IMAP

Creating Value

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AN IMAP MAGAZINE DEDICATED TO CREATING VALUE IN THE M&A MID-MARKET GLOBALLY

INSIGHTS

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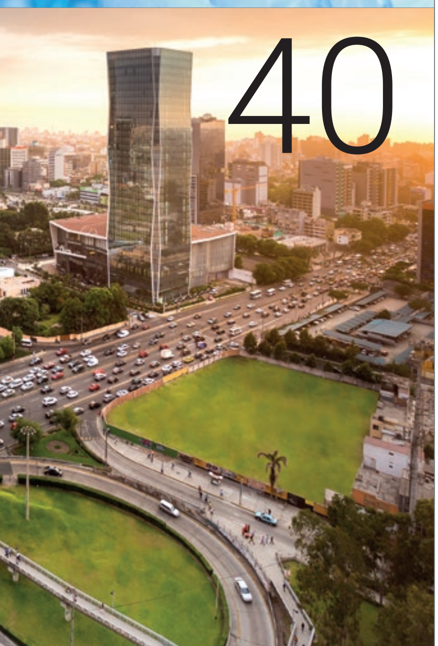

Chairman's Letter

During the past several years, IMAP has continued to extend its footprint across the globe, ensuring our presence in key markets. So, it was highly fitting that for the first time in our 46-year history we held our IMAP Fall Conference in Africa. Ascent Capital Partners, IMAP's exclusive partner for French Speaking Africa, hosted the event. We learned that Morocco is not only pushing investments across different sectors domestically but is also one of the best and safest gateways to enter fast-growing markets in the rest of Africa. In this edition of Creating Value you will find insights from guest speakers at the event, including Mr. Ahmed Reda Chami, President of the Economic, Social and Environmental Council, who discusses Africa's economic growth and Mr. Sofiane Lahmar, Partner at PE fund DPI, who looks at the flourishing PE landscape in Africa.

Of course, it wouldn't be Creating Value without our cross-border focus, where you will find recent case studies featuring key IMAP deals in Ireland/ Germany, the Netherlands and Peru. In addition, we hear from IMAP Partners in Japan, Sweden and the US, rounding off with insights from IMAP Canada and IMAP Hungary.

On a personal note, I would like to give thanks to Karl Fesenmeyer, who, as Chairman back in 2007, laid the foundations for the new, professional IMAP. Now, following an additional 10 years as a member of the IMAP board, he has passed the baton to a new generation. Without his leadership and guidance, IMAP would not be the pre-eminent M&A organization it is today, but it is now up to the new Board to take over the responsibility for taking IMAP to the next level.

As we close this year and look to enter 2020, despite the uncertain global economic and geo-political landscape, at IMAP we remain focused on doing what we do best; working together and fulfilling our mission to find innovative and profitable solutions for our clients, delivering superior advisory expertise and global reach.

So, as we prepare ourselves for the times ahead, I wish you all the best and very much look forward to catching up with as many of you as possible at our IMAP Spring Conference in Denver in March, 2020.

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IMAP's First Conference in Africa

IMAP's 2019 Fall Conference was held in Marrakesh and hosted by Ascent Capital Partners, IMAP's exclusive partner for French Speaking Africa. Over 70 IMAP representatives from across the globe attended the event, the first of its kind to be hosted by IMAP in Africa.

According to World Economic Forum estimates, Africa is the fastest growing continent and by the year 2100 will be home to 13 of the world's largest megacities. Africa is an important market for IMAP as it continues to extend its international footprint, so it was fitting that this year, it held its Fall conference in Marrakesh, one of the oldest cities in which IMAP has ever assembled.

Guest speakers during the conference included Ahmed Reda Chami, Chairman of the Economic, Social and Environmental Council (CESE), Lamia Merzouki, Deputy Managing Director at Casablanca Finance City Authority, Sofiane Lahmar, Partner in pan-African Private Equity firm Development Partners International (DPI) and Hans Bevers, Chief Economist at Degroof Petercam, IMAP's exclusive corporate finance partner in Belgium and France.

Key topics on the agenda during the 2 days included a special focus on Africa; looking at the investment climate in Morocco, Casablanca Finance City's privileged position as an African financial hub and Private Equity in Africa. There was also a macro overview of the M&A market, looking at where we are in the business cycle and what to expect over the coming quarters, as well as sector overviews from IMAP colleagues, analyzing both cyclical and structural trends.

IMAP also continued its focus on collaboration and information; collaboration involving new ideas and new transactions and information concerning new trends, new ways of doing business and new economies – tools which are key in order to thrive in what is an increasingly complicated environment. With representatives from over 40 countries, IMAP is uniquely positioned to arbitrage experiences and successes from one market to another.

Saying farewell to Marrakesh, the event closed with a Moroccan Fest, held at Dar Soukkar, a remodeled 16th century sugar refinery, where guests enjoyed an evening of diverse experiences, from a live band and fire jugglers, to oriental dance and fusion music.

Abdellatif Imani, Co-founder & Managing Partner at Ascent Capital Partners, commented: "We were delighted to host IMAP's first ever international conference in Africa. Africa is becoming an interesting market from an investment banking perspective, as M&A deals targeting African companies are getting bigger and international investors are being encouraged by the potential resulting from Africa's growing middle class and its impact on future economic growth. The launch in July 2019 of the African Continental Free Trade Area (AfCFTA), one of the largest free trade areas since the formation of the World Trade Organization, should also drive growth and innovation for Africa and could provide a boost for deal activity in the coming years."

"M&A deals targeting African companies are getting bigger and international investors are encouraged by the potential resulting from Africa's growing middle class and its impact on future economic growth

ASCENT CAPITAL PARTNERS
IMAP Morocco

Founded in 2010 and led by Abdellatif Imani and Mehdi Berbich, Ascent Capital Partners is one of the leading independent investment banks in French-speaking Africa and has teams in Casablanca, Dakar and Abidjan. It intervenes in the various stages of a company's lifecycle, providing a diversified business offering, including mergers and acquisitions consulting, fundraising, financing and restructuring consulting and investment advice.

Members of the Ascent Capital team: Mansour Fall, Ahmed Tsouli Kamal, Abdellatif Imani, Mehdi Alami, Aziz Mechat, Mohamed Dahouni and Mehdi Berbich.

Morocco as a Gateway for Investment in Africa

Mr. Ahmed Reda Chami, President of the Economic, Social and Environmental Counsel, addressed IMAP delegates on the current investment climate in Morocco and explained why he believes the country can be the gateway to Africa.

According to Ahmed, Morocco has been working hard to open itself to the West, especially to Europe, while maintaining its roots well entrenched in Africa, hence why he firmly believes that Morocco can be the economic gateway to the African continent.

In terms of why Morocco offers such strong investment opportunities, he outlined 5 key contributing factors:

1. STABLE ECONOMIC AND BUSINESS ENVIRONMENT, FAVORABLE TO INVESTMENTS

As the second oldest kingdom in the world, having established a monarchy in 788, Morocco maintains a very stable economic environment. Ahmed described how the country has come a very long way and how, with its multiparty system and democracy under construction, it now boasts a legal authority completely independent from legislative and executive power. Its civil society is also vibrant, with over 200,000 NGOs and associations active in Morocco, tackling issues from children's and women's rights, to the environment, all of which is crucial to a country's long-term stability.

Looking at the country's business environment, unlike the rest of North Africa, which has struggled to attract foreign investors, Morocco receives a steady flow of foreign direct investments. The top 5 countries currently investing in Morocco are France, China, Spain, UAE and the US, with France leading most of the investment in 2018 and its investments up 25% compared to 2017. In terms of industries, Ahmed explained that investments are not limited to just one sector, rather investors are investing in many sectors, from Industry and Financial Services, to Energy, Real Estate and Tourism.

> *Tanger Med is one of the largest ports in the Mediterranean and hopes to one day be as large as Rotterdam. Why is the country's infrastructure so important? Simple, if a country is stable and competitive, yet goods can't be shipped abroad, investors won't come. Had it not been for Tanger Med, Renault simply would not have come to Morocco*

2. SOLID MACRO-ECONOMIC FUNDAMENTALS

From 2012-2018, Morocco's GDP increased by 3.3% (CAGR), though if you go back yet more years and look from 2000-2018, it has in fact increased by 4%. Of course, in order to be classed a high/medium income country, the economy needs to grow 6-7%. Yet, with inflation standing at an average of 1.3% and FDI growth in 2018 showing an increase by circa +30% versus 2017, Morocco is very much on the right path to rising from a low/medium to high/medium income country. Morocco is expected to continue to outperform its North African neighbors and Ahmed sees Turkey as a benchmark for economic growth.

3. WORLD-CLASS INFRASTRUCTURE TO ATTRACT INVESTORS AND FUEL THE ECONOMY

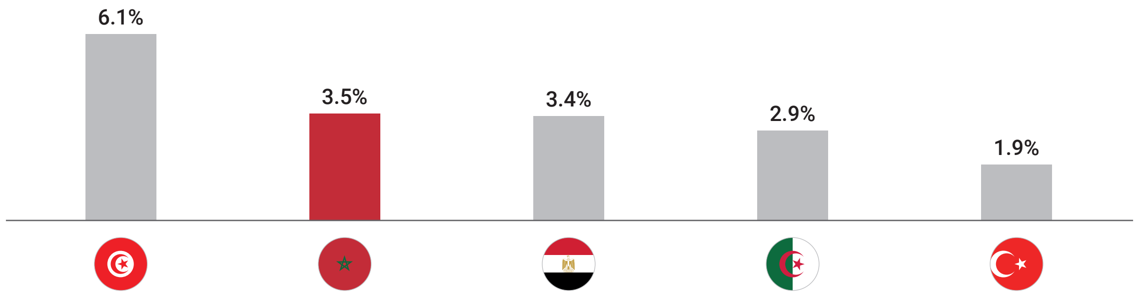
Infrastructure is the sector in which Morocco has made the most progress over the last 20 years, having invested heavily in construction, building airports, freeways, railway and tram systems and renewable energy plants, etc. Furthermore, its main port, Tanger Med, is one of the largest in the Mediterranean and hopes to one day be as large as Rotterdam. Why, asked Ahmed, is the country's infrastructure so important? Simple, if a country is stable and competitive, yet goods can't be shipped abroad, investors won't come. Citing Renault as an example, had it not been for Tanger Med, Renault simply would not have come to Morocco.

Another key fundamental in ensuring a world class infrastructure, added Ahmed, is renewable energy. By 2030, Morocco hopes

SOLID MACRO FUNDAMENTALS

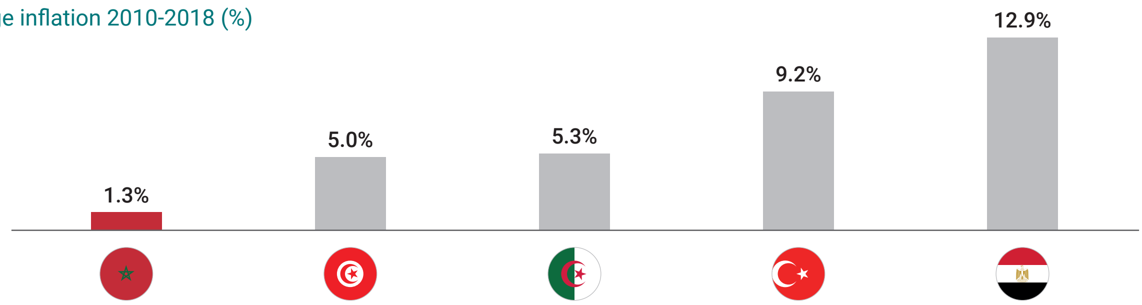
Outperforming economy relative to other North Africa countries

Average growth real GDP 2011-2018 (%)



Controlled inflation consumer purchasing power

Average inflation 2010-2018 (%)



- Morocco's economy should remain an outperformer in North Africa over the medium term, despite no hydrocarbon wealth
- Investors' interest in the country as an export-oriented manufacturing hub for the European market and increasingly for West Africa, coupled with a burgeoning tourism industry, should support Morocco's underlying growth momentum in the coming years

Source: Euromonitor, IMF.

that renewable energies will constitute 52% of the country's energy mix. This of course brings its own challenges, as it requires funding and smart technology and energy grids, but Solar and Wind projects are in place to increase and meet the 2020 targeted installed capacity figures.

4. STRATEGIC GOVERNMENT-BACKED SECTOR PLANS

Many years ago, explained Ahmed, the Moroccan government contracted McKinsey to undertake a study in order to identify in which global sectors Morocco could be competitive. The 6 sectors identified, were: Automotive, Aeronautics, Electronics, Off-shoring, Harbor Industry and Textiles. Subsequently, strategical sectorial plans were put in place in these sectors, in order to fuel investment and ensure strong and sustainable economic growth. There are also a large number of strategic plans currently in place, in the Industry, Agriculture, Tourism, Mining, renewable Energy and Gas sectors.

5. UNIQUE SET OF FREE-TRADE AGREEMENTS

Morocco, pointed out Ahmed, is one of few countries in the world, to have secured free-trade agreements with both the US and Europe. This is crucial, as though you may have ticked all the boxes on the previous 4 fundamentals, if the taxes are too high, you simply can't do business. Morocco has free-trade access to a 1 billion consumers market and a very competitive ecosystem oriented towards exports – to not only Europe and Africa, but also the US.

HOW DOES ALL THIS TRANSLATE INTO INVESTMENTS?

Morocco is currently second only to South Africa in terms of FDI Projects in Africa. Figures from 2017 showed that Morocco captured 52% of all the FDI projects in North Africa and within the MENA region, Morocco ranks the 5th largest recipient of FDI inflows. France leads the way in terms of countries investing in Morocco and the top 3 sectors invested in are Insurance, Manufacturing and Real Estate.

Morocco is a hub for Automotive manufacturers aiming to reach European and African markets and in fact, in 2017, Morocco emerged as leader in Africa in the sector, surpassing South Africa for the 1st time, producing 345,000 passenger vehicles (vs. 331,000) and accounting for 44.5% of Morocco's industrial exports. A major investment destination for world-leading car manufacturers, Morocco is home to 2 large OEMs, Renault and Peugeot. Ahmed was quick to point out, that it is however, crucial for a country to bring in Tier1, Tier2 and Tier3 suppliers to supply Renault or Peugeot, as opposed to bringing in further OEMs, in order to build depth in the industry.

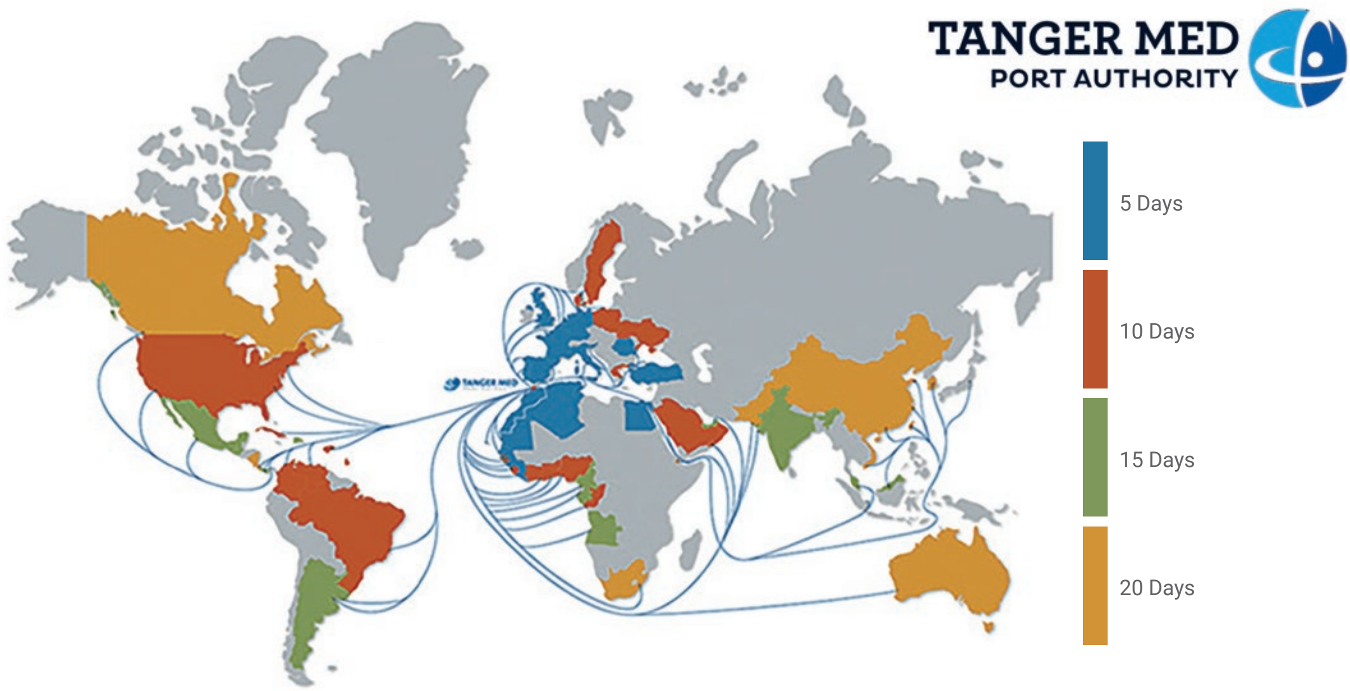
Highlighting recent investment projects in Morocco, including PSA Groupe, Bombardier, Thales, Byn, Hexcel, Siemens Gamesa and Huawei, Ahmed was able to demonstrate how Morocco has attracted businesses from not only a wide variety of sectors, but also at different stages in the value chain. Morocco is also the 2nd largest African investor in the continent and the 2st largest investor in West Africa, investing heavily in Utilities and Financial Services, the latter offering lots of potential, due to the large number of Moroccan banks.

