



Private Equity & Transactions 2022

OC&C deal activity at a glance



OC&C
Strategy consultants

uncommon sense™

2022 deal activity at a glance...

2022 brought with it tempests that continue to rage across many fronts. Geopolitical instability in Europe, rising inflation, interest rate hikes and the potential early stages of recession have all contributed to a decidedly muted deal landscape in 2022, compared to the highs of the previous year.

This was further compounded by the lack of availability of debt and valuations falling from historically high multiples. Previous 'hot' areas for transactions (such as the tech sector and digital assets) were not immune to these headwinds - as investors switched focus from rapid revenue growth to sustainable profitability. The dynamic IPO trend that defined 2021 fell away with declining public market valuations - sufficiently so that early stage thinking on P2P opportunities picked up, ready for a time when market conditions allowed these to be actioned.

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So what next? After the extreme uncertainty of the last few years, it is a brave person who would confidently predict the landscape for 2023. Few in early January 2020 foresaw the seismic global impact of Covid from reports of a virus in Wuhan province in China. In January 2022, most were expecting a first full year of recovery and normality post-Covid. Perhaps the safest bet is that the agility and flexibility that has been required in spades over the last 2 years will be called upon again in 2023.

Nevertheless, while remaining cautious, the outlook is less bleak than it was 3-4 months ago. A few more months of seeing how things are actually playing out has given some real data to make better forward-looking views - and the peaks in inflation and interest rates are now expected to be a little lower than originally feared.

Consequently, transaction volumes are expected to pick up as the year progresses but both buyers and sellers will remain under pressure to demonstrate robust paths to value creation to get deals done.

From an OC&C perspective we are seeing good deal volumes in Q1 23. In particular, there are more corporate carve outs and complex situations (that create new opportunity for sponsors but do require deeper commercial thinking).

In this environment, we believe the need for depth and robustness in commercial insights has never been higher and OC&C are ready to support our clients in meeting this challenge in the year ahead.



Consumer




With 2021 seeing a bumper set of transactions in Consumer Goods, 2022 was more muted as inflationary pressures and economic uncertainty caused buyers and sellers to focus on their existing operations, as well as causing uncertainty around valuations.

However, there were still a number of deals completed in the sector, often in higher growth or proven resilient categories such as Pet, Health & Wellness and Sports, all categories that were in growth pre-Covid and then saw an acceleration in their underlying drivers as the pandemic hit. Our transaction support in the sector was well aligned with these more attractive segments, reflecting our deep expertise in the space.

In Pet, we supported Systemic Growth with their sale of their natural pet food platform Voff to Axcel as they looked to build out the next phase of their growth journey. We worked on a number of transactions in the Sports and Outdoor space, including for the eyewear brand Julbo, Vittoria and Sidi Sport in the cycling space, and Vice Golf. Health & Wellness continues to be an attractive theme for investors, with OC&C advising on successful transactions in Supplements (Nutravalia), Nutraceuticals (Ekalab), Anti-Aging (Longevity Suite) and Assisted Living (Country Care Group).

Although there were fewer deals in more traditional food and drink sectors, there were still some notable deals that we supported clients on. We supported Unilever on the largest carve out in the sector with their sale of the Eketerra tea business to CVC, and advised on a number of other Food and Drink deals such as Tenuta Ulisse (Wine) and Sipral Padana (Pastry Ingredients).

FMCG

<p>De Menken Keuken</p> <p>Commercial Due Diligence for</p>  	<p>Sidi Sport</p> <p>Commercial Due Diligence for</p>  	<p>Ekalab</p> <p>Commercial Due Diligence for</p>  	<p>Nutravalia</p> <p>Vendor Due Diligence for</p>  	<p>Tenuta Ulisse</p> <p>Commercial Due Diligence for</p>  	<p>Vittoria</p> <p>Vendor Due Diligence for</p>  
<p>Country Care Group</p> <p>Commercial Due Diligence for</p>  	<p>Ekaterra</p> <p>Vendor Due Diligence for</p>  	<p>Vice Golf</p> <p>Commercial Due Diligence for</p>  	<p>Julbo</p> <p>Vendor Due Diligence for</p>  	<p>Il Ceppo and Michelis</p> <p>Commercial Due Diligence for</p>  	<p>Sipral Padana</p> <p>Commercial Due Diligence for</p>  
<p>Candy Factory Group</p> <p>Commercial Due Diligence for</p>  	<p>Voff</p> <p>Vendor Due Diligence for</p>  	<p>Italgel</p> <p>Commercial Due Diligence for</p>  			

