



# Investing in Special Situations / Carve-outs with a Sustainability Approach

April 16, 2024

*Signatory of:*



**Jasper Delekat**  
Managing Partner



*The philosophy behind FairCap is to unite a positive social impact with financial returns. We think long-term and therefore invest in employees, innovation and sustainability.*



Msc in Finance from Maastricht University



E-Mail: [jasper.delekat@fair-cap.com](mailto:jasper.delekat@fair-cap.com)

**Julian Geib**  
Investment Analyst Intern



*FairCap takes a holistic approach to corporate governance, integrating all stakeholders and their individual interests. In this respect, FairCap acts not only as a pioneering partner in the field of sustainability, but also as a committed owner for sellers who care deeply about the well-being of their company and their employees.*



Final year Msc in Economics at LMU Munich



E-Mail: [julian.geib@fair-cap.com](mailto:julian.geib@fair-cap.com)

**Address:**

FairCap GmbH  
Maximilianstr. 35a / 2<sup>nd</sup> floor  
80539 Munich

**Online:**

[www.fair-cap.com](http://www.fair-cap.com)  
[info@fair-cap.com](mailto:info@fair-cap.com)

**Commercial Register:**

HRB 259970  
Register Court: Munich

Signatory of:



**We will give insight into the world of private equity, who we are, what we do and our vision**



What is private equity?



Special situations within the private equity landscape



Approach of FairCap



Case study: S&P

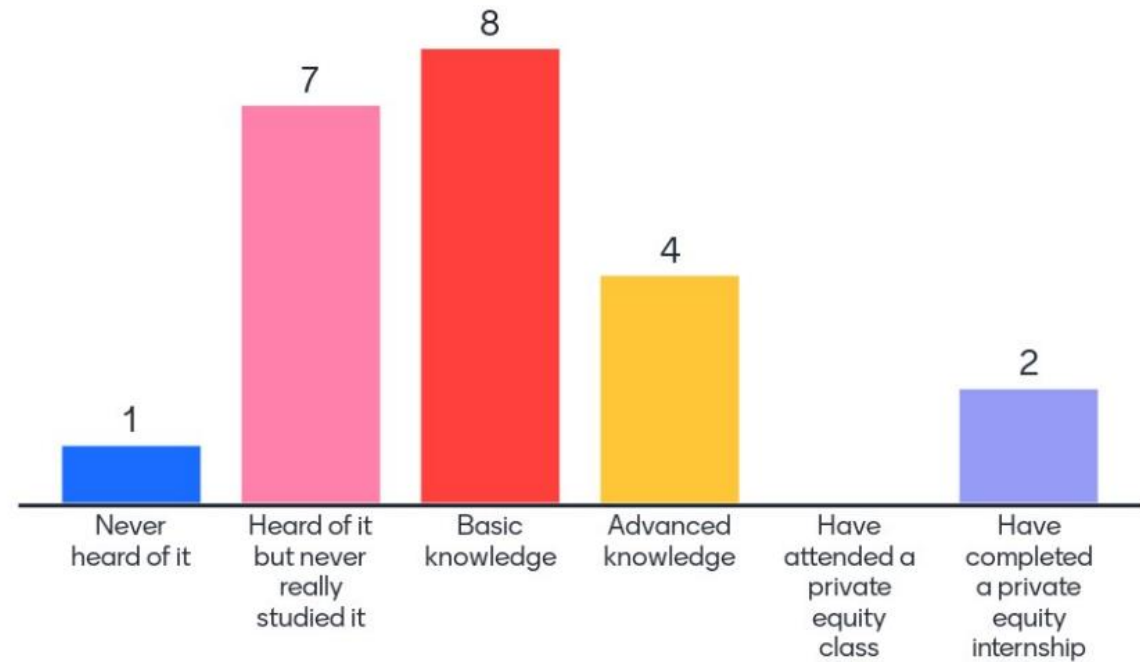


Career option: private equity



Q&A

# How much do you know about private equity?



# What is the first thing that comes to mind when you think of private equity?

42 responses



# What is private equity?

## Facts

### Definition

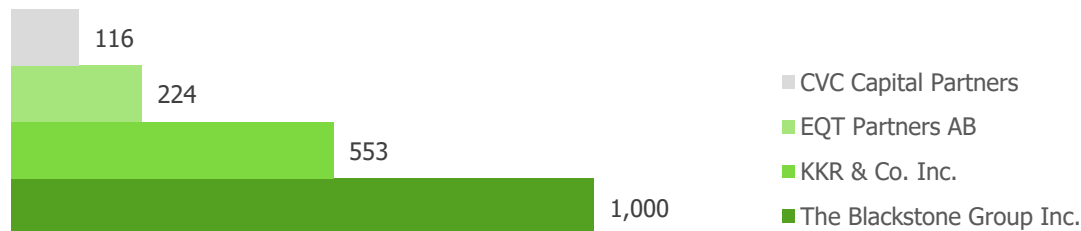


A type of alternative investment in which the investors purchase shares in privately-held businesses

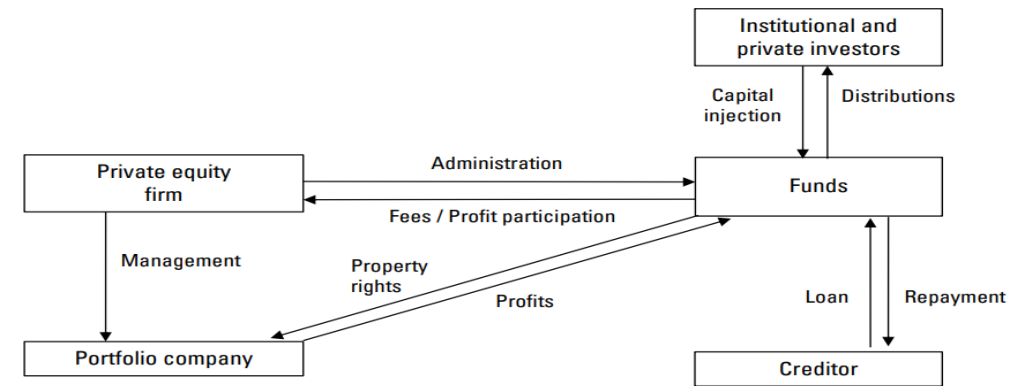
### PRIVATE EQUITY

### Large players in the private equity industry

Assets under management (AUM), in billion USD

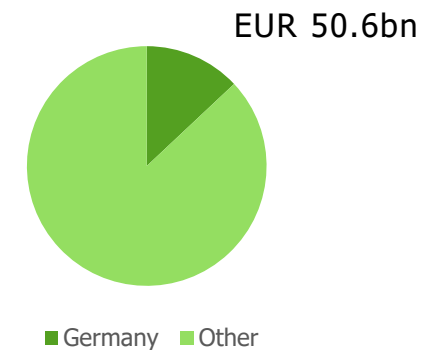
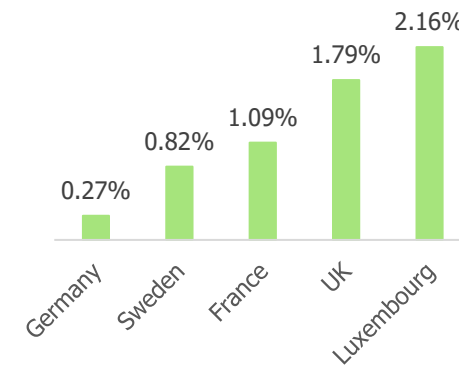