CHALLENGES AND MITIGATING FACTORS

Of course, Ahmed was clear to point out, not everything is perfect, highlighting what he believes to be the 2 main challenges:

Human Capital Challenges – The education system in Morocco is facing issues, due to changes brought in back in the 1980's, with the intention of fixing issues yet doing just the opposite and essentially breaking the system. Though under repair, the level of skills has been impacted, specifically

TANGER MED PORT CONNECTIVITY

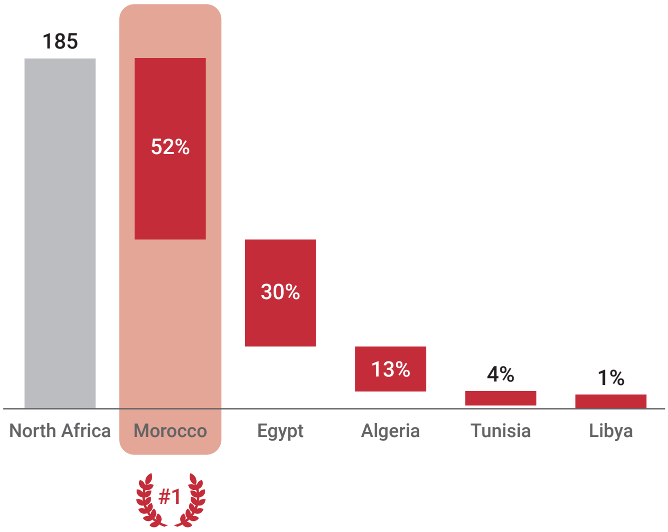


MOROCCO: A LEADING MAGNET FOR FDI IN AFRICA

Top 15 countries by FDI projects (2017)

Country	2017 (#)	2017 Share (%)	Jobs Share (%)
South Africa	96	13%	3%
Morocco	96	13%	21%
Kenya	67	9%	4%
Nigeria	64	9%	12%
Ethiopia	62	9%	16%
Egypt	56	8%	6%
Ghana	43	6%	4%
Tanzania	35	5%	3%
Algeria	24	3%	1%
Cote d'Ivoire	23	3%	1%
Uganda	14	2%	2%
Zimbabwe	13	2%	0%
Rwanda	12	2%	3%
Mozambique	11	2%	3%
Zambia	11	2%	1%
Others	91	13%	13%
Total	718	100%	100%

Share of FDI projects by country (2017)



- Key attraction for investors I Africa, with **consistent growth in FDI** (foreign direct investments)
- Automotive and Industrial sectors continue luring investors to Morocco, as the country continues to reinforce its position as a **leading international automotive hub**

Source: EY Attractiveness Program - Africa October 2018.

in middle management. This also has ramifications on salaries, which are going up and productivity, due to a lack of skills in the workforce.

Doing Business Challenges
Using a software analogy, Ahmed described what Morocco has done to date, saying that though Morocco has done very well from a "hardware" point of view, it still needs to do much more, on the "software" side. By this, he explained, plants and roads are hardware and education, is software. Just like a tourist spot is also hardware and unless you have the right events or animation, the hardware simply isn't successful.

The solution to these problems, in Ahmed's opinion, "a software revolution":

- Enhancing public service – Currently working on a new strategy for the healthcare sector and executing education reforms.
- Public administration reforms – Anti-corruption strategy in the form of a new agency, in charge of fighting corruption. Increasing the level of transparency in procedures. Reforms in land ownership. "Online, not in line"; current Counsel that Ahmed chairs, is looking to propose a law, whereby, in 3 years, all contact between enterprises/citizens and the administration, is done online, as opposed to via direct communication.
- New vision for entrepreneurship – In order to fuel business growth, Morocco needs more entrepreneurs and more ventures. Small businesses need to become medium businesses and medium businesses need to become large businesses, which of course requires funding, either in the form of banks or VC funding.

With its house essentially in order, with stability, solid macro-economic fundamentals, a world class infrastructure, strategic government sector plans and a unique set of free-trade agreements, Ahmed firmly believes that Morocco offers a wealth of investment opportunities. IMAP's partner firm in Morocco, Ascent Capital Partners, is prepared to help any company or investor seeking to enter this promising market.

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President, CESE

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Good News for Investors and M&A Advisors in Africa

Sofiane Lahmar, Partner at Development Partners International (DPI), an industry leader in the PE market in Africa, was a Guest Speaker at the IMAP Fall Conference in Marrakesh. Sofiane explained that the PE landscape in Africa continues to flourish and that the region is ripe with investment opportunities.

CONSIDERABLE POTENTIAL FOR YET MORE GROWTH

Currently accounting for well below 1% of the country's GDP, the PE industry in Africa has considerable potential for growth and development. Providing a current overview of the market, Sofiane confirmed the value of reported deals between 2013-1H 2019 was c.$26 billion, comprising 1101 reported deals during that period. In terms of industry players, he highlighted 4 groups; large cap funds such as themselves, mid cap/SME funds, global/pan-EM players, along with DFIs. In terms of deal type, they are primarily growth capital, though he is seeing an increasing level of activity in buyouts, though these remain either all equity buyouts or with low leverage. With strong deal flow and a low level of competition intensity, compared to the US, he believes the African market offers good opportunities for investors with cash to deploy.

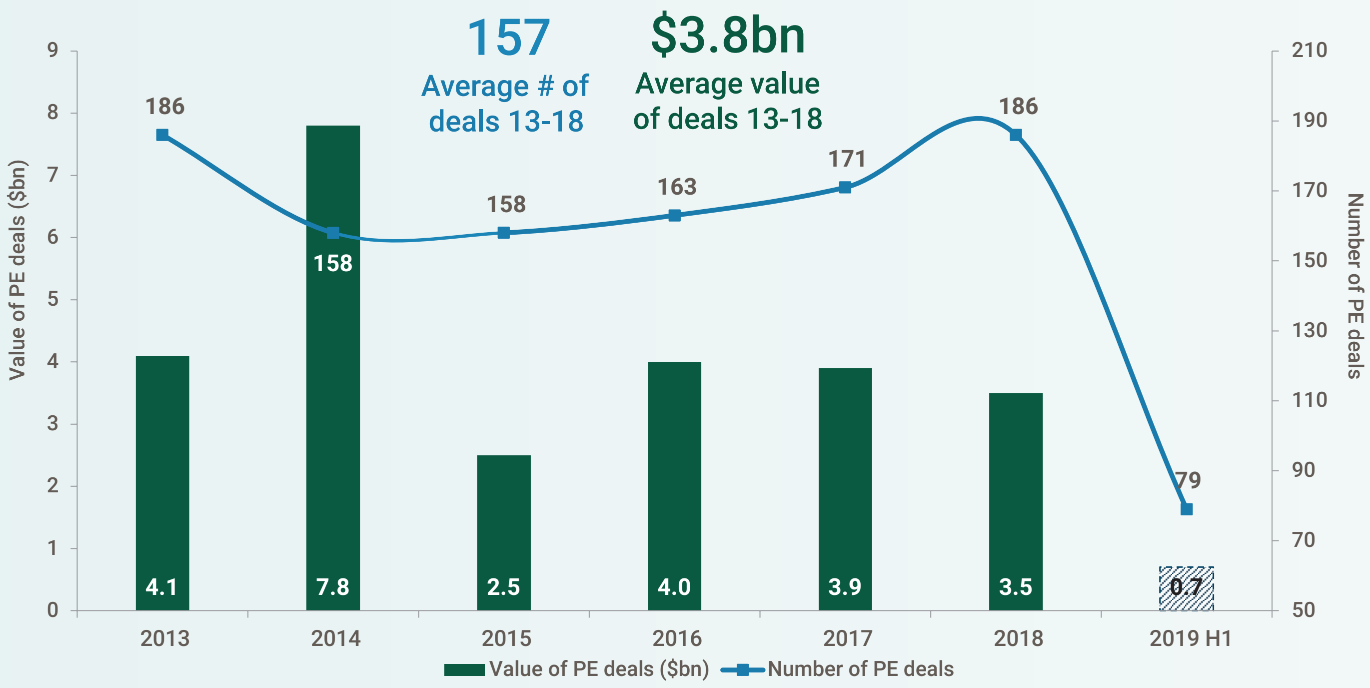
ACTIVE DEAL MARKET IN ACCORDANCE WITH CHANGING DEAL LANDSCAPE

In terms of money being invested into Africa, figures released by the African Venture Capital Association (AVCA), show that from 2013-2018, the average number of PE deals closed yearly in Africa stands at approximately 150, reaching nearly $4 billion in value. During the same period, their figures also show Consumer, Retail, Industrial and Financial Services coming

HOW MUCH PE MONEY IS BEING INVESTED IN THE AFRICA REGION?

GPs completed on average >150 deals per year for a total value of approx. $4bn

Number and value of African PE deals, by year (2013-1H2019)



Source: AVCA.

out on top in relation to deal flow and numbers, which according to Sofiane, doesn't come as a surprise, in that he believes this very much links back to the emerging middle class, population growth, demographics and urbanization, all of which are key themes shaping the deal landscape. Figures related to deal size on the other hand, show a different story, with Utilities, Telecom and Energy accounting for over 50% of PE deals in value terms. Again, Sofiane commented, that though the values are larger, it is not an accurate picture in terms of where repeat PE deals in Africa are predominantly being made.

So, where's the money being invested? Presenting further data from AVCA, Sofiane explained that in terms of value, most of the deals are multi-region, meaning multi-country, PAN African businesses, though it is not the biggest in terms of number of deals being done, but this is somewhat skewed by the large deal sizes. With over 25% of the deal flow, West Africa has been a very active region, with countries such as Nigeria and Ghana growing really well, as well as from a GDP standpoint. In North Africa, deal flow has been concentrated primarily in Egypt and Morocco, which are the most sophisticated PE markets facilitating a good level of PE activity.

HOW THIS IS REFLECTED IN TERMS OF MULTIPLES, MONEY RAISED AND EXITS

In Africa, it is very difficult to source valuation and multiples data for private markets, hence, to provide a global picture of how valuations in Africa have been evolving, Sofiane used public market data from Bloomberg. This shows that from 2006 to 2010, valuations were higher than what they are today and have corrected significantly over the last 8 years. Sitting lower, relative to developed markets, Sofiane believes this offers a very attractive entry point for PE funds, providing opportunities to invest in lower priced companies with higher growth.

From 2013-1H 2019, figures from AVCA show that roughly $20 billion has been raised in African PE. There appears to have been a dip back in 2017, from which the market seems to have recovered and in fact, the total value of fundraising increased from 2017 to 2018, and 1H 2019 figures were also promising, indicating investors' confidence in Africa's PE industry, despite a challenging fundraising environment. On average, the funds closing over this period, shows an average fund size of $250 million. In 1H 2019, approximately 70% of the money originates from sector specific funds, be it Financial Services or Energy.

From an exit's perspective, Sofiane explained that 2018 marked a drop in exit activity, which historically stands at between 40-55/60, with 46 recorded exits, which was primarily due to a fall in the number of exits in South Africa. Average holding periods range from 5-7 years and what's also interesting, according to Sofiane, is that exiting to Trade Buyers has been the most common exit route over the last couple of years.

KEY TRENDS AND CHALLENGES IN TODAY'S PE MARKET IN AFRICA

To round off, Sofiane highlighted some of what his firm, DPI, considers to be the trends and challenges in the African PE space:

Taking part in a subsequent Q&A session, Sofiane answered questions regarding investment in Africa from the IMAP Partners. Here, Creating Value highlights some of the many topics under discussion:

TRENDS AND CHALLENGES IN AFRICAN PRIVATE EQUITY

Platform plays on the rise	• As GPs have increased in size and maturity, PE firms are creating regional/platform businesses through buy-and-build strategies • Platform plays allow to build scale and facilitate exit
Fewer, but larger exits	• Exit numbers have fallen in number over the last year, at 46 exits in 2018, but they have increased significantly in size, distributing US$1.4 billion
VC is emerging	• VC hubs are emerging across Africa driven by multiple factors (inc. disruptive technology in fintech, e-commerce, medtech and edtech) • Nearly 30% of capital raised for Africa focused funds went to VC in the first half of 2019
More long-term vehicles	• Longer holding periods in some African markets are leading GPs to look at alternative fund structures like permanent capital vehicles
A challenging Fundraising Environment	• According to PEI, the average time to reach final close for African private equity funds is 29 months, compared to 8 months in 2016 and 2017
Macroeconomic Challenges	• FX volatility and political instability remain the two main macroeconomic challenges to private investments in Africa, driving the need for geographical and sector diversification

Source: EMPEA, AVCA, PEI.

Lower leverage and lower risks, compared to what is seen in the US and Europe, has helped to improve the fundraising environment in Africa

Guest speakers Sofiane Lahmar, Partner at DPI, and Lamia Merzouki, Deputy General Manager at Casablanca Finance City Authority.

Have you seen an increase in African PE investment interest as a knock-on effect due to the fundraising bubble in North America beginning to crack?

Sofiane confirmed that they are indeed seeing a shift as people worry about being at the peak of the cycle and a potential global recession going into 2020, as Africa plays well into this, providing diversification benefits with low correlation to what is occurring in the US. Furthermore, lower valuations, lower leverage and lower risks, compared to what is seen in the US and Europe, has helped to improve the fundraising environment in Africa and African funds over the last 6 months. This, combined with the change in monetary policy by the US Federal Reserve, has provided support to EM's and Africa in particular.

What are the main risks in investing in Africa and how can they be mitigated?

According to Sofiane, first and foremost, it's execution risk, with complexity in many countries from an operational and regulatory standpoint, which is why the quality of the management team and its capability to successfully deploy the business plan both in good and bad environments is key. DPI therefore, invests a lot of time in Due Diligence and relies heavily on its local partners and teams to navigate the local environment. Secondly, he cited Country/FX, which though it continues to be a risk, with a clear understanding and strategy for, he believes can be mitigated via geographical diversification. His advice to new investors in Africa - to invest on a PAN African basis as opposed to focusing on just one country/market and don't overpay on assets, as they are neither high-priced nor high-competition markets to begin with. This allows for a cushion for any macro risks that could materialize during the investment.

From whom does DPI buy their companies, does management stay on and how do they prepare for exit?

Sofiane explained that the majority of their deals are family-owned businesses, though corporate carveouts and larger corporate entities looking for funding, along with multinationals exiting the market, are occasionally a source of business as well. DPI doesn't typically look at changing management, which Sofiane believes creates an extra layer of risk. However, during a platform play, sometimes the strategy would be to recruit a management team at a platform level, to manage assets that have existing individual teams. Another scenario would be if they experience performance issues during an investment, which would require possible changes to the management team.

Sofiane explained, that for every deal DPI looks at during the Due Diligence period, they prepare a very detailed portfolio management action plan, which when implemented, ensures that each company is as exit ready as possible. ESG is also very important, as is strong governance, which is something they look for when buying a company. Later on, when a company gets closer to exit, they also put in place an exit readiness plan, which is very specific to the type of exit they are looking to achieve and involves working with the company to create a clear equity story with supporting data.

Looking at DPI's potential targets, what's the percentage of companies that have an audit, are transparent, don't use intensive tax optimization schemes or facilitation payment practices to drive revenues etc.?

Looking at each of DPI's 3 funds, Sofiane explained that during the investment period of the funds, they typically see between 500-1000 deals that go into their deals database, which in some form or another have been reviewed or engaged with and exclude the deals that have been directly declined. From these, he estimates they progress to some form of Due Diligence on less than of 100 and close on perhaps 10. By the time it gets to the stage of spending considerable time and money on detailed Due Diligence, it is already well vetted.

> *It is so important to select the best quality partner, with the right management practices and integrity*

Having said that, he doesn't believe that a large percentage of the deals that don't make it through the funnel and cause them to walk away are down to governance, tax evasion or corruption issues; it's generally down to industry trends or valuations, terms or quality of management. That being said, they have had the occasional deal which they have declined at a very late stage of the process, due to what they consider financial "hygiene" issues, but this is a rare occurrence. DPI deals with larger, blue chip companies in Africa, that tend to be more advanced with their accounting and tax practices and governance and most of which have already been audited by the 4 large auditing firms. In Sofiane's opinion, it all goes back to why it is so important to select the best quality partner, with the right management practices and integrity.

