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Riding the dragon
Will Asian mid-market M&A prosper?

Asia-Pacific mid-market M&A roundup – 2012 edition
– Executive Summary

Asia-Pacific mid-market M&A roundup

Foreword

The Asia-Pacific region arguably encompasses the world's most diverse group of economies, ranging from the sophisticated and mature markets of Australia and Japan to the Asian tigers of South Korea, Hong Kong, Singapore and Taiwan; the centrally-planned yet high-growth nations of China and Vietnam; and finally, the colorful but questionably the most dynamic economies of all – India, Indonesia and even former pariah states like Myanmar, all of which harbor huge amounts of untapped potential.

Peter Baldock
Global COO of Corporate Finance Advisory
Asia-Pacific Head of Corporate Finance Advisory

Asia remains the world's top mid-market M&A arena

With such a variety of economic paradigms, it is perhaps unsurprising that more mid-market M&A deals took place in the Asia-Pacific region than in any other territory worldwide over 2011, with 2,066 transactions coming to market, compared to Europe's 1,960 deals, and North America's 1,834 acquisitions. And with cash-rich corporates the world over increasingly looking to deploy ever-expanding M&A war chests over 2012 as they seek out the growth markets of the 2010s, Asia is likely to hold onto its top spot, at least in terms of M&A volumes, over the foreseeable future.

Mid-market valuations to remain frothy over 2012?

This pent-up demand for mid-market-sized acquisitions also resulted in frothy valuations over the bulk of 2011, mostly due to the fact that mid-market acquirers had to factor in, not only the target's own operational growth prospects, but also those of the wider market, into the deal. These high multiples were certainly good news for sellers but kept buyers on their toes. The issue was further compounded by the fact that quality upper mid-market-sized asset sales stemming from South and Southeast Asia, as well as Australasia, were relatively few and far between over the year. Buyers are therefore increasingly forced to adopt a buy-and-build strategy and undertake a larger number of smaller acquisitions in order to grow their presence within the region and build global market share. Ultimately, such a move is transforming the way stretched corporate development teams within many of these acquisitive businesses approach mid-market deal-making across the Asia-Pacific region.

However, such supply bottlenecks are likely to be alleviated, to some extent, over the medium term, especially as generational succession issues progressively become more commonplace. Over 2012 and 2013, an increasing number of family-owned businesses will be put up for sale as the next generation opts out of running the company, or realizes that they will not be able to grow at a sufficient rate to withstand competition from larger regional or global competitors.

Cross-border mid-market deal flow to focus on intra-regional transactions.

Potential cross-border transactions with counterparties located outside of Asia will most likely be driven by inbound interest in Asia's remarkable long-term growth story. The OECD's most recent global economic outlook suggests as much, noting in November 2011, that the group's collective GDP growth over 2012 would amount to just 1.8%. In stark contrast, in its September 2011 edition of the Global Economic Outlook, the World Bank puts Asian GDP expansion over 2012 at 6.75% - an obvious driver of inbound investment into the Asia-Pacific region Meanwhile, outbound Asia-Pacific mid-market activity is likely to remain muted over 2012, with only the largest of Asian corporates likely to have the financial firepower at hand to undertake truly transformational and – perhaps more importantly – scalable acquisitions outside the region.

However, despite this, intra-regional cross-border transactions have been, and are likely to remain buoyant over the coming twelve months, with the region's massive demographic dividend tipping its younger economies towards unparalleled productivity, innovation, and growth – while for the others, aging populations have created an additional incentive for domestic corporates to hunt overseas. Indeed, over the past 12 months, a nascent trend that emerged in the 2008–2010 period was reaffirmed, namely a resurgence in intra-Asia-Pacific M&A activity driven mainly by growth-hungry North Asian buyers snapping up attractive assets in Australasia, Southeast Asia and, to a lesser extent, South Asia.

The beginnings of a North/South divide?

This compelling 'North-South' split is illustrated by hard deal metrics. North Asian buyers put nearly 31% more capital into South Asia-Pacific targets in 2011 than they did in 2010. At the same time, North Asian acquisitions of 'Southern' targets by volume jumped by more than 31% year-on-year, meaning that on average, North Asian buyers were roughly four times more likely to undertake an acquisition in their Southern counterparts over 2011 than vice versa.