### Typical PE fund structure



### Private equity in Europe

Private equity investments in relation to GDP, 2023



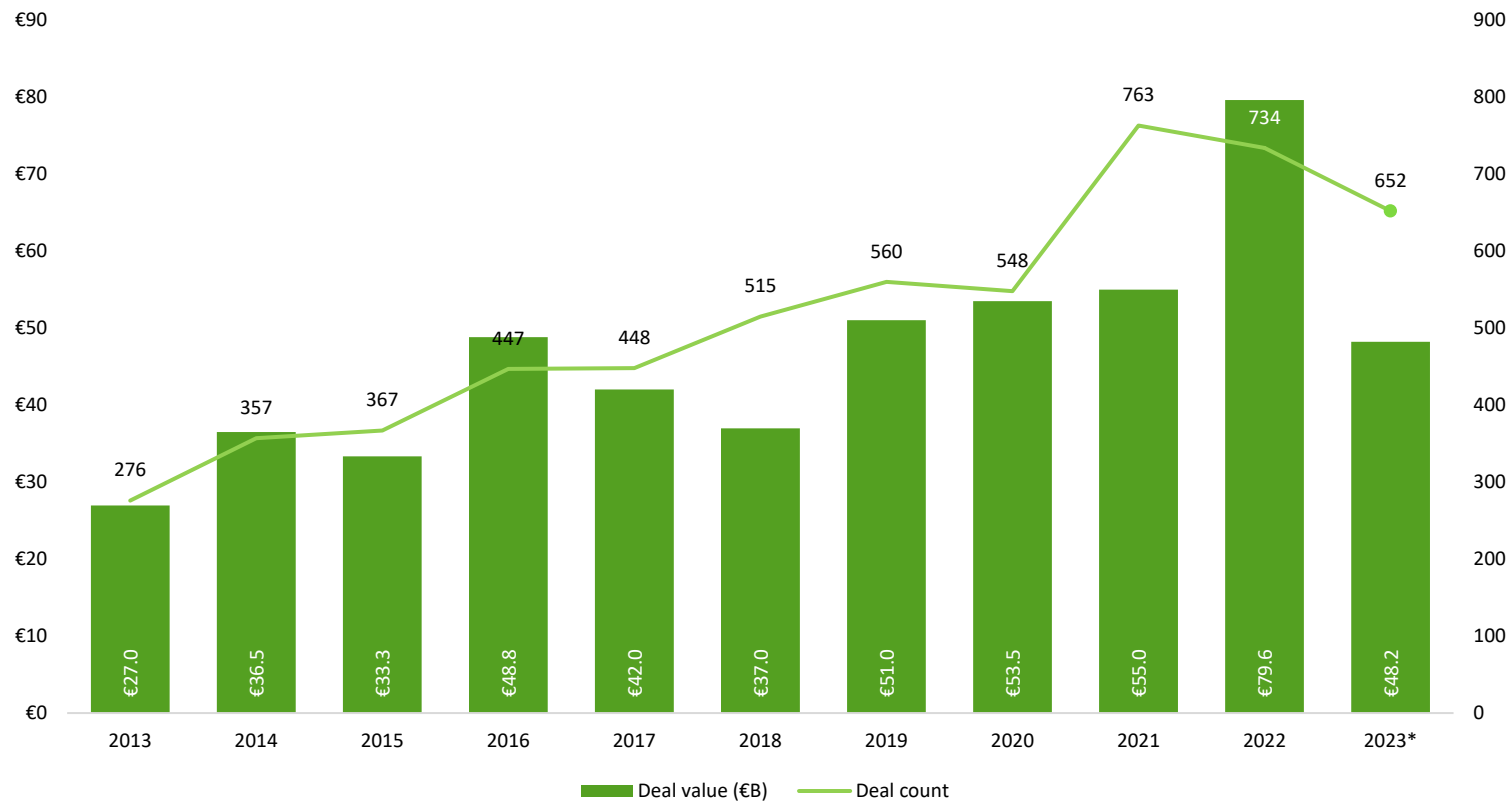
Sources: The 2023 Annual European PE Breakdown (PitchBook), PwC trend report 2024

# Deal value and deal count in Germany increased in recent years and the outlook for 2024 is positive

## Private equity deals in Germany

### Deal value and deal count of German PE deals

In EURbn, 2013 – 2023



### Comments

- The German private equity market has shown strong momentum up until 2022, when it reached a record high level of EUR 79.6bn
- Private equity becomes increasingly relevant in Germany
- Market activity cooled down following the spike in interest rates

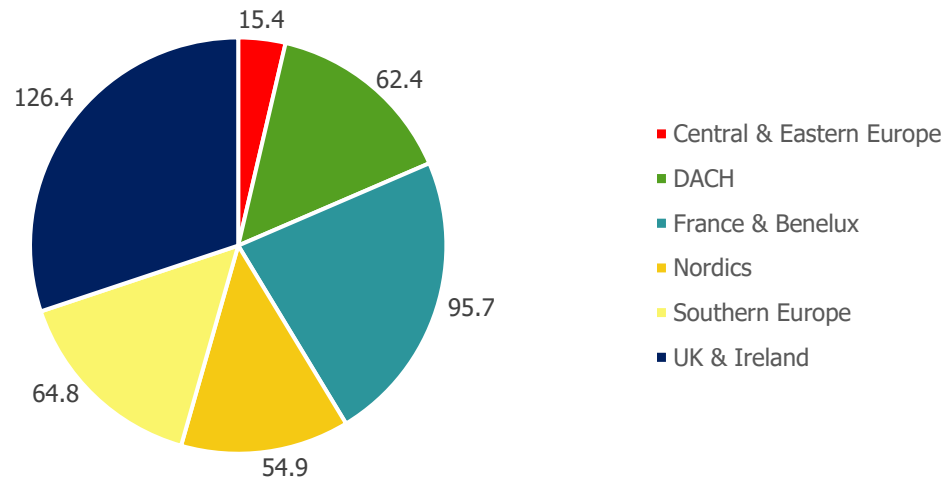
Source: The 2023 Annual European PE Breakdown (PitchBook), \*preliminary numbers as of Dec. 31 2023, estimate is higher



## The state of the European private equity landscape

### European PE Deals by region

In EURbn, 2023

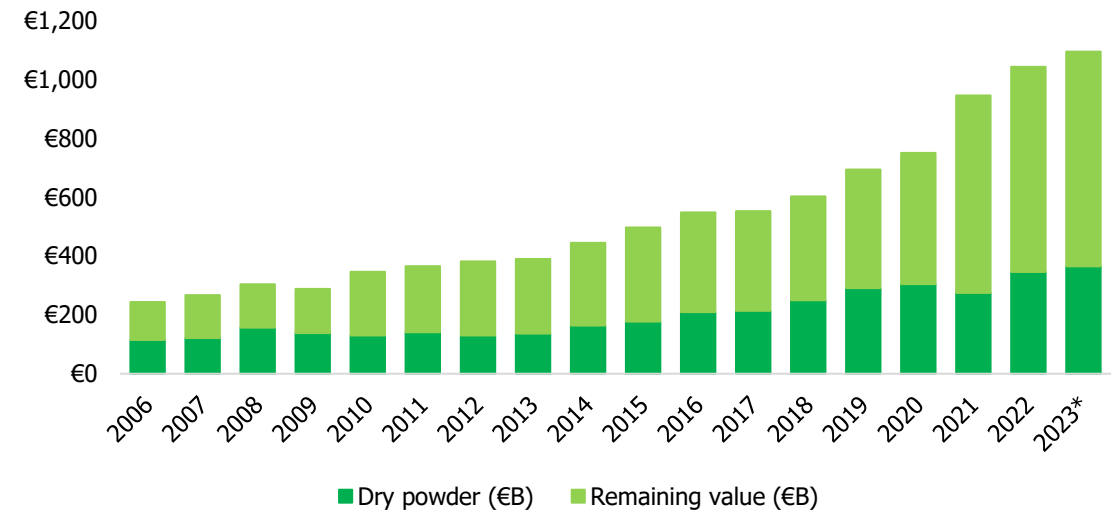


### Commentary

- UK remains the largest market in the European private equity market
- PE is stronger developed in Nordics than in DACH region
- The DACH region still has some catch-up potential

