

## Case Study: Elian



Date of initial investment:	Jun 2014
Date of realisation:	Sep 2016
Type of deal:	Buyout
Original cost:	£81 million
Proceeds:	£207 million
Multiple of cost:	2.6x
IRR:	54%
Location:	International
Website:	<a href="http://www.elian.com">www.elian.com</a>
Management:	Paul Willing, CEO; John Connolly, Chairman

# ELIAN

### The Deal

In June 2014 Electra made an £81 million equity investment in the £180 million management buyout of Elian, formerly Ogier Fiduciary Services, from international law firm Ogier LLP.

Epiris led this complex carve-out of a niche division alongside Elian's management team, who made a significant investment in the new business.

### The Business

Elian is a leading provider of offshore trust, fund and company administration services employing 600 people. It is headquartered in Jersey and has operations in Cayman, Luxembourg, Guernsey, BVI, Bahrain, Hong Kong, Dublin, New York, Tokyo and London. The company serves more than 3,000 corporate, private and investment fund clients worldwide.

### Investment Rationale and Strategy

Elian enjoys a high level of recurring revenue and strong cash generation. It has a blue-chip client base and strong relationships with its regulators. Its fragmented, global market benefits from high barriers to entry as well as a number of growth drivers: demand is driven not only by legislation and regulation, which favour larger players, but also by the increasing levels of international trade and investment, which require corporate or fund structures to be established and administered.

Elian's historical growth had been slow and its separation from its former parent created uncertainty as to not only the sources of future new business, but also its operational structure. As a result, Epiris was able to acquire the business at an attractive valuation.

The plan was to work closely with the management team to transition the business from being part of an international law firm to being a high-performance, independent business. Growth would be accelerated through a strategy of revenue diversification and operational improvement: developing new sales channels, broadening the scope of services offered to clients, developing Elian's international footprint, focusing on productivity and cost efficiency. M&A was a key component of the strategy, with the opportunity to make synergistic acquisitions in a consolidating market before exiting to a larger consolidator.

### Business Growth

Epiris worked closely with Elian's management to implement the growth strategy:

#### Revenue Diversification

It was clear that a more broadly-based business with less dependence on the former parent and on Jersey would be more valuable on exit. During the two years of Electra's ownership the business successfully introduced new products and established new sales channels. It grew its office network with a mixture of new office openings and M&A; by the time of exit in September 2016 the business had expanded its network to 16 countries, including the significant headcount growth in Luxembourg and Hong Kong, and the addition of offices in the Netherlands and Spain through Elian's M&A programme, plus developing a substantial presence in London.

### Operational Excellence

By bringing analytical insight to the table, Epiris was able to drive better measurement and analysis of key performance metrics, resulting in internal productivity, cost and process efficiencies. EBITDA margins improved by five percentage points as a result.

### Increased Commercial Focus

By strengthening the management team, aligning their interests with Electra's and creating a clear and focused strategy, Epiris supported an increased commercial focus across the business. New product development initiatives were prioritised and delivered and business was won through new sales channels. Organic growth significantly accelerated.

### Transformational M&A

Epiris worked with the management team to develop and evaluate a comprehensive pipeline of bolt-on acquisitions, considering over a dozen opportunities. Elian completed two such bolt-ons, of Allied Trust and of SFM Europe. Allied Trust was a synergistic bolt-on to Elian's private wealth division. The acquisition of SFM Europe was transformational for Elian, bringing a niche market-leader with more than €1 trillion of assets under administration into the group. Having identified both opportunities, Epiris led the execution of the acquisitions.

Both transactions were highly complementary to Elian's development, expanding the business' international reach and adding additional product expertise.

### Outcome

Over the two years of Electra's ownership, Elian was successfully repositioned as a high-performance, growth business. EBITDA increased by 60% over the same period. The strategic value that had been created led to numerous unsolicited approaches from trade buyers for the asset.

In September 2016 Electra sold its interest in Elian to Intertrust Group, a Dutch trust and corporate service provider, in a transaction with an enterprise value of £435 million, more than double the value at entry. Electra realised a return of 2.6x original cost, an IRR of 54%.

