

## PRESS RELEASE

### **Deutsche Beteiligungs AG: Further negative impact from capital markets development**

- **Net asset value of private equity investments declines by eleven per cent, to 602 million euros after three quarters**
- **Positive value contribution from portfolio's operating performance**
- **Earnings from Fund Investment Services of 9.4 million euros**
- **Most recently restated forecast confirmed**

**Frankfurt/Main, 11 August 2022.** The sweeping changes in macroeconomic fundamentals are taking their toll on the value of DBAG's portfolio: higher inflation rates, the interest rate turnaround by major central banks, and increasing economic pessimism coupled with growing political uncertainty have led to significantly lower valuations on equity markets across the board. These developments are burdening the net asset value of the private equity investments held by Deutsche Beteiligungs AG (DBAG), which ended the first three quarters of the current financial year with a drop of eleven per cent to 601.6 million euros. Higher energy and commodity prices as well as disrupted supply chains are now noticeably burdening individual industrial companies in the portfolio; however, investments in IT services & software as well as industrial services continue to develop well and are delivering positive value contributions, partly through the implementation of buy-and-build strategies. Overall, the value contribution from the operational development of the 39 portfolio companies has been positive for the first three quarters, although this was far from sufficient to offset the negative capital market effects. As a result, earnings before taxes in the Private Equity Investments segment amounted to -87.9 million euros (thereof -46.3 million euros in the third quarter; previous year: 118.1 million euros or 53.4 million euros). The Fund Investment Services segment benefited, not least, from the recent expansion of DBAG's team: earnings before taxes totalled 9.4 million euros (thereof 3.7 million euros in the third quarter; previous year: 13.8 million euros or 4.6 million euros). It was, however, burdened by higher consultancy expenses and one-off expenses related to the retirement of a member of the Board of Management. DBAG finished the first nine months of 2021/2022 with a net income of -78.3 million euros (thereof -42.5 million euros in the third quarter; previous year: 131.2 million euros or 58.0 million euros).

Faced with these developments, DBAG adjusted its forecast for the 2021/2022 financial year on 15 July: net asset value of Private Equity Investments as at 30 September 2022 is now expected to be in a range between 570 and 630 million

euros. Full-year earnings from Fund Investment Services are still forecast to be between 14 and 16 million euros. This leads to a forecast range for 2021/2022 net income between -70 and -85 million euros, based on valuations as at 30 June 2022.

DBAG is continuously developing its portfolio: 23 acquisitions completed or agreed upon during the first nine months underline the high level of activity. These acquisitions focused on investments in IT services & software, sectors that are characterised by structural growth and are only affected by less dynamic macroeconomic trends to a lower extent than other industries. In addition, the portfolio was expanded in the nine-month period to include six management buyouts and one new Long-Term Investment, even though the number of investment opportunities is declining in the current market environment and banks have become much more selective in their financing.

“We continue to be able to structure our investments frequently within the framework of bilateral negotiations, and family successions are often the reason for our participation,” according to the quarterly statement published today. DBAG is rising to the challenges posed by the deteriorating macroeconomic environment: “We are continuing to invest in expanding the teams at our offices in Frankfurt and Milan, and we remain committed to the ongoing improvement of our business model,” said Torsten Grede, Spokesman of DBAG’s Board of Management; “in doing so, we are creating the capacity to be able to seize market opportunities in the future as well.”

***Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds, and itself invests alongside the DBAG funds predominantly in well-positioned mid-market companies with development potential. For many years, DBAG’s focus has been on industrial sectors. A growing portion of DBAG’s equity investments is now deployed in the growth sectors of broadband telecommunications, IT services & software and healthcare. Its long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner. DBAG Group’s assets under management or advisory amount to 2.5 billion euros.***

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