



DEUTSCHE  
BETEILIGUNGS AG –  
CURRENT TRADING  
AND RECENT EXITS

BERENBERG PAN-EUROPEAN  
DISCOVERY CONFERENCE

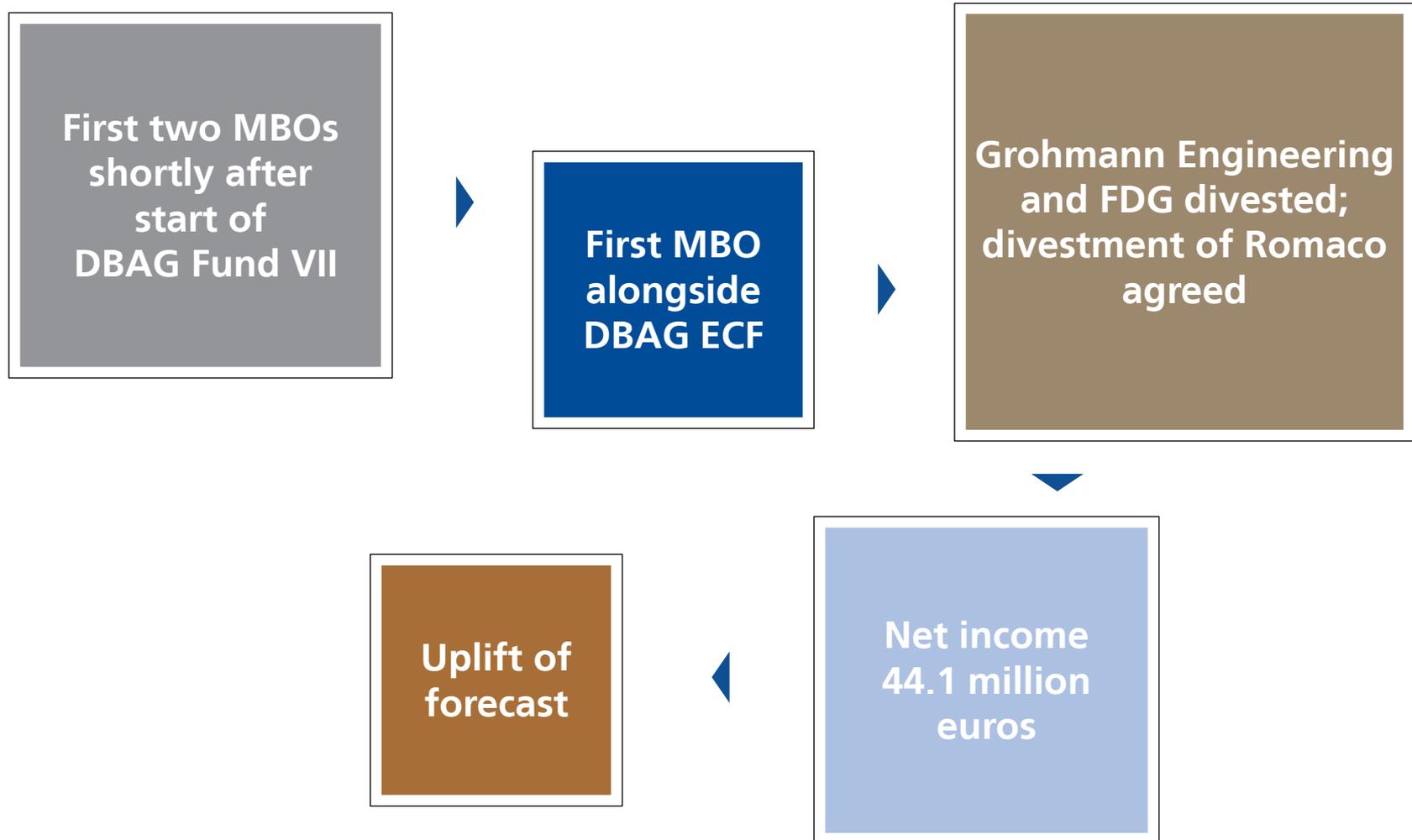
VENICE, 22 & 23 JUNE 2017





CURRENT  
TRADING

# FIRST HALF AT A GLANCE



# H1 FIGURES AT A GLANCE

## DEUTSCHE BETEILIGUNGS AG

NET INCOME:

**44.1**

MILLION EUROS

RETURN ON EQUITY  
PER SHARE:

**12.5**

PERCENT

EQUITY PER SHARE:

**26.26**

EUROS

FINANCIAL  
RESOURCES:

**62.5**

MILLION EUROS

## FUND INVESTMENT SERVICES

FEE INCOME FROM  
FUND INVESTMENT  
SERVICES:

**12.8**

MILLION EUROS

NET INCOME  
FUND INVESTMENT  
SERVICES:

**2.2**

MILLION EUROS

## PRIVATE EQUITY INVESTMENTS

NET RESULT OF  
INVESTMENT ACTIVITY:

**47.7**

MILLION EUROS

NET INCOME  
BEFORE TAXES:

**41.9**

MILLION EUROS

# FUND INVESTMENT SERVICES: CHANGES TO DBAG ECF

## Launch of vintage model:

- Fundraising takes place every two years
- 10-year term for each vintage
- Allows for longer holding periods

