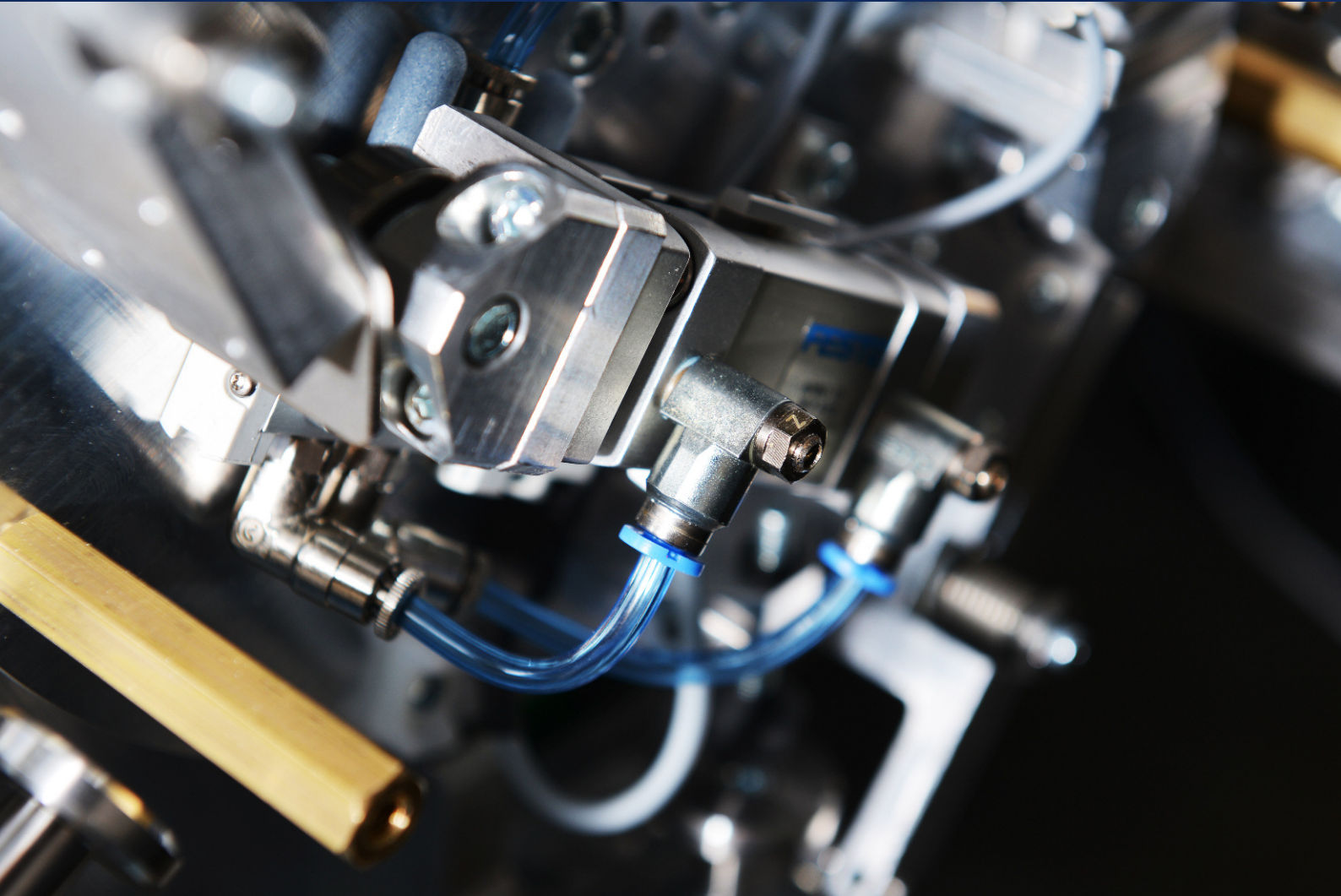


Third edition

Capitalmind Fabulous 40 - Industrial Markets

Translation of survey published in PT Industrial Management (2014)



The Dutch manufacturing industry is growing

Investors welcome industrial companies with open arms

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The new Capitalmind Fabulous 40 Industrial Markets shows the forty fastest growing industrial companies in the Netherlands. An inquiry executed by corporate finance advisory firm Capitalmind in cooperation with magazine PT Industrieel Management shows which companies and sub-sectors are the best in class and offers insight into the trends in the manufacturing industry. One thing is completely clear: (private equity) investors welcome the manufacturing industry with open arms again.

