

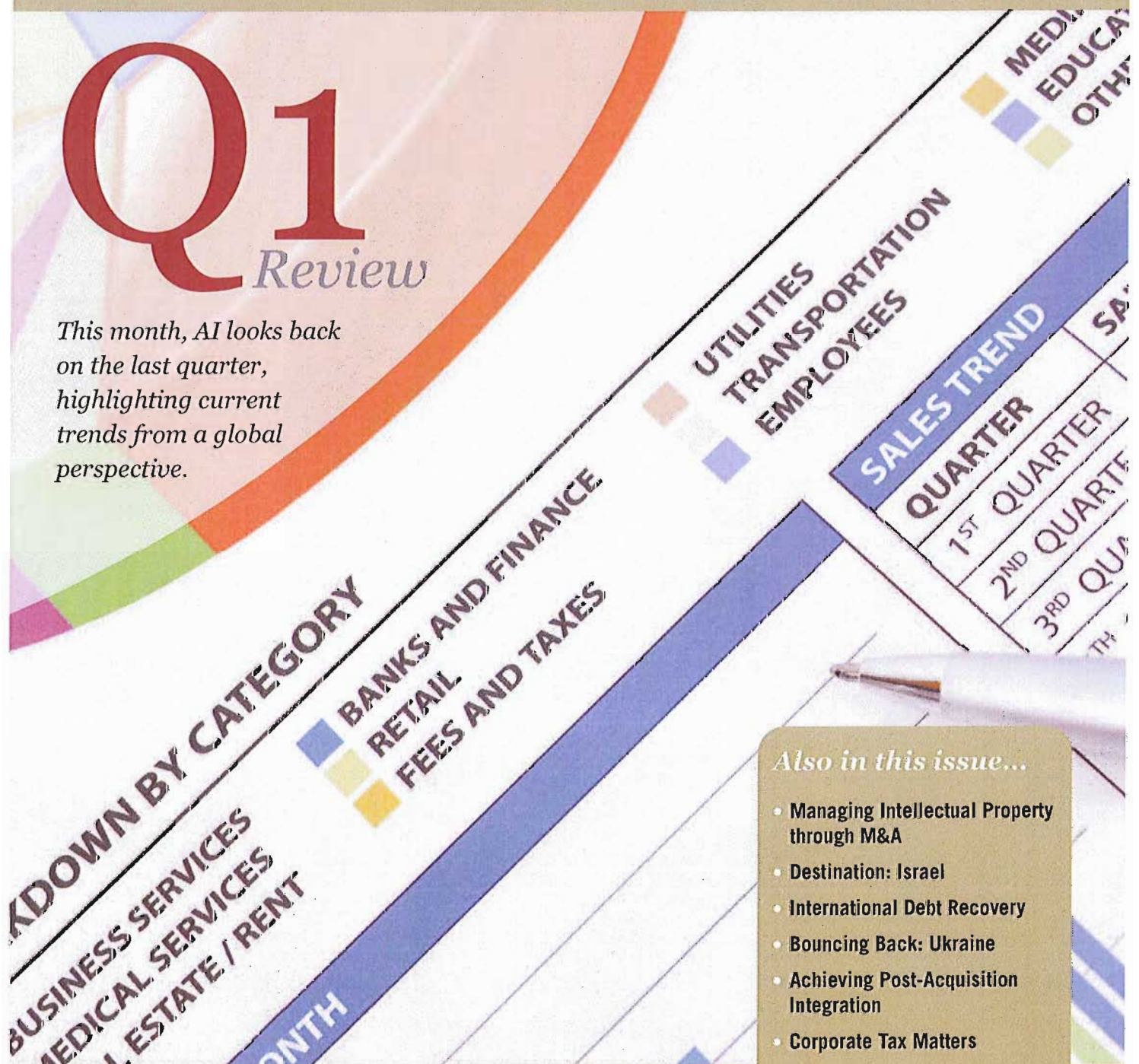
# ACQUISITION

## INTERNATIONAL

*The Voice of Corporate Finance*

# Q1 Review

*This month, AI looks back on the last quarter, highlighting current trends from a global perspective.*



### *Also in this issue...*

- Managing Intellectual Property through M&A
- Destination: Israel
- International Debt Recovery
- Bouncing Back: Ukraine
- Achieving Post-Acquisition Integration
- Corporate Tax Matters



## Editor's comment

Welcome to Acquisition International's Q1 issue, where we will be looking at the market from an international perspective.

This quarter global M&A for Q1 2011 totalled US\$ 591bn, up 28.9% from the same period in 2010 (US\$ 458.4bn), marking the busiest Q1 period since Q1 2007 which closed at US\$ 806.9bn.

US M&A was up 85.1% by deal value compared to the same period in 2010 – US\$ 268.4bn compared to US\$ 145bn. Q1 2011 was the busiest quarter for US M&A since Q2 2007, which saw US\$ 478.9bn, and the largest Q1 period since Q1 2007, which closed at US\$ 361bn. US-based M&A contributed 45.4% of global M&A in Q1, compared to 31.6% for the same period last year. JPMorgan, for the first time since Q1 2004, have taken the lead in the global M&A financial advisory tables by total deal value. The firm has worked on seven of the 10 largest deals announced globally so far this year. The firm also topped the US league table. Morgan Stanley led in Europe and Goldman Sachs in Asia-Pacific.

