

▼

HALF-YEARLY FINANCIAL REPORT AS AT 31 MARCH 2020

FIRST HALF AND SECOND QUARTER OF THE
2019/2020 FINANCIAL YEAR

ANALYSTS' CONFERENCE CALL
13 MAY 2020

SPEAKERS



SUSANNE ZEIDLER
Chief Financial Officer



THOMAS FRANKE
Head of
Public Relations
and Investor Relations

IMPORTANT FOUNDATION ESTABLISHED FOR FUTURE DEVELOPMENT – YET ...

Placement of new
DBAG FUND VIII
successfully
completed

Various
acquisitions
at the level of
portfolio
companies

Net asset value
falls to **359.0**
million euros

Net income from
Fund Investment
Services rises to
3.5
million euros

New forecast for
the current
financial year

... CORONA CRISIS HAS A STRONG IMPACT ON KEY FINANCIAL INDICATORS

PRIVATE EQUITY INVESTMENTS

NET
ASSET VALUE

359.0

MILLION EUROS

NET ASSET VALUE
PER SHARE:

23.86

EUROS

PRE-TAX PROFIT:

-76.7

MILLION EUROS

CASH FLOW FROM
INVESTMENT ACTIVITY:

-10.2

MILLION EUROS

FUND INVESTMENT SERVICES

PRE-TAX
PROFIT:

3.5

MILLION EUROS

ASSETS UNDER
MANAGEMENT OR
ADVISORY:

1.7

BILLION EUROS

GROUP

NET INCOME

-76.7

MILLION EUROS

SUCCESSFUL PLACEMENT OF DBAG FUND VIII CONFIRMS APPRECIATION BY FUND INVESTORS



Final closing of DBAG Fund VIII: Volume slightly above original target

- › DBAG Fund VIII was initiated in 2019, with a volume of 1,109 billion euros
- › Additional fund investors taken on board during Q2 2019/2020, despite the adverse environment
- › DBAG's share: 255 million euros

Structure: Main pool plus top-up fund

- › Equity investments of up to 220 million euros permit coverage of a broader market segment

Terms continue to be favourable

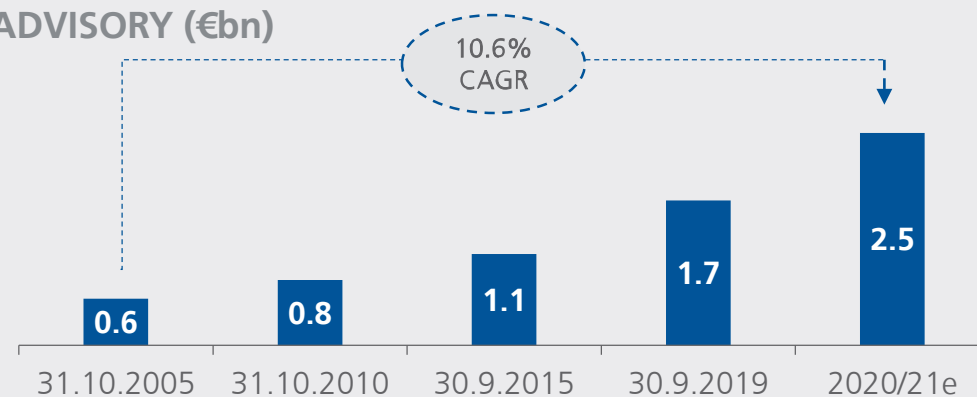
- › Terms of the predecessor fund secured
- › New features
 - Higher advisory fee for the top-up fund: 1.5% on invested capital (up from 1% previously)
 - Enhanced flexibility (timing of follow-up fundraising, overlapping investment periods, further investment strategies to be established)

Re-up rate of 86% underscores high degree of appreciation by fund investors

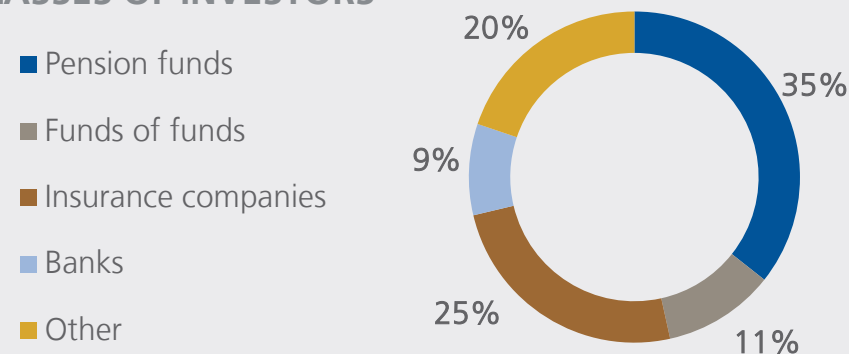
Six-year investment period provides for flexibility in terms of timing

