

# Welcome to the Annual Meeting

Frankfurt am Main, 26 March 2013

# Generational change on the Board of Management

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## ■ Wilken von Hodenberg and André Mangin will leave the Board

- W. von Hodenberg following this Annual Meeting
- A. Mangin on 31 March 2013

## ■ Susanne Zeidler joined the Board on 1 November 2012

- Responsible for financial sector and all key staff functions

## ■ Torsten Grede is the new Spokesman of the Board

# DBAG now with three-member Board of Management



## ■ **Torsten Grede**

- Spokesman
- Investment business
- Born 1964, 22 years of service at DBAG



## ■ **Susanne Zeidler**

- CFO
- Born 1962, joined DBAG in Nov. 2012



## ■ **Dr Rolf Scheffels**

- Investment business
- Born 1966, 16 years of service at DBAG

# Financial year 2011/2012 at a glance: All financial objectives achieved

## Corporate value increased

- Consolidated net income €44.5mn
- Return on NAV per share 16.7%



## Value of portfolio companies increased

- Net result of valuation and disposal €48.6mn
- Greatest contribution from disposals (Coperion, Preh)



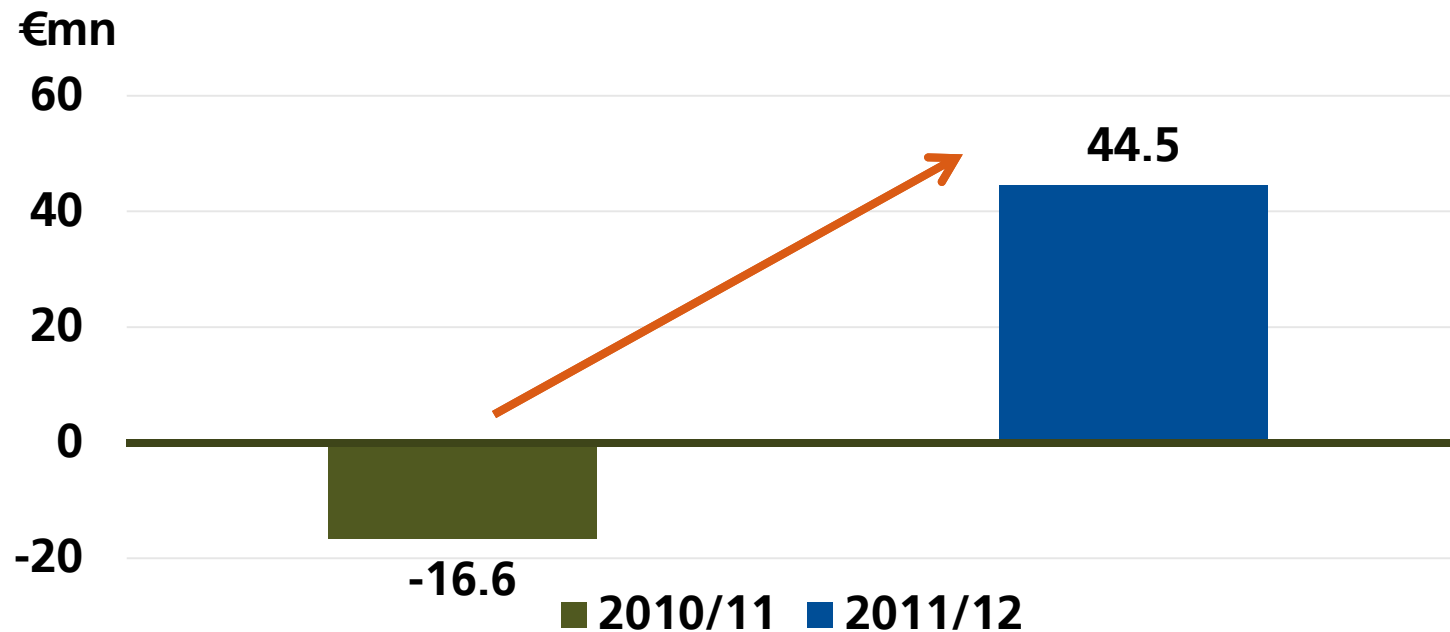
## Shareholders to participate in performance

- Base dividend €0.40 per share, surplus dividend €0.80 per share
- Dividend yield 7.2%



Consolidated net income: €44.5mn  
(prev.yr.: consolidated loss €-16.6mn)

- Consolidated net income largely derives from net result of investment activity
  - Earnings stem from realised capital gains



# Net result of investment activity: €51.3mn (prev.yr.: €-4.5mn)

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- **Key item on consolidated income statement**

- **Consists of three components**

- Net result of valuation

- Net value movement of portfolio companies held at end of financial year

- Net result of disposal

- Net value movement of portfolio companies divested in financial year

- Income from financial assets

- Distributions (dividends) paid by portfolio companies

# Net result of valuation: €45.1 mn

- Most portfolio companies performing well
- Largest contribution came from Coperion

Net result of valuation		€mn
Valuation of unquoted investments		
	Change in earnings	-1.9
	Change in multiples	1.9
	Change in debt	-1.0
	Change in exchange rates	1.5
Positive value movement due to Homag share price		3.9
Purchase offer/realised (Coperion)		37.4
Others		3.3
		<b>45.1</b>

# Value gain of €37.4mn on Coperion investment

- **Divestment completed in Nov. 2012; invested capital quadrupled**
- **However: highly cyclical trend**
  - 2007/08: Record highs, initially in orders, then in revenue and earnings
  - 2008/2009: Economic crisis – new machine orders plummet at times by more than 50%
  - 2009/2010: Low point in revenue and earnings
  - 2010/2011: Orders recovered; (crisis-related) low margins
  - 2011/2012: Further recovery in all indicators





# Coperion: Realisation of a successful investment

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## ■ Value gain rooted in significant improvements

- Organisation: homogeneous leadership structure, explicit decision-taking processes
- Production: flexibilisation of cost structure, lower break-even point (e.g. by standardising machine designs)
- Market & products: service business expanded; acquisitions broadened product range
- Finance: current assets reduced significantly

## ■ Value gain reflects successful divestment to industrial buyer with strategic interests

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# Homag Group AG: Already a very profitable investment

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- **DBAG had held minority interest since Jan. 1997 (21.4%)**
- **First increase in interest February 2007**
  - DBAG, DBAG Fund IV and DBAG Fund V acquired another 39%, thereof DBAG 5.5%-points
- **IPO in July 2007**
  - DBAG and funds sell 40.3% of their shares
- **Second increase in interest 2012**
  - DBAG, DBAG Fund IV and DBAG Fund V acquired another 6.1%, thereof DBAG 2.7%-points

**Shares sold through IPO and dividends generated more than 1.4x the total invested capital; DBAG still holds 3.1 million Homag shares (20.1%)**

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Positive value movement due to Homag share price		3.9
Purchase offer/realised (Coperion)		37.4
Others		3.3
		<b>45.1</b>

Net result of disposal: €3.5mn  
(prev.yr.: €6.7mn)

