

2016 Korea Materials & Components-Ppuri Industry Week

소재부품 뿌리산업주간

8<sup>th</sup> MCT  
Global M&A  
Conference  
MCTGC2016



## PROFILE



### ITALY LA COMPAGNIA FINANZIARIA MERCHANT BANK

Stefano L. di Tommaso  
Senior Partner

- 30여년의 기업금융, 및 자본시장 경력 보유
- 에너지, 헬스케어, 제약, 건축, 소비재 등 다양한 산업분야의 M&A 자문
- 이탈리아 Outbound Cross border M&A 자문 다수 수행
- 1983년 설립된 중소규모 M&A전문 자문사
- 오랜 경험을 바탕으로 이탈리아 시장 내 강한 입지를 구축
- 자동차, 산업재, 의류, 패션 등 분야에 강점 보유

November 2016



Global M&A Conference – Seoul, November 2016

## M&A case analysis and penetration strategies into Western European market

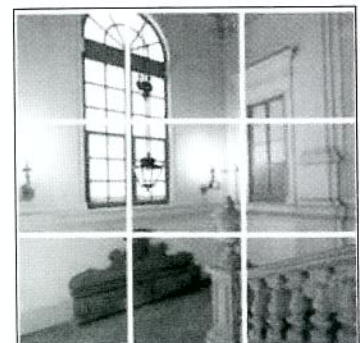
### LCF – Case Studies

**Speaker:** *Dr. Stefano L. di Tommaso – Senior Partner*



### LCF Overview

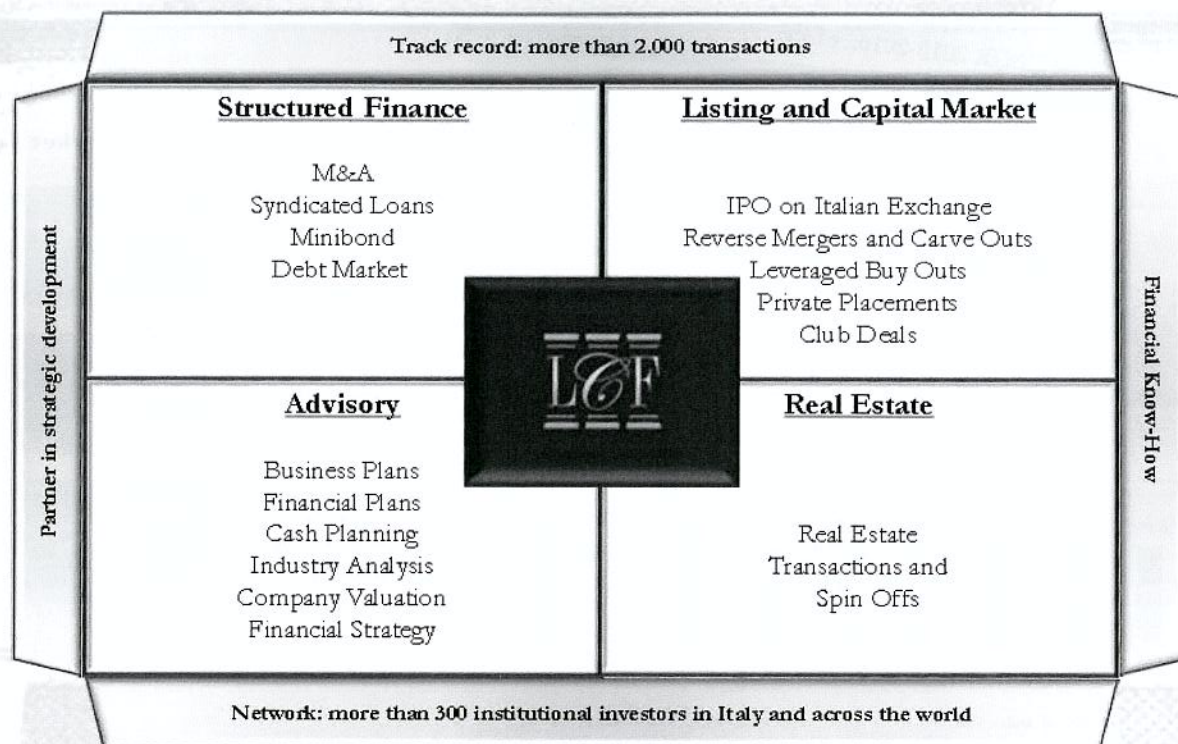
- La Compagnia Finanziaria (here in after "LCF") is an independent merchant bank with more than 30 years of experience in providing corporate finance and capital markets advisory services to Italian small and medium enterprises with a generalist approach. We combine advisory skills with direct access to institutional debt and equity investors.
- Throughout years LCF became not only a leading independent syndicated loans arranger in Italy, but also a distinguished financial advisor in many transactions carried out within Equity Financing, Mergers & Acquisitions Real Estate Advisory and Corporate Strategy Advisory.







