



Deutsche  
Beteiligungs AG

# Investing into German “Mittelstand”

German Equity Forum, 12 November 2012

# DBAG Representatives and Topics



Wilken von Hodenberg  
Spokesman of the Board of  
Management



Torsten Grede  
Member of the Board of  
Management



Susanne Zeidler  
Member of the Board of  
Management



Thomas Franke  
Head of Investor Relations  
and Public Relations

- **Deutsche Beteiligungs AG at a glance**
- **Structure**
- **Equity Story**
- **Outlook**
- **Appendix**

# Deutsche Beteiligungs AG at a glance



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## ■ Strong market position

- Leading position in German mid-market private equity
- Experienced investor in buyouts as well as in growth financings

## ■ Well established in German private equity market

- More than 300 private equity investments dating back to 1965
- Dedicated focus on investing in “Mittelstand” companies
- €1.4bn assets under management
- 2011 “DACH House of the year” – Award by unquote magazine

## ■ Remarkable success story

- 15.2% after tax RoE per share (on average, 15 years), 13.9% (on average, 10 years)

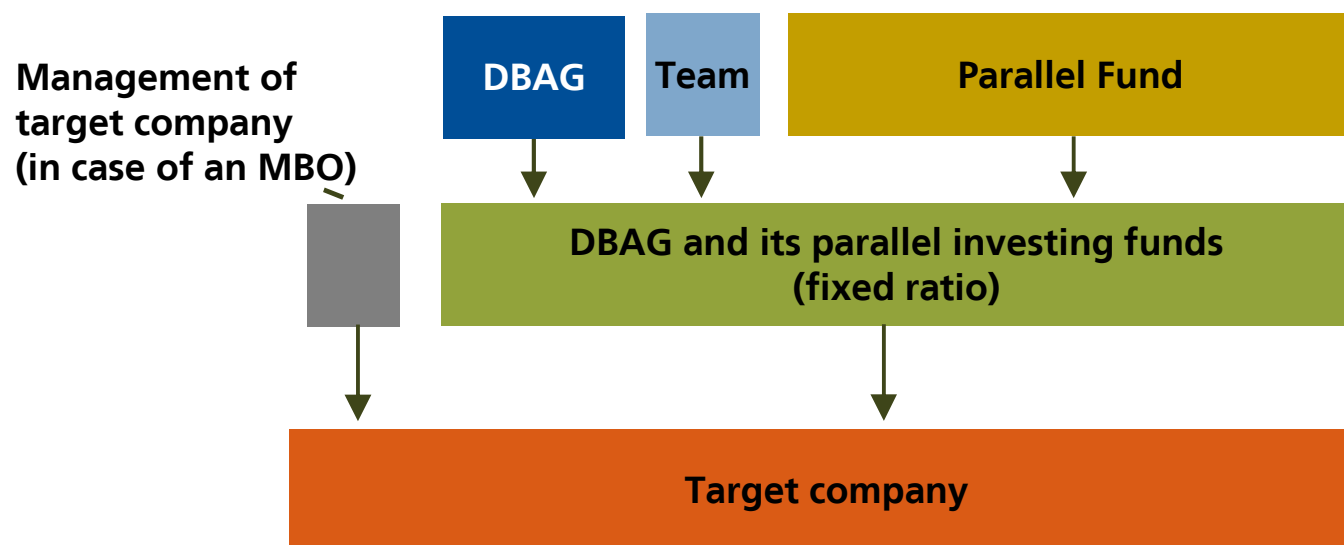
## ■ Largest listed German private equity player

- Listed since 1985
- Member of S-Dax, LPX Indices and Stoxx Private Equity 20
- Market cap ~ €255mn
- Free float ~ 70%

# Structure

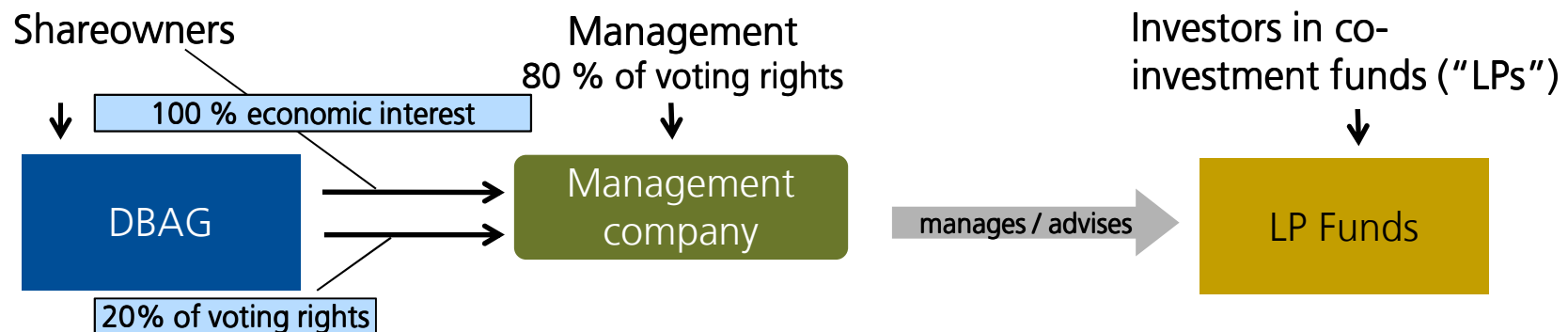
# Structure: Advantages through co-investment funds

- **Direct investment company invests alongside institutional funds (limited partnerships) managed by DBAG**
- **Co-investment funds enable**
  - Higher risk diversification for DBAG
  - (Partial) coverage of management cost



# Structure: Management company to safeguard investors' interests

- Investment team initialises decision process on investments and manages the portfolio through a management company
- 80 percent of voting rights in management company in the hands of members of DBAG Board of Management  
=> Safeguards independence of management company against changes at DBAG level
- DBAG earns fee income from co-investment funds via the management company



# Equity Story



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- **Experience:** Since 1965 DBAG invests as a direct investor into German “Mittelstand”
- **Performance:** Average (ten years) 13.9% after tax RoE per share (2002/03 to 2011/12e)
- **Cash generation:** €248mn returned to shareholders in seven years (> 100% of NAV as of 31 October 2004)
- **Investment strategy:** Focus on sectors with highly attractive megatrends
- **Market:** Attractive environment for investment
- **High quality portfolio**



# Experience: Based on an broad and highly proficient investment team

## ■ Over 200 years of private equity experience

	Number	Years at DBAG (av.)
Principals	5	12
Directors	11	11
Senior Investment Managers	4	5
Investment Managers / Associates	3	1
Total	23	9

