

Q2 2017
INDUS Holding AG

[INDUS]

INDUS,
THE HOLDING COMPANY

ON A MISSION FOR A SUCCESSFUL GROUP



(F. L. T. R.) TIMO BENTELE, MARTIN HUNGER, MARION PAULUS AND JÖRN WEUSTE MAKE UP THE M&A TEAM AT INDUS HOLDING.

The INDUS team in Bergisch Gladbach, including the Board of Management, comprises just 28 people. Together, they see to the Holding's successful course and to providing an ideal environment for its portfolio companies, in which to profitably advance their business interests. The teams must be well versed in a great many subjects and solve numerous problems to do so. Here is a brief overview:

M&A: WITH A CLEAR OBJECTIVE AND GOOD INSTINCTS, FINDING THE RIGHT COMPANIES

Among the holding company's most important tasks is finding new companies, "hidden champions" that will make the Group even more successful in the long term. The INDUS team searches for new companies to add to its portfolio every year. The importance of this task has grown substantially with the digital revolution of the recent years. In which industries do the Group's best prospects lie? Where are the potential candidates for acquisition to be found? Which of them would be a good fit for the Group? And on what terms are they to be acquired? These questions occupy the entire Board of Management as well as a four-member team coordinated by Chief Executive Officer Jürgen Abromeit.

When searching for additions to the Group, the M&A team concentrates on clearly-defined growth industries. What the target companies have in common is the descriptor "tec". If there is one thing the acquisition experts know for certain, it is that technological competence is going to be a crucial driver of future growth even for small and medium-sized companies. In recent years, the Group has regularly generated an EBIT margin of roughly 10%. To continue doing so, the holding company

has recently expanded its investment focus. The M&A team is now looking at companies with a sales volume greater than EUR 50 million and established companies in an earlier growth phase with strong technology to strengthen the existing portfolio companies.

"3i": SUPPORTING THE PORTFOLIO COMPANIES' DEVELOPMENT

In recent years, the holding company has greatly expanded the advisory and support services it offers its portfolio companies. The purpose of these services is to enable the portfolio companies to reap the benefits of their affiliation with the Group for their strategic, operational and economic development. In concrete terms, INDUS supports its subsidiaries by providing financial resources and targeted expert advice. The portfolio companies avail themselves of this support as needed in three important areas: investment (to increase production capital or acquire suitable companies), innovation (to secure a competitive edge through the development of new solutions) and internationalization (to expand their earnings base by expanding into new markets).

INDUS places special emphasis on supporting technological development. Under the catchphrase "innovation toolbox", the holding company offers



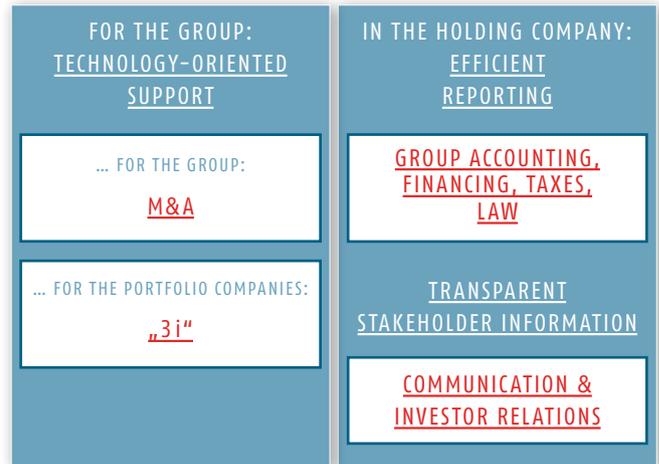
DR. BOHNEN (L.) IS IN CONSTANT CONSULTATION WITH THE PORTFOLIO COMPANIES ON MATTERS RELATING TO INNOVATION AND TECHNOLOGICAL ADVANCEMENT.

its portfolio companies a whole program of services that they can access according to their needs. Responsible for the "Technology and Innovation" department is Board of Management member and CTO Dr. Johannes Schmidt. Together with the responsible technical expert Dr. Fabian Bohnen, INDUS offers its portfolio companies support in these areas. In addition, the innovation team draws on its excellent



THOSE RESPONSIBLE IN GROUP ACCOUNTING: KARIN CROMBACH AND HANNES RISTOW.

