

PRESS RELEASE

Deutsche Beteiligungs AG: Net income forecast revised significantly higher after strong half-year results

- **Net income to exceed previous year's level by more than 20 percent**
- **Net income for the first six months amounts to 44.1 million euros**
- **Indications of interest in other individual portfolio companies**
- **Strategic course set in the previous year opened up new investment opportunities**

Frankfurt am Main, 9 May 2017. Deutsche Beteiligungs AG (DBAG) recorded net income of 44.1 million euros in the first six months of the 2016/2017 financial year. This figure includes unplanned, positive earnings contributions from investment activity resulting from the disposals of investments contained in the DBAG fund portfolio, which were either already agreed to or completed. The contributions also, however, reflect the knowledge gained from indications of interest from potential buyers in other individual portfolio companies and, in part, sharp increases in valuations on the capital markets.

Based on the half-year results, DBAG is raising its full-year forecast for the 2016/2017 financial year (1 October through 30 September). The Board of Management now expects net income for the 2016/2017 financial year to significantly exceed the previous 2015/2016 financial year's net income of 46.3 million euros on a comparable basis, which would be an increase of more than 20 percent. This would be equivalent to net income for the 2016/2017 financial year of at least roughly 56 million euros. Net income was previously expected to be moderately lower year-on-year with an anticipated decline of between 10 and 20 percent. The forecast assumes that the valuation ratios at the end of the financial year will be very similar to the levels at 31 March 2017.

As is typical in our business, the results of individual quarters can fluctuate substantially. For example, the second quarter of 2016/2017 contributed 30.0 million euros to net income of 44.1 million euros in the first half-year. This resulted in a return on equity per share of 12.4 percent in the first six months. In the prior year, net income in the first half-year reached 32.0 million euros (1.2 million euros thereof in the second quarter), which corresponded to an increase in equity per share of 11.1 percent.

Both of DBAG's business lines contributed to the solid half-year results. In the Private Equity Investments segment, higher earnings expectations for portfolio companies also had a positive effect along with the factors already mentioned. The Fund Investment Services segment returned to profitability as planned with the start of the investment period for DBAG Fund VII, which was closed in September 2016, and as a result of the related higher fee income.

DBAG has changed its portfolio since the start of the financial year by divesting three investments. The machinery companies Grohmann Engineering and Romaco were sold to strategic investors, and the French service provider for retailers FDG Group was purchased by a financial investor. Investment decisions in the amount of a good 200 million euros were made for four new investments. Roughly 45 million euros thereof will stem from DBAG's balance sheet. "Two of these four transactions would not be possible without the strategic groundwork laid with our double fundraising in 2016," said Chief Financial Officer Susanne Zeidler today. DBAG ECF, which was originally geared solely towards minority investments for financing growth, acquired a majority interest for the first time. "And due to DBAG Fund VII's special structure, we are now able to implement a concept for building a group of companies that requires more equity than we usually invest in a transaction," continued Zeidler.

The DBAG Board of Management is optimistic about the Company's development for the remainder of the current financial year. As stated in the half-year report published today: "Our portfolio contains further investments for which the change process initiated at the outset of the investment is now well advanced. These companies have increased in value and they are attracting interest in the market."

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-sized companies with potential for development. DBAG focuses on industrial sectors in which Germany's 'Mittelstand' is particularly strong on an international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing corporate strategies that sustainably create value. Its entrepreneurial approach to investing has made DBAG a sought-after investment partner in the German-speaking world. Assets under management or advisement by the DBAG Group amount to approximately 1.8 billion euros.

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