



## SPECIALTY CHEMICALS

Deal flash, March 2017

# GERMAN CHEMICAL GIANT ACQUIRES SWISS TECHNOLOGY LEADER

## Deal snapshot

- The owner of Rolic AG has sold the company to BASF Schweiz AG (BASF).
- Founded in 1994 as a spin-off of F. Hoffmann-La Roche Ltd, Rolic is an innovative, high-tech company with worldwide operations that specializes in the spatial alignment of molecules on photosensitive surfaces using polarized light. The company is a key supplier of ready-to-use formulations and functional film products for the forgery-proof display and security industry as well as barrier materials and films.
- BASF is a leading German chemical company. Its dispersions and pigments division develops, produces and markets a range of high-quality pigments, resins, additives and polymer dispersions worldwide. The acquisition of Rolic is another step that reflects BASF's strategic and long-term commitment to grow in the electronics industry. Bringing together Rolic's strong technology know-how and customer relationships with BASF's market reach will create new opportunities for next generation LCD and OLED displays.
- Karl Nicklaus is a Swiss entrepreneur who acquired Rolic in 1996. Over the years, he has managed to build a team of brilliant physicists, chemists and materials scientists. After Rolic successfully positioned its patented technologies in the market, 79-year-old Karl Nicklaus decided to sell the company to a suitable buyer for future growth.



## What our client said



**Karl Nicklaus**, Owner, Rolic AG, Switzerland

"In the past 20 years, Rolic has become a leading technology company. The time is right to hand over Rolic to a large industrial group that can provide the necessary support for further growth in its dynamic, technology-driven markets."

## Our role in the transaction

- Oaklins' team in Switzerland acted as the lead advisor to Mr. Nicklaus and Rolic's management in preparing the sale process, the due diligence, the approach and parallel negotiations with potential buyers as well as assisting them until closing.
- Oaklins' teams around the world provided potential candidates, leading players and key suppliers in the chemical, consumer electronics and optical security industries.



## Market trends and deal drivers

- The specialty chemicals industry supplies many key high-value enabling materials to a number of other industry sectors. The potential of newly developed materials and micro to nano-scale technologies will help to expand both the future revenue and application of specialty chemicals.
- A key factor for the success of specialty chemicals is the cost reduction associated with raw materials and production. To successfully exploit market potential, suppliers need to ramp up their production in a short time and establish a reliable supply chain to customers who are often located overseas.
- The specialty chemicals industry is highly fragmented. Small R&D-focused players have limited resources to upscale their production and often rely on expensive contract manufacturing for the pilot phase. To gain access to mass production capability and roll out their products in new markets, they seek collaborations and partnerships within the chemicals industry. This helps to drive consolidation in the specialty chemicals industry.

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## M&A valuation aspects

- Valuations of technology-focused businesses are a challenge for both parties. On the target's side, market dynamics lead to frequent changes in the business outlook while the buyer seeks continuity in the target's business model for its valuation.
- To bridge the valuation gap resulting from uncertainty around new technical developments and shifts in market demand, buyers propose earn-out schemes, which increases the complexity of the deal.
- Oaklins has access to an extensive network of businesses in overseas markets and geographies. This greatly helps to increase buyer competition throughout the process, which would not be supported from a local or regional market alone.

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## Oaklins industry specialists



✉ **Jürg Stucker**, Partner, Oaklins, Switzerland

Jürg has close to 20 years' experience in M&A and consulting. He has advised many mid-to-large-sized companies in sell-side, buy-side and corporate finance projects. "When dealing with large multinationals as potential buyers, competition is essential to speed up their internal processes."



✉ **Juraj Janos**, Partner, Oaklins, Switzerland

Juraj has close to 10 years' experience in both sell-side and buy-side M&A assignments as well as in business valuations and owner strategies. "Rolic is another example of why M&A advisors need to understand the business they are selling and its market."

Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.