



MUTARES

Earnings call
Q1 2020

Munich, 14 May 2020

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Speakers
Management Board



Mark Friedrich
CFO



Johannes Laumann
CIO

Agenda

1 Business model

2 Summary

3 Financials

4 Outlook

Business model overview

Mutares targets sustainable risk adjusted returns with clear dividend focus

Consulting Income

01

Acquisition

Mutares initiates an extensive operational improvement program within the portfolio companies after acquisition. The projects jointly defined with the company are implemented by Mutares consultants in close cooperation with the employees on site.

1x ROIC

Cash Flow

02

Realignment

Mutares develops its companies successfully in strategic and operational terms until the long-term reorganization is achieved. Specialists support optimization projects on the ground, including investments in the development of innovative products, adapting and reorganization sales and production with a long-term perspective.

Growth & Dividends

03

Optimization

Buy & build approach allows focused & strategic growth with multiple arbitrage to enter new markets or bring in new products or promising technologies. The strategic fit is crucial, therefore no pre-defined deal criteria. Positive cash flow provides upstream dividends, supported by continuous consulting income.

Realization

04

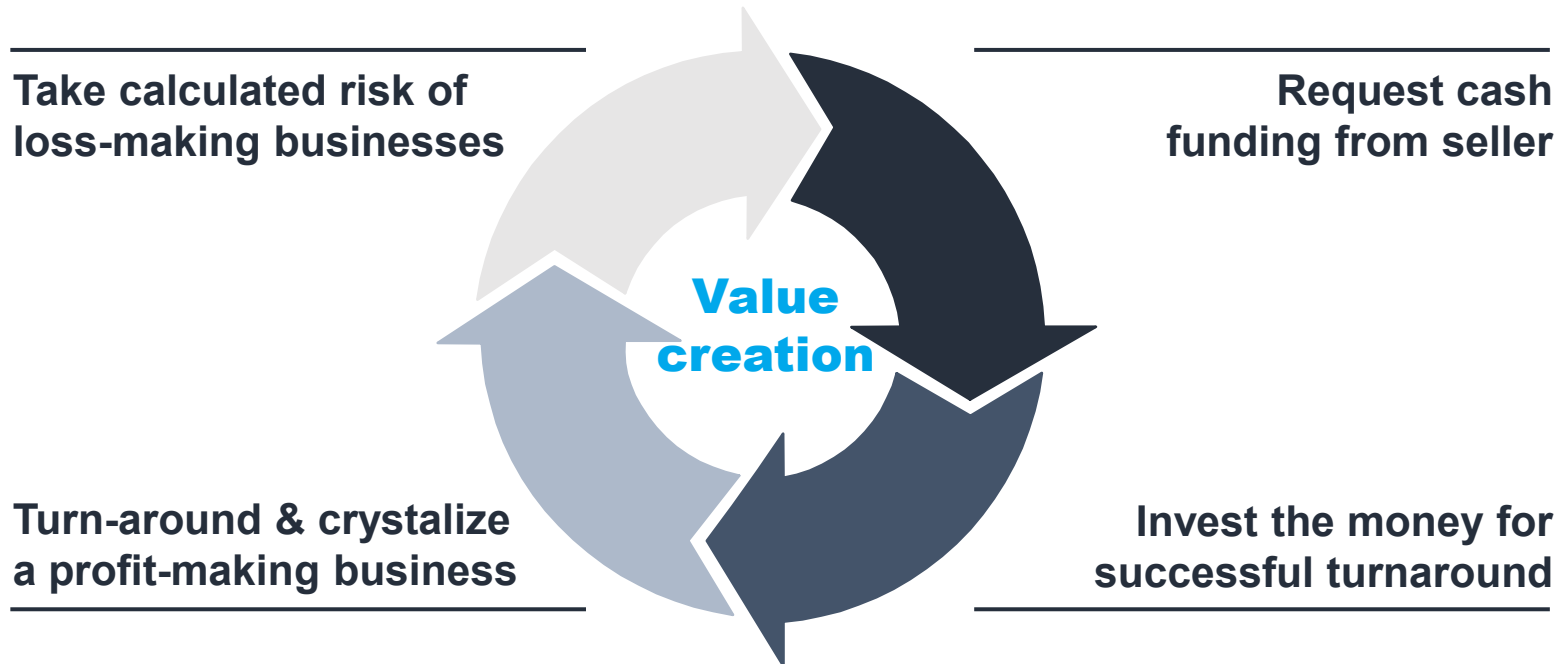
Harvesting

The ultimate objective of Mutares is to actively promote the realization of the company's value potential targeting 3x cash on cash over 3 years with 5-10x ROIC over the lifecycle of a company.

