

Dunedin Enterprise Investment Trust PLC
Final Results for the year to 31 December 2018



Dunedin Enterprise Performance

- Share price total return of 9.4% in the year to 31 December 2018
- NAV total return of 6.4% in the year to 31 December 2018
- Discount increased from 18.9% at 31 December 2017 to 20.6% at 31 December 2018
- Final dividend of 2.0p to be payable in May 2019
- Total of £109m returned to shareholders since 2012
- Share price 372p at 15 March 2019 a discount of 9.9% to NAV at 31 December 2018

Dunedin Enterprise

Performance continued

- Realisations of £12.3m from investment portfolio including:
 - £9.3m for the sale of Pyroguard
 - £1.6m deferred proceeds for the sale of Steeper
 - £1.0m repayment of loan stock from within the Realza portfolio
- New investment of £14.2m from investment portfolio including:
 - £6.4m investment in GPS
 - £3.0m investment in Incremental
 - £3.6m follow-on investments in Formaplex, Hawksford, EV and Premier Hytemp
- B Share Issue:
 - £10.3m returned to shareholders in February 2018
 - £10.3m returned to shareholders in October 2018

Dunedin Enterprise KPIs

- Total return per ordinary share: 6.4% (2017: 23.9%)
- Net asset value per share: 412.9p (2017: 489.2p)
- Share price: 328p (2017: 396.5p)
- Discount: 20.6% (2017: 18.9%)
- Dividend per ordinary share: 2.0p (2017: 19.0p)
- Ongoing charges: 1.5% (2017: 1.9%)

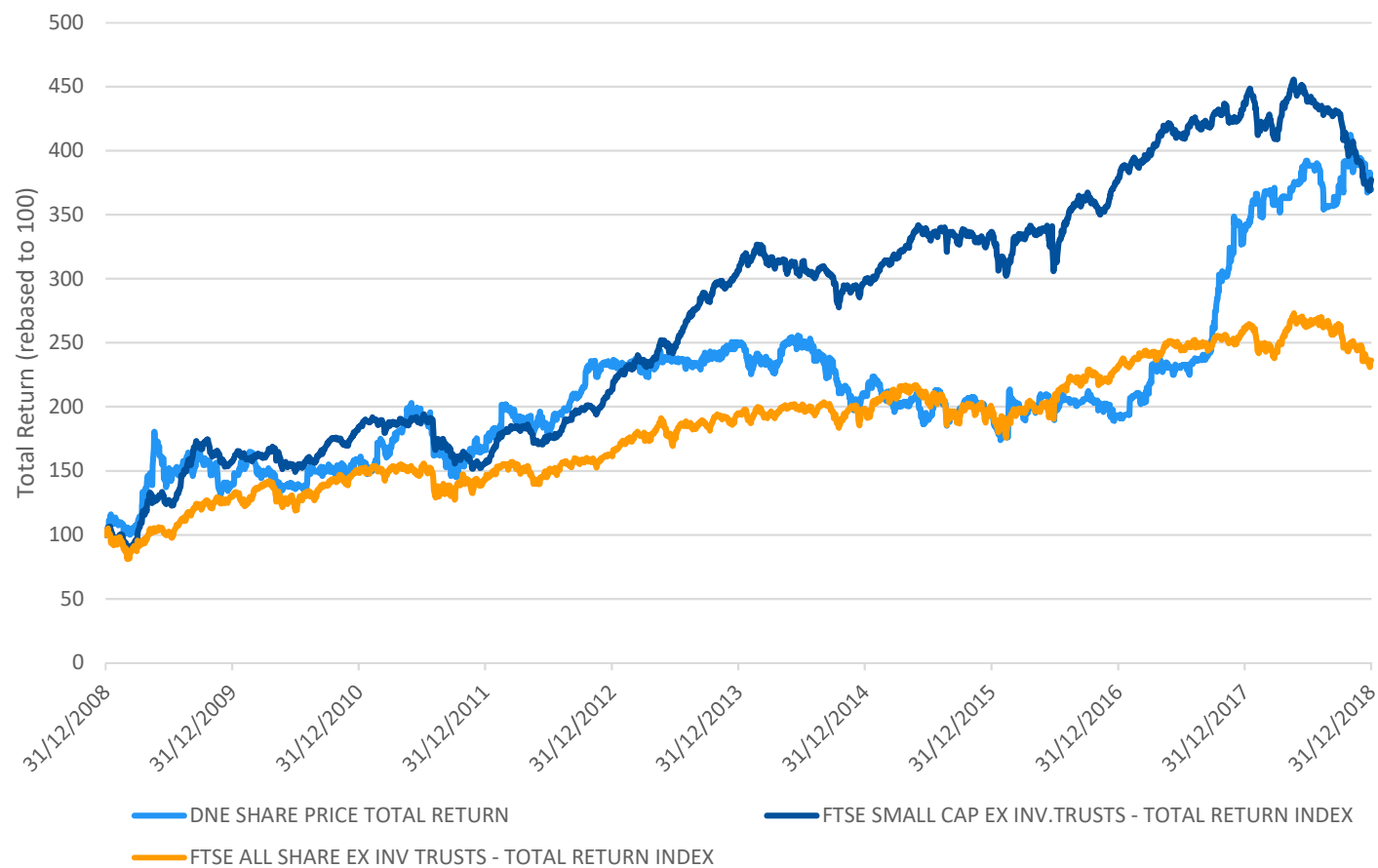
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Post year end events

