



Dunedin Enterprise Investment Trust PLC

Final Results for the year to 31 December 2016

NAV total return of 2.7% in the year to 31 December 2016

Share price down by 4.8% from 321.5p to 306p at 31 December 2016

Share price 322p at 17 March 2017

Discount widened from 36.4% at 31 December 2015 to 39.2% at 31 December 2016

Interim dividend of 16p paid in May 2016

Final dividend of 17.5p to be payable in May 2017

Realisations of £26.7m from investment portfolio including:

- £22.8m for the sale of CitySprint

New investment of £25.2m from investment portfolio including:

- £7.0m investment in Alpha
- £4.2m investment in Kingsbridge
- £7.3m roll over investment in CitySprint

Total return per ordinary share: 2.7% (2015: 0.0%)

Net asset value per share: 503.3p (2015: 505.8p)

Annual net asset total return over 10 years: 2.2% (2015: 3.5%)

Share price: 306p (2015: 321.5p)

Discount: 39.2% (2015: 36.4%)

Dividend per ordinary share: 33.5p (2015: 4.7p)

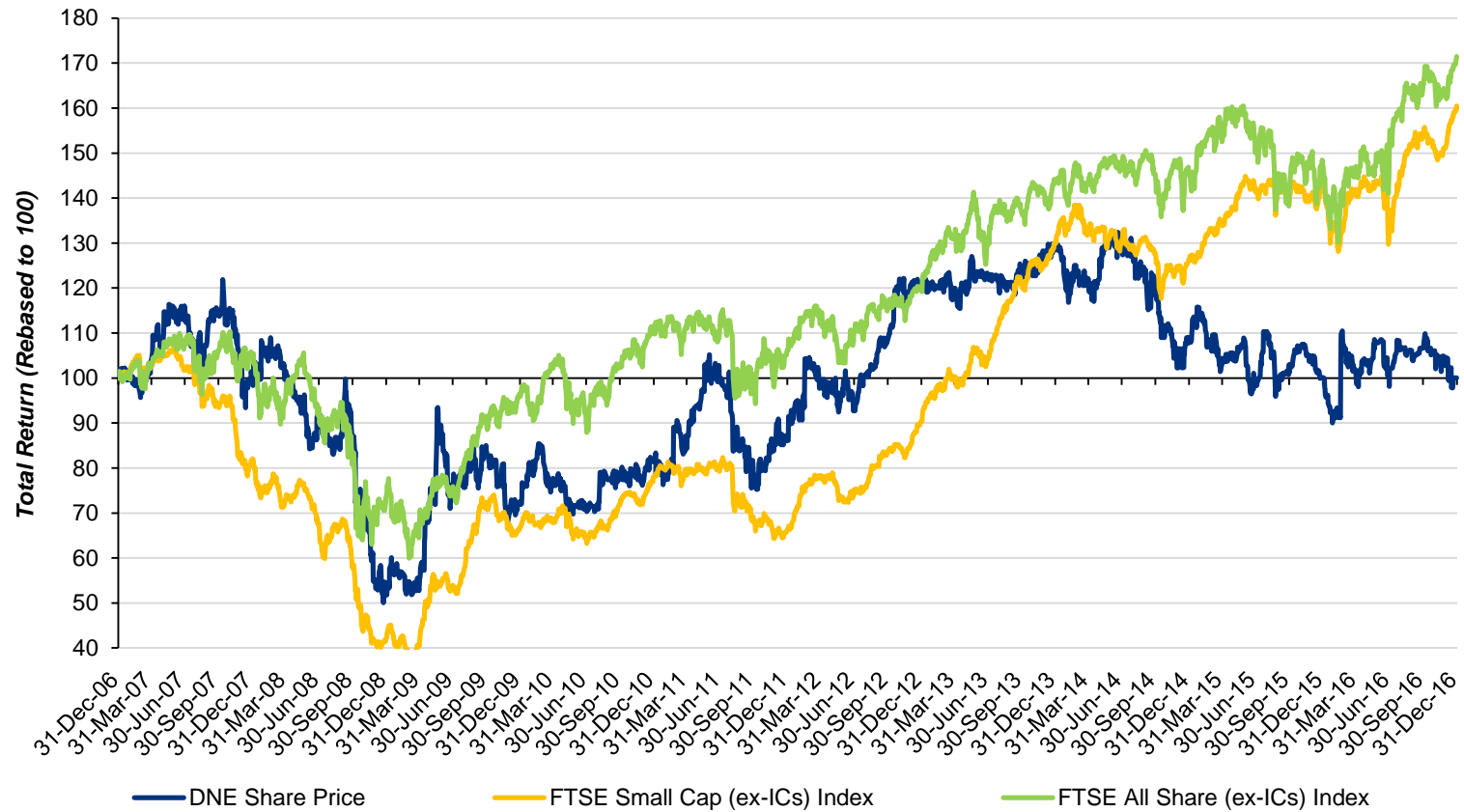
Ongoing charges: 2.8% (2015: 2.9%)