Manufacturing industry shows strong growth



The Dutch manufacturing industry is no longer recovering from the crisis, but is almost visibly growing. Positive news is turning up everywhere. Confidence increases and in the last ten months the purchase index of the Nederlandse Vereniging van Inkoopmanagers (Dutch Society of purchase managers) exceeded 50, which indicates growth. But which companies are growing fastest and what are the trends in the manufacturing industry? The latest edition of Capitalmind Fabulous 40 answers these questions. The list shows the forty fastest growing industrial companies from 2010 to 2012. For the third time Capitalmind Corporate Finance, an advisory firm for medium-sized companies in mergers, acquisitions and buy-outs as well as funding of those processes, composed this list. Five remarkable observations can be made from the list:

1) Growth, growth and further growth

The total average growth percentage increased from 10.92 percent (2008-2010) to 26.17 percent (2010-2012). The average growth of the top forty even exceeds the 16.93 percent average growth in the period 2007-2009, so prior to the crisis. 'And as opposed to two years earlier there are quite some companies who do not make it to the top forty, but are growing, Capitalmind advisor Marleen Vermeer states. For example NTS Group, which develops, manufactures and assembles opto-mechanical systems, modules and components for international machinery manufacturers. The company ranked at the bottom of the previous list (40th place) with a growth percentage of 0.46%. In the most recent list, NTS is ranked 43th, so they fell out of the top 40, yet they did show a growth of 11.79 percent. 'In general, companies perform substantially better. Even number 85 of the recent list still shows a positive growth figure. A new period definitely seems to have begun. And that is encouraging.' Such figures possibly explain the volatility of the list, Vermeer believes. Only six companies appear in both lists.

2) Medium-sized companies perform very well

Remarkably, many medium-sized companies have performed outstandingly well over the last period. To be

included in the list, companies need to have revenues of at least ten million euros in one of the three measured years, no maximum revenue criteria applies. You could expect that it would be more logical for the large companies to experience substantial growth, but that is not the case. Several companies in the list have a revenue of ap-

'The three most important criteria to invest in a company are charisma, competence and consistency.'

proximately 50 million euros. The medium-sized companies are well represented, whereas larger companies, such as VDL, (no. 55, with a growth of 7.65%) do not appear in the top 40.

3) Mergers and acquisitions to be expected

Mergers and acquisitions are generally important drivers for growth. Still, relatively low M&A activity took place the past few years, Bart Jonkman, managing partner at Capitalmind, states. 'In general, company results were less positive and therefore the company value has been lower compared to the period prior to the crisis,



Bart Jonkman and Marleen Vermeer, Capitalmind

Are we willing to invest? 'The product needs to have growth potential'

Standard Investment is positive about the economic development of the last half year looking at its portfolio businesses. The private equity firm does not only invest capital, but supports management as well by actively managing the company for a short intensive period of time. In recent years Standard Investment took a more critical approach to new investments, partner Idgar van Kippersluis states. 'As opposed to our regular strategy to acquire two to three companies on a yearly basis, we only acquired one company last year and one the year before. We have a much more positive feeling at this moment though. I expect the investment volumes to increase rapidly again.'

Before Standard Investment decides to invest in a company, they focus especially on the product. Is the product of high-quality? How attractive is the market? Is there any growth potential? How are other companies with comparable products performing? 'If the answers to these questions are positive and we believe that our input can really give a boost to a company in terms of profitability or growth, then we are willing to consider an investment. For Standard Investment financial or organizational issues are not a problem. These are exactly matters in which we can add value by creating a solution by actively managing the company'.



so it has not been the ideal situation to sell. This is expected to change substantially in the near future', Jonkman presumes. 'There is a calm before the storm and the business landscape will probably look completely different within two years.'

Of course, there are exceptions. The Ploeger Oxbo Group, number one of the list for example, with a growth percentage of 119.86 which is not in the first place by accident. Ploeger, a manufacturer of harvesters, merged in September 2011 with the US based company Oxbo. This merger increased their turnover drastically. But also after this period, the company was active in M&A. In May 2013, the Ploeger Oxbo Group acquired the French

based company Bourgoin. Besides, the agricultural machinery industry generally performs not bad at all. While there was no company active in the agricultural machinery industry amongst the top 40 of the previous list, this year's list represents four companies active in this industry.

