

# Entrepreneurial Value Creation



# MUTARES IN ZAHLEN

		2019	2018
Dividende je Aktie	in EUR	1,00	1,00
Umsatzerlöse	in Mio. EUR	1.015,9	865,1
EBITDA	in Mio. EUR	79,2	49,1
Adjusted EBITDA	in Mio. EUR	7,5	4,5
Konzernjahresergebnis	in Mio. EUR	16,7	12,0
Eigenkapitalrendite	in %	7%	6%
Bilanzsumme	in Mio. EUR	848,5	630,8
davon Zahlungsmittel	in Mio. EUR	79,7	108,1
davon Eigenkapital	in Mio. EUR	208,2	208,1
davon langfristige Finanzverbindlichkeiten <sup>1</sup>	in Mio. EUR	115,5	23,8
Ergebnis je Aktie <sup>2</sup>	in EUR	1,37	0,96
Anzahl Aktien <sup>3</sup>	in Stück	15.234.417	15.234.417
Länder	Anzahl	22	16
Beteiligungen	Anzahl	13	10
Mitarbeiter weltweit <sup>4</sup>	Anzahl	6.505	4.782
Transaktionen <sup>5</sup>	Anzahl	10	6

<sup>1</sup> Beinhalten Leasingverbindlichkeiten von EUR 118,9 Mio. aufgrund der erstmalig verpflichtenden Anwendung von IFRS 16

<sup>2</sup> Verwässert wie unverwässert

<sup>3</sup> Im Umlauf befindlich; Gesamtzahl Aktien: 15.496.292, davon eigene Aktien 261.875 (2018: 261.875)

<sup>4</sup> Durchschnittlich

<sup>5</sup> Closed 7; Signed 3

# IMPRESSUM & KONTAKT

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Vorstand: Robin Laik (Vorsitzender), Mark Friedrich, Dr. Kristian Schleede, Johannes Laumann  
Vorsitzender des Aufsichtsrats: Prof. Dr. Micha Bloching

## Konzeption, Umsetzung

Kirchhoff Consult AG, Hamburg

# MISSION STATEMENT

Wir sind dort, wo es Umbrüche, Veränderungen und Neuanfänge in Unternehmen gibt. Diese Veränderungen sind nicht bequem, sondern erfordern Handlung und Mut. Mit dem Wissen um die technischen und wirtschaftlichen Herausforderungen vor Ort wollen wir einen stabilen Wachstumskurs und damit den nachhaltigen Erfolg unserer akquirierten Unternehmen erreichen. Dies schaffen wir gemeinsam mit unseren Mitarbeitern, die auf ihrem Gebiet über langjährige Erfahrung verfügen und intensiv vor Ort unterstützen, Schwachstellen finden und die Prozesse optimieren. Seit über 10 Jahren verstehen wir uns dabei als Partner, der analysiert, herausfordert, aber gleichzeitig auch anpackt und umsetzt. Wir erwarten von unseren Beteiligungen vollen Einsatz – so wie wir uns auch voll für unsere Beteiligungen einsetzen. Denn nur gemeinsam können wir das volle Potenzial entfalten.




# UNTERNEHMENSPROFIL

Mutares konzentriert sich auf die Übernahme von mittelständischen Unternehmen und Konzernteilen in herausfordernden Situationen mit dem Ziel diese Firmen durch eine intensive operative Zusammenarbeit auf einen stabilen Pfad profitablen Wachstums zu führen. Unsere Transaktionsteams an sechs europäischen Standorten identifizieren zu uns passende Unternehmen. Nach der Akquisition entwickelt unser eigenes operatives Team gemeinsam mit dem Management der Beteiligung ein umfangreiches Verbesserungsprogramm entlang der gesamten Wertschöpfungskette und begleitet dessen Umsetzung. Unser Ziel ist es, nachhaltig und langfristig den Erfolg des Unternehmens wiederherzustellen und anschließend den Unternehmenswert, auch über strategische Zukäufe, zu steigern.

Umfangreiche operative Industrie- und Sanierungserfahrung, gepaart mit transaktionsseitiger und operativer Unterstützung bildet das Fundament um die Herausforderungen bei der Weiterentwicklung unserer Beteiligungen zu meistern.

# UMSATZ NACH SEGMENTEN

## Segmentstruktur

in Mio. EUR	2019	2018
 Automotive & Mobility	450,4	437,0
 Engineering & Technology	482,0	298,6
 Goods & Services	83,5	48,7
Sonstige (entkonsolidierte Beteiligungen)	0,0	80,9
<b>Summe</b>	<b>1.015,9</b>	<b>865,1</b>

# INHALT

Mutares in Zahlen		Konzernlagebericht	66
Mission Statement	01	Konzernabschluss	96
Unternehmensprofil	02	<b>SONSTIGE ANGABEN</b>	
Umsatz nach Segmenten	02	Bestätigungsvermerk	185
Geschäftsjahr 2019 im Überblick	04	Finanzkalender	188
Grußwort des Vorstands	08	Impressum & Kontakt	
			
Das Geschäftsmodell	12	<b>DIE MUTARES SE &amp; CO. KGaA</b>	
Unsere Strategie	14	Die 2008 gegründete Mutares erwirbt mittelständische Industrieunternehmen mit Hauptsitz in Europa, um sie langfristig weiterzuentwickeln.	
Aktive Weiterentwicklung unseres Portfolios	16	<b>DER MUTARES-KONZERN</b>	
Mutares' Fußabdruck	18	Der Mutares Konzern umfasst zum Stichtag 31.12.2019 13 operative Beteiligungen.	
Die Phasen unseres Geschäftsmodells	20	<b>DIE BETEILIGUNGEN</b>	
		Die Tochtergesellschaften agieren operativ unabhängig und werden eigenverantwortlich geleitet. Sie sind eingebunden in das Reporting des Konzerns.	
Unsere Beteiligungen	28	→ <a href="http://www.mutares.de">www.mutares.de</a>	
Mutares am Kapitalmarkt	48		
Vier Gründe um in die Mutares Aktie zu investieren	52		
ESG/Nachhaltigkeit	54		
Bericht des Aufsichtsrats	56		
Unser Aufsichtsrat	62		
Unser Management	64		



# GESCHÄFTSJAHR 2019

IM ÜBERBLICK

## FEBRUAR

Mutares **expandiert nach Nordeuropa** mit der ersten Akquisition im Jahr: Die Plattforminvestition Donges Group erwirbt die finnische Normek Oy als strategische Ergänzung zu ihrem Geschäft mit Stahlbau und Fassadenlösungen, mit einem Umsatz von EUR 45,8 Mio.



**EUR 45,8 Mio.**  
Umsatz

## MÄRZ

Die Plattforminvestition Donges Group unterzeichnet einen Kaufvertrag über den **Erwerb der europaweit tätigen FDT Flachdach Technologie GmbH & Co. KG**, mit Sitz in Mannheim und übernimmt diese im gleichen Monat. Die FDT ist ein etablierter Anbieter für Flachdach-Dachsysteme und ergänzt hervorragend das Produktportfolio der Donges mit einem Umsatz von EUR 50,3 Mio.



**EUR 50,3 Mio.**  
Umsatz

Geschäftsjahr 2019 im Überblick

## MAI

Die ordentliche Hauptversammlung entlastet Vorstand und Aufsichtsrat und beschließt erneut eine **Dividende von EUR 1,00 je Aktie** sowie den Vorschlag, die Mutares AG in eine SE & Co. KGaA umzuwandeln. Darüber hinaus wurde **Johannes Laumann**, als **Chief Investment Officer**, zum Vorstand der Management SE ernannt.



**EUR 1,00**  
Dividende



Transaktions-  
stärkster Monat

## JUNI

Der Monat Juni verzeichnet den **transaktionsstärksten** des Jahres: Mutares schließt in Frankreich die **Übernahme der TréfilUnion SAS** (Umsatz von EUR 29,3 Mio.) von ArcelorMittal ab. Das Produktportfolio des Unternehmens für das Segment Goods & Services umfasst Stahldrähte und -seile für Bau- und Automobilindustrie.

Mutares schließt in Italien die im Mai 2019 angekündigte **Übernahme von Plati Elettroforniture S.p.A.**, mit einem Jahresumsatz von EUR 28,6 Mio., von der chinesischen Deren Group ab. Die Gesellschaft ergänzt das Segment Automotive & Mobility.

Mutares akquiriert die **keeper Group** von der Wrede Industrieholding. Die keeeper Group gehört zu den größten europäischen Anbietern von innovativen und hochwertigen Haushaltsprodukten aus Kunststoff und verstärkt das Segment Goods & Services mit einem Umsatz von EUR 58,6 Mio.

Das bisherige Plattformunternehmen Norsilk wird zur weiteren Verbesserung des Produktangebots und des Vertriebsnetzes in die Donges Group integriert.





## JULI

Erfolgreicher Abschluss der sechsten Transaktion im laufenden Jahr: **Mutares erwirbt die Kirchoff GmbH & Co. KG**, ein traditionsreiches Familienunternehmen für hochwertige Automobiltechnik mit einem Gesamtjahresumsatz von EUR 89,8 Mio., das sich in Europa erfolgreich als Automobilzulieferer etabliert hat.

Die Donges Group setzt ihren Erfolgs- und Wachstumskurs fort und unterzeichnet einen Vertrag über den **Erwerb der Ruukki Building Systems Oy**, einer Tochtergesellschaft der SSAB Group. Die Add-on-Akquisition stärkt die Marktposition der Donges Group in Nord-europa, mit einem Jahresumsatz von ca. EUR 130 Mio. und erschließt Kapazitäten in Ost-europa.

**Mutares schließt die formwechselnde Umwandlung in eine SE & Co. KGaA ab.** Die geschäftsführende Mutares Management SE wird vertreten durch die Vorstandsmitglieder Robin Laik, Mark Friedrich, Dr. Kristian Schlee-de und Johannes Laumann. Nach erfolgreichem Aufbau der Donges Group verstärkt Johannes Laumann als Chief Investment Officer (CIO) die M&A Aktivitäten im Vorstand.

Formwechsel erfolgreich abgeschlossen

## Office Helsinki

## AUGUST

Mutares expandiert nach Finnland und gründet **Mutares Nordics** mit einem Büro in Helsinki. Mit einem eigenen, lokalen M&A-Team will Mutares die Investitionstätigkeiten in den nordischen Ländern stärken.



## Erster Kapitalmarkttag

## OKTOBER

Mutares veranstaltet den **ersten Kapitalmarkttag** in Frankfurt am Main mit über 80 Investoren, Analysten und Medienvertretern.

## DEZEMBER

**Mutares erwirbt Q Logistics** (mittlerweile umbenannt in BEXity), das führende Logistikunternehmen Österreichs mit einem Umsatz von EUR 212,8 Mio. von der ÖBB. Diese Transaktion verzeichnet die erste mit einer in Staats-hand befindlichen Verkäufergesellschaft.

Mutares unterzeichnet einen Vertrag zur **Übernahme des Italiengeschäfts der Tekfor Gruppe** (mittlerweile umbenannt in PrimoTECS), einem namhaften Hersteller für Automobilkomponenten mit einem Umsatz von ca. EUR 120 Mio.



## Spende an Kinderhospiz

Die zehnte Transaktion im Jahr stellt die Vereinbarung zur **Übernahme des deutschen Papierservietten-geschäfts der finnischen Metsä Tissue Corporation** mit einem Umsatz von rund EUR 45 Mio., einem der weltweit führenden Papierservietten-Hersteller, als strategischer Zukauf für die keeper Group dar.

Zu Weihnachten **spendet Mutares an das Ambulante Kinderhospiz München** und übernimmt damit eine Familienpatenschaft.

# GRUSSWORT DES VORSTANDS

## Sehr geehrte Aktionärinnen und Aktionäre,

dieser Geschäftsbericht für das Geschäftsjahr 2019 ist ein besonderer, wurde er doch in weiten Teilen während der aktuellen Corona-Pandemie erstellt.

Deswegen erlauben Sie uns bitte, dass wir an den Beginn unseres Vorworts zunächst einen herzlichen Dank an alle Mitarbeiterinnen und Mitarbeiter der Mutares SE & Co. KGaA, der Portfoliounternehmen sowie des Wirtschaftsprüfers richten, die trotz der einschränkenden Arbeitsbedingungen den Jahresabschluss sowie den Konzernabschluss und damit letztlich diesen Geschäftsbericht termingerecht und in der üblichen hohen Qualität ermöglicht haben.

Lassen Sie uns zunächst auf das erfreuliche Geschäftsjahr 2019 eingehen, bevor wir dann auf die Auswirkungen der aktuellen Corona-Pandemie auf unser Geschäft zu sprechen kommen.

Das Geschäftsjahr 2019 der Mutares SE & Co. KGaA stand für uns im Zeichen des Wachstums und der Weiterentwicklung der Gruppe: Zum einen haben wir strukturell und personell die Rahmenbedingungen für weiteres Wachstum geschaffen, zum anderen haben unsere Investment-Teams in München, Paris, Mailand, London und Helsinki mit zehn Transaktionen, von denen sieben im Geschäftsjahr 2019 abgeschlossen wurden, dafür gesorgt, dass wir auf annualisierter Basis die Schwelle von EUR 1,5 Mrd. Konzernumsatz überschritten haben und in Richtung EUR 2,0 Mrd. streben.

Zusätzlich haben wir unseren Kapitalmarktauftritt weiter professionalisiert und den ersten Kapitalmarkttag von Mutares veranstaltet, der auf großen Anklang bei Investoren, Analysten und Pressevertretern stieß.

Zu Jahresbeginn 2020 hat dann die erste, voll-platzierte Anleiheemission von Mutares bewiesen, dass die Emittentin Mutares und ihr Geschäftsmodell am Kapitalmarkt anerkannt und fest etabliert sind.

Wir sind davon überzeugt, dass unser Geschäftsansatz mit der Kombination aus strategischem Management der Holding, regionalen Investment-Teams mit Zugang zu attraktiven Investmentmöglichkeiten und lokal eingesetzten, eigenen Experten-Teams im Rahmen eines aktiven Beteiligungsmanagement maßgeblich die Wertsteigerung im Konzern vorantreibt und uns auch unter gegebenenfalls widrigen wirtschaftlichen Rahmenbedingungen signifikante Chancen bietet.

### Rekordjahr für Akquisitionen

Auch in 2019 konzentrierten wir uns auf Firmen und Konzernteile mit signifikantem operativem Verbesserungspotential. Mutares zeichnet sich durch einen tiefgreifenden, operativen Ansatz mit eigenen Expertenteams aus, die lokal in den Portfoliogesellschaften eingesetzt, gemeinsam mit den dortigen Mitarbeitern Carve-Out-Maßnahmen, Turnaround- und Verbesserungsprogramme sowie Wachstumsstrategien umsetzen.

Mit diesem Ansatz konnten wir in 2019 bei zehn Transaktionen überzeugen und haben mit TréfilUnion, Plati, keeeper, KICO, BEXity und PrimoTECS sechs neue Plattformen sowie insgesamt vier strategische Zukäufe für die Donges Group und die keeeper Group gewinnen können. Auf annualisierter Basis führten die Akquisitionen zu einem anorganischen Wachstum im Konzernumsatz von rund EUR 800 Mio. Mit dem Ziel weiteren Wachstums und einem wertorientierten Portfoliomanagement werden auch im Geschäftsjahr 2020 attraktive Kaufkandidaten sowie Exit-Möglichkeiten von unseren Investment-Teams, unseren Beteiligungen und dem Vorstand identifiziert und evaluiert.

### Aufstellung für weiteres Wachstum

Wir haben auch in 2019 die Mutares-Gruppe für weiteres Wachstum aufgestellt.

Mit der im Juli erfolgten Eintragung des von der Hauptversammlung am 23. Mai 2019 beschlossenen Formwechsels in eine SE & Co. KGaA haben wir den rechtlichen Rahmen unserer Gruppe für weiteres Wachstum zukunftsgerichtet gestaltet. Gemeinsam mit den Mitgliedern des Aufsichtsrats halten wir mehr als 40 % der Anteile an der Mutares SE & Co. KGaA und gewährleisten auch damit die wünschenswerte strukturelle Stabilität für eine nachhaltige Entwicklung der Gesellschaft.

Zugleich schied im Zuge einer einvernehmlichen Verjüngung des Vorstands Dr. Wolf Cornelius aus dem Vorstand der Mutares AG aus und Johannes Laumann wurde als CIO (Chief Investment Officer) in den Vorstand der Mutares Management SE berufen. Wir danken Dr. Wolf Cornelius herzlich für seine langjährigen herausragenden Leistungen und freuen uns, dass er der Gruppe seither als Senior Advisor mit seiner Erfahrung zur Seite steht.

In 2019 haben wir für ausgewählte Portfoliogesellschaften eine wertorientierte Buy-and-Build-Strategie verfolgt und konnten die Donges Group sowie keeeper Group mit gezielten Zukäufen ausbauen. Über solche Zukäufe, die wir Add-Ons nennen, konnten Portfoliounternehmen bereits erfolgreich neue Kundengruppen, neue Märkte und komplementäre Technologien hinzugewinnen und ihre Marktpositionen stärken. Durch unseren tiefgreifenden operativen Ansatz und vermehrt umgesetzte Buy-and-Build-Strategien zielen wir auf einen beständigen, deutlichen Wertzuwachs für Mutares und unsere Aktionäre.

### Finanzergebnisse 2019 mit Rekordumsatz geprägt vom Wachstum durch Zukäufe

Die in unserer Firmengeschichte bisher einmalig hohe Akquisitionstätigkeit im Geschäftsjahr 2019 resultierte im erstmaligen Überschreiten der Milliardenschwelle im Konzernumsatz: So erzielte die Mutares-Gruppe 2019 konsolidierte Umsatzerlöse von EUR 1.015,9 Mio., ein Plus von 17,4 % (Vorjahr: EUR 865,1 Mio.) sowie ein EBITDA von EUR 79,2 Mio. (Vorjahr: EUR 49,1 Mio.).

Die Kennzahl Adjusted EBITDA, mit der die operativen Entwicklungen unserer Beteiligungen transparenter dargestellt und eine bessere Beurteilung der operativen Ertragskraft ermöglicht werden, differiert bekanntlich signifikant entlang der drei Phasen, die Beteiligungen üblicherweise während ihrer Zugehörigkeit zur Mutares-Gruppe durchlaufen (Realignment, Optimization und Harvesting). Ungeachtet der hohen Anzahl an Zukäufen in 2019, die sich in der Phase „Realignment“ mit meist noch negativer Profitabilität befinden, betrug das Adjusted EBITDA der Mutares-Gruppe in 2019 EUR 7,5 Mio., was einen Anstieg von rund 67 % darstellt (Vorjahr: EUR 4,5 Mio.).

Die positive operative Entwicklung sowie der Ausbau des Beratungsgeschäftes für das stark gewachsene Portfolio resultierten in einem Jahresüberschuss der Mutares SE & Co. KGaA für das Geschäftsjahr 2019 von EUR 22,5 Mio., der auch eine maßgebliche Kennzahl für die variable Vergütung aller Mitarbeiter von Mutares ist.

### Beteiligung der Aktionäre am Mutares-Erfolg

Auch in 2019 haben wir unsere Aktionärinnen und Aktionäre mit einer attraktiven Dividendenrendite von rund 11,1% (auf Basis des Jahresschlusskurses 2018) am Unternehmenserfolg beteiligt und im Rahmen unserer langfristigen nachhaltigen Dividendenpolitik das zweite Jahr in Folge EUR 1,00 pro Aktie ausgeschüttet. Diese von der Hauptversammlung auf gemeinsamen Vorschlag von Vorstand und Aufsichtsrat hin beschlossene Dividende für das Geschäftsjahr 2018 belief sich dabei auf eine Ausschüttungssumme von insgesamt EUR 15,2 Mio. und wurde Ende Mai 2019 ausgezahlt.



Zusätzlich konnte die Mutares-Aktie im Kalenderjahr ein Kursplus von 36 % im Jahresverlauf 2019 deutlich über dem Branchenschnitt verbuchen, unterstützt von weiterhin intensiver Kapitalmarktkommunikation und dem ersten Kapitalmarkttag von Mutares in Frankfurt im Oktober 2019, der auf äußerst positive Resonanz stieß.

#### Ausblick 2020

Für das Geschäftsjahr 2020 erwarteten wir ursprünglich einen Konzernumsatz von deutlich über EUR 1,5 Mrd. Mit bereits zwei weiteren Transaktionen, darunter dem Kauf des italienischen Nexive-Geschäfts von PostNL mit einem Umsatz von über EUR 200 Mio., deren Closing wir vor dem Hintergrund der Corona-Pandemie aber noch nicht absehen können, sowie einem Zukauf für die Balcke-Dürr Group und die erfolgreiche Platzierung einer Anleihe im Volumen von EUR 50,0 Mio. hatten wir einen guten Start in das Jahr 2020.

Die COVID-19-Pandemie führte dann jedoch gegen Ende des ersten Quartals 2020 zu einem sehr abrupten Einschnitt in das tägliche Leben und die Weltwirtschaft. Zur Eindämmung des Coronavirus wurde das öffentliche Leben zunächst in China, dann in Europa und zunehmend auch in weiten Teilen der restlichen Welt drastisch eingeschränkt. Die genannten Einschränkungen führen zu Produktionsstillständen, zur Störung der (internationalen) Lieferketten und zu einem Einbruch der Nachfrage. Noch können die Auswirkungen daraus auf die konjunkturelle Entwicklung in Europa und der Welt nicht seriös abgeschätzt werden. Das ifo-Institut schätzt in Abhängigkeit von der Länge der Schließungsmaßnahmen allein für die deutsche Wirtschaftsleistung eine Schrumpfung um bis zu 21 Prozentpunkte. Die Regierungen in Europa haben bereits weitreichende wirtschafts- und finanzpolitische Maßnahmen angekündigt bzw. umgesetzt, um die negativen Auswirkungen auf Unternehmen und Arbeitsplätze abzufedern.

Wir haben mit unserem gesamten Management-Team und den Belegschaften unserer Portfoliounternehmen umgehend umfangreiche Maßnahmen zum Schutz der Gesundheit unserer Mitarbeiter und zur Begrenzung der zu erwartenden negativen wirtschaftlichen Effekte ergriffen. Wir bedanken uns herzlich bei allen, die gegenwärtig, so weit wie unter den widrigen Pandemiebedingungen der jeweiligen Länder möglich, die operativen Aktivitäten der Mutares Gruppe fortzuführen versuchen.

Zum heutigen Zeitpunkt können wir noch keine verlässlichen Abschätzungen zu den Auswirkungen der COVID-19 Krise auf die Mutares-Gruppe treffen. Wir müssen davon ausgehen, dass wir einen deutlichen Einbruch der konsolidierten Ertragskraft bei den Bestandsunternehmen beobachten werden. Wir werden jedoch im Bereich M&A insbesondere auf der Kaufseite spätestens im zweiten Halbjahr zusätzliche Opportunitäten haben. Das Jahresergebnis von Mutares speist sich aus verschiedenen Quellen, nämlich einerseits aus Umsatzerlösen aus dem Beratungsgeschäft und andererseits aus Dividenden von Portfolio-Gesellschaften und Exit-Erlösen durch den Verkauf von Beteiligungen. Auch in einem für verschiedene Portfolio-Gesellschaften operativ schwierigen Jahr sehen wir uns grundsätzlich in der Lage, einen ausreichend hohen Jahresüberschuss zu erzielen, um die langfristige nachhaltige Dividendenpolitik fortsetzen zu können. Wir sehen vor diesem Hintergrund unverändert die Chance, auch im von der Corona-Pandemie geprägten laufenden Geschäftsjahr 2020 einen ausreichend hohen Jahresüberschuss zu erzielen, um diese, langfristige nachhaltige Dividendenpolitik der Mutares Gruppe mit einer Dividende von EUR 1,00 je Aktie ohne Abstriche fortzusetzen zu können, um so die Aktionäre am Geschäftserfolg partizipieren zu lassen.

Wir danken unseren Aktionärinnen und Aktionären für das uns entgegengebrachte Vertrauen sowie unseren Mitarbeitern für ihren außerordentlichen Einsatz, insbesondere in diesen schwierigen Zeiten.

Herzlichst

der Vorstand der Mutares Management SE,  
persönlich haftende Gesellschafterin der Mutares SE & Co. KGaA

München, den 8. April 2020



Robin Laik, CEO



Mark Friedrich, CFO



Dr. Kristian Schleede, CRO



Johannes Laumann, CIO



V.l.:  
Mark Friedrich  
Dr. Kristian Schleede  
Robin Laik  
Johannes Laumann



# DAS GESCHÄFTS- MODELL

## 01

### Acquisition

Nach der Übernahme initiiert Mutares stets ein umfangreiches operatives Verbesserungsprogramm in den Beteiligungen. Die Umsetzung der gemeinsam mit den Unternehmen definierten Projekte erfolgt in enger Zusammenarbeit von Mutares-Beratern mit den Mitarbeitern der Unternehmen vor Ort.

## 02

### Realignment

Mutares entwickelt ihre Beteiligungen strategisch und operativ erfolgreich bis zur langfristigen Neuausrichtung weiter: So unterstützen Spezialisten die Optimierungsprojekte vor Ort, werden Investitionen in die Entwicklung innovativer Produkte getätigt, der Vertrieb und die Produktion nachhaltig angepasst und umgestaltet.

Nach Abschluss des Verbesserungsprogramms hat sich das Unternehmen wieder als eigenständiges, profitabel wirtschaftendes Unternehmen etabliert. Von Mutares wird das Unternehmen kontinuierlich auf neue Geschäftschancen geprüft und bei deren Erschließung unterstützt. Maßnahmen für organisches Wachstum werden gemeinsam von der Beteiligung und Mutares umgesetzt.

## 03

### Optimization

Mutares verfolgt ein aktives Beteiligungsmanagement, das das Unternehmen auf weitere Geschäftschancen überprüft und in der Wachstumsphase durch fokussierte, strategische Zukäufe (Buy-and-Build-Ansatz), neue Märkte, Produkte oder aussichtsreiche Technologien in seiner Entwicklung stärkt. Für diese Add-on-Akquisitionen ist der strategische Fit ausschlaggebend, es gelten keine vordefinierten, festen Transaktionskriterien.

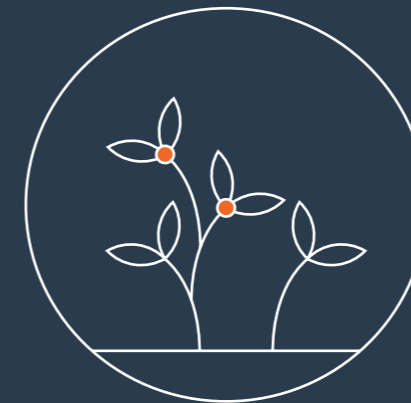
## 04

### Harvesting

Ziel von Mutares ist, die Realisierung des Wertpotenzials des Unternehmens aktiv zu treiben. Damit soll im Sinne einer nachhaltigen Entwicklung des Portfolios langfristig die Basis für eine gewinnbringende Veräußerung des Unternehmens geschaffen werden.

EXIT

WACHSTUM



## DAS GESCHÄFTSMODELL

Der Geschäftsansatz von Mutares umfasst den Erwerb, die Restrukturierung, die Neupositionierung und Entwicklung sowie den Verkauf von mittelständischen Unternehmen in Umbruchsituationen.

Mutares hat sich beim Erwerb ihrer Portfoliounternehmen darauf spezialisiert, am Markt vorhandene Opportunitäten zu identifizieren, zu analysieren und zu nutzen. Bei der Akquisition fokussiert sich die Gesellschaft auf das vorhandene Wertpotenzial und nicht auf eine bestimmte Branche. Entsprechend sind die operativen Konzerngesellschaften in den unterschiedlichsten

Industrien tätig und verfolgen verschiedene Geschäftsmodelle. Dabei ist charakteristisch für potenzielle Übernahmeziele, dass bereits in der Transaktionsphase Ergebnisverbesserungspotenziale im Unternehmen klar erkennbar sind, die sich durch geeignete strategische und operative Optimierungen innerhalb von ein bis zwei Jahren heben lassen.

Mutares engagiert sich langfristig für die Konzernunternehmen und ist auf die Übernahme von Unternehmen mit Entwicklungspotenzial spezialisiert. Mutares verfügt über

Transaktionserfahrung aus rund 55 Unternehmenskäufen und -verkäufen und ist dadurch in der Lage, Transaktionen professionell und schnell durchzuführen. Zudem verfügt Mutares über die notwendige langjährige Investitions- und Managementenerfahrung in verschiedenen Industrien, um die Potenziale seiner Portfoliogesellschaften realisieren zu können, indem sie die anstehenden Veränderungsphasen als zuverlässiger Wegbegleiter aktiv unterstützt. Das Ziel ist es, aus den bei Übernahme unprofitablen Unternehmen eigenständige und dynamisch agierende Mittelständler mit wettbewerbsfähigem, ertragsstark wachsendem Geschäftsmodell zu formen und über organisches wie anorganisches Wachstum weiterzuentwickeln.

### Wertschöpfungsansatz

Das Team von Mutares verfügt über umfangreiche eigene operative Industrie- und Sanierungserfahrung. Das Leistungsspektrum umfasst nach dem Erwerb eines Unternehmens die operative Unterstützung und die Begleitung bei strategischen Zukäufen bis hin zur Veräußerung des Unternehmens.

## UNSERE STRATEGIE

Mutares ist seit vielen Jahren international erfolgreich im Markt für Unternehmensübernahmen tätig.

Als aktiver Investor liegt der Fokus der Mutares auf der meist 100%igen Übernahme von mittelständischen Unternehmen in Umbruchsituationen mit dem Ziel, diese Unternehmen durch eine intensive operative Zusammenarbeit sowie eine Buy-and-Build-Strategie auf einen stabilen Pfad profitablen, nachhaltigen Wachstums zu führen. Dazu deckt die Mutares gemeinsam mit dem Management des jeweiligen Unternehmens Verbesserungspotenziale auf. Anschließend arbeiten die eigenen Berater der Mutares gemeinsam mit der jeweiligen Beteiligung an einer Stärkung der Profitabilität durch operative Unterstützung, organisches Wachstum und den weiteren Ausbau der Aktivitäten mithilfe von strategischen Add-on-Akquisitionen. Das Ziel ist, nachhaltig den wirtschaftlichen Erfolg des Unternehmens zu steigern. Akquisitionen von Beteiligungen für das Portfolio

werden unter dem Dach der Mutares strategisch langfristig ausgerichtet und weiterentwickelt. Mit Büros in München, Paris, Mailand, London, Helsinki und ab April in Frankfurt am Main sowie Beteiligungen mit Aktivitäten in Europa, Nordafrika, Nord- und Südamerika sowie Asien ist die Mutares-Gruppe weltweit tätig. Bei Zukäufen für das Portfolio beschränkt sich Mutares nicht auf eine bestimmte Branche, sondern hat ihren Fokus auf folgende Segmente gelegt:

- Automotive & Mobility
- Engineering & Technology
- Goods & Services

Das aktuelle Portfolio der Mutares SE & Co. KGaA umfasst mit der abgeschlossen Übernahme der PrimoTECS Ende Januar 2020 14 Unternehmensbeteiligungen.

## UNSER SELBST-VERSTÄNDNIS

Mutares schafft Werte durch die Transformation von Risiken und Chancen in nachhaltigen Unternehmenserfolg.

## UNSERE MISSION

ist es, europäischer Marktführer im Turnaround-Investment mit Fokus Mittelstand zu sein und Aktionären eine führende Dividendenrendite zu liefern.

