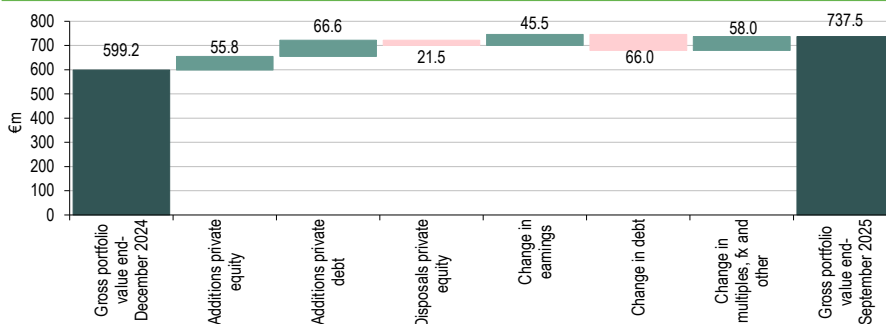


# Deutsche Beteiligungs

An active exit pipeline for the quarters ahead

Deutsche Beteiligungs' (DBAG's) NAV total return (TR) of 2.1% in 9M25 was dampened by the continued weak market backdrop in Germany. That said, DBAG has seen a good flow of transactional opportunities, both in terms of new investments (underpinned by, among others, its ability to structure more complex deals involving bilateral agreements with existing owners) and exits (as illustrated by the successful realisation of duagon, signed in September 2025). DBAG is now fully invested, but continues its new deal origination and buybacks given the contracted exit proceeds and the fact that portfolio companies representing over 20% of its NAV are subject to ongoing discussions with investors on realisations. Share repurchases were NAV-accretive given the wide discount at which DBAG's shares trade to the NAV of its private market investments (34.8% at present), on top of which DBAG's shares offer exposure to its fund services business, generating recurring earnings (guided at €10–15m in FY25).

Exhibit 1: DBAG's gross portfolio value changes in 9M25



Source: Company data, Edison Investment Research

## Macroeconomic backdrop may improve in 2026

Sentiment towards German equities has improved markedly this year on the back of parliamentary elections, the announcement of the €500bn infrastructure fund and the relaxation of the 'debt brake' rule to exempt defence spending of more than 1% of GDP. While German economic growth is constrained by the lack of sufficient new orders, fiscal stimulus should provide tailwinds to growth, especially from 2026, when the ifo Institute forecasts GDP growth of 1.3% (vs 0.2% in 2025), followed by 1.6% in 2027. The US-EU tariff deal has provided some clarity, albeit the new 15% tariffs will limit growth (the Kiel Institute estimated the short-term impact at 0.13pp of GDP growth).

## duagon acquired by a strategic buyer

The agreed sale of duagon, a provider of embedded solutions for safety-related applications, predominantly in the railway industry, is worth noting for several reasons: 1) DBAG achieved a solid multiple on invested capital (MOIC) of around 2.5–3.0x. 2) DBAG booked a more than 100% uplift to duagon's carrying value 12 months prior, suggesting a conservative valuation approach. 3) duagon was sold to a strategic buyer, an attractive exit route that has been seen less often in the private equity (PE) market lately. 4) duagon is one of DBAG's older investments (made in 2017), illustrating that even older vintages can generate robust returns.

Investment companies  
Listed private equity

17 November 2025

Price	€23.00
Market cap	€408m
Shares in issue	17.7m
Code/ISIN	DBAN/DE000A1TNUT7
Primary exchange	FSE
AIC sector	N/A
Financial year end	31 December
52-week high/low	€26.5 €20.0

### Fund objective

Deutsche Beteiligungs is a German-based and listed private equity investment and fund management company that invests in mid-sized companies in Germany and neighbouring countries via management buyout transactions and growth capital financings. It also manages c €2bn of third-party capital, which generates stable recurring fee income. Following the acquisition of a majority stake in ELF Capital, it expanded its offer to include private debt.

### Bull points

- Solid long-term track record, with an average private equity exit multiple of 2.5x at end-FY24.
- Emphasis on 'growth sectors' such as IT services and software, energy transition/sustainability themes and healthcare.
- Recurring cash flow from fund services.

