

IMAP Creating Value

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A MAGAZINE CREATED BY IMAP DEDICATED TO CREATING VALUE IN THE M&A MID-MARKET

SECTOR FOCUS

Automotive parts manufacturing
Medtech outsourcing
Nordic high-tech revolution
Indian IT transformation

INSIGHTS

BREXIT
**Implications for
Europe and M&A**

**Who's afraid of
Private Equity?**

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IMAP is a global merger and acquisition advisory organization with a presence in 35 countries. IMAP closed over 2,100 transactions, valued at \$90bn in the last 10 years, and is consistently ranked among the world's Top 10 M&A advisors (Thomson Reuters) for mid-market transactions. If you have any questions or would like more information on IMAP, please contact us through our website www.imap.com



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Looking for a transaction-rich 2017

Welcome to our latest edition of Creating Value which provides insights and analysis on the latest trends in M&A and key issues concerning the market, including changing country economies, Brexit and sector evolution.

It's been a busy time at IMAP and in line with our strategy to enhance our capabilities and extend our geographical reach, we have recently announced new offices in Warsaw and London, bringing the number of international offices to 60. Both of these new IMAP teams are introduced in this issue. In addition, we looked to the expertise of our London team to answer some of the current questions surrounding Brexit and the effects this might have on cross-border transactions.

Our sector experts again provide us with their views on the latest trends in the areas of medical device outsourcing, cybersecurity, automotive production and oil transportation.

Earlier this year we held our semi-annual IMAP meeting in Rotterdam, where we furthered our teams' focus on industrial sectors and specific sector expertise. The results of this effort are already evident, as our cross-border activity has increased and we have successfully closed a number of significant cross-country and cross-continent transactions executed by multi-office teams. The results also show up in the numbers - in Q1 of 2017, IMAP ranked #4 globally in the Thomson Reuters ranking of top transaction advisors for volume of transactions up to \$200 million.

With great new teams on board and a solid flow of M&A opportunities, we look forward to the busy times ahead of us this year.



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IMAP's new partner in Poland – Trigon

Trigon is Poland's leading independent investment banking firm active in Central and Eastern Europe, is the most active broker on the Warsaw Stock Exchange and has been involved in 3 of the Top 10 deals on the Polish M&A market from 2010-2015

TRIGON

AT A GLANCE

Offices:	Warsaw and Cracow
Headquarters:	Warsaw, 120 employees
Transactions:	Total deal value in excess of €4.6bn
Credentials:	Financial Advisor of the Year award for the CEE region 2014-2015 15 IPOs since 2014

POLAND M&A OVERVIEW

There are a number of ongoing transactions in various industries, including banking, e-commerce, telecoms, energy, retail, and food & beverage. A few of these are exits by private equity funds, and the rest are situations in which global corporations are selling their non-core mature assets in Poland. We have seen significant interest from global strategic players and private equity funds in these transactions.

In addition to these large and well-publicized transactions, we continue to see significant activity in the small and mid-size transactions segment, with many local entrepreneurs looking either to acquire partners or exit their investments while private equity continues to actively look for investment opportunities.

One additional and significant source of activity this year has been public to private transactions carried out by private equity funds. In 2016, a record year in terms of tender offers on the Warsaw Stock Exchange made by financial investors, Trigon advised on three successful public to private acquisitions. Trigon's brokerage arm has been a leader in this space as well, with the most tender offers conducted of all brokers on the Warsaw Stock Exchange so far in 2016.

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We have a strategic commitment to advise Polish entrepreneurs and foreign clients on complex and challenging projects and several of our transactions have defined local and regional standards

Piotr Chudzik, Managing Partner

CROSS-BORDER DEAL POTENTIAL


The trend of global corporations exiting mature businesses in Poland, and Polish entrepreneurs cashing in on their investments from 20-25 years ago, will certainly continue into the next few years. All these deals are likely to be sizeable and therefore able to attract attention from international investors.


CASE STUDY

Cyfrowy Poizat Group:
A long-term partnership in creating value in the TMT segment


TMT SINCE 1999

Long-standing relationship with Mr. Solorz-Zak





Sole / Lead financial advisor



Trigon has supported Mr. Solorz-Zak in all key strategic transactions, including the IPO of Cyfrowy Poizat, several buyouts, (re)financings, divestments and other complementary corporate actions

Poland is also becoming a center of excellence for global leaders in video game development. Some of the world's major game developers are Polish, including CD Projekt, creator of IGN's 2015 Game of the Year The Witcher. We know this sector well, having advised two video game development firms on their IPOs on the Warsaw Stock Exchange last year and expect to see more M&A transactions in this sector involving Polish game developers as targets.

In terms of outbound cross-border M&A, we expect Polish companies to increasingly look abroad to find acquisition

targets, especially in more mature markets in Western Europe and the United States.

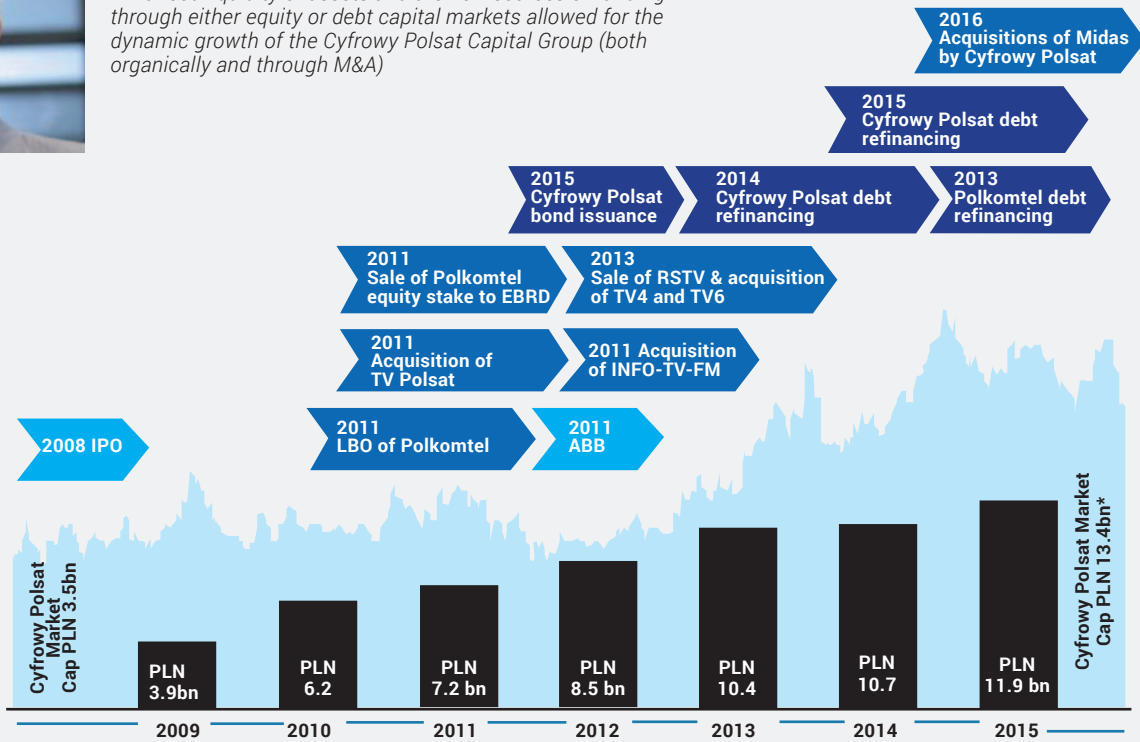
As part of IMAP we hope to gain better access to global markets and increase our visibility both inside and outside of Poland as an organization with global reach and capabilities. As a part of IMAP we also hope to increase our cross-border deal flow, both inbound by assisting foreign companies and financial investors to enter the largest market in the CEE region as well as outbound by assisting Polish firms to carry out their international expansion plan.

CYFROWY POLSAT GROUP: LONG-TERM PARTNERSHIP CREATING VALUE IN TMT SEGMENT

Dynamic growth of the company owner's net worth following IPO and a line subsequent transactions



Mr. Zygmunt Solorz-Zak successfully floated shares of Cyfrowy Polsat on the Warsaw Stock Exchange in May 2008. Enhanced liquidity of assets and the new sources of funding through either equity or debt capital markets allowed for the dynamic growth of the Cyfrowy Polsat Capital Group (both organically and through M&A)



Source; Forbes 100 annual lists, WSE, Reuters * Cyfrowy Polsat's current market capitalization stand at PLN 16.1bn (2016/09/09), following the acquisition of Midas SA



Our recipe for success is ethical behavior, teamwork and creativity



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IMAP's new partner in the U.K. – Panmure Gordon

Panmure Gordon is a leading U.K. mid-market advisor founded in 1876 and one of the oldest and most widely recognised brands in the U.K. market with a reputation built on long-term relationships and exceptional levels of service

PANMURE GORDON & CO

AT A GLANCE

Offices:	London, Leeds, Doha
Headquarters:	London 110 employees
Transactions:	Total deal value of over £5bn since 2013 Deal sizes range from £10m-£1bn Sweet spot of £50m-£200m Clients from over 15 countries Qinvest and Atlas Merchant Capital are strategic shareholders

UNITED KINGDOM M&A OVERVIEW

There is a real boom in M&A at the moment, largely driven by the explosion in debt financing, which is readily available and cheap. M&A activity is also being propelled by the huge amount of private equity available, and funds are struggling to find enough deal flow to satisfy the capital available.

We are extremely bullish about the M&A market and even with a couple of black swan events like Brexit and the election of Trump that we expected would have a market impact, this has not eventuated – yet. The expectation is that the market will continue to be strong. The global economy is and always has been the biggest underlying determinant for M&A. Currently the global economic outlook is the best it has been for years – despite all of these events.

In 2016 we had 27 corporate transactions, including five IPOs and 12 M&A deals. The 2017 pipeline looks similar in volume but with bigger deals and substantial demand generated from broad range of investors across U.K., Europe and U.S.

The IPO market is robust with an increased focus on quality. Total IPO volumes are below pre-2007 averages but we are experiencing a very healthy market with strong investor appetite for the right deals.



The U.K. remains one of the key global capital markets with a deep understanding of international growth businesses

Karri Vuori, Head of M&A

CROSS-BORDER DEAL POTENTIAL

We very much look forward to complementing IMAP's global footprint and providing IMAP members with exceptional access to U.K. corporates as well as offering IMAP members the ability to offer IPOs and Dual Tracks as an option to their clients for the first time.

CASE STUDY

LoopUp – IPO August 2016

LoopUp – IPO August 2016

Transaction Overview

- LoopUp Group is a global software-as-a-service (“SaaS”) provider of remote meetings
- First tech IPO post-Brexit
- Share price has increased c.50% since IPO

2016A Financials

Revenue - £12.8m	£40.8m
EBITDA - £2.1m	Market capitalisation on IPO

Panmure Gordon believes there are tremendous opportunities globally to be gained through being part of IMAP, by providing IMAP members and their clients with access to the deep pools of capital and opportunities which the London capital markets offers to international growth companies.

We also expect to benefit from the depth of IMAP's international M&A reach, providing us with access to IMAP's global team of advisors and international deal flow.

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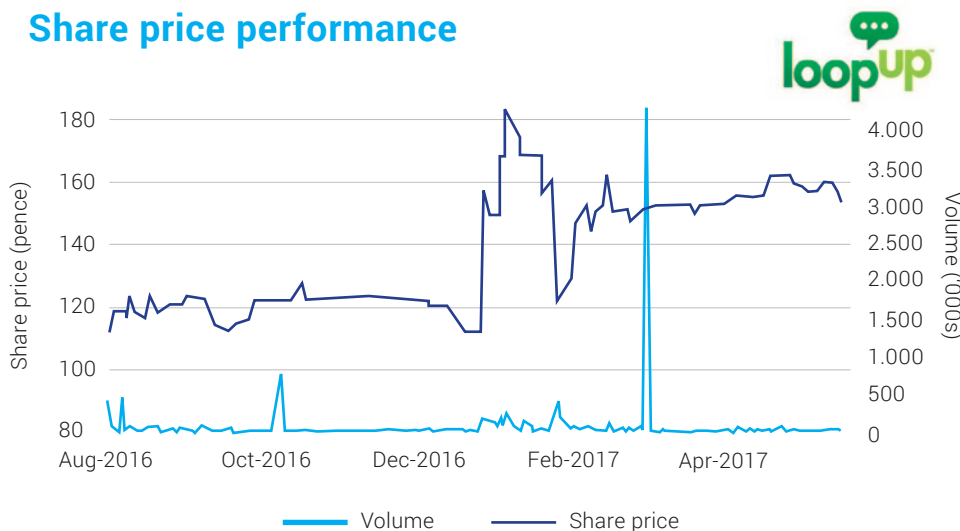
We are delighted to join what is a proven and successful international partnership between pedigree M&A specialists who are leaders in their respective markets

Karri Vuori, Head of M&A

CASE STUDY

LoopUp – IPO August 2016

Share price performance



EV at IPO/Forward EBITDA

2016E	2017E	2018E
30.8x	16.7x	8.6x

EV at IPO/Forward Sales

2016E	2017E	2018E
4.0x	3.0x	2.2x



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Don't be afraid of private equity

Many entrepreneurs have reservations about selling to private equity investors, but is there more to consider?

When we discuss the universe of potential buyers with a typical German entrepreneur, we often hear, "A private equity investor who intends to sell my business again in a few years' time is not what I'm looking for." The numbers however, speak a different story, as 32% of all companies sold in Germany over the last three years were acquired by a PE investor – a similar level to that in the U.S. or the U.K. Taking into account that many of the estimated 700 transactions with German sellers in 2016 recorded by Mergermarket are too small to be attractive to PE buyers, approximately half of all companies above 20m EUR Enterprise Value were sold to a PE investor.

Indeed, many entrepreneurs ready to sell their company do not discover just how attractive the PE option could actually be for them until they enter into discussions with potential buyers in a well-managed sales process. As well as an attractive valuation, which is often equal to or even greater than the best valuation offered by a strategic buyer, PE investors will usually maintain the identity and culture of "their" companies – something both company founders and their employees appreciate.

GOOD CORPORATE GOVERNANCE

At the same time, PE investors usually establish a professional corporate governance structure which makes mid-market companies less dependent on single individuals. Additionally, they can bring not only best-practice management experience to the table but also an international network for market development or operational support. Last

but not least, PE incentivizes management teams through direct participation as shareholders, with sweet equity structures.

