

THE BANKER

Sweden's big buy-out

There have been bigger deals but few more complex in the current round of restructuring in Sweden. Kooperativ Forbundet (KF), the big co-operative retailer, has sold its remaining industrial operations in what amounted to four parallel and simultaneous leveraged buy-out transactions. The deal, the second largest LBO ever done in Sweden, is thought to have been worth upwards of \$400 million.

It was the work of corporate finance boutique Maizels, Westerberg (MW), which has been advising KF for some time on moves to reschedule its debt, raise new equity and sell peripheral business. MW was set up in 1992 by six former Enskilda people, one of whom – Spencer Maizels – died three months ago.

KF's last four industrial operations were a mixed bag, ranging from one of the world's biggest forklift truck makers to a producer of decorative foil. KF wanted to make sure it exited from the management of all four cleanly and quickly while still maximising value. It was happy to retain a stake in the businesses, provided it got the bulk of its cash out and the companies' borrowings off its own balance sheet.

MW explored the possibility of selling the busi-

nesses individually by trade sales or floating them. "The risk was being left with one or two that you couldn't sell," says MW's Mark Florman. A year earlier, CSFB had been brought in to find a buyer for one of the four businesses – fats and vegetable oil producer Karlshamns – but had failed to achieve the sort of price KF wanted.

Florman and his colleagues decided that the best price would be achieved by selling the four together. "There were a lot of sceptical people at the outset," he says, "but the alternative routes could have taken for ever."

A consortium of five investors provided the lion's share of the new equity money. The buy-out specialist Nordic Capital led each acquisition through a fund subscribed by Skandia, Svenska Handelsbank (through its life assurance side), the fourth state pension fund and the quoted investment companies Atle and Bure. That fund took a one third share in three of the four buy-outs, while Atle and Bure subscribed for a further 10% directly.

In the case of Karlshamns, the five investors were diluted by the farmers' co-operative, SLR, which took a 33% stake. □