

## MIRA INFORM REPORT

<b>Report No. :</b>	520739
<b>Report Date :</b>	19.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	TUTTNAUER LTD.
<b>Registered Office :</b>	Har Tuv B, Hesejim Industrial Park, Mateh Yehuda Regional Council Israel
<b>Country :</b>	Israel
<b>Date of Incorporation :</b>	29.01.1960
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	Designers, manufacturers, importers, marketers and exporters of hospital and laboratory equipment, scientific equipment for hospitals and laboratories, specializing in autoclaves for the fields of sterilization, and infection control.
<b>No. of Employees :</b>	380

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

**MIRA's Rating :** A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Israel	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

### ISRAEL - ECONOMIC OVERVIEW

Israel has a technologically advanced free market economy. Cut diamonds, high-technology equipment, and pharmaceuticals are among its leading exports. Its major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

Between 2004 and 2013, growth averaged nearly 5% per year, led by exports. The global financial crisis of 2008-09 spurred a brief recession in Israel, but the country entered the crisis with solid fundamentals, following years of prudent fiscal policy and a resilient banking sector. Israel's economy also weathered the 2011 Arab Spring because strong trade ties outside the Middle East insulated the economy from spillover effects.

Slowing domestic and international demand and decreased investment resulting from Israel's uncertain security situation reduced GDP growth to an average of roughly 2.8% per year during the period 2014-17. Natural gas fields discovered off Israel's coast since 2009 have brightened Israel's energy security outlook. The Tamar and Leviathan fields were some of the world's largest offshore natural gas finds in the last decade. Political and regulatory issues have delayed the development of the massive Leviathan field, but production from Tamar provided a 0.8% boost to Israel's GDP in 2013 and a 0.3% boost in 2014. One of the most carbon intense OECD countries, Israel generates about 57% of its power from coal and only 2.6% from renewable sources.

Income inequality and high housing and commodity prices continue to be a concern for many Israelis. Israel's income inequality and poverty rates are among the highest of OECD countries, and there is a broad perception among the public that a small number of "tycoons" have a cartel-like grip over the major parts of the economy. Government officials have called for reforms to boost the housing supply and to increase competition in the banking sector to address these public grievances. Despite calls for reforms, the restricted housing supply continues to impact younger Israelis seeking to purchase homes. Tariffs and non-tariff barriers, coupled with guaranteed prices and customs tariffs for farmers kept food prices high in 2016. Private consumption is expected to drive growth through 2018, with consumers benefitting from low inflation and a strong currency.

In the long term, Israel faces structural issues including low labor participation rates for its fastest growing social segments - the ultraorthodox and Arab-Israeli communities. Also, Israel's progressive, globally competitive, knowledge-based technology sector employs only about 8% of the workforce, with the rest mostly employed in manufacturing and services - sectors which face downward wage pressures from global competition. Expenditures on educational institutions remain low compared to most other OECD countries with similar GDP per capita.

Source : CIA

## **COMPANY NAME & ADDRESS**

### **TUTTNAUER LTD.**

Telephone 972 2 990 46 11; 990 46 00

Fax 972 2 990 47 00

Email: [info@tuttbauer.com](mailto:info@tuttbauer.com) 

### **Physical Address**

Har Tuv B, Hesegim Industrial Park  
Mateh Yehuda Regional Council Israel

### **Mailing Address**

P.O. Box 170  
Beit Shemesh 9910101 Israel

## **HISTORY & LEGAL FORMATION**

Originally established as a non-registered business in 1950 by Late Zeev Tuttnauer, grandfather of Ran Tuttnauer, continuing activities he founded in 1925 in the framework of his work at the Hebrew University.

Converted into a private limited company, under the style ZEEV TUTTNAUER & SON LTD., incorporated as per file No. 51-022893-5 on the 29.01.1960.

In 1993 published a prospectus offering shares to the public, raising a sum of NIS 45 million, according to a company value of US\$ 60 million.

In parallel, converted into a public limited company and registered as such as per file No. 52-004002-3 on the 06.10.1993.

