



Dunedin

Dunedin Enterprise Investment Trust PLC Results for the half year to 30 June 2020

Dunedin Enterprise Performance

- Share price total return of -29.4% in the six months to 30 June 2020
- NAV total return of -13.4% in the six months to 30 June 2020
- Discount widened from 15.4% at 31 December 2019 to 30.6% at 30 June 2020
- Final dividend of 5.0p paid in May 2020
- Proposed tender offer of £10m
- Total of £115.6m returned to shareholders since 2012
- Share price 309p at 18 September 2020

Dunedin Enterprise Performance continued

- Realisations of £13.9m from investment portfolio including:
 - £10.4m from the realisation of Kingsbridge (£10.2m capital and £0.2m income)
 - £4.0m from refinancing of FRA (£3.5m capital and £0.5m income) - £5.5m has been generated in total from the two refinancings which compares to an original cost of £6.0m
- New investment of £1.0m from investment portfolio including:
 - £0.6m follow-on investment in RED
 - £0.4m follow-on investment in GPS

Dunedin Enterprise KPIs

- Total return per ordinary share: -13.4% (December 2019: 14.4%)
- Net asset value per share: 379.8p (December 2019: 444.4p)
- Share price: 263p (December 2019: 376p)
- Discount: 30.6% (December 2019: 15.4%)

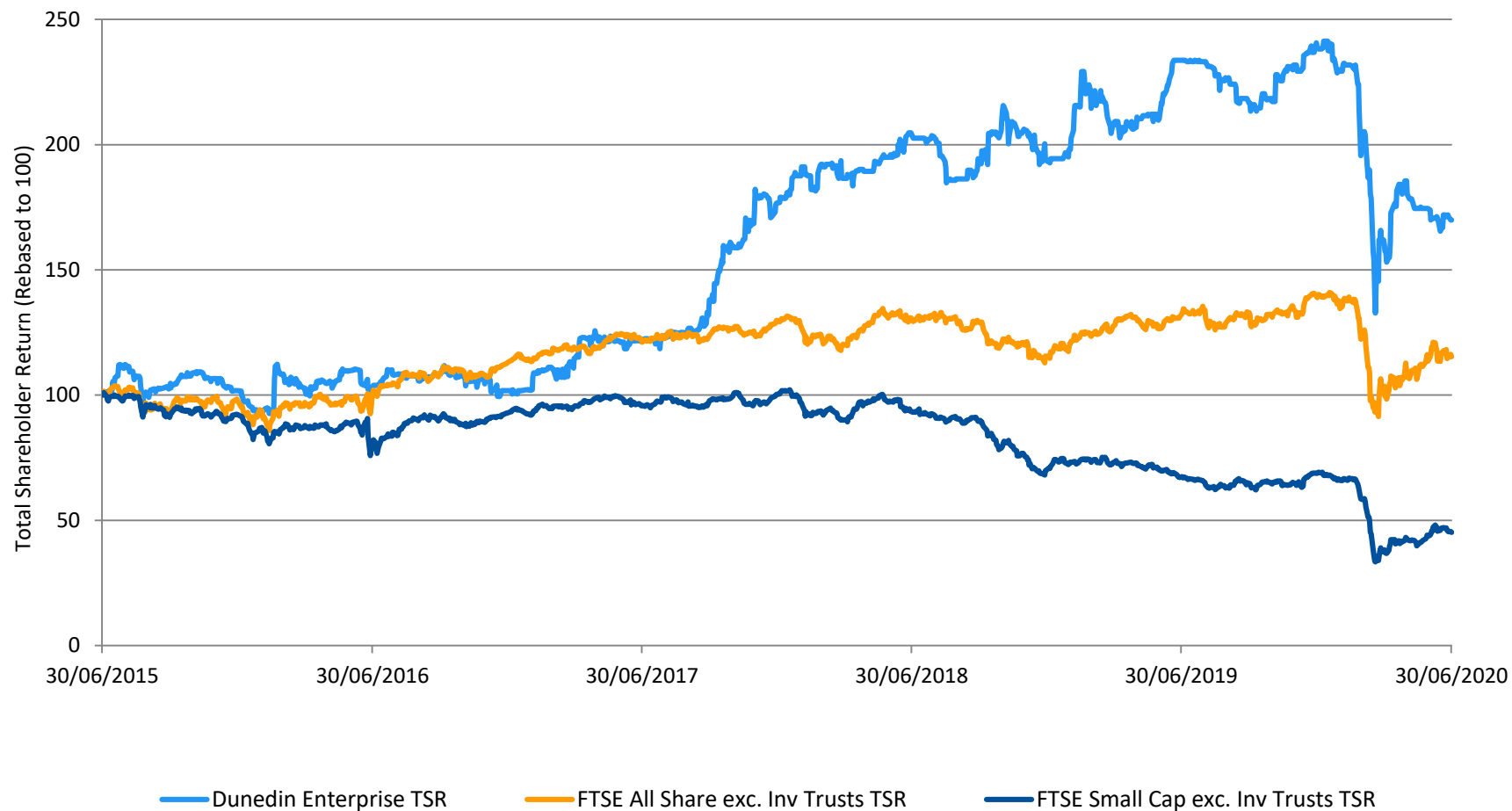
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Post half year end events