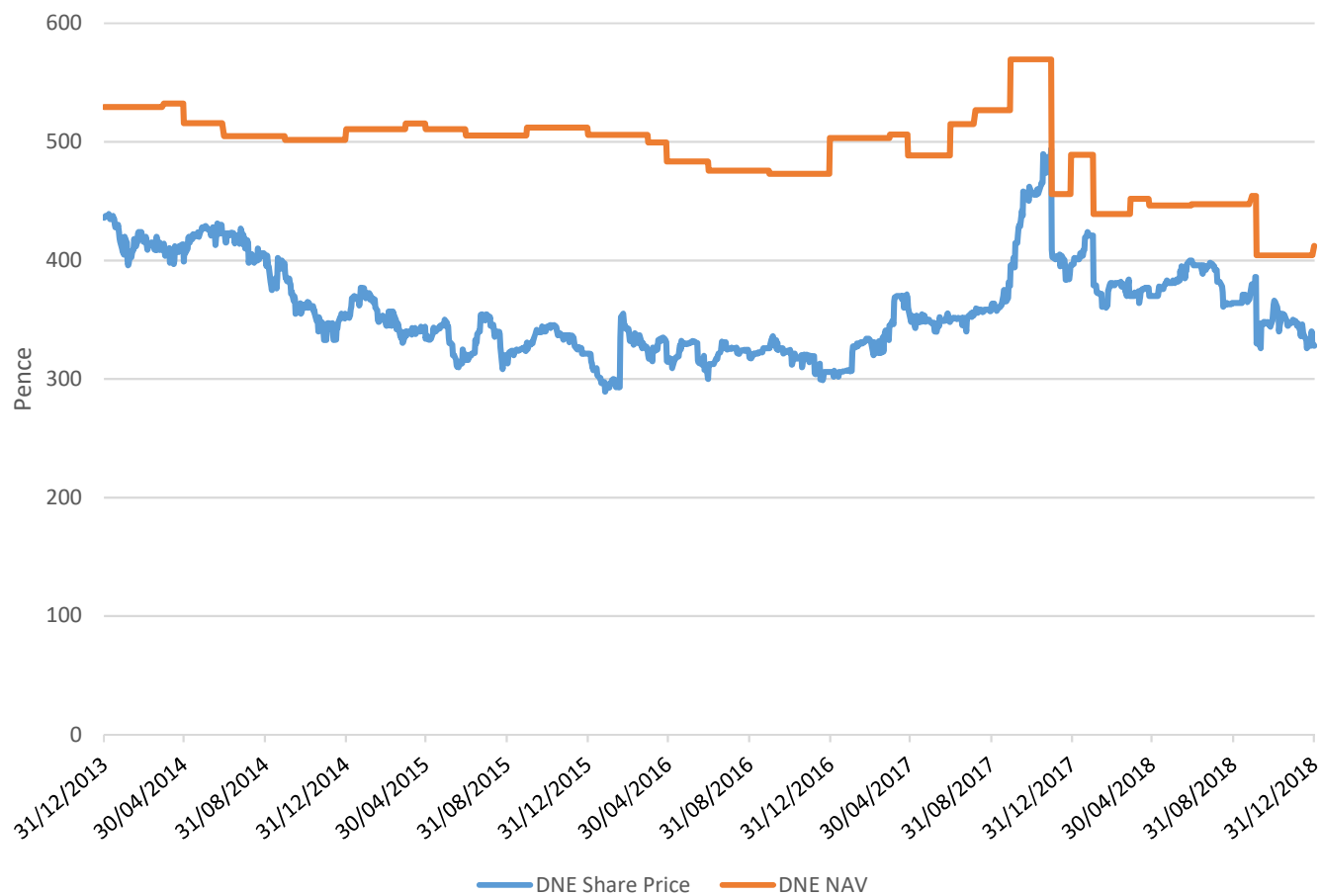
- Final dividend of 2.0p payable on 16 May 2019
- Following the year end in January 2019 there was a further realisation from the Realza portfolio. Litalsa, the provider of printing and varnishing services for metal can and closure manufacturers, was realised generating proceeds of £3.9m which represent a return of 2.9x original cost and an IRR of 26%.

