Bigger and bolder

M&A is back with a bang. As always, IFLR1000’s annual rankings identify the law firms that are shaping the markets to watch

It’s been a record-breaking year for M&A. Over the first 11 months, more than $3 trillion of deal volume was announced, making it the biggest year since the heady days of 2007. Boardroom confidence is back, debt markets are open, and there are new forces at play – activism and inversions to name but a few. Excitement gripped the market over the first half of the year, as the number and value of deals continued to rise.

But reality started to kick in come September. Deals, including blockbusters like Pfizer/AstraZeneca and AbbVie/Shire, collapsed before completion. Bankers and management’s readiness to agree deals was matched by regulators’ willingness to show their teeth. Nevertheless, sizeable deals did close, and there is a strong pipeline of deals set to materialise in 2015.

While the major markets were busy with strategic acquisitions in the technology and pharmaceutical sectors, emerging economies ploughed ahead with their sectors of choice. Mining and energy-related deals continued to dominate sub-Saharan Africa, although the region’s growing middle class has spurred activity in consumer industries. Elections in parts of the Asia Pacific temporarily stalled dealflow, while elsewhere in the region pro-business policies and liberalised foreign investment rules have prompted activity.

Emerging market activity continued in fits and starts. Despite their promise, countries like Turkey and Mexico continue to be undermined by political and security concerns. And Latin America’s resource-rich economies have been hit by falling commodity prices.

As always, the IFLR1000 has been tracking this activity, and the law firms taking the leading roles on the year’s best deals. Its editors and researchers based in London, New York and Hong Kong have spent over 12,000 hours conducting interviews with private practitioners and in-house counsel to compile the 2015 M&A rankings. Highlights from a selection of the busiest and most exciting markets from around the world are provided below. The 2014 edition of the IFLR1000 is available in full, and for free, online at iflr1000.com

Country write-ups by IFLR1000’s Christopher Cooper, Sam Duke, Hill Choi Lee, Adam Majeed, Jon Moore, Ben Naylor, Michael Washburn and James Wilson

### Australia

**Tier 1**
- Allens
- Herbert Smith Freehills
- King & Wood Mallesons

**Tier 2**
- Clayton Utz
- Gilbert + Tobin
- Minter Ellison

**Tier 3**
- Allen & Overy
- Baker & McKenzie
- Corrs Chambers Westgarth
- DLA Piper
- Norton Rose Fulbright

### Austria

**Tier 1**
- Freshfields Bruckhaus Deringer
- Schoenherr
- Wolf Theiss

**Tier 2**
- Binder Grösswang
- CHSH Cerha Hempel
- Spiegelfeld Hiawati
- Dorda Brugger Jordis

**Tier 3**
- Baker & McKenzie Diwok
- Hermann Petsche
- CMS Reich-Rohrwig Hainz
- Eisenberger & Herzog

After last year’s election of the centre-right Liberal-National coalition government, hopes for an M&A revival gripped the market. According to one practitioner, the new leadership means different politics: “The coalition government thinks that reforms went too far on consumer protection and the new government sides with big businesses and banks.”

Prime Minister Tony Abbott is becoming an investment banker’s dream, overseeing the disposal of state assets in the midst of a corporate M&A slowdown – and all this in a bid to finance the federal government’s drive for public infrastructure. It could be a much-needed boon after the slump in inbound M&A.

Resource-reliant Australia took a hit when China attempted to rebalance its economy, which meant a slowdown in its use of commodities.

The collapse of two widely publicised deals was another blow to market confidence; this included KKR’s prospective A$3.4 billion acquisition of Treasury Wine Estates. The country’s M&A market is as muddled as its legal market. But it’s clear that energy, mining and utilities sectors continue to dominate deal volumes and value. Telecommunications, media and technology, leisure and financial services came a distant second.

In line with global trends, there was more strategic M&A in Austria in 2014, with consolidation and the disposal of non-core assets driving the larger deals that closed. The telecommunications, energy and banking sectors saw the most prominent transactions. Arguably, the most publicised inbound deal to close was America Movil’s takeover of the partially state-owned, Telekom Austria. In July Carlos Slim’s telecoms group agreed to acquire all the shares not owned by it or the state, targeting expansion into central and eastern Europe (CEE). Slim pledged to invest €1 billion ($1.24 billion) into the company in return for his new shares.

