

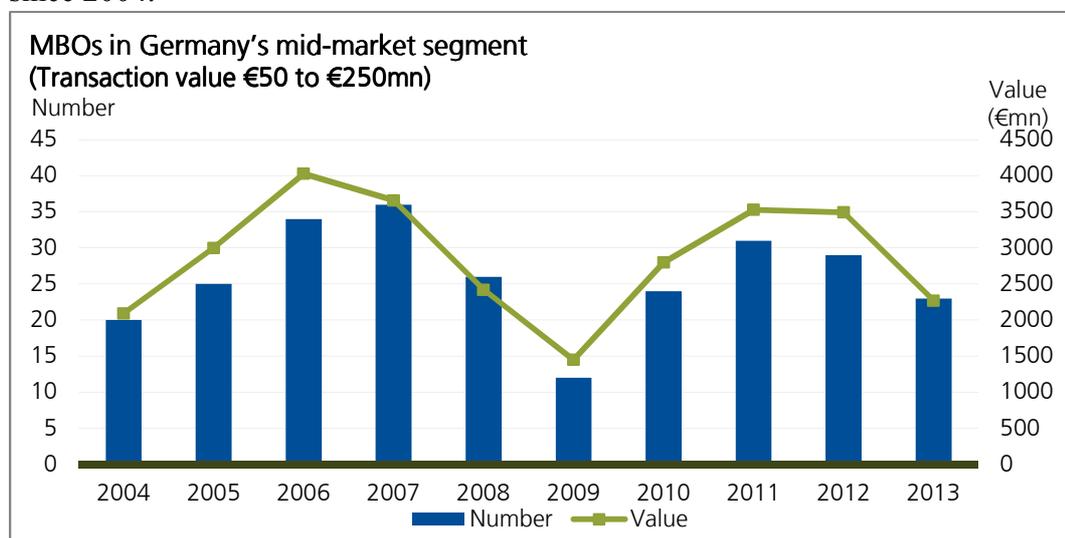
PRESS RELEASE

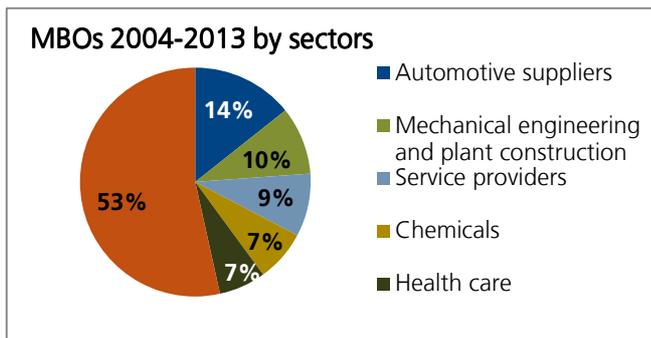
Mid-market buyouts in Germany in 2013:

Fewer transactions and lower value

Overview of ten-year trend: Traditional industries most attractive target for financial investors

Frankfurt am Main, 28 January 2014. Germany's mid-market segment for management buyouts made no headway in 2013. The sector recorded fewer transactions compared with the preceding year and a lower overall transaction value than in the two previous years. The number of primaries – buyouts in which a financial investor invests in a company for the first time – is stable on a low level, and their share of the market has remained unchanged, which shows that financial investors are finding new investment opportunities even in weaker market phases and are by no means making the market themselves by selling companies to each other (secondaries). It also shows that the German private equity market still has a ways to go, compared with other economies. In France and the UK, for example, secondaries make up a considerably larger share of the market than in Germany, where one transaction in three is a secondary buyout. This is documented by current data and an assessment of older data (2004 to 2013) released today by Deutsche Beteiligungs AG. The sector dissemination has also remained nearly constant over the past ten years. The most attractive targets are traditional mid-market industries: automotive suppliers and mechanical engineering and plant construction companies most frequently find their way into private equity portfolios; together with industrial service providers and chemical companies, these have accounted for 40 percent of all transactions since 2004.





