

MUTARES

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Earnings Call

FY 2020

Munich, 8 April 2021

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Speakers
Management Board



Johannes Laumann
CIO



Mark Friedrich
CFO

Agenda

- 1 Business Model**
- 2 Development**
- 3 Financials**
- 4 Outlook**



Mutares Guidance & Investment Strategy

Long term value creation across European special situations

1) Grow consolidated group revenues to EUR 3.0bn by 2023

2) Increase holding revenue to EUR 100m and profit to EUR >60m by 2023

3) Deliver uncorrelated sector leading investment returns of 7-10 x ROIC across all cycles

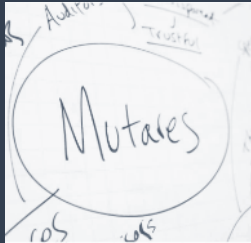
4) Dividend growth with base dividend of EUR 1.00 and additional performance dividend

5) Aim for the leading brand in turn-around Private Equity in Europe

Mutares is a reliable partner, entrepreneur and investor

Actively driven turnaround process in our companies through board & operations

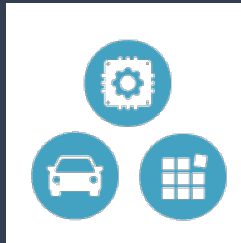
Turnaround
hero



Local
approach &
global
benefits



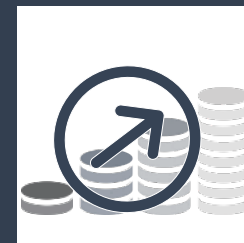
Function &
industry-
specific task
forces



Mid-sized
companies

Sales of
EUR
50 – 500
million

Solid
dividend
capacity



Integrated
ESG criteria



Trackrecord – superior success achieved in the last 24 months

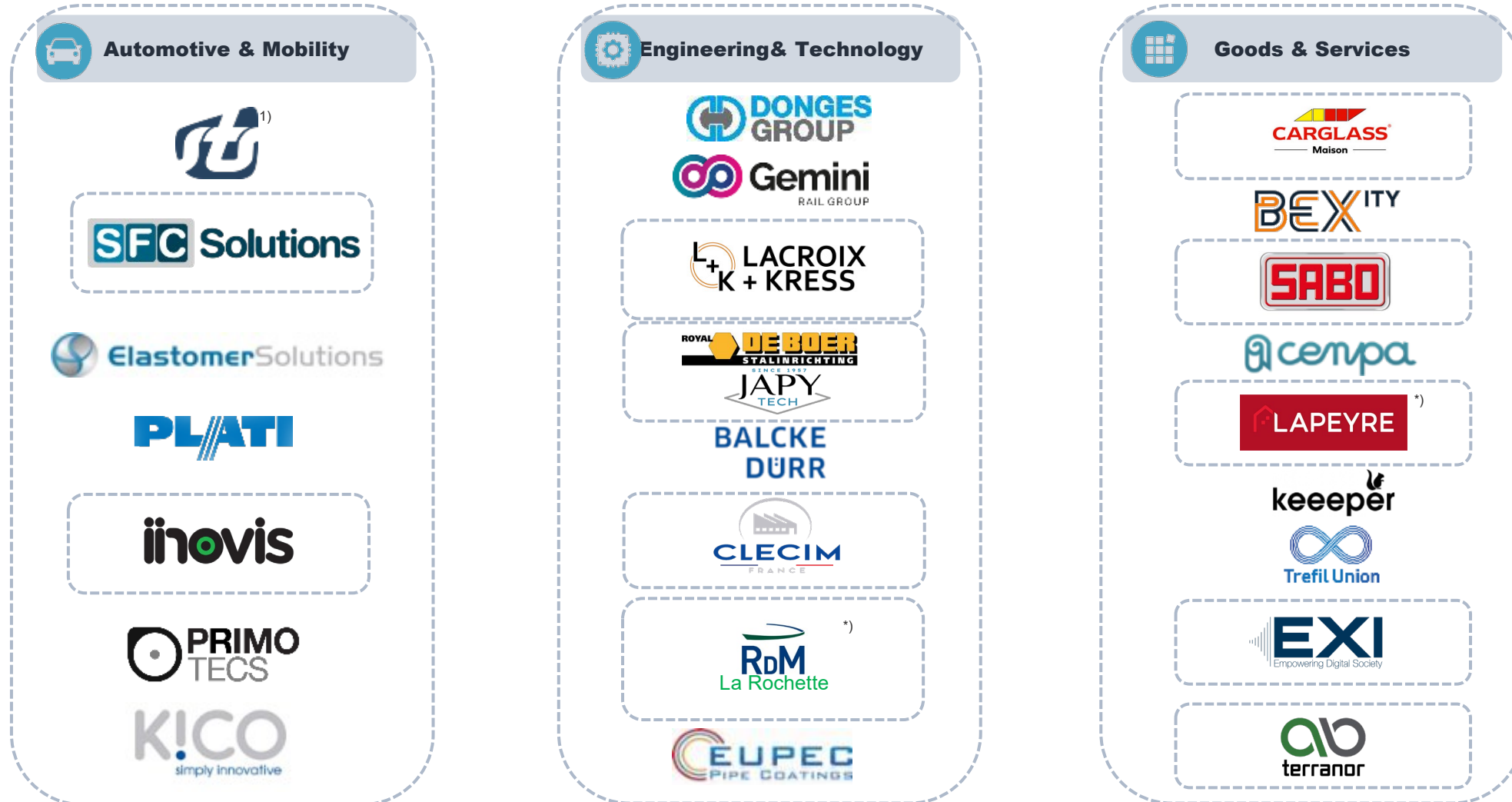
Aiming to be the leading European Turnaround Private Equity Investor



