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# LONG-TERM PLANNING. PATIENCE IN DEVELOPMENT.

GERMAN EQUITY FORUM 2019

FRANKFURT AM MAIN,  
27 NOVEMBER 2019

# DBAG, A PIONEER IN GERMAN PRIVATE EQUITY



1965–2001 DBAG'S HISTORY	2002 DBAG FUND IV	2006 DBAG FUND V	2011 DBAG ECF	2012 DBAG FUND VI	2016 DBAG FUND VII	2018 DBAG ECF
<p>First German Private Equity company, founded in 1965</p> <p>Income mostly stemming from direct investments</p> <p>IPO 1985: First listed Private Equity company in Germany</p>	<p>Focus on buyouts and start of fund investment services for 3rd party investors</p>	<p>Nearly all investors of Fund IV participate in Fund V</p>	<p>Re-start of growth financings</p>	<p>Largest buyout fund raised by a German Private Equity company</p>	<p>Including top-up fund to target larger investment opportunities</p>	<p>New vintage raised including small buyouts</p>
<b>DM895mn</b>	<b>€228mn</b>	<b>€434mn</b>	<b>€142mn</b>	<b>€700mn</b>	<b>€1,010mn</b>	<b>€97mn<sup>1</sup></b>
DBG Fonds I, II, III	DBAG Fund IV	DBAG Fund V	DBAG Expansion Capital Fund	DBAG Fund VI	DBAG Fund VII	DBAG ECF II

**More than 300 private equity investments in German Mittelstand companies since 1965**  
**53 MBOs and 19 growth financings since 1997**  
**Thereof 31 MBOs and 11 growth financings exited, with an average capital multiple of 2.8x and 2.5x, respectively**

<sup>1</sup> Due to the vintage model, the investment period will last no longer than until the end of 2020

# WHY INVEST IN DBAG?



## KEY INVESTMENT HIGHLIGHTS

### MARKET POSITION

The market leader in German mid-market private equity ...



### MARKET ACCESS

... with unique access to  
"hidden champions"  
of the German "Mittelstand" ...



### TRACK RECORD

... and delivering strong returns  
through market cycles.

### INTEGRATED BUSINESS MODEL

... creating value for shareholders  
through Private Equity Investments  
and Fund Investment Services ...



# DBAG CREATES VALUE FOR SHAREHOLDERS THROUGH TWO BUSINESS LINES

## INTEGRATED BUSINESS MODEL

**FUND INVESTMENT  
SERVICES**



### DBAG FUNDS

FUNDS FROM INSTI-  
TUTIONAL INVESTORS  
AND DBAG AT  
A RATIO OF  
AROUND 80 : 20



**PRIVATE EQUITY  
INVESTMENTS**

STRUCTURING AND  
RAISING FUNDS

INVESTING IN  
PORTFOLIO COMPANIES

DEVELOPING THE  
COMPANIES

REALISING THE  
VALUE CREATED

LIQUIDATING  
FUNDS

# INVESTMENT STRATEGY: SETTING THE COURSE SINCE 2013

## INVESTMENT STRATEGY

## ... HAS BEEN GRADUALLY EXPANDED OVER THE PAST YEARS

**EQUITY INVESTMENT**  
40-100 MILLION EUROS

- › 2016: Top-up fund (DBAG Fund VII) for MBOs > 100 million euros
- › 2017: DBAG ECF for smaller MBOs < 40 million euros

**INVESTMENT CASE**  
STRONG MARKET POSITION  
AND DEVELOPMENT  
POTENTIAL

- › Focus on supporting portfolios with the aim of strategic repositioning
- › 42 company acquisitions since 2011
- › Currently four buy-and-build platforms

**SECTORS**  
FOUR CORE SECTORS  
THREE NEW FOCUS SECTORS

- › Since 2013: focus expanded to include non-core sectors, subject to suitable access
- › New focus sectors: broadband telecommunications, IT services/software, healthcare

