CREATING VALUE

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

No. 14 / JANUARY 2023

Perseverance Pays Off in Mid-Market

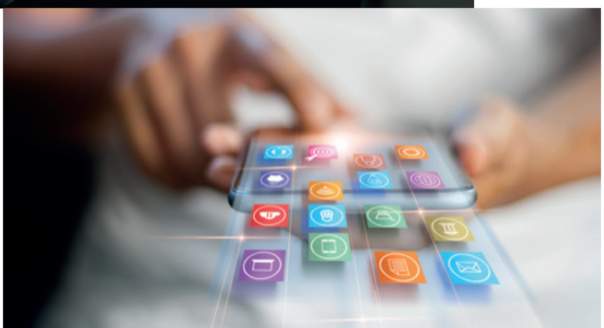
ESG STRATEGIES
Integral to a Company's Sustainability

M&A TRANSACTIONS
The Human Factor

INFLATION
What it Means for Sellers

APPLICATION SOFTWARE
Strategics Re-entering the Stage

50TH ANNIVERSARY | IMAP



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Editor in Chief: Claire Smedley
IMAP Editorial Team: Carsten Lehmann, Gabor Szendroi and Carl Kelly

Power Failure

Over the winter holidays I dug into the history of the iconic General Electric Company (GE)[1] , an enterprise with roots back to Thomas Edison and the early days of electricity. As anyone growing up in America in the 50s and 60s will remember, GE was everywhere, from lightbulbs to home appliances. At the New York World's Fair in 1964-65, the GE pavilion was larger, more extravagant, and more interesting than those of most foreign countries. – I probably went a dozen times to see the exhibits presenting the future of technology. And much later, when I went to work for Ebasco, a subsidiary of the old Electric Bond and Share Company, itself an offshoot of GE, I saw first-hand, in many factories around the United States, how dozens of GE subsidiaries producing everything from power transformers and steam turbines to boiling water nuclear reactors supplied the core of the US electric power industry.

GE reached its apogee during the reign of Jack Welch, reaching the status of the most valuable company in the world, with Welch voted the CEO of the 20th Century, becoming the management guru that everyone wanted to emulate. He acquired media companies (RCA/NBCU) and invested heavily into GE Capital, which eventually contributed around 50% of GE earnings, transforming a $25 billion manufacturing conglomerate into a $100 billion financial behemoth. When it was time for him to retire, GE went through a long process to choose a successor, finally settling on Jeff Immelt, who took over in 2001. In 2018, when GE was taken out of the Dow Jones Industrial Average which it had been part of since 1907, it had lost nearly 80% of its value from its all-time high under Welch and is now going through a re-organization plan that within the next couple of years will break it up into three separate companies, and the old GE will be no more.

So, what went wrong? The story is a fascinating whodunnit. Did Welch leave the seeds of destruction behind through his build-up of GE Capital? The company came very close to bankruptcy during the 2008 financial crisis, saved only by the FDIC agreeing to grant GE Systemically Important Financial Institution (SIFI) status. Did his successor sell assets too cheaply (NBCU) and hugely overpay for acquisitions (Alstom)? Did the Board abrogate its responsibilities and leave all important decision making to the CEO, right or wrong? Or in the end, was GE just the victim of an activist venture capital group eager to provide returns to investors from a company that had become too big, too complicated, and too inefficient? The answer is, no-doubt, all of the above. There are plenty of lessons to learn but let's consider three relevant concepts that we have talked about at recent IMAP conferences.

1. Culture Trumps Strategy

During his watch, Welch cultivated a culture based on performance centered on the "four Es" – edge, execution, energy, and energize, and the "three Ss" – simplicity, speed, and self-confidence. He pushed performance, as in "You gotta make your numbers and deliver". He was tough, he challenged every presentation, but he was also a people person. This might be a strange thing to say about a person known as "Neutron Jack" for cutting thousands of jobs, but he was someone who very much cultivated potential leaders and was completely honest when telling people what he thought.

One former GE executive was said to believe that everything changed under Jeff Immelt and that the "4 Es" and the "3 Ss" gave way to an atmosphere of pushing continuous growth, but not necessarily profitable growth, and an atmosphere where constructive criticism was not welcomed. This produced a culture of bad decision-making, a lack of readiness to confront real problems, and an unfounded optimistic view not based on realistic conditions. It also produced a "brain drain" - GE was losing talented executives who dared to tell the truth, who were then unavailable later to navigate the company at critical moments.

[1] Power Failure: The Rise and Fall of General Electric, William D Cohan, Penguin Random House, 2022

Immelt launched many initiatives during his tenure, designed, he thought, to prepare GE for the 21st Century. He wanted to make GE a leader in industrial technology, investing around $5 billion into GE Digital to make GE a top-ten software company. The remnants of that effort were eventually sold to a PE group. He also wanted to change the image of GE to be hipper, more modern-looking, launching an environmental campaign called Ecomagination. It was clear that Ecomagination was pure marketing, an early version of environmental whitewashing. Compare that to the ESG strategy of the CIE Automotive team who presented at our conference in Bilbao and feature in this issue of Creating Value. Marketing and image must be based on reality. Vision, without a strategy is a very frustrating and useless exercise.

2. Ego is the Enemy

Jim Grant, founder of the legendary “Grant's Interest Rate Observer”, as quoted in the book, observed, “I think where GE went wrong was a loss of moral compass… the conceit of a company that believes it can do no wrong…”. He mentions the dependance of GE on the financial services business that has been cyclical “…since the dawn of lending and borrowing”. But GE executives believed “they could manage through any such cycle…”. In other words, hubris.

GE management under Immelt depended heavily on the power business for results to make their numbers. It turned out, however, that the power business was in the middle of a multi-year bubble caused by de-regulation in the power industry. “The power business went from earning $1 billion a year to $5 billion a year in two years…But we were convinced it wasn't a bubble…”. It did eventually go back to $1 billion. It wasn't that the signs weren't there, Siemens, which competes with GE in the same business lines, was already warning that the sector was slowing. Think how many times we have heard those four magic words, “this time it's different”.

One of the characteristics of GE, under both Welch and Immelt, was overpaying for acquisitions that didn't pan out, the most significant of which for Immelt was the acquisition of the power business from Alstom. Years later he admitted that they probably overpaid by about $2 billion (on a value of about $14 billion). The deal was political, complicated, and took around 18 months to complete. During this period, there were increasing concerns about deteriorating numbers, implying that the purchase price on the table was too high. But too much ego was invested in the deal. And, incredibly, to make the deal look more attractive, the dollar amount of expected synergies was increased from $1.2 billion to $3 billion, little of which was ever realized, and the Board accepted the deal.

3. The Process of Continuous Change

Welch once said, "If the rate of change on the outside exceeds the rate of change on the inside, the end is near". In other words, when businesses don't keep pace with the speed of change in their marketplace, they face extinction. Welch lived by these words and Immelt tried to. But Welch was luckier – he ruled GE during an unprecedented period of economic growth. Immelt dealt with 9/11 and then the near death of GE after 2008, followed by more financial oversight, and the continuing destruction of the American industrial base. Mistakes were made, but maybe in the end, the company that led innovation since 1892 simply became too slow to be able to change on the inside as quickly as change came on the outside.

Of course, it's easy to criticize with the benefit of hindsight, but let's learn from others' mistakes and hone our skills to recognize a changing environment when we see one, and to act positively and decisively in the face of the resulting challenges - which as we celebrate our 50th anniversary, is what IMAP and its partners around the world do best.

JURGIS V. ONIUNAS
IMAP Chairman
jurgis.oniunas@imap.com

IMAP's Annual Review 2022

IMAP closes 238 M&A transactions worth over $26 billion in 2022

238
M&A transactions

$26bn+
transaction value

26%
cross-border deals

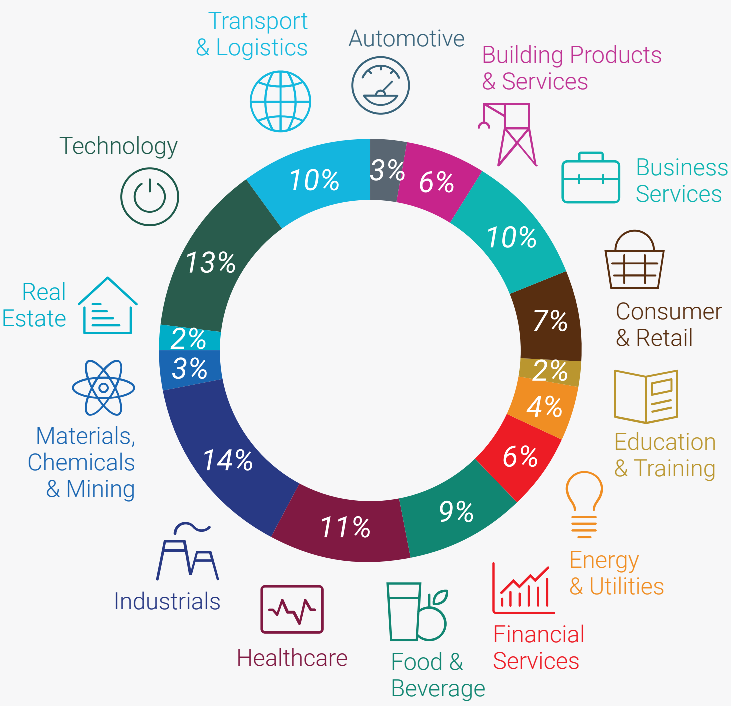
IMAP partners around the world closed 238 M&A deals worth more than $26 billion in 2022. Total deal volume for IMAP in 2022 was down from the record high set in 2021, but beat expectations as the mid-market M&A environment held strong despite challenging macroeconomic conditions. Persistently high inflation, rising interest rates, stock market volatility and geopolitical spillovers fueled uncertainty throughout the year. Moreover, constricted availability of financing and diminished valuations put a damper on the rate of M&A transactions closed. And yet, there was ongoing demand for high quality assets, particularly those in the mid-market sector with defensive growth models that proved resilient in a slowdown environment.

Industrials, Technology, Healthcare, Business Services, Transportation & Logistics, and Food & Beverage were the most active sectors for IMAP in 2022, accounting for almost 70% of total deal volume. Roughly 26% of IMAP's transactions in 2022 were cross-border, which is marginally lower than previous periods and likely reflects growing investor uncertainty surrounding the international environment. PE buyers became more reluctant to make moves as 2022 progressed but well capitalized strategics continued to pursue buy-and-build transactions. The greater degree of scrutiny from buyers and an overall more discerning approach to M&A observed in recent months will continue this year.

JURGIS V. ONIUNAS
IMAP Chairman

"Contrary to mid-year expectations and a tough macroeconomic backdrop, 2022 ended strongly for IMAP, just above the levels of pre-COVID 2019. A warm winter in Europe so far has postponed a major energy crisis, and concerns about rising inflation, although still at stubbornly high levels, have eased. However, as central banks continue to take liquidity out of the markets and demand destruction continues, inflation concerns are being replaced by fears regarding corporate profits, and there seems to be no end in sight for the conflict in the Ukraine. So, 2023 will be another challenging year, but as always, and indeed for the past 50 years, our team of more than 450 professionals will continue to provide support, advice, and solutions to business owners around the world, in M&A, capital raising, asset management and other corporate finance areas."

Deal Distribution by Sector



Global Performance

Rank	Advisor
1	PwC
2	KPMG
3	Houlihan Lokey
4	Rothschild
5	Ernst & Young
6	Deloitte
7	BDO
8	**IMAP**
9	Oaklins
10	Grant Thornton

Ranking based on number of transactions closed in Q1-Q4 2022.
Undisclosed values and values up to $500 million.
Source: Refinitiv and IMAP internal data.

Local Market M&A Insights

GERMANY

In Q4 2022 the number of M&A deals with German targets dropped by approximately 20% compared to Q4 2021. The general business environment remains challenging, with inflation rates still at above average levels of about 6-7% and a recession – however mild it might be – is expected for 2023. Pricing of deals has declined in line with increasing uncertainty and high leverage debt financing is much more difficult to attain.

Growing as well as resilient businesses with clear USPs continue to attract interest

However, growing as well as resilient businesses with clear USPs have a greater scarcity value in difficult times and continue to attract interest from strategic and financial buyers alike. IMAP Germany had a strong Q4, closing four deals in December alone, and we remain optimistic for 2023 as we continue to acquire new mandates and move our contracted deal pipeline towards success.

Carsten Lehmann
IMAP Germany

FRANCE

Like other European countries, the French economy suffered multiple shocks in 2022 leading to a decline in growth: rising energy prices, geopolitical tensions, COVID waves, supply difficulties, rising interest rates, etc. This stagflation environment is likely to continue in 2023 with no concrete prospect of ending as the Ukrainian crisis continues.

One note of optimism: the midcap market has generally suffered less

With a decline of nearly 50% over 2022, the M&A market has suffered from this unfavorable economic context as well as from a deterioration in the financing markets. The lack of visibility is likely to continue to weigh on the M&A market in 2023. One note of optimism: the midcap market has generally suffered less, fueled by family owned companies and less impacted financing conditions.

Cyril Kammoun
Degroof Petercam - IMAP France

IRELAND & UK

Q4 2022 was defined by uncertainty. Throughout the UK and Ireland various macro factors impacted companies across every sector. This prompted a greater degree of scrutiny from buyers, a more discerning approach to M&A and an increasing prominence of trade buyers who understand industry specific issues in a way others can't, in addition to synergies providing some downside protection.

A more discerning approach to M&A and an increasing prominence of trade buyers

Q1 2023 is unlikely to materially improve from a macro perspective, however, we do anticipate an improved market for deal making as we get great clarity on key issues such as labour shortages, energy costs and inflation. A greater degree of certainty will allow buyers to make informed decisions and should create a more favorable deal making environment.

Richard Tunney
Key Capital - IMAP Ireland

SWEDEN

The fourth quarter of 2022 was the most challenging one of the year, with a downturn in number of deals in almost every sector in Sweden; Consumer Goods and Construction being the two most affected. Increased inflation and higher interest rates makes it more expensive to finance a deal, which in the short term inhibits transaction activity.

There are still SMEs that are performing very well and many sellers still want to sell

However, at the same time, there are still SMEs that are performing very well, and many sellers still want to sell. Given that there are less assets on the market, competition is increasing for the ones that are for sale. Companies with profitability are more attractive than speculative companies. Going forward, we also see a trend in place where due diligence processes are becoming more extensive since buyers really need to understand a seller's underlying growth and profitability.