As DPI takes significant minority stakes in companies, what's the ability of the fund to drive governance and specifically the time of exit, where there can be a possible difference in the management and the fund driving an exit process?

Again, Sofiane referred to the importance of choosing the right partner and ensuring the maximum alignment of interests and having a clear exit strategy from the start. Even though DPI only has a minority interest, during the deal building, they build an important relationship with the management team, whereby the plan created at Due Diligence stage, becomes a legally binding commitment on the part of the company, even becoming an annex to the shareholders agreement. They also implement management equity incentive plans across all their deals and all their equity plans are related to a liquidity event, ensuring everyone is in alignment to what they are trying to achieve and fully committed to the plan.

Having mentioned it is challenging to raise acquisition debt in the region, do you think therein lies the opportunity for DPI to raise a debt fund?

Sofiane explained that they have raised low levels of acquisition debt with a moderate level of leverage, inside more developed markets such as South Africa and Morocco, but other than these, they have not had any access to acquisition debt. It does remain very difficult and though there are opportunities for direct lending and PE funds to come into this space, there are still many challenges. In their case, when looking to raise acquisition debt for a deal, they would preferably look to currency to match the debt with the cashflows of the company, but the problem with private debt, is that it's a hard currency private debt fund, which by design seeks to minimize its currency exposure. Mezzanine funds on the other hand, as opposed to direct lending, he sees as interesting options, given that you do still have some equity leverage that would allow you to compensate for some of the risks you may be taking, in particular, currency risk. Direct lending, with its many difficulties, especially in terms of scales, he believes, is still in its early days.

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SOFIANE LAHMAR
Partner, DPI

DPI is an industry leader in the African private equity space. Founded in 2007, it is a well-established, independent firm, owned 100% by its partners. Managing approximately $1.5 billion across 3 funds, its investment objective, is to build a diversified pan-African portfolio of PE investments in established and growing companies, with emphasis on those benefiting from Africa's growing middle class.

Its team, comprising 35+ staff, is highly experienced, having been investing in Africa over many years. They are currently active in 29 African countries, demonstrating their solid foothold in Africa. The firm has a strong track record and is committed to best practice private equity procedures and processes and delivering robust risk-adjusted returns.

Management Buy-Outs (MBOs) and Management Buy-Ins (MBIs) – The Alternative to Strategic and Financial Investors

András Endrodi, Managing Director at IMAP Hungary, discusses the growing popularity of MBIs and MBOs in the mid-market segment and looks at the supporting factors driving the trend of companies choosing them as alternatives to strategic and financial investors.

We have been observing a trend in Central European mid-market transactions, which we believe is relevant to other European and potentially even global M&A markets in this segment. MBOs, whereby existing managers lead an investor team taking over a company and MBIs, whereby outside lead managers turned investors take over a company from its founders/owners/management, are becoming more and more popular at the mid-market level.

Traditionally, both MBOs and MBIs have been reserved as a solution for relatively small transactions. However, recently we have seen an increase in transaction value from the traditional €3-5 million range, to as large as €20-30 million. Some examples of this include:

- Siemens in Hungary sold 6 of its stand-alone subsidiary companies to the management teams, with enterprise values ranging between €4 and 8 million. Bosch in Hungary also closed a similar deal in the same valuation range.
- Hungarian investors under the leadership of a former real estate banker bought a machining company producing metal parts for an overall EV consideration of €14 million.
- In Ireland, Fónua, a mobile phone distributor and top 500 company (in

> *Succession is fast becoming an issue for more family- or founder-owned companies, as heirs nowadays are less interested in pursuing a business career. The supply of companies available for take-over exceeds the demand from strategic and financial investors, thus creating a vacuum in interest. The MBI is a good safety valve*

revenue), went through an MBO a couple of years ago; this transaction was in the range of €100 million.

If we look at what is driving this trend, we can see 4 major supporting factors:

1. BANKS ARE VERY MUCH WILLING TO SUPPORT THESE TRANSACTIONS AND OFFER GREAT CONDITIONS TO EXPERIENCED BUYERS

Banks have discovered that the mid-size company segment is one of the remaining battle grounds in which to achieve growth. Mid-size companies are often run by their founders in a conservative manner from a financial perspective and, therefore, the typical financial gearing is low. A transaction partially financed by loans thus gives the banks the opportunity to increase their share in the business, which makes them willing to finance such loans to fuel their own growth. Furthermore, in the current low interest rate environment, financing comes cheap, so such takeovers (which are usually leveraged) are highly attractive from a returns perspective.

2. INVESTORS RECOGNISE THE VALUE IN WORKING WITH MBO / MBI TEAMS TO CREATE VALUE

MBOs and MBIs are often financed by individual investors, rather than by institutional investors. For these individuals, entering an MBO / MBI structure offers great return, often in the mid to high teens and sometimes even higher, with a relatively low risk profile. Risk is limited, as experienced managers take over already established companies with stable revenue flows, processes and prospects, which offers a much better risk profile than that of a start-up investment. Indeed, IMAP Hungary has seen the completion of 15 MBI transactions over the past 5 years, none of which have experienced major downturns in their profitability during this time; in fact, they have all performed relatively well.

> *For individual investors, entering an MBO / MBI structure offers great return, often in the mid to high teens and sometimes even higher, with a relatively low risk profile compared to a start-up investment*

3. MANAGERS RECOGNIZE THE VALUE IN BREAKING FREE OF CORPORATE RESTRICTIONS BY UNDERTAKING AN MBO / MBI

Seasoned corporate managers in their 40s are realizing that one can't be entrepreneurial enough in a multinational corporate environment, or as a manager at a mid-market company. According to expert estimates, only 18-30% of the students leaving business education in Europe (varies by country), are willing to become entrepreneurs and even less to create their own start-ups. There also appears to be a major gap in what people actually end up doing, compared to what they initially planned to do professionally, which has led to a growing number of managers later down the line in their careers becoming leads in an MBO or MBI process.

4. RISE IN NUMBER OF COMPANIES REQUIRING TAKE-OVERS

At an international level, succession is fast becoming an issue for more and more family- or founder-owned companies, as heirs nowadays are often much less interested in pursuing a business career than before. In some countries, the supply of companies available for take-over exceeds the demand from strategic and financial investors, thus creating a vacuum in interest. We see the MBI as being a good safety valve, which can decrease the pressure that has been building up in these countries on the transaction market.

In Hungary, we have successfully executed 12 deals so far this year, out of which, 4 were MBIs. We also supported an MBO. We continue to nurture and grow a list of approximately 150 managers, who are constantly checking our sell side mandates looking for an opportunity to jump on the MBI bandwagon. Furthermore, we encourage our esteemed clients whom we serve on the sell side, to dig into the pool of MBI investors for a potential buyer, growing the universe of potential buyers significantly and beyond the traditional strategic and financial investor base.

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The Evolving Capital Structure

The team at IMAP Canada in Vancouver shares an analysis of the growing spectrum of alternative financing options and advice on how to determine an optimal capital structure.

ALTERNATIVE FINANCING SOURCES

The business financing landscape has evolved, creating attractive M&A financing options with non-traditional and alternative capital providers. These alternative capital providers are able to supply a diverse range of financing options with more flexibility and capital beyond what's available from traditional sources.

The illustration below highlights financing solutions starting with the lowest cost and least flexible and finishing with the highest cost and most flexible:

OPTIMAL CAPITAL STRUCTURE

When optimizing the capital structure of a business it is important to consider the cost of capital utilized and the risks associated with the various forms of capital. Although debt generally brings a lower cost of

Lowest Cost of Capital and Least Flexible	ASSET BASED LOANS	• Loan secured by specific asset (i.e. inventory, receivables, etc.) • Obtained through traditional banks/lenders
	SENIOR SECURED DEBT	• Loan secured by a blanket lien on a business • Obtained through traditional banks/lenders
	SENIOR UNSECURED DEBT	• Loan governed by financial covenant, no security • Obtained through traditional banks/lenders
	SUB / MEZZANINE DEBT	• Unsecured, hybrid between debt and equity • Generally obtained through non-traditional, alternative capital providers
	PREFERRED EQUITY	• Capital provided in exchange for equity with unique attributes • Obtained through external investor or private equity firm
Highest Cost of Capital and Most Flexible	COMMON EQUITY	• Capital provided in exchange for equity • Obtained through external investor or private equity firm

capital and tax benefits, it is important to consider the following when determining the optimal amount of leverage in the capital structure:

1. Cash flow relative to debt service costs, including principal and interest repayment requirements
2. Level of fixed costs and stability of cash flow
3. Covenant restrictions and implications if breached

KEY BENEFITS OF DEBT VERSUS EQUITY

- Maintain control – debt providers do not have control/influence over business
- Lower cost – cost will be less than equity, particularly if the business continues to grow and is sold
- Tax benefits – interest payments are tax deductible

IDEAL TIME TO RECONSIDER CAPITAL STRUCTURES

The growing number of alternative capital solutions combined with near historic low interest rates has resulted in increased access to various forms of capital. Now is an ideal time for business owners to re-evaluate capital structures to ensure an optimal level of debt and equity and consider strategic transactions.

When determining the optimal capital structure, it is important to consider long-term growth objectives and flexibility required to navigate unanticipated events. The capital structure will affect overall value through its impact on cost of capital, free cash flow generation and ability to invest in growth.

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The Psychology of Transactions

At a recent IMAP Hungary event in Budapest, attendees were invited to a closed-door business lunch chaired by Mr. Andras Simor, former Governor of the National Bank of Hungary. Gabor Szendroi, Managing Partner at IMAP Hungary, provides a summary of Mr. Simor's remarks, regarding the discussion of "Emotions in Business Life".

VARYING HYPOTHESES ON WHAT DRIVES FINANCIAL DECISION MAKING

IMAP Hungary celebrated this year's transaction successes during a two-day event on the outskirts of Budapest, in the picturesque Buda hills. The event began with a closed-door business lunch, which featured some of the country's most important business executives, including the Owner and the CEO of the largest stock brokerage, the Managing Partner of the largest local PE house and a top Macro Researcher. Chairing the discussion was Mr. Andras Simor, former Governor of the National Bank of Hungary, former Senior Vice President, CFO and COO of EBRD and former Chairman of Deloitte in Hungary.

Mr Simor's remarks during the lunch were centred on the role of emotions in business life. He began by pointing out that the popular press commonly reports psychology as the driver behind financial decision making and asset price movements. Yet, traditional implementations of financial economic models routinely assume that individuals incorporate information into their decision-making processes, using the rules of probability and statistics, with calculated, unemotional logic. This assumption leaves little room for the influence of emotion. Furthermore, when economists have included emotion in describing the behavior of the corporate world and financial markets, emotion is often characterized as causing unwarranted and undesirable price movements.

Mr Simor's primary message was that psychologists and economists hold vastly different views on human behaviour. Psychologists contend that economists' models bear little relation to actual behaviour. This view is supported by a large body of psychological research which demonstrates that emotional state can significantly affect decision making. Economists, on the other hand, argue that psychological studies have no theoretical basis and offer little empirical evidence regarding people's decision-making processes. There is a newer branch of financial economics, called behavioural finance, which applies lessons from psychology to financial decision making, but most of these studies have focused on cognitive biases, rather than emotion. The latest research in the field argues that emotion has important and possibly beneficial, influences on financial behavior – which is very much supported by our everyday experience.

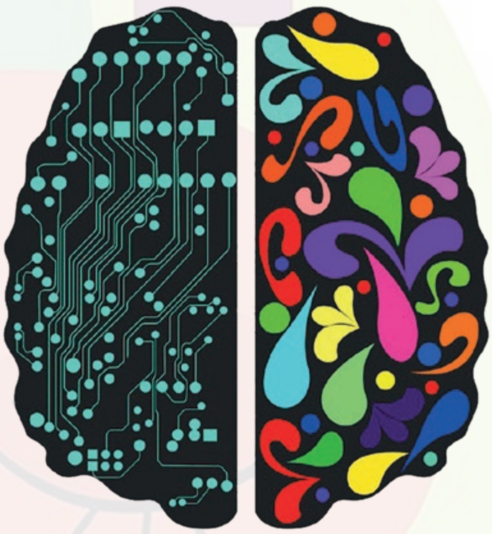
He supported his argument by recounting how the founders of Blackstone set up their business. As Mr. Schwarzman, co-founder of Blackstone, the world's largest alternative-asset manager, who become an Olympian of modern-day capitalism worth $18 billion, recounts in his memoir, "What It Takes", the company's culture was and is, based on 3 pillars. The first, is *ruthless ambition*, which supports economists' views on how business people behave. However, the remaining two; *unexpected humility* and *fierce loyalty*, suggest that there is more to it: emotions do play a role in business life, even in building a strong organization that is centred around the very robust management of data and systems.

APPLYING THE THEORIES TO DEAL MAKING

Mr. Simor applied this thought to the world of transactions. In each deal, he argued, the emotional elements must be considered if we want to make them happen. One also has to consider if the organizations, entrepreneurs and management, i.e. the culture of all of them, match; whereby, one has to invest time, effort and money to discover if they match and one has to put effort into altering them. If participants in a transaction fail to do so, deals are doomed to either fail altogether or fail to bring value to the parties. Therefore, it's no surprise, that analysts believe that at least half of the transactions destroy value and another 25-30% of the transactions don't create value, leaving only 20-25% of the transactions globally creating value.

ENSURING SUCCESSFUL AND VALUABLE TRANSACTIONS

So, for whom is this important, to keep in mind and consider in their transaction-related moves? Obviously, this is important for transaction advisors, such as IMAP. But it is also extremely important that Buyers and Sellers also consider these aspects of the transactions. If the above is true, which I believe it is, without emotional bonding, deals are likely to fail. We witness this in our everyday lives, dealing with transactions of all types, day-in and day-out.



> *Emotions do play a role in business life, even in building a strong organization that is centred around the very robust management of data and systems*

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Automotive Industry Facing Headwinds, but Valuations Remain High

Don Luciani, Partner at Amherst Partners (IMAP Detroit) and Automotive Industry Leader for the firm's Investment Banking Practice, sat down with Josh Schulze, Founder and Managing Partner of Green Light Growth Partners, a PE firm dedicated to the automotive industry, to discuss M&A trends, expectations for the automotive industry supply chain and how Green Light differs to other automotive acquirers.

The relationship between Amherst Partners and Green Light Growth Partners originates back to when Don Luciani and Josh Schulze previously worked together in the M&A Advisory Practice at Macquarie Capital. Although both moved on to different opportunities professionally, they stayed in touch, developing a personal friendship and a professional relationship that has since led them to collaborate on several projects. The most recent collaboration was an Amherst Partners *M&A Insights* podcast, discussing trends in M&A transactions in the automotive industry.

Bringing sophisticated capital to the industry and a deep understanding of the business

You've been an operator and advisor in the business, you have technical knowledge and are now an investor, which is very unique. What motivated you to found your own PE company? How did Green Light transpire?
Following over 20 years in the automotive sector, across many different roles, I have quite a holistic view of the industry. I had reached a point where I wanted to create an environment where I could leverage my experience and expertise, by acquiring automotive businesses.

Furthermore, prior to founding Green Light, I had moved from principal investing, to Ernst & Young, where I was running the automotive Investment Banking Practice, advising family owned businesses and large corporations. It was there that I had the benefit of seeing PE funds in the various sector verticals that were focused purely on that vertical. The automotive sector, on the other hand, generally falls in the Industrials bucket, but this is such a vast industry, which includes building products, aerospace and defense, oil & gas, etc. There are clearly PE funds that specialize in Industrials, but this could mean that one day the same team is focused on a transaction in building products and the next, in aerospace, for instance.

In my view, the automotive industry really has many nuances and ambiguities and a firm specialized in this vertical would be of benefit from both an investment perspective and seller standpoint. However, there were few, if any, PE firms specializing in this sector, so I saw the opportunity to offer an alternative option to sellers looking to transact. So, at the end of 2018, I started Green Light.

What's your mission? What are you looking to accomplish?
In my experience, sellers in the middle-market, at least in the Midwest, be it family-owned or corporate companies, are looking for buyers that really understand the industry and their business. Take a family-owned business, over the years, they've developed the business and a legacy, and essentially, are looking for a steward for the business; someone to look after the employees in the future, as well as the company legacy. Likewise, corporations have their own challenges to consider when divesting business units, whether that is shared customers or maintaining a predictable source of supply. They are looking for core stability and business continuity through the transition.

At Green Light, we're partners to owner-operators and management teams and together we develop a strategy for accelerated growth and value creation, which we then support by providing resources and aligned incentives. We fill the void that exists between the two most common types of automotive acquirers: competitors within the industry (aka Strategic Buyers) and financial investors (aka Private Equity firms). We call this "Strategic Equity", bringing sophisticated capital to the industry and a deep understanding of each business we acquire.

