

PRESS RELEASE

Deutsche Beteiligungs AG: PM Plastic Materials – first MBO in Italy

- **Investment in European market leader for plastic conduits – providing a succession arrangement for a family-owned business**
- **Expansion of market position and broader product portfolio planned**
- **Investment period of DBAG Fund VIII commences**

Frankfurt/Main, 13 August 2020 – Deutsche Beteiligungs AG (DBAG) invests alongside management in PM Plastic Materials s.r.l., thereby structuring its first management buyout (MBO) in Italy. To date, the vast majority of DBAG’s portfolio has consisted of German mid-market companies, together with a small number of investments in Austria and Switzerland. The German listed private equity company has been active in the Italian market for several years, where DBAG is targeting industrial companies in its core sectors – including mechanical and plant engineering as well as manufacturers of industrial components. PM Plastic Materials is Europe’s largest producer of pre-wired and empty cable conduits, used primarily for electrical installations. DBAG Fund VII, which is advised by DBAG, will acquire the majority of the shares from the founding family. DBAG itself will co-invest around 16 million euros alongside the fund. The company’s management will also retain a material stake in the business, ensuring continuity for the company. Consummation of the purchase agreement is subject to approval by the competent antitrust authorities, and is expected to be achieved by the end of September. The parties have agreed not to disclose the terms of the sale.

DBAG Fund VII has been investing in mid-sized companies since 2016. PM Plastic Materials is the Fund’s ninth investment: with this transaction, more than 75 per cent of the Fund will be invested. DBAG Fund VIII has been ready as a successor fund since December 2019. The Fund’s resources of approximately 1.1 billion euros are also set to be invested in mid-sized companies, predominantly in Germany but also in other European countries – including Italy, as one of the most attractive markets. The investment period of DBAG Fund VIII commenced on 1 August 2020; DBAG has been generating income from advising the Fund since then.

PM Plastic Materials (www.pmplasticmaterials.com) extrudes roughly 320,000 kilometres of plastic pipes per year (90 per cent of which are manufactured from halogen-free polypropylene) in its two factories in Bergamo, where production activity and current workforce will be maintained. Just under one-third of production comprises pre-wired conduits fitted with a wide range of cables, mostly for electricity supply but also for telephony, networks and alarm systems. The company's pre-wired conduits shorten installation times for electricians by as much as 50 per cent, thus offering cost benefits for new construction and renovation projects alike. Construction standards as well as regulatory requirements differ from country to country, leading to manifold technical specifications which require a corresponding broad, country-specific product range. No other provider offers a range of comparable breadth.

The family-owned business, which employs around 120 staff, goes back to 1907; it has been trading as PM Plastic Materials since 1962. PM Plastic Materials has seen strong growth in recent years, with sales rising by twelve per cent per annum on average since 2003, to reach 101 million euros in 2019. PM Plastic Materials delivers its products to more than 50 countries; the company enjoys a particularly strong position in Sweden, Switzerland and France. The company has been successful in withstanding the impact of the pandemic to date, and thus to position itself for further growth in the years ahead – through organic growth in the markets it has covered so far, inorganic growth in adjacent product categories, or by way of consolidation of the highly fragmented market in some countries.

“Northern Italy has a diverse and successful industrial landscape rich in tradition, which we want to explore”, said Torsten Grede, Spokesman of DBAG's Executive Board upon the occasion of signing the contract. “To this end, we have been analysing business models from our core sectors and building a network over the last few years”, Grede added. “Through the regional broadening of our investment strategy, we will open up more investment opportunities for the funds we advise – in an attractive market.”

Gianluigi Rapizza, CEO of PM Plastic Materials, sees DBAG as the right partner for the company's further development: “With DBAG, we have attracted a new shareholder with a longer investment horizon than traditional private equity funds, that not only contributes financial and M&A experience, but will also bring special industrial expertise on board and is familiar with family-owned businesses. We will continue to develop our ambitious strategic plans, to invest in R&D, to be close and to supply added value to our customers and, above all, to enhance even further our human resources”, the manager said today.

Jonas Olsson, CEO of PM Flex Nordic PM's subsidiary in Sweden, added that “PM Plastic Materials intends to further strengthen its leading position and we

are pleased to have DBAG supporting our strategy, centered around premium products”.

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside those funds predominantly in well-positioned mid-market companies with development potential. DBAG focuses on those industry sectors where Germany’s ‘Mittelstand’ is strong in international comparison. A growing portion of DBAG's equity investments is deployed in its new focus sectors of broadband/telecommunications, IT services/software and healthcare. Its long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG Group’s assets under management or advisory amount to 2.5 billion euros.

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