

P R E S S R E L A S E

Deutsche Beteiligungs AG: Investment in Pfaudler Group realised in part through partial sale of GMM Pfaudler

- **Value appreciation following successful strategic repositioning since 2015**
- **About eight million euros of cash inflow following successful placement of GMM shares**
- **Positive value contribution for DBAG, as included in DBAG's guidance for the current financial year**

Frankfurt/Main, 24 September 2020 – DBAG Fund VI and Deutsche Beteiligungs AG (DBAG) have partially exited their investment in Pfaudler Group, a firm that specialises in mechanical engineering solutions for the chemical and pharmaceutical industries. Over the course of the past two days, approximately 18 per cent of the shares in GMM Pfaudler Ltd. were placed from the holdings of DBAG Fund VI and DBAG. GMM Pfaudler, which is listed in India, has acquired 80 per cent of Pfaudler Group's European and American core business together with GMM's second-largest shareholder. Until now DBAG Fund VI and DBAG had held just above 50 per cent of GMM's shares. Following the placement, DBAG Fund VI and DBAG continue to hold around 33 per cent of GMM shares and remain GMM's largest shareholder; a six per cent stake is attributable to DBAG on a look-through basis. Furthermore, DBAG Fund VI and DBAG continue to maintain a stake of 20 per cent in Pfaudler's European and American core business.

This partial realisation will trigger a positive value contribution for the current fourth quarter of DBAG's 2019/2020 financial year (ending on 30 September), which was already expected; the forecast published on 6 August 2020 therefore does not change. Tax effects and carried interest claims were included in the calculation of the value contribution. The placement of the shares will produce about eight million euro cash inflow for DBAG during the coming weeks.

Investments in the product offer, modernisation of sites, and the services business

DBAG and DBAG Fund VI acquired Pfaudler in December 2014 from National Oilwell Varco, Inc., an American oil and gas distribution company, subsequently structuring an MBO. Particular challenges were Pfaudler's strategic repositioning through an expansion of the product range, a reduction of the investment backlog and the company's modernisation as a whole. Four acquisitions over recent years, with total revenues of about 25 million euros,

contributed to a broader technological foundation. In addition to that, various production sites in Europe and China were restructured and modernised at a cost of six million dollars: the inner-city production site in Schwetzingen (Baden-Württemberg), where Pfaudler had operated for more than 100 years, was closed and replaced with modern facilities a few kilometres away in Waghäusel. The number of decentralised service locations was also increased.

Following the successful strategic repositioning of the past years, the Group's structure was reorganised for synergies a few weeks ago. These synergies will create advantages in global market coverage, laying the groundwork for further growth and further improvements in profitability.

GMM Pfaudler is enjoying market-driven tailwinds: as a leading provider of production systems for the pharmaceutical industry in particular, the company is a beneficiary of significant investments by pharmaceutical players in state-of-the-art production facilities in Europe, the US as well as China and above all in India. DBAG Fund VI and DBAG continue to participate in GMM Pfaudler through their remaining equity stake.

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 the new growth 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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