

P R E S S R E L A S E

Deutsche Beteiligungs AG invests in Kraft & Bauer Holding GmbH

- **Leading provider of fire extinguishing systems for tooling machines**
- **Fifth management buyout of DBAG Fund VII; seventh transaction in the financial year 2017/2018**
- **Exploitation of market potential in Germany, Austria, Switzerland and Italy while tapping into additional international markets**

Frankfurt am Main, Germany, 28 September 2018. Deutsche Beteiligungs AG (DBAG) is investing in Kraft & Bauer Holding GmbH (Kraft & Bauer), one of the leading suppliers of fire extinguishing systems for tooling machines. DBAG Fund VII, which is advised by DBAG, will acquire a majority stake in Kraft & Bauer as part of a management buyout (MBO). The previous shareholders are the Swiss financial investor Invision, the founding Bauer family and the current managing director Frank Foddi. DBAG will invest alongside DBAG Fund VII and will in the future account for around 20 percent of the shares in Kraft & Bauer. The purchase contract is expected to close in the fourth quarter; closing is subject to the approval of the relevant competition authorities. The parties have agreed not to disclose the purchase price.

Kraft & Bauer is the fifth MBO of DBAG Fund VII since the fund's investment period began in December 2016. Around 50 percent of the investment commitments have now been allocated. With a volume of a good one billion euros, DBAG Fund VII is the largest private equity fund initiated and advised by a German private equity company. The current MBO is DBAG's seventh transaction in the financial year 2017/2018, which ends in a few days (30 September). These seven transactions involve equity investments made by DBAG totalling around 67 million euros.

Kraft & Bauer (www.kraft-bauer.com) develops, produces and installs fire extinguishing systems for around 800 different types of tooling machines. The focus is on fire extinguishing systems based on microprocessors that detect fires and initiate the extinguishing process. The fire protection systems are either installed directly onto the machine by Kraft & Bauer employees or are sold as a kit to the machine manufacturer. Kraft & Bauer employs around 80 people at its headquarters in Holzgerlingen (Baden-Wuerttemberg), a plant in Bannwil (Switzerland) and 13 service locations in Germany, Switzerland and

Italy. The company generates approximately 30 percent of its revenues in the service business.

Kraft & Bauer's systems are used in machines that involve an increased fire risk, such as millers, lathes and grinders that work with particularly high levels of precision and speed. Demand for these high-performance machines – and, as a result, for corresponding fire extinguishing systems – is on the rise. In addition, Kraft & Bauer benefits from a stable service business with a broad installed base of more than 30,000 systems in Germany alone, since the fire protection systems must be inspected and maintained at regular intervals. Kraft & Bauer's sales activities are currently concentrated in Germany, Austria, Switzerland and Italy. The company is aiming to expand its business with existing clients in these markets – both on the basis of the rising demand and by retrofitting existing systems. In addition, Kraft & Bauer plans to attract new clients and push ahead with the company's international expansion beyond the markets in which it is currently active.

“We are investing in a company that has achieved a leading position in its niche market with products that are critical to both success and safety,” explained Dr Rolf Scheffels, member of the DBAG Board of Management, when the contract was signed this week. “Kraft & Bauer is benefiting not only from its strong market position, but also from the growing importance of fire protection measures for machine tools overall.”

“We want to exploit existing market potential and achieve further growth,” commented Klaus Bauer, founder and member of Kraft & Bauers' executive board. “As such, we are all the more delighted to have DBAG at our side in the future, as a partner with extensive experience in the mechanical engineering sector”.

“Since Invision invested in Kraft & Bauer, the company has grown by more than ten percent annually and has thus continuously strengthened its excellent market position,” commented Frank Becker, Managing Partner of Invision. “That it the merit of the management, consisting of founder Klaus Bauer and Managing Director Frank Foddi, and all employees of Kraft & Bauer. We would like to thank them for the successful cooperation.”

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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