Several Austrian energy companies are in the process of restructuring internationally. The country’s biggest utility, Verbund, which has decided to focus on the domestic and German market, sold off assets in CEE, including a wind farm in Bulgaria. It also exited the French market entirely after KKR bought its Pont-sur-Sambre and Toul gas-fired power plants. Following disruption to its output in the Middle East due to conflict, Austria’s biggest company, OMV, has been targeting expansion in more stable western markets. This year, it acquired the first licences to drill for oil west of the Outer Hebrides.
It’s been a year of mixed fortunes in the Belgian market. Following a very strong end to 2013, the mood at the beginning of the year was one of positivity. Indeed the first quarter saw some of the best numbers, both in terms of deals done and value, for many years. Driving this activity was a resurgence in the private equity market. Dormant for years, the pressure to divest assets they had held on to for far too long finally began to tell. The gap between sellers’ demands and buyers’ expectations was finally starting to shrink. On top of this, as elsewhere in Europe, there was once again despite these positives, there hasn’t been the return to halcyon days that some were hoping for. Investors are still cautious, which is stifling the market and keeping it at a fairly constant level.

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Although Brazil’s economy has stalled and investors are cautious, the country remains an attractive investment opportunity. This is because of the country’s diversified economy, young population and large water, minerals and oil reserves.

In 2014, the country hosted the Fifa World Cup and held its general elections. Many expected these events to adversely affect M&A, but the market fared better than expected. Education, health, infrastructure, insurance, telecom, and IT all attracted interest from financial investors and strategic players.

In the first nine months of the year, Brazilian M&A totalled $44 billion, a 28% spike from the same period in 2013. The year’s biggest M&A transaction was the sale of Vicendi’s Brazilian subsidiary GVT to Teléfonica for $9.3 billion.

In a forecast for the coming year, one partner says: “The challenges to be faced will be fear of recession – which may cause volatility in future revenue streams and the quality of targets’ earnings – anticipated increase in interest rates, and availability and cost of financing.”
At the intersection of politics and profit, China's 12th five-year plan – has come to the fore over the last decade. The country is in a race to turn itself from a factory into a market, and the government is taking a direct approach in shaping the future landscape. Poised to overtake the US as the world's single largest economy, it doesn't take an economist to grasp the purchasing power of China's large firms. While traditionally these companies were focused on domestic opportunities, outbound investment – particularly into overseas trained lawyers are returning home,” one practitioner says. Canadian dollar acted as a magnet for US investment. The year's deal highlights included Boston-based Advent International’s $845 million acquisition of a 14% stake in Vancouver-based yoga wear manufacturer, Lululemon Athletica. Another saw HarperCollins’ $455 million ($400 million) acquisition of Torstar's Harlequin Enterprises division. The major deals were spread across many industries and sectors. For example, Quebec-based dairy firm Agropur Cooperative acquired Davisco Foods for an undisclosed amount in August; the deal is expected to double Agropur's US processing capabilities and milk intake. Standard Life sold its Canadian business to Manulife for C$4 billion, and Element Financial acquired PHH Arval’s fleet management business for $5 billion. In the mining sector, Oando Energy Resources completed a $1.5 billion acquisition of the
The island’s headline M&A news in 2014 year was the enactment of a privatisation roadmap. This set timescales and structures for the sale of key assets including national telecoms provider Cyta, electricity company EAC, and the commercial activities of the country’s ports, specifically Larnaca and Limassol. The proposals faced fierce opposition, with the bill failing in the first instance. But privatisation of these assets is a key pillar of the country’s agreement with lenders following its EU/IMF bailout, meaning the government had little choice but to pursue agreement. In August similar privatisation news emerged as bidding opened for Cyprus Airways, which is 94% state-controlled. At the initial stage 20 bidders had expressed an interest including Irish discount carrier Ryanair. Elsewhere, activity was concentrated in certain pockets of the economy. The Aphrodite offshore gas field has generated plenty of interest in recent years. Drilling and support operations are expected to boost activity in a number of areas including the joint ventures between local and foreign investors.

Firms also reported a noticeable rise in M&A in the financial services area, specifically the acquisition of non-performing loans as the Cypriot banking market continues its road to recovery.

Matouk Bassiouny is a full-service independent law firm based in Cairo, Egypt. We specialize in advising multinationals, corporations, financial institutions and governmental entities on all legal aspects of investing and doing business in Egypt and the region.

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The firm prides itself on its in-depth understanding of cross-border cultural and business practices and on providing a commercial problem-solving approach to its legal services.

Our firm is ideally placed to advise on high-profile and high-value complex transactions and we routinely work on cross-border and international transactions. Our full-service capabilities are supported by five core practice groups: Corporate and M&A; Finance and Projects; Capital Markets; Commercial; and Dispute Resolution.

Despite political, social and economic volatility since 2011, the annual value of Egypt’s M&A transactions has been surprisingly high. Although it has, admittedly, been fuelled by a clutch of large cap deals rather than strong and healthy deal activity. This precarious trend continued into the first half of 2014 but with signs that volume and optimism are on the rise.

