

| | | | |
|---|--|---|---|
| Hold EUR 41.00 Price EUR 30.90 Upside 32.7 % | Value Indicators: EUR SotP 20e: 40.98 | Share data: Bloomberg: DBAN GR Reuters: DBANn.DE ISIN: DE000A1TNUT7 | Description: Private equity both as an advisor and as a co-investor focused on the German Mittelstand |
| | Market Snapshot: EUR m Market cap: 465 No. of shares (m): 15 EV: 445 Freefloat MC: 381 Ø Trad. Vol. (30d): 626.18 th | Shareholders: Freefloat 81.9 % Family offices 18.1 % | Risk Profile (WRe): 2019/20e Beta: 1.0 Price / Book: 1.0 x Equity Ratio: 93 % |

First Glance: Lower valuation multiples and corona effects to weigh on Q2

| EUR m | Q2 19/20e | Q2 18/19 | yoy | H1 19/20e | H1 18/19 | yoy |
|---|--------------|-------------|----------------|--------------|-------------|----------------|
| Net result of investment activity | -75,1 | 30,6 | -344,9% | -75,0 | 9,5 | -885,8% |
| Fee income of fund management and advisory services | 7,4 | 6,4 | 15,9% | 14,5 | 13,8 | 5,2% |
| (1) + (2) | -67,7 | 37,0 | -282,7% | -60,5 | 23,3 | -359,1% |
| EBT | -75,7 | 29,0 | -360,8% | -75,9 | 7,6 | -1097% |
| Net income | -75,7 | 29,0 | -360,8% | -75,9 | 7,6 | -1098% |
| EPS | -5,02 | 1,93 | -360,8% | -5,03 | 0,51 | -1098% |

- DBAG released some indications for Q2 2020 results. Net asset value of private equity investments has been substantially burdened in Q2 in connection with lower valuation multiples derived by stock market development. Furthermore, lower earnings expectations of portfolio companies due to the corona crisis mainly in the areas of manufacturing industry and automotive suppliers contributed to this development. This was to a certain degree compensated for by lower carried interest entitlements. According to the company net asset value (adjusted for dividend of EUR 1.50 per share, paid in February) was down by ca. 20%.
- Based on this information we calculate a significant loss for Q2 of EUR 5.02 per share. However, this is to a large degree book loss and not cash-effective. The main index of the German stock market DAX was down 25% in Q1 2020 but recovered 9% so far in Q2 (given stock market would remain were it is currently is until end of June, DBAG's Q3 results would be clearly positive). DBAG uses stock market valuation multiples at the final day of a quarter. Hence, FY result is heavily dependent on stock market valuation as of September, 30. Generally, DBAG's guidance is not including any impact from the change of valuation multiples derived from stock market development.
- The company has already withdrawn its initial guidance for fiscal 2019/20 (30.9.) on March, 20. A new guidance will be released on May 13 with the communication of Q2 results.



Rel. Performance vs SDAX:

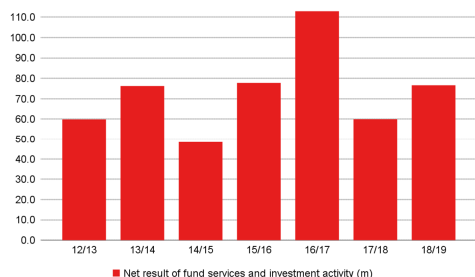
| | |
|---------------------|--------|
| 1 month: | 7.9 % |
| 6 months: | -7.2 % |
| Year to date: | -4.3 % |
| Trailing 12 months: | 0.4 % |

