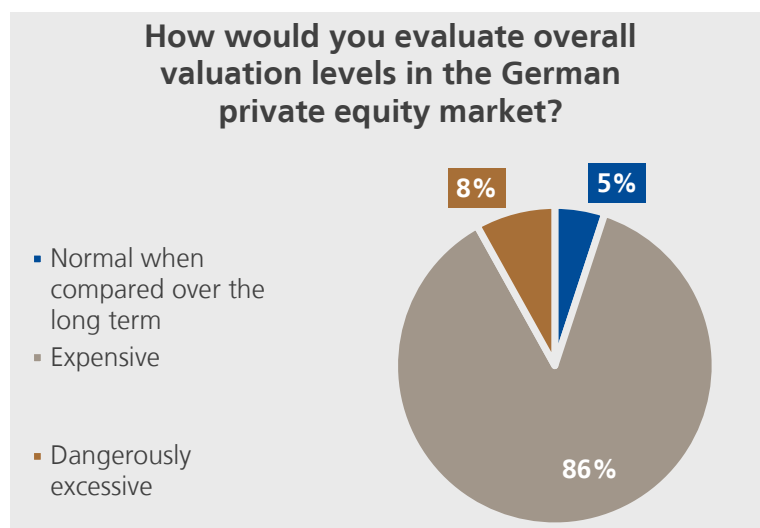


German mid-market buyouts in 2016: The DBAG Mid-Market-Private-Equity-Monitor in collaboration with FINANCE

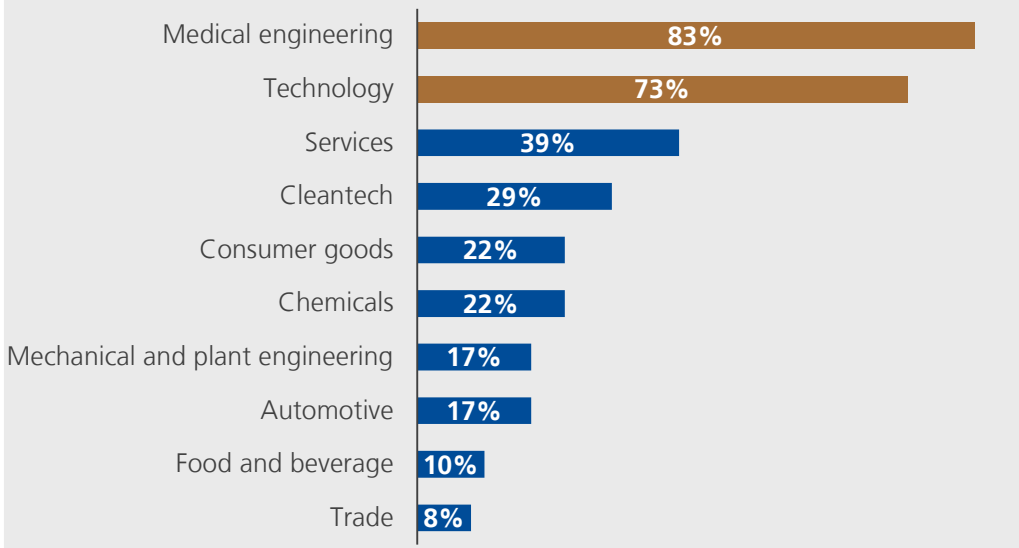
“High, but not over-valued” – survey on valuation levels in the German private equity market

Investment managers at more than 50 private equity firms operating in Germany are polled twice a year on behalf of Deutsche Beteiligungs AG (DBAG) by FINANCE magazine about trends in the German mid-market segment. In the survey conducted at year-end 2016, only five percent of the investment managers interviewed stated that valuation levels were “normal when compared over the long term”; 86 percent termed prices as being “expensive”. Eight percent of the respondents even consider prices to be “dangerously excessive”. In some areas, the professionals interviewed see a risk of excessive valuations. In particular, the prices for medical engineering and technology companies are now so high that there is a threat of a bubble forming in these sectors. By contrast, trading firms are considered the least over-valued, along with automotive suppliers and mechanical and plant engineering companies.



