

# Welcome to the 2010 Annual Meeting

Frankfurt, 24 March 2010

- **Financial year 2008/2009:**  
**Successful under adverse conditions**
  - Portfolio navigated through crisis
  - Cost of equity earned
  - Surplus dividend earned
- **Quarterly closing at 31 January 2010:**  
**Good start to new financial year**
- **Outlook and prospects:**  
**“Recession” is over, upswing not in sight**

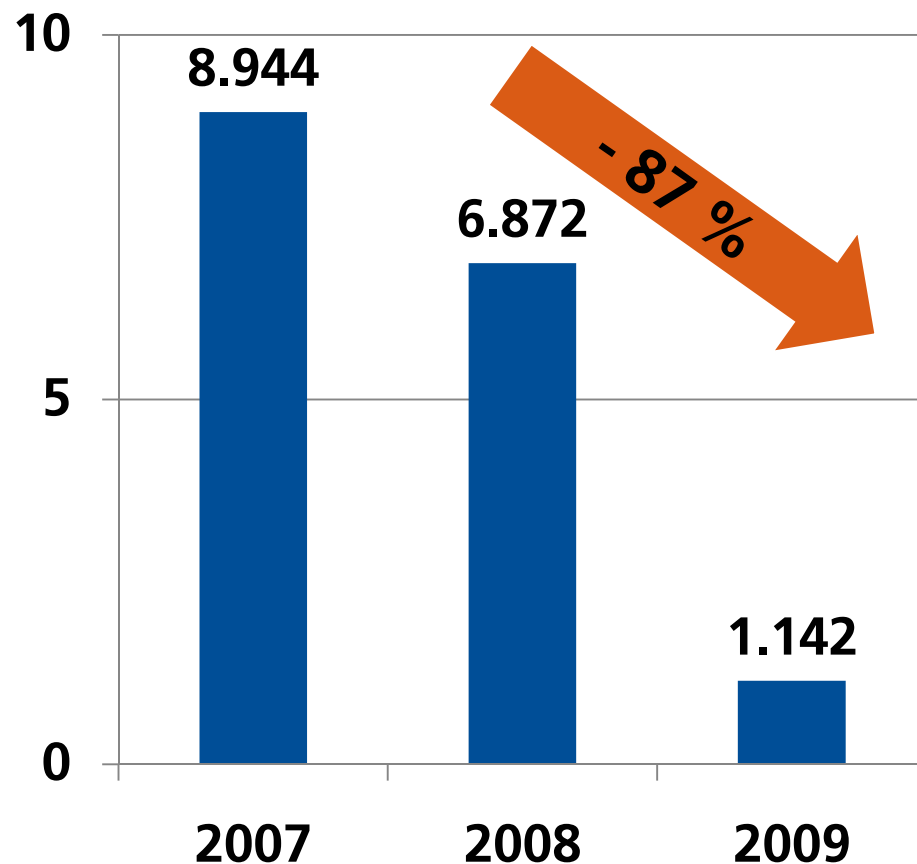
# Financial year 2008/2009 at a glance

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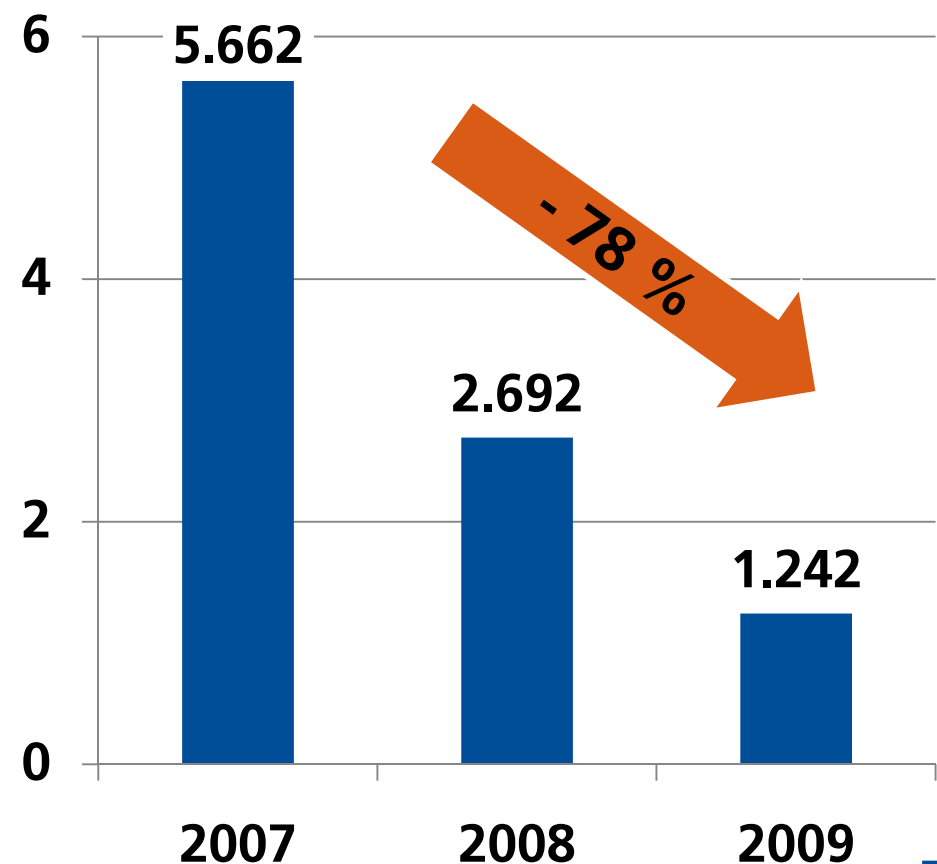
- Consolidated profit €19.6mn  
(previous year: €-51.1mn)
- Net asset value (equity) per share 18.94 euro  
(previous year: 17.90 euro)
- Dividend of 1.00 euro per share, total dividend sum  
€13.7 mn, return on equity 8.2%
- Average return on equity per share over ten-year period  
14.0 % (after taxes, previous year: 17.3 %)

# 2008/2009: Weak private equity market

Buyout investments in  
Germany (€bn)



Fund-raising activity by  
German PE companies  
(€bn)



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- Investment of €4.0 mn  
(previous year: €14.0 mn)

