IMAP
Creating Value
No. 3 DECEMBER 2017

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Automotive Technologies

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Retail looks to be in fashion
Cautious optimism in Oil & Gas
Consolidation in Live Music

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Up Groupe expands in Brazil
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IMAP Poland – Euromoney Award

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Welcome to the latest edition of Creating Value. As we end a very successful 2017, we look back on a few of our recent successes and consider a wide range of developments impacting business sectors and the M&A market.

As forecasted in the previous edition, 2017 has been a transaction rich period at IMAP. As we go to print we have registered around 160 transactions with a total reported deal value of over $10 billion. In this edition, you will find a few of our recent success stories, including the sale of a pioneering chemicals producer to a private equity firm, as well as a transaction involving a 100-year old family-owned Peruvian pharma company.

Last October IMAP held its semi-annual meeting in Bogota, Colombia, our first conference in Latin America since 2007. During the conference, we heard from distinguished guests about the rise of the 'Multilatinas' and the role of private equity in the region, and had panel discussions about M&A opportunities and how to increase cooperation between Latin America and the rest of the world. Naturally, our cover story features some excerpts from these discussions.

As always, we are also including some sector-focused deep dives covering issues in a diverse set of industries from growth in fertility treatment services, to technological disruption in the fashion retail space, and movement in the live music entertainment industry.

Finally, we congratulate IMAP Poland – Trigon on being named Best Investment Bank in Poland by Euromoney Awards for Excellence 2017. As Piotr Chudzik notes, "...(this) is not only a great honor, but also a reflection of our clients’ trust, cooperation and openness, all of which motivates us in our ongoing efforts to provide the best level of products and services. We are confident that by continuing to work together with our clients, we will achieve many successes in the future." It is this spirit that motivates all IMAP partners, and it is fitting that our Spring 2018 conference will be held in Warsaw.

Looking ahead, IMAP’s global nature and tradition of international cooperation is being reinforced through our focus on industrial sectors and specific sector expertise. The number of deals being executed and closed by multi-office teams is also on the rise. We look forward to the busy times ahead of us, and wish you all a very successful 2018.
IMAP’s 2017 Fall Conference in Bogotá

IMAP Chairman, Jurgis Oniunas, explains why for the first time a South American city was selected to host its 2017 Fall Conference in October

Why Bogotá this year?
IMAP’s biannual international conferences are each held in the region of one of its partner firms. In 2007, IMAP held a conference in Mexico City, but we were yet to hold one in South America, so we saw this year as the ideal opportunity. We see a great deal of potential in Colombia; a dynamic economy and companies have led to improved business and economic progression and whose President, Juan Manuel Santos, was awarded the Nobel Peace Prize in 2016.

How do you view the Latin American market?
Latin America continues to be a very attractive developing market for companies, due to the size of the joint market that it represents as a region, but above all because of the great growth potential it offers and the growing economic capacity of its population.

What is IMAP’s strategy for Latin America?
IMAP recognizes the strategic importance of developing countries for our clients, who are more internationally focused than ever before, and that IMAP as an organization has a unique global footprint in developing countries.

IMAP is strategically placed and connected in the Latin American region and we want to make our clients and investors know about the investment opportunities in the Latin American region and the caliber and experience of IMAP’s LATAM team.

“IMAP as an organization has a unique global footprint in developing countries

JURGIS V. ONIUNAS
IMAP Chairman
jurgis.oniunas@imap.com
IMAP’s Colombian partner is one of the most prominent investment banking firms in Latin America. Managing Partner, Mauricio Saldarriaga, outlines the reasons for Colombia’s positivity

**STABILITY IN THE ECONOMIC AND POLITICAL BACKDROP**
Colombia has had a difficult political history, but the current panorama is highly optimistic.

The Peace Accord with the FARC guerilla was signed recently, generating opportunities across all industries, and giving a tangible solution to the conflict. Taking away the stigma as a country in conflict will attract significant improvements and bring a new wave of investment.

While there is currently some uncertainty around the upcoming 2018 Presidential elections with no clear candidate, there are plenty of reasons for Colombia’s optimistic outlook, including:

- Colombia is one of the Best Business Environments in Latin America and one of the most competitive countries in the region (World Bank, Doing Business Report, 2017).
- Very attractive to foreign investors looking for Latin American options.
- Reduced country risk, due to institutional stability.
- New opportunities in diverse industries due to the end of the armed conflict.

**Taking away the stigma as a country in conflict will attract significant improvements and bring a new wave of investment**

MAURICIO SALDARRIAGA  
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The IMAP Latin America team discusses M&A trends. From the left: Sergio Milic (IMAP Chile), Marcio Fiuza (IMAP Brazil), Pablo Teubal (IMAP Argentina), Carlos A. Garcia (IMAP Peru), Gilberto Escobedo (IMAP Mexico), Mauricio Saldarriaga (IMAP Colombia)
**LATIN AMERICA SPECIAL FEATURE**

**LATIN AMERICA GROWTH POTENTIAL**

**2017 SNAPSHOT**

**LATIN AMERICA**

- **20 COUNTRIES**
- **$630 MILLION POPULATION** (Twice that of North America)
- **9% OF THE WORLD POPULATION**
- **8% OF THE WORLD’S GDP**

**2025 LATAM GROWTH POTENTIAL IN THE NEXT DECADE:**

**DEMOGRAPHICS**

- **c661 MILLION POPULATION** with a combined
- **GDP of USD $15.14 TRILLION**

**PURCHASING POWER**

Growing middle class
One of the youngest regions globally

**35-64 YEARS OLDS**

will account for

**36.5%**

of the total population

**36.1 MILLION POPULATION** in 2025, a fifth of the population in LATAM

**URNALIZATION**

- **86%** of the total population will live in urban areas

**MEGACITIES**

- **7 CITIES**

Will account for 110 million PEOPLE in 2025, a fifth of the population in LATAM

- **Mexico (25 mn)**
- **Bogota (11 mn)**
- **Lima (12 mn)**
- **Santiago (7 mn)**
- **Sã San Paulo (23 mn)**
- **Buenos Aires (16 mn)**
- **Rio (14 mn)**

**Infographic Sources:** United Nations, Department of Ecommerce and Social Sustainability World Economic Outlook (October 2017)

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**M&A TRENDS - TOTAL M&A MARKET IN LATIN AMERICA**

Total market: all deals done in Latin America

**Relevant considerations**

- M&A transactions in LATAM, measured by deal number, have been growing at 8.2% since 2011. However, by total deal value, they have been decreasing at -.4.2% for the same period (affected by FX devaluation).
- For example, Total Deal Value grew only by 3.7% annually for the 2011-2016 period in Colombia, whereas Ex. FX, Total Deal Value would have grown by 14.5%.
- As of September 2017, 1,246 deals have been closed within the region for a total amount of USD 78Bn, in line with last year’s volumes.
- Over the last 10 years, Services & Distribution and Energy represent 52% of total deal value.

**Implications of global and regional trends in LATAM**

- Slow and moderate commodities price increase benefiting most countries in the region
- Increased volatility and reshuffling trade partnerships is creating new opportunities for bilateral agreements
- Decreased importance of regional blocks (Mercosur, Pacific Alliance)
- Countries more dependent on global trade may suffer from specific protectionist policies while countries with a bigger domestic market may suffer less
- Market-friendly governments may facilitate economic recovery and increase foreign direct investment in the region

**Number of Transactions**

- CAAGR 2011-2016: 8.2%

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<td>1,659</td>
<td>1,780</td>
<td>1,954</td>
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**IMAP Latin America**

M&A vs. FINANCING DEALS 2013-2016

- **18%** M&A Deals
- **82%** Financing Deals

Source: IMAP
The rise and role of Multilatinas

Multilatinas are industry leaders of Latin American origin that have grown impressively in terms of scale and diversity and are emerging as important regional investors

WHAT ARE MULTILATINAS?
During the last two decades, Latin America has witnessed the emergence of the so-called Multilatinas, which are multinational firms of Latin American origin that have achieved incredible success in the transformation from local companies to global players.

Multilatinas are industry leaders that have grown beyond their country’s borders and have typically expanded into other markets within the LATAM region, but in many cases have also expanded into markets such as the United States or Europe.

In the last ten years the number of Multilatinas in the top Fortune 500 list have tripled. To get a perspective of revenue, 100 leading Multilatinas have aggregated revenues of USD 761 BN, representing 15% of LATAM’s GDP.

THE RISE – HOW DID THEY BECOME SO SUCCESSFUL?
Originally predominantly family-owned and self reliant financially, many achieved market dominance through consolidation in their local markets. Realizing the need to grow beyond their own markets to diversify and survive, access to cheaper capital and a relatively stable economic environment were drivers for internationalization

Multilatinas do not necessarily need to be large and established players. Small and medium sized firms can achieve regional presence. As Esteban Giraldo, from Grupo Bimbo says: “It’s not a matter of being big or not, it’s a matter of mastering your business. A business model that is good, and replicable in other markets, will successfully expand in other markets.”

Multilatinas have developed a core competence of learning through expanding. These companies have built a success formula around scaling in a cost-effective and sustainable way to generate value.

THE ROLE – WHY ARE MULTILATINAS IMPORTANT?
The Multilatinas phenomenon has considerably increased investment attractiveness in the region as it has forced markets, governments, legislation, capital repatriation rules, among others, to become more streamlined and, consequently, has made it easier for investors to enter into a given market and use it as a natural bridge to other countries in the region.

Shared learnings and secrets of success from the path set by the Multilatinas will bring others along the same route to success.

Outbound M&A by leading Multilatinas as a share within the M&A market in Latin America has been growing. Out of a total of 2,347 transactions worth USD 50 million or more, the 100 leading Multilatinas comprise approximately 17% of the number of M&A deals in LATAM since 2007.

It’s not a matter of being big or not, it’s a matter of mastering your business. A business model that is good, and replicable in other markets, will successfully expand in other markets.