Company events:

| | |
|----------|----|
| 13.05.20 | Q2 |
| 06.08.20 | Q3 |

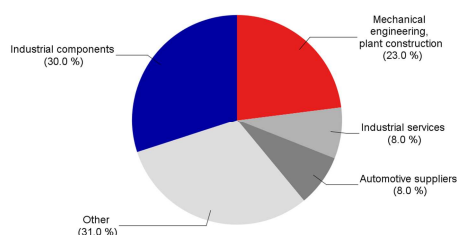
| FY End: 30.9. in EUR m | CAGR (18/19-21/22e) | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|--|---------------------------------|---------|---------|---------|---------|----------|----------|----------|
| Net result of fund services and investment activity | 3.9 % | 78 | 113 | 60 | 77 | 66 | 78 | 86 |
| Net result investment activity | | 59 | 86 | 31 | 50 | 32 | 41 | 46 |
| Fee income fund services | | 18 | 27 | 29 | 27 | 34 | 37 | 40 |
| EBIT | 3.8 % | 50 | 82 | 30 | 45 | 33 | 44 | 50 |
| EBT | | 49 | 82 | 30 | 45 | 33 | 43 | 50 |
| Net income | 2.8 % | 49 | 82 | 30 | 46 | 33 | 43 | 50 |
| EPS | 2.8 % | 3.60 | 5.45 | 1.97 | 3.05 | 2.17 | 2.87 | 3.31 |
| DPS | 0.0 % | 1.20 | 1.40 | 1.45 | 1.50 | 1.50 | 1.50 | 1.50 |
| Dividend Yield | | 4.3 % | 3.8 % | 3.6 % | 4.4 % | 4.9 % | 4.9 % | 4.9 % |
| NAV per share | | 26.91 | 28.45 | 29.50 | 30.59 | 31.26 | 32.63 | 34.44 |
| Return on NAV | | 27.2 % | 10.6 % | 9.1 % | 9.0 % | 7.5 % | 9.7 % | 10.6 % |
| P / E | | 7.7 x | 6.8 x | 20.4 x | 11.1 x | 14.2 x | 10.8 x | 9.3 x |
| Net Debt | | -42 | -117 | -51 | -50 | -20 | -3 | 3 |
| ROE | | 14.7 % | 20.6 % | 6.8 % | 10.1 % | 7.0 % | 9.0 % | 9.9 % |
| ROCE (NOPAT) | | 16.4 % | 25.8 % | 8.5 % | 11.3 % | 7.7 % | 9.3 % | 9.9 % |
| Guidance: | Net income between EUR 28 - 37m | | | | | | | |

Net result fund services & investments in EUR m



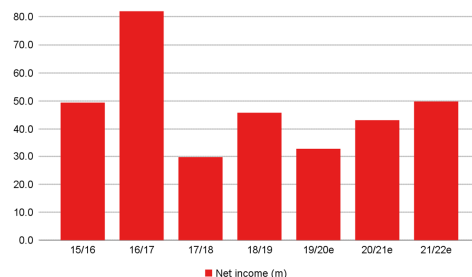
Source: Deutsche Beteiligungs AG, Warburg Research

Portfolio by industry 2017/18; in %



Source: Deutsche Beteiligungs AG, Warburg Research

Net income in EUR m



Source: Deutsche Beteiligungs AG, Warburg Research

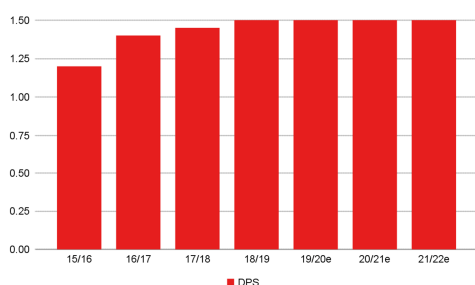
Company Background

- Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity firm sponsoring management buyouts (MBOs) and financing expansion capital.
- DBAG's business model is to invest its own funds (Private Equity Investments Segment) alongside funds it manages and for which it earns fees (Fund Investment Services Segment) helping cover fixed costs.

Competitive Quality

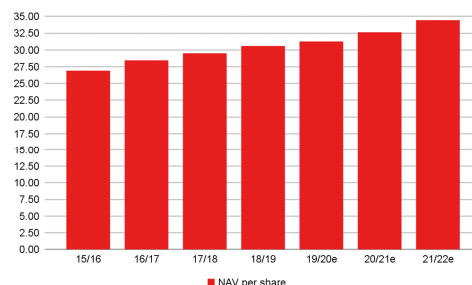
- DBAG has a tight focus on mainly direct investments in unlisted, operationally healthy German Mittelstand companies in the industrials and services sector with sales volumes of EUR 50m – 500m p.a.
- Differentiation is based on DBAG's long-standing track record. Since it was founded in 1965, DBAG has made more than 300 private equity investments.
- Investors value this experience which cannot be matched by new entrants and the very solid track record of generating a 15-year average return for shareholders above 15%.