Andreas Anderberg
IMAP Sweden

HUNGARY

Hungary experienced some landmark transactions in 2022 including the sale of leading travel portal szallas.hu, and the acquisition of AiMotive by Stellantis, to name a few.

We expect export-oriented companies from diverse industries to be heavily over-represented in domestic deals

Current economic conditions, such as record inflation and the resulting high interest rates aren't conducive for a hot merger market in 2023; while IMAP in Hungary was market leader with 15 transactions closed in 2022, we expect a lower number of closings in 2023. We expect export-oriented companies from diverse industries to be heavily over-represented in domestic deals in the next 12 months.

Gábor Szendröi
CMBP - IMAP Hungary

USA

While the volatile economic environment certainly caused significant challenges for M&A markets in 2022, it did not halt middle-market deal activity.

Many of the catalysts of middle-market deal volume are demographic driven, namely aging business owners seeking liquidity

Moreover, while adverse market forces present disruptions to M&A activity, many of the catalysts of middle-market deal volume are demographic driven, namely aging business owners seeking liquidity. The conclusion of the economic downturns in 2008 and 2020 were met with a flurry of M&A activity - we expect a similar trend once the U.S. economy regains its footing.

Kenneth Wasik
Capstone Partners - IMAP USA

BRAZIL

2022 was a very strong year for M&A in Brazil. Around 1,600 transactions were closed, which is not far off from the record set in 2021. In 2023, M&A activity will primarily be driven by the political agenda, with focus on the fiscal responsibility of the new administration.

M&A activity will primarily be driven by the political agenda

Energy, Infrastructure, Retail, and Healthcare will likely remain as the most active sectors.

Marcio Fiuza
Brasilpar - IMAP Brazil

MEXICO

As Mexico maintains itself as one of the more politically stable countries in LATAM, we expect foreign capital to keep flowing into the country, especially from investors looking to diversify their geographical footprint by accessing not only the Mexican market but the LATAM market as a whole. This environment will create attractive opportunities for venture and private equity funds to pursue M&A.

This environment will create attractive opportunities for venture and private equity funds to pursue M&A

More mature and well-funded startups that seek to remain competitive and keep up the growth rates demanded by their investors could take advantage and consolidate their presence in the market by acquiring other earlier stage startups in need of financing, under less pressure and at more realistic and sustainable valuations. This could also open the door for more mature and traditional companies to start exploring strategic M&A to acquire innovative tech startups.

Hans Castillo
Serficor IMAP - IMAP Mexico

SOUTH AFRICA

High external debts and deficits and the increases in US interest rates in 2022, the steepest since 1979, are a negative for the Africa region. Cross-border flows in particular are likely to be impacted as depreciation risks and currency controls increase in many markets. Development finance institutions continue to be important, especially in private capital markets, and their relative importance may increase in this leg of the cycle.

Renewable energy and financial inclusion continue to be hotspots of deal volumes

Thematically, renewable energy and financial inclusion continue to be hotspots of deal volumes. In South Africa specifically, deal activity slowed in Q4 because of the overhang presented by the electoral conference of the governing party ANC. Following the re-election in December 2022 of the incumbent President Cyril Ramaphosa, we expect an uptick of activity in 2023 with the next general election not until 2024.

Edmund Higenbottam
Verdant Capital - IMAP South Africa

JAPAN

The Japanese M&A market was highly active in Q4 2022, with the number of closed deals not far off from the same period in 2021. In the domestic market, the transaction value involving Japanese companies was 145% higher than in 2021. Notably, the marathon run of the Toshiba buyout is finally approaching closure, with a $9 billion financing support from syndicated bank groups.

We expect to see more Japanese companies acting as strong bidders in future cross-border deals

Meanwhile, the Japanese government recently decided to make a tax-free (NISA) scheme for households permanent, encouraging a shift from savings to stock investments, which could make the domestic capital market become even more active in 2023. Moreover, after the BOJ shocked the market with an unexpected policy shift, the Japanese currency is strengthening and we expect to see more Japanese companies acting as strong bidders in future cross-border deals.

Tomoyuki Izumi
Pinnacle - IMAP Japan

CHINA

China has liberalized its pandemic control policies and it is foreseeable that international travel will no longer be affected around the Chinese New Year. China's economy is recovering and more and more industries are coming back into line with international standards. Chinese industries paid a heavy price over the past three years due to the pandemic and government controls, although in 2023 we believe that an increasing number of companies will seek opportunities abroad.

Many Chinese private companies and wealthy families are looking to allocate their assets internationally

There will also be more opportunities for foreign investors in China, as Chinese targets with reasonable valuations will be available. Moreover, many Chinese private companies and wealthy families are looking to allocate their assets internationally, so both M&A and greenfield investments overseas, especially in Europe, will become increasingly interesting for them.

Junxiong "Jacky" Wang
IMAP China

M&A and ESG go Hand-in-Hand at Worldwide Industrial Group CIE Automotive

At IMAP's Fall 2022 Conference in Bilbao, Lorea Aristizabal Abasolo, Director of Corporate Development, and Irache Pardo Villanueva, Director of Financial & Treasury and Corporate Purchasing Officer, from CIE Automotive were invited to lead a session looking at how M&A has been a key tool in the company's evolution over the last 25 years, as well as why ESG is firmly integrated into the company's business model.

IRACHE PARDO VILLANUEVA
Director of Financial & Treasury and Corporate Purchasing Officer
CIE Automotive

LOREA ARISTIZABAL ABASOLO
Director of Corporate Development
CIE Automotive

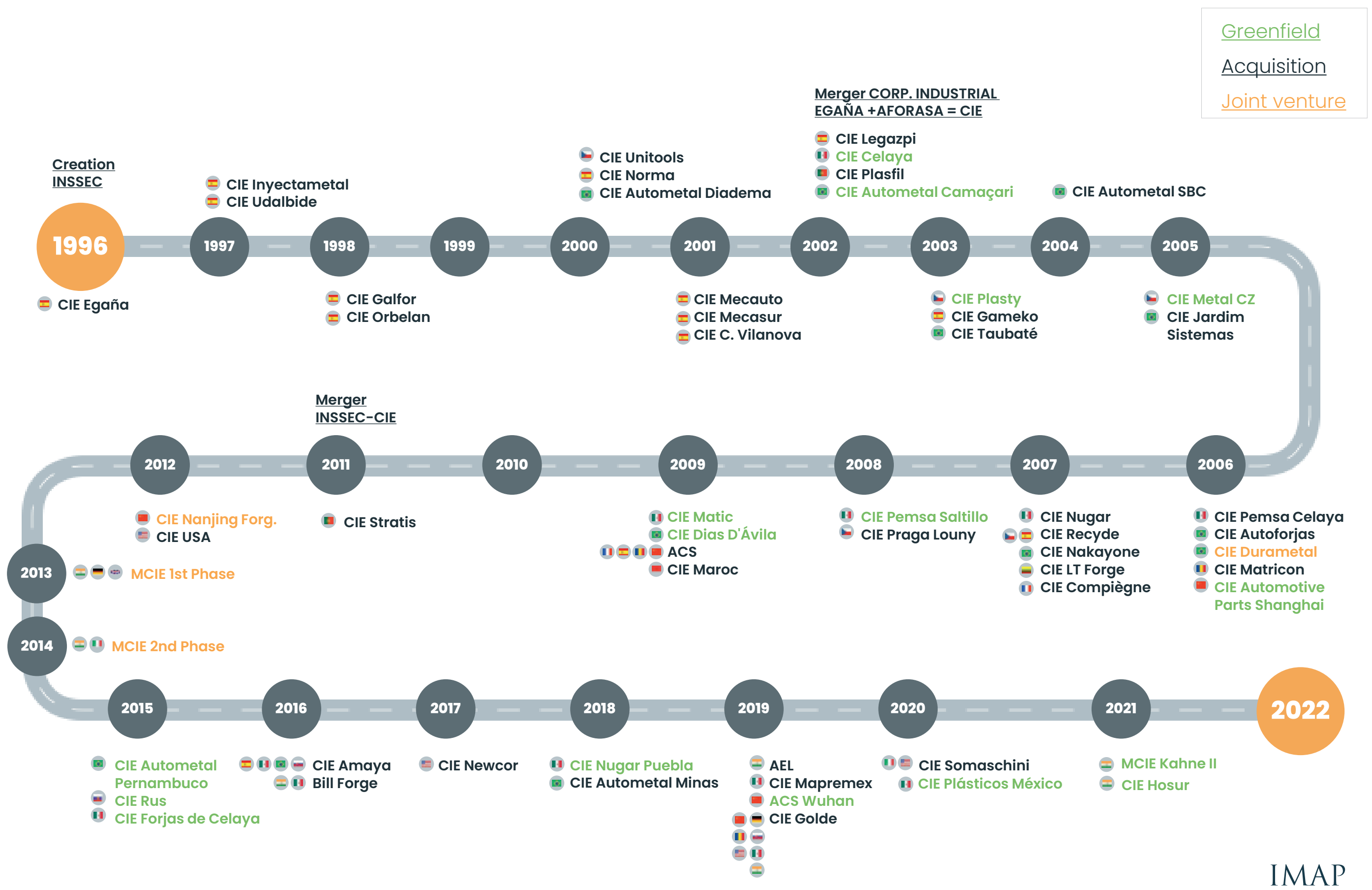
Yesterday: M&A Shaped the Company CIE is Today

CIE Automotive ("CIE") is an industrial group specialized in high value-added processes. We are a global full-service supplier for components, assemblies and sub-assemblies and have 114 production sites distributed across 108 locations in 16 countries covering four continents.

During the last 25 years, we have integrated more than 100 companies

M&A has been essential in building the company that we are today. During the last 25 years, we have integrated more than 100 companies through Greenfields, JVO's and M&A. Our journey began in Bilbao, in the Basque Country, where there is a lot of industry and especially strong Automotive industry. A highly atomized industry, there are thousands of small and mid-sized family-owned businesses here dealing with the large OEMs. CIE was born in this context and with two very strong beliefs: first, that together we would be stronger and second, that in order to mitigate risks in such a competitive sector, diversification would be critical. And thus, our M&A story began.


M&A


Greenfield
Acquisition
Joint venture
Creation INSSEC
1996
CIE Egaña
1997
CIE Inyectametal
CIE Udalbide
1998
CIE Galfor
CIE Orbelan
1999
2000
CIE Unitools
CIE Norma
CIE Autometal Diadema
2001
CIE Mecauto
CIE Mecasur
CIE C. Vilanova
Merger CORP. INDUSTRIAL EGAÑA +AFORASA = CIE
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CIE Legazpi
CIE Celaya
CIE Plasfil
CIE Autometal Camaçari
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CIE Plasty
CIE Gameko
CIE Taubaté
2004
CIE Autometal SBC
2005
CIE Metal CZ
CIE Jardim Sistemas
2006
CIE Pemsa Celaya
CIE Autoforjas
CIE Durametal
CIE Matricon
CIE Automotive Parts Shanghai
2007
CIE Nugar
CIE Recyde
CIE Nakayone
CIE LT Forge
CIE Compiègne
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CIE Pemsa Saltillo
CIE Praga Louny
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CIE Matic
CIE Dias D'Ávila
ACS
CIE Maroc
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Merger INSSEC-CIE
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CIE Stratis
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CIE Nanjing Forg.
CIE USA
2013
MCIE 1st Phase
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MCIE 2nd Phase
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CIE Autometal Pernambuco
CIE Rus
CIE Forjas de Celaya
2016
CIE Amaya
Bill Forge
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CIE Newcor
2018
CIE Nugar Puebla
CIE Autometal Minas
2019
AEL
CIE Mapremex
ACS Wuhan
CIE Golde
2020
CIE Somaschini
CIE Plásticos México
2021
MCIE Kahne II
CIE Hosur
2022

Through M&A we have created a healthy geographical balance with each region's contribution critical to the overall success of the company, which is extremely important in current times. We are also able to invest according to our own profitability return criteria because we have no dependence on a single customer. M&A has also allowed us to have such a diversified technology portfolio that we have become a one-stop-shop for customers, offering any component in any technology in any part of the world at the same time.

This geographical, commercial and technological diversification is all tied to qualitative ideas:

- **Investment discipline:** While we are an industrial company, our objective is not to produce components, rather profit from producing components.
- **Decentralized management:** We have 26,000 people in CIE, with less than 80 people at CIE HQ located in Bilbao. Our only role at HQ is to support the plants, where the business is and where the cash is generated; they are the decision makers.
- **ESG:** Firmly implemented into CIE's business model.

Today: How we Approach M&A

In every acquisition we make, there are specific drivers. For example, in 2019 we acquired Aurangabad Electricals Ltd. in India. The primary driver behind this acquisition was the increasing demand in the sector for aluminium components to lightweight vehicles. At the time, we didn't have the capacity for aluminium injection in India, so by including it in our portfolio we are able to provide a better and more complete service to our clients. We also gained new customers, as well as moved into a new segment, the two-wheeler market, which is huge in India.

Another example is when we acquired Inteva R.S., the third largest player in the world for roof systems. This was a strategic move, as we believe that roof systems will be a very important part of vehicles in the future looking at the megatrends driving demand in the market, such as the comfort of the vehicles.

Taking the gear component production as another example, we had production in Italy which serviced the European market, and in India to service Asia. However, we wanted to be a global gear player, but were missing the American market. Therefore, we strategically acquired an Italian company also servicing the American market. We reinforced our position in Italy and Europe and we are now a global player.

Tomorrow: Two Parallel M&A Strategies

If we now look towards the future, we see two different types of M&A strategy in parallel:

Consolidation: CIE was built on consolidating small family-owned businesses of which there are thousands, and we will continue to be a consolidation vehicle. Many of these companies have reached their maximum growth capacity on their own, but under the CIE umbrella will have access to new resources, clients, R&D, and so on.