## UNSERE VISION

ist es, „first in mind, first in choice“ für den europäischen Mittelstand in der Private-Equity-Welt zu sein.

## UNSER ZIEL

liegt in der Leidenschaft, nachhaltig erfolgreiche und zukunftssichere Unternehmen zu schaffen.

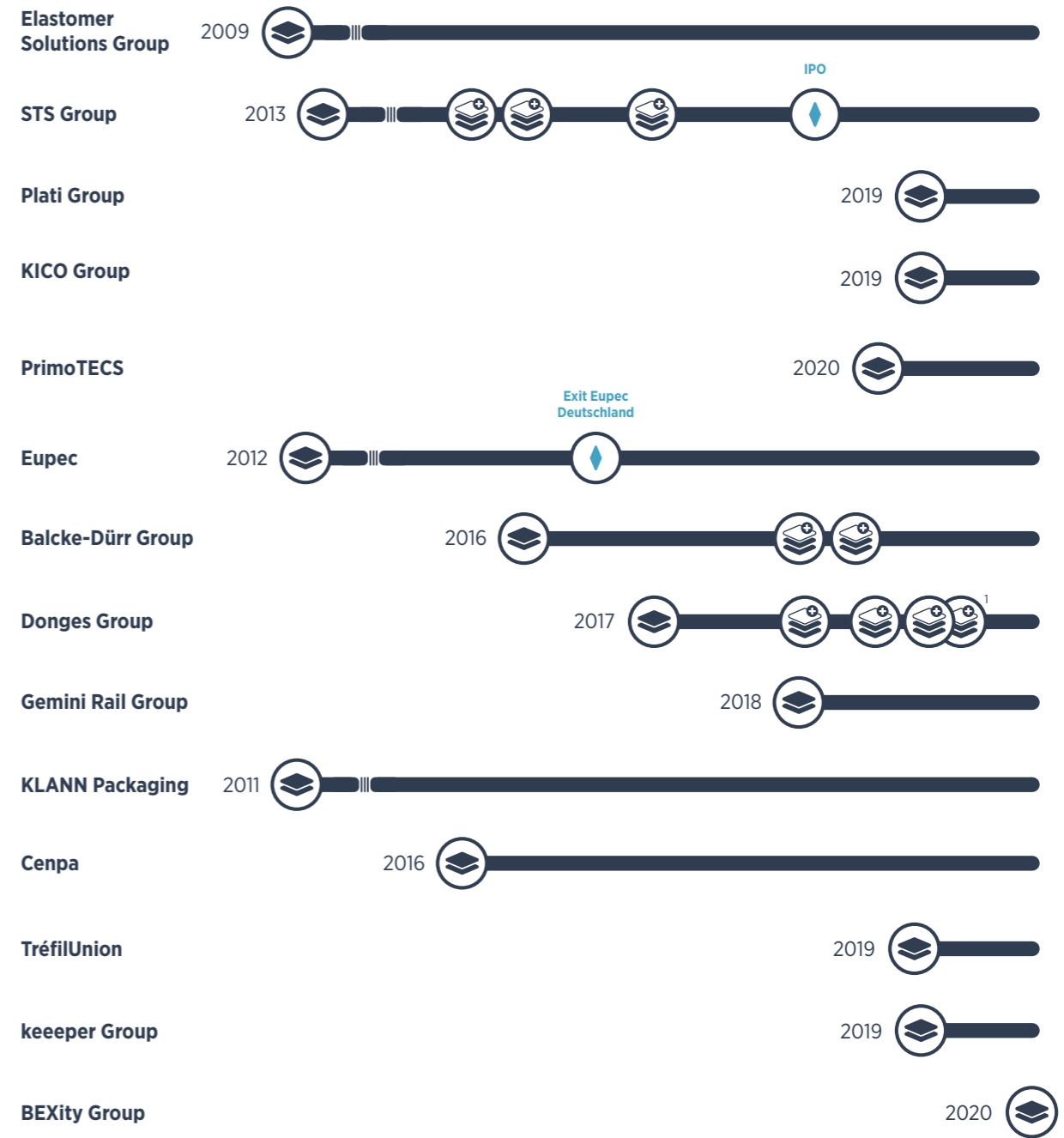
## UNSERE WERTE

Unternehmertum  
Integratives Management  
Nachhaltigkeit  
Persönliche Integrität

# AKTIVE WEITERENTWICKLUNG UNSERES PORTFOLIOS

Unternehmensgruppe	Branche	Akquisition	Hauptsitz	Phase
<b>AUTOMOTIVE &amp; MOBILITY</b>				
<b>Elastomer Solutions Group</b>	Automobilzulieferer von Gummiformteilen	2009		Harvesting
<b>STS Group</b>	Systemlieferant von Komponenten für die Nutzfahrzeug- und Automobilindustrie	2013		Harvesting
<b>Plati Group</b>	Hersteller von Kabelbäumen und Verkabelungen	2019		Realignment
<b>KICO Group</b>	Systemlieferant für hochwertige Automobiltechnik	2019		Realignment
<b>PrimoTECS</b>	Lieferant von Komponenten für verschiedene Produkte in den Bereichen Motor, Getriebe und Antriebsstrang, die die Mobilität unterstützen	2020		Realignment
<b>ENGINEERING &amp; TECHNOLOGY</b>				
<b>Eupec</b>	Anbieter für Beschichtungen von Öl- und Gaspipelines	2012		Harvesting
<b>Balcke-Dürr Group</b>	Einer der führenden Hersteller von Komponenten zur Steigerung der Energieeffizienz und zur Reduktion von Emissionen für die Industrie	2016		Harvesting
<b>Donges Group</b>	Komplettanbieter für Stahlkonstruktionen, Dach- und Fassadensysteme	2017		Optimization
<b>Gemini Rail Group</b>	Ingenieur-, Wartungs- und Modernisierungsdienstleistungen für Schienenfahrzeuge	2018		Optimization
<b>GOODS &amp; SERVICES</b>				
<b>KLANN Packaging</b>	Hersteller von hochwertigen Verpackungslösungen	2011		Harvesting
<b>Cenpa</b>	Hersteller von Hülsenkarton	2016		Optimization
<b>TréfilUnion</b>	Hersteller von Eisendraht und Spannstahl	2019		Realignment
<b>keeper Group</b>	Hersteller von hochwertigen Haushaltsprodukten aus Kunststoff und Papier	2019		Realignment
<b>BEXity Group</b>	Anbieter von Transport- und Logistikdienstleistungen	2019		Realignment

## Unsere Portfoliounternehmen wenden erfolgreich den Buy-and-Build-Ansatz an

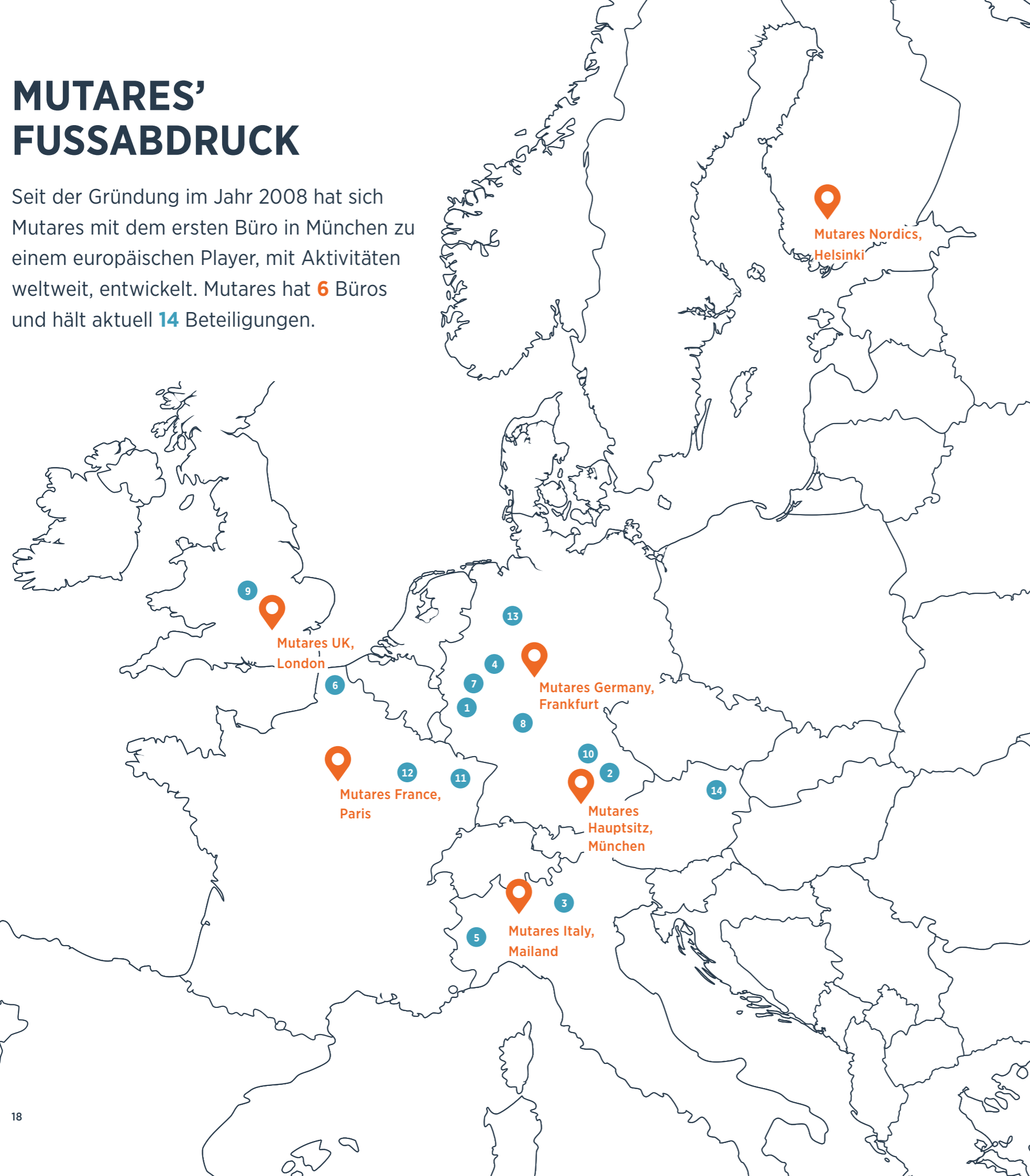


<sup>1</sup> Transaktion unterzeichnet im Juli 2019  
<sup>2</sup> Transaktion unterzeichnet im Februar 2020

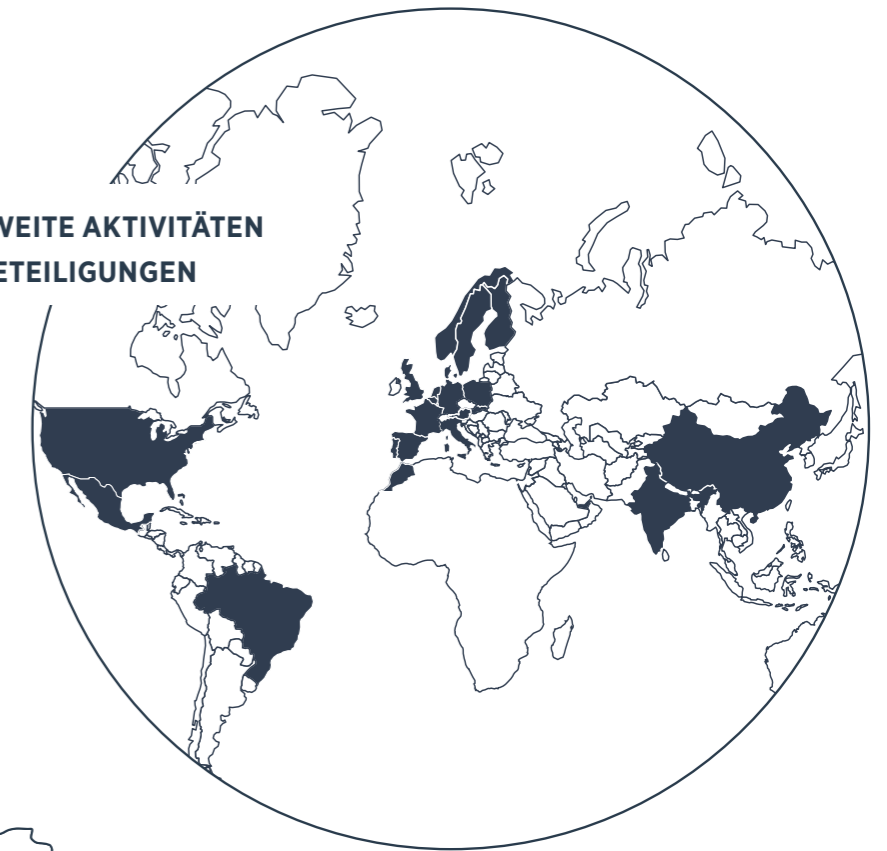
Plattform-Akquisition
 Add-on-Akquisition erworben durch Plattform
 Teil-Exit

# MUTARES' FUSSABDRUCK

Seit der Gründung im Jahr 2008 hat sich Mutares mit dem ersten Büro in München zu einem europäischen Player, mit Aktivitäten weltweit, entwickelt. Mutares hat **6** Büros und hält aktuell **14** Beteiligungen.



## WELTWEITE AKTIVITÄTEN DER BETEILIGUNGEN



## BETEILIGUNGEN

- 1 Elastomer Solutions Group (Wiesbaum, Deutschland)
- 2 STS Group (Hallbergmoos, Deutschland)
- 3 Plati Group (Madone, Italien)
- 4 KICO Group (Halver, Deutschland)
- 5 PrimoTECS (Villar Parosa, Italien)
- 6 EUPEC (Gravelines, Frankreich)
- 7 Balcke-Dürr Group (Düsseldorf, Deutschland)
- 8 Donges Group (Frankfurt am Main, Deutschland)
- 9 Gemini Rail Group (Wolverton, UK)
- 10 KLANN Packaging (Landshut, Deutschland)
- 11 Cenpa (Schweighouse-sur-Moder, Frankreich)
- 12 TréfilUnion (Commercy, Frankreich)
- 13 keeper Group (Stemwede, Deutschland)
- 14 BEXity Group (Wien, Österreich)



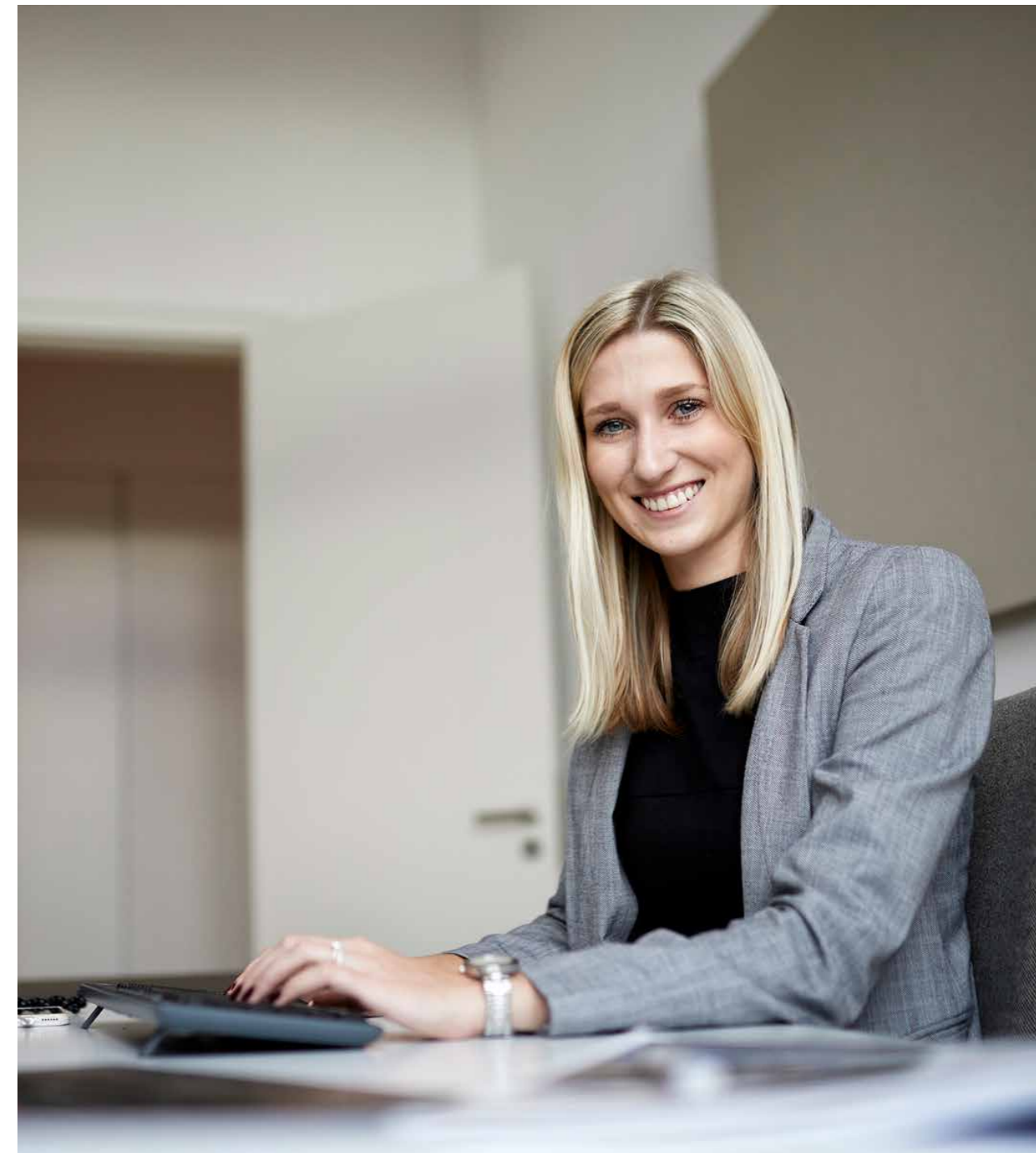
# 01

## Acquisition

Nach der Übernahme initiiert Mutares stets ein umfangreiches operatives Verbesserungsprogramm in den Beteiligungen. Die Umsetzung der gemeinsam mit den Unternehmen definierten Projekte erfolgt in enger Zusammenarbeit von Mutares-Beratern mit den Mitarbeitern der Unternehmen vor Ort.



**Christoph Grobökämper**  
Head of M&A DACH



„Unsere Kompetenz ist bei der Akquisition unsere Stärke – das Management des anvisierten Unternehmens erkennt das Potenzial und den Mehrwert den wir mitbringen. Daher ist es auch so wichtig, schon früh selbst vor Ort zu sein und sich persönlich auszutauschen.“

**Katerina Zenz**  
M&A Associate

Mutares akquiriert Unternehmen, die sich in Umbruchsituationen befinden, und nutzt diese Plattforminvestitionen für eine Buy-and-Build-Strategie. Der Schwerpunkt der Aktivitäten liegt in Europa und die Umsätze zwischen EUR 50 und 500 Mio. dienen als Richtwert für die Unternehmensgröße.

In überwiegender Mehrheit decken wir proaktiv die Märkte mit unseren Büros in München, Paris, Mailand, London, Helsinki und Frankfurt ab. Unsere M&A-Spezialisten sind umfangreich vernetzt und arbeiten eng mit externen Beratern und Anwälten zusammen.

Der Prozess der Akquise umfasst neben dem originären Dealsourcing eine umfangreiche Due Diligence mit eigenen, intern tätigen operativen Mitarbeitern sowie die Verhandlung der Konditionen bis hin zum Abschluss der Transaktion.

### KRITERIEN FÜR PLATTFORMINVESTITIONEN



### TRANSAKTIONSFOKUS PLATTFORMINVESTITIONEN

Bei der Auswahl der Zielobjekte hat Mutares ihren Schwerpunkt auf drei Segmente gelegt: Automotive & Mobility, Engineering & Technology sowie Goods & Services. Mutares beteiligt sich europaweit an Unternehmen und Konzernabschlüssen, die folgende Charakteristika erfüllen:

# 02

## Realignment

Mutares entwickelt ihre Beteiligungen strategisch und operativ erfolgreich bis zur langfristigen Neuausrichtung weiter: So unterstützen Spezialisten die Optimierungsprojekte vor Ort, werden Investitionen in die Entwicklung innovativer Produkte getätigt, der Vertrieb und die Produktion nachhaltig angepasst und umgestaltet.

Nach Abschluss des Verbesserungsprogramms hat sich das Unternehmen wieder als eigenständiges, profitabel wirtschaftendes Unternehmen etabliert. Von Mutares wird das Unternehmen kontinuierlich auf neue Geschäftschancen geprüft und bei deren Erschließung unterstützt. Maßnahmen für organisches Wachstum werden gemeinsam von der Beteiligung und Mutares umgesetzt.

### Aufteilung Mitarbeiter



„Firmen, die wir übernehmen, waren meist jahrelang strategielos im Konzern. Wenn wir in das Unternehmen kommen ist es wichtig, unsere Strategie hervorzuheben und damit den Mitarbeitern vor Ort die Möglichkeit zu geben, sich mehr einzubringen und damit neue Potenziale zu entfalten.“

**Tobias Wilmes**  
Director  
(Project Management Office)



„Wir haben uns zum Ziel gesetzt das Thema Digitalisierung & Nachhaltigkeit in der IT sowohl bei uns als auch bei unseren Beteiligungen voranzutreiben. Der Einsatz modernster Systeme und Applikationen sowie die Nutzung von Cloud Technologien für eine effiziente und sichere Erbringung der Geschäftsprozesse ist Kern unserer IT-Architektur.“

**Nicolas Pütz**  
Associate Director (IT)

Ein erfahrenes Team von operativen Managern unterstützt den Turnaround unserer Portfoliounternehmen. Unser diversifiziertes Team an Mitarbeiterinnen und Mitarbeitern besitzt große Erfahrung und einen nachhaltigen Track-Record in der erfolgreichen Umsetzung von Restrukturierungs- und Verbesserungsmaßnahmen.

Ein essenzieller Teil dieser Maßnahmen stellt der 100-Tage-Plan dar. Dieser umfasst die wesentlichen Veränderungen, die in dieser Zeit analytisch identifiziert und konzeptionell erarbeitet wurden. Gemeinsam mit dem Management wird der detaillierte Plan im Rahmen des Turnarounds der Gesellschaft gemeistert. Typischerweise planen wir in einem Zeithorizont von 12 bis 18 Monaten für die Stabilisierung und Restrukturierung unserer Unternehmen. Mit dieser wertvollen Managementleistung der operativen Mitarbeiter für die Portfoliogesellschaften generiert Mutares annualisierte Umsätze von ca. EUR 25 Mio. (erste Einnahmensäule der Holding).



# 03

## Optimization

Mutares verfolgt ein aktives Beteiligungsmanagement, das das Unternehmen auf weitere Geschäftschancen überprüft und in der Wachstumsphase durch fokussierte, strategische Zukäufe (Buy-and-Build-Ansatz), neue Märkte, Produkte oder aussichtsreiche Technologien in seiner Entwicklung stärkt. Für diese Add-on-Akquisitionen ist der strategische Fit ausschlaggebend, es gelten keine vordefinierten, festen Transaktionskriterien.



„Der Erfolg eines Unternehmens hängt eng mit der Leistung seiner Einkaufsorganisation zusammen. Um eine solche Leistung sicherzustellen, muss die Definition der Strategie durch Visionen und auch durch Emotionen bestimmt werden. Die zunehmende Komplexität und Herausforderungen des Marktes verwandeln endlich das Verhältnis Kunde/Lieferant in Partnerschaft. Transparenz ist der Schlüssel und dient als Säule für einen nachhaltigen Geschäftsansatz.“

**Mathieu Purrey**  
Principal (Purchasing)

### Transaktions Historie



Nach erfolgreichem Abschluss des Realignments stellt Mutares die Weichen zur weiteren Entwicklung der Beteiligung. Das übernommene Unternehmen ist nun wieder eigenständig profitabel und kann sich auf Wachstum und organische Wertsteigerung konzentrieren. Das Unternehmen steht dann am Scheideweg (Exits als zweite Einnahmensäule der Holding):

1. Idealerweise dient ein restrukturiertes und profitables Unternehmen als Plattform für unsere bereits bei STS Group, Donges Group und Balcke-Dürr Group nachhaltig bewiesene, Buy-and-Build-Strategie. Wir unterstützen als Mutares den Zukauf von weiterem Potenzial in geografischer, markterweiternder oder produktinnovativer Hinsicht.

Die Buy-and-Build-Strategie dient dazu in kürzester Zeit einen Mehrwert für das Unternehmen und eine nachhaltige Wertsteigerung für uns und damit unsere Aktionäre zu schaffen. Die Haltedauer der Gesellschaft bis zum Exit kann durch die notwendige Integration der Beteiligungen mehr als fünf Jahre sein.

2. Sollten wir nach erfolgreicher Restrukturierung die Möglichkeit eines maximalen Mehrwerts für uns und die Aktionäre in Form eines schnellen Exits sehen, werden wir diesen geordnet und mit externer Unterstützung durch Berater durchführen. Die Haltedauer der Gesellschaft bis zum Exit ist dann deutlich kürzer und in der Regel weniger als drei Jahre.

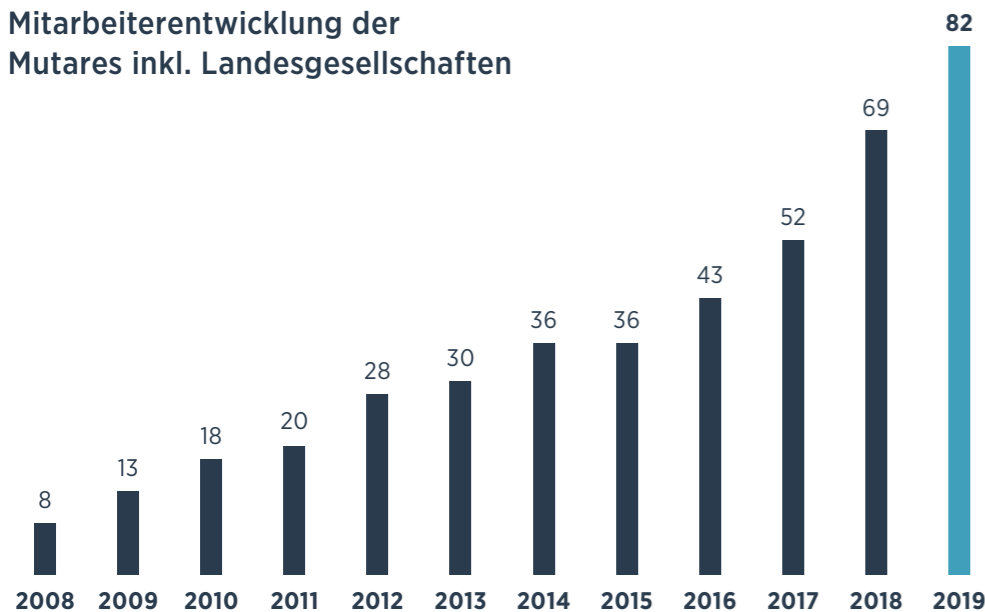


# 04

## Harvesting

Ziel von Mutares ist, die Realisierung des Wertpotenzials des Unternehmens aktiv zu treiben. Damit soll im Sinne einer nachhaltigen Entwicklung des Portfolios langfristig die Basis für eine gewinnbringende Veräußerung des Unternehmens geschaffen werden.

Mitarbeiterentwicklung der Mutares inkl. Landesgesellschaften



„Unser Ziel ist es das Unternehmertum in den Firmen (wieder) zu entfachen und als Team das Ruder rumzureißen.“

**Markus Zillner**  
Manager (Marketing & Sales)  
mit einem Mitarbeiter der  
Beteiligung vor Ort

Das Harvesting bezeichnet neben den oben beschriebenen Exits auch den Zuwachs an Wertsteigerung innerhalb der Haltedauer. Sobald eine nachhaltige Profitabilität gegeben ist, ist das Unternehmen in der Regel auch in der Lage Dividenden auszuschütten (dritte Einnahmensäule der Holding).

Die drei beschriebenen Einnahmensäulen begründen den Unternehmenserfolg von Mutares und stellen die stabile, nachhaltige Profitabilität und daraus folgende Dividendenfähigkeit der Holding sicher.

**Svenja Blöcker**  
HR Manager



# Unsere Beteiligungen



## Automotive & Mobility

Unsere beiden Beteiligungen im Segment Automotive & Mobility sind im globalen Zuliefergeschäft für Nutzfahrzeuge und PKW aktiv. Mit Werken und Mitarbeitern weltweit werden namhafte internationale Nutzfahrzeug- und PKW-Hersteller beliefert. Das Wachstum des Segments wurde bisher sowohl durch organisches Wachstum als auch über strategische Zukäufe erfolgreich vorangetrieben. Das Segment verzeichnete 2018 den ersten Börsengang eines Portfoliunternehmens der Mutares.

## Engineering & Technology

Das Segment Engineering & Technology beinhaltet Beteiligungen, die einen deutlichen Wettbewerbsvorteil aufgrund von exzellentem Konstruktionswissen und -erfahrung vorweisen. Unsere vier Beteiligungen im Segment bedienen Kunden in der Energieindustrie, chemischen Industrie, öffentlicher Infrastruktur, Sportinfrastruktur und Eisenbahnbranche. Das Segment verzeichnete mit Gemini Rail Group den neuesten Zugang im Mutares Portfolio.

## Goods & Services

Eine klar definierte Positionierung in ihrem angestammten Markt zeichnet unsere Beteiligungen im Segment Goods & Services aus. Ihre Position und ihr Wettbewerbsvorteil resultieren aus spezialisierten Produkten und Services mit denen unsere Beteiligungen ihre Kunden in verschiedenen Industrien beliefern.





## AUTOMOTIVE & MOBILITY

Systemlieferant von Komponenten für die Nutzfahrzeug- und Automobilindustrie

### Unternehmensprofil STS Group

STS Group wurde 1934 gegründet und betreibt heute 17 Werke und vier Entwicklungszentren in sieben Ländern in Europa, Nord- und Südamerika sowie China. Das Unternehmen ist heute ein global aktiver und präferierter Systemlieferant von Lösungen für Akustik, Thermik, Struktur und Verkleidung im Innen- und Außenbereich für die Nutzfahrzeug- und Automobilindustrie. STS Group deckt die gesamte Wertschöpfungskette, von der Idee bis zum auslieferbaren Produktsystem, vertikal integriert und kann den gesamten Herstellungsprozess kontrollieren.

Zum etablierten Kundenstamm zählen die weltweit größten und bedeutendsten Truck- sowie Automobil-OEMs aus Europa, den USA sowie China. Die an der Frankfurter Wertpapierbörse (ISIN: DE000A1TNU68) notierte STS Group beschäftigt rund 2.500 Mitarbeiter weltweit und erzielte 2019 einen konsolidierten Umsatz von ca. EUR 360 Mio. Mutares ist als Mehrheitsaktionär nach wie vor mit einem Anteil von über 60% strategisch beteiligt.

