

# **GCA Savvian Group Corporation**

Financial Result for 1<sup>st</sup> Quarter FY2009  
(January 1 to March 31 2009)

April 30, 2009

## FY2009 1Q Financial Performance

## Key Message for FY2009 1Q

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- Following the latter half of 2008, revenues continue to be sluggish for the first quarter of 2009 (Jan - Mar 2009) due to M&A transactions extending for longer periods since the Lehman Shock of Oct 2008.
  - Buyer and sellers remain active, but cautious.
- The number of new and on-going deals have increased dramatically in recent months especially for cross-border and industry consolidation / turnaround transactions.
  - We expect these transactions will be completed later in 2009 or early 2010.
- **Given the turbulent economy and markets, our clients increasingly value our global team and quality advice.**
  - Weakened competitors also creating new opportunities.
- In Japan, a letter of intent was signed for a strategic alliance with Dream Incubator Inc. Purpose to create a broad comprehensive framework to provide each others' clients with a range of service from M&A **strategy-**formation, to M&A deal execution to **post-merger integration (PMI)** advice.

## Financial Performance : FY2009 1Q

Fund Consolidated	(Unit : Million Yen)				
	FY2009 1Q Actual	%	FY2009 Forecast	%	Progress %
Revenue	1,934		11,607		17%
Operating Profit	269	13.9%	2,943	25.4%	9%
Net Income	87	4.5%	1,146	9.9%	8%

Fund Unconsolidated					
	FY2009 1Q Actual	%	FY2009 Forecast	%	Progress %
Revenue	1,862		10,791		17%
Operating Profit	198	10.6%	2,145	19.9%	9%
Net Income	87	4.7%	1,137	10.5%	8%

\* Ex-rate : Forecast =Yen90/US\$ and Yen130/GBP  
 Actual average = Yen93.63/US\$ and Yen134.18/GBP

## Financial Performance – Revenue by domain

(Unit : Million Yen)

Revenue	FY2009 1Q Actual	FY2009 Forecast	Progress %
<b>Advisory</b>			
Japan	956	5,239	18%
US	621	4,050	15%
<b>Due Diligence</b>	152	900	17%
<b>Asset Management</b>	131	603	22%
<b>Fund Unconsolidated</b>	<b>1,860</b>	<b>10,792</b>	<b>17%</b>
Revenue from Fund	203	1,337	15%
Elimination	(131)	(522)	25%
<b>Fund Consolidated</b>	<b>1,932</b>	<b>11,607</b>	<b>17%</b>

\* Ex-rate : Forecast =Yen90/US\$ and Yen130/GBP

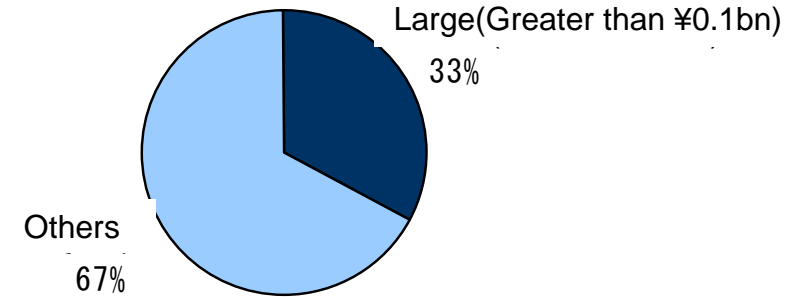
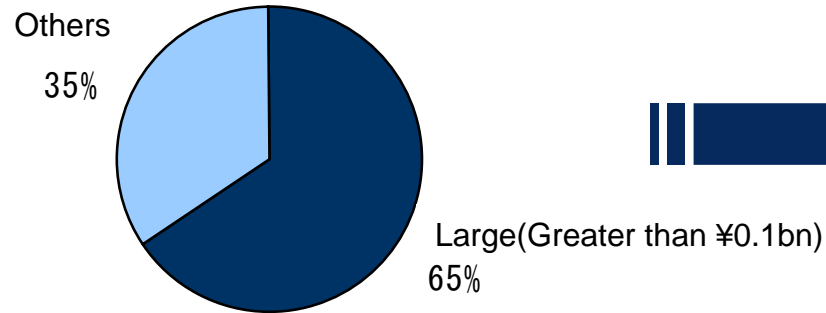
Actual average = Yen93.63/US\$ and Yen134.18/GBP

