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CHRIST UNIVERSITY INSTITUTE OF MANAGEMENT, KENGERI CAMPUS

PRESENTS

SYMBIONT

A Newsletter On Mergers & Acquisitions

MAY 2013

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CIBC buys Atlantic Trust from Invesco for $ 210 million

ANKIT MEHROTRA 4MBA B

Canadian Imperial Bank of Commerce (CIBC), Canada's No. 5 Bank is all set to buy Atlantic Trust wealth management business for $210 million from global investment manager, Invesco Ltd. The deal is expected to close by the second half of the year.

According to CIBC, the acquisition will help the company to expand its wealth management business in North America and give the company exposure to the high net worth of U.S private wealth market, whose assets are growing at 50% faster rate than that of an average U.S household. CIBC has an intensively domestic focus amongst the top 5 Canadian Banks. In the year 2011, CIBC's international expansion was worth $848 million, after it had acquired 41% stake in American Century Investments.

Atlantic Trust manages assets worth about $20 billion & it caters to wealthy families, foundations, individuals and endowments. It has employee strength of about 235 people and is operating in 12 locations in U.S which includes places like Atlanta, Boston, Chicago and New York. Acquisition of Atlantic Trust by CIBC would add assets worth $20 billion along with the mentioned employee strength.

The sale will reduce Invesco's annual earnings by about 5 cents a share as announced by the Chief Financial Officer Loren Starr. The company intends to use the money raised to repurchase its own stock, offsetting the dilution of earnings by 3 cents a share. As estimated by Starr, the sale allows for improved allocation of capital and resources and for growth in our core investment business.

After the news flashed about the acquisition in the market, the share prices of CIBC fell by 49 cents to $78.35 at Toronto Stock Exchange while the share prices of Invesco rose by 30 cents to $30.18 at New York Stock Exchange.

LinkedIn Corp. has adopted the acquisition for growth strategy. The company recently agreed to acquire a news reading and mobile content distribution company, Pulse.

Pulse is a well-known platform for content gathering from the Internet

Source:
http://finance.yahoo.com/news/linkedin-grows-pulse-takeover-210002117.html

DTDC acquires 70% stake in Nikkos Logistics

ASHA JOSE 4MBA B

DTDC Courier & Cargo Ltd., India's premier express courier company acquired Bangalore-based Nikkos Logistics Pvt Ltd with majority stake in the company. The joint venture will be 70% owned by DTDC and 30% by the Bangalore-based Nikkos Logistics Pvt Ltd. The new entity will be called DTDC Nikkos International logistics Pvt. Ltd.

The acquisition of Nikkos complements and expands DTDC's strategy to offer complete end-to-end logistic solutions to customers in national and international markets. Nikkos logistics solutions will help expand DTDC's network by linking the domestic offerings globally and vice versa.

The acquisition allows DTDC to combine its strength with Nikkos to penetrate & consolidate it's presence globally. Tapping on opportunities will further enable more feet on street, robust infrastructure and quality delivery capabilities for DTDC around the globe

Nikkos Logistics Pvt Ltd. is a Bangalore based company established in the year 2011. The company has a healthy base of customers across various industry verticals like Pharma, Construction, Aviation, Food, Agriculture, Handicrafts and Engineering. Nikkos Logistics Pvt Ltd. is involved in the business of complete logistics services by land, sea, air or by any other means, supply chain management service providers.

DTDC has been steadily building up its product portfolio and international presence by setting up various subsidiaries and Joint Ventures. Acquisition of Nikkos is part of the same strategy. Last year, same time, DTDC had acquired Eurostar Express in Dubai which has now become significant player in the Middle East Market. Nikkos is DTDC's second successful acquisition within one year.

Last year, DTDC became the first Indian Express company to have made an acquisition outside India with a majority stake in Eurostar Express of UAE, Fast World Express Pvt Ltd of Australia and Kuwait Bayarek General Trading & Contracting Co. W.I.I. in Kuwait.

Sources
www.reuters.com
www.indiainfoline.com

Germany's JAB to buy Douwe Egberts firm in $9.8 billion deal

CRISSMOL VARGHESE 4 MBA A

John A. Benckiser (JAB), the financial holding company of Riemann family, has agreed to buy D.E. Master Blenders NV, owner of the coffee maker, Douwe Egberts in a €7.5 billion deal, after reaching a conditional agreement of €12.50 per share takeover.