## LCF Activity

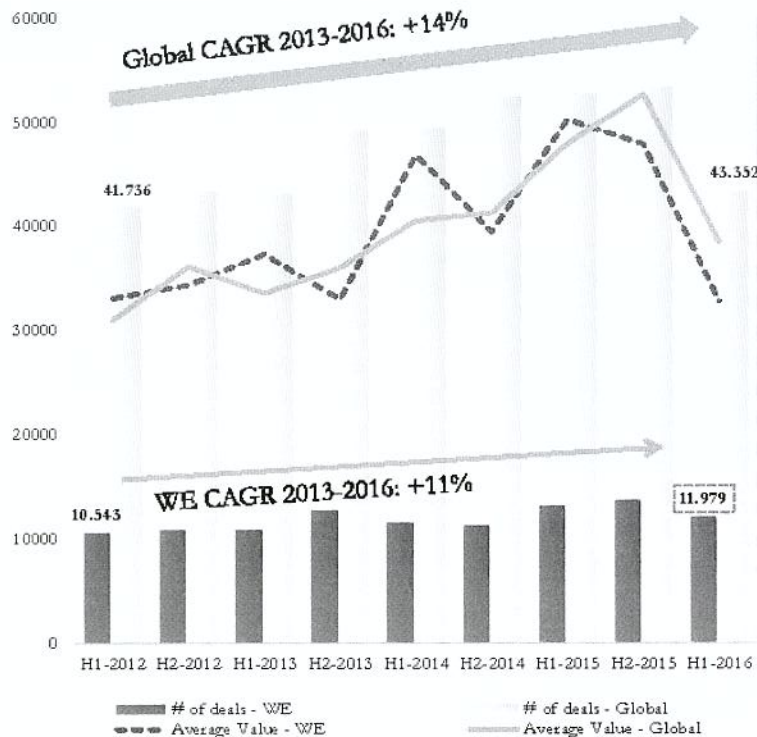


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## Trend in Global M&A Market



- Luxury goods industry is the top performer market in the first nine months of 2016 (#Deals +10% on the whole 2015)
- Negative expectations for the second six months of 2016; # announced deals H1-2016 (>USD 10 bln) < # announced deals H1-2015 (>USD 10 bln)

Sources: Half Year M&A Activity Report, Global H1 2016, Bureau Van Dijk, Cross Border M&A Index, Baker & McKenzie

