



The investment years 2010 until 2013

Following the successful fundraising in 2009, capiton now has € 350 million available for investments in medium-sized companies in Germany, Austria and Switzerland.

Should the economic cycle of the private equity sector resemble past cycles, the coming years beginning in 2010/2011 should be promising investment years. The last cycle of 2001 to 2008 was initially characterised by the downturn due to the burst of the tech bubble and 9/11. The crisis led to numerous bankruptcies and a strong rise in uncertainty for investors and banks.

Some private equity funds were left without financing sources. However, those funds that were still able to invest benefited from highly attractive entry valuations for acquisitions during the economic downturn. On the one hand, the competitive pressure was rather low, which was also due to the reticence of strategic investors. On the other hand, valuation parameters such as company profit and multiples were low. In 2001 to 2003 the deal volume was low, but in hindsight almost all of the investments from these vintage years were highly successful for investors.

From 2004, the transaction market recovered, private equity funds received sufficient liquid-

ity again and strategic investors returned to the transaction market. Banks once more provided generous leverage finance packages, and companies were able to obtain alternative financing and pursued more courageous strategies, ... Conclusion: Enterprise values increased considerably again, as had happened five/six years earlier.

Today's starting position is similar to the one in 2001-2003. Equity capital is scarce and the transaction market turns towards becoming a buyers' market. Should the beginning cycle resemble the last one, the number of transactions will remain low in 2010 and start to increase again once the economy recovers from 2011. However, the imminent upswing of the transaction market with annual increases in enterprise values will be much more moderate than in the last cycle. The turbo effect of past years is not expected to be repeated due to the permanent retreat of some banks from this market segment.

Review of 2009



Most of capiton's portfolio companies showed a rather positive development in 2009 despite the turbulent market environment.

In line with industry development, new business was weak. While four portfolio companies were acquired in 2008, only one company was added to the portfolio in 2009. There was a lack of attractive targets. Hardly any shareholders were willing to exit and sell their company in the time of crisis.

Distressed assets, i.e. companies with financing difficulties, were also scarcer than many market participants would have expected. This is due to factors such as the banks' still rather moderate workout policy and economic aid programmes from the political sphere (e.g. generous short time work regulations and granting of guarantees).

Exit activities were also weak in 2009. After three exits in 2008, all company sales planned for 2009 were postponed, as the sales market was not attractive enough. However, the terms of the capiton funds still offer enough time to wait for the next economic upswing to implement the exit strategy.

Dr. Andreas Kogler



New investment RTS Elektronik Systeme

In October 2009 capiton acquired an interest in the RTS-Group as part of its expansion and replacement financing strategy.

RTS is an outsourcing provider of warranty services for electronic goods, in particular for notebooks and monitors. Its services range from repair and warranty services, and reverse logistics to the complete spare parts management for globally operating electronics manufacturers. With revenues of approximately € 90 million and 700 employees, RTS is one of the largest after sales service providers in Europe, along with Arvato, a subsidiary of Bertelsmann.

One of capiton's key investment rationales for RTS is the fact that outsourcing activities in the after sales service business and in warranty management will continue to increase in the coming years due to the market structure. First, new suppliers of electronic products from Asia will not establish their own service network in Europe, if they can cooperate with a strong

partner. Second, established suppliers will focus more on their core competencies and continue to outsource after sales services.

capiton and the founder of the company, Josef Raith, who continues to manage the company as CEO, intends to seize these opportunities. In addition to concluding

after sales service agreements with new customers in the electronics sector, the expansion in the on-site service segment is currently underway. A nationwide on-site network would make RTS an ideal service partner from the repair of household appliances to installation and repair of electronic systems (e.g. BUS systems, solar systems).



capiton in Switzerland

It is capiton's goal to acquire two companies in Switzerland within the next three years.

The capiton funds are used to invest in medium-sized companies in Germany, Austria and Switzerland. In the past years, capiton acquired two companies in Switzerland: the technology companies Meyer Burger and Camille Bauer. Both investments show a very successful development.

Meyer Burger was bought by capiton in an MBO in 2000. The machine builder initially only supplied the semiconductor sector. As soon as the cutting technology produced by Meyer Burger could also be applied in the solar industry, company performance began to surge. At the end of 2006, the company was listed on the stock exchange. Meyer Burger continued to develop very successfully after the IPO. Today, Meyer Burger's IPO is one of the most successful IPOs in Switzerland of recent years. In 2005 capiton acquired another Swiss company, namely the Camille Bauer Group, via the portfolio company Gossen-Metrawatt. This investment in the market segment of instrumentation and



controls engineering, also shows a very positive development.

Switzerland offers an ideal investment environment for private equity firms: many medium-sized companies, often with a very positive global competitive position and reputation, a stable political environment,

liberal labour laws and favourable tax regulations. Private equity firms invest approximately € 1 billion per year in Switzerland. In the capiton segment alone, ten transactions per year are realised. Some of them are supposed to be included in the capiton IV portfolio in the coming years.

InBrief

Zyotoservice: new production facility opened

After only one year construction time Zyotoservice opened its new production facility in Hamburg-Jenfeld in December 2009. This immediately enables Zyotoservice to triple its production capacities to meet increasing demand in the coming years; in recent years Zyto featured an average growth rate of 30 % p.a. At the same time, the completion of the new facility, which has been built to GMP standards allows for further optimisation of internal processes such as the establishment of a continued, optimised flow of goods from the acceptance of goods via production to shipping. The opening of the production facility is a strategic

milestone in the short history of Zyotoservice GmbH and a decisive corner stone for its future development. With more than 250,000 shipped products in 2009, Zyotoservice GmbH is already the market leader in Germany for the production of sterile infusion solutions for cytostatics, parenteral nutrition and antibiotics. The new production facility provides Zyotoservice with the opportunity to further expand its market leadership.

