



## M&A market suits strategic buyers

By James P. Marra

Seven merger and acquisition transactions involving Northeast Ohio companies closed and 10 new ones were announced during June 2008. The marquee deal on the June list is Smucker's \$3.3 billion acquisition of Folgers, which closed during the month. Smucker's stock price, which prior to the deal announcement hit \$54 per share, has languished since then, dipping as low as \$40 before recovering a bit in early July. There were other factors at play, however, besides the Folgers announcement.

Strategic buyers continued to dominate the local M&A scene this month, as they have for the past several months. Parker Hannifin completed one transaction (Titan Industries, a manufacturer of industrial rubber and composite hoses) and announced another (the Legris Industries division of Legris Industries Group, an Austria-based manufacturer of fluid circuit connectors and components). This makes four acquisitions for Parker so far in 2008. Davey Tree Experts completed a significant strategic acquisition at the end of June when it merged with The Care of Trees, a Wheeling, Illinois-based vegetation management company with operations in six states. The target here, approximately one-tenth

the size of the acquirer (Care of Trees revenue was \$51 million in 2007), is the 13th acquisition by Davey in the past two years.

Private equity group activity remained light in June, a continuation of a trend, as only four transactions involving PEGs were logged. Riverside continued apace with its platform acquisition of ITEL Labs, an independent testing company serving the property insurance industry. Falcon Investment Advisors, an out-of-town provider of junior capital, sold Seadrift Coke LP to local strategic acquirer GrafTech. Morgenthaler and Early Stage Partners, two area VCs, teamed up to invest in Arisdyn Systems, a designer of systems that allow the more efficient manufacture of ethanol. Finally, One Equity Partners, the PEG arm of JPMorgan Chase, completed the buyout of Precision Gear Holdings, a Twinsburg-based manufacturer of customized gears.

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### SELECTED MERGERS & ACQUISITIONS

Local companies in bold

Deal data provided by Brown Gibbons Lang and Capital IQ.

Closed	Target	Buyer	Seller	Value (mil.)
June 5	The Care Of Trees Inc.	<b>The Davey Tree Expert Co.</b>	-	N.A.
June 4	The Folgers Coffee Co.	<b>The J. M. Smucker Co.</b>	Procter & Gamble Co.	\$3,297.70
June 4	National Belt Service Inc.	<b>Veyance Technologies Inc.</b>	-	N.A.
June 3	Titan Industries	<b>Parker Hannifin Corp.</b>	-	N.A.
June 3	Nordson Korea	<b>Nordson Corp.</b>	-	N.A.
June 3	ITEL Inc.	<b>The Riverside Co.</b>	-	N.A.
June 2	<b>The Sharon Cos. Ltd.</b>	Worthington Integrated Building Systems LLC/ Worthington Industries	Alliance Holdings Inc.	\$37
Announced	Target	Buyer	Seller	Value (mil.)
June 30	Seadrift Coke LP	<b>GrafTech International Ltd.</b>	Falcon Investment Advisors LLC	\$135
June 27	<b>Arisdyn Systems Inc.</b>	<b>Morgenthaler, Early Stage Partners LP</b>	-	N.A.
June 26	<b>Lakepoint Investment Partners LLC</b>	Northern Trust Corp.	-	N.A.
June 23	<b>Allied-Baltic Rubber Inc.</b>	Anhui Zhongding Sealing Parts Co. Ltd.	-	\$4.50
June 23	<b>Precision Gear Co.</b>	One Equity Partners LLC	Precision Parts International Inc./ First Atlantic Capital	N.A.
June 20	<b>Cleveland Free Times</b>	Times-Shamrock Communications	Times Publishing Co.	N.A.
June 19	Legris SA	<b>Parker Hannifin Corp.</b>	Legris Industries SA	N.A.
June 19	Lash International, Inc.	Eckler Industries Inc.	<b>Four Wheel Drive Hardware Inc.</b>	N.A.
June 17	On Time Machining Co. Inc.	Kyocera Industrial Ceramics Corp.	<b>Manchester Tool Co./ Kennametal</b>	N.A.
June 17	<b>Mrowca Real Estate Inc.</b>	Real Living Inc.	-	N.A.
Cancelled	Target	Buyer	Seller	Value (mil.)
June 16	<b>The Staubach Co. Inc.</b>	Jones Lang Lasalle Inc.	-	\$715.84

### DEAL OF THE MONTH

Say goodbye, yet again, to one of Cleveland's two alternative newspapers. Scranton-based Times-Shamrock Communications purchased the *Cleveland Free Times* from Times Publishing Co. in Erie, and *Scene* magazine from Village Voice Media in NYC, and plans at the end of July to merge the *CFT* into *Scene*, shutting down the *CFT*. Attentive observers of this transaction may remember that this sort of thing has happened before. In 2002, a previous owner of the *CFT*, New Times Inc., shut down the *Free Times* in an agreement with Village Voice. Each owner had an alternative weekly in Los Angeles and Cleveland; concurrent with the first shutdown of the *CFT*, Village Voice shut down its Los Angeles publication. If this sounds like collusion to you, it did to the U.S. Justice Department, as well, which responded with an antitrust suit that resulted in \$440,000 in fines to both owners. Current *CFT* editor, Matt Fabyan, restarted the weekly in 2003. The two papers fought bitterly for advertisers, dollars and relevance. In the end, it was unvarnished, unapologetic capitalism that spelled the end for the *CFT*. Approximately 60 people are employed at the two weeklies. It was unclear how many jobs *Scene* would retain as of press time. RIP *Cleveland Free Times*.