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Exclusive sale and purchase agreement for the sale of Punch Powertrain to the Chinese Yinyi group

Gimv and Gimv-managed Gimv-XL fund announce that the shareholders of Punch Powertrain signed an exclusive sale and purchase agreement with the Chinese Yinyi group to acquire 100% of the securities of the Belgian company Punch Powertrain. The valuation agreed upon in the context of this transaction indicates that the contemplated sale could have a positive impact of approximately 7% on Gimv's equity value at 31 December 2015. The transaction is still subject to a number of financial and regulatory conditions.

Having pioneered continuously variable transmission (CVT) technology in the 1970s, Punch Powertrain now has an established position in the fast growing Chinese and Asian automotive markets, to which its products have been tailored through 40 years of CVT development. Punch Powertrain has also made significant investments in cutting-edge hybrid and electric powertrain technology. This positions the company to benefit from the increasing focus on fuel efficiency and emissions reduction in global automotive markets, especially in growing urban traffic.

In March 2010 Gimv and Gimv-managed Gimv-XL fund acquired a 46% stake in Punch Powertrain at the occasion of a capital increase. In December 2013 Gimv and Gimv-managed Gimv-XL fund, together with the other shareholders (i.e. LRM, Capricorn and management) sold 30 percent of their stake in Punch Powertrain to the China-focused private equity fund New Horizon Capital. After this partial exit Gimv and Gimv-XL fund's joint stake dropped to 32 percent.

Since Gimv's investment in Punch Powertrain in 2010, turnover has almost increased fivefold to EUR 326 million. At the same time the number of employees grew from 210 to more than 1,200 FTEs. In addition, it expanded its customer base and broadened its products range. Today, its largest-ever order book points to a great number of vehicles with Punch Powertrain transmissions being built over the next few years, ensuring growth. Moreover, Punch Powertrain plans to continue its innovation track and is currently adding plant capacity in both China and Europe.

Cor van Otterloo, CEO Punch Powertrain, on this transaction: *"Our shareholders not only gave us financial stability. Over the past years we also enjoyed their active support in developing Punch Powertrain to where it stands today. More specifically, the hands-on and pragmatic support of Gimv is very much appreciated."* He continues: *"Together with Gimv and the other shareholders we already accomplished two of three jointly-strategic pillars: customer and product diversification. Our third objective for the next five years is to achieve further geographic diversification both within and outside Asia. In Yinyi we found the right partner to support us in this ambition. To achieve this ambition, our Belgian R&D team is set to*

expand from around 300 engineers to around 700 in the coming five years. The operations team will expand accordingly. This will allow the company to continue to develop new cutting-edge technologies. On top, plant capacity will jump from 300,000 to over a million units per year, both in Belgium and in China.”

“Financing was only part of Gimv’s contribution to the company’s ride to success. We supported senior management of Punch Powertrain on several strategic initiatives. For example: the technology agreement with DTI and its subsequent acquisition, developing different financing structures, working out strategic cooperation models with customers, developing the business plan and bringing the China-focused fund New Horizon Capital on board. These interactions took place when we thought that our opinion and experience could make a difference”, says Bart Cauberghe, Partner in the Smart Industries platform of Gimv.

Bart continues: “I would like to thank Cor and his team, because they played a crucial role in making the company what it is today. Their enthusiasm, constant motivation and drive enabled to company to digest the fabulous growth it experienced since we stepped in. Based on the discussions we had with both interested Western and Asian parties we feel confident that Yinyi group as new partner, will continue to give the company the opportunity to build the independent world leader in the field of continuously variable transmissions and electrified powertrains.”

Chairman and founder Mr. Xiong from Yinyi group comments: “The strong technology expertise and growth track record of Punch Powertrain combined with its Asian exposure, make Punch Powertrain fit perfectly with Yinyi’s strategy to diversify its activities and also allows Yinyi to catapult to the rank of tier 1 supplier, thus becoming the first Chinese full system transmission player.”

The shareholders of Punch Powertrain signed an exclusive sale and purchase agreement for the acquisition of the company by the Chinese Yinyi group. Yinyi was founded in 1994 and is a private conglomerate of companies active in various sectors. Yinyi is among China's top 500 companies, and is one of the leading real estate developers in China. They are also active in property management, mining, automotive and semiconductors, and metal and raw material trading. In 2014, the group realized a turnover of EUR 7.6 billion.

The valuation agreed upon in the context of this transaction would result in a positive impact of approximately 7% on Gimv’s equity value at 31 December 2015. The transaction is still subject to a number of financial and regulatory requirements. Further announcements will be made if and when circumstances require, along with Punch Powertrain and the other shareholders of the company.

We invite you to read more about Gimv’s exciting journey with Punch Powertrain in our latest [Gimv Insights](#).

ABOUT GIMV

Gimv is a European investment company with over three decades experience in private equity and venture capital. The company is listed on Euronext Brussels. Gimv currently manages around 1.8 billion EUR (including co-investment partnerships) of investments in about 50 portfolio companies.

As a recognized market leader in selected investment platforms, Gimv identifies entrepreneurial and innovative companies with high-growth potential and supports them in their transformation into market leaders. Gimv's four investment platforms are: Connected Consumer, Health & Care, Smart Industries and Sustainable Cities. Each of these platforms works with a skilled and dedicated team across Gimv's home markets of the Benelux, France and Germany and can count on an extended international network of experts.

More information on Gimv can be found on www.gimv.com.

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