

# TAKEOVERS

## TAKEOVERS IN DEPTH

Takeovers involving UK-domiciled companies are overseen by the Takeover Panel. The first step is often that a company enters an 'offer period' – that is, it discloses it has received an approach which may result in a bona fide bid. Being in an offer period restricts what a company may do.

Once the terms of a bid have been formally announced, the next step is the dispatch of the offer document. This event is what starts the 'bid clock' and normally happens within 28 days of a bid announcement. The 'bid timetable' column in our tables details how long the clock has been 'ticking'.

If the bid is hostile, a defence document must be published within 14 days. Day 21 is usually the first closing date, while day 39 is the last day on which a target company may publish price-sensitive information, and day 46 is the last day on which a bidder may revise its terms. If a rival bidder emerges, the 'clock' is reset when the second bidder posts its offer document.

A takeover offer effectively succeeds when all its conditions are met, and this usually happens by day 60. If the bidder acquires more than 75 per cent of the shares, it can delist the target. If it acquires more than 90 per cent, it can forcibly acquire the remaining 10 per cent.

Many agreed takeovers are now structured as schemes of arrangement. Under these, the target effectively cancels its share capital by agreement with its own shareholders, and issues new shares to the bidder. Schemes of arrangement are controversial, because they can proceed even if only a minority of shareholders vote in favour of them.

## RIGHTS ISSUES

### Heritage Oil

|                     |                               |
|---------------------|-------------------------------|
| Announced           | 6/08/12                       |
| Ex-rights           | 31/08/12                      |
| Last payment        | 14/09/12                      |
| Total amount raised | tba                           |
| Terms               | tba                           |
| Issue price         | tba – no later than 27 August |
| Market price        | 160p                          |
| Nil paid price      | na                            |

Heritage Oil is having a rights issue to help fund the acquisition of a 45 per cent participating interest in a producing oil mining lease in Nigeria with its partner, Shoreline Power, in a \$850m (£542m) deal. **Await documents.**

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## TAKEOVERS

| Target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Bidder                                           | Terms                   | Value   | Bid timetable |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------|---------|---------------|
| <b>Titan Europe</b><br>Vehicle wheels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Titan</b><br>Off-highway wheels & tires       | *                       | £112m   | na            |
| *1 New Titan International share:11 Titan shares. Recommended. Titan International believes the acquisition of Titan Europe will establish a global wheel, tyre and track industrial group servicing customers across the agricultural, construction, earth-moving and mining industries. Titan Europe was spun-off by Titan International onto Aim in April 2004, and the bidder holds approximately 21.67 per cent of Titan Europe's issued share capital. Given that Titan Europe would benefit from being part of a larger group with a strong balance sheet, which could achieve greater revenue growth and higher profitability than on a standalone basis, the deal looks logical. The all-share offer has been pitched at a 13 per cent premium to Titan Europe's share price prior to the company entering into an offer period. <b>Await documents.</b> |                                                  |                         |         |               |
| <b>Aegis</b><br>Media                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Dentsu</b><br>Media                           | 240p cash per share     | £3.16bn | Day 25        |
| Recommended offer, with 30.5 per cent acceptances so far. This bid from Japanese advertising agency Dentsu represents a 48 per cent premium to Aegis's share price just prior to news of the approach. <b>Sit tight.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                  |                         |         |               |
| <b>Allied Gold Mining</b><br>Gold producer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>St Barbara</b><br>Gold producer               | *                       | £360m   | Day 30        |
| *\$1.025 cash + 0.8 St Barbara. Recommended offer via a scheme of arrangement, with 14.6 per cent acceptances so far. This offer from Australian gold miner St Barbara – which is worth 176p a share – represents a 92.3 per cent premium to Allied's share price just prior to news of the offer. <b>Accept.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                  |                         |         |               |
| <b>Cove Energy</b><br>Oil & gas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>PTTEP Africa Investment</b><br>Oil & gas      | 240p cash per share     | £1.22bn | Day 77        |
| Recommended. With 91 per cent acceptances – and now that Shell's rival offer has lapsed – this is a done deal. <b>Accept.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                  |                         |         |               |
| <b>Goals Soccer Centres</b><br>Five-a-side football centres                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Goliath Bidco</b><br>Bid vehicle              | 144p cash per share     | £73.1m  | Day 21        |
| Recommended offer via a scheme of arrangement. This bid, from Ontario Teachers' Pension Plan Board, represents a 34 per cent premium to Goals' share price just prior to news of talks. Rival bidder, Patron Sports, has withdrawn so this looks a done deal. <b>Accept.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                  |                         |         |               |
| <b>Logica</b><br>IT services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>CGI</b><br>IT & business process services     | 105p cash per share     | £1.7bn  | –             |
| Shareholders have voted in favour of the scheme of arrangement, which is expected to become effective on 20 August.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                  |                         |         |               |
| <b>Psion</b><br>Technology hardware                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Motorola Solutions</b><br>Technology hardware | 88p cash per share      | £129.3m | Day 36        |
| Recommended. The offer represents a 45.5 per cent premium to Psion's share price just prior to the bid and has received 69 per cent acceptances, so it looks like a done deal. The bid is conditional on clearances being obtained from European competition authorities. <b>Accept.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                  |                         |         |               |
| <b>Xstrata</b><br>Mining                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Glencore</b><br>Mining                        | 2.8 Glencore: 1 Xstrata | £39.1bn | Day 71        |
| Recommended. The shareholder meetings relating to the merger have been adjourned to 7 September after the Qatar Investment Authority (QIA) said it would not support the deal. The QIA has demanded 3.25 Glencore shares for each Xstrata one. <b>Sit tight.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                  |                         |         |               |

## EXPECTED DEALS

| Target                                                                                                                                                                                                                                                                                                                                 | Activity               | Terms       | Date announced | Market value |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------|----------------|--------------|
| <b>AorTech International</b>                                                                                                                                                                                                                                                                                                           | Biomaterials           | undisclosed | 3/7/12         | £11.1m       |
| As well as continuing to seek development capital, AorTech has also decided to launch a formal sale process – that could lead to the sale of either part or all of the company.                                                                                                                                                        |                        |             |                |              |
| <b>Travelzest</b>                                                                                                                                                                                                                                                                                                                      | Online travel services | undisclosed | 1/5/12         | £8.35m       |
| A preliminary expression of interest has been received from the group's chief executive, Jonathan Carroll, and from its chief financial officer, Adrian Cobbold                                                                                                                                                                        |                        |             |                |              |
| <b>K3 Business Technology</b>                                                                                                                                                                                                                                                                                                          | Software               | undisclosed | 1/3/12         | £55.7m       |
| After commencing a strategic review in January, K3 has received a number of indicative proposals at levels "materially higher" than the company's share price. K3 expects to publish its preliminary results for the year to 30 June 2012 in mid-September and will make a further update on the formal sale process around that time. |                        |             |                |              |