On 31.12.2009, following a successful tender offer to the public, subject's shares were de-listed from trade, and subject re-converted to a private limited company (keeping the same latter registration number).

## **SHARE CAPITAL**

Authorized share capital NIS 10,000,000.00, divided into -  
10,000,000 ordinary shares of NIS 1.00 each, of which 7,331,703 shares amounting to NIS 7,331,703.00 were issued.

## **SHAREHOLDERS**

Subject is fully owned by F.F.4 - TUT HOLDINGS LIMITED PARTNERSHIP, owned by FORTISSIMO CAPITAL FUND, an investment fund, managed by Yuval Cohen, Eli Blatt, Shmoulik Barashi, Yochai Hacohen, Marc Lesnick and Yoav Hineman.

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In September 2017 FORTISSIMO acquired the shares from the founding shareholders, Tuttnauer family, in consideration of US\$ 100 million.

## **DIRECTORS**

1. David Reiss, Chairman,
2. Shmoulik Barashi,
3. Yuval Cohen.

## **GENERAL MANAGER**

Nir Kinori

## **BUSINESS**

Designers, manufacturers, importers, marketers and exporters of hospital and laboratory equipment, scientific equipment for hospitals and laboratories, specializing in autoclaves for the fields of sterilization, and infection control.

Group also supplies technical training courses for repair technicians,

In the autoclave niche (autoclave sterilizers and plasma sterilizers), subject produces "table autoclaves" for clinics, dentists and such, as well as "industrial autoclaves" for large research institutes, hospitals, food factories and pharmaceutical industries.

Also importers and marketers of medical equipment and computer peripherals.


Local agents of NETZCH-BELIMED.

90% of sales are export, to over 140 countries. Most sales are to the USA.

World sales are through subsidiaries in Europe and the U.S.A. and through local agents in the Far East, Australia and South America. Equipment is installed in 350 thousand clients, mainly clinics and laboratories, and to larger institutes - hospitals pharmaceutical production and research institutes and universities, such as Chicago University, Cornell University, and more.

Among local suppliers: MASHAF TECHNICAL SUPPLIES, INTERNATIONAL PROCESS CONTROLS CO., etc.

Operating from owned premises, offices and plant, on an area of 30,000 sq. meters (on which built area of 13,000 sq. meters), in the Har Tuv B'1, Hesegim Industrial Park, in the Regional Council Mateh Yehuda (near Beit Shemesh). Also operating from branches in the USA (owned premises on an area of 4,000 sq. meters), Europe - Netherlands (rented premises on an area of 300 sq. meters) and from an assembly and servicing plant (400 sq. meters) in China.

Website: [www.tuttnauer.com](http://www.tuttnauer.com) 

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Having 380 (had some 400 employees in end of 2016).

## **MEANS**

Subject was sold (100%) in September 2017 to FORTISSIMO Fund based on a company value of US\$ 100 million.

The purchase offer (for subject's shares then held by the public) in end of 2009, was based on a company value of NIS 166 million.

Current stock is valued at US\$ 25 million (was valued at US\$ 25 million in the 2<sup>nd</sup> half 2016).

Subject is an "Approved Enterprise" and as such enjoys tax benefits and State incentives. In 2000 the Israeli Investment Center (IIC) approved a US\$ 690,000 investment plan for the expanding subject's plant (then it was in Jerusalem).

In 2002 IIC approved subject's plan to expand its plant in Beit Shemesh, for a sum of US\$ 2.5 million.

During 2005, subject completed the move to its new 13,000 plant in Beit Shemesh, with total investments of NIS 68 million (including acquired land).

There are 5 charges for unlimited amounts registered on the company's assets (all assets, including financial and fixed assets), in favor of Bank Leumi Le'Israel Ltd. and The First International Bank of Israel Ltd. (last 3 charges placed August 2017, prior charges placed in 2002 and 2007).

## **REVENUES**

2015 sales claimed to be US\$ 66,000,000, of which 90% were for export.

2016 sales claimed to be US\$ 69,000,000, of which 90% were for export.

