

Illustrative valuation mechanism

A. SUMMARY

It is proposed to restructure the Pfeiderer group so that Pfeiderer Grajewo S.A. (*Grajewo*) becomes the group holding company and sole shareholder of the German and Western European business operations (*Core West*) as well as the Polish and Eastern European business operations (*Core East*) of Pfeiderer group. This includes (amongst other)

- The acquisition of current (indirect) shareholding of PG in Grajewo by Atlantik S.A. (*Grajewo SPA*)
- The acquisition of 100% of Pfeiderer GmbH (*PG*) and thereby of Core West by Grajewo (*PG SPA*)
- A public offering of up to 40 Million newly issued shares by Grajewo in order to finance the acquisition of Core West, cover transaction costs and reduce financial debt of the combined entity to a pre-defined target level (*Primary Offering*).

The valuation of Core West and thereby the purchase price for the acquisition of PG will be determined as a function of the implicit valuation of Core East in the public offering, as further described in Section B. The transaction will be subject to final approval by Grajewo and Atlantik S.A. on the basis of the outcome of the book building process in the public offering.

Pfeiderer Service GmbH (*PSG*), a wholly-owned subsidiary of PG currently holding 65.11% of the shares in Grajewo, may simultaneously with the Primary Offering offer existing shares to the market (*Secondary Offering*). In such case, only the remaining shareholding of PSG in Grajewo will be sold to Atlantik S.A. under the Grajewo SPA.

B. DETAILED DESCRIPTION OF VALUATION MECHANISM FOR CORE WEST

The purchase price to be paid by Grajewo to Atlantik S.A. for the sale and transfer of all shares in PG will be agreed in the PG SPA and will combine these three elements:

- (1) the equity value of Core West (determined as a function of the implicit valuation of Core East in the public offering),
- (2) the cash amount received by PSG in the Secondary Offering, and the amount of the purchase price payable under the Grajewo SPA, i.e. the purchase price claim of PSG against Atlantik S.A. for the sale of Grajewo shares to Atlantik S.A.

Item (2) is a technical consequence of the proposed restructuring of the Pfeiderer group without relevance for the commercial evaluation of the transaction.

It is proposed that the PG SPA will provide for a purchase price formula which determines the equity value of Core West (*Core West Equity Value*) as further set forth in this Section B.

To the extent, the amount of transaction costs accrued by Core East and Core West exceeds EUR 11 million, such excess amount will be deducted from the equity value of Core West (see step 4).

1. Relative valuation of Core West and Core East

Grajewo and Atlantik S.A. have analysed the businesses of Core West and Core East, in particular their historic performance, current earnings, and business outlook. On the basis of these analyses, Grajewo and Atlantik S.A. have negotiated and agreed that the relative enterprise values of Core West and Core East on a “cash free debt free”-basis, i.e. without taking into account the net financial debt position of the businesses and any transaction expenses/fees, is

Core West 1.xy to Core East 1.00

or, in the form of a percentage ratio of the combined businesses, the percentage shares of the enterprise values are

Core West 56.95% to Core East 43.05% (“EV split”).

In the PG SPA, the above relative valuation will be set forth which will not be subject to adjustments with respect to exchange rate fluctuations.

2. Market valuation of Core East

Upon completion of the book building-process in the Primary Offering, the issue price per share for the new Grajewo shares (equal to the price per share for existing shares in the *Secondary Offering*) will be announced (*Offering Price*). In order to determine the value of the existing share capital of Grajewo (*Grajewo Equity Value*), the Offering Price will be multiplied by 49,624,000, i.e. the number of Grajewo shares existing prior to the Primary Offering.

The enterprise value of Core East will then be calculated by adding to the Grajewo Equity Value the Net Financial Debt Position of Core East as of June 30, 2015. The *Net Financial Debt Position* equals the consolidated amount of

	(i) any debt owed to banks, financial or similar institutions, incl. any drawn revolving credit facilities (but excluding any factoring liabilities)
plus	(ii) any finance leases (but excluding any operating leases)
plus	(iii) any debt from bonds (including participating bonds, convertible bonds, bonds with warrants and other debentures/notes or certificates and including accrued interest)
plus	(v) pension provisions
plus	(vi) estimated costs, taxes and fees to be borne by Core East as a result of the transaction which are to be capped at EUR 11 million, and if any in Euro then converted to Polish Zloty at Reference Rate
minus	(vii) cash and cash equivalents

and will be derived from the consolidated Semi-Annual Reports of Grajewo as of June 30, 2015, prepared in accordance with the IFRS.

3. Conversion between Zloty and Euro

The enterprise value of Core East will be calculated in Polish Zloty currency, and converted into Euro applying the Zloty-Euro exchange reference rate which will be agreed in PG SPA (“**Reference Rate**”).