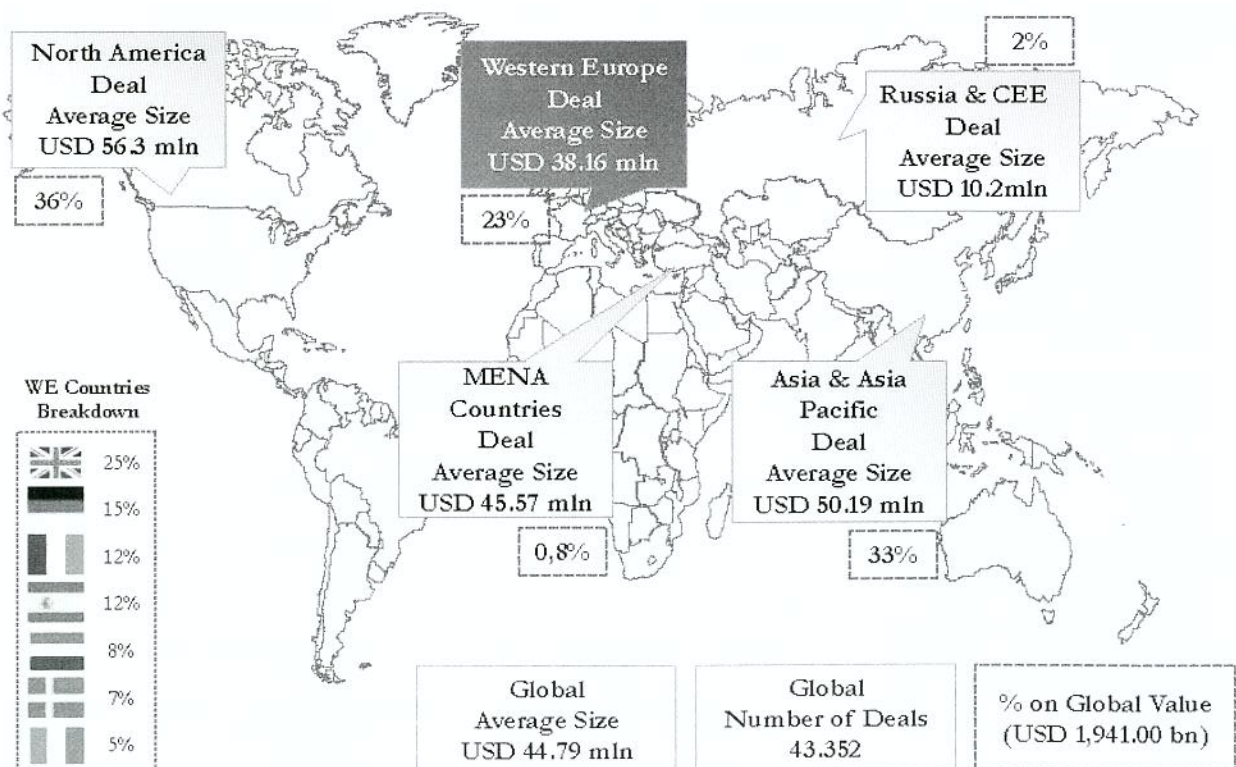
LA COMPAGNIA FINANZIARIA

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SEOUL, NOVEMBER 16



## Global Overview: January-June 2016



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## Western Europe Framework

In the first half of the year 11,979 transactions took place in Western Europe with a total value of USD 457 billions. The comparison with the major M&A Markets suggests the following issues:

<b>Small Deal Size</b>	<b>Fragmented Market dominated by Small Medium Enterprises</b>
<b>Consolidation</b>	<b>Necessary to enhance profitability and to face overseas competition</b>
<b>Industry</b>	<b>Luxury Goods: majority of M&amp;A transactions has involved Western Europe based target</b>



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## Recent History and the Italian Business Environment

- As You all may actually guess, after the most significant governmental changeover of mid 2011, much of the Italian liquid capital, legally or illegally flew outside of the country to find shelter from a rising taxation or an increasing difficult environment for doing business, in some case forever and in other cases they were bound to make its appearance again after a while, under the form of common funds or private equity funds based in Switzerland or in the rest of Europe.
- We can take that moment, correspondent with the end of the Berlusconi Government, for indicating the beginning of a rush of ISMEs towards the rest of the world. In a not too much accurate way we may say that for Italian enterprises the real globalization actually begun in that very year and just increased its spread in the following ones.



## Recent History and the Italian Business Environment

- Since the 2011 the Italian commercial banks started to sport a reduced capacity (and will) of sustaining the lending activity for new credit as they previously did, and a larger number of ISMEs begun consequently to be in difficulties, choosing therefore in many cases to be sold to foreigners, since the capacity of Italian entrepreneurs to foster their investments and growth over international markets was limited by the reduced access to new equity and new credit.

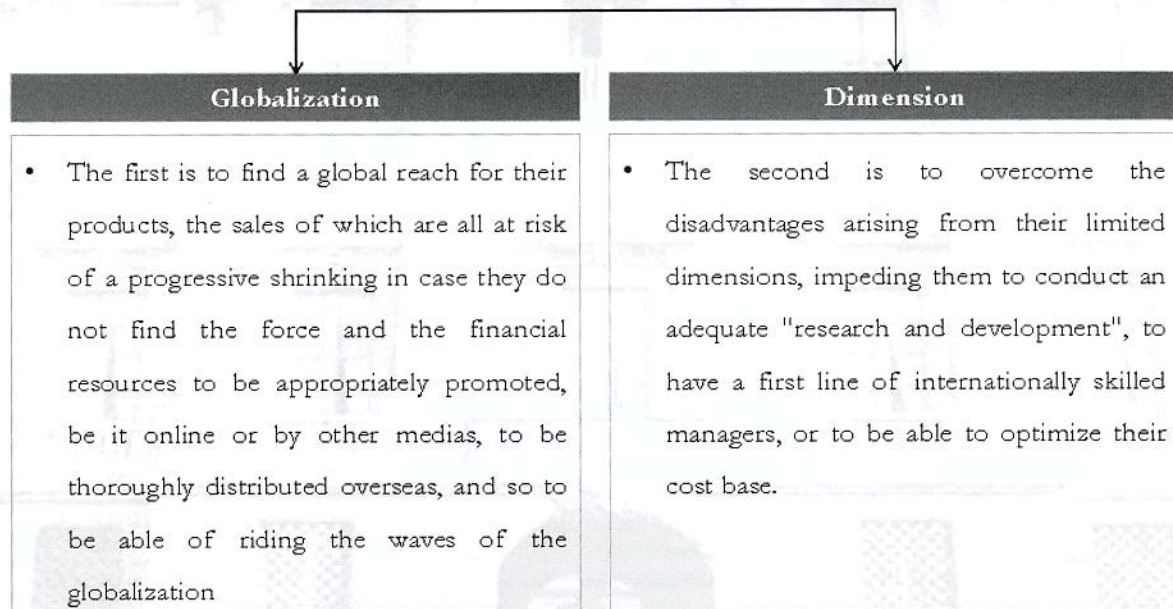






## The Sellout of Italian Small and Medium Enterprises (ISME)

In last 5 years we witnessed a large scale sellout of ISMEs that is still in progress, although today different reasons keep driving italian elites to sell their enterprises or a majority stake of equity. Today there are **two major reasons why Italian entrepreneurs are looking for foreign strategic partners**



