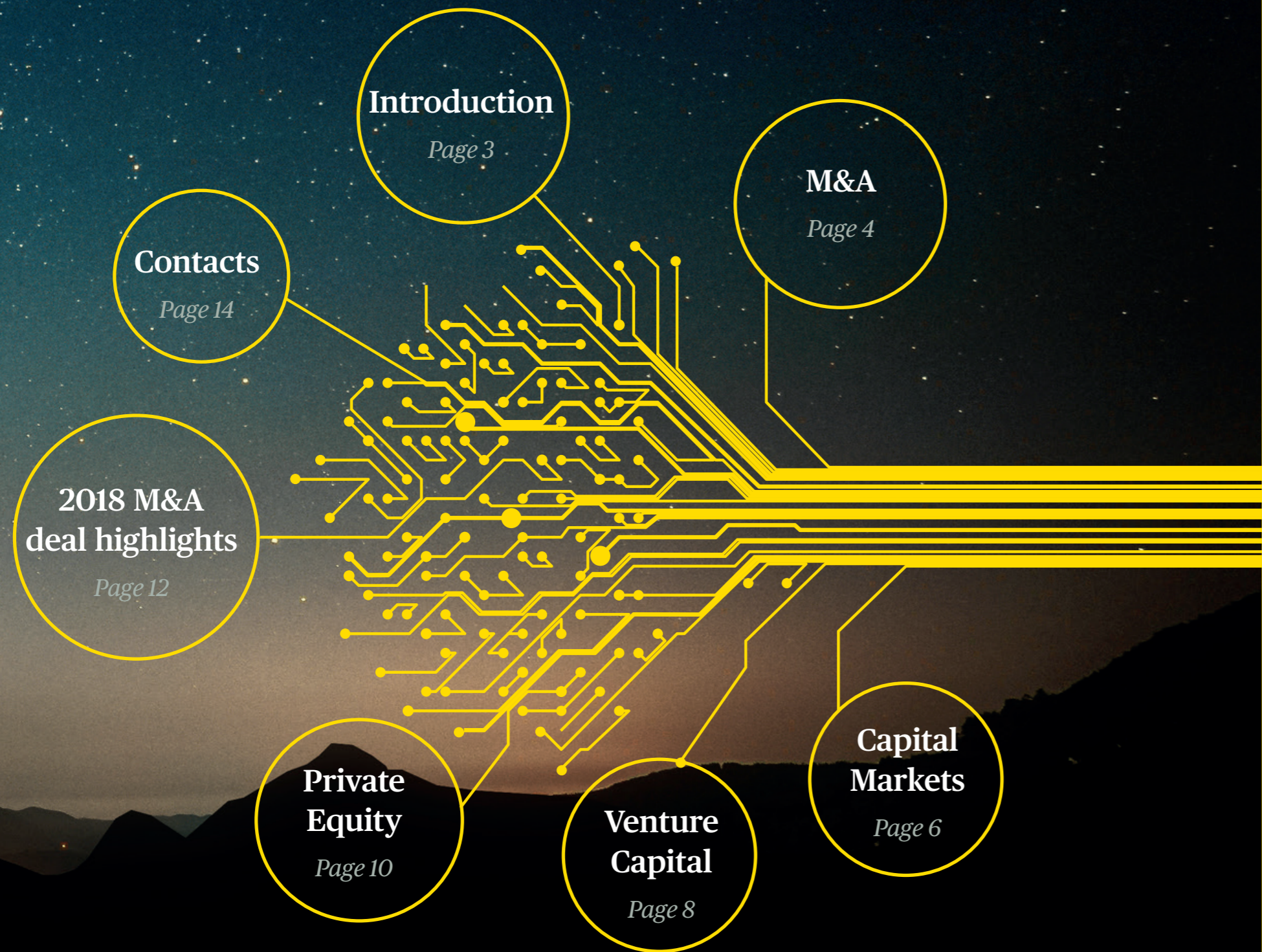




Bird & Bird &

Highlights with foresight

From our International Corporate Group



## Introduction

“Bird & Bird’s international corporate offering is growing from strength to strength. In the past year we have launched some outstanding initiatives and welcomed 13 new partners to the team, an 18% increase from 2017. This rapid and strategic expansion helps to realize our vision to become the number one law firm in the world for organisations being changed by technology and the Digital World. Interestingly, nearly 30% of the deals we worked on in 2018 were cross-jurisdictional.”

