



## Franchise Services – M&A Spotlight:

### *InXpress Holdings*

*KPMG Corporate Finance acted as the exclusive financial advisor to InXpress Holdings on its majority sale to Hudson Hill Capital*



*has been acquired by*



**KPMG Corporate Finance**

**November 2020**



# KPMG Corporate Finance<sup>1</sup> acted as exclusive financial advisor to InXpress

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## Transaction Overview

- Headquartered in Manchester, U.K. InXpress operates as an international franchisor of parcel, freight and delivery logistics services with a focus on serving small and medium sized businesses (“SMEs”)
- In partnership with select members of the existing management team, InXpress was acquired (majority sale) in November, 2020 by Hudson Hill Capital, a U.S. based private investment firm
- The company serves ~30,000 SME customers through a global network of almost 400 franchisees across 14 countries
  - InXpress maintains multiple relationships with tier-one parcel, air and freight carriers around the world, offering discounted rates to its franchisees and SME customers
  - Its proprietary software platform enables franchisees and SME customers to centrally manage all of their transportation and logistics requirements

## Impact / Expected Outcomes

- The transaction reinforces InXpress’ commitment to drive growth through a combination of geographic expansion, enhanced capabilities and an aggressive and highly strategic acquisition strategy

## KPMG Corporate Finance

- This transaction underscores KPMG Corporate Finance’s long track record and commitment to advising leading franchisors and investors
- Staffed with a fully integrated, cross-boarder team of M&A advisors (U.S. and U.K.), KPMG Corporate Finance leveraged its deep industry expertise and strong buyer relationships to architect a highly competitive process which fully maximized shareholder value

# InXpress and sponsor thoughts and feedback on the process

## The M&A Sale Process

“...InXpress is an incredible business which is poised for explosive growth. The team at KPMG understood this and knew exactly how to balance our need to find a supportive, flexible partner through our evolution with the shareholders strong desire to maximize value – and we could not be more pleased with the result...”



Mark Taylor  
Global CEO at InXpress  
United Kingdom

## Outstanding Result in a Challenging COVID Environment

“... As the CEO of InXpress Americas and having been accused of being a thought leader in the industry, I am all too familiar with the economic headwinds COVID can create for a rapidly growing franchise model... I found it remarkably impressive how KPMG was able to manage our process through a challenging financing environment to drive a premium result for a premium business with a fantastic partner in Hudson Hill...”

Dustin Hansen  
CEO InXpress Americas,  
Author and Board of Directors,  
International Franchise Association

## KPMG Corporate Finance Proprietary Sell-Side Process / Sponsor Survey Results



*KPMG Corporate Finance surveyed over 50 parties having participated in the InXpress sale process*

*92% of survey respondents believe KPMG Corporate Finance effectively communicated the full value proposition of InXpress*

*100% of survey respondents communicated they would be open to or highly supportive of KPMG Corporate Finance as their exclusive sell-side advisor...*

(1) Quote based on unsolicited feedback / not a survey result

“ I would like to commend you and the team on putting together an incredibly detailed and informative CIM and you are running a great process with lots of communication and supplemental information. Not easy given the circumstances<sup>(1)</sup>...”

*Founder of a highly-regarded middle market private equity fund,  
July 2020*



## Management on KPMG Corporate Finance...

...KPMG was incredible and very knowledgeable. I can't say enough good things about them. We interviewed just about every other advisor group that has worked with franchisors, and these guys were by far the best folks; and they proved it time and again..