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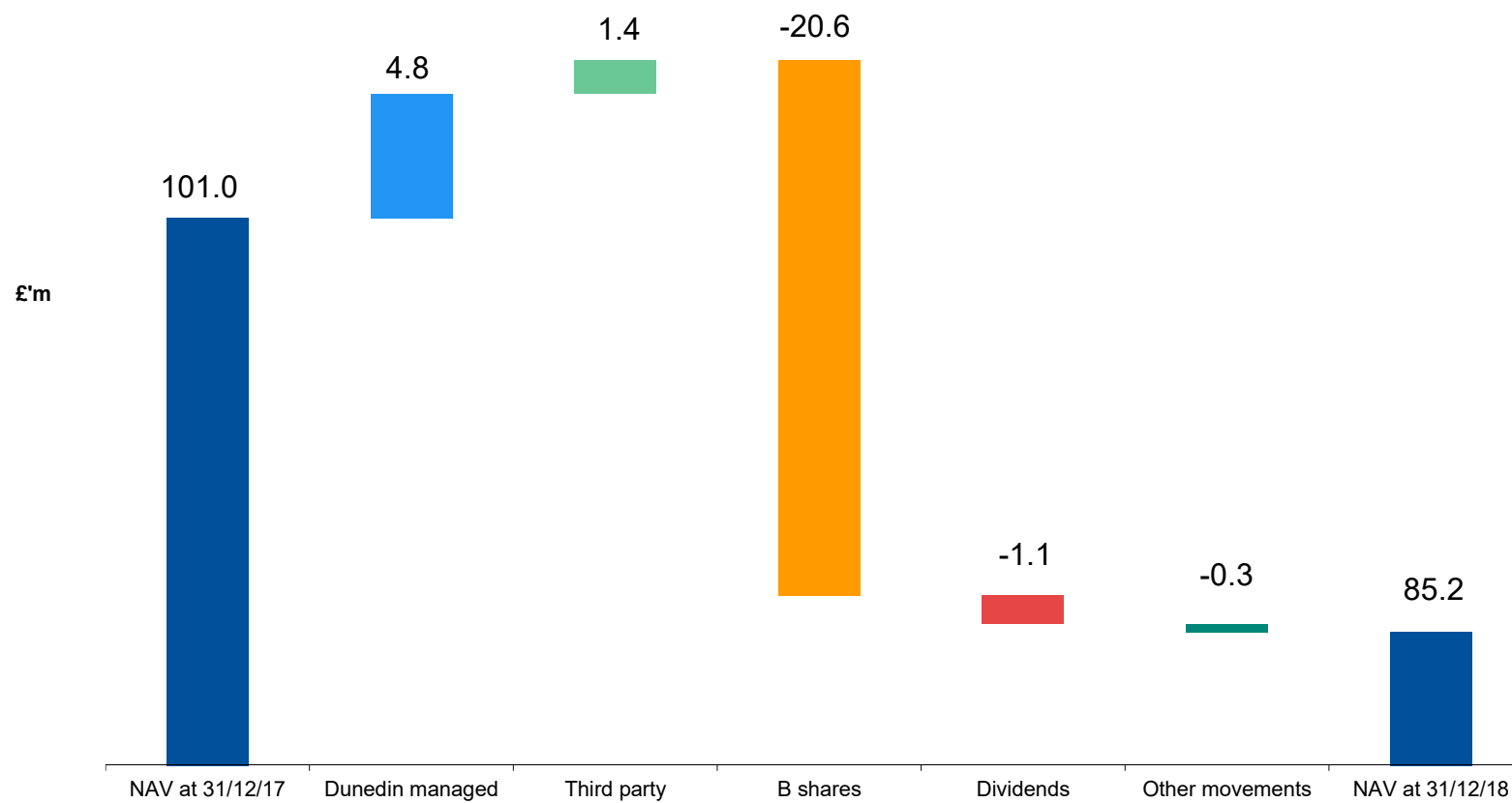
Share price total return over ten years to 31.12.18