ESTEBAN GIRALDO,
President of LATAM Centro at Grupo Bimbo

HOW LATIN AMERICAN COMPANIES BECAME GLOBAL LEADERS

- Impressive not only in scale and diversity, many of today’s Multilatinas were forged during the decade when the region’s debt crisis, high inflation rates, extensive state control over the economy and political instability caused stagnation
- Companies that managed to survive and grow through that turbulent period tended to be family-owned and largely debt-free
- The situation improved in the 90s with more market-oriented policies. Private companies took advantage of a wave of privatizations to buy up assets at bargain prices and establish dominant market positions that provided a springboard for foreign expansion
- Multilatinas have benefited from a stable macroeconomic and political climate and access to cheap capital thanks to the development of local markets

Source: Institutional Investor, How Multilatinas are Taking Over the World.
Notable Multilatinas

100 leading Multilatinas have aggregated revenues of US$761 billion, representing 15% of LATAM’s GDP. 97% of the Leading Multilatinas are concentrated in Argentina, Brazil, Chile, Colombia, Mexico and Peru.

Global Footprint of Multilatinas

Number of 100 Leading Multilatinas with a presence internationally – numbers noted in each region

Consolidated Revenue Breakdown by Sector

USD 761 BN

Source: América Economía Magazine
Top Multilatina’s discussion on expanding regionally and globally

During the Bogotá Conference, IMAP’s Colombian partner firm held a symposium event which featured a panel from Multilatina companies that have excelled in international expansion.

The session explored the challenges, opportunities, risks and mitigants Multilatinas face when they go about expanding their businesses across the region and internationally.

Areas covered included:
- Internationalization and market entry strategy and how the analysis and business modelling plan performed versus actual experience.
- A discussion on the risks (political, market, regulatory, currency, integration and execution) and how these were mitigated.
- Organic versus inorganic growth when deciding on new market entry. Pros and cons to each, especially in relation to global and local branding.

The symposium event was attended by more than a hundred entrepreneurs, top executives of the most important companies in Latin America and investment bankers from more than 30 countries.

“A question to the panelists: What were the main motivations for carrying out an international expansion process in your company?”

MAURICIO SALTARRIAGA,
Managing Partner at Inverlink IMAP
Diversity mostly; we had a high market share and there was political stability

JONATHAN NICKELL,
Vice President of Strategy & Business Development for Organizacion Corona

We needed to diversify; we didn’t like all our eggs concentrated in one basket

ESTEBAN GIRALDO,
President of LATAM Centro at Grupo Bimbo

Global vision and deal making are in the DNA of the family

DIEGO ECHAVE,
Director M&A at Kaluz

Necessity; we were the largest, yet couldn’t grow any more. Our CEO’s leadership at the time was critical – Peru first, then Brazil

ANDREAS BARACALDO SARMIENTO,
Vice President of Business Development at ISA
Creating value by international expansion: Multilatina Grupo Biotoscana (GBT)

Advent International is a global private equity firm and is the single largest shareholder of Grupo Biotoscana (GBT). Mauricio Salgar, Managing Director at Advent International Colombia, presented a case study during the IMAP conference symposium, detailing GBT’s route to becoming pan-Latin American.

Through a six-year transformation process, we have successfully grown what has become Grupo Biotoscana (GBT) through the strategic acquisition and integration of three strong, complementary businesses: Biotoscana, United Medical and Laboratorio LKM. We are proud to have supported GBT as it became the first Latin American specialty pharmaceutical company with a truly pan-regional presence, and we look forward to continued success in the future.

GBT is a Colombia-based pharmaceutical company which started as a Colombian family business and today is a Multilatina listed on the Brazilian stock exchange.

4 CAPABILITIES OF A SUCCESSFUL INTERNATIONAL EXPANSION STRATEGY:
1. Corporate Governance
   Key to executing a smart expansion is preparing the company to do M&A and having the correct structure in place.
2. Regional Expansion
   The company grew beyond Colombia. Domestic revenue accounts for 19% in 2016 versus 83% in 2014.
3. New Business Development
   Creating a pipeline for new products and reaching economies of scale – but this can also be expensive.
4. Operational Efficiencies
   Complex project management skills are required.

KEY LESSONS:
- Not all industries and sectors work well with cross border market expansion.
- Cultural and financial integration are huge challenges not to be underestimated.

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MAURICIO SALGAR, Managing Director in Advent’s Bogotá office.

Since Advent’s initial investment in 2011, Grupo Biotoscana has experienced significant growth and strengthened its presence in Brazil and Argentina, major Latin American markets.
Advent has consummated strategic acquisitions and successful integrations of Biotoscana, United Medical and Laboratorio LKM.
Advent retains a significant equity stake and Board representation.

June 2017 Listed on Brazil’s B3 Exchange
International expansion enabled access to capital markets

5X oversubscribed
International expansion enabled access to capital markets

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<th>Chilean Investors</th>
<th>European Investors</th>
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<td></td>
<td>30%</td>
<td>11%</td>
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Strategic growth in the auto parts sector

Teknia Manufacturing Group CEO, Javier Lazpita, discusses disappearing gearboxes, uncertainties facing the automotive industry and the 3 pillars crucial to Teknia’s success

2017 is Teknia’s 25th anniversary. How have things changed since its beginning?
The TEKNIA Group has always worked in the automotive industry, which is where the entirety of our output is destined, principally for the passenger car industry, although we do manufacture parts for the commercial and heavy-duty vehicle industries as well. Our customers are TIER 1s and OEMs (80% and 20% respectively) and as we grow and add further value to our production, OEMs are starting to gain share in our portfolio. In the beginning we solely manufactured tube parts for TIER 2s, but we soon realized that adding value was key if we wanted to move up the supply chain. Even in the early days, we had the vision that the usual product-part approach taken by manufacturing companies needed to
move to a product-function approach. However, this meant not just adding more value but also deploying advanced technologies. For that reason, we decided to acquire both a plastic parts manufacturing company and a machining company.

We have 20 production plants across Europe (Spain, Germany, Czech Republic, Poland, Turkey and Serbia), North America (USA and Mexico), South America (Brazil) and Africa (Morocco). We also have 5 commercial offices in Germany, the USA, Korea, Japan and China.

We have always been committed to innovation and quality and from the outset we have aimed to exceed the requirements of our customers. These efforts were acknowledged by Robert Bosch Gmbh in 2015, when they honored us with the Bosch Global Supplier Award. This is a highly prestigious award, granted every other year to just one of Robert Bosch’s 50,000 suppliers whereby they value concepts such as quality and service.

In the last few years, the car industry has evolved very positively. Do you expect this trend to continue in upcoming years?

There are a lot of uncertainties surrounding the car industry, which make for very challenging times for a company such as ours. Petrol seems to be winning the combustion engine battle, as diesel engines’ days are numbered. It is clear that electric vehicles are here to stay, though its market share over the next 7-10 years is still a big question mark.

Rearview mirrors, gearboxes and even transmission related parts are expected to disappear or dramatically change in electric vehicles, but there are other parts for which the future is not that clear as they are influenced by the speed at which high-tech technology is introduced in cars. For example, many say that dashboards will be replaced by screens and the way cockpits will look highly depends on the acceptance of self-driving cars (no steering wheels means the disappearance of many metal parts).

Regardless of engine type, lightening a car’s weight is the industry trend that will impact us the most in the short-term. We are planning on adopting new generation technologies and we have an R&D group investigating new products and technologies.

Since 1992, Teknia’s revenues have multiplied by over 100 and it has become a multinational company. How have you managed to achieve this?

I don’t think there are any secret recipes, nevertheless, there have been 3 fundamental pillars vital to our development and success since the beginning.

The first, is our willingness to grow. At TEKNIA we have always believed that growth is crucial as it means not only higher profitability, but also business sustainability. Ours is a story of growth through acquisitions: the Group was born through the acquisition of a company and since then, we have bought over 20 companies in ten different countries.

Javier Lazpita has a profound knowledge of Teknia, having worked for the Company since its early days when he joined as the Chief Financial Officer of Elix, the first company acquired by the Group. In 2011, he was appointed as the CEO of Teknia Manufacturing Group.

Teknia is a Spanish automotive parts manufacturer, whose operations date back to 1992 when its chairman, Mr. Javier Quesada, acquired Elix, a tube and stamping parts manufacturer. Today it remains a family-owned group, with 20 plants in 10 different countries and 3 different technologies (pipe & stamping, machining and plastics). The Group reports EUR 350 millions in revenue and employs over 3,300 people, 70% of which are at their foreign sites.
The second, is method. We are extremely strict with our planning, controls and decision making. From the outset, we have a strategic plan which is reviewed on a yearly basis, as well as a budget with regular follow up. We apply all of this to our acquired companies as soon we commence the integration process.

Lastly, there is internationalization. We have always sustained the idea of internationalization as a means of reducing the inherent risks of being present in just one market or country. Of course, in a business like ours, internationalization also means being close to our customers, but in our view, this is a “side benefit”.

**Following 20 acquisitions, you must have a lot of know-how on taking over companies?**
We don’t have spare resources waiting for us to send them to integrate a new acquisition. What I mean by this is that we don’t have a takeover team, but when we buy a new company, we try to maintain and get the full benefit of their management team, as well as assigning our own people to work alongside them. Generally, the weakest point of an acquired company is their commercial unit and through our commercial support we are able to make them grow. They often have the wrong approach; reactive instead of proactive and even nowadays, you find that they expect their customers to approach them instead of them actively approaching their customers.

Upon taking over, a small team commences implementing our “method” in the acquired company. In the first 15 days, the company must report by means of our reporting tool, implement our scorecard and in less than 2 months, draft a new strategic plan.

**Your 3 pillars of growth, method and internationalization mean high investment, yet still you are an independent company. How have you managed to remain independent?**
From 1998 to 2005, a Private Equity Fund (Talde) took a minority stake of the Group. The Private Equity helped us not only as a fund provider, but also by presenting us with acquisition opportunities that we never would
INSIGHTS: AUTOMOTIVE SUCCESS STORY

FERNANDO CABOS
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have come across otherwise. During that period, we bought 3 or 4 companies which helped the Group take shape through the consolidation of the 3 technologies we have been operating until today: pipe and stamping, machining and plastics.

**Do you see any drawbacks to having a Private Equity in your shareholding?**

In our case, we are a group with a very long-term perspective, whereas private equity firms need to do their business over too short a period of time for us. When Talde first conveyed us its short exit strategy, we felt that it was too early, even for a financial investor and as such tried to convince them to stay longer. However, they had their time constraints and the timeframe mismatch forced the family to buy back Talde’s stake.

Having said this, we are open to partnering with investors who have an understanding of industrial business and therefore could potentially pursue a long-standing relationship with us. From our point of view, Asian investors fit much better for industrial projects like ours as they are more patient, which does not mean less demanding, but their eagerness to do quick business does not prevail over the project development, whereas with Western investors, it usually does.

