



# Dunedin Enterprise Investment Trust PLC

**Interim Results for the half year to 30 June 2017**

**NAV total return of 5.9% in the half year to 30 June 2017**

**Share price up by 14.5% from 306p to 350.5p at 30 June 2017**

**Share price 357.25p at 29 August 2017**

**Discount narrowed from 39.2% at 31 December 2016 to 31.9% at 30 June 2017**

**Dividend of 17.5p paid on 18 May 2017**

**Realisations of £12.5m from investment portfolio including:**

- £10.4m from the sale of Steeper
- Sale of GTT by Realza

**New investment of £8.5m from investment portfolio including:**

- £7.3m investment in Forensic Risk Alliance

**Post Half Year realisations:**

- £12.9m from the sale of Blackrock

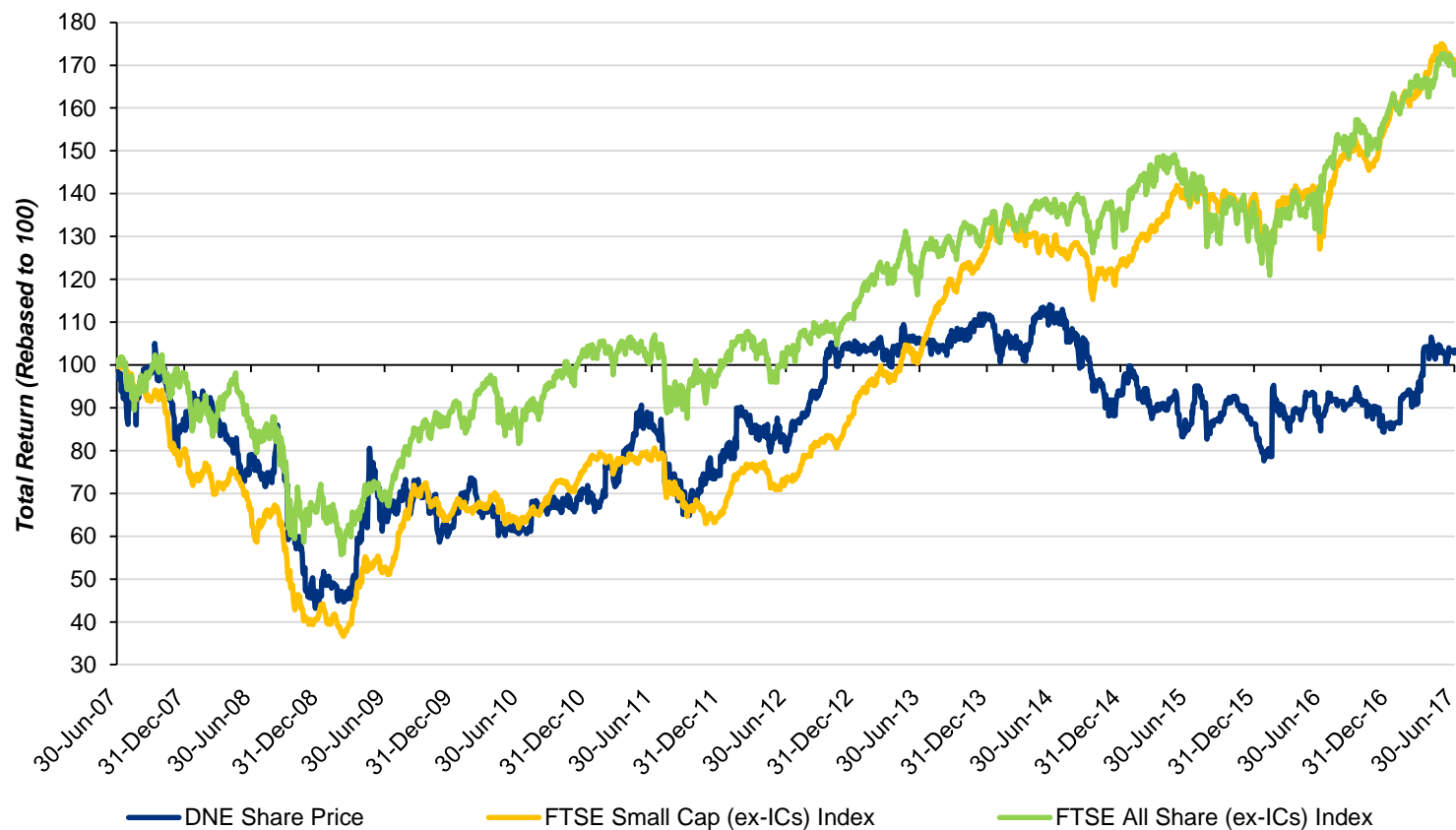
**Total return per ordinary share: 5.9% (December 2016: 2.7%)**