## The Sellout of Italian Small and Medium Enterprises (ISME)



In both cases the entrepreneurs who launched or inherited their italian ISMEs are often and progressively realizing that they need either a partnerships with foreign competitors or the sale of the company, able to counterweigh the lack of a global strategy, in absence of which the performances of ISMEs may result well below their industry's benchmarks.



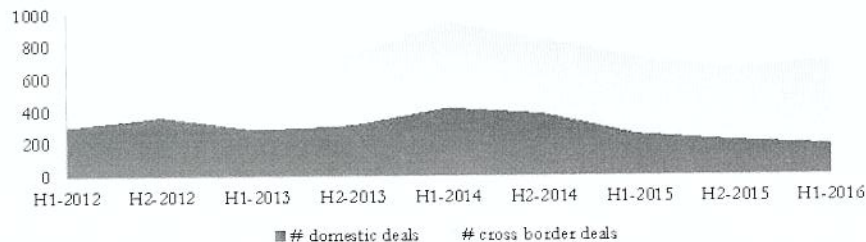


## Key Numbers in the Italian Market

### Trend in Italian M&A Market (mln €)

June 2016

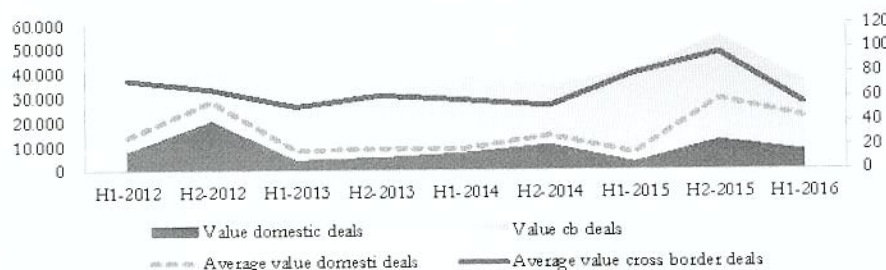
#### Trend in Volume



In H1 2016 the Italian Market has registered 706 deals:

- 715 cross border deals
- 191 domestic deals

#### Trend in Value



The total deals value has been €36.581 mln of which:

- €28.269 mln for cross border transactions
- €8.312 mln for domestic operations

Sources: Half Year M&A Activity Report, Italy H1 2016, Bureau Van Dijk

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## Key Trends in the Italian Market

ITALIAN MARKET TREND CONTRASTS THE GLOBAL NEGATIVE VOLUME DYNAMICS AND SHOWS A DEAL AVERAGE SIZE IN LINE WITH ITS HISTORICAL MEAN. DROP IN VALUE IS DUE TO AN EXTRAORDINARY SUGGE IN TRANSACTIONS OCCURRED IN 2015.

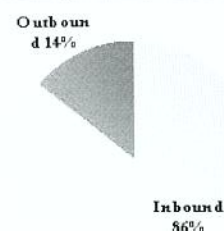
+7%

Growth in number of deals involving Italian companies

+8%

The growth is boosted by inbound deals that are rising by 8% and that represent the 86% of all the cross border transactions

Cross Border



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## Italian Top Cross Border Transactions (1/2)

Outbound

72 Deals  
with  
Total Value  
8,7 mln



Machinery, Furniture,  
Equipment & Recycling

- 14 deals
- Total Value € 646 mln



Food , Beverage &  
Tobacco

- 2 deals
- Total Value € 918 mln



Wholesale & Retail

- 5 deals
- Total Value € 215 mln

## Most Active Industries (H1 2016)

Inbound

449 Deals  
with  
Total Value  
19.6 mln



Banks

- 117 deals
- Total value € 3.4 bn



Textile, wearing apparel  
& leather

- 29 deals
- Total Value € 1,7 bn



Food, Beverage &  
Tobacco

- 4 deals
- Total Value € 2,6 bn



## Italian Top Cross Border Transactions (2/2)

## Top Outbound Transactions (€/mln)

TARGET	BUYER	DEAL TYPE	DEAL VALUE
PartnerRe ltd	EXOR S.p.A.	Acq 100%	6.097
Mondelez International Inc	Luigi Lavazza S.p.A.	Acq 100%	800
Lane Industries Inc	Salini Impregilo S.p.A.	Acq 100%	374
Focus Diagnostics Inc	Diasorin S.p.A.	Acq 100%	264
SF-Filter AG	Ambienta S.g.r.	IBO majority	200

