

Press Release

HQ Equita acquires the leading packaging machine manufacturers FAWEMA and HDG (Steindl Group) and establishes The Packaging Group

- The Packaging Group ("TPG") is a leading developer and manufacturer of high-quality packaging machines, particularly for packaging food in various types of paper or plastic bags
- Through organic growth and acquisitions, TPG will be developed into a globally active platform in the packaging machinery market
- The owners of the newly founded holding company combine operational expertise, a broad, strategic industrial network and the necessary financial strength
- This transaction underpins HQ Equita's extensive experience in the packaging machinery industry
- Peter Steindl reinvests significantly; Friedbert Klefenz also invests

Bad Homburg, 13 June, 2018. HQ Equita has signed an agreement to acquire a majority stake in the Steindl Group, which consists of the leading packaging machine manufacturers FAWEMA GmbH ("FAWEMA") and HDG Verpackungsmaschinen GmbH ("HDG"). These companies together will now operate as The Packaging Group.

The Steindl Group's previous Managing Partner, Peter Steindl, who acquired FAWEMA in 2006 and HDG in 2011, will continue to hold a significant stake in the newly founded TPG Holding GmbH and will play a central role in its operations. Friedbert Klefenz, former CEO of Bosch Packaging, will complete TPG's Advisory Board as a competent industry expert. Mr. Klefenz invests in TPG Holding along with the company's further management. In addition, Markus Hüllmann, former board member of GEA Group AG, will enhance the Advisory Board.

FAWEMA, founded in 1920 and based in Engelskirchen, and HDG, founded in 1984 and based in Lindlar, already hold leading competitive positions in their respective markets. They specialize in the development and manufacturing of packaging machines for filling dry, free-flowing bulk materials into various types of paper or plastic laminate bags. The machines offer packaging solutions for flour, sugar, baking mixtures, confectionery, animal feed and various chemical products. The product portfolio includes servo- and cam-controlled horizontal form, fill and seal machines with rotary system (HDG), as well as servo-controlled high-performance packaging machines with chamber transport, and vertical, intermittent and continuous form, fill and seal machines (FAWEMA). The product range is completed by appropriate dosing and levelling systems. The service and spare parts business also accounts for around a quarter of TPG's sales. With Mr. Steindl's operational expertise, Mr. Klefenz's strategic competence and industry network, as well as HQ Equita's financial strength, TPG's sales and service networks will be strengthened internationally, the aftermarket business will be accelerated and new machine solutions for additional applications will be developed, thus diversifying the product portfolio. The strategy will be enhanced by targeted acquisitions to expand technical expertise, end applications and geographical reach.

Peter Steindl, former Managing Partner of the Steindl Group and designated Chief Executive Officer of TPG, underlines the industrial logic of the transaction: "With HQ Equita and Friedbert Klefenz as well as Markus Hüllmann we have found the ideal partners for FAWEMA and HDG to

take the next big step, with both companies now operating as The Packaging Group to create a global platform.”

Friedbert Klefenz, designated Chairman of the Advisory Board of TPG, adds: "I look forward to using my experience and my network to continue the success stories of FAWEMA and HDG as The Packaging Group. The attractive and rapidly growing packaging machinery market is characterized by consolidation tendencies. I see great potential in the M&A area in particular."

Hans J. Moock, Managing Director of HQ Equita, emphasizes that the transaction documents HQ Equita's broad experience in the packaging industry: "We are very pleased to have won two top companies with strong positions in their markets: FAWEMA and HDG."

Christine Weiß, Partner of HQ Equita adds: "We know the packaging machinery market very well and have already shown that we are able to successfully exploit attractive growth opportunities and global trends, such as the increasing importance of flexible packaging solutions."

The parties have agreed not to disclose the purchase price and other details of the contractual agreement. The closing of the transaction is expected for the second half of June.

The Steindl Group was supported in the transaction by the following advisors: Hake Consulting (M&A, Finance), Rentrop & Partner (Taxes) and Fritsch Graf Horsten (Law, Purchase Agreement).

HQ Equita was supported by Munich Strategy (CDD), Ebner Stolz (FDD), ERM (Environment, ESG) and Watson, Farley & Williams (Law, Sales Contract, Taxes).

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About FAWEMA GmbH and HDG packing machines Ltd (Steindl-Group)

The Steindl Group essentially consists of the leading packaging machine manufacturers FAWEMA GmbH ("FAWEMA") and HDG Verpackungsmaschinen GmbH ("HDG").

FAWEMA ("Factory for Tools and Machines"), founded in 1920, is a leading developer and manufacturer of packaging machines for filling dry, free-flowing bulk materials into various bag types made of paper or plastic laminates. The machines offer packaging solutions for flour & baking mixes, sugar, food & sweets, pet products and chemical powders. The product portfolio includes servo bag packers, cam driven packers, vertical fill seal packers (VFS), vertical form fill and seal machines (VFFS), bundler & collators and special machines. In 2006 Peter Steindl acquired the company from M.A.X. Automation GmbH as part of a management buyout. FAWEMA has operated sales and service branches in East Africa and the USA since 2017 in order to meet the growing local demand for packaging machines in these markets. FAWEMA employs 122 people at its headquarters in Engelskirchen and service technicians worldwide. More information can be found at: www.fawema.com.

HDG was founded in 1984 and employs approximately 80 people at its headquarters in Lindlar. The company specializes in the development and manufacturing of packaging machines for the food, pharmaceutical, chemical, cosmetics and pet food industries. The product portfolio includes horizontal form, fill and seal machines (HFFS Pouch) as well as dosing and levelling systems. HDG operates a worldwide service network consisting of numerous representative offices and service employees. In 2011 Peter Steindl acquired the company from the son of HDG founder Christof Glindemann. More information can be found at: www.hdg-packaging.com.

About HQ Equita

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HQ Equita is the direct investment company of HQ Capital. It continues the tradition of the Harald Quandt family, to take entrepreneurial interests in medium-sized companies in the DACH region (Germany, Austria and Switzerland). HQ Equita is one of the most experienced equity capital providers in the German-speaking market. Since its foundation in 1992, the company has raised capital commitments totaling more than one billion euros and has invested in more than 30 companies. The group of investors behind HQ Equita includes institutional investors, family offices, foundations and entrepreneurial families - such as the Harald Quandt family. For further information please refer to www.hgequita.com.