Ensys AG: Capital increase through new partner

Süwag AG bought a minority stake in Ensys in order to finance the further expansion of the company. Süwag is a utilities company with RWE AG as its majority shareholder. In 2009 Ensys generated revenues of approximately € 300 million.

Walter Services signs two outsourcing deals

With the takeover of SEB Card Services GmbH, Walter is the first external service provider taking over the complete call centre of a German commercial bank. As part of the transaction, Walter Services signed a long-term service agreement with the seller, SEB AG. Strategically, the new unit is targeted to become the nucleus of a multi client banking services centre. In the TV and media market segment, Walter Services also managed to strengthen its market position through the takeover of two call centres from the insolvent Quelle Group. The new locations will mainly be used by Walter to provide services for the home shopping channel HSE 24.

Successful placement capiton IV

Subscription period for capiton IV ended ahead of schedule. Fund volume target of € 350 million was heavily oversubscribed.

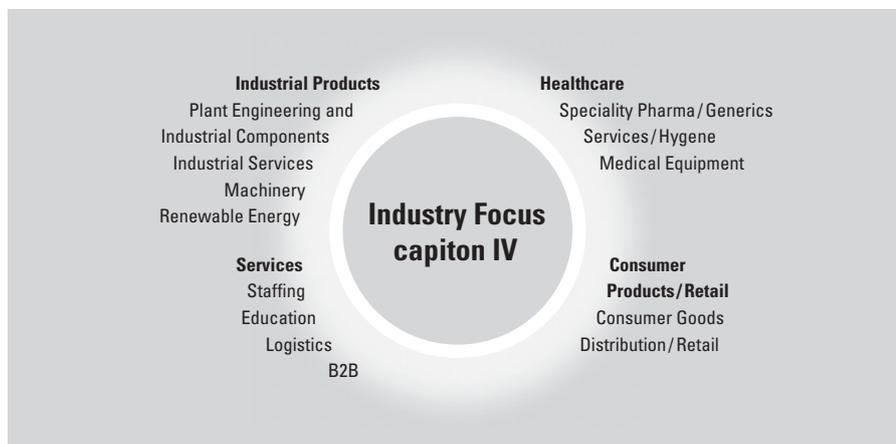
The new capiton IV fund entered the investment phase on 1 January 2010. capiton IV has a subscription volume of € 350 million. Funds were raised between March and September 2009. The first closing was held on 15 July 2009, the second and final closing was held ahead of schedule on 30 September 2009 following the receipt of the remaining subscription documents. The volume of the new fund exceeds the predecessor fund capiton III (€ 250 million) by € 100 million.

While investors' desired subscription volume was met in full in the first closing, the second closing required an allocation process, as the maximum fund volume was limited to € 350 million. capiton managed to

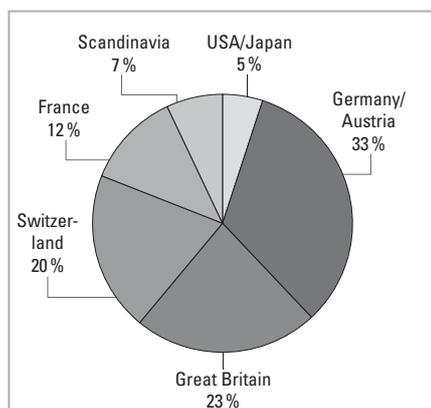
win 30 investors from the group of interested investors. Almost one third of the funds were invested by German investors or investor groups – two thirds come from other European countries, North America and Asia.

The chart below depicts the detailed investor structure with regard to region and background.

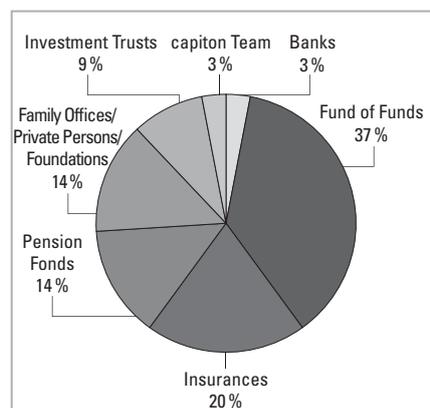
With the new fund, capiton will continue the investment strategy of the two predecessor funds capiton II and capiton III: The acquisition of equity stakes in successful medium-sized companies in Germany, Switzerland and Austria that generate profitable revenues between € 50 and 500 million.



Industry Focus of the capiton IV Fund



Investors by Country and Committed Amount



Investors by Institutions

InBrief

Lahmeyer: Dr Bernd Kordes appointed new CEO

In summer 2010 Dr Kordes will replace Dr Nothdurft as Chairman of the Management Board at Lahmeyer International. Dr Nothdurft moves to the Supervisory Board. Mr Kordes' last position was Member of the Executive Committee at the listed Finnish competitor Pöyry, where he was responsible for the Water & Environment segment. Before Pöyry he was CEO of the GWK Group, a subsidiary of Bilfinger Berger.

nora systems: Alexander Althof appointed new CEO

From 1 February, Alexander Althof will replace Heinz Futscher and become Chairman of the Management Board at nora systems GmbH. Prior to joining nora, Mr. Althof was CEO of Kaldewei GmbH Co. KG for many years, a leading international company in the sanitation fittings sector. In this position, Althof managed to significantly expand the international activities of the company as well as its project business. Heinz Futscher's contract ended on 31 December 2009, as he reached retirement age. However, he will continue to be responsible for nora's technology business, as requested by the shareholders.

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