This emerging split has almost certainly grown out of aspirations on the part of cash-rich corporates located in North Asia (China, Japan, South Korea) to tap into youthful and robust consumer markets elsewhere in the region. Japan's demographic deficit is already well known – although some might find it surprising that South Korea's fertility rate is actually lower than Japan's, according to 2009 World Bank figures. And with China's one-child policy already showing signs of having overshot the mark, the desire to expand into dynamic new markets will perhaps be one of the most potent drivers of Asian mid-market M&A activity over 2012.

As one of Asia's most respected M&A advisory firms and a specialist in advising on mid-market acquisitions across the region, Deloitte is pleased to produce the fourth annual Asia-Pacific mid-market M&A report, which aims to provide proprietary insights from Deloitte rainmakers across the region into what is likely to drive this particular market over the foreseeable future. We hope you find it both an enjoyable and insightful read, and welcome any feedback you may have.

Mergermarket introduction

A word from mergermarket…

From our perspective, 2011 was certainly an interesting year. Volatility eventually gave way to extreme uncertainty, with fourth quarter M&A activity certainly reflective of that. However, according to the nature of our business, we continue to monitor M&A activity across the globe, and while the economic environment remains uncertain, we remain optimistic. Great hope has been placed on Asia-Pacific economies, a hope which we echo. At the same time, Asia-Pacific's ability to withstand a downturn in the West is also speculative. Nonetheless, convincing demographic trends, cash on balance sheets and just enough stability in financial markets, all enhance the capacity for regional M&A activity, but this year will certainly test the resolve of dealmakers.

As we look ahead, we are pleased to present the data for the 2012 edition of the Asia-Pacific mid-market M&A roundup in association with Deloitte. The data herein comes from mergermarket's comprehensive deals database, a global library of historical M&A transactions with fully-sourced financials and exit multiples. Our database allows for the analysis of volumes and values of M&A activity or sectors to discover deal patterns and identify trends ahead of competitors. We hope you find the trends in this report informative and useful, and we welcome any questions or feedback you may have regarding the data.

Hamilton Matthews
Chief Executive Officer
The mergermarket Group

Methodology

The data in this publication is proprietary mergermarket data unless otherwise specified. Historical data includes all mergermarket – recorded transactions according to the following notes:

- Transactions with a disclosed deal value between US$5m and US$500m are included.

- Transactions qualify for inclusion from the date of announcement of:
  - The signing of a definitive/binding agreement if the deal is private;
  - A formal offer for a publicly listed company, where the offer is made to the shareholders of the target company.

- Where a stake acquired is less than 10.0%, or 30.0% where the target is not based in the Asia-Pacific region, the deal is included if the deal value is at least US$100m (provided there is also evidence of an advisory mandate).

- Hostile and contested bids in the public arena are included provided the offers are formally announced.

- The following deal types are excluded:
  - Joint ventures where the only asset contributed is cash;
  - Property/real estate transactions restricted to land, buildings, portfolios or sale and leaseback agreements;
  - Equity carve-outs;
  - Acquisitions of brands, rights and/or licenses (excluding Government-awarded telecom spectrum licenses);
  - Acquisitions of individual assets (i.e. dry bulk vessel) and asset portfolios;
  - On-sales/subsequent sales/back-to-back transactions which are inter-conditional;
  - Share buybacks;
  - Equity placements where shareholders' interests in total remain the same;
  - Internal restructurings where the effective change of control does not meet inclusion criteria; and
  - Acquisition of options and warrants.

- Where the deal is ongoing (has not completed, lapsed or been withdrawn), the equity value of the deal is taken as the value at the announcement date.

- Earn-outs or future additional payments based on the target achieving certain financial milestones are included provided the time horizon of the earn-out is within two years of the completion of the transaction.

Geography and sector information

- The geography and sector of deals are identified according to the dominant geography and sector of the target company (unless otherwise stated).

- Where the bidder is a consortium of investors, dominant geography is determined by the headquarters of the lead investor.

- Where a transaction involves the sale of multiple companies or assets with different geographies, dominant target geography is based on where most revenue is derived.