2017 sales claimed to be US\$ 70,000,000, of which 90% were for export.

From media reports published at the time of subject's acquisition by FORTISSIMO, estimated EBITDA is 10% - 15% of turnover.

## **OTHER COMPANIES**

EYTAN ENGINEERING & SERVICES (OF THE TUTTNAUER GROUP) LTD., 90%, importers and marketers of medical, laboratory and Uninterruptible Power Supply (UPS) equipment, computer peripherals and medical allied equipment.

TUTTNAUER EUROPE B.V., 100%, Netherlands, marketing company,

TUTTNAUER U.S.A CO. LTD., 100%, USA, marketing company.

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FORTISSIMO CAPITAL FUND, an Israeli equity fund with US\$ 500 million under management. Among local investments: TELRAD NETWORKS LTD., CROW TECHNOLOGIES LTD., M A P MOTORAD AUTOMOTIVE PARTS LTD., DIP TECH LTD., KORNIT DIGITAL LTD., PHOENICIA FLAT GLASS INDUSTRIES LTD., PRIORITY SOFTWARE LTD., ORIGENE SEEDS LTD., AFIMILK ACS LTD., BIOLOGICAL INDUSTRIES ISRAEL BEIT HAEMEK LTD., SOLCON INDUSTRIES LTD., FRITZ COMPANIES ISRAEL T LTD., etc.

## ***BANKERS***

The First International Bank of Israel Ltd., Avnei Chen Branch (No. 126), Ramat Gan, account No. 187100.  
Bank Leumi Le'Israel Ltd., Main Branch (No. 901), Jerusalem, account No. 356000/11.  
A check with the Central Banks' database did not reveal any negative information regarding subject's a/m accounts.

## ***CHARACTER AND REPUTATION***

Nothing unfavorable learned.

Subject is certified for ISO 9001:2000, CE, TUV, ASME, UC, EN601 and other international standards.

This is a long established company, among the leading in its field, and claims to be one of the leading 3 companies in the world in the field of infection control, with 80% market share in Israel in the autoclave field (2011).

FORTISSIMO CAPITAL is a well-known local equity fund. The Fund is focusing primarily on technology industries. Fortissimo Capital 1 Fund manages US\$ 80 million (raised in 2005). Fortissimo Capital 2 Fund raised in 2008 some US\$ 150 million. Following a successful exit from SODASTREAM in 2011, it established its 3<sup>rd</sup> fund, raising US\$ 265 million. In April 2015 FORTISSIMO completed a raise of US\$ 470 million for its 4<sup>th</sup> fund (which subject is part of its portfolio).

In 2001, subject leased (for ages) from the State a plot of 28,000 sq. meters in Beit Shemesh Industrial Zone for its new premises and plant.

In 2004, subject established a new subsidiary in Brazil, with an investment of US\$ 200,000.

In 2006, it was reported that subject will export sterilization devices to medical institutions in the USA, after winning several tenders in value of US\$ 8-10 million.

Israel is considered one of the leading countries in the world in terms of investment in the Life Science and Biotechnology industry.

According to the Israel Export Institute (IEI), the volume of export of medical devices and computerization (Healthcare IT) in 2016 marked 6% increase compared to 2015, summing up at US\$ 1.725 billion. 40% of export was to the USA, 15% to China.

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The above volume of the medical devices branch is defined based on its new definition in the high-tech industry, which includes medical and surgery equipment, but not orthopedic and consumable equipment (plastic and rubber), and under the "old" definition, including these areas, export summed at US\$ 2.06 billion.

According to IEI estimation, there are some 1,300 companies in the Life Science sector in Israel, of which 70% are in the medical devices and Healthcare IT fields, 24% in the Bio-Pharma fields, 7% in the medical computerization (Healthcare IT) fields, and 7% in the medical services fields.

Export by the medical devices and Healthcare IT branches.

## ***SUMMARY***

Good for trade engagements.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
ILS	1	INR 18.92

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIY
<b>Report Prepared by :</b>	KET

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)