Dunedin Enterprise NAV and share price over five years to 31.12.18



Dunedin Enterprise NAV performance attribution



Dunedin Enterprise Investment portfolio

	Valuation at 31.12.17 £m	Additions in year £m	Disposals in year £m	Realised movement £m	Unrealised movement £m	Valuation at 31.12.18 £m
Dunedin managed	57.2	14.0	(11.3)	1.4	3.5	64.8
Third party funds	10.0	0.2	(1.0)	-	1.3	10.5
	67.2	14.2	(12.3)	1.4	4.8	75.3

Dunedin Enterprise

Portfolio valuation movements (including income receipts)

Company	Reason for movement	£m change
FRA	Strong earnings growth and client wins	3.6
Red	Strong earnings growth from both contracts and permanent division	2.2
Kingsbridge	Strong earnings growth	1.3
EV	Increase in maintainable EBITDA	0.6
Realza	Uplift in valuation	1.5
Formaplex	Reduced earnings	(1.9)
Carried interest	Provision for DBFIII carried interest following exits and valuation uplifts	(1.2)

Dunedin Enterprise Earnings-based valuation

- 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 £6.7m (31/12/17: £6.8m)

Dunedin Enterprise

Average multiples and average listed valuation multiples at 31 December 2018

Weighted Average*	31 December 2017	30 June 2018	31 December 2018
EBITA	9.3	9.6	9.4
EBITDA	7.6	7.9	8.2

* applies to portfolio companies valued on an earnings basis

Dunedin Enterprise Debt multiples

Debt multiples	31 December 2017	30 June 2018	31 December 2018
EBITA multiple	3.7x	3.5x	3.1x
EBITDA multiple	3.1x	2.9x	2.7x

Note:

- Debt bank defined as banking facilities drawn less cash at 31 December 2018
- EBITA and EBITDA per investment valuation

Portfolio gearing

Dunedin managed direct investments

Gearing as multiple of EBITDA	No. of companies	% of total valuation
Multiple < 1	3	41%
Multiple 1 to 2	-	-
Multiple 2 to 3	1	11%
Multiple > 3	5	48%

Portfolio gearing

Dunedin managed direct investments

Maturity of Portfolio Company Debt	%
Repayable in 2018	11
Repayable in 2019	7
Repayable in 2020	9
Repayable thereafter	73
	100

Dunedin Enterprise

Third party European fund movements

	Commitment	Drawn to date	Outstanding commitment	Valuation at 31 December 2018	
	€m	€m	€m	€m	£m
Realza (Iberia - €170m)	15.0	14.3	0.7	11.5	10.2

Dunedin Enterprise

Total Assets and Cash Returned to Shareholders

	2012	2013	2014	2015	2016	2017	2018
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	76.5	75.1	84.0	93.1	81.5	57.2	64.8
Europe	24.9	12.9	12.7	16.0	22.0	9.6	10.2
Other	2.2	1.2	0.8	0.4	0.4	1.5	6.1
Cash	33.9	27.9	9.9	0.6	1.1	32.9	5.7
Total assets	137.5	117.1	107.4	110.1	105.0	101.2	86.8
Capital returned	21.1	18.0	5.2	0.7	-	20.6	20.6
Dividends paid	5.7	1.7	3.6	1.0	3.3	6.4	1.1
Return to shareholders	26.8	19.7	8.8	1.7	3.3	27.0	21.7
Cumulative return to shareholders	26.8	46.5	55.3	57.0	60.3	87.3	109.0

