

## P R E S S   R E L E A S E

### **Deutsche Beteiligungs AG: Half-year results clearly marked by the impact of the coronavirus pandemic**

- **The net asset value of the Private Equity Investments segment falls to 359 million euros – net income from Fund Investment Services exceeds projections**
- **New forecast: risks outweigh opportunities**
- **Successful completion of DBAG Fund VIII**
- **Subscription closes slightly above target volume**
- **More than 86 per cent of commitments from existing investors**

**Frankfurt/Main, 13 May 2020** – In its report – published today – on the first half of the current financial year, Deutsche Beteiligungs AG (DBAG) has affirmed the information regarding business development published in advance. The company also reported on the completion of fundraising for DBAG Fund VIII, which was closed with investment commitments of 1.109 billion euros. New investors have been accepted following the first round of subscriptions in December 2019; the volume raised slightly exceeded the original target. DBAG's new private equity fund has largely been taken up by existing investors (86 per cent). Deutsche Beteiligungs AG has co-invested 255 million euros. DBAG will publish a separate press release covering the details of the new fund, today.

According to the half-yearly financial report, the net asset value of the Private Equity Investments segment declined to 359.0 million euros. This figure, adjusted for dividends, is now 20.2 per cent lower than that at the beginning of the financial year. Net income from Fund Investment Services totalled 3.5 million euros, compared to 1.8 million euros for the same period of the previous year. Earnings before taxes in the Private Equity Investments segment amounted to -80.2 million euros (prior-year period: 5.8 million euros) due to the overall negative performance of the portfolio companies. This figure reflects the weak operating performance of a number of companies on the one hand, but to a larger extent the drastic decline in share prices on the stock market: DBAG uses the valuation multiples of peer-group companies as at 31 March 2020 as a reference for the valuation of its portfolio. Due to the negative net gains and losses on measurement and derecognition, DBAG ended the first half of the 2019/2020 financial year with a negative net income of 76.7 million euros, compared to a positive net income of 7.6 million euros for the first half of 2018/2019.

As the economic consequences of the coronavirus pandemic mean that the original planning parameters no longer apply, DBAG has prepared a new forecast for the financial year 2019/2020. According to this forecast, the net asset value as at 30 September 2020 is expected to be slightly (up to 10 per cent) lower than the figure as at 31 March 2020. DBAG continues to anticipate net income from Fund Investment Services to be markedly higher (i.e. by more than 20 per cent) than the previous year's figure of 3.0 million euros. From today's perspective, this figure may more than double year-on-year. The company expects full-year net income to be negative, further slightly exceeding (by up to 20 per cent) the net loss for the first half of the year. DBAG has withdrawn its forecast on dividends for the current financial year and is yet to issue a new forecast.

The COVID-19 crisis has impacted DBAG's 28 portfolio companies to a differing extent: whilst industrial companies currently tend to be facing stronger (and in some cases significant) burdens, a number of portfolio companies – including those from the broadband telecommunications sector – have hardly been affected, or even not at all. “This means that we can now reap the fruit of our portfolio diversification activities of the past few years, and benefit from the substantial size our portfolio has now reached,” Susanne Zeidler, Chief Financial Officer of Deutsche Beteiligungs AG, explained. Six of the 28 companies made a positive contribution to the earnings in the first half of the year, despite the adverse environment.

DBAG is confident that it is well positioned for the time during and after the crisis: “This new fund secures our financial capacity to act and lays the foundation for a continuous business development in the coming years,” stated DBAG's Board of Management in the half-yearly financial report. Looking at DBAG's portfolio as a whole, it is fair to describe the current situation as challenging yet manageable. DBAG had already digitalised its business processes to a high degree over recent years, enabling smooth continuation of its operations with staff working remotely. On the transactional side, the company states: “Whilst the environment for new investments is unfavourable in the short term, our enhanced long-term equity offering to Germany's Mittelstand provides additional opportunities.”

***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.***

***DBAG Group's assets under management and under advice total 1.7 billion euros; with the new DBAG Fund VIII, the figure is set to rise to 2.5 billion.***

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