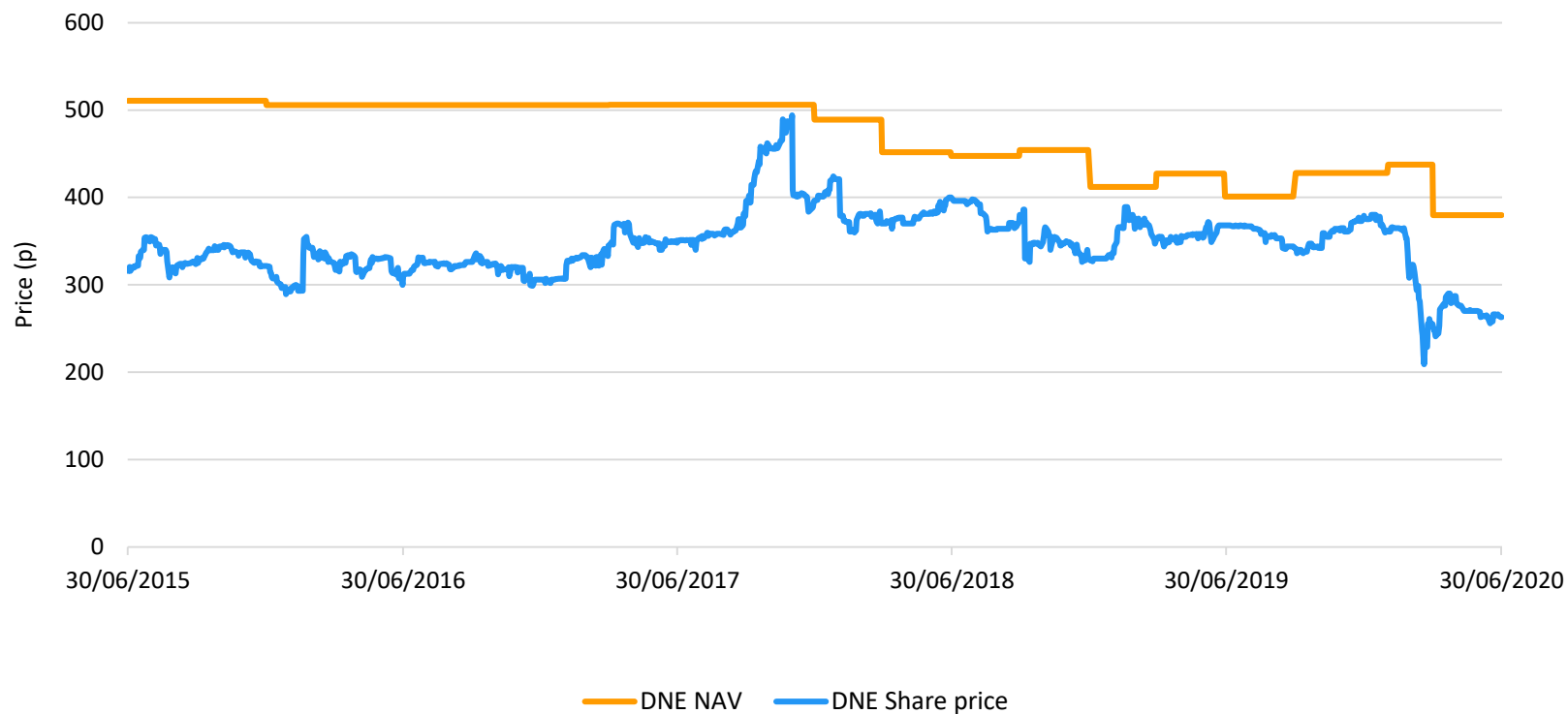
- In August 2020 contracts were exchanged on Hawksford. If regulatory approval is granted this will generate proceeds of £6.9m, consisting of £6.3m capital and £0.6m income
- Tender offer of £10m in November 2020
 - Shareholders to be provided with details in mid-October
 - Tender offer replaces the B Share scheme as the Company now has insufficient capital reserves available to issue B shares for new consideration

