

PRESS RELEASE

ARGONAS advises FEUER powertrain on EUR 146mn finance package comprising syndicated loan and private placement for further growth in Germany and Expansion into the US

Berlin, 20 January 2014

FEUER powertrain, European market leader for the OEM-independent production of crankshafts continues its strong growth and plans both the expansion of its production capacities at its headquarter in Nordhausen, Thuringia, Germany, as well as the launch of its first overseas operations in the USA. Thereby, in 2014 two new production lines with an annual capacity of about 450,000 crankshafts will start operating in Germany – from 2015 FEUER powertrain will then start production at its new US-site in Tunica, Mississippi with the first production line having an annual capacity of 300,000 crankshafts.

After completion of the planned investments, the total annual capacity of the group will exceed 2.5 million crankshafts with a total of nine highly automated production lines by which FEUER powertrain will further expands its leading position as a supplier of a broad range of engine manufacturers.

With its highly flexible and further increased production capacities, FEUER powertrain is a strong partner for customers from the car, truck, agricultural and industrial engine industries. The renowned customer base of FEUER powertrain includes, amongst others, AGCO, BMW, Chrysler, Cummins, Ferrari, GM, Jaguar, JCB, Liebherr, MAN, MTU and Volkswagen-Group.

In order to finance the next growth phase, FEUER powertrain has substantially expanded its financing structure while at the same time putting it on a new sustainable long term basis.

Key element of the new financing structure is a new syndicated loan in the amount of EUR 126 million across five tranches. Apart from a refinancing tranche for the former syndicated loan, the new syndicated loan facility comprises tranches for the planned investments in both Germany and the US as well as a revolving credit line structured as a “borrowing base financing” for the working capital requirements at both production sites. The syndicated loan was provided by the existing group lenders Commerzbank, HSH Nordbank, NORD/LB and Postbank. In addition, due to the increase in energy-efficiency resulting from the planned investments, KfW could be won as both financing and re-financing partner for the transaction. For the syndicated loan that was executed under a “Club Deal” process, Commerzbank and HSH Nordbank acted as Arrangers, with Commerzbank further acting as Bookrunner and as Documentation, Security and Facility Agent.

The new syndicated loan is supplemented by a long term private placement with Pricoa Capital Group, the investment arm of US-insurance group Prudential Financial Inc.*. The funds provided by this transaction amount to EUR 20 million and are used to refinance selected existing senior loans as well as to finance the early repayment of a mezzanine financing.

On both the overall financing solution as well as the individual finance transactions FEUER powertrain was advised by ARGONAS as independent corporate finance advisor – ARGONAS further initiated the private placement with Pricoa Capital Group. Heuking Kühn Lüer Wojtek acted as legal adviser.

*Prudential Financial, Inc. USA is not part of the group Prudential plc., which has its headquarter in Great Britain.

Oliver Wönnmann, CFO of FEUER powertrain, commented: "With the execution of these transactions we have laid the foundation for the first step in FEUER powertrain's internationalisation strategy while at the same time putting our financing structure on a sustainable basis for the further national and international growth of our Company."

Christian Berkhoff, managing partner at ARGONAS, added: "Via the combination of individual syndicated loan tranches with a synchronized private placement, a tailor-made financing solution could be developed for this next, important growth phase of FEUER powertrain. Pricoa Capital Group as a renowned, long-term oriented and financially strong debt investor in addition significantly contributes to the further diversification of the lender base. We are delighted to be able to support the impressive development of FEUER powertrain already for several years and across different transactions."

CONTACT DETAILS:

ARGONAS Corporate Finance GmbH
Luisenstraße 41
10117 Berlin
Contact: Christian Berkhoff
T: +49 (30) 92 27 13 39
E: c.berkhoff@argonas.de

SHORT PROFILE ARGONAS CORPORATE FINANCE GMBH:

ARGONAS Corporate Finance Advisors, headquartered in Berlin and with an additional office in Frankfurt am Main, is a specialized, independent advisory firm that supports particularly mid-market companies and their shareholders as well as private equity firms and family offices on transactions and projects relating to M&A and financing. The team of ARGONAS combines complementary experience in the areas financing, M&A and private equity which has been built up over many years with various roles at leading banks, advisory firms and investment firms.

Detailed information about ARGONAS is available at www.argonas.de