Over the past 12 months our cooperation agreement with AllBright has led to a significant increase in mandates from Chinese clients, strengthening our China outbound and global corporate capabilities. We continue to support non-Chinese clients with their inbound legal requirements too. This is an area of growth for our team due to China’s ongoing commitment to boosting its economy through working alongside foreign investors.

We have already started to benefit from having partners on the ground in the US, with our San Francisco office playing an important role in introducing our corporate capabilities to existing clients whilst strengthening our international team’s reputation with US law firms.

We are seeing more diversity in the work we’re completing, such as exploring recent rules changing around the investment in cannabis production to acting as nominated adviser and broker on the initial public offering of an advanced stage potash exploration and development company whose primary project is located in the Republic of Congo. Our clients are sharing the results too. The Nisus Client Satisfaction Survey reported our further improved client service since 2016 in areas including teamwork, market understanding and proactive communication.

We expect 2019 to follow the same upward climb, working collaboratively with colleagues to provide our clients with the advice they truly need.

# M&A

“Despite the press around Brexit, our M&A team was incredibly busy in 2018. We have continued to see significant interest from acquirers, particularly in companies which are developing, or own, technology assets. Technology assets are currently able to attract strong valuations and deal terms.”

While the continued uncertainty around Brexit is no doubt having an impact on the risk appetite of acquirers, we predict that non-UK acquirers will continue to show a strong interest in UK based assets and in using English law as the governing law for cross-border transactions. We have seen growing interest from buyers based in China and Japan, and predict that trend will continue.

As a result of recent changes to the rules requiring declarations with the Committee on the Foreign Investment in United States (CFIUS), we expect CFIUS considerations will have a strong impact on M&A transactions in the technology sector, particularly in respect of deal structure and timings.

We have seen a sharp increase in the use of W&I insurance on M&A transactions, typically at the request of sellers in order to mitigate the level of ongoing liability they are willing to assume, and particularly on exits in the technology sector. We predict that this trend will continue.

We have seen a significant number of technology convergence transactions in which non-technology companies acquire or make strategic investments in technology companies with a view to developing the acquirer’s expertise and product offering. We are seeing increasing competition for venture capital and private equity investors from corporates in the technology sector, a trend which is likely to continue gathering pace.

*Bird & Bird’s M&A team was nominated for “M&A Team of the Year” at the British Legal Awards 2018 in recognition of delivering a complex, high value and multi-jurisdictional transaction in the cyber security space”.*

## Highlights from the past 12 months include:

- We advised Helsinki-listed F-Secure Corporation on its cross-border acquisition of the international cyber security software and service provider MWR InfoSecurity in a £105 million deal. The transaction was highly significant in the cyber security market
- We advised Elcograf SpA, a major European printing group, on its acquisition of Clays. Clays is an iconic book production business that has been operating for more than 200 years and has printed many of the UK’s best loved books, including bestsellers by the likes of J.K. Rowling and Dan Brown.
- We advised DXC Technology, an American multinational end-to-end IT services company, on a number of matters including on its acquisition of UK-based TESM Limited, a global end-to-end ServiceNow partner and Sable37, a global software provider based in Melbourne.
- We advised ELEVEN Sports, the main subsidiary of Aser Media on its sale of a majority stake to one of Poland’s largest TV channels Polsat for €38 million. Eleven Sports is one of the fastest growing media companies, currently delivering premium sports action to 17 million paying subscribers in seven markets.

## Looking forward:

In the M&A market there is a continuing demand to reduce and manage due diligence costs. Bird & Bird has tried to address this through effective project management, through focussing on what really matters in the context of each transaction and through using an artificial intelligence tool, Luminance, to reduce the resource spent on manual document review and add value beyond what traditional legal due diligence processes are able to offer.

We continue to encourage acquirers to devote sufficient time and attention to due diligence on a target’s core assets. This is particularly true in the technology space where unexpected issues surrounding matters such as ownership of intellectual property and third party license terms might not be immediately apparent but can turn out to have a significant impact on the value of the target.

# Capital markets

“Over the last year we have seen funding options becoming increasingly international with more companies looking to foreign investors and markets for finance. Popularity of new growth markets is on the up. We are increasingly being asked to work with clients to assess eligibility and criteria of multiple international exchanges to ensure clients have the full picture when making the next step in their growth.”

Whilst the Hong Kong and US markets were particularly active throughout 2018, deal volume and capital raised on European markets declined, particularly in Q4. This may be caused by heightened geopolitical tensions between the US and China and the trade restrictions being imposed. This, plus perhaps uncertainty over Brexit, impacted investment in AIM listed companies towards the tail end of the year despite investor successes in early 2018. Southeast Asia has performed well, raising comparatively more capital despite a slight drop in deal volume. This performance was led by Vietnam and Thailand which accounted for 78% of capital raised in the region.

