

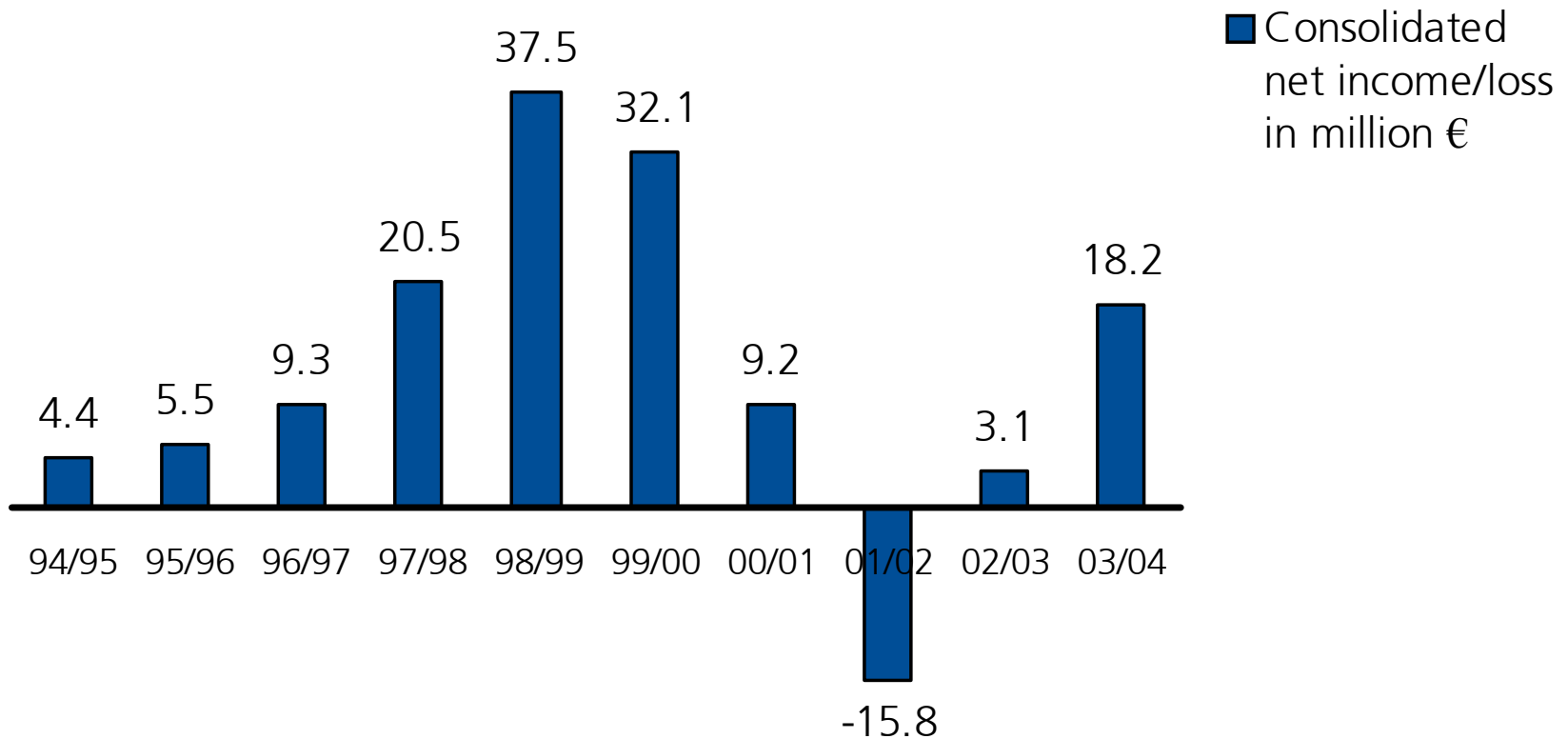


**Welcome  
to the  
Annual Meeting 2005**

# Results for 2003/2004: Return to long-term earnings levels

- Earnings rose significantly:  
consolidated net income at 18.2 million euros
- Return on equity reaches long-term average:  
ROE before taxes 12.2 percent
- Dividend disbursement to be resumed:  
0.33 euros per share (recommended)
- Strong first-quarter performance in 2004/2005:  
consolidated net income at 19.6 million euros
- Strong investment activity:  
3 management buyouts in FY 2003/2004
- Successful capital increase:  
additional equity of 51.3 million euros

# Consolidated net income/loss: Significant improvement in earnings



up to FY 1999/2000: AG alone



## Return on equity quite estimable

- **Return on opening capital at the beginning of the year**
  - 12.3 percent before taxes
  - 11.5 percent after taxes
- **Average post-tax return on equity for past ten years: 11 percent**
- **Average post-tax return on equity for S-Dax companies in 2004:< 10 percent**

