

Dunedin 

Dunedin Enterprise Investment Trust PLC
Annual Results to 30 April 2006

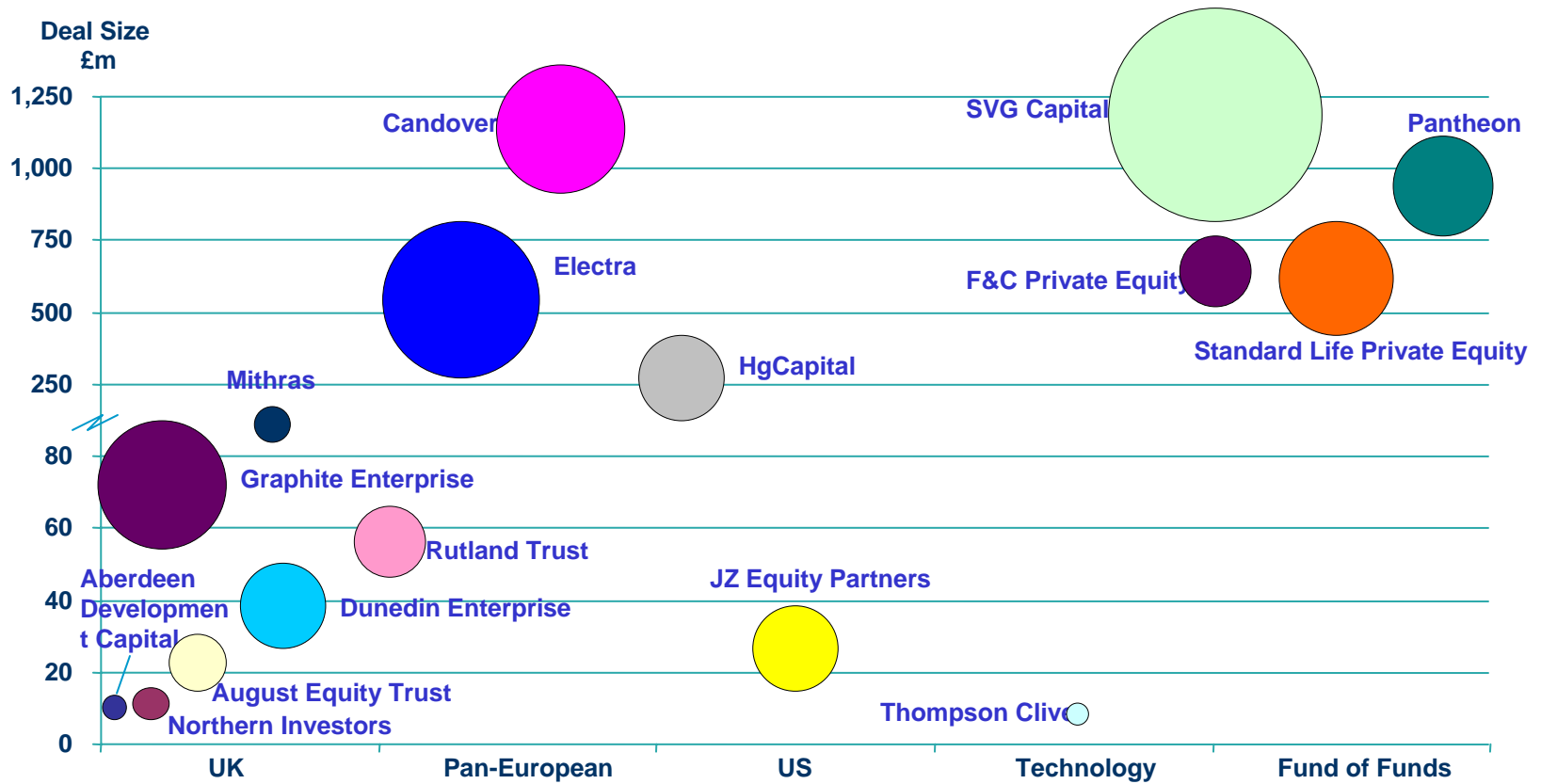


Dunedin Enterprise - Background

- Floated in 1987 as Melville Street Investments
- Invests in private companies – focus on UK buyouts
- Net assets of £151.3 million at 30 April 2006
- Managed by Dunedin Capital Partners – independent private equity firm
- Awarded Money Observer Magazine's Best Private Equity Trust 2006



Private Equity Investment Trusts





Private Equity – Principal Comparators (%p.a.)