*) based on acquisitions

Portfolio – European transaction focus with global operational footprint

24 Companies – high transaction activity lead to portfolio growth



1) Majority shareholder with > 70%; SPA for Exit signed in March '21

*) Not yet closed

Highlights of FY 2020

- ▮ **High transaction activity:**
Acquisitions: eleven closed acquisitions and three buy-side signings in 2020, already two further acquisitions in 2021 increase diversification substantially
Exits: four closed exits and two signed exits in 2020 in and beyond target of 7 – 10x ROIC
- ▮ **Operational progress:** Strong recovery in H2 from negative impacts of COVID-19
- ▮ **Successful raise of bond issue of EUR 70.0 million:** capital raised to invest in add-ons and portfolio development, further 10.0 million have been raised in Q1 2021
- ▮ **Net Income** at Holding level increases by 48% to EUR 33.4 million and already exceeds target of 2% of Group revenues
- ▮ **Attractive and sustainable dividend policy:** EUR 1.00 base dividend and EUR 0.50 performance dividend per share proposed to the Annual General Meeting 2021 to let shareholders participate in success

Key financial data of FY2020

Brisk M&A activity and negative effects from COVID-19 reflected in key financials

Mutares Group

	Revenues EUR	EBITDA EUR	Adj. EBITDA EUR	Cash & equivalents EUR	Equity ratio %
FY 2020	1,583.9m	142.7m	-28.8m	145.3m	16%
FY 2019	1,015.9m	79.2m	7.5m	79.7m	24%

Mutares Holding

	Consulting Revenues EUR	Management Fees EUR	Net Income EUR	Dividend/# proposed to AGM EUR	Consultants #
FY 2020	31.9m	66.5m	33.4m	1.50	70
FY 2019	19.3m	41.3m	22.5m	1.00	35

Segment Financials (1/3)

Automotive & Mobility



mEUR	2020	2019
Revenues	602.4	450.4
Cost of material	-349.7	-262.0
Personnel expenses	-173.1	-130.6
Other expenses	-101.5	-62.2
EBITDA	65.7	13.6
Adjusted EBITDA	-13.3	15.6
in % of Revenues	-2.2%	3.5%

Revenue Bridge



Comments

- **Revenues** hugely impacted by COVID-19 especially in Q2 2020; since Q3 2020 strong recovery
- **EBITDA** benefits from bargain purchase of SFC Solutions, PrimoTECS and iinovis
- Decline in **Adjusted EBITDA** as a result of decreased revenues in the context of COVID-19; new acquisitions with still negative contributions
- Measures successfully implemented to secure liquidity during lockdown period and to address negative effects on profitability
- Sale of STS' Acoustics division successfully completed in Q4 2020

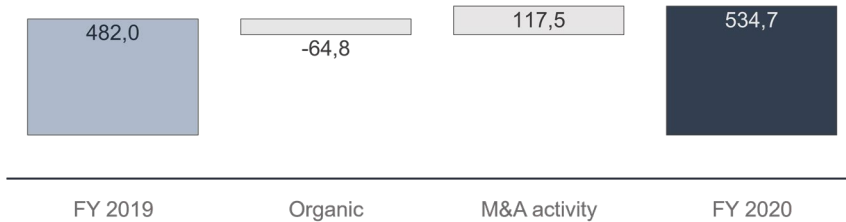
Segment Financials (2/3)

