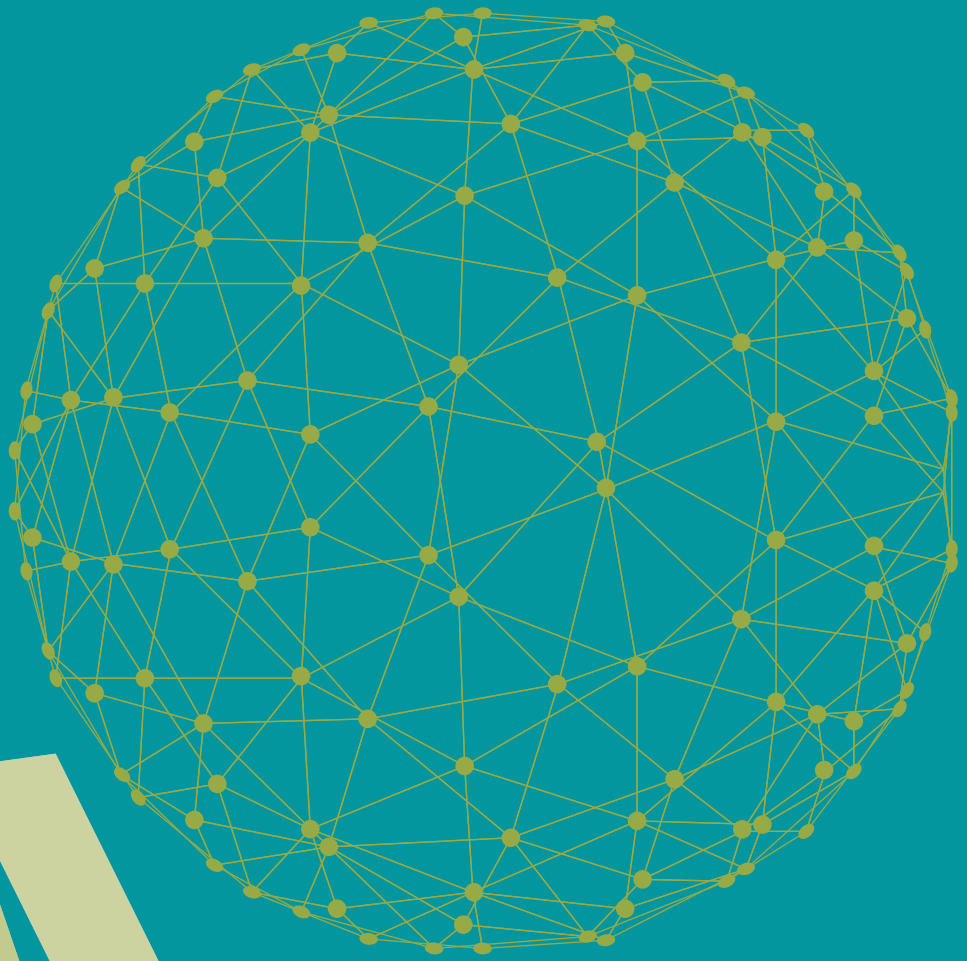
DOCUMENTATION
OF COMMITMENT

RELAUNCH

ANNUAL REPORT
2016/2017

Starting point:



SITUATION ANALYSIS

Goal: to scrutinize the previous business model and the way we carried out our role as shareholder, identifying room for improvement.

Achieved: Q1/2016

1

2
What are the attractive markets for us?

MEGA TREND ANALYSIS

3
How can we utilize our skills to shape the future?

SEGMENT STRUCTURING

4
How can we secure a leading role and good returns on sales?

BENCHMARK FOR EACH COMPANY

5
MANAGEMENT LEVERS

What is the best way for us to meet our obligations as shareholder?

6
GROWTH LEVERS

Which mix of measures can we take in order to improve?

7
MANAGEMENT METHODS

How can the holding create clear added value while providing the most freedom?

8
DEVELOPING VALUES & CULTURE

How can we preserve our values while developing a strong culture of performance and results?

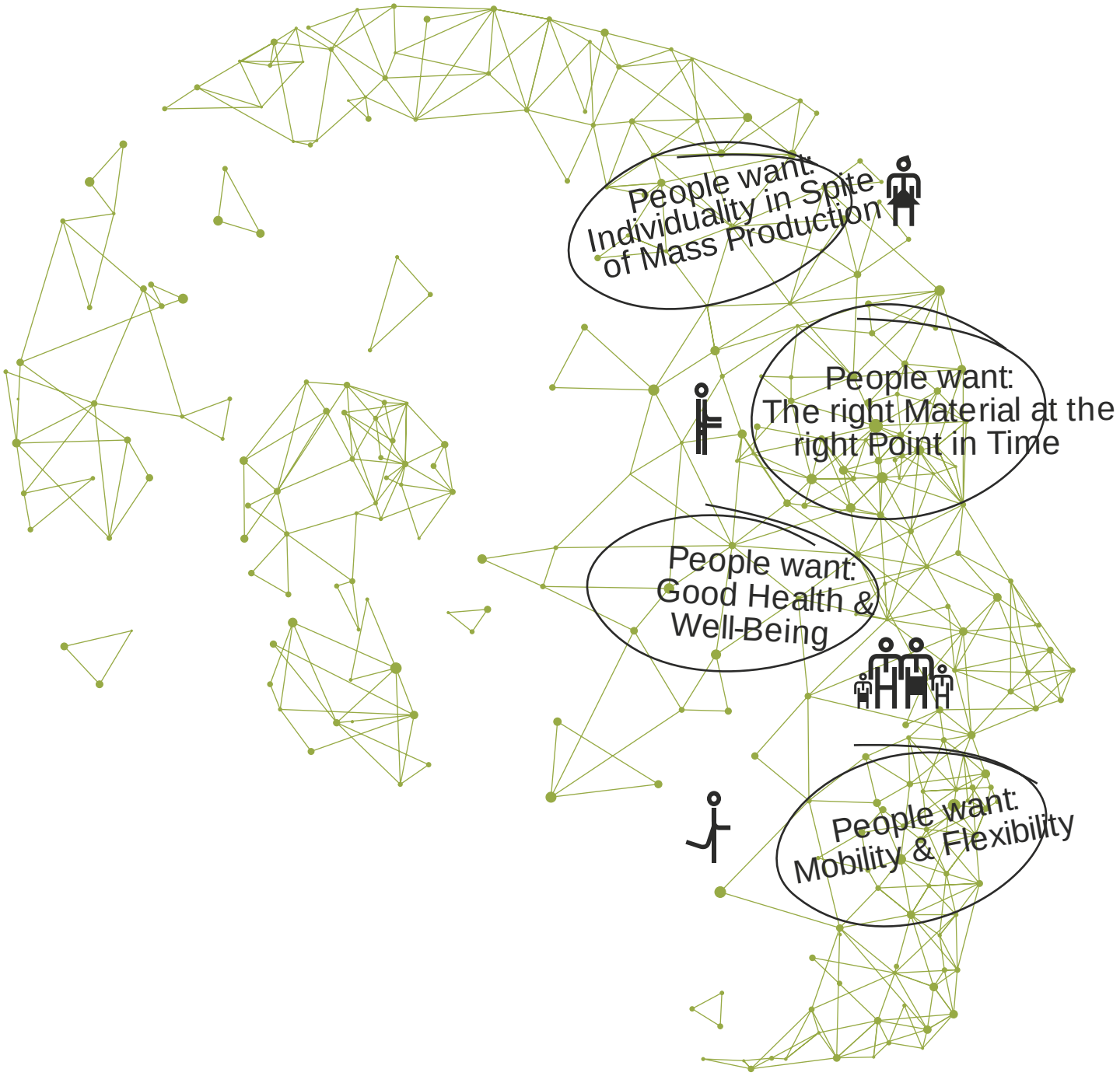
2

What are the attractive markets for us?

MEGA TREND ANALYSIS

Goal: to identify growth markets, detect skills and translate them into segmentation.

Achieved: Q1/2016



3

How can we utilize our skills to shape the future?

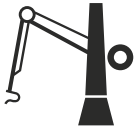
SEGMENT STRUCTURING

Goal: to create a basis for focussed growth

Achieved: Q2/2016

4 investments

PRODUCTION PROCESS TECHNOLOGY



RESOURCE TECHNOLOGY

3 investments

6 investments

HEALTHCARE & INFRASTRUCTURE TECHNOLOGY

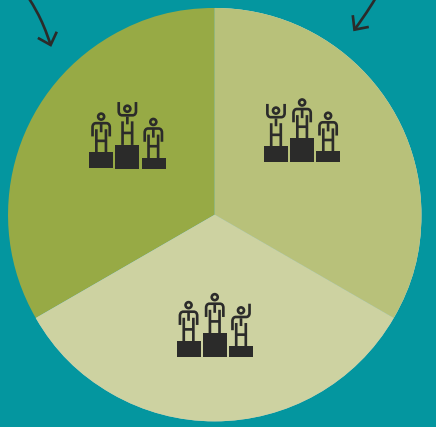
4 investments

MOBILITY TECHNOLOGY

How can we secure a leading role and good returns on sales?

Amongst the leading players in their markets -> GESCO provides them with stimuli as a sparring partner

Market leaders

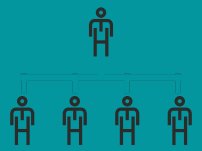


Upwards potential, so: GESCO provides intensive consulting support

-> defined measures, some of which have been finalised and are now being implemente

Achieved: Q3/2016

What is the best way for us to meet our obligations as shareholder?



A number of managing director positions have been re-staffed and we have begun consistently developin companies into robust organisations, on the second tier as well.

A stronger focus due to less companies per investment manag

One additional engineer since Oct. to support projects in the compani

New holding position: implemented in Feb. ‘17.

Achieved: Q4/2016

Approx. € 20.2 million invested in 2016/17 FY (19 % below previous year)

Which mix of measures can we take in order to improve?

Achieved for the year 16/17

new machines and expansion areas

new products in a number of companies

new business segments, service concepts and sales approaches

focus of current investment plans

e.g. LEAN projects

significant reduction in working capital

Goal: to utilise natural fluctuation

Achieved for the year 16/17

Achieved for the year 16/17

introduced in 2016 with very positive response, currently being further expanded with good deal flow

developing the portfolio whilst remaining aware of risks and reviewing acquisitions intensively