**Net asset value per share: 515.0p (December 2016: 503.3p)**

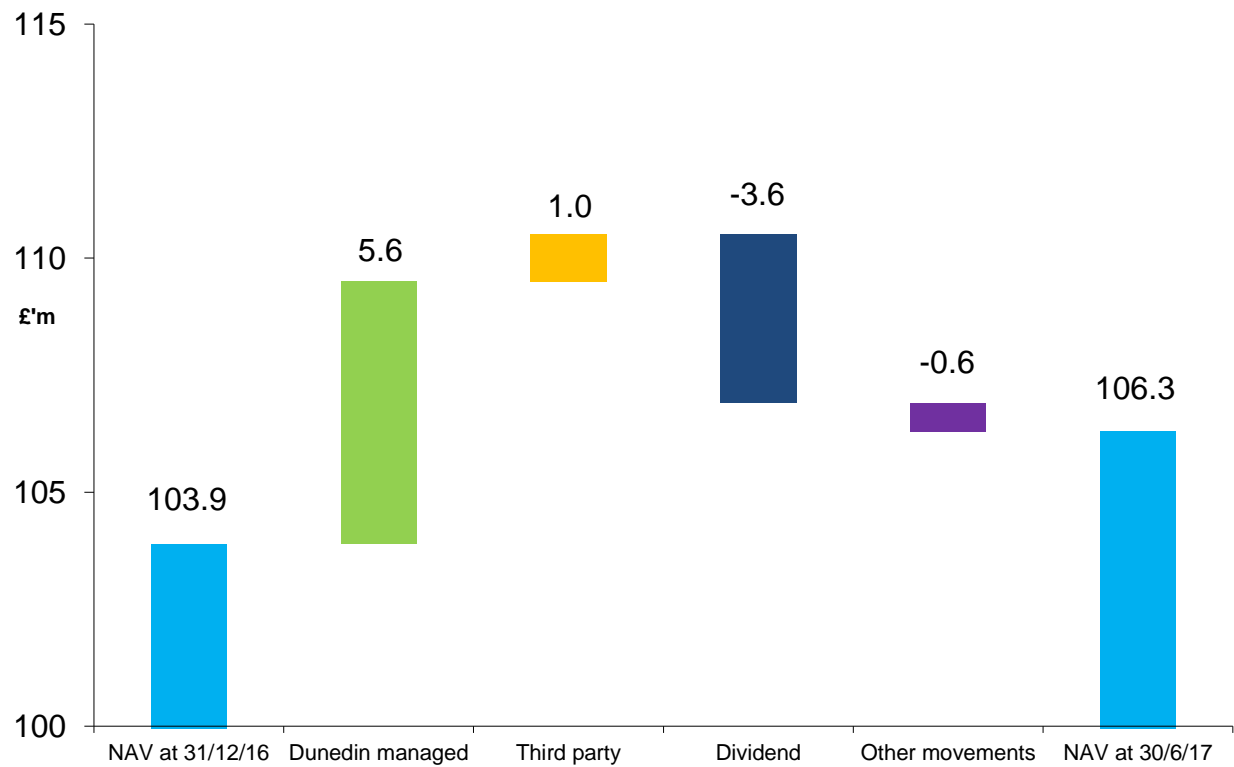
**Share price: 350.5p (December 2016: 306p)**

**Discount: 31.9% (December 2016: 39.2%)**

**Dividend per ordinary share: 17.5p (December 2016: 33.5p)**







£m

	Valuation at 31-12-16 £'m	Additions in half year £'m	Disposals in half year £'m	Realised movement *1 £'m	Unrealised movement £'m	Valuation at 30-06-17 £'m
Dunedin managed	81.5	8.2	(7.9)	(3.4)	6.1	84.5
Third party funds	22.3	0.3	(4.6)	0.3	0.8	19.1
	<b>103.8</b>	<b>8.5</b>	<b>(12.5)</b>	<b>(3.1)</b>	<b>6.9</b>	<b>103.6</b>

\*1 Excludes income receipts from the sale of Steeper amounting to £2.7m and includes drawdowns totalling £0.8m made in the half year by Dunedin managed funds for management fees and operating expenses



Company	Reason for movement	£m change
Blackrock	Valued at the proceeds received in August 2017	2.9
Alpha	Strong organic growth	1.9
Kee Safety	Organic earnings growth and acquisitions	1.8
Kingsbridge	Strong organic growth	1.1
European funds	Beneficial currency movements and portfolio uplifts in value	0.8
CitySprint	Trading impacted by softening in the market	(0.7)
Formaplex	Higher new facility and sub-contract costs and delay to contracts	(1.1)

### **Comply with IPEV guidelines**

- Last 12 months maintainable EBITDA
- Use forecast EBITDA if lower than the last 12 months
- Assets basis where appropriate

### **Maintainable earnings**

**Accrued interest of £6.3m (31/12/16: £7.5m)**

<b>Weighted Average <sup>*1</sup></b>	<b>30 June 2016</b>	<b>31 December 2016</b>	<b>30 June 2017</b>
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EBITDA	8.5	8.6	8.5
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At 30 June 2017 EBITDA multiples range from 5.0 to 10.0

