

Earnings Call H1 2021

Munich, 7 September 2021



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Speakers Today
Management Board

Johannes Laumann
CIO



Mark Friedrich
CFO



1

Key Highlights

2

Company & Business Model

3

Financials & Outlook

Clear Identity and Strong Achievements

Mutares means unrivaled private equity carve outs

OUR MISSION

Transform distressed corporates and their ownership into sustainable, lasting and value accretive opportunities for shareholders

OUR VISION

Be the undisputed international leader in mid-market special situations driven by our sustainable investment principles

OUR GOAL

Sector leading risk adjusted returns and direct performance contribution for every shareholder driven by sustainable and rising dividends

OUR VALUES

Entrepreneurship, Integrative Management, Sustainability, Personal Integrity

EUR 1.1bn
Group Revenues
in H1 2021

EUR 19.9m
Holding Net Income
in H1 2021

EUR >2.4bn
Group Revenues
expected in FY2021

EUR 43-53m
Holding Net Income
expected in FY2021

EUR >120m
Invested Capital
expected in FY 2021

7-10x
ROIC¹
target return

21
Portfolio Companies
as of 30 June 2021

>15
Transactions expected
in 2021

Our Vision is to Become the Leading European Private Equity Special Situations Investor

Acceleration of growth will lead to new records: Guidance Update

Our Targets for FY 2023

Group Revenues



Portfolio Income + Exits



Our mid- to long-term Targets

Holding Net Income



*) old guidance as of October 2020

Private Equity Special Situations Investor

Top player when it comes to carve-outs, restructuring and turnaround with ambitious growth targets

2020	8 Offices	EUR 1.6bn Group Revenues in FY 2020	EUR 88.2m Invested Capital end of FY 2020	20 Portfolio Companies	70 Consultants
2021	8 Offices	EUR >2.4bn Group Revenues expected in FY 2021	EUR >120m Invested Capital expected end of FY 2021	>20 Portfolio Companies	95 Consultants
2023	11 Offices	EUR >5.0bn Group Revenues expected in FY 2023	EUR 200m Invested Capital expected in FY 2023	30 Portfolio Companies	>200 Consultants



FIRST IN MIND – FIRST IN CHOICE FOR SPECIAL SITUATIONS IN EUROPE

Outstanding, Diversified Growth and Maximum Momentum

Criteria for achieving sustainable value creation and successful turnaround

European Focus



Three Segments



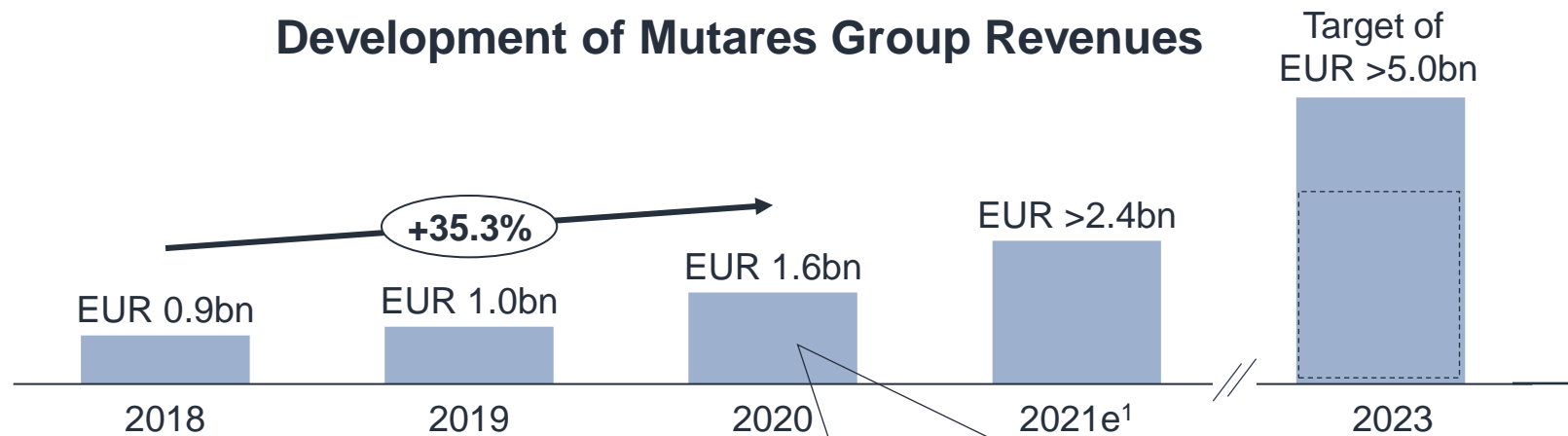
Company Size
EUR 20-500m



Turnaround Hero



Development of Mutares Group Revenues



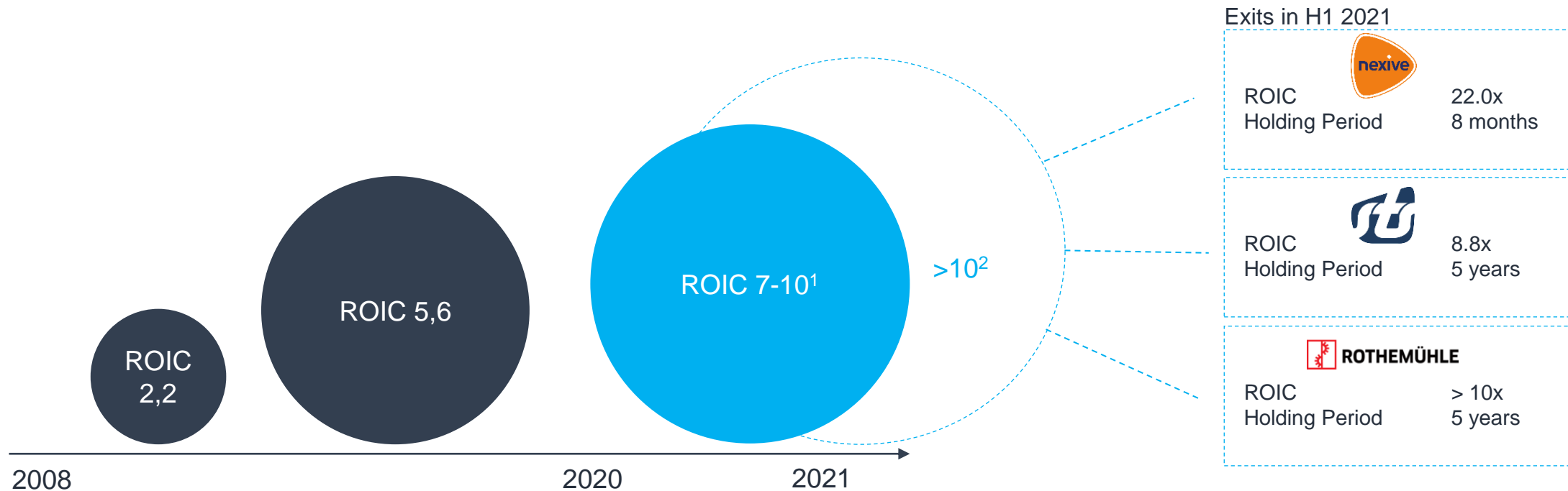
Revenue Split by Segment		
38.0%	33.8%	28.2%
Automotive & Mobility	Engineering & Technology	Goods & Services