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- **Difference between sales proceeds and valuation at start of financial year**
  - ➔ Says nothing about profitability of an investment
- **Two divestments agreed, but only that of Preh completed before end of financial year**
  - ➔ Coperion included in net result of valuation
  - ➔ Preh contained in net result of disposal
- **Preh: Continued to make good progress in 2011/2012**
  - Partial divestment (74.9%) in April 2011
  - Option exercised on sale of residual interest

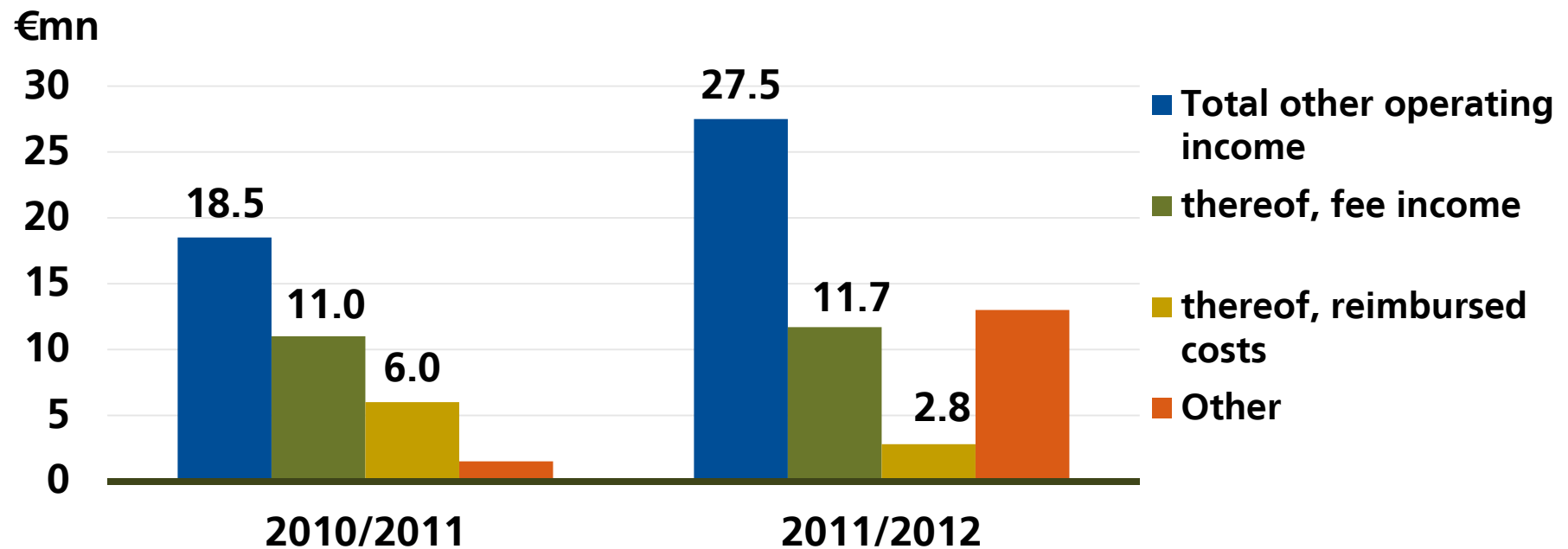
Current income from financial assets:  
€2.8mn (prev.yr.: €9.4mn)

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- **Previous year's amount inflated by special effect**
  - Distribution of €7.6mn in FY 2010/2011 offset by distribution-related write-down
- **Details in 2010/2011 management report**
- **Current income plays more or less subordinate role, in view of portfolio profile**

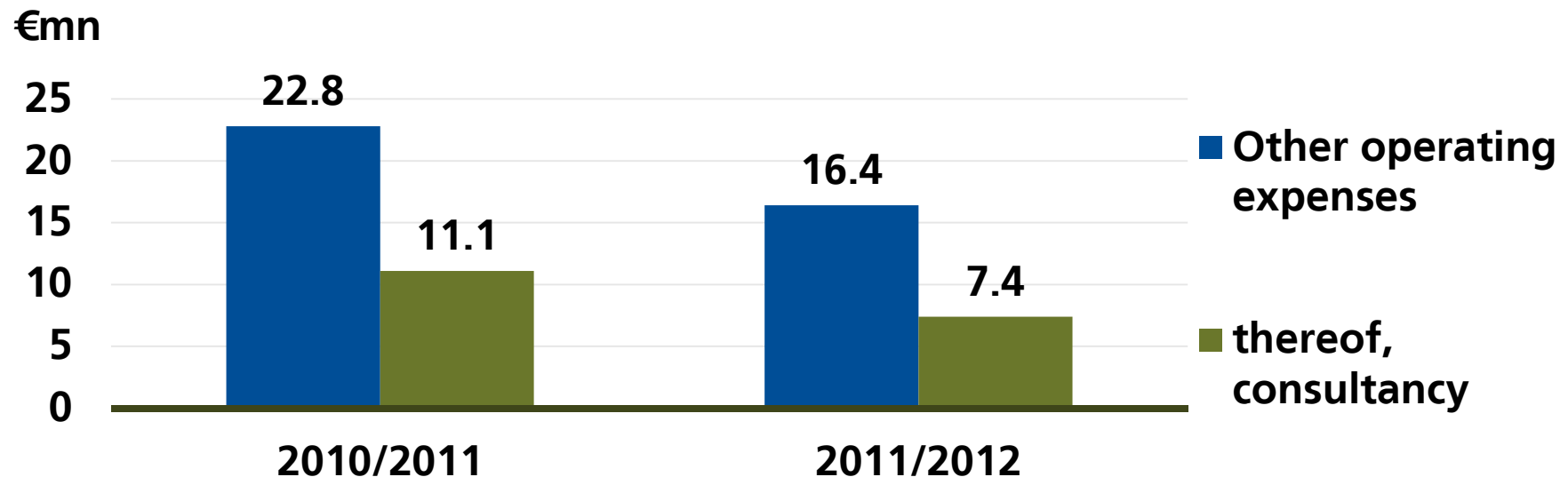
# Other operating income: €27.5mn (prev.yr.: €18.5mn)

## ■ Special effect (€11.0mn) from reversal of provisions (value-added tax risk)



# Other operating expenses: €16.4mn (prev.yr.: €22.8mn)

- External fundraising expenses for new buyout fund accounted for in full
- No provisions for value-added tax risk (prev.yr.: €3.5mn)





