



WILLIAM FRY

M&A REVIEW 2013



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The largest deals of 2013 have been driven by corporate acquirers using Ireland as a platform for strategic international expansion



FOREWORD

Welcome to the third edition of the William Fry M&A Annual Review, published in association with Mergermarket. This report provides a comprehensive overview of developments in the Irish M&A market during 2013, and offers insight on likely trends in the year ahead.

The Irish M&A market continues to show signs of recovery from the worst days of the financial crisis. 2013 was a year that saw consolidation of the recovery over recent years in the M&A market. Deal volume edged up 3% year-on-year (YoY) to 82 deals, although value dropped 26% to €18.9bn over the same period. Significantly, deal volume in the >€500m range doubled, thanks to a flurry of inbound strategic acquisitions in 2013. Equally, whereas previous years have been characterised by crisis-inspired M&A, the largest deals of 2013 have been driven by corporate acquirers using Ireland as a platform for strategic and international expansion.

This activity was most pronounced in the pharma/medical/biotech, telecomms/media/technology (TMT) and financial services sectors, all of which saw an influx of foreign buyers targeting Irish firms for their technological capabilities, growth potential and/or lucrative client bases.

However, the strategic M&A activity did not extend to the private equity arena. Private equity has been active in other sectors in Ireland, but not in the M&A sphere where it has been stagnant since 2010. In 2013, buyout value dipped to €251m, the lowest point since 2008. Meanwhile, exit activity remained languid, with four deals in 2013 compared to 2012's five. There are some signs of life in the TMT sector, where private equity and venture-backed targets saw some trade sale activity throughout the year, but on the whole the buyout world seems to be suffering from the lack of certainty and confidence that has suppressed deal volumes since 2009.

This may change in 2014 as regulators assess how Ireland has fared through the financial crisis that started more than five years ago. In 2014, the European Central Bank (ECB) will evaluate Irish banks' balance sheets to determine whether they have sufficient capital to offset the risk on their books. An independent team of evaluators, appointed by the International Monetary Fund (IMF), will measure the impact of Ireland's EU-IMF bail-out programme, which ended in late 2013.

Uncertainty notwithstanding, there is ample room for cautious optimism. In late 2013, international

ratings agency Moody's upgraded Ireland's credit rating from sub-investment grade to investment grade for the first time since 2011, paving the way for international investors – many of whom are restricted from investing in sub-investment grade debt – to purchase Irish bonds¹. The ongoing levels of international interest in other Irish asset classes, especially properties and loan books, shows that Ireland is on the international radar.

Overall, the M&A market in 2013 – much like the broader economy – has demonstrated a measure of resilience and recovery from the financial crisis. Investors with the appetite for growth, and the means to pursue it, have consistently turned to Ireland for the high quality assets and growth opportunities that the country has to offer, and should continue to do so well into 2014.



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¹ Source: (1) <https://www.moody.com/credit-ratings/Ireland-Government-of-credit-rating-423933>;
(2) <http://www.bloomberg.com/news/2014-01-17/ireland-regains-investment-grade-from-moody-s-outlook-positive.html>

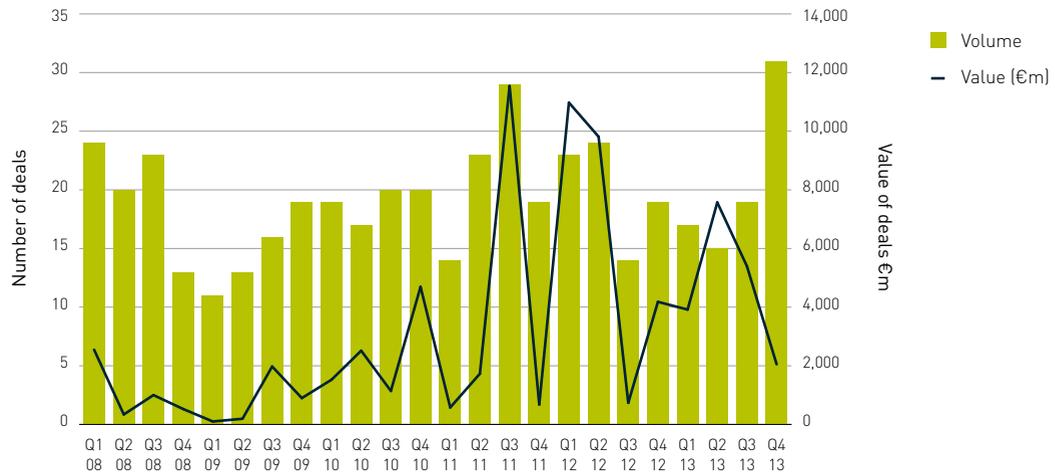
OVERVIEW

During 2013, 82 deals (worth €18.9bn) were announced, representing a 3% increase in volume but a 26% decrease in value from the 80 deals (worth €25.7bn) announced in 2012. The decline in private equity M&A activity was particularly pronounced: Ireland saw 16 private equity deals (buyouts and exits) worth €305m in 2013, marking the lowest point in annual private equity deal values on record since 2008. The exit market did show signs of life however, with Q4 2013 being the first quarter since Q2 2012 that registered any exit values at all. Exit value in Q4 2013 totalled €54m.

