



April 2017

**AURELIUS Equity Opportunities**  
Company Presentation





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## KEY INVESTMENT HIGHLIGHTS



- AURELIUS acquires, restructures and eventually sells companies in special situations, e.g. corporate spin-offs and privately held companies “with issues”
- Over 60 company acquisitions make AURELIUS a reliable partner for corporate groups and selling families
- Current portfolio of 24 companies, 4.5bn in sales, broad range of industries
- Average return multiple of 8.9x cash invested

## THE BUSINESS MODEL

### ACQUISITION, OPERATIONAL DEVELOPMENT AND DISPOSAL OF COMPANIES WHICH ARE IN A SPECIAL SITUATION

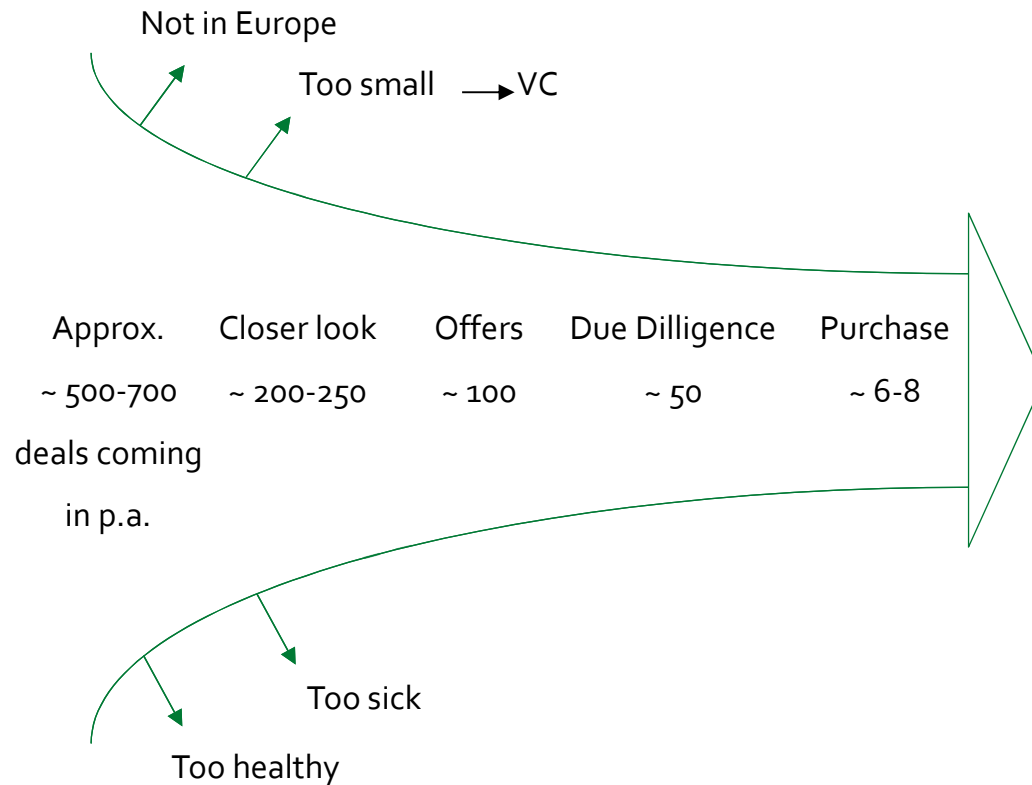


- Revenues between EUR 30m and EUR 750m
- Average purchase price of EUR 8m, range from negative to plus EUR 15m
- Complex transaction structures/carve outs and/or redemption of existing creditors

# WHO WE BUY COMPANIES FROM



# FROM DEALFLOW TO DEAL



## TASK FORCE

### Turnaround CEOs

- Background: restructuring consulting and hands on in „Mittelstand“-companies
- Responsible for overall restructuring effort
- Sub-participation in „their“ business



### Functional specialists

- Process re-engineering (2)
- Works council negotiation/layoffs (3)
- Purchasing (3)
- ...