	3 Yrs	5 Yrs	10 Yrs
UK Equities	18.5	2.4	8.0
Overseas Equities	21	2.7	6.7
UK Bonds	6.9	6.9	8.5
Overseas Bonds	6.8	6.9	5.4
UK Index-Linked	8.2	6.4	8.1
Cash / Other	7.3	5.3	6.5
Property	16.7	13.3	12.8
Total Assets	16.0	4.2	8.0
Private Equity	21.1	11.9	16.4

Source: BVCA Performance Measurement Survey 2005



Dunedin Enterprise – Financial Highlights

- Share price total return 35.4% (2005: 38.1%)
- Net asset total return per share 22.3% (2005:21.7%)
- NAV per share up by 19.7% to 498.2p (2005: 416.3p)
- Total return per ordinary share increased to 91.0p (2005: 74.1p)
- Over 1,3,5 and 10 years, the Dunedin Enterprise share price has out-performed benchmark index
- Share price rose 32.3% to 457.75p (2005: 34.1%)

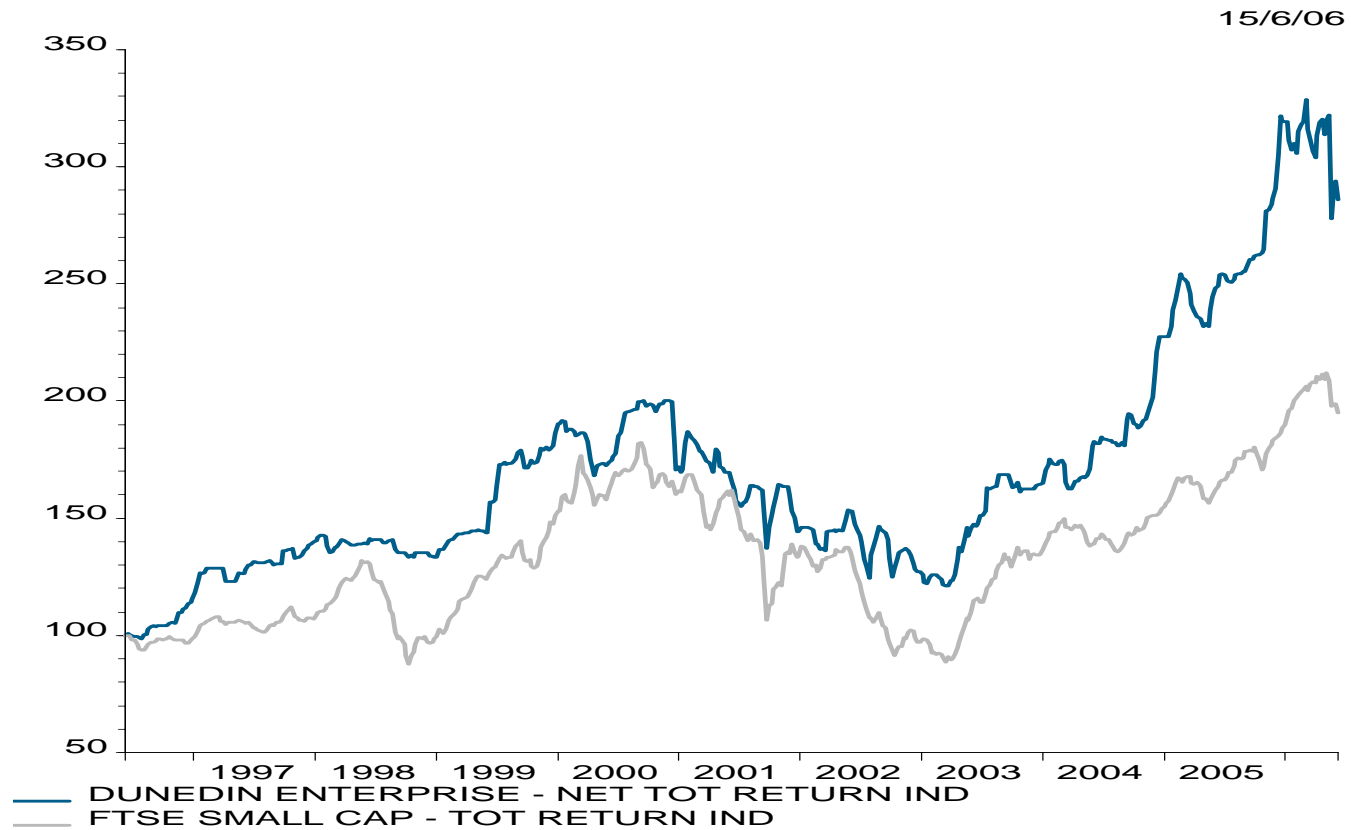


Dunedin Enterprise – Financial Highlights

- Investments during the year of £21.6 million
- Commitment of £75 million to the Dunedin Buyout Fund II
- Realisations for the year totalled £70 million
- Final dividend 7.45p; full year dividend 9.45p; increase of 5%
- Special bonus dividend of 2p



Dunedin Enterprise – Total Share Price Return over 10 Years



Source: DATASTREAM



Dunedin Enterprise – Main Value Changes

	£m	
Net asset value at 30 April 2005	126.4	
Unrealised valuation increases		13.7
Unrealised valuation decreases (12.8)		
Realised profit over opening valuation	24.1	
Profit attributable to shareholders less expenses charged to capital	2.7	
Dividends paid to shareholders <u>(2.8)</u>		
Net asset value at 30 April 2006	<u>151.3</u>	



Dunedin Enterprise – Key Drivers

- Value increases of £13.7 million through:
 - strong trading performance and favourable price earnings movements at CGI and Portman