Because we have no dependence on a single customer we are able to invest according to our own profitability return criteria

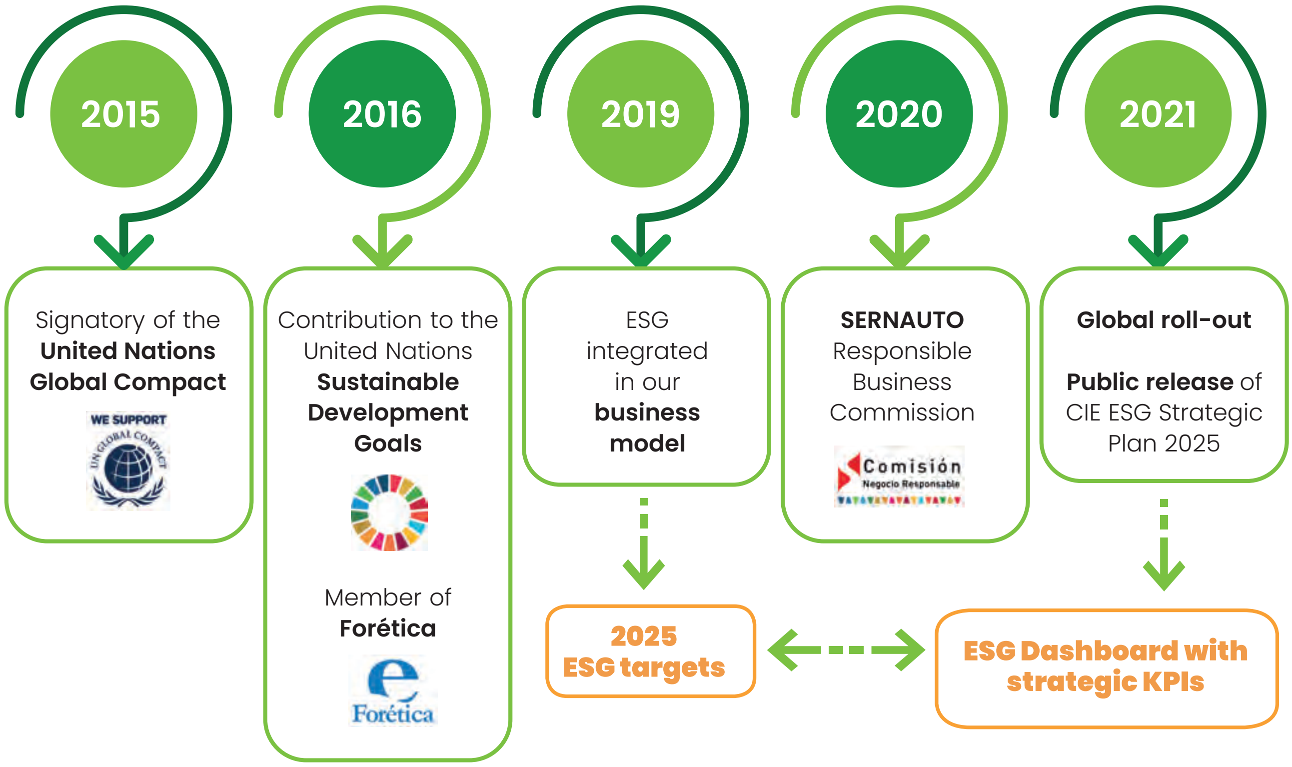
Strategic: From time to time, when we see the right opportunity and feel the company is ready from a management team and a financial point of view, we will do large strategic transactions that will allow us to take significant quantitative and qualitative steps. We have done this twice to date.

Our long-term strategy is for very ambitious growth and M&A will continue to be a key tool for us. Because our organic growth level is so strong and our cash generation level is so high, we will be reducing our leverage significantly over the next years, which will increase our firepower to go "M&A shopping". We project we will have €1.5 billion available until 2025 to spend on corporate transactions including buy-backs, the purchase of minorities and M&A. In summary, M&A is part of our history, present, and very definitely, our future.

ESG is Key to Sustaining our Company's Future

Over the last few years, ESG is all everyone has been talking about. At CIE it's something we have been doing for years. In October 2015, we joined the *United Nations Global Compact*, an international initiative that promotes the implementation of the 10 universally accepted principles which encourage business social responsibility. Through this we develop, implement and disseminate policies and practices of business sustainability.

Another significant step in our commitment to sustainability was the launch in 2021 of CIE Automotive's *ESG Strategic Plan 2025*, taking into account the needs of all our stakeholders, as well as our commitments to them.



The plan is based on four pillars:

- **CIE Culture:** Identifying, empowering, retaining and attracting talent
- **Ethical Commitment:** Respect for, compliance with and development of the ethical framework
- **Eco-efficiency:** Efficiency in production and improvement of environmental impact
- **Active listening:** Proactivity and continuous communication with our stakeholders

These four pillars all have one common driver: engagement. By this, we mean engagement to:

- **Governance:** Transparency and legality. Compliance policy available to everyone. Worldwide ESG training. Risk analysis and mitigation. Training on Code of Conduct

- **Environment:** Measure and reduce environmental impact from a lifecycle perspective (cradle to gate scope). For example, 100% of energy production in CIE production site in Spain derived from renewables. Targets at European level by 2030 to reduce energy consumption by 2% and waste emissions reduction by 5%

- **Sector:** Worldwide collaboration in research programs. Two percent of our annual revenues are invested in R&D. Launched project to integrate ecodesign and circularity criteria in the development and industrialization process. R&D roadmap focused on: Decarbonization, Sector 4.0, New mobility concept, and Safety & Security

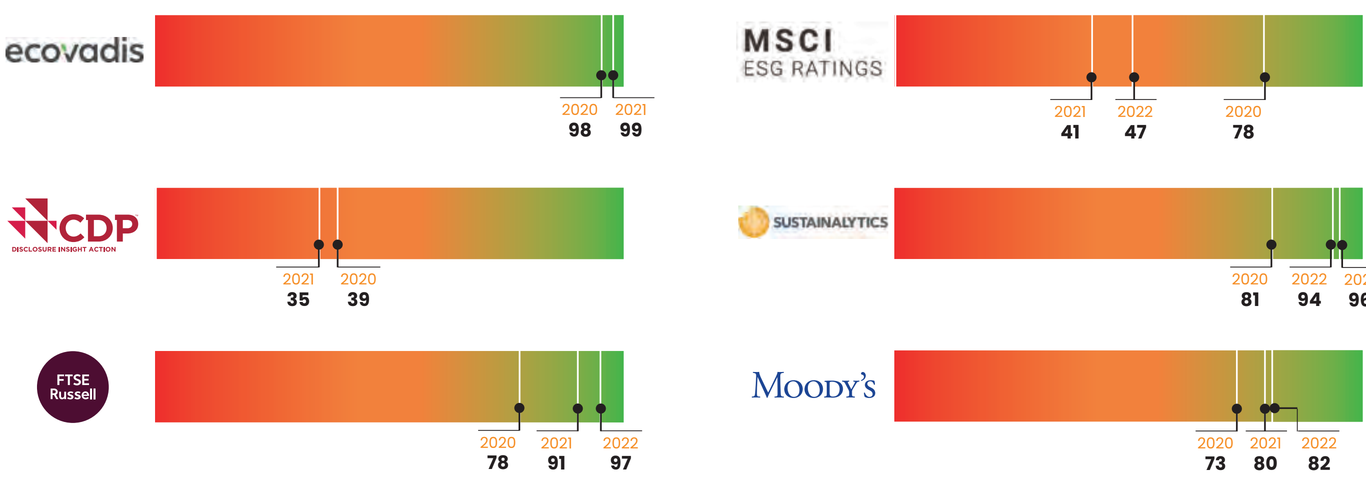
- **People:** Ensure CIE is Diverse, Decentralized, Safe, and Empowering. Objective is to attract and retain key people, which is fundamental to CIE's organic growth

- **Supply Chain:** Critical in the Industrial sector to have a high quality strong ESG supply chain. Measuring, controlling and developing the supply chain is key to achieving CIE's 2025 ESG Plan. Objective is to achieve sustainable and stable supply chain management to minimize ESG risks. Purchasing represents 70% of total revenue and with circa 25.000 suppliers worldwide goals can only be achieved by taking the challenge to the local/purchasing teams at any plant level. We work with small, medium and large size companies, but it's important to encourage local sourcing to avoid logistics costs and supply problems as experienced in the past. All this without forgetting that service, quality, and price are important

- **Financiers:** Maximizing the volume of ESG-linked financial operations, making CIE's debt "green". Our primary debt, the syndicated facility, has been converted green, as well as several other lines with financiers including the European Investment Bank. Transparency - we are continuously monitored by a third party, Moody´s VigeoEiris. If our yearly ESG score goes up, our spread cost is adjusted and we pay less spread on those "green" financial lines, but if there is no improvement, the spread price is increased. Our estimation is that by the end of 2022, around 93% of our net financial debt and around 63% of our gross financial debt will be linked to ESG criteria, therefore, demonstrating CIE and its financiers absolute commitment to ESG and these criteria

- **ESG Agencies:** Several independent agencies currently evaluating CIE's ESG performance, most of them unsolicited and using our public information. The reports are demonstrating very positive trends in the rating

Percentile Position Within the Sector



In order to monitor our performance internally in the application of our ESG principles and policies, CIE elected a Transversal or Cross-Group Committee. It is made up of 11 members from different areas and supervised by the Board of Directors through the ESG Commission. The 2025 ESG Plan was released in mid-2021 and we are proud to report that we achieved all the targets defined for 2021, which is no easy task. At CIE we are committed to ESG and to doing all what we can to make the world a better place to live in. ■

There's More Than Just M&A on the Agenda at IMAP Conferences

IMAP bi-annual conferences are crucial events on the IMAP calendar. Hosted by IMAP partners around the globe, they provide the opportunity to meet new colleagues, catch up with old friends and discuss opportunities for dealmaking in the changing economic environment. However, while there are some staple elements such as partner bi-laterals and the story behind the deal on the agenda, each conference is unique and encompasses more than just macroeconomics and M&A. Creating Value takes a closer look at some of the key sessions and events at IMAP's Fall conference in Bilbao, hosted by IMAP Albia Capital - IMAP Spain.

It goes without saying, that M&A was top of the agenda. Indeed, with what looks to be an impending world-wide recession and in what is said be to the most challenging economic environment for the last 40 years, several of the key sessions were dedicated to discussing how this will impact the M&A markets across the regions and wherein lie the opportunities for dealmaking. However, the program also encompassed art, culture, music, solidarity, and even the importance of happiness.

Uniting People, Culture & Companies

Following a private guided tour at the stunning Guggenheim Museum, the first day of the conference kicked-off with "Albiacoustic", IMAP Albia Capital – IMAP Spain's annual meeting point for clients and friends. Merging art, music, and solidarity with finance, guests enjoyed an economic update from guest speaker, Fernández de Mesa, Vice President of the Spanish Confederation of Entrepreneurs, CEOE, a concert by musical group, Smile, art by Gracia Gómez-Cortázar Romero, and the best of local gastronomy, all while promoting and supporting selected social causes and solidarity projects.

What's Happiness got to do with It?

Focusing on business culture and values, Margarita Alvarez, listed by Forbes as one of the 50 Most Powerful Women in Spain and Director of the Human Age Institute and CEO of Working for Happiness, asked the question, "what does happiness have to do with finance?" Examining the importance of achieving happiness both personally and professionally, she discussed how this is especially relevant in the aftermath of the COVID outbreak, why many people still struggle to understand what happiness really means, as well as why more than ever it's crucial employers should focus on employee wellbeing.

Social Responsibility & Finance

Bringing solidarity to the forefront, Mikel Rentería, Founder of the Walk On Project (WoP) Foundation shared his families journey and motivation to create a foundation to fight against neurodegenerative diseases following his son Jontxu's own diagnosis. To date, through its many activities; educational, musical, sports and social events, including the famous "Estropatada", the foundation has allocated over €700,000 to fund research projects and increase publish and social awareness in the fight against neurodegenerative diseases becoming a reference in social companies.

The Importance of the IMAP Family

Because IMAP conferences are held around the world, often attendees are accompanied by their partners. Therefore, for many years and in parallel to the conference, IMAP organizes an exclusive Spouse Program, with each one unique and tailored to showcase the very best of the host city. Bilbao was no exception, with organized cultural, culinary, and historical activities and even included a visit to the cinematic city of San Sebastian. The program is becoming ever more popular and in fact, Bilbao boasted the highest attendance in many years. ■

Each conference is unique and encompasses more than just macroeconomics and M&A

Mikel Rentería

Margarita Alvarez

Application Software Performance Under the Microscope

NILS KELLER
Partner
IMAP Germany
nils.keller@imap.de

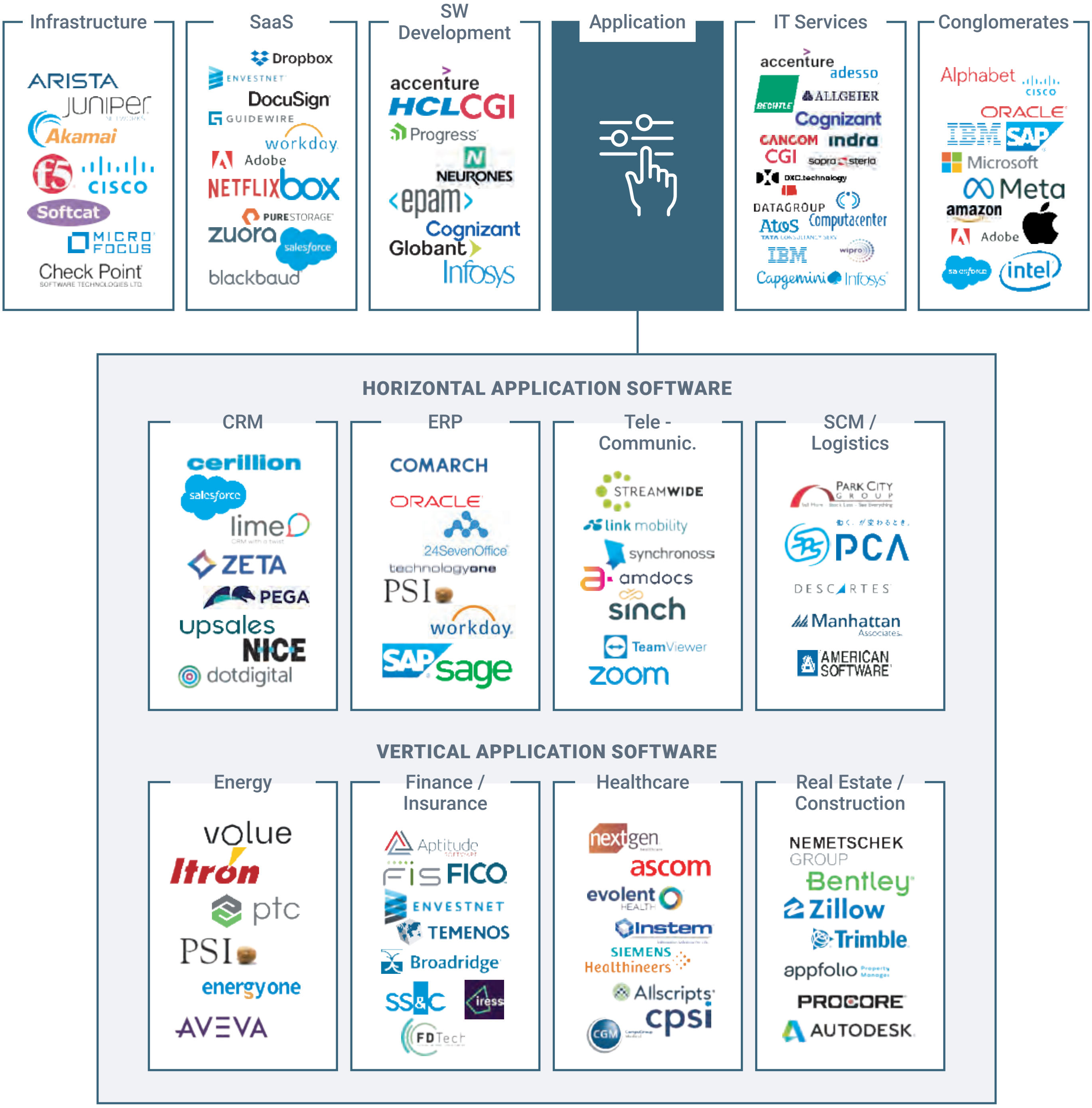
Nils Keller, Partner at IMAP Germany takes a deep dive into the Application Software market for Creating Value, providing analysis on its development throughout 2022, with special emphasis on stock market valuations and M&A activity.