Engineering & Technology



mEUR	2020	2019
Revenues	534.7	482.0
Cost of material	-344.1	-311.0
Personnel expenses	-134.7	-125.9
Other expenses	-68.0	-53.4
EBITDA	59.7	-3.8
Adjusted EBITDA	7.6	4.7
in % of Revenues	1.4%	1.0%

Revenue Bridge

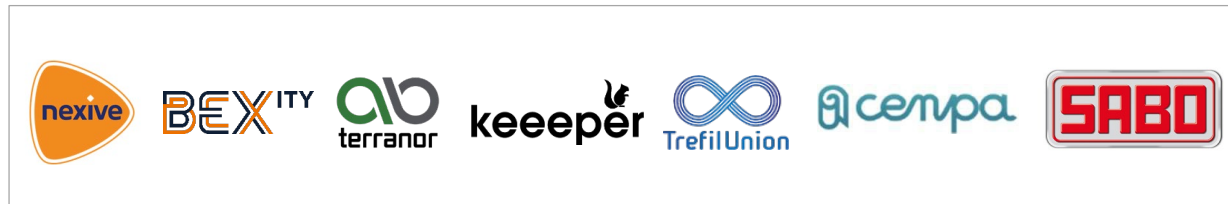


Comments

- Increase in **revenues** mainly driven by the add-on acquisition for Donges Group in FY 2019 (full-year effect in FY 2020) and FY 2020 as well as the new platform Lacroix + Kress
- **EBITDA** benefits from the gains from bargain purchase from these acquisitions and the gain from the Balcke-Dürr Poland exit
- Improved **Adjusted EBITDA** mainly reflects the successfully completed restructuring at Donges Group; Balcke-Dürr and EUPEC contribute negatively due to less activity, essentially due to COVID-19

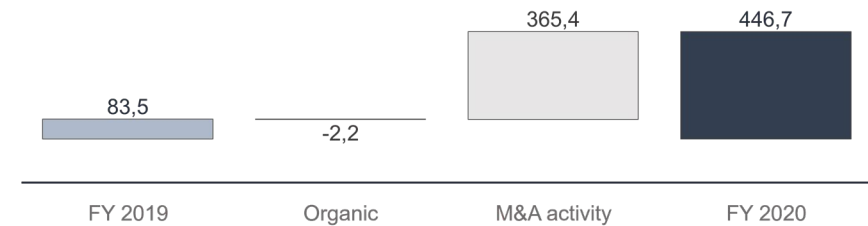
Segment Financials (3/3)

Goods & Services



mEUR	2020	2019
Revenues	446.7	83.5
Cost of material	-280.8	-49.7
Personnel expenses	-97.0	-22.2
Other expenses	-98.7	-23.2
EBITDA	29.0	79.5
Adjusted EBITDA	-17.0	-7.3
in % of Revenues	-3.8%	-8.8%