Dividend per share in EUR



Source: Deutsche Beteiligungs AG, Warburg Research

Net asset value per share in EUR



Source: Deutsche Beteiligungs AG, Warburg Research

| Valuation | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|----------|----------|----------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
| Price / Book | 1.0 x | 1.3 x | 1.4 x | 1.1 x | 1.0 x | 0.9 x | 0.9 x |
| Book value per share ex intangibles | 26.85 | 28.40 | 29.47 | 30.57 | 31.24 | 32.61 | 34.42 |
| EV / Sales | 4.3 x | 3.9 x | 9.2 x | 6.0 x | 6.7 x | 5.9 x | 5.4 x |
| EV / EBITDA | 6.8 x | 5.3 x | 18.4 x | 10.3 x | 13.5 x | 10.6 x | 9.3 x |
| EV / EBIT | 6.8 x | 5.3 x | 18.4 x | 10.3 x | 13.5 x | 10.6 x | 9.3 x |
| EV / EBIT adj.* | 6.8 x | 5.3 x | 18.4 x | 10.3 x | 13.5 x | 10.6 x | 9.3 x |
| P / FCF | n.a. | n.a. | 62.1 x | n.a. | n.a. | 65.4 x | 39.5 x |
| P / E | 7.7 x | 6.8 x | 20.4 x | 11.1 x | 14.2 x | 10.8 x | 9.3 x |
| P / E adj.* | 7.7 x | 6.8 x | 20.4 x | 11.1 x | 14.2 x | 10.8 x | 9.3 x |
| Dividend Yield | 4.3 % | 3.8 % | 3.6 % | 4.4 % | 4.9 % | 4.9 % | 4.9 % |
| FCF Potential Yield (on market EV) | 14.8 % | 18.7 % | 5.4 % | 9.9 % | 7.4 % | 9.4 % | 10.7 % |
| *Adjustments made for: - | | | | | | | |

| Company Specific Items | | | | | | | |
|---|---------|---------|---------|---------|----------|----------|----------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
| NAV per share | 26.91 | 28.45 | 29.50 | 30.59 | 31.26 | 32.63 | 34.44 |
| Return on NAV | 27.2 % | 10.6 % | 9.1 % | 9.0 % | 7.5 % | 9.7 % | 10.6 % |
| Net result investment activity | 59 | 86 | 31 | 50 | 32 | 41 | 46 |
| Fee income fund services | 18 | 27 | 29 | 27 | 34 | 37 | 40 |
| Net result of fund services and investment activity | 78 | 113 | 60 | 77 | 66 | 78 | 86 |

Consolidated profit & loss

| In EUR m | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net result of fund services and investment activity | 78 | 113 | 60 | 77 | 66 | 78 | 86 |
| Net result investment activity | 59 | 86 | 31 | 50 | 32 | 41 | 46 |
| Fee income fund services | 18 | 27 | 29 | 27 | 34 | 37 | 40 |
| Personnel expenses | 16 | 21 | 18 | 21 | 22 | 23 | 24 |
| Other operating income | 7 | 5 | 4 | 6 | 6 | 6 | 7 |
| Other operating expenses | 19 | 14 | 16 | 16 | 17 | 18 | 18 |
| Unfrequent items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 50 | 82 | 30 | 45 | 33 | 44 | 50 |
| <i>Margin</i> | 64.1 % | 73.0 % | 50.2 % | 58.6 % | 50.0 % | 55.9 % | 58.4 % |
| Depreciation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITA | 50 | 82 | 30 | 45 | 33 | 44 | 50 |
| Amortisation of intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 50 | 82 | 30 | 45 | 33 | 44 | 50 |
| <i>Margin</i> | 64.1 % | 73.0 % | 50.2 % | 58.6 % | 50.0 % | 55.9 % | 58.4 % |
| EBIT adj. | 50 | 82 | 30 | 45 | 33 | 44 | 50 |
| Interest income | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Interest expenses | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other financial income (loss) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBT | 49 | 82 | 30 | 45 | 33 | 43 | 50 |
| <i>Margin</i> | 63.4 % | 72.6 % | 49.6 % | 58.9 % | 49.5 % | 55.4 % | 58.0 % |
| Total taxes | 0 | 0 | 0 | -1 | 0 | 0 | 0 |
| Net income from continuing operations | 49 | 82 | 30 | 46 | 33 | 43 | 50 |
| Income from discontinued operations (net of tax) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net income before minorities | 49 | 82 | 30 | 46 | 33 | 43 | 50 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net income | 49 | 82 | 30 | 46 | 33 | 43 | 50 |
| <i>Margin</i> | 63.6 % | 72.6 % | 49.5 % | 59.9 % | 49.5 % | 55.4 % | 58.0 % |
| Number of shares, average | 14 | 15 | 15 | 15 | 15 | 15 | 15 |
| EPS | 3.60 | 5.45 | 1.97 | 3.05 | 2.17 | 2.87 | 3.31 |
| EPS adj. | 3.60 | 5.45 | 1.97 | 3.05 | 2.17 | 2.87 | 3.31 |