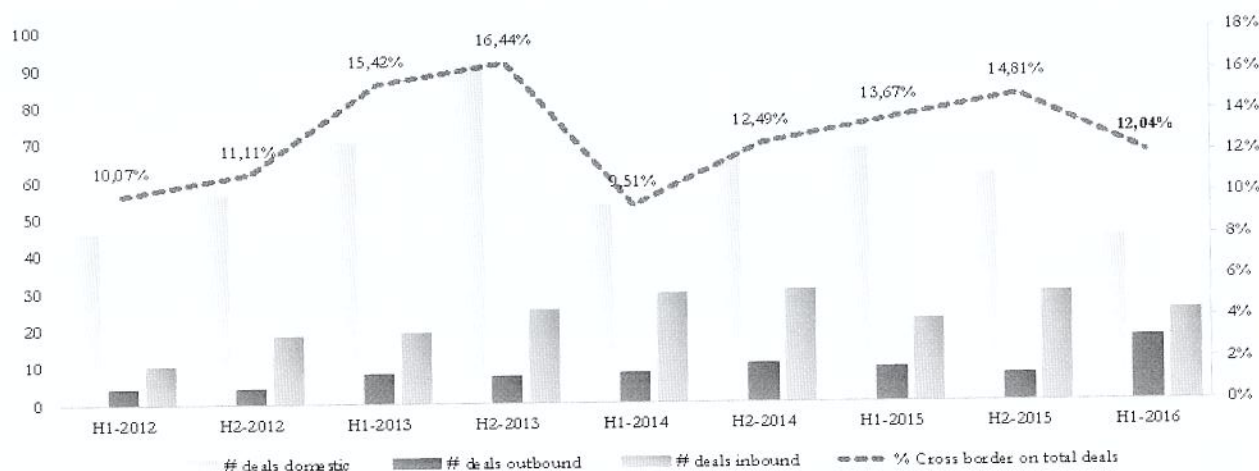
## Top Inbound Transactions (€/mln)

TARGET	BUYER	DEAL TYPE	DEAL VALUE
Peroni S.r.l. with other non Italian brands of SabMiller	Ashai Group	100% Acq	2.550
Artsana S.p.A.	Investindustrial	IBO 60%	1.200
Teamsystem Holding	Hellman&Friedmand	IBO majority	1.075
Rhiag-Inter Auto Paris Italia S.p.A	LKQ Corporation	Acq 100%	1.040
Sisal Group S.p.A.	CVC Capital Partners	IBO 100%	1.000





## Private Equity in Italy



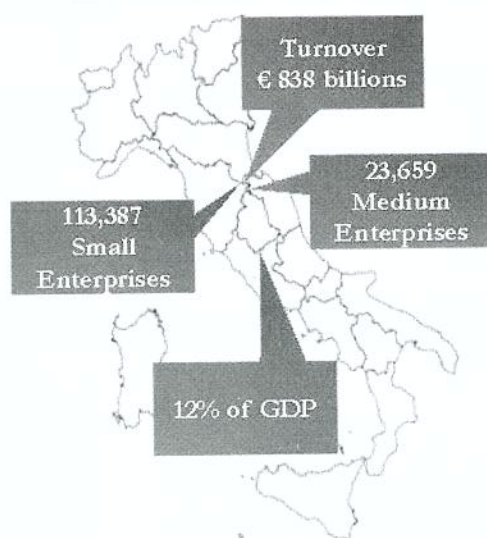
Private Equity business accounts for 12% of the total Italian deals and almost 48% of its activity refers to cross border transactions.

Sources: Half Year M&A Activity Report, Italy H1 2016, Bureau Van Dijk



## Conclusions: Investment Opportunities in Italy

### Lack of Consolidation



- **FRAGMENTED ENTREPRENEURIAL FRAMEWORK** DOMINATED BY SMES.
- **LARGE SPACE FOR CONSOLIDATION**, REQUIRED TO FACE INTERNATIONAL COMPETITION.
- FOR INTERNATIONAL PLAYERS THAT DO NOT HAVE A SIGNIFICANT PRESENCE IN ITALY AND ARE INTERESTED IN GEOGRAPHICAL EXPANSION.

