

*second edition*

# BlueMind Fabulous 40 - Industrial Markets

*Translation of survey published in PT Industrial Management (2012)*



## *‘Growing against the tide’*

The Fabulous 40 draw hope from innovation



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corporate finance strategy

Growing in the most difficult years of the crisis. That is exactly what the forty companies in the new Fabulous 40 did. The average growth slowed down somewhat, several companies dropped out of the top forty and manufacturers of medical systems are strongly represented. Societal and global developments seem to characterize the composition of the list.

Can innovation and sustainability pull the industry out of the crisis?

Text Wim Raaijen Photos Peter Venema, Siemens, Kaak Group



It seems to have become a mantra. Innovation is essential to entrepreneurs in the Dutch manufacturing industry to hold on to their excellent position. The most important theme where the focus of innovation should be placed in the future is sustainability. According to various reports, articles and even television documentaries, the manufacturing industry plays a pivotal role in the chain between raw materials on the one hand and semi finished or finished end products on the other hand.

Several recent reports support this theory. Within a few years Coca-Cola intends to use a Coke bottle produced

entirely out of biomass. The cola giant is currently developing one of the possible production routes via Avantium, a Dutch based company.

Another Dutch company, Dyecoo, signed a similar mega-contract with Nike. Dyecoo has developed a technology for dyeing textile, based on CO<sub>2</sub> instead of water, resulting in huge watersavings.

It is quite possible that these kinds of companies will fill the future editions of the Fabulous 40. The question arises, however: are these just precursors, or is this trend already visible in the Dutch manufacturing industry in the period 2008-2010? The period in which the economy was at its worst.

Were innovation and corporate social responsibility pushed into the background or are they typically a new path to recovery?

### **Distinguishing**

Perhaps the new Fabulous 40 offers an answer. The second edition of the list was again composed by BlueMind Corporate Finance, and appears to be a good indicator for identifying new trends among the most successful companies. The Fabulous 40 is a list of the forty fastest growing industrial companies during the period 2008-2010. Managing partner Bart Jonkman of BlueMind, who was closely involved in the composition of the list: 'The years 2008-2010 were a difficult economic period, and yet these companies have still managed to achieve growth. Notwithstanding, the effect of the crisis is also clearly visible in this version of the Fabulous 40. The average growth in this list fell from 16,5% to 10,9% compared to previous year's list, which covers the period 2007-2009. The unpredictability is also noticeable. There are no less than twenty new mentions in the list. And the twenty survivors have changed their ranking significantly. We believe that this is also a result of the crisis, it is a time during which companies are able to distinguish themselves from their competitors.'

### **Increased comfort**

Mergers and acquisitions are usually important causes of growth. Yet, in the list, there are only twelve companies which were engaged in M&A activity.

This number is almost equal to last years' edition of the list. It is remarkable that, in the top three, acquisition has resulted in an enormous increase in turnover in two of the cases.

And number 1 would have been an entirely different company if the merger between Daalderop and Itho had not led to an entirely new legal entity. BlueMind advisor Marleen Vermeer: 'From 2010, the newly created group, Tree House Group, publishes its figures under a new entity which makes it impossible to compare it to the figures in the period 2007-

## *Number 1 Remeha sees great potential for micro cogeneration*

2009, therefore it is impossible to include this company in the list. I feel that it is important to mention this merger, so that the list can be placed in the right perspective. The list only includes companies that have continued to operate in the same financial entity.'

Tree House Group deserves even more attention, because the growth of this company is also largely fuelled by innovation and sustainability. The company provides central heating sys-

tems, equipment for warm water and ventilation systems and is characterised by providing a wide range of products, which are aimed at improving comfort and reducing energy consumption. And success is found precisely in this combination: more efficient and therefore sustainable products that don't just provide lower energy costs, but also increased comfort.

### **Micro cogeneration**

Would Tree House Group have been included, the number 1 and number 2 of the Fabulous 40 would have come from the same segment: climate technology. The official and new number 1, the Remeha group, also operating under the name BDR Thermea, is an internationally leading manufacturer and distributor of innovative heating systems and hot water systems. Market leader in six important European countries: Great-Britain, France, Spain, the Netherlands and Italy and with an important position on the emerging markets in Eastern Europe, Turkey, Russia, North America and China. BDR Thermea has branches in more than seven countries.