- For the purposes of this publication, the Asia-Pacific region is defined as being among the following sub-regions:
  - Australasia (Australia, New Zealand);
  - Greater China (China, Hong Kong, Macau and Taiwan);
  - Japan;
  - India;
  - Southeast Asia (Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam); and
  - South Korea.

Private equity M&A transactions

The following categories of private equity transactions are included within the scope of this report:

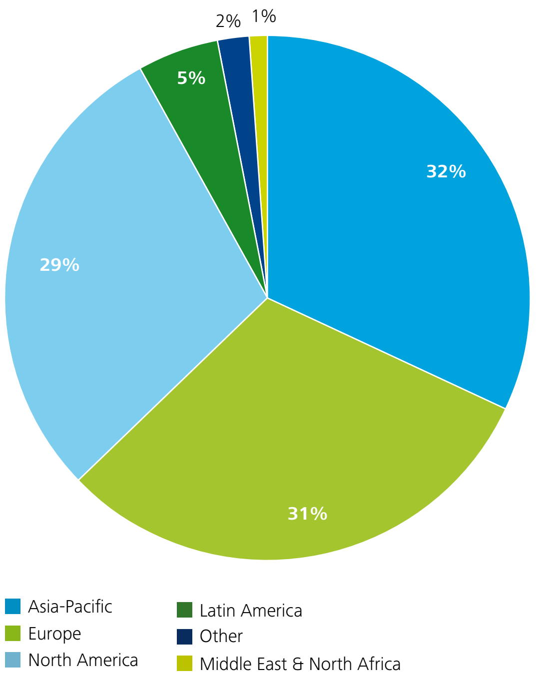
- Inbound & domestic mid-market-sized private equity and sovereign wealth fund acquisitions from global private equity and sovereign wealth fund investors of targets located in the Asia-Pacific region.

- Mid-market-sized private equity divestments of global portfolio companies by Asia-Pacific-located private equity firms and sovereign wealth funds.

Executive summary

In 2011, mid-market M&A acquisitions of Asia-Pacific assets represented more than 2,000 deals, worth a combined US$143.2bn, meaning that the region was the most important globally in terms of deal volumes, accounting for 32.4% of all mid-market M&A transactions. This finding doesn't surprise Peter Baldock, Global COO and Asia-Pacific Head of Deloitte's Corporate Finance Advisory team, who noted that the current Eurozone crisis, coupled with an anemic US economic recovery, has almost certainly tempered mid-market deal flows in other regions across the world.

2011 mid-market M&A volumes



Peter's view is backed up by deal metrics, which show that over 2011, European mid-market M&A volumes numbered some 1,960 deals, while North American activity totaled 1,834 transactions. 516 acquisitions were conducted elsewhere across the globe over the course of the year.

Nonetheless, these results cloaked an absolute fall in Asia-Pacific mid-market deal flow compared to the year before, with annual transaction volumes dropping 8.6% in comparison to 2010. At the same time, annual deal values fell 3.6%, meaning that the market underperformed global metrics, which indicated that volumes shrank 1.8% and values rose by 4% over the two years in question.

Meanwhile, in 2011, the average Asia-Pacific mid-market M&A deal was worth US$69m compared to US$84m in Europe, US$101m in North America and a global mean of US$85m. However, despite continuing to be the market with the smallest average deal values, Asia-Pacific price inflation was broadly in line with global increases, with values rising, on average, by 5.5% over 2010. Continuing buoyant valuations, Peter explains, are demonstrative of the fact that across the region, buy-side pressures continue to outweigh sell-side mandates – a trend that ultimately manifests itself via rising deal values.

Australasia

Australasian inbound & domestic M&A saw some 319 transactions, totaling US$25.9bn in terms of investment values, take place over 2011. Deal flow came off slightly in H2 2011 in terms of volumes, with just 150 transactions being announced over that period. In comparison, 169 acquisitions were publicized in the first half of the year – a finding that strikes a chord with Tony Garrett and Xander Alpherts, both Corporate Finance Partners with Deloitte Australia, who go on to say that Australia is a mature economy and as such, domestic consolidation plays have already been played out. As a result, inbound deal flow is the main driver of mid-market M&A, although they both caution that the strength of the Australian dollar and the current Eurozone crisis has gone someway in forcing down inbound volumes of late.

