

InterChina: The Leading Strategy and M&A Advisory Firm in China's Machinery and Industrial Sector

Prepared by: InterChina

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InterChina



英特华



Strategy | M&A Advisory

www.InterChinaConsulting.com

InterChina

Leading Strategy and M&A advisory firm in China



Our Value

- China specialist.
- Strategy and M&A advisory.
- Focused on 5 sectors.
- 20 years of experience.

Our People

- Located in Beijing and Shanghai.
- Multicultural partnership.
- 60 professionals.
- Chinese, senior, industrial background.



Our Clients

- Medium-sized to Fortune 1000.
- 500 strategy projects.
- 165 transactions (USD 6 bn).
- 2/3 of projects are returning clients.

Our Reach: IMAF

- Leading global mid-market M&A organization.
- 40 offices, 31 countries, 500 professionals.
- Over 200 transactions p.a.
- Exclusive China partner since 2006.



Why Clients Choose InterChina

Our first client is still our client



Focused on 5 Sectors

Experience, insight and networks in China's major growth sectors

	<h2>Consumer & Retail</h2> <ul style="list-style-type: none"> • FMCG, F&B • Consumer Durables • Retail, Food Service 	
	<h2>Healthcare</h2> <ul style="list-style-type: none"> • Pharmaceuticals • Medical devices • Healthcare services 	
	<h2>Industrial</h2> <ul style="list-style-type: none"> • Automotive • Machinery • Equipment 	
	<h2>Chemicals/Materials</h2> <ul style="list-style-type: none"> • Chemicals • Energy & Cleantech • Infrastructure 	
	<h2>Business services</h2> <ul style="list-style-type: none"> • Professional services • Multi-sector solutions • Outsourcing services 	

InterChina has realized **nearly 200 projects** with machinery and industrial equipment clients in China

Machine types InterChina has been advising on:	Machine tools						Production Machinery				Other Machinery		
	Milling	Machining Center	Turning Lathes	Grinding	EDM	Presses, Forming Bending	Constr. equ.	Mining equ.	Textile Equ.	Mass- prod. Equ.	Paper, Pka, print eq.	Testing Equ.	Others*
													
Origin of clients													
Germany		<ul style="list-style-type: none"> • Nearly 200 projects realized: In the last 10 years, InterChina has executed 190 projects – and counting - with machinery clients. • Working with leaders: InterChina has been working with global market leaders, whether cross-application or in niche segments, for improving their position in China. • Understanding our clients: We are close to our clients' origins and cultures, with our offices in China and Europe, and our consultants speaking Mandarin, English, Spanish, French, and German. 											
Switzerland													
Italy													
Spain													
USA													
China													

* Others include components and services, such as Turrets, Engines, Pumps, Machinery leasing and financing, Mold & Die, Elevators and escalators, Propulsion systems, Waste treatment, Renewable energy machines.

Profiles of key members of InterChina's Machinery Sector Group

Jan Borgonjon

Belgium
President
Beijing



- China resident for 30 years, co-founder of CEIBS (China's leading MBA school), and InterChina.
- Managed >100 projects, especially in machinery and components.
- Top level negotiation and lobbying, incl. establishment of the Sino-Spanish Machine Tool Training Center in Tianjin.

Long Nanyao

Chinese
Founding Partner
Beijing



- Engaged in more than 30 machinery-related consulting projects since 1994 for InterChina
- Project experience involving various metal cutting and metal forming machine tools, construction machinery and components, etc.

Franc Kaiser

Swiss
Director
Shanghai



- 10 years of China work experience.
- Manager of multiple machinery-related projects.
- Advised European machinery companies on China entry and expansion strategies, incl. DMG, Client, Koerber-Schleifring,, Client.

Kim Woodard

US
Principal
Beijing



- 30 years of consulting and executive experience in China, including senior positions w. John Deere, and AMP Inc
- Founded A.T. Kearney in China.
- Experience and expertise in industrial equipment sector, ranging from energy over construction to production machinery.

Robert Zhang

Chinese
Manager
Beijing



- Ph.D Industry Automation; MBA Vlerick Leuven Gent
- Former senior channel manager with Siemens Industry Sales, China
- Project manager with Sinotrust China
- Expert in sales & distribution strategy, as well as in sales of industry automation in China.

Barry Chen

Chinese
Director
Shanghai



- Over 15 year's corporate development, consulting, corporate finance, and strategic planning experience, with significant M&A assignments in the Asia Pacific region, formerly with the M&A Group of UPS.
- Diversified industry experience in logistics, consumer products, manufacturing and machinery.

Raymond Su

Chinese
Sr. Manager
Shanghai



- Over 8 years in Assurance and Corporate Finance.
- Intensive and diversified industry experience in various sectors, such as machinery, automobile, and food & beverage,
- In-depth expertise in Due Diligence, Acquisition Financing, M&A, Financial Restructuring, and Financial Modeling.

Chen Zhaolin

Chinese
Principal
Beijing



- Fmr. Deputy Director with the Department of Science and Technology with the Chinese Ministry of Machinery Building.
- Director of Exe. Management and Gov't Liaison with Bosch (China).
- Advisor on outbound investment projects (Chinese machinery players acquiring overseas companies).

Tom Han

Chinese
Principal
Shanghai



- Financial Controller for many foreign invested companies in China, including Siemens -Nixdorf, Nabisco Food, and AES Generating.
- Solid management background, >20 years of experience in financial, accounting and strategy development.
- Experience in machinery and machine tool related transactions.

James Tang

Chinese
Consultant
Shanghai



- Formerly with Frost & Sullivan, China.
- Specialist in Industry Consulting, has provided service to Top500 in industry analysis and value chain analysis.
- Sectors of expertise: Industry automation, electronics, machinery, semi-conductors, motion control systems, and machine tools (lathes, milling systems).

Typical issues our clients (machinery producers) have in China

“We have been in Chinese market for years, but our market share hasn’t increased in the last 3 years – How can we **expand our overall market share** in China?”

A US mining machinery company

“We have a strong offering in the high-end market. But are too over-engineered to **address the middle segment** to achieve the sufficient volumes to justify local production.

A mass-production equip. company

“ We are uncertain about our way to market. Our agent in China is no help for our strategic decision making, but we have to find the **right distribution model for China.**”

A turning machine tool builder

“We are doing well in China, but we need our sales in China to be a top market within our global market portfolio. How can we **double our China sales** within 3 years?”

A European machine tool company

“ We have a diversified product portfolio covering different applications. We want to **listen to the voice of Chinese customers in downstream industries** to offer the right level of service”.

A milling machine tool company

“We plan to bring more models to be produced at our China plant. We need to **listen to the Chinese customers** to be able to **design the right machine** for Chinese mass market.”

A grinding machine tool builder

“Our sales from China are worse than expected – we need to address our problems in China and **define the action plan to secure more orders for our China plant**”.

A forming machine tool builder

“ We are considering to **localize another machinery line** in our China factory, but are not sure what the **sales potential** could be, and whether we should rather think about **acquiring a local competitor**”

A machinery testing system builder

“Our sales in China have dropped a lot. We need to **solve the problem with our Chinese JV partner** and **define an action plan to boost our sales in China**”.