Our sector experts at IMAP Germany covering the Software market follow closely the performance of listed companies in this segment. To assess such a broad market, we make a distinction between application-oriented software solutions, for both horizontal or vertical applications, and general IT and software solutions, which are either functional focused software solutions, business model focused, or size-wise focused software companies.

Historic Growth, Stock Market Performance, and Valuations

Horizontal application software is used across industries and does not generally require market or industry specific customization, rather it is business process focused. We focus on a sample of horizontal-sub-groups, providing Customer-Relationship-Management Software (CRM), Enterprise-Resource-Planning Software (ERP), Telecommunications-Software, as well as Supply-Chain-Management (SCM) and Logistics Software.

The following graph illustrates the different software sub-groups that we define:



Progressive digitization as well as efficiency enhancement and cost-cutting measures have contributed to strong growth for the Horizontal Application Software market in recent years, which was reflected in higher valuations and favorable stock market performance. However, due to the overall economic headwinds and rising interest rates, as well as the expiry of lock-down profits, providers have seen a strong decline in the past 12 months, especially in the CRM and Tele-/Communications segments.

Within the vertical-sub-groups, we focus on the following industries: Energy, Finance, Insurance, Healthcare, Real Estate, and Construction. In addition to global megatrends such as advancing digitization, industry-specific drivers and trends have a major influence on the respective vertical application software segment meaning they cannot be generalized across the industries. That being said, over the last 12 months, most vertical software applications providers faced headwinds and declining share prices, with very few exceptions.

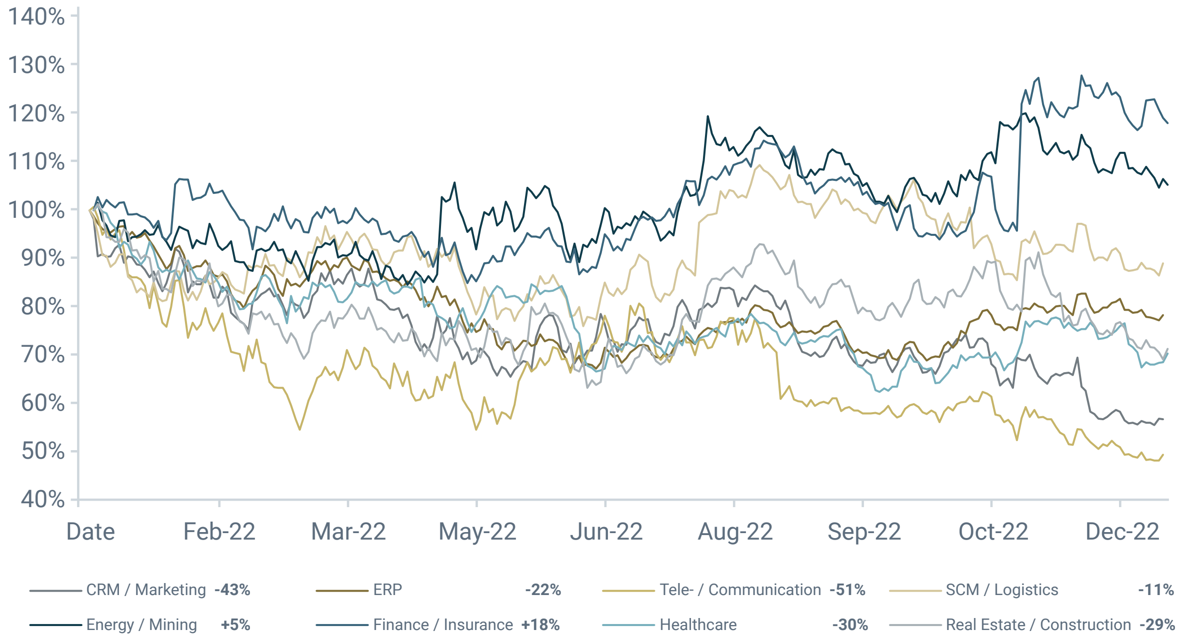
Stock-Market Performance

In 2022, all segments of horizontal application software saw declining share prices[1], with losses ranging between -11% on the low end, and up to -51% on the high end. If we look at CRM/Marketing and Tele-/Communications, we saw just one stock increase in each in 2022, whereas the remaining individual stocks all lost value. Individual stock performance within the ERP and SCM sectors on the other hand, remained consistent.

If we look at the development of the vertical application software sub-groups, however, we see very varied stories (results again driven by individual stock performance):

- **Energy** – Gained 5%. Within the segment, only shares of PTC gained 6% in 2022, which resulted, thanks to its high share price compared to others, in the sub-segment's overall gain
- **Finance** – Gained 18%. Thanks to a gain of 47% in the shares of Fair Isaac Corporation leading to this segment's overall positive performance. The remaining shares lost between -56% and -17%
- **Healthcare** – Lost c. 30%. Two of the sector's heavyweights, CompuGroup and Siemens Healthineers lost 47% and 28% respectively, whereas Evolent and NextGen Healthcare in turn, gained 8% and 13%
- **Real Estate** – Lost c. 30%. All stocks from the Real Estate sub-segment lost in value

The following graph illustrates the stock performance of our eight defined sub-groups of application software in the last twelve months ending December 2022:

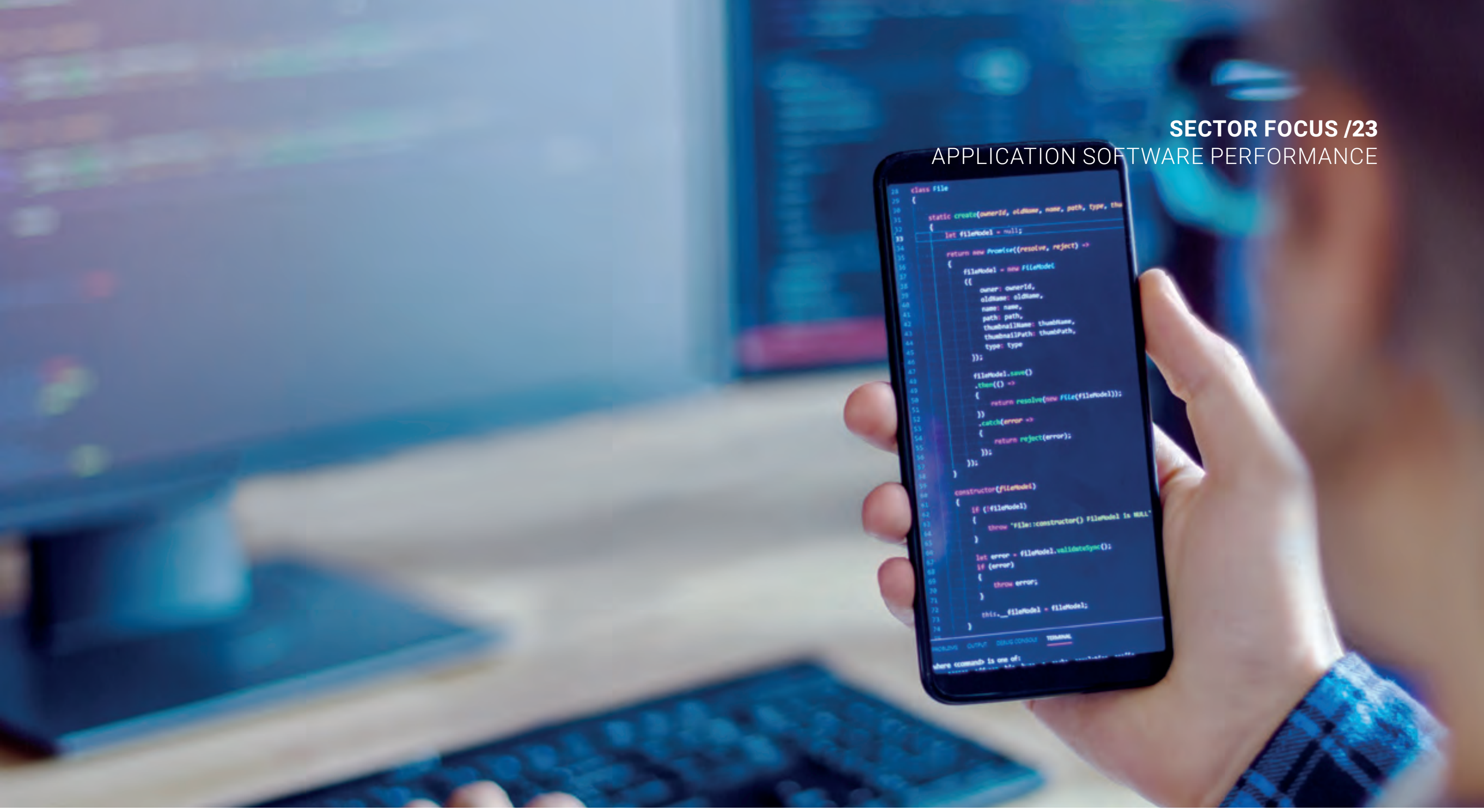


Share prices fell, in light of the imminent interest rate hikes starting at the end of 2021 and before interest rates in fact increased from early 2022 onwards. As software company valuations depend to a large degree on future earnings, higher interest rates lead to higher discount factors, and thus negatively impact the intrinsic present values. The horizontal application sub-groups are predicting top-line growth rates for the next three years, between 8-22% on a year-on-year basis, driven strongly by their future expectations.

However, if we look at vertical applications, the outlook is more varied, with growth rates ranging between 5-18%.

Furthermore, the performance of individual stocks/companies have a clear impact on the sub-group's performances, as the indexes are calculated price-weighted. PTC Inc. e.g. showed a strong performance with a 6% growth of its share price, following a topline growth or more than 20% in 2022 YOY.

1 Sub-segments calculated as price-weighted indexes



At the same time, financial software provider FICO saw a very strong topline growth in 2022 with +20%, which resulted in its 47% share price gain.

In addition to evaluating stock price performance, it is important to analyze the development of the underlying relative valuations of these companies, as this serves as a comparable valuation method for private mergers & acquisition targets.

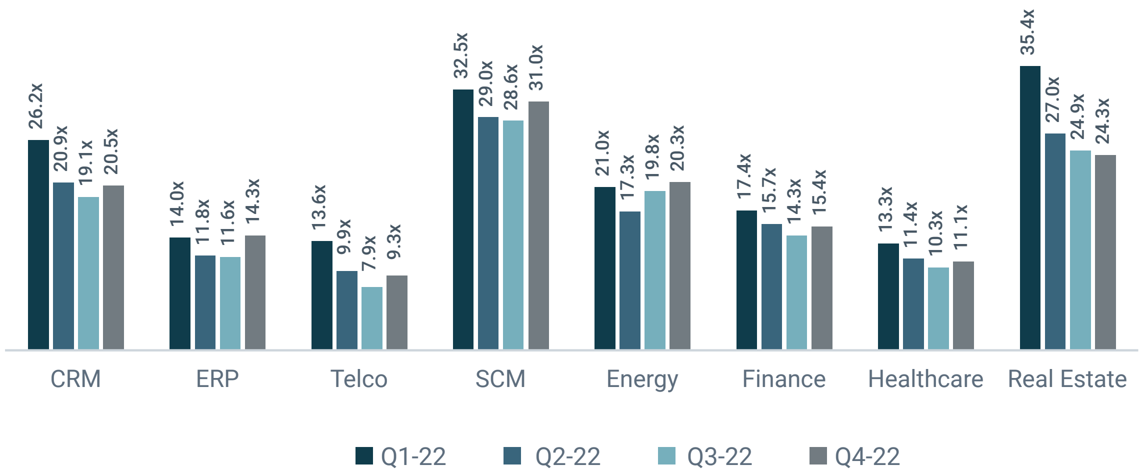
Relative Valuations Declining

In relation to stock price developments, the underlying relative valuations of our application software sub-groups showed a declining trend during 2022. Relative valuations are derived from Enterprise Value (EV) which is put in relation to expected revenues or earnings (EBITDA). This value varies with actual or expected changes in the numerator and denominator.

When comparing EV to the expected results for the respective year (in this case FY22e), we saw a downward trend in the first three consecutive quarters, and a stabilization towards year end. For example, software companies from our CRM sub-group were trading at an FY22E EBITDA of 26x in Q1-22, which decreased to 20.5x by year end. The main driver for this being the decreasing numerator or Enterprise Value, as the share prices weakened.

To capture a more sustainable view on the development of relative valuations, we also look at the median NTM (next-twelve-months)-EBITDA multiples, as these show any cyclicality in the valuation of the respective sub-groups.

