

# 19 Nineteen Messine



LINKERS NEWSLETTER | NOVEMBER 2022

## SHOULD WE FEAR 2023?



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## SHOULD WE FEAR 2023?

**Guillaume ANSELIN**

Partner, LINKERS

After flooding the planet with liquidity, central banks are now no longer as accommodating as they were over the last few years; the "whatever the cost" approach has disappeared, and a new obsession, the fight against inflation, has reached heights unparalleled for decades. There are many headwinds: galloping inflation, exchange, climate and environmental challenges, not to mention war on our doorstep with Russia brandishing the nuclear threat and delighting in increased oil and gas prices, an increase intensified by a decrease in production volume by Arab countries. Industrialists the world over are suffering from very high gas and electricity prices, fear of a global recession is growing greater every day, and conventional wisdom is that the impending turmoil is going to be acute and that while the worst might not happen, it is certainly becoming possible.

### The consequences are unequivocal for the world of mergers and acquisitions

Deals are taking longer to close, sellers are persisting with the valuation multiples from the latest Argos-Wityu report, buyers are becoming apprehensive in view of ever more gloomy economic prospects, banks are more cautious and rates are soaring.

Mergers and acquisitions deals dropped by 21% in volume and value during the first half of 2022, yet the sector's activity remains high, at levels comparable to 2019.

Investment funds have ramped down and are more selective. Despite the significant funds available to them, after having invested at astronomical levels in growth businesses, and supported by negative rates, investors no longer know how much to pay for these same businesses. Certain mid-cap funds have been on standby since the second quarter of 2022, and are observing progression of the economic and political situation. It should be noted that the attractive intermediate-sized businesses that were sold on from fund to fund through a succession of LBOs, with very low rates and good growth, will

certainly be facing a scissors effect. As for raising capital, a total of 294 funding rounds were organised between January and June 2022 (-31%), i.e. the lowest number of deals recorded in a six-month period since the second half of 2020. The first months of the year were exceptional for French Tech, but the current economic and political situation, turmoil in financial markets and a gloomy outlook for 2023 have applied the brakes on this promising momentum. Half-way through 2022, French Tech reported €4 billion in funding in the second quarter, indicating a slowdown compared to the €5 billion secured in the first quarter. Consequently, a sharp downturn is expected in the ecosystem in the second half of 2022.

### The reality is not quite so dismal

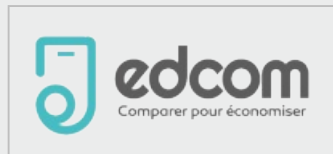
The excessive optimism and euphoria of the last few years are now giving way to excessive pessimism.

The reality is not, however, quite so dismal; businesses have posted respectable results for the moment, despite strong inflation and some shortages since the end of lockdown. Central banks and governments will not allow a recession to take hold. Some bubbles have already burst: most raw materials, sea freight, financial markets...

### Seizing opportunities for external growth in 2023

We can expect that with more reasonable valuations, investment funds will start financing the SME ecosystem once again, thanks to the considerable liquidity available for investment. M&A transactions will probably slow down for a while, particularly if rates rise too sharply, but an external growth strategy remains essential for businesses at a time when organic growth is weak. One thing is certain: in 2023 we will more than ever be supportive of our SMEs and mid-cap companies, helping them to weather the storm and seize opportunities.

## RECENT TRANSACTIONS



## ONLINE ECO-COMPARER

SALE

**EDCOM** is a leading player in online distribution of mobile and internet packages for telecom providers and ISPs founded in 2006. Publisher of the comparison websites lesmobiles.com and edcom.fr, which offer more than 200 plans in partnership with around 20 telecom operators, it attracts more than 1.1 million visitors/month and generates nearly 115,000 sales/year. Leading digital media group **CCM Benchmark** (Figaro group) has acquired EDCOM, which will be integrated into its subsidiary Bemove, leader in mobility services.

**BENJAMIN LE GUILLOU**  
SELL-SIDE ADVISOR



## SECURITY SYSTEMS

SALE

**AC2C SECURITE** provides installation and maintenance services in three areas: Fire safety (50% of revenue), Gas detection (15% of revenue) and Electronic security (35% of revenue). LINKERS advised AC2C in its acquisition by ERIS (€45M in revenue), one of the leading multi-brand installers and maintenance providers for fire safety in the Ile-de-France region.

ERIS, after an LBO by Chequers Capital and headed by Ludovic Goeta, also operates in the fields of smoke control and electronic security.