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Outstanding commitments

	2012	2013	2014	2015	2016	2017	2018
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	65.8	62.6	54.2	44.3	33.5	42.0	18.8
Europe	20.4	13.7	9.6	5.9	3.4	2.3	0.6
	86.2	76.3	63.8	50.2	36.9	44.3	19.4

Dunedin managed funds

- DBF II: investment period expired, £5.1m remains undrawn and available
- DBF III: investment period expired, £13.7m remains undrawn and available

European funds – investment periods expired

- Realza: €15m commitment of which 95% drawn – o/s commitment €0.7m (£0.6m)

Dunedin Enterprise Commitment Strategy

	31 December 2018 £m
Cash and near cash	5.7
Revolving credit facility*	10.0
Undrawn commitments – Dunedin	(18.8)
Undrawn commitments – Europe	(0.6)
Unfunded commitments**	(3.7)

* available to 31 May 2018

** expected drawdowns suggest over funded position of £4.2m

Dunedin Enterprise New investment activity

New investment of £14.2m to 31 December 2018

- £14.0m in Dunedin managed funds
- £0.2m in Third Party European funds

Dunedin Enterprise GPS



Activity	GPS is a global payments processor and the tech powerhouse behind the most exciting digital banks, challenger banks, fin-techs and financial institutions
Type	Primary buyout
Sector	Business Services
Size	£75m
Financials	Year to 31 December 2017: Turnover £9.8m, EBITDA £4.5m, 15.0x EBITDA

Origination

- Through our Origination function, we built up a deep network of payment experts and tracked GPS through trade shows, prior to the launch of a formal process

Investment rationale

- GPS is a high growth, high margin, cash generative, innovative and disruptive software platform with an impressive financial growth track record
- Its clients are increasingly international with global growth opportunities

Dunedin Enterprise Incremental



Activity	This is a market-leading IT services platform which designs, implements and supports clients with ERP/CRM systems and cloud infrastructure
Type	Secondary buyout
Sector	Business Services
Size	£20m
Financials	Year to 31 December 2017: Turnover £6.6m, EBITDA £1.0m, 8.0x EBITDA

Origination

- The transaction was concluded off-market and was the culmination of a number of years of origination efforts, building a long-standing relationship with the management team throughout the business' evolution

Investment rationale

- This investment aligns closely with our strategy to support businesses with a technological edge that have the ability to develop strong positions in their space
- Incremental has a strong acquisition pipeline

Dunedin Enterprise

Total realisations of £12.3m in year to 31 December 2018

Realisations of £12.3m from investment portfolio including:

- £9.3m for the sale of Pyroguard
- £1.6m deferred proceeds for the sale of Steeper
- £1.0m repayment of loan stock from within the Realza portfolio

Dunedin Enterprise

Ten largest Dunedin investments

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
FRA	27.5	5.4	6.0	12.9	15.1
Hawksford	54.4	17.8	6.7	11.2	13.1
Realza	8.9	8.9	6.7	10.2	12.0
Weldex	51.0	15.1	9.5	9.6	11.3
Kingsbridge	63.3	12.4	4.1	7.9	9.3
CitySprint	17.3	5.2	7.3	6.4	7.5
GPS	41.5	8.2	6.4	6.4	7.5
Red	67.8	20.1	9.7	4.5	5.3
U-POL	17.0	5.0	5.7	3.6	4.3
Incremental	41.9	8.2	3.0	3.0	3.5
Total			65.1	75.7	88.8

Dunedin Enterprise Remaining investments

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
Top 10 investments			65.1	75.7	88.8
EV	53.8	10.6	8.1	2.2	2.6
Premier Hytemp	70.0	20.8	10.1	1.9	2.3
Formaplex	58.2	19.4	3.2	1.7	2.0
ADD One	2.9	2.9	1.2	0.1	0.2
Alta Berkeley	3.0	3.0	0.6	0.2	0.2
Total investments			88.3	81.8	96.1