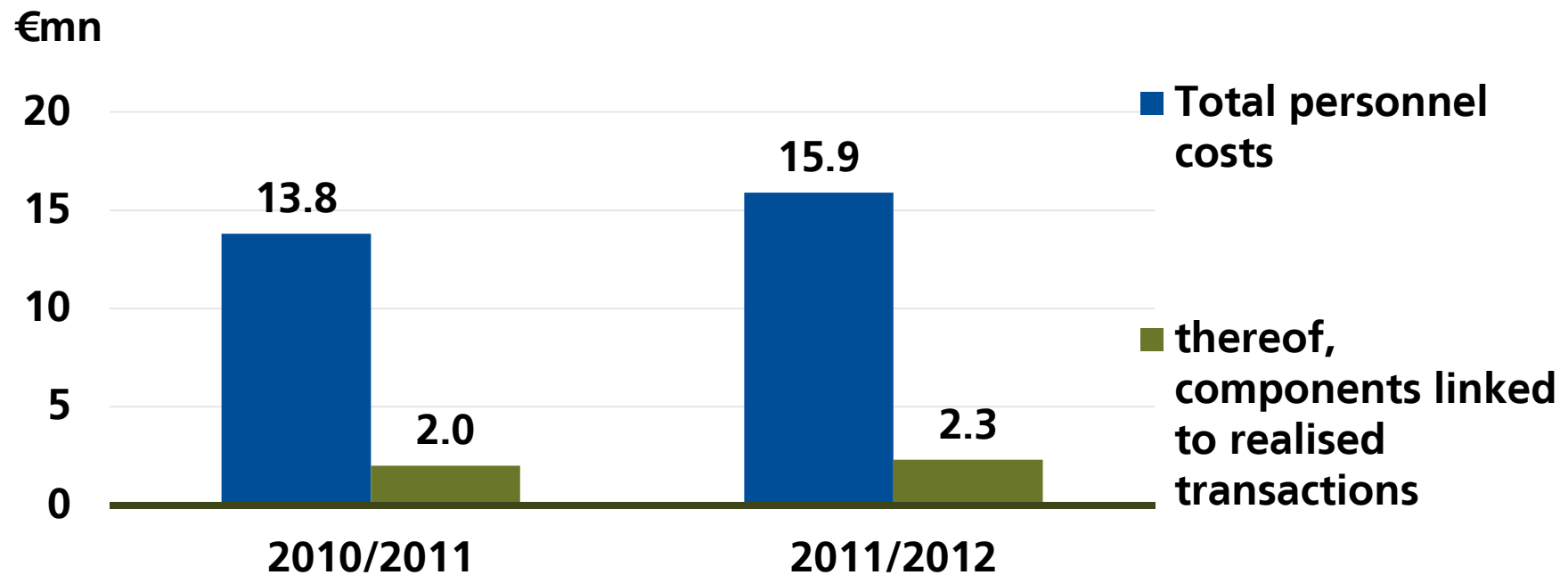
# Details on components of the income statement in management report



- **Combined management report contains annual results based on IFRS and annual results based on German GAAP (HGB)**

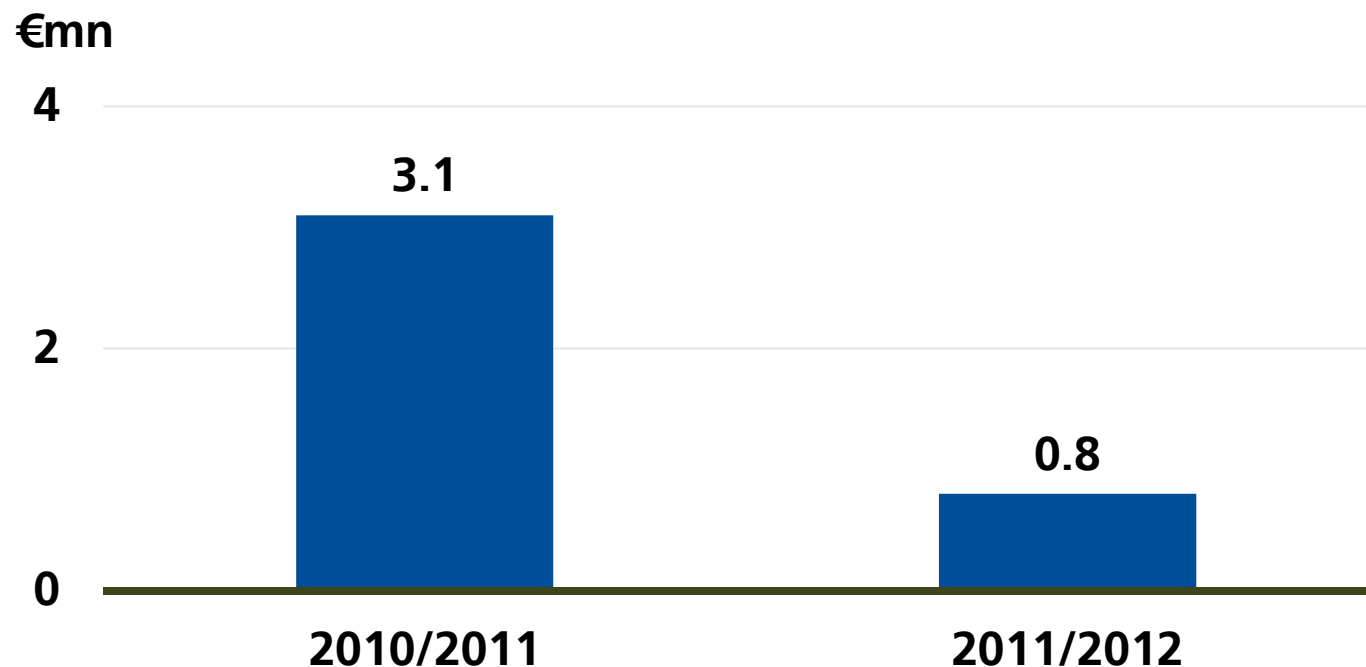
# Personnel costs: €15.9mn (prev.yr.: €13.8mn)

■ Increase primarily due to significantly improved results



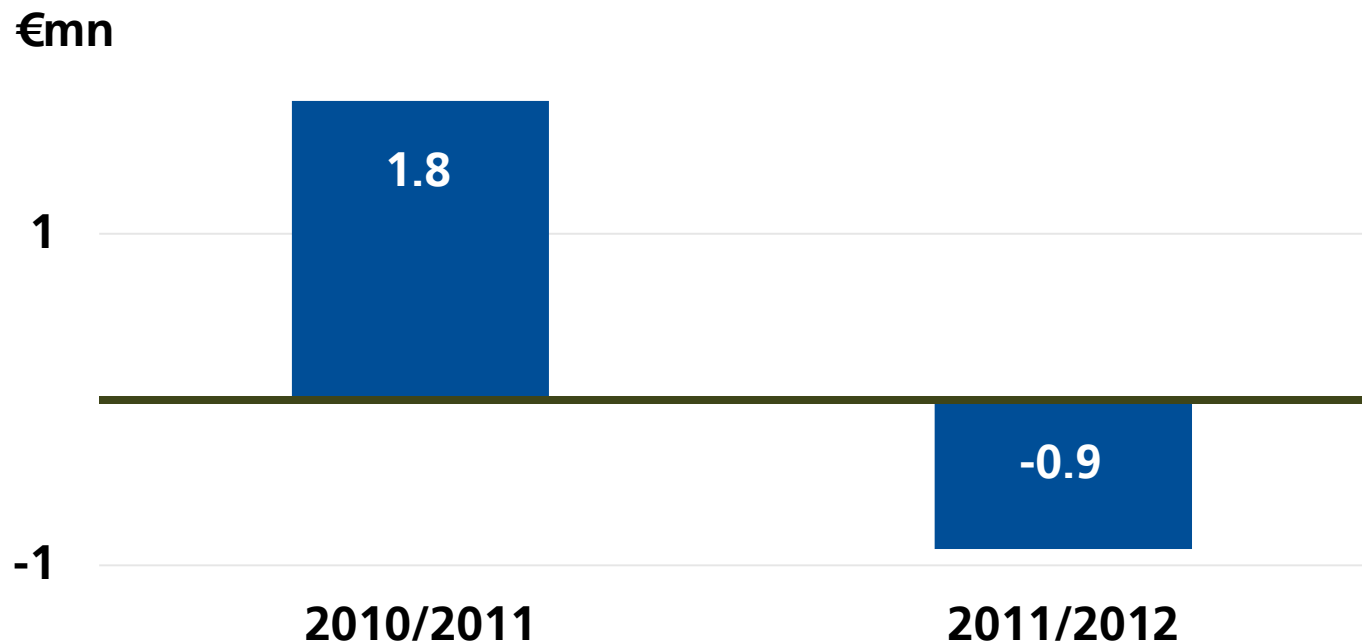
Net interest: €0.8mn  
(prev.yr.: €3.1mn)