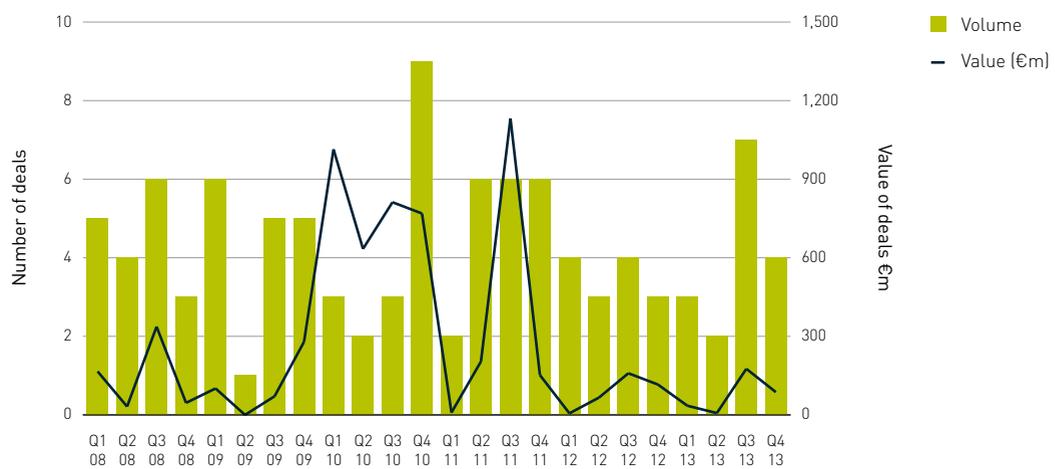
Despite the overall decline in M&A values, there was a noticeable increase in larger-scale dealmaking from 2012 to 2013. Though deal volume was still highest in the €15m to €100m range, in keeping with previous years, deal volume in the >€500m range doubled from 2012 to 2013. This brought M&A volume in this top-tier bracket close to its 2011 peak.

As in 2012, when the €9.3bn acquisition of Ireland-based Cooper Industries by US-based Eaton Corporation brought the combined entity to Ireland, the year's largest deals have been driven at least partly by the competitive tax environment in Ireland. The €6.5bn acquisition of Ireland-based Warner Chilcott by US-based pharmaceutical company Actavis, Inc. ranked as the year's largest M&A transaction, followed by the €4.9bn

IRISH M&A QUARTERLY TRENDS



IRISH PRIVATE EQUITY QUARTERLY TRENDS



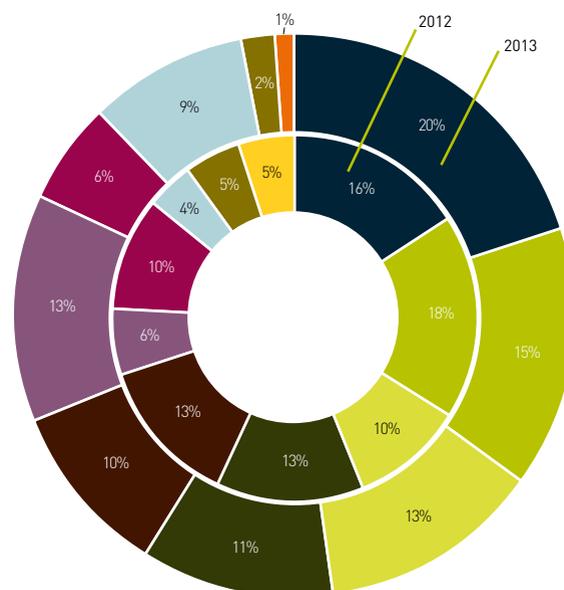
acquisition of Elan Corporation by US-based Perrigo Company. Actavis has indicated that, by re-listing in Ireland, it expects to see US\$160m in operational synergies and related cost savings over the next two years, whilst Elan-Perrigo also forecasts tax efficiencies.

SECTORS

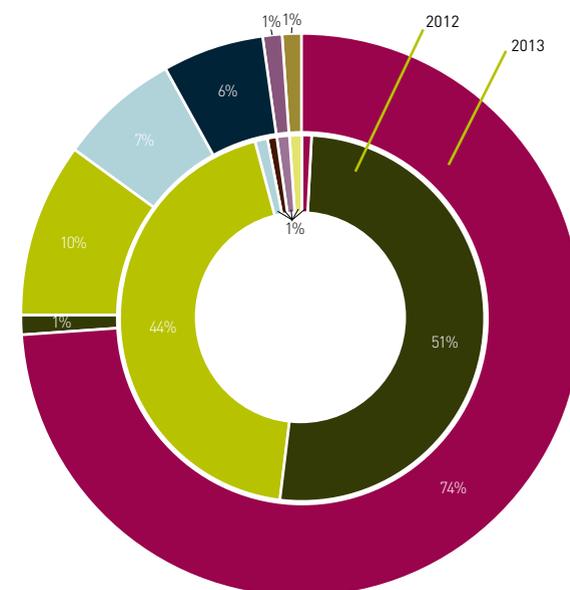
The sectoral breakdown shows that the most significant M&A activity came from Ireland's mainstay industries. In 2013, the bulk of M&A value (74%) was concentrated in the pharma/medical/biotech sector, due largely to the Warner Chilcott and Elan deals. The financial services sector accounted for 10% of aggregate deal value (down from a much more substantial 44% in 2012), the energy sector accounted for 7% and the TMT sector accounted for 6%. However, in contrast to value, M&A volume in 2013 was more evenly spread: though TMT and financial services were the busiest industries for the fourth consecutive year, accounting for 20% and 15% of deal volume, respectively, whilst business services (13%), leisure (13%), industrials & chemicals (11%) and consumer (10%) all accounted for roughly one-tenth of total volume.