# Key performance components

**Current income  
from financial  
assets**

**€1.9 mn**  
(prev. year: €7.6 mn)

**Net result of  
disposal**

**€17.5 mn**  
(prev. year: €-2.2 mn)

**Net result of  
valuation**

**€11.4 mn**  
(prev. year: €-57.9 mn)

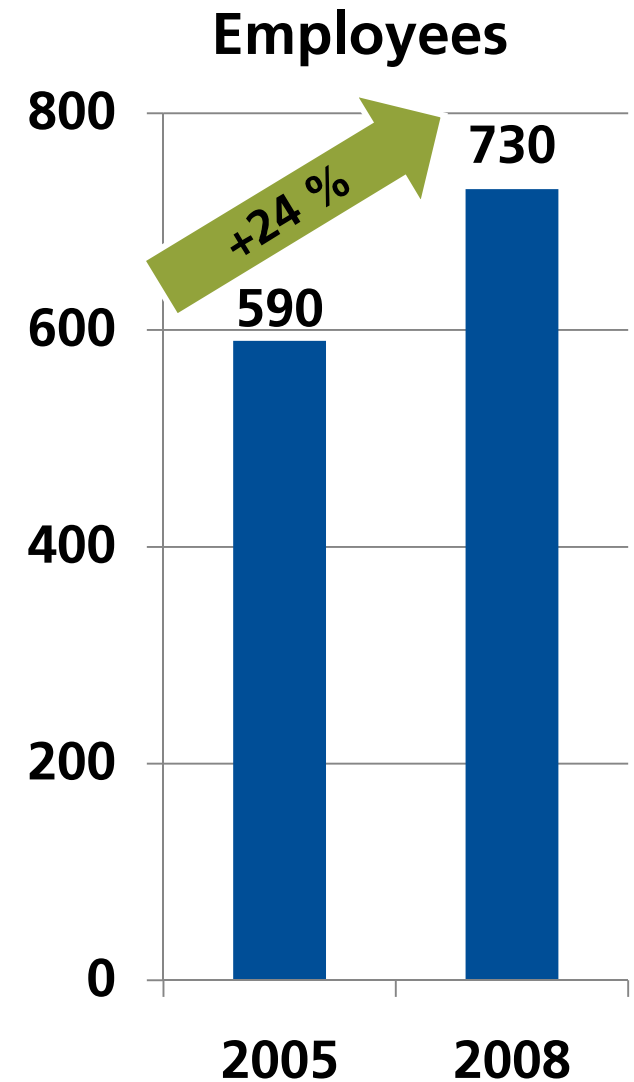
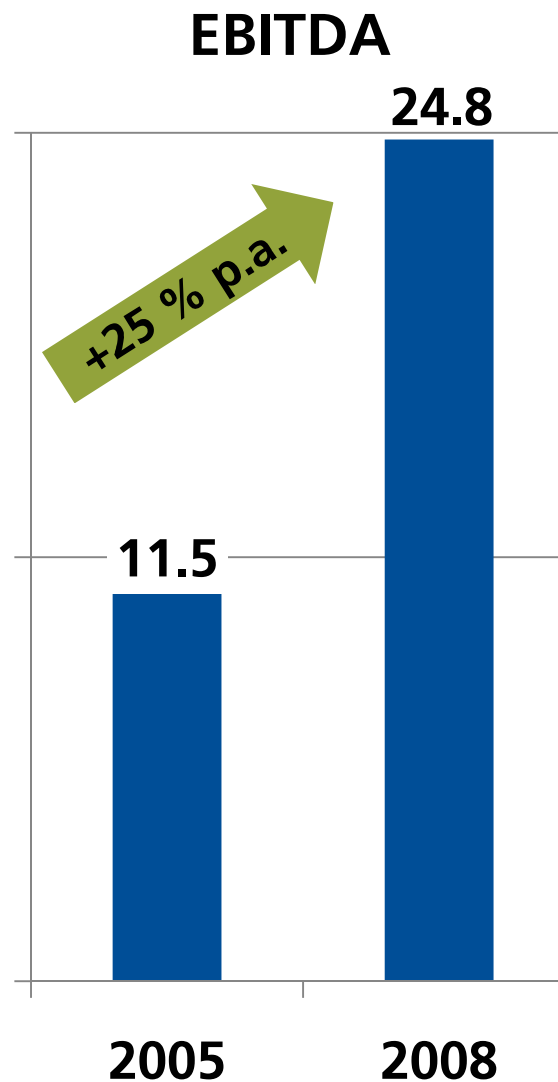
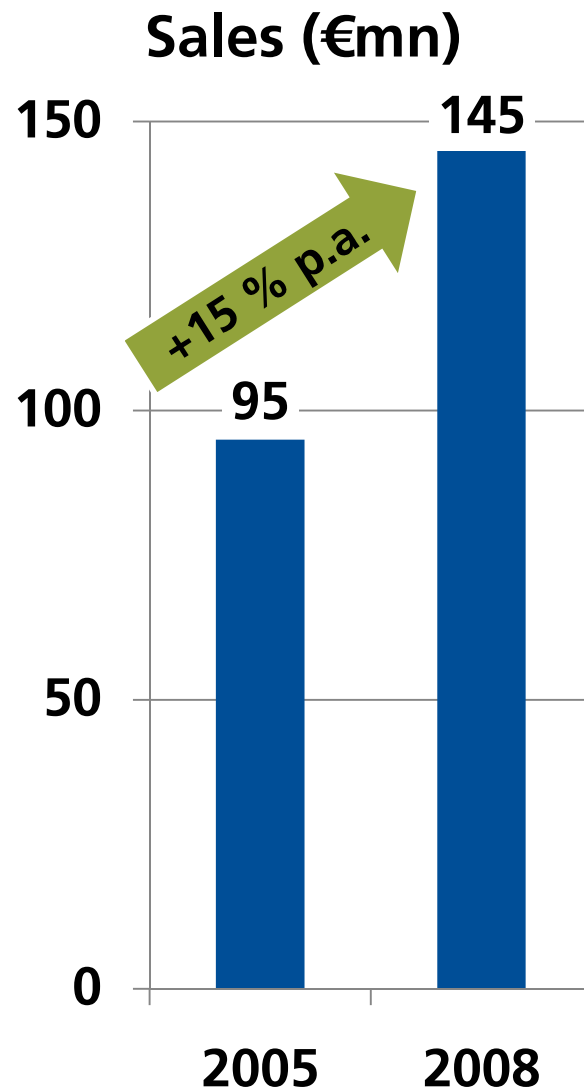
# Profitable realisations: Nikkiso acquired Lewa in July 2009