## ■ Further team members include industrial partners and research

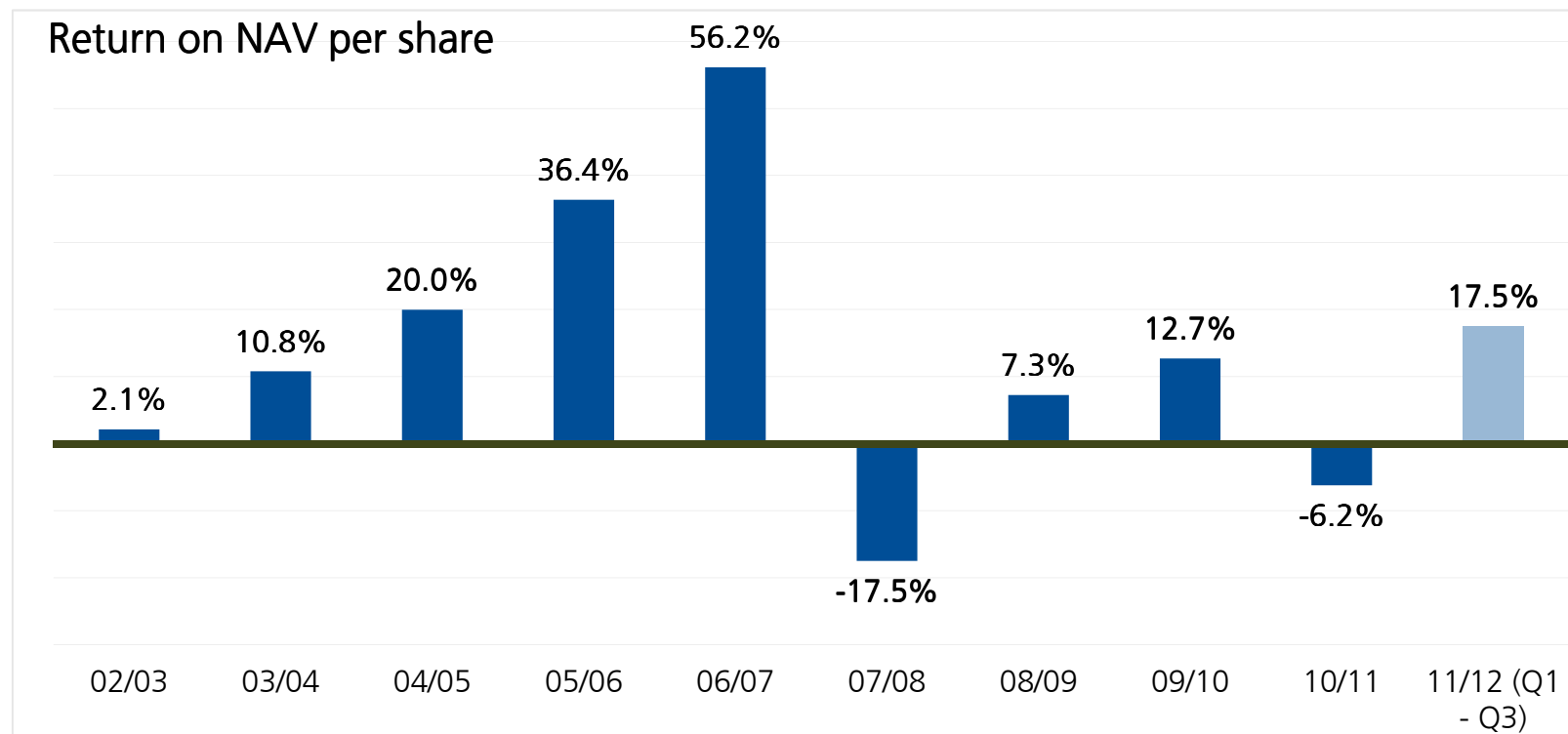
## ■ Long-term success-related management remuneration

- Carried interest scheme
- Investment team must co-invest to participate in performance of investments

➡ Strong alignment of interest

# Ten-year returns rise to more than 13 percent, after current results

- Return on NAV per share over 10-year average (FY 2002/03 – 2011/12e): 13.9%
- Return on NAV per share over 15-year average (FY 1997/98 – 2011/12e): 15.2%

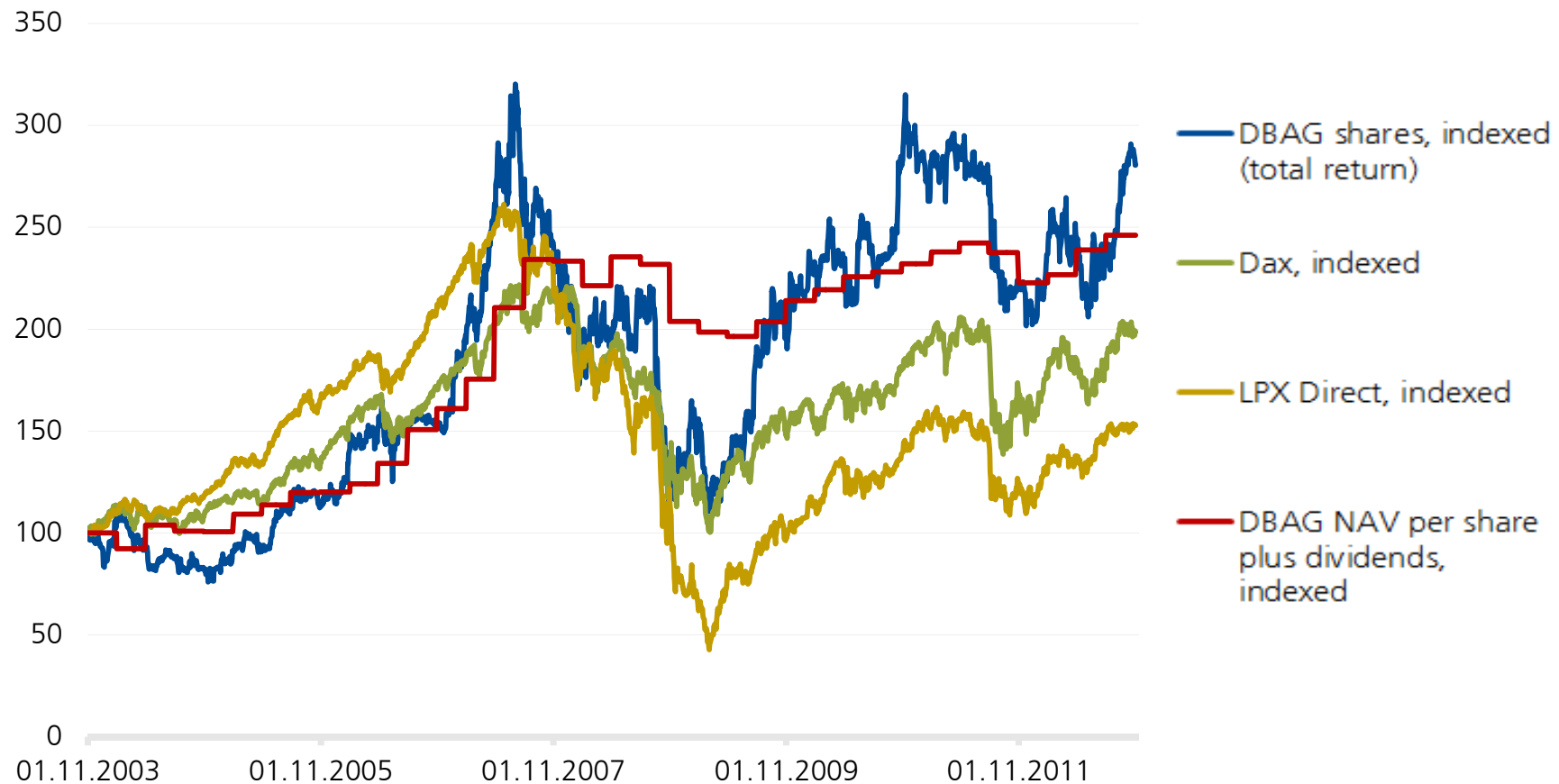


Return on NAV per share for 2002/03 to 2003/04 based on HGB accounting, thereafter on IFRS.

