

Dunedin Enterprise Investment Trust PLC

Half year results to 30 June 2010

Dunedin 



Dunedin Enterprise – Performance

- NAV per share up 6.1% to 432.1p
 - FTSE Small Cap down 5.3%
 - FTSE All Share down 8.1%
- Share price down by 2.1% from 266.5p to 261p at 30 June 2010
- Share price 265.0p at 30 July 2010
- Discount increased from 34.5% at 31 December 2009 to 39.6% at 30 June 2010
- Dividend moved to annual basis, so no 2010 interim dividend payable

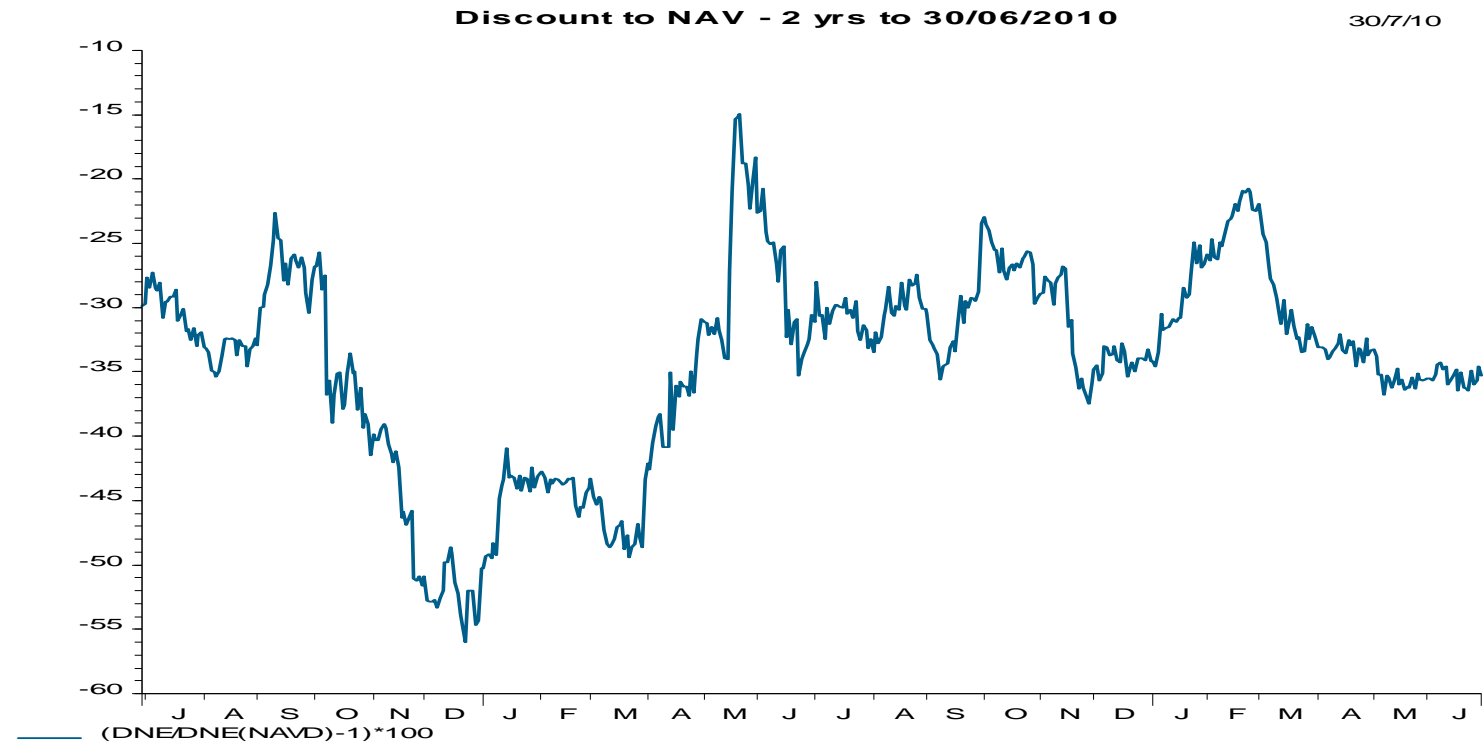


Dunedin Enterprise share price movements





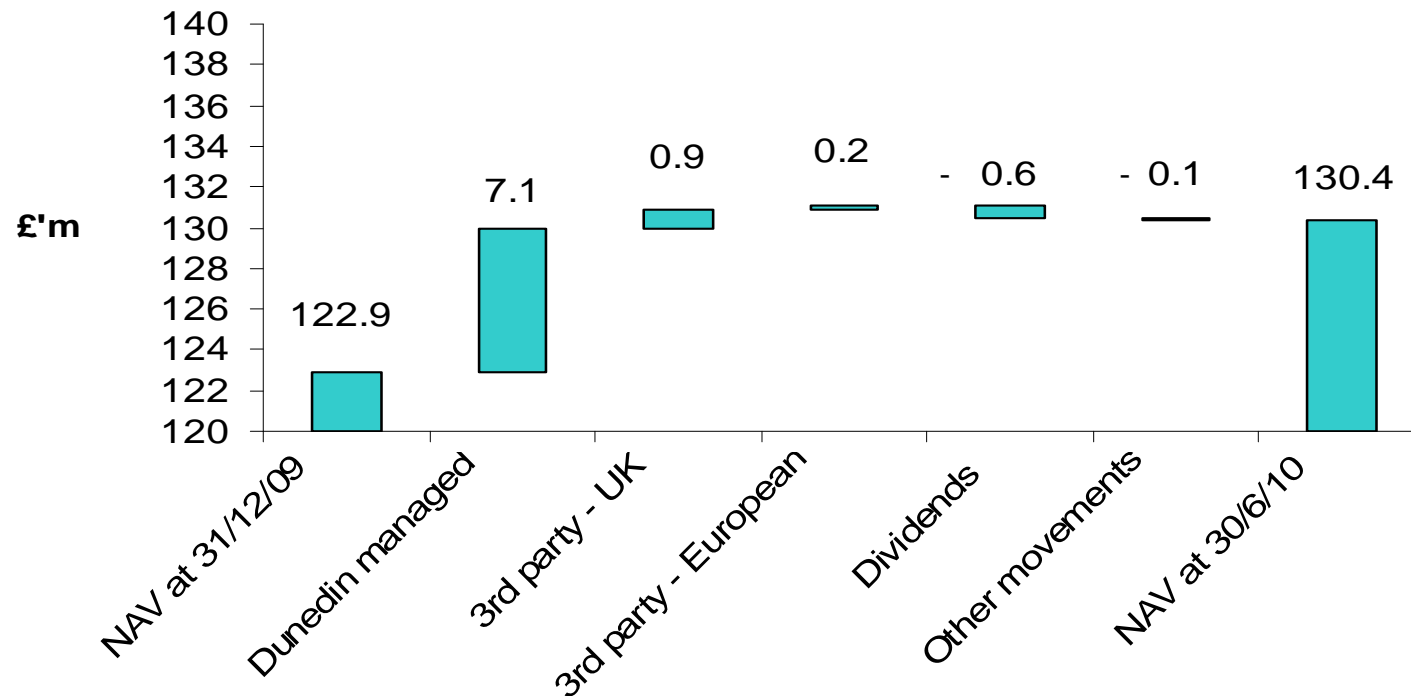
Dunedin Enterprise share price discount to net asset value



Source: Thomson Reuters Datastream



Dunedin Enterprise – NAV Performance Attribution



Nil movement in listed private equity



Dunedin Enterprise – Investment portfolio

£m

	Val at 31 Dec 09	Additions in half year	Disposals in half year	Realised movement	Unrealised movement	Val at 30 Jun 10
Dunedin managed	34.7	14.5	(0.9)	0.4	6.7	55.4
3 rd party managed - Europe	5.2	3.6	(0.5)	-	0.2	8.5
3 rd party managed - UK	1.0	-	(1.9)	0.9	-	-
Listed Private Equity	26.0	-	(1.0)	(0.1)	0.1	25.0
Legacy technology funds	<u>2.2</u>	<u>0.1</u>	<u>(0.1)</u>	<u>-</u>	<u>(0.3)</u>	<u>1.9</u>
	<u>69.1</u>	<u>18.2</u>	<u>(4.4)</u>	<u>1.2</u>	<u>6.7</u>	<u>90.8</u>



Dunedin Enterprise – Portfolio Valuation Movements

	£'m
• OSS - improved trading, restoration of equity value	2.1
• CGI - improved trading, reduction in provision	2.0
• RSL Steeper - improved trading prospects, reduction in provision	1.8
• Capula - follow on investment and improved trading prospects	1.4