## MANAGEMENT TEAM



Gert Purkert, Dr. Dirk Markus, Donatus Albrecht

### Dr. Dirk Markus (CEO)

- Corporate strategy and development
- Turnaround CEOs and Task Force
- Corporate Communication / Investor Relations
- Finance
- Internal audit
- Legal

### Gert Purkert

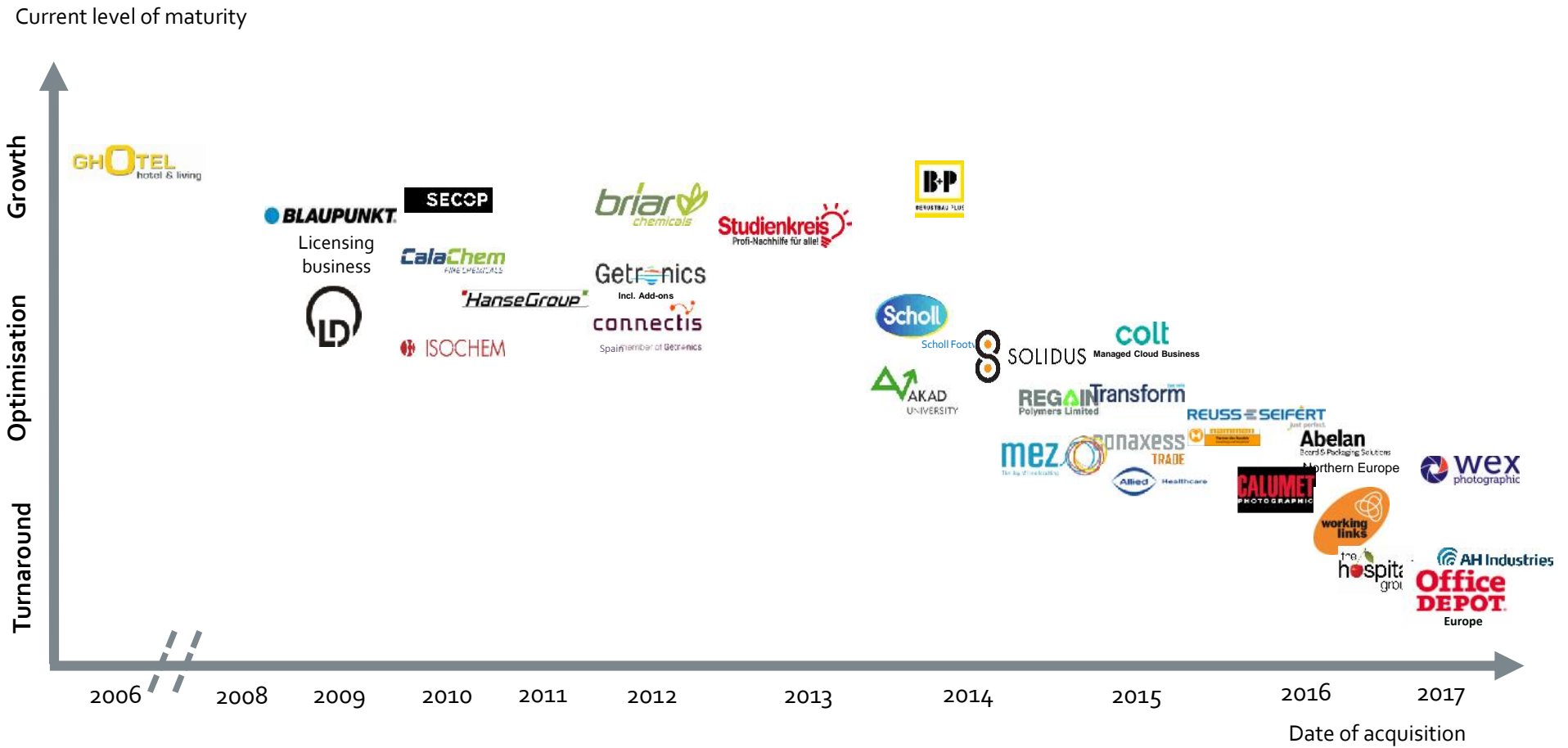
- Turnaround CEOs and Task Force
- IT and infrastructure
- Human Resources

### Donatus Albrecht

- M&A experts
- Corporate Finance



# STATUS PORTFOLIO



## Acquisition by AURELIUS in May 2015

### Business description

- Tavex Europe produces and distributes premium quality, sustainably developed denim fabric for major fashion brands in Europe
- Headquartered in Madrid, Spain with production facility in Morocco
- Key figures: Revenues of approx. EUR 45m, EBITDA slightly positive

### Deal rationale, financials

- Typical AURELIUS deal: Corporate carve-out from Brazilian conglomerate as the European operations where identified as non-core

## Restructuring and Exit

- Intensive restructuring by Aurelius task force since acquisition:
  - Cost savings in overhead, logistics and HR
  - Streamlining of production and logistics processes
  - Revenue growth through product line extension and new market positioning (focus on special denim qualities)
- Now sold to a Spanish investor consortium

