

→ As in all crises, the divergences in price between buyers and sellers are preventing a significant volume of transactions from materializing. In this market context, in which technology is also revealed as more necessary than ever, Valutico has opened an office in Spain to provide reliability and speed, allowing the preparation of high-quality and accurate valuation reports in less than a day. In short, sustainably transforming the way of approaching valuations. Dextra Corporate shares how the platform is accelerating and optimizing its processes at a time of expansion for the M&A boutique.

MARCO VAN VELZEN, Director Spain & Portugal at Valutico,  
y STEPHAN KOEN, Partner of Dextra Corporate.



“This crisis will leave a structural mark, but it remains to be seen how it will impact valuations”

**The pandemic has spread access to technology and data tools...**

**Stephan Koen:** Without a doubt, the need to continue incorporating technology into the analysis and execution processes of the M&A industry is a pre-existing trend to the pandemic (as in many other sectors), but Covid-19 is causing a certain acceleration in the adoption of technology such as video-conferencing and teleworking tools, information sharing and teamwork, etc. Obviously, professionals in the sector have to be open to the fact that more

and more “technology” is involved in our day-to-day lives, which will undoubtedly be beneficial for our industry.

**Marco Van Velzen:** At the same time, teleworking requires technology to integrate new functionalities to facilitate remote work and remote collaboration, sharing information more easily.

Companies will have to adjust their processes to make them more homogeneous and it will be interesting to see if, after the pandemic, we continue to give the same importance to face-to-face meetings. In our opinion, they will

remain highly relevant, but possibly at a more advanced stage. In other words, the first introduction will surely continue to be done online, but as the collaboration progresses, there will be a need to meet again in person, due to the greater trust that is generated.

**Will the positive trend of closing deals continue in the coming months?**

**SK:** The market is regaining its pulse after a very peculiar 2020 in the mid-market M&A. The main players in the sector, such as private equity funds and

industrial investors, have been waiting until they see the final effect of Covid-19 in the different industries, but as a certain sense of normalcy resumes, the recovery and ramp up of transactions seen during the last months of 2020 is consolidating in 2021.

**MVV:** Our database of transactions in Spain shows this trend explained by Dextra. The volume of M&A activity decreased by 24% between 2019 and 2020, mainly due to the impact of the lockdowns in the second quarter of 2020 (-66% between Q2 2019 and Q2 2020) and to a lesser extent in the third quarter (-42%). In the fourth quarter there was a very significant acceleration, with a notable increase in deals (+42%). Since the beginning of 2021 we have seen some normalization in the number of transactions, somewhat less than in 2019, but clearly better than in 2020.

#### Price differences, are they one of the biggest showstoppers?

**SK:** In general, it is one of the main reasons why a significant volume of transactions does not materialize. The selling party requires a certain time to assume the new reality and internalize that the results of their company have deteriorated and this implies a lower valuation of their shares. This occurs especially in crisis situations such as the current one, which appears to be temporary. However, this crisis is leaving a structural footprint. It remains to be seen how long it will last and how it will impact the P&L of companies, taking into account that the impact has been uneven for different sectors.

“ Spain is an important market for our growth. There are still many experts doing the whole process manually in Excel, with a high probability of errors ”

#### How does Valutico optimize Dextra Corporate's valuation processes?

**SK:** Valutico brings us two great advantages. On the one hand, speed, allowing a complete valuation report to be issued in less than a day, with high quality and different methodologies, and considerable time savings. In addition, Valutico has access to leading market databases that alone already justify its use. Its simple and intuitive workflow serves as a training tool for our team.

In addition, the use of a consistent methodology in each of the assessment projects makes it possible to improve the general quality of the result, minimizing the possibility of introducing errors and the excessive level of arbitrariness that each individual may end up contributing to the result, without undermining the ability of tailoring each valuation project, enabling them to leverage their experience and knowledge.

**MVV:** I'm delighted by Stephan's comments. The key for Valutico has always been to help the valuation expert

work more efficiently without losing the ability to bring the depth of their expertise into each assessment, and to improve the quality of their valuations. Our goal is for the experts to have more hours available to focus on the part of the process where they can add the most value.

#### Dextra Corporate is in a period of high growth .....

**SK:** Yes we are. We are increasing our participation in larger transactions. Some recurring clients whom we advise on inflows of private equity funds and family offices, as well as their subsequent build-up strategy have been an important source of deals in 2020, although from the beginning from 2021 new ones have been added. Our great differentiating factor is our other activity, consisting of the structuring and management of investment vehicles (not Private Equity) such as real estate and hotels. This allows the generation of a recurring revenue, which in turn facilitates the decision to invest time and effort of our M&A team and its success.

#### In which markets does Valutico operate at the moment?

**MVV:** In Europe we are present in 10 countries. Our headquarters are in Vienna (Austria), but we are also in Germany, the United Kingdom, Spain, France, the Netherlands and soon in Italy, among others. We currently have more than 250 clients in more than 30 countries. Undoubtedly, Spain is an important market due to its volume and because the M&A and Private Equity sector is highly professionalized.

#### Finally, you said that your greatest competitor is Excel .....

**MVV:** Indeed. We want to be the main reference in the market for professional company valuation software, but we are obviously not as popular as Excel yet.

Still many professionals experts carry out the entire assessment process in Excel, with some important disadvantages: time-consuming, very manual work, with a high possibility of errors and subpar ways to share efficiently with teams and colleagues.



#### VALUTICO AT A GLANCE

- FOUNDATION: 2014 IN VIENNA BY PAUL RESCH, M&A PROFESSIONAL
- 3 TB OF FINANCIAL DATA
- 15+ ASSESSMENT METHODS
- 50K+ LISTED PEERS
- 750K+ REFERENCE TRANSACTIONS
- OFFICES: GERMANY, UK, SPAIN, FRANCE, HOLLAND, ITALY