



# Convex Capital

Mike Driver – CEO

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# Introduction to Convex Capital

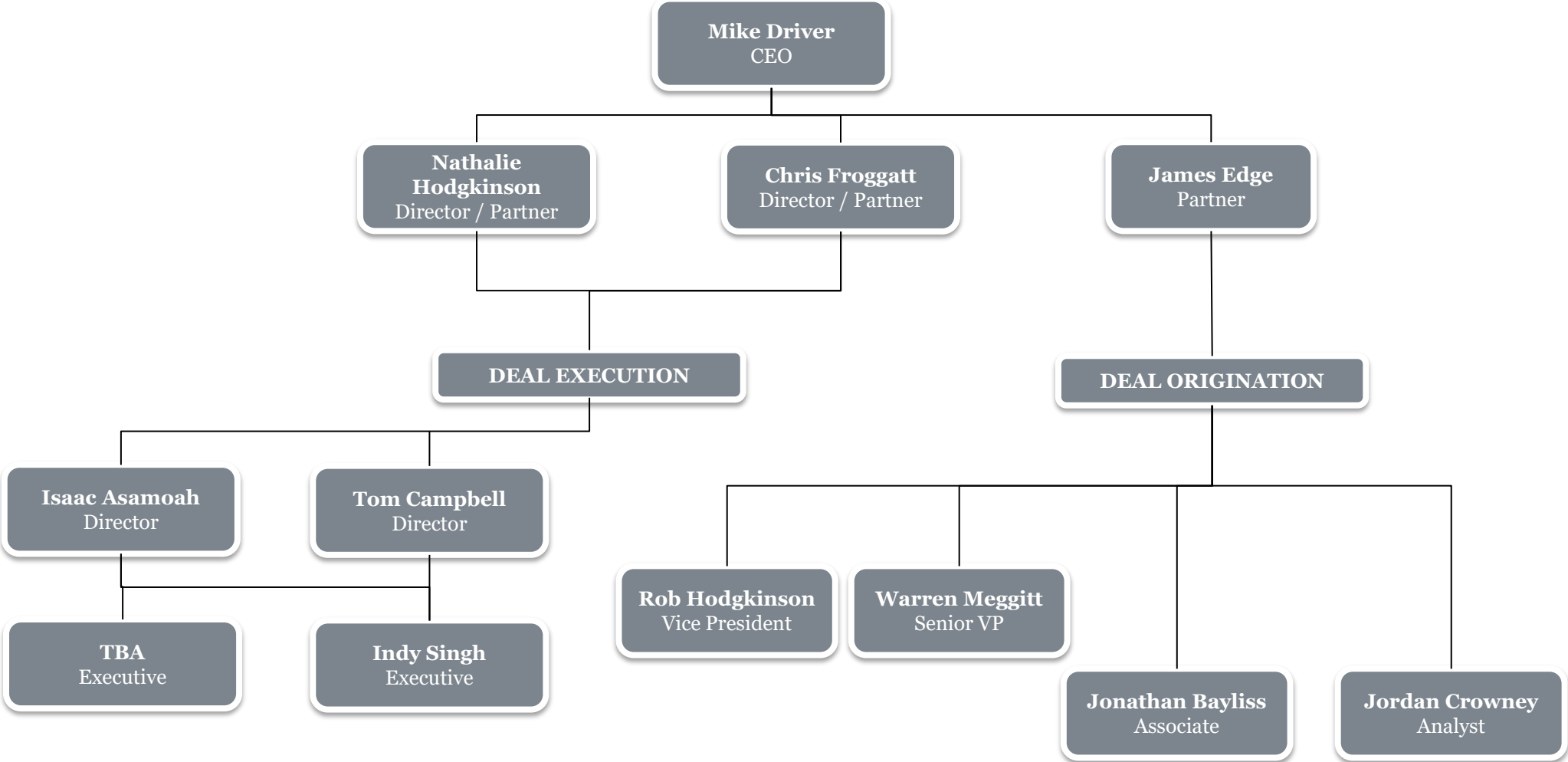
- **Specialist provider of sell-side only M&A** advice to UK, US, and European entrepreneurs – have advised and are advising clients throughout Europe (provides Brexit hedge).
- Focused on helping businesses to **maximise their value** through sales to large corporates, private equity or family offices.
- Excellent track record - over £2bn of M&A transactions completed since 2012 to purchasers around the world.
- Consistently delivering valuations and multiples (average 9.2x) which outperform market averages
- Graduated to next level deal size with larger clients; Deal sizes range from **£10m to £500m with an average of £40m.**
- Originate off-market deals to preserve fees - On average, fees are £750,000+ (3.3% of deal value) – significantly above the industry norms.
- Fees are 100% contingent on success so objectives are completely aligned with the client.

