

A look into the crystal ball

11th October 2011

Pottinger

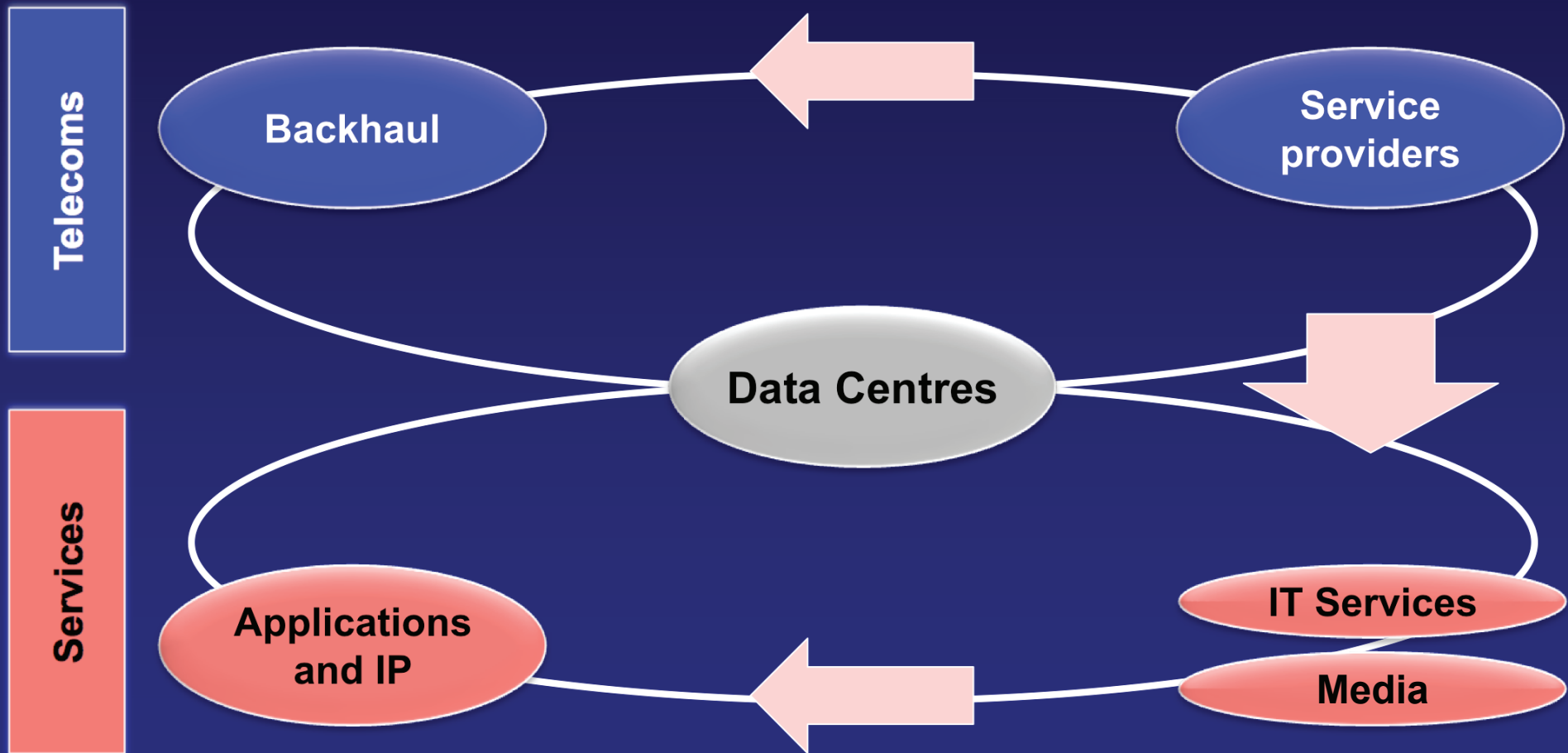
Agenda

- Impact of technology and infrastructure developments on the strategic landscape
- Financial markets
- Value creation opportunities
- Pitfalls along the way

