

**Dunedin Enterprise Investment Trust PLC**  
Final results for the year to 31 December  
2008

Dunedin 

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## Dunedin Enterprise – Performance

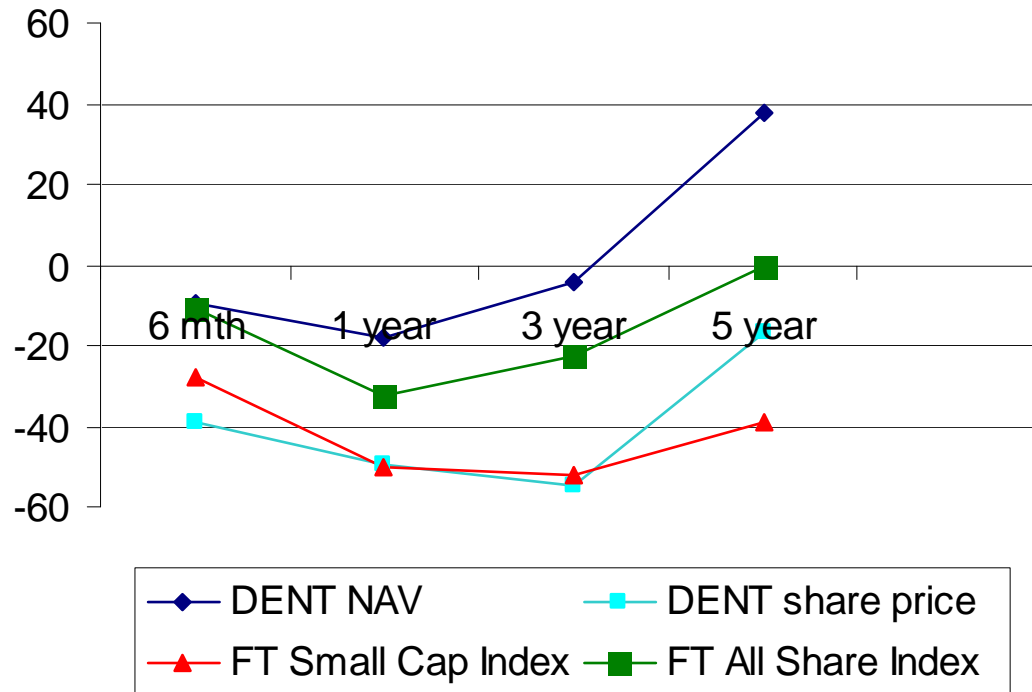
- NAV per share down by 18.1% to 433.4p
  - FTSE Small Cap down 50.4%
  - FTSE All Share down 32.7%
- Share price down by 49.2% from 415.75p to 211p at 31 December 2008
- Share price 216.5p at close of play on 25 February 2009
- Discount widened from 21.5% to 51.3%
- Dividend

Final	8.85p (total of 11.25p for the year)
Special	14.6p



## Dunedin Enterprise – Performance

Dunedin Enterprise Comparative performance to  
31 December 2008 (%)



Source: Datastream



## Dunedin Enterprise – Performance

- NAV per share fell in H1 by ↓ 0.4%
- NAV per share fell in Q3 by ↓ 9.3%
- NAV per share fell in Q4 by ↓ 9.3%



## Dunedin Enterprise – Performance

- Dividend
  - Interim – paid 2.4p
  - Final 8.85p
  - Special 14.6p
- Special dividend driven by income receipts within the portfolio (Gardner Aerospace, OSS Environmental)



