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LINKERS NEWSLETTER | NOVEMBER 2023

LINKERS NEWSLETTER |

**WHY YOU SHOULD WORK
WITH
AN M&A ADVISOR...**





WHY YOU SHOULD WORK WITH AN M&A ADVISOR...

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LINKERS' enters autumn with a flourish
Welcome aboard

Philippe DELECOURT

Founder partner, LINKERS

The job of Mergers & Acquisitions advisors, also known as Investment Banks, is a go-between profession that you might imagine is easy to dispense with.

Just as a property owner might decide to do without the assistance of an estate agent to sell their property, the head of a company can choose to forgo the services of a Mergers & Acquisitions advisor when divesting their company.

Naturally, they must then devote a great deal of time and energy to their project: learning about the market and transactions, valuing the business, drawing up attractive literature to present it, building a convincing business plan, setting up a virtual data room, identifying suitable potential buyers in France and abroad, establishing contacts with these targets, managing questions and answers, conference calls, visits, and negotiations, etc. And all this must be achieved while maintaining the strictest possible confidentiality outside the company and in the market, and above all internally, amongst employees.

It is, however, important to note that while no prejudice would be caused to a property by the time devoted to selling it, since there is no reason for it to deteriorate over the few months required to complete the operation, this does not hold true when selling a business. If the head of a company is distracted from running it to deal with the sale, the consequences can be catastrophic. A business will not survive haphazard management, or being run part-time!

The first advantage afforded by collaborating with an expert in business succession is therefore a saving in time... and stress!

Another major and equally vital advantage lies in the experience provided by the merger specialist, for whom these operations, while each unique, are an everyday occurrence. In contrast, an entrepreneur sells their business only once, and they would be engaging in a long and complex process without the benefit of any prior practice, which would not shield them from subsequent regrets.

The added value of a Mergers and Acquisitions specialist does not stop here: it is obviously also rooted in the skills and techniques they put at their clients' disposal:

- Good use of their data banks, address book and domestic and international networks, to discreetly detect and contact potential buyers;
- Their capacity for detailed market and transaction analysis, and comparative assessment of valuations;
- Sound hard skills: technical expertise in financial, legal and tax matters;
- Proven soft skills: the art of negotiation, diplomacy and strategy, interpersonal sensitivity.

A Mergers & Acquisitions advisor therefore coordinates the processes they implement, and they are able, with their team and in conjunction with the company's usual advisors, to deliver a full package to their client. This takes into account not only the interests of the client, their employees and the business, but also market realities.

This is particularly true for SMEs, which don't have an M&A manager or a team assigned to such operations, but it is significant that even very large organisations, which are well-equipped in terms of human resources and financial and strategic skills, keep investment banks' teams of analysts working hard! This is certainly not due to a simple desire to share...

You are no doubt thinking that all this has a cost, but the ultimate benefits should be put into perspective. Since the goal of all negotiation is to obtain a better result than if there were no negotiation, is it not better to pay fees on a higher sale price, obtained without stress after a process led with professionalism, than to pay no advisor's fees and possibly end up with a lower sale price, while bearing all the risks and difficulties of a complex process on your own?

And if you feel that competence is costly... consider the price of incompetence!
(Yves Cannac - Former Chairman of CEGOS)

RECENT TRANSACTIONS

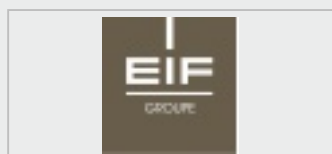


BUSINESS TRAVEL

SALE

Located near Rennes, **SCOOP** is a company that organises customised business travel with a true CSR dimension and strong "trade" expertise in the agricultural and agri-food sectors, as well as banking and insurance. Acquired by Laurence Touchard in 2005, SCOOP has continued to develop, approaching €12 M in revenue. LINKERS advised on an LBO transaction to sell the company to its management team (K. Tanguy, S. Régnier and G. Gendron), with the minority backing of 2 private investors and Crédit Agricole (regional division) for the senior debt.