■ Previous year: interest income of €1.6mn from interest on a tax refund



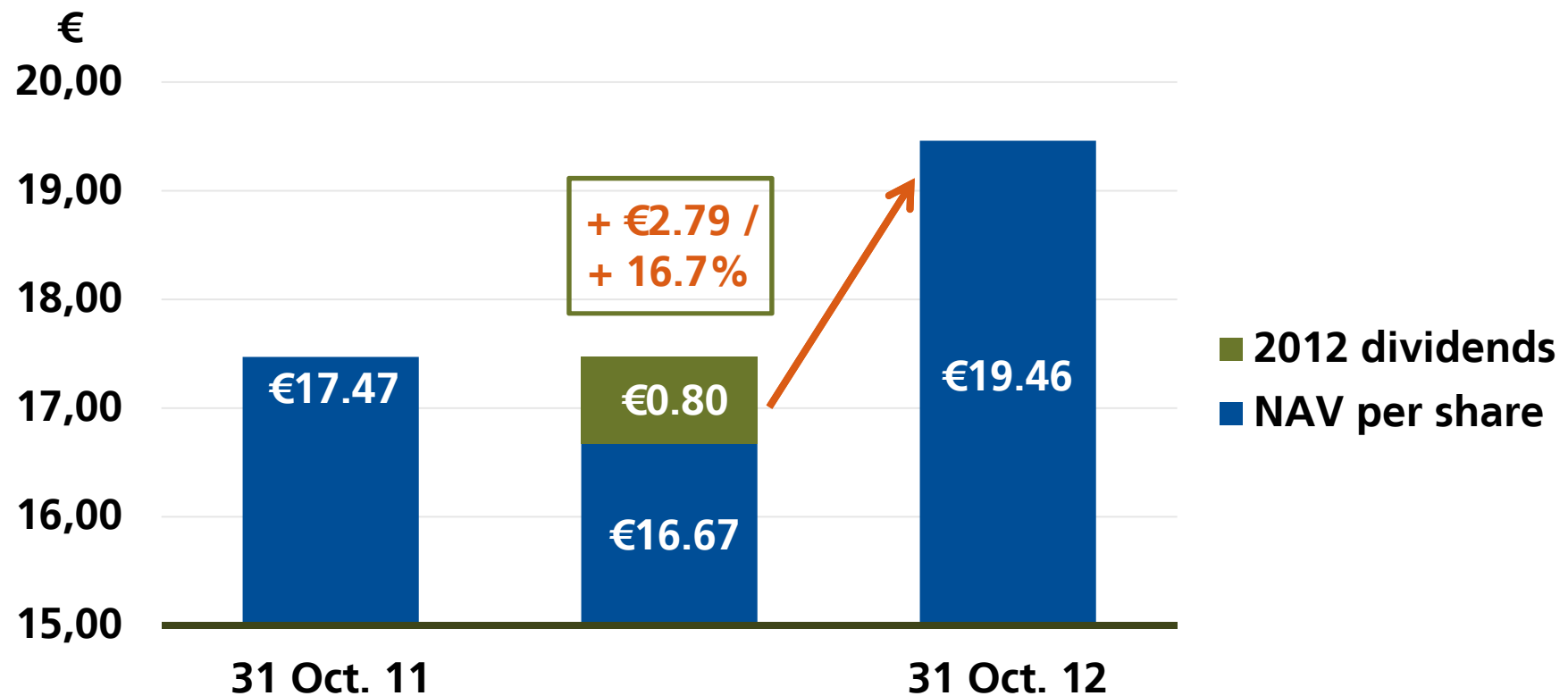
Net taxes: €0.9mn  
(prev.yr.: €1.8mn)

- Provisions for expected tax claim after tax audit
- Previous year: tax income from a tax refund



# Statement of financial position: NAV per share increased to €19.46

## ■ Net asset value up 16.7%



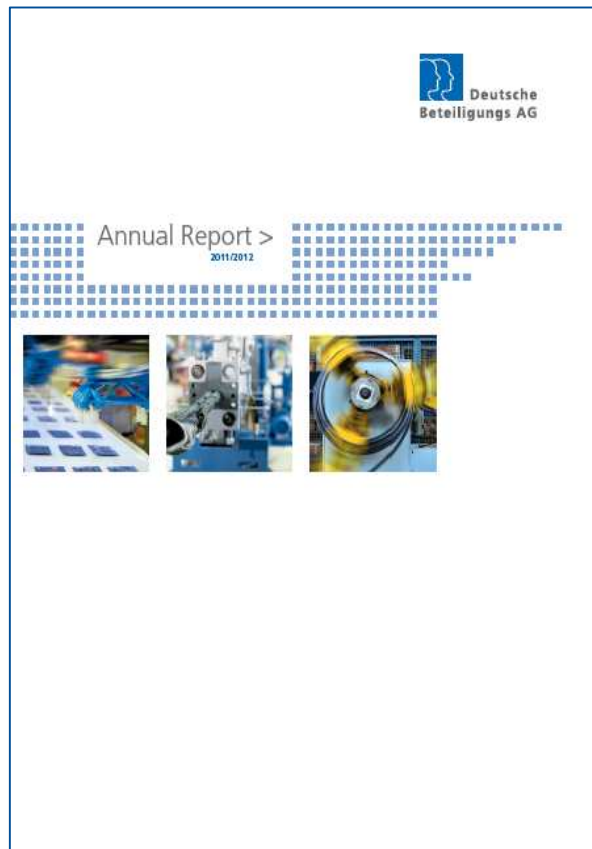
# Statement of financial position: Financial resources of €105.8mn at reporting date



Assets (€mn)	31 Oct. 2012	31 Oct. 2011	Liabilities (€mn)	31 Oct. 2012	31 Oct. 2011
Financial assets and loans	153.6	97.1	Equity	266.2	238.9
Other	39.6	27.2	Non-current liabilities	12.3	10.9
Financial resources	105.8	155.6	Current liabilities	20.5	30.1
	<b>299.0</b>	<b>279.9</b>		<b>299.0</b>	<b>279.9</b>

- Since reporting date, inflows from completed exits of Coperion and Preh (~ €50mn), investments in Heytex and PSS (≈ €8mn)
- Financial resources at 31 January 2013 (Q1) €147.1mn

