



Dunedin Enterprise Investment Trust PLC  
Results for the half year to 30 June 2019



## Dunedin Enterprise Performance

- Share price total return of 20.9% in the six months to 30 June 2019
- NAV total return of 3.6% in the six months to 30 June 2019
- Discount narrowed from 20.6% at 31 December 2018 to 8.2% at 30 June 2019
- Final dividend of 2.0p paid in May 2019
- £5.2m returned to shareholders via B shares in June 2019
- £114m returned to shareholders since 2012
- Share price 353p at 11 September 2019

## Dunedin Enterprise Performance continued

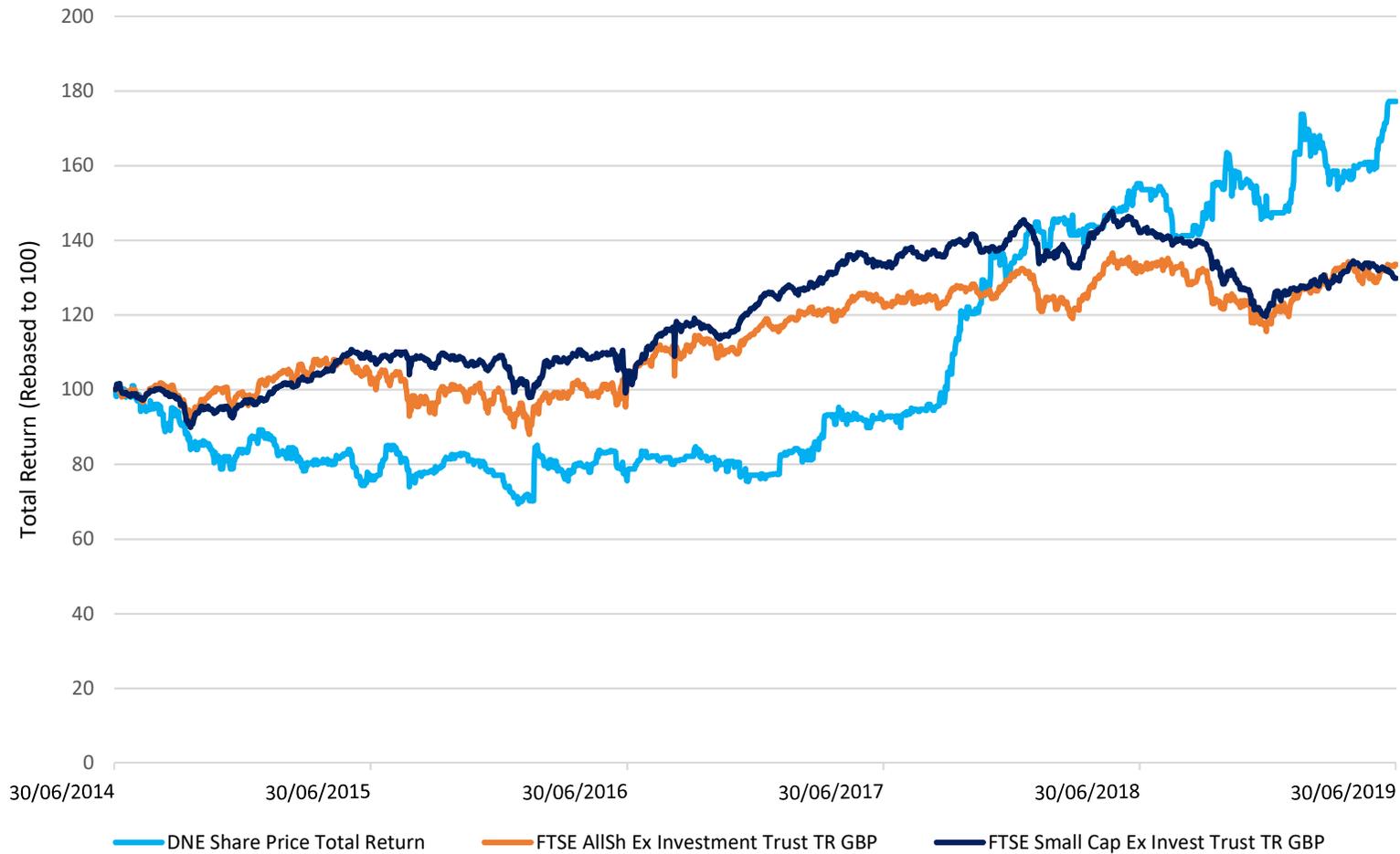
- Realisations of £7.3m from investment portfolio including:
  - £3.9m from the sale of Realza portfolio company Litalsa
  - £3.2m from refinancing of Kingsbridge (£2.3m capital and £0.9m income)
  - £1.8m from refinancing of FRA (£1.1m capital and £0.7m income)
- New investment of £1.7m from investment portfolio including:
  - £1m follow-on investment in GPS
  - £0.3m follow-on investment in EV
- B Share Issue:
  - £5.2m returned to shareholders in June 2019