→ [www.sts.group](http://www.sts.group)

rund  
**2.500**

Mitarbeiter

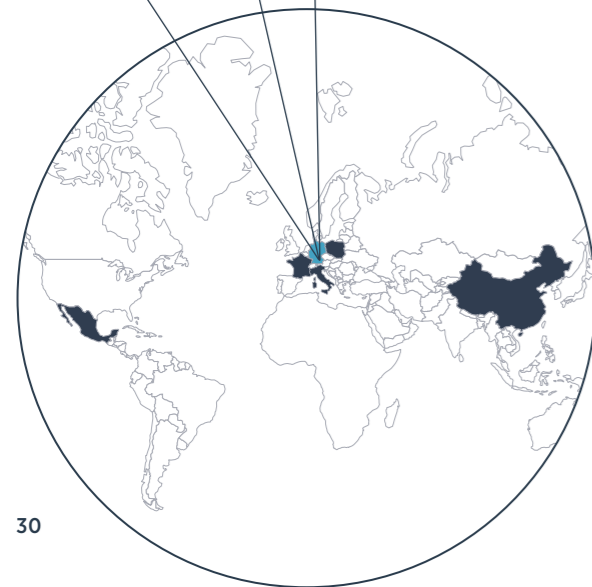
Seit  
**2013**  
im Portfolio

EUR Mio.  
ca. **360**  
Umsatz 2019

#### TRANSAKTIONEN

- 2017 – Zukauf eines brasilianischen Werks von Autoneum Group (SUI) durch STS Group
- 2017 – Zukauf des Truck-Zulieferbereichs von Plastic Omnium (FRA) durch STS Group
- 2016 – Zukauf von zwei Werken von Mecaplast (LUX) durch STS Group
- 2015 – STS Group baut ein Werk in Polen auf (Greenfield)
- 2013 – Kauf der STS (100 %) durch Mutares von Autoneum Group (SUI)

HAUPTSITZ  
HALLBERGMOOS, DEUTSCHLAND



### Strategie

Ziel der STS Group ist nachhaltiges Wachstum durch gezielten Ausbau der Aktivitäten in Europa und durch das Anbieten von Systemen auf Basis der Bündelung wesentlicher Kerntechnologien. Der Anspruch der STS Group spiegelt sich in den vier Säulen Marktführerschaft, Technologieführerschaft, Kundennähe und Operational Excellence wider. Auf Basis einer nachhaltigen Forschungs- und Entwicklungsstrategie bieten die Produkte der STS Group Lösungen für die automobilen Megatrends, wie z. B. Systeme zur Reduktion der Gewichts- und Geräuschemission von Fahrzeugen, die unabhängig von der Antriebsform sind. Zudem soll die bereits solide Position in China weiter ausgebaut und der US-amerikanische Markt, nach bereits erfolgtem erstem Auftrag, erschlossen werden.

#### INDUSTRIEN

- Komponenten für leichte, mittlere und schwere Nutzfahrzeuge
- Passagierfahrzeuge (kleine bis mittelgroße Serien)
- Landwirtschaftliche Fahrzeuge

#### PRODUKTAUSWAHL

- LKW-Fahrerkabinen (innen & außen)
- Heckklappen
- Dachhimmel
- Innenverkleidung
- Ladefläche
- Ablagesysteme

„Wir wollen der weltweit bevorzugte Anbieter von Akustik- und Kunststofflösungen für Transportsysteme sein, wenn es um Design, Komfort und Effizienz geht. Wir leisten mit unseren innovativen Systemlösungen einen relevanten Beitrag für die Mobilitätskonzepte von morgen und sehen uns als bevorzugter Partner unserer Kunden für die Herausforderungen von heute und morgen.“



Bereitstellung von Glasfasern für die Fertigung von SMC (Sheet Molding Compound)

### Unternehmensprofil Elastomer Solutions Group

Die 1974 gegründete Elastomer Solutions Group ist eine 100%-ige Beteiligung von Mutares und ein führender Hersteller von Gummi- und thermoplastischen Komponenten mit Sitz in Deutschland. An Produktionsstandorten in der Slowakei, Portugal, Marokko und Mexiko stellt Elastomer 1k- und 2k-Teile aus Gummi und thermoplastischen Materialien her, wie z.B. Türösen, Heckklappen, Armaturenbretter, Durchreichen, Pedalabdeckungen, Batteriedeckel, Dichtungen und Stoßfänger. Die Gruppe beliefert weltweit Kunden in der Automobilindustrie und hat sich als Spezialist für komplexe technische Teile etabliert. Elastomer deckt von der Entwicklung bis zum Vertrieb der fertigen Teile die gesamte Wertschöpfungskette ab. 2019 beschäftigte das Unternehmen rund 450 Mitarbeiter und erzielte einen Umsatz von ca. EUR 36 Mio.

→ [www.elastomer-solutions.com](http://www.elastomer-solutions.com)

### Strategie

Seit der Übernahme durch Mutares verfolgt Elastomer Solutions eine nachhaltige, organische Wachstumsstrategie. Im Zuge dessen wurden als Greenfield-Projekte die Produktionsstandorte Marokko und Mexiko aufgebaut. 2019 hat Elastomer Solutions, angesichts der Entwicklungen und Trends des globalen Automobilmarktes und der Weltwirtschaft, ein Programm zur Effizienzsteigerung der Gruppe abgeschlossen und parallel erfolgreich einen kontinuierlichen Zuwachs an Neugeschäft, auch für Spritzgusskomponenten, erzielt.

#### INDUSTRIEN

Fahrzeugkomponenten

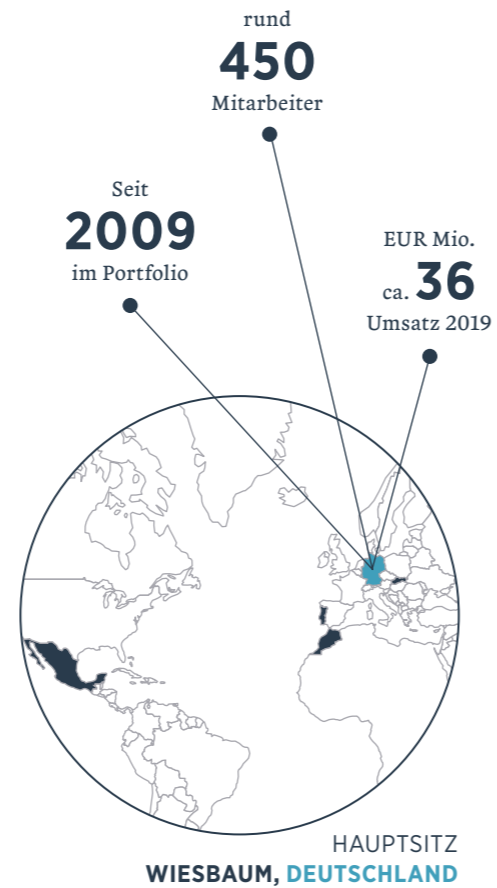
#### PRODUKTAUSWAHL

1k- und 2k-Teile aus Gummi und thermoplastische Materialien wie Ösen, Tür und Heckklappe, Armaturenbrett, Durchreiche, Pedalabdeckungen, Batteriedeckel, Motor-teile, Dichtungen, Stoßfänger

#### TRANSAKTIONEN

- 2014 – Elastomer baut ein Werk in Mexiko auf
- 2012 – Elastomer baut ein Werk in Marokko auf
- 2009 – Mutares übernimmt Elastomer Solutions von der Diehl Group (GER)

Pedalabdeckungen aus Gummi werden mit und ohne Metallverbund produziert



### Unternehmensprofil Plati Group

Plati Group ist ein etablierter, internationaler Anbieter für Kabelbäume, Spezialkabel und Steckverbinder mit Sitz in Italien und zwei Produktionsstandorten in Polen und der Ukraine. Das Unternehmen bedient einen breiten Kundenstamm, der Produzenten von Haushalt- und Unterhaltungselektronik sowie Kunden aus der Automobil-, Gesundheits- und Telekommunikationsbranche umfasst. Mit den wichtigsten branchenspezifischen Zertifizierungen, wie z.B. ISO 9001:2015 und IATF 16949:2016 stellt Plati kundenspezifische und häufig sicherheitsrelevante Produkte für elektronische Anwendungen her. 2019 erzielte Plati mit rund 700 Mitarbeitern einen annualisierten Umsatz von ca. EUR 30 Mio.

→ [www.plati.it](http://www.plati.it)

### Strategie

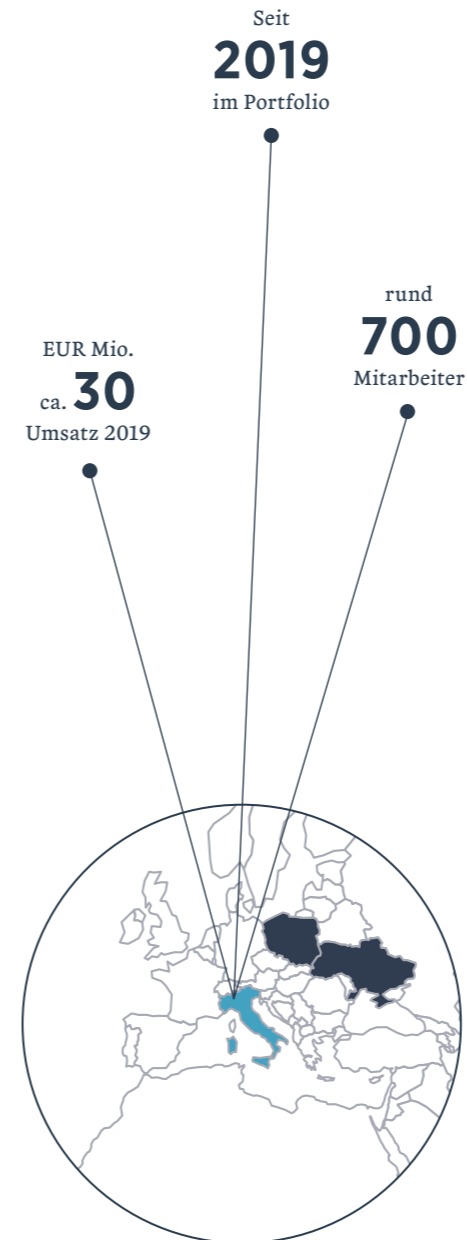
Nachdem 2019 die Vereinfachung der Logistikabläufe, die Reduzierung verlustbringender Produkte sowie eine starke Verbesserung der Arbeitsorganisation und Produktivität erfolgreich abgeschlossen wurde, steht seither das Wachstum im Vordergrund. So entwickelt die Plati Group ihr Geschäft entlang der sechs Absatzmärkte Automobil, Konsumgüter, Industrie, elektronische Geräte, Gesundheitswesen und Telekommunikation. Vor dem Hintergrund eines technologischen Umbruchs in der Automobilindustrie und der zunehmenden Elektrifizierung von Mobilität stellt sich Plati exzellent auf und schätzt insbesondere die Märkte für Fahrzeugkabelbäume, als auch die Märkte für medizinische Elektronik, als sehr attraktiv und aussichtsreich für das eigene Produktangebot ein.

#### PRODUKTAUSWAHL

- Kabelbäume
- Externe und interne Kabel
- Steckverbinder
- LVDS- und FFC Kabel
- Konnektoren
- Umspritzte PVC Kabel

#### TRANSAKTIONEN

- 2019 – Übernahme von Plati (80%) durch Mutares von der Deren Group (CHN)



Herstellung von Kabelbäumen und verschiedenen Kabeln



HAUPTSITZ **MADONE, ITALIEN**



**Unternehmensprofil Kirchhoff GmbH & Co. KG (KICO)**

KICO ist ein führender und traditionsreicher Zulieferer für die internationale Automobilindustrie. KICO betreibt neben seinem Hauptsitz in Deutschland noch zwei Produktionsstandorte in Polen und Mexiko. Das Unternehmen entwickelt, industrialisiert und fertigt seit Jahrzehnten marktgerechte Sicherheitskomponenten für den PKW-Markt. Die Produkte entsprechen den hohen Anforderungen der europäischen Automobilindustrie und reichen von aktiven wie passiven Scharnier-, aktiven Aerodynamik-, Schließ- und mechatronischen Systemen wie elektrischer Sitzlehnenverstellung und Verdeckverriegelungen bis hin zu Verbindungselementen. Als Tier-1-Lieferant bedient KICO vorwiegend Automobil-OEMs und kann durch hohe Flexibilität und fundiertes Know-how seinen Kunden maßgeschneiderte Lösungen mit der erwarteten höchsten Produkt- und Lieferqualität anbieten. KICO beschäftigt rund 800 Mitarbeiter bei einem Jahresumsatz von ca. EUR 90 Mio.

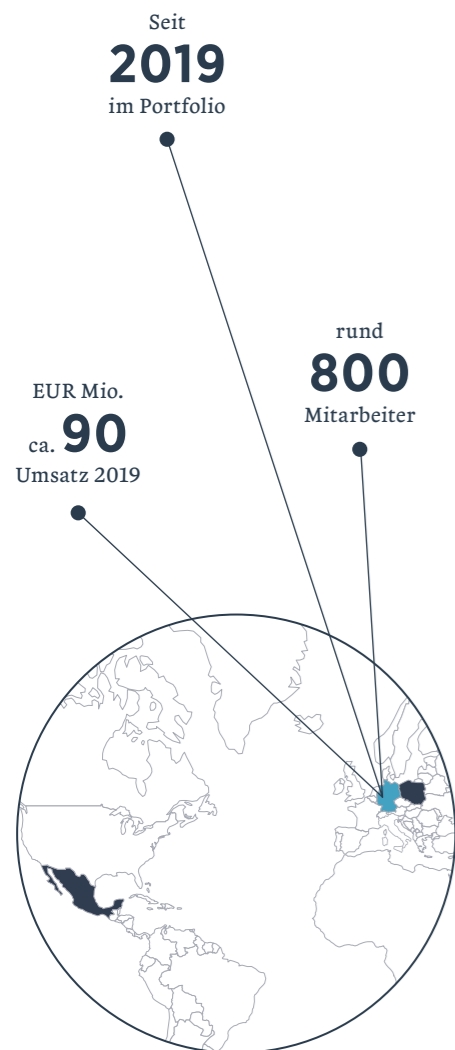
→ [www.kico.de](http://www.kico.de)

**Strategie**

KICO positioniert sich als bevorzugter strategischer Partner mit hohem Vernetzungsgrad und fachlicher Kompetenz für Kunden in der Automobilindustrie. Als methodischer Helfer strebt KICO den weiteren Ausbau seiner Marktposition in den Bereichen Verschlussysteme und Scharniere an sowie die Festigung der bereits erreichten Marktposition im noch jungen Produktbereich Aerodynamische Systeme. Als neues Portfoliounternehmen von Mutares konzentriert sich KICO auf die Forcierung der operativen Exzellenz, um die Basis für zukünftigen Wertzuwachs weiter zu festigen.

**TRANSAKTIONEN**

- 2019 – Akquisition (100%) durch Mutares von der Eigentümerfamilie



HAUPTSITZ  
HALVER, DEUTSCHLAND

Maßgeschneiderte Lösungen werden auf modernsten Fertigungs- und Montageanlagen produziert



**Unternehmensprofil PrimoTECS**

PrimoTECS ist als 100%-ige Beteiligung seit 2020 Teil des Mutares-Portfolios. Das Unternehmen stellt an zwei Produktionsstandorten in Norditalien Komponenten für den Einsatz in Elektro-, Hybrid- sowie konventionellen Antrieben her. PrimoTECS hat sich als namhafter, profitabler Anbieter im Automobilssektor, sowie auch in der Lkw-Industrie und verwandten Branchen etabliert. Der Systemlieferant erwirtschaftet mit seinen rund 670 Mitarbeitern einen annualisierten Umsatz von ca. EUR 120 Mio.

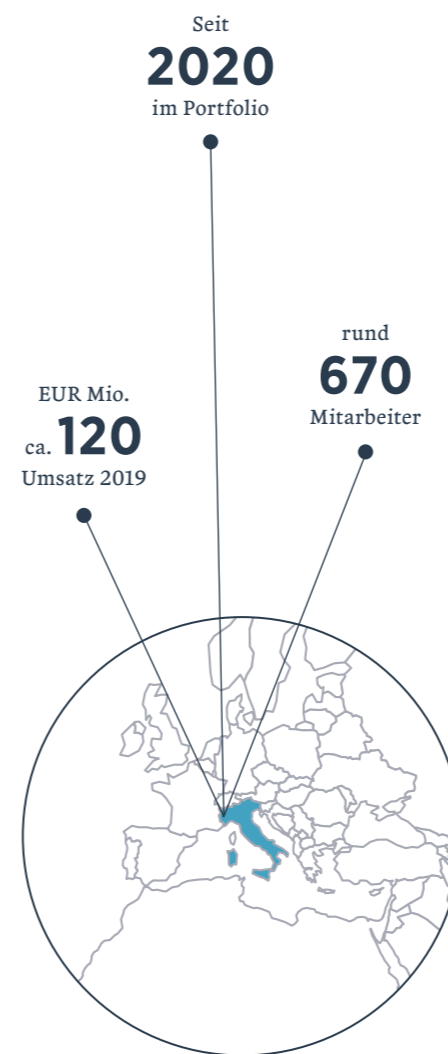
→ [primotecs.com](http://primotecs.com)

**Strategie**

Mit dem im Februar eingeführten neuen Namen PrimoTECS, der für Mobilität, Getriebe, Motorkomponenten und Lösungen steht, will sich das Unternehmen künftig auf die Weiterentwicklung des aktuellen Geschäfts, das Nutzen des erarbeiteten Know-hows und die Intensivierung der Zusammenarbeit mit Kunden konzentrieren, unterstützt vom Mutares-eigenen operativen Beratungsteam.

**TRANSAKTIONEN**

- 2020 – Übernahme (100%) durch Mutares von der Tekfor Group (GER)



HAUPTSITZ  
VILLAR PEROSA, ITALIEN



Qualitätskontrolle der Teile nach dem Schmieden



# BALCKE DÜRR

## ENGINEERING & TECHNOLOGY

Einer der führenden Hersteller von Komponenten zur Steigerung der Energieeffizienz und zur Reduktion von Emissionen für die Industrie

### Unternehmensprofil Balcke-Dürr Group

Mit mehr als 130 Jahren Erfahrung bietet die Balcke-Dürr Group innovative Lösungen zur Steigerung der Energieeffizienz und zur Reduzierung von Emissionen für Versorgungsunternehmen und die chemische Industrie, die von Standardmodulen bis hin zu kompletten thermischen Systemen reichen. Die erfahrenen Ingenieure von Balcke-Dürr sind auf Lösungen spezialisiert, die höchste Sicherheits- und Nachhaltigkeitsanforderungen erfüllen. Das Produktportfolio umfasst Wärmetauscher, Filtersysteme für die Rauchgasreinigung sowie Wartungsleistungen. An ihren Produktionsstandorten in Deutschland, Italien und China sowie den sieben Service-, Engineering- und Vertriebszentren in Deutschland, Italien, Polen, Indien und Frankreich beschäftigte die Gruppe 2019 rund 650 Mitarbeiter und erzielte einen Konzernumsatz von ca. EUR 165 Mio. Im Dezember 2019 initiierte die Balcke-Dürr Group die vertikale Integration der vormals selbstständigen Mutares-Beteiligung La Meusienne mit dem Ziel der Hebung von Kosten-, Umsatz- und Qualitätssynergien.

→ [www.balcke-duerr.com](http://www.balcke-duerr.com)

### Strategie

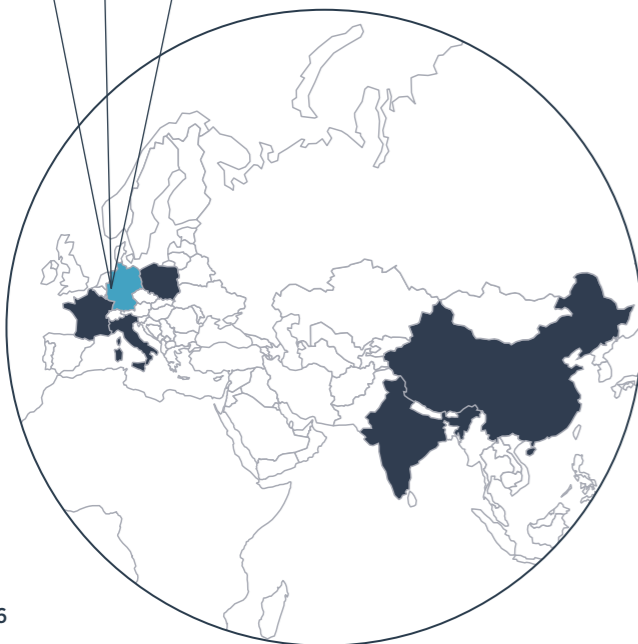
Balcke-Dürr legt den Fokus 2020 auf das Erreichen von drei strategischen Zielen: So plant die Gruppe, ihre Marktposition in der Kernenergie zu stärken, das Geschäft mit Dienstleistungen für die Stilllegung von Kernkraftwerken in Deutschland weiter konsequent auszubauen sowie ihre Aktivitäten in der chemischen Industrie zu forcieren. Erweiterungen des Produktportfolios werden ebenso geprüft wie auch anorganisches Wachstum durch Akquisitionen, z. B. im ursprünglichen Bereich Cooling, um über 2020 hinaus eine wesentliche Säule der Balcke-Dürr Gruppe zu bilden.

HAUPTSITZ  
DÜSSELDORF, DEUTSCHLAND

Seit  
**2016**  
im Portfolio

rund  
**650**  
Mitarbeiter

EUR Mio.  
ca. **165**  
Umsatz 2019



## Unsere Beteiligungen

### TRANSAKTIONEN

- 2020 – Zukauf von Loterios Srl
- 2019 – Integration von La Meusienne
- 2018 – Zukauf der Wärmetauschersparte von STF
- 2018 – Zukauf von KSS Consulting
- 2016 – Akquisition (100 %) durch Mutares von SPX Group (USA)

### INDUSTRIEN

- Industriedienstleistungen
- industrielle Anlagen und Maschinen
- Lüftung, Heizung, Klima

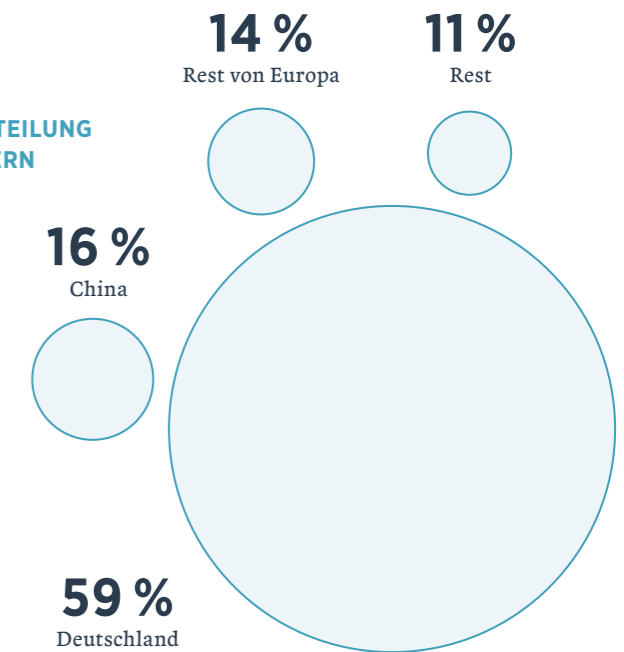
### PRODUKTAUSWAHL

- Turbinenkondensatoren
- Luftvorwärmer

### Dienstleistungen

- Design und Engineering
- Fertigung
- Installation und Inbetriebnahme
- Life Cycle Services

### UMSATZVERTEILUNG NACH LÄNDERN



„Die Neuausrichtung der Balcke-Dürr wurde 2019 konsequent weiterverfolgt. Auch 2020 strebt die Gesellschaft eine Verbreiterung des relevanten Marktes an, sowohl was neue Anwendungsfelder unseres bestehenden Produkt- und Service Angebots als auch strategische Zukäufe betrifft.“

Schweißarbeiten an einem Speisewasservorwärmer für ein Kernkraftwerk



**Unternehmensprofil Donges Group**

Nach mittlerweile fünf strategischen Zukäufen zählt die Donges Group zu den führenden Komplettanbietern für Stahlbrücken, Stahlhochbau, Dach- und Fassadensysteme in Europa. Mit den hervorragend positionierten Marken Donges SteelTec, FDT, Kalzip, Normek, Norsilk<sup>1</sup> und Nordec<sup>2</sup> liefert die Gruppe Lösungen für den Bau von individuellen und nachhaltig gestalteten Gebäuden weltweit.

Das Produktportfolio der 100 %-igen Beteiligung von Mutares umfasst heute Stahlkonstruktionen, Dach- und Fassadenlösungen für unterschiedlichste Anforderungen, sowie Holzprodukte für Gebäudeverkleidungen. Donges bedient damit Architekten, Planer, Gebäudeentwickler, Generalunternehmen und Bauherren, die öffentliche Hand sowie Handwerker und verarbeitende Betriebe. An rund 14 Produktionsstandorten in Europa und in Vertriebsbüros weltweit beschäftigt die Donges Group über 800<sup>3</sup> Mitarbeiter und erzielt einen annualisierten Konzernumsatz von ca. EUR 365 Mio.

→ [www.donges-group.com](http://www.donges-group.com)

**Strategie**

Donges strebt nach der fünften Add-on-Akquisition (Nordec) weiteres Wachstum und eine Festigung ihrer sehr guten Positionierung im europäischen Markt an. Eckpunkte dieser Strategie sind die Realisierung von Synergien durch die gemeinsame Bearbeitung des bestehenden Kundenportfolios und vorhandener Absatzkanäle, sowie die Erschließung nordeuropäischer Märkte in den Bereichen Fassadenlösungen und Stahlbau.

**INDUSTRIEN**

- Bauzulieferer und -leistungen
- Schwerkonstruktion und Brückenbau
- Herstellung von vorgefertigten Gebäuden und Systemen
- Generalunternehmen
- Konstruktionsdienstleistungen

**PRODUKTAUSWAHL**

- Stahlbrücken und -hochbau
- Glas- und Thermofassaden
- Dach- und Fassadensysteme aus Aluminium
- Systemlösungen für Gründächer
- Konstruktionsholz für den Außen- und Innenbereich

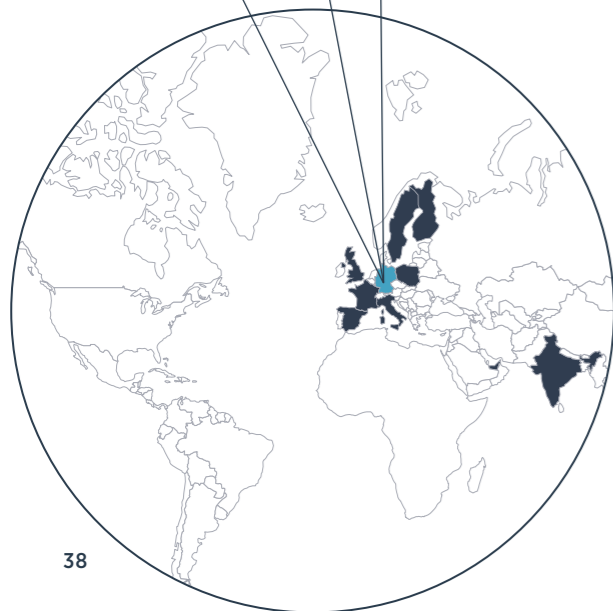
HAUPTSITZ  
**FRANKFURT, DEUTSCHLAND**

<sup>1</sup> Norsilk, ein französischer Hersteller von Holz-Vertäfelungen und Bodenbelägen, der bislang als eigenständige Plattform im Segment Goods & Services geführt wurde, hat Mutares im Geschäftsjahr 2019 in die Donges Group integriert  
<sup>2</sup> Ehemals Ruukki Building Systems; der Abschluss der Transaktion steht unter dem Vorbehalt einer Zustimmung durch die Wettbewerbsbehörde  
<sup>3</sup> Gesamtmitarbeiterzahl noch exklusive Nordec  
<sup>4</sup> Inklusive Nordec

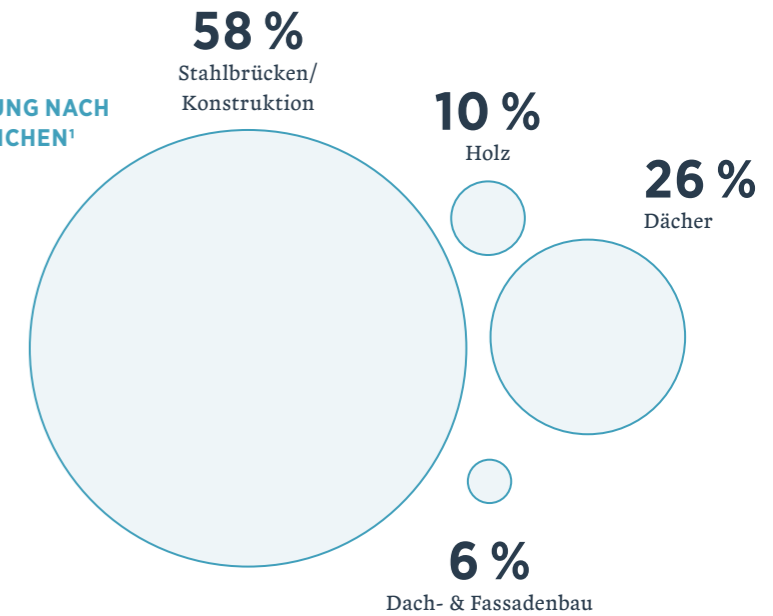
Seit  
**2017**  
im Portfolio

ca. EUR Mio.  
**365**  
Umsatz  
(annualisiert)<sup>4</sup>

rund  
**800**  
Mitarbeiter<sup>3</sup>



**UMSATZVERTEILUNG NACH GESCHÄFTSBEREICHEN<sup>1</sup>**



**TRANSAKTIONEN**

- 2019 – Donges Group kauft Nordec (Ruukki Building Systems) von SSAB
- 2019 – Donges Group kauft Normek von Privatperson und Fondsgesellschaft
- 2019 – Donges Group kauft FDT Flachdach Technologie von Privatperson
- 2018 – Donges SteelTec wird zur Donges Group: Akquisition der Kalzip Gruppe von Tata Steel Europe
- 2017 – Akquisition der Donges SteelTec (100 %) durch Mutares von Mitsubishi Hitachi Power Systems Europe

„Wir liefern Lösungen für innovative und zukunftsgerechte Gebäude und möchten in unseren Markt-Segmenten für Stahlkonstruktionen und Produkten der Gebäudehülle die erste Wahl unserer Kunden sein.“

<sup>1</sup> inkl. Nordec



Fertigungsteile für eine Autobahnbrücke





ENGINEERING & TECHNOLOGY

Anbieter für Beschichtungen von Öl- und Gaspipelines

TRANSAKTIONEN

- 2016 – Verkauf der deutschen Tochtergesellschaft; erzielter Kapitalmultiplikator von ca. 17x<sup>1</sup>
- 2012 – Übernahme der Eupec-Gruppe (100 %) durch Mutares von Korindo Group (IDN)

<sup>1</sup> Kapitalmultiplikator von 17x auf das eingesetzte Kapital über die Haltdauer für Mutares.

Unternehmensprofil Eupec

Eupec ist ein weltweit führender Spezialhersteller von Rohrleitungsbeschichtungen. Das Unternehmen mit Hauptsitz in Nordfrankreich ist eine 100%ige Tochtergesellschaft von Mutares. Das Produktportfolio umfasst Leitungsrohrbeschichtungen, Beschichtungen mit Betongewicht, Lösungen für Feldverbindungen, Rohrbeschichtungen von Rolle zu Rolle sowie kundenspezifische Lösungen. Mit mehr als 50 Jahren Erfahrung ist Eupec ein vertrauenswürdiger und anerkannter Full-Service-Anbieter sowie Spezialist für Rohrleitungsbeschichtungen und bedient einen vielfältigen Kundenstamm global tätiger Öl- und Gasunternehmen aus West- und Mitteleuropa für Projekte in der Nordsee, in Afrika und im Nahen Osten. Eupec ist das einzige Beschichtungsunternehmen weltweit, das in der Lage ist, die gesamte Bandbreite der Beschichtung vom Leitungsrohr bis zur Feldverbindung abzudecken, einschließlich Bögen. Eupec beschäftigt rund 70 Mitarbeiter und erwirtschaftete 2019 einen Umsatz von ca. EUR 14 Mio.

