

P R E S S R E L A S E

Deutsche Beteiligungs AG: Negative sentiment on the stock markets puts pressure on half-year result

- **19.3 million euros net income after six months**
- **Forecast reduced considerably**
- **Brisk transaction activity**

Frankfurt am Main, Germany, 8 May 2018. After the first six months of the financial year 2017/2018, Deutsche Beteiligungs AG (DBAG) posts net income of 19.3 million euros. The good development of most of the portfolio companies contributed positively to this result. These companies expect largely improved results for the current year and are achieving the progress in strategy, market presence and quality of results that was planned at the beginning of the investment. This has increased the total value of DBAG investments. The net result was nevertheless negatively impacted by the change in mood on the stock markets, where valuations have declined compared to the previous reporting date 30 September 2017. This produces a negative value contribution to net income of around 15 million euros.

Based on this half-year result, DBAG has lowered its forecast for the financial year 2017/2018 (1 October to 30 September), as reported on 16 April 2018. The Board of Management now expects net income that is moderately, i.e., between 10 and 20 percent, below the 43.0 million euro benchmark for this forecast. Previously, net income was expected to be significantly above the benchmark – more than 20 percent.

As per the business model, the benchmark for the forecast is the long-term average of net income and other performance indicators. The net income forecast is thus not based on the actual values for the previous year 2016/2017 but on the average value of the previous five financial years. The adjustment of the forecast also considered the fact that measures to achieve strategic and operating improvement in the current financial year in individual companies of the relatively young portfolio have not yet shown the expected effects on results. The forecast is based on unchanged valuation ratios at the end of the financial year compared to 31 March 2018.

As is typical for the business, results of individual quarters can fluctuate widely; moreover, they cannot be extrapolated to the entire financial year. For example, the second quarter of 2017/2018 contributed 7.9 million euros to the half-year

result of 19.3 million euros; this produced a return on equity per share of 4.5 percent after six months. In the first half of the previous year, a net result of 44.1 million euros was achieved (of which 30.0 million euros was achieved in the second quarter alone), which equalled an increase in equity per share of 12.4 percent. In the previous year, multiple, in part unusually successful, previously completed or initiated company disposals from the portfolio of DBAG Funds drove the half-year result. Furthermore, the valuations on the capital markets increased significantly in 2016/2017, unlike in this financial year.

Both of DBAG's business lines made positive contributions to the half-year result. The Private Equity Investments segment was negatively impacted by the unfavourable changes to currency parities in addition to capital market development but achieved net income of 16.5 million euros (previous year: 41.9 million euros). In the Fund Investment Services segment, the net income rose compared to the first half of the previous year as expected from 2.2 to 2.9 million euros.

Since the beginning of the financial year, there have been various changes in DBAG's portfolio. Both DBAG Fund VII and DBAG ECF I invested in new equity investments. DBAG Fund VII called capital for the merger of duagon Holding AG with MEN Mikro Elektronik GmbH. DBAG ECF I structured two management buyouts in the first half of 2017/2018. Two partial sales took place in the portfolio of DBAG Fund VI, and multiple investments financed company acquisitions.

“We cannot influence how the value of our portfolio will be affected by changes in the capital market,” states DBAG's half-yearly financial report, which was published today. “Looking at the quality of our portfolio companies and their potential for development, we are still confident of reaching our financial and non-financial goals in this financial year and beyond,” said Chief Financial Officer Susanne Ziedler, commenting upon the most recent figures.

The listed Deutsche Beteiligungs AG initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-market companies with growth potential. DBAG focuses on those industry sectors where Germany's “Mittelstand” is particularly strong in international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing a long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes it a sought-after investment partner in the German-speaking world. The DBAG Group manages and advises capital amounting to around 1.8 billion euros.

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