<b>Key Sector Comparison</b>	<b>30 June 2016</b>	<b>31 December 2016</b>	<b>30 June 2017</b>
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Support Services <sup>*2</sup>	23.6	24.6	23.9
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<sup>\*1</sup> Applies to portfolio companies valued on an earnings basis

<sup>\*2</sup> Represents 49% of the aggregate portfolio value (39% at 31 December 2016)

<b>Debt multiples</b>	<b>30 June 2016</b>	<b>31 December 2016</b>	<b>30 June 2017</b>
EBITDA multiple	2.3x	3.3x	3.3x

Note Debt defined as banking facilities drawn less cash at 30 June 2017  
EBITDA per investment valuation

Gearing as multiple of EBITDA	No. of companies	% of total valuation
Multiple < 1	3	28%
Multiple 1 to 2	0	0%
Multiple 2 to 3	2	31%
Multiple > 3	6	41%

	Commitment	Drawn to date (No. of investment)	Outstanding commitment	Valuation at 30 June 2017	
	€m	€m	€m	€m	£m
Realza (Iberia - €170m)	15.0	14.1 (5)	0.9	10.6	9.3
Innova (Eastern Europe - €450m)	15.0	13.4 (7)	1.6	10.7	9.4
	30.0	27.5	2.5	21.3	18.7

	2012	2013	2014	2015	2016	2017
	£m	£m	£m	£m	£m	£m
Dunedin managed	76.5	75.1	84.0	93.1	81.5	84.5
Europe	24.9	12.9	12.7	16.0	20.5	18.7
Other	0.8	0.7	0.5	0.3	0.3	0.4
Cash	33.9	27.9	9.9	(4.1)	2.6	3.9
	136.1	116.6	107.1	105.3	104.9	107.5

	2012	2013	2014	2015	2016	Post FRA	2017
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	65.8	62.6	54.2	44.3	33.5	27.6	26.3
Europe	20.4	13.7	9.6	5.9	3.4	3.4	2.2
	86.2	76.3	63.8	50.2	36.9	31.0	28.5

### **Dunedin managed funds**

- DBF I & EHF: investment periods expired
- DBF II: investment period expired, £7m remains undrawn and available
- DBF III: £60m commitment of which 68% drawn - o/s commitment £19.3m

### **European funds**

- Realza: €15m commitment of which 94% drawn – o/s commitment €0.9m (£0.8m)
- Innova: €15m commitment of which 89% drawn – o/s commitment €1.6m (£1.4m)



	30 June 2017 £m	Post Blackrock £m
Cash and near cash	3.9	16.4
Revolving credit facility <sup>*1</sup>	20.0	20.0
Undrawn commitments - Dunedin <sup>*2</sup>	(26.3)	(26.3)
Undrawn commitments – Europe	(2.2)	(2.2)
Funded commitments	(4.6)	7.9

<sup>\*1</sup> available to 31 May 2018

<sup>\*2</sup> includes a undrawn commitment to Dunedin's latest fund of £19.3m

## **New investment of £8.5m to 30 June 2017**

- £8.2m in Dunedin managed funds
- £0.3m in Third Party European funds

**£7.3m invested in Forensic Risk Alliance**



**Activity:** This is a leading international consultancy to large distressed corporations around the world facing investigation by international regulators for corruption, fraud and poor practices. The firm has worked on four of the top ten largest global fines from regulators for malpractice

**Type:** Primary Buyout

**Sector:** Business Services

**Size:** £36.7m

**Financials:** Year to 31 December 2016: Turnover £32.8m, EBITDA £14.5m  
7.9x EBITDA

### Origination

- Introduced by an adviser familiar with Dunedin's sector experience
- Strong rapport with management where Dunedin's experience in the sector resonated
- Subsequent visits by Dunedin to their Providence, London and Paris offices further developed relationship with founders and management

### Investment rationale

- Global market leader serving a diverse client base
- Strong niche and growing demand for service as regulation and enforcement activity increases globally
- Strong relationships directly with corporate clients and also with referring law firms give good visibility on new business opportunities
- Organic growth
- Extremely cash generative

**£10.4m proceeds from the sale of Steeper**

**Sale of GTT by Realza**

**Post half year end £12.9m proceeds from the realisation of Blackrock**

- UK's leading supplier of rehabilitation services including prosthetic, orthotic and electronic assistive devices and services
- Realisation in February 2017
- Steeper generated proceeds of £8.9m, compared to a valuation at 30 September 2016 of £3.9m
- Proceeds are split between capital of £6.7m and income of £2.2m





- Provision of expert witness and construction consulting services for large, international construction projects
- Realisation in August 2017
- Blackrock generated proceeds of £12.8m, compared to a valuation at 31 March 2016 of £10.4m, representing an uplift of £2.4m
- Proceeds are split between capital of £12.7m and income of £0.1m