### Assets under management by European PE firms

In EURbn, 2006 - 2023



### Commentary

- Dry powder describes cash or highly liquid securities that private equity funds have on hand, but have not yet deployed
- Remaining value refers to money that is invested in portfolio companies

Sources: The 2023 Annual European PE Breakdown (PitchBook)





What is private equity?



Special situations within the private equity landscape



Approach of FairCap



Case study: S&P



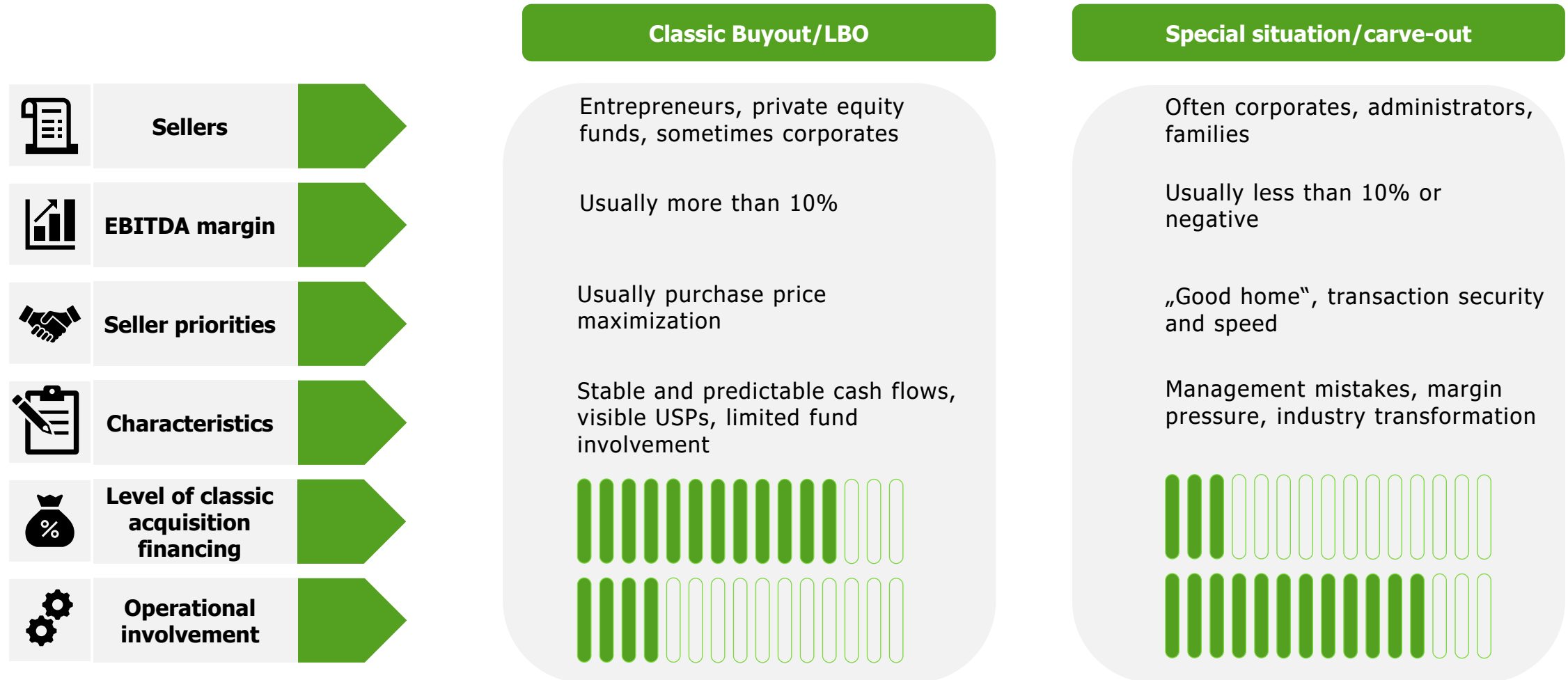
Career option: private equity



Q&A

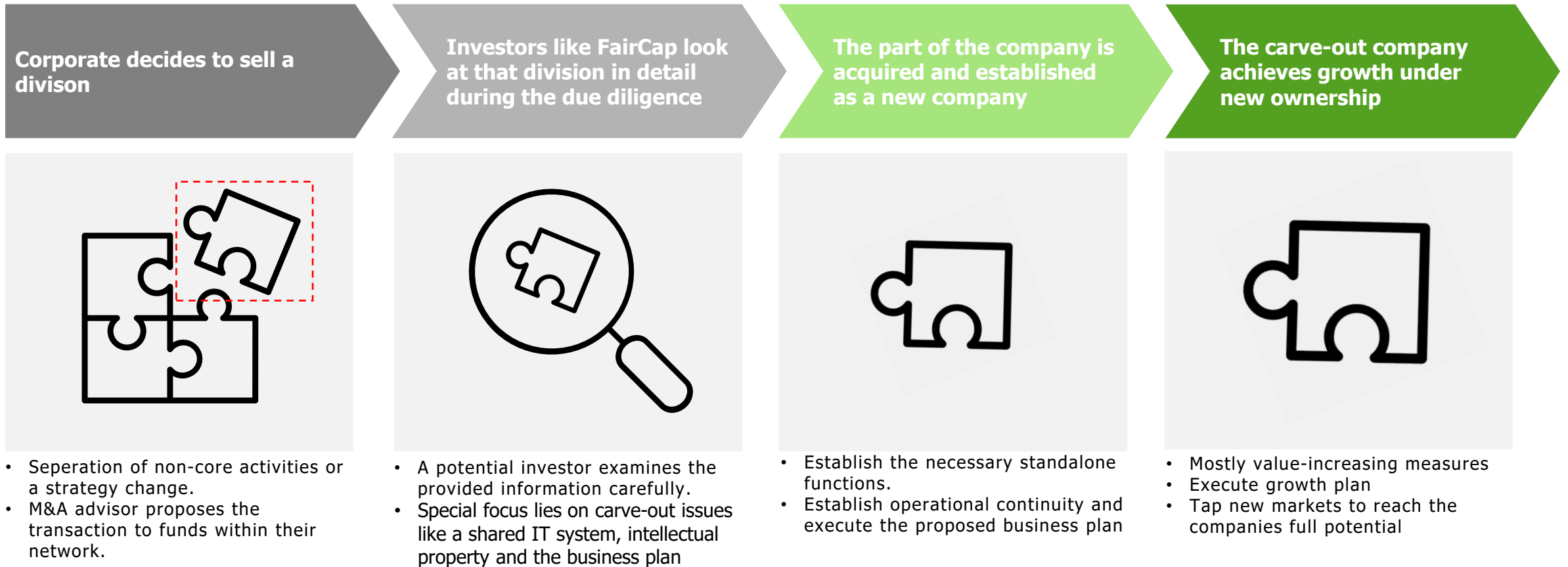
# Special situation/carve-out deals have different characteristics than classic private equity deals\*

## Classic PE investor vs. special situations investor



\*Own assessment, applies to the DACH region

## The carve-out process





What is private equity?