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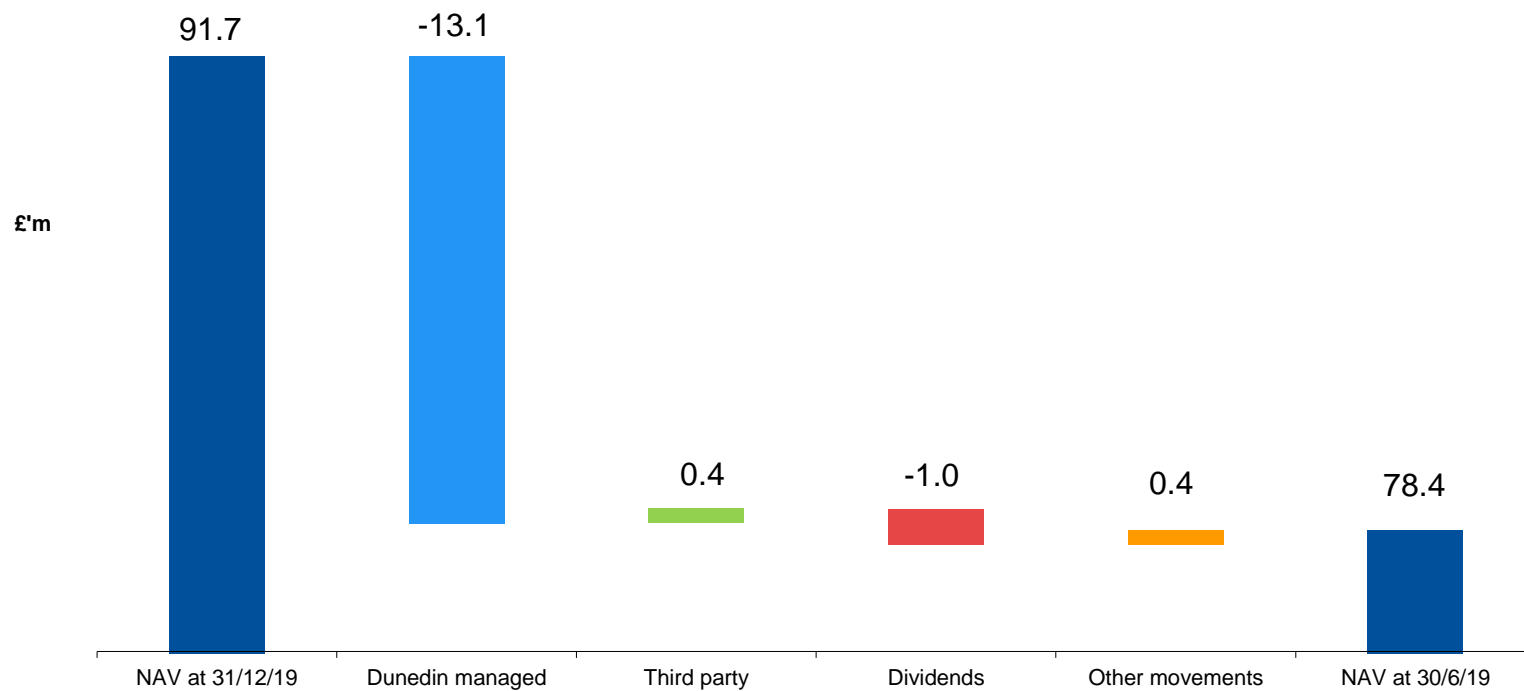
Share price total return over five years to 30.06.20



