













# M&A 2013 in review What about 2014?

*By Onno Sloterdijk*













# Largest global M&A deals of 2013

#1	#2	#3	#4	#5
				
<p><b>Verizon Wirelss</b></p> <ul style="list-style-type: none"> <li>Verizon acquired Vodafone's 45% share in Verizon Wireless</li> <li>After completion, Vodafone expects a strong free cash flow, and therefore decided to increase the 2014 dividend per share by 8%</li> </ul>	<p><b>H.J. Heinz</b></p> <ul style="list-style-type: none"> <li>Berkshire Hathaway and 3G Partners acquired H.J. Heinz</li> <li>Warren Buffet increased investor confidence</li> </ul>	<p><b>Dell</b></p> <ul style="list-style-type: none"> <li>Michael Dell and Silverlake acquired Dell</li> <li>One of the ever largest deals</li> </ul>	<p><b>NBC Universal Media</b></p> <ul style="list-style-type: none"> <li>Comcast acquired NBC Universal Media</li> <li>General Electric is the seller</li> </ul>	<p><b>Virgin Media</b></p> <ul style="list-style-type: none"> <li>Liberty global acquired Virgin Media</li> <li>Creating the largest advertising agency in the world</li> </ul>
<p><b>Transaction value:</b> EUR 98.7bn</p> <p><b>EBITDA Multiple:</b> 9.4x</p>	<p><b>Transaction value:</b> EUR 20.5bn</p> <p><b>EBITDA Multiple:</b> 17.8x</p>	<p><b>Transaction value:</b> EUR 15.0bn</p> <p><b>EBITDA multiple:</b> 4.9x</p>	<p><b>Transaction value:</b> EUR 12.4bn</p> <p><b>EBITDA multiple:</b> n/a</p>	<p><b>Transaction value:</b> EUR 12.4bn</p> <p><b>EBITDA multiple:</b> n/a</p>
Acquirer				
				

Source: Mergermarket, KPMG analysis.

# Large European M&A deals in 2013

			 Kabel Deutschland	
<p><b>Omnicom Group</b></p> <ul style="list-style-type: none"> <li>■ The US based Omnicom Group, and the Paris based Publicis Groupe agreed for a merger of equals</li> <li>■ The combination creates a leading global specialty pharmaceutical company with approximately EUR 17bn revenue per year</li> </ul>	<p><b>Nokia</b></p> <ul style="list-style-type: none"> <li>■ After a close R&amp;D partnership, Microsoft acquired the Swedish mobile phone producer Nokia</li> </ul>	<p><b>Warner Chilcott PLC</b></p> <ul style="list-style-type: none"> <li>■ Actavis acquired Warner Chilcott, creating a leading global specialty pharmaceutical company with approximately EUR 8bn revenue per year</li> </ul>	<p><b>Kabel Deutschland Holding</b></p> <ul style="list-style-type: none"> <li>■ Vodafone agreed to acquire Kabel Deutschland</li> <li>■ Kabel Deutschland continued its operations as a full owned subsidiary of Vodafone</li> </ul>	<p><b>Elan Corporation</b></p> <ul style="list-style-type: none"> <li>■ Perrigo Company, the listed US based healthcare and pharmaceutical company, has agreed to acquire Elan Corporation Plc, the listed Ireland based biopharmaceutical company that manufactures drugs</li> </ul>
<p><b>Transaction value:</b> EUR 14.6bn</p> <p><b>EBITDA Multiple:</b> 9.3x</p>	<p><b>Transaction value:</b> EUR 7.2bn</p> <p><b>EBITDA multiple:</b> n/a</p>	<p><b>Transaction value:</b> EUR 6.6bn</p> <p><b>EBITDA Multiple:</b> 5.9x</p>	<p><b>Transaction value:</b> EUR 5.9bn</p> <p><b>EBITDA Multiple:</b> 12x</p>	<p><b>Transaction value:</b> EUR 4.9bn</p> <p><b>EBITDA multiple:</b> n/a</p>
<b>Acquirer</b>				
				











Source: Mergermarket, KPMG analysis.

# Large Dutch M&A deals in 2013

				
<p><b>DE Master Blenders</b></p> <ul style="list-style-type: none"> <li>John A Benckiser acquired D.E. Master Blenders</li> <li>The offer price represents a 30% premium on top of the target's closing price on the last trading day prior to the initial announcement of interest</li> </ul>	<p><b>Repsol</b></p> <ul style="list-style-type: none"> <li>Royal Dutch Shell acquired the LNG assets of Repsol AS</li> <li>The transaction complements Shell's existing LNG capacity in Africa, Asia, Australia, the Middle East and Russia</li> </ul>	<p><b>ILFC</b></p> <ul style="list-style-type: none"> <li>Aercap became the largest airplane lease company after acquiring their competitor ILFC from AIG</li> <li>The consideration is comprised of EUR 2.2bn in cash and 97m AerCap shares, which represents 46% of the combined company</li> </ul>	<p><b>Vion</b></p> <ul style="list-style-type: none"> <li>Darling International acquired the ingredients division of Vion</li> <li>The acquisition enabled Darling to diversify its product line, revenues and EBITDA geographically</li> </ul>	<p><b>Brand Loyalty</b></p> <ul style="list-style-type: none"> <li>Alliance Data Systems acquired a 60% stake in Brand Loyalty, which was merged with LoyaltyOne afterwards</li> <li>ADS also has an option to acquire the remaining 40% stake</li> </ul>
<p><b>Transaction value:</b> EUR 6.6bn</p> <p><b>EBITDA Multiple:</b> 16x</p>	<p><b>Transaction value:</b> EUR 5.1bn</p> <p><b>EBITDA multiple:</b> 4.9x</p>	<p><b>Transaction value:</b> EUR 4.0bn</p> <p><b>EBITDA Multiple:</b> 17.8x</p>	<p><b>Transaction value:</b> EUR 1.6bn</p> <p><b>EBITDA multiple:</b> 10.9x</p>	<p><b>Transaction value:</b> EUR 360.0m</p> <p><b>EBITDA multiple:</b> n/a</p>
<b>Acquirer</b>				
				

Source: Mergermarket, KPMG analysis.

# Mid-market Dutch M&A deals in 2013

				
<p><b>Basic Fit</b></p> <ul style="list-style-type: none"> <li>3i acquired Basic Fit out of Health City, owned by Waterland</li> <li>Enabling René Moos (management) to buy-out Waterland</li> </ul>	<p><b>HG International</b></p> <ul style="list-style-type: none"> <li>Gilde Buy Out Partners and the company's management acquired HG International</li> <li>The acquisition will enable HG International to increase its market position in cleaning products</li> </ul>	<p><b>Ampelmann</b></p> <ul style="list-style-type: none"> <li>IK Investment Partners competed with Warburg Pincus, HGCapital, EQT and Parcom in the acquisition process</li> </ul>	<p><b>USG Energy</b></p> <ul style="list-style-type: none"> <li>Rabo Capital acquired USG Energy from USG People</li> <li>The acquisition also includes USG Energy's subsidiary ADCE Inter-Services Limited</li> </ul>	<p><b>ID&amp;T</b></p> <ul style="list-style-type: none"> <li>SFX Entertainment Inc, the US based company engaged in broadcasting and managing live shows, acquired a 75% stake in ID&amp;T</li> </ul>
<p><b>Transaction value:</b> EUR 275m</p>	<p><b>Transaction value:</b> EUR 115m</p>	<p><b>Transaction value:</b> n/a</p>	<p><b>Transaction value:</b> EUR 80m</p>	<p><b>Transaction value:</b> EUR 100m</p>
<b>Acquirer</b>				
				

Source: Mergermarket, KPMG analysis.