4. Calculation of Core West Equity Value

The valuation (enterprise value) of Core East as derived from the public offering in accordance with no. 2 and converted into Euro in accordance with no. 3 above is then transferred to Core West by applying the relative valuation set forth above:

Enterprise value Core West equals enterprise value Core East multiplied by 1.xy

The Core West Equity Value is determined by subtracting from the enterprise value Core West the Net Financial Debt Position of Core West as of June 30, 2015 (for the avoidance of doubt, as reported in Euro as of June 30, 2015). The *Net Financial Debt Position* equals the consolidated amount of

	(i) any debt owed to banks, financial or similar institutions, incl. any drawn revolving credit facilities (but excluding any factoring liabilities)
plus	(ii) any finance leases (but excluding any operating leases)
plus	(iii) any debt from bonds (including participating bonds, convertible bonds, bonds with warrants and other debentures/notes or certificates and including accrued interest)
plus	(v) pension provisions
plus	(vi) total estimated costs, taxes and fees as a result of the transaction (less up to EUR 11 million of costs, taxes and fees to be borne by Core East, and if any in Polish Zloty then converted to Euro at Reference Rate)
minus	(vii) cash and cash equivalents

and will be derived from the consolidated Semi-Annual Reports of PG as of June 30, 2015, prepared in accordance with the IFRS.

5. Volume of Primary Offering

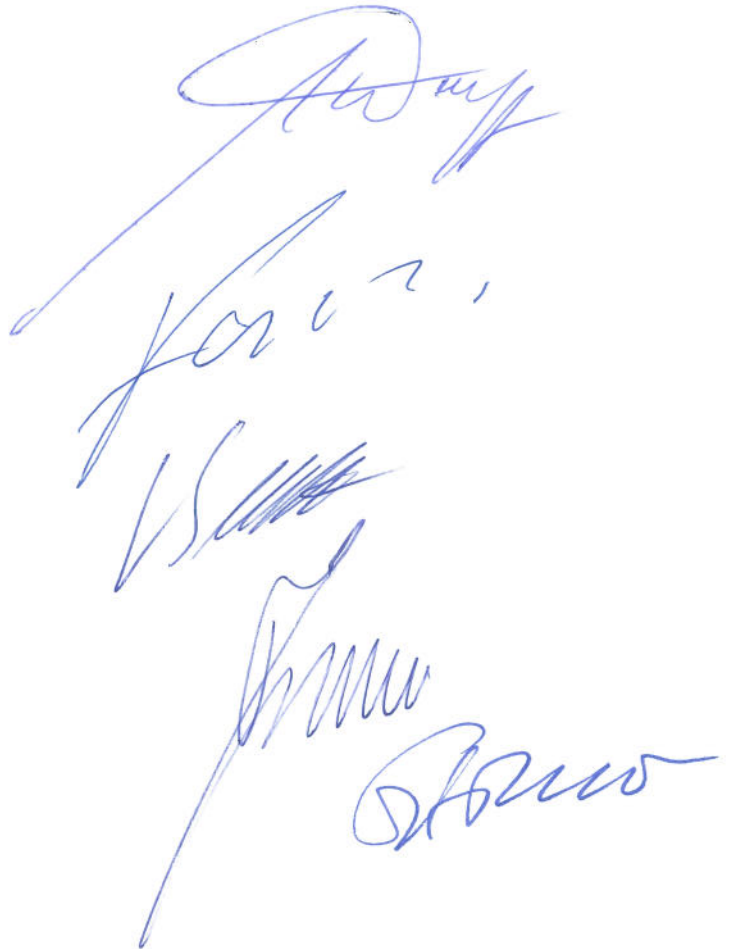
Grajewo aims for an equity funding from the Primary Offering (*Target Proceeds*) in

- (i) the amount in Polish Zloty of the purchase price to be paid to Atlantik S.A. for Core West as determined pursuant to steps 1 to 4 described above (i.e. element (1) only of the purchase price for all shares in PG) (converted from Euro to Polish Zloty at Reference Rate; for the avoidance of doubt: the purchase price is to be paid to Atlantik S.A. in Euro) plus
- (ii) the amount in Polish Zloty required in order to repay existing financing obligations so that a consolidated leverage of Pfleiderer Grajewo after completion of the transaction of 1.5x - 2.0x net financial debt (excluding pension provisions and including total transaction costs, taxes and fees as a result of the transaction)/adjusted EBITDA 2015 (*Target Leverage*) will be achieved by December 31, 2015.

The number of newly issued shares to be sold in the Primary Offering will be calculated by dividing the Target Proceeds by the Offering Price.

Together with the announcement of the Offering Price, the number of newly issued shares will be announced.

It should be noted that the Grajewo SPA and the PG SPA will provide for a condition precedent that both the relevant seller and buyer have informed each other that they approve of the purchase prices calculated in accordance with the mechanism set out above.



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