

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

### **Deutsche Beteiligungs AG invests in duagon AG**

- **Leading independent provider of network components for data communication in railway vehicles**
- **First management buyout in Switzerland and third management buyout by DBAG Fund VII within six months**
- **Growth through expansion of international presence and enlargement of product range with a focus on new network technologies**

**Frankfurt am Main, 20 June 2017.** Deutsche Beteiligungs AG (DBAG) will invest in duagon AG (duagon), a Switzerland-based provider sited in Dietikon of network components for data communication in railway vehicles, the Company announced today. In a first step, the DBAG-managed DBAG Fund VII will acquire all of the shares in duagon in a management buyout. In a second step, duagon's management will co-invest. DBAG will spend up to 14 million euros from its balance sheet for its co-investment and will hold an interest of up to 22 percent in duagon. The purchase contract is expected to close in July. The parties agreed not to disclose the purchase price.

The management buyout of duagon is the first MBO by a DBAG fund in Switzerland and the third MBO by DBAG Fund VII. Six months after the start of DBAG Fund VII's investment period more than 20 percent of the committed capital has been invested.

Duagon ([www.duagon.com](http://www.duagon.com)) was founded in 1995 and is now a leading independent provider of network components for data communication in railway vehicles. The company's products enable communication between individual sub-systems such as doors, brakes, air-conditioning units and the central processor via the so-called TCN (Train Communication Network). Modern trains have an increasing number of such sub-systems manufactured by different suppliers which must be connected to the TCN. Products made by duagon make it easier for suppliers to integrate their systems into the different train manufacturers' networks, thereby reducing sources of error. Duagon develops and produces hardware components equipped with its own proprietary software. These interfaces transform and standardise individual data streams. This enables the train crew or central processor to monitor the operating status of the systems throughout the railway vehicle. Furthermore, duagon interfaces allow the systems manufacturers to focus on their core competence: developing the relevant systems for railway vehicles. Duagon products are used by virtually all train

manufacturers and systems suppliers. For 2017, duagon expects to generate revenue of more than 20 million Swiss francs.

Demand for railway vehicles is growing, fuelled by the buildout of high-speed lines and urban metro systems. Drivers of these developments are an increasing global population, mobility requirements and sustainability efforts. Over the past ten years, duagon has built strong ties to customers in China, the largest market for railway vehicles. The company, furthermore, is benefiting from the growing share of trains equipped with a TCN and the increasing number of systems that are connected to the TCN in those trains. To exploit that potential, duagon intends to expand its sales network, development capacity and support functions particularly in China and other international markets. The company wants to establish itself as a full-line solutions provider for data communication in railway vehicles – through a broader production portfolio and add-on acquisitions in its direct and extended competitive environment. In doing so, the company plans to focus on network technologies such as Ethernet and wireless connections.

“Duagon has succeeded in gaining sustainable customer relationships, broad technological expertise and thus a strong competitive position in its niche market,” said Dr Rolf Scheffels, Member of the DBAG Board of Management, on the signing. “The position the company has reached and the very positive market drivers are an ideal platform for outstanding revenue and earnings growth.”

“In DBAG, duagon has a partner with broad experience in the fields of internationalisation and company development at its side and will be able to continue its successful path to becoming the independent market leader in the sector of communication solutions for on-board systems,” said Dr Markus Dilger, CEO of duagon.

***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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