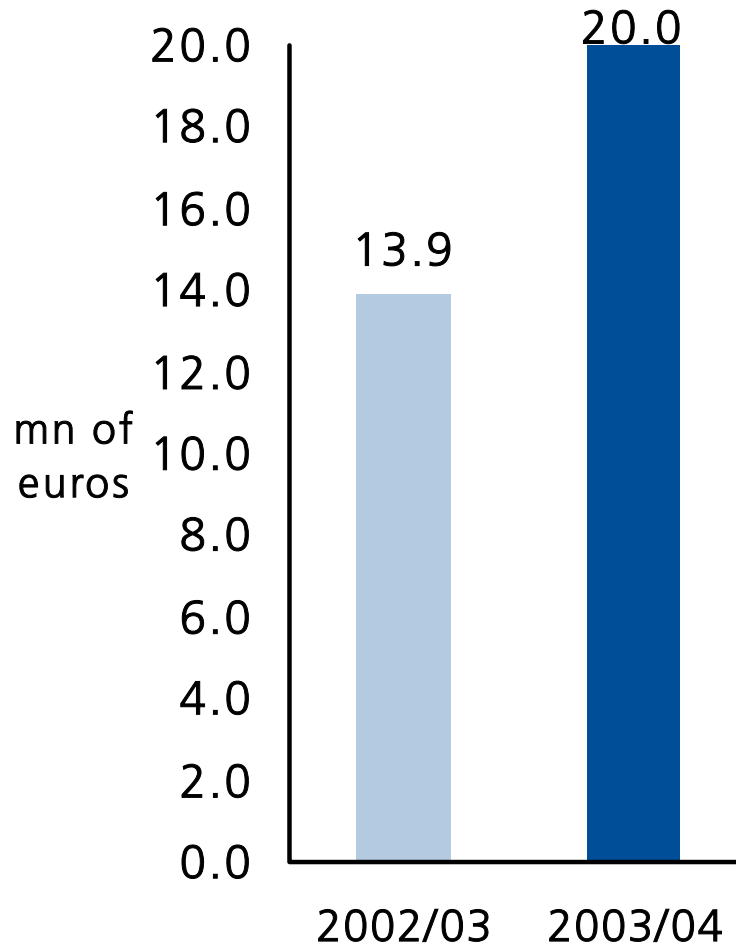


# Major sources of income

- **Income from investment disposals – capital gains**
- **Income from investments – profit disbursements by portfolio companies**
- **Other operating income – fees for fund management services**

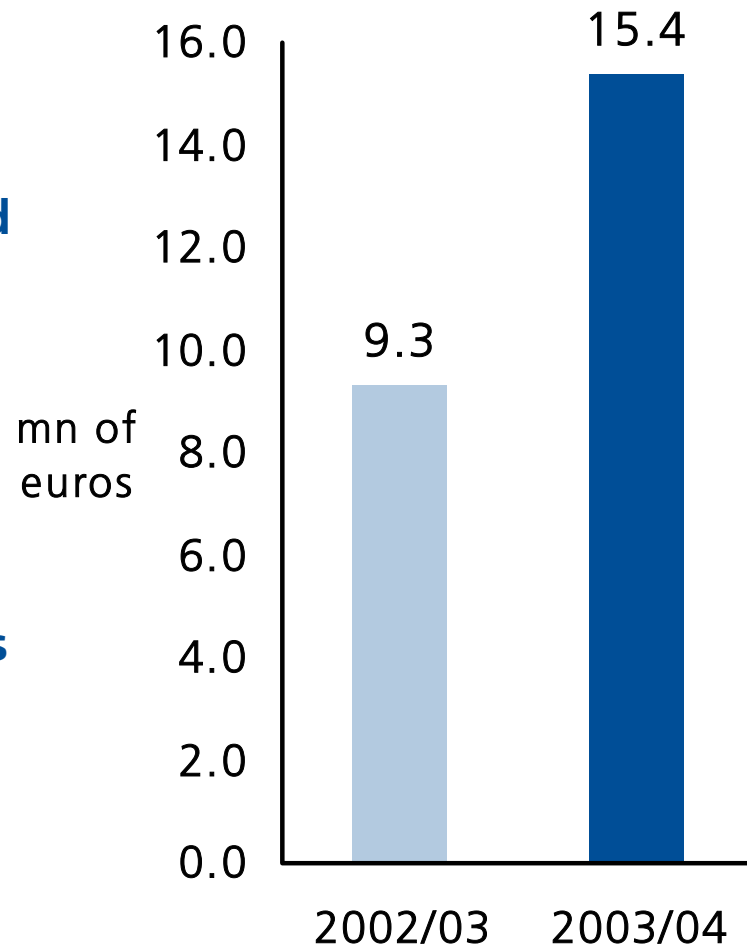
# Capital gains mainly from Hörmann divestment

- Hörmann KG
- Victorvox AG
- Andritz AG  
(residual shares)
- Proceeds from  
divestments of  
previous years



