

PRESS RELEASE

Deutsche Beteiligungs AG: Sale of investment in Telio

- **Exit from MBO in one of the new growth sectors**
- **Successful company development following strategic repositioning – revenues tripled within three years**
- **No value contribution from the transaction during the current third quarter**
- **Further value contributions expected from re-investment**

Frankfurt/Main, 14 June 2021. Deutsche Beteiligungs AG ("DBAG") has successfully concluded its investment in telecommunications and software company Telio, selling its stake to Charterhouse Capital Partners LLP, a UK-based financial investor. The stakes held by DBAG Fund VI (advised by DBAG) and by Telio's management will also be sold. Corresponding agreements were signed last week; completion is subject to approval by the authorities. The sale is expected to be closed within the next four months.

Since the disposal proceeds realised by DBAG are roughly in line with the valuation of the investment in DBAG's most recent interim financial statements in accordance with IFRS (as at 31 March 2021), the transaction will not generate any further value contribution for the current quarter. However, a re-investment may generate additional value contributions from the company's future performance: DBAG and DBAG Fund VI will invest a portion of the disposal proceeds and will approximately hold a 13 per cent stake in Telio going forward (of which about 2.5 per centage points will be attributable to DBAG).

Further disposal from the DBAG Fund VI portfolio

The disposal of the investment in Telio is the fifth exit of a management buyout (MBO) from DBAG Fund VI's portfolio, following a disposal last year where a further investment (Pfaudler Group) was largely sold. The Fund structured eleven MBOs between 2013 and 2016. It was with DBAG Fund VI that DBAG began investing outside traditional industrial sectors; Telio is one of the MBOs from new growth sectors.

Telio (<https://tel.io/>) develops, installs and operates communications and media systems for correctional facilities, thus providing a material contribution to the reintegration of inmates into society. Telio installs telephones and related systems in prisons, allowing inmates to make monitored calls from communal areas or directly from their cells. Telio's product range also comprises TVs,

DVD players, radios, as well as PCs with restricted internet access. The company's economic success is driven, first of all, by investment in the requisite installations (cables and end devices) and proprietary software for controlling and invoicing usage. The software relieves prison officers of some of their responsibilities, thereby simplifying everyday life at correctional facilities. Telio is also planning the transition to internet-based telephony and other services.

Acquisitions to accelerate transformation

DBAG and DBAG Fund VI invested in Telio in April 2016, within the scope of an MBO; they currently hold 83 per cent of the capital, of which 15.3 per cent is attributable to DBAG. Since then, Telio has evolved into a global market leader in inmate communications, together with the requisite technology and infrastructure. Sales have more than tripled; in 2020, revenues amounted to around 83 million euros. In addition to organic growth, the CAGR in excess of 22 per cent has also been driven by acquisitions, for which DBAG and DBAG Fund VI provided additional funds on two occasions. Besides entering into new regional markets, Telio has significantly expanded its product offer – for example, through technology which detects and blocks illegal use of mobile phones in correctional facilities. The company also increasingly focuses on digital solutions, including the areas of video telephony and e-learning. Nowadays, Telio's systems are installed at 700 facilities in 21 countries worldwide. Europe accounts for 80 per cent of Telio's revenues, with nine per cent generated in Germany. Telio's number of staff has more than doubled since the start of the investment, to 218 employees.

“Telio has undergone a major transformation, once again improving its market position and providing another clear example that add-on acquisitions can decisively accelerate a company's development – and, in the case at hand, its repositioning”, said Tom Alzin, member of DBAG's Board of Management, today. He added: “It was not least the significant investment in internet-based communications that has enabled many inmates to maintain contact with their families in the past few months, despite pandemic-related restrictions on personal visits, through telephone and video calls.”

Jürgen Städing, Managing Director at Telio, emphasised the company's development potential: “We have won pilot projects in several countries over recent months, which will enable further growth. We are seeing a clear trend towards modern forms of communication, such as videotelephony.”

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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