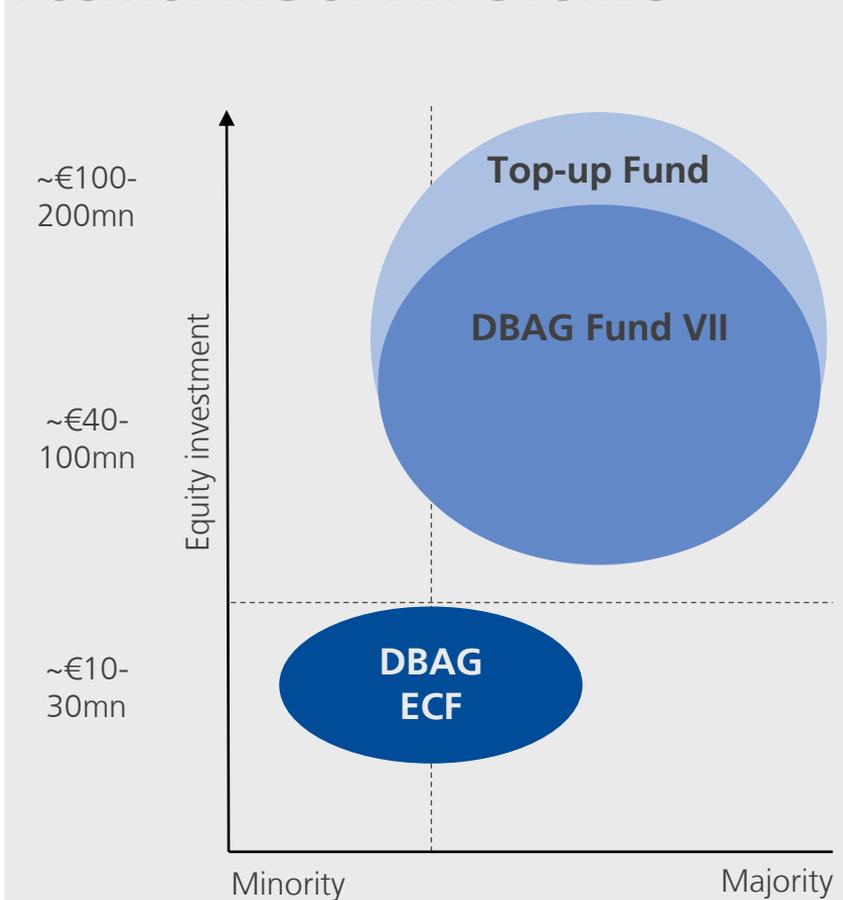
## First new vintage closed in January 2017:

- Capital commitments of €84.9mn
- €34.8mn thereof is DBAG's co-investment
- Investment period runs from June 2017 to December 2018

## Funds' new terms and conditions expand investment spectrum:

- Smaller MBOs will be offered in addition to minority investments for growth financing
- Equity investment of €10 to 30mn

## POSITIONING OF DBAG FUNDS



# FUND INVESTMENT SERVICES: TERM OF DBAG FUND V EXTENDED

## Status of DBAG Fund V:

- Fund is in its divestment phase
- Five portfolio companies remain at 31 March 2017 (FDG\*, Romaco\*, Heytex, Formel D\*, ProXES\*)

## Term:

- Originally until 15 February 2017
- Extended by one year until mid-February 2018

## Fee income from fund investment services:

- 2% of invested capital until 15 February 2018



\* Disposal of investment in FDG Group completed in April 2017, disposal of investment in Romaco agreed in April 2017, disposal of investments in Formel D and ProXES agreed in May 2017

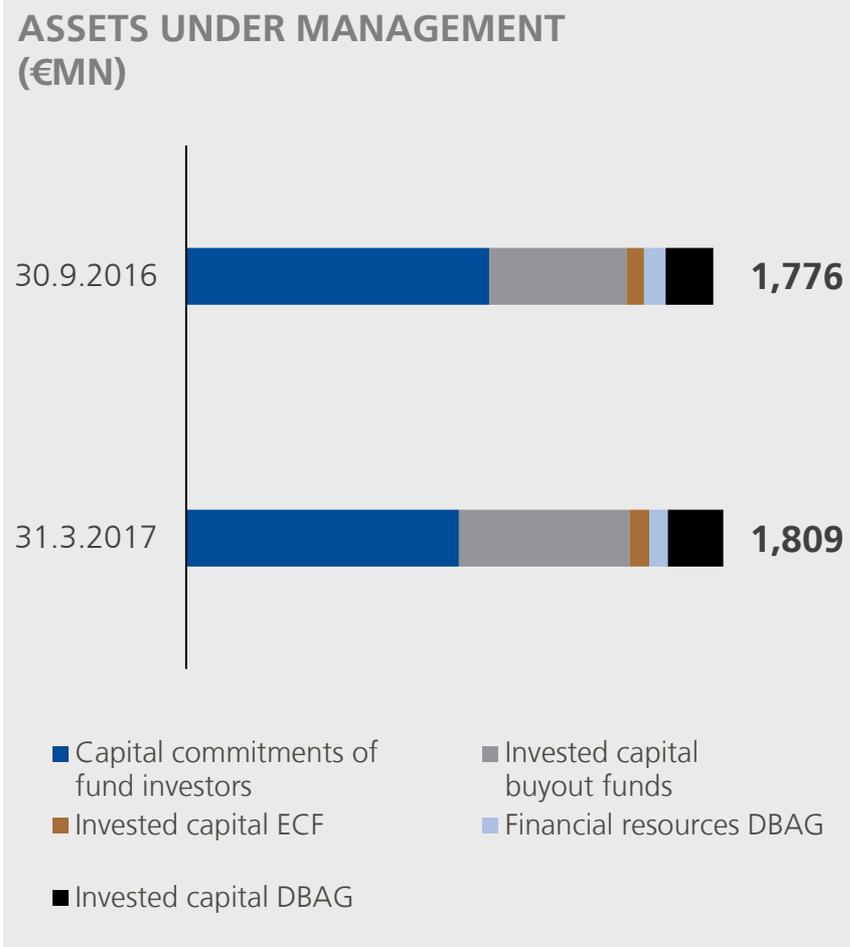
# FUND INVESTMENT SERVICES: ASSETS UNDER MANAGEMENT VIRTUALLY UNCHANGED

## Development of assets under management at 31 March 2017:

- Invested capital (DBAG and funds) significantly higher as a result of new investments
- Outstanding capital commitments lower due to capital calls for Frimo and investment in Braun

