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8 November 2018

Press release

Sycor to be merged rather than sold:
IT-specialist significantly strengthens its market position

GÖTTINGEN/MUNICH, GERMANY. The stage is being set for the further growth of internationally active IT specialist Sycor. The Göttingen-based subsidiary of Otto Bock Holding GmbH & Co. KG is seeking to combine its strengths with those of Munich IT specialist Allgeier Enterprise Services. The name of the new company in the form of a European Stock Corporation (SE) will include the brand name Sycor, and will be headquartered in Göttingen. The two sides are entering into in-depth negotiations as part of a due diligence process on this basis. The aim is to achieve prompt signing and closing

“Two agile, successful IT service providers are seeking to join forces. This is good for both companies, their customers and employees,” said Prof. Hans Georg Näder, President and CEO of Otto Bock Holding. “And it’s good news for southern Lower Saxony as well, because it means that one of Germany’s top mid-sized IT companies will continue to be domiciled in Göttingen.”

The goal of the merger is to expand the partners’ shared market position and realise synergies, thereby boosting the company’s competitive position on the whole. This includes making practical, joint use of business units such as finance, marketing, IT, human resources and legal within a shared service centre. Significant parts of this centre are to be located in Göttingen.

By working together, the two companies will be able to significantly improve their market prospects in future with a staff of over 1,500 em-

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ployees and an expected turnover of more than 220 million euros for 2018 as a whole.

The companies' portfolios will complement each other perfectly, ensuring that they can successfully support their primarily mid-sized customers throughout their digital transformations. From Allgeier's perspective, Sycor GmbH represents an ideal merger partner also in light of recent developments: Sycor, which now has over 750 employees, increased its sales by nearly 20 per cent to 85.1 million euros in 2017.

Allgeier Enterprise Services AG achieved sales of 105 million euros with some 750 employees last year. The company is part of Allgeier SE, one of the leading German IT companies in the field of digital transformation. Being affiliated with the Allgeier parent company will bring considerable economies of scope to the two companies in their future cooperation, as they will have access to Allgeier's resources.

Allgeier SE is active at more than 120 locations in Europe, Asia and North America and achieved a group turnover of 574 million euros in the 2017 financial year. The company is listed in the General Standard segment of the regulated market on the Frankfurt Stock Exchange. With a staff of some 8,000 employees and more than 1,400 freelance experts, Allgeier offers its customers a comprehensive portfolio of solutions and services in the IT environment.

By establishing this new structure, Professor Näder has fulfilled his pledge to find the "best new home port for Sycor". Otto Bock Holding GmbH & Co. KG had commissioned Berenberg Bank in Hamburg with the process of selling IT subsidiary Sycor. "A variety of attractive offers were available to us," said Näder, "and we ultimately found the perfect new setup."

Otto Bock Holding GmbH & Co. KG is focusing its strategy on the opportunities for growth in its core business of medical technology – it holds an 80 per cent share in Ottobock SE & Co. KGaA – as well as in smaller shareholdings.

"This merger will result in the best prospects for growth for Sycor," said Sycor CEOs Rüdiger Krumes and Jochen Schwiersch, discussing the company's new situation. "The merger will immediately put us amongst the leading mid-sized companies in Germany's IT consulting market."

Following the planned merger which is currently in process of detailed negotiation, the company's portfolio under Allgeier's leadership as majority partner will in future continue to comprise consulting services ranging from strategy and process consulting up to full implementations as well as managed services in the areas of application management, hosting and the cloud. This will enable corporations and mid-sized companies to guarantee the performance of their IT applications, starting from implementation, optimisation and extension through to operation.

"Implementing a growth strategy that is focused on innovations and forward-looking trends will help us tap into the opportunities digitalisation offers as we work together in future," emphasised Hubert Rohrer, a member of the executive board at Allgeier SE and Allgeier Enterprise Services on their interest in the merger. "Initially, the two companies will continue to operate independently in the market. In the interests of our customers and employees, we will in future benefit jointly from the advantages of size, internationality and complementary know-how under the Sycor brand, as well as from the Göttingen location," Rohrer continued.

A key decision point for the negotiation team, which has been personally headed up by Professor Näder, was the prospect that this planned merger would preserve the Sycor brand, the culture of strong employee focus and all of Sycor's existing jobs.

Professor Näder in particular placed a special focus on a concept proposing the sale of the company to its workforce, which was developed by Sycor's employees as part of a private initiative. "I was impressed by the interest and the commitment demonstrated by Sycor's employees. However, the overall advantages that the merger with Allgeier will offer for Sycor, and for Sycor's employees in particular, were ultimately the deciding factor.

Professor Näder considers the IT market and the merged entity to be so attractive that he is planning to continue holding shares in the company. He is enthusiastic as he looks to the future of his now 20-year-old startup headquartered in Göttingen, Lower Saxony: "Based on the prospects offered by Sycor's expected turnover of 100 million euros for 2018 and Allgeier's strength as a company, we now want to set the stage for a bright and successful future."