



Corporate Finance

*Out of the Ordinary™*

Review of Irish Merger and Acquisition Activity

**Quarter 3, 2018**

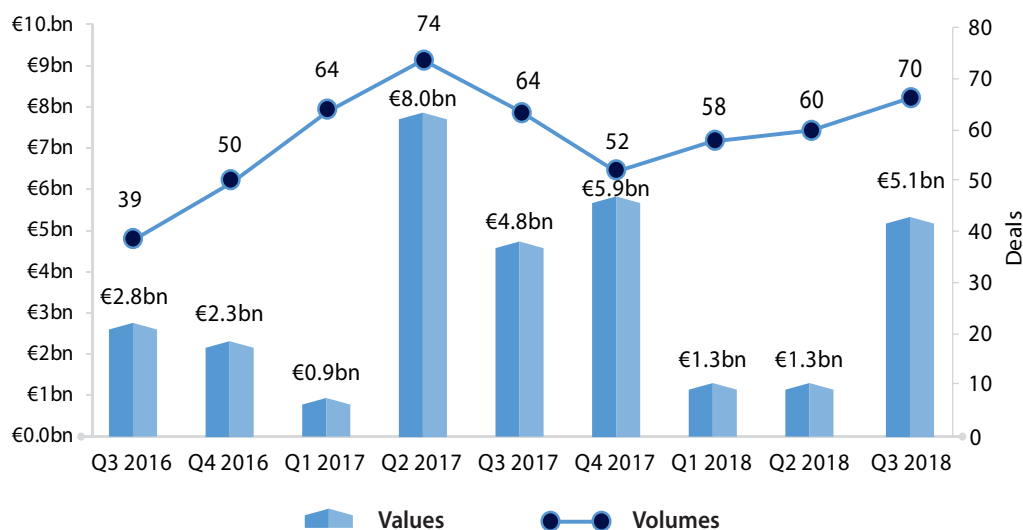


Prepared by Investec Corporate Finance

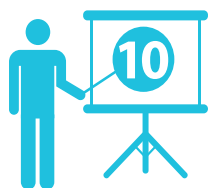
# M&A Tracker Summary, Q3 2018



## Quarterly Value and Volume Trend



## Most Active Sectors (by volume)



Support Services



Health & Pharmaceutical



Media & Publishing

## Transaction Type (by volume)



Trade Sales



Foreign Transaction



Financial Investor

## Investec Commentary

- 70 deals recorded with a total disclosed transaction value of €5.1bn. In terms of value this is significantly above the previous two quarters but down on Q4'17
- Notable transactions include the c.€585m acquisition of Adapt Pharma by Emergent BioSolutions and the acquisition of the 24 hotel property portfolio of Tifco Hotel Group by Apollo Global Management for a reported €500m-€600m
- Several transactions in excess of €100m took place many involving strategic buyers such as Applegreen, Irving Oil acquiring Top Oil and BTG's acquisition of Galway based Novate Medical
- There were 11 in-market transactions including acquisitions by Musgrave Group and BWG
- There was a consistent spread of the 70 transactions across all sectors save for Building, Construction & Property and Print & Paper
- Foreign acquisitions by Irish Companies amounted to 29, including acquisitions by Applegreen, DCC, Keyword Studios, United Drug and private companies such as Fexco and AMCS
- Private Equity owned Irish businesses acquisitive during the quarter were Valeo Foods, Arachas Insurance Brokers, OASIS and Enva
- Alucraft, BidX1 and Healthcare 21 Group were acquired by UK based private equity funds during the quarter

Notes:

Trade Sale: Acquisition of an Irish corporate by Irish / overseas corporate

Financial Buyers & Investors: Acquisition of or 20% or more investment in an Irish corporate by Irish / overseas financial investors including private equity

Overseas Transaction: Acquisition or disposal of overseas corporate by Irish corporate / private equity



## Investec Commentary

With 70 reported deals in Q3'18, the Irish M&A market comfortably outperformed Q2'18 by 10 deals. Similarly deal value this quarter was up significantly at €5.1bn from the €1.3bn recorded in quarter two.