Despite significant disparities in sector-specific figures, one defining feature across the board was the strong presence of foreign acquirers and the availability of high-quality assets. While

SECTOR SPLIT BY VOLUME



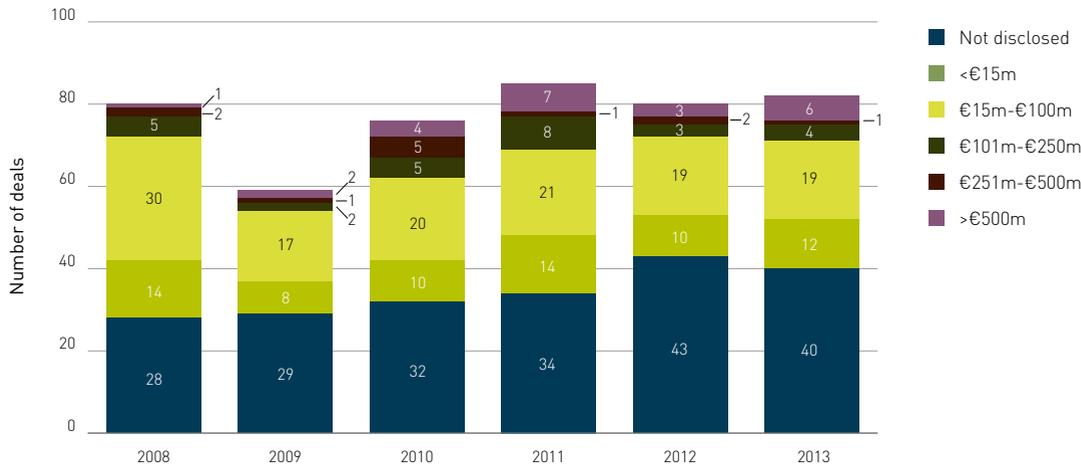
SECTOR SPLITS BY VALUE



Key for above two charts:

- TMT
- Consumer
- Transport
- Financial Services
- Leisure
- Construction
- Business Services
- Pharma, Medical & Biotech
- Agriculture
- Industrials & Chemicals
- Energy, Mining & Utilities
- Real Estate

IRISH M&A SPLIT BY DEAL SIZE



it may be the case that Ireland’s competitive tax regime has contributed to the rationale for some of the largest deals, it is also true that these deals involved highly specialised and attractive targets that give the acquirers a significant competitive advantage.

For example, the acquisition of Warner Chilcott by Actavis will reportedly give the combined entity circa US\$3bn in annual revenues solely from the target’s core therapeutic categories of women’s health, gastroenterology, urology and dermatology. The appeal of Elan’s Tysabri business, which was acquired by US-based Biogen Idec for €2.4bn in

Q1 2013 was another example of strategic targeted specialisation. The Tysabri business focuses mainly on the treatment of multiple sclerosis (MS) and Crohn’s disease, and post-acquisition the Tysabri business will further Biogen’s efforts to grow its MS franchise and to expand its business internationally.

Financial services M&A has also been driven by interest from foreign strategic acquirers. M&A in the sector fell 81% in value from 2012 to 2013 (from €11.3bn to €1.9bn), but the activity that took place consisted of strategic transactions involving market-leading international acquirers seeking an established footprint in Ireland.

In two of the year’s largest financial services deals, Canadian insurer Great-West Lifeco agreed to acquire Irish Life Group Limited from the Government of Ireland for approximately €1.3bn, in a deal that was reported to add CA\$215m to Great-West Lifeco’s consensus earnings per share in 2014 and is expected to generate pre-tax cost savings of €40m annually. The acquisition of Ark Life Assurance Company Ltd, the Irish insurance and pension services provider, by UK-based Guardian Financial Services for €414m is expected to result in similar benefits. The deal is part of an ongoing ‘buy-and-build’ strategy promoted by Guardian’s private equity owner Cinven, the UK-based private equity group, and it will see Ark Life’s assets under management increase exponentially.

Elsewhere large-scale M&A activity is being fuelled by deep pocketed institutional investors and foreign conglomerates. In the energy sector, M&A value increased more than threefold from €377m in 2012 to €1.3bn in 2013. The largest energy deal of the year (valued at €1.1bn) was the selection of a group of investors including Centrica, Brookfield Renewable Power and iCON Infrastructure as preferred bidders for Bord Gáis Energy after a competitive sales process. In the second largest energy deal of 2013, Japan-based Marubeni Corporation’s acquired a 25% stake (valued at €100m) in Mainstream Renewable Power Ltd., the Irish operator of domestic and international renewable energy plants.

Looking at deal volume and year-on-year growth, rather than purely deal value during 2013 alone, is a useful guide to understanding where the Irish M&A market is headed. Indeed, as 2012 and 2013 have clearly shown, sector-specific M&A values can fluctuate significantly depending on a few large deals. The Bord Gáis Energy deal almost single handedly caused a more than threefold increase in energy sector deal value in 2013, just as the 2012 Eaton-Cooper deal caused deal value in the industrials/chemicals sector to soar.

Some of the most rapidly growing sectors are those that do not register high M&A values. The leisure sector, which accounted for less than 1% of Irish M&A value in 2013 with just €159m worth of transactions, has actually seen deal values increasing steadily each year since 2009, and from 2012 to 2013 the sector's share of total M&A volume jumped from 6% to 13%.

A cross-section of recent deals in the sector shows that fresh investments into the distressed hotel industry have been a driving force behind this

growth. In Q3 2013, the China-based Kang family, acquired the Cork-based Fota Island Resort from the National Asset Management Agency for €20m. Other targets in 2013 included Trinity Capital Hotel, which was acquired by US-based property investor John Malone for €35m, and the Ashford Castle Hotel, which was acquired by UK-based hotel operator Red Carnation Hotels for €20m.

These deals follow closely on deals in 2012 such as the acquisition of The Burlington Hotel by US-