MICHÈLE FINE
JÉRÔME LUIS
SELL-SIDE ADVISORS

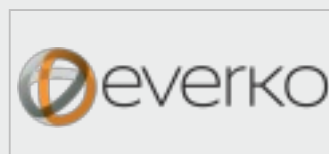


BTOB SERVICES

ACQUISITION

EIF (revenue: €19 m) is a group of consultancies specialising in local tax and town planning, funding innovation and optimising energy efficiency improvements. After advising the group on an LBO with CICLAD and the acquisition of ATAX, LINKERS assisted EIF in its first international external growth operation with the takeover of **FORECAST CONSULTING**. With the acquisition of a majority stake in this expert in funding innovation and optimising payroll taxes, EIF has gained a base in Belgium and can explore future business synergies.

JÉRÔME LUIS
SIDNEY SERVAL
BUY-SIDE ADVISORS



TELECOM & CLOUD OPERATOR

SALE

Founded in 2014, **EVERKO** is an operator specialising in fibre-optics, the cloud and IP telephone services established in the north of France with a client base composed of SMEs, local authorities and major accounts such as Saint-Maclou, Norauto... EVERKO has been acquired by the **CELESTE** group (revenue: €123 m), provider of very high-speed fibre-optics and cloud solutions for professionals. With this operation the group strengthens its presence in the north of France, and also its technical expertise, notably in SD-WAN.

JÉRÔME LUIS
SELL-SIDE ADVISOR



ELECTRONIC SECURITY SYSTEMS

4 SALES

LINKERS advised the **TEB** group in divesting its subsidiaries devoted to installing and maintaining electronic security systems (intrusion detectors, access control and CCTV) to the **SCUTUM** group (revenue: €300m, 1,300 employees, established in 6 countries). The subsidiaries sold are **VIGILEC**, focusing on banks in the French market, and international subsidiaries **TEB GmbH**, **TEB POLSKA** and **TEB IBERICA**, representing overall revenue in the region of €10m.

SIDNEY SERVAL
SELL-SIDE ADVISOR



INDUSTRIAL PIPING & BOILERMAKING

MBI SALE

PACT (€10m in revenue, 65 employees) is a company specialising in metal and composite sheets and piping. As an assembler of industrial piping, it provides turnkey solutions to a client base of key accounts. Pursuant to an open, competitive process, LINKERS advised PACT's owner in the sale of their company to **Frédéric Chalmin** (former MD of Kem One group).

PAOLO ZOPPI
CLAUDIA FERNANDES
ALEXANDRE ZOPPI
SELL-SIDE ADVISORS



INDUSTRIAL CLEANING SERVICES

ACQUISITION

The **EMN** network has completed its 20th external growth operation with the assistance of LINKERS, acquiring **Calzati Nettoyages Services** (CNS), which contributes additional revenue of €8 m. With this transaction, the EMN network has established a base in Lyon, while reinforcing its position with property management companies as a leading cleaning specialist for common areas of buildings. The EMN network's consolidated revenue will thus amount to nearly €60m.

PHILIPPE LAURENT
FLORENT COUDRAY
BUY-SIDE ADVISORS



ENGINEERING & SERVICES

2 SALES

LINKERS assisted the **ONET** Group in selling two subsidiaries. The group wanted to divest its asbestos disposal operations (excluding the nuclear sector) and its freight transport operations. **Transport Brunelle** (revenue: €4 m), owned since 2001 by the ONET logistics division, was therefore sold to the **QLC Group**. ONET Technologies' second asbestos disposal operations (revenue: €5 m) was sold to **Groupement Chambriard**.

GUILAUME ANSELIN
BENJAMIN LE GUILLOU
SELL-SIDE ADVISORS



PRODUCTION OF ADVERTISING FILMS

SALE

A company specialising in producing advertising films. It makes TV advertisements and performs post-production and line-production for a client base of key accounts. LINKERS assisted the owner in disposing of his company to a group specialising in communications and digital media.

PAOLO ZOPPI
CLAUDIA FERNANDES
SELL-SIDE ADVISORS

ENTREPRENEUR'S VIEWPOINT

Marcel Pfanner, Manager of PACT acquired by Frédéric Chalmin



Marcel PFANNER
CEO, PACT

Marcel, can you tell us about PACT?