Total disclosed deal value during Q3'18 comes in at just over €5.1bn (42 deals had no value disclosed) with 70 deals announced in the period. Notable transactions include Emergent BioSolutions acquiring the Irish medical company Adapt Pharma for a reported €585m and the acquisition of the 24 property hotel portfolio of Tifco Hotel Group by Apollo Global Management for an estimated €500-600m. Others of interest included the acquisition of Goodbody Stockbrokers by the Chinese development bank Zhongze for a reported €150m and, similar to last quarter, OASIS continuing its acquisition strategy acquiring two businesses. There were several other transactions with a reported deal value in excess of €100m including, BTG's acquisition of Galway based Novate Medical, Valeo Foods acquisition of Tangerine Confectionary, Irving Oil's acquisition of Top Oil, Groupe Circet's acquisition of KN Group and Applegreen's acquisition of a reported 55% interest in Welcome Break.

This quarter sees a reduction in activity for Irish plc's. However, Applegreen and Keyword Studios both made acquisitions during the quarter. Applegreen acquired a 55% stake in Appia Group, the UK operator of the motorway services chain Welcome Break for a reported value of over €362m whilst Keyword Studios continued to acquire with 5 companies bought during the quarter.

There were 11 in market transactions announced across various sectors with Support Services, Leisure & Travel and Retail seeing the most activity. It was a busy quarter for Ireland's best known food retailers and distributors including The Musgrave Group's acquisition of high-end supermarket chain Donnybrook Fair for €25m and BWG Group acquiring food service provider Corrib Foods. In Support Services, Codex the Irish office supply retailer acquired the Irish subsidiary of US chain Staples.

Financial Services accounted for a large proportion of total deal value in the quarter, with 6 deals taking place for a combined value of €2.7bn. The largest, Goshawk Aviation's acquisition of SKY Aviation, had a disclosed value in excess of €2.4bn. Others include the aforementioned acquisition of Goodbody Stockbrokers by Zhongze, Cover-More Group's purchase of Blue Insurance and a further acquisition by Arachas Corporate Brokers of Cover Centre Insurance. Support Services sector was central to deal activity in the third quarter, with a total disclosed value of €337m, DCC Technology and Groupe Circet were active acquiring Jam Industries for €170m and KN Technologies for €150m respectively.

Aside from Building, Construction & Property and Print & Paper, Q3'18 has seen a consistent spread of activity across all sectors. There were 29 foreign acquisitions by Irish companies in the period. There were a further 3 Irish companies acquired by UK private equity players including H2 Equity Partners' acquisition of Healthcare 21 Group, Elaghmore Partners' acquisition of Alucraft Group and Pollen Street Capital's acquisition of BidX1. Most notably the quarter saw 9 acquisitions of Irish companies by UK companies which represents a significant increase from 1 deal recorded in Q2'18 and is the highest number in a quarter since our tracker survey began in 2005.

Overall, despite the Brexit related uncertainty lying ahead, which is impacting on potential deals in the market, and a rising interest rate environment coming increasingly into view, our sentiment towards Irish M&A activity remains positive, at least in the near term into 2019, assuming a satisfactory resolution to Brexit can be found.

## About and Key Contacts at Investec Corporate Finance

Investec is a leading provider of independent corporate finance advisory services in Ireland. We have a highly experienced team of professionals working in our Dublin office. With a track record spanning some of Ireland's highest profile deals, Investec Corporate Finance has become an advisor of choice within the Irish market for leading companies, private equity funds and entrepreneurs.