A number of law firms were positive about the second half of 2014. One sees promising signs from US investors and another reports “an avalanche of work”, amounting to mandates on some 40 M&A deals from late-2013 to mid-2014, with 12 of them reaching financial close. The biggest driver has been Middle East investment – particularly from Saudi Arabia, the UAE, Kuwait and Qatar – and often financed by private equity, governments and sovereign wealth funds.

Notable recent transactions include BNP Paribas’ $500 million sale of its entire stake in its Egyptian bank to Emirates National Bank of Dubai, and Total’s acquisition with Beltone Private Equity of Chevron and Royal Dutch Shell’s Egypt assets. The mid-cap market saw Al Futtaim Private Company Dubai acquire the Egyptian subsidiary of Lebanese transport company Omatra Group for $134 million and Actis acquire a 30% stake in Edita Food Industries for $102 million.
Keeping with Europe-wide trends, France saw a significant increase in M&A volumes as well as values in 2014. A number of top Paris law firms saw values in the first half of 2014 compared to 2013 rise tenfold. The Paris office of one global firm worked on twice as many M&A deals in the first half of 2014 than in all of 2013.

Recently, France has seen some its largest deals for some time. Alstom’s €12.5 billion ($15.6 billion) sale of its energy assets to General Electric, which was given the green light in mid-2014 after the French state moved to acquire a 20% stake in Alstom. Vivendi, whose largest shareholders are Cinven and Carlyle, sold France’s second largest mobile operator SFR to Altice (the parent company of Numericable Group) for €17 billion. A third multi-billion euro deal was the merger between France’s Lafarge and Switzerland’s Holcim in April 2014.

There has also been a series of high value takeovers involving Club Med, Société de la Tour Eiffel and Schneider Electric.

While the number of M&A deals has been similar to last year, the amount raised from both inbound and outbound acquisitions between January and June was Germany’s highest ever over a six-month period since 2007. The static level of deal activity can be attributed to a lack of attractive, or attractively priced, targets. There is appetite for German companies, but there is a discrepancy between buyers’ and sellers’ valuations. To some extent, the strength of the German economy – the prevailing period of contraction aside – is to blame. Strong Mittelstand businesses have no need to sell at the prices being offered. These companies are in profit, have relatively cheap readily available debt finance and – coupled with investor appetite for initial public offerings – can even raise equity.

Increased values are more easily explained. There have been a slew of double-digit billion dollar deals in the past 12 months. Pharma, telecom and energy sectors all saw substantial transactions. Bayer’s acquisition of Merck’s OTC business for $14.2 billion, Telefonica Deutschland’s $11.7 billion takeover of E-Plus, and LetterOne Group’s purchase of RWE Dea for €5.1 billion were among the highlights.
Ghana

Ghana is not historically a big M&A market, but there have been interesting developments over the past 12 months. There has been a string of notable closed and attempted M&A deals in a range of sectors, particularly banking and insurance, telecoms and consumer goods.

There are a number of forces at work behind this recent activity. There has been increasing focus on local content across industries. This is expected to kick start a wave of M&A from foreign owned businesses looking for local partners set up Ghanaian operations. Given the level of interest in sub-Saharan Africa, Ghana has also positioned itself well with a relatively open economy, absence of antitrust hurdles, stable political climate, and high growth rate (7.1% in 2013 according to the World Bank).

Among the more notable recent M&A transactions in the financial sector are Trinidad and Tobago’s retail banking group Republic Bank’s acquisition of a further stake in HFC Bank Ghana to secure a majority shareholding of 32.02%. The deal closed in June 2014. In January HFC Bank Ghana had acquired three branches and five agencies from Société Générale for $15 million. In late 2013 Fortis Equity Fund Ghana acquired Merchant Bank Ghana (now Universal Merchant Bank) for $28 million. In November 2013, FirstBank of Nigeria also completed its acquisition in the West Africa business of ICB Bank, which includes operations in Ghana.

The insurance sector saw two interesting acquisitions. Old Mutual, which has a $550 million fund for M&A investment into sub-Saharan Africa, acquired Provident Life Assurance in late 2013. The UK’s Prudential bought Express Life in December 2013 through a $22 million acquisition of a majority stake from Leapfrog Investments, a specialist microfinance fund managed by JPMorgan, the European Investment Bank (EIB) and Obed Dansqua. It was Leapfrog’s first exit, having invested $5.5 million in 2012. A closely watched deal in the consumer sector saw Abraaj and Danone team up to acquire FanMilk Ghana in October 2013 for $200 million. In early 2014, the Jospong Group of companies’ abandoned a potential acquisition of a controlling interest in Express Telecom Ghana for $75 million. Unlike other markets, the deals are not exclusively driven by activity in one sector.