1) estimated revenues

Successful Track Record with High Return to Reach Target of ROIC of 7-10x

Mutares has exceeded its ROIC target of 7-10x so far in 2021²

Target of 7-10 x ROIC at Exit	Average holding period of 3-5 years	Invested capital in portfolio (as of H1 2021) EUR 94.7 million
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1) target; 2) on average, based on 3 completed exits in H1 2021

Lapeyre Case Study: Mutares Largest Acquisition

Platform acquisition for the Goods & Services segment: Manufacturer of home improvement products

Profile and USP

- Lapeyre is a **leading manufacturer and distributor of indoor and outdoor joineries and furniture**, such as windows, bathroom and kitchen furniture.
- A **nationwide retail network** of 130 stores paired with an extensive production capacity across 10 manufacturing sites positions the company uniquely to capture solid market shares between 1-12% in a very fragmented business environment.

Turnaround Strategy

- When Mutares signed a put option for purchase in November 2020, Lapeyre exhibited EUR 604.9m in pro-forma FY2020 revenues.
- The Mutares team is defining the overarching transformation plan for Lapeyre, while focusing on **destocking activities, mitigating raw material price increases, renewing the key logistics contracts** and defining "war plans" for loss-making categories and activities.
- Mutares anticipates its **restructuring measures to boost the return to profitability** of Lapeyre in 2023 and to reestablish the brand as a market leader.

Prospective Market Opportunities

- Within the next three years, Mutares plans to further develop Lapeyre's product range, distribution network and support systems, leveraging on Lapeyre's fundamental strengths and capabilities.