# Investment performance also reflected in share performance over the long-term

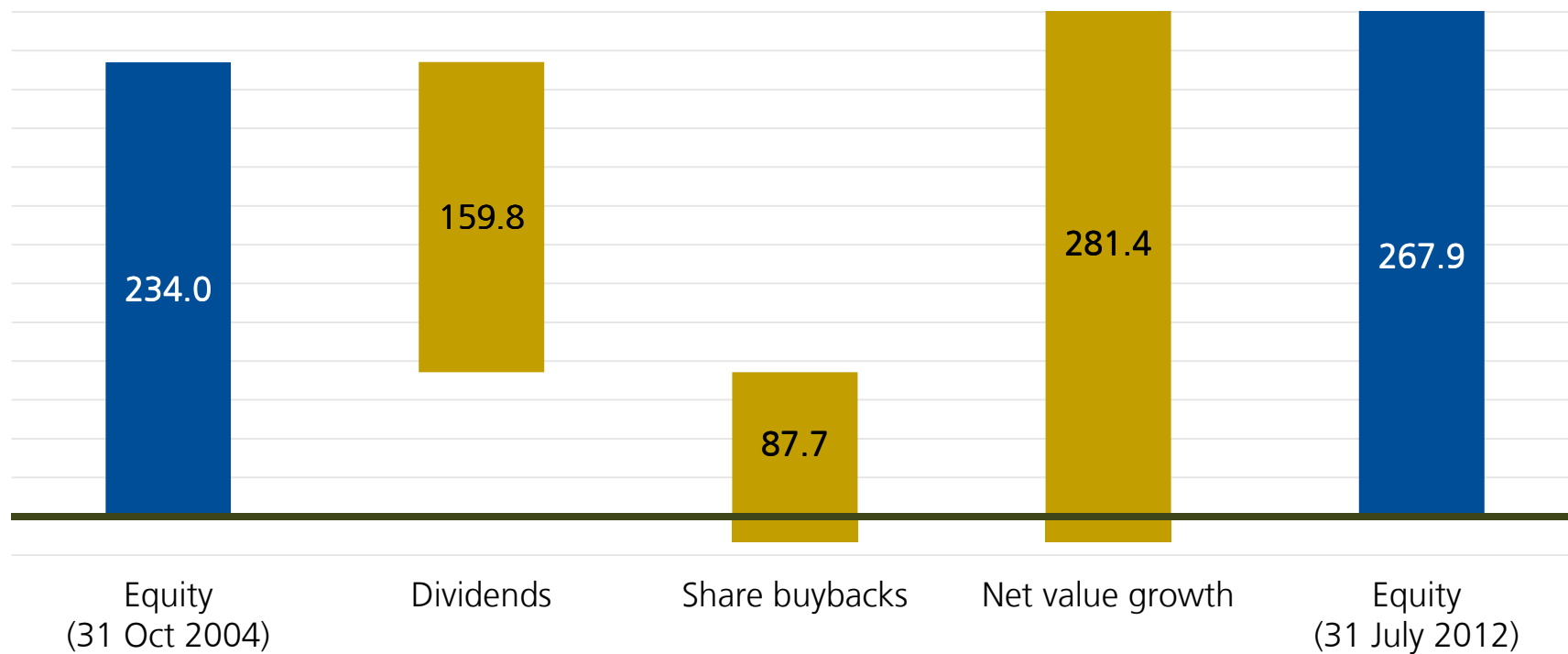
## Performance of DBAG shares and NAV per share

(1 November 2003 to 31 October 2012, Total Return, Index: 1 Nov. 2003=100)



# Cash generation: High returns for shareholders

## ■ Net value growth of about €280mn in seven years



# Investment strategy: Focus on certain core sectors

## ■ Focus on market-leading industrial companies (“German engineering”):

- Buyouts and growth financings with transaction value of €50mn to €250mn in German-speaking countries
- Earnings growth opportunities
- Core sector focus

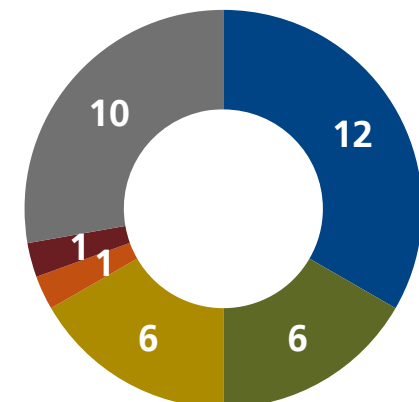
## ■ Value creation by portfolio companies

- Earnings growth (business & geographical expansion, operational excellence)
- Improvement of strategic positioning
- Corporate governance & management incentives

## ■ Exit

- DBAG delivers transformed companies that are attractive to strategic acquirers

36 Transactions since 1997 – Split by sector



- Mechanical Engineering
- Industrial Services
- Automotive Supplies
- Speciality Chemicals
- Industrial Automations
- Others

# Market: Attractive environment for investment

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## ■ **Germany: Largest economy in Europe; fourth largest globally**

- 2nd largest exporter globally
- Economy has rebounded more strongly “post-Lehman” than its major European counterparts
- Stable legal and social framework

## ■ **Germany’s industrial sector is a centre for technological excellence with global reach**

- European leader in patents
- Broad range of market-leading companies addressing key global growth trends including:
  - Manufacturing productivity improvements
  - Growth in emerging markets
  - Energy efficiency and clean technologies
  - Mobility

Sources: IMF World Economic Outlook, OECD Economic Outlook, CIA World FactBook, KPMG European Mid-Market Survey 2010

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# Recent investments:

## Spheros GmbH



### ■ Company

- Leading global developer and manufacturer of air conditioning systems and engine-independent heating systems for buses
- Sales (2011) €185mn
- 680 employees

### ■ Investment

- Investment €12.9mn
- DBAG holds 15.7% (plus ~ 66% by DBAG Fund V)



### ■ Global market presence

- Production sites in Germany, Finland, Turkey, Brazil, India and China
- International R&D sites

### ■ Technologically differentiated, innovative product portfolio

### ■ Leadership position in growing niche market

### ■ Growth potential from...

- ...continued internationalisation
- Know-how transfer to other applications

# Recent investments: Broetje-Automation GmbH



## ■ Company

- Leading manufacturer of machinery and service provider for the aviation and aerospace industry
- Sales (2011) €112mn
- 350 employees

