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Successful closing of Punch Powertrain's sale to the Chinese Yinyi group

Gimv and Gimv-managed Gimv-XL fund announce that the sale of Punch Powertrain to the Chinese Yinyi group, that was signed at the beginning of March, is now completed successfully. As such, Yinyi acquired full ownership of Punch Powertrain. The closing of this transaction has a net positive impact of about EUR 44 million (or EUR 1.75 per share) compared to the value of this shareholding in Gimv's equity value as of 30 June 2016.

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. This year, turnover is expected to grow by 35%, what is supported by the figures over the first six months of the financial year. Today, its largest-ever order book points to a great number of vehicles with Punch Powertrain transmissions being built over the next few years, what will be the driving force behind the future 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: *"Together with our historic shareholders, we have realized an amazing growth story during the last five years. Our shareholders not only gave us financial stability. Over the last years we also enjoyed their active support in developing Punch Powertrain to where it stands today. We are confident that with the support of our new Chinese industrial shareholder Yinyi we keep on continuing our successful growth trajectory."*

"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, Managing Partner and Head of Gimv’s Smart Industries platform.

Bart continues: “I would like to thank the team led by Cor van Otterloo, 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. Furthermore, I would also like to thank the other shareholders for their constructive cooperation over the past 7 years.”

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 closing of this transaction has a net positive impact of about EUR 44 million (or EUR 1.75 per share) compared to the value of this shareholding in Gimv’s equity value as of 30 June 2016. Over the entire period, this investment generated a yearly return (IRR) of more than 50%, or a money multiple of more than 15,0x.

We invite you to read more about Punch Powertrain’s impressive growth trajectory in the second last edition of our [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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