M&A activity and expectations for the automotive industry supply chain

I agree with your earlier point, regarding the nuances of the automotive industry, which creates its own challenges for those working in it. In your opinion, what are the key forces shaping the industry?

If we look at a broader macro level, I would say there are three key things:

Cycle: There is consensus that the industry is going to experience a downturn, but questions remain as to when and how severe it will be.

Technology Convergence: Again, there is debate as to how quickly disruption will occur. For example, we're still a long way away from autonomous driving, but we're much closer to electric vehicles.

Tariffs: The tariff situation is unpredictable and is affecting materials and component supply. Of course, everyone hopes that this will be a blip and a short-term problem, though the fact is, it's already been around for a while now, so time will tell.

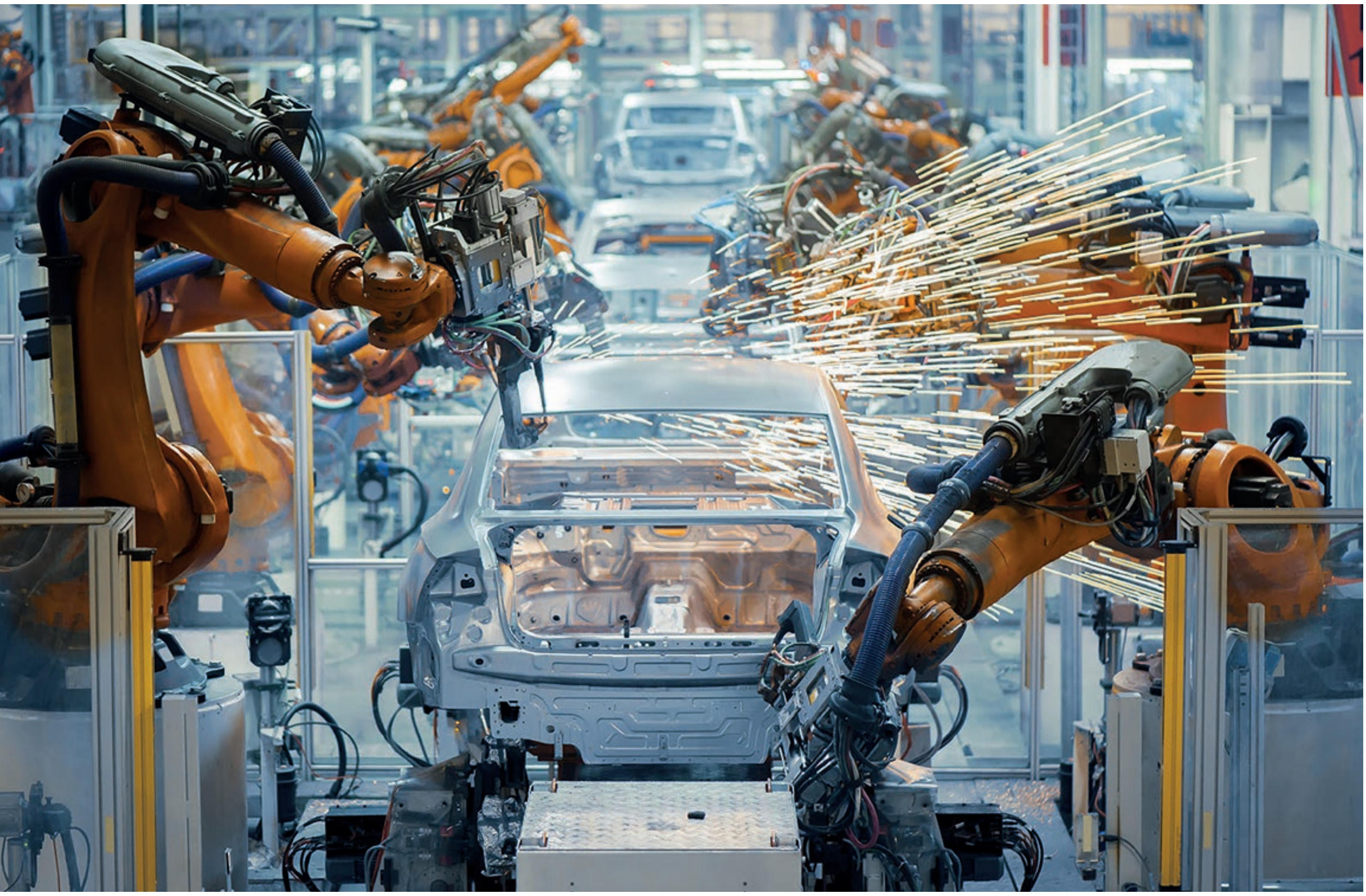
How have these forces or headwinds if you like, affected M&A activity and valuations?

It's true that buyers have been more cautious and are looking perhaps more carefully at what is happening in the market. However, we need to go much deeper, down at a company level, in order to really understand the effects. At the end of the day, not every supplier is affected in the same way and it's not fair to paint the entire industry with the same brush.

If you take a metal component supplier supplying components to the internal combustion engine as an example, they are affected by not only the industry cycle and tariffs, but also the threat of electric vehicle disruption. On the other hand, an exterior trim injection molding supplier that makes components for fender flairs, though facing cyclical pressures, is not really affected by either tariffs nor technology convergence.

In my experience, talking with people in the automotive supplier base, it doesn't take long before the conversation turns to valuations. If we look at the economy in general, we have been in a prolonged period of capital providers, both debt and equity, pursuing acquisition opportunities, which has led to historically high valuations. I'm curious as to whether the same could be said for the automotive industry. We've been hearing for a while now, that the industry is due for a correction, what's your view on the valuation environment for these suppliers?

I would say that relatively speaking, we are still in an environment of strong valuations. When we refer to valuation, a lot of the discussion revolves around multiples of EBITDA, which is essentially a proxy for cash flow. In the auto industry, back in 2010-2012, in that environment there were more tailwinds than headwinds. Tariffs



> *Today however, with where we are in the cycle and the perception that there will be a down cycle, even though it's not clear when it will happen, or how severe it will be, there is hesitation in the market. Forces such as the technology convergence, tariffs, OEMs shifting production into other markets etc. are making it a little more scary for owners to hang onto their companies now, as opposed to five or so years ago, which is inherently pushing us towards a buyer's market*

weren't a thing, technology convergence wasn't such a hot topic as it is today, and we were coming out of the 2008/2009 downturn. We were in a period of growth in a mature industry and weren't facing the same issues we are facing today.

If we take as an example, a business that transacted in 2010/2011 with $5 million of EBITDA and sold for 6x EBIDTA because we were coming out of the downturn and there was growth on the horizon for the buyer, resulting in a $30 million transaction.

Now let's take an identical business that decided not to transact in the same period, but instead, decided to ride the wave back up following the downturn and elects to sell today. That business may in fact, only achieve a 4x EBITDA multiple in today's environment since the prospects for continued growth are very different, but the business may now have $10 million of EBITDA because they extracted the growth in the market prior to selling. Therefore, although a lower multiple of EBITDA, the sale today realized a transaction value of $40 million compared to the earlier sale example of $30 million.

So, have values remained strong? In my view, the same business just sold at a different point in the cycle. There are currently significant headwinds, such as tariffs, the cycle and technology convergence in the industry and just by selling at a different point in time, this same business has sold at $40 million. Therefore, if you simply look at the risk-reward of acquiring an automotive supplier today, versus an acquisition on the back end of 2008/2009, valuations are still very strong. Of course, many may ask whether owning an automotive business for six to eight years is worth $10 million and some would clearly say no. What's more, you also have to think about where that $30 million from the first business could have been invested and its ROI. For example, if you had invested those proceeds in the market at that time, there were pretty good returns for arguably less risk. With that said, owning and operating an automotive supplier during the 2010-2018 timeframe wasn't really a bad

> *In terms of risk, the biggest factor is diversity, be it of customers, products, platforms, etc. A supplier with more diversity has more stability moving forward and is more difficult to displace, thus reducing the risk profile of that company*

time although those dynamics have now changed with what the industry is currently facing and what's likely on the horizon.

In terms of whether it's a buyer's or seller's market, where do you think we are today for automotive suppliers?
My view is that since about 2010, we've been in a seller's market and by this I mean, that the option to own has been at least as good, if not better, than the option to sell. So, without some of these headwinds that we have today, sellers from 2010-2018 really had the option not to sell. Therefore, any transaction during that time would have only been done if it fully satisfied the terms and conditions of the seller.

Today however, with where we are in the cycle and the perception that there will be a down cycle, even though it's not clear when it will happen, or how severe it will be, there is hesitation in the market. Forces such as the technology convergence, tariffs, OEMs shifting production into other markets etc. are making it a little more scary for owners to hang onto their companies now, as opposed to 5 or so years ago, which is inherently pushing us towards a buyer's market. Sellers are much more interested in selling their businesses now as opposed to facing the uncertainties ahead. That being said, buyers themselves can see what's coming and are also being more cautious and selective with the companies they look to acquire.

As someone investing in companies in the automotive supplier chain and having talked previously about EBIDTA and multiples, what are your thoughts regarding the range of multiples that we are seeing in the industry? What factors can influence where a company falls within that range and has that changed much over the last few years?
The industry has generally transacted within the same band of multiples, which really tend to fall between 4x-6x EBITDA and have done so for a long period of time now. If you look at the public market multiples, these also tend to be in the range of 4x-6x, though this is a generalization and there are companies that fall above and below this range. The dynamics of the industry sets this range and I would say that really it boils down to growth and risk; what are the growth opportunities and what is the risk profile indicative of operating within the industry.

Looking firstly at growth, in North America we average around 16 to 17 million units of production and according to forecasts, this growth is pretty much capped. In terms of risk, it can be a challenging environment, with factors such as customer concentration, capital intensity, cyclicality, customer pricing pressures, etc. Losing one customer for an automotive supplier for example, is very different than say a company in the Technology industry, such as Facebook or Amazon, losing a customer, which would be immaterial to them.

To find out where a specific company falls within the general valuation range, you really need to compare its growth prospects and risk profile to the industry as a whole and the peers it competes with on a daily basis. Earlier I mentioned the example of an internal combustible engine supplier, so if we

were to compare this company's growth profile with that of say a sensor supplier, it actually has a negative growth profile considering that the market is capped at 17 million units and the number of combustible engines required is going to make up a smaller percentage of that over time, whereas the number of sensors for autonomous cars is in fact going to increase. So, we really need to look at whether a company is aligned with current market trends or not.

Of course, it's not easy for a company to just completely change its product line to align with industry trends. However, perhaps their product or service could have an application in the oil & gas or aerospace and defense industries as well, thus improving its valuation through increased growth prospects as compared to one of its peers, who hasn't yet tapped into potential new markets.

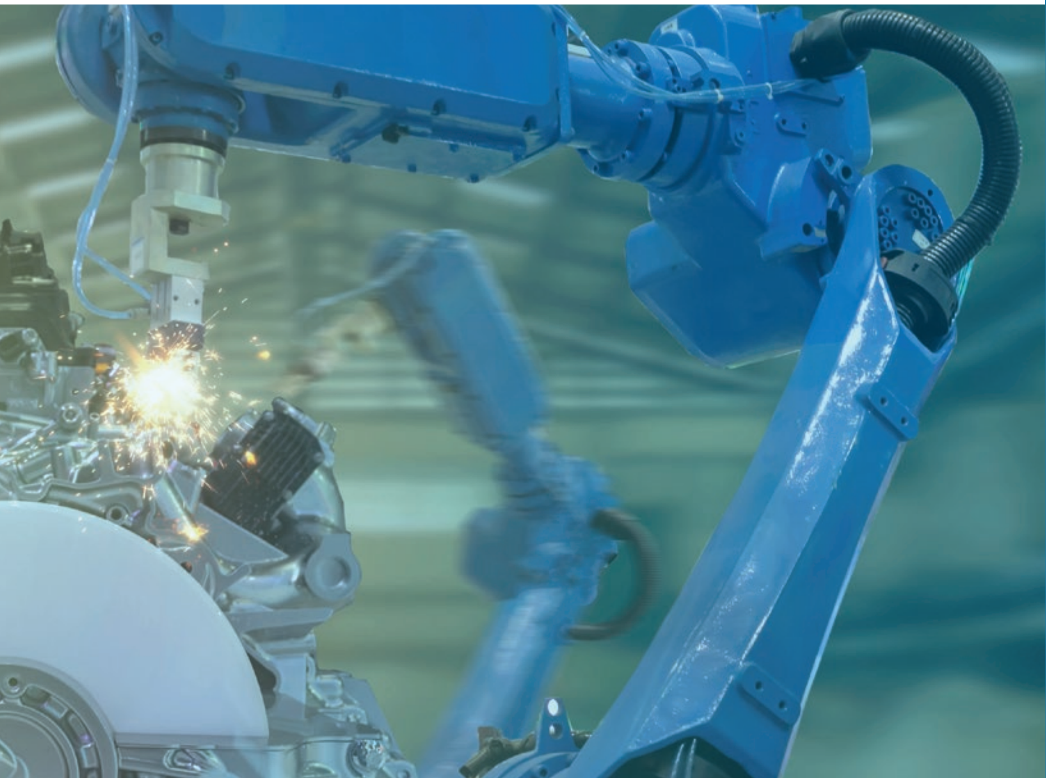
In terms of risk, the biggest factor is diversity, be it of customers, products, platforms, etc. A supplier with more diversity has more stability moving forward and is more difficult to displace, thus reducing the risk profile of that company.

In simple terms, though the industry sets the multiple range at 4x-6x EBITDA, if a company is able to diversify, or achieve incremental growth by differentiating itself from its peers, this is going to drive premium valuations for that company.

I'd like to take you back now, to your investment banking days, before you became in investor. Those of us advising automotive suppliers on a daily basis, regularly get asked whether now is still a good time to proceed with a near-term sale process. What's your opinion?

I'd say that it's always challenging to time the market and in fact, would advise against it as the market is relatively efficient. If someone is looking at a near-term sales process today, acting now is better than waiting 2-3 years from now in my opinion because of the uncertainties that lie ahead. Today, though perhaps you would sell at a lower multiple of EBITDA, we are for the most part in an environment of peak earnings and therefore, the math still works such that you would likely be maximizing transaction proceeds. The decision not to sell today or in the near-term really means a decision to hold onto the business for the next 5 years or so, as you'll need to get through the downturn and then show a positive trajectory for the business in order to achieve a really good outcome.

All in all, while we are quickly transitioning to a buyer's market, I do believe that at the present we're still in a good environment to sell and from a risk/reward prospective, valuations are still extremely high.



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Don Luciani is a Partner at Amherst Partners (IMAP Detroit) and Automotive Industry Leader for the firm's Investment Banking Practice. He has over 25 years of investment banking and corporate finance experience, which includes over 100 transactions, representing in excess of $5 billion in total enterprise value. **Amherst Partners** is one of the Midwest's most trusted and respected financial advisory firms, providing M&A advisory, management advisory, capital raising and restructuring services.

JOSH SCHULZE

Josh Schulze is the Founder and Managing Partner of Green Light Growth Partners. He has over 20 years of professional experience focused on principal investing, M&A advisory, financial analysis, operations, corporate development and strategic planning within the automotive industry. **Green Light Growth Partners, LLC ("GLGP")** is a private equity firm that makes control equity investments within the automotive industry.

Emergence of Single-use Technology (SUT) is Driving Acquisition Opportunities in the Biopharmaceutical and Medical Device Sectors

Steve Maddox, Group President of the Life Sciences Sector at Falls River Group - IMAP USA, shares insights with Creating Value regarding the convergence of medical device and biotech as both are being revolutionized by single use technologies and the associated impacts on the supply chain complexity, validation and regulatory requirements.

By 2022, global healthcare spending is projected to top $10 trillion at a CAGR of 5.4% (Statistica). Demand is driven mainly by demographic shifts in the developed world, economic and population growth in emerging countries and calls for access, affordability and improved outcomes. The industry is responding to these demands through a combination of portfolio management driven M&A, R&D, new financial and strategic partnerships, outsourcing, biotechnology and manufacturing technology changes.

> *"Small players are facing increasing infrastructure capital intensity, higher requirements for quality and sterilization certification. With management teams rarely up to this challenging dynamic this creates a fragmented landscape of small targets ripe for strategic buyers looking to vertically integrate and/or add portfolio capabilities*

To the outsider, investments in biotechnology may seem no different from a risk perspective than the California gold rush did to bankers in 1848. The lesson learned from this story, is that while the success of any one gold miner was pure random chance, the sure winners were those who supplied the mining equipment and infrastructure (think shovels, pans, hotels, stores, etc.), or generally the supply chain (N-1) built up behind the promise of gold (N). The focus for this article is the intersection of outsourcing, biotech and manufacturing equipment (or N-1) operating under the umbrella of Pharmaceutical and Medical Device makers (N).