• Formaplex - profit improvement	1.0
• LGC Testing - uplift on exit from LGV3	0.9
• WFEL - restatement of profits on long term contract	(2.1)
• Quoted securities	
– SWIP	0.7
– Other	(0.7)
• Misc other	<u>0.8</u>
• Total	<u>7.9</u>



Earnings- Based Valuation

- Comply with IPEV guidelines
- Lower of historic or forecast earnings
- Use June 2010 management accounts for June year ends
- Use 2010 forecast for December year ends if lower than prior year
- 6 out of 12 companies budgeting increased profits in 2010/11
 - (7 out of 12 companies budgeting increased turnover in 2010/11)
- Lag in earnings impact on valuation



Average Valuation Multiples – Dunedin Managed Direct Investments

	30 June 2010	31 December 2009	30 June 2009
Weighted Average			
EBITA	6.7x	5.8x	5.1x
EBITDA	5.1x	4.7x	4.3x



Average Valuation Multiples – Dunedin Managed Direct Investments

Key sector comparison

	30 June 2010	31 December 2009	30 June 2009
Support Services	19.3x	17.0x	13.7x

Represents 46% of the aggregate portfolio value on a look through basis (37% at 31 Dec 2009)



Portfolio Gearing – Dunedin Managed Direct Investments

Debt multiples at:-

	30 June 2010	31 December 2009	30 June 2009
EBITA multiple	2.0x	2.8x	3.1x
EBITDA multiple	1.5x	2.3x	2.6x

Note - Debt defined as banking facilities drawn less cash at 30 June 2010

- EBITA and EBITDA per investment valuation



Portfolio Gearing – Dunedin Managed Direct Investments

Gearing as multiple of EBITDA

			<u>% of aggregate enterprise value</u>
EBITDA	multiple	< 1	42%
	multiple	1 to 2	9%
	multiple	2 to 3	35%
	multiple	> 3	14%

