

UK CASE STUDY: CALACHEM



Situation

- Subsidiary of 3i-investment KemFine
- Potentially large UK pension problem (£50m deficit)
- Cyclical market dynamics
- Underinvested, unprofitable, unloved
- Reason for sale:
 - Preparation of 3i-investment KemFine for exit

Complication

- Because 3i/KemFine did not believe in a successful transaction, all customer contracts were cancelled

Solution

- AURELIUS reached a long-term agreement with pension trustees to mitigate the deficit problem
- AURELIUS took a long-term investment view to win back the cancelled contracts and find new customers



AURELIUS Success Factors

- Operational approach
 - Question mark remained as to whether lost contracts could be won back: Possibility of severe restructuring was acceptable for AURELIUS
- Investment focus
 - Long-term agreement with pension trustees acceptable
 - Win-back of cancelled contracts takes time
 - Cyclicity was manageable