Biopharmaceuticals: "N"

A subset of pharmaceuticals, biopharmaceuticals, are expected to continue grow at an 8.0%+ CAGR, or twice that of classic pharma, as the efficacy and safety of mammalian-based therapeutics continue to far outperform synthetic chemical-based traditional drugs. The biological approach, with each drug often having its own idiosyncratic processing steps, is far more complex and costly, which is forcing a rethink of the manufacturing process itself. Single-use technology (SUT) disposables are emerging as the preferred solution for managing cost reduction, quality, speed to market and manufacturing facility flexibility.

Biopharmaceutical Equipment: "N-1"

The mega trend in pharma manufacturing is a change from stainless steel (SS), to polymer-based disposable materials, or single-use technology (SUT). SUT is the plumbing for making liquid drugs and includes fluid containment, transport, filtration and connection – known collectively as fluid management. The global market for Biopharm equipment disposables is estimated to range between $3-$6 billion annually, with growth of 10 to 15% CAGR. To put this market trend in perspective, consider that at this time, there are only two facilities in the world designed around SUT (Amgen Singapore and Merck Ireland) and yet the market size is already in the billions. The emerging biopharma manufacturing strategy of choice for new drugs, is to replace SS processing in-house and to outsource processing lines to original equipment manufacturers (OEMs) using polymer based SUT. According to BioPlan Associates, up to 80.0% of pre-industrial liquid drugs are being made on a disposable platform. The benefits to pharma driving this technology shift are:

1. **CAPEX Savings:** By eliminating SS and shrinking the factory footprint, pharma expects new capital intensity of factories to be cut in half (a typical factory buildout in the past would be in the $500 million to $1 billion range).

2. **Contamination Risk Elimination:** SS process requires extensive de-contamination steps in between drug runs and includes significant quantities of steam and labor, so this hazardous waste stream would be eliminated.

3. **Lower COGS:** SUT becomes a variable cost (as opposed to the largely fixed cost of SS) but is still less than 1% of the cost of goods sold, eliminating the costly cleaning, water waste stream and staff in #2, and lowering depreciation per #1.

4. **Sustainability Argument:** Industry studies show that despite the unavoidable creation of a plastics hazardous waste stream, the SUT approach actually reduces the carbon footprint due to the elimination of the need for steam decontamination.

5. **Flexible Factories:** One of the key advantages of Biopharm, is that the efficacy of drugs is increasing, due to the fact that a biological approach, in the case of cell therapy for example, allows a more tailored drug to each individual person. Humanity certainly benefits with more effective drugs which provide less or no side effects, but these small runs make drug manufacturing in large scale SS more expensive. SUT eliminates this small run concern and thus makes factories of the future far more flexible and able to produce multiple drugs in less time at less cost. These flexible factories will be able to scale up newly approved drugs faster than ever before, thus increasing speed to market and revenue streams for Pharma.

SUT is the classic razor and blade story for the plastics manufacturing value chain – and it has only just begun.

MEDICAL DEVICE: "N"

The MedTech industry is thought to have generated between $25 and $50 billion in revenues in 2018 and is expected to continue grow at 5 to 10% CAGR, driven by personalized care, non-invasive surgery, miniaturization, wearables and device/data integration. The industry itself is addressing these trends while grappling with price-down pressure, increasing regulatory environment and increasing competition from low cost countries. As devices get more complex, personalized and costly, many device OEMs are turning to more outsourcing. Traditional contract manufacturing has provided scale and professionalism in quality, as well as manufacturing processes such as plastic molding, extrusion and assembly, but often lack niche processing and innovation mindset. Manufacturing of SUT disposables has been around for decades as the preferred solution for device functionality and cost.

MEDICAL DEVICE COMPONENTS: "N-1"

New products have often been designed by a motivated and responsive local player with capabilities in molding or extrusion or assembly (rarely all three). There is also a specialty in materials of conversion capabilities, for instance, silicone or plastic (rarely both). This evolution of specialist convertors has created a fragmented world of niche processors, with significant unrealized synergy potential in terms of materials and processing technology, as well as quality, management and reach, all of which are solely focused on MedTech. The small players are facing increasing infrastructure capital intensity, higher requirements for quality and sterilization certification, the call for global suppliers from local factories and complexity from the combination of it all, with management teams rarely up to this challenging dynamic, thus creating a fragmented landscape of small targets ripe for strategic buyers looking to vertically integrate and/or add portfolio capabilities.

N-1: PLASTIC NOW AT THE HEART OF BOTH MEDICAL DEVICE AND BIOPHARM EQUIPMENT

As discussed earlier, the bioprocessing equipment (BPE) market includes hardware and SUT and is expected to continue to grow between a 10 and 15% CAGR for the foreseeable future. As for medical devices, polymers have long been a critical enabler of better, faster, cheaper products and medical device components (MDC) will continue to grow between 5 and 10%. The suppliers to the medical device world have long and established histories, starting for the most part as one-capability houses focused on things such as silicone molding, or plastic extrusion, but rarely more capabilities, that is until acquisitions accelerated in the last decade. The SUT mega trend now reveals potential merger opportunities that made less sense only a few years ago, as now both BPE and MDC need an overlapping suite of capabilities, namely molding, extrusion and assembly, in a host of materials including silicone, elastomers and fluoropolymers. While M&A in the OEM space to serve these markets has been significant over the last few years, there still remain dozens of family owned lower mid-market companies with niche technology and entrenched customer access that face the questions of how to deal with the dynamics of increasing requirements for quality, reliability, business continuity and global reach, all while managing double-digit growth and the capital intensity that goes with it. We believe significant value can be created by rolling up the founder-led niche businesses in SUT and MDC and professionalizing and scaling critical functions and staff, providing a full suite of manufacturing capabilities, as well as adding geographic reach.

THE "N-1" STRUCTURE LOOKS LIKE A BARBELL AND IS RIPE TO ROLL UP THE FAMILY OWNED LOWER MID-MARKET

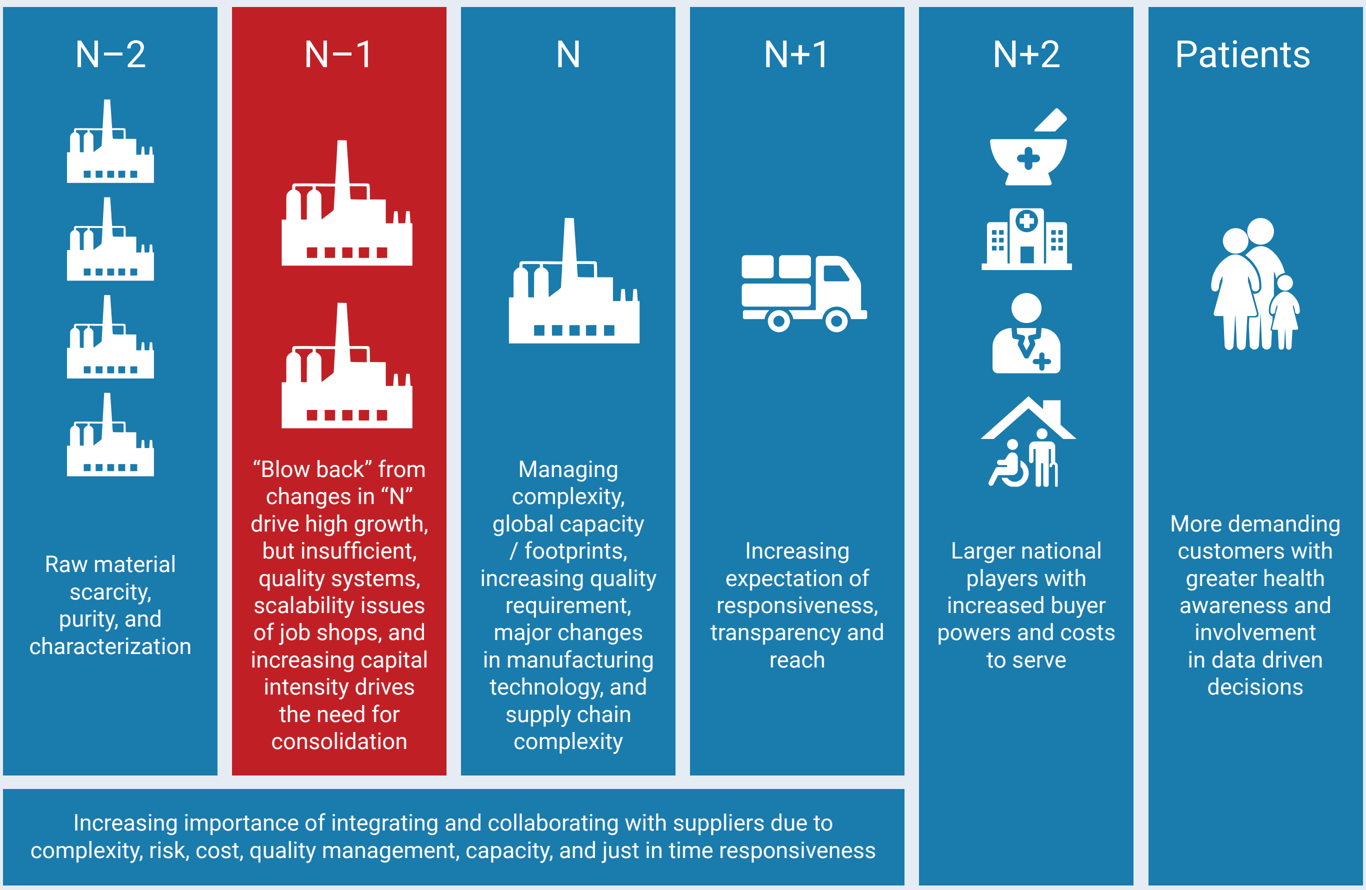
Large OEMs like Danaher, Sartorius, Thermo Fisher (Life Tech), Saint-Gobain and Millipore have been focused on very active consolidation and competing on terms such as process technology and end-to-end standard solutions. There remain dozens (if not hundreds) of niche SUT players competing on material science, local responsiveness and service plus customization of design. The small players are facing increasing infrastructure capital intensity, higher requirements for quality and sterilization certification, requirements for suppliers to have local factories and the resulting complexities with management teams rarely up to this challenging dynamic. Given the growth and synergy dynamic, private equity and strategic buyers alike are bidding up valuations greater than 10x EBITDA for family owned lower mid-market and 17x to 25x for large established players. Investment bankers with in-depth industry knowledge and specialty manufacturing expertise can help founders narrow this gap.

KEY TRENDS & OPPORTUNITIES:

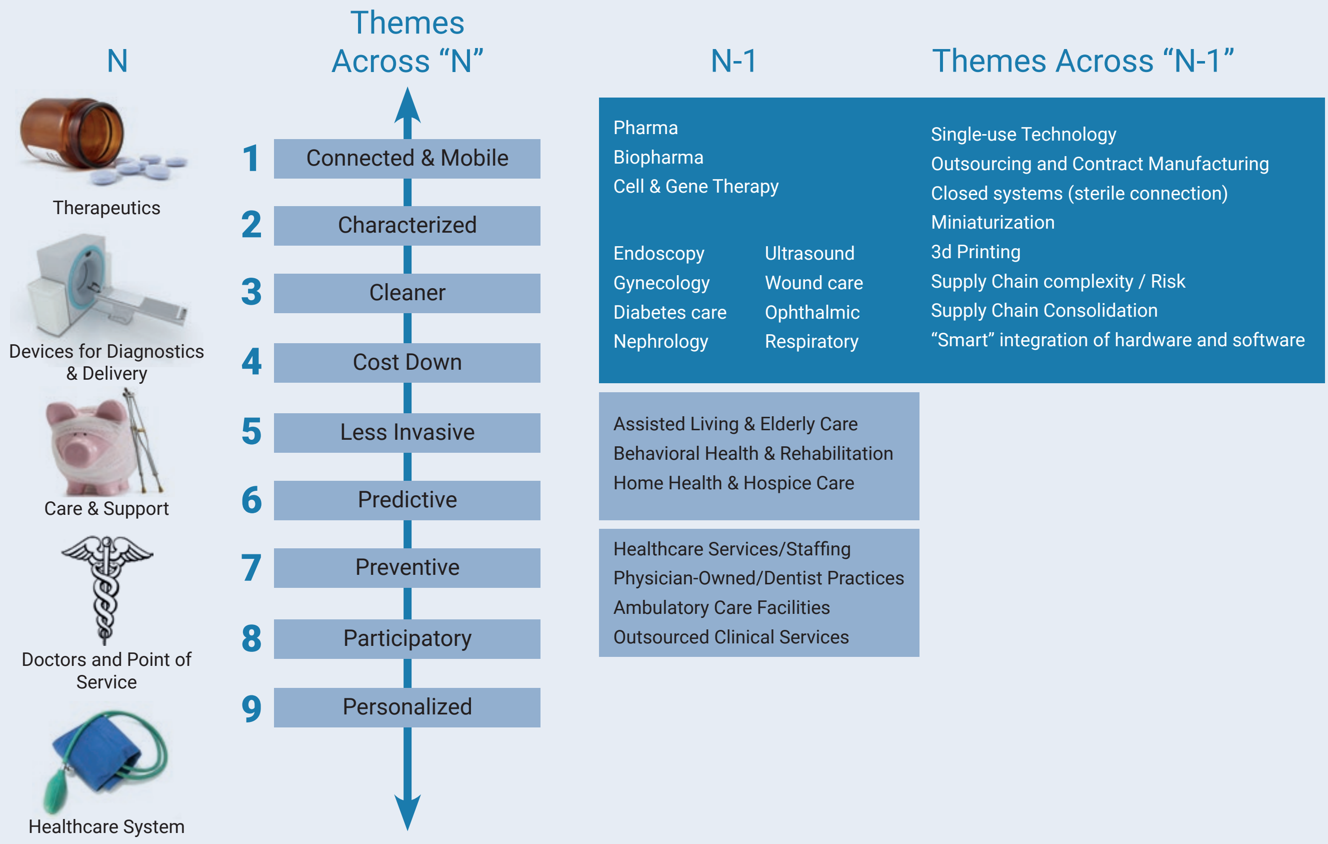
1. **Favorable Markets:** Life Sciences markets are favorably exposed to macro-economic and demographic factors, such as aging populations, increasing disposable incomes in developing countries, the rise of chronic diseases globally and the focus on personalization and better outcomes.

2. **Favorable Technology:** Materials, as well as materials processing are increasingly able to help solve the challenges faced by pharmaceutical and medical device manufacturers with product characteristics such as customization, cleanliness, precision and miniaturization etc., along with services design, sterilization, lead times and overall responsiveness. The convergence of BPE and MDC due to plastics is favorable for consolidation synergies.

KEY DRIVERS IN MEDTECH / BIOPHARM VALUE CHAIN



SECTOR THEMES IN MEDTECH AND BIOTECH



3. **Increasing Regulatory and Quality Requirements:** The FDA is increasingly aware of supply chain risks for product cleanliness and continuity of supply, resulting in SUT being scrutinized throughout the value chain. This means serious upgrades of quality systems, clean room operations and design, as well as expensive testing protocols for product leachables and extractables.

4. **Infrastructure Capital Intensity:** Double-digit growth and changing requirements for product cleanliness certification mean the frequency of new capacity is increasing and the cost per unit area is also increasing as suppliers attempt to design out potential for contamination.

5. **Barriers to Entry and Substitution Costs:** These supply chains typically lack dual sourcing due to the products in contact with fluid being part of the New Drug Application (NDA) filed with the FDA, as well as the decision of the filers to forego a multi-sourcing strategy in the interest of speed to market and significant cost to prove changes in the product do not change the efficacy and safety of the drug. This creates an annuity stream for products with little purchasing power for the user. Founder-led firms rarely use this as pricing power and is thus an opportunity to increase margins post sale.

6. **Value Added for Investment Banking:** Family-owned lower mid-market companies often exit in a private sale at lower valuations, due to lack of awareness of the value an investment banker can bring. They want to sell to and/or be represented by someone they know and whom understands "my business and my industry."

7. **Seek the N-1:** Significant value can be created by rolling up the smaller founder-led niche businesses in SUT and MDC.

In review, baseline growth in the Healthcare sector is steady as populations and disposable incomes increase around the world. Moreover, this growth is magnified as the technology being used in the healthcare ecosystem is undergoing significant changes. In Medtech and Biotech, the equipment being supplied is transitioning from durable stainless steel to disposable single use goods. Regulators and founders are trying to catch up to these changes along the entire value chain. There are family-owned lower mid-market companies out there with specialized niche innovations that don't have quality systems and infrastructures in place to meet higher regulatory requirements. As a result, there is readiness for consolidation in the market and a clear opportunity to advise hundreds of lower mid-market companies across the globe that are ready to be sold at high multiples, but need the advice of industry experts to guide them through this dynamic era of change.