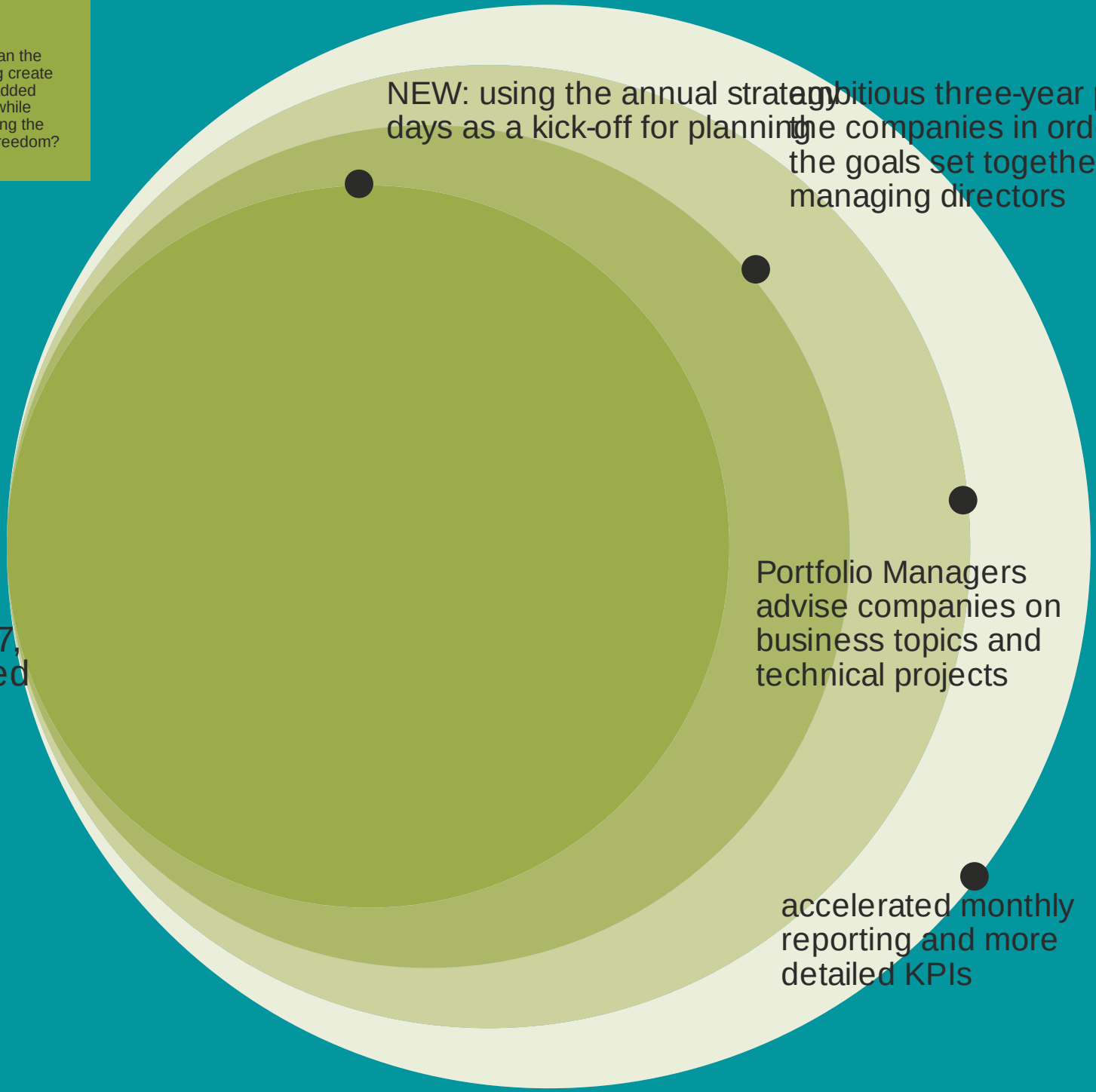
turn 1 into 3
Achieved:
22 December 2016

oversubscribed several times!
Achieved:
21 March 2017

Protomaster put up for sale after several consecutive years of loss
Achieved 2 February 2017

addition of a real hidden champion: acquisition of Pickhardt & Gerlach
Achieved Dec. 2016/Jan. 2017

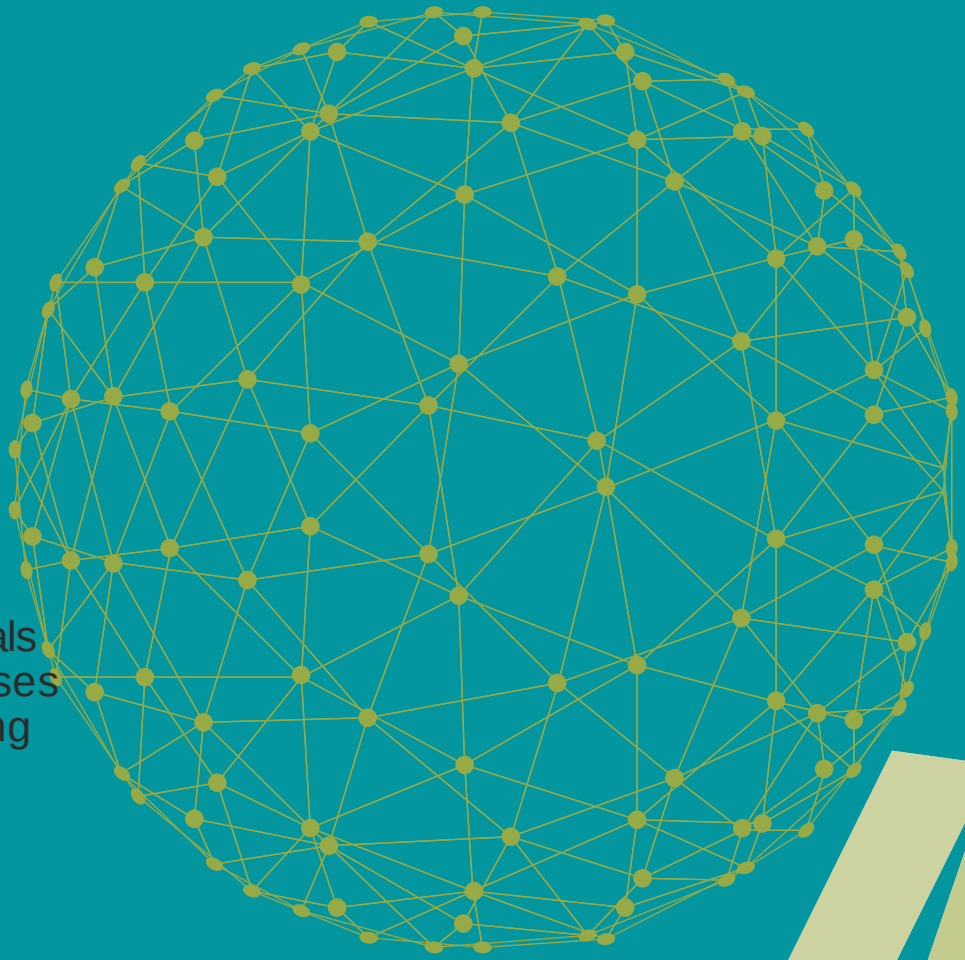
How can the holding create clear added value while providing the most freedom?



Achieved for the year 16/17,
new processes introduced

How can we preserve our values while developing a strong culture of performance and results?

Achieved for the year 16/17, keeping to tradition



•

-€,

we have decided upon goals
and measures, put processes
in place and begun planning
their implementation

the positive development of the
first quarter of 2017/2018
has reinforced our optimism

until 2022

pro table growth, achieved with a stronger market position long term, improved competitiveness and successful acquisitions

ambitious, but possible with consistent implementation

Motto for 2017/2018:
“Just do it”

GESCO IN A NUTSHELL

GESCO is a technology group and provides with access to German SMEs long-term success with the exibility of shares.

GESCO acquires long-term majority investments in successful, established and market-leading German technology SMEs.

FOUNDING GESCO GROUP

1989

INITIAL PUBLIC OFFERING GESCO GROUP

1998

HEADQUARTERS GESCO GROUP

WUPPERTAL

FINANCIAL YEAR HOLDING

01.04.-31.03.

FINANCIAL YEAR GESCO INVESTMENTS

01.01.-31.12.

PORTFOLIO
contains market leaders and players who are established in their industry

forward-looking
end markets based on
MEGA TRENDS

17
PORTFOLIO COMPANIES

4
GROUP SEGMENTS

RELAUNCH

HIDDEN CHAMPIONS

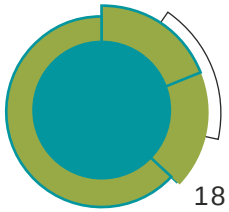
ESSENTIAL GROUP FINANCIAL FIGURES

€ 482 Mn.
GROUP SALES

DIRECT SALES BY REGION

63 % GERMANY

19 % EUROPE (excluding Germany)



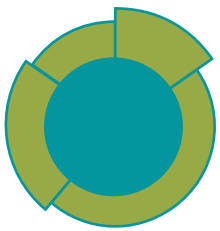
18 % OTHER COUNTRIES (outside of Europe)

estimate:
half of our sales in Germany go to global end customers as indirect exports.

SALES BY SEGMENTS

MOBILITY TECHNOLOGY
€ 73.9 Mn.

PRODUCTION PROCESS TECHNOLOGY
€ 74,6 Mn.



HEALTHCARE & INFRASTRUCTURE TECHNOLOGY
€ 113,9 Mn.

RESSOURCE TECHNOLOGY
€ 222,1 Mn.

€ 41.9 Mn.
CASH FLOW FROM ONGOING BUSINESS ACTIVITIES

significant increase compared with previous year (+56 %)

SALES OF THE INVESTMENTS

8.6 (min.)

181.1 (max.)

48.7 %
EQUITY RATIO

in general, solid equity ratios in the companies

€ 22.1 Mn.
GROUP EBIT

€ 7.9 Mn.
GROUP NET INCOME AFTER MINORITY INTEREST

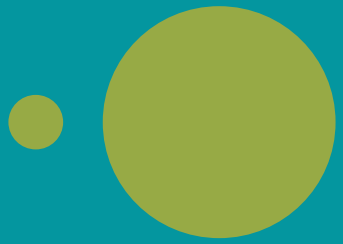
This includes a negative one-off effect from putting Protomaster GmbH up for sale.

Please nd detailed information on the following pages

(only for Germany)

(launch of the investment programme in 1998)

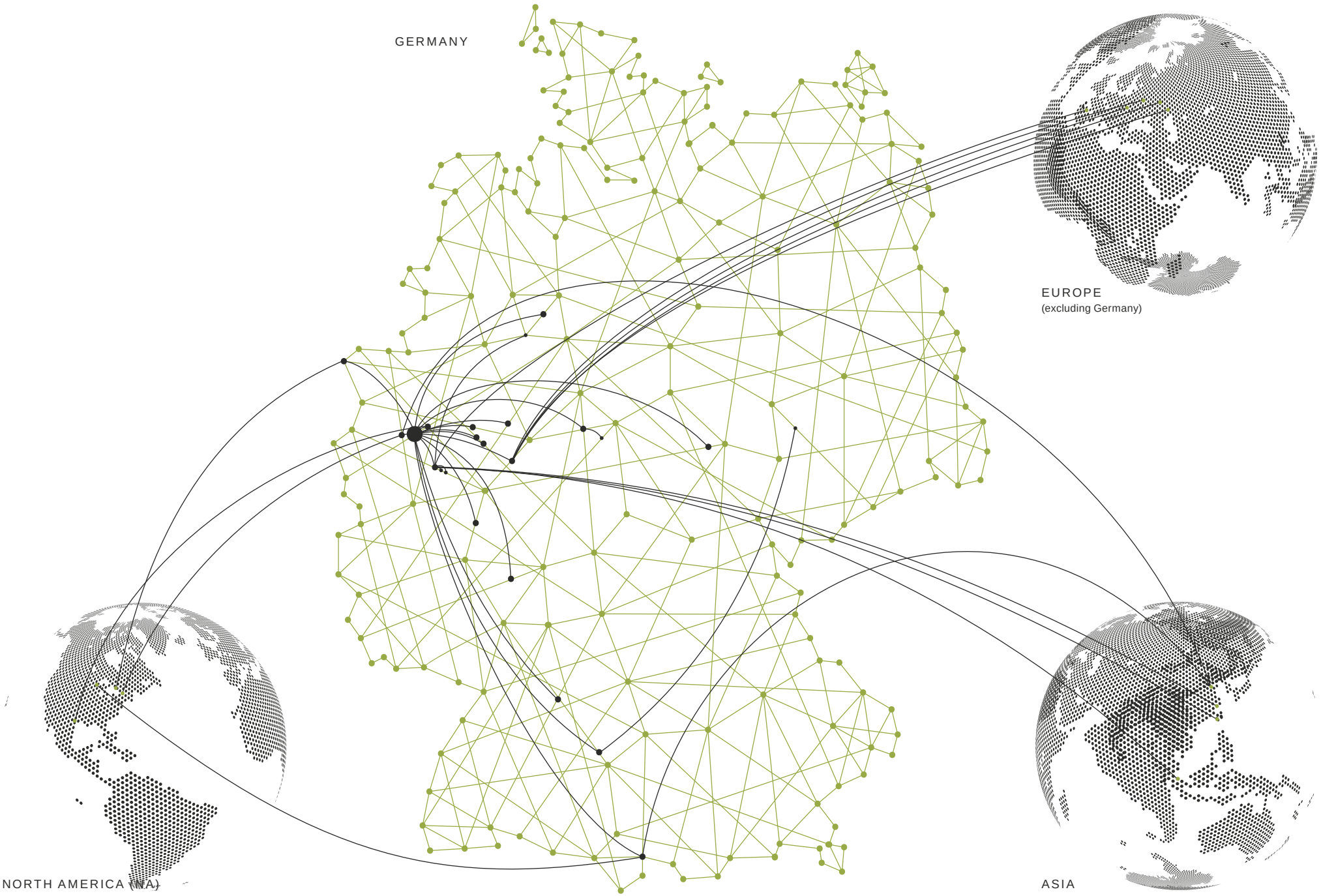
(with annual participation, excluding divestments, including dividends)



(min.) (max.)