# Selection of our recent Dutch M&A transactions

**KPMG**  
cutting through complexity™

**WASSERBURG**  
MEDICAL DEVICES

**Wassenburg**  
KPMG Corporate Finance

acted as the exclusive financial advisor to the shareholders of Wassenburg & Co. B.V. to Hoya Corporation from Japan  
November 2013

**KPMG**  
cutting through complexity™

**Virtual Affairs**

**Virtual Affairs**  
KPMG Corporate Finance

acted as deal manager and financial advisor to the shareholders of Virtual Affairs on the sale of a minority stake to Holland Venture  
October 2013

**KPMG**  
cutting through complexity™

**De Combi Groep**

**De Combi Groep**  
KPMG Corporate Finance

acted as exclusive financial advisor to De Combi Group on the sale of the company to De Hooze Raedt Groep  
July 2013

**KPMG**  
cutting through complexity™

**Royal Smilde**

**Smilde Bakery**  
KPMG Corporate Finance

acted as exclusive financial advisor and transaction manager to Smilde Bakery on the sale of its chocolate chip cookie activities, Non Stop to Sineek Bakkerijen  
July 2013

**KPMG**  
cutting through complexity™

**ss Rotterdam**

**ss Rotterdam**  
KPMG Corporate Finance

acted as financial advisor to Stichting Woonbron in the sale of the steamship Rotterdam, a former transatlantic and cruise ship, currently operating as a hotel and conference centre  
June 2013

**KPMG**  
cutting through complexity™

**Schoeller Allibert**

**Schoeller Allibert**  
KPMG Corporate Finance

acted as financial advisor and transaction manager to Schoeller Allibert on the acquisition of IGPS Company  
June 2013

**KPMG**  
cutting through complexity™

**de Goudse**

**De Goudse**  
KPMG Corporate Finance

acted as exclusive financial advisor and transaction manager to De Goudse on the sale of its Nordic travel and expatriate insurance activities to Gjensidige Forsikring  
June 2013

**KPMG**  
cutting through complexity™

**STEVEN PARC**

**Beheer**  
KPMG Corporate Finance

acted as financial advisor to the shareholders of Steven Parc Beheer on the sale of the company to STAR Group/ Pancom Capital  
June 2013

**KPMG**  
cutting through complexity™

**OVO**

**OVO**  
KPMG Corporate Finance

acted as financial advisor to OVO in its sale to Achmea  
January 2013

**KPMG**  
cutting through complexity™

**Getronics International**

**Getronics International**  
KPMG Corporate Finance

acted as financial advisor to KPN with regard to the sale of Getronics International (Europe and APAC) operations to Aurelius AG  
May 2012

**EMA Mid Market Completed advisor ranking<sup>1</sup>**

2013	No. of deals
1 KPMG	262
2 PwC	254
3 BDO	177
4 Ernst & Young	162
4 Rothschild	162
6 IMAP	127
7 Grant Thornton	122
8 Deloitte	91
8 Lazard	91
10 M&A International	78

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**Best Dutch Corporate Finance Advisor**

**incompany.100**

**WINNAAR 2012 CORPORATE FINANCE**

**KPMG CORPORATE FINANCE**

**Dutch Mid Market Completed advisor ranking<sup>1</sup>**

2013	No. of deals
1 Rabobank NV	28
2 KPMG	23
3 PricewaterhouseCoopers	20
4 M&A International	19
5 BDO	17
6 ING	16
7 BlueMind Corporate Finance	14
8 IMAP	10
8* ABN AMRO Bank	10
10 Clairfield International	9

**KPMG**  
cutting through complexity™

**Mitsubishi**

**Mitsubishi**  
KPMG Corporate Finance

acted as sole financial advisor to Mitsubishi Corporation on the acquisition of a 50% stake in Eneco's Prinses Amalia wind park and Luchterduinen wind project  
January 2013

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cutting through complexity™

**Eurovet Animal Health**

**Eurovet Animal Health**  
KPMG Corporate Finance

acted as financial advisor and transaction manager to AUV Holding on the sale of Eurovet Animal Health to Decbra Pharmaceuticals  
May 2012

Source: Thomson Reuters SDC, January 2014.  
Note 1: <US\$500m

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**heckermann.com**

**heckermann.com**  
KPMG Corporate Finance

acted as deal manager and financial advisor to Neckermann.com Beteilig on the sale to Avicore Capital  
January 2013

**KPMG**  
cutting through complexity™

**AUV Veterinary Services**

**AUV Veterinary Services**  
KPMG Corporate Finance

acted as financial advisor and transaction manager to AUV Holding on the sale of AUV Veterinary Services to Henry Schein  
May 2012

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cutting through complexity™

**OGD**

**OGD**  
KPMG Corporate Finance

acted as financial advisor to GIMV with regard to the sale of OGD to management and van Lanschot participations  
June 2012

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**DSM**

**DSM**  
KPMG Corporate Finance

acted as exclusive financial advisor to DSM on the acquisition of Ocean Nutrition Canada  
July 2012

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cutting through complexity™

**ARS T&T**

**ARS T&T**  
KPMG Corporate Finance

acted as deal manager and financial advisor to the shareholder of ARS Traffic & Transport Technology on the sale of a minority stake to GIMV  
July 2012

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**NedCar Mitsubishi Motors**

**NedCar Mitsubishi Motors**  
KPMG Corporate Finance

acted as financial advisor to Mitsubishi Motors on the sale of NedCar  
October 2012

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**Telecom masts**

**Telecom masts**  
KPMG Corporate Finance

acted as financial advisor to KPN with regard to the sale of telecommunication masts to PE investor Probelindo  
November 2012

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**Atomblock**

**Atomblock**  
KPMG Corporate Finance

acted as deal manager and financial advisor to Atomblock on the sale to ALSO-Acebis  
December 2012

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**RAI Langfords**

**RAI Langfords**  
KPMG Corporate Finance

acted as financial advisor to RAI with regard to the split sale of RAI Langfords to ManagementMedia and management  
January 2013

