

WINNER – LARGE CAP

Permira: Intelligrated



When London-based Permira came across package distribution and sorting provider Intelligrated in 2012, it was quick to spot growth opportunities. The Ohio-based firm sat at the heart of two of Permira's favoured investment sectors: industrials and technology.

"The company was poised to benefit from the growth in e-commerce," said Permira partner Richard Carey, co-head of the firm's industrials sector team. Carey found willing allies in Intelligrated founders Chris Cole and Jim McCarthy, who had been searching for suitable partners who understood the importance of continued investment in software.

Permira bought a majority stake in Intelligrated from Gryphon Investors for \$500 million in 2012 through its fourth fund, Permira IV. At the time, Intelligrated's enterprise value was \$515 million.

Permira quickly identified five growth areas to focus on.

One was Intelligrated's aftermarket business that offers repairs and software upgrades once a product has been purchased. The addition of a 17-strong sales team helped Intelligrated's aftermarket revenue grow by 26 percent in 2015.

Intelligrated increased its capacity by acquiring an automated storage and retrieval system, and developed a warehouse robotic platform that increased accuracy in package deliveries.

Permira's global reach helped Intelligrated to expand into two growing e-commerce markets: Brazil and China. Despite the macroeconomic slowdown in these two countries, e-commerce was still a hot sector that gave Intelligrated room for growth.

The company won big new e-commerce customers, such as UPS, Amazon, Walgreens and Nordstrom. These new accounts ensured that over 40 percent of Intelligrated's

Intelligrated: the firm combined two of Permira's favoured investment areas

sales pipeline comes from new customers and capabilities. In the process, it created a full parcel product as a supplier to UPS.

In terms of software development, Permira made an add-on acquisition in 2013 of Datria, a software enabling workers to connect with their computers using their voice.

The firm also appointed Greg Clark, CEO of cybersecurity company Blue Coat, to the board of advisors and provide guidance on growing a software business.

These five areas of expansion led to a 96 percent revenue growth during Permira's four-year ownership. Intelligrated's EBITDA, and research and development also grew an impressive 120 percent, and employee headcount from 1,900 to over 3,000.

On July 1, Permira announced its plans to sell Intelligrated to Honeywell for \$1.5 billion, for a more than 5x multiple in terms of euros. Intelligrated's enterprise value at exit was \$1.5 billion, up 191 percent from the value at entry.

"Permira realised a 5.2x cash-on-cash multiple with their investment in Intelligrated by strengthening the management team, enhancing system capabilities to enable new product offerings, driving sales growth through geographic expansion internationally, and acquisition of targeted very large customers. Permira used its knowledge of the technology sector to support systems and software improvements," said judge Michael McKenna. ■

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