

Financial Year Review

2020-2021



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Foreword



Michael Reeves, CEO

The last financial year can only be described as a year of two halves for Clearwater International.

The decision from World Health Organization to declare the COVID-19 outbreak pandemic in March 2020 was a significant moment and will remain a reference point in history as the effects continue to unravel. The health, safety and wellbeing of our team have been a priority for us, ensuring we have followed government and health authority guidelines right across our 18 offices. I have been delighted by the speed the team have adjusted to the new ways of working under these guidelines.

The impact of the COVID-19 pandemic hit the M&A market almost immediately, which of course impacted our pipeline. However, whilst a number of transactions were put on pause our team pivoted and adapted to continue to support our clients, especially through the initial period where stability was at the forefront of everyone's minds.

I want to thank all of our people for their hard work this year. The team have showcased our values as a business throughout this period of uncertainty, remaining personable, adaptable and committed to both the business and our clients.

Over the last year, we advised on 138 transactions, working with clients and counterparties in 21 countries. We achieved revenues of over €73m in the year, representing a small decrease from last year. We have seen a strong performance across all sectors and service lines contributing to the sustained performance of the business under unprecedented circumstances.

During this financial year, we have continued to strengthen our presence in Europe, with the announcement of our merger with Sweden-based Valentum in September 2020, and a partnership with Blue Side in Marseille in March 2021. We continued to expand our global coverage with the announcement of our strategic alliance with KeyBanc Capital Markets Inc. (KBCM), the corporate and investment banking arm of Cleveland-based KeyCorp (NYSE: KEY). This alliance solidified a multi-year effort to enhance collaboration on cross-border M&A transactions and marked the next stage of growth for both KBCM and Clearwater International.

In the first half of the financial year, we advised on 30% of the total completed transactions, with the remaining 70% making up the second half of the financial year. Needless to say, this was an incredibly busy period for Clearwater.

This financial year has been another incredibly rewarding period, supporting clients to achieve objectives throughout a year no one saw coming.

"Over the last year, we advised on 138 transactions, working with clients and counterparties in 21 countries."

Year in numbers

138

Deals completed

20%

of team promoted FY 20/21

92

PE deals with 38 firms

€1.7bn

Debt raised

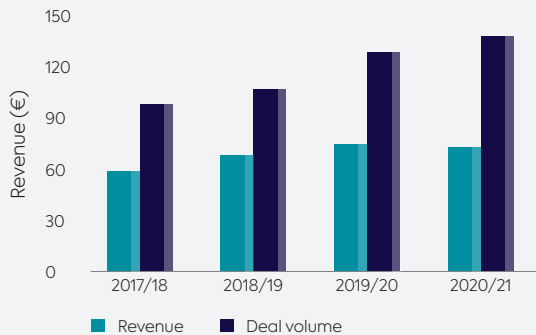
€73m

Revenue

Over €6.2bn

Deal value

Revenue vs Deal volume



Most active sectors



Business
Services



TMT



Consumer



Industrials &
Chemicals

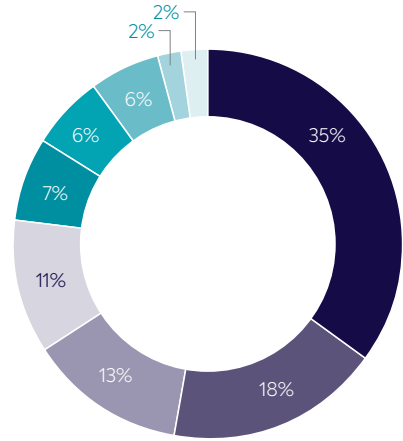
“There was an overall decline in revenue of just 1% from 19/20 to 20/21 which was an exceptional result against the backdrop of Covid. Indeed, three territories reported double-digit growth.”





Key financials

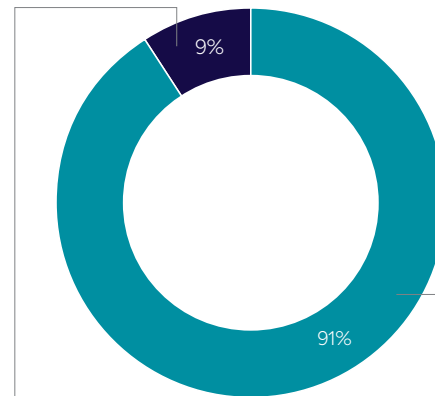
Fee income by region, percentage of total fee income



-1%
Fee income growth

- UK
- Denmark
- France
- Germany
- Sweden
- Italy
- Spain
- Ireland
- Portugal

Service offering



Revenue generated from **Debt Advisory**

Revenue generated from **M&A**

Clearwater International service offering

M&A

The Business Services and TMT teams were the most active, closely followed by the Consumer and Industrials & Chemicals teams.

