

In its regular quarterly commentary Corbett Keeling reviews Corporate Finance activity in the Engineering and Industrials sector. Data is derived mainly from Experian Corpin, which has recorded the thousands of corporate finance deals completed since the 1990s, and expert interpretation of the statistics is provided by Simon Keeling, Joint Chairman of Corbett Keeling Limited.

Corbett Keeling is a corporate finance boutique which was founded in 1993 and specialises in advising management teams on buyouts and owners on selling their businesses.

#### Q4, 2011 Engineering & Industrials Review

##### Overview:

- Relative to the previous quarter (Q3 11) there was a 22% increase in the total number of deals completed, mostly accounted for by smaller deals (whose consideration paid is less than £40m).
- Relative to the same period last year (Q4 10) there was a 57% increase in the total number of deals completed, mostly accounted for by smaller deals whose number increased almost two fold.
- At the upper end of the market, Q4 11 average deal size decreased significantly on the previous year from £365.8m per deal to £206.5m.
- At the lower end of the market Q4 11 average deal size increased slightly from £10.6m per deal to £12.9m.

##### Highlight:

Secondary buy-out led by KKR of Capital Safety Group Ltd (CSG), Milton Keynes, Buckinghamshire, England, a designer and manufacturer of height safety and fall protection equipment:

- KKR has agreed to purchase the company from Arle Capital Partners, a recently-formed private equity partnership established via a buyout of Candover Partners.
- The transaction has an enterprise value of US\$1.12bn (GB£702.15m). The deal is expected to complete in early 2012, subject to mandatory regulatory approvals. The sale represents a 2.7x return on the original investment made by Candover.
- The deal also provided an exit for Candover's investing partner Electra Private Equity; following an initial investment of GB£30m in 1998, CSG has generated net proceeds over investing period of GB£195m for Electra, at an IRR of 23% per annum – not a bad rate to keep up over 13 years!

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Team

- ✉ [Simon Keeling](#)
- ✉ [Chris Langridge](#)
- ✉ [Mike Campbell](#)
- ✉ [Robin Palmer](#)
- ✉ [Tony Williams](#)
- ✉ [Graham Maile](#)



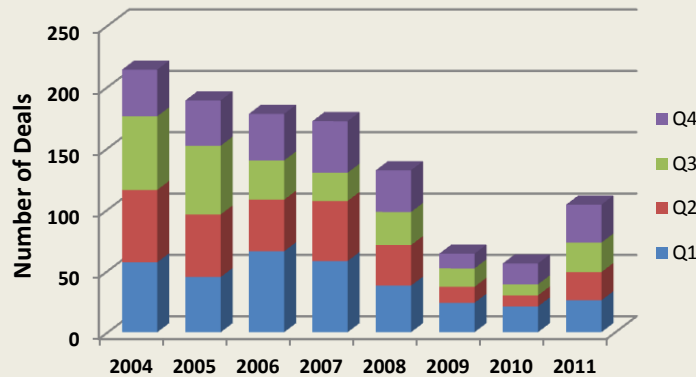
### What does all this mean?

Overall, 2011 M&A in Engineering & Industrials showed a strong improvement on 2010 results. Smaller sized deals accounted for most of this, reflecting continued uncertainty in the larger Engineering & Industrials companies. However, evidence suggesting the UK has already slipped back into recession potentially provides an increase in the number of interesting opportunities for cash rich industrial and financial buyers.

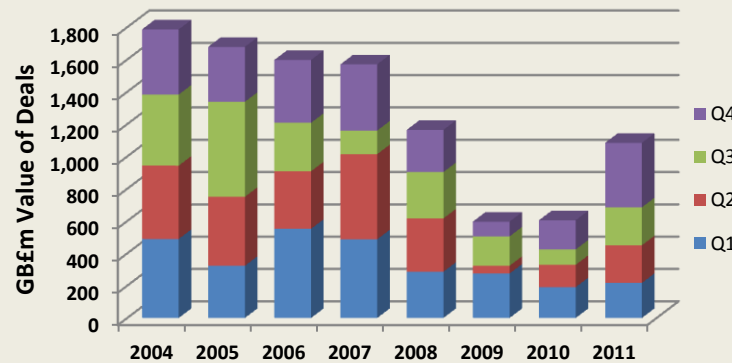
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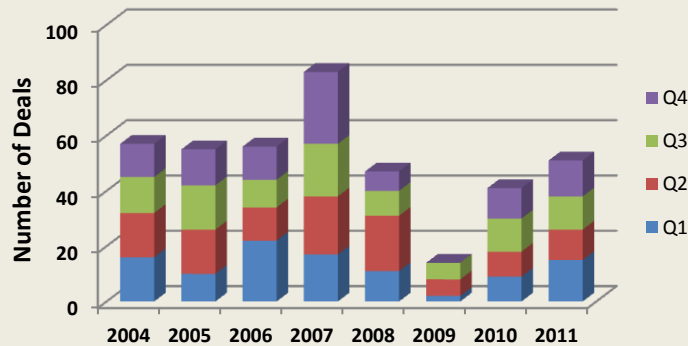
Deals by Volume - Consideration less than GB£40m



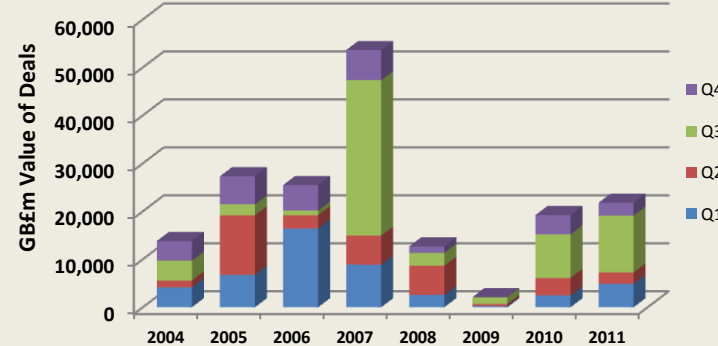
Deals by Value - Consideration less than GB£40m



Deals by Volume - Consideration more than GB£40m



Deals by Value - Consideration more than GB£40m



The charts above show engineering/industrials sector deal activity divided into transactions with value above and below £40m. In each case deals are included when they are completed or announced/pending in the period, where the amount paid has been publicly disclosed and the buyer, seller or target has operations in GB. Source: Experian Corpfin

