

THE CURRENT
DBAG PORTFOLIO

PORTFOLIO GROWTH HAS ALSO BROADENED THE RANGE OF SECTORS COVERED

REVENUE GROWTH:
7.4 PER CENT

The 22 companies which we held in our portfolio at the beginning of the financial year under review, and which were not sold, have posted strong revenue growth – driven by acquisitions in particular. Organic growth was 2.6 per cent.

EBITDA GROWTH:
3.4 PER CENT

The 22 companies which we held in our portfolio at the beginning of the financial year under review, and which were not sold, have achieved only moderate EBITDA growth. Without the contribution from acquisitions, growth would have been even lower.

DEBT:
3.2 TIMES EBITDA

Our portfolio companies have a viable capital structure which is based on their cash flow profile. On average, their debt levels equate to 3.2 times current EBITDA. This calculation does not take into account three investments, either because they do not retain their value or because they are not indebted.

PORTFOLIO COMPANIES
START OF INVESTMENT:

2012

Heytex

2013

DNS:Net

2014

Pfandler

2015

Gienanth
JCK*
Oechsler
Silbitz

2016

Frimo
mageba
Polytech
Rheinhold & Mahla
Telio

2017

Dieter Braun
duagon
More than Meals
vitronet

2018

BTV Multimedia
FLS
Karl Eugen Fischer
Kraft & Bauer
netzkontor nord
Sero
Sjølund
von Poll Immobilien

2019

blikk
Cloudflight
–
Cartonplast
STG

27

PORTFOLIO
COMPANIES
CREATE THE BASIS
FOR FUTURE
VALUE APPRECIATION

>
INVEST

INVESTMENT VOLUMES SINCE
THE START OF INVESTMENT

DBAG FUNDS

1,271

MILLION EUROS

OF WHICH:
INVESTMENTS BY DBAG

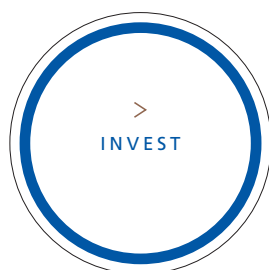
312

MILLION EUROS

* We significantly increased a stake in JCK Holding GmbH Textil KG (originally entered into in 1992) in 2015.

The information on investments and sales proceeds on the following page only takes into account the transactions completed during the financial year; the MBOs of Cartonplast and STG and the sale of inexo are therefore not included.

CHANGES IN DBAG'S PORTFOLIO DURING THE YEAR UNDER REVIEW



blikk
Cloudflight
FLS
Kraft & Bauer
Sero
–
Cartonplast
STG

FOUR NEW INVESTMENTS AGREED UPON DURING THE YEAR UNDER REVIEW

Throughout the 2018/2019 financial year, our investment team once again screened more than 250 investment opportunities, selecting four which are particularly promising.

Two of these transactions became effective during the financial year, the two remaining ones after the reporting date. Specifically, we were able to structure two MBOs in our core sectors of automotive suppliers and industrial components, plus two additional MBOs in our new focus sectors: broadband telecommunications and IT services/software.

Our decisions during the financial year triggered new investments of around 265 million euros for DBAG and its funds.

The MBOs of blikk, FLS and Kraft & Bauer had been agreed upon in the 2017/2018 financial year, and were closed during the financial year under review.



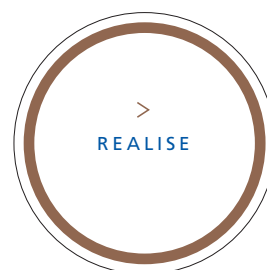
BTV Multimedia
duagon
Gienanth
Karl Eugen Fischer
netzkontor nord
Pfaudler
Polytech

Silbitz
Sjølund
Telio
vitronet
von Poll Immobilien

ACQUISITIONS AS A CATALYST FOR FURTHER DEVELOPMENT

A number of portfolio companies were compromised in their development during 2018/2019, given abating economic momentum. Despite an economic environment which was challenging at times, the portfolio companies refined their strategic repositioning – through acquisitions, for example. Seven portfolio companies were thus able to further expand their geographical footprint, supplement their product range, or actively pursue consolidation in their sector. While these activities are the foundation for value appreciation for these companies, they also ensure that the companies are well-positioned beyond the duration of our investment.

Portfolio companies executed a total of eleven acquisitions, of which six were financed using said companies' own funds. The remaining five transactions were facilitated by equity contributions by the funds, as well as DBAG.



Infiana
novopress
PSS
–
inexio

VALUE APPRECIATION REALISED THROUGH DISPOSALS

DBAG and the DBAG funds are partners for a certain period of time. Once change processes have been completed and their positive impact has become visible, we will sell the investment.

We structured four exits during the 2018/2019 financial year, and closed one exit agreed upon in the previous year (Cleanpart). We held the companies in our portfolio for between four and seven years; one initial investment (novopress) had been entered into as early as 1990.

The sale of our shareholding in inexio was only closed after the reporting date. Another investment ended after the company in question had to file for insolvency (Unser Heimatbäcker).

>
INVEST

INVESTMENTS DURING THE YEAR UNDER REVIEW

DBAG FUNDS

253

MILLION EUROS

DBAG'S SHARE

57

MILLION EUROS

>
DEVELOP

INVESTMENTS DURING THE YEAR UNDER REVIEW

DBAG FUNDS

35

MILLION EUROS

DBAG'S SHARE

15

MILLION EUROS

>
REALISE

DISPOSAL PROCEEDS DURING THE YEAR UNDER REVIEW

DBAG FUNDS

245

MILLION EUROS

DBAG'S SHARE

64

MILLION EUROS

THE SECTOR STRUCTURE OF OUR PORTFOLIO

THE GROWING IMPORTANCE OF FOCUS SECTORS

We are continuously developing the investment strategy we apply to our the funds we advise: we started investing in new sectors outside our core sectors back in 2013. Two years later, we extended our geographical footprint to the DACH region (Germany, Austria and Switzerland) and, for the core sectors, into the neighbouring European countries. 2017 saw the launch of the Digital Business Models initiative, and in the course of 2019 we defined three new focus sectors.

