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Case Studies

Wincor Nixdorf: Successful in difficult times

Turning an east Westphalian family business into a darling of the stock exchange: With the support of Kohlberg Kravis Roberts (KKR) and Goldman Sachs Capital Partners (GSCP), Wincor Nixdorf succeeded in becoming autonomous, after the company had been separated from Siemens. Furthermore, the company got itself enlisted in the stock exchange and managed to do so at a time when other IPOs were called off, one by one. In 1952, Heinz Nixdorf had launched Nixdorf Computer AG in the city of Paderborn, Germany, and this would prove to be the beginning of a true success story: By the mid-eighties, the entrepreneur had developed his east Westphalian family business into the fourth biggest computer corporation within Europe.

Four years after Heinz Nixdorf's death, Nixdorf Computer AG was taken over by Siemens AG in 1990, resulting in a company called Siemens Nixdorf Informationssysteme AG. However, after a stretch of nine years as part of the Siemens group, Siemens decided to let go of its subsidiary company, for reasons of a return to the corporation's core businesses. Subsequently, KKR and GSCP took over the company in October 1999 and renamed it to Wincor Nixdorf.

Investors were queuing up

While being part of the Siemens group, Wincor Nixdorf had earned substantial profits. As a consequence, the splitting-off and sale of Wincor Nixdorf in 1999 caused quite a stir – there were approximately 30 contenders with serious buying interest.

At the end of the selection process, the final choice was a team of investors, KKR and GSCP. They scored not only because of an attractive bidding price, but in particular, because of their convincing concept for the future of Wincor Nixdorf. Right from the start, KKR and GSCP had been willing to enter into an agreement with the Wincor Nixdorf management, on the preparation of an IPO. Management knew: Investors would not remain involved with the company indefinitely, and enlisting Wincor Nixdorf in the stock exchange was the perfect method for ensuring the largest possible degree of company independence, afterwards.

A successful co-operation

It took the Wincor-Nixdorf Management, KKR and GSCP five years to jointly make the company ready to go public. Johannes Huth, KKR's head of Europe, comments: „When we took over the company from Siemens, Wincor Nixdorf was focussed on the German market. Therefore, there was great opportunity for growth abroad, in particular in the US and in Asia, but also in the remaining European countries. We have vigorously supported Wincor Nixdorf's course of expansion and have actively participated in the funding of numerous acquisitions. And especially in the US, Wincor Nixdorf has been able to attract new customers through existing KKR and GSCP business networks.“

Alexander Dibelius, Head of Germany for Goldman Sachs, adds: „The range of products, too, offered chances for expansion: With our assistance, Wincor Nixdorf's offerings were broadened and a whole new division for "IT-Services" was added. Apart from such practical help, KKR and GSCP also provided managerial know-how, by acting as sparring partners in financial matters.“

All goals agreed upon had been met, by the beginning of 2004. Therefore, there were no further obstacles on the way to going public – apart from the general, poor state of the economy. At that time, virtually all other IPOs were cancelled, only Wincor Nixdorf went ahead. Eventually, in May, KKR and GSCP sold the majority of their shares. With 41 Euros per share, however, the price achieved was at the



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lower end of the range envisaged. When KKR and GSCP sold the remainder of their shares eight months later, share-prices had risen to 60 Euros.

IPO in the face of a poor economic climate

Over their five years of involvement with Wincor Nixdorf, KKR and GSCP have witnessed a 100 percent increase in company staff, equating to more than 3,000 newly created jobs. Moreover, company turn-over was increased by 20 percent and the operative result was improved by more than 50 percent. World-wide market shares were raised from 18 to 25 percent – the company has improved its world-wide ranking from position 7 to position 3, with respect to ATMs, and from position 4 to position 3, with respect to POS systems.

Throughout all five years of their co-operation, the two investors and their portfolio company maintained a good working relationship - and still do so, right up to today. For instance, Johannes Huth was the chairman of the Wincor Nixdorf supervisory board until the beginning of 2007, and GSCP (represented by Alexander Dibelius) remained on the same panel for more than a year after Wincor Nixdorf had gone public.