→ [www.eupec-pipecoatings.com](http://www.eupec-pipecoatings.com)

Strategie

Nach Übernahme durch Mutares hat Eupec ein Turnaround-Programm erfolgreich abgeschlossen und 2016 die deutsche Tochtergesellschaft verkauft – mit einem 17-fachen Kapitalmultiplikator für Mutares.

Seither verfolgt Eupec eine Wachstumsstrategie und strebt die weitere Durchdringung ihres Marktsegments an, was bereits signifikante Ergebnisse zeigte. In operativer Hinsicht war die Steigerung der Produktivität der Rohrbeschichtungsanlagen ein Schlüsselprojekt. Für 2020 positioniert sich Eupec weiterhin als erfolgreicher Nischenanbieter in einem globalen Markt. Das Unternehmen plant 2020 das Ausloten strategischer Alternativen für seine weitere Entwicklung.

INDUSTRIEN

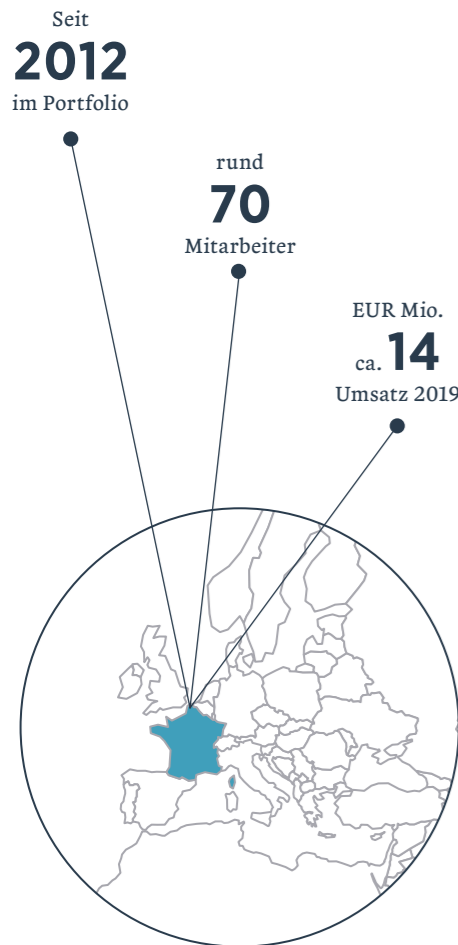
- Industriedienstleistungen
- Bauzulieferer

PRODUKTAUSWAHL

- Rohrleitungsbeschichtungen für Öl- und Gasanwendungen
- Anti-Auftriebs-Beschichtung
- Wärmedämmung



Erhitztes Rohr vor dem Auftragen der Epoxidpulverbeschichtung



HAUPTSITZ  
GRAVELINES, FRANKREICH



ENGINEERING & TECHNOLOGY

Ingenieur-, Wartungs- und Modernisierungsdienstleistungen für Schienenfahrzeuge

Unternehmensprofil Gemini Rail Group

Die Gemini Rail Group ist seit 2018 eine 100%-ige Tochter der Mutares. Gemini Rail ist spezialisiert auf die Modernisierung, Umrüstung und Radsatzüberholung von Schienenfahrzeugen. Gemini Rail bietet mit seinem hauseigenen Team spezialisierter Ingenieure schlüsselfertige Lösungen für Zugsanierungen, -modernisierungen sowie externes Projektmanagement an. Darüber hinaus hat sich das Unternehmen unter der Marke GemECO als der technologisch führende Umrüster für hybride Antriebssysteme von Schienenfahrzeugen etabliert. In Großbritannien ist Gemini Rail der zweitgrößte OEM-unabhängige (OEM: Original Equipment Manufacturer) Anbieter und zählt britische Eisenbahnbetriebs-, und Besitzgesellschaften sowie Eisenbahn-OEMs zu ihren Kunden. 2019 hat das Unternehmen mit rund 260 Mitarbeitern einen Umsatz von ca. EUR 80 Mio. erwirtschaftet.

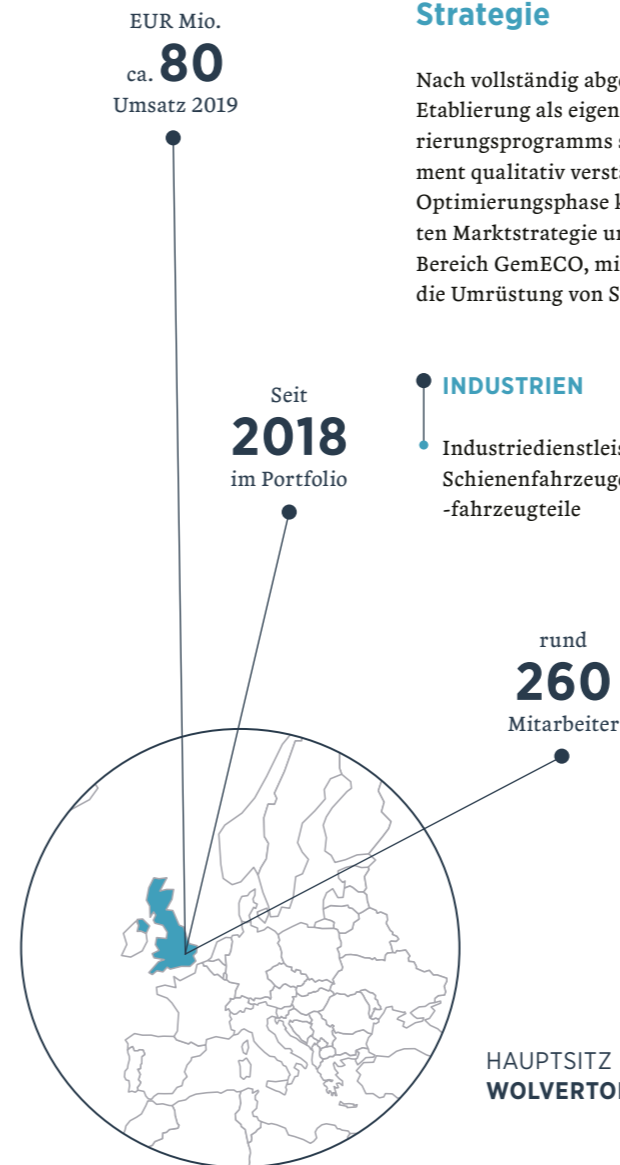
→ [www.gemini-railgroup.co.uk](http://www.gemini-railgroup.co.uk)

Strategie

Nach vollständig abgeschlossener Ausgliederung aus der ehemaligen Konzernmutter und Etablierung als eigenständiges Unternehmen, hat Gemini Rail 2019 im Rahmen eines Restrukturierungsprogramms seine Kostenstruktur der zukünftigen Auftragslage angepasst, das Management qualitativ verstärkt und damit bereits positive Ergebnisse erwirtschaftet. Während der Optimierungsphase konzentriert sich Gemini Rail nun auf die Umsetzung einer neudefinierten Marktstrategie und der Weiterentwicklung ihres Produktportfolios, insbesondere im neuen Bereich GemECO, mit dem sich das Unternehmen mit ersten Auftragseingängen als Vorreiter für die Umrüstung von Schienenfahrzeugen auf hybride Antriebssysteme etabliert hat.

INDUSTRIEN

- Industriedienstleistungen für Schienenfahrzeuge und -fahrzeugteile



HAUPTSITZ  
WOLVERTON, ENGLAND



Austausch der Klimaanlage-technik bei einem Zug des Typs 156

TRANSAKTIONEN

- 2018 – Kauf von der Knorr-Bremse



**GOODS & SERVICES**

Hersteller von hochwertigen Verpackungslösungen

**Unternehmensprofil KLANN Packaging**

KLANN entwickelt und produziert an ihrem Sitz in Landshut hochwertige Promotions- und Verkaufsverpackungen aus bedrucktem Weißblech. Die Gesellschaft ist eine 100%-ige Beteiligung der Mutares-Gruppe. KLANN zeichnet sich durch Kompetenz in der Entwicklung und Produktion qualitativ und visuell hochwertiger Verpackungen in besonderer Farbintensität und mit speziellen Prägetechniken aus. Zu ihrem etablierten Kundenstamm zählen namhafte Hersteller von Markenartikeln und Handelsunternehmen aus unterschiedlichen Branchen wie z. B. die Spirituosen- und die Lebensmittelindustrie. KLANN ist zertifiziert nach ISO 9001:2015 und erfüllt den BRC Global Standard for Packaging. 2019 erzielte das Unternehmen ca. EUR 11 Mio. Umsatz und beschäftigte rund 90 Mitarbeiter.

→ [www.klann.de](http://www.klann.de)

**Strategie**

KLANN verfolgt eine Differenzierungsstrategie und positioniert sich als verlässlicher Anbieter eines exquisiten Premium-Produktportfolios mit attraktiven, hochqualitativen Weißblechverpackungen. Ziel ist dabei, die weitere Diversifizierung des Kundenstamms und der bedienten Märkte voranzutreiben.

**PRODUKTAUSWAHL**

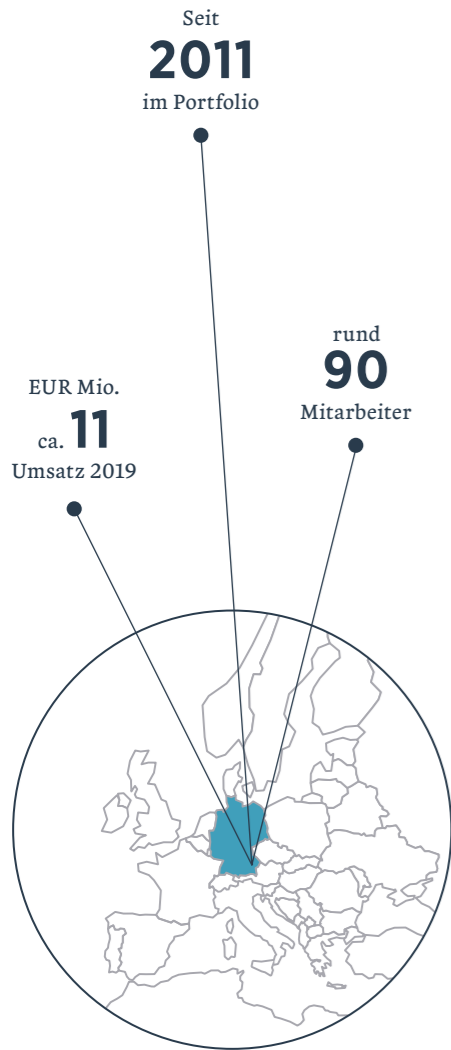
- Zier- und Blechdosen für Anwendungen im Lebensmittel-, Spirituosen- und Luxusbereich

**TRANSAKTIONEN**

- 2011 – Übernahme der Klann Packaging (100%) durch Mutares von der Huber Group



Blechdosen sind auf Grund der sehr guten Migrationsbarriere von Weißblech eine beliebte Umverpackungsart für die Lebensmittelindustrie



HAUPTSITZ  
LANDSHUT, DEUTSCHLAND



**GOODS & SERVICES**

Hersteller von Hülsenkartons

**Unternehmensprofil Cenpa**

Die Papiermühle Cenpa gehört zu den führenden unabhängigen Hülsenpapierfabriken in Westeuropa und ist ein 100%iges Tochterunternehmen der Mutares. Das Unternehmen mit mehr als 140 Jahren Erfahrung stellt Hülsenkartons für den europäischen Verpackungs- und Hygienemarkt her. Mit zwei Papiermaschinen umfasst das Produktportfolio Hülsenkarton aus Frischzellstoff sowie aus recyceltem Altpapier. Cenpa bedient Kunden sowohl im Tissue Markt als auch im Markt für Industrielüsenkerne und der Verpackungsindustrie, hauptsächlich in Zentraleuropa. Als unabhängige Papierfabrik kann Cenpa eng mit ihren Kunden zusammenarbeiten und maßgeschneiderte Produktlösungen von der Entwicklung bis zur Testphase anbieten. Diese Full-Service-Strategie ermöglicht es ihren Kunden hervorragende Produktionsquoten zu erreichen. Cenpa profitiert von ihrer zentralen Lage in Europa, ihrer mehrsprachigen Belegschaft und einer nahe gelegenen nachhaltigen Dampferzeugungsanlage.

→ [www.cenpa.fr](http://www.cenpa.fr)

**Strategie**

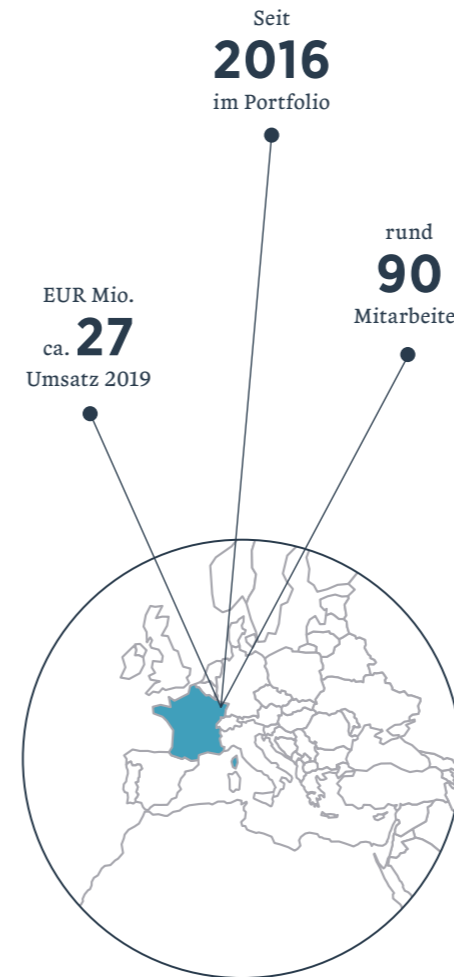
Cenpa konzentriert sich operativ auf zwei strategische Kernsäulen, Vertrieb und Innovation. Vertriebsseitig forciert die Mühle Partnerschaften mit Top-Kunden, expandiert in neue Regionen und qualifizierte sich für die FSC-Zertifizierung. Innovationsseitig entwickelte Cenpa neue, technisch anspruchsvolle Produkte und begann, solche Spezialitäten an ihre Kunden zu vermarkten. Darüber hinaus hat Cenpa 2019 in eine neue Trockenpartie für eine ihrer Papiermaschinen investiert und prüft derzeit Möglichkeiten rund um die Erzeugung grüner Energie.

**INDUSTRIE**

- Papierherstellung

**TRANSAKTIONEN**

- 2016 – Übernahme (100%) durch Mutares von der Sonoco-Gruppe (USA)



HAUPTSITZ  
SCHWEIGHOUSE-SUR-MODER, FRANKREICH

Zuschnitt und Verpackung von fertigen Papierrollen







**GOODS & SERVICES**

Hersteller von Eisendraht und Spannstahl

**Unternehmensprofil TréfilUnion**

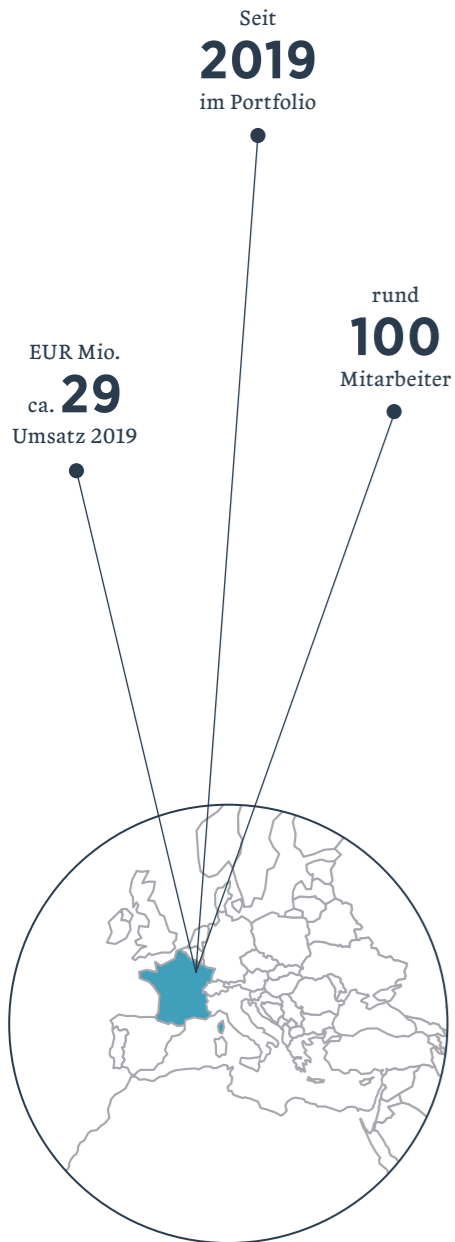
TréfilUnion ist ein etablierter und anerkannter Experte für die Verarbeitung und Veredelung hochspezialisierter Stahldrahtanwendungen. Das Unternehmen ist eine 100%ige Beteiligung der Mutares. Das Produktportfolio umfasst hoch- und niedriggekohten Draht, Federstahldraht, lackierten sowie verzinkten Draht, Spannstahldraht und Spannritzten. Mit seinen rund 100 Mitarbeitern und mehr als 100 Jahren Erfahrung, effizienten Produktionsmethoden und strategisch relevanten Zertifizierungen bedient TréfilUnion Kunden in der Maschinenbau-, Verpackungs-, Automobil- und Bauindustrie. An zwei Standorten in Frankreich erwirtschaftete das Unternehmen im Jahr 2019 einen Umsatz von ca. EUR 29 Mio.  
 → [www.trefilunion.com](http://www.trefilunion.com)

**Strategie**

TréfilUnion ist der spezialisierte Anbieter von Spannstahlprodukten mit Schwerpunkt auf Produktspezialitäten, wie z. B. farbige Drähte, Schweißdrähte oder verkupferten Stahldraht. Als neues Unternehmen im Mutares-Portfolio hat TréfilUnion ein von Mutares begleitetes Optimierungsprogramm definiert, das sowohl Modernisierungs- als auch Verkaufsiniciativen umfasst, um seine Positionierung zu verbessern. Einer der strategischen Pfeiler dabei ist die so genannte "Green Wire"-Politik, die auf mehr Nachhaltigkeit abzielt, z. B. umweltbelastende Prozesse so weit wie möglich aus der Produktion zu eliminieren und einen Ansatz für nachhaltige Entwicklung in die Firmenprozesse zu integrieren.

**TRANSAKTIONEN**

- 2019 – Mutares übernimmt TréfilUnion (100%) von ArcelorMittal (LUX)



HAUPTSITZ  
 COMMERCY, FRANKREICH

Etikettierte Produkte fertig zum Versand an den Kunden



Unsere Beteiligungen



**GOODS & SERVICES**

Hersteller von hochwertigen Haushaltsprodukten aus Kunststoff und Papier

**Unternehmensprofil keeper Group**

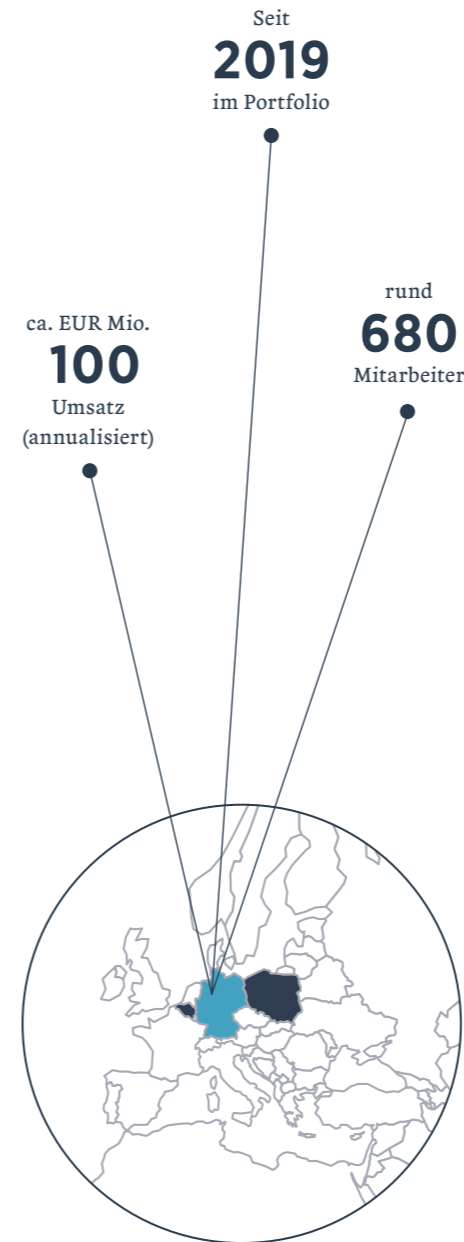
Die keeper Group, mit einer über 30-jährigen Tradition, gehört zu den führenden europäischen Anbietern von innovativen und hochwertigen Haushaltsprodukten aus Kunststoff und Papier. Mit vier Produktserien für Küche, Haushalt, Aufbewahrung und Kinder bedient die Gruppe renommierte Kunden aus den Bereichen Baumärkte, Lebensmittelhandel, Großhandel und Möbeleinzelhandel in rund 35 Ländern. keeper berücksichtigt dabei regionale Besonderheiten und erfüllt globale Standards. Ende 2019 unterzeichnete die keeper Group einen Vertrag zur Übernahme des Deutschlandgeschäfts der Metsä Tissue, das hochwertige Papierservietten herstellt sowie vertreibt und baute ihr Produktportfolio von Haushaltsprodukten konsequent strategisch aus. keeper Group erwirtschaftet mit rund 680 Mitarbeitern einen annualisierten Umsatz von ca. EUR 100 Mio.  
 → [www.keeper.com](http://www.keeper.com)

**Strategie**

Die keeper Group ist Marken- und Qualitätsanbieter von Haushaltsprodukten aus Kunststoff und Papier. Die Gruppe vertreibt ihre Produkte über B2B- wie auch B2C-Kanäle als Hausmarken von Kunden sowie unter der mit dem German Brand Award ausgezeichneten Marke keeper. Ihren operativen Fokus legt keeper auf Produktneuentwicklungen sowie die Erschließung neuer Absatzmärkte und Vertriebswege, wie z. B. den Onlinehandel. Mit dem Erwerb des Deutschlandgeschäfts im Bereich Tableware von Metsä Tissue diversifiziert die keeper Group ihr Angebot und präsentiert sich als eine vielversprechende Wachstumsstory im Mutares Portfolio.

**TRANSAKTIONEN**

- 2020 – keeper Group übernimmt das deutsche Serviettengeschäft von Metsä Tissue
- 2019 – Akquisition der keeper Group (100%) durch Mutares von der Wrede Industrieholding



HAUPTSITZ  
 STEMWEDE, DEUTSCHLAND

Mutares Geschäftsbericht 2019

Kinderprodukte werden mit diversen Lizenzen, unter anderem Disney, verkauft



## Unternehmensprofil BEXity Group

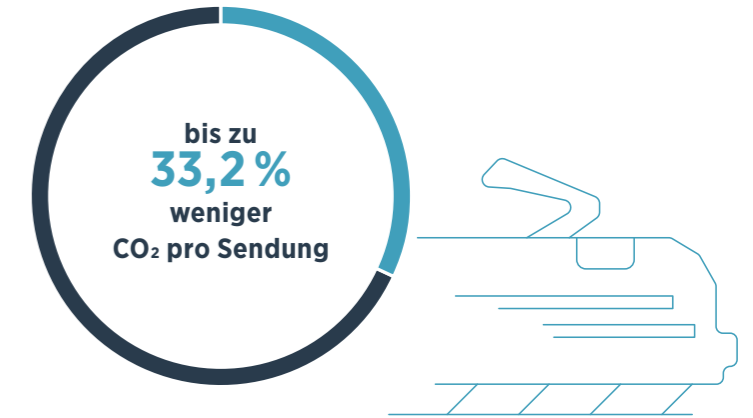
BEXity ist der Marktführer für grenzüberschreitende Transport- und Logistikdienstleistungen im österreichischen Markt und seit Ende 2019 eine 100%-Beteiligung der Mutares-Gruppe. Das Unternehmen zeichnet sich durch sein flächendeckendes Netzwerk in Österreich aus und ist vor allem im Stückgutbereich, Charterbereich und Warehousing aktiv. BEXity bedient ein diversifiziertes Portfolio namhafter Kunden aus den Branchen Food, Pharma und Fast-Moving-Consumer-Goods.

Dank jahrzehntelanger Erfahrung und hochqualifizierter Mitarbeiter kann BEXity zuverlässigen und hochwertigen Transportservice garantieren. BEXity etablierte als erster Logistiker in Österreich Next-Day-Delivery (Laufzeit von 24 Stunden ab Abholung) in der Stückgutlogistik und setzt bis heute den Branchenmaßstab im Hinblick auf Zustellqualität. Durch die Anbindung der Transportlogistikstandorte an das Schienennetz ermöglicht BEXity einen ökologischen und nachhaltigen Transport. BEXity beschäftigt rund 600 Mitarbeiter und erzielte 2019 einen Umsatz von ca. EUR 210 Mio. → [www.bexity.com](http://www.bexity.com)

## Strategie

BEXity ist der Logistikpartner für Geschäftskunden und liefert Maßlösungen als auch Standardlösungen in Transportlogistik und Warehousing. Der Logistikspezialist plant sein Transportlogistik-Netzwerk im Rahmen von Partnerschaften in Europa zu stärken. Auf Basis der Alleinstellungsmerkmale hohe Zustellqualität und ökologischer Transport setzt BEXity eine Marktoffensive um und will individuelle Kunden- und Branchenlösungen, wie Weißware, Baustoffe, Food und Fast Moving Consumer Goods (FMCG) forcieren.

HAUPTSITZ  
WIEN, ÖSTERREICH



## TRANSAKTIONEN

- 2019 – Mutares übernimmt BEXity (100%) von der Österreichischen Bundesbahnen Holding (AUT)

## BEXgreen

Die grüne Linie für nachhaltige Lösungen durch e-Mobilität und Schiene ermöglicht schadstoffärmere Transporte.

„BEXity ist sich seiner Herkunft bewusst und sieht den Standort Österreich als Ausgangspunkt seiner Aktivitäten. Die Position als führender Anbieter im Heimatmarkt ist für uns ein idealer Ausgangspunkt für die Umsetzung einer erfolgreichen Zukunftsstrategie.“



Transport der Waren



# MUTARES AM KAPITALMARKT

- **Aktie entwickelte sich über Branchenschnitt mit +41% Kursplus im Jahresverlauf**
- **Erster Mutares Kapitalmarkttag findet großen Anklang**
- **Dividende von 1,00 EUR je Aktie für 2018 ausgeschüttet (Dividendenrendite von 11%)**
- **Dividendenvorschlag für 2019 in Höhe von 1,00 EUR je Aktie**

## Neuer Vorstand für das Kapitalmarkt- und Transaktionsressort

Der von der Hauptversammlung beschlossene Rechtsformwechsel der Mutares AG in eine SE & Co. KGaA erfolgte mit der Eintragung in das Handelsregister im Juli 2019 um die strukturellen Voraussetzungen für weiteres, wettbewerbsfähiges Wachstum zu schaffen. Im Rahmen dieses Formwechsels ist die Mutares Management SE als persönlich haftende, geschäftsführende Gesellschafterin in die Gesellschaft eingetreten. Sie wird vertreten von Robin Laik (CEO), Mark Friedrich (CFO), Kristian Schleede (CRO) sowie dem neu berufenen Johannes Laumann (CIO), verantwortlich für die Ressorts Investor Relations und Transaktionen.

## Börsenjahr 2019 unbeeindruckt von politischen und wirtschaftlichen Unsicherheiten

Die internationalen Aktienmärkte entwickelten sich 2019 außerordentlich positiv trotz wirtschaftlicher und politischer Risiken wie einer globalen Rezession oder protektionistischer

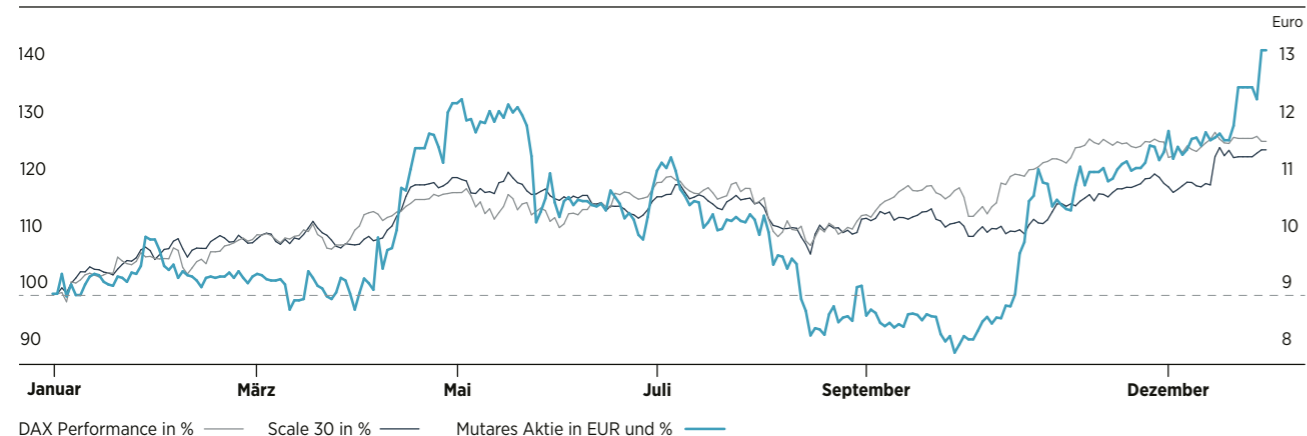
Strömungen führender Volkswirtschaften. Dabei profitierten die Notierungen global von der anhaltend expansiven Geldpolitik der Notenbanken und schlossen im positiven Bereich. Gleichzeitig enttäuschte die real-wirtschaftliche Entwicklung mit einem Wachstum des Bruttoinlandsprodukts (BIP) im Euroraum von 0,6 % gegenüber dem Wirtschaftswachstum in den USA mit 2,3 %.<sup>1</sup> Vor diesem Hintergrund lagen US-Aktien mit einem durchschnittlichen Kursplus im Jahresverlauf von 31,6 % an der Spitze, gefolgt von europäischen Aktien (+24,6 %).

## Mutares-Aktie 2019 übertrifft Entwicklung der Indizes

Die Aktien der Mutares schlossen das Börsenjahr 2019 bei EUR 12,72 mit einem Plus von 40,7% gegenüber dem Schlussstand des Vorjahres (EUR 9,04) ab. Damit übertrafen sie sowohl die Entwicklung des Kursindex DAX 30 (+22,9%) als auch des Index für Wachstumswerte, Scale 30 (+24,1%), in den die Aktien der Mutares einbezogen sind. Für Investoren der Mutares-Aktie ergab sich eine überdurchschnittliche Rendite vor Steuern von +51,8% (DAX 30: +25,5%, Scale 30: +24,1%) unter Berücksichtigung der im Mai 2019 gezahlten Dividende von EUR 1,00 je Aktie.

Die erfolgreiche Umsetzung der Wachstumsstrategie im Geschäftsjahr 2019 mit zehn Akquisitionen, die intensiviertere Kapitalmarktkommunikation mit dem erstmalig veranstalteten Mutares Kapitalmarkttag sowie die nachhaltig ausgerichtete und attraktive Dividendenpolitik stärkten das Vertrauen der Investoren.