5-10x ROIC

Best in class turnaround investor achieves supreme value creation

More than 50% of value creation is non-cyclical based on special situations



Management holds >40% of the shares and is fully involved in the day-to-day value creation of Mutares

Track record provides foundation for return outlook

Mutares targets ROIC with current Vintage¹⁾ portfolio of 5-10x, ROE of +10-20%

Category (Values in EURm except return multiples)	#	Investments (Initial + holding period)	Net proceeds (Consulting, dividends and (partial) exits)	Return on invested capital ²⁾ (x)	Return on Equity (ROE)	Net Asset Value (NAV)	Book Equity
Past investments	20	39.8	88.2	2.2x	-	-	-
Current portfolio							
Vintage portfolio¹⁾	8	16.5	92.8	5.6x	10.5%	EUR 220m (FY 2019)	EUR 208m (FY 2019)
Portfolio outlook	14	20.9	100-200	5-10x	15%	-	EUR 250m

Est. Realized

Vintage portfolio with ROIC of 5.6x

- Return multiple of 5.6x already realised on Vintage portfolio **without full exits**
- Substantial return improvement versus historic investments underline Mutares quality growth strategy
- Net Asset Value reporting of EUR 220m (2019) will be replaced by half year reported consolidated book equity of EUR 208m (2019)

Portfolio outlook with ROIC of 5-10x / ROE +15%

- Return multiple target led by upgraded investment strategy based on diverse & uncorrelated end market exposures
- ROIC target is driven by average holding period of 3-5 years, targeting lower holding periods with higher returns than the private equity industry
- ROE target is based on the holdings net profit vs. group equity

1) Vintage portfolio – companies which have been part of the portfolio for 12 months or more as of 30 Sept. 2019

2) Return on invested capital from the Issuer's perspective

3) NAV will be discontinued as of Q1 2020 given the distorting impact on group's value



Highlights Q1 2020

Successful acquisition of three companies and bond issue

- ▮ **Two successful exits:** Balcke-Dürr Group sells Balcke-Dürr Polska and BEXity sells activities in Czech Republic
- ▮ **New acquisitions:** One add-on for Balcke-Dürr Group (completed) and two new platforms (signed; expected closing in Q2 2020)
- ▮ **Operational progress:** Add-on Ruukki completes Donges Group to become 1st European player for steel constructions – new brand NORDEC combines Ruukki and Normek
- ▮ **Successful placement of EUR 50.0 million bond:** capital raised to invest in add-ons and portfolio extension
- ▮ **Distribution of dividend for FY2019 proposed:** EUR 1.00 per share proposed to AGM with outlook to sustain high level of dividend capacity

Mutares keeps up pace with already three signed acquisitions in 2020

Portfolio further grows with one add-ons and two new platforms

	Loterios	Nexive ¹	Gemini Project ²
Revenues	EUR 17m	EUR 230m	EUR 180m
Products	Pressure components	Mail & parcel provider	Sealing & fluid systems
Seller	Timet UK	PostNL	Cooper Standard
Type	Add-on to	Platform	Platform
Portfolio			Gemini Project
Segment	Engineering & Technology	Goods & Services	Automotive & Mobility

1) Majority shareholder with 80%, signed in Feb 2020, closing expected in Q2 2020

2) Signed in May, closing expected in Q2 2020

Three acquisitions successfully closed in 2020

Two add-ons and one platform



- New platform to Automotive & Mobility
- ca. EUR 120 million
- Forging-technologies on a wide range from hot-forming to forging as well as heat-treatment, an inhouse tooling shop and assembly for finishing operations
- Two production sites close to Torino, Italy; about 670 employees and 114 years of experience



