

Buyouts

MID-MARKET INVESTMENT BANK OF THE YEAR Lincoln International LLC

While Others Shrunk, Lincoln International Grew

The three-year history of **Lincoln International** reads like a travel brochure for a trip around the world.

Formed in 2006 by the combination of two mid-market investment banks—U.S.-based Lincoln Partners and Germany-based Peters Associates—Lincoln International started off with offices in Chicago, Frankfurt, New York and Paris, then added a Los Angeles office in late 2006, opened a Vienna office in mid-2007 and established London, Madrid and Tokyo offices in 2008.

Two co-chairmen, **Jim Lawson**, formerly a managing director at Chicago-headquartered Lincoln Partners, and **Hans Peter Peters**, former managing director and chief executive of Frankfurt-based Peters Associates, lead the firm.

Lawson explained that when he founded Lincoln Partners in Chicago with four bankers in 1996 his primary goal was to provide outstanding service and outcomes to clients, thus earning repeat business. “At that time, we were too small to have dedicated industry teams,” he said.

His second goal was to establish a global firm. In 2004, Lawson traveled to Europe and met with people from mid-market investment banks in the United Kingdom and Germany. After nearly a year of looking, he determined that Peters Associates would be the best match. Before finalizing their union, the two investment banks decided to get to know each other better by teaming up on 15 deals, including **The Riverside Co.’s** sale of American Electronic Components to Siemens AG.

With the formation of Lincoln International in 2006, the goal was to expand into other parts of the world where the firm al-

ready had relationships, such as China, India, Italy, Spain and Japan. Lincoln International took a leap toward achieving that this year when it opened its offices in London, Madrid and Tokyo.

“We also have a strategic partner in China, where we have Lincoln personnel based in their Shanghai office, and a strategic partnership with a firm in India,” said Lawson. The thinking behind the expansion was that globalization is no longer only the province of the largest companies or the biggest deals, but that businesses in the middle market are competing and being marketed globally, and even mid-market buyout shops now have offices overseas. “This global footprint is important both for serving the client and in hiring talent,” said Lawson. “For example, if we didn’t have a London office and a very credible European presence, we could not have hired **Teresa Clegg**, our dedicated aerospace and defense banker in London.”

Another of the firm’s goals has been to become a market leader in select industries, defined as being one of the top three firms by volume of mid-market transactions. “Having targeted an industry, we strategically and tactically determine what resources are needed to become a market leader,” said Lawson. “We then add those resources we lack in-house, creating an industry group with a clear path to becoming a global leader.” Lincoln International’s areas of expertise include aerospace and defense; automotive and trucking; building and construction; business services; chemicals; consumer; electronics and solar energy; financial institutions; food and beverage; industrials; packaging; technol-

SNAPSHOT:

Firm: Lincoln International

Headquarters: Chicago, Ill.

Number of M&A and Advisory Transactions in 2008: 59

Disclosed Deal Value: \$4.7 billion (11 transactions)

Representative Deals: ICV Capital’s sale of Sterling Foods; Valeo’s sale of its truck engine cooling division

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AWARDS
2009

WHY THE FIRM WON

- Evolved from a firm of four investment bankers in Chicago in 1996 to 130 M&A professionals today.
- With the 2008 opening of offices in London, Madrid and Tokyo, the firm now has five offices in Europe, three in the United States and one in Asia.
- Predecessor firm began a concerted effort in 2003 to focus on private equity clients. In 2008, nearly half its M&A deals involved private equity firms.
- Expanded in 2008 by adding 17 investment bankers in the United States, 16 in Europe and four in Asia.
- In a male-dominated field, nearly one in four (23 percent) of its bankers are female.

ogy; and transportation and logistics.

In 2008 the firm strengthened its aerospace and defense practice. **Alyssa Morrisroe** joined the Los Angeles office as a vice president to spearhead M&A transactions and advise clients on strategic initiatives. Brigadier General **Bob Edmonds**, USAF retired, joined as an advisory director to strengthen the firm’s knowledge and presence in the industry via his background, contacts and experience. And Clegg joined the London office as a vice president specializing in aerospace and defense. The practice also has experts in France, Germany, Spain and Japan.

The firm is focusing on aerospace and defense for several reasons, explained **Eric Malchow**, managing director. “The A&D

market is forecast to continue to grow for many years and thus is attractive to both strategic and financial buyers. It's fragmented, with a lot of mid-market suppliers and will be consolidating for many years, resulting in many mid-market M&A assignments over time. And competitors are downsizing or have issues, particularly in Europe, providing an opportunity to hire excellent people and compete very effectively against the market leaders."

Despite the expansion activity, Lincoln International has never lost sight of its primary goal: closing deals. In April, the firm closed 11 in 15 days. In August and early September, the firm closed five in eight days. And on the last day of 2008, Lincoln

International closed three deals, bringing the total number of transactions for the year to the second highest in firm history.

One of the deals closed on the last day of 2008 was the sale of Sterling Foods, Ltd., a portfolio company of **ICV Capital Partners LLC**, to **TGF Management Corp.** and **Austin Ventures**. Lincoln International served as the exclusive financial advisor to Sterling Foods and ICV Capital. Terms of the transaction were not disclosed, but ICV Capital said it earned a 3x return on the \$15 million it initially invested, having tripled revenue from \$25 million to more than \$80 million during its ownership and doubled EBITDA. Sterling Foods supplies baked goods to the

food service and retail industries. Lincoln International managed the preparatory, marketing, due diligence and negotiation phases of the transaction.

In an example of its cross-border capabilities, in June Lincoln International advised Paris-based Valeo on the sale of its truck engine cooling division to a Swedish private equity firm. Terms of the transaction were not disclosed, but the enterprise value was reported to be about \$157.5 million. Lincoln International worked with Valeo's M&A team to manage the transaction process, targeting potential buyers around the world, producing marketing documents and coaching management on their presentations.—N.G.