The economy has also been attracting small and medium private equity investments across industries. For example, Duet Private Equity’s recently invested $15 million and $35 million into food producer GN Foods and retail chain ShopNSave. Synergy Private Equity Fund, Development Partners International, Amethis Finance and Vantage Capital have also been active.

India

India’s M&A market has improved significantly in 2014. After the general elections, investors who had adopted a wait-and-see approach came back in a surge. The first half of the year, especially in Q2 right after the elections, saw some of 2014’s highest value M&A deals. Although the number of completed deals has decreased in comparison to the same period the year before.

Liberalisation of the infrastructure, aviation and manufacturing sectors has contributed to improving investor sentiment. This is testament to the country’s pledge to boost foreign investment by easing regulations.

One of the more significant deals in that period was Diageo’s $1.9 billion investment in United Spirits, resulting in Diageo owning a 55% shareholding. This was India’s largest consumer products transaction of 2014. A significant telecommunications deal in April saw the Vodafone Group acquire a stake in Piramal Enterprises for $1.48 billion.

Deal volume picked up from August onwards, especially when it came to inbound work. Outbound, however, has fallen slightly since 2013. Throughout the year, the life science industry took over 26% of the market share. Combined, these transactions amounted to the sector’s highest annual deal volume since 2010. One attention-grabbing deal worth $4 billion saw Sun Pharmaceutical Industries acquire Ranbaxy Laboratories. The merger led to the creation of India’s largest pharmaceutical company. Elsewhere the new government has shown interest in simplifying the legal environment for foreign investment. Nonetheless, existing regulations remain complex with reports citing the political climate as one factor preventing the completion of deals. For example, in July, an Abu Dhabi National Energy consortium pulled out of a $1.6 billion acquisition of two hydropower plants. In September, the same happened when buyer Reliance Power pulled out of similar negotiations.

The Modi government, however, has brought back optimism in India’s investment culture, and the upswing is still very much in place. 2014 has been a solid year for M&A, and activity is expected to continue into 2015.

The country has been attracting small and medium private equity investments across industries
M&A has dropped since 2012, values have risen, reaching $28.6 billion at the end of last year. The region continues to see billion-dollar deals. Highlights include Pertamina and PTTEP acquiring $1.3 billion of Hess’ oil and gas-producing, and Japan’s Sumitomo Mitsui purchasing a $1.6 billion stake in Bank Tabungan Pensiunan Nasional. Elsewhere in a $1.4 billion transaction, Singapore’s United Fiber System bought up Golden Energy Mines. A large proportion of deals are centered on the energy, mining, power and utilities sectors, closely followed by the financial services sector. The country’s natural resources – especially geothermal energy – attract much foreign investment. Another growing area of interest is the manufacturing sector where resources and a young workforce support the growing industry. The fast-growing insurance sector has also drawn attention the attention of UK multinational insurer, Aviva.

Foreign investor interest in Indonesia continues to be robust. Though data reveals that inbound M&A has dropped since 2012, values have risen, reaching $28.6 billion at the end of last year. The region continues to see billion-dollar deals. Highlights include Pertamina and PTTEP acquiring $1.3 billion of Hess’ oil and gas-producing, and Japan’s Sumitomo Mitsui purchasing a $1.6 billion stake in Bank Tabungan Pensiunan Nasional. Elsewhere in a $1.4 billion transaction, Singapore’s United Fiber System bought up Golden Energy Mines. A large proportion of deals are centered on the energy, mining, power and utilities sectors, closely followed by the financial services sector. The country’s natural resources – especially geothermal energy – attract much foreign investment. Another growing area of interest is the manufacturing sector where resources and a young workforce support the growing industry. The fast-growing insurance sector has also drawn attention the attention of UK multinational insurer, Aviva.

Managing Partner: Yozua Makes
Number of partners: 4
Number of lawyers: 30
Languages: English, Indonesian

Firm Overview:
Founded in 1993, Makes is an independent, innovative and creative Indonesian law firm with a history of forward thinking. Makes advises both Indonesian and international clients and helps them achieve their commercial goals by providing timely, practical and high quality legal services. Makes also has an exclusive strategic alliance with Wong Partnership, one of the top tier law firms in Singapore. Makes is also IFLR Asia Awards’ Indonesia National Law Firm of the Year for 2014.

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For over 20 years, Legal Media Group’s Expert Guides have identified the world’s leading lawyers in 30 practice areas. If you regularly interact with the legal profession in a specific practice area anywhere in the world, you should obtain a copy of the relevant Expert Guide for just £85.
After the May 2013 election, it took some time for Malaysian M&A to pick up. Some deferred deals came back to market in the second half of the year. But unlike India and Indonesia, where dealflow immediately picked up after national elections, Malaysia was slower to respond. 2014, however, has proven to be a much better year. Interest has largely come from Asian clients, and manufacturing and real estate-related deals have increased. In Q1, 79 deals completed with an aggregated value of $2.5 billion. Asahi Holdings’ purchasing of condensed milk maker Etiqa Holdings was one of the most noteworthy deals.

