

# Advertorial

## Finding growth in small caps BY MAREEN GOEBEL

**Aheim Capital, formerly Buchanan Capital Partners, closed one transaction just before the financial landscape changed forever, and another at the peak of the market's insecurity. How have they fared since? Mareen Goebel investigates.**

Aheim Capital has emerged from the crisis not unscathed, but positioned well to ride out the rest of the turbulence. Two of its three portfolio companies are fairly recent acquisitions. Aheim backed the owner-buyout of water cooler company Aqua Vital in May 2008. Then Lehman Brothers went down and financial institutions imploded nearly every week, making the transaction nearly impossible. Nevertheless, Aheim was one of the few private equity firms that continued closing deals: the firm went on to back the management buy-in of Remy & Geiser in December 2008.

"Of course our portfolio companies are also seeing reduced revenue growth in this challenging environment, but our long-term investment theses are intact and we expect further top-line growth of the businesses and increasing their value," Frank Henkelmann, Partner of Aheim Capital, comments. "We are the partner of entrepreneurs, and a crucial factor here is clearly aligned interests. We back people that want to own a part of the business rather than see themselves as employees receiving a paycheck at the end of the month."

This strategy has enabled both Aqua Vital and Remy & Geiser to perform solidly: Aqua Vital has recently acquired a manufacturer of point-of-use water coolers in a small add-on acquisition. It is proving a strategic move, as it enables the company to distinguish itself from its competition. Aqua Vital has more than 30,000 customers for its services, which makes it less vulnerable than companies relying on a few key accounts. The slow-down in the market for bottled water was weathered by a continuing 40+% growth year-on-year in



Left to right: Frank Henkelmann, Herbert Seggewiss, Peter Blumenwitz

the point-of-use segment, where machines are directly connected to the water grid and offer carbonisation and higher throughput.

Acquiring Remy & Geiser, which manufactures packaging solutions for pharma and cosmetics companies, posed an interesting challenge to Aheim. The investor had to find a qualified buy-in manager that fitted with the company, which had suffered the death of its owner and needed a succession solution. After an extensive four-month-long due diligence shared between the buy-in manager and Aheim, the transaction was closed when the market was at its most opaque. "Buy-ins are by their very nature more risky than other transactions, but the chemistry and entrepreneurial vision coupled with his strong sector expertise convinced us to back Mr Hanschke," explains Henkelmann. Despite the current market environment, Remy & Geiser may even match its sales of 2008, which was the strongest year ever for the company. More importantly, the company has launched a range of operational improvements, such as the upgrade of its ERP system to enhance cost and stock management, and expects an increase in earnings and margins over last year.

With these young investments (the third being logistics provider time matters, was done in December 2006), Aheim is under no pressure to sell in a price-sensitive and possibly falling market, as it plans to hold companies for around five years. In addition, Aheim's fund is now just over 40% invested, which gives the investor a good amount of dry powder to look to the future with confidence.

Unlike many other funds who do not expect to close an acquisition in the short term, Aheim is open for new business and is currently examining opportunities in the services sector with long-term contracts that provide a solid basis and can take advantage quickly when the economy recovers: "We have two letters-of-intent out, several interested financing partners in place, and we are optimistic to see a closing in the coming months." ■

# AHEIM CAPITAL

## Committed to Value and Values

- » Experienced investor in German small cap segment
- » Focus on profitable growth businesses
- » Partnering with strong entrepreneurs
- » Flexibility to structure majority and minority transactions
- » Longer-term partnership approach

## Investment Examples and Value Creation

 A company of Lufthansa Cargo	 Premium Tafelwasser	
<b>Leading special speed logistics provider</b>	<b>German market leader for bottled water coolers and point-of-use solutions</b>	<b>Integrated primary packaging solutions for pharma and cosmetic companies</b>
Spin off / MBO December 2006	Owner Buyout May 2008	Management Buyin December 2008
<b>Driving growth by:</b>		
<ul style="list-style-type: none"><li>» add-on acquisition</li><li>» start of new services</li><li>» internationalisation</li></ul>	<ul style="list-style-type: none"><li>» add-on acquisition</li><li>» product diversification</li><li>» new sales channels</li></ul>	<ul style="list-style-type: none"><li>» enhanced customer focus</li><li>» increased capacity</li><li>» product innovations</li></ul>

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