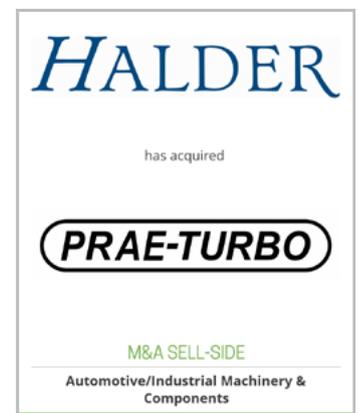


TURBOCHARGER SPECIALIST

Deal snapshot

- Oaklins' team in Germany advised PRAE-TURBO Group, one of the world's leading manufacturers of compressor wheels for turbocharger applications in light and commercial vehicles, on a management buy-out with support from the German private equity investor Halder.
- Halder was selected by the sellers as the perfect new owner, capable of accelerating the company's internationalization. Through the previously acquired French CCN Group, a manufacturer of complementary turbocharger parts with production facilities across major international automotive markets, Halder has already gained relevant industry experience since 2011.
- Based in Germany, PRAE-TURBO was established in 2003 and focuses on machining compressor wheels. In a highly automated manufacturing process, aluminum and titanium wheels are precision-turned, milled and balanced on state-of-the-art CNC machining centers according to exacting client specifications.
- Customers include leading turbo system providers from Europe and the NAFTA region. In 2014, the company's sales were over US\$57 million.



What our client said



Oliver Romano, Managing Director, PRAE-TURBO Group, Germany

"M&A was new territory for us. Oaklins' team in Germany not only set standards in availability and commitment during time-critical and complex negotiation situations, but also impressed us with their detailed expertise."

Our role in the transaction

Oaklins' German team advised the shareholders of PRAE-TURBO Group exclusively on the sale to Halder during an international bidding procedure, providing detailed process knowledge and industry expertise.



Market trends and deal drivers

- Turbochargers are a crucial element in the strategy of today's global automotive industry. They make it possible to build smaller engines and to increase a car's performance while reducing its fuel consumption and emissions.
- Traditionally, turbochargers have been popular in Europe, mainly because of the relatively high market penetration of diesel engines. However, in the US and Asia, turbochargers are becoming increasingly important, fulfilling challenging future emission targets. This is why the global market penetration for turbochargers will increase from 30% in 2010 to 70% by 2025.
- Many companies offer turbochargers, but presently the global market is dominated by Honeywell and BorgWarner. Together they supply the leading OEMs in the light and commercial vehicle market.
- Historically, compressor wheels were cast and reworked afterwards, but due to increasing requirements, a higher number of wheels are manufactured through precise turning and milling operations on forged blanks.
- There are only two or three milled compressor wheel companies in the world that are able to meet customers' demands of quality and quantity in the way PRAE-TURBO does.

M&A valuation aspects

- Valuation EBIT multiples in PRAE-TURBO's peer group averaged between 8x to 12x at the time of the transaction.
- Companies at the high end of the valuation range typically have strong process knowledge and a history of healthy growth and profitability.

Oaklins industry experts



✉ **Florian von Alten**, Managing Partner, Oaklins, Germany

Florian has closed more than 90 transactions in the last 20 years, many of them cross-border and in the industrial sector.



✉ **Thorben Wöltjen**, Director, Oaklins, Germany

Thorben has focused his career on serving companies in the engineering sector. In the past five years, he has gained extensive sector expertise and has advised several industrial automation businesses.

OAKLINS HAS CLOSED 45 DEALS IN AUTOMOTIVE IN THE LAST FIVE YEARS

Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.