

THE DBAG SHARE

AN EXCEPTIONAL BUSINESS MODEL – AN EXCEPTIONAL SHARE

Private equity is a highly attractive asset class in its own right. Funds are predominantly invested in closed-end funds, which are usually not directly accessible to private investors. DBAG offers access to this asset class at the price of one share – tradeable on a daily basis, and with the maximum transparency that only a listed company can offer. This ensures that the interests of our shareholders, our investment team and our fund investors are always equally represented, since Deutsche Beteiligungs AG invests alongside the DBAG funds and members of the investment team engage in these investments by investing their personal funds.

BUSINESS MODEL AND EQUITY STORY

**By investing in the DBAG share, you can benefit
from the dynamic German mid-market sector**

DBAG's business model is exceptional: we generate continuous earnings contributions from advisory services and private equity funds. At the same time, our shareholders participate in the performance of a portfolio of powerful midsized companies, which are not listed. Private equity creates potential for these companies: we support our portfolio companies in a phase of strategic development, enabling them to rapidly expand their market position and thus create value. Continuity combined with above-average value appreciation potential – this is what makes the DBAG share such an attractive choice on the capital market.



DBAG is a member of DAI, BVK, DIRK
and Listed Private Capital (LPeC).

The DBAG share combines the advantages of an investment in German mid-sized businesses with value levers that private equity investors can apply. With the expertise and know-how that we offer to our portfolio companies, they have the opportunity to implement their resources in a more targeted way – in order to realise their corporate visions. They can also use the capital we provide to finance their activities. Not only do we strengthen our investments by doing this, we also create value for our own shareholders. Four divestments in the past financial year underline the success of Deutsche Beteiligungs AG in a period during which the German economy's growth curve flattened out.

The investment strategy is geared towards new opportunities

Relatively small mid-sized companies often feel the effects of changes to the economic climate quite quickly. This means that they need to be even better prepared than larger companies to counter economic headwinds or negative market developments. We were able to see how important this is for some of our investments over the past financial year. Although these kinds of situations are challenging, they can also offer opportunities. The wealth of experience that DBAG has gained over the decades helps the teams managing these investments to identify such opportunities, and exploit them to create value.

Smaller and more agile companies benefit more when markets change fundamentally or when entirely new markets emerge. This applies, for example, to DBAG's core sectors in which new and attractive business models are emerging, especially due to digitalisation. And at the same time, other sectors in Germany have been given a significant boost.

DBAG shareholders are benefiting from this development because the Company was quick to reflect these economic changes in our portfolio.

New focus sectors account for a quarter of investments

As well as its established core sectors, DBAG is now active in three new focus sectors of broadband/telecommunications, IT services/software and healthcare. Companies from these sectors already account for 23 per cent of the acquisition cost of DBAG's investment portfolio – that is, our resources invested specifically in single industries. At 13 per cent, broadband/telecommunications accounts for the largest portion of any single industry in the portfolio. We acquired a stake in inextio back in 2013, at a time when private equity investments in the broadband sector were considered groundbreaking. In the past financial year, we were able to dispose of this investment extremely successfully.

DIVIDEND POLICY

The dividend policy as defined in summer 2016 will be maintained

Shareholder participation in DBAG's success is one of our three financial objectives. In the summer of 2016, we set out our dividend policy, and this still applies. For the 2015/2016 financial year, distribution of the dividend was determined for the first time on the basis of the (then-new) policy.

