

BROCKHAUS PRIVATE EQUITY
Investing in Innovation Leaders.



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Germany: Remaining Europe's Economic Powerhouse

In a world afflicted by a rise in uncertainty, far sighted investors have recently taken a growing interest in Germany, a country noted for combining political stability with economic clout. Their attention has turned, in particular, to Germany's famous Mittelstand, the thousands of world beating, yet often little known, medium-sized manufacturing firms that have helped Germany recover from the global financial crisis faster than most economies and are now fueling the country's export-led growth.

Identifying Germany's next 'hidden champions' early on and turning their growth into an attractive return for investors is a complex art. Among those that have mastered it, our firm, Brockhaus Private Equity stands out with unique capabilities and a compelling track record.

With over twenty successful deals to its name, including landmark transactions such as Wirecard and 360T, Brockhaus Private Equity has firmly established itself as a key player in Germany's mid-cap private equity market since its launch in 2000. Formed around a team of professionals with strong backgrounds in investment banking, corporate finance, tax consulting and law, Brockhaus Private Equity manages and advises funds worth more than 250 million Euros in total and makes equity and equity-related growth capital investments in the range of 5 million to 25 million Euros per transaction. We pride ourselves on our independence as well as our impressive investor base which includes, among others, pension funds,

savings banks, insurance companies, family offices and a public separate estate managed by the German Federal Ministry of Economic Affairs and Energy. An attractive annual return rate since our inception is testimony to a remarkable success story now opening a new chapter with our most recent fund Brockhaus Private Equity III.

The key to our outstanding investment performance is our sharp focus on medium-sized innovation and technology leaders. Representing an elite group within the Mittelstand, these companies are characterized by highly innovative products and cutting-edge technologies that often set global standards, enabling them to achieve annual growth rates of more than 10% as well as EBITDA margins above 15%. Typically, they boast leading market positions in Germany and have embarked on successful expansion abroad, but still have some way to go to exploit their full global potential. Gaining access to these largely family-owned firms, typically tucked away in small towns far removed from Frankfurt, Munich or Berlin, is no easy task. However, our institutionalized sourcing process of incorporating many different channels of information, including a close-knit network of M&A and cross-industry contacts, enables us to generate first class proprietary investment opportunities on a regular basis. Wirecard and 360T, as well as our latest investment Thermamax Group, are examples for the unique opportunities provided by proprietary deal situations with no middle man involved.



Strict pricing discipline is crucial to our proven approach. Our strong preference for exclusive deal situations helps us avoid unreasonable entry valuations. Furthermore, the involvement of seasoned industry experts from our professional network enables us to evaluate the full potential of our investment targets, as well as to spot possible risks early on in the due diligence phase. Another key factor for our success lies in our stringent portfolio management. This begins with the careful selection of managers capable of moving the portfolio company forward through special product know how or sales expertise, as new management team members or external advisors, even before the deal has been closed. Next comes the implementation of a post-closure "100 Day Plan" designed to boost the portfolio firm's professional standards. This is especially important in areas such as finance and accounting, before the focus is shifted towards

leveraging mid and long term upside potential via structural changes aimed at entering new markets, expanding the product range and making suitable add-on acquisitions. Leaving nothing to chance, we take great care to prepare time and price optimized exit strategies early on as well as to introduce potential buyers to the portfolio firm at the best possible time, thus creating perfect conditions for maximum transaction success.

Visionary thinking, speed and flexibility are deeply embedded in Brockhaus Private Equity's corporate DNA. However, the biggest praise we regularly receive from business partners is the recognition that we truly speak the language of entrepreneurs and understand their aspirations and needs like no-one else. More than anything, it is this respect for our role as an entrepreneurial minded and long term oriented financial partner that genuinely sets us apart from our competitors.

Brockhaus Private Equity III is well poised to emulate the impressive performance of its two predecessors. Significantly, the fund has already invested more than 30 million Euros to date. Having purchased a majority stake in automotive component supplier J&S GmbH Automotive Technology as well as a stake in high-temperature shielding specialist Thermamax Group, two high-tech firms boasting superb market positions, high profitability and exceptional rates of growth. Several further investments are already in the pipeline with the aim of closing a further transaction in 2015. If one thing is certain, it is that German 'hidden champions' with great potential are still in abundant supply. Investors choosing 'value made in Germany' and partnering with the right private equity firm are therefore set to be winners for many years to come.

