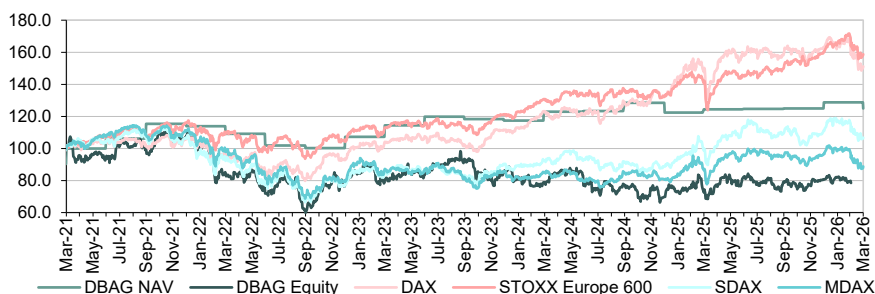


Deutsche Beteiligungs

Significant proceeds collected in Q126

Deutsche Beteiligungs (DBAG) reported a 3.0% NAV per share decline in Q126 due to a de-rating in public comparable companies triggered by the war in the Middle East. However, DBAG's management highlighted that there was a clear recovery in comparable public multiples in April. Management guidance of NAV per share of €36–40 in FY26 (which remains unchanged) and its dividend recommendation of €1.00 per share (in line with its current dividend policy) implies an NAV total return of 2–13% for FY26. Other key highlights in Q126 include the agreed investment in the medtech company Hipp Technology Group and the receipt of proceeds from the successful duagon exit agreed last year, which provides DBAG with a solid balance sheet for new investments, dividends and buybacks. DBAG expects further substantial exits this year, which could potentially allow it to start the fund-raising process for the new vintage of its flagship buyout fund in late 2026.

Exhibit 1: DBAG's NAV and share price total return compared to public indices, five years to end-March 2026 rebased



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

PE markets remain cautious in response to the war

The robust pick-up in private equity (PE) market activity in H225 was interrupted by the war in the Middle East, with PitchBook reporting quarter-on-quarter declines of 22.5% and 12.4% in deal value and count. Meanwhile, new manufacturing orders in the German economy picked up in March 2026, but this may have been due to front-loading in anticipation of possible supply shortages and price increases triggered by the closure of the Strait of Hormuz.

Why consider DBAG now?

DBAG's future returns are partly dependent on the German economy (which is yet to resolve its structural growth issues). That said, portfolio turnover in recent years (through exits and selected write-downs) reduced exposure to traditional industrials. Around 29% of DBAG's portfolio is in IT services and software, mostly providers of services in areas such as IT consulting, the development of complex, customised, end-to-end software solutions, software integration and digital transformation, where downside risk from AI disruption seems lower. DBAG's shares now trade at a 28.6% discount to NAV. We view this as excessive considering the current sector mix in its PE portfolio, particularly as its NAV does not account for the value of its fund services business, while private debt makes up c 12.7% of its portfolio.

Not intended for persons in the EEA.

Investment companies
Listed private equity

19 May 2026

Price €25.20
Market cap €435m

Shares in issue 17.3m
Code/ISIN DBAN/DE000A1TNUT7
Primary exchange FSE
AIC sector N/A
Financial year end 31 December
52-week high/low €26.5 €22.5

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 gross exit multiple across 60 full and partial private equity exits of 2.4x at end-FY25.
- Emphasis on growth sectors, such as IT services and software, environment, energy and infrastructure, and healthcare.
- Recurring income from fund services.

Bear points

- Continued impact from 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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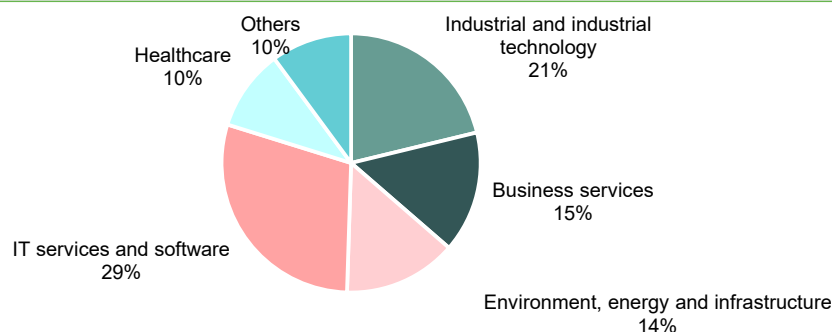
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Public peer multiples affected by war in the Middle East in Q126