¹ Share of capital commitments from investors in earlier DBAG funds

ASSETS UNDER MANAGEMENT AND ADVISORY (€bn)



DBAG FUND VIII STRUCTURE CLASSES OF INVESTORS

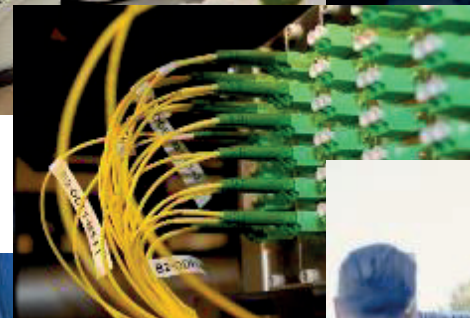
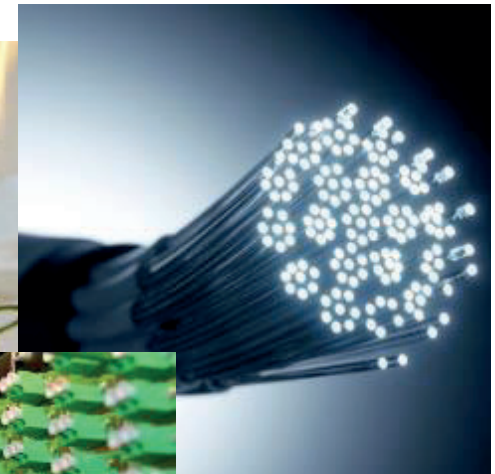


VARIOUS ACQUISITIONS REALISED AT THE LEVEL OF PORTFOLIO COMPANIES

M&A market has largely ground to a halt since March

Nevertheless, several acquisitions were realised in the portfolio – predominantly financed by portfolio companies themselves

- › DBAG Fund VII
 - Radiology group blick: two acquisitions closed
 - Network components manufacturer duagon: one acquisition agreed upon and closed
- › DBAG ECF
 - DING Group: three acquisitions agreed upon and closed
 - netzkontor nord: two acquisitions agreed upon and closed
 - vitronet: two acquisitions agreed upon



CORONAVIRUS CRISIS: OVERVIEW OF IMPACTS AND MEASURES TAKEN (1/3)



Business operations continue without interruption

- › Digital business processes as the foundation
- › Board of Management and employees working remotely