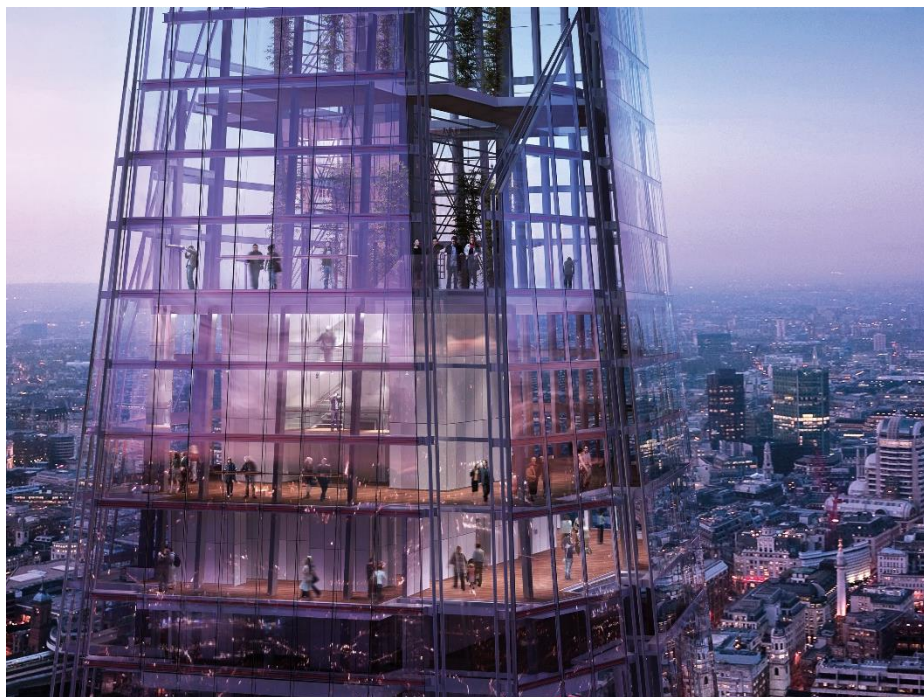


	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
Blackrock	36.0	7.8	4.1	12.7	11.9
Kee Safety	36.9	7.2	5.2	11.6	10.9
Hawksford	54.6	17.8	5.6	10.5	9.9
Weldex	51.0	15.1	9.5	9.6	9.0
Innova	3.9	3.9	9.6	9.4	8.8
Realza	8.9	8.9	8.7	9.3	8.8
Alpha	58.9	11.5	8.1	9.0	8.5
FRA	33.4	6.5	7.3	7.3	6.9
CitySprint	17.4	5.2	7.3	7.3	6.9
Kingsbridge	64.6	12.7	4.1	5.5	5.1
<b>Total</b>			<b>69.5</b>	<b>92.2</b>	<b>86.7</b>

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
<b>Top 10 investments</b>			<b>69.5</b>	<b>92.2</b>	<b>86.7</b>
Pyroguard	41.7	41.7	9.4	4.5	4.3
U-POL	17.0	5.0	5.7	4.0	3.8
Premier Hytemp	70.0	20.7	9.2	1.2	1.2
Formaplex	58.2	17.7	1.7	0.9	0.9
EV	53.8	10.6	7.4	0.9	0.8
Red	64.6	20.1	10.4	0.4	0.4
Alta Berkley	3.0	3.0	0.6	0.2	0.2
ADD One	2.9	2.9	1.2	0.2	0.2
<b>Total investments</b>			<b>112.9</b>	<b>101.8</b>	<b>98.4</b>



## Appendix 1



Cost	£4.1m
Valuation	£12.7m
Equity Percentage	7.8%
Original investment date	March 2015

### Business

- Provision of expert witness and construction consulting services for large, international construction projects

### Investment

- Dunedin led the buyout of Blackrock in March 2015
- Blackrock has opened an office in Dubai and is winning significant contracts in the Middle East
- Turnover for year to 31.10.16 of £25.7m (2015: £10.7m) and EBITDA of £14.9m (2015: £5.2m)

### Realisation

- Realised in August 2017

### Valuation

- Exit proceeds



Cost	£5.2m
Valuation	£11.6m
Equity Percentage	7.2%
Original investment date	December 2013

#### Business

- A global market leading provider of safety systems and products designed to protect people from hazards

#### Investment

- Dunedin led the buyout of Kee Safety in December 2013
- Turnover for year to 31.12.16 of £66.7m (2015: £51.1m) and EBITDA of £25.0m (2015: £13.2m)

#### Valuation

- 10.0x maintainable EBITDA
- Maintainable earnings and 48% discount to the support services sector



Cost	£5.6m
Valuation	£10.5m
Equity Percentage	17.8%
Original investment date	October 2008

