

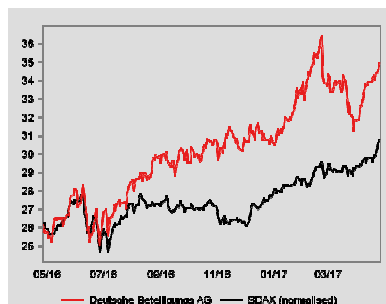
Buy (Hold) EUR 39.50 (EUR 33.50) Price EUR 34.98 Upside 12.9 %	Value Indicators: EUR SotP 18e: 39.50	Share data: Bloomberg: DBAN GR Reuters: DBANn.DE ISIN: DE000A1TNU77	Description: Private equity both as an advisor and as a co-investor focused on the German Mittelstand
	Market Snapshot: EUR m Market cap: 526 No. of shares (m): 15 EV: 474 Freefloat MC: 431 Ø Trad. Vol. (30d): 719.41 th	Shareholders: Freefloat 81.9 % Rossmann Beteiligungs GmbH 18.1 %	Risk Profile (WRe): 2016/17e Beta: 1.0 Price / Book: 1.3 x Equity Ratio: 92 %

Model update results in higher PT and upgrade to Buy

We increase our price target to EUR 39.50 (EUR 33.50) which is based on a Sum-of-the-Parts approach featuring a new NAV calculation for the investment portfolio and a new DCF for the asset management business. Estimates for 2017e, 2018e, 2019e change as we model the portfolio value developments in more detail and the fee flow from the asset management advisory business.

- NAV calculation 2017e/2018e/2019e:** A detailed spreadsheet backing our NAV calculation can be seen on page 3 of this report. We start off with the portfolio value as of fiscal year end 2016, which amounted to EUR 302.6m. We assume an investment budget of EUR 60m annually. We assume a return on NAV of 15% on average to model the net result on investment activity into 2019e as companies acquired are developed and unleash their earnings power over time. Divestitures are difficult to predict and we therefore assume EUR 50m in proceeds annually, which is higher than the historical EUR 40m impact on portfolio size since 2011 as: a. the average size of the DBAG managed funds has increased over time and b. valuations remain supportive. At fiscal year end 2016, the NAV amounted to EUR 25.8 per share. We estimate an NAV of EUR 32.2 per share at year end 2018.
- The fund management business is valued at EUR 7.30 per share according to a DCF (previously: EUR 5.14 per share)** featuring the following main assumptions: a. a WACC of 7.2%, b. an EBIT margin of 12% vs. 10% previously following discussions with the company, c. a terminal revenue growth rate of 1%. For a valuation based on FY 2018e or FY 2019e, the DCF value per share is compounded by the WACC.
- The company announced three acquisitions year-to-date for EUR 38.5m in investments in total.** DBAG will invest EUR 15m alongside DBAG VII in two radiology clinics in the state of North Rhine-Westphalia and will merge them. The purchase price including debt was not disclosed. DBAG will indirectly own 11% of the shares (i.e. approx. EUR 136m in equity value in total). Closing and funding is expected mid-year, pending required approvals. Revenues for 2016 amounted to EUR 54m. The clinics, staffed by 87 physicians, offer the complete range of radiological and nuclear medical applications. DBAG is also investing EUR 15m (16% stake) as part of DBAG VII's EUR 80m investment in a joint management holding company with interests in Abbelen GmbH (EUR 140m in revenues) a German market leader for chilled meatballs and ready-made burgers and Oscar Mayer Ltd (EUR 293m in revenues), a leading UK provider of snacks and ready meals for grocery chains. Finally, DBAG is investing EUR 8.5m for a 40% stake alongside the DBAG ECF fund in Vitronet Projekte GmbH, a one-stop shop providing all services in connection with broadband build-outs (EUR 36m in revenues, 50 employees).
- Buy (Hold) PT EUR 39.50 (EUR 33.50).** The stock offers approx. 13.5% upside at current levels and a dividend yield of more than 4%, which could come in even better, depending on hard-to-predict divestiture proceeds.