Dunedin Enterprise NAV and share price over five years to 30.06.20



Dunedin Enterprise NAV performance attribution



Dunedin Enterprise Investment portfolio

	Valuation at 31.12.19 £m	Additions in half year £m	Disposals in half year £m	Realised movement £m	Unrealised movement £m	Valuation at 30.06.20 £m
Dunedin managed	75.9	1.5	(13.8)	(0.5)	(12.7)	50.4
Third party funds	4.6	-	(0.1)	-	0.4	4.9
	80.5	1.5	(13.9)	(0.5)	(12.3)	55.3

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Portfolio valuation movements (including income receipts)

Company	Reason for movement	£m change
GPS	Strong earnings growth	1.0
Premier Hytemp	Strong earnings growth and strong order book	0.4
Incremental	Strong earnings growth and strong order book	0.4
Formaplex	Impact of Covid-19 on Automotive sector	(3.1)
Hawksford	Valued at the proceeds to be received from proposed refinancing	(3.1)
FRA	Utilisation rates impacted by Covid-19	(2.6)
EV	Impact to trading from the fall in the price of oil	(2.5)
RED	Permanent appointment side of the business has been significantly impacted by Covid-19	(2.0)
U-POL	Impacted by distributors and car body shops being closed due to Covid-19	(1.5)
Carried interest	Provision for DBFIII carried interest reduced following valuation movements	2.0

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 £1.0m (31/12/19: £5.7m)

Dunedin Enterprise Multiples at 30 June 2019

Valuation Multiple	30 June 2019	31 December 2019	30 June 2020
EBITDA	9.4	9.1	9.0

Debt Multiple	30 June 2019	31 December 2019	30 June 2020
EBITDA	3.2x	2.8x	2.9x

Note:

- Bank debt defined as banking facilities drawn less cash at 30 June 2020
- 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	17%
Multiple 2 to 3	2	48%
Multiple > 3	3	30%

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Third party European fund movements

	Commitment	Drawn to date	Outstanding commitment	Valuation at 30 June 2020	
	€m	€m	€m	€m	£m
Realza (Iberia - €170m)	15.0	14.2	0.8	5.1	4.7

Dunedin Enterprise

Total Assets and Cash Returned to Shareholders

	2014	2015	2016	2017	2018	2019	June 2020
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	84.0	93.1	81.5	57.2	64.8	75.9	50.4
Europe	12.7	16.0	22.0	9.6	10.2	4.4	4.7
Other	0.8	0.4	0.4	1.5	6.1	1.3	0.2
Cash	9.9	0.6	1.1	32.9	5.7	12.3	25.0
Total assets	107.4	110.1	105.0	101.2	86.8	93.9	80.3
Capital returned	5.2	0.7	-	20.6	20.6	5.2	-
Dividends paid	3.6	1.0	3.3	6.4	1.1	0.4	1.0
Return to shareholders	8.8	1.7	3.3	27.0	21.7	5.6	1.0
Cumulative return to shareholders	55.3	57.0	60.3	87.3	109.0	114.6	115.6