## Assets under management excluding DBAG's co-investment commitments (€252mn at 31 March 2017)

## Invested capital recognised at initial transaction price

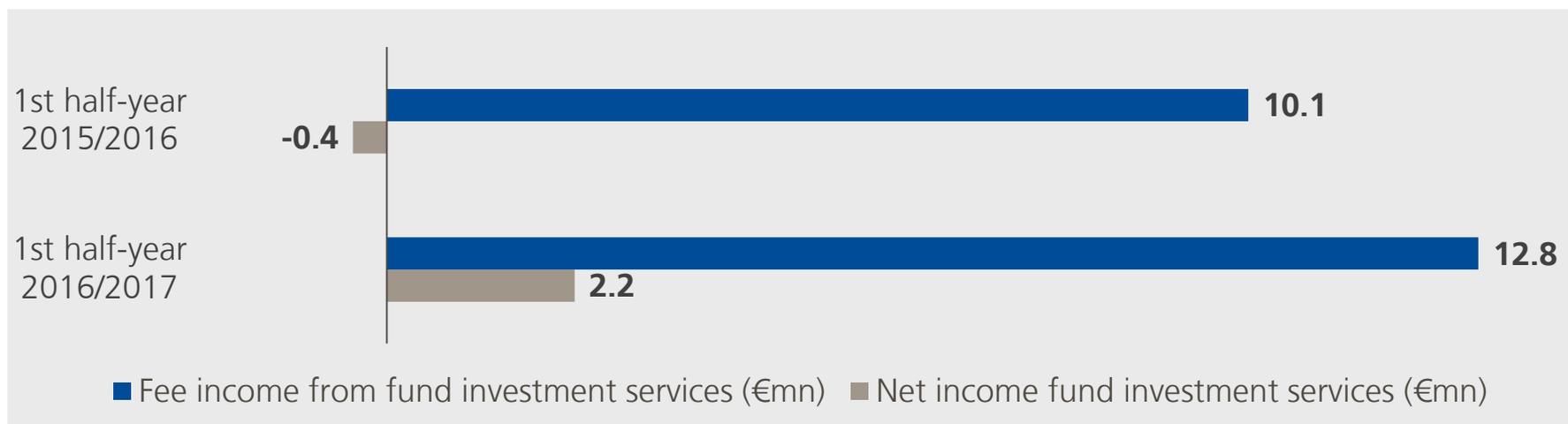


# FUND INVESTMENT SERVICES: FEE INCOME FROM DBAG FUND VII LEADS TO SIGNIFICANTLY BETTER RESULT

**Net income from fund investment services at €2.2mn significantly better compared to first-half of 2015/2016**

**Lower assessment base for fee income from DBAG Fund V following disposals (Spheros, Broetje-Automation)...**

**...more than compensated for by fee income from DBAG Fund VII (included in the second quarter for a full three-month period for the first time)**



# FUND INVESTMENT SERVICES: DEVELOPMENT OF DBAG'S TEAM OVER THE PAST SIX MONTHS

## INVESTMENT TEAM EXPANDED



One member of the investment team promoted to Deal Captain (DBAG ECF)

Addition of two new analysts

## EXPERTISE STRENGTHENED



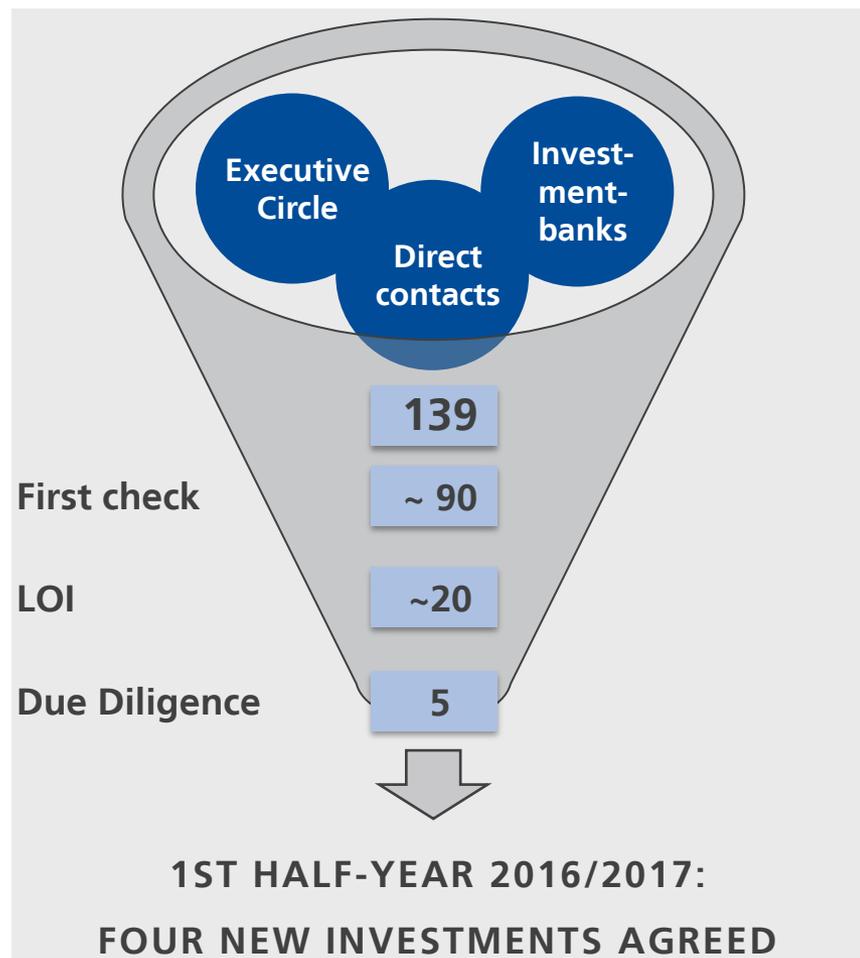
Supporting units expanded

## INVESTMENT TEAM SUPPORTED BY BROAD NETWORK



"Executive Circle" consisting of 51 members who are contractually affiliated with DBAG