- Predictably, Australasian Energy & Resources assets continue to be in fashion, with domestic and foreign mid-market acquirers alike undertaking numerous deals in this space – in fact, accounting for close to one-quarter (23%) of all buys by volume and just under one-third (31%) of purchases by value.

- Inbound deals by bidder geography were primarily undertaken by bidders located in the USA – such buys made up 25% of all inbound deal volumes and 14% of all inbound deals by value. However, North Asian bidders, notably Chinese and Japanese bidders, together also made up another 20% of the inbound market by volume, as well as accounting for a further 22% of total inbound M&A deals by value.

- Outbound acquisitions, on the other hand, remained broadly steady over 2011 with 54 deals, worth US$5.3bn being announced – a state of affairs that Xander believes will not change over the near-future. He goes on to elaborate by noting that historically, Australasian purchases of foreign mid-market assets have resulted in less-than-satisfactory outcomes from a buy-side perspective, perhaps a function of the relative geographical isolation of the region. He does, however, add that Australia's big four banks are looking to acquire Asian assets sooner as opposed to later, as they look to develop their market share outside of the country.

Greater China

- Greater Chinese mid-market M&A activity made up the bulk of overall Asia-Pacific deal flow, accounting for around one-third of all deals by volume and around 36% of overall values in 2011. However, these proportions showed a relative fall when compared to 2010 percentages.

- 2011 inbound and domestic mid-market deal flow was very much a game of two halves, with H1 activity being robust following some 371 transactions, worth US$303.bn, coming to market. However, over the second half of the year, volumes and valuations each dropped by roughly 30% compared to H2 2010 figures, with just 309 deals, worth a cumulative US$20.4bn, being announced over the period. Lawrence Chia, Deloitte's Asia-Pacific Leader of Financial Advisory Services, and also the leader of Deloitte China's M&A practice, expects this slowdown in activity to continue over 2012 as bidders and sellers alike retain an interest in transacting, but increasingly find that their plans are put on hold due to wider market volatility.

- In terms of outbound mid-market M&A flows, Greater Chinese acquisitions overseas strengthened over the course of 2011, with the total amount of foreign investment abroad rising 11% in H2 2011 compared to the six months previously. Lawrence foresees that this growth trend is likely to continue over 2012, with Chinese bidders taking an active interest in snapping up troubled European assets, although he does caution that transacting in such spheres does come with a heightened level of transactional risk, especially with targets' loan covenant boundaries shifting on an almost-daily basis.

- Somewhat surprisingly given Greater China's traditional propensity to undertake overseas Energy & Resources transactions, it was the Consumer Business & Transportation sector which made up the single-largest proportion of outbound M&A flows by sector, accounting for 30 deals worth a total of US$3.4bn. At the same time, more than one quarter (28%) of all outbound deals by volume focused on acquiring US and Australian targets.

India

- Indian inbound & domestic mid-market M&A statistics showed that 216 transactions, worth US$11.4bn, were undertaken in 2011, a drop from the 257 deals, worth US$15bn, announced the prior year. Figures also looked pretty bearish when examining H1 and H2 2011 figures, with Indian mid-market activity dropping off substantially over the second half of the year. Between July and December, 97 deals worth US$4.6bn were undertaken, an 18% drop by volume and a 30% fall by value in comparison to H1 2011.

- Avinash Gupta, Head of Financial Advisory Services for Deloitte India's Corporate Finance Advisory (CFA) team, explains that deal flow was primarily afflicted by the country's wider economic malaise over the year, with inflationary pressures running high, economic growth rates falling sharply and equity markets performing poorly over the period in question.

- As a result, Avinash is pinning his hopes on inbound M&A deals over 2012, noting that despite the short-term underperformance of the economy, India is still fundamentally a growth play, with foreign corporates also able to extract significant synergies from their inbound acquisitions – a fact that both US and Japanese businesses have seemingly realized. US bidders of Indian targets were the most prolific inbound acquirers by geography, accounting for roughly 43% of all inbound deals by volume and value. Meanwhile, Japanese acquisitions were also prevalent, ultimately resulting in 16 deals, worth a total of US$973m, coming to market.

- Outbound activity also suffered over 2011, with 34 transactions worth US$2.3bn, being announced over the year, representing a fall on 2010 volumes and values of 43% and 49% respectively. Recipients of this outbound investment by volume were located overwhelmingly in developed markets, with the UK, USA and Australia witnessing 15 acquisitions – around 43% of the total number of outbound deals undertaken.