## ■ Investment

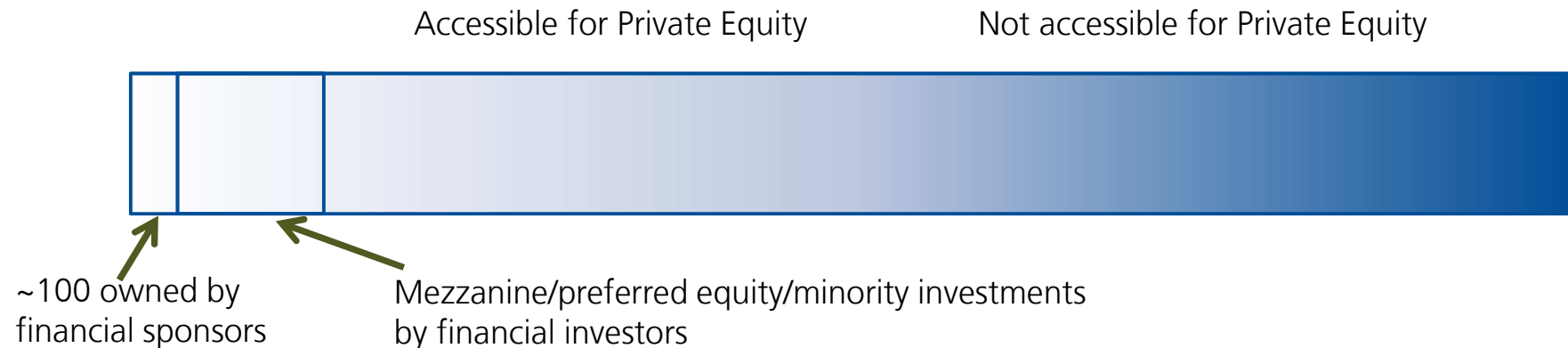
- Investment €5.6mn
- DBAG holds 18.8% (plus ~76% by DBAG Fund V)



- **Leading market player as strategic supplier to all major aircraft manufacturers**
- **Growing market through new aircraft manufacturers**
- **Competency transfer to other industries**
- **Potential for more support services and maintenance business**



# Market: Opportunities for buyouts as well as for growth financings



## ■ The Mittelstand provides a wealth of investment opportunities

- Largest number of mid-market companies in Europe
- Round 4,000 German companies with sales between €100mn and €500mn p.a.
- Significant number of world leaders in niche markets

## ■ Marginal penetration of mid-market by buyout sponsors (< 3%)

## ■ DBAG addresses family companies open for financial investors with its DBAG Expansion Capital Fund

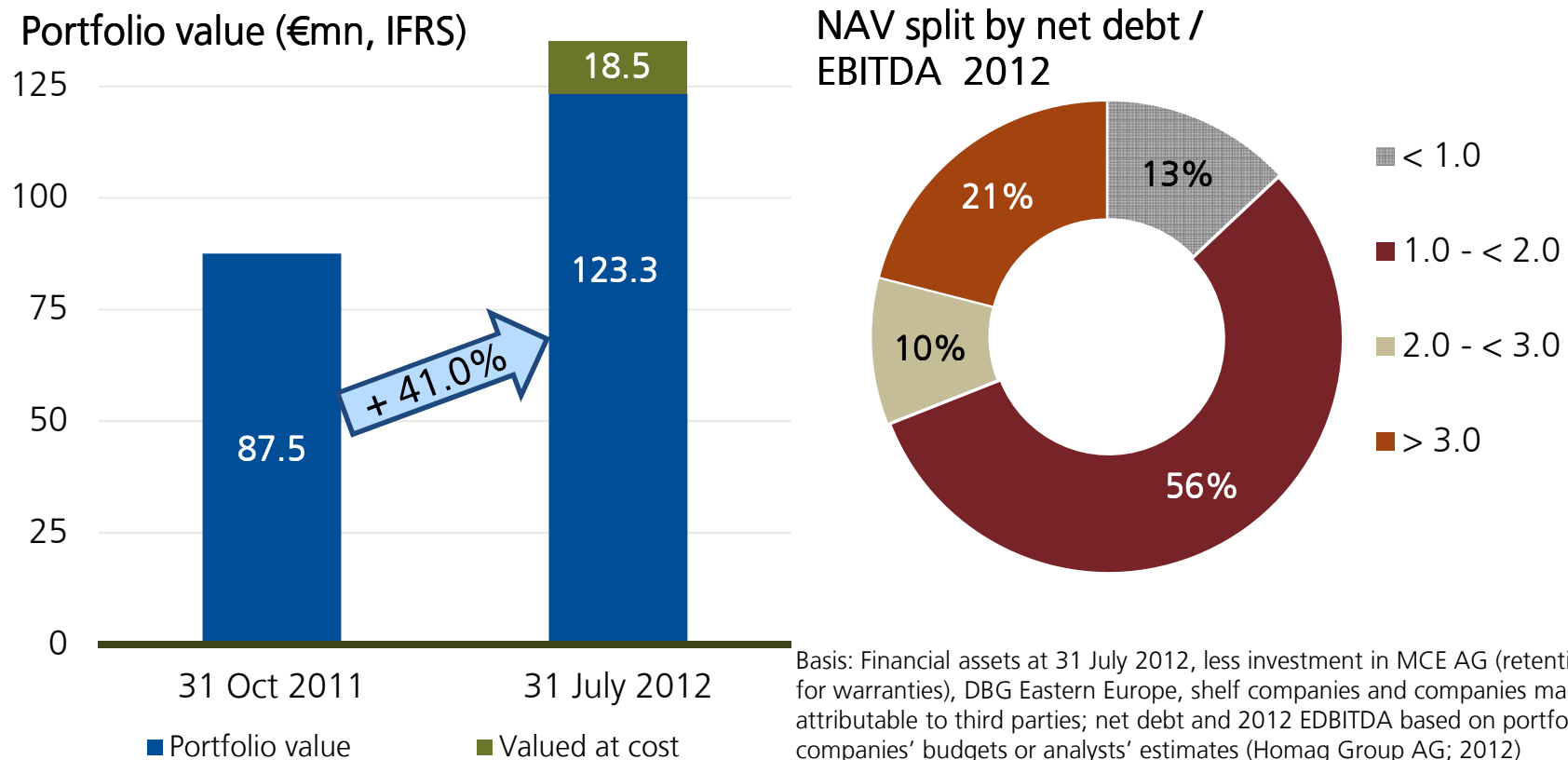
# Current trend / Outlook



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# Portfolio: Valuations clearly increased in first nine months

## ■ Current portfolio value largely based on average of actual data per 30 June and expected results per 31 Dec. 2012



# Gratifying net result of valuation following good portfolio performance

## ■ **Net income of € 40.1mn in first nine months**

- Net asset value per share gains 17.5% in first nine months of 2011/2012\*
- Net income largely driven by result of investment activity, overall equity market impact neutral

## ■ **Net income largely driven by result of investment activity**

- Very satisfactory performance by portfolio companies continues
- Overall equity market neutral, but Homag share price rose by 42% from 1 Nov. 2011 to 31 July 2012 ( $\triangle$  €9.4mn)
- Earnings contribution of €11.0mn from one-off effect in second quarter: Provisions for value-added tax risks reversed following decision by tax authority

\*based on NAV at 31 Oct. 2011, less dividend paid in March 2012

# DBAG Fund VI – Fundraising completed in four months' time

## ■ **Very short fundraising period with huge response and fund size at upper cap**

- Quick process: Prospectus issued in April 2012, closing at end of August 2012
- Fund size: €700mn, thereof
  - €567mn from external investors
  - €133mn (19%) from DBAG as co-investor
- Börsen-Zeitung (i.a.): “Largest German buyout fund to date”