Private equity buyouts were also up 71% from the same period last year. Buyout deals saw their strongest first quarter since Q1 2008, with a total value of US\$ 55.9bn recorded in Q1 2011. The proportion of global M&A accounted for by buyouts was also up: 9.6% of global M&A in Q1 2011, up from 7.1% in Q1 2010.

Cross-border M&A closed at US\$ 237.8bn in the first quarter of 2011, up 60.5% compared to Q1 2010 (US\$ 148.2bn). Cross-border M&A made up 40.2% of all global activity in Q1 2011, the highest market share for a first quarter since 2008.

The first quarter of 2011 has been the strongest Q1 for BRIC activity on record at US\$ 77.3bn, although overall emerging markets M&A dropped to US\$ 120.2bn, an 8.5% decrease from the same period in 2010. Emerging markets represented 20.6% of global M&A, compared to 28.1% in Q1 2010. Inbound cross-border activity in Q1 2011 added up to US\$ 71.9bn, the biggest quarter for emerging markets inbound on record (since 2001).

Europe saw US\$ 168.8bn-worth of M&A deals in the first quarter of 2011, a 32.7% increase on Q1 2010's US\$ 127.2bn. It was the highest Q1 total since 2008 (which saw deals adding up to US\$ 295.1bn).

Enjoy the issue!

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# Destination: Israel



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View from our 25th floor offices.

The general feeling for prospective M&A in Israel remains positive. Israel is said to have the fastest growing economy in the developed world with the Central Statistics Bureau reporting 4.5 percent growth in 2010. M&A activity in the region is forecast to climb higher for the remainder of 2011 with a particular focus on the Internet and Medical Device sectors. Exit valuation predictions are also at the highest point since 2006. Q4 2010 experienced the first quarter-on-quarter increase in the number of venture capitalists expecting improvements in the overall economic climate since Q4 2009. Acquisition International speaks to Attorneys Doron Afik and Shlomi Turgeman, both senior partners at the law firm of Afik Turgeman.

Afik Turgeman law firm was established January 2007, and specializes in a wide array of legal fields and aims at providing its business clients with a one-stop legal shop.

"The commercial department of the firm's focus is on corporate law (full service to companies), antitrust, banking law, capital markets, derivatives transactions, day-to-day legal advise to corporations and businesses, investments, mergers and acquisitions, securities, real property, high-tech, labour law and tax law.

"The litigation department of the firm's focus is on complex commercial claims, corporate disputes, shareholders disputes, freeze of proceedings, rehabilitation of corporations, banking claims, labour disputes (representing employers and employees), defamation, commercial torts and international disputes. The firm also operates in the field of debt collection in legal proceedings, including by receiverships, bankruptcies and liquidations.

"In the white collar crime field, the firm's focus is on representation in antitrust and

securities crimes, environmental offences, building permits, business licensing, employment of aliens and tax offences. In the business licensing area the firm also represents municipalities as a prosecutor in such area.

"In the administrative and municipal field the firm focuses on tenders- tenders preparation, day-by-day advise to tender committees and preparing tenders for B.O.T projects, legal and management advise to municipalities, building permits, representation vis-à-vis government authorities, public sector labour law including collective agreement, remuneration agreements and high-rank employees agreements, municipal bonds, municipal tax, including advise to tax appeal committees, city-tax discount committees, municipal regulations, business licensing (including as prosecutor), electoral law and day-to-day legal advise to high-rank civil servants."

#### What gives you an advantage over local and global competitors in your areas of expertise?

Excellency and the fact that our firm combines academy and practice. Our motto is "private label legal architecture". We think strategy; We think business-our client's business; We are not just lawyers. Our goal is to tailor-make the legal structure to the client's needs and this gives our client a huge advantage that the clients cannot get in other firms."

#### Have there been any notable deals (size, complexity, duration, etc.) that you've been involved in recently?

"We have done multiple multi-million transactions and litigations, including a currently ongoing ILS 2.5 billion derivative suit. Attorney client privilege prevents us from elaborating.

"Our reasonable prices, which are considerably lower than the ones in the USA, England or Europe have also made many clients use our services for international transactions which are not related to Israel at all, using local lawyers only for local issues – bringing down the legal cost of any transaction. In a way, one may say that large international client is outsourcing their legal needs using our firm's services."

#### Israel is said to have the fastest growing economy in the developed world with the Central Statistics Bureau reporting 4.5 % growth in 2010. What factors have driven this?

"I believe that Israel has a very unique business culture with a combination of self-driven entrepreneurship, high business education and global thinking. To this one must add the excellent economical leadership Israel has today."

#### Which sectors are attracting foreign investors?

"The main Israeli business sector attracting foreign investors in Israel would be the high-tech industry where Israel is a world leader. Although we see today more and more foreign interest in the local Israeli market, such as large BOT project and retail."

#### What are your predictions for 2011 regarding the market in Israel?

"We believe that the market will continue to grow at higher and higher speed together with the rehabilitation of the international economy."

#### On a lighter note, what is the best piece of advice ever given to you?

"When you can't explain things in simple way, it becomes complex. So if something is not simple, it won't be simple. Keep understanding everything that you do as simple as you can."