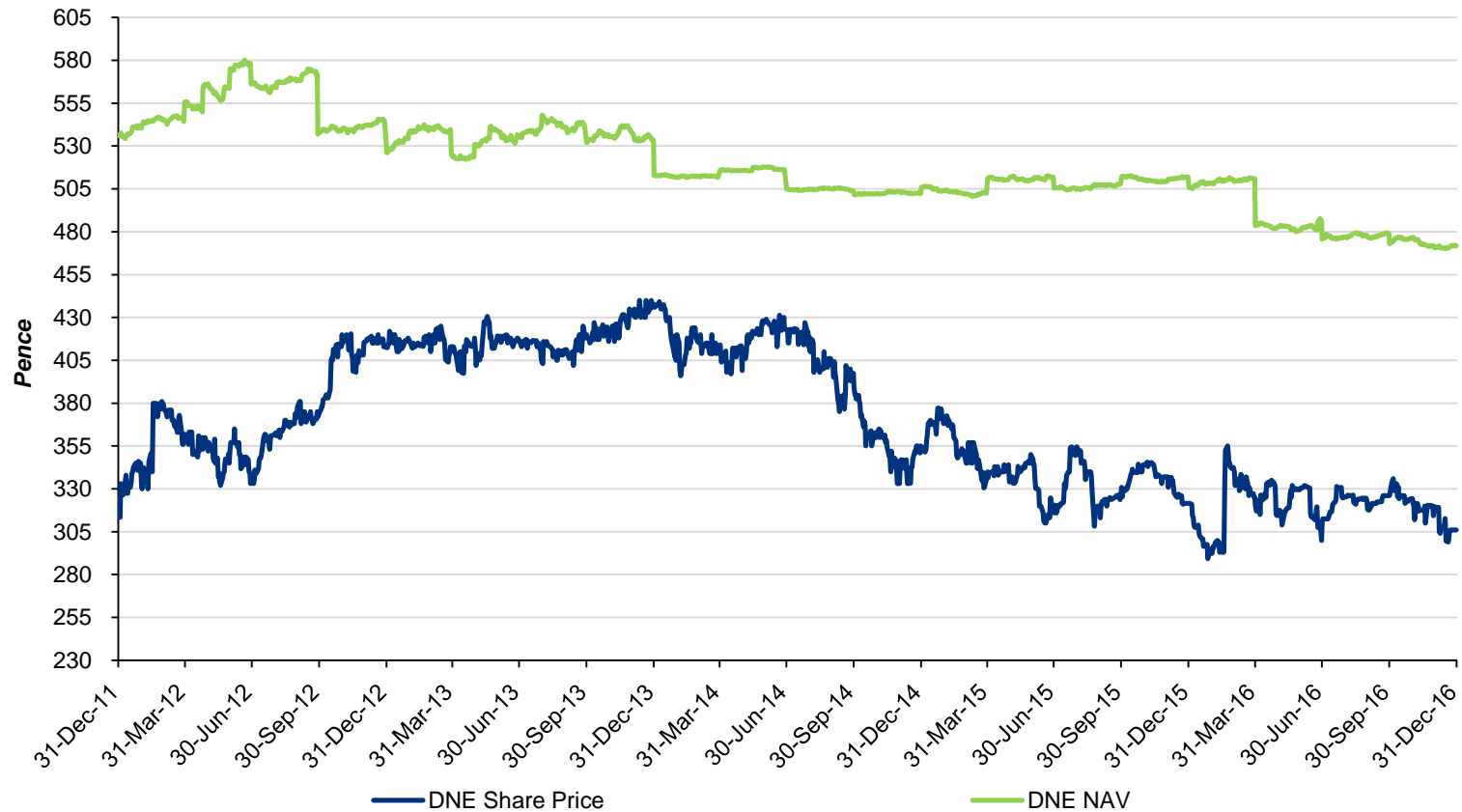
New investment of £5.9m in Forensic Risk Alliance in March 2017