* Enterprise value is pre debt



Accrued Interest – Dunedin Managed Direct Investments

- Accrued interest is not recognised in the Income Statement
- Accrued interest is not included in the investment valuations
- Note of potential accrued interest receivable
 - (a) Investments - fully valued - £5.2m
 - (b) Investments - value provided - £6.0m



Dunedin Enterprise – Currency Factors

- Euro exchange rate
 - 31 December 2009 €1.119 to £1
 - 30 June 2010 €1.213 to £1
- Portfolio analysis
 - at 31 December 2009 £: 53% €: 47%
 - at 30 June 2010 £: 63% €: 37%
- Increase in Sterling weighting reflects Weldex investment and valuation uplifts in Sterling denominated investments
- Weakening Euro reduced opening NAV by 2.2%



Dunedin Enterprise – European Quoted Holdings

Valuation ('m)	31 Dec 2009		30 Jun 2010		Movement %	
	€	£	€	£	€	£
SWIP (Fund of Funds)	14.1	12.6	16.1	13.2	+14.1%	+5.2%
GIMV (Belgium)	5.1	4.6	5.0	4.1	-2.0%	-9.6%
DBAG (Germany)	4.7	4.2	4.9	4.1	+6.1%	-2.1%
CapMan (Scandinavia)	2.7	2.4	2.8	2.3	+4.2%	-3.9%
Dinamia (Spain)	<u>2.5</u>	<u>2.2</u>	<u>1.6</u>	<u>1.3</u>	-37.6%	-42.4%
Total	<u>29.1</u>	<u>26.0</u>	<u>30.4</u>	<u>25.0</u>		

Note: the fall in euro value of Dinamia was largely driven by share sales, with the holding reduced from 250,000 to 165,000 shares. The price per share of Dinamia fell from €10.10 at 31 December 2009 to €9.55 at 30 June 2010, a fall of 5.4%



Dunedin Enterprise – European Fund Investments

	Commitment	Drawn to date (No. of invest)	Outstanding Commitment	Valuation at 30 June 2010	
	€m	€m	€m	€m	£m
FSN Capital (Nordic - €375m)	12.7	4.0 (6)	8.7	4.0	3.3
Realza (Iberia - €170m)	15.0	3.4 (2)	11.6	3.0	2.5
Egeria (Netherlands - €500m)	10.0	2.7 (2)	7.3	2.2	1.8
Innova (Eastern Europe - €450m)	15.0	1.1 (1)	13.9	1.1	0.9
Capiton (Germany - €350m)	<u>15.0</u>	<u>0.2 (0)</u>	<u>14.8</u>	<u>0.0</u>	<u>0.0</u>
	<u>67.7</u>	<u>11.4 (11)</u>	<u>56.3</u>	<u>10.3</u>	<u>8.5</u>



Dunedin Enterprise – Strategy and Commitments

- Dunedin managed funds
 - DBF II : £75m commitment of which 42% drawn - o/s commitment £43.2m
 - Other Dunedin managed funds – o/s commitment £1.0m
- Third Party European funds
 - No new commitments made in 2010
 - Commitments to date €67.7m, being £56m out of £100m plan
 - Drawdowns to date €11.4m – o/s commitment €56.3m (£46.4m)
- Listed private equity



Commitment Position

	£m
Cash & near cash	39.8
Listed securities	<u>25.0</u>
Total	<u>64.8</u>
Undrawn commitments	<u>90.6</u>
Unfunded commitments	<u>25.8</u>

- Revolving credit facility was allowed to expire at the end of April 2010.
- Projections continue to show no borrowing requirement for the foreseeable future.



Dunedin Enterprise – New Investment Activity

- New investment of £18.2m

Direct investments - £14.5m

- £9.5m in the secondary management buyout of Weldex Holdings Limited
- £2.7m follow on investment in Capula
- £1.3m follow on investment in Enrich
- £1.0m others

Third party private equity funds

- £3.6m in third party European funds
- £0.1m in legacy technology funds



Dunedin Enterprise – New Investment Activity

Secondary buyout of Weldex Holdings Limited

- Largest crawler crane hire company in the UK
- Year to 30.11.09 – Turnover £27.2m, EBITA £6.9m
- Enterprise value >£100m, including HP
- Off market deal identified through origination
- Exciting prospects in renewables sector
- No acquisition bank debt
- www.weldex.com



Dunedin Enterprise – Realisations

- Total realisations of £4.4m, including
- £1.9m from sale of LGC Testing (LGV), produced £0.9m uplift
- £1.0m from sale of European listed stocks
- £0.4m released from retention on past sale of Thomson Brothers