## Dunedin Enterprise KPIs

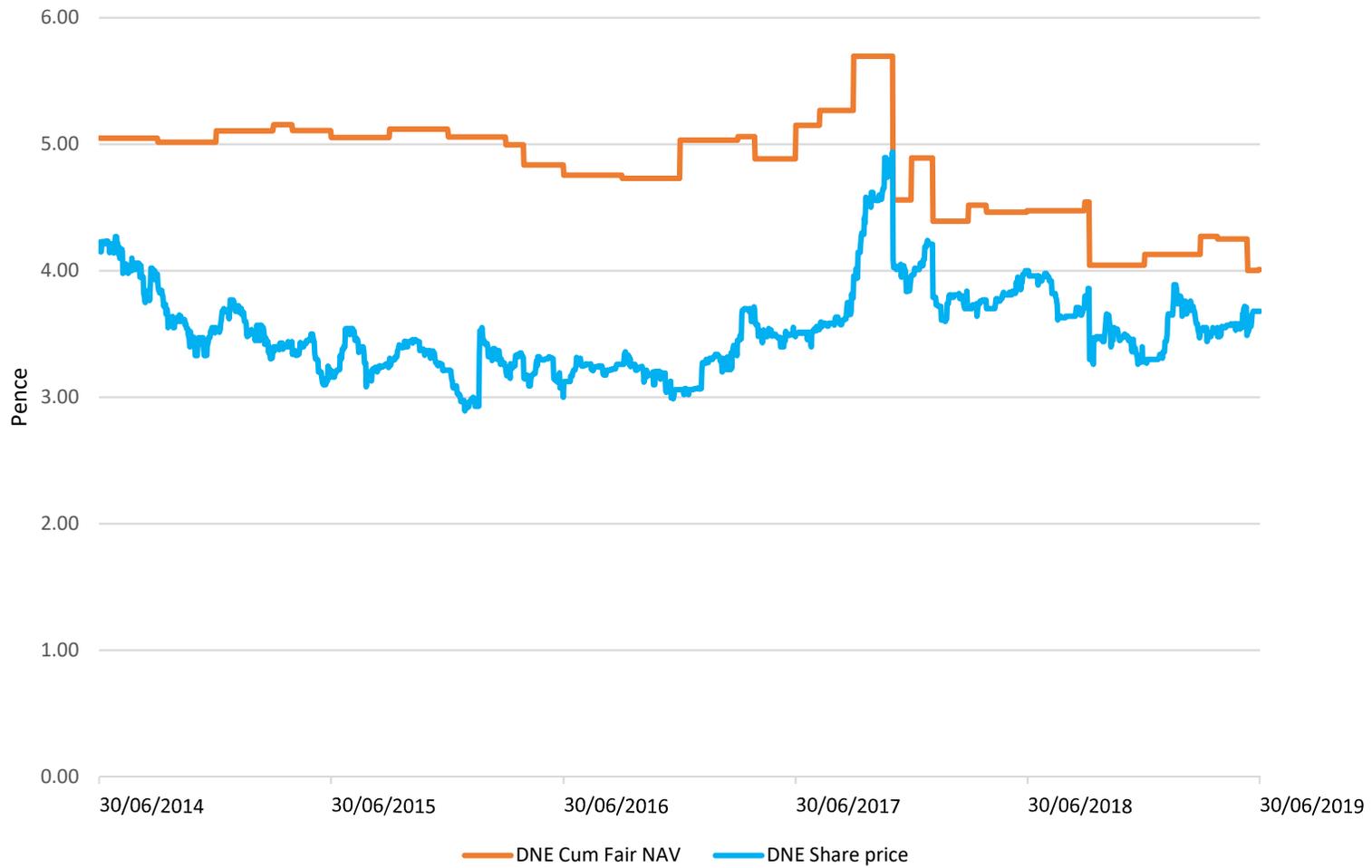
- Total return per ordinary share: 20.9% (December 2018: 6.4%)
- Net asset value per share: 400.9p (December 2018: 412.9p )
- Share price: 368p (December 2018: 328p)
- Discount: 8.2% (December 2018: 20.6%)
- Dividend per ordinary share: 2.0p (December 2018: 2.0p)
- Ongoing charges: 1.5% (December 2018: 1.5%)