### Kursentwicklung inklusive Vergleichsindizes



<sup>1</sup> Auf Basis der jeweiligen MSCI Indizes in EUR

## Mutares-Aktie einer der liquidesten Titel des Scale-Segments

Die Aktien der Mutares sind Teil des Auswahlindex „Scale 30“ der Deutschen Börse, der den Kursverlauf der 30 liquidesten Aktien des Scale-Segments abbildet. Gemessen am durchschnittlichen täglichen XETRA-Handelsvolumen des Segments war die Mutares-Aktie im Geschäftsjahr 2019 mit durchschnittlich ca. 34.000 gehandelten Aktien pro Tag einer der vier liquidesten Titel des Scale-Segments (2018: ca. 62.000, infolge des Börsengangs der Tochter STS Group AG im ersten Halbjahr 2018).<sup>2</sup>

### Kennzahlen der Mutares Aktie

		2016	2017	2018	2019
Aktienanzahl	Mio. Stück	15,5	15,5	15,5	15,5
Davon eigene Aktien	Mio. Stück	-	-	0,3	0,3
Marktkapitalisierung	EUR Mio.	176,8	247,9	140,1	197,1
Schlusskurs	EUR	11,41	16,00	9,04	12,72
Höchstkurs	EUR	18,73	16,15	21,00	13,06
Tiefstkurs	EUR	10,70	11,50	8,58	8,15
Handelsvolumen (tägl. Durchschnitt)	Stück	6.080	17.867	61.710 <sup>3</sup>	33.897
Dividende je Aktie	EUR	0,35	1,00	1,00	1,00 <sup>4</sup>
Dividendenrendite	%	3,1	6,3	11,1	11,1
Ausschüttung	Mio. EUR	5,4	15,2	15,2	15,2 <sup>5</sup>

Alle Angaben entsprechen XETRA-Kursen

<sup>3</sup>Außerordentlich erhöhtes durchschnittliches Handelsvolumen im ersten Halbjahr

2018 aufgrund des Börsenganges der Mutares-Tochtergesellschaft STS Group AG

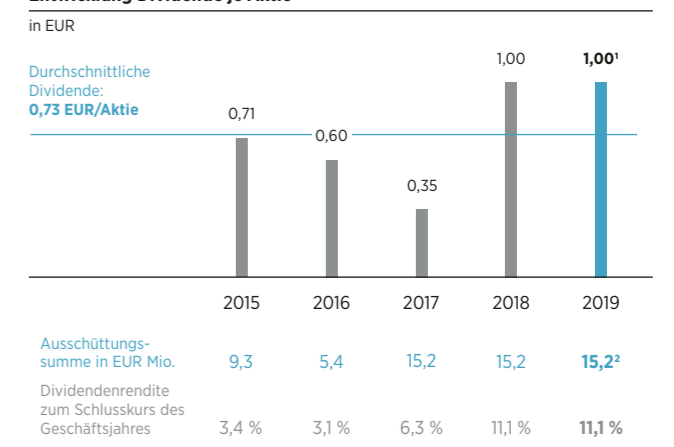
<sup>4</sup>Vorschlag der Verwaltung

<sup>5</sup> Unter Annahme des beschlossenen Dividendenvorschlags

## Nachhaltige und attraktive Dividendenpolitik

Mutares verfolgt unverändert eine auf Kontinuität und Nachhaltigkeit ausgerichtete, attraktive Dividendenpolitik mit dem Ziel, Aktionäre angemessen am Unternehmenserfolg zu beteiligen. Aufgrund der erfreulichen Geschäftsentwicklung 2018 konnte Mutares, nach Beschluss durch die Hauptversammlung vom 23. Mai 2019, erneut eine Dividende von EUR 1,00 je Aktie an ihre Aktionäre ausschütten. Auf Basis des Jahresschlusskurses 2019 bot die Mutares-Aktie damit eine außerordentlich hohe Dividendenrendite von ca. 11,1%. Der Vorstand bekräftigt, dass Mutares auch weiterhin die nachhaltige Dividendenfähigkeit erhalten wird und ein weiterhin attraktives Dividendenniveau anstrebt. Vorstand und Aufsichtsrat werden daher der Hauptversammlung am 18. Mai 2020 die Ausschüttung einer Dividende von EUR 1,00 je Aktie aus dem Bilanzgewinn 2019 vorschlagen. Das entspricht einer Ausschüttungssumme von EUR 15,2 Mio.

### Entwicklung Dividende je Aktie



<sup>1</sup> Vorschlag der Verwaltung

<sup>2</sup> Unter Annahme des beschlossenen Dividendenvorschlags

## Eigengeschäfte von Führungskräften

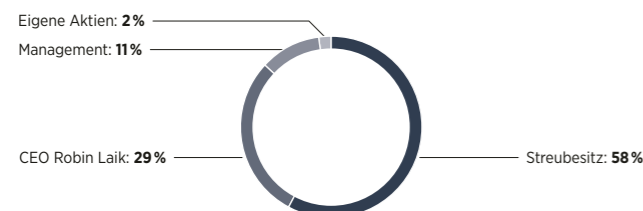
Im Berichtszeitraum erwarben Mitglieder des Vorstands und des Aufsichtsrats weitere Anteile in Höhe von ca. EUR 1,4 Mio. und bekräftigten ihr Vertrauen in Strategie und Ausblick des Wachstumswerts der Mutares SE & Co. KGaA.

## Breite Aktionärsstruktur

Die Zahl der Mutares-Aktionäre hat sich auch im Jahr 2019 weiter erhöht. Zum Ende der Berichtsperiode waren rund 7.923 Aktionäre im Jahr 2018 eingeführten Aktienregister eingetragen (Vorjahr: 5.776 Aktionäre).

Hauptaktionär mit rund 29 % ist nach wie vor Robin Laik, CEO und Gründer von Mutares. Mitglieder des Vorstands und Aufsichtsrates halten insgesamt rund 11 % der Anteile. Im Streubesitz, gemäß Definition der Deutschen Börse, befinden sich rund 58 % der Anteile, darunter institutionelle Investoren, Family Offices, große Einzelaktionäre und Vermögensverwalter sowie Privatanleger. 2 % des Grundkapitals hält Mutares selbst.

### Aufteilung Anteilsbesitz nach Investor



Mit rund 85 % wird der größte Anteil der ausstehenden Aktien von deutschen Investoren gehalten, gefolgt von Anlegern aus Luxemburg mit rund 4 % und der Schweiz mit mehr als 3 %. Auf Investoren aus Irland entfallen rund 3 % des Anteilsbesitzes, rund 1,8 % auf Frankreich. Die Aktionärsstruktur soll auch im laufenden Geschäftsjahr weiter internationalisiert werden, um die globale Ausrichtung des Mutares-Portfolios zu reflektieren.

### Stammdaten der Mutares-Aktie

Symbol	MUX
WKN	A2NB65
ISIN	DE000A2NB650
Indexmitgliedschaft	Scale 30
Transparenzlevel	Scale
Marktsegment	Freiverkehr
Börsen	Xetra, Frankfurt, Berlin, Düsseldorf, München, Stuttgart, Tradegate
Sektor	Unternehmensbeteiligungen
Aktienanzahl	15.496.292 (davon 261.875 eingehaltene Aktien)
Aktiengattung	Namensaktien
Designated Sponsor	Hauk & Aufhäuser, Pareto und Mainfirst (ab 06/2020)

## Investor Relations

Die Mutares SE & Co. KGaA pflegt einen regelmäßigen, konstruktiven und transparenten Dialog mit allen Interessensgruppen wie institutionellen Investoren, Privatanlegern, Finanzanalysten und Medienvertretern. Im Berichtsjahr 2019 hat Mutares ihre Aktivitäten der Finanzkommunikationen, wie z. B. die Teilnahme an Konferenzen, der Durchführung von Roadshows sowie von eigenen Formaten weiter ausgebaut. Darüber hinaus stand das Management der Mutares SE & Co. KGaA im kontinuierlichen Austausch mit Presse, Investoren und Finanzanalysten.

Der Höhepunkt in der Finanzkommunikation des abgelaufenen Geschäftsjahres war der erste Mutares Kapitalmarkttag, der am 22. Oktober 2019 in Frankfurt am Main stattfand. Dabei gaben CEO Robin Laik, CFO Mark Friedrich und CIO Johannes Laumann sowie ein Portfoliogeschäftsführer den mehr als 80 Investoren, Analysten und Medienvertretern Einblick in Geschäftsmodell und -ansatz von Mutares, das übergreifende Portfoliomanagement sowie die aktuelle Entwicklung von zwei der größten Beteiligungen und skizzierten die nächsten strategischen Schritte von Mutares und ihrem Portfolio.

Im Berichtsjahr 2019 informierte die Mutares SE & Co. KGaA die Kapitalmarktteilnehmer weiterhin deutlich über die Mindeststandards des Freiverkehrssegments „Scale“ der Frankfurter Wertpapierbörse hinaus. So berichtete die Gesellschaft auf Basis der IFRS-Rechnungslegung quartalsweise in deutscher und englischer Sprache und führte für Investoren und Analysten begleitende Telefonkonferenzen sowie Webcasts mit dem Mutares-Vorstand durch.

Nach dem Ende der Berichtsperiode, Ende Januar 2020, gelang Mutares die Vollplatzierung ihrer ersten Anleihe. Die Emission belief sich auf EUR 50 Mio. mit einer Laufzeit von vier Jahren und einem Kupon von 6 % auf den 3-Monats-Euribor. Die Emission richtete sich ausschließlich an institutionelle Investoren. Unter der ISIN NO0010872864 wird die Anleihe seit Februar 2020 an den Börsen in Oslo und Frankfurt auch für Privatinvestoren gehandelt.

Weitere relevante Informationen zu Aktie und Anleihe stehen interessierten Anlegern unter [www.mutares.de/investor-relations/anleihe/](http://www.mutares.de/investor-relations/anleihe/) zur Verfügung.

### Investor Relations im Geschäftsjahr 2019

Januar 2019	Unicredit/Kepler Cheuvreux German Corporate Konferenz, Frankfurt am Main
Februar 2019	ODDO BHF German Konferenz, Frankfurt am Main
April 2019	Geschäftsbericht 2018 und Telefonkonferenz CF&B Midcap Event, Paris
Mai 2019	Frühjahrskonferenz, Frankfurt am Main Münchner Kapitalmarkt Konferenz, München
Juni 2019	Prior Konferenz, Frankfurt am Main Dr. Kalliwoda Capital Markets Konferenz, Warschau CF&B Midcap Event, Paris
September 2019	Equity Forum Herbstkonferenz, Frankfurt am Main ZKK – Züricher Kapitalmarkt Konferenz, Zürich CF&B Midcap Event, Amsterdam Baader Investment Konferenz, München
Oktober 2019	Roadshow, Stockholm CF&B Midcap Event, Paris Roadshow, Amsterdam Roadshow, Brüssel 1. Mutares Kapitalmarkttag, Frankfurt am Main Roadshow Zürich
November 2019	Deutsches Eigenkapitalforum, Frankfurt am Main Dr. Kalliwoda Capital Markets Konferenz, Lugano

## Wiederholt attraktives Dividendenniveau vorgeschlagen mit 1,00 EUR je Aktie

Nach dem operativ wie auch transaktionsseitig starken Geschäftsjahr 2019 mit einem Rekordjahresüberschuss von EUR 22.5 Mio. im Jahresabschluss (2018: EUR 20.063.898), beabsichtigt der Vorstand auch dieses Jahr die Aktionäre der Mutares am Unternehmenserfolg teilhaben zu lassen und der Hauptversammlung eine Dividende von EUR 1,00 je Aktie (2018: EUR 1,00) vorzuschlagen. Die Gesamtausschüttung in Höhe von EUR 15,2 Mio. (2018: EUR 15,2 Mio.) entspricht einer Ausschüttungsquote von 67,5 % des Jahresüberschusses und damit dem Ziel von Mutares die nachhaltige Dividendenfähigkeit zu erhalten und damit eine kontinuierlich attraktive Dividendenpolitik zu ermöglichen.

### Finanzkalender 2020

9. April 2020	Veröffentlichung des Geschäftsberichts 2019 & Telefonkonferenz
14. Mai 2020	Pressemitteilung zum 1. Quartal 2020 & Telefonkonferenz
18. Mai 2020	Hauptversammlung
11. August 2020	Veröffentlichung des Halbjahresberichts 2020 & Telefonkonferenz
10. November 2020	Pressemitteilung zum 3. Quartal und Telefonkonferenz
16. bis 18. November 2020	Deutsches Eigenkapitalforum, Frankfurt am Main

<sup>6</sup> Benelux: Belgien, Niederlande, Luxemburg

<sup>7</sup> Alpenregion: Österreich, Schweiz, Liechtenstein



# 4 GRÜNDE UM IN DIE MUTARES AKTIE ZU INVESTIEREN

## 1

### Private Equity-Investing im europäischen Mittelstand mit Wachstumspotenzial

Die Mutares-Aktie bietet die Möglichkeit, unmittelbar und mit flexibler Laufzeit an einem wertorientierten Investmentansatz im ansonsten illiquiden und privaten Beteiligungsgeschäft zu partizipieren. Als im Scale Segment der Börse Frankfurt notierte Beteiligungsgesellschaft ist Mutares eine Vertreterin des sogenannten „Listed Private Equity“ und ermöglicht ihren Aktionären somit eine indirekte Beteiligung an Entwicklung und Wachstum von privaten, mittelständischen Unternehmen. Im Unterschied zu konventionellen Private Equity Investments bietet ein solches Aktieninvestment den Vorteil, dass die erworbenen Anteile liquide und jederzeit über den Kapitalmarkt handelbar sind. Die Mutares Aktie zählte 2019 zu den Top 4 der liquidesten Titel in ihrem Börsensegment, dem Scale Segment der Frankfurter Wertpapierbörse.

## 2

### Erfahrene Spezialistentams in M&A und haus-eigener Beratung

Das Geschäftsmodell der Mutares beruht auf der Übernahme, üblicherweise 100 % der Anteile, von mittelgroßen Unternehmen in Umbruchsituationen als sogenannte „Plattforminvestition“. Diese Investments sind geprägt von der herausfordernden Situation der erworbenen Unternehmen. Der Erfolg von Mutares bei diesen Investments beruht auf der langjährigen Erfahrung der hochqualifizierten Mutares-Spezialisten im Umgang und Lösen solcher Situationen – und weniger auf einer spezifischen Phase des Marktzyklus. Für ihren Ansatz nutzt Mutares die Expertise haus-eigener Teams in M&A und operativer Performance-Beratung. Das Ziel von Mutares ist das Wert- und Wachstumspotenzial ihrer Portfoliogesellschaften zu realisieren.

## 3

### Attraktive Dividendenpolitik

Mutares verfolgt eine nachhaltige Dividendenfähigkeit und attraktive Dividendenpolitik. Ziel ist, die Aktionäre direkt und fortwährend am Erfolg von Mutares zu beteiligen. Die Basis hierfür bildet zum einen der multinationale M&A-Ansatz mit Deal-Sourcing über sechs Büros in München, Paris, Mailand, London, Helsinki und Frankfurt der es erlaubt regionale Schwankungen der Transaktionsmärkte auszugleichen um einen konstanten Deal-Flow zu gewährleisten. Zum anderen generiert der Einsatz von haus-eigenen Beratungsteams in den neuerworbenen Portfoliogesellschaften planbare und stabile Erträge für die Holding, die bereits den Sockel für eine jährliche Dividende bilden. Hinzukommen können Erträge bereits profitabel arbeitender Beteiligungen sowie Erlöse aus der erfolgreichen Veräußerung von Portfoliogesellschaften.

## 4

### Transparenz und aktive Investor Relations

Mit den Aktivitäten im Bereich Kapitalmarkt-kommunikation möchte Mutares höchstmögliche Transparenz herstellen. Mutares sucht aktiv den Dialog mit Investoren, Analysten sowie der Finanz- und Wirtschaftspresse. Quartalsweise Berichterstattung und begleitende Telefonkonferenzen, regelmäßige Konferenzteilnahmen und Roadshows an führenden europäischen Finanzplätzen sowie zahlreiche Einzelgespräche bilden feste Bestandteile der Mutares Investor Relations. Ziel all dieser Maßnahmen ist es, Investoren und Kapitalmarktteilnehmern über die Entwicklung des Unternehmens und der Portfoliogesellschaften auf dem Laufenden zu halten. Fundiertes Research durch Analysten von Hauck & Aufhäuser und Pareto erreichen damit einen internationalen und breiten Kreis von bestehenden und potenziellen, neuen Investoren.

# WIR SCHAFFEN NACHHALTIG WERTE

Mutares sieht sich als Investor, der seine Portfoliounternehmen aktiv darin unterstützt, umfangreiche Turnaround- und Optimierungsprogramme zu definieren und umzusetzen, mit dem Ziel, das Unternehmen für langfristiges Wachstum auszurichten. Nachhaltiges Wirtschaften ist daher fester Bestandteil unseres unternehmerischen Handelns. Dabei ist es unser Ziel, eine Balance zwischen den Interessen aller Anspruchsgruppen unter Berücksichtigung von umweltspezifischen Themen herzustellen. Grüne Technologien, ressourcenschonende Produktionsweisen und Energie aus erneuerbaren Quellen sind der Schlüssel zu einem ganzheitlichen Ansatz. Auch in unseren Portfoliounternehmen achten wir auf die Einhaltung und Umsetzung von ökologischen, sozialen und unternehmerischen Werten und Standards. Wir schaffen nachhaltig Werte.

## ENVIRONMENTAL SOCIAL

Mutares setzt kontinuierliche Maßnahmen zur konsolidierten Reduzierung seines CO<sub>2</sub>-Fußabdruck um. Mit dem Testsieger atmosfair hat man für das Jahr 2019 alle Flüge der Holding Mitarbeiter kompensiert, und damit Projekte für erneuerbare Energien, Alternative Stromerzeuger und Waldaufforstung unterstützt:

„atmosfair betreibt seine Projekte nach den im Kyoto-Protokoll verankerten Regeln des Clean Development Mechanism (CDM) und zusätzlich dem von internationalen Umweltorganisationen etablierten „Gold Standard“. Unabhängige, von den Vereinten Nationen zugelassene Organisationen (z.B. TÜV) kontrollieren die tatsächliche CO<sub>2</sub>-Minderung der Projekte.“<sup>1</sup>

Mutares achtet auch in seinen Investments auf die Einhaltung und Implementierung von ökologischen Standards. Insgesamt sind aus dem Mutares-Portfolio 36% ISO 14001:2015 zertifiziert – der höchste Standard für die Vermeidung von Umweltschäden.

<sup>1</sup> Quelle Zitat: atmosfair.de

Mutares ist sich seiner gesellschaftlichen Verantwortung, Initiierung zur Teilhabe und Vorleben von Mitmenschlichkeit als essenzielle Fixpunkte des allgemeinen und auch unseres Wertegerüsts bewusst. Mutares unterstützt unter anderem die selbstlose und wichtige Arbeit zahlreicher HelferInnen des Ambulanten Kinderhospiz München. Hierzu übernehmen wir als Unternehmen, das seit jeher mit der Stadt München und seinen Menschen tief verbunden ist, eine Familienpatenschaft. Gleichzeitig möchten wir ein wichtiges Zeichen der Mitmenschlichkeit setzen, das weit über den pekuniären Aspekt unseres Engagements hinausgehen soll. Auch unsere Portfoliogesellschaften engagieren sich sozial; so zum Beispiel unterstützt die Donges Group den in Rheinland gegründeten, gemeinnützigen Verein Aid Kenya Watoto e.V. und damit die Arbeit für gehörlose Kinder in Kenia. Neben der Unterstützung von Bedürftigen ist es Mutares natürlich ein großes Anliegen den eigenen Mitarbeitern ein sozial faires Umfeld zu schaffen. Wir achten auf geregelte Arbeitszeiten, angemessene Entlohnung, faire Bedingungen am Arbeitsplatz und Diversität, sowie Aus- und Weiterbildungschancen. Die Einhaltung der Arbeitssicherheit und des Gesundheitsschutzes werden durch die Einführung einer „zero accident“-Sicherheitskultur gestärkt. So hat im abgelaufenen Jahr beispielsweise die Kalzip GmbH mit mehr als 1.000 unfallfreien Tagen einen internen Unternehmensrekord aufgestellt.

## UMWELTMASSNAHMEN UNSERER PORTFOLIOUNTERNEHMEN

### KLANN PACKAGING

hält eine Weißblech-Recyclingquote von ca. **95%** aufrecht.

### BALCKE-DÜRR GROUP

(sowie weitere Portfoliounternehmen) hat durch ein umfangreiches **LED-Nachrüstprogramm** sowie eine Erneuerung der kompletten Heiz- und Warmwasserversorgung im Produktionswerk eine Reduzierung des Energieverbrauchs erreicht.

### TRÉFILUNION

konzentriert sich auf die Produktion von „**Grünen Draht**“ mit dem Ziel, eine verstärkte Wiederverwertung von Drahtabfällen sowie eine umweltfreundliche Produktion und Verpackung zu erreichen.

### GEMINI RAIL GROUP

hat eine neue Produktlinie „**GemECO**“ mit Schwerpunkt auf der Hybridumrüstung für bestehendes Rollmaterial gegründet.

### STS GROUP

Die STS Group bemüht sich um die Integration ihrer **QHSE<sup>1</sup>-Politik** in die Mitarbeiterkultur mit Programmen, die auf die Bewältigung von Umweltauswirkungen und die Unterstützung von Initiativen gegen den Klimawandel abzielen.

### CENPA

erhielt im Jahr 2020 das **FSC-Zertifikat** „Forest Stewardship Council“, ein Umweltsiegel, das Unternehmen mit einer herausragenden Rückverfolgbarkeit ihrer Produktion belohnt und dazu beiträgt, die verantwortungsvolle Bewirtschaftung der Wälder der Welt zu fördern.

<sup>1</sup> Qualitäts-, Gesundheits-, Umwelt- und Arbeitsschutz



## GOVERNANCE

Wir übernehmen unternehmerische Verantwortung und achten auf die Auswirkungen unserer Geschäftstätigkeiten. Zu diesem Zweck haben wir ein Compliance-System etabliert, das mit einem Verhaltenskodex eingeleitet wurde, der sich auf alle Bereiche konzentriert, die Mutares für relevant hält. So gibt es einzelne Richtlinien für unter anderem Anti-Korruption, Kapitalmarkt-Compliance, Terrorismusfinanzierung und Geldwäsche sowie Datenschutz. Die implementierte Software zur Verwaltung von Richtlinien stellt sicher, dass die Mitarbeiter zur richtigen Zeit Zugang zu den jeweils gültigen Richtlinien haben. Zudem bietet sie Schutz von Informanten durch einen anonymen E-Mail-Service, der allen Mitarbeitern zur Verfügung steht und somit Transparenz fördert.



# BERICHT DES AUFSICHTSRATS

## Sehr geehrte Aktionärinnen und Aktionäre der Mutares SE & Co. KGaA,

Zufriedenheit mit dem Erreichten, Ungewissheit bezüglich der kurz- und mittelfristigen Entwicklungen in der aktuellen Situation der Corona-Pandemie und Zuversicht, dass das Geschäftsmodell der Mutares-Gruppe ungeachtet dieser Ungewissheit langfristig erfolgreich bleiben wird – so lässt sich der gegenwärtige Gemütszustand des Aufsichtsrats Ihrer Gesellschaft beschreiben.

Doch bevor wir näher auf Gegenwart und Zukunft eingehen, lassen Sie uns zunächst pflichtgemäß über die Tätigkeit des Aufsichtsrats im Geschäftsjahr 2019 berichten.

### Identitätswahrender Rechtsformwechsel der Mutares AG in eine Kommanditgesellschaft auf Aktien (KGaA) am 24. Juli 2019

Zunächst ist auf den identitätswahrende Rechtsformwechsel der Mutares AG in eine Kommanditgesellschaft auf Aktien (KGaA) hinzuweisen, der mit der erfolgten Eintragung am 24. Juli 2019 in das Handelsregister abgeschlossen worden ist.

Damit vollzog Mutares die von der ordentlichen Hauptversammlung auf gemeinsamen Vorschlag des Vorstands und des Aufsichtsrats der Mutares AG am 23. Mai 2019 beschlossene Umwandlung, mit dem Ziel, auch zukünftig die schnelle Handlungs- und Entscheidungsfähigkeit der Organe der Gesellschaft zu erhalten.

Mutares firmiert nunmehr unter Mutares SE & Co. KGaA; die persönlich haftende Gesellschafterin Mutares Management SE übernahm mit Vollzug des Formwechsels durch ihre Vorstände die Geschäftsführung und Vertretung der Mutares SE & Co. KGaA.

Zu weiteren Details des Formwechsels verweisen wir auf den Geschäftsbericht der Gesellschaft.

Der identitätswahrende Formwechsel bedingt, dass der amtierende Aufsichtsrat der Mutares SE & Co. KGaA in diesem Bericht nicht nur über seine eigene Arbeit seit Bestehen dieses Gremiums ab vollzogenem Formwechsel, d. h. ab dem 24. Juli 2019, zu informieren hat, sondern auch über die Arbeit des bis zum Formwechsel amtierenden Aufsichtsrats der Mutares AG.

Die Erfüllung dieser Verpflichtung wird durch die Personenidentität beider Gremien (vergl. unsere nachfolgenden Ausführungen zu den Personalien) grundsätzlich erleichtert. Allerdings hat sich das Spektrum der Rechte und Pflichten des Aufsichtsrats der Mutares SE & Co. KGaA gegenüber den früheren Rechten und Pflichten des Aufsichtsrats der Mutares AG durch den Formwechsel verändert; vor diesem Hintergrund wird die folgende Berichterstattung für die beiden Gremien getrennt dargestellt, sofern dies aus Übersichtgründen sachdienlich erscheint.

## Personalien

Die gegenwärtigen satzungsgemäß vier Mitglieder des Aufsichtsrats der Mutares SE & Co. KGaA – Prof. Dr. Micha Bloching, Dr. Lothar Koniarski, Dr. Axel Müller und Volker Rofalski – amtieren als Aufsichtsräte der Mutares SE & Co. KGaA seit dem Vollzug dieses Formwechsels am 24. Juli 2019; sie waren zuvor von der ordentlichen Hauptversammlung der Mutares AG am 23. Mai 2019 für eine Amtszeit bis zum Ablauf der ordentlichen Hauptversammlung des Jahres 2024 zu Aufsichtsräten der Mutares SE & Co. KGaA gewählt worden, da mit dem Formwechsel das Mandat des Aufsichtsrats der Mutares AG gesetzlich endete.

Die Zusammensetzung des Aufsichtsrats der Mutares SE & Co. KGaA entspricht der letzten Zusammensetzung des Aufsichtsrats der Mutares AG vor der Umwandlung; dies gilt auch für die Position von Volker Rofalski als Vorsitzendem und Dr. Axel Müller als stellvertretendem Vorsitzenden des jeweiligen Gremiums.

Noch vor dem Formwechsel, zum Ablauf des 31. März 2019, ist der stellvertretende Aufsichtsratsvorsitzende der Mutares AG, Dr. Ulrich Hauck, aus dem Aufsichtsrat ausgeschieden und zum 1. April 2019 als Finanzvorstand in den Vorstand der mehrheitlich zur Mutares-Gruppe gehörenden STS Group AG eingetreten; als stellvertretender Aufsichtsratsvorsitzender folgte ihm Dr. Axel Müller zum 9. April 2019 nach.

Zudem wurden durch das Ausscheiden von Dr. Ulrich Hauck auch Änderungen in dem zum 1. Januar 2019 neu gebildeten Prüfungsausschuss des Aufsichtsrats der Mutares AG notwendig; bis 31. März 2019 bestand dieser Prüfungsausschuss aus den drei Mitgliedern Dr. Ulrich Hauck (Vorsitz), Dr. Axel Müller und Volker Rofalski, danach aus den zwei Mitgliedern Dr. Axel Müller (Vorsitz) und Volker Rofalski. Der Aufsichtsrat der Mutares SE & Co. KGaA hat ab vollzogenem Formwechsel erneut einen Prüfungsausschuss des Aufsichtsrats mit gleicher Besetzung eingerichtet.

Im zeitlichen Zusammenhang mit dem Formwechsel hat Dr. Wolf Cornelius, langjähriges Vorstandsmitglied der Mutares AG, seine Vorstandstätigkeit in der Mutares-Gruppe einvernehmlich beendet. Ihm gilt unser herzlicher Dank für seine herausragenden Leistungen für unsere Gesellschaft über so viele Jahre; wir freuen uns, dass er als Senior Adviser die Mutares-Gruppe weiterhin tatkräftig unterstützt.

Die amtierenden Aufsichtsräte kennen die vier Vorstände der Mutares Management SE, die jetzt die Geschäftsführung der Mutares SE & Co. KGaA wahrnehmen, bereits seit vielen Jahren. Robin Laik, Mark Friedrich und Dr. Kristian Schleede waren bereits Vorstände der Mutares AG und Johannes Laumann zuvor langjährig mit Führungsaufgaben in der Mutares-Gruppe betraut.

Dank der personellen Kontinuität des Führungskreises der Mutares-Gruppe auf Vorstands- und Aufsichtsratsseite hat der Formwechsel der Gesellschaft zu keinen Beeinträchtigungen der vertrauensvollen und engen Zusammenarbeit des Aufsichtsrats mit dem Vorstand geführt, für die sich der Aufsichtsrat der Mutares SE & Co. KGaA beim Vorstand der Mutares Management SE ausdrücklich herzlich bedankt.

### Bericht zur Tätigkeit des Aufsichtsrats der Mutares AG für den Zeitraum 1. Januar 2019 bis zum Wirksamwerden des Formwechsels am 24. Juli 2019

Der Aufsichtsrat der Mutares AG hat im Berichtsjahr 2019 bis zum Wirksamwerden des Formwechsels der Gesellschaft in die Mutares SE & Co. KGaA am 24. Juli 2019 die ihm nach Gesetz, Satzung und Geschäftsordnung obliegenden Aufgaben in vollem Umfang wahrgenommen. Er hat in diesem Berichtszeitraum dreimal bei Anwesenheit jeweils aller Aufsichtsratsmitglieder getagt; dabei war – mit Ausnahme der Behandlung von Personalthemen – stets mindestens eines der Vorstandsmitglieder der Mutares AG anwesend. Darüber hinaus wurden vom Aufsichtsrat der Mutares AG im Berichtszeitraum auch Beschlüsse mittels Telekommunikationsmitteln vorbereitet, behandelt und auf diese Weise oder im Umlaufverfahren gefasst.

Insbesondere hat der Aufsichtsrat der Mutares AG den Vorstand der Mutares AG im Berichtszeitraum bei der expansiven Fortentwicklung der Mutares-Gruppe auf Basis eines zeitnahen Informationsaustausches begleitet und sich ausführlich mit der Lage der Gesellschaft befasst. Der Aufsichtsrat ließ sich hierfür regelmäßig vom Vorstand über aktuelle Entwicklungen, Ausblick, Strategie und die damit verbundenen Chancen und Risiken, Transaktionsstatus, Vermögens-, Finanz- und Ertragslage informieren und war in die maßgeblichen Entscheidungsprozesse eingebunden. In den Berichten des Vorstandes wurden Entwicklungen und Status der Gesellschaft und der Gruppengesellschaften, wichtige strategische Entscheidungen – insbesondere auch die Umgestaltung der Corporate Governance der Mutares AG in eine SE & Co. KGaA-Struktur sowie die M&A-Aktivitäten – sowie Perspektiven für die zukünftige Entwicklung der Mutares-Gruppe erörtert. Dies beinhaltete auch Informationen über Abweichungen der tatsächlichen Entwicklung von früher berichteten Zielen der Gesellschaft sowie Abweichungen des tatsächlichen Geschäftsverlaufs von der Planung der Gesellschaft. Zudem informierte der Vorstand der Mutares AG den Aufsichtsrat der Mutares AG regelmäßig und umfassend über wesentliche Themen der operativen Geschäftsführung; im Berichtszeitraum zählten dazu u.a. die Themen Einführung gruppenweiter Compliance-Richtlinien, wesentliche Rechtsstreitigkeiten sowie IR-Aktivitäten.

