



Randstad

Randstad is a Dutch multinational human resource consulting firm headquartered in Netherlands and the world's second-largest HR service provider after Adecco

Business Overview

- Globally, Randstad operates in around 39 countries and counts 4,587 branches
- Has been active in the Italian market since 1999 through a subsidiary in Milan



Rationale of the Acquisition

- The acquisition of Obiettivo Lavoro allowed the Company to increase the Italian Market Share since Randstad mission is to be market leader in every country



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Transaction Highlights

Year	• 2016
LCF Role	• Buyer Consultant
Players	• Seller: Riello Family • Buyer: United Technologies Holdings Italy • Target: Riello Group S.p.A.
Deal Type	• 70% Acquisition of Share Capital
Valuation, Consideration & Other Notes	<div>Equity Value</div> <div>Undisclosed</div> • Riello family maintains 30% the share capital



Riello Group S.p.A.

Riello Group S.p.A operates in over 60 countries providing products and services for the heating industries and with over 90 years of experience and innovation it has gain a leadership position in the Italian Market.

Business Overview			Brand Awareness	
68%	Heating	Provides heating and hot water solutions for residential and commercial applications.		
28%	Combustion	Combustion Technologies for flame generation and control in heating, light processes and industrial applications cover 28% of the Company revenues		
4%	A/C	System for air cooling and heating	Presence in major international markets	
	Power	Technologies for electrical power generation		
	Service	Value-Added-Services to foster customer loyalty		



The Investment Opportunity

In order to resolve an unstable financial situation the Company was considering the opportunity to open its share capital to a strategic investor.

Key Investment Issues

- **Leadership position in the Italian Market**
- Widespread presence in the major **international developed markets**
- Commercial Offices in Emerging Markets
- High standing products and appreciated brands
- Strong **Know How and expertise** in Heating segment
- Diversification in other ancillary activities

Strategic Investor



United Technologies Corporation

UTC is a New York listed leading provider of high technology products and services to the building systems and aerospace industries across the world. The Company has identified Riello as the right partner to strengthen the European market share

United Technologies Corporation

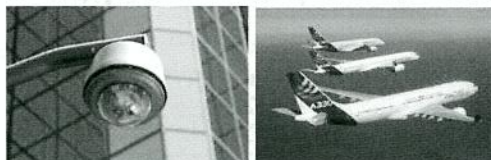
Majority Stake

UTC Climate, Control & Security

Leading provider of heating, ventilating, air conditioning and refrigeration systems, building controls and automation.

Through

United Technologies Holding Italy



Rationale of the Acquisition

- Riello was an excellent platform for UTC Climate, Controls & Security to expand its presence in the heating segment in the European Market



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Transaction Highlights

Year	• 2016
LCF Role	• Sell Side Financial Advisor
Players	• Seller: HealthCity International B.V. • Buyer: Ergosistema • Target: HealthCity Italia S.r.l.
Deal Type	• 100% Acquisition of Share Capital
Consideration (EV of €4mln)	<div> Equity Value </div> <ul style="list-style-type: none"> • Enterprise Value of € 4 millions • € 3 millions in cash at the closing date • 1 million in cash one year after closing: interest bearing amount (annual interest rate of 5%, to be paid quarterly starting three months after closing)



HealthCity Overview

HealthCity Italia S.p.A. is a subsidiary of HealthCity International a leading European firm operating in the Fitness Industry

Business Overview

- HealthCity International operates through two brands: HealthCity (with a focus on the premium end of the market) and Basic-Fit (the low-cost club format) with more than 300 clubs across Europe
- In 2013 the British Private Equity Fund «3i» acquired a majority stake (55%) in Basic-Fit with the aim of expanding the business in few selected countries.



Services

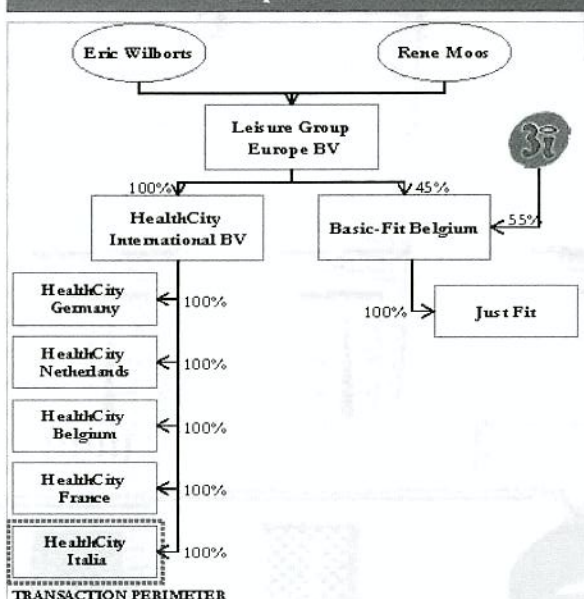
- Cardio training
- Isotonic training
- Free Weight programs
- Fitness Classes