Changes in Estimates:						Comment on Changes:	
FY End: 30.9. in EUR m	2016/17e (old)	+ / -	2017/18e (old)	+ / -	2018/19e (old)	+ / -	
Net result of	72	-17.6 %	79	3.8 %	86	-2.6 %	■ 2016/17e: Net result of investment activity estimate down 18% in 2017 due to lower estimated earnings growth impact and higher estimated carried interest. The EPS decrease is proportionately slightly lower in 17e due to higher fee income from advisory services.
EBIT	44	-11.9 %	50	8.4 %	55	-1.0 %	
Net income	43	-12.2 %	49	8.6 %	54	-0.8 %	
EPS	2.85	-12.3 %	3.24	8.6 %	3.62	-0.8 %	■ 2017/18e: EPS up 8.6% based on the expectation of higher earnings returns on the portfolio and higher fees from advisory services ■ 2018/19e: EPS down 0.8%, due to fine tuning across the model
NAV per share	26.31	3.8 %	28.36	13.6 %	30.69	23.8 %	

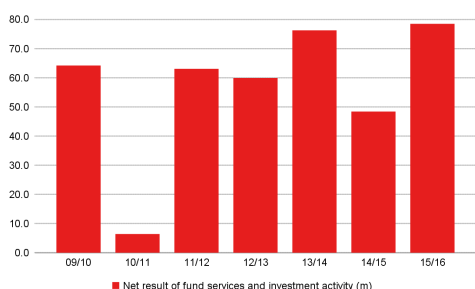


Rel. Performance vs SDAX:	
1 month:	2.9 %
6 months:	1.8 %
Year to date:	2.8 %
Trailing 12 months:	18.6 %

Company events:	
09.05.17	Q2
01.08.17	Q3

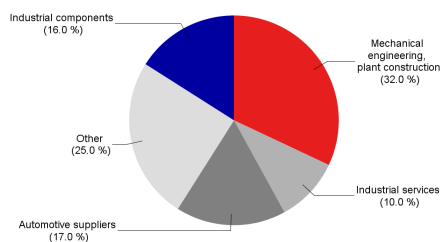
FY End: 30.9. in EUR m	CAGR (15/16-18/19e)	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net result of fund services and investment activity	2.2 %	60	76	48	78	59	82	84
Net result investment activity		41	55	29	60	33	54	58
Fee income fund services		19	22	19	18	26	28	26
EBIT	2.8 %	34	48	27	51	39	54	55
EBT		34	48	27	50	38	53	54
Net income	2.5 %	32	48	27	50	38	53	54
EPS	-0.6 %	2.36	3.51	1.98	3.65	2.50	3.52	3.59
DPS	0.0 %	1.20	2.00	1.00	1.20	1.20	1.20	1.20
Dividend Yield		6.2 %	9.5 %	3.6 %	4.3 %	3.4 %	3.4 %	3.4 %
NAV per share		20.32	22.16	22.16	26.91	27.31	32.23	38.00
Return on NAV		11.2 %	15.9 %	9.9 %	27.2 %	1.0 %	14.2 %	13.2 %
P / E		8.2 x	6.0 x	14.0 x	7.6 x	14.0 x	9.9 x	9.7 x
Net Debt		-8	-19	-20	-42	-52	-77	-102
ROE		11.9 %	16.5 %	8.9 %	14.9 %	9.9 %	13.0 %	12.2 %
ROCE (NOPAT)		15.2 %	17.3 %	9.4 %	16.6 %	11.4 %	15.6 %	15.4 %
Guidance:		Net income moderately lower than prior year on a comparable basis						