Products

Outdoor furniture



Interior furniture



Kitchens



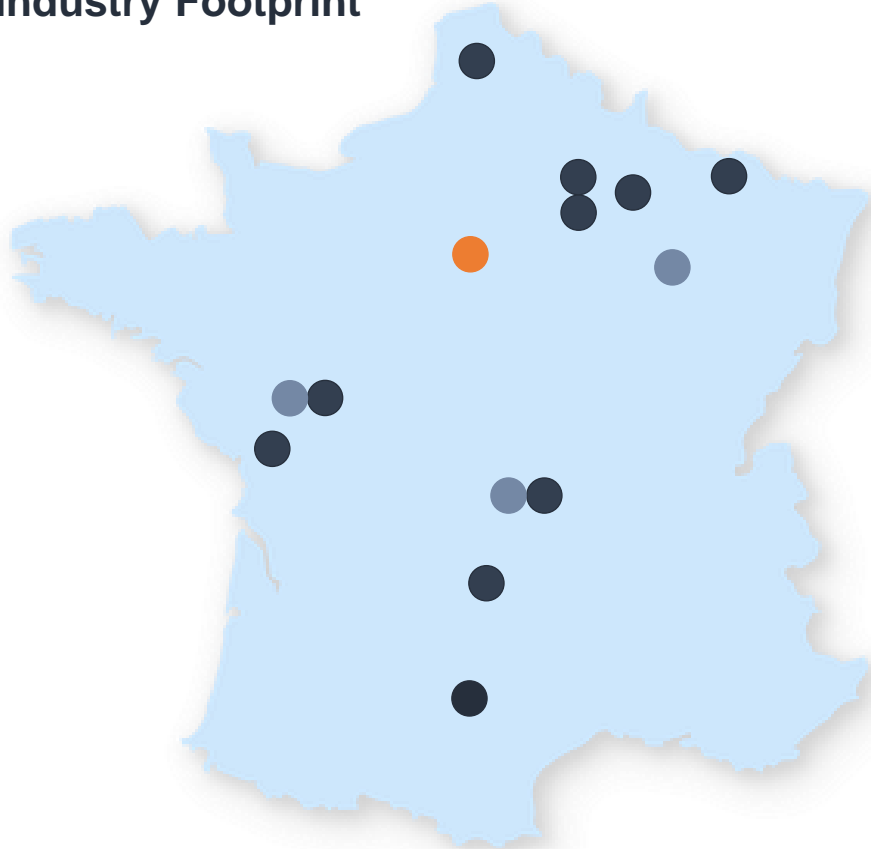
Baths



Case Study: Lapeyre

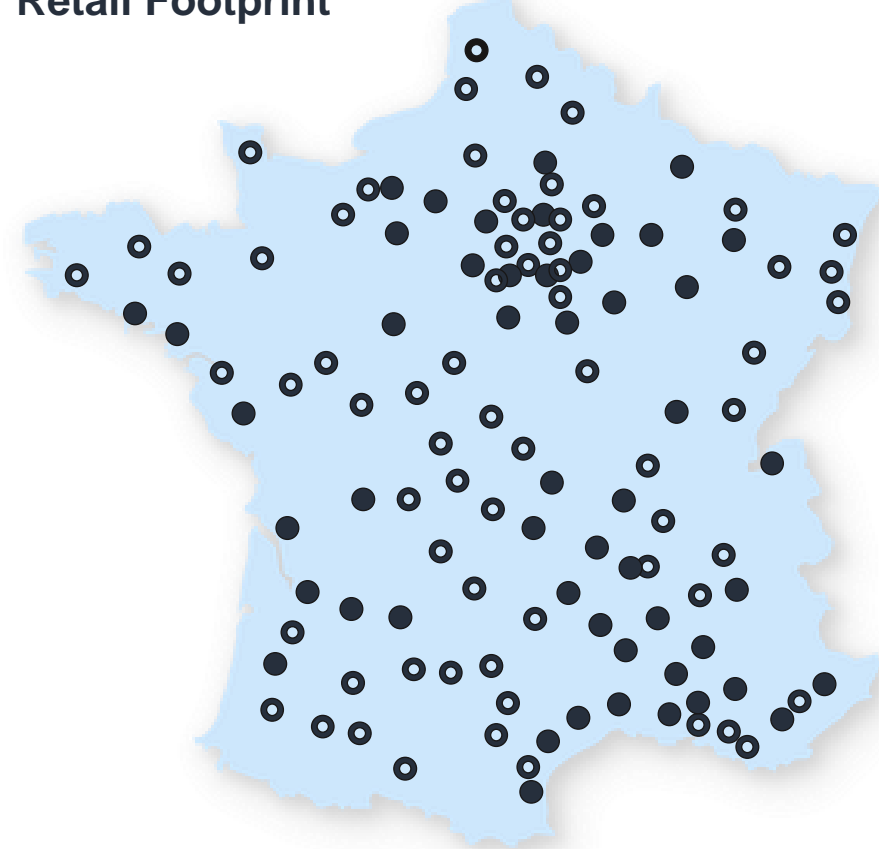
Wide Footprint with 130 stores and 10 plants

Industry Footprint



- Headquarter
- Production sites
- B2B sales office

Retail Footprint



- 74 own stores
- 52 mandate stores (operated by third parties)
- 4 French overseas territory stores

Case Study: Product Portfolio Overview

Diversified product portfolio offering opportunities to address multiple segments and customer types

1 Stairs



2 Bathroom



4 Windows & Doors



3 Kitchen



Case Study: Key Transaction Parameters And Financial Update

Transaction amounts overview

Seller's injection

EUR >200m at Closing

Purchase price of

EUR 1.00

Mutares funding of

EUR 20m

Asset base

Total cash availability

EUR >250m

Real estate value

EUR >150m

Current situation

YTD 06.2021 normative EBITDA of

EUR (7.0)m

in 2021 and significantly above business plan

- 1 **EBITDA financed** by the Seller and business back on track faster than expected
- 2 **No financial debt** in the Group at closing and a strong asset base acquired
- 3 Outsized returns expected based on **target EBITDA of EUR >50m** and a blended 7-10x EV/EBITDA ratio

Social Responsibility Incorporated into our Corporate Values

Holistic ESG Approach



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Key Highlights

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Company & Business Model

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Financials & Outlook

Key Financial Data of H1 2021

High transaction activity is driving key financials

Mutares Group



Mutares Holding



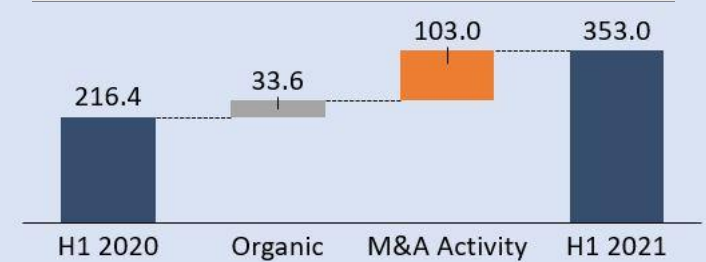
Segment Financials (1/3)

Automotive & Mobility



mEUR	H1 2021	H1 2020
Revenues	353.0	216.4
Cost of material	-213.3	-129.6
Personnel expenses	-109.4	-70.3
Other expenses	-51.4	-36.5
EBITDA	-2.6	2.4
Adjusted EBITDA	4.7	-13.8
in % of Revenues	1.3%	-6.4%

Revenue Bridge



Comments

- ▮ **Revenues** in FY 2020 hugely impacted by COVID-19, since Q3 2020 strong recovery and organic growth in H1 2021 vs H1 2020
- ▮ New platforms SFC Solutions and iinovis also driving revenue growth
- ▮ **EBITDA** in H1 2020 benefits from bargain purchases, acquisition of LMS only completed after 30 June 2021
- ▮ Optimization successes at STS Group and KICO Group significantly improve **Adjusted EBITDA** together with positive contribution from SFC/Elastomer/Plati Group

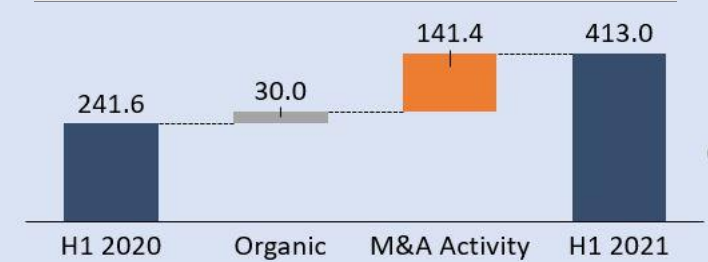
Segment Financials (2/3)

Engineering & Technology



mEUR	H1 2021	H1 2020
Revenues	413.0	241.6
Cost of material	-287.2	-162.4
Personnel expenses	-91.4	-60.3
Other expenses	-64.2	-27.0
EBITDA	35.3	23.1
Adjusted EBITDA	-7.1	0.7
in % of Revenues	-1.7%	0.3%

Revenue Bridge



Comments

- ▣ Increase in **revenues** mainly driven by the new platform and add-on acquisitions
- ▣ **EBITDA** benefits from the gains from bargain purchase from the acquisition of Clecim and La Rochette Cartonboard as well as the gain from the Balcke-Dürr Rothemühle exit
- ▣ Encouraging progress in the development of the Donges Group and an already positive contribution to **Adjusted EBITDA** from Lacroix + Kress and La Rochette Cartonboard
- ▣ Negative market environment at EUPEC and Gemini Rail Group and still negative earnings contributions from Royal De Boer and Japy Tech

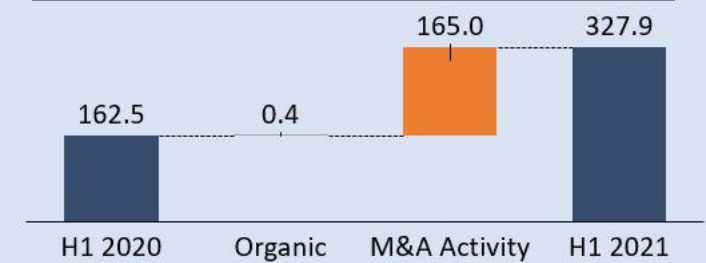
Segment Financials (3/3)