LEISURE

2022 has proven to be a year of reset and recovery for many leisure operators as pandemic restrictions lifted and consumer spend returned to out-of-home experiences. The level of recovery varies significantly across sectors, and across the businesses within each sector, with stronger brands gaining share in many areas. While inflationary pressures on consumer spending present a headwind to the continued recovery, we remain confident in the outlook for stronger consumer propositions which we expect to continue to flourish.

Over the last 12 months we have supported many management teams as they strive to create sustainable, resilient growth strategies within this changing market environment. Transactions we have supported this last year include re-financing support for Vue Cinemas, an equity capital raise for PureGym, as well as sell side support for Bourne Leisure and Blackstone as they sold Butlin's back to previous owners - and Inflexion as they sold a majority stake in Virgin Experience Days to Equistone.

We look forward to 2023 and expect to see continued recovery across the broader leisure sector in spite of the headwinds.













Bourne Leisure / Butlins	Virgin Experience Days	Zambro	Vue Cinemas	PureGym
Vendor Due Diligence for	Vendor Due Diligence for	Commercial Due Diligence for	Re-Financing for	Equity Capital Raise for
				
				

RETAIL

2022 has been an uneven year for retailers. Many have benefited from the global lifting of Covid restrictions taking consumers back to stores, while inflation and rising mortgage rates have hurt consumer confidence and impacted spending in the second half of the year. Within this landscape we are seeing value focused operators perform strongly, while the normal order of recession resilience appears to hold true in 2022; grocery is more insulated while big-ticket categories suffer more.

Transactions we have supported in 2022 include supporting Aurelius on the carve-out of FootAsylum, the UK sports fashion retailer. The attractiveness of the pet sector was not confined to FMCG - pet specialist retailers continue to demonstrate attractive growth opportunities and we were delighted to assist on the VDD of Tom&Co as they continue their growth story with investment from Verinvest.

We were also pleased to support the successful transactions on 4Cabling (Australia's leading direct omnichannel wholesaler and retailer of cabling, server racks and IT management accessories) and OrbitVu, a leading player in the global market for automated photography solutions. In addition, PhotoBox completed its merger with albelli, creating a leading player in the European photo product and gifting market, with OC&C pleased to support Exponent on that. While the near term outlook offers plenty of uncertainty and challenges, we look forward to 2023 and see opportunities across the Retail sector as market conditions improve.













Photobox Group	Footasylum	Tom&Co	4Cabling	Orbitvu	Longevity Suite
Vendor Due Diligence for	Commercial Due Diligence for	Vendor Due Diligence for	Commercial Due Diligence for	Commercial Due Diligence for	Commercial Due Diligence for
					
					

B2B/Services

Across B2B/Services, 2022 saw investors being more selective, but not simply falling back on businesses with defensive qualities. The focus on themes that will be valuable beyond current weaker economic conditions intensified - in particular ESG impact, professional services, and tech-enablement. In Testing, Inspection & Certification, average multiples eased from the very high levels achieved in recent years, for example in Food & Life Sciences testing deals, but landmark transactions still occurred, e.g. Phenna Group where OC&C supported sell-side, and interest continues to grow in inspection services related to the built environment, and increasingly in ESG TIC. Other pockets of green investment included smart mobility (Platum), efficient lighting (Lombardo) and yield enhancement in agriculture (Scarabelli Irrigazione and Giunti).