Deutsche Beteiligungs AG (DBAG) and FINANCE magazine have been analysing the mid-market buyout segment since 2003. The statistics relate exclusively to majority takeovers by financial investors in which the target

company's management co-invests and which have a transaction value of 50 to 250 million euros for the debt-free company. The data is based on publicly accessible sources as well as on estimates and own research.

Deutsche Beteiligungs AG most active market player in 2013

In 2013, the number of transactions recorded declined from 29 to 23; the value of completed deals, totalling 2.3 billion euros, also fell short of the preceding year's 3.5 billion euros. DBAG structured three MBOs in 2013 (Formel D, Stephan Machinery and Schülerhilfe), making the Company the most active market participant this past year. One notable development is that there were significantly fewer secondary, tertiary or quaternary buyouts: in 2011 there were 15 such transactions, in 2013 merely nine.

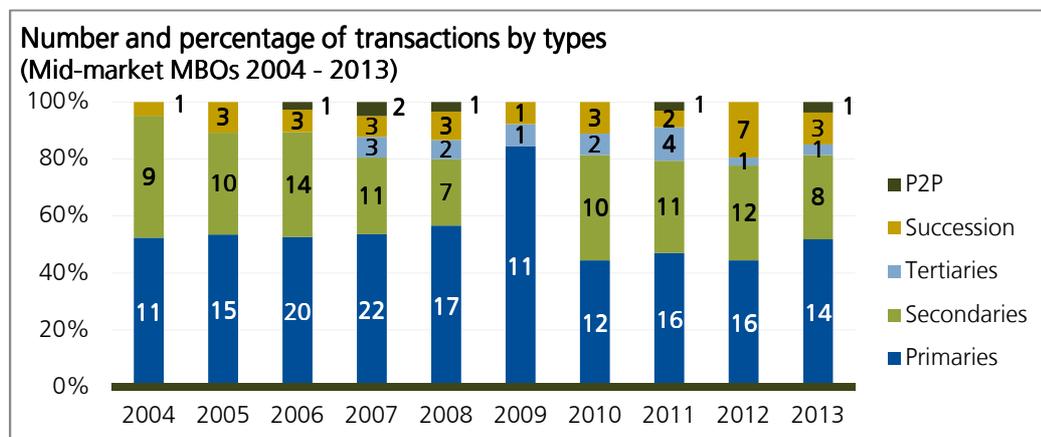
Mid-market MBOs in 2013		
Target	Vendor	Financial investor
Cartonplast	Synergo SGR	Stirling Square
GHM Group	Günther Oehler, BPE	VR Equity, Bayern LB Capital Partners
Deutsche Fachpflege	Delta Equity	Chequers
Nicko Tours	Ekkehard Beller	Capvis
Formel D	Founding partner	Deutsche Beteiligungs AG
Stephan Machinery	IMA Group	Deutsche Beteiligungs AG
Striko Westofen	BPE	Auctus
Medifox	Company founder	ECM
Wback	Peter Wendeln (Gründer)	Halder
Karl Eugen Fischer	Equita	Equistone
Alloheim	Star Capital Partners	Carlyle
Klenk Holz	German banks	Carlyle
ProAlpha	Leo and Werner Ernst (founders), Beaufort Capital	Bregal
Gesellschaft für Industrieforschung (GIF)	Ulrich Rohs (founder)	3i
Rexroth Pneumatics	Bosch Rexroth	Triton
Bien-Zenker	ELK Group, Erich Weichselbaum, free float	Adcuram
Schuberth Group	Susquehanna International	Perusa
Schülerhilfe	Paragon, Syntegra Capital	Deutsche Beteiligungs AG
Weru	Triton	HIG Europe
Backwerk	Company founder	EQT
Oettinger	Insolvency administrator	Orlando
Competence Call Center	Ardian	Silverfleet
Zellbios	Ergon Capital Partners	DPE Deutsche Private Equity

“In light of the favourable financing terms and the large supply of investment funding on the part of financial investors, this market trend is surprising,” said Torsten Grede, Spokesman of DBAG’s Board of Management, commenting on the data today at this listed private equity firm’s annual press conference in Frankfurt am Main. “We attribute that in part to the prices sometimes asked by vendors,” Grede said. “In some cases asking prices and the quality of the company up for sale do not match – financial investors have grown more selective than before the financial crisis.”