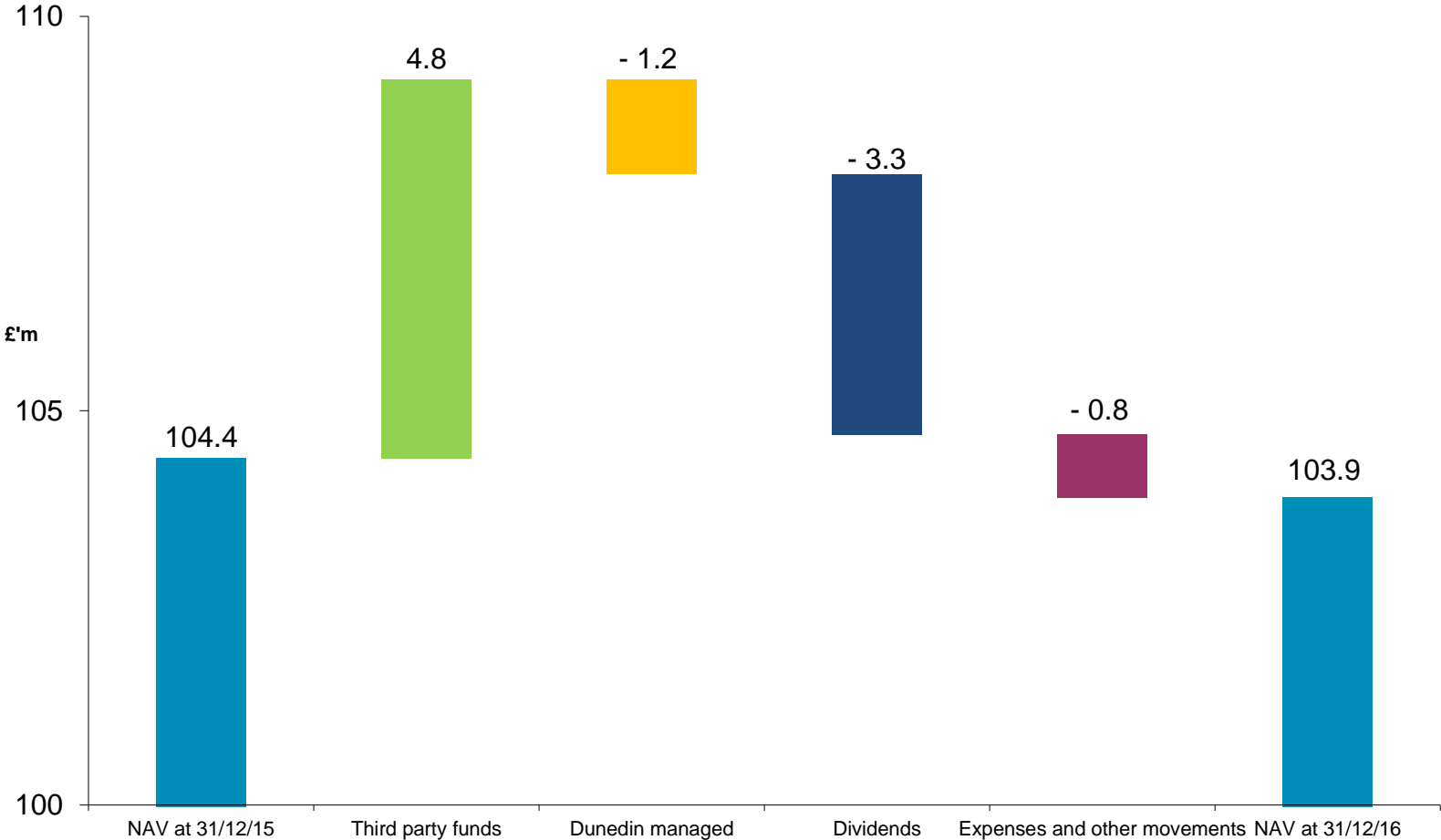
Exit of Steeper with proceeds of £8.9m

Final dividend of 17.5p payable on 18 May 2017

Proposals for the adoption of a B Share Scheme







£m

	Valuation at 31-12-15 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31-12-16 £'m
Dunedin managed	93.0	22.4	(25.0)	(5.5)	(3.4)	81.5
Third party funds	16.4	2.8	(1.7)	-	4.8	22.3* ¹
	109.4	25.2	(26.7)	(5.5)*²	1.4*³	103.8

*¹ Includes cash held by Dunedin Fund of Funds of £1.5m and £0.3m of legacy funds

*² Includes drawdown of £2.1m by Dunedin managed funds for management fee and operating expenses. Excludes £3.3m of income received from partial realisation of CitySprint that was transferred to the Income Account

*³ Excludes £4.4m of income received from Kee Safety and U-POL that was transferred to the Income Account

Company	Reason for movement	£m change
Steeper	Valued at exit value	5.0
Blackrock	Strong organic growth and an increase in consultant utilisation	4.9
European funds	Beneficial currency movements and portfolio uplifts in value	4.8
Kee Safety	Organic earnings growth and acquisitions	3.3
U-POL	Improved performance and rationalisation of products	1.3
Red	Negatively impacted by an unfavourable product mix	(1.7)
Pyroguard	Production issues at its French factory	(2.2)
Hawksford	Disruption caused by an aborted sales process	(2.7)
EV	Trading impacted by the low price of oil	(3.0)
Formaplex	Transition to new facility and new product line costs	(4.4)

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 £7.5m (31/12/15: £11.6m)

Weighted Average ^{*1}	31 December 2015	30 June 2016	31 December 2016
EBITA	9.8	9.8	10.2
EBITDA	8.4	8.5	8.6

At 31 Dec 2016

EBITA multiples range from 7.7 to 21.8

EBITDA multiples range from 5.5 to 10.0

Key Sector Comparison	31 December 2015	30 June 2016	31 December 2016
Support Services ^{*2}	29.0	23.6	24.6

^{*1} Applies to portfolio companies valued on an earnings basis

^{*2} Represents 39% of the aggregate portfolio value (43% at 31 December 2015)