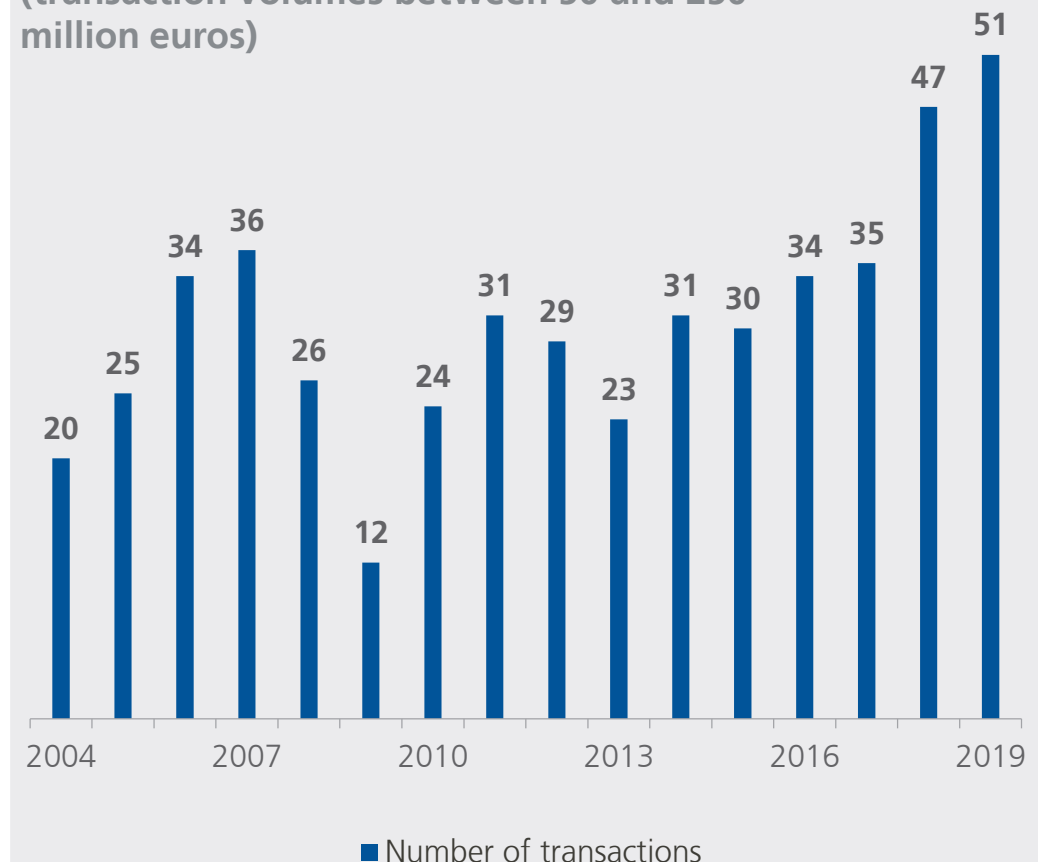
M&A market in strong decline

- › Planning and pricing assessments present a challenge – due diligence restricted
- › Scope and duration of the decline are uncertain – Great Financial Crisis (GFC) 2008/2009 as a precedent?

Focus on supporting portfolio companies

- › Extensive experience gained during the GFC 2008/2009
- › Exchange of information initiated amongst portfolio companies

BUYOUTS IN GERMANY'S MITTELSTAND
(transaction volumes between 50 and 250 million euros)



CORONAVIRUS CRISIS: OVERVIEW OF IMPACTS AND MEASURES TAKEN (2/3)

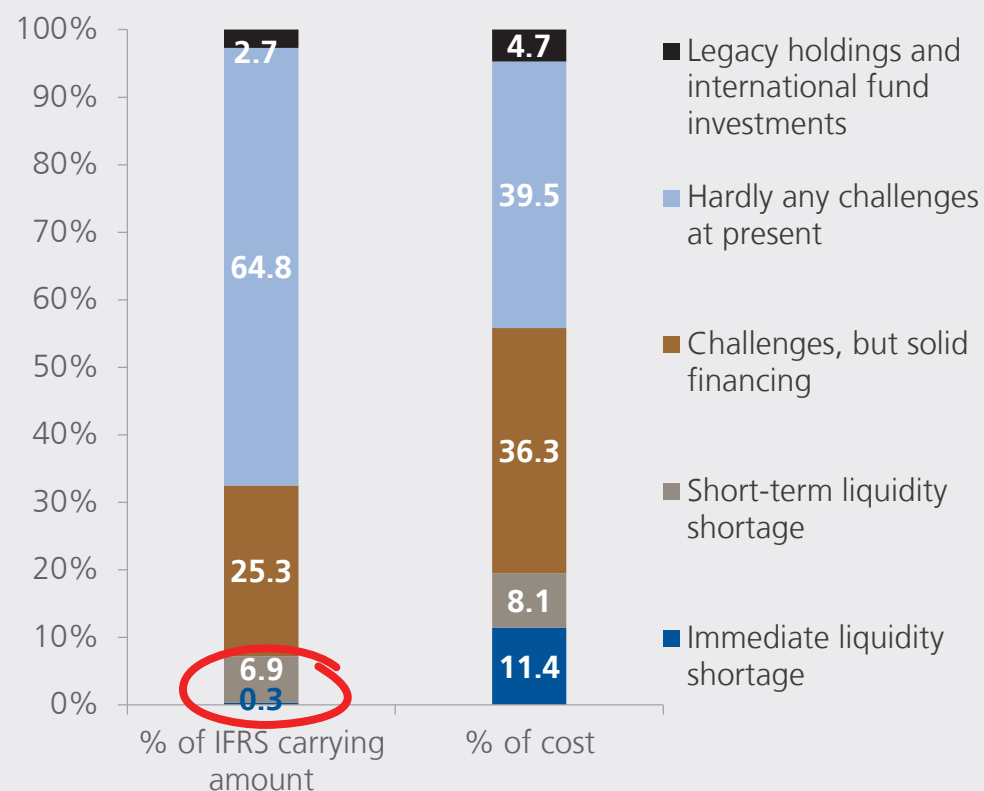
Portfolio value as at 31 March 2020

- › Acquisition cost: 345 million euros
- › Carrying amount (IFRS): 308 million euros
- › IFRS carrying amount relative to cost: 0.9x

Broadly diversified portfolio offering a mixed picture

- › Diversification and portfolio size have paid off
- › Industrial companies tending to face stronger burdens, whereas the broadband telecommunications sector is hardly being affected, or not affected at all
- › Overall situation challenging yet manageable
Companies facing liquidity shortages account for 7% of portfolio value

BREAKDOWN OF PORTFOLIO COMPANIES BY THE DEGREE TO WHICH THEY ARE AFFECTED



CORONAVIRUS CRISIS: OVERVIEW OF IMPACTS AND MEASURES TAKEN (3/3)