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Outstanding commitments

	2014	2015	2016	2017	2018	2019 ^{*1}	June 2020
	£m	£m	£m	£m	£m	£m	£m
Dunedin managed	54.2	44.3	33.5	42.0	18.8	21.4	20.2
Europe	9.6	5.9	3.4	2.3	0.6	0.7	0.8
	63.8	50.2	36.9	44.3	19.4	22.1	21.0

Dunedin managed funds

- DBF II: investment period expired, £4.4m remains undrawn and available
- DBF III: investment period expired, £15.8m remains undrawn and available

European funds – investment periods expired

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

^{*1} – increased by amounts returned in 2019 which are recallable

Dunedin Enterprise Commitment Strategy

	30 June 2020 £m
Cash and near cash	25.0
Revolving credit facility* ¹	5.0
Undrawn commitments – Dunedin* ²	(20.2)
Undrawn commitments – Europe* ²	(0.8)
Unfunded commitments	9.0

*¹ available to 31 May 2021

*² expected drawdown £9m

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	5.2	1.4	12.3	15.7
GPS	41.5	8.5	7.7	11.5	14.7
Weldex	51.0	15.1	9.5	8.3	10.6
RED	67.8	20.1	10.3	7.9	10.1
Hawksford	54.4	17.8	6.7	6.9	8.9
Realza	8.9	8.9	4.3	4.7	6.0
U-POL	17.0	5.0	5.7	4.5	5.7
Premier Hytemp	77.3	23.0	10.1	3.0	3.8
Incremental	41.9	8.2	3.0	2.0	2.5
EV	53.8	10.6	8.3	1.1	1.4
Total			67.1	62.2	79.4

Dunedin Enterprise Remaining investments

	Total Dunedin equity %	Dunedin Enterprise equity %	Cost of investment £m	Directors valuation £m	% of net assets %
Top 10 investments			67.1	62.2	79.4
Formaplex	58.2	19.4	3.2	0.5	0.6
CitySprint	17.3	5.1	8.0	-	-
Alta Berkeley	3.0	3.0	0.6	0.2	0.2
Total investments				62.9	80.2

APPENDIX 1



Dunedin Enterprise

Ten largest Dunedin investments



Cost	£1.4m
Valuation	£12.3m
Equity Percentage	5.2%
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 31.12.18 of £67.7m (period to 2017: £39.8m) , EBITDA of £22.2m (2017: £13.3m)

Valuation

- 10.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments

Cost	£7.7m
Valuation	£11.5m
Equity Percentage	8.5%
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 31.12.19 of £16.5m (2018: £6.4m) , EBITDA of £3.8m (2018: £1.1m)

Valuation

- 6.8x maintainable revenue

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Ten largest Dunedin investments

WELDEX

Cost	£9.5m
Valuation	£8.3m
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	£10.3m
Valuation	£7.9m
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 31.03.19 of £137.6m (2018: £123.6m), EBITDA of £4.5m (2018: £3.4m)

Valuation

- 8.0x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments

Hawksford

Cost	£6.7m
Valuation	£6.9m
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 31.12.18 of £30.8m (2017: £24.6m), EBITDA of £6.7m (2017: £6.5m)

Valuation

- Re-capitalisation proceeds

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£4.3m
Valuation	£4.7m
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

- €5.1m at 30 June 2020 based on Manager's valuation

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£5.7m
Valuation	£4.4m
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

- 7.5x maintainable EBITDA

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Ten largest Dunedin investments

Cost	£10.1m
Valuation	£3.0m
Equity Percentage	23.0%
Original investment date	November 2012



Business

Premier Hyemp is a global market leader in the manufacture and supply of engineered metal solutions. It is a specialist in the provision of low alloy and nickel alloy steel components for the upstream oil and gas industry. Its components are used in complex engineered assemblies required to extract and control the flow of oil and gas from new revenues, often sub-sea