Special situations within the private equity landscape



**Approach of FairCap**



Case study: S&P



Career option: private equity



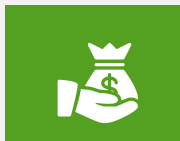
Q&A

## We transform companies in special situations into sustainable stand-alone companies

### Overview



FairCap GmbH is an **entrepreneurial** investment company with offices in **Munich (GER)**, **London (UK)** and **Milan (IT)**, which acquires medium-sized companies in **special situations** and transforms them holistically into **sustainable stand-alone companies ("SME")**.



The anchor investor and advisor of FairCap is **Discover Capital GmbH**, which is a long-term oriented investment firm based in Augsburg (GER). Discover Capital advises equity funds with over EUR 1bn in assets under advisory (<https://squad-fonds.de/>).



In contrast to typical private equity funds, FairCap is a **long-term** holding company ("evergreen structure"), which is **not subject to a fund term** and can hold investments over the long term.



Together with the management we act as partner and develop a **long-term future strategy**, aligning the interests of **all major stakeholders (people, planet, customers, suppliers and investors)**.

### Investment criteria

- ✓ Sales: EUR 20 – 250m
- ✓ EBITDA: Negative up to EUR +5.0m
- ✓ Focus: Carve-Out / Special Situation
- ✓ Operational involvement: Medium - high
- ✓ Geography: Headquartered in Europe

### Current portfolio companies



### Former portfolio companies



## The FairCap team has completed more than 30 complex M&A transaction and has successfully transformed and managed companies in special situations

### M&A team



**Max Koch-Heintzeler, CFA**  
Managing Partner (Founder)

- 10+ years experience, formerly with Fidelium and Aurelius
- MBA, Golden Gate University (Fulbright Scholar)



**Jasper Delekat**  
Managing Partner (Founder)

- 8+ years of experience, formerly with Mutares
- MSc in Finance, Maastricht University



**Niccolò Azzarini**  
VP, Head of M&A Italy

- 6+ years experience, formerly with Mutares and Banco Santander
- MSc in Finance, Bocconi University



**Tim Mollenhauer**  
Senior Investment Associate

- 4+ years of experience, formerly with Aare Partners and Commerzbank
- MSc in Finance, Frankfurt School of Finance & Management



**Johannes Maier**  
Investment Associate

- 3+ years of experience, formerly with BID Equity and Main Capital Partners
- MSc in Finance and Informatics, Technical University Munich



**Tim Schwarzmeier**  
Investment Associate

- 4+ years of experience, formerly with Accursia Capital
- MSc in Law and Finance, Trinity College Dublin

### Operations team



**Dominik Jörg**  
Associate Operating Partner

- 7+ years of experience, formerly with Aurelius and Siemens
- MSc in social science studies, Oxford University



**Stefano Scalarandis**  
Associate Operating Partner

- 9+ years of experience, formerly with AlixPartners and PwC
- MBA, SDA Bocconi



**Melanie Birkmann**  
Head of HR

- Several years of experience in HR and recruiting
- Formerly team assistance and human resource management at Fidelium



**Dr. Johannes Pohl**  
Senior Advisor

- 10+ years of experience as Interim-COO and production manager
- Specialized on the implementation of lean management

### Investment advisory board



**Stephan Hornung**  
Investment Advisory board

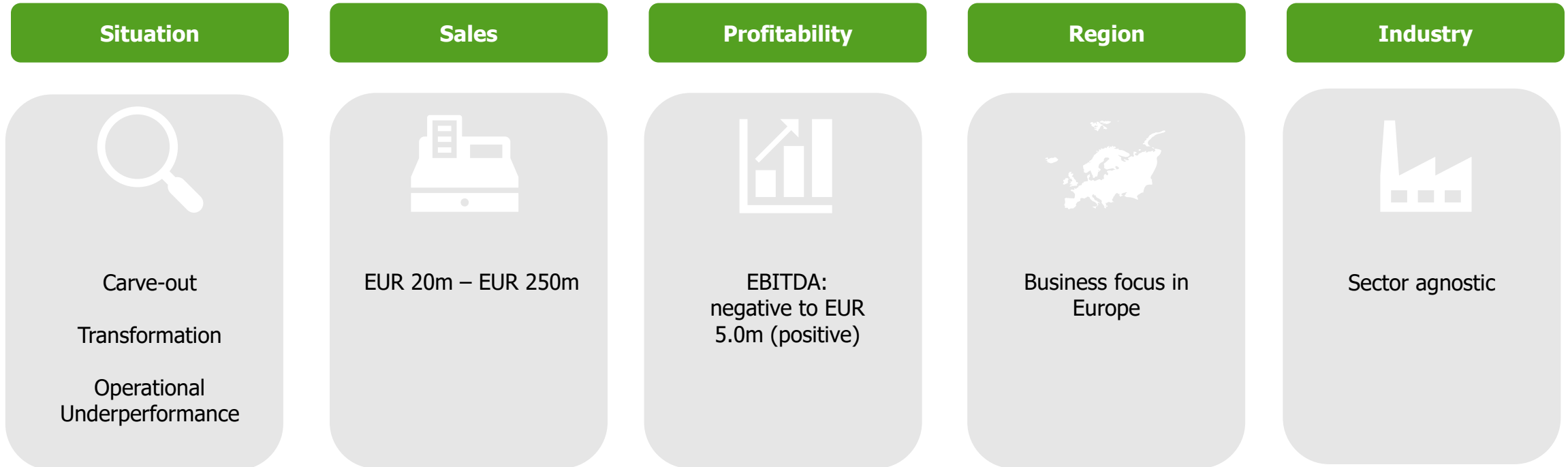
- Founding Partner of Discover Capital GmbH
- Fund advisor to the SQUAD funds since 2004



**Christian Struck**  
Investment Advisory Board

- Founding Partner of Discover Capital GmbH
- Fund advisor to the SQUAD funds since 2004

## FairCap invests in European companies with revenues of up to EUR 250 million




Enterprise value of up to EUR 30m  
Exclusion criteria: pure liquidation cases, start-ups, banks, bio-tech and minority holdings  
Excluded industries: weapons, tobacco, factory farming



## FairCap aims to achieve measurable environmental, social and governance (“ESG”) improvements through its investments, in line with the “triple bottom line” approach




### Sustainability Definition





„Meeting the needs of the present without compromising the ability of future generations to meet their own needs.“  
[UN definition]

### Sustainability Standards

FairCap incorporates recognized sustainability standards and norms:





### FairCap Philosophy

## Achieve measurable impact on Triple Bottom Line


#### People

- Employees
- Customers
- Suppliers
- Regional community

1  



#### Planet

- Planetary boundaries
- Biodiversity
- Climate change
- Animal welfare


2  


#### Profit

- Risk-adjusted Return
- Good Governance


3  


### FairCap implementation




#### Sustainability guide

- FairCap uses a comprehensive sustainability guide that is used internally and serves as a basis for portfolio companies



#### Sustainability reports

- Portfolio companies produce quarterly reports to update FairCap leadership on their progress