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Significant industry changes are under way



Significant disruptive factors in Australia

**Cross media
ownership rules**

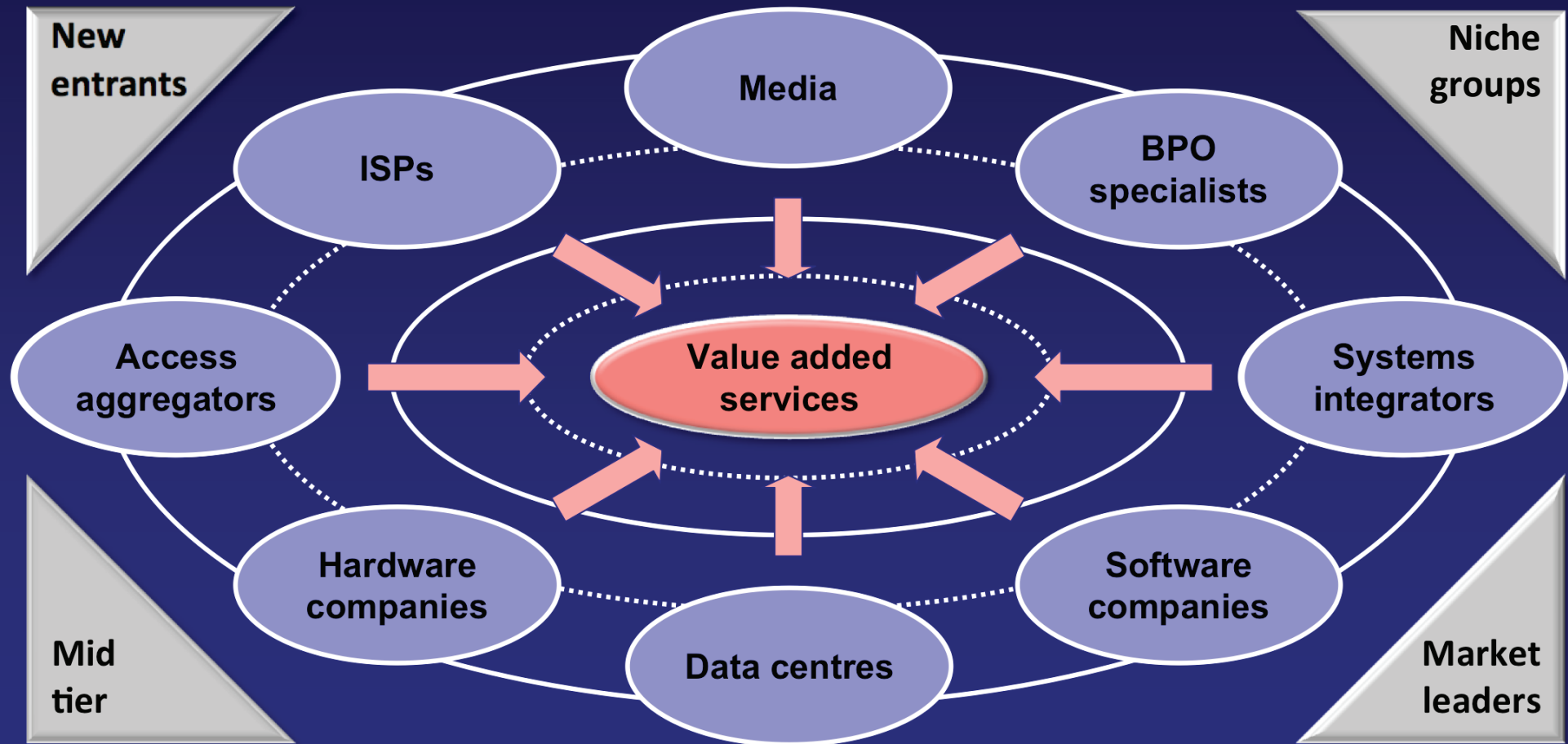
Spectrum and LTE

NBN

**Structural
separation**