### Bear points

- Continued impact from the weak macroeconomic environment in Germany, especially on DBAG's industrial holdings.
- Interest rate normalisation may reduce prospective private equity returns, put pressure on interest coverage ratios and/or lead to refinancing issues across private equity-backed companies in the medium term.
- Higher average leverage of portfolio companies versus pre-COVID-19 levels, though partly due to greater share of businesses with a high proportion of recurring revenue (eg software and IT services).

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## Q325 results assisted by valuation multiples

DBAG's NAV per share remained broadly stable in Q325 (to end-September 2025) at €35.28 (vs €35.21 at end-June 2025), bringing its NAV TR for the first nine months of 2025 (9M25) to a moderate 2.1%. DBAG's management continues to describe the operating performance of its portfolio as challenging due to the uncertain macroeconomic backdrop (the Ifo Institute expects German GDP growth of 0.2% in 2025). This macro uncertainty has had a negative impact on new orders, with the Ifo Institute highlighting persistently weak demand across all sectors. However, DBAG reported a €45.5m positive impact from the improvement in earnings on its portfolio revaluations in 9M25 (see Exhibit 1), as several portfolio holdings were able to defy the tough environment.

This positive impact was more than offset by the negative €66.0m effect from higher portfolio net debt, though we note that this was largely attributable to the financing of Congatec's transformational acquisition of its competitor, JUMPtec (discussed in detail in our [August 2025 note](#)), to which DBAG did not provide any funding from its own balance sheet. This transaction also contributed to the increase in the proportion of DBAG's holdings with a net debt to EBITDA of more than 4.0x to 46% at end-September 2025 versus 35% at end-June 2025 (Congatec is one of DBAG's top five holdings by value). DBAG's management highlighted that the higher average net debt to EBITDA across its portfolio is partly attributable to a higher share of attractive businesses with recurring revenue. Apart from Congatec, management highlighted Solvares; its net debt to EBITDA will be (following the acquisition of Totalmobile, see below) around 7x, which is not unusual in the software space. For instance, the average leverage across the portfolio of HgT (managed by Hg, a specialist PE manager focused on business-to-business software and IT services businesses) stood at 7.4x at end-September 2025.

The resulting net negative effect from operating performance (change in earnings combined with change in net debt) of €20.6m was more than offset by higher valuation multiples (€83m positive contribution), which, after accounting for fx changes and an updated discounted cash flow valuation of one holding, translated into €37.4m of gross gains and losses from remeasurement (or 5.8% of opening NAV). This includes a €5.6m positive valuation result from DBAG's private debt investments in 9M25. An important positive contributor to the higher multiples was the more than 100% valuation uplift versus the carrying value 12 months prior booked on the successful exit of duagon, which DBAG signed in September 2025 (see details below). Sector-wise, industrial technology and industrial services companies had a positive valuation impact, while environment, energy and infrastructure detracted (mostly due to one holding). Management guides to an NAV per share of €35–38 for FY25 and is confident that DBAG can reach the midpoint, even without closing any further exits this year.

The €37.4m gross gains and losses from remeasurement were partly offset by €20.3m net income attributable to other shareholders of investment entity subsidiaries, which mostly consists of carried interest. This represents a significant increase compared to the €4.6m in 9M24, primarily due to the duagon exit, which brought DBAG Fund VII's return above the priority return of limited partners and into carried interest territory (which is subject to catch-up).

DBAG's fund services business reported a €36.1m income in 9M25 (broadly stable versus €36.3m in 9M24), while EBITA fell to €11.2m from €13.4m last year, primarily due to lower income from older fund vintages, as expected. DBAG is therefore well on track to reach management's FY25 guidance for EBITA of €10–15m.

## duagon sold at a year-on-year uplift of over 100%

While the exit environment has proven more challenging than DBAG's management expected earlier this year, the company recently signed a significant exit of duagon (one of its top five holdings). duagon is a provider of embedded solutions for safety-related applications, predominantly in the railway industry, as well as medtech and critical automation applications, employing around 750 people in eight countries. DBAG acquired the company in 2017 as part of a succession deal. DBAG subsequently pursued a buy-and-build strategy by driving three add-on acquisitions in 2018–20 to strengthen duagon's strategic position and scale (all of which were founder succession cases as well) and supported duagon's management during the 'chip crisis' of 2020–23. DBAG disclosed that duagon posted a 2022–25 EBITDA CAGR of over 30%.

