



KDDI and KCJ Group partner to strengthen KidZania's positioning in Japan

Deal Highlights

- IMAP Japan (Pinnacle Inc.) advised KCJ Group Inc., operator of KidZania experiential learning centers in Japan, on its sale of a majority stake to KDDI.
- KCJ Group was looking for a partner in order to strengthen KidZania's positioning in Japan and open new centers, using the latest in technology. KDDI was looking to diversify and grow its business in new directions, achieving Sustainable Development Goals (SDGs) set by the United Nations General Assembly.
- KCJ Group is the operator of KidZania in Japan with operations in Tokyo and Osaka area, with plans to open soon in Nagoya. KidZania centers are interactive kids' cities combining inspiration, fun and learning through realistic role-play for children aged between 1-14 years old.
- KDDI, is a Fortune Global 500 company and one of Asia's largest telecommunications providers.
- KCJ Group CEO, Mr. Sumitani, found the ideal successor for the business, achieving a premium value for the majority stake sold.



Market Outlook

- Over the last few years, record numbers of foreign visitors into Japan have been supporting the leisure and recreation industry, as illustrated by Tokyo Disney, which documented a 5 year record for visitor numbers in the first half of 2018. Likewise, Universal Studios Japan has seen YoY visitor growth since 2010.
- With its vocational educational function, KidZania has been successful in differentiating itself from traditional theme parks and educational facilities, seeing a healthy growth despite the sluggish economic conditions and the decline in birth rate in Japan.

Valuation Summary

 KCJ Group's stake was sold at an attractive, full valuation; relative to Japanese transaction multiples and implied based on discounted cash flow (DCF) valuation, with KDDI valuing the company to support its SDGs objectives.



IMAP Approach

- IMAP Japan approached KCJ Group CEO with the idea to seek a new owner in order to grow the company. Using its ability to directly reach top executives, including executives of multi-billion dollar revenue companies, it then reached out directly to KDDI's President.
- By positioning KidZania as an investment to support KDDI's SDGs objectives, it was able to achieve a premium valuation in the sale for its client.
- Highlighting KidZania in Japan as the first KidZania operations outside of its country of origin (Mexico) and the largest KidZania international operation, IMAP Japan was able to effectively convince KDDI of the standalone strengths and value of KidZania in Japan.
- Its ability to consider the strategic objectives of both the buyer and seller, allowed IMAP Japan to create the transaction.

Client Comment

Mr. Einosuke Sumitani, Founder & CEO, KCJ Group Inc.:

"We are extremely happy with the result of this transaction and Pinnacle's [IMAP Japan's] professional performance throughout the sale process. With their assistance, a satisfactory price was secured and KCJ Group found the best strategic partner to continue the legacy and growth of KidZania in Japan."

IMAP Transaction Advisors



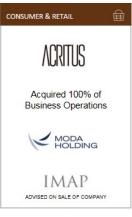
Ikuo Yasuda CEO, Pinnacle Inc. IMAP Japan ikuo.yasuda@imap.com



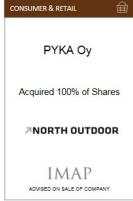
Tomohiko ShibataExecutive Director, Pinnacle Inc.
IMAP Japan
tomohiko.shibata@imap.com

IMAP has closed 66 transactions in the Consumer & Retail sector since 2015











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