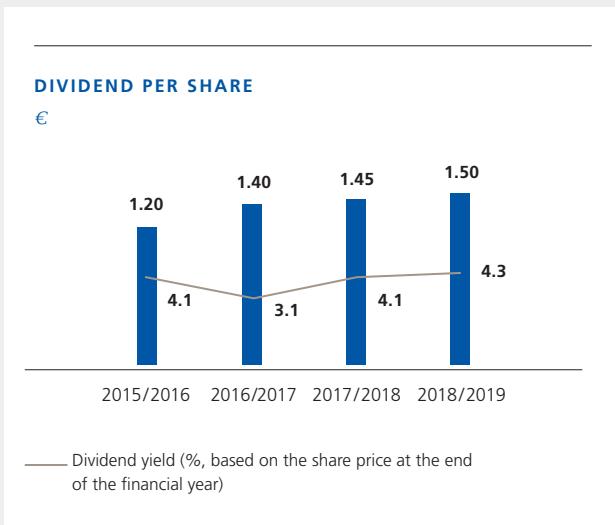
Notwithstanding the very volatile results compared to the previous year, we want to pay a stable dividend that increases whenever possible. At the same time, we aim to provide our shareholders with an attractive dividend yield. It means that when we propose a dividend to the Annual General Meeting, we are also taking the capital market environment into

account. When deciding on the dividend amount, cash inflows from our two business segments, future funding requirements for (co-)investments, and the ability to pay a sustainable dividend also have to be considered. Special gains from the sale of individual investments are not taken into account, and therefore have no influence on market expectations regarding the DBAG dividend.

Over the past four years, through dividends alone, we have been able to provide our shareholders with an annual return of at least three per cent, and on several occasions more than four per cent. Added to this is the positive share price development.

We are again proposing a dividend increase for 2018/2019

We will also propose to the Annual General Meeting that the dividend for the past financial year be increased to 1.50 euros per share. This corresponds to a dividend yield of 4.3 per cent, based on the share price at the end of the financial year. On the basis of this proposal, the total dividend payout will amount to 22.6 million euros. The distributable net retained profit (Bilanzgewinn) of Deutsche Beteiligungs AG amounted to 178 million euros at the end of the financial year.



CAPITAL MARKETS COMMUNICATIONS

Active exchange with the capital markets

Deutsche Beteiligungs AG is synonymous with maintaining close, transparent communications with the capital market; that is, with shareholders, financial analysts and journalists. We employ a variety of communication channels and offer dedicated conferences for this purpose. We always place the emphasis on face-to-face communication as well as making sure that we actively approach our capital market partners. During the last financial year, we put on 13 days of road shows and held around 60 meetings in four European countries. This is a decline compared to the previous year; we think that it is due to changes in the relationship between companies and the financial community resulting from the Markets in Financial Instruments Directive (MiFID II). To counteract this, we have mandated a bank to support us in providing contacts.

We regularly talk to our partners about what makes our business model so attractive, how we can develop our portfolio companies, and what Deutsche Beteiligungs AG is doing in

terms of its strategic development. In the past financial year, the main topics also included the impact on results from the highly volatile capital market multiples seen through the year and from the slowdown in economic growth. Beyond the financial data, the so-called soft factors that make a company successful in the first place increasingly become the focus. These are reflected in the non-financial corporate objectives. Susanne Zeidler, DBAG's Chief Financial Officer, explains recent changes in the target system on page 37.

Capital Markets Day held for the first time receives a great response

A new platform for discussing these topics is our Capital Markets Day, which was held for the first time in May 2019. The three members of DBAG's Board of Management, alongside members of the investment team, offered detailed insights into DBAG's investment process, investment strategy, and the resulting impact on the Company's capital market valuation. Practical examples were provided by the managing directors of three



We regularly update analysts' valuations that we receive on our website under Investor Relations/DBAG Shares/Analyst Ratings.

portfolio companies, who gave in insight into their companies and their development. The Capital Markets Day was met with great interest and was attended by around 20 guests. The feedback was so positive that we will stick to this format.

We also attach great importance to meaningful and high-quality communication media in terms of content and design – be it our presentations, our internet presence or our financial

reports. Our huge commitment to investor relations work continues to be perceived positively by the market. We regularly take the top spot in various studies and competitions.



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SHARE PERFORMANCE



Strong capital markets volatility during the past financial year

Our share price performance in the past financial year – as well as that of its most important benchmark indices – was marked by high volatility. This was due in part to market uncertainty caused by the lack of clarity regarding the political framework, and the absence of any significant action on the part of key political figures. Key issues such as international commercial disputes, fears of recession and Brexit negotiations must be mentioned here.

