



Restructuring and Acquisition
as well as Exclusive
Sell-Side Transaction Advisory of



between
November 2011 – August 2013



Acquired by
Dongkook Industries Co., Korea
KDK Automotive GmbH





ICS PARTNERS has successfully completed an 18-month restructuring of Innovative Components Technologies Group (ICT). The sale of the company to the Korean Dongkook group of companies confirms ICT's future Asian orientation and makes the company part of an international industrial corporation with an existing automotive business.

Zug (Switzerland) / Essen (Germany), 18 September 2013 – ICS PARTNERS GmbH (ICS) specialises in acquiring and operating companies finding themselves in unique situations, and focuses on complex corporate transactions. The ICS team consists of experts with proven investment and transaction expertise and of experienced professionals with pertinent industry knowledge. One of ICS' focal areas is the automotive industry.

Given this industry specialisation, ICS, in November of 2011, took on the restructuring of the ICT Group (previously KP Germany GmbH), an automotive group with five production sites. Carsten Paris, an ICS founding partner, and Jörg Gregel, an ICS associated operating partner, assumed executive posts, Carsten taking on a combined CEO/CFO position and Jörg becoming COO. Additional key posts on the second management tier were filled by ICS team members. Core aspects of the restructuring strategy specifically involved renegotiating current contracts with OEMs, significantly increased sales activities, and the acquisition of profitable new contracts. It also included a program aimed at continuous process improvements, efficiency increases, focusing the various sites on their respective core competences, and realigning the organisational structure to reflect clear accountabilities and transparent structures in finance and controlling.

In order to execute the restructuring, ICS purchased and carved out the ICT Group, ranked 9th in its market, from Wayzata Investment Partners' Key Plastics Group in February 2012 and turned it into an independent company. Following this purchase, ICS split off the Kierspe plant in the course of the restructuring process by conducting a management buy-out. Ingo Zemke, ICS' founding partner and MD, remarked, "This quick follow-up transaction to our purchase moved ICT firmly into the segment of interior part producers. With its remaining plants in Lennestadt (this includes the technology and development centre) and in Wächtersbach, both in Germany, and in Tachov in the Czech Republic and Borja in Spain, ICT can now focus on producing much more complex decorative and kinematic parts and/or modules for car interior applications." ICT's core business comprises centre consoles, luggage compartment systems, belt height adjusters, interior door handle assemblies, and decorative and functional interior parts.

To be able to conduct a credible reorganisation of ICT's loss-making legacy business, ICT's management in July 2012 utilised the very recently created insolvency under self-administration (*Insolvenz in Eigenverwaltung*) according to ESUG (law to alleviate company reorganisation; effective 1 March 2012). The local district court in Siegen appointed Counsel Stephan Höltershinken, a proven automotive expert, as temporary trustee.



Given the novelty of the process and its unique conditions, all important parties concurred that management's request be granted to continue the process as a regular insolvency. This was subsequently successfully concluded by the sale of ICT's operations and the company's solvent foreign subsidiaries. Jörg Gregel commented, "Our chief customers Volkswagen and General Motors hardly noticed this insolvency because even during this difficult phase we were able to deliver reliably and to fully maintain quality."

The sale of ICT to Dongkook Ind. Co. of Korea, the company that prevailed from among 15 interested parties in a sales process managed and overseen by Mummert & Company M&A, has an experienced industrial investor with automotive expertise getting on board. Dongkook will not only invigorate ICT as an important European market participant but also open up the Asian growth markets. With the transaction completed, Counsel Stephan Höltershinken explained, "The complete transparency presented to all clients, suppliers, and business partners right from the start and the excellent work by and with ICS and its management team at ICT were the relevant building blocks in reorganising ICT and creating future prospects for the company." Dongkook Ind. Co., ICT's purchaser, is an industrial investor known to clients from former collaborations in Asia.

"This transaction is a very important forward step for ICT and explicitly underlines ICS' restructuring skills in transactions and in operational management," says Carsten Paris. "Complete transparency and open communication vis-à-vis banks enabled us to not only maintain existing financing but even expand it. By the same token our banks made no losses." ICS expects to do a number of similarly sized restructurings in the years ahead, especially in the automotive industry. "Our transaction and contextual restructuring expertise combined with our financing proficiency enables us to facilitate new starts for companies and engender the required trust with partners and owners and OEMs," said Jörg Gregel and Ingo Zemke when the ICT transaction had been concluded.

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About ICS Partners GmbH

ICS PARTNERS GmbH is a specialised, independent investment and portfolio management company focusing on industry concepts, complex transactions, and restructurings in upper *mittelstand* companies involving transaction amounts starting at € 10 million. The company is wholly-owned by its partners. The team comprises proven investment and transaction experts and professionals with restructuring and industry expertise. All team members have a profound numbers sense and employ a hands-on approach based on their own business insights or management experience. ICS is an active investor focused on long-term improvement of a company's earnings power. This includes growing equity through accumulation and reinvestment and avoiding excessive financing by way of credit or through sale of assets. ICS' work is characterised by flexibility, speed, and reliability.

www.icspartners.net

About Innovative Components Technologies GmbH

Innovative Components Technologies GmbH is an innovative German systems supplier of plastics components developed and produced in certified and audited processes in plants in Germany, Spain, and the Czech Republic. ICT supplies the automotive and other industries, and its powerful development division designs solutions for its clients. The company is ranked ninth in its market segment, employs some 1,500 staff, and generates sales revenue of more than € 200 million. ICT will be known and operated as KDK Automotive GmbH in future.

www.ic-tech.eu / www.kdkautomotive.com

About Kanzlei Höltershinken & Kollegen

The commercial law firm of Höltershinken & Kollegen maintains offices in Minden, Bielefeld, Schwerin, Hanover, and Hameln. The law firm is known for comprehensive expertise regarding restructuring advice and receivership & administration of companies and has been working in these areas for more than 15 years. Other fields of activity are company law, labour law, tax law, business law, and criminal law.

www.sh-inso.de

About Dongkook Ind. Co. Ltd.

Dongkook Ind. Co. Ltd., founded in 1955, is active in Korea and China manufacturing plastic parts for use in the automotive industry. The company is part of KB International Group, whose affiliates manufacture air conditioning systems and radiator systems for the automotive industry and are involved in metal processing and special steel tube production. The corporation's total turnover reached about € 1.5 billion in 2012.

www.dongkook-ind.co.kr