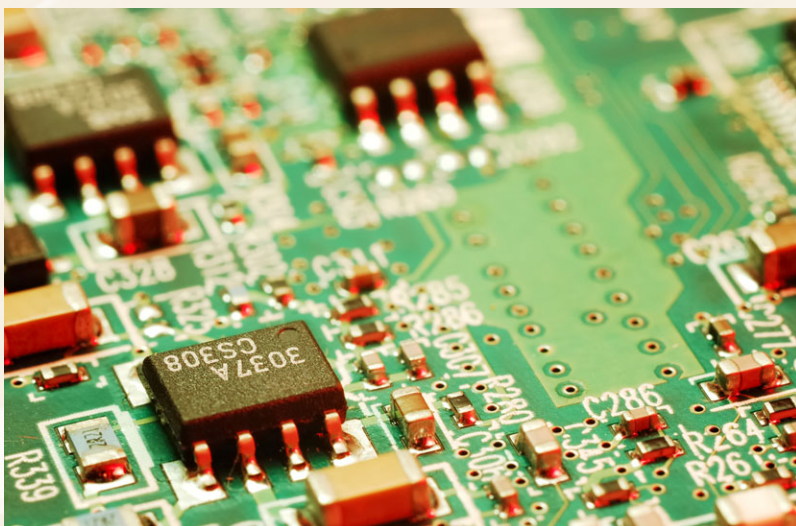
Remeha's top 1 position can especially be attributed to the acquisition of its



Number 1 Remeha Group is constantly aimed at innovating and knows how to continue its successes.

British rival Baxi. With 4.200 employees and an annual turnover in excess of 1,2 billion Euro, Baxi was the fourth largest manufacturer of heating systems in Europe. But it was more than just this acquisition that made Remeha stronger. The Remeha Group is constantly focussing on innovation and knows how to firmly maintain their success. In 2011, in advance of next year's list, they achieved a comparable turnover to that of 2010.

A strong asset of the company is micro cogeneration. This involves heating boilers not only providing heat, but also generating electricity. As a result the total efficiency of these boilers is much higher than that of existing appliances. These boilers are a perfect example of the trend towards more decentralised generation of electricity and the emergence of so-called smart grids. These are electricity networks that respond actively to electricity production of both large power stations and various types of small units such as windmills, solar panels and micro cogeneration. In addition to being electricity consumers, households would now also be able to become suppliers.





Heerema is currently constructing a third outlet at sea. In two years it should be finished and installed to connect windmills.

### Innovation pays off

In the Dutch market, Remeha was the first to introduce a so-called HRe (High efficiency boilers) in 2010 under the name eVita. The device is equipped with a Stirling engine and a linear generator. The boiler produces one kilowatt of electricity in addition to its thermal power of 24 kilowatt and a hot water production capacity of 28 kilowatts. According to boiler manufacturers, about one million HRe boilers will have been installed in Dutch households alone by 2020. In 2030 this will have increased to four million installed units. A similar success is expected in many other countries where the Remeha group is operating. Whether this growth will actually be realised, remains conjecture. There are a lot of influences to account for, especially in the field of energy systems, for example in combination with solar cells and urban wind turbines. Nevertheless this sub-industry is certainly optimistic.

With this convincing number 1 of the Fabulous 40 list, and the remarkable performance of the Tree House Group, it can justly be said that inno-

vation pays off, especially in combination with sustainability. Many other companies in the Fabulous 40 also have innovation and sustainability as one of their highest priorities. Reading the mission of most companies on the internet, words like innovation, responsibility, sustainability and efficiency appear numerous times.

### 'Energiewende'

That is also the case with the fastest climber, Frames (from spot 29 to 6) and Heerema Fabrication Group, steadfast in the top 10. Suprising at

first sight, since both players have strong positions as suppliers of the oil and gas industry and offshore. Generally, sustainability is associated with that we want to get rid of fossil fuels. Yet the expertise of both parties is especially welcome with the production of sustainable energy.

The site of Heerema in Zwijndrecht recently started the construction of a giant "outlet at sea". In two years, the outlet, the size of three buildings, should be erected nearly a hundred kilometres off the German North Sea coast and be ready to connect windmills.