Dunedin Enterprise – Ten Largest Investments

	Dunedin Enterprise Equity %	Total Dunedin Equity %	Cost of Investment £m	Directors' valuation £m	% of net assets %
SWIP Private Equity Fund of Funds II Plc	4.0	4.0	15.0	13.2	10.1
Practice Plan Holdings Limited	26.1	49.6	10.4	10.8	8.3
Weldex (International) Offshore Limited	15.1	51.0	9.5	9.5	7.3
OSS Environmental Holdings Limited	41.8	41.8	6.0	6.6	5.1
etc.venues Group Limited	27.9	53.4	3.4	6.0	4.6
WFEL Holdings Limited	23.2	74.0	6.9	4.9	3.8
GIMV	0.6	0.6	4.8	4.1	3.2
Deutsche Beteiligungs AG	1.9	1.9	4.8	4.1	3.1
CGI Group Holdings Limited	41.4	41.4	8.5	4.1	3.1
Capula Group Limited	37.5	71.8	8.4	4.0	3.0
			<u>77.7</u>	<u>67.3</u>	<u>51.6</u>




Dunedin Enterprise – Outlook

- Continued uncertainty in financial markets
- Intensive portfolio work to position companies for growth
- Life in the new investment market
- Market segment remains relatively buoyant
- Trust remains well funded




Dunedin Enterprise Investment Trust PLC



[Home](#) [About the Trust](#) [News](#) [Financial Information](#) [Downloads](#) [Investments](#) [Portfolio Analysis](#) [Directors](#) [Contact](#)

Dunedin Enterprise Investment Trust PLC specialises in the provision of private equity finance. Private equity is medium to long term finance provided in return for an equity stake in established, potentially high growth private companies.


Share Price : 316.25 p
Today's movement : + 0.08 %
NAV per share : 404.6p
30/09/09
[Share Price Tools >>](#)

[Home > Index](#) [Information on how to invest in the Trust](#) 

TRUST OBJECTIVES


The Trust's investment objective is to achieve substantial long term capital growth in its assets through capital gains from its investments.

The Trust aims to achieve its investment objective by investing in a portfolio of unquoted companies either directly in the UK, or in Europe through third party funds.




Brian Scouler
Principal Fund Manager


NEWS



Dunedin Voted Small Buyout House of the year 2009 - Fourth award win so far this year




Dunedin Backed etc.venues Awarded for its Corporate and Environmental Practices




Dunedin Backed WFEL Awarded for its International Impact


INFORMATION




[Fact Sheet](#)



[Interactive Annual Report 2008](#)



[Interim Report 2009](#)



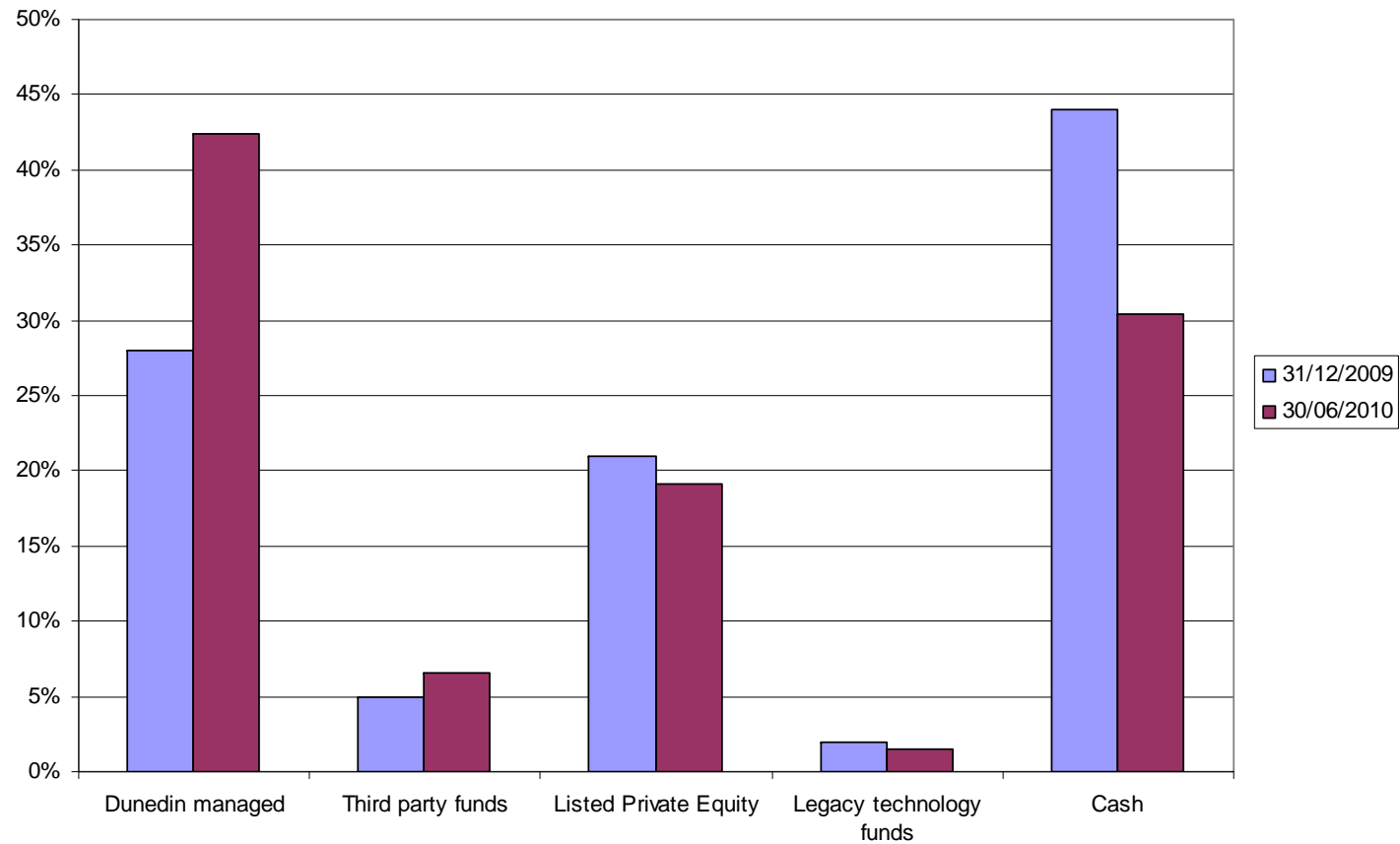
[Interim Management Statement](#)



