

PRESS RELEASE

Deutsche Beteiligungs AG invests in Karl Eugen Fischer GmbH

- **Classic “hidden champion” – a global leader in mechanical engineering for the tyre industry**
- **DBAG Fund VII management buyout in DBAG core sector**
- **Market growth and expansion of the service business hold the promise of opportunities**

Frankfurt am Main, Germany, 12 June 2018. Deutsche Beteiligungs AG (DBAG) is investing in Karl Eugen Fischer GmbH (KEF), the global leader for the development and manufacture of cutting machines for the tyre industry. DBAG Fund VII, which is advised by Deutsche Beteiligungs AG, will acquire the majority of the shares as part of a management buyout; they are being sold by funds advised by Equistone Partners Europe. DBAG will be investing up to 23.5 million euros for its co-investment in the first instance. It will hold around 20 percent of the shares in the company in the future based on the target structure. The Company’s management will hold additional shares alongside DBAG Fund VII. The purchase agreement is expected to close at the end of this month. The parties have agreed not to disclose the purchase price.

The most recent acquisition is the fourth MBO structured by DBAG Fund VII since the start of the fund’s investment period in December 2016. With a volume of a good one billion euros, it is the largest private equity fund initiated and advised by a German private equity company. With four transactions executed, around one third of the investment commitments have now been allocated.

Tyre manufacturers use the machinery produced by KEF (www.kefischer.com) primarily to manufacture rubber-coated steel wire and fabric layers (known as calendered cord material) for tyre carcasses and tyre belts. These layers form the tyre’s supporting structure and give it shape and driving stability. KEF’s machinery allows them to be cut with absolute precision. Since the development of the first steel cord cutting plant in 1970, the company’s “*Fischeranlage*” has become a generic name for this sort of system: nine out of the world’s ten most successful tyre manufacturers now rely on the machines produced by the company, which has a global market share of around 70 percent. The company’s manufacturing operations are located at its headquarters in Burgkunstadt (Upper Franconia). The site employs more than 500 out of a total of 545 employees. There is one distribution and service company in the US and one in China. The company generated 83 million euros in revenues in 2017.

Cutting systems are crucial for smooth production operations. KEF's machinery is at the forefront of this technology. For example, the machines are characterised by a high degree of precision and low material losses, both of which are key success factors. With a high level of vertical integration, KEF ensures that the machines, which are tailored to meet each customer's requirements, can be supplied in the desired quality and by the desired deadline. The company has been working with its customers to develop the machines for decades and is the preferred supplier of countless tyre manufacturers. Based on its outstanding technological position, KEF is anticipated to benefit from the rising demand for tyres and, as a result, for the corresponding production facilities. As a result, the company will be investing in its own capacities over the coming year, for example in the construction of an additional assembly hall in Burgkunstadt.

Mechanical and plant engineering and automotive suppliers are two of the four core sectors of Deutsche Beteiligungs AG; in the past ten years alone, DBAG has invested in ten companies operating in these sectors. "With our experience and our focus on investments in mid-market companies, we are the company's ideal partner," said Dr Rolf Scheffels, Member of the Board of Management of DBAG, with regard to the transaction. "Given the investment plans of tyre manufacturers and market trends, we believe that Karl Eugen Fischer offers further potential," Dr Scheffels continued.

"Since the founding family sold its shares more than ten years ago, our company has benefited from the support provided by private equity funds – they have supported our business," explains Simone Thies. The commercial managing director refers to the growth in sales and the workforce since 2005, which has averaged five percent a year. She continues, "We are confident that, together with DBAG, we will also be able to take advantage of the opportunities offered not only by market growth but also by the further expansion of the service business given the large number of installed machines."

The listed Deutsche Beteiligungs AG initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-market companies with growth potential. DBAG focuses on those industry sectors where Germany's "Mittelstand" is particularly strong in international comparison. With its experience, expertise and equity, DBAG supports its portfolio companies in implementing a long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes it a sought-after investment partner in the German-speaking world. The DBAG Group manages and advises capital amounting to around 1.8 billion euros.

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