

Realisation

Cognetas has sold KSM Castings, a leading supplier of high specification light metal components for the automotive industry.

Cognetas has sold KSM Castings to China's CITIC Dicastal Wheel Manufacturing Co Ltd (CITIC Dicastal), one of the world's largest suppliers of cast aluminium wheels for the automotive industry, generating a multiple of cost of 3.4x and an IRR of 70%.

Background

In 2005, Cognetas led the management buy-out of KSM Castings, formerly ThyssenKrupp Fahrzeugguss, from ThyssenKrupp AG.

3.4^x

Money multiple

70%

IRR

The Fund invested €49m. Cognetas supported the transition to the current management team who successfully led the business through the automotive crisis. Klaus Hrubesch, former CEO of Neumayer, Gerhard Höfig, former head of purchasing at Porsche, and Klaus Schneider, CEO of KSM at the time of the buy-out, were appointed as Operating Partners.

Business

Today, KSM is recognised as a technology leader in the global light metal castings industry. The company is focussed on safety-critical and high-specification chassis and powertrain components. As a full-service supplier, the company offers the whole spectrum of casting capabilities coupled with highly automated machining and strong R&D competencies. Its excellent customer base consists of blue-chip automotive OEMs and Tier 1 suppliers such as Volkswagen, Daimler, Audi, Benteler, Bosch, ZF and TRW. The group has headquarters in Hildesheim, Germany, and four production sites in Germany, one in the Czech Republic and one in Northern China.



Country:	Germany
Description:	Specialist light metal castings for auto industry
Fund:	Cognetas Fund I

Cognetas' value added

Under Cognetas' ownership, revenue increased by 39% to €401m in year ending March 2011 and EBITDA grew by 33% to €60.8m. This has been achieved by the following strategic moves:

- | Focusing the business on highly engineered, complex, high margin components.
- | Acquisition of a manufacturing site in the important Chinese market.
- | Diversification of customer base.
- | Support growth of business by investing €135m of capex since 2005.
- | Recruitment of seasoned industry experts as board members.

Cognetas is an independent private equity adviser with a long track record of success. With offices in London, Paris and Milan we specialise in buy-outs up to €750m in the following sectors: business services, healthcare, industrial and consumer related industries.

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KSM Castings