TOP 10 IRISH M&A DEALS, 2013

Announced Date	Target Company	Target Dominant Sector	Target Dominant Country	Bidder Company	Bidder Dominant Country	Seller Company	Seller Dominant Country	Deal Value (€m)
20/05/2013	Warner Chilcott Plc	Medical: Pharmaceuticals	Ireland (Republic)	Actavis, Inc.	US			6,546
29/07/2013	Elan Corporation Plc	Biotechnology	Ireland (Republic)	Perrigo Company	US			4,921
06/02/2013	Elan Corporation Plc (Tysabri business)	Medical: Pharmaceuticals	Ireland (Republic)	Biogen Idec Inc.	US	Elan Corporation Plc	Ireland (Republic)	2,404
19/02/2013	Irish Life Group Limited	Financial Services	Ireland (Republic)	Great-West Lifeco Inc.	Canada	Government of Ireland	Ireland (Republic)	1,299
12/12/2013	Bord Gáis Energy Trading Limited	Utilities (other)	Ireland (Republic)	Centrica Plc; Brookfield Renewable Power Inc; iCON Infrastructure LLP	Canada	Bord Gáis Eireann Limited	Ireland (Republic)	1,112
24/06/2013	Telefonica Ireland Limited	Telecommunications: Carriers	Ireland (Republic)	Hutchison 3G Ireland Limited	Hong Kong	Telefonica, S.A.	Spain	850
17/12/2013	Ark Life Assurance Company Ltd	Financial Services	Ireland (Republic)	Guardian Financial Services Limited	United Kingdom	Allied Irish Banks Plc	Ireland (Republic)	414
09/05/2013	Phonewatch Limited	Industrial products and services	Ireland (Republic)	Sector Alarm Holding AS	Norway	eircom Group Plc	Ireland (Republic)	
22/01/2013	OpenHydro Group Limited (48.7% Stake)	Energy	Ireland (Republic)	DCNS Group	France			130
30/07/2013	M50 Concession Limited (45% Stake)	Transportation	Ireland (Republic)	Dutch Infrastructure Fund BV	Netherlands	Sacyr Concesiones SL	Spain	125

During 2013, the bulk of M&A value (73%) was concentrated in the pharma/medical/biotech sector



based private equity investor the Blackstone Group for €67m. The hotel, which went into receivership the same year, has undergone a major (reportedly €16m) refurbishment and has been rebranded as a 'Double Tree by Hilton' hotel. The Hilton Group is also a Blackstone portfolio company.

OUTLOOK

Looking ahead to the remainder of 2014, dealmaking activity is likely to continue to be seen in some of Ireland's mainstay sectors. The Mergermarket Heat Chart, which tracks "company for sale" stories written over the past 12 month period, shows the highest number of potential M&A targets in the mainstay TMT sector, followed closely by the pharma/medical/biotech sector. Energy, mining and utilities, and business services are also expected to see more activity this year.

The predominance of Ireland's pharma/medical/biotech and TMT sectors suggests that the M&A environment of 2014 may broadly mirror that of 2013. However, it is worth noting that some of the most active markets for M&A do not necessarily lend themselves to strict sector definitions. This is especially true of the leisure sector, which covers hotels, sports venues and restaurant chains, among other assets. The flurry of hotel acquisitions in 2012 and 2013 shows that the sector has been a magnet for both private, specialist investors and large private equity

groups. The sector has seen a large boost in transactional activity from the sale of the licence to run the Irish National Lottery to Premier Lotteries Ireland, a consortium made up of UK lottery licence-holder Camelot, which has been a portfolio company of the Ontario Teachers Pension Plan since 2010, and of An Post.

At the same time, notwithstanding falling deal values in the financial services sector, a significant volume of potential M&A activity is expected to come from larger banks' non-core asset sales in 2014. Examples from 2013 include the sale of Credit Suisse's exchange traded funds (ETF) business to BlackRock and the sale of Ireland-based Unipol Fondi – a unit of Italian bank Unipol Banca – to Italian asset manager AcomeA SGR.

If external developments are any indication of where the M&A market is headed in 2014, it is likely that foreign investments will continue to play an important role in deal flows. One of the most promising developments of 2013 was the highly successful sale of Irish sovereign debt. The National Treasury Management Agency (NTMA), Ireland's debt manager, raised €7.5bn from two syndicated bond sales in the year's first quarter, both of which drew significant foreign interest and were oversubscribed. Coupled with Ireland's improved credit rating and the influx

TOP IRISH M&A DEALS HEAT CHART 2013

TMT	8
Pharma/Med/Biotech	7
Energy/Mining/Utilities	4
Business Services	4
Consumer	3
Financial Services	3
Industrials and Chemicals	2
Construction	2
Leisure	2
Real Estate	1
Grand Total	36



of foreign acquirers to the Irish M&A market – a phenomenon examined more closely in the following section – it seems that the slow but steady improvement of Ireland's M&A landscape is set to continue through the next 12 months.

SPOTLIGHT: INBOUND M&A

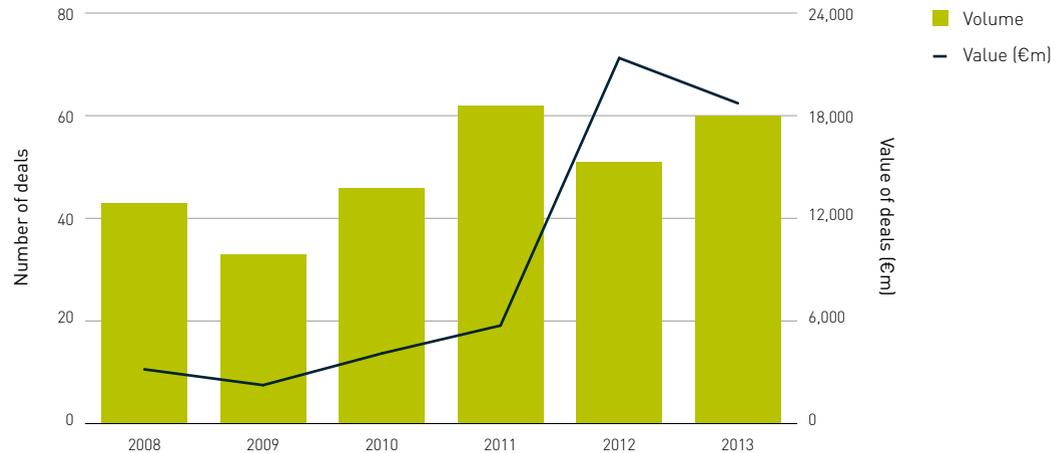
In 2013, inbound M&A in Ireland totalled 60 deals worth €18.7bn, marking an 18% increase in volume and a 12% decrease in value from the 51 deals worth €21.4bn announced in 2012. Notwithstanding this recent decline in value, inbound M&A values are still well above the 2008 to 2011 average of €3.8bn.

