

The DBAG share: three-fold identity of interest

Our creative and highly motivated employees boast a combined total of more than 250 years of investment experience. Their success is the prerequisite for our ability to achieve sustainable increases in assets under management and advisement and, as a result, to achieve sustainable increases in fee income from fund management and advisory services. As Deutsche Beteiligungs AG makes co-investments alongside the DBAG funds, the success achieved by our investment team also benefits our shareholders directly. The team members invest their own money in parallel with the funds and DBAG. This creates a three-fold identity of interest between our shareholders, our fund investors and our investment team.

BUSINESS MODEL AND EQUITY STORY

REAP TWICE THE BENEFITS FROM THE POTENTIAL OFFERED BY THE PRIVATE EQUITY BUSINESS WITH DBAG SHARES

The analyst estimates that we become aware of are documented on a regular basis and in a timely manner on our website under investor relations/shares/analysts' ratings.

- › DBAG shares allow investors to participate in a unique integrated business model: they are given access to ongoing earnings contributions made by the advisory services provided to private equity funds and, at the same time, the opportunity to participate in the performance of a portfolio of top-performing mid-sized companies that are not listed themselves. At these companies, private equity opens up potential that they would not have been able to tap into without the additional funds. This benefits both the companies themselves and DBAG's shareholders. Sometimes – as in the past year – the implementation of planned measures has to be postponed, or the measures themselves have to be adjusted; this is also part of our business model. It is in situations like these, however, that our decades of experience in supporting change processes become all the more important. At the same time, we are continuously rejuvenating the portfolio thanks to our brisk investment activity. The portfolio currently comprises 27 companies, most of which are still in the very early days of realising their value-adding potential.

INTENSIVE AND OPEN DIALOGUE – THE CORNERSTONES OF DBAG'S INVESTOR RELATIONS WORK

*DBAG is a member of
www.dai.de
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- › We discuss the appeal of our business model, the development potential offered by our portfolio companies and their current developments with investors and financial analysts on an ongoing basis. If – as in the past financial year – our earnings development takes a trajectory that is not quite as straightforward as we would like it to be, or if extraordinary events, such as the identification of an error by the German Federal Financial Supervisory Authority (BaFin), need to be communicated, then regular dialogue with investors and financial analysts is all the more important. In line with this approach, we spent 20 days on the road in the past financial year and spoke to 70 companies in six European countries. The presentations can be accessed on our website.

In our investor relations work, we also make the most of investor contacts that we have established ourselves. This is our way of reflecting the changes that have come about in the relationship between companies and the financial community as a result of the Markets in Financial Instruments Directive (MiFID II). In preparation for the consequences of the Directive, we issued another bank, Kepler Cheuvreux, with a mandate for capital market services in November 2017. This means that five banks now cover our shares by publishing regular assessments. In addition, we have engaged a further bank and two research companies to prepare analyses on our shares. In their most recent studies, they make a clear distinction between the temporary earnings fluctuations that can occur in our business model and its long-term chances of success.

Our clear commitment to investor relations work continues to be met with a positive response on the market. In September 2018, Deutsche Beteiligungs AG was named the best capital market communicator among all S-Dax companies in the "Investors' Darling 2018" competition held by the Leipzig Graduate School of Management and the magazine *manager magazin* – for the third time running, after 2015 and 2016. In a comparison of all 160 companies listed on the Dax, M-Dax, S-Dax and TecDax, DBAG ranks 20th in the competition, outperforming more than half of all Dax companies.

SHARE PRICE AND DIVIDEND PERFORMANCE

BELOW-AVERAGE SHARE PRICE PERFORMANCE IN THE FINANCIAL YEAR 2017/2018

PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES

(1 October 2008 – 30 September 2018, indexed to: 1 October 2008 = 100)



At the start of the past financial year, our shares continued with the strong performance witnessed in the previous year. From mid-January onwards, increasing concerns among market participants that the economy could slow down, and that capital market multiples could weaken, then put pressure on our share price. In addition, we often observe a weaker share price trend around the time of our Annual Meeting and the subsequent dividend payment. As a result, the share price also fell in February of this year, albeit with trading volumes that were, in some cases, unusually high for our shares. This development initially continued, even after the earnings forecast for the current financial year was revised downwards in April 2018.

Despite the somewhat delayed increase in the value of some of our portfolio companies, others have made good progress in implementing their change processes. We have released a considerable investment volume of more than 300 million euros for these processes, as well as for the structuring of a whole series of new transactions. Towards the end of the financial year, investors started to focus more on the potential resulting from these measures again, meaning that the share price performance ended up on a volatile sideways trajectory.