#### Business

- Jersey based leading international provider of corporate, private client and funds services
- In the last five years it has completed the acquisitions of Key Trust Company Ltd, Trustcorp Jersey Ltd, the funds business of Standard Bank Dubai and Janus Corporate Solutions

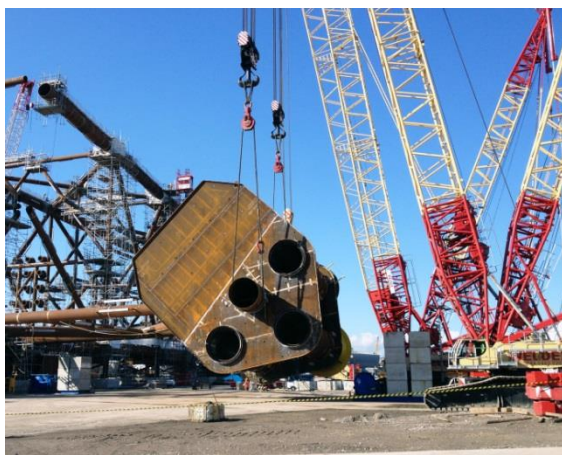
#### Investment

- Dunedin led the MBO of Hawksford (then Rathbone International) in October 2008
- Turnover in the year to 31.12.16 of £22.4m (2015: £22.0m), EBITDA of £1.8m (2015: £4.9m)

#### Valuation

- 9.0x maintainable EBITDA
- Maintainable earnings and 33% discount to a basket of comparable companies





Cost	£9.5m
Valuation	£9.6m
Equity Percentage	15.1%
Original investment date	June 2010

#### Business

- Largest crawler crane hire company in the UK, serving the renewables and power generation market

#### Investment

- Dunedin led the secondary MBO of Weldex in June 2010
- Turnover for year to 30.11.15 of £22.3m (2014: £31.7m), EBITDA of £11.7m (2014: £17.37m)

#### Valuation

- Valued on an assets basis



Cost	£9.6m
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Valuation	£9.4m
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Equity Percentage	3.9%
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Original investment date	2009
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#### Business

- Warsaw private equity fund making investments in Central Eastern Europe

#### Investment

- Dunedin first invested in Innova in 2009

#### Valuation

- €10.7m at 31 March 2017 based on Manager's valuation



Cost	£8.7m
Valuation	£9.3m
Equity Percentage	8.9%
Original investment date	September 2008

#### Business

- Spanish private equity fund making investments in Spain and Portugal

#### Investment

- Dunedin first invested in Realza in September 2008

#### Valuation

- €10.6m at 31 March 2017 based on Manager's valuation



Cost	£8.1m
Valuation	£9.0m
Equity Percentage	11.5%
Original investment date	February 2016

#### Business

- A leading global asset and wealth management consulting firm. Alpha has over 200 consultants deployed across six major financial centres (London, Paris, New York, Boston, The Hague & Luxembourg)

#### Investment

- Dunedin led the buyout of Alpha in February 2016
- Turnover for year to 31.03.16 of £36.4m, EBITDA of £5.9m

#### Valuation

- 9.5x maintainable EBITDA
- Maintainable earnings and 50% discount to support services sector





Cost	£7.3m
Valuation	£7.3m
Equity Percentage	6.5%
Original investment date	March 2017

#### Business

- a leading international consultancy to large distressed corporations around the world facing investigation by international regulators for corruption, fraud and poor practices. The firm has worked on four of the top ten largest global fines from regulators for malpractice

#### Investment

- Dunedin led the buyout of FRA in March 2017
- Turnover for year to 31.12.16 of £32.8m, EBITDA of £14.5m

#### Valuation

- Valuation is at cost



IN THE DOT



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**App Store**

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ANDROID APP ON  
**Google play**

Cost	£7.3m
Valuation	£7.3m
Equity Percentage	5.2%
Original investment date	December 2010

### Business

- UK's leading same day distribution network
- Made 27 acquisitions since the buyout in 2010

### Investment

- Dunedin led the MBO of CitySprint in Dec 2010
- Turnover for year to 31.12.15 of £146.0m (2014: £128.2m), EBITDA of £16.8m (2014: £113.5m)

### Realisation

- In February 2016 Dunedin Enterprise realised its investment in CitySprint with a portion of the proceeds being rolled over into a newco

### Valuation

- 8.5x maintainable EBITDA
- Maintainable earnings and 43% discount to support services sector



Cost	£4.1m
Valuation	£5.5m
Equity Percentage	12.7%
Original investment date	June 2016

#### Business

- Kingsbridge is an insurance intermediary operating through two core divisions: a fast growing and innovative contractor insurance division and a specialist corporate brokerage division

