

French boutique investment bank expects to thrive in China

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By Xie Fang

"The prospect of our business growth in China is extremely promising," said Morgann Lesne, partner of the French investment bank Cambon Partners, during a recent interview with China Fortune Media.



Morgann Lesne, partner of Cambon Partners, spoke during a recent interview with China Fortune Media. (Xinhua/Li Lin)

Founded in 2003, Cambon Partners is now among the top three investment banks in the field of mid-market mergers and acquisitions (M&A) transactions in France. As a boutique investment bank, the firm is committed to advising on transactions in such industries as travel and hospitality, insurance and fintech, and e-commerce and retail.

About a year ago, Cambon Partners started its exploration in the Chinese market by setting up its China office in Beijing, which is also the firm's third overseas office. Based

on Cambon's performance in China over the past year, Lesne believes that Cambon will grow faster in China than in Europe. "In just one year, we have managed to open our China office, hire a team of five people, and sign our first group of clients," he said. "It's undoubtedly a great performance in just 12 months."

Lesne disclosed that Cambon Partners was expected to close its most recent cross-border M&A deal in China by the end of this year, in which a key player in China's travel industry is about to be acquired by a foreign company. "It could be an incredible success for Cambon," he said.

As one of the leading European investment banks specialized in conducting transactions in the travel and hospitality industry, Cambon Partners is eager to bring its expertise to China's travel industry. "We are quite knowledgeable in this industry in Europe," said Lesne. "So, our market strategy in China is to focus on China's travel and hospitality industry in the beginning."

When comparing China's travel industry with that of Europe, Lesne said he was impressed by the rapid growth of China's travel industry. "What really catches my attention is how fast this industry is growing in China," said Lesne. "The growth of the European travel market is relatively flat."

That being said, Lesne pointed out that there is still plenty of room for China to raise the penetration rate of its online travel services in Chinese cities. "People living in second and third-tier Chinese cities remain used to offline travel services rather than online services," said Lesne. "So, I expect a robust growth of China's online travel service providers over the next few years."

As a senior banker who serves as a broker for parties in M&As and other fundraising transactions, Lesne said cultural differences are the biggest challenge for the transactions where the two parties are from China and Europe respectively.

According to Lesne, when determining the feasibility of a transaction, European companies care more about such financial indicators as profitability, whereas Chinese companies pay more attention to potential growth and whether the two parties of the transaction have built a good relationship.

What's more, Lesne said during the negotiations, European companies tend to put detailed business plans on the table while their Chinese counterparts usually focus on long-term visions.

Because of these differences, Lesne thought that investment banks like Cambon Partners could play a critical role in bridging the cultural gap between Chinese and European companies. "It's very important to have someone who is able to not only do the translation but also put the focus on what really matters to the transaction," he said.

As for Cambon's business blueprint in China, Lesne said he expected Cambon to be the leading investment bank for China's travel industry over the next few years. "We aim to be the top investment bank in China's travel and hospitality industry five years from now," he said.