

# GLOBALtransactor

Mid-Market Advisory Services from the Cross-Border Specialists

## Chairman's Viewpoint

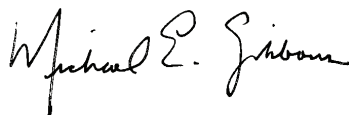
If you just look at the numbers, 2007 looks like another one of the great years for those of us who make our living in middle market merger and acquisitions. Global 2007 aggregate deal value grew almost 16% over 2006 with aggregate deal value totaling \$912.8 billion, according to Thomson Financial. Global M&A closed over €9 billion in aggregate value on just those transactions that we are permitted to report. This is up over 20% from 2006.

The real story, however, is the 100% increase in foreign acquisitions of U.S. corporations. With the dollar continuing its fall to record lows, the world has gone on a shopping spree in the U.S. With record trade deficits and a Federal Reserve frantically dropping rates, this fire sale in the U.S. will only continue. Global M&A is positioned to actively participate on behalf of our clients.

Global M&A, with almost 40 partners throughout the industrialized world, has grown to become the world's only global middle market investment bank. For middle market companies, Global M&A offers an integrated worldwide solution to their investment banking needs.

In the past year, Global M&A welcomed partners in the Ukraine, Estonia, Latvia and Saudi Arabia. These new partners in these new countries for Global M&A represent the "best of breed" among investment banking firms in their respective nations. Global M&A has also had the good fortune to replace our representation with outstanding new partners in the United Kingdom, Spain and Argentina. Noble & Company, our new UK partner, offers Global M&A clients access to the AIM market for the first time. These new partners in long-time Global M&A countries are among the leading firms in their markets and show Global M&A's commitment to constantly improving its professional capability throughout the world.

With the sub-prime crisis in the U.S. leaking into financial markets throughout the world and the specter of a recession looming in the U.S. the merger and acquisition markets have taken on an uneasiness. Deal multiples have reversed their upward trend and financing has become more difficult. However, in these less certain times, there are great opportunities for our clients in the world marketplace. Global M&A is committed to finding those opportunities and assisting our clients in taking advantage of them.



**Michael E. Gibbons**  
Chairman of Global M&A  
Senior managing director and principal  
of Brown Gibbons Lang & Company, U.S.



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**For more information about the event, please visit [www.globalma.com/page/events](http://www.globalma.com/page/events) or contact Wendy Neal at +1 216 241 2800 or [wendy.neal@globalma.com](mailto:wendy.neal@globalma.com).**

## M&A Activity in Latin America



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The year 2007 was, again, a record setting year for M&A activity throughout Latin America. Since 2004, M&A activity has steadily increased throughout the region, with growth driven mainly by an overall improvement in macroeconomic conditions in most Latin American countries. Economic improvement has led to a reduction in perceived risk, which has, in turn, fostered investment and reduced interest rates.

A good indication of this is captured in the "Country Risk" spread, the spread between

U.S. government bonds and local long-term U.S.-dollar denominated sovereign bonds. In 2002, the average Country Risk for Mexico, Brazil and Argentina was at 325, 1202 and 4486 basis points, respectively. By 2007, these figures had dropped to 106, 180 and 319 basis points, respectively.

In Mexico, for example, the number of concluded M&A deals has grown over 80% during the last few years, from a total of 107 deals in 2004, to 193 deals in 2007, as analyzed by Global M&A-Mexico partner Pablo Rión y Asociados. This significant increase is a clear reflection of recent improvements in the Mexican economy. Between 1999 and 2006, Mexico's GDP grew 75% from US\$480 billion to US\$840 billion, per capita income grew 62% from US\$4,975 to US\$8,066, and annual inflation was reduced from 16.6% to 3.6%.

Brazil's case is no different. Mergermarket concluded that M&A deals grew from 44 in 2004 to 165 in 2007. Although these numbers may not capture all M&A activity in Brazil, the growth trend is clear. Brazil, the largest economy in Latin America, has also improved over the last few years. Between 1999 and 2006, GDP grew 82% from US\$587 billion to US\$1,068 billion, and per capita income grew 61% from US\$3,478 to US\$5,717.

Chile is another example of an expanding economy, with GDP more than doubling between 1999 and 2006 (from US\$72 billion to US\$145 billion), and income per capita growing from US\$4,860 to US\$8,864, one of the highest in the region. M&A activity has also grown significantly in the last few years, from a total aggregate value of US\$765 million in 2004 to an aggregate value of US\$6.2 billion in 2007, according to Mergermarket.

For 2008, the World Bank's Chief Economist for Latin America predicts an overall 4.5% growth for the region, which contrasts against the recessive trend forecast for the U.S. economy. Having successfully implemented sound economic policies during the last decade, economies throughout Latin America are not expected to slow down any time soon.

Often overlooked, a significant contributor to the area's economic growth has been the increasing amount of remittances sent by immigrants into the region, which directly translates into increased purchasing power for local consumers. In 2006, total remittances sent to Latin America reached US\$62.3 billion, a 14% increase over 2005. Since 2003, remittances have exceeded the combined amount of Foreign Direct Investment and Official Foreign Direct Aid invested or sent into Latin America. And while capital investments fluctuate according to economic cycles, remittances have increased year after year, even during periods of recession or political turmoil.

Among the "hottest" sectors in the region, which show the largest M&A activity growth, are education, infrastructure, financial institutions, real estate, mining, consumer goods and automotive.