Source: DBAG Mid-Market-Private-Equity-Monitor in collaboration with FINANCE; Survey among investment managers at more than 50 private equity firms

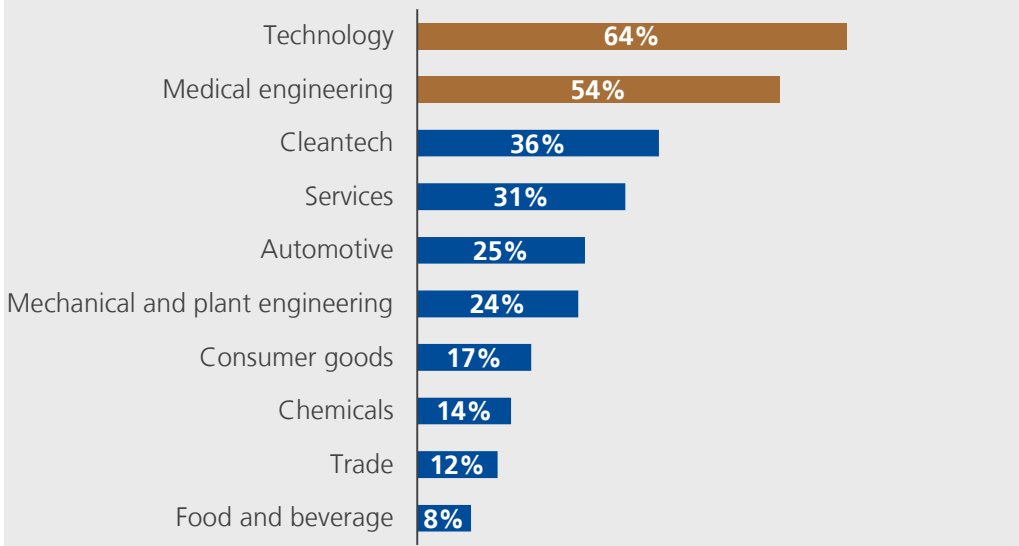
In which sectors have prices increased most strongly?



Multiple answers possible

Source: DBAG Mid-Market-Private-Equity-Monitor in collaboration with FINANCE; Survey among investment managers at more than 50 private equity firms

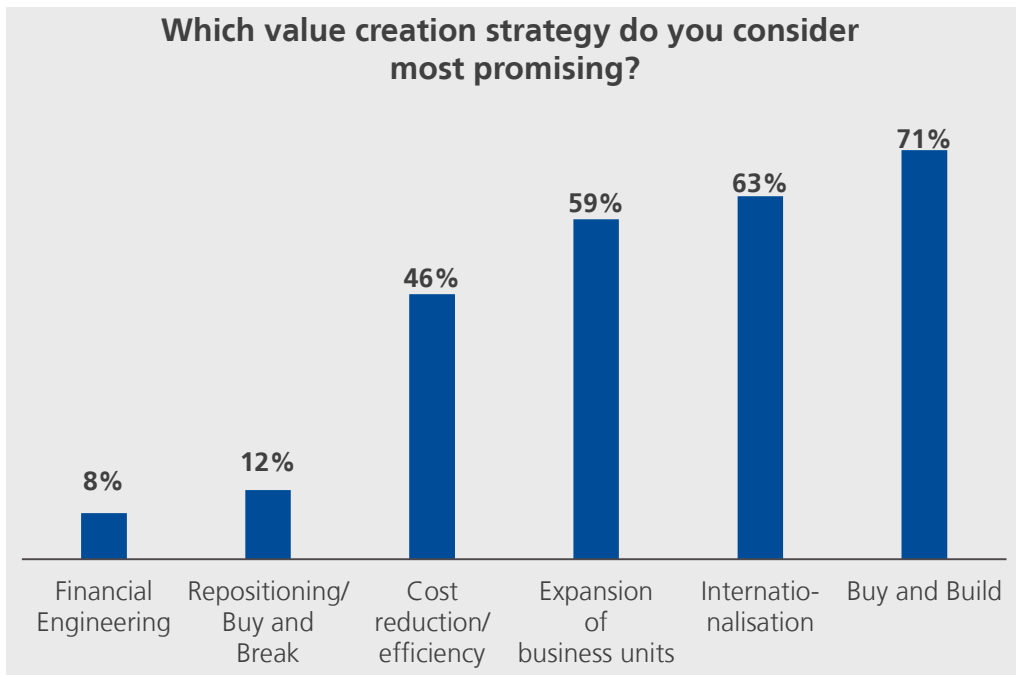
In which sectors do you see a risk of excessive valuations and bubble forming?



Multiple answers possible

Source: DBAG Mid-Market-Private-Equity-Monitor in collaboration with FINANCE; Survey among investment managers at more than 50 private equity firms

The Midmarket-Private-Equity-Monitor shows that financial investors are relying on sustainable strategies to a growing extent in order to support managements in developing the companies and thereby increasing their value. Only eight percent of the investment managers interviewed consider financial engineering to be a promising value creation strategy.



