

# Independent, pragmatic, and reliable

In December 2008, Perusa Partners sold Buderus Kanalguss GmbH to strategic investor MeierGuss. Dr Hanno Schmidt-Gothan, a founder of Perusa, gives ACQ some insight into the deal and the firm



Dr Hanno Schmidt-Gothan

## DETAILS



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### Perusa Partners

Founded in 2007, the Perusa team consists of experienced investors, entrepreneurs, and crisis and rescue managers. It provides advice to a well-capitalised fund, to medium-sized businesses as well as to corporate business divisions with a long-term potential for value creation. The founding trio consists of: Dr Christian Hollenberg; Dr Christopher Höfener; and Dr Hanno Schmidt-Gothan.

Dr Hanno Schmidt-Gothan managed the Buderus Guss portfolio companies (including Buderus Kanalguss) for more than two years in his role as the Managing Director of Buderus Foundry Management S.a.r.l., the holding vehicle of the former owner, the private equity fund Special Situations Venture Partners (SSVP, advised by Orlando Management GmbH, Munich). He led the buyout of the Buderus Guss companies from SSVP to Perusa and also the divestment of Buderus Kanalguss.

The fund Perusa advises invests in companies that are facing radical changes, but also acquires interests in profitable companies that are easy to manage. The companies in the portfolio generally exhibit annual revenues from €20m to €1bn, whereupon typical revenues range from €50m to €300m.

Small businesses (under €30m in revenue) can also count on Perusa's support if they are profitable or facing interesting future prospects that enable further strategic development. The fund does not invest in start-up companies.

Dr Schmidt-Gothan begins: "We attach importance to a very positive collaboration with portfolio companies and their best possible development. For this reason, we make absolutely sure prior to any investment that a company meets the criteria for collaboration with an institutional investor."

These criteria include: phases of development; corporate situation; size of revenues; geographic focus; and sector focus.

2008 was a phenomenal first complete year for Perusa. The fund was closed in March, and in April the first transaction ("Heavy Metal", the buyout of five casting companies with seven locations in three countries) was completed. Over a hundred deal proposals were evaluated, with two more signings occurring in the fall. The sale of Buderus Kanalguss (BKG) in December marked the first successful exit, generating substantial value.

### Buderus Kanalguss

Buderus Kanalguss is based in Limburg and is active in the drainage systems space, employing more than 100 people.

Perusa acquired BKG within a package of other foundry companies. As part of its portfolio considerations, Perusa decided that – after implementation of a comprehensive reorientation – an owner with a different profile could better utilize the numerous development possibilities of BKG and their strategic potential.

With its introduced product line, the acquisition of BKG



The founders: Dr Christian Hollenberg, Dr Christopher Höfener, and Dr Hanno Schmidt-Gothan

offers an investor the possibility of a stand-alone sales growth with a continuous increase in yield, even before potential synergies are taken into account. By expanding its position as a leading reconstruction specialist and sole supplier with a patented installation system and other protected products, BKG can expand its market share in the pure reconstruction sector to over 20% in the medium-term and thereby become market leader in Germany.

"MeierGuss as the current leader in this field in Germany was the perfect match for BKG, and together, they should be able to realize substantial cost and revenue-side synergies."

The current market situations in industrial goods did not favour exits, and thus financing of the significant equity ticket was an issue for most of the interested parties.

"Through a joint effort between seller and buyer across several fields (Factoring, Real Estate Mortgage, Bridge Financing, External Financing with joint business plan) a smooth and successful transaction with closing just three weeks after signing was made possible. Close cooperation between buyer & seller and innovative ideas were key success factors."

### Moving forwards

Perusa is striving to continue its path of success in 2009. It will have reached its target team size by the end of the Q1, and will professionalize its processes further to become even more effective and efficient in deal sourcing and transaction execution. Perusa hope to be able to complete several additional transactions over the next few months.

Dr Schmidt-Gothan believes that classic leverage-based buyout will continue to be difficult due to critical financing and declining economic performance for the next six to nine months.

"On the other hand, prices are likely to come down, as the realization that past glory does not justify inflated transaction values any more should sink in with sellers. In addition, we should be able to benefit from the situation: as the critical resources for transactions become both money and management capability, players such as Perusa, which have both a fund with stable investors and a hands-on approach to target companies, should be well positioned vs. pure buyout funds or vs. small investors without institutional funding." **ACQ**