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## Lewa – Milestones in the development of metering and process diaphragm pumps

- **Management buyout in September 2005**
  - Deutsche Beteiligungs AG, DBAG Fund V co-investment fund and further financial investor acquired Lewa from founding family
- **Pro-active support in**
  - process changes
  - spending on R&D
  - establishing services/sales in international markets
- **Successful sale to Japan-based Nikkiso Co., Ltd.**

# Lewa: Higher sales, significantly improved margin, more jobs





# Profitable realisations: Bilfinger Berger acquired MCE in Dec. 2009

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**MCE – Customer value by bundling service and sector competence for energy and the process industry**

## ■ **Management buyout in April 2007**

- Deutsche Beteiligungs AG and DBAG Fund V co-investment fund purchased 75 % share in MCE AG
- Residual share purchased in October 2008

## ■ **Pro-active support in**

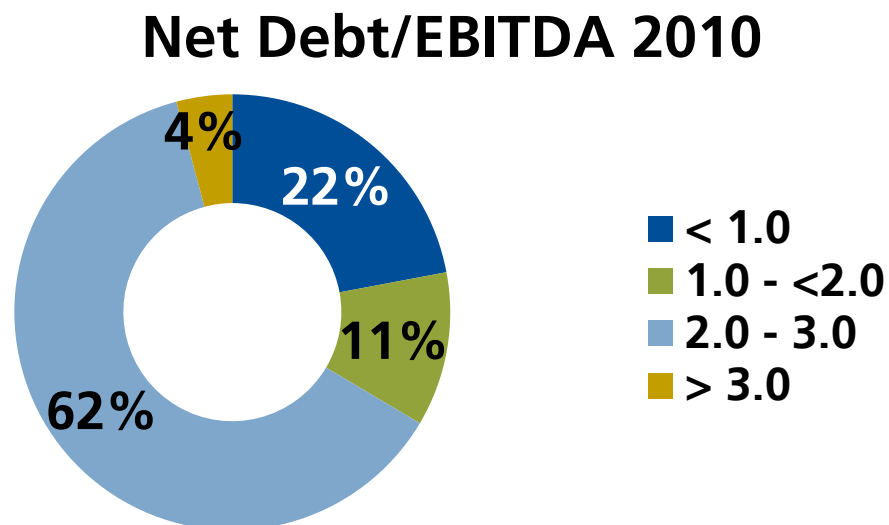
- strategic development: Building Technology division divested, focus on industrial services
- acquisitions

## ■ **Sales growth of 10 % p.a., margin nearly doubled**

## ■ **Sale to Bilfinger Berger AG**

# Portfolio companies shouldering tough challenges

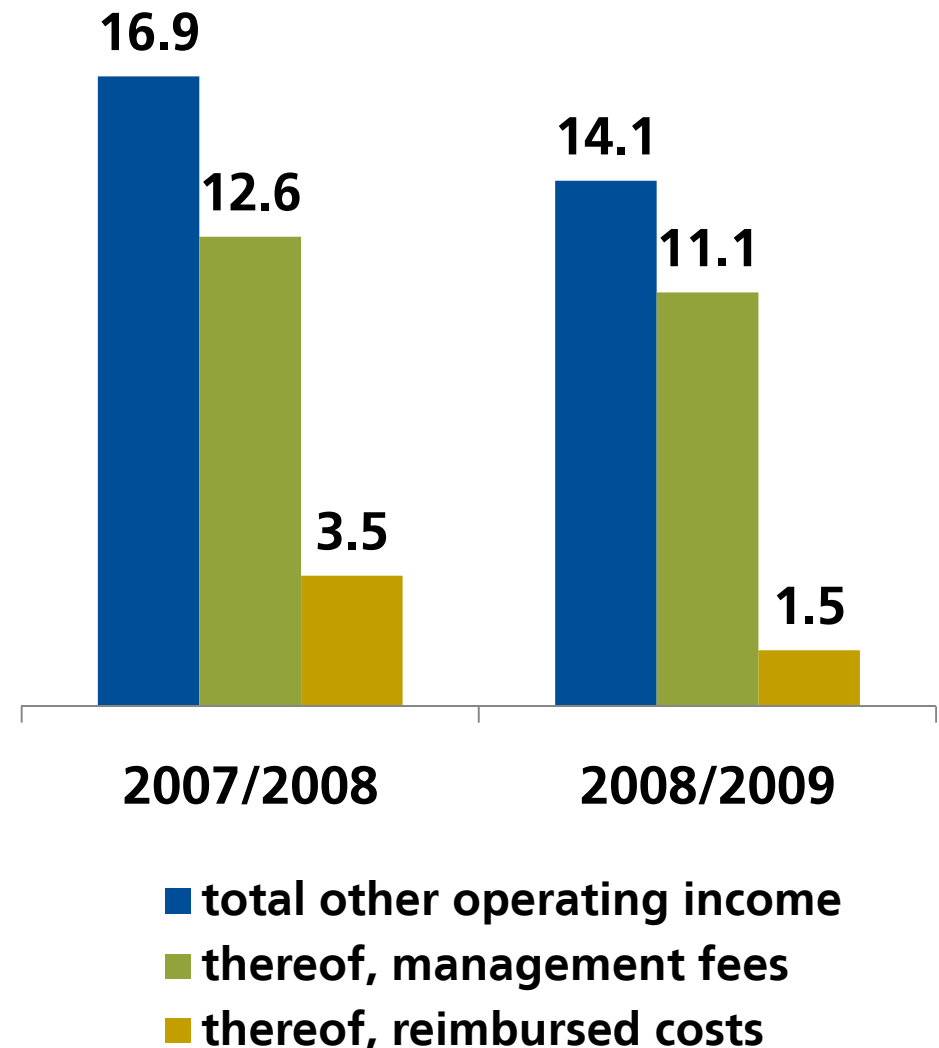
- **Early response to economic crisis**
  - Short-time work, personnel cuts, restructuring
  - Business models realigned (e.g. market entries in Asia)
- **Low follow-on financing need: €2.1 mn**
  - Less than one percent of DBAG's equity
- **Moderate debt levels at portfolio companies**



