

## Control premiums soar on the back of the GFC



21 September, 2010, Australia - RSM Bird Cameron's Control Premium Study, released today, has found that there has been a significant increase the level of control premium in Australian Takeovers and identified some clear trends emerging for control premiums paid in Australia's leading industries. The study found that on the back of the global economic downturn average control premiums soared in 2009 and 2010 to 42% and 40%, compared to the 5 year average of 31%. The study analyses 212 successful takeover offers and schemes of arrangement over the 5 year period ending 30 June 2010 involving companies listed on the Australian Securities Exchange. In addition to providing an analysis of how control premiums vary by industry and in the time period under review, it also provides an insight into how control premiums vary by nature of the consideration, and assesses what impact pre offer shareholdings held by acquirers in targets and bid speculation have on the level of control premium paid. "Control Premiums have always been a popular topic of conversation in the context of takeovers but ASIC's pending regulatory guide regarding amongst other things how Independent Expert's should measure control premiums in valuations has put them firmly back in media spot light. As stock markets around the world continue to experience a period of significant volatility and uncertainty, determining an appropriate level of control premium to be used in valuations is becoming increasingly more scientific and difficult," said RSM Bird Cameron director Andy Gilmour. "Our study through providing an analysis of control premiums in Australian transactions over the last five years seeks to highlight the key areas, buyers, vendors and the corporate advisory community should consider when determining control premiums in equity valuations. Traditionally valuers have used a widely accepted average range when reflecting control premiums, hopefully our study will help stakeholders derive a more specific and focused transaction by transaction methodology in this regard." About RSM Bird Cameron RSM Bird Cameron is the largest mid-tier accounting firm in Australia and offer a full range of specialist advisory services, including business consulting and advisory, assurance and advisory, taxation consulting, corporate consulting and turnaround and insolvency. RSM Bird Cameron is a core member firm of RSM International, the sixth largest network of independent accounting and consulting firms in the world.