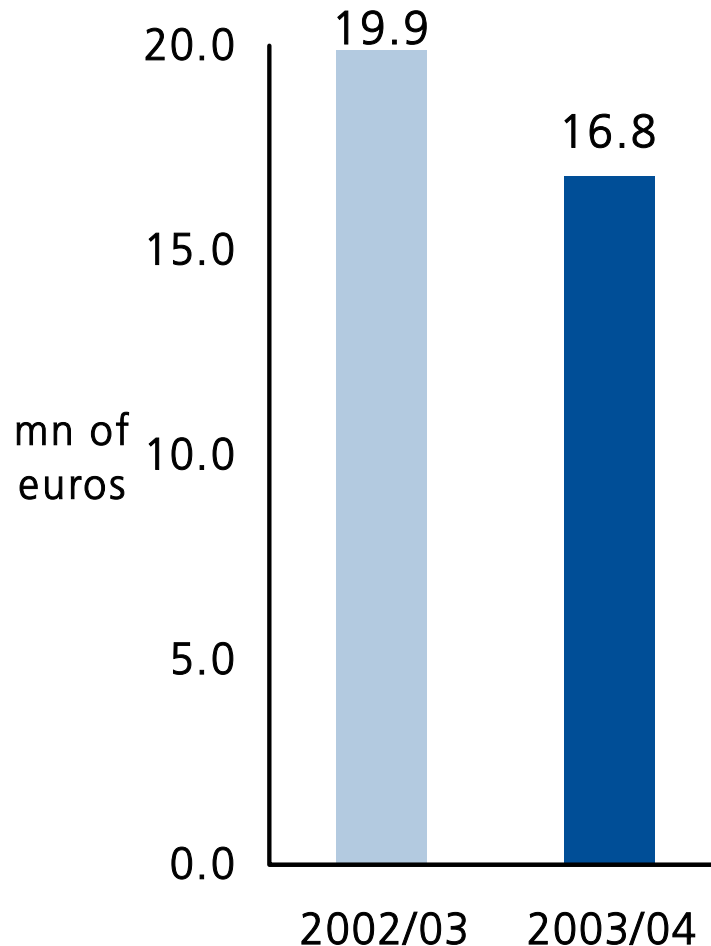
# Income from investments higher

- Rise due to profit distributions by intermediate holdings/fund management companies (represent capital gains)
- Income from profit distributions will tend to decline due to focus on MBOs

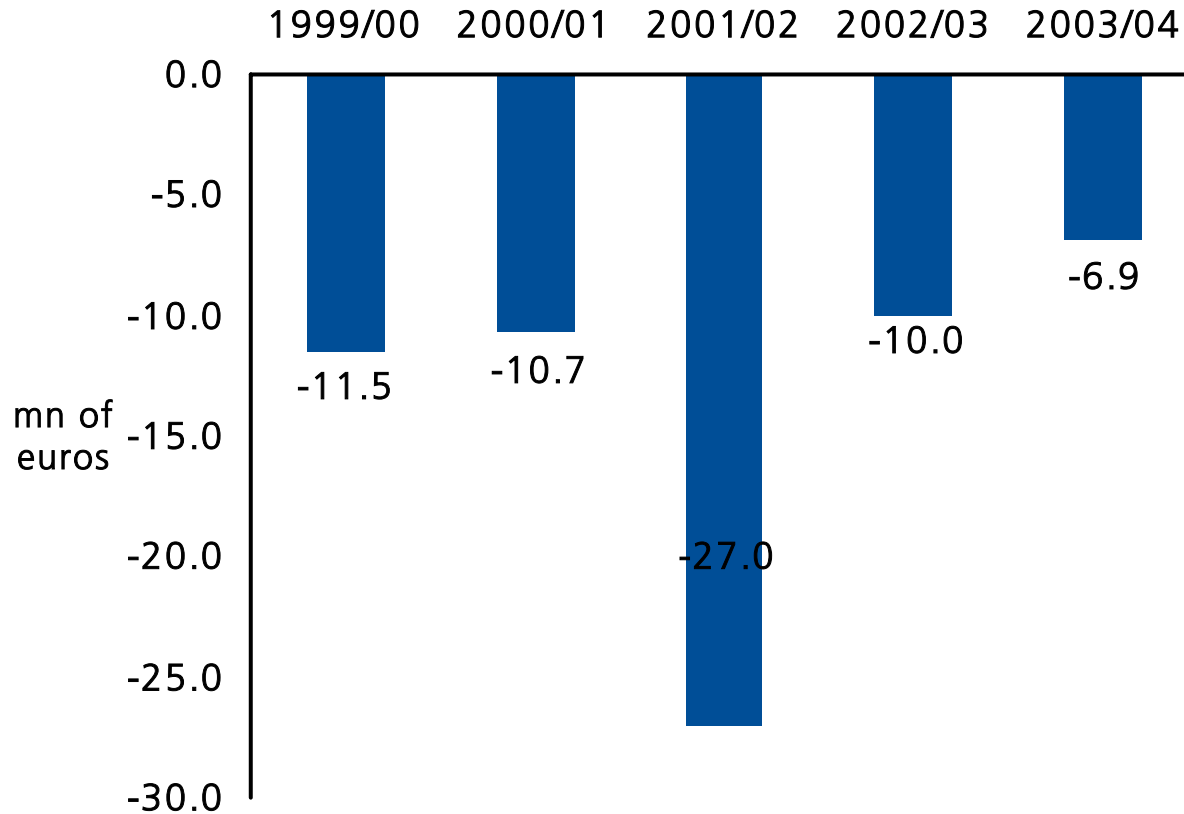


# Other operating income: fund management gains in importance

- Lower volume of write-ups (2.9 million euros, following 6.9 million euros the previous year)
- Management and structuring fee income from co-investment funds contribute substantially towards covering current cost



# Net valuation adjustments distinctly lower



- Significant decline over previous year mirrors improved earnings and financial position of investments
- Lowest level in five years

# Expenses up slightly due to special charges

- **Other operating expenses**

<b>2003/2004</b>	<b>10.6 million euros</b>
<b>2002/2003</b>	<b>9.3 million euros</b>

  - Costs of capital increase 2.6 million euros
- **Personnel costs**

<b>2003/2004</b>	<b>9.0 million euros</b>
<b>2002/2003</b>	<b>7.6 million euros</b>
- **Net interest**

<b>2003/2004</b>	<b>- 2.0 million euros</b>
<b>2002/2003</b>	<b>- 3.3 million euros</b>

