



## Optimising performance

Delivering growth and realising full potential in a challenging market



# Our investment approach



3i is a world leader in private equity offering a range of funding solutions focusing on Buyouts, Growth Capital and Infrastructure.

We invest across Europe, Asia and North America and in the last five years have invested €1.7bn in the General Industrial sector.

For 3i, the General Industrial sector encompasses a diverse range of activities, from chemicals and aerospace through to transport and logistics. Our experience is equally broad: from our investment in Radius Systems (a market leading UK manufacturer of thermoplastic pipe systems) to our recent exit from ABX Logistics (one of Europe's largest freight forwarding businesses).

We invest globally within eight General Industrial sub-sectors:

- Aerospace and defence;
- Automotive;
- Chemicals;
- Construction and building products;
- Electronic and electrical equipment;
- Industrial engineering;
- Paper, packaging and print; and
- Transport and logistics.

As a FTSE 100 company with over 60 years' experience of working in close partnership with ambitious managers and entrepreneurs, we bring a wealth of sector experience enabling us to proactively contribute to business strategy. Our relationships with the world's leading companies, industrialists and thought leaders mean that when you partner with us you have unprecedented access to:

- Dedicated investment professionals in 12 countries, each with in-depth knowledge of local business and markets;
- Our specialised sector team with unrivalled experience in assisting outsourcing and penetration of new and emerging markets; and
- Leading industrialists – we will introduce you to highly capable and experienced entrepreneurs who advise (and often join) the businesses we partner.

Our partnership approach is individual and personal. It starts before we invest and continues through our equity participation up to eventual exit. At every stage we work to build a healthy, successful business with sound financials and an exciting future.

"The best run industrial businesses will emerge from this period of change with lean cost structures, finely-tuned customer propositions and enlarged market shares."



**Turbulent times present particular challenges for the general industrial sector: demand is uncertain, energy and raw material costs fluctuate, and the outlook for exchange rates and inflation is unclear. All of this impedes the long-term planning that more capital intensive businesses typically require.**

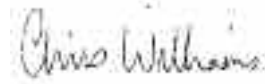
At the same time, turbulence presents opportunities. The best run industrial businesses will emerge from this period of change with lean cost structures, finely tuned customer propositions and enlarged market shares. Because industry cycles vary significantly between sub-sectors, the businesses that encountered slowdowns early on may also be among the first to emerge.

At 3i, we believe that the following fundamentals set apart those companies that are well placed to strengthen their position during turbulent times:

- First and foremost, capable, decisive management teams that can seize the opportunities presented by challenging times and weaker competitors;
- Products and services that fulfil unique roles – either through their non-discretionary nature, or through intellectual and technology leadership;
- A customer base within sectors that are more resistant to recession, such as the healthcare, food, infrastructure and government sectors;
- An international presence that mitigates over reliance on a single country, and includes a strong weighting towards faster growing emerging markets; and
- A proven ability to generate cash, offsetting the impact of a high fixed cost base and weak capital markets.

These characteristics are typical of our partnerships with a range of leading industrial companies, including AES Engineering, a provider of essential mechanical seals, Motoren-Werke Mannheim GmbH (MWM GmbH), a world leader in environmentally-friendly energy generation, and Radius Systems, a manufacturer of thermoplastic pipe systems for the infrastructure sector.

By working closely with management teams, we can apply the value of 3i's knowledge and global networks to help companies streamline their operations, identify and execute value creation opportunities, and diversify their international presence. In this way, businesses will not only survive these difficult times but will emerge from this period leaner and fitter, with a robust platform for future growth.



**Chris Williams**  
Partner and Global Sector Head, 3i



## Active Partnership

Working collaboratively, our role is to give management the tools they need to build lasting additional capabilities and competitive advantage.

Delivered through both the broader capabilities of 3i and our specialist resources, we provide unparalleled access to ordinarily hard-to-reach knowledge, networks, training and expertise.

3i's Active Partnership Programme is a key component of this approach, delivering material gains to core value creation strategies by optimising companies' strategic, operational, financial and commercial performance against international best practices.

**"3i has been a true partner in providing access to international resources and best-in-class practices, as well as challenging us to strive for transformational change."**

Jonathon Fischer, CEO, Mold-Masters



Germany  
€363m EV  
Buyout



**From under-managed subsidiary to best-in-class manufacturer striving for continued global expansion across both developed and emerging markets.**

MWM is a global leader in the provision of environmentally friendly decentralised power generation systems. It serves a broad client base, fulfilling both developed market demand for renewable energy and emerging market demand for independent power supplies. As a former subsidiary of German conglomerate DEUTZ AG, MWM was faced with the task of reconfiguring its organisational structure to meet the demands of being an independent, lean and commercially attuned business. An Active Partnership full potential analysis identified multiple performance improvement opportunities across all areas of the value chain with an EBITDA impact of up to €20 million per annum. MWM is now implementing best-in-class lean manufacturing initiatives, delivering cost savings through renegotiating supplier contracts, delivering increased and higher value contract wins through improved sales force effectiveness, and outsourcing global logistics to reduce inventory.



