

# CLAIRFIELD EXPANDS TO CHINA AND HONG KONG

Current conditions in China make overseas investment more attractive than ever



Clairfield International has opened a branch in Beijing, supported by its sister company Clairfield Hong Kong. The newly established Clairfield China office is headed by Yufang Guo, who has a long history of facilitating international cooperation and China outbound and inbound projects. Mr. Guo will be in charge of coordinating M&A and corporate finance activities in close interaction with selected Chinese

partner firms from various industry hubs across the country. Initially the Clairfield China office will focus on the food & agriculture, automotive, chemical, manufacturing, healthcare, and TMT sectors in the major coastal cities and provinces as well as Sichuan, Chongqing, and Shaanxi.

Mr. Guo, who was raised in China and did post-graduate studies in the Netherlands, began his corporate finance career

as the China desk manager of Deloitte. At the end of 2003, Mr. Guo founded Jomec, a firm that provides financial, legal and strategic advisory to Chinese businesses that are entering European markets and international companies looking to make a footprint in China. Mr. Guo has written numerous articles for the business press, has served as a guest lecturer at several universities in Europe, and is a much-solicited keynote speaker at international conferences. Mr. Guo is also the first foreign board-member of the China Council for the Promotion of International Trade in the province of Heibei.

“The establishment of our own office in China under the guidance of a professional who understands China from a legal, business, and cultural framework is the best way to offer our clients efficient access,” says Maarten Vijverberg, vice chairman of Clairfield International. “The network of

continued on next page

# FINANCIAL SERVICES EXPERTS JOIN UK OFFICE

Leading specialist UK advisory boutique IMAS Corporate Finance has joined forces with Clairfield International. IMAS, internationally recognized for its knowledge leadership, focuses exclusively on the financial services and insurance sectors and is a top UK financial services M&A boutique. With support from the British government, IMAS conducts proprietary research that has generated well over 100 successful transactions and has established IMAS as a reference point for M&A data about the sector.

IMAS analyzes the activities, ownership, and financial performance of the largest 27,000 UK financial services businesses, enabling specific targeting by activity, size, and ownership. Proprietary research published by IMAS includes an annual review, quarterly statistics and monthly M&A reviews, which are accessible via the IMAS

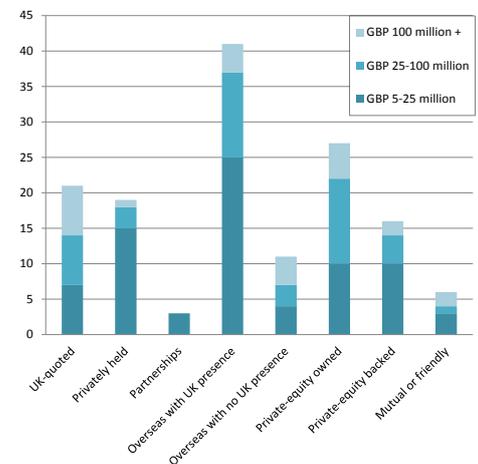
website ([www.imas.uk.com](http://www.imas.uk.com)).

IMAS research shows that the largest buyers pool of UK financial services businesses are overseas companies. This reflects London’s key position in the global financial services industry and is likely to continue as financial services becomes increasingly international.

“IMAS brings us expertise in financial services, which is a very important sector for cross-border M&A. We look forward to a long and fruitful partnership,” says Chris Gregory, partner at Clairfield UK. Clairfield UK will continue to focus on sectors outside of financial services.

“Having established our firm as a leading player in UK financial services M&A, an international perspective has become increasingly important. We look forward to accessing global markets through Clair-

Number of deals in the UK financial services sector by type of buyer, Q1 2011-Q2 2013



Source: IMAS

field and bringing our expertise to Clairfield clients,” says Olly Laughton-Scott, founding partner of IMAS.

## EXPANSION TO CHINA (CONTINUED FROM PAGE 1)

contacts throughout China that Clairfield now offers with the opening of this office is unmatched. We expect great interest from current and potential clients.”

“My team and I have advised hundreds of Chinese companies on their overseas investments, as well as foreign companies seeking to invest in China. Through the decades we have accumulated an extensive *guanxi* network in China,” says Yufang Guo. “I am happy that I can now connect these contacts to the heads of corporations, family-owned businesses, and private equity to which Clairfield offers access, thereby offering our clients a cross-cultural shortcut in their long-term global strategies.”

This year Mr. Guo is heading a Clairfield delegation that will attend the annual China International Fair for Investment & Trade which takes place in Xiamen in September, held simultaneously with the International Investment Forum. The International Investment Forum, sponsored by the Chinese Ministry of Commerce and provincial and municipal governments promotes international investment. The event offers potential cooperation opportunities between Clairfield International and Chinese investors as well as a better explanation of investment policy, invest-

ment projects, and the investment environment of different provinces in China.