## Key Market Issues

- Valuations
- Gearing in the portfolio
- Commitment levels

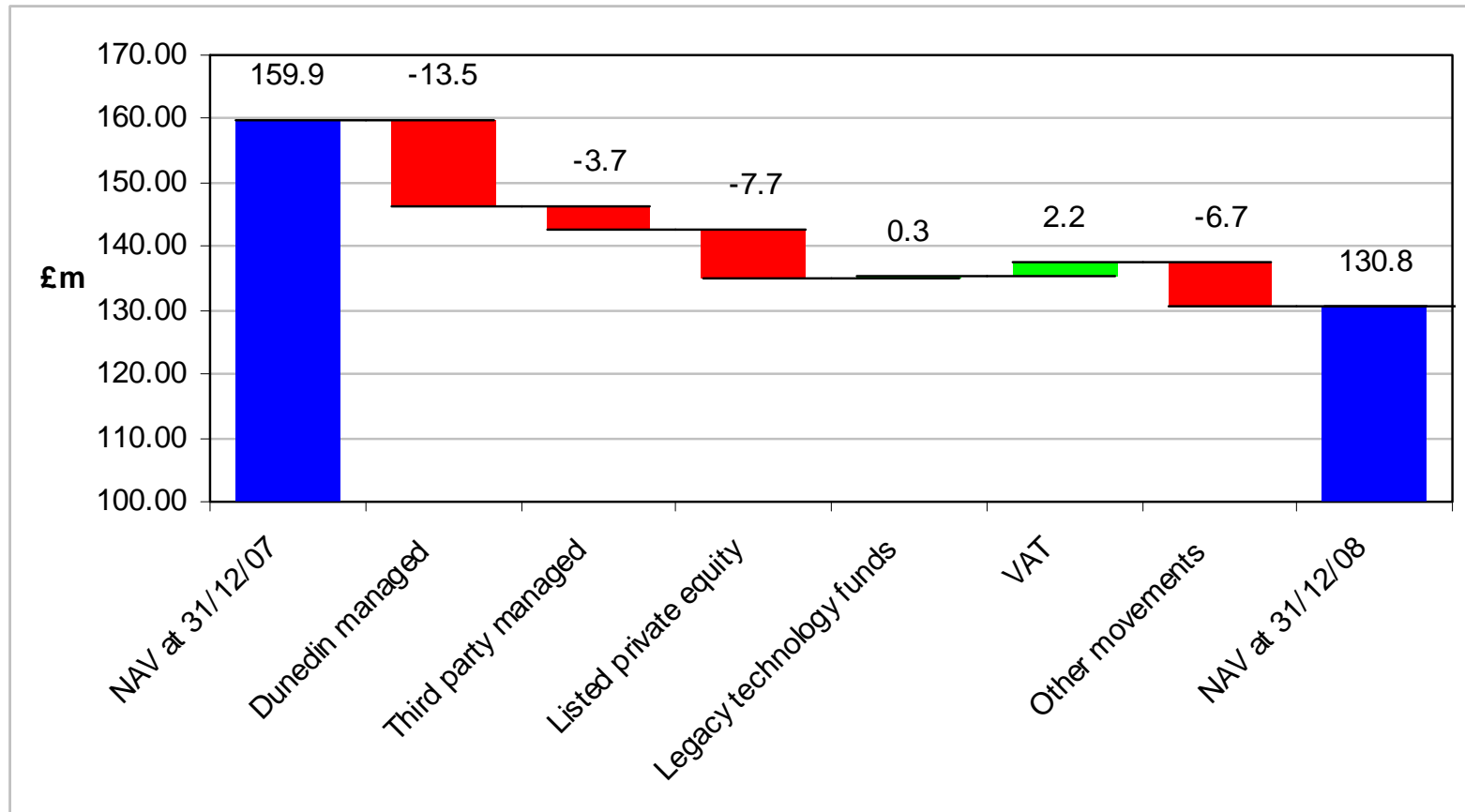


## Dunedin Enterprise – Strategy

- Diversification through investment in third party private equity funds
  - change in investment policy approved in May 2008 with more than 99% of votes cast in favour
  - in medium to long-term allocation of indirect investment through private equity funds is expected to increase
  - 4 fund commitments made in the year
- Dunedin managed funds
- Listed private equity companies



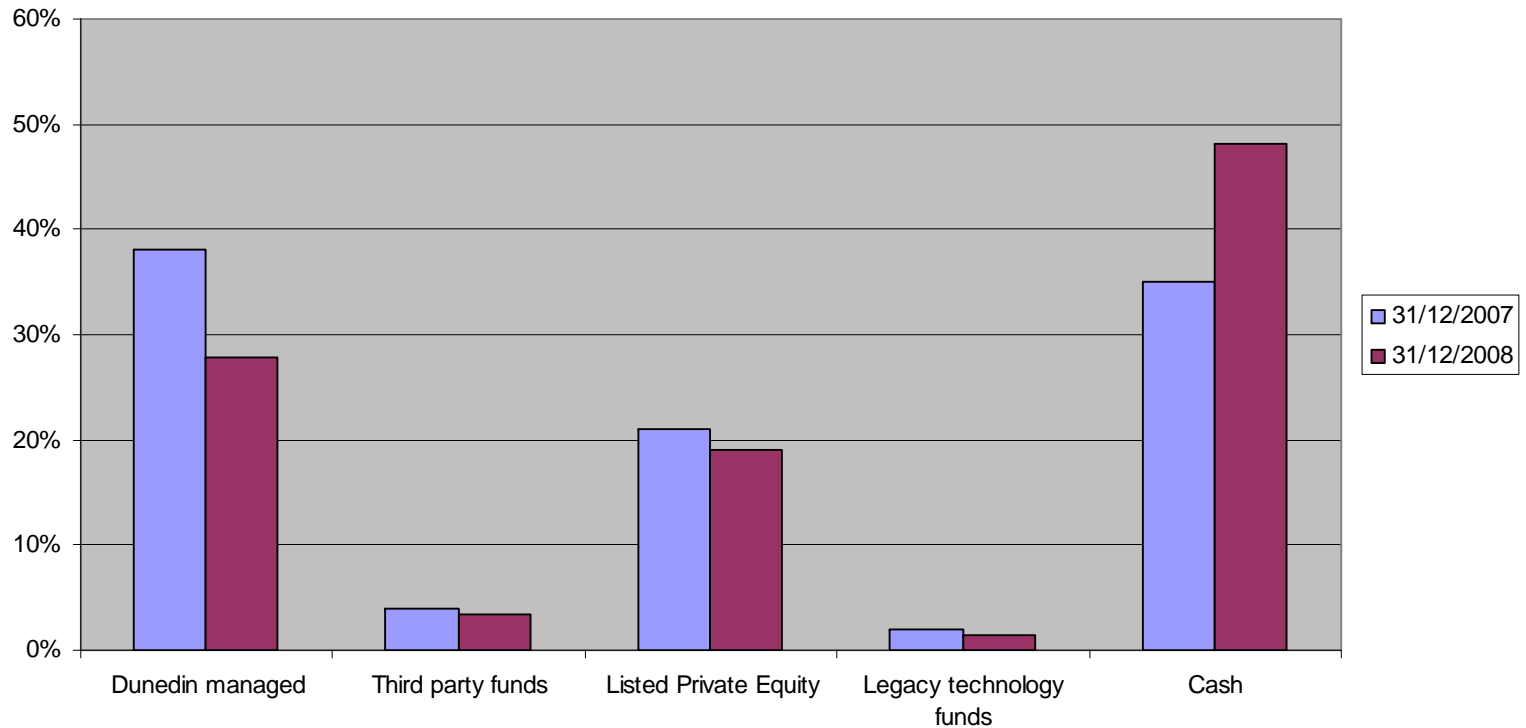
## Dunedin Enterprise – NAV Performance Attribution





