

"We sell privately held companies, with a focus on family-owned businesses and companies owned by entrepreneurs."

Beatrice Mitchell, Sperry, Mitchell & Co.

New York M&A Boutique reaches California, UK

Flagged as Deal of the Year, Sperry, Mitchell & Co.'s QP Semiconductor transaction demonstrates the importance of international reach and entrepreneurial focus.

Earlier this year, QP Semiconductor, Inc. of Santa Clara, California, was acquired by e2v Holdings Inc, a subsidiary of e2v technologies plc of Chelmsford, England, for an initial cash consideration of \$65m. In addition, deferred consideration of up to \$15m may be payable over the next year to QP's shareholders.

Sperry, Mitchell & Company, a New York middle-market investment bank, initiated the transaction as QP Semiconductor's financial advisor. ACQ's Kristen Lackajis caught up with Joshua Pressman, a Vice President at Sperry Mitchell, to get some background on the deal.

Founded by two friends in 1985, "[QP] began by simply providing semiconductor testing services for military and aerospace programs," explains Pressman. Today, QP is a leading US-based designer and supplier of end-of-life and obsolete semiconductor components used in military and aerospace applications. QP's products include militarized microcontrollers and interface devices, memory components, and linear and mixed signal devices, all designed to deliver high performance in extreme conditions.

Pressman cites the U.S. military granting Laboratory Suitability status to QP in 1997 as a strategic change that opened new markets for the company. "This laboratory suitability status," continues Pressman, "enabled QP to expand beyond testing services. The company began to upgrade semiconductor components itself and was able to produce its own components."

"QP also experienced phenomenal growth in the past decade through its partnership with Arrow Electronics, which is the world's largest distributor of semiconductor components. This relationship enabled QP to manufacture and redesign a broader array of semiconductor components for the military than it could have manufactured independently." Today, QP is one of the two largest providers of sole and second-source components used by military contractors, as it supplies over 3,000 qualified semiconductor components on the U.S. DSCC qualified manufacturers list. The company generated revenues of \$24m in 2007, and achieved

compound annual sales growth of 27% from 2005 to 2007.

Picking a financial advisor for such a sophisticated, niche company was not an easy decision for QP's founders, John Stannard and Gary Voget. Pressman's firm, Sperry Mitchell, was selected based on its long track record and small size, which facilitates senior-level attention to all client matters. Sperry Mitchell's reputation for broad, comprehensive buyer searches that reach international acquirers was also important. Furthermore, Pressman and founding partner Beatrice Mitchell distinguished themselves with their deep experience helping owner-operated businesses sell, recapitalize, and find growth capital funding.

"I tend to play an execution role on all deals," Pressman explains. He has transaction experience in a variety of industries, including software and technology, business services, distribution, transportation, and niche manufacturing.

Founding Partner Beatrice Mitchell tells us a little more about Sperry Mitchell: "We sell privately held companies, with a focus on family-owned businesses and companies owned by entrepreneurs." Since its founding in 1986, Sperry Mitchell has completed hundreds of transactions in a wide range of industries, with values ranging from \$10m - \$450m.

The company which acquired QP Semiconductor, e2v technologies plc, is a specialist developer and manufacturer of high technology components and sub-systems for the medical and science, aerospace and defense, and commercial and industrial markets. e2v is headquartered in the United Kingdom and operates from five production facilities: three in the UK (Chelmsford, Lincoln and High Wycombe), one in Grenoble, France, and one in Corcelles, Switzerland. The acquisition of QP represents an opportunity for e2v to establish a footprint in the United States and strengthen its position as a major global provider of specialized electronic components and sub-systems. **ACQ**



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DETAILS

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