



15 Jan 2014 - Bluebox Corporate Finance Group Announces \$70 Million Sale of VAPESTICK®

Bluebox, the corporate finance business founded by Paul Herman and James Caan, is pleased to announce the sale of VAPESTICK®, one of the leaders in the UK and European electronic cigarette market, to Victory Electronic Cigarettes Corporation (OTCQB:ECIG) ("Victory"), a \$500 million market cap leader in the electronic cigarette category in the United States. This cross-border sale is the second transaction for Bluebox in the space of a month and provides further evidence of Bluebox's ability to operate successfully in the global marketplace.

The sale represents one of the most significant transactions in the rapidly emerging electronic cigarette category, a category which, according to many analysts including Wells Fargo, is likely to be larger than the traditional \$720 billion tobacco market within 10 years. Furthermore, Goldman Sachs considers the electronic cigarette category to be the first of eight 'creative destroyers' (alongside 3D printing, big data and cancer immunotherapy) that will command greatest 'investor attention' in the coming decade. The incumbent team from VAPESTICK® will assume senior roles within the Victory business, and Paul Herman, Group CEO of Bluebox and adviser to the VAPESTICK® shareholders, will join the 6-man Victory Board as a Director.

Victory is led by a world-class board of directors, including Chairman & CEO Brent Willis (former President and CCO of InBev that developed and implemented the strategy that created the world's largest beer company), Bill Fields (the former President and CEO of Walmart, which now represents the largest retailer in the world – \$400 billion of revenues in 2013) and, now, Michael Clapper (Co-Founder, Chairman and CEO of VAPESTICK® and formerly Founder and CEO of Enterprise Group, a 'Fast Track 100' business in which he sold a stake at a value of £30 million).

Victory's new President International, Michael Clapper commented: "I have worked with many different advisors over the years, but the quality of Bluebox was plain to see from the outset. Their assistance in negotiating the deal was invaluable and they provided immediate evidence of seriously impressive knowledge when it comes to all aspects of cross-border M&A. Bluebox not only assisted in securing our exit, but also helped to provide a platform for our team to work with an outstanding set of people, with whom we can now drive for further consolidation in the e-cigarette category. This was a key objective for us from the start and this deal brings the opportunity to see significant further returns in the years to come. I couldn't recommend the Bluebox team any higher and am truly delighted that Paul has accepted Victory's invitation to work with me on the main Board."

Paul Herman, CEO of Bluebox, commented: "It is a great privilege to be involved in a transaction such as this and an honour to be asked to join the Board of Victory on the back of our work for Michael Clapper and his team. This is a truly exciting time in Victory's evolution. The e-cigarette category is ripe for consolidation and to have advised on a deal where all of our clients' objectives have been met is something we are particularly proud of. A second deal for Bluebox in such a tight timetable is significant, and our on-going pre-sale planning and exit advice work appears to be paying dividends for many of those that are now working with us. We expect to be announcing further success stories in the coming months."

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