Auch außerhalb von Sitzungen hat der Vorstand der Mutares AG die Aufsichtsratsmitglieder der Mutares AG regelmäßig und zeitnah über die laufenden Geschäfte, aktualisierte Finanzkennzahlen sowie über Angelegenheiten von besonderer Bedeutung unterrichtet. Der Vorstand der Mutares AG hat alle Unterlagen der Gesellschaft, die der Aufsichtsrat der Mutares AG im Rahmen der Erfüllung seiner gesetzlichen Aufgaben einzusehen gewünscht hat, vorgelegt und alle in diesem Rahmen gestellten Fragen zur vollen Zufriedenheit des Aufsichtsrats der Mutares AG beantwortet.

Der Aufsichtsrat der Mutares AG war somit in alle Entscheidungen von grundlegender Bedeutung für das Unternehmen unmittelbar und frühzeitig eingebunden und hat diese mit dem Vorstand intensiv und detailliert erörtert. Soweit für Entscheidungen oder Maßnahmen der Geschäftsführung aufgrund Gesetzes, Satzung oder Geschäftsordnung eine Zustimmung des Aufsichtsrats der Mutares AG erforderlich war, haben die Mitglieder des Aufsichtsrats der Mutares AG diese nach intensiver Prüfung und Erörterung gebilligt; dies gilt insbesondere auch für Transaktionen im Rahmen der vom Vorstand der Mutares AG eingeschlagenen Strategie, Unternehmen in Umbruchsituationen zu erwerben und solche Plattforminvestitionen im Zuge einer Restrukturierung und Weiterentwicklung ggf. auch durch komplementäre Erwerbe zu stärken.

Der Aufsichtsrat der Mutares AG hat regelmäßig seine Tätigkeit auf Effizienz geprüft. Vor diesem Hintergrund hat er zum 1. Januar 2019 einen Prüfungsausschuss eingerichtet.

Im Berichtszeitraum wurden dem Aufsichtsrat der Mutares AG keine Interessenskonflikte mitgeteilt und keine Compliance-Verstöße bekannt.

Der Prüfungsausschuss des Aufsichtsrats der Mutares AG hat im Berichtszeitraum neben mehreren informellen Abstimmungen, u.a. auch mit dem Abschlussprüfer, einmal getagt und dabei den Jahresabschluss und den Konzernabschluss der Mutares AG für das Geschäftsjahr 2018 geprüft und als Ergebnis der Prüfung dem Aufsichtsrat deren Billigung vorgeschlagen.

### Bericht zur Tätigkeit des Aufsichtsrats der Mutares SE & Co. KGaA für den Zeitraum nach Wirksamwerden des Formwechsels am 24. Juli 2019 bis zum 31. Dezember 2019

Der Aufsichtsrat der Mutares SE & Co. KGaA hat ab seiner Konstituierung mit dem Wirksamwerden des Formwechsels am 24. Juli 2019 bis zum 31. Dezember 2019 die ihm nach Gesetz, Satzung und Geschäftsordnung obliegenden Aufgaben in vollem Umfang wahrgenommen. Er hat dabei zweimal bei Anwesenheit jeweils aller Aufsichtsratsmitglieder und jeweils mindestens eines Mitglieds des Vorstands der geschäftsführenden Mutares Management SE (nachfolgend „Vorstand“) getagt; darüber hinaus wurden Beschlüsse des Aufsichtsrats der Mutares SE & Co. KGaA mittels Telekommunikationsmitteln vorbereitet, behandelt und auf diese Weise oder im Umlaufverfahren gefasst.

Insbesondere hat der Aufsichtsrat der Mutares SE & Co. KGaA den Vorstand bei der operativen Entwicklung der Gruppe auf Basis eines zeitnahen Informationsaustausches begleitet und sich regelmäßig ausführlich mit der Lage der Gesellschaft befasst. Der Aufsichtsrat der Mutares SE & Co. KGaA ließ sich hierfür regelmäßig vom Vorstand über aktuelle Entwicklungen der Gesellschaft und der Gruppengesellschaften sowie deren Vermögens-, Finanz- und Ertragslage berichten und erörterte diese Informationen eingehend mit dem Vorstand. Dies beinhaltete auch Informationen über Abweichungen der tatsächlichen Entwicklung von früher berichteten Zielen der Gesellschaft sowie Abweichungen des tatsächlichen Geschäftsverlaufs von der Planung der Gesellschaft. Zudem informierte der Vorstand regelmäßig und umfassend über wesentliche Themen der operativen Geschäftsführung; im Berichtszeitraum zählten dazu u.a. die Themen IT-Struktur, Personalwesen, Risikomanagement, wesentliche Rechtsstreitigkeiten sowie IR-Aktivitäten.

Auch außerhalb von Sitzungen hat der Vorstand die Aufsichtsratsmitglieder der Mutares SE & Co. KGaA regelmäßig und zeitnah über die laufenden Geschäfte, aktualisierte Finanzkennzahlen sowie über Angelegenheiten von besonderer Bedeutung unterrichtet. Der Vorstand hat alle Unterlagen der Gesellschaft, die der Aufsichtsrat der Mutares SE & Co. KGaA im Rahmen der Erfüllung seiner gesetzlichen Aufgaben einzusehen gewünscht hat, vorgelegt und alle in diesem Rahmen gestellten Fragen zur vollen Zufriedenheit des Aufsichtsrats der Mutares SE & Co. KGaA beantwortet.

Der Aufsichtsrat der Mutares SE & Co. KGaA hat zudem – beginnend im 4. Quartal 2019 – eine Ausschreibung der Abschlussprüfung für das Geschäftsjahr 2020 unter Federführung des Prüfungsausschusses durchgeführt. Auf der Sitzung des Aufsichtsrats am 07.04.2020 hat das Plenum des Aufsichtsrats auf Vorschlag des Prüfungsausschusses beschlossen, der Hauptversammlung vorzuschlagen, am bisherigen Abschlussprüfer Deloitte für die Gesellschaft festzuhalten, da die Ausschreibung ergeben hat, dass Deloitte sowohl unter fachlichen Aspekten als auch unter Kostenaspekten ein gegenüber anderen Bewerbern mindestens gleichwertiges Prüfungskonzept vorgelegt hat und vor dem Hintergrund der aktuellen Pandemie-Situation eine freiwillige Rotation des Abschlussprüfers nicht angezeigt erschien.



Der Aufsichtsrat der Mutares SE & Co. KGaA prüft regelmäßig seine Tätigkeit auf Effizienz. Vor diesem Hintergrund hat er bereits mit seiner Konstituierung einen Prüfungsausschuss eingerichtet.

Im Berichtszeitraum wurden dem Aufsichtsrat der Mutares SE & Co. KGaA keine Interessenskonflikte mitgeteilt und keine Compliance-Verstöße bekannt.

Der Prüfungsausschuss des Aufsichtsrats der Mutares SE & Co. KGaA hat im Berichtszeitraum neben mehreren informellen Abstimmungen einmal getagt. Themen waren ein Review zum Erstellungsprozess des Jahresabschlusses und des Konzernabschlusses der Gesellschaft für das Geschäftsjahr 2018 zusammen mit dem Abschlussprüfer und dem Finanzbereich sowie die Vorbereitung der vorstehend beschriebenen Ausschreibung der Prüfung des Jahres- und Konzernabschlusses für das Geschäftsjahr 2020.

#### Jahres- und Konzernabschlussprüfung für das Geschäftsjahr 2019

Die Deloitte GmbH Wirtschaftsprüfungsgesellschaft hat den von der geschäftsführenden Mutares Management SE als persönlich haftende Gesellschafterin aufgestellten Jahresabschluss der Mutares SE & Co. KGaA (aufgestellt nach deutschem HGB) und den Konzernabschluss der Mutares SE & Co. KGaA (freiwillig aufgestellt nach den IFRS), je zum 31. Dezember 2019, geprüft. Der Jahresabschluss und der Konzernabschluss wurden jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen.

In seiner Sitzung vom 8. April 2020, die vor dem Hintergrund der aktuellen Corona-Pandemie ausnahmsweise mittels Telekommunikationsmitteln abgehalten wurde, hat der Aufsichtsrat der Mutares SE & Co. KGaA den Jahresabschluss sowie den Konzernabschluss der Mutares SE & Co. KGaA für das Geschäftsjahr 2019 eingehend besprochen und geprüft; die Prüfungsberichte des Abschlussprüfers lagen dem Aufsichtsrat jeweils vor. Sowohl der Vorstand als auch die unterzeichnenden Wirtschaftsprüfer der Deloitte GmbH Wirtschaftsprüfungsgesellschaft waren der Sitzung zugeschaltet, standen damit für die detaillierte Erläuterung beider Abschlüsse zur Verfügung und beantworteten alle Fragen des Aufsichtsrats der Mutares SE & Co. KGaA zu dessen vollster Zufriedenheit. Als abschließendes Ergebnis seiner eigenen Prüfungen hat der Aufsichtsrat der Mutares SE & Co. KGaA – dem Vorschlag des Prüfungsausschusses folgend – festgestellt, dass gegen beide Abschlüsse keine Einwendungen zu erheben sind. Mit dem jeweiligen Lagebericht der persönlich haftenden Gesellschafterin erklärt sich der Aufsichtsrat der Mutares SE & Co. KGaA einverstanden. Der Aufsichtsrat der Mutares SE & Co. KGaA hat daraufhin – dem Vorschlag des Prüfungsausschusses folgend – sowohl den Jahresabschluss der Mutares SE & Co. KGaA als auch den Konzernabschluss der Mutares SE & Co. KGaA gebilligt. Er hat zugleich in Übereinstimmung mit dem Vorstand beschlossen, der Hauptversammlung der Gesellschaft vorzuschlagen, den Jahresabschluss der Mutares SE & Co. KGaA für das Geschäftsjahr 2019 gemäß § 286 Abs. 1 Satz 1 Aktiengesetz festzustellen.

Der Aufsichtsrat der Mutares SE & Co. KGaA ist zufrieden mit dem Ergebnis des Geschäftsjahres 2019 und dankt dem Vorstand sowie allen Mitarbeiterinnen und Mitarbeitern der Mutares-Gruppe für ihre ausgezeichnete Leistung und ihren großen Einsatz – gerade auch in der aktuell schwierigen Pandemie-Situation.

#### Gewinnverwendungsvorschlag

Nach dem Aktiengesetz bemisst sich die an die Aktionäre ausschüttbare Dividende nach dem im handelsrechtlichen Jahresabschluss der Mutares SE & Co. KGaA ausgewiesenen Bilanzgewinn.

Der Aufsichtsrat der Mutares SE & Co. KGaA folgt dem Gewinnverwendungsvorschlag der persönlich haftenden Gesellschafterin Mutares Management SE und hat seinerseits ebenfalls beschlossen, der ordentlichen Hauptversammlung der Mutares SE & Co. KGaA vorzuschlagen, von dem Bilanzgewinn der Mutares SE & Co. KGaA zum 31. Dezember 2019 von EUR 27.350.598 an die Aktionäre einen Betrag in Höhe von EUR 15.496.292 (ohne Berücksichtigung eigener Aktien) auszuschütten, was einer Dividende von EUR 1,00 je gewinnbezugsberechtigter Aktie entspricht, und den verbleibenden Betrag von EUR 11.854.306 auf neue Rechnung vorzutragen. Der auszuschüttende Betrag vermindert sich gegebenenfalls um den Teilbetrag, der auf die zum Zeitpunkt des Gewinnverwendungsbeschlusses im Besitz der Gesellschaft befindlichen eigenen Aktien entfallen würde.

Mit der vorgeschlagenen Dividende wird die nachhaltige langfristige Dividendenpolitik der Mutares Gruppe fortgesetzt.

#### Ausblick

Wohl wir alle, werte Aktionärinnen und Aktionäre, gehen gegenwärtig durch wirtschaftlich und persönlich sehr schwierige Zeiten. Der Aufsichtsrat der Mutares SE & Co. KGaA begleitet den Vorstand in der gegenwärtigen Corona-Pandemie besonders eng bei der Bewältigung der riesigen operativen Herausforderungen und ist beeindruckt, mit welcher Tatkraft, welchem Engagement, aber auch mit welcher Zuversicht sich der Vorstand und alle Mitarbeiterinnen und Mitarbeiter der Mutares-Gruppe diesen Herausforderungen stellen. Und auch wir als Aufsichtsrat der Mutares SE & Co. KGaA sind – analog zur Einschätzung des Vorstands in seinem Lagebericht zum Konzernabschluss – davon überzeugt, dass die Mutares-Gruppe – ungeachtet sicher aktuell sehr schwieriger operativer Themen bei vielen Portfoliogesellschaften – diese Krisensituation letztendlich erfolgreich bewältigt und sich als Spezialist für Turnaround-Situation sogar manche zusätzliche Chance eröffnen kann.

Der Aufsichtsrat der Mutares SE & Co. KGaA,

Volker Rofalski  
Vorsitzender des Aufsichtsrats

München, im April 2020

# UNSER AUFSICHTSRAT



## VOLKER ROFALSKI

VORSITZENDER DES AUFSICHTSRATS

Volker Rofalski, geboren 1970, ist seit 2008 Mitglied des Aufsichtsrats. Im Jahr 2018 wurde er zum Vorsitzenden des Aufsichtsrats gewählt.

Er ist im Bereich Private Equity und Venture Capital tätig. Er ist Gesellschafter und Geschäftsführer der only natural munich GmbH. Zuvor war er Gründer und Mitglied des Vorstands der Handelsplattform TradeCross AG in München. Darüber hinaus war er Mitbegründer der ersten internetbasierten Kapitalmarktplattform in Deutschland, der Webstock AG.

Seinen Abschluss machte er 1996 an der Universität Augsburg mit einem Diplom in Betriebswirtschaft und Management.



## DR. AXEL MÜLLER

STELLVERTRETENDER VORSITZENDER DES AUFSICHTSRATS

Dr. Axel Müller, geboren 1957, ist seit 2018 Mitglied des Aufsichtsrats. Dr. Axel Müller hatte von 1985 bis 2010 zahlreiche Führungspositionen bei der STADA Arzneimittel AG in den Bereichen Marketing und Kommunikation, Strategie und M&A sowie Operations inne; zuletzt war er dort seit 2010 als Vorstandsmitglied verantwortlich für Produktion und Entwicklung. Seit 2014 ist Dr. Axel Müller unabhängiger Unternehmensberater. Nach mehreren Jahren als Senior Advisor bei Arthur D. Little ist er seit 2018 Associate Partner bei Fidelio Healthcare Partners. Seit dem 8. April 2019 ist er stellvertretender Aufsichtsratsvorsitzender.

Dr. Axel Müller ist approbierter Apotheker. Nach Abschluss seines Pharmaziestudiums an der Johannes Gutenberg-Universität in Mainz im Jahr 1980 war er dort mehrere Jahre wissenschaftlicher Mitarbeiter und promovierte im Fach Pharmazeutische Technologie.



## DR. LOTHAR KONIARSKI

MITGLIED DES AUFSICHTSRATS

Dr. Lothar Koniarski, geboren 1955, ist seit 2018 Mitglied des Aufsichtsrats. Er ist Geschäftsführer der ELBER GmbH und war von 1995 bis 2017 Geschäftsführer der DV Immobiliengruppe. Davor hatte er bereits mehrere Führungspositionen in verschiedenen Industrieunternehmen. Von 2005 bis 2013 war Dr. Lothar Koniarski Mitglied im Finanz- und Steuerausschuss des DIHK in Berlin. Seit 2003 ist er Vorsitzender des Finanz- und Steuerausschusses der Industrie- und Handelskammer in Regensburg. Seit 2013 ist er Mitglied des Aufsichtsrats der CANCOM SE, wo er 2016 zum Vorsitzenden ernannt wurde. Darüber hinaus ist er Aufsichtsratsvorsitzender der SBF AG und Mitglied des Verwaltungsrats der Alfmeier SE.

Dr. Lothar Koniarski studierte Betriebswirtschaft an der Universität Regensburg. Nach seinem Abschluss arbeitete er als wissenschaftlicher Mitarbeiter an der Universität Regensburg.



## PROF. DR. MICHA BLOCHING

MITGLIED DES AUFSICHTSRATS

Prof. Dr. Micha Bloching, geboren 1968, ist seit 2008 Mitglied des Aufsichtsrats. Von 2008 bis 2018 war er Vorsitzender des Aufsichtsrats.

Prof. Dr. Micha Bloching arbeitete als Rechtsanwalt und Steuerberater in verschiedenen Münchner Kanzleien. Er war Partner einer internationalen Großkanzlei und führt heute sein eigenes Büro in München. Darüber hinaus lehrt er Wirtschaftsrecht an der Hochschule in Augsburg.

Prof. Dr. Micha Bloching hat in Heidelberg studiert und die Staatsexamina abgelegt und hat an der Universität Heidelberg zum Dr. iur. promoviert.

## Der Mutares-Aufsichtsrat

Der Aufsichtsrat der Mutares SE & Co. KGaA besteht aus vier Mitgliedern, die nach den Bestimmungen des Aktiengesetzes gewählt wurden. Die Mitglieder des Aufsichtsrats werden von der Hauptversammlung gewählt. Die Amtsdauer von Mitgliedern des Aufsichtsrats bestimmt die Hauptversammlung. Herr Prof. Dr. Micha Bloching, Herr Dr. Lothar Koniarski, Herr Dr. Axel Müller, stellvertretender Vorsitzender und Volker Rofalski, Vorsitzender des Aufsichtsrats, wurden am 23. Mai 2019 auf der ordentlichen Hauptversammlung zu Mitgliedern des Aufsichtsrats gewählt. Die Amtszeiten der Mitglieder enden mit Ablauf der Hauptversammlung 2024.



# UNSER MANAGEMENT



## ROBIN LAIK

CEO

Robin Laik, geboren 1972, ist Gründungsmitglied und seit dem 1. Februar 2008 CEO der Mutares.

Robin Laik begann seine berufliche Laufbahn bei der ELA Medical GmbH und der Porges GmbH (ehemals L'Oreal Group). Im Jahr 2004 wechselte er zur Bavaria Industries Group AG, wo er im Juli 2006 Mitglied des Vorstands wurde. Bis Juli 2007 war er dort als CFO tätig. Zuvor hielt er verschiedene Managementpositionen im Finanzbereich bei der ESCADA AG, unter anderem als Head of M&A der ESCADA Group. Seit Januar 2018 ist Robin Laik auch Vorsitzender des Aufsichtsrats der STS Group.

Robin Laik studierte Betriebswirtschaftslehre an der Universität Augsburg und schloss 1995 mit einem Diplom ab.



## MARK FRIEDRICH

CFO

Mark Friedrich, geboren 1978, ist seit 2012 bei der Mutares. Er trat als Leiter Finanzen ein und ist seit April 2015 CFO der Mutares.

Mark Friedrich war von 2005 bis 2012 bei Ernst & Young tätig; zuletzt als Prokurist. Er wurde im Jahr 2009 zum Steuerberater und im Jahr 2011 zum Wirtschaftsprüfer zugelassen.

Mark Friedrich studierte Betriebswirtschaftslehre an der Universität Tübingen und schloss 2005 mit einem Diplom ab. Zuvor studierte er Betriebswirtschaftslehre an der Europa-Universität Frankfurt (Oder) und der Freien Universität Berlin.



## DR. KRISTIAN SCHLEEDE

CRO

Dr. Kristian Schleede, geboren 1958, kam 2010 als Mitglied des Vorstands zu Mutares. Nach seiner Tätigkeit als CFO bis März 2015 übernahm er die Position des Chief Restructuring Officer (CRO). Sein aktueller Schwerpunkt liegt in der Optimierung und strategischen Weiterentwicklung von Portfoliounternehmen.

Vor seiner jetzigen Position hielt er mehrere Führungspositionen in Industrie- und Dienstleistungsunternehmen wie Danzas, Dussmann KGaA, Swisslog Management AG und Kienle + Spiess Group inne. Zuvor war er mehrere Jahre in der Beratung bei McKinsey & Company tätig. Dr. Kristian Schleede ist zudem Mitglied des Aufsichtsrats der STS Group.

Nach seinem Studium des Maschinenbaus an der RWTH Aachen promovierte Dr. Kristian Schleede auf dem Gebiet der Kunststoffverarbeitung. Zusätzlich schloss er ein Studium als IFRS/IAS Accountant an der Controller Academy (Ernst & Young) in Zürich ab.



## JOHANNES LAUMANN

CIO

Johannes Laumann, geboren 1983, ist seit 2016 bei der Mutares. Im Mai 2019 wurde er zum Mitglied des Vorstands der Mutares Management SE ernannt. Als Chief Investment Officer (CIO) verantwortet er die Bereiche M&A und Investor Relations.

Vor seinem Eintritt in die Mutares hielt er verschiedene Managementpositionen bei der Ernst & Young GmbH, der Porsche Consulting GmbH und in der Oil & Gas Division von Atlas Copco inne.

Johannes Laumann studierte Wirtschaftsrecht und internationales Management an der Universität in Pforzheim und der Business School in Kopenhagen.

# GROUP MANAGEMENT REPORT

<b>1. Basic information on the Group</b>	<b>68</b>
1.1 Business model and organization	68
1.2 Research and development	69
<b>2. Economic report</b>	<b>70</b>
2.1 General economic and industry-related conditions for the financial year 2019	70
2.2 Business performance in financial year 2019	71
2.3 Reports from the portfolio companies	72
<b>3. Situation of the Group including net assets, financial position and results of operations</b>	<b>79</b>
3.1 Earnings situation	79
3.2 Assets and financial position	81
3.3 Management board's assessment of the course of business	82
3.4 Financial and non-financial performance indicators	83
3.5 Subsequent events	84
<b>4. Forecast, opportunities and risk report</b>	<b>84</b>
4.1 Risk management and internal control system	84
4.2 Opportunities and risks of future development	86
4.3 Forecast report	94





# 1. BASIC INFORMATION ON THE GROUP

## 1.1 Business model and organization

Mutares SE & Co. KGaA, Munich (hereinafter referred to as “the Company” or “Mutares”), was formed from Mutares AG, Munich, by way of a change of legal form. At the Annual General Meeting held in Munich on 23 May 2019, a resolution was passed to change the legal form of Mutares AG into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA), with Mutares Management SE joining as general partner. The change of form was completed with the entry in the commercial register on 24 July 2019.

Mutares’ business approach includes the acquisition, restructuring and development of companies in transitional situations as platform investments. Companies with the following characteristics are particularly interesting for Mutares as platform investments:

- Spin-offs from larger corporations
- Revenues of EUR 50–500 million
- Established market position (products, brand, customer base)
- Focus on activities in Europe
- Economically challenging or upheaval situation (e.g. pending restructuring or reorganization)

Mutares is committed to its investments in the long term and sees itself as a responsible shareholder who actively supports the upcoming change phases as a reliable companion – based on its extensive, long-term experience. The goal is to create independent and dynamic medium-sized companies with a competitive, profitable and growing business model out of the companies that were unprofitable when they were taken over. A prerequisite for this is therefore that the potential for profit improvement in the company is already clearly identifiable in the takeover phase, which can be raised within one to two years through suitable strategic and operational optimization.

Mutares management has extensive in-house operational industrial and restructuring experience. After the acquisition of a company, Mutares’ range of services includes operational support, the expansion of activities through add-on acquisitions and the sale of investments. Core aspects of Mutares’ restructuring and development approach are

- After acquisition, Mutares always initiates a comprehensive operational improvement program in the subsidiaries, in addition to cash management, in particular by using its own operational Mutares team (in-house consulting). The implementation of the projects defined in this program is carried out in close cooperation and in close collaboration with the respective subsidiary.
- With this deployment of specialists to support the optimization projects and with the tapping of financial resources for investments in the development of innovative products, in sales and in (production) facilities, Mutares intends to continue to develop its investments strategically and operationally successfully until the long-term realignment.
- Once a platform investment has been operationally stabilized, internal growth is often accelerated by broadening the product portfolio or by opening up new markets. Mutares also systematically seeks opportunities for inorganic growth. With this in mind, the platform is strategically complemented by add-on acquisitions in order to implement the planned growth strategy faster.
- A sale of the value-enhanced investment should ideally take place within a period of three to seven years after acquisition.

Mutares does not limit itself after completion of the improvement program to the mere holding/managing and performance monitoring in the investments. Acquired companies are continuously improved and supported in implementing the improvement program with the help of active investment management, which also includes regular reviews of the restructuring and development progress (so-called “audits”).

To implement a focused buy-and-build approach, Mutares regularly reviews add-on acquisitions and thus drives the sustainable development of the portfolio and the achievement of ambitious growth targets. The strategic addition of add-on acquisitions is intended to complement the investment in areas such as technology, product offering or country coverage.



Mutares is present in the strategic core markets of Germany, France, Italy, United Kingdom and Scandinavia with its own offices.

As of 31 December 2019, Mutares SE & Co. KGaA's portfolio contained 13 operating investments or investment groups (previous year: ten), which are divided into three segments:

- **Automotive & Mobility**
  - Elastomer Solutions Group
  - STS Group
  - Plati Group
  - KICO Group
- **Engineering & Technology**
  - Balcke-Dürr Group
  - Donges Group
  - Gemini Rail Group
  - EUPEC
- **Goods & Services**
  - Cenpa
  - KLANN Packaging
  - TréfilUnion
  - keeper Group
  - BEXity Group

With the completion of the acquisition of PrimoTECS (formerly Tekfor S.p.A.) in Italy on 31 January 2020, the Automotive & Mobility segment was further strengthened. The purchase agreement for this transaction was signed on 19 December 2019.

## 1.2 Research and development

Product-related research and development is carried out in particular in the technology-based investments of the Mutares Group. As in the previous year, a single-digit million amount was invested in research and development in the financial year 2019. Research and development services at the portfolio company STS accounted for the majority of this amount.

Innovative products are a cornerstone of STS' strategy and should contribute to the medium-term goals of profitable and sustainable growth. The development of new products for the commercial vehicle and automotive industries is a long-standing competence of the Group. The integrated know-how of injection moulding, composite materials and insulation materials based on felt production gives the Group the exceptional ability to combine structural, aesthetic, acoustic and thermal solutions. The four research and development centers in France, Italy and China have successfully networked their competencies and work closely together. Methods, processes and organizations have been standardized and harmonized. As in the previous year, around 80 people were employed in the STS Group's research and development centers in the year under review.

The innovation process has again proven its high level of performance in the financial year 2019. It comprises the monitoring of technological development, the creativity management, the selection of ideas, the proof of concept and the creation of prototypes.

The expertise of the STS Group's research and development teams and well-equipped laboratories and prototyping facilities worldwide will enable STS to provide innovative and reliable solutions to these new opportunities.

In the period under review, development costs of EUR 0.6 million were capitalized by STS Group (previous year: EUR 1.2 million).

<sup>1</sup> In the previous year, Norsilk and La Meusienne were still shown as separate investments. Norsilk, a French manufacturer of wood panelling and flooring, previously managed as an independent platform in the Goods & Services segment, has been integrated into the Donges Group in 2019. In December 2019, the Balcke-Dürr Group initiated the vertical integration of the formerly independent subsidiary La Meusienne with the aim of leveraging cost, sales and quality synergies.

## 2. ECONOMIC REPORT

### 2.1 General economic and industry-related conditions for the financial year 2019

#### WORLD

According to the economic report of the Munich-based ifo Institute (“ifo Economic Forecast Winter 2019”, published on 19 December 2019), the global economy has continued to cool down in 2019 following a slowdown in economic growth in the previous year. However, the global economy was still in an upswing in 2019: real gross domestic product for 2019 rose by 2.6% year-on-year (2018: 3.2%).

Last year, declining industrial production was offset by robust service and consumer spending. International trade in goods, which had declined in the previous year, recovered towards the end of 2019. Overall, the over-utilization of the global economy declined and the existing macroeconomic output gap was closed in the second half of 2019.

Due in particular to lower crude oil prices, the inflation rate in the financial year 2019 declined overall as well as in the advanced economies and, for the latter, was significantly lower than in the previous year (2.0%) at 1.5% in 2019.

#### EUROPE

According to the economic report of the Munich-based ifo Institute (“ifo Economic Forecast Winter 2019”, published on 19 December 2019), the economy of the euro zone, which is important for the business activities of the Mutares Group, continued to grow in 2019, but lost momentum compared to the previous year. Real gross domestic product in the euro zone grew by 1.9% in 2018 and fell to 1.2% in 2019. This was due in particular to political uncertainties – such as those related to the trade conflict between the USA and China or Brexit – which led to weaknesses in foreign trade. This was offset by strong consumer spending in 2019.

While the economies of Spain and France performed comparatively well in 2019, the slowdown in the euro zone as a whole is mainly explained by the weaker performance of Italy and Germany. The ifo Institute sees the reasons for the weaker development in Germany as a significant decline in exports, which must probably also be seen in connection with the existing challenges and transformation processes in the automotive industry. The reduced momentum also led to a slowdown in the labor market and to a stagnating rather than further declining unemployment rate in the second half of 2019. Against the background of the positive wage trend and the employment dynamics of recent years, private consumer spending nevertheless increased considerably and the consumer economy remains robust. The inflation rate in the euro zone fell to 1.0% in 2019 due to falling energy prices. However, core inflation adjusted for these developments was 1.5% in 2019 and was driven by inflation in food and services.

The expansionary monetary policy continued internationally in 2019 and was extended again in the euro zone, so that financing conditions remained favourable.

As Mutares specializes in the acquisition of low-profit companies in Europe, the economic environment in the financial year 2019 continued to be favourable.

#### CAPITAL INVESTMENT SECTOR

According to the Federal Association of German Private Equity and Venture Capital Companies (BVK) (“Der Deutsche Beteiligungskapitalmarkt 2019”, as of February 2020), the development in the private equity industry was very positive in 2019 following a strong previous year. Investments of the German-based private equity companies reached EUR 14.3 billion (previous year: EUR 12.0 billion).

After a moderate level of EUR 4.3 billion in 2018, the volume of investment disposals in 2019 was again below the previous year's level at EUR 2.3 billion. However, the exit channels that are important for Mutares, namely sales to strategic investors or other private equity companies (45% and 32% respectively), accounted for the majority of the total exit volume.

## 2.2 Business performance in the financial year 2019

Mutares' business performance in 2019 was marked by the following significant events:

- **Expansion of the Donges Group**

In the Engineering & Technology segment, the Donges Group continued its expansion: Following the acquisition of Kalzip in 2018, the acquisitions of Normek and FDT were successfully completed in 2019.

**Normek** is a company for steel building construction and façade solutions in Finland and is mainly active on the Finnish and Swedish markets. This extends and complements the product portfolio and sales channels of the Donges Group. Normek generated revenues of EUR 45.8 million in 2019 and employs around 200 people.

**FDT** Flachdach Technologie GmbH & Co. KG, with its subsidiaries in France and Belgium, is a supplier of flat roof systems. FDT has generated revenues of EUR 50.3 million for the entire year 2019 and employs around 170 people. The transaction complements the product offering, creates synergies and supports the Donges Group's strategy to establish itself as a leading European player in the steel construction, roofing and façade systems market. The transaction results in a gain from bargain purchase of EUR 6.9 million, which is reported under other income.