**You mentioned that you update your strategic plan every year. What are the strategic guidelines of your plan in such an uncertain industry?**

We have a 5-year business plan as well as a 15-year business plan. The 15-year business plan might seem a bit unusual, but as I mentioned before, we are a company with a very long-term project. In addition, all the challenges that surround the car industry as well as changes in consumption habits, in terms of car usage or willingness to own a car, should mean that having a very long-term vision is not that unusual.

Regardless of whether we are talking about our 5-year or our 15-year strategic plan, we continue to bet on high growth, NAFTA market consolidation, Asia market penetration and new technology acquisition.

Are you expecting to acquire more companies? What specific markets, products and technologies interest Teknia?

Of all the technologies in which we are currently present (stamping, machining and plastics), machining is the one we are planning to invest more in. We are also interested in aluminum and in a lower range forging, in the automotive sector of course.

In terms of geographies, NAFTA and Asia, with our preferred countries in Asia being Japan, India, China or Thailand. Regarding other technologies we are aiming to move into, one of our top priorities is aluminum, following the weight lightening concern, but without disregarding any other technology or products that allows us to position ourselves closer to OEMs.

**Finally, at how many times EBITDA do you usually value a company?**

This is a question that does not have just one answer, as multiples depend on the country the company is in, its size, its financial health and performance, if it is a multi-site company or how strategic the target company is. In any case, we aim to pay no more than 3-4 times the two-year ahead EBITDA.
A year ago, the Federal Reserve, America’s most powerful banking regulator, recommended that Congress reverse a 17-year-old law allowing banks to take big equity stakes in non-financial companies, as it seeks to put new curbs on activities that it says could pose a threat to the broader financial system. The report was received with strong objection from those involved as that would put a stop to the merchant banking activities of big banks. Though Congress hasn’t yet enacted these new regulations, such restrictions seem to be a natural extension of the constraints imposed on banks under the Volker Rule and related regulations since the financial crisis.

Perhaps in part as a reaction to this, another trend can be observed: the re-emergence of an earlier type of banking, one in which investment advice and proprietary investment is provided by the same firm, backed with equity provided by the founders and partners and potentially some external investors. This is the merchant bank, which merges what traditional PEs and investment banks offer.

Our objective is to build the firm and execute our business through our partnering mindset – while we will surely remain in the driver’s seat in all cases in delivering our services, we are bringing best in class partners who bring specific industry, local market, and/or product expertise to work with us on each specific project.

A recently born example of this renewed concept is the London-based Eastern Harmony Global Capital (EHGC), founded by seasoned banker, Dan Bricken, and entrepreneur Daglar Cizmeci. Creating Value talked to Dan Bricken about their new venture.

Where did the idea that you wanted to build a merchant bank come from?

After having spent almost 20 years in banking, with Wachovia in the US and then in London (which was subsequently acquired by Wells Fargo) and after having built the international M&A network of Wells Fargo covering almost all significant geographies of the globe, I thought it was the right time to make a change. When considering the next chapter of my professional life, I knew that I wanted to continue working on cross-border transactions in collaboration with the relationships I have built over the past 20-years, but I wanted to move beyond simple advisory services towards building true long-term partnerships with companies where we could provide strategic advice, bring capital, and have a true alignment of interest through having an equity stake in the businesses we’re working with.

What is your firm built on?

Our new firm is built on a strategic relationship with a very special client, but also on a set of principles that will...
guide the further growth of the firm. We have a strategic cooperation with HNA Group, the Chinese conglomerate initially working in the travel and accommodation sectors, later entering into new industries and territories. In the past few years, HNA Group has purchased a portfolio of operating companies outside of China. My business partner, Daglar, has been working with HNA for the past seven-plus years as their business partner (having sold a majority stake in two of his companies to HNA in 2010) and as a trusted advisor helping them acquire and manage various businesses outside of China. Through our new firm, EH Global Capital, we support HNA and other clients through a long-term, strategic, holistic perspective. We help them develop and execute on their business strategies, identify and support cross-border growth initiatives (including acquisitions, joint ventures, strategic investments, etc.), facilitate their on-going funding needs and raise capital for specific projects. In doing so, we will often end up having a stake in the businesses we work with and have an ongoing role in their governance and management.

How do you execute your services? We plan to keep the firm fairly small, headquartered in London, with a presence in Hong Kong and perhaps the US. The team is about a dozen professionals now, and we'll likely add a few more people over the course of the next year or so. Our objective is to build the firm and execute our business through our partnering mindset – while we will surely remain in the driver's seat in all cases in delivering our services, we are bringing "best in class" partners who bring specific industry, local market, and/or product expertise to work with us on each specific project. In fact, I think this is our most important differentiator. While at Wells Fargo, I developed a large partner bank network. We have already begun working with several of these partner banks and are working on several active situations with my former colleagues at Wells Fargo. Daglar brings tremendous operational experience and a deep set of relationships within HNA and beyond.

Could you please give us an example of how you are using this network of relationships in your new firm? Every situation is different, but I can give you a real-time example. A former senior banker at a partner bank recently reached out to us to help a company he is close to raise capital and also provide them financial advisory services on an ongoing basis (including supporting business selection decisions, capital raising, and financial management). We will have a board seat and an ownership stake in this company, and are bringing capital to the business that is non-traditional and very long-term. We are working with several other banks and advisors to select the right capital provider and to identify a senior advisor with substantial related industry experience to join the team of EHGC professionals who will be advising this company.

How did you meet your business partner? Daglar and I met through our membership in YPO, the Young Presidents' Organization, which is the premier leadership organization for chief executives in the world. YPO is the global platform for chief executives to engage, learn and grow. With my friend and business partner, we indeed managed to "engage and learn" in this process of establishing and launching EHGC – and we look forward to growing the business and growing ourselves in the coming years.

What are your long-term objectives for EH Global Capital? To build a team of great people at EH Global Capital and provide them with a fantastic career opportunity. To work with owners and managers of outstanding companies that we enjoy working with and where we can be instrumental in helping them achieve extraordinary international success. To build a reputation for EHGC of integrity, outstanding service, exceptional thinking, true long-term partnership and shared success.
Central Eastern Europe: Is construction the next big thing?

CONSTRUCTION RECOVERY
The economic boom in Central Eastern Europe continues. Following last year’s strong GDP figures, its three economies (Hungary, Czech Republic and Slovakia) are expected to grow by 3-4% in 2017, with construction both a driver and a beneficiary of this trend. Low levels of unemployment, quick wage growth, an increase in lending activity by banks as well as the acceleration of EU fund drawdowns, are fueling both private and public investments in the real estate sector. Expectations are that the sector will deliver a star performance over the coming years.

INFRASTRUCTURE INVESTMENTS
In the three economies, infrastructure investments have been financed by both the EU and domestic public funds and following the anticipated, regulation-induced temporary slowdown of EU fund payments in 2016, this source of spending is back in full force. Furthermore, good economic performance is increasing budget revenues, thus driving domestic public spending on infrastructure, without threatening budget deficit targets.

HOUSING SECTOR
While the Czech and Slovak housing sectors have shown a more balanced performance, in Hungary, the sector came to a standstill between 2008 and 2016. However, the previous high indebtedness of Hungarian households has slowly started to disappear and savings have begun to increase. A favorable combination of...
INSIGHTS: CONSTRUCTION BOOM IN CEE

low unemployment, quick real wage growth and an increasing readiness to lend by banks, has ignited a housing recovery. In addition, the government has implemented measures to kick-start this process (providing subsidies to young families with children, lower VAT for housing construction, etc.). Although the continuing double-digit price growth (see chart) might indicate overheating, the number of new homes is still significantly below pre-crisis levels.

INDUSTRIAL BUILDINGS
Vacancy levels of industrial buildings are currently at historical lows across the region (between 3-5%). The high demand for this type of building is derived for the most part by two sectors; car manufacturing and e-commerce. Large car manufacturing plant projects in the region (Jaguar plant in Slovakia and the expansion of Mercedes and Audi car plants in Hungary) will further drive the demand, as their suppliers find themselves in need of new production and logistics facilities. Another significant driver is the expansion of e-commerce in the region. This is a relatively underdeveloped market and the demand for large distribution centers and smaller last-mile delivery facilities is rapidly increasing.

OFFICE AND RETAIL BUILDINGS
The office market in the Czech Republic and Slovakia has been experiencing the most successful period in its history. Low vacancy rates suggest that further growth can be expected, albeit at a slower pace. The Hungarian market remains in an earlier phase of the cycle and although vacancy rates are at very low levels, new construction has continued to remain limited. The overall landscape is expected to change however, in 2017-2018.

The retail sector is the clear winner of the recent consumption boom in the region, indeed several large new shopping center projects are under construction in both the Czech Republic and Slovakia.

RECOVERY EXPECTED TO CONTINUE
The recent construction sector recovery in the region is based on several factors: consumption growth, increasing investments by households/ the corporate sector and the availability of public and EU funds and is expected to continue. One factor that may prevent the full maximization of this potential is the limited availability of additional construction labor forces, due to the currently very low unemployment levels.
Fertility market: a large and rapidly growing global industry

Cultural and lifestyle changes around the world are driving demand for fertility treatments. M&A in the sector is also on the rise as strategic and financial buyers seek to expand and capture returns.

**RISING GLOBAL DEMAND FOR FERTILITY TREATMENT**

The increase in demand for fertility treatments, combined with the increasing supply of ways by which to produce babies, has resulted in a rapidly growing and evolving fertility market. Infertility can be treated with medicine, Intrauterine insemination (IUI), assisted reproductive technologies (ART) services; including in vitro fertilization (IVF), intracytoplasmic sperm injection (ICSI), cryopreservation, surrogacy and in some cases, surgery.

The global fertility market, including drugs and procedures, is estimated to be between USD 30 - USD 40 billion, with the largest markets being Japan and the United States. The largest segment of the market is comprised of ART, with the remainder being largely comprised of drugs that induce ovulation and other fertility drugs.

