

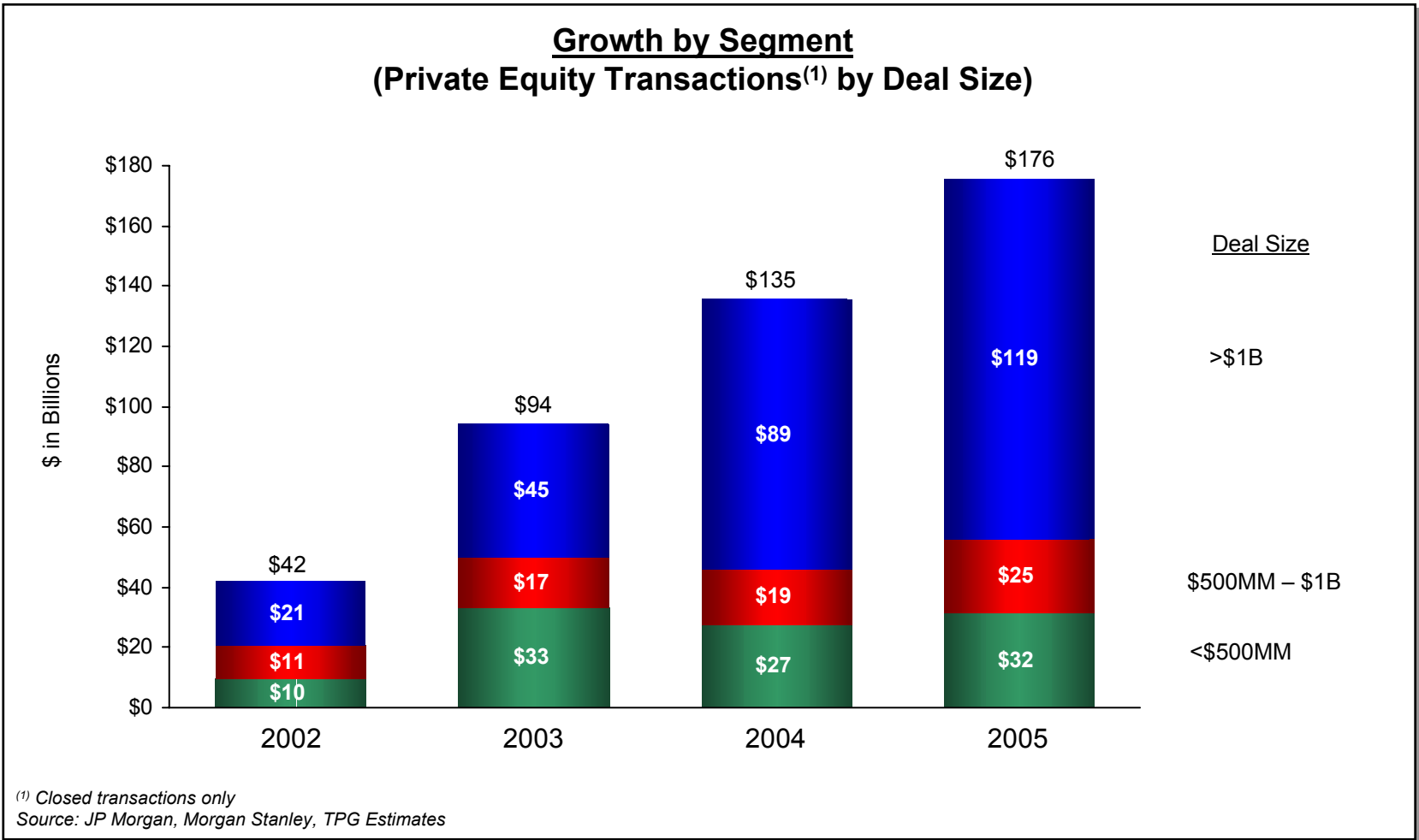


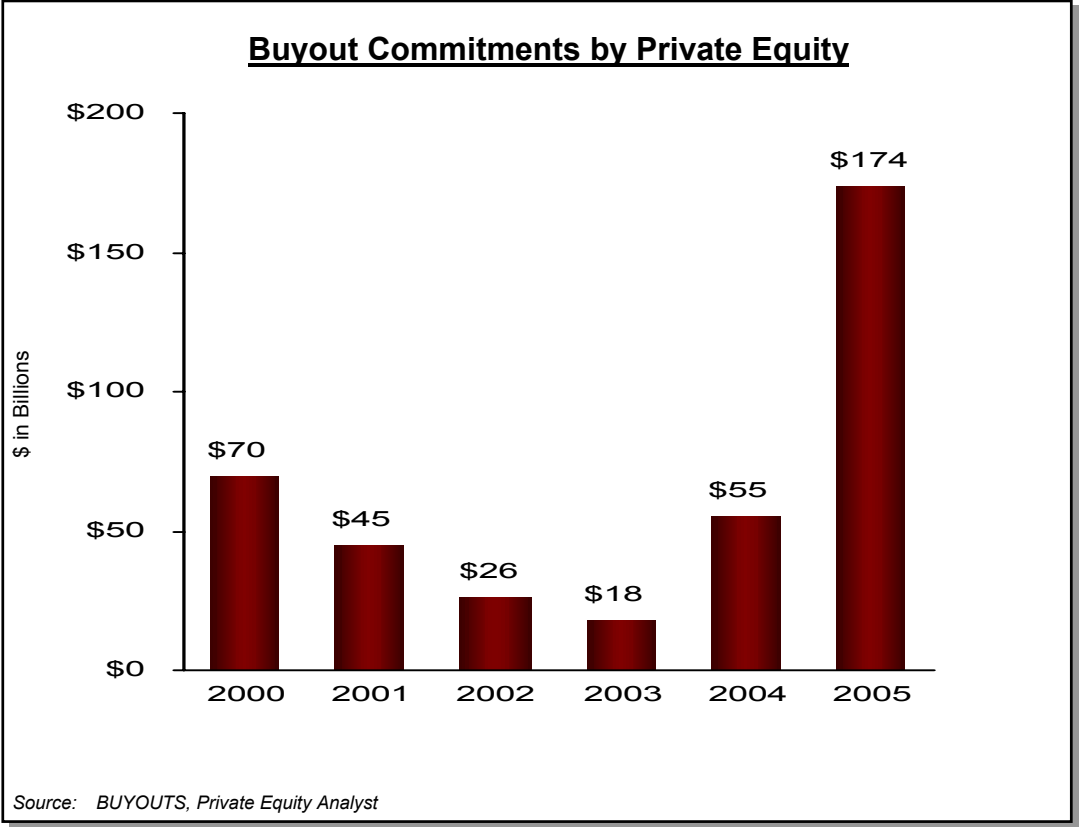
# **Finanzinvestoren im Bieterwettbewerb mit Strategen**