**Regulatory
pricing regimes**

Many businesses have the same objectives



Perceived risk has increased considerably

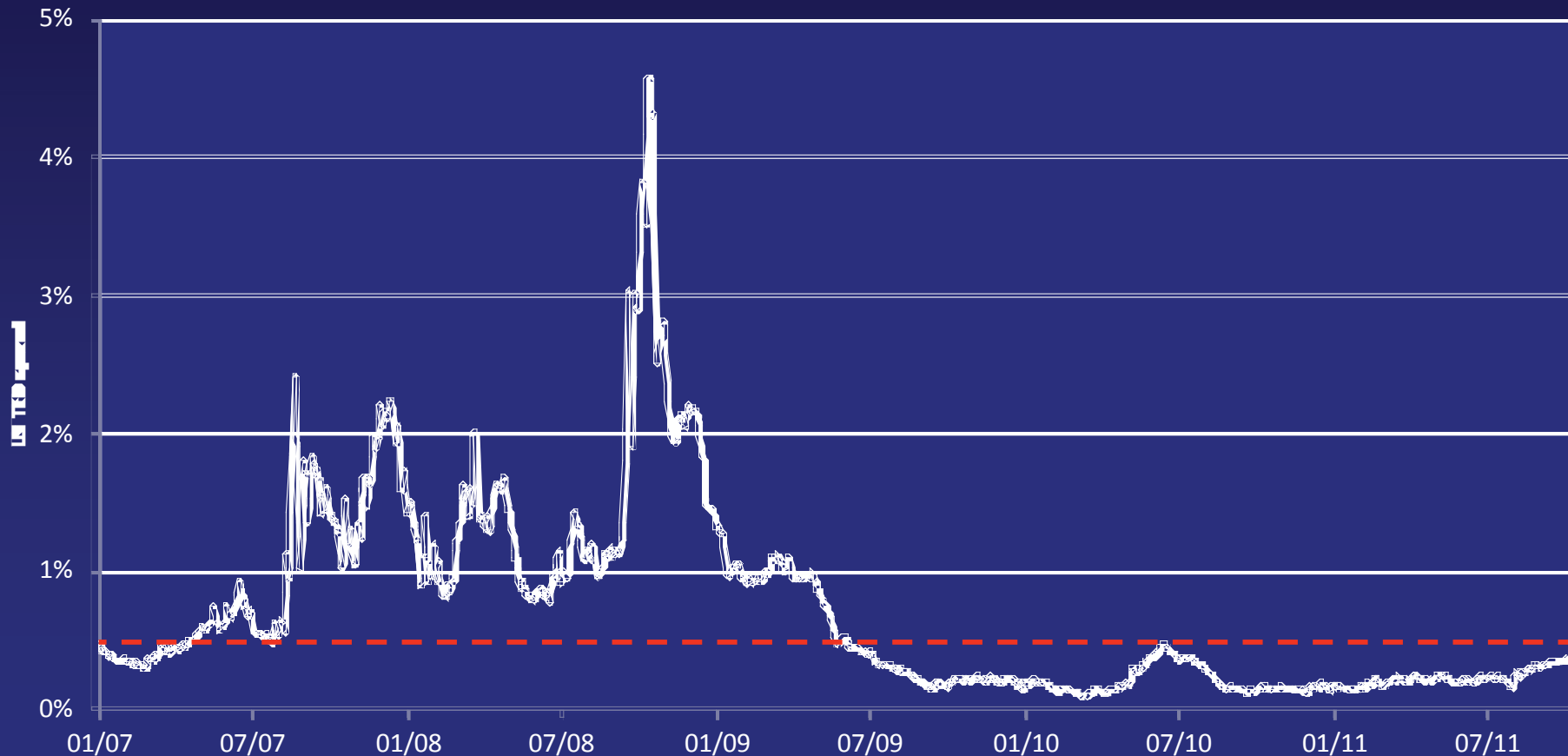
US VIX index – 1st January 2007 to date



Source: Capital IQ

Business as usual in financial markets?