Japan

- Accounting for around 12% of Asia-Pacific deal volumes and values over 2011, Japanese mid-market M&A activity was only mildly impacted by the Tōhoku earthquake and tsunami, which occurred in March 2011, with half-yearly M&A flows actually recovering to pre-earthquake levels by the end of the year. Between July and December 2011, 117 deals, worth US$9.3bn, were announced, a 2.5% decrease in terms of volumes compared to the same period the previous year, but a massive 36% rise when looking at deal valuations.

- Nobuyuki Nagata, a Partner in Deloitte Japan's Corporate Financial Advisory Services, ascribes this market resilience to the fact that, despite the blow the earthquake dealt to local M&A markets, domestic consolidation opportunities are still strong across the country, succession issues among Japanese family-owned companies remain rife, while corporate governance concerns still linger, all meaning that deal flow over H2 2011 was robust and continues to look promising over the near-term.

- Meanwhile, outbound deal-making remained healthy, with 134 deals, worth an overall US$13.4bn, being consummated over 2011. This represented a jump in volumes of 26% compared to 2010, with values also rising by a more modest 13%. Around one-third of this activity by both volume and value took place in the Manufacturing space, while a further 15% was attributed to Consumer Business & Transportation acquisitions.

- Nagata-san expects to see outbound activity continue to strengthen over 2012, driven mainly by local cash-rich corporates' desire to expand their market share into new growth economies, chiefly located in Southeast Asia. A strong Yen will facilitate this, with the currency now close to record-breaking highs against the greenback. In addition, he also anticipates outbound bidders will begin to exercise greater discipline when transacting overseas, with comprehensive PMI exercises, timely decision-making processes and thorough due diligence procedures all increasingly becoming the norm as opposed to the exception.

Southeast Asia

- Close to 300 mid-market deals were undertaken in Southeast Asia over 2011, with total investments in the region totaling US$22.9bn. As a result, more than one-in-seven Asia-Pacific mid-market M&A acquisitions were conducted in the region over the course of the year in terms of both deal volumes and values.

- Inbound & domestic deal flows accounted for the bulk of this activity, a finding that does not surprise Jeff Pirie, an Executive Director with Deloitte Southeast Asia's CFA team. He adds that inbound interest from foreign corporates eager to gain some level of exposure to the region, combined with a relative dearth of quality targets for sale, means that cross-border transactions – when they occur – tend to be at higher valuations than would be expected elsewhere. Such inbound activity into the region was chiefly led by Japanese & Korean acquirers, together accounting for 41 inbound acquisitions, worth a total of US$3.1bn over 2011.

- Outbound deal flows also increased slightly over 2011 compared to the year before, with 82 acquisitions, worth US$8bn, being announced – a 2.5% rise in terms of volumes and a 37% increase in terms of values from 2010 figures. The bulk of this deal flow however, took place in H1 2011, with the Eurozone crisis presumably putting a dampener on outbound deal-making over the last six months of the year.

- Yet while outbound volumes and values increased over 2011 compared to the previous year, Deloitte Southeast Asia's CFA team remain reserved on upcoming deal prospects for the foreseeable future. Peter notes that many regional mid-market-sized acquirers looking to buy in Europe and the US lack the scale required to make any such transaction operationally viable. At the same time, a simple lack of cross-border deal-making experience means that outbound mid-market M&A plays emanating from Southeast Asia over 2012 will continue to be the exception, not the norm.

South Korea

- Over 2011, Korean inbound & domestic mid-market M&A saw some 260 acquisitions, worth an aggregated US$12.9bn, come to market. As a result, Korean activity made up 13% of overall Asia-Pacific mid-market M&A volumes and 9% of total valuations. Nonetheless, purchases fell between the first and second halves of 2011, with volumes dropping 18% and values falling one-quarter over the two periods in question.

- Tai In Song, Financial Advisory Services Partner for Deloitte Anjin LLC, points out that Korean mid-market deal flow over 2011 was chiefly driven by restructurings carried out by chaebols, large local conglomerates. Fuelled by cheap capital, many of them went on an M&A binge during the latter half of the last decade and are now looking to return to leaner times by divesting non-core operations.

