

Industrials Sector insights

Our investments

Industrials

Cinven has a long history of investing in the industrial sector having committed c. €4.1 billion of capital over the course of 27 years. Our Industrials team of eight investment professionals has built up extensive knowledge and established a global network of industry leaders to help us work proactively to originate transactions and develop early insights into potential acquisitions.

Our experience across a broad range of industrial sub-sectors includes aerospace and defence, automotive, building materials, chemicals, engineering and capital goods, and packaging.

Our Industrials portfolio in 2014

Avio
partially realised

CeramTec
current

JOST
current

SLV
current

Partners

4

Portfolio companies in 2014

4

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Industrials

Sector insights continued

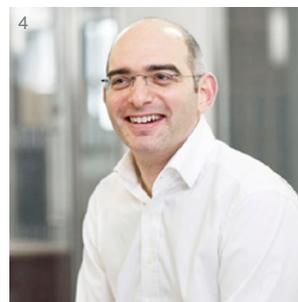
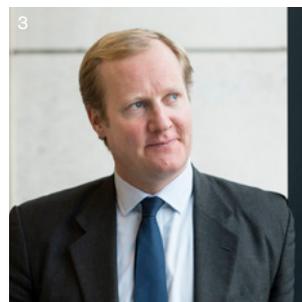
“Improving the operations and global reach of industrial businesses is a core Cinven capability.”

Stuart McAlpine Cinven Partner

Challenges and opportunities

There are more than 2,000 industrial companies in Europe with revenues of between €300 million to €2 billion – these businesses are the backbone of Europe’s economic output. Given the global nature of industrial products and services, businesses of all sizes in this sector must be global in their outlook – this is a strong fit with Cinven’s model of finding high potential businesses that want to grow internationally.

We pay close attention to the cyclical nature of certain industrial sub-sectors to ensure we enter such markets at an attractive point, making the most efficient use of our capital prior to the value creation process.



Industrials sector Partners

- 1 **Stuart McAlpine**
Partner
- 2 **Pontus Pettersson**
Partner
- 3 **Bruno Schick**
Partner
- 4 **Xavier Geismar**
Partner

Generating exceptional value

For many industrial sub-sectors, 2014 was a year of tangible recovery and growing confidence. As a patient and engaged investor, we quickly took steps to ensure those businesses affected by the financial crisis and downturn were able to exploit any upturn in demand and confidence. Overall, our industrial investments experienced broadly resilient trading in a relatively subdued global market during 2014.

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Overview

Avio provides propulsion systems and components for commercial and military jet engines in partnership with original equipment manufacturers (OEMs), as well as a Space division – the remaining division under Cinven's ownership – which produces propulsion systems for space launch vehicles.

Investment thesis

Cinven's Industrials and Italian teams identified Avio as an exceptional opportunity to support the operational improvement and international expansion of a leading engineering business with defensive growth qualities.

Progress in 2014

Following a value creation plan that included operational and management improvements as well as international expansion through joint ventures and acquisitions in Asia and Latin America, Avio's Aviation business was sold to GE in August 2013, reflecting realised value of €924 million and 1.9x cost.

Avio Space is the last remaining segment under Cinven ownership. The business has achieved a number of major contract wins for the 'Vega' space launcher that the company produced as part of a major space programme backed by the European Space Agency. During 2014 the company secured contracts for the French-Israeli satellite Venus and the Italian satellite OPTSAT 3000, and an order of 10 Vega launchers from Arianespace, to launch a block of Skybox Imaging satellites from the Guyana Space Centre in 2016.

Cinven is working closely with Avio Space's management to ensure it continues to build on its position as Europe's leading space propulsion business.



CEO
Pier Giuliano Lasagni

Cinven representatives
Roberto Italia
Simon Rowlands

www.avio.com/en

Acquired
December 2006

HQ
Italy
(global operations)

Sales
€225m

12 months ending December 2014 (actual) includes only continuing operations of the Space division.

Employees
800 (approximate)



Our investments

Industrials



Overview

CeramTec manufactures high performance ceramics for a variety of end-markets including medical, automotive, industrial and electronic. Proprietary products include critical hip prostheses components and high speed cutting tools. The German-headquartered business has 18 facilities worldwide.

