

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, because they're quicker to complete.

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.

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Target	Bidder	Terms	Value	Bid timetable
Aegis Media	Dentsu Media	240p cash per share	£3.16bn	–
Shareholders have voted in favour of the scheme of arrangement and completion of the acquisition is expected to occur in the fourth quarter of 2012.				
Melrose Resources Oil & gas	Petroceltic Oil & gas	*	£165m	Day 14
*17.6 New Petroceltic: 1 Melrose. This recommended proposed merger values each Melrose share at 143.9p and represents a premium of approximately 6.2 per cent to Melrose's closing price on 16 August, the last business day prior to the announcement of the merger. Melrose's shareholders will also receive a special dividend of 4.7p a share. Shareholders controlling 52.2 per cent of the share capital of Melrose plan to vote in favour of the deal. The enlarged group will have combined 2P reserves of 84 mmbbl (million barrels of oil equivalent), 2C resources of 357 mmbbl and unrisks prospective resources of 1,365 mmbbl in the North Africa, Mediterranean and Black Sea regions, creating a regionally focused independent oil and gas company with significant scale. Sit tight.				
Psion Technology hardware	Motorola Solutions Technology hardware	88p cash per share	£129m	Day 57
Recommended. The offer represents a 45.5 per cent premium to Psion's share price just prior to the bid. It has received 83.7 per cent acceptances – and so looks like a done deal – although the bid is conditional on clearances being obtained from the relevant European competition authorities. Accept.				
Titan Europe Vehicle wheels	Titan Int'l Off-highway wheels & tyres	*	£112m	na
*1 New Titan International: 11 Titan. Recommended. Titan International believes that there is compelling logic in the acquisition of Titan Europe as it 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 that could achieve greater revenue growth and higher profitability than on a standalone basis, this deal looks logical. The all-share offer has also been pitched at a reasonable 13 per cent premium to Titan Europe's share price prior to the company entering into an offer period. Await documents.				
WFCA Communications agency	Porta Communications Communications & marketing	1 Porta: 21 WFCA	£1.49m	na
Recommended. This all-share offer for WFCA is worth 0.333p a share – not far above the current 0.3p share price – but has already received 83 per cent acceptances. Porta is building an international communications and marketing business and says that acquiring WFCA is the next stage of that development process. Await documents.				
Xstrata Mining	Glencore Mining	2.8 Glencore: 1 Xstrata	£39.1bn	Day 92
Recommended. The shareholder meetings relating to the merger have been adjourned until 7 September after the Qatar Investment Authority (QIA) said it would not vote for the deal. The QIA has demanded 3.25 Glencore shares for each Xstrata one and has a 12.3 per cent stake – and without the QIA's support, the deal could fail. Sit tight.				

EXPECTED DEALS

Target	Activity	Terms	Date announced	Market value
Redrow	Housebuilder	152p cash per share	31/08/12	£555m
Bridgemere Securities, Toscafund Asset Management and Penta Capital have made an initial all-cash approach to Redrow – the indicative bid price represents a slight premium to the group's reported end-December net asset value of 150p a share.				
JJB Sports	Sportswear retailer	undisclosed	30/08/12	£1.3m
After a significant deterioration in trading, management no longer thinks it will be able to raise the funds needed to push through a turnaround plan – as a result, the company has been put up for sale.				

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