**ART Cycles by Geographic Region**

- **Europe**: 49%
- **Asia**: 26%
- **Australia & New Zealand**: 26%
- **North America**: 13%
- **Middle East**: 3%
- **Africa**: 1%
- **Latin America**: 3%

Source: ICMART World Preliminary Report on ART
KEY GROWTH DRIVERS

The industry is gaining momentum in many regions around the world due to a number of key drivers:

- Women are delaying childbirth for career and educational development in order to achieve financial independence. However, delaying childbirth to a later age significantly increases the likelihood of infertility.

- Obesity, which affects fertility by causing hormonal imbalances for both men and women, is becoming more prevalent.

- With improving success rates, patient awareness and acceptance of ART procedures continues to increase.

- The number of same-sex couples is growing, driven by greater social acceptance and legal recognition in certain regions.

- Success rates of single embryo transfers have improved significantly, thereby easing concerns regarding multiple births.

- Similarly, the development of sophisticated technologies, such as preimplantation genetic screening (testing for chromosomal normalcy) and preimplantation genetic diagnosis (testing for a specific genetic condition), have also addressed certain concerns of those considering ART.

- Governments are becoming more proactive in establishing better reimbursement policies.

- There are also certain country or region-specific factors that are driving fertility treatment demand. For example, it has been estimated that the number of Chinese women seeking IVF treatment has increased 20% since the relaxation of the one-child policy in 2013.

Total ART Cycles in the United States (# in 000s)

Source: 2015 CDC ART National Summary Report

Financial buyers have also begun to take notice of the sector, as many private equity firms and family offices are developing internal theses on the segment and have been aggressively approaching fertility clinics
Given the favorable market dynamics on the clinical side of ART, along with the opportunity to capture ancillary revenue (e.g., fertility and genetic testing labs, surgery centers, egg and sperm banking, as well as combinations with other physician practices such as OB/GYN), it is no surprise that the fragmented fertility market is undergoing rapid consolidation. Strategic buyers are looking to expand in countries or regions where they already have a local presence, as well as grow into other geographic areas to gain critical mass and minimize risk. In addition, financial buyers have also begun to take notice of the sector, as many private equity firms and family offices are developing internal theses on the segment and have been aggressively approaching fertility clinics.
Similar to what occurred (and is still occurring) in other physician practice areas, such as dermatology, dentistry and ophthalmology, pricing multiples are beginning to experience significant increases. For example, a number of fertility clinics with single-digit EBITDA are receiving offers in the low double-digit EBITDA multiple range.

**DRESNER (IMAP USA) AT THE FOREFRONT OF FERTILITY AND OTHER PHYSICIAN PRACTICE M&A**

Dresner (IMAP USA) has been extremely active working with companies in the fertility treatment industry and other physician practice sectors. In late 2016, a team of healthcare experts advised on the sale of IGENOMIX, a leading provider of genetic testing services for reproductive health patients and clinics, to Charme Capital Partners, Amadeus Capital Partners, Aleph Capital and Graham Snudden.

Just a few months later, the team advised Reproductive Medicine Associates of New Jersey (RMANJ) on its combination with the Valencian Infertility Institute (IVI) in Spain. The merged company, IVI-RMA Global, is now the largest and one of the most successful global fertility networks, with nearly 2,400 employees across 70 locations in 11 countries worldwide, maintaining a team of over 200 physicians and over 300 scientists and researchers.

The team is also currently advising a Midwest U.S. fertility practice in the sale of the company and is currently under an exclusive Letter of Intent (LOI). The transaction is expected to close in Q4 2017.

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**PROJECT ATHENA**

Sale of Midwestern Fertility Clinics

Scheduled to Close December 2017

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Oil and Gas market outlook remains uncertain although some positivity is returning

With continuing drops in oil and gas prices since the summer of 2014, the industry has been forced into survival mode and must prove it can be both dynamic and innovative. Acknowledging the importance of cost reduction and efficiency, companies are now beginning to engage in M&A activity in an attempt to increase capacity and realize synergies.

Oil and Gas industry trends and developments

**Oil and Gas Prices**

Following the peak in June 2014, oil prices declined sharply due to oversupply, falling to USD 26 per barrel in January 2016. Though demonstrating flexibility during the downturn, it does remain price dependent. OPEC’s production cuts, announced at the end of 2016, helped oil prices recover, with prices reaching USD 50 per barrel. Overall, the industry is more dependent on oil prices than natural gas prices.

**Cost Reduction**

The industry was forced to adapt in order to survive the major drop in oil prices. Between 2014 and 2016 there was a global cost reduction of 29% in the gas and oil sector, though their exact sustainability remains uncertain. McKinsey & Company estimate that approximately half the cost reductions are sustainable with rising oil and gas prices.

**Alternative Energy**

The development and adoption of alternative energy sources threatens the oil and gas sector, especially in the long term. Natural gas will play an important role in the transition period towards alternative energy sources, acting as a source of flexible generation during peak demand. The pace of the transition towards alternative energy remains uncertain, however, McKinsey & Company predicts that until 2050, 77% of the new energy capacity will come from solar and wind.

**Project Selection**

Companies are increasingly engaging in smaller projects with a short time-to-market. This type of corporate investing strategy provides some certainty in an uncertain marketplace.
Oil prices have recovered somewhat to a level of USD 50 per barrel, which in part was caused by the production cuts announced by OPEC back in November 2016. Global transaction value is also up by 63.2% at EUR 217 Billion in 1H 2017, compared to just EUR 133 billion in 1H 2016, though deal volume has actually slightly decreased. In the European market, cross-border deals amount to over 2/3 of its transactions, reaching 72.8%, demonstrating its orientation towards international M&A, whereas, in the US, 45.0% of deals were cross-border, versus 55.0% domestic.

It is expected that alternative energy will grasp the bulk of new energy capacity, thus threatening the oil and gas sector. Indeed, transaction multiples reflect the differences in market outlooks for the oil and gas sector compared to the alternative energy sector. Gas will however, become more important for the transition phase towards alternative energy, since it is suitable to serve as a source of flexible power generation during peak demands. Overall, positivity, though cautious, is returning in the sector following the downturn from 2014-2016.

US shale oil production disrupted the global market, contributing to oversupply which pushed back oil prices. Many oil majors are moving towards shale oil production, which continues to grow. Since 2014, approximately 400,000 employees were let go during the downturn of the oil and gas industry. Automation is replacing workers and the minimum level of required technical knowledge is on the rise and employees with operational/digital skills are highly desirable.

Laws and regulations will play an important role in the long-term transition towards alternative energy. In fact, France already announced that all diesel and gasoline vehicles sales will be banned by 2040 with the UK making a similar announcement. OPEC’s production target policies will continue to affect oil prices.

The industry is embracing new technology, such as hydraulic fracturing and horizontal drilling though the adaption of new digital technologies has been rather slow. Analytic programs can analyze big data to point out cost savings in design, engineering and supply chain, as well as production optimization.
GLOBAL TRANSACTION VOLUMES

Whereas from 2010-2014 global deal volume in the oil and gas sector increased, peaking at 680 deals in 2014, 2015 was a very different story, as M&A activity slowed down drastically with only 432 global transactions. In terms of number of transactions, 2016 was actually slightly better than 2015, though 1H 2017 was marginally worse than 1H 2016. Europe, Asia and the US account for approximately 60% to 80% of the transactions.

NUMBER OF GLOBAL TRANSACTIONS

By continent of target company from January 2010 to June 2017. Includes transactions with a transaction value higher than EUR 25M.

Source: Zephyr, U.S. Energy Information Administration (EIA)
GLOBAL TRANSACTION VALUES

When looking at 1H 2017, transaction values are significantly higher compared to those during the same period in 2016 though the deal volume remains almost the same. Transactions in 1H 2017 were valued at EUR 217 Billion versus EUR 133 Billion in 1H 2016. In the US, the total transaction value is the highest for almost every given year, whilst in South America, M&A activity has slowed down in terms of deal value from 2015-1H 2017. Europe, Asia and the US account for approximately 60% to 90% of the total transaction value.

It should be noted that yearly transaction value is sensitive for large deals, hence any results need to be interpreted with care.

DEAL VALUE

Global deal value by continent of the target company from January 2010 to June 2017. Includes transactions with a transaction value higher than EUR 25M. Reported in billions of EUR following Zephyr’s definition of (estimated) ‘deal value’ as: “the consideration paid for the actual stake acquired.”

Transaction multiples reflect the differences in market outlooks for the oil and gas sector compared to the alternative energy sector.

Additional information can be found in the Oil & Gas sector report published by experts from the IMAP Netherlands team. (www imap com/our thinking)
Investing in retail looks to be in fashion

The fashion retail industry continues to undergo significant changes amid evolving consumer trends and technological disruption. While online retailers are gaining market share, physical stores are being retained as an integral component of their omni-channel retail offering. In July 2017 Panmure Gordon (IMAP UK) advised women’s fast fashion brand QUIZ plc. on its IPO on London’s AIM, which was the biggest sector float in 2017.

GROWTH AND TRANSFORMATION
The fashion industry has recovered from the financial crisis and since 2012, apparel retailers have become highly attractive targets. A clear indication of this was the level of M&A activity in 2012, which averaged four times that of 2011. Furthermore, from 2012 to 2016, there have been on average 114 annual global transactions, with the highest volumes registered in Western Europe and the majority of transactions valued above 10x EBITDA (median: 13.0x). With a predicted 2017 industry growth of between 2-3%, the European market is expected to be the strongest segment at 3.5-4.5% growth and Athletic Wear the leading product type at 6.5-7.5%.

It is clear that investors are increasingly interested in the retail industry and that there are certainly high growth opportunities. However, the industry is rapidly transforming and traditional retailers, even those with multi-channel routes to market, now face the risk of being left behind unless they fully embrace the evolution in consumer behavior and trends motivating M&A activity.

THE RISE OF CLICK-AND-COLLECT
While there has been a noted fall in the popularity of brick-and-mortar stores as consumers increasingly shift online for their purchases, physical stores still have a very important role to play in the omni-channel story for retailers. They are key to click-and-collect and have become more “experiential” as pure online retailers are now opening physical stores to tap into this trend (see Missguided opening high street stores, Farfetch buying Browns, Amazon opening a store in New York).

Online retailing (e-tailing) is essential in tackling changing customer habits and remaining competitive so it is no surprise that it is showing signs of rapid growth. The contribution of online sales to total revenue is a reflection of this (Germany 12%, US 17%, China 13% - soon to be 20% and UK 21%). Retailers with advanced IT systems (especially online stores) have a distinct competitor advantage, particularly over smaller retailers who are lacking such capabilities.