GESCO has never moved a location from Germany abroad

(Germany) (EU) (NA) (ASIA)


GERMANY
EUROPE
(excluding Germany)
NORTH AMERICA (NA)
ASIA

GESCO WITH AN INVESTMENT SCHEME AS A LONG-TERM INVESTOR

Solutions for business owners with the intention to sell, customised to individual situation

MOTIVATION TO SELL

Long-term Perspectives for Family and Workforce

Partner for Further Growth wanted

Sparring Partner wanted

EXPANDING MODEL FOR SUCCESS COOPERATIVELY

Stronger Position vis-a-vis Banks due to renowned Co-Shareholder

Request for Retirement or a Change in Circumstances with unresolved Succession Plan

PUTTING ONE'S LIFE'S WORK IN GOOD HANDS

New Owner intends to continue Corporate Culture

OPTIONS AFTER SALE

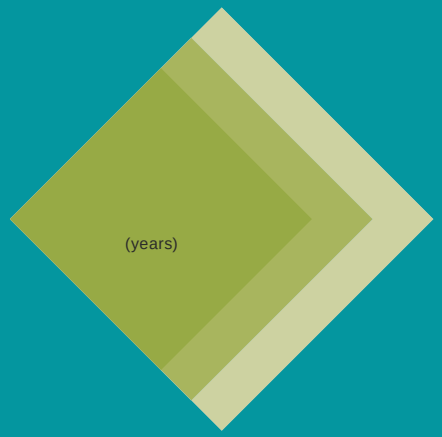
Seller remains a managing minority partner or managing director and continues to run the company

Together with GESCO, the seller looks for an optimal managing director with an investment option, carries out a smooth, quick handover, leaves the company and is still available as an optional consultant

✓	*f*
✓	”
✓	… †
✓	€
✓	‡ ˆ

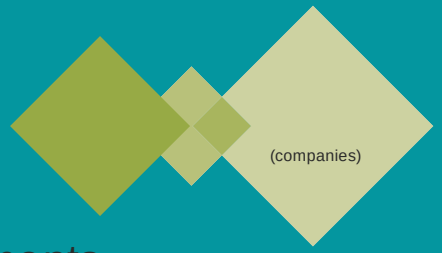
✗	”
✗	
✗	-
✗	‰
✗	…
✗	€

(* supplementary acquisitions)



fair business model:
payouts are arranged each
year with the shareholding
managing directors

does not apply to
supplementary investments



GESCO
THE SHARE

SHAREHOLDER STRUCTURE	as of 31.05.2017
Investmentaktiengesellschaft für langfristige Investoren TGV	14.2 %
Stefan Heimöller	13.7 %
Other private investors	36.1 %*
Other institutional investors	36.0 %*

(* estimate)

86.3 %

FREEFLOAT
(2016/2017)
(according to the Deutsche Börse de nition)

~85%

GERMAN INVESTORS
(2016/2017)

DIVIDEND POLICY

~40%

OF ANNUAL NET PROFIT
(after min. interest) IS PAID OUT
EACH YEAR AS DIVIDENDS

GESCO has paid out dividends every year since its initial public offering in 1998

€ 0.35

DIVIDENDS PER SHARE
(2016/2017)
dividend proposal to the AGM

~7,400

GESCO AG SHAREHOLDERS
(2016/2017)

€ 0.79

EARNINGS PER SHARE
PURSUANT TO IFRS
(2016/2017)

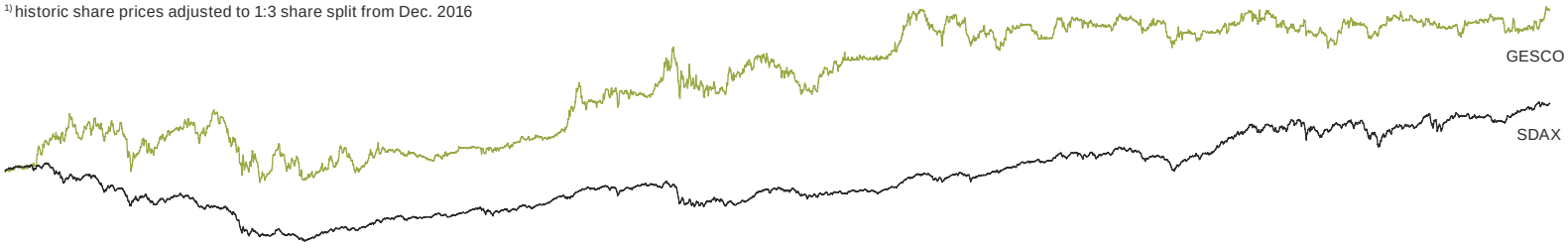
151%

VALUE INCREASE
OVER 10 YEARS
(including dividends)

REGISTERED SHARES
A1K020
DE000A1K0201
GSC1

GESCO VS. SDAX – 10 YEARS[1] (INCLUDING DIVIDENDS)

[1] historic share prices adjusted to 1:3 share split from Dec. 2016



€ 24.96

SHARE PRICE
(31.03.2017)

Please nd detailed information on the following pages.

RELAUNCH

GESCO
THE PEOPLE
Getting to know us.

THE

REMIT

Overall coordination of the Executive Board
Investment portfolio strategy
Strategic and operating development of investments
Investor Relations
Public Relations
Marketing

Born in 1972

Chief Executive O cer since 1 July 2016, Member of the Executive Board since 1 January 2016

VITA

Having served McKinsey & Company for many years, he subsequently took leadership roles on international executive and supervisory boards and as a CEO in the metal and plastics processing industry. These included the establishment of stock-listed Interseroh SE's raw materials division as well as the integration of the industrial SULO Group into the stock-listed Plastic Omnium corporation. He holds a PhD in economics, preceded by international management studies at ESCP Europe in France, the UK and Germany.

DR ERIC BERNHARD
CHIEF EXECUTIVE OFFICER

EXECUTIVE BOARD

ROBERT SPARTMANN
CHIEF FINANCIAL OFFICER

REMIT

Finance
M&A
Legal
Human Resources
IT
Compliance

Born in 1960

Member of the Executive Board since 1 January 2001

VITA

He holds a degree in business and began working in the auditing eld in 1985. In 1991, he completed the exam to become a tax advisor, before taking the exam to become a public auditor in 1994. Afterwards, he worked as a tax advisor and auditor for small and medium-sized enter prises and groups. During this time, he served as the managing director of an auditing rm for three years. From 1995, he also began advising GESCO AG and its most important subsidiaries.

THE

KLAUS MÖLLERFRIEDRICH
CHAIRMAN

STEFAN HEIMÖLLER
DEPUTY CHAIRMAN

DR NANNA RAPP
MEMBER

SUPERVISORY BOARD

STEFAN HEIMÖLLER

Born in 1963

Deputy Chairman of the Supervisory Board; Member of the Supervisory Board since 25 July 2013

VITA

Mr Heimöller earned his degree studying business administration in Mannheim and Cologne. He has served as Managing Partner of Helios GmbH, Neuenrade, Germany, since 1993, and as Managing Partner of Platestahl Umformtechnik GmbH, Ludenscheid, Germany, since 1994. He has many years of management experience in the industrial SME sector.

KLAUS MÖLLERFRIEDRICH

Born in 1947

Chairman of the Supervisory Board, Member of the Supervisory Board since 1989

VITA

Mr Möllerfriedrich is one of the founders of GESCO AG. He has many years of experience as an auditor, tax advisor and consultant. He was a founding partner of a medium-sized audit and tax advisory society, and also served as an executive board member and shareholder of a national auditing firm. Before that, he completed his degree in business administration in Karlsruhe and Cologne, followed by vocational training to become a public auditor and tax advisor at a renowned auditing firm.

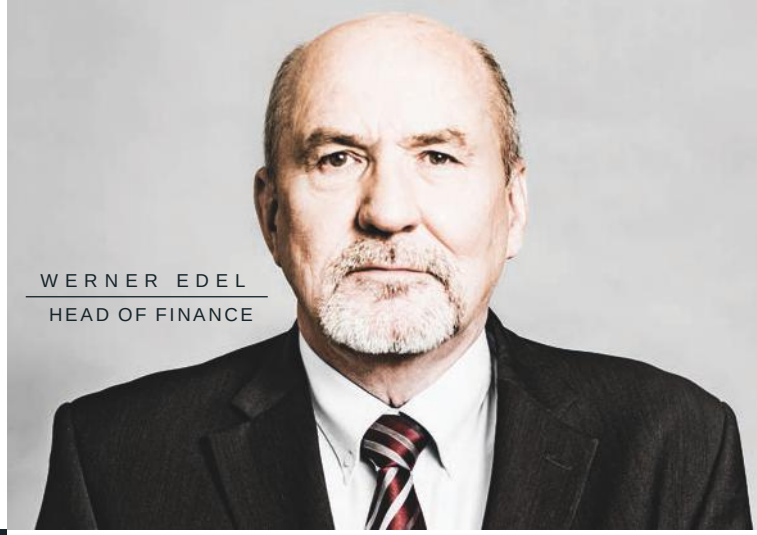
DR NANNA RAPP

Born in 1969

Member of the Supervisory Board since 18 August 2015

VITA

Mrs Dr Rapp studied business management in Saarbrücken and London, before earning her doctorate in agricultural science in 1998. She has many years of professional and leadership experience in corporate consultancy and at international companies. Since 2004, she has held various management positions within the E.ON Group, and she has served as the Chief Executive Officer of E.ON Inhouse Consulting GmbH, Essen, since 2014.



GESCO
THE MANAGEMENT

HEINO WOHLERS

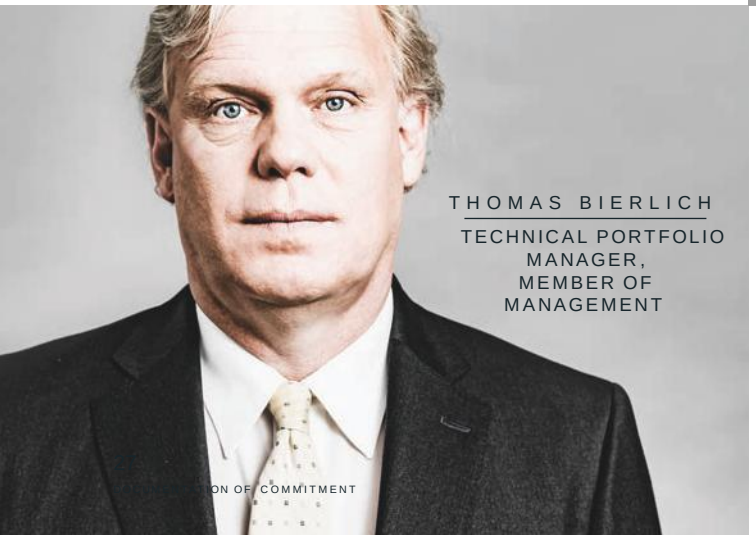
FINANCIAL PORTFOLIO MANAGER, MEMBER OF MANAGEMENT

HENDRIK HAHN

FINANCIAL PORTFOLIO MANAGER

JÜRGEN GENTZ

HEAD OF GROUP ACCOUNTING, FINANCIAL PORTFOLIO MANAGER



THOMAS BIERLICH

TECHNICAL PORTFOLIO MANAGER, MEMBER OF MANAGEMENT

ON OF COMMITMENT

CLAAS JORDE

TECHNICAL PORTFOLIO MANAGER

DR-ING
CHRISTOPH OVER
C. F. K.

