



M&A activity in flux as credit markets tighten

By James P. Marra

Northeast Ohio deal-making was robust in February despite the gloomy economy, but the action was mostly with strategic buyers. A dozen transactions involving Northeast Ohio buyers or sellers closed in February and another eight deals were announced. Goodyear, Sherwin-Williams, Step2, CBIZ and Saint-Gobain Performance Plastics were buyers.

On the private equity side, The Riverside Co. closed an acquisition in February and also exited one of its portfolio companies, as did Primus. Overall, activity for the 20-some private equity groups (PEGs) in Northeast Ohio was slow to start 2008 after a torrid 2007.

Buyout activity is in a state of flux at the moment. While deal flow remains strong and sellers continue to consider change of control transactions, the relative lack of debt capital available for buyouts is making deal-making more difficult for local PEGs in 2008. The phenomenon that started with large-cap buyouts in 2007 has slowly migrated down to the midmarket buy-out world.

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ACG Cleveland

MERGERS & ACQUISITIONS

Local companies in bold

Deal data provided by Brown Gibbons Lang and Capital IQ.

Closed	Target	Buyer	Seller	Value (mil.)
Feb. 19	Northcoast Business Systems	Toshiba Business Solutions	—	N.A.
Feb. 18	Powder Coatings	Sherwin-Williams	AB Wilh. Becker	N.A.
Feb. 18	Sherwin-Williams Coil Coatings Business	AB Wilh. Becker	Sherwin-Williams	N.A.
Feb. 15	Thinkativity	The Step2 Co.	—	N.A.
Feb. 12	J & J Scientific Products	Saint-Gobain Performance Plastics	—	N.A.
Feb. 11	Creative Kitchens, Baths and Closets	Caruso's Cabinets	—	N.A.
Feb. 7	Mastergraphics	ROSSINI North America	—	N.A.
Feb. 5	NAIS	CBIZ	—	N.A.
Feb. 4	CVC Specialty Chemicals	Emerald Performance Materials	—	N.A.
Feb. 1	KFXA-TV Non-Licensed Assets	Sinclair Broadcast Group	Second Generation of Iowa	\$17.1
Feb. 1	Shinsouki Co.	The Riverside Co.	Yozan	N.A.
Announced	Target	Buyer	Seller	Value (mil.)
Feb. 26	Firma Oponiarska TC Debica	Goodyear	—	\$42.81
Feb. 24	Mars Medical Systems	Noteworthy Medical Systems	—	N.A.
Feb. 20	ProCentury	Meadowbrook Insurance Group	Stonehenge Partners	\$296.31
Feb. 19	Transport Service	The Kenan Advantage Group	—	N.A.
Feb. 14	Ferris, Baker Watts	RBC Dain Rauscher	Blonder Tongue Laboratories	N.A.
Feb. 11	MessageOne	Dell	Blue Chip Venture, Primus & 6 others	\$155.0
Feb. 11	Inchem Holdings Int'l Core Coatings Mfg. & Distrib. Business	Sherwin-Williams	Inchem Holdings	\$32.58
Feb. 11	Aca Management	Financial Stocks Guaranty	ACA Financial	N.A.

THE LOCAL ECONOMY

129

Monster Local Employment Index

This measure of online job postings was up 15 points in February

18%

Downtown Cleveland office vacancy rate

Down slightly in the fourth quarter from the previous quarter

6.2%

Cleveland industrial vacancy rate

Down nearly half a point in the fourth quarter from the previous quarter

4.7%

inflation rate

year-over-year increase in Cleveland-Akron consumer price index as of January 2008

■ positive trend
■ unchanged
■ negative trend