Cross-border deals have increased, with foreign investors coming in large numbers over the last two years. That has led to an increase in private equity transactions. New legislation makes the insurance sector an area to watch. In mid 2013, regulators announced that insurers had to split and place under separate licences their life and general insurance businesses by 2018. This separation could mean an increase in M&A.

Mexican M&A has continued to thrive under President Enrique Pena Nieto’s administration. Activity remains active and robust, with a wide variety of transactions that positively affect multiple markets. However, the appetite for those transactions could weaken as Mexico heads into an election year – particularly given the president’s unpopularity among the general public.

His personal approval ratings have tumbled and some have called for his resignation for the handling of several national issues, including the finding of 50 students’ bodies who went missing in September. Voters go to the polls in July 2015 and many agree that the results could be a midterm referendum.

One of the biggest transactions this year was Carlos Slim’s $5.6 billion purchase of an 8.38% stake in América Móvil from AT&T. The acquisition was reported to have driven the telecommunications sector this year. Next year Slim plans to invest $4 billion in telecommunications, infrastructure, energy, real estate, retail, construction and mining.

In 2014 Mexico opened its energy markets to private and foreign investors. This required the creation of laws that regulate hydrocarbons and its revenues, the electric industry, geothermal electricity and the Federal Electricity Commission, as well as the Coordinated Regulating Agencies of the Energy Sector and the Mexican Petroleum Fund for Stabilisation and Development. Once the details are released, the overhaul is expected to significantly increase inbound investment.
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A few years ago everything looked rosy for Mongolian M&A. As one of the world’s largest coal producers, plus being rich in other minerals and housing the world’s largest copper mine - the country became a highly attractive target for M&A deals.

With what looked like a healthy business environment and proximity to major coal consumers, the scene was set for international and regional coal mining groups to invest. A number of international law firms followed suit. “There was a real bubble in 2011 but the change in government in 2012 – and a bit of nationalistic sentiment – slowed everything down,” one partner says.

But despite being labelled the Saudi Arabia of coal, Mongolia is a country where corruption is a constant concern. And while there is very high Chinese demand, historic anti-Chinese sentiment and a reluctance to embrace the windfall has prompted the government to find ways to limit its exposure and dependence on China. “Foreigners are sitting there with money ready to develop but the government is too scared to make decisions,” one partner says. “Work’s hard because there’s a lot of uncertainty and the government makes it hard. The laws are knee-jerk. They’re trial and error and are passed without industry input.”

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Firm Profile
CGA first three years of activity following the merger was extremely successful, resulting in the development of specialized areas of practice and departments offering clients tailor made advice to meet both their specific needs and those of their businesses.

The Firm, with seven partners and more than 40 associates, boasts some of the most established leading lawyers for corporate, finance and commercial transactions. Chairman Pedro Couto, focuses on projects finance, banking, company restructuration, ppp’s, oil and gas. Managing Partner Jorge Graça, has a strong track record in regulatory, compliance, and sales that have occurred in Mozambique over the last 15 years. Gonçalves Pereira and is member of Lex Africa, the largest and long lasting pan African leading law firms. Both are leading a team of experienced partners, among whom, Telmo Ferreira, is in charge of areas such as mergers, acquisitions, contracts, corporate, capital markets and tax.

The Mergers & Acquisitions, Capital Market and Tax department has an extended experience and know-how in the Mozambican legal practice framework in providing high quality legal advice over all the components of transactions and in all stages of the respective implementation, having participated in the most emblematic mergers, de-mergers, acquisitions and sales that have occurred in Mozambique over the last 15 years. CGA also has an association with the top tier Iberian firm Cuatrecasas Gonçalves Pereira and is member of Lex Africa, the largest and long lasting pan African leading law firms.

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DLA Piper
ELB Partners
Hogan Lovells
Lehman Lee & Xu
Tier 3
Grata

Since the end of military rule in 2011, acting President Thein Sein has gradually opened Myanmar’s door to foreign investment. Dismantling the fixed exchange rate, as well as other liberalisations has made the country an investment hotspot. Its strategic location, low-labour costs and vast untapped natural resources means that there are seemingly endless possibilities for frontier investors.

Many Myanmar nationals are also returning home to explore business opportunities, particularly following the lifting of EU and US sanctions starting in May. With an antiquated legal framework and a surge of investors waiting to enter, Myanmar has been putting together measures to streamline its legal structure.

On November 2 2014, the president signed the revised Foreign Investment Law that permit 100% foreign ownership of businesses without a local partner, land leases for foreigners, and a foreign company tax exemption for an initial five years. The new provisions also put in place a profits repatriation mechanism.