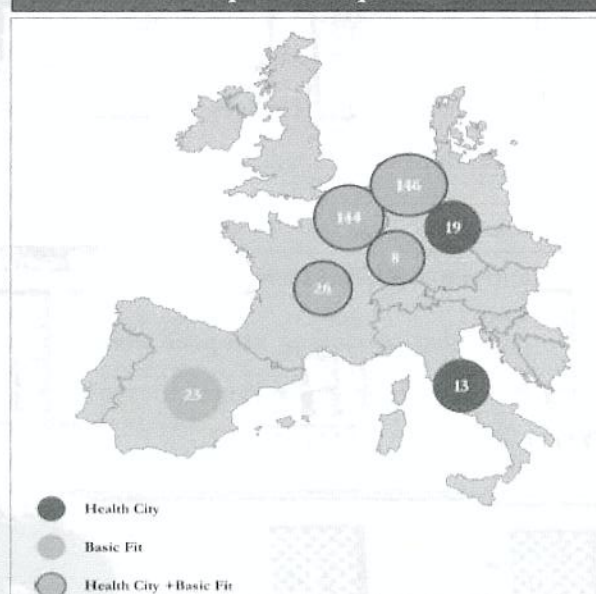
HealthCity Group Structure

HealthCity International is separated from Basic-Fit of which 55% of shares have been acquired by 3i. The Group has a significant presence in Europe with overall 379 clubs located in Italy, Spain, France, Germany, Netherlands, Belgium and Luxembourg.

Group Structure



European Perspective





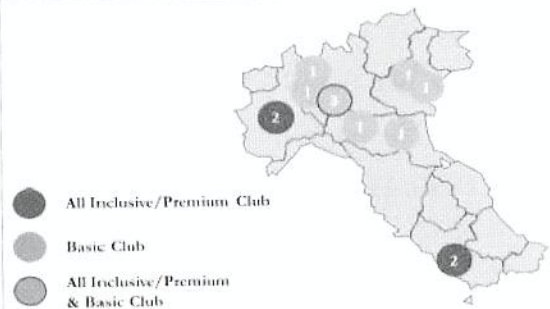
HealthCity Italia

HC has a widespread coverage in Italy with its 13 clubs, diversified between *basic* and *all-inclusive/premium* formula. The Company started to convert part of its all-inclusive/premium clubs into basic clubs since 2012.

The Formulas

- **BASIC formula:**
 - Monthly Membership fee €19,90.
 - Personal Training services.
 - 25 h of weekly courses.
 - Virtual Classes (e.g. Milano Cassala and Torino Nizza).
- **ALL-INCLUSIVE / PREMIUM formula:**
 - Monthly Membership fee from €50,00.
 - Relax Area: Saunas, Turkish Bath & Solarium.
 - Hall attendant.
 - Swimming pool (Milano Cassala).
 - Personal Training service.
 - 50 h of weekly courses.
- Offering both premium and low cost formats, HC meets all the fitness market needs.

Italian Perspective



Basic Club:

- Bologna
- Milano Certosa
- Gallarate
- Legnano
- Padova
- Parma
- Vicenza
- Torino Nizza

All-Inclusive/Premium Club:

- Milano Cassala
- Milano Duomo
- Roma Terracina
- Roma Tor Vergata
- Torino Siracusa



LCF plan for the Turnaround Process (1/2)

HealthCity realized with the support of LCF a turnaround process resulted in an increased profitability.

LCF – Turnaround Process

- HC's **reorganizational plan** (shifting all-inclusive clubs into basic clubs) led to a **growth** in the number of new **members**, a **reduction in the attrition rate** and a **higher profitability** (7 basic clubs in 2016 will account for more than €1mln in terms of EBITDA).
- HC advised by LCF heavily **cut** retail costs, mainly focusing on **personnel** (€3mln savings) and **rents** (€1,7mln savings).
- HC policy of **closing not profitable clubs** since 2013 led to savings in terms of EBITDA and **no exceptional costs**, due to the closure of additional clubs, will occur in next years.
- HC deeply reorganized the **headquarter**, mainly **cutting personnel costs** (€792K of savings) as well as the **rent**, relocating the headquarter from Milano Cassala to Gallarate's Club (€82K annual saving).