The Business Services sector team experienced an exceptional year with a 28% increase in deal volume compared to the previous year, a 72% increase in the total deal value, and a 33% increase in the average deal value across the sector. Key deals for the team included: the French team advising Naxicap Partners on the acquisition and financing of Eureka Education, a private professional and higher education provider, the German team advising the UK's leading provider of outsourced resource management and environmental services, Reconomy Group, on the acquisition of Munich-based Reverse Logistics GmbH, and the UK team advising LDC on the merger of Lomond Capital and Linley & Simpson in a €109.3m transaction, to create a new national lettings and estate agency group.

“The Business Services sector team experienced an exceptional year with a 28% increase in deal volume compared to the previous year, a 72% increase in the total deal value and a 33% increase in the average deal value across the sector.”

“The Consumer team has experienced remarkable growth this year, almost doubling the volume of deals in comparison to the previous year and bringing the total deal value for the sector close to €1bn.”

Likewise, the TMT sector team experienced an active deal calendar which increased the deal volume by 69% and total deal value by 78% across the sector compared to the previous year. Key deals for the TMT team included: the UK team advising Infinity Works, one of the UK's leading digital transformation consultants, on its sale to global professional service company Accenture which marked an exit for investors Growth Capital Partners, and the Spanish team advising GTI Software y Networking SA, a specialist in software and cloud solutions, on its sale to Esprinet S.p.a., a leading distributor of IT and consumer electronics in Southern Europe. The UK team also advised Advanced on its acquisition of Mitrefinch, a global provider of workforce management solutions.

The Consumer team has experienced remarkable growth this year, almost doubling the volume of deals in comparison to the previous year and bringing the total deal value for the sector close to €1bn. Key deals for the Consumer team included: the Swedish team advising on String Furniture, a leading Swedish furniture designer on its sale to Altor

28%

increase in business services sector deal volume

69%

increase in TMT Sector deal volume

almost

2x

increase in Consumer sector deal volume

Equity Partners to form the first building block of designer brand house, Network of Design, and the Danish team advising the owners of Kaffekapslen, a leading European direct-to-consumer online coffee capsules store, on its sale to the Swedish investment company, Ceder Capital. The Swedish team also advised the founders of Poster Store, a leading Scandinavian wall art business, on its sale to Desenio.

“The TMT sector team experienced an active deal calendar which increased the deal volume by 69% and total deal value by 78% across the sector compared to the previous year.”

Debt Advisory

The European Debt Advisory team raised €1.7bn in debt finance during the 2020/21 financial year, completing 54 transactions across Europe. This debt was utilised by European businesses to support acquisition activity, refinance existing debt facilities, re-align capital structures, and support organic growth.

The debt space has undoubtedly experienced the changing landscape during the first half of 2020 and the scope of work for the Clearwater team flexed to suit the needs of clients. During the initial impact of the pandemic, the European Debt Advisory team were heavily focussed upon supporting businesses to

stabilise liquidity and the impact of the pandemic on businesses. The debt markets remained open throughout with lenders quick to support M&A activity once borrowers were confident enough to pursue this type of activity. This clearly assisted the fast recovery experience. These trends were particularly evident within the TMT, business services and healthcare sectors. Indeed, specific areas within consumer arena have proved to be attractive to lenders where sustainable levels of activity are anticipated.

These trends were reflected in the Debt Advisory team's results, with the above-mentioned sectors making up 65% of activity during 2020. Notable deals for the team included the UK team advising Day Lewis Plc, a community pharmacy and distribution business, on a refinancing deal which provides a €146 (£125m) revolving credit facility and the German team advising J.F. Hillebrand Group AG on the structuring and arrangement of an acquisition bridge to support the acquisition of Braid Group, a key player in bulk liquid logistics with captive flexitank manufacturing capacities.