Andrew Dechet, Partner

May 2006

## Private Equity Transactions by Deal Size

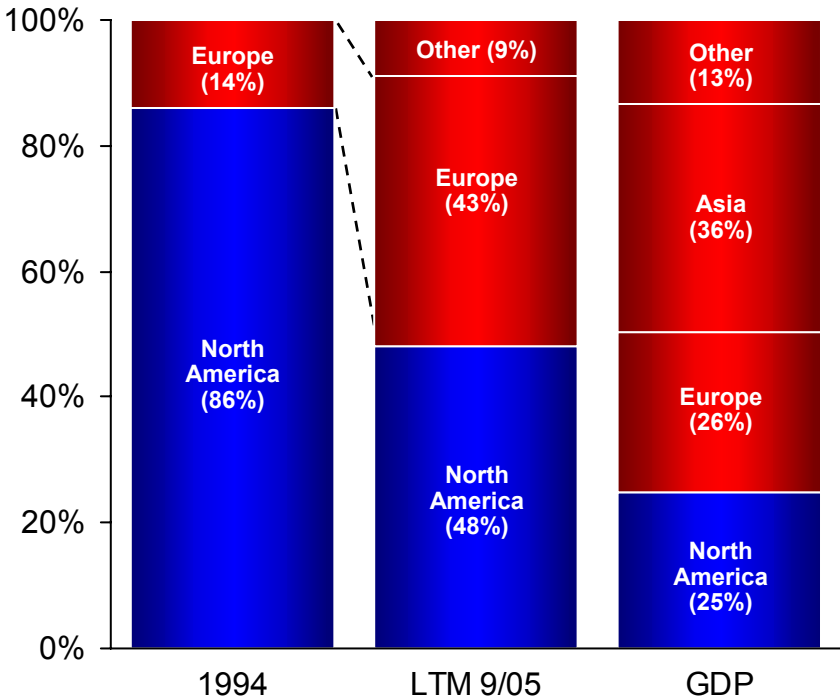




**Substantial increase in fund flows into Private Equity**

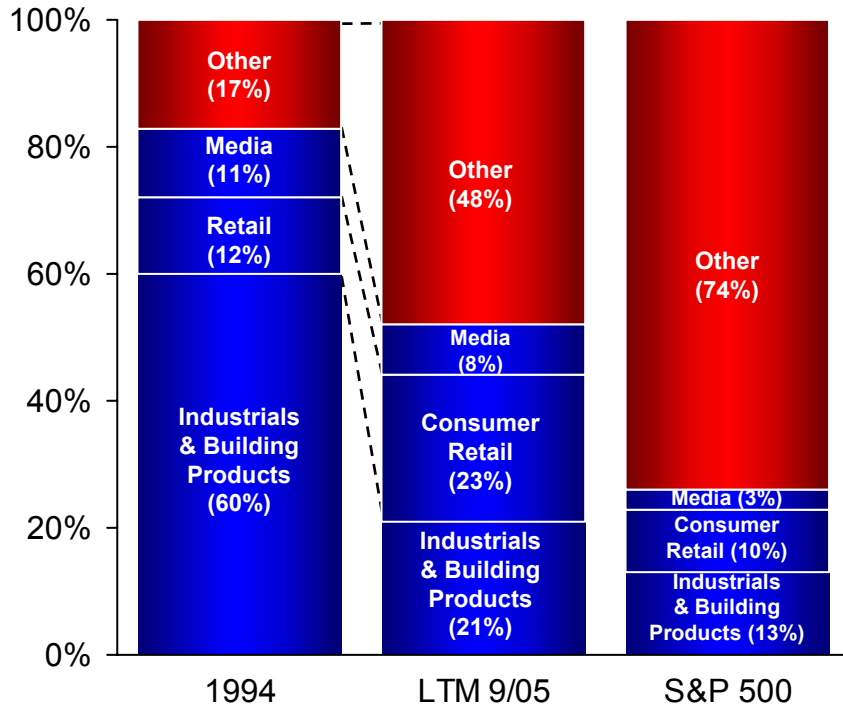
## Expansion into New Geographies and Industries

### Geography



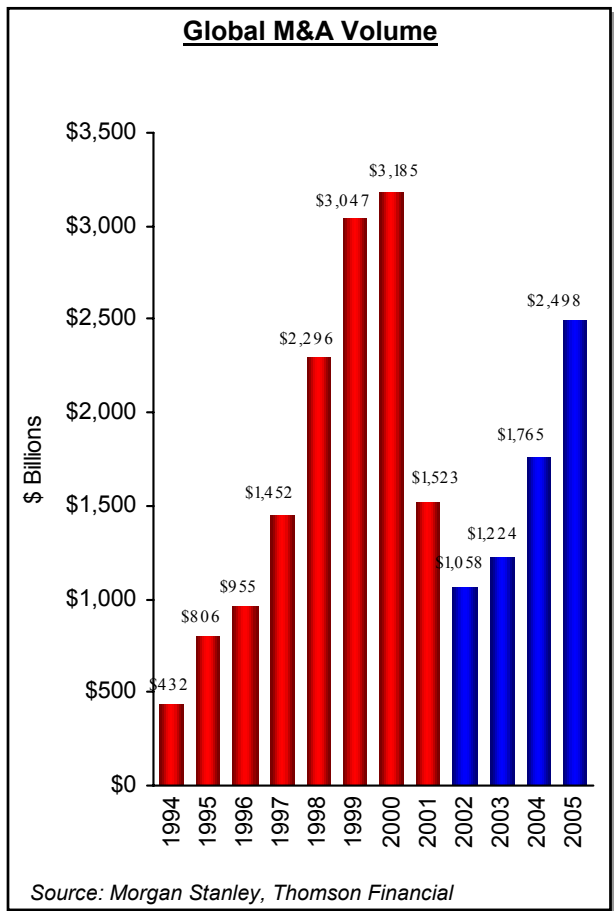
Source: Morgan Stanley, Buyouts Newsletter, SDC, Freedonia

