Unofficial translation

Netherlands-based investor has millions to deploy

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In a market where investors are sitting on their money, Avedon Capital Partners has managed to raise € 190 million, so the Dutch private equity house officially announced today. The funds enable Avedon to support small and medium-sized businesses in the Benelux and Germany that have promising expansion plans even in these times of crisis.

Avedon is the former NIBC Bank's investment arm, which was spun off in 2011 in order to raise third party capital. This was necessary as NIBC was capital constraint. Since the credit crisis, banks are confronted with stricter regulations and have less room for providing equity funding.

Raising capital all on its own amid unprecedented turbulence in the financial markets was no easy task for Avedon. Large investors were hardly in the mood to commit to new relations. 'Pension funds, banks and life insurers are more cautious than ever. The credit crisis has left them badly shaken. They are scared to get their fingers burnt again,' is how Alfred Tulp, founding partner of Avedon, sums up his experience.

Tulp and his twelve-man team travelled all over Europe in a mission to enthuse investors. They visited some sixty potential investors across Europe, often with introductions from international merchant bank Lazard acting in its capacity as placement agent. In many cases, Avedon did not get beyond an introductory meeting. 'Some parties wanted us to prove ourselves first,' says Tulp. Other investors have simply run out of money or are bound by more stringent financial requirements, which make private equity a less attractive option. In fact, US legislation actually forbids bread-and-butter banks from lending capital for high-risk business propositions. Since the golden years of 2007 and 2008, the world's once-massive reservoir of new capital has shrunk to half its former level.

Avedon owes a lot to Goldman Sachs and the European Investment Fund, two leading market parties that jointly committed € 100 million, together with NIBC, in the first round. These brand names provided comfort to many other investors. 'Having the backing of such prominent parties instils confidence. We were rigorously tested and passed with flying colours. After that, it's easier to get others on board,' says the Avedon managing partner. The new investors include professionals such as the Swiss Adveq, the French Access Capital Partners and the Australian Macquarie.

The absence of the Dutch pension sector among Avedon's capital provider base is notable. Leading institutions such as APG and the Shell Pension Fund have so much money to deploy that Avedon is too small for them. 'That's a pity because we do need money in the Netherlands to help successful enterprises continue growing their business,' says Tulp.

With the committed sum of € 190 million, Avedon can deploy half a billion in total, including bank loans and additional capital that investors in the fund put directly into the investee companies. This positions Avedon just under the heavyweights such as Waterland, Gilde and Egeria.

Alongside the fresh capital, Avedon continues to manage the remaining investment portfolio of NIBC, comprising names such as Deli Maatschappij (with interests in the timber trade), Euretco (a retail service organisation o.a. Intersport and Decorette) and Ad van Geloven (Mora Snacks). The return on invested capital amounts to some 25% per year. Companies are regularly divested with substantial value created during the holding period. The investment in the two software developers, BWise and Financial Architects, was more than quadrupled. After a period of strong revenue growth, BWise from Rosmalen was sold last year to the stock exchange Nasdaq, while FinArch was transferred to Wolters Kluwer. Avedon is currently searching for a co-investor in the Zaltbommel-based photography company Cyclomedia, in order to achieve a breakthrough in the US market.

The financing of Mid Ocean Brands, a promotional product wholesaler, was not successful. Following a reorganisation, the business was sold to a competitor, with the equity stake of € 10 million being written down to zero. The stake in the lingerie brand of Marlies Dekkers is also showing disappointing performance. Marlies Dekkers' underwear empire is badly in need of a fresh capital injection. Rabobank is impatient to get its loans back. 'The fashion market is struggling. Marlies Dekkers' customers are small stores, and these are going through very difficult times,' Tulp explains. The successful expansion of the fashion brand abroad is not enough to offset the domestic woes. But he is not too bothered about setbacks. 'Sometimes things do not go your way. It's all in the game.'

This article appeared in Het Financieele Dagblad of 20 August 2013