# Diversity Across Markets and Geographies

**FY 2008**

**FY 2009 1Q**

**Fee Distribution**

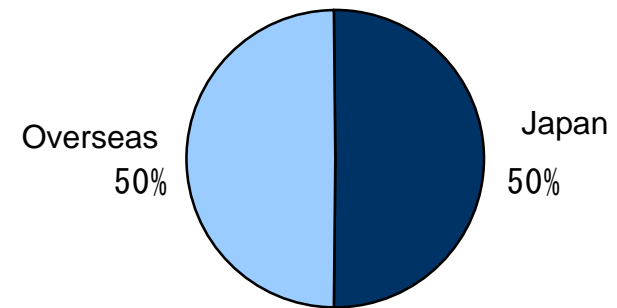
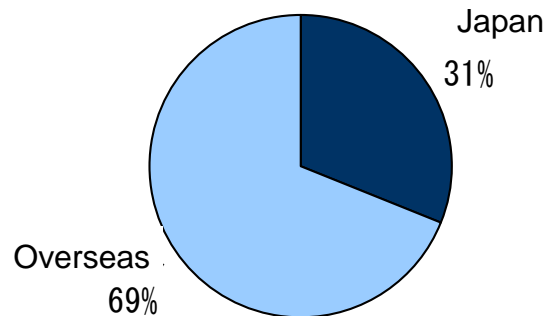