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cutting through complexity™

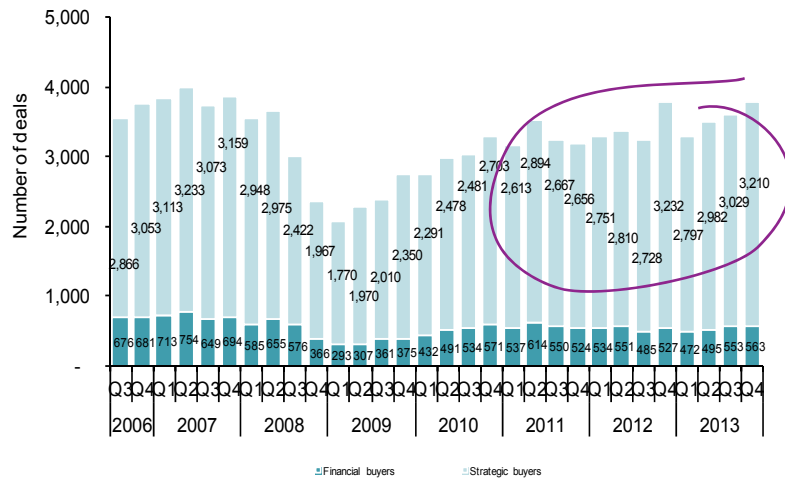
**ROVA**

**ROVA**  
KPMG Corporate Finance

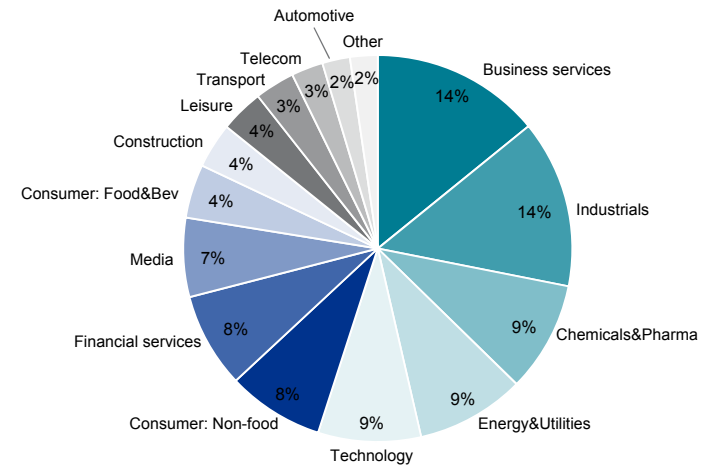
acted as deal manager and financial advisor to ROVA on the sale to Remondis Bedrijven to Remondis  
January 2013

# Global, European and Dutch M&A activity

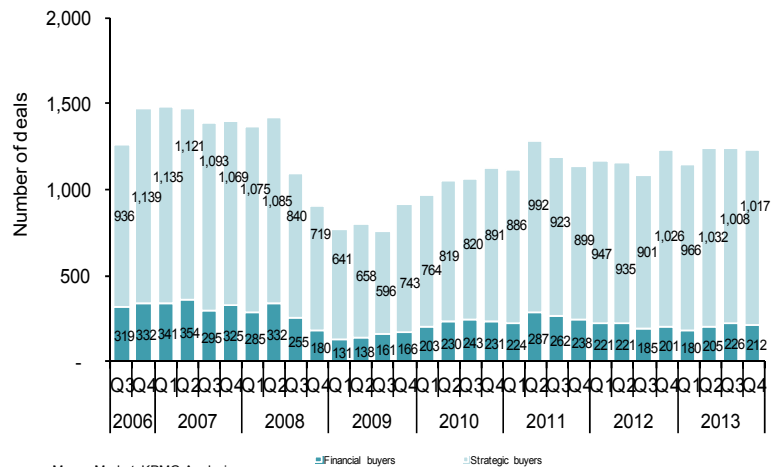
## Global M&A volume by type of buyer



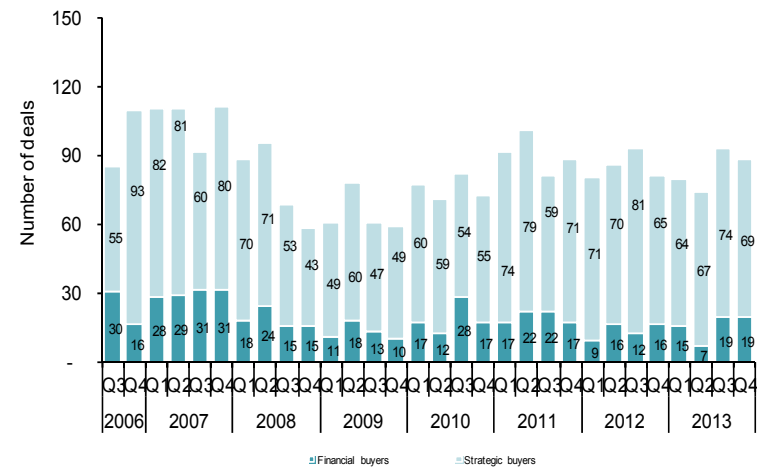
## Global deal activity per sector (past 12 months)



## EU-27 M&A volume by type of buyer



## Dutch M&A volume by type of buyer



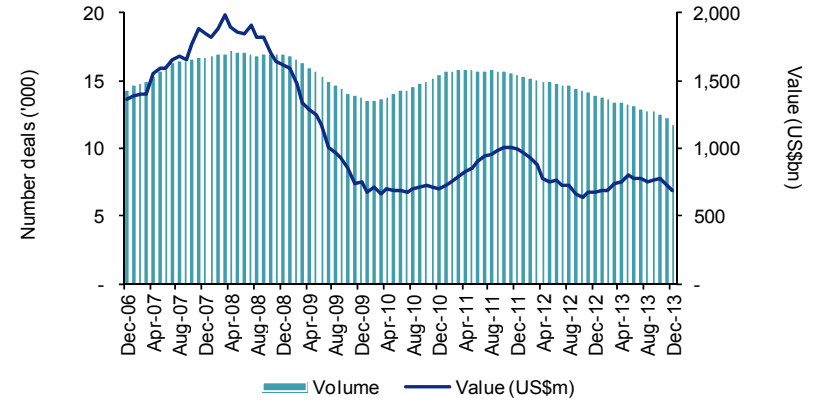
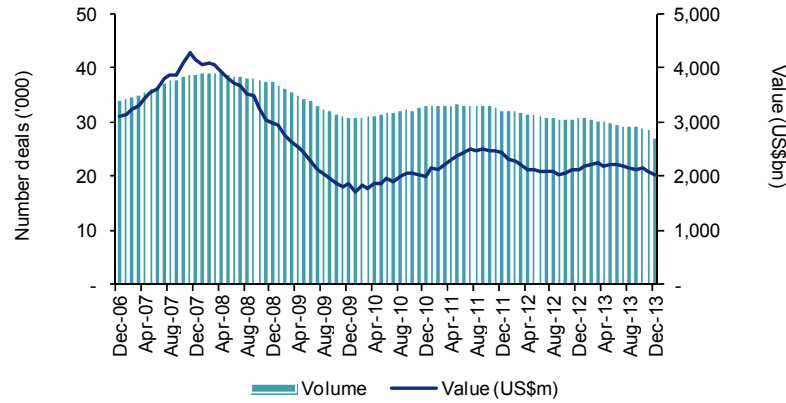
Source: MergerMarket, KPMG Analysis.