# Dunedin Enterprise

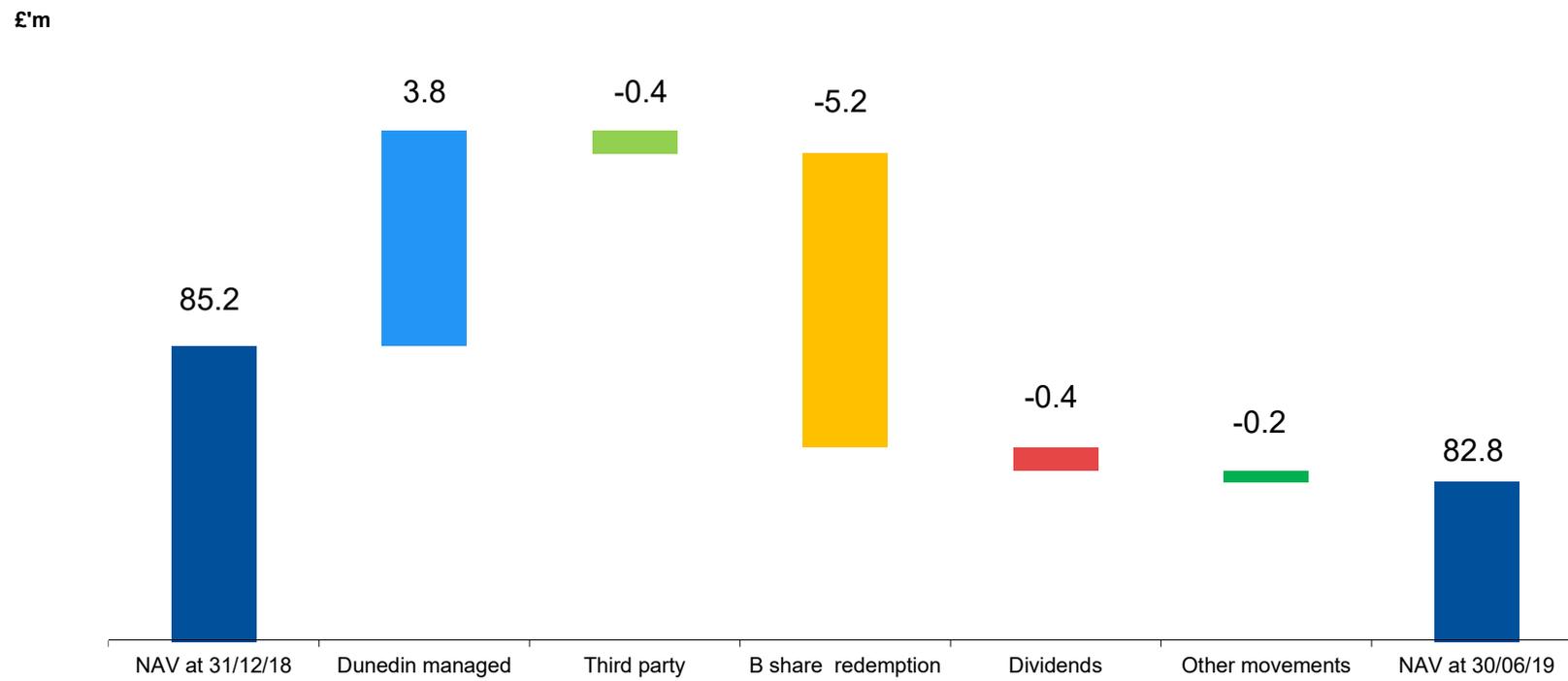
## Share price total return over five years to 30.06.19