Fee Amount

**Geographic Distribution**

**FY 2008**

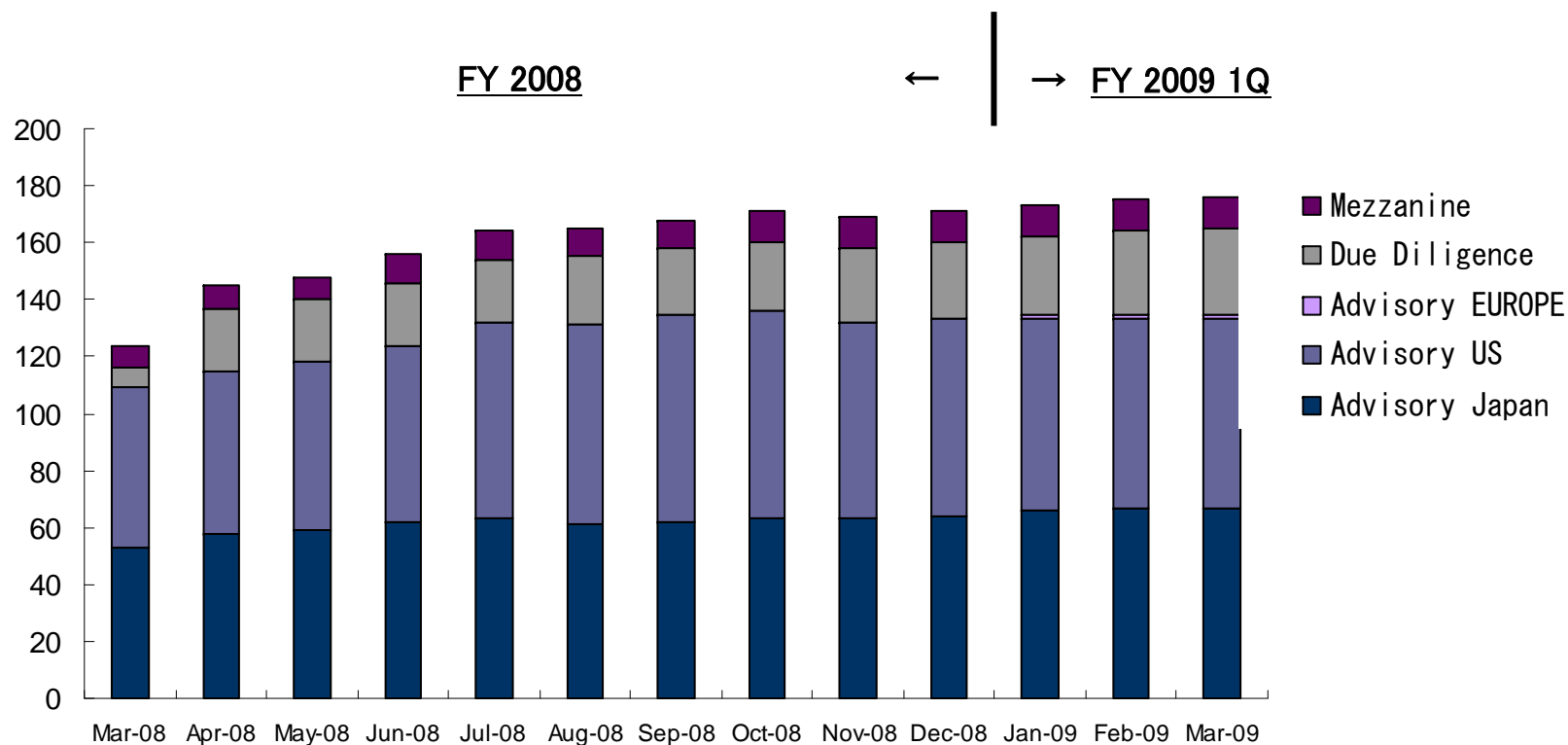
**FY 2009 1Q**



Fee Amount

## Number of Professional

Total 176 of professionals including Europe as of March 31, 2009



Number of Professional	FY2008											FY2009			Average	Increase
	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09			
Advisory Japan	53	58	59	62	63	61	62	63	63	64	66	67	67	62.2	14	
Advisory US	56	57	59	62	69	70	73	73	69	69	67	66	66	65.8	10	
Advisory EUROPE											2	2	2			
Due Diligence	7	22	22	22	22	24	23	24	26	27	27	29	30	23.5	23	
Mezzanine	8	8	8	10	10	10	10	11	11	11	11	11	11	10.0	3	
	124	145	148	156	164	165	168	171	169	171	173	175	176	161.9	50	

# Balance Sheet

Balance Sheet as of March 31, 2009

(unit : Million Yen)

【Assets】		【Liabilities】	
Cash and Cash Equivalent	8,541	Income Tax Payable	97
Accounts Receivable	605	Others	906
Operational Invest Security *1	14,035		
Operational Invest Loan *1	6,252		
Others	1,467		
<b>Current Assets</b>	<b>30,900</b>	<b>Liabilities</b>	<b>1,003</b>
Furniture etc.	365	<b>【Net Asset】</b>	
Investment Sec.	1,411	Capital	11,593
Others	379	Exchange Valuation	(62)
		Minority Interest *1	20,521
<b>Fixed Assets</b>	<b>2,155</b>	<b>Net Assets</b>	<b>32,052</b>
<b>Total</b>	<b>33,055</b>	<b>Total</b>	<b>33,055</b>

\*1 Accounts reflected by Fund Consolidation.

# M&A Advisory Ranking - Japan

FY2008 Financial Advisors to Japanese M&A : Value			
2008	Advisor	Deal Size US\$ mil.	No. of Deal
1	Nomura	41,084	69
2	Mitsubishi UFJ Group	18,660	27
3	Daiwa SMBC	21,358	16
4	Mizuho	8,760	10
5	Citigroup	6,773	45
6	Goldman Sachs	32,137	12
7	GCA Savvian	19,165	23
8	KPMG	6,514	56
9	Morgan Stanley	22,158	8
10	Ernst & Young	3,550	7

Source :mergermarket

FY2009 1Q Financial Advisors to Japanese M&A : Value			
2008	Advisor	Deal Size US\$ mil.	No. of Deal
1	Nomura	7,279	25
2	Daiwa SMBC	3,235	17
3	Mizuho	2,449	12
4	Citigroup	2,890	8
5	GCA Savvian	181	8
6	Ernst & Young	2,143	6
7	Credit Suisse	1,377	5
8	PwC	1,060	5
9	UBS Investment	2,129	3
10	Mitsubishi UFJ Group	510	3

Source :mergermarket

GCA Savvian 's M&A ranking has jumped from 7th overall for 2008 to 5th for first quarter 2009 (number of deals in Japan).