4) Marine, offshore and oil & gas are booming, followed by machinery industry and packaging

No less than seven companies active in the marine, offshore and oil & gas industry are included in the list, of which three in the top five. Duiker, (third place with a growth percent of 46.62) manufactures industrial burn-



Case: Investment helped Amsterdam Metallized Products to 2nd place in Capitalmind Fabulous 40

Amsterdam Metallized Products (AMP) is a company in which Standard Investment invested at the beginning of 2011. And with success, judging by the 2nd place in the Capitalmind Fabulous 40 with a growth percentage of 49.49. AMP coats paper, film and cardboard with a thin, printable layer of high-gloss aluminium.

'AMP was highly affected by the crisis, Van Kippersluis of Standard Investment says. 'In previous years the turnover and margins had dropped as a result of which the company suffered financial stress. An international customer was about to place a large order, but the final go was continuously being postponed. On December 31st 2010, AMP contacted us for help. Nineteen days later, after

research and screening, we closed the deal at the notary's office.'

The capital injection ensured a stable financial situation. The large potential customer gained more trust by the stability and the better prospects and decided to place the order shortly thereafter. 'The first step in growth had been achieved. Since then, significant growth has been achieved. In the wake of that large customer, some smaller clients followed.'

The unexpected huge growth, simultaneously caused some internal issues. The internal organization needed some improvement. 'All of a sudden, the organization was facing different problems and we had to make every effort to get the organization back on the right track again. The result is a company operating at full capacity and efficiently, based on lean principles.' Besides, AMP is considering implementing more sustainable and environmental friendly solutions, using water-based varnishes. According to Van Kippersluis, sustainability and lean are two things that are high on the agenda of more and more companies in the manufacturing industry coming years.