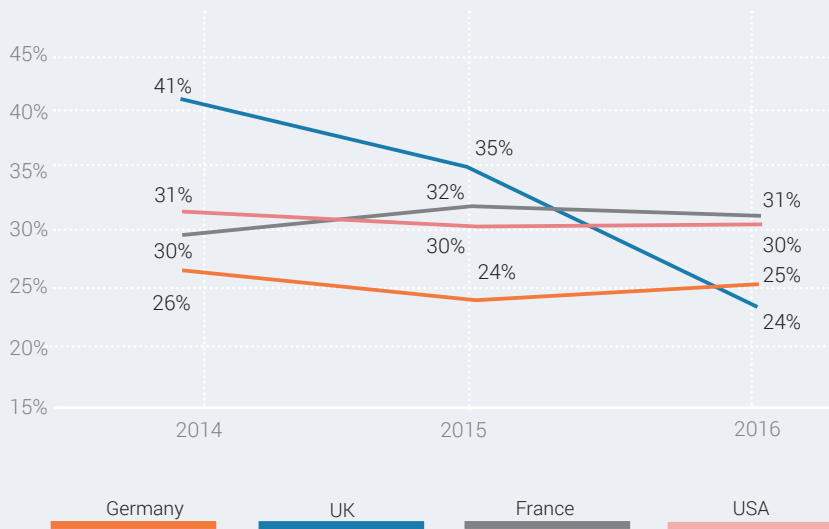


As well as an attractive valuation, PE investors will usually maintain the identity and culture of "their" companies – something both company founders and their employees appreciate

This creates the opportunity for sellers to reinvest a portion of the proceeds from the transaction in their former company, which may just be the ideal supplement within the entrepreneur's newly established asset diversification. Recent examples of this are the sale of technology leader in cold forming of lightweight automotive parts, Felss Shortcut Technologies, to Capvis, as well as the sale of the sports and dietary nutrition company Well Plus Trade, to HQ Equita.

In both examples, our clients decided to reinvest a minority stake in their former companies, thus supporting and benefiting from further future growth – albeit in a far more relaxed position, enjoying less risk and responsibility.

PROPORTION OF DEALS WITH PE INVESTOR



Source: MergerMarket, IMAP

The reservations of entrepreneurs against Private Equity are for the most part rooted in the limited investment period and the concern that the pre-determined secondary sale – after five to six years on average – could unsettle the company again. It's hardly surprising that sellers desire a good long-term new home for their companies, just like leading professional tool maker WERA, who we advised on their sale to Bitburger Holding last year, where only Family Offices were allowed into the process as potential buyers.

LOOKING BEYOND EMOTION

If you look beyond the emotional reasons driving the preference for particular types of buyers, numerous transactions with PE buyers in recent years have shown that most target companies benefit from this new ownership. In order to be able to realize a successful secondary sale, a sustainable equity story and growth perspective are needed, which again is not realistic without investments.

Therefore, asset stripping of the acquired companies or lowering capital expenditures within the holding period are increasingly regarded as destroying,

as opposed to, fostering the value of the PE investment. On the contrary, many PE investors will accept lower profitability for the benefit of faster growth. A good example is the majority sale of the logistics software platform provider Transporeon, to Riverside in 2011 and the successful secondary sale to TPG following five years of substantial investments in increased market penetration and sales growth.

Of course, it's also true that a successful company can easily bear the perceived ramifications of a secondary sale. Ideally, the company has become so sustainable in its market position and value proposition that no stakeholder has to be concerned about its future.



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The facts and the fiction

Our U.K. IMAP team gives their perspective on possible outcomes from the BREXIT negotiations and implications for M&A

In March 2017, the U.K. initiated Article 50, which was essentially the start of the U.K.'s "divorce" from the European Union following the "leave" referendum in 2016. The issues now facing both sides will determine whether this will be an amicable or very bitter split. Negotiations

will be protracted, with both sides trying to negotiate an outcome that will be palatable to their electorates. Article 50 of the Lisbon Treaty was deliberately drafted to deter countries from leaving the E.U. but also to ensure that if any country tried to do so, the

effect would be to discourage other countries from following suit. Draft guidelines released a few weeks ago stated that the U.K. will be required to pay "a single financial settlement" (approximately €60bn) to cover all legal, budgetary, supervisory and enforcement



structures. What remains to be seen is if this is enough of a deterrent to other countries such as France and Greece where rising political parties are calling for Frexit and Grexit.⁽¹⁾

The burning question is to what extent the remaining EU27 will unite in making the divorce as painful as possible for the U.K. or whether there will be countries that break ranks and try to negotiate favourable terms for themselves and the U.K. In 2016, Britain was the third largest

contributor to the E.U. budget accounting for 15% of the E.U.'s total funding. Consequently, Brexit will leave the E.U. budget severely depleted. Countries such as Denmark and Sweden have already expressed their unwillingness to increase demands on their taxpayers. Whether Britain follows a "hard" or "soft" Brexit stance in the divorce proceedings will largely be determined by how these negotiations are conducted and the extent to which the E.U. tries to punish the U.K. to deter others.

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The burning question is to what extent the remaining EU27 will unite or break ranks

THE ELECTORATE HAS SPOKEN

Theresa May's call for a General Election has backfired spectacularly and the hung parliament result means that she will need to cobble a deal together with a small Northern Irish political party (DUP) to ensure that the Conservatives can form a Government for the next four years. The consensus is that this setback has severely weakened her bargaining power and that the issue of a "hard" Brexit is now off the table. May's loss of her majority in Parliament increases the risk of a disorderly Brexit.

Brexit talks commence on Monday 19th June and under Article 50 of the E.U. treaty, Britain will no longer be a member on March 30, 2019, whether or not the two sides agree a deal to avoid leaving businesses and citizens in a legal limbo.

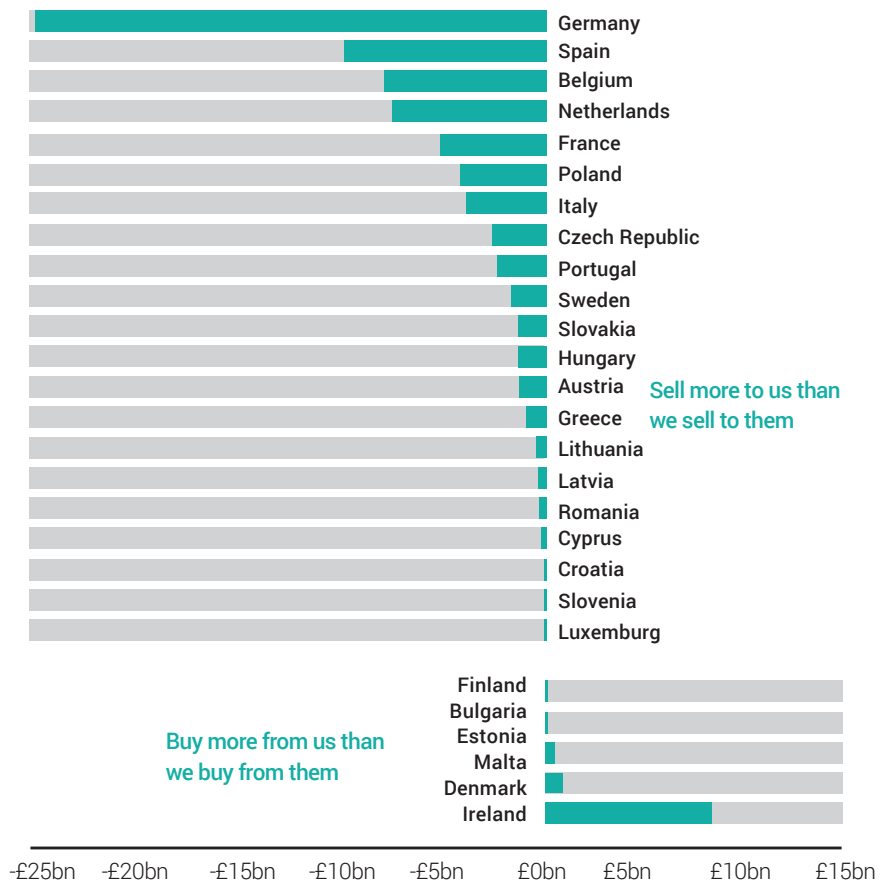
The E.U. priority is "damage control" by limiting the economic disruption and saving the Union. That would curb discord and any further breakaways by showing Britain was not better off out. E.U. Brexit negotiators have instructions to seek a deal that preserves the rights of 3 million E.U. citizens in Britain, recovers money owed by London (possibly \$65 billion) and limits any damage to Irish peace from a "hard" E.U.-U.K. land border.

The most likely scenario now seems to be the "soft" Brexit approach which means that if it is possible Britain should at least stay in the single market for the sake of jobs and trade. May's choice of cabinet announced after the recent election also indicates a softening of her approach as a few "remainers" have been brought back to the table. E.U. leaders do not rule that out, but would set tough conditions like those imposed on Norway, which can access E.U. markets in return for cash contributions, taking E.U. migrants as well as refugees and observing rules overseen by E.U. courts. Such terms are far from what Brexit supporters want and will also rob Britain of its big say on E.U. policy which could mean that this plan is rejected when it comes back for ratification leaving a "no deal" outcome.

Whatever the course takes, we expect that Sterling will remain under pressure for the foreseeable future which will leave the U.K. economy weak for the

TRADE WITH OTHER E.U. COUNTRIES

Balance of trade in goods and services with other E.U. countries, 2015



Source: Office for National Statistics, The Pink Book 2016, Table 9.3

next two years. Whilst this will help exporters it would also put pressure on the Chancellor to raise rates which would exasperate the weakening conditions and push the U.K. into recession.

BALANCING THE BOOKS POST BREXIT

To make sense of any proposed view on an outcome, it is important to analyse the figures, including trade data, the number of nationals living in the U.K. and the rest of the E.U. as well as the change in cash flows across borders.

The graphs give some indication of the magnitude of the cash flows between Britain and the different nations. The rest of the E.U.

sells approximately £60 billion more to the U.K. in goods and services – hence the U.K. runs a "trade deficit" with the E.U. Exports of goods and services to other E.U. countries were worth £230 billion in 2015, whilst exports from the rest of the E.U. to the U.K. were worth circa £290 billion.

The overall financial position of the E.U. post Brexit is another factor to consider. As the table shows, the €60bn exit bill implies that the books will be balanced for the next 5 years but thereafter there would be an extremely large deficit, impacting the E.U. bond market making it far less attractive for foreign investors. The Euro would weaken and inflation could begin to accelerate.

In our view there are several serious issues that must be resolved if a complete breakdown in the negotiations is to be avoided. In our analysis we touch on some of the key issues we deem important for IMAP members when analysing the effects they may have on cross-border transactions.

FINANCIAL PASSPORTING

This is considered one of the most contentious issues facing the U.K. service industry. The E.U. passporting system for banks and financial services companies allow firms that are authorised in any E.U. or E.E.A. state to trade freely in any other E.U. country with minimal additional authorisation. These passports are the foundation of the E.U. single market for financial services.



There are several serious issues that must be resolved if a complete breakdown in the negotiations is to be avoided

There are nine different passports that banks and financial services providers rely on to provide core banking services to businesses and customers across the E.U. To have the benefit of each passport, a Member State signs up to and subsequently applies a regulatory regime into national law.

These passports are based on the single E.U. rulebook for financial services and are therefore not available for firms based in countries outside the E.U. and the E.E.A. Non-E.U. firms face significant regulatory barriers to providing cross-border banking and investment services to customers and counterparties in many E.U. Member States.

Banks and financial services businesses from countries outside the E.U. and the E.E.A. cannot currently access the passporting regime. To do so they must either establish a regulated business inside the E.U. or alternatively apply for a license under the domestic licencing regime of each individual E.U. country in which they wish to do business, providing services in that E.U. country only. Such licenses are not available in all E.U. countries, provide access to a limited range of services only and generally carry no rights to onward cross-border trade from the country of licencing.

Goldman Sachs expects Britain to lose financial passporting rights after Brexit. The investment bank made the call in a recent "Top of Mind" note sent to clients, stating: "Ultimately, we expect the negotiations to result in a U.K.-E.U. FTA [free trade agreement] that applies to goods but not services and a loss of the U.K.'s rights to financial passporting."⁽²⁾

The Financial Conduct Authority estimates that approximately 5,500 companies, with a combined turnover of £9 billion, rely on passporting in the U.K. However, a House of Lords report released on the potential impact of Brexit on financial services, pointed out that the interconnectedness of financial services in Britain meant that many firms relied on passporting without even knowing it.

Losing the passporting rights would force several banks and financial institutions to move their head offices to financial centres in Europe in order to enable them to carry on their trading operations and sell their financial products in Europe.

Our view is that most international banks and financial institutions are making contingency plans to move should the result prove that they will no longer be able to run European activities from London headquarters. This will benefit cities such as Paris, Amsterdam, Frankfurt and other financial centres.

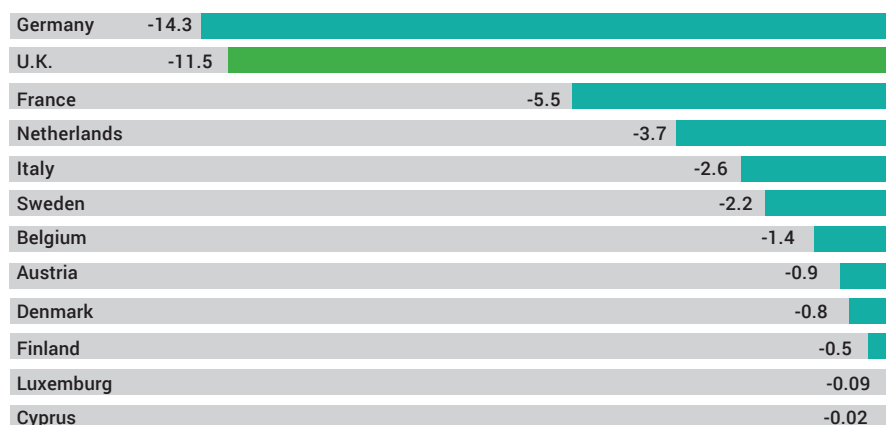
It is also our view that access to E.U. passporting for U.K. financial services will severely limit the U.K. Government's "hard" Brexit strategy, forcing it to look for a compromise solution.