## Goal, Strategy and Forecast

## **FY2009 Corporate Goal**

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- 1. Create value for clients who are facing challenge in global depression through Mergers & Acquisitions solution**
- 2. Improve operational efficiencies and cost saving initiatives to keep high profitability (Goal= 40% EBIT ratio excluding investment in human resources)**
- 3. Build excellent team in Europe and alliance in India through continued investments in line with long-term business plan.**
- 4. Complete at least 15 cross border transactions**

## FY2009 Strategy

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- 1. The deal-creation team to strongly support M&A opportunities related to the accelerating industry reorganization activities in Japan**
- 2. Start a project team specializing in turnaround transactions centered on due diligence and aim to continue on as the role of independent financial advisor.**
- 3. Accelerate the hiring of top level professionals at the newly opened London office to establish a structure that can undertake not only Japan/Europe but also US/Europe deals.**
- 4. Achieve business affiliations with dominant local firms in Asia.**

# Growing Cross-Border M&A Market

*GCA Savvian  
Opened  
London Office*

*Expanded and relocated  
of New York Office to  
meet capacity increase*

Europe

North America

Asia



*Alliance with Kotak, a high  
quality investment bank in  
India*

- M&A between Europe and the US is the largest in all cross-border M&A

## FY2009 Forecast

(Unit : Million Yen)

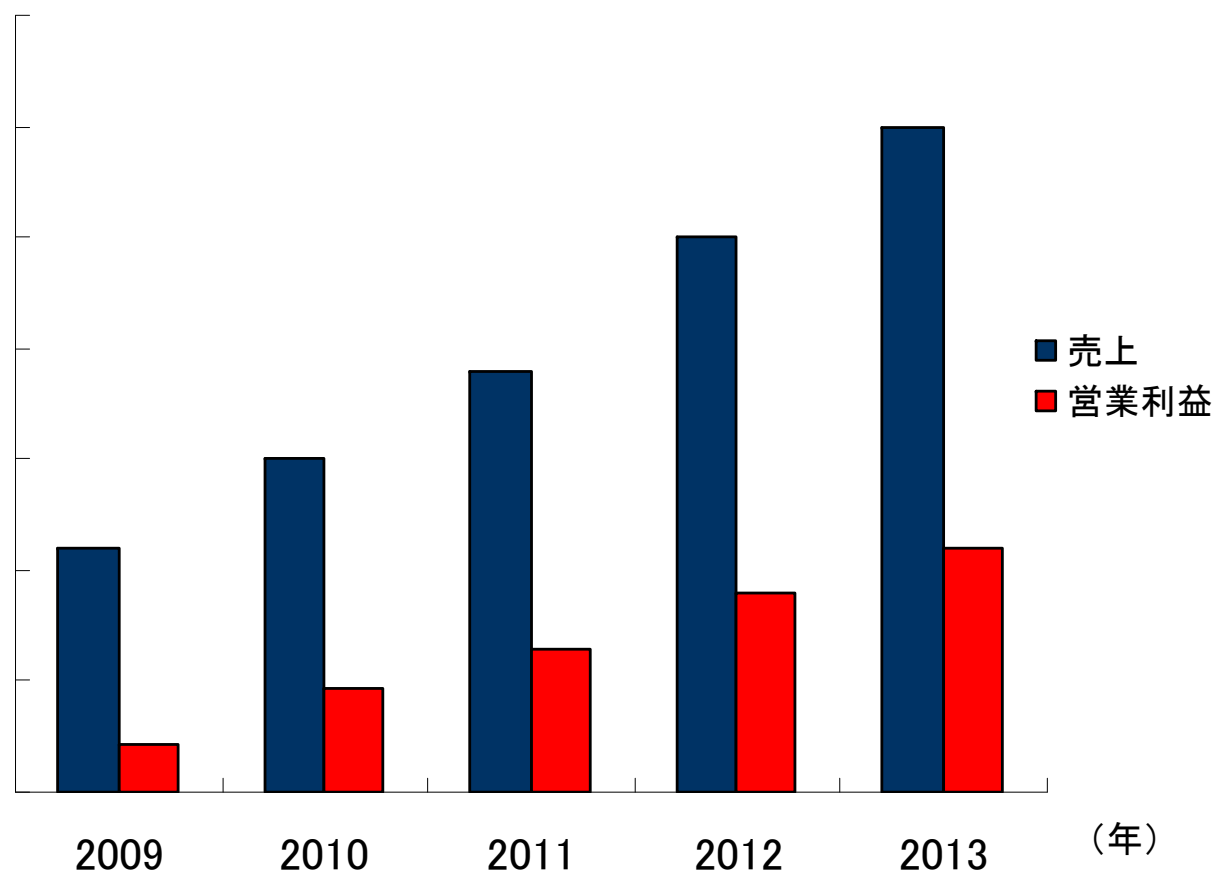
Revenue	2008/12 Actual 10 months	2009/12 Forecast 12 months
Advisory		
Japan	4,516	5,239
US	4,590	4,050
Due Diligence	501	900
Asset Management	969	1,418
<b>Fund Consolidation</b>	<b>10,576</b>	<b>11,607</b>
<b>EBIT</b>	<b>3,883</b>	<b>2,943</b>
<b>Net Earnings</b>	<b>1,990</b>	<b>1,146</b>

