

DEALS OF THE WEEK

A look at the companies that signed on the dotted line last week

INVESTMENT FIRM LOOKS TO PROVE METAL WITH \$150 MILLION ZINC DEAL

By **HENRY MEIER** Staff Reporter



Signature Move: Andrew Nikou at OpenGate Capital in Century City.

RINGO H.W. CHIU/LABJ

OPENGATE Capital's newest acquisition is a key cog in the Century City private equity firm's plan to exploit niche cross-border opportunities overlooked by other outfits.

The deal, a \$150 million corporate carve-out of the zinc products wing of Belgian materials technology company **Umicore**, is indicative of the types of investments OpenGate is looking to make, said **Andrew Nikou**, the firm's founder, managing partner, and chief executive.

Umicore Zinc Chemicals – now rebranded as **EverZinc** – was particularly attractive to OpenGate, said Nikou, given widespread demand for the met-

al in a number of different industries.

"The beautiful thing about the business is that it's not a one-trick pony," he said. "We especially liked the business because it's a metal that is a need-to-have as opposed to a want-to-have."

OpenGate has set a goal to double **EverZinc's** earnings before interest, taxes, depreciation, and amortization, over the next four years. Nikou said the company, which specializes in making fine zinc powders, zinc oxide, and zinc for batteries, generated approximately \$425 million in revenue last year.

"The company has deep relationships with a blue-chip customer base that we think we can cross-sell to with

the addition of a few bolt-on acquisitions," Nikou said.

However, some analysts have speculated zinc prices could soften if the Chinese construction market falters or another global recession occurs. While the metal rose above \$2,800 a ton late last month – a nine-year high – it dropped 6 percent on Dec. 1.

Nikou said the buy wasn't contingent on continued price increases.

"None of our portfolio companies' growth is focused on macroeconomic shifts," he said. "(Zinc) prices will certainly fluctuate, but that won't be a big factor in our margins."

The deal, which closed on Nov. 28, came out of OpenGate's \$305 million institutional fund that closed in July. The firm used about \$55 million in equity and \$95 million in debt to complete the Umicore purchase.

The investment isn't just a big one from a dollar perspective. It's also a logistics and management challenge, according to Nikou, given the company's 500 employees are scattered across Europe, Malaysia, and China. That global reach also made things a little more difficult from a deal perspective. While OpenGate initially approached Umicore in January, it took the parties 11 months to iron out the details. The Belgian company was particularly concerned about regulatory and compliance issues as well as minimizing its post-transaction liability, said Nikou.

"Umicore wanted someone who could integrate the business seamlessly," he explained. "It's a big concern for European companies."

► ENTERTAINMENT

GENIUS BRANDS HITS NASDAQ, EXPANDS: **Genius Brands International Inc.** has begun trading on the Nasdaq in addition to forming a partnership to expand its children's video content distribution. The Beverly Hills multimedia company signed a deal with distributor **Future Today Inc.** to deliver its Kid Genius Cartoon Channel to 20 million additional homes, for a total reach of 42 million U.S. households.

► PODCASTONE GOES DOWN

UNDER: Beverly Hills-based **PodcastOne** has signed a long-term partnership with **Southern Cross Austereo** to create PodcastOne Australia. SCA will operate PodcastOne Australia as the exclusive partner in Australia and New Zealand. Terms of the deal weren't disclosed. The companies said the joint venture represents the first international partnership of this magnitude in the commercial podcast industry.

► TECH

ZWIFT RIDES TO \$27M FUNDING: Long Beach health software company **Zwift Inc.** raised \$27 million in Series A funding from a consortium led by **Novator Partners**. The transaction was completed Nov. 26. Zwift is an interactive fitness entertainment platform that brings


the excitement of outdoor cycling indoors for stationary bikes with virtual riding routes, social interactivity, and other features.

► MEDIA

FANDANGO PICKS UP CINEPAPAYA: Online ticket seller **Fandango** has expanded its business in Latin America with the acquisition of online movie ticket platform **Cinepapaya**. The deal will extend its ticketing business to include Mexico, Argentina, Colombia, Peru, Chile, Ecuador, and Bolivia. Terms of the sale were not disclosed. After last year's acquisition of Ingresso.com in Brazil, the West L.A. company reported that cinema ticketing in the region is up 30 percent year over year.


► BIOTECH

TRITON PACIFIC BUYS PHARMACY COMPANY: **Triton Pacific Capital Partners** of Westchester has teamed up with Washington, D.C.'s **Acon Investments** to acquire **BioMatrix Specialty Pharmacy**. The Weston, Fla., company is a pharmacy platform with a focus on infused and oral specialty drugs. Terms of the transaction were not disclosed. Triton Pacific has invested in a variety of pharmacy, finance, and technology companies, among others.



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