- Another driver of mid-market M&A stems from succession issues, with many Korean family-owned businesses hitting a glass ceiling insofar as they are unable to raise further capital for expansion given their present size. Furthermore, many of these companies' founders are fast approaching retirement and are looking for ways to exit their business – especially because many of their children are unable (or unwilling) to take over the business.

- From an outbound perspective, Korean mid-market M&A improved steadily over the course of 2011, with deal-making becoming more popular over the second half of the year – some 29 deals worth US$2.2bn were announced in H2 2011, compared to 25 transactions, worth US$1.7bn, coming to market in the six months preceding.

- The bulk of this outbound activity was focused on Energy & Resources sector acquisitions, with Korean bidders undertaking 15 such purchases, worth US$1.7bn, over 2011. At the same time, buyers hunting overseas undertook the bulk of their acquisitions in the USA and China, these countries together making up 28% of all outbound deal flow by volume and 35% in terms of value.

Asia-Pacific mid-market deal heat over the latter half of 2011 was unsurprisingly focused in the Manufacturing sector, with roughly one-in-five prospective transactions likely to occur in this space over the foreseeable future. Similarly, Consumer Business & Transportation acquisitions are also likely to be numerous, comprising around 20% of upcoming deal volumes. Meanwhile, TMT and Energy & Resources transactions are together forecast to make up approximately 30% of remaining deal flows by volume over 2012 and beyond.

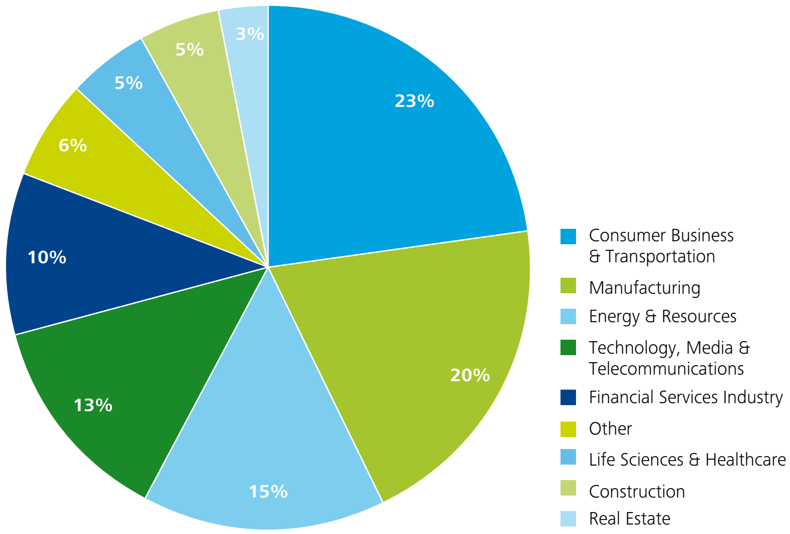
Mid-market Manufacturing deals are likely to be driven by transactions such as Chinese chemical products company Yunnan Yunwei's plans to raise US$330m via the non-public issue of new shares to acquire controlling stakes in five domestic coal mines. The deal is understood to be pending approval from the Yunnan branch of SASAC, the CSRC, as well as the company's shareholders, highlighting to good effect, the need to thoroughly appreciate the regulatory landscape before transacting, even with regards to a relatively simple domestic acquisition.

Meanwhile, another Manufacturing sector deal that is likely to be watched with much interest is the proposed tie-up between Samsung Electronics, the South Korean semiconductor and appliance manufacturer, and Samsung LED, its joint venture (JV) with Samsung Electro-Mechanics. The two parties formed the 50:50 LED-making JV in 2009 and are still in the process of deciding whether or not to merge the two entities together.

