

ACQUISITIONS ARE AN EFFECTIVE TOOL  
TO ACHIEVE SUSTAINABILITY GOALS

## GREEN AND SMART THROUGH M&A



by Dr. Jürgen Kuttruff, November 2022

published in INDUSTRY.forward Jahrbuch der Industrie HAKAHAKA 2022

» Due to climate change, we urgently need an industry whose goal is "net zero". But this also requires massive investment. At the same time, there is a volatile political and social climate characterized by inflation, supply chain issues and skilled labor shortage. How can companies and investors manage these trade-offs? «

In our rapidly changing world, companies must develop future-oriented strategies and continuously adapt them. This includes M&A as an integral part of corporate planning. By acquiring technology and know-how, companies can respond faster and better to the challenges of our time, which include energy dependency, inflation and achieving climate neutrality.

The effects of climate change are becoming increasingly apparent. Companies are under pressure to find ways to reduce emissions and become more sustainable. Evidence shows that failure to do so leads to lower growth and more difficult access to capital. One option is automation as an "enabler": streamlining operations and reducing the ecological footprint.

An example of a successful "net zero"-motivated M&A strategy are the acquisitions of FuelCon in 2018 and Bexema in 2021 by Horiba, both of which we were able to accompany. Horiba is known, among other things, for its exhaust emission test benches for combustion engines, whereas FuelCon develops and manufactures test benches for batteries and fuel cells and Bexema produces test equipment. Given the transformation of the automotive sector towards electric vehicles, this is Horiba's way of taking the leap into the mobility of the future.

Achieving carbon neutrality is a defined goal. Horiba expects further growth not only in the field of e-mobility, but along the entire energy chain, according to Dr. Robert Plank, President of Horiba Europe (author's note: translated from German): *»With the acquisitions of Fuelcon and Bexema, we have invested heavily in the areas of battery and hydrogen technology [...]. While we are primarily supporting developments in battery storage technologies with Bexema's power electronics, we are making an important contribution to overcoming the current energy shortage – and thus to the energy turnaround – with Fuelcon's test systems for hydrogen production and use. [...] Particularly in [...] the shift from fossil fuels to sustainable hydrogen as an energy supplier, I see objectives that I would like to support.«* As a publicly listed company, Horiba also formulates these objectives concretely for investors along the UN's Sustainability Development Goals (SDG) and Environmental, Social and Governance (ESG) criteria.

We are noticing that the importance of ESG criteria and the orientation of business models to the SDGs are increasing, especially for financial investors. More and more funds are investing exclusively in companies that develop sustainable and decarbonizing technologies. Companies that are oriented towards ESG criteria and "green"

companies are therefore becoming visibly more attractive and thus more valuable for investors. With this in mind, we expect that these criteria will also be considered more and more in due diligence processes in the future.

M&A processes are complex and time-consuming, and there is always a risk of cutting the wrong deal. Nevertheless, we know that acquisitions are an effective tool for companies to achieve their sustainability goals. An experienced M&A advisor can provide optimal support in acquiring the skills to advance toward the goal of net zero, as we successfully demonstrated with Horiba-FuelCon.

## About the author

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Dr. Jürgen Kuttruff is an expert in successful mid-market corporate transactions and Managing Partner at Aquin & Cie. He previously headed the world's leading security business unit at Infineon AG. He shares his expertise in the field of mergers & acquisitions at the University of St. Gallen and ETH Zurich as a guest lecturer.

## About Aquin

### In-depth industry knowledge

Aquin has specialized in the automation industry for more than 10 years with a number of successfully completed transactions. The automation team at Aquin is led by Jürgen Kuttruff, who was also previously responsible for sensor technology at Infineon. Acquisitions ("Who buys whom, why and for how much?") are continuously analyzed.

### Direct contact with decision-makers

Aquin works successfully with leading large companies, medium-sized companies and financial investors and has access to the decision-makers of companies in the automation industry.

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