  - A further distinct decline in debt

# Balance sheet structure improved again

<b>Assets</b> (mn €)	<b>2003/04</b>	<b>2002/03</b>	<b>Liabilities</b> (mn €)	<b>2003/04</b>	<b>2002/03</b>
Long-term assets	251.6	257.7	Equity	229.1	158.7
Current assets/ Prepayments	57.7	34.2	Provisions	20.9	18.6
			Liabilities to banks	28.0	75.8
			Other liabilities/ Deferred income	31.4	38.8
	<b>309.4</b>	<b>291.9</b>		<b>309.4</b>	<b>291.9</b>

- **Equity ratio rose to 74.0% (2002/2003: 54.4%)**

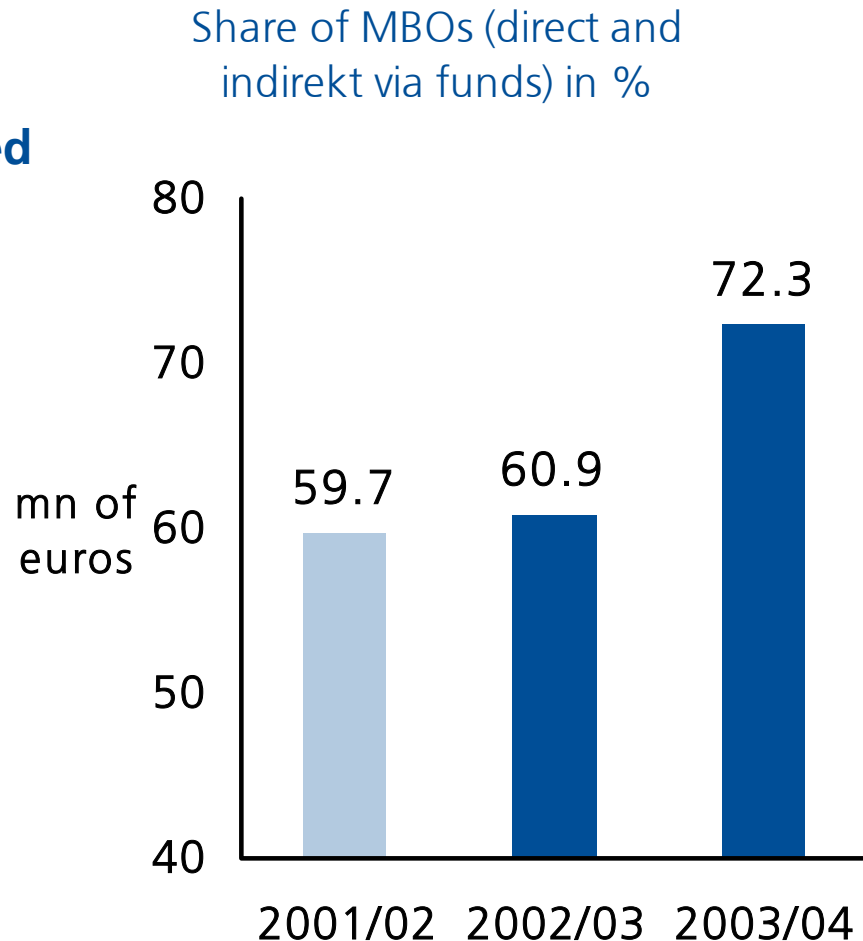
# Dividend disbursement to be resumed

- **Dividend policy: “money market-oriented dividend, based on issue price of most recent capital increase”**
  - Consistent, calculable dividend payment
- **Recommended dividend: 0.33 euros per share**
  - Dividend yield (in relation to average share price in 2003/2004) three percent
  - Dividend yield exceeds S-Dax average (1.5 percent in 2004; forecast for 2005: 2.0\*)

\* Source: Bloomberg (dividends paid in 2004), LBBW (dividends anticipated to be paid in 2005 for 2004)

# Changes in the portfolio: Rise in share of management buyouts

- **Four expansion financings divested**
- **Three MBOs completed**
- **Share of MBOs to continue to rise**



# Development of portfolio: investments doubled

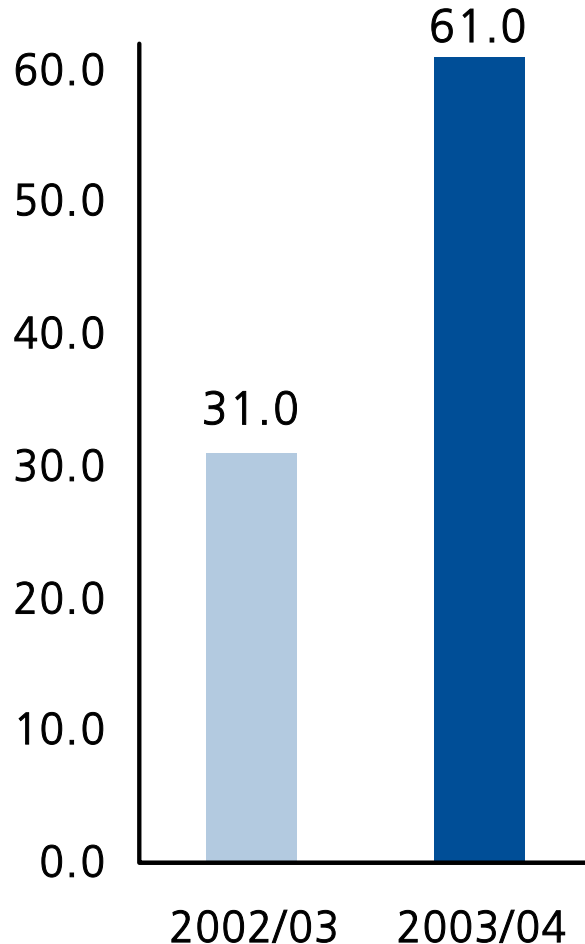
- **95 percent of capital for management buyouts**