**SIDNEY SERVAL**  
SELL-SIDE ADVISOR



## FIRE SAFETY SYSTEMS

ACQUISITION

The **EUROFEU Group** (€150M in revenue, 1,500 employees and 44 agencies) is an independent leader in fire safety. Since an LBO in 2020 with CAPZA, for which LINKERS was already an advisor, EUROFEU has undertaken six external growth operations, of which the most recent was AMI2S (€15M in revenue), specialist in fire safety systems; this enables it to strengthen its service offering, in particular for fire detection. With this takeover, **AMI2S** can draw on EUROFEU's network of agencies to extend its know-how nationwide.

**SIDNEY SERVAL**  
**JEAN-MARIE PICHON**  
BUY-SIDE ADVISORS



## PRIVATE SECURITY SERVICES

MAJORITY LBO

Based in the Ile-de-France region, private security specialist **DPSA** (€40M in revenue) has completed an LBO with a majority participation by the multi-regional fund NCI, accompanied by Ouest Croissance, Financière Vecteur and Caisse d'Épargne Normandie. Management has acquired an equity stake, ensuring continuity of the group headed by Geoffroy Castelnau over the last two decades, which have been marked by strong development. The former president has reinvested in the business and strategy remains unchanged.

**PHILIPPE LAURENT**  
**FLORENT COUDRAY**  
SELL-SIDE ADVISORS



## INDUSTRIAL JOINERY

ACQUISITION

In a third operation assisted by LINKERS since the withdrawal of the Fayat group, the **BOWI group** (€36M in revenue) has acquired **Menuiserie Roux Frères** to strengthen industrial and geographical (Montpellier, Ardèche) synergies between the group's companies, and securing it a place amongst the leading players with the capacity to manage large projects. The arrangement - a combination of senior debt, development loan and recovery bonds (BPI Food Fund) - has enabled the management to avoid any equity dilution.

**DIDIER BUSQUET**  
BUY-SIDE ADVISOR



## INDUSTRIAL CLEANING SERVICES

ACQUISITION

Under LINKER's guidance, the **EMN network** has completed its fifteenth external growth operation with the acquisition of **AZUR Nettoyage**, a cleaning company for communal areas of buildings in Brest and the department of Finistère.

This transaction consolidates the EMN network's position with property management companies as cleaning specialists of jointly-owned properties, particularly in this area, where it becomes leader in the sector with nearly €7M in revenue.

**FLORENT COUDRAY**  
**PHILIPPE LAURENT**  
BUY-SIDE ADVISOR



## SECURITY - PPE

SALE

**KOLMI HOPEN** (€65M in revenue, 180 employees), subsidiary of the Canadian MEDICOM group, known for its surgical masks manufactured in France, has acquired **WeeSafe**, a specialist in disposable and short-use personal protective equipment (overalls, gloves, asbestos kits...). WeeSafe, which has more than 200 clients and makes nearly 25% of its revenue on the export market, enables Kolmi Hopen, whose objective is to provide head to foot textile products for professionals, to complete its range.

**SIDNEY SERVAL**  
**PHILIPPE DELECOURT**  
SELL-SIDE ADVISOR



## INDUSTRIAL CLEANING SERVICES

ACQUISITION

**PRESTNET** joins the **EMN network**, becoming its sixteenth acquisition with LINKER's assistance. The JOULIE group wished to sell PRESTNET and hand over the cleaning of its emblematic restaurants (L'Auberge Dab, Brasserie Wepler, Le Boeuf Couronné, Congrès Maillot, etc.) to EMN due to its highly-reputed quality of service.

The EMN network thereby consolidates both its expertise in this sector and its Paris branch, whose revenues now exceed €16M.

**FLORENT COUDRAY**  
**PHILIPPE LAURENT**  
BY-SIDE ADVISORS

## ENTREPRENEURS' VIEWPOINT

**Geoffroy Castelneau, President of DPSA Ile-de-France acquired by NCI through a majority-stake LBO**



**Geoffroy Castelneau**  
Ex-president, DPSA

As entrepreneurs, we are often in a very lonely place when it comes to building a strategy for the future.

Back in 2018 a fruitful encounter with two LINKERS associates, Philippe Laurent and Florent Coudray, helped me to reflect on various scenarios that would allow me to take a breather, pursue my interests and prepare for the next step after 25 years' hard work.

As time passed, and after a certain number of meetings, the idea of setting up an LBO emerged as the best solution for the continuity of my group.