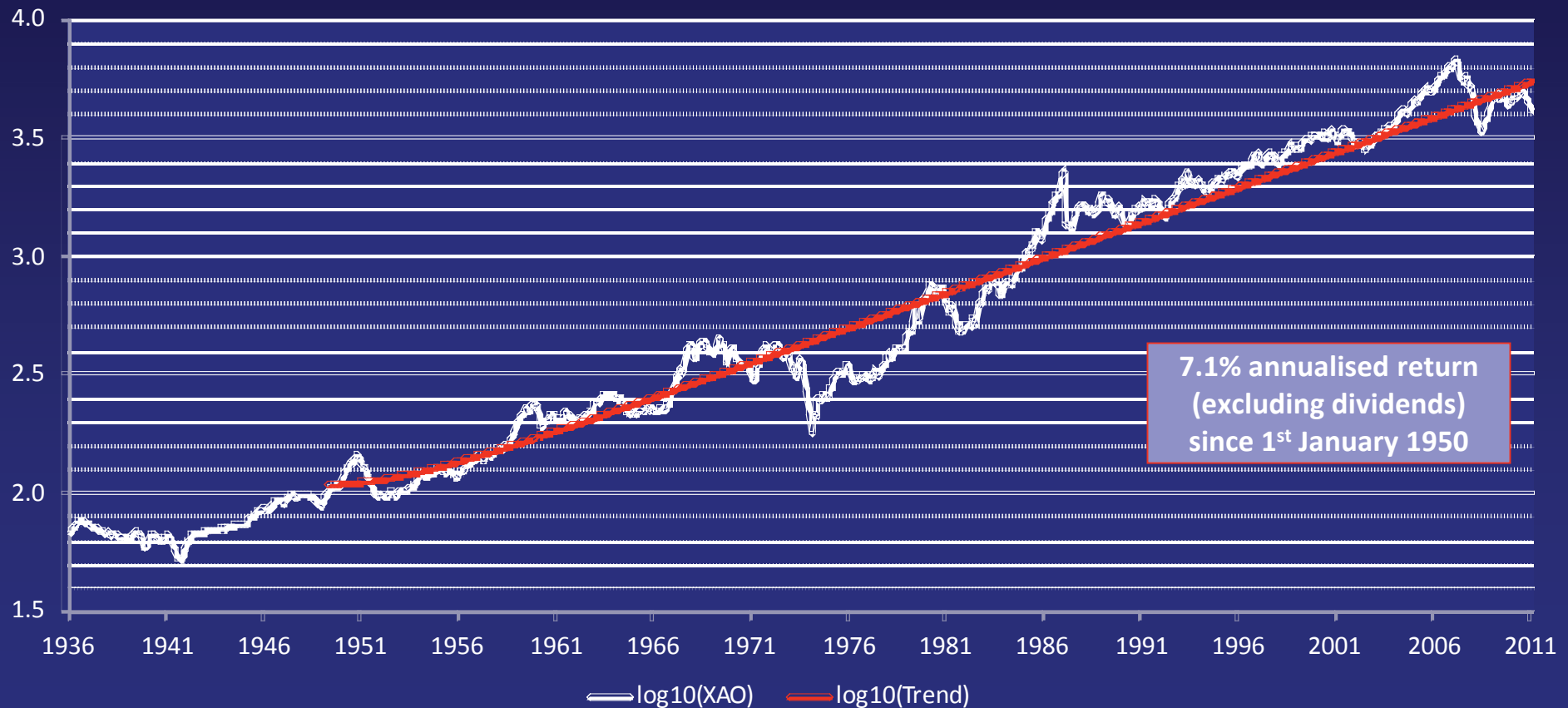
US TED spread – 1st January 2007 to date



