

Sixth edition

Capitalmind Fabulous 40 - Industrial Markets

Translation of survey published in PT Industrial Management (2017)



Bart Jonkman,
Managing Partner Capitalmind

Dutch manufacturing industry continues to grow

Expectations for the coming years are positive

 **capitalmind**
CORPORATE FINANCE ADVISORY

BENELUX | FRANCE | GERMANY | NORDICS



Industry 4.0 and Brexit to impact the manufacturing industry

For the sixth consecutive year, Capitalmind Corporate Finance Advisory issued the Fabulous 40 Industrial Markets, a list with the 40 fastest-growing Dutch industrial companies. The manufacturing industry in general is not doing bad at all. Expectations for the coming years are positive, although the roll-out of the Brexit could impact industry performance.

The manufacturing industry has been on a stable course, as is apparent from the Capitalmind Fabulous 40, in which the fastest-growing Dutch manufacturing companies are presented (2013-2015). The total average growth for this year's top forty is 15.4 percent, which is somewhat lower than last year's average (18.5 percent). 'The growth that was steadily seen after the

crisis continues, although this year somewhat less strongly than last year. The expectation is that growth will again increase sharply in the coming years. A number of industry trends play an important role here,' says Bart Jonkman, Managing Partner at Capitalmind.

A first trend is that producer confidence is increasing and that the

economy is doing better than expected. Jonkman: 'Various reports reinforce this. For example, ABN AMRO reported in its State of the Industry that the Dutch economy exceeded expectations by the end of 2016 and that signals during the beginning of 2017 were favourable. Other experts also forecast accelerated growth of the global economy and world trade for

2017 and 2018.' The figures included in this version of the Capitalmind Fabulous 40 are a reflection of the average growth over the years 2013 through 2015. Figures that will be filed in the coming year for 2016 will probably be higher. Another year later, growth may well be even stronger.'

Industry 4.0

A second trend that companies can no longer avoid is industry 4.0. Pim Mulder, Associate at Capitalmind: 'Industry 4.0 is the marriage between automation and digital. Many European companies - including many Dutch companies - were early adopters and are now forerunners in comparison with competitors in other parts of the world. This for instance applies to automation, a trend that has been around for a long time. From our research report Industrial Machinery & Digital Automation, it becomes clear

the combination of automation and digital, the different players in the chain are getting increasingly connected with each other. Suppliers at the start of the chain and the end customer are getting into closer (unnoticed) contact. The possibilities for delivering further customized products, even more tailored to the wishes of the customer, are increasing. As a result, sales can increase and suppliers, thanks to digitization, can add more value. They can also better respond to demand, maintain lower inventory and save costs in various areas. Cost saving means, among other things, more opportunities to invest in innovation that ultimately leads to growth.'

Mergers, acquisitions and investments

The stable course of the manufacturing industry is also reflected in the



Pim Mulder and Bart Jonkman, Capitalmind

that in Europe 292 robots are used per 10,000 employees, compared to 36 robots per 10,000 employees in China, indicating that Europe is far ahead in this respect. China now seems to be taking a big step forward, however, leading to a big increase in demand for robots, caused by, amongst other things, a shortage of well-trained personnel. A gradual shift is taking place from the production of hardware at low (personnel) costs to the use of well-trained personnel, advanced analyses and smart business models.' The rise of digital or big data is gaining importance, Mulder continues. 'Due to

'The stable course of the economy and positive prospects are good for confidence'

number of companies in the top 40 that were active in mergers and acquisitions. Last year, we stated that we expected increased transaction activity. Jonkman: 'This year, twelve companies in the list were active in mergers and acquisitions, compared to



New number 1: EWT

Wind turbine manufacturer Emergya Wind Technologies (EWT) is the new leader of the Capitalmind Fabulous 40. The growth of the company is mainly attributable to expansion of its activities. EWT is located in Amersfoort and designs and produces gearless wind turbines. Given that stoppages are often caused by a defect in the gearbox, this technology ensures a higher availability and low maintenance. Mulder: 'EWT is very internationally oriented and operates on wind parks throughout Europe, North America and Asia. Even in Alaska, a number of turbines from this Dutch producer are providing companies with energy. The wind turbine market is a market with enormous growth potential due to the growing importance of sustainable energy. This company will most likely have a bright future ahead.'

In addition to the development and production of wind turbines, EWT also provides service and long-term maintenance contracts. 'From their control room in Amersfoort, the company tracks more than 600 installed wind turbines via a DMS system. Seventy percent of all malfunctions are resolved online via their EWT SCADA system.'