※Ex-rate : Yen102.66/US\$ for Actual, Yen90/US\$ forForecast.

Growth rates will slow down for the first half of 2009 as transaction turnover rates continue to fall, however, investment in personnel will continue

## 5 year projection (without Fund)

1. *Within 3 years, establish a global network as an independent M&A firm.*
2. *Within 5 years, become the most respected independent M&A firm in the world.*
3. *Within 10 years, become the largest independent M&A firm in the world.*
4. *Within 20 years, become an most influential M&A powerhouse in the world.*



## Theoretical Share price by DCF Analysis (1)

Assuming the company grow as the business plan and growth stops after 5 years, the share price should be 320, 000 yen

2% Growth → 440,000 yen

4% Growth → 750,000 yen

5% Growth → 1,260,000 yen

Therefore if we invest to our growth after 5 years, then the theoretical share price will be over 1,265,000 yen and if not, then 320,000 yen.

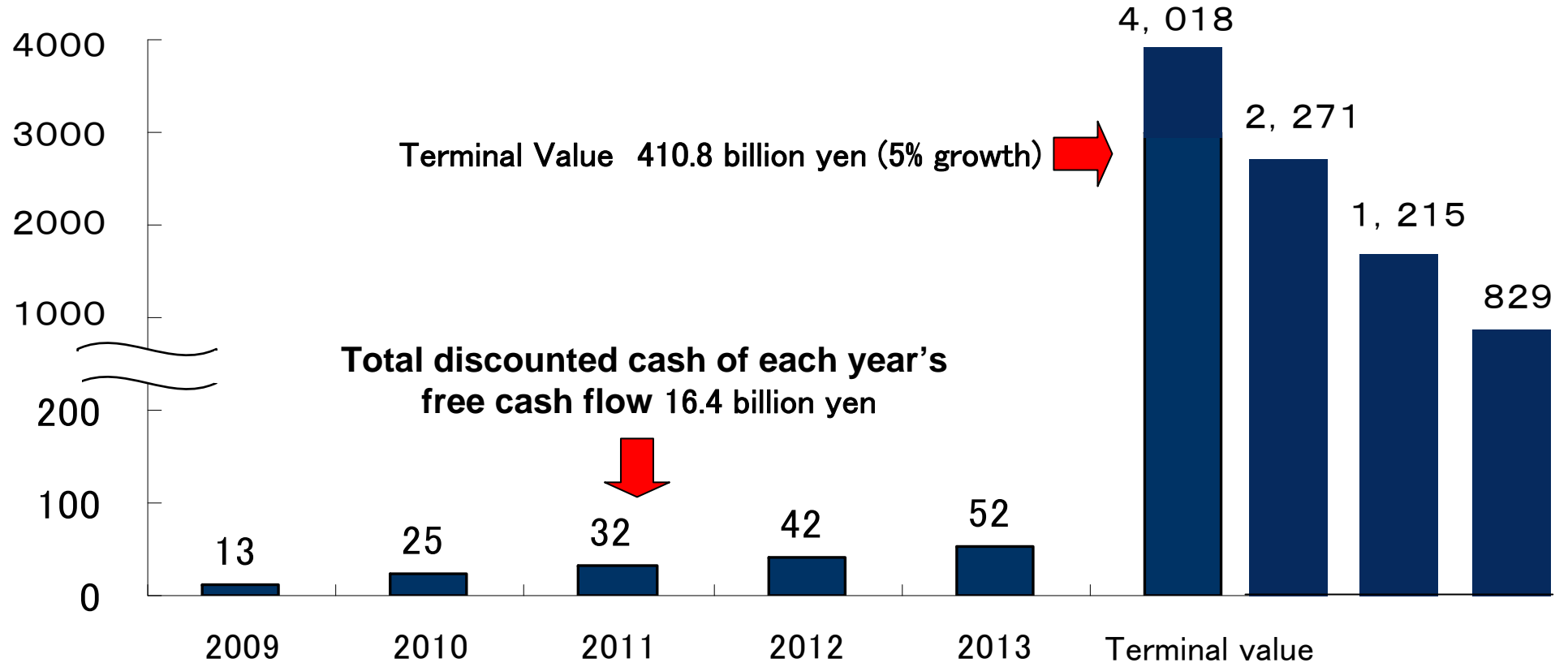


**The investment, focusing on the future growth will be very important to improve the shareholder value**

# Theoretical Share price by DCF Analysis (2)

Theoretical Share Price (10 thousand yen) →	126	75	44	32
Growth after FY2014 →	5%	4%	2%	0%

(Unit: 0.1 billion yen)



**Total discounted cash of each year's free cash flow yen and terminal value  
 + Cash equivalents = 429.3 billion yen ÷ 339,239 share  
 → 1,260,000 yen / share**

## Alliance with Dream Incubator

Company Name : Dream Incubator Inc.

Established : June 2000 (Started Operations)

Head Office : Nakameguro GT Tower 14F,  
2-1-1 Kamimeguro, Meguro-ku, Tokyo 153-0051  
TEL : 03-5773-8700 FAX : 03-5773-8701

Representative Chairman : Koichi Hori

Representative CEO : Takayoshi Yamakawa

Tokyo Stock Exchange 1<sup>st</sup> Section

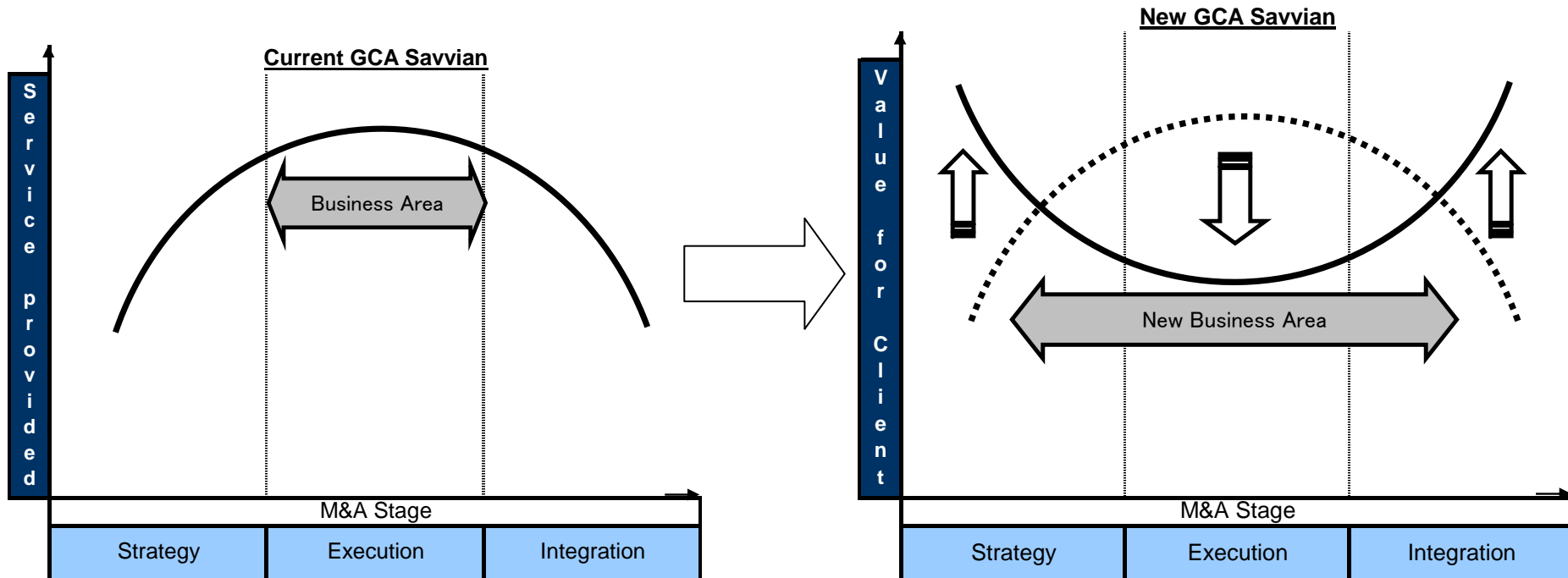
Employee : 71 (As of March 31, 2009)