DBAG reported a 3% decline in its NAV per share to €35.29 in Q126 in total return (TR) terms (0.4% over 12 months to end-March 2026), primarily due to lower public market multiples (which had a negative €26.6m valuation impact), resulting from the market-wide sell-off triggered by the war in the Middle East. Changes in earnings of portfolio companies had a moderate €8.6m positive NAV impact (1.3% of opening NAV).

Management highlighted that AI is more of a tailwind to growth within its IT and software portfolio (29% of DBAG's end-March 2026 portfolio value, see Exhibit 2), which is in line with our view presented in our previous [comprehensive review note](#). Most of DBAG's IT and software exposure is in providers of services in areas such as IT consulting, the development of complex, customised, end-to-end software solutions, software integration and digital transformation (eg akquinet, AOE, Cloudflight, freiheit.com, UNITY, MAIT), where downside risk from AI disruption seems lower. DBAG also holds IT infrastructure business Green DataHub, encompassing two data centres. DBAG's exposure to pure-licence software is mainly through Solvares Group, a provider of field service management, field sales management and transport management and logistics solutions, including AI-enhanced route optimisation. DBAG's management highlighted during the Q126 earnings call that akquinet, Solvares and freiheit.com have experienced particularly strong growth and are trading above their respective budgets.

Exhibit 2: DBAG's portfolio breakdown by sector at end-March 2026



Source: Company data

DBAG's broader portfolio remains affected by the overall subdued economic environment in Germany, illustrated by a mere 0.2% growth in GDP in 2025. New manufacturing orders in Germany rose by 1.6% in Q126 versus Q425 excluding large-scale orders (which were particularly high in Q425, creating a high comparative base). In March 2026 alone, new orders including large-scale orders rose by 5.0% month-on-month after seasonal and calendar adjustment, with strong growth in electrical equipment (up 21.5%), machinery and equipment (6.9%) and computer, electronic and optical products (14.4%). German manufacturing PMI remained in expansionary territory in April 2026 at 51.4 points, although slightly down from 52.2 in March. However, the momentum in March and April may have been driven by front-loading of orders resulting from concerns over potential future supply shortages and price increases triggered by the war in the Middle East.

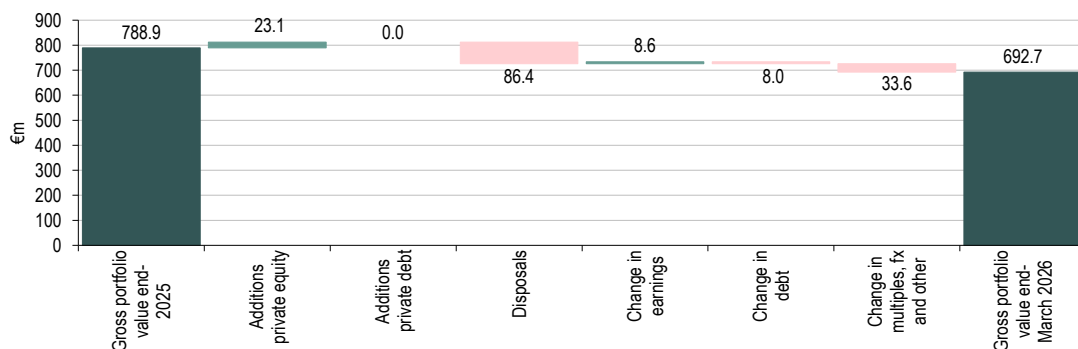
Still, there seem to be some potential initial signs of an economic pick-up, with real GDP growing 0.3% q-o-q in Q126, supported by household and government consumption, as well as increasing exports. In the April 2026 edition of its World Economic Outlook, the International Monetary Fund (IMF) projected an acceleration in GDP growth to 0.8% in 2026 and 1.2% in 2027, bolstered by fiscal stimulus, especially infrastructure and defence spending, although this represents a 0.3pp reduction in each of these years compared to the October 2025 forecast. The IMF expects this to be accompanied by a temporary increase in consumer price inflation from 2.3% in 2025 to 2.7% in 2026, followed by a return to 2.3% in 2027.