The Auto & Logistics sector demonstrated the importance of resilience, evident in the sales of City Sprint and Nexus, with notable transactions like Tusker delayed but likely in 2023. Similarly in Built Environment and Industrials, there was good demand for robust businesses in packaging (Radici Products, V.M.C. Mottini and Verbar for cosmetics, Magis for packaging tapes), HVAC maintenance (Arbo and Verco Milano), construction (Trime lighting and CMC lift businesses), and ingredients (Italgel), as well as for Facilities Management (OCS and Amey). 2023 shows promising signs for more activity overall, and a continuation of strong demand for ways to buy into the combination of stability as well as the growth drivers of ESG expertise or the transition from people-intensive businesses.

<p>Acis</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>Quick Group</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>Scarabelli Irrigazione Irrigazione and Giunti</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>V.M.C. Mottini and Verbar</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>ModnPods</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>CMC Lift</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>
<p>Verco Milano</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>OTK Kart Group</p> <p>Commercial Due Diligence for</p> <p></p> <p></p> <p></p>	<p>City Sprint</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>Finlogic</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>Fine Food Group</p> <p>Commercial Due Diligence for</p> <p><i>Europe Capital Partners VII</i></p> <p></p>	<p>Lombardo</p> <p>Commercial Due Diligence for</p> <p></p> <p>Cronos Capital Partners</p> <p></p>
<p>Platum</p> <p>Commercial Due Diligence for</p> <p></p> <p></p> <p></p>	<p>Global Strategy Group</p> <p>Commercial Due Diligence for</p> <p></p> <p></p> <p></p>	<p>Arbo</p> <p>Commercial Due Diligence for</p> <p></p> <p></p>	<p>Phenna Group</p> <p>Vendor Due Diligence for</p> <p></p> <p></p> <p></p>	<p>Amtivo</p> <p>Vendor Due Diligence for</p> <p></p> <p></p> <p></p>	<p>Amey</p> <p>Vendor Due Diligence for</p> <p></p> <p></p>

<p>OCS Group</p> <p>Vendor Due Diligence for</p>  	<p>One Ocean</p> <p>Vendor Due Diligence for</p>   	<p>Bellrock</p> <p>Commercial Due Diligence for</p>   	<p>PACE Analytical</p> <p>Vendor Due Diligence for</p>   	<p>Aqualisa</p> <p>Vendor Due Diligence for</p>   	<p>Trime</p> <p>Vendor Due Diligence for</p>  
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<p>Radici Products</p> <p>Commercial Due Diligence for</p>  	<p>Magis</p> <p>IPO for</p>  
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TECHNOLOGY

A further busy year for OC&C's TMT team, with continued growth across key themes that reflect structural trends that have remained buoyant through 2022. Long-term moves modernise enterprise and public sector ICT infrastructure, processes and applications have shaped M&A across OC&C's Technology Services, Cloud IT and Enterprise Software domains, with similar patterns of demand around our international network. Whilst very often our advice does not lead to a publicly announced transaction, several themes are reflected in 12 deals which have continued to be dominated by Private Equity investors.

























First, our market and commercial diligence with Volpi and Management of Version 1, a leading RoI+UK provider of cloud-based data applications, ERP, data platforms, and infrastructure, modernisation supported a highly attractive exit to Partners Group at the beginning of the year, and Partners Group too acquired Cloudflight (a DACH-based digital transformation leader) with OC&C assistance. These transactions cement our position as leading commercial advisors to the public, hybrid cloud and software transformation services. And we see plenty more appetite for software dev, data/AI strategy and RPA Tech Services - and deal-flow - long into 2023.

Providers of Managed ICT Services continued to feature prominently in EMEA and US M&A. Multi-year demand, contracts, high levels of recurring revenue and low capex requirements continue to make this an attractive investment area. Our work here included advice to Odin Groep and Fortino Capital in the Benelux with its successful sale of the Netherlands-based MSP for SMEs and the healthcare, education, and housing verticals. Our NL Tech team also assisted Rivean Capital with their recent investment in Trustteam, a prominent IT outsourcing MSP, serving SMEs in Belgium and France.

Payment infrastructure software transacted several times in 2022, with OC&C providing advice to Cow Hills/NewPort Capital on the sale of Cow Hills, a leading Netherlands-based PoS software provider for large and mid-sized retail chains with international ambitions. In the US, OC&C also supported Frontier Growth in their investment in atVenu, a leading PoS platform to the live events industry, that sits at the nexus of merchandisers, promoters, artists, venue operators, and food & beverage concessionaires.

















