

## PRESS RELEASE

### **Deutsche Beteiligungs AG: Consolidated net income of 32.3 million euros**

- **Total dividend, including surplus dividend, of 1.20 euros per share recommended**

- **Seven new investments in financial year 2012/2013**

**Frankfurt am Main, 28 January 2014.** Deutsche Beteiligungs AG (DBAG) ended its 2012/2013 financial year posting consolidated net income of 32.3 million euros. Net asset value (NAV) per share rose from 19.46 euros to 20.36 euros. The prime driver for the gain was a net result of valuation and disposal totalling 34.5 million euros; it largely derives from the value gain of 23.6 million euros delivered by DBAG's largest investment, Homag Group AG, a listed company. Positive effects on the consolidated net income also came from a lower net expense ratio. The return on net asset value per share, DBAG's key performance measure, was 11.5 percent in 2013/2013 and clearly exceeded the cost of equity. DBAG continues to boast a robust balance sheet and sizeable financial resources: with a capital-to-asset ratio of nearly 90 percent, DBAG has 98.3 million euros (at 31 October 2013) at its discretion for investment from the balance sheet alone. DBAG ended the previous 2011/2012 financial year posting consolidated net income of 44.2 million euros – which included a positive one-off effect of 11.0 million euros – and a return on net asset value per share of 16.7 percent.

Key indicators (IFRS)	2012/2013	2011/2012
Consolidated net income	€32.3mn	€44.5mn
Return on net asset value per share	11.5%	16.7%
Net asset value per share (at 31 October)	€20.36	€19.46
Distribution (2012/2013: recommended)		
Dividend	€0.40	€0.40
Surplus dividend	€0.80	€0.80

“Consolidated net income proved to be better than expected, considering our young portfolio,” said CFO Susanne Zeidler at this listed private equity company's annual press conference in Frankfurt today. Torsten Grede, Spokesman of the Board of Management, emphasised that DBAG has held nine of its 20 portfolio companies for only two years or less. Approximately 40 percent of its invested capital is attributable to these investments. “These companies are now implementing the plans of action agreed at the outset of the investment,” Grede explained. “Initially, this

will entail expenditures to move the companies forward. If this succeeds, it will trigger a value appreciation over the medium term.”

### **High dividend yield**

From its retained profit of 43.3 million euros based on German GAAP (HGB), Deutsche Beteiligungs AG plans once again to pay both a base and a surplus dividend. The proposed total dividend slated for payment in March 2014 is 1.20 euros per share, consisting of a 0.40 euro base dividend and a surplus dividend of 0.80 euros. In 2013, the payout to shareholders was also 1.20 euros, 0.80 euros of which was a surplus dividend. The recommended surplus dividend this year is sourced from the sale of DBAG’s interest in Coperion, a divestment completed in November 2012. “We are pleased to be able to recommend paying an attractive dividend once again,” Spokesman of the Board Grede said. “At the same time, we want to emphasise that surplus dividends should not be taken as given. Instead, they are dependent on predetermined requirements: when we have had very profitable divestments and when there is sufficient liquidity.” The proposed distribution represents a dividend yield of approximately 5.5 percent based on the current share price; measured by the opening net asset value at the start of financial year 2012/2013, it equates to 6.6 percent. That is clearly over the average of the S-Dax or Dax.

### **Four management buyouts, three expansion financings**

Deutsche Beteiligungs AG has clearly accelerated the rate at which it invests. The Company initiated investments of more than 200 million euros. Of that, almost 45 million euros – the highest amount in ten years – stemmed from DBAG’s balance sheet, with the remaining capital coming from investors to its parallel investment funds. In 2012/2013, DBAG invested in four new management buyouts (MBOs) and provided equity to another three companies to finance their growth. The Company also increased its stake in Homag Group AG. New in the portfolio are Heytex Bramsche (a manufacturer of technical textiles and textile print media), Formel D (support services to the automotive industry), Stephan Machinery (machines for the food industry) and its fourth MBO, Schülerhilfe (educational and tutoring services). Growth financing was provided to PSS (a services provider to the energy and process industries) as well as to inexio and DNS:NET (broadband connections and IT services).

