

**DATE**

March 05, 2015

**SECTORS**

Industrials

**DEAL TYPE**

M&A Advisory

**DEAL LOCATIONS**



# DC Advisory advised CosmoSteel Holdings Limited on the sale of a 28.45% stake to Hanwa through new share placement and vendor share sale



DC Advisory (DC) exclusively advised CosmoSteel on the sale of a 28.45% stake to Hanwa through new share placement and the sale of an entire stake by the CEO.

The deal was valued at SGD 48 Mn, 17.9x EV/EBITDA and P/E 30.4x.

Listed on the Stock Exchange of Singapore, CosmoSteel is a leading supplier and distributor of piping system components to the energy and marine industries in Southeast Asia and other regions.

Asahi Tec's 'AT' Listed on the Tokyo Stock Exchange, Hanwa is one of the leading trading companies in Japan, supplying a broad range of products, including steel, metals and alloys, non-ferrous metals, food products, petroleum and chemicals, lumber, machinery, and many other items to an equally diverse range of customers.

CosmoSteel and Hanwa entered into a strategic alliance agreement to create synergies and reinforce marketing and sales efforts relating to their products.

CosmoSteel and Hanwa have complementary strengths to each other because of their different focus in terms of specific markets and products.

The strategic alliance agreement will allow CosmoSteel to leverage on Hanwa's customer network, global outreach, as well as expertise and know-how as a 'distribution specialist'.

Hanwa also entered into agreements with CosmoSteel and the Vendor to subscribe and

purchase new shares and Vendor shares, respectively. The transaction share price, same for both new and Vendor shares, represents a premium of at least 48.7% to CosmoSteel's historical price. The significant premium for the new share tranche is unprecedented as new shares are generally issued at a discount to historical price.