## Bird & Bird & ELITE

In 2018 we signed up as global partners to ELITE, the London Stock Exchange Group's international business support and capital raising programme.

Supporting the growth of visionary, innovative and fast growing companies is at the core of Bird & Bird's offering so collaborating with ELITE is a very 'natural fit'. The relationship has developed across our international network including China, Dubai, Germany, Hong Kong, Hungary, Italy, Netherlands, Poland, Saudi Arabia and Spain.



## Highlights from the past 12 months include:

- We advised Agillic A/S on its listing on NASDAQ First North Copenhagen (an alternative exchange based in Denmark and Scandinavia).
- We advised Alpha FX, a foreign exchange specialist on its oversubscribed secondary placing raising £20m. The financing follows its successful IPO in 2017 and being named as 'deal of the year' by the London Stock Exchange.
- We advised C&N Holdings Limited, a logistics company, on its IPO of, and £72m fundraise, on the Growth Enterprise Market of the Stock Exchange of Hong Kong.
- We advised Canaccord Genuity Limited as nominated adviser and broker on the initial public offering of Kore Potash plc on the AIM Market of the London Stock Exchange, with a market cap of AUS\$92.6m.
- We advised Liberum Capital, as sole bookrunner, on a secondary fundraising for AIM-listed Gresham House PLC, raising gross proceeds of £15 million.
- We advised Banca Akros S.p.A., the investment and private banking arm of the Banco BPM S.p.A., as Sponsor and Global Coordinator for the capital increase of Industria e Innovazione S.p.A. subscribed by PLC Group S.p.A.

## Looking forward:

We anticipate that 2019 will be a better year all-round. Denmark and Sweden are seeing more listings on First North than ever before and this trend is expected to continue. The market correction suffered by the UK in October 2018 has resulted in many companies indicating a decision to IPO in H1 of 2019 instead. It is expected that there will be a resurgence in resource companies; these were badly hit in 2018 but given their continuing strong fundamentals, investors are likely to be attracted to these companies with favourable economics.

Growing urbanisation in China, Africa, South America and India accompanied by shrinking government budgets gives scope for the financing void to be filled by institutional investors and new legislation passed by the Italian government now encourages alternative forms of lending, such as mini-bonds, which can be listed on a new multilateral trading system, ExtraMot. The retail sector has struggled recently where the healthcare and technology sectors saw success in 2018. With the continued development of disruptive technologies in the form of cloud technology, machine technology and blockchain as well as recent entrants to the capital markets stage, cryptocurrencies and cannabis, we are looking forward to an active 2019.

# Venture capital

“With many exciting companies throughout the world who are looking to disrupt traditional industries and business models, there is an ever-increasing need for the VC group to continue its focus on working with high quality start-ups with good growth and global potential. This year we are launching an online platform to guide and support fast-growing companies throughout their growth lifecycle. This platform will be an international offering for clients and potential clients looking to expand globally.”

Market consolidation within the technology and communications field saw 2018's growing trend of ten-figure valuations for VC funding rounds, partly due to the 'SoftBank effect'. Our core focus on technology has paved the way for involvement in exciting deals such as helping our long term client Darktrace, on its \$50 million series E financing led by European private equity firm Vitruvian Partners with participation from existing investors KKR and 1011 Ventures. The deal gives the machine-learning cyber security company a valuation of \$1.65 billion, making it our latest Unicorn client.

We continue to be involved in the venture financings of all types of technology across a broad range of sectors from fintech (with Blockchain technology expected to continue to attract significant attention from VCs and the venture arms of corporates), cybersecurity, life sciences and healthtech, insurtech, legaltech to the emerging and growing femtech, proptech and madtech sectors.