Debt multiples	31 December 2015	30 June 2016	31 December 2016
EBITA multiple	2.6x	2.6x	3.8x
EBITDA multiple	2.3x	2.3x	3.3x

Note Re-gearing of U-POL and Kee Safety undertaken during the year
Debt defined as banking facilities drawn less cash at 31 December 2016
EBITA and EBITDA per investment valuation

Gearing as multiple of EBITDA	No. of companies	% of total valuation
Multiple < 1	2	24%
Multiple 1 to 2	1	7%
Multiple 2 to 3	1	17%
Multiple > 3	7	52%

Maturity of Portfolio Company Debt	
Repayable in 2017	6%
Repayable in 2018	4%
Repayable in 2019	7%
Repayable thereafter	83%
	100%

	Commitment	Drawn to date (No. of investment)	Outstanding commitment	Valuation at 31 December 2016	
	€m	€m	€m	€m	£m
Realza (Iberia - €170m)	15.0	14.0	1.0	13.9	11.8
Innova (Eastern Europe - €450m)	15.0	12.0	3.0	10.2	8.7
	30.0	26.0	4.0	24.1	20.5

	2011	2012	2013	2014	2015	2016
	£m	£m	£m	£m	£m	£m
Dunedin managed	103.9	76.5	75.1	84.0	93.1	81.5
Europe	34.3	24.9	12.9	12.7	16.0	20.5
Other	1.5	0.8	0.7	0.5	0.3	0.3
Cash	23.5	33.9	27.9	9.9	(4.1)	2.6
	163.2	136.1	116.6	107.1	105.3	104.9

	2011	2012	2013	2014	2015	2016	Post FRA
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	22.9	65.8	62.6	54.2	44.3	33.5	27.6
Europe	37.4	20.4	13.7	9.6	5.9	3.4	3.4
	60.3	86.2	76.3	63.8	50.2	36.9	31.0

Dunedin managed funds

- DBF I & EHF: investment periods expired, £0.3m remains undrawn and available
- DBF II: investment period expired, £7m remains undrawn and available
- DBF III: £60m commitment of which 66% drawn - o/s commitment £26.2m

European funds

- Realza: €15m commitment of which 93% drawn – o/s commitment €1.0m (£0.8m)
- Innova: €15m commitment of which 80% drawn – o/s commitment €3.0m (£2.6m)

	31 December 2016 £m	Post FRA and Steeper £m
Cash and near cash	2.7	5.7
Revolving credit facility ^{*1}	20.0	20.0
Undrawn commitments - Dunedin ^{*2}	(33.5)	(27.6)
Undrawn commitments – Europe	(3.4)	(3.4)
Unfunded commitments	(14.2)	(5.3)

^{*1} available to 31 May 2018

^{*2} includes a undrawn commitment to Dunedin's latest fund of £26.2m (now £20.3m)

New investment of £25.2m to 31 December 2016

- £22.4m in Dunedin managed funds
- £2.8m in Third Party European funds (Innova)



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

Type: Primary Buyout

Sector: Business Services

Size: £21.5m

Financials: Year to 31 January 2016: Turnover £7.1m,
EBITDA £2.5m
9x EBITDA*

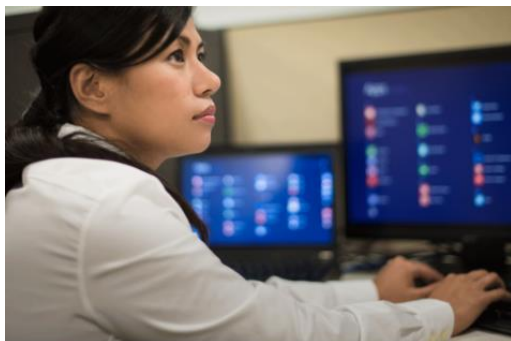
*based on pro-forma run rate

Origination

- Dunedin was able to draw on its sector expertise to identify this investment opportunity and build a relationship with the management team and, as a result, the investment was concluded off market
- Dunedin was the only private equity house introduced to the process
- Trade bidders offered a higher price but were less attractive to management

Investment rationale

- Kingsbridge is a high growth, high margin, cash generative, innovative services firm with an impressive financial growth track record
- Kingsbridge Contractor Insurance is the clear market leader in the specialist provision of insurance for contractors and freelancers
- Market for insurance and contractors growing strongly and independently of GDP



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

£22.8m proceeds from partial exit of CitySprint

Redemptions of loan stock at Kee Safety (£1.1m), Blackrock (£0.7m) and RED (£0.3m)

£3.8m realised from Innova portfolio

- 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



Fairest and most efficient way to return cash to Shareholders

Issue B Shares which are subsequently redeemed

Timing dependent on realisations, uncalled commitments and working capital requirement

Shareholders to vote on proposal at General Meeting which follows Annual General Meeting