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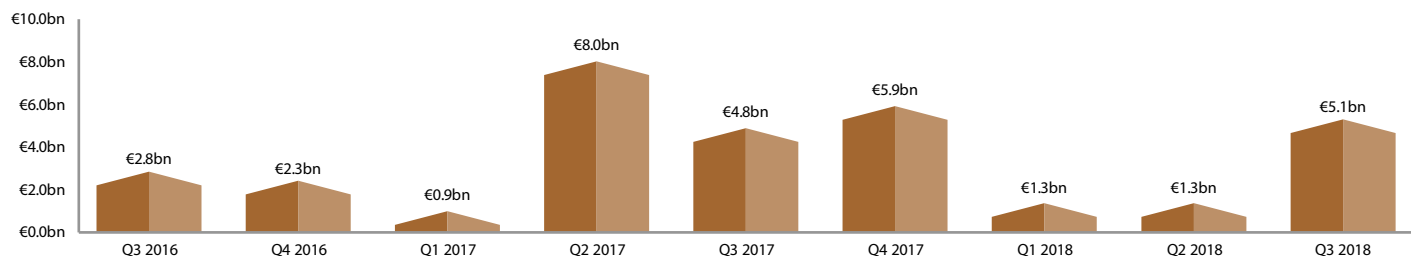
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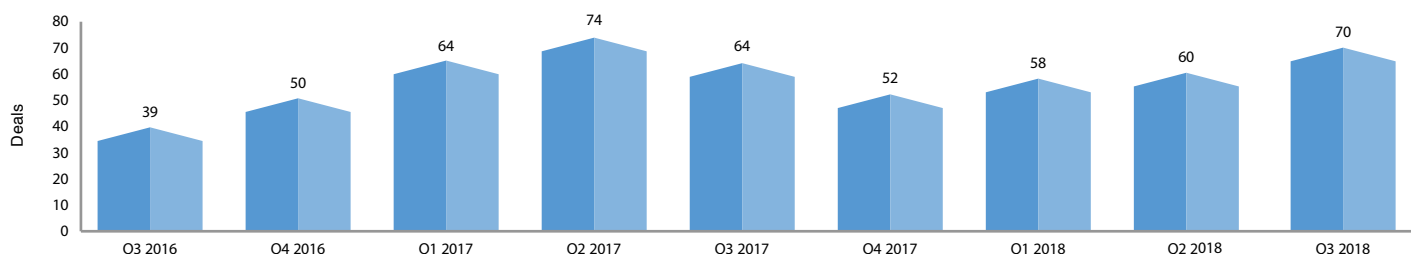
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## M&A Transaction Values and Volumes