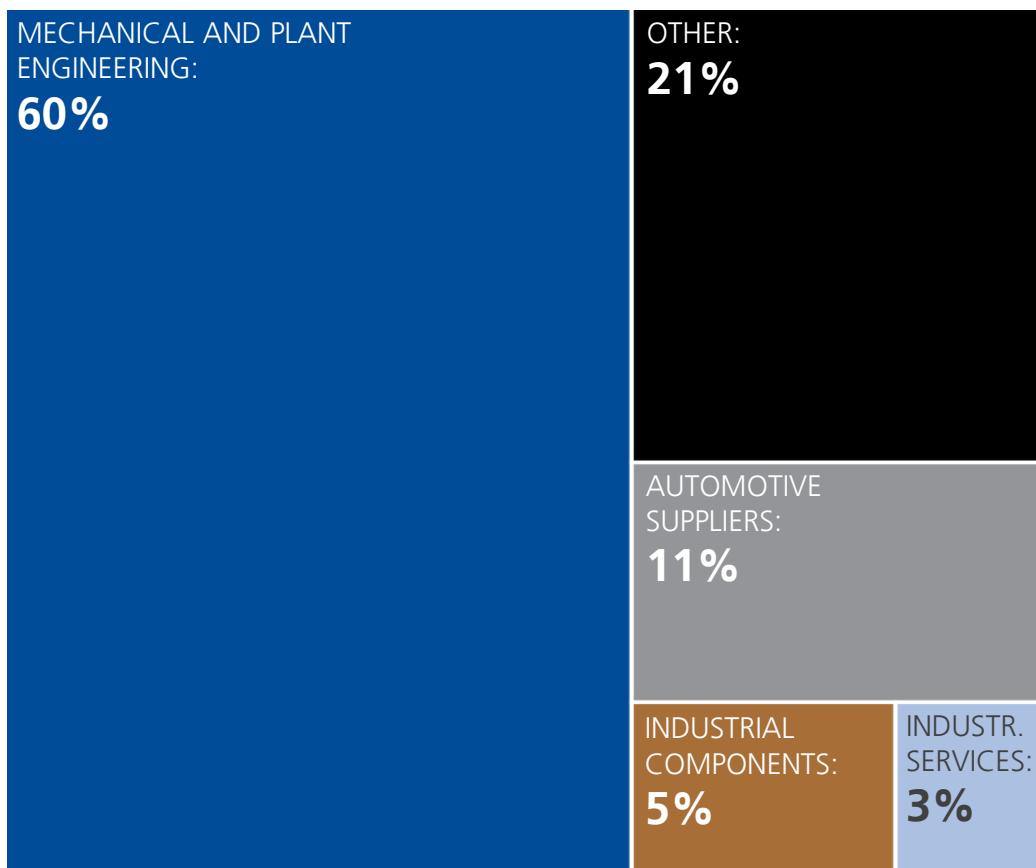
**REGIONS**  
"DACH"; IN CORE SECTORS  
AS WELL AS NEIGHBOURING  
EUROP. COUNTRIES

- › Market leader, with 53 MBOs in mid-market companies since buyout business first started
- › Since 2015: Italian market covered

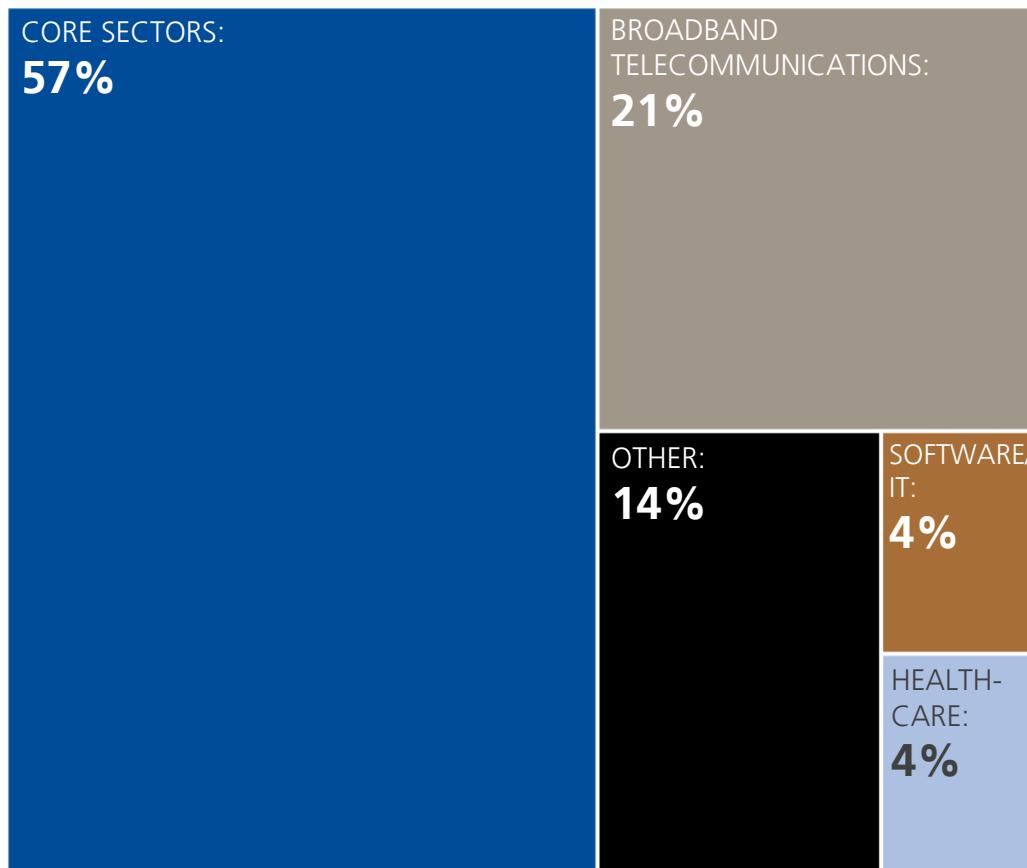
# PORTFOLIO CHANGED FOLLOWING STRATEGIC DECISIONS: NEW FOCUS SECTORS ACCOUNT FOR 29% OF PORTFOLIO VALUE



