



A shift in dynamics in the technical textile industry

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DEAL SNAPSHOT

Beaulieu International Group (B.I.G.) has sold one of its major Chinese subsidiaries, Beaulieu Technical Textiles (Weihai) Co. Limited (Beaulieu Weihai), to Yangzhou HaiZhong Fabric Co., Ltd. (Yangzhou Haizhong).

Beaulieu Weihai is one of B.I.G.'s major subsidiaries in China. It manufactures and markets woven technical textiles, focusing on carpet backing, artificial grass backing and agro-textile products. Its products are sold both overseas and at home. Beaulieu Weihai is one of the best-known brands in this segment and is highly regarded within the industry due to the high quality of its products.

Founded in 2016, Yangzhou Haizhong is a fast-growing technical textile company in China, manufacturing and selling woven carpet backing, artificial grass backing, agro-textiles and geo-textiles. Its products are sold domestically and in over 20 other countries. Yangzhou Haizhong will operate Beaulieu Weihai's business under its own brand. By acquiring Beaulieu Weihai, Yangzhou Haizhong further consolidates the production capacity of the industry, expands its presence overseas, and becomes one of the leading global players in this segment.

B.I.G. is a leading global specialist in flooring and material solutions. Headquartered in Belgium, B.I.G. has 29 production facilities around the world, and serves customers in 140 countries. The group employs 4,900 people worldwide and reported a turnover of US\$2.5 billion in 2021. B.I.G. operates businesses in multiple sectors. Through this transaction, B.I.G. exits this non-core business to refocus its strategic resources on core areas.

“During an extremely challenging period due to COVID restrictions, and with several pre-closing complications, Oaklins still managed to steer the transaction to a successful end. I am very impressed with their professionalism and flexibility. It has been a real pleasure working with them.”

TOM CHEN
HEAD OF STRATEGY FOR
ASIA REGION, BEAULIEU
INTERNATIONAL GROUP

OAKLINS PLAYED A KEY ROLE IN FACILITATING THIS DEAL

Oaklins' team in Shanghai assisted B.I.G. in completing this divestiture through a global bidding process, and led vendor due diligence, buyer identification and valuation guidance, as well as different stages of the negotiations and closing. Oaklins' teams in other countries also assisted the transaction by identifying potential buyers.

MARKET TRENDS & DEAL DRIVERS

In 2021, the global market size of the technical textiles industry was US\$166 billion, and it is expected to reach US\$231.5 billion by 2027 at a CAGR of 5%. In China, the technical textile industry is still underdeveloped, with a market size of US\$41.8 billion in 2021, representing only 25% of the world market — this is significantly shy of the more than 50% market share China has in the larger textile industry.

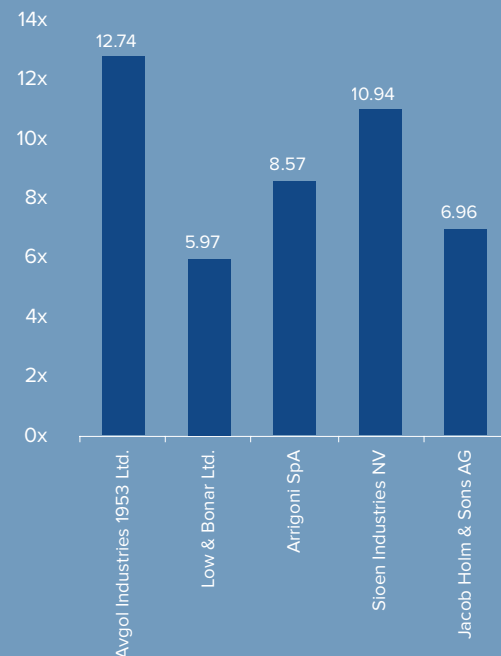
Among the 12 segments within the technical textile industry, large Chinese companies currently mainly operate in the medical textile and industrial textile segments, leaving all the other segments highly fragmented.

As competition intensifies for low-end products in the industry, large multinational players begin to shift their focus towards more value-added products, such as filtration textiles, nano-tech fabrics, etc., leaving the low-end space to players who have the best advantage in production costs. With lower raw material prices and labor costs, some Chinese players like Yangzhou Haizhong have grown quickly in recent years and become serious challengers in the market, both domestically and overseas.

Seeing how important a role the technical textiles industry plays in the economy, the Chinese government has included this industry as one of the most important industries to promote in its “Made in China 2025” plan. This is expected to further accelerate the development of this industry in China.

M&A VALUATION ASPECTS

The valuation aspects of this transaction are confidential. However, the chart below outlines EV/EBITDA multiples from transactions disclosed in recent years.



Source: Factset database

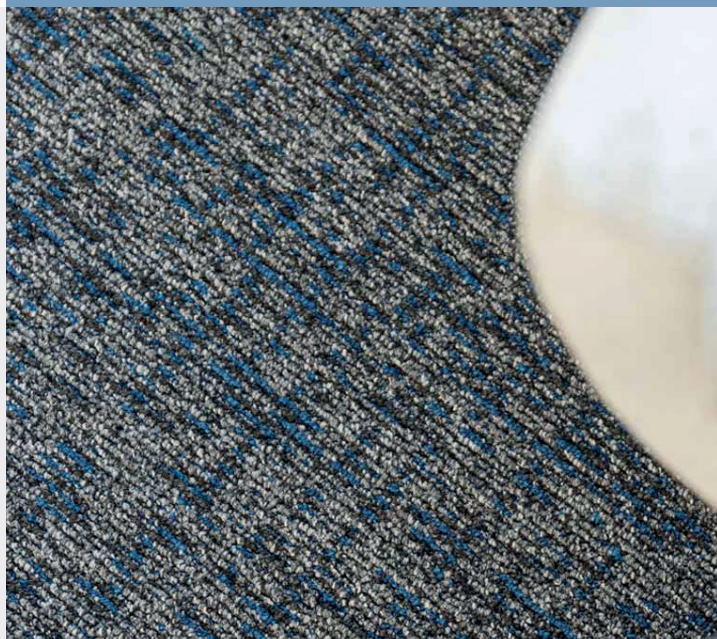
TALK TO OUR ADVISOR



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Angela has over 20 years of experience in cross-border M&A transactions, with particular expertise in the electrical products, facility management, new materials, consumer & retail and medical devices industries. Her recent clients include GSN Property Services, Dussmann, REC Silicon ASA (RNWEF), ACM Research Inc. (ACMR), Xella Group, Cortina LLP (a US private equity fund) and Magical Honour Limited.



ABOUT OAKLINS

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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