

MOTHERS 2126 GCA Savvian Group (from March 2008) Sector: Services 22-Feb-08

An independent M&A solution group contributing to improvement of Japanese economy's "inefficiency"

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report@ftg.jp**Company profile**

Managing Partner Akihiro Watanabe, Nobuo Sayama URL: <http://www.gcakk.com/>

Head Office 30th Floor, Pacific Century Place Marunouchi, 11-1, Marunouchi 1-chome

Business line Chiyoda-ku, Tokyo, 100-6230 Japan

Shraes issued Merger and acquisition advisory services

184,920 shares (8/31/2007)

Special owners 78.1%, Foreign owners 2.0%, Japanese Funds 0.0%

Major Holders Akihiro Watanabe 20.2%, Nobuo Sayama 20.2%, Reijiro Yamamoto 17.2%

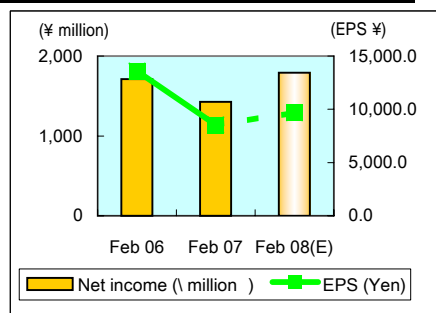
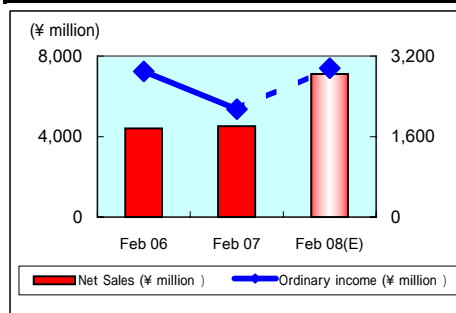
Hiroyasu Kato 8.8%

Established April 2004

Listed October 2006

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (Yen)	EPS (Yen)	ROE (%)
Feb 06	4,407	2,896	1,713	3,215	13,578.0	158.5
Feb 07	4,517	2,146	1,427	2,320	8,534.0	25.6
Feb 08(E)	7,109	2,959	1,791	2,910	9,686.5	19.6
Aug 07(Interim)	2,889	1,173	848			

15-Feb-08	
Stock price (¥)	516,000
PER(E)	58.9
ROE(E)	19.6%
Market cap (¥ million)	95,419
Volume	605
Trade Unit	1

**Industry trend**

Global M&A has been decreasing since the latter half of 2007. On the other hand, the number of Japanese M&A has been about 2,500 annually after 2005. Especially, M&A by investment funds leads the Japanese M&A. The reason why global investors invest funds in Japanese M&A is supposed to be as follows. ①Inefficiency of Japanese company and industry (→Drastic change is expected once reorganization takes place) ②Borrowing by low interest rate (→Relatively less influence by subprime loan problem than European and US financial institutions) The number of investment funds is increasing and global as well as Japanese investors invest in the funds. Funds tend to concentrate on a few M&A due to the scarcity of promising M&A. Therefore, the scale of a few M&A tend to be large. Japanese M&A market is expected to expand due to the expected reorganization of Japanese company and industry. Moreover, business opportunities for European & US investment banks, Japanese securities firms and independent M&A advisory firms is expected to expand owing to the expected expansion of M&A advisory business. (Reference: Nikkei business Feb. 11, 2008 issue "An irony of M&A bubble", HP of RECOF, an M&A advisory firm)

Business strategy

GCA SAVVIAN Group (GCA Holdings until February 2008) is an independent M&A advisory firm whose profit source is composed of advisory fee and reward for success. Major accomplishments for FY February 2008 are as follows. ①Acceptance of JVC (6792)'s third party allocation of new shares by Kenwood (6765) and Sparks Group (8739) ②Citigroup (8710)'s TOB of Nikko Cordial Group (8703) (advisor for Nikko Cordial Group). According to the league table of advisor for Japanese firms in terms of US dollar base deal amount (disclosed deal FY2007), the company ranks after Nomura Securities (8604) and Citigroup. The business results forecast for FY Feb 2008 is as follows. Sales ¥7.109 billion (YOY 57.4%), Ordinary income ¥2.959 billion (YOY 37.9%), Net income ¥1.791 billion (YOY 25.5%). From March 2008, the company becomes a joint holding company due to management integration with SAVVIAN through triangular stock transfer. The company aims to increase cross border M&A through this integration. Moreover, the company expects the following increase for FY February 2008. Sales about ¥6 billion, Net income ¥1.6 billion, EPS about 7% (reference: explanatory material for extraordinary shareholders' meeting of GCA Holdings (January 10, 2008))

Corporate analysis by IR STREET

Strength	Opportunity
1.No "Keiretsu" constraint due to its independency → No contradictory interests	1.Expansion of Japanese M&A market (especially, expansion of investment funds)
2.Abundant accomplishments (MBO of WORLD, Integration of Hankyu Holdings and Hanshin Railway)	2.Trend for Japanese firm and industry to reorganize
3.Increase of cross border deal (→Integration with Savvian)	
Weakness	Risk
1.Small organization (74 employees as of the end of August 2007)	1.Heavy reliance on founding members (4 large shareholders)
2.M&A related business (mezzanine, due diligence etc.)	2.Securement of experienced and skillful talent
	3.Heavy reliance on reward for success (about two thirds of sales for FY Feb. 2007)

《Peer comparison》

	Fiscal Year end	Sales (¥ million)	YoY (%)	Ordinary income (¥ million)	YoY (%)	Ordinary income ratio (%)	EPS (¥)
GCA Savvian	Feb 08(E)	7,109	57.4%	2,959	31.4%	41.6%	9686.5
Nihon M&A Center (2127)	Mar 08(E)	3,430	30.4%	1,450	44.3%	42.3%	14038.6

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