

## **Deal & more deals: Cash heavy suitors find their targets**

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by [Margie Manning](#)

Senior staff writer

TAMPA -- The planned sale of Sten+Barr Medical Inc. to a Pennsylvania company caps a 12-month frenzy of merger and acquisition activity that made 2006 the year of the deal in the Tampa Bay area and nationally.

More than \$12 billion in deal value occurred or was announced this year in the Bay area, including the October announcement that Global Signal (NYSE: GSL) in Sarasota would be bought by Houston-based Crown Castle International (NYSE: CCI) for \$5.8 billion in stock, cash and debt, the biggest area deal in recent years.

Some of the largest deals locally and nationally involved companies being acquired by private equity buyers.

Barring a better offer, OSI Restaurant Partners (NYSE: OSI) will be acquired by private equity firms Bain Capital, Catterton Partners and three Outback Steakhouse co-founders for \$3.2 billion. Checkers Drive-In Restaurants and Anchor Glass went private earlier in 2006 as did HCA, the Nashville-based company that owns a dozen hospitals in the Bay area.

Although many of the deals involved the sale of local firms to those outside the area, there were some Bay area buyers. Jabil (NYSE: JBL) unveiled plans earlier this month to buy Taiwan Green Point Enterprises for about \$900 million, while First Advantage (Nasdaq: FADV) continued a string of purchases that has given it a global presence and Kforce (Nasdaq: KFRC) beefed up its services for a couple of key acquisitions.

Banner year

A strong economy with the Dow hitting all-time highs, healthy corporate profits and the absence of any domestic terrorist attacks contributed to a record-breaking M&A climate, said John McDonald III, managing director of Hyde Park Capital Partners, a Tampa-based investment banking firm. "The stock market is doing well so companies can use stock for transactions," McDonald said.

There's also a lot of private money available now for deals, said Michael Cole, Sten+Barr's president and a former investment banker. That private money is the result of wealth created during the technology bubble in the five or six years prior to 2001. Until recently, there were few deals available at prices that made sense to investors, Cole said.

"There was a period when it was difficult to do deals, even if they had the money," he said. "Once that went away, the deals were there."

M&A activity has been increasing steadily since 2002, which McDonald described as a "trough" year after the bursting of the tech bubble and the Sept. 11, 2001, attacks.

There were 11,206 M&A deals in the United States year-to-date as of Dec. 17, just 200 fewer than at the same time a year earlier, according to Hyde Park. Deal value approached \$1.4 trillion, a 14.5 percent increase over the same period in 2005.

Deal volume and value is reflected in the bonuses paid to Wall Street investment bankers, a record \$23.9 billion expected in 2006, according to a report from New York's state comptroller. There's a trickle down effect. Investment banking firms such as Hyde Park, as well as the law firms and accountants involved in putting deals together, are hiring and recruiting at schools is up.

"I would describe this as a banner year for any service provider tied to the M&A market," said McDonald.

Pipeline is strong

In Florida, there have been a lot of deals this year in the technology, financial services and industrials sectors, mirroring national trends, McDonald said. Florida also saw a disproportionately high number of health care deals, given the dominance of the sector in the state.

The Dec. 26 announcement that RecoverCare of Plymouth Meeting, Pa., would buy Sten+Barr Medical was the most recent of the health care deals. Both companies provide wound care mattresses, specialty beds and bariatric equipment to hospitals, nursing homes and home care patients.

Terms of the agreement between the two privately owned companies were not disclosed.

For Sten+Barr, it will be business as usual after the purchase closes in January. The company is preparing to sign a new three-year lease at its location off Race Track Road, and Cole will stay on as president of the Sten+Barr division.

The two firms are a good fit, each primarily serving geographies and customers the other did not, Cole said. The Sten+Barr acquisition also positions RecoverCare to challenge two large national players in the industry.

RecoverCare plans to make additional acquisitions in 2007 and beyond, Cole said. That's indicative of what McDonald said is strong momentum for M&A activity in the coming year.

"Our pipeline is as good as it's ever been, and I hear the same thing from others," McDonald said.

Deals Key Bay area deals announced or completed in 2006

- Global Signal to be bought by Crown Castle for \$5.8 billion
- OSI Restaurant Partners to be bought by Bain Capital Partners, Catterton Partners and company co-founders for \$3.2 billion
- Jabil to buy Taiwan Green Point Enterprises for about \$900 million
- Emdeon Practice Services in Tampa sold to Sage Software for \$565 million
- Maritrans sold to Overseas Shipholding Group for \$455 million

*mmmanning@bizjournals.com | 813.342.2473*