BASIS FOR MEASUREMENT AS AT 31 MARCH 2020

- › IFRS 13: fair value
- › International Private Equity and Venture Capital Valuation Guidelines (IPEVG)
- › Special aspect: Special Valuation Guidance issued by the IPEV Board

IMPACT OF CORONAVIRUS CRISIS BEING TAKEN INTO ACCOUNT

- › Objective: avoiding dual consideration of impact – in multiples and results
- › Solution: impact accounted for in the multiple, adjusting for peer-group companies where earnings expectations were already adjusted

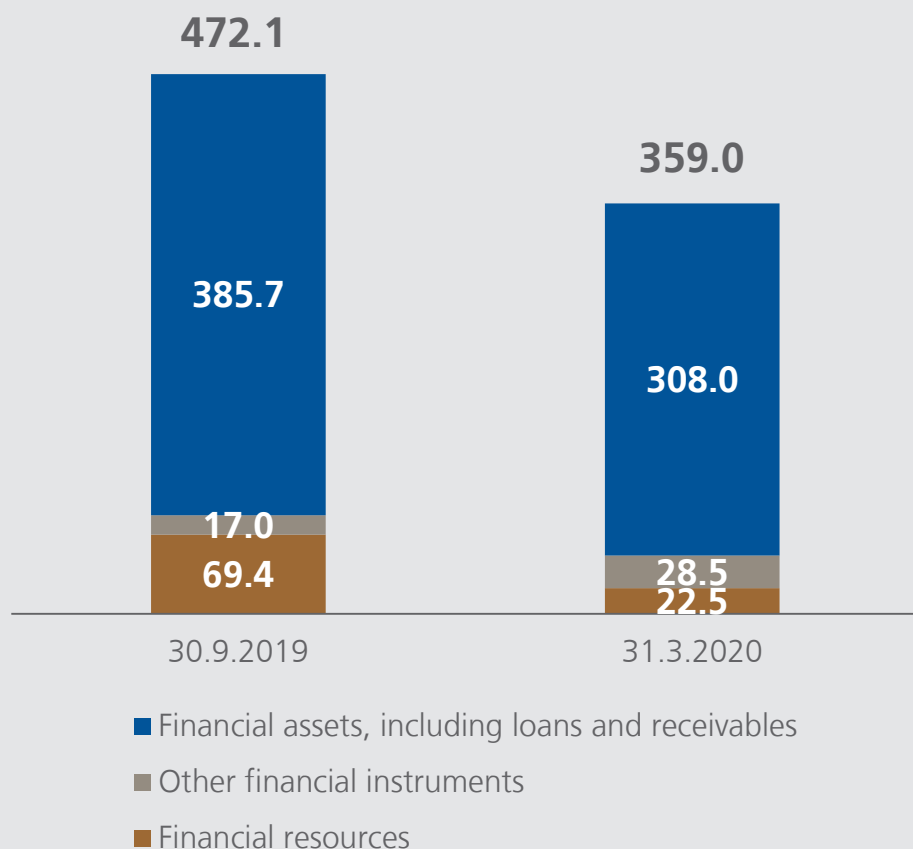
PRICES OF MOST RECENT TRANSACTIONS

- › Multiples may no longer reflect current price levels
- › To be replaced by multiples derived from a cohort of peer-group companies

EARNINGS AND DEBT LEVELS

- › Considering more recent assessments about economic development of certain sectors
- › Additional financing requirements taken into account

NET ASSET VALUE FALLS TO 359.0 MILLION EUROS

NET ASSET VALUE
(€mn)

Net asset value:
Management indicator for the financial objective “Build the value of Private Equity Investments”