Basis: Financial assets at 31 January 2010 without shares in Homag Group AG, MCE AG (retention of warranties), DBG Eastern Europe, shelf companies and companies mainly attributable to third parties; net debt and 2010 EBITDA forecast by portfolio companies

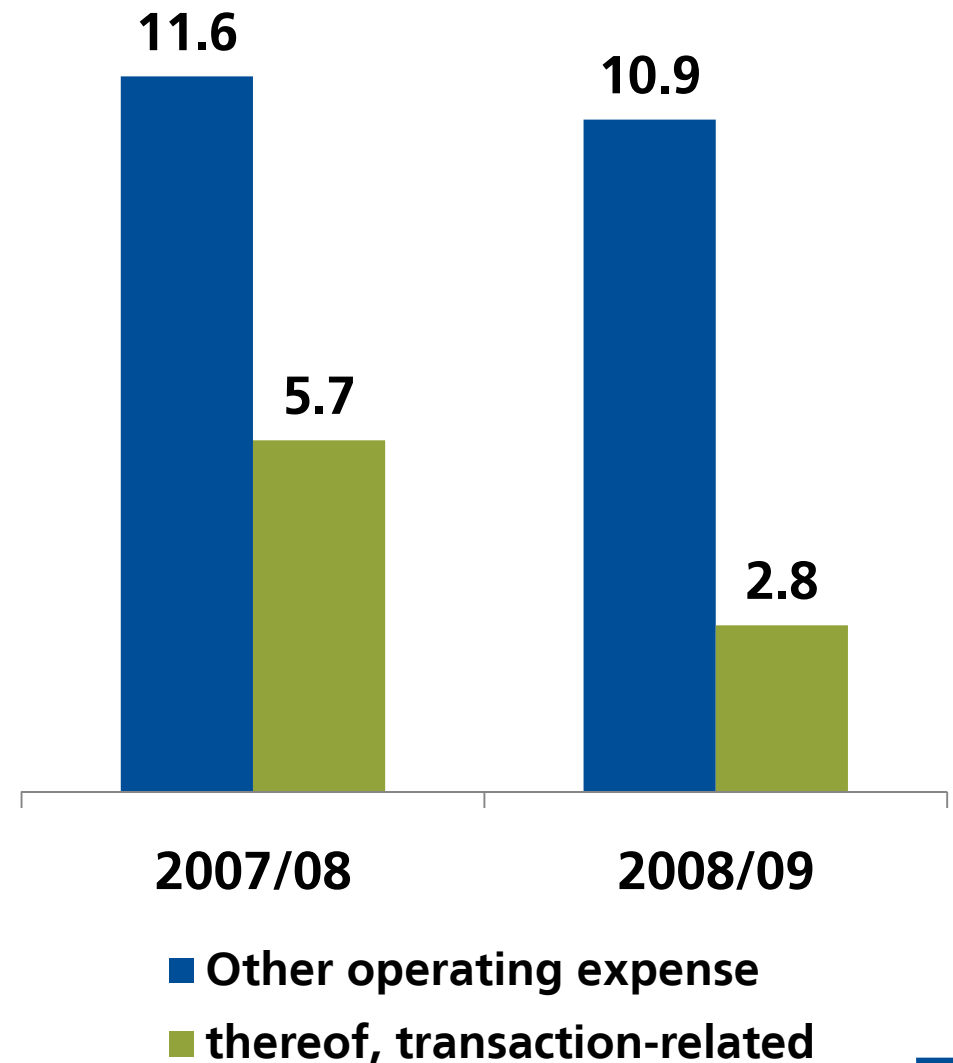
# Other operating income: 14.1 million euros

- Decline in fee income from fund management services due to lower fund volume following realisations
- Reimbursed costs contain advances for consultancy costs



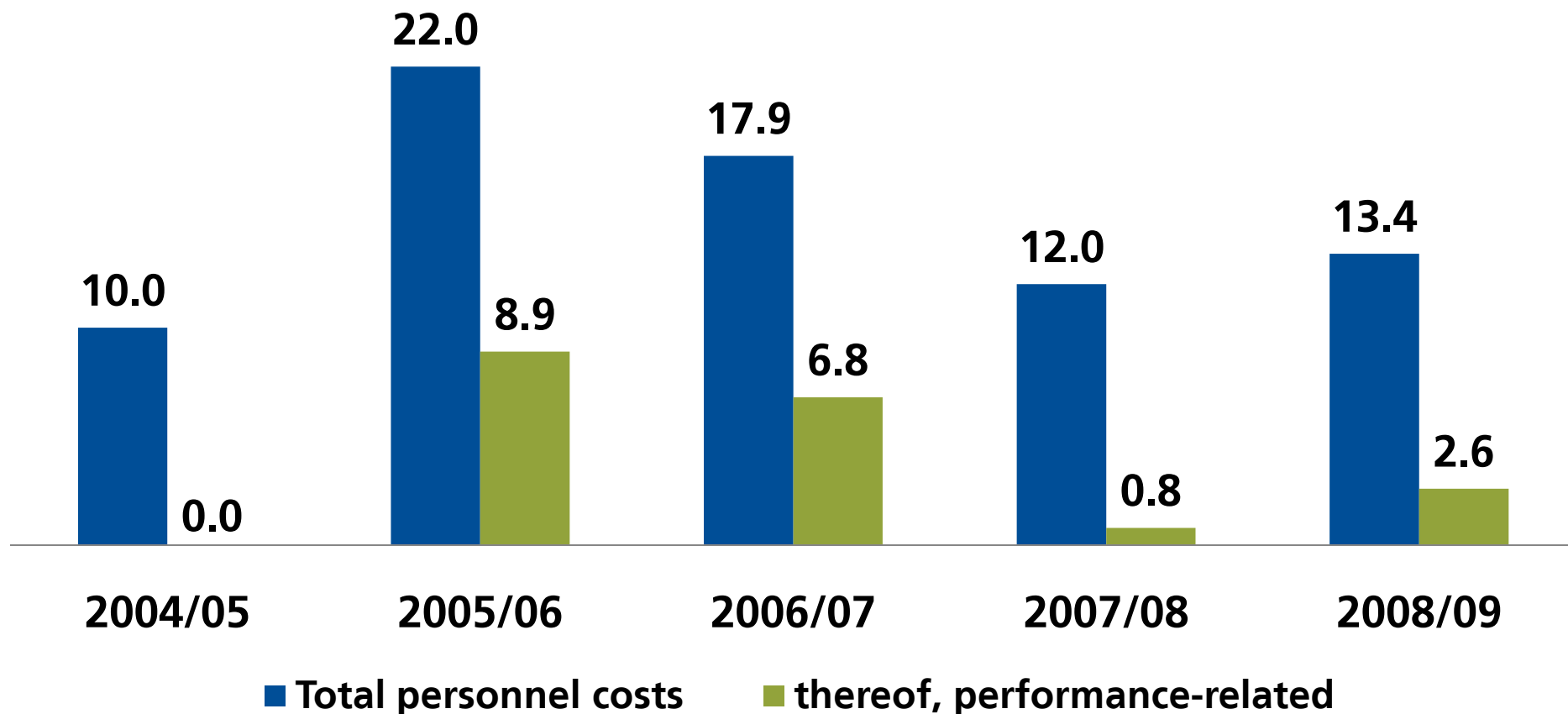
# Other operating expense : 10.9 million euros

