

French producer of synthetic paper **seizes international opportunity**

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DEAL SNAPSHOT

Supported by Prudentia Capital, Arjobex Group has received an equity and mezzanine investment from Indigo Capital to acquire MDV Group, a Germany-based special coated film and paper manufacturer. Following this acquisition, the group becomes the European leader in the synthetic paper manufacturing market, generating more than US\$72 million in sales.

Founded in 1968, Arjobex Group specializes in the production of synthetic paper used for tags and labels for food, industrial and security applications, sold under the well-known Polyart registered trademark. Arjobex Group has three operational entities, each linked to a production plant in France, the UK and the USA. With the acquisition of MDV, the group now has three additional production plants, two in Germany and one in the UK. Since 2019, the group has been led by its management team alongside Prudentia Capital.

Prudentia Capital is an independent and privately owned asset management firm that supports the growth of established French and European small and medium-sized enterprises (SMEs). The fund focuses on strategic value-creating opportunities outside the traditional LBO market.

Indigo Capital is a long-established and independently owned firm that provides financing for mid-market European companies.

“This operation embodies the philosophy of our fund: enable French SMEs to take a step forward in their development, in particular by seizing international opportunities. Our Franco-German approach favors the emergence of future leaders in Europe. The Oaklins team was essential for the negotiations and the financial step of this acquisition. Their strong reactivity and speed of execution were decisive in securing it on a tight schedule and in a particularly difficult market environment.”

DOMINIK ZWERGER
FOUNDING PARTNER
PRUDENTIA CAPITAL, FRANCE

OAKLINS ASSISTED IN FINDING **THE RIGHT FINANCIAL PARTNER**

Oaklins' team in France supported the shareholders of Arjobex Group in the financing of the acquisition of MDV Group. In a highly competitive process the team was able to pool all its expertise and identify the best financial partner in less than four months. Thanks to the contribution of Prudentia and Indigo, this new European leader in the synthetic paper market is now positioned to expand its international footprint.



MARKET TRENDS & DEAL DRIVERS

Sustainability and increasing awareness of environmental matters, as well as a stable demand from the fast-moving consumer goods sector for packaging and labeling, are key drivers in the speciality paper industry. The synthetic paper market is expected to grow dynamically at a CAGR of 3.2% by 2022, especially in the area of high-density polyethylene-based solutions.

The market is highly concentrated and driven by Asia and North America. With its international footprint in these areas, Arjobex combined with MDV holds a 10% market share worldwide, making the combined group the third-largest synthetic paper manufacturer in the world.

M&A VALUATION ASPECTS

Consolidation is seen as a key growth driver in this market, allowing the manufacturers to quickly address customers with an efficient lead time.

The valuation of the target was not only based on its growth profile but also on its ability to innovate in order to swiftly adapt to the new needs of its customers and supply the international market. Transactions in the sector are typically based on EBITDA multiples of 8–12x.

TALK TO OUR ADVISOR

✉ **HADRIEN MOLLARD**

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Hadrien has more than 15 years' experience in advising clients on M&A transactions and private equity financing. With particular expertise in consumer and retail transactions, notable clients he has recently advised include L'Atelier d'Amaya, Climb Up, Maison Pradier, O'Tacos, Big Fernand and Aurélie Bidermann. He has also worked on a number of LBO transactions for Jimmy Fairly, Les Nouveaux Ateliers, Briconord, Ascaudit and Nuxe.



“The entrepreneurial project led by Arnaud Roussel, CEO of Arjobex, and the Prudentia Capital teams was ambitious and insightful. It was the right time to structure this external growth operation. The nature of this proposal, combined with the solidity of the teams and their capacity for innovation, were crucial factors in winning over the market. Indigo Capital immediately grasped the European ambitions of this French paragon of the synthetic paper market. We are proud to have contributed to the constitution of this future European leader.”

HADRIEN MOLLARD
MANAGING PARTNER, OAKLINS, FRANCE



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PRIVATE EQUITY**

Oaklins

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

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