- Directly in Germany
- Indirectly in international markets through buyout funds

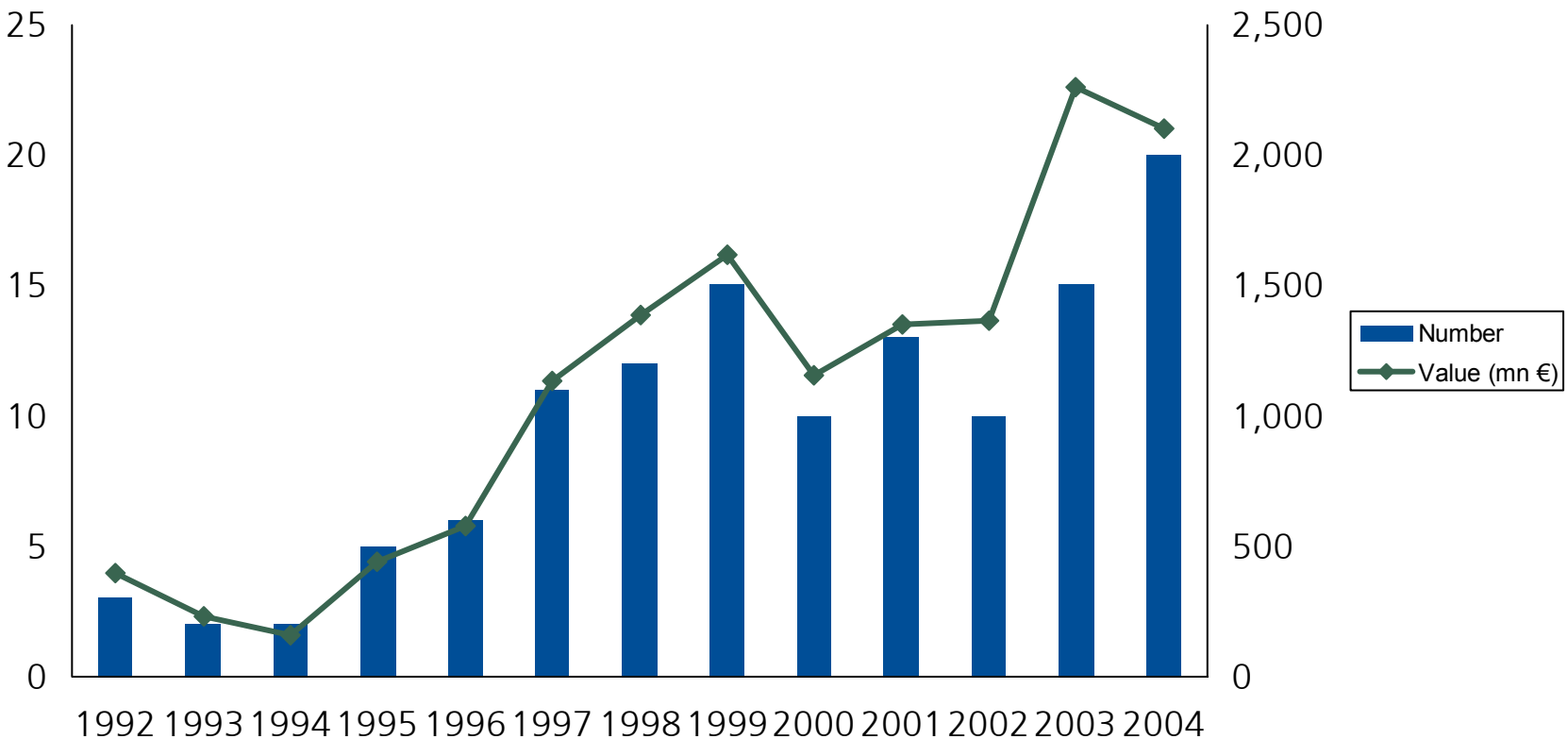
- **Three management buyouts completed**

- Preh - Nov. 2003  
Inv. 7.3 million euros
- Babcock Borsig Service - Nov. 2003  
Inv. 8.6 million euros
- Otto Sauer Achsenfabrik - April 2004  
Inv. 7.3 million euros