Deutsche Beteiligungs AG has also been among the investors with the highest number of buyouts over an extended period of time. From 2004 to 2013, DBAG transacted twelve MBOs (plus two transactions outside Germany and two that slightly exceeded 250 million euros). Only Equistone (formerly Barclays Private Equity) and Odewald & Cie., with 15 and 14 deals respectively, have more transactions to their account.

One out of nine MBOs aimed at settling the succession issue

MBOs involving financial investors to resolve the succession issue in family-owned businesses constitute an integral part of mid-market buyouts in Germany (29 out of 260 transactions since 2004). The annual number and value of these transactions are, however, constant. This past year, succession prompted three MBOs, including Formel D, an MBO structured by DBAG.

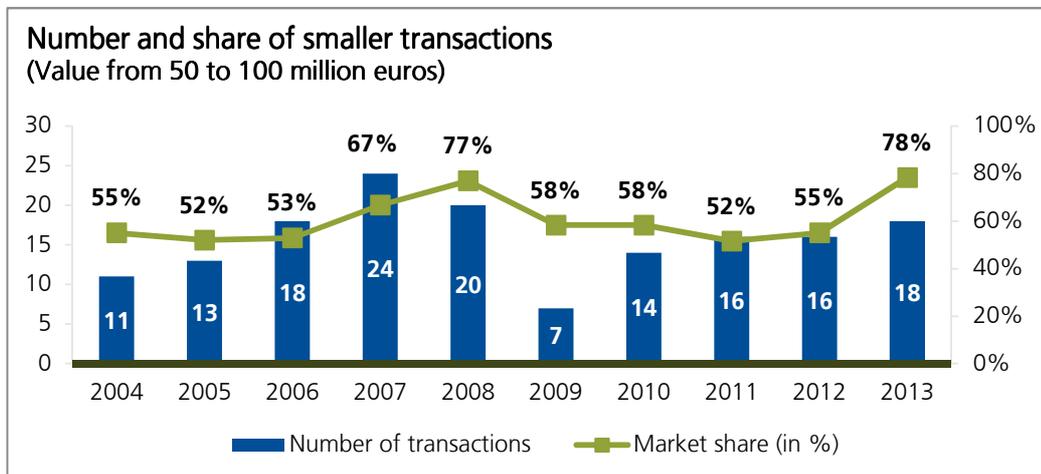


Public-to-private transactions (P2P) remain marginal: “Clearly, German takeover law still makes transactions of this kind very complicated for financial investors,” said DBAG Spokesman of the Board, Grede. “This has impeded transaction activity. The situation may change, however, after the latest decision by the German Federal Court of Justice on cash settlements in the event of delistings from the stock exchange.”

Fewer transactions with a value of more than 100 million euros

In 2013, smaller transactions were the mainstay of the market. Large transactions became less frequent, while the number of deals at the lower end of

the market grew. 18 of the 23 MBOs taking place in 2013 had a value of 100 million euros or less (2012: 16 of 29 MBOs). Most deals have always been in the lower category of mid-market buyouts, i.e., 50 to 100 million euros. They have consistently accounted for over 50 percent of the mid-market segment and, in 2013, even rose above 75 percent.



Deutsche Beteiligungs AG, a listed private equity company, invests in well-positioned, mid-sized companies with potential for growth. For many years, DBAG has focused on industrial business models in selected sectors. With its experience, expertise and equity, DBAG supports its portfolio companies in implementing corporate strategies that sustainably create value. Its entrepreneurial approach to investing has made DBAG a sought-after investment partner in the German-speaking world. It invests from its own balance sheet; DBAG also manages and advises parallel investment funds. Total assets amount to approximately 1.3 billion euros.

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