“The debt space has undoubtedly experienced the changing landscape during the first half of 2020 and the scope of work for the Clearwater team flexed to suit the needs of clients.”



Private Equity

Clearwater's deep heritage in private equity (PE) continues to grow - 67% of transactions throughout the year involved PE funds representing a 48% increase in PE activity. Clearwater worked with 38 PE funds across Europe, working directly with 16 PE funds to create investment opportunities and ten funds to orchestrate successful exits.

Some notable transactions included the UK team advising WJ Group, the UK's leading supplier of award-winning road markings and specialist highway products and services, on receiving a majority investment from THI Investments, a long-term pan-European private equity investor, the Italian team advising private equity firm, Portobello Capital, on the acquisition of Poligof, a leading manufacturer of backsheets for hygiene and sanitary products in Europe, from 21 Invest, and the UK team advising LDC and management on the sale of specialist manufacturer ChargePoint Technology to Arline Investment Management.

67%

of transactions throughout the year involved PE funds

48%

increase in PE activity



Deal highlights

Clearwater International completed 138 deals in the last financial year representing a 7% increase in deal volume compared to last year, placing Clearwater in 9th place in the Pan-European financial advisors league tables.



ESG impact

Positive ESG Impact has become a huge deal driver for our clients and is increasingly being seen as central to many businesses success and purpose. As a result, Clearwater International has seen a substantial rise in investment in businesses with positive ESG Impact first-hand.



Clearwater International's own ESG agenda is also developing with the key priorities being improvements in diversity, positive CSR action, and a continued focus on employee engagement and wellbeing.

Diversity

Corporate finance is a challenging sector when it comes to diversity and specifically underperforms when it comes to female representation in workforces. Clearwater International is committing to measures to increase female representation across the business over the next five years including within the senior leadership team and international board. The business is also committing to increasing female hires within the junior team to build the pipeline for the future.



CSR

At the beginning of the 2020/21 financial year, Clearwater International announced the sponsorship of Ocean Revival 2020, a

challenge involving a team of serving and former serving Royal Marine Commandos who joined forces to row almost 4,000 miles across the North Atlantic Ocean, from New York City to Tower Bridge in London – a route that has never been completed before and one that is statistically the most dangerous and arduous ocean row to attempt.

Over

22

charitable initiatives supported in the last year

Unfortunately, due to the pandemic, the row didn't go ahead in 2020 however, after months of practice the challenge is set to begin in May 2021.

Ocean Revival 2020 is fundraising for Ocean Generation, a charity aiming to raise awareness of the threats to the ocean such as plastic, climate change and other man-made ocean issues and to grow an inclusive global movement to restore a sustainable relationship between humanity and the ocean.

Clearwater offices are also dedicated to contributing positively to their local communities too through specific fundraising initiatives and the provision of paid leave for colleagues so they may volunteer. During the last year we have supported over 22 charitable initiatives.

Employee engagement and wellbeing

In 2019 Clearwater International surveyed employees across the business which saw an engagement result of 87%, outperforming the norm for professional services, with results in all key engagement themes significantly above the benchmark; from supportive leadership to a positive environment and culture, to the growth opportunities available. The aim is to continue to uphold this high employee engagement rate and ensure that Clearwater International continues to be a great place to work, with a fantastic employee experience that offers clear career progression and rewards for our team.

87%

employee engagement result

Employee wellbeing has always been a focus for Clearwater International but is a subject that has been brought to the fore by the COVID-19 pandemic. The business has committed to supporting the team both physically and mentally through the period by ensuring they have flexibility around where and when they work whilst focussed on high levels of client service.

Growing the Clearwater International footprint

Clearwater International has continued to expand the international footprint throughout the 2020/21 financial year in order to meet the demands and expectations of our clients.

Clearwater's global coverage combined with a regional presence provides clients with local access to a wider buyer pool, as well as direct access to PE funds which provides more diverse opportunities.

KeyBanc Capital Markets

In June 2020, Clearwater International announced a strategic alliance with KeyBanc Capital Markets Inc. (KBCM), the corporate and investment banking arm of Cleveland-based KeyCorp (NYSE: KEY). This alliance solidified a multi-year effort to enhance collaboration on cross-border M&A transactions.