The 98 by 42 meter giant, with a height of 27 meter, is designed to convert the alternating current produced at sea by the windmills, into direct current. Direct current can easier be transferred from the wind park through almost one hundred kilometre of submarine cable to land, with the least power loss. On land, the direct current is converted back into alternating current.

The HelWin-station can transfer 690 megawatt of clean energy to land. This is the third outlet at sea that Heerema is building for Tennet, in cooperation with Siemens, providing the necessary electrical engineering. The second outlet, the DolWin-alpha-station located on the site in Zwijndrecht is almost finished already. Soon the large Thialf crane ship will transport the



Advisor Marleen Vermeer

Managing partner  
Bart Jonkman

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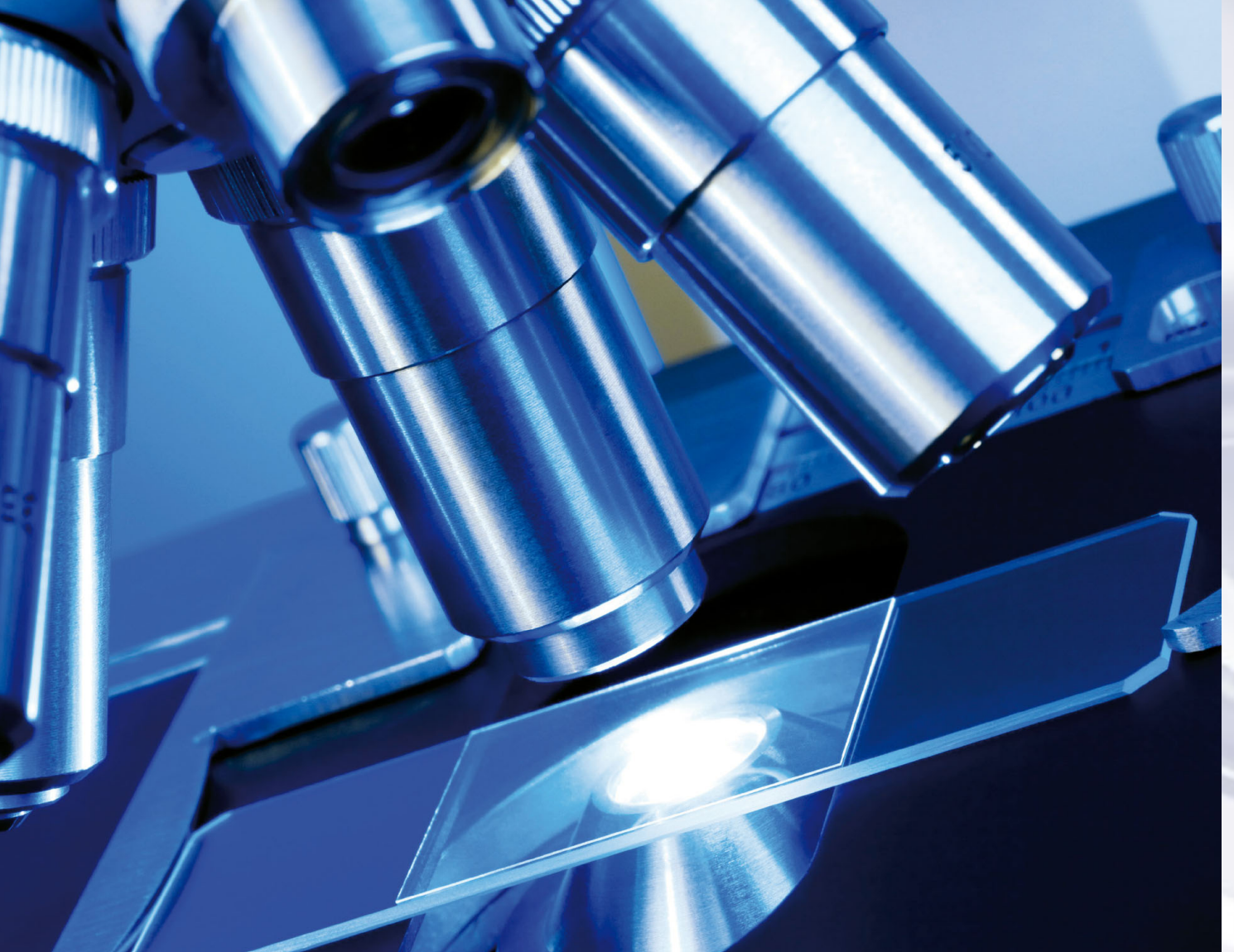
## BlueMind Fabulous 40 - Industrial Markets