Consequently, it realised a MOIC of more than 2.5x (or 'a bit below 3.0x', as highlighted by DBAG management during the earnings call) over an eight-year holding period. Importantly, the company is being sold to a strategic buyer (Knorr-Bremse), which is worth noting given that the PE market has recently been characterised by a high share of secondary buyouts (ie sponsor-to-sponsor deals), which in European PE made up 40% of all exits, according to DBAG. DBAG

expects the transaction to close in Q425.

DBAG's management highlighted that it is in active discussions on exits representing more than 20% of its current NAV, which encouraged the company to pursue further buybacks. On top of the regular dividend of €1.00 per share (or €22.3m in total), which now represents an attractive c 4.3% dividend yield, DBAG spent €10.2m on share repurchases in 9M25. These buybacks were carried out at a significant discount to NAV and were therefore NAV-accretive. After accounting for this NAV accretion, the total distributions to shareholders amounted to €1.83 per share in 9M25, or 5.1% of opening NAV.

## New investment in a mid-market IT consultancy business

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With respect to new investments, DBAG agreed to invest €29m alongside DBAG Fund VIII in MAIT, a top 10 German mid-market IT consultancy active across 25 locations in the DACH region and Benelux, with 900 employees (acquired from PE investor 3i). By doing so, DBAG is building on its experience in investing in IT services companies, such as Cloudflight (sold for a strong MOIC of over 4.0x) and Akquinet.

MAIT offers holistic digital solutions in product lifecycle management (the market for which should grow by 9–12% per year through to 2030, according to DBAG), as well as enterprise resource planning and IT services. It generated €205m in revenues in 2025 and has a sticky customer base, with more than 60% having been with the company for over a decade. Based on DBAG's comments, we understand that it aims to 'hit the ground running' in terms of the buy-and-build activities for MAIT, with several add-on acquisitions in the pipeline, one or two of which could be closed this year.

Earlier this year, DBAG made three private debt investments with a total value of €66.6m (or €83m after including a fourth private debt deal that is yet to close). It also made a long-term PE investment in a minority stake in FinMatch (a digital corporate finance platform for mid-market companies) and a PE investment to replace external financing at an existing holding (see our August 2025 note for further details).

Other portfolio highlights include a significant add-on acquisition of Totalmobile (agreed in October 2025) carried out by Solvares, for which DBAG recently set up a continuation fund. The transaction was structured as a co-investment by the continuation fund, DBAG Fund VIII and Five Arrows Principal Investments, with the additional capital raised for the continuation fund resulting in an increase in fee income for DBAG of €1.5m per year. At the same time, the transaction will lead to a reduction in DBAG's portfolio exposure to Solvares.

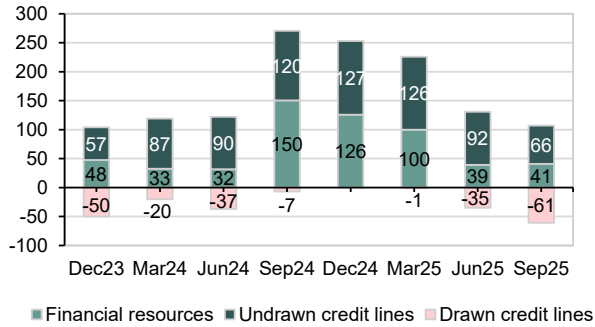
DBAG's management highlighted during the earnings call that it continues to see a good flow of transaction opportunities, including more complex transactions requiring a bilateral solution with the existing owners (such as MAIT), which is DBAG's competitive advantage (especially compared to PE funds that have recently entered the German market). Its competitive edge is illustrated by the high share of acquisitions from founders and their families it has made historically. It highlighted that there is a significant number of entrepreneurs seeking to sell part of their holdings who are willing to accept a majority buyout.

## Staying close to fully invested

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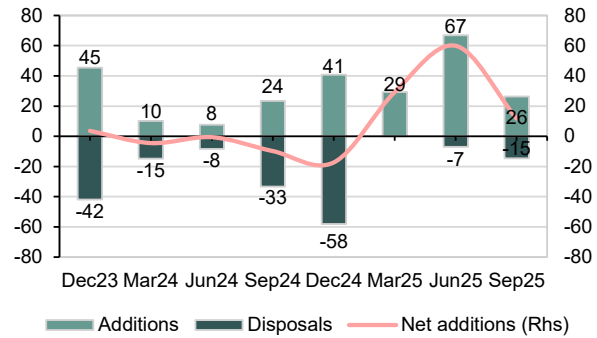
As discussed in our August 2025 note, following investments it made this year, DBAG has deployed the proceeds from the 2024 convertible bond issue and recent realisations. Its financial resources (cash and short-term investments) amounted to €41m, and it had €61m drawn from its credit facility as of end-September 2025, with another €66m still undrawn (see Exhibit 2). Its available liquidity therefore covers 43% of the €250m outstanding commitments as of end-September 2025. We note that these figures do not account for the future proceeds from the duagon exit, which DBAG estimates at c €80m.