Coveright Surfaces Holding, which sold its South American operations (Coveright do Brasil), the last of its operating entities, at the end of 2012, is no longer in the portfolio.

<b>Major investments in the portfolio of Deutsche Beteiligungs AG</b>	
<b>Company</b>	<b>Sector</b>
Broetje-Automation GmbH	Mechanical engineering and plant construction
Clyde Bergemann Group	Mechanical engineering and plant construction
DNS:NET Internet Service GmbH	Telecommunication and IT services
FDG Group	Industrial services
Formel D GmbH	Industrial services
Grohmann GmbH	Mechanical engineering and plant construction
Heytex Bramsche GmbH	Technical textiles
Homag Group AG	Mechanical engineering and plant construction
inexio Informationstechnologie und Telekommunikation KGaA	Telecommunication and IT services
Plant Systems & Services PSS GmbH	Industrial services
Romaco Group	Mechanical engineering and plant construction
ZGS Bildungs-GmbH (Schülerhilfe)	Educational and tutoring services
Spheros GmbH	Automotive supplier
Stephan Machinery GmbH	Mechanical engineering and plant construction

Schülerhilfe marks the first MBO by DBAG Fund VI, which was raised in 2012 with commitments of 700 million euros – the largest buyout fund recorded by a German private equity firm to date. DBAG advises this fund and is a co-investor in the fund. This fund expands the basis for fee income from management and advisory services to funds. “We have already profited from this in the past financial year,” CFO Zeidler said. In 2012/2013, DBAG generated fee income of 17.0 million euros from management and advisory services to its parallel investment funds, an increase of 5.3 million euros on the year before. Consequently, the net expense ratio for the management of the portfolio declined, decreasing from 4.4 percent in 2011/2012 to 2.5 percent in 2012/2013.

#### **Outlook: Confident about investment activity**

“This past year we transacted a notable share of the business in the segment of the German private equity market in which we operate,” commented Spokesman of the Board, Grede. “That shows how firmly Deutsche Beteiligungs AG, with its partnership-based approach, is anchored as an equity provider in Germany’s ‘Mittelstand’.” Grede and his colleagues on the Board of Management expect that in 2013/2014 DBAG will again reach its annual goal of structuring two to three MBOs and entering into just as many expansion capital investments.

Consolidated net income in 2013/2014 is forecast to remain below that of the previous year. The Board of Management expects that the comparatively young portfolio of unquoted companies will make good progress and deliver a clearly higher contribution to net income. However, since DBAG does not, on principle, issue a prognosis for the price trend of shares in quoted Homag Group AG, a contribution to income has not been considered for this investment, although the Board of Management assumes that Homag will continue to progress in its operational development. Based on these assumptions, DBAG expects that, overall, the contribution to income from the portfolio will be lower than it was this past financial year. “In this scenario, we are nevertheless confident of being able to earn the cost of equity once again,” Grede said.

***Deutsche Beteiligungs AG, a listed private equity company, invests in well-positioned, mid-sized companies with potential for growth. For many years, DBAG has focused on industrial business models in selected sectors. With its experience, expertise and equity, DBAG supports its portfolio companies in implementing corporate strategies that sustainably create value. Its entrepreneurial approach to investing has made DBAG a sought-after investment partner in the German-speaking world. It invests from its own balance sheet; DBAG also manages and advises parallel investment funds. Total assets amount to approximately 1.3 billion euros.***

Notes to editors:

*We would like to draw your attention to a further press release issued by Deutsche Beteiligungs AG today:*

***“Mid-market buyout in Germany in 2013:  
Fewer transactions and lower value”***

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Photos

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