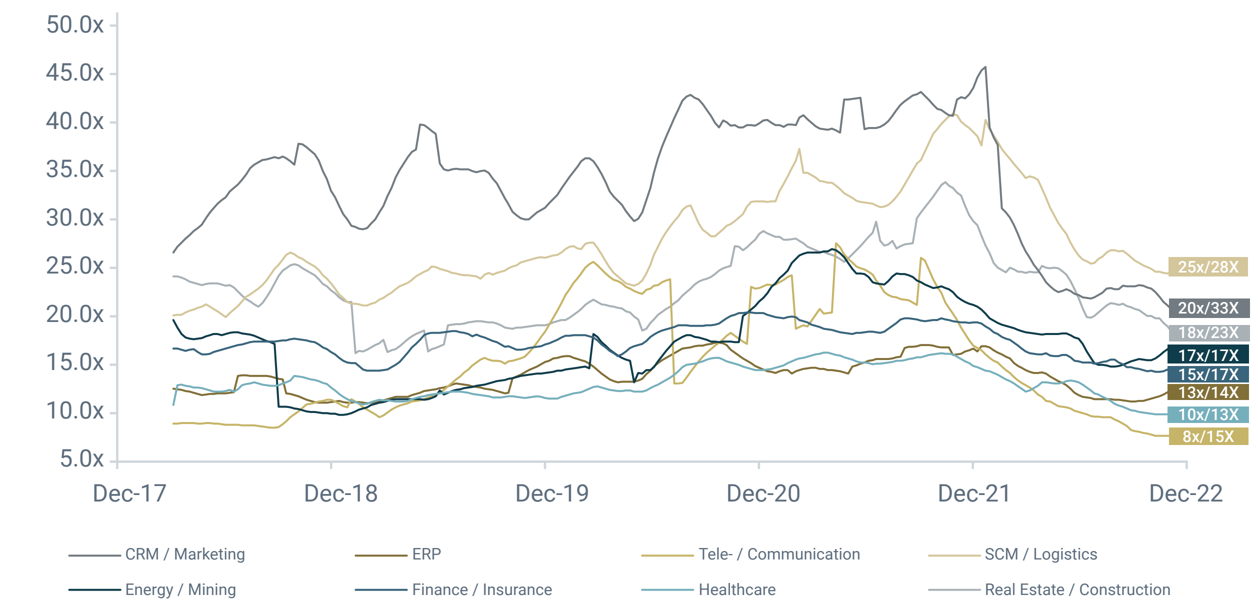
The following graph illustrates the development of FY22E EV/EBITDA multiples on a quarter-by-quarter comparison:



As can be seen in the following graph, the first figure indicates the latest NTM-EBITDA-multiple as of Q4-22, and the second figure the 5-year median. Seven of the eight sub-groups are trading below their 5-year median values with only the Energy vertical at exactly its median value.

Despite application software providers focused on Energy, the SCM, Finance and ERP sub-segments are also only valued between 8% to 12% below their 5-year median values. Software providers focused on Telecommunications and Real Estate are valued more than 40% below their 5-year median values.

The following graph illustrates the NTM-EBITDA multiples (next-twelve-months) over a five-year horizon:



European M&A Deal Activity and Valuations

When looking at M&A deal activity in Europe in 2022[2], we can see that according to Mergermarket, 851 deals with European targets in the application software segment took place. Furthermore, 335 deals reported their values with a total deal value of nearly €54 billion and a median value of c. €37 million. The median multiples paid amount to c. 4.4x[3] EV/revenues and 15.6x[2] EV/EBITDA respectively.

M&A Activity Over the Next 12 Months

As economic growth is slowing, the risk of falling into a recession is rising in many economies of the world and further expected interest rate hikes might also dampen the stock market recovery for some time. On the other hand, Gartner is predicting that IT spending will rise by more than 6% in 2023, as companies intend to predict demand, track their supplies, and secure their data. Furthermore, automation is likely to increase to counter challenges such as rising wages and employee shortages. The impending retirement of the boomer generation also underlines the need to digitize the knowledge and experience side of business processes, so as not to lose key knowledge in the coming years. Some experts thus foresee the potential for stock prices of technology companies to pick up by up to +20% again in 2023.

The rising cost of capital will also enable strategic buyers to realign valuation offers by financial investors and re-enter the stage more dominantly

In terms of M&A, we expect an active year once again, as the underlying growth drivers for many software companies remain intact, and the valuation gap looks to disappear. Following the reset in public valuations in 2022, the mark down of M&A valuations, which tends to lag, will bottom-out in 2023. The rising cost of capital will also enable strategic buyers to realign valuation offers by financial investors and re-enter the stage more dominantly. Due to the weaker valuation environment, it is likely we will see an increase in stake sales (minority stakes, or at least significantly less than 100%) whereby sellers will attempt to recapture higher valuations for the remaining shares at a later date and more favorable valuation environment. According to Mergermarket's heat chart, which tracks opportunities based on "companies for sale" intelligence, the TMT sector remains the hottest sector in almost all regions for the time being. ■

2 As of Jan. 4, 2023
3 Normalized for outliers

Consolidation Continues in Web Hosting Sector with Web4U Acquisition by Miss Group

RADEK SCHMIED, PH.D.
Partner
IMAP Czech Republic
radek.schmied@imap.com

ZDENĚK ZAVADIL, CFA
Project Manager
IMAP Czech Republic
zdenek.zavadil@imap.com

LUDĚK PLÍŠEK
Project Manager
IMAP Czech Republic
ludek.plisek@imap.com

PER DEMUTH
Associate
IMAP Sweden
per.demuth@imap.se

IMAP Czech Republic talks to Creating Value about their recent clients, the shareholders of Web4U, a leading Czech web hosting services provider which was acquired by international web hosting company, Miss Group. They look at how consolidation by large market players continues to drive M&A activity in the sector and why global reach and cross-border support is now crucial in securing the best solution for clients looking to sell their company.

When clients approach us to sell their company, trust is paramount. They trust that we understand just how difficult this step is for them and that we will reliably guide them through the M&A process, with honesty and full transparency and feel safe in the knowledge that we have the experience and expertise, and more importantly credentials to secure the best deal. While for many clients this may be a once in a lifetime transaction, for others it is potentially one of many. On this occasion we already had a relationship with one of the clients on another mandate during which in parallel he reached out to us regarding another one of his businesses, Web4U, a leading web hosting provider.

Acquisitions are really the only feasible option in a flat market which is good news for companies with strong market positioning

Our clients had been contacted by a local consolidator interested in the business and after receiving some initial data from the Web4U client, had made an offer. He asked us to review the offer which we did and based on our experience and knowledge of the sector we quickly realized that the offer was far too low and advised them not to accept. Both clients, each owning 50% of the company, also had equity stakes in other IT/Tech ventures which they were looking to focus on (one of the clients, for instance, Packeta, a disruptor tech logistics company on track to become a unicorn). This in conjunction with the obvious market interest for the business and our valuation expectation, which was higher than theirs, resulted in them taking the decision to sell the business, mandating us to commence a full-scale sale process.

Niche Market with Ongoing Consolidation Plays

The web hosting market in Czechia was previously quite fragmented, with relatively low market concentration. However, over the last decade or so, we have been seeing major shifts with a trend towards consolidation on two different levels:

- **Local companies:** Aggressively acquiring smaller peers and/or gaining market share by aggressive marketing and becoming well recognized players on other foreign markets (e.g., Wedos, Gransy, Zoner, and Webglobe)

- **Foreign global companies:** Acquiring the larger domestic targets to establish themselves on the Czech market (e.g., Aruba and Loopia)

Since the Czech market is relatively flat acquisitions are really the only feasible option for companies looking to build scale, penetrate new market segments and innovations, expand their service portfolios, and obtain crucial talent often difficult to achieve organically. This is good news for companies with strong market positioning such as Web4U, especially from the shareholding value point of view.

Demand from International Strategics

Founded in 2000 and headquartered in Prague, Web4U is a leading provider of web hosting, domain registrations, mail, and server housing and hosting services. It is currently the 4th largest independent hosting company in Czech Republic and has 70,000 registered domains and more than 15,000 unique customers across the public sector and SME market. Aware of the market dynamics, and the company's strong market position, we were confident it would drive a strong competitive process and generate considerable interest from both regional and international players looking to establish themselves in the region. In fact, we approached nearly 50 interested parties during the process.

Early on, when we began to research and approach the international market, we reached out to our IMAP partners knowing they could provide local support and crucial direct access to key decision-makers. Among others, we collaborated with our colleagues from IMAP Hungary who secured an NBO from an international strategic and with IMAP Netherlands who had a relationship with one of the largest strategic players in the industry. At the same time, our colleagues in IMAP Sweden who had significant experience in the sector having closed many deals and knowledge of the local culture, also secured an NBO from Miss Group which would later turn out to be the final buyer of Web4U.

Market Expansion Through Ongoing M&A

The Swedish buyer, Miss Group, was founded in 2014 by serial entrepreneur Mattias Keneteg. An international web hosting group, it offers a wide range of hosting related services including web hosting, domain registration, VPS, dedicated servers, website build, SSL-Certificates, SEO Tools, web security, and domain management. It is also an ICANN-accredited Domain Name registrar via Name ISP. Well-established in its core markets, it has a customer service-oriented model driving industry-leading performance metrics for its 700,000+ web hosting customers in the Nordic and DACH regions, as well as Europe and North America.

Since 2020, Miss Group is majority-owned by Perwyn, an international private equity and growth equity investor whose ongoing M&A and international expansion supports its growth ambitions. Web4U takes the total number of acquisitions completed under Perwyn ownership to 13. Miss Group's ambitious growth trajectory saw proforma revenues for the year ending December 2021 reach €66 million with a 43% EBITDA margin and it anticipates reaching €100 million in turnover and a 45% EBITDA margin within the next 12 months. Perwyn's strong acquisition track record and support were among several supporting factors in the decision to choose Miss Group.

Exceeding Client Valuation Expectations

On this occasion, with collaboration from our IMAP Sweden colleagues, we were actually able to complete the sale without ever physically meeting the buyer. Furthermore, our clients never met or directly negotiated with the buyer either with all these services handled by IMAP and supported by a legal advisory team. Therefore, communication was key throughout to ensure a smooth process, as there were numerous parties engaged, including not only representatives from Miss Group, but also their multinational advisory teams.

Future M&A activity in the Czech Republic and Slovakia will be foremost dictated by the willingness of company owners that remain independent to continue to resist repeated offers from large international consolidators

Following a month-long preparatory phase, and after commencing the marketing phase, the entire sale process took six months. It included a carve-out of the web hosting entity to a NewCo resulting in several waiting periods dictated by legal constraints and additional work preparing the considerable amount of documentation required. Our team handled the complete sale process, from market research through carveout technicalities, valuation, and SPA negotiations, to payment collection. Given the carve-out this process was actually quicker than usual.

In the end, we were able to deliver a final price considerably above our clients revised expectations, which was in fact, significantly higher than the initial offer that triggered the sale process. The process has been completed and Miss Group is now commencing its supervisory involvement. For now, Web4U will continue independently, with its local team and some finance/controlling functions being supported by Miss Group.

The IMAP Partnership at its Best

It was crucial for our team to have the support of our IMAP partners to secure the best solution for our clients. IMAP Sweden's knowledge and experience in the sector, local insights, and access to key strategic buyers, including direct contact with the Founder of Miss Group, Mattias Kaneteg, as well as local standby support throughout the entire process enabled us to achieve the best conditions for our clients.

Trends Expected to Drive Activity in the Sector

In the Czech Republic and Slovakia, we expect an ongoing consolidation of the market segment. However, we will see a rapid decrease in the pace of M&A deals compared to the past decade. As the market is relatively consolidated, future M&A activity will be foremost dictated by the willingness of company owners that remain independent to continue to resist repeated offers from large international consolidators. Consequently, established players will continue to put great emphases on marketing to seek gains at least a few tenths percent higher than organic market growth (2-3%), as well as monitor any potential acquisition opportunities. Alternatively, looking at a less penetrated, developed, and consolidated market might prove another attractive option for growth. ■

FREDRIK BJÖRKLUND
Co-founder and CEO
of Miss Group

"The acquisition of Web4U is an important addition to our growing portfolio as we look to expand our international footprint into selective new geographies. Web4U's impressive client base, technical expertise and knowledge of the Czech market will further strengthen our service offering to customers, as well as providing Web4U's customer base with access to an international network of products and services to support their businesses as they grow."

MARTIN KUKAČKA
Co-founder of Web4U

"With the entrance of Miss Group, Web4U gains an excellent strong partner who is not planning a revolution in the company, but rather its evolution. I personally believe that our already exceptional team will be strengthened and Web4U will gain access to new technologies, thanks to which it will improve its existing service offering and offer customers a wide range of new services."

LUKÁŠ KUNOVSKÝ
Co-founder of Web4U

"Being part of the Miss Group family, a true global player, Web4U will undoubtedly further strengthen not only its operating competencies, but also its current market position in the region."

Share Logistics Secures its Future in Freight and Logistics with Sale to Groupe BBL

GUILLAUME PETIT
Partner
IMAP Netherlands
gpetit@imap.nl

CEES VAN VLIET
Director
IMAP Netherlands
cvanvliet@imap.nl

THOMAS VERHOECKX
Analyst
IMAP Netherlands
tverhoeckx@imap.nl

FRANÇOIS-RÉGIS COTTIN
Executive Director
Degroof Petercam - IMAP France
francoisr.cottin@imap.com

Founded in 2008 through a Management Buy Out and led by Jan Crezee and a team of highly experienced managers, Share Logistics is a major air and ocean freight forwarder and logistics provider. It offers a complete range of door-to-door logistics to clients including global blue-chip companies and SMEs. The company employs approximately 250 professionals across 16 European offices in the Netherlands, Spain, Germany, and France and six offices in the U.S.A. and Brazil. Its combined group revenue is close to €230 million. The founder of Share Logistics was looking to secure the company's future, initiating a sale process to find a new long-term shareholder.

Groupe BBL, founded in 1997, is a French logistics service provider in the Contract Logistics, Overseas Transport, Road Transport & Groupage, and Customs & Compliance Services segments. Its strategy focuses on the coordination of highly specialized and self-driven teams committed to serving their customers' supply chain. Between 2017 and 2022, Groupe BBL's employee base grew from 440 to 1,450 and its annual revenue rose from €121 million to €600 million, reflecting organic growth and inorganic growth through acquisitions.

Seeking to be the leading logistical service provider in its verticals, Share Logistics was the ideal acquisition fit with its unrivalled local knowledge and experience in a wide range of verticals.