One of the following	# of Employees	Turnover	Asset Value
Small Enterprises	<50	<10 mln	<10 mln
Medium Enterprise	<250	<50 mln	<43 mln

Sources: Cerved



## Conclusions: Investment Opportunities in Italy

### Globalization of Italian Products

#### Industry Examples



- Food & Beverage
- Textile & Apparel
- Steel Products

- **SPECIFIC SKILLS, DESIGN EXCELLENCE, SMASHING INNOVATION IN NICHE MARKETS.**
- **STRONG REPUTATION OF MADE IN ITALY PREMIUM PRODUCTS MANUFACTURING**
- **FOR INTERNATIONAL PARTNERS INTERESTED IN ITALIAN PRODUCTS DISTRIBUTION AND COMMERCIALIZATION ACROSS THE WORLD.**



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## Case Studies

 Has acquired 100% of  Financial Advisor to the Seller 	 Has acquired 70% of  Consultant to the Buyer 	 Has acquired 100% of  Financial Advisor to the Seller 
 Has acquired 100% of  Financial Advisor to the Seller 	  Have acquired 95% of  Financial Advisor to the Seller 	



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## Transaction Highlights

Year	<ul style="list-style-type: none"> <li>2016</li> </ul>
LCF Role	<ul style="list-style-type: none"> <li>Sell Side Financial Advisor</li> </ul>
Players	<ul style="list-style-type: none"> <li>Seller:</li> <li>Buyer: Randstad Holding</li> <li>Target: Obiettivo Lavoro</li> </ul>
Deal Type	<ul style="list-style-type: none"> <li>100% Acquisition of Share Capital</li> </ul>
Valuation & Consideration	<div> <p>Equity Value</p> <p>€ 70 mln</p> </div> <ul style="list-style-type: none"> <li>Enterprise Value of € 102,5 mln</li> <li>Enterprise Value/Ebitda: 7,5x</li> <li>Cash Settlement of the entire equity value</li> </ul>



## Obiettivo Lavoro Overview

Obiettivo Lavoro was one of the leading Italian companies operating in the staffing and temporary work industry

Business Overview	Services
<ul style="list-style-type: none"> <li>Obiettivo Lavoro acted both as a generalist and specialist agency being able to provide any professional profile required by the employers.</li> <li>Before the acquisition the Company was directly controlled by OL Group S.r.l. and indirectly by the cooperative limited company Team Service and the cooperative industrial group CCPL.</li> </ul>	<ul style="list-style-type: none"> <li>Assessment, Selection and Recruitment</li> <li>Recruitment and selection abroad</li> <li>Staff Leasing</li> <li>Temporary Management</li> <li>Training</li> <li>Payroll, Administration and Human Resources Outsourcing</li> </ul>





## Obiettivo Lavoro Key Financials

The growth pattern in revenues (+10% in 2014) was likely to continue in the following years as the increasing volatility in the economic cycle had shown that strategic HR were becoming fundamental to grant business leaders in all industries the necessary flexibility

Obiettivo Lavoro Group ('000)	2012	2013	2014	2015
Revenues	327.127	356.551	395.149	426.464
EBITDA	5.666	9.752	11.005	20.294
Margin (%)	1,73%	2,74%	2,79%	4,75%
Ebit	597	3.882	2.606	15.116
Net Income	(4.384)	(1.065)	(2.833)	7.146
Fixed Assets	5.123	6.669	75.521	9.237
Equity	31.318	30.321	100.006	37.915
Net Debt	37.079	20.455	22.848	-5.191



## The Investment Opportunity

OL Shareholders were evaluating several different strategic alternatives and among them the possibility of transferring 100% of their shares.

### Staffing Industry was undergoing an intense period of M&A activity

#### Consolidation Trend

- First, consolidation was boosted buy the need of smaller players **to take advantage of economies of scale**
- Additionally, consolidation was also driven by general staffing companies looking for **a stronger foothold in professional staffing, in order to diversify their service offerings.**

#### Jobs Act

- The approval of the new legislative reform Job Act was expected **to boost job creation in the Italian market** positively impacting staffing agencies.
- The opportunity to hire with significant social contribution margin and the reduction of some flexible contracts promote good flexibility while **increasing penetration rate of staffing industry**



## 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	<p>Equity Value</p> <div style="border: 1px dashed black; padding: 5px; display: inline-block;">Undisclosed</div> <ul style="list-style-type: none"> <li>• Riello family maintains 30% the share capital</li> </ul>



## 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 gained a leadership position in the Italian Market.

Business Overview			Brand Awareness	
68%	Heating	Provides heating and hot water solutions for residential and commercial applications.	  High Efficiency. We Care. heating for life	
28%	Combustion	Combustion Technologies for flame generation and control in heating, light processes and industrial applications cover 28% of the Company revenues	<b>Presence in major international markets</b> 	
4%	A/C	System for air cooling and heating		
	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