ACCELERATED FASHION CYCLES
More and more retailers are also gravitating towards a “test and repeat” fast supply chain as it enables them to replicate best-selling items and respond quickly to new trends. By shortening design room to store times, the average number of collections has increased to 6 per year and could rise up to 12. Again, this gives online retailers a competitive advantage over their more traditional peers, who tend to buy season collections 6 months in advance.

EMERGING MARKETS
The increase in participation by second and third-tier cities in shopping in China has resulted in more opportunities opening up for retailers able to make the move into the market. In addition, in tier-one cities, the luxury segment from abroad is ever more popular, though lower tier cities are dominated by large mid-market firms, signifying the increase in affordable luxury by domestic brands.
With technology and globalization, power has shifted from retailers to customers. Driven by the pervasiveness of smartphones in our daily lives, customer decision journeys follow multiple channels. Social media greatly influences brand loyalty not only for luxury brands, but also for ‘daily fashion’ and being the preferred brand is the key to success.

**COST-CUTTING & RESTRUCTURING ACTIVITY UP**

Technology, discounts and an accelerated supply chain, are of course costly and in 2017, 9,000 stores are expected to close in the US alone. Fashion conglomerates are restructuring and refocusing on better performing core brands in an attempt to develop a clear retail profile with an overview of the contribution to the margin of each brand.

**TECHNOLOGICAL DISRUPTION**

It is obvious that new technology and the digitization of the business will play a huge role in determining the direction the industry takes. From product development and dynamic pricing, to inventory planning and connection to the manufacturer’s warehouse, the level of technological investment required along the digital value chain will become more and more relevant.

**GRABBING THE HORSE BY THE REINS**

A clear example of one retailer who has embraced the recent changes in the retail sector is QUIZ plc. In July 2017, Panmure Gordon, IMAP’s UK partner, advised QUIZ on its IPO on London’s AIM, which was the biggest sector float in 2017. QUIZ, a leading international omni-channel fashion brand, appointed Panmure Gordon as its sole Financial Advisor, Nominated Advisor and Broker, to explore the option of a potential stock market listing.

QUIZ was founded in 1993, is headquartered in Glasgow, Scotland and employs over 1,350 people. QUIZ is an established and distinctive omni-channel and international brand in the women’s value fast fashion sector. The brand has a focus on occasion wear and dressy casual wear primarily for 16 to 35-year olds and offers clothing, footwear and accessories. QUIZ’s omni-channel approach aims to provide customers with a high-quality shopping experience online, through QUIZ’s website and apps, or in store, through QUIZ’s 73 standalone stores and 165 concessions in the UK and the Republic of Ireland. The QUIZ brand is present in 19 countries through 65 international franchise stores, concessions and wholesale partners.

QUIZ’s revenues increased to £89.8 million in 2017. From 2015 to 2017, QUIZ delivered EBITDA CAGR of c.31%. and EBITDA was £10.3 million in 2017. Online and international channels are the Group’s fastest growing channels with 42% and c.64% CAGRs between 2015 and 2017, respectively.

Following its decision to float on London’s AIM, Panmure Gordon began sourcing high quality blue-chip institutional investors and successfully raised in total £102.7 million of equity, of which £92.1 million was sold by founding shareholders and £10.6 million was new money raised to “turbo-charge” the company’s online and international growth. The market capitalisation on IPO was £200 million.

In comparison to the London-listed multi-channel retailers, (such as Joules, JD Sports and SuperGroup) QUIZ achieved a premium valuation, with multiples based on latest consensus estimates and IPO valuation of 1.7x forward EV/Revenue, 14.7x forward EV/EBITDA and 25.0x forward P/E. Panmure Gordon was able to achieve this premium valuation for QUIZ by positioning the company between the multi-channel and pure-play online retailers due to its true “omni-channel fast fashion” business model that utilises all routes to market like multi-channel retailers but also benefits from digital marketing techniques to drive its growth like the pure play online retailers.

**CONSUMERS AND TECHNOLOGY TO DETERMINE THE WAY FORWARD**

By all accounts, the apparel retail industry presents interesting opportunities for investors, as retailers continue to fight not just to keep up, but also to create the latest trend in a market where consumers determine what is in fashion as much as the sooner retail industry. From the perspective of IMAP, this is where Karrri Vuori, IMAP UK, offers his unique insights.

KARRI VUORI
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Following a recent transaction by US based private equity firm Providence Equity Partners buying a 70 percent stake in the Hungarian festival company Sziget, IMAP Hungary examines business deal trends in the live entertainment industry.

**MARKET DRIVERS**
The global population of young people is swelling; in 2014, the UN Population Fund estimated that 1.8 billion of the world’s population was between 10 and 24 years old, a record high. This combines with strong economic growth driving the need for culture, especially in Africa and Asia. The appetite for physical events and venues has also increased and the music industry has shifted to live events with revenues from live shows now surpassing recorded music sales in some regions. In Europe, ticket revenues for live music performances are now more than twice that of recorded music sales. Festivals are increasingly becoming an asset for cultural tourism worldwide and developing.

**FESTIVAL INDUSTRY TRENDS**

**ARTISTS**
- Artists are turning their gaze to touring to take advantage of the massive jump in artist fees
- Lack of strong headliners (announcement dates are earlier: 8-9 months instead of 3-4) – influenced by cheap airline tickets
- Activism (political) is expected to revive the live music community
- Artists are recognizing the role sponsors play in helping to fund festivals, and are more willing to participate in auxiliary activities (Lady Gaga’s Dive Bar Tour, sponsored by Bud Light). Brands will become even more intertwined with artists

**SOCIAL MEDIA**
- Fans expect a mix of options and more personalized experiences
- Social media provides hard cash benefits to event organizers, especially in ticket sales channeling
- Video content and live broadcasting on mobile is becoming increasingly important

**TECHNOLOGY**
- Immersive theater, Virtual Reality and Augmented Reality will influence live music performances
- Blockchain solutions may transform ticketing solutions and licensing royalty collection for public performances
- Hybrid music events bring in bigger audiences and more money (eg. film, media and video games)
- Online ticketing unlocks powerful data and insights like never before
- Mobile technology improves the overall attendee experience (tickets, cashless payment and real-time event guides)
- RFID technology and smart cards add value once inside the event
- Live streaming events keep fans connected

**NEW DIMENSIONS**
- Strong competition and festival export (e.g. Lollapalooza going to Berlin)
- Reconsider catering options: in-house or outsource. “food-line-ups” or new lines: veggie, bio, organic, local
- Increasing staff numbers to secure better experience derived from professionalism and security needs
- Need to take a look at how to tackle the challenges posed by extreme weather conditions
- Increase revenues from potential upgrades (VIP and VVIP)
- Niche, high-end boutique gatherings: targeting the wealthier and family demographics

**30/ SECTOR FOCUS: LIVE MUSIC ENTERTAINMENT**

**Live entertainment on the road to consolidation?**
The music industry has shifted to live events with revenues from live shows now surpassing recorded music sales in some regions. Despite the overwhelming expansion of the digital world, live entertainment events give fans an experience that is both engaging and unparalleled. Indeed, this growing trend reflects the needs by millennials for an ‘experience-rich life’ as opposed to collecting things or wealth.

Cultural infrastructure is crucial in emerging countries as it is expected to attract more than half of international tourists by 2030 according to EY Cultural Report. Despite the overwhelming expansion of the digital world, live entertainment events give fans an experience that is both engaging and unparalleled, indeed this growing trend reflects the needs by millennials for an ‘experience-rich life’ as opposed to collecting things or wealth.

For this research, we examined the activity of players already present in the entertainment/event business.

In 2014, the number of transactions executed by arts facility operators and convention organizers (excluding business/conference purpose and sports deals) peaked at 83 yearly, based on the data provided by Bureau Van Dijk.

The most active players were Live Entertainment Group and Live Style Inc. (formerly SFX Entertainment Inc.).

*Covering global transactions where percentage of acquired stake is 51% or above
Source: Zephyr / IMAP
ACQUISITION ACTIVITY
On studying the value chain in the event market and M&A activity of large international live entertainment and event organization players, we have identified the most typical categories for expansion:

- Geographical expansion and extending event offering via the acquisition of tour promoters and concert, event and festival organizers
- Acquiring other revenue streams in the value chain: ticketing, merchandising, PR and marketing
- New, supplementary businesses: on-site payment, mobile apps and online solutions

Another direction that is currently rare, though might become relevant in the long run:
- Venue operation

We have not seen examples for enterprise level-investments in:

- Equipment, with strong physical characteristics (sound, light, stage, security and facility)
- Artist management or agency

Buying other formats as competition to live entertainment events, such as the non-music event segment (theatre, circuses, shows, comedy and discotheques) and sport events (MMA pay per view and e-sports) are also commonly used tools for diversification.

TRANSACTION DENSITY BY AREA OF OPERATION
There are clear directions that the main players follow
TRANSACTION MULTIPLES REFLECT UNIQUE INDUSTRY DYNAMICS

The industry’s valuation levels are generally kept out of sight and there are only a few publicly available data points. However, the EV/EBITDA range is wide, spanning from about 5x to 15x. One explanation for the higher valuations reaching 15x EV/EBITDA could be that the unique business relationship networks of the owners of acquired companies would be hard and time-consuming to replicate, if possible at all. As a result, it is a common practice for management to remain unchanged after an acquisition.