# Dunedin Enterprise NAV and share price over five years to 30.06.19



# Dunedin Enterprise NAV performance attribution



## Dunedin Enterprise Investment portfolio

	Valuation at 31.12.18 £m	Additions in half year £m	Disposals in half year £m	Realised movement £m	Unrealised movement £m	Valuation at 30.06.19 £m
Dunedin managed	64.8	1.6	(3.4)	(0.4)	2.8	65.4
Third party funds	10.5	0.1	(3.9)	-	(0.4)	6.3
	<b>75.3</b>	<b>1.7</b>	<b>(7.3)</b>	<b>(0.4)</b>	<b>2.4</b>	<b>71.7</b>

## Dunedin Enterprise Portfolio valuation movements (including income receipts)

Company	Reason for movement	£m change
Red	Strong earnings growth from both contracts division	2.4
FRA	Strong earnings growth and client wins	1.3
Formaplex	New contract wins in the components division and improved cost control	0.9
EV	Increase in maintainable EBITDA	0.8
U-POL	Increase in maintainable EBITDA	0.7
CitySprint	Increased competition in low growth market	(3.0)
Carried interest	Provision for DBFIII carried interest following exits and valuation uplifts	(0.7)

## 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 £6.0m (31/12/18: £6.7m)

## Dunedin Enterprise Multiples at 30 June 2019

Valuation Multiple	30 June 2018	31 December 2018	30 June 2019
EBITDA	9.1	9.6	9.4

Debt Multiple	30 June 2018	31 December 2018	30 June 2019
EBITDA	2.9x	2.7x	3.2x

**Note:**

- Bank debt defined as banking facilities drawn less cash at 30 June 2019
- EBITDA per investment valuation

## Portfolio gearing Dunedin managed direct investments

Gearing as multiple of EBITDA	No. of companies	% of total valuation
Multiple < 1	1	5%
Multiple 1 to 2	1	21%
Multiple 2 to 3	2	22%
Multiple > 3	6	52%

## Dunedin Enterprise

### Third party European fund movements

	Commitment	Drawn to date	Outstanding commitment	Valuation at 30 June 2019	
	€m	€m	€m	€m	£m
Realza (Iberia - €170m)	15.0	14.2	0.8	6.7	6.0