Goods & Services



mEUR	H1 2021	H1 2020
Revenues	327.9	162.5
Cost of material	-202.2	-96.8
Personnel expenses	-74.3	-33.5
Other expenses	-70.6	-32.0
EBITDA	404.0	23.2
Adjusted EBITDA	-3.8	-1.5
in % of Revenues	-1.2%	-0.9%

Revenue Bridge

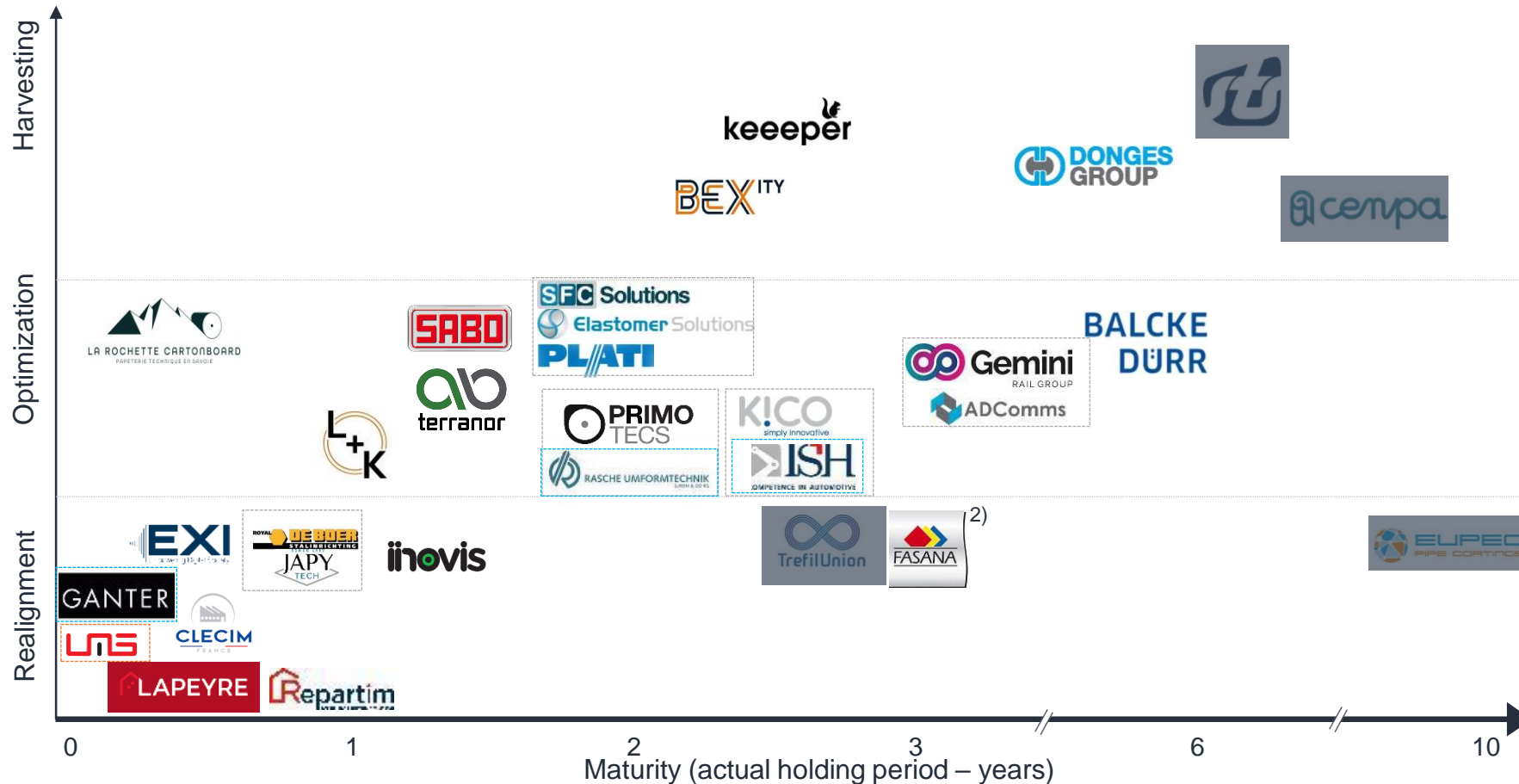


Comments

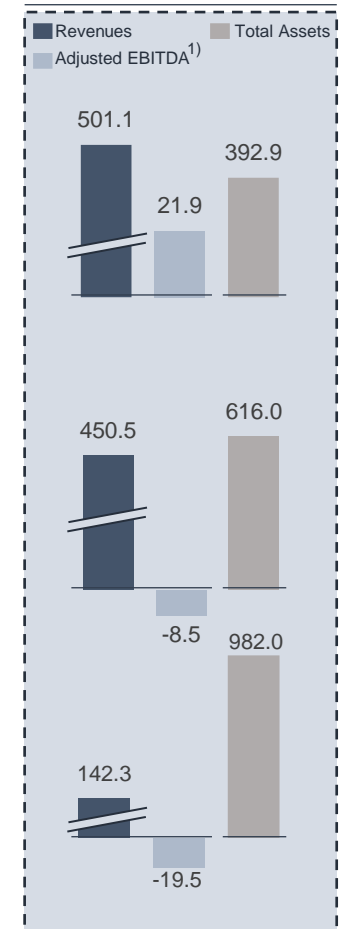
- Substantial increase in **revenues** due to the new acquisitions of Lapeyre, Terranor Group and SABO
- Successful exit of Nexive and the gain from bargain purchase from the acquisitions (esp. Lapeyre) drive **EBITDA**
- Adjusted EBITDA** impacted by the significantly negative contribution from Nexive prior to the exit; development at BEXity and the new platforms Terranor Group and SABO very pleasing

Portfolio Allocation To The Value Creation Life Cycle

Diversified portfolio in Realignment, Optimization and Harvesting phases



H1 2021



Closed after 30 June 2021 - Did not contribute to H1 2021

Not yet closed – did not contribute to H1 2021

One platform

Sold at/after 30 June 2021 – fully contributed to H1 2021

1) Defined as EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for bargain purchase gains restructuring and other non-recurring expenses, and deconsolidation effects;