In the last few years, Global M&A partners have closed several relevant mid-market, cross-border and larger deals within the region. Global M&A Mexico partner Pablo Rión y Asociados advised Danish facility services company ISS on a number of acquisitions in Mexico, as well as Brazilian adhesives manufacturer Artecocola on its first acquisition in Mexico, a deal that was co-advised with Global M&A Brazil partner Amati. Global M&A Colombia partner Nogal advised the private mortgage bank Davivienda on its acquisition of Granbanco-Bancafe, which was one of the largest transactions registered in Colombia during 2007. Global M&A Peru partner Macroconsult advised the Peruvian government in the granting of the concession of a new container terminal at Puerto del Callao.

With strong economic fundamentals and a continuously increasing purchasing power, M&A activity is expected to remain strong throughout Latin America going forward. To be successful in buying or selling companies in the region, however, having good local advisors is essential. In Latin America, more so than in other geographies perhaps, local know-who is oftentimes just as important as local know-how. Global M&A partners offer unmatched global expertise and deep local knowledge throughout the region, which can prove invaluable when engaging in M&A deals. Do not hesitate to contact us so that we can jointly explore how Global M&A can best help you.

## Global Sector Expertise

Global M&A's multinational teams support seamless cross-border cooperation on specific M&A projects in the following organized industry sectors:

1. Automation, Controls and Electrical Products (ACE)
2. Automation, Heavy Machinery and Mechanical Engineering
3. Business Services
4. Chemicals
5. Consumer Products

6. Financial Services and Insurance (FS&I)
7. Food & Beverage
8. Leisure & Retail
9. Media
10. Packaging & Print (G-Pack)
11. Technology/IT Industry
12. Healthcare & Pharmaceuticals

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# A World of Middle Market Opportunities



The 5<sup>th</sup> Annual Global M&A Conference in South Beach, Miami, USA will focus on middle market M&A opportunities around the world. Nearly 300 M&A professionals, corporate executives, private equity investors and business owners will meet to learn and discuss the practical aspects of deal generation and completing M&A and private equity transactions in the mid-market.

This event features a high-impact agenda with speakers from diverse backgrounds and disciplines discussing contemporary topics like the role of the AIM market in the global middle market and investment opportunities in clean energy.

Over the course of the one and one half day conference, there will be ample time dedicated to networking and relationship building with senior level M&A practitioners, private equity investors and advisers from over 35 countries; all in the convenience of one forum.

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# A Selection of Global M&A Transactions

<p><b>job.ch</b> Tiger Global Management</p> <p>Sale of a leading online/recruiting company located in Switzerland</p> <p> <i>ZETRA (Switzerland) initiated the transaction. BGL (USA), in conjunction with ZETRA, advised the seller</i></p>	<p><b>Market Line</b> Stafford Group</p> <p>Acquisition of a Czech sporting goods retailer by Stafford Group of Ireland</p> <p> <i>Benson Oak (Czech Republic) and CFM (Ireland) advised the acquirer</i></p>	<p><b>Atoun Steel Industry Co. (ASi)</b> Private Placement</p> <p>€198m private placement for a leading Saudi Arabian steel company</p> <p> <i>Financial Transaction House (GCC &amp; Yemen) advised Atoun</i></p>
<p><b>Colorant Chromatics Group</b> Audax/Color Matrix</p> <p>Sale of a Belgium producer of highly engineered color and additive concentrates for plastic processing</p> <p> <i>M&amp;A International (Belgium) advised the seller</i></p>	<p><b>DLT Maubeuge</b> Neuhauser</p> <p>Sale of a French frozen bread specialist to French group Neuhauser</p> <p> <i>Solveigh (Netherlands) and Financière de Courcelles (France) advised the seller</i></p>	<p><b>Kino1 Gruppen AS</b> SF Film AS</p> <p>Sale of the leading group of privately owned cinemas in Norway</p> <p> <i>Saga Corporate Finance (Norway) advised the seller</i></p>
<p><b>Randall &amp; Quilter</b> Admission to AIM</p> <p>€70m flotation of a non-life run-off insurance company</p> <p> <i>Noble &amp; Company (UK) advised Randall &amp; Quilter on the listing of €31m of shares on to AIM</i></p>	<p><b>Sicurglobal</b> Stirling Square</p> <p>Acquisition of Italy's largest operator in alarm monitoring by UK based private equity fund Stirling Square</p> <p> <i>Cross Border (Italy) advised the acquirer</i></p>	<p><b>JSC Interbaltija AG</b> Wine Holdings</p> <p>Sale of Latvian business operating in the wholesale of premium-class alcoholic beverages to the Icelandic holding</p> <p> <i>Prudentia (Latvia) advised the seller</i></p>
<p><b>Pretersa-Prenavisa</b> Magnum Industrial Partners</p> <p>Sale of one of the leading manufacturers of pre-cast concrete solutions for industrial and commercial warehouses to Spain's largest private equity fund</p> <p> <i>Socios Financieros (Spain) advised the seller</i></p>	<p><b>The Patman Group</b> ARAMARK</p> <p>Acquisition of an Indian management company by U.S. based ARAMARK, a leading provider of food and facilities management services</p> <p> <i>Meghraj (India) advised the acquirer</i></p>	<p><b>Surna</b> Artecola Industrias Químicas</p> <p>Acquisition of a Mexican adhesives manufacturing company by Brazilian based Artecola</p> <p> <i>Pablo Ri3n y Asociados (Mexico) and Amati Neg3cios (Brazil) advised the acquirer</i></p>

To find out how Global M&A can help you to close cross-border deals, contact your local Global M&A partner or go to [www.globalma.com](http://www.globalma.com).