The strategic partnership between Clearwater and KBCM benefits Clearwater's clients with on the ground knowledge of strategies of globally acquisitive US corporates and provides direct access to North American PE who are actively targeting high growth European businesses. Local support from KBCM's relationships and networks supports Clearwater's clients' expansion strategies into the US and offers more diverse funding options from both debt and equity perspectives.

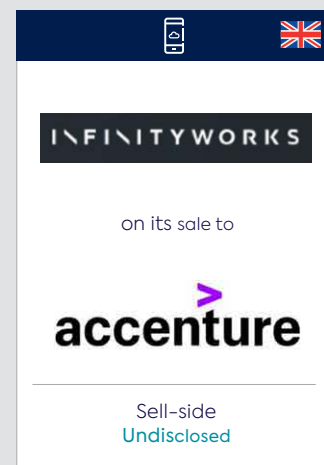
"The announcement of our alliance with KBCM marked an important step in the growth of Clearwater International and I am delighted with the collaboration between the teams thus far. This year both Clearwater and KBCM completed a number of transactions as a result of this relationship, one of those being the sale of Infinity Works to Accenture which achieved a fantastic result for our client. We have a strong pipeline which is constantly evolving and is a good initial indication of the direction of this successful relationship."



Michael Reeves
CEO

"Partnering with Clearwater is an important next step in broadening KBCM's M&A platform, providing enhanced access to corporate and private equity firms across Europe and Asia. This collaboration is a major step in the evolution of both businesses and will accelerate the opportunities for industry teams to support their clients' ambitions."

Randy Paine, President of Key Institutional Bank, KeyCorp



"What stood out for us from the start was Clearwater's unique combination of local presence in the Yorkshire market, deep technology expertise and international buyer access through KeyBanc, their US partner. The team seamlessly combined these elements in a bespoke process that brought highly strategic buyers to the table and delivered us a standout result. We believe that Accenture will be a fantastic home for Infinity Works and enable it to go on to achieve even greater things in the future."

Richard Shaw, Partner,
GCP – exiting investor in
Infinity Works

Clearwater International in Sweden

In September 2020 Clearwater International announced the merger with Sweden-based Valentum. The team of 18 dealmakers in Sweden joined Clearwater as an established advisory business with over 50 successful transactions in their credentials. Led by Partners Tomas Almgren and Gustaf Plyhm from their office in Stockholm, the team have bolstered Clearwater's presence in the Nordic region which now totals 53 dealmakers.

“The team in Sweden have been a welcome addition to Clearwater International and have been collaborating with the teams across Europe and wider to introduce opportunities and have gained access to the wide buyer pool that Clearwater offers. The team completed deals worth €427m in the 202/21 financial year and are set to have an extremely busy 2021/22 financial year with a packed pipeline of exciting projects. We are delighted to have them on board.”



Søren Nørbjerg,
Partner, Denmark

Blue Side in France

In March 2021 Clearwater International announced a strategic alliance with Marseille-based Blue Side. Led by Managing Partners Emmanuel Xerri and Alexandre Forget, the team comprises six professionals covering the southern region. In the last five years, the Blue Side team have completed more than 40 transactions in France and abroad, with regional SMEs valued from €7m to €100m.

“We look forward to the growth of the relationship with Blue Side, the team have shown some clear synergies in this short period and share Clearwater's vision and values when it comes to advisory services. This collaboration with Blue Side will allow Clearwater to strengthen its presence in the south of France and leverage a business of experienced and dynamic professionals.”