# Global and EMA M&A activity according to Thomson Reuters

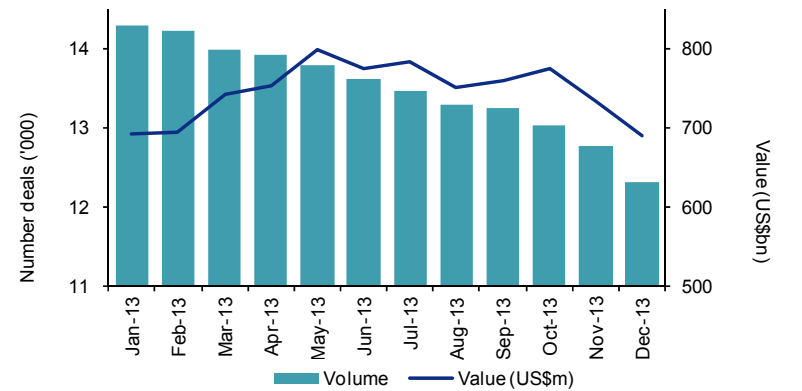
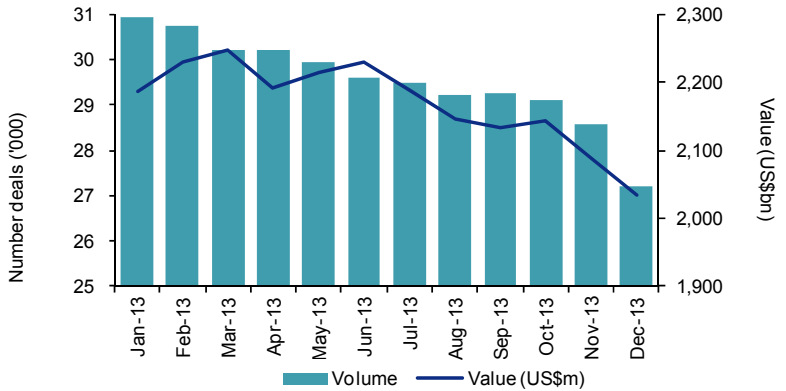
## Global completed deals

## EMA completed deals

Dec 06 – Dec 13



Jan 13 – Dec 13



Source: Thomson Reuters SDC

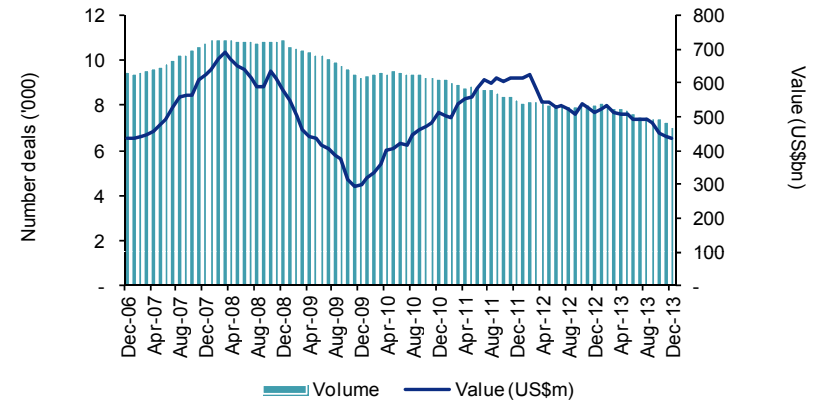
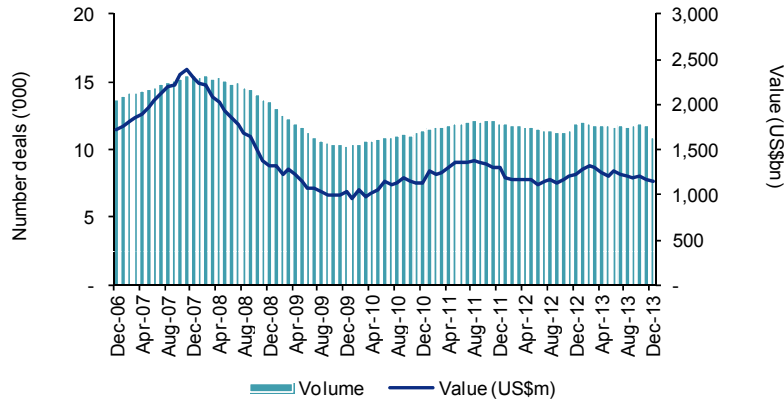


# Americas and AsPac M&A activity according to Thomson Reuters

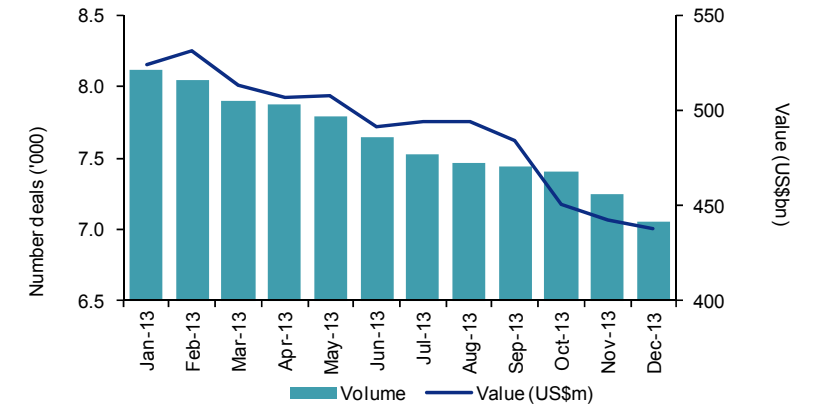
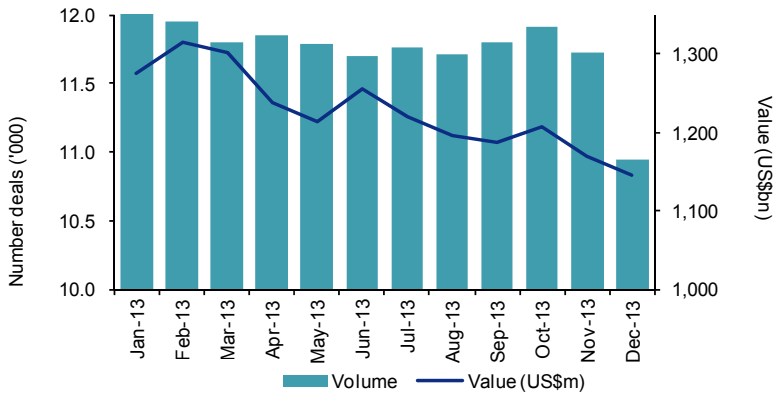
## Americas completed deals

