MBB Industries seeks acquisitions in German-speaking countries

MBB Industries (MBB.BE), the listed German services and industrial holding company, has EUR 55m liquidity to invest in organic and external growth, CEO Christof Nesemeier said.

The company could make buys to further strengthen its current core activities or to enter a new business area, Nesemeier said. He explained that MBB will consider candidates active in traditional sectors of the “old economy” while it is not interested in sectors such biotechnology, energy and renewable energy.

Medium-sized companies with succession issues as well as non-core businesses of large groups are examples of attractive acquisition candidates, the CEO said. He mentioned that in the past MBB acquired activities from Continental and Daimler. Turnaround situations are not of interest, he added.

German-speaking countries are the geographical focus for large buys and especially for deals to enter new business areas, Nesemeier said. Smaller deals, possibly through the company’s subsidiaries, are also possible in other European countries, in Asia or the US, he added.

MBB aims to acquire 100% of the candidate or at least a majority stake, Nesemeier said. He mentioned that the size of the targets is not too relevant as MBB looks carefully at synergies and the fit with the group’s strategy. He noted that MBB could also consider a capital increase to finance deals.

The company has an internal M&A team that scouts the market for targets. The CEO mentioned that talks are ongoing for two to three small deals but for large candidates there is nothing concrete at the moment.

The transaction prices in the market are currently very high and the trend is not expected to change in the short term, Nesemeier said. Medium-sized German companies have shown good results in the last few years, becoming attractive, and at the same time there are several players with funds looking for investments, he explained. He made clear that MBB does not want to overpay but did not elaborate further.

MBB is currently not planning the sale or the listing of its subsidiaries however a future change in that strategy cannot be ruled out. The company’s subsidiaries are CT Formpolster (manufacturer of polyether foams), MBB Fertigungstechnik (engineering and construction for automotive industry), Delignit (wood processing), Hanke Tissue (tissue producer), OBO-Werke (hard foam slab maker) and DTS IT (IT infrastructure provider specialized in cloud computing):

MBB aims to reach revenues above EUR 250m in 2014, according to a company’s press release. In 2013 the company generated revenues of EUR 228m (EUR 205m in 2012) and an EBITDA of EUR 22.7m (EUR 24.3m)
In 2013 the company invested approximately EUR 15m in a new paper machine at Hanke Tissue, in the establishment of MBB Technologies Ltd. in China, and in the acquisition of DHK automotive and HTZ Holztrocknung through the subsidiary Delignit in November.

In 2012 MBB acquired CLAAS Fertigungstechnik GmbH (EUR 100m revenues in 2011). In 2011 it carried out three deals: acquisition of all the activities of Eld Datentechnik, and increase in the stake in Hanke Tissue from 87.3 to 97%, and the sale of Huchtemeier.

Seventy-one per cent of the company is in the hands of the founders, Chairman Gert-Maria Freimuth and CEO Nesemeier. The free float is 26% and the market capitalization circa EUR 154m.

by Laura Larghi