Appendix 1

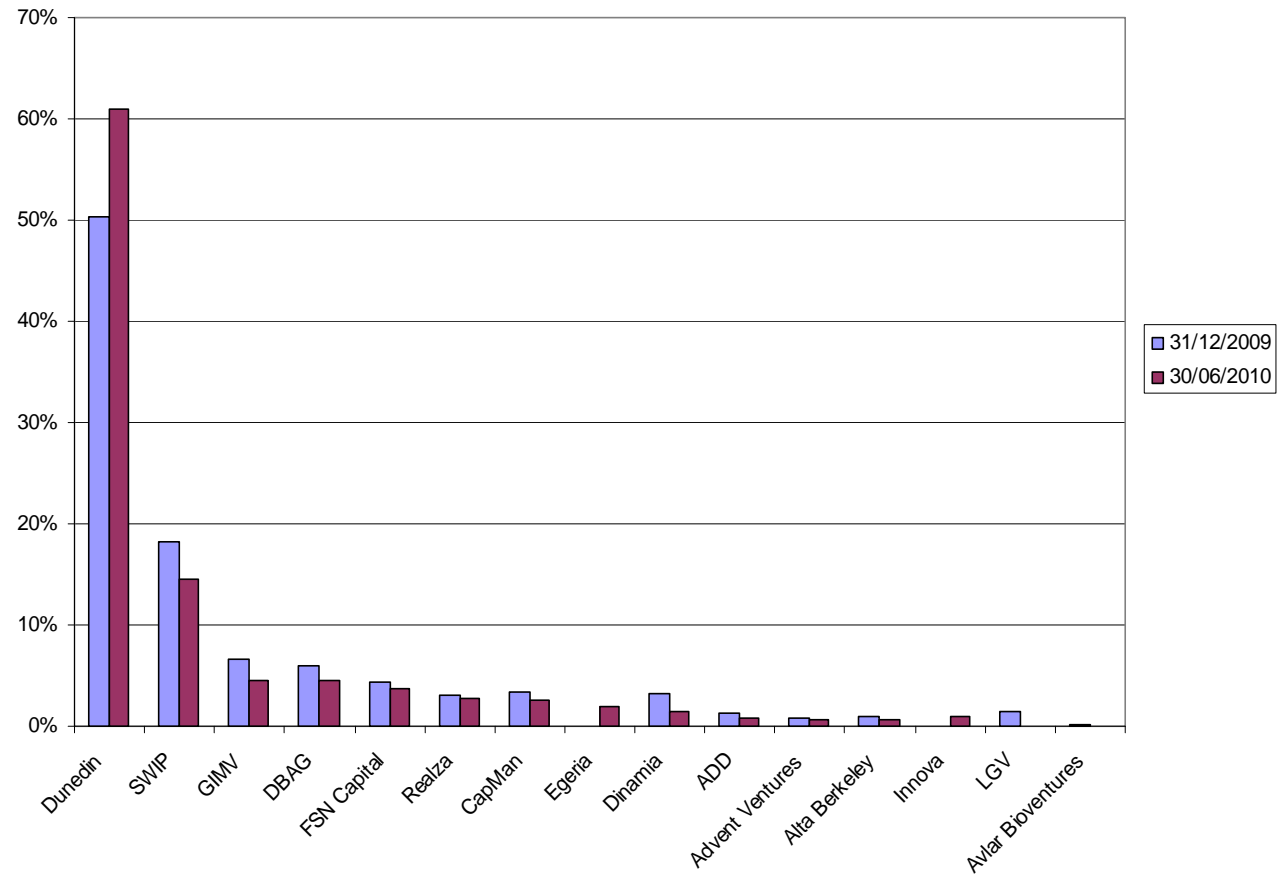


Dunedin Enterprise – Investment Structure



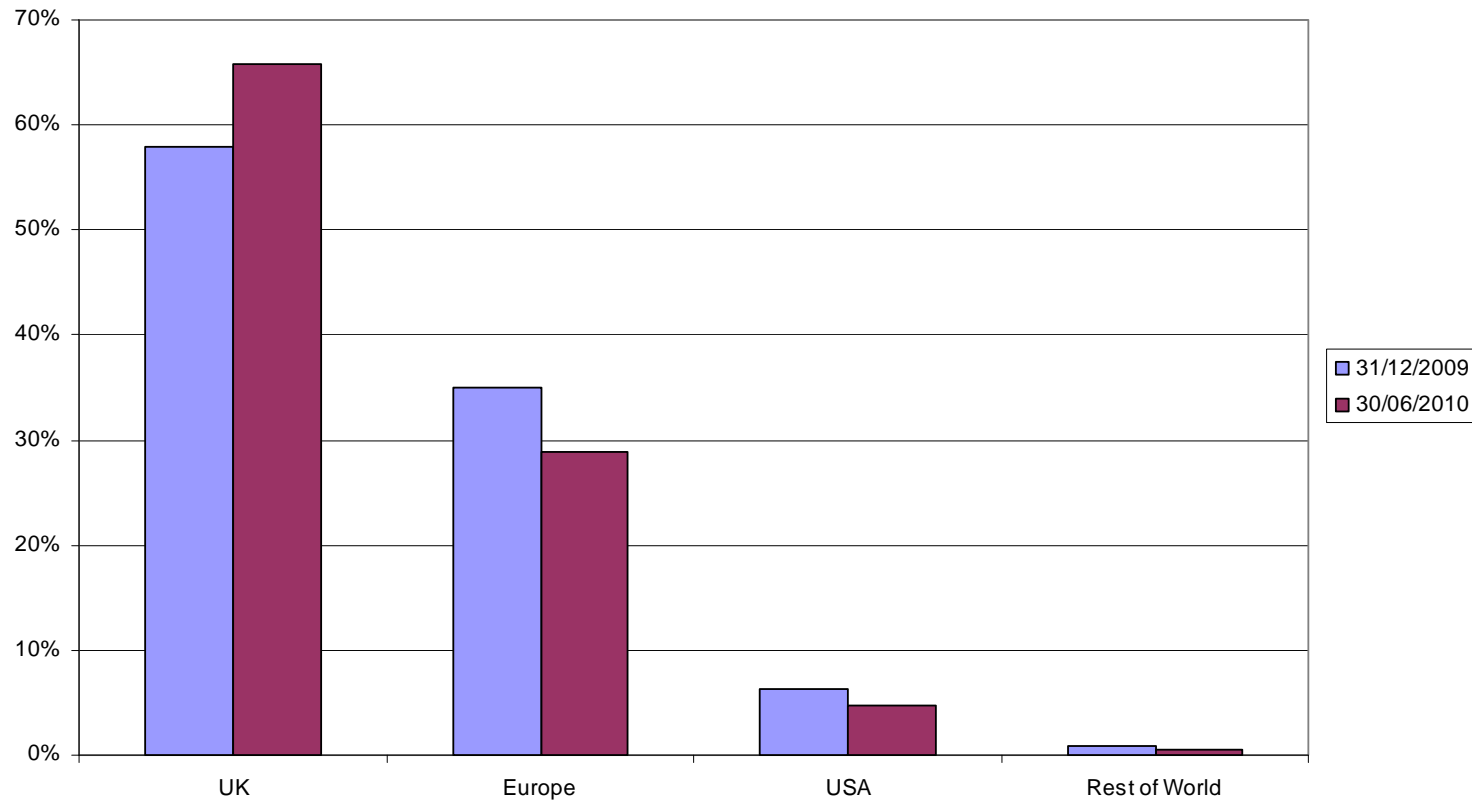