## Dunedin Enterprise Total Assets and Cash Returned to Shareholders

	2013	2014	2015	2016	2017	2018	June 2019
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	75.1	84.0	93.1	81.5	57.2	64.8	65.7
Europe	12.9	12.7	16.0	22.0	9.6	10.2	6.0
Other	1.2	0.8	0.4	0.4	1.5	6.1	(0.6)
Cash	27.9	9.9	0.6	1.1	32.9	5.7	11.7
<b>Total assets</b>	<b>117.1</b>	<b>107.4</b>	<b>110.1</b>	<b>105.0</b>	<b>101.2</b>	<b>86.8</b>	<b>82.8</b>
Capital returned	18.0	5.2	0.7	-	20.6	20.6	5.2
Dividends paid	1.7	3.6	1.0	3.3	6.4	1.1	0.4
<b>Return to shareholders</b>	<b>19.7</b>	<b>8.8</b>	<b>1.7</b>	<b>3.3</b>	<b>27.0</b>	<b>21.7</b>	<b>5.6</b>
Cumulative return to shareholders	46.5	55.3	57.0	60.3	87.3	109.0	114.6

## Dunedin Enterprise Outstanding commitments

	2013	2014	2015	2016	2017	2018	June 2019
	£m						
Dunedin managed	62.6	54.2	44.3	33.5	42.0	18.8	21.4
Europe	13.7	9.6	5.9	3.4	2.3	0.6	0.8
	76.3	63.8	50.2	36.9	44.3	19.4	22.2

### Dunedin managed funds

- DBF II: investment period expired, £5.1m remains undrawn and available
- DBF III: investment period expired, £16.3m remains undrawn and available

### European funds – investment periods expired

- Realza: €15m commitment of which 95% drawn – o/s commitment €0.8m (£0.8m)

## Dunedin Enterprise Commitment Strategy

	30 June 2019 £m
Cash and near cash	11.7
Revolving credit facility*	5.0
Undrawn commitments – Dunedin	(21.4)
Undrawn commitments – Europe	(0.8)
Unfunded commitments**	(5.5)

\* available to 31 May 2020

\*\* expected drawdowns suggest over funded position of £9.5m

## 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	4.9	13.0	15.7
Hawksford	54.4	17.8	6.7	11.2	13.5
Weldex	51.0	15.1	9.5	9.6	11.6
GPS	41.5	8.2	7.3	7.3	8.9
Red	67.8	20.1	9.7	6.9	8.4
Kingsbridge	63.3	12.4	1.9	6.0	7.3
Realza	8.9	8.9	5.4	6.0	7.2
U-POL	17.0	5.0	5.7	4.3	5.2
CitySprint	17.3	5.2	7.3	3.4	4.1
EV	53.8	10.6	8.3	3.3	3.9
<b>Total</b>			<b>66.7</b>	<b>71.0</b>	<b>85.8</b>

## Dunedin Enterprise Remaining investments

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
<b>Top 10 investments</b>			<b>66.7</b>	<b>71.0</b>	<b>85.8</b>
Incremental	41.9	8.2	3.0	3.0	3.6
Formaplex	58.2	19.4	3.2	2.6	3.2
Premier Hytemp	77.3	23.0	10.1	2.0	2.5
Alta Berkeley	3.0	3.0	0.6	0.2	0.2
ADD One	2.9	2.9	1.2	0.1	0.1
<b>Total investments</b>			<b>84.8</b>	<b>78.9</b>	<b>95.4</b>

APPENDIX 1



# Dunedin Enterprise

## Ten largest Dunedin investments



Cost	£4.9m
Valuation	£13.0m
Equity Percentage	5.4%
Original investment date	March 2017



### Business

FRA is an international consultancy business that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to major regulatory investigations in an increasingly regulated global environment.

FRA works on some of the largest and most complex regulatory investigations globally.

### 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

To date Hawksford has completed six major acquisitions in Jersey, the Middle East and the Far East and further extended the company's global reach in the Far East by opening an office in Hong Kong in 2015.