### Industries

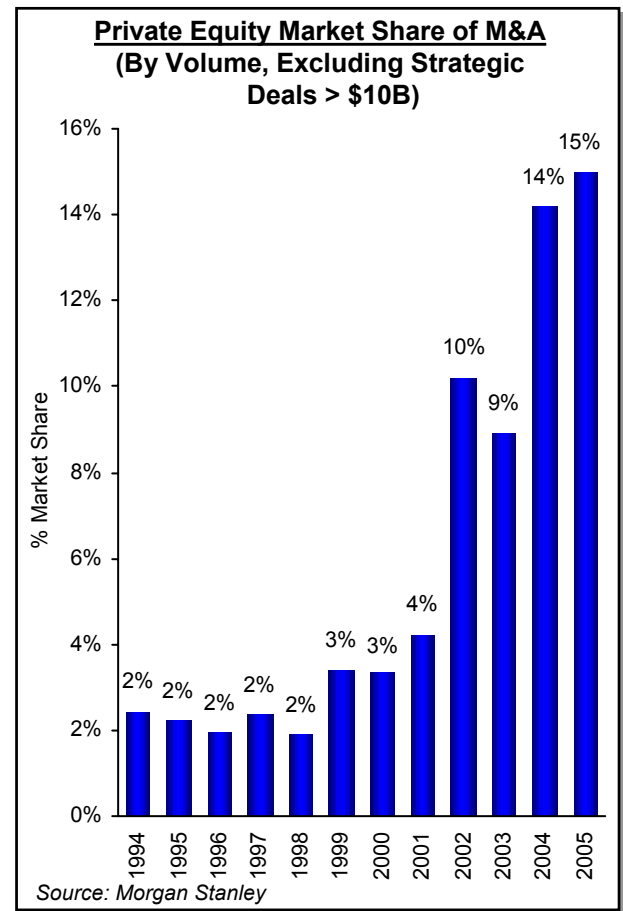


Source: Morgan Stanley, Buyouts Newsletter, SDC, Freedonia

## Global M&A Volume and Share of Private Equity

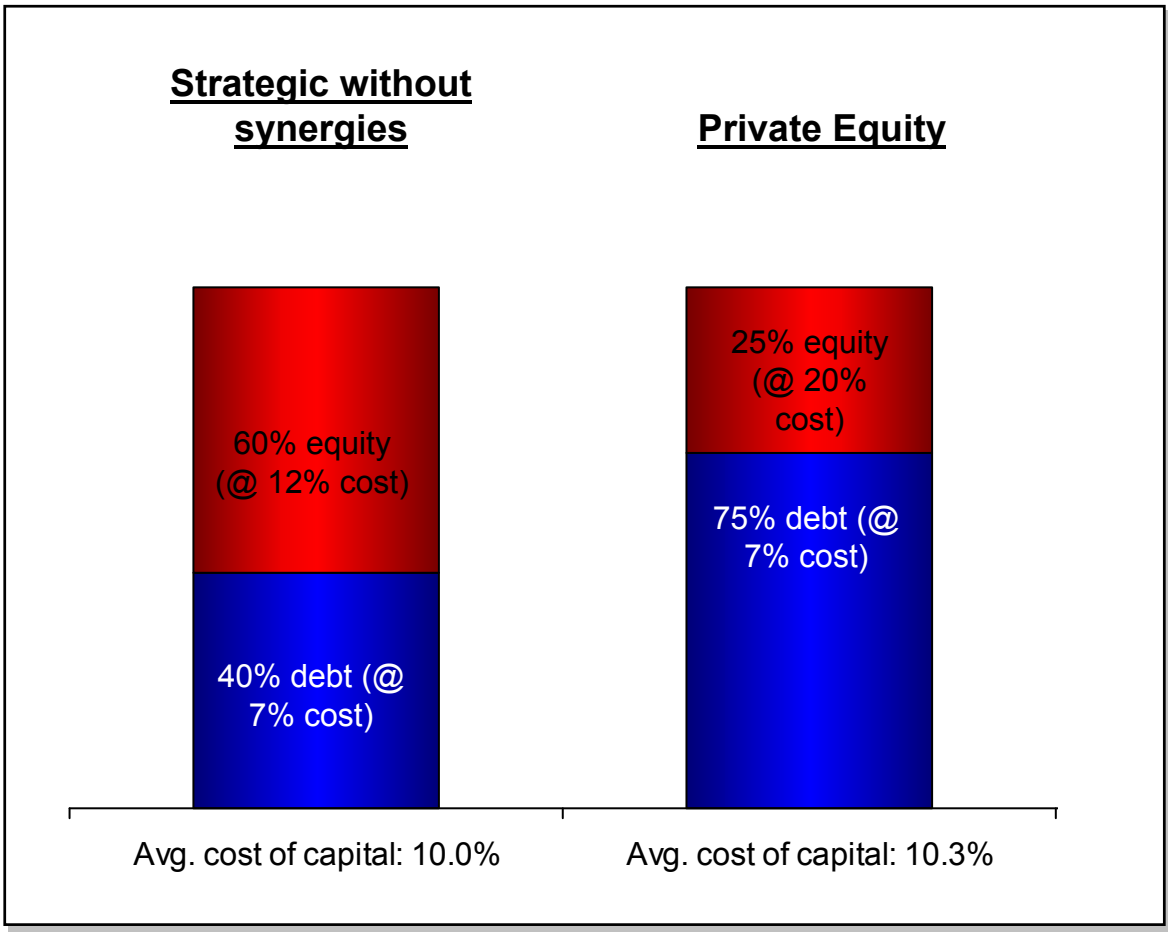