 - quoted share price movements at Davenham
 - imminent sale of AIM and Blaze Signs
- PE ratios:

	30 Apr 06	30 Apr 05
Dunedin weighted average	9.9	7.7
FTSE All Share	14.5	15.0
Discount	32%	49%
- Value decreases of £12.8 million due to reduced profitability at a number of portfolio companies



Dunedin Enterprise – New Investments

- New investment of £21.6 million
 - £7.5 million investment in ZVC Group (Zenith)
 - £27 million MBO led by Dunedin
 - Niche provider of bespoke fleet management services
 - £4.3 million investment in Practice Plan
 - MBO led by Dunedin
 - One of the UK's leading providers of independent payment schemes to dental practices
 - £4.1 million investment in RSL Steeper
 - MBO led by Dunedin
 - UK's leading supplier of prosthetic, orthotic and electronic assistive devices to NHS
-



Dunedin Enterprise – New Investments

- £0.6 million fund drawdowns to LGV5 Private Equity Fund
- £5.1 million of follow-on investments in existing portfolio companies and drawdowns from other buyout and technology funds



Dunedin Enterprise – Realisations

- Total realisations of £70 million
- Disposals of £69.2 million
- Profit of £24.1 million over valuation at 30 April 2005, an uplift of 53%
- Redemptions of loan stock and preference shares £0.8 million



Dunedin Enterprise – Total Realisations

	Cost £m	Valuation (30.04.05) £m	Proceeds £m	Uplift over value £m	Profit/(loss) over cost £m
Disposals					
Profit over cost	12.1	40.6	59.7	19.1	47.6
Loss over cost	19.5	4.5	9.5	5.0	(10.0)
	<u>31.6</u>	<u>45.1</u>	<u>69.2</u>	<u>24.1</u>	<u>37.6</u>
Redemptions	0.8	0.8	0.8	-	-
	<u>32.4</u>	<u>45.9</u>	<u>70.0</u>	<u>24.1</u>	<u>37.6</u>