Source: Pottinger analysis, Capital IQ

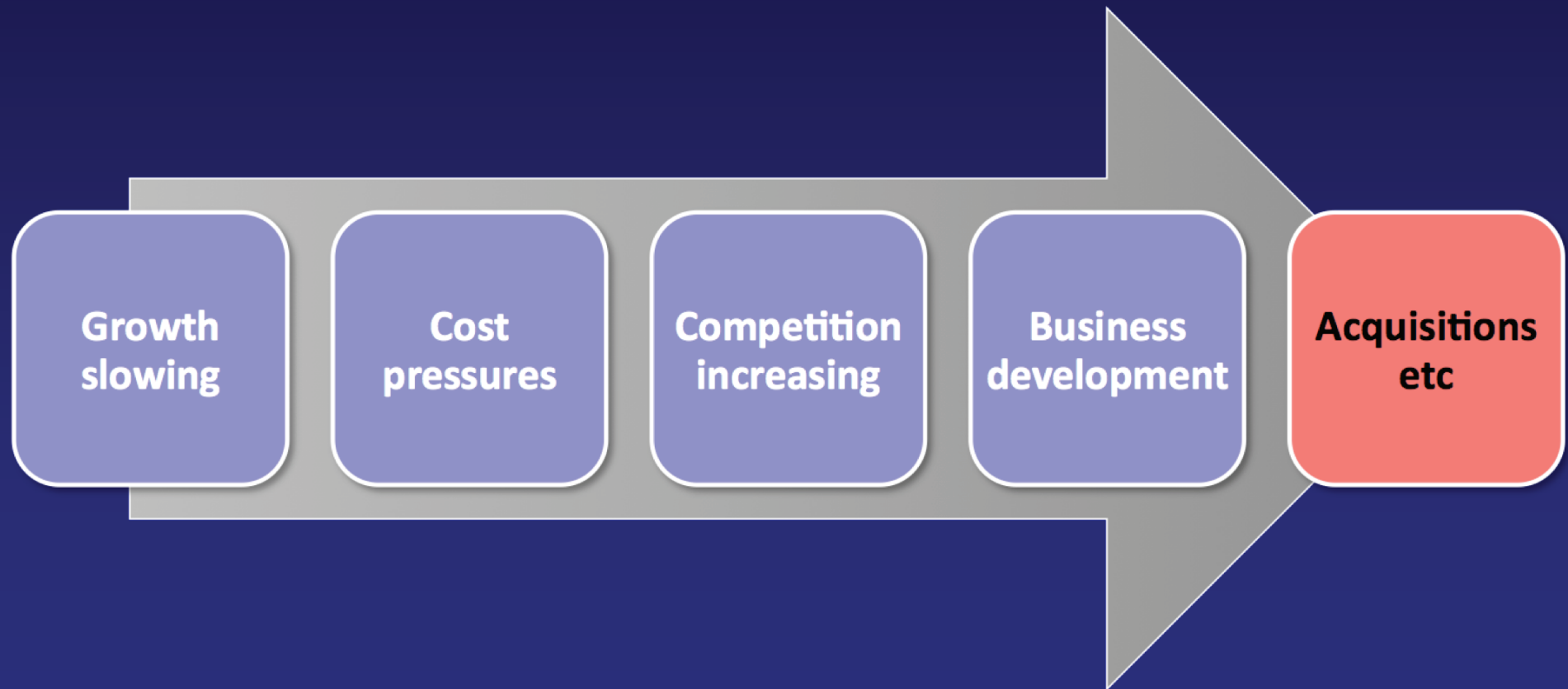
ASX index growth is below long term trends