## PORTFOLIO VALUE AS AT 31 OCTOBER 2013

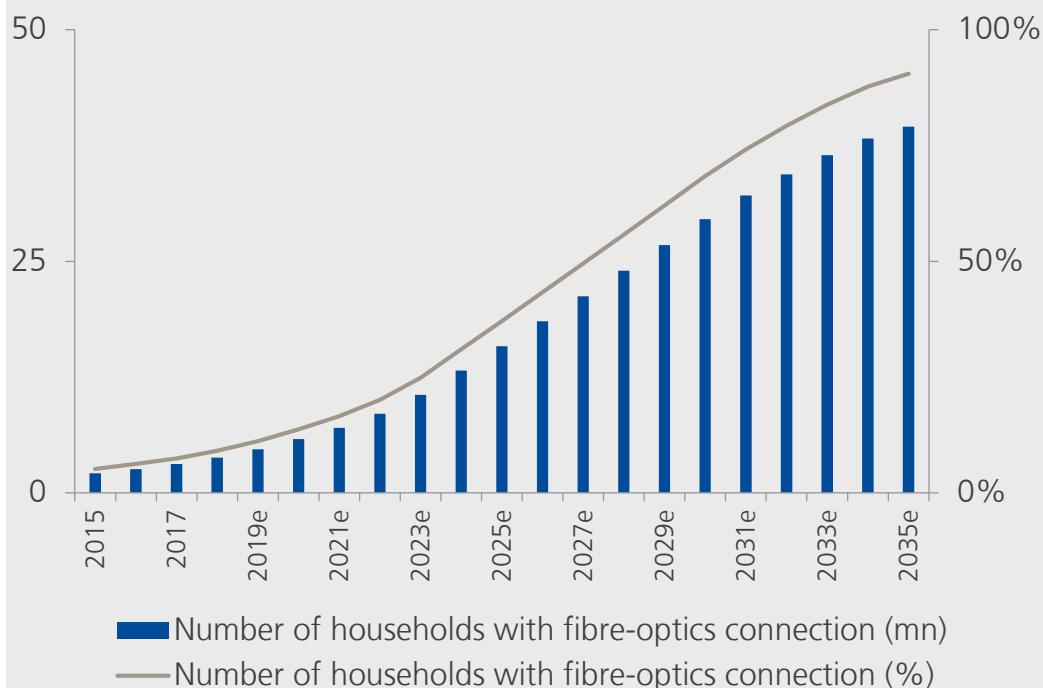


## PORTFOLIO VALUE AS AT 30 JUNE 2019



# PROMISING OPPORTUNITIES FOR INVESTMENTS IN THE BROADBAND TELECOMMUNICATIONS FOCUS SECTOR

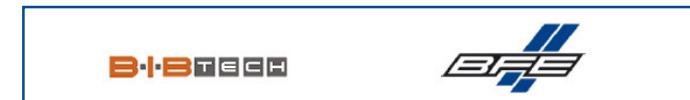
## FIBRE-OPTIC EXPANSION IN GERMANY



**Growth drivers:** strong demand for fast internet connections, public subsidies, new technologies (such as 5G and e-mobility)

## Value appreciation by add-on acquisitions:

- › Consolidation of a highly fragmented market
- › Regional companies evolve into national market leaders



