

PRESS RELEASE

ARDIAN ACQUIRES TOY MANUFACTURER SCHLEICH FROM HGCAPITAL

Schleich achieves turnaround – Ardian’s investment allows new management team to focus on future growth strategy

Frankfurt am Main / Munich / Schwäbisch Gmünd, May 18, 2014 – Ardian, the premium independent private investment company, today announces the acquisition of toy manufacturer Schleich from European private equity investor HgCapital. The transaction has been done through Ardian’s € 2.4 billion LBO Fund V, which the company closed in October 2013. The management of Schleich has acquired a substantial stake in the company as part of the acquisition, which is subject to antitrust approval.

Founded in 1935, the heritage Schleich brand enjoys a high level of awareness and an excellent reputation with parents and retailers. It is one of Germany’s biggest toy manufacturers and a leading international supplier of traditional figurines and realistic ‘play world’ concepts, which allow children to create their own unique toy landscapes. Today Schleich’s famous figurines are sold in more than 50 countries. Originally family-owned, the company was acquired by HgCapital in December 2006. Since then, sales have grown from € 61 million to € 106 million, with the number of employees increasing from approximately 190 to 340 today. The company has achieved these milestones by penetrating new markets, including the US, and launching successful new product ranges, such as Bayala elves.

After a period of stagnation in 2011 and 2012, a change in management was implemented in 2013, and the company returned to a path of sustainable growth with the support of HgCapital. Under the leadership of Dr. Thomas van Kaldenkerken (appointed in January 2013), a proven consumer goods and marketing expert, the company has developed new product ranges in the play world and accessories area. These initiatives have been based on the results of extensive market research and consultations with Schleich’s newly founded distributor’s board. Since beginning of 2014 these products have been gradually introduced to the market, taking the company to a new level of its development.

In 2013, Schleich had already benefitted from the measures initiated by the new management team and achieved a 7% growth in sales while increasing its profitability compared with the previous year. Advance sales from the new product ranges in the first part of 2014 have already exceeded the high targets set by the management, validating Schleich’s new strategy.

Dr. Thomas van Kaldenkerken, CEO of Schleich, emphasizes: "Since the beginning of 2013, we have not only managed the turnaround of our existing core business but have also set the course for further significant growth, which is already producing strong results. This has also been achieved with the proactive and professional support of HgCapital. With children we develop real toys for children. With our innovations, which continue to provide a platform for children's fantasy, the figurines and play worlds from Schleich will continue to inspire children, parents and grandparents."

Justin von Simson, Partner HgCapital, says: "For HgCapital, Schleich was a successful investment and it was a pleasure working together with the current management team to help develop Schleich's international presence, distribution and logistics capability and its profitability. We identified a strong and experienced new leadership team for the company, jointly developed a new, robust strategy for the future and thus positioned the company for its next phase of growth. We are delighted to have found in Ardian the ideal future partner for Schleich."

Caspar von Meibom, Managing Director at Ardian, adds: "For me as a father, Schleich with its timeless toy figurines represents much more than just an investment in a company. With its new strategy of increasingly expanding into play worlds as well as further penetrating both international markets and new distribution channels, we see significant additional growth potential for the company. We are impressed by the implementation achieved to date of the outstanding management team and look forward to working alongside them to support the company over many years to come. We would also like to thank HgCapital for developing Schleich in a sustainable way and for its fair and reliable conduct in an efficient bilateral transaction process."

Dr. van Kaldenkerken added: "We were impressed by Ardian's extensive industry knowledge and are confident that their team will prove to be a creative and highly engaged new partner. Ardian's investment approach of long-term support for growth companies with sector know-how and financial resources fits perfectly with our new corporate strategy and with the significant future potential of the Schleich brand."

ABOUT SCHLEICH

Founded 77 years ago by Friedrich Schleich in Schwäbisch Gmünd, the company is one of the largest toy manufacturers in Germany and a leading international provider of original play worlds. The famous figurines from Schleich are sold in more than 50 countries and have conquered children's bedrooms the world over. The design of Schleich play worlds, the creation of the required tools and the quality and safety tests are done in Germany. The production itself takes place at the company's headquarters in Schwäbisch Gmünd and in a number of production facilities in other countries. With approximately 340 employees, the company generated sales amounting to € 106 million in 2013.

ABOUT HGCAPITAL

HgCapital is a sector expert private equity investor, supporting management teams to grow industry champions. Deeply resourced sector teams focus on specific sub-sectors and investment themes to identify companies occupying an established market position, and which have the potential to grow faster than their market, create employment and become the leader in their industry. HgCapital's dedicated portfolio management team provides practical support to management teams to help them realize their growth ambitions. HgCapital invests in expanding segments of the TMT, Services, Industrials, Healthcare and Renewable Energy sectors across Western Europe.

Based in London and Munich, HgCapital manages over £5 billion for some of the world's leading institutional and private investors. For further details, please see www.hgcapital.com.

ABOUT ARDIAN

Ardian, founded in 1996 and led by Dominique Senequier, is a premium independent private investment company with assets of US\$47bn managed or advised in Europe, North America and Asia. The company, which is majority-owned by its employees, keeps entrepreneurship at its heart and delivers investment performance to its global investors while fuelling growth in economies across the world. Ardian's investment process embodies three values: excellence, loyalty, entrepreneurship.

Ardian maintains a truly global network, with more than 330 employees working through ten offices in Paris, London, New York, Beijing, Frankfurt, Jersey, Luxembourg, Milan, Singapore and Zurich. The company offers its 300 investors a diversified choice of funds covering the full range of asset classes, including Fund of Funds (primary, early secondary and secondary), Direct Funds including Infrastructure, Expansion, Mid Cap Buyout (adviser and manager of the ARDIAN LBO funds), Innovation & Growth, Co-Investment and Private Debt.

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