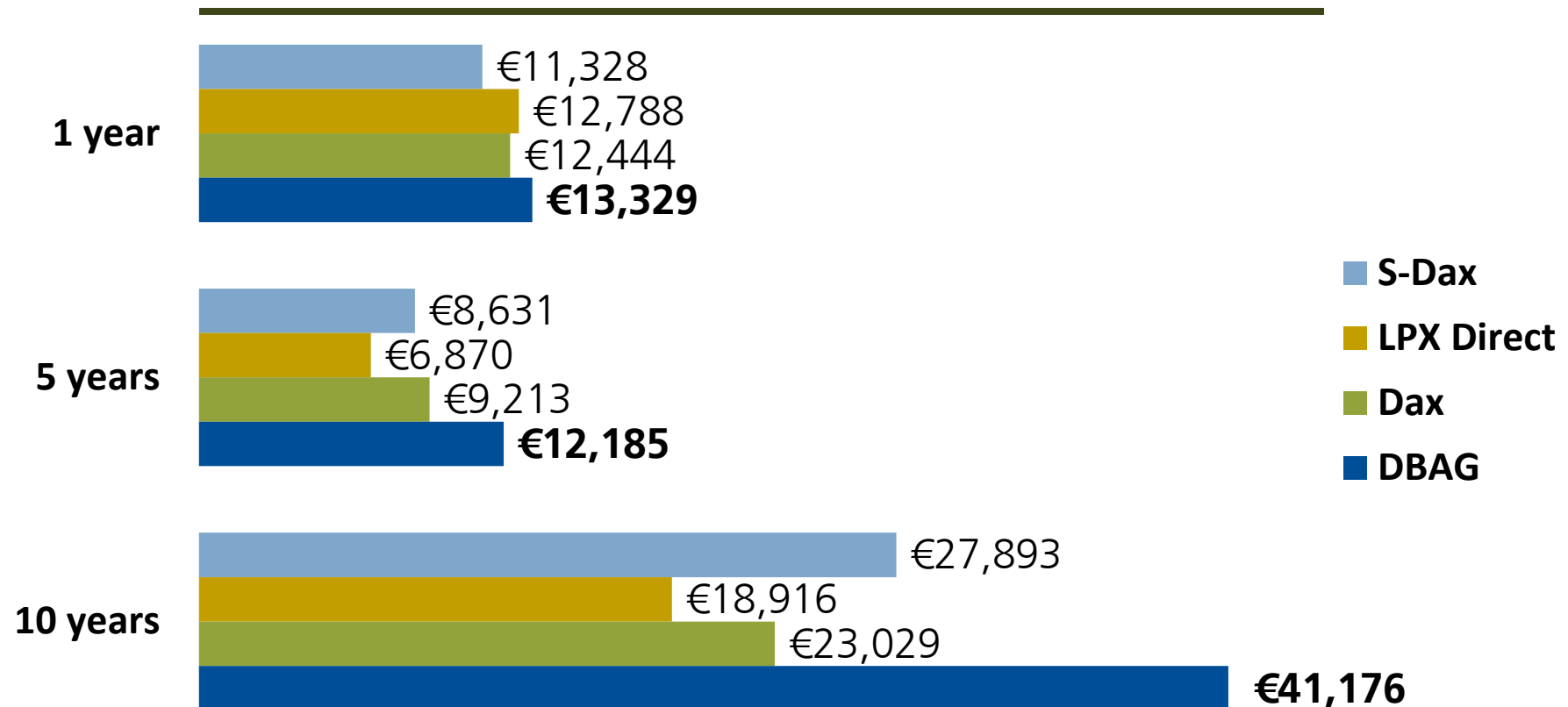
# New attractive investments round out 2011/12 performance



- Detailed accounts of Broetje-Automation and Spheros – the new portfolio companies in 2011/12 – and of all other investments in the Annual Report