JAB is investing aggressively in the hot drinks business with new and innovative products to tap the strong growth in the sector. JAB presently owns major coffee brands like Caribou Coffee Co Inc and Peet's Coffee & Tea Inc in the United States. JAB also holds investments in shoemaker, Jimmy Choo Ltd. and perfume maker, Coty Inc.

This deal is aimed to head on with the global players like Nestle, as Douwe Egberts has got strong market share in Europe. Douwe Egberts is currently in the third position globally in the coffee roasting sector, with an annual sale of around $4 billion.

Although the offer was below the original proposal of €12.75 per share, it still includes 36% premium of D.E. Master Blender's average share price for the three months before the deal talks were disclosed.

Presently, JAB owns 15.05% stake in D.E.Master Blenders which discouraged competing bids and also, JAB actually needs to pay just €6.4 billion to close the deal. According to Bart Becht, the Chairman of JAB, D.E.Master Blenders have got a strong management team, fantastic brands and enormous expertise and potential in the coffee and tea categories which can be used as a platform for both organic growth as well as acquisitions in the fast moving consumer goods coffee and tea categories, although, the Chief Executive of D.E.Master Blenders, Jan Bennink, who will step down after the deal, alleged that the company had not had contacts with other potential buyers.

Sources:
http://uk.reuters.com/article/2013/04/12/uk-demasterblenders-jab-offer-dUKBRE93B07Y20130412
http://www.chicagotribune.com/news/sns-rt-us-demasterblenders-jab-offerbre93b0ks-0130412,0,3042170.story

New Zealand industrial property investor Property for Industry Ltd said on Monday it would merge its operations with Direct Property Fund Ltd.

Source:
http://www.reuters.com/article/2013/04/14/pfi-merger-idUSL3N0D10CP20130414?feedType=RSS&feedName=financialsSector&rpc=43

Sinclair Broadcast Group to acquire Fisher Communications, Inc.

MANAV BATRA 4 MBA B

Television station operator, Sinclair Broadcast Group Inc, held that it would buy Fisher Communications Inc for about $373 million, to expand its operations in the western United States.

The offer values, Seattle based Fisher Communications at $41 per share, a premium of 5 percent to the stock's closing price. Started in 1910, Fisher's history of operating television and radio stations in the northwest corner of the U.S has played an important role in its communities and in producing high-quality local news. This is a major opportunity for Sinclair to move into two top 25 markets. Sinclair is expected to finance the acquisition with cash on hand and debt and it might also raise funds from capital markets.

After completion of the deal, Sinclair would be able to reach more than a third of U.S households with a television. Chief Executive David Smith said that they are excited to acquire Fisher and expand their coverage westward, especially in the two key markets of Seattle and Portland. Sinclair's television group, which includes 27 FOX, 17 ABC, 15 CBS and 11 NBC affiliates, reaches about 30 percent of U.S. television households whereas Fisher owns 20 television stations in eight markets and three radio stations. It runs CBS and ABC affiliates such as KPIC TV, KCBY TV and KATU TV.

According to Ever core Partners analyst Doug Arthur, Sinclair had secured cheap financing for a series of acquisitions over the last 18 months and have generally been very accretive, and that's why the stock's up. Sinclair bought four television stations owned by COX Media Group for $99.0 million in February and six stations from Newport Television in July 2012 and 15 stations from Freedom Communications and Four Points Media for a combined $585 million in November 2011. When Fisher announced in January that it was exploring strategic options, Gabelli, the largest shareholder in the company with a 26.75 percent stake, admitted that he preferred a leveraged restructuring to the outright sale of the company.

Source:
http://www.reuters.com/article/2013/04/11/us-fisher-sinclair-takeover-idUSBRE93A0UZ20130411

NASDAQ to be eSpeed platform for $750 million

MUMTAZ SUNIL 4 MBA D

Nasdaq OMX Group IC is planning to enter into the most liquid and largest cash markets, by considering the decision of buying electronic treasuries trading platform, eSpeed for $750 million. The need for more exposure is definitely the outcome of such a decision and it also proves to be favorable to the company's strategies. It is expected that their exposure to fixed income market is going to bring out favorable results for them, as it would help in increasing the asset classes beyond stock trading, where volume has been depressed for years.