# Purpose of Alliance

Talented strategic consultants of Dream Incubator jointly working with our M&A professional as one team

























Available full advice from strategy to PMI (Post Merger Integration) which is most important for clients ----> Provide value for clients.



















## <Appendix>

## Notable Transaction in FY2009 1Q

Month	Client	Description	Client Origin / Counterparty
2009-3	OCS Co., Ltd.	Advised Okinawa Credit Service Co., Ltd. on the sale of its credit business to OCS Co., Ltd. under Japan's Civil Rehabilitation Law	 / 
2009-3	The Chugoku Bank, LTD.	Advised The Chugoku Bank, LTD. on its acquisition of Tsuyama Securities.	 / 
2009-3	JFE Refractories Corporation	Advised JFE Refractories Corporation on its business consolidation with Shinagawa Refractories Co., Ltd.	 / 
2009-3	Teijin Fibers Limited	Advised Teijin Fibers Limited on the business integration of their car seat business and Suminoe Textile Co., Ltd.'s car seat business.	 / 
2009-3	Sekisui Chemical Co., Ltd.	Advised Sekisui Chemical Co., Ltd. on its acquisition of American Diagnostica Inc.	 / 
2009-3	Genesis Technology Inc.	Advised Genesis Technology Inc. on sale of its GSH coating business to Yamaichi Electronics Co., Ltd.	 / 
2009-3	Zoom Media Group Inc.	Placement agent for Zoom Media Group, Inc. on its preferred stock offering	 / 
2009-3	Shinko Securities Co., Ltd.	Advised Shinko Securities Co., Ltd. on its merger with Mizuho Securities Co., Ltd.	 / 
2009-3	Lilycolor Co.,Ltd.	Advised Lilycolor Co.,Ltd. on its Capital and Business alliance with Toyota Tsusho Corporation.	 / 
2009-2	Itochu Corp.	Advised Itochu Corp. on the purchase of 28% stakes of Shanshan Group Co., Ltd(China).	 / 
2009-2	eRide, Inc.	Advised eRide, Inc. on its sale to FURUNO ELECTRIC CO., LTD.	 / 

## Notable Transaction in FY2009 1Q

Month	Client	Description	Client Origin / Counterparty
2009-2	Genesis Technology Inc.	Advised Genesis Technology Inc. on sale of its IC design business to Techno Mathematical Co.,Ltd.	 / 
2009-2	DAIKYO INCORPORATED	Advised DAIKYO INCORPORATED on its acquisition of ORIX Facilities Corporation through share exchange with a preferred stock offering.	 / 
2009-1	Genesis Technology Inc.	Advised Genesis Technology Inc. on sale of its IC testing business to Nakaya Microdevices Corporation	 / 
2009-1	SocialMedia Networks, Inc.	Placement agent for SocialMedia Networks, Inc. on its preferred stock offering	 / 
2009-1	Mitsubishi UFJ NICOS Co., Ltd.	Advised Mitsubishi UFJ NICOS Co., Ltd. on its acquisition of the Loan Guarantee business from DC Cash One Ltd. through the Absorption-Type Company Split.	 / 
2009-1	JET Securities, Inc.	Advised JET Securities, Inc., on its triangular merger with ORIX Securities Corporation	 / 
2009-1	Askul Corporation	Advised Askul Corporation, on tender offer for the repurchase of its own shares	 / 
2009-1	Ziff Davis Media Inc.	Advised Ziff Davis Media Inc. on its sale of 1UP Digital Network to UGO Entertainment Inc., a division of Hearst Corporation	 / 

## “Trusted Advisor For Client’s Best Interest”

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Thank You!



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