- (Transaction-related) consultancy costs down
- Consultancy costs partly reimbursable  
(=> Other operating income)



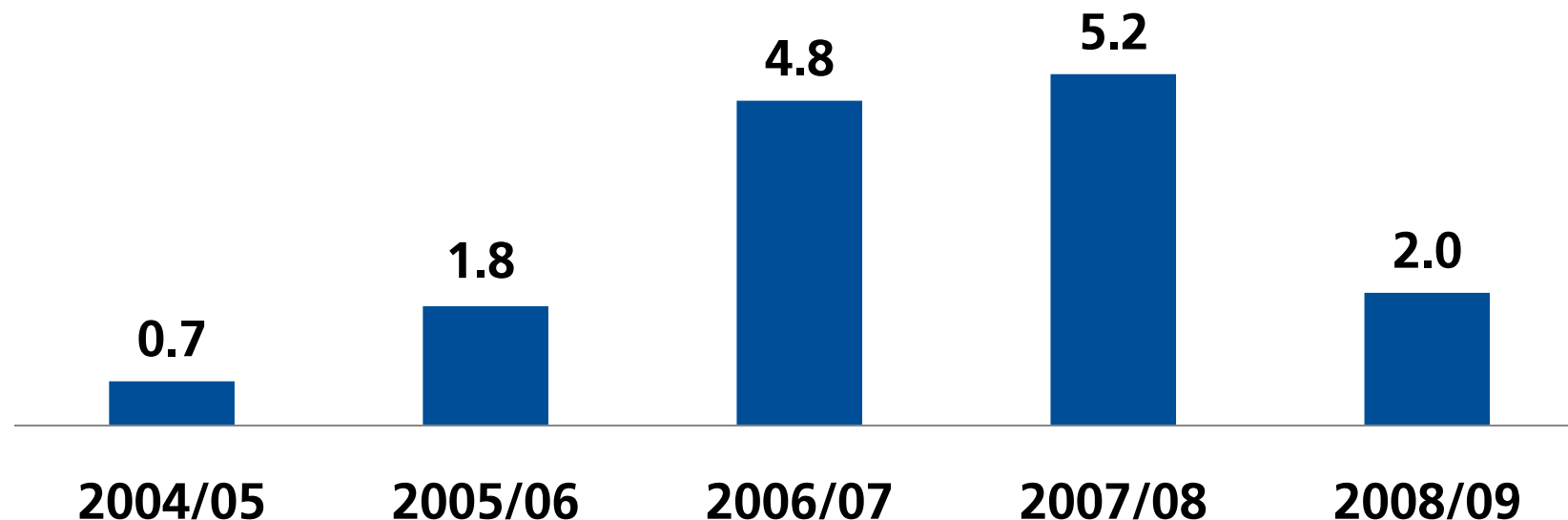
# Personnel costs: 13.4 million euros

■ Rise due to performance-linked compensation



# Net interest: 2.0 million euros

- Lower interest level: Net interest decreased despite greater liquidity
- “Liquidity” spread over three balance sheet items: cash, short-term securities and long-term securities
  - Invested at money market rates and in German government bonds



# Balance sheet: Proportion of liquid funds increased again

Assets (€mn)	31 Oct 2009	31 Oct 2008	Liabilities (€mn)	31 Oct 2009	31 Oct 2008
Financial assets and loans	138.5	138.3	Equity	259.0	244.8
Others	28.0	28.8	Non-current liabilities	12.4	10.3
Liquid funds	124.0*	105.2*	Current liabilities	19.1	17.2
	<b>290.5</b>	<b>272.3</b>		<b>290.5</b>	<b>272.3</b>

\* Including short and long-term securities

- Liquid funds rose by another 42 million euros in 1<sup>st</sup> quarter of 2009/2010 upon completion of MCE AG sale
- No bank debt

