

PKA divests 51% of shares in Genan Holding A/S to Maj Invest Equity

New majority shareholder of environmental company Genan, the largest tire recycling company in the world, is Maj Invest Equity 5 K/S. Sole owner of Genan since 2014, PKA has made an agreement with Maj Invest Equity for the latter to take over 51% of shares. PKA continues to co-own as minority shareholder.

Genan Holding A/S is the parent company of the Genan group, which counts six recycling plants in Denmark, Germany, Portugal and the USA – and has more than 300 employees worldwide. Genan's annual report for 2020, which was presented in May, showed an EBITDA of just under EUR 12m, which is a most satisfactory result considering the COVID-19 crisis.

Genan is a pioneer in the recycling industry and has for many years been a leading, Danish company when it comes to climate change mitigation. The total production capacity of all six Genan plants allows Genan to spare the world of as much as 280,000 metric tons of CO₂ emission annually.

"Genan helps solve a major problem for society – and has the potential to grow considerably in the next few years. As majority shareholder, we would like to support and accelerate this development," says Mads Andersen, Partner in Maj Invest Equity. *"Genan has developed steadily in the past 5 years – and has consolidated really well. We expect international focus on sustainability to create a growing need for Genan's products and services for the next many years."*

Every single day, more than 7 million tires are dismantled from vehicles all over the world, and the majority of these tires are regrettably incinerated or disposed of at landfills – harming the environment. Globally, Genan currently has the capacity to process more than 400,000 MT of tires annually, and these scrap tires are transformed into useful materials which can be used for numerous different purposes. The ambition is that tire recycling in general should become significantly more prevalent in the future. When end-of-life tires are recycled at Genan's factories, up to 280,000 MT of CO₂ emission annually is saved – in comparison with energy recovery through incineration.

In 2014, PKA took over 100% of the ownership of Genan – to ensure the survival of the company after a showdown with the previous majority shareholder, who was later convicted for fraud and aggravated bank fraud.

"Ever since the ownership reconstruction, we have focused on turning the company around – in order to safeguard the jobs of the many employees and to preserve important know-how. Both management and staff have handled this really well, and the development of the company has been positive ever since," says Chief Investment Officer Michael Nellemann Pedersen from PKA. *"It is unusual for PKA to be the majority shareholder of a company. We are therefore very satisfied to be welcoming as co-owner a majority shareholder sharing our perception of the long-term potential for the development of this company being an essential contributor to the solution of a global environmental problem."*

The sales price of the shares to Maj Invest Equity 5 is not disclosed.

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Genan Holding A/S is the parent company of environmental company Genan, the largest and technologically highly advanced tire recycler in the world. Sustainability is the core value of the Genan group; and by utilizing the resources of vast amounts of end-of-life tires, Genan helps solve a wide-ranging, global problem. Genan operates six recycling plants in four different countries. The annual production capacity of the company totals more than 400,000 MT of tires; and with continuous optimization of production and technology, Genan is constantly striving to run all plants, so they are as environmentally friendly and energy-saving as possible.

PKA is one of the largest pension administration funds in Denmark. We provide life-long security to a community of more than 330,000 members – mainly in social services and health care. Our members are also our owners. On their behalf, we manage assets with a market value of EUR 47.1 billion – i.a. by investing in sun, wind and sustainable development goals.

Maj Invest Equity is one of the largest private equity investors in Denmark, administering approx. EUR 580 million in total. The portfolio currently consists of 11 companies. In 2016, Maj Invest Equity set up its fifth fund with approx. EUR 267 million in committed capital. Since 2005, Maj Invest Equity has invested in more than 35 companies. Maj Invest Equity is part of the Maj Invest Group.