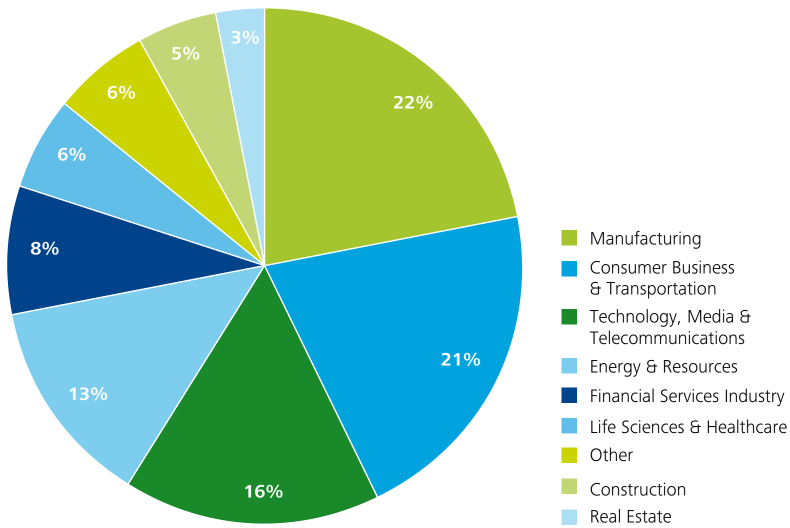
Upcoming Consumer Business & Transportation acquisitions will most likely revolve around the multi-billion dollar sale of Australian Consumer Food Group Goodman Fielder's edible fats and oils business, after a previous attempt to sell the division to Cargill for US$255m in 2010 was blocked by the Australian Competition and Consumer Commission. Market commentators believe that Cargill remains in the running to acquire the asset although other competitors, such as Wilmar, Peerless Foods, and Olam, are also reportedly interested in the target.

Another multi-million dollar Leisure sector transaction that is likely to come to fruition over 2012 is the divestment, made by the Johor Group of Malaysia, of its hotel business outside of Kuala Lumpur. According to the Group's CEO, the sale of its seven hotels located outside of the capital, could rake in around US$189m, and that such a transaction would be considered if the opportunity arises.

2011 Asia-Pacific inbound/domestic mid-market M&A by sector (volume)



2011 Asia-Pacific inbound/domestic mid-market M&A by sector (value)



From a TMT perspective, one expected deal that will certainly capture the attention of industry specialists if it comes around, is the 30% stake sale in Bakrie Telecom, the listed Indonesian telecommunications arm of the Bakrie Group, which could be put up for sale as the parent company looks to raise funds for debt repayments. One potential investor is Korea's SK Telecom, with the company looking to pay roughly US$236m for the stake.

This would not have been the first time the Bakrie Group has resorted to a stake divestment in order to raise funds to pay down debt. In November 2011, the group sold a 50% stake in Bumi Resources, its Energy & Resources division to pay off a multi-billion dollar loan, which was called by Credit Suisse when Bumi Resources' share price dived by close to one-third over the course of the preceding month.

Continuing along the Energy & Resources divestment theme, Vale, the Brazilian mining giant, is also likely to be back in the mid-market M&A arena sometime shortly, having recently disclosed that it is looking to sell out of a number of its Australian assets, including three coal joint ventures with Aquila Resources, and a number of its own tenements. However, unlike the Bakrie Group, Vale are not under any pressure to sell and could choose to keep the holdings in-house.

Finally, in another illustration of just how important it is to undertake thorough due diligence exercises prior to transacting, Hunan Valin Steel, the Chinese steel manufacturer, could reportedly divest some of its 15.2% stake in Fortescue Metals, the Perth-based ASX-listed miner. According to sources with Hunan Valin, Fortescue is not fulfilling contract obligations and is supplying iron ore that does not meet the needs of Hunan Valin's blast furnaces. Hunan Valin spent US$771m, spread over two deals, acquiring its current stake in Fortescue.

Asia-Pacific Heat Map

	Asia-Pacific
Sector	Number of sell-side mandates (H2 2011)
Manufacturing	802
Consumer Business & Transportation	787
Technology, Media & Telecommunications	543
Energy & Resources	536
Other	304
Financial Services Industry	300
Life Sciences & Healthcare	295
Real Estate	177
Construction	118

Legend

Hot	Warm	Cold
720	450	180
630	360	90
540	270	0

This Heat Map is based on mergermarket's intelligence database and tracks all companies that were reportedly up for sale across this particular region over the second half of 2011. The intelligence is derived from a range of sources, including press reports, company statements and mergermarket's own proprietary intelligence. The data does not differentiate between small and large transactions, or between near-term and long-term deals. Similarly, it does not differentiate between rumored and confirmed intelligence.