# Performance: What became of €10,000 after one, five and ten years?

Initial investment of €10,000 on 1 November of the years 2002, 2007 and 2011





# Dividend policy remains unchanged

## ■ 2011/2012 dividend recommendation:

€0.40 base dividend

€0.80 surplus dividend

€1.20 total dividend per share

## ■ Total amount for distribution: €16.4mn

–Equates to 68% of the distributable profit

## ■ Dividend yield: 7.2% (relative to NAV at start of financial year)

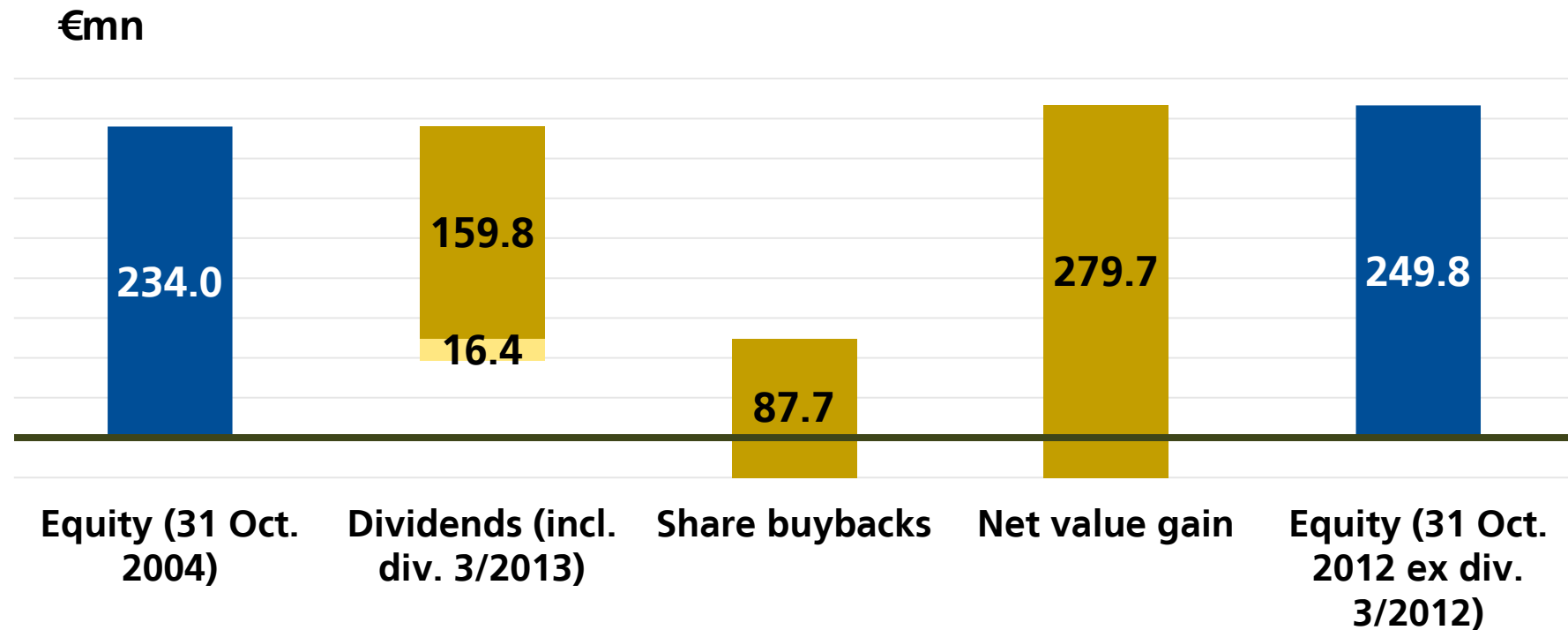
### ■ Objectives of our dividend policy

–Have shareholders participate in the Company's long-term performance

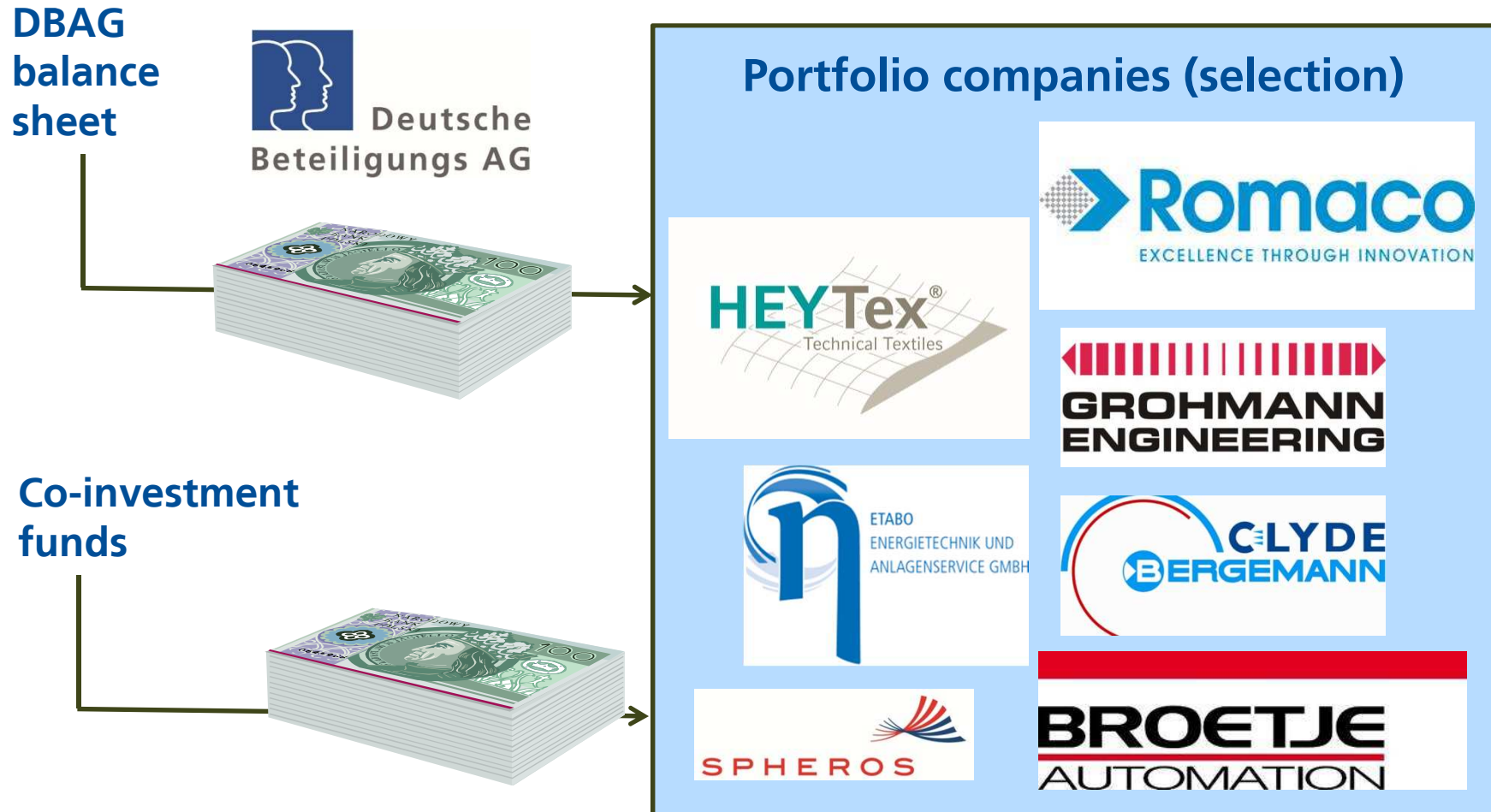
–Cushion volatility in share price

# Shareholders profit from investment performance

- Net value gain of some €280mn in eight years since last capital increase



# Financial basis for investment business rests on two pillars



# Development of capital base of Deutsche Beteiligungs AG (1/2)

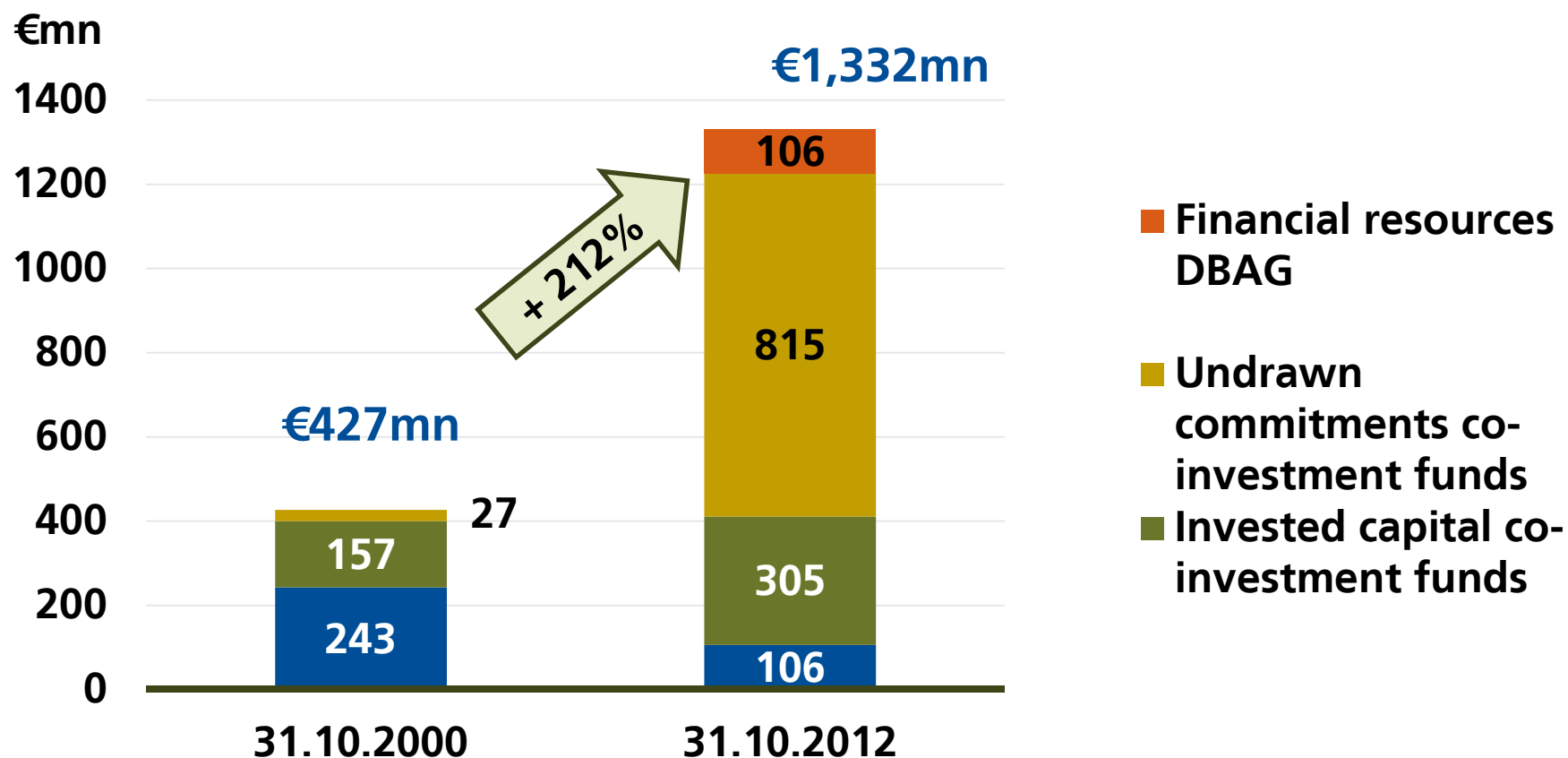
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- **2000: Dependent on a few institutional investors – both for its shares and for co-investment funds**
- **Considerable bank debt on DBAG balance sheet**
- **Uncertainty about investors' future commitment**