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Increase in Specialization and Divergence in the Real Estate Sector

Antoni Slawecki, Senior Vice President at Degroof Petercam, IMAP's exclusive corporate finance partner for M&A activities in Belgium and France, discusses some of the current mega trends driving activity in the European Real Estate Market.

Real Estate is the largest asset class in the world, far outpacing the equity or bond market. Recent years have witnessed an increased specialization across subsectors and diverging performance across sectors due to major trends.

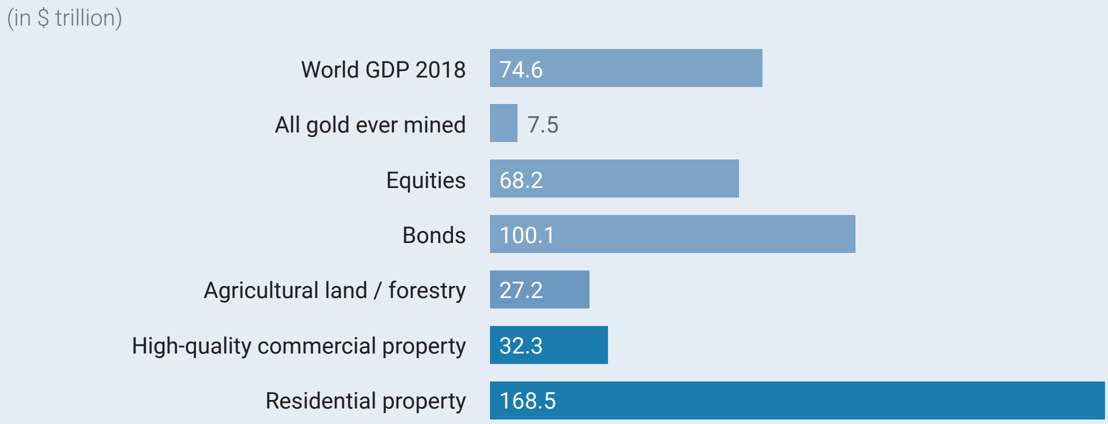
RESIDENTIAL SECTOR

The residential sector is going to be significantly transformed over the next 30 years.

Firstly, due to significant population ageing and lower birth rates, Europe's demography looks unattractive in comparison with other continents. However, despite a total EU population expected to remain relatively stable, a continued increase in population is expected in many Western European countries, with a decrease across Eastern Europe. This is due to different birth rates and major population moves (migration from Eastern Europe and continued immigration from outside Europe).

Furthermore, decreasing household size (growth of 1 and 2 person households), continued urbanization in Europe (from approx. 74% in 2018, to almost 80% in 2040) and people mobility (student/business and leisure travel…) will also create new demand. Even in countries such as Germany, where the population will decrease, there will be superior demand for small-size housing units.

REAL ESTATE - LARGEST ASSET CLASS IN THE WORLD



Source: Degroof Petercam Research and HSBC Global Real Estate Report July 2017.
Data on agricultural land/forestry, commercial and residential property is from 2016.

Secondly, new energy standards and environmental considerations require new and adapted housing units and favor new developments, primarily in cities (compact housing and access to public transportation).

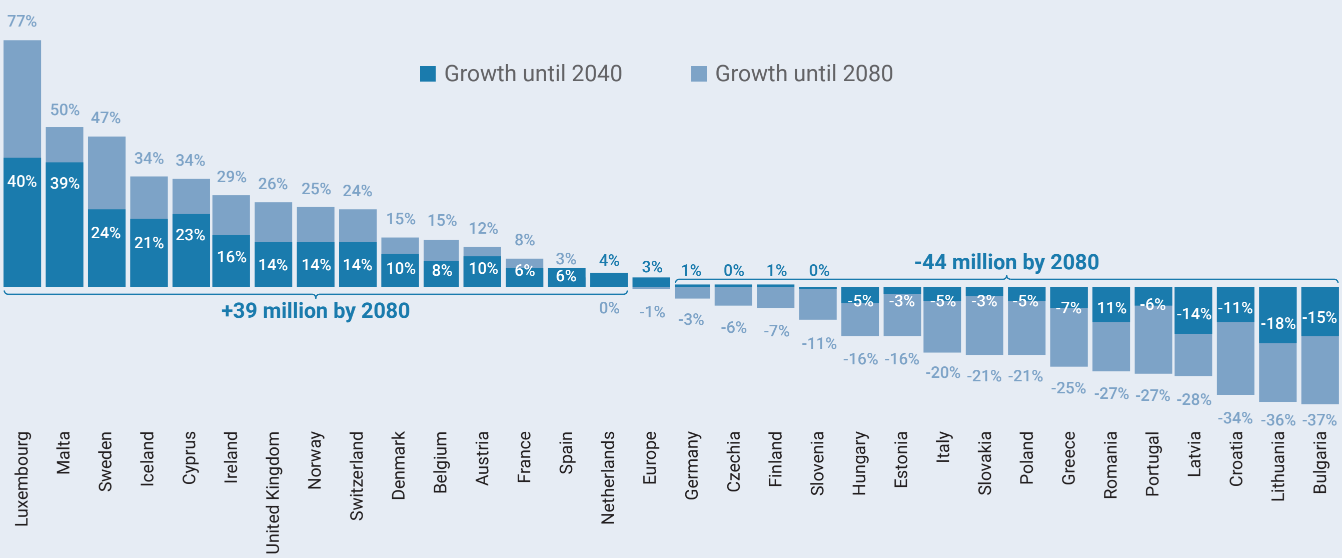
Thirdly, public investment in affordable/ social housing is decreasing and governments now prefer to support housing for low income households through allowances.

All these trends will favor residential developments and the growth of the private rental market, for the most part related to affordable, new, small-size and adapted housing units, especially in Western Europe cities.

A MIXED OUTLOOK FOR RETAIL AND OFFICE

Retail is an asset class facing an uncertain outlook, due to the present and expected impact of e-commerce and changing entertainment habits. Stocks of major retail REITs in Europe have faced highly negative returns over the last 2-3 years. While major retail REITS were considered as favorite stocks in the market 3 years ago (with dividend yields of around 5%), they are now the most despised stocks, reflecting low valuation and offering very high dividend yields in the 7.0- 8.5% range (even higher than tobacco stocks). Essentially, the market expects these companies to face decreasing rental

EUROPE POPULATION

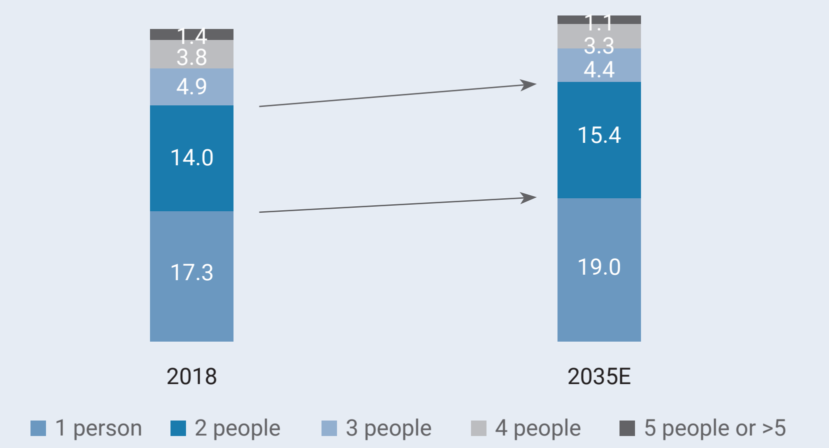


Source: Eurostat July 2019.

income. However, many players in Europe still report relatively stable or slightly increasing footfall and tenant sales in shopping centers, so it will be very interesting to watch how the situation evolves during the next 3-5 years.

Performance in the office sector has been relatively moderate in the last few years across Europe, with total annual returns in the 6-12% range. The sector also remains subject to major changes, for example, we have seen large corporates owning office buildings and now adopting a "hot desk" policy (no assigned office) across all staff categories, allocating unused space as flex-office and co-working space offered to third parties, as well as their own staff, permanently or occasionally. Such a scheme generates major savings (50%+), combined with increased flexibility, enabling a corporate to consider Real Estate as a real "revenue center" and actively managed.

GERMANY: NUMBER OF HOUSEHOLDS



SENIOR HOUSING AND LOGISTICS NOW KEY PLAYERS

Both sectors were considered as niche in the past, but now surf on powerful trends: the former benefits from population ageing, combined with support from public funds in various forms, whilst the latter grew in line with e-commerce. In a context of yield compression and with a very low cost of capital (enabling accretive acquisition of assets), many listed players in these sectors have delivered exceptional returns over the last 5 years, in the 20-30%+ range on an annual basis, despite no major change in rental income beyond inflation.

As baby boomers are just starting to reach retirement, the road ahead remains bright for senior housing, especially in a market which is not yet consolidated in many countries. Logistics should also continue to perform well, with continued interest from institutional investors. Blackstone has recently launched an €8 billion fund focusing on urban logistics (again, leveraging demographic/social trends such as population growth/urbanization, combined with mobility and environmental considerations).

EVOLVING LANDSCAPE FOR LISTED PLAYERS

Listed Real Estate in the EU represents approximately €450 billion in terms of market cap, including 233 or so companies benefiting from the REIT regime (representing €216 billion of market cap). Listed Real Estate was previously dominated by retail REITS (Unibail, Klepierre) but the landscape has changed in the last 2-3 years. Listed residential players in Germany now represent a significant part of the REIT landscape, with companies such as Vonovia offering apartments for lease based on very low rent levels. Retail REITS have decreased in significance over the last few years, while multiple specialized players have become more sizeable in key sectors such as senior housing and logistics (players include Aedifica, Cofnimmo, WDP, Montea, Argan, etc.).

DEGROOF PETERCAM'S REAL ESTATE ACTIVITIES

As an investment bank, Degroof Petercam is active in Real Estate deals primarily in Belgium, France and Luxembourg, but also in Spain and the Netherlands. Last year, it was involved in Real Estate transactions totaling around €2 billion, across a wide range of assignments, including in M&A, ECM, DCM and various other advisory projects (such as the launch of real estate funds).

Degroof Petercam has dedicated teams focusing on Real Estate, whose members not only have significant expertise, but also an international background, in Real Estate investment management, development or financing. The team is also supported by product specialists and is able to structure complex transactions meeting requirements of listed and private companies in various subsectors.

Furthermore, with an equity research team covering 27 Real Estate stocks in Europe and a sizeable financial markets team active in equities, fixed income, derivatives and cash, Degroof Petercam can access and serve a wide range of institutional investors. It is also a European leader in private placements of debt securities.

"We see sustained demand from a wide range of private and institutional investors across Europe, with a very low cost of capital, including family offices, insurance companies, pension funds, REITs and private equity funds, especially for quality assets including assets in need of capex to be repositioned

OPPORTUNITIES AHEAD

We see sustained demand from a wide range of private and institutional investors across Europe, with a very low cost of capital, including family offices, insurance companies, pension funds, REITs and private equity funds, especially for quality assets including assets in need of capex to be repositioned.

On behalf of our clients, we are looking to acquire assets across Europe in key sectors such as senior housing (nursing homes), student housing, affordable/social housing, logistics and office. Transaction size can range between €10-500m+. As these assets are present throughout Europe and transactions can be executed in a relatively short/moderate time frame, this represents an attractive deal opportunity.

If required, we can also consider transactions structured as "contributions in kind" (shares of a listed REIT received by the seller instead of cash and immediately replaced in the market by Degroof Petercam), which can help a seller significantly optimize pricing.

We are also looking to structure more complex transactions that enable an asset owner to unlock value through sales of lease receivables (selling lease cash flows instead of the asset itself). This can be executed based on extremely attractive pricing considerations, ideally with a long-term lease and quality tenants such as public institutions.

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The Story Behind Candid Group - from Media Group to All Round MarCom Platform

Candid Group's new offices in Rotterdam.

IMAP Netherlands recently advised Candid Group B.V. on its acquisitions of Digital Agency Group and Daily Dialogues. Cees van Vliet, Director at IMAP Netherlands, gives the lowdown on the deals and shows how Candid, a platform where the world's most promising creative, tech and media talent work together to deliver positive impact for ambitious brands, is challenging competitors in the marketing sector.

EXPANDING THE COMPANY'S TOTAL MARKETING APPROACH

It is estimated that the global market for digital marketing will be worth approximately €306 billion by the year 2020 and in 2018, the estimated market size of Dutch Digital Agencies was over €1 billion, implying a 17.6% y-o-y growth from 2017 to 2018. With over 10% of the Dutch Digital Agencies revenue achieved abroad, it's not surprising that opening a foreign office, or starting a strategic partnership with a global brand is becoming increasingly important for companies in the Netherlands.

Founded in 2007 by Gérard Ghazarian with his business partner, Youri van der Mijn, Candid Group ("Candid") is a leading integrated platform organization for creative, media and tech talent in the Netherlands. Standing literally for open and honest business, "Candid" is managed by successful entrepreneurs who enjoy rolling up their sleeves and building successes together. Believing that brands deserve a platform with a total marketing approach who can better understand their needs and provide more personal attention, its primary objective is to solve the increasingly complex issues and challenges faced by its clients. An open organization, different disciplines and specialists from all the agencies work together to create an ecosystem with the same core values; commitment, entrepreneurship, performance and reliability, delivering effective solutions for the challenges arising in a constantly changing communication and media landscape. Its end goal, to become the largest and most entrepreneurial creative, tech and media platform in the world.

Over the years, IMAP Netherlands has advised numerous digital agencies and as such, has gained significant experience and a deep understanding of the market. Advisor to Candid on its acquisition strategy since 2017, these recent acquisitions bring Candid to its 11th transaction since it was founded. Candid was looking for new partners that would enable it to further expand its total marketing approach; smart, creative and technical. As with all its acquisitions, it was also looking to increase the company's effectiveness and continue to lead in both innovation and technology.

Candid's selection process for potential candidates is extensive, with criteria not limited just to what's on paper and facts and figures, but whether the new partner can be successfully integrated into the Candid platform. Therefore, it is key to find just the right match. Following a thorough selection process, Digital Agency Group and Daily Dialogues were chosen. Both are digital agencies with (social) media roots, synergizing with Candid's own entrepreneurial DNA. Digital Agency Group is a full-service digital agency, comprising: The online company, Havana Harbor, 6Circles and RLVNT. Daily Dialogues is an important automated digital agency in the Netherlands and social media marketing specialist. Its team focuses on delivering creative campaigns, understanding data and helping its customers with the very best strategic advice.

The IMAP Netherlands team advised Candid throughout both transactions, performing key tasks including valuation, project management, coordinating the Due Diligence and negotiating the deal terms. Following these acquisitions, Candid's international team now comprises over 220 employees, spread across its offices in Amsterdam and Rotterdam. With a number of disciplines as yet on their platform, Candid is always on the lookout for potential new acquisitions in accordance with its expansion strategy.

BUSINESS SERVICES

CANDID GROUP

Media, marketing and communication agencies network
NETHERLANDS

Acquired 100% of Business Operations

daily dialogues

Online marketing services
NETHERLANDS

IMAP

ADVISED ON PURCHASE OF COMPANY

BUSINESS SERVICES

CANDID GROUP

Media, marketing and communication agencies network
NETHERLANDS

Acquired 100% of Business Operations

DIGITAL AGENCY GROUP
creating new ways

Online marketing services
NETHERLANDS

IMAP

ADVISED ON PURCHASE OF COMPANY

GERARD GHAZARIAN

According to Gérard Ghazarian, Owner & Founder of the Candid Group: "At Candid, we are challenging the market and the advertising world. Our 'platform concept' differentiates us from international network agencies. We have created an open, entrepreneurial ecosystem, by bringing together curious and ambitious talent with one common goal: positively impacting our clients. We have removed the silos and thus deliver effective solutions to our clients in a fast-changing world.

We've worked with the IMAP team on a number of transactions now. Their M&A knowledge, along with the experience of a great team of enthusiastic professionals, help us towards our goal of becoming the largest and most entrepreneurial MarCom platform organization in the world."

CEES VAN VLIET
IMAP Netherlands
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Cees van Vliet, Director at IMAP Netherlands, added: "IMAP Netherlands acts as a trusted M&A advisor for Candid Group and our advice is primarily focused on valuation, structuring and getting the deal done. We do this in a pragmatic way and always aim for a deal that benefits all parties, not just during the acquisition period, but more importantly, by creating a structure that will lead to a motivated and entrepreneurial cooperation between parties in the future.

Candid Group's growing integrated platform business enables companies to retain their independence and own identity at the front, backed by the strong Candid Group organization. With these recent transactions, it has established a strong market position and I am sure they will continue to combine buy-and-build with organic growth.

Candid and IMAP combine strong M&A skills and we are proud to contribute and be part of their future."

IMAP Germany Advises on Important New Cross-Border Partnership in the Food & Beverage Sector

IMAP Germany advised Haas GmbH (“Haas”), on its newly formed partnership with Dawn Farms in Ireland, with the assistance of IMAP Ireland (Key Capital).