Together, Share Logistics and Groupe BBL share the same fundamentals: a passion for complex and time critical logistics solutions and growing as a family business focused on employee expertise and engagement. Share Logistics adds new countries to Groupe BBL's overseas transport network building a strong Euro-Mediterranean network and its solid presence in the USA and Brazil will strongly impact the export and import of goods in transatlantic trade lanes both in air and sea freight. Furthermore, Share Logistics brings additional vertical industry expertise, e.g., Live Events, Soft Commodities, Pharmaceutical and Industrial Projects, reinforcing Groupe BBL's service offering.

The global IMAP partners proved highly valuable to IMAP Netherlands, who advised Share Logistics throughout the sales process, in identifying and communicating with international buyers, with the team from Degroof Petercam - IMAP France finding the perfect buyer in Groupe BBL. ■

Mexican-Based Bohn Acquires Chilean Company Intercal in Key Industrials Deal

GABRIEL SAN MARTIN
Managing Partner
South Andes Capital
IMAP Chile
gabriel.sanmartin@imap.com

JOSÉ GABRIEL COLL
Partner
South Andes Capital
IMAP Chile
gabriel.coll@imap.com

SEBASTIAN PARAM
Senior Analyst
South Andes Capital
IMAP Chile
sebastian.param@imap.com

Intercambiadores de Calor S.A. ("Intercal") is one of Chile's largest manufacturers of air conditioning equipment and its related products, including evaporators, air condensers, and industrial fans. The company uses cutting-edge technology to provide tailor-made integrated industrial climate control solutions to a diverse customer base comprising industrial clients in Chile and abroad.

Bohn de México S.A., de C.V. ("Bohn"), a subsidiary of Lennox International Inc. ("Lennox"), is a major Mexican commercial and industrial refrigeration manufacturer that exports its products to several LATAM countries. The company was looking to enhance its international operations, optimize its line of cooling equipment to bring it to a new level of competitiveness and energy efficiency, as well as enter new LATAM markets. Intercal, a large and relevant industry player was therefore, the ideal acquisition target.

Following its acquisition of Intercal, Bohn will be able to leverage its business by offering existing and new clients commercial refrigeration equipment, specialised tailor-made refrigeration equipment with cutting-edge technology, and the opportunity to reach new LATAM countries and establish a sales platform across the region. Furthermore, with the support of Lennox, a leading provider of climate control solutions for heating, air conditioning, and refrigeration markets around the world, the company will be able to contribute to the innovation and development of sustainable tech solutions in the industrial refrigeration industry in an effort to make it more environmentally friendly.

The global industrial refrigeration market reached US$ 19.6 billion in 2021 and is expected to achieve a revenue CAGR of 5.3% between 2022-2030[1], driven by increasing demand for industrial refrigeration across various end-use industries such as Fast-Moving Consumer Goods (FMCG) and Pharmaceuticals, amongst others. The increasing adoption of energy-efficient facility design is a key driver of revenue growth.

The team from South Andes Capital - IMAP Chile acted as the sole financial advisor to Inversiones Magnani on the sale of a 100% equity stake in Intercal to Bohn. ■

[1] Emergenresearch, **Industrial Refrigeration Market**.

The Human Factor in M&A Transactions

PABLO GÓMEZ
Director
IMAP Albia Capital – IMAP Spain
pablo.gomez@imap.com

Pablo Gómez, Director at IMAP Albia Capital – IMAP Spain talks to Creating Value about why M&A is more than just a transaction, it is about the people behind the deal which is why building a working environment based on trust and empathy is a must for M&A advisors when guiding their clients through an M&A process.

There are People Behind Every Transaction

There has been a gradual move in recent years towards professionalising and standardising each of the phases in the M&A process: documentation, promotion, negotiation, and closing. As a result, it is increasingly common to see deals completed in a much more efficient and timely manner. Checklists are utilized throughout the process that determine what steps need to be taken in order to ensure nothing that could ultimately affect the process is overlooked. But there is no such checklist for managing what is, by far, the most important factor in any M&A transaction: the human factor.

The fact is that behind every M&A transaction there are real people. Those who decide to put their companies up for sale or go to the market to find a strategic or financial partner, those who analyse investment opportunities, advisory teams from different areas - the list goes on. And as we know, no two people are alike; each creating their own sense of the world based on their unique and unrepeatable life story; each with their unique personality, physique, expressions, culture and customs, and not least because everyone thinks differently.

Add to this the fact that the M&A process generally lasts anywhere from 6 -12 months and it's not surprising that during this time there are moments of euphoria, tension, frustration, and anger, etc. The following are just some examples of where in the process these different emotions can occur, there are of course many more:

- **Euphoria:** When the buyers' interest in the company materialises in an offer that approaches, meets or exceeds expectations.
- **Tension:** In key face-to-face negotiations.
- **Frustration:** During the due diligence process at the requests for extensive information and documentation.
- **Anger:** When the terms of the initial offer are modified based on information discovered in the due diligence, etc.

Trust & Empathy are Key During an M&A Process
Consequently, the most essential task of a good M&A advisor is to effectively manage all these scenarios by building a working environment based on trust and empathy.

TRUST:

The belief that a person or group will be able and willing to act appropriately in a given situation and in thoughts.

Only on this basis is it possible to build a working environment in which the client allows the M&A advisor to take on the key tasks and functions of the process that can lead to its successful conclusion, safe in the knowledge that the M&A advisor wants to do the job well and will be looking out for the client's best interests at all times in any scenario, be it the sale of a company, entry of a strategic or financial partner or the acquisition of a company.

However, trust is generally not a given, the M&A advisor must both earn it and be worthy of it. To that end, concepts such as transparency, honesty, availability, excellence, problem-solving skills, respect, and cordiality, etc. must form part of the M&A advisor's professional values. Furthermore, they must be respected not only throughout the working relationship but even after the assignment has ended.

EMPATHY:

A person's emotional involvement in a reality that is foreign to them, generally the feelings of another person.

This is a key intangible in social interactions that is also extremely important in work relationships.

Empathy is the ability to interact with people, to build relationships, to make the client feel heard, respected, and understood. To this end, it is essential an M&A advisor to be able to put themselves in the client's shoes. Understanding their motivations as well as their fears and concerns allows them to anticipate and manage the difficulties that can arise during the process, which are always the result of human behaviour.

It is also important to keep in mind that in many cases clients, who are not accustomed to these types of transactions, are also immersed in the demanding day-to-day operations of the company. Therefore, the M&A advisor must take into account these factors to ensure they don't end up derailing the process.

In short, we are in a segment in which soft skills or interpersonal skills play a critical role, not only in job performance but in everything related to the client's ultimate satisfaction with and lasting opinion of the M&A advisor once the deal is completed. In the vast majority of cases, clients are faced with vital decisions that have major implications, both professional and personal and it is essential that they feel comfortable and completely satisfied with the decision to bring in and work with an M&A advisor before, during and after the work is complete.

M&A is More Than Just Closing a Deal

At IMAP Albia Capital – IMAP Spain, we began to request testimonials from our clients at the end of each engagement a couple of years back. We are always filled with a sense of pride and satisfaction when we receive a message that highlights not only our technical expertise, which is normally taken as a given, but rather the way in which we partnered with our clients and our management of the process on an emotional level, based on trust and empathy. This tells us that our work is about more than just successfully closing the deal, it is about the way our clients remember us. ■

"Psychology. This is the word I would highlight over and above IMAP Albia Capital's great professionalism, knowledge, and proven experience in this type of operation."

Fernando Garay
CEO Vitrinor

"IMAP Albia Capital acted like another employee of our company – defending our interests, but at the same time being honest with us and the Buyer."

Eduardo Aguilar
Former shareholder of LTK Lean Logistics

"IMAP Albia Capital behaved as a partner; accompanying us through the process and focusing on achieving the best possible outcome for Alcorta."

Lorenzo Mendieta
General Manager Alcorta Forging Group

Inflation and its Effect on Company Valuations

GÁBOR SZENDRŐI
Managing Partner
Concorde MB Partners – IMAP Hungary
gabor.szendroi@imap.com

In Creating Value, we always try to dissect the current issues affecting corporate transactions. Undoubtably, the most interesting development over the past months is the revival of inflation, which almost completely disappeared more than 10 years ago but is now virtually a global phenomenon, to a greater or lesser extent. Gábor Szendrői, Managing Partner at Concorde MB Partners – IMAP Hungary looks at what this means for M&A, the effect inflation has on company valuations, and what company owners now looking to sell should expect?

In recent years, businesses were operating in an environment in which inflation wasn't even a consideration in strategic or operational decision-making. The abundance of cheap money and the shortage of qualified labour caused an astonishing rise in prices in several sub-markets (various raw materials and asset classes such as real estate and some stock groups showed significant price inflation), however, consumer price levels in general remained almost stationary. As a result, interest rates fell to unprecedented depths (just look at the negative base interest rates appearing in several countries). However, while there were many challenges and much uncertainty, the general rise in prices could for the most part, be ignored.

However, the world changed in 2022. A huge wave of inflation began across the world which, for the time being at least, is still to peak in many places. So, the question arises: How does this affect company valuations? We will explore the issue from four different perspectives; the effect of current uncertainty on valuations; the cost of capital in an inflationary environment; the difference between cost and income inflationary pressure; and finally, accounting and taxation issues. In our findings we take into account hypotheses from the university thesis of our former colleague, Dr. Márk Radó, written in the late 1990s as well as his PHD thesis written in the late 2000s, and give thanks for his collaboration.

The Issue of Uncertainty

In today's environment, both inflation and the huge fluctuation of foreign exchange rates are causing enormous uncertainty. Other international events taking place around us, including the Ukrainian war in Europe, create yet further uncertainty. In such an environment, investors are more hesitant as their relative expected returns increase which has a negative effect on the value of real assets, including company value. In order for relative return expectations to decrease, we would need a return to the 4-5 years of economic stability that we had prior to the COVID pandemic. It's important to note however, that market uncertainty can damage company valuations regardless of inflation, so even a recessionary environment and resulting fall in inflation won't necessarily result in a decrease in relative return expectations - this would require the remaining causes of uncertainty, such as the Ukraine war, to disappear.

Cost of Capital in an Inflationary Environment

Risk-free interest rates, which have increased as a result of inflationary pressure, also move nominal return expectations significantly upwards, which once again sparks a decline in company valuations. Therefore, in order for company valuations to increase again, risk-free interest rates must start to decrease.

Inflationary Pressure on the Company Cost Structure and Income

In an inflationary environment, the relative valuation of some companies may also change. If the effect of inflation affects the cost structure of a company, but the company is unable to offset this increase in costs on the sales side with price and sales volume increases, then its ability to generate profit may decrease, which also leads to a decrease in the company's value. This situation will continue until the company regains its previous nominal profitability. Of course, this is also dependent on the company's market position and its negotiation power vis-à-vis its suppliers and buyers as there are companies who can raise their margins in an inflationary environment, resulting in increasing profitability.

Accounting and Taxation Issues

Company valuations also change in an inflationary environment due to certain accounting and related-taxation issues, such as the free cash flow available to the owners and schedule may change depending on the below factors:

- Fixed assets which are recorded at the purchase price and written off accordingly. With a jump in inflation, the basis of depreciation falls short of the asset's replacement value. Therefore, the amount of depreciation tax shield (due to accounting for depreciation that does not involve cash flow, the amount of tax to be paid is reduced) decreases. Thus, the company creates an apparent inflationary profit which is taxed

> Unfortunately, the end of the devaluation process is still not in sight

- As a result of the company's decision regarding their inventory valuation method, the inventory on the balance sheet or the inventory usage accounted for as a cost, or both, differ from what is economically justified (especially in the case of slow-moving inventory where it is true that the cost displayed at the time of use/sale falls short of the asset replacement value). If the use of inventory accounted for as a cost in the profit and loss statement falls short of this level, an apparent inflationary profit is created, which is again taxed. In a similar scenario, inventories recorded at a lower level in the balance sheet may underestimate the company's current real working capital needs

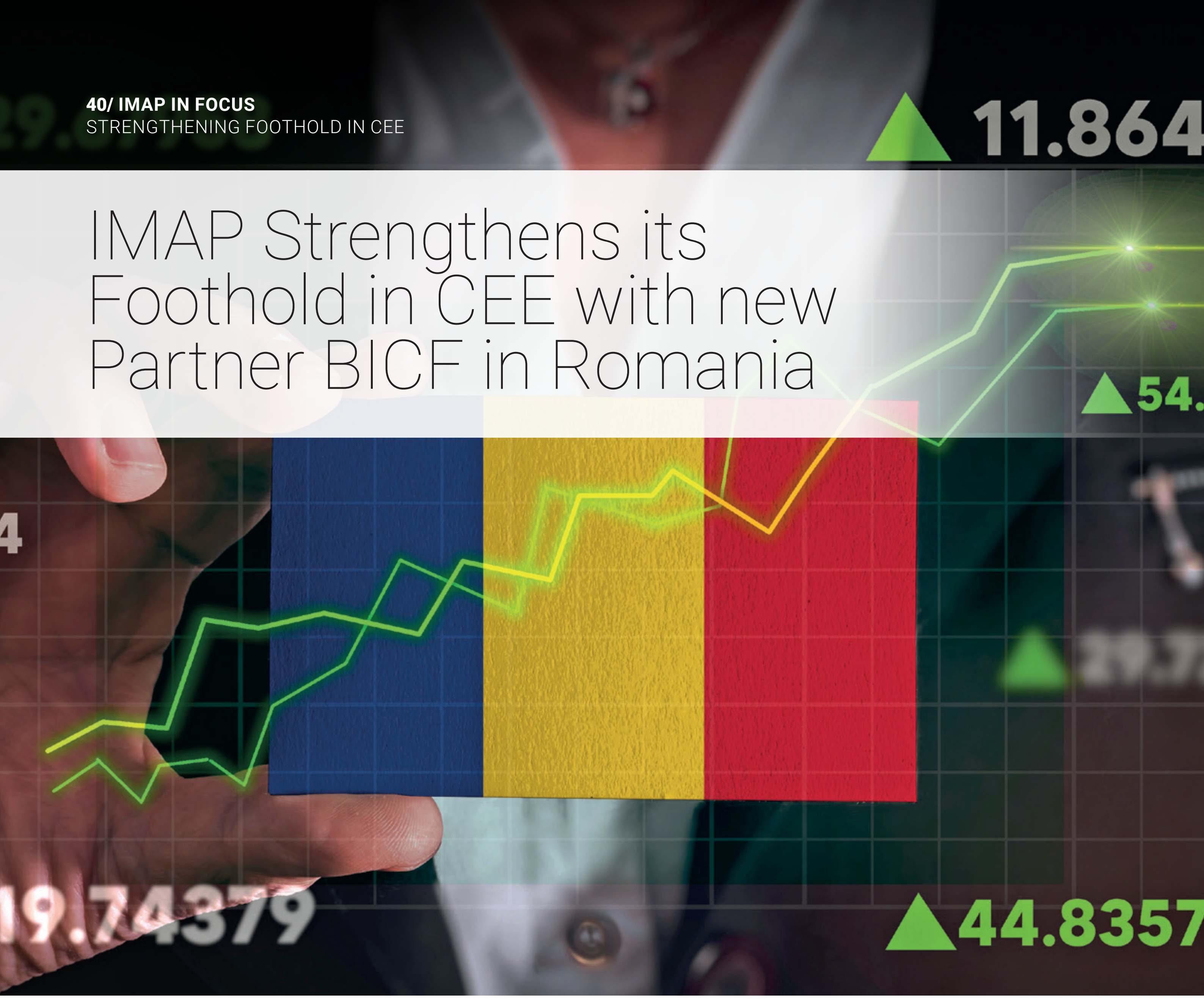
- As inflation increases, the real value of the capital of the borrowed loan decreases, while the weight of the interest paid increases in the income statement. As a result, the tax shield from interest increases, which it should be noted, has a positive effect on cash flows