### Result achieved

Money Multiple: approx. **9x** on money at risk

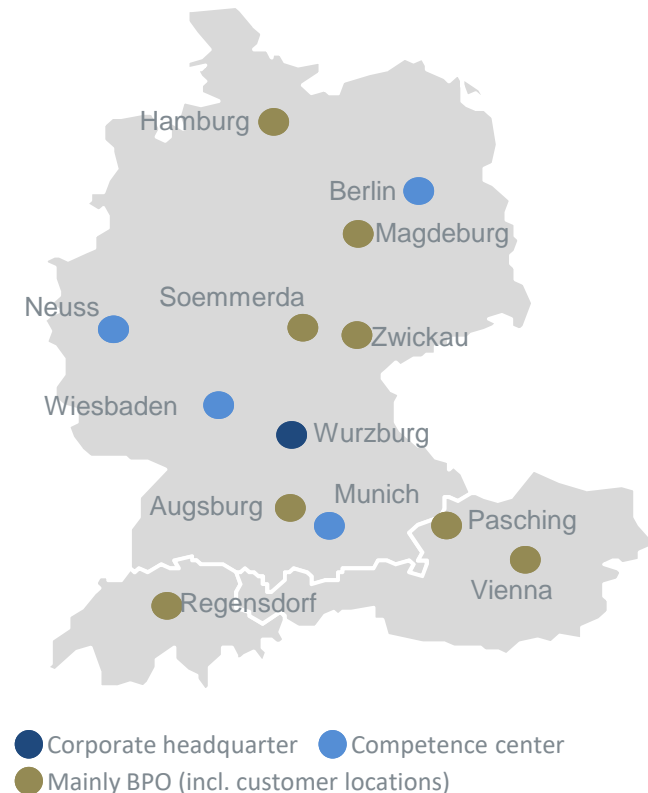
## CASE STUDY: fidelis HR

### Business description

- Market leading provider of integrated payroll solutions in GSA, with local presences in all three countries
- >600 FTEs across Germany, Switzerland, and Austria delivering HR software solutions combined with adjacent HR consulting services to its customers
- fidelis HR calculates almost one million salaries every month for six thousand clients in public and private sectors
- More than 50 years of Human Capital Management outsourcing and software solution experience






### Deal rationale, financials

Typical AURELIUS deal: Corporate carve-out from TDS AG (a Fujitsu Group subsidiary) as fidelis HR was identified as non core and TDS focused on its core business (IT outsourcing and SAP services)



## CASE STUDY: fidelis HR

Post acquisition, AURELIUS initiated an extensive range of operational improvement measures. Besides the set-up of stand-alone overhead and IT structures, several cost improvement measures were successfully executed with positive results on operational profitability

	Challenge	AURELIUS' solution	Result
<b>Site optimization</b> 	<ul style="list-style-type: none"> <li>Large number of sites with above-average wage rates, especially in West Germany</li> </ul>	<ul style="list-style-type: none"> <li>Relocation of unprofitable sites from West to East Germany ("Smart shore location") with lower salary levels</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable, recurring, positive annual effect on EBITDA of €€1.8m</li> </ul>
<b>Non-profitable businesses</b> 	<ul style="list-style-type: none"> <li>Focus on profitable products and customers</li> </ul>	<ul style="list-style-type: none"> <li>Termination of low margin products and customers</li> <li>Renewed focus on profitability</li> </ul>	<ul style="list-style-type: none"> <li>Improved and lasting effect on EBITDA margin still materializing</li> </ul>
<b>Improve utilization</b> 	<ul style="list-style-type: none"> <li>Unreasonably high cost of external freelancers negatively affected profitability</li> </ul>	<ul style="list-style-type: none"> <li>Higher utilization of own employees vs. freelancers</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable, recurring, positive annual effect on EBITDA of €€1.3m</li> </ul>
<b>Reduce operating cost</b> 	<ul style="list-style-type: none"> <li>Operating cost too high</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of numerous measures to improve overall profitability</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable, recurring, positive annual effect on EBITDA of €€1.0m</li> </ul>
<b>Improve customer satisfaction</b> 	<ul style="list-style-type: none"> <li>Limited quality improvement measures in place</li> </ul>	<ul style="list-style-type: none"> <li>Quality improvements by redesigning the service and solution center, improvement initiatives, upskilling of teams and establishment of a new client onboarding process</li> </ul>	<ul style="list-style-type: none"> <li>High retention rate</li> <li>Reference clients doubled</li> <li>Open customer tickets -50%</li> </ul>