CROSS-BORDER TRADE AND CUSTOM TARIFFS

A "hard" Brexit could force the reintroduction of custom duties across borders, severely impacting pricing and lead times for the flow of goods across borders and, given the requirement for custom checks at all entry and exit points in the U.K., cause a logistical nightmare for trading entities.

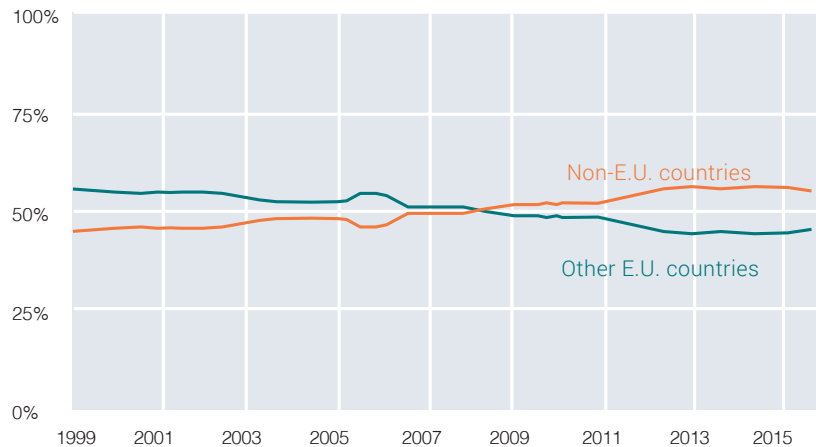
After decades of E.U. membership, U.K. business regulations are already heavily harmonised with Europe, meaning that the U.K. could probably strike a very quick deal if it was prepared to go on applying

THE EUROPEAN UNION WOULD BE €11.5BN SHORT ON THEIR BUDGET AFTER BREXIT



WHO'S BUYING U.K. EXPORTS?

U.K. share of exports of goods and services to other E.U. countries and to countries outside the E.U., rolling annual figures



Source: ONS balance of payments datasets "Exports: European Union" (L7D7) and "Exports: Total Trade in Goods & Services" (KTMW)

those rules in exchange for access to the E.U. single market, much like Norway does today.

If the U.K. intends to push for a broad deal, particularly one covering services - including financial services, it could not only take some time but also involve retreating on other points in the negotiation, including E.U. exporters to the U.K. German car makers and French winemakers might well be pushing for access to the U.K., but given other tensions in the E.U. and the need for the deal to be agreed by a qualified majority vote, there would be plenty of scope for other nations to hold the process to ransom.

In the absence of a deal between the U.K. and the E.U., the U.K. would be required to follow World Trade Organisation rules on tariffs. In our view, this would be the worst possible outcome, and we hope that politicians are able to come up with a common-sense approach and negotiate a deal that will work for enterprises on both sides.

Whilst trade with Europe is extremely important, the exports trend has reversed since 2005 and exports are now larger

to non-E.U. countries than the E.U. itself. While this shouldn't impact negotiations, the U.K. Government will use statistics like these to bring the U.K. public on side if negotiations begin to falter.

Given that the majority of the EU27 exports more to the U.K. than the U.K. exports to them, we anticipate that this factor will be a key driver in softening any hard-line approach from the EU27.

FREEDOM OF MOVEMENT OF CITIZENS

This will be an extremely contentious issue, affecting the lives of millions of people, thus the U.K. Government plans to use the status of E.U. citizens as a "negotiating card" to ensure that British expats can stay in E.U. countries. Although nothing is certain, the general assumption is that E.U. citizens living in the U.K. will be allowed to stay permanently after Brexit.

More than three million E.U. citizens currently live in the U.K. and uncertainty remains over whether E.U. nationals will still be able to access healthcare, take out pensions and own property. The U.K. retail sector employs between 100,000 and 200,000 E.U. national workers, and should

stringent rules be put in place, it is highly unlikely these positions could be easily replaced by U.K. nationals.

Fifteen percent of academic staff at U.K. universities are from the EU27, compared to just 5% of the general population. Stricter rules would severely impact the international standing of U.K. universities, something that the U.K. is extremely proud of and which makes a significant impact on the wider U.K. economy. Also in question is the amount of academic grants the U.K. receives from the E.U. and to what extent this will be affected post Brexit.

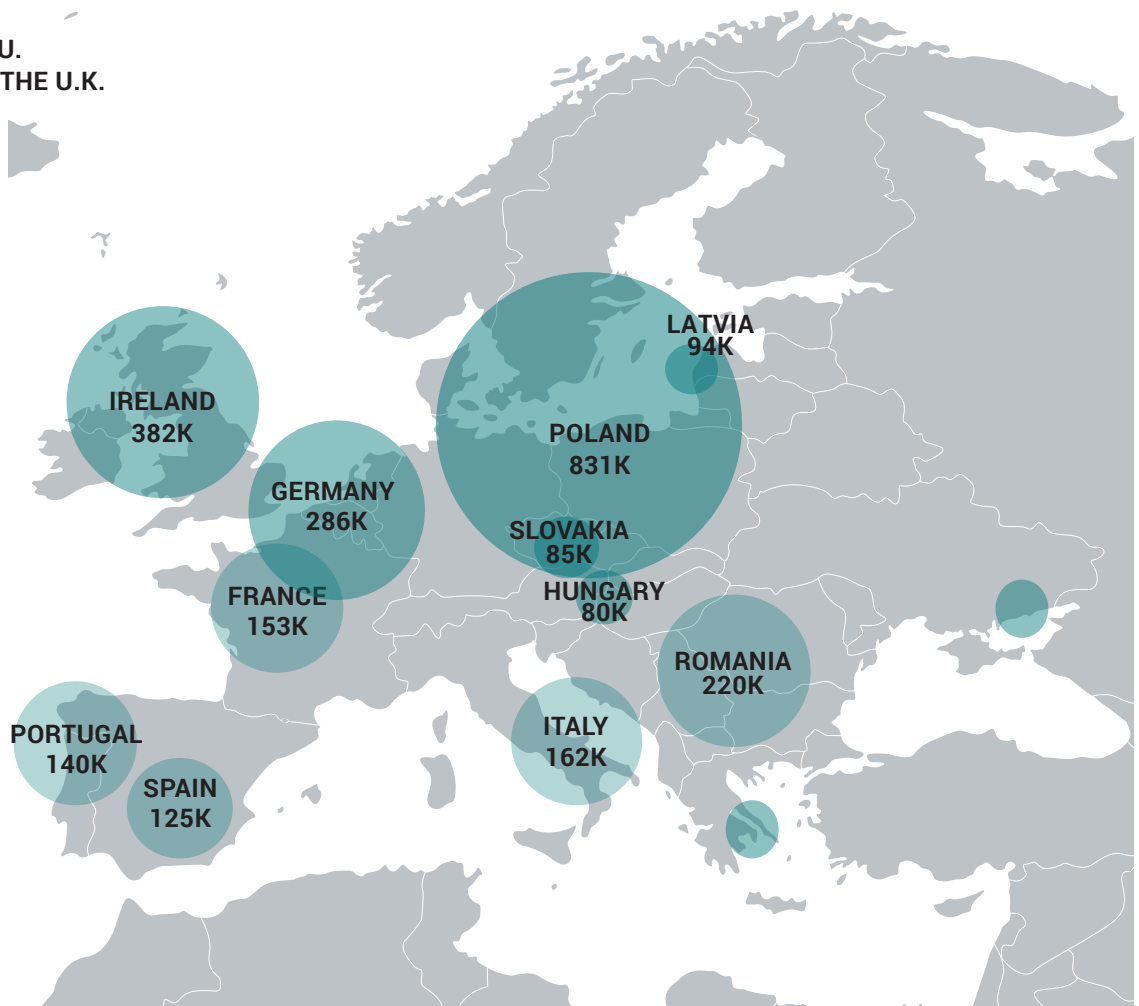
The withdrawal of this labour pool would halt the U.K. economy and is one of the reasons the U.K. Government has made a number of announcements reassuring E.U. citizens currently in the U.K. that they will be allowed to remain post Brexit.

OUR VIEW ON POSSIBLE OUTCOMES OF THE BREXIT NEGOTIATIONS

It is essential that the U.K. Government find ways to attract foreign talent and investment, while ensuring that home grown talent is equipped with the right skills for local industry. If the Brexit outcome does not address this, the U.K. population will deem the process to be a failure. The elections in both France and Germany will delay any debate on this topic until the outcomes of these elections are known.

Any extreme swings to the left or right in Europe will strengthen the U.K.'s hand at the table as we would expect such a move to lead to an immediate strengthening of the value of Sterling at the expense of the Euro. Another crucial point to be considered in these negotiations is the role of the European Court of Justice, which has the potential to shoot down any deal (including once it has been ratified by Britain and the E.U.). The Commission will shape negotiations through most of the detailed preparation. Once again, it is important to avoid thinking the larger institutions will view Brexit through the lens of relations with Britain. The European Parliament in particular will be hostile to a deal reached by some of the larger member states if they have little regard to the positions of others in the E.U., because that would point to a Union run by the largest states, potentially

MOST COMMON E.U. NATIONALITIES IN THE U.K.



Source: ONS, 2015

weakening the Union.

Any Brexit deal will also reshape the E.U.'s relations with states such as Norway, Switzerland, Turkey, Iceland, Lichtenstein, Ukraine and non-E.U. states in the Balkans. Each of these States has, to varying extents, built relations with the E.U. that seen most clearly in the cases of Norway and Switzerland, were intended as conveyor belts eventually drawing them into the E.U. Brexit could throw those conveyor belts into reverse. If Britain did want to seek an E.E.A. style deal, akin to that of Norway, then Norway will get a say. If Britain gets a unique deal then some in those states might seek to emulate it. Brexit therefore holds the potential to be one of the pressures that reconfigure the politics and relationships of the whole of Europe.⁽³⁾

Considering all these extremely difficult and complex elements, our view is that the U.K. will be prepared to make a payment somewhere close to the

€60bn envisaged, in order to ensure that cross-border tariffs will be dropped, passporting will be maintained and the U.K. Government given some latitude in limiting the movement of E.U. nationals across its borders to satisfy the domestic political agenda. We would expect U.K. citizens living in the E.U. and E.U. citizens living in the U.K. at the time of Brexit to be allowed to maintain their current residency status.

From an M&A perspective, we expect an extremely volatile period for financial markets, in particular currencies, which will impact cross-border activity in the short term. Some companies will put potential deals on hold pending the outcome, but hopefully others will see tremendous opportunities arising from all this uncertainty.

Whatever the outcome, entrepreneurs and business leaders will find ways to conclude trade and transactions to

their mutual benefit. As Confucius once said, "May you live in interesting times". Whatever Brexit brings, the next few years will definitely be interesting.

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- 3) Deutsche Bank - George Saravelos



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M&A activity in CEE

What lies ahead?

In the context of the current economic recovery, where should corporate M&A efforts be focused in Europe? Gabor Szendroi from IMAP Hungary shares his thoughts on why Central and Eastern Europe should see increased M&A activity over the coming years

RECOVERY IN THE EUROPEAN UNION – IS THE RETURNING GROWTH SUSTAINABLE?

Following a long period of sluggish growth, high unemployment and looming deflation in the European Union, the economic difficulties finally seem to be nearing an end. Market sentiment has improved significantly and there is some remarkable progress in basic economic indicators; unemployment has begun to decrease, inflation is climbing higher

and growth is picking up. In 2016, the European Union's growth rate exceeded the growth of the United States – the first time since the crisis.

Despite the favorable developments, there is still a remarkable divergence within the European Union, which is likely to influence both the sustainability of the current recovery and its investment implications. Below we take a closer look at the characteristics and differences

between the Western European and the Central and Eastern European economies.

WESTERN EUROPEAN ECONOMIES

Following the crisis years of recession and stagnating growth, Eurozone economies began to revive in 2014. The recovery became more resilient in 2016 with a GDP growth of 1.7%, outpacing the United States. However, the recovery has been uneven – countries hit hardest by the euro area crisis (Italy, Portugal



and Greece) still remain vulnerable, with GDP levels below the pre-crisis peak and remarkably high unemployment levels. In Germany, Spain and France, GDP levels already exceed the pre-crisis level.

In terms of the growth structure, recovery has been driven for the most part by consumption, while investment contributed significantly less to the overall improvement. As fiscal policy has become less restrictive, government

consumption has also made a positive contribution to growth, with increased spending related to refugees providing a major boost. Monetary easing by the ECB has helped governments improve their funding conditions, but despite lower interest rates private investments have stagnated. In order to maintain a sustainable recovery not only consumption but investment growth will be needed as well. However, this will become increasingly difficult

when monetary policy won't be as accommodative as today.

With increasing global inflation it becomes more likely that extraordinarily easy monetary policy will end in the next years in the Eurozone. In this case consumption growth would remain the primary growth driver and it remains questionable whether consumption growth will be able to fuel private investment growth as well.

In terms of conditions in the labor market, the Eurozone has performed well in the last few years with significant job creation. Employment levels have increased and unemployment rates have fallen to the lowest level since 2009. Unfortunately, this is not the case across the entire Eurozone. While German unemployment is at a historical low and there is impressive improvement in Spain, Ireland and Portugal, France and Italy in contrast, have seen only a minor reduction in unemployment rates.

Despite improving employment levels, wage growth has been weak and the divergence across the countries is expected to remain. Most of the increase in wage growth will come from countries such as Germany and the Netherlands where unemployment is already low and there are some signs of a labor shortage. If economic migration within the European Union continues, wage pressures are unlikely to become significant over the next few years and likely to remain very low in countries which still maintain very high unemployment rates. Moreover, inflation has recently started to pick up and it is expected to start to hit real income growth over the next few years, further weakening the consumption outlook.

Although the Eurozone recovery is expected to continue over the coming years, the growth contribution of consumption is expected to weaken, leading to an increasing reliance on investments; both public (infrastructure and defense spending) and private, especially in the construction sector.

GROWTH IN CENTRAL AND EASTERN EUROPEAN ECONOMIES

The outlook for Central Eastern European economies is much more promising, given a more favorable growth structure and better labor market conditions.

Although the export-based manufacturing sector has been the most important growth driver since the financial crisis, in the last 4-6 quarters a major shift has begun to evolve in the growth structure of the region.