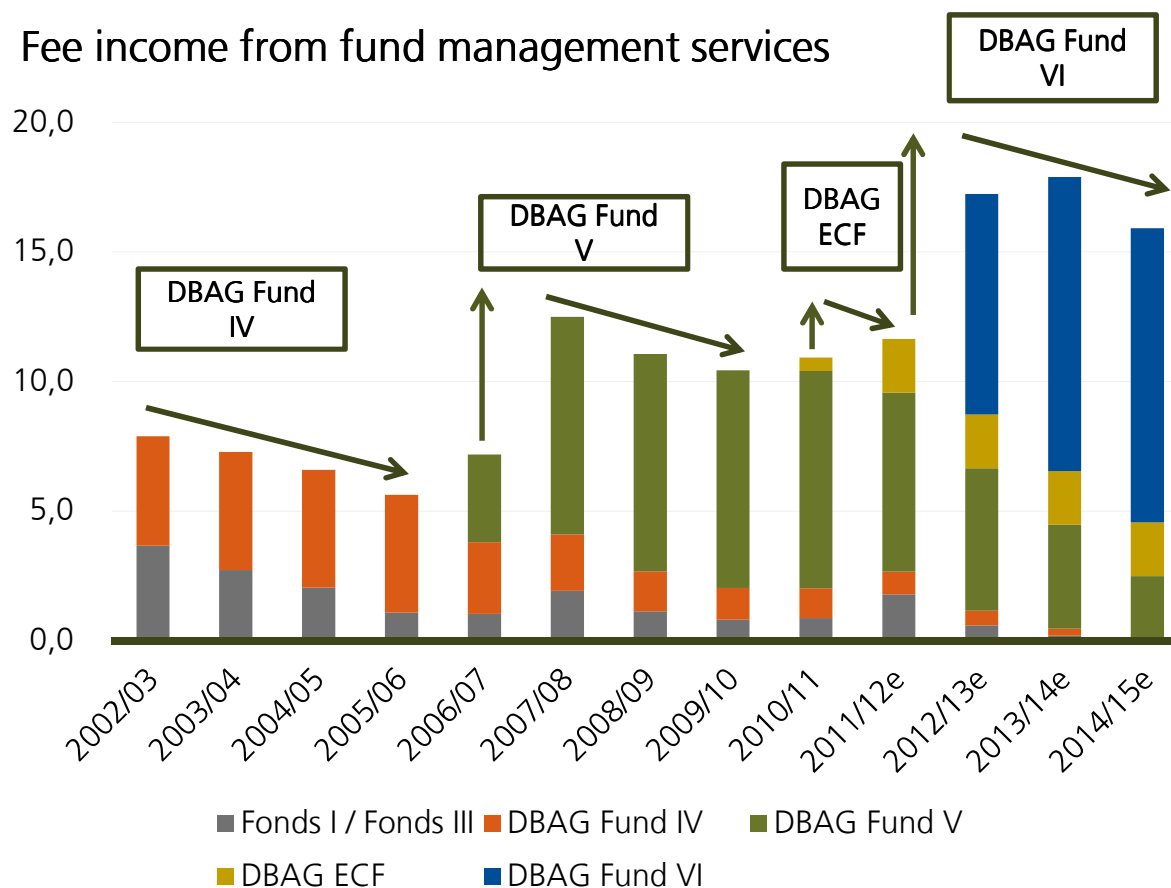
## ■ **More than half the existing investors subscribed to DBAG Fund VI and account for more than half of commitments**

## ■ **External investor base broadened**

- Stronger internationalisation: only 19% of commitments from Germany, compared with 54% for DBAG Fund IV (2003)
- Larger number of investors
- Larger share of commitments (45%) from pension funds and insurance companies (perpetual investors in private equity)

# Successful fundraising augments basis for future income from management of co-investment funds

- **Management fee income to cover basic operating costs, target: TER < 2%**
- **Q1-Q3 2011/2012: fee income of €9.5mn for management services to co-investment funds, 2011/2012e: €11.6mn**
- **Starting Q1 2013, additional fee income for management services to DBAG Fund VI**



## ■ Financial year 2011/2012:

### Net income of €40.1mn plus €xmn

- Positive in Q4:
  - Valuation gain arising from agreement on sale of Coperion
    - » €10.4mn investment in July 2007 (18.8% interest, remainder held by co-investment funds and management)
    - » Sales proceeds exceed valuation as at 31 July 2012
- Negative in Q4:
  - Price movement of Homag shares (-€5.5mn)
  - Pension liabilities underfunded following decrease in interest rates
- Dividend: Realisations and retained earnings create potential for dividend payment

## ■ Focus on new investments

- Considerable liquidity for new investments
  - DBAG balance sheet: ~ €114mn
  - Co-investment funds: ~ €240mn (excl. DBAG Fund VI)
- Strong deal flow
  - Increasing number of enquiries for expansion financings
  - Buyouts: availability of acquisition finance decreasing

## ■ Portfolio in good overall shape, but

- Sovereign debt crisis
  - Recession in many parts of Europe
  - Growth in China and the US slowing down
    - => German economy at risk
  - Uncertainty weighs on recent positive trend in stock markets



# Appendix

# Generational change on DBAG Board of Management



## ■ **Susanne Zeidler (born 1961) joined DBAG Board of Management on 1 November 2012:**

- Responsible for financial sector after Mr von Hodenberg's departure subsequent to Annual Meeting in March 2013
- 1990 – 2010: KPMG
  - 1990 – 1999: Valuation of mid-sized and listed companies operating in various industries
  - 2000 – 2005: Development and management of internal audit review
  - 2006 – 2010: Development and management of KPMG's business relating to foundations and other non-profit organisations
- 2011 – 2012: Director of an international charity organisation

## ■ **André Mangin (born 1954) will leave Board of Management following 2013 Annual:**

- Consultancy for DBAG Expansion Capital Fund
- Functions in companies of DBAG Fund VI

## ■ **Members of the Board of Management as of 2013:**

- Torsten Grede (Spokesman)
- Dr Rolf Scheffels
- Susanne Zeidler (CFO)

# Result for nine-month period: P&L

T €	1 Nov. 2011 – 31 July 2012	1 Nov. 2010 – 31 July 2011
Net result of valuation and disposal of financial assets and loans and receivables	39,258	9,454
Current income from financial assets and loans and receivables	1,400	9,376
Personnel costs	(12,028)	(10,453)
Other operating income	22,526	11,612
Other operating expenses	(10,104)	(14,674)
Depreciation and amortisation on property, plant and equipment and intangible assets	(263)	(210)
Net interest	1,083	2,301
Net income before taxes	41,872	7,406
Income taxes	(30)	1,993
Minority interest	(1,776)	317
<b>Consolidated profit</b>	<b>40,066</b>	<b>9,716</b>
Earnings per share (in €, undiluted)	2.93	0.71

# Statement of financial position: Liquidity of 113.8 million euros

Assets (€mn)	31 July 2012	31 Oct. 2011	Liabilities (€mn)	31 July 2012	31 Oct. 2011
Financial assets and loans*	153.7	97.1	Equity	267.7	238.9
Other	30.9	27.2	Non-current liabilities	12.7	10.9
Liquidity*	113.8	155.6	Current liabilities	18.0	30.1
	<b>298.4</b>	<b>279.9</b>		<b>298.4</b>	<b>279.9</b>

