

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

Deutsche Beteiligungs AG sells investment in inexio

- **Family-owned fibre telecommunications specialist shows very positive development, following growth financing**
- **Third disposal from the DBAG Expansion Capital Fund portfolio**
- **Unexpected contribution to 2018/2019 net income of approximately 30 million euros**

Frankfurt/Main, 28 September 2019. Deutsche Beteiligungs AG (“DBAG”) has successfully concluded its investment in inexio Beteiligungs GmbH & Co. KGaA (“inexio”), a provider of fibre-based internet connections. An agreement for the sale of inexio – concluded today – provides for the sale of the minority interest in inexio held by DBAG Expansion Capital Fund (“DBAG ECF”), including the stake held by Deutsche Beteiligungs AG, amongst other disposals. The enterprise was sold to the EQT Infrastructure IV fund. The majority shareholder, Warburg Pincus, a leading global private equity firm focused on growth investing, has also realised its investment in inexio.

The disposal proceeds will markedly exceed the fair value of DBAG's non-controlling interest (6.9 per cent on a look-through basis), as reported in DBAG's most recent quarterly financial statements as at 30 June 2019, and will thus generate an additional, unexpected contribution to net income for the current fourth quarter of the financial year 2018/2019 of approximately 30 million euros. Subject to other positive or negative effects from the valuation of the remaining portfolio companies as at the reporting date of 30 September 2019 as well as other insights gained during the preparation of the financial statements, the forecast for the financial year 2018/2019 (most recently updated on 10 July 2019) will thus be raised by the same amount. The parties have agreed not to disclose the terms of the sale. Completion of the transaction is subject to approval by antitrust authorities. The sale is expected to be closed in the fourth quarter of 2019.

Following the disposals of industrial services provider PSS GmbH in January 2019, and of tool systems provider Novopress KG in July 2019, inexio is the third disposal of the DBAG ECF, which was launched in 2011 to finance mid-sized family businesses: the sale will realise the value appreciation achieved.

inexio (www.inexio.net) is a fast-growing business in the German telecommunications market, which provides fibre optic internet connections for business and retail customers. The company is benefiting from growing demand for high-speed connectivity. In the retail customer segment, this demand is driven by

rising data volumes and the growing use of video services, whilst in the business segment, fibre optic connection for mid-sized enterprises and mobile communications infrastructure is a key driver of growth. Just over one decade after its establishment, inexo has reached a market-leading position in rural and small-town communities in Southwest Germany. Today the company provides high-speed internet connections to more than 110,000 households as well as more than 6,000 – mostly mid-sized – companies. The number of customers has grown fivefold since 2013, the year when DBAG invested in inexo. Revenues and earnings have grown at more than 20 per cent annually. The number of staff has tripled, to roughly 400. inexo plans to further accelerate growth going forward by rolling out fibre-to-the-home internet access to two million homes passed in rural Germany from 300,000 to more than two million in 2030.

In 2013, DBAG co-invested in inexo, alongside DBAG ECF, during the course of a capital increase, providing additional capital in the form of profit-participation certificates. Besides providing capital, DBAG also supported inexo by nominating a member of the Supervisory Board. Thanks to its higher equity ratio, the company – founded in 2007 – gained access to further financial resources, to accelerate investment in its own fibre network, thus driving growth. DBAG and DBAG ECF acquired further shares from co-shareholders between 2013 and 2015. During the course of the management buyout by financial investor Warburg Pincus in 2016, DBAG and DBAG ECF did not sell their stakes – instead, they participated in a capital increase conducted upon the entry of the new majority shareholder, thus investing further funds.

“The success of this transaction underlines the strategic decisions we have taken over recent years”, said Torsten Grede, Spokesman of the Board of Management of Deutsche Beteiligungs AG today, upon the signing of the contract. “inexo is one of a total of six enterprises from within the broadband telecommunications sector in which we have invested to supplement our existing core sectors”, Grede continued, referring to the further development of DBAG's investment strategy. “Almost half of our investments over the past 20 years have targeted family businesses in the German Mittelstand. Our involvement in inexo is thus a very good example of the successful support we have provided for the development of a family business.”

David Zimmer, founder and personally liable partner of inexo, recalled the very beginning of the company's cooperation with DBAG: “Looking for capital, we quickly realised that DBAG is an investor that really understands the success factors of family-owned businesses – and that it is not looking for a short-term bet, but for long-term support, aiming to create value. This has worked out very well here.”

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside those 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 the portfolio companies in implementing long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG manages and advises capital amounting to around 1.7 billion euros.

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