

Patience is a dealmaking virtue

PRIVATE EQUITY QUARTERLY | JULY 2019

Deal story

It took three years and two owners before appraisal companies Tinsa and Troostwijk Groep came together. Here's how Oaklins made it happen.

In 2014, José Falgás, a partner with the Oaklins team in Spain, met with the sibling owners of Troostwijk Groep, a top insurance valuations and loss assessment firm in the Netherlands. Falgás thought Troostwijk would fit nicely with a company called Tinsa, which did similar work appraising homes in Spain. While receptive to negotiations, they never went anywhere because Tinsa's private equity owner at the time, Advent International, was planning to exit its investment after four years of ownership.

Fast-forward to 2017, and Tinsa is now owned by another private equity firm, Cinven, who wants to use the company as a platform to pursue a buy-and-build strategy. The plan is similar to the one Advent used to build Tinsa from a local real estate appraisal company in Spain into one of the biggest in Europe. Except for this time, instead of just acquiring other real estate appraisal companies, Cinven's idea is to broaden the strategy out to insurance appraisers, art evaluators and other valuation assessors.

Enter Troostwijk Groep.

The timing couldn't have been more perfect this time around. One of the brothers had been thinking about retirement, but the other one still wanted to run the company. It was an ideal match. On one side was Cinven, which needed the expertise to diversify Tinsa's business, and on the other side was Troostwijk, which had both a need for liquidity and an operator willing to stay on with a new owner.

(CONTINUED ON NEXT PAGE)

“The time wasn't right for Tinsa to make strategic acquisitions in 2014,” says Falgás, who has represented Tinsa for nearly a decade. “But after Cinven bought it, we reviewed the whole pipeline of deals and made another approach.”

JOSÉ FALGÁS
OAKLINS PRIVATE EQUITY SPECIALIST





The logic proved too compelling. Cinven bought Troostwijk in 2017, marking the first deal in its buy-and-build diversification strategy for Tinsa. “Cinven took majority control of a company and folded it into Tinsa while also maintaining a leader of a business that was new for them,” says Falgás, noting that the Troostwijk brother that stayed on is leading a new insurance division of the company.

Since then, Cinven has added bolt-on acquisitions in Belgium and Germany, transforming Tinsa into an international appraisal group, doubling the size of the company they entered in.

“Oaklins continues to identify and introduce buy-and-build targets through its offices across the globe, which is very valuable for us given our strategic objective to expand and enter new geographies,” says Ben Osnabrug, a partner with Cinven and leader of its Benelux regional team.

The team in the Netherlands identified the target. This is another example of the strength of Oaklins’ teams working together to provide the best possible M&A advice.



“This transaction is a very important step in Tinsa’s internationalization strategy. As well as opening the way for our growth in Western Europe, it strengthens our valuation activity of facilities and assets for insurance and damage assessment.”

IGNACIO MARTOS
EXECUTIVE PRESIDENT, TINSA, SPAIN



TAKING A GLOBAL APPROACH TO BUY-AND-BUILD

With this year being the 40th anniversary of KKR's acquisition of RJR Nabisco for US\$34.9 billion (one of the largest and most controversial and colorful buyouts of all time), it is a good moment to comment on a strategy where the value and contribution of private equity to the world at large is very clear and uncontroversial: buy-and-build project.

Of all the strategies for creating value (of course there are many), the practice of buying a platform investment and then building on that platform through a series of acquisitions (nationally and internationally) may well be private equity's greatest idea. Fragmented sectors like the attractions park industry are crying out for consolidation by large, professionally managed operators with the proprietary know-how and operational skills that privately owned attractions businesses often struggle to develop.

The quintessential example of outstanding success in buy-and-build in the attractions park industry is Spanish leisure group Parques Reunidos, a client of Oaklins in Spain since 2003. Thanks to an exclusive global buy-side mandate that was in place for many years, Parques Reunidos grew rapidly—

driven by Advent International's and then Candover/Arle Capital's ambition to create a world leader in this industry. During this period, the team in Spain sourced and advised on a dozen transactions, ranging from deals in the Nordic countries to countries across the world—like the USA and Argentina. We continue to advise and work with Parques Reunidos across the world today, sixteen years later.

Oaklins believes that achieving such a degree of success in a buy-and-build strategy requires a rigorous, systematic approach, simultaneously across multiple geographies. It also requires patience and a long-term view. Sellers in this sector are proud and jealous owners of their businesses, and relationship building over time is critical.

A buy-and-build strategy also lays the foundation for growth in sectors where organic growth is slow or non-existent. EBITDA acquisition multiple arbitrage contributes decisively to the private equity exit, and often a more global, better managed and strategically sound business emerges after the private equity investment period.

We see private equity firms increasingly understanding and accepting the contribution a mid-market advisor with the appetite and capability for buy-side work can make to an ambitious investee company's growth strategy. One-stop, retained, exclusive buy-side engagements covering multiple jurisdictions are becoming an increasingly large part of Oaklins' daily work. The committed, focused and coherent approach we can offer worldwide is a differentiating factor, and our track record proves that this is truly the right way to buy and build.

