

A CASE STUDY IN SUCCESSFUL, TARGETED ACQUISITIONS BRADY plc

BACKGROUND

Our client, Brady plc (BRY.L) is a leading global provider of trading and risk management software to the worldwide energy and commodities markets. Brady combines fully integrated and complete solutions supporting the entire commodity trading operation, from capture of financial and physical trades, through risk management, handling of physical operations, back office financials and treasury settlement for energy, refined and unrefined metals, softs and agriculturals.

Brady has 25 years' expertise in the commodity markets with over 250 customers worldwide which depend on Brady's software solutions to deliver vital business transactions across their global operations. Brady clients include numerous leading European energy generators, traders and consumers and many of the world's largest miners, refiners and producers, trading companies, tier one banks and a large number of London Metal Exchange (LME) Category 1 and 2 clearing members.

With worldwide headquarters in the United Kingdom, Brady has global reach including offices in Europe, North America and Asia.

THE SITUATION

As a market leader in the global metals market, Brady's strategy is to expand its focus on the worldwide commodities markets in which it wishes to present clients with full cross-commodity coverage (metals, soft commodities and energy) to cover the complete lifecycle of financial and physical commodities trading from capture, through processing, inventory, invoicing and ultimately reporting P&L on the trades.

Thus, to complement their demonstrated and anticipated organic growth, Brady embarked upon a process to look for further opportunities to enhance its product and customer base through selective acquisitions.



THE SOLUTION

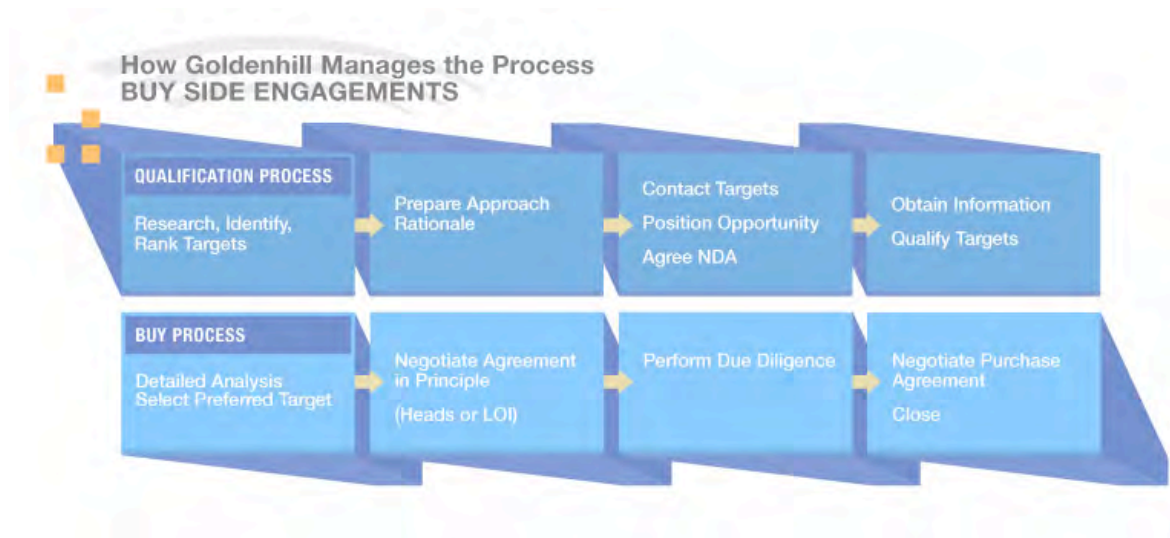
Once Brady decided to pursue selective acquisitions to enhance their product and customer base, they engaged Goldenhill International M&A Advisors (“Goldenhill”) as their Mergers and Acquisitions (“M&A”) advisor to assist them in this process.

Goldenhill is a full service Technology-focused M&A advisory firm with offices in the United States (California), the United Kingdom (London) and Latin America (Buenos Aires). Goldenhill are highly experienced in identifying and executing complex M&A transactions especially cross-border transactions. Goldenhill’s expertise and focus is in the Information Technology (“IT”) markets with a number of areas of deep sector knowledge including financial technology (“FinTech”), the broad sector in which Brady operates. The Goldenhill team currently is comprised of four partners and other associates who each have deep IT industry knowledge and who have collectively advised on over 100+ transactions with values up to \$150m (or £100m).

Due to Goldenhill’s presence in Europe, North America and Latin America, experience in IT M&A transactions and understanding of the FinTech market, Brady concluded that Goldenhill would be the right advisor for this complex, multi-transaction, acquisition project.

THE PROCESS

Goldenhill’s project team included both the UK office and the US office working closely together to identify and create a pipeline of acquisition targets in concert with Brady’s business and acquisition strategy. Goldenhill interacted with Brady’s headquarters and senior management team in Cambridge and London on a daily basis to review, analyse and manage active discussions with the identified acquisition targets in Europe, the Americas and Asia. This thorough and methodical process ensured that Brady had multiple options to evaluate and consider as they determined which acquisition opportunities were most attractive. It also enabled Brady to closely manage the timing and allocation of resources which resulted in a series of acquisitions in accordance with their strategic growth plan.



THE RESULT

The result of this collaborative process between Brady and Goldenhill is the successful acquisition of five European Commodities technology and solutions businesses in five separate transactions since January 2009.

The most recent acquisitions completed in February and March 2012 respectively are of syseca AG based in Switzerland and Navita AS based in Norway.