**M&A is increasing, but still off from '98 - '00 highs...**



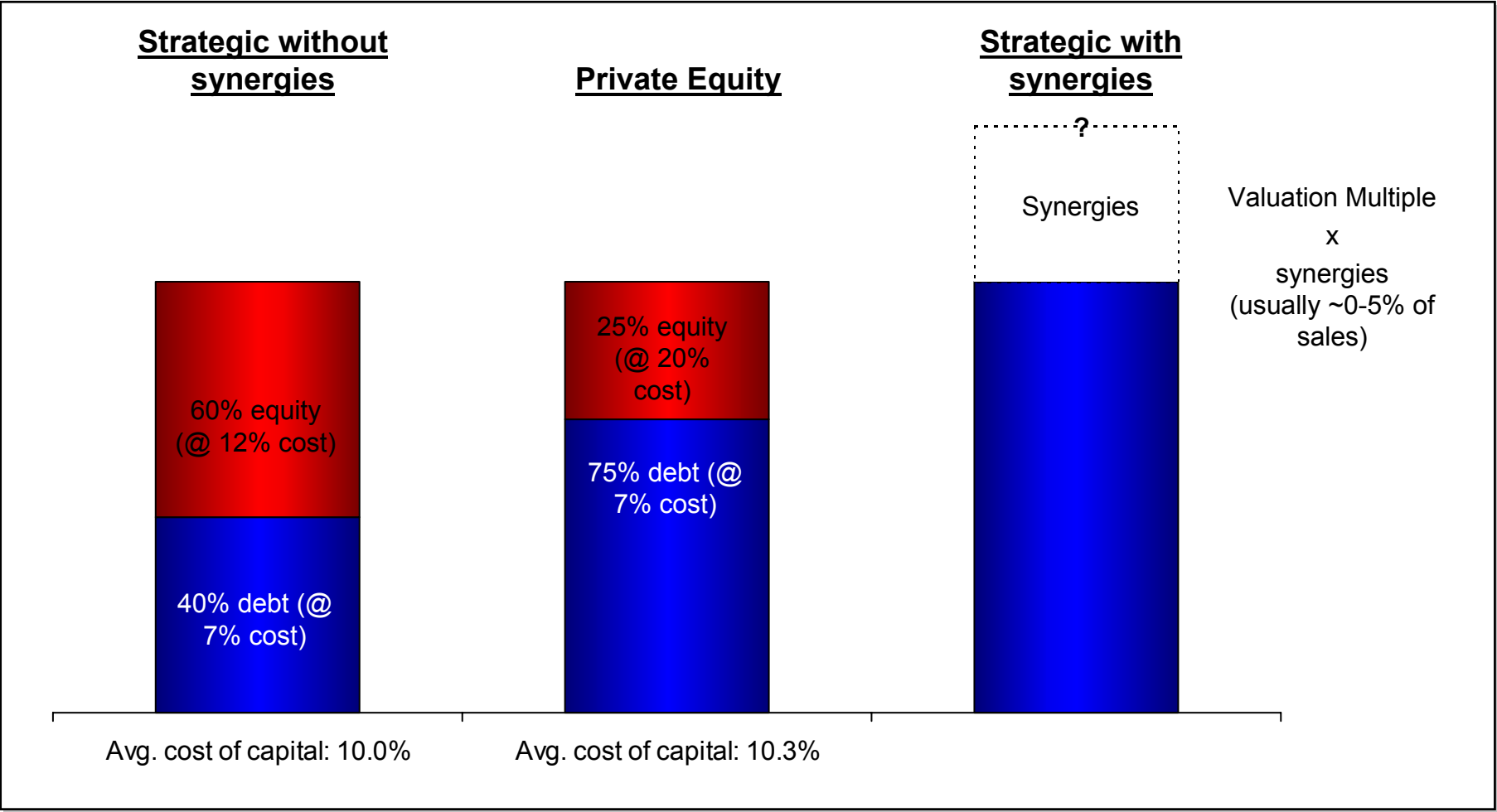
**...while Private Equity firms have increased share of M&A dramatically**