## ■ Liquidity declines by €41.8mn in financial year

- €21.3mn for new investment
- €10.9mn for distribution

## ■ No liabilities to banks

\* "Liquidity": cash and interest-bearing securities

# Portfolio\* (IFRS value)

	Number of investments	Current value (IFRS)
Direct MBOs	12	€127.1mn (89.6%)
Fund investments in foreign countries (indirect MBOs)	3	€7.8mn (5.5%)
Expansion financings (minority investments)	3	€6.9mn (4.8%)
<b>Portfolio total</b>	<b>18</b>	<b>€141.8mn</b>

Status: 31 July 2012

\* Portfolio value: without shares in shelf companies and companies largely attributable to third parties; rounding errors may occur

# Nine largest investments account for 90 percent of portfolio value\* (IFRS)

Company (alphabetical order)	Investment (historical cost, €mn)	Equity share DBAG (%)	Sector
Broetje-Automation GmbH	5.6	18.8	Mechanical engineering and plant construction
Clyde Bergemann Group	9.2	17.8	Mechanical engineering and plant construction
Coperion GmbH	10.4	18.8	Mechanical engineering and plant construction
DBG Eastern Europe II L.P.	5.5	14.9	Buyout funds
FDG S.A.	4.9	15.5	Industrial services
Grohmann GmbH	2.1	25.1	Mechanical engineering and plant construction
Homag Group AG	21.4	16.8	Mechanical engineering and plant construction
Preh GmbH	0.6	4.3	Automotive suppliers
Romaco Group	7.7	18.7	Mechanical engineering and plant construction
Spheros GmbH	12.9	15.7	Automotive suppliers

Status: 31 July 2012

\* Portfolio value: without shares in shelf companies and companies largely attributable to third parties

# Portfolio companies of Deutsche Beteiligungs AG (I)

Company	Revenue 2011 €mn	No. of staff	Core business	Markets
Broetje-Automation GmbH, Wiefelstede	80 (Budget FY 11/12)	350	A developer and manufacturer of machines and complete lines for the automated production of aircraft	worldwide
Clyde Bergemann Group, Wesel/Glasgow/Delaware	445mn (US\$; FY 11/12)	1,550	A developer and manufacturer of components for coal-fired power plants	worldwide
Coperion GmbH, Stuttgart	456	1,880	A developer and manufacturer of compounding systems and bulk-materials handling equipment	worldwide
Coveright Surfaces Holding GmbH, Mülheim a. d. Ruhr	155	380	A developer and manufacturer of impregnated films for the furniture and building industries	South America
FDG Group, Orly, France	110	750	Non-food category management for supermarkets in select product lines	France, neighbouring countries
Grohmann GmbH, Prüm	103	650	A developer and provider of plants for industrial automation	worldwide

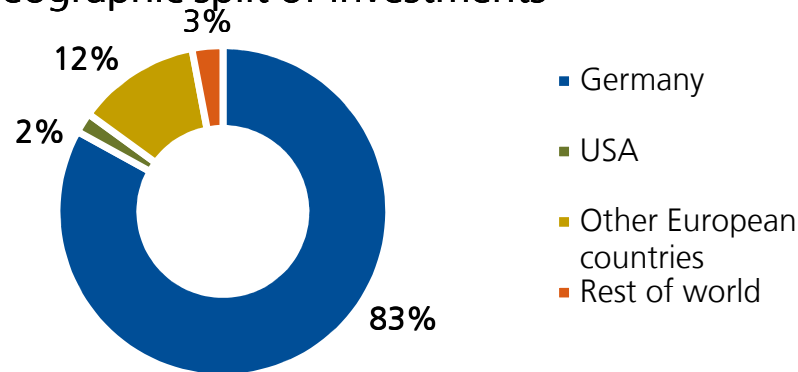
# Portfolio companies of Deutsche Beteiligungs AG (II)

Company	Revenue 2011 €mn	No. of staff	Core business	Markets
Homag Group AG, Schopfloch	799	5,150	A provider of woodworking machines and plants for the furniture and construction supplies industries	worldwide
JCK Holding GmbH Textil KG, Quakenbrück	584	780	A marketer of textiles	Germany
Preh GmbH, Bad Neustadt a. d. Saale	412	2,700	A developer and manufacturer of sophisticated driver operating and control elements for cars	worldwide
Romaco Group, Karlsruhe	93 (FY10/11)	400	A developer and manufacturer of packaging machines for the pharmaceutical industry and of processing machines and lines for the food, cosmetics and health-care sectors	worldwide
Spheros GmbH, Gilching	185	680	A developer and manufacturer of air conditioning systems, engine-independent heating systems, water pumps and roof hatches in buses	Europe, Latin America, Asia

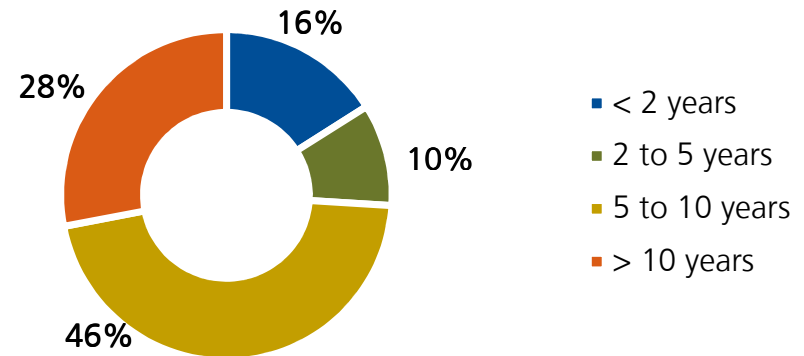


# Portfolio profile (measured by IFRS portfolio value, 31 July 2012)

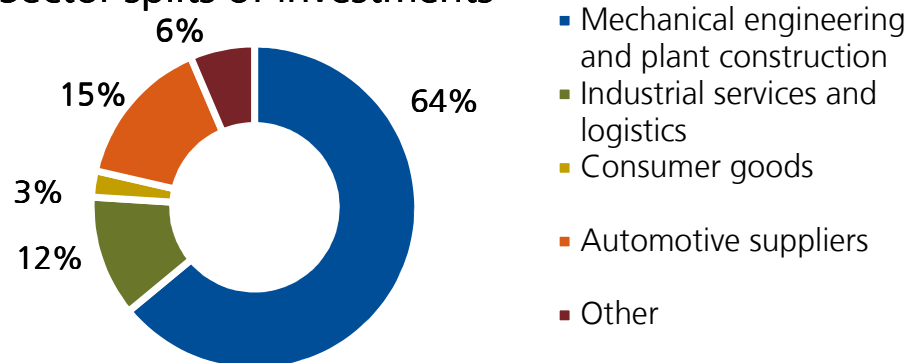
## Geographic split of investments



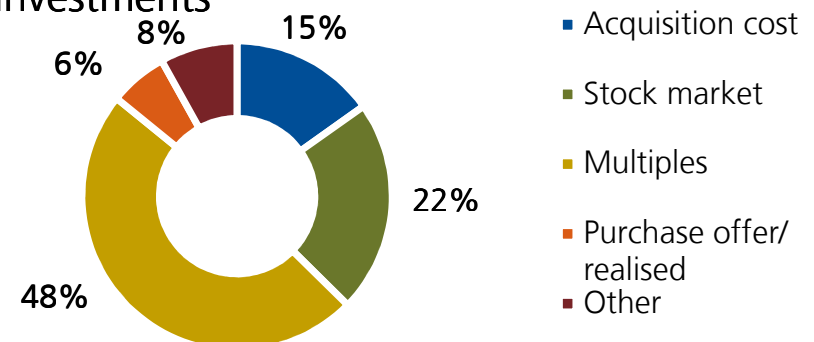
## Holding periods for investments



## Sector splits of investments



## Valuation methods applied for investments



# Homag transaction

## ■ DBAG shareholder since January 1997

- Minority stake (21.4%)
- Acquisition cost ~ €6.00 per share

## ■ Share increase in February 2007

- DBAG, DBAG Fund IV and DBAG Fund V acquired another 39%, thereof DBAG 5.5%
- Acquisition cost €10.00 per share