Inbound M&A also accounted for a growing share of the total M&A market: in 2013, inbound deals accounted for 99% of aggregate M&A value and 73% of volume, up from 64% of total value and 83% of total volume in 2012.

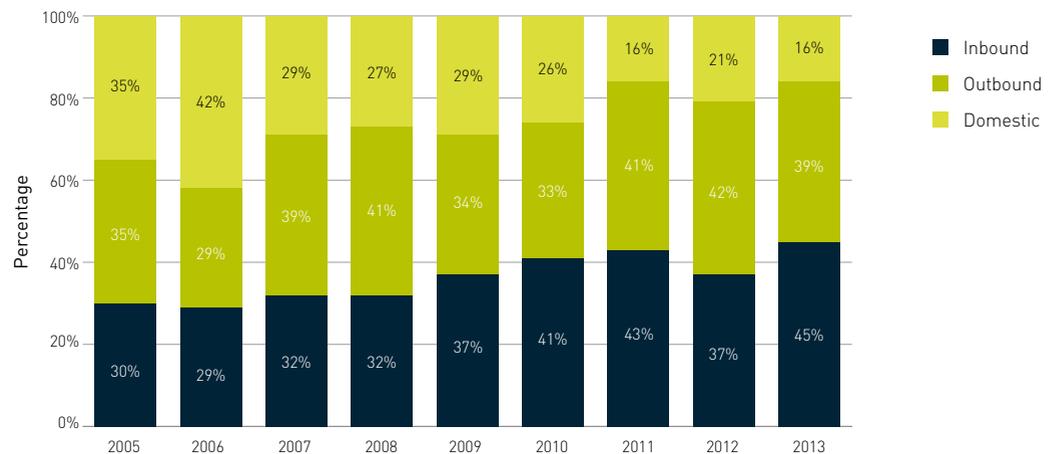
The predominance of inbound deal flow, when considered in the context of Irish outbound M&A activity, is clear. Foreign acquirers saw their share of activity reach its highest point on record (44%) since 2005. By contrast, outbound deal volume, while still healthy by historical standards, totalled 53 deals in 2013 compared to 58 in 2012, and domestic M&A volume slipped to its lowest point since 2005 at 20 deals. Outbound and domestic acquirers both saw their shares of total M&A volume decline from 2012 to 2013, with respective decreases from 42% to 39%, and 21% to 16%.

As is evident from our commentary in earlier sections of this report, much of the increase in inbound M&A activity comes down to the strength of a few mainstay Irish sectors. In keeping with 2012, inbound M&A volumes were highest in the TMT and financial

INBOUND M&A TRENDS BY YEAR



PROPORTION OF INBOUND, DOMESTIC AND OUTBOUND M&A

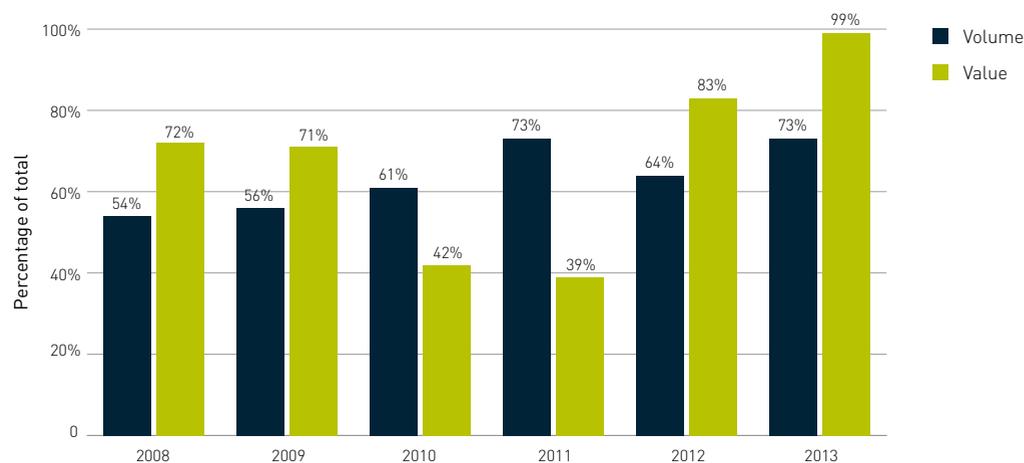


services sectors, whilst the energy, leisure, business services and pharma/medical/biotech sectors also saw noteworthy increases in deal volumes. Inbound M&A values were more tightly concentrated: 74% of aggregate value came from the pharma/medical/biotech sector, which saw €13.9bn worth of inbound M&A transactions in 2013. This space was followed, from quite a distance, by financial services (€1.8bn), energy (€1.3bn) and TMT (€1.1bn).

Sector-specific M&A values have been heavily influenced by a string of inverse takeovers, which have seen US-based companies relocating to Ireland as part of their expansion. The €6.5bn acquisition of Warner Chilcott by US-based Actavis and the €4.9bn acquisition of Elan Corporation by US-based Perrigo, which caused inbound M&A values in the pharma/medical/biotech sector to soar in 2013, were both inverse takeovers which took advantage of Ireland's competitive tax regime. Similarly, last year's €9.3bn acquisition of Ireland-based Cooper Industries by US-based Eaton Corporation, which saw the combined entity cut annual taxes by re-listing in Ireland, caused inbound M&A deal value in the industrials and chemicals sector to increase 80% from 2011 to 2012.

Tax efficiencies undeniably play a role for US-based firms, and have clearly played an important role in boosting inbound acquisition activity in recent years. But these benefits alone do not

INBOUND M&A AS SHARE OF TOTAL M&A



explain the continual rise of inbound M&A. Many of the inbound M&A deals taking place in Ireland involve highly specialised targets serving lucrative client bases, and the appeal of these specialised targets has continually drawn foreign investors (both strategic and financial) to companies in various industry sectors. Indeed, looking more closely at the largest inbound pharma deals of 2013 shows that there were more than financial benefits at stake.