In addition, **Norsilk**, a French manufacturer of wood panelling and flooring, previously managed as an independent platform within the Goods & Services segment, was integrated into the Donges Group. In this way, Donges Group is aiming for further growth in the French market and the mutual use of existing distribution channels in Europe.

With the signing of the agreement to take over **Ruukki Building Systems Oy** in July 2019, further expansion in Scandinavia was pushed forward. The acquisition is expected to be completed by the end of April 2020.

- **Completion of five platform investments**

In the reporting period, the Automotive & Mobility and Goods & Services segments were strengthened and further developed by a total of five successfully completed platform investments (plus the acquisition of PrimoTECS signed in 2019 but not closed until the beginning of the financial year 2020):

At the end of May 2019, Mutares acquired all shares in **TréfilUnion SAS**, based in Commercy (France). The company has two plants in France and produces steel wire and rope for a customer portfolio diversified by industry. TréfilUnion generated revenues of EUR 29.3 million for the full year 2019 and strengthens the Goods & Services segment as a new platform investment. The transaction resulted in a gain from bargain purchase in the amount of EUR 35.0 million, which is reported under other income.

Mutares acquired 80% of the shares in **Plati** Elettroforniture S.p.A., Bergamo (Italy), and its subsidiaries from the Chinese Deren Group at the beginning of June 2019. The company generated revenues of EUR 29.6 million in 2019 and employs around 700 people. The product portfolio includes cable harnesses, automotive cables, connectors, PVC extrusion and electromechanical assemblies. The transaction resulted in a gain from bargain purchase of EUR 0.0 million, which is reported under other income.

In June 2019 Mutares acquired all shares in **keeper** GmbH in Stemwede and its subsidiaries. The group is a supplier of plastic household products in Europe with a total annual turnover in 2019 of EUR 58.6 million and around 440 employees. As a new platform investment keeper Group strengthens the segment Goods & Services. With two production sites in Germany and Poland and a sales office in Belgium, the group serves renowned customers in the areas of DIY stores, food retailing, wholesale and furniture in about 35 countries worldwide. The transaction resulted in a gain from a bargain purchase of EUR 28.3 million, which is reported under other income.

In July 2019 Mutares completed the acquisition of all shares in Kirchhoff GmbH & Co. KG, Halver, including its subsidiaries in Germany and abroad, and Mesenhöller Verwaltungs GmbH, Halver, ("KICO"). **KICO** develops and manufactures components for passenger cars and is allocated to the Automotive & Mobility segment. The product portfolio includes hinges, locking systems and mechatronic systems. For the full year 2019, the company thus generated revenues of EUR 89.8 million and employs around 800 people in Germany and Poland. The transaction resulted in a gain from a bargain purchase of EUR 4.1 million, which is reported under other income.



## 2. Economic report

### 2.2 Business performance in the financial year 2019

### 2.3 Reports from the portfolio companies

At the end of December 2019 Mutares successfully completed the acquisition of the business of Q Logistics GmbH, a logistics subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (ÖBB). The company, renamed to **BEXity**, is a provider of cross-border transport logistics and warehousing services with a nationwide network in Austria. The company is active in the general cargo, charter and warehousing sectors and serves customers from various industries, including the food, pharmaceutical and fast-moving consumer goods industries. In the financial year 2019, BEXity generated total revenues (including the subsidiary in the Czech Republic) of around EUR 212.8 million and employs a total of around 600 people. The transaction resulted in a gain from a bargain purchase in the amount of EUR 28.3 million, which is reported under other income.

As a result of the very active acquisition activity in the financial year 2019, the run-rate revenue of Mutares Group calculated as of the balance sheet date on a full year basis without the influence of COVID-19 amounts to approximately EUR 1.5 billion.

#### • **Attractive, long-term dividend policy**

In April 2019, the Mutares Management Board decided on an attractive long-term dividend policy. Against this background, the Management Board and Supervisory Board had proposed a dividend of EUR 1.00 per share for the financial year 2018, unchanged from the previous year, for distribution to shareholders, which was approved by the Annual General Meeting with 99.99%.

- Mutares' net profit for the year comes from various sources, namely on the one hand from revenues from the consulting business and on the other hand from dividends from portfolio companies and exit proceeds from the sale of investments. Even in an operationally difficult year for various portfolio companies, Mutares sees itself in principle in a position to achieve a sufficiently high net profit for the year to be able to continue its long-term sustainable dividend policy. Against this background, the management board continues to see the opportunity to achieve a sufficiently high net profit for the current financial year 2020, which is characterized by the Corona pandemic, to be able to continue this long-term sustainable dividend policy of Mutares Group with a dividend of EUR 1.00 per share without sacrifices, in order to allow shareholders to participate in the business' success.

#### • **Annual General Meeting resolves to change the legal form to an SE & Co. KGaA structure**

On 23 May 2019, the Annual General Meeting approved the management proposal and resolved to change the legal form of Mutares AG to Mutares SE & Co. KGaA while preserving its identity. The resolved change of legal form was implemented upon entry of the change of legal form in the commercial register on 24 July 2019. The change of legal form has no material effect on these consolidated financial statements, but it does secure a forward-looking position for further growth.

## 2.3 Reports from the portfolio companies

In the financial year 2019, the Mutares Group generated revenues of EUR 1,015.9 million (previous year: EUR 865.1 million) and an EBITDA of EUR 79.2 million (previous year: EUR 49.1 million). Adjusted EBITDA (as defined below in connection with the presentation of financial performance indicators) amounted to EUR 7.5 million (previous year: EUR 4.5 million).

For financial year 2020, the Management Board originally expected consolidated revenues of well over EUR 1.5 billion. Mutares has already had a good start into 2020 with two further transactions, including the purchase of the Italian Nexive business from PostNL with sales of over EUR 200 million, the closing of which is not yet foreseeable against the background of the Corona pandemic, as well as the purchase of Loterios for the Balcke-Dürr Group and the successful placement of a bond with a volume of EUR 50.0 million.

However, the COVID-19 pandemic then led to a very abrupt impact on the daily life and the global economy towards the end of the first quarter of 2020. To contain the corona virus, public life was drastically restricted, first in China, then in Europe and increasingly in large parts of the rest of the world. These restrictions lead to production stoppages, disruption of (international) supply chains and a collapse in demand. It is not yet possible to make a serious assessment of the effects of these restrictions on economic development in Germany, Europe and the world. Depending on the length of the closure measures, the ifo Institute ("ifo express service", published on 1 April 2020) estimates a contraction of up to 21 percentage points for German economic output alone. Governments in Europe have already announced or implemented far-reaching economic and financial policy measures to cushion the negative impact on companies and jobs.

Mutares, together with the entire management team and the workforces of the portfolio companies, immediately took extensive measures to protect the health of the employees and to limit the expected negative economic effects. At this point in time neither the management of the portfolio companies

nor the board of directors can make reliable estimates of the impact of the COVID-19 crisis on the individual company and Mutares Group. However, it can be assumed that a collapse in the consolidated profitability of the portfolio companies will be observed, but that additional opportunities will also open up for Mutares in the area of M&A, especially on the buying side.

Against this background, the following explanations deal with the developments of the individual investments in the Mutares Group in the completed financial year 2019 and their expectations for the further business development as of the balance sheet date, i.e. before the outbreak of the Corona pandemic.

As of 31 December 2019, the Group comprized thirteen operating investments, which are divided into the three segments mentioned above:

#### Automotive & Mobility segment

No.	Participation	Industry	Headquarters	Acquisition
1	<b>STS</b> Group	System supplier of components for the commercial vehicle- and automotive industry	Hallberg-moos/DE	07/2013, partial exit of about 35% in 2018
2	<b>Elastomer Solutions</b> Group	Automotive supplier of Rubber mouldings	Wiesbaum/DE	08/2009
3	<b>Plati</b> Group	Manufacturer of wire and cable harnesses	Madone/IT	06/2019
4	<b>KICO</b> Group	System supplier for automotive technology	Halver/DE	07/2019

In the global commercial vehicle market, which is particularly relevant for the STS Group, the downward trend in the second half of the year intensified in 2019.<sup>2</sup> According to the German Association of the Automotive Industry (VDA), almost 3.5 million commercial vehicles over six tons total weight were sold worldwide, around 2.0% less than in the previous year. Overall, the international markets for heavy commercial vehicles developed unevenly in the past financial year:<sup>3</sup>

While Western Europe and the USA reached the highest level for more than ten years according to the VDA, China's volume in 2019 was slightly below the previous year's level at 1.0%. In a strong environment, the truck market in North America grew considerable by around 8.0%, but already declined again in the fourth quarter of 2019. With a continuous market recovery and high double-digit growth of over 34.0%, Brazil made an impressive comeback in the past financial year. At 30.0%, sales in India collapsed due to more difficult financing conditions, causing the global commercial vehicle market to contract for the full year 2019.<sup>4</sup>

According to the VDA, 2019 was a challenging year for the passenger car market relevant to the segment's other investments: while Europe was able to surpass the previous year, sales figures in the USA and China fell.<sup>5</sup>

In the USA, the light vehicle market (passenger cars and light trucks) closed 2019 with a decline of just under 1.0%. With a total market share of 72.0%, the important light truck segment was unable to compensate for the 11.0% decline in passenger car sales with a plus of 3.0%. The Chinese passenger car market recorded a decline in unit sales of almost 10.0% in the past financial year. China's weaker overall economic growth is thus reflected disproportionately in the passenger car market. According to the ifo Institute in Munich, tax advantages for vehicle purchases in China ended in 2019 and new emissions regulations came into force with the aim of having a 25% share of electric vehicles in China by 2025, measured against the number of all Chinese car sales.<sup>7</sup>

According to ACEA, new passenger car registrations in the European Union rose by 1.2% in 2019 to a total of more than 15.3 million units, marking the sixth consecutive year of growth. The European market started from a weak base, burdened by the introduction of the WLTP test in September 2018. Registrations in the fourth quarter of 2019, especially in December, led to growth for the full year.<sup>8</sup>

<sup>2</sup> <https://imc-auto.com/news-and-insights/global-truck-market/>

<sup>3</sup> <https://www.vda.de/de/presse/Pressemeldungen/20200123-nutzfahrzeugmaerkte-in-westeuropa-und-usa-mit-starkem-jahr-2019.html>

<sup>4</sup> <https://www.vda.de/de/presse/Pressemeldungen/20200123-nutzfahrzeugmaerkte-in-westeuropa-und-usa-mit-starkem-jahr-2019.html>

<sup>5</sup> <https://www.vda.de/de/presse/Pressemeldungen/200116-Europ-Pkw-markt-2019-leicht-im-plus.html>

<sup>6</sup> <https://www.vda.de/de/presse/Pressemeldungen/200116-Europ-Pkw-markt-2019-leicht-im-plus.html>

<sup>7</sup> [https://www.ifo.de/sites/default/files/2020-01/sd-2019-24-wollmershaeu-ser-et-al-konjunkturprognose-winter-2019-12-19\\_0.pdf](https://www.ifo.de/sites/default/files/2020-01/sd-2019-24-wollmershaeu-ser-et-al-konjunkturprognose-winter-2019-12-19_0.pdf)

<sup>8</sup> <https://www.acea.be/press-releases/article/passenger-car-registrations-1.2-in-2019-21.7-in-december>

## 2. Economic report

### 2.3 Reports from the portfolio companies

The increase in revenues in the Automotive & Mobility segment to EUR 450.4 million (previous year: EUR 437.0 million) is attributable to the first-time consolidation of the new platform investments. The segment EBITDA for the financial year 2019 amounts to EUR 13.6 million (previous year: EUR 10.5 million). This includes gains from bargain purchases from the two acquisitions (KICO and Plati) of EUR 4.1 million and positive effects from the first-time application of IFRS 16 of EUR 9.2 million. Adjusted EBITDA, on the other hand, was negatively impacted by the still negative contributions from the new acquisitions and thus declined considerably year-on-year to EUR 15.6 million (previous year: EUR 17.6 million).

#### **STS Group**

STS Group, headquartered in Hallbergmoos, is a system supplier for the automotive industry and develops plastic and acoustic components in a total of 17 plants and four development centers worldwide. The customer portfolio includes manufacturers of commercial vehicles, passenger cars and electric vehicles.

The financial year 2019 was characterized by a weak environment in the Chinese and European automotive sector. In particular, the commercial vehicle and passenger car markets in Italy and France, which are important for STS, were characterized by a downward trend. The Chinese market recovered in the fourth quarter, while the European commercial vehicle market bottomed out towards the end of the financial year.

Major milestones in the STS strategy were achieved in financial 2019: To further expand the market position in China, a third production facility was successfully commissioned in April 2019. In addition, numerous new projects were acquired. STS has also further established itself in the steadily growing electric vehicle market. Most recently, the financial year was concluded with a major order for the US market.

Due to the current developments regarding the spread of the coronavirus, management considers the market environment for STS Group to be extremely challenging. At present, various plants have been closed or production has been significantly reduced. The effects of COVID-19 on these markets cannot be reliably estimated at present. Also, the Chinese plants have resumed production and are currently operating at high capacity. Against this background, the management assumes that revenues in financial year 2020 will be lower than in the previous year. Extensive cost-cutting measures have already been initiated. Nevertheless, a declining Adjusted EBITDA margin is expected for STS Group.

Also due to the current developments regarding the spread of the coronavirus and the lack of income due to plant closures, STS is not able to fully cover its liquidity requirements for the coming months from existing cash and cash equivalents and firm loan commitments. The first measures to be taken, to face this situation, are the adjustments of capacities, which essentially involve short-time work, and cost-cutting measures. To safeguard liquidity, action plans have also been drawn up to obtain additional local financing supported by government subsidies, liquidity assistance from customers, legally permitted deferrals of payments and, if necessary, the injection of additional liquidity by Mutares in return for assets. The continued existence of the subgroup as a going concern depends on the successful implementation of the above measures, as STS may otherwise not be in a position to realize its assets and settle its liabilities in the normal course of business, which indicates the existence of a material uncertainty that could cast significant doubt on the company's ability to continue as a going concern and that poses a risk to its continued existence. However, the management is confident and assumes that it is highly probable that these measures can be implemented and thus the continuation of the company's business activities can be secured.

#### **Elastomer Solutions Group**

Elastomer Solutions, a manufacturer of rubber and thermoplastic components for the automotive industry based in Wiesbaum (Germany) with production sites in Portugal, Slovakia, Morocco and Mexico, generated revenues in the financial year 2019 that were slightly higher than in the previous year. The usual decline in revenues in the industry did not occur in 2019 due to the company's geographical positioning and customer portfolio. In response to the decline in profitability in the financial year 2018, the management initiated a comprehensive action plan for all locations and business units and implemented it successfully



and according to the plan in the financial year 2019. This eliminated quality and output problems and reduced logistics expenses, which caused substantial losses in the financial year 2018, particularly at the Slovakian location. In addition, the scope of direct and indirect personnel was adjusted. As a result of the measures mentioned above, the operating result for the financial year 2019 was raised to a clearly positive level as planned. Financing the growth of the Elastomer Solution Group is challenging. As of the balance sheet date, Elastomer expected a further increase in the positive operating result for the financial year 2020 through the continued consistent implementation of efficiency-enhancing measures, with revenues increasing significantly due to the start of series production. However, in view of current developments in connection with the spread of the coronavirus and, in particular, the decline in demand due to temporary plant closures in the European automotive industry and potential difficulties with the supply chain afterwards, it is likely that this original forecast by management will be missed and that revenues and operating result will remain below the initially planned level.

#### Plati Group

Mutares acquired 80% of Plati Elettroforniture S.p.A., Bergamo (Italy) and its subsidiaries from the Chinese Deren Group in June 2019. The product portfolio of the group includes cable harnesses, special cables and connectors. Immediately after the acquisition, Mutares began implementing the restructuring program at the company's headquarters in Italy and at its two production sites in Poland and Ukraine. The program focuses on simplifying logistics processes, streamlining the product portfolio to eliminate loss-making products. In addition, the number of suppliers as well as personnel costs and overheads are to be reduced. In 2020, the focus will be on further optimizing costs and winning new orders. These efforts will be significantly hampered by current developments in connection with the spread of the coronavirus. As a result, the successes of the restructuring program are not expected to materialize to the extent originally planned as early as the financial year 2020. Originally, revenues in 2020 were expected to increase significantly compared to the full year 2019. However, in view of current developments and in particular the temporary plant closures in the European automotive industry and potential difficulties with the supply chain afterwards, it is likely that this forecast will not be met and that revenues and operating profit will remain below the initially planned level.

#### Kico Group

Mutares completed the acquisition of Kirchoff GmbH & Co. KG, Halver, including its subsidiaries in Germany, Poland and Mexico ("KICO") in July 2019. KICO develops, industrializes and manufactures safety components for passenger cars as a supplier to the automotive industry. The product portfolio includes hinges, locking systems and mechatronic systems. Following the acquisition, Mutares has initiated a program of measures that is primarily focused on implementing operational excellence and optimizing working capital. Among other things, the profitability of the product portfolio is to be increased and product quality is to be improved. In the new product area of aerodynamic systems, the high level of complexity encountered in the industrialization process had a negative impact on KICO's operating result in financial year 2019. As expected at the time of the takeover, one-off expenses – such as a social plan in Germany – had a negative impact on earnings. As of the balance sheet date, for the financial year 2020, KICO was already expecting a balanced operating result, on the basis of the initiated programme of measures, with revenues significantly higher than the level for the whole of 2019. However, in view of current developments in connection with the spread of the coronavirus and in particular the temporary plant closures in the European automotive industry, as well as potential difficulties with the supply chain afterwards, it is likely that this forecast will not be met and that revenues and operating result will remain below the previously planned level. In the past, the company has been financed to a significant extent by debt. KICO's liquidity is very tight due to the current effects of plant closures by important customers. With the help of professional advisors, KICO has therefore begun to apply for financing in the context of government support, and the management is confident that it will be able to complete this financing in the second quarter of the financial year 2020. However, should it not be possible to implement this and maintain the existing bank financing and credit insurance with suppliers, KICO is dependent on the development of new sources of financing. This indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and which constitutes a risk that could jeopardize its continued existence. However, the management is confident and assumes that it is highly probable that these measures can be implemented and thus the continuation of the company's business activities can be secured.

## 2. Economic report

### 2.3 Reports from the portfolio companies

#### Engineering & Technology segment

No.	Participation	Industry	Headquarters	Acquisition
1	<b>Balcke-Dürr</b> Group	Leading supplier of components for increasing energy efficiency and reducing environmental impact for the industry	Düsseldorf/ DE	12/2016
2	<b>Donges</b> Group	Full-range provider of steel structures, roof and facade systems	Darmstadt/ DE	11/2017
3	<b>Gemini Rail</b> Group	Engineering, maintenance and modernization services for rail vehicles	Wolverton/ UK	11/2018
4	<b>EUPEC</b>	Supplier of coatings for oil and gas pipelines	Gravelines/ FR	01/2012

The Engineering & Technology segment achieved revenues of EUR 482.0 million in financial year 2019 (previous year: EUR 298.6 million), making it the largest segment of the Mutares Group. The full year effect for Kalzip and Gemini, which were acquired in the course of the previous year, contributed EUR 109.9 million to the increase in revenues and the add-on acquisitions Normek and FDT, which were completed in the reporting period, contributed EUR 75.4 million. The decline in EBITDA to EUR –3.8 million (previous year: EUR 24.0 million) is largely attributable to the EUR 22.9 million higher profits from bargain purchases in the previous year, the acquisition of Normek and FDT in the financial year 2019 and, in the previous year, in particular, the acquisitions of Kalzip and Gemini. In contrast, Adjusted EBITDA rose to EUR 4.7 million (previous year: EUR –0.4 million), also benefiting from positive effects from the first-time application of IFRS 16 in the amount of EUR 9.1 million.

#### Balcke-Dürr Group

With more than 130 years of experience, the Balcke-Dürr Group, headquartered in Düsseldorf, Germany, offers power generators, power plant constructors and chemical industry product solutions and services ranging from standard modules to complete thermal systems. In 2018, the Balcke-Dürr Group, acquired by Mutares in 2016, launched a growth and active buy-and-build strategy. The Group thus positioned itself as a system supplier for the entire life cycle in the power plant sector. In financial 2019, the focus lay on integrating the Italian acquisitions. The development of the business with services for the decommissioning of nuclear power plants in Germany progressed more slowly than originally planned. Nevertheless, the Balcke-Dürr Group generated revenues in financial year 2019 that were noticeably higher than in the previous year, achieving a visibly positive operating result as planned. In December 2019, the Balcke-Dürr Group initiated the vertical integration of the formerly independent Mutares holding La Meusienne with the aim of leveraging cost, sales and quality synergies.

La Meusienne's revenues declined significantly in financial 2019, mainly due to the streamlining of the product range. In this context, products with negative margins were removed from the range and the production of higher-value products was increased. These measures made it possible to achieve a balanced operating result. As of the balance sheet date, the Balcke-Dürr Group management expected an extraordinary increase in revenues, taking into account the integration of La Meusienne, for the financial year 2020 with an increase in Adjusted EBITDA to a clearly positive level. However, due to current developments in connection with the spread of the coronavirus and partial plant closures, particularly in Italy, and short-time work in Germany, it is likely that this forecast will not be met and that revenues and operating result will remain below the level planned to date. In addition, the restrictions on freedom of travel and the closure of borders pose a challenge to the company's contract partners in terms of maintaining sufficient personnel.

#### Donges Group

Donges Group, headquartered in Darmstadt, Germany, with its brands Donges SteelTec, FDT, Kalzip, Normek and Norsilk, is a full-range supplier of steel bridges, steel building construction, roof and façade systems.

Following the stabilization of Donges SteelTec GmbH, which was acquired by Mutares in 2017, in the financial year 2018, the management concentrated on the strategic development of the company towards becoming a full-service provider. With the acquisitions of Kalzip based in Koblenz (Germany) in the financial year 2018, Normek based in Vantaa (Finland) and FDT based in Mannheim (Germany) and the integration of Norsilk based in Honfleur (France) in the financial year 2019, the Donges Group has successfully expanded geographically and product-wise. At Kalzip, the restructuring that began immediately after the takeover in the last quarter of the financial year 2018 was successfully continued: Personnel measures were agreed with employee representatives, which significantly reduced the company's cost base, particularly in the second half of the financial year 2019. Following the acquisition of FDT and Normek, a cost reduction programme was set up in both companies, covering all areas of the value chain, and a programme was launched throughout the Donges Group to identify and realize sales synergies. The aim is to realize both regional and product-related synergies.

In the financial year 2019, the Donges Group's revenues increased exceptionally compared with the previous year, mainly due to the consolidation of the new acquisitions. At the same time, the Donges Group still posted a negative Adjusted EBITDA, also due to expansion costs and one-off costs. For the financial year 2020, management expected a significant increase in revenues as of the balance sheet date due to the full-year effect of the consolidation of the new acquisitions and the expected completion of the acquisition of the Finnish Ruukki Buildings Systems – for which the purchase agreement has already been signed in the financial year 2019. The operating result should reach a clearly positive level due to the cost reduction and synergy measures initiated. However, the spread of the coronavirus and the subsequent measures have already led to the closure of individual construction sites and are expected to cause a significant drop in demand in at least some of the relevant markets in the second quarter of 2020. In addition, the restrictions on freedom of travel and the closure of borders pose a challenge to the company's contract partners in terms of maintaining sufficient personnel. It is therefore likely that the original forecast will not be met and that revenues and operating profit will remain below the planned level.

#### **GEMINI RAIL GROUP**

Gemini Rail Group, based in Wolverton (United Kingdom), offers its customers engineering & maintenance services for rail vehicles on the British and Irish railway market. The Group's customers include train owners and operators as well as rail vehicle original equipment manufacturers (OEM's).

Modernization orders for equipping trains for the disabled had a positive impact on capacity utilization at the Wolverton and Birmingham locations in financial 2019. In addition to processing the order backlog, Gemini focused on implementing an efficiency enhancement program to improve production productivity in financial 2019. A significant milestone in the realignment was the closure of the original third production site. As part of the transformation, Gemini Rail Group is now focusing on the implementation of a redefined market strategy and the further development of the product portfolio. Under the GemECO brand, the company has already been able to secure its first orders for the conversion of rail vehicles to hybrid drive systems and thus sees itself as a pioneer for these drive systems in the UK.

As planned, revenues in the financial year 2019 were considerably higher than in the financial year 2018 as a whole, despite the postponement of individual orders by customers. Profitability was positively influenced by the implementation of measures to increase efficiency on the one hand and by income from the reversal of provisions on the other. For the financial year 2020, the management had planned revenues as of the balance sheet date to be significantly lower than those of the financial year 2019 due to the slowdown in the special economic situation resulting from the disabled-friendly conversion, while profitability remained positive. However, in view of current developments in connection with the spread of the coronavirus and potential plant closures, including in the UK, as well as the possible occurrence of sickness-related staff shortfalls, it is likely that this forecast will not be met and, in particular, that revenues will fall more sharply and profitability will also be below the previously planned level.

#### **EUPEC**

Eupec Pipecoatings France, based in Gravelines (France), is a supplier of pipeline coatings with three sites in northern France. Eupec mainly serves customers in the oil and gas industry.

In the financial year 2019, Eupec continued to pursue the strategic projects started in the previous year: one major project is to increase the productivity of the pipe coating line and thus further improve its competitiveness. On the cost side, as expected, there has been a Europe-wide increase in energy costs. The projects and investments that have been initiated, coupled with the promotion of a culture of continuous improvement, partially compensate for the increase. At the end of 2019, a significant order for 2020 was won, which will contribute significantly to capacity utilization. In financial 2019, Eupec generated revenues slightly below the previous year's level with a slightly negative operating result. As of the balance sheet date, the management expected the market situation to ease in 2020, resulting in a significant increase in revenues and a simultaneous increase in profitability to a clearly positive operating result. However, against the background of current developments in connection with the spread of the coronavirus and in particular the fall in oil prices, as well as the associated uncertainty for major investments and the subsequent decline in demand, it is likely that this forecast will not be met and that revenues and operating result will remain below the level planned to date.



## 2. Economic report

### 2.3 Reports from the portfolio companies

#### Goods & Services segment

No.	Participation	Industry	Headquarters	Acquisition
1	<b>Cenpa</b>	Producer of coreboard	Schweighouse/ FR	05/2016
2	<b>KLANN Packaging</b>	Manufacturer of packaging solutions	Landshut/DE	06/2011
3	<b>TréfilUnion</b>	Manufacturer of iron wire and prestressing steel	Commercy/FR	05/2019
4	<b>keeper</b> Group	Manufacturer of high-quality plastic and paper household products	Stemwede/DE	06/2019
5	<b>BEXity</b> Group	Provider of transport and logistics services	Wien/AT	12/2019

Revenues of the Goods & Services segment amount to EUR 83.5 million in financial year 2019 (previous year: EUR 48.7 million). Three platform investments strengthened the segment: TréfilUnion, keeper and BEXity. TréfilUnion and keeper contributed revenues of EUR 46.1 million in the reporting period. BEXity is not yet included in revenues due to the closing of the transaction at the end of the financial year. EBITDA amounted to EUR 79.5 million (previous year: EUR 2.9 million), benefiting from the gains from bargain purchases of EUR 91.6 million in connection with the three transactions mentioned above and the effect of the first-time application of IFRS 16 of EUR 1.5 million. Adjusted EBITDA in financial year 2019 was affected by the negative contribution of the new investments on the one hand and the negative effects on the operating results of Cenpa and KLANN due to the declines in revenues on the other, and amounted to EUR -7.3 million (previous year: EUR +3.7 million).

#### Cenpa

The market environment of Cenpa, a manufacturer of coreboard from Schweighouse in Alsace (France), was characterized in financial year 2019 by a strongly intensifying competitive situation and the expected rise in energy costs. Cenpa countered these negative market influences by developing new products and expanding its geographical sales markets to Eastern Europe. Nevertheless, the company recorded a considerable decline in revenues and a slightly negative operating result, and was therefore unable to achieve its goal of a discernible increase in revenues and a positive operating result. As of the balance sheet date, the management assumed that the competitive situation would weaken in the financial year 2020, while at the same time the measures initiated would take effect, so that revenues could be increased considerably and the operating result even extraordinarily compared to the financial year 2019. However, against the background of the current development in connection with the spread of the coronavirus, it is likely that this

forecast will not be met and that revenues and operating result will remain below the previously planned level, in particular due to a possible closure of the plant by the authorities, a high rate of employee absences and higher costs for the procurement of recovered paper.

#### KLANN Packaging

KLANN develops and produces high-quality promotion and sales packaging made of printed tinplate at its headquarters in Landshut and sees itself as a supplier of a high-quality premium product portfolio.

Measures introduced by the management to reduce the costs for temporary employees and suppliers had a significant impact in financial year 2019, with a positive effect on the company's cost base. However, delayed and unrealized customer orders led to a considerable decline in revenues with negative effects on the operating result. In particular, the Brexit-related loss of customers in the United Kingdom has not yet been fully offset by new business. As a result, it has not been possible to achieve the plan to maintain revenues at the level of 2018. As of the balance sheet date, the company expected revenues to be back at the level of the financial year 2018 and a considerable positive operating result for the financial year 2020. However, against the background of current developments in connection with the spread of the coronavirus and a potential decline in market demand, it is likely that this forecast will not be met and that revenues and operating result will remain below the previously planned level.

#### Tréfilunion

Following the acquisition of TréfilUnion, a manufacturer of iron wire and prestressing steel with two plants in France, at the end of May 2019, a Mutares team of experienced restructuring consultants, together with the newly appointed local management, developed a comprehensive programme of measures to realign the company. The action plan is designed to stabilize production, increase output and product quality, while reducing material purchasing and personnel costs. As expected, TréfilUnion's Adjusted EBITDA was still extremely negative in the financial year 2019. The restructuring measures initiated are expected to have a positive impact in 2020. Nevertheless, in its forecast at the balance sheet date, management expected a significant increase in revenues (on a full-year basis) and a significantly negative operating result for the financial year 2020, as the full-year effect of the measures would not be visible until 2021. However, against the background of the current developments in connection with the spread of the coronavirus, in particular due to the closure of the plants by the authorities, which has already been ordered, it is likely that further negative effects will be added to this and that revenues will not increase significantly as a result, and that profitability will be additionally burdened.

### keeper Group

keeper is a manufacturer of innovative household products with headquarters in Stewede (Germany) and subsidiaries in Poland and Belgium. Immediately after the takeover, a Mutares team took up work on site and developed an action plan in close cooperation with the keeper management: Besides the necessary reduction of costs, the focus is also on reducing the diversity of the product portfolio. Furthermore, all production activities will be successively transferred to the Polish subsidiary in 2020 as part of the completed redundancy plan. The operating result of keeper was still recognizably negative in the financial year 2019, but according to the management's assessment as of the balance sheet date, it should be increased to a clearly positive level in the financial year 2020. However, against the background of current developments in connection with the spread of the coronavirus and the expected decline in demand, it is likely that this forecast will not be met and that revenues and profitability will remain below the previously planned level.

In December 2019, keeper has already taken a first step in its buy-and-build strategy with the signing of the acquisition of Metsä's napkin business (closing in February 2020) in Germany, which is to be consistently continued in 2020. This will lead to an increase in keeper Group revenues in the financial year 2020 compared to the full year 2019.