2) Part of the keeper Group

Mutares Share

Sustainable value creation for our Shareholders

+77%

since January 2021

strong growth

EUR 33.00

latest analysts' price expectations*

EUR 1.50

Dividend per share distributed for FY2020



*) M.M.Warburg Research as of 7 July 2021

Mutares Bond

Sustainable value creation for our Bond Investors

+5.25%

since January 2021

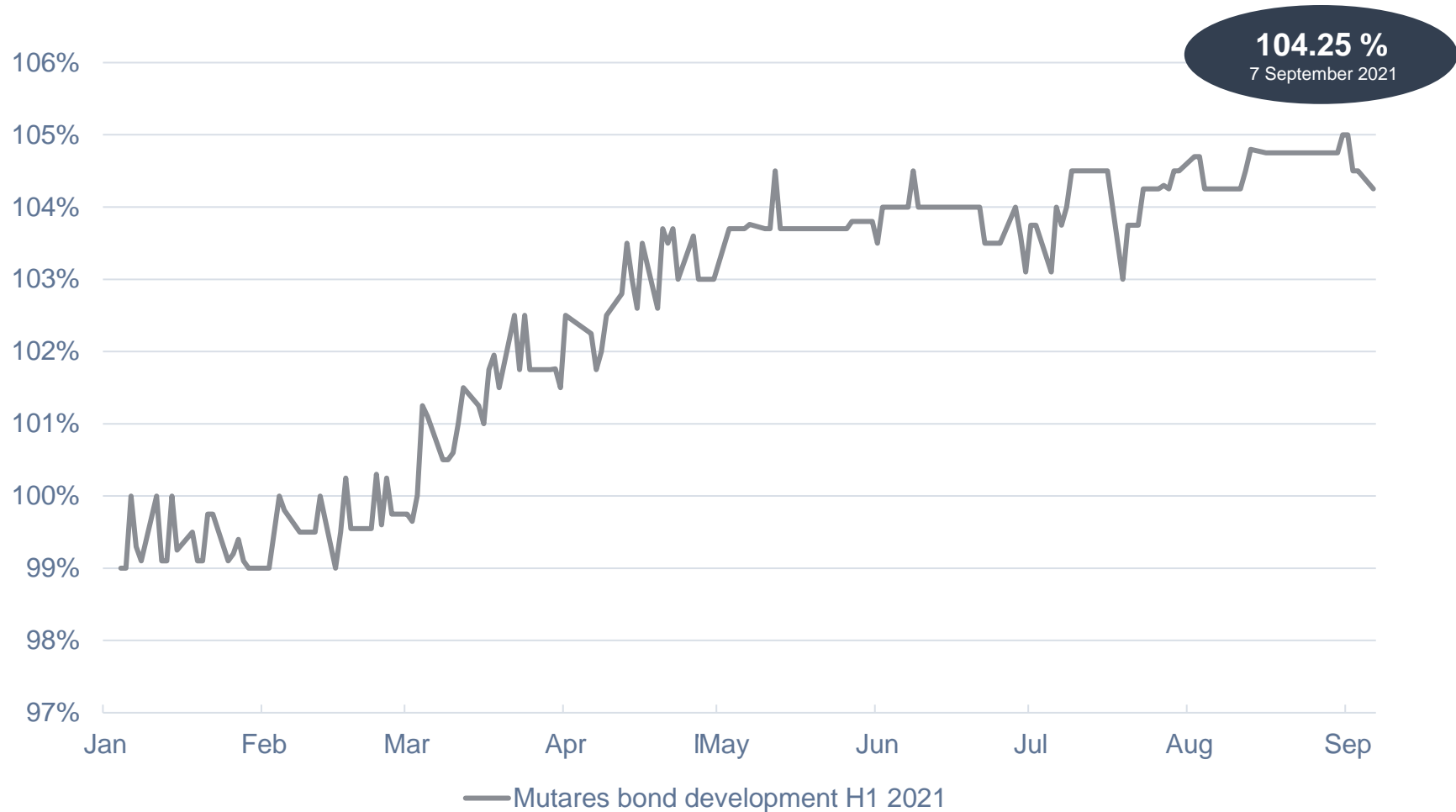
strong growth

EUR 10.0m

additional tap issue in Feb. 21

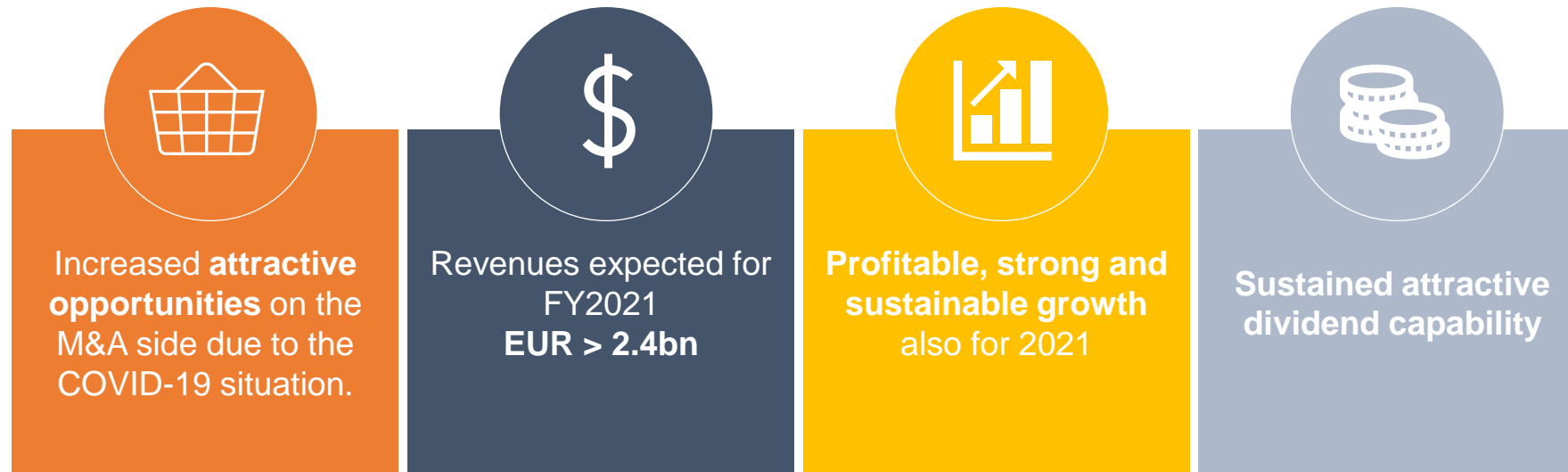
EUR 80.0m

total issue amount



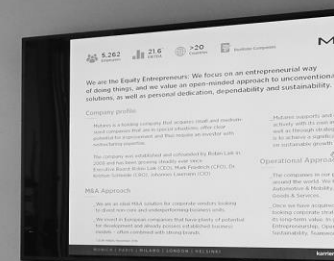
We Will Continue our Path for Sustainable Growth...