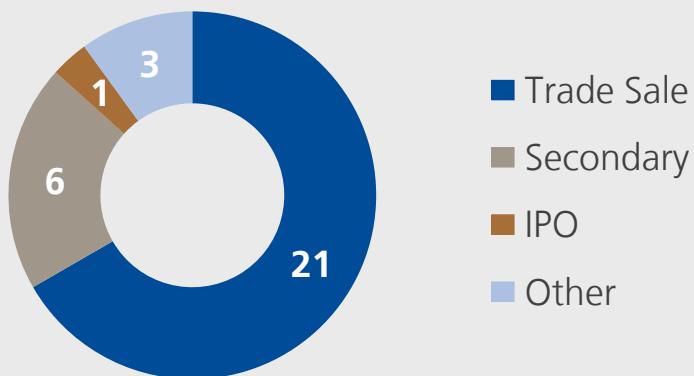
# SUCCESSFULLY CLOSED MBOS

## 31 of 53 MBOs exited since inception of buyout business 1997

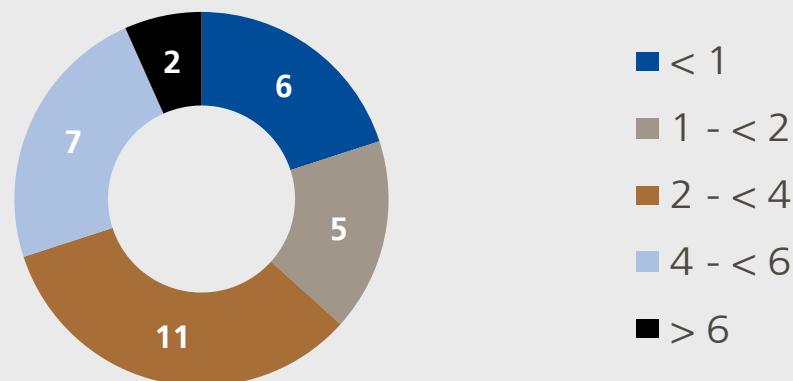
- > Average holding period of ca. 5 years
- > Average (gross) capital multiple of 2.8x

## DBAG's portfolio companies typically attractive to strategic investors

**EXIT ROUTE**  
(by # of the deals)



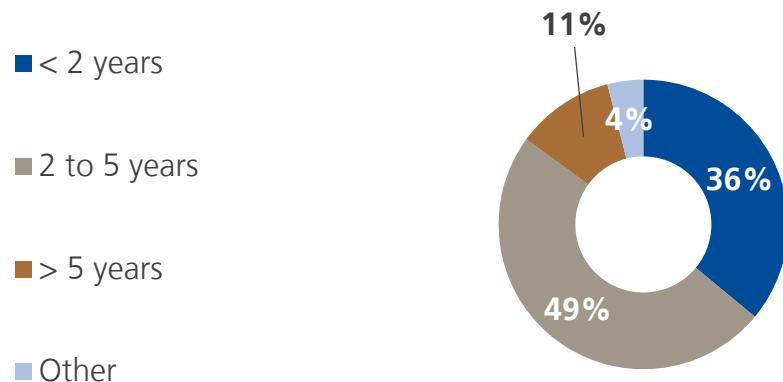
**CAPITAL MULTIPLE AT EXIT ROUTE**  
(by # of deals)



### Acquisition costs of 315.8 million euros

- > Around 36 per cent of acquisition costs are attributable to investments made over the past two years

VINTAGE PROFILE OF PORTFOLIO COMPANIES (BASED ON ACQUISITION COST)