#### Investment

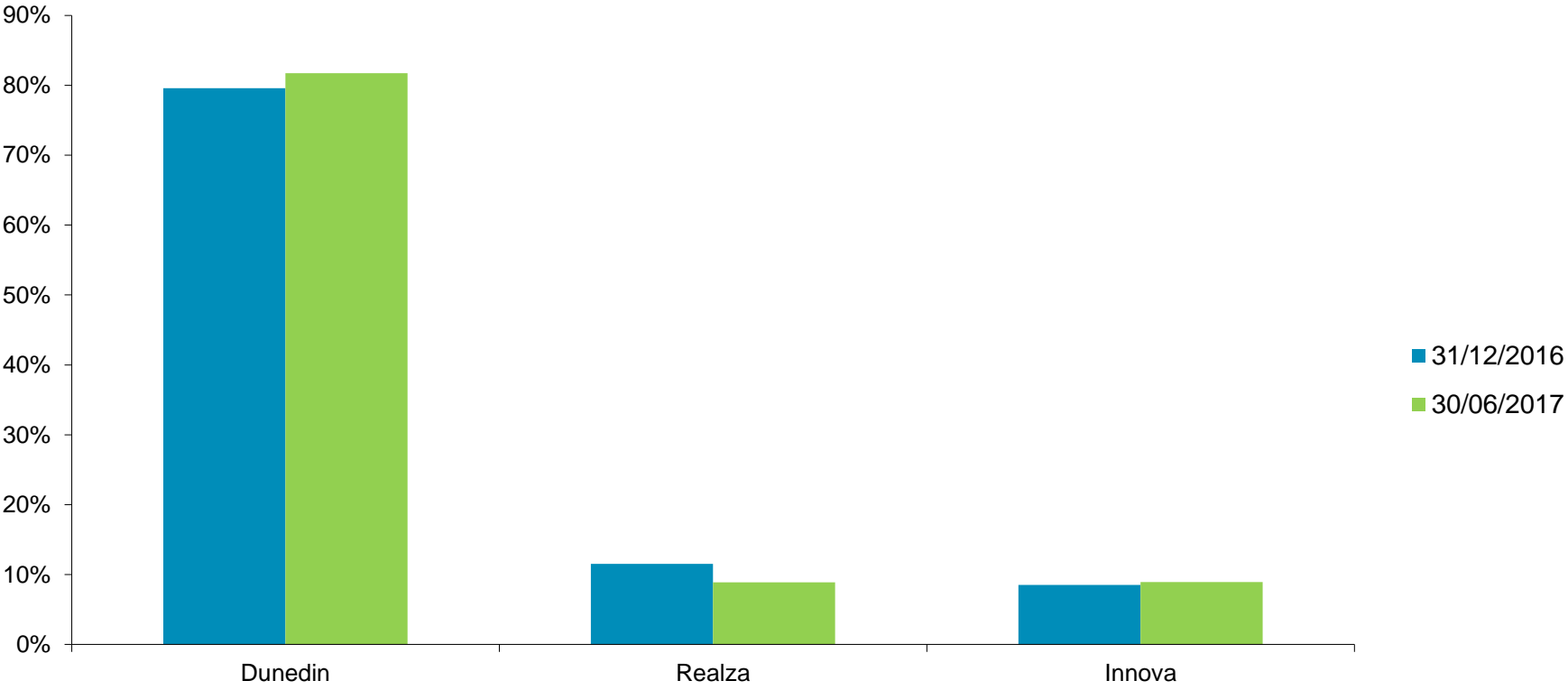
- Dunedin led the buyout of Kingsbridge in June 2016
- Turnover for year to 31.01.16 of £7.1m, EBITDA of £2.5m