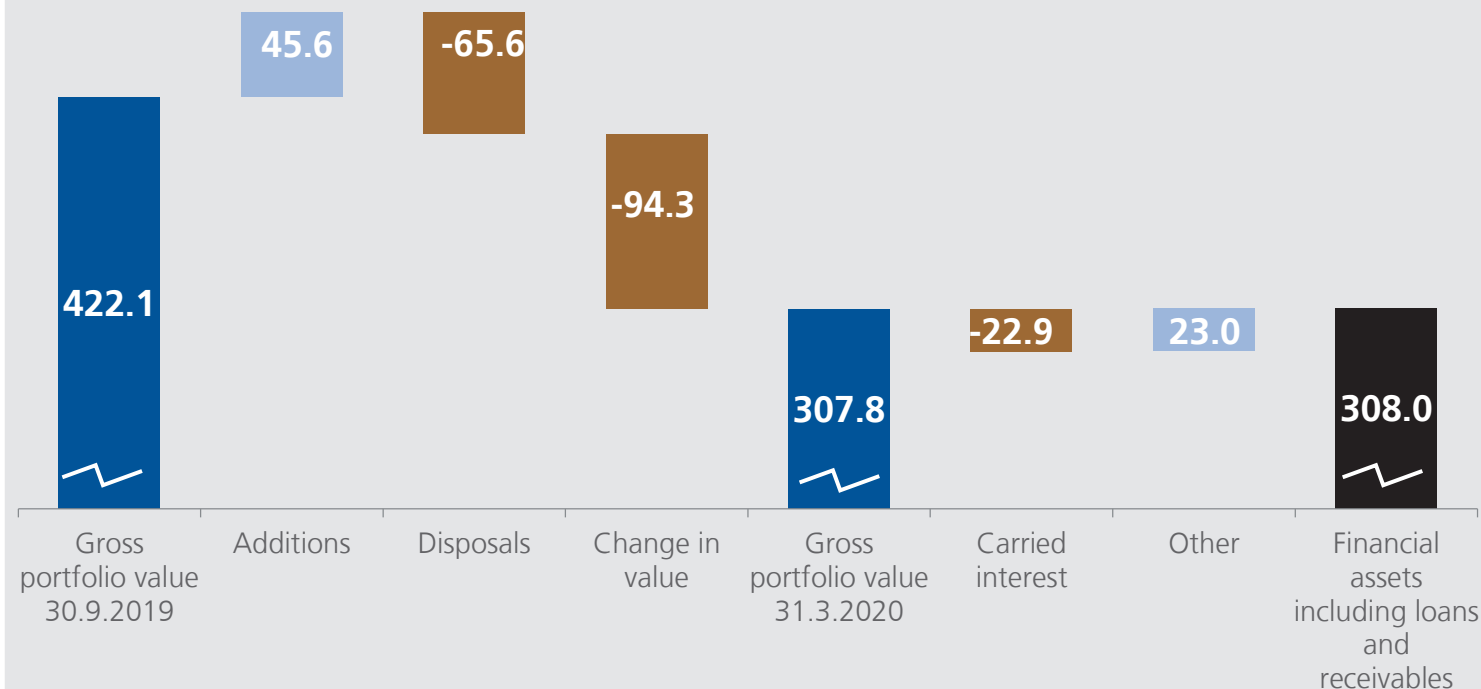
Key drivers

- › Portfolio impairment caused by coronavirus crisis
- › Offset by reversal of carried interest
- › Dividend payment

Net asset value down 20% (adjusted for dividend distributions)

MEASUREMENT CHANGES AND DISPOSALS REDUCE PORTFOLIO VALUE

PORTFOLIO VALUE DEVELOPMENT (€mn)



Additions

Closing of transactions agreed upon in the 2018/2019 financial year