Australian All Ordinaries index – 30th August 1936 to date



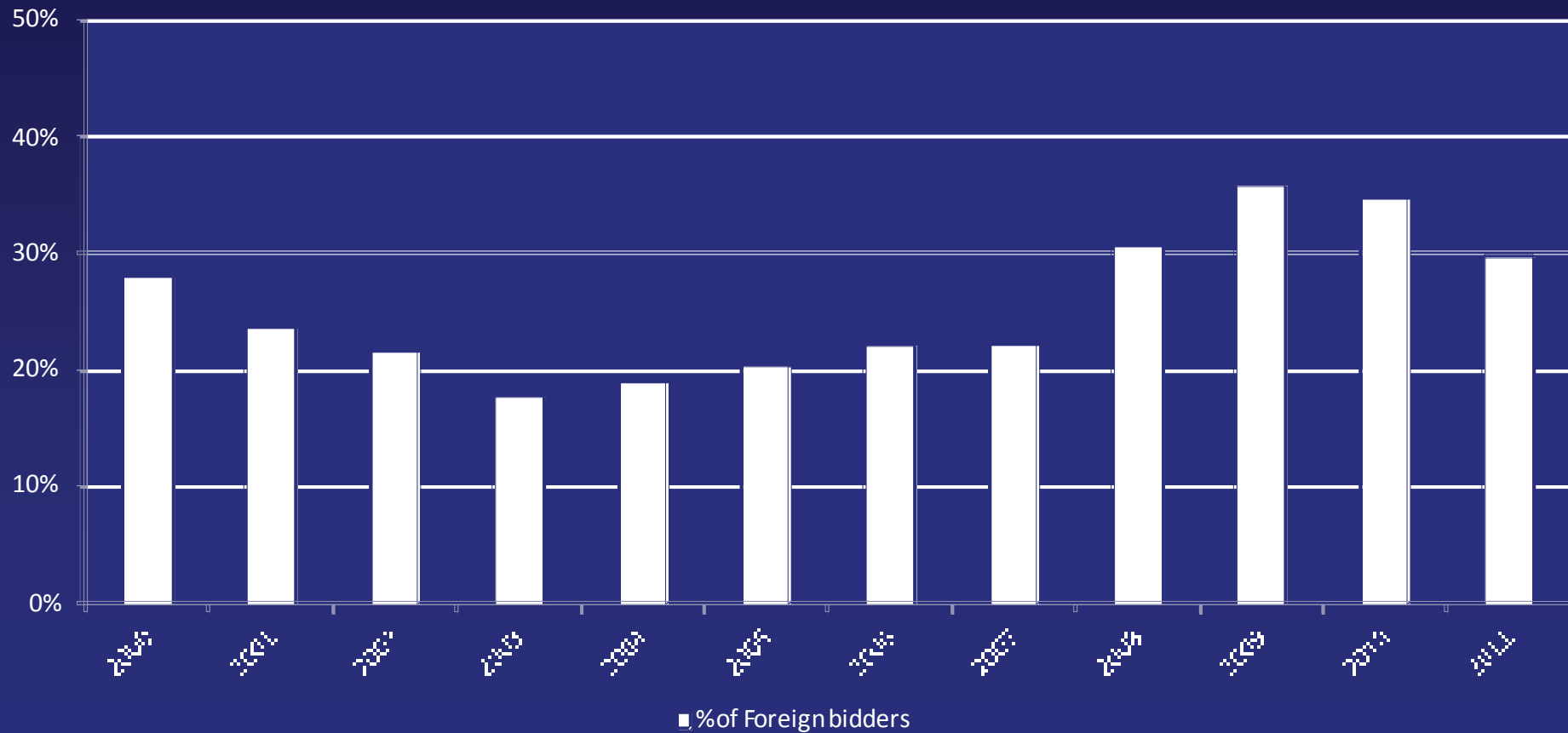
Source: Pottinger analysis, IRESS

Emphasis on inorganic growth is increasing



Cross-border M&A has increased

Proportion of transactions with a foreign bidder



Source: Pottinger analysis, Thomson Financial

