



AUTOMOTIVE

Deal flash, April 2017

GLOBAL MARKET LEADER IN AIRBAG COVERS AND WRAPS SOLD TO BELGIAN PRIVATE EQUITY HOUSE

Deal snapshot

- The shareholders of ALT Technologies, the private equity firm Standard Investment and the management team, have successfully sold the company to Gimv.
- Founded in 1998, ALT Technologies is the leading global manufacturer of covers, wraps and seals for airbag systems as well as labels for the automotive and durable goods industries. The company produces over 50 million airbag covers and wraps each year and has over 300 employees. ALT Technologies supplies its products to all major car brands. The company has gained significant market share in its primary product groups in Europe, and it has rapidly expanded its presence in key global automotive markets in recent years after establishing a plant in China and a sales office and warehouse in the USA.
- Standard Investment is a private equity firm focused on small and medium-sized enterprises headquartered in the Netherlands and Belgium. The firm is actively involved in the management of its 13 portfolio companies and closes deals with an equity ticket of up to US\$15 million.
- Gimv is a European investment company with over three decades of experience in private equity and venture capital. Gimv is listed on the Euronext Brussels Exchange. The firm currently manages around US\$1.8 billion in investments – including co-investment partnerships – in around 50 portfolio companies.



What our client said



Jean-Luc Verstraeten, CEO, ALT Technologies, The Netherlands

“Based on their extensive automotive track record and ability to sell private equity-owned companies, we decided once again to mandate Oaklins’ team in the Netherlands to guide the sale process of ALT Technologies. Just as they did six years ago, the team showed persistence in exploring all options for the company and skillfully balanced all stakeholders’ interests to complete an outstanding transaction.”



Guido Grobbink, Partner, Standard Investment, The Netherlands

“The outcome of the sale process managed by the Dutch team exceeded our expectations. They succeeded in perfectly positioning and describing the proposition. Together with a well-structured and highly competitive process, Oaklins’ team was able to achieve a premium valuation.”



Our role in the transaction

- Oaklins' team in the Netherlands acted as advisor to the sellers in this transaction. With the support of Oaklins' members across the world, they identified and approached strategic and automotive-focused financial buyers from all over the world. This highly competitive process culminated in an outcome that outperformed the expectations of the shareholders and the management team.
- The team had previously advised ALT Technologies on its sale to Standard Investment in 2011.

Market trends and deal drivers

- ALT Technologies' business model is characterized by a high level of recurring revenues and strong entry barriers due to long automotive platform life cycles (on average ~7 years) and high switching costs, mainly driven by expensive testing procedures. As a result, the company has predictable revenue streams with limited downside risk, which was highly valued by potential buyers.
- In addition, the company's end market is supported by increasing airbag penetration rates, particularly in emerging markets, as well as by the growing global production of light vehicles. These two complementary effects provided a positive long-term outlook for potential buyers.
- OEMs and tier 1 suppliers are actively reducing the size of their supplier base and increasingly require their suppliers to be global. The resulting industry consolidation is a major contributor to continued deal activity in the automotive safety components sector.

M&A valuation aspects

- Financial details of the transaction have not been disclosed but, due to the company's leading position in an attractive, growing and sustainable niche with favorable pricing power dynamics, the final transaction price reflected a premium valuation.
- By executing a short and highly competitive auction process, Oaklins' team in the Netherlands was able to considerably improve valuations following the initial offers, while simultaneously maintaining transaction momentum and speed.

Oaklins industry specialists



✉ Frank de Hek, Partner, Oaklins, The Netherlands

Frank has extensive experience and an active role in the Dutch automotive market. He has completed transactions with Brink Trekhaken, Thule Towing Systems and Pouw Automotive Group, among others.

OAKLINS HAS CLOSED 45 DEALS IN AUTOMOTIVE IN THE LAST FIVE YEARS

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