This same appetite for competitive advantage and international growth helped to drive inbound M&A in the TMT sector, which saw inbound M&A value increase from €50m in 2012 to €1.1bn in 2013. The

year saw a string of acquisitions in which US strategic acquirers sought bolt-on acquisitions in Ireland. IBM announced its €92m acquisition of The Now Factory Limited, an Irish software developer focusing on intellectual property (IP) management; US-based life sciences technology group Accelrys paid €36m for Qumas, an Irish software developer serving the life sciences industry; and UK-based News Corporation acquired CrowdFlash (trading as Storyful) for €18m, in a deal that will give the international conglomerate access to the target's growing hyper-local, social media-based news businesses.

The TMT and pharma/medical/biotech sectors require companies to navigate constantly

In 2013 inbound deals accounted for 99% of aggregate M&A value and 73% of volume, up from 64% of total value and 83% of total volume in 2012



TOP 10 IRISH INBOUND M&A DEALS, 2013

Announced Date	Target Company	Target Dominant Sector	Target Dominant Country	Bidder Company	Bidder Dominant Country	Seller Company	Seller Dominant Country	Deal Value (EURm)
20/05/2013	Warner Chilcott Plc	Medical: Pharmaceuticals	Ireland (Republic)	Actavis, Inc.	US			6,546
29/07/2013	Elan Corporation Plc	Biotechnology	Ireland (Republic)	Perrigo Company	US			4,921
06/02/2013	Elan Corporation Plc (Tysabri business)	Medical: Pharmaceuticals	Ireland (Republic)	Biogen Idec Inc.	US	Elan Corporation Plc	Ireland (Republic)	2,404
19/02/2013	Irish Life Group Limited	Financial Services	Ireland (Republic)	Great-West Lifeco Inc.	Canada	Government of Ireland	Ireland (Republic)	1,299
24/06/2013	Telefonica Ireland Limited	Telecommunications: Carriers	Ireland (Republic)	Hutchison 3G Ireland Limited	Hong Kong	Telefonica, S.A.	Spain	850
17/12/2013	Ark Life Assurance Company Ltd	Financial Services	Ireland (Republic)	Guardian Financial Services Limited	United Kingdom	Allied Irish Banks Plc	Ireland (Republic)	414
09/05/2013	Phonewatch Limited	Industrial products and services	Ireland (Republic)	Sector Alarm Holding AS	Norway	eircom Group Plc	Ireland (Republic)	
22/01/2013	OpenHydro Group Limited (48.7% Stake)	Energy	Ireland (Republic)	DCNS Group	France			130
30/07/2013	M50 Concession Limited (45% Stake)	Transportation	Ireland (Republic)	Dutch Infrastructure Fund BV	Netherlands	Sacyr Concesiones SL	Spain	125
05/08/2013	Mainstream Renewable Power Ltd. (25% Stake)	Energy	Ireland (Republic)	Marubeni Corporation	Japan			100

changing competitive and regulatory landscapes. For this reason it is not surprising that TMT and pharma groups have looked to Ireland for targets that can help them face these challenges – the acquisition of CrowdFlash, for instance, gives News Corporation a running start in the trend toward collaborative online news, whilst the acquisition of Qumas prepares Accelrys to serve drug developers who will soon feel the competitive pressure of patent expiries and healthcare reform.

The same appetite for specialised services and sizeable client pools that has fuelled inbound TMT and pharma is also driving inbound M&A in the asset management and insurance industries.

In October 2013, US-based private equity firm Kohlberg Kravis Roberts & Co. (KKR) expanded its existing credit business into Ireland by acquiring Ireland-based credit investment manager Avoca Capital for €80m. With US\$8bn in assets under management, 67 employees

based in Dublin and London, and a broad investor base of pension funds, insurance companies, asset managers, private banks and specialist investment vehicles, Avoca will complement KKR's existing European senior and liquid credit business, allowing the buyout giant to expand its geographical footprint and diversify its credit investment strategies.

The €414m acquisition of Ark Life Assurance, formerly a unit of Allied Irish Banks Plc., by

UK-based Guardian Financial Services is similarly indicative of the high-quality assets that Ireland has to offer. The acquisition of Ark Life, which manages assets of €4bn and 270,000 policies, will reportedly increase Guardian's assets under management to €17bn covering 850,000 policies, and it is expected that the deal will also give Guardian a platform to grow its reinsurance businesses throughout the UK and continental Europe.

Apart from traditional strategic and private equity acquirers, institutional investors – particularly those focused on Irish infrastructure – have been a driving force behind inbound M&A. This year Netherlands-based infrastructure investor Dutch Infrastructure Fund (DIF) announced that it had made two minority stake investments into Ireland's transportation and industrials sectors. In July, DIF announced its acquisition of a 45% stake in M50 Concession, the operator of the M50 Dublin motorway, from Spanish motorway operator Sacyr Concesiones (a subsidiary of construction and property group Sacyr Vallehermoso) for €125m. The DIF Infrastructure III fund also acquired a 34% stake (valued at €11m) in Eurolink Motorway Operation, the Irish expressway concession manager, from SIAC Infrastructure, a subsidiary of SIAC Construction. The infrastructure sector also saw the sale of Towercom to the Irish Infrastructure Fund for €120m in February.

Given the continual rise in inbound M&A and the abundance of attractive targets in Ireland's mainstay sectors, it is likely that inbound buyers will continue to play an important role in driving deal activity through 2014. KKR's expansion into Ireland and Cinven's decision to use Ark Life as a bolt-on business evidence the fact that Irish assets are very much on the radar of foreign investors.