Investment thesis

Our long-standing relationship with management by the time of our investment meant we fully comprehended the organic growth potential of CeramTec, its innovation pipeline and the competence of its leadership. Cinven was the ideal partner to help the business expand across Asia while continuing to invest in its product development and consider value-enhancing acquisitions.

Progress in 2014

CeramTec continued to perform strongly during 2014, and made good progress in optimising its operating and pricing structures, as well as developing new markets overseas. In particular, strong revenue growth in its Medical division was primarily driven by increased volumes, as customers continue to shift to ceramic hip components.

New production facilities in Bavaria will begin production in 2015, securing ample production capacity for CeramTec's ceramic implant components for the coming years. Management, together with Cinven, is also reviewing a number of potential add-on acquisitions, in particular in Asia and the US.

Cinven continues to invest in CeramTec's management team, with a new CFO appointed in 2014. Meanwhile, CeramTec continues to invest in R&D for new products to maintain its position at the forefront of ceramic technology innovation.



Chairman
Dr Günther von Au
CEO
Dr Ulf-D. Zimmermann

www.ceramtec.com

Acquired
August 2013

HQ
Germany
(global operations)

Sales
€475m
12 months ending December 2014
(actual)

Employees
3,200
(approximate)



Cinven representatives
Guy Davison
Bruno Schick
Pontus Pettersson



Our investments

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Overview

JOST is a manufacturer of components for the articulated truck and trailer industry, with 18 production facilities, as well as sales, logistics and engineering sites world-wide.

Investment thesis

Cinven's Industrials and German teams identified JOST as a quality cash generative business and leading operator in many international markets. Through its international Portfolio team, Cinven was well positioned to help the company continue its expansion into developing economies, enhance its operational systems and identify potential add-on acquisitions.

Progress in 2014

The business's solid performance in 2014 is testament to Cinven's quick response following the financial crisis, which saw demand in some of JOST's global end-markets fall by up to 90%. Through an operational and debt restructuring in 2011, during which Cinven retained control and invested a further €10 million, the business was able to weather the storm and even continue our original investment strategy, making add-on acquisitions and positioning the company to grow into the recovery. 2014 was a year of good performance in Western Europe, the US and exceptionally strong growth in Asia.

In October 2014 JOST agreed to acquire Mercedes-Benz TrailerAxleSystems for an attractive valuation, funded through cash flow. The acquisition allows JOST to significantly expand its product portfolio and strengthen further its global distribution platform.



Chairman
Dr Klaus Bleyer
CEO
Lars Brorsen

Cinven representative
Bruno Schick

www.jost-world.com

Acquired
August 2008

HQ
Germany
(global operations)

Sales
€554m

12 months ending December 2014
(actual)

Employees
2,300
(approximate)



Our investments

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Overview

SLV provides residential and technical lighting products for indoors and outdoors. The company has more than 2,500 value for money lighting products. It is based in Germany, with subsidiaries in France, Italy, Belgium, Switzerland, Hong Kong, and the US, sourcing its components primarily from Asia.

Investment thesis

Following a sub-sector review of the lighting value chain by our Industrials and German teams, working alongside our Hong Kong-based Portfolio team, they identified SLV as an excellent opportunity to enter the market. While production is cost-efficiently outsourced, SLV manages all business critical aspects – such as product design and development, marketing, and its supply chain – in-house.

Progress in 2014

Following a more challenging trading environment in 2013, the company has returned to a positive growth trajectory in 2014. Enhancements of its sales and marketing function, resulted in core markets recovering and nascent markets such as Austria, the Benelux, Poland, Spain and the UK developing well.

A new CEO was appointed in February 2014 who is working alongside Cinven's Portfolio team to review commercial terms, continue to improve product innovation and optimise product distribution and international expansion, particularly into the US.

In November 2014, SLV completed the acquisition of Unex, a Swiss provider of LED lighting fixtures with a complementary product portfolio, as part of Cinven's strategy to accelerate growth through small, value accretive transactions.



CEO
Robert Fellner-Feldegg

Cinven representatives
Bruno Schick
Thilo Sautter

www.slv.de

Acquired
May 2011

HQ
Germany
(global operations)

Sales
€167m

12 months ending December 2014
(pro forma)

Employees
300
(approximate)