Dunedin Enterprise – Manager Allocation



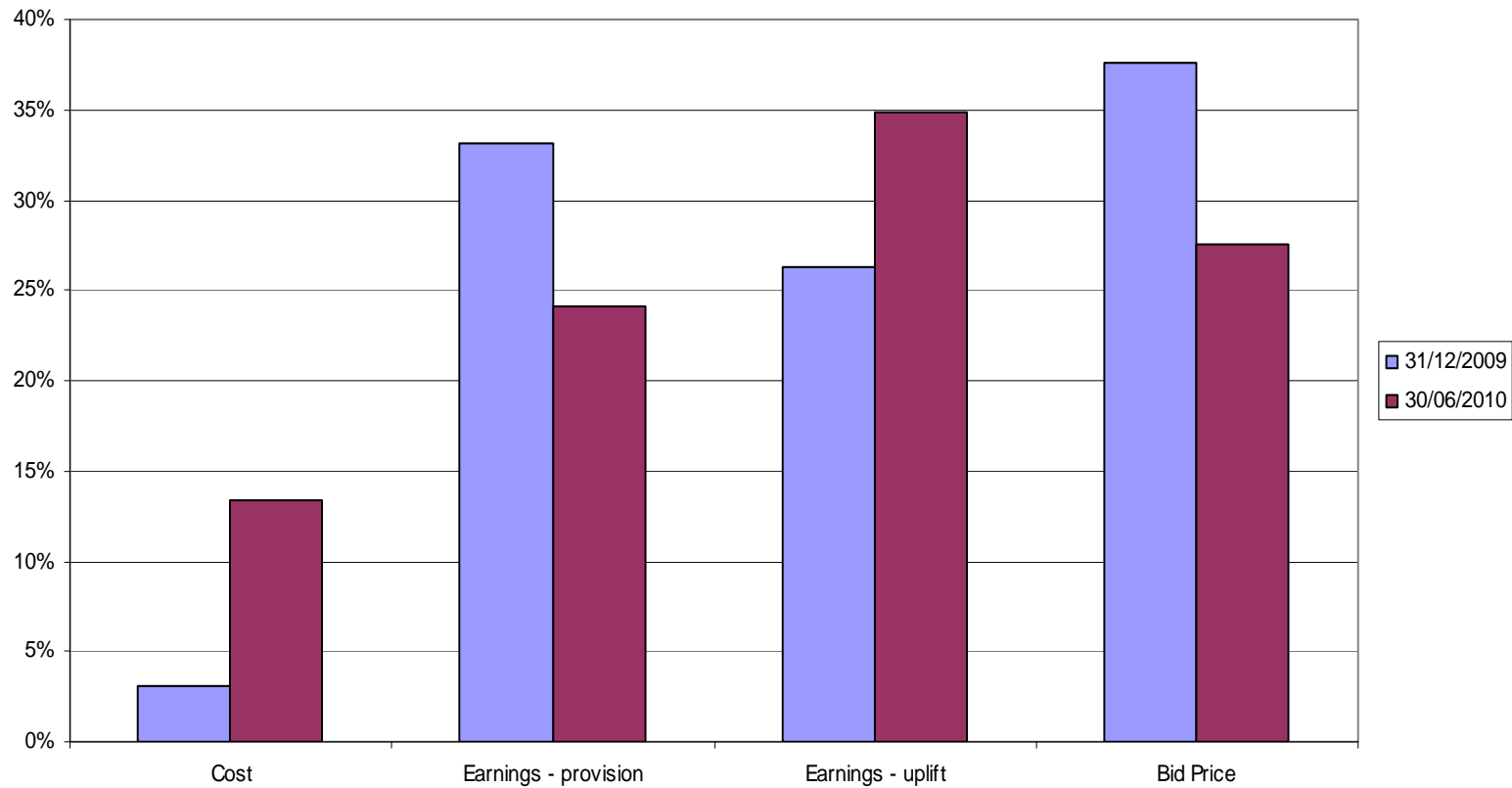


Dunedin Enterprise – Geographic Allocation