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
Realza	8.9	8.9	9.0	11.8	11.4
Hawksford	54.5	17.8	5.6	10.3	9.9
Blackrock	36.0	7.0	4.2	10.0	9.6
Kee Safety	36.9	7.2	5.2	9.8	9.5
Weldex	51.0	15.1	9.5	9.6	9.3
Steeper	71.3	37.4	5.3	8.9	8.6
Innova	3.9	3.9	8.5	8.7	8.4
CitySprint	17.4	5.1	7.3	8.0	7.7
Alpha	58.7	11.5	8.1	7.1	6.9
Pyroguard	41.7	41.7	9.4	4.3	4.2
Total			72.1	88.7	85.5

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
Top 10 investments			72.1	88.7	85.5
Kingsbridge	64.6	12.7	4.1	4.3	4.2
U-POL	17.0	5.0	5.7	4.0	3.9
Formaplex	52.9	17.7	1.7	2.1	2.0
Premier Hytemp	70.0	20.7	9.2	1.5	1.4
EV	53.8	10.6	7.4	1.0	0.9
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
Advent	9.4	9.4	0.9	-	-
Total investments			113.4	102.3	98.6

Appendix 1



Cost	£9.0m
Valuation	£11.8m
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

- €13.9m at 31 December 2016 based on Manager's valuation



Cost	£5.6m
Valuation	£10.3m
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 31.12.15 of £22.0m (2014: £21.5m), EBITDA of £5.3m (2014: £4.1m)

Valuation

- 9.0x maintainable EBITDA, 11.4x EBITA
- Maintainable earnings and 33% discount to a basket of comparable companies



Cost	£4.2m
Valuation	£10.0m
Equity Percentage	7.0%
Original investment date	March 2015

Business

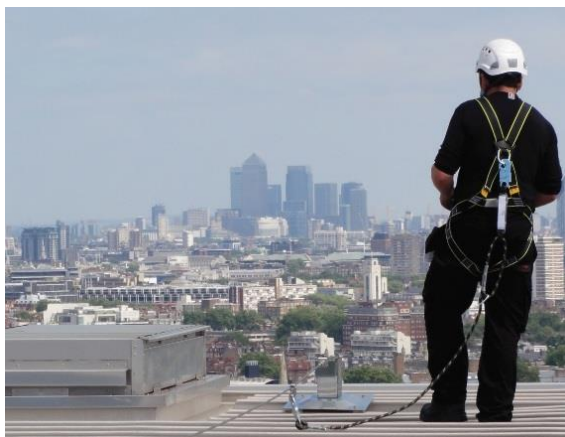
- Provision of expert witness and construction consulting services for large, international construction projects

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 31.12.15 of £16.1m (2014: £9.4m) and EBITDA of £8.8m (2014: £5.6m)

Valuation

- 8.0x maintainable EBITDA, 8.0x EBITA
- Maintainable earnings and 59% discount to industrials sector



Cost	£5.2m
Valuation	£9.8m
Equity Percentage	7.2%
Original investment date	December 2013

Business

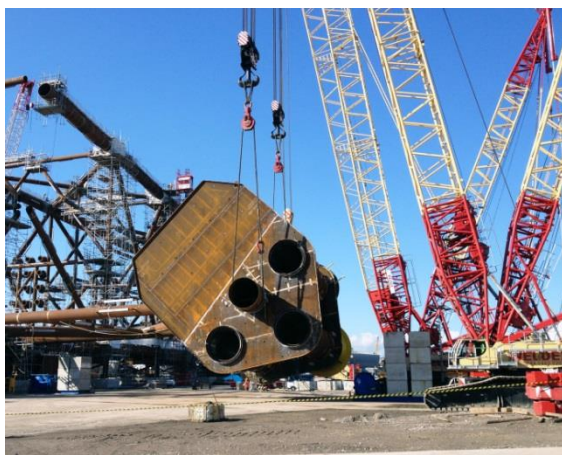
- A global market leading provider of safety systems and products designed to protect people from hazards

Investment

- Dunedin led the buyout of Kee Safety in December 2013
- Turnover for year to 31.12.15 of £51.1m (2014: £40.5m) and EBITDA of £13.2m (2014: £11.1m)

Valuation

- 10.0x maintainable EBITDA, 10.3x EBITA
- Maintainable earnings and 48% discount to the support services sector



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: £17.3m)

Valuation

- Valued on an assets basis



Cost	£5.3m
Valuation	£8.9m
Equity Percentage	37.4%
Original investment date	December 2005

Business

- The UK's leading supplier of rehabilitation services including prosthetic, orthotic and electronic assistive devices and services

Investment

- Dunedin led the buyout of Steeper in December 2005
- Turnover for year to 28.02.16 of £32.5m (2015: £32.5m), EBITDA of £1.7m (2015: £2.4m)

Realisation

- Realised in February 2017

Valuation

- Exit proceeds



Cost	£8.5m
Valuation	£8.7m
Equity Percentage	3.9%
Original investment date	2009

Business

- Warsaw private equity fund making investments in Central Eastern Europe

Investment

- Dunedin first invested in Innova in 2009

Valuation

- €10.2m at 31 December 2016 based on Manager's valuation



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Cost	£7.3m
Valuation	£8.0m
Equity Percentage	5.1%
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: £129.0m), EBITDA of £16.8m (2014: £13.5m)