# FUND INVESTMENT SERVICES: HIGH-QUALITY DEAL FLOW INTO NEW INVESTMENTS



**20 percent more investment opportunities compared to prior year**

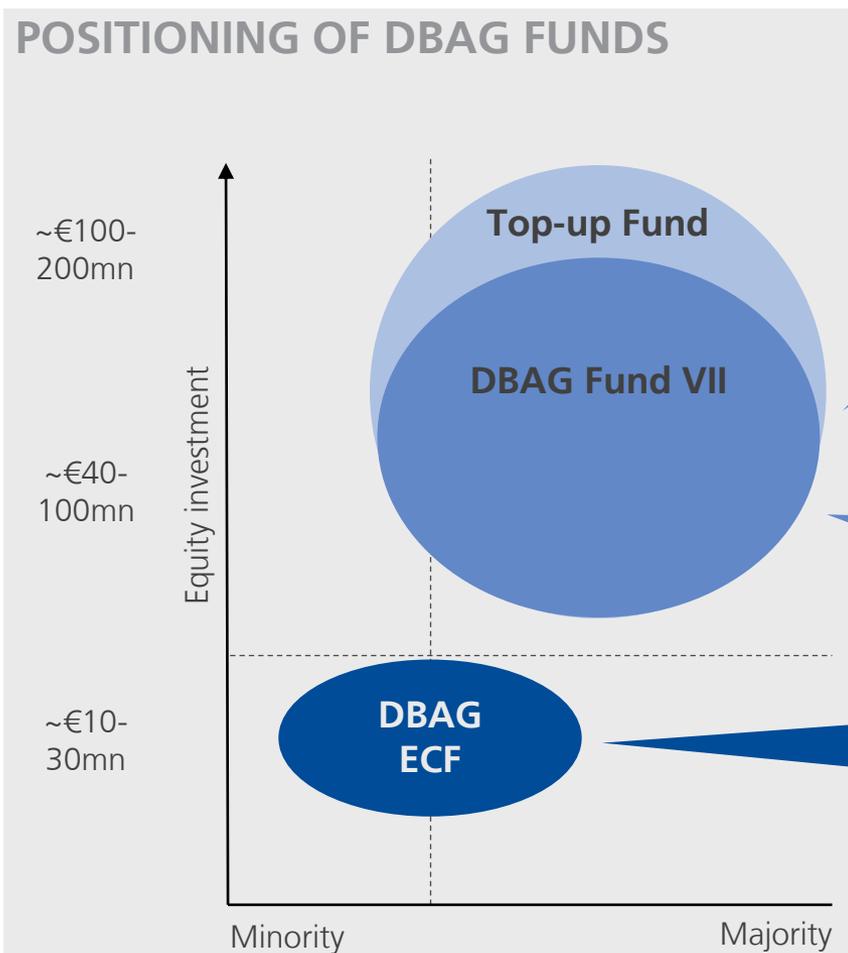
**Ongoing fierce competition in the market for PE investments in German mid-sized companies**

**DBAG has a high share of proprietary transactions (2 out of 4 in the first half-year of 2016/2017)**

**Roughly 50 percent of investment opportunities occur in DBAG's core sectors**

# FUND INVESTMENT SERVICES: STRATEGIC COURSE SET IN 2016 OPENED UP NEW INVESTMENT OPPORTUNITIES

## POSITIONING OF DBAG FUNDS



### MORE THAN MEALS EUROPE (completed: April 2017)

- Initial investment: ~€90mn (incl. ~€15mn co-investment of DBAG); follow-on investments for acquisitions expected
- Allocation: 70% comes from the Mainpool and 30% from the Top-up Fund

### RADIOLOGY GROUP (agreed: March 2017)

- Investment: ~€65mn (incl. ~€15mn co-investment of DBAG), acquisitions expected to be mainly debt-financed
- Allocation: 100% from the Mainpool

### VITRONET (completed: June 2017)

- Investment: ~€18mn (incl. ≤ €8.5mn co-investment of DBAG)
- First smaller buyout of DBAG ECF (original vintage)

# FUND INVESTMENT SERVICES – DEVELOPMENT AND REALISATION: SUCCESSFUL DIVESTMENT OF FDG GROUP



## **MBO by DBAG Fund V in June 2010 for the family's succession planning**

### **Successful development:**

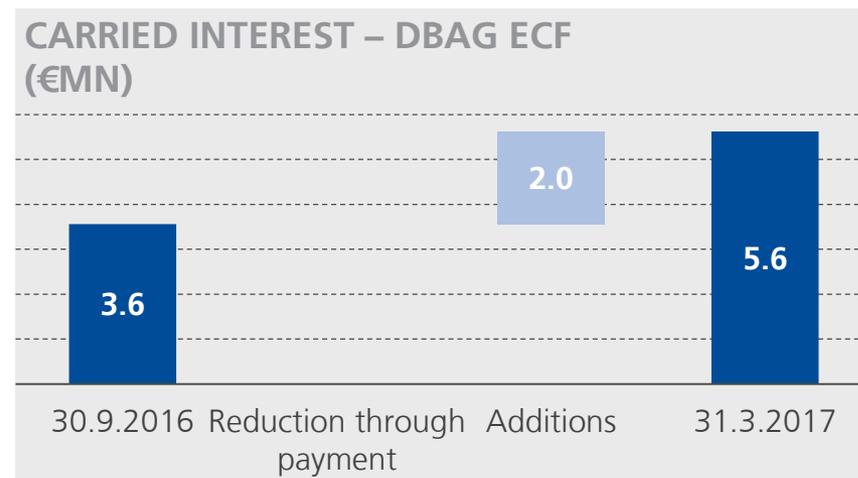
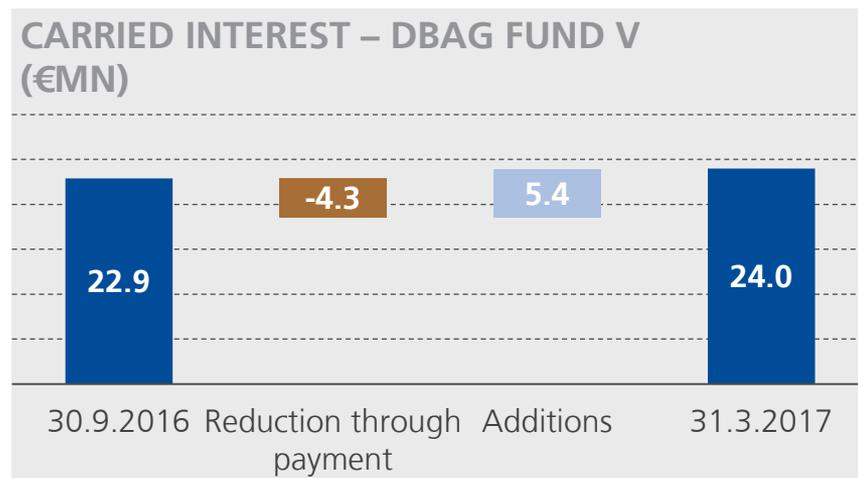
- Revenue increased from €111mn to €123mn (2016)
- Despite continued stagnation of French economy and weak private consumption