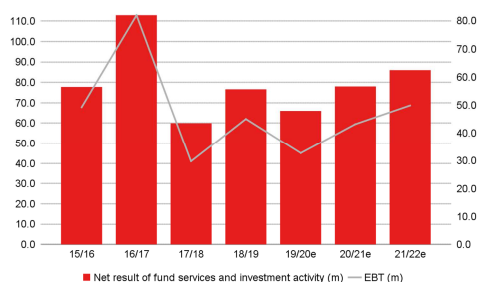
*Adjustments made for:

Guidance: Net income between EUR 28 - 37m

Financial Ratios

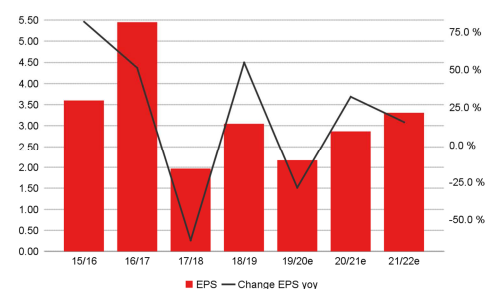
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|----------------------------|---------|---------|---------|---------|----------|----------|----------|
| EBITDA / Interest expenses | 84.9 x | 148.2 x | 42.9 x | 57.4 x | 41.3 x | 48.4 x | 55.8 x |
| Tax rate (EBT) | -0.3 % | 0.0 % | 0.1 % | -1.5 % | 0.1 % | 0.1 % | 0.0 % |
| Dividend Payout Ratio | 33.3 % | 25.7 % | 73.4 % | 49.3 % | 69.1 % | 52.2 % | 45.2 % |