Consumption is becoming more and more important and due to increasing imports, the significant trade surplus is starting to decline. Therefore, although the export-based manufacturing sector is likely to remain a major growth driver, its contribution is expected to moderate. The shift towards consumption is expected to lead to a more balanced growth structure that is less dependent on temporary changes in global demand.



As the region's growth started to improve in 2014, consumption growth began to pick up and analysts currently view it as the most important contributor to growth over the next couple of years.

Household consumption levels had been depressed for many years following the 2008 crisis. As the region's growth started to improve in 2014, consumption growth began to pick up and analysts currently view it as the most important contributor to growth over the next couple of years. There are three major factors which provide an explanation for this transformation:

• Low base level of consumption.

Despite the significant convergence process of the last decades, the level of consumption in CE-4 economies (Poland, Hungary, Czech Republic, Slovakia) is still significantly below Western European averages. Although recovery has begun following the crisis, households remained reluctant to spend more and instead increased their savings or paid back debts. Many years of depressed consumption, a significant increase in household savings and the improving growth outlook indicate a sustainable

consumption growth over the next couple of years.

• **Tightening labor market.** Due to unfavorable demographics and significant migration to Western Europe, CE-4 labor markets have become tight, just when growth has started to pick up. Unemployment is at historically low levels and companies face increasing challenges when hiring new employees. This has led to the highest wage growth levels since the crisis translating into steady consumption growth since 2015.

Despite rapidly increasing wages, the cost of labor is still much lower in CE-4 than in Western Europe. Therefore, the relatively low wage level is expected to remain one of the most important competitive advantages of the region.

• **Low inflation.** The deflationary environment has contributed to the increased purchasing power of household incomes. However, due to the rapid wage growth, inflation is likely to pick up in 2017-2018. The importance of low inflation is thus expected to fade over the coming quarters.

Due to these factors, consumption growth is likely to continue over the long term. CE4 economies could face the risk of becoming overheated over a three-to-five-year horizon, but credible monetary policy and a potentially slow pickup in global prices may reduce this risk significantly.

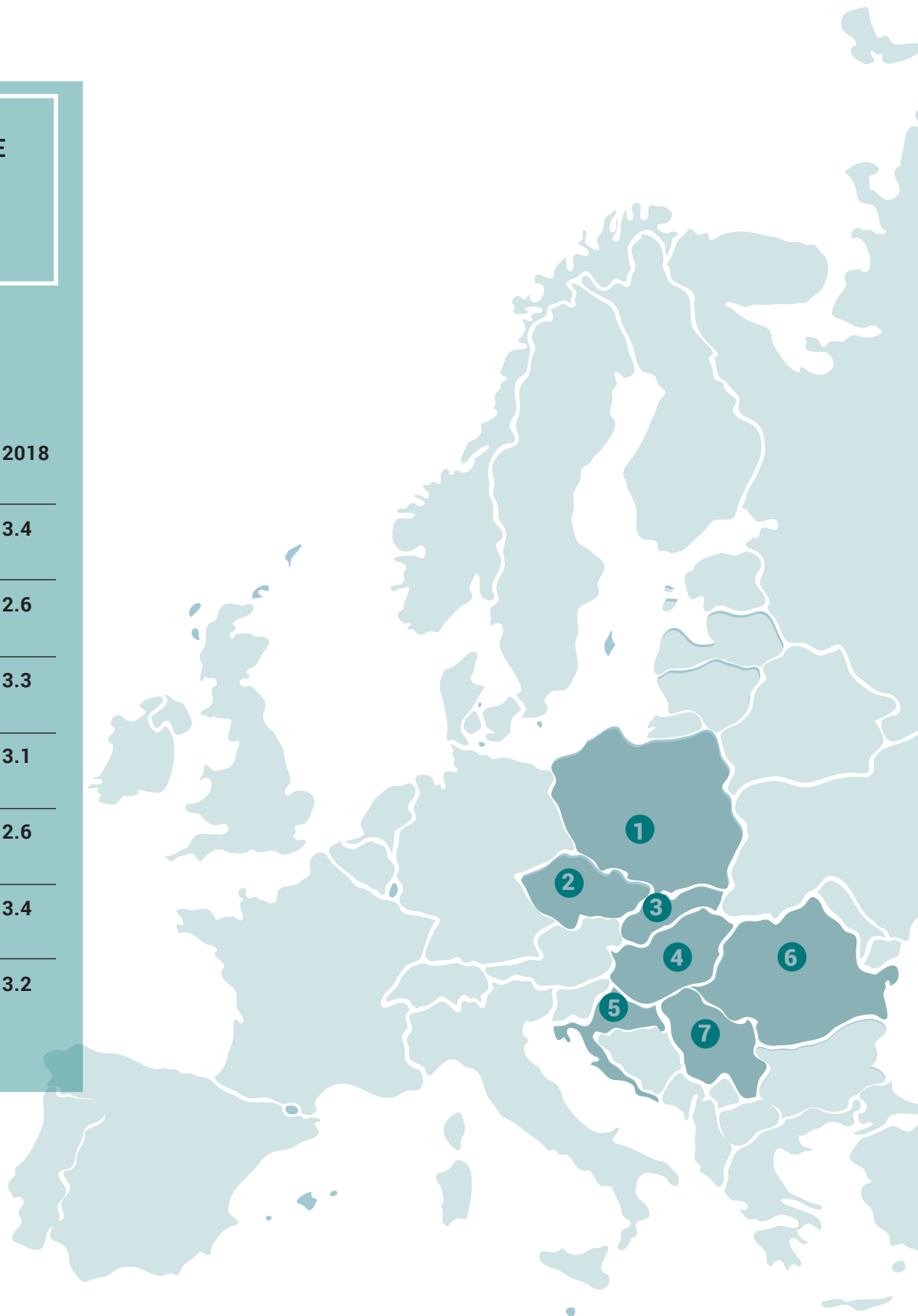
Overall, emerging consumption growth is a favorable shift in the CE4 countries' growth structure: it will lead to an economic structure that is less dependent on temporary fluctuations in global demand. Moreover, this new phenomenon will provide unique growth opportunities for some sectors (e.g., retail and housing) over the coming years.

In the coming years, investments in Central and Eastern Europe may benefit in particular from growing consumption in certain sectors, from lower valuations and better growth opportunities compared to more mature Western European markets.

CENTRAL AND EASTERN EUROPE GDP GROWTH FORECASTS FOR 2017 & 2018 (%)

COUNTRY	2017	2018
1 Poland	3.4	3.4
2 Czech Republic	2.6	2.6
3 Slovakia	3.2	3.3
4 Hungary	3.2	3.1
5 Croatia	2.9	2.6
6 Romania	3.9	3.4
7 Serbia	2.9	3.2

Source: FocusEconomics, May 2017



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The inside track on automotive parts manufacturing

IMAP spoke to Mr. Pierre-Oliver Beck, Head of M&A and Financial Communication at Mecaplast Group – Key Plastics LLC, about their latest transformational acquisition and integration strategy

Last year, Mecaplast made a transformational acquisition in the U.S. by acquiring Key Plastics, a company with turnover equal to more than 50% of Mecaplast's revenues. What was Mecaplast's journey leading to this move?

In January 2016, Mecaplast Group joined forces with investment firm Equistone Partners Europe. Equistone Partners, through its Fund V, became the majority shareholder alongside Thierry Manni, the previous majority shareholder of the Group and son of the founder, Bpifrance (via the FAA), and Mecaplast Group's management

team. Although the Group had made prior acquisitions, joining forces with Equistone Partners was essential in order for us to be able to consider such a transformative acquisition. They provided two key elements: financial strength; as they themselves further invested into the Group during this landmark deal, but also conceptual support. I believe that without them, we wouldn't have been able to consider such a significant move. It was clear that we would need to aspire to achieving Group revenues of over 1 billion euros. This business size translates to a global footprint, an R&D capacity that is

larger than that of just a regional player and a strategic supplier status on a global scale for our major clients. With the support of Equistone, we managed to turn this aspiration into a reality.

What was the strategic rationale behind the acquisition?

Our rationale was complementarity, which in the long term will bring cross-selling synergies, but also offer shorter-term synergies in cost saving. Let me first explain the complementarity angle. Mecaplast is very strong in Europe, while Key Plastics

is strong in the United States. Our joint client base is one-third U.S.-based OEMs, one-third French OEMs and finally one-third German OEMs. Thus, we now have a very balanced customer portfolio. Our largest client is Renault, followed by PSA Group, GM and then Ford, which has been very small for us in the past. We have very little geographical overlap as both Groups are present in the Czech Republic, China, Mexico and Portugal, but the rest of the countries are divided. In Mexico for example, both companies have their own operations, but while Key Plastics operates close to the U.S. border, at Mecaplast we have been operating in the centre, close to Mexico City.

We have complementarities in terms of products as well. Although technology-wise we operate in the same segment, in plastic-injection molding, there is very little product overlap. Both companies produce plastic car interior parts, however, at Mecaplast we have a lot to learn from Key Plastics as they produce higher value added products with superior production techniques. At the same time, the engine parts produced by Mecaplast have more value add, so in these areas we can also teach the Key Plastic group a trick or two. It is clearly an advantage that we don't go head-to-head competing on a product level, so this opens up the opportunity to explore cross-selling synergies. However, building on these synergies is something that will take time and we estimate that to fully explore the potential of cross-selling may take us up to four to five years. This, we believe, is what will drive our long-term growth.

At Mecaplast you have made other acquisitions before. What were the differences and the similarities between the processes?

We have done many transactions in the past. This transaction was similar to the previous ones, though obviously the scale was different. Thus, the due diligence process was more complex and thorough and involved numerous people, but this was to be expected. What came as a surprise during the process though, was not only its complexity but also the process itself of raising financing in the United States, as we executed the transaction with significant leverage. The most surprising element of this process, was that U.S. banks, unlike European banks, don't offer a lending template on which to negotiate; instead,

the acquirer's lawyers are required to create a loan contract and negotiate each of the terms with the banks. On top of this, we had to pay for the banks' lawyers as well as our own. Hence we hired a debt advisory boutique in London to help us through this process, whereby we received a syndicated loan following our negotiations with multiple financing institutions.

Where do you currently stand in terms of integration?

We positioned the transaction as a merger. This means that when establishing the new management structure, we brought in managers from both companies in proportion to the size of the group. Therefore, one-third of the top 15 management positions were filled by managers from Key Plastics. This integrated management structure is already up and running. We are also considering a completely new brand name for the merged Group. While this work is under way we are currently operating under the name Mecaplast – Key Plastics Group. In parallel, we are preparing a mid-term strategic review and working on integrating our processes and systems. In order to facilitate the integration, in February I commenced a six-month assignment, which included moving to Detroit, which I am enjoying immensely.



What we expect to receive is reactivity and excellent service and that our advisors are willing to go the extra mile for us. Fortunately, we found this in most of the advisors we worked with in the recent past – including IMAP

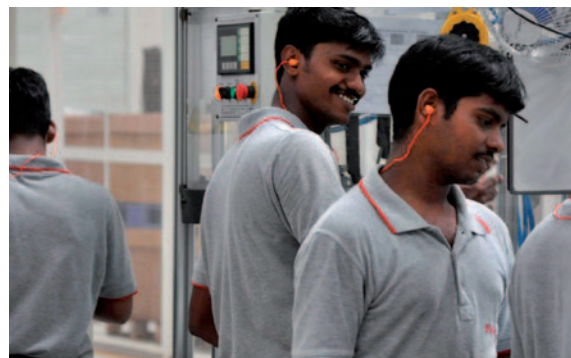
You recently closed a JV negotiation in Iran, which seems a very courageous move. Why the move to Iran and why opt for a JV?

The process was just like all others. From a strategic perspective, it was very crucial for us to move with Renault and PSA, our two most important clients, to Iran where they expect to increase car production

ABOUT MECAPLAST GROUP

Mecaplast Group is a European leader in automotive parts manufacturing operating in the plastic injection-molding sector. The Group, founded in 1955 by Charles Manni, began its operations by producing chemical capacitor caps for radios. Today, the equipment manufacturer develops, designs and manufactures parts and complete systems for the vehicle body and engine. With sites in 21 countries and reporting a revenue of over €700 million, it employed 6,000 people up until October 2016, when Mecaplast Group announced its takeover of Key Plastics from the United States with almost €400 million in revenues.





PIERRE-OLIVIER BECK

Pierre-Olivier has been Head of M&A and Financial Communications at Mecaplast Group since October 2011. Prior to that, he spent six years with Ernst & Young on their Transaction Services team in Paris and three years as an auditor at PWC. In 2014, he became Executive Vice President of TBMECA, a JV between Mecaplast, Toyota Boshoku and DENSO in Poland. Pierre-Olivier has an MBA from NEOMA Business School and a Masters in Business Law from Université de Reims Champagne-Ardenne.

exponentially. Naturally, we had to ensure we limited the risks involved, so we opted for a JV structure as opposed to us entering with a project alone. In order to manage our exposure, we negotiated with two potential partners consecutively and there was a lot of back-and-forth but the end result suited both parties involved. Through the JV, we will establish a new production plant to satisfy the demands of our two clients assembling cars in the country.

Are you preparing for other transactions?

As I mentioned earlier, we are in the process of preparing our strategic review for the joint Group. What I can say is that we will remain acquisitive. For example, we already know that we want to increase our exposure to German OEMs. At the same time, we also know we want to grow our plastic engine parts business. As such, sourcing a German plastic engine parts producer as an acquisition target would be a strong strategic move for us. Another geographical area we may consider in terms of acquisition targets is India. In

addition, we may look at add-ons for Key Plastics such as plastic components for car electronics, a product category that we don't currently have in the Mecaplast – Key Plastics portfolio.

What do you look for in a transactions advisor?

When we select an advisor, we take transaction-related expertise and knowledge as a given. What we expect to receive is reactivity and excellent service and that our advisors are willing to go the extra mile for us. Fortunately, we found this in most of the advisers we worked with in the recent past – including IMAP.