Diversification of Nasdaq's US offerings can be identified as the major benefit as a result of this acquisition. Previously Nasdaq was not having much asset class diversification in the US, but this acquisition is going to bring about a change for Nasdaq. Treasury options trading is offered by Nasdaq in US and they have planned to launch the NLX in the US. Nasdaq wants to offer their customers more access to the fixed income products and more trading instruments through the acquisition.

BGC has also announced that the total consideration for the deal is upto $1.23 billion. It is one of the biggest deals of Nasdaq and is expected to bring earnings within the first twelve months after closing, which is expected by mid 2013. However, the risk associated with the same is that Nasdaq is buying eSpeed at a time at which the trading treasuries are at a cyclical low. Thus, this deal would help Nasdaq to differentiate themselves from the other exchange operators due to their increased access to fixed income markets.

Sources :

http://www.business-standard.com/article/international/nasdaq-to-buy-espeed-platform-for-750-mn-113040200051_1.html

http://www.indiainfoline.com/Markets/News/Nasdaq-to-acquire-eSpeed-platform-for-dollar-750-mn-reports/5650324911

KKR is getting into the car business, to a certain extent. The storied private equity firm has reached an agreement to take a controlling stake in Alliance Tire Group, a multinational manufacturer of off-highway tires.

Source:

http://www.fool.com/investing/general/2013/04/12/kkr-to-acquire-controlling-stake-in-alliance-tire.aspx

TCS to acquire French based ALTI SA for €75 million

RISHAV JAIN, 4 MBA B

AASIM NOOR ALAM, 4 MBA A

Tata Consultancy Services (TCS), India's largest IT service provider, has acquired France based Alti SA, an IT services company in France, for €75 million which comes to be around Rs.533 crore in an all cash deal. The impact of such an acquisition was evident in the stock market where the company's stock rose two percent intraday on BSE to Rs.1,512 a share, before closing at Rs.1497 up by 1.1 per cent. TCS' sole advisor for the deal was BNP Paribas. The acquisition is one of the largest for the company in continental Europe and one of the first by an Indian IT player in France.

Alti SA is a privately held company, owned by its management and two private equity funds, which are CM-CIC LBO Partners and IDI, both of which supported its growth to a revenue base of €126 million (around Rs. 895 crore) in 2012 from €64 million (around Rs. 455 crore) in 2007. The firm is one of the top five system integrators of enterprise solutions in France. Its customers include some of the top French corporations in banking, manufacturing, financial services, luxury sectors and utilities. The acquisition shows company's long term commitment to France, which is one of the largest IT services market in Europe.

TCS CEO & MD, N Chandrasekaran said that, the acquisition would help the company serve its clients in Europe more comprehensively with an expanded set of services and solutions, bringing the best of the company to French corporations.

TCS managed to acquire the company for a discount to its revenue, reflecting the amount of pressure several European companies are facing while valuation. The valuation of European companies are very attractive and the IT firms with huge cash piles seek make use of such opportunity. The acquisition would give the company an outsized presence in Europe with an employee base of 1,200.

Sources:

http://www.tcs.com/news_events/press_releases/Pages/TCS-IT-Services-firm-ALTI-75-million-France.aspx

Coal India planning to acquire mines in New South Wales Australia

ABHISEK SAHU 4 MBA C

Coal India Ltd (CIL) is in discussion with an Anglo-Australian mining company, Rio Tinto's coal mines as it is eyeing upon the coal mines in Australia. Rio Tinto has coal assets like Coal Industries in the New South Wales Province of Australia and other mines in Queensland province and its coal operations are basically around three open cast mines at Mount Thorley Warkworth, Hunter Valley and Bengalla, while it directly controls the mines in Queensland.

Rio Tinto has employed Deutsche Bank to find buyers for stakes in these mines as it is unable to operate them profitably. The company is trying to review the situation and forecast the growth that can be optimally achieved in the sector in light of current coal market conditions.Battered by falling global coal prices, rising input costs and strengthening of the Aussie dollar and also due to the current constraints in South New Wales for high operating costs and infrastructure issues in Mozambique, Rio Tinto is currently thinking of selling its coal assets.