...and to increase the attractiveness of the Mutares share for investors



Our Vision what we strive for

To be the undisputed international leader in mid-market special situations driven by our sustainable investment principles



Q&A

Thank you for your questions.

If you want to ask a question
please dial in from your phone:

DE: +49 69 2017 44220

UK: +44 203 0092470

US: +1 877 4230830

CH: +41 445 806522

PIN: 55723524#

Press 01 to ask a question.

Please mute yourself on the webcast.

MUTARES

Mutares Principles Follow a Sustainable Corporate and Investment Charta

Our aim is sustainable value creation for all stakeholders in our portfolio companies and beyond

Drive Sustainable Value

Increase shareholder value through successful operational restructurings for employees and stakeholders

Independent Governance

We drive turnarounds and provide a future for companies and their employees

Enhance Sustainability & Efficiency

Reduce CO₂-emissions, water, plastic usage, while increase sustainable energy sources across all portfolio companies

Enhance Diversity & Talent

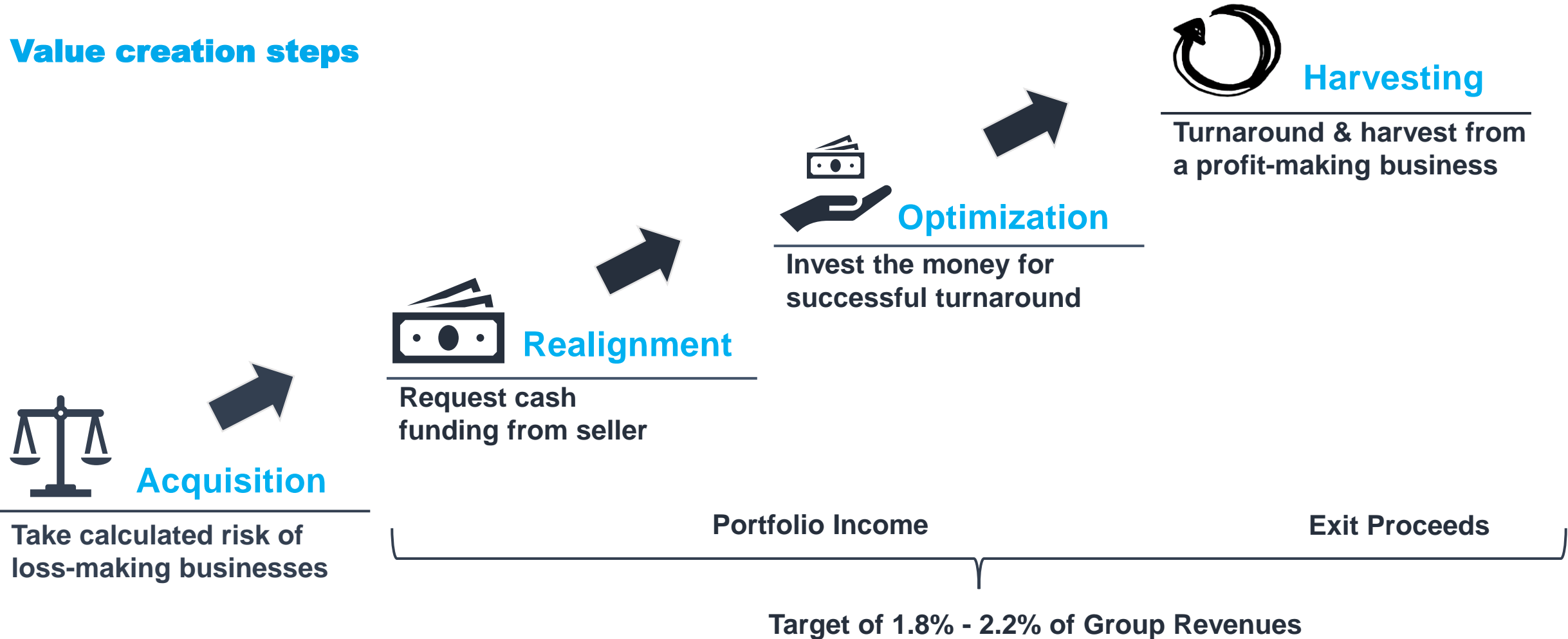
Our international, diversified expertise of our key talent is our most important equity and driver of superior excellence