- › DBAG Fund VII: Cartonplast
- › DBAG ECF: DING Group (formerly: STG Group)

Disposals

- › DBAG ECF: inexo closed in Q1 2019/2020
- › DBAG Fund V: Romaco Group – sale of remaining stake

Carried interest

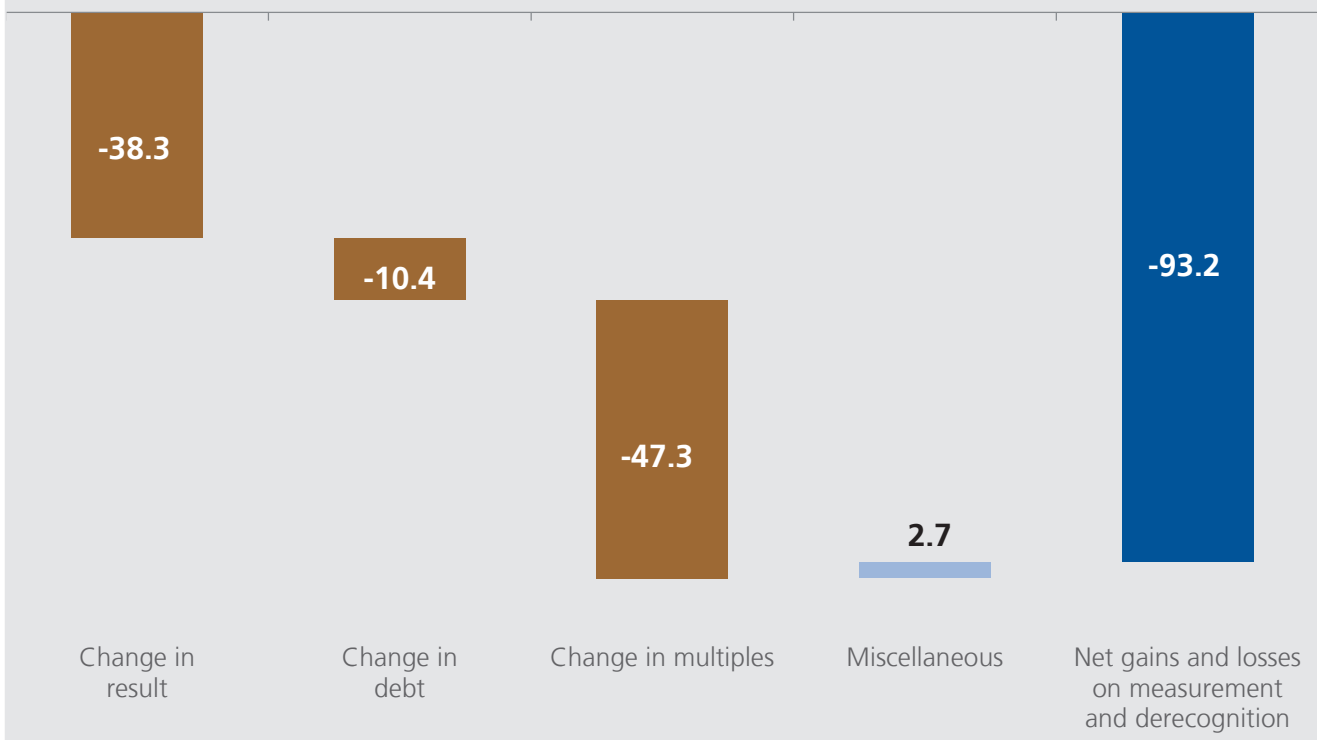
- › Reduced in line with portfolio value development
- › DBAG Fund VI no longer included in carry