# Dunedin Enterprise – Investment Structure

% of NAV Split between Dunedin managed, third party funds, listed private equity, legacy funds and cash

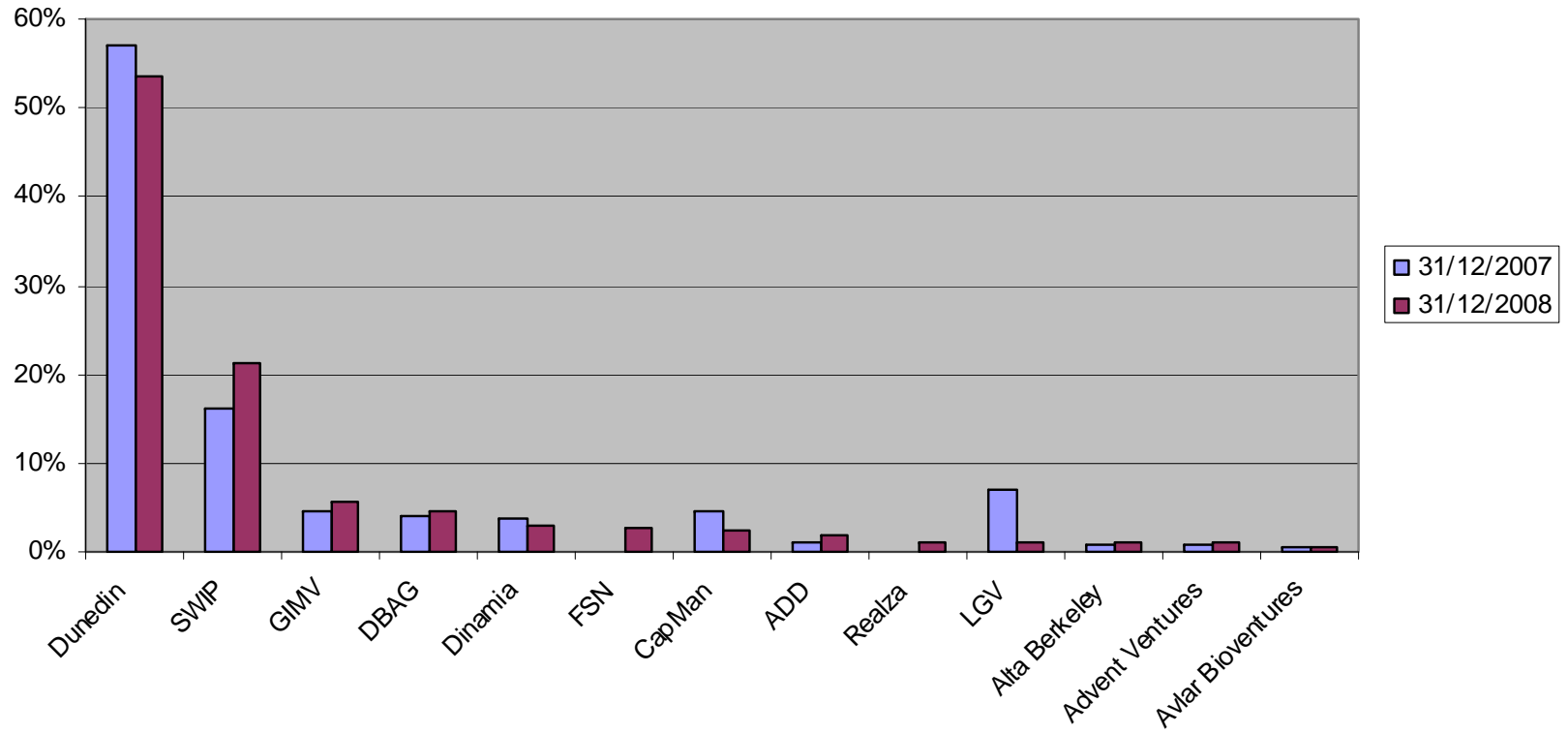




## Dunedin Enterprise – Manager Allocation

% of NAV

Manager Allocation

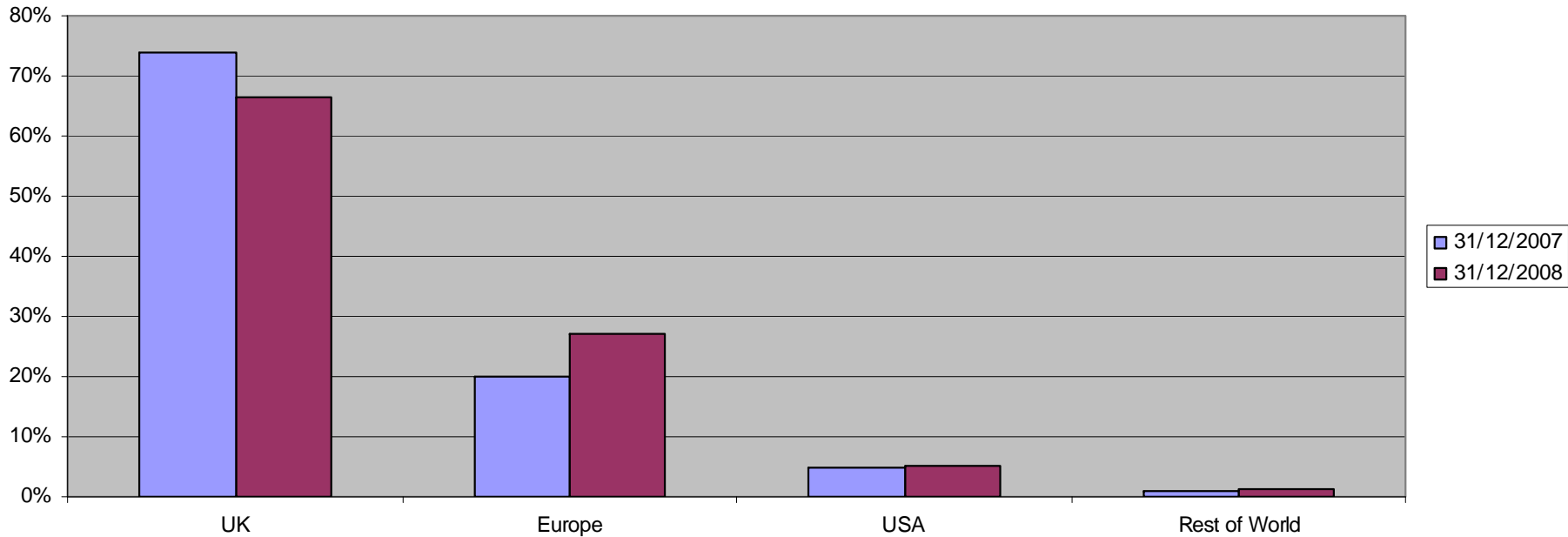




## Dunedin Enterprise – Geographic Allocation

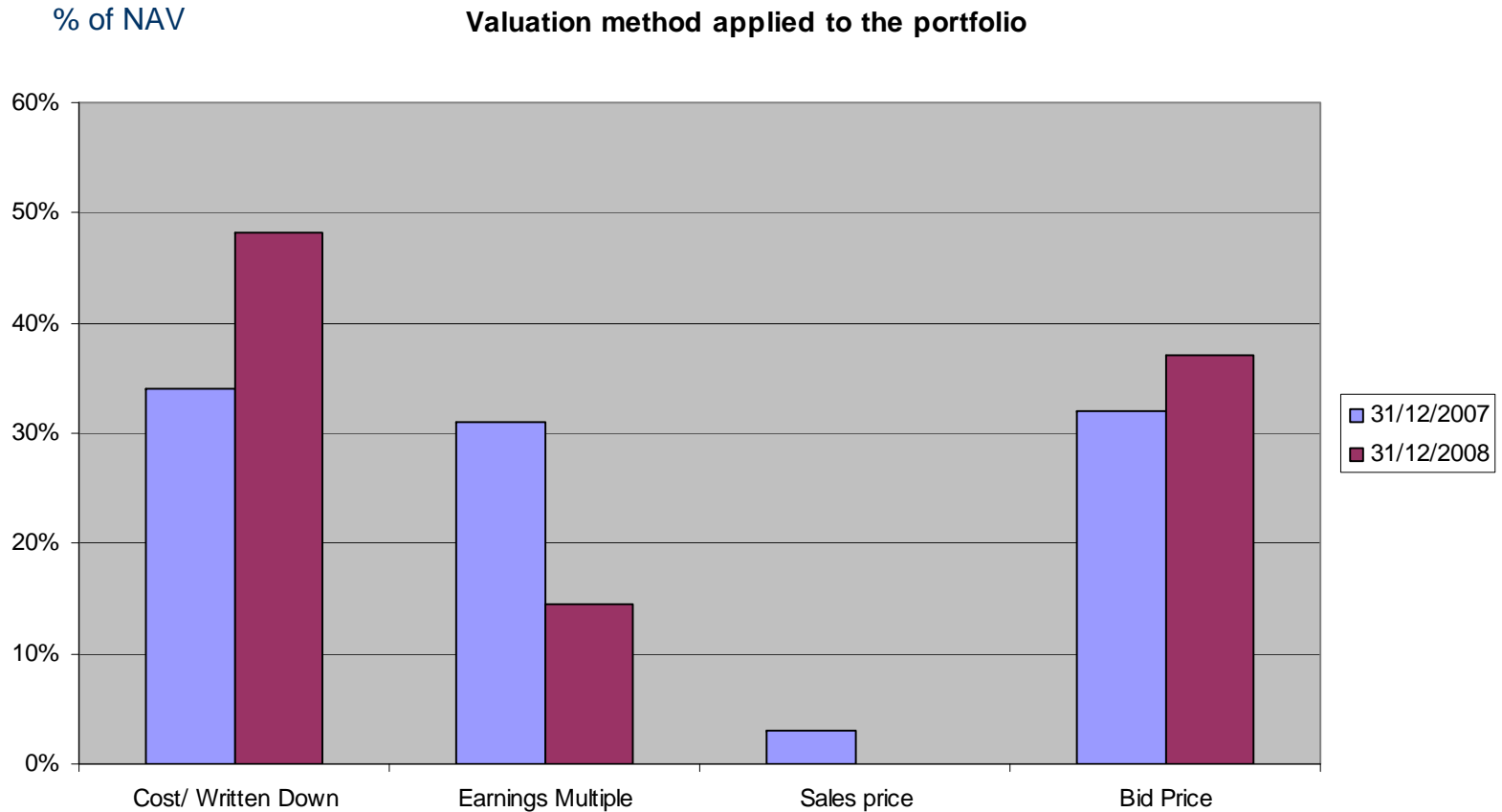