## AsPac completed deals

Dec 06 – Dec 13



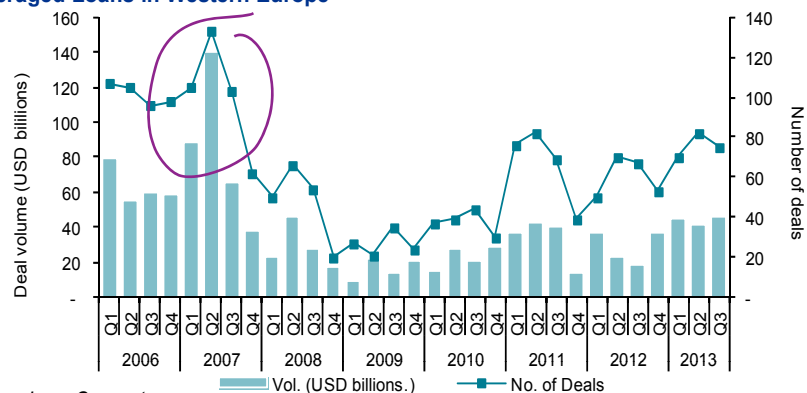
Jan 13 – Dec 13



Source: Thomson Reuters SDC

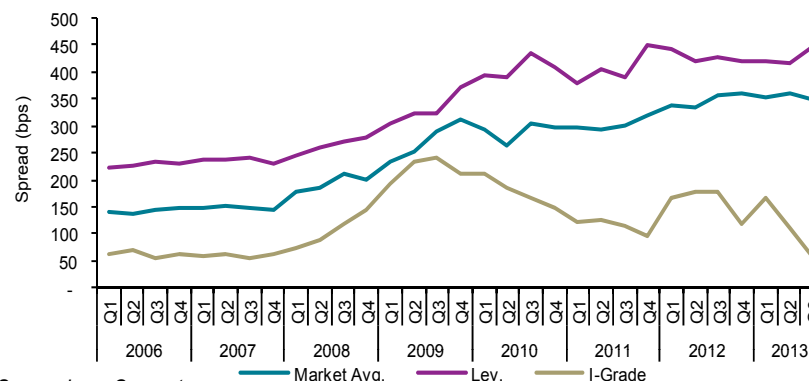
# Leveraged loans

## Leveraged Loans in Western Europe



Source: Loan Connector

## Loan Pricing in Western Europe



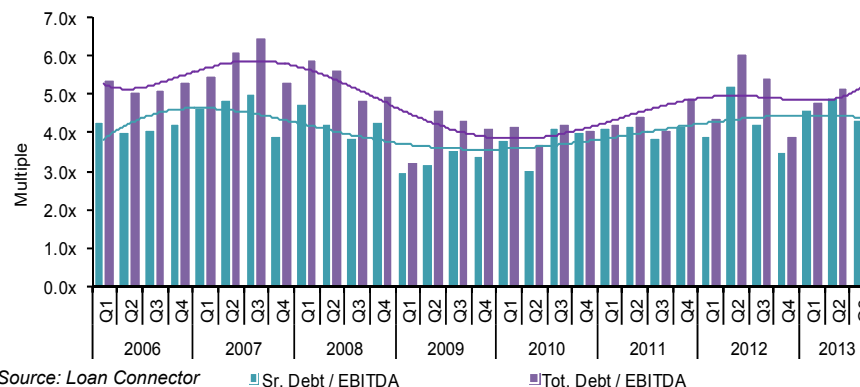
Source: Loan Connector

## Leveraged Debt Maturity Profile in Europe



Source: Debtwire

## Leveraged Multiples in Western Europe



Source: Loan Connector

### Key comments

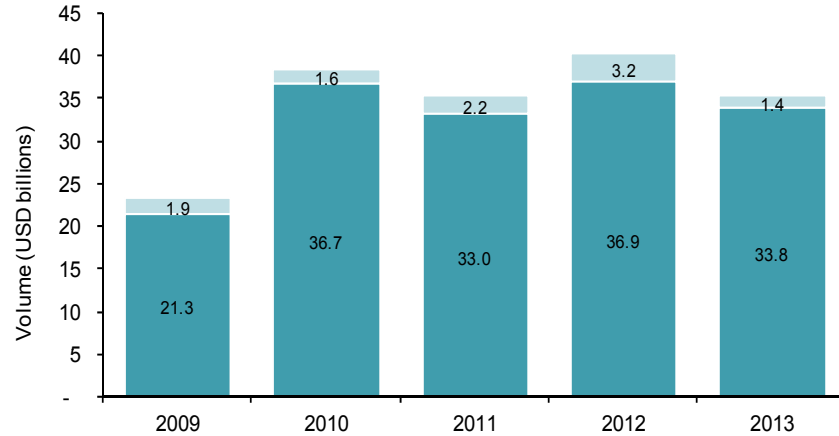
- The European leveraged loan market proved resilient in 2012 despite the challenging macroeconomic backdrop. The first half allocations totaled €34.9bn through 34 deals while the second half allocations totaled € 35bn with 57 deals
- There was a clear shift towards shorter-dated loans in 2012. Nearly 55% of all the new loans by value allocated during the year came at a maturity of five years or shorter, this was up from 15% and 20% in 2011 and 2010 respectively

### Key comments

- Overall pricing is at higher levels than before the credit crisis. In addition, additional cost charges (e.g. liquidity charge, handling fees) result from challenging market conditions with uncertain outlook and new bank regulations
- In the period Q1 2010 to Q2 2011, average leverage levels of total debt and senior debt were converging, indicating minimal appetite for subordinated loans. However, sub debt appetite has been increasing in 1H 2012