#### Valuation

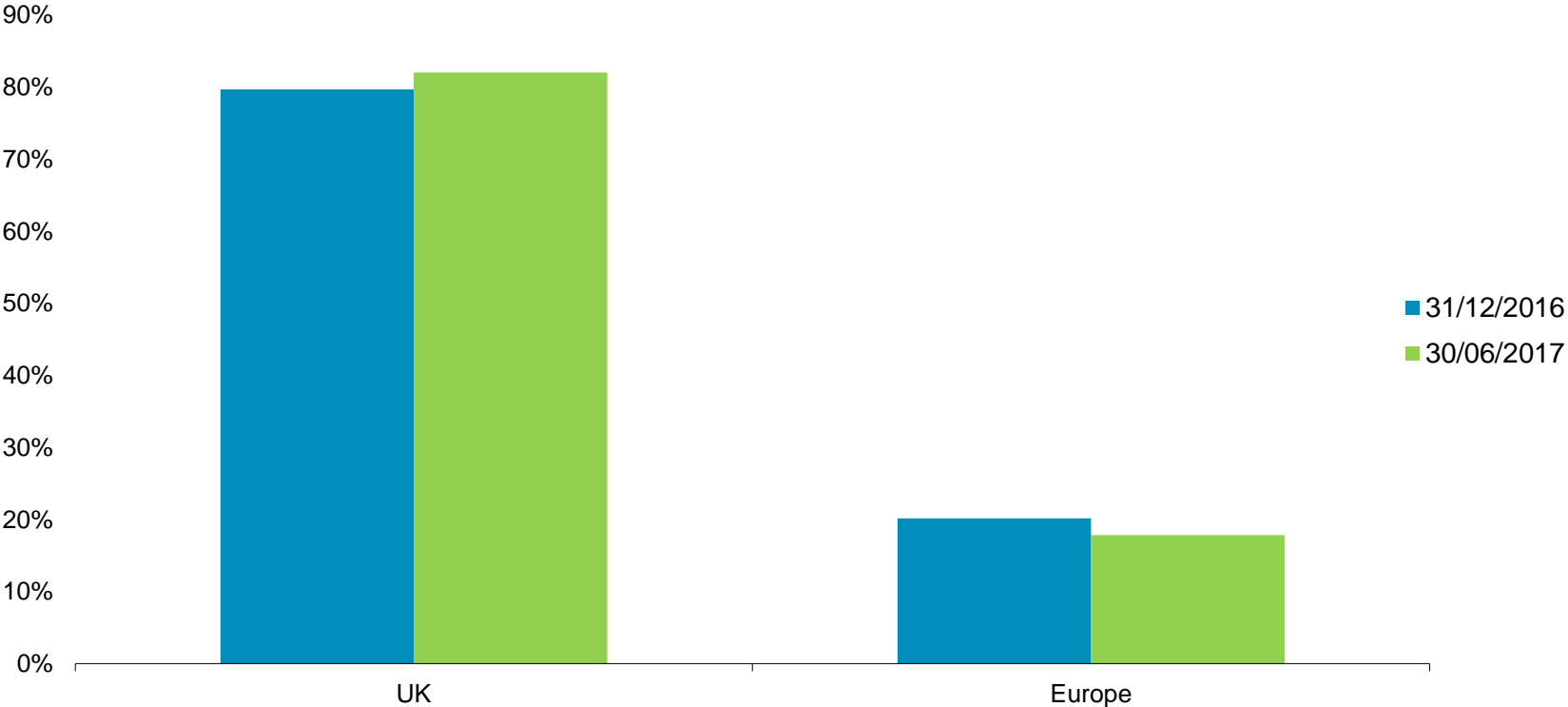
- 9.0x maintainable EBITDA
- Maintainable earnings and 52% discount to support services sector

## Appendix 2

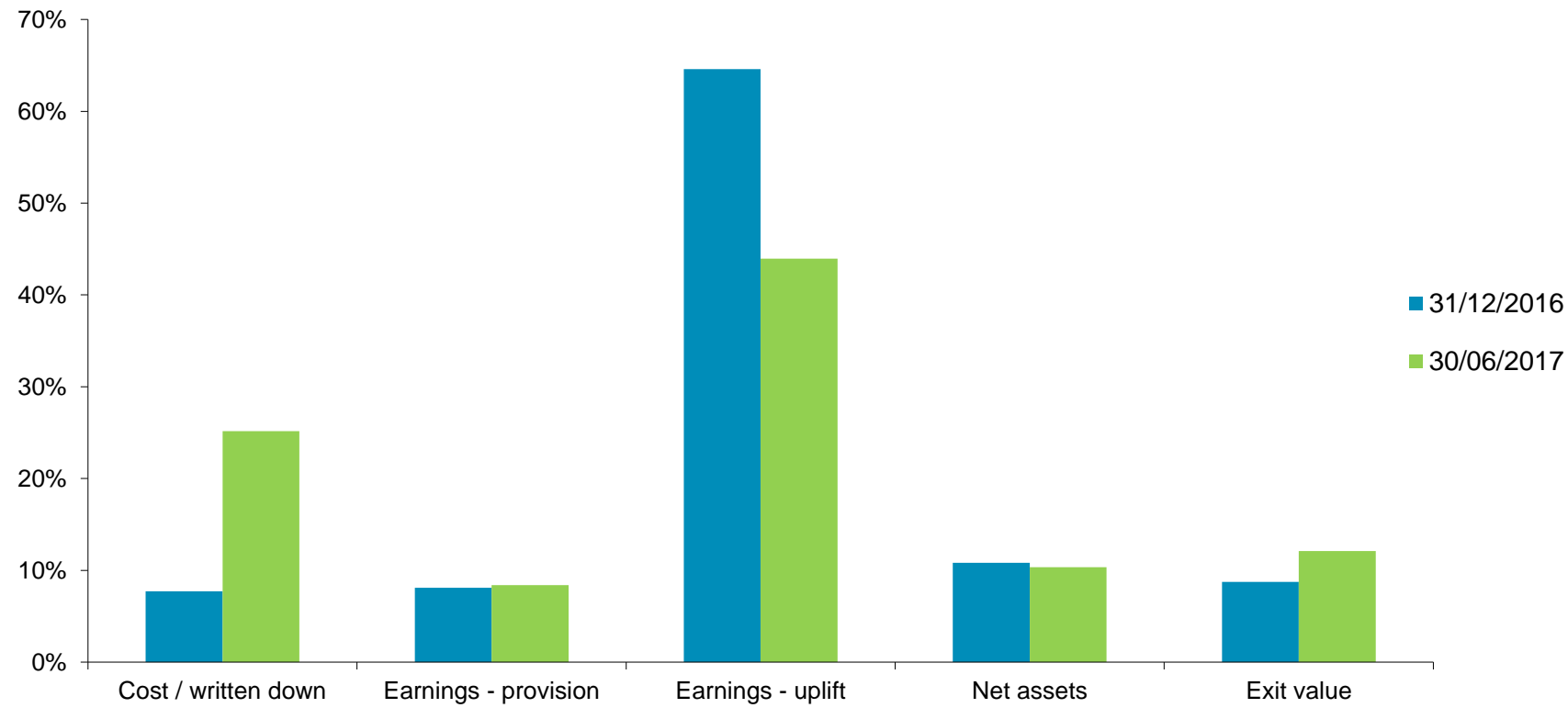
# Dunedin Enterprise: Manager allocation