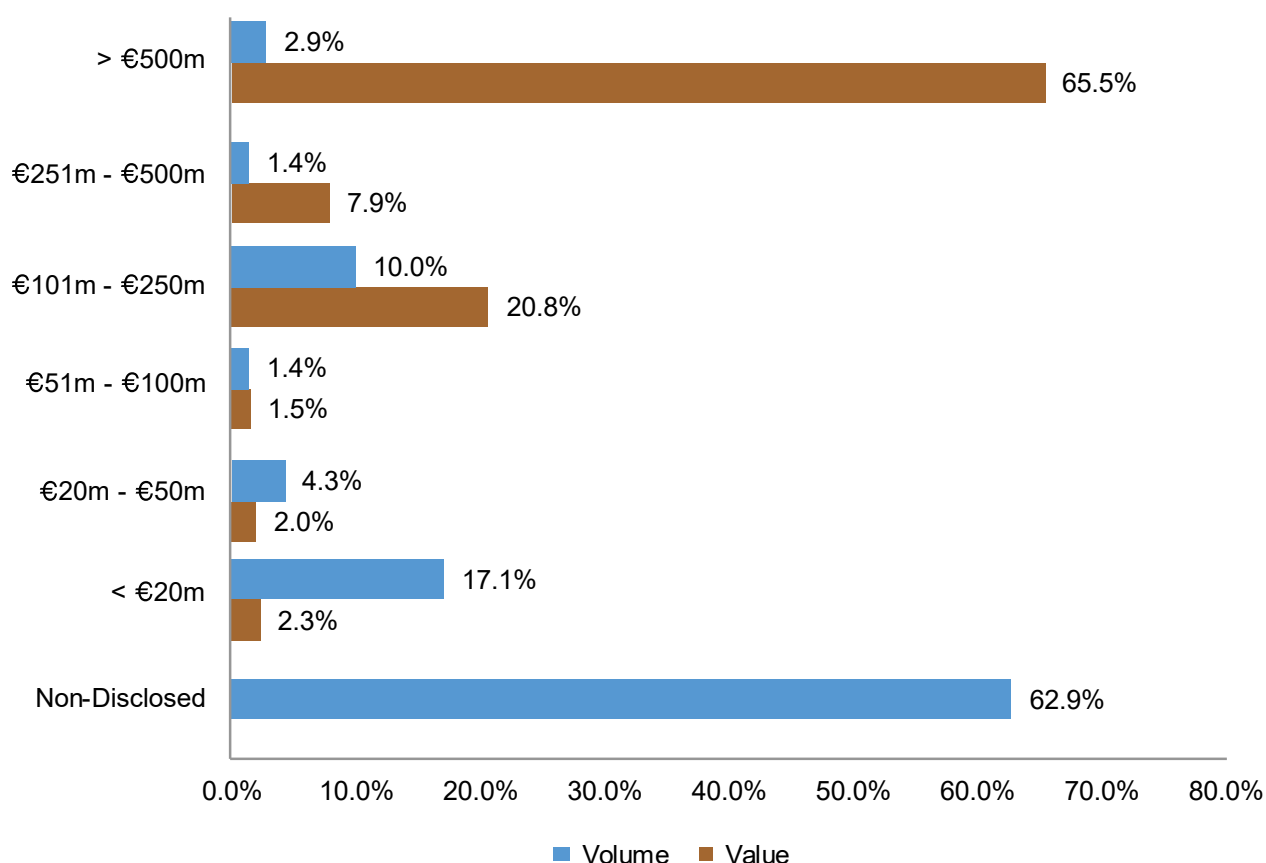
### Quarterly Value Trends: Q3 2016 - Q3 2018



### Quarterly Volume Trends: Q3 2016 - Q3 2018



### Q3 2018 Transactions



## M&A Transaction Type

### Q3 2018 Activity by Counterparty

	Trade Sale				Financial Investor	Overseas Transaction		Total
	Irish buyer	UK buyer	US buyer	Other	Irish seller	Acquisitions	Disposals	
Value (€ million)	€39	€169	€586	€496	€531	€3,282	€0	€5,103
Disclosed deals	2	3	1	5	4	13	0	28
Undisclosed deals	9	6	2	6	3	16	0	42
<b>Total number of deals</b>	<b>11</b>	<b>9</b>	<b>3</b>	<b>11</b>	<b>7</b>	<b>29</b>	<b>0</b>	<b>70</b>

