

DIGITAL INFRASTRUCTURE AS A GROWTH MARKET

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ABSTRACT OF THE
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[INDUS]



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The topic of “Industry 4.0” has digital infrastructure fundamentally gaining in importance. At the same time, Germany as a high-tech location is still far behind in this field. Many countries competing with Germany are in a much better position. These are two important reasons why efforts need to be made to reverse this trend. INDUS makes targeted investments in “digital infrastructure” and is expanding its strategic growth base.

THE INDUSTRY IS ENTERING THE PHASE OF DIGITAL ACCELERATION

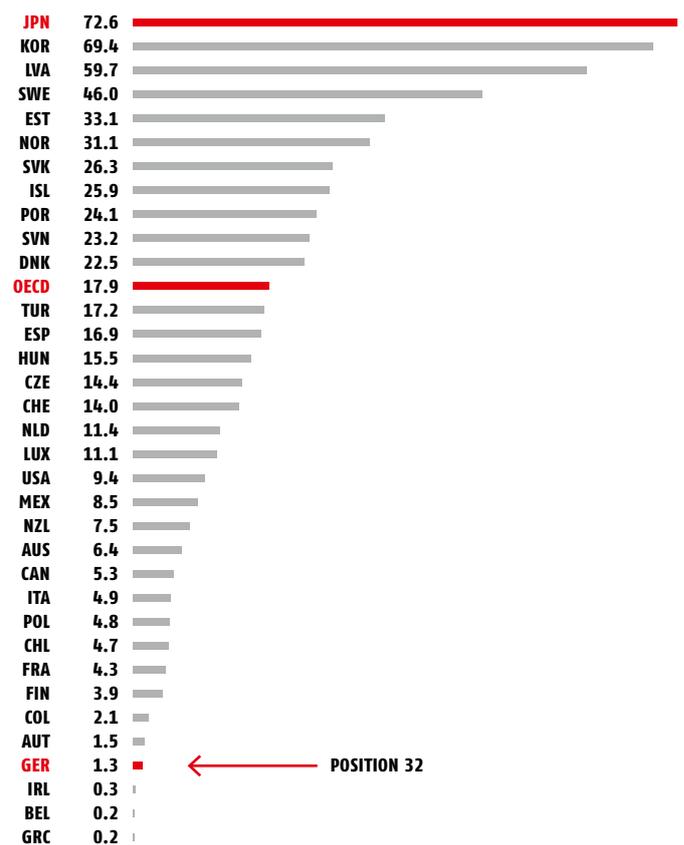
Modern processes today are unthinkable without digital data transmission, in services, industrial production and everyday life: Field sale representatives access corporate data when they visit a client’s company. Production machines in factories receive orders directly from the original equipment manufacturer (OEM). And vehicles can navigate city traffic without the need of a driver. The “internet of things” has still not been properly launched, and yet there is hardly any industry that does not have to adapt their business models. At first, this may seem scary or even make some feel uncomfortable. But, on the other hand, the resulting opportunities for development are hard to overlook. It is also clear: This requires a – long-lasting – powerful digital infrastructure.

GERMANY STILL LAGS BEHIND

More recent site analyses show: In an international comparison, Germany is far behind in terms of internet infrastructure. A study by the industrial organization FTTH in 2015 showed that Germany was ranked an unbelievable 31st in high-speed web access and the distance to the leading nation has more than doubled in under two years. An even more dramatic development is how far behind the country is with its fiber optic connections, which provides the fastest internet technology available: Just one percent of its connections are fiber optic, which is the same level as Jordan.

The results of a recent OECD study show similar figures: According to the study, the level of fiber optic connections in the 34 surveyed OECD

FIBRE OPTIC PENETRATION / SHARE OF FIBRE CONNECTIONS IN TOTAL BROADBAND SUBSCRIPTIONS, JUNE 2015 (IN %)



Source: OECD Broadband Portal

countries averaged about 18 percent. Top of the list was Japan, where nearly three quarters of all households have the technology, while Germany posted just 1.3 percent.



WEIGAND Bau specializes in laying fiber optic cables in rough terrain. Horizontal Directional Drilling (HDD) technology enables the trenchless laying of cables: under streets, buildings, and waterways.



The first local networks in Germany were installed by Deutsche Telekom in 1990. ZWEICOM participated in the construction project, providing installation services. The company first starting working with the INDUS portfolio company HAUFF-TECHNIK in a joint development project.



POLITICIANS HAVE WOKEN UP

Making digital connections available is first and foremost an issue of sovereignty, and politicians need to become involved. Similar to physical transport networks, digital networking is about building a supportive platform that can be used by a wide range of users, private, commercial, and public.

The German government has finally taken a close look at the topic and is promoting the rapid expansion of the fiber optic network. An example is the broadband platform “Zukunft Breitband” (“Broadband Future”). Using this keyword, the German Federal Ministry of Transport and Digital Infrastructure (BMVI) reached an agreement with the members of the network alliance Digital Germany in June of this year to connect all industrial areas that lack an adequate network access with ultra-high-speed fiber optics. The BMVI is financing the project to the sum of EUR 350 million. But, it is clear that this is far from enough to enter the esteemed group of benchmark nations within the next few years. Therefore, we must assume that more initiatives will soon follow.

WHAT IS INDUS DOING?

As early as 2012, INDUS started focusing on the future market of “digital infrastructure” as an opportunity for key investments when it introduced its eight-year timetable COMPASS 2020.

One such successful investment is WEIGAND. Headquartered in Bad Königshofen, the company has successfully specialized in the trenchless deployment (also called “shooting”) of fiber optic networks in recent years. WEIGAND has built up its expertise over the years and is able to quickly and inexpensively install such networks on a large scale. Only a few weeks ago, the company received a large order valued at EUR 150 million: By 2019, WEIGAND will provide high-speed internet to more than 100 communities in five counties in the State of Hesse. To do this, the company carries out the network planning and implementation as well as the construction work for installing the passive network.

In terms of acquisitions, INDUS was successful by way of its portfolio company HAUFF-TECHNIK in mid-October: The subsidiary in Hermaringen in the State of Baden-Württemberg has acquired 50% of ZWEICOM GmbH in Jagstzell, a company specializing in the development and production of passive components for fiber optic infrastructure. HAUFF-TECHNIK is one of the leading European manufacturers of cable, pipe, and line bushings and as the market leader for house installations is involved in many development projects of fiber optic networks in Germany.

With the investment in ZWEICOM, HAUFF-TECHNIK expands its capabilities in the areas of development, production and distribution of passive (without electricity) fiber optic components for telecommunications. The products developed by ZWEICOM are characterized by a very high packing density for fiber optics as well as easy installation, which makes it easier to construct fiber optic network infrastructure.



From left to right: Steven Tebbe, CDP Europe; Susan Dreyer, CDP Europe; Dr. Fabian Bohnen, INDUS, Dr. Johannes Schmidt, CTO INDUS; Sven Hannawald.

IN BRIEF

PERFORMING OUTSTANDINGLY IN THE LONG RUN!

In the **CDP Climate Scoring**, INDUS was awarded with the top grade ‘A’ in October 2016. Only 7 other German companies achieved this grade in addition to INDUS.

In addition, INDUS received the status of **sector leader** (top 4% in the DACH region) and **index/country leader** (top 1% in the DACH region) in the categories of “Industrials” and “Other German companies”.

The Board of Management and the Sustainability Officers of INDUS consider the awards as confirmation for the Group’s comprehensive climate protection work in the past few years and will use its as motivation to continue this journey on the same path.