- **2013: High proportion of free float, various institutional investors invested in shares**
- **No bank debt**
- **Broad investor base supports investment strategy**

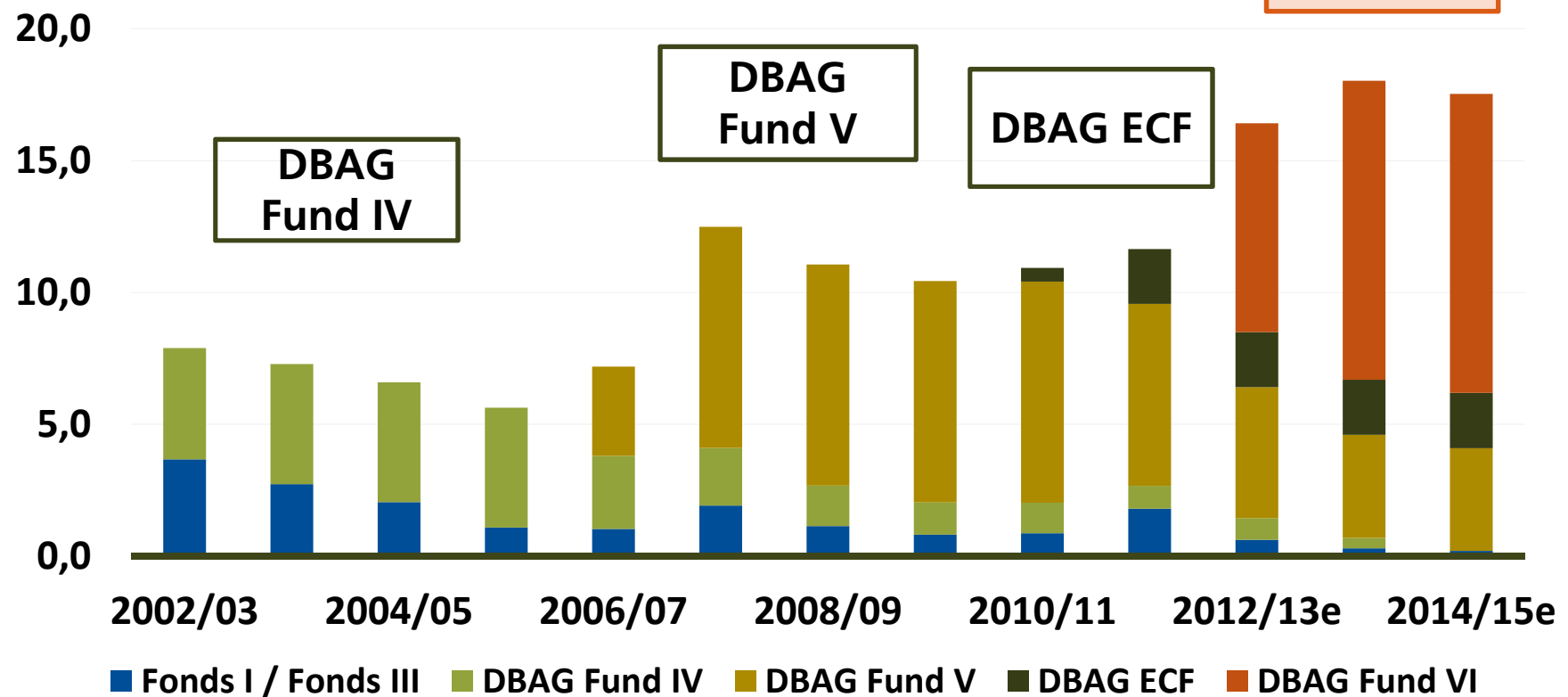
# Development of capital base of Deutsche Beteiligungs AG (2/2)

## ■ Assets under management rose significantly



# DBAG Fund VI augments basis for future income

Fee income for management and advisory services to funds (€mn)



# Fundraising and investment prerequisites for future performance

- Profitable realisations since 2008 give rise to high inflows ...



- ... along with investment restraint before, during and immediately after 2008 financial crisis
- High financial resources position on DBAG balance sheet dilutes return on NAV
- Aim: Increase investment activity, on average (!)
  - two to three MBOs per financial year
  - two to three expansion financings per financial year
  - for a total of up to €50mn from DBAG balance sheet

# Heytex: Invested in December 2012

- **Leading manufacturer of textile print media and technical textiles**
- **Revenues ~ €79mn (2012)**
- **300 employees**
- **Investment: €6.4mn for 17,1% interest (DBAG Fund V holds another 70.7%)**



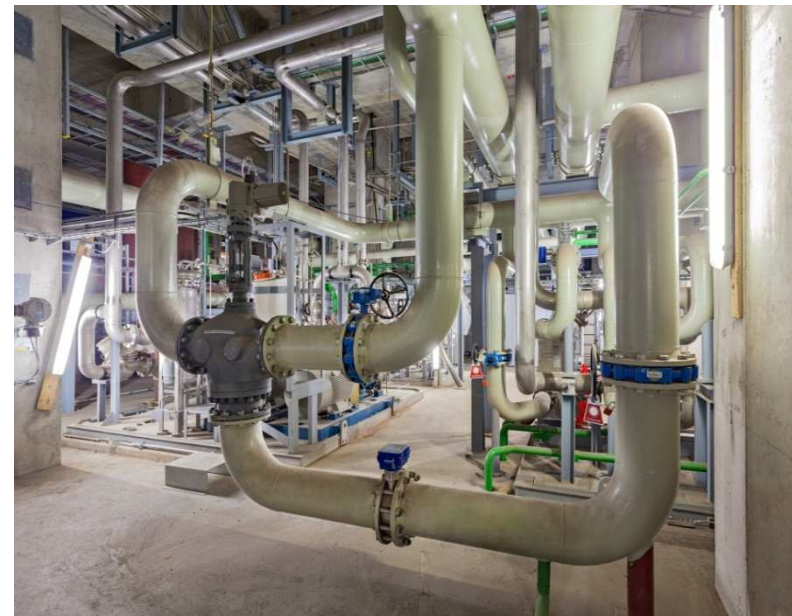


# Heytex: Invested in December 2012

- **Technology leader and European market leader in core business of print media with broad product range**
- **Production in Germany and China, sales offices in US, Brazil and China**
- **Investment case:**
  - Expand sales activities
  - Drive internationalisation
  - Intensify product development activity