Rank 2012	Rank 2011	Company	Sector	Total revenues 2010 in mln. €	Total revenues 2009 in mln. €	Total revenues 2008 in mln. €	CAGR (percent growth)	M&A activities	Private equity
1	9	Remeha / BDR Thermea	Klimaattechniek	1,744.9	851.1	629.1	66.54%	✓	Intermediate Capital Group plc
2	-	Prodrive	Electronics	71.5	41.2	36.8	39.32%		
3	5	Wassenburg Medical Devices	Medical Devices	26.9	25.7	15.8	30.61%	✓	
4	23	Agmi Group	Traffic	19.0	14.8	13.7	17.87%	✓	ABN Amro participaties
5	-	GL Group	Technical components	27.5	14.8	20.1	17.00%		
6	29	Frames	Oil & Gas systems	113.9	89.3	83.9	16.50%		Parcom
7	-	Thomassen Compression	Pressure equipment	141.7	94.0	105.0	16.18%		
8	-	MPS Systems	Print systems	29.6	21.9	22.9	13.69%		PPM Oost
9	7	Heerema Fabrication group	Offshore	313.0	327.6	242.6	13.59%		
10	-	AWL-Techniek	Machinery	40.8	22.9	31.9	13.21%		
11	33	Solid Semecs	Electronics	44.0	32.5	34.4	13.11%		JHB Venture Capital/O2 Capital
12	28	Fontijne Grotnes	Machinery	39.9	33.1	31.3	12.79%		
13	31	Nedcard	Semiconductor	23.0	17.7	18.3	12.21%		Several investors
14	-	DORC*	Medical Devices	55.0	21.1	44.3	11.46%		Van Lanschot / Friesland Bank
15	19	Harting-Bank	Medical Devices	117.4	110.5	96.5	10.34%	✓	NPM Capital
16	36	Medical Measurement Systems	Medical Devices	14.6	13.3	12.0	10.18%		
17	-	Kaak Group	F&D machinery	106.0	85.9	87.9	9.80%		
18	1	Shipyards De Hoop	Scheepsbouw	103.3	121.1	86.4	9.37%		
19	-	Smeva	Klimaattechniek	41.3	39.5	34.5	9.29%	✓	
20	24	Intergas	Klimaattechniek	74.3	66.1	62.5	9.04%		
21	-	Inalfa Roof Systems	Automotive	413.6	283.7	350.2	8.67%		
22	-	Gatso	Traffic	20.5	20.8	17.4	8.54%		
23	-	Technivorm-Moccamaster	F&D machinery	26.8	22.8	23.2	7.62%		
24	37	MPS Meat Processing Systems	F&D machinery	97.9	71.9	85.7	6.90%	✓	Barclays Private Equity
25	6	Logisticon Water Treatment	Water Treatment	15.1	23.5	13.2	6.71%		
26	27	Livit	Medical Devices	50.6	48.0	44.5	6.57%	✓	Hal Holding
27	14	Plasticon	Storage & transport syst.	90.7	89.7	79.9	6.50%	✓	AAC Capital
28	-	Enraf Nonius	Medical Devices	32.6	31.5	29.7	4.88%		
29	20	Huisman	Construction equipment	337.5	284.8	307.4	4.77%	✓	Informal investor
30	-	Hyva	Construction equipment	485.9	312.0	448.5	4.09%	✓	Unitas Capital
31	-	Polyplastic	Plastics	33.1	25.8	30.8	3.68%		
32	8	Bakker Sliedrecht	Electronics	94.4	110.7	87.9	3.62%		
33	-	Amsterdam Metallized Products	Packaging	10.6	9.5	9.9	3.56%		Standard Investments
34	-	Optelec	Medical Devices	37.7	37.4	36.1	2.13%		NPM Capital
35	-	Trespa	Building products	206.3	183.6	200.0	1.55%		Hal Holding
36	-	Holterman Staal	Staalbouw	98.9	76.6	96.1	1.48%		
37	-	Koninklijke Niestern Sander	Scheepsbouw	50.8	56.4	49.3	1.45%		
38	10	VeKa Group	Scheepsbouw	245.1	250.5	240.9	0.86%	✓	
39	30	Heesen yachts	Scheepsbouw	122.9	115.9	121.0	0.79%		Topaz Investment International
40	-	NTS Group	Machinery components	90.2	62.5	89.3	0.46%	✓	