APPENDIX 1



Dunedin Enterprise

Ten largest Dunedin investments



Cost	£6.0m
Valuation	£12.9m
Equity Percentage	5.4%
Original investment date	March 2017



Business

Forensic Risk Alliance 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

Investment

- Dunedin led the buyout of FRA in March 2017
- Turnover for year to 31.12.17 of £39.8m, EBITDA of £13.3m

Valuation

- 10.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£6.7m
Valuation	£11.2m
Equity Percentage	17.8%
Original investment date	October 2008



Business

Hawksford is a Jersey based leading international provider of corporate, private client and funds services

During 2018 Hawksford completed the acquisitions of P&P, a Hong Kong based trust business; and the corporate services division of audit and accountancy practice SH Landes. The P&P acquisition increased Hawksford's Asian presence, giving the company new representation in China and Japan, building on its existing presence in Singapore and Hong Kong

Prior to 2018, Hawksford 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 31.12.17 of £24.6m (2016: £22.4m), EBITDA of £6.5m (2016: £6.1m)

Valuation

- 9.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£6.7m
Valuation	£10.0m
Equity Percentage	8.9%
Original investment date	September 2008



Business

Realza is a Spanish private equity fund making investments in Spain and Portugal. The fund's typical equity investment ranges from €10m to €25m

Investment

- Dunedin first invested in Realza in September 2008
- To date Realza has drawn down 94% of commitments. The fund has made seven investments of which four have been realised

Valuation

- €11.5m at 31 December 2018 based on Manager's valuation

Dunedin Enterprise

Ten largest Dunedin investments

WELDEX

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



Business

Weldex is the largest crawler crane hire company in the UK, serving the renewables and power generation market. It serves the offshore wind, oil & gas, commercial construction and infrastructure markets

Investment

- Dunedin led the secondary MBO of Weldex in June 2010
- Turnover for year to 30.11.17 of £23.1m (2016: £21.1m), EBITDA of £11.4m (2015: £10.4m)

Valuation

- Valued on an assets basis

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£4.1m
Valuation	£7.9m
Equity Percentage	12.4%
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

In December 2018, the business successfully completed the acquisition of InsurTech pioneer Dinghy, an online provider of PI and related insurances to the UK freelance/creative sector. This was the second acquisition that Kingsbridge made in 12 months, the first was Larsen Howie, a specialist online provider of insurance and IR35 and tax related services

Investment

- Dunedin led the buyout of Kingsbridge in June 2016
- Turnover for year to 31.01.18 of £12.5m (2017: £10.0m), EBITDA of £4.3m (2017: £3.1m)

Valuation

- 10.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£7.3m
Valuation	£6.4m
Equity Percentage	5.2%
Original investment date	December 2010



Business

CitySprint is the UK's leading same day distribution network. During 2017, CitySprint made three acquisitions to expand its reach and consolidate its position as the UK's leading private same-day distribution company, bringing the number of acquisitions made since Dunedin's buyout to 30

Investment

- Dunedin led the MBO of CitySprint in Dec 2010
- Turnover for year to 31.12.17 of £172.3m (2016: £157.8m), EBITDA of £18.0m (2016: £17.4m)

Realisation

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

Valuation

- 9.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£6.4m
Valuation	£6.4m
Equity Percentage	8.2%
Original investment date	June 2018



Business

GPS is a UK headquartered payments processing business providing customers with leading edge payment processing and ancillary services

Investment

- Dunedin led £75m MBO in June 2018, investing £6.4m
- Turnover for year to 31.12.17 of £9.8m, EBITDA of £4.5m

Valuation

- Valued at cost

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£9.7m
Valuation	£4.5m
Equity Percentage	20.1%
Original investment date	July 2011



Business

Red is the European market leader for the supply of specialist SAP permanent and contract staff. SAP stands for Systems, Applications and Products in data processing.