Revenue Bridge

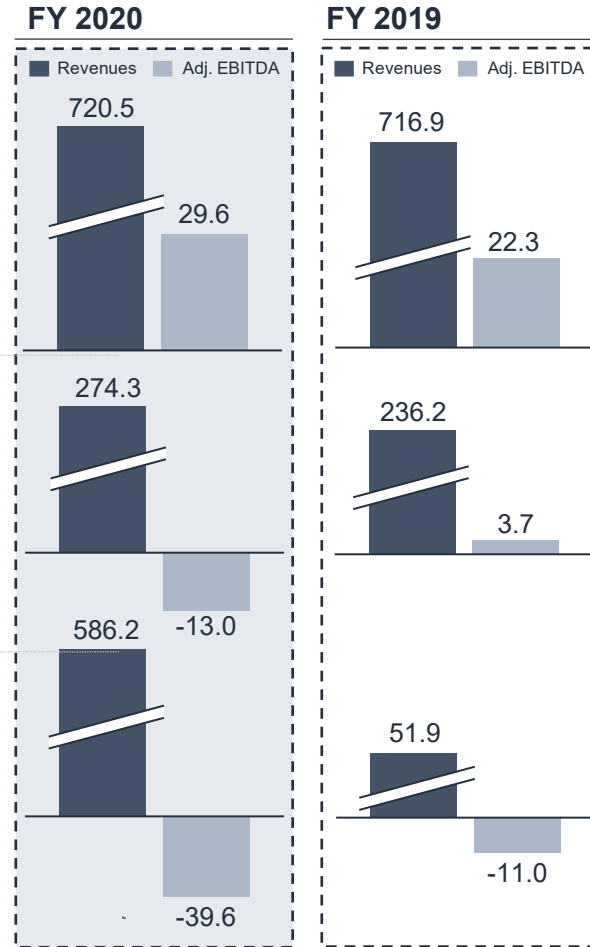
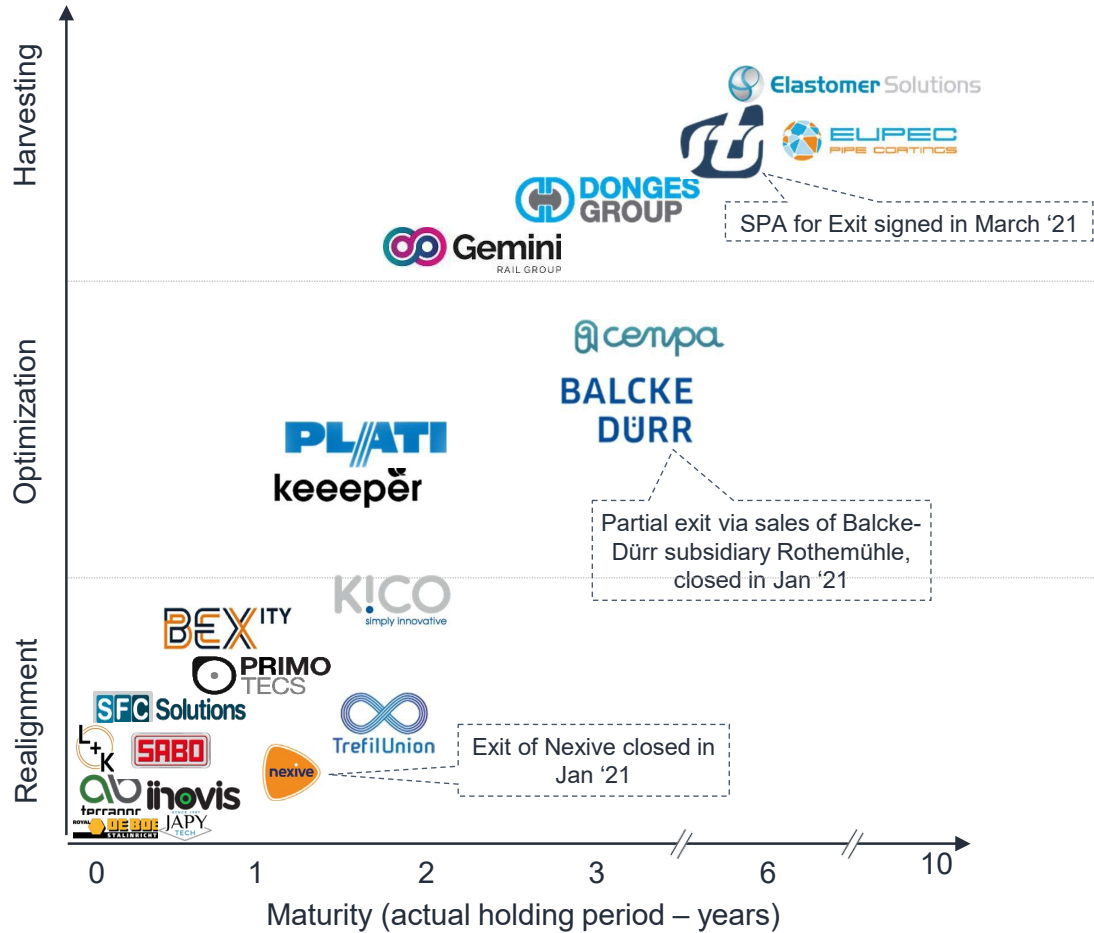


