

## Press release

12 May 2015

### **HANNOVER Finanz records brisk investment activity**

**Private equity company continues portfolio expansion with fast-growing medium sized businesses – Buoyant business in Austria – Vienna base well positioned for the DACH region – First investment of 2015 completed**

The HANNOVER Finanz Group, based in Hanover and Vienna, reports its first new investment of 2015 in Deurotech Group GmbH, and one of the most successful divestments in the company's 36 year history with the sale of its shares in the Austrian Schrack group. With its tailor-made investment models, especially for medium sized enterprises, the HANNOVER Finanz Group has established an excellent reputation among entrepreneurs and their families, who particularly value the Group's preparedness to enter into long-term commitments. In contrast to the standard investment duration of around 5 years in the private equity sector, the equity capital partner retains its holdings for 8 years on average. The Group is backed by institutional investors from the insurance industry who make their funds available for an indefinite period. Enquiries from family businesses continued to increase in 2014, in particular in preparation for corporate succession and further growth with the support of HANNOVER Finanz as a majority or minority shareholder.

### **Revamped portfolio with great potential**

"Following a year dominated by sales in 2013, 2014 saw HANNOVER Finanz once again concentrating on expanding its portfolio. Our current investments have great potential, with growth in hidden reserves. Enquiries from family businesses not only wishing to arrange for corporate succession, but also aiming to exploit opportunities for growth, continued to increase in 2014. Medium sized enterprises with sales of 20 million euros and more continue to regard us as an ideal partner in the development of their business. We welcome enquiries from all industries," says Andreas Schober, Chairman of the Board of the HANNOVER Finanz Group, looking back at the developments in the 2014 business year.

Schober comments further on the development of the HANNOVER Finanz portfolio and the private equity market as follows: "We have been investing strongly and expanding our portfolio since 2009. The sum available for new investments has constantly risen. Looking back at the past five to six years, then, the increasingly confident mood in the private equity sector is reflected in our business. The market also favoured divestments, which we utilized in cooperation with the entrepreneurs in the case of long-term holdings. Companies which in

some cases had been in our portfolio for up to 30 years either bought back their shares or resolved to pursue international growth with new partners.

### **Brisk investment activity – especially in Austria**

In 2014, the HANNOVER Finanz Group invested a total of over 73 million euros in six new participating interests and seven follow-up commitments.

“In the last business year, projects from the previous year were finalized. We take the time to talk to the entrepreneurs of medium sized businesses with a view to establishing tailor-made investment models together. The companies we have added to our portfolio include medium sized enterprises in Austria. We have been present on the Austrian market with our own office for over 15 years. Our team in Vienna enables us to work locally in Austria, and also in southern Germany and Switzerland. The mid-market sector is smaller in Austria than in Germany, and therefore we also invest there in growing businesses with sales just below the 20 million euro mark,” as Schober describes the Group’s Austrian activities.

The new businesses in the portfolio are the Austrian family business SIMPLON Fahrrad GmbH, founded in 1961 (sales in 2014: 19 million euros), known worldwide for its customized premium bicycles in carbon, Knoth Automation GmbH, a Viennese family business founded in 1965 (sales in 2014: 14 million euros) with a patented process for cleaning of workpieces for the automotive industry, and IS Inkasso Service GmbH funded in 1979 (sales in 2014: 16 million euros) based in Linz, Austria, and a service provider in the field of receivables management. The new commitments in Germany include the Koller Group (sales in 2014: 63 million euros), an automotive component supplier founded in 1994 by the Koller brothers, the ecommerce service provider IPH Image Production GmbH founded in 1999 (sales in 2014: 17 million euros) and the silent partnership in Overlack AG, founded in 1922 by Heinrich and Lutz Overlack as a chemicals wholesaler (sales in 2014: 430 million euros).

HANNOVER Finanz made a total of 3 sales in 2014. Following major divestments in the previous year, the equity capital partner has now recorded divestment profits of over 9 million euros (previous year: over 23 million euros). The current portfolio earnings are over 23 million euros (previous year: over 30 million euros). HANNOVER Finanz achieved a sound Group result in 2014, enabling it to distribute over 20 million euros (previous year: 42 million euros) to its investors.