## **Sale to financial investor in February 2017 (completed in April 2017):**

- Invested capital more than doubled
- Information gained during selling process considered in valuation at 31 December 2016 resulting in no additional earnings contribution in Q2 2016/2017

# FUND INVESTMENT SERVICES – DEVELOPMENT AND REALISATION: CARRIED INTEREST

(€mn)	31.3.2017	30.9.2016	Changes
Carried Interest	29.6	26.5	3.1
Capital reserve and current account	2.7	2.3	0.4
Minority interest in investment entity subsidiaries	32.3	28.8	3.5

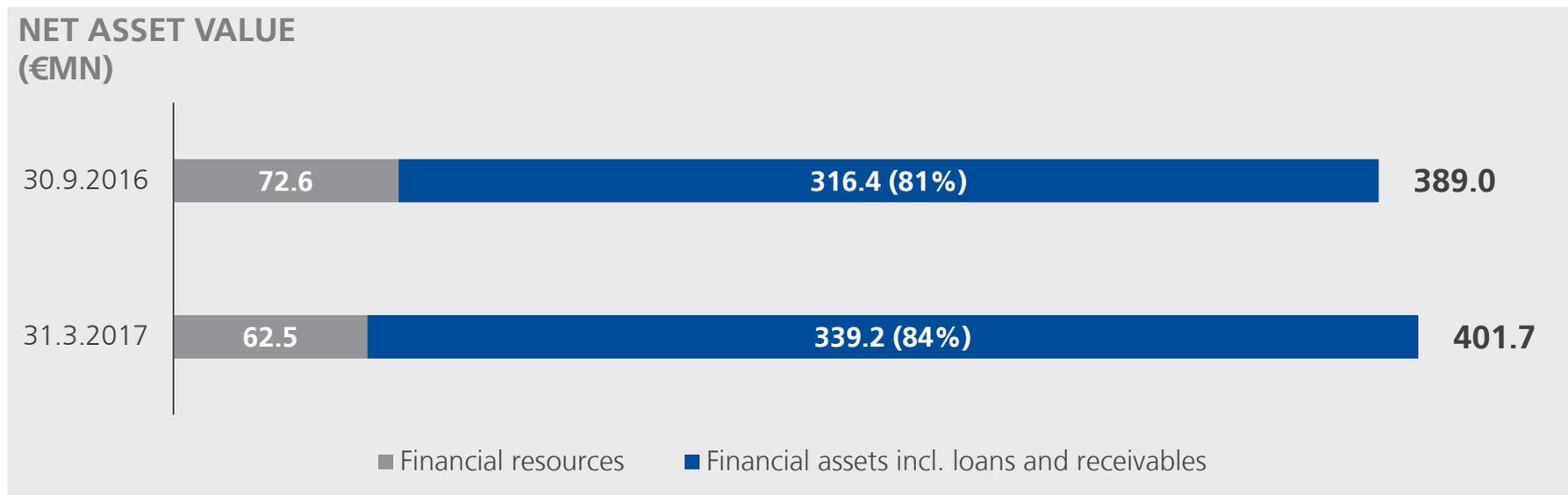


# PRIVATE EQUITY INVESTMENTS: NET ASSET VALUE RISES THREE PERCENT

## Net asset value corresponds to gross asset value:

- Strategy: DBAG is financed through the capital markets
- Undrawn credit line (€50mn) to balance erratic cash flows

**Primary asset: Portfolio value of €341.4mn (at 30 September 2016: €302.6mn)**



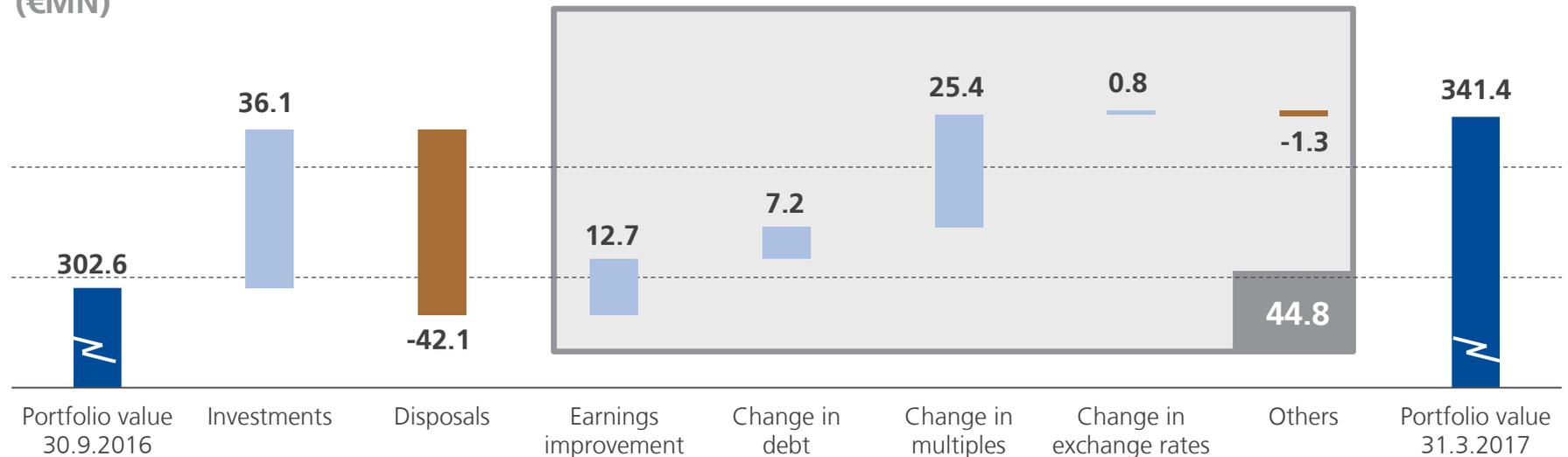
# PRIVATE EQUITY INVESTMENTS: PORTFOLIO VALUE RISES BY €38.8MN