% of NAV

Portfolio analysed by geographic location



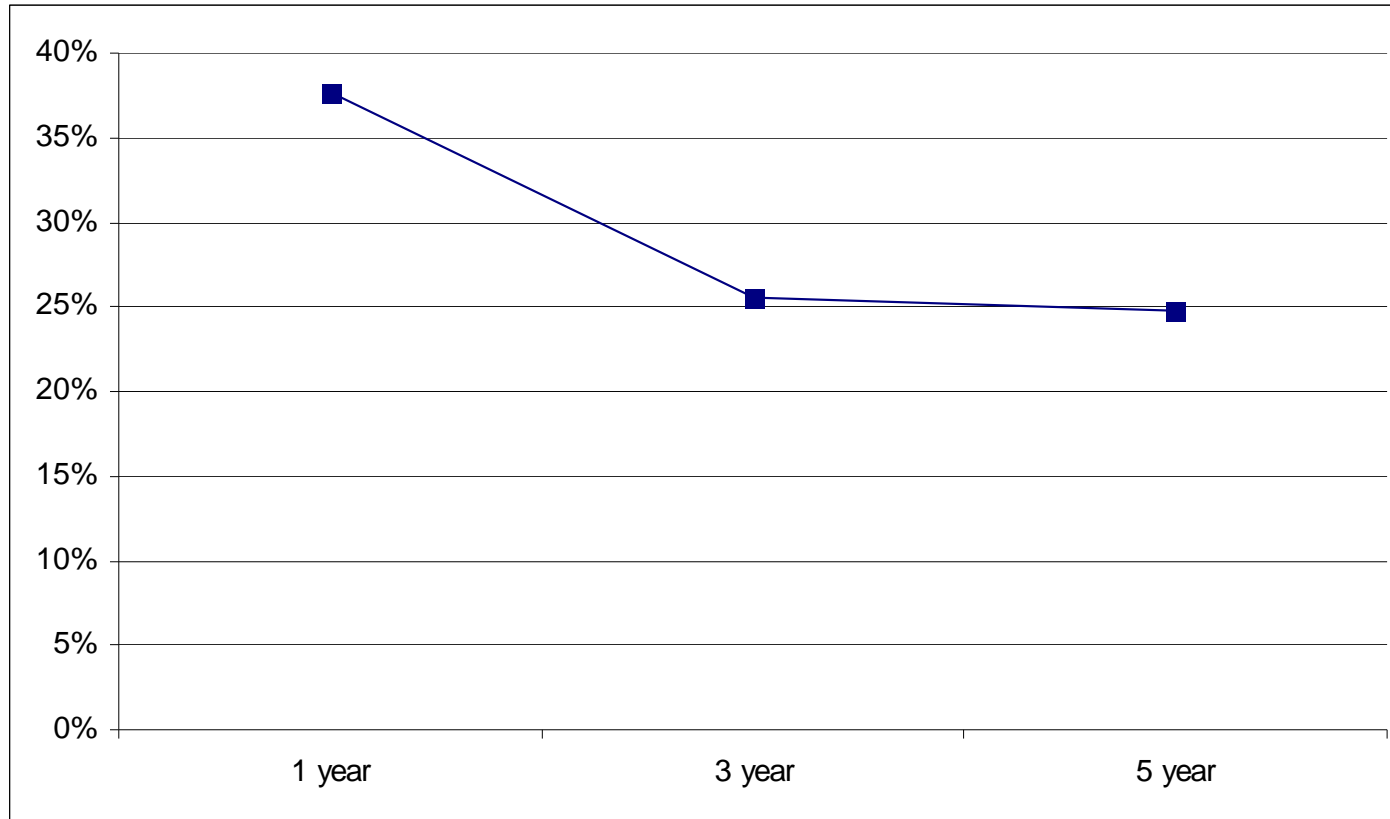


## Dunedin Enterprise – Valuation Method





## Dunedin Enterprise – Average Realised Uplift over Valuation for Last 5 Years



\* - from 31 October for 3 and 5 year



## Valuation Issues

- Mark to market
