

Private Equity  
International

# Operating Partners Forum: Europe London 2020

5-6 October  
Hilton Tower Bridge

## Operational Excellence Special

Success stories from some of our 2019  
Operational Excellence award winners

PEI

# Recognising operational excellence

With competition for investment and multiples reflecting this, delivering strong returns depends increasingly on achieving significant operational improvements.

The Operational Excellence Awards, now in their 8th year, celebrate value creation by finding the best examples of GPs transforming portfolio companies to secure returns for investors. This report tells the success stories of the 2019 award winners from the EMEA region, discussing the range of strategic and operational measures that were implemented to achieve impressive growth at portfolio companies.

Two of the winners from the EMEA region, Nordic Capital and Sun European Partners, will be presenting more detailed case studies of their award-winning deals at this year's Operating Partners Forum in London on 5-6 October.

I hope that you can join us at the Forum to hear more from our Operational Excellence winners.

Best wishes,

**Charles Gould**

Senior Conference Producer, EMEA  
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## OpEx Awards winner EMEA: Nordic Capital - AniCura

Veterinary care provider AniCura grew fourfold under Nordic Capital's ownership, expanding from three to eleven European countries to become a leading pan-continental platform.

**W**hen Nordic Capital acquired a majority stake in Scandinavian veterinary group AniCura in 2014, it consisted of 50 clinics across Sweden, Denmark and Norway. It employed 1,000 staff and generated revenues of SKr870 million (about \$1 billion or €980 million at today's exchange rates).

Four years later, when the firm sold the business to the world's largest conglomerate in the sector, Mars Petcare, AniCura had been transformed into a pan-European market leader, with over 200 clinics, 4,500 employees and pro forma revenues of SKr3.3 billion. The exit represented the largest ever veterinary deal in Europe and the second largest worldwide.

This impressive growth story was underpinned by an aggressive buy-and-build strategy. AniCura completed no less than 150 acquisitions in just three years, dramatically altering the company's geographic footprint. It expanded from three Nordic countries to eleven across Europe, including Spain, Italy, France, Germany and Switzerland.

Nordic Capital, alongside former owners the Foundation Djursjukhus i Stor-Stockholm and Swedish investor Fidelio, which retained minority stakes in the business, also helped drive AniCura's organic expansion. The firm invested in securing AniCura's place at the cutting edge of technological advances, including building a new specialist veterinary neurological centre in Sweden.

In order to support this rapid growth, Nordic Capital created a new organisational and operational structure. It invested heavily in the professionalisation of the business

and drove the development of a distinct corporate culture. The firm appointed a new board, including the former CEOs of both Attendo and Capiro. It also turned to its strategic HR capabilities to strengthen the central management team, including a new CFO and, critically, an in-house M&A function.

In addition, it hired a new procurement manager and the business worked closely with Nordic Capital's procurement optimisation group.

"Nordic Capital focused on strengthening AniCura to become significantly professionalised, developing a unique and differentiated corporate culture recognised across the industry, and making it possible for the company to establish itself as the pan-European leader in specialised veterinary care," says Nordic Capital's Thomas Vetander.

"This included appointing a new board with highly experienced directors, which provided value-adding capabilities and tools. Furthermore, the establishment of a new organisational and operational structure ensured the highest degree of scalability for the future."

Through this comprehensive, hands-on approach, Nordic Capital quadrupled revenues in a four-year period.

The number of animals cared for by the company, meanwhile, increased from 500,000 to 2.5 million.

Finally, Nordic Capital proactively positioned AniCura for future buyers, leading to extraordinary interest and an exit valuation that significantly exceeded market norms. It also generated one of the biggest returns in Nordic Capital's 30-year history, capping a very successful ownership period.

## OpEx Awards winner Outstanding Achievement in ESG: Sun European Partners

A reduction in energy used and emissions and waste produced went hand in hand with increased sales and customer satisfaction for ELIX Polymers.

**S**un European Partners acquired ELIX Polymers as part of a corporate carve-out in April 2012. ELIX supplies ABS polymers and products used in the manufacture of consumer goods, consumer electronics, medical devices and automotive dashboards. Those products are sold to over 300 customers in more than 40 countries.

Since the original investment, Sun European Partners has transformed the company from a production-focused division of a large conglomerate, into a standalone business focused on earnings.

“At the core of this transformation was the company’s motivation to deliver on its ESG targets and reduce its energy consumption, waste and carbon footprint”

**Tim Stubbs**  
Sun European Partners

In particular, the firm has driven earnings improvement by introducing continuous improvement in manufacturing operations, supply chain and procurement. It has also implemented a business intelligence system to create transparency on profitability drivers, which has led to better pricing and improved production efficiency, as well as supported the company’s expansion into North America in 2016. As a result, ELIX more than quadrupled EBITDA from €5.8 million at acquisition to €25.1 million for the 12 months to June 2018.

In addition, Sun European Partners has worked hard,

in partnership with ELIX, to strengthen its ESG credentials as the plastics industry faces ongoing challenges around environmental impact. The company has reduced its energy consumption by 11.4 percent; its greenhouse gas emissions by 10.26 percent; reduced the waste generated per tonne manufactured by 4.4 percent and increased R&D spending on sustainable products by 10.7 percent.

Furthermore, ELIX recently conducted a comprehensive study to analyse environmental risks in its facilities, which resulted in definitive action to achieve its future sustainability objectives. Sun European Partners itself named ELIX its own ESG Excellence winner in 2018.

“ELIX was previously a manufacturing unit of a large conglomerate. During Sun’s ownership, we worked with the management team to transform the business into a successful standalone company,” says Tim Stubbs, senior managing director at Sun European Partners.

“At the core of this transformation was the company’s motivation to deliver on its ESG targets and reduce its energy consumption, waste and carbon footprint. Leveraging the Sun transformation system, key operational changes included the introduction of lean manufacturing and commercial excellence.”

Following a six-year holding period, ELIX was acquired by Chinese strategic buyer Sinochem International for €195 million, representing an acquisition multiple of 7.8x EBITDA. The sale generated a gross return of 8.4x total invested capital for Sun European Partners and an internal rate of return of 54 percent.

“Maintaining high ESG standards resulted in a considerable jump in productivity, record levels of customer satisfaction and strong sales increases, leading to a quadrupling in EBITDA and ultimately to ELIX becoming a European standalone leader in its field,” says Stubbs.

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The value creation event for alternative asset classes

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## Operational Excellence Award Winning Speakers Confirmed at the Operating Partners Forum



**Richard Riboe**  
Director,  
**Nordic Capital**

Joined Nordic Capital Advisors in August 2015. Richard focuses on investments within Healthcare and Financial Services and was part of the AniCura investment advisory team. He is also a board member of MFEX, an independent fund distributor.

From 2013 to 2015, he worked in the Principal Investment Area at Goldman Sachs in London. During his studies, Richard also worked at Fidelio Capital in Stockholm. Richard holds an MSc in Finance from the Stockholm School of Economics.



**Tim Stubbs**  
Senior Managing Director,  
**Sun European Partners**

Joined Sun European Partners in 2011. Prior to joining Sun European Partners, Mr. Stubbs was President and CEO of the Sapa group in Stockholm, a \$5B global aluminium products business with 65 operations throughout the world.

Before this, Mr. Stubbs was CEO of Indalex, an aluminium extrusion business and a former Sun Capital affiliated Portfolio Company, based in Chicago. He received a Bachelor of Arts in Metallurgy from Oxford University and a Master of Business Administration from London Business School.