

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

DBAG divests interest in Formel D

- **Conclusion of a successful family succession arrangement through MBO**
- **Growth strategy very successfully implemented with double-digit revenue growth and employee count tripling**
- **3i acquires services provider to automotive industry**
- **Positive value contribution to DBAG's net income in third quarter of 2016/2017**

Frankfurt am Main, 12 May 2017. Deutsche Beteiligungs AG (DBAG) announced it will bring its investment in Formel D GmbH (Formel D) to a very successful conclusion and sell its interests to 3i, a leading international investment manager focused on mid-market private equity and infrastructure. 3i's core investment markets are northern Europe and North America. The DBAG-managed DBAG Fund V and Formel D's management team will also divest their holdings. Agreements to that end were signed today. The transaction is subject to regulatory approval and is expected to be completed within three months. The parties to the contract have agreed not to disclose the purchase price.

DBAG and DBAG Fund V acquired Formel D four years ago from the company founders and arranged the succession issue through a management buyout (MBO). The share of the agreed sales proceeds attributable to DBAG exceeds the investment's valuation in DBAG's IFRS accounts at 31 March 2017; the divestment will therefore result in an income contribution of around ten million euros in the third quarter of 2016/2017 ending 30 June 2017. This income contribution has not been accounted for in the full-year forecast for the 2016/2017 financial year published on Tuesday.

Formel D (www.formeld.com) provides services to the automotive and component supply industry that focus on optimising the quality of products and processes along the entire automotive value chain – from a vehicle's development and production to after-sales activities. For instance, if flawless parts are to be delivered to the production process on an ongoing basis, suppliers must be tested and verified prior to being part of the process. The company's staff carry out manual testing and post-processing work on components and vehicles, and are the global partner when re-tooling work on vehicles is needed at short notice. Formel D supports automotive manufacturers at the start of production and sales activities by assuring the

quality of production lines worldwide, by testing vehicles and by providing technical documentation such as repair instructions.

The aim at the outset of the investment was to expand the business by adding new customers. Beyond that, additional services were to be developed and rolled out to market. A further aim was to move the company forward in terms of internationalisation. These strategic goals have been reached, which required successfully arranging the succession issue and strengthening the company's management. In order to align the company to realise its growth potential, the business organisation needed to be expanded and processes redefined. This is mirrored in two financials: from 2013 to 2016, revenues grew by more than 20 percent per year to 250 million euros; and the number of employees, now at almost 7,200 (of whom 2,500 work in Germany), is nearly triple the number at the outset of the investment.

“In the past four years, Formel D's management has very successfully driven the process-related and organisation changes that have enabled the company's strong growth,” said Dr Rolf Scheffels, member of the Board of Management of Deutsche Beteiligungs AG. “Formel D is an excellent example of how a financial investor with the necessary sector experience can contribute within the scope of a family succession arrangement. We have created the underlying conditions enabling the company to successfully progress and consistently pursue its market opportunities.”

“Formel D has gone through impressive change in the past four years,” said Claus Niedworok, Managing Director of Formel D GmbH. “We have an optimal basis on which to continue our growth in the coming years and expand our competitive position.”

The conclusion of the investment in Formel D is the third divestment of a company from the portfolio of DBAG Fund V within the past three months. Previously, the investments in the France-based FDG Group and the Romaco Group were sold. From 2007 to 2013, the fund had invested in eleven companies.

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-sized companies with potential for development. DBAG focuses on industrial sectors in which Germany's 'Mittelstand' is particularly strong on an international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing corporate strategies that sustainably create value. Its entrepreneurial approach to investing has made DBAG a sought-after investment partner in the German-speaking world. Assets under

management or advisement by the DBAG Group amount to approximately 1.8 billion euros.

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