# The Convex Capital Approach

- **Identify, select and target sectors representing attractive acquisition opportunities.** Target high growth independent companies within these sectors
- **Invest in client and buyer intelligence functions** – proactive not reactive. Not reliant on external referrals. Reliance on referrals reduces fees by promoting competition.
- We specifically look to engage with target vendors before they have decided to sell – Convex’s previous track-record of execution / value enhancement combined with our market knowledge is very compelling when targeting new client meetings.
- **Finding Buyers** – Structured approach to ensure all bases covered
  - Desktop research & deal platforms
  - Market Intelligence- working closely with boutique buy-side only advisors
- **Competitors are Big Four Accountancy firms and boutique Corporate Finance Houses.**
  - Our differentials:
    - Entrepreneurs for Entrepreneurs
    - No conflicts – don’t act for PE and therefore no perceived obligation to provide deals to PE
    - Not reliant on referrals
    - Originate off market deals by using stock and debtor information (other advisors wait for P&Ls to be published or Fast-Track lists to be issued)

# Specialist Team

- Specialist team of advisors and originators



# Case Studies

## Blinds2Go

- £60m valuation achieved (12x EBITDA)
- Sold 60% for £36m to The Sonnenberg Family (Hunter Douglas)
- £180m deal value total including earn-out

## Kampa

- £58.5m valuation achieved (12x EBITDA)
- Second highest offer was £35m from Lippert
- Sold to Dometic
- Dometic's best performing division in 2020

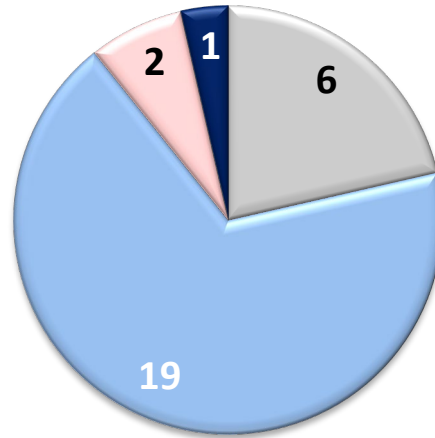


"Convex are simply the advisors to deliver an outstanding deal"

Mark Bramley, Founder

# 2021 Deals & Pipeline

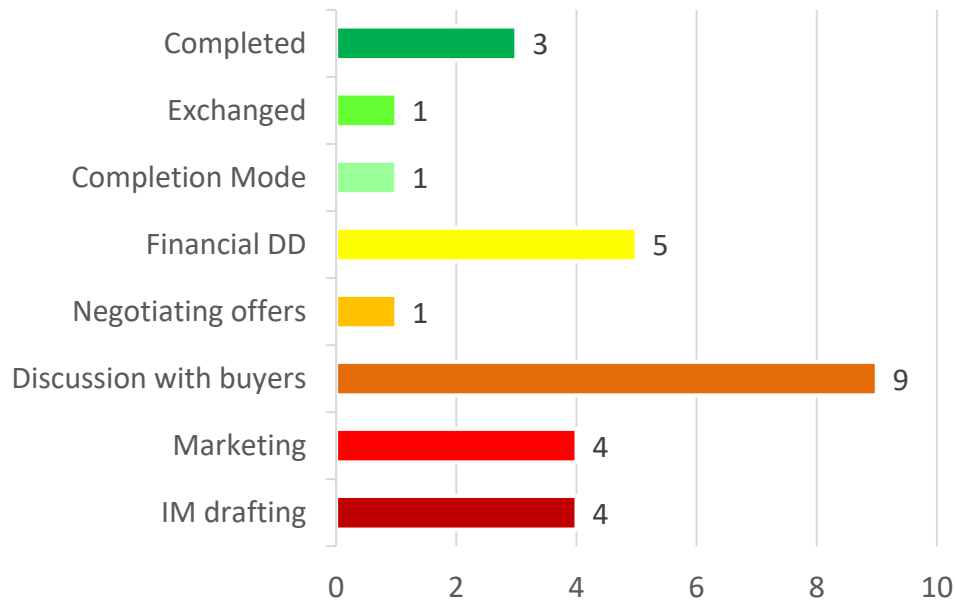
(28 projects as at 9<sup>th</sup> Feb 2021)