Investment

- Dunedin led the buyout of Premier Hytemp in November 2012
- Turnover for year to 30.09.19 of £23.0m (2018: £13.3m), EBITDA of £2.1m (2018: -£0.2m)

Valuation

- Net assets

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Ten largest Dunedin investments

Cost	£3.0m
Valuation	£2.0m
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 period to 31.03.19 of £4.6m, EBITDA of £0.4m

Valuation

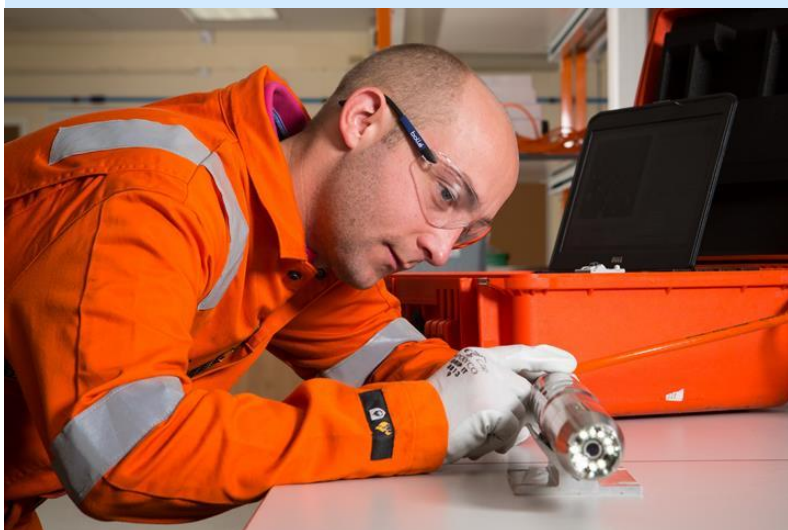
- 8.7x maintainable EBITDA

Dunedin Enterprise

Ten largest Dunedin investments



Cost	£8.3m
Valuation	£3.3m
Equity Percentage	1.1%
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 31.03.19 of £19.4m (2018: £16.0m), EBITDA of £3.8m (2018: £2.3m)

