

PRESS RELEASE

Deutsche Beteiligungs AG: Decline in stock market prices after Brexit vote weighs on quarterly net income

- **Net income for nine-month period 26.3 million euros**
- **High income contribution based on performance of portfolio companies**
- **New fund allows further development of dividend policy**

Frankfurt am Main, 11 August 2016. After the first three quarters of its 2015/2016 financial year (1 October to 30 June) Deutsche Beteiligungs AG (DBAG) has reached net income of 26.3 million euros (previous year: 28.3 million euros). The third quarter ended with negative net income of 5.7 million euros (previous year: 6.9 million euros). The reason was the sharp drop in stock market prices after the Brexit vote: at the end of June, the peer enterprises which DBAG uses to value its portfolio were valued at a significantly lower level than three months previously. That weighed on the quarterly result by nearly twelve million euros. Stock market valuation ratios have a direct effect on DBAG's net income through the quarterly valuation of the portfolio at fair value. Due to these external effects, the results of individual quarters may fluctuate strongly. Such short-term changes are of little significance for DBAG's long-term performance and the quality of the portfolio. DBAG's portfolio is well poised: the contribution to income based on the portfolio companies' performance, of 41 million euros after three quarters, clearly exceeded that of the previous year's comparative period. The current third quarter also contributed to the improvement.

“The quality and profitability of our portfolio are good reasons for us to remain confident about the further course of the financial year,” says the quarterly statement of this listed private equity company. With a view to the forecast, DBAG's Board of Management pointed out that uncertainty in the markets and, thus, the volatility of valuation ratios, has become greater: “DBAG's forecast for the current financial year's net income is therefore subject to an increased risk.” As before, the Board of Management expects net income to significantly exceed that of the previous year (27.0 million euros), by at least 20 percent. Whether or not net income will reach the previously forecast level of 40 million euros, will, however, depend on the developments in the stock markets up to the financial year-end.

DBAG's net income resulted in an increase in net asset value per share. At the period-end on 30 June 2016, net asset value was 23.09 euros per share, or 93 eurocents more than at the start of the financial year. Relative to net asset value (less the proposed dividend) at that time, this equates to a rise of 9.1 percent. The preceding 2015/2016 financial year's nine-month period saw a 10.0 percent increase in net asset value per share.

The new buyout fund, DBAG Fund VII, on which DBAG reported in July and which has meanwhile been successfully closed, enhances the future basis for fee income from fund investment services. At the same time, DBAG's co-investment alongside the fund will increase significantly. Through this second growth driver, net asset value is set to experience robust growth over the medium term. Inflows from divestments will be more stable than before. Both are making it possible for DBAG to further develop its dividend policy: "We wish to provide greater consistency in our dividends, thereby making them even more shareholder-friendly," says the quarterly statement issued today. "In the future, we intend to pay a stable dividend which will increase whenever possible." The split between a base and a surplus dividend will be discontinued. At the next Annual Meeting, the Board of Management will recommend paying a single dividend. For the current financial year, the dividend recommendation is to be at least in line with that of the previous year, which was 1.00 euro.

"DBAG will be able to grow alongside DBAG Fund VII. The investment decisions of recent months show how strong our position in the mid-market is. On that we base our confidence, which is mirrored not least in the announcement of attractive, consistent and, whenever possible, increasing dividends," said Torsten Grede, Spokesman of the Board of Management of Deutsche Beteiligungs AG.

Deutsche Beteiligungs AG, a listed private equity company, initiates 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 the 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. Assets under management or advice by the DBAG Group amount to approximately 1.0 billion euros; with DBAG Fund VII, they will increase to 1.8 billion euros.

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