

The Acquirer

The corporate finance magazine from Livingstone

AUTUMN 2015



When East meets West

Sedant's acquisition of Germany's apt Hiller

PLUS: CYBERSECURITY. THE GRASS IS GREENER FOR IDVERDE. SECTOR FOCUS: ECOMMERCE

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Livingstone is an international mid-market M&A and Debt Advisory firm, with offices in Beijing, Chicago, Düsseldorf, London, Madrid and Stockholm. Its 100 staff complete 40 to 50 deals per annum.



Comment

Looking at global deal activity, it should be a very active M&A market across the Nordic region. And for sure, it's been a busy year. Interestingly, in the last 12 months we have seen record levels of international buyers looking to enter the region in search of growth investments that are not cheap, but still one to two turns of EBITDA multiple lower than in the US.

Of course, the individual Nordic countries behave differently. Norway has been impacted by the fall in the oil price, whereas Finland has suffered from deteriorating relations with Russia, a key business partner and source of spending for the Finnish economy. Denmark is performing averagely and Sweden is proving to be as resilient as ever. With the Swedish Central Bank lowering the repo rate in July to an unprecedented -0.35%, money has been flooding the markets.

In Sweden, sellers have more options than ever – an overheating stock market is generating premium valuations and becoming a more attractive option for business owners seeking an exit. The M&A market has been more 'two-speed': the highest quality assets have changed hands at record valuations, boosted by buoyant bank and bond markets, whereas more middle-of-the-road opportunities have been a tougher sell.

So what does the crystal ball show? Following strong second-quarter reports from major industrial groups such as Atlas Copco, Ericsson, Hexagon and Alfa Laval, albeit flattered by currency effects, business confidence is on the rise. Our Nordic clients confirm the positive trend, building particularly on improvements across the Eurozone.

Consequently, Nordic corporates are ramping up their acquisition budgets and M&A activity is increasing. For the time being, opportunities abound for both sellers and growth-seeking investors, and we foresee continued interest from European, North American and Asian buyers seeking exposure to the favourable Nordic (economic) climate. This is where Livingstone is adding value as a trusted adviser with 'boots on the ground', and the local contacts and expertise that come with that.



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\$1.10tn

The total volume of cross-border M&A in 2014 was \$1.10tn, up from \$775.3bn in 2013 and the highest annual figure since 2008.

Source: Acquisition International

Online opinion

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Graham Carberry comments on the UK Government's new scheme to protect small businesses from cyber attacks (see page 8 for more)

The UK cybersecurity industry is strong and growing – worth £17.6bn and employing over 40,000 people – but more skilled people are needed to help protect the nation as the UK goes digital and adopts new technologies.

The new 'Inspired Careers' online skills and career hub has been developed by industry body CREST and the Government to tackle the skills shortage in cybersecurity. It is good to see that the Government recognises that SMEs are key to the IP supply chain and need to support the building of IT security at all levels of the business community. This is a small gesture, but a step in the right direction.

Anand Parekh explains how omni-channel is driving the convergence of retail and technology

Omni-channel implies a seamless, integrated retail experience for consumers spanning the online, mobile and physical shopping channels. This is particularly prevalent in UK retail, where a mature ecommerce market and demanding consumers are forcing retailers to differentiate themselves through customer experience, and to do so consistently across all consumer touch points. This helps drive sales across all channels.

'wardour'

ANDY DAVIS

Fertile ground

Why Lyceum Capital turned to Livingstone, and its knowledge of the business information market, to support it in the acquisition of Briefing Media

Business information providers are among the media assets most sought-after by private equity firms, so it was no surprise that the sale process for Briefing Media, a specialist agricultural information provider, attracted strong interest from financial investors. It was also a natural transaction for Livingstone, which has developed a leading position in advising both buyers and sellers of business information providers. In this case, the team, led by Richard Fetterman, Partner at Livingstone London, advised the successful buyer, Lyceum Capital.

Briefing Media, led by the highly regarded management team of Neil Thackray and Rory Brown, had entered the agricultural information market in 2012 when it acquired the magazine *Farmers Guardian* from United Business Media with the support of Kester Capital.

Over the following three years, Thackray and Brown had pursued a successful buy-and-build strategy, adding the UK's leading agricultural equipment and services event, LAMMA, to their portfolio in 2012 and AgriMoney, a

provider of financial data on agriculture, two years later. They had also begun the transition to a multi-channel business, building a digital platform to complement the print operation and enriching the user experience by adding online classified advertising and more value-added data and information such as weather patterns and crop prices. They had additionally launched new events, including CropTec and the British Farming Awards.

Briefing Media's audience relies heavily on this range of products and services, and this ensured the company would attract strong interest among potential buyers, according to Fetterman. "They have built a robust business and have some great ideas, but they needed a new partner to help them achieve their ambitions," he says. "Equally importantly, the underlying sector is big and Briefing Media has a very strong position within it. In business information, it's vital that you're a leader, not a follower."

When the formal sale process got under way, Lyceum appointed Livingstone as advisers almost immediately. "In a highly competitive process like this one, you want to have external advice as a sounding board for your tactics, but more importantly, to bring deep knowledge of the market," explains Lyceum Partner Dan Adler. "Livingstone did a great job."

Fetterman and his team provided analysis of the market and of competitors, benchmarked Lyceum's valuation of Briefing Media against relevant transactions involving similar businesses, and provided tactical advice

as the hotly contested sale process unfolded. They also examined the likely exit options and potential target valuations several years from now.

Anand Parekh, Associate Director at Livingstone London, comments: "We worked hand-in-hand with Lyceum to help them understand the market, and the specific drivers of Briefing Media's value."

After a three-month process, Lyceum emerged as the successful bidder, completing the transaction in mid-July. With Lyceum's support, Briefing Media is pursuing its buy-and-build strategy by investing further in the company's domestic offering across information services and events, while also seeking opportunities to expand internationally by acquiring similar businesses. "We're very confident in the management's ability to assess acquisition opportunities, buy them well and achieve operational improvements," says Adler. 

**YOU WANT TO
HAVE EXTERNAL
ADVICE TO BRING DEEP
KNOWLEDGE OF
THE MARKET**

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We've achieved results for these clients. What can we do for you?

memorial stationery provider has been sold to

paediatric home infusion business has been sold to

major assets of a leading manufacturer of bathroom furniture have been sold to

major assets of a leading provider of winter maintenance solutions have been sold to

specialist provider of luxury discounted packaged holiday deals has been sold to

leading provider of B2B agriculture-focused media assets has been the subject of a buy-out backed by

majority stake in the leading manufacturer of quality aluminium extrusion profiles has been sold to

specialist residential care provider has been sold to

leading global provider of international mobile top-up services has acquired

leading provider of digital traffic enforcement systems has been sold to

leading Swedish provider of hearing aid fittings and hearing solutions has been sold to

leading provider of retail strategy consultancy services has been sold to

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