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PARTS PRODUCED ANNUALLY:
Circa **170m** until 2016

Employees: Stable around **6,000** until 2016



Circa **10,000** in 2017 (following the Key Plastics acquisition)

N°. of countries: Following the acquisition of Key Plastics, we now have

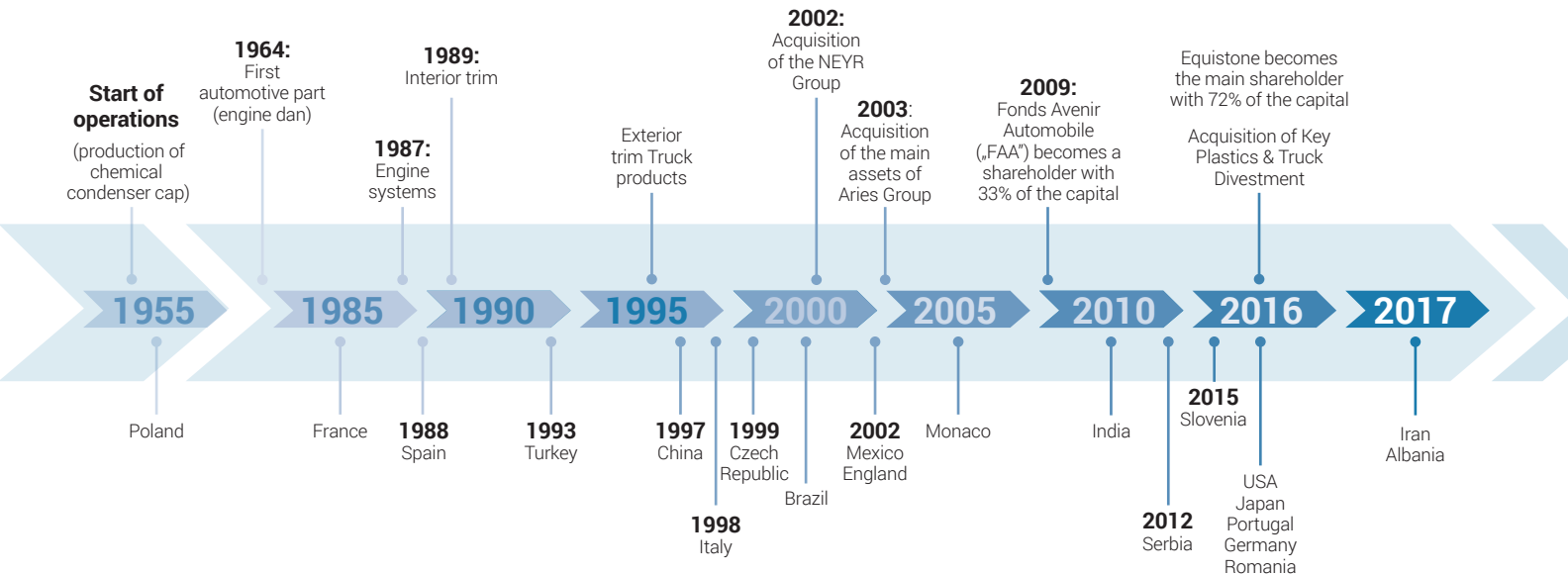


	2013	2014	2015	2016	2017
NET REVENUE M€	661	679	734	759	1,165



COMPANY BACKGROUND

BUSINESS ACTIVITIES & GEOGRAPHIC FOOTPRINT.



KEY CUSTOMER RELATIONSHIPS

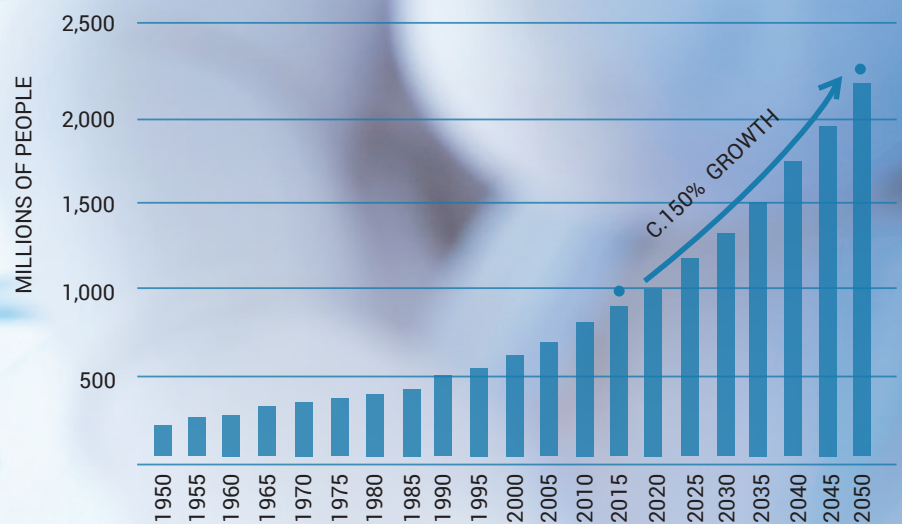


MORE THAN 50 YEARS IN THE PLASTIC AUTOMOTIVE BUSINESS

From caterpillar to butterfly

IMAP Ireland examined recent cases to establish whether plastics and precision engineering companies can successfully transform themselves into medical device outsourcing (MDO) companies and leverage higher valuations

C.150% PROJECTED INCREASE IN THE NUMBER OF PEOPLE AGED OVER 60



Source: United Nations Department of Economic and Social Affairs

AGEING POPULATION DRIVES DEMAND

The medical device industry is growing at an impressive trajectory by any standards and with an annual growth rate of 4.4%, the global market is projected to continue its strong, stable improvement going forward. Factors driving this growth include greater healthcare access, technological advances, middle class expansion in emerging markets and an ever-increasing and ageing population. The contribution projected by an ageing population is significant in its own right; by 2050 it is forecast that 20% of the world's population will be aged 60 and

over (12% in 2013). Quite simply, as the population ages the demand for medical devices will increase.

This leads to the question of whether plastics and precision engineering companies will be able to ride on the coattails of this growth or, more importantly, transform themselves into medical device outsourcing (MDO) companies. Although this metamorphosis will require some difficult decisions to be made in the short term, the answer is yes. However, the attractiveness of healthcare clients does provide challenges. Due to the

long lead times for product development, criticality of the underlying product and associated regulation, these relationships are fostered over a long period of time. When one does obtain a medtech company as a client, however, they tend to be both sticky and highly profitable.

CREGANNA CASE STUDY

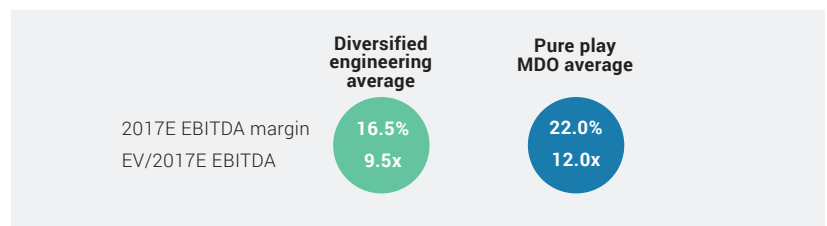
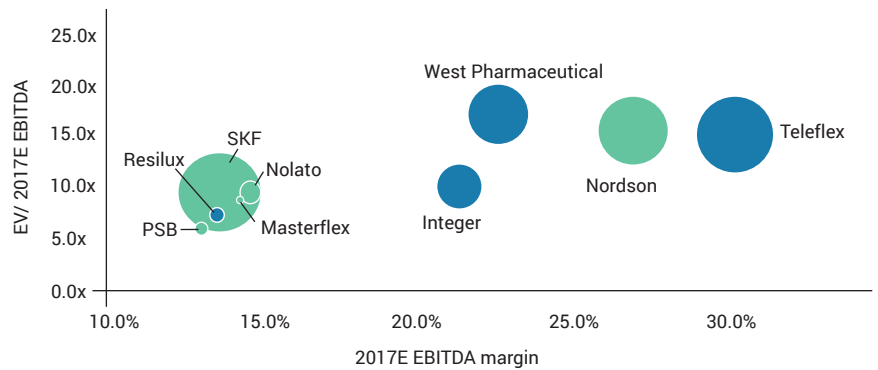
Creganna Tactx is considered a blueprint for the evolution from a diversified precision engineering company to an MDO. Creganna began as a precision engineering company serving various different industries and it wasn't until 20

years later that the company secured its first medical device client. Gradually migrating away from more cyclical, price sensitive industries, in 2008 it made the decision to focus exclusively on the medical devices sector and subsequently went on to make several acquisitions of other precision engineering companies also focused on medical devices.

VALUATION DYNAMICS – MDOs VALUED AT A PREMIUM

The chart shows two distinctive groups of company types within the medical devices outsourcing space; diversified engineering companies and pure play MDO companies. Pure play MDOs show higher valuations as investors are willing to pay a higher premium for these companies based on their increased profitability and stability of earnings. Medtech OEMs are less focused on cost than OEMs in other industries, given the absolute requirement for quality, which translates into higher margins for outsourcers.

VALUE VS. PROFITABILITY



Source: Key Capital Research

M&A ACTIVITY EXPLODES IN THE MDO MARKET

There has been very significant M&A activity in the MDO sector⁽¹⁾, with 54 transactions closed in 2016. Although

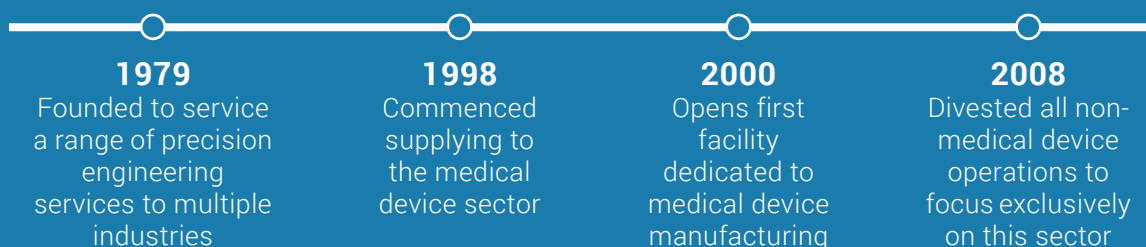
the sector is highly fragmented, OEM clients are increasingly seeking partners with the breadth of product offering and scale that companies of their size and sophistication require.

As medtech companies increase their scale through organic investment and M&A deals of eye-watering proportions (e.g. Medtronic's \$50bn purchase of Covidien), outsourcing companies

(1) Medical device outsourcing applies to industries that supply medical device OEMs with products and services. These can include anyone from diversified plastics and precision engineering companies with some exposure to the sector, to pure play medtech contract manufacturing businesses such as Creganna.

CREGANNA CASE STUDY

Creganna Tactx is considered a blueprint for the evolution from a diversified precision engineering company to an MDO.



are also engaging in consolidation. Greatbatch's acquisition of Lake Region Medical for \$1.7bn is a high-profile example of a scale-driven acquisition in the sector. However, there are also a number of examples at the other end of the market, where smaller companies are making strategic acquisitions to obtain both scale and expertise.

Many of these are backed by private equity firms seeking to replicate the success of Permira and Creganna, for example, the acquisition of A&E Medical Corporate by a number of private equity and investment funds.

It is believed that this trend of consolidation will continue as growth oriented outsourced providers seek to capitalize on favorable industry conditions and funding dynamics in order to acquire firms and expand their service capabilities, geographic presence, client relationships and technical competence.

WHAT DOES THIS ALL MEAN?

Due to improving healthcare and advances in research and technology, there has been a marked increase in global life expectancy. This, in combination with the forecasted shift towards an increasingly ageing demographic, has and will continue to drive the demand for medical devices and as a consequence, increase the valuations of medical devices OEMs. The continuing trend by these companies



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Creganna Tactx is considered a blueprint for the evolution from a diversified precision engineering company to an MDO.

to outsource manufacturing creates an opportunity to ride this growth opportunity and indeed benefit from these positive valuation dynamics.

The transition from diversified contract manufacturer to a fully-fledged MDO is not an easy one. The organic route takes time, investment and the potential sacrifice of

2009

Creganna Medical Devices acquires Tactx Medical Inc.

2010

Creganna – Tactx Medical is acquired by Permira for €220m

2012

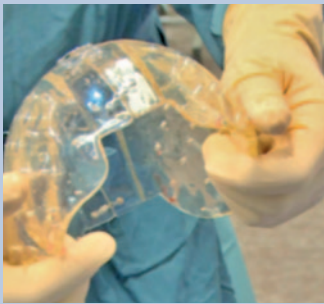
Creganna – Tactx Medical acquired ABT Medical Limited

2014

Creganna – Tactx Medical acquires Precision Wire Components Inc.

2016

TE Connectivity acquires Creganna – Tactx Medical for €821m with an EV/LTM Revenue of 3.6x



INNOVATION IN PRACTICE

An example of an innovative use of plastics in medicine is the creation of a human skull made in the Netherlands. The plastic skull was created using advanced 3D printing technology. A 22 year old woman suffered from severe headaches that were caused by a thickening of her skull. This led to a number of highly restrictive symptoms including loss of vision and motor control. Her essential brain functions would ultimately have ceased if a solution was not found. Surgeons were able to replace the thickened skull with an accurately fitted 3D printed plastic skull. The patient was back at work just a few months later, having made a full recovery. There are plans for other patients with similar conditions to be treated too.

Source: wired.co.uk

other profitable business lines. The M&A route requires valuation discipline, patience and a willingness to take on integration risks. However, for those willing to embark on this journey, there is capital available to support both strategies and the prize, as is clearly demonstrated in the valuation analysis, is a significant one. In Lake Region Medical and Creganna, roadmaps for success do exist.

For potential sellers on the other hand, the buoyant M&A market and demand for MDOs provides an opportunity for diversified manufacturers with exposure to the medtech sector to obtain a premium valuation. Of course, this requires careful positioning and identification



The M&A route requires valuation discipline, patience and a willingness to take on integration risks

of the optimal international buyer; a party who sees this long-term potential. Armed with IMAP's industry expertise and global coverage, strong MDO businesses can embark on either of these strategies with absolute confidence of achieving a successful outcome.