Other

- › Largely involving funds from the disposal of inexo not yet received

NET MEASUREMENT GAINS AND LOSSES DRIVEN BY DEVELOPMENT OF MULTIPLES AND OF COMPANIES' RESULTS

NET GAINS AND LOSSES FROM PORTFOLIO MEASUREMENT AND DERECOGNITION H1 2019/2020 (€mn)



Miscellaneous: Exchange rate fluctuations, net gains and losses on derecognition, other effects

Value contribution from the operating performance of the portfolio companies

- > Change in result:
 - 15 negative
 - 6 positive
 - Positive effects from the broadband telecommunications focus sector
- > Change in debt:
 - Increase to finance acquisitions by portfolio companies
 - Financing requirements
 - Offset by debt reductions of portfolio companies

Value contribution from changes in capital market multiples

- > Lower peer-group share prices as at 31 March 2020 triggered massive decline in multiples

PORTFOLIO NOW BROADLY DIVERSIFIED

Four core sectors



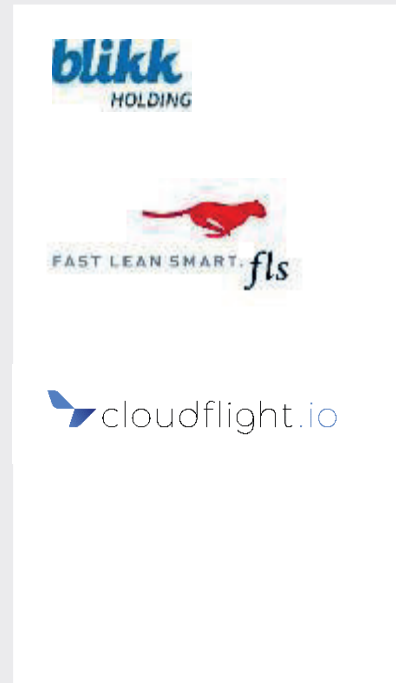
**47% of
portfolio value**

Broadband telecommunications



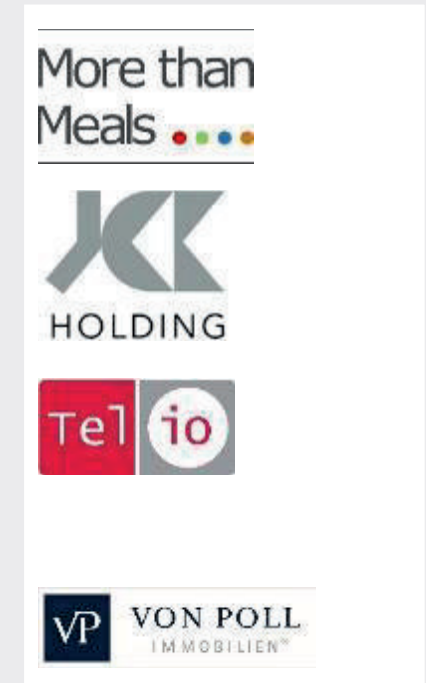
**28% of
portfolio value**

Other focus sectors



**9% of
portfolio value**

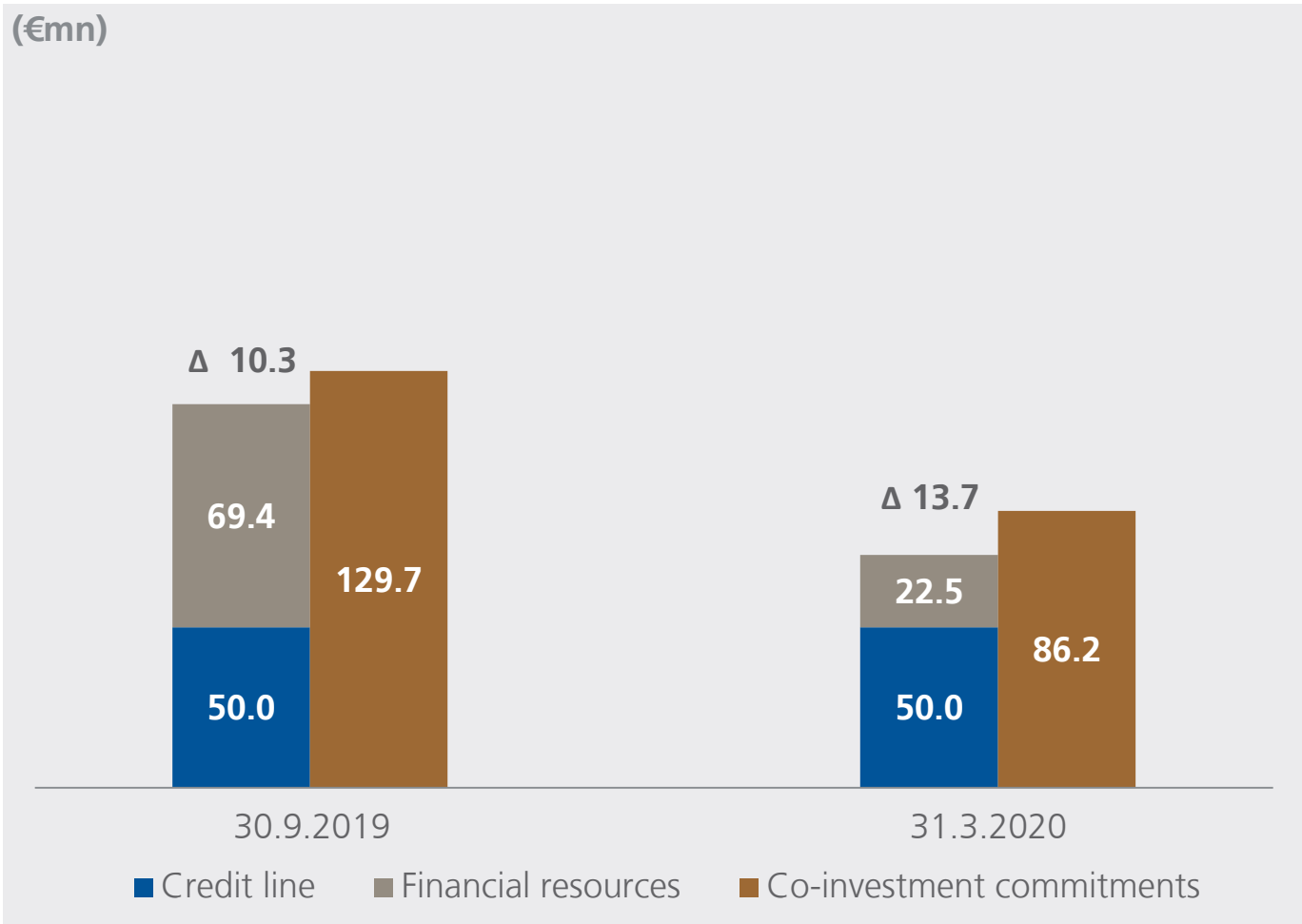
Other



**13% of
portfolio value**

Not considered: legacy holdings, plus investments in externally managed international buyout funds

FINANCIAL RESOURCES PLUS CREDIT LINE LARGELY COVER CO-INVESTMENT COMMITMENTS



Additional structural reserves, including repayments from inexo disposal

With the start of the DBAG Fund VIII investment period, co-investment commitments are set to rise by 255 million euros