### **First investment in 2015 finalized – high level of earnings expected**

With the acquisition of 74 percent of the shares in Deurotech Group GmbH (sales in 2014: 65 million euros), HANNOVER Finanz has now finalized its first new commitment for 2015. The investment followed the grouping together of four businesses in a newly founded holding company. The newly established group comprises Deurowood Produktions GmbH of Hard, Austria, which manufactures both additives for control of chemical processes in the impregnation of paper and wood surfaces and other chemicals for improvement of surface

properties, and also VITS Technology GmbH of Langenfeld, originally founded in 1928, with its impregnation and coating systems, IFA Technology GmbH of Rain with its weighing, mixing and metering technology, and Wessel Umwelttechnik GmbH of Hamburg, a specialist in the cleaning of waste air from industrial processes. The companies in the group will in future work even more closely together and supply coordinated process modules from under one roof. The previous directors of the individual companies will continue to manage their businesses. 26 percent of the shares are held by WD DTG Beteiligungsgesellschaft of Bregenz, whose owner Werner Deuring is also now the general manager of the group.

Further investments are currently impending for HANNOVER Finanz. “We expect good dividends and a profitable year in 2015,” says HANNOVER Finanz director Andreas Schober with regard to future developments in the present business year.

### **Ten years of partnership – one of the most successful divestments**

After ten years of successful cooperation, HANNOVER Finanz has now sold its shares in the Schrack Technik Group of Vienna. The company’s management team has taken on the majority, with ILAG, a Vienna-based investment company with an industrial orientation, acquiring a minority stake. Schrack, with sales of just under 200 million euros and 700 employees, ranks among the leading suppliers of components and systems for power distribution and IT in Austria, and also operates in central Europe. The company was spun off as an independent unit in 1993 from the family business Schrack AG, originally founded in 1920. In the year 2000, the French Rexel group took the company over. In 2005, HANNOVER Finanz implemented a management buy-out together with the management team of the time, which still heads the business today. “The sale of our shares in Schrack is one of the most successful divestments in the history of HANNOVER Finanz. With our commitment, we were able to support the management in its carve-out from the Rexel group, and in turning the business into an independent, high-growth medium sized enterprise,” as Andreas Schober comments on the transaction.

### **Trend towards investment capital for corporate succession continues**

In the current business year too, HANNOVER Finanz is experiencing rising demand from family businesses for equity capital in preparation for or in the implementation of corporate succession.

“In 2014, we polled family businesses in a study and found that while family entrepreneurs wish to remain shareholders, they are nevertheless well disposed towards corporate succession solutions with the support of an equity capital partner,” HANNOVER Finanz CFO Jürgen von Wendorff comments on the continuing trend.

“A further result of the study has also become apparent in connection with our new investments: More and more companies want to attract outside expertise into top management in order to create a broader foundation for the future and secure their succession. The Austrian family business SIMPLON, for example, consciously sought a

partner and majority shareholder in the form of HANNOVER Finanz to prepare for corporate succession, and strengthened its management with a further director immediately after we came on board. The Koller Group, too, appointed a further director to the business directly after we became the majority shareholder. The situation is similar with the Knoth company, who solved their corporate succession issues with support from HANNOVER Finanz as the majority shareholder. Both the existing management and a manager from outside took on shares. The entrepreneurial family remains associated with the company through share ownership.”

With IPH Image Production GmbH of Hamburg, too, the issue was one of implementing corporate succession, von Wendorff continues. A new feature in this year was the connection of growth with simultaneous preparation for a change of generation, he notes. In addition, the businesses expect very close cooperation from the equity capital partner.

“Demand for our expertise and experience from 36 years in the private equity business is clearly rising. To satisfy that demand, we have a broadly based team of people with experience in both industry and the financial sector,” says von Wendorff, confirming that the HANNOVER Finanz Group is well positioned for future transactions.

10,040 characters / 125 lines. We would appreciate a sample copy of any reprints.

#### **About the HANNOVER Finanz Group**

For over 35 years now, the HANNOVER Finanz Group based in Hanover and Vienna has been a sought-after equity capital partner for medium sized enterprises in all industries. The private equity company, founded in 1979, was one of the first providers of venture capital in Germany and is independent of banks or major corporations. The basis of its investments, intended for the long term, is the currently seven evergreen funds with unlimited duration and backed by institutional investors. Well-known businesses like Fielmann, Rossmann and AIXTRON AG have financed their growth with private equity from HANNOVER Finanz and made use of its management consultancy services. The Group also invests in companies when corporate succession has to be secured, and in medium sized spin-offs and carve-outs. Its commitments cover sound businesses with annual sales of at least 20 million euros, in a range extending from old economy industries to commerce and the new technologies. The HANNOVER Finanz Group is one of the few private equity houses in the German-speaking countries to take on minority as well as majority shareholdings.

**Text:** Jantje Salander, Head of Corporate Communications, Email: [salander@hannoverfinanz.de](mailto:salander@hannoverfinanz.de), HANNOVER Finanz GmbH, Günther-Wagner-Allee 13, D-30177 Hannover, [www.hannoverfinanz.de](http://www.hannoverfinanz.de)