# Dividend policy will be continued: Dividend sum of 13.7 million euros

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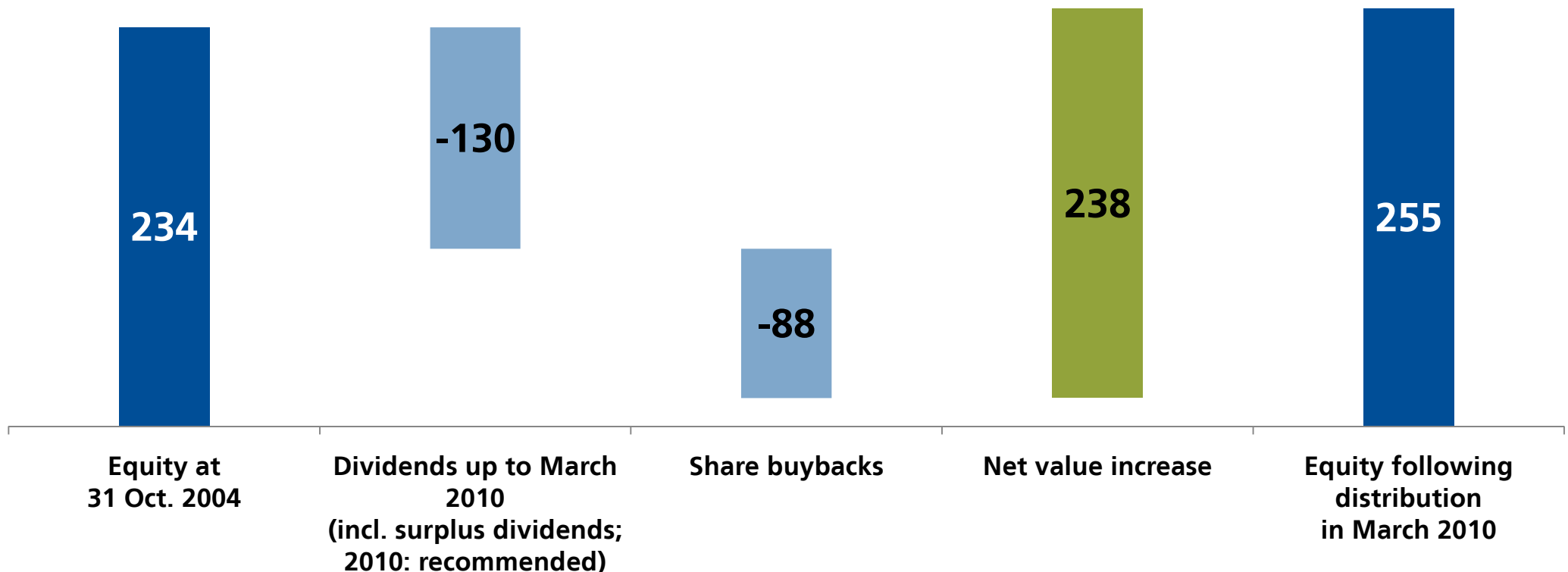
Dividend policy geared to two targets:

- To allow shareholders to share in the Company's long-term performance
  - ➔ Surplus dividend following very profitable realisations
- To mitigate the share price volatility
  - ➔ Stable base dividend (if possible)



# Performance results in high returns for shareholders...

- Dividends and share buybacks totalling €217.6 mn
  - equates to 93 percent of equity at 31 October 2004



# Recommended profit appropriation results in high dividend yield

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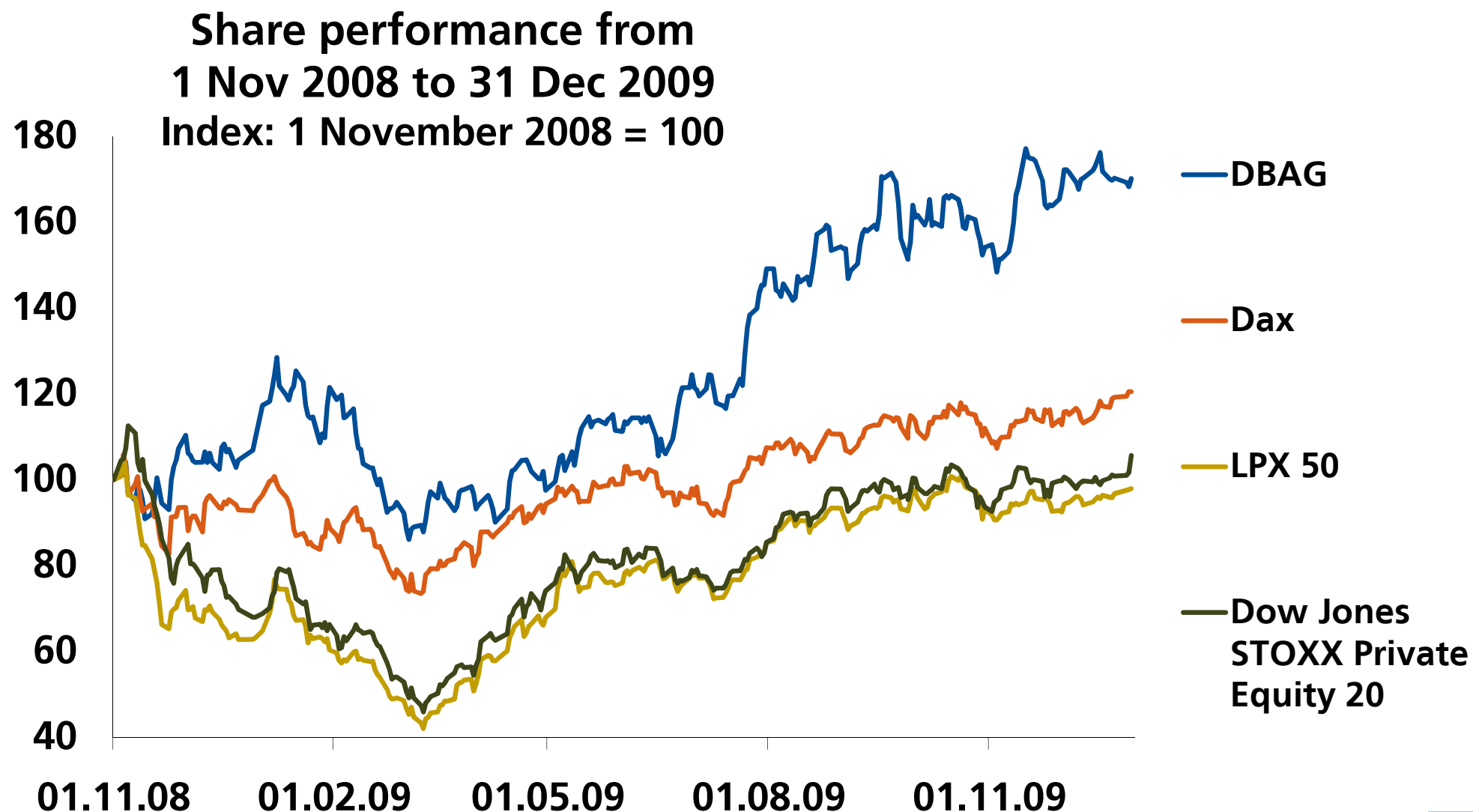
## Recommendation:

Dividend	€0.40
Surplus dividend	<u>€0.60</u>
Total dividend payment	€1.00

- Dividend sum: € 13,676,359
- Superior dividend yield:
  - 8.1 % based on average market price 2008/2009
  - 6.4 % based on closing quotation 31 October 2009
  - 5.3 % based on closing quotation yesterday
- In comparison: dividend yield S-Dax  
(2010, bank estimate: 2.5 %)