- Regardless of the method chosen for inventory valuation, companies have to continuously spend funds to increase net working capital in an inflationary environment. The increase in raw materials, semi-finished and finished products, and receivables resulting from inflation is only partially offset by supplier's stock growth, therefore, even a significant part of the cash generated during operations is tied up in working capital

As we have seen, inflation has a negative impact on company valuations in at least the four different ways described. While it is impossible to determine the relative impact of these on a company's value, the resulting effect is most definitely negative. Therefore, it is no coincidence that the best proxies of company valuations in general, the stock exchange indices, decreased by 10-25% in 2022; i.e., the valuations of the largest companies listed on the stock exchange decreased by this much in each country and unfortunately, the end of this devaluation process is still not in sight.

Taking all of these factors into account, it is safe to say that, compared to a year ago, private companies have also depreciated by 10-25% as a result of uncertainty and inflation. It is therefore, little wonder that the number of transactions decreased in 2022 as it takes time for prospective company sellers to adjust to the new reality. As valuation expectations begin to adjust, we expect to see the number of transactions to increase again. ■

IMAP Strengthens its Foothold in CEE with new Partner BICF in Romania



BOGDAN ILIESCU
Founder & Managing Partner
BICF - IMAP Romania
bogdan.iliescu@imap.com

ALIN POP
Partner
BICF - IMAP Romania
alin.pop@imap.com

IMAP welcomes BICF as its exclusive corporate finance partner for M&A activities in Romania, further expanding its reach in the CEE region. BICF's Founder and Managing Partner, Bogdan Illiescu, and Partner, Alin Pop talk to Creating Value about the firm's history and activities and explains why Romania has been an under-served market to date yet is becoming increasingly attractive to investors, especially for strategics which remain the most dominant players.

Proven Credentials & Established Team

BICF is a boutique investment bank founded six years ago and located in Bucharest. Together, our team have accumulated over 50 years of experience in capital markets, corporate finance, mergers and acquisitions, capital raising, and valuations. We have successfully closed over 150 transactions, and advise primarily shareholders, senior management teams, boards, as well as investors on M&A, market entry strategies, business planning, valuations, capital markets and business restructuring and development.

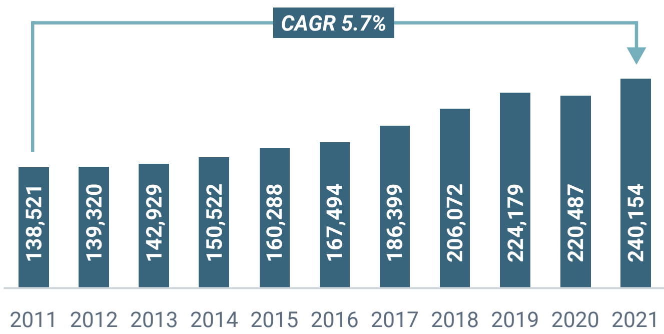
Leveraging our extensive experience in corporate finance and capital markets, we have an extensive service portfolio enabling us to offer our clients:

- Buy- and sell-side advisory
- Sale preparation
- Merger advisory
- Exploration of company's listing opportunity
- Capital structure & capital raising options
- Valuation exercises for management information
- Assistance after listing to comply with regulatory reporting obligations

Romania – Opportunity for Investors in a Previously Under-Served Market

As can be seen below, there are many factors that together, create favourable market conditions which have led to Romania becoming an increasingly attractive market for investors.

Romania GDP evolution (EUR mn)



Source: Eurostat

Romania joined NATO in 2004 and became a full member of the EU in 2007

The 8th largest European country by population (19 million), after Poland, and the second largest in Central Eastern Europe

One of the highest growing economies in the region with strong growth prospects. According to the latest Eurostat information, in Q2 2022, it experienced one of the highest GDP growth rates (2.1%) among the EU Member States. Furthermore, the European Commission predicts that Romania's GDP is estimated to grow 4.2% in 2022 (YoY) and 4.5% in 2023 (YoY)

Benefits from macro-economic stability reforms supervised by International Financial Institutions including the International Monetary Fund, European Bank for Reconstruction and Development, and the International Finance Corporation

As of 2021, 54.3% of Romania's population lived in urban centres, compared to 45.7% in rural areas

Highly-skilled multilingual workforce, and low labour and operating costs with an average gross labour cost of €8.5 per hour

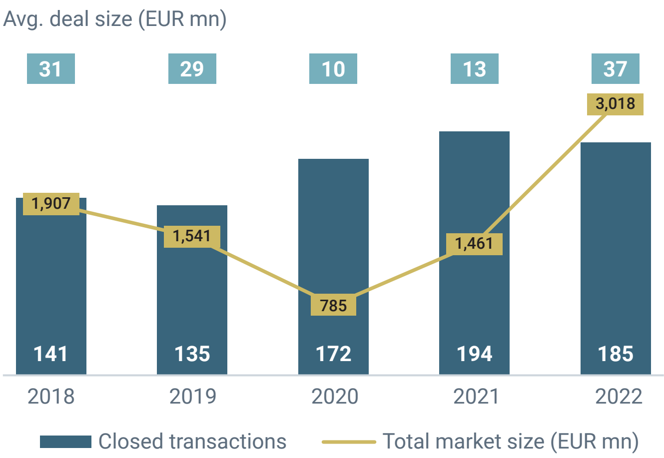
Holds a BBB-/Baa3/BBB- Investment Grade Sovereign Rating

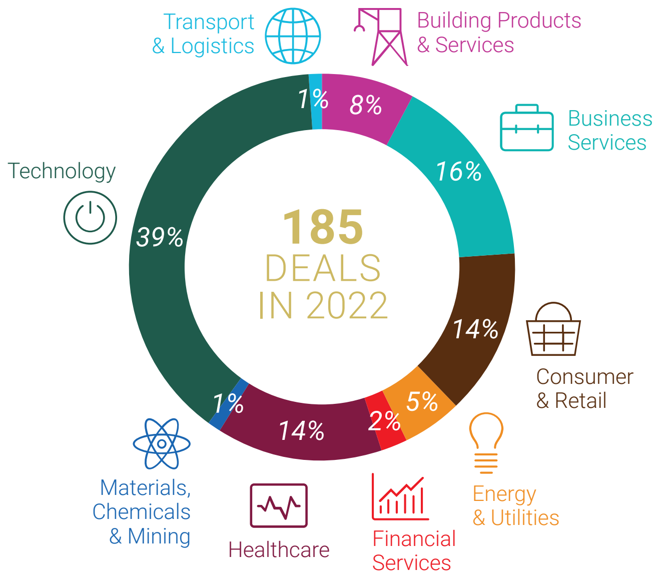
Romanian M&A Market Highlights

If we look at the evolution of the M&A market in Romania over the last five years, we see that 2021 was a record year with 194 deals closed and an deal value of €13 million, higher than in 2020, but considerably lower than in 2018 and 2019, at €31 million and €29 million respectively. In 2022, while less deals were closed, 185 in total, the average deal value and total market size surpassed all expectations, at €36 million and €3,018.5 million respectively.

With some local players accumulating more dry-powder and an increasing number of Romanian based PE houses, local buyers are competing on deals with international players

Evolution of the Romanian M&A Market in the Last Five Years





Note:
(1) Transactions and investor types include: M&A, Private Equity (incl. LBOs), Strategic investors, VCs & Angel Investors
(2) Only transactions with disclosed values were used in the computation of the total and average deal sizes
Sources: PitchBook and BICF analysis

In 2022, the Technology industry was once again by far our top performer in terms number of deals closed, followed by Business Services. Consumer & Retail and Healthcare came in joint third, followed by Building Products & Services which overtook Energy & Utilities to come in fourth.

In terms of hot sectors for M&A next year, we have identified seven industries as having strong growth potential in Romania in which we are seeing more and more focus from both foreign and local investors:

Agriculture & Farming

- Top geographical location
- Leading producer within the CEE region combined with medium decline of agricultural areas
- Current difficult situation in Ukraine
- Long-term growth in demand for food

Food & Beverages

- Growing consumption in line with the income increases
- Positive trend towards healthier organic products

Renewable Energy

- Large number of new developments boosted by the abnormally high electricity prices
- Increased consumption due to the limited gas imports and lifestyle changes (such as adoption of electrical cars)

Building Products

- Increased need for new constructions and refurbishments
- There are still sub-sectors within the strong local players

Positive M&A Outlook in Romania for 2023

The overall geopolitical situation is fairly stable. Following a three-month governmental crisis in late 2021, the two main opposing political forces have joined together to form the current government with the intention of rotating the prime minister after 18 months. The macroeconomics are balanced with a 5% growth in GDP growth in the first three quarters but with an inflation rate of 15.9% which triggered an important rise in interest rates. There are high hopes that Romania will become part of Schengen in 2023 and the Cooperation and Verification Mechanism (CVM) will be lifted, both of which are expected to further increase the confidence of foreign investors.

In the first half of 2022, the Ukrainian war had a negative impact on investor appetite, however, sentiments have now calmed and there are plenty of transactions on-going. Looking at the effervescence of the M&A landscape, we expect 2023 to be a very good year and to compensate the decrease during the first half of this year. We see large transactions happening already and this trend will continue next year.

The EU Resilience Plan will boost the investments in infrastructure and good portion of the funding will be directed toward green energy transition and digitalization, both sectors being on the radar of foreign investors. Furthermore, the trend to re-locate manufacturing capabilities from South East Asia (and lately from the CIS region) will create opportunities for production platforms to be acquired by strategic investors.

We estimate that PE, both local and international, will accelerate investments in Romania as there are many newly financed PEs focusing on Romania or CEE which are eager to deploy their funds into the market to avoid inflation effects. Another driving factor for increased PE investments on the local market are the European Investment Fund fund-of-funds co-financing schemes which are both, increasing the number of funds and providing capital to existing PEs for lunching new funds.

Romania's strong and sustained economic growth, combined with the availability of significant consolidation opportunities has caught the interest of Pan-European funds and we are seeing some large players considering investments on the local market. Historically, the local market was dominated primarily by foreign investors, but recently, due to some local players accumulating more dry-powder and the increase in number of Romanian based PE houses, local buyers have begun competing on deals with international players.

Due to both macroeconomic considerations and the emergence of industry leaders across most sectors, strategic and financial investors are increasingly looking at Romania as a "go to" market with potential for high returns.

Joining IMAP – Expanding our International Reach & Services Portfolio

When we founded the company, we were dedicated to advising Romanian entrepreneurs and focused on our local market. However, following several successful cross-border transactions we found ourselves a preferred M&A advisor for international companies as well. Therefore, as we increasingly began to look beyond Romania, we also began to look for a reputable global partner whose access to international investors and established relationships with key players would help us strengthen our international foothold. Furthermore, we were looking to improve the quality of our service offering and with IMAP ranked one of the top-ten global mid-market advisory partnerships and over 450 experienced professionals in 41 countries, we can guarantee superior advisory expertise to our clients wherever they are.

Our objective is to become the number one M&A advisor in Romania, and partnering with IMAP is the first step to achieving this. At the same time, with our M&A experience, having closed over 150 transactions, along with our knowledge and connections in the local market, BICF also strengthens IMAP's foothold in the CEE.

Since joining IMAP, we are already collaborating with IMAP colleagues in Belgium, Czech Republic, Germany, Hungary, India, Poland, and Spain on various sell-side projects we currently have, as well as exploring new opportunities. ■

Technology

- One of the highest numbers of IT specialists in the region
- Large pool of emerging companies within the sector
- Recent success stories of start-ups from Romania driving interest
- Entrance of larger VC funds on local market

Industrials

- Numerous companies developed thanks to the good economic development over the last decade
- Skilled workforce
- In-shoring of various industries

Real Estate

- High economic growth and increasing disposable income due to COVID
- High percentage of old housing stock

Analysts and Associates Crucial Role in the M&A Process

CLAIRE SMEDLEY
Editor in Chief
IMAP Creating Value

Just recently, IMAP held its first Analyst & Associate Meeting since before the outbreak of COVID during which over 70 IMAP analysts and associates representing 19 different countries gathered in Rotterdam. Creating Value takes a look at the role IMAP's analysts and associates play in M&A transactions and why the meeting is such an important event on the IMAP calendar.

IMAP launched what is now known as the Analyst & Associate ("A&A") Meeting in 2016. Then called the Hamburger Club, its purpose was for the junior IMAP members to get to know each other better, create a tight group, and help each other on leads and mandates. Playing a crucial role in the M&A process, be it buy-side or sell-side, the analysts and associates provide crucial support to the team. Working hand-in-hand with the senior executives, they are involved from the preliminary stages right through to the finalization of the transaction performing a wide range of tasks including research, targeting companies, competition assessment, liaison, and due diligence.