Multiple answers possible

Source: DBAG Mid-Market-Private-Equity-Monitor in collaboration with FINANCE; Survey among investment managers at more than 50 private equity firms

2016 buyout market at near record level – market statistics

Financial investors structured more buyouts in Germany’s “Mittelstand” in 2016 than they had since record year 2007. Half of the transactions – 17 out of a total of 34 – related to sectors in which the price trend has been less dynamic recently. Every fifth transaction (seven of 34) involved an automotive supplier. Compared to the preceding year, the proportion of industrial companies among mid-market buyouts declined: in 2015, they accounted for approximately half of the 30 transactions, and in 2016 for only about a third.

The statistics relate exclusively to majority takeovers by financial investors in which the target company’s management co-invests and which have a transaction value of 50 to 250 million euros for the debt-free company. The data is based on publicly accessible sources as well as on estimates and own research by DBAG in collaboration with FINANCE magazine.

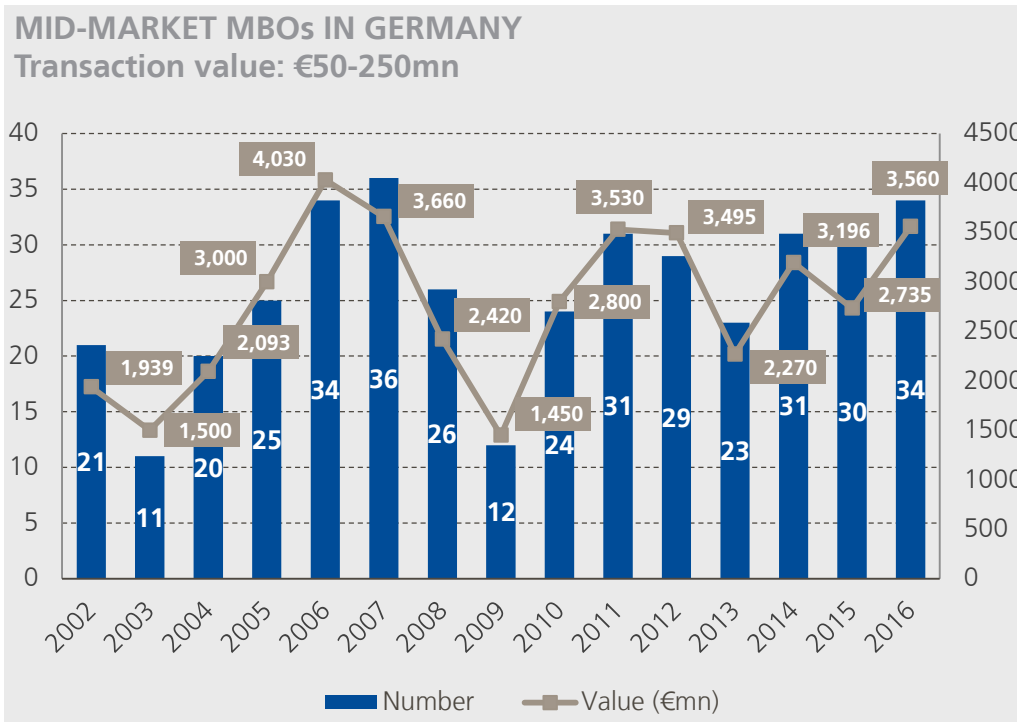
Private equity firms sponsored buyouts last year in Germany’s “Mittelstand” valued at approximately 3.6 billion euros; the previous year it was 2.7 billion

euros. The average enterprise value rose by 15 percent to some 105 million euros. The majority of transactions (23 of 34) were attributable to the segment's lower end (enterprise value: 50 to 100 million euros).