Thomas Gaucher,
Managing Partner, France



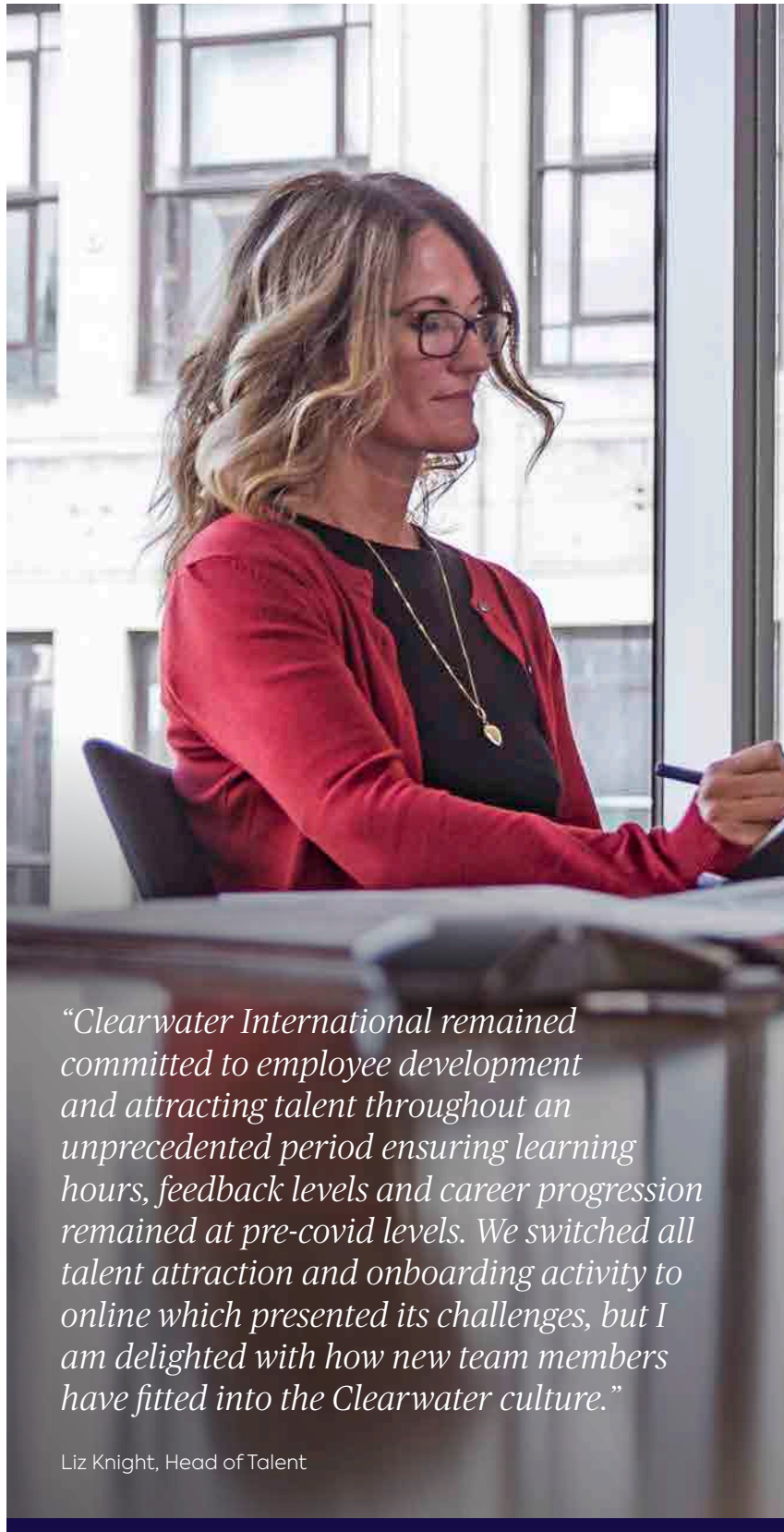
Inside Clearwater International

Talent

Despite the challenges of the year and in response to the growing demand from clients, Clearwater International strengthened its international team with the onboarding of the team in Sweden and 46 new hires across Europe. Clearwater International made a number of new senior hires including two new partners in the UK and France to bolster the growing TMT team. Nathaniel Cooper joined Clearwater International in the UK, and J  r  my Sartre joined as Managing Director in France. In line with a continued commitment to team diversity, 23% of new colleagues joining at the junior level were female.

Career progression remained a key priority for Clearwater, with 20% of the team being promoted during the year, including five promotions to Partner; Joe Dyke and Wesley Fell-Smith in the UK team, Julien Choppin and Jonathan Bursztyn in the French team and Jesper Agerholm in the Danish team.

Development programmes were converted to the virtual classroom to enable a continued focus on talent development. Given the challenges the pandemic presented, special emphasis was given to supporting the Clearwater team through wellbeing programmes.



“Clearwater International remained committed to employee development and attracting talent throughout an unprecedented period ensuring learning hours, feedback levels and career progression remained at pre-covid levels. We switched all talent attraction and onboarding activity to online which presented its challenges, but I am delighted with how new team members have fitted into the Clearwater culture.”

Liz Knight, Head of Talent



Response to COVID-19

Since the first reports of COVID-19, Clearwater's priority has been the health and wellbeing of our employees and their families. Our response team put in place working practices to ensure the safety of both our employees and clients, coordinated across our 18 International offices.

