

The background features a stylized globe composed of a grid of small dots, with several glowing blue orbital lines or paths swirling around it. The globe is centered in the upper half of the image.

ICFN

GLOBAL M&A

Q3 2022 news

► A moment to recharge, rethink, renew

Welcome to a new ICFN moment, friends.

What is happening in the global M&A scenario?

After a period on fire, the scene is cooling down gently. Uncertainty, fueled by rising inflation, supply chain issues, unstable capital markets and regulatory change, is hitting hard, highlighting the importance of an active portfolio management and vehicles like joint ventures and alliances to cope with it.

Logic suggests that an uncertain market would encourage more small and fewer large deals, but, on the contrary, the number of mega deals is higher than last year. The technology, telecommunications and media sector remain kings.

Now, for the good news: Private equity (PE) firms are outperforming their record 2021 returns. As Oliver Engert, senior partner and a leader of McKinsey's M&A Practice, notes, *"PE invested over \$2 trillion in 2021. Yet they still have trillions in dry powder left to spend, and that will be a really important contributor to the M&A market."*



New kids on the block

Strengthening our global network. It is with great pleasure that we welcome to the International Corporate Finance Network the Finnish M&A firm 3J Partners: :



3J Partners is an independent mid-market M&A boutique based in Finland, where it offers buy-side and sell-side M&A advisory. 3J Partners' offices are in Helsinki, Hämeenlinna and Jyväskylä.

3J Partners, independent Corporate Finance advisor focused on Mergers & Acquisitions with wide ranging experience in the field of acquisitions, mergers, buy in and buy out operations, business valuation and debt advisory, advises mid-sized companies on either buy- or sell-side, offering high-quality corporate finance services to their clients while holding themselves to the highest ethical standard possible, emphasizing trust, open/honest dissemination of information and the resolution of the problems of the different parties.

www.3j.fi

Juuso Aulanko **Managing Partner**

Juuso Aulanko is co-founder and managing partner of 3J Partners.

Juuso founded 3J Partners together with Jaakko Niskanen in 2008. They have been doing corporate finance business since then and led over 100 M&A projects. Juuso holds a master's degree in business administration from the University of Jyväskylä.

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Strengthening our global network. It is with great pleasure that we welcome to the International Corporate Finance Network the Danish firm **Milner Finance** :

Sale, acquisition and financing of company - trusted advice

Milner Finance is advising executive management and "owner managers" on Mergers & Acquisitions, equity raising, financing, governance and financial risk management issues, based on:

- ✓ More than 25 years of corporate finance experience and strong track record from global mid-market Mergers & Acquisitions
- ✓ Significant insight into strategic change processes and strategy advisory
- ✓ Broad network across sectors and industries in Denmark and the Nordic area
- ✓ Reputation for high level of professional integrity and craftsmanship in all aspects of transactions
 - ✓ Experienced, senior, independent, trusted, committed
 - ✓ 30 years experience as corporate finance advisor with focus on negotiated M&A, debt finance and strategic issues related to transactions and critical business transformations
- ✓ More than 80 mid-market deals valued between €10m and €1bn closed on five continents globally since early 1990'ies covering a broad range of sectors



Soren Milner
CEO

Own advisory business since 2014

Board member at Graittec A/S (aqua sector)
2018-2022

Partner at KPMG Denmark and Head of Corporate Finance 1999 to 2009. Member of the European CF Management team from 2000 to 2009

Senior Vice President at Unibank investment banking (now Nordea) from 1994 to 1998

MBA, IMD Switzerland 1987

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Our members talk



Dutch M&A market: unchanged appetite



Bas Brusche
FACTOR
CORPORATE FINANCE

Despite the current growing economic uncertainties, there is still unchanged appetite for acquiring SMEs within the Dutch M&A market. Prices so far remain at the levels of recent years. However, we do note the increasing challenge in obtaining financing due to caution among banks and rising interest rates.

When considering larger M&A transactions (midmarket and upwards), the current economic uncertainty has more impact. This uncertainty has translated into the postponement of a number of larger transactions since this summer.

Meanwhile, high energy prices are also getting quite a grip on several sectors. The pressure that energy prices will put on corporate profitability and the negative effects on sales due to declining consumer spending will crystallise further over the course of this winter.

Overall, the uncertainties seem to have limited impact on planned closings in Q4. How the impact will be on the first half of 2023 remains uncertain.



Germany: one of the top M&A growth markets in Europe



Sonja Legtmann
EXG CONSULTING GmbH

According to the latest edition of the CMS European M&A Outlook published in partnership with Mergermarket (September 2022) a strong majority (73%) of the M&A practitioners surveyed are expecting the level of M&A activity in Europe to rise over the next 12 months.