# What business characteristics are M&A investors looking for in the franchising sector?

## Franchise services remain a highly attractive asset class for multiple reasons...

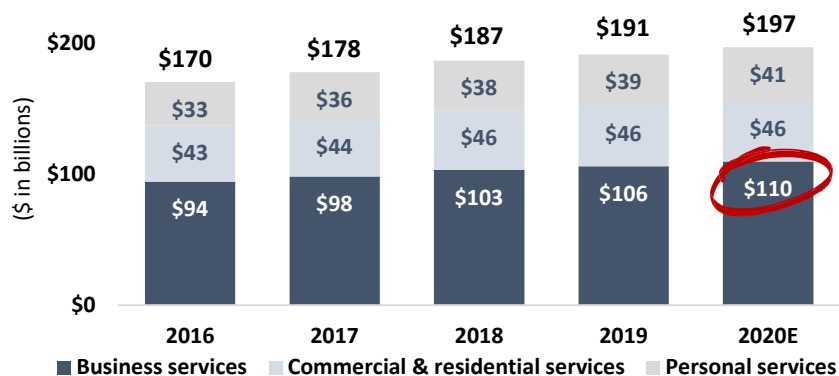
- Most franchise platforms benefit from a highly recurring revenue model, comprised of up-front cash fees and a reliable stream of franchisee royalties
- Market fragmentation often provides meaningful opportunities for growth through geographic expansion and strategic M&A
- The asset-light investment model allows for rapid growth potential with limited capital investment

...and a proprietary 2020 KPMG Corporate Finance sponsor survey suggests<sup>(1)</sup> the top 3 attributes sponsors look for in a new platform investment include:

- 1** Investment thesis
- 2** Cash flow generation
- 3** Sector Dynamics

(1) Sponsors were allowed to choose more than one response

## Business Services Represents a Significant / Growing Segment of the Aggregate Franchise Industry in the U.S. at \$110B<sup>(1)</sup>



<sup>(1)</sup>FranData Market Report 2020; excludes restaurant and real estate concepts.

<sup>(2)</sup>Source: S&P Capital IQ.

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## Notable recent franchise services M&A activity<sup>(2)</sup>

Date	Target	Acquiror
Nov-20	InXpress Holdings	Hudson Hill Capital
Nov-20	STOP Restoration	Authority Brands / Apax Partners
Oct-20	ShelfGenie Franchise Systems	Neighborly / Harvest Partners
Oct-20	GTN Capital Group (NerdsToGo)	FASTSIGNS International / LightBay Capital & Freeman Spogli
Sep-20	Noene America	Foot Solutions
Aug-20	Boing US Holdco (dba International Car Wash Group)	Driven Brands / Roark Capital
Aug-20	Speedway	7-Eleven
Jul-20	Gold's Gym	RSG Group
Jul-20	The Patch Boys, Inc	BELFOR Franchise Group
Jul-20	The Woodhouse Day Spa	Sola Salon Studios / MPK Equity Partners, AHR Growth Partners and PNC Riverarch Capital
Jul-20	HouseMaster	Neighborly / Harvest Partners
Jun-20	FRSTeam Corporation	LYNX Franchising / Incline Equity
Apr-20	Fix Auto USA Inc	Driven Brands / Roark Capital
Feb-20	Anthym Logistics	BlueGrace Logistics / Warburg Pincus
Feb-20	Foot Solutions	Private Investors
Feb-20	Dryer Vent Wizard	Neighborly / Harvest Partners
Jan-20	Renew Crew Franchising Corporation	Premium Service Brands

# A leading middle market investment banking team

## U.S. global business services team



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Source: (\*)Thomson Reuters SDC; Each set of figures is taken from the league table press releases issued for that year. Middle market is defined as deals less than US\$500 million.

## Select franchise services experience

  has been acquired by  Corporate Finance	  has been acquired by  Corporate Finance	  has been acquired by  Corporate Finance	  has been acquired by  Corporate Finance	  Management team of SSP on has bought out the business from Compass Group by  Corporate Finance	  has been acquired by  Corporate Finance
  has acquired 7-Eleven Australia franchise stores Corporate Finance	  has been acquired by  Corporate Finance	  has been acquired by  Corporate Finance	  has acquired  Corporate Finance	  has been acquired by Ultimate Hospitality Services Private Limited India Corporate Finance	  acted as financial advisor to Resolut Corporation in obtaining financing to fund future growth Corporate Finance

## Top advisor in FY2019



## Recent awards & recognition

### KPMG LLP awards



### KPMG Corporate Finance LLC awards





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## Endnotes

(1) Represents the global Corporate Finance practices of KPMG International’s network of independent member firms

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