We continue to work across Enterprise Software, and in particular financial/accounting/ERP and B2B data domains - including providing advice this year to Hg Capital on its Access Group investment. We assisted Keensight Capital and its portfolio company Sogelink with its acquisition of Loqatics, a Netherlands-based software developer focused on GIS-related solutions; Warburg Pincus on its investment in Scandit, a leader in smart data capture; and Vitruvian in their investment in Anyvan, the leading European moving marketplace (home contents, C2C, and B2C bulky freight).

Further details of our leadership in Cloud IT, Digital Transformation-related Tech Services and Enterprise Software are outlined below - and we are already planning deals for 2023 and beyond.

<p>MSL Solutions</p> <p>Commercial Due Diligence for</p> <p>Pemba Capital Partners</p>  	<p>Forterro</p> <p>Commercial Due Diligence for</p> <p>Partners Group REALIZING POTENTIAL IN PRIVATE MARKETS</p>  	<p>Access Group</p> <p>Commercial Due Diligence for</p> <p>Hg</p>  	<p>Cow Hills</p> <p>Vendor Due Diligence for</p> <p>NEWPORT CAPITAL</p>  	<p>Trustteam</p> <p>Commercial Due Diligence for</p> <p>Rivean Capital</p>  	<p>LOCATIOQ</p> <p>Commercial Due Diligence for</p> <p>KEENSIGHT CAPITAL</p>  
<p>Odin</p> <p>Vendor Due Diligence for</p> <p>FORTINO CAPITAL PARTNERS</p>  	<p>atVenu</p> <p>Commercial Due Diligence for</p> <p>FRONTIER GROWTH</p>  	<p>Scandit</p> <p>Commercial Due Diligence for</p> <p>WARBURG PINCUS</p>  	<p>Anyvan</p> <p>Commercial Due Diligence for</p> <p>VITRUVIAN PARTNERS</p>  	<p>Cloudflight</p> <p>Commercial Due Diligence for</p> <p>Partners Group REALIZING POTENTIAL IN PRIVATE MARKETS</p>  	<p>Version 1</p> <p>Vendor Due Diligence for</p> <p>VERSION 1 VOLPI CAPITAL</p>  

MEDIA

Our Media dealflow has reflected the slower overall media marketplace in 2022, following the strong run of transactions from 2016-21 (fuelled by online media / marketplace deals and IPOs). Despite the quieter deal making environment, there have continued to be notable transactions we have advised on - including the financing of the Emerging Markets Property Group in our heartland classifieds and marketplaces area, along with the acquisition of Kobalt in music and Talon in Out Of Home media. The business side of Media, which includes our education practice, has continued to remain more resilient.

<p>Kobalt</p> <p>Commercial Due Diligence for</p>  	<p>OneTag</p> <p>Commercial Due Diligence for</p>  	<p>Travello</p> <p>Commercial Due Diligence for</p>  	<p>EMPG</p> <p>Vendor Due Diligence for</p>  	<p>Fever</p> <p>Commercial Due Diligence for</p>  	<p>Talon</p> <p>Commercial Due Diligence for</p>  
<p>Fruitz</p> <p>Commercial Due Diligence for</p>  	<p>AutoVex</p> <p>Commercial Due Diligence for</p>  				

DIGITAL

Across all of the sectors described above, we have seen Digital and Consumer Internet deal flow slow, with tightening economics and falling valuations making conditions for listing and M&A challenging. Despite these conditions, we have remained active in the space. Across OC&C's sectors, our Consumer Internet team worked on internet deals including Vitruvian's investment into Fever in online curation and marketing of experiential events, the VDD of Virgin Experience Days, Exponent's merger of Photobox and the EMPG financing. Alongside these 'visible' deals, we have been very active with clients helping them prepare for planned exits in 2023, both on the strategy but also the Vendor Due Diligence side.



We're pleased to have had the opportunity to work with so many great partners on such important opportunities. We would be delighted to share our deep sector and topic expertise with you further on any of the areas highlighted here that are of interest: privateequity@occstrategy.com or reach out to our team directly.

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