

## PRESS RELEASE

### **Deutsche Beteiligungs AG: first-quarter consolidated net loss of 21.4 million euros**

- **Results mainly determined by negative developments on the capital markets**
- **Sixth MBO of DBAG Fund VII; portfolio companies continue to invest**
- **Capital market developments challenge forecast for the 2018/2019 financial year**

**Frankfurt am Main, 7 February 2019.** Deutsche Beteiligungs AG (DBAG) posted a negative result for the first quarter of 2018/2019, as reported previously. Notwithstanding the still-confident expectations of most portfolio companies concerning their business development in 2019, the consolidated net loss for the first three months amounted to 21.4 million euros. This development was driven by the strong price losses experienced by equity markets during the final quarter of last year: Earnings multiples of listed peer-group companies are used to value most of DBAG's portfolio companies. Multiples on the most recent reporting date of 31 December 2018 were significantly lower than three months previously, which burdened the net result of valuation by just under 48 million euros. Whilst the value contribution from portfolio companies' operative performance was slightly higher than in the previous year, this value contribution was not sufficient to compensate for the massive decline in multiples. In the first quarter of the previous financial year, DBAG generated net income of 10.1 million euros; at the time, the value contribution from capital market developments amounted to minus 9.3 million euros.

The Private Equity Investments segment generated profit before tax of minus 22.9 million euros for the first quarter of 2018/2019. This was largely determined by the net result of investment activity: at minus 21.1 million euros, this was clearly lower than the previous year's figure of 11.7 million euros. At 1.5 million euros, the Fund Investment Services segment once again raised its contribution to consolidated earnings, compared to the first quarter of the previous financial year (0.7 million euros). Fee income from fund management and advisory services showed a marked year-on-year increase, thanks to transaction-based fees from DBAG ECF. The negative consolidated net income reduced equity per share to 28.05 euros – a 5.1 per cent decline, in terms of equity at the beginning of the financial year, adjusted for the amounts earmarked for distribution.

Deutsche Beteiligungs AG agreed upon a new investment during the first quarter of 2018/2019, co-investing with DBAG Fund VII: the management buyout (MBO) of Sero Schröder Elektronik Rohrbach GmbH ("Sero"), a development and manufacturing service provider for electronic components with a focus on the automotive industry, was the sixth transaction of the private equity fund specialising on investments in the German *Mittelstand*. This means that more than half of the capital committed for this fund has been invested just over two years after the start of the investment period. In addition, acquisitions were made at the level of portfolio companies during the quarter under review.

"We cannot be satisfied with the results for the first quarter", said CFO Susanne Zeidler; "nonetheless, we are convinced of the quality of our portfolio and the development potential it offers", she added.

Capital market developments since the beginning of the financial year challenge DBAG's guidance for consolidated 2018/2019 earnings. "As a matter of principle, we assume unchanged earnings multipliers at the next reporting date. This means that unless exchange prices start picking up again, we will not be able to achieve expected consolidated earnings", CFO Zeidler pointed out. DBAG regularly draws attention to the fact that results of individual quarters may strongly depend upon isolated events (or, in the case at hand, on extraneous factors), which is why they cannot be extrapolated to indicate the results of a full financial year.

***Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside those 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 long-term and value-enhancing corporate strategy. Its entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG manages and advises capital amounting to around 1.8 billion euros.***

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