The €8.0m negative impact from change in debt across DBAG's portfolio was primarily related to Congatec's acquisition of Jumptec, discussed in our [previous research](#). At end-March 2026, around 57% of DBAG's portfolio value represented companies with a debt to EBITDA multiple of 4.0x or more. According to DBAG's management, there are no debt refinancing issues across the portfolio currently, including no major debt maturities within its IT and software portfolio in the next two to three years. The Solvares' debt package was refinanced at the time of DBAG setting up the continuation fund in late 2024. It is worth highlighting that Cartonplast, a European supplier of reusable plastic layer pads and a top-five holding in DBAG's portfolio, has successfully closed a €230m refinancing on the infrastructure market. DBAG's management noted that the long-term refinancing package reduces Cartonplast's ongoing borrowing costs, improves its

maturity profile and provides financial flexibility to propel its strategic initiatives. It also said that with strong interest from institutional infrastructure investors, the transaction provides third-party validation of Cartonplast's resilient cash flow profile and the attractiveness of its business model. Management also confirmed that its private credit portfolio (which has no software exposure) continues to perform well.

Management reaffirmed its guidance of NAV per share of €36–40 per share, which, in line with its historical approach, assumes no changes in valuation multiples versus end-FY25. Together with management's dividend recommendation of €1.00 per share, we calculate that this implies an NAV TR of 2–13% for FY26.

Exhibit 3: Breakdown of DBAG's portfolio changes in Q126



Source: Company data

DBAG's fund services segment reported a moderate year-on-year increase in income to €12.6m from €12.1m in Q125, assisted by additional income from the Solvares continuation fund and higher fees from DBAG Fund VIII resulting from the MAIT acquisition. The segment's EBITA declined to €3.1m from €3.8m in Q125 due to higher personnel expenses, as well as placement agent fees related to the above-mentioned continuation fund.

Management confirmed its previous EBITA guidance for FY26 of €5–9m, which we understand is a function of significant expected exits, which will reduce the fee-generating asset pool in the near term. However, management previously said that it expects EBITA to increase to €11–17m in FY28, following the launch of the next vintage of DBAG's flagship management buyout (MBO) fund. We understand that fund-raising for the new fund may start in late 2026 subject to the pace of realisations in DBAG's existing funds.

New investment in the medtech space

A key recent highlight of DBAG's activity was the agreed investment of an undisclosed amount in Hipp Technology Group in March 2026, which DBAG's management considers a strategic expansion in the healthcare sector, expected to close in Q226. The company is a development partner and contract manufacturing company active primarily in regulated medical technology (which represents over 80% of revenues), including implantology, surgical instruments and robotic surgery systems, benefiting from demographic trends. The company derives its remaining revenues from other high-precision industries, in particular aerospace/defence and robotics.

DBAG highlights the company's experience of more than 30 years and its strong relationships with global top-tier original equipment manufacturers (OEMs), especially across orthopaedics, robotic systems and dental consumables, leveraging the growing trend of OEM outsourcing and resulting in high customer stickiness. Hipp expects revenues of c €95m in 2026.

DBAG's planned value creation measures for Hipp cover the usual range of PE activities: global expansion, selective add-on acquisitions and operational performance improvements. The founder and CEO will retain a significant stake and remain involved in the business. Importantly, DBAG managed to pre-empt a competitive bid process (more than 50 players were interested in Hipp) thanks to its reputation in the market and an introduction made by the management of Kraft & Bauer.

DBAG closed €23.1m of investments in Q126, including the €21.6m follow-on investment in the Solvares continuation fund alongside DBAG Fund VII to support the Totalmobile acquisition discussed in our previous note. After the reporting date, DBAG made a minority investment (funded exclusively from DBAG's own balance sheet) in Bug Bounty, a Swiss business active in ethical hacking, intelligent security testing and software-as-a-service.

