

# **POLARIS PRIVATE EQUITY**

## **Exit of Emotron**

# POLARIS PRIVATE EQUITY

## At a glance

- Established in 1998
- 13 investment professionals with significant private equity experience
- EUR 815 million in three funds
- Focus: Well-established companies in Denmark and Sweden with a turnover of EUR 25-200 million
- Majority investor
- Activity since 1998
  - 22 platform investments
  - +40 add-on acquisitions for existing portfolio companies
  - 11 companies sold with attractive returns
- Established player with strong track record
  - “Danish Private Equity House of the Year “ 2008 and 2010 by the DVCA
  - SVCA 2010 award “Fund Raising of the Year”
  - Returns in upper quartile of similar funds

**Polaris I**  
*1999*

EUR 180m – fully  
invested and realized

**Polaris II**  
*2005*

EUR 270m – fully invested,  
but open for add-on  
investments

**Polaris III**  
*2009*

EUR 365m – closed 31 May  
2010. 3 platform and 9 add-on  
investments

# INTRODUCTION TO EMOTRON

**e m o t r o n**



*Emotron develops and produces advanced equipment enabling the company's customers to enhance cost efficiency and reliability in processes and machinery run by electric motors. Primary products are softstarters, monitors and variable speed drives*

- Polaris acquired Emotron in 2007 as a secondary buy-out
- Based in Helsingborg, where HQ and assembling were based. Home markets referring to Germany and Holland
- An attractive industry growing at 13% CAGR globally.
- Competitors refer to Siemens, ABB, Vacon etc
- Divested to Indian industrial goods conglomerate Crompton Greaves Ltd in 2011

# SUCCESS FACTORS FOR THE EXIT PROCESS



Attractive business platform

- State of the art technology and solutions offered comparable to competitors as ABB and Siemens
- Highly educated staff
- Strong R&D platform
- Strong market position in Sweden, Germany and Holland
- Visibility of profitability by segment, market, customers through ERP system, Qlikview
- Visibility of strengths
  - R&D knowledge and capabilities
  - Financials and administration well structured
  - Access to home markets
  - Product comparability vs. main competitors

# SUCCESS FACTORS FOR THE EXIT PROCESS



Window of opportunity

- Market attractiveness/energy savings still in focus together with a complete drive system solutions in demand - only few "independent" drives players available
- Few attractive competitors with as strong technical skills available
- Polaris had been frequently approached by strategic buyers
- Have had several premarketing meetings with potential industrial buyers

# SUCCESS FACTORS FOR THE EXIT PROCESS

What did Polaris deliver?

- Right management on board to deliver the business case (International experienced management team coming from large Swedish companies with a strong willingness to grow)
- Created a streamlined and market focused company offering a combination of strong technical knowledge and market intelligence
- Speed up of new generation drives
- Improved supply chain
- Implementation of appropriate reporting structure and routines
- Developed buyer universe and investment case
- Identifying high performing advisors and having a close interaction with them during the preparation phase and on almost daily basis during the auction process to evaluate

# SUCCESS FACTORS FOR THE EXIT PROCESS

Lessons learned

- Pre marketing is essential to get industrial buyers up to speed in auction processes
- Solved previous due diligence issues
- Management need strong preparation and support to manage an auction process
- Preparation of valid data on the business case and performance underpinning the business plan, financials and answers on possible questions not leaving any black holes for buyers to evaluate