#### Code of conduct






- Employees and supplier are required to follow the FairCap code of conduct, which includes those of the global compact initiative

Sources: United Nations, FairCap

## FairCap follows a systematic three-step process in transforming companies



## All companies were acquired as carve-outs from larger groups

					
Seller	Lesjöfors AB	Lesjöfors AB	NOVOMATIC Group	CNH Industrial AB	Bartec Group
Status	Active	Active	Active	Active	Exited in 2024
Type	Complex carve-out (optimization)	Complex carve-out (turnaround)	Carve-out (optimization)	Complex carve-out (turnaround)	Complex carve-out (turnaround)
Location	Nisterau (Germany)	Beuren (Germany)	Imola (Italy)	Överum (Sweden)	Tychy (Poland)
Sector	Technical springs for agriculture and automotive industry	Springs, pressings, and bending parts for the automotive industry	Electronic boards and cables for industrial and medical applications	Ploughs and spare parts for the agriculture industry	Switchgear and frequency converters with service business
Reason for sale	Separation of a non-core activity	Separation of a non-core activity	Separation of a non-core activity	Separation of a non-core activity	Separation of a non-core activity
Equity story	<ul style="list-style-type: none"> <li>Growth with existing and new customers</li> <li>Increased efficiency in production</li> </ul>	<ul style="list-style-type: none"> <li>Focus on growth with profitable clients</li> <li>Closure of unprofitable subsidiary in Slovakia</li> </ul>	<ul style="list-style-type: none"> <li>Focus on new client acquisition</li> <li>Inorganic growth strategy with add-on acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Revitalize brand</li> <li>Utilize geographical expansion potential</li> </ul>	<ul style="list-style-type: none"> <li>Move to pro-active sales approach</li> <li>Diversification of the client base</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Increase durability / recyclability of springs</li> <li>Improve workplace ergonomics.</li> <li>Reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of waste in production.</li> <li>Reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of waste in production</li> <li>Reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduce use of herbicides</li> <li>Soil preservation</li> <li>Reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduce coal mining exposure by boosting other markets (e.g., chemistry)</li> <li>Reduce CO<sub>2</sub> emissions</li> </ul>



What is private equity?



Special situations within the private equity landscape



Approach of FairCap



Case study: S & P



Career option: private equity



Q&A

## Under FairCap ownership, S & P improved its sustainability profile and more than tripled its EBITDA

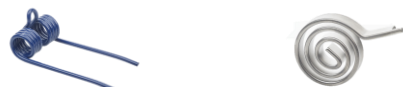


### Overview

Company: S & P Federnwerk GmbH & Co. KG  
 HQ: Nisterau, Germany  
 Sector: Technical springs  
 Clients: Agri, automotive  
 Revenue: c. EUR 18m  
 Employees: 70

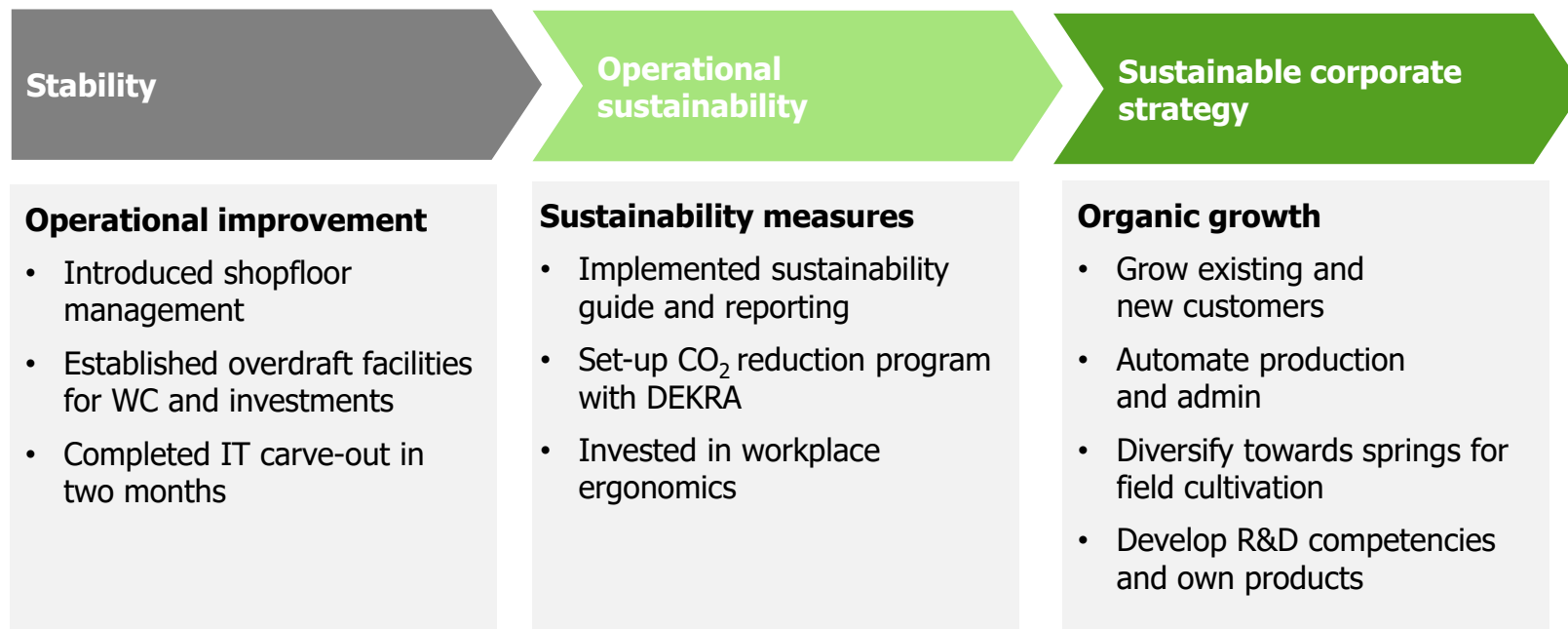
### Transaction

- Seller: Lesjöfors AB
- Closing date: July 2021
- Background: Separation of a non-core asset
- Transaction type: Carve-out with 20% management stake (MBI)



Products

### S & P's comprehensive transformation



Source: FairCap Analysis



What is private equity?



Special situations within the private equity landscape



Approach of FairCap



Case study: S&P



Career option: private equity



Q&A

# What do you think is the most important skill to succeed in private equity?

patience

Growth mindset

creativity

Contrarianism (see value when others don't)

