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Switzerland: a largely underestimated private equity opportunity

Switzerland is a country, which has been always linked to neutrality, banking, Swiss Army knife, chocolate, cheese and watches, but it is also home to industrial and technological innovation and it ranked 1st in Europe in 2015 (http://www.wipo.int/export/sites/www/pressroom/en/documents/gii_2015_infographic1.pdf).

Since Switzerland has few natural resources on which the economy could rely, its citizens always needed to look over the horizon, find and create for themselves new opportunities, and entrepreneurial mind-set and tradition are firmly inbred in the mentality and supported by the political and social stability which are upheld by reliable and solid direct democratic system and flexible legal and regulatory system, which amongst others permits the creation of holding structures, recognizes foreign trusts etc.

In Switzerland, the executive and judicial systems and bodies are completely separated from each other and the Federal constitution warrants and safeguards private property rights. Hence the level of security for foreign investors is extremely high, and the risk of a confiscation is almost inexistent.

Switzerland possesses an excellent combination of pro-entrepreneur and pro-business environment: highly educated work force, relatively low corporate tax rates, no succession tax at Federal level, low social charges on employee gross salary, modern infrastructure, including 2 major international airports (Zurich and Geneva) In addition to that, Switzerland is home to 2 educational and research institutions, ETHZ and EPFL, which rank 9th and 14th in the world, respectively (<http://www.topuniversities.com/university-rankings/world-university-rankings/2015#sorting=rank+region=140+country=+faculty=+stars=false+search=>).

It has also numerous innovation parks and business incubator facilities, like EPFL Innovation Park (<http://epfl-innovationpark.ch>) or Switzerland Innovation Park Zurich (<http://www.switzerland-innovation.com/offer/zurich>).

The strong and independent Swiss National Bank guarantees the financial stability and the national currency, the Swiss Franc (CHF), has also appreciated significantly over the long term over 2 other major currencies, the Euro and the US Dollar and also over many others.

A selection of highly profitable privately owned companies and very attractive investment opportunities:

1. Asking Price for 100% of the shares: around CHF 80 mln – ENGINEERING

Swiss company active in design and installation of industrial systems and production line – automotive, food etc

Currently operating with positive cash-flow and net profit mainly on the Swiss and European markets.

Turnover of about CHF 60 mln which could rise strongly if investments are made to develop more internationally the company (e.g. Asia, Russia, etc.)

Because of lack of internal successors, possibility to finance 50% of the acquisition (CHF 40 mln) of this growing and solid profit-generating company with bank instruments, and CHF 40 mln in cash.

2. Asking Price for 100% of the shares: around CHF 20 mln - FOOD

A Swiss beverage production facility and brand with a turnover of ca. CHF 13 mln and operating profit of CHF 3 mln!

With additional investments (building, machinery) possibility to double the production and sales within the Swiss market alone in a 5-7 years time frame.

An acquirer bringing to the table knowledge of consumer products and markets and manufacturing know-how investing further in marketing and sales could transform the company into a promising “niche product” producer with wider international worldwide distribution with the “Swiss made” label.

3. Asking Price for 1/6 of the shares: around CHF 2 mln - MEDTECH - VC investment!

Medtech company (EPFL startup) producing implantable microdevices for ophthalmology which proved to be very efficient and exceed the results obtained with competitive products. The company has already passed the first human trials satisfactorily.

No sales for the moment, as the clinical tests need to be further expanded Europe-wide. In order to accomplish this, the company is looking for 2 mln to conduct clinical trials in 9 EU centers, at CHF 10 mln pre-money valuation, or CHF 2 mln for 1/6th of the company. Closing expected by September 30, 2016.

4. Asking Price for 100% of the shares: around CHF 27 mln – SWISS CHAIN OF SPECIALIZED MEDICAL CENTERS

Specialized medical service group operating a network of centers in Switzerland with a turnover of about CHF 15 mln with sound profitability and good cash flows. Owners are planning to retire after a transition phase and the hiring of new CEO should not pose a problem. Possibility to accelerate revenue growth with the opening of new centers and the acquisition of competitors in a market which is starting to consolidate. In case of interest, investors may also acquire the real estate of one of the centers located in an urban part of Switzerland (for an additional CHF 8 mln. with corresponding rental revenues).

5. Asking Price for 100% of the shares: around CHF 17 mln – SWISS CHAIN OF SPECIALIZED SPORTING GOODS STORES

Leading specialized sporting goods chain operating a network of stores in Switzerland and an internet sales platform. Turnover of about CHF 30 mln with sound profitability and good cash flows. Owners are planning to retire after a transition phase. Possibility to accelerate growth with the acquisition of competitors in a market which is ready for consolidation.

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