Net result fund services & investments
in EUR m



Source: Deutsche Beteiligungs AG, Warburg Research

Portfolio by industry
2015/16; in %



Source: Deutsche Beteiligungs AG, Warburg Research

Net income
in EUR m



Source: Deutsche Beteiligungs AG, Warburg Research

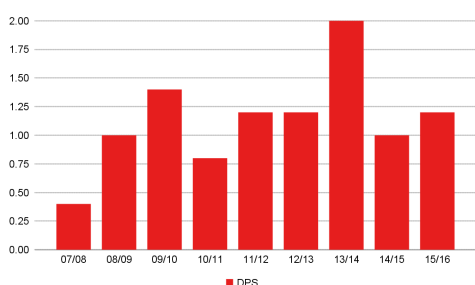
Company Background

- 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

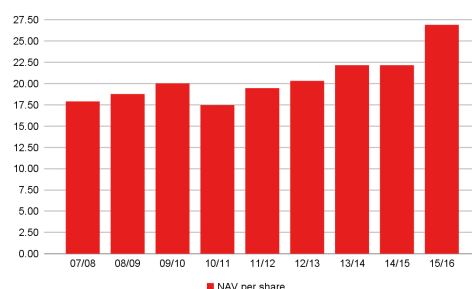
- DBAG has a tight focus on mainly direct investments in unlisted, operationally healthy German Mittelstand companies in the industrials and services sector with sales volumes of EUR 50m – 500m p.a.
- Differentiation is based on DBAG's long-standing track record. Since it was founded in 1965, DBAG has 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

Sum of the parts

Portfolio value BY 16/17e EUR m	302.6			
		FY 2017E	FY 2018E	FY 2019E
Gross result of valuation and disposal portfolio		36.3	62.3	65.6
Minority interest		-7.3	-12.5	-13.1
Net result of valuation and disposal portfolio		29.0	49.8	52.5
Current income portfolio		6.1	6.9	8.2
Net result portfolio		35.1	56.7	60.7
Net result other financial assets		-1.8	-2.8	-3.0
Net result of investment activity		33.3	53.9	57.6

Portfolio value projections

	FY 2017E	FY 2018E	FY 2019E
Portfolio value beginning of year	302.6	345.9	409.8
Investments	60.0	60.0	60.0
Proceeds from divestments	-50.0	-50.0	-50.0
Net result of investment activity	33.3	53.9	57.6
Estimated portfolio value at year end	345.9	409.8	477.5
Growth	14.3%	18.5%	16.5%

NAV estimate

	FY 16	FY 2017E	FY 2018E	FY 2019E
Portfolio value		345.9	409.8	477.5
Minorities in co-investment vehicles		25.6 [↓]	26.5 [↓]	32.2 [↓]
Other assets net of other liabilities		-16.9 [↓]	-16.4	-15.9
Financial resources		107.3 [↑]	117.9 [↑]	142.3 [↑]
Dividends		-16.5 [↓]	-18.1	-18.1
NAV ex Dividends	387.1[↑]	410.8	484.9	571.7
NOSH	15.0	15.0	15.0	15.0
NAV ex-dividends per share	25.8	27.3	32.2	38.0
Growth		5.8%	18.1%	17.9%

Sum-of-the-parts valuation

NAV Private Equity - excl. Dividends	€27.3	€32.2	€38.0
DCF Asset Management (3)	5.5	7.3	6.5
Fair Value per share DBAG	€32.8[↑]	€39.5	€44.5