Dunedin Enterprise – Major Realisations

	Years held	Cost £m	Proceeds £m	IRR %	Money multiple x
Davenham	5.5	5.1	22.8	33	4.5
Letts Filofax	5.5	4.4	26.5	50	6.1
Caledonian	2.5	4.3	23.6	108	5.5

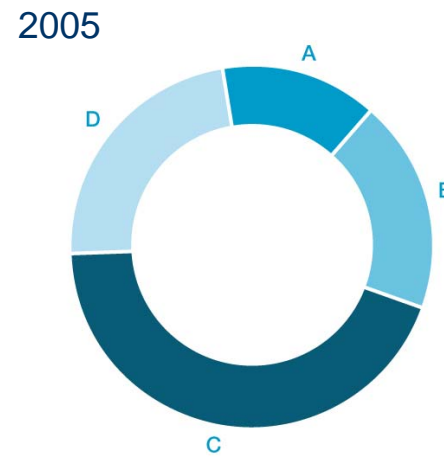
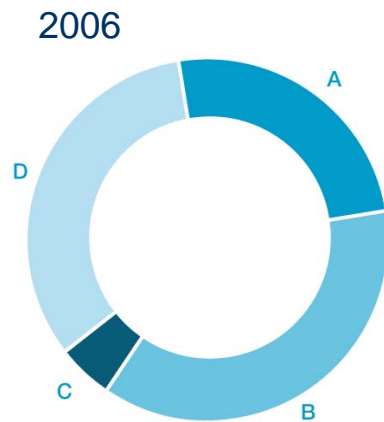


Dunedin Enterprise – Ten Largest Investments

	Dunedin Enterprise Equity %	Cost of Investment £m	Directors' valuation £m	% of net assets %
CGI Group Limited	37.9	5.9	11.2	7.4
Davenham Group Holdings Limited	10.1	0.2	8.6	5.7
ZVC Group Limited	20.8	7.5	7.5	5.0
Portman Holdings Limited	16.8	2.2	5.7	3.8
New Horizons (Childcare) Holdings Limited	31.6	6.4	5.3	3.5
Practice Plan Group (Holdings) Limited	26.2	4.3	4.3	2.8
LGV4 Private Equity Fund	2.7	3.3	4.1	2.7
RSL Steeper Limited	28.9	4.1	4.1	2.7
Travel & General Holdings Limited	25.9	0.1	2.3	1.5
LGV3 Private Equity Fund	2.4	1.7	2.0	1.3
		<u>35.7</u>	<u>55.1</u>	<u>36.4</u>



Dunedin Enterprise – Age of Portfolio by Value

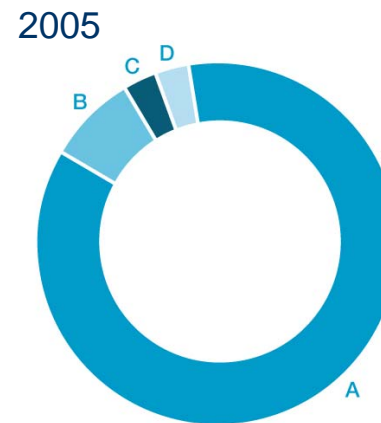
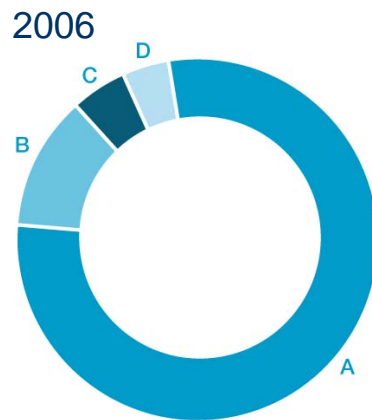