The country is a magnet for projects related work, with Chinese and Thai investors being the most active.

Mozambique
Tier 1
Couto Graça and Associates
Pimenta Dionisio & Associados
SAL & Caldeira
Tier 2
Ferreira Rocha & Associados
Tier 3
Fernanda Lopes & Associados
GLM – Gabinete Legal
Mozambique

Last year Mozambique surpassed both South Africa and Nigeria as the most targeted market by value in sub-Saharan Africa. It accounted for over 30% of the region’s M&A value, primarily as a result of three large transactions. The first was Eni’s $4.2 billion sale of a stake in Eni East Africa to China National Petroleum Corporation, representing a 20% indirect interest in Mozambique’s offshore gas Area 4. Second was India’s ONGC Videsh and Oil India’s joint acquisition for $2.47 billion of an indirect 10% interest in Area 1 from Videocon Mauritius Energy. Third was OVL’s $2.64 billion acquisition of an additional 10% interest in Area 1 from Anadarko Moçambique Area 1.

Behind the deals is the fact that Mozambique’s proven gas reserves (200 billion cubic feet) are the fourth largest in the world, behind Qatar, Russia and Iran. The country’s GDP in 2013 totalled $15.32 billion. While some estimate that investments in liquefied natural gas (LNG) infrastructure in the town of Palma alone (one of three focal points for the industry) could be up to $16 billion, with total LNG investments reaching $50 billion. The vast sums needed to develop these reserves explain the transactions and lay the foundations for many more deals in the future.

Outside oil and gas, the most active areas were energy and power, followed by materials and real estate. Local law firms also pick out agriculture as an up and coming sector. Other sectors to see interesting include wood chip factory and a bio-fuels.

Myanmar
Tier 1
Kelvin Chia Yangon
Myanmar Legal Services
U Tin Yu & Associates
Tier 2
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DFDL
Polastri Wint & Partners
Rejaa & Tann NK Legal
Myanmar
Selvam & Partners
VDB Loi
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Allen & Gledhill
Audier & Partners
DLA Piper
Duane Morris & Selvam
Linklaters

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After some taxing years, 2014 represented a return to better fortunes in the Dutch M&A market. Following a strong end to 2013 things really began to pick up at the beginning of the year across the board. With banks loosening lending requirements, there was more capital available for investors while the long-awaited movement from private equity firms finally made an appearance – though not perhaps on the scale hoped for by many.

Like many countries in western Europe, however, there remained some difficulties within the real-estate market. Financing was still an issue, though in general, there was some easing of this compared to previous years. However the gap between buyer demands and seller expectations remained the most obvious sticking point.

One clear trend that continued this year was that despite the general uptick in the economy, buyers remain much more cautious than they were before the financial crisis. Due diligence remains more stringent than it has been in the past, and there are still a number of instances of deals collapsing before completion. That being said, the overall outlook was positive and the general feeling among partners was that it was a pretty good year.

The upward trend in work was driven by a number of factors, with investment coming from a numerous sources. While long-anticipated large-scale Asian investment has yet to materialise, there are signs that money from the east, especially China, is beginning to find its way into the Dutch market. One example of that this year saw the China National Cereals, Oils and Foodstuffs Corporation (Cofo) acquire a 51% stake in Nidera, a Dutch-headquartered global commodity trader and agribusiness company. This was the most substantial investment by a Chinese company in the Netherlands to date and represents the growing interest in the market from that part of the world.

The positive situation in the US markets has also led to an increase in investor interest from America. The most significant of these is perhaps Liberty Global’s acquisition of Ziggo, with the delisting of the target to be completed by the end of the year. The largest cable company in the Netherlands, Ziggo only completed its listing in March 2013. Other US activity included the merger of Deutsche Master Blenders with US giant Mondelēz’s coffee business, with the former paying $5 billion for a 49% stake in the joint operation.

In all, it was a much improved, if not spectacular, year for the Netherlands and many are anticipating further developments in 2015.

A BUSINESS APPROACH TO LAW

Kelvin Chia Yangon Ltd (KCY) is an international legal consultancy that has been in active operation in Myanmar since 1995. KYC is a subsidiary of Kelvin Chia Partnership in Singapore and is a member of a network of offices across various Asian countries, including Thailand, Cambodia, Indonesia and Vietnam.

KYC is the largest and oldest international legal consultancy in Myanmar today, with offices in Yangon and Mandalay. KYC is the firm of choice for those seeking to navigate the fast-changing legal and regulatory landscape in Myanmar, where we have gained significant experience and expertise across all areas of commercial practice.