- Timeliness of valuations
- Fall in PE ratios
- Impact of gearing in portfolio companies



## Average PEs – Direct Investments

### Price Earnings Multiples

(post marketability discount applied, simple average)

31 December 2008	6.0x
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31 December 2007	8.7x
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32% fall



## Portfolio Gearing – Direct Investments

Debt multiples at 31 December 2008

PBITA multiple                      2.8x

PBITDA multiple                    2.3x

Note - Debt defined as banking facilities drawn (including trade finance) less cash at 31 December 2008

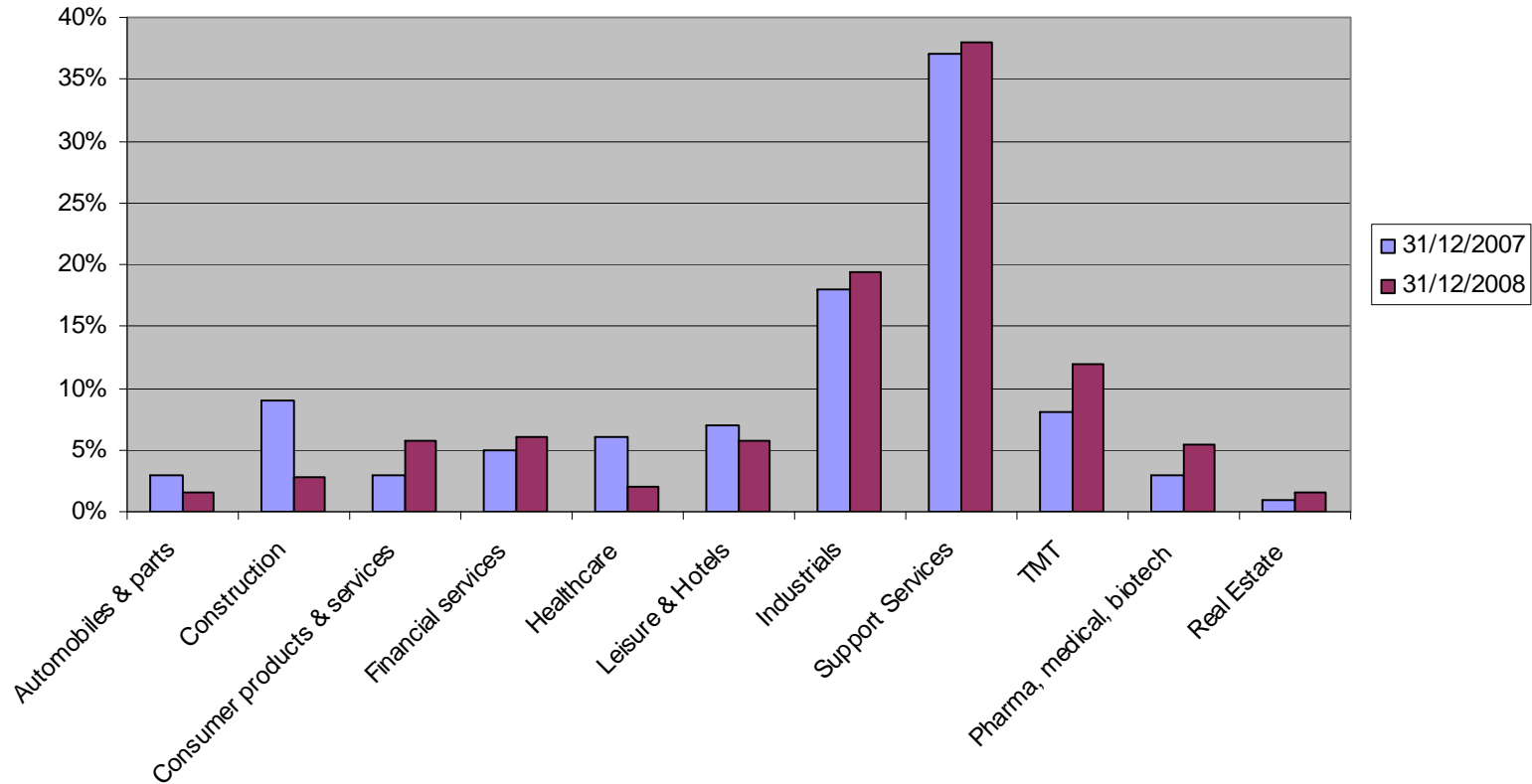
- PBITA (and PBITDA) per investment valuation