Comments

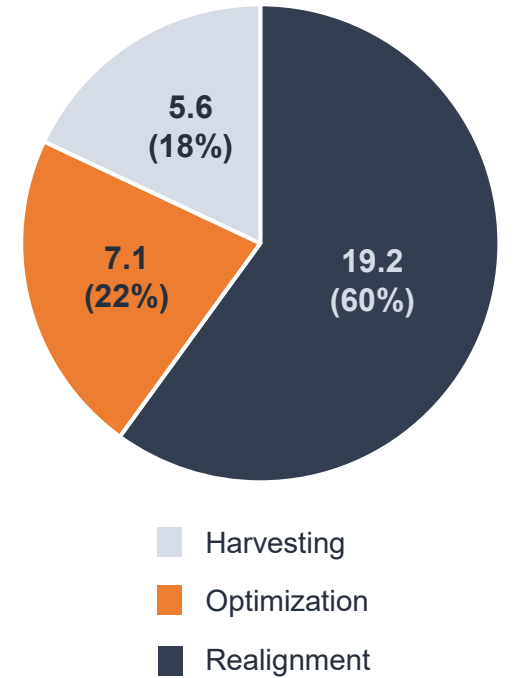
- High acquisition activity jeopardizes comparability of FY 2020 to FY 2019
- Substantial increase in **revenues** due to the new acquisition in FY 2019 (TréfilUnion, keeper Group and BEXity) and in FY 2020 (keeper Tableware, Nexive, SABO and Terranor)
- **EBITDA** benefits also from bargain purchases resulting from these acquisitions
- All entities besides TréfilUnion and newly acquired companies with positive **Adjusted EBITDA** contribution
- Further development of keeper Group & restructuring program of BEXity on track; restructuring measures quickly implemented at SABO and Nexive (materialized by attractive exit that has been completed in Q1 2021)

Lifecycle Status FY2020

Increased Diversification in the Portfolio



Consulting Revenues FY 2020: EUR 31.9m



We will continue our path for sustainable growth...

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

Recovery from COVID-19 effects, further **increase in M&A activity** to be expected in 2021

Already two closings (Clecim and EXI) on **buyside** and **two closings** (Nexive and Rothemühle) on **sellside** – and **two signings** (La Rochette and Carglass Maison) on **buyside** and **one signing** (STS Group) on **sellside** in 2021

Targeted annualized revenue (incl. signed acquisitions) of **>EUR 2.2bn in FY 2021**

Investment guidance to grow in:

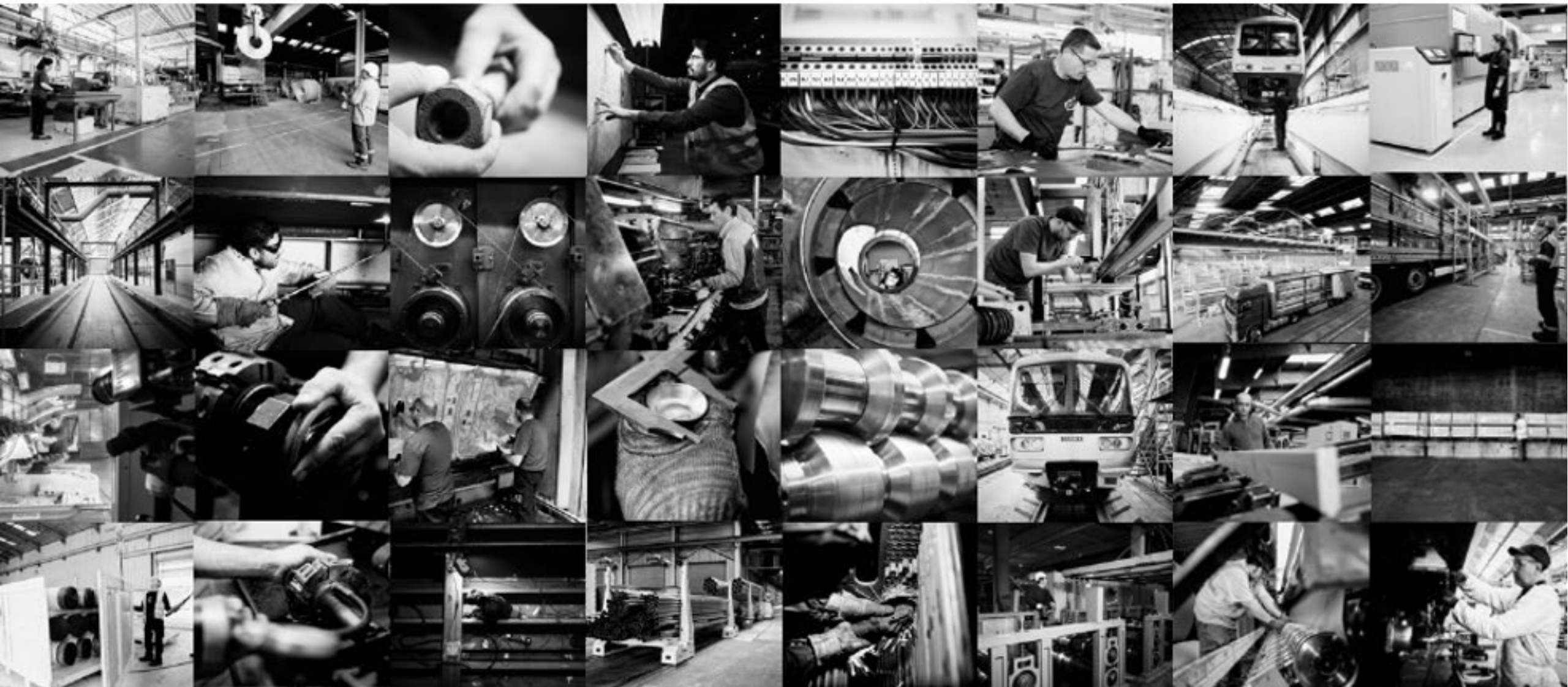
- **Group revenues to EUR 3bn by 2023**
- **Holding revenues to EUR 100m by 2023**
- **Holding net income to keep outperforming the target of 2% of Group revenues**