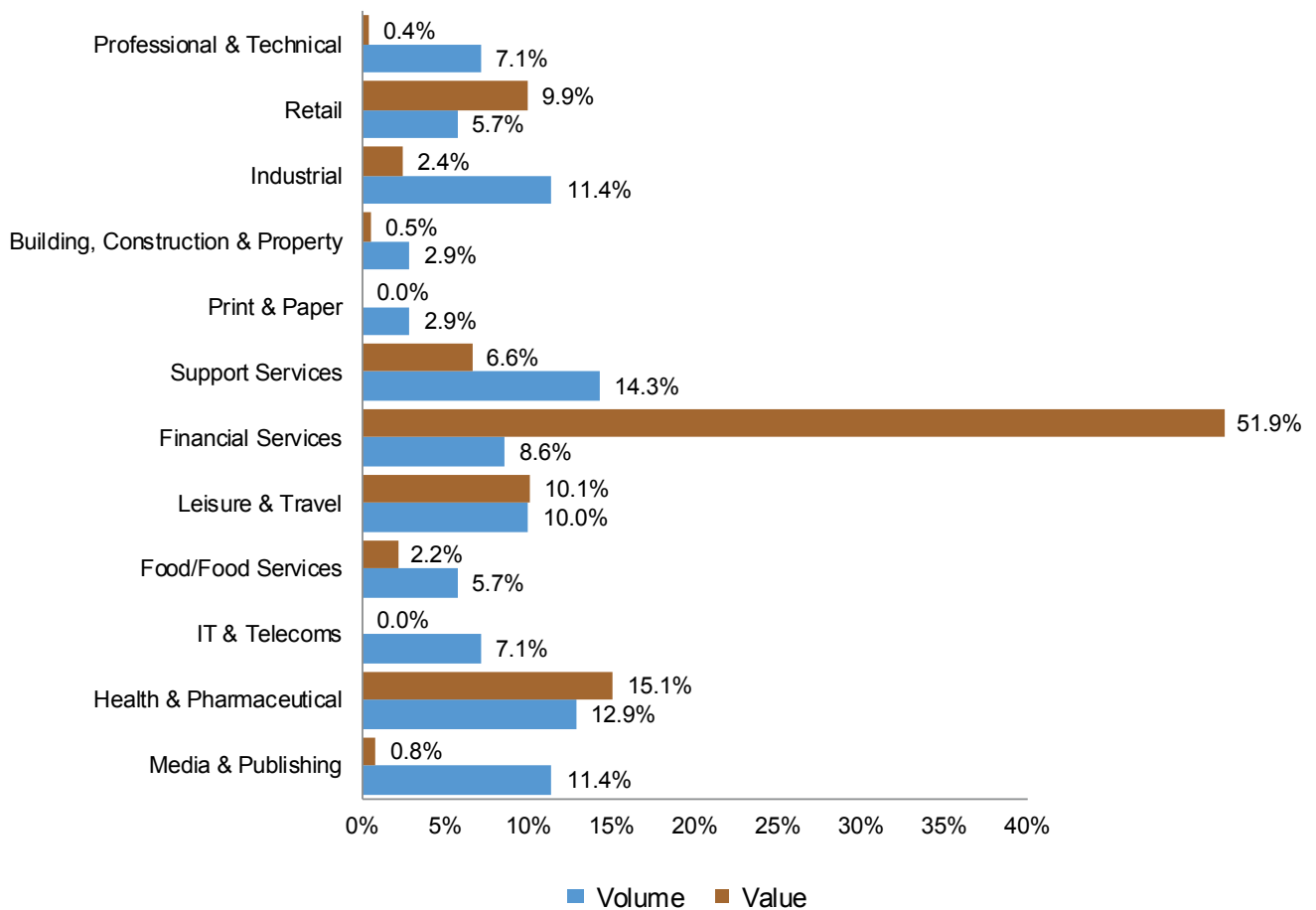
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Overseas Transaction: Acquisition or disposal of overseas corporate by Irish corporate / private equity

