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Second Floor  
Sycamore House  
Sycamore Street  
London  
EC1Y 0SG  
T: +44 20 756 5444

## GermanCapital in Europe

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*A relative newcomer to the European mid-market, GermanCapital agreed its second deal last week. Robert Venes examines its short history to date.*

Last week, European LBO firm **Permira** sold its investment in **Calder Group**, one of Europe's largest producers of sheet lead and engineered lead products, for an undisclosed sum.

The buyers were London-based hedge fund **Cognis Capital Partners** and Munich-based **GermanCapital**, a relatively new entrant in the German private equity market.



*Jurgen Diegruber,  
founder and  
managing partner,  
GermanCapital*

Founded in August of last year by managing partner **Jurgen Diegruber**, GermanCapital sources its €165 million (\$197 million) capital mainly from **Ramius Capital Group**, a New York-based investment firm that manages more than \$7 billion in assets.

**Peter Cohen** and **Jeffrey Solomon**, managing partners of **Ramius Capital Group**, both sit on GermanCapital's advisory board, alongside **Georg Freiherr von Waldenfels**, formerly a cabinet member of the Bavarian Ministry of State for 17 years and currently a practising attorney at **Clifford Chance Pünder**.

Calder was GermanCapital's second investment since its establishment last year. In February, the firm acquired a stake in listed Swiss battery manufacturer **Leclanché** and, according to its website, is planning on taking the company private in due course.

A spokesman for GermanCapital says the firm saw an opportunity for efficiencies to be realised in Calder, a business that Permira has owned for the past eight years. "Calder is a well-run business, but we felt it could be strengthened further by streamlining its European operations," he says.

Although the Calder deal involved senior debt, provided by **Royal Bank of Scotland**, GermanCapital says the firm differentiates itself by aiming to put little to no debt into its transactions. "The Calder deal isn't typical of what GermanCapital will normally do as debt was involved, but we think that our proposition will prove attractive to mid-cap companies as they won't be pushed over the boundaries through leverage," says the spokesperson. "Instead, they have a true partner for the future development of the company."

GermanCapital has a team of eight investment professionals, operating out of its two offices in Munich and St. Gallen, Switzerland. Founder and managing partner Diegruber has an entrepreneurial background, and has worked in the investment sector since 1995.

Diegruber was a co-founder of Munich-based private equity firm **Gi Ventures**; **Academy**, a German driving schools group; co-founder and managing partner of Munich consultancy firm **Bossard Consultants**; and founder of **Ahorn-Grieneisen**, an industry holding in the German funeral services market

Despite foreign private equity firms having received very public criticism as 'locusts' in Germany in the recent past, the spokesperson says that the firm's name is "not in any way a comment on what private equity funds do to national economies".

The firm, says the spokesperson, principally invests in the European mid-market, injecting capital into companies with turnover typically between €30 million and €150 million. GermanCapital has, he says, the capacity to invest outside of Europe, although it has yet to do so as yet.

Given the pedigree of its founder Diegruber, and its partnership with US firm **Ramius Capital Group**, GermanCapital may well achieve its international aims in the future.