### Selection criteria for compiling the above list:

- 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 total 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
- Figures for all three years must be known and registered by June 1, 2012

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 the business model: using technical engineered products and innovative technology to provide added value in the supply chain. Should there be confusion, discussion as to inclusion in the list or suggestions for improvement, please contact [marleen.vermeer@bluemind.nl](mailto:marleen.vermeer@bluemind.nl) or +31 (0)73 623 87 74.



station over the sea and hoist it on to a 66 meter high platform. 'To construct the new platform, about 450 people are necessary in Zwijndrecht and Vlissingen and a substantial amount of engineers and planners', Tino Vinkesteyn, commercial director of Heerema recently stated in Trouw. This is how the Dutch manufacturing

industry gets a boost from the German Energiewende. Globally, one of the biggest movements in the area of sustainability.

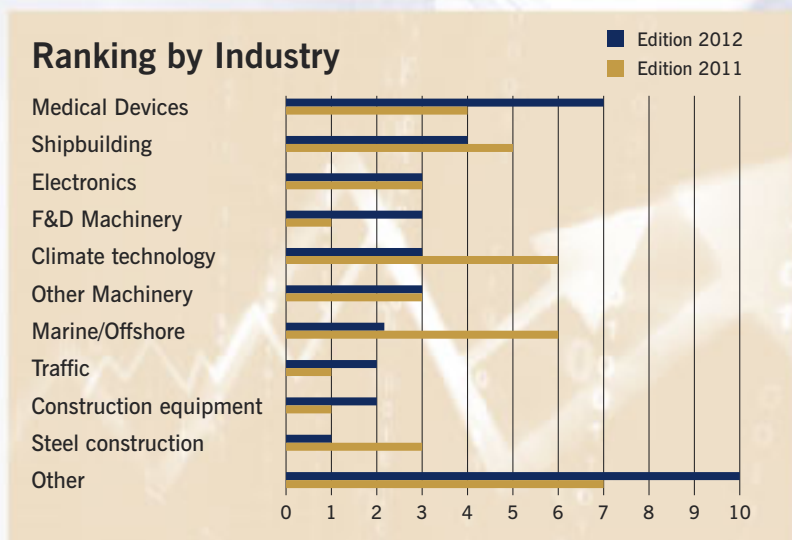
### Approach

Innovation is certainly the main driver of the number two and highest new entry, Prodrive as well. The com-

pany didn't need a merger or acquisition for its considerable growth. Prodrive produces electronics for various markets such as medical systems, media, industry, automotive, energy and more. Especially its approach provides the company lots of credit with clients. Marleen Vermeer from BlueMind: 'Prodrive involves the client from the beginning of the designing process, where they are able to keep the costs well under control and work efficiently. Because clients had to be even more careful with costs in the crisis years, Prodrive was able to grow with this approach. And the company continued to grow well in 2011. Last year it grew to a turnover of 86 million euro and the company also anticipates a strong growth for this year and future years.'

### Patient lifts

The number three in the Fabulous 40, Wassenburg, is a characteristic example of another trend. Companies that



supply medical equipment are strongly represented in the list. This year there are seven listings compared to four in the previous edition. Bart Jonkman from BlueMind: 'We think this is caused by, amongst others, a rapidly growing market which the companies operate in, mainly due to the ageing of the population. In this market we also see relatively many acquisitions. This is partly due to the complexity and high degree of regulation of the market. The market is expected to continuously innovate and bring forth the latest technology, therefore obtaining a leading market position is quite capital intensive. The production assets and products must meet the highest requirements. To keep up with this continuous flow of innovation and regulation, many companies join forces.' Three of the seven listed companies in this sector have grown through a merger or acquisition in the period 2008-2010.