# USPP

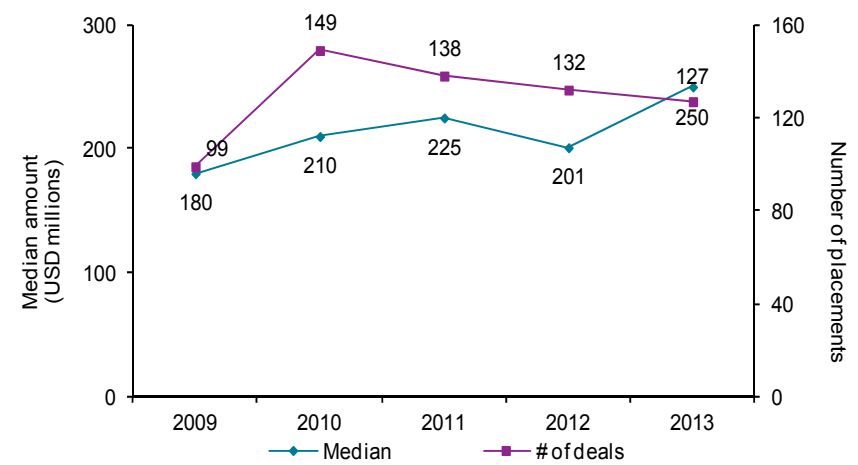
## Global Private placements



Source: Private Placement Letter

Rest of world The Netherlands

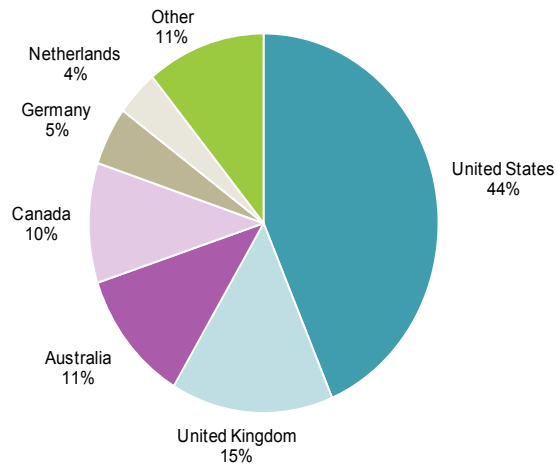
## Global Private Placements - Median



Source: Private Placement Letter

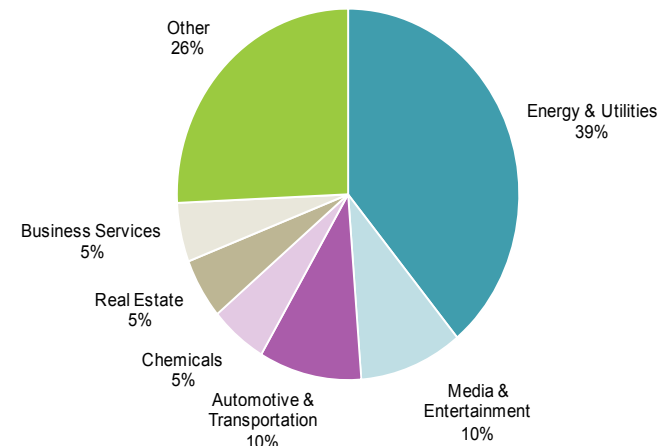
Median # of deals

## Geographic Distribution - 2013



Source: Private Placement Letter

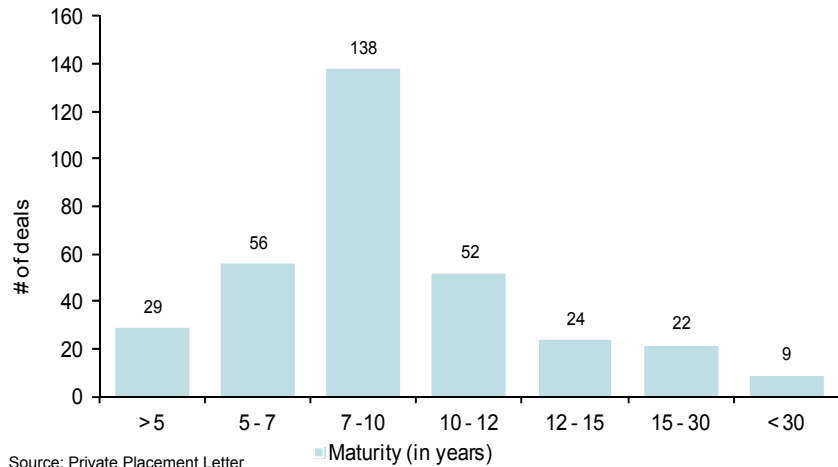
## Sector Distribution - 2013



Source: Private Placement Letter

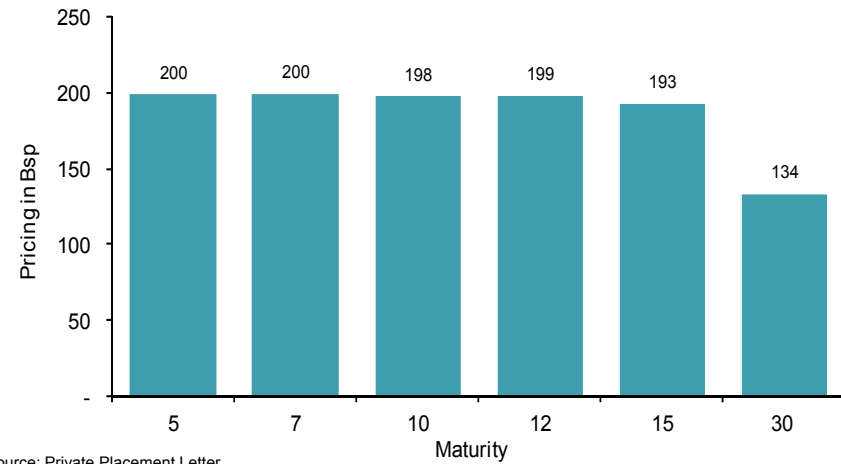
# USPP

## Private Placement Maturity Profile - 2013



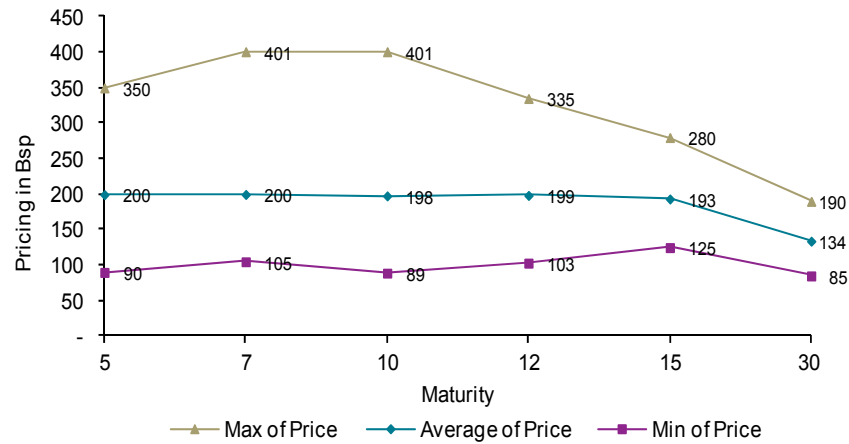
Source: Private Placement Letter

## Private Placement - Average price with different maturities - 2013



Source: Private Placement Letter

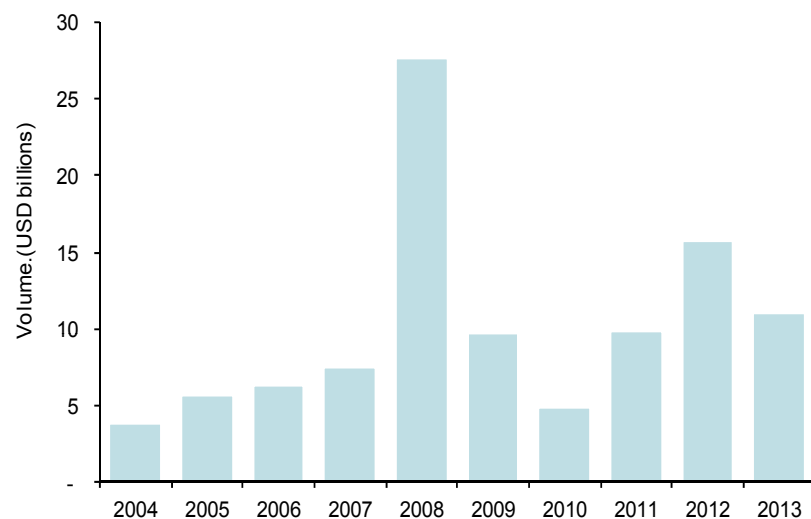
## Private Placement - Price range with different maturities - 2013