1.3x

### Portfolio value of 421.8 million euros ...

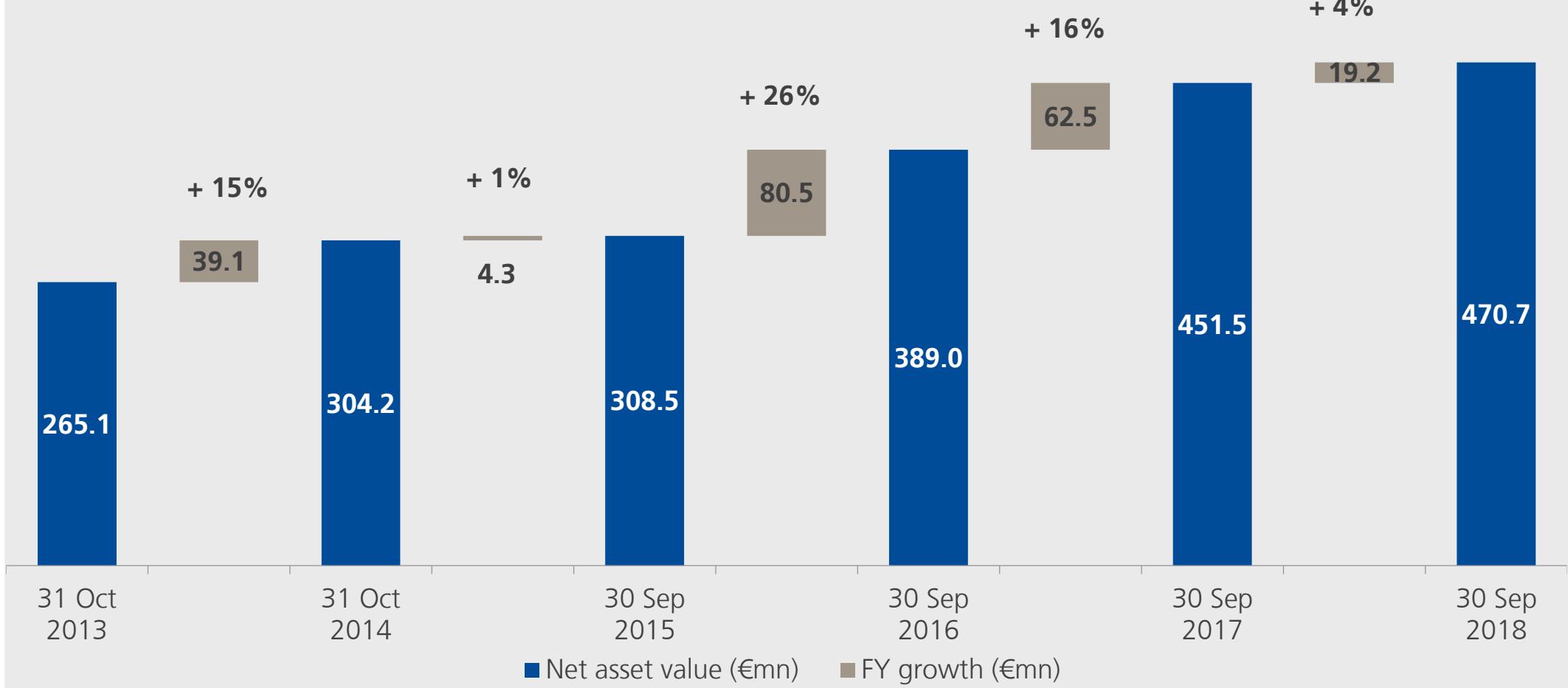
- > 29 equity investments in four DBAG funds
- > One direct investment
- > Two investments in externally managed international buyout funds
- > Processing of retentions via other companies