perseverance

Analytical thinking  
Attention to detail

Analytical skills

Analytical skills



# What do you think is the most important skill to succeed in private equity?

Communication skills,  
analytical skills, optimistic

Analytical skills

Determination

fundamental business  
analysis

Gut feeling, confidence

Network

analytical skills,  
determination and  
hands-on-mentality

Motivation

# What do you think is the most important skill to succeed in private equity?

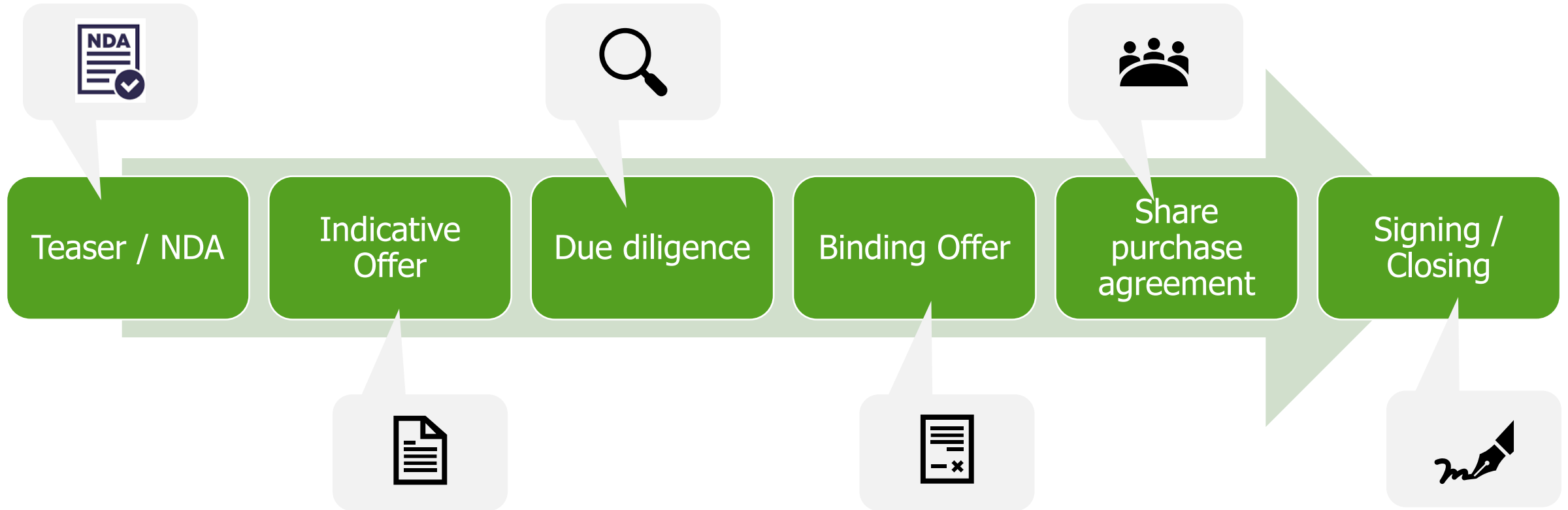
Ability to immerse

Problem solving, Soft skills

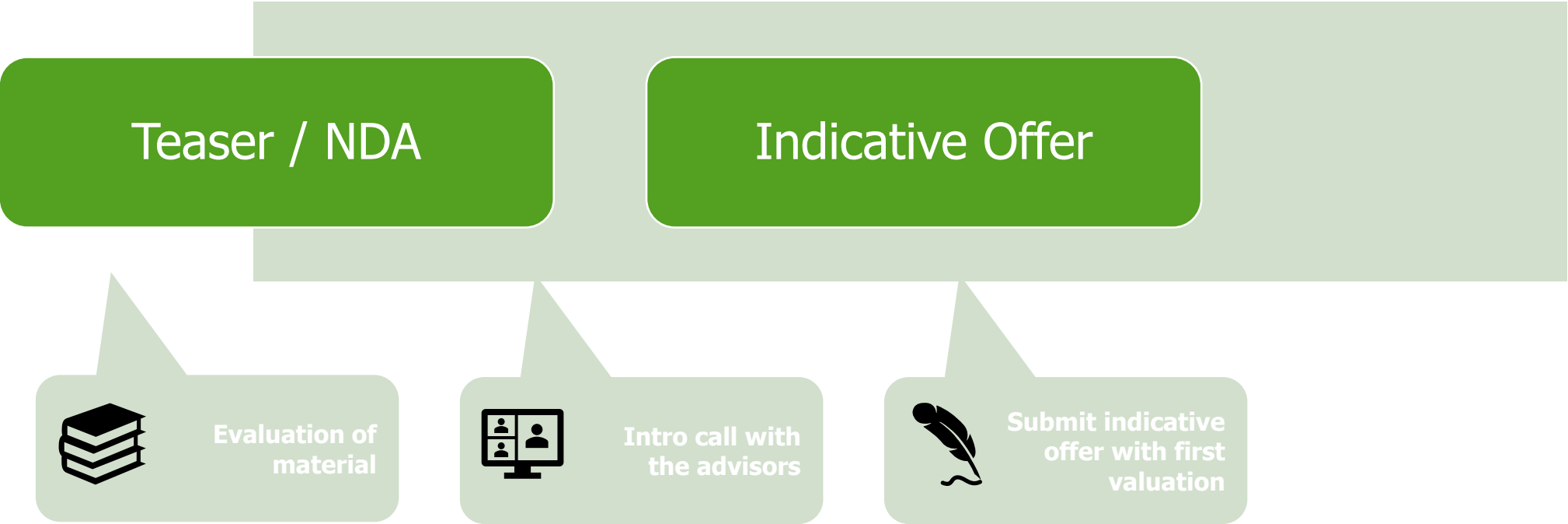
financial  
analysis valuation modelin  
g

