

Interest in Germany grows among Arab investors

Firm set to conclude two deals for Arab investment in Germany by this year end **Attendance of Arab businessmen increases to 150 at this year's investor conference on Germany** FCF to open office in UAE in the second half of this year **Focus is on mid- to small segment**

Underterred by the crisis in the euro zone, Arno Fuchs, CEO, Fox Corporate Finance (FCF), is upbeat about bilateral investment between Germany and the Middle East. "There is never a wrong time. Germany is a large economy in Europe - conservative, stable and driven by family businesses," he said. "There is a high connect between the Arab and German business world - it is family-driven. Arab investors appreciate a long-term approach and are driven by content. Interest with respect to Germany is growing."

FCF seeks to cater to the 'untapped' mid- to small-cap segments for investment opportunities and plans to open an office in the UAE in the second half of this year, said Fuchs.

—The euro zone crisis having hit confidence hard, do you think this is the right time to promote investment from this region in Germany?

—There is never a wrong time. We organised a conference for investors here for the second consecutive year. Last year, we had about 100 investors and this year we had 150, which shows that interest in Germany is growing. These investors come from sovereign wealth funds (SWFs), government-related entities, the private equity sector and from very big families in the region.

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Arno Fuchs CEO, Fox Corporate Finance

Fuchs is responsible for the strategic direction and positioning of FCF. Before founding the company, Fuchs was managing director and junior partner at the German investment banking boutique Viscardi, where he headed the technology team. He has held various positions with SG Cowen and JP Morgan and is a supervisory board member of selected European companies. Fuchs has an MBA in Finance from Pace University, New York, a Bachelor's degree in Finance from Florida Atlantic University, Boca Raton and gained his Vordiplom in International Business from Private Hochschule für Internationales Management, Bad Homburg.

driven by content, not salesmen. Interest continues and we expect it to grow further.

—What is driving this interest?

—It is a stated objective of the government here to diversify the economy. The German economy, on the other side, has almost no energy component. That is exactly what investors from the Arab world want - German technologies,



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products in general, industrial products manufacturing businesses coming to the region. While US companies have been around, Germany was not around as much. That is happening now.

—Which sectors in Germany would be attractive to investors here?

—Anything related to raw materials, metal processing, tourism, packaging, retail, paper related, plastics and petrochemicals.

—FCF has been active in the Middle East since 2008. What investments have you roped in from here?

—We have been coming to the region for almost four years. We have quite a strong network now with access to most big investors here. We want to offer the network to German companies that want to come here. So far, we have not closed a transaction in which an Arab investor would buy a stake in a German company. That is because the cross-border level of interest in the small- and mid-cap sector has not been high up to this point.

Very large German companies such as Daimler Chrysler have been here for long. Big transactions have happened here in the past. What we are doing now is helping to prepare a second wave of investments, focusing on small- and mid-cap companies, which range in size from \$50 million (Dh183m) to \$1 billion in revenues.

We are expecting to close two deals

involving investment from this region to Germany by the end of this year.

When we started business, our primary objective was to have Arab investors invest in Germany. Now, in Germany, we are getting interest from companies asking us to help them identify their strategy for the Middle East or put them in touch with the right conglomerate. So over time, we will work both ways.

Another area where we would be working is in advising local companies with respect to local financing strategies. —Given that the region already has a high presence of companies advising corporate firms, what would be your edge?

—A majority of companies in this region are basically financed with bank loans and equity from shareholders. If you look at a comparable company in Germany, you can find up to 18 different ways in which to finance that company, [but] these are hardly used here. From that perspective, we are bringing a lot of knowledge and help.

We want to be successful over a long period. The most important step for that is to have a long-term conservative approach and establish relationships with people here. Whether we close a transaction today or in the short run is not relevant.

Interview by Shveta Pathak