This means that, all in all, our shares underperformed key benchmark indices in the reporting year. As the table below shows, however, their performance still clearly outperforms that of the indices, in some cases significantly so, in a longer-term comparison. This underscores the outstanding opportunities that our business offers and shows just what can be achieved by adopting a strategy that thinks ahead.

PERFORMANCE¹ (P.A., %) OVER...

	DBAG shares	Dax	S-Dax	LPX50 ²
1 year (financial year 2017/2018)	(19.8)	(5.1)	(1.0)	9.1
3 years (financial years 2015/2016 to 2017/2018)	8.8	12.5	7.5	12.3
5 years (financial years 2013/2014 to 2017/2018)	18.1	7.4	13.1	13.0
10 years (financial years 2008/2009 to 2017/2018)	16.2	8.0	13.5	10.0

¹ Adjusted for dividends

² Index including the 50 biggest international listed private equity companies in terms of market capitalisation; DBAG shares are included in this index

➤ *Master data and key indicators for DBAG's shares, as well as on the development of its liquidity, can be found on our website under investor relations/shares*

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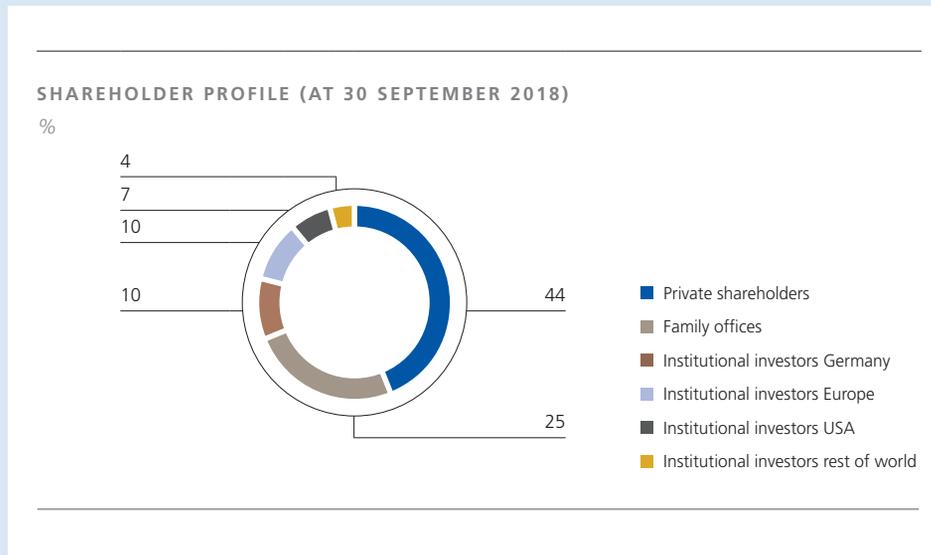
DIVIDEND TO RISE TO 1.45 EUROS PER SHARE

➤ *Our dividend policy is explained in detail on pages 35f. of the management report*

Notwithstanding the results, which are very volatile compared to the previous year, we strive to pay a stable dividend which should grow whenever possible. As a result, the Supervisory Board and the Board of Management recommend paying a dividend of 1.45 euros per share for the financial year 2017/2018, which corresponds to a total of 21.8 million euros. In the previous year, the dividend amounted to 1.40 euros per share. This means that the dividend yield for the reporting year is well above average at more than four percent. At the same time, the retained profit, which most recently amounted to 170 million euros, enabling such a high distribution and a comfortable liquidity situation make it possible to continue paying out such a dividend in the coming years.

SHAREHOLDER PROFILE

HIGHER PROPORTION OF PRIVATE SHAREHOLDERS AND FAMILY OFFICES



At 30 September 2018, 44 percent of our shares were held by 16,086 private individuals and shareholder associations. This means that the share attributable this investor group is around three percentage points higher than a year ago. Also the proportion of family offices rose and expanded from 23 percent to 25 percent. This also includes the two shareholders that hold more than five percent of the shares: Rossmann Beteiligungs GmbH announced in June 2018 that it held a stake of 15.20 percent. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 percent in DBAG via Taiko SA. These two positions reduce the proportion of shares in free float. According to the voting rights notifications we have received, 78.2 percent of DBAG shares were in free float ownership at the reporting date, as defined by Deutsche Börse. This also includes the share held by the Norwegian state pension fund, which held 3.09 percent of voting rights in DBAG in June 2018, including re-transfer claims from securities loans.