## CASE STUDY: fidelis HR

### SALE TO SD WORX – a leading provider of human resource (HR) services in Europe



#### Strategic rationale for SD Worx

- Acquisition of fidelis HR is an important milestone for SD Worx in its Pan-European expansion strategy
- Increased access to GSA market: SD Worx to become the second biggest HR player in Germany and strengthen its position of second on the European market
- Extension of customer portfolio: up to now, SD Worx Germany mainly served smaller and medium-sized companies, fidelis HR specialises in larger national accounts

## Business profile – Smurfit Kappa solid board and graphic board activities in Benelux and UK (1)

### Transaction highlights

- The transaction scope includes two Graphic Board mills, an integrated Solid Board operation consisting of two mills and four converting sites located in the Benelux and the UK, and sales offices in France and Norway and will trade under the name SOLIDUS going forward

### Transaction

- One of the largest deals by AURELIUS in terms of transaction value (undisclosed) and asset parameters (ca. €240m sales; ca. €14m adjusted EBITDA)

### Deal rationale

- Deal represents a typical Aurelius deal as corporate carve-out
- The business is a non-core activity to the Seller, Smurfit Kappa Group (SKG)
- The target represents strong upside potential both in terms of top-line and operations

### Operations Benelux



### Operations UK



## Business profile – Smurfit Kappa solid board and graphic board activities in Benelux and UK (2)

### Commercial Summary

- SKSB Benelux is one of the top two producers, by sales volume, of both Solid Board and Graphic Board in Europe and also has a dominant market position in the UK
- The business has a strong reputation in the industry as well as deep customer relationships which creates a resilient customer base
- While both markets have been in decline historically, we see **great potential in:**
  - ✓ Increasing demand for Green / Environmentally-friendly Packaging
  - ✓ New applications for Non-food Performance Packaging (e.g. Oil Packaging Solutions)
  - ✓ New applications for Food Packaging
  - ✓ Bottoming-out of electronic substitution effect (i.e. Amazon Kindle vs. Traditional Hardcover books)
  - ✓ E-commerce Packaging
  - ✓ Growth in food markets , especially fish

### Solid Board



### Graphic Board



## Investment summary

### Background to the deal

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- Smurfit Kappa primarily produces containerboard and corrugated packaging solutions.. They are market leader in both segments, and this is where their strategic focus lies
- In terms of expansion strategy, Smurfit is mainly focussing on expanding its corrugated packaging operations in emerging markets and in the United States

### Repositioning by AURELIUS

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- Through the acquisition and restructuring of the target Aurelius can **transform SKSB into a pure play Packaging company** with a dominant position in the Solid Board market in Northern and Western Europe.
- Independence will allow competition in new geographies (e.g. Germany & Poland) in the converting business, **utilising the substantial existing spare capacity.**
- Most of the solid board packaging substitution (plastics / corrugated material) has already occurred. **Growth potential in Solid Board Packaging** should be in line with GDP growth in Northern and Western Europe and food packaging
- Continued **investment in new product development.** For example, targeting the polystyrene fish packaging market, a market with a 40,000 tonnes of potential per annum



## KEY FIGURES

Since 2012

(in EURm)	2012	2013	2014	2015	2016
Total consolidated revenues	1,378.1	1,525.2	1,595.8	2,013.3	2,892.3
Total Groupwide EBITDA	162.4	88.6	214.6	266.1	148.4
Total Groupwide operating EBITDA	114.2	106.2	95.1	123.2	114.0
Dividend paid (base + participation dividend per share, EUR)	0.60 + 0.77	0.70 + 0.35	0.80 + 1.20	0.90 + 1.55	1.00 + 1.00*
Dividend paid	39.4	33.3	62.8	76.4	62.4*
Cash and cash equivalents	244.7	223.9	328.4	550.2	416.4
Employees	10,226	11,110	12,442	22,898	21,806

\* Proposal of the Executive Board and the Supervisory Board to the Annual General Meeting to be held on June 21, 2017.  
The amount of the special dividend could be increased in the event of additional successful company exits before this AGM.

## FINANCIAL CALENDAR / RESEARCH



### FINANCIAL CALENDAR

March 29, 2017	Annual Report 2016
May 2, 2017	Press Release Q1 2017
May 2, 2017	Capital Markets Day, London
June 21, 2017	Annual General Meeting, Munich
August 10, 2017	Half-Year Report 2017
November 9, 2017	Press Release 9-Months 2017

### RESEARCH

Commerzbank	€ 82.00/buy (25.04.2017)
Berenberg	€ 80.60/buy (25.04.2017)
Hauck Aufhäuser	€ 65.00/buy (29.03.2017)
Baader/Helvea	€ 58.90/buy (26.04.2017)
Oddo Seydler	€ 51.00/buy (25.04.2017)

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