mn of  
euros



# Private equity market: mid-market segment on the rise

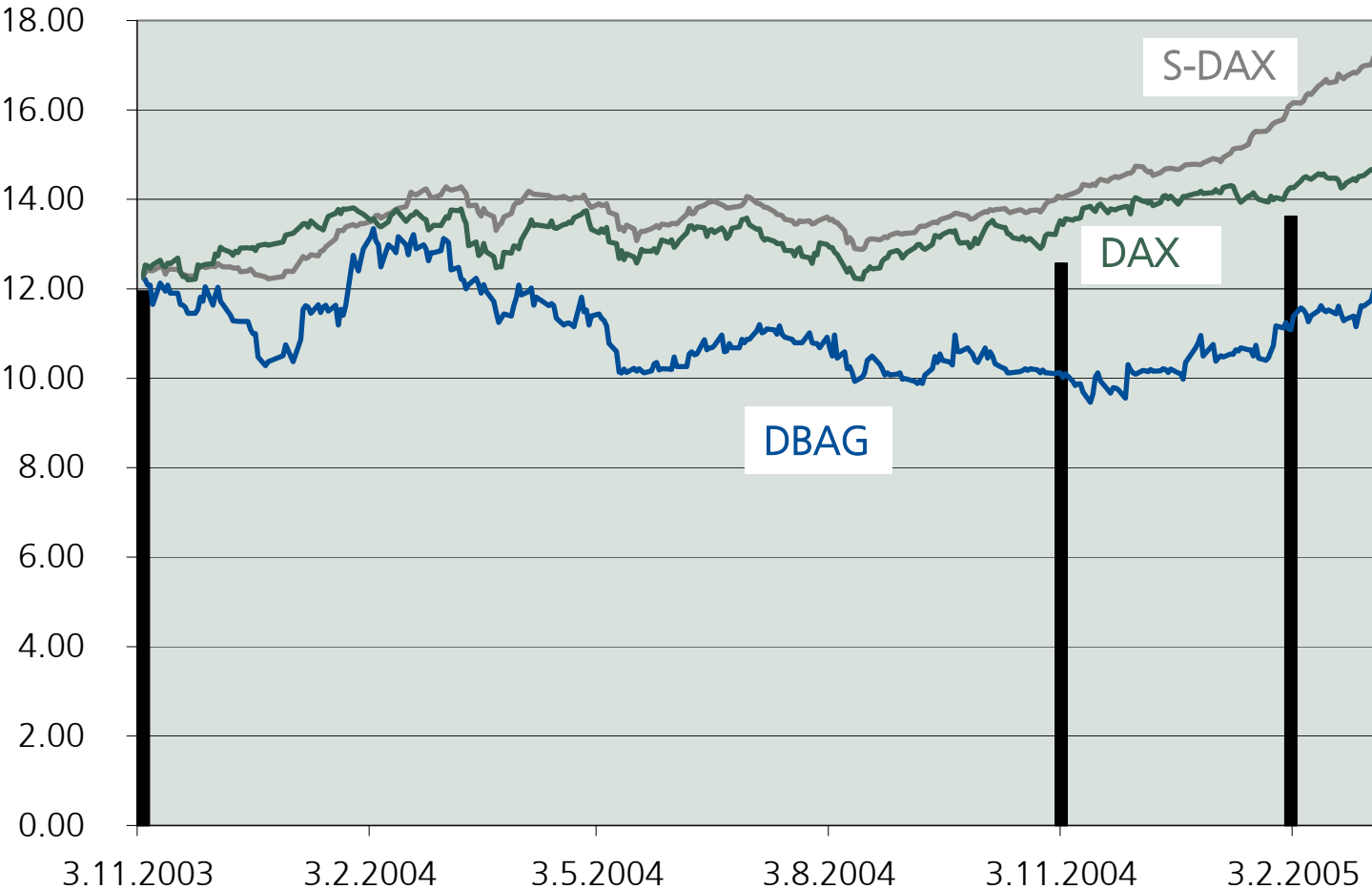


**Strong growth in market for transactions from 50 to 250 million euros: 20 transactions in 2004, following 15 in 2003**

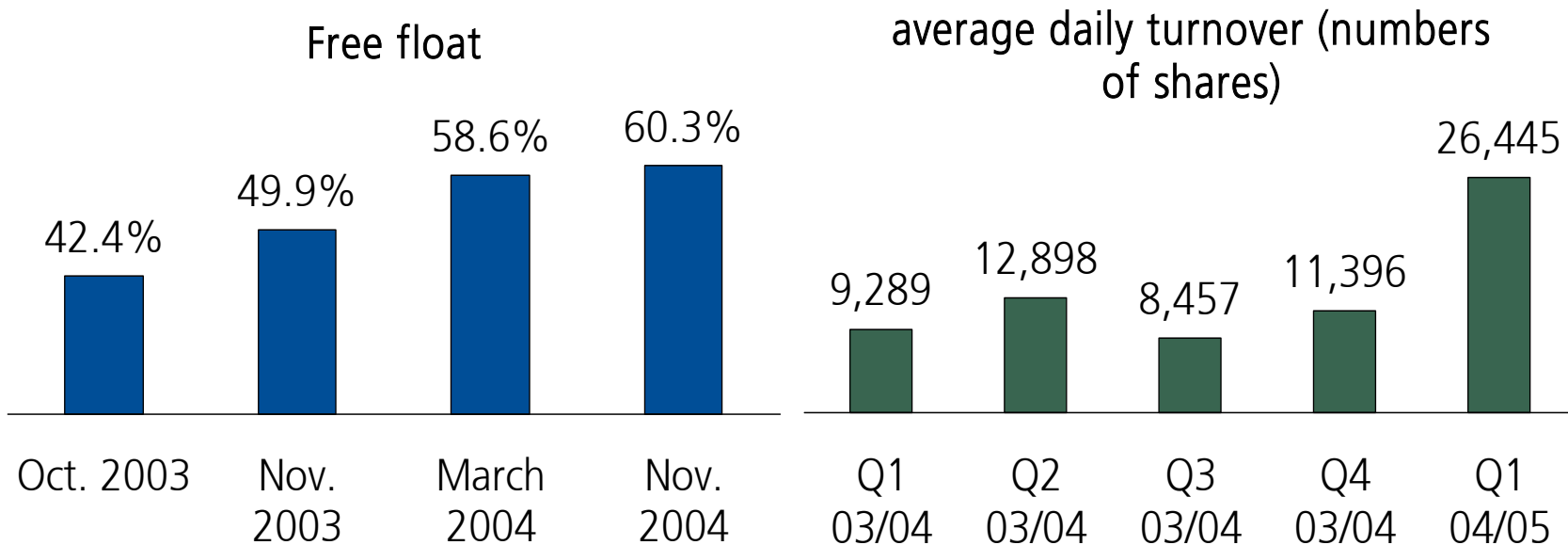
# Growth drivers in mid-market segment

- **Key growth driver: spin-offs of corporates**
- **Further growth drivers:**
  - Change in banking system (Basle II)
  - Succession issue in family-owned companies
  - Restructuring-related divestments
- **Secondary buyouts gain in importance**

# Share price: markdown on fair value



# Increase in free float Liquidity improved



# Financial year 2004/2005: conversion to IAS/IFRS



Deutsche  
Beteiligungs AG

- **Application of international accounting standards beginning 1 November 2004**