... based on 7.6 times EBITDA of the portfolio companies as at 30 June 2019

# NET ASSET VALUE HAS GROWN BY 12.4 PER CENT PER YEAR SINCE 2013

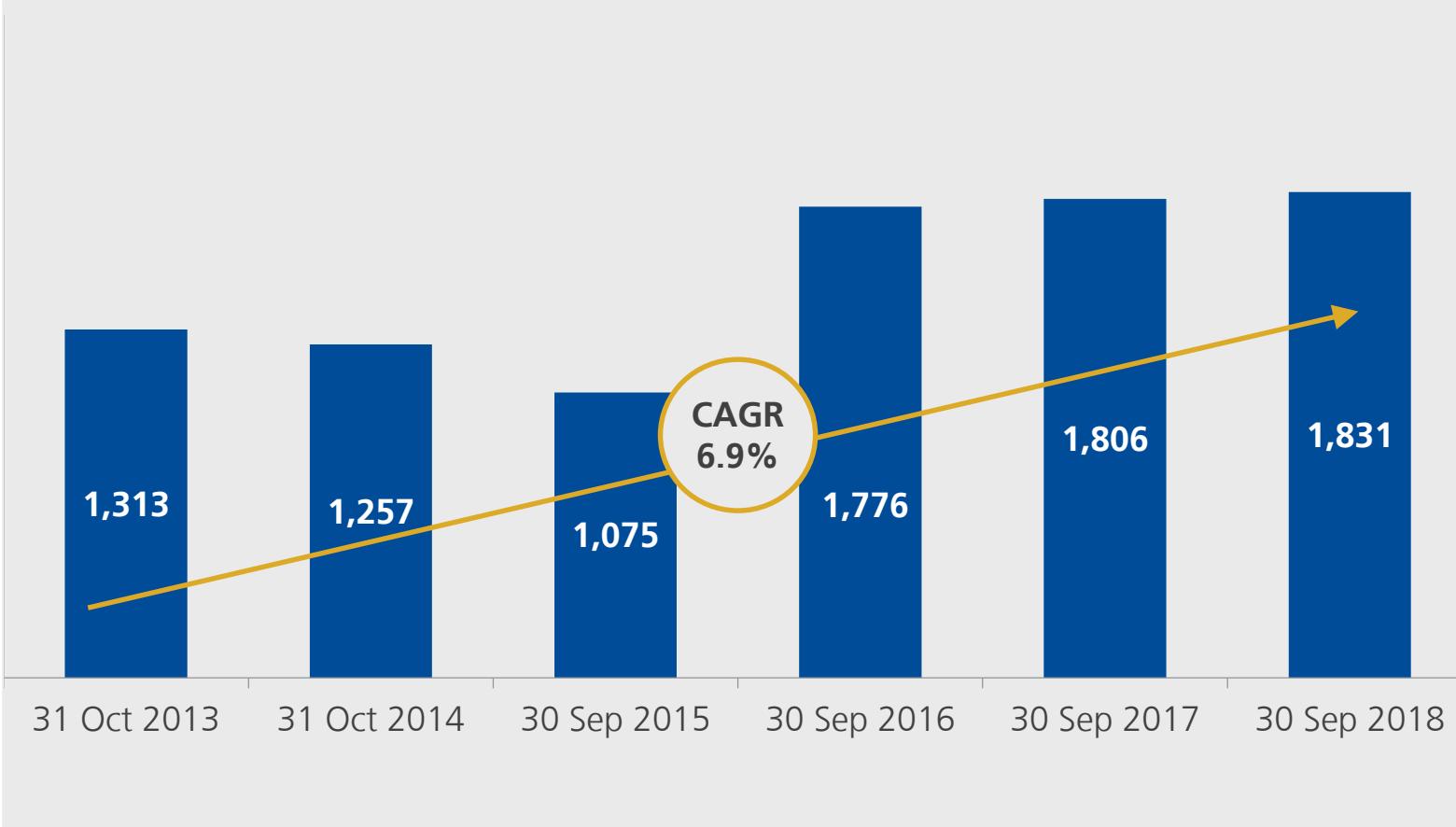


## DEVELOPMENT OF NET ASSET VALUE



# ASSETS UNDER MANAGEMENT AND UNDER ADVICE ALSO GREW STRONGLY OVERALL

ASSETS UNDER MANAGEMENT AND UNDER ADVICE (€mn)



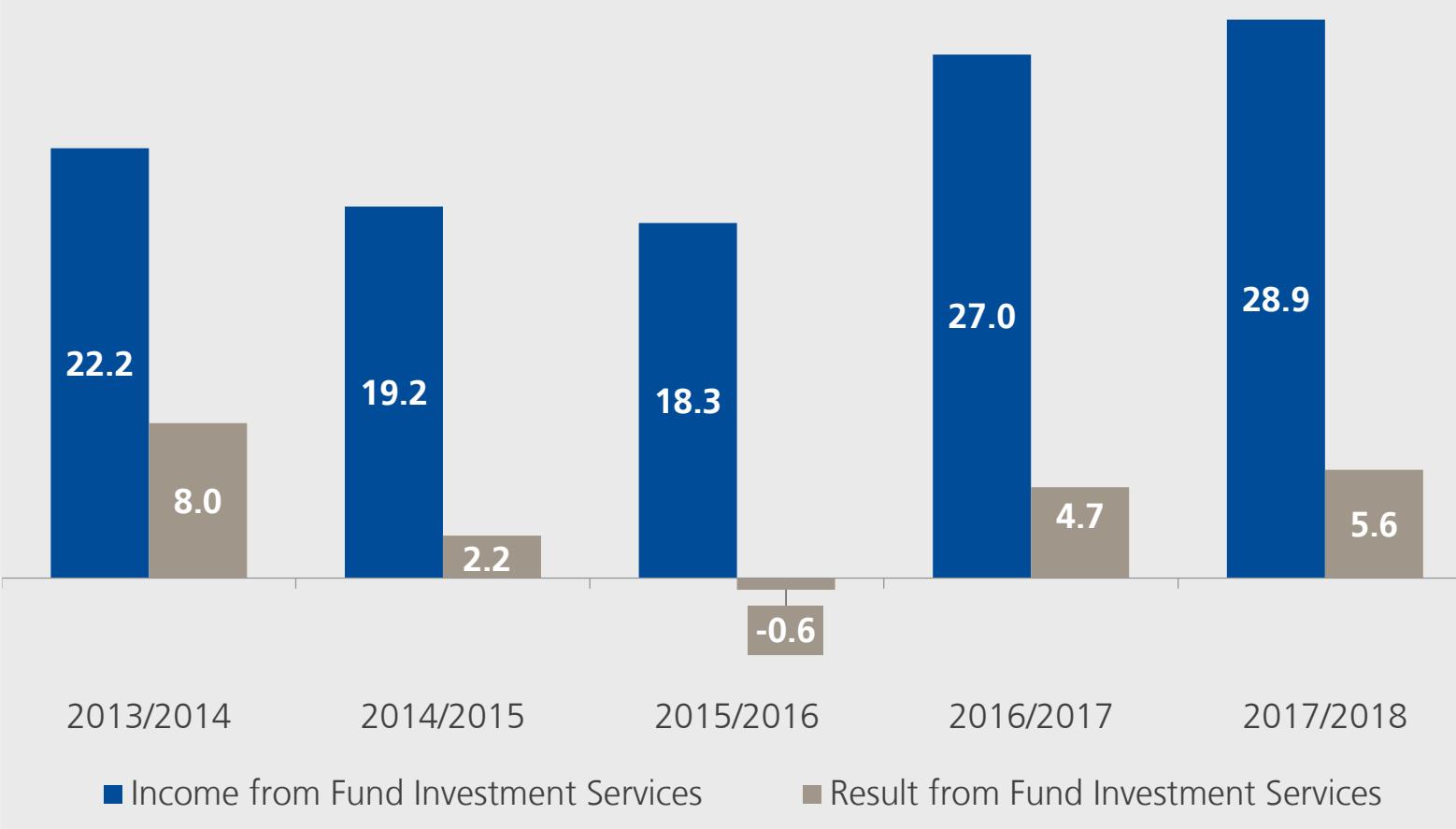
AuM/AuA (Assets under management and under advice)