**Portfolio value increased to €341.4mn**

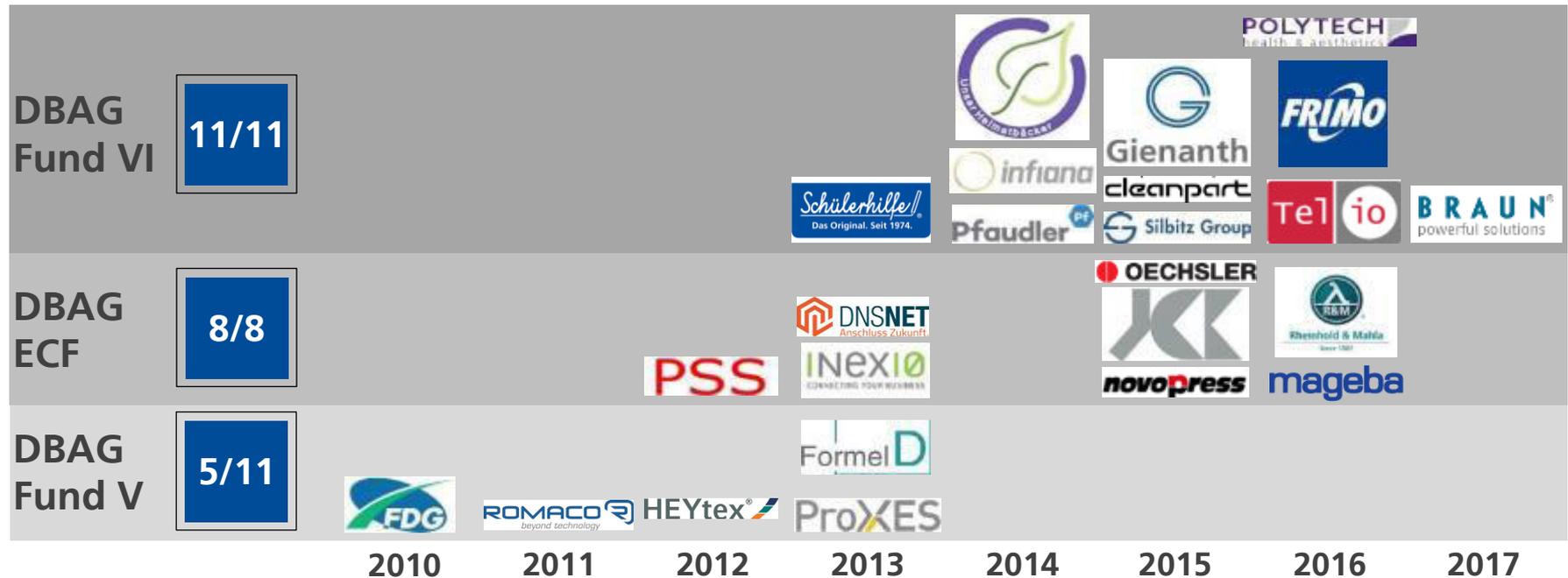
**Valuation gains of €44.8mn on existing portfolio**

**More than 90% of disposals attributable to Grohmann and Broetje-Automation**

## DEVELOPMENT OF PORTFOLIO VALUE (€MN)



# THE DBAG PORTFOLIO\* OF 24 COMPANIES IS INCLUDED IN THREE DBAG FUNDS ...



Investments agreed but not yet completed: MBO of a radiology group, MBO of a provider of network components for data communication in railway vehicles (duagon)

Changes after the end of the period:

- Completion of a MBO of a management holding/group for convenience food (More than Meals Europe)
- Completion of a MBO of a service provider for the telecommunications industry (Vitronet)
- Completion of divestment of FDG Group
- Agreement on divestment of Romaco, Formel D, Schülerhilfe and ProXES

Not included: Investment in two externally managed international buyout funds

\* as of 31 March 2017 (end of Q2 2016/2017)

# ...HAS BROAD EXPOSURE IN DIFFERENT SECTORS WHILE MINIMIZING RISKS...

## Four DBAG core sectors



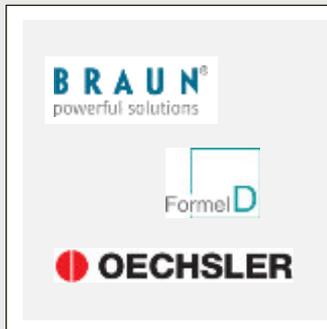
**Mechanical and plant engineering:**  
25% of portfolio value



**Industrial components:**  
20% of portfolio value



**Industrial services:**  
10% of portfolio value



**Automotive suppliers:**  
19% of portfolio value

## Other sectors



... to which the DBAG platform permits special access:  
23% of portfolio value

Not included: Other investments including investments in externally managed international buyout funds, as of 31 March 2017 (end of Q2 2016/2017)

# ...AND IS WELL BALANCED WITH REGARD TO FAIR VALUE

## Portfolio value of €341.4mn corresponds to 1.8x of the original transaction value

- Roughly 97 percent attributable to 24 portfolio companies
- Other investments (roughly 3 percent) include investment in two externally managed international buyout funds and entities through which representation and warranty retentions from earlier divestments have been (largely) settled