### 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

**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 30.11.18 of £22.5m (2017: £23.1m), EBITDA of £10.7m (2017: £11.4m)

### Valuation

- Valued on an assets basis

# Dunedin Enterprise

## Ten largest Dunedin investments



Cost	£7.3m
Valuation	£7.3m
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

Customers include new emerging fintech or challenger banks, offering a significantly differentiated proposition for their clients; as well as specialist payment firms serving the travel, insurance and foreign exchange markets

### 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	£6.9m
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	£1.9m
Valuation	£6.0m
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	£5.4m
Valuation	£6.0m
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 five have been realised

### Valuation

- €6.7m at 30 June 2019 based on Manager's valuation

# Dunedin Enterprise

## Ten largest Dunedin investments



Cost	£5.7m
Valuation	£4.3m
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 31.12.18 of £71.9m (2017: £68.2m), EBITDA of £12.4m (2017: £13.2m)

### Valuation

- 8.6x maintainable EBITDA

# Dunedin Enterprise

## Ten largest Dunedin investments



Cost	£7.3m
Valuation	£3.4m
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	£8.3m
Valuation	£3.3m
Equity Percentage	10.6%
Original investment date	June 2014



### Business

EV is the global market leader in high definition visualisation technology for the oil and gas industry, producing cameras and other 'big data' sensors for diagnosing and analysing problems in oil and gas wells

In April 2016, EV acquired Epidote, a software company specialising in presenting and analysing oil and gas well integrity data. The acquisition has allowed EV to enhance its technological offer, with the aim of reducing costs and improving results for its clients

### Investment

- Dunedin led the buyout of EV in June 2014
- Turnover for year to 31.03.18 of £16.0m (2017: £14.7m), EBITDA of £2.3m (2017: £2.2m)

