

Florida Trend

Done Deals

Activity is down, with the overall dollar volume kept high by one big deal.

By Barbara Miracle
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Miami-based generic drug maker Ivax made headlines in July when it announced that Israel's Teva Pharmaceutical Industries would acquire it for approximately \$7 billion. The deal is one of the largest in Florida history, less than NationBank's \$15-billion acquisition of Barnett Banks in 1997 but more than Carolina Power & Light's \$5.3-billion purchase of Florida Progress in 1999.

The Teva-Ivax deal brought the 2005 value of Florida mergers and acquisitions to \$21.3 billion as of late September, according to FactSet Mergerstat, a California research firm. Those figures don't include the \$4.5-billion merger of two Florida companies expected to close in the fourth quarter: Jacksonville-based Fidelity National Financial's information services unit and credit card and check processor Certegy, based in St. Petersburg.

Without the Ivax deal, the total value of Florida mergers and acquisitions through the first three quarters drops to about \$14.3 billion, \$1.2 billion below the \$15.5 billion for the 2004 period.



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If the numbers worry Florida's M&A community, most don't sound concerned, pointing to the breadth of deals across a variety of industries, including business services, leisure and hospitality, manufacturing and distribution. "Banking and financial deals are up," adds Michael V. Mitrione, a partner with the Gunster Yoakley law firm in West Palm Beach.

Two types of buyers are active: Strategic buyers focused on industry consolidation, and financial buyers from private equity firms. Strong corporate earnings, low interest rates and a healthy stock market have given the strategic buyers plenty of cash that they can put to work. Private equity firms, meanwhile, are playing an increasingly important role, accounting for between 15% and 20% of acquisitions.

"Overall, it's a great market for sellers," says John H. Hill Jr., senior managing director at Hyde Park Capital Partners, a private investment bank in Tampa.

While the Ivax deal is a blockbuster, it's still an anomaly in Florida, where M&A activity tends to involve deals in the millions of dollars, not billions. "What we have is an active and deep middle market," says Daniel H. Aronson, a partner with the Greenberg Traurig law firm in Fort Lauderdale who specializes in mergers and acquisitions, venture capital and private securities offerings.

Indeed, according to figures from FactSet Mergerstat, since Jan. 1, 2002, 131 Florida companies have sold for more than \$50 million. Only 13 of those companies sold for more than \$500 million, however — a pattern that seems to be holding in 2005. Of the 34 deals in the first three quarters of this year that exceeded \$50 million, only four were for more than \$500 million.

What's ahead for 2006? James Cassel, founder and president of Capitalink, a Coral Gables investment banking firm, is cautious: "I'm optimistic going into next year. I'm not sure I'm optimistic going out of next year."