The role demands a combination of specialized hard and soft skills, with strong interpersonal, relationship building, and communications skills essential during what can often be long and complicated M&A processes. Furthermore, with nearly a third of IMAP's yearly deals closed now cross-border, fostering relationships with international counterparts is vital. With this in mind, and in its commitment to facilitate training, as well as retain key talent; understanding that M&A analysts and associates are critical to the company's overall growth, the IMAP A&A Meeting was born and has been growing in size and importance ever since.

The meeting kick-offed with a meet & greet cocktail, followed by a welcome address by IMAP Chairman, Jurgis V. Oniunas, who was in attendance throughout the sessions. This year's diverse program was divided into outward and inward- facing sessions, focusing on embedding the cultural aspects of IMAP's strategic vision across all levels of the organization. Guest speakers Myrna Nakad and Gemma Hardy from Spark for Growth led a session devised to develop effective writing and communication skills, particularly compelling storytelling, following the Pyramid Principle. This was followed by internal sessions during which the attendees from around the world shared best practices and learnings from their own experiences during recent M&A transaction processes.

On the final day of the event, attendees participated in team building exercises, followed by a private boat tour through Rotterdam Harbor. Over the course of the days, attendees also got to discover and enjoy the great city of Rotterdam.

Rotterdam was IMAP's largest gathering of analysts and associates to date. What's more, it also had the most female participants ever; 13, hopefully demonstrating strides in the right direction in the ongoing challenge to bridge gender disparities from ground level up in an industry still significantly underrepresented by women. ■

DAAN ZANDBERGEN
IMAP Senior Consultant at IMAP Netherlands and one of this year's A&A Meeting organizers

"During my first year as an analyst at IMAP I attended the first ever A&A Meeting, called the Hamburger Club at the time. The contacts and memories made that weekend still have great value even today. Six years later, I was delighted to be part of the event's host team. The program has been organized by the analysts, for the analysts, which is extremely important. It's great to see that it has grown from 20 participants back then, to 70 this year, which will strengthen the IMAP partnership and demonstrates just how important events like these are.

KOCHAMON CHANDARATIP ("STAR")
Analyst at Discover Management – IMAP Thailand

"As a person flying 5.728 miles from Bangkok to Rotterdam to attend my very first A&A Meeting, I can honestly say that this event was worth it on many levels. It has always been said that finance is a serious and male-dominated industry. I was feeling afraid at first but once I arrived, I got to see many friendly faces both men and women. The number of women analysts attending the event were more than I expected showing increasing opportunities for women entering the field. Meeting other analysts from all over the world helps me learn new perspectives and ways of working. Most importantly, our connections and memories have been built together through the very well-organized activities of IMAP."

IVA PRANJKOVIĆ
Senior Associate
IMAP Southeast Europe
iva.pranjkovic@imap.com

"The A&A meetings are a unique opportunity to get to know our colleagues and gain a sense of cohesion within IMAP – which is especially important for new colleagues. It was a great pleasure meeting everyone in Rotterdam and the increasing number of women in IMAP is hopefully a sign of the industry evolving"

IMAP Germany Celebrates 25 Years of Successfully Closing Mid-Market M&A Deals

KARL FESENMEYER
President, Managing & Founding Partner
IMAP Germany
karl.fesenmeyer@imap.com

2022 marked IMAP Germany's 25th anniversary. In celebration, over 250 guests took to the waters on board the MS Königin Silvia to enjoy an evening trip down the Rhein and Neckar, dining on spectacular international cuisine and accompanied by live music. Now back on dry land, Karl Fesenmeyer, President, Managing & Founding Partner of IMAP Germany caught up with Creating Value to take a look at the company's 25-year evolution, greatest achievements, and plans for the future.

Twenty-five years ago, you founded the M&A advisory company that later became IMAP Germany. What led you to M&A and founding your own advisory boutique?
I became familiar with M&A in my first job at a brewery almost 40 years ago. We acquired a number of other breweries and springs and I was heavily involved in all the projects. Later on, and indeed, throughout my career in the Steel and Building Materials industries, M&A was always a key tool. When I decided to sell my stake in a business I had been running for several years, I realized I wanted to focus on something relevant; something which would make a difference for clients and to the market. M&A advisory fit the bill perfectly; every project impacts the owners, employees, and the market. Together with my former partner Klaus Basse, a lawyer, and a small team, we founded the M&A advisory business that is today IMAP Germany.

When we started out, all we had was our network of people who knew other people; the telephone and rolodex were the most important tools we had to work with

What did the M&A landscape look like when you started out and did you face many challenges building the business?
From the outset our focus was on what is known in German as the "Mittelstand", i.e., family-owned middle-market businesses, which we were ourselves at the time, and remains our focus today. In 1997, however, the market for middle-market M&A advisory was in its very early stages. It was made up of accountants and lawyers and while they did close transactions, they were far from being structured M&A processes. Owners struggled to find buyers, Private Equity was almost unknown in Germany, and research tools were nearly not existent. Google didn't even exist back then. Furthermore, financial data, as well as ownership data, were inaccessible for this size of companies. All we had was our network of people who knew other people; the telephone and rolodex were the most important tools we had to work with. However, we slowly began to build up and populate our own, yet primitive, CRM system.

How have things evolved over the years and how would you describe IMAP Germany today?
In terms of evolving, of course, technology was a big driver for our business. However, information and access to data became a commodity and while research remains very important in a M&A process, it doesn't have the same value anymore. Sharp analysis of the business model, framing the business model toward the need of potential investors, and advanced competencies in running M&A processes have become much more important, as has working with clients to help them to look at their business through a different set of eyes.

From left to right: Carsten Lehmann, Henning Graw, Karl Fesenmeyer and Peter A. Koch

We must stay humble, embrace our corporate values, and react quickly to changing markets. IMAP is built on solid pillars and the next 25 years will be even better

Since it was founded in 1997, IMAP Germany has grown significantly, now boasting offices in Mannheim, Frankfurt, Main, and Munich and 50+ employees. Furthermore, for many years now we rank in the top 10 middle-market M&A Advisors in Germany. We are one of the largest teams in the market and are well respected. From the beginning, we realized we had to be international. Our clients typically work in niches, with significant market shares in Europe and globally. In order to serve our clients best, we had to cover the global market too. With IMAP present in 41 countries and over 450 professionals around the world closing almost 300 deals annually, we have been providing true global reach to our clients for almost 25 years. Proven by the many international transactions closed, this global reach is the achievement I am most proud of.

So, would you say you have achieved everything you initially set out to? And what do you consider to be your biggest achievements to date?
Honestly, when we started out, we thought it could be an interesting business with interesting people, and something we could make a good living from and indeed that was the case. There was a peak in 1999, when tax rules were going to change and everybody wanted to sell before end of the year. However, we soon learned that the business is cyclical and much harder than expected. Every 4-5 years there was some form of recession to the point it even became hard to sell a €100 note for €90. Hence, we decided to widen the scope of our services. Becoming international was key as there is always a corner in the world with growth. We added buy-side services to provide opportunities in the mid-market to businesses with money to spend. In order to balance the project portfolio, we also added distressed M&A services. And, most importantly, we added talent to widen our scope and get critical mass so we can be successful in every market environment – achieving this stability became one of our primary goals.

In terms of our biggest achievements, I would say:

1. Implementing and embracing our four core values: Execution, dedication, informal, and talent. This has not only differentiated us on the market but also proved a good guideline for any decision we have had to make

2. Internationalization: We have the credentials that prove our global reach

Karl Fesenmeyer, President, Managing & Founding Partner of IMAP Germany

3. Critical mass and institutional access to the market: With our great team we can run each and any project and fill in gaps wherever needed to satisfy our clients. Our partnership with, and partial ownership by the German Sparkassen Finanzgruppe provides us institutional access to our clients throughout the country. No other M&A advisory firm in Germany has better access to the Mittelstand than IMAP

What advice would you give to your investment bankers facing the realities of today?
My colleagues don't need any advice to successfully run the business. However, I would say, stay humble, embrace our corporate values, and react quickly to changing markets. IMAP is built on solid pillars and the next 25 years will be even better.

After 25 years at IMAP Germany, what are your plans for the future?
I will now pass on the baton, and my management responsibilities to my younger colleagues who have been with IMAP for many years. Nevertheless, I will stay on as senior partner dealmaker on a project-by-project basis and remain on the supervisory board. Beyond that, I have many ideas and plans and hope to spend time doing all the things I haven't found time to do during all these years. ■

Selected IMAP Transactions

FINANCIAL SERVICES

banca ifigest

ITALY

Acquired 100% of Business Operations

L&B PARTNERS

ITALY

IMAP

ADVISED ON PURCHASE OF COMPANY

FOOD & BEVERAGE

SCHWARZ

GERMANY

Acquired 100% of Business Operations

erfurter

GERMANY

IMAP

ADVISED ON SALE OF COMPANY

TECHNOLOGY

DOCUPHASE

UNITED STATES

Acquired 100% of Business Operations

iPayables

UNITED STATES

IMAP

ADVISED ON SALE OF COMPANY

CONSUMER & RETAIL

Intermarché

FRANCE

Acquired Majority Control of Business Operations

Groupe Mestdagh

BELGIUM

IMAP

ADVISED ON SALE OF COMPANY

TRANSPORT & LOGISTICS

GROUPE

FRANCE

Acquired 100% of Business Operations

NETHERLANDS

IMAP

ADVISED ON SALE OF COMPANY

MATERIALS & CHEMICALS

CHRYSO SAINT-GOBAIN

FRANCE

Acquired 100% of Business Operations

MATCHEM

BRAZIL

IMAP

ADVISED ON ACQUISITION

FOOD & BEVERAGE

Equatorial Coca-Cola Bottling Company

MOROCCO

Acquired 100% of Business Operations

Equatorial Coca-Cola Bottling Company

MOROCCO

IMAP

ADVISED ON SALE OF COMPANY

TRANSPORT & LOGISTICS

Hitachi Transport System

JAPAN

Acquired 100% of Business Operations

cfi

NETHERLANDS

IMAP

ADVISED ON TRANSACTION

TECHNOLOGY

JAGEX

UNITED KINGDOM

Acquired 100% of Business Operations

Gamepires

CROATIA

IMAP

ADVISED ON SALE OF COMPANY

ABOUT IMAP

INTERNATIONAL MERGERS & ACQUISITION PARTNERS

Consistently ranked among the Top 10 middle market M&A advisors worldwide

450+	50	60+	$130bn
TEAM OF IMAP PROFESSIONALS WORLDWIDE	YEARS OF M&A EXPERIENCE IN THE MIDDLE MARKET	OFFICES IN 41 COUNTRIES	TRANSACTION VALUE LAST 10 YEARS

ENTREPRENEURIAL SPIRIT

- IMAP is a partner-driven, client-focused and independent M&A advisory.
- Senior experience and hands on involvement in deals – 230 Senior Transaction/ Transaction Advisors.
- Worldwide IMAP team comprising 450+ professionals.

MIDDLE MARKET FOCUS

- Sell-side advisory for primarily privately held companies and spin-offs from large groups.
- Strategic acquisitions for international corporates.
- “Sweet –spot” Transaction Values $20 – 250 million.
- Strong PE and Family Office Coverage.

GLOBAL REACH

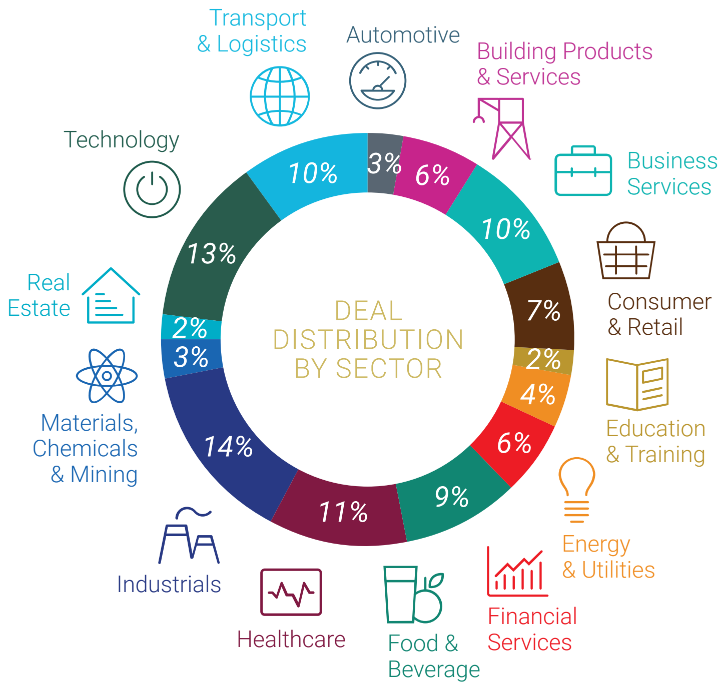
- Proven cross-border advisory practice.
- Global sector & project teams across 15 sector groups.
- Leveraging local knowledge and corporate access in all relevant international markets.

EXECUTION EXPERIENCE

- IMAP has closed over 2,200 transactions valued at $130 billion in the last 10 years.

GLOBAL PERFORMANCE 2022

238	$26bn	26%	8th
M&A TRANSACTIONS	TRANSACTION VALUE	CROSS-BORDER DEALS	IN THE WORLD



GLOBAL PERFORMANCE

1 PwC
2 KPMG
3 Houlihan Lokey
4 Rothschild
5 Ernst & Young
6 Deloitte
7 BDO
8 IMAP
9 Oaklins
10 Grant Thornton

Ranking based on number of transactions closed in Q1-Q4 2022. Undisclosed values and values up to $500 million.
Source: Refinitiv and IMAP internal data.

GLOBAL REACH

Our cross-border experience extends across Europe, the Americas, Asia and Africa

North America

U.S.A.

Boston
Chicago
Dallas
Denver
Detroit
Greenville
Los Angeles
Naples
New York
Orange County
Philadelphia
Richmond
San Diego
Tampa

Canada

Toronto
Vancouver

Latin America

Argentina
Brazil
Chile
Colombia
Mexico
Paraguay
Peru
Panama

Africa

Congo
Egypt
Ghana
Mauritius
Morocco
Senegal
South Africa

Asia

China
India
Japan
Thailand

Europe

Belgium
Bosnia & Herzegovina
Croatia
Czech Republic
Finland
France
Germany
Hungary
Ireland
Italy
Netherlands
Poland
Portugal
Romania
Serbia
Slovakia
Slovenia
Spain
Sweden
United Kingdom

50TH ANNIVERSARY | IMAP

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