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, 11.2x EBITA
- Maintainable earnings and 43% discount to support services sector



Cost	£8.1m
Valuation	£7.1m
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, 9.8x EBITA
- Maintainable earnings and 50% discount to support services sector



Cost	£9.4m
Valuation	£4.3m
Equity Percentage	41.7%
Original investment date	December 1998

Business

- Manufacture and supply of fire resistant glass to global market

Investment

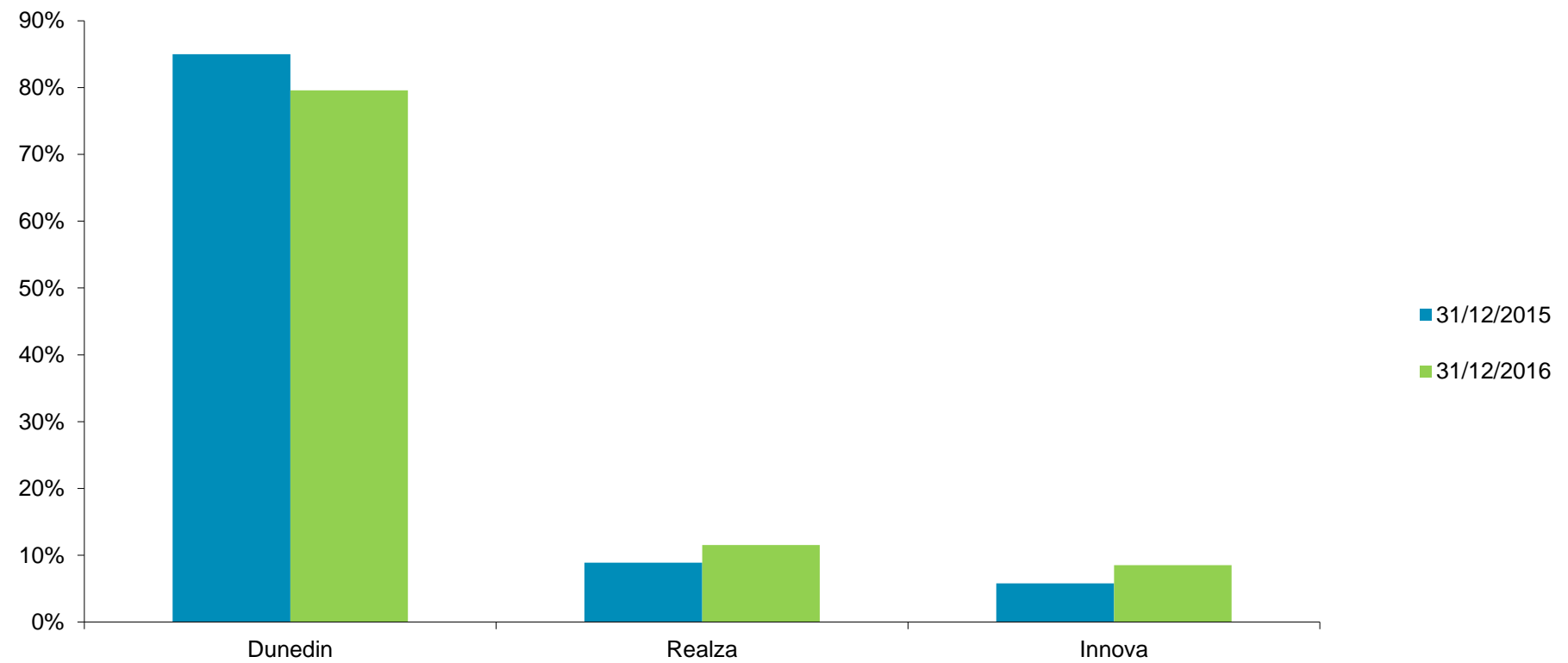
- Dunedin led £10m MBO in December 1998
- Recapitalisations in 2004 and 2009. 3.4 x money
- Dunedin Enterprise realised £11.3m, reinvested £8.5m
- In 2012 CGI took over the business activities of Interfer SA in France
- Turnover for year to 31.12.15 of £15.8m (2014: £15.8m), EBITDA of £1.5m (2014: £2.4m)