CIL reportedly said that they have received three offers from merchant bankers for some Australian coal mines, including those representing Rio Tinto. With nearly Rs.60,000 crore of cash reserve, it can easily afford to clinch the big deals for creating coal assets across the world. The factors for the acquisition to go through being a bottleneck are the steep valuation of assets and the strict scrutiny of Vigilance and Auditor General.

Sources:
http://www.projectstoday.com/News/Coal-India-plans-to-acquire-mines-in-Australia

HSBC Holdings has named Anshul Gupta as its head of mergers and acquisitions business for the Middle East and North Africa, replacing Omar Mehanna, who is taking a new role at the British bank's Saudi Arabian affiliate.

Source:
http://finance.yahoo.com/news/hsbc-names-anshul-gupta-m-125828205.

Myntra acquires San Francisco based Fitiquette

SMRITI SANWAL 4 MBA C

Myntra, a one stop online retailer of fashion and life-style products, announced the acquisition of Fitiquette on 5th April, 2013. Fitiquette is a San Francisco based technology platform provider which offers the online shoppers an experience of buying, which is very similar to that of going to a brick and mortar model. It solves many issues related to the size and fit, by providing the virtual fitting room.

The acquisition will prove to be a world class experience for the customers of Myntra in India. Mr Mukesh Bansal, CEO and Co-founder of Myntra, claimed that the deal with Fitiquette would improve and enhance their technology team to serve the customers better. Fitiquette are the pioneers of the technology to provide a solution to the problem of fit and size online.

Myntra has acquired the company for a sum undisclosed in the statements. The only financial detail that came out relating this acquisition is estimated to be in part cash and part stocks. In four months, this would be the second acquisition by Myntra. Last year in November, it acquired Sher Singh, which is a private label online brand. This deal would benefit Myntra in achieving their vision of providing world class solutions to online shoppers all over the country.

The newly formed innovation labs in San Francisco will be headed by Andy Pandharikar, who is the CEO and Co-founder of Fitiquette. This deal will help Myntra provide an altogether different shopping experience to its customers.

Sources:
http://www.thehindubusinessline.com/marketing/myntra-acquires-san-franciscobased-firm/article4584610.ece
*http://blog.myntra.com/2013/04/05/fitiquette-myntra/*n

WHAT IF ANALYSIS

Ericsson to acquire Microsoft Mediaroom Biz

-SACHIN AGRAWAL 3 MBA D

INTRODUCTION:

Ericsson

Ericsson is one of Sweden's largest Subsidiary company which provides telecommunications equipment and data communication systems with wide range of services and equipments, which is used in building mobile telecommunication networks.

Bluetooth was invented by Ericsson.

Microsoft Mediaroom

Microsoft Mediaroom is one of the World's most deployed Internet Protocol TV platforms.

TV services of Mediaroom presently offered by more than 40% of the World's leading operators for delivering services to more than 11 million consumer households equaling more than 22 million set top boxes.

PRESENT:

Presently, the Ericsson company is having market share of 38% (2012) in telecommunication sector.

The Ericsson company provides the product like mobile and fixed broadband network, consultancy and managed services, multimedia technology.

Mediaroom platform of Microsoft is having more than 40 operators and powered 22 million set top boxes around the globe.

WHAT IF: **How far will this deal benefit Ericsson?**

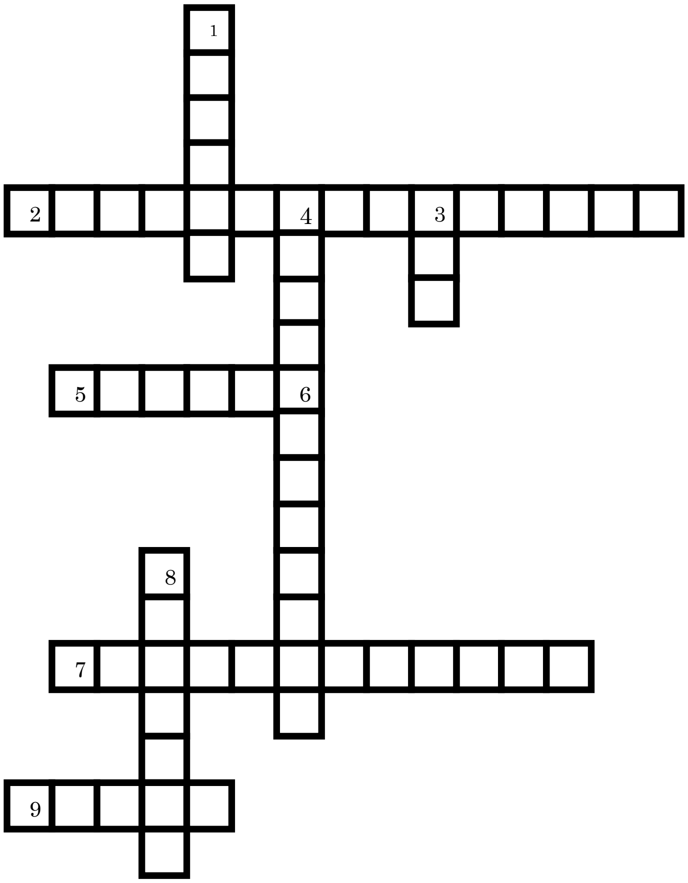
SOLUTION:

This acquisition will make the Ericsson company, the leading provider of IPTV with 25% market share.

This deal will definitely provide a competitive advantage to Ericsson, as there is competition with Chinese network providers.

The Internet protocol TV market is approximated to reach 76 mn subscribers in 2013 with revenues of $32 bn, growing to 105 mn subscribers by increasing the revenue of $45 bn in 2015.

Sources:
http://in.reuters.com/article/2013/04/08/ericsson-microsoft-buy-mediaroom-idINDEE9370A020130408
http://www.zacks.com/stock/news/96893/ericsson-to-acquire-microsoft-tv-biz
http://www.microsoft.com/mediaroom/



ACROSS

2) India's Infrastructure and Engineering Giant __________________ has announced to acquire 50% stake in L&T Komatsu .

5) Which company has announced that it has agreed to acquire Tekelec , a leading provider of networking signalling, policy control.

7) _________________ Scientific Inc agreed to buy Life Technologies Corp for $13.6 billion in a deal that would make it one of the top companies in the hot field of genetic testing.

9) Which global internet company has announced for the acquisition of Jybe ,maker of personal app?

DOWN

1) Which professional networking website has announced that it will acquire Pulse for USD 90 millions?

3) Which of India's largest IT services company French IT services firm ALTI SA for 75 million euro?

4) Which global tech giant acquired the indoor GPS mapping firm wifiSLAM for 20 million dollars?

6) Which company has reached an agreement with Microsoft to acquire its TV solution Mediaroom business.

8) Which Publishing and education services company has acquired Educomp's 50% stake in India Can?

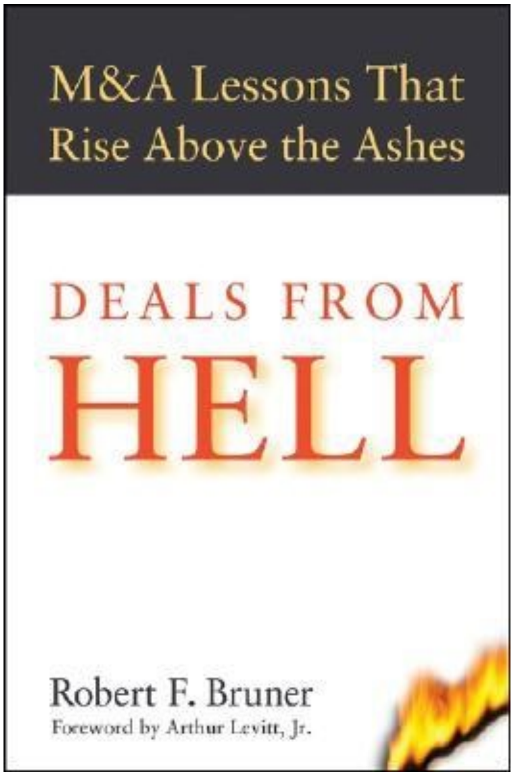
IMPREGILO

Italian builder Salini, taking over larger rival Impregilo expects the merged group to double revenues over the next three years helped by expansion in the Americas and Australia,

Source:
http://www.reuters.com/article/2013/04/13/us-impregilo-salini-idUSBRE93B0ZV20130413?feedType=RSS&feedName=innovationNews&rpc=43

Book Synopsis

-CRYSEL BRITTO 3 MBA B



Title: Deals from Hell: M&A Lessons That Rise Above the Ashes

Author: Robert F. Bruner

The study of failure is the source of thoughtful advances. In this book, Robert Bruner focuses on M&A failures in order to achieve M&A success. Comprised of three parts - The Foundations of M&A Failure; Case Studies of M&A Failures; and Avoiding the Deal from Hell - this comprehensive guide offers a realistic look at how M&A transactions actually work.