We have advised and acted on behalf of numerous international clients and significant Myanmar businesses for their legal and regulatory requirements, where we have demonstrated our legal expertise and our excellent relationship with Myanmar regulatory authorities.

We are client-focused, solution-driven and we are passionate about our work. We are committed to adding value to our clients’ businesses, and helping them achieve their commercial objectives.

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Nigeria's M&A market has been very busy over the last 12 months, particularly in the banking, oil and gas, and power sectors. Over October and November, American Tower Corp (AMT) agreed to buy 4,800 wireless towers in Nigeria from Bharti Airtel for $1.05 billion; Skye Bank completed its $740 million purchase of Mainstreet Bank from AMCON (the Asset Management Corporation of Nigeria, created in 2010 to restructure the country's financial system); and Heritage Bank acquired Enterprise Bank for $320 million, marking the first bridge bank to be successfully divested under Nigeria's banking reform programme.

Oil and gas has seen enormous M&A activity sparked by indigenous players bidding to acquire assets. The latest example is a Royal Dutch Shell consortium sale of four oilfields (Oil Mining Licences - OML) for what could amount to $5 billion to domestic buyers. This and other OML transactions follow Oando's $1.5 billion acquisition of ConocoPhillips' onshore oil assets in what was the largest all-cash acquisition in the history of Nigeria's capital markets (completed July 2014).
Peru’s economy could be considered one of Latin America’s best performing in recent years. But while still a top performer, economic growth has stalled; largely due to a reduction in commodity prices. The government has rolled out several tactics to boost economic growth and encourage reinvestment in the once-booming economy. In 2014, however, M&A activity has held strong.

Following the global trend of bigger and bolder M&A transactions, the market has formed a stable and consistent dynamic. In the first quarter of 2014, Peru and its counterparts in the Pacific Alliance reported 52 deals worth $9.2 billion, a 14.4% jump from the same period in 2013.

At a time when mining deals in the country are a rarity, the industry created Peru’s biggest M&A deal ever last year. The historic $6 billion deal was the sale of Glencore’s Las Bambas copper mine, Latin America’s third biggest, to a Chinese group.

While some see this as a sign of things to come, the sobering reality is that low commodity prices, a drop in production and issues with public investment have caused a mining slump that affects the entire Peruvian economy. While economic diversification is underway, for now foreign investment is likely to remain at relatively low levels.
Known historically as a market offering large targets within narrow windows, South Korean M&A has developed a reputation for protectionism, through a perceived anti-foreign takeover sentiment from regulators. Recently though there has been a market revival, with private equity at the forefront. “Since the financial crisis in 2008 M&A decreased in number and size, but in the second half of last year the number of M&A deals increased,” one practitioner says. In many cases, the increase in volume was spurred by an evolving body of small to medium-sized local private equity firms like Hahn & Co alongside established houses like MBK Partners. And the new crop of firms are targeting mid-sized companies and distressed assets. For example Visteon, the US automotive parts maker, is looking to sell its South Korean unit to a local private equity firm.

“Our financial crisis in the late 1990s brought in foreign investors to buy Korean assets, but this isn’t happening as much now,” one local partner says. “It is a trend that private equity funds come from home-grown firms but the market is saturated and Korean companies are investing outside Korea.”

Despite this decline in foreign interest, there are some signs of growing confidence among overseas private equity players, which was seen recently when Tyco sold its South Korean home security business to Carlyle Group for $2 billion.
Investors have been targeting the luxury goods sector

While the country’s future looks to be in rude health, it seems there can be little doubt that the political disruptions of recent years have had some – if perhaps limited – impact on the M&A market. In particular it seems to have manifested itself in the form of reluctance by international investors to commit to deals. Some feel this issue could raise its head again when the general elections come around in June. Despite this though, investment domestically remains robust and, accounting for an expected lull in conjunction with the general election, many expect the future to be very bright.

Looking at the bigger picture the market has continued to show robust growth

With the local and presidential elections taking place in March and August respectively, and with a general election looming in June 2015, there have understandably been a number of deals held back this year. However, as expected, once the presidential elections were completed there was a notable surge of activity for the remainder of the year. Those in the market anticipate that this will continue into the new year before tapering off again ahead of the general election in June 2015.

Looking at the bigger picture the market has continued to show robust growth and, as ever, it is the energy and consumer sectors leading the way. Energy, mining and utilities in particular count for a very significant share of the market, approaching half of all deals done. It is particularly important therefore that the government continues its programme of privatisations, freeing up assets for sale, and the programme continued in earnest following the elections. One slight concern, however, was that despite a lot of interest from foreign investors in these assets there were not as many bids as anticipated.