Such influences have a two-fold effect on the price of the DBAG share: firstly, movements in the market as a whole inevitably have an effect on individual securities. Secondly, changes in capital market multiples lead to valuation

adjustments in our investment portfolio and have a direct impact on income. Meanwhile, burdens on the economy are no longer feared; in fact, stagnation has already become visible in many indicators.

As a result, during the past financial year we have had to communicate our quarterly figures provisionally in the form of ad-hoc announcements: firstly because fluctuations in capital market multiples have led to considerable positive or negative effects on results, and secondly because some of our portfolio companies fell short of expectations in the third quarter.

Encouraging share price performance – especially over longer observation periods

In spite of the challenging capital market environment, our share price significantly outperformed its benchmark indices in the period to May 2019. In the following months, the share price lagged behind the Dax and LPX50, but caught up significantly following the successful sale of the inxiö stake. The result was a somewhat stronger increase in the share price over the entire financial year than that of the Dax – and significantly stronger than that of the S-Dax.

We continue to stress that short-term considerations are only of limited value, because the value enhancement strategies of our portfolio companies are designed for a horizon of several years. From our point of view, the longer-term development of our share is therefore of greater importance. In a three-, five- and ten-year comparison, it not only outperformed its benchmark indices, but mostly did so quite strongly.

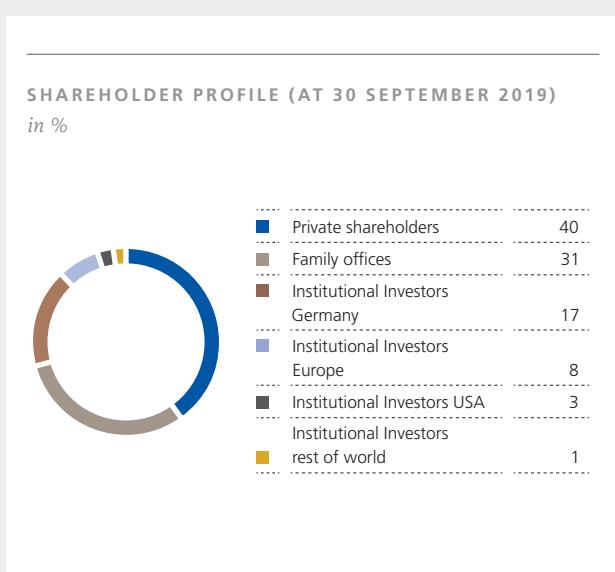
PERFORMANCE¹ (P.A. IN %) OVER

		The DBAG share	Dax	S-Dax	LPX50 ²
1 year	(financial year 2018/2019)	2.0	0.7	(7.8)	12.0
3 years	(financial years 2016/2017 to 2018/2019)	8.3	5.6	5.7	14.7
5 years	(financial years 2014/2015 to 2018/2019)	14.2	5.8	10.1	13.3
10 years	(financial years 2009/2010 to 2018/2019)	13.3	8.4	12.3	15.3

1 allowing for the distribution of dividends

2 Index of the 50 largest internationally listed private equity companies in terms of market capitalisation; the DBAG share is included in this index.

SHAREHOLDER PROFILE



Growing share of institutional investors and family offices

As at 30 September 2019, 40 per cent of our shares were held by 15,601 private individuals and joint shareholders. Thus, the proportion of this investor group is about 4 per cent lower than last year. The proportion attributable to Family Offices, on the other hand, has increased from 23 per cent to 31 per cent. Among them there are two shareholders which hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in January 2019 that it holds 20.03 per cent in DBAG. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Taiko SA, an investment vehicle associated with him. These two positions reduce the proportion of shares in free float. According to the voting right notifications that are available to us, the free float was at 73.3 per cent, calculated in accordance with Deutsche Börse's definition.



Key data and ratios for the DBAG share and its liquidity can be found on our website, under Investor Relations/DBAG Shares