Germany, although being hit by soaring energy prices and one of the most dependent on Russian gas is being ranked among the top growth regions for M&A activity. 21% of respondents are ranking Germany as the number 1 growth region for M&A and 17% are rating it as the region with the second highest growth rates. Major areas of uncertainty are persisting supply chain disruptions, the war in Ukraine, increasing strains on households' real disposable income and rising interest rates.

With regards to sectors TMT is expected to see the highest growth in M&A activity in Europe in the next 12 months (33% of respondents ranking it as number 1 growth sector), followed by business & financial services (including computer services). This reflects the continuous strategic focus on digitization across industries with M&A often an option for accelerated implementation.



Andrew Heitner
ALCON PARTNERS

USA: slowing activity

M&A activity in the US remains quite active in 2022, but consensus seems to be that activity is slowing. Inflation, fears of recession, stock market sell-off, and other factors are contributing. Valuations remain high but stable for private equity, but venture capital valuations have declined.



Daniel Rivera
ELIT CAPITAL

Brazil: doing well, thank you

The definition of the presidential elections in Brazil is expected for the end of October 2022, and the local financial market seems quite confident about the re-election of the current right-wing president, Jair Bolsonaro, who managed to elect the majority in the senate and congress in the first round of elections on October 2nd.

According to the latest PwC Brazil report, released early October, 807 M&A transactions were completed in the first half of 2022, a new record in Brazil. This trend is expected to extend into the second half of this year. In the same period of 2021, 706 deals were closed, in a record year with 1,659 deals.





Brazil experience in fighting inflation is extensive, and therefore, in this world actual context, we have better numbers than the United States and Europe.

According to the Fed minutes released on 9/21/2022, US growth was revised downwards this and next year, and interest rates there should remain at a higher level for longer. Europe seems even further behind in its monetary policy tightening cycle.

Despite the interruption of the cycle of heightening the interest rates in Brazil, we believe that our interest rate may remain at this level longer than the local market seems to price it.

Brazilian economy is doing well, thank you. Commodities on the rise, Agribusiness strengthened, inflation retreating with the help of temporary tax cuts and anchored expectations, interest rates at a relatively high level, sure, but with apparently appropriate timing and a bearish bias in the medium term. Economic activity shows signs of improvement, unemployment rates falling, debt/GDP ratio improving and a trade surplus this year.

Even with all the measures adopted in the last 2 and a half years, Brazil's V-shaped economy recovery is surprising. The distribution of emergency aid was gigantic, it helped and continues to help the most vulnerable, especially those who were prohibited from working. On the other hand, the emergency aid imposes a high price on society, due to the fiscal cost and inflation impact. The level of indebtedness of households and companies, as a result of the aforementioned measures, is also a cause for concern.

Brazil has a lot of work to do as a country, such as political, tax and labor reforms, but notably in improving education, so that it can produce more and better. The country faces the challenge of leveraging investments and fostering competition in its markets, creating, and attracting more foreign direct investments and companies for all sectors of the economy.

Recently, in the ICFN world

BAUM advises CAVYCAR, specialized in wind energy market, on its takeover by Amara NZero

The Spanish multinational Amara NZero, owned by ProA Capital, a specialist in sustainable energy and an integral supplier of products and services for projects related to the energy transition, has acquired a majority stake in the company Cavycar, specialized in the supply of components and services for the wind energy market.

With this acquisition, Amara NZero seeks to add capabilities and strengthen its know-how in wind energy, entering the first link in the value chain of wind turbine manufacturing and expanding its offer.

This will boost its activity in this sector in Spain, Brazil, Mexico, USA and Asia. Cavycar's customers include the world's leading wind turbine manufacturers, to whom it supplies all the materials required for the manufacture and assembly of the machines, with the exception of large components.



BAUM advises The Royal Van Beest Group on the acquisition of Sling Supply International, S.A.

The Royal Van Beest Group has acquired Sling Supply International S.A. ("Slingsintt"), based in Gipuzkoa. Sling Supply International is engaged in the design, manufacture, testing and certification of lifting solutions in a wide range of industries. Its main business is focused on the global wind industry and consists of the development of tools for the lifting of nacelles, hubs, towers and blades.

This acquisition significantly contributes to Van Beest's mission of worldwide leadership in mooring, lashing and lifting equipment for the onshore and offshore Engineering, Procurement and Construction (EPC) industry and OEM's. Founded in 1922, the Royal Van Beest Group is the leading manufacturer of superior quality crane and under hook components used in lifting, lashing and mooring applications. The Royal Van Beest Group has branches in the Netherlands (headquarters), Germany, France, Spain, Brazil and the United States. Its products are available in more than 90 countries worldwide.



