

MERGERS & ACQUISITIONS

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Investment Bank of the Year. Lincoln International
The firm completed 130 transactions, an increase from 117 the previous year



Although M&A was down in 2013, Chicago investment bank Lincoln International had a great year, completing 130 transactions, an increase from 117 the previous year. The company also expanded internationally in China, Europe and South America.

Creating a global presence is important because it makes the firm appealing to clients, especially those that want to work on cross-border deals, according to chairman Jim Lawson. "In selling companies, our clients want to hire the firm that can get the best price and terms for them. Often the best offer is from a foreign acquirer that has a strategic interest," Lawson says. "In buying companies, our clients often feel they have enough knowledge to make acquisitions in their own country, but need an advisor on cross border deals."

In January, Lincoln opened an office in Beijing. "We actually had been looking at China for almost a decade," Lawson reports. Lincoln scoped out the area through a relationship with China Everbright that started in 2006.

Moving carefully is one of the firm's trademarks, Lawson explains. "We tend to do a bit of 'ready, aim, aim, aim, fire.'"

In addition to Asia, Lincoln expanded in Europe and South America, acquiring Milan, Italy-based Rondelli Advisers and the financial advisory division of São Paulo, Brazil-based private equity firm Stratus Group.

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"We had been talking with Rondelli since 2008," Lawson says. The two firms had referred business to each other over the years. "We feel it's a team we work with well, and it is a team that fits with our culture and our strategy," Lawson says.

Lincoln already had a presence in São Paulo, but the acquisition of the Stratus unit allowed the firm, which started the Brazilian office with two people, to grow.

"Our strategy of being in the top 10 global economies in 2013 was achieved, so that was a big step for us," Lawson says. Lincoln, which has been around since 1996, has been able to double its size every five years. The firm expects its geographic



Jim Lawson
Chairman

expansion will allow it to continue to operate in a world with a significant amount of cross-border M&A.

Lincoln worked on a number of notable deals in 2013, including the sale of Utility Services Associates Inc. which provides electrical services through C.W. Wright Construction Co. Inc., Booth & Associates Inc. and Coastal Power & Electric Inc., to energy-focused private equity firm First Reserve in September. The firm also worked on the sale of Whalen Furniture Manufacturing Inc. to Li & Fund Ltd., which is based in Hong Kong.

The firm also handled Watchfire's sale to the Jordan Co. Initially, amid a large group of other bids, Jordan's offer was the lowest, Lawson says. Lincoln was able to convince the seller to allow Jordan to stay in the bidding process and arrange a management meeting, which led Jordan to "continually increase their value throughout the process" and close the deal within two weeks of the initial offer.

Looking forward, Lincoln's focus will be on growing the firm's market share and making sure the entire company is integrated, according to Lawson. After that, the firm will "probably then fill in some of the geographies that are growing in importance, including Southeast Asia, Africa and the Middle East – specifically Singapore, South Africa and Dubai," Lawson says.

—Allison Collins

FIVE YEARS OF M&A MID-MARKET AWARD WINNERS

	Deal of the Year	*Seller of the Year	Dealmaker of the Year	Strategic Buyer of the Year	Private Equity Firm of the Year	Law Firm of the Year	Investment Bank of the Year	Lender of the Year
2013	Hormel Foods' (NYSE: HRL) deal for Skippy peanut butter	Vector Capital	Stewart Kohl and Bela Szigethy, the Riverside Co.	Yahoo Inc. (Nasdaq: YHOO)	GTCR	Latham & Watkins LLP	Lincoln International LLC	Fifth Street Management LLC
2012	Starbucks Corp.'s (Nasdaq: SBUX) purchase of Teavana Holdings Inc.	Blue Sage	Mark Brady, William Blair & Co.	Covidien (NYSE: COV)	The Riverside Co.	K&L Gates LLP	Harris Williams & Co.	Madison Capital Funding LLC
2011	Diamond S Shipping's purchase of 30 tankers and charters from Cido Shipping	SRA International	Roger Perlmutter, Amgen	eBay Inc. (Nasdaq: EBAY)	First Reserve Corp.	Sullivan & Cromwell LLP	William Blair & Co.	NXT Capital Inc.
2010	Oak Hill Capital's sale of Duane Reade	n/a	Brian Humphries, Hewlett-Packard Co. (NYSE: HPQ)	Thermo Fisher Scientific	Berkshire Partners	Jones Day	Harris Williams & Co.	GE Capital
2009	KPS Capital Partners' purchase of High Falls Brewery, Labatt USA and AB/InBev	Advent International's purchase of Charlotte Russe	n/a	Oracle Corp. (Nasdaq: ORCL)	The Riverside Co.	Skadden Arps Slate Meagher & Flom LLP	Houlihan Lokey	Fifth Street Capital

*Previously named Exit of the Year

What We Look For

The M&A Mid-Market Awards honor the leading dealmakers and deals that set the standard for transactions in the middle market in the previous year. To determine the winners, Mergers & Acquisitions considers a variety of factors. We look for companies and individuals who overcame the challenges the year brought, embodied the trends of the period and took their businesses to the next level.

Picking the Winners

Market leadership and performance are important, but league tables aren't everything. Growth counts for a lot, especially when it outpaces peers and the overall industry. Innovation also counts. We value companies that changed the M&A landscape, ventured into new territories and transformed their businesses. Thought leadership in the industry is also relevant.

A great example of what we look for can be found in the \$700 million acquisition by Hormel Foods Corp. (NYSE: HRL) of the popular Skippy peanut butter brand from Unilever plc (NYSE: UL), which won our award for 2013 Deal of the Year. The transaction allowed Hormel to continue growing in important new markets, specifically healthconscious consumers and international customers, especially in China. These areas of expansion aren't significant just to Hormel but to the whole middle market.

Another model winner is GTCR LLC, which won our 2013 Private Equity Firm of the Year award. The 30-year old Chicago firm has been refining the Leader Strategy, which involves teaming up with an experienced management leader to develop through acquisitions an industry-leading company in a sub-sector of the financial services and technology, health

care and information services and technology industries. The approach paid off well in 2013, with the firm's successful sales to strategic buyers, the creation of new companies and with the raising of a new fund, the firm's biggest ever.

Process Points

To be eligible for the awards, deals must: be valued at or below roughly \$ 1 billion; involve a U.S.-based company as either buyer or seller; and have been completed by Dec. 31, 2013.

We encourage nominations, but they are not required. Ultimately, the winners are chosen by our editorial team.

We made two important changes in the nomination process this year. The first was that we pushed back the deadline to Jan. 31, a couple of weeks later than in previous years. This was in response to feedback from many companies, who said they needed the full month of January to analyze their deals and data from the previous year. The change also resulted in moving the announcement of the winners from the March issue of the magazine to the April issue.

Another improvement to the process is that we launched an online system for submitting nominations. Whereas the old system offered little guidance on what information to include in the submission, the e-forms allow us to ask specific questions that will help us compare apples to apples. As folks filled out the e-forms, some had questions, and we were able to make modifications based on this input. Our goal is to make the process as transparent as possible, and we continue to seek your feedback as we improve the system. We're always looking for input, so if you have any suggestions or questions, please email me at marykathleen.flynn@sourcemedia.com.

—Mary Kathleen Flynn