Source: Private Placement Letter

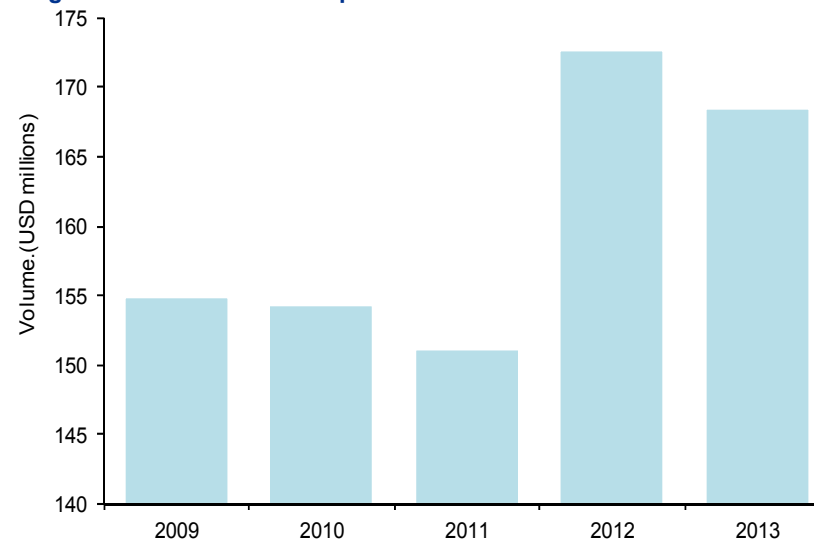
# German Schuldschein

## Corporate Schuldschein



Source: German Market Outlook Report

## Average Schuldschein Volume per Transaction



Source: German Market Outlook Report

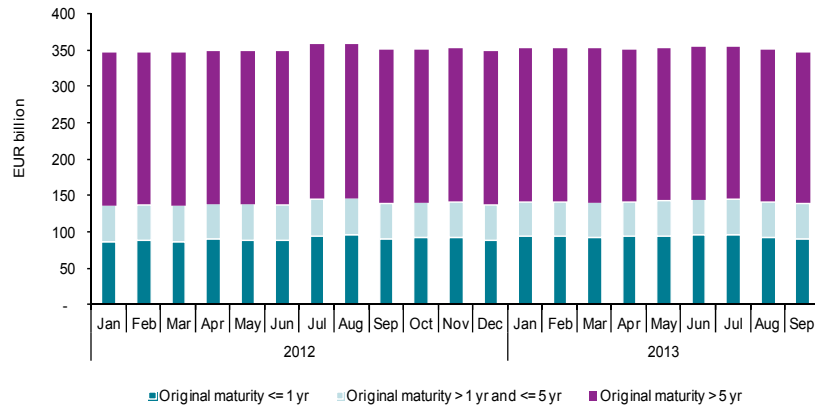
## Key comments

- Over the last 10 years, the Corporate Schuldschein market in Germany has attracted strong demand from investors. With a total issuance volume of approximately USD11.0bn in 2013, the positive long-term trend remains intact
- It is estimated that the total volume of outstanding Corporate Schuldschein volume will be in the range of USD79.7–92.9bn currently, and the corporate Schuldschein market redemptions to be approximately USD6.6–6.0bn in 2013. A large number of these redemptions have been replaced by new issues
- Approximately 25% of the Corporate Schuldschein issuers were foreign companies, foreign issuers from European countries have frequently tapped the Corporate Schuldschein market and have successfully executed transactions
- Transaction maturities extended from around 3 to 5 years in 2012 toward 5 to 10 years in 2013, depending on the industry – a trend that we expect to continue in 2014
- Many corporations have taken advantage of the Corporate Schuldschein market as first time issuers – sometimes using Schuldschein as a first step toward capital markets, and thus showing capital market readiness

Source: German Market Outlook Report

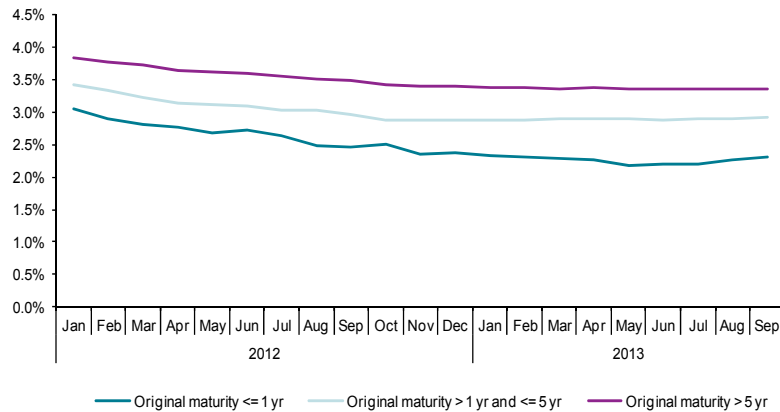
# Corporate Lending Netherlands – Volume & Pricing

Volume outstanding loans by original maturity



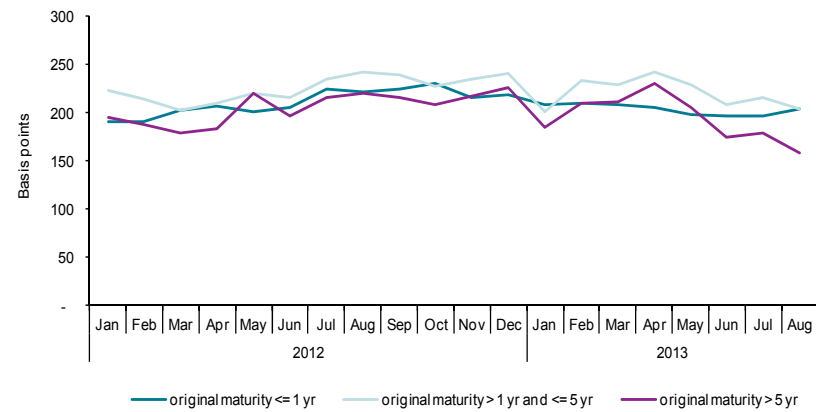
Source: De Nederlandsche Bank, KPMG analysis

Interest rates for outstanding loans by original maturity



Source: De Nederlandsche Bank, KPMG analysis

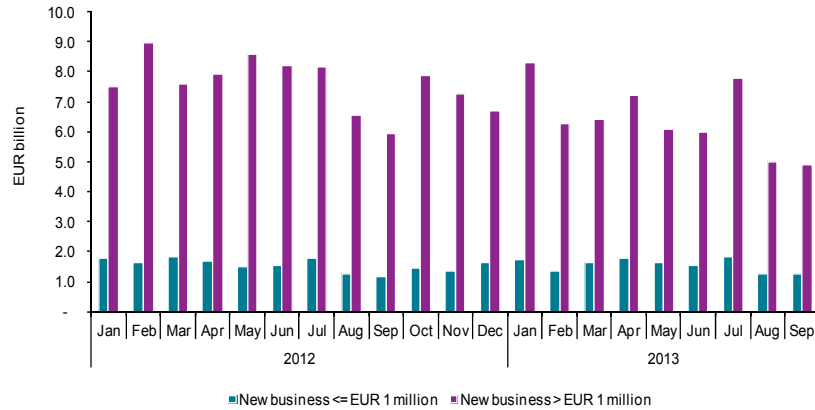
Spread for outstanding loans by original maturity



Source: De Nederlandsche Bank, KPMG analysis

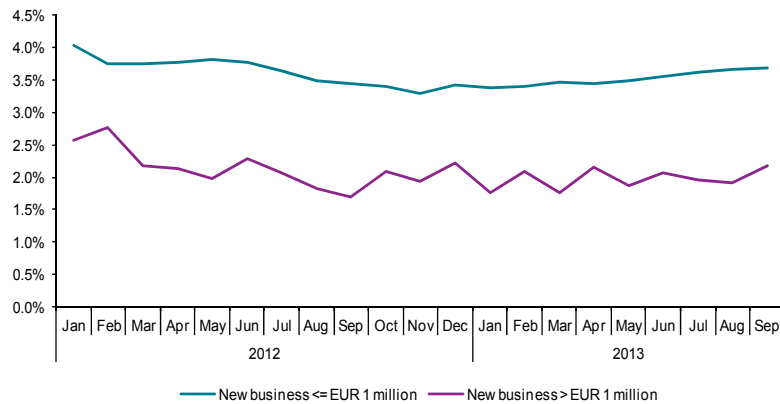
# Corporate Lending Netherlands – Volume & Pricing for new business

