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## Siemens to sell hearing aid business to EQT and Strüngmann family

- **Sale to EQT with Wallenberg family as anchor investor and to Strüngmann family as co-investor for €2.15 billion plus earn-out component**
- **Siemens reinvests €200 million in preferred equity**
- **Transaction closing expected in first quarter of calendar 2015**

Siemens is selling Siemens Audiology Solutions to the investment company EQT and Germany's Strüngmann family of entrepreneurs as co-investor for €2.15 billion plus an earn-out component. Due to the very attractive offer made by the two investors, Siemens has decided not to further pursue preparations for the public listing it announced in May. "In the past years Siemens Healthcare has invested significantly in its audiology business. Both EQT with the Wallenberg family as anchor investor and the Strüngmann family have outstanding reputations and extensive experience in the healthcare sector. Not only is the transaction excellent from a financial perspective; we're also convinced that both investors have a clear growth strategy for further developing the hearing aid business over the long term," said Hermann Requardt, CEO of Siemens Healthcare and member of the Managing Board of Siemens AG. Siemens will remain invested in the hearing aid business with preferred equity of €200 million and benefit from future business successes. In addition, Siemens will have a seat on the board of the buyer group. Under the terms of the agreement, the new owners will also be allowed to continue using the Siemens product brand for the hearing aid business over the medium term.

"The Siemens audiology business has a very strong heritage for innovative, high quality products and we have been particularly impressed with the strong track record over the last couple of years. EQT is fully committed to supporting the

management and employees in developing the business further,” said Marcus Brennecke, Partner at EQT Partners.

EQT is a growth-oriented investment company managing around €22 billion in assets and with proven expertise in the healthcare and medical engineering sector. EQT is also the owner of LBX, one of the largest pharmacy chains in China’s growth market. Germany’s Strüngmann family of entrepreneurs is also known for its focus on long-term growth. In 1986, the family founded Hexal, which has since become Germany’s leading provider of generic drugs.

In fiscal 2014, Siemens’ globally active audiology business, with over 5,000 employees, generated revenue of €693 million and a reported EBITDA (earnings before interest, taxes, depreciation and amortization) of €145 million. The transaction will provide the audiology business with additional entrepreneurial freedom and flexibility while enabling it to continue its successful growth track of the last few years – with positive prospects for customers and employees. Agreements have been reached to ensure job security for the business’s employees in Germany, who are working at locations in Erlangen and Herford. The transaction, which still requires regulatory approval, is expected to be closed in the first quarter of calendar year 2015 and will be financed in a solid manner, with roughly €1.1 billion of equity.

Siemens has been active in the audiology business for more than 100 years. The company launched first industrially produced hearing instrument, the Esha-Phonophor, onto the market in 1913. At the end of the 1950s, Siemens presented the first behind-the-ear hearing aid, followed by the first in-the-ear device in 1966 and the first digital hearing system in 1997. In 2004, Siemens was the first producer to introduce wireless technology that synchronized hearing aids in both ears. In 2012, the company, together with the University of Oldenburg, was awarded the German Future Prize by the German President for developing a binaural hearing system that enables communication between hearing aids in both ears. A few weeks ago, Siemens presented its new binax hearing aid platform, which is based on binaural technology, at the 59th International Congress of Hearing Aid Acousticians

(EUHA) in Hanover, Germany, attracting major customer interest. The latest-generation of Siemens hearing aids is capable of sharing and exchanging audio signals in real time and can thus reproduce natural hearing processes in a binaural customization for both ears.

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