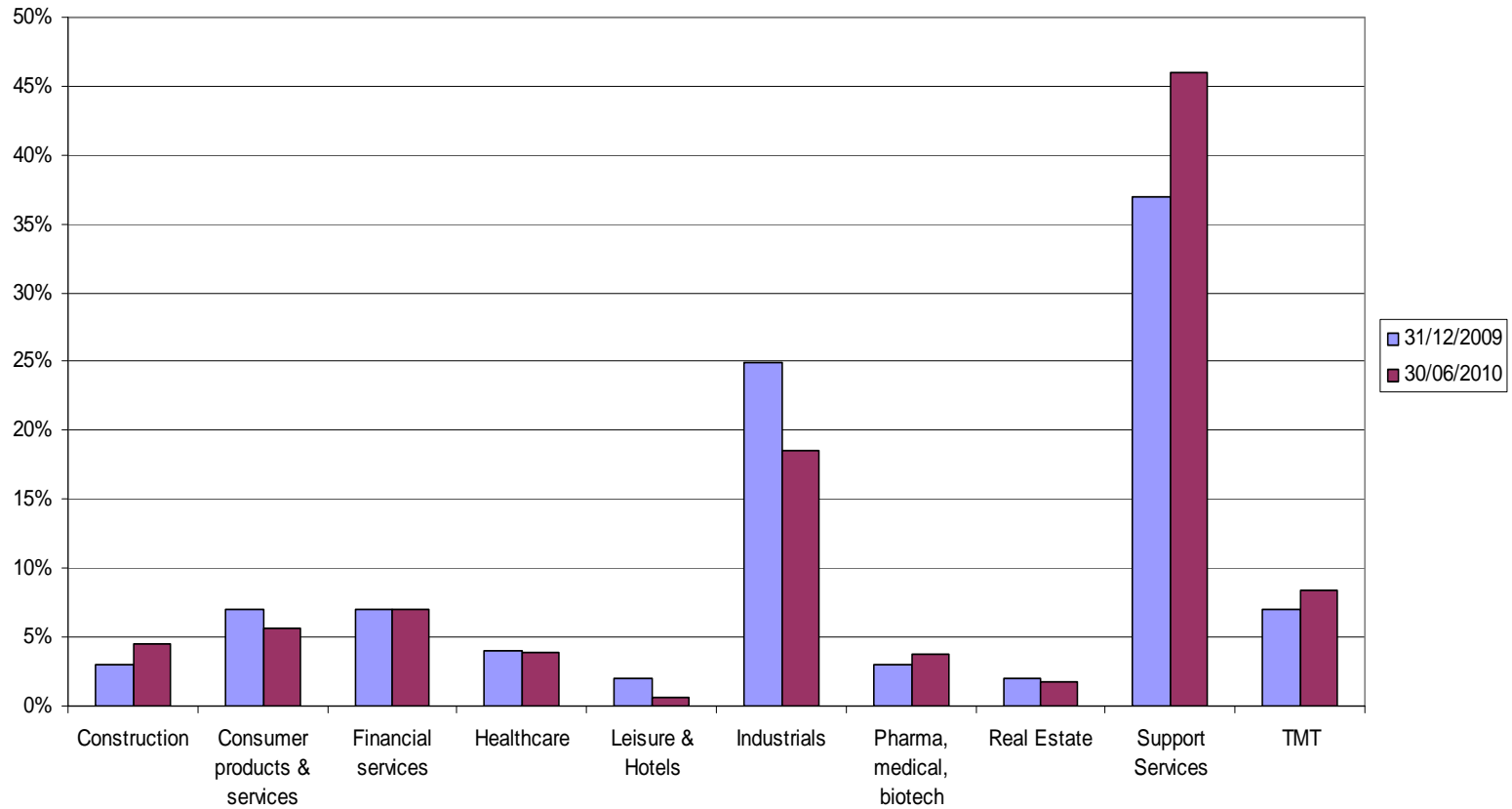


Dunedin Enterprise – Valuation Method



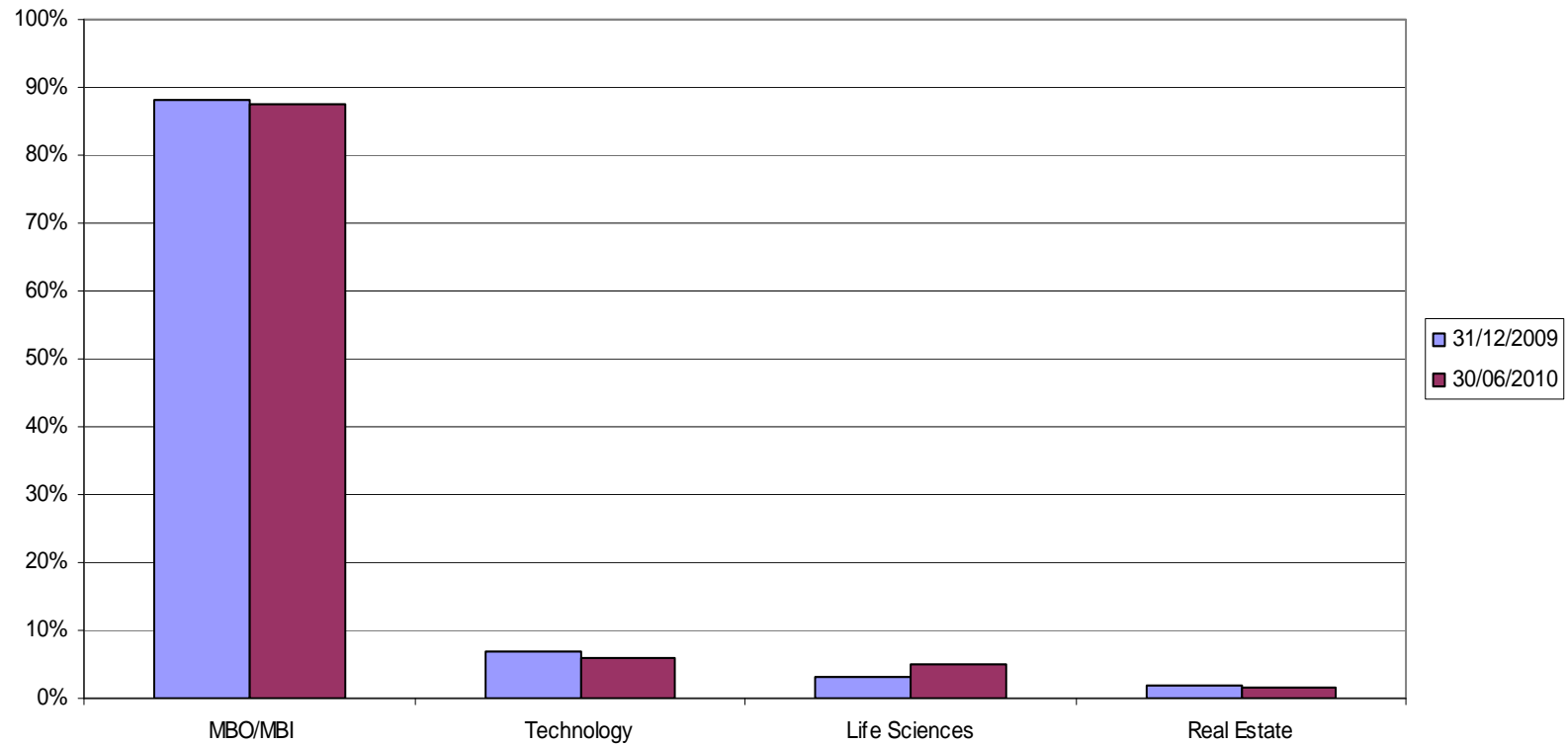


Dunedin Enterprise – Sector





Dunedin Enterprise – Deal Type



Dunedin Enterprise – Total Share Price Return over 10 Years to 30.6.10