MARTIN KLUG
KESEL

MARTIN BÖRGER
MAE
RÜDIGER SCHURY
MAE

THOMAS STURM
VWH

GERD BÖHNER
DÖRRENBERG
DR-ING
FRANK STAHL
DÖRRENBERG

BERNHARD KELLER
PAUL BEIER

HARM STÖVER
SVT

ROUVEN STEFFENS
ASTROPLAST

DR-ING
FRANK GROTE
FRANK

DR-ING
WOLFGANG KEMPER
FRANZ FUNKE

UWE KUNITSCHKE
HASEKE

RAINER KIEFER
HUBL

STEFFEN GRASSE
SETTER

MANAGING DIRECTORS INVESTMENTS

NEW COMPANY

DR-ING
PAUL BRAUN
PICKHARDT & GERLACH

RAINER THEILE
PICKHARDT & GERLACH

DR-ING
MICHAEL DAMMER
DÖMER

MATTHIAS HUKE
MODELL TECHNIK

UWE BORN
WBL

The German locations of the GESCO companies offer
VOCATIONAL TRAINING
in
15
different technical and commercial professions

Susana (l) & Isabel Maria (r) Magalhaes Teixeira
the sisters work as injection moulding machine operators
AstroPlast, Meschede

~10%
of employees have
FAMILY MEMBERS
who work at the same company

The FRANK Group, steeped in tradition, even has 7 employees who are the
3 rd GENERATION
from their families to work there

Manuel Proksch
has been with the company since 2013. He was hired on as a tool technician after completing his vocational training
WBL Group, Laichingen

EMPLOYEES AT GESCO INVESTMENTS

Wilfried Hettlich
has been with the company for 9 years. He works as a metalworker/ industrial mechanic in assembly
MAE Group, Erkrath

On average, every employee attended at least 1 seminar in 2016

~50%
of the training seminars focused on
OCCUPATIONAL SAFETY/ ERGONOMICS

Roman Kloos
is a cutting machine operator. He is pictured here operating a wire EDM machine
CFK, Kriftel

Dragan Petrovic
has been with the company for 21 years. He is an electronics technician for energy systems and works in electrical installation
MAE Group, Erkrath

CULTURAL DIVERSITY

~30

different NATIONALITIES

Patrick Rauschmaier
has been with the company since 2003. He was hired on as a tool technician after completing vocational training
WBL Group, Laichingen

PROFESSIONAL FIELDS MALE EMPLOYEES

Erol Yüksel
has been with the company since 1982 and works on the shop oor
Pickhardt & Gerlach Group, Finnentrop

LENGTH OF EMPLOYMENT IN YEARS

Josephin Werner
is a tool technician
WBL Group, Leipzig

PROFESSIONAL FIELDS FEMALE EMPLOYEES

~1/4

of all employees have been with the company for more than 20 YEARS

IN A WORD

Interview with Rainer Kiefer,
Managing Partner
Hubl, Vaihingen/Enz

CULTURAL DIVERSITY FOR TOP QUALITY

”

Approximately 25 % of your employees are Tamils. How did that come about?

The rst Tamils joined HUBL over 20 years ago. The former owner, Mr Hubl, soon discovered that these employees in particular turned out to be natur lly gifted when it comes to high-precision grinding of stainless steel surfaces. Our region is home to a lot of Tamils who originally came to Germany in the arly ’80s. As the company grew, we began looking for more employees, primarily through contacts from our sta . This led to the hiring of more Tamils a deci on we’re still proud of to this day.

Why is grinding so important to HUBL?

Grinding stainless steel in particular takes an incredible amount of sure instinct, because one false move, no matter how small, or too much pressur can damage a nished component so that it ends up as scrap. Then again, we have so many di erent parts that using robots to grind isn’t a solution for us. The work has to be done by hand. And since there is no apprenticeship trade for grinding, only one thing matters: talent.

How do the Tamils t in with the rest of the crew?

We discovered that the Tamil culture and mindset is shaped by great reserve, politeness and reliability, but with one di erence: while technical exper se calls the shots in Swabia’s SME sector, within Tamil culture, a person’s hierarchical position is based on their background. Our Tamil colleagues have adapted in this regard.

HUBL
EDELSTAHLTECHNIK

• •

of the employees
at HUBL are

With compliments!
Your GESCO Group

RELAUNCH

2016/2017

MEGATRENDS
INNOVATIONS
PIONEERS
HIDDENCHAMPIONS
TECHNOLOGIES

Our commitments in 2016/2017.

Examples from individual companies

2 TECHNOLOGIES WITH A WIDE RANGE OF INDUSTRIES & AREAS OF APPLICATION

CFK: leading centre of expertise for high-precision wire erosion, die sinking, EDM hole drilling and additive manufacturing from metal.

TECHNOLOGY 1

ELECTRICAL DISCHARGE MACHINING

EDMis used for high-precision manufacturing, as all electrically conductive materials such as aluminium, titanium, nickel-based alloys, steel and carbides can be machined down to the thousandth of a millimetre without mechanical stress.

APPLICATION EXAMPLES

High-Precision Instruments for Microsurgery

CERTIFIED (incl. medical and aerospace)

Components for the Aerospace Sector

Highly specialised

DR ERIC BERNHARD
CHIEF EXECUTIVE OFFICER
GESCO AG

DR-ING CHRISTOPH OVER
MANAGING PARTNER
C. F. K.

The Pioneer himself

The extensive expertise in 3D printing is based on selective laser melting, which Managing Director Dr-Ing Christoph Over helped develop at the Fraunhofer Institute. He looks back on 15 years of experience in using this technology.

SPECTRUM

PRODUCT-WEIGHT
mg tot

PRODUCT-DIMENSIONS
m to m

> 250
CUSTOMERS

People want:
Individuality in Spite
of Mass Production

Digitalisation

Niche Expertise

Industry 4.0

AM*

*AM = Additive Manufacturing (laser melting)

Laser melting is a powder-based process in which laser beams melt metal powder layer by layer until the product is complete. This manufacturing method can accommodate complex, three-dimensional structures.

The 3D production process makes it possible to manufacture structures that conventional manufacturing technology cannot. This provides engineers and product developers with entirely new creative freedom of design.

Batch Size 1
in Series Process

GROWTH MARKET
Medical Technology:

e.g. Customised Hearing Aid Shells e.g. Spinal Implants

Focus on megatrends, niche markets and highly specialised skills

LEAGUE OF HIDDEN CHAMPIONS

MARTIN BÖRGER
MANAGING DIRECTOR
SALES & FINANCE
MAE

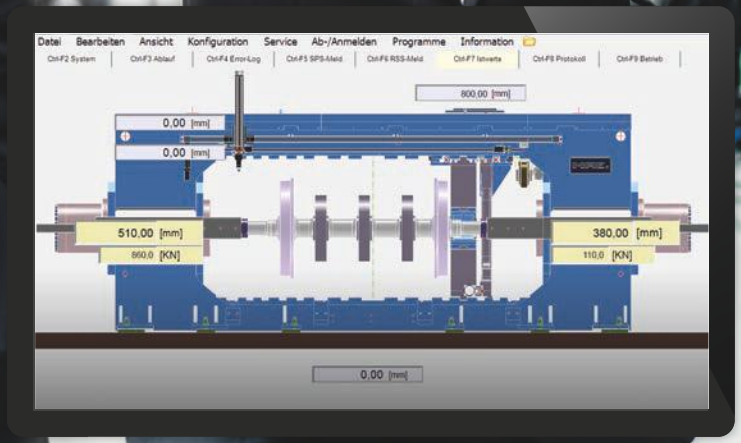
RÜDIGER SCHURY
MANAGING DIRECTOR
OPERATIONS
MAE

Rüdiger Schury knows what he is talking about. He has been with MAE for 15 years and began serving as Managing Director in 2011.

DR ERIC BERNHARD
CHIEF EXECUTIVE OFFICER
GESCO AG

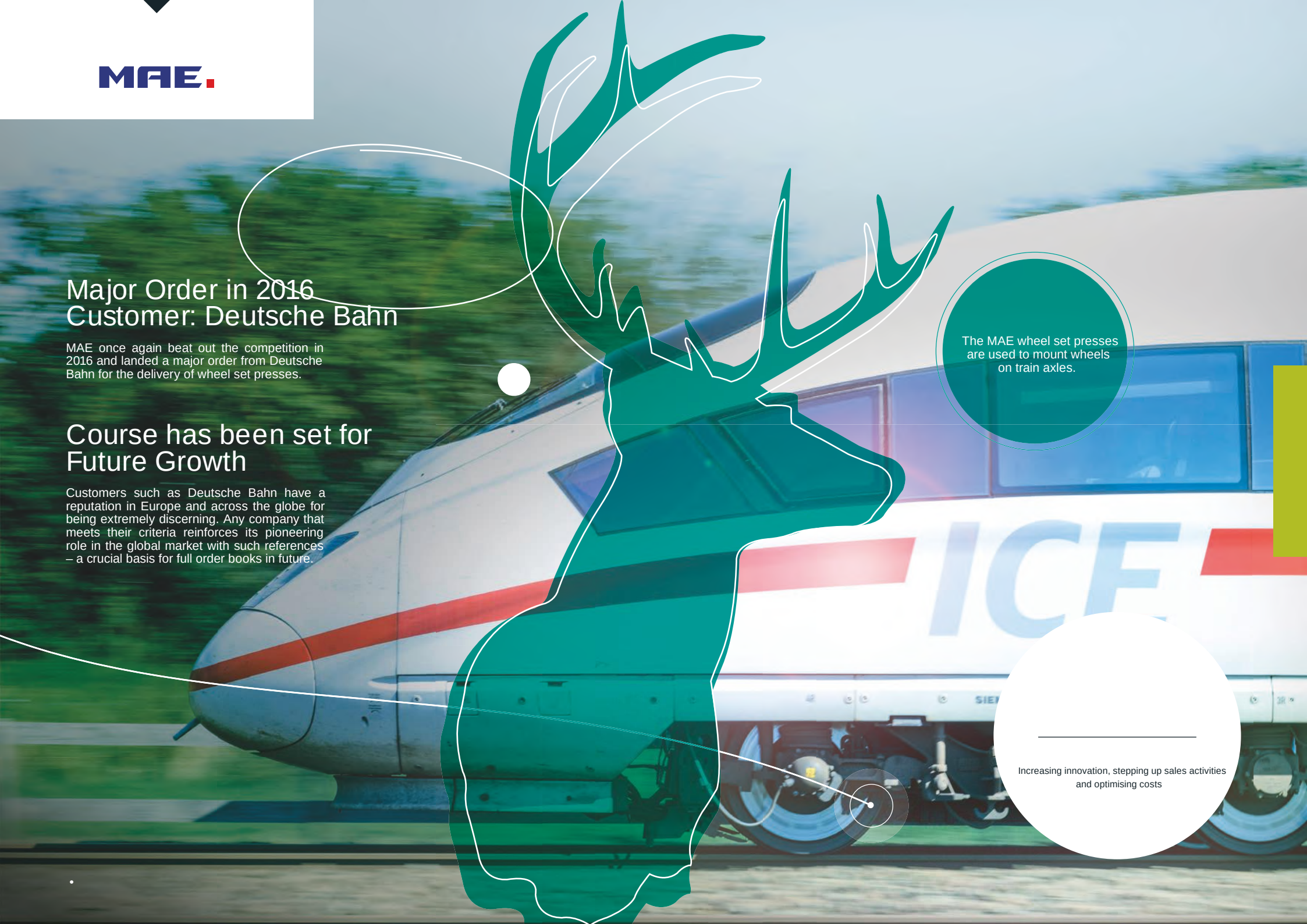
Industry 4.0

The essence of MAE technology comes down to the development and manufacturing of machines and particularly their controls with the power to shape markets. Entirely in line with Industry 4.0, MAE integrates the control software for wheel set presses and straightening machines seamlessly into the customer's IT landscape. Together, M2M communication experts and engineers ensure perfect harmony within the set-up, guaranteeing precision, process speed, process documentation and ease of operation.



No.1
IN THE GLOBAL MARKET

MAE Group is a global leader in automatic straightening machines and wheel set presses for rolling stock.



Major Order in 2016 Customer: Deutsche Bahn

MAE once again beat out the competition in 2016 and landed a major order from Deutsche Bahn for the delivery of wheel set presses.

Course has been set for Future Growth

Customers such as Deutsche Bahn have a reputation in Europe and across the globe for being extremely discerning. Any company that meets their criteria reinforces its pioneering role in the global market with such references – a crucial basis for full order books in future.

The MAE wheel set presses are used to mount wheels on train axles.

Increasing innovation, stepping up sales activities and optimising costs

Why?