INDUS IN ACTION



relationships with the scientific community and sets up direct contact to research institutes and universities on request.

FINANCING AND GROUP ACCOUNTING: REGARDING THE GROUP'S STABILITY AND SUBSTANCE

EUR 1.5 billion – this is the combined turnover generated by all 44 INDUS portfolio companies during the last fiscal year. By the middle of the current year two more companies, with a sales volume of roughly EUR 36 million, had been added. This means that our business volume has doubled in little more than ten years. In the holding company, an established team of experts working with Chief Financial Officer Rudolf Weichert takes care of all tasks associated with Financing and Group accounting.

These tasks include, to begin with, compiling the financial data prepared by over 180 individual companies according to national accounting rules. The

two-member Group accounting team determines and posts the consolidation and other adjustments according to international accounting standards. One result of this work is the financial reports published on a quarterly basis. At the same time, the responsible experts in the controlling department are continually analyzing the data according to business and risk-related criteria of every single portfolio company.

Three treasury employees ensure the holding company's liquidity security at all times and the optimal use of financial resources. They are extremely well informed of developments in the capital markets and are always weighing the possibilities through which INDUS can most prudently manage its capital. In addition, the team offers the portfolio companies advice on operational financing transactions. This comprises aval and currency management along with the business of company insurance.

The portfolio companies are able to benefit also from the holding company's specialized expertise in addition to its previously mentioned core tasks. They are able to obtain as needed advice on tax- or contract-related topics, matters relating to antitrust law or competition, customs law, or compliance issues.

CULTURE & COMMUNICATION: INTERNALLY ASSISTING, EXTERNALLY REPRESENTING

For all the dissimilarity of their business operations, the INDUS portfolio companies share a unique understanding of the SME landscape. Underlying that understanding are entrepreneurial and cultural values, among which are a sense of responsibility for the region and its people, a constant striving for improvement and an orientation to long-term goals. As an asset-managing holding company, INDUS has set itself the goal of preserving its portfolio companies' identity as SMEs. This identity

is also a key positioning attribute for INDUS in the capital market.

The communications and investor relations team led by Nina Wolf and Julia Pschribüllä sees to it that this positioning of INDUS receives the appropriate public notice and that the holding company's capital market strategy is correctly understood. This is a demanding field, as it requires both speed in response to immediate needs and endurance for the long haul of all those involved. For example, interview appointments must be arranged and the holding company's press releases prepared on short notice. In the medium term, there are the maintenance of INDUS's Web page, its interim finan-

cial reporting, preparation of company presentations, and the organization of talks and road shows. The long term is dominated by the company's central publication, its annual report and, of course, the preparation of the annual meeting of INDUS shareholders.

to come. Skilled reinforcement is currently needed especially in the fields of technology/digitization and innovation. To ensure that the new employees also have appropriate work space, some 900 square meters of new office space have been added to the main building.



NINA WOLF (R.) AND JULIA PSCHRIBÜLLÄ (L.) MAKE UP THE CORE TEAM FOR COMMUNICATION AT INDUS HOLDING.

THE ADDITION THAT WAS COMPLETED IN THE SUMMER OF 2017 OFFERS SPACE FOR 18 EMPLOYEES AND THREE CONFERENCE ROOMS.



THE HOLDING COMPANY LOCATION: MORE ROOM FOR MORE SUPPORT

With the Group's vigorous growth and its new support services, space has become tight for those employed at the Kölner Strasse 32 in Bergisch Gladbach. That is a good sign, as it shows that the support provided by the holding company is being very well received by the portfolio companies. In order to continue satisfying the growing demands of internal and external stakeholders, the holding company team will be experiencing further growth, including in terms of personnel, in the months

The company's status as an asset-managing holding company comes with clear constraints for the INDUS team. In practice, the holding company applies an understanding that is shaped by creative ideas for constructive backing and support of the portfolio companies, all of which is provided in a way that preserves their autonomy. It is an enjoyable responsibility, and one that yields rewards for the Group as a whole. And that is how things shall remain.