OPPORTUNITIES

- ✓ Long term contracts
- ✓ High barriers to entry
- ✓ High exit valuation
- ✓ Stability of earnings
- ✓ Counter cyclical
- ✓ Strong growth

CHALLENGES

- ✗ Stringent regulations
- ✗ High barriers to entry
- ✗ Increasingly complex technologies
- ✗ Long lead times
- ✗ Significant investment required



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A SELECTION OF RECENT M&A

ANNOUNCED	TARGET	TARGET LOCATION	ACQUIRER	DESCRIPTION
MARCH 2017	Precimold Inc.	CANADA	Jack McDonald	Entrepreneur acquires plastics MDO company
FEBRUARY 2017	Pexco LLC	U.S.	PPC Industries Inc.	Plastics extrusion company acquires diversified plastics company
JANUARY 2017	AccuMED Corp.	U.S.	Lear Corporation	Diversified engineering company acquires MDO company
DECEMBER 2016	Medicut Stent Technology GmbH	GERMANY	Aesculap AG	Surgical instruments manufacturing company acquires metal and plastics MDO company
DECEMBER 2016	MEDRON Inc.	U.S.	Flexan LLC	Rubber precision engineering company acquires MDO
NOVEMBER 2016	Tegra Medical LLC	U.S.	SFS Group AG	Diversified engineering company acquires metals and plastics MDO company
SEPTEMBER 2016	Xeridigm Medical Devices Inc.	U.S.	PPC Industries Inc.	Diversified plastics packaging company acquires MDO company
AUGUST 2016	Phillips-Medisize Corporation	U.S.	Molex LLC	Electronic components company acquires metal and plastics MDO company
JUNE 2016	Tech Molded Plastics Inc.	U.S.	PRISM Plastics Inc.	Precision injection moulding plastics company acquires diversified plastics company
JUNE 2016	CEA Medical Manufacturing Inc.	U.S.	Graphic Controls	Diversified manufacturing company acquires metal and plastics MDO company
MARCH 2016	Johnson Precision Inc.	U.S.	Molded Rubber & Plastic Corp.	Plastics outsourcing company for medtech OEMs acquires plastics MDO company
MARCH 2016	Howard Precision Products Inc.	U.S.	Lampin Corporation	Diversified precision engineering company acquires diversified metal and plastics precision engineering company
FEBRUARY 2016	A&E Medical Corporation	U.S.	Vance Street Capital + PE partners	PE acquires metal and plastics MDO company
FEBRUARY 2016	Peerless Injection Molding Inc.	U.S.	IRP Medical	Plastics precision moulding company (medical devices) acquires diversified precision engineering plastics company
FEBRUARY 2016	Creganna-Tactx Medical	IRELAND	Tyco Electronics UK Holdings Ltd	Diversified engineering company acquires metal and plastics MDO company
JANUARY 2016	Scientific Plastics Corporation	U.S.	Pexco LLC	Diversified plastics company acquires plastics MDO company



The Nordic tech market

M&A activity in the vibrant Nordic IT sector is increasing with the rise of onshoring, big data and cybersecurity

THE NORDIC TECHNOLOGICAL REVOLUTION

The Nordic technology market is currently experiencing the dawn of the Fourth Industrial Revolution. This revolution represents a transition to a new set of systems that combine physical, digital and biological technology in new and powerful ways. These new systems are being built using the infrastructure and achievements of the Third Digital Revolution; highly available and globalized digital communications, low-cost processing, high-density data storage, and an exponential increase in the number of active users of digital technologies.

Early adoption of new technology, highly educated populations, a high level of automated processes and an increased focus on labor-effective solutions are hallmarks of the Nordic countries. Norway, Finland and Sweden are ranked amongst the top 4 most digitalized and technologically advanced countries worldwide by the World Economic Forum.

Due to high general costs, many Nordic companies have been forced to develop

specific software and solutions to reduce manned, labor intensive work. Small local markets, limited alternatives and high switching costs have led this type of software to be applied at the core of customers' systems and be considered "must-haves".

The Nordic market has become increasingly more attractive over the last few years to both industrial and financial investors, with stable macro factors, regional growth, profitability and international scalability of products and services all playing a key role. Regional investors currently dominate in terms of investments in the Nordic technology sector, although investors from the U.S., U.K. and Asia are also present. 2017 is expected to be a record year for M&A activity in the industry in the Nordic region.

IMAP NORWAY ACTIVE IN TECH M&A

For the most part, M&A activity in the Nordic market has taken place among the Nordic countries themselves, mainly due to the size of the companies – which are often considered too "small" for international institutions and financial investors.

IMAP Norway has been assisting the Swedish listed Vitec Software Group to grow in the Nordic market by acquiring niche software companies. The latest acquisition was Plania AS, a provider of industry specific software for management, maintenance and operation of buildings and other properties.

IMAP Norway has also advised Purity IT, a previously Norwegian company, in the search to find a strategic new owner in order to expand its product and services portfolio in a new regional base. Purity IT has developed an extremely time and cost efficient way of providing backup as a service, regardless of the technology used or where the data is stored. In early 2017, Purity IT was acquired by the Scandinavian listed IT reseller Dustin Group, who over the past five years has developed from a pure IT reseller to a full-service IT provider.

ONSHORING AND CONSOLIDATION

Over the last few years, standardized tools such as Office 365 and cloud storage, along with a decrease in the amount of work required to handle the number of users has led to an increase in the outsourcing of IT-operations. Ten



years ago, this market was primarily dominated by in-house departments, small infrastructure companies, development companies and some larger regional companies. Since the beginning of the 2000's larger international IT-service providers have developed significant portfolios in the Nordic market as labor is outsourced to low-cost regions such as India, Sri-Lanka and Eastern Europe.

However, the massive increase in automatization and the possibilities for nearshoring or onshoring of services are counteracting the outsourcing trend seen in recent years. Despite somewhat higher rates and fees compared to offshored services, the benefits are large; improved level of services, Nordic speaking front-ends and fewer misunderstandings due to language barriers.

In the Nordic market the consolidation of general and specialized IT-operations is on the rise. Over the past years, IMAP Norway has been assisting a small Norwegian IT-service provider looking to take a proactive position in the ongoing consolidation of the domestic IT- service sector. Since 2014, the company has acquired several companies and almost tripled in size, making the transition to a mid-size national service provider with a firm foothold in the face of the further sector consolidation. Assisting such companies in achieving growth requires an understanding of the underlying key drivers in a local market.


BIG DATA NEEDS ANALYTICAL POWER


The significant growth in the amount of data collected and stored in various formats has opened a new and important market for

Business Intelligence and other Big Data consultants. The shortfall in analytical and consultancy capacity has significantly increased the attractiveness of firms with these capabilities. IMAP Sweden recently assisted Swedish company Optivasys on their acquisition by Norwegian software group Visma in January 2017. The main objective of the transaction for Visma was to gain access to Qlik, Optivasys' business intelligence software. The organization wanted to acquire these data analytics capabilities while maintaining its status with customers as a one-stop shop.

CYBERSECURITY – THE ART OF BALANCING RISK


Some of the more bespoke areas within the TMT sector over the last years have been cyber security, cyber threats, internal threats and digital security. New

TMT 

 **VITEC**


SWEDEN


Acquired 100% of Business Operations

 **plania**

NORWAY


Advised on Purchase of Company

TMT 

 **Dustin**

SWEDEN

Acquired Majority Control of Business Operations

 **PURITY**

NORWAY

Advised on Sale of Company

TMT 

 **VISMA®**

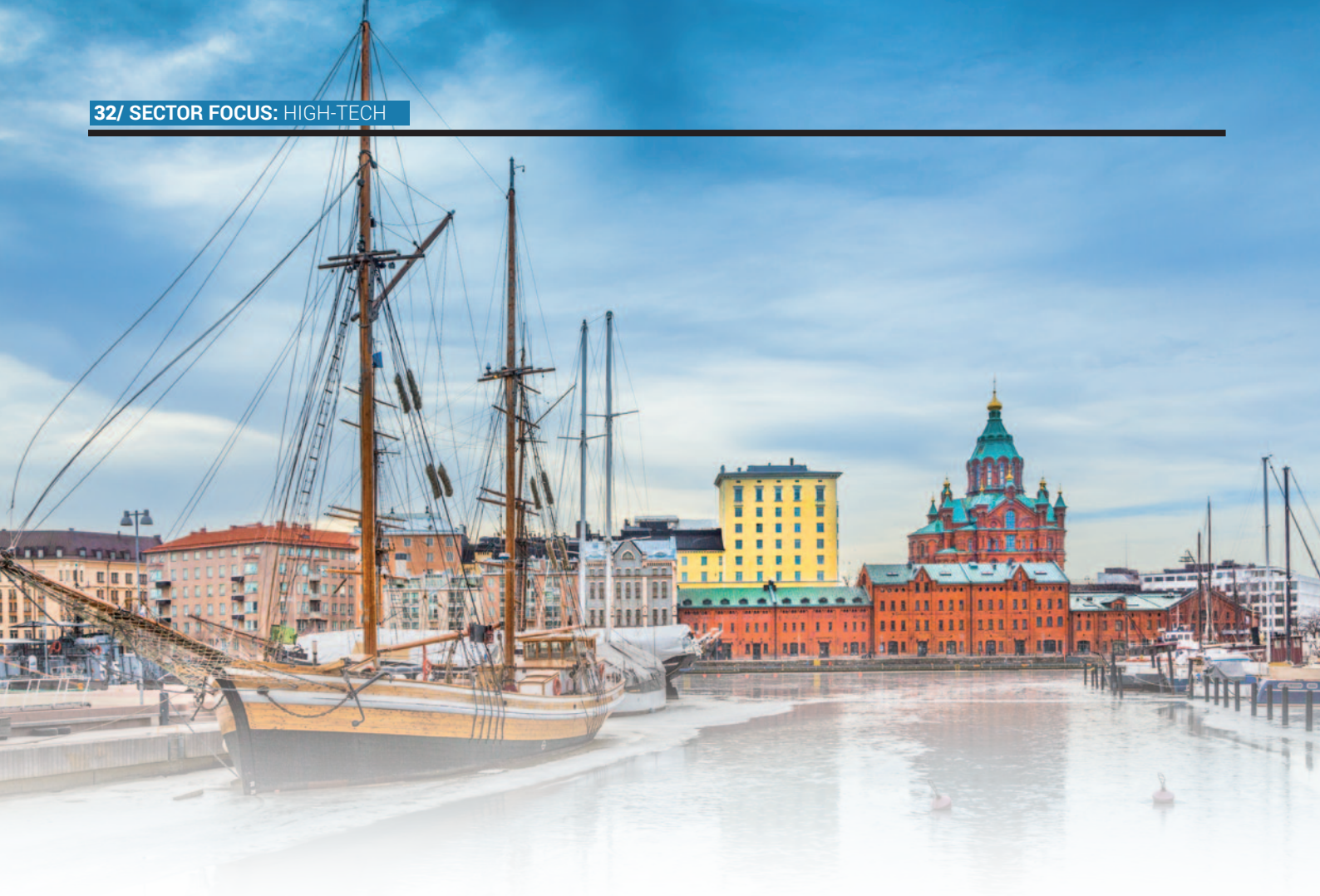
NORWAY

Acquired 100% of Business Operations

 **OPTIVASYS**

SWEDEN

Advised on Sale on Company



technologies and an increase in the number of connected devices has led to an increase in potential new weak spots. The balancing of risks, required resilience and usability for both personnel and IoT-appliances at an adequate price have emerged as a new and important area of focus.

The number of focused attacks, like phishing and ransomware, have increased significantly in the last few years. These attacks have also become much more sophisticated and targeted to critical infrastructure, public administration, large enterprises and how companies operate. Recent discovered breaches have increased public awareness of the effects of data burglaries, including the Panama Papers, Bradley Manning's classified documents and leaks during the U.S. presidential election in 2016.

IMAP is in the midst of undertaking a large, international cybersecurity survey, the results of which will be published in its TMT Industry Report later in 2017.

Examples of recent transactions in the Nordic market related to cybersecurity and physical security are IMAP Finland's

TMT

FINLAND

Acquired 100% of the Company

FINLAND

Advised on Purchase of Company

TMT

SWEDEN

Acquired Majority Control of Business Operations

NORWAY

Advised on Sale of Company

buy-side assistance to the private equity group Intera Partners in its 2016 acquisition of ISS Security, one of Finland's largest security businesses with more than 1,100 employees and €68m in revenues. IMAP Norway advised the owners of Watchcom Security Group during their sale to Combitech AB. Watchcom is a leading provider of managed security services, testing and high-end consulting to large enterprises and the public sector.



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The Indian tech market

With annual revenues of USD 130bn in 2016 and a 55% market share, India is the world's largest outsourcer for the global IT industry.

INDIA - A GLOBAL LEADER IN IT OUTSOURCING

For the most part, Indian IT companies employ the Global Offshore Delivery Model with sales and representative offices across the globe and large development offshore centres in India. This allows companies to optimize cost structures by maintaining the flexibility to execute project components where it is deemed most cost-effective.

The IT landscape in India is made up of many different players; from Indian firms (TCS, Tech Mahindra, Infosys, Wipro, HCL Technologies) and multinational companies (IBM, Accenture, HP, Microsoft), to the global in-house centers of large corporations (EMC, Boeing, Honeywell).

IT INDUSTRY EVOLUTION - A GLOBAL LEADER IN IT OUTSOURCING

At a global level, the IT industry has evolved over the years from basic

IT service providers to business partners.