## Dunedin Enterprise – Sector

% of NAV

Portfolio analysed by sector

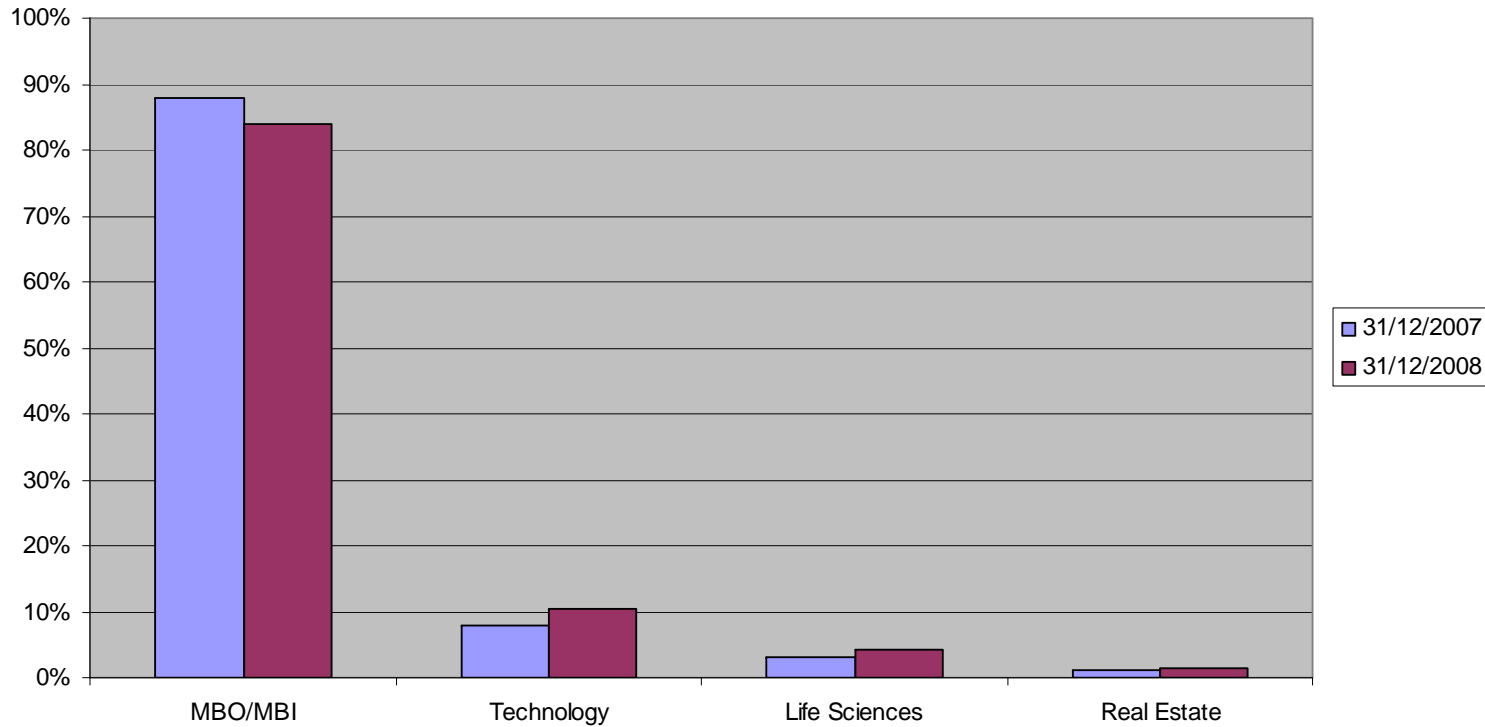




## Dunedin Enterprise – Deal Type

% of NAV

Portfolio analysed by deal type





## Commitment Strategy

	£m
Cash & near cash	68.2
Listed securities	27.2
Committed banking facilities	39.0
Total	<u>134.4</u>
Undrawn commitments	<u>104.4</u>