### Q3 2018 Activity by Sector



## Q3 2018 Transactions by Sector

Media and Publishing					
Acquiror	Country	Target	Country	€m	Date
Keywords Studios	Ireland	Blindlight	USA	8.5	Jun-18
Exclusive Networks	France	NextGen Group	Ireland	n.d.	Jul-18
Keywords Studios	Ireland	Snowed In Studios	Canada	2.6	Jul-18
Keywords Studios	Ireland	Yokozuna Data	Japan	1.3	Jul-18
LN-Gaiety Holdings	United Kingdom	MCD Productions Limited (50% Stake)	Ireland	n.d.	Aug-18
Keywords Studios	Ireland	Studio Gobo & Electric Square	United Kingdom	29.0	Aug-18
Kilcullen Kapital Partners	Ireland	Sunday Business Post	Ireland	n.d.	Sep-18
Keywords Studios	Ireland	The Trailerfarm	United Kingdom	n.d.	Sep-18
<b>Total</b>				<b>41.4</b>	
Health and Pharmaceutical					
Acquiror	Country	Target	Country	€m	Date
UDG Healthcare	Ireland	Create Group NYC	USA	15.0	Jul-18
Ovoca Gold	Ireland	Ivix	Russia	n.d.	Jul-18
DPS Engineering	Ireland	Focus For Pharma Engineering	Belgium	n.d.	Jul-18
Kypha	USA	Biosensia	Ireland	n.d.	Jul-18
H2 Equity Partners	United Kingdom	Healthcare 21 Group (49.9% Stake)	Ireland	n.d.	Aug-18
Emergent BioSolutions	USA	Adapt Pharma	Ireland	586.0	Aug-18
Primary Health Properties	United Kingdom	Jellia Holdings	Ireland	38.6	Sep-18
BTG	United Kingdom	Novate Medical	Ireland	129.5	Sep-18
HealthXL	Ireland	LinkedMD	USA	n.d.	Sep-18
<b>Total</b>				<b>769.1</b>	
IT & Telecoms					
Acquiror	Country	Target	Country	€m	Date
Kairos AR	United States	EmotionReader	Ireland	n.d.	Jul-18
Accenture	Ireland	Kogentix	USA	n.d.	Jul-18
AMCS Group	Ireland	DesertMicro	USA	n.d.	Jul-18
Accenture	Ireland	Pillar Technology Group	USA	n.d.	Aug-18
Thimba Media	Ireland	Betopin.com	United Kingdom	n.d.	Sep-18
<b>Total</b>				<b>0.0</b>	
Food/Food Services					
Acquiror	Country	Target	Country	€m	Date
Henderson Foodservice	United Kingdom	Barbarrie Duckling	Ireland	n.d.	Jul-18
Kepak Group	Ireland	2 Sisters Red Meat	United Kingdom	n.d.	Jul-18
Valeo Foods Group	Ireland	Tangerine Confectionery	United Kingdom	112.0	Aug-18
BWG Group	Ireland	Corrib Food	Ireland	n.d.	Sep-18
<b>Total</b>				<b>112.0</b>	
Leisure & Travel					
Acquiror	Country	Target	Country	€m	Date
PREM Group	Ireland	Aspect Hotel Kilkenny	Ireland	n.d.	Jul-18
Vue International	United Kingdom	Showtime Cinemas	Ireland	n.d.	Jul-18
LRC Group	Cyprus	Amaris Hospitality	Ireland	n.d.	Jul-18
Propiteer Ibis Red Cow	Ireland	Hotel ibis Dublin	Ireland	14.0	Jul-18
Rhenus SE	Germany	Avant Air & Sea	Ireland	n.d.	Aug-18
Great National Hotels & Resorts	Ireland	The Hotel Partnership	United Kingdom	n.d.	Sep-18
Apollo Global Management	USA	Tifco Hotel Group	Ireland	500.0	Sep-18
<b>Total</b>				<b>514.0</b>	
Financial Services					
Acquiror	Country	Target	Country	€m	Date
Arachas Corporate Brokers	Ireland	Cover Centre Insurance	Ireland	n.d.	Jun-18
EML Payments	Australia	Perfectcard DAC (75% Stake)	Ireland	6.0	Jul-18
Cover-More Group	Australia	Blue Insurance	Ireland	70.0	Jul-18
Zhong Ze Culture Investment Holdings	China	Goodbody Stockbrokers	Ireland	150.0	Jul-18
Fexco	Ireland	Thomas Exchange	United Kingdom	11.0	Aug-18
Goshawk Aviation	Ireland	SKY Aviation Leasing	Cayman Islands	2,413.6	Jun-18
<b>Total</b>				<b>2,650.6</b>	

