

# Mark Florman and Sten Westerberg

# Profile

## Maizels, Westerberg

**P**ersuading a boutique investment bank to take part in a profile is not always easy. They are usually constrained by client confidentiality agreements, and are often hired because of their low-profile approach to corporate finance. Although most of them do not plaster their deals on tombstones across the financial press, they win mandates to make most investment banks green with envy. They are often reluctant to put their heads over the parapet for fear of upsetting their clients, to whom they have promised absolute discretion.

Anglo-Scandinavian investment bank Maizels, Westerberg is a case in point. It operates in almost complete secrecy, and is so keen to keep a low profile that its directors have even resorted to deliberately removing its name from press announcements. For a firm that advises some of Sweden's biggest companies and its most influential decision makers, this is surely modesty taken to extremes.

"This isn't a business that lends itself to general marketing," says managing director Mark Florman. "We create deals from knowing our market and get recognised for the deals we have done: a significant amount of business is from clients for whom we have worked before. In our corporate finance business we sell solutions rather than products, so we have to make sure we stay in touch with companies and really understand their industries."

Florman is based in London, and with the firm's chairman, Sten Westerberg, in Stockholm, the two present the public face of Maizels, Westerberg. The other partners include Jonas de Verdier, Tomas Söderström and Peter Wikström.

The five of them were brought together by Spencer Maizels, who died in 1995 having battled against cancer for almost two years. "The concept of the firm was very much created by Spencer," says Florman, adding: "Perhaps his greatest achievement was bringing us together and helping to create an environment where we could flourish." Maizels

was one of the founding members of Enskilda Securities in 1982, and he built the business before launching Maizels, Westerberg in 1992. "Part of the strength of the firm is that Spencer and the rest of us were sensible enough to know we couldn't do this on our own," says Westerberg. "One of our strengths is the number of experienced people from a wide variety of backgrounds in the firm."

### By Christiian Marriott

Maizels' vision of providing a more discreet, independent and specialised service than that offered by the bulge bracket investment banks operating in the Nordic region has remained the firm's central philosophy ever since. "I used to describe this as the old fashioned approach, the way merchant banks used to be run," says Florman. Westerberg adds: "It's difficult to generalise, but the businesses that I am close to come principally through my contacts, so I tend to emphasise the importance of personal contacts."

The importance of convincing Scandinavian clients of the firm's absolute discretion means that it is loath to discuss the deals it has done, but the information in the public domain reveals an impressive legacy of major deals. Last year the firm advised Borgtornet, a joint venture between Volvo and KF, when it sold tour operator Nordpool and charter airline Transwede to private equity investors led by Electra Fleming and Nordic Capital. The buy-in was led by Jan Carlzon, the ex-chairman of SAS, Sweden's national airline.

The two companies were merged to form Transpool, which Maizels, Westerberg has since advised on the sale of some of its scheduled routes to Swedish airline BraathensSAFE. Another of the firm's recent successes was the £109 million sale of investment bank Alfred Berg to ABN AMRO of the Netherlands. Maizels, Westerberg advised the vendor, Volvo.

Unfortunately, a deal that would

have been one of the firm's most significant successes failed to complete last year. BC Partners' proposed acquisition of Swedish Match would have been the biggest European buy-out since Isosceles in 1989, and Maizels, Westerberg is understood to have landed the task of securing the necessary bank finance, which was to be led by Fuji Bank. Despite the best efforts of all concerned, the deal became the worst kept secret in Stockholm during the summer of 1995, and collapsed in the autumn of that year. Negotiations between Volvo and the venture capital syndicate broke down and Swedish Match has since been demerged.

Had the deal come off, it would have been the perfect example of how the firm employs its inside knowledge of the Swedish market to good effect. More pleasant memories for the firm come from its advisory work for some of the country's leading corporates on major restructuring exercises. Although they are not deals that the firm openly alludes to, Maizels, Westerberg advised on a major restructuring of the Swedish co-operative KF in 1993 and subsequently transport logistics group Bilspedition.

Having high-level contacts among the great and good of Swedish industry is one of the firm's major strengths, and is also vital to operating successfully in the Swedish market. Here, relationships among business leaders and, equally importantly, politicians, are as vital as in any European M&A market. This need is reflected in Florman and Westerberg's backgrounds. Florman joined Northern Trust in Chicago in 1981 and established its bank swaps and derivatives operation. He then joined County Bank and spent two years as the director responsible for Scandinavia, before joining Enskilda Securities, where he met Spencer Maizels, and remained until 1992.

Westerberg himself has governmental experience at a higher level than most corporate financiers could only dream of. He was Under Secretary of State at the Ministry of Finance in Stockholm from 1976 to

