

INDUSTRIAL MACHINERY & COMPONENTS

Deal flash, October 2017

GLOBAL SPECIALIST IN HIGH TECHNOLOGY WIRES AND SURFACE COATING CHANGES OWNERSHIP

Deal snapshot

- Edify SA has purchased 84.5% of Thermocompact SA by acquiring 100% of its controlling parent company, Thermo Technologies, a leader in the coating, EDM wires and high technology solid and stranded wire industries. The current managers will reinvest in the company alongside Edify.
- Thermocompact has developed dedicated expertise in the precious metals coating and high technology wire for the EDM applications market, and the fixed abrasive highly technical engineered wires for photovoltaic, electronic and LED industries. The company offers its customers in the automotive, aeronautics, space, connectors, medical and precision cutting industries optimum technical results in terms of performance and productivity. Founded in 1913, Thermocompact has 400 customers across 35 countries and employs 280 people. In 2016, its sales amounted to US\$81.9 million with an EBITDA of US\$10.4 million.
- Edify is an industrial holding company listed on the Euro-MTF market of the Luxembourg stock exchange. Its portfolio is comprised of majority and minority shareholdings in French, Spanish and Swiss medium-sized industrial businesses and SMEs. Edify is committed to Thermocompact in its future challenges and development, sharing the management team's ambition for strong growth.



What our client said



Gilles Mollard, CEO, Thermocompact SA, France

“Our collaboration with Edify stems from a shared entrepreneurial approach and a common strategic vision. It will provide us with increased resources to continue our expansion into new international markets and to support innovation in high technology wires and metal coatings. We are taking this new direction with both confidence and enthusiasm.”

Our role in the transaction

Oaklins' team in France advised the shareholders of the parent company that controls Thermocompact, Thermo Technologies, throughout a dual-track process and managed the sale to Edify.



Market trends and deal drivers

- Thermocompact holds a strong position with a leading market share in most of its niches. Its high-end positioning protects it from the very intensive competition in the mainstream products segments.
- The global EDM wire market is mature and shows little growth. It is estimated at 51KT and US\$385 million in value.
- Over 20 global players operate in the special wire market. However, direct competition is limited to a handful of high-end wire manufacturers, and geographical expansion is required to accelerate growth.
- Since 2015 and after years of slow take-off due to high costs and manufacturer capex constraints, diamond wires have become a mainstream slicing technology in the photovoltaic industry.
- Several hundred companies are offering surface coating in France. However, about 80% of them are very small firms with revenues below US\$6 million.
- Heat and thermochemical treatment represents approximately 10% of the market for metal treatment and coatings, accounting for around US\$213 million in an industry worth a total of US\$2.4 billion.

M&A valuation aspects

Financial details of the transaction have not been disclosed, but the deal value reflected a slight premium valuation due to:

- The company's leading position in the production of metal wires, advanced alloys and metal coating.
- A strong industrial platform to execute a build-up strategy.
- The ability to generate strong financials and perform revenue growth combined with improved margins.

Oaklins industry specialists



✉ **Thibaut de Monclin**, Co-founder and Managing Partner, Oaklins, France

Thibaut has over 17 years of experience in advising clients on M&A transactions and private equity financings. He has advised many clients in the industrial machinery and components sector, where he has closed several deals, such as Mach1's LBO, Thermocompact's MBO and its recent acquisition of T.S.D.M. "We are proud of having assisted the shareholders and the CEO in this new transaction. It will enable Thermocompact to pursue its international development while strengthening its competitive position within its niche markets. This transaction is driven by a common drive for long-term, sustainable development."

OAKLINS HAS CLOSED 91 DEALS IN INDUSTRIAL MACHINERY & COMPONENTS IN THE LAST FIVE YEARS

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.