

PRESS RELEASE

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Gimv sells supplier for the automotive industry VCST to BMT Group

VCST and BMT subsidiary IGW form a world leader in the field of gears

Gimv, together with the other shareholders, sells its stake in VCST to the international industrial group BMT, with Belgian roots, which will bring it into one division with its subsidiary IG Watteeuw International (IGW). The current management of VCST will take up a driving and governing role in the combination VCST/IGW. Since 2009 the majority of VCST has been in hands of Gimv.

From financial restructuring to industrial growth project

Because of the collapse of the automotive market in 2009 the substantial debt of VCST became problematic, causing the need to strengthen the balance sheet structure of the company. At the peak of the crisis the company had a total debt of 210 million euro, whilst only 11 million euro EBITDA was realized on a turnover of 92 million euro.

At the beginning of 2009 the various stakeholders of VCST, together with Gimv and LRM, developed a completely new financial structure, through which the bank debt was substantially lowered. Next to that Gimv, LRM, NIBC and the management team of VCST subscribed to a capital increase, whereby Gimv became majority shareholder of the company with a 53%-stake. This operation allowed VCST to once again focus on the growth of the business. Gimv and the new shareholders believed in the performance of the company, carried by an excellent management team, a strong market position and globally recognized operational knowhow.

In December 2011 Gimv raised its majority share in VCST to 79.8% by acquiring the stake held by LRM. Ultimately, in 2013, an important capital increase was executed as part of a bigger refinancing operation to prepare the company for a growth phase.

Next to improving the balance sheet the company also worked on the further internationalization to be able to respond to the increased demand from emerging markets. New factories were opened in China (2011) and Romania (2013), and VCST succeeded in further growing their customer base with important reference OEMs such as Audi/Porsche and Cummins. In addition, a lot of effort was put into product

innovation leading to own patented solutions that help reduce engine noise and vibration. Moreover, a successful CEO-succession was carried out.

Global player in the field of gears and other components for passenger cars and commercial vehicles

VCST is a global player in the supply of precision gearing and other company critical components for engines, gearboxes and brake systems for passenger cars and commercial vehicles. The company has a diversified blue-chip customer portfolio, including Audi, Caterpillar, Continental, Cummins, DAF, General Motors, Punch Powertrain and Volkswagen, among others.

Worldwide the company has 5 production facilities (Belgium, China, Germany, Mexico and Romania), in which it invested over 50 million euro over the past 3 years. Furthermore the company has an extensive in-house engineering capacity (120 engineers), through which it is a strong player in the field of product development, innovation and project realization. With its 1250 (fulltime) employees it realized a turnover of 169 million euro in 2015, nearly double compared to 2009.

Ready for a next phase in the growth trajectory

The acquisition by the international industrial group BMT (www.bmtgroup.com) heralds a new phase for VCST. The company will be brought into one division with BMT subsidiary IGW, which is active in the more industrial applications of the gear market (transport, energy and industry). Next to the complementarity of their activities the combination also becomes less dependent of the evolution of one specific customer segment. And by joining forces both companies strengthen their position, not only in Europe (Belgium, Germany, Romania, and the Czech Republic) but also worldwide (China, India, Mexico and the United States). VCST and IGW combined generate nearly 300 million euro in turnover and employ 2750 people.

To facilitate the acquisition the current shareholders of VCST subscribed a vendor loan at IGW. No further details of this transaction are being disclosed.

This acquisition fits in the growth strategy that BMT has developed for each of its divisions. Next to IGW BMT consists of BMT Aerospace (aviation), CNUD-EFCO (glass line engineering) and OMCO (glass moulds for mainly packaging industries).

IGW was founded in 1949 under the name MCW (Mechanische Constructie Watteeuw). The industrial gears, gearboxes and components of IGW are used in trains, metros, marine vessels, compressors and a lot of other industrial applications. IGW has locations in Europe (Belgium, Romania and the Czech Republic), Asia (China and India) and the United States. Thanks to their extensive experience in the most demanding industries the company has become the trusted partner of a diverse group of customers, of which Atlas Copco, Ingersoll Rand, Siemens, Bombardier, John Deere and Caterpillar are some of the most recognized names. With over 3000 employees on 3 continents BMT Group realized a consolidated turnover of 306 million euro in 2015, of which 113 million generated by IGW.

Jean-Christophe Seynaeve, CEO BMT, over deze transactie: *“Not only people but also companies must bring the slogan 'Live your dreams, not dream your life' into practice. The acquisition of VCST in our group is a perfect complement to our existing knowledge and products. Future exchange of technological know-how and supply chain experience will undoubtedly lead to a more stable growth in an exciting market for our IGW/VCST division.”*

“The economies of scale in the automotive industry prompt us to become part of bigger group so we can engage in large global projects,” adds Eric Willekens, the CEO of VCST. *“The complementarity with the product range of IGW is a nice bonus because it gives us the opportunity to expand our portfolio for our existing customers.”*

“By focusing on technology and internationalization, two core themes in the Smart Industries platform, VCST underwent an important transformation. The management played a crucial part in this. In this new constellation they get the opportunity to continue to build a world leader in gear technology”, Nick Medaer, Principal in the Smart Industries platform of Gimv concludes.

For Gimv, this exit will have a net positive impact of EUR 4.6 million on the equity value at 31 December 2015. Over the entire period, this investment generated a return above Gimv's long-term average return. No further financial details on this transaction will be disclosed.

The transaction is subjected to the usual conditions, including the approval of the competition authorities.

ABOUT GIMV

Gimv is a European investment company with over three decades of experience in private equity and venture capital. Gimv is listed on Euronext Brussels. Gimv currently manages around EUR 1.8 billion (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. These companies can be in different stages of their life cycle; from young companies with strong growth ambitions to healthy and established companies with the ambition to become a trendsetter. 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

For more information on Gimv please visit www.gimv.com

ABOUT BMT

BMT Group is an industrial family-owned holding which participates in companies throughout the world that are active in high-precision machining of gears and transmissions on the one hand, and the manufacturing of moulds for hollow glassware and the design and setup of flat-glass lines and glass furnaces on the other. BMT Group identifies opportunities in these sectors and ensures diversity within the group's portfolio.

For more information on BMT please visit www.bmtgroup.com

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