Volume new business by loan size



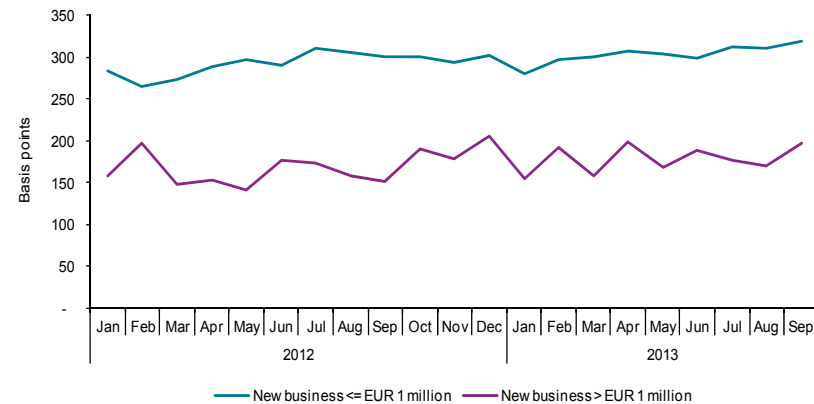
Source: De Nederlandsche Bank, KPMG analysis

Interest rates for new business by loan size



Source: De Nederlandsche Bank, KPMG analysis

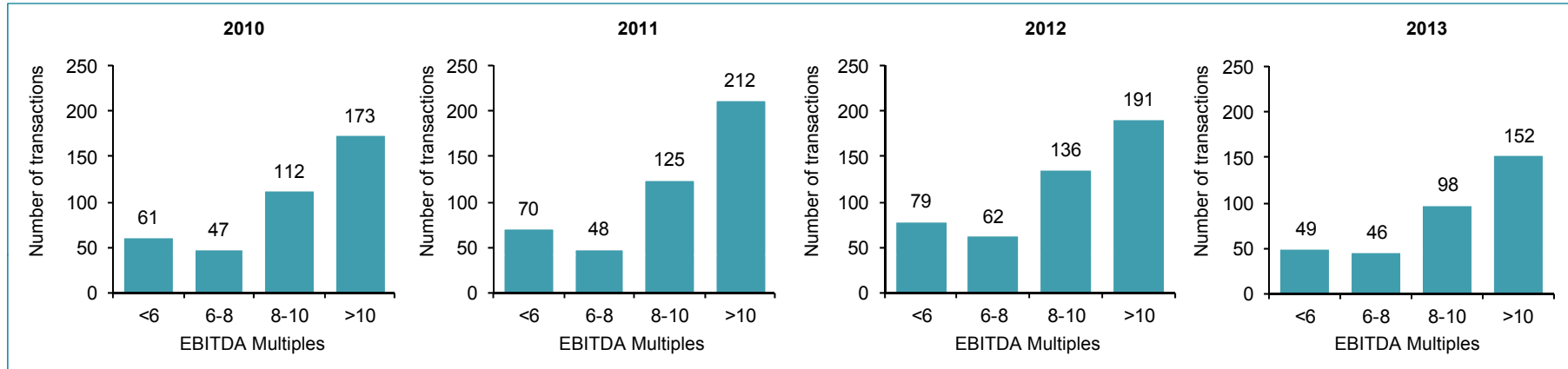
Spread for new business by loan size



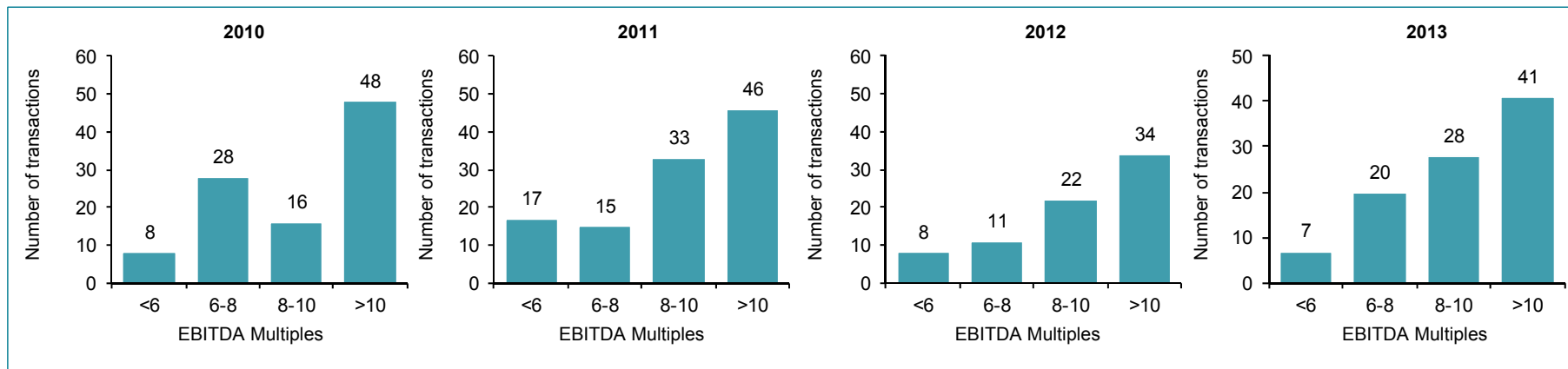
Source: De Nederlandsche Bank, KPMG analysis

# Prices paid in the mid-market from 2010 to 2013

## Strategic buyers



## PE buyers



Source: Mergermarket, KPMG analysis., figures based on announced deal characteristics, deals with deal value of 100m-500m are included



# KPMG M&A predictor

## Cashrich corporates

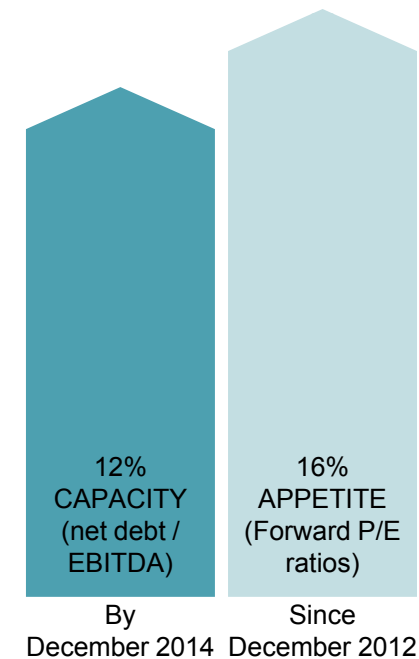
According to Tom Franks, Global Head of Corporate Finance at KPMG, “the growing appetite for deals and an increase in pressure to transact are two sides of the same coin. Investors have been patient over the last 3 or 4 years. But as deal capacity continues to rise and global markets maintain some stability, the pressure on cashrich corporates to start deal-making again is going to intensify.”

## Red hot IPO market

“Steadily increasing corporate confidence is still not being reflected in global transaction levels, and deal markets are continuing to struggle. However, this is against a background of a red hot IPO market in the UK and the US, and it will be interesting to see how the M&A situation changes throughout 2014,” said Tom Franks.

## Greater confidence

“It is encouraging to see such strong expectations for North America and Europe over the next 12 months, reflecting the return to form of these crucial M&A markets. Although the Fed’s December announcement on tapering quantitative easing might cause an initial wobble, greater confidence in North America and Europe should hopefully kick-start a recovery in transaction levels globally during 2014,” commented Tom Franks.



# Questions





**For further questions:  
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