An EU machine tool builder

Our **services** address these challenges so that our clients stay ahead of the curve

Our Offering	Rationale and benefit	Typical projects
Growth Strategy	The Chinese market is growing fast, but great companies grow faster than that and outperform their direct competitors. We help our clients to find the right way forward to make China a top market, with focused and cost-effective actions to reach the maximum possible.	<ul style="list-style-type: none"> • "How to double sales in China" • "Growth perspectives next 5 years" • "Turnaround of low sales in China" • "New distribution strategy for China"
Multi-Industry Downstream Analysis	Many machines have multiple applications and are sold to various industries. This means chances across different sectors, but also requires focus on the most important ones. We understand most of the customer industries and point our clients into the right direction.	<ul style="list-style-type: none"> • "Analysis of 5 customer industries" • "Find and diversify into new applications / customers industries" • "Focus on fastest-growing sectors"
M&A and 2nd Brand Strategy	The emerging mid-market poses new opportunities for int'l players, but also new challenges. We have been working with several clients on defining the right strategy forward, including the facilitation of acquisitions of local players to enable a second brand strategy.	<ul style="list-style-type: none"> • "Buy mandate for local competitor" • "Accessing the mid-market in China" • "Acquisition of local player" • "Due diligence on target XXXXX"
Partner Search To Increase Global Competitiveness	The global markets require machinery players to be ahead of the curve in cost control, and Chinese companies can offer savings when producing components or the entire machines. We help clients to find the right partners and advise them on the right cooperation schemes.	<ul style="list-style-type: none"> • "Strategic partner search" • "Analysis of local company XXXXX" • "Negotiation support for OEM agreement" • "Sale of business unit to Chinese co."

Our **services** address these challenges so that our clients stay ahead of the curve

Our Offering	Rationale and benefit	Typical projects
Localization and Adaptation	Assembly or production in China is a logical step for many companies once the Chinese market is a top priority. We help clients to define locally-made machines and to adapt them to customer requirements in price, technological features, functions, and service packages.	<ul style="list-style-type: none">• "Customer requirement survey"• "Defining the techn. features and price for locally made machine ABC"• "Feasibility study for local plant"
Reorganization of China Operations	Many China (sales) operations of int'l companies suffer from under-investment and differences between the local team and HQ / overseas factories. We help to find the optimum structure for faster growth, and assist in the change of processes and teams.	<ul style="list-style-type: none">• "Restructuring of sales team"• "Streamlining sales process for China"• "Build up of stronger agent network"
Anticipation and Forecast	A fast changing business and policy environment promises that things won't be the same in 5 or 10 years from now. Companies need to consider impacts of local purchasing behavior and various levels of protectionism, and how those will impact on their business in China.	<ul style="list-style-type: none">• "Forecast on protectionistic trends"• "Cost anticipation study 2015"• "Managing future risks in China"

Growth Strategy: With our advise, our clients boosted their China sales manifold and outperform their direct competitors

3 example Clients	Client's sales before engaging InterChina	The Client's problem	InterChina's solutions and recommendations	China sales after engaging InterChina
<ul style="list-style-type: none"> Machine tool maker EU company Milling, grinding, turning machines Assembly in China Imports from EU Diversified markets 	<p>(EUR m, 2008)</p> <p>Global China</p>	<ul style="list-style-type: none"> In need of strategic growth opportunities along various sectors, including existing and 'new' sectors. Unclear prioritization of machine portfolio. 	<ul style="list-style-type: none"> Identification of markets and applications currently neglected by Client (growth opportunities). SWOT of Client against Chinese market and direct competitors, finding levers for growth. Prioritization of markets and machine types. 	<p>(EUR m, China)</p> <p>2008 2010</p>
<ul style="list-style-type: none"> Machine tool maker EU company Forming, presses Newly built factory in China Mainly selling to automotive market 	<p>(EUR m, 2008)</p> <p>Global China</p>	<ul style="list-style-type: none"> Sales way below factory capacity. Most production for exports, but failed to break-through in the Chinese market. 	<ul style="list-style-type: none"> Identification of quick-wins via customer prioritization and focus of sales efforts. Key account management system, stronger sales team. Improved service offer. Marketing actions. 	<p>(EUR m, China)</p> <p>2008 2010</p>
<ul style="list-style-type: none"> Machine tool maker EU company Milling machines Production JV in China Diversified markets 	<p>(EUR m, 2008)</p> <p>Global China</p>	<ul style="list-style-type: none"> High costs of sales (agent commission). Differences with local JV partner. Sales of local production JV remain below expectations. 	<ul style="list-style-type: none"> Introd. of a "China Man". Strengthen sales team. Better after-sales services. Changes on locally assembled machine technology. Constructive settling of differences with local partner. 	<p>(EUR m, China)</p> <p>2008 2010</p>

Customer Analysis: We understand our clients' downstream industry applications and customer dynamics in China

Machine types InterChina has been advising on:	Machine tools						Production Machinery				Others		
	Milling	Machining Center	Turning / Lathes	Grinding	EDM	Presses, Forming, Bending	Constr. machines, equipment	Mining machinery	Textile machinery	Mass-production machines	Paper, packaging, print eq.	Testing / measuring machinery	Components and services
Customer industries / applications we have been analyzing:													
Aeronautics	✓	✓	✓		✓							✓	✓
Railway			✓	✓		✓							✓
Automotive		✓	✓	✓		✓							
Mold & Die	✓	✓		✓	✓	✓							
Energy (incl. wind mill)	✓	✓			✓	✓							✓
Construction & Mining	✓		✓	✓		✓							✓
Machine tool, machine OEM	✓	✓	✓	✓		✓							✓
Shipping	✓			✓									
Agriculture													✓
F&B, FMCG									✓	✓	✓		
Home appliances, electronics		✓			✓	✓					✓		

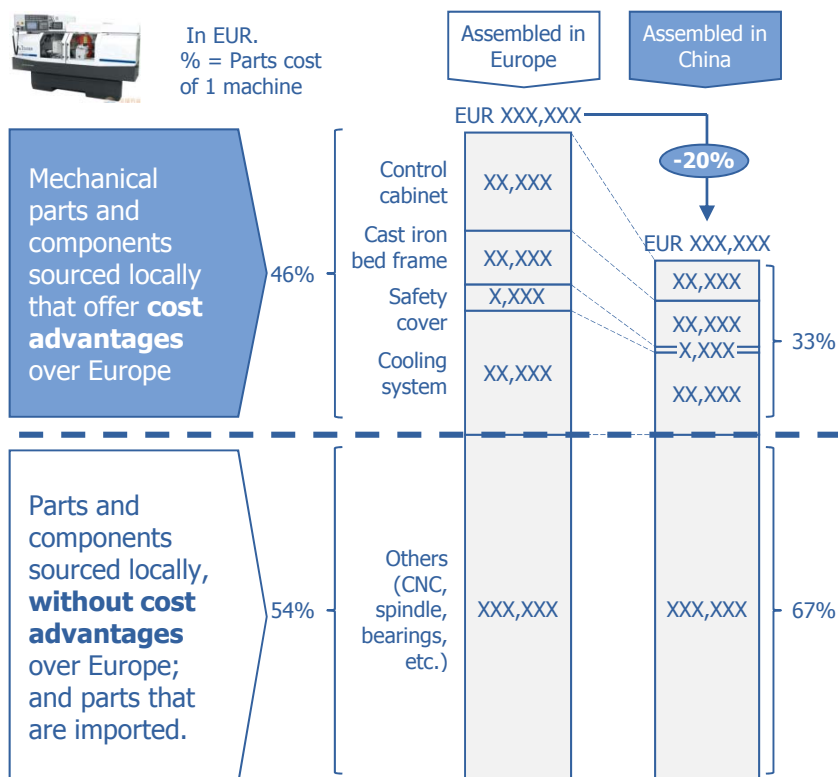
- **Listen to customer needs:** We understand the machines' applications and customer industries in China. Our work often focuses on customer dynamics, purchasing decision making, and opportunities arising for our Clients.
- **Practical and reliable:** We conduct over thousand personal interviews p.a. with market players, resulting in reliable market information for clients who face a difficult opaque market environment.
- **Industry portfolio approach:** As many machines are sold to various different industries, each segment offers different characteristics, which need to be integrated into the machine makers' decision making.
- **Learning cross-link:** We can draw from our experience and contacts with customers from previous engagements with clients in customer industries.

Assembly operation localization in China: For many foreign machinery players a rocky path to only little cost savings

Foreign machinery companies struggle to significantly reduce costs with their China assembly operations. Main reason: Only non-critical components can be sourced locally.

Together with savings on import duties, foreign machinery makers assemble 20 – 30% cheaper, but it takes them long time to break-even, due to lack of volumes, and high initial set up costs.

Component Cost Breakdown, Universal CNC Grinder



Company	Price Δ to imports	Start of local production	Year of reaching B/E	Unit output in China, 2012
ABC	-XX%	2003	20XX	X,XXX
DFG	-XX%	2005	20XX	XXX
XYZ	-XX%	2008	20XX	XXX

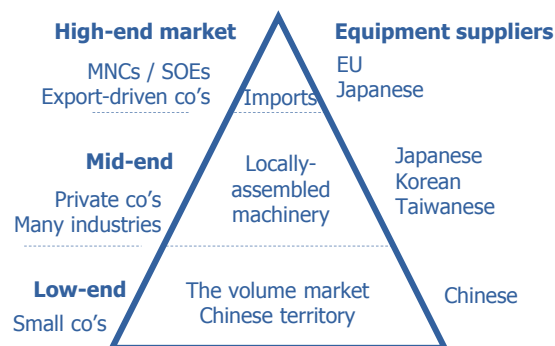
Challenges of balancing cost control with quality control

Finding the right and experience mechanics	Sufficient training, retaining talent	Soaring salary cost and expectations	Expat-heavy operations during the ramp up (and also later)
Deviations from standard processes, leaving room for error	Sufficient support from HQ (financial, product managers, QA, etc).	Increasing local content sourced from Chinese suppliers	Educating and managing local suppliers, high volatility in delivered quality

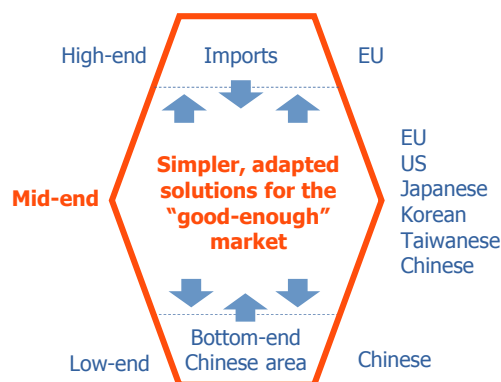
Second-Brand Strategy and M&A: We design the right strategies to break into mid-quality segments and implement M&A deals

The problem...

The Chinese market changes its shape from the classical pyramid ...

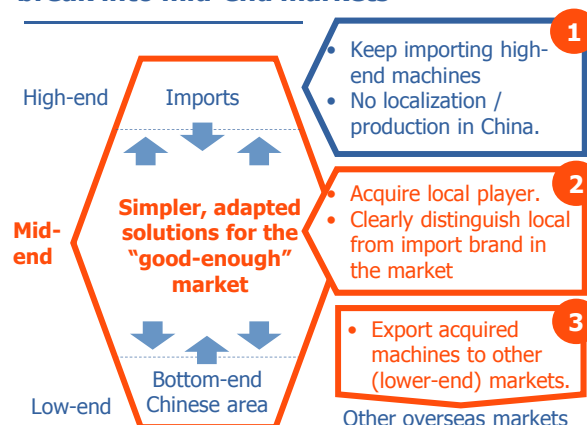


... to a mid-end dominant structure



The Strategy...

Acquiring a local brand / player to break into mid-end markets



The Acquisition...

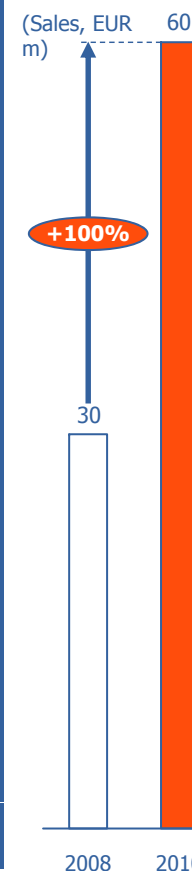
Identification and selection of acquisition targets

	Strategic fit	Cultural fit	Price expectation
Target 1	●	●	Too high
Target 2	●	●	Within range
Target 3	●	●	Low

- Due diligence
- Valuation
- Negotiations
- Deal structuring and closure

... and the Result

Example of packaging machinery client acquiring mid-market player



- Successful acquisition of local player.
- Immediate break into mid-quality market segment in China.
- Overall, doubled market share in China.
- Effective protection in international markets against Chinese threat.
- Exports of locally produced machines to other markets with similar quality requirements.
- Creating synergies where sensible: Sharing technologies and after-sales service network in China.
- Clear positioning towards different customers.

Service Strategy: By identifying the segments with service needs, we design a optimized portfolio and investment model

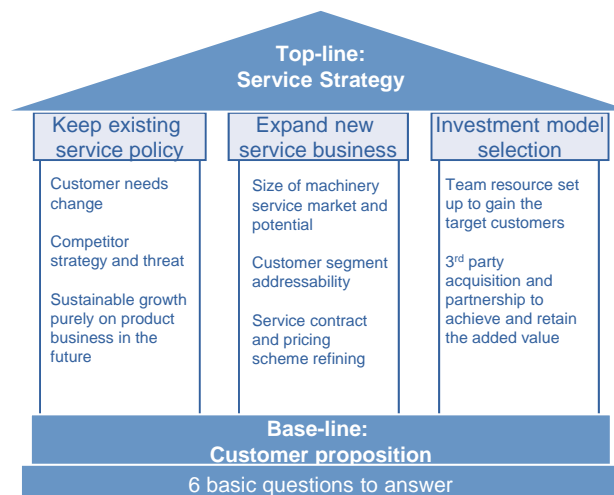
Challenges of downstream customers and machinery makers

- To **downstream customers**:
 - How to enhance the **productivity** and **efficiency** in our operation?
 - How to reduce and save the **TCO**(total cost of ownership) in the **life-cycle**?
 - How to improve our **ROI** and collect back the initial investment by **energy saving**?
- To **machinery makers**:
 - How to continuously increase the sales after gradually entering the **maturity stage** by **new growth point**?
 - How to grasp the customers with **payment willingness** and **increase the service price**?
 - How to drive a **profitable services** business?

Magic Cube: which **Service Portfolio** to select?



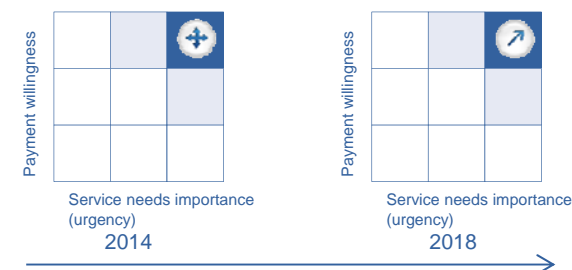
Options: Value-based service portfolio selection and implementation



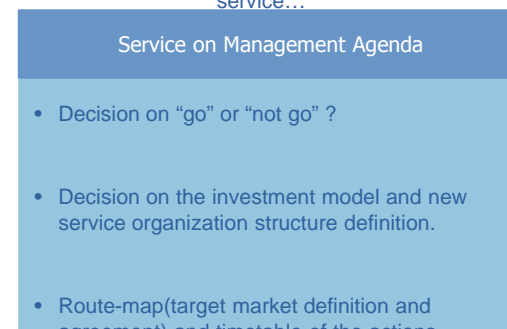
- Target:** Who will need service?
- Portfolio:** What kind of service the downstream customers want?
- Driver:** What is the main reasons they want service?
- Impact:** What effect they expect to improve or benefit from the service?
- Payment:** Will they pay for the service? If not, when they will pay? For what kind of service?
- Potential:** How much money the customer will invest on service in the next 3-5 years?

Outcome: additional growth potential and stronger market position

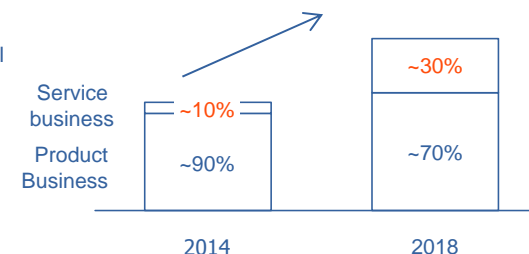
By clearly defining the entry point along the timeframe...



...and make the big decision on the future service...



...to gain growth potential of service in the future



Case study: Market entry strategy in non-destructive testing (NDT) solutions for China's aeronautics industry

Client:

- European engineering firm.
- Specialized in NDT equipment used to assess the structural integrity of aero components.
- Worldwide sales activities.

Objective:

- Understanding the current market (demand, competition, regulations, forecast).
- Identification of opportunities and design of entry strategy (investment structure, route-to-market and partners, localization of tactics, financial projections).

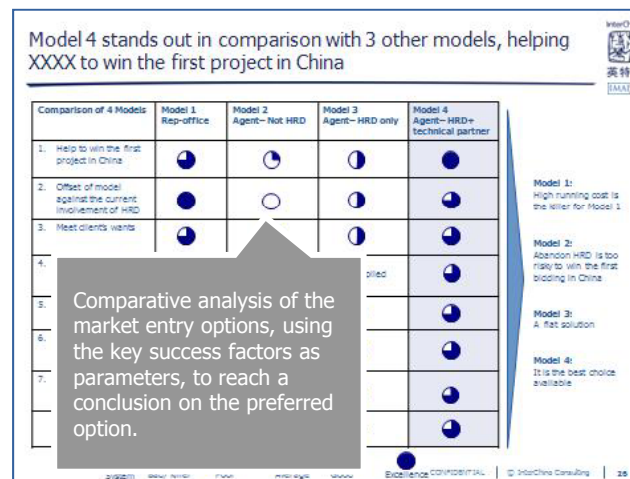
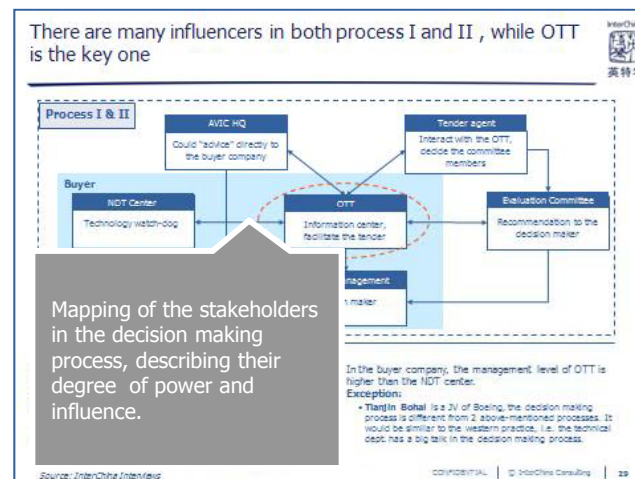
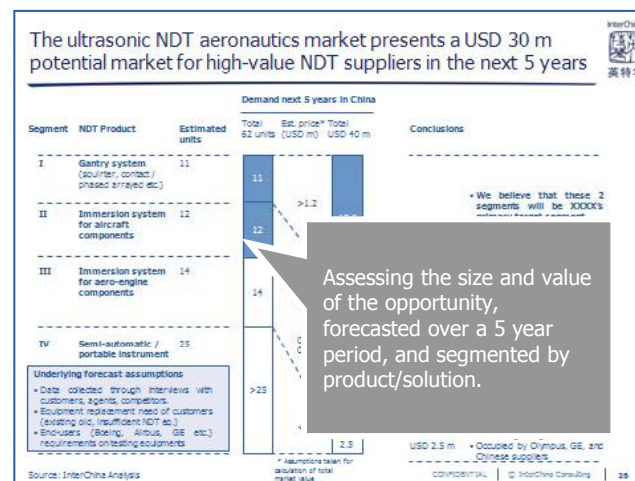
Method:

- Conducted 37 interviews with aircraft assemblers, component makers, competitors and experts.
- Used the key success factors to conduct comparative analysis of the various market entry options.

Solution by InterChina:

- Establishment of a light structure with two agents, one for sales and the other for service, with recommended partners for each.
- Identification of 9 potential projects as short-term sales opportunities.

How can the Client secure its first sale in a highly-regulated sector in China?



Case study: Multi-sector analysis for a machine tool builder to identify new applications and opportunities

Client:

- European machine tool firm (grinders, millers, and lathes).

Objective:

- The Client's China sales were growing fast, but were driven by a few customer sectors (aeronautics, and railway) only.
- The Client felt opportunities in other sectors were missed, and also the need to prepare for a negative purchasing cycle in his mainstay customer sectors.

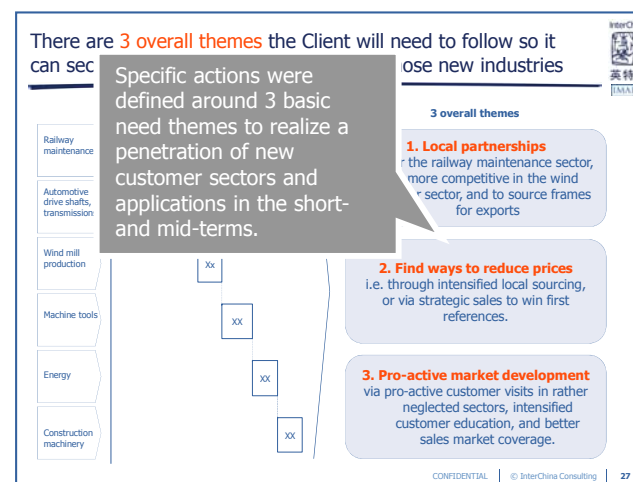
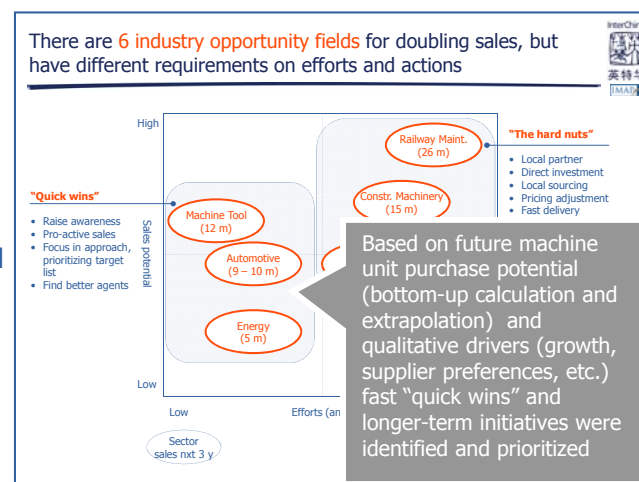
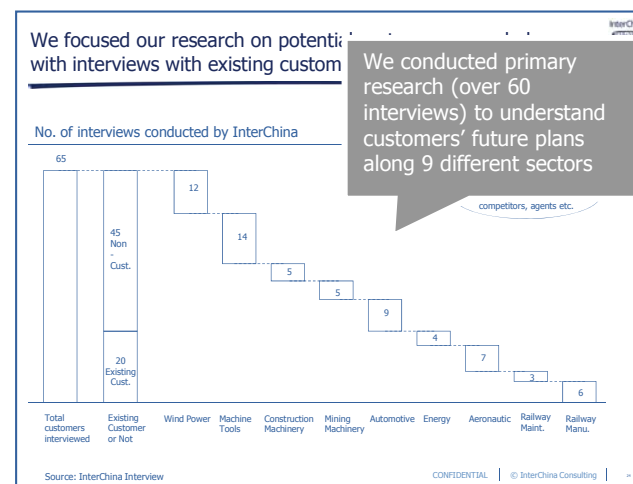
Method:

- Multi-sector customer analysis to find new growth opportunities, via qualitative customer interviews and competitor benchmarking.

Solution by InterChina:

- We identified 3 "quick win" customer sectors where our Client could realize significant sales with relative small efforts.
- Furthermore, we identified 3 "hard nuts", which were customer sectors that required significant investment. In one of those sectors, our Client finally closed a JV with a local customer.

Which customer sector prioritize (and how to access) to drive sales forward?



Case study: China commercial repositioning strategy for a niche application machinery maker

Client:

- European machine tool maker, selling to mold & die customers

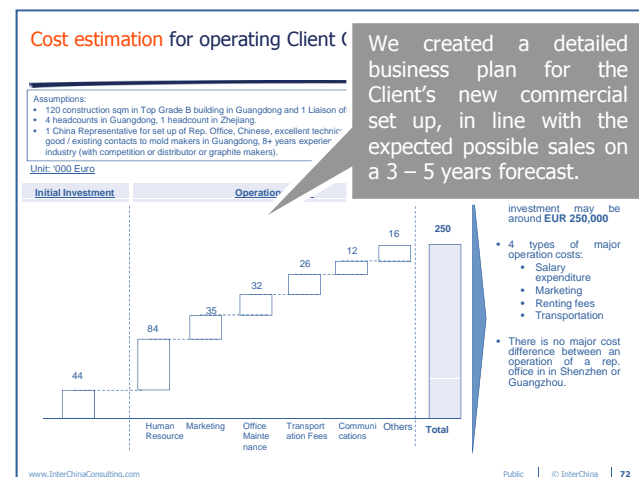
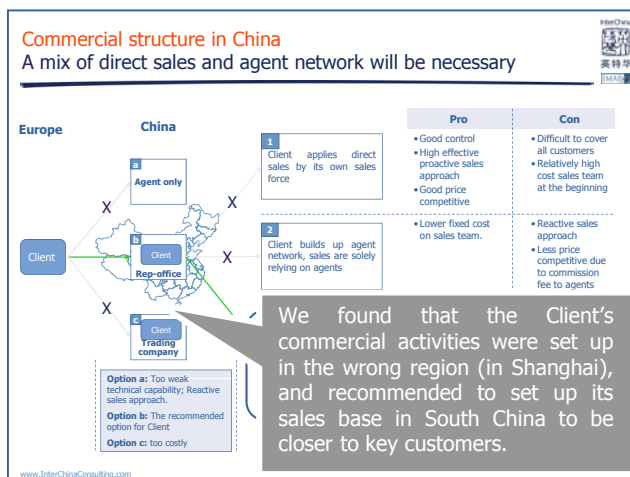
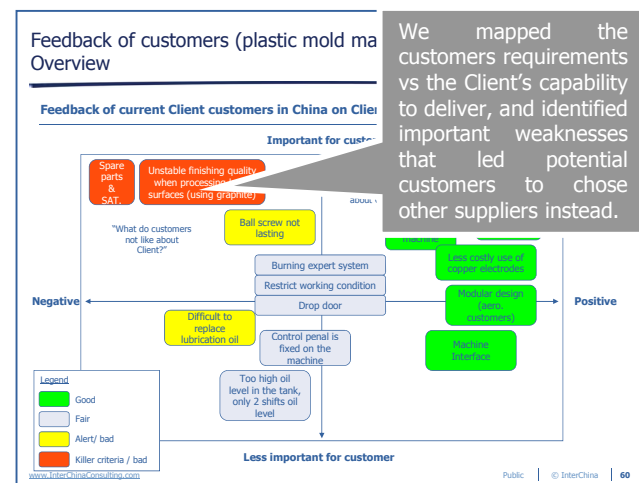
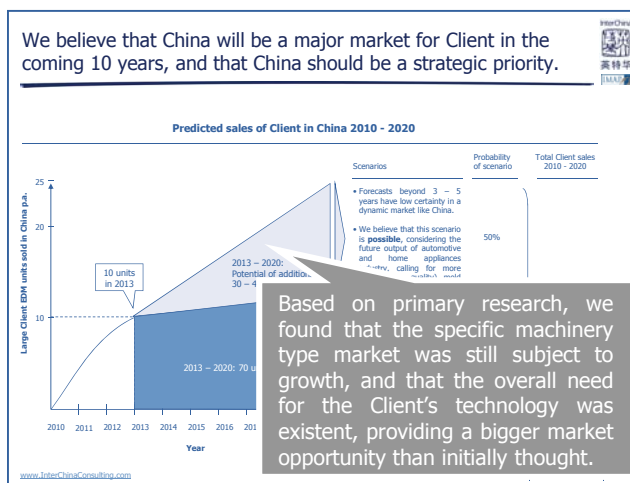
Problem:

- Despite an on-site sales team and agents in China, very limited sales.
- Key competitors increased sales manifold over the last 7 years, whereas the Client's sales remained flat in China.
- The Client wanted to understand whether he should continue to invest into China, and what the right strategy forward should be.

Method & Solution

- InterChina conducted a focused series of interviews with customers, agents, dealers, and competitors and mapped customer needs / demands in a qualitative, quantitative, as well as geographical way to understand future opportunities the possible attack points.
- Together with the Client's top management, we signed off on the action plan that help to secure a stable and growing revenue stream.

What went wrong in the last 7 years, and how to establish a base for growth?



Case study: Assessing customers' future positioning strategy and how this will impact on their equipment quality requirements

Client:

- European producer of machinery and equipment used by manufacturers of sanitary disposables (i.e. diapers).

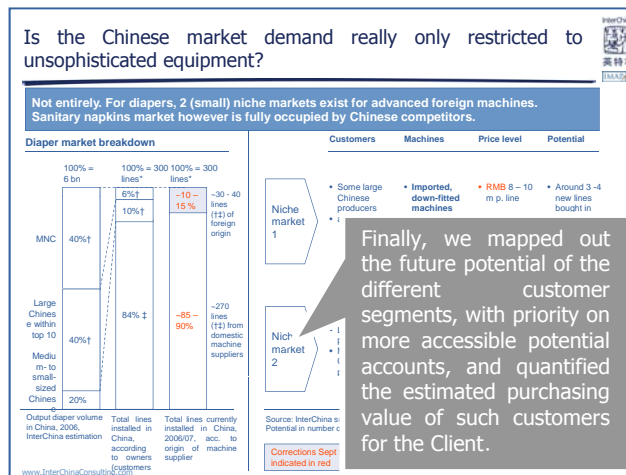
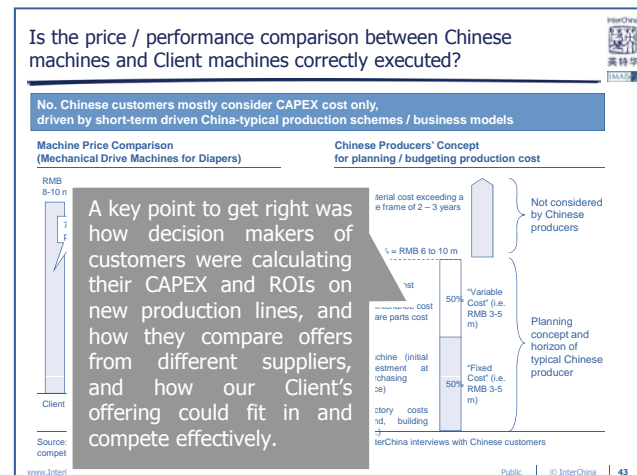
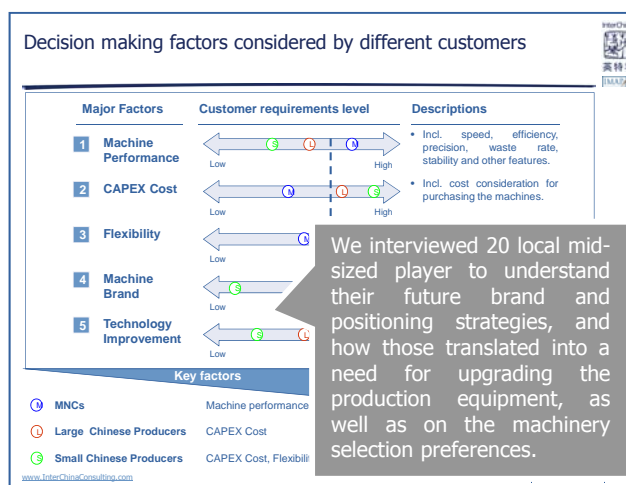
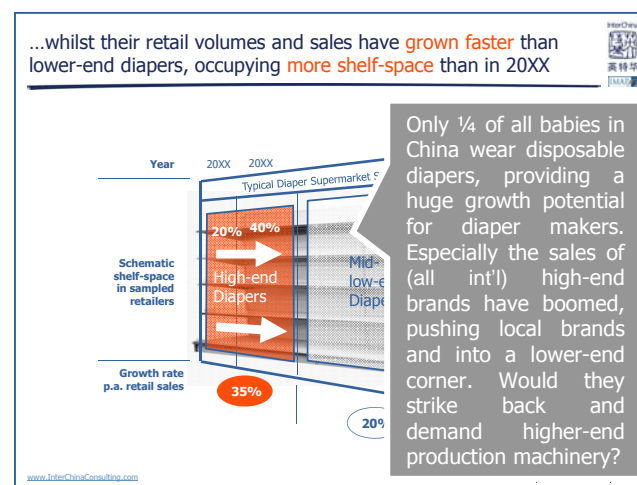
Problem:

- The Client needed to understand whether mid-sized or smaller regional brands would step up in their product quality requirements and enter a higher-end segment to compete with global brands such as P&G / Pampers.
- This was critical to map out the future equipment demand and the Client's strategy (set up local plant, partner up with a local partner, M&A, etc.).

Method & Solution

- InterChina categorized the market acc. to end product prices and clearly defined the technical features to segment the potential customer landscape, and conducted interviews with 20 decision makers of the targeted segment, rounded up with 7 local competitor interviews.
- We observed, discussed, and analyzed customer requirements and equ. way-of-use, and probed the possibility for customers to buy more premium equipment.

Will the local customer mid-segment upgrade their machinery requirements?



Case study: Redesigning a mid-market machine by stripping-down the function and price due to structured customer insights

Client:

- European machine tool maker, with assembly plant in China

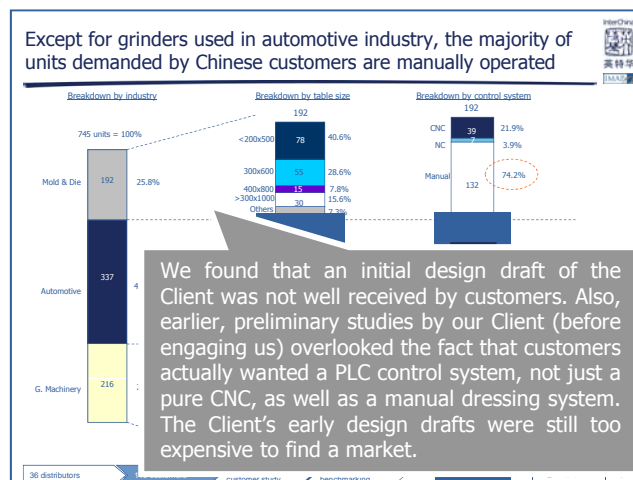
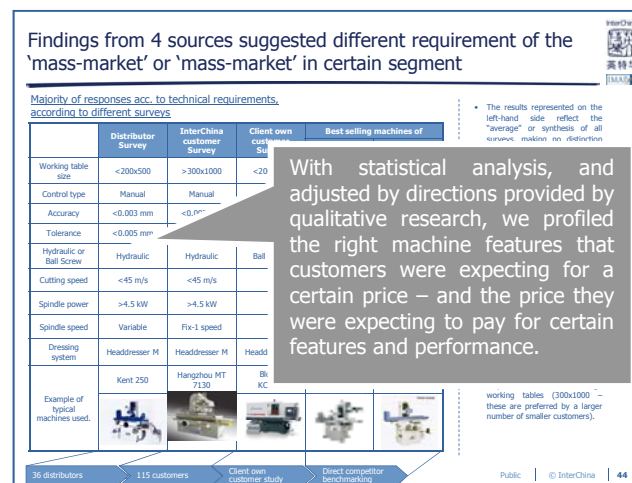
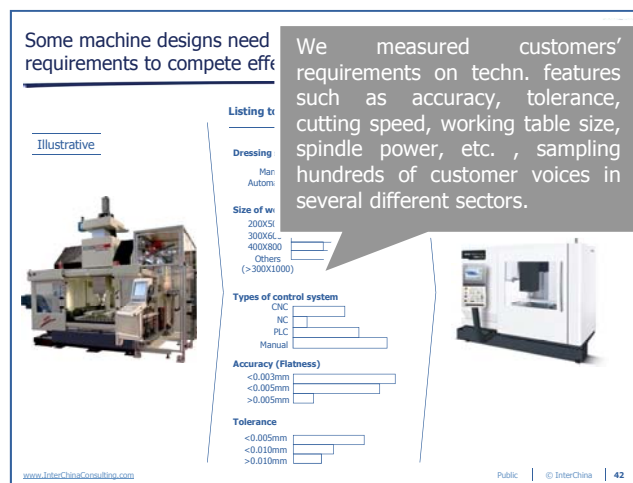
Problem:

- The Client needed to understand local customer requirements for reviving a machine type that was ailing in sales in China.
- The key idea was to strip-down the machines of excessive features and assemble the type with local components at cheaper costs.
- As such, the Client needed the technical specs and target price ranges to go back to the drawing board and to design the right machine for China.

Method & Solution

- InterChina ramped up a broad survey efforts, a combination of qualitative and quantitative research (also coordinating a call-center) to collect the technical specs and price points from customers along different sectors, plus focused interview rounds with dealers. This was rounded up with an extensive competitor benchmarking.

How simple and cheap does the 'China Machine' need to be?



Case study: Qualitative assessment of local customer needs, quantitative modeling to decide whether to produce in China

Client:

- European producer of packaging converting equ. (laminators, printers).

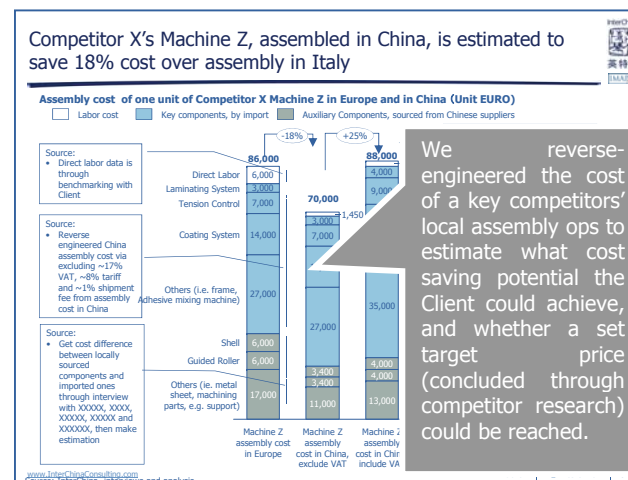
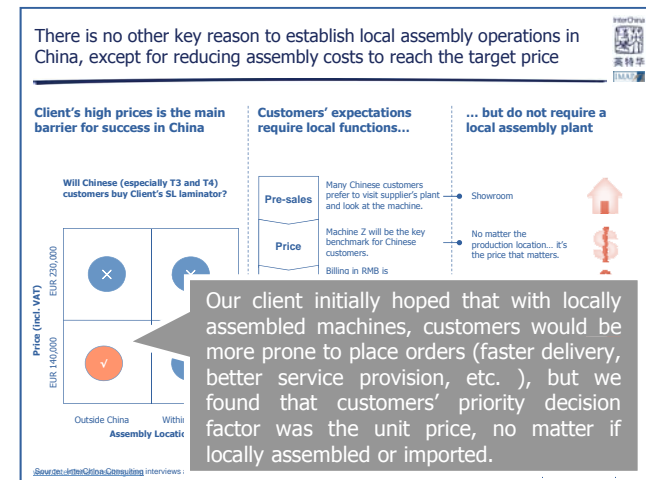
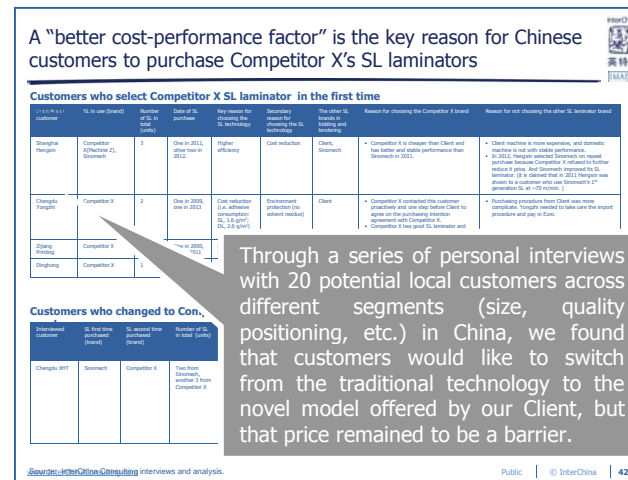
Problem:

- Very limited sales in China via own small team and dealer.
- Was about to introduce a global technological novelty, but was uncertain of the demand from Chinese customers.
- Key competitor just set up a plant in China, putting pressure on the Client's China presence.
- Needed to decide how to best serve the Chinese market – via imports, or via its own local assembly operations.

Method & Solution

- InterChina conducted focused primary research on potential customers, assessing their technology needs, competitor analysis, reverse engineering of key competitor's local plant, cost analysis of Client's hypothetical China plant, ROI of recommended strategies.
- Jointly with the Client's top management, the decisions and actions were signed off.

Should the Client set up a local plant to better serve the Chinese market?



Case study: Extensive customer understanding, testing possible offering ideas, and concluding on localization strategy

Client:

- Leading packaging converting equipment maker.

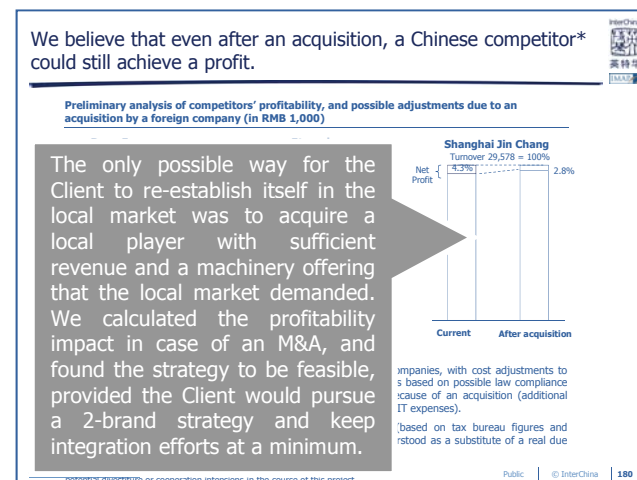
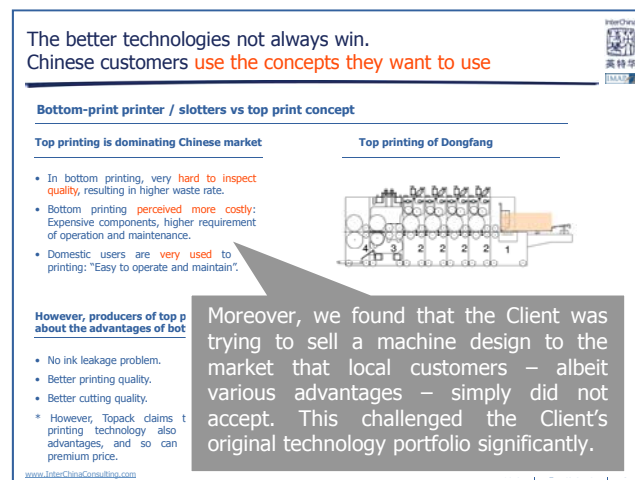
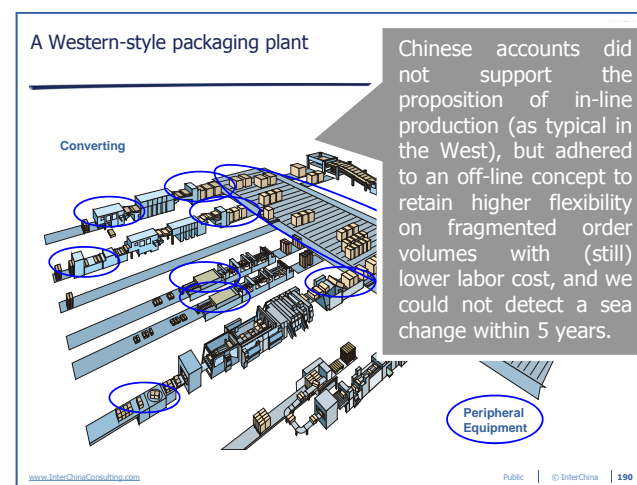
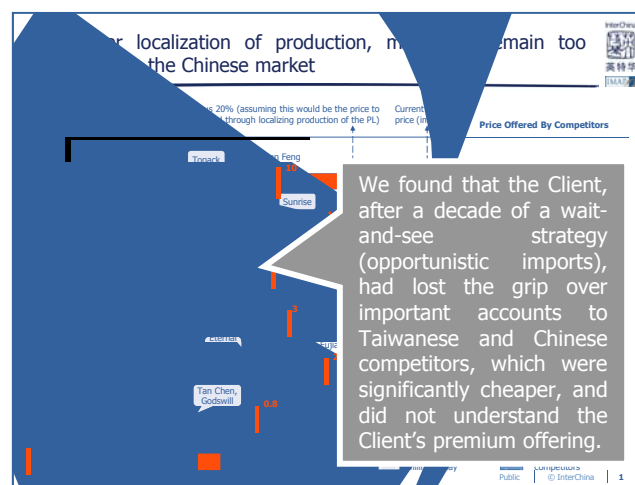
Problem:

- After a decade of importing to the Chinese market with moderate success, the Client was considering local production and needed to understand if the local market would support this.
- Furthermore, if local production... a green-field investment or a partnership or M&A?

Method & Solution

- InterChina conducted an extensive customer analysis, interviewing 62 packaging makers (customers across different segments), surveying 100 factories of large packaging groups, and 10 competitors.
- InterChina created several hypotheses and ideas for selling premium solutions to local customers that were tested in iterative rounds of research.
- We concluded the project by convincing the BoD that it was time to buy a local player.

How to sell a premium technology proposition to Chinese customers?



We are getting deals done: Selection of recent M&A deals in the machinery sector by InterChina Consulting


Mann+Hummel Group
Developer and manufacturer of automotive components
Ludwigsburg, Germany
ACQUIRED 100% OF THE BUSINESS OPERATIONS OF


Bungbu Haoye Filter
A leading filter supplier in China
Bungbu, China
Advised the buyer

InterChina 


DANOBATGROUP
Danobat Group
Leading Machine Tools Manufacturer,
Spain
ESTABLISHED A JOINT VENTURE WITH


Beijing February 7th Railway Transportation Equipment Co., Ltd.
Subsidiary of China North Railway (CNR) Corporation Limited.
Leading Railway Equipment Producer,
China

InterChina 


BOBST GROUP
Bobst Group
Leading packaging machinery company in Europe
SWITZERLAND
ACQUIRED A MAJORITY OF FOR A "ACQUIRED A MAJORITY"


Shanghai Eternal Machinery Co.Ltd
Flat bed diecutting & creasing machine manufacturer, CHINA
Advised the Buyer

InterChina 


JOYGLOBAL
Joy Global
Mining Equipment and Machinery
Milwaukee, UNITED STATES
ACQUIRED 100% OF SHARES AND CERTAIN ASSETS OF

Wuxi Shengda Machinery Co. Ltd.
Mining Equipment
Wuxi, CHINA
Advisor to the parties

InterChina 


BLM GROUP
BLM Group
Machine Tool
ITALY
ACQUIRED MAJORITY OF

Shanghai Sano Automatic Machine Co. Ltd.
CHINA
Advisor to the Buyer

InterChina 


LIUGONG
LiuGong Machinery Co. Ltd.
A leading construction equipment manufacturer, CHINA
ACQUIRED THE CONSTRUCTION MACHINERY BUSINESS OF


HSW
Huta Stalowa Wola
POLAND
IMAP Advised the Seller



Case I: Client acquires majority stake in Shanghai Eternal Machinery

■ BOBST

Client is the world's leading supplier of machinery and services to packaging manufacturers in the folding carton, corrugated board and flexible material industries.

Founded in 1890 by Joseph Client in Lausanne, Switzerland, Client has a presence in more than 50 countries, runs 11 production facilities in 8 countries and employs over 5,000 people around the world. The firm recorded a consolidated turnover of CHF 1.27 billion (approximately 1,06 billion EUR) for 2011.



Shanghai Eternal Machinery Co., Ltd. is a solely foreign-owned company which is specialized in manufacturing automatic/semi-automatic flat bed diecutting & creasing machine, foil stamping machine, folding & gluing machine, along with corrugated paper board peripheral equipment and stitching machine. Established in Shanghai in 1995, Shanghai Eternal Machinery Co., Ltd. is the pioneer in manufacturing large format automatic flat bed diecutting & creasing machine for corrugated industry in China.

Transaction

Transaction Structure: equity purchase
 Deal: Acquired 65% of Shanghai Eternal
 Date: October 7, 2010

The Client and Eterna/Brausse product ranges have a high degree of complementary, and the two companies will each continue to develop technologically advanced products and services that answer the business needs of their respective customers. The brand identities, management teams, sales and service organizations of both companies will remain separate, thus ensuring continuity in the relationships between customer, Client, Eterna and Brausse.

InterChina

InterChina served as Client's advisor and provided complete and comprehensive **transaction advice**, acting as a local investment bank

Advisory included **growth strategy, target search, deal structure, government relations, valuation, negotiation, and transaction closure.**

Case II: Joy Global acquired 100% of shares of Wuxi Shengda



Joy Global Inc. is a worldwide leader in high-productivity mining solutions. Through its market-leading Surface and Underground Business Units, Joy Global manufactures and markets original equipment and aftermarket parts and services for the mining industries. Joy Global's products and related services are used extensively for the mining of coal, copper, iron ore, oil sands, gold and other mineral resources.

Wuxi Shengda Machinery Co. Ltd.

Wuxi Shengda is a State-owned Enterprise (SOE) established in 1957 and privatized in 2000. It primarily serves the markets for provincial mining companies and employs approximately 450 at its facility in Wuxi, China. Shengda mainly produces medium duty shearers which are sold to medium to small scale coal mines.

Transaction

Transaction structure: equity purchase

Deal value: \$22 million

Date: August 2008

Joy Global acquired 100% of shares and certain assets of Wuxi Shengda.

Mike Sutherlin, president and chief executive officer of Joy Global Inc., said, "The acquisition of Wuxi Shengda provides us with a foothold in the China market for domestic equipment and will allow us to better serve that country's local and regional mining industry."

"We see opportunities to grow revenues and margins at Wuxi Shengda by enhancing its existing product offering through newer shearer technology, improving operational efficiencies and establishing our service/aftermarket capabilities," commented Ted Doheny, president of Joy Mining Machinery, Joy Global's underground mining business.

InterChina

InterChina served as Joy Global's advisor and provided complete and comprehensive **transaction advice**, acting as a local investment bank

Advisory included **deal structure, government relations, valuation, negotiation, and transaction closure**.

Case III: MANN+HUMMEL took over 100% of Bengbu Haoye Filter



MANN+HUMMEL has more than 50 locations worldwide, employing around 14,400 people and recording about 2.5 billion EUR sales in 2011. MANN+HUMMEL offered leading filtration technology to both automotive and industrial OE and aftermarket customers in China since 1996. In the independent aftermarket, the filtration specialist meets the customer's requirements through the premium MANN-FILTER brand products with clearly defined OE specification.



Bengbu Haoye Filter Company

For more than 16 years, Bengbu Haoye has specialized in supplying various types of filters primarily to the automotive aftermarket. In 2011 the company generated a turnover of around EUR 13m and employs more than 500 people.

Transaction

Transaction structure: 100% acquisition

Deal Value: undisclosed

Date: August 30, 2012

MANN+HUMMEL signed an agreement with Bengbu Haoye Filter Co., Ltd to take over 100% of the filter manufacturer based in the "China Filter City" – Bengbu, Anhui Province. The acquisition of Bengbu Haoye is a logical step in the MANN+HUMMEL expansion strategy in China. A local well-known brand with focus on domestic applications together with an extended product range and well developed distribution network offers a good strategic fit to the established MANN-FILTER footprint in China. In addition to the new aftermarket portfolio, MANN+HUMMEL aims to offer from its new production base in Bengbu competitive and market-specified solutions in particular to local OEM customers.

InterChina

InterChina provided complete and comprehensive **transaction advice**, acting as a local investment bank

Advisory included **initial target evaluation, deal structure, valuation, negotiation of non-binding terms and definitive agreements, and transaction process management.**

InterChina



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Strategy | M&A Advisory