Source: Company data, Warburg Research

Valuation	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Price / Book	0.9 x	0.9 x	1.2 x	1.0 x	1.3 x	1.2 x	1.1 x
Book value per share ex intangibles	20.31	22.15	22.12	26.85	25.91	28.23	30.62
EV / Sales	4.3 x	3.7 x	7.4 x	4.3 x	8.0 x	5.5 x	n.a.
EV / EBITDA	7.5 x	5.6 x	13.4 x	6.7 x	12.3 x	8.3 x	n.a.
EV / EBIT	7.6 x	5.6 x	13.4 x	6.7 x	12.3 x	8.3 x	n.a.
EV / EBIT adj.*	7.6 x	5.6 x	13.4 x	6.7 x	12.3 x	8.3 x	n.a.
P / FCF	n.a.	n.a.	56.2 x	659.3 x	14.2 x	10.0 x	9.8 x
P / E	8.2 x	6.0 x	14.0 x	7.6 x	14.0 x	9.9 x	9.7 x
P / E adj.*	9.2 x	6.9 x	14.0 x	7.6 x	14.0 x	9.9 x	9.7 x
Dividend Yield	6.2 %	9.5 %	3.6 %	4.3 %	3.4 %	3.4 %	3.4 %
Free Cash Flow Yield Potential	13.1 %	17.8 %	7.5 %	15.0 %	8.0 %	11.9 %	n.a.

*Adjustments made for: -

Company Specific Items	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
NAV per share	20.32	22.16	22.16	26.91	27.31	32.23	38.00
Return on NAV	11.2 %	15.9 %	9.9 %	27.2 %	1.0 %	14.2 %	13.2 %
Net result investment activity	41	55	29	60	33	54	58
Fee income fund services	19	22	19	18	26	28	26
Net result of fund services and investment activity	60	76	48	78	59	82	84

Consolidated profit & loss

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net result of fund services and investment activity	60	76	48	78	59	82	84
Net result investment activity	41	55	29	60	33	54	58
Fee income fund services	19	22	19	18	26	28	26
Personnel expenses	14	17	15	16	15	18	18
Other operating income	6	10	7	7	8	7	7
Other operating expenses	18	18	13	19	14	18	18
Unfrequent items	0	0	0	0	0	0	0
EBITDA	34	48	27	51	39	54	55
<i>Margin</i>	56.9 %	66.1 %	55.3 %	64.4 %	65.2 %	65.8 %	65.6 %
Depreciation of fixed assets	0	0	0	0	0	0	0
EBITA	34	48	27	51	39	54	55
Amortisation of intangible assets	0	0	0	0	0	0	0
Goodwill amortisation	0	0	0	0	0	0	0
EBIT	34	48	27	51	39	54	55
<i>Margin</i>	56.2 %	66.1 %	55.3 %	64.4 %	65.2 %	65.8 %	65.6 %
EBIT adj.	34	48	27	51	39	54	55
Interest income	1	0	0	0	0	0	0
Interest expenses	1	0	0	1	1	1	1
Other financial income (loss)	0	0	0	0	0	0	0
EBT	34	48	27	50	38	53	54
<i>Margin</i>	56.4 %	66.4 %	55.9 %	63.7 %	64.3 %	65.2 %	65.0 %
Total taxes	0	0	0	0	0	0	0
Net income from continuing operations	33	48	27	50	38	53	54
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	33	48	27	50	38	53	54
Minority interest	1	0	0	0	0	0	0
Net income	32	48	27	50	38	53	54
<i>Margin</i>	53.9 %	65.8 %	55.8 %	63.9 %	63.6 %	64.7 %	64.5 %
Number of shares, average	14	14	14	14	15	15	15
EPS	2.36	3.51	1.98	3.65	2.50	3.52	3.59
EPS adj.	2.09	3.04	1.98	3.65	2.50	3.52	3.59

*Adjustments made for:

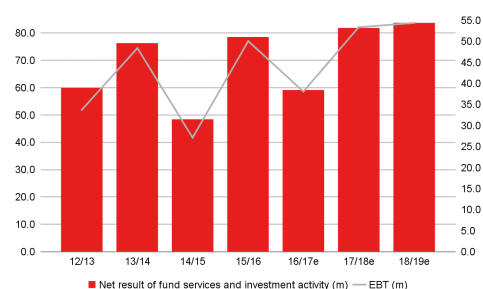
Guidance: Net income moderately lower than prior year on a comparable basis