Top 1-5: 40%

Top 6-10: 23%

Top 11-15: 17%

Top 16-24: 17%

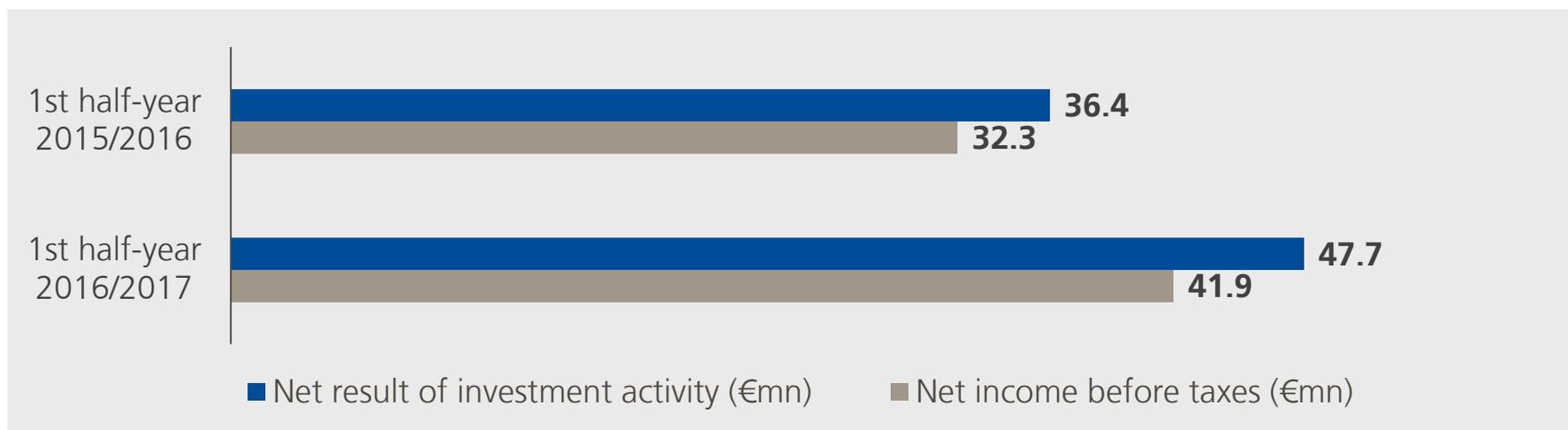
Not included: Other investments including investments in externally managed international buyout funds, as of 31 March 2017 (end of Q2 2016/2017)

# PRIVATE EQUITY INVESTMENTS: NET RESULT OF INVESTMENT ACTIVITY EXCEEDS PRIOR-YEAR LEVEL

## Net result of investment activity amounted to €47.7mn:

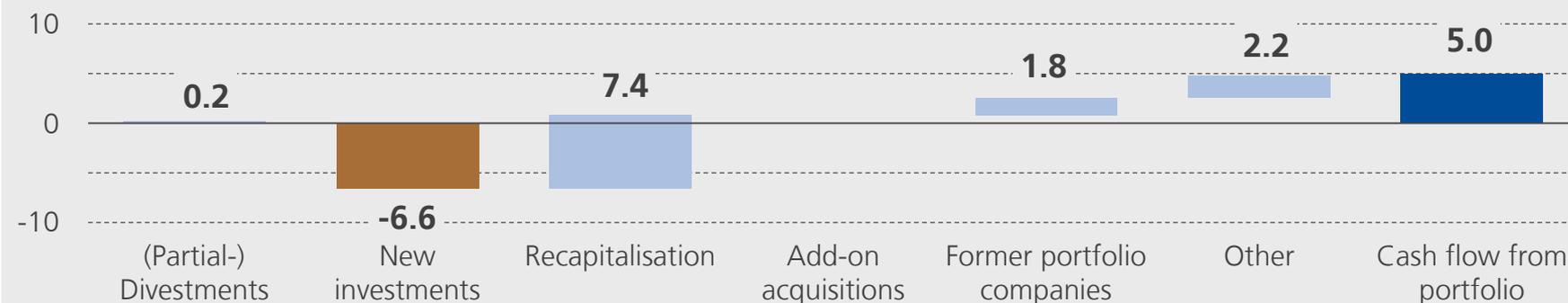
- Successful divestment of Grohmann, FDG and Romaco
- Valuation gains on existing investments resulting in part from higher valuation multiples after the positive performance of capital markets

## Net expenses in other income/expenses increased by €1.7mn (thereof €1.6mn of success-based compensation for the divestment of Grohmann)

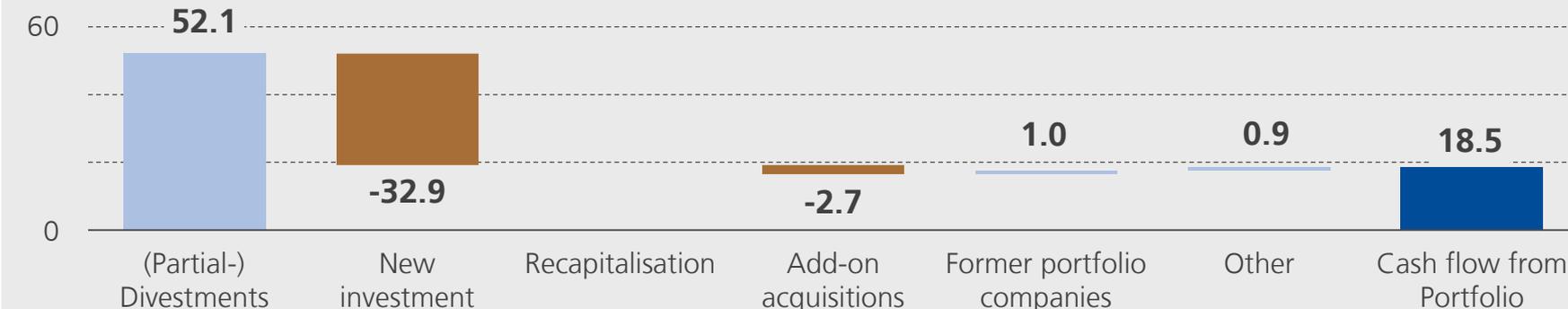


# PRIVATE EQUITY INVESTMENTS: CASH FLOW FROM PORTFOLIO

## 1ST HALF-YEAR 2015/2016 (€MN)



## 1ST HALF-YEAR 2016/2017 (€MN)



# OUTLOOK: FORECAST RAISED FOR FINANCIAL YEAR 2016/2017 AFTER SIX MONTHS

ACTUAL 2015/2016:

**€50.2MN**

NEW 2016/2017 FORECAST:

**SIGNIFICANTLY  
ABOVE THE PREVIOUS  
YEAR ON A  
COMPARABLE BASIS  
(€46.3MN)**

("significantly": +/- 20%)

NET INCOME  
FOR THE FIRST SIX MONTHS:

**€44.1MN**

**Considerable portion of net income is already secured through divestments that have been already agreed to or completed**