**Exhibit 2: DBAG's available liquidity evolution (€m)**



Source: Company data

**Exhibit 3: DBAG's portfolio additions and disposals (€m)**

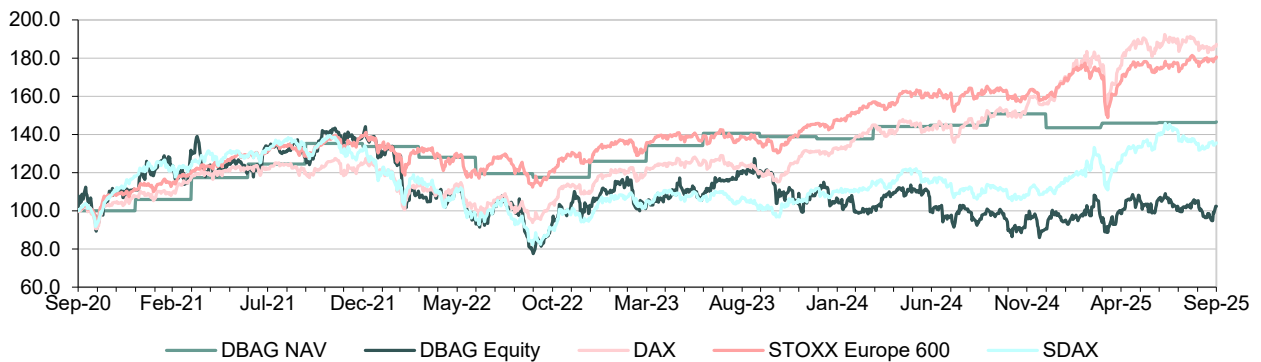


Source: Company data

## Valuation: Continues to trade at a wide discount to NAV

DBAG's NAV TR in euro terms between end-September 2020 and end-September 2025 reached 46.5%, or c 7.9% per year, which is ahead of the return posted by the German small-cap index (SDAX) of 6.3% per year (see [Exhibit 4](#)). Institutional investors typically expect PE to outperform public equities by 300bp net of fees. Against the backdrop of a weak macroeconomic environment in Germany, DBAG's five-year NAV TR is behind the PE peer average, although it outperformed the peer average over three years, ranking third (see Exhibit 7). Meanwhile, its share price TR decoupled from NAV performance and stood at just 2.4%, leading to a discount to last reported NAV of 34.8% currently (see Exhibit 5). We note that, before 2022, DBAG's shares traded at a premium to NAV (18% on average over the five years to end-2021), which we believe was due to the share price reflecting the additional value of DBAG's fund services business, which manages c €2bn of third-party capital, the value of which is not directly captured in DBAG's reported NAV. Given this, DBAG's portfolio changes in terms of sector exposure and the increasing share of private debt investments (which likely bear a lower risk than PE investments), the current discount to NAV may be considered wide.

**Exhibit 4: DBAG's five-year share price and NAV TR compared to public markets to end-September 2025, rebased**



Source: Company data, LSEG Data & Analytics, Edison Investment Research

### Exhibit 5: DBAG's historical discount to NAV



Source: Company data, LSEG Data & Analytics, Edison Investment Research

We consider it instructive to examine the market-implied valuation of both DBAG segments in two scenarios: 1) using the implied value of PE investments, assuming fund services are valued in line with peers; and 2) using the implied value of the fund services segment, assuming that PE investments are valued in line with peers. For peers in DBAG's fund services segment, we use a group of listed asset managers with exposure to alternative unlisted assets such as real assets or PE: Blackstone, EQT, Partners Group, Intermediate Capital, Tikehau Capital, Cohen & Steers and CVC Capital Partners. We acknowledge that these companies have assets under management that are an order of magnitude larger than that of DBAG, which may distort the analysis. In the case of PE investments, we use the peer group shown in Exhibit 7, excluding 3i.

