

## PRESS RELEASE

### **DBAG portfolio company duagon merges with MEN**

- **Establishment of a leading provider of solutions for data processing and communication in railway vehicles**
- **Basis for the successful realisation of development potential in the DBAG Fund VII portfolio**
- **Growth potential thanks to complementary product range, expertise and sales structures**

**Frankfurt am Main, Germany, 5 April 2018.** duagon Holding AG (duagon), a company in the DBAG Fund VII portfolio, and MEN Mikro Elektronik GmbH (MEN) are merging to form a leading provider of software and hardware solutions for data processing and communication, especially in railway vehicles. DBAG Fund VII will invest up to 50 million euros in duagon to finance the transaction as part of a capital increase; up to 11 million euros of this amount is attributable to the co-investment made by Deutsche Beteiligungs AG (DBAG). While the investment company HQ Equita, MEN's former majority shareholder, will be selling all of its shares, the founder Manfred Schmitz will retain a stake in the company in the future. The share purchase agreement is expected to close in May 2018.

The DBAG-advised DBAG Fund VII invested in duagon in July 2017 as part of a management buyout. DBAG has initially co-invested around 14 million euros alongside the fund. This accounts for 22 percent of the shares in duagon.

MEN ([www.men.de](http://www.men.de)) develops and produces computers and electronic components that are fail-safe and durable even under demanding conditions in order to meet its customers' specific requirements. These components are used for data processing in trains, aircraft, industrial installations and medical devices. MEN employs a workforce of around 300 employees at its headquarters in Nuremberg as well as at locations in France, China and the US. In 2017, the company generated approximately half of its revenue of 60 million euros from computer systems for railway vehicles.

duagon and MEN already have leading competitive positions in their respective markets. While MEN's computers ensure the fail-safe and reliable control of brakes, doors and other sub-systems of railway vehicles and railway networks, duagon components allow these systems to communicate with the central rail

network, for example. “It is not only, however, with regard to their product range that the two companies complement each other, but also with regard to their technological expertise and their global sales structures,” explained Dr Rolf Scheffels, member of the DBAG Board of Management, when the contract was signed. “The idea is that on this basis, they will be able to join forces and exploit the potential that is available, especially in the fast-growing market for railway vehicles.” The combined expertise of duagon and MEN should make it possible to develop new products and end-to-end solutions. The focus will be on automatic safety systems and technological trends such as autonomous driving, which is also relevant to the rail transportation sector.

“We are excited about the new prospects that the merger of duagon and MEN will make available to both companies,” commented Dr Markus Dilger, current CEO of duagon and future CEO of the Communications division of the newly created group of companies. “duagon can particularly look forward to gaining access to MEN’s hardware expertise, for example in terms of reliability, and to new sales markets such as automation or the medical sector.” Bernd Härtlein, current CEO of MEN and future CEO of the Computing division of the group of companies, expects MEN, in return, to “benefit in particular from duagon’s expertise in hardware-related software and its strong customer relationships in Asia.”

***The listed Deutsche Beteiligungs AG initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-market companies with growth potential. DBAG focuses on those industry sectors where Germany’s “Mittelstand” is particularly strong in international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing a long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes it a sought-after investment partner in the German-speaking world. The DBAG Group manages and advises capital amounting to around 1.8 billion euros.***

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