Unique Value Creation Life Cycle with ROIC Target of 7-10x

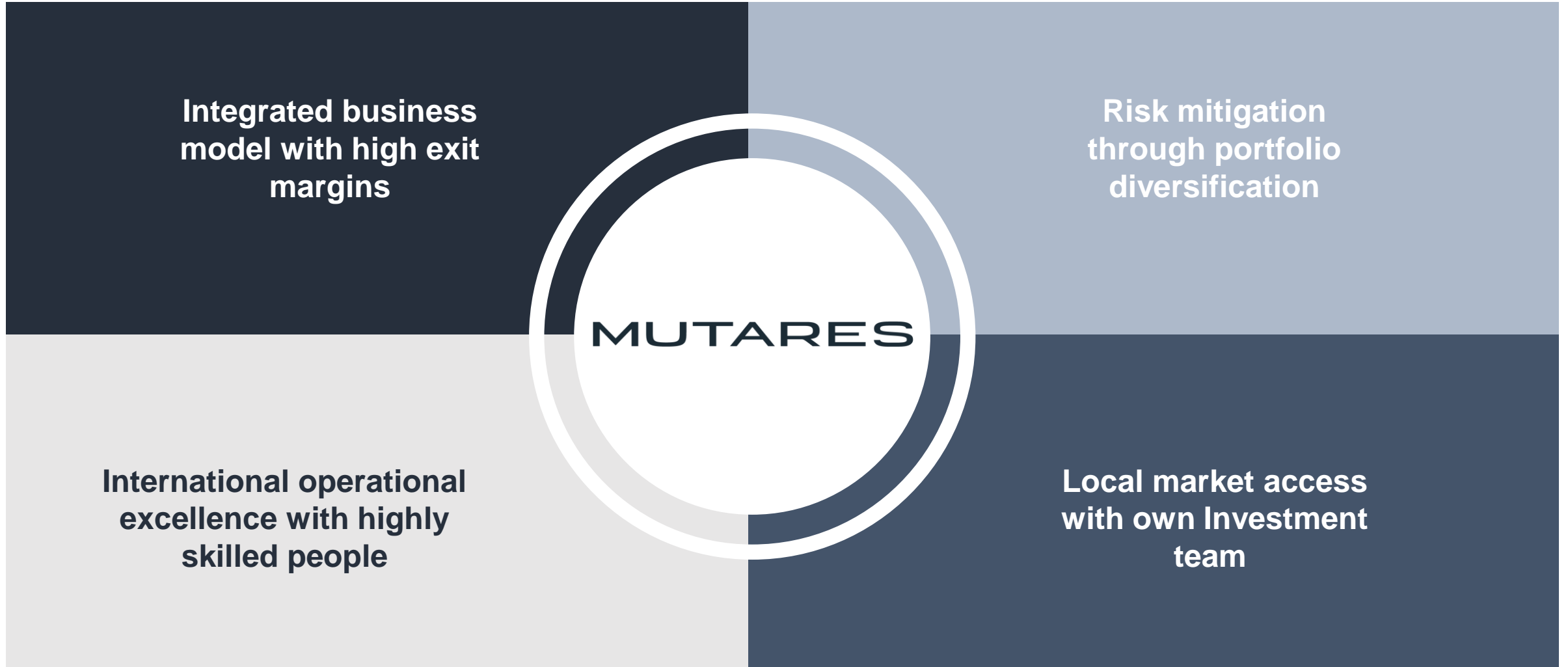
Taking calculated risks and losses and turning them into opportunities and success

Value creation steps



Mutares Pursues a Unique Investment Approach

Our key strengths, manifested by our investment principles



Integration of ESG Criteria Creates Sustainable Value and Mitigates Risks

ESG Group guidance KPI's to track and report in accordance with UNSDGs

ENVIRONMENTAL



Energy / CO₂ Neutrality

360.000 kg CO₂ compensated for FY2020



Resource Use

Energy efficiency programs



SOCIAL



Health & Safety

Zero accident safety culture



Diversity

Promoting a diversified environment



Employee satisfaction and wellbeing



Community Engagement

Donations to children's hospice



GOVERNANCE



ESG Management

Reportings and best practices



Compliance System

Code of conduct and whistleblowing



Consolidated Statement of Profit and Loss

mEUR	H1 2021	H1 2020
Revenues	1,093.9	620.5
+/- Change in inventories	9.7	-1.6
Other income	493.9	78.5
Cost of material	-702.7	-390.2
Personnel expenses	-285.6	-174.4
Other expenses	-197.9	-91.3
EBITDA	411.5	41.5
Adjusted EBITDA	-4.6	-16.7
Depreciation & Amortisation	-51.1	-59.2
EBIT	360.4	-17.7
Financial result	-11.5	-10.1
Income taxes	-4.0	-2.4
Net income	344.9	-30.2

Comments

- ▮ Revenue growth mainly attributable to high transaction activity in FY 2020
- ▮ Gains from bargain purchases and exits are recorded within other income
- ▮ Increase of cost of material, personnel expenses and other expenses in connection with higher revenues
- ▮ Adjusted EBITDA improved significantly thanks to the partly very positive development in the portfolio companies
- ▮ Depreciation & amortisation includes those for leases according to IFRS 16
- ▮ Increased financial expenses linked to the bond

Consolidated Adjusted EBITDA

mEUR	H1 2021	H1 2020
EBITDA	411.5	41.5
Income from bargain purchases	-455.3	-65.8
Restructuring and other non-recurring expenses	35.9	9.2
Deconsolidation effects	3.4	-1.6
Adjusted EBITDA	-4.6	-16.7

Comments

- ▣ Reported EBITDA highly influenced by extraordinary effects related to transactions, restructuring and other one-off expenses; Adjusted EBITDA adjusted for these one-off effects
- ▣ Effects from COVID-19 are not eliminated and thus negatively impact Adjusted EBITDA
- ▣ Three categories of adjustments:
 - ✓ Transaction related income from bargain purchases results from the acquisitions
 - ✓ Restructuring and other non-recurring expenses mainly in connection with measures on personnel reduction
 - ✓ Successful exits led to a significant positive effect on EBITDA

