

## Insights from the 2019 German Private Equity Breakfast, hosted by Pedersen & Partners and CMS Germany

- *What are the recent developments and trends in the German M&A market – including deal flow, valuations, funding, availability of credit for leverage financing, exit routes and co-investments?*
- *What are the high opportunity sectors and market segments?*
- *What are the strategies for value creation and portfolio management?*
- *How does the geopolitical arena impact deal sourcing and management of the investments and exits – and what external factors are significant?*
- *Finally, what are the main sources of capital during fundraising, and how is this evolving?*

These were the main questions discussed at the 2019 German Private Equity Breakfast, co-hosted by Pedersen & Partners and leading law firm CMS. Nearly 100 professionals from the industry gathered in the ballroom of Villa Kennedy, Frankfurt to discuss trends and exchange opinions.



Bernhard Mohr, managing director of Evonik's corporate venture arm.

The panel was moderated by CMS Partner and PE practice lead Tobias Schneider and [Poul Pedersen](#), Executive Chairman of Pedersen & Partners. The panel was carefully assembled with leading heads of industry, and represented a good mix of investment and PE professionals, including Benjamin Buerstedde from Advent International, Hauke Hansen from Triton Partners, Joakim Lundvall from Nordic Capital, Jan Henrik Reichenbach from Muzinich & Co, Michala Rudorfer from Permira, Ervin Schellenberg, investment banker and founder of Capitalmind, and



challenging.

The main conclusion of the participants is that the race for the best deals is set to continue, as Private Equity continues to consolidate its position as an attractive asset class. Several investors have treated 2019 as a year of fundraising and divestment such as Permira's IPO of Teamviewer.

In the words of one panellist: "You need to be somehow creative to find good deals." Such sectors as consumer, e-commerce and software were mentioned as interesting, while automotive and traditional retail are

### Debt

Debt investing continues to be one of the fast-growing pillars in PE, but players like Muzinich and other large debt investors have calmed down a little, and are now looking for quality rather than quantity. There was also a lively debate about the best way to leverage and invest in a mid-market deal: raise funds from banks or from debt

funds? The inclusion of hybrid debt structures in a financial model has been regarded as useful, especially for smaller transactions.

### Portfolio management

Value creation is high on the agenda and most PE funds spend more resources on value creation and/ or operating partner teams. Approaches to portfolio management have been very diverse due to the range and size of recent investments, but it pays off to adopt a bolder approach and engage in deals which require a careful handling of the portfolio, as seen in the KKR/Springer deal.

### Economic Cycle

There is consensus that the economic cycle has now peaked and we are seeing a period of slower growth. This is not necessarily bad, as many opportunities arise during economic downturns – for example, we see a continuing scheme of corporate disposals. There is a current trend away from classic deal structures to more modern ones.

### Fundraising and exits

Fundraising is becoming more transparent than ever. The Limited Partners market is going through a disintermediate process, with funds facing increasing difficulties in justifying their added value. Meanwhile, Private Equity fund managers are going directly to institutional investors. For Permira and Advent the past year has been marked by successful fundraisings.

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### Meet the Team



[Guido Bormann](#) is a Partner and the Country Manager for Germany at Pedersen & Partners, with additional operational management responsibilities for the Netherlands and Switzerland. Mr. Bormann has 15 years of extensive experience in the Executive Search industry, having successfully completed Executive Search assignments for PE-owned Portfolio Companies across Europe, with a particular focus on Industrial and Manufacturing. Previously he was Managing Director for Germany with additional responsibility for Turkey, Scandinavia and CEE for a multinational recruitment firm. Prior to joining the industry, Mr. Bormann worked in Madrid (Spain) in the fields of renewable energy and for a market leader in the manufacture of wood fiber insulation materials. Mr. Bormann has a Master's degree in European Business from ESCP, European School of Management and a Master's degree from Georgia Augusta University, Goettingen. He speaks native German, fluent English and Spanish.



[Andreas Weik](#) is a Client Partner at Pedersen & Partners, based in Frankfurt, Germany. With more than 26 years of extensive experience in Executive Search and Management Consulting, Mr. Weik has executed C-level and senior executive assignments in the Financial Services and Real Estate industries for leading investment & commercial banks and Private Equity firms including many of the Fortune 500. Mr. Weik began his search career in 1990 with a recruitment boutique, and subsequently advanced to holding significant leadership positions at some of the world's largest Executive Search firms as Junior Partner, Partner, Senior Client Partner, and Managing Partner. Prior to joining Pedersen & Partners, Mr. Weik was the Managing Director of a leading German Executive Search and Management Consulting company where he was responsible for growing the firm's global Financial Services Practice, as well as driving business development and cross-border search execution. Mr. Weik holds a Master's degree in Sociology from the University of

Marburg, Germany and has completed a banking apprenticeship at the VBB, Germany. In addition to his native German, he speaks fluent English.

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If you would like to conduct an interview with a representative of Pedersen & Partners, or have other media-related requests, please contact: Diana Danu, Marketing and Communications Manager at: [diana.danu@pedersenandpartners.com](mailto:diana.danu@pedersenandpartners.com)