



MERGERS & ACQUISITIONS IN MEXICO

Contents

1. Main activities of public companies in Mexico
2. Main activities of private companies in Mexico
3. Activity of private equity funds in Mexico
4. Other business news
5. Pablo Ri3n y Asociados / Global M&A news
6. Subscription / Cancellation policy

1. Main activities of public companies in Mexico

Grupo Industrial Saltillo acquired the brand **Hesa** from **Hidro Electra**. The details of the transaction were not disclosed.

Grupo Industrial Saltillo (GIS) sold its subsidiary **Cinsa** to an unknown group of investors. Even though transaction details were not revealed, the EBITDA valuation multiple is estimated to be 6.6x, which sets the transaction amount at nearly USD 70 MM. Resources obtained from the transaction will be used to reduce GIS debt and increase its investments in various projects.

Megacable Holdings acquired 6 cable systems from **Mascom** in the state of Colima. The transaction adds 17,870 subscribers to Megacable, as well as 315 kilometers of coaxial-optic fiber cable and a potential 51,400 houses through which the acquired infrastructure passes. Cities covered by Mascom include: Colima, Villa de Alvarez, Comala, Cuauhtémoc, Coquimatlan y El Trapiche.

Femsa acquired a 41% stake in **Carta Blanca** for USD 60 MM.

HSBC sold for nearly USD 135 MM the 18.7% stake it owned in **Financiera Independencia** to a group of investors and the company itself. As part of the negotiation, HSBC agreed to increase its credit line from 2,000 million pesos to 2,500 million pesos in order to support the company's future growth.

Fresnillo PLC increased its stake in **MAG Silver Corp.** to 14.7% after acquiring additional shares of the company for USD 26.6 MM. A few weeks later, Fresnillo increased its stake to 19.9% by acquiring 2.5 million additional shares.

Ixe Grupo Financiero decided to merge the recently created **Banco Deuno** with **Ixe Banco** in order to reduce costs and take advantage of the operation synergies of both banks.

Sigma Alimentos, a subsidiary to Grupo Alfa, acquired the brand **Longmont** from **Butterball**, the largest turkey products company in the US.

Acerca de Pablo Ri3n y Asociados

*Pablo Ri3n y Asociados, S.A. de C.V. es una firma privada de Banqueros de Inversi3n fundada en 1990. La firma se especializa en fusiones y adquisiciones, desinversiones, coinversiones, alianzas estrat3gicas, colocaciones p3blicas y privadas de deuda y capital, asesoría financiera y valuaci3n de negocios. Para m3s informaci3n, visite la p3gina web: www.pablorigion.com. Pablo Ri3n y Asociados es el socio exclusivo en M3xico de **Global M&A** (www.globalma.com).*

2. Main activities of private companies in Mexico

Perrigo Company, a US public pharmaceutical company, acquired the Mexican company **Laboratorios Diba**, located in the city of Guadalajara, Mexico. **Pablo Ri3n y Asociados - Global M&A M3xico** – advised the shareholders of **Laboratorios Diba** in the selling process. The transaction value was close to USD 25 MM.

Paramount Gold and Silver Corp. acquired from **Tara Gold Resources Corp.**, the **San Miguel** project located in Chihuahua, Mexico, for a consideration close to USD 8.7 MM.

Cash America International signed an LOI to acquire 80% of **Prenda F3cil** for USD 90 MM. **Prenda F3cil** has 100 stores, and is the second largest pawn shop chain in Mexico.

Carlos Slim acquired a 7.6% stake in **Bronco Drilling**, the North-American company dedicated to offering gas and oil drilling services.

Kitelab, a Latin-America and Latin-Culture research company located in the USA,

acquired the Argentinean company **Sociedad Organizadora de Marketing (Somsa)**.

Elcoteq SE acquired from **Phillips** its flat screen operations in Mexico. The transaction includes some fixed assets and inventories from **Phillips Ju3rez**, as well as a long-term manufacturing agreement.

Carlos Slim acquired a 6.4% stake in the US newspaper **The New York Times**. With this transaction he became the 3rd largest shareholder in the company. The transaction is estimated at USD 127 MM.

Carlos Slim acquired an additional stake in the department store chain **Saks Fifth Avenue**. The Mexican businessman now has a stake of 11.5% in the company owned by its investment vehicle **Inmobiliaria Carso**. The transaction was for a total consideration of USD 3.4 MM.

Bancomext, the National Bank for Foreign Trade in Mexico, sold the shares of the highway-concession companies in Aconcagua and Itata in Chile. The buyer was **Global V3a Infraestructura, S.A.**, and the price was USD 553 MM.

3. Activity of private equity funds in Mexico

Ignia Partners, through its fund **Ignia Fund I**, made a first investment of USD 3 MM in **Primedica**, the health services provider. The capital infusion will contribute to the company's growth in diverse cities in Mexico in order to reach national coverage. The second investment will be made through the North-American fund **Tango**.

Advent International, through its office in Mexico, acquired 100% of the shares of **Aerodom**, the Dominican Republic airport operator. The sellers were **Grupo Hazoury**, **Vancouver Airport Services** and a local investment group.

Darby Overseas Investments, Ltd. (Darby), the private capital investment vehicle for **Franklin Templeton Investment**, announced that it successfully raised a mezzanine fund through a joint-venture with **Stratus Group** for the infrastructure market in Brazil; the amount raised is close to USD 236 MM.