Andrew Heitner, CEO in **Alcon Partners**, USA: *“Alcon helped PE clients close deals in IT services (\$18m) and rubber manufacturing (\$25m).”*

FACTOR advises on the sale of Orangeworks to Private Equity firm VADO

Orangeworks develops and produces high-quality process installations and production equipment for numerous renowned FMCG producers worldwide.

With this acquisition VADO further expands its position in mechanical engineering for the food industry.



FACTOR advises on the sale of Esfo metal mesh belting to the Belgium based Narviflex Group

Esfo is active in the metal mesh belting industry, where Narviflex focusses on conveyor belts, rubber & plastics, industrial coatings and drive components. With the acquisition of Esfo metal mesh belting from the Netherlands, Narviflex further expands its product portfolio with metal mesh belts.



Some of our ongoing projects

MEMBER OF:



- **Next** / Sell-Side / Terminal Solution Provider / Turnover 3.5M € / Type of investor: Strategic and/or Financial / from Brazil to Brazil / Produces safe systems for: connections, handling, automation, loading and unloading of tanks, leak monitoring and volumetric measurement of tanks, movement and transfer of fluids and their gases/vapors. Processing, storage and transfer of hazardous fluids such as chemicals, petrochemicals and fuels. Industrial Hoses, Couplings and Connections, Loading Arms, Breakaway Devices, etc.



www.baum.es

- **Wood** / Sell-Side / Wood packaging / Turnover 5M €, Ebitda 10-15% / Type of investor: any / from Spain to any region / Spanish wood packaging company with sawing division (2 cutting lines) and packaging division. Solvent company, no debt.
- **Dairy** / Sell-Side / Dairy / size of the company 24M € / Type of investor Strategic - PE / From any region to any region / Trader of dairy products for the food industry. No significant competitor. Ebitda of 1.2M €.
- **Packaging** / Sell-Side / Packaging / Sales 5M € - Ebitda 15% / from any region to Spain / Family Company providing packaging solutions in various materials to industrial customers. Turnover growing steadily, recurring Ebitda of around 15%. Positive net financial position.
- **Agrymach** / Sell-Side / Agricultural spare parts / Sales 10 M€ - Ebitda 10% / from any region to Spain / Supplier and manufacturer of agricultural spare parts. Turnover in sustained growth



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- **Om** / Buy-Side / IT Services / Turnover 5M € / Type of investor: PE - backed strategic / from USA to USA / Seeking managed service providers (ISP)
- **In** / Buy-Side / Business Services / Turnover 5M € / Type of investor: PE - backed strategic / from USA worldwide / Seeking companies that are involved in online surveys or market research. May be located worldwide or domiciled in one location with offshore resources
- **Cx** / Buy-Side / Business Services / Turnover 20M € / Type of investor: PE / from USA to USA or Canada / Seeking agencies that provide ecommerce or digital commerce solutions, especially those who integrate or resell Shopify, Adobe Ecommerce, Salesforce, Acquia, Optimizely, or Bloomreach
- **Digital Transformation** / Buy-Side / It Services / Turnover 20M € / Type of investor: PE / from USA worldwide / Seeking companies that provide outsourced software or application development

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- **Frame** / Sell-Side / Art painting - Photography market / Turnover 6M € / Type of investor: Strategic - PE / From Netherlands to Europe - US / Producer of niche products for the art painting and photography market, sales cover the whole European region
- **Harvester** / Sell-Side / Logistics - Handling - Packaging / Turnover 6M € / Type of investor: Strategic - PE / From Netherlands to Europe - US / Niche producer of innovative and labour extensive vegetable handling and packaging solutions
- **Staffing** / Sell-Side / Staffing agency / Turnover 12.5M € / Type of investor: Strategic - PE / From Netherlands to Europe / Personnel service provider for foreign blue collar personnel for the Dutch market. Labour force is sourced in Eastern Europe

- **Software** / Buy-Side / Turnover > 10M € / Europe
- **Software Development** / Buy-Side / Turnover > 5M € / Any region
- **Cloud Services** / Buy-side / > 20M € / Germany, Austria, Switzerland

Calendar events 2022

Q4 Conference

Quarterly

Deal Flow
Conference

3 p.m. CET

28

November

► We are International Corporate Finance Network



PARTNERS



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... Bye!

“Our business is really simple. When you look at a deal and its structure looks like an octopus or spider, just don’t do it”
Timothy Sloan (Wells Fargo)



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