SPOTLIGHT: TMT

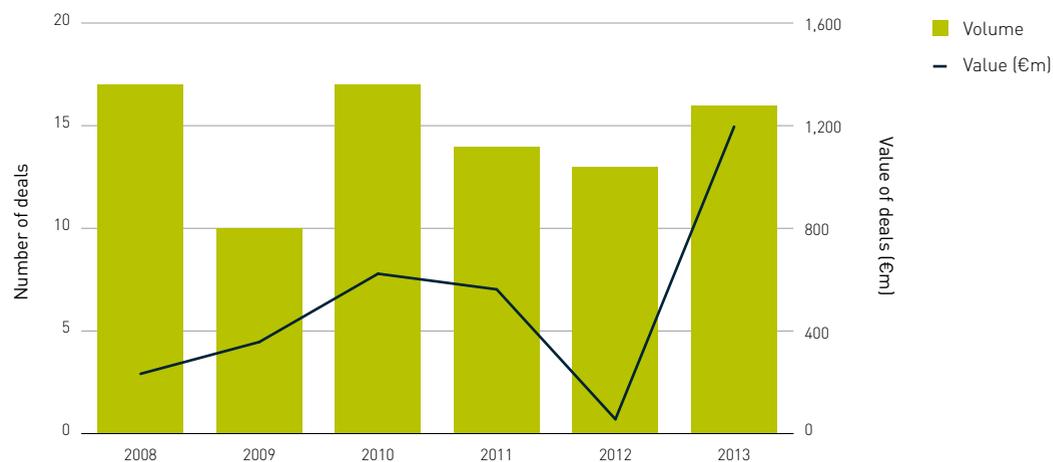
The TMT sector has been one of the strongest in the Irish M&A markets for several years. Whereas, with the exception of the financial services sector over recent years, other sectors tend to see their share of overall M&A activity change materially in response to one or two large deals, M&A in the TMT space has consistently held a significant share of the Irish M&A market. TMT M&A has accounted for approximately one-fifth of total deal volume in Ireland every year since 2008, and from 2012 to 2013 the sector's share of total deal volume increased from 16% to 20%.

In total, 2013 saw 16 TMT deals worth a combined €1.2bn, representing a 23% increase in volume and a more than twenty-fold increase in value from the 13 deals worth €55.5m announced in 2012.

The sector also managed to buck the trend of declining private equity deal flow: more than half of the private equity exits announced from 2012 and 2013 involved TMT companies focused on software development and new media, with many strategic acquirers sourcing their targets from private equity and venture capital portfolios.

The TMT sector covers a broad spectrum of businesses, including traditional telecom carriers and providers, computer hardware and software developers, internet and ecommerce companies, as well as traditional and new media businesses. In value terms, the largest M&A deals of 2013 have involved traditional telecom carriers.

TMT M&A TRENDS BY YEAR



The announcement of the €850m acquisition of Telefonica Ireland Limited (a subsidiary of Spanish group Telefonica) by Hutchison 3G Ireland, a subsidiary of Hong Kong-based Hutchison Whampoa, was the year's largest announced TMT deal. Also of note was the Irish Infrastructure Fund's €120m acquisition of radio operator and broadcaster TowerCom from a consortium of investors including Ireland-based Goodbody Stockbrokers, US-based hedge fund Plainfield Asset Management and Irish communications group Threefold Project Management.

In volume terms, however, the bulk of TMT M&A in Ireland in 2013 came from smaller-scale deals in

dynamic, competitive subsectors including software development and new media. In these areas, Ireland has been a magnet for foreign strategic acquirers seeking the technological innovation, sizeable client pools and highly specialised service offerings for which Irish TMT businesses have come to be known.

A case in point is Dublin-based The Now Factory, the Irish software developer which was established in 2007 and focuses on IP intelligence solutions, which was acquired by IBM for €92m this year. The Now Factory provides customer analytics to 40 leading Communication Service Providers (CSPs) in 29 countries and has collected numerous accolades since it was set up – the company was named

In volume terms, the bulk of TMT M&A in Ireland in 2013 came from smaller-scale deals in dynamic, competitive subsectors including software development and new media



TOP 10 IRISH TMT M&A DEALS, 2009 – 2013

Announced Date	Target Company	Target Dominant Sector	Target Dominant Country	Bidder Company	Bidder Dominant Country	Seller Company	Seller Dominant Country	Deal Value (EURm)
24/06/2013	Telefonica Ireland Limited	Telecommunications: Carriers	Ireland (Republic)	Hutchison 3G Ireland Limited	Hong Kong	Telefonica, S.A.	Spain	850
12/11/2010	Sophis Holdings (Ireland) Limited	Computer software	Ireland (Republic)	Misys Plc	United Kingdom	Advent International Corporation	US	440
12/11/2009	Web Reservations International Limited	Internet / ecommerce	Ireland (Republic)	Hellman & Friedman LLC	US	Summit Partners LP; Ray Nolan (Private Investor); Tom Kennedy (Private Investor)	US	228
14/01/2011	Norkom Group Plc (formerly Norkom Technologies Limited)	Computer software	Ireland (Republic)	BAE Systems Plc	United Kingdom			180
09/08/2013	TowerCom Ltd.	Telecommunications: Carriers	Ireland (Republic)	The Irish Infrastructure Fund	Ireland (Republic)	Towercom Holdings Limited	Ireland (Republic)	120
05/12/2011	Curam Software Limited	Computer software	Ireland (Republic)	IBM Corporation	US			
04/04/2011	ION Trading (Undisclosed Stake)	Computer software	Ireland (Republic)	TA Associates Management, L.P.	US			108
01/10/2013	The Now Factory Limited	Computer software	Ireland (Republic)	IBM Corporation	US			
07/10/2011	NewBay Software Ltd.	Computer software	Ireland (Republic)	BlackBerry Limited	Canada	Benchmark Capital; Volition Capital; Balderton Capital (UK) LLP	United Kingdom	75
05/08/2013	Mainstream Renewable Power Ltd. (25% Stake)	Energy	Ireland (Republic)	Marubeni Corporation	Japan			100