There are some deals, that on paper, appear to be almost a ‘mission impossible’. This was certainly the case for IMAP Germany, when they took on the challenge of finding a new partner for their client, family-owned Haas, a producer of meat and other food toppings for frozen pizza, based in Nonnweiler-Otzenhausen, Saarland.

Founded over 25 years ago and with 100+ employees, Haas specializes in the production of tailor-made variations of salami and boiled ham, as well as the processing of tuna, vegetables, fruit and cheese. With its modern production facility, it complies with the highest quality, safety and hygiene standards and through its comprehensive warehousing and logistics services (“just-in-time”), has continually proved itself to be a highly reliable service provider.

Founder and Managing Director, Achim Haas, like the owners of many other successful family-run businesses, had reached the point where he was looking to ensure the long-term succession of his company going forward, which was not going to be possible organically. However, this was not going to be a straightforward task. For a start, times are tough for companies in meat production, due to the growing trend in the decline of meat consumption in the mature European market. Operating primarily at a national level, Haas also had limited experience dealing with large international customers. Furthermore, the company has a somewhat rare business model, in that it has a high customer concentration risk, with one major client, Nestlé Group, a worldwide leading food company. That being said, Haas did have an extremely favorable location in its favor. Located next to Benelux, France and Germany, it would enable potential partners to secure a platform in continental Europe and easily serve key markets.

Despite the obvious challenges, the IMAP Germany team were convinced that though it was unlikely there would be a long queue of interested buyers lined up, it would however, be able to meet the client’s expectations and find Haas the perfect solution and partner for the business.

REACHING OUT TO PROSPECTIVE CANDIDATES

IMAP Germany began by approaching potential buyers both nationally and internationally, as well as considering trade buyers who could be interested in developing the company. They also reached out to PE investors, with an interest in the food sector, some of which, already had portfolio companies in the meat sector.

Meanwhile, Key Capital, IMAP's partner in Ireland, had a company that they believed might just fit the bill and be a good strategic fit for Haas; Dawn Farms Foods ("DFF"), an international supplier of meat and sausage products based in Ireland. Key Capital knew DFF having previously advised on the sale of a confectionery business where DFF's owner held a minority stake. Still unsure as to whether DFF would be interested in a company such as Haas, Key Capital reached out, presenting a long-term vision to DFF, believing the companies not only had a similar philosophy, but could also both be winners in the relationship. DFF, looking to expand within Europe, showed interest and was subsequently introduced to IMAP Germany as a potential candidate to partner with Haas.

“

We have been searching for a suitable partner in Europe as part of our own growth plan and are delighted to close this deal with Achim and the team at Haas. This represents the first important milestone in our strategic European expansion plan. We now have significant manufacturing footprints in Ireland, the UK and Germany and it cements our position as the leading specialist cooked protein company outside of the United States. This provides us with further opportunities to serve our key partners and to deliver new growth opportunities across sectors and markets. We were particularly impressed with the professionalism of the IMAP and Haas teams, and the high quality of the information provided, as well as the management process. In fact, the info memorandum we received, was one of the best we have ever seen.

Larry Murrin
Chief Executive of Dawn Farms

“

It was clear from the start that DFF is a strong, committed and professional partner, a proven leader in our sector. Given the common attributes we enjoy, this partnership makes a lot of sense. Due to the continuously changing market environment and increasing customer demands, gaining a leading international food supplier as a partner, who manufactures innovative products with the highest product quality, was essential for us. Furthermore, joining forces with DFF creates an even stronger platform for employees, suppliers and customers. For DFF, this deal establishes a significant foothold in the German market. We look forward to working with Larry and his team to avail of the opportunities this partnership brings. IMAP achieved the best solution for Haas and I am very happy with their high level of advice, professionalism and management throughout the entire process.

Achim Haas
Founder and Managing Director of Haas GmbH

Photo taken on 7 October 2019 at the DFF stand at ANUGA, the world's largest trade fair for food and beverages, in Cologne (Germany). From left to right are: John McGrath, Head of Business Development, Marketing & Communication of Dawn Farms; Tara McCarthy, CEO of Bord Bia (The Irish Food Board); Larry Murrin, Chief Executive of Dawn Farms; Achim Haas, Founder and Managing Director of Haas GmbH; Andrea Haas, wife of Mr. Haas; Andrew Doyle, Irish Minister of State for Food, Forestry and Horticulture; Dr. Nicholas O'Brien - Irish Ambassador to Germany.

EXPANSION OPPORTUNITIES AND A STRATEGIC WIN-WIN

Founded in 1985, family owned DFF is one of the largest specialist European suppliers to the food service industry and food manufacturers operating in the pizza, sandwich, snack and convenience food sectors. The company distributes its products in over 44 countries, predominantly in Europe, as well as in the Middle East and Africa. In addition to 2 production facilities in Ireland, DFF operates a plant in Northampton, England – the largest cooked bacon processing factory in the UK.

With a strong business and market position in the UK, DFF was looking for a partner to continue its ongoing strategy to expand and grow in Europe. Haas was an attractive option for many reasons. It had a profound understanding of the industry, yet it hadn't diversified too much. Haas would also provide DFF with the opportunity to access and develop a relationship with Nestlé Group, with whom Haas had a proven strong and long-standing relationship, which as their major customer, was crucial for DFF, who could look to Nestlé to cross-sell other products. Its strategic location was also key, as DFF would be able to secure a manufacturing platform, along with easy access to new markets, in Germany, France and Benelux, a preemptive move in the face of the still uncertain Brexit fallout.

At the same time, in order to keep up with the changing market and customer demands, a leading international food supplier such as DFF, with innovative products and manufacturing capabilities, would enable Haas to not only work on their current products, but also develop new product lines. It would also gain security by not shouldering alone a high customer concentration risk.

BUILDING TRUST AND CONFIDENCE IN THE PROCESS AND THE TEAMS, BRINGING TOGETHER STRATEGIES

From the outset, when the 2 companies met, it was clear that they not only shared the same long-term vision, but also the same long-standing relationships with their customers. There was a sense of trust between both CEO's who were very involved throughout the process. In fact, Achim Haas was front line throughout the entire transaction, with all communication channeled through him. This allowed the IMAP Germany team

FOOD & BEVERAGE

DAWN FARMS

Europe's largest specialist cooked meats ingredients provider
IRELAND

Acquired 100% of Business Operations

HAAS
Was wir machen ist Wurst
A DAWN FARMS COMPANY

Food toppings for frozen pizza
GERMANY

IMAP
ADVISED ON SALE OF COMPANY

to produce reliable information at every stage, from preparation and due diligence, to negotiation. His commitment and complete prioritization ensured that things moved forward rapidly, so that no delays were incurred. Upon the start of the Due Diligence phase, Managing Director, Patrick Treitz, responsible for both operation and production, also became heavily involved in the process and his contribution proved to be crucial. Haas' advisory team, including both his law firm, Rittershaus and his trusted tax advisor, were also very hands on, ensuring that communications were handled easily and directly.

Likewise, the advisory team engaged by DFF had been well briefed and understood the implications of dealing with a family-run company, with essentially one person responsible for the whole process, thereby ensuring that all analyses were managed pragmatically and focusing on essential issues only. DFF also conducted its own operational Due Diligence, dedicating its own resources to the project, which was greatly appreciated by Haas and enabled IMAP Germany team to build up a relationship with the DFF team.

EXPANSION ON THE HORIZON

Following the closure of the deal, Achim Haas, along with the other Managing Director, Patrick Treitz will continue to manage the company. Through its partnership with Haas, DFF has established its first production site in continental Europe with further expansion prospects ahead. Now, with new European operations and direct presence in the continental European market, not only can its global clients be supplied from a platform with regional proximity, it facilitates its ability to acquire new customers, as well as potentially access further add-on acquisition prospects. Furthermore, DFF can exploit growth opportunities in both the innovative and growing frozen pizza market and via its new relationship with Nestlé Group's frozen pizza division. Its new production site will also be a vehicle for the optimization of globally steered production processes, in respect to volumes and product ranges considerations.

ALESSANDRO CORNELLI
Director at IMAP Germany
IMAP GERMANY
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"We are delighted to have advised Mr. Haas on this project. Our objective was to find a strategic partner able to leverage Haas' growth potential, whilst securing its long-term succession. Haas is a truly unique player in its segment, with a special relationship with its primary client. Aware that its strong dependence on the Nestlé Group and operating exclusively in the pizza market could be seen as risk factors, we were impressed that DFF instead saw these as strengths, considering them strong catalysts for a resolute focus on customer satisfaction. At the end of the day, both DFF and Haas' cultures were a perfect match. The tenacity and perseverance of the Key Capital team in the beginning, to convince DFF of Haas's potential was key, bringing a new player to the table, who following a comprehensive process, was chosen to partner Haas. This is a perfect example of the power of networks and relationships."

JONATHAN DALTON
Head of Corporate Finance at Key Capital, IMAP's Partner in Ireland
IMAP IRELAND
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"We were very pleased to be able to assist in facilitating this strategic acquisition between two such high quality businesses. While it is relatively common to achieve an acquisition that makes economic and strategic sense, delivering one that achieves such strong cultural alignment is rare. It was clear from the outset that Haas and DFF had a shared philosophy on business which bodes very well for a successful long-term partnership. We have known Alessandro and Peter for many years, which gave us the confidence when approaching DFF that we would be bringing them a high quality opportunity and the process would be managed with professionalism and integrity. The deal highlights the power of the IMAP partnership – our deep international relationships allow us to consistently deliver outstanding results for our clients."

IMAP Peru Advises Longstanding Diversified Business Group Drokasa Corporation on Sale of Business Units

IMAP Peru advised Drokasa Corporation on the sale of the company's business units; Agrochemical and Personal Care, ensuring maximimum value for company shareholders.

A BUSINESS EVOLVING WITH TIME

Drokasa Corporation has an important business trajectory in Peru spanning almost 70 years. The first company in the group, Drokasa, began as a three-partner pharmaceutical and cosmetic distribution company back in 1951. As time went by, adapting to the economic and political cycles affecting Peru, Drokasa Corporation expanded into different business lines. In 1956, it establised Farmindustria, its pharmaceutical lab division and in the 90s, invested in the agriculture sector, developing what is now Agrokasa; an agro-industrial company comprising 3 farms, with over 3,000 hectares and over $100 million in sales as of 2018.

In 1995, the founding families decided to professionalize the management positions of the different divisions of the company. Years later, a third generation of the family in an ownership position but not directly involved in management decided to sell the company when at its prime. In 2007, the pharmaceutical division Farmindustria was successfully sold to the Chilean group Recalcine

and Drokasa redirected its strategy to develop its own agrochemical branded products, such as insecticides, herbicides and fungicides, among others. In 2013, Drokasa inaugurated a production plant for liquid cleaning products under the Dkasa brand and just 4 years later, Drokasa's agrochemical plant and distribution center were completed, consolidating its position in the sector.

> *SUMMA managed to structure a highly complex mandate and also leveraged their active promotion and negotiation skills to conduct a very competitive process that maximized shareholder value*
>
> **Carlos Bachrach**
> Drokasa's Shareholders' Representative

PRIMARY MARKETS AND SUBMARKETS

Drokasa operates in 3 target markets: Agrochemicals, Mass Consumption Home Care Cleaning Products and Personal Care Products (specifically condoms).

The Agrochemical market is well developed and Drokasa operates alongside multinational peers such as Bayer and BASF, among others and local players such as Farmex, Silvestre and Neo AG. The estimated market size in Peru is $260 million.

The Home Care Cleaning Products market in Peru is estimated at over $600 million, in which laundry products (detergents and spot removers) account for approximately 80%, while liquid products (all-purpose cleaners, grease removers and glass cleaners, etc.) and mechanical products (cloths, mops, sponges and fibers, etc.) represent approximately 10% each. Both large local companies such as Alicorp and multinational companies such as P&G, 3M, Reckit Benckiser and Clorox, operate in this market.

The market for condoms can be divided into 2 large submarkets, low cost and premium, with clear differences in prices. The market is geographically concentrated in the capital city Lima, which represents approximately 60% of sales. Its primary sales channels are independent pharmacies of pharmaceutical and cosmetic products, representing approximately 80% of sales, with the main players being Reckitt Benckiser and Apropo (local company).

CRUCIAL BRAND RECOGNITION AND EXPANSIVE PRODUCT RANGE

Drokasa's diverse business units (BUs) employ 250+ staff and in 2018, its consolidated sales were approximately $27 million.

SUPPLIES BUSINESS UNIT

- Sells chemical supplies for the food industry such as collagen, sodium bicarbonate, corn starch, among others.
- Operates in the Cajamarquilla Plant.
- In 2018 the division's sales were approximately $3 million, representing 12% of sales of the company.
- Customers are mainly corporate companies from the food industry.

AGROCHEMICALS BUSINESS UNIT

- Imports and distributes agrochemical products for crop protection.
- Operating in a 10,000 m2 plant in Cajamarquilla.
- 9% market share in the unprotected products segment.
- In 2018, its sales were over $13 million and represented approximately 50% of the total sales of the company.
- Main customers are large agribusinesses and small farmers.
- Broad brand recognition, offering value add through specialized field visits in order to diagnose and recommend the application of specific agrochemicals.
- Most clients are concentrated in the northern and central areas of Peru, both in the coastal area and highlands.

Agrochemicals Business Unit Products

MASS CONSUMPTION BUSINESS UNIT

- Comprises 2 divisions; Home Care and Personal Care.
- Home Care Division with its own brand "Dkasa" produces, imports and distributes house cleaning products.
- The division is comprised of liquid products (household surface cleaners such as cleaning, dishwasher, disinfectant and grease remover, among others), mechanics (cloths, gloves, brooms and mops, among others) and laundry (detergents and stain removers).
- Also provides supermarkets with white brand products such as laundry detergents and spot removers.
- In 2018 its sales were approximately $5.2 million, representing 18% of the company's total sales.
- Personal Care Division, the company imports and distributes 2 brands of condoms named Gents and ZenSex, which together total 37% of market share. In 2018, the division's sales were approximately $2.5 million, representing 9% of the company's total sales. The 2 divisions use the same sales force to service Lima and the rest of the country.

PERSONAL CARE DIVISION

HOME CARE DIVISION

Mass Consumption Business Unit Products

TRUSTED ADVISOR RETAINED TO LEAD SALE PROCESS

IMAP Peru (SUMMA Asesores Financieros) began its relationship with the company's shareholders back in the 90s. In 1996 it performed a financial valuation of Drokasa, within the process of an equity stake sale. Then in 2005, it advised the company on the issuance of $25 million in securitized bonds, which combined the laboratory and the agroindustrial cash flows.

Having maintained a close relationship with Drokasa, SUMMA was therefore retained in October 2017 by Drokasa's shareholders to carry out the sale of the company, either integrally or independently by business units. As in 2007, the company was looking to sell the business when at its prime. The company's various business units, though not necessarily synergic, opened up the market to a wide range of potential buyers.

MAXIMIZING SHAREHOLDERS' VALUE BY SELLING BUSINESS UNITS SEPARATELY

SUMMA contacted over 150 potential bidders, which primarily included strategic investors (local and foreign) from each of the business units, private equities and family offices, among others. SUMMA developed different information packages (teasers and information memorandum) to promote each BU and contacted potential investors specialized in the sectors where each BU operated. It also designed different financial structures for each asset type (assets sale versus share sales). Therefore, SUMMA structured the transaction as 3 independent processes, as the assets, personnel, locations and brands of each BU, as well as the investors' profiles, were completely different.

The opportunity was very well received, both locally and internationally, receiving a significant number of non-binding offers. In August 2018, the due diligence phase began and several bidders and their respective advisors obtained access to a VDR provided by Intralinks. Advisors that participated in the process included EY, Deloitte, KPMG, Baker Tilly, and renowned local law firms.

In summary, the complexity of the transaction derived in the analysis of two possible alternatives: (i) the sale of the company as a whole, including or not the real estate assets; or (ii) the sale of each business unit indepently, incorporating in the analysis all the hidden transactional costs such as personnel reduction, excess of working capital, gaining tax implication, among others.

After this phase, binding offers were received and after a thorough analysis of the economic proposals and mark-up contracts, SUMMA recommended the company should be sold as three independent BUs, which would fully maximize the value for the shareholders.

In mid-January 2019, condom brands Gents and ZenSex were sold in an asset sale process, which included legal registrations and inventories. The buyer was the Peruvian pharmaceutical group Medifarma; a company dedicated to developing drugs and proprietary products. Having already launched its own brand of condoms, it was looking to strengthen its presence in the local market by managing a portfolio of brands.