EWT also strongly invests in innovation. By the end of 2016, the company released a new wind turbine (DW61) to the market with a rotor diameter of 61 meters and tip height up to 100 meters. This newly released turbine significantly increases kWh output compared to previous models, thanks to the latest aerodynamic blade design and advanced control technologies.

ten companies in the previous edition. The stable course of the economy and positive prospects are good for confidence. I expect that the number of mergers and acquisitions will continue to increase in the coming years.

Internationally oriented

One group that has shown steady growth in sales in recent years are component suppliers, says Mulder. 'Several annual reports show that this revenue growth can be attributed to internationalization, which also indicates the international market position of these companies.

Capitalmind Fabulous 40 - Industrial Markets

Rank 2017	Rank 2016	Company	Sector	Total revenues 2015 in mln. €	Total revenues 2014 in mln. €	Total revenues 2013 in mln. €	CAGR 2013-2015	Private equity	M&A activity
1	-	EWT	Wind turbines	141,6	98,2	45,2	76,9%	AtlasInvest	
2	9	Hittech	Machinery components	99,6	74,1	52,2	38,1%		✓
3	1	Heerema	Offshore	594,4	665,4	366,1	27,4%		
4	3	Shipyards De Hoop	Shipbuilding	98,5	110,4	61,2	26,9%		
5	-	MPS Meat Processing Systems	Automated slaughter lines	156,6	117,9	100,8	24,6%	Equistone	
6	-	Orange Climate	Climate control	19,1	17,8	12,9	21,5%		
7	-	Andus Group	Industrial group	319,8	211,9	222,8	19,8%	De Hoge Dennen	
8	12	MGG ❶	Aluminium sandcasting	98,1	70,7	69,2	19,1%		✓
9	17	VDL Groep	Industrial group	2.583,9	2.220,1	1.861,4	17,8%		✓
10	-	Nedcard ❷	Semiconductor	58,8	47,2	42,7	17,4%		
11	15	Heinen & Hopman Engineering	Maritime HVACR	299,0	284,1	221,2	16,3%		✓
12	4	AWL-Techniek	Sytem integrator	71,8	82,3	54,3	15,0%		
13	-	Intergas	Boilers	112,8	94,7	86,0	14,6%	De Hoge Dennen and Breedinvest	
14	-	NTS Group	Opto-mechatronic systems and equipment	143,2	127,8	109,7	14,3%		✓
15	31	DORC	Medical devices	105,9	74,8	81,4	14,1%	Montagu Private Equity	
16	-	Jansen Poultry Equipment	Poultry houses	44,7	40,3	34,7	13,5%		
17	-	Polyplastic	Cast acrylic glazing solutions	34,9	27,8	27,4	12,9%		
18	14	Ferus Smit	Shipbuilding	68,6	77,6	53,8	12,9%		
19	-	Ridder Drive Systems	Agricultural electromechanical drive systems	49,3	42,1	38,7	12,8%		✓
20	30	Damen Shipyards	Shipbuilding	2.161,4	1.995,2	1.699,9	12,8%		✓
21	-	WEMO	Machinery	22,4	21,9	17,7	12,4%		
22	11	Prodrive	Electronics	132,7	117,8	106,4	11,7%		
23	-	Boal	Aluminium roof systems and profiles	186,4	166,6	150,1	11,4%		
24	-	Condoor	Door solutions	52,0	44,8	42,3	10,9%		
25	-	Paques	Wastewater & gas systems	87,7	69,8	71,4	10,8%	Skion GmbH	
26	-	Broshuis Holland	Transportation trailers	49,7	40,9	40,8	10,4%		
27	-	Altrex	Access equipment	52,5	49,3	43,3	10,1%	Noorderhuys Participaties	
28	10	Holterman Staal	Civil engineering	100,5	102,5	83,6	9,6%		
29	28	Addit	System Supplier and Contract Manufacturer	32,4	31,4	27,0	9,6%		
30	26	Kwant Controls	Marine components	17,4	16,6	14,6	9,5%		
31	-	Hollandia	Offshore	147,2	129,6	123,3	9,3%		
32	16	IHC	Maritime vessels and equipment	1.177,9	1.242,9	987,7	9,2%	Indofin Group and Rabo Pr. Equity	✓
33	32	Cordstrap	Transport strapping	124,2	116,7	104,9	8,8%		
34	-	Dieseko Group	Equipment for foundation industry	59,1	49,4	50,0	8,7%	NPM Capital	✓
35	23	Kaak Group	F&D machinery	146,3	142,5	125,3	8,0%		✓
36	-	Hordijk	Packaging	84,1	74,2	72,2	7,9%		
37	33	HSV	Moulded products	58,1	56,2	50,0	7,9%		
38	-	Nooteboom Trailers	Transportation trailers	92,6	80,8	79,9	7,7%		
39	-	Doedijns	Hydraulic and pneumatic solutions for the oil & gas and maritime ind.	120,1	117,6	104,7	7,1%	IK Investment Partners	✓
40	40	Huisman	Construction equipment	565,7	569,0	493,6	7,1%		✓