## Competitive bidding: Private Equity vs. Strategics



**In deal situations where strategics have no synergies, Private Equity can be competitive because of a more efficient balance sheet**

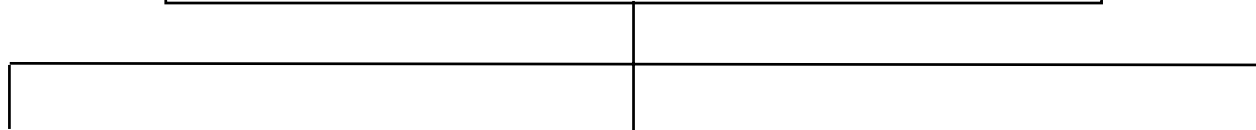
## Competitive bidding: Private Equity vs. Strategics (cont'd)



**In deal situations where strategics can realise synergies, Private Equity is usually outbid**

## Different Perspectives on Deal Attractiveness

<b>Acquisition target:</b>	<b>Company A</b>
<b>EBITDA:</b>	<b>50</b>
<b>Net Income:</b>	<b>20</b>
<b>Capex:</b>	<b>10</b>



### Strategic Buyer 1

Listed, trading at 25x Net Income  
Focus: Accretion/Dilution  
Payment Method: Stock



- Can pay 500 + synergies

### Strategic Buyer 2

Listed, trading at 15x Net Income  
Focus: Accretion/Dilution  
Payment Method: Stock



- Can pay: 300 + synergies

### Private Equity Buyer

Traditional Private Equity Buyer  
Focus: Cashflow & IRR  
Payment Method: Cash



- Can pay 440
- 11x EBITDA-Capex



**Private Equity and Strategics can use different measures to assess the attractiveness of a deal**

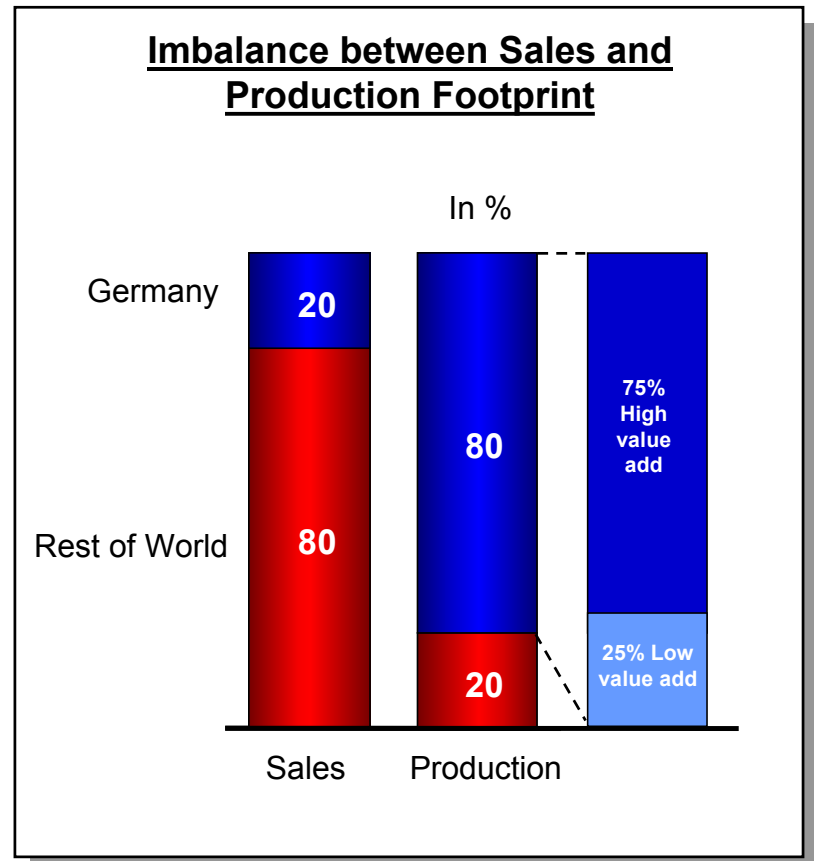
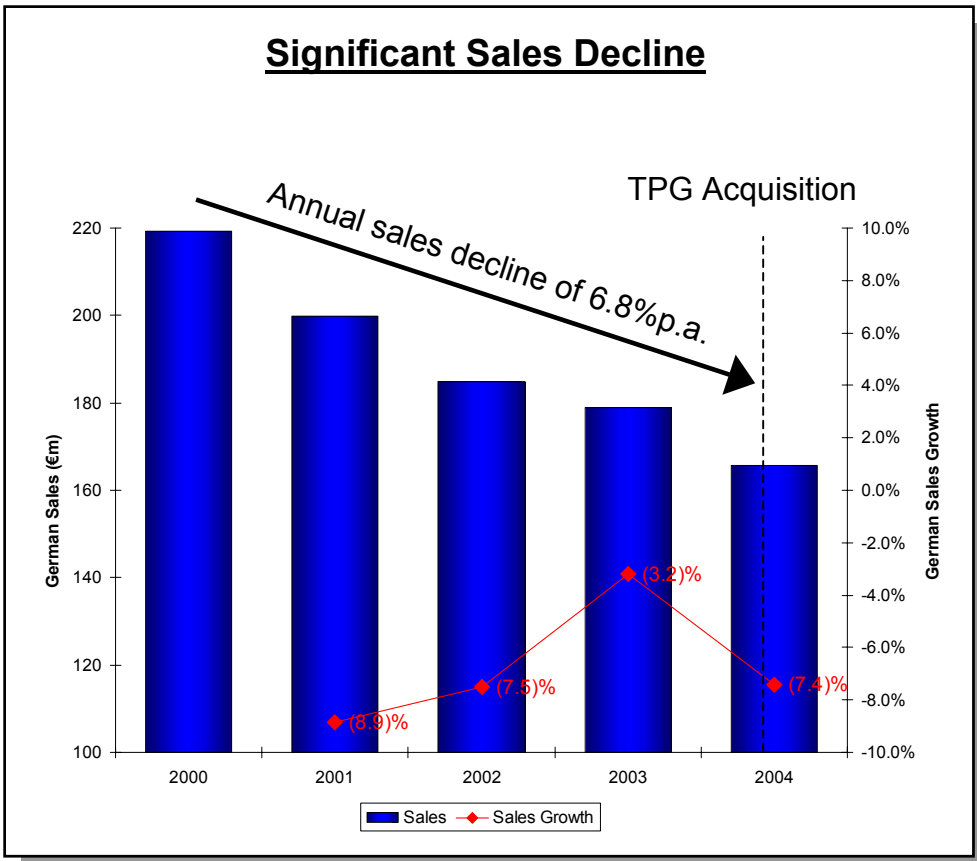