Valuation

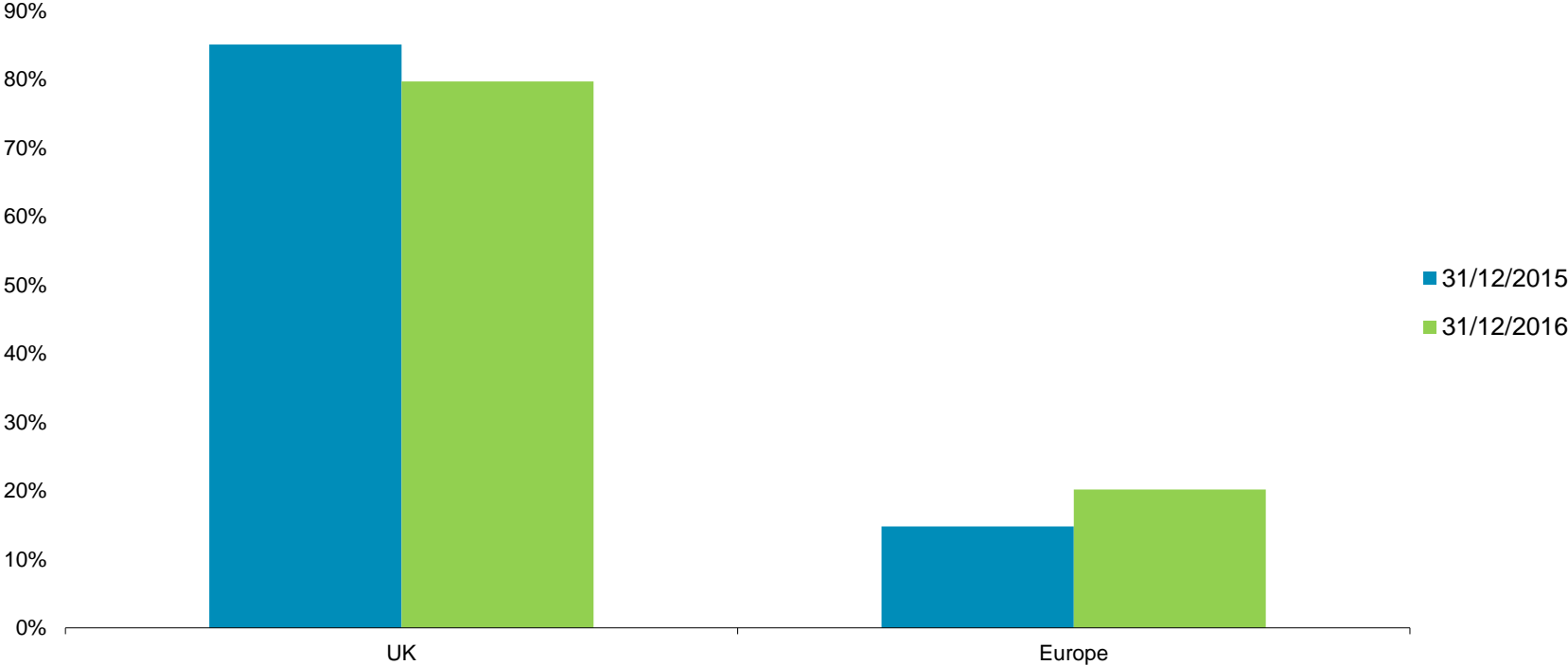
- 5.5x maintainable EBITDA, 7.7x EBITA
- Maintainable earnings and 80% discount to a basket of comparable companies