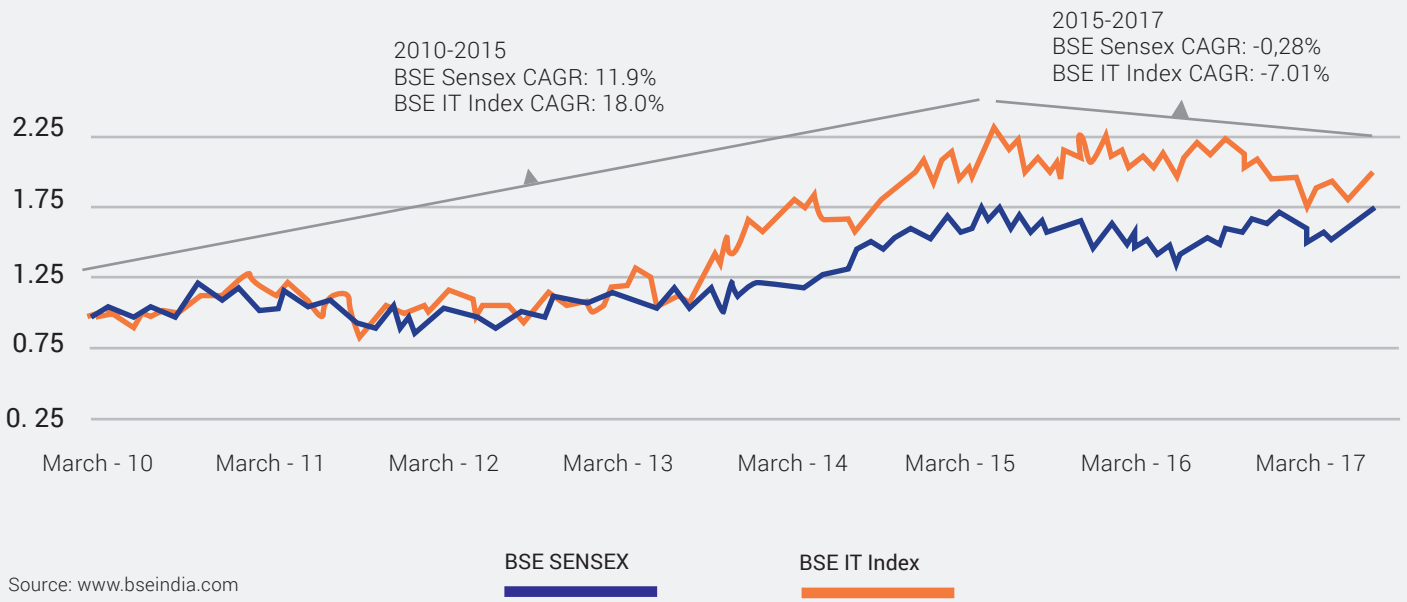
IT company business models have also evolved in a similar manner. Gradually moving away from being vendors for specific needs, they are becoming partners with expertise in designing best practices across services. This transition is resulting in significant top-line growth, coupled with business and operational improvements through the use of technology.

KEY FACTS – IT/ITES* SECTOR IN INDIA

Number of firms	15,000+
Revenue 2016 (USD bn)	130
Workforce Employed (in mn)	3.7
Share of India's GDP	9.5%
Market Share (% Global)	55%

*Information Technology Enabled Services
Source: Nasscom, ASSOCHAM, EY





SLOWING GROWTH

From 2004-2014, revenues in the Indian IT industry grew on average at a rate of 12%-15% per year. However, more recently, revenue growth has been subdued. Higher costs are beginning to impact margins and the changing technology landscape, along with less incremental spending by businesses on technology improvements, results in diminishing returns. These trends are reflected in the stock prices of major Indian IT firms. Over the last two years,

the BSE IT Index (benchmark index of IT firms on the Bombay Stock Exchange) has underperformed relative to the BSE Sensex (benchmark index of the Bombay Stock Exchange).

GROWTH CHALLENGES

Indian IT companies are currently facing several growth challenges:

1. Emerging Protectionist Policies:

Developed countries, including the U.S. and many in Europe, are putting

increasing pressure on Indian IT companies to employ a local workforce as opposed to using a fully outsourced model, thus leading to higher costs and lower margins. With work visa restrictions and increasing visa costs in the U.S., Indian IT companies are sub-contracting work to local U.S. employees. Additionally, uncertainty regarding the new immigration bill in the U.S. and its expected outcome – increasing minimum employee costs for visas – would increase the cost of

EVOLUTION OF THE GLOBAL IT INDUSTRY

UP UNTIL 1980:

Support function: provided basic IT services and maintenance & security services, whereby maintenance and cost savings were key requisites.

1980 1990:

Functional IT and networking services to enhance group decision making efficiency and productivity.

1990 2010:

Productivity software plus ERP, whereby services were in the form of collaboration, standardization and improved productivity.

2012 ONWARDS:

Evolution of digital technologies and emerging services; mobile, analytics, cloud/SaaS, big data and social; innovation through insight and rapid execution of ideas, convergence of services; improvised decision making through data and user behaviour are key value propositions offered to customers.



onsite employees and therefore reduce growth and margins.

2. Reduction of Regulations in BFSI Segment:

With a large percentage of revenue coming from Banking and Financial Services (BFSI), this is a key sector for Indian IT companies. Following the 2008 financial crisis, a high amount of technology spending has been seen by the BFSI segment towards meeting new regulation. Since 2008, several regulations have been introduced and implemented. This includes the Volker Rule, Dodd Frank Act, FATCA, EMIR, Basel Norms, Market Abuse Directive and Money Market Fund Reform. However, the pace of additional regulation has slowed down considerably over the past few years. Going forward, earmarked funds toward IT spending are expected to be down to just 10% of BFSI firms’ overall budgets (existing 15%-20% - source: Gartner).

3. Stagnation in the Capex Cycle: Revival in the U.S. economy has still not translated into a high capex cycle. Companies in the S&P 500 are close to an all-time high in terms of cash levels as are dividend pay-out and buybacks ratios relative to capex; 46% in 2016 compared to 35% in 2009. Companies have been conservative towards new capex, hence incremental IT spending has not been growing at its earlier historical pace, causing earnings pressure for Indian IT firms.

4. Disruptive Technologies and Implementation:

Globally, the next level of increased IT spending is expected on account of the adoption of disruptive technologies such as IoT, cloud, computing, social and mobility, etc. The global Digital Transformation Industry, which is currently a USD 150 billion market, is expected to grow at CAGR of 19.2% over the next 4 years to USD 432 billion. According to the Digital Initiatives survey conducted by Tata Consultancy Services (TCS) in 2014, the average spend on digital initiatives was significant at USD 113 million per company. However, the median was very low at just USD 11.3 million per customer. The vast difference between average and median suggests that there is a large number of prospective clients with much lower IT spending than the traditional ‘spenders’ such as global financial banks or large telecom operators. Therefore, Indian IT firms must increase their reach in order to tap into this segment of small and medium enterprises as well as clients who are moving towards digital transformation. In turn, rapid changes in technology require IT companies to expand their capabilities through acquisitions in this very segment.

M&A DRIVERS

The aforementioned growth challenges have led to a decrease in earnings growth for Indian IT companies over last two

CASH RESERVES MARCH 31, 2017 – USD MN

TCS	6,976
Infosys Limited	5,027
Wipro Limited	5,316
HCL Technologies Ltd.	1,789
Tech Mahindra	840
Mindtree Limited	131
Persistent Systems	94
L&T Infotech	206
Zensar Technologies	74
KPIT Technologies	73

Source: IMAP India Research

years. However, Indian IT companies have high cash reserves available which are being utilized to improve returns for shareholders through:

- 1- Dividends and buyback of equity
- 2- Inorganic growth through M&A

Over the last 12 months, some large IT companies (such as TCS, Infosys and HCL Tech) have announced a buy-back program. However, a large number of companies are looking at inorganic growth to enhance or augment their technological expertise and improve portfolio offerings, to ensure strong growth in earnings.

TRANSACTION MULTIPLES

In terms of valuations, transaction multiples have been in the range of 1.0x to 5.0x of revenue:

- Multiples of 3.0x to 5.0x have been paid for companies being acquired earlier in their business cycle and in areas such as cloud, digital technologies, big data analytics and specialised technologies.
- More standardized technology companies and service providers including storage, CRM and ERP have realized lower multiples in the range of 1.5x to 3.0x.
- Companies with traditional application development and engineering services offerings have been acquired at revenue multiples in the range of 1.0x to 1.5x. The main rationale for these acquisitions has been to increase geographical reach and client acquisition.



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OUTBOUND M&A TRANSACTIONS

ACQUIRER	TARGET	TARGET LOCATION	TARGET DESCRIPTION	DEAL VALUE (USD MN)	DATE
Tech Mahindra	CJS Solutions Group LLC	U.S.	IT Services company in healthcare sector focused on Electronic Medical Records (EMR) solutions	114	Mar-17
Wipro	Infoserver	Brazil	Application and software development services provider	9	Jan-17
HCL Technologies	Butler America	U.S.	Engineering, design and aftermarket services for aerospace and defense sector	85	Jan-17
Zensar	Foolproof Group	U.K. & Singapore	User experience design agency	N/A	Nov-16
Wipro	Appirio	U.S.	Cloud services company	500	Oct-16
Infosys	Cloudyn Software	Israel	Monitors and optimizes cloud deployment solutions	4	Aug-16
Wipro	Insights Cyber Intelligence	Israel	Threat intelligence driven security platform	2	Aug-16
Tech Mahindra	The Bio Agency	U.K.	Digital transformation and innovation	57	Jun-16
Tech Mahindra	target Group	U.K.	BPO and software solutions provider in fintech segment	164	May-16
Persistent Systems	GENWI	U.S.	Mobile content enablement platform	N/A	Apr-16
Persistent Systems	PRM Cloud Solutions	Australia	Leading Salesforce partner and cloud application development firm	N/A	Mar-16
Wipro	Health Plan Holdings	U.S.	Independent technology and Business Process as a Service (BPass) provider	460	Feb-16
Mindtree	Magnet360	U.S.	Salesforce Platinum consulting partner	50	Jan-16
Mahindra Comviva	Advanced Technology Systems	Argentina	Leading provider of mobility solutions to telecom sector in Latin America	N/A	Jan-16

Source: IMAP India

Japanese Surge in U.S. Home-Building

IMAP Florida assists Sumitomo Forestry with U.S. acquisitions

U.S. HOUSING MARKET RECOVERY

The U.S. housing market hit rock bottom during the Great Recession but has been on a fairly steady recovery path since then. In 2016 alone, construction was started on more than 1.2 million new homes, which marked the highest annual figure in ten years (Source: U.S. Census Bureau). The NAHB Housing Market Index, which tracks market conditions and builder sentiment in the sector, is currently at levels not recorded since 2005. Despite some signals that the recovery cycle is past its peak, the housing market is still expected to continue growing at a robust pace over the next couple of years.

CONDITIONS RIPE FOR M&A IN HOME-BUILDING SECTOR

Many small and mid-sized regional private home builders are interested in selling while market conditions remain favorable and high valuations are attainable. At the same time, large public home builders are struggling to achieve organic growth and facing increasingly

tight land and resource constraints. Conditions for increased M&A in the sector are therefore ripe, as large public builders look to expand their footprints through acquisitive moves.

JAPANESE PLAYERS ENTERING THE SCENE

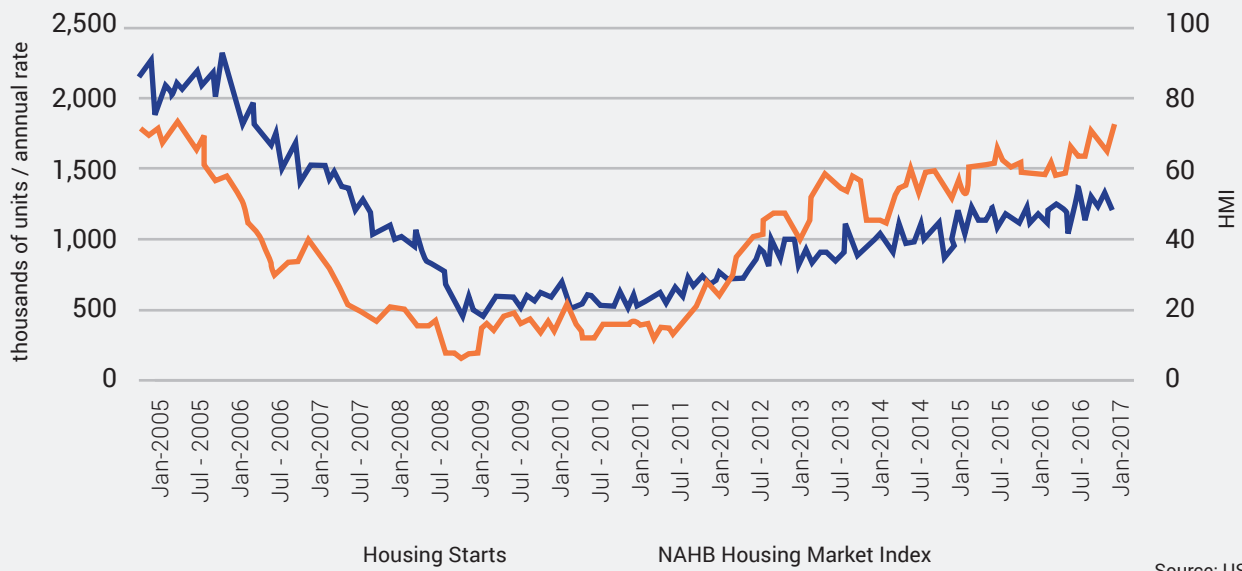
While such market dynamics are conducive to transactions, the M&A landscape is undergoing a dramatic change and dominant domestic players are now facing a new type of competition. In the past few years, there has been a significant rise in inbound activity from Japanese-based strategic buyers. In particular, Japanese real estate development and home building companies have pushed into the U.S. market by acquiring majority positions in U.S. companies. Japanese home building companies are looking to the U.S. as an alternative investment opportunity to counteract a shrinking domestic market. Population decline and stagnated household formation are among the main factors pushing Japanese builders abroad.

SUMITOMO FORESTRY AND IMAP

Sumitomo Forestry, Ltd is a 325-year-old wood products and residential home building company based in Tokyo. The Japanese company is on a mission to become a leading home builder in the U.S., with the goal of constructing more than 5,000 houses per year. IMAP Florida has assisted Sumitomo Forestry on several of its acquisitions in the U.S. over the past few years. In 2016, IMAP Florida helped Sumitomo Forestry on the acquisition of a majority stake in Dan Ryan Builders, a private home builder with a large presence in the East Coast region. Most recently, IMAP Florida was engaged to lead the acquisition of EDGEhomes, one of the fastest growing home builders in the U.S.

IMAP Florida not only conducted a thorough due diligence and valuation process, but also provided unique advisory services related to the EDGEhomes transaction. Kurt Andersen, Managing Director of IMAP Florida with more than

U.S. HOUSING MARKET PERFORMANCE SINCE 2005



Source: USCB, NAHB

ACQUIRER	TARGET	TRANSACTION	VALUE	DATE
Sumitomo Forestry	EDGEhomes	Acquired 70% equity interest	\$63 million	February 2017
Sekisui House	Woodside Homes	Acquired 100%	>\$450 million	February 2017
Daiwa House Group	Stanley Martin	Acquired 82% of shares	\$251 million	October 2016
Sumitomo Forestry	Dan Ryan Builders	Acquired 60% equity interest	\$83 million	January 2016

30 years of experience in the real estate sector, worked closely with Sumitomo Forestry's executive leadership. Leveraging his expertise, Andersen provided rigorous analysis of the elements involved to enable Sumitomo to make more informed decisions, while underscoring the importance of building cross-cultural bridges throughout the process. This was highlighted during the structuring of a partnership model designed to maximize post-transaction value and operational continuity, thus encouraging a long-term

relationship with senior management at EDGEhomes who retained a 30% equity interest.