Capitalmind Fabulous 40 - Industrial Markets

Rank 2014	Rank last edition	Company	Sector	Total revenues 2012 in mln. €	Total revenues 2011 in mln. €	Total revenues 2010 in mln. €	CAGR (percent growth)	M&A activities	Private equity
1	-	Ploeger Oxbo Group	Agricultural machinery	€ 154,8	€ 62,6	€ 32,0	119,86%	✓	Synergia Van Lanschot participaties
2	33	Amsterdam Metallized Products	Packaging	€ 23,6	€ 19,2	€ 10,6	49,49%		Standard Investments
3	-	Duiker	Industrial burners	€ 29,3	€ 16,5	€ 13,6	46,62%		
4	-	Petrogas	Oil & Gas	€ 66,0	€ 49,9	€ 31,2	45,43%		
5	-	Doedijns	Oil&Gas/Maritime	€ 109,6	€ 67,5	€ 57,4	38,25%	✓	IK Investment Partners
6	-	Bronswerk	Climate Control	€ 71,4	€ 61,5	€ 37,7	37,62%		
7	-	WEMO	Machinery	€ 22,3	€ 15,5	€ 12,1	35,96%		
8	-	Bons en Evers Group	Metal components	€ 137,3	€ 90,5	€ 75,6	34,74%	✓	
9	-	Rollepaal	Machinery	€ 31,7	€ 21,0	€ 17,8	33,47%		Wadinko
10	-	De Kooiman Groep	Shipbuilding	€ 57,1	€ 63,2	€ 32,4	32,85%		
11	-	Orga	Oil&Gas/Offshore	€ 45,4	€ 31,1	€ 26,2	31,54%		
12	-	Heering Kunststof Profielen	Construction products	€ 56,1	€ 55,7	€ 35,1	26,48%		
13	-	Oerlemans Packaging	Packaging	€ 125,7	€ 91,2	€ 78,9	26,26%	✓	
14	-	Uitert	F&D machinery	€ 15,1	€ 13,9	€ 9,6	25,31%		
15	-	ITM Group	Machinery	€ 122,6	€ 119,8	€ 78,8	24,77%		
16	-	Van Aarsen	Agricultural machinery	€ 41,1	€ 34,7	€ 26,9	23,57%		
17	-	Lely Groep	Agricultural machinery	€ 332,3	€ 300,2	€ 217,9	23,50%	✓	
18	-	Paques	Wastewater & Gas systems	€ 68,3	€ 58,6	€ 44,9	23,40%		SKion
19	-	SafanDarley	Machinery	€ 44,5	€ 48,1	€ 29,3	23,17%	✓	
20	29	Huisman	Construction equipment	€ 498,9	€ 412,8	€ 337,1	21,65%		Informal investor
21	-	Hollandia	Offshore	€ 113,8	€ 110,8	€ 78,6	20,31%		
22	-	Kivo plastic verpakkingen	Packaging	€ 108,1	€ 91,6	€ 74,8	20,25%	✓	
23	-	Kwant Controls	Marine Components	€ 13,5	€ 12,2	€ 9,5	19,54%		
24	-	Zwijenburg	Shipbuilding	€ 12,1	€ 11,4	€ 8,6	18,48%		
25	-	Mercon Steel structures	Oil&Gas / Offshore	€ 62,1	€ 69,5	€ 44,8	17,77%		
26	-	Hittech	Machinery components	€ 48,5	€ 43,5	€ 35,7	16,51%		
27	14	DORC	Medical Devices	€ 74,7	€ 64,6	€ 55,1	16,36%		Montagu
28	-	Cordstrap	Transport strapping	€ 84,7	€ 77,3	€ 62,6	16,30%		
29	-	Andus Group	Steel	€ 224,3	€ 198,3	€ 165,9	16,25%	✓	
30	19	Gatso	Traffic	€ 27,5	€ 23,8	€ 20,5	15,81%		
31	-	Broshuis Holland	Transport equipment	€ 29,5	€ 25,6	€ 22,2	15,32%		
32	-	IPN	Packaging	€ 42,7	€ 33,1	€ 32,2	15,19%		
33	-	Damen Shipyards	Shipbuilding	€ 1.682,1	€ 1.375,7	€ 1.269,1	15,13%	✓	
34	-	Van Merksteijn International	Steel	€ 606,5	€ 583,6	€ 459,8	14,85%		
35	-	Stork	Oil&Gas	€ 2.190,6	€ 1.742,2	€ 1.669,0	14,56%	✓	Arle Capital
36	-	VanDerLande Industries	Handling systems	€ 742,1	€ 565,6	€ 566,8	14,42%	✓	NPM Capital
37	-	Trioliet	Agricultural machinery	€ 65,7	€ 57,7	€ 50,4	14,10%		
38	27	Plasticon	Storage and transport systems	€ 117,6	€ 95,5	€ 90,7	13,89%	✓	Nimbus
39	11	Solid Semecs	Electronics	€ 57,0	€ 44,1	€ 44,0	13,86%		JHB Venture Capital / O2 Capital
40	-	Koninklijke Boon Edam	Construction products	€ 138,1	€ 119,9	€ 106,6	13,79%		

Selection criteria for the Capitalmind Fabulous 40:

- 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 of 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 on a stock exchange
- Figures for all three years must be known and registered by the 1st of July 2014

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 their business model: delivering added value within the chain with high-tech products and innovative technologies.

Should there be any confusion, discussion as to inclusion in the list or suggestions for improvement, please contact marleen.vermeer@capitalmind.com or dial +31 73 6238774.

This list is compiled by Capitalmind Corporate Finance Advisory.

'I expect the number of investments by Private Equity to increase rapidly'

ers for refineries. Number four is Petrogas (with a growth percentage of 45.43), which is a manufacturer of gas installations. Doedijns, specialised in hydraulics, instrumentation, pneumatics and control components for the energy sector (with a growth percentage of 38.25) completes the top 5. 'I guess this industry is performing that well, because it is a typical export market. In general, the export market is picking up faster than markets solely dependent on the Dutch economy', Vermeer indicates.

5) Medical devices industry performs poorly this time

Not every sector performs that well actually, we don't see much growth in the medical devices industry in the period measured. While there were

seven companies included in the Fabulous 40 last time, DORC, a supplier of equipment and instruments for eye surgery, is the only company that is still represented in the list. A number of other companies showed a negative growth figure (see box). What could be the reason for this? 'It is actually unclear and exceptional that this industry is declining. Private Equity is actually quite interested in this market. Therefore you would expect more growth, because the market is currently consolidating. The future will show what direction it will take', Jonkman says.

