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## COMPANIES UK

# The chief's progress: All eyes on Halusa

Private equity houses are watching with interest to see how the new-generation Apax boss follows the tough act of Sir Ronald Cohen and handles succession issues, writes Peter Smith



### PRIVATE EQUITY

Martin Halusa has reached the top of the Apax pyramid.

The 49-year-old Austrian, elected last year as worldwide chief executive, took up the job at Apax Partners this year.

He succeeded Sir Ronald Cohen, founder, industry statesman and driving force behind a famous private equity brand.

This was, by any measure, a tough act to follow.

The new chief's progress is being watched with interest by colleagues, investors and rival private equity houses, many of which are grappling with succession issues of their own.

Speaking for the first time about his new role, Mr Halusa is keen to lay out his credentials.

He was elected "unanimously and anonymously" by the 21 Apax partner shareholders.

He has been with the group for 15 years and

helped found its German business, home of some of Apax's best investments including Dialog, the semiconductor group, and Xerium, a supplier of products to the paper industry that is about to float on the New York Stock Exchange.

"This is not a completely new experience," he says. "Clearly, I have a different style from Ronald Cohen, who started as a one-man show and took the firm worldwide."

While Sir Ronald, executive chairman until next year, is a patrician figure within Apax, Mr Halusa represents the next generation of rising talent.

"I am part of a team that will help take Apax to the next level," he says.

To reinforce the point, Mr Halusa, sitting in the group's Portland Street office near Oxford Circus in London, is flanked by two colleagues.

They are Michael Phillips, head of the German operation, and Richard Wilson, head of the IT and telecommunications teams in Europe.

Investors say Mr Phillips and Mr Wilson are among Apax's strongest dealmakers.

**Apax PARTNERS** Apax France

UK Germany Spain Italy US Israel

- More than \$12bn under management worldwide
- Since 1995, it has floated 52 companies on stock markets worldwide
- Invested in more than 500 companies
- Employs more than 160 investment professionals

**European funds**

- 1999 Apax Europe IV €1.8bn
- 2001 Apax Europe V €4.4bn
- 2004 Apax Europe VI\* €4.5bn

\* Currently being raised and capped at about €4.5bn

Martin Halusa  
chief executive

Source: company

The trio are well-versed in the Apax mantra.

The group, unlike nearly every other private equity house, has a "balanced fund" structure, investing in buyouts and early-stage market segments that track different cycles.

Apax also hopes to emerge as one of the industry's few big global private equity groups. While that plan was put in motion under Sir Ronald, there is still some way to go.

Last month, Apax's latest fund was launched, raising up to €4.5bn (£3bn) but it will be devoted to Europe.

"One day we hope to raise a global fund covering all the countries we are active in," Mr Halusa says. "There are not that many European firms that can build a major footprint in the US."

He adds: "But you have to get the fundraising cycles coordinated. The US is behind us, because their fund is less invested. It has a successful venture business and we would like it to develop into a more balanced fund structure."

Mr Halusa says: "Michael [Phillips] and I were the two

founders of the German office and we merged with the UK in 1999. We have now also merged with the US and Israel."

France, however, remains independent. "There is no doubt that France will join us. There is no discussion on that. They are the last ones to join. The only issue is timing."

One former colleague says Mr Halusa has an open door policy, that he is not hierarchical and has a different style from Sir Ronald.

"Martin is very open-minded and he wants more involvement from the other teams," he says. "Martin can't compete against Ronald."

Born in Bangkok, Mr Halusa spent many years travelling the world as the son of a diplomat, living in Paris, Washington and India.

He speaks English, French and German, and began his professional career at the Boston Consulting Group in Germany, before joining Swarovski, the Austrian crystal group, and later Apax.

He has an MBA from

Harvard and a PhD in economics from the University of Innsbruck.

Succession within a private equity group can sometimes result in talented and hungry executives splintering off to set up on their own.

The launch of a new fund, which has a 10-year life, inevitably forces executives to consider whether they want to be locked up for a further three to five years.

Mr Halusa is keen to stress that Apax has a happy workforce and talent has not fled.

"We have managed succession . . . we have coalesced,"

he says.

The challenge for Mr Halusa has been to take on a bigger managerial job, he says.

"All the building blocks are there and the challenge is to take us to the next level of performance. There is a difference between doing deals and taking on a bigger managerial role but what an opportunity to do it at Apax."

While some private equity rivals have been tentative with early stage investing, Apax has been busy.

"In the past 18 months, we have been furiously invest-

ing in the tech business. And we have put capital into more than 10 companies."

These include Web Clients, an online marketing company in the US, and Iris Financial Systems, a provider of financial software solutions for the investment banking industry in the UK.

Apax's current European V fund, which raised €4.4bn, is expected to be close to 80 per cent invested by the end of this year.

In the first half of this year, the firm invested about €800m in 19 deals and

returned €1bn to investors. Last year, it returned €1.4bn with a particularly large realisation from Yell, the telephone directories business that it floated.

By returning significant sums of capital to investors, Apax stands a good chance of raising the lion's share of its latest European buy-out fund this year. When that happens, Mr Halusa will have passed a significant milestone early on in his tenure as the new boss.