With years of market success, SVT enjoyed being in the comfortable position that as long as market players were in the mood to invest, sales could be taken for granted.

Now the markets have become more ercely contested. Competitors began using SVT quality as their benchmark and are taking an increasingly aggressive market approach.

COSMOPOLITANS UNDERGOING CULTURAL CHANGE

LOADING ARMS FOR LIQUID AND GASEOUS MATERIALS

PETROLEUM
LIQUID GAS
CHEMICALS

80-90%
EXPORT SHARE

Goal

Robust, fast, agile and exible are the desired attributes for the new SVT organisation, installed in late 2016. It is designed to sustainably strengthen SVT in light of the new market conditions.

Action

Enhancing market focus through the new organisation since Dec. 2016

MEGA TREND

People want:
The right Material
at the right Point in Time

Business Units

To ensure targeted, holistic growth, business units were established for each product group. Each business unit is led by two BU heads, who are responsible for continuous sales activities and the important task of order management. To make better use of innovative strength, the development department has been integrated into the respective business units both physically and on an organisational level so that interdisciplinary teams can seize on market trends more quickly and give back to the global market through innovations.

SVT not only delivers its products to all continents, but also to places that are dif cult to reach from a logistics perspective. Customers expect awless service, no matter where they may be in the world. As a result, SVT created a specialised After Sales business unit that focuses on the service and spare parts business.

Remaining a quality leader and performing well in the market with competitive prices also requires the involvement of the supply chain, which includes materials management and production. Here, too, further optimisation projects in the new Supply Chain business unit will strengthen SVT's cost structure. These efforts will be complemented by the Finance & Administration business unit, which ensures the proper tools so that the heads of the operating business units know where they stand. The tools also enable them to precisely guide and further develop their business units.

Organisation Reloaded

SVT tackled the challenge of creating the new organisation, consolidating it and then making adjustments based on sound judgement, of growing together in the new teams and of rediscovering tried-and-tested methods in the process of reinventing itself. This transformation requires each individual at SVT to assume responsibility, and it is one that GESCO welcomes and supports.

Increasing cash ow, stepping up sales activities, optimising costs and optimising resource ef ciency

RELAUNCH AT ASTROPLAST

Greater sales po

AstroPlast's new site has enhanced its competitiveness, creating new opportunities to expand business. This is the perfect basis for establishing a proactive and systematic sales approach. As a result, AstroPlast strengthened its sales team and launched a campaign at the beginning of the year to acquire new customers. AstroPlast expects this campaign to noticeably boost sales and earnings starting in 2018.

ROUVEN STEFFENS

MANAGING DIRECTOR
ASTROPLAST

New Site

HISTORICAL DUAL-PURPOSE SITE ASTROPLAST/FRANZ FUNKE IS HISTORY

Expanding AstroPlast and Franz Funke at the historical dual-purpose site would not have been possible due to a lack of space. As a result, a new AstroPlast site was established in 2013 25 km away. Since then, it has operated as a second production facility, with the option of relocating the site entirely to Meschede in the medium term.

The benchmark analysis performed as part of the PORTFOLIO STRATEGY 2022 revealed growth potential for AstroPlast, which is why the entire relocation was pushed ahead of schedule last year, sped up and will be completed before the end of 2017.

AstroPlast stands to bene t in the years ahead from the new site that has been perfectly planned with a view to logistics. In addition, resources will be used more ef ciently at the sole location in future. At the same time, the costs of managing two sites will be eliminated.

Astro Plast
Technik in Kunststoff

Important Milestone

Increasing cash ow, stepping up sales activities, and optimising costs, resource ef ciency and working capital

The optimisation of working capital represents an important milestone in the set of measures for the PORTFOLIO STRATEGY 2022. Optimising working capital serves to create the best conditions for investing in pro table growth with additional liquidity. AstroPlast showed real commitment to this objective, reducing inventories by one-third without impairing its delivery capability.

INVESTING IN AUTOMATION

HEALTHCARE & INFRASTRUCTURE TECHNOLOGY

Growth Market: Eastern Europe

Up until several years ago, Frank Group was bene ting signi cantly from the boom for equipment in the agriculture market. Demand has since subsided in recent years due to increasing market saturation. Producer prices also went down, which was compounded by sanctions on Russia. This development further curbed the appetite to invest, putting considerable pressure on prices.

Frank Group confronted this trend by successfully expanding in Eastern Europe in recent years. Key factors included systematically expanding Frank Group's local footprint, the quality of the FRANK ORIGINAL brand and a high degree of product availability coupled with fast delivery times. The idea to expand this model for success is currently under consideration.

In similar plants, it used to be that several employees per shift had to perform hard physical labour to produce comparable products. Today, just one operator monitors a fully automated heat-treating line, in addition to other duties.

ROBOT A

A robot removes glowing metal parts from the heat-treating furnace and places them precisely in a forging tool.

INNOVATION THROUGH AUTOMATION

As an innovative partner to original equipment manufacturers, Frank Group enjoys relationships with its customers that have grown deep roots over many years. The fully automated heat-treating line, shown in the image, marks one step on the path towards Industry 4.0. The line makes it possible to exibly and ef ciently manufacture large quantities of a new product group that resulted from a development collaboration.

ROBOT

B

Another robot removes the forged and tempered component from the press/ tempering tool and positions it for further processing.

CLAAS JORDE

TECHNICAL PORTFOLIO MANAGER

has been with GESCO since 10/2016 and takes care for the automation initiatives at Frank

DR ERIC BERNHARD

CHIEF EXECUTIVE OFFICER GESCO AG

DR-ING FRANK GROTE

MANAGING PARTNER FRANK GROUP

AUTOMATION

PORTFOLIO STRATEGY 2022

GROWTH LEVERS

Improving competitiveness through prioritised investments in automation and optimising costs

Increasing the Degree of Automation

The focus of the commitment for Frank Group is GESCO's technical and commercial investment management regarding advice on automation solutions. The aim is to enhance Frank Group's competitiveness and thereby improve its ability to perform well in markets with intense price competition. As a result, fully automated lines and systems commenced operation in nancial year 2016/2017. Others are set to follow this example and raise the traditional forging company to a new technical standard.

FACE-TO-FACE & BASED ON PARTNER SHIP

IN CONSTANT CONTACT

Jan Wittenbecher and Hendrik Hahn have known each other for years. There are many factors that link them, which they discuss during monthly on-site visits or on the phone between those meetings.

SHAREHOLDERS AS PARTNERS

GESCO fosters close communication with its investments, which includes visits from the Chief Executive Of cer.
It is just easier to discuss many things face-to-face. This approach also features dialogue with the local management team and site tours.

HENDRIK HAHN
FINANCIAL PORTFOLIO MANAGER
GESCO AG

JAN WITTENBECHER
HEAD OF FINANCE
HUBL

DR ERIC BERNHARD
CHIEF EXECUTIVE OFFICER
GESCO AG

SVEN REICHERT
HEAD OF OPERATIONS
HUBL

RAINER KIEFER
MANAGING PARTNER
HUBL

THOMAS STEK
HEAD OF SALES
HUBL

Pictured in the background: scale components are just about ready for nal inspection.

HUBL
EDELSTAHLTECHNIK

HUBL combines the hygienic properties of stainless steel with state-of-the-art industrial design.

Recipe for Customer Satisfaction

The Expertise of a Company specialised in professionally processing Stainless Steel

An industrial scale, manufactured from stainless steel in compliance with food industry standards, that is used to verify whether each package contains precisely the speci ed amount of marzipan potatoes.

Ingredients:

- A well-coordinated Management Team
- Experienced Engineers & Industrial Designers
- 111 committed Employees in Production & Administration

of these scales have been delivered since the partnership began. At that time, HUBL developed the scale in close collaboration with the customer.

Delicious marzipan treat

Components from HUBL are used to make this treat.

People want:
Good Health & Well-Being

Stepping up sales activities, optimising costs and optimising resource ef ciency

TREND TOWARDS BIODEGRADABLE COTTON BUDS

Cotton buds are a household staple with any number of uses. A great deal of expertise can be found in this product and also the manufacturer that makes the paper sticks for them, such as Setter Group. What's more, paper sticks are a truly environmentally friendly product.

RESPONSIBILITY FOR THE ENVIRONMENT

Setter Group takes its responsibility for the environment of future generations very seriously, which is why it minimises the use of environmentally harmful materials in the manufacturing process.

Setter is a long-time member of the Forest Stewardship Council® (FSC®). FSC-C113192 and Programme for the Endorsement of Forest PEFC-BV/

PAPER STICKS!

A COMMITMENT OF

SETTER PAPERSTIX

100%

NATURAL & HARMLESS TO HUMAN HEALTH

Paper sticks are manufactured from natural raw materials and contain no additives, such as optical brighteners. They comply with all global food and health regulations.

People want: Good Health & Well-Being

FROM TOTALLY CHLORINE-FREI PULP

TCF

STEFFEN GRASSE

MANAGING DIRECTOR SETTER

JÜRGEN GENTZ

HEAD OF GROUP ACCOUNTING, FINANCIAL PORTFOLIO MANAGER

DR ERIC BERNHARD

CHIEF EXECUTIVE OFFICER GESCO AG

QUALITY PAPER FOR A QUALITY PRODUCT

Top-quality raw material is necessary for meeting customers' high demands regarding the product quality of paper sticks. The sticks' variety of colours is also found in the paper warehouse of Setter Group in Emmerich.

PORTFOLIO STRATEGY 2022

GROWTH LEVERS

Increasing cash ow, stepping up sales activities, optimising costs and optimising resource ef ciency

PATENTED INNOVATION FOR SAFETY RELEVANT WEAR PARTS

SPECIALISED IN LARGE-SCALE PRODUCTION STAMPED & EMBOSSED PARTS

CARRIER PLATE FOR LORRY BRAKE LININGS PATENTED USING A PROCESS

AMONG THE TOP

5

items with the highest sales manufactured at Dömer

Customers

manufacturers of brake linings for lorries

Wear Product

every time brake linings are changed, a new lining carrier plate is also used, because the lining and carrier plate form a unit

3

COMPONENT SIZES

KEY FEATURE

thanks to Dömer's patented process, stamping and embossing occur in one instead of two steps

CONTINUOUS PURSUIT OF EFFICIENCY

Dömer specialises in designing cost-ef cient products and production processes for the large-scale production of parts used in safety systems. In order to meet growing double-digit demand for the lining carrier plate, Dömer invested in robotics and automation systems in 2017 speci cally for manufacturing this product. When it comes to mass production in the automotive industry, continuous improvements to all processes form the foundation for lasting success.

DÖMER
STANZ-/UMFORMTECHNOLOGIE

Economic growth

Companies

Private Individuals

Need & Send more Goods

Greater Prosperity &
Higher Consumption

Shift in Consumer Habits &
double-digit Growth in
Online Retail*

Investing in automation, stepping up sales activities and optimising the staff ratio

* Source: Publication of Handelsverband Deutschland (HDE)
from February 2017: E-Commerce-Umsätze [e-commerce sales]

AN INDUSTRY IN THE MOVE

The order books of WBL Group, which specialises in developing and manufacturing large tools for body parts for cars, are nicely lled. Why is that?

more Models

Shorter Model Life Cycles

Electric Cars & Models

1 Model: Locally produced for Local Markets

MORE CARS

MORE LARGE TOOLS FOR BODY PARTS

More Derivatives

Autonomous Driving & Special Models

Country-Specific Models

More Manufacturing Steps with one Tool

MEGA TREND

People want: Mobility & Flexibility

Approval was granted to WBL Group for the largest single investment of GESCO Group for nancial year 2017/2018: approximately € 3 million for another large portal milling machine that will greatly expand production capacity. The investment has a particular appeal, as the rst orders for the new capacity are already re ected in the order backlog.

In addition, WBL Group is in an exposed market position. Cost pressure on automakers has led to a considerable increase in the degree of automation in the past few years. For toolmaking, this has meant an increasing number of large tools that can be used to complete more and more manufacturing steps with one tool. Any company that failed to invest in larger machines lost its competitive edge on the market. At WBL, these investments are made on an ongoing basis, so that market consolidation has not affected, but rather strengthened WBL Group.