LCF plan for the Turnaround Process (2/2)

Coming actions moved on strategic partnerships for both revenues and cost-saving improvement.

Future Turnaround

- HC is working on 3 different levels in order to improve the quality of its services, thanks to:
 - the offer of **new complementary services** (e.g. virtual classes);
 - **local marketing actions** in order to increase the brand awareness and improve HC's image;
 - the signing of **business agreements** with major correlated industries firms to create profitable partnership (e.g. food & energy drink, fitness equipment suppliers);
- Marketing expenses will be strengthen in that period of the year where the demand of fitness subscriptions is higher (e.g. after the summer break or after Christmas time).
- **Further savings** in terms of **personnel costs**, **rent costs**, and **marketing costs**



Key Financials

The corporate restructuring led to an improvement in operating margins. Further EBITDA growth is expected in coming years due to costs efficiency, growth in members subscriptions and strengthening of customer retention.

€/000	2012A	2013A	2014A	2015A	2016F
Net Revenues	18.629	15.263	11.888	11.143	10.923
YoY Growth (%)		-22%	-22%	-6%	-2%
EBITDA Retail	1.532	966	978	2.002	2.449
Margin (%)	+8%	+6%	+8%	+18%	+22%
EBITDA	-595	-233	-800	117	1.301
Margin (%)	-3%	-2%	-7%	+1%	+12%
EBIT	-5.375	-2.981	-1.917	-789	338
Margin (%)	-29%	-20%	-17%	-7%	+3%
Net Income	-5.523	-3.062	-1.945	-1.078	82
# Clubs	17	15	14	13	11

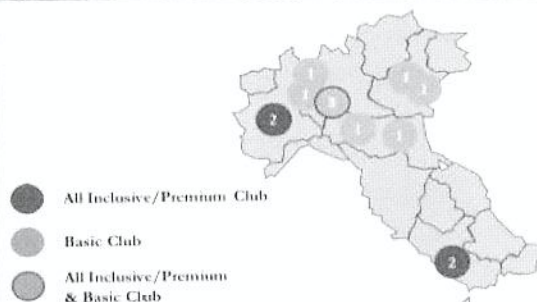


The Investment Opportunity

Shareholders were considering the opportunity to sell the 100% of their activities in Italy according to their strategic developments. The transaction perimeter included both all-inclusive and basic fit clubs and the acquirer could keep the brand for the Italian market.

Transaction Perimeter

- HC's fitness chain has a widespread coverage in the North Italy and it boasts 2 important clubs in Rome.
- Double format following the consumers trends in spending polarization.
- HC's reorganizational plan led to a cost-effective structure and margins improvement.
- HC's effort on the revenues side led to a constant growth on the number of new members and to strengthen the client retention.
- Health City's brand which has been operating in strategic locations in Italy for almost 5 years.



Basic Club:

- Bologna
- Milano Certosa
- Gallarate
- Legnano
- Padova
- Parma
- Vicenza
- Torino Nizza

All-Inclusive/Premium Club:

- Milano Cassala
- Milano Duomo
- Roma Termini
- Roma Tor Vergata
- Torino Sissola

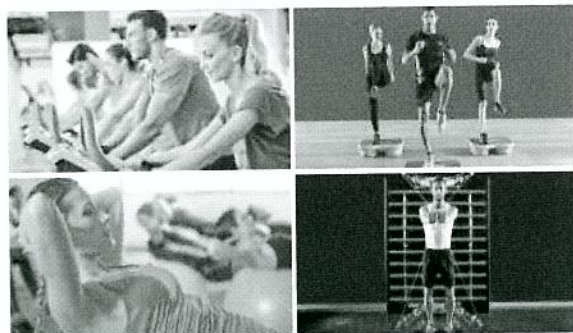


Egosistema

Egosistema is the Italian Company, controlled by a Swiss Private Equity Fund, that operates in fitness industry with its own brand Prime.

Business Overview

- The company owns a small network of fitness and wellness clubs in and near Bologna.
- Born in 2009 Prime has rapidly grown and at the time of the acquisition it owned 3 fitness clubs.