By Nicholas Walker, Partner, Oaklins, Spain

"I have had the good fortune and great pleasure to work with Nick and the Oaklins team in Spain for more than two decades. There is no doubt that the current shape and size of our business owes a great deal to the Spanish team," says Richard Golding, Chairman of Parques Reunidos.

A SELECTION OF RECENT BUYSIDE/BUY-AND-BUILD TRANSACTIONS

BLUEGEM

has acquired

Light & Living
A WORLD OF INSPIRATION

M&A BUY-SIDE

Consumer & Retail/Private Equity

ESSENCE VENTURES

has acquired

ESSENCE

a subsidiary of

Time Inc.

M&A BUY-SIDE

Private Equity/TMT


a portfolio company of

Exponent

has acquired

Kiplinger

M&A BUY-SIDE

Private Equity/TMT

inflexion

has acquired

CREATIVE CAR PARK

M&A BUY-SIDE

Business Support Services/Private Equity


has acquired

 **Blueprint Group**
Field Marketing • Retail Services • Sales

from


NAVIS

M&A BUY-SIDE

Private Equity/TMT

 **TIKEHAU CAPITAL**  **bpi france**

have acquired a minority stake in

 **ADDEV MATERIALS**

M&A BUY-SIDE

Industrial Machinery & Components/Private Equity

A SUCCESSFUL INDUSTRY TRACK RECORD BEHIND THESE DEALS

Our Oaklins team has over 30 years of collective experience, with continued dedication to private equity markets. Our clients' aspirations and challenges are what make us tick, so for us it's natural to develop market expertise and transactional excellence.

Our private equity transactions in the past five years

With over 500 active M&A mandates, we provide the leading private equity funds with tremendous deal flow. As global advisors with a local presence in over 40 countries, we work hand-in-hand with funds to realize great acquisitions and achieve remarkable exits.

Closed deals

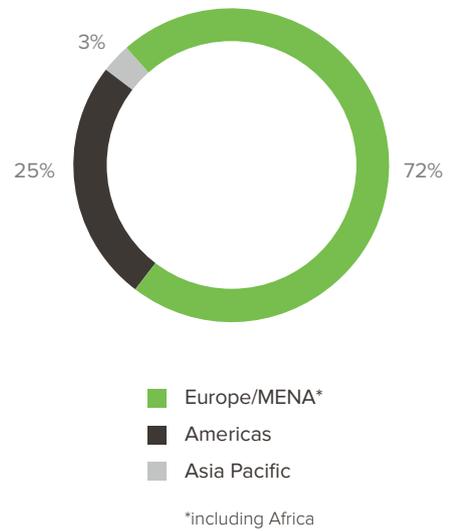
352

transactions closed
2014–2018

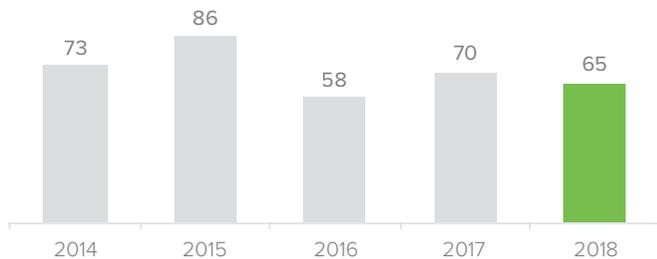
39%

cross-border transactions

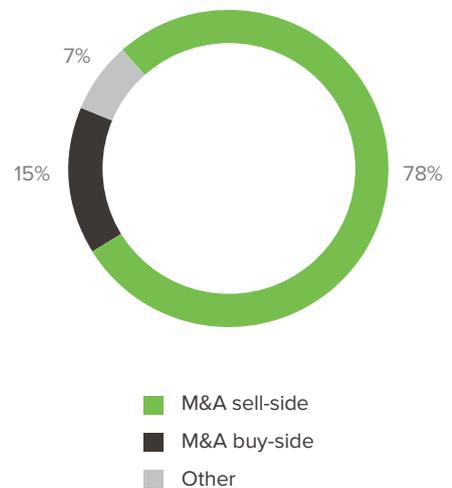
Geographic split



Number of transactions per year



Advisory role



Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Private equity is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the PE sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for PE companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

OAKLINS PRIVATE EQUITY SPECIALISTS



✉ **NICHOLAS WALKER**
Partner
Madrid, Spain
T: +34 913 08 30 37



✉ **JOSÉ FALGÁS**
Partner
Madrid, Spain
T: +34 913 08 30 37



✉ **ARJEN KOSTELIJK**
Partner
Amsterdam, Netherlands
T: +31 20 416 1303

Go to www.oaklins.com/private-equity.html
for a full list of private equity contacts.

Oaklins is the world's most experienced mid-market M&A advisor, with 800 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.

Oaklins disclaimer

This report is provided for information purposes only. Oaklins and its member firms make no guarantee, representation or warranty of any kind regarding the timeliness, accuracy or completeness of its content. This report is not intended to convey investment advice or solicit investments of any kind whatsoever. No investment decisions should be taken based on the contents and views expressed herein. Oaklins and its member firms shall not be responsible for any loss sustained by any person who relies on this publication.

© 2019 Oaklins. All rights reserved.

Oaklins is the collective trade name of independent member firms affiliated with Oaklins International Inc. For details of the nature of affiliation please refer to www.oaklins.com/legal.