

## Private Equity in Action



**Country** Belgium

**Region** Région wallonne

**Investor** IK Investment Partners

**For more info**

[www.magotteaux.com](http://www.magotteaux.com)

[www.ikinest.com](http://www.ikinest.com)

In partnership with IK, we have been able to transform the business and are now firmly established as a worldwide leader.

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CEO, Magotteaux



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**Magotteaux**

**A multi-faceted programme of improvement and development at this Belgian engineering leader**

IK Investment Partners' four-year investment in Belgian engineering firm Magotteaux is a shining example of the breadth of private equity's added value. IK brought capital for R&D and investments; strategic analysis and advice; consultation on expansion channels – in both new geographies and market segments; improved governance; stronger financial performance; and much more besides.

In addition to providing a great return to investors in IK's sixth fund, the investment built Magotteaux into a global leader in its field, created jobs and took the business into high-growth emerging markets. In 2011, Magotteaux moved on to the next stage of its development under the stewardship of Sigdo Koppers, a Chilean mining business.

**What did the business need?**

Requirement to add business performance orientation to engineering culture

Investment in R&D and maintenance projects

Support for expansion into new geographies

Strategic guidance on where technology could be applied in other markets

**How did private equity backing create lasting value?**

Lowered sourcing costs, reduced working capital and improved on-time delivery through operational excellence plan

Major investment programme in both core Belgian business and overseas

More than 120m euro spent on R&D and expansion into emerging markets such as Thailand and India

Identified mining as a crucial new sector to target

Overhauled approach to health & safety, halving man hours lost

Introduced several new products

**What outcomes did private equity investment achieve?**

15% increase in headcount

One third increase in sales to €500m and two thirds increase in Ebitda to 66m euro

More than 50% of production capacity now in high-growth countries

In 2011, mining accounted for more than 50% of revenues and profits – significantly from 2007



€120m  
investment in R&D and capex  
66%  
increase in Ebitda during investment period