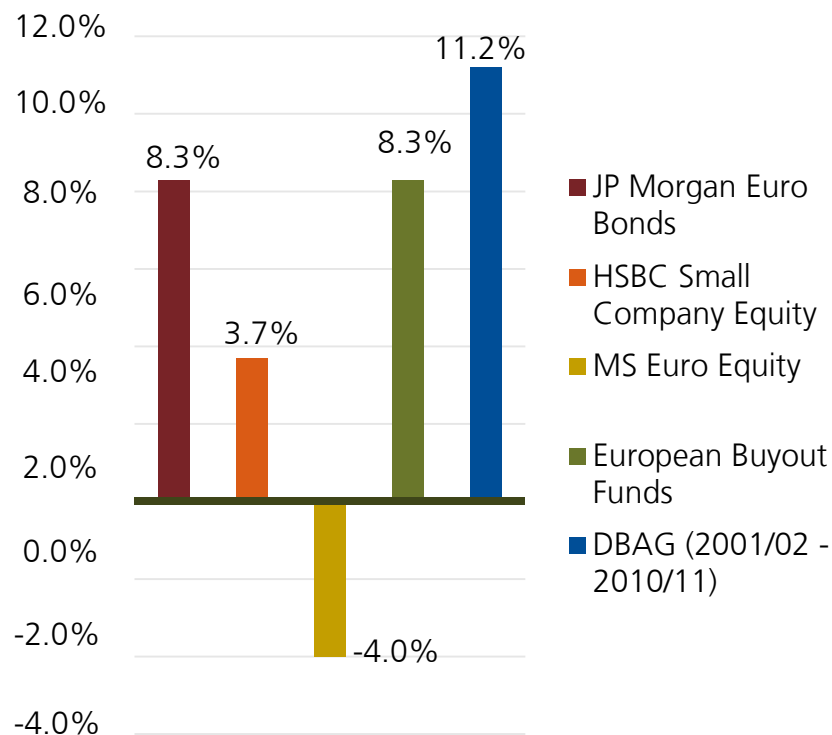
## ■ IPO in July 2007

- DBAG and funds selling 40.3% of their shares in Homag at €31.00

➔ **IPO (and dividends) returning >1.4x original cost,  
DBAG still owns 2.6 million shares in Homag Group AG**

# Long-term performance

Return p.a. (10-year average,  
2002-2011)



## ■ Return on NAV outperforms other asset classes

Source: EVCA 2011 Pan-European Private Equity Performance Benchmarks Study; same patterns of cash flows assumed over time in all asset classes as in the private equity data set, all indices as total return indices, DBAG as stated.

# Co-investment funds of DBAG

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## DBAG Fund IV (€228mn)

- Investment period Sept. 2002 – Feb. 2007
- Investment ratio DBAG : Fund: 28 to 72
  - Total assets €325mn
- Ten investments: Six exited completely, two others partially
- 96% of commitments drawn down (30 June 2012)

## DBAG Fund V (€434mn)

- Investment period started Feb. 2007
- Investment ratio DBAG : Fund: 19 to 81
  - Total assets €540mn
- Eight investments: One exited completely, another partially
- 79.9% of commitments drawn down (30 June 2012)

## DBAG Expansion Capital Fund (€142mn)

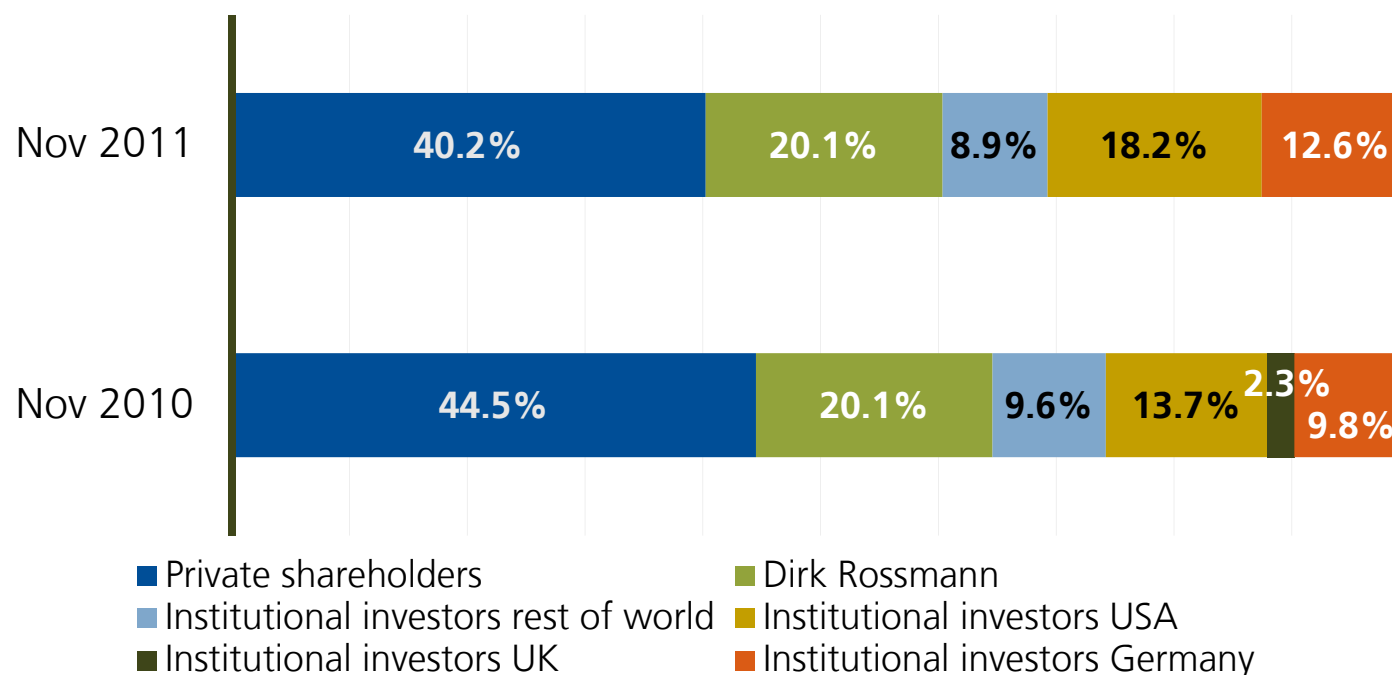
- Investment period started Aug. 2011
- Investment ratio DBAG : Fund: 1 to 1.4
  - Total assets €242mn