Clearwater International has always upheld an agile working policy across all geographies which enabled our teams to work remotely without impacting our high-level security standards. This allowed us to act quickly across the globe to limit the impact on our clients and team.

Despite the impact of COVID-19 on activity and operations, our teams have shown incredible dedication and commitment to the business and clients in light of unparalleled challenges.

"I have been delighted by the speed the team have adjusted to the new ways of working under these guidelines."

Michael Reeves, CEO

About Clearwater International

Clearwater International has a proven track record of excellent client outcomes. With 18 international offices and more than 250 employees, the business has completed over 1,900 transactions worth an aggregate value in excess of €96bn.

Our experienced Debt Advisory team ensures that clients looking to raise new debt capital or refinance existing facilities have access to the most sophisticated and specialised debt packages available internationally.

We have a rich and respected heritage in private equity, working with investors, entrepreneurs and management teams over many years. Our success comes down to our connections, knowledge, scale and global outlook.

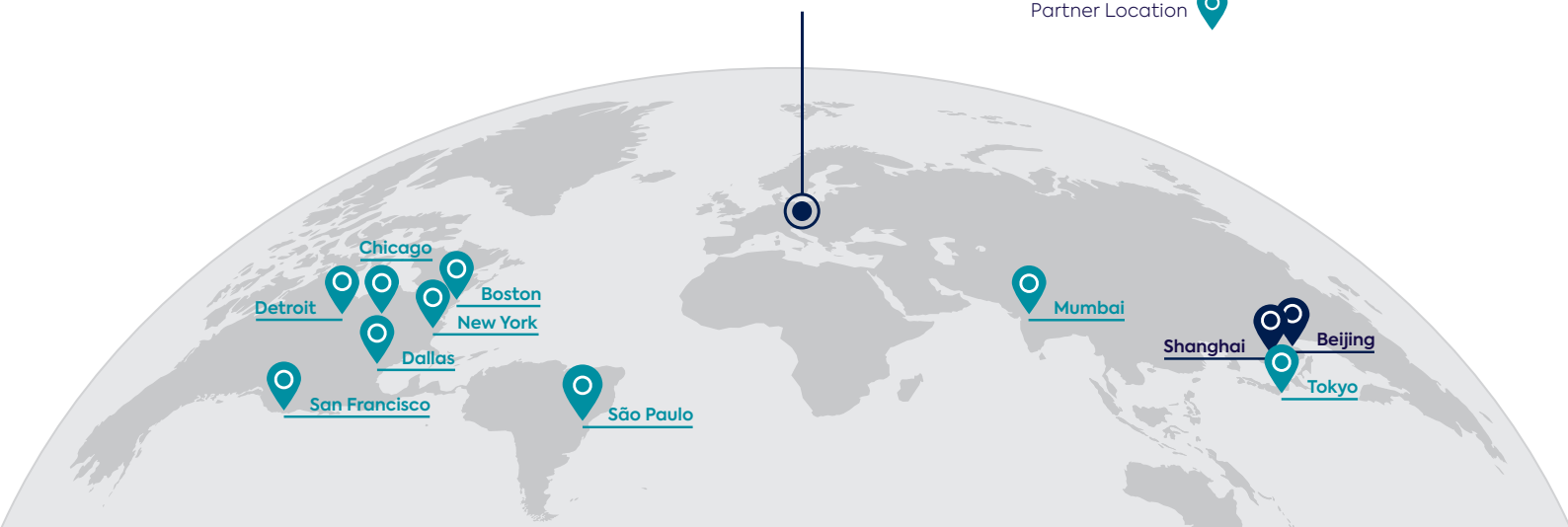
Our independence from any larger financial institution or consulting firm ensures that we can give truly objective advice, guiding clients through the challenges faced. All transactions are partner-led, offering high levels of personal service and knowledge. We take great pride in the fact that many of our clients return to us for advice on multiple occasions.



Europe

Clearwater International Location

Partner Location





Automotive



Business Services



*Industrials
& Chemicals*



Financial Services



Healthcare



Real Estate



Consumer



Energy & Utilities



Food & Beverage



TMT



“We take great pride in the fact that many of our clients return to us for advice on multiple occasions.”

Clearwater contacts