Increased responsibility for my senior managers and consequently allocation of free shares (AGAs - attribution gratuit d'actions) are the product of this reflection. The detailed valuation of my group results from meticulous and well-reasoned work by the LINKERS team. The law firm of J.C. Cleach was also the right choice of partner for LINKERS and for me for all the legal steps and preparation of closing.

Despite the successive crises that have occurred over the last three years, the LINKERS team has always been at hand to support my plan and find the best partner to help us move forward in the years to come, after consulting different investment funds as part of a strict competitive bidding process.

I still hold a very significant stake in DPSA, and from now on will be acting as an attentive advisor to my associates, particularly in strategic and sales aspects important for the future, and as the company's representative in industry bodies to help steer the profession in the right direction.



And if I implement the project to acquire or sell businesses, it will be with LINKERS, who will remain our longstanding partner in the future.

I couldn't have completed this partial disposal properly, while continuing to manage my businesses diligently, without LINKERS' help. Each to their own profession!

## ONGOING MISSIONS

### Buying Mandates \*

- Training / Digital learning
- Facility Management
- Industrial cleaning services
- Wealth management advisory services
- Insurance brokerage
- Medical laboratory for PCB
- Security
- Education - Nurseries

\* LINKERS deals mainly in sell-side opportunities. For reasons of confidentiality no information on these transactions is divulged before they are finalized.

## EXPERT OPINION

### The effects of the cognitive biases on the strategic decisions

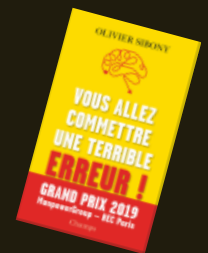
A consultant with McKinsey for 25 years, **Olivier Sibony** is a researcher and professor at HEC Paris business school. Author of the bestsellers *You're About to Make a Terrible Mistake!* and *Noise*, he has studied the effect of cognitive biases on strategic decisions. Excessive confidence, status quo bias, groupthink and availability bias are all enemies of rational decision-making.

In every decision we make, however large or small, our cognitive biases set traps for us. The greater the uncertainty, the more difficult it is to avoid them. We all know that to err is human. But we are less knowledgeable about cognitive biases, these systematic errors that everyone predictably makes. These biases often remain unnoticed, yet they can cause us to make huge mistakes when taking a decision.

Drawing on numerous examples, Olivier Sibony shows us how cognitive biases warp our perception of the simple problems we encounter in our everyday lives, and affect the most important management decisions. The presence of these biases explains what would



**Olivier Sibony**, Professor, HEC Business School



otherwise remain a mystery: how leaders who have won their spurs in revered and respected companies sometimes make surprising mistakes in some of their most important decisions.

Alas, contrary to a deeply-rooted misconception, being aware of our cognitive biases is not sufficient to overcome them. But luckily, managers can limit their consequences by ensuring that their own biases, and those of others, do not translate into bad decisions for the company.

To achieve this, managers should build a strong team they can rely on, and above all introduce working methods that limit the effects of cognitive biases. This debate on "the architecture of decision-making" is a call to reassess the way they make decisions, and even their own role of leader, both in times of crisis and of calm.

## LINKERS' INTERNATIONAL NETWORK

### Europe:

Belgium | Croatia | Denmark | Finland | France  
Germany | Great-Britain | Hungary | Ireland  
Italy | Lithuania | Norway | Poland | Portugal  
Spain | Sweden | The Netherlands

### Asia:

China | Hong Kong | India | Israel  
Japan | Malaysia | Singapore  
Thailand | Turkey | Vietnam

### Americas:

Argentina | Brazil | Canada | Ecuador | USA

### Oceania:

Australia



## TALENT EXCHANGE PROGRAMME WITH DUTCH PARTNER AETERNUS

Our M&A associate Arnaud Marchandier spent two weeks with our Dutch counterpart AETERNUS, as part of the M&A WORLDWIDE network's Talent Exchange programme. This gave him the opportunity to become familiar with the best practices of this highly-regarded investment bank whose founder, Jacques Jetten, is also President of the M&A WORLDWIDE network. LINKERS will be reciprocating shortly by receiving in turn a young talent from AETERNUS in Paris and Lyon.



## 38th CONVENTION M&A WORLDWIDE IN THAILAND : 23-26 NOVEMBER 2022



The 38th M&A WORLDWIDE convention will take place shortly in Thailand at the initiative of our partner PYI.

Before founding PYI in 2003, Pathom Yongvanich worked at Goldman Sachs and ABN Amro, and then became a consultant for BCG from 1995 to 2003.

He studied at the Kellogg School of Management (Northwestern University), Cornell and Chulalongkorn (MBA, MSc, B. Eng).