This transaction with Sumitomo Forestry is another in a long line of completed buy-side transactions. IMAP Florida has more than 25 years of extensive buy-side M&A experience to its name. This includes working with Parker Hannifin in the industrial distribution sector on the successful closing of 19 acquisitions across two decades.



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A value-creating proposition

IMAP advises Oriens on sale of Profirent to Industrie Holding

TURNING AN UNDERPERFORMER INTO A SUCCESSFUL EXIT

Oriens is a leading private equity house with offices in Budapest, Hungary and in Prague, Czech Republic. Oriens is also the co-owner of IMAP Hungary. The group advises two funds; Oriens I and Oriens II, on investments in mid-cap companies in the Central Eastern European region. In 2013 Oriens acquired a 100% stake in Profirent, when Ramirent Group decided to divest non-core markets and put Ramirent Hungary (Profirent), their underperforming Hungarian operation, up for sale. At the time of the acquisition, Profirent was the market-leading general equipment rental player in Hungary, making €8.5m in revenues, though in 2012 it had achieved zero EBIT.

From 2013-2015, Oriens completely revitalized Profirent and through its hands-on approach and the strategic appointment of a new CEO, successfully turned the company into a highly

profitable business. By 2016, the company reached revenues of €13.0m with a notable EBIT of €1.9m. Following the upturn in the company's success and in order to capitalize on the company's fundraising efforts started early in 2016, Oriens felt it was the right time to look for a buyer able to take the business to the next level.

Looking to achieve a successful exit from Profirent, the owner's objective was to find the right strategic buyer. Not wanting to advertise their potential sale to a widespread audience of buyers, Oriens opted for a tailored search; inviting only a small, very select group of buyers to participate in the process. Oriens partner, Flóra Macher, led their deal team during the course of the sale.

CREATING THE RIGHT CONDITIONS

IMAP Hungary knew Profirent and its owner extremely well and this familiarity with both the company's operations and culture would greatly facilitate the sale

process. Furthermore, IMAP Hungary teamed up with Hans-Hasso Kersten from IMAP Germany, who had crucial expertise in the equipment rental sector, having worked as CFO at Mateco Group for seven years. Through in-depth market knowledge, IMAP was able to select only the candidates with the highest acquisition potential. As Profirent was a strictly Hungarian business, the decision for most buyers came down to the macro and political landscape. Given that Profirent was the market leader and the sector was just beginning a resurgence following a long recession, the macro story was an easy sell, although questions regarding sustainability and political stability remained. Being familiar with each of the players, IMAP was able to closely monitor the decision-making processes of the buyers.

The marketing phase began in March 2016 and the final buyer, Industrie Holding, a family-owned company controlling the Terra and Bulmor



Profirent was a well-managed and nicely positioned asset in the Hungarian equipment rental market. However, due to local market conditions, very detailed specifics regarding the business model were key in convincing the buyer of the value-creating proposition this opportunity presented.

businesses, was selected in August of the same year. With presence in Austria, Hungary and various countries in Central Eastern Europe and the Balkans, Industrie Holding had a thorough understanding of the business environment in the region and as such presented lower risks compared to other Western European buyers. As Industrie Holding was principally the owner of machine dealerships and manufacturer businesses for the construction market, the key challenge was to make the buyer comfortable with the machine rental business model. The sector expertise provided by Hans-Hasso Kersten at this stage was a crucial asset, helping the team clarify certain attributes and trends of the Profirent business and benchmark it to German and western market standards. This was something that would not have been necessary in case of a peer buyer, but was absolutely crucial for buyers coming from outside the rental

sector. Due to its previous ownership by Ramirent, Profirent inherited stable internal processes that were improved by the new CEO, Erzsébet Antal, through top-notch sales controlling and document management, which all helped the due diligence processed to be smooth and focused.

IMAP AND ORIENS

Oriens made a considerable return on Profirent within their 3-year investment period; a positive result that was well received in terms of their fundraising efforts. The key goal for the fund, aside from attractive valuation levels, was to reduce retentions and future liabilities. IMAP helped them achieve this through due diligence and by ensuring a smooth sales process, minimizing the risks to closing the transaction. Due diligence, signing and closing took five months altogether and the transaction was completed in mid-January 2017.



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Smooth operating in oil transportation

IMAP Belgium advised Holdifima, a holding group and parent of Vinotra active in the oil transportation industry, through a complex restructuring and sales process to barge company Somtrans NV

TRANSACTION BRIEF

Holdifima NV is a holding group active in the transportation, trading and bunkering of black and clean oil products in the Netherlands and Belgium. Previously counted amongst Holdifima's assets were several freight ships; including 7 double-hull bunker barges. The market value of its fleet is estimated at €30 million and the group realized revenues of approximately €67 million in its last fiscal year.





“

Instrumental in bringing all the stakeholders aboard and achieving the given objectives was the breadth of in-house corporate finance skills in IMAP Belgium – and the cooperation of IMAP experts throughout Europe.

this significant loss. Though one of the bunkering companies in the group went into liquidation, the rest of the group remained protected.

Due to their significant losses and subsequent financial situation, as well as the unlikelihood of either the shareholders or their descendants being able to take over the company and its activities, the decision was made to sell the rest of the group; including both the barging operations and the ships.

CROSS-BORDER COOPERATION AND ALIGNING INTERESTS

At the outset, IMAP Belgium represented only the majority shareholder, Holdifima, though the other two shareholders later agreed to be represented as well. One of the greatest challenges in this deal was aligning all the shareholders. Instrumental in bringing all the stakeholders aboard and achieving the given objectives was the breadth of in-house corporate finance skills in IMAP Belgium and the cooperation of IMAP experts throughout Europe.

The IMAP team worked closely with the client at key steps along the way: dealing with unforeseen debtor loss, negotiating with creditors and banks, restructuring the group, aligning shareholders and finally a successful sale of the remaining activities. This deal comprised the restructuring and sale of various companies, as well as the sale of seven double hull bunker barges – including the largest ship available on the European market for inland shipping.

managed by the fifth generation of its founders. Over the years, Somtrans has developed into a full-fledged tanker shipping company with complete ownership of its barges. Through this takeover Somtrans further reinforced its strong market position.

The group's shareholders were extremely pleased with IMAP Belgium's approach in respect to the different challenges faced during the process as well as the negotiated selling price and have requested the team guide them in any future takeovers.

Holdifima was hit by a substantial €10 million debtor loss in their bunkering activities when OW Bunkering, a partner in the fuel trading sector, went bankrupt.

MANAGING LOSSES AND MOVING FORWARD

IMAP Belgium reached out to the holding company and assisted in managing and controlling the financial impact of

Industrials



BELGIUM

Acquired 100% of Business Operations



NETHERLANDS

Advised on Sale of Company



A REWARDING CLIENT RESULT AND REACTION

The acquirer, Somtrans NV, is held by the Somers family, which is the oldest and most reputable family business in inland shipping in Belgium. Headquartered in Wijnegem, Somtrans began as a family business in 1870 and is currently



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Selected IMAP transactions

Energy and Power 



ITALY

Acquired 100% of Business Operations



ITALY

Advised on Sale of Company

IMAP Italy advised fiber network operator Metroweb Italia on their sale to OpEn Fiber, a subsidiary of Enel Group created with the aim of building an ultra-broadband fiber network across Italy. The project involves a capital contribution by Enel and CDP Equity into OpEn Fiber to acquire 100% of the share capital of Metroweb Italia.

IMAP Italy was involved throughout all phases of the transaction including origination, defining structure and terms, assistance in financial analysis and due diligence, negotiating with counterparts and review of legal documentation.

Healthcare 



SPAIN

Acquired Majority Control Of Business Operations





UNITED STATES

Advised on Sale of Company


IMAP Chicago advised the management division of Reproductive Medicine Associates of New Jersey and its affiliated practices (RMANJ) in its business combination with The Valencian Infertility Institute (IVI) creating a new company called IVI-RMA Global Investments. IVI-RMA Global and its affiliated practices will be the largest and one of the most successful global fertility networks providing assisted reproduction and related services.

This landmark cross-border transaction was driven by IMAP Chicago's dedicated team of healthcare sector experts.


Energy and Power 



Merger of PowerStream, Enersource and Horizon Utilities to form Alectra Inc.



Alectra Simultaneously Acquired Hydro One Brampton



CANADA

Advised PowerStream on Merger and Acquisition

IMAP Toronto advised Powerstream Inc. on its merger with Enersource and Horizon Utilities to form Alectra Inc., and on the simultaneous acquisition of Hydro One Brampton. This multi-faceted transaction led to the creation of the largest municipally-owned electricity utility in Canada, based on the total number of customers served.

The deal was driven by IMAP Toronto's seasoned team of experts focused on the utilities and power sector, and extends their already notable track record of successfully closed transactions in this space.

Industrials 



MEXICO

Acquired Majority Control Of Business Operations




COLOMBIA

Advised on Sale of Company

IMAP Colombia advised the founding shareholders of Open Market in the sale of an 80% equity stake to FEMSA Logística of Mexico. Open Market stands as the undisputed leader in integrated logistics solutions for the pharmaceutical industry in Colombia, with revenues of USD 70mn and over 30 years of experience serving some of the largest international pharmaceutical companies operating in the country.

IMAP Colombia ran a competitive process where the largest global logistics players participated, ending in a successful transaction with FEMSA Logística at attractive multiples. As part of the deal, the founding shareholders remain with a put option for their 20% stake at a pre-agreed EBITDA multiple.

Energy and Power 



JERA
JAPAN

Acquired 44% of Equity Interest



Cricket Valley Energy

UNITED STATES
Advised on Investment

Industrials 



capvis
SWITZERLAND

Acquired Majority Control of Business Operations



FELSS / SHORTCUT TECHNOLOGIES

GERMANY
Advised on Sale of Company

Consumer Staples 




HQ Capital
GERMANY


Acquired Majority Control of Business Operations



WPT
Healthy Fitness & Get it Done


GERMANY
Advised on Sale of Company

TMT 



ltg learning technologies group
UNITED KINGDOM

Acquired 100% of Shares



NetDimensions

CHINA
Advised on Sale of Company

Consumer Products and Services 




SODALIS group
ITALY


Acquired 100% of Business Operations



brandcare
creating solutions for you

PORTUGAL
Advised on Purchase of Company


Consumer Products and Services 



SEB
SISTEMA EDUCACIONAL BRASILEIRO


BRAZIL


Acquired 100% of Business Operations



MapleBear


CANADA
Advised on Sale of Company

Industrials 




GPC
UNITED STATES


Acquired 100% of Business Operations



Empire


UNITED STATES
Advised on Sale of Company

Healthcare 



ConvaTec
UNITED KINGDOM

Acquired 100% of Company



Eurotec

NETHERLANDS
Advised on Sale of Company

Consumer Staples 



PAMICA
SWEDEN

Acquired Majority Control of Business Operations



inCup

SWEDEN
Advised on Purchase of Company

About IMAP

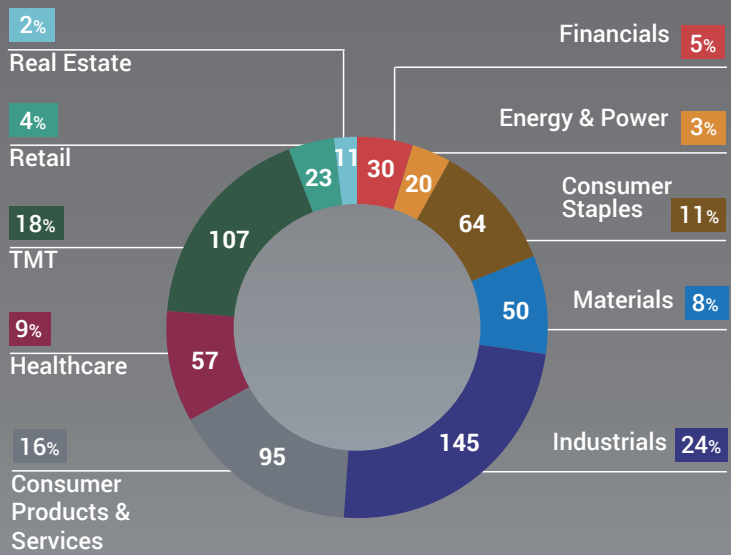
IMAP INTRODUCTION

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.

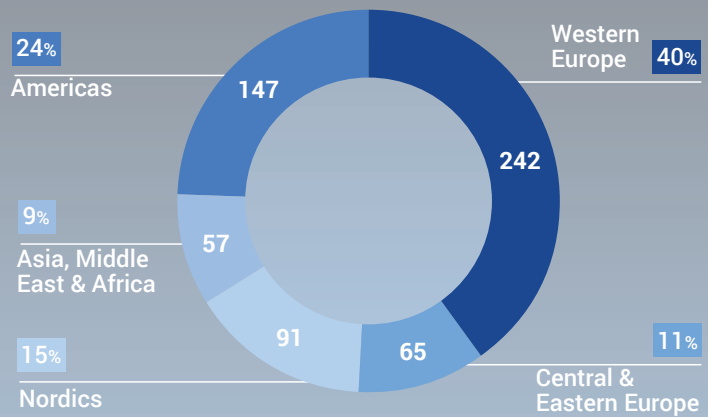
IMAP is specialized in the sale and the acquisition of companies as well as on strategic corporate finance advisory. Our customers are primarily family-owned, mid-sized companies, but also include large international corporations, as well as family offices and financial investors.

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

DEALS BY SECTOR 2014-2016



DEALS BY REGION 2014-2016



IMAP Global Presence



35
COUNTRIES

350
ADVISORS

Argentina | Belgium | Bosnia and Herzegovina | Brazil | Canada | Chile | China | Colombia | Croatia | Czechia | Egypt | Finland | France | Germany | Hungary | India | Ireland | Italy | Ivory Coast | Japan | Mexico | Morocco | Netherlands | Norway | Peru | Poland | Russia | Senegal | Serbia | Slovenia | Spain | Sweden | Turkey | United Kingdom | United States

