

PRESS RELEASE

Deutsche Beteiligungs AG: Changed macroeconomic conditions shape financial year 2021/2022, positive outlook

- **Preliminary net income confirmed**
- **Net asset value to increase by up to 18 per cent annually, mainly due to portfolio companies implementing their value appreciation strategies**
- **Earnings from Fund Investment Services in line with expectations, at 15.4 million euros**
- **Dividend proposal of 0.80 euros per share – return to previous dividend policy in the new financial year**

Frankfurt/Main, 1 December 2022. Deutsche Beteiligungs (DBAG) expects the net asset value to rise by between 14 and 18 per cent per annum for the current and the two subsequent financial years. Earnings from Fund Investment Services are expected to decline temporarily, in line with the lifecycle of DBAG funds. Net income is predicted to exceed the long-term average. These figures are derived from the medium-term planning of the listed private equity company, which was published today, together with the Annual Report 2021/2022.

Developments on the capital markets affect the valuation of the portfolio companies, changed macroeconomic conditions burden earnings at some portfolio companies

The financial year 2021/2022 was shaped by external, unexpected influences which significantly affected the original expectations and the valuation of portfolio companies. At the start of the year, it was fair to expect a further recovery in demand (with consumption catching up on postponed spending due to the pandemic) and relief to supply chain bottlenecks. Yet war in Ukraine and rising energy prices dramatically exacerbated inflationary developments which had already been evident beforehand. Central banks responded by raising reference interest rates, thus accepting an economic slowdown. This burdened earnings at some of DBAG's portfolio companies. Likewise, capital markets multiples declined, affecting the valuation of portfolio companies and leading to a significant negative effect on our portfolio companies in the amount of 150.4 million euros..

The net asset value of the Group's Private Equity Investments segment fell by 104.8 million euros. Taking into account the dividends distributed (30.1 million euros) and the deferred management fees received for DBAG Fund VII

(27.8 million euros), this represents a 15.1 per cent decline over the value for the previous year, largely due to the negative change in the value of the portfolio.

Key performance indicators (IFRS)	2021/2022	2020/2021
Net asset value of Private Equity Investments	€573.7mn	€678.5mn
Private Equity Investments segment earnings	€-111.3mn	€167.7mn
Fund Investment Services segment earnings	€15.4mn	€18.0mn
Net income	€-97.6mn	€185.1mn
Dividend (2021/2022: proposal)	€0.80	€1.60

The Private Equity Investments segment closed the year at -111.3 million euros, significantly below the previous year's result. Earnings from Fund Investment Services totalled 15.4 million euros, compared to 18.0 million euros in the previous year. The addition of staff members and the associated higher staff costs was one of the contributory factors for the lower result. Net income was -97.6 million euros, primarily impacted by Private Equity Investments. However, the assessment of DBAG's performance requires a long-term observation period, as is common in the private equity sector: the result of a single year thus has limited informational value for evaluating long-term performance.

Portfolio in promising sectors

DBAG increased its focus on sectors with structural market growth; amid the current environment, this strategy, launched years ago, is clearly bearing fruit. A successful disposal of the Cloudflight investment, agreed upon in November 2022, is a case in point: DBAG was able to realise more than four times the capital invested, after a holding period of just over three years – in a challenging capital markets environment. The most recent investments by DBAG Fund VII include IT services company akquinet and in-tech, an engineering services and software company. DBAG invested in data centre operator Green Datahub as well as in vhf Group, a manufacturer of CNC milling machines for dental and industrial applications.

DBAG's activities on the Italian market have also made progress: since the first investment in 2020, the portfolio has grown to include three investments as at the reporting date. Moreover, DBAG's equity offering for mid-sized and predominantly family-run businesses has been well received. DBAG has entered into four Long-Term Investments, two of which were executed during the financial year under review.

Investing into the portfolio – and into the team

Eight companies came into the portfolio during the 2021/2022 financial year; two investments were partially sold, while another one was refinanced. The portfolio consists of 39 equity investments as at the reporting date, plus one investment in an externally managed international buyout fund. The portfolio companies, as well as DBAG itself, have consistently been investing in the future: 28 add-on acquisitions were agreed upon or closed by existing portfolio companies during the financial year under review. DBAG is therefore taking advantage of the current environment to implement growth initiatives, in order to realise elevated potential for value appreciation when selling its investments in the years ahead.

In addition, DBAG's team grew considerably during the 2021/2022 financial year, from 77 to 89 colleagues. The biggest increase was seen in the investment advisory team, which now counts 37 investment professionals compared to 28 a year ago – an increase of nine team members, or about one third. That DBAG has succeeded in realising such an increase, despite a tight labour market in the private equity sector, is testament to the Company's strong reputation.

Value appreciation strategies at portfolio companies acting as growth drivers; Fund Investment Services is an anchor of stability

DBAG is expecting the performance of its portfolio companies to pick up, via the planned implementation of their value appreciation strategies and despite a macroeconomic environment likely to remain challenging. In its Private Equity Investments segment, the Company therefore anticipates a double-digit percentage increase in net asset value for the 2022/2023 financial year, assuming unchanged peer group multiples used for the valuation of most portfolio companies. DBAG expects the results of its Fund Investment Services segment to remain stable. Given the segment developments outlined above, net income in accordance with IFRSs is thus likely to exceed the average level of the last five financial years.

Dividend proposal: 0.80 euros per share

The dividend proposal for the financial year under review – 0.80 euros per share – does not imply any change to DBAG's dividend policy; rather, the deviation accounts for the exceptional circumstances, similar to the “coronavirus year” 2020. Above all, it reflects the considerable influence that the combination of inflation, supply chain disruptions and recession forecasts have had on our business. We expect the dividend for the next financial year to return to the level seen in the 2020/2021 financial year: 1.60 euros per share. Based on the annual average price of the DBAG shares, the dividend proposal translates into a dividend yield of 2.5 per cent.

Deutsche Beteiligungs AG (“DBAG”) has been listed since 1985 and is one of most renowned private equity firms in Germany. As an investor and fund advisor, DBAG traditionally focuses on mid-market companies in Germany, Austria and Switzerland (the DACH region), and especially on well-positioned companies offering growth potential. DBAG’s sector focus is on manufacturing companies, industrial service providers and IndustryTech companies – businesses whose products facilitate automation, robotics and digitalisation – as well as companies from the broadband telecommunications, IT services, software and healthcare sectors. With its Milan office, DBAG has also maintained a presence in Italy since 2020. DBAG Group’s assets under management or advisory amount to approximately 2.5 billion euros.

*Deutsche Beteiligungs AG
Corporate Communications · Roland Rapelius
Börsenstrasse 1 · 60313 Frankfurt/Main, Germany
(from 12 December 2022: Untermainanlage 1, 60329 Frankfurt/Main, Germany)
Telephone +49 69 95787-365 · +49 151 26663172 (mobile)
E-mail: roland.rapelius@dbag.de*