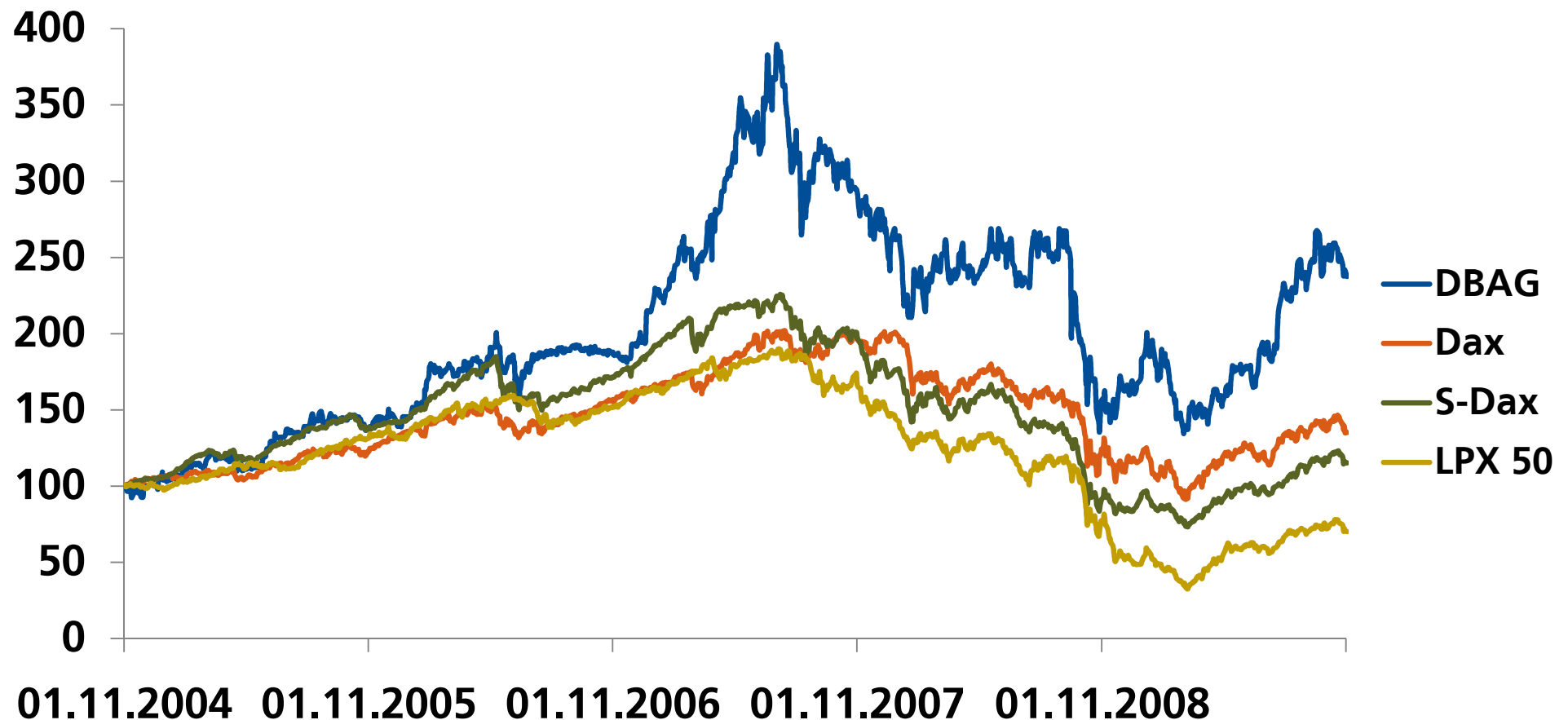
# Share price trend financial year 2008/09

## DBAG shares beat indices



# Five-year share performance (1 Nov. 2004 to 31 Oct. 2009)

Share Performance from  
1 Nov 2004 - 31 Oct 2009  
Index: 1 November 2004 = 100



- Consolidated profit of €9.3 mn
- Net asset value per share climbs 3.8 percent to €19.61
- Slight improvement in business environment; brighter sentiment in capital markets
- Portfolio companies profiting from restructuring action taken in 2008 and 2009 and most have budgeted higher earnings
  - Rise in quoted market multiples
  - ➔ Positive valuation movements
- Projecting the quarterly result on the complete financial year not appropriate
- Sizeable liquidity temporarily dilutes return on NAV

# Equity wanted! – headlines in the news

**Firmen klagen über  
Finanzierungssituation**

Companies complain about  
financing situation

**Mittelständler  
brauchen  
dringend Geld**

Mid-sized companies  
need money badly

**Firmenchefs polstern die  
Eigenkapitaldecke auf**

CEOs bolstering equity cover

**Mittelstand in  
Not – Geld her!**

Mittelstand distressed –  
Give us money!