❶ Acquired by Parcom Capital in February 2017

❷ Acquired by Rabo Participaties and Matcorp Participaties in May 2016

Selection criteria for the Capitalmind Fabulous 40:

- Headquarters in the Netherlands
- Active in the production of 'engineered products' (high level of design, continuous innovation and a high degree of precision required)
- At least € 10 million of revenues (including possible changes in work in progress) in one of the three measured years
- Majority stake owned by Dutch shareholders or foreign private equity firms
- Not listed on a stock exchange
- Figures for all three years must be known and registered by the 1st of April 2017

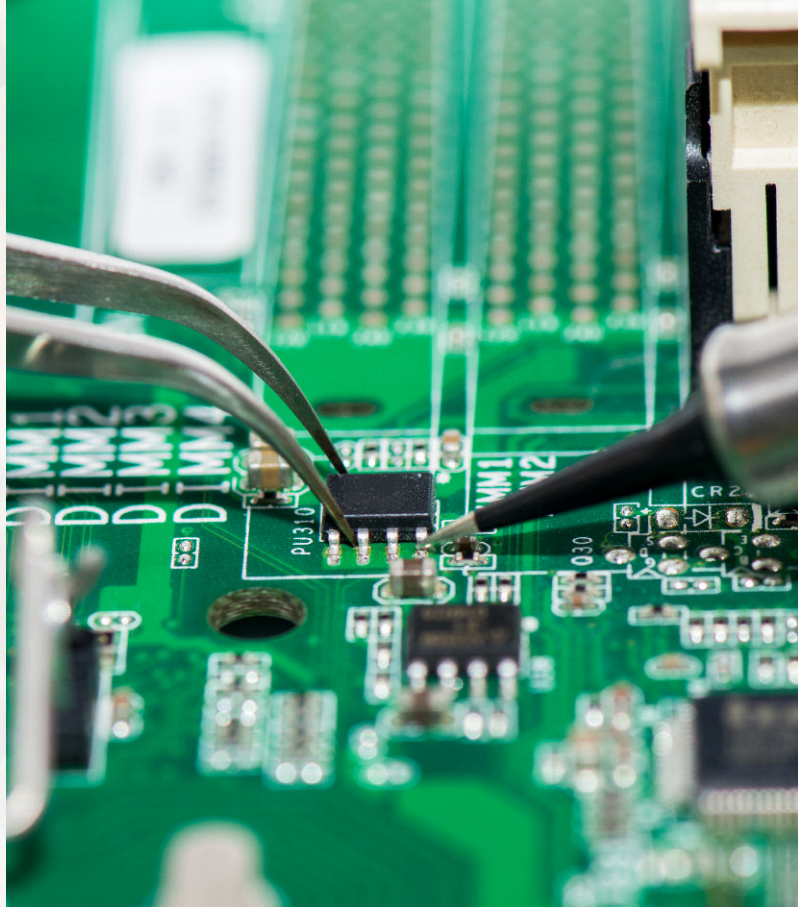
- The companies in this list are active in the production of engineered products.
- The sector includes manufacturers of components, automation and producers of finished products. What these companies have in common is their business model: delivering added value within the chain with high-tech products and innovative technologies.

Should there be any confusion, discussion as to inclusion in the list or suggestions for improvement, please contact pim.mulder@capitalmind.com or dial +31 73 623 87 74.

This list is compiled by Capitalmind Corporate Finance Advisory.