## Q3 2018 Transactions by Sector

Support Services					
Acquiror	Country	Target	Country	€m	Date
Codex Ltd	Ireland	Staples Ireland	Ireland	n.d.	Jun-18
Enva	Ireland	GP Green Recycling	United Kingdom	16.8	Jul-18
OASIS	Ireland	Box-it North West	United Kingdom	n.d.	Jul-18
Elis	France	Kings Laundry	Ireland	n.d.	Jul-18
Groupe Circet	France	KN Group	Ireland	150.0	Aug-18
Sauter-Cumulus	Germany	Sirus	Ireland	n.d.	Aug-18
Designer Group Engineering	Ireland	Lenmac Mechanical Services	Ireland	n.d.	Sep-18
Trilogy Technologies	Ireland	Zinopy	Ireland	n.d.	Sep-18
OASIS	Ireland	Box-it Central	United Kingdom	n.d.	Sep-18
DCC Technology	Ireland	Jam Industries	Canada	170.0	Sep-18
<b>Total</b>				<b>336.8</b>	
Print and Paper					
Acquiror	Country	Target	Country	€m	Date
Webprint	Ireland	Datascope	Ireland	n.d.	Jul-18
Graphic & Paper Merchants	Ireland	Swiftbrook	Ireland	n.d.	Jul-18
<b>Total</b>				<b>0.0</b>	
Building, Construction and Property					
Acquiror	Country	Target	Country	€m	Date
Elaghmore Partners	United Kingdom	Alucraft Group	Ireland	10.0	Jul-18
Pollen Street Capital	United Kingdom	BidX1 Auction	Ireland	16.7	Sep-18
<b>Total</b>				<b>26.7</b>	
Industrial					
Acquiror	Country	Target	Country	€m	Date
Assa Abloy AB	Sweden	HKC	Ireland	n.d.	Jun-18
Causeway Capital	Ireland	Turmec Teoranta	Ireland	4.0	Jul-18
eLight Group	Ireland	eLight Works	United Kingdom	n.d.	Jul-18
Inspired Energy	United Kingdom	Horizon Energy Group	Ireland	1.0	Jul-18
Wellman International	Ireland	Sorepla Industrie	France	n.d.	Jul-18
Accenture	Ireland	Mindtribe Product Engineering	USA	n.d.	Aug-18
Irving Oil	Canada	Top Oil	Ireland	120.0	Aug-18
Tom Hyland (Private Investor)	Ireland	C&F Automotive	Ireland	n.d.	Sep-18
<b>Total</b>				<b>125.0</b>	
Professional & Technical					
Acquiror	Country	Target	Country	€m	Date
UDG Healthcare	Ireland	SmartAnalyst	USA	20.0	Jul-17
Paragon Group	Ireland	Paragon Customer Communications	United Kingdom	n.d.	Jun-18
Staffline Group	United Kingdom	Grafton Recruitment (Ireland)	Ireland	n.d.	Jul-18
CVS Group	United Kingdom	Gilabbey Veterinary Hospital	Ireland	n.d.	Aug-18
HW Chartered Accountants	United Kingdom	A.G.K.	Ireland	n.d.	Aug-18
<b>Total</b>				<b>20.0</b>	
Retail					
Acquiror	Country	Target	Country	€m	Date
DCC (Exertis Ireland)	Ireland	Kondor & Stampede Presentation Products	United Kingdom / USA	120.0	Jul-18
Scandinavian Tobacco	Denmark	Peterson Pipe Tobacco	Ireland	n.d.	Jul-18
Applegreen	Ireland	Welcome Break (55.02% Stake)	United Kingdom	362.0	Aug-18
Musgrave Group	Ireland	Donnybrook Fair	Ireland	25.0	Sep-18
<b>Total</b>				<b>507.0</b>	

## Methodology

The information in this report relates to transactions announced during the second quarter of 2018. 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.

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