Financial Ratios

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
EBITDA / Interest expenses	41.0 x	307.1 x	171.7 x	86.4 x	65.8 x	92.1 x	91.5 x
Tax rate (EBT)	1.4 %	0.8 %	0.1 %	-0.3 %	1.1 %	0.7 %	0.7 %
Dividend Payout Ratio	49.3 %	57.0 %	50.6 %	32.8 %	48.0 %	34.1 %	33.4 %

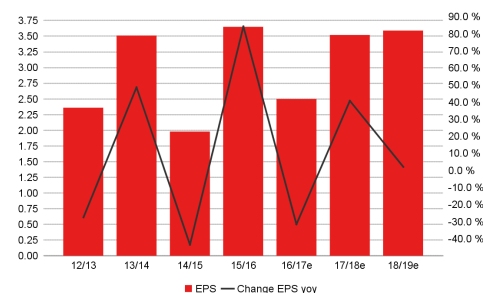
Net result fund services & investments

in EUR m



Source: Warburg Research

Performance per Share



Source: Warburg Research

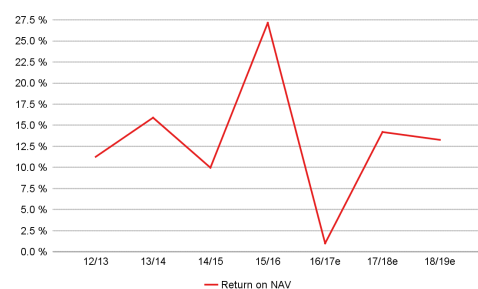
Consolidated balance sheet

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Assets							
Goodwill and other intangible assets	0	0	1	1	1	1	1
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	2	2	3
Financial assets	243	245	277	330	340	350	360
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	244	246	279	332	342	353	363
Inventories	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0
Liquid assets	11	28	28	57	68	92	118
Other short-term assets	43	58	20	15	15	15	15
Current assets	54	86	49	73	83	108	133
Total Assets	299	333	327	405	426	461	497
Liabilities and shareholders' equity							
Subscribed capital	49	49	49	53	53	53	53
Capital reserve	141	141	141	174	174	174	174
Retained earnings	2	-5	-4	32	53	88	124
Other equity components	86	118	117	110	110	110	110
Shareholders' equity	278	303	303	370	391	426	461
Minority interest	0	0	0	0	0	0	0
Total equity	278	303	303	370	391	426	462
Provisions	17	29	23	32	32	32	32
thereof provisions for pensions and similar obligations	3	9	9	16	16	16	16
Financial liabilities (total)	0	0	0	0	0	0	0
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0
Other liabilities	4	1	1	2	2	2	2
Liabilities	21	30	24	35	35	35	35
Total liabilities and shareholders' equity	299	333	327	405	426	461	497

Financial Ratios

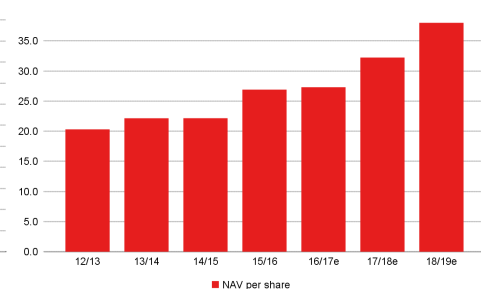
	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Efficiency of Capital Employment							
ROA	13.2 %	19.5 %	9.7 %	15.1 %	11.0 %	15.0 %	14.9 %
Return on Capital							
NAV per share	20.32	22.16	22.16	26.91	27.31	32.23	38.00
Return on NAV	11.2 %	15.9 %	9.9 %	27.2 %	1.0 %	14.2 %	13.2 %
ROCE (NOPAT)	15.2 %	17.3 %	9.4 %	16.6 %	11.4 %	15.6 %	15.4 %
ROE	11.9 %	16.5 %	8.9 %	14.9 %	9.9 %	13.0 %	12.2 %
Adj. ROE	10.5 %	14.3 %	8.9 %	14.9 %	9.9 %	13.0 %	12.2 %
Balance sheet quality							
Net Debt	-8	-19	-20	-42	-52	-77	-102
Net Financial Debt	-11	-28	-28	-57	-68	-92	-118
Net Gearing	-2.9 %	-6.3 %	-6.4 %	-11.3 %	-13.4 %	-18.0 %	-22.1 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	20.3	22.2	22.2	26.9	26.0	28.3	30.7
Book value per share ex intangibles	20.3	22.1	22.1	26.8	25.9	28.2	30.6