Long-term Equity offering drive liquidity requirements

NET INCOME FROM FUND INVESTMENT SERVICES IMPROVED TO 3.5 MILLION EUROS

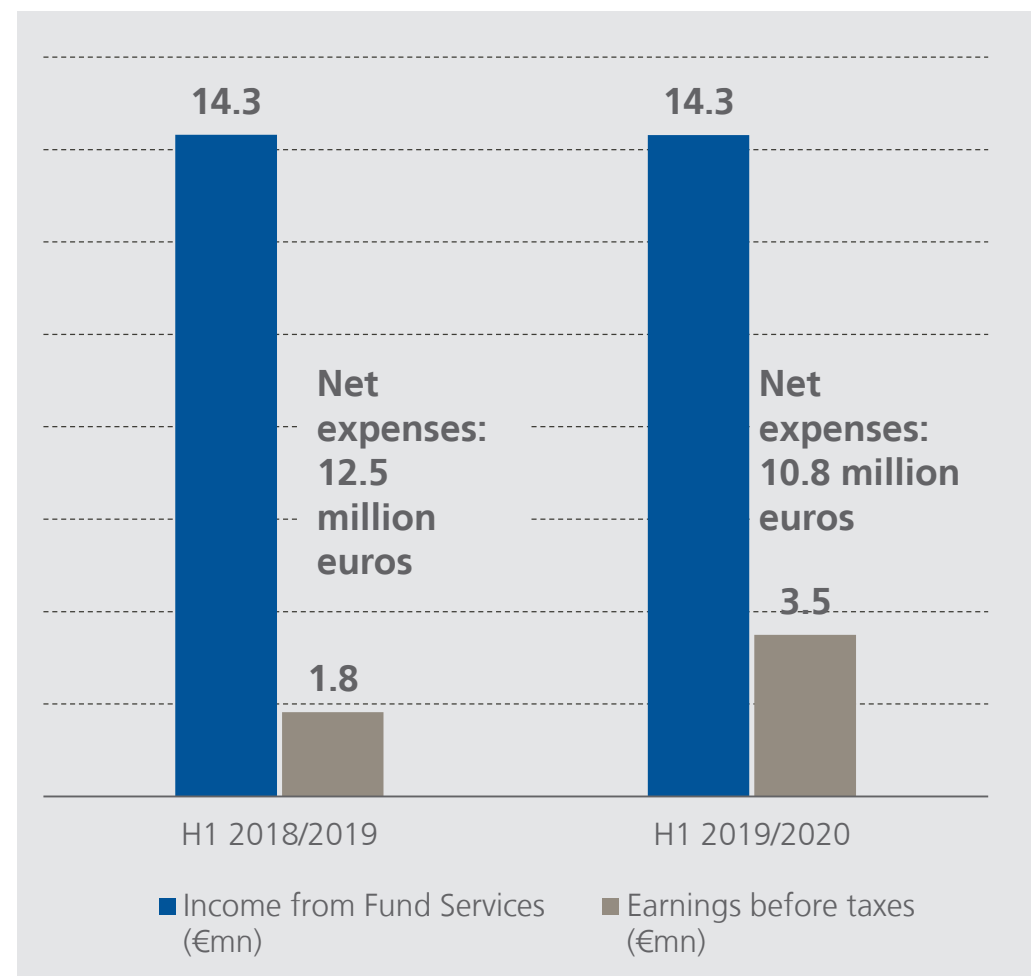
Net income from Fund Investment Services:
Management indicator for the financial
objective “Build the value of Fund Investment
Services”

Income from Fund Services stable

- › Lower fees from DBAG Fund V and DBAG Fund VI, as expected
- › Offset by higher fees from DBAG Fund VII, due to top-up fund transactions

Other income/expense items: lower net expense

- › Lower provisions for variable remuneration
- › Numerous individual items



Income from the Fund Investment Services segment includes internal management fees of 0.6 million euros from the PE Investments segment (H1 2018/2019: 0.5 million euros)

NEW FORECAST FOR THE FINANCIAL YEAR 2019/2020



	Actual H1 2019/2020	Forecast 2019/2020
Net asset value of Private Equity Investments	359.0 million euros	Slightly lower
Net income from Fund Investment Services	3.5 million euros	Significantly higher
Dividend per share	1.50 euros	No forecast
Net income*	-76.6 million euros	Negative; slightly higher amount

METHODOLOGY

Qualitative/comparative

SCALING

NAV, net income from Fund Investment Services

Net income

"slight"

+/- 0 to 10%

+/- 0 to 20%

"moderate"

+/- 10% to 20%

+/- 20% to 40%

"significant"

> 20%

>/< 40%

REFERENCE POINT

Net asset value and net income Actual – H1 2019/2020

Historical net income: 5-year average

Net income from Fund Investment Services 2018/2019 actual

DBAG CONSIDERS ITSELF WELL-POSITIONED



MARKET POSITION

- › Fund-raising for DBAG Fund VIII just completed
- › Mittelstand equity platform extended, to include Long-term Equity offering
- › Foundation for continuous business development over the coming years

PORTFOLIO

- › Broadly diversified, with a clear reduction in the share of industrial business models

EXPERIENCE

- › Investment team with experience across several investment and economic cycles – including GFC 2008/2009