**C** FairCap  
sustainable transformation

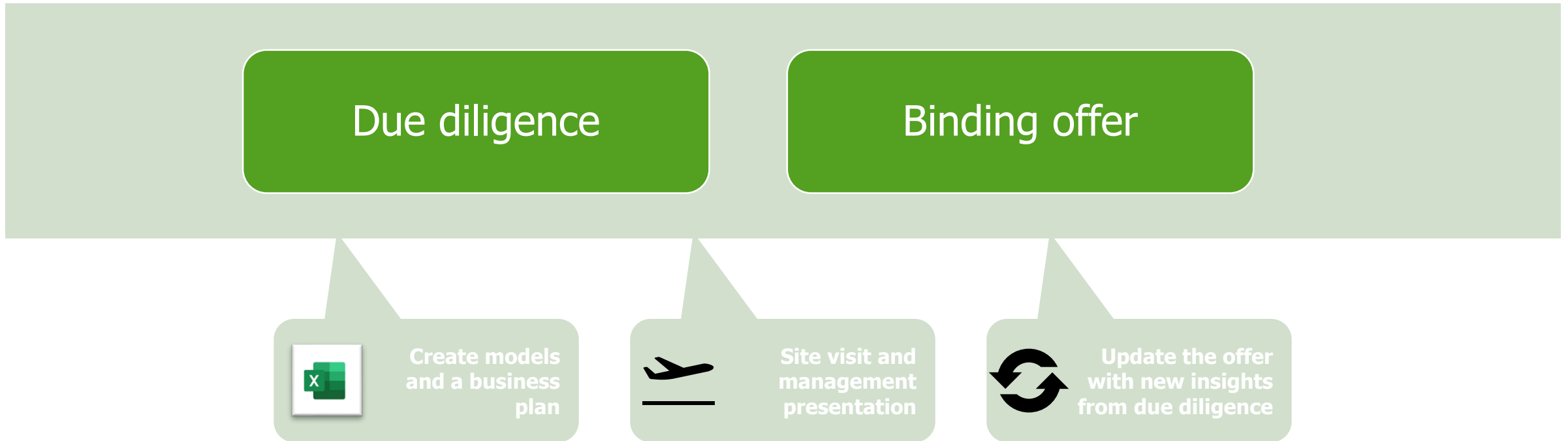
## The M&A process



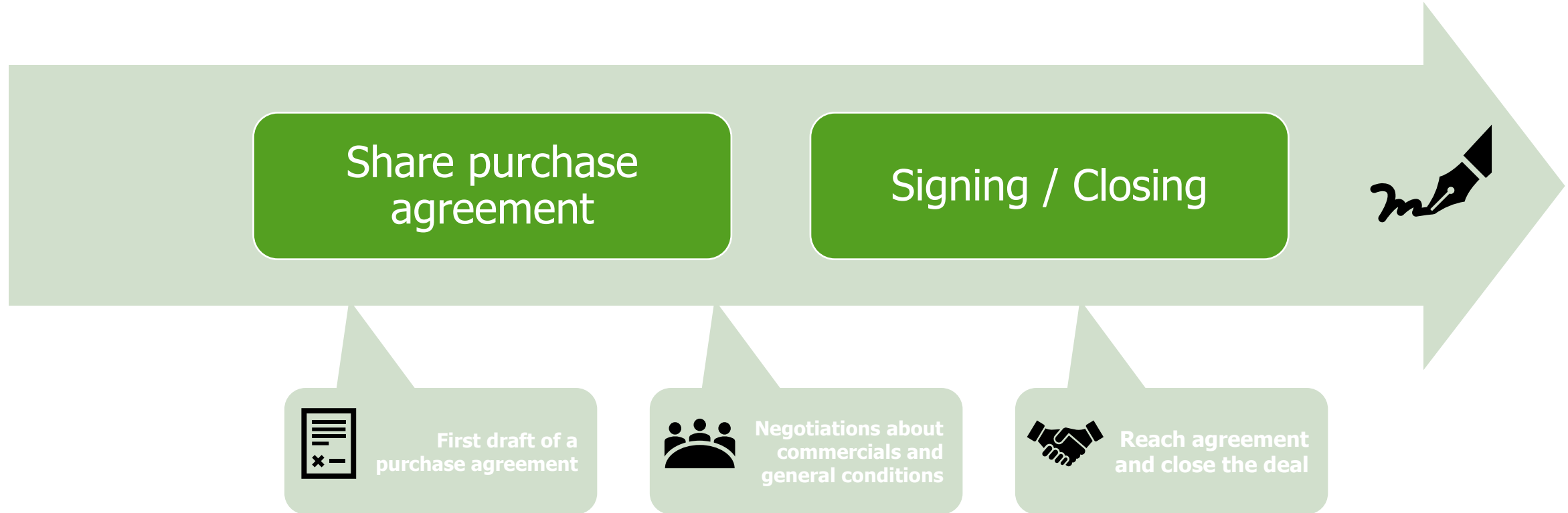
# After signing a non-disclosure agreement the advisors provide comprehensive information memorandums



# If the indicative offer is accepted investors gain access to a data room with detailed informations about all contracts and financials



# In the final steps a share purchase agreement (SPA) is drafted and negotiated in detail before a potential signing



# A career in private equity requires a profound knowledge in accounting and finance as well as analytical thinking and excellent communication skills

## Career option: private equity in Germany

### Key requirements



#### Financial Accounting

- A detailed understanding of the three financial statements and their interconnections
- Knowledge of reporting standards, mainly HGB and IFRS



#### Microsoft Excel

- Advanced knowledge of Microsoft Excel, especially three statement models
- Financial modelling of business plans and LBOs



#### Communication

- Fluency in English is a key requirement, German language knowledge is a big plus and often a key requirement
- Strong listening skills



#### Precision and Dedication

- Being able to work with absolute precision even under time pressure
- Willingness to “go the extra mile” to get a deal done

### How to break into private equity (Analyst / Associate)



#### Internship

As an intern you get to experience private equity first-hand and built a network



#### Exit from investment banking / M&A advisory / strategy consulting

With prior experience you can directly apply for a full time role in private equity

### Further information on German private equity companies

- Bundesverband Beteiligungskapital (BVK) - Detailed list of PE companies
- Majunke equity guide - Detailed list of investors and advisors in Germany





What is private equity?