Rationale of the Acquisition

- The rationale of the acquisition was the opportunity to further expand the market share and to enter in other tier 1 Italian cities.
- HealthCity Italia S.r.l. has allowed Egosistema to become the second Italian player in the fitness industry



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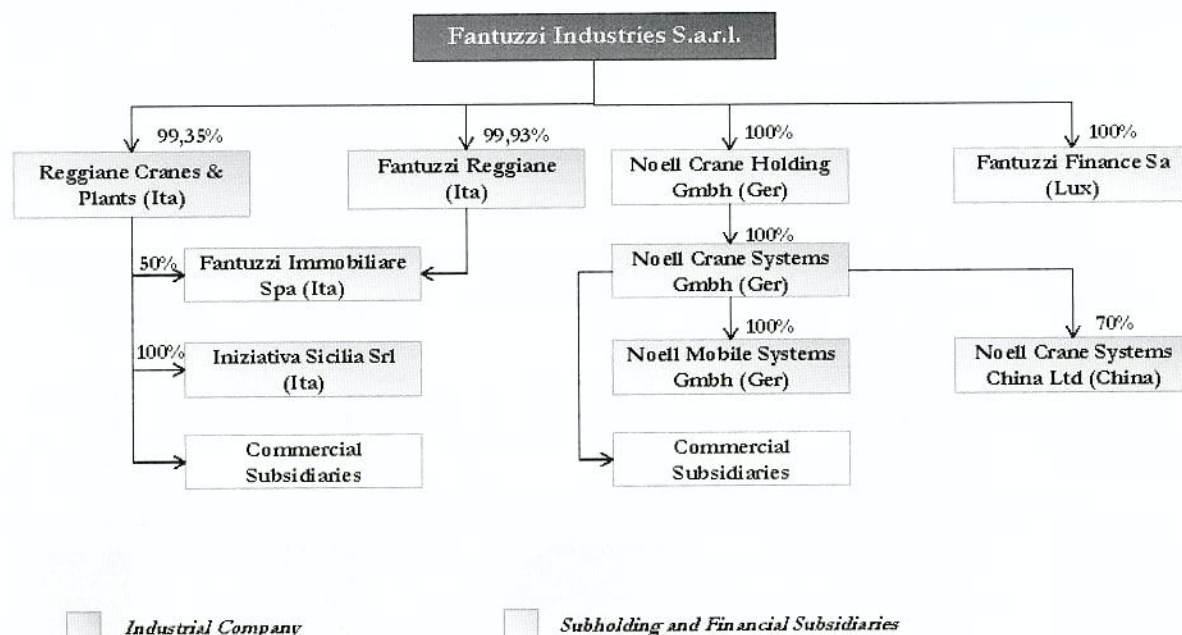
Transaction Highlights

Year	• 2009
LCF Role	<ul style="list-style-type: none"> • Sell Side Financial Advisor
Players	<ul style="list-style-type: none"> • Seller: Fantuzzi Industries • Buyer: Terex Corporation • Target: Reggiani Cranes & Plants Noell Crane Holding
Deal Type	• 100% Acquisition
Valuation, Consideration & Other Notes	<div> <div>Equity Value</div> <div>Undisclosed</div> </div> <ul style="list-style-type: none"> • Debt restructuring and renegotiation • Acquisition of the Group going concern • Exclusion of «Fantuzzi Immobiliare»



Fantuzzi Group Overview

The Italian Group Fantuzzi was the global leader in the design, manufacture, and service of port equipment, with factories in Italy, Germany and China, as well as sales and service branches around the world.



Fantuzzi Activity

Company	<ul style="list-style-type: none"> RCP Noell Crane 	<ul style="list-style-type: none"> Fantuzzi Reggiane 	<ul style="list-style-type: none"> Noell Mobile Syst. 	<ul style="list-style-type: none"> Fantuzzi Reggiane 	<ul style="list-style-type: none"> Fantuzzi Reggiane
Brands					
Plants	<ul style="list-style-type: none"> Reggio Emilia (IT) Xiamen (CH) 	<ul style="list-style-type: none"> Montefalcone (IT) 	<ul style="list-style-type: none"> Werzburg (DE) 	<ul style="list-style-type: none"> Lentigione (IT) 	<ul style="list-style-type: none"> Genova (IT)
Products	<ul style="list-style-type: none"> Ship to shore Rubber Tyre Gantry Crane Rail Mounted Gantry Crane 	<ul style="list-style-type: none"> Mobile Harbour Cranes 	<ul style="list-style-type: none"> Straddle carriers Coil carriers Sprinters Eagle Slab carriers 	<ul style="list-style-type: none"> Lift trucks Reach stackers Side loaders 	<ul style="list-style-type: none"> Motronica company Electronics solutions on mobility/control for products



Fantuzzi Key Financials

At the time of the acquisition Fantuzzi was in distressed with negative economic results and an unstable financial situation. As a consequence the Company was ready to open its equity ownership to a third investor.