Resulting from a merger in 2015 between PACT, whose area of expertise is composite sheets and piping, and SNZ, specialists in metal sheets and piping, the company employs 65 people and generates €10 m in revenue. Due to its thorough knowledge of composite and metal materials, PACT carries out projects for major contractors, mainly in industrial sectors such as chemicals, pharmaceuticals, energy and the environment, in France and abroad.



Why did you choose Frédéric Chalmin to take over the helm at PACT?

After 13 years developing PACT, I'm delighted by this sale and the arrival of Frédéric Chalmin as head of the company. With this operation, it was important to me to preserve PACT's family atmosphere and to ensure the company's future.

Frédéric Chalmin understands PACT's business, and that of its clients. He brings a new vision and a new dynamic for developing the company. His extensive experience, particularly in the chemicals sector, will help the company achieve durable growth. Frédéric Chalmin draws on the existing team's technical expertise and a new, functional production facility to boost PACT's development.

What was LINKERS' role in this transaction?

The team at LINKERS Lyon provided guidance throughout the operation. They organised an open, competitive divestment process, after identifying and approaching potential buyers. This "open-bid" process drove competition between different offers, and facilitated negotiation of the sale price and the scope of the operation in order to reach a well-balanced and durable agreement.

ONGOING MISSIONS

Buy-Side Missions *

Training / Digital learning

Facility Management

Industrial Cleaning Services

Wealth management advisory

Insurance Brokerage

Energy Transition

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 "Charasse Amendment"

In view of higher interest rates, the deductible nature of financial costs and a tax leverage effect are key to LBO operations.

Fiscally, it is possible to "compensate" a target company's net profits against the losses of a takeover holding company within a tax consolidation group.

However, this scenario becomes unlawful when the target company is acquired from a natural or legal person with a controlling interest (Article 233-3 of French commercial law) in the takeover holding company ("sales to oneself").

In this latter case, the "Charasse Amendment" (Article 223 B of French tax regulations) requires that all or part of the tax consolidation group's financial costs be added back over a maximum of 9 financial years.

Over the last few years, application of the Charasse Amendment has been extended to less "extreme" scenarios.

Sometimes the vendor might be associated with the takeover holding company for their technical skill or financial capacity. The relationship between vendor and purchaser, who have become associates, is then governed by an agreement. Strategic decisions are



Gwenaëlle HUBERT

Sylvain NARAINSAMY

Partners, MB & A Law firm, Rennes

voted on jointly by the associates in the interests of the takeover holding company and the target.

This is enough to risk the relationship between associates being deemed a "concerted action" characteristic of "joint control" of the takeover holding company. Now, since joint control is nonetheless "control", the target company is considered to have been acquired by a company controlled by the Vendor.

The tax consolidation group then risks seeing their financial costs added back over 9 financial years.

M&A consultants have the skills to structure the M&A operations they are entrusted with, legally and fiscally, in order to minimise exposure to this type of risk.

LINKERS' INTERNATIONAL NETWORK

Africa:

Morocco

Americas:

Argentina | Brazil | Canada | Ecuador | Peru | USA

Asia / Oceania:

China | India | Japan | Malaysia | New-Zealand

Singapore | Thailand & Laos | Vietnam

Europe:

Belgium | Denmark | Finland

France | Germany | Great-Britain

Greece | Hungary | Iceland | Ireland

Israel | Italy | Lithuania | Netherlands

Norway | Poland | Portugal | Spain | Sweden

Turkey

M & A
WORLDWIDE



M&A WORLDWIDE AT A GLANCE



Total Number of deals: 510 (less than 10% when the global market decreased by 14.4%), and 2860 deals closed over the last 5 years.

Total Deal Value: +36% to 13B€ and a total of 34.3B€ in deals being closed over the last 5 years.