Some industries are experiencing more difficulties, but still this research generally shows a positive trend. The industrial industry is doing well, growth has resumed and investors can't wait to make a contribution to the recovering economy. The crisis has not yet been fully suppressed, but the future looks positive.

Are we willing to invest? 'The CEO is most important'

Wadinko is very optimistic. This private equity firm with 28 companies in its portfolio, has seen a considerable increase in turnover in the manufacturing industry last few years. Especially internationally active companies, that have advanced technologies in their product portfolio and that are financially healthy, can feel secure about their future, Bernard van Dijk, controller at Wadinko states.

Wadinko invests in companies that are engaged in the manufacturing and business services industry and are active in the Province of Overijssel (the Northeast Polder), Urk and Southwest Drenthe (regional government is shareholder). They invest in cases which involve succession issues, fast growing companies and companies that encounter incidental problems. Wadinko participates through equity investments (amounts varying between 300.000 and 3.000.000 euros). They don't prefer to be actively involved into the day-to-day business, but do want to have formal approval rights for large investments or changes in business strategy and other important decisions that can have an impact on the company's value. The Managing Director is most important whether or not to invest in a company, according to Van Dijk. The three most important criteria to participate in a company are charisma, competence and consistency, Van Dijk states.

- 1. Charisma:** Listen to your heart. If you want to act as mutual shareholders, you need to share the joys and sorrows. You need to match. That is mutual. It is important for entrepreneurs to consider with whom they want to cooperate and the expectations they have about them.
- 2. Competence:** Not everyone has the same competences and the Managing Director really makes the difference here. He or she has to understand the product, the market and the technology. Besides, he or she should match with the size of the organization, the culture, has sufficient power etc.
- 3. Consistency:** The company's strategy must be consistent over time, but have to be implemented throughout all positions in the organization as well. It is not easy to develop a consistent business plan, but nevertheless it is crucial.

These three criteria are crucial for Wadinko to be interested or not.

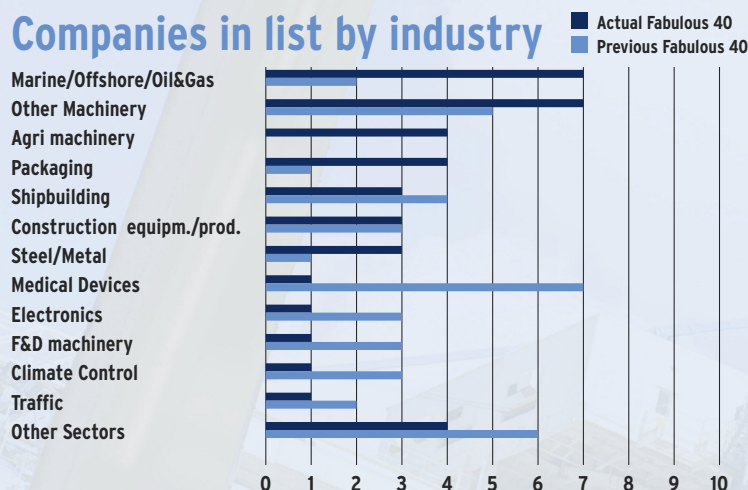
Wadinko has among others an equity stake in Rollepaal, number 9 of the Fabulous 40, with a growth percentage of 33.47. Rollepaal specializes in developing and manufacturing high-quality machinery, equipment and moulds for the plastics processing industry. What is the reason for their enormous growth? Van Dijk: 'All credits to the Managing Director. He has made huge efforts in terms of innovation and commercial power to attract international projects. Among others, Rollepaal is strongly focussing on the reduction of the use of raw materials and energy. Moreover, the company uses blown air in the continuous tube production process. By doing so, the friction problems facing in traditional production processes are solved.

Medical equipment

Medical devices manufacturers have a tough time.

Company	Growth in 2008-2010	Growth in 2010-2012
Wassenburg Medical Devices	30.61 %	-0.33 %
DORC	11.46 %	16.36 %
Harting-Bank	10.34 %	not available
Medical Measurement Systems	10.18 %	not available
Livit	6.57 %	4.26 %
Enraf Nonius	4.88 %	-1.26 %
Optelec	2.13 %	-3.43 %

Companies in list by industry



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