## Our position in the market

- Continuously ranked in band one by the UK Legal 500 for venture capital
- 2018 Legal 500 EMEA: Band 2 listing France: Private equity: Venture and growth capital
- 2 star rated Venture Capital in JUVE

## Highlights from the past 12 months include:

- We have advised international venture capital firm **Index Ventures** for over a decade, including numerous investments in household names such as Citymapper, Property Partner, Notonthehighstreet, Astley Clarke and Just Park. In 2018 we advised Index on its Series A financing of FactoryMarket.
- We advise **Kreos Capital**, the largest and leading provider of growth debt to high-growth companies, throughout Europe. We have advised on multiple loans to companies including Rockley Photonics, Seal Software, Currency Cloud and Mister Spex GmbH.
- We advised **3ST Engineering Ventures Fund Pte. Ltd.**, the Corporate Venture Capital unit of SGX listed Singapore Technologies Engineering Ltd, on its investment into Azendian Holding Pte. Ltd., a Singapore-based data analytics company.
- We have advised **Albion Capital Group**, a leading independent investment manager, for over 7 years. In 2018 we advised on investments in over 17 companies across the UK, most commonly within the medtech and healthcare industry. The wider Albion Group has funds of over £1 billion under investment management or administration.

## Looking forward:

Technology has an every increasing place in people's everyday lives, so it continues to attract significant investment across the globe.

Political upheaval can also have a profound impact on growing companies. Brexit has the potential to shift the UK's attractiveness to start-ups and investors to other EU capital cities. Currently, the UK attracts about a third of all VC money available within Europe. Brexit has made raising money harder (following the vote, capital raised in Europe dropped 25%) and the biggest investments are coming from outside Europe. CFIUS is a powerful gatekeeper to major deals with the US (potentially regulation of start-up investments from foreign firms). It is also interesting to see Chinese, and other Asian VC investors increasingly looking towards Europe with interest as China's trade pressures with US continue.

We expect to see more financing activity at the later stage of a company's financing lifecycle and for this funding to come not only from the venture community but also from corporates who are increasingly realising that they are missing out on good opportunities to complement or ultimately improve their existing businesses.

# Private equity

“Throughout 2018 we are pleased to have continued to successfully establish new, and develop existing relationships, with local, regional and international private equity houses. Beyond assisting in local transactions and regional cross-border transactions, we have broadened our relationship with a number of private equity players, assisting them independently in two in several jurisdictions where Bird & Bird is active. Our clients have benefited from international coverage and appreciate our ability to combine robust transactional expertise with genuine wide sector knowledge.”

In 2018, the strong trend among both traditional private equity funds and those originally more active on late-stage large-volume venture capital investments was towards more and larger investments in asset-light and IP-heavy industries. This trend essentially mirrors the general evolution towards an increasingly digitalized industry in many sectors.

Within this movement, private equity investors have become aware of the disruptive potential of relatively new market entrants within perceived “traditional” sectors and their value potential when their digital business model takes flight, e.g. logistics, healthcare, financial services.

The private equity market is becoming more international (including emerging markets) which complements our expanding global footprint. The landscape in the Nordic region is strong, with high fundraising activity anticipated in the next few years. As Bird & Bird holds the unique position of being the only truly integrated international law firm with offices in Sweden, Finland and Denmark we can capitalise on these growth opportunities.

## Highlights from the past 12 months include:

- We advised the Finnish construction equipment rental company, Renta (a portfolio company to the Finnish private equity firm **Intera Partners**) in their international expansion through the acquisition of the Swedish Stål och Hyr Group.
- We advised **Vitruvian Partners** on its partnership with the German-Swiss doctari Group. In addition to acquiring the shares and setting up the holding structure for the investment, we advised Vitruvian on the partial financing of the purchase price
- We advised vitronet and private equity house **Deutsche Beteiligungs AG (DBAG)** on a successful management buyout (MBO)-financing, including demand-oriented financing of future acquisitions. Central to the project was the refinancing of the purchasing price of vitronet Projekte GmbH that DBAG Expansion Capital Fund (DBAG ECF) paid in 2017, as well as further payments regarding completed add-on transactions.
- We advised **Stål & Hyr Group AB** (and **Intera Partners**) on the add-on acquisition to private equity company's Finnish portfolio company Renta Group (owner of Swedish Stål & Hyr Group AB), we also advised Stål & Hyr Group on the acquisition of the holding company Sör Väs Intressenter AB owning all outstanding shares in Aros Hyresmaskiner i Västerås AB.

## Looking forward:

In 2018 private equity funds turned to Bird & Bird for support on various occasions, particularly for our sector expertise in digitalized business models. We expect this development to intensify in 2019, and senior fund managers will increasingly use their specialisation for certain sectors and evens subsectors like health-tech and SaaS-based business models to have a timing and potentially pricing advantage in complete deal opportunities.

Funds will have to combine such specialised investment approach with a buy-and build strategy as in many IP-heavy sectors large targets are scarce. When selecting the management team, investors will now increasingly be looking for a combination of entrepreneurial attitude and superior sector expertise. This may allow them to actively create a larger, and in the long-run, vertically integrated portfolio company.