- Add-on to keeper Group (Goods & Services)
- ca. EUR 45 million
- produces and sells high-quality paper napkins
- serves renowned customers from the DIY, food retail, wholesale and furniture retail sectors
- keeper Group as leading FMCG player in central Europe



- Add-on to Donges Group (Engineering & Technology)
- ca. EUR 170 million
- new brand formed out of Normek and Ruukki Building Systems
- product ranges: frames, facade solutions and steel bridges
- Donges Group to become 1st European player for steel constructions

Mutares portfolio grows to already 16 companies in 2020

Thereof two new platforms acquired in 2020



Automotive & Mobility



Acquired in 2009 from Diehl Group
Rubber mouldings



Acquired in 2013 from Autoneum Group
Tier1 supplier of truck composites



Acquired in 2019 from Deren Group
Cable trees & harnesses



Acquired in 2019 from a family
Safety, locking, joining systems



Acquired in 2019 from Tekfor Group
Precision machine parts



Acquired in 2020 from Cooper Standard
Sealing & fluid systems



Engineering & Technology



Acquired in 2016 from SPX Group
Energy efficiency & filters



Acquired in 2017 from Mitsubishi-Hitachi
Construction, roofs & engineering



Acquired in 2018 from Knorr Bremse MRO
services for rolling stock



Acquired in 2012 from Korindo Group
Coatings for oil & gas pipelines



Goods & Services



Acquired in 2016 from Sonoco Group
Industry & hygienic coreboard



Acquired in 2019 from Wrede Holding
Household plastic goods



Acquired in 2011 from Huber Group
High-end metal packaging



Acquired in 2019 from ArcelorMittal
Steel wire applications



Acquired in 2019 from Austrian Railways
Transport & cargo services



Acquired in 2020 from PostNL
Mail & parcel provider

1) Majority shareholder with > 60%; 2) signed in May '20, closing expected in Q2 2020; 3) Majority shareholder with 80%, signed in Feb '20, closing expected in Q2 2020

Key financial data of Q1 2020

Significant M&A activity reflected in increased Revenues and Adjusted EBITDA

Group Revenues EUR	Group EBITDA EUR	Group Adj. EBITDA EUR	Group cash & equivalents EUR	Group equity ratio %
315.7m	39.0m	-10.4m	141.8m	22.8%
Q1 2019	Q1 2019	Q1 2019	31 December 2019	31 December 2019
203.3m	0.0m	-3.5m	79.7m	24.5%

Consolidated Statement of Profit and Loss

Due to high acquisition activity, revenues and EBITDA at record levels in Q1 2020

mEUR	Q1 2020	Q1 2019
Revenues	315.7	203.3
+/- Change in inventories	-2.5	5.8
Other income	58.6	6.1
Cost of material	-199.0	-128.0
Personnel expenses	-88.4	-61.5
Other expenses	-45.4	-25.7
EBITDA	39.0	0.0
Adjusted EBITDA	-10.4	-3.5
Net income	15.7	-12.1

Adjusted EBITDA

Adj. EBITDA decreases due to recently acquired companies

mEUR	Q1 2020	Q1 2019
EBITDA	39.0	0.0
Income from bargain purchases	-53.6	-4.1
Restructuring and other non-recurring expenses	4.1	0.6
Deconsolidation effects	0.0	0.0
Adjusted EBITDA	-10.5	-3.5

- ❏ Reported EBITDA highly influenced by extraordinary effects related to transactions, restructuring and other one-off expenses. Therefore, Adjusted EBITDA as KPI adjusted for these one-off effects
- ❏ Three categories of adjustments:
 - Transaction related income from bargain purchases mainly relate to PrimoTECS, keeper Tableware and Loterios
 - Restructuring and other non-recurring expenses occurred mainly for the acquisition and the restructuring at the newly acquired companies
 - Deconsolidation effects (i.e. gains/losses from disposals and deconsolidations) will result in Q2 2020 from exits of Balcke-Dürr Polska and BEXity's activities in Czech Republic