National Champion for Ireland at the 2012-2013 European Business Awards, Software Exporter of the Year in 2012 by the Irish Exporters Association, and ranked fourth on the Deloitte Technology Fast 50 list in 2012.⁶

Another US-based technology company, Accelrys, acquired Irish software developer Qumas, whose audit and document management products cater to pharmaceuticals, life sciences and biotechnology companies. Accelrys, a leading

provider of modeling, simulation, enterprise lab management, data management and informatics to the life sciences industry, paid €36m for Qumas, approximately eight years after the company received its first US\$10m round of financing from

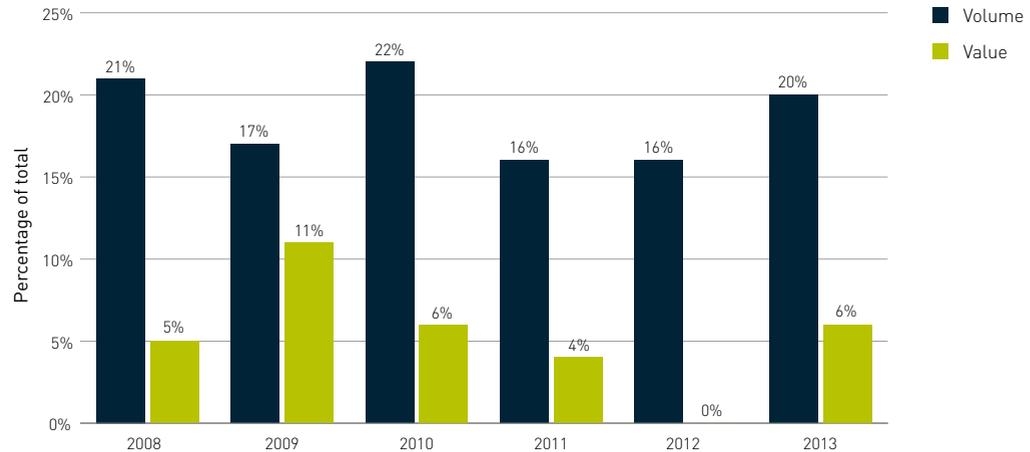
⁶ Source: <http://www.thenowfactory.com/awards>

Ireland-based Ventures and General Catalyst Partners and other investors.

The acquisitions of The Now Factory and Qumas are indicative of the “search and development” strategy being pursued by larger international corporates, which have sought to acquire targets with mobile, cloud, digital and life sciences capabilities rather than developing these capabilities in-house. Ireland has been one of the most popular target locations in this sector as the country offers no shortage of growing, venture-backed businesses that can significantly enhance the acquiring company’s product offering.

Accelrys, for example, was able to add a range of new services to its existing offerings with its acquisition of Qumas, including electronic medical record management and compliance software that reduces the time from lab to market for drug developers, while the acquisition of The Now Factory likewise allows IBM to serve the ever-growing group of telecom companies seeking to understand the data on how their customers interact with mobile services.

TMT M&A AS SHARE OF TOTAL M&A



This “search and development” trend is well known to the Irish private equity and venture capital communities. In 2013, Irish Venture Capital Association (IVCA) chairman Mark Hogan called for Irish pension funds to invest at least 2% of their €80bn in assets under management into the Irish technology firms in the coming year, in order to stimulate the growth of Ireland’s small to medium sized enterprises (SMEs) and to counter the trend of Irish firms selling out to strategic buyers before

their full potential is reached.⁷ Hogan, a partner at Ireland-based Atlantic Bridge, has already seen his firm take steps in this direction.

In 2013, Atlantic Bridge joined Germany-based Robert Bosch Venture Capital and UK-based DFJ Esprit to acquire an undisclosed stake in Movidius, a California start-up with development centres in Dublin, for a consideration of €12m. The fresh investment from Atlantic Bridge will help Movidius

⁷ Source: <http://www.businessandleadership.com/small-business/item/42830-ivca-chairman-calls-for/>

to accelerate the development of computer chips that can vastly improve the visuals on mobile devices – an expensive, several years-long project that will put the company in direct competition with Apple, Samsung and Intel.⁸ Atlantic Bridge also invested €8m into Ireland-based FieldAware, which develops made-for-mobile, cloud-based field management software for SMEs. The company is already expanding quickly into the American market. Last year the business opened new offices in Chicago, which houses 80 new staff in sales, business development, marketing, finance and human resources.⁹

Given the calibre of Ireland's TMT assets, it is likely that the sector will continue to be an important hub for Irish M&A activity. If calls for increased investment into TMT are answered, this same defining feature of M&A in 2013 – strategic acquirers scooping up tech-savvy Irish businesses that have grown with private equity or venture capital support – may well inspire similar TMT deals in 2014.

ABOUT THE RESEARCH

The underlying data to this report comes from the Mergermarket database. Historical data contained in this report includes deals announced from 01/01/2008 to 31/12/2013, excluding lapsed or withdrawn bids or deals valued below €5m.

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⁸ Source: [1] <http://venturebeat.com/2013/07/10/with-16m-in-funding-movidius-will-make-chips-to-vastly-improve-visuals-on-mobile-devices/>; [2] <http://www.movidius.com/about-movidius/>

⁹ Source: [1] <http://www.fieldaware.com/fieldaware-expands-chicago-office-to-support-business-growth95/>; [2] <http://www.bizjournals.com/chicago/news/2013/06/26/fieldaware-expands-in-downtown.html>

ABOUT WILLIAM FRY

William Fry is one of Ireland's largest law firms and has been a top tier firm in the corporate and M&A markets for many decades. With offices in Dublin, London, New York and Silicon Valley, we offer unrivalled corporate and commercial expertise and experience across the full breadth of the business sector. Our results-focused and innovative team of more than 270 high calibre lawyers and tax professionals and 110 support staff have worked on the highest profile corporate and commercial transactions and legal challenges of recent years.

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