

PRESS RELEASE

Deutsche Beteiligungs AG invests in engineering specialist to process industries

- **Pfaudler Process Solutions Group is second MBO in 2014/2015 financial year**
- **Longstanding company with leading market position**
- **Uniqueness enhances attractiveness**
- **Pfaudler to utilise DBAG's experience in mechanical engineering**

Frankfurt am Main, 15 December 2014. Deutsche Beteiligungs AG (DBAG) has announced it will invest alongside its advised DBAG Fund VI in the Pfaudler Process Solutions Group (Pfaudler), a manufacturer of glass lined as well as fluoropolymer reactors and components for the chemical and pharmaceutical industries. Until now Pfaudler has been part of National Oilwell Varco, Inc. (NOV, www.nov.com), a US-based supplier to the oil and gas industry. Pfaudler is headquartered in Schwetzingen (Baden-Württemberg, Germany). DBAG and the fund will initially acquire the group completely, after which its management is expected to co-invest in a management buyout (MBO). DBAG will invest proprietary capital from its balance sheet of up to eight million euros for its stake in Pfaudler. The completion of the transaction is contingent upon approval by regulatory authorities. Pfaudler is another primary transaction through a corporate carve-out and DBAG's second MBO in the past four weeks: on 24 November, DBAG announced its investment in Huhtamaki Films.

Pfaudler is a company with a 130-year history. Kaspar Pfaudler, a German master brewer, founded the Pfaudler Company in 1884 in Rochester, NY, and started production of glass lined steel containers for the beverage industry. Since freight costs for the heavy, bulky containers were expensive, a production site on the European continent was needed. Due to its central location, Pfaudler chose Germany and the city of Schwetzingen located in the Rhine-Neckar industrial region. From these roots, a global organisation evolved. With a staff of 1,450, Pfaudler today manufactures glass lined vessels and other glass lined components (approximately 50 percent of revenues) at nine locations on four continents (Germany, Italy, the UK, the US, Brazil, China and India). Pfaudler also provides aftermarket parts and services (more than a third of revenues) as well as complete engineered systems based on its own products for the chemical or the pharmaceutical industries. Pfaudler expects revenues of some 200 million US dollars (about 160 million euros) in 2014. The complexity of the group, which operates a

global business with comparatively small units, presented a special challenge in the transaction; the group includes subsidiaries in twelve jurisdictions.

Pfautler's products serve as reactors for chemical processes and as storage tanks, columns and piping in chemical facilities. About 70 percent of its products are sold to the chemical industry; the pharmaceutical industry accounts for 30 percent. Pfautler is a leader in its market. It is one of the few manufacturers that engineer and produce process-critical equipment, such as large vessels and reactors, using state-of-the-art proprietary technology. These vessels must provide superior levels of resistance to corrosion, pressure and heat. Its unique competitive advantages are its many years of experience in the composition of glass frit and the skill of its staff, especially since key production steps are done manually. Both factors constitute high market-entry barriers for potential competitors.

"In Pfautler, we will once again invest in a quality company operating in a global niche market," said Torsten Grede, Spokesman of the Board of Management of Deutsche Beteiligungs AG, on the signing. The numerous components that Pfautler has supplied over the past decades are a solid basis for the services and parts business. "With our support, that business is to be expanded – as has been done successfully in the past at other mechanical engineering companies in the portfolio," Grede said. "The potential for increasing investment in capital goods in Asia is another factor in favour of our investment in Pfautler."

"We are delighted that our new shareowner considers us a core business," said Andrew Wills, CEO of Pfautler Process Solutions Group, commenting on the change of ownership. "Greater autonomy, which DBAG's investment will provide, will allow us to exploit the potential inherent in our business to an even greater extent than in the past. I am certain we will also benefit from DBAG's many years of experience in mechanical engineering and plant construction."

Deutsche Beteiligungs AG, a listed private equity company, raises closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-sized companies with potential for development. DBAG focuses on industrial sectors in which Germany's 'Mittelstand' is particularly strong on an international comparison. 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. Total managed and advised assets amount to approximately 1.3 billion euros.

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