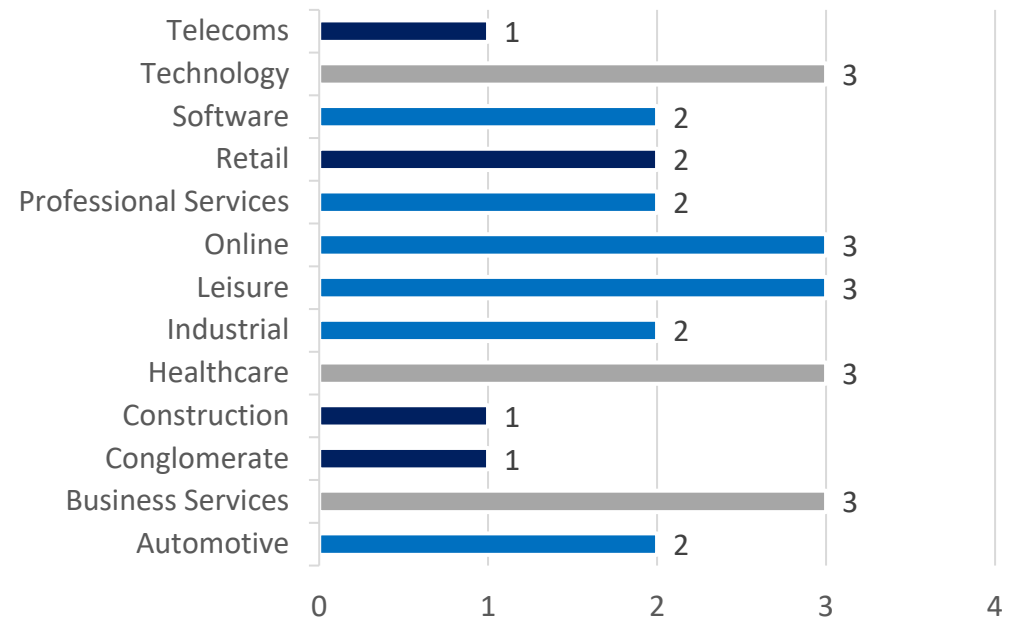
Pipeline by Deal Size

■ £1m-£10m   
 ■ £10m-£50m   
 ■ £50m-£100m   
 ■ £100m+

Pipeline by Status



Pipeline by Sector





# Changing Sector Focus

- **March 2020:** Five deals were either in completion mode or later stage discussions with buyers with fees worth £6.68m which were affected by Covid. Mostly in the travel sector.
- **April 2020:** Team charged with identifying Covid-resilient sectors. Since June 2020, 15 new clients have been mandated in these new focus sectors.

## Examples include:

- **Healthcare:** Online pharmacy; Manufacturer of supplements.
- **Industrial:** Specialist plant hire company; Builders Merchant.
- **Leisure:** Manufacturer of camping products; Manufacturer of FMCG BBQ products.
- **Online Retail:** Eyewear; Leisurewear.
- **Pet Supplies:** Manufacturer of pet nutraceuticals.
- **Software:** InsureTech broker, Will writing.





# Worldwide M&A Forecast

- Stronger than expected rebound in global M&A value since July 2020 set to continue into 2021 valued at c.\$3tn.
- Huge shift in consumer behaviour to drive deal making as businesses look to reframe their future.
- Looking ahead to 2021 and beyond, the sectors that showed deal-making restraint during the pandemic will drive the next wave of activity.
- Private equity (PE) firms have also been active in 2020, with US\$2.8tn in dry-powder available (US\$1tn dedicated to buyouts), private capital is well-positioned to take advantage of the value creation during anticipated 2021.
- The growing presence of special purpose acquisition companies (SPACS) in the market could bring other forms of capital to the deal table in 2021.

*(Source: EY market report – December 2020)*

- M&A is a confidence game. With political certainty, the end of the pandemic in sight, and strong capital markets, the confidence levels in the C-suite and board rooms are high. That bodes well for M&A

**Anu Aiyengar**  
**Global Co-Head of M&A**  
**JP Morgan**

# UK M&A Market

Specific factors driving the UK M&A market.

- There is pent-up demand following lockdowns in 2020 where acquisition activity was put on hold.
- The single most important ingredient in M&A is CEO confidence - they are now more optimistic following vaccine roll-out.
- Monetary conditions, with ultra-low, near-zero or negative interest rates set to remain in leading economies for at least another 12 months.
- Potential CGT increases should drive an increase in deal volume this year.
- Quantum of money around. According to the data provider Prequin, private equity firms globally were sitting on \$1.8trn in 'dry powder' at the end of September 2020, which they want to invest.
- Companies have used the pandemic to assess capital allocation resulting in more focus on M&A strategy.
- A lot of M&A activity on Wall Street typically means more activity in the UK.
- Weakness of the pound.

*(Ian King, Sky News December 2020)*

# Conclusion

- Specialist sell-side advisory firm with established track-record of delivery
- Strong working relationship with Group – Cross Referrals
- Refocused on sectors expected to be Covid-resilient
- Increasingly favourable market conditions for M&A
- Growing pipeline of high value deals
- Experienced team incentivised to deliver success