TRANSACTION MULTIPLES

<table>
<thead>
<tr>
<th>Date</th>
<th>Target name</th>
<th>Country</th>
<th>Target business description</th>
<th>Acquiror</th>
<th>Deal type</th>
<th>EV (EUR M)</th>
<th>EV/EBITDA</th>
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<tbody>
<tr>
<td>2014</td>
<td>Zibrant Ltd</td>
<td>GB</td>
<td>Event management services</td>
<td>Zebra 1234 Ltd</td>
<td>Acquisition 100%</td>
<td>2.5</td>
<td>6.0x</td>
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<tr>
<td>2014</td>
<td>Kilimanjaro Live Ltd</td>
<td>GB</td>
<td>Entertainment events promotion services, Live music events promotion services</td>
<td>DEAG Concerts GmbH</td>
<td>Acquisition 51%</td>
<td>6.7</td>
<td>13.7x</td>
</tr>
<tr>
<td>2012</td>
<td>Hammersmith Apollo Ltd</td>
<td>GB</td>
<td>Live music and performance venue</td>
<td>Stage C Ltd</td>
<td>Acquisition 100%</td>
<td>23.2</td>
<td>6.0x</td>
</tr>
<tr>
<td>2014</td>
<td>Best Union Company Spa</td>
<td>IT</td>
<td>Event organisation and management services, Online electronic ticketing services</td>
<td>Bidco</td>
<td>Acquisition 75%</td>
<td>40.2</td>
<td>9.7x</td>
</tr>
<tr>
<td>2013</td>
<td>Encore Tickets Ltd</td>
<td>GB</td>
<td>Theatre ticket agency operator</td>
<td>MBO Team – UK</td>
<td>Acquisition 100%</td>
<td>79.1</td>
<td>14.2x</td>
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<td>2012</td>
<td>Infoconcert Sa</td>
<td>FR</td>
<td>Online ticket retailer</td>
<td>Digitick Sa</td>
<td>Acquisition 100%</td>
<td>1.5</td>
<td>8.5x</td>
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<td>2011</td>
<td>West End Theatre Bookings Ltd</td>
<td>GB</td>
<td>Theatre ticket booking services</td>
<td>Encore Tickets Ltd</td>
<td>Acquisition 100%</td>
<td>11.0</td>
<td>8.6x</td>
</tr>
<tr>
<td>2015</td>
<td>Stage Entertainment BV</td>
<td>NL</td>
<td>Theatrical and live entertainment production services holding company</td>
<td>CVC Capital Partners Ltd, Ambassador Theatre Group Ltd</td>
<td>60%</td>
<td>737.8</td>
<td>13.1x</td>
</tr>
<tr>
<td>2017</td>
<td>See Corporation Ltd</td>
<td>BM</td>
<td>Artist management services, Event organisation services, Film and TV programme production services investment</td>
<td>Giant Lead Profits Ltd</td>
<td>Acquisition increased from 34% to 100% acting in concert</td>
<td>27.4</td>
<td>12.0x</td>
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<td>2015</td>
<td>Cube Entertainment Inc.</td>
<td>KR</td>
<td>Artist management services, Concert production services, Music publisher, Visual contents production services</td>
<td>Woori Special Purpose Acquisition 2 Co., Ltd</td>
<td>Acquisition 100%</td>
<td>32.1</td>
<td>15.3x</td>
</tr>
</tbody>
</table>

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Boom in chemicals M&A as private equity moves in

Capstone Partners (IMAP USA) advised D.B. Western, Inc. – Texas, a leading technology-driven producer of formaldehyde and derivatives, on its acquisition by SK Capital Partners, a New York-based private equity firm that invests in the specialty materials, chemicals and pharmaceutical sectors.

D.B. Western, Inc.–Texas (DBWT) is a chemical producer that utilizes the most advanced technology in the industry to manufacture formaldehyde and formaldehyde-derivatives such as urea-formaldehyde concentrates (UFC) and MEA triazine. Formaldehyde is perhaps best known for its preservative and anti-bacterial properties, but it is also used to make a wide range of value-added products including composite and engineered wood products, glues, molded auto components, exterior primers and clear-coat paints. UFC serves as a binder in agricultural fertilizers and MEA triazine is used to scavenge hydrogen sulfide from oil and gas. Due to DBWT’s industry-leading product efficiency, it manufactures commodity products as a leading supplier to industry titans (Georgia Pacific, Hexion and DuPont) who, in some cases, mothballed production because DBWT sells it cheaper than their own cost of production.

Based in the United States’ largest chemical hub of La Porte (Houston), Texas, DBWT’s facility boasts the greatest capacity for production of formaldehyde, UFC and MEA triazine in North America and is one of the largest formaldehyde plants in the world.

DBWT was founded in 2000 by a formaldehyde-production pioneer Dennis Beetham, who has designed, engineered and fabricated over 40 chemical plants globally. The resulting design, engineering and product technology expertise has benefited DBWT as it operates on an automated basis, with the highest yield, yet lowest capital cost, maintenance and energy usage in the industry. DBWT was the Beetham family’s last remaining plant—and their most valuable.

Looking to exit the business in order to pursue other interests, the Beetham family hired Capstone (IMAP USA) to run a sale process and initiate a shareholder liquidity event. While DBWT had received interest from industry-leading buyers in the past, the buyers were not viable options for the Beethams due to two key deal issues that created a challenging environment for Capstone: 1) The Beetham family did not want to sell to a competitor (they wished to retain the employee “family” culture and were concerned that proprietary know-how would be in the hands of competitors), and 2) Dennis Beetham, the founder, did not want extensive restrictions on his ability to design and build a chemical plant utilizing...
The team was able to negotiate key exceptions to the non-compete agreement, allowing the family to continue their design/build efforts and serve as a potential value-added partner as DBWT expands its business globally.

documents; focusing buyers on DBWT’s potential to regain the lost business as it shifted to other suppliers, who also happened to be DBWT customers and a monthly projection, illustrating the shifting product-mix resulting in increasing margins and EBITDA.

PREMIUM PRICE AND KEY EXCEPTIONS ACHIEVED THROUGH NEGOTIATION
After creating a strong prospect list of chemical companies, private equity groups and non-obvious buyers, Capstone established a robust process that produced a very competitive environment. With multiple offers after management meetings, the shareholders eventually chose SK Capital, a chemicals-focused private equity group. Through strong management of due diligence and hard-nosed negotiation, the eventual purchase price represented a premium relative to the market. In addition, Capstone was able to negotiate key exceptions to the non-compete agreement, allowing the Beetham family to continue their design/build efforts and serve as a potential value-added partner as DBWT expands its business globally. The transaction closed in June 2017 and is one of the most significant recent acquisitions in the formaldehyde market.

OVERCOMING SALE PROCESS OBSTACLES
In order to achieve a premium value for the asset, as well as to continue design and building operations, Capstone were required to run a sale process to companies that excluded DBWT’s direct competitors. Following engagement, two issues arose that Capstone had to work around. Firstly, one of the top customers discontinued operations related to consumption of DBWT’s product, resulting in nearly a 10% drop in revenue. Secondly, the Company was projecting a meaningful shift in product-mix towards higher-margin products that had not yet materialized. Capstone retooled its marketing

and manufacturing plants. Competition remains intense and major global players are consolidating in an effort to remain at the top of the pile. This is evident by the recent mega deals that have taken place in the chemicals market. The year 2016 had many mega deals in chemicals, with USD 231 billion in total value, as compared to just USD 77 billion in 2014. Another factor impacting the chemicals M&A boom is private equity involvement. As private equity groups have become more active in the space valuations have swelled and the number of exits have increased, spurring additional activity.

M&A SURGING AS A GROWTH STRATEGY IN CHEMICAL SECTOR AND BOOSTED FURTHER BY PE
The DBWT transaction is part of a broader boom in chemicals M&A, large even compared to the increased acquisition activity in other sectors over the past two years. Lackluster global chemical organic growth has resulted in companies utilizing M&A as a key growth initiative. Also, companies are strengthening their positions within core markets through the acquisition of competitive product lines

key technology. Potential buyers that had previously contacted DBWT required Mr. Beetham to discontinue global design and building activity.
Up Groupe expands international footprint with market entry and roll-up in Brazil

In less than 12 months, IMAP Brazil advised French company Up Groupe in relation to three acquisitions in the prepaid benefit cards market.

LOOKING BEYOND WESTERN EUROPE
Up Groupe (formerly Groupe Chèque Déjeuner) is the 3rd largest prepaid benefit vouchers and cards company in the world. Its main competitors are Sodexo and Edenred (formerly Accor Group). It sells non-banking products and services such as vouchers, cards and mobile and web applications to facilitate access to food, culture, leisure, education, home help and social aid. Up Groupe also supports companies in managing their business expenses as well as developing incentive and loyalty programs. Present in the daily lives of over 24.5 million people across 17 countries, it has around 3,400 employees and in 2016 had an issue volume of approximately EUR 7.1 billion.

By 2007, Up Groupe was already well established in Western Europe and began evaluating opportunities to expand further afield, which is when IMAP began its long-standing cross-border partnership with the company. In 2010, IMAP Turkey advised Up Groupe in relation to the acquisition of Multinet, the market leader in Turkey and in 2013, expanded its reach into North America when IMAP Mexico advised Up Groupe in relation to the acquisition of Sí Vale, Mexico’s largest player. Following their acquisition in Mexico, Up Groupe set its sight on Brazil, the largest prepaid benefit vouchers and cards market in the world.

In 2014, IMAP Brazil was retained by Up Groupe to conduct a market screening and to develop a strategy and negotiation process for potential acquisitions in Brazil.
IMAP Brazil’s extensive knowledge of not only the Brazilian M&A market overall but specifically Up Groupe’s industry in Brazil was crucial in refining the client’s acquisition strategy and determining the right target companies.

ENTRY INTO THE BRAZILIAN MARKET

IMAP Brazil embarked on a nationwide screening process, searching for companies that met specific criteria such as minimum size, relevant geography, fit in terms of product portfolio and exposure to private sector clients as opposed to public sector clients, among others. This initial screening resulted in a list of 15-20 potential targets, including those which were subsequently acquired.

Negotiation processes in Brazil tend to be complex and based heavily on trust. As a buy-side advisor, it is crucial to be close to the sellers and truly understand their needs and concerns. Another critical element is proper due diligence as most middle market companies in Brazil are not audited and oftentimes the interpretation of due diligence results is quite complex. Transaction-specific structures need to be negotiated in order to protect the buyer from contingencies.

IMAP Brazil successfully demonstrated to each target the benefits of being acquired by an experienced and reputable company such as Up Groupe while minimizing concerns regarding the impact of a transaction on their businesses, not least on the people working at the companies since their foundation.

Notwithstanding the complexities and particularities of the Brazilian M&A market, in just under six months of the project starting, a binding agreement was signed to acquire 100% of Planvale, a leading player in the State of São Paulo, Brazil’s economic motor. This transaction closed in May 2015.

Planvale was founded in 1999 and operates mainly in the São Paulo State. At the time of the acquisition in 2015, it operated in two business units: traditional benefit cards/vouchers for meals, food, transportation, culture and gifts along with a card charge/recharge business for public transport. Its annual business volume at the time...
was approximately EUR 500 million.
With 250,000 users, Planvale processes approximately 25 million transactions annually, has a network of 60,000 affiliated merchants and over 700,000 cards in circulation.