*'Industry 4.0
is the marriage
between automation
and digital'*

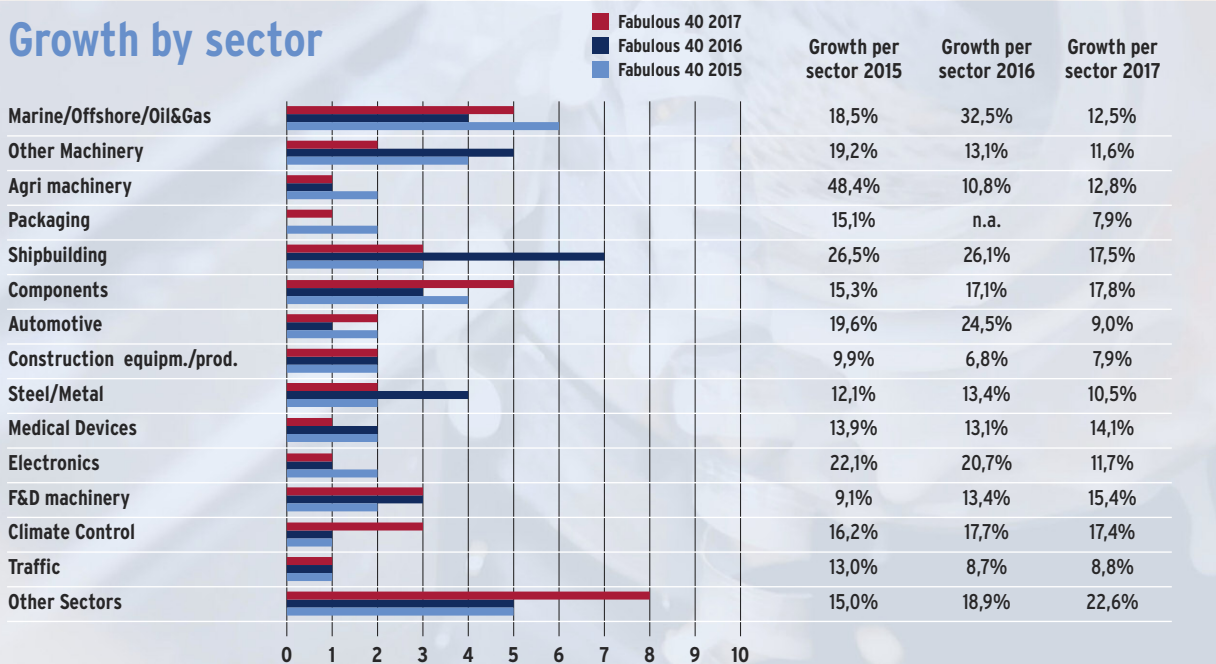
For Hittech (No. 2, 38.1% growth), MGG (No. 8, 19.1% growth), NTS (No. 14, 14.3% growth) as well as HSV (No. 37, 7.9% growth) this was the case for instance. This industry segment is expected to show further growth.' One of the companies in this list that also could be filed under this category is Nedcard (No.10, 17.4% growth), says Mulder. 'The company, with production sites in Wijchen and Shanghai, each year produces one and a half billion modules, which act as an interface between microchip and card readers. In addition, Nedcard is specialized in wireless payment solutions with chips. This is a strongly growing market. In May 2016, the firm received investments from private equity firms Rabo Participaties and Matcorp Participaties, which confirms the expectation for further growth. Another factor that must be taken into account is the effect of the Brexit, says



Jonkman. 'In particular for the Food & Beverage and Agri Machinery sectors, the United Kingdom is an important sales market. The Dutch companies in this sector are renowned internationally for their high level of productivity and quality. In recent years, these companies have shown growth year after year. However, the fluctuating pound and an uncertain economic trade climate due to

potential trade restrictions create uncertainty and can affect performance. In addition, margins in these sectors are not that high. As mentioned, these sectors have done very well in recent years, but the impact of the Brexit on these companies is yet to be seen.'

Growth by sector



Smart advice, by your side, worldwide



Capitalmind is one of the largest independent corporate finance advisory firms in Europe, owned by its partners. Since 1999 we have provided unbiased advice to mid-market companies, entrepreneurs, (private equity) investors and large corporates on selling, buying and financing businesses all over the world, and in the following sectors:

- 200+ closed transactions in the last 5 years - 500+ since 1999
- Worldwide access to strategic/financial players and likely buyers
- Team of 60 experienced professionals in Europe; plus 300 worldwide, via our international partnership
- European Headquartered advisory firm, with offices in Benelux, France, Germany & the Nordics
- We have received numerous awards



BUSINESS SERVICES



CONSUMER



FOOD & AGRO



HEALTHCARE



INDUSTRIALS



TMT

's-Hertogenbosch, The Netherlands
Reitscheweg 49
5232 BX 's-Hertogenbosch
T +31 (0)73 623 87 74

Paris, France
62, rue La Boétie
75008 Paris
T +33 1 48 24 63 00

Frankfurt, Germany
Sonnenberger Straße 16
65193 Wiesbaden
T +49 611 205 480

Amsterdam, The Netherlands
Vreelandseweg 7
1216 CG Hilversum
T +31 (0)73 623 87 74

Copenhagen, Denmark
Lyngsø Alle 3
2970 Hørsholm
T +45 20 433 373

Berlin, Germany
Schumannstrasse 17
10117 Berlin
T +49 611 205 4810