Appendix 2

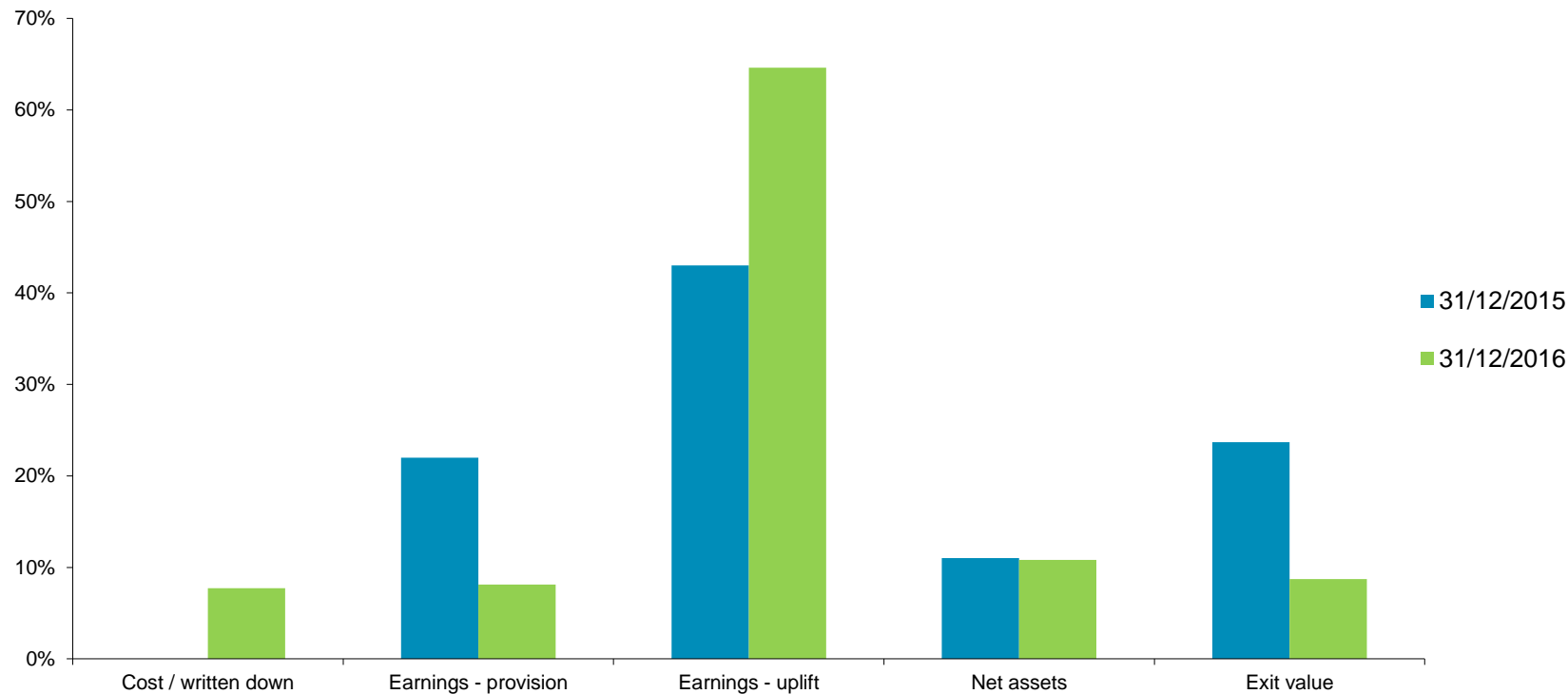
Dunedin Enterprise: Manager allocation



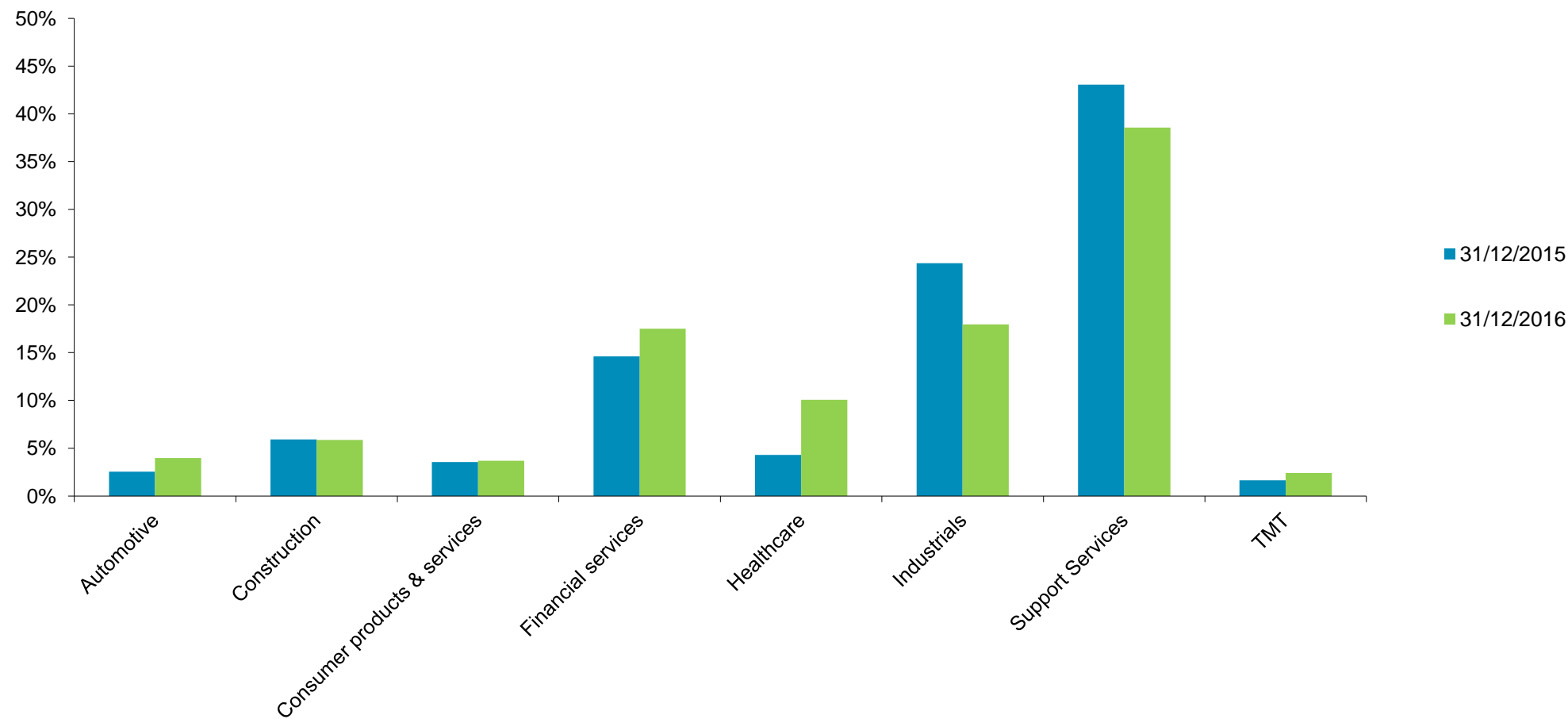
Dunedin Enterprise: geographic allocation



Dunedin Enterprise: valuation method



Dunedin Enterprise: sector



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