**ADDITIONAL ACQUISITIONS IN THE BRAZILIAN MARKET**

In January 2016, a second transaction was concluded, this time the 100% acquisition of Valemais, the market leader in the Espírito Santo State.

Valemais was founded in 2001 and was the market leader in cards and vouchers for meals, food and gasoline vouchers in the Espírito Santo State, located in Brazil’s key Southeast Region. It operated exclusively through a proprietary system of point-of-sale payment terminals and in 2015, not long before its acquisition, the company’s business volume reached more than EUR 100 million. Enjoying a strong brand image in the region, Valemais’s service vouchers are used daily by 150,000 users and accepted by a network of 7,000 affiliated merchants.

Simultaneously with the Valemais deal, IMAP Brazil began working on a transaction with Policard, a leading player in the key Minas Gerais State and just a few months after the Valemais transaction closed, a merger was completed with Policard. As a result of this new merger, Up Groupe owned 60% of the combined business and the shareholders of Policard, the remaining 40%. A mechanism of put
and call options was negotiated, through which, over time Up Groupe can reach full ownership.

With a total business volume of more than EUR 3.3 billion, Policard’s vouchers are used daily by 230,000 users, with a private acceptance network of 120,000 affiliated merchants. One of Policard’s unique features is its ownership of 10,000 terminals.

As a result of these three transactions, Up Groupe is now a strong player in Brazil, with an estimated nationwide market share of approximately 5%. Its share is larger in the Southeast region of Brazil, the economic motor of the Brazilian economy.

**POST-TRANSACTION SERVICES IN BRAZIL**

Up Groupe’s focus in Brazil is now the integration and streamlining of the three companies that were acquired, though they remain ambitious and additional transactions in Brazil and other countries in Latin America have not been ruled out.

IMAP Brazil continues to act as advisor to Up Groupe in connection with any post-closing issues related to the three transactions.

**THE IMAP ADVANTAGE**

The advisory work that IMAP has been undertaking for Up Groupe over the course of a decade demonstrates both the strength of the IMAP and the expertise of its partners. IMAP assisted Up Groupe achieve its ambitious goals of internationalization beyond Western Europe, by entering and expanding in three distinct countries across two different continents and the acquisition of seven companies in the span of just a few years. Up Groupe and IMAP have a win-win relationship based on trust and superior service.
Mirka, a leading Finnish manufacturer of abrasives, expands global reach and product portfolio with Italian acquisition

IMAP Finland, with early stage support from IMAP Italy, advised Mirka Oy, one of the world’s leading abrasives and power tools manufacturers on their acquisition of Cafro, an Italian superabrasive wheels and tools manufacturer.

A POTENTIAL FOR SYNERGY AND NEW MARKET PENETRATION

Mirka Oy, part of the Finnish family owned KWH Group, is a market leader in surface finishing technologies, offering comprehensive sanding solutions, a wide range of abrasive and polishing products and innovatively designed tools for high quality surface finishing. In 2016, Mirka achieved a turnover of EUR 240 million, of which 96% was generated by exports. It employs over 1100 professionals across Finland and its 16 subsidiaries worldwide.

Mirka was looking to expand its product and service portfolio into superabrasives.
and grinding solutions which were often used by their existing clients in addition to Mirka products. The potential for synergy was identified by using Mirka’s global sales network in conjunction with their product development knowledge and resources.

Looking to minimize the time-to-market, Mirka’s management realized that internal organic product development work would be too time consuming and require new know-how, hence they decided to acquire a leading company in this field.

CROSS-BORDER COLLABORATION WITH LOCAL IMAP ADVISORS
Based on Mirka’s target profile, IMAP Finland undertook a market survey of possible acquisition targets. However, it soon became clear that these types of companies were not to be found in the Nordics, but rather in Germany, Switzerland and Italy. Based on the resulting target list, they devised a shortlist of the most promising companies to contact and initial meetings were held across the 3 countries. Local IMAP partners helped arrange the initial meeting and more often than not, assisted not only to “open the door” but also acted as translators and facilitators.

Following a primary meeting with a potential target in Italy, IMAP Finland and Mirka took over the project management and proceeded with the buy mandate. IMAP Italy continued to offer support in terms of providing financial information as well as an overview of cultural and legal differences between Finland and Italy and their initial support was crucial in eventually getting the deal done.

As an end result, Mirka acquired 100% of the shares of Cafro S.p.A., an Italian family-owned company, with 79 employees at its production site in Italy and sales representatives in 25 different countries globally. A market leader in the field of diamond and CBN wheels as well as PCD and PCBN tools, Cafro’s tools are most typically used in precision grinding, turning and milling operations and in 2016, their turnover was EUR 10 million.

RAPID EXPANSION STRATEGY
According to Mirka CEO Stefan Sjöberg, Cafro’s specialized knowledge and manufacturing capabilities in conjunction with Mirka’s global presence, are an excellent match and conjugative for rapid business expansion. For Cafro, the acquisition provided an attractive opportunity to expand the business in the global market and for Mirka, a cornerstone in developing its precision grinding business. In the future, both companies’ customers will benefit from a comprehensive offer of surface finishing and grinding solutions.

Local IMAP partners helped arrange the initial meeting and assisted not only to “open the door” but also acted as translators and facilitators.
Turnaround management best practices – how to create value

**IMAP Germany advised Nimbus hands-on investors on the sale of RCP Ranstadt, to Zobel Values. The sale came after a transformational turnaround of RCP whereby the company achieved operational excellence.**

**NIMBUS**
As a private equity fund, Nimbus invests in European-based industrial companies with evident and substantial potential for improvement and seeks majority shareholdings or management control. It has offices in Zeist (The Netherlands) and Munich (Germany).

**RCP RANSTADT GMBH (RCP)**
One of Europe’s leading manufacturers of single-use products such as wet wipes, sachets and stand-up pouches, RCP has over 60 years of experience and focusses heavily on both technology and cost leadership. Long-standing customer relationships position the Company as a reliable partner in the market, with relatively little competition. Products are delivered as either manufacturer brands or private label, to renowned brand owners, retailers and discounters within the home care, personal care and, to a lesser extent, food industries, in Germany and other European countries.

**ZOBEL VALUES AG (ZOBEL)**
A Swiss based single family office with an evergreen fund approach, Zobel invests foremost in established, mid-cap companies in the DACH region.

**THE STARTING POINT**
In 2009, Nimbus acquired 100% of the shares of Budelpack Ranstadt GmbH, the German branch of the insolvent Budelpack Group, renaming the company RCP Ranstadt GmbH. Although almost insolvent, Nimbus had recognized the company’s strong potential, mainly due to its long-standing customer relationships in the German market and its highly specialized product portfolio. Budelpack, now RCP, had found a very promising niche in the field of wet wipes, specifically lens wipes for glasses, which they had first introduced to the German market as a product innovation back in 1979. However, a scattered and unfocused product portfolio as well as a loose organizational structure, combined with missing controlling tools (e.g. on product level) and obvious mismanagement, meant that the company was facing hard times with regards to liquidity and overall indebtedness.

**PRODUCT OVERVIEW**

**Products (excerpt)**
- **Wet wipes**
  - Lens cleaning wipes
  - Cleaning wipes without alcohol for screens, laptops
  - Disinfectant wipes for surfaces, skin & hands
  - Deodorising and refreshing wipes
  - Wet toilet tissue
  - Feminine hygiene & nail varnish removal wipes
  - Colour, stain and make-up removal wipes
  - Jewellery, glass and shoe cleaning wipes
- **Liquids**
  - Alcohol- / water-based solutions
  - Detergents and cleaning products
  - Food pastes and gels
- **Powder**
  - Bath salts / bath pearls
  - Detergents and cleaning products
  - Powdered drinks & dietary supplements

**R&D**
- Formula development based on customer wishes
- Stability tests
- Primary & secondary packaging
- Design of new products
TURNAROUND MANAGEMENT

Following the acquisition, the real question for Nimbus was how the turnaround process should be designed and who could manage the change. On the basis that their integral strategy was to bring in new management and clean up old structures, Mr. Karl Koob was introduced to RCP in late 2010. As an experienced and process-oriented manager, who had earned his stripes in the FMCG sector (e.g. Wella and P&G, hairstyling products), Mr. Koob began his time at RCP in the production halls, learning about the production processes in order to get a feeling for “how to make money with (single-use) wet wipes”.

IMAP met with Mr. Koob to discuss his challenges and first steps, as well as how it would be possible to successfully turn the company business around.

We understand that you came to RCP with a lot of production know-how and experience in setting up new production facilities. What were your first steps and challenges you faced when you took control of RCP?

Indeed, I brought quite a degree of experience to the table, however, the organizational set-up and structural problems I had to deal with were immense. First of all, I had to learn about the company completely from scratch, in order to fully understand the metrics of the wet wipes and packaging business. By this I mean I literally stood for hours beside the machine workers, so as to understand fundamental problems from both the technical, as well as the logistical side. After listening and learning for quite some time, I gathered the most motivated and capable employees, gave them a raise and a path of opportunity to develop their skills. Following on this, I appointed a new staff level of group leaders to motivate personnel. After setting up the team, I prepared a game plan for how to proceed with the restructuring. More or less in parallel to reorganizing the HR structure and with a higher level of urgency, we first had to manage the financial and in essence, operating cash needs of the company to ensure payment could be made to both the suppliers and the production staff. With a newly acquired understanding of the inherent potential in production processes, along with the new HR structure, it was possible to stabilize the business operations and build a platform for future efforts.

Following a successful restructuring process and having put in place the best management and staff base, Nimbus created an ideal environment for a family office to further develop the company and create additional value.

We learned that RCP was to a large extent active in a niche market. However, the company’s activities were somewhat diverse and with no clear focus. How did you manage to drive RCP to becoming a market leader for lens cleaning wipes?

That is exactly the same question that I was asking myself at the time. The answer was to effectively concentrate on the realities of the niche market. As the market was and still is defined by price pressure, we had to somehow become the price leader. The key to this was our investment in innovative machinery, ensuring we first became the technology leader and subsequently, the cost leader. Having established in-house engineering expertise, we were able to fully maximize our technological advantage and outperform our competitors. This, together with a step-by-step approach to optimizing sourcing, including in foreign countries, in conjunction with our focus on quality, had a tremendous impact on RCP’s market position. Having achieved that goal, we then set our sights on reducing OPEX i.e. mainly personnel costs - in terms of personnel fluctuation. I am happy to say that to a large extent, I didn’t have to let staff go during this transition period. Overall, RCP’s EBITDA grew approximately 15% annually from 2011 to 2016.