# 2018 international M&A deals

## Life Sciences & Healthcare

**1 Widex:** Advised on the strategic merger between Sivantos and Widex, which will create the world's third largest hearing aid manufacturer, a global R&D powerhouse as well as an innovation leader. The transaction is subject to regulatory approvals and other customary closing conditions.

Value: €7 billion

Led out of: Copenhagen

Jurisdictions: Denmark, Germany, UK, France, Poland, China and Australia 🇩🇪🇬🇧🇫🇷🇵🇱🇨🇳🇦🇺

**2 Mehiläinen:** Advised the management of one of the largest healthcare providers in Finland in the sale of, and reinvestment in, the company. Mehiläinen was acquired by CVC Capital Partners Fund VII together with the management and a consortium of leading Finnish institutions, including LocalTapiola, Varma and Ilmarinen.

Value: €1.8 billion (approx)

Led out of: Helsinki

Jurisdictions: Finland, Sweden 🇫🇮🇸🇪

**3 Prexton Therapeutics:** Assisting biopharmaceutical company Prexton Therapeutics and its founders in relation to the sale of Prexton to Danish pharma Lundbeck, a global pharmaceutical company specialising in psychiatric and neurological disorders. Prexton applies a new scientific approach that fully integrates molecular, behavioural and chemistry technologies to address Parkinson's disease and other brain disorders.

Value: €110 million

Led out of: The Hague

Jurisdictions: The Netherlands 🇳🇱

## Media, Entertainment & Sport

**5 Avalanche Studios:** We advised the founders of leading Swedish open world game developer Avalanche Studios as they are acquired by entertainment company Nordisk Film. The transaction with Nordisk Film comes on the back of a first minority investment in Avalanche Studios in April 2017.

Value: 1.2 billion SEK Led out of: Stockholm

Jurisdictions: Sweden 🇸🇪

## Financial Services

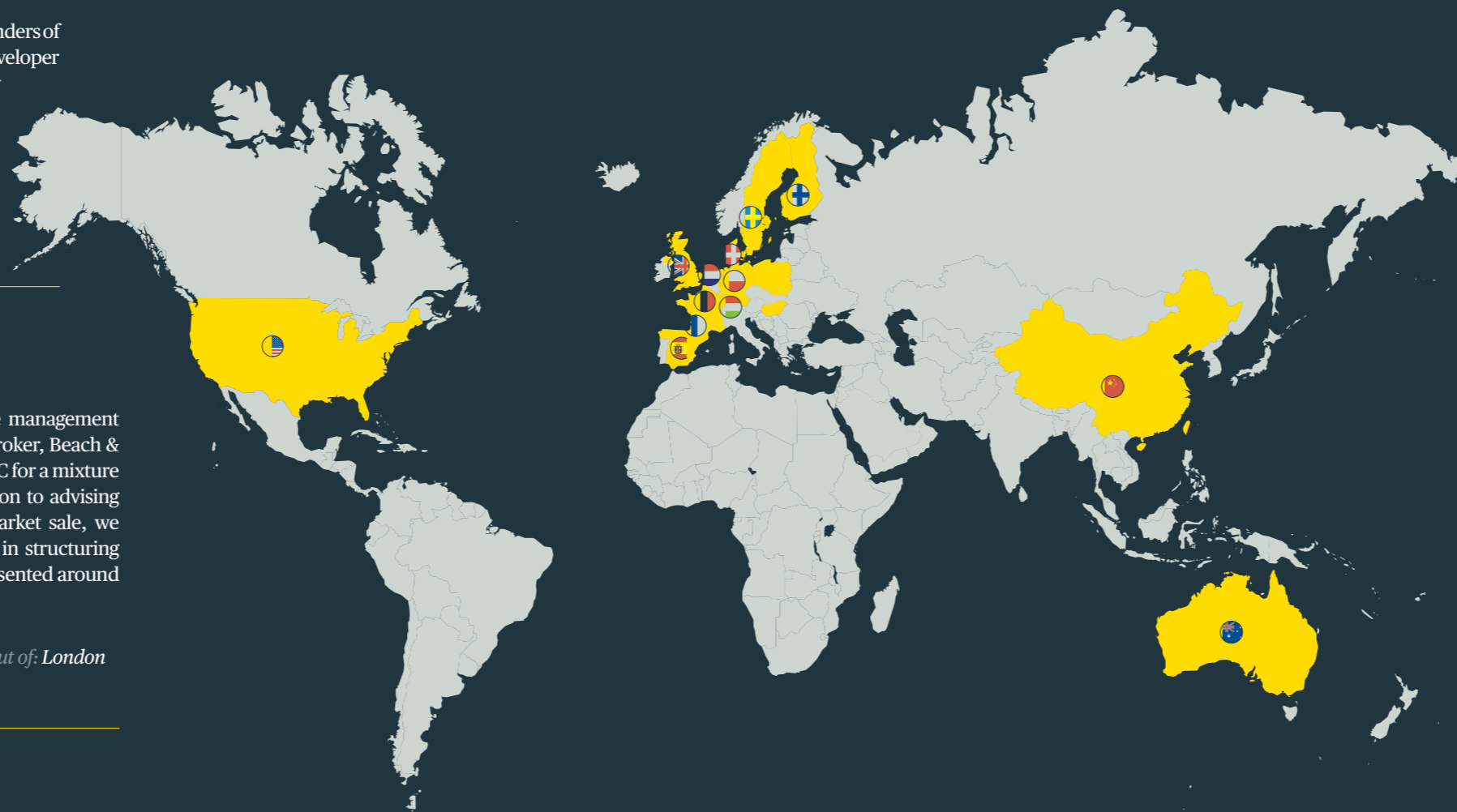
**11 Beach & Associates:** We advised the management team at Anglo-Canadian insurance broker, Beach & Associates, in its acquisition by Acrisure LLC for a mixture of cash and share consideration. In addition to advising on the terms of the trans-Atlantic mid-market sale, we demonstrated our considerable expertise in structuring the management equity piece which represented around two thirds of the project.

