

PRESS RELEASE

DBAG's portfolio companies vitronet and DING to merge

- **Leading service provider for fibre optics and energy infrastructure in Germany**
- **15 add-on acquisitions over four years – sales revenues have risen sixfold**
- **DBAG has invested into six platforms related to the expansion of broadband telecommunications in Germany since 2013**

Frankfurt/Main, 11 May 2021 – vitronet GmbH (“vitronet”) and Deutsche Infrastruktur und Netzgesellschaft mbH (“DING”), two investments in the portfolio of private equity fund DBAG ECF managed by Deutsche Beteiligungs AG (“DBAG”), will merge. Going forward, the combined entity will trade as vitronet Group in the market for fibre optics and energy infrastructure. The business combination now agreed upon will create a group with 2020 pro-forma sales revenues of approximately 340 million euros, employing around 2,300 staff at more than 30 locations across Germany. The transaction will create a provider in the fast-growing market for expanding fibre optics and energy infrastructure, with broad regional coverage and a service offer comprising all material steps in the value creation chain – from planning and construction of networks right through to operations and services. vitronet Group sees continued good opportunities to actively shape the continued consolidation of this fragmented market.

In 2017, DBAG initially structured the management buyout (MBO) of vitronet GmbH, co-investing with DBAG ECF. This was followed in 2019 by the MBO of STG Braunsberg Group, which has since been trading as Deutsche Infrastruktur und Netzgesellschaft mbH. vitronet generated 42 million euros in sales revenues in the year of acquisition; DING generated 18 million euros. Both companies have grown strongly over recent years, expedited considerably by 15 add-on acquisitions to date. The Group's pro-forma sales revenues have thus risen almost sixfold.

Since the start of their investment, DBAG and DBAG ECF have invested a total of 49 million euros in the two companies, of which 22 million euros is attributable to DBAG. DBAG will hold approximately 39 per cent and DBAG ECF 46 per cent of the newly-formed vitronet Group; the remaining shares are predominantly held by the Group's management team. The transaction will not impact upon the valuation of the investments in DBAG's statement of

financial position. However, the most recent acquisitions, which have been value-accretive, were taken into account as at the most recent reporting date of 31 March 2021, as well as in the forecast for the 2020/2021 financial year – which was raised on 26 March 2021.

To date, Essen-based vitronet has focused on acting as a general contractor for fibre-optic projects. The company acquired and integrated various specialist providers along the value-creation chain over recent years, developing vitronet into a leading end-to-end partner for fibre-to-the-home (FttH) expansion in Germany that is able to offer all material process steps for this expansion. DING, based in Bochum, has been focusing on efficient infrastructure expansion in the areas of telecommunications (fibre optics, FttH, mobile communications), energy (district heating, electricity, e-mobility) and utilities (gas, water, pipelines) in Germany.

Strong market demand meets scarce capacity

The Group benefits from dynamically growing demand for high-performance internet connections: this in turn triggers strong demand for network expansion services, which is being confronted by scarce market capacity for such services. To date, fibre-optic infrastructure has accounted for around 70 per cent of sales revenues, whereby the Group's offering comprises project planning for, and construction of new fibre-optic networks right through to network operations and services. The share of services in particular is set to grow. The Group's business in energy and utilities, which has accounted for 30 per cent of sales revenues to date, is set to benefit from the turnaround in the German energy sector – the *Energiewende* – amongst other factors. For instance, infrastructure needs to be revamped in order to facilitate e-mobility on a large scale. The Group considers itself as one of the leading service providers for infrastructure expansion in Germany.

DBAG had started to invest in companies operating or expanding fibre-optic networks in 2013. It sold its first two investments in this sector (inexio and DNS:Net) in 2019 and in March 2021, respectively. Besides vitronet and DING, together with DBAG ECF and DBAG Fund VIII DBAG holds investments in three additional companies in the sector (netzkontor nord, BTV, and Deutsche Giga Access).

Larger-scale projects for telecommunications companies and (municipal) utilities

“We have invested in a growing market, where speed in developing the companies is a decisive factor for their success”, said Torsten Grede, Spokesman of the Board of Management of DBAG, commenting on the 15 add-on acquisitions upon the occasion of the merger. “We will continue to support the

newly-formed group in its ongoing inorganic growth”, he added. This will serve the purpose of filling existing gaps in regional coverage, for example.

“Our customers are increasingly looking for providers who are able to independently manage constantly growing projects across Germany”, said Marc Lützenkirchen, Chairman of vitronet’s Management Board. He added: “Leveraging synergies within the Group and decades of experience held by our subsidiaries, we will now be able to even better satisfy this ambition.” He explained that a material aspect of the Group’s new size will be to facilitate access to the capital markets, thereby providing better financing options for further acquisitions.

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. For many years, DBAG'S focus has been on industrial sectors. A growing portion of DBAG's equity investments is now deployed in the 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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