Average Deal Size increased 52% to 26M€ (5 times more than in 2020)

Total Deal Value per dealmaker: 94M€ (more 291% than in 2020)

214 cases of cooperation: +73% in 2 years

40th CONVENTION M&A WORLDWIDE IN DUBLIN: 16-17 NOVEMBER 2023

CROSS-BORDER DEALS

SALES: Cemmm Thome to Amphenol (USA); Agis-Di Pasto to Ter Beke (Belgium); France Hybrides to Hendrix Genetics (NL); Coriance to A2A (Italy); La Celliose to CIN (Portugal); Axys to Meta4 (Spain); Econocom CH to Lease-It (Germany); Tisys to Ultra Electronics (UK); Elysees West to Hotusa Hotels (Spain); Filec to Amphenol (USA); Eboutich to Maus (Switzerland); Genetel to Anite (UK) Packinox to Alfa Laval (Sweden); Climpact-Metnext to Weathernews (Japan); SVD to Exertis (Ireland); Camping&Co to Rocket Internet (Germany); SecludIT to Outpost24 (Sweden); Editiel (Mauritius) to GL Events; Adonis Environnement (Madagascar) to Veolia Africa; L'Officiel Du Déménagement to Movinga (Germany); Stoll Trucks (Luxembourg) to Turenne Capital and Euro Capital; Alco to CTA (Italy); WeeSafe to KOLMI HOPEN - Groupe MEDICOM (Canada); TEB GmbH (Germany), TEB Polska (Poland) and TEB Iberica (Spain) by the group TEB...

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

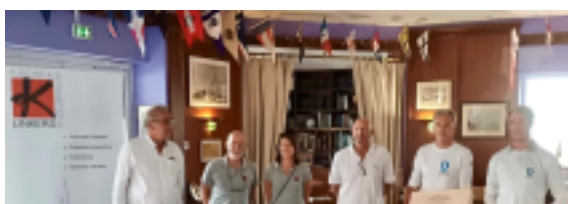
EXHILARATING MARITIME RACES

Just as we are going to press, a fleet of 90 6.5-metre Mini-class yachts is sailing through the trade winds between the Canaries and Guadeloupe, the finish for the Mini-Transat, a solo, unassisted transatlantic race. During the preparatory races for this competition, the boat sponsored by LINKERS and skippered by Caroline Boule won the Calvados Cup and the outbound leg of the Transgascogne, demonstrating her mastery of downwind sailing. Upwind is of course more difficult for her, for this "greyhound of the seas" is equipped with hydrofoils but not with a centreboard: you can't have it all!

*Caroline Boule, sailor – Mini Transat 2023
Sables d'Olonne - La Palma - Saint-François (Guadeloupe)*



LINKERS INTERNATIONAL OPEN IN DEAUVILLE 2023

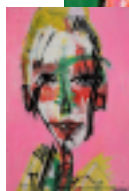


The 2023 annual Dragon regatta sponsored by LINKERS was held from 16-19 June at the famous Planches de Deauville, with 22 crews of 7 different nationalities. The Germans took first place with the Grace GER 1075 Dragon skippered by Hannes Hollaender, coming in before Pete Cooke's Australian-Japanese crew (YeahNah AUS 551) and French Alain Lathioor (Révolte FRA 4210), member of the Deauville Yacht Club. Next year's regatta is planned for 21-24 June, 2024

LINKERS' ENTERS AUTUMN WITH A FLOURISH



After the summer, the LINKERS team was delighted to organize a special event in Lyon, in collaboration with the artist Marie-Laure Ginet, attended by more than 200 guests. The participants enjoyed a delicious cocktail buffet prepared by talented chef Guy Benayoun, which contributed to the resounding success of this convivial party!



WELCOME ABOARD

LINKERS continues to recruit with the arrival of ESSCA graduate **Adrien Lacordaire**, as analyst at the Paris office. He knows the firm well through an internship in 2022. *Welcome on board!!*



LINKERS TEAM



M. Fine

S. Serval

G. Lebranchu

A. Marchandier
J. Luis

G. Anselin

P. Laurent
D. Busquet

P. Zoppi

M. Belbéoc'h
B. Le Guillou

A. Zoppi

F. Coudray
P. Delecourt

C. Fernandes