



CHINA AWARDS

Breaking Down The Chinese Walls

Lombard, November 2007

Best strategic advisory project

Value Partners

Sales in China amount to less than a fifth of total consultancy revenues but their rate of expansion and their profitability far exceed the levels reached by Value Partners. The group, founded in 1993 under the guidance of **Giorgio Rossi Cairo**, reports revenues of EUR 370 mn and it has become a point of reference for strategic advisory in Italy and for advanced projects in the field of information technology. It currently about has 40 partners and 3,000 professionals of 25 nationalities (only a third Italian).

"Value Partners disembarked in China in 2004 and absorbed the Cuspes consultancy company, which I had created a year earlier along with Rolando Polli and Luca Birindelli," explained Ruggero Jenna. Jenna is now a partner in the group and in charge of operations in China and Asia with 30 professionals, mostly Chinese, working in Shanghai and Beijing as well as 30 other cities, such as Hong Kong, Singapore and Sidney. Those units were acquired this year along with Spectrum, a company specializing in telecommunications.

"The characteristics of the market call for a strong local presence, as experience, has taught all foreign companies that have decided to operate in the country in recent years," said Rossi Cairo. "In only a couple years," added Jenna, "we have tripled the number of professionals operating in China and we are able to involve all the group's international competences, from finance to industry. We intervened in more than 20 projects in 2007." Discretion shields most activities and the names of clients are not usually disclosed but the list includes concerns in the banking, telecommunications, household appliance and energy sectors. Eurizon and Pirelli are among the best known brands. Eurizon, the insurance company of the Intesa Sanpaolo banking group, is looking at China with interest, be it for asset management or for life policies. But it had doubts as to whether it would be best to go it alone or to acquire a company with a certain weight on the market. "In the end we settled on the second approach as the fastest and most effective route to securing a significant share in two compartments," Jenna pointed out.

Once the strategic target was chosen, Value Partners received the mandate to identify and manage possible acquisitions, of which there were two with minority stakes-on one hand, 49% of the Penghua Fund and, on the other, a 20% interest in Union Life Insurance. "We're now in the phase in which we are helping the client take possession of these stakes and exploit them," said Jenna. Value Partners helped Pirelli, especially on the commercial front, in restructuring its relatively weak sales network. It offered advisory in defining a cutting-edge initiative in the Chinese radio/television sector of which much will be heard in the next few years. "At the moment, our presence in China is centred on Italian and multinational companies that are already operating on this market or that are working out how to do so," explained Rossi Cairo. "Our objective, however, is to serve Chinese companies in China as well as to accompany them onto European and South American markets where we have established solid networks." The weight of the advisory segment is certain to increase also thanks to the strong growth of the Chinese market, where sales have doubled in the last year, and to projections that are clearly on the upswing.