- **Key change: changes in investment value disclosed on quarterly basis in balance sheet**
  - Net asset value (corresponds to current fair value, with only few exceptions) the benchmark for the development of the value of private equity companies
- **Profit and loss account with change in unrealised current values of investments**

# Major difference: Recognition of valuation changes

## Formerly: based on German GAAP

Recognition of investments at cost

Write-ups/write-downs

Realisation of value appreciation at ultimate sale

## New: based on International Financial Reporting Standards (IFRS)

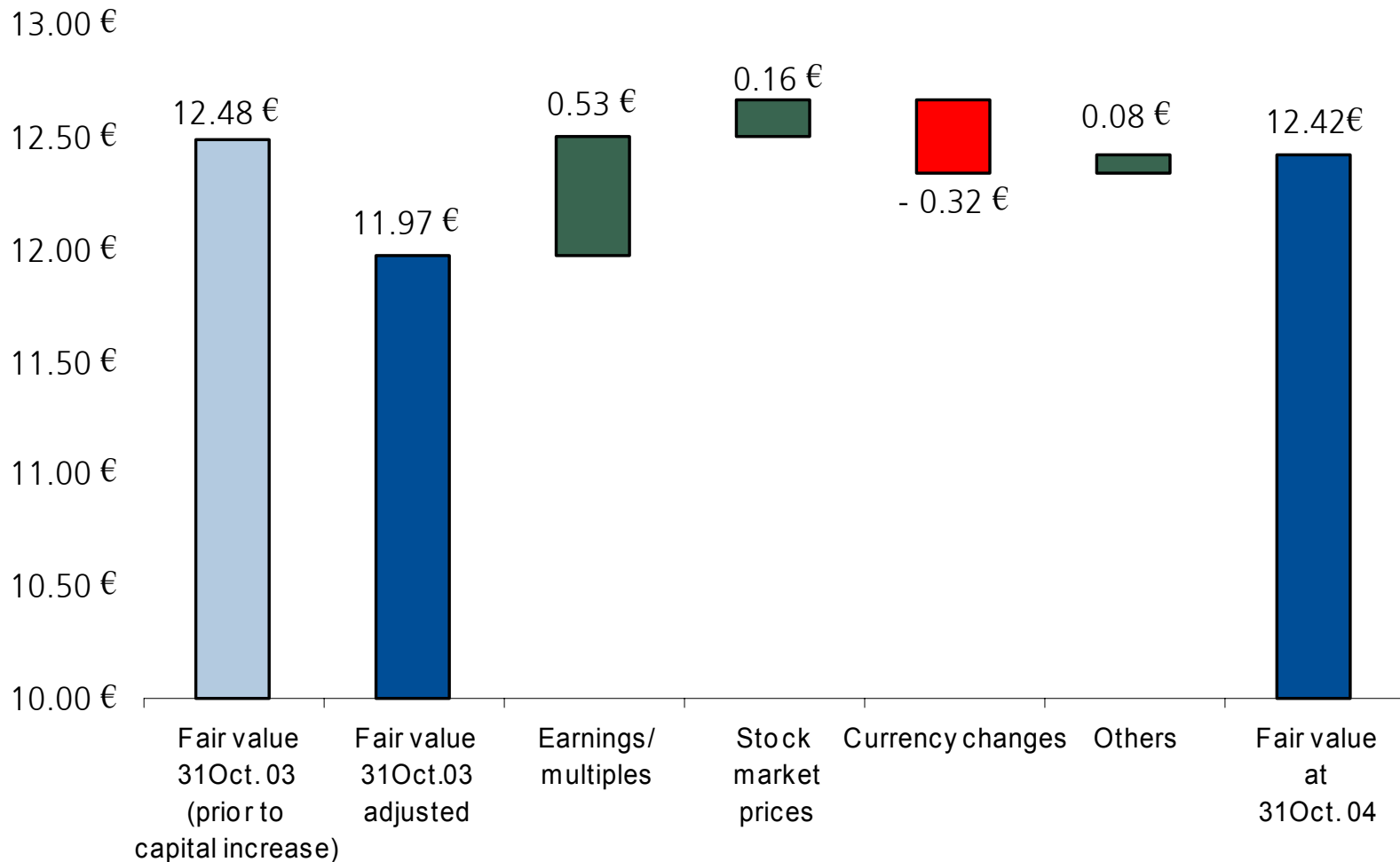
Quarterly valuation

Changes in valuation disclosed on quarterly basis

Net asset value becomes key indicator

➔ **Greater independence from individual events; as a rule: more consistent earnings development**