**Knappes Eigenkapital bremst Kreditvergabe aus**

Scant equity thwarts credit lines

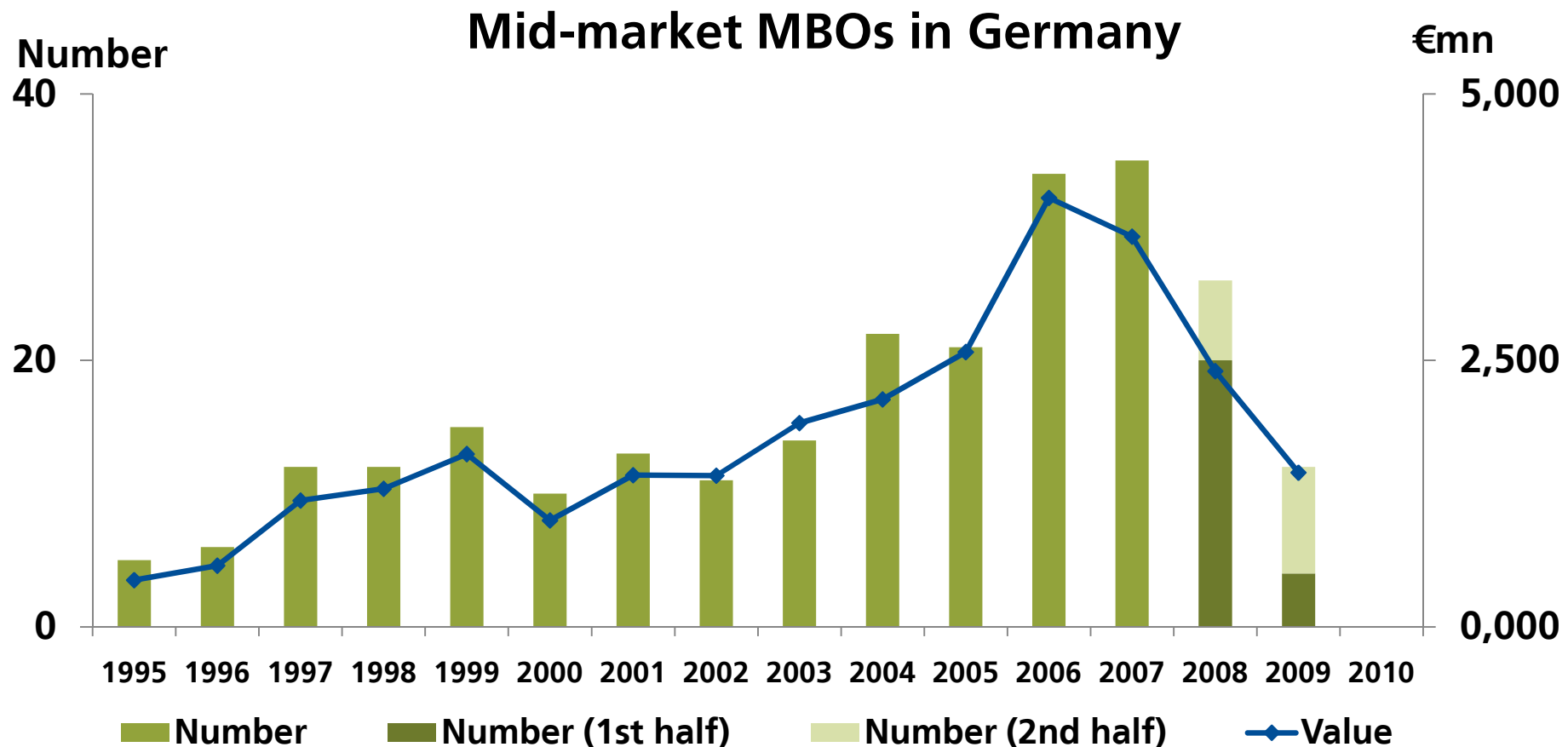
# M&A market: Equity providers to encounter strong demand

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- Considerable equity need among many “Mittelstand” companies
- Recession has strained (already weak) equity base in many instances
- Growing demand calls for prefinancing  
=> Existing credit lines under pressure
- Banks tightening credit terms
- Mezzanine programmes to fall due (approx. 5 billion euros in 2011 to 2014)

 Private equity product range braced for expansion:  
Buyouts will stay, expansion capital investments to return

# M&A market: considerable fewer buyouts in 2009



- 2009: Buyout market down by half
- 2010: Resurgence of Buyout market?



# Investment: Adherence to proven strategy

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## ■ Highly focused investment strategy

- Concentration on core sectors
- Expansion of sector-specific network and investment teams' skills in judging operating performance
- Companies with leadership positions in niche markets
  - Competitive products, technological USPs
  - Entrepreneurially driven managements, possibly with a performance share

## ■ Adaptation to prevailing market conditions

- Investments in existing financing structures without new debt financing, e.g. via capital increases
- Companies with low adaptation requirements; no turnaround need
- Involvement of existing shareholders

- **Last year's result and average return on NAV attest to investment strategy**
  - Shareholders profit from investment performance
- **2005 to 2009 harvest years – 2010 time to sow the seed**
  - Sufficient funds for investment:  
Strong balance sheet and stable investor base
- **Team experienced in recessionary scenarios**
  - Has worked together across multiple business cycles

# A few notes to the Agenda

- Item 6: Elections to the Supervisory Board
- Item 7: Request for authorisation to purchase and use own shares
- Item 8 and Item 9: Creation of new Authorised Capital and issuance of warrant-linked bonds and convertible bonds
  - Option to exclude pre-emptive rights limited for the first time: Solely a contingent facility
  - DBAG has never excluded shareholders' pre-emptive rights in the past

# Item 7:

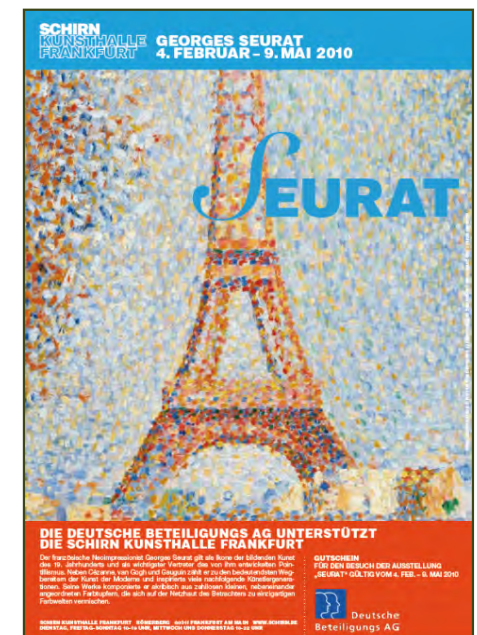
## Authorisation to purchase own shares

- **Details of the Authorisation same as in previous years**
  - Valid for 18 months
- **Past share buybacks proved advantageous:**
  - Buyback for less than NAV at the time
  - Current NAV higher or near purchase price at the time, adjusted for dividends saved

Period	Volume (€mn)	NAV per share (at quarterly reporting date after buyback)	Purchase price	Purchase price, adjusted for dividends paid since then
July 2005	22.9	€14.61	€12.50	€4.94
July 2006	29.5	€17.78	€17.55	€10.65
June–Dec. 2007	35.3	€25.19 bzw. €23.58	€23.90 (Ø)	€20.00
	<b>87.7</b>		<b>€17.58 (Ø)</b>	<b>€11.33 (Ø)</b>

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- Item 9: Issuance of warrant-linked bonds and/or convertible bonds
- Item 10: Amendments to the Articles of Association
  - Participation in Annual Meeting by electronic communication
  - Voting by correspondence
- Voucher for “Seurat” exhibition at the Schirn Kunsthalle



# Auf Wiedersehen in March 2011

For the latest news see  
[www.deutsche-beteiligung.de](http://www.deutsche-beteiligung.de)