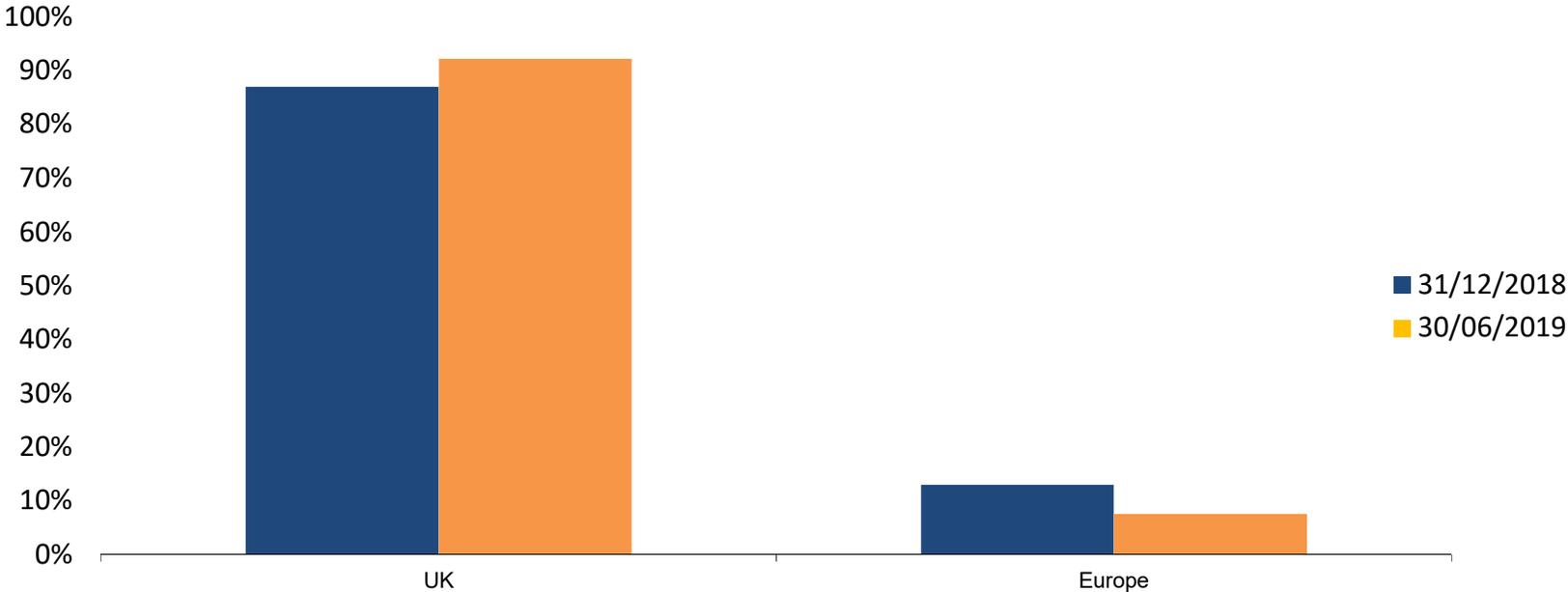
### Valuation

- 8.4x maintainable EBITDA

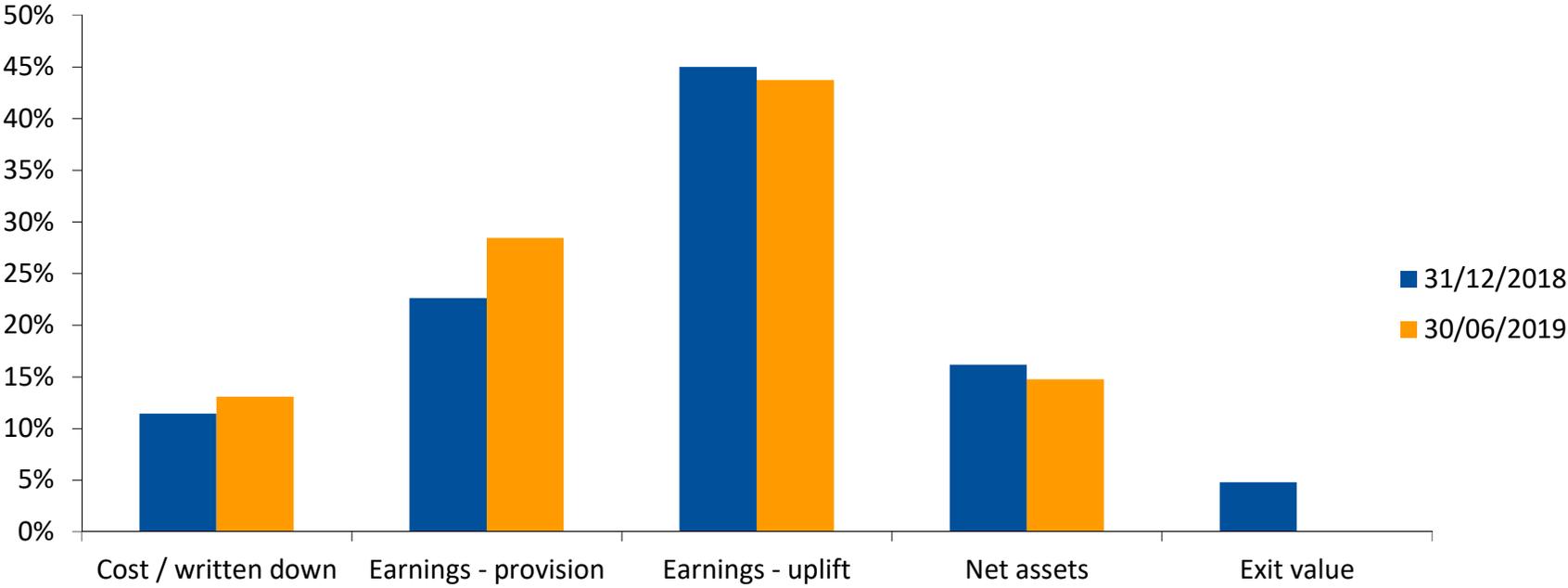
APPENDIX 2



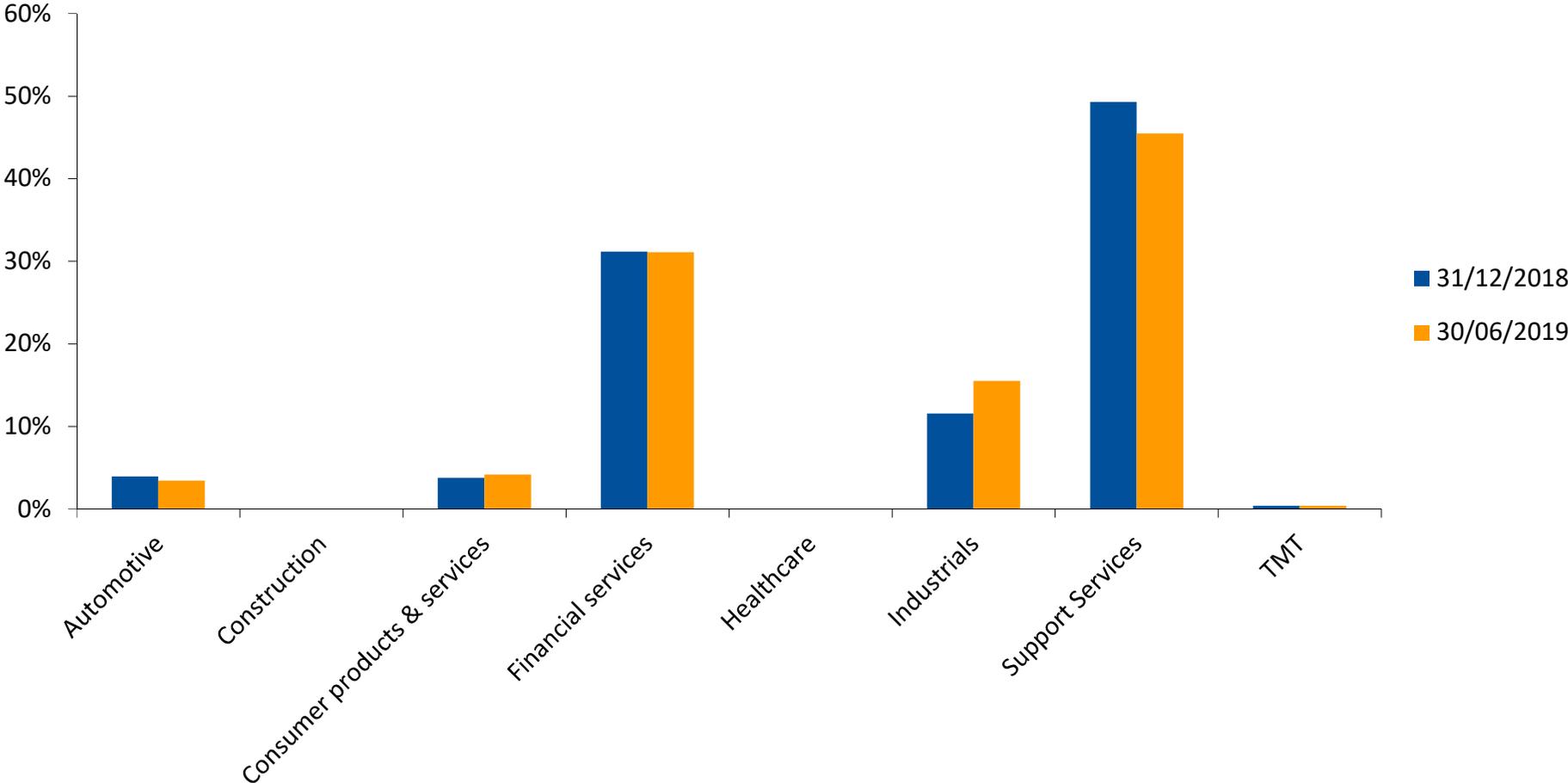
# Dunedin Enterprise Geographic allocation



# Dunedin Enterprise Valuation method



# Dunedin Enterprise Sector



## Dunedin Enterprise

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