Deutsche Beteiligungs AG

PRESS RELEASE

Deutsche Beteiligungs AG: Net asset value and result from fund investment services in the first quarter in line with outlook

- **Positive capital market environment drives company valuations**
- **Structural change in the automotive industry delays performance**
- **Further development of the investment strategy pays off**
- **Subdued outlook for the year as a whole confirmed**

Frankfurt/Main, 10 February 2020 – After the first quarter of 2019/2020 (as at 31 December), the net asset value of the private equity investments of Deutsche Beteiligungs AG amounts to 465.1 million euros. This is 1.5 percent below the value at the most recent reporting date of 30 September 2019. The fund investment services segment generated earnings before taxes of 1.7 million euros (Q1 2019: 1.5 million euros). Earnings before taxes in the private equity investments segment amounted to -1.9 million euros (prior-year quarter: -22.9 million euros). Due to the negative gains and losses on measurement and derecognition – as previously reported – DBAG closes the first three months of the financial year 2019/2020 with a slightly negative net income of -0.2 million euros (prior-year quarter: -21.4 million euros).

In the first quarter of 2019/2020, the company's key performance indicators – the net asset value of the private equity investments and the result from fund investment services, but also the net income – are within the corridor of the outlook published in December 2019.

Some companies in the portfolio of Deutsche Beteiligungs AG are feeling the recession in the German industry. Their results for the past year were partly burdened by lower order intake, and some of them have budgeted cautiously for the new year. In the first quarter of 2019/2020, the contribution to the gains and losses on measurement and derecognition from the operating performance of the portfolio companies was therefore negative overall – in contrast to a year earlier. This was offset by the positive capital market development: The comparable listed peer group companies were rated better overall at the end of the first quarter than three months previously. This is reflected in the valuation of the DBAG portfolio. In the first quarter of the financial year 2018/2019, capital market developments had made a clearly negative contribution to the gains and losses on measurement and derecognition and thus also to the net asset value.

"We are currently seeing opposing developments that are affecting our business. On the one hand, we are benefiting from the positive capital-market environment, with valuations favouring our investments. On the other hand, investments with an industrial focus are under pressure due to structural and macroeconomic challenges and are not developing as planned. By contrast, companies in our new focus sectors are performing well," said Susanne Zeidler, Chief Financial Officer of Deutsche Beteiligungs AG.

Against the background of the business development and the economic environment to date and taking into account the factors relevant to the business and typical fluctuations, Deutsche Beteiligungs AG confirms its cautious outlook for the financial year 2019/2020.

"Although we are not satisfied with the current operating performance of some portfolio companies, it remains true that a single quarter and even a financial year says little about the success of our business. With our portfolio of 28 investments in our core and focus sectors, as well as the further improved offering to medium-sized companies in the form of long-term capital and a new private equity fund, we believe we are well positioned to further increase the value of our company in the future," continued Susanne Zeidler.

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside those funds predominantly in well-positioned mid-market companies with development potential. DBAG focuses on those industry sectors where Germany's 'Mittelstand' is strong in international comparison. A growing portion of DBAG's equity investments is deployed in its new focus sectors of broadband/telecommunications, IT services/software and healthcare. Its long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. Assets under management and advisory by DBAG Group amount to 1.7 billion euros; with the new DBAG Fund VIII, the figure is set to rise to around 2.5 billion euros.

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