

## PRESS RELEASE

### Deutsche Beteiligungs AG: Consolidated net income surges to 47.8 million euros

- Superior dividend yield
- 2015 anniversary year: 50 years of investment in Germany's 'Mittelstand'
- Fund investment services now a separate segment
- Good start to new financial year: three new MBOs in first quarter

**Frankfurt am Main, 22 January 2015.** Deutsche Beteiligungs AG (DBAG) ended its 2013/2014 financial year posting consolidated net income of 47.8 million euros. Net asset value (NAV) per share rose from 20.36 euros to 22.18 euros. The prime driver for the gain was a net result of valuation and disposal totalling 50.3 million euros. The greatest single contribution, delivering 26.4 million euros, came from the divestment of Homag Group AG: this amount represents the realised profit on disposal over opening valuation at the beginning of the financial year. The value of the carried portfolio surpassed that of the previous year by 21.6 million euros. Positive effects also came from a lower net expense ratio, which benefited from higher fee income for management and advisory services to funds. The return on net asset value per share, DBAG's key performance measure, was 15.8 percent in 2013/2014 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 150.7 million euros (at 31 October 2014) at its discretion for investment from the balance sheet alone. DBAG ended the previous 2012/2013 financial year posting consolidated net income of 32.3 million euros and a return on net asset value per share of 11.3 percent.

Key indicators (IFRS)	2013/2014	2012/2013
Consolidated net income	€47.8mn	€32.3mn
Return on net asset value per share	15.8 %	11.5 %
Net asset value per share (at 31 October)	€22.18	€20.36
Distribution (2013/2014: recommended)		
Dividend	€0.40	€0.40
Surplus dividend	€1.60	€0.80

“We are very pleased with the 2013/2014 financial year. Consolidated net income clearly exceeds our expectations,” said CFO Susanne Zeidler at this listed private equity company's annual press conference in Frankfurt am Main today. Torsten Grede, Spokesman of DBAG's Board of Management, emphasised that the investments exhibited value growth across the entire

portfolio. The portfolio companies increased revenues by an average of nine percent year-on-year. The gain in their earnings power was even more impressive, rising by an average of twelve percent. “That shows how great the development potential of our portfolio is,” Grede said.

### **Superior dividend yield**

From its retained profit of 92.3 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 2015 is 2.00 euros per share, consisting of a 0.40 euro base dividend and a surplus dividend of 1.60 euros. In 2014, the payout to shareholders was 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 Homag Group AG, a divestment completed in July 2014. “We are pleased to announce that we will be able to pay a surplus dividend for the sixth consecutive time,” Spokesman of the Board Grede said. “We have ascertained that this has further enhanced the attractiveness of our shares. Surplus dividends should not be taken as given: they are reserved for instances when we achieve high sales proceeds, and when there is sufficient liquidity.” The proposed distribution represents a dividend yield of approximately eight percent based on the current share price; measured by the opening net asset value at the start of financial year 2013/2014, it equates to 10.4 percent. That is well above the average of the S-Dax or Dax.

### **50 years of investment in Germany’s ‘Mittelstand’**

2015 is a special year for Deutsche Beteiligungs AG. DBAG’s predecessor firm, Deutsche Kapitalbeteiligungsgesellschaft mbH, was founded in September 1965. In December 1985, DBAG shares were first listed on the stock exchange. This autumn, DBAG plans to celebrate both events – 50 years of investment in Germany’s ‘Mittelstand’ and the 30<sup>th</sup> anniversary of its initial public offering. “We too have moved forward over time. With our successful investment activities as a point of departure, we have developed a growing fund business in recent years, and today we create value in two ways: by providing investment services to private equity funds and, as always, by investing in portfolio companies,” said Grede, reviewing the past five decades.

### **Strategic move**

DBAG has been highly successful in the past years and has moved forward strategically. The size of the DBAG funds, alongside which DBAG invests, has grown strongly: ten years ago, DBAG managed or advised assets of a little less than 350 million euros for investors in the funds. At its most recent reporting date, these had nearly tripled “Today, we not only view DBAG as an investment company alone. We are also an advisor to international investors wanting to invest in Germany’s ‘Mittelstand’,” Spokesman of the Board Grede

said. DBAG's market position is indicative of that. In 2014 and 2013, no other financial investor structured more MBOs of 'Mittelstand' companies than Deutsche Beteiligungs AG; over the past ten years, DBAG has been the second most active investor in the buyout segment with a transaction value from 50 to 250 million euros.