- A Less than 1 year
- B 1-3 years
- C 3-5 years
- D More than 5 years

2006	2005
%	%
25	14
37	19
5	44
33	23
<u>100</u>	<u>100</u>



Dunedin Enterprise – Portfolio by Investment Category

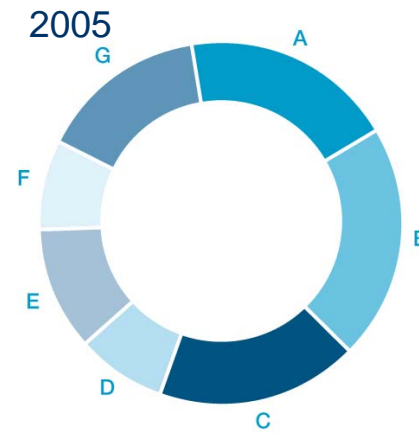
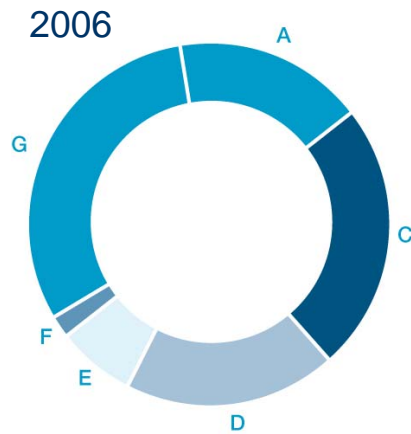


- A Management buyouts/buyins
- B Buyout funds
- C Technology funds
- D Other

2006	2005
%	%
79	86
12	8
5	3
4	3
<hr/> 100	<hr/> 100



Dunedin Enterprise – Portfolio by Industry Sector



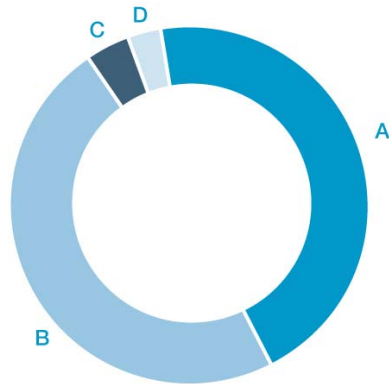
- A Construction and building materials
- B Consumer products and services
- C Financial services
- D Healthcare
- E Leisure and hotels
- F Specialist manufacturing
- G Support services

	2006	2005
	%	%
A	17	19
B	-	21
C	24	17
D	19	9
E	7	11
F	2	8
G	31	15
	<u>100</u>	<u>100</u>

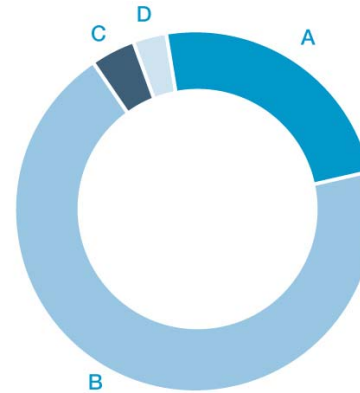


Dunedin Enterprise – Valuation Methodology

2006



2005



- A Cost
- B Earnings multiple
- C Imminent sale
- D Net asset value

2006	2005
%	%
45	24
48	69
4	4
3	3
<hr/> 100	<hr/> 100



Dunedin Enterprise – Valuation Policy

- In accordance with International Private Equity and Venture Capital Valuation Guidelines
- At cost until first audited accounts are received
- Thereafter on an earnings basis
 - Discount to comparable quoted p/e ratios
 - Taxed PBITA
 - Less senior debt, loan stock and preference shares
 - Further marketability discount
 - Historic audited profit
 - Forecast profit if lower
- Provisions made when company's underperformance identified



Dunedin Enterprise – Outlook

- Private equity becoming a mainstream asset class
- A growing interest in private equity investment trusts
- Dunedin portfolio investments continue to trade strongly
- A number of new investment opportunities under consideration
- Unlikely to be any significant exits in short term



Dunedin Capital Partners – Investment Focus

- Leading buyouts and buyins
- Deal size £10m-£50m
- UK wide
- Equity of £5m-£20m



Dunedin Capital Partners – Investment Characteristics

- Strong management team
- Growth opportunities
 - Sector consolidation opportunities
 - Buy and build
 - Roll-out strategies
- Strong market position
- Strong cash flow
- Good visibility on forward order book
- Legislative drivers



Dunedin - UK-wide Investment





Dunedin – Dealflow