It is a well known fact that about half of all M&A transactions ruin value for the buyer's shareholders, and about three-quarters fall short of the expectations prevailing at the time the deal is announced. In Deals from Hell, Bruner, one of the foremost thinkers and educators in this field, uncovers the real reasons for these mishaps by taking a closer look at twelve specific instances of M&A failure. Through these real-world examples, he shows readers what went wrong and why, and converts these examples into cautionary tales for executives who need to know how they can successfully navigate their own M&A deals. These narratives in M&A failure provide much-needed guidance in this area of business. By addressing the key factors to M&A success and failure, this comprehensive guide illustrates the best ways to analyze, design, and implement M&A deals.

Filled with in-depth insights, expert advice, and valuable lessons gleaned from other M&A transactions, Deals from Hell helps readers avoid the common pitfalls associated with this field and presents them with a clear framework for thinking about how to make any M&A transaction a success.

About the Author:

Robert F. Bruner is Distinguished Professor of Business Administration at the Darden Graduate School of Business Administration, University of Virginia. He teaches the course "Mergers and Acquisitions", and is the faculty director of Darden's executive education program, "Mergers and Acquisitions." Bruner is the author or coauthor of over 400 case studies and notes. Bruner has served as a consultant to over twenty corporations and the U.S. Government, and prior to his academic career, he worked as a commercial banker and venture capitalist. Bruner holds a BA from Yale University, and an MBA and DBA from Harvard University.

Sources:

http://www.goodreads.com/book/show/23535.Deals_from_Hell

-KINGSTON MAXIM PAUL 4 MBA B

1: Pearson Plc, the world's largest education service provider and one of the leading media groups, has acquired Educomp Solutions Ltd's 50 per cent stake in India’s leading vocational training company, Name the company?

2: US based Management consultants Accenture has acquired analytics-based tools provider for change management, Name the company?

3: Capital 18, investment arm of Network 18 is in talks to sell a major stake in which television company?

4: Morgan Stanley Asia Singapore has bought 10 Lakh shares of which entertainment company through equal buys on the NSE and BSE?

5: Tata Consultancy Services is acquiring which IT services company in France, for a value of € 75 Mn in an all-cash transaction, The acquisition will strengthen TCS' ability and footprint to service its customers in France and other regions in Europe?

6: Cairn India is planning to form JV with which two companies to enter into the downstream gas infrastructure business?

7: McCann World group India has acquired a database marketing firm in Bangalore. Name the company?

8: Nasper backed Tradus, a shopping marketplace has acquired which company that owns a portal for deals on consumer electronics and appliances owned by MyZingo eCommerce Service Pvt Ltd?

9: Mahindra Holidays and Resorts India Ltd (MHRIL), a vacation ownership company and the hospitality arm of Mahindra Group, has acquired 49 per cent of in which Dubai Based company?

10: Ethnic Fabrics and handicrafts retailer Fabindia has acquired 40 per cent stake in a Lucknow-based organic food and supplements firm, name the company?

Sources:

http://www.dealcurry.com/MergersAcquisitions.html
http://www.research-live.com/news/m-and-a/
http://in.reuters.com/news/archive/mergersNews
www.economist.com

QUIZ

1. Educomp Solutions Ltd's
2. Change Track Research.
3. Colosceum Media
4. Eros International Media
5. Alti SA
6. GAIL India Ltd and Rajasthan State Petroleum Corp Ltd.
7. End To End Marketing Solutions
8. BuyThePrice.com
9. Dubai-based Arabian Dreams Hotel Apartments LLC

CROSSWORD

Across
2. Larsen and Toubro
5. Oracle
7. Thermo Fisher
9. Yahoo

Down
1. Linkedin
3. TCS
4. Apple
6. Ericsson
8. Pearson

TEAM SYMBIONT

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