Mark Florman (left) and  
Sten Westerberg

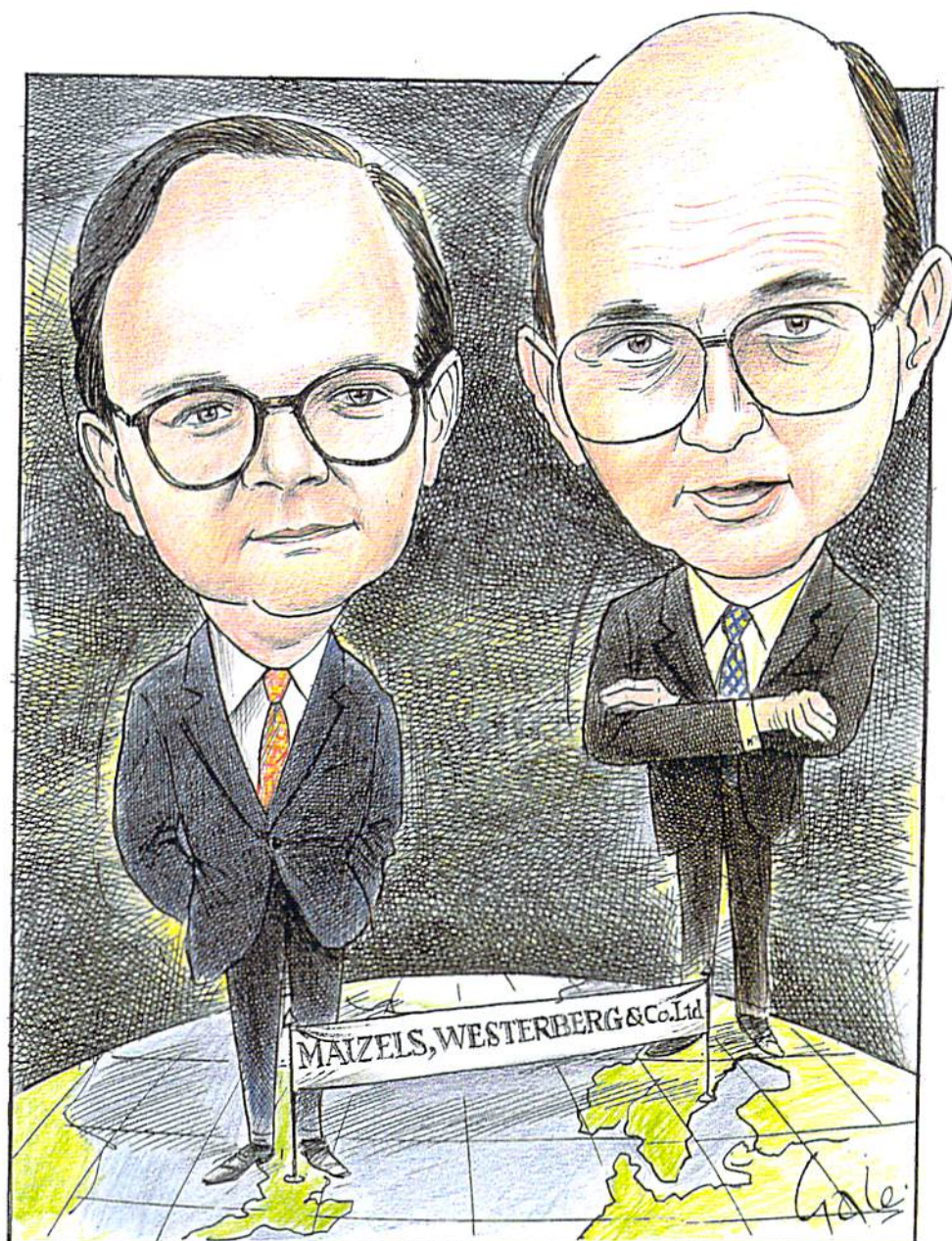
1982 and has represented Sweden at meetings of the OECD and at IMF and World Bank meetings. Basically, he has the ear of anyone who is anyone in Stockholm's business and political community.

As well as its contacts, like any boutique, Maizels, Westerberg prides itself on its independence – its ability to advise clients without any pressure to push products down a distribution channel. "We provide a corporate finance solution and if that means the need to bring in more product-based expertise, we go to banks and others and assess the quality and price of those products," says Florman.

That said, financial products have played a part in the firm's diversification, which has taken it into structured finance. Hambro, Maizels, Westerberg was established in 1984 as a joint venture with the UK merchant bank to provide structured finance products to borrowers in the Nordic region.

Heggeli, Maizels, Westerberg is another joint venture, based in Oslo, which provides corporate finance advice and execution to companies in the shipping, offshore and maritime industries. Tore Heggeli established his own maritime advisory business in 1985. "The expansion has developed from having a strong client base and an opportunity to build on some very strong domestic franchises," explains Florman.

The latest name to appear on the Maizels, Westerberg list of associated companies is Mandatum, Maizels, Westerberg. The partner in this venture is a specialist corporate finance adviser focusing on the Finnish market, with whom Maizels, Westerberg has developed a working relationship over recent years. In this case, however, the venture is not a separate physical company. "The joint venture is there to evidence the co-operation between our two banks," says Florman. "It does not change either one's core business." He is excited about the prospects of how the two banks can help companies and investors in the developing Finnish market, but is reluctant to speculate about the likelihood of formalised relationships with corporate finance spe-



cialists in Norway and Denmark. "It may be that we pursue similar ventures in the other countries but we are going to take one step at a time."

As for any boutique, managing growth is one of the biggest issues that the firm faces. It has to keep its cost base low enough to accommodate fluctuations in deal flow, but still has to be well resourced so that it can give its clients the necessary service. "It's terribly important to grow slowly and not be too ambitious," says Florman. "We have the opportunity to take on many deals or assignments and to hire more people, but each hire must be done with great care and we are careful not to take on more than one person at a time. There is a limit to expansion as well, and I don't see the need to grow that much further as we move forward."

Accepting the fact that Maizels, Westerberg began life as a boutique in one of the quietest periods of M&A

activity since the early 1980s, its progress in the last four years has been remarkable. It has completed major, often cross-border, M&A and restructuring mandates that the biggest investment banks in the region would have expected to win easily. Has it all exceeded the expectations of its founders?

Florman explains: "It was impossible to predict how we would develop in terms of growth but the central philosophy was to create a high level corporate finance firm dealing in an area where influential people appreciate independence and attention to detail." Westerberg adds: "It's fair to say that we have managed to do what we set out to. But we were just a few men with some ideas when we started, and we weren't exactly sure how it would work out." On the strength of the firm's progress over the last four years, it seems to have worked out just fine. □