Consolidated Balance Sheet

Cash-in from bond issue and acquisitions lead to an increase of total assets

mEUR	31/03/2020	31/12/2019
Intangible assets	59.2	58.7
PP&E	204.6	176.4
Right of use assets	149.7	119.8
Other	50.4	44.3
Non-current assets	463.9	399.2
Inventories	168.3	134.0
Trade & other rec.	191.6	142.6
Cash & equivalents	141.8	79.7
Other	69.8	93.0
Current assets	571.6	449.3
Total assets	1,035.5	848.5

mEUR	31/03/2020	31/12/2019
Total equity	236.2	208.2
Financial liabilities	183.6	117.7
Provisions	113.4	99.5
Other	26.4	18.2
Non-current liab.	323.4	235.4
Trade payables	183.8	157.7
Other financial liab.	148.7	118.5
Provisions	33.9	35.7
Other	109.4	93.0
Current liabilities	475.8	404.9
Total equity & liab.	1,035.5	848.5

Segment financials (1/2)

Automotive & Mobility



- ▢ Increase in revenues due to the acquisition of new platform investments (Plati, KICO, PrimoTECS)
- ▢ EBITDA largely benefits from income from bargain purchases
- ▢ Decline in Adjusted EBITDA due to (business model driven) negative contributions of the new platform investments and the downward trend in the automotive sector especially visible at STS
- ▢ Elastomer with quite strong increase in profitability in Q1 2020, but shutdown effects will be visible starting Q2 2020
- ▢ Increasing challenges due to COVID-19

mEUR	Q1 2020	Q1 2019
Revenues	124.8	104.8
Cost of material	-76.3	-60.5
Personnel expenses	-38.4	-29.0
Other expenses	-19.0	-14.3
EBITDA	34.8	4.8
Adjusted EBITDA	-3.3	4.9

Engineering & Technology



- ▢ Largest segment in the Group in terms of revenue: increase due to the full-year effect of the add-on acquisitions of Donges Group (NORDEC and FDT) as well as the add-on acquisition of Balcke-Dürr (Loterios) in Q1 2020
- ▢ Increase in EBITDA mainly attributable to gain from bargain purchase from the Loterios acquisition
- ▢ Improved Adjusted EBITDA due to successful execution of restructuring measures at Donges Group and Gemini; Balcke-Dürr negatively impacted by less activity in Q1 2020

mEUR	Q1 2020	Q1 2019 ¹⁾
Revenues	105.9	90.5
Cost of material	-71.1	-61.7
Personnel expenses	-29.0	-27.0
Other expenses	-12.5	-12.4
EBITDA	2.0	-3.4
Adjusted EBITDA	-4.2	-6.9

1) Including La Meusienne and Norsilk

Segment financials (2/2)