It is not expected that the Company will need to utilise its bank facility



## Dunedin Enterprise – Third Party Fund Commitments

New investment since the interim results:

- Egeria Private Equity III
    - €10m commitment in €290m fund
    - Focuses on small and mid market buyouts, with an Enterprise Value between €50m and €200m, in the Netherlands
    - Egeria Private Equity is independent and operates from Amsterdam
  - Innova/5 LP
    - €15m commitment. The fund has had a first close with total commitments of €250m and a hard cap of €450m
    - Targets mid market buyouts in Central and Eastern Europe
    - Focus on growth orientated buyouts where the underlying company has an Enterprise Value in the range of €50m to €125m
    - Innova is independent and operates from Warsaw
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## Dunedin Enterprise – Third Party Fund Commitments

- FSN Capital III
  - €12.7m commitment in €375m fund
  - fund was two times over-subscribed
  - focuses on small to medium sized buyouts in the Nordic region
  - FSN Capital is independent and operates from Oslo and Stockholm
  - hands on investment strategy to build value
  - two investments made to date
- Realza Capital Fondo FCR
  - €15m commitment
  - fund is expected to close at its hard cap of €200m in September 2008.
  - targets small and medium sized buyouts in Spain
  - Realza operates from Madrid and was established in 2006 by two highly experienced Spanish private equity practitioners
  - one investment completed to date



## Dunedin Enterprise – New Investment Activity

- New investment of £19.3m

### **Direct investments**

- £3.8m in buyout of Hawksford International
- £8.5m investment in recapitalisation of CGI
- £0.7m follow-on investment in Practice Plan

### **Third party private equity funds**

- £4.3m in private equity funds



## Dunedin Enterprise – Realisations

- Total realisations of £27.7m
- Direct disposals
  - £11m realised on the recapitalisation of CGI
  - £5.3m realised from the sale of Gardner
  - £2.7m deferred consideration from the sale of Caledonian Building Systems
  - £3.3m loan stock repaid from Capula, Formaplex and Fernau
- Disposals through third party and legacy technology funds of £4.9m
- Profit of £6.5m over valuation at 31 December 2007, an increase of 38%



## Dunedin Enterprise – Major Realisations

	Cost £m	Dec '07 Val'n £m	Proceeds £m	Uplift over Dec '07 val'n £m	% Uplift
CGI	5.9	8.6	11.0	2.4	28%
Gardner	5.6	4.0	5.3	1.3	33%
Caledonian Building Systems	-	-	2.7	2.7	n/a
New Horizons	6.6	-	0.4	0.4	n/a
Central Scotland Finance	-	-	0.1	0.1	n/a
LGV Funds	<u>3.0</u>	<u>4.6</u>	<u>4.2</u>	<u>(0.4)</u>	<u>-</u>
Total	<u>21.1</u>	<u>17.2</u>	<u>23.7</u>	<u>6.5</u>	<u>38%</u>



## Dunedin Enterprise – Ten Largest Investments

	Dunedin Enterprise Equity %	Cost of Investment £m	Directors' valuation £m	% of net assets %
SWIP Private Equity Fund of Funds II Plc	4.3	15.0	15.7	12.0
Practice Plan Group (Holdings) Limited	26.1	10.3	10.0	7.6
OSS Environmental Holdings Limited	41.8	6.2	6.7	5.1
Capula Group Limited	37.8	5.7	5.3	4.1
GIMV	0.6	5.0	4.2	3.2
Fernau Limited	22.8	2.4	3.9	3.0
Hawksford International	16.0	3.8	3.8	2.9
etc.venues Group Limited	25.1	3.3	3.3	2.5
Deutsche Beteiligungs AG	1.9	5.0	3.3	2.5
WFEL Holdings Limited	23.4	6.4	3.1	2.4
		<u>63.1</u>	<u>59.3</u>	<u>45.3</u>



## Dunedin Enterprise – Outlook

- The problems in the banking markets and wider economy affect both the current investment portfolio and new investment and realisation opportunities
- The majority of portfolio companies are trading satisfactorily
- We are working closely with investee companies to protect and maintain value
- A significant uplift in new investment activity or realisations is not expected until stability and liquidity return to the debt markets
- New opportunities will continue to be looked at on a very selective basis. It is expected that the drawdown of funds to which commitments have been made will be very much slower than originally expected
- Prudent approach to gearing levels in the past now stands Trust in good stead
- Well positioned, with significant cash resources and a level of commitments to new funds that can be met from current facilities



## Appendix



# Dunedin Enterprise – Total Share Price Return over 10 Years to 31 December 2008

13/1/09

