

Press release

May 16, 2018

Sivantos and Widex merge to create global hearing aid leader

- Intention to merge leading hearing aid companies Sivantos and Widex into a top-three contender globally with a comprehensive, multi-channel sales and distribution platform in more than 125 markets and combined revenues of approximately EUR 1.6 billion
- Combined businesses to become a global R&D powerhouse as well as an innovation leader with approximately 800 specialists and abundant resources to further accelerate innovation of hearing instruments and tailored solutions including by leveraging its leading digital platform
- Ambition to redefine the competitive landscape for hearing aids serving both existing users as well as improving the offering and access to the millions with hearing impairments
- Exciting career opportunities for the more than 10,000 employees in both organizations across the globe

Lynge, Denmark and Singapore May 16, 2018: EQT funds, owners of Sivantos Pte. Ltd. (“Sivantos”), and the Tøpholm and Westermann families, owners of Widex A/S (“Widex”), today announced that they have agreed terms to merge the two companies. The strategic merger of equals will create a global hearing aid leader generating combined revenues of approximately EUR 1.6 billion and employing more than 10,000 people worldwide. The transaction values the combined entity at an enterprise value of more than EUR 7 billion.

The merger aims at accelerating growth, strengthening market penetration and enhancing efficiencies to enable additional investments into R&D and supply chain. This will allow the merged company to expand access to hearing healthcare via its dedicated salesforce through even more innovative solutions across a wide range of hearing needs, increasing the quality of life of millions of people and allowing them to actively participate in social life.

Marcus Brennecke, Partner at EQT Partners and Investment Advisor to the EQT funds, says: “Sivantos has developed immensely during EQT funds’ ownership and now the idea is to create a game changer for the future of hearing. Combining these two innovative companies will change the hearing experience for people with hearing loss across the world. In Widex, we have found an equally strong partner to Sivantos, sharing a passion for enriching the quality of life for people with hearing deficiencies. The combined company presents a unique opportunity for EQT to extend the investment horizon in Sivantos and take part of the next phase of transforming the hearing aid industry. With nearly 170 years of combined experience, Sivantos and Widex will take the lead in developing hearing aid technology for future generations.”

Jan Tøpholm, Chairman of Widex, added: “We and Sivantos share a common vision of giving people unlimited access to a world of sound by providing unparalleled hearing aids and customer services. I am confident that our employees, partners and customers will benefit from this merger as it will allow us to accelerate our efforts to pioneer innovation, quality, manufacturing and customer satisfaction. Further we will expand our geographical footprint and provide exciting career opportunities for our employees across countries and functions. The merger fits with the families’ values and long-term goals for Widex and that’s why we have decided to substantially invest to become long-term owners.”

Global R&D powerhouse and innovation leader

The intended merger will create one of the most innovative R&D teams in the industry backed by financial and strategic capabilities as well as strong digital skills to become a global powerhouse for innovative hearing aids and hearing care solutions. Combined R&D resources include approximately

800 specialists in R&D centers located in Singapore, Erlangen (Germany) and Lyngø (Denmark) with more than EUR 100 million in annual R&D spending.

The R&D centers will continue to develop, and innovation will be accelerated to bring more products to markets faster, to regularly update and develop technology platforms and address more types of hearing disabilities with creative, high-tech and user-friendly solutions. Sivantos and Widex have a joint ambition to change the industry paradigm through digitization, customization and next generation services to transform end-user experience and expand access to hearing.

Both companies have a history of being “first movers”. Building on Siemens’ heritage, Sivantos’ most recent accomplishments include Signia Nx™, a game changing hearing aid platform resolving the “own voice” issue by digitally filtering out any noise disturbances thus improving hearing comfort. Sivantos is also a pioneer in digitalization and remote hearing care with its TeleCare solution allowing audiologists to adjust hearing aids remotely in real time. Widex has recently launched the groundbreaking WIDEX EVOKE™ – the first hearing aid to feature advanced machine learning technology in real time, allowing the hearing aid to learn the user’s preferences and share that learning.