Return on NAV Development



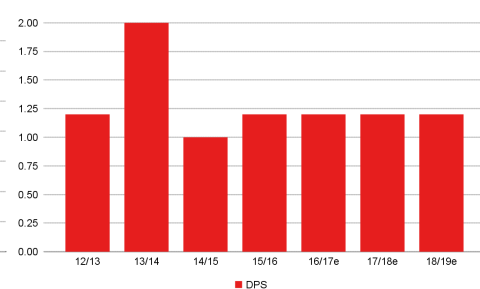
Source: Warburg Research

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	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net income	32	48	27	50	38	53	54
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	0	0	-1	10	0	0	0
Other non-cash income and expenses	-45	-48	-19	-59	0	0	0
Cash Flow before NWC change	-12	0	7	1	38	53	54
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]	-12	0	7	1	38	53	54
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	-1	-1	-1	-1	-1	-1	-1
Payments for acquisitions	0	0	0	0	0	0	0
Financial investments	47	116	93	51	60	60	60
Income from asset disposals	67	150	114	56	50	50	50
Net cash provided by investing activities [2]	20	33	20	4	-11	-11	-11
Change in financial liabilities	0	0	0	0	0	0	0
Dividends paid	-16	-16	-27	-14	-16	-18	-18
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	37	0	0	0
Other	0	0	0	0	0	0	0
Net cash provided by financing activities [3]	-16	-16	-27	24	-16	-18	-18
Change in liquid funds [1]+[2]+[3]	-8	17	0	29	11	24	25
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	14	28	28	57	68	92	118

Financial Ratios

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Cash Flow							
FCF	-12	-1	6	0	37	52	53
Interest Received / Avg. Cash	1.6 %	1.8 %	1.6 %	0.2 %	0.1 %	0.1 %	0.1 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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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

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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
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-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.

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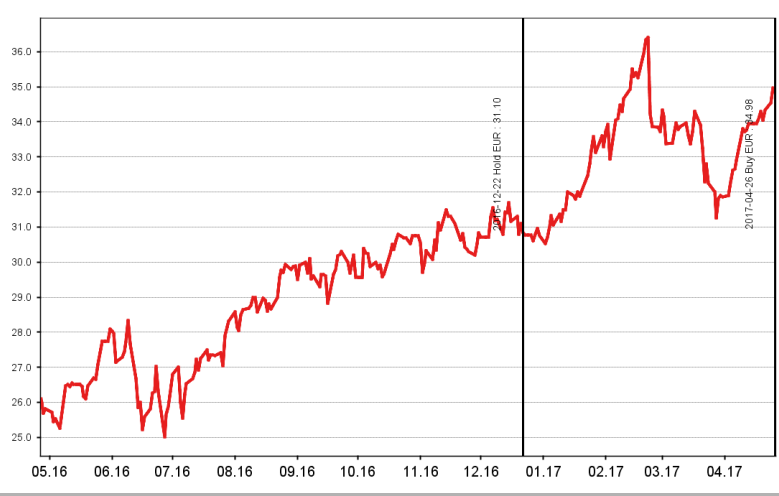
Rating	Number of stocks	% of Universe
Buy	114	58
Hold	72	37
Sell	9	5
Rating suspended	1	1
Total	196	100

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	26	70
Hold	8	22
Sell	2	5
Rating suspended	1	3
Total	37	100

PRICE AND RATING HISTORY DEUTSCHE BETEILIGUNGS AG AS OF 26.04.2017



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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