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Wintergerst assists the takeover of SHW Werkzeugmaschinen by a southern German family-owned corporation

Wintergerst Societät für Unternehmer-Beratung assisted the international competitive transaction process for SHW, a traditional German firm, and brought it to a successful conclusion.

It is intended to retain the location in Aalen-Wasseralfingen and all the jobs at the innovative manufacturer of plant and machinery.

SHW Werkzeugmaschinen GmbH is a mid-cap engineering firm based in Aalen-Wasseralfingen, Baden-Württemberg. Its focus lies on the development and manufacture of large machining centers with extremely long axes. The company employs around 280 staff in the group, spread among the headquarters in Aalen-Wasseralfingen and the distribution and service branches in China, India and the USA.

In May 2018, the management of SHW Werkzeugmaschinen GmbH applied for insolvency proceedings from the Local Court of Aalen as outstanding payments for a major contract in China, the sharp decline in business in Russia and the up-front finance needed for project business had placed a heavy burden on the liquidity of the renown manufacturer of machine tools. The insolvency administrator, Martin Mucha from the law firm, GRUB BRUGGER, managed, with support from Wintergerst and the management, to stabilize the operation and continue working on existing

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projects for customers. Happily, a number of new orders were received during the insolvency proceedings. Moreover, Wintergerst assisted the realignment of the business model and helped derive a new corporate strategy. The lawyer, Mr. Mucha, also initiated a structured M&A process, awarding the exclusive engagement to execute the process to Wintergerst Societät für Unternehmer-Beratung.

The broad reach of the investor search, which involved addressing both national and international strategic investors as well as financial investors, proved to be challenging on account of the very tight timeline and the prevailing holiday season. After conducting a number of promising negotiations with many, mostly international parties, a family-owned corporation based in Munich was found as a suitable partner for all parties. It acquired the SHW Werkzeugmaschinen Group via its investment holding, SFO. The SFO Group has many years of experience in restructuring mid-cap companies, especially in the engineering sector. The parties have agreed to keep the price confidential. The purchase agreement takes effect retroactively to 1 September 2018. Consequently, the acquisition of the SHW Werkzeugmaschinen Group was concluded prior to the start of the AMB 2018 trade fair in Stuttgart, which is seen as the flagship event for the metal-working industry.

In addition to the operating business of SHW Werkzeugmaschinen GmbH, SHW Werkzeugmaschinen Service GmbH and SHW Bearbeitungstechnik GmbH, the premises in Aalen-Wasseralfingen were also sold in the deal.

“The intensive restructuring measures initiated over recent months have borne fruit and resulted in a successful conclusion for all involved. With Wolfgang Schepp and Dr. Boris Liffers from the SFO Group at the helm,

two proven experts in heavy engineering have taken control at SHW," states Mucha, the insolvency administrator.

Volker Wintergerst is also happy that a purchase agreement could be signed in time for the AMB fair, "The business model needed a lot of explanation, yet the time available was extremely challenging. With SFO we found an investor who is, professionally, in total command of the transaction process and was thus able to close the deal in a very short time." His partner, Christian Kunz, adds, "Due to our expertise in the field of engineering we were able to address many investors at a very early stage and look after each of them in the best way possible. This provided the needed assurance for the transaction."

"We are amazed by the technological competence, the power conveyed by the brand, and the massive potential of the business model of SHW Werkzeugmaschinen going forward. To have one of the founding fathers of the German machine tools industry in our portfolio makes us very proud," says Wolfgang Schepp, general manager of the family holding. His partner, Dr. Boris Liffers adds, "We are familiar with acquisitions of insolvent companies and know that we must first stabilize the company. However, together with the highly-motivated workforce and a base of major customers, we would like to bring the operation back to normal as soon as possible."

Law firms/business consultants involved in the M&A process:

Insolvency administrator: Grub Brugger (Martin Mucha, Sebastian Schäfer)

M&A consultants: Wintergerst Societät für Unternehmer-Beratung (Volker Wintergerst, Christian Kunz, Benjamin Hawelka, Jonathan Plappert)

Legal counsel of the vendors: Menold Bezler (Jost Rudersdorf, Dr. Axel Klumpp)

Legal counsel of the buyers: BBL Bernsau Brockdorff & Partner (Peter Jark)

About Wintergerst Societät für Unternehmer-Beratung GmbH & Co. KG

Wintergerst Societät für Unternehmer-Beratung GmbH & Co. KG, Stuttgart and Hamburg, is a firm of consultants that is specialized in serving mid-cap family-owned companies. Its business focus lies on assisting corporate transactions, restructuring companies, realigning business models and finding structural solutions to succession issues. It regularly draws on industry experts with many years of experience in the respective industry. www.wintergerst.com