Name	Date	Name	Date
FL Selenia	Nov-05	Thule	Oct-04
Altice One	Nov-05	Honsel International Technologies	Oct-04
Frans Bonhomme	Dec-05	Auto-Teile-Unger	Jun-04
N&W Global Vending	Nov-05	Four Seasons Healthcare	Aug-04
Perstorp	Dec-05	Dunlop Standard Aerospace Group	Aug-04
Moliflor Loisirs	Nov-05	Grohe Holding GmbH	May-04
Environmental Resource Management	Dec-05	Vendex	Aug-04
Fitness First	Oct-05	IMO Car Wash Group	Jan-04
Wavin	Aug-05	Clondalkin Group	Feb-04
Dyno Nobel	Nov-05	Loxam	Dec-03
Moeller Group	Jul-05	Baxi Group	Jan-04
Terreal	Jul-05	Global Garden Products	Nov-03
NCP	Aug-05	Materis	Nov-03
Actaris	Jun-05	Odeon	Feb-03
MACH	Jul-05	FL Selenia	Oct-03
Kwik-Fit	Jun-05	TeleColumbus	Jul-03
Yellow Brick Road Group	May-05	Frans Bonhomme	Sep-03
Sirona Dental Systems	May-05	Focus Wickes	Jan-03
Cannon Avent	Jun-05	Gala Group	Mar-03
The Tussauds Group	May-05	Premiere Fernsehen GmbH & Co	Feb-03
Strix	Apr-05	Nycomed Pharma	Dec-02
Mölnlycke Clinical Products	Apr-05	Coral Eurobet	Sep-02
Dometic	Jun-05	Telenet	Jan-01
Klößner & Co	Dec-04	Elis	Jul-02
Travelex	Jul-05	Unique Pub Company	Mar-03
Nycomed Pharma	May-05	Pubmistress	Dec-00
Sanitec Corporation	Feb-05	Baxi Group	Nov-00
Mivisa Envases	Mar-05	General Healthcare	Sep-00
Tank & Rast	Jan-05	MGE UPS	Apr-00
Gerresheimer Glas	Dec-04	Gala Group	Apr-00
Picard Surgelés	Dec-04		



**Certain assets “always” remain in the hands of Private Equity**

## Why did Grohe need restructuring in Germany



**From 2000 to 2004 Grohe lost 25% of their German sales, with the imbalance between revenue and production footprint putting significant pressure on the profitability.**

