

PRIVATE EQUITY IN ACTION - CASE STUDY

# Converteam

**CONVERTEAM**  
THE POWER CONVERSION COMPANY

<b>Country</b>	France
<b>Region</b>	Île-de-France
<b>Investor</b>	LBO France, Equistone

Converteam is a global leader specialising in electrical energy conversion solutions for the marine, oil, energy and heavy industry. The group was spun-off from French multinational Alstom in 2005 through an initial buyout sponsored by Barclays Private Equity. In 2008, Barclays made a partial exit, with LBO France taking joint control of the business.

During the firm's investment Converteam took huge strides in entering new markets and developing products in what is a highly capital-intensive industry. Having solid financial support during this time, particular as the global recession took hold, was of paramount importance to the success the company is now enjoying. LBO France exited in 2011, delivering a 25% IRR to its investors.

## What did the business need?

- Raise company profile through increased marketing and PR drive
- Explore change in technology and growth of the underlying energy market with increased product offering (Development of electrical solutions: less polluting, less noise, better integration into global control systems and at lower cost in the long run)
- Introduce cost-saving initiatives and revamp financial strategy

## How did private equity backing create lasting value?

- Developed commercial activity including entering new products and markets
- Focus on cost reduction through strict inventory management
- Implementation of deleveraging Converteam's balance sheet and refinancing the business

**25%**  
IRR achieved on investment

**15x**  
EBITDA multiple achieved on exit



**Proven management team which with the help of the equity sponsors successfully repositioned the group on new and profitable markets.**

- Introduced new management structure

## What outcomes did private equity investment achieve?

- Economic crisis damage limited
- Corporate image and company profile developed
- Levels of efficiency increased
- Sale to General Electric in September 2011 at 15x EBITDA
- Multiple of invested capital of 1.9x and 25% IRR

## More information

[Converteam](#)

[LBO France](#)

