated bonds

Source: The Economist

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