# Development of the fair value per share





# Agenda

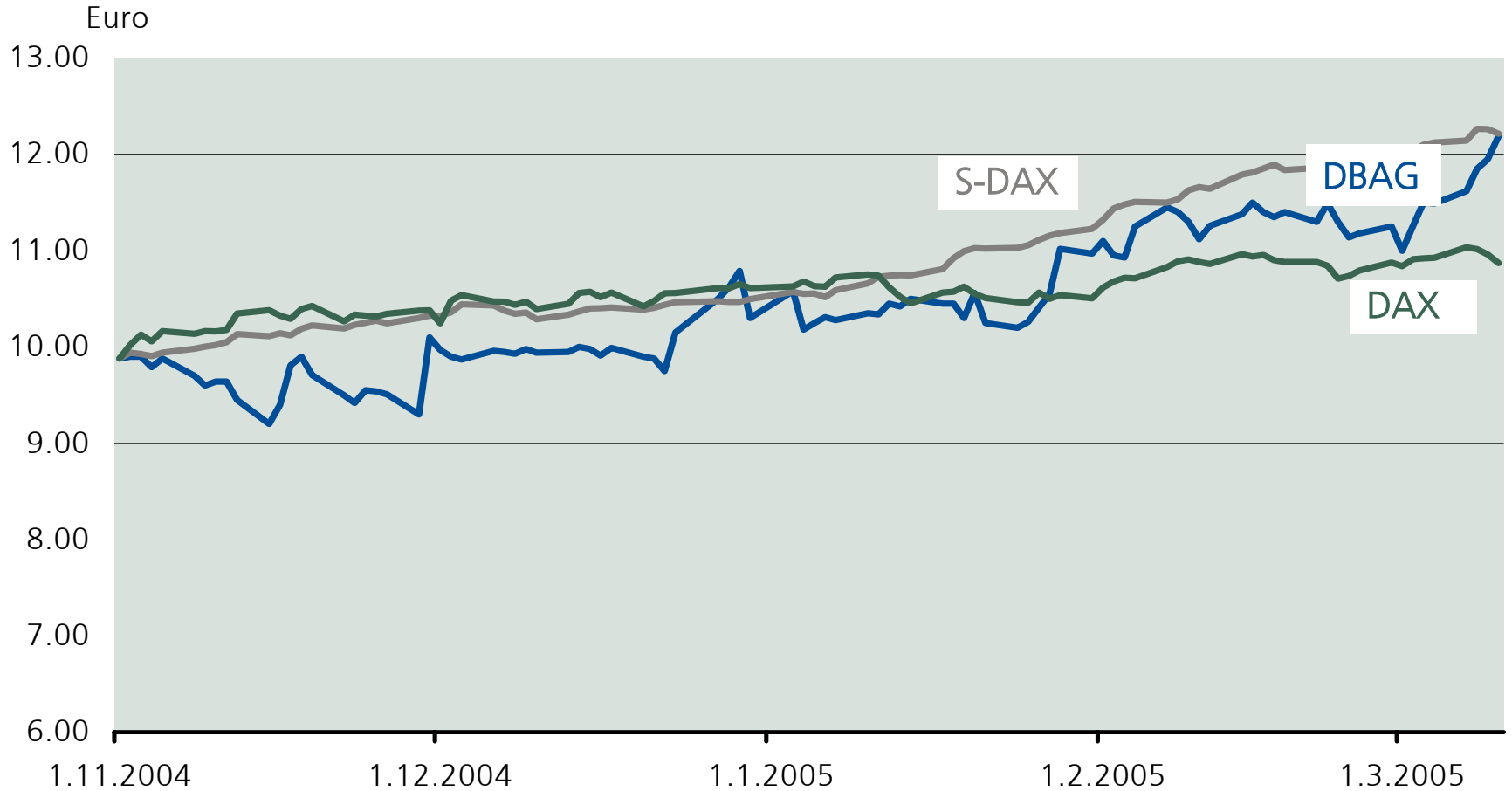
- **Dividend recommendation: 0.33 euros per share**
- **Creation of new Authorised Capital and Conditional Capital**
  - against cash or non-cash contributions
  - through issues of warrant-linked bonds and/or convertible bonds
- **Authorisation to purchase own shares**



## Good start in anniversary year

- **Disinvestment of schlott gruppe AG**
- **Contract for sales of Babcock Borsig Service GmbH completed**
- **First-quarter net profit: 19.6 million euros**
- **Net asset value per share: 13.62 euros at 31 January 2005**
- **Rise in net asset value of 8.4 percent compared with beginning of quarter (1 November 2004)**

# Performance in financial year 2004/05 share price gains momentum





# Outlook

- **Confident of being able to further augment the net profit in the coming months**



# Annual Meeting 2005



**Auf Wiedersehen  
at the Annual Meeting 2006  
in Frankfurt am Main  
on March 15, 2006**

Look for news at [www.deutsche-beteiligung.de](http://www.deutsche-beteiligung.de)