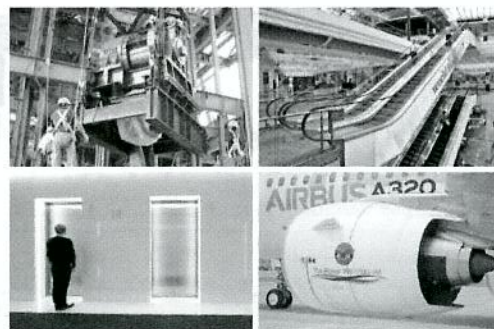
Majority Stake

### 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

<b>Year</b>	• 2016
<b>LCF Role</b>	• Sell Side Financial Advisor
<b>Players</b>	• Seller: HealthCity International B.V. • Buyer: Egosistema • Target: HealthCity Italia S.r.l.
<b>Deal Type</b>	• 100% Acquisition of Share Capital
<b>Consideration</b> (EV of €4mln)	<div> <b>Equity Value</b>  </div> <ul style="list-style-type: none"> <li>• Enterprise Value of € 4 millions</li> <li>• € 3 millions in cash at the closing date</li> <li>• 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)</li> </ul>



## 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

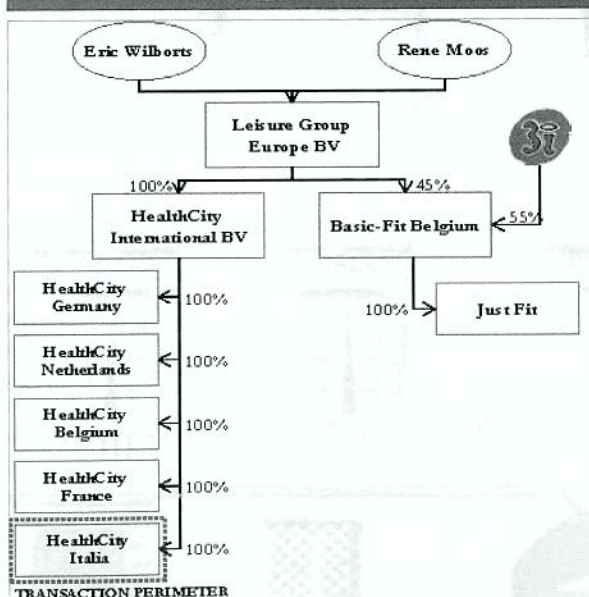
- Cardio training
- Isotonic training
- Free Weight programs
- Fitness Classes



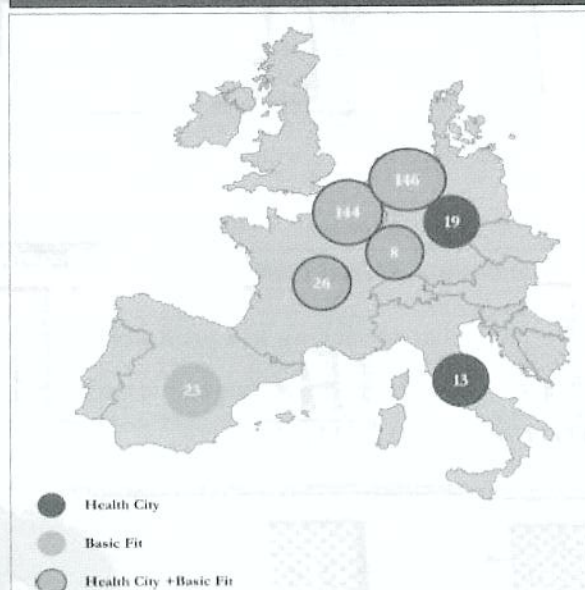
## HealthCity Group Structure

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	Italian Perspective
<ul style="list-style-type: none"> <li><b>BASIC formula:</b> <ul style="list-style-type: none"> <li>Monthly Membership fee €19,90.</li> <li>Personal Training services.</li> <li>25 h of weekly courses.</li> <li>Virtual Classes (e.g. Milano Cassala and Torino Nizza).</li> </ul> </li> <li><b>ALL-INCLUSIVE / PREMIUM formula:</b> <ul style="list-style-type: none"> <li>Monthly Membership fee from €50,00.</li> <li>Relax Area: Saunas, Turkish Bath &amp; Solarium.</li> <li>Hall attendant.</li> <li>Swimming pool (Milano Cassala).</li> <li>Personal Training service.</li> <li>50 h of weekly courses.</li> </ul> </li> <li>Offering both premium and low cost formats, HC meets all the fitness market needs.</li> </ul>	<p> <b>Basic Club:</b> <ul style="list-style-type: none"> <li>Bologna</li> <li>Milano Certosa</li> <li>Gallarate</li> <li>Legnano</li> <li>Padova</li> <li>Parma</li> <li>Vicenza</li> <li>Torino Nizza</li> </ul> </p> <p> <b>All-Inclusive/Premium Club:</b> <ul style="list-style-type: none"> <li>Milano Cassala</li> <li>Milano Duomo</li> <li>Roma Termini</li> <li>Roma Tor Vergata</li> <li>Torino Siracusa</li> </ul> </p>