Investing in expanding capacity and automation, and optimising the supply chain

In the foreground of the image is the bottom of a large tool. It is clamped in the spotting press that was put into operation in 2016 to facilitate nal inspections and customer acceptance on site at WBL, to best manage quality processes with regard to time and to ensure punctual delivery.

IN A WORD

Interview with Dr Eric Bernhard
Chief Executive O cer GESCO AG

You presented the Annual Report with "RELAUNCH" as the title. How did that come about?

"RELAUNCH" is more than just a title. In fact, the term represents all of the changes that we set in motion in the last nancial year as a means of putting an end to the phase of GESCO Group's declining performance in recent years and to systematically shape the path towards new and pro table growth. We have changed many things and set ambitious targets that employees at the companies have since tackled with extraordinary commitment. These e orts have resulted in real cultural change. The processes are in place and the levers are beginning to take e ect. But this is still just the beginning, which is why we are speaking of a "relaunch". For 2017/2018, the slogan is "staying the path".

Why was this "RELAUNCH" necessary in your view?

We have seen uncertainty mount in the general global political and economic climate in recent years, while the pace and force of changes continues to increase. The development of technology continues to pick up speed as well. Radical changes are the order of the day. What was well established or entrenched is now passé. The world has changed, and waiting for the next upswing is not enough nowadays to sustainably maintain and build on leading positions.

While GESCO always generated a pro t against this backdrop in recent years, the trend was on a downward trajectory. GESCO had lost momentum on the whole and perhaps thought itself safe for too long in certain areas in light of previous success. As a result, some of our companies were hoping for the next upswing instead of taking a long, hard look at themselves and confronting the new environment. It called for a "RELAUNCH" to embrace change in order to actively shape the companies' future, especially in challenging times.

What priorities have you set as part of this "RELAUNCH"?

We scrutinised our portfolio, which served as the basis for the PORTFOLIO STRATEGY 2022, and for the rst time, we benchmarked every single portfolio company. As the result of these e orts, we were able to agree on targets with all managing directors jointly. While many of our companies are already meeting these targets today, potential for improvement was identi ed with others. Speci c steps have now been worked out to achieve this potential, and the companies have since begun tackling their implementation. These measures will shape the agenda for the coming year as well.

We decided to put our restructuring case Protomaster up for sale after it had several years of loss making. We did so out of responsibility to our shareholders, as well as our responsibility to Protomaster employees. If we realise that we are no longer able

to live up to our standard of being the best owner of a company, we have to be prepared in justified cases of this nature to let an investment go to someone else whilst reducing also our own portfolio risks. However, we still maintain our systematic no-exit strategy by principle.

It is more important to us now more than ever that we build our future based on our skills and respond to changes in the markets and the overall environment. And we need to do so faster than others on the market, like true hidden champions.

Is it fair to say that we now have a “new GESCO”?

Last year, we did in fact reinvent GESCO in many respects. On the one hand, we are now taking a more active approach to our shareholder role as part of our advisory holding function. On the other hand, we are holding on to things that are tried and true, such as the high levels of freedom that independent managing directors enjoy, and we are deliberately eschewing centralist group structures. So we are providing help and support, but we are also more insistently demanding progress on reaching the targets that have been agreed on.

GESCO’s success depends on the success of its investments. We want to expand this success in order to create additional opportunities for future investments, acquisitions and attractive dividends. We have torn down walls between GESCO and the investments and created a closer connection. As we are now set up in technical and commercial investment management, we have close contact with the managing directors. It enables us to better understand investment plans and to assist as shareholder when the focus is on automation or growth opportunities, for example. As a sparring partner, we debate whether a prompt payback timetable is realistic and the company’s organisation can achieve these goals.

You talk about what people want. Why is that so important to you?

Companies that satisfy people’s needs and solve their problems are needed and enjoy success. It is no accident that we say “Nobody needs that!” when we talk about useless things. Human needs give rise to megatrends that shape the development of demand in the long term. Given that the four segments established by the PORTFOLIO STRATEGY 2022 include end customer markets that benefit from positive megatrends, GESCO has a good foundation to achieve profitable growth.

What people want is also especially important to me because the competitiveness of our investments does not only come down to future-proof technologies, innovations and automation. In the end, employees alone are the force that brings life and dynamism to these companies. Whether hidden champions, pioneers, visionaries or quality leaders, our investments have innovative and committed people to thank for all they have achieved. Two-thirds of the employees at our companies work in the technical sector, where skilled workers are already difficult to find today. Around one-third of these employees are over 50 years old. The push towards automation and digitalisation will help our companies in the coming years of demographic change to continue developing despite a declining number of available workers. At the same time, it will become increasingly more important for our companies to recruit qualified talent in the competition for dwindling numbers of skilled workers and technical specialists – especially in light of the Fourth Industrial Revolution.

Where do we go from here, Dr Bernhard?

We set out the PORTFOLIO STRATEGY 2022 last year, which has served as our guide since then. We are confident that the strategy’s continued implementation will lead GESCO back to a course of sustainable, profitable growth by having our companies invest in growth and strengthen their competitiveness at the same time.

Our goal is to sustainably guide GESCO back to a return-on-sales range by 2022 which the Group already achieved during better years in the past. The benchmarking process revealed that there is room for improvement in this regard. The managing directors are working with their teams at the companies and using the advice and support provided by the holding to translate this potential into lasting quality with regard to earnings.

In the coming financial year, our investments will systematically further develop those measures that have already been initiated and implement them in an orderly fashion. We will continually review and scrutinise established structures and processes to facilitate greater agility and flexibility. These efforts will ultimately “weatherproof” the companies for the future.

Even if we take a careful and prudent approach to acquisitions, we declared our intention as part of the Portfolio Strategy 2022 to begin acquiring several new investments again. Plans call for up to three new investments, year after year, made in a targeted fashion in line with our segments. In early 2017, we acquired Pickhardt & Gerlach Group, securing a model company for the GESCO portfolio that fully meets our criteria. This acquisition also represents our resolute efforts to “RELAUNCH” GESCO and propel its development forward once again in keeping with the slogan, “staying the path”.

Thanks go out to the investments for the commitment they have shown!

RELAUNCH

A REFINING ACQUISITION

GESCO PRESENTS
THE PICKHARDT & GERLACH GROUP

NEW AT GESCO

FINELY EQUIPPED

SPACE FOR INSPIRATION

The entrance in Finnentrop

Lounge on the upper oor

2013/2014
The entire customer and reception area plus the adjoining of ces were modernised in 2013/2014 by the previous owner.

Meeting room for appointments with customers

Corridor to the administrative of ces

Common room for employees

Glimpse into an of ce

SHAREHOLDING GESCO
100%

ACQUIRED BY GESCO
2016/ 2017

RAINER THEILE
MANAGING DIRECTOR SALES & FINANCE PICKHARDT & GERLACH

CHRISTOPH BORGES
HEAD OF ACQUISITIONS GESCO AG

NEW HIDDEN CHAMPION OF THE GROUP

Pickhardt & Gerlach, a strip steel processor from Finnentrop, is GESCO's acquisition in the last nancial year. Christoph Borges, Head of Acquisitions at GESCO AG, was excited about the company straightaway. Extensive due diligence only con rmed his positive impression. Industry expert Rainer Theile had a similar reaction when previous owner Michael F. Hekhorn and GESCO asked whether he could imagine serving as the managing director for the renowned group

BRASS
NICKEL
COPPER
ZI

NEW AT GESCO

FULL OF IDEAS

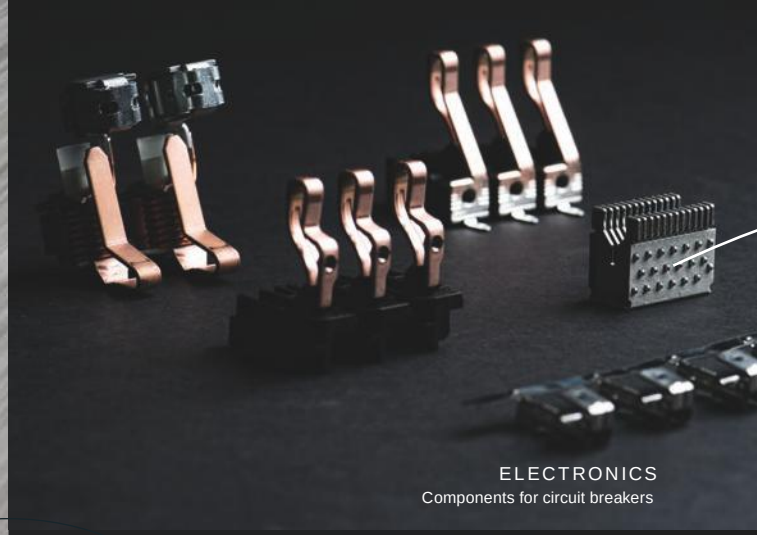
REFINED STRIP STEEL

FINELY PROCESSED

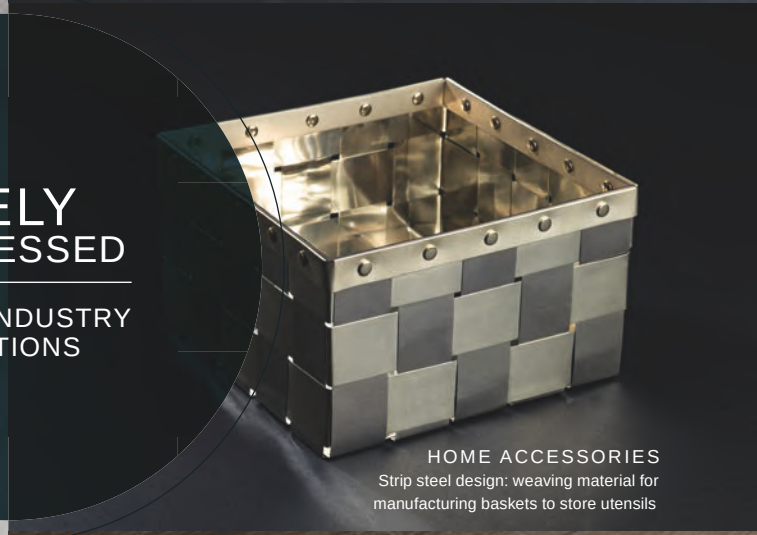
CROSS-INDUSTRY APPLICATIONS

WIDELY DIVERSIFIED

DIVERSIFIED CUSTOMER BASE

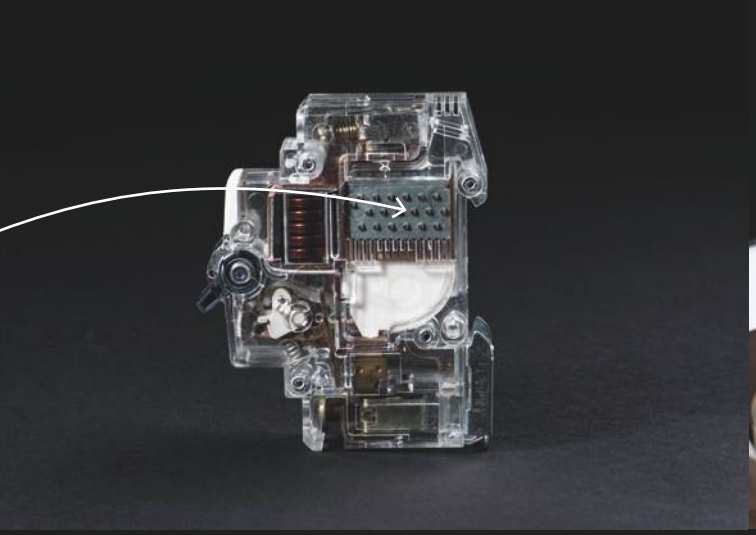


ELECTRONICS
Components for circuit breakers



HOME ACCESSORIES
Strip steel design: weaving material for manufacturing baskets to store utensils