United States  
Equity \$135m  
Growth Capital



**Driving global growth by maximising operational efficiencies and capitalising on industry leading products and best-in-class technology.**

Mold-Masters is a leading global manufacturer of hot-runners, a critical component in the plastic injection molding value chain. The company generates the highest margins in the sector and its success to date has been driven by a combination of industry leading customer service and best-in-class technology. To achieve its strategic goals Mold-Masters needed to review its commercial and operational effectiveness. Improved fixed cost and cash management also represented significant opportunities for efficiency. The business is in the early stages of implementing Active Partnership initiatives, with a focus on sales force effectiveness, working capital, manufacturing cost reduction and global organisational alignment. 3i and management have also evaluated M&A opportunities, identified manufacturing cost savings and evaluated production opportunities in lower cost regions.



Denmark  
€1.36bn EV  
Buyout



**Transforming a formerly state-owned business into a best-in-class ferry and shipping operator through a comprehensive programme of organisational and operational efficiency improvements.**

Scandlines is one of Europe's largest ferry companies transporting some 18 million passengers, 4 million cars and 1 million trucks each year across 7 routes in the Baltic Sea. The business also has a successful on-shore retail arm. Active Partnership initiatives have driven significant cost savings and operational improvements, enabling the business to capitalise on the multiple opportunities presented by the expansion of EU territories surrounding the Baltic Sea. Key performance improvement initiatives have optimised operations across pricing, procurement, leaner operations and organisational strategy. In particular, a group-wide review of pricing structure has delivered a more commercially focused approach in line with industry best-practice. A revised operational structure will enable decision making to be de-centralised to shipping route level, improving responsiveness to front line customer needs.

## Supporting global growth

Leveraging 3i's international network to facilitate organic or acquisition-led expansion.



United Kingdom  
€130m EV  
Growth Capital



**AES Engineering** is a world-leading manufacturer and supplier of mechanical seals. Since 3i invested in 1996, our investment funding and extensive network have allowed AES to continue its impressive growth prospects and leverage opportunities for acquisition worldwide. In 2008, 3i supported AES with acquisitions designed to increase the global product offering. These included Mechanical Seal and Service in Texas USA, an existing distributor in Norway, renamed AESSEAL Norway AS, and Standard Seals, an Indian business. The acquisitions will take group sales to more than £80 million per annum.



Benelux  
€112m EV  
Buyout



**Hyva** is an international producer and supplier of hydraulic cylinders and related items for the infrastructure, mining and construction markets. 3i's global network has been pivotal in introducing a number of potential acquisition targets, including the €30m acquisition of Italian crane manufacturer Amco Veba and the acquisition of the Altatec Group of companies in Australia, during 2007. Hyva also serves rapidly developing local markets and in 2008 opened new facilities in Hungary, Romania and Mexico. Hyva has principally grown organically, averaging over 15% compound growth in revenues and profitability in recent years.



United Kingdom  
€133m EV  
Buyout



**Radius Systems** is a leading innovator and manufacturer of high quality plastic piping systems for utility infrastructure applications. 3i acquired a majority holding in Radius in June 2008 from Uponor Group. 3i is supporting Radius in consolidating its leading position and accelerating its international expansion plans. The initial focus is on organic growth, with the possibility of selective acquisitions. 3i is actively using its global network to help Radius explore entry strategies and set priorities. Joint market scoping visits to priority regions are in progress; including the Middle East, where 3i has a strong network through its funds' contacts.

## Recent realisations

Achieving successful exits despite current economic challenges.



Benelux  
€750m EV  
Buyout



**ABX Logistics** is a global freight forwarder, acquired by 3i from the government-owned Belgian Railways in August 2006. With 3i's support, ABX implemented a series of operational and top line growth initiatives and drove an acquisition led expansion strategy across the Americas, Eastern Europe and Asia. ABX also developed its core Air & Sea and Eurocargo businesses, following a comprehensive restructuring programme led by the sale of non-core assets and working capital improvements. ABX was sold in 2008 to DSV, a quoted Danish global logistics company. The merger will create the fourth largest logistics company in the world with a pro-forma turnover of €6.5bn.



Nordic  
Equity €35m  
Growth Capital



**DIAB** is one of the world's largest manufacturers of structural core materials for a wide range of applications in the marine, wind energy, transport and aerospace industries. 3i worked in partnership with management to substantially strengthen DIAB's business operations and develop the company into a global market leader. DIAB now has manufacturing facilities on four continents; three R&D centres; 17 operating subsidiaries; and a strategically located international distribution network providing close support to a global customer base. During 3i's ownership, DIAB grew significantly and generated approximately SEK 1.35 billion in revenues in 2007. 3i divested its 48% stake in 2009.



United Kingdom  
€400m EV  
Buyout



**Freightliner** is the UK's leading rail logistics company, moving containers and heavy goods across the national rail network. 3i assisted Freightliner to expand its activities to include the haulage of bulk freight as well as becoming the largest haulier of maritime containers in the UK. Leveraging the 3i network and sector expertise, Freightliner enhanced its international activities with an operational subsidiary in Poland. It is a successful and growing organisation, with an excellent reputation for reliability and innovation in a demanding market. 3i and Electra were the founder majority shareholders of Freightliner at privatisation in 1996 and sold the business to Arcapita in June 2007.

## About 3i

3i is an international leader in private equity. We focus on Buyouts, Growth Capital and Infrastructure and invest across Europe, Asia and North America. Our competitive advantage comes from our international network and the strength and breadth of our business relationships. These underpin the value that we deliver to our portfolio, shareholders and fund investors.

## Internationally connected

**Asia:** Beijing, Mumbai, Singapore

**Europe:** Aberdeen, Amsterdam, Copenhagen, Frankfurt, London, Madrid, Manchester, Milan, Paris, Stockholm

**North America:** New York

## General industrial sector team

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