Gas Natural sold 15% of its subsidiary **Gas Natural México** to **Sinca Inbursa**. The agreement will allow Gas Natural to continue its expansion in Mexico. Gas Natural is the leading gas distributor in Mexico and the

second private company in energy production in Mexico. The Gas Natural Mexico shareholders are distributed as follows: Gas Natural 71.75%, Sinca Inbursa 15% and Iberdrola 13.25%.

4. Other Business News

Mitsubishi UFJ Financial Group acquired 21% of **Morgan Stanley**. The transaction took place under convertible preferred stock (USD 7,800 MM) and unconvertible preferred stock (USD 1,200 MM) to reach a total consideration of USD 9,000 MM.

Delta Air Lines and **Northwest Airlines** merged, creating the largest airline in the world. Northwest investors will receive 1.25 Delta shares for every Northwest share they own. The integration process will take 1 to 2 years.

According to FDIC, **JP Morgan Chase** became the largest American savings account institution (with more than USD 900,000 MM) after acquiring the bank **Washington Mutual** (WaMu) for USD 1,900 MM.

The American investor **Warren Buffet**, invested USD 3,000 MM in preferred stocks from **General Electric**. The total program amounts to USD 15,000 MM, nevertheless Buffet's stake includes a 10% annual dividend right, and after 3 years the investor can convert his shares with a 10% additional interest.

JP Morgan Chase raised USD 10,000 MM through the sale of stock. The raised capital will help counteract the USD 8,000 MM in subprime forecast, as well as an additional USD 2,000 MM to fund the recent acquisition of WaMu.

The Coca-Cola Company acquired the Chinese company **Huiyuan Juicie Group** for USD 2,300 MM to duplicate its fruit-juice market share in China.

Goldman Sachs Group received a capital infusion of USD 5,000 MM from Warren Buffet's **Berkshire Hathaway**. The investment was made in preferred stock with an annual dividend of 10%. Additionally, Berkshire received an investment option to acquire up to USD 5,000 MM in stocks at a price of USD 115 per share.

Banco Santander acquired the American savings & loans company **Sovereign Bancorp** for USD 1,900 MM. The transaction took place through a stock swap between the companies. Santander already owned 24.4% of Sovereign before the transaction.

5. Pablo Ri3n y Asociados / Global M&A News

On next Wednesday, November 12, Mr. Pablo Ri3n, Managing partner and founder of **Pablo Ri3n y Asociados**, will participate in the conference "**Mexican M&A Roundtable**" organized by Mergermarket. The event will take place at the Nikko Hotel at 17:00 hrs. At the end of the conference there will be a cocktail. If you are interested on assisting this free event please register at <http://www.mergermarket.com/pdf/Mexicanregistrationform.pdf> or send an e-mail to usevents@mergermarket.com for more additional information.

Pablo Ri3n y Asociados is hosting the event along with PricewaterhouseCoopers and Intralinks.

Event: **Mexican M&A Roundtable**
Theme: Current situation in M&A´s
Place: **Hotel Nikko**, Campos El3seos # 204, colonia Polanco
Date: Wednesday, **November 12**, 2008
Time: Starting **17.00 hrs**



6. Subscription / Cancellation policy

This is a free electronic newsletter, which is being sent to you courtesy of Pablo Rión y Asociados, with the purpose of providing useful information. Please, feel free to share, copy or forward it to your colleagues and associates.

If you have any questions or comments, or if you want to receive this bulletin on a regular basis, please send an e-mail writing the word "Subscribe" as the subject to info@pablorigion.com. If you prefer not to receive this newsletter, please send us an e-mail with the word "Cancel" as the subject.

If you are receiving this newsletter via our info@pablorigion.com account, please do not subscribe again.

The Editor of this bulletin is not responsible for any damages caused by the use of the information contained in this bulletin. The information contained in this newsletter was compiled from public sources (*América Economía, El Economista, Reforma, El Financiero, El Nuevo Excelsior, El Universal, El Semanario, Sentido Común, Bloomberg, The Wall Street Journal, among others*) as well as direct sources of Pablo Rión y Asociados, and it is subject to the veracity and accuracy of the same.

Pablo Rión y Asociados, S.A. de C.V.

Paseo de la Reforma 450
Col. Lomas de Chapultepec
11000 México, D.F.
Tel. +52 (55) 5520-3144
Fax. +52 (55) 5540-6190
www.pablorigion.com

About Pablo Rión y Asociados

Pablo Rión y Asociados is a private Mexican investment-banking firm incorporated in 1990. We are specialized in mergers and acquisitions, divestitures, joint ventures, strategic alliances, private and public equity raising and debt offerings, specialized financial advisory and business valuation for medium size companies in Mexico, Central America and the Caribbean. We have closed over **90** transactions totaling US\$ 1.4 billion over the last 16 years. For additional information, please visit: www.pablorigion.com.

About Global M&A

Pablo Rión y Asociados is the exclusive member in Mexico of **Global M&A** (www.globalma.com), the world's leading association of independent middle-market investment banks located in 39 countries throughout America, Europe, and the Far East. The organization provides cross-border M&A advisory, capital raising, and financial restructuring services. Global M&A members have completed more than 1,000 middle market transactions since 2000, approaching US\$45 billion in aggregate transaction value.

© 2004 - 2008 por Pablo Rión y Asociados, S.A. de C.V. All rights reserved. The use of the information from Pablo Rión y Asociados® is prohibited on websites. All rights reserved.