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



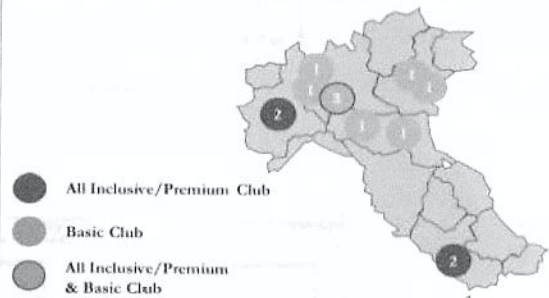


## The Investment Opportunity

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 Sizaussa



## 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

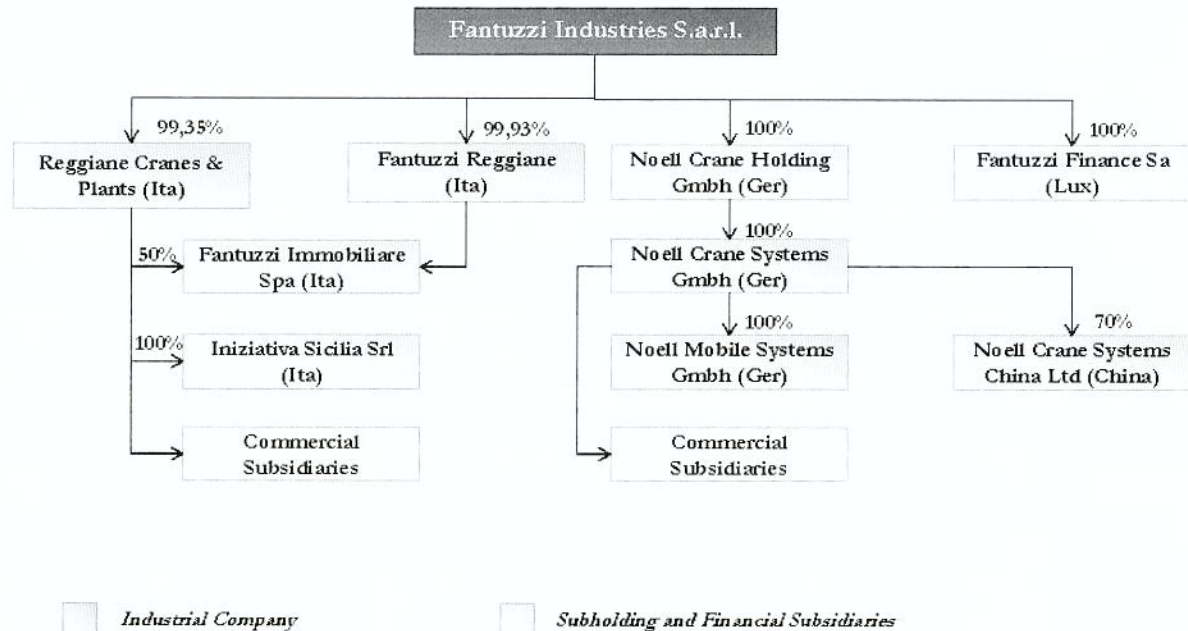
<b>Year</b>	• 2009
<b>LCF Role</b>	<ul style="list-style-type: none"> <li>• Sell Side Financial Advisor</li> </ul>
<b>Players</b>	<ul style="list-style-type: none"> <li>• <b>Seller:</b> Fantuzzi Industries</li> <li>• <b>Buyer:</b> Terex Corporation</li> <li>• <b>Target:</b> Reggiani Cranes &amp; Plants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





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



## 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
<b>Revenues</b>	<b>418.250</b>	<b>409.818</b>	<b>446.585</b>
<b>EBITDA</b>	<b>21.532</b>	<b>14.670</b>	<b>25.787</b>
Margin (%)	5,15%	3,58%	5,77%
<b>Ebit</b>	<b>7.444</b>	<b>4.780</b>	<b>17.117</b>
<b>Net Income</b>	<b>(26.973)</b>	<b>(14.419)</b>	<b>(10.604)</b>
<b>Fixed Assets</b>	<b>140.463</b>	<b>135.353</b>	<b>265.700</b>
<b>Equity</b>	<b>(20.683)</b>	<b>(36.197)</b>	<b>(29.382)</b>
<b>Net Debt</b>	<b>169.825</b>	<b>203.388</b>	<b>258.930</b>

31<sup>st</sup> 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

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



## 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"> <li>Paris-based investment management company that specializes in the energy sector.</li> </ul>	<ul style="list-style-type: none"> <li>Emerging economic group dedicated to private equity and asset management with focus in the oil &amp; gas value chain</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



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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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