## A FRANCO-CANADIAN DEAL

### A negotiation with our Canadian cousins!

LINKERS negotiated the disposal of WEESAFE, a French specialist of protective clothing for chemical hazards, to the Canadian group MEDICOM Inc. via its subsidiary KOLMI HOPEN.

Founded in Quebec in 1988, MEDICOM Inc. is a global manufacturer of high-quality personal protection equipment, solutions for infection control and healthcare products.

With 1,200 employees, the MEDICOM group has production facilities in North America, Europe and Asia, and sells its products in nearly 100 countries, generating €1.5 billion in revenue.



## CROSS-BORDER DEALS:

**SALES:** Cemm Thome to Amphenol (USA) ; Agis-Di Pasto to Ter Beke (Belgium) ; France Hybrides to Hendrix Genetics (NL) ; Coriance to A2A (Italy) ; La Cellulose to CIN (Portugal) ; Axys to Meta4 (Spain) ; Econocom CH to Lease-It (Germany) ; Tisys to Ultra Electronics (GB) ; Elysees West to Hotusa Hotels (Spain) ; Filec to Amphenol (USA) ; Eboutich to Maus (Switzerland) ; Genetel to Anite (GB) ; Packinox to Alfa Laval (Sweden) ; Climpact-Metnext to Weathernews (Japan) ; SVD to Exertis (Ireland) ; Camping&Co to Rocket Internet (Germany) ; SecludIT to Outpost24 (Sweden) ; Editel (Mauritius) to GL Events ; Adonis Environnement (Madagascar) to Veolia Africa ; L'Officiel Du Déménagement à Movinga (Germany) ; Stoll Trucks (Luxembourg) to Turenne Capital and Euro Capital ; Alco to CTA (Italy), WeeSafe to Kolmi Hopen - Medicom group (Canada)...

**ACQUISITIONS:** Ibrams (Germany) and Brand Project (Sweden) by Wedia ; PC Garant (Germany), Citymain (GB), Cap Protection (Belgium) and Insurance2Go (GB) by SPB ; Frölich u. Walter (Germany) by CUC ; Pratiks (Germany) by Pratique ; Paul Budde Communication (Australia) by Ubiquick ; Insurance2Go (UK) by SPB ; Martin GmbH (Germany) by Infraneo...

## LINKERS RAISES THE CURTAIN IN LYON

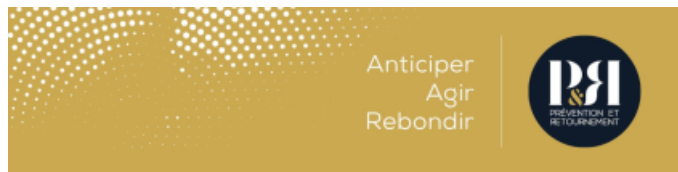
For the opening of its magnificent premises located at 54 rue du Président Édouard Herriot in the heart of the city, LINKERS Lyon invited guests to enjoy a very convivial cocktail party, during which artist Vincent Carrere created an elegant participatory painting with the help of all the guests. It now hangs proudly in the new office!

A big BRAVO to the whole LINKERS-Lyon team, which currently comprises five people: Paolo Zoppi (Partner), Claudia Fernandes (Director, Lyon), Alexandre Zoppi (Associate, Lyon), Geneviève Lebranchu (Senior Advisor) and Valentin (intern).



## PRÉVENTION & RETOURNEMENT \*

LINKERS supports P&R, a non-profit organisation grouping together the experts supporting businesses in difficulty and in complex situations: receivers, lawyers, financial advisers, specialist bankers, HR advisers and transition managers.



A conference on the theme of cognitive biases will be held on Thursday, 24 November 2022 at the Centre des Congrès de Lyon, facilitated by Olivier Sibony, Professor at HEC business school, expert on strategic decision-making and author of *Vous allez commettre une terrible erreur*, published by Flammarion. His talk will be followed by a round table on its application to crisis management for companies.

\* French association of restructuring practitioners.

## J'PEUX PAS, J'AI PÉTANQUE !

LINKERS' pétanque tournament was held this year in Place Dauphine. The event, attended by LINKERS' boys and girls, their senior advisers and a few guests, had a Provençal vibe despite some showers.



J'peux pas, j'ai



## LINKERS TEAM



P. Delecourt    P. Zoppi    M. Belbéoc'h    P. Laurent    F. Coudray    J. Luis    D. Busquet    A. Marchandier  
S. Serval    M. Fine    B. Le Guillou    C. Fernandes    G. Anselin    A. Zoppi