

Bilanz

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Companies & Markets

## **A PHILOSOPHER FOR A CEO**

**Fosun International, the largest private holding company in China, wants to massively expand its involvement in Germany. CEO Guo explains in one of his rare interviews what his intentions are.**

Anybody hoping to set an appointment with Fosun CEO Guo Guangchang (48) needs to have a lot of time on their hands. Guo himself is practically always unavailable, spending today in Europe, tomorrow in America, the next day in Asia. Guo's employees are often unable to state with certainty where their boss will be in 24 or 48 hours. Yet thanks to good *guanxi* - good contacts - a meeting is finally arranged: Thursday, 5 p.m., in the Waldorf Astoria in Berlin.

Guo has been spending more time in Germany recently: rumour has it that he is interested both in investing in the fashion company Bogner as well as acquiring 18 properties on Berlin's Potsdamer Platz. Apparently he is also evaluating getting involved in the dignified private bank Hauck & Aufhäuser. He already holds 20 % of the shares in the BHF-Bank. Guo is punctual, he arrives with a few companions, and answers in a cultivated pidgin of English and Chinese.

Bilanz: Mr. Guo, what makes Germany such an interesting location for you?  
The German economy is very strong, it is an engine for Europe and the global economy. The financial crisis did not impact Germany as strongly. The manufacturing industry is strong above all else, there are many interesting, mid-sized companies. Before it was mainly the domestic or foreign industry itself that invested in Germany, but now there is also an increasing number of large financial conglomerates doing so.

You have gotten involved in multiple German companies, including the BHF-Bank and fashion company Tom Tailor. Do you have any more planned for the future?  
Yes, because I am not yet satisfied with the extent of our activity in Germany. We want to invest more, especially in those companies advancing the informatisation of production technology. To do this we would invest funds generated by our insurance business. But in Germany it's not just Industry 4.0 that interests us: we are also going to invest in real estate, and perhaps the medical and service fields as well. There are very many connections to our business in China, both to the consumer goods and financial industries. Two examples: we invested in the Hamburg-based fashion company Tom Tailor to form a connection to the Chinese clothing brands; and by getting involved in the BHF-Bank, we are building a bridge to Chinese banks. We follow this logic elsewhere, too, like with Folli Follie, a company in Athens that sells fashion jewellery and wristwatches through Club Med.

You conduct your business in Spain and England as well. What makes Europe so attractive? It can't be the debt crisis in Greece and the concerns surrounding the euro.

We believe that the European economy will recover in the long run. We are hopeful and invest our money for the long term. Our goal is to profit from growth in China from outside China. That is our investment logic: "Combining China's Growth Momentum with Global Resources." As far as Great Britain is concerned, the country is somehow different from the rest of Europe. They have a different currency and a different economic structure. For me, Germany represents industry, Great Britain finance and financial services. That is why Germany is more attractive to me.

In 2016 or 2017 the Brits want to vote on whether they should stay in the EU. How do you feel about this?

I am not in the position to provide an answer on Great Britain's membership in the EU. I hope that the economies in places where Fosun has invested will be stable and that our investments will pay out. I studied philosophy, you know, and so I always have my eye on the big picture. For Fosun it's not just about pure strategy, but rather anticipating those trends that influence a company.

What criteria do you follow to set your investment objectives?

Like I said, for us it's about linking Chinese growth with foreign resources. Our strategic investments in the insurance industry provide the capital required for this. With that we invest in businesses for happiness and fashionable lifestyles.

Businesses for happiness?

We consider those to be things that help the Chinese fulfil their desires for satisfaction, prosperity, and happiness, such as travelling, financial products, healthcare services, and consumer goods. We don't simply produce something and try to sell it. China was heavily export-oriented for decades. That is changing now, with the economy shifting toward imports.

Quite a few observers in the West fear that Chinese economic growth could continue to decelerate. Do you share this fear?

No, I do not. Seven per cent of economic growth is an achievable goal. It's good enough for the next five to ten years, because it is sustainable growth.

You founded Fosun in 1992 with three college friends you met at Fudan University in Shanghai. Today you are the CEO, but your co-founders are still active in the company. Who decides what Fosun does?

Ultimately I am always included in the decisions. We have many large teams who assess investment opportunities, the ideas pass up and back down through different levels. Once an idea has matured, I'm there. As my employees confirm, I have seen enough, I have experience. That's something that cannot be learned in business school. I don't deal with trivial details, but rather try to ask the central questions. What these questions are can change each time. When somebody presents an idea we don't hold a three-hour meeting, but rather ask a few quick questions and see if it passes the test. A capital investment is always just the beginning for us, as I follow the progress of each company.

You bear the nickname "the Warren Buffett of China".

We learned quite a lot from Buffett's company Berkshire Hathaway. General Electric is another company that I have enjoyed watching. I admire Warren Buffett for his discipline. It is not easy to preserve this discipline when you invest.

## GUO GUANGCHANG

Raised in a poor family, Guo attended Fudan University in Shanghai, where he studied philosophy and economics. Together with three former classmates he founded Fosun International in 1992. Guo is married to Chinese TV presenter Wang Jinyuan and has assets worth approximately 8.2 billion euros.

## FOSUN

The core business of this Shanghai-based corporation is the insurance industry. However, Fosun also invests in banks, consumer goods and fashion companies, as well as the tourism industry. In Europe the Chinese company holds shares in Thomas Cook, Club Med, and more - with involvement in Raiffeisen Bank AG in Vienna a possibility soon.

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