Net result fund services & investments in EUR m



Source: Warburg Research

Performance per Share



Source: Warburg Research

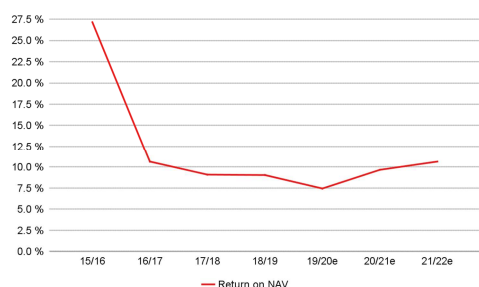
Consolidated balance sheet

| In EUR m | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|---|------------|------------|------------|------------|------------|------------|------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| thereof other intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| thereof Goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property, plant and equipment | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Financial assets | 330 | 277 | 374 | 386 | 427 | 464 | 499 |
| Other long-term assets | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Fixed assets | 332 | 280 | 376 | 387 | 428 | 466 | 500 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liquid assets | 57 | 128 | 64 | 69 | 40 | 25 | 24 |
| Other short-term assets | 15 | 46 | 42 | 35 | 35 | 35 | 35 |
| Current assets | 73 | 174 | 106 | 104 | 75 | 60 | 59 |
| Total Assets | 405 | 454 | 481 | 492 | 503 | 525 | 559 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 53 | 53 | 53 | 53 | 53 | 53 | 53 |
| Capital reserve | 174 | 174 | 174 | 174 | 174 | 174 | 174 |
| Retained earnings | 32 | -5 | -6 | -14 | -4 | 17 | 44 |
| Other equity components | 111 | 206 | 223 | 247 | 247 | 247 | 247 |
| Shareholders' equity | 370 | 428 | 444 | 460 | 470 | 491 | 518 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | 370 | 428 | 444 | 460 | 470 | 491 | 518 |
| Provisions | 32 | 25 | 21 | 30 | 32 | 33 | 35 |
| thereof provisions for pensions and similar obligations | 16 | 11 | 12 | 20 | 21 | 22 | 23 |
| Financial liabilities (total) | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| thereof short-term financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Accounts payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 2 | 1 | 16 | 1 | 1 | 2 | 2 |
| Liabilities | 35 | 26 | 37 | 31 | 33 | 35 | 41 |
| Total liabilities and shareholders' equity | 405 | 454 | 481 | 492 | 503 | 525 | 559 |

Financial Ratios

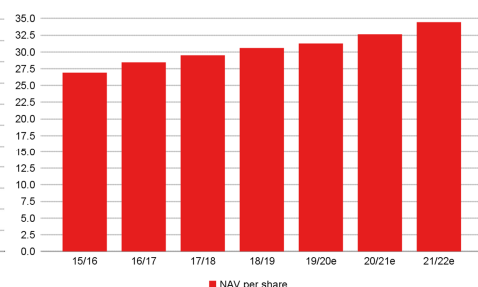
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|---|---------|---------|---------|---------|----------|----------|----------|
| Efficiency of Capital Employment | | | | | | | |
| ROA | 14.9 % | 29.3 % | 7.9 % | 11.8 % | 7.6 % | 9.3 % | 10.0 % |
| Return on Capital | | | | | | | |
| NAV per share | 26.91 | 28.45 | 29.50 | 30.59 | 31.26 | 32.63 | 34.44 |
| Return on NAV | 27.2 % | 10.6 % | 9.1 % | 9.0 % | 7.5 % | 9.7 % | 10.6 % |
| ROCE (NOPAT) | 16.4 % | 25.8 % | 8.5 % | 11.3 % | 7.7 % | 9.3 % | 9.9 % |
| ROE | 14.7 % | 20.6 % | 6.8 % | 10.1 % | 7.0 % | 9.0 % | 9.9 % |
| Adj. ROE | 14.7 % | 20.6 % | 6.8 % | 10.1 % | 7.0 % | 9.0 % | 9.9 % |
| Balance sheet quality | | | | | | | |
| Net Debt | -42 | -117 | -51 | -50 | -20 | -3 | 3 |
| Net Financial Debt | -57 | -128 | -64 | -69 | -40 | -25 | -19 |
| Net Gearing | -11.3 % | -27.3 % | -11.6 % | -10.8 % | -4.2 % | -0.7 % | 0.7 % |
| Net Fin. Debt / EBITDA | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Book Value / Share | 26.9 | 28.4 | 29.5 | 30.6 | 31.3 | 32.6 | 34.4 |
| Book value per share ex intangibles | 26.8 | 28.4 | 29.5 | 30.6 | 31.2 | 32.6 | 34.4 |

