

Bathed in glory

Cross Equity buys spirella

spirella is one of Europe's leading bathroom equipment supplier with its fashionable products such as bathroom accessories, bathroom textiles and shower curtain rods available in 65 countries. Based in Zurich, Switzerland, the company has now been bought by Swiss lower mid-cap specialist Cross Equity from German household products manufacturer Leifheit AG. spirella chief executive officer Ernst Kraft believes that joining hands with Cross will only better prospects for both companies

Cross Equity's recent buyout of spirella for an undisclosed sum should be seen as a prelude to the private equity firm's quest for more lucrative future investment opportunities, say company senior management.



Michael Petersen



Markus Reich

Cross Equity – top of the league

With its fashionable and trendy products such as bathroom accessories, bathroom textiles and shower curtain rails, spirella is a world-renowned brand and Europe's leading bathroom equipment supplier.

Established in 1958 and with headquarters in Embrach, Zurich, the company generates a turnover of some CHF 70 million with more than 180 employees and subsidiaries in Germany and France. spirella's products are exported to more than 65 countries. Its team of designers and product developers are known to identify new trends in colour, materials and design in the world's most important fashion centres as well as spot out trends and inspirations in today's sport and wellness field leading to product innovations and a bathroom collection that is counted among the most creative and fashionable in its field.

Cross Equity's managing partners, Michael Petersen and Markus Reich, are pleased of their acquisition and believes spirella's pedigree and future potential makes it a perfect buy.

"spirella is an ideal investment for us - a well managed, profitable SME with a strong market position, coherent growth strategy and motivated employees," says Petersen. "We are aiming for a profitable expansion for spirella across Europe.

Cross Equity mainly invests in leading and profitable SMEs in growing, traditional industries such as engineering, mechanical engineering, industrially manufactured products and services. To date, the Cross Equity team has successfully invested in 26 companies in the German-speaking region of Europe.

Reich says: "spirella is the European market leader in bathroom accessories, with a dominant position in Switzerland and in Austria. We expect this sector to display a maintainable growth in the coming years through the positive trend towards private wellness.

"On this favourable ground, spirella is expected to gain further market share through the launch of new products targeting specific consumer needs, such as products for Golden Agers. As such, the growth potential of spirella in Europe is very promising - particularly in Germany and Eastern Europe - and it will be promoted by leveraging on the assets that enabled it to become the market leader namely the top quality of its products, innovative design, efficiency in its logistics, and indeed the entrepreneurial spirit of its management."

Petersen says the securing of the participation to spirella's supervisory board of three recognised entrepreneurs and industry experts from the Cross Equity network has also been good news for his team. Speaking on their appointment, he says: "They will bring new ideas to enhance the sales growth and to inject additional dynamics within the Company. Cross Equity will actively support spirella, through its network, industrial know-how and capital." Funds advised by Cross Equity acquired the majority stake in spirella leading to a minority stake for spirella management.

"We do not plan to undertake any change in the management team," Reich elaborates. "Along the acquisition process, we have built trustworthy relationships with chief executive officer Ernst Kraft and his team, who achieved great results in the recent adverse market conditions through their competency and professionalism. Management is excited about

the new perspectives offered by Cross Equity, all the more so as they will be directly rewarded through their stake in the capital. The headquarters will remain in Embrach, close to Zürich and the headcount of 180 employees is expected to further grow in line with the business."

Kraft is equally enthusiastic. He says: "Fashion for the bathroom - that is the business we are known for and are the leaders in. We will expand this position further with the help of Cross Equity and make use of our new development opportunities and strategic possibilities."

Established in 2008 by a long-term team of former 3i senior managers, Cross Equity combines entrepreneurial and industrial experience with extensive private equity knowledge for buy-out transactions and selected minority investments. It offers capital, industrial expertise and an extensive network to mid-sized companies in the context of succession solutions or corporate spin-outs. Both Petersen and Reich see the spirella acquisition as part of a larger plan to invest in companies, which it sees potential in.

"Spirella is already Cross Equity's second investment though the final closing of the fund is due only in November 2010. This is an important milestone for the value of the fund, but we have other very good potential targets in our deal flow," says Petersen. "Against the background of a weakening economic environment, picking the winning companies will become more challenging and we expect holding periods to increase. Indeed, for Cross Equity an important factor to drive the value of its investment will continue to be its active and close board involvement." **fi**