INTERIOR FITTINGS
Threshold bars

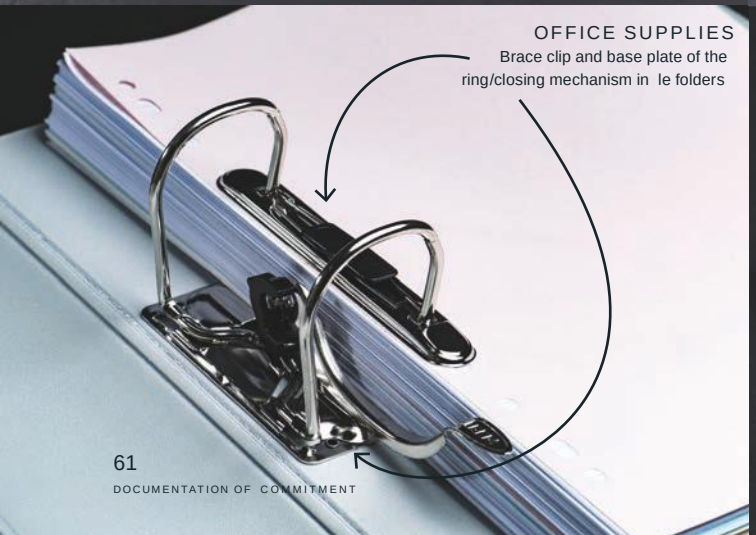


PACKAGING
Clasps, coatings and hinges for wooden boxes

HOUSEHOLD APPLIANCES
Base plate of a vacuum cleaner head

HANDICRAFT & DIY
Ferrules for paintbrushes

NEW AT GESCO



OFFICE SUPPLIES
Brace clip and base plate of the ring/closing mechanism in le folders

FURNITURE ACCESSORIES
Clothes rails, guide rails and coatings

REFINED QUALITY

Manufacturing at the highest level with fully automated state-of-the-art technology nicely captures the set-up in Finnentrop which guarantees uncompromising quality. It helped Pickhardt & Gerlach Group attain a leading market position in Europe. An X-ray instrument that measures thickness has been integrated into all production lines. It is responsible for continuously monitoring quality. Dr-Ing Paul Braun, an electroplating expert who holds a doctorate in metallurgy and materials science, has been serving in the role of Managing Director Operations Technology since 2013. He can monitor each individual step in the electroplating manufacturing process with the help of IT.

NEW AT GESCO

PRODUCT RANGE

ELECTROPLATED STRIP STEEL

METALS
brass, nickel, copper, zinc, partial precious metal coatings

COATING
Thickness of 1-5 m per side

DIMENSIONS
5-620 mm in width
0.2-2.5 mm in thickness

SURFACE TREATMENTS
polishing, painting, covering in release sheets/decals, patterning

EQUIPPED FOR THE PERFECT ELECTROPLATING

RAINER THEILE
MANAGING DIRECTOR
SALES & FINANCE
PICKHARDT & GERLACH

DR-ING PAUL BRAUN
MANAGING DIRECTOR
OPERATIONS
PICKHARDT & GERLACH

WITH CARE FOR REFINED MATERIAL

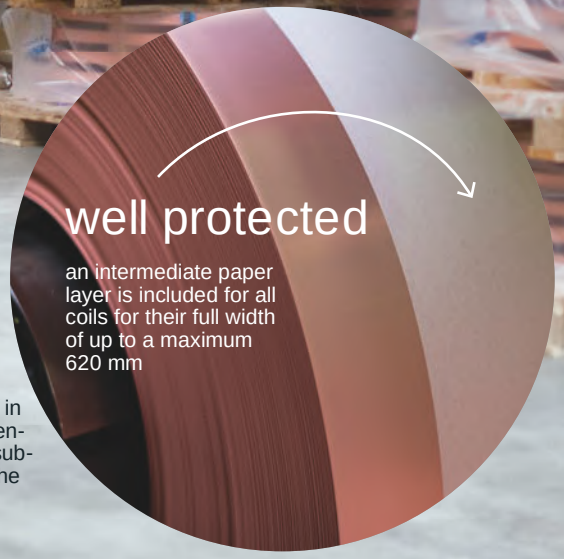
MEGA TREND

People want:
The right Material at the right Point in Time

NEW AT GESCO

FINELY PACKED

AIR-CONDITIONED FINISHED GOODS WAREHOUSE



well protected

an intermediate paper layer is included for all coils for their full width of up to a maximum 620 mm

impressive range and width

all customers receive their strip steel in the width and nish they want

100%

DELIVERY RELIABILITY

Pickhardt & Gerlach Group also impresses with rst-class service, in which technical advice and application technology play a key role. Whenever possible, every customer also receives a quote on the day they submit a request. Products are carefully packed to provide them with the best protection against moisture.

IN A WORD

Interview with Michael F. Hekhorn,
Managing Partner of
Pickhardt & Gerlach Group until 2017

**You have decided in favour of a complete sale.
Were there no alternatives for you to continue the company otherwise?**

My wife Gisela and I bought Pickhardt & Gerlach, a company with tradition, around 27 years ago. At that time, it was still in Werdohl. We faced the task of a fundamental modernisation. A key milestone was the relocation in 2000 from Werdohl to Finnentrop in the Sauerland region some 30 km away.

I'm 69 now, and my wife is two years younger. We look back on a wonderful period in our lives that involved a major investment in terms of money as well as time.

As neither one of us has any children, there was no possibility of someone from the next generation of our direct family succeeding us. Strip steel processing is a very specific and highly specialised line of business. In order to successfully run a company like this, you have to be passionate about our products. You also need in-depth experience in the industry and an entrepreneurial personality, you need to enjoy having contact with customers, and you need to have the courage to build a long-term attachment to a company located in the heart of the Sauerland region. No one within our extended family fit those criteria.

Being a gurehead goes against my grain, and I'm not a fan of doing things just halfway. Either I bear responsibility, in which case I live up to it completely, or I hand it over entirely. So to keep the company going with an outside managing director while remaining a shareholder was not an option.

What was the perfect moment for you for a sale?

The decision to leave the company was naturally not one that we made overnight. It was important to us to lead the company up until the day of the decision as if we would continue running it ourselves for the next 20 years meaning to continue investing to the degree that will be necessary for the future of the company. As a result, we completely refurbished the administrative building around three years ago and also made sure that the technology used in production was always in line with the state of the art.

What demands did you make of your successor?

1. Location commitment

In GESCO Group, we found a successor that shares our exact same values. The fact that GESCO will maintain the sites and strengthen them through systematic investments

Christoph Borges on acquisitions

You have been responsible for acquisitions for many years, and have done the same for GESCO since 2014. What is the most important factor for you in terms of a sales process?
The chemistry has to be right on both sides. It's the only way for a relationship of trust to develop. Many entrepreneurs nd themselves in the situation for the rst time of having to completely lay all their gures on the table. If the two parties don't understand each other at that point, then taking further steps is futile.

How do you manage to ensure the chemistry clicks?
I earned my degree in engineering. Technology is my passion. If a company grabs me, it shows. As a result, it's possible to connect really quickly on a technical level.

What would you recommend to a business owner who is looking to sell?
Don't procrastinate too long before taking the plunge. Putting it o helps neither the company nor the entrepreneur. Once you have made the decision in your head, there's a big temptation to let things slide. The longer this goes on, the more di cult a sale becomes.

CHRISTOPH BORGES
HEAD OF ACQUISITIONS
GESCO AG

matches precisely with our previous commitment. One of our priorities was to nd a successor that appreciates the rst-rate conditions, pledges to maintain them and thereby seamlessly picks up where we leave o with our e orts.

2. Maintaining jobs
We have established a high degree of automation in production, and we have a very lean administrative structure. For each additional employee, my wife and I asked ourselves whether the development of our business would allow us to employ the person in the long term. So we always acted in a very responsible manner with new hires. We wanted our potential successor to share this same sense of responsibility as well. GESCO has demonstrated for years that these jobs will in fact be maintained.

3. No mergers
We have a very lean, agile and exible administrative organisation. Our greatest concern during the search for a successor was that our commercial team might fall victim to possible centralisation e orts by a new shareholder. Our concerns related to the people who we greatly value, for one thing. Another aspect is our belief that the physical proximity between production and administration is key to success. By deciding in favour of GESCO, we were able to rule out this risk, because the "no merger" promise is an integral part of GESCO's set of values.

4. Continuation of business under the same name
Another aspect that spoke in favour of GESCO was its pledge to keep the company name. We acquired a company whose name we kept, even though it wasn't our own name. At the time, we felt it was important to preserve the brand and rmly anchor a promise of quality in the brand value. We therefore rejected the idea of selling the company to a shareholder who would have changed the brand name not for reasons of sentimentality, but from a business point of view.

Do you think you have found the best owner in GESCO?
Handing over the reins was admittedly a major challenge for me. My wife and I didn't have an easy time selecting potential successors. We concluded that we found the new owner in GESCO, which shares the greatest overlap with our ideal.

How were you led to GESCO?
We sought the assistance of a neutral advisor for the sales process. Among other things, the advisor established contact with GESCO and to be sure in line with our pro le of an ideal successor. My wife and I soon realised that GESCO understands how to successfully lead an SME.

IN A WORD

Interview with Robert Spartmann
Chief Financial O cer GESCO AG

What proved decisive for you in the purchase of Pickhardt & Gerlach Group?

GESCO AG focuses on acquiring established small and medium-sized production companies whose business model is characterised by technological USPs in their respective markets. Our target companies ideally have long-term positive economic development and a sound balance sheet structure. As an expansion of our resource technology segment, Pickhardt & Gerlach Group could not have been a better t.

However, we used more than just balance sheets and income statements to make the acquisition decision; we also focused in detail on possible business risks, the market and its potential development, the competition and, of course, opportunities. We looked for the proverbial y in the ointment and found nothing.

You want to acquire up to three companies a year. Pickhardt & Gerlach Group is the only acquisition in the past year. Why is that?

Our aim is the acquisition of up to a maximum of three companies per year. For several years now, the M&A market has been turning into a seller's market. This trend is also apparent with regard to companies within our focus. We are now being confronted with asking prices that we don't necessary share. In addition, sellers face new challenges after the sale of a company, such as the decision about investing the liquidity from the sale in the current interest environment, coupled with the tendency of banks to charge negative interest on balances above a certain amount. Business owners who have the option to do so are postponing a potential sale for these reasons.

Pickhardt & Gerlach Group was valued at a level that was still acceptable in our eyes. It was important to the former owners, the Hekhorn family, to leave their life's work in good hands. Our investment model o ers something priceless: avoiding criticism at the local level after the sale. This can happen if a buyer decides to relocate the business or the production site abroad, for example, or downsizes substantially. Another buyer might have perhaps o ered Pickhardt & Gerlach Group a higher purchase price and had their bid accepted if the Hekhorn family was only concerned about money. You don't encounter entrepreneurs like this every day.

Would you say that asking prices are too high at the moment?

Market development in recent years has led to rising valuation multiples, which means that even with pro tability remaining the same, the purchase price for a company is going up. We are seeing more and more situations where individual investors submit a bid for a target company with a signi cantly higher purchase price than the majority of the other investors involved in the process. The higher the purchase price is, the more challenging it becomes for a buyer to earn this purchase price with the acquired company in the years that follow.

We of course know the current price level on the market and meet it. In the end, every company acquisition amounts to a weighing of risks and opportunities. The higher a company is valued, the greater the assessment of opportunities for sales and earnings growth in future should be. Economic development in Germany paints an overall positive picture and the period of “cheap money” and limited investment opportunities for liquidity is still ongoing. All of this will continue to keep prices for companies at a high level.

The investments have been assigned to new segments as part of the PORTFOLIO STRATEGY 2022. What a ect does that have on your acquisition activities?

Within the scope of the PORTFOLIO STRATEGY 2022, we have structured our companies into four end customer segments. Through the years, we have developed expertise in these areas, and we are now placing our investment focus squarely on these four segments. As a result, we will consider acquisitions in all four segments. These possible acquisitions can take place on the level of GESCO AG, or they can be strategic company acquisitions made through our investments.

Of course, this acquisition strategy is not carved in stone. As part of our strategy meetings, we will repeatedly take a critical look at our acquisition activities and respond to market changes.

Companies with sales of € 15 million to € 50 million are one of your investment criteria. Why not bigger companies?

We are staying conservative and taking a risk-conscious acquisition approach. We could, of course, acquire a substantially larger company instead of three companies that t our target size. But an approach like this would not be in line with our risk strategy, so it is ruled out. As I explained before, every company acquisition amounts to a weighing of risks and opportunities. If massive problems arise at a substantially larger company after it has been acquired, it could have long-term negative e ects on the entire Group. Our objective is to further strengthen the Group with each acquisition. Negative developments at individual companies should not put the entire Group in jeopardy.