Return on NAV Development



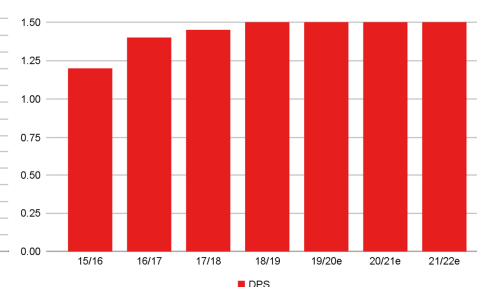
Source: Warburg Research

NAV per share Development in EUR m



Source: Warburg Research

Dividend per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

| In EUR m | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|--|-----------|------------|-------------|------------|-----------|------------|------------|
| Net income | 49 | 82 | 30 | 46 | 33 | 43 | 50 |
| Depreciation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation of goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation of intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/decrease in long-term provisions | 10 | -8 | 1 | 7 | 1 | 1 | 1 |
| Other non-cash income and expenses | -59 | -75 | -21 | -66 | -35 | -37 | -39 |
| Cash Flow before NWC change | 0 | 0 | 10 | -12 | -1 | 7 | 12 |
| Increase / decrease in inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase / decrease in accounts receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase / decrease in accounts payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase / decrease in other working capital positions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase / decrease in working capital (total) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by operating activities [1] | 0 | 0 | 10 | -12 | -1 | 7 | 12 |
| Investments in intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments in property, plant and equipment | -1 | -1 | -1 | -1 | 0 | 0 | 0 |
| Payments for acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial investments | 51 | 104 | 123 | 8 | 95 | 100 | 105 |
| Income from asset disposals | 56 | 199 | 30 | 62 | 90 | 100 | 110 |
| Net cash provided by investing activities [2] | 4 | 95 | -93 | 54 | -5 | 0 | 5 |
| Change in financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Dividends paid | -14 | -18 | -21 | -22 | -23 | -23 | -23 |
| Purchase of own shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital measures | 37 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 25 | 0 | 0 |
| Net cash provided by financing activities [3] | 24 | -18 | -21 | -22 | 3 | -23 | -18 |
| Change in liquid funds [1]+[2]+[3] | 28 | 77 | -104 | 20 | -4 | -15 | -1 |
| Effects of exchange-rate changes on cash | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalent at end of period | 57 | 128 | 24 | 44 | 40 | 25 | 24 |

Financial Ratios

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|-------------------------------|---------|---------|---------|---------|----------|----------|----------|
| Cash Flow | | | | | | | |
| FCF | -1 | -1 | 10 | -12 | -2 | 7 | 12 |
| Interest Received / Avg. Cash | 0.2 % | 0.2 % | 0.4 % | 1.4 % | 0.9 % | 1.7 % | 2.5 % |
| Interest Paid / Avg. Debt | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 36.0 % |

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SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

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| Company | Disclosure | Link to the historical price targets and rating changes (last 12 months) |
|--------------------------|------------|---|
| Deutsche Beteiligungs AG | 3, 5 | http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1TNUT7.htm |

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

| | | |
|-----|--------------------------|---|
| -B- | Buy: | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | Hold: | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | Sell: | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

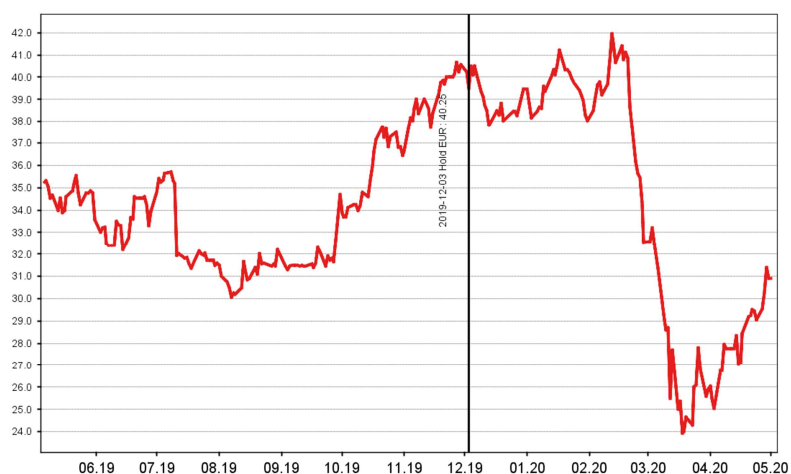
| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 129 | 63 |
| Hold | 62 | 30 |
| Sell | 8 | 4 |
| Rating suspended | 6 | 3 |
| Total | 205 | 100 |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 35 | 81 |
| Hold | 5 | 12 |
| Sell | 0 | 0 |
| Rating suspended | 3 | 7 |
| Total | 43 | 100 |

PRICE AND RATING HISTORY DEUTSCHE BETEILIGUNGS AG AS OF 04.05.2020



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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