The same applies for number three of the Fabulous 40: Wassenburg Medical Devices, a family-owned company from Dodewaard. It is a specialised company in the field of innovative disinfection equipment for endoscopes. Wassenburg has grown rapidly on the international market over the past years with new branches in Belgium, Ireland, Vietnam and cooperation in amongst others Germany.

Another interesting company in the medical systems field, is Harting Bank. In this edition of the Fabulous 40 the company climbs up from the 19th to the 15th position. The company develops and supplies care and rehabilitation equipment, such as wheelchairs, patient lifts, walkers, nursing beds and more. Harting-Bank has existed for more than 170 years and is therefore the oldest supplier of medical equipment in the Netherlands. With the current ageing of society, a stable traditional company is therefore changing into a significantly growing company with various branches throughout the world.

## China

According to Vermeer there are a few things that stand out in the new Fabulous 40. 'Shipbuilding is represented a little less and Shipyard De Hoop has lost their number 1 position.' Moreover she remarks, 'the number of companies owned by private equity has remained stable.' Seventeen companies in the list, including the number 1, Remeha.

'It is particularly striking that Inalfa Roof Systems, the number 18, in the measured period, was owned by investor ABN AMRO Equity Investments. In April 2011 the manufacturer of sunroof for cars was acquired by the Chinese company BHAP.' In number three of PT this year chairman Michel Schabos was very positive about the cooperation. 'We continued to operate rather independently. However, it requires substantial investments in so-

*'the number of companies owned by private equity has remained stable.'*

cial contacts with the Chinese. But I can certainly recommend working with the Chinese to everyone.'

This acquisition opens the world's largest automotive market to Inalfa. 'Our biggest challenge is to keep up with our growth.' BHAP and Inalfa are working together in setting up new production locations in China. Currently, two new factories are operational. Inalfa already had a production location in Yantai and a R&D centre in Shanghai, which was expanded this year. Perhaps a prospective number 1 for next year or the year thereafter has now risen.

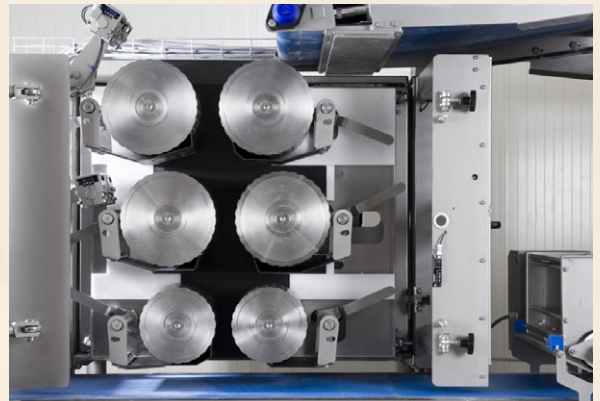
## Artistic bakers

The increase in number of suppliers of machinery for the food and beverage industry in the list is remarkable, from a single listing last year, to three in this edition. Holland exports many food products, produced from raw materials. A strong position in the food processing machinery is the result. This market also depends on continuous innovation

in the area of efficiency and hygiene requirements. That strengthens the demand for new equipment or upgrading existing equipment.

One of the leading companies in this sector is the Kaak Group. Taking the 17th position on the list, Kaak is the highest ranked food processing machinery manufacturer. With over a hundred years of experience, the Kaak Group offers bakeries around the world the necessary equipment to produce a wide range of bread products. Kaak Group furnish a complete production line for bakeries, but interested parties can also contact the company for a fully equipped bakery "from silo to crate".

The company is constantly searching for new opportunities and new technologies to optimally serve the bakery industry. Early 2009 it founded its subsidiary DrieM Dough Sheeting Technology in 's-Hertogenbosch. This company focuses on the design, construction and installation of production lines for sheets of dough. These machines can be built for general bakeries, but also for more artistic bakeries in particular. With special technology, it is possible to produce a wide variety of sheets of dough, with various types of dough. Thanks to their innovative attitude, the Kaak Group continues to grow. In 2011 the company also performed great with a comparable turnover to that of 2010.



ACQUISITIONS  
MONTHLY  
AWARDS  
2011

ACQUISITIONS  
MONTHLY  
AWARDS  
2008

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