Red has a global footprint with access to over 200,000 candidates in 80 countries, and has offices in the UK, Germany, Switzerland and the USA

Investment

- Dunedin invested in the £44m MBO of Red in July 2011
- Turnover for year to 31.03.18 of £123.6m (2017: £105.8m), EBITDA of £3.4m (2017: £1.3m)

Valuation

- 9.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£5.7m
Valuation	£3.6m
Equity Percentage	5.0%
Original investment date	December 2010



Business

U-POL is a leading independent manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and consumables

From its UK manufacturing base in Wellingborough, U-POL exports a range of products to 120 countries worldwide. The company has a strong market position in the UK and a growing position in other large markets such as the USA, the Far East, the Middle East, Africa and Russia

Investment

- Dunedin invested in the £130m MBO of U-POL in December 2010
- Turnover for year to 31.12.17 of £68.2m (2016: £68.9m), EBITDA of £10.8m (2016: £13.2m)

Valuation

- 8.6x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments

Cost	£3.0m
Valuation	£3.0m
Equity Percentage	8.2%
Original investment date	November 2018



Business

Incremental is a market leading, UK focused IT services business which helps its clients to design, implement and manage their IT infrastructure needs which include ERP, CRM, cyber security and digital applications. Incremental's mission is to enable government and industry to digitally transform their businesses, one step at a time

Investment

- Dunedin invested in the MBO of Incremental in November 2018
- Turnover for year to 31.12.17 of £6.6m, EBITDA of £1.0m