**Fluctuating growth is typical in this type of business**

- > Significant increase after launch of a new fund, approx. every four to six years
- > Downturns after portfolio disposals

# INCOME FROM FUND INVESTMENT SERVICES INCREASED BY A TOTAL OF 6.8% P.A.

INCOME AND NET RESULT FROM FUND INVESTMENT SERVICES (€mn)

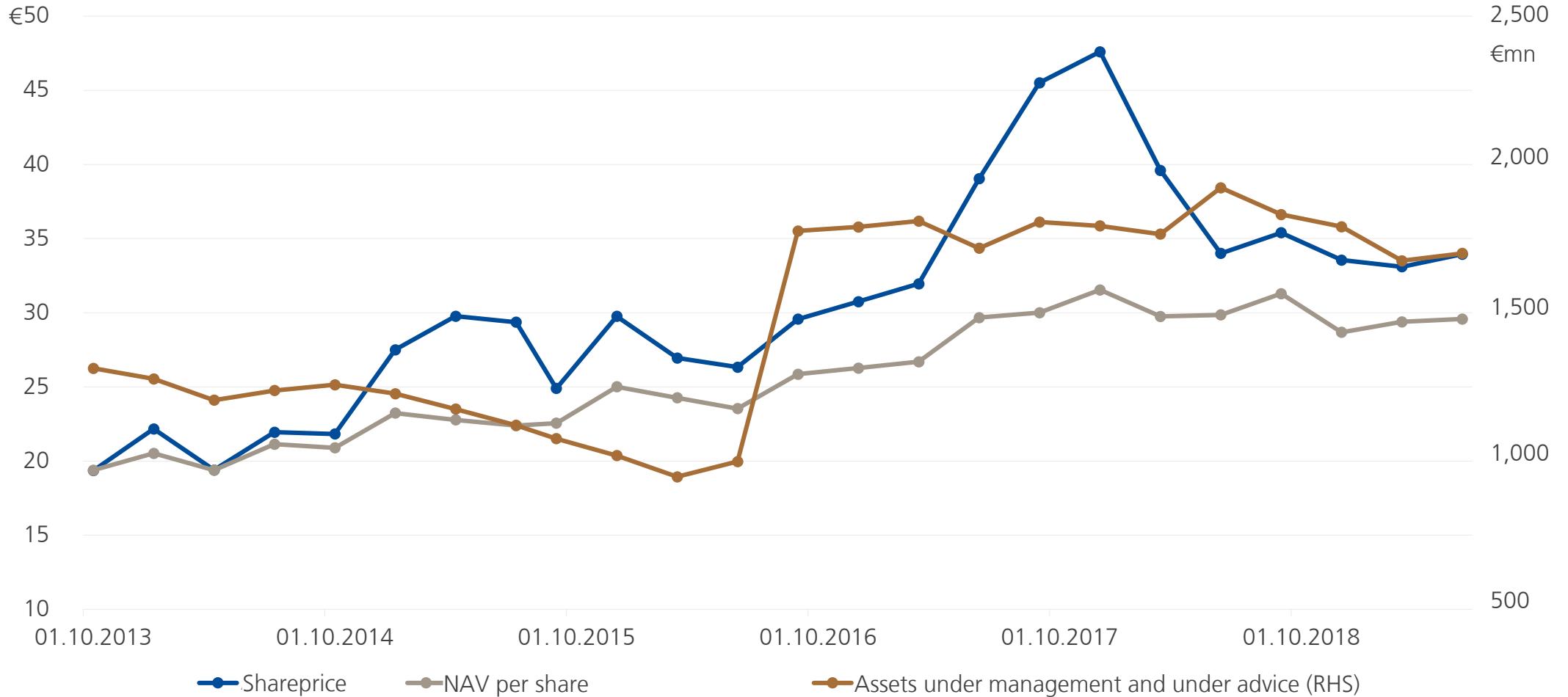


**Income reflects the development of assets under management and under advice**

**Net result is also influenced by cost developments**

2015/2016: Net income adjusted for fundraising and DBAG structural costs

# SHARE PRICE GENERALLY FOLLOWS THE PERFORMANCE OF THE NET ASSET VALUE AND THE ASSETS ADVISED UPON, ...



NET ASSET VALUE



ASSETS UNDER  
MANAGEMENT AND  