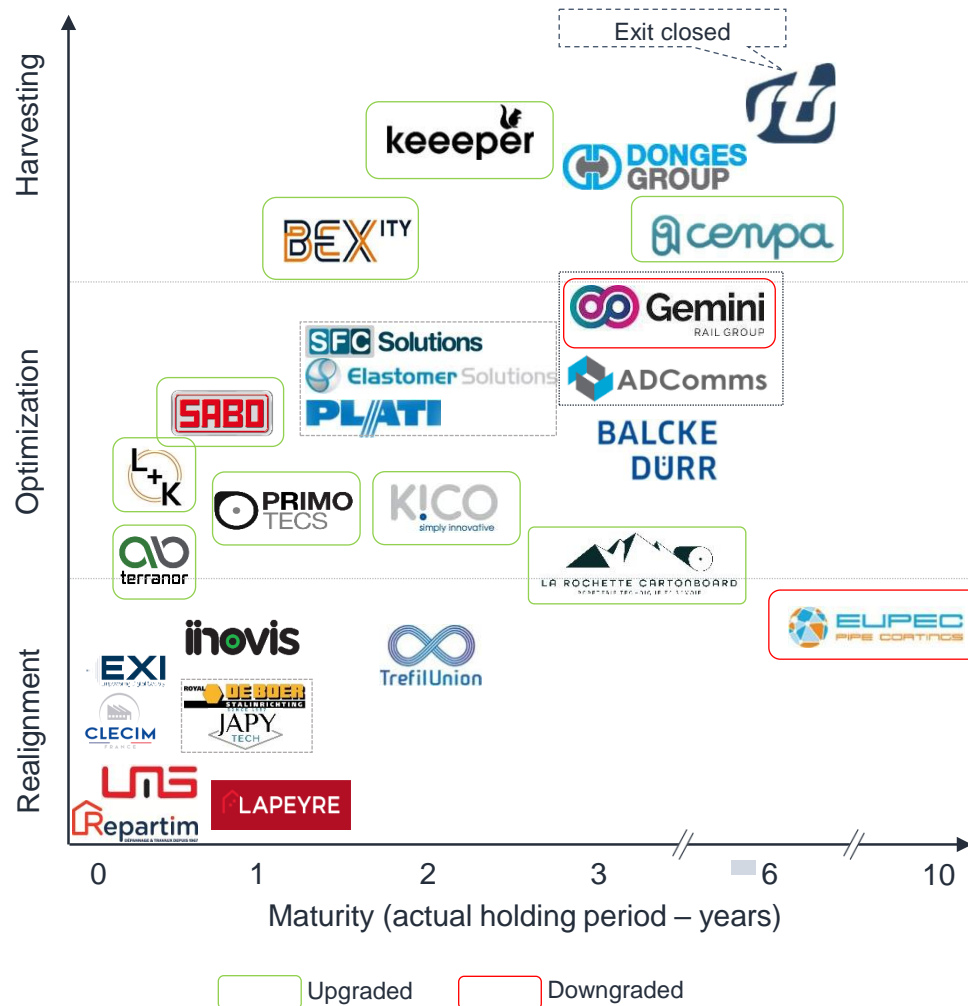
Consolidated Balance Sheet

mEUR	30.06.2021	31.12.2020
Intangible assets	117.0	76.0
PP&E	415.1	242.6
Right of use assets	223.9	147.4
Other	98.3	32.3
Non-current assets	854.2	498.3
Inventories	319.5	203.5
Trade & other rec.	254.1	256.6
Cash & equivalents	246.1	145.3
Other	352.2	223.5
Current assets	1171.9	828.9
Total assets	2,026.1	1,327.2

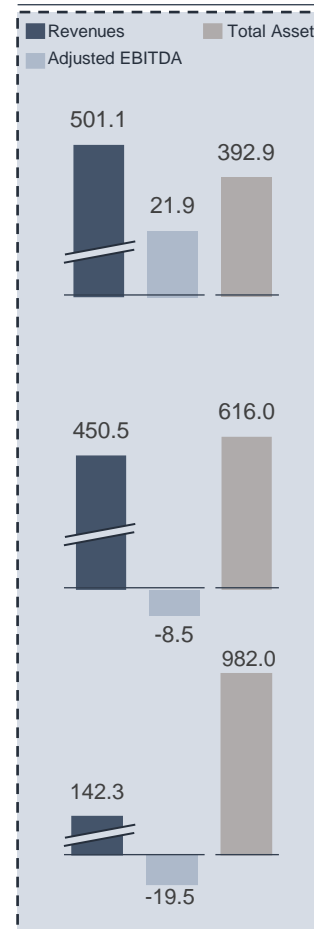
mEUR	30.06.2021	31.12.2020
Total equity	536.0	207.2
Financial liabilities	310.6	231.3
Provisions	185.7	156.5
Other	82.7	17.5
Non-current liabilities	579.0	405.4
Trade payables	344.3	250.0
Other financial liab.	152.5	143.1
Provisions	59.8	50.2
Other	354.5	271.3
Current liabilities	911.1	714.6
Total equity & liabilities	2,026.1	1,327.2

Lifecycle Financials

Diversified portfolio along the life cycle



H1 2021



- ▣ Adjusted EBITDA differs significantly along the three lifecycle stages:
 - ✓ Realignment
 - ✓ Optimization
 - ✓ Harvesting
- ▣ Revised allocation of portfolio companies in H1 2021 depending of the actual development status in the value creation
- ▣ Positive operational performance reflected by **upward move** especially at **BEXity** and **KICO Group**, **quick restructuring successes** at **Terranor Group**, **Lacroix + Kress** and **SABO**
- ▣ Development at **EUPEC** and **TréfilUnion** behind expectations; **Gemini Rail Group** with add-on acquisition of **ADComms** moved into optimization phase

Add-on Acquisitions	Acquisitions of companies or parts of groups as part of our build-and-buy strategy to strengthen our existing Portfolio Companies
Adjusted EBITDA	EBITDA adjusted for purchase gains, restructuring and other non-recurring expenses, and gain/loss divestiture of subsidiaries
Bargain Purchase Gains	Income from bargain purchases arise if the acquisition cost is less than the fair value of the net assets of the Portfolio Company acquired. Such difference is recognized directly as "other income" within the consolidated statement of income
Company	Mutares SE & Co. KGaA
Consulting Revenues	Consulting fees charged to the Portfolio Companies on a daily basis for the day-to-day work of our operations team on-site implementing the operational turnaround measures
Dividend Yield	Distributed dividend as a percentage of the closing price of the shares (XETRA) on the last trading day (XETRA) of the respective financial year
Dowry Deals	Platform Acquisitions where the seller agrees to leave liquidity in the Portfolio Company to fund our initial turnaround measures and where the acquired equity is higher than the purchase price
FY	Financial year
Group	The Company together with its consolidated subsidiaries
Group Revenues	Consolidated revenues of the Group
H1	Six-month period ended 30 June of the respective financial year
Holding	Mutares SE & Co. KGaA ("Mutares")
Holding Revenues	Unconsolidated revenues of the Company, meaning Consulting Revenues and Management Fees
Holding Net Income	Unconsolidated net income of the Company
Invested Capital	Invested capital in Portfolio Companies at the reporting date in the form of purchase price, equity contribution or loans
Management Fee	Flat fee charged to the Portfolio Companies on a monthly basis for general management services rendered
Payout Ratio	Total amount of dividends distributed to shareholders as a percentage of the Holding Net Income in the respective financial year
Platform Acquisition	Acquisitions of new Portfolio Companies intended to strengthen our portfolio
Portfolio Companies	Companies or parts of groups in which we are invested from time to time
Portfolio Dividends	Income from Portfolio Companies
Portfolio Income	Sum of the Holding Revenues, comprising Consulting Revenues and Management Fees, and Portfolio Dividends
ROIC	Return on Invested Capital
Transactions	Platform Acquisitions, Add-on Acquisitions and exits