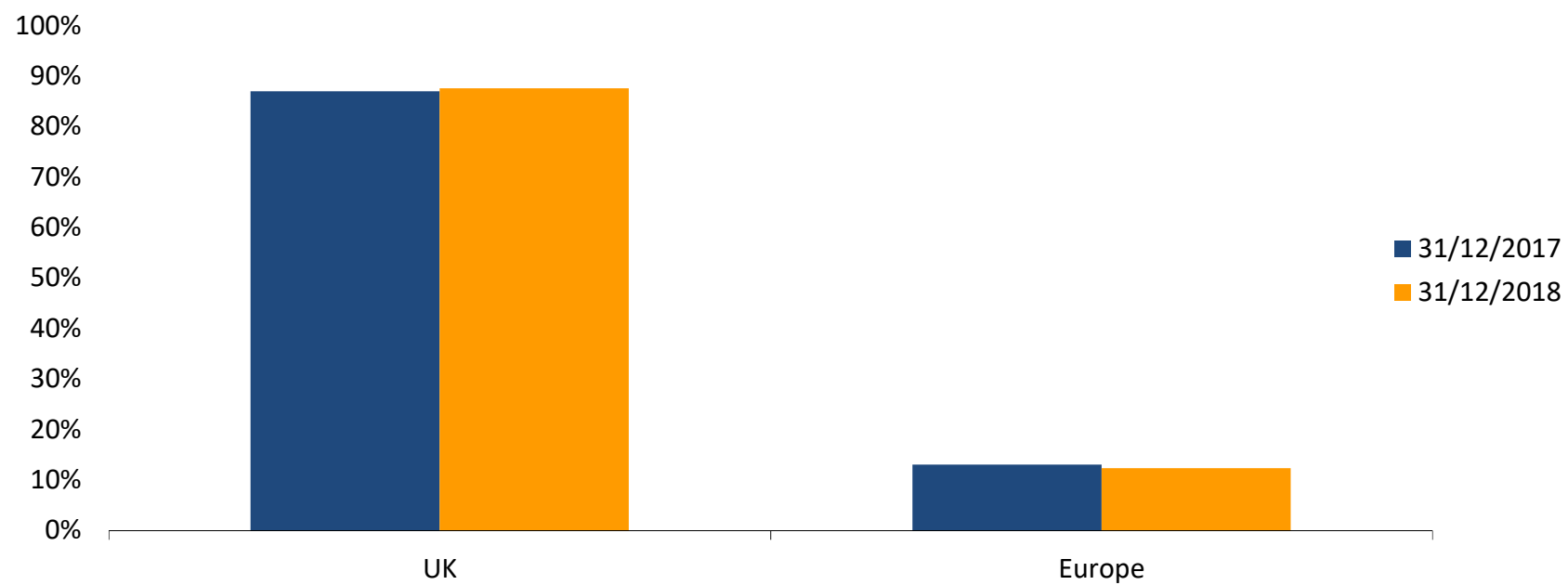
Valuation

- Valued at cost

APPENDIX 2



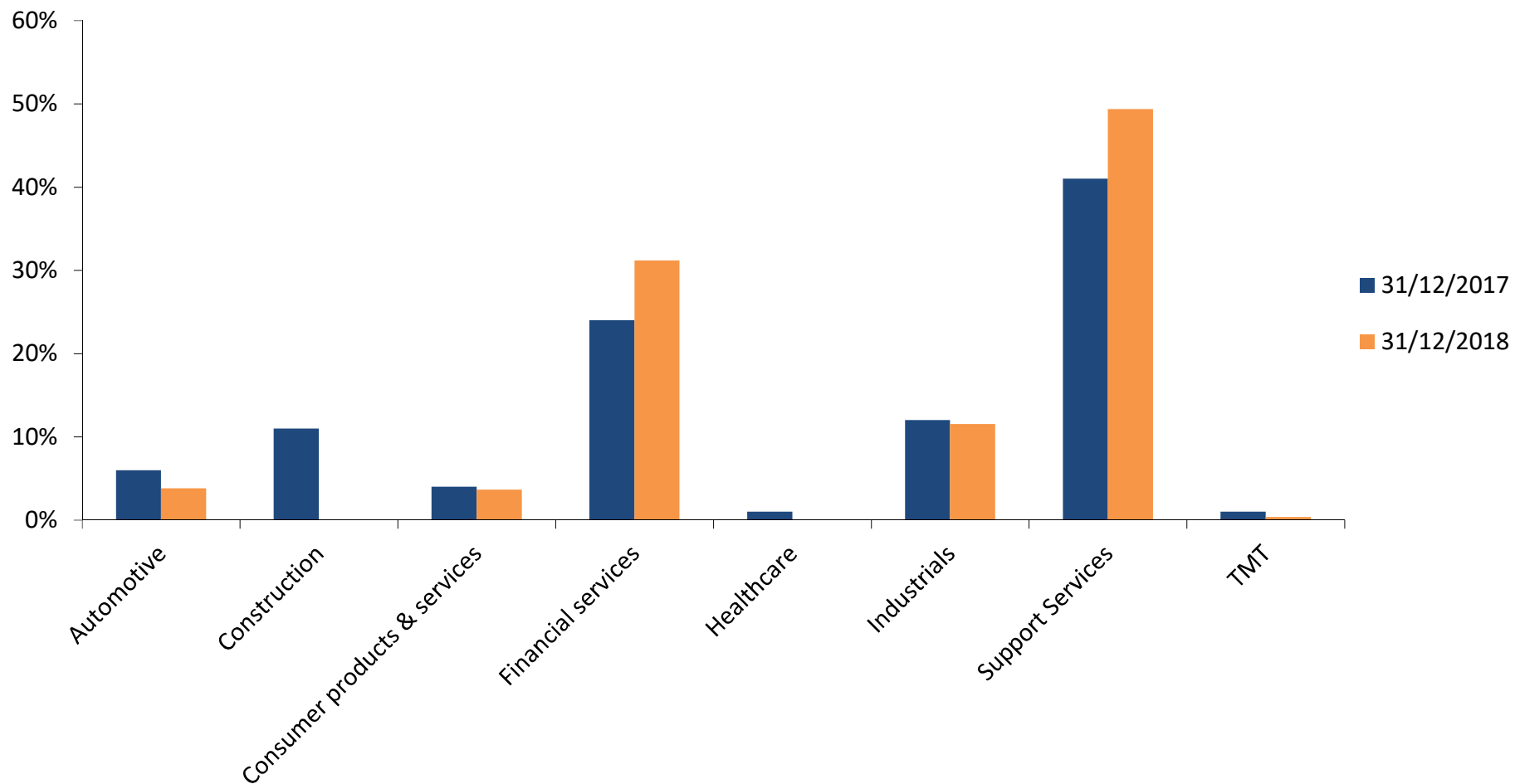
Dunedin Enterprise Geographic allocation



Dunedin Enterprise Valuation method



Dunedin Enterprise



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