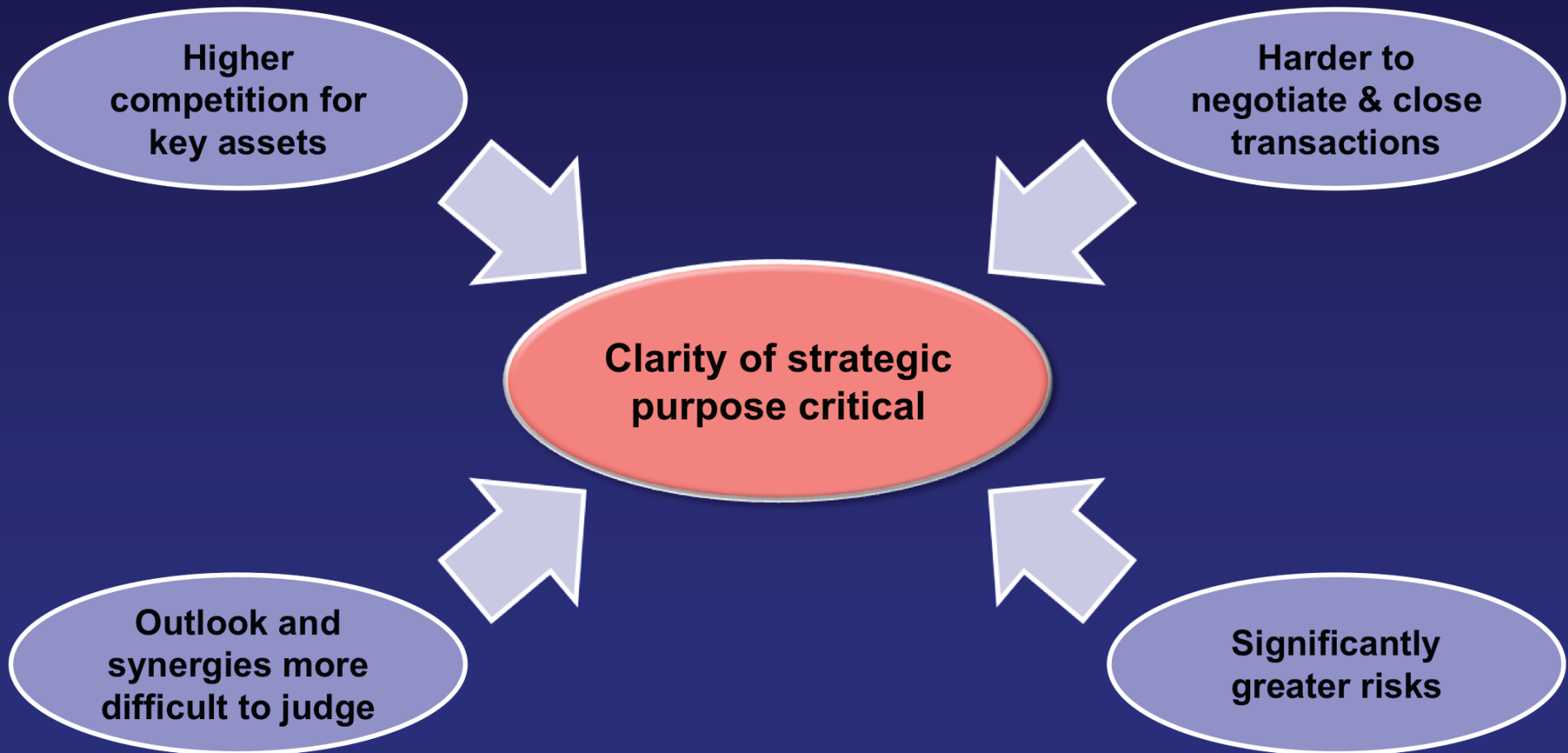
Bid premiums have been materially impacted

Takeover premiums observed on bids for listed companies



Source: Pottinger analysis, Thomson Financial

The M&A environment is challenging





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