M&A practitioners in Switzerland are more positive about the market in 2014 than in recent years. One sign that the environment and dynamic have been changing is the capital markets. The country saw five initial public offerings (IPO) in the first half of 2014, compared to only two over the past two years, and saw a spike in equity and debt capital markets transactions, high-yield issuances and even asset-backed securitisations (ABS).

The banking sector has been particularly busy as banks strove to become more cost effective, some subsidiaries of foreign banks made divestments to back out of the market and the US Department of Justice put pressure on banks with its investigation into transparency. These trends prompted a higher level of buying and selling of portfolios.

There have been developments with Asian, particularly Chinese, investors. Switzerland’s free trade agreement with China took effect in July, along with amendments to an existing double tax treaty. Investors have been targeting the luxury goods sector, for example watches, but there were deals elsewhere. China-headquartered Pactera Technology International acquired Innoveo Solutions, and the Jinsheng Group purchased Oerlikon Corporation’s natural fibres and textile components business for €34 million ($665 million). The pharmaceutical, medical devices, high-tech and life science sectors were also active. Highlight deals include Oerlikon’s multijurisdictional acquisition of Sulzer Metco for CHF1 billion ($1.04 billion), and Novartis’s joint venture with GlaxoSmithKline (GSK). This latter deal will see Swiss-based Novartis divest its nicotine patch business Habitrol, sell its vaccines business to GSK and purchase GSK’s cancer drugs company.

Other landmark deals include Holcim’s merger with France’s Lafarge to create a building materials group worth €0 billion; Nestlé’s acquisition of L’Oréal’s stake in the dermatological treatments company Galderma in a process totalling €5 billion; and a series of deals by Clariant, which saw the chemicals company sell its textile, chemicals, paper chemicals and emulsions businesses to US private equity house SK Capital Partners, its detergents business to ICIG, and its leather services business to Stahl.

Switzerland

M&A ANNUAL REVIEW

Turkey

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UK

In the wider context of the past few years, 2014 could be seen as a positive one for the UK M&A market. But it’s a conclusion based largely on the potentially illusory aspects of market optimism and favourable conditions. With interest rates low, lending returning to the market (at least for high-level borrowers) and an apparent appetite for deals among investors, at the turn of the year the market seemed set for a noticeable rise in activity.

However despite this optimism, the level of transactions being enacted – and more pertinently the number reaching completion – has remained low. One potential reason for this is that despite strong market conditions and corporates’ desire to use their cashpiles, the fact remains that they are simply not that many desirable assets in the market. And those that are appealing are still considered overpriced.

The perception of the market in the eyes of foreign investors is another factor, as highlighted by the aborted takeover of UK pharmaceutical company AstraZeneca by American outfit Pfizer. The size of the proposed deal attracted a large degree of press coverage. AstraZeneca’s reluctance, plus recent negative memories of other deals involving British brands such as Cadbury and Royal Mail, all combined to create a very hostile atmosphere around the proposal. While this was not the reason why the deal ultimately fell through, the perception of the UK as an open jurisdiction for foreign investment took a hit, even though the reality is quite different.

There is positive news to be found though. At the time of writing, insurance companies Aviva and Friend Life are pursuing a potential £5.6 billion ($6.7 billion) merger.

Despite the positivity, the level of transactions reaching completion has remained low.

US

In 2014 was a year of huge and complex deals. If size were the key metric, then no recap would be complete without mention of Comcast Corporation’s $45.2 billion takeover of Time Warner Cable, announced in February. Davis Polk & Wardwell and Willkie Farr & Gallagher are advising Comcast, while Time Warner Cable has retained Skadden Arps Slate Meagher & Flom and Paul Weiss.

A n o t h e r t r a n s f o r m a t i v e deal saw AT&T and DIRECTV announce in May that they had entered into an agreement for AT&T to acquire DIRECTV for $48.5 billion. At the time of press, the deal was still undergoing antitrust review, but it was not expected to founder as AT&T’s 2011 bid to acquire T-Mobile had done.

But complexity, as opposed to sheer size, has been the most salient feature of M&A this year. One of its most heralded deals, and one that is representative in its unpredictable twists and turns and the number of parties and interests involved, was Tyson Foods’ $7.8 billion acquisition of Hillshire Brands Company, completed in the final week of August. Tyson emerged as the winner in a saga that started out with Hillshire planning to acquire PinnacleFoods for $6.6 billion, with help from Hillshire’s counsel, Skadden. Cravath Swaine & Moore advised Pilgrim’s Pride on an unsolicited offer.

Complexity, as opposed to sheer size, has been the most salient feature of M&A this year.

Private equity was another salient feature. Highlights include Permira funds’ $1.1 billion sale of Renaissance Learning to Hellman & Friedman, and TPG’s $1.5 billion purchase of The Warranty Group. In March HIG sold American Hardwood Industries to Baillie Lumber for an undisclosed amount.