

P R E S S R E L E A S E

Deutsche Beteiligungs AG invests in iron foundry

- **Another investment in long-standing company with leading global market position**
- **DBAG's experience in foundry sector a good basis for a successful relationship**
- **Gienanth third MBO of late**

Frankfurt am Main, 22 December 2014. Deutsche Beteiligungs AG (DBAG) announced that it will invest alongside its advised DBAG Fund VI in Gienanth GmbH (Gienanth), an iron foundry with a rich history. An agreement signed on Friday provides for DBAG and funds initially acquiring the company completely, after which its management is expected to co-invest in a management buyout (MBO). The vendor is Gienanth Holding GmbH. The completion of the agreement is contingent upon approval by regulatory authorities.

Gienanth operates two iron foundries in Germany: one at its headquarters in Eisenberg (Rhineland-Palatinate) and a second one in Fronberg (Bavaria). Gienanth is a company with a very long history. It was founded in 1735 in Eisenberg; its second site in Fronberg evolved from a hammer mill, founded as early as 1449. A staff of 880 is employed at the two sites. Gienanth has forecast revenues in 2014 of about 150 million euros.

The company delivers its products the world over. However, Germany, the fourth largest customer market for iron castings worldwide, is a key target market for Gienanth. The company generates about 40 percent of its revenues in Germany. Gienanth is a global leader in hand-moulded castings when it comes to the highly sophisticated processes involved in casting engine blocks (cylinder crankcases) for large-size diesel and gas engines. Such engines are found in generators, ships, locomotives and other large commercial vehicles. Gienanth is capable of casting engine blocks that weigh up to twelve tonnes. Gienanth also has a leadership position in machine-moulded castings, its second line of business. The company primarily manufactures clutch and brake components in large-scale production by this process for the automotive and commercial vehicle industry and, in the clutch business, boasts a share of more than a quarter in the global market.

“Gienanth’s high productivity is based to a large part on the multifaceted skill and experience of its employees and the expertise it has accumulated in cast-

ing technologies over generations,” said Torsten Grede, Spokesman of the Board of Management of Deutsche Beteiligungs AG. “We were also impressed by Gienanth’s excellent competitive position and the list of prominent international customers who have relied on Gienanth for years.”

A part of the options for Gienanth’s development that were agreed with its management is growth, which includes complementary acquisitions of other foundries. DBAG has dealt with this industry intensively and was already invested in foundries in the past.

“During the transaction process we realised just how much understanding for our industry DBAG has – which is a good basis for a successful relationship,” said Andreas Hecker, CEO of Gienanth, commenting on today’s change of ownership. “We expect the global market for both automotive components and large engine blocks to grow, and we want to profit from that together.”

DBAG will initially invest proprietary capital of up to 14 million euros for its stake and hold approximately 19 percent in Gienanth.

Gienanth is the fourth MBO in 2014. Most recently, in late November, DBAG announced its investment in Huhtamaki Films, and in mid-December its acquisition of the Pfaudler Process Solutions Group. Different project teams worked on each of these recent transactions. DBAG’s 23-member investment team is one of the largest in Germany’s mid-market buyout segment and is capable of structuring several transactions simultaneously.

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 assets managed and advised by DBAG amount to approximately 1.3 billion euros.

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