

Full speed ahead for mergers, acquisitions, IPOs

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More than \$6.2 billion traded hands in the 20 largest deals involving Tampa Bay area companies in 2005.

The top 10 deals alone accounted for \$5.8 billion in transaction value. There were two \$1 billion-plus deals, Walter Industries' (NYSE: WLT) \$1.9 billion purchase of Mueller Water Products and the \$1.47 billion purchase of British soccer club Manchester United by Malcolm Glazer, owner of the Tampa Bay Buccaneers.

"It's been a great year in the mergers and acquisitions market," said John Hill Jr., senior managing partner at Hyde Park Capital Partners, an investment bank in Tampa. "There's a large amount of capital out looking for investment opportunities."

Nationally, 2005 has been a record year for deals, Hill said. Through Dec. 23, there were 10,205 deals involving mergers or acquisitions with a total value of \$1.1 trillion.

"Looking into next year, we don't see a change in the future," he said.

Blockbuster planned for 2006

Both financial buyers, such as state pension funds or corporate retirement funds, and strategic buyers, companies that acquire complementary firms to grow their business, were active in 2005.

Walter Industries did a strategic deal when it bought flow control products supplier Mueller to compliment its U.S. Pipe subsidiary, creating a water infrastructure and piping systems company. Shortly after the deal closed in October, Walter paved the path for another blockbuster deal in 2006, the planned initial public offering of its water products operations. After that IPO, Walter will be predominantly a coal company.

Warburg Pincus, one of the largest private equity funds in the United States, bought CCS Medical in Clearwater and MP TotalCare in Tampa, then merged them in a \$630 million deal that created CCS Acquisition Inc., the second-largest firm nationwide in the chronic care mail order supply business.

Warburg Pincus borrowed money for about 75 percent of the deal, a not uncommon occurrence among buyers in 2005, Hill said.

"Although the Fed has been raising rates, the interest rate environment is still relatively low," Hill said. "On a relative basis, people can borrow more than they were able to in the last several years."

Going public

A less-than-robust market for IPOs prompted more mergers and acquisitions, Hill said.

There were just two initial public offerings by Bay area companies in 2005, one fewer than in the previous year.

Syniverse Holdings (NYSE: SVR), a Tampa-based telecommunications services firm, raised \$281.6 million in February, while Tampa-based drug development company Accentia Biopharmaceuticals (Nasdaq: ABPI) raised \$19 million in October. The stock in both IPOs sold for less than each company had originally expected.

But secondary stock offerings for established firms were strong in 2005, raising \$73.9 million for Tampa-based shipping firm Maritrans (NYSE: TUG); \$40 million for Bradenton-based Coast Financial Holdings (Nasdaq: CFHI), the parent company of Coast Bank of Florida; and \$30 million for Winter Haven-based CenterState Banks of Florida (Nasdaq: CSFL).

One deal every 11 days

Brown & Brown (NYSE: BRO), a Tampa-based insurance agency, and First Advantage Corp. (Nasdaq: FADV), a St. Petersburg-based risk management company, were among the most active dealmakers in 2005.

Brown acquired 28 general insurance agencies and several books of business through the first three quarters of 2005 for an aggregate purchase price of \$246.4 million, according to the company's Nov. 9 filing with the Securities and Exchange Commission. The company has announced four additional deals since the end of the quarter, putting it on pace to do one deal every 11 days in 2005.

First Advantage kicked off the year with the \$596 million stock purchase of Credit Information Group, then added 13 more deals throughout 2005 but did not disclose the terms for most of the rest of its acquisitions.

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