Fantuzzi Group ('000)	2005	2006	2007
Revenues	418.250	409.818	446.585
EBITDA	21.532	14.670	25.787
Margin (%)	5,15%	3,58%	5,77%
Ebit	7.444	4.780	17.117
Net Income	(26.973)	(14.419)	(10.604)
Fixed Assets	140.463	135.353	265.700
Equity	(20.683)	(36.197)	(29.382)
Net Debt	169.825	203.388	258.930

31st of January 2009: presentation of a "Piano Temporaneo" asseverated according to article 67 III paragraph lett. (d) of the Italian Bankruptcy Law requesting a 2 months extension of the financing facilities provided by the Italian Banks with the Accordo Quadro and an extension of the stand still of JP Morgan and Bond holders.



Terex Corporation

US-based Terex Corporation is a global manufacturer of lifting and material processing products and services.

Business Overview

- The Company is a diversified global manufacturer with four business lines:
 - Aerial Work Platform
 - Construction
 - Cranes
 - Materials, Processing & Mining
- Provides products and services to various industries, including the **construction, infrastructure, quarrying, mining, shipping, transportation, refining, and utility industries**



Rationale of the Acquisition

- Fantuzzi represented a growth opportunity in the intermodal transportation area of infrastructure
- The target Company was a natural extension of Terex Cranes business.



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Transaction Highlights

Year	• 2010
LCF Role	• Sell Side Financial Advisor
Players	SHAWCOR • Buyers: ShawCor Global Energy Sophia Capital Partners Socotherm • Target: Socotherm Group
Deal Type	• 95% Acquisition with Capital Increase
Valuation, Consideration & Other Notes	<div> Equity Value <div> About € 52 mln </div> </div> <ul style="list-style-type: none"> Capital Increase of 50 mln corresponding to 95% of the entire share capital Enterprise Value of about € 64 mln



Socotherm Overview

At the time of the transaction, the Group was a global player in the Energy Transport Services, recognized as global leader in pipe insulation services for the deep water industry.

Business Overview

- The Group was active in the **internal and external coating of pipes** for the transport of oil, gas, water, aviation fuel, cement powder and fluids in general.
- Socotherm was also involved in side activities **with District Heating & Cooling Division and Infrastructure department** (rail bridges, viaducts).



Socotherm in Numbers (Dec 2010)

Net Revenues	225
Ebitda	159
Net Debt	40.6
# of employees	1200



Investment Opportunity

In order to face the unstable financial situation the Company started a restructuring process under the Arrangement with Creditors. In this framework Socotherm needed a capital increase and was open to sell the majority of the Company.

Key Investment Issues

- Global leadership position thanks to the development of **a unique system** of thermal insulation of oil extraction pipes in deep water.
- International presence** with operating plants in 5 continents:
 - o Italy
 - o Argentina
 - o Brazil
 - o Venezuela
 - o Australia
 - o Spain
 - o Angola
 - o Gulf of Mexico.





Investors

The capital increase of 50 mln (95%) was fully underwritten by a consortium of three investors through a SPV. In 2013 the strategic partner has acquired the entire share capital.

Fineglade Limited

Financial Investors		Strategic Investor
4D Global Energy	Sophia Capital	ShawCor Ltd
<ul style="list-style-type: none"> Paris-based investment management company that specializes in the energy sector. 	<ul style="list-style-type: none"> Emerging economic group dedicated to private equity and asset management with focus in the oil & gas value chain 	<ul style="list-style-type: none"> A growth oriented, global energy services company specializing in technology-based products and services for the pipeline and petrochemical sectors, as well as other industrial markets



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Conclusions – LCF Insights

LCF during developed skills and expertise in cross-border M&A deals in 30+, which is the main way to penetrate the Italian market and to exploit the potential of the Italian know-how.

LCF - Insights

- Italy is the country of micro and small enterprises with an amazing human capital and know-how in some important industries (not only fashion, food and design).
- Most of the companies are familiar so the biggest limits for the Italian companies are:
 - A. Lack of capital (Equity)
 - B. Lack of management structure
 - C. Lack of internationality
 - D. Lack of replacement
- Italian entrepreneurs often prefer to remain small just to not compete in the international markets

What LCF usually does

- LCF supports small and medium enterprises in their strategic and financial decisions identifying:
 - A. Domestic and Foreign Strategic Partners
 - B. Domestic and Foreign Financial Investors
 - C. Appropriate business strategies to enhance company value and profitability
 - D. Appropriate and customized funding methodologies that perfectly fit companies' projects and missions.



Contacts

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