



M&A Revival: taking off

The corporate insolvency processes connection

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Maria Antónia Cameira

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M&A : a 2010 revival?

2009 focus and aims

- Rollercoaster year
- Credit crunch
- Bankruptcy
- Cost-cutting measures
- Productivity enhancements
- Lack of revenue growth
- Focus on repairing sheets
- M&A deals dropped

2010 focus and aims

- Signs of economic recovery and stability
- M&A lags behind recovery
- Opportunities to use spared funds
- New encouraging signs fuel the look for growth

The race begins...





The Elected Players

Potential acquirers

- Many companies are in good shape
- Survivors
- Some were exceedingly prudent in recent years
- Available funds

Best targets

- Streamlined operations
- Solid and improving earnings
- Attractive targets in Consumer Staples, Health Care, Industrial and Technology
- Or distressed companies to be acquired for their assets alone.



The only way is up!

- Increase in activity is no surprise
- Very low level of activity past year
- Emerging markets are increasing





USA, EU and Pacific Asia

- US M&A activity is showing a trend of growth.
- The Asian Pacific region is showing even more positive signs of improvement.
- Europe is starting to pick up, but still behind other continents.



Acquiring distressed assets in Insolvency Processes





Acquiring distressed assets

- Increase number of pre-package administrations in Europe.
- If used appropriately it's a useful rescue procedure.
- Downsides: Lack of accountability and transparency



The Portuguese Case Creditors All Powerful

- Provisions do not contemplate full pre-packages.
- As an alternative creditors may approve an out-of-court insolvency plan – reorganisation or restructuring
- Selling of assets and postponing of payments can be agreed – Opportunities for Acquirers

Portugal and Emerging Markets





Portuguese rebirth

- Market is out of 2008-2009 hibernation – New Spring deals.
- Opportunities exist – Good targets
 - Financially sound companies
 - Distressed companies with interesting assets
- Boards are still cautious to engage in large deals
- Two types M&A:
 - M&A activity involving neighbouring countries (Spain)
 - M&A activity involving emerging markets (Angola and Brazil)



Emerging Markets

- Meteoric Rise since 2005 – Unaffected by the crisis
- 29% increase in 2007
- 5% of PSI20
- Emerging players
 - Angola and Brazil 60%
- Areas of business:
 - Energy
 - Investment Banks
 - Sovereign Funds



Portugal, Angola and Brazil

Angola

- Energy
- Investment banking
- Invest in a small group of companies

Brazil

- Acquisition of big stakes in small and medium sized companies
- Main goal is to reach the European Market



Emerging markets players: Their goals.

- Search for new clients
- Spread the risk
- Enter into new markets through established vehicles
- Acquire specific assets from distressed companies
- Access to know how



THE SEXED UP CIMPOR

- Among the top 10 largest cement manufacturers
- Ranked 3rd in Brazil (sales)
- European Company
- Profit: €237 Million in 2009



The Brazilian Connection

- **Brazilian players**
- **Companhia Siderúrgica Nacional**
 - Steelmaker conglomerate
 - R\$ 2.92 billion profit
- **Camargo Corrêa Conglomerate**
 - Leading cement maker
 - Turnover: R\$ 12.4 billion
- **Votorantim**
 - Cement maker
 - R\$ 7.3 million profit



The Unsuccessful Hostile Bids: Money talks!

- The Bids – Tender offers
- Cimpor's rejection



Bottom line

- M&A Revival On Air
- Acquiring distressed assets and Insolvency Processes: the drawbacks
- Potential of Emerging Markets

Thank you!

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