Truly global footprint and strong brands

The combined entity will have a comprehensive, multi-channel sales platform spanning more than 125 markets. The current Sivantos and Widex sales teams will continue to serve and further develop both traditional retail channels and innovative online channels. The ambition is to create a truly global provider with a complementary offering and touchpoints reaching more people with hearing aid needs across the world and securing second to none service to customers. Around 700 million people worldwide suffer from different levels of hearing loss of which only around 10% currently use hearing aid devices.

Sivantos offers a diverse portfolio of technologically advanced products. Product brands include Signia, Siemens, Audio Service, Rexton and A&M, while retail and online brands include HearUSA, audibene and TruHearing. Sivantos has a strong presence in the online channel leveraging its digital capabilities through its strategic partnership with audibene and has recently strengthened its US footprint through a strategic partnership with TruHearing.

Widex offers sophisticated hearing aid technology focusing on high-end solutions. The key brand Widex is supplemented by the Coselgi brand and local brands in certain markets. Products are offered via wholesalers to governments, retail chains and independent retailers, while Widex has an established presence in the B2C market with sales via own retail and online channels directly to end-users.

Sivantos and Widex combined will become an even more global and growth-focused organization. By joining forces, the combined business will offer its employees even better prospects to develop professionally across geographies and functions.

The combined entity will be owned by EQT funds (EQT VI, EQT VII and EQT VIII), including co-investors, as well as the Tøpholm and Westermann families of Denmark. The Tøpholm and Westermann families, founders and owners of Widex, will be the largest individual shareholder in the combined entity reflecting their long-term commitment to the company. The merger will combine the strengths of EQT funds’ value creation capabilities in building sustainable companies with the Widex owners’ long-term ownership horizon. The new headquarters will be based in Lyngø (Denmark) and Singapore. The Board of Directors and Management will have a balanced representation from both companies.

The transaction is subject to regulatory approvals and other customary closing conditions. The approval process starts today. Until closing, the merger will have no effect on employees, customers or suppliers.

Financing in connection with the merger is provided by J.P. Morgan, Goldman Sachs and Deutsche Bank and is expected to replace existing financing arrangements. Latham & Watkins has acted as financing counsel. Widex is advised by J.P. Morgan, Kromann Reumert and Deloitte. EQT and Sivantos are advised by Freshfields Bruckhaus Deringer, Plesner, PricewaterhouseCoopers and AON. The Boston Consulting Group has provided additional commercial advice.

This press release constitutes a public disclosure of inside information by Auris Luxembourg II S.A. under Regulation (EU) 596/2014 (16 April 2014). This notification was made by Willem-Arnoud Van Rooyen of by Auris Luxembourg II S.A, on May 16, 2018.

This press release is translated into multiple languages for information purposes. In case of a discrepancy, the English version shall prevail.

Contacts

EQT Press office +46 8 506 55 334

Widex Chairman Jan Tøpholm via Point Communications + 45 23 24 72 10

Sivantos VP Corporate Communication, Gert Van Santen +49 152 02874320

About Sivantos Group

The business operations of the former Siemens AG hearing aid division have been combined into the Sivantos Group (headquartered in Singapore) since early 2015. Sivantos can look back on more than 130 years of German engineering and countless global innovations. Today Sivantos is one of the leading hearing aid manufacturers worldwide. With its 5,950 employees, Sivantos' international sales organization supplies hearing aids and complementary accessories to hearing care specialists and sales partners in more than 120 countries. The owners of Sivantos are EQT along with the Strüngmann family as a co-investor. Sivantos GmbH is a brand license holder of Siemens AG.

More info: <https://www.sivantos.com/en/>

About Widex

With more than 60 years' experience developing state-of-the-art hearing technology, Widex (headquartered in Lynge, Denmark) provides hearing solutions that are easy to use, seamlessly integrated in daily life and enable people to hear naturally. One of the world's leading hearing aid producers, Widex employs around 4,250 people across sales, manufacturing, operations, distribution and R&D in 38 countries, and its products are sold in 105 countries. The current strategy, introduced in 2018, aims at doubling the business in five years. Widex is owned by the Tøpholm and Westermann families, descendants of the founders.

More info: <https://global.widex.com/en>

About EQT

EQT is a leading investment firm with approximately EUR 50 billion in raised capital across 27 funds. EQT funds have portfolio companies in Europe, Asia and the US with total sales of more than EUR 19 billion and approximately 110,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.

More info: www.eqtpartners.com