### BEXity

At the end of December 2019 Mutares successfully completed the acquisition of the business of Q Logistics, a logistics subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (ÖBB). The acquired business will continue under the new name BEXity. BEXity is a provider of cross-border transport logistics- and warehousing services with a nationwide network in Austria. In the area of contract logistics, the company serves customers from various industries, including the food and pharmaceutical industries. The subsidiary European Contract Logistics in the Czech Republic was also acquired. Since January 2020, a Mutares team has been working with the management to develop a restructuring plan, the main aim of which is to stabilize sales and reduce costs, particularly in the areas of personnel and materials. However, it is likely that its implementation will be significantly hampered by current developments in connection with the spread of the coronavirus and, in particular, a possible decline in demand.

## 3. SITUATION OF THE GROUP INCLUDING NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Mutares Group acquires low-performing companies as platform investments and provides operational support for its investments as part of active restructuring and reorganization management. This business model involves regular changes in the scope of consolidation, which have a significant impact on Mutares' consolidated financial statements. In 2019, the first-time consolidations described above had a significant impact on the items of the consolidated statement of profit and loss and the consolidated statement of financial position. The operating profit of the Mutares Group develops in line with the business performance of the individual investments and is also influenced by the timing of the acquisition of new investments and the resulting profits from bargain purchases.

### 3.1 Earnings situation

The unprecedented high level of acquisition activity in the history of Mutares in the financial year 2019 resulted in the billion euro threshold in consolidated revenues being exceeded for the first time: The Mutares Group generated consolidated **revenues** of EUR 1,015.9 million in 2019, an increase of 17.4% (previous year: EUR 865.1 million). The increase is largely due to changes in the scope of consolidation: Due to the first-time consolidation of the platform investments acquired in the course of the financial year 2019, revenues increased by EUR 97.6 million and by a further EUR 75.4 million due to the add-on acquisitions from the Donges Group; the companies acquired in the course of the previous year 2018 contributed a full twelve months in the financial year 2019, resulting in an increase in revenues of EUR 109.9 million. In contrast, the companies deconsolidated in the course of the previous year 2018 resulted in a total decrease of EUR 80.9 million in the financial year 2019. With regard to the revenues of continuing investments, which were part of the Mutares Group for a full twelve months, both in the financial year 2019 and in the previous year, we refer to the above comments on the portfolio companies.

With regard to the breakdown of revenues by segment, we refer to the above comments on the portfolio companies.

### 3. Situation of the Group including net assets, financial position and results of operations

#### 3.1 Earnings situation

Revenues are broken down by geographical markets based on the location of the registered office of the supplying or service providing unit as follows:

EUR million	2019	2018
Europe	916.8	772.3
Germany	297.6	236.7
France	301.8	353.5
Italy	128.8	123.2
United Kingdom	81.7	14.0
Poland	43.9	20.6
Rest of Europe	62.9	24.3
China	57.8	56.1
Rest of world	41.3	36.6

As in the previous year, **other income** of EUR 119.1 million in financial 2019 (previous year: EUR 107.4 million) is due in particular to consolidation effects: The acquisitions in financial year 2019 led to a profit from bargain purchase of EUR 102.6 million (previous year: EUR 32.3 million). In addition, the deconsolidation of subsidiaries in the previous year led to income of EUR 40.9 million.

The **cost of materials** for financial 2019 amounts to EUR 622.6 million (previous year: EUR 532.4 million). The cost of materials ratio (in relation to revenues) thus improved slightly from 62% to 61%.

**Personnel expenses** for the financial year 2019 amount to EUR 291.8 million (previous year: EUR 244.7 million). The increase reflects the increased number of employees due to the high transaction activity of Mutares. Furthermore, an increase of EUR 3.9 million resulted from higher costs for severance payments and social plans.

**Other expenses** of EUR 137.5 million (previous year: EUR 146.4 million) include positive effects from the progress made in implementing restructuring measures at various portfolio companies. In addition, the first-time application of the new leasing regulations of IFRS 16 resulted in other expenses being reduced by EUR 19.8 million. In contrast, other expenses included EUR 3.5 million from the onward charging of Mutares Management SE, including EUR 3.3 million for the remuneration of the management board members from the conversion date. In the previous year, the settlement of a long-standing legal dispute also led to a one-off expense of EUR 5.5 million.

As a result, the **EBITDA** of the Mutares Group for the financial year 2019 amounts to EUR 79.2 million (previous year: EUR 49.1 million).

The Group's investments differ according to market, business model and progress in the restructuring cycle, so that the Group EBITDA is naturally subject to fluctuations. As a result, only very limited conclusions can be drawn from the consolidated EBITDA of the Mutares Group as to the actual operating performance of the Group or individual portfolio companies.

To improve transparency, Mutares uses the **Adjusted EBITDA** as a performance indicator. Adjusted EBITDA (as defined below in the presentation of financial performance indicators) amounts to EUR 7.5 million (previous year: EUR 4.5 million).

The portfolio companies included in the Mutares Group on the balance sheet date contributed EUR 13.1 million to this figure (previous year: EUR 21.0 million).

The reconciliation from reported EBITDA to Adjusted EBITDA is as follows:

EUR million	2019	2018
<b>EBITDA</b>	<b>79.2</b>	<b>49.1</b>
Income from bargain purchases	-102.6	-32.3
Restructuring and other non-recurring expenses	31.0	28.6
Deconsolidation effects	0.0	-40.9
<b>Adjusted EBITDA</b>	<b>7.5</b>	<b>4.5</b>

With regard to gains from bargain purchases and deconsolidation effects, we refer to the above comments on business performance and the reports from the portfolio companies.



Restructuring and other non-recurring expenses for the financial year 2019 include expenses for severance payments and social plans totaling EUR 17.2 million, particularly in connection with the restructuring plans of the newly acquired companies in the Engineering & Technology and Automotive & Mobility segments. Also included are expenses of EUR 4.2 million from the valuation of an earn-out agreement in connection with a company sold in the financial year 2017 and consulting fees for the restructuring of various subsidiaries of the Group totaling EUR 4.9 million.

Restructuring and other non-recurring expenses in the previous year include non-recurring expenses in connection with the liquidation and deconsolidation (EUR 15.9 million) of an investment. At EUR 10.8 million, expenses for severance payments and social plans result primarily from the Engineering & Technology segment, where they are mainly attributable to the restructuring plans of the newly acquired participations (EUR 8.4 million). This item also includes special effects of the IPO, legal and consulting costs, severance costs and fees for Transition Service Agreements (“TSA”) from STS (EUR 6.9 million) as well as expenses in connection with the settlement of a legal dispute by Mutares (EUR 5.5 million). Also included are other one-time expenses in connection with the IPO of STS Group AG and the conversion to IFRS at Mutares SE & Co. KGaA (EUR 1.6 million) as well as expenses for severance payments and social plans (EUR 2.5 million) at various subsidiaries of the Mutares Group. This was offset by income from earn-out agreements from investments sold in 2017 totaling EUR 11.2 million and from the settlement agreement with the sellers of Balcke-Dürr of EUR 5.8 million.

The **consolidated net income for the year** amounts to EUR 16.7 million (previous year: EUR 12.0 million).

**Other comprehensive income** includes actuarial losses of EUR 3.1 million (previous year: gains of EUR 1.6 million) in connection with the measurement of provisions for pensions at portfolio companies. Other comprehensive income also includes exchange rate differences of EUR 1.3 million (previous year: EUR –0.9 million).

## 3.2 Assets and financial position

The **total assets** of the Mutares Group as of 31 December 2019 was EUR 848.5 million (previous year: EUR 630.8 million). The increase is mainly due to the consolidation of the newly acquired investments and the first-time recognition of rights of use from the first-time application of the new leasing regulations of IFRS 16.

**Non-current assets** rose from EUR 210.2 million as of 31 December 2018 to EUR 399.2 million as of 31 December 2019, primarily due to increases in property, plant and equipment (EUR +43.1 million) and intangible assets (EUR +17.3 million), which also resulted in particular from the first-time consolidation of the newly acquired investments. The valuation of rights of use in accordance with the new leasing regulations amounts to EUR 119.8 million (previous year: EUR 0.0 million).

EUR 33.2 million of the increase in **current assets** to EUR 449.3 million (previous year: EUR 420.6 million) resulted from higher inventories and EUR 30.8 million from higher other financial assets, particularly in connection with the acquisition of BEXity.

**Cash and cash equivalents** amounted to EUR 79.7 million as of 31 December 2019 (previous year: EUR 108.1 million). This is offset by current liabilities to banks and loans as part of the balance sheet item current financial liabilities in the amount of EUR 57.5 million (previous year: EUR 66.4 million) as of 31 December 2019, which mainly result from loan liabilities and from the disclosure of “non-genuine” factoring. The **net cash position** as of 31 December 2019 thus amounts to EUR 22.2 million (previous year: EUR 41.7 million).

**Equity** amounted to EUR 208.2 million as of 31 December 2019 (previous year: EUR 208.1 million). The consolidated net profit of EUR 16.7 million increased equity in 2019, while the dividend payment to the shareholders of the parent company, the shareholders of Mutares AG<sup>9</sup>, of EUR 15.2 million (previous year: EUR 15.2 million) had an opposite effect. The equity ratio as of 31 December 2019 was 24.5% (previous year: 33.0%). Much of the decline is due to the balance sheet extension resulting from the first-time application of the new leasing regulations. For information on the acquisition of treasury shares pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG), please refer to the notes to the consolidated financial statements of Mutares SE & Co. KGaA.

<sup>9</sup> The dividend was paid out before the effective date of the change in legal form of Mutares AG to Mutares SE & Co. KGaA.

### 3. Situation of the Group including net assets, financial position and results of operations

#### 3.2 Assets and financial position

#### 3.3 Management board's assessment of the course of business

**Non-current liabilities** of EUR 235.4 million (previous year: EUR 93.1 million) include non-current provisions of EUR 99.5 million (previous year: EUR 60.3 million), of which EUR 87.3 million (previous year: EUR 47.0 million) primarily comprise pension provisions of the portfolio companies. Their increase is mainly due to the acquisition of FDT. Long-term leasing liabilities resulting from the first-time application of the new leasing regulations amount to EUR 95.2 million (previous year: EUR 2.1 million).

**Other financial liabilities** of EUR 115.1 million (previous year: EUR 122.4 million) are largely attributable to liabilities to banks and loans (EUR 67.1 million; previous year: EUR 74.6 million).

**Liabilities to former shareholders**, i.e., former owners of the investments, within other financial liabilities primarily result from the STS subgroup (EUR 5.6 million; previous year: EUR 6.8 million), the Plati subgroup (EUR 3.7 million; nominal amount: EUR 5.6 million) and KLANN Packaging GmbH, where a partial amount of liabilities to former shareholders in the amount of EUR 2.0 million could be amicably released in 2019 against payment of EUR 0.5 million; the difference is reported under other income.

The **cash flow from operating activities** in financial year 2019 amounts to EUR –10.7 million (previous year: EUR –11.1 million). This is due to: a consolidated net income for the year of EUR 16.9 million (previous year: EUR 12.0 million), including non-cash expenses and income totaling EUR 46.9 million (previous year: EUR 45.7 million), changes in the balance sheet items of working capital (trade working capital and other working capital) with a reduction of EUR 12.5 million (previous year: EUR 20.9 million) and effects from interest and taxes of EUR 7.9 million (previous year: EUR 1.7 million).

The **cash flow from investing activities** in the financial year 2019 of EUR +44.4 million (previous year: EUR –3.1 million) results primarily from proceeds from the disposal of property, plant and equipment and assets held for sale (EUR 40.3 million; previous year: EUR 3.3 million). Payments for investments in property, plant and equipment and intangible assets (EUR –31.4 million; previous year: EUR –23.7 million) had an opposite effect. Additions to the consolidated group resulted in a net increase in cash and cash equivalents of EUR 32.6 million (previous year: EUR 19.4 million). Furthermore, inflows and outflows from disposals from the consolidated group of EUR +2.9 million (previous year: EUR –2.5 million) had an effect here.

The cash flow from financing activities of EUR –62.5 million (previous year: EUR +23.4 million) results in particular from net payments for (financial) loans and leasing and factoring liabilities of EUR 40.2 million (previous year: EUR 3.3 million). As in the previous year, the dividend to the shareholders of the parent company, the shareholders of Mutares AG10, amounted to EUR 15.2 million. Payments received in connection with the IPO of STS Group AG, with which Mutares sold around 35% of this portfolio company in the previous year, increased cash flow from financing activities by EUR 46.9 million (net) in the previous year. As a result, cash and cash equivalents amounted to EUR 79.7 million as of 31 December 2019 (previous year: EUR 108.1 million).

As of the balance sheet date, the unused credit lines amount to a mid-single-digit million amount, as in the previous year, and are largely attributable to available factoring lines.

Mutares SE & Co. KGaA issued a senior secured bond with a nominal volume of EUR 50.0 million and a term until 14 February 2024 (see following explanations in the forecast report).

The Management Board assumes that the Group will continue to be in a position to meet its payment obligations on time at all times in the future.

### 3.3 Management board's assessment of the course of business

The benchmark for success in the Mutares Group is essentially the progress of restructuring and development of the investments and completed M&A transactions, which contribute to an increase in value in the Group following a successful turnaround and further development of the investments depending on the situation.

The Management Board is very satisfied with the progress made in restructuring and development at some of the subsidiaries, but still sees potential for improvement at other subsidiaries, in some cases significantly. In particular, the Management Board views the development at Donges Group, Elastomer Solutions Group and Gemini Rail Group as positive. The Management Board also considers the implementation of restructuring measures at Plati Group and keeper Group to be very promising.

<sup>10</sup> The dividend was paid out before the effective date of the change in legal form of Mutares AG to Mutares SE & Co. KGaA.

With regard to transaction activities in the financial year 2019, the Management Board is extremely satisfied due to the large number of acquisitions. It views the large number of platform acquisitions, which offer new potential for the future, as well as the promising add-on acquisitions of the Donges Group as positive.

The Management Board is satisfied overall with the course of the financial year 2019.

### 3.4 Financial and non-financial performance indicators

The key financial performance indicators of the Mutares Group are

- Revenues
- the operating result (EBITDA = earnings before interest, taxes, depreciation and amortization);
- the Adjusted EBITDA (see below);
- the net cash position (cash and cash equivalents minus current liabilities to banks and loans) and
- the cash flow from operating activities.

Gains from bargain purchases are recognized immediately in the year of the transaction. By contrast, restructuring and other non-recurring expenses such as expenses from the valuation of assets and liabilities in connection with liquidation and deconsolidation or legal and consulting fees (e.g. in connection with an IPO) may also be incurred in subsequent periods. In view of the associated regularly significant non-operational volatility of Group EBITDA, the Management Board introduced an additional performance measure in the form of EBITDA adjusted for non-recurring effects in the previous year for reasons of transparency – referred to in internal management and reporting as “adjusted EBITDA”. The basis for the calculation is the reported Group EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for gains from favorable acquisitions (“bargain purchase”), restructuring and other non-recurring expenses and deconsolidation effects. This provides a more transparent presentation of operating developments and enables a better assessment of operating profitability.

With regard to the development of the individual financial performance indicators, we refer to the comments above in the comments on the results of operations (3.1) and net assets and financial position (3.2).

With regard to the forecasts made in the management report of the previous year for the financial year, the actual development is as follows:

- Contrary to the forecast at the time, **revenues** in the Automotive & Mobility segment with the STS Group and Elastomer Solutions Group investments existing at the time of the forecast showed a significant decline and in the Engineering & Technology segment a significant year-on-year increase due to the full-year effect of the consolidation of Kalzip at Donges Group and La Meusienne at Balcke-Dürr Group. Contrary to the forecast, revenues in the Goods & Services segment fell significantly. With regard to the main factors influencing this, particularly those arising from transaction activities, we refer to our comments above.
- In terms of **EBITDA**, the previous year's forecast of achieving EBITDA at approximately the same level as in the financial year 2018 was exceeded. With regard to the key influencing factors, particularly with regard to the profits from bargain purchases, we refer to our comments above.
- Compared to the financial year 2018 and in line with the previous year's forecast, **Adjusted EBITDA** shows an extraordinary increase, although it is burdened by the expected negative earnings contributions from the numerous new acquisitions made during the financial year.
- The **net cash position** has decreased considerably compared to 31 December 2018 (previous year's forecast: significant). With regard to the main factors influencing this, we refer to our above comments on the individual cash flow components as well as the short-term liabilities to banks and loans; at the same time, we refer to the raising of a bond for EUR 50.0 million in February 2020.
- **Cash flow from operating activities** developed positively for the most part in line with the forecast in the existing investments, but was burdened by the numerous new acquisitions with their expected operating losses and significant restructuring costs. We refer to our comments above with regard to the main factors influencing this development.

The Mutares Group is managed on the basis of financial performance indicators. Accordingly, no further comments are made on the non-financial performance indicators used in individual cases.



3. Situation of the Group including net assets, financial position and results of operations

3.5 Subsequent events

4. Forecast, opportunities and risk report

4.1 Risk management and internal control system

### 3.5 Subsequent events

With regard to the subsequent events, we refer to the explanations in the notes to the consolidated financial statements of Mutares SE & Co. KGaA.

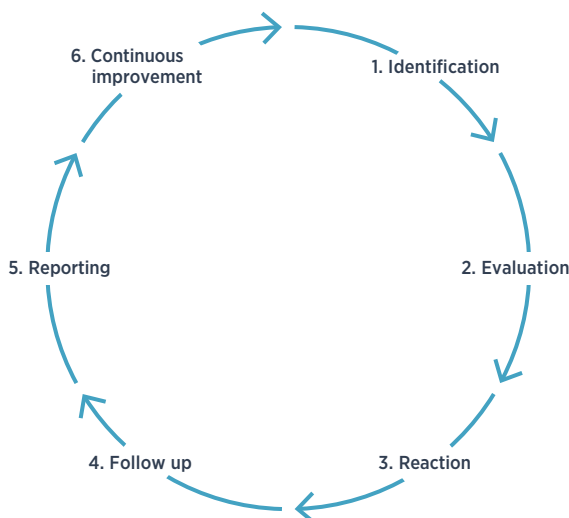
## 4. FORECAST, OPPORTUNITIES AND RISK REPORT

### 4.1 Risk management and internal control system

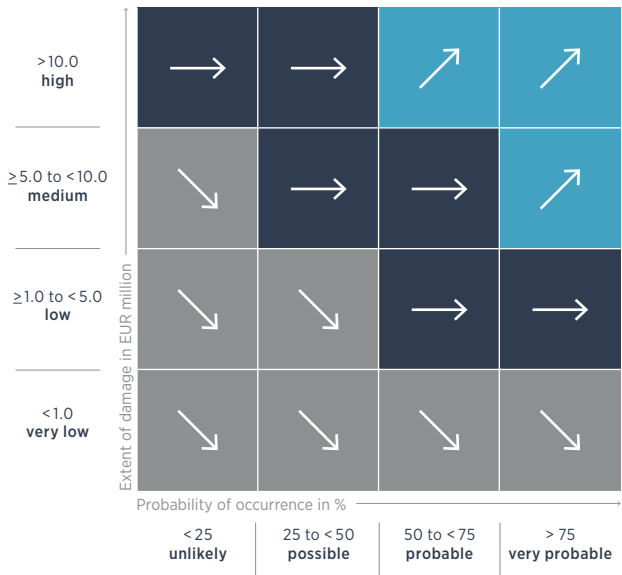
Mutares' business activities, like any other entrepreneurial activity, are associated with opportunities and risks. We define "risk" as possible future developments or events that could lead to a negative forecast or target deviation for the Group. Conversely, "opportunities" can lead to a positive forecast or target deviation.

#### RISK MANAGEMENT SYSTEM

Risk management as the totality of all organizational regulations and measures for early risk identification and adequate handling of the risks of our entrepreneurial activities is of great importance in our Group and plays a central role in our business model. The Board of Management has therefore installed a systematic, multi-stage risk management system and anchored it in the organization. The risk management process is used to identify, assess and report actual and potential risks:



Relevant risks are identified by a combination of bottom-up and top-down analyses based on defined risk areas. The risks identified in this way are assessed on the basis of two key dimensions, namely their monetary impact (extent of damage) and their expected probability of occurrence. A distinction is made in risk assessment between gross and net assessment: Measures already taken can reduce the gross risk, both in terms of the monetary impact and in terms of the possible occurrence of the risk. The net risk then represents the amount of loss and probability of occurrence, taking into account the loss mitigation measures already initiated by the reporting date. The risk classes, as a result of this assessment, can be presented in a risk matrix:



**Risk category**

Effect on the asset, financial and earnings Situation

■ high ■ medium ■ low

The identified risks are actively managed in order to achieve the risk reduction targeted by the company. The management of risks that have only a minor influence on the Group is the responsibility of the operationally responsible management in the respective investment.

Mutares has installed a standardized reporting process for reporting actual and potential risks: According to this process, quarterly reports are submitted by the operating portfolio companies to the group headquarters and are assessed together with the risk analysis of the Mutares holding company. In the event of particularly significant new risks or significant changes in existing risk positions, immediate reporting (ad hoc) is also carried out. This has proven to be particularly useful in the light of current developments in connection with the spread of the coronavirus. The risk management process is regularly reviewed, evaluated and continuously optimized by the Management Board.

Risk management is also flanked by the following activities: All critical contract components, business developments and liability risks are subjected to a rigorous examination and regularly followed up in the reviews of the subsidiaries and in the meetings of the Management Board and Supervisory Board. Standardized reporting by all portfolio companies on a monthly basis gives the Management Board a comprehensive picture of the entire portfolio. In addition, Mutares works closely together with the experienced restructuring managers of the portfolio companies, who check the compliance with the internal guidelines on site in the respective subsidiaries and develop concrete steps for their implementation together with Mutares. The Management Board controls the business development of the portfolio companies in regular reviews and is informed about the revenues, earnings and liquidity situation of all investments on the basis of the implemented reporting system. If necessary, Mutares maintains sufficient free personnel and financial capacities to be able to react flexibly and appropriately.

#### **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS PART OF THE FINANCIAL REPORTING PROCESS**

The internal control and risk management system within the framework of the financial reporting process is intended to ensure timely, uniform and correct accounting for all business transactions and operations. The aim of the internal control system for the consolidation of the subsidiaries included in the consolidated financial statements is to ensure that legal standards, accounting regulations and internal instructions on accounting are complied with. Any changes therein are continuously analyzed with regard to their relevance and effects on the consolidated financial statements and taken into account accordingly. The Group's finance department actively supports all business units and Group companies, both in drawing up uniform guidelines and work instructions for accounting-relevant processes and in monitoring operational and strategic goals. In addition to defined controls, the internal control system includes system and manual coordination processes, the separation of executive and controlling functions, and compliance with guidelines and work instructions.

The Group companies are responsible for compliance with the applicable guidelines and accounting-related processes and for the proper and timely preparation of the financial statements. The Group companies are supported in the accounting process by central contact persons at the Group parent company.

The listed portfolio company STS Group AG has its own risk management and control system.

#### **CHANGED ASSESSMENT OF RISKS AFTER THE END OF THE REPORTING PERIOD**

On 11 March 2020, the WHO declared the infection caused by SARS-CoV-2 (hereinafter "COVID-19" or "coronavirus") to be a pandemic. In some cases, the course of the disease is severe, even fatal. In its risk assessment of 15 March 2020, the Robert Koch Institute currently estimates the overall risk to the health of the population in Germany to be high. The situation in Germany and other countries is characterized by a high level of dynamism and a great deal of uncertainty and confusion. Meanwhile, the number of cases in Germany and other parts of the world continue to rise.

To contain the coronavirus, public and economic life was drastically restricted, first in China, then in Europe and increasingly in other parts of the rest of the world. These restrictions lead to production stoppages, disruption of (international) supply chains and a collapse in demand. It is not yet possible to make a serious assessment of the effects of these restrictions on economic development in Germany, Europe and the world. Depending on the duration of the closure measures, the ifo-Institute ("ifo express service", published on 1 April 2020) estimates a contraction of up to 21 percentage points for German economic output alone.

Governments in Europe have already announced or implemented far-reaching economic and financial policy measures to cushion the negative impact on businesses and jobs. At the national level, these include in particular making short-time work compensation more flexible, tax liquidity support (e.g. deferral of tax payments or reduction of advance payments) and other measures to provide liquidity to affected companies (e.g. expansion of existing liquidity support such as the KfW Entrepreneur Loan). At the European level there are also initiatives of the European Commission and the European banking supervisory authorities. The extent to which these measures are able to mitigate the negative effects on economic development cannot be assessed at present.

## 4.2 Opportunities and risks of future development

The table shows the risks discussed below and classifies them into the risk classes defined above (low/medium/high) on the basis of the two key dimensions (extent of damage and probability of occurrence).

Due to current developments in connection with the spread of the coronavirus and in particular the high degree of uncertainty regarding future economic developments, significant effects on individual risks may arise. For this reason, the classification into risk classes made by the Management Board on the balance sheet date is compared with a re-evaluation based on the changed assessment of risks after the end of the reporting

period. For reasons of caution, the Management Board assumes various increases in the risk classes, as it is not yet possible to assess the extent to which the economic and financial policy measures that have been promised will be able to mitigate the negative effects on economic development. Furthermore, it is not yet possible to predict how quickly the coronavirus pandemic will end and whether and how quickly the previous business conditions will be restored.

At this point in time, we are not yet able to make reliable estimates of the impact of the coronavirus crisis on the Mutares Group. We have to assume that the Mutares Group will see a collapse in the consolidated profitability of the existing companies, but that Mutares will also see additional opportunities in the area of M&A, especially on the buying side, in the second half of 2020 at the latest.

		<b>Risk class as of the balance sheet date</b>	<b>Re-evaluation: Risk class at the issue date</b>
Future economic conditions	Economic development	Medium	High
	Geopolitical development	Medium	High
Opportunities and risks inherent in business models	Increased competition	Medium	Medium
	Risks from the acquisition process	Medium	Medium
	Failure of restructuring successes	Medium	High
	Diversification of the portfolio	Low	Low
Other risk areas and signifi- cant individual risks	Legal opportunities and risks	Medium	Medium
	Financial risks and financing risks	High	High
	Sales and distribution risks	Medium	High
	supply chain risks	Medium	High
	Personnel risks	Low	Medium
	IT risks and data security	Low	Low
	Tax risks	Low	Low

The order in which the following explanations are presented does not reflect the Management Board's assessment of the extent of damage and/or probability of occurrence. Furthermore, the now explicit presentation of the risk classes does not in principle mean that there has been any change in the risk positions compared with the previous year. In addition to the presentation of the risks, the following section also includes information on opportunities (where relevant).



## **FUTURE ECONOMIC CONDITIONS**

### **Economic development**

Following a decline in the rate of global economic growth in 2018, it also slowed down in 2019. According to the December 2019 forecast of the Munich-based ifo Institute (“ifo Economic Forecast Winter 2019”, published on 19 December 2019), growth rates should stabilize at the current level and rise slightly again in the medium term, remaining within the range of the multi-year average.

However, due to the spread of the coronavirus, the ifo Institute paints a considerable different picture in its current economic forecast (“ifo Economic Forecast Spring 2020”, published on 18 March 2020): According to this, the global economy is collapsing as a result of the coronavirus pandemic; according to current estimates, the German economy could shrink by 1.5% in 2020 and global growth could slow to just 0.1%. The ifo Institute expressly points out that the downward risk in the forecast is considerable due to the current lack of clarity.

In the case of the existing investments in the portfolio, this development makes ongoing restructuring and optimization more difficult.

### **Geopolitical development**

A major risk is posed by Brexit, which has now been completed but whose effects have not yet been conclusively regulated. The failure to conclude a free trade agreement between Great Britain and the EU could have negative effects on procurement and sales markets. The loss of suppliers due to transport difficulties could lead to an increase in prices if individual suppliers take advantage of this bottleneck. For Group companies operating in the UK, such as Gemini, the Brexit should not have any direct impact beyond a country-specific economic risk.

In addition, the still high level of debt of the Chinese corporate sector by international standards could pose a risk to financial stability and thus substantially dampen economic sentiment. In addition, a renewed escalation of the trade dispute between the USA and China could result in a significant risk for the global economy and thus for the growth prospects of our portfolio companies. On the other hand, the purchase of materials may become more favorable if major trading partners increasingly turn to other markets besides the USA or China. Recently, however, developments have indicated that the trade dispute is easing.

Finally, geopolitical implications could arise from current developments in relation to the spread of coronavirus. Some countries have already massively restricted freedom of movement and closed borders to contain it. In this context, further protectionist political measures are conceivable, which represent a further risk to the Group’s economic development, but the extent and scope of which are not yet foreseeable.

### **OPPORTUNITIES AND RISKS INHERENT IN BUSINESS MODELS**

The success of our business model, consisting of the acquisition and restructuring of companies, depends to a large extent on our ability to identify suitable investment opportunities, to acquire these companies on favourable terms and to support them through active investment management. The selection of suitable managing directors and investment managers is essential in this respect. The acquisition of companies in upheaval and special situations, without succession arrangements or with below-average profitability or restructuring needs, holds a high potential for value enhancement. If the acquired companies can be successfully further developed, there is a possibility that their value will increase at an above-average rate. To this end, depending on the respective corporate strategy, the strengths and weaknesses of the Group companies in their respective market environment are analyzed in a targeted manner in order to make use of identified opportunities and optimization potential for them. Finally, Mutares must succeed in either selling the portfolio company at an attractive price or in receiving dividends from profitable subsidiaries.

### **Increased competition**

Strategic reorientations of large groups lead to a stable supply of acquisition opportunities, which could be particularly high due to additional opportunities in the second half of 2020 at the latest due to the current uncertain economic development. Price expectations on the seller’s side are generally still high but could also be depressed by the current economic development. The fundamental attractiveness of the market segment “companies in transition” has also led to increased competition. The market entry of funds as competitors has been observed, particularly in France. In addition to the growing number of direct competitors, strategists, particularly from China, are increasingly entering the market segment with the aim of expanding their business. However, Mutares successfully relies on its reliability and competence as an experienced restructuring expert for repositioning.

#### **Risks from the acquisition process**

The acquisition of investments in transitional and special situations involves considerable tax, legal and economic risks, even if a detailed analysis of the company (due diligence) has been carried out prior to the acquisition. Liabilities, obligations and other burdens of the respective target company that were not known or identifiable at the time of acquisition despite the due diligence carried out may have a significant adverse effect on the Mutares Group. This applies in particular if Mutares issues portfolio guarantees to the sellers. The Mutares Group frequently acquires loss-making parts of companies from larger groups, where the sellers demand guarantees for a certain period of time that the sold company will be maintained. In such cases, even if the seller provides substantial financial resources for a reorganization or restructuring in return, the Mutares Group's net assets, financial position and results of operations may be materially adversely affected.

For fundamental considerations and in order to minimize the effects of insolvency of group companies, no profit transfer or cash pooling agreements are concluded within the Mutares Group. In individual cases, following detailed examination, commitments are made or extended to Group companies to take advantage of business opportunities, growth or working capital financing, guarantees, sureties, credits or similar. The utilization of guarantees and sureties or the default of loans may have negative consequences for the Mutares Group's net assets, financial position and results of operations.

In order to reduce the extent of possible risks, Mutares also uses a corporate structure in which the operating risks of each individual investment are separated by a legally independent company (intermediate holding company). This is to ensure that the sum of any risks that may arise cannot exceed the previously assessed maximum risk. As a rule, this corresponds to the purchase price paid, plus further financing measures, less the returns from the operating activities of the respective company received over the holding period.

#### **Failure of restructuring successes**

Provided that the investments are successfully developed as planned, Mutares has a high potential for value enhancement. In individual cases, Mutares may also acquire investments whose restructuring is more difficult than assumed in the previous due diligence. Even if the portfolio companies are carefully and conscