

Rabobank advised on the public takeover of Ten Cate

How do we advise our clients on acquiring or selling companies? What exactly happens during the various stages of a live transaction? And what exactly will your role be? Read the below case study on the public takeover of Ten Cate by a consortium of investors led by private equity party Gilde to find out the answer.

Royal Ten Cate

The history of Royal Ten Cate dates back to textile trading by the Ten Cate family in the late 17th century. Throughout its rich history spanning 4 centuries, the company became publicly listed and evolved into a “material technology powerhouse”, combining textile capabilities with chemical process technology in order to produce composites, protective fabrics, armour, synthetic grass and geosynthetics.

Transaction background

On July 20, 2015 Gilde, Parcom and ABN Amro Participaties announced the intention to launch a public offer for all outstanding shares of Ten Cate at an offer price of EUR 24.60 per share. The company’s stock, a crown jewel of the Dutch-listed landscape, had faced several difficult years as a result of challenging market dynamics. The offer was fully supported by the company’s management, referring to Gilde’s offer as “positive news for all stakeholders involved” and highlighting that it provided security for the company to execute its buy-and-build strategy, meaning an expansion strategy (partly) based on acquisitions. Given its strong Dutch heritage, the acquisition garnered the interest of the financial media and the wider public, resulting in frequent front-page appearances in the press.

Over the course of the next months, a small group of shareholders publicly announced they believed the offer price undervalued Ten Cate. After intense negotiations, the consortium of investors increased its offer price to EUR 26.00, valuing the company’s issued and outstanding shares at EUR 714 million. On February 10, 2016, the consortium announced that 98.01% of issued and outstanding shares had been tendered by the end of the post-acceptance period and that it would proceed with the acquisition and delisting of the company.

What did Rabobank do?

Rabobank acted as financial advisor to Ten Cate in this complex public-to-private transaction. Ten Cate has been a longstanding client of Rabobank. Our strong M&A

execution capabilities, coupled with our experience in advising on public offers, led to our role in this transaction.

Our main objective in this transaction was to safeguard the interests of Ten Cate as a company and assist its management in every step of the process. In addition to performing a valuation, advising on deal tactics during negotiations, an M&A adviser will also act as the central point of communication and oversee work streams for the various parties involved, including company management, lawyers, auditors and consultants. You will coordinate their efforts and assess their conclusions together with management. In addition we are often the spokesperson of the company, acting as an intermediate between the target and potential buyers.

Rabobank's added value goes beyond M&A advice. The bank provided committed financing to the consortium prior to the public offer, meaning they could ensure shareholders in advance that the required funds would be available to buy their shares. This transaction shows that you will often will be working closely together with other departments such as Acquisition Finance (who arrange financing for financial sponsors like private equity), Equity Capital Markets (specialists on listed companies) and Relationship Banking (first person of contact for a company) in order to offer your client the most comprehensive solution.

Key takeaways

You will require a broad set of both hard and soft skills to assess the financial and strategic merits of a potential transaction, keep all parties aligned and make sure all work streams are delivered effectively and seamlessly. You are able to cope with high pressure from multiple sides including C-suite company representatives, legal counsel and company stakeholders.

The complexity of the transaction commands a challenging work environment as (regulatory) deadlines approach. You will be collaborating closely with all stakeholders in order bring the deal across the line. Successfully advising your client on a unique, strategically important transaction with front-page coverage is one of the most rewarding aspects of this job.

Rabobank team quote

William Jones, Associate on the Ten Cate Public-to-Private transaction:

"Ten Cate was a unique project which we executed with a small dedicated team. This provided me with an incredibly steep learning curve and the opportunity to take on a lot of responsibility for the various aspects of the deal. Rabobank offers me the chance to work on landmark transactions while allowing me the freedom to take responsibilities and live up to the challenge."