# PSS: Invested in December 2012

- **Nucleus for group of specialised industrial services providers**
- **Revenues ~ €50mn (2012)**
- **390 employees**
- **Investment: €1.2mn for 10.2% interest (DBAG ECF: 14.2%); majority shareowner holds 75.6%**
  - Further increase of interest and follow-on investments targeted



# PSS: Invested in December 2012

- **Provision of services to energy and process industries (power plants, chemical companies, tank farms)**
- **Broad range of services along clients' entire value chain**
- **Investment case:**
  - Build a group that combines the benefits of mid-market structures with engineering and systems competence as well as the financing capabilities of a holding
  - Increase investment as the company grows

# Formel D: Investment agreed in February 2013

- **Internationally operating services provider focused on services that address quality in the automotive industry**
- **Revenues ~ €130mn (2012)**
- **2,285 employees**
- **Investment: €10.4mn for 15.1% interest (DBAG Fund V to hold another 62.4%)**

Formel **D**



# Formel D: Investment agreed in February 2013

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- **Beneficiary of changes in automotive industry:**
- **Car production marked by complexity, ever more variants, shorter production cycles**
- **Formel D fills the gap that arises when carmakers' focus on vehicle development and production**
- **Investment case:**
  - Expand current market position by new high-value offerings
  - Continue current fast growth through international expansion

# Stephan Machinery: Investment agreed in March 2013



Deutsche  
Beteiligungs AG

- Manufacturer of cutting-edge machines and plants for food production
- Revenues ~ €42mn (2012)
- 280 employees
- Investment: €3.7mn for 19% interest (DBAG Fund V to hold another ~77%)

**Stephan**  
Food Processing Machinery



# Stephan Machinery: Investment agreed in March 2013

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Deutsche  
Beteiligungs AG

- **System supplier for complete processing lines for liquid food products**
- **Leading provider in a highly attractive segment of the food industry**
- **Investment case:**
  - Tap new geographical markets
  - Expand technology leadership
  - Growth through add-on acquisitions

# Investment strategy remains unchanged

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## ■ **Partner to Mittelstand – Investments in mid-market companies**

– Family businesses, subsidiaries of large corporations, if appropriate secondary buyouts

## ■ **Companies operating in industrial sectors**

– Particularly mechanical engineering and plant construction, automotive suppliers and industrial services

## ■ **Key investment criterion: Good prospects of further improving strategic positioning and operating processes**

## ■ **Create value by: acting with a long-term view, thinking strategically, financing upstream activities, involving management and staff**



# Good start to new financial year: Consolidated net income of € 7.5mn in Q1

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- **Consolidated first-quarter net income reaches €7.5mn**
- **Net asset value €20.02 per share**
  - Gain of 3.1% in first three months of 2012/2013
- **Consolidated net income largely driven by net result of investment activity**
  - Good business prospects for portfolio companies: 2013 budgets > 2012 actual
  - Homag (share price gained 9% in Q1)
  - Coveright: profitably sold last remaining operating entity
- **Two new investments since then two further investments agreed**
- **Portfolio companies continue to make good progress**

# Focus remains on investments in the portfolio

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- Four new investments since start of new financial year
- Good deal flow
- Ample liquid funds

➔ Good prospects for Deutsche Beteiligungs AG to continue its pattern of progress

# Agenda Item 6: By-election to the Supervisory Board

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- **German Corporate Governance Code provides for age limit for Supervisory Board members**
- **Professor Dr Günther Langenbacher has reached the age of 70 and will therefore step down from his office**
- **Shareholders holding aggregate of more than 25 percent of voting rights in DBAG (including Rossmann Beteiligungs GmbH) nominated Wilken von Hodenberg, former Spokesman of the Board of Management of Deutsche Beteiligungs AG**

# Agenda Item 7: New arrangements for the remuneration of the Supervisory Board

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Deutsche  
Beteiligungs AG

- **Present arrangements consisting of fixed and variable components to be replaced by fixed fee only**
  - Present model no longer complies with valid recommendations of German Corporate Governance Code
- **Remuneration tends to be higher in years of average earnings growth, and lower in years of good performance**

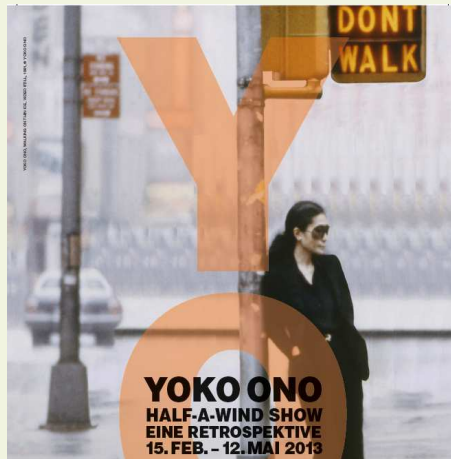
# Agenda Item 8: Conversion to registered shares

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- **Better, due to more direct communications with shareholders**
- **Facilitates the organisation of Annual Meeting**
- **More and faster information on changes in the shareholder profile**
- **Cost savings in the mid-term**

# Social and cultural commitment

## ■ Commitment maintained as “Friends and Sponsors of the Schirn”



# Agenda Item 1



Deutsche  
Beteiligungs AG

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- **Presentation of the adopted annual financial statements and the management report of Deutsche Beteiligungs AG at 31 October 2012, the approved consolidated financial statements at 31 October 2012 and the combined management report of Deutsche Beteiligungs AG and the Group, together with an explanatory report by the Board of Management on disclosures pursuant to §§ 289 (4) and (5), 315 (4) HGB (German Commercial Code) as well as the Report of the Supervisory Board.**

# Agenda Item 2

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## ■ Resolution on the appropriation of retained profit



# Agenda Item 3

- **Resolution on the ratification of the actions of the members of the Board of Management for financial year 2011/2012**

# Agenda Item 4

- **Resolution on the ratification of the actions of the members of the Supervisory Board for financial year 2011/2012**

# Agenda Item 5

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## ■ Appointment of auditors for financial year 2012/2013

# Agenda Item 6

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## ■ By-election to the Supervisory Board

# Agenda Item 7

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## ■ Resolution on new arrangements for the remuneration of the Supervisory Board

# Agenda Item 8

- **Resolution on the conversion from bearer shares to registered shares and the corresponding amendment to the Articles of Association as well as the adaption of resolutions passed at Annual Meetings**

# Agenda Item 9

- **Resolution on amendments to the Articles of Association regarding the renaming of the German Federal Gazette (Bundesanzeiger) as well as on electronic communications with shareholders**

# Thank you!

■ **Auf Wiedersehen in March 2014**

■ **For the latest news visit:**

**[www.deutsche-beteiligung.com](http://www.deutsche-beteiligung.com)**



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Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our business.