What steps are you taking to nd suitable, successful companies?

In some 28 years on the market, GESCO AG has developed an excellent reputation and established a large network that brings numerous companies available for sale to our attention. We also actively look for potential target companies ourselves. We do what is known as a “direct search” in the personnel consulting scene by researching companies that t our target pro le and then directly approaching the owners. We have established various contacts as a result and discovered in the process that people have an open mind when it comes to our long-standing business model. I believe that these committed e orts will pay o in the years ahead.

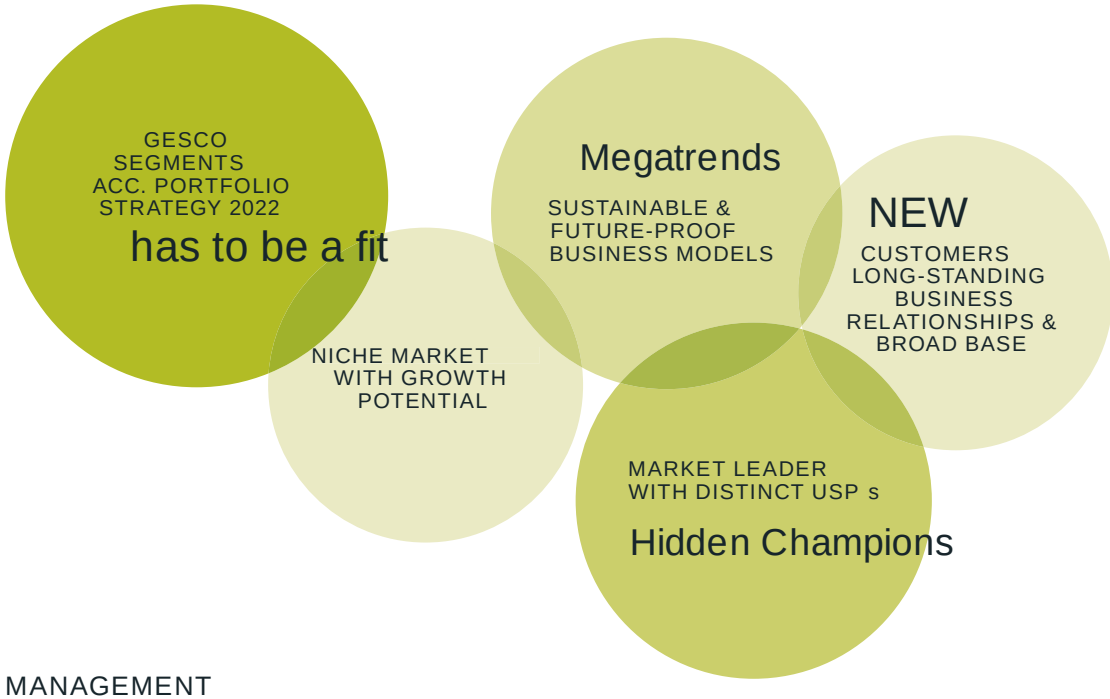
And there will be no change to the “no exit” strategy that GESCO is known for?

That’s correct. A sale, like that of Protomaster, is not in line with our established business model. For us, a sale remains the exception rather than the rule. We only consider taking such a step if we determine that we are unable to successfully support and assist a company moving forward. We are and will remain an investor with a long-term focus.

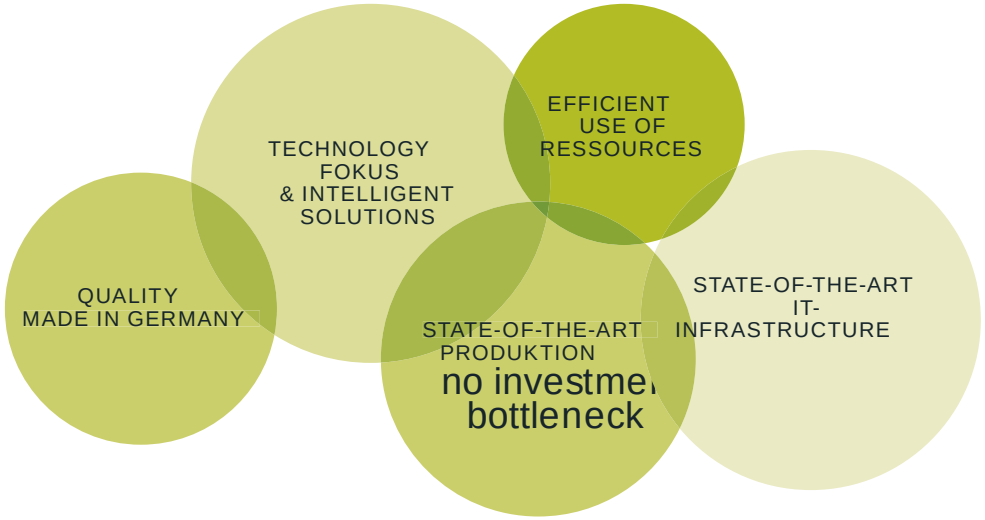
OUR TARGET COMPANY

ECONOMIC CRITERIA

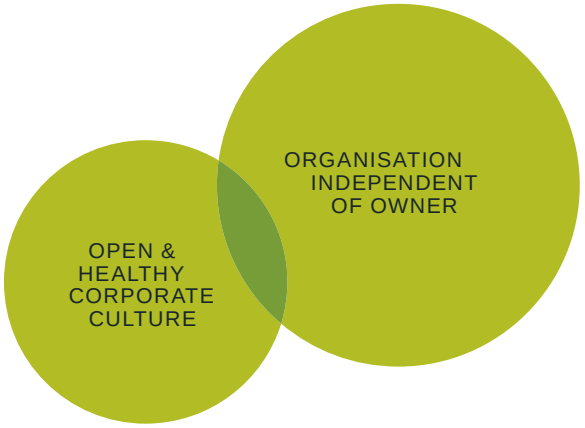
CRITERIA GEARED TOWARDS THE MARKET



TECHNICAL CRITERIA

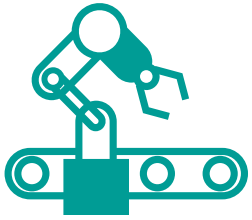


MANAGEMENT CRITERIA



RELAUNCH

01



SEGMENT PRODUCTION PROCESS TECHNOLOGY

Our Investments.

SEGMENT PROFILE

People want:
Individuality in Spite of
Mass Production

MEGATRENDS

Industry 4.0
Additive Manufacturing (3D printing)
Digitalisation
Batch size 1

RESULTING TRENDS

Growing Need for Investment in Machinery and Equipment
New Products thanks to 3D Printing Technology
Demand for individualised Products and Special Machinery
Automation and Robotics

MARKET CHARACTERISTICS

Dynamically growing Markets
High Degree of Innovation

TYPICAL PRODUCTS

Automation Solutions for the Mechanical Engineering and Plant Construction Industry as well as Technology-intensive Manufacturing Services

END CUSTOMER MARKET SEGMENTS

Industrial Manufacturers in Sectors such as the Automotive, Steel and Consumer Goods Industries who are Subject to high Competitive Pressure and have to compensate by Making Changes to the Production Process

PRODUCTION PROCESS
TECHNOLOGY

SEGMENT

01

IN A NUTSHELL

8

LOCATIONS WORLDWIDE

4

HIDDEN CHAMPIONS

€ 74.6 Mn.

IN SALES
(2016/2017)

458

STAFF
(31.12.2016)

(Germany) (Europe, excluding Germany) (World, excluding Europe)

4 4

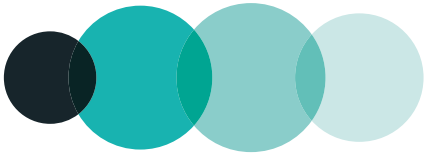
NUMBER OF LOCATIONS
SEGMENT
(2016/2017)

4

NUMBER OF COMPANIES & GROUPS
SEGMENT
(2016/2017)

15%

SHARE OF
GESCO SALES
(2016/2017)



18%

SHARE OF
GESCO STAFF
(31.12.2016)

CFK
erosiv | additiv | innovativ

CFK is one of the leading technological names in high-precision wire erosion and die sinking in Germany. What is more, the company is regarded as a pioneer in the field of selective laser melting and additive manufacturing, also known as 3D printing. Unlike conventional methods, this production process offers superior freedom of design and also allows small batches and one-off items ("batch size 1") to be manufactured economically. In the erosion segment, CFK deploys high-precision technology to produce domestic and foreign customers' parts, many of which are used in advanced safety and security systems. The items produced range from a few microgrammes to several tonnes in weight. CFK is a partner for a wide range of sectors, including aerospace, the medical industry and micro-technology.

€ 8.6 Mn.
IN SALES
(2016)
(€ 9.7 Mn.)

78.2 %
CAPITAL RATIO
(31.12.2016)
(64.9 %)

1
LOCATION

GERMANY
C.F.K. CNC-Fertigungstechnik Kriftel GmbH,
Kriftel/Taunus

66
STAFF
(31.12.2016)
(66)

PRODUCTION PROCESS TECHNOLOGY

SEGMENT
01

SHAREHOLDING GESCO
80%

SHAREHOLDING MANAGEMENT
20%

COMPANY FOUNDED IN
1986

ACQUIRED BY GESCO
2012

entrance area of the office building
in Kriftel/Taunus

DR-ING
CHRISTOPH OVER
MANAGING PARTNER

kesel
Werkzeugmaschinen
Spannsysteme

Kesel Group develops and manufactures machine tools with a focus on highly specialised milling machines for linear tooth profiles. Machines for the manufacture of bandsaws, which are used in industries such as metal processing and in milling tooth profiles for steering systems and drive components in automotive manufacturing, are a special product. The company also develops and produces clamping systems with a wide range of specifications, sizes and clamping forces. Kesel Group's customers are mainly companies from the steel, gear-cutting and automotive industries.

€,

(2016)

(€ 11.2 Mn.)

(31.12.2016)

(58.9 %)

(31.12.2016)

(60)

GERMANY (MAIN LOCATION)
Georg Kesel GmbH & Co. KG, Kempten
USA
Kesel North America LLC, Beloit
CHINA
Georg Kesel Machinery (Beijing) Co. Ltd., Bejing

idyllic yet well connected: the headquarters in Kempten (Allgäu)

MAE Group is a global leader in automatic straightening machines and wheel set presses for rolling stock. Groundbreaking innovations have enabled MAE to expand its global market position in both product groups and attract new customers. These activities are complemented by a standard range of manual straightening presses and special machines for joining, assembling, checking and forming. Major customer sectors include the automotive and automotive supply industry, railway vehicle manufacturers and maintenance workshops and the machine tools and steel industries.

€,

(2016)

(€ 44.4 Mn.)

(31.12.2016)

(39.2 %)

(31.12.2016)

(222)

GERMANY (MAIN LOCATION)
MAE Maschinen- und Apparatebau Götzen GmbH, Erkrath
USA
MAE Eitel Inc., Orwigsburg
CHINA
MAE Machines (Beijing) Co. Ltd., Beijing

modern headquarters in Erkrath

German Quality in Engineering

VWH specialises in automation technology and mould design. Its core competencies are the development and production of complex automated production systems, in-line systems for the manufacture of hybrid components and sophisticated injection moulding forms. The company's extensive experience in the networking of intelligent production systems, known as Industry 4.0 creates significant potential for the future development of the company. The main customer base includes the consumer goods sector, the automotive industry and its suppliers, the electrical engineering sector and the medical technology industry.

€,

(2016)

(€ 11.4 Mn.)

(31.12.2016)

(38.5 %)

(31.12.2016)

(109)

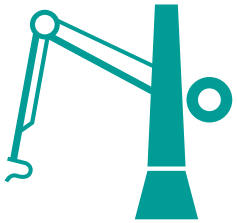
GERMANY
VWH GmbH, Herschbach

the site in Herschbach from above

Image: wire erosion at CFK

RELAUNCH

02



SEGMENT RESOURCE TECHNOLOGY

Our Investments.