“We endeavour to sustainably achieve positive net income from investment services to funds,” said CFO Zeidler. “We expect that the capital market will assess our fund services business hereafter based on an earnings multiple.” In addition to its investment activity, DBAG will be reporting its fund services business as a second segment as of the new 2014/2015 financial year – that is, for the first time in its first-quarter interim report, which will be issued on 16 March 2015.

### Portfolio changes

The portfolio of Deutsche Beteiligungs AG has changed significantly. DBAG's largest investment, Homag Group AG, was sold very successfully in financial year 2013/2014. This transaction was – measured by absolute proceeds – one of the most profitable in DBAG's history. Adding the proceeds from Homag's initial public offering in July 2007 and the dividends received since the start of the investment in 1997 to the sales proceeds, the investment will have returned a money multiple of 3.5x. That means total profits are 2.5 times greater than the historical cost. In September 2014, DBAG also exited automotive dealership Dr. Vogler, its longest-held investment, after 39 years in the portfolio.

Major investments in the portfolio of Deutsche Beteiligungs AG	
Company	Sector
Broetje-Automation GmbH	Mechanical and plant engineering
Clyde Bergemann Group	Mechanical and plant engineering
DNS:NET Internet Service GmbH	Telecommunication and IT services
FDG Group	Industrial services
Formel D GmbH	Industrial services
Gienanth GmbH <sup>1</sup>	Mechanical and plant engineering
Grohmann GmbH	Mechanical and plant engineering
Heytex Bramsche GmbH	Industrial services
inexio Informationstechnologie und Telekommunikation KGaA	Telecommunication and IT services
Infiana Group (Huhtamaki Films)	Specialised films
Pfaudler Process Solutions Group	Mechanical and plant engineering
Plant Systems & Services PSS GmbH	Industrial services

Romaco Group	Mechanical and plant engineering
Schülerhilfe (ZGS Bildungs-GmbH)	Educational and tutoring services
Spheros GmbH	Automotive supplier
Stephan Machinery GmbH	Mechanical and plant engineering
Unser Heimatbäcker	Consumer goods
<sup>1</sup> Aquisition of this company was agreed in Dec 2014, but the transaction has not yet been closed	

### **Good start to new financial year: Three new MBOs in the first quarter**

The two disposals are set against four new additions to the portfolio. In 2014, DBAG triggered investment decisions on nearly 250 million euros. The management buyout of bakery chain Unser Heimatbäcker was transacted in financial year 2013/2014. The MBOs of the Infiana Group (formerly Huhtamaki Films, a manufacturer of specialised films), the Pfaudler Process Group (a manufacturer of glass-lined reactors and components for the chemical industry) and the iron foundry Gienanth in November and December were agreed in DBAG's new 2014/2015 financial year.

On a comparable basis – that is, without the effect from disinvestments (Homag, Dr. Vogler), the DBAG Board of Management expects consolidated net income in 2014/2015 to slightly exceed that of the preceding year by up to ten percent. Since disinvestments can rarely be planned, DBAG's one-year forecast is based on the costing, the foreseeable fee income from the fund services business, and the valuation contribution coming from DBAG's portfolio. "The third component harbours the greatest uncertainty, since the portfolio companies are not immune to cyclical influences," CFO Zeidler said. "Distortions or a shift in stock market sentiment can change company valuations quickly and significantly, thereby greatly impacting our annual result," added Spokesman of the Board of Management Grede: "Both risks have, in our estimation, increased."

*Deutsche Beteiligungs AG, a listed private equity company, raises closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-sized companies with potential for development. DBAG focuses on industrial sectors in which Germany's 'Mittelstand' is particularly strong on an international comparison. 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. Total assets managed and advised by DBAG amount to approximately 1.2 billion euros.*

*We would like to draw your attention to a further press release issued by*

*Deutsche Beteiligungs AG today:  
“Mid-market buyouts in Germany in 2014:  
More transactions and higher value”*

*Photos of DBAG Management Board members and of the portfolio  
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