**Topline Initiatives**

**Adapt cost base to dominant foreign sales - reduce imbalance, improve competitiveness**

**Invest in innovation - R&D budget up 40%!**

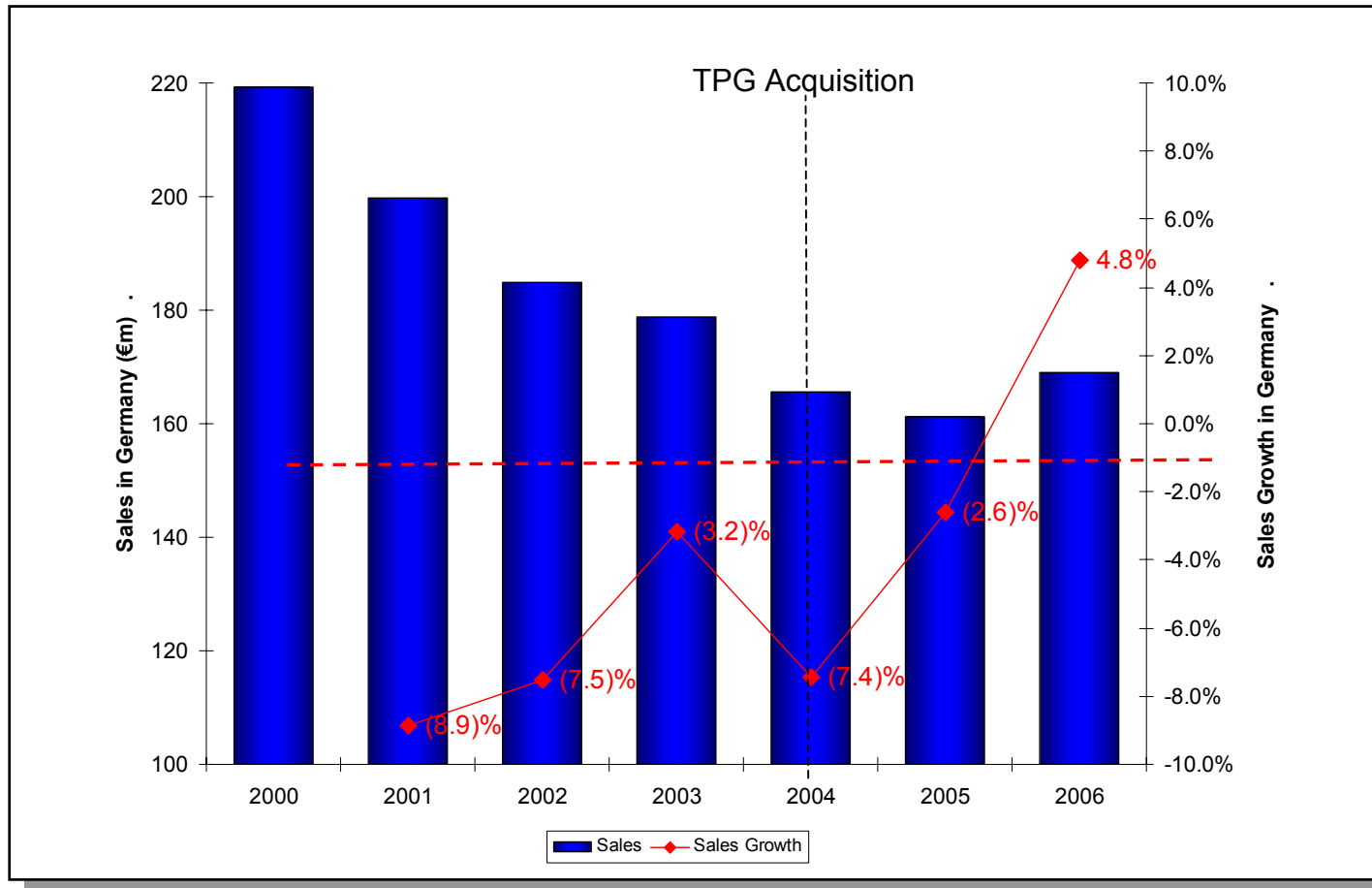
**Reduce complexity - fewer products, better focus**

**Support growth - investment up more than 20%**



**Increase Product Revenues**

## Why Grohe will be a stronger company



**In 2005, Grohe has managed to significantly reduce the sales decline of the previous years. In 2006 Grohe finally expects to stop the sales decline and to generate positive sales growth for the first time since 2000.**