The investment forums are especially timely due to the fact that the examination and approval of IPOs in China have been suspended since the fall of 2012. During the past few years, going public has been the main exit strategy for PE funds invested in China, enabling funds to achieve profits for more than 30 times of the amount invested. The suspension of IPOs and subsequent backlog is creating an exit crisis for mature PE funds. According to *Finance Asia*, there are currently more than 7,500 private equity deals which have not been exited yet in China and the total investment has reached EUR 75 billion.

An M&A exit is an alternative. In the first quarter of this year, there were 185 domestic M&A cases with a disclosed transaction value of EUR 24.6 billion, an increase of 88.4% on a quarter-on-quarter basis. Focusing on the PE investment market, there were 35 exit cases in the first half-year of 2013. The average rate of return on book value is 164%.

Although the increase in M&A activity in the first half-year of 2013 is due to circumstances rather than a market choice, the M&A exit will remain an attractive option. Divestment is a simpler and less risky pro-

cedure. In some situations, PE investors can receive cash immediately upon closure of an M&A transaction. In addition, new regulations make it easier for foreign companies to buy their Chinese counterparts.

As far as outbound transactions are concerned, one of the greatest challenges for China is how to make the best use of its phenomenal foreign currency reserves. Valuable corporate assets with promising returns on investment have caught the attention of Chinese political and business decisionmakers. China outbound M&A transactions will undoubtedly increase in the years to come.

An international buyer or seller will encounter many challenges during an M&A transaction in China due to limited knowledge and experience in crossborder M&A, coupled with the inherent cultural and linguistic gaps. However, changing exit strategies and foreign currency stockpiles are leading to excellent opportunities for well-advised international companies. With on-the-ground forces in China and overseas, Clairfield International is poised to help clients take advantage of current conditions and make plans for a future in Asia.

## CROSSBORDER TRANSACTION SPOTLIGHT



acquired



Clairfield International in Germany and the USA advised Michelman.

Michelman is a global developer and producer of water-based coatings, surface modifiers, emulsion dispersions, and powders. Michelman serves its multinational and regional customers with production facilities in the U.S., Europe and Singapore and has a worldwide network of highly trained field technical support personnel.

Ecronova Polymer GmbH has more than 35 years of experience in the development, production and commercialization of water-based polymers. Products include styrene acrylics, vinyl acetates, pure acrylic emulsions and polyurethane dispersions for a variety of applications.

With the acquisition of Ecronova Polymer, Michelman gains a physical presence

in Germany and increases its European footprint. The exceptionally high quality products Ecronova manufactures are complementary to the solutions Michelman currently offers to its paint and coatings customers.

Clairfield International in European offices collaborated on finding meaningful acquisition targets for Michelman.

“With this key acquisition, we have enhanced our ability to develop powerful new solutions, and more importantly, new opportunities, for all customers who are using or developing water-based additives and coatings,” says Steven Shifman, president and CEO of Michelman.