# Investor base of buyout funds

Country	DBAG Fund IV	DBAG Fund V	DBAG Fund VI
Germany	54%	32%	19%
Great Britain	21%	9%	5%
Rest of Europe	15%	28%	38%
USA	6%	24%	25%
Asia	4%	7%	14%
Investor type	DBAG Fund IV	DBAG Fund V	DBAG Fund VI
Banks	47%	20%	8%
Pension funds	16%	32%	35%
Fund-of-funds	12%	23%	31%
Foundations	5%	13%	7%
Family Offices	8%	4%	1%
Others	13%	8%	18%

# Shareholder profile

- Free float (as defined by Deutsche Börse) 69.9%
- Entrepreneur Dirk Roßmann increased his equity stake to over 25% in August 2012
- Shareholder Portabella (Ventos S.A.) increased his equity stake to 5.1% in October 2012



# Share performance (I) – Ten years

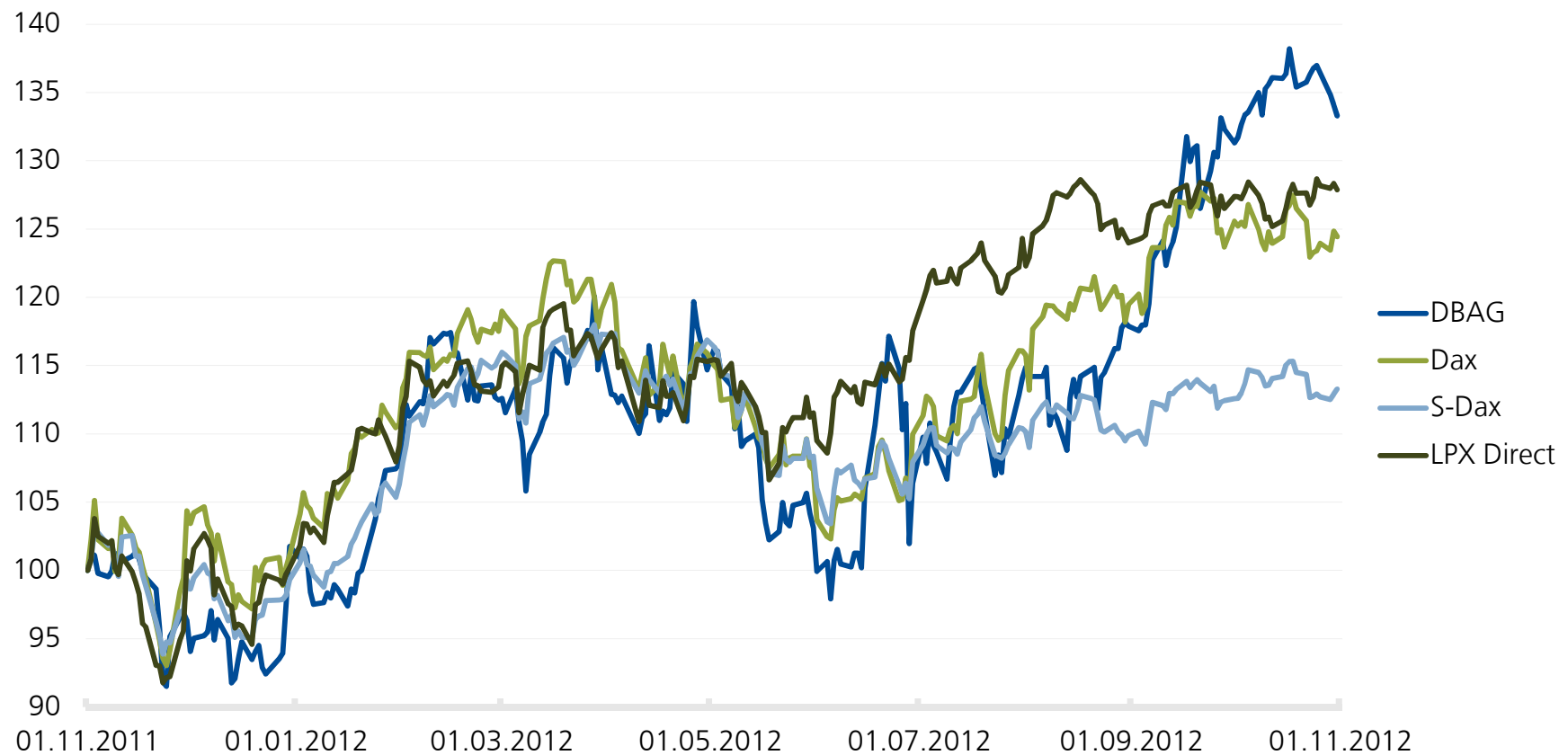
Share performance from 1 November 2002 to 31 October 2012

Index: 1 Nov. 2002 = 100



# Share performance (II) – FY 2011/12

Performance of DBAG shares and benchmark indices  
(1. November 2011 to 31 October 2012, 1. Nov. 2011=100)





# Analysts' ratings for Deutsche Beteiligungs AG

Recent ratings	Date	Recommendation
Berenberg Bank, Bjoern Lippe	September 2012	"Hold"
Close Brothers Seydler Research, Ivo Visic	October 2012	"Hold"
HSBC Trinkaus & Burkhardt, Thomas Teetz	September 2012	"Neutral"
J.P. Morgan Cazenove, Christopher Brown/Matthew Hose	October 2012	"Underweight"
Landesbank Baden-Württemberg, Hans-Peter Kuhlmann	September 2012	"Hold"

# Next events

Financial calendar	
German Equity Forum 2012 Frankfurt am Main	12 November 2012
LPE Day, Copenhagen/Stockholm	13/14 November 2012
Annual Press Conference (Publication of 2011/2012 Annual Report) and Analysts' Conference, Frankfurt am Main	29 January 2013
Report on the First Quarter 2012/2013 (Analysts' Conference Call), Frankfurt am Main	18 March 2013
Annual Meeting 2013, Frankfurt am Main (Hermann-Josef-Abs-Saal)	26 March 2013

# More information

<b>Symbol:</b>	Reuters: DBAG.F Bloomberg: DBA
ISIN-Code:	DE0005508105
<b>Stock market trading with listing in Prime Standard</b>	
Indices:	S-Dax Dax sector All Financial Services LPX50/Direct/Europe Stoxx Private Equity 20
DBAG is member of LPEQ:	<a href="http://www.LPEQ.com">www.LPEQ.com</a>
Contact: Thomas Franke Head of Investor Relations Phone: +49 69 95787-307 E-Mail: <a href="mailto:IR@deutsche-beteiligung.de">IR@deutsche-beteiligung.de</a>	Deutsche Beteiligungs AG Börsenstrasse 1 60313 Frankfurt Germany <a href="http://www.deutsche-beteiligung.de">www.deutsche-beteiligung.de</a>
E-Mail: <a href="mailto:IR@deutsche-beteiligung.de">IR@deutsche-beteiligung.de</a>	<a href="http://www.deutsche-beteiligung.de">www.deutsche-beteiligung.de</a>



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