### Exhibit 6: Analysis of DBAG's market value by segment

Fund services in line with peers	
Earnings multiple applied to fund services segment's valuation* (x)	19.4
Implied value of fund services segment**	€237.5m
Implied value of private equity investments segment	€168.6m
Implied discount of private equity investments value to DBAG's end-June 2025 NAV***	70.7%
Private equity investments in line with peers	
Investments: discount to NAV	22.3%
Investments segment	€447.3m
Fund services segment	€(41.1)m
Services: P/E ratio (x)	(3.4)

Source: Company data, Edison Investment Research, LSEG Data & Analytics.

Note: \*Based on FY25e consensus earnings from LSEG Data & Analytics except Intermediate Capital (FY to end-March 2026). \*\*Based on last twelve-month earnings before taxes of the fund services segment (no net income available). \*\*\*Multiple and discount are calculated based on DBAG's NAV excluding intangible assets arising from the ELF Capital acquisition.

Assuming the fund services segment is valued in line with peers (on a 19.4x FY25e earnings multiple) and using DBAG's current market capitalisation, the implied value of DBAG's PE investments would be c €169m (71% below its end-September 2025 NAV, which we conservatively adjust for the intangibles arising from the ELF Capital acquisition), while DBAG's peers currently trade at an average 22.3% discount. If we conservatively assume the lower end of the peer valuation range (10.9x), we arrive at an implied value of DBAG's PE investment of €273m, a still sizeable 53% discount to DBAG's end-September 2025 NAV. On the other hand, if we assume that the PE investments were valued in line with peers, then DBAG's current market capitalisation would imply a negative value for the fund services business. This needs to be put in the context of management's expectations of an increase in fund services EBITA from €10–15m in FY25 to €12–18m in FY27 on the expected launch of DBAG Fund VIII's successor. Finally, management envisions that the successor of the €250m ECF IV fund could be larger than €300m.

**Exhibit 7: DBAG's peer comparison as of 11 November 2025\* (% unless stated otherwise)**

	Market cap (€m)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	NAV TR (10-year)	Discount	Latest net gearing	Dividend yield
<b>Deutsche Beteiligungs</b>	<b>408</b>	<b>(2.8)</b>	<b>24.7</b>	<b>46.5</b>	<b>137.7</b>	<b>(34.8)</b>	<b>136</b>	<b>4.3</b>
3i	37,481	27.3	111.3	293.3	709.6	23.0	104	2.2
GIMV	1,658	4.5	16.6	49.0	93.8	(15.5)	100	5.8
HgT	2,468	1.7	27.2	104.3	335.1	(13.4)	102	1.2
ICG Enterprise Trust	1,051	3.9	11.9	104.9	186.3	(27.5)	109	3.1
Oakley Capital Investments	1,070	0.7	13.8	107.0	250.6	(23.6)	105	0.4
Partners Group Private Equity	710	4.1	11.9	35.1	137.4	(26.8)	106	3.6
Patria Private Equity Trust	1,010	5.5	17.9	104.5	221.7	(26.9)	115	2.9
<b>Peer average (excluding 3i)</b>	<b>1,328</b>	<b>3.4</b>	<b>16.6</b>	<b>84.1</b>	<b>204.1</b>	<b>(22.3)</b>	<b>106</b>	<b>2.8</b>
<b>Rank</b>	<b>8</b>	<b>8</b>	<b>3</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>2</b>

Source: Company data, LSEG Data & Analytics, Edison Investment Research

Note: Net gearing is total assets less cash and equivalents as a percentage of net assets. \*12-month NAV total return (TR) performance in euro terms based on end-September 2025 or latest earlier available NAV. DBAG's dividend yield calculated based on the €1.00 dividend per share paid out of FY24 (ie excluding the €0.25 paid for the abbreviated financial year to end-December 2024).

**Exhibit 8: Five-year discrete performance data in euro terms (%)**

	DBAG NAV	DBAG share price	DAX	SDAX	Stoxx Europe 600
30/09/2021	35.3	29.0	53.6	78.5	48.2
30/09/2022	(13.1)	(39.9)	(20.6)	(36.3)	(12.0)
30/09/2023	18.2	56.1	27.0	22.4	19.9
30/09/2024	8.6	(17.4)	25.6	10.0	20.0
30/09/2025	(2.8)	2.5	23.6	19.6	10.3

Source: Company data, LSEG Data & Analytics. Note: All figures on a total return basis.

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