STEPHAN MACHINERY GMBH (PROXES)

€3.5mn INVESTMENT OF DBAG	78.5% SHARE OF DBAG FUND V
19.0% SHARE OF DBAG	MBO TYPE OF INVESTMENT
	JUNE 2013 INITIAL INVESTMENT

MACHINES AND PROCESS LINES FOR THE FOOD INDUSTRY

Stephan Machinery GmbH makes machines and process lines for food processing and builds complete production plants. The company's core competence is its applications experience and system expertise. The product range encompasses mainly machines and plants used for the thermal processing of liquid and semiliquid food products such as sauces, processed cheese, soups or baby food. By acquiring FrymaKoruma from the Romaco Group, the company has completed its range of machines for processing cold food, cosmetics and pharmaceutical products.

As opposed to most of its competitors, Stephan Machinery has its own engineering department with plant design capabilities and can therefore offer integrated production facilities. The company's proprietary process machines and longstanding applications expertise give it a competitive edge. As the food industry, the company's main sales market, is largely non-cyclical, we expect business to be less volatile for Stephan Machinery compared to other mechanical engineering companies.

POTENTIAL FOR DEVELOPMENT

A new umbrella organisation ("ProXES, the Processing Group") comprising Stephan Machinery and FrymaKoruma aims to cooperate with other mechanical engineering companies in future that hold a leading position in their respective niche markets, can offer complete production plants or key components, and – like Stephan Machinery and FrymaKoruma – are considered technology and innovation leaders in the processing segment. This alliance will enable these companies to maintain a joint international service and sales network, cooperate in research and development and use economies of scale in other areas.

With the acquisition of FrymaKoruma, Stephan Machinery has taken a first step towards the company's further development. As a result, revenues grew initially to over 80 million euros.

2014 FINANCIAL YEAR

The first half of 2014 was relatively unproductive for Stephan Machinery. Incoming orders for larger industrial machinery were low. The second half of the year was considerably better and showed that many orders had initially simply been postponed. They now provide the company with a good basis for business in 2015. The service business developed better than expected in parts. Revenues and earnings were on a par with the previous year despite the unsatisfactory market situation.

OUTLOOK AND OBJECTIVES

The company intends to continue growing in line with the market, as well as through expanding its sales organisation, growing its product portfolio and making acquisitions. As a result, Stephan Machinery expects higher revenues and earnings on a comparable basis. In addition, it plans to boost the quality of its results through further operational improvements.

REVENUES *in €mn*

2012	2013	2014 (PREL.)
42	42	81

EMPLOYEES

180

1 Including the acquisition of FrymaKoruma in 2014

Hameln (Germany) / www.stephan-machinery.com