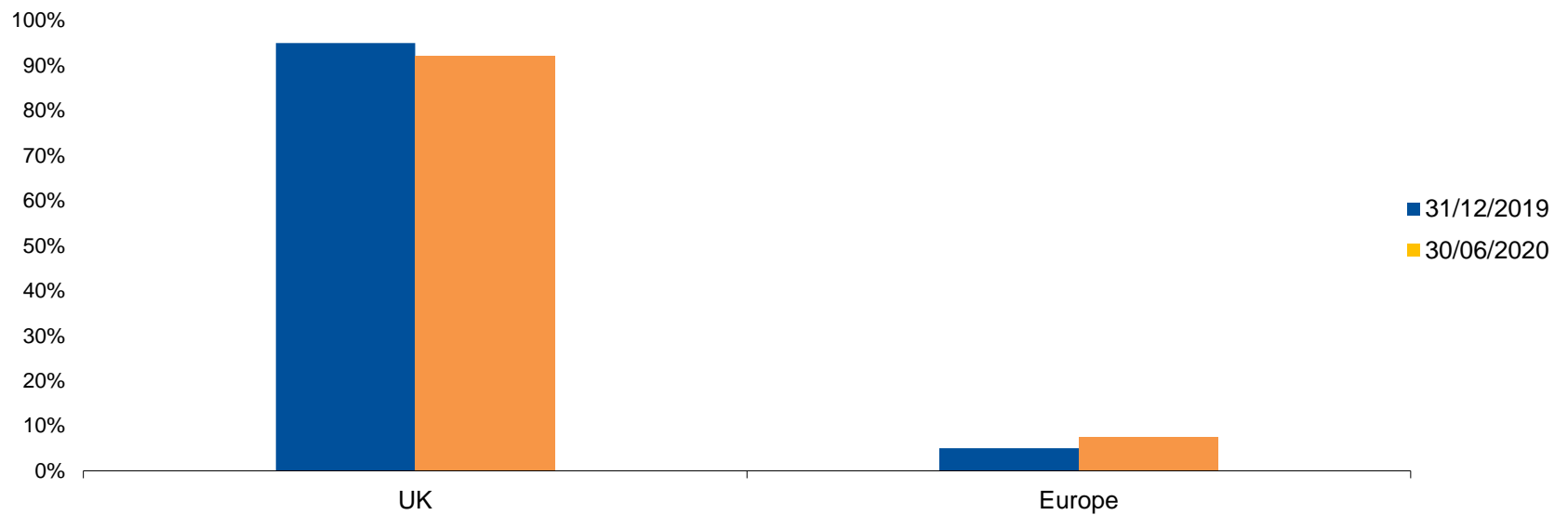
Valuation

- 8.4x maintainable EBITDA

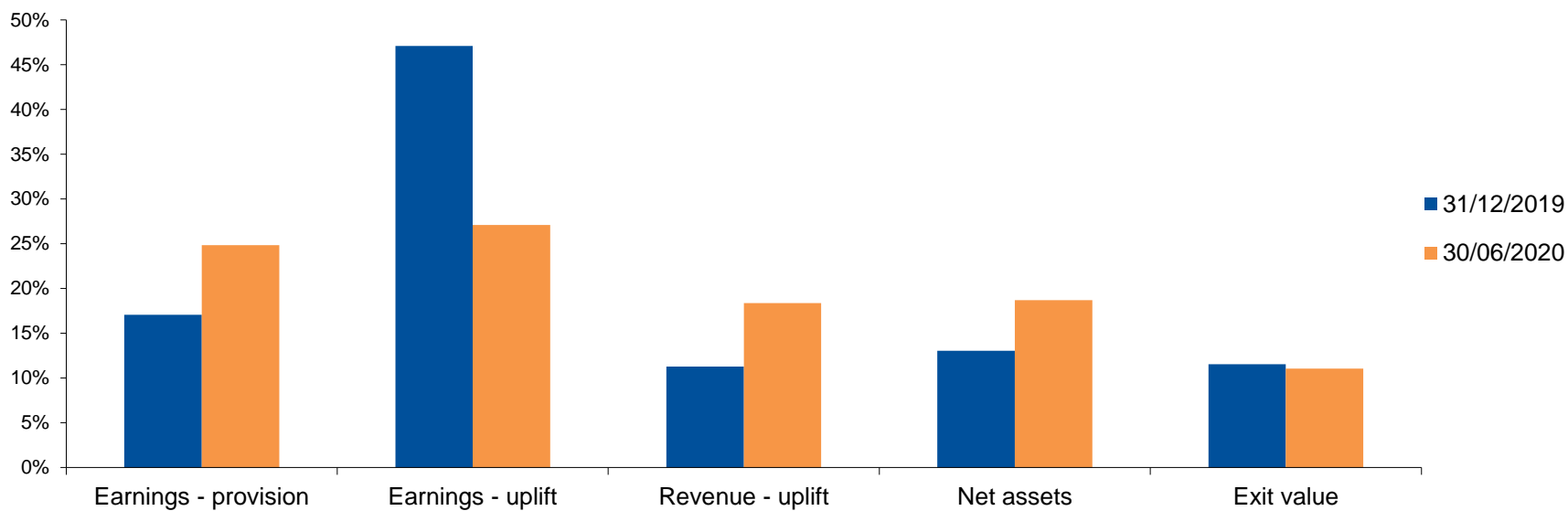
APPENDIX 2



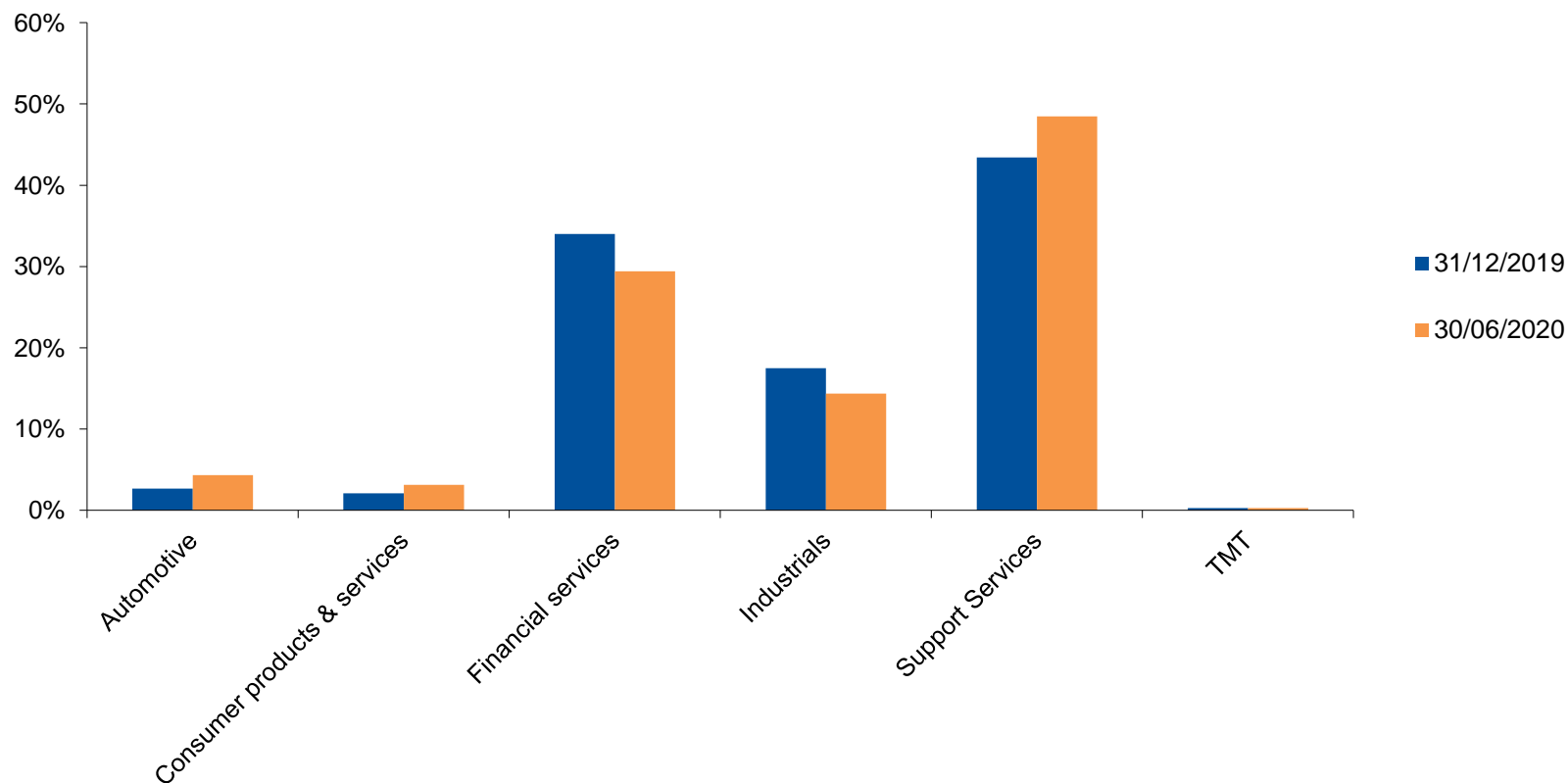
Dunedin Enterprise Geographic allocation



Dunedin Enterprise Valuation method



Dunedin Enterprise Sector



Dunedin Enterprise

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