SYSTEMATIC DEVELOPMENT OF EXPERTISE OUTSIDE THE CORE SECTORS

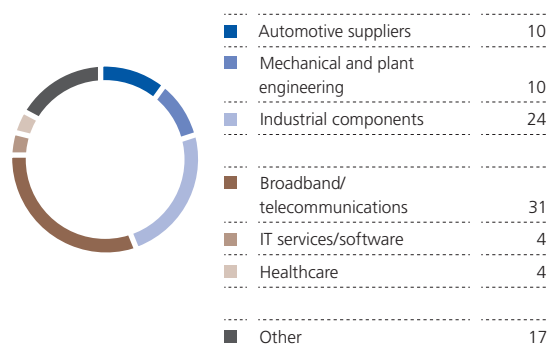
Investment in new sectors requires careful, thorough planning. This is why we have been heavily involved in the development of these sectors and analysed the deal flow there long before we added the first companies outside our core sectors into our portfolio. The most demanding test of our expertise is subsequently provided by the entrepreneurs, who often are entrusting us with their life's work. It is only when we have convinced them that DBAG offers more than capital and that it can steer their company towards a successful future that we are able to realise investments with attractive valuations.

CLEAR DEFINITION OF THE MOST ATTRACTIVE BUSINESS MODELS

We know our core and new focus sectors inside out. As in all other industries, though, we only ever invest in clearly defined, forward-looking business models. In the case of automotive suppliers, for example, these are no longer companies that offer products related conventional powertrains; instead, they are companies that benefit from ongoing structural changes. We are also looking at the type of companies in this sector that offer services, or that are less heavily influenced by the development of vehicle manufacturers' sales volumes. In terms of the healthcare sector, we are focused more on medical technology and service providers than on research-based pharmaceutical companies. However, the following always applies: it is the business model that is the decisive factor, not the sector affiliation.

PORTFOLIO VALUE BY SECTOR

% at 30 September 2019



STRUCTURE OF OUR PORTFOLIO

In 2013, our core sectors accounted for just under 80 per cent of our portfolio value. Over the past financial year, this figure was just over 40 per cent. Of the new sectors, broadband/telecommunications currently accounts for a particularly high share. Shortly before the end of the financial year, we sold our stake in inxio – a very successful transaction; however, this transaction had not yet been fully consummated at the reporting date and is therefore included in the folio split.

VALUE APPRECIATION APPROACHES OF OUR PORTFOLIO COMPANIES

WIDE RANGE OF DEVELOPMENT OPPORTUNITIES

We invest in companies with a value between 50 and 250 million euros. As partners, thinking and acting like entrepreneurs, we want to support them in their development. On the basis of a detailed understanding of the industries and the individual business models in which the companies operate, we identify development opportunities in close cooperation with the management and lay the foundations for successful future development. The strategic orientation of a company is the most important valuation lever when it comes to successful investment support.

WELL-ESTABLISHED COMPANIES IN OUR CORE SECTORS

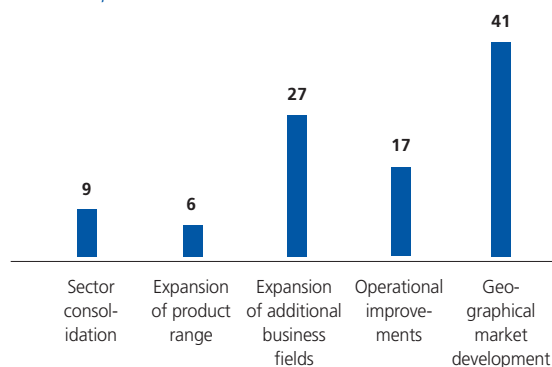
The companies within our core sectors are generally well established. Nevertheless, the support provided by a private equity company opens up additional development potential for them, not least because changes in their markets offer considerable new opportunities for the development of additional business areas – or because they want to expand their geographical focus rapidly. Sometimes increasingly intense competition also requires extensive changes in operational processes, which then go hand in hand with additional investment requirements. We help such companies to make rapid changes within a short period of time, faster than would be possible with their own internal resources, thus enabling them to strengthen their market position. At the same time, the companies become more valuable and attractive for future owners.

RAPID-GROWTH COMPANIES ARE INCLUDED IN OUR NEW FOCUS SECTORS

The companies in our new focus sectors are often younger than those in our core sectors. They are active in markets characterised by strong structural growth, which their organisation is not yet geared up for. In addition to capital, we offer them in particular a wealth of experience in creating the organisational prerequisites to cope with growth, and in doing so provide them with a sound foundation for their sustainable success. Within the software industry, we are currently focusing on companies that offer digital solutions for “old economy” products. These companies are attracted, for example, by our in-depth understanding of their industrial sales markets – and also by the fact that our strong network often includes their own potential customers. This allows us to successfully apply our experience to sectors that are still relatively new to us.

PORTFOLIO VALUE BY VALUE APPRECIATION METHOD

% at 30 September 2019



STRUCTURE OF OUR PORTFOLIO

In line with the increasing complexities of the economy and the objective of our companies to expand rapidly, most of them adopt two parallel approaches to value enhancement. This is reflected in the chart above. Essentially, the appreciation of DBAG's portfolio is driven by three factors: the expansion of additional business lines and exploration of new geographical markets are often supported by acquisitions, which we support through additional funds if appropriate.