Navita is a premier provider of software and services to the global energy and commodity trading community. This acquisition further extends Brady's footprint in the energy market as Navita's solutions support trading and risk management in a number of segments already familiar to Brady, including electric power, gas, emissions / carbon and related commodities. The acquisition had a compelling strategic and financial rationale for Brady and is expected to be an excellent opportunity to drive continued growth and further extend the geographical reach of the Company. It comes just over a year after the successful acquisition of Viz Risk Management Services AS ("Viz"), which has shown substantial growth post-acquisition and performed ahead of the Board's initial plans.

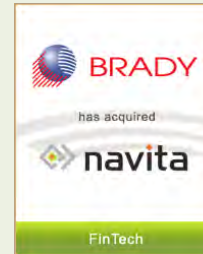
Viz, also based in Norway, was acquired by Brady in December 2010 (subsequently renamed Brady Energy). Viz is the developer of Elviz ETRM which offers the most advanced solution for real-time trading, pricing, analysis and risk management in energy markets today. Elviz is based on modern financial theory as Viz has developed techniques that allow consistent monitoring and measurement of risk in energy trading operations. Elviz ETRM sets the market standard for European Energy Trading and Risk Management software.

In February 2012 Brady acquired syseca AG, a Swiss based company providing logistics software for the electricity markets which added up-to-date physical electricity trading capabilities to Brady. Syseca has been operating since 1994 and its clients are based throughout Europe. The acquisition had a compelling strategic, commercial and financial rationale as it broadened Brady's product offering to include up-to-date, physical electricity real-time balancing and scheduling capabilities, with connectivity to most major transmission system operators (TSO's). Both of these acquired companies have been folded in to create an enlarged Brady Energy business.

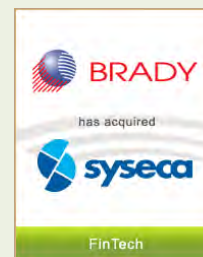
In March 2010 Brady acquired Viveo Switzerland. Viveo Switzerland is a leading solutions provider, principally for soft commodities, oil, gas and metals. Its technology, client base and deep domain knowledge is seen as a strong addition to Brady's portfolio of trading and risk technology. Subsequent to the completion of this transaction, Viveo has traded ahead of initial expectations and has secured multiple substantial new licence deals. Furthermore, the acquisition has enabled cross-selling opportunities which underline the strategic benefit for Brady overall.

In January 2009 Brady acquired Commodities Software (UK) Limited ("Comsoft") based in the UK. Comsoft is a leading supplier of raw material solutions. The acquisition helped position Brady as uniquely able to provide the most sophisticated trading and risk management solutions for refined and unrefined metals traders and producers. Brady and Comsoft already shared prestigious metal trading clients. The acquisition and integration of Comsoft was very successful and demonstrates Brady's ability to combine technology and solutions for the benefit of its clients.

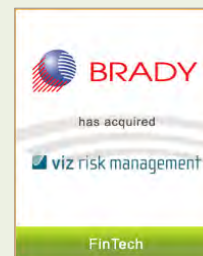
Key highlights of each of the transactions are as follows:



Navita AS (Norway) was successfully acquired in March 2012 from its Venture Capital and other private investors after a competitive process. The aggregate consideration was Kr 157.3 million (approximately £17.1 million) with the majority in cash and some shares.



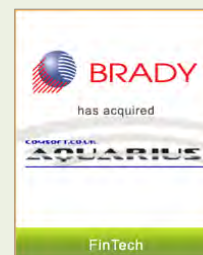
Syseca AG (Switzerland) was successfully acquired in early 2012 from its founders who also were the Executive Directors of the business.



Viz Risk Management Services (Norway) was successfully acquired in late 2010 from its Venture Capital backed and other private investors. The aggregate consideration was Kr 92.5 million (approximately £9.6 million) in cash.



Viveo (Switzerland) was successfully acquired in early 2010 from the Viveo Group that is a unit of Temenos, the Swiss based Banking software company.



Comsoft (UK) was successfully acquired in early 2009 from its founders who also were the Managing Directors of the business.

CONCLUSION

Brady in partnership with Goldenhill were able to generate a pipeline of targets that allowed them to successfully acquire five extremely complementary European-based FinTech businesses in just over three years. This has been the result of an efficient and effective M&A process that has identified and analysed multiple possible acquisition candidates across the world. Goldenhill's knowledge of the FinTech and IT markets and of qualified candidates in specific sectors of these markets, expertise in managing complex and often cross-border transactions for multi-national enterprises, and diligence and persistence in completion of their engagements were key elements of a successful outcome of this project.

TESTIMONIALS FROM PEOPLE INVOLVED IN THIS PROCESS

Brady's CEO said,

“ Goldenhill continues to work very closely with us to identify, evaluate and select fitting acquisition opportunities, such as our just completed transactions for Navita and Syseca. Their knowledge of the FinTech sector, presence on both sides of the Atlantic and experience in the M&A process has been of real value to us in this process. Goldenhill's commitment and perseverance in working with us has never wavered and we look forward to continuing our working relationship with them. ”

Brady's CFO said,

“ Goldenhill has proved a strong partner enabling us to deliver an ambitious M&A strategy whilst also managing our existing base business. Goldenhill have provided support at every stage of the acquisition process, enabling us to identify and execute and acquisitions efficiently. ”

To learn more visit www.gtallp.com

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