Could you let us in on your secret to creating value? How does this all come together before the sale to a family office like ZOBEL Values?

Actually, there is no real secret. Having concentrated in our niche market on both the product and the technological side, we then implemented a financial controlling system (software) to look at the contribution margins on a product level outside of the wet wipe business. We were therefore able to identify underperforming and loss generating contracts and simply fade them out over time when possible. Our market leading position enabled us to both further enhance profit levels and invest in top-notch machinery in order to best serve market demands. A lot of growth potential lies in the fact that domestic as well as foreign development and full penetration of the market, is not yet complete. However, future value creation lies foremost in the opportunities that arise in terms of the internationalization of the business. Following a successful restructuring process and having put in place the best management and staff base, Nimbus created an ideal environment for a family office to further develop the company and create additional value.

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A family owned success story in the Peruvian pharmaceutical industry

IMAP Peru advised Grupo Portugal on its majority equity sale to Mexican pharma company Sanfer

LEADING PERUVIAN PHARMA GROUP
Grupo Portugal is a family owned pharmaceutical company and with over 100 years of experience in the Peruvian pharmaceutical industry, is one of the leading laboratories in Peru. With sales of approximately USD 60 million, its vertically integrated business model involves developing its own brands of low complexity generics, branded generics, OTC and cosmetic products, as well as manufacturing for third-parties.

The Groups’ 50,000ft² production facilities are located in the southern province of Arequipa, and through in-house logistics and distribution units, it reaches all the territories in Peru, as well as some countries in Latin America. With an impressive level of growth, having doubled its sales during the last six years, it has achieved extremely attractive profitability levels in comparison to its peers and at a commercial level, Grupo Portugal has developed lasting, solid relations with nation-wide pharmacy chains, independent pharmacies, wholesalers and public healthcare institutions.

PORTFOLIO AND GEOGRAPHIC EXPANSION THROUGH A NEW PARTNERSHIP
At an industry level, Peru has been experiencing a rapid increase in the presence of foreign companies by means of newly installed distribution facilities and/or the acquisition of local and for the most part, family-owned, pharmaceutical companies.

At the same time, following many years of double-digit growth rates, Grupo Portugal had reached the stage at which it was looking not only to secure its transition into a larger and more innovative company with a stronger portfolio, but also to expand its distribution

IMAP Peru developed a strategy to promote Grupo Portugal, specifically targeting both multi-national and multi-Latin strategic players that, in addition to modernizing Grupo Portugal, would be willing to incorporate more complex and innovative products to its portfolio
network outside of Peru. Motivated by the industry outlook and its strategy for growth, it decided to search for a new partner to take the Group to the next level.

**A COLLECTIVE GROWTH STRATEGY**

Having been appointed as their Advisor, IMAP Peru began work developing a strategy to promote Grupo Portugal, specifically targeting both multi-national and multi-Latin strategic players that, in addition to modernizing Grupo Portugal, would be willing to incorporate more complex and innovative products to its portfolio. Part of these efforts took the form of a roadshow, during which and in line with IMAP Peru’s expectations, it became clear that there was indeed an avid appetite for pharma assets in an emerging economy such as Peru. One of the main drivers for this was the significant growth potential revealed by the lagged pharma spending figures per capita in Peru, in comparison to others in the Latin American region.

On completion of what turned out to be an extensive roadshow and highly competitive process, a leading Mexican pharma company, Sanfer, was selected as the ideal candidate. Sanfer (Grupo INVEKRA) has been very active in developing its inorganic growth strategy throughout the Latin America region and as such, Peru was an attractive asset for consolidating its strategic position in the region.

**RESTRUCTURING AND OPTIMIZING CASH FLOW**

The transaction was structured as a majority equity stake sale, with mechanisms for both parties to perform additional sales and/or purchases in the future. As the buyer had leveraged the purchase price and with the intention of optimizing its cash flow for debt repayment, a major restructuring of Grupo Portugal’s companies was carried out as part of the transaction. This involved a spin-off of intangible assets (i.e. commercial brand names) as well as the implementation of a royalty scheme. The deal also involved the negotiation of special arrangements at a shareholder level, with the objective of guaranteeing seamless corporate governance and aligned interests between the new partners, whereby an experienced and balanced board of directors was appointed, which included independent members. Also included in the transaction, was the future acquisition of two small distribution companies in Bolivia and Ecuador, through which Sanfer will initiate operations in Bolivia, while in Ecuador, it would be an add-on to its existing distribution facility.
IMAP Germany advised Aluminiumwerk Unna, a leading manufacturer of aluminum alloy tubes headquartered near Dortmund on its sale to a subsidiary of listed China Zhongwang Holding Ltd., headquartered in Beijing. China Zhongwang is Asia’s largest manufacturer and developer of aluminum extrusion products. The acquisition was realized by way of a capital increase at the holding company as well as the acquisition of the shares of the employees. The transaction provides Aluminiumwerk Unna with new growth perspectives as part of a globally strong and broadly positioned industrial aluminum group.

IMAP Colombia advised Masisa S.A., a leader in the production and distribution of wood panels in Latin America, on the sale of its industrial unit in Argentina to Egger Holzwerkstoffe GmbH. Based in Austria, Egger is one of the main players in the world in the wood panel industry, with 18 production plants in Europe as well as 21 sales offices and close to 9,000 employees around the globe. Mainly focused in the European markets, this acquisition is the first venture for the company into the Latin American market. IMAP Colombia continues to advise Masisa on the sale process of its industrial assets in Brazil and Mexico.

IMAP Italy advised world leading asset management firm Blackstone Group, on the disposal of all the units of Kensington Fund to international insurance group Allianz. Kensington Fund is an Italian closed-end real estate alternative investment fund reserved for professional investors. The Fund’s portfolio includes two prime office buildings in Milan and is managed by Kryalos SGR. IMAP Italy played an active advisory role throughout the entire sale process.

IMAP UK advised Mullin International, the New York City based provider of career transition services, on its sale to The Adecco Group, the world’s leading provider of workforce solutions. Mullin has a 35-year track record of delivering outplacement, redeployment and executive search for companies engaged in critical management changes. Mullin will be integrated into The Adecco Group’s subsidiary Lee Hecht Harrison, strengthening its position as the leading global provider of career transition and talent development solutions.
IMAP TRANSACTIONS /47

**Consumer Products and Services**

**Animalcare**
UNITED KINGDOM
Reverse Takeover

**Belgopharma**
BELGIUM
Advised on Transaction and ECM fundraising

**Consumer Staples**

**Wilmar**
SINGAPORE
Acquired Investment Interest

**Shree Renuka Sugars**
INDIA
Advised on Strategic Investment in the Company

**Consumer Products and Services**

**SECG Holding Co., Ltd.**
CHINA
Acquired 100% of Business Operations

**VEM**
GERMANY
Advised on Purchase of Company

**Industrials**

**SEC Holding Co., Ltd.**
CHINA
Acquired 100% of Business Operations

**VECTOR**
GERMANY
Acquired 100% of Business Operations

**LongueVue Capital, Clavis Capital & IBCF**
UNITED STATES
Acquired Majority Control of Business Operations

**Industrials**

**VECTOR software**
UNITED STATES
Advised on Sale of Company

**United Kingdom**

**ARRIVA**
UNITED KINGDOM
Acquired Majority Share of Company

**Autotrans**
CROATIA
Advised on Sale of Majority Share of Company

**TMT**

**ARRIVA**
UNITED KINGDOM
Acquired Majority Share of Company

**MIFRATEL**
BELGIUM
Acquired 100% of Business Operations

**Mifratel**
NETHERLANDS
Advised on Sale of Company

**Consumer Products and Services**

**bts**
SWEDEN
Acquired 100% of Business Operations

**Coach in a Box**
UNITED KINGDOM
Advised on Sale of Company
About IMAP

IMAP INTRODUCTION

Founded in 1973, IMAP is one of the first and worldwide leading organizations for Mergers & Acquisitions. IMAP is located in 35 countries with more than 350 M&A advisors organized in international sector teams.

IMAP is specialized in the sale and the acquisition of companies as well as on strategic corporate finance advisory. Our customers are primarily family-owned, mid-sized companies, but also include large international corporations, as well as family offices and financial investors.

IMAP advisors successfully execute about 200 transactions per annum with a transaction volume of approximately USD 10 billion.

DEALS BY SECTOR 2014-2016

- Financials: 5%
- Energy & Power: 3%
- Consumer Staples: 11%
- Materials: 8%
- Industrials: 24%
- Healthcare: 9%
- TMT: 18%
- Retail: 4%
- Real Estate: 2%
- Consumer Products & Services: 16%

DEALS BY REGION 2014-2016

- Western Europe: 40%
- Americas: 24%
- Asia, Middle East & Africa: 9%
- Nordics: 15%
- Central & Eastern Europe: 11%
IMAP Global Presence

35 COUNTRIES

350 ADVISORS
Euromoney’s Awards for Excellence, established in 1992, were the first of their kind in the global banking industry, are highly coveted and considered the awards that matter to the banks and bankers that matter. The awards program covers 20 global awards, more than 50 regional awards and best bank awards in almost 100 countries. Receiving the award for Best Bank in Poland was therefore an important recognition by the industry of the IMAP Poland team’s hard work, dedication to its clients and professionalism.

The Euromoney awards ceremony was held at the Tower of London in July 2017 and over 600 senior bankers from around the world were in attendance, including several from the IMAP Poland team. Some of the other big names in the industry also celebrating were HSBC, named as the World’s Best Bank, Morgan Stanley, named as the World’s Best Investment Bank and UniCredit’s CEO, Jean Pierre Mustier, who was announced Banker of the Year 2017. IMAP Poland was in fact one of only very few independent firms that received an award.

Managing Partner, Piotr Chudzik, said, “Being named The Best Investment Bank in Poland is not only a great honor, but also a reflection of our clients’ trust, cooperation and openness, all of which motivates us in our ongoing efforts to provide the best level of products and services. We are confident that by continuing to work together with our clients, we will achieve many successes in the future.”

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