



Oaklins



# Ambition at the center of all motion

DEAL FLASH | INDUSTRIAL MACHINERY & COMPONENTS | FEBRUARY 2019

## DEAL SNAPSHOT

**Spindel- und Lagerungstechnik Fraureuth GmbH (SLF), a renowned German manufacturer of premium-class specialty bearings and machine spindles, has been sold to Avedon Capital Partners (Avedon). The founders will retain a significant minority stake and active management roles.**

Founded in 1993, SLF has recorded profits over the last 25 years. This considerable success shows the company's clear focus on the industry and its OEM customers that are fast-growing market leaders in their respective sectors. Customers appreciate SLF's business approach, broad offering (type and outer diameter range from 32 to 1,600 mm), consistent high quality and short lead times.

Avedon is a private equity firm that brings its experience from a previous (exited) shareholding in a miniature bearings specialist, and will actively support SLF in unlocking its international potential. Currently, about 90% of SLF's revenue is generated in the German market.

“When we launched the M&A process with the Oaklins German team in the spring of 2018, it was important to us from the start to find a new majority shareholder who was familiar with our industry and who would ensure our employees would have a long-term future in Fraureuth. We are very proud of what we have achieved with our loyal and valued employees over the past 25 years. We believe we have found the ideal partner and are looking forward to working with Avedon.”

**DR. FRANK SCHLEGEL**  
FOUNDER AND MANAGING DIRECTOR  
SLF, GERMANY

## OAKLINS PROVIDES LONG-TERM VALUE BEYOND THE CLOSING OF THE DEAL

Oaklins' team in Germany, supported by Oaklins' industry specialists from around the world, acted as the exclusive M&A advisor to the shareholders of SLF on the sale of the business, and structured a competitive process with the participation of international trade and financial buyers. The team had built a detailed understanding of the business and a trusting relationship with the SLF founders over the two years prior to the sale in January 2019.



## MARKET TRENDS & DEAL DRIVERS

The global bearings market is valued at more than US\$100 billion, with the top six competitors taking a share of almost 60%.

The market can be divided into bearing type, outer diameter and application. Automotive represents the largest application, while industrial customer-specific applications are offering lucrative business opportunities for flexible competitors such as SLF.

Growth in the specialty bearings segment is driven by increasing customization and demand for higher performance.

## OUR INDUSTRY SPECIALISTS



### ✉ FLORIAN VON ALTEN

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Florian leads the industrial machinery and components team in Germany and has closed more than 20 transactions in the sector, including the sales of USK Karl Utz to Aumann AG and of PRAE-TURBO Group to Halder, and several buy-side assignments for international corporate clients.



### ✉ CHRISTIAN JELLETRUP

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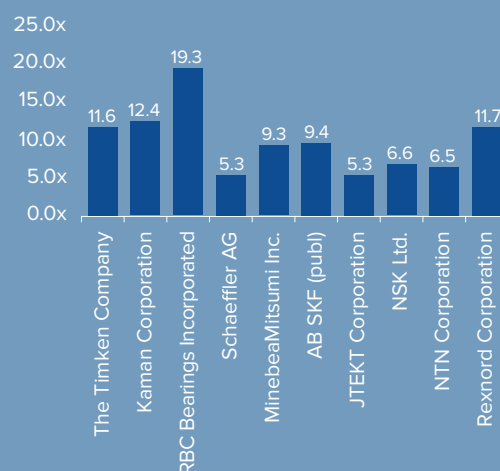
Christian is focused on advising companies in the industrial manufacturing and components industry. He continuously keeps up with developments and maintains regular contact with the key players in the sector both in Germany and abroad.

## M&A VALUATION ASPECTS

Recent transaction valuations of bearings manufacturers are showing a very broad range of transaction multiples. The industry is growing at a mid single-digit rate but is very prone to economic cycles. Nevertheless, targets offering advanced bearings solutions and an attractive customer base have been valued at high single-digit to low double-digit EBITDA multiples recently.

The financial details of this transaction have not been disclosed. The accepted offer from Avedon was not the highest qualified offer in the process but was still preferred due to the attractive reinvestment opportunity, the smooth transition process and the highest safeguarding of the peripheral Fraureuth location and the jobs in the community.

EV/EBITDA multiples of listed SLF peers



Source: S&P Capital IG, 24 January 2019

## OAKLINS HAS CLOSED 127 DEALS IN INDUSTRIAL MACHINERY & COMPONENTS

Oaklins is the world's most experienced mid-market M&A advisor, with 800 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.

“SLF has been very well managed by the founders. This sale process attracted many national and international bidders. Our client finally chose Avedon because of their sector knowledge, their proven capability to expand the business internationally and their promise to maintain the jobs in Fraureuth. We look forward to seeing SLF grow in the years to come.”

FLORIAN VON ALTEN  
OAKLINS, GERMANY

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