UNDER ADVICE



FEE INCOME FROM FUND  
INVESTMENT SERVICES



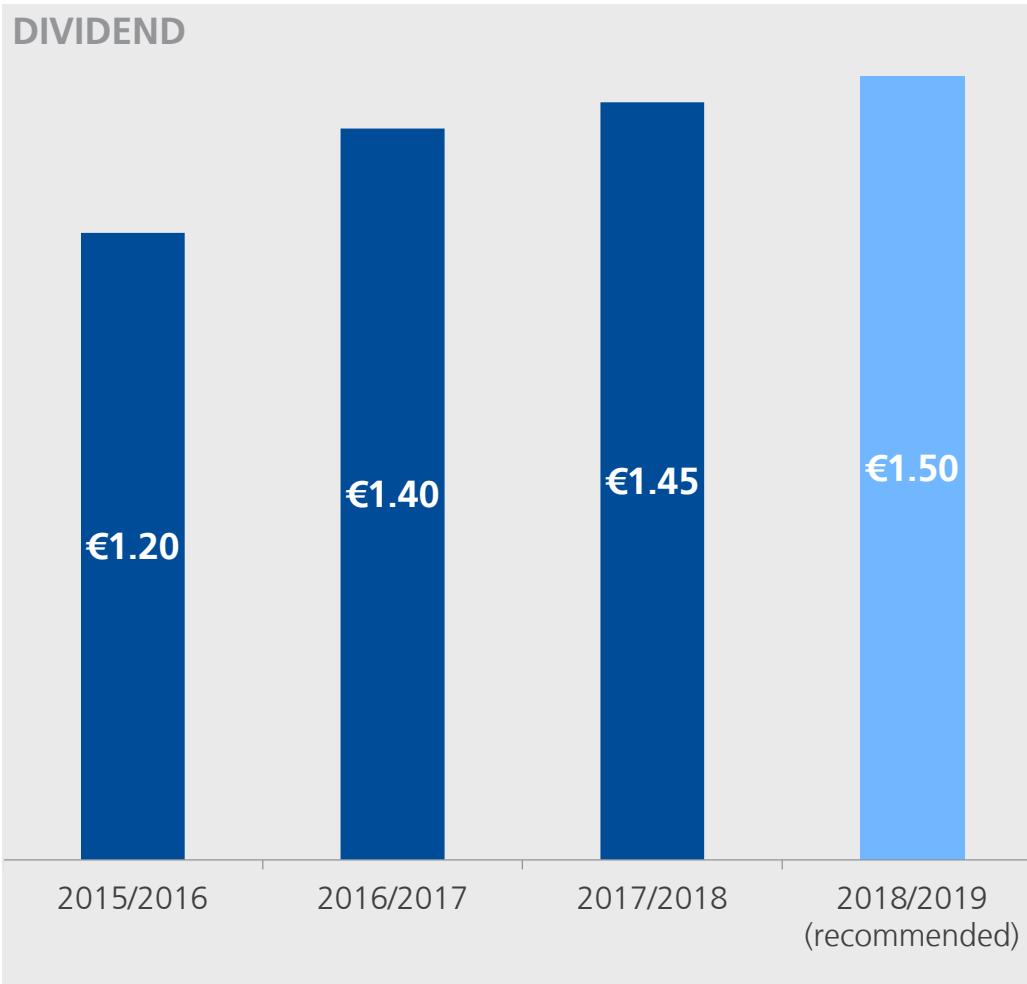
EARNINGS BEFORE TAX FROM FUND  
INVESTMENT SERVICES



**AMBITION 2020/2021:**  
  
EACH  
**MORE THAN 20% HIGHER**  
THAN 2018/2019

# ATTRACTIVE DIVIDEND POLICY

## DIVIDEND



### STABLE DIVIDEND

Net retained profit (German Commercial Code [HGB]) allows for stable dividend, also for subsequent financial years

### INCREASING, WHENEVER POSSIBLE

Proposes dividend for 2018/2019 translates into an increase of 3.5 per cent year-on-year and a yield of 4,0 per cent

### ATTRACTIVE DIVIDEND YIELD

Compared with the market (S-Dax) and other PE companies

## 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.