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KEYBANC

# KeyBanc Expanded Its PE Business Significantly, Racking Up Investment Bank of the Year

The bank made it a priority to work with sponsors, and it paid off, says managing director Paul Schneir

By Danielle Fugazy

After working hard to expand its coverage of middle market private equity sponsors, **KeyBanc Capital Markets** has done just that, becoming a formidable competitor in the industry and Mergers & Acquisitions' 2015 Investment Bank of the Year. Ten years ago, less than 5 percent of KeyBanc's business was tied to sponsor engagements. By 2013, the number had grown to only 8 percent.

In 2015, following the bank's concerted effort to create a more balanced clientele base, private equity sponsors represented 41 percent of the bank's business, corporate buyers made up 39 percent and privately held companies represented 20 percent.

KeyBanc had been known as a seller of corporate divestitures for Fortune 1000 companies. "KeyBanc was already organized by industry verticals, making it easy to market to private equity firms, but we had to make it a priority to work more actively with sponsors and we did," says Paul Schneir, a managing director at KeyBanc. "We made an effort to get them more involved in our processes."

Recognizing that private equity buyers were becoming leery of auctions and high valuations,



Paul Schneir, Managing Director and Group Head, Mergers & Acquisitions, KeyBanc Capital Markets

KeyBanc pursued targeted sell-side processes to maintain communication with a narrow universe of buyers, staying on an accelerated timeline to keep private equity firms engaged. "Deals beget deals, and even when a private equity firm didn't win a deal from us, many said it was a fair process and they were interested in working with us again," says Schneir.

In March 2015, KeyBanc represented HGGC and Charlesbank in the sale of Citadel Plastic to A. Schulman Inc. for \$800 million in cash. Citadel was sold at a price equal to 10.6 times Ebitda. Additionally, the bank advised middle-market private equity firms like American Securities, CIVC and New Mountain Capital, and the family office O2 Capital.

In addition to its growth in the private equity industry, the Cleveland, Ohio-based investment bank had strong year overall, completing 58 transactions worth \$16.4 billion in 2015, up from 40 transactions worth \$12.7 billion in 2014. In 2015, KeyBanc structured and advised on the monetization of the Grand Isle Gathering System of Energy XXI to CorEnergy Infrastructure Trust for \$245 million plus the assumption of liabilities.

This transaction allowed Energy XXI, an oil and natural gas exploration company, to deliver its balance sheet at a critical time in the oil and gas cycle while continuing to operate the pipeline, ensuring transportation of a significant portion of their production. In April 2015, KeyBanc closed on the acquisition of Pacific Crest Securities. The acquisition enhanced KeyBanc's M&A capabilities in the technology industry. **M&A**

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Capital Markets



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