Goods & Services

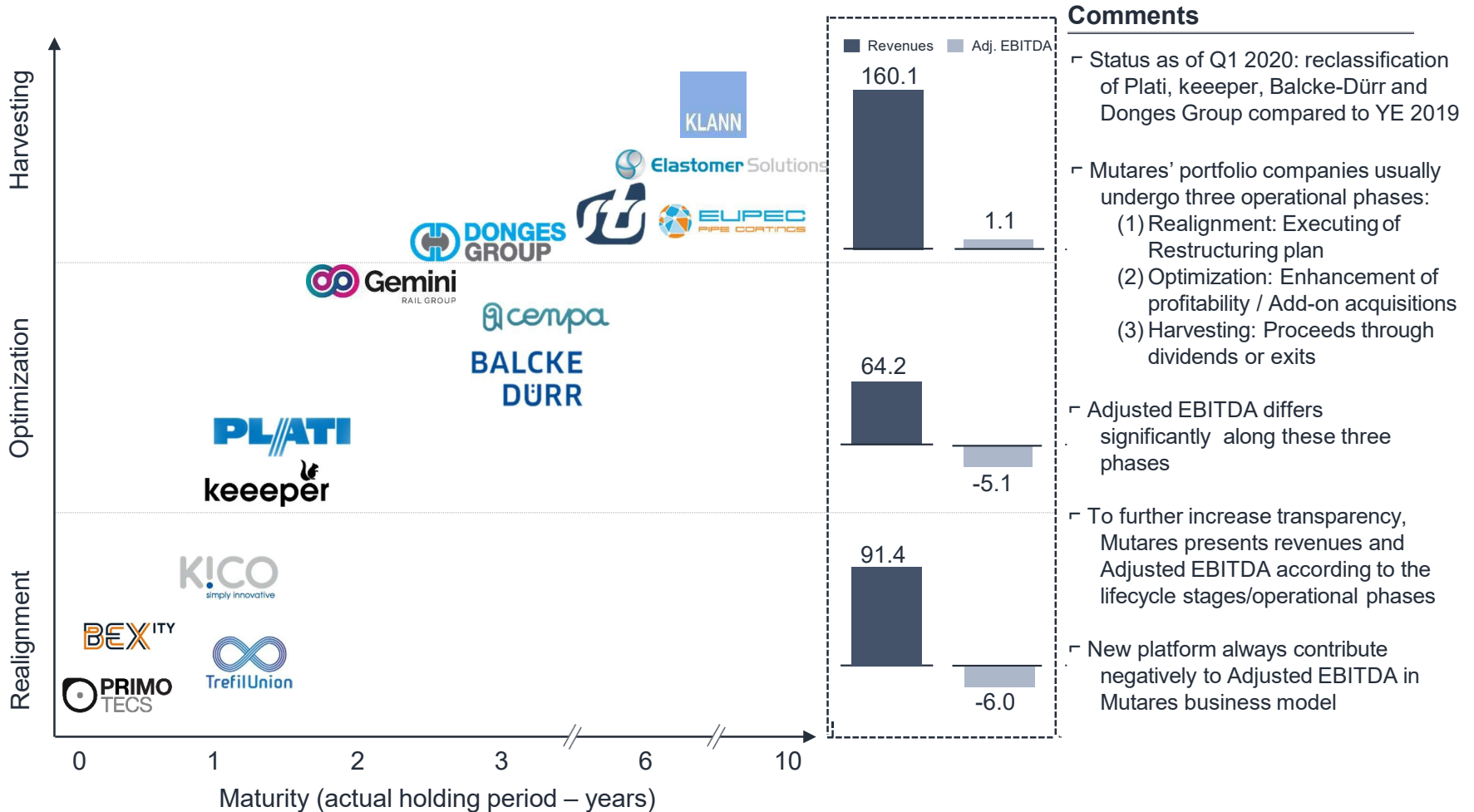


- ▣ Increase in revenues due to acquisition of new platform investments (TréfilUnion, keeper Group and BEXity)
- ▣ EBITDA benefits from bargain purchase income for the add-on to keeper Group
- ▣ Decline in Adjusted EBITDA due to (business model driven) negative contributions of new platform investments
- ▣ Development of keeper Group, which achieved important milestones, very favorable; integration of add-on acquisition (keeper Tableware) started

mEUR	Q1 2020	Q1 2019
Revenues	84.9	8.0
Cost of material	-51.2	-5.5
Personnel expenses	-16.4	-2.9
Other expenses	-18.6	-1.7
EBITDA	2.6	-1.2
Adjusted EBITDA	-2.6	-1.2

Lifecycle Status

Well diversified portfolio along the lifecycle



We will continue our path for sustainable growth...

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

Challenging environment due to COVID-19, expectation of more M&A activity in H2 2020

Already three transactions signed in 2020

Targeted revenues (incl. expectations of potential acquisitions) of > EUR 1.5b in FY2020

Sustain dividend capacity and attractive dividend policy

Capital Markets Day

2020
20
10

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Questions & Answers



Contact

Investor Relations



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Upcoming dates

- Annual General Meeting, **Munich/Digital**, 18 May 2020
- Publication of Q2 information, **Investor Call**, 11 August 2020
- Capital Markets Day, **Frankfurt/M./Digital**, 20 October 2020
- Publication of Q3 information, **Investor Call**, 10 Nov. 2020
- Deutsches Eigenkapital Forum, **Frankfurt/M.**, 16-18 Nov. 2020

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