

## Fast growth through M&A

### Background

HKO Group is a dynamically growing international producer of technical textiles with a strong focus on glass fiber based heat protection products ([www.hko.de](http://www.hko.de)). The HKO headquarter is in the Ruhr area in Germany, production units are located in China and Germany, sales offices in Asia, in several countries in Europe and in the USA.

HKO is following an aggressive strategy of internal and external growth. The strategy was developed together with IFM as the consulting partner. The expansion is supposed to take place both nationally and internationally and is viewed as one major success factor for the group. As the first step, a French retailer and actual customer of HKO was identified as a potential acquisition target.

### Approach

HKO commissioned IFM with the acquisition project. After the initial contact with the owner/manager in France and the identification of mutual interest, IFM set up the acquisition schedule. The LOI was prepared and a due diligence at the commercial, legal and financial level was performed. A DCF based valuation of the company laid the basis for the transaction value. After finding consensus on price, guarantees and payment schedule, the bilingual contracts were set up and the transaction was closed. In the same process, the legal form of the company was adapted to the needs of an international group.

### Outcome

After only three months, the deal was concluded. As part of the deal, the former owner stepped down as MD and took on a consulting role. IFM was able to search and select a new MD in France, who showed to be a 100 % fit to the needs of both growth and integration. The French subsidiary is now fully contributing to the strategic growth of HKO, with returns well ahead of schedule.

**Testimonial:** *We continuously work with IFM as our consulting partner, because they help us all the way long from the development of the strategy up to the implementation!*

Dr. R. Machatschke, Owner and Managing Director of HKO Group



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