Sustain dividend capacity having EUR 1,00 base dividend and increase through performance dividend



Q&A

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Thank you for your attention!

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WE ARE THE TURNAROUND ENTREPRENEURS



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Consolidated P&L

M&A activity and COVID-19 impacting P&L

mEUR	2020	2019
Revenues	1,583.9	1,015.9
+/- Change in inventories	-23.1	-3.9
Other income	241.3	119.1
Cost of material	-974.6	-622.6
Personnel expenses	-423.9	-291.8
Other expenses	-260.8	-137.5
EBITDA	142.7	79.2
Adjusted EBITDA	-28.8	7.5
Depreciation & Amortisation	-101.5	-53.0
EBIT	41.2	26.2
Financial result	-24.3	-9.5
Income taxes	2.8	0.0
Net income	19.7	16.7

- Increase in **Revenues** hugely impacted by M&A activity
- Gains from bargain purchases are recorded within **other income**
- Increase of **cost of material, personnel expenses** and **other expenses** in line with higher revenues
- Decline in **Adjusted EBITDA** mainly explained by still negative contributions from new acquisitions and COVID-19
- **Depreciation & amortisation** includes those for leases according to IFRS 16 as well as impairment losses recorded in connection with COVID-19
- Increased financial expenses within the **financial result** in connection with additional financing to secure liquidity of portfolio companies, as well as costs linked to the bond

Consolidated Adjusted EBITDA

Newly acquired entities and COVID-19 with negative impact on profitability

mEUR	2020	2019
EBITDA	142.7	79.2
Income from bargain purchases	-207.8	-102.6
Restructuring and other non-recurring expenses	41.1	31.0
Deconsolidation effects	-4.9	0.0
Adjusted EBITDA	-28.8	7.5

- 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 platform and add-on acquisitions
 - ✓ Restructuring expenses mainly for severance payments, other non-recurring expenses mainly in relation to the acquisition of the newly acquired entities
 - ✓ Four exits in FY 2020 led to an overall gain

Consolidated Balance Sheet

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

mEUR	31/12/2020	31/12/2019
Intangible assets	76.0	58.7
PP&E	242.6	176.4
Right of use assets	147.4	119.8
Other	32.3	44.3
Non-current assets	498.3	399.2
Inventories	203.5	134.0
Trade & other rec.	256.6	142.6
Cash & equivalents	145.3	79.7
Other	223.5	93.0
Current assets	828.9	449.3
Total assets	1,327.2	848.5

mEUR	31/12/2020	31/12/2019
Total equity	207.2	208.2
Financial liabilities	231.3	117.7
Provisions	156.5	99.5
Other	17.5	18.2
Non-current liab.	405.4	235.4
Trade payables	250.0	157.7
Other financial liab.	143.1	118.5
Provisions	50.2	35.7
Other	271.3	93.0
Current liabilities	714.6	404.9
Total equity & liab.	1,327.2	848.5