Value: Confidential



Led out of: London

Jurisdictions: UK, US



## Energy & Utilities

**6 General Electric:** Advised General Electric Company (GE) on the sale of its global industrial solutions business to ABB Group which involved three major phases: legal due diligence, the pre-sale restructuring and the transfer of the business to ABB Group. The combination will allow ABB to provide a more technologically advanced and digitally connected offering to their customers.

Value: USD \$2.6 billion

Led out of: Hungary

Jurisdictions: +80 🇮🇪

**10 LKAB Minerals:** Advising the international industrial minerals group on its acquisition of the business of Francis Flower, comprising two companies Francis Flower (Northern) Ltd and Gurney Slade Lime & Stone Ltd. Included in the purchase is the substantial Ground Granulated Blast furnace Slag plant operated by Francis Flower on the British Steel site in Scunthorpe. It employs 130 people across four sites in the UK.

Value: confidential

Led out of: London

Jurisdictions: UK, Sweden 🇬🇧🇸🇪

## Retail & Consumer

**8 Intera Partners:** We advised the Finnish construction equipment rental company, Renta (a portfolio company to the Finnish private equity firm Intera Partners) in their international expansion through the acquisition of the Swedish machinery and equipment rental company Stål och Hyr Group.

Value: €110 million

Led out of: Stockholm

Jurisdictions: Finland, Sweden 🇫🇮🇸🇪

# Contacts



## Peter Veranneman

Co-head of International Corporate Group

Tel.: +4921120056186

Peter.Veranneman@twobirds.com



## Stefano Silvestri

Co-head of International Corporate Group

Tel.: +393407000538

Stefano.Silvestri@twobirds.com



## Neil Blundell

Co-head of International M&A

Tel.: +442074156179

Neil.Blundell@twobirds.com



## Alfred Herda

Co-head of International M&A

Tel.: +4921120056149

Alfred.Herda@twobirds.com



## Clive Hopewell

Head of International Capital Markets

Tel.: +442079056370

Clive.Hopewell@twobirds.com



## Struan Penwarden

Head of International Venture Capital

Tel.: +442079056229

Struan.Penwarden@twobirds.com



## Mårten Willamo

Co-head of International Private Equity

Tel.: +46850632006

Marten.Willamo@twobirds.com



## Peter Leube

Co-head of International Private Equity

Tel.: +4969742226191

Peter.Leube@twobirds.com

**twobirds.com**

Abu Dhabi & Amsterdam & Beijing & Bratislava & Brussels & Budapest & Copenhagen & Dubai & Düsseldorf & Frankfurt & The Hague & Hamburg & Helsinki & Hong Kong & London & Luxembourg & Lyon & Madrid & Milan & Munich & Paris & Prague & Rome & San Francisco & Shanghai & Singapore & Stockholm & Sydney & Warsaw