Special situations within the private equity landscape



Approach of FairCap



Case study: S&P



Career option: private equity



Q&A

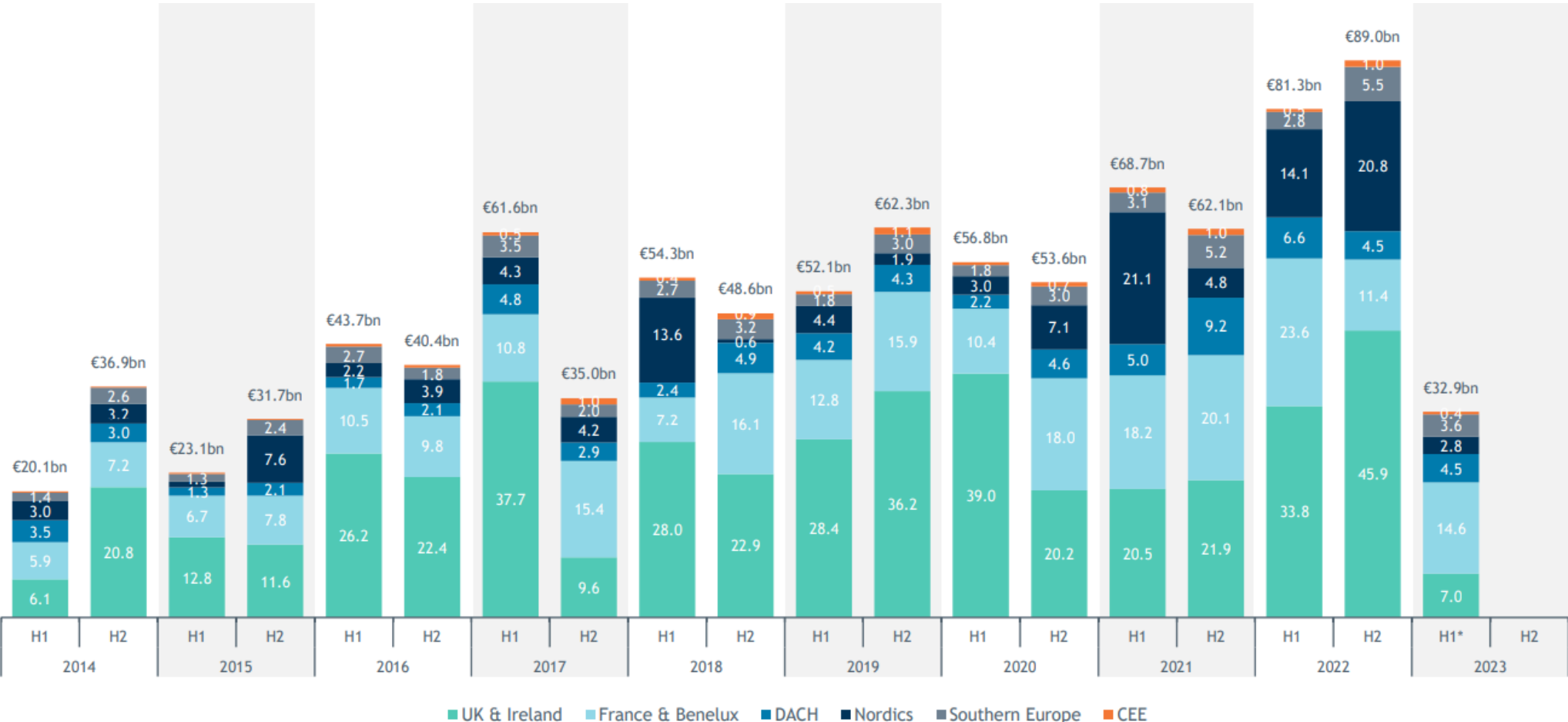


## Appendix

*Signatory of:*



# All Private Equity – Funds raised by region in Europe

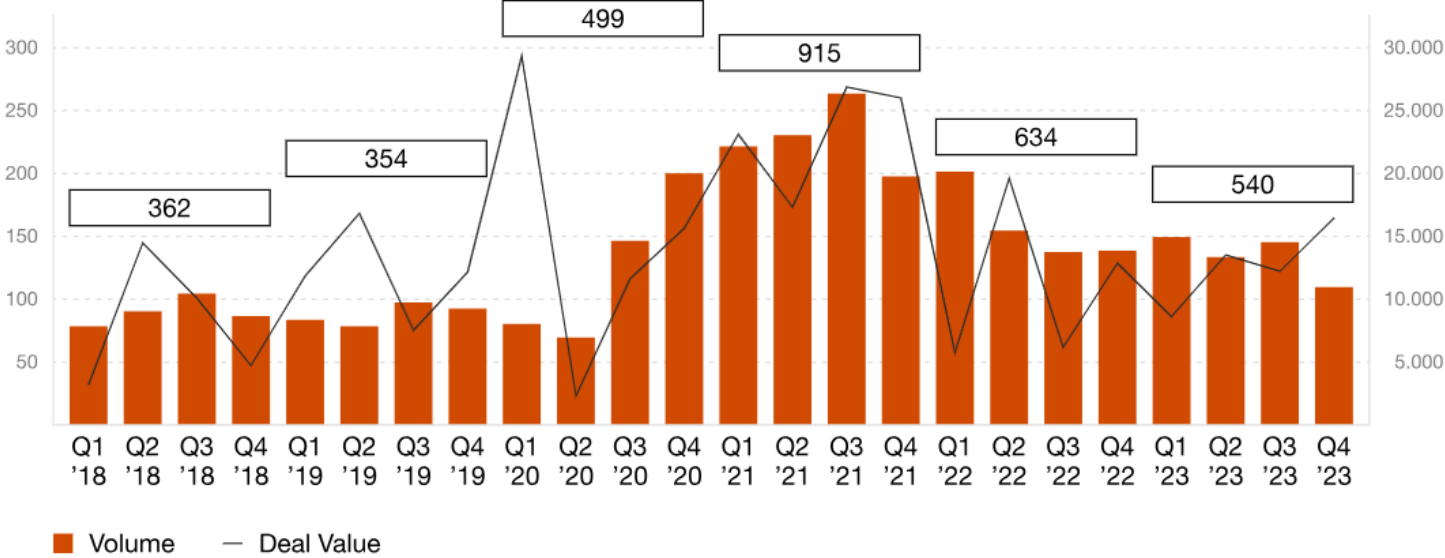


Source: InvestEurope

Announced date	Target company	Target Sector	Dominant Country/Territory	Bidder company	Bidder Dominant Country/Territory	Deal value €m
11/5/2023	FiberCop SpA	Telecommunications: Carriers	Italy	KKR & Co Inc; Abu Dhabi Investment Authority; et al	USA	21,700
11/21/2023	Adevinta ASA	Computer software	Norway	Blackstone Inc; Permira Ltd; et al	United Kingdom	14,092
4/13/2023	Dechra Pharmaceuticals plc	Medical: Pharmaceuticals	United Kingdom	Luxinva S.A.; EQT AB	Sweden	5,549
12/21/2023	Visma AS (21.05% Stake)	Computer software	Norway	HgCapital LLP; TPG Capital LP; et al	United Kingdom	4,000
11/28/2023	Heathrow Airport Holdings Ltd (25% Stake)	Transportation	United Kingdom	Ardian France SA; Public Investment Fund-PIF	France	2,732
3/13/2023	Synlab AG (57% Stake)	Medical	Germany	Cinven Ltd	United Kingdom	2,655
8/25/2023	STEAG GmbH	Energy	Germany	Asterion Industrial Partners SGEIC SA	Spain	2,600
4/21/2023	Software AG (85.1% Stake)	Computer software	Germany	Silver Lake Group LLC	USA	2,252
9/14/2023	Applus Services SA	Services (other)	Spain	TDR Capital LLP; I Squared Capital Advisors (UK) LLP	United Kingdom	2,233
6/30/2023	Applus Services SA	Services (other)	Spain	Apollo Global Management Inc; Manzana Spain Bidco SLU	USA	2,199

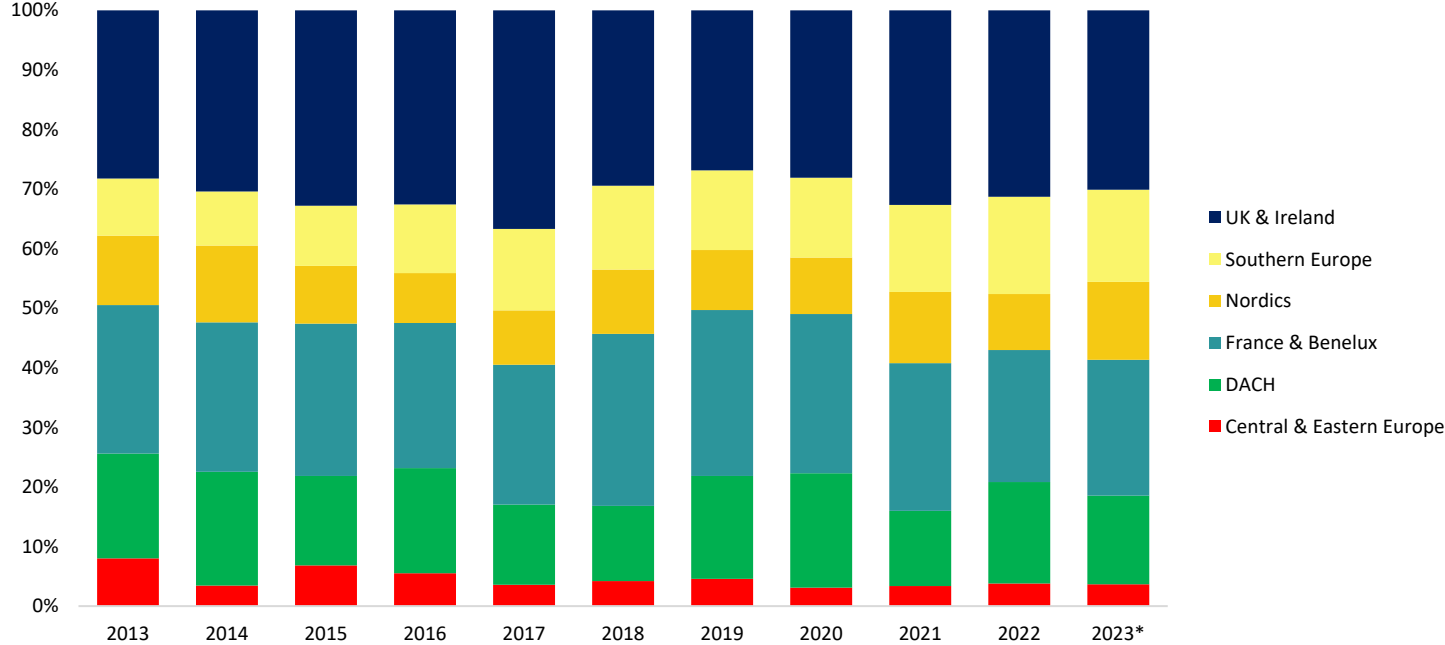
Source: PwC trend report 2024

# German Private Equity deals quarterly



Source: PwC trend report 2024

# European Private Equity deals by regions



Source: The 2023 Annual European PE Breakdown (PitchBook)