Client	Transaction overview	Counterparty
	<b>Cesare Bonetti</b> , an Italian company founded in 1905, is active in the design and production of valves and level gauges. The company employs approximately 150 people and in 2012 achieved a turnover of approximately EUR 23 million. Cesare Bonetti has partnered with <b>Waaree Industries</b> (India) in a joint venture since 2004. Waaree Industries acquired 100% of the share capital of Cesare Bonetti as part of its strategic plan to enter the worldwide valve market. Clairfield Italy advised Cesare Bonetti.	
	Headquartered in France, <b>Marechal Electric Group</b> has been a worldwide leader in the field of electrical connectors for more than 60 years. The company designs and manufactures high-quality plugs and sockets used in hazardous areas of all industrial sectors. Marechal Electric acquired <b>Technor Italsmea</b> , a specialist manufacturer of hazardous area products with sales hubs in the Middle East and Singapore from Norwegian private equity firm <b>HitecVision</b> . Clairfield France advised the transaction.	
	<b>Gilde Buy Out Partners</b> acquired <b>HG International B.V.</b> , a leading supplier of specialty cleaning products under the HG brand, from its former shareholder Gilde Equity Management Benelux. The management team will continue to be a significant shareholder in the company. Gilde Buy Out Partners is one of the largest midmarket private equity investors in continental Europe, with assets under management of over EUR 2.0 billion. Clairfield International in the Netherlands advised the buyer.	
	<b>Abénex Capital</b> , a French private equity firm, acquired 90% of <b>RG Safety Group</b> . Abénex Capital focuses on the mid-market segment with more than EUR 900 million of capital invested since 2000. RG Safety Group distributes personal protective equipment to a large customer base, most of whom are SMEs in the automotive, steel, energy, industry, services, construction, chemical, pharmaceutical, and food sectors. Clairfield International in France advised Abénex.	
	Clairfield International offices in the Czech Republic and Finland jointly advised <b>Alma Media</b> on the divestiture of a leading Slovakian used-car portal service <b>autovia.sk</b> to the largest Slovakian internet portal <b>Azet.sk</b> , in which Ringier Axel Springer Slovakia holds the majority. Alma Media is a listed Finnish media company which publishes several well-known Finnish newspapers and provides online services.	
	<b>Enfinity</b> , the Belgian renewable energy developer, sold its three solar parks installed in the Czech Republic to <b>Verdi Capital</b> , a Czech private equity house. The three fully developed projects (two rooftops and one land) have a global capacity of 10.8 MWp. The sites have been operational since 2011 and are connected to the grid with long-term contracts. Enfinity remains involved as a maintenance contractor. Clairfield International in Belgium and the Czech Republic advised Enfinity.	
	The city council of <b>Offenbach</b> accepted the offer of <b>Sana Kliniken AG</b> to acquire 90% of <b>Klinikum Offenbach GmbH</b> . The Klinikum Offenbach GmbH is one of the largest hospitals in Hessen with more than 2,200 employees and 2012 revenues of approximately EUR 170 million. This offer met the objectives established by the city of Offenbach for the pan-European process. The privatization is one of the largest German hospital transactions of recent years. Clairfield Germany advised the city of Offenbach.	
	<b>Marsilli &amp; Co.</b> is a winding and automatic assembly systems founded in 1938 and based in Castelleone, Italy. The company also provides solutions for factory automation of components. Marsilli employs approximately 260 people and 2012 revenues exceeded EUR 50 million. Private equity investor <b>Fondo Italiano di Investimento</b> injected EUR 10 million into Marsilli & Co. in exchange for a minority stake. Clairfield Italy advised Marsilli.	
	Clairfield International in Finland acted as financial advisor to <b>Terveysrahasto</b> and private equity fund manager <b>Korona Invest</b> in the sale of <b>Vetrea Terveys Oy</b> to <b>Osuuskunta KPY</b> . Vetrea provides its customers with health and social services such as housing, rehabilitation, and medical and private hospital services. The company has a strong regional presence in Finland. Vetrea's turnover in 2012 was EUR 25 million and it employs approximately 400 social workers and healthcare professionals.	
	Clairfield International in Finland advised Teracom Group in the sale of the leading Finnish pay-TV operator PlusTV to DNA, the Finnish telecommunications operator. Teracom is a Nordic media operator owned by the Swedish government. It had revenues of EUR 530 million in 2012. PlusTV is Finland's largest terrestrial pay-TV service provider with revenues of EUR 65 million and 220,000 subscribers. Teracom had been a majority owner in PlusTV since 2009.	
	Clairfield International in Finland advised <b>Alma Media</b> in the sale of its Mascus business to <b>Mascus International B.V.</b> , an investment vehicle founded by Vortex Capital Partners and Mascus' Benelux license partner. Mascus is the world's largest online marketplace for heavy machinery and equipment, operating in 42 countries through its own operations and license partners.	
	<b>Victoria Mengvoeders/Jan van Heeswijk B.V.</b> , a Dutch animal feed producer, was acquired by its peer <b>Fransen Gerrits</b> . The company sells approximately 200,000 tons of animal feed annually and is active in the Netherlands and in eastern Germany through its 52% subsidiary Vikra Futter GmbH. The combined group will have an annual turnover of around EUR 200 million. Clairfield International in the Netherlands advised Victoria Mengvoeders.	
	<b>ORE</b> (Marketplanet), is a purchasing solutions provider owned by <b>Telekomunikacja Polska (TP)</b> , a listed Polish telecommunications services provider trading as Orange Poland. TP divested ORE to <b>Avallon MBO Fund</b> , a leading Polish private equity firm specialized in management buyouts. Clairfield Poland advised the transaction.	

## NEW PROFESSIONALS



W. Jack Helm, new partner at  
Clairfield Germany

Walter Jackson “Jack” Helm has been advising cross-border corporate finance and mergers and acquisitions for over thirty years. Educated in both the US and Germany, Mr. Helm was trained at Citibank and Lehman Brothers, New York and relocated to Frankfurt in 1988 to open Lehman Brothers’ new German corporate finance practice. His affinity for life sciences resulted in significant transactions primarily in the chemicals and healthcare sector and diversified industrial segments, and in 1996 he became managing director and country head of the merger and acquisitions specialty investment bank Wasserstein Perella. Upon the acquisition of Wasserstein Perella by the Dresdner Bank in 2001, Mr. Helm returned to his native Virginia to pursue venture capital opportunities. He reentered the German advisory business in 2011. Mr. Helm has a bachelor’s degree from the University of Virginia and a master’s in international business from Georgetown University.

Several Clairfield offices have welcomed new interns. Duarte Rodrigues and Matt Young have joined Clairfield UK as analysts for the 2013/14 academic year. Both Mr. Rodrigues and Mr. Young are currently completing degrees at the Bristol Business School. They will be responsible for UK and Clairfield market research as well as project support.

Valerio Bono is a new intern at Clairfield Italy. Mr. Bono has a degree in business economics from the LIUC University in Castellanza and he is currently completing a master’s in merchant banking. Mr. Bono will be assisting with research and reclassification of balance sheets.



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