As part of the sales structure by BUs, a corporate restructuring was carried out, carving out all of the company's assets that were not intended for the Agrochemicals BU and the company's warehouse and liquids plant were spun off. Once the restructuring and staff relocation of the Mass Consumption BU was completed, at the end of January 2019, 100% of the Drokasa company shares were sold to Duwest. A Central American company based in Guatemala, Duwest was founded in 1963 and dedicated to the manufacturing and distribution of agricultural industry supplies. The company had previously been in a partnership with the North American company Dupont and was continuing a period of regional expansion in South America. The purchase of the Agrochemical BU gave it local presence and along with a previous acquisition in Colombia in 2011, the company consolidated its platform in the region and enabled further growth.

Following the sale of the Personal Care and the Agrochemicals divisions, SUMMA remains in charge of the sale of the Home Care division, which is expected to close in the fourth quarter of 2019.

COMPANY SALE TRANSACTION SPLIT:

	Transaction 1	Transaction 2	Pending sale
Business Unit or brands	Personal Care Business Unit Gents zensex	Agrochemicals Business Unit Supplies Business Unit	Home Care Business Unit Dkasa
Buyer	Medifarma	DUWEST	*In process*

MATERIALS & CHEMICALS

DUWEST

Agrochemical company with presence in Central America
GUATEMALA

Acquired Selected Assets of Seller's Business

DROKASA PERU

Peruvian agrochemical distributor
PERU

IMAP

ADVISED ON SALE OF COMPANY

CONSUMER & RETAIL

Medifarma

Peruvian pharmaceutical lab
PERU

Acquired Selected Assets of Seller's Business

Gents zensex

Two leading condom brands
PERU

IMAP

ADVISED ON SALE OF ASSETS

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Capstone Headwaters Expands into ESOP Advisory with the Addition of BTA

In the latest move in the firm's ongoing efforts to offer middle market business owners and investors an end-to-end solution, IMAP partner Capstone Headwaters, announced it has expanded the firm's corporate finance capabilities to include Employee Stock Ownership Plan (ESOP) advisory services.

Initially founded as an M&A advisory boutique, Capstone Headwaters is celebrating 17 years of growth and success and is now among the largest, independently owned investment banking firms in the United States. It offers integrated and complementary services via several fully dedicated groups, including Corporate Restructuring, Debt Advisory, Equity Placements and ESOPs, among others. With 160+ expert professionals, across 19 offices in the US, UK and Brazil, it boasts 16 dedicated industry groups.

Having previously completed several rounds of growth financing and various strategic M&A transactions, the migration into ESOP advisory services was completed with the addition of Business Transition Advisors (BTA), a long-standing leader in the ESOP industry. The firm, led by Fred Thomas and Roy Farmer, has executed ESOP transactions valued at over $5.2 billion. Now, as part of Capstone Headwaters, BTA will help the firm's clients assess the attributes and viability of an ESOP and if appropriate, execute the transaction from beginning to end.

AN ALTERNATIVE TO SELLING TO STRATEGIC ACQUIRERS OR PE FIRMS

An Employee Stock Ownership Plan

ESOPs can represent an attractive alternative for business owners to transition their company to the next level of leadership and their employees in a tax efficient manner

(ESOP), is a qualified, defined contribution employee retirement plan, designed to invest primarily in employer stock of a sponsoring company. It allows business owners to sell all or a portion of their company, to a ready and willing buyer at full fair market value, typically allowing the business owner to retain operational control and defer all capital gains taxes, while establishing a completely income tax-exempt entity.

JOINING FORCES AND OFFERING CLIENTS AN END-TO-END SOLUTION

John Ferrara, Founder & CEO of Capstone Headwaters, commented: "Not every business owner seeking personal liquidity wishes to sell their company to either a strategic acquirer or private equity firm. Therefore, ESOPs can represent an attractive alternative for business owners to transition their company to the next level of leadership and their employees in a tax efficient manner. We are thrilled that BTA has joined our firm to lead these efforts as they are one of the best teams in the industry."

Fred Thomas, Co-Founder & Managing Director of BTA, added: "Roy Farmer and I are excited about the opportunity to offer increased services to our clients and referral base."

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Trust, Sympathy and Commitment

Bengt Jönsson, Co-founder and CEO of IMAP Sweden, discusses the importance of an organization's key values in its success and his responsibility as a company owner in building an organization for the future.

We are in the business of selling trust, sympathy and commitment and at IMAP Sweden we have built our organization around these key values. Our success depends more on how to attract potential clients and close deals and less on other abilities, such as economic reasoning or transaction arrangement. Our clients are also entrepreneurs, meaning they must perceive us as entrepreneurs as well.

Sweden is a small country, so the number of recurring buyers, such as PE firms or investment firms buying companies to keep for the long-term, is relatively limited. However, after 16 years of operating in the market, IMAP Sweden is well established and buyers are aware of who we are, especially as most of them have been participating in our processes, as well as buying companies through us. During this time, we have built up a reputation as being professional, dedicated and trustworthy. These are the foundations of our organization and the reason why the IMAP brand is so strong in Sweden.

A while ago, I was attending a client meeting with another 10 people or so. The first thing I noticed was that I was the oldest in the room, whereas not so long ago, I was one of the youngest. Though when I think about it, perhaps it was rather long ago after all. Our client represented one of the new industries and the potential buyer, whom I have been working with for 15 years, had replaced all of my old contacts (whom had either retired or are unfortunately no longer with us), with new faces. My Rolling Stones cufflinks were now antiquated, as not one of the new participants in the meeting had even heard of the Rolling Stones!

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There is a place for an older experienced player who provides stability for the team, however, the team needs to be built by the younger and more hungry players, who want to develop moving forward

With that in mind, I know I have to find a way and have a responsibility to build an organisation for the future. My role as CEO and Owner of IMAP Sweden is to attract, retain and develop younger co-workers, to give them space and let them take on responsibility. I consider my role as being a partner who will provide stability and guidelines, but not control the operative parts.

IMAP Sweden works on approximately 20 deals at the same time. We work in teams of 4 people and always different team arrangements, depending on the industry and geography. We are a non-hierarchic organization, with a Project Leader in charge of the mandate, an Associate who produces material and coordinates the process, another Associate who takes care of IMAP contacts, as well as the Due Diligence part, and lastly, me. I am involved in all transactions, with 2 main responsibilities; firstly, before the mandate is signed, I meet the owners/clients in order to sell the key values of our company; trust, sympathy and commitment and secondly, I support the Project Leader and the team in meetings when closing the deal. My experience and grey hair may give us some credibility, but most of the work is done by the rest of the team.

This way, we can manage and attract the younger entrepreneurs, as well as let our co-workers grow and face new challenges, which creates continuity in the organization. During all these years, there is not a single co-worker that has left the company, which is proof of the great company culture we promote.

IMAP Sweden is like a football team. There is a place for an older experienced player who provides stability for the team, however, the team needs to be built by the younger and more hungry players, who want to develop moving forward. My role is similar to that which Franz Beckenbauer had in the German national football team 1974, which was to lead and improve others. Of course, using a player from 45 years ago, as a metaphor, is an indication of an insight that could only come from an older generation. “It is time for a change” as Greta Thunberg of Sweden would put it.

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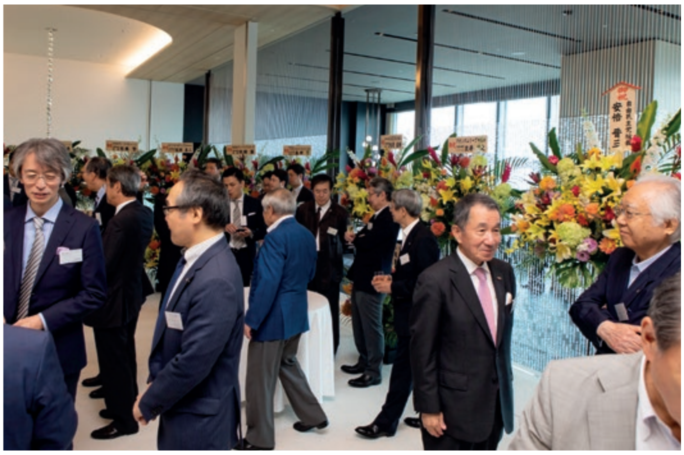
Pinnacle - IMAP Japan celebrates 15 years and country's move to steer cash into M&A

In July 2019, Pinnacle, IMAP's exclusive partner in Japan, held an anniversary party to celebrate 15 years of advising clients across the globe. Providing yet more reason to celebrate, the Japanese government is now looking at proposing tax breaks in order to encourage companies to invest in new businesses.

Prominent business and political leaders gather at Pinnacle's 15th anniversary event.

Held on the VIP floor of Pinnacle's parent company, Tokai Tokyo Financial Holdings, the event was attended by over 400 guests, comprising Japanese industrial and political leaders, board members of renowned listed companies, celebrities and political leaders. Several Members of the House of Representatives and Cabinet Members of Prime Minister Abe's Cabinet were also in attendance.

The event was primarily aimed at maximizing the time that guests could spend networking. Following Pinnacle CEO, Ikuo Yasuda's welcome address, The Honorable Fumio Kishida, former Minister



of Foreign Affairs, spoke, saying that the magnificent crowd was a demonstration of the impeccable trust that Pinnacle has been granted by Japan's most reputable organizations and leaders. Pinnacle, along with Tokai Tokyo, believe the event to have been a big success, as it enabled the guests to understand the firms' values, prompting several to make business inquiries following the event.

The proposed tax incentive will have a direct impact, driving more investments by Japanese corporates and their search for attractive targets with new technologies or innovations will be a great opportunity for IMAP to promote cross-border M&A activities.

PROPOSED TAX BREAKS TO ENCOURAGE BUSINESS IN JAPAN

There is also cause for further celebration in Japan, due to potential tax breaks that could drive an increase in M&A in the country. In a recent interview with Nikkei Asian Review, Akira Amari, the Liberal Democratic Party's (LDP) new Tax Policy Chief and former Economic and Fiscal Policy Minister, discussed the proposed tax breaks and the ruling party's objective to encourage businesses to direct their earnings into M&A. Marking a 7th straight year of record highs, he cited retained earnings in Japan reaching 463 trillion yen ($4.3 trillion) in fiscal 2018, explaining that LDP policymakers are looking to incentivize companies to invest and innovate, as opposed to hold onto their earnings, in companies or startups which offer technologies and business models that are not developed in-house.

The proposals are due to be included in the outline for tax reforms for the next fiscal year, starting in April 2020, where they will debate the scope of applicable investments, along with the size of the tax credit. Tomoyuki Izumi, Executive Director of Pinnacle, commented: "The proposed tax incentive will have a direct impact, driving more investments by Japanese corporates and their search for attractive targets with new technologies or innovations will be a great opportunity for IMAP to promote cross-border M&A activities."

Located in Tokyo, Pinnacle – IMAP Japan offers M&A Advisory, Cross-border M&A, Restructuring Advisory and Consultancy Services, to clients across the globe. Through its experienced deal leaders, each with over 20 years of M&A advisory experience, it supports buyers and sellers through the entire transaction process to achieve optimal outcomes for its clients. In Cross-border M&A advisory, its professionals have a deep understanding of how to guide clients through the intricacies of executing transactions in Japan.

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Selected IMAP Transactions

INDUSTRIALS

The Carlyle Group
stellex Capital Management

UNITED STATES

Acquired 100% of Business Operations

VIGOR

UNITED STATES

IMAP

ADVISED ON SALE OF COMPANY

HEALTHCARE

ottobock.

GERMANY

Acquired 100% of Business Operations

V!GO helping people move on

BELGIUM

IMAP

ADVISED ON SALE OF COMPANY

ENERGY & UTILITIES

Northland Power

CANADA

Acquired Majority Control of Business Operations

EBSA

COLOMBIA

IMAP

ADVISED ON PURCHASE OF COMPANY

BUSINESS SERVICES

K|K|A PARTNERS

GERMANY

Acquired Majority Control of Business Operations

EVAGO

GERMANY

IMAP

ADVISED ON SALE OF COMPANY

INDUSTRIALS

minetti

ITALY

Acquired 100% of Business Operations

FLUIDMEC Passione unica, soluzioni infinite

ITALY

IMAP

ADVISED ON SALE OF COMPANY

CONSUMER & RETAIL

TORQUEST Beyond Capital

CANADA

Acquired Majority Control of Business Operations

PREPAC™

CANADA

IMAP

ADVISED ON SALE OF COMPANY

HEALTHCARE

Tentamus Labs for Life

GERMANY

Acquired Majority Control of Business Operations

MEGSAN Robust. Precise. Reliable.

INDIA

IMAP

ADVISED ON SALE OF COMPANY

BUSINESS SERVICES

rekeep

ITALY

Acquired Majority Control of Business Operations

NAPRZOD

POLAND

IMAP

ADVISED ON PURCHASE OF COMPANY

TECHNOLOGY

ASSESSIO

SWEDEN

Acquired 100% of Business Operations

HFM TALENTINDEX Online Assessment

NETHERLANDS

IMAP

ADVISED ON SALE OF COMPANY

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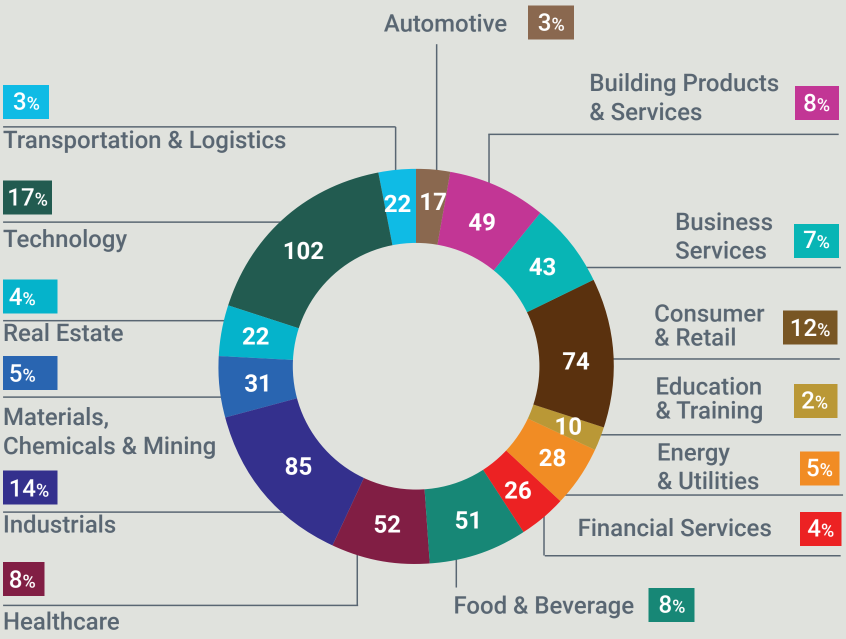
About IMAP

Founded in 1973, IMAP is one of the first and worldwide leading organizations for Mergers & Acquisitions. IMAP is located in 42 countries with more than 450 M&A professionals organized in international sector teams.

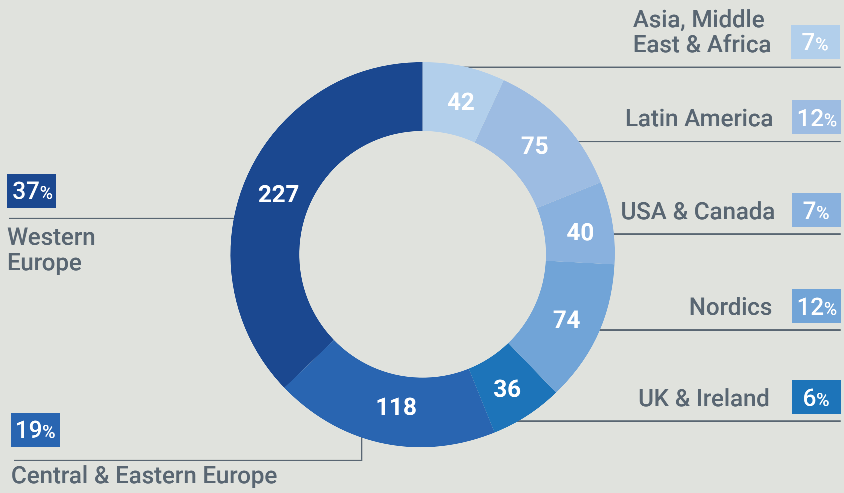
IMAP is specialized in the sale and the acquisition of companies, as well as strategic corporate finance advisory. IMAP customers are primarily family-owned, mid-sized companies, but also include large international corporations, as well as family offices and financial investors.

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

DEALS BY SECTOR 2016-2018



DEALS BY REGION 2016-2018



IMAP Global Presence

42

COUNTRIES

450+

PROFESSIONALS

Argentina I Belgium I Bosnia & Herzegovina I Brazil I Canada I Chile I China I Colombia I Croatia I Czech Republic I Democratic Republic of Congo I Egypt I Finland I France I Germany I Ghana I Hungary I India I Ireland I Italy I Ivory Coast I Japan I Mauritius I Mexico I Morocco I Netherlands I Nigeria I Norway I Peru I Poland I Portugal I Russia I Senegal I Serbia I Slovakia I Slovenia I South Africa I Spain I Sweden I Turkey I United Kingdom I United States

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