**Half-year net income is also impacted by higher capital market multiples**



RECENT EXITS

# GROHMANN, FDG GROUP, ROMACO GROUP SOLD – VALUE CONTRIBUTION INCLUDED IN H1 FIGURES



## GROHMANN ENGINEERING



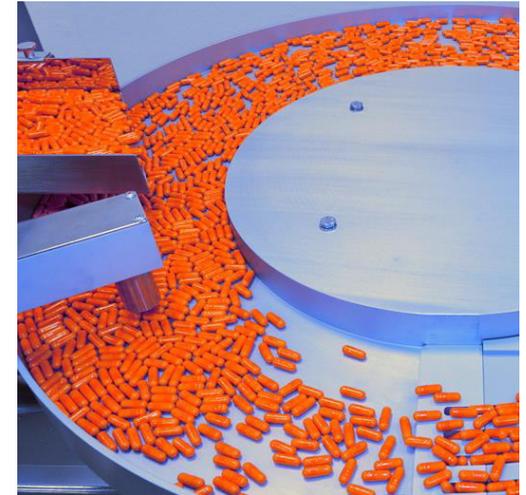
Oldest investment,  
returning > 10x cost,  
(IRR > 20%  
over almost 30 years)



## FDG GROUP



MBO alongside  
DBAG Fund V,  
returning > 2x cost



## ROMACO GROUP



MBO alongside  
DBAG Fund V,  
returning > 2x cost

# FORMEL D, SCHÜLERHILFE, PROXES – SALE AGREED, FURTHER CONTRIBUTION TO Q3 NET INCOME



## FORMEL D

▼  
MBO alongside  
DBAG Fund V,  
returning ~ 5.5x cost,  
~ €10mn contribution to  
Q3 net income



## SCHÜLERHILFE

▼  
MBO alongside  
DBAG Fund VI,  
returning ~ 4x cost,  
~ €9mn contribution to  
Q3 net income



## PROXES

▼  
MBO alongside  
DBAG Fund V,  
returning ~ 5.5x cost,  
~€9mn contribution to  
Q3 net income

# THREE RECENT EXITS TO CONTRIBUTE €27MN TO Q3 NET INCOME (AND TO 2016/2017 NET INCOME)

NEW 2016/2017 FORECAST:

**SIGNIFICANTLY  
ABOVE THE  
PREVIOUS YEAR ON  
A COMPARABLE  
BASIS (€46.3MN)**

("significantly": +/- 20%)



Portfolio Company	Holding period (yrs.)	Capital multiple	Additional contribution to Q3 net income (€mn)
Formel D	4.2	5.5	9.7
Schülerhilfe	3.7	3.9	8.7
ProXES	4.1	5.5	9.1
			27.5

**Additional contribution to net income has not been calculated for in the forecast made on 2 May 2017**

# 35 PERCENT OF PORTFOLIO VALUE (31 MARCH 2017) TO BE REALISED UNTIL END OF FINANCIAL YEAR

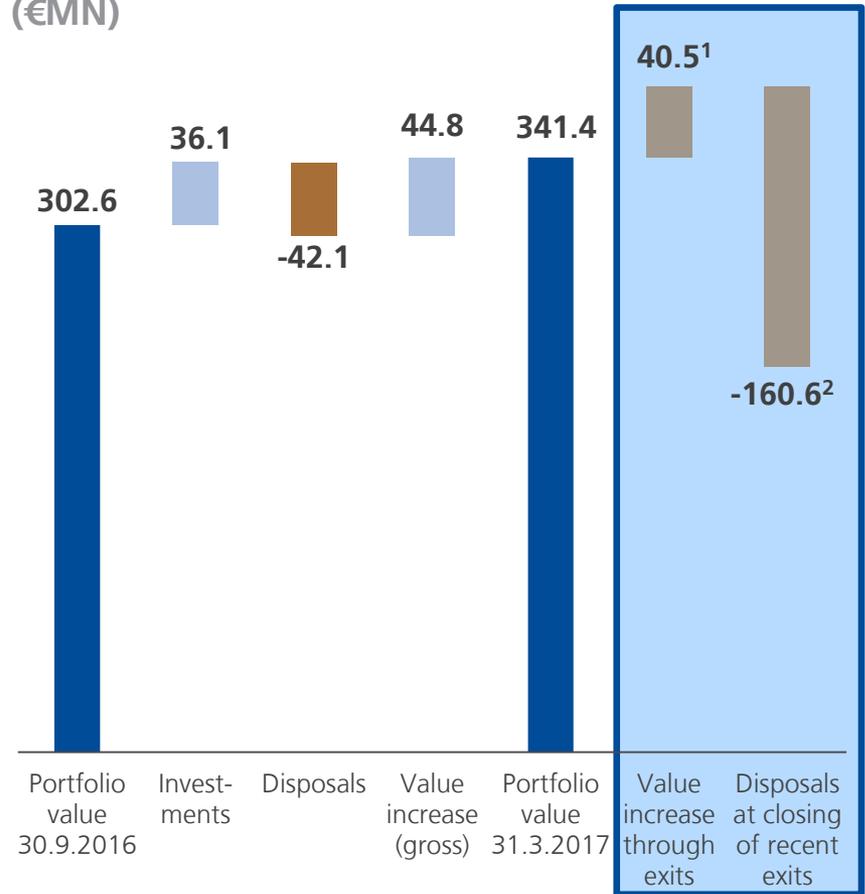
**Expected cash inflow of €131mn at closing of recent exits (thereof €109mn for Formel D, Schülerhilfe and ProXES)**

**...and financial resources of €62.5mn (31 March 2017)**

**...available to finance new investments**

**Co-investment commitments alongside DBAG funds: ~ €250mn**

DEVELOPMENT OF PORTFOLIO VALUE  
(€MN)



<sup>1</sup> incl. Formel D, Schülerhilfe, ProXES

<sup>2</sup> incl. FDG, Romaco (75.1%), Formel D, Schülerhilfe, ProXES

# FORWARD-LOOKING STATEMENTS INVOLVE RISKS

This presentation contains forward-looking statements. Forward-looking statements are statements that do not describe facts or past events; they also include statements about our assumptions and expectations.

Any statement in this report that states our intentions, assumptions, expectations or predictions and the underlying assumptions is a forward-looking statement. These statements are based on plans, estimates and projections currently available to the Board of Management of Deutsche Beteiligungs AG. Therefore, forward-looking statements only relate to the date on which they are made. We do not assume any obligation to update such statements in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors may cause actual events to differ significantly from those in forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere – the key regions for our investment activities.