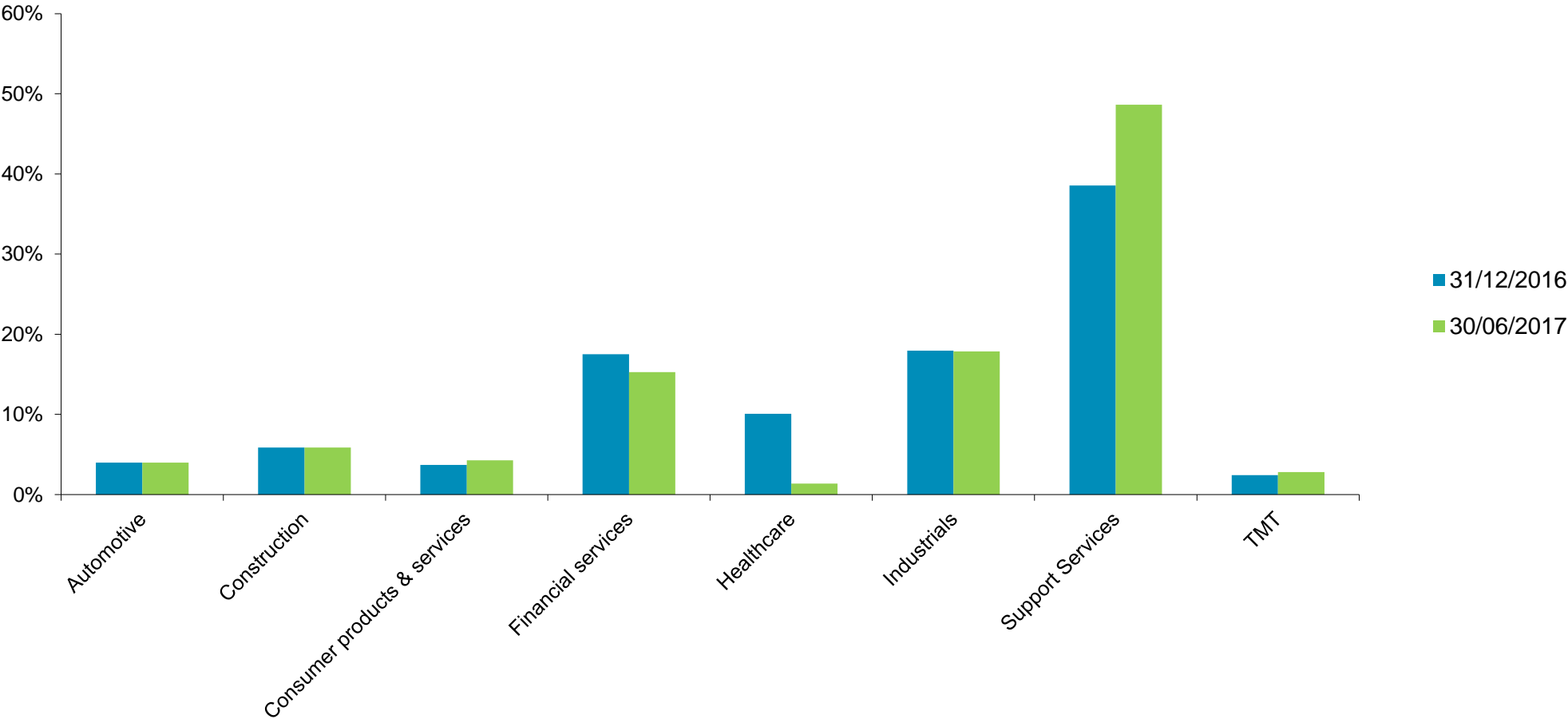
# Dunedin Enterprise: geographic allocation



# Dunedin Enterprise: valuation method



Dunedin Enterprise: sector





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