Substantial exit proceeds collected in Q126

DBAG received €86.4m of realisation proceeds in Q126 (c 13.5% of opening NAV), mostly from the duagon exit agreed last year (and covered in our [November 2025 note](#)), as well as the realisation of Kraft & Bauer, a provider of microprocessor-controlled, sensor-based fire extinguishing systems for tooling machines, to Syngroh Capital, an investment entity of the Grohe family.

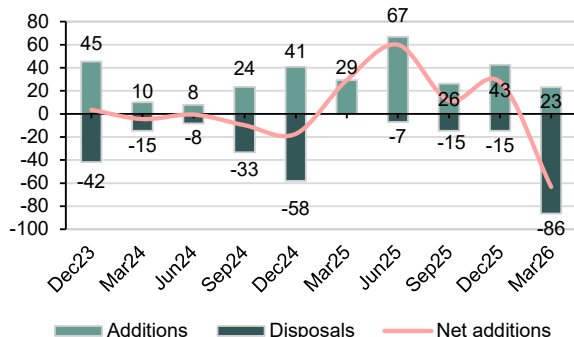
DBAG expects to generate a decent c 2x multiple on invested capital from its investment in Kraft & Bauer (with the potential for a further small earn-out) during a holding period of more than seven years. Under DBAG's ownership, Kraft & Bauer strengthened its position as a specialist provider of fire extinguishing systems for high-risk machine tools, while expanding its service business, customer base and international footprint. DBAG's management highlighted that this transaction allowed DBAG to establish links to the Grohe family, which may result in a small joint acquisition in the near term.

DBAG expects further successful exits in the coming months, with several holdings in a sales process, including two companies from its IT software and services portfolio (freiheit.com and Green DataHub), as well as the real estate broker von Poll Immobilien. However, management suggested that disposals from the IT software and services portfolio may be delayed until valuations recover across the sector.

In Q126, DBAG also agreed the sale of Mageba, a global manufacturer of structural bearings, expansion joints, earthquake protection devices and structural health monitoring systems for bridges, building and major infrastructure. DBAG acquired a minority stake in Mageba in 2015 and has now sold it at just half of the initial investment cost (but in line with last carrying value) to free up capital that is not compounding. We view it as a continuation of DBAG's portfolio clean-up process to exit older vintages, especially in the industrial and industrial technology sector, which we consider mostly completed.

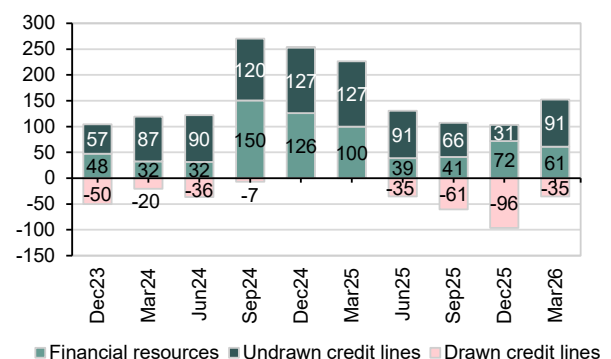
Following the receipt of duagon proceeds, DBAG's financial resources (cash and short-term investments) reached €61m, and it had an undrawn credit facility of €91.5m as of end-March 2026 (see Exhibit 5), with another €35.0m still drawn. Therefore, DBAG's available liquidity comfortably covers the majority of the €189m outstanding commitments as of end-March 2026 and allows the company to pursue its dividend policy (with a €1.00 per share payout recommended from FY25 earnings) and NAV-accretive share buybacks (with the existing programme of up to €20m extended until end-July 2026). DBAG spent €14.4m on share repurchases between 3 March 2025 (launch of the programme) and 2 March 2026, and we calculate that it has subsequently spent another €4.9m.

Exhibit 4: DBAG's portfolio additions and disposals (€m)



Source: Company data

Exhibit 5: DBAG's available liquidity evolution (€m)



Source: Company data

DBAG's share price lagging its NAV and listed small and mid-caps

DBAG's NAV TR in euro terms between end-March 2021 and end-March 2026 reached 24.9%, or c 4.6% per year, which is ahead of the return posted by the German small-cap index (SDAX) of 1.3% per year, as well as the German mid-cap index (MDAX), which fell by 11% over that period (see Exhibit 1). We consider listed small-cap companies and the lower end of listed mid-cap companies as the best comparator for DBAG's portfolio given its focus on businesses with enterprise values between €50m and €250m at entry (up to €400m when DBAG fund VIII's top-up fund is used). Listed German and European large-cap companies performed better than German small- and mid-cap companies over that period, as illustrated by the 8.6% and 9.7% returns per year posted by the DAX and STOXX Europe 600 indices, respectively.

DBAG's five-year NAV TR is behind the PE peer average, at least partly due to the weak macroeconomic environment in Germany (see Exhibit 8 below). Meanwhile, its share price decoupled from NAV performance and was down 18.8% in TR terms, leading to a discount to last reported NAV of 28.6% currently (see Exhibit 6). 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 6: DBAG's historical discount to NAV



Source: Company data, LSEG Data & Analytics

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: Blackstone, Bridgepoint, Hamilton Lane, Blue Owl Capital, StepStone Group, EQT, Partners Group 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 8, excluding 3i.

Exhibit 7: Analysis of DBAG's market value by segment

Fund services in line with peers	
Earnings multiple applied to fund services segment's valuation* (x)	17.0
Implied value of fund services segment**	€119.0m
Implied value of private equity investments segment	€315.8m
Implied discount of private equity investments value to DBAG's end-March 2026 NAV***	47.2%
Private equity investments in line with peers	
Investments: discount to NAV	30.4%
Investments segment	€416.1m
Fund services segment	€18.7m
Services: EBITA multiple (x)	2.7

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

Note: *Price to earnings (P/E) ratio based on FY26 consensus earnings estimates from LSEG Data & Analytics, except for Hamilton Lane and StepStone Group (average of consensus numbers for financial years to end-March 2026 and to end-March 2027). **Based on the midpoint of management's FY26e EBITA guidance (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 17.0x earnings multiple) and using DBAG's current market capitalisation, the implied value of DBAG's PE investments would be c €316m (47.2% below its end-March 2026 NAV, which we conservatively adjust for the intangibles arising from the ELF Capital acquisition), while DBAG's peers currently trade at an average 30.4% discount. If we conservatively assume the lower end of the peer valuation range (10.3x), we arrive at an implied value of DBAG's PE investment of €363m, a still sizeable 39.3% discount to DBAG's end-March 2026 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 mere 2.7x earnings multiple for the fund services business.

Exhibit 8: DBAG's peer comparison as of 19 May 2026* (% 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
Deutsche Beteiligungs	435	0.4	9.2	24.9	115.0	(28.6)	119	4.0
3i	24,528	17.4	90.2	263.6	755.8	(31.3)	104	3.8
GIMV	1,785	1.2	26.5	43.0	87.0	(12.0)	105	5.4
HgT	1,777	(3.9)	16.7	64.7	302.3	(35.5)	103	1.5
ICG Enterprise Trust	965	(3.1)	15.2	64.1	195.8	(32.8)	100	2.7
Oakley Capital Investments	904	2.7	15.7	85.5	261.8	(37.5)	111	0.0
Partners Group Private Equity	555	(6.9)	(0.7)	9.0	110.5	(35.1)	100	8.5
Patria Private Equity Trust	1,027	7.7	24.5	79.5	230.3	(29.5)	110	2.9
Peer average (excluding 3i)	1,169	(0.4)	16.3	57.6	198.0	(30.4)	105	3.5
Rank	8	5	7	7	6	2	1	3

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 TR performance in euro terms based on end-March 2026 or latest earlier available NAV.

Exhibit 9: Five-year discrete performance data in euro terms (%)

	DBAG NAV	DBAG share price	DAX	SDAX	Stoxx Europe 600
31/03/2022	9.2	(16.0)	(4.0)	(7.8)	9.0
31/03/2023	4.7	(3.8)	8.4	(7.7)	3.7
31/03/2024	7.5	(2.4)	18.3	8.7	15.7
31/03/2025	1.3	(8.1)	19.9	6.6	7.6
31/03/2026	0.4	12.1	2.3	8.3	12.8

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

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