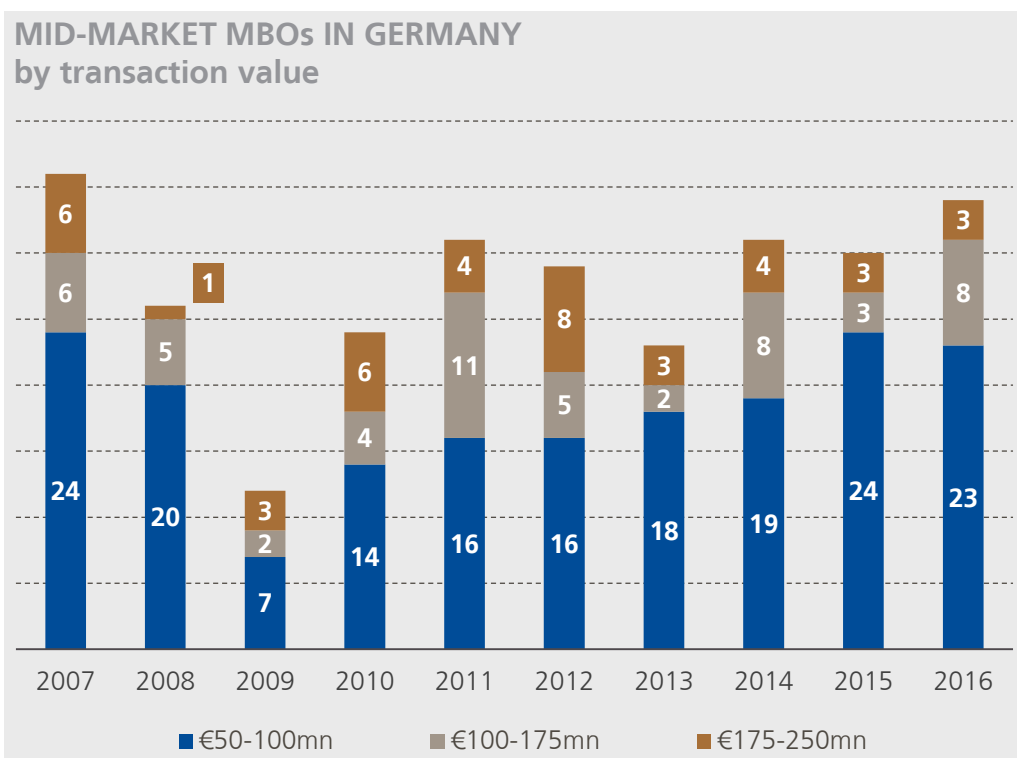
Mid-market MBOs in 2016		
Target	Vendor	Financial Investor
Interforum	Founder	Bregal Unternehmerkapital
Elatec	Stefan Härtel and other previous investors	DPE Deutsche Private Equity
Gala-Kerzen	Langhammer family	Equistone
Binder-Gruppe	Hans and Ottmar Binder	Bregal Unternehmerkapital
Hamm-Reno Gruppe	Siegfried Kaske, Hamm family	Capiton, Ziylan-Gruppe
WST Präzisionstechnik	Finatem	Cathay Capital
Hennecke	Adcuram	Capvis
IHSE	Founder	Brockhaus Private Equity
Schlemmer	Hannover Finanz, Mackprang	3i
AppelrathCüpper	Advent	OpCapita
Inexio	Founder, Management	Warburg Pincus, DBAG
Losberger	HIG Capital	Gilde
Frimo	Hans-Günther Bayer, Rainer Wittkorn	DBAG
GBA Laborgruppe	Adiiva Capital	Quadriga
Onlineprinters	TA Associates	Bregal Unternehmerkapital
Polytech	Founder	DBAG
Exocad	Fraunhofer Institut, founder	Carlyle
Pavis	Previous shareholders	Paragon
Parador	Hüls-Gruppe	Nord Holding
Ruf-Bett	Hüls-Gruppe	Nord Holding
GEV	Previous shareholders	Riverside
Dermatologikum Hamburg	Volker Steinkraus and others	ECM
Utimaco	Pinova, BIP Investment Partners	EQT
Raith	Hannover Finanz	Capiton
Drahtzug Stein	Founding family	Emeram
Schock	HQ Equita	IK Investment Partners
Deutsche Intensivpflege Holding	Delta Equity	Ergon Capital
Schwind Eye-Tech-Solutions	Founder	Ardian
Braun	Seafort	DBAG
Moeschter	Jürgen Möschter	Hannover Finanz
Fischer Surface Technologies	Family shareholders	DPE Deutsche Private Equity
Hoffmann Fördertechnik	Owner family	Afinum
Chicco di Cafe	Previous shareholders	Paragon
Achat Hotels	Previous shareholders	Hannover Finanz

Majority takeovers by financial investors via MBO, MBI, secondary/tertiary buyouts; Transaction value: €50-250mn

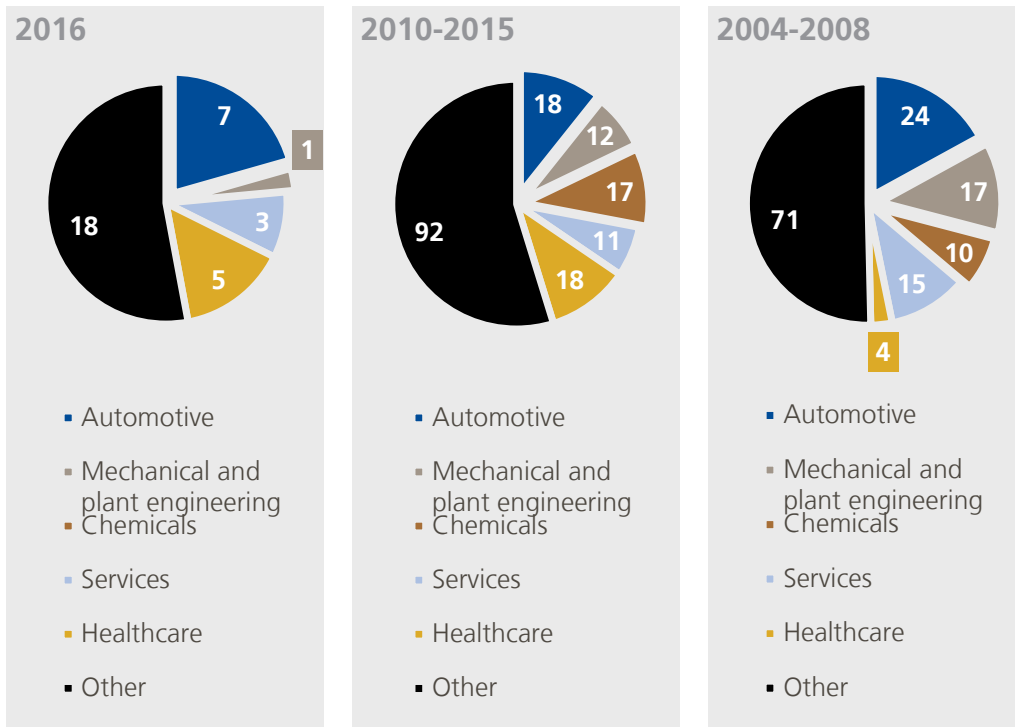
Source: public information, research by FINANCE und DBAG



Majority takeovers by financial investors via MBO, MBI, secondary/tertiary buyouts;
 Transaction value: €50-250mn
 Source: public information, research by FINANCE und DBAG

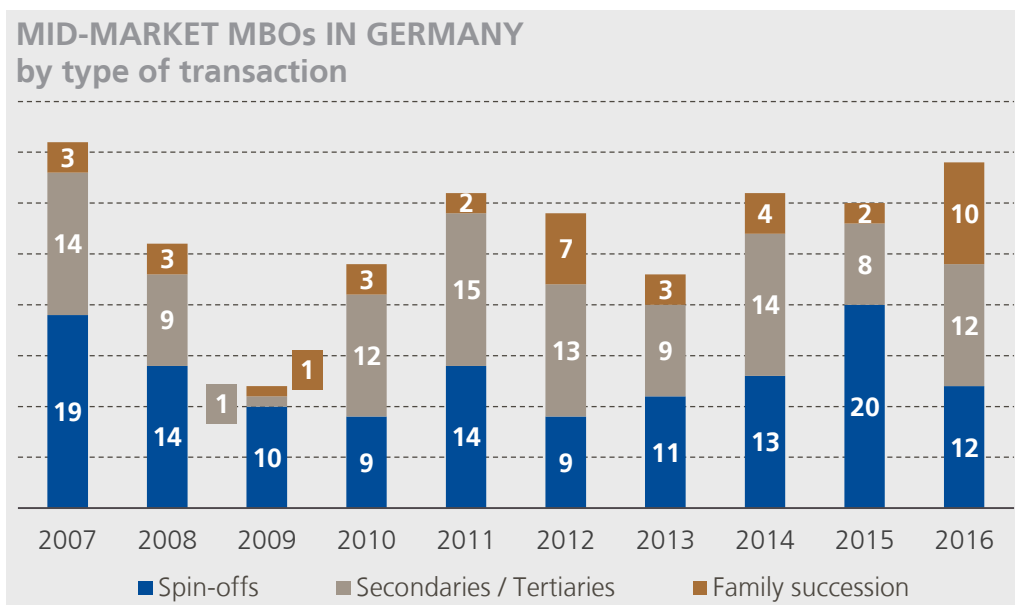


Majority takeovers by financial investors via MBO, MBI, secondary/tertiary buyouts;
 Transaction value: €50-250mn
 Source: public information, research by FINANCE und DBAG



Majority takeovers by financial investors via MBO, MBI, secondary/tertiary buyouts; Transaction value: €50-250mn
Source: public information, research by FINANCE und DBAG

An unusually high number of buyouts originated from family-owned companies in 2016. In ten instances, or in nearly every third case, succession was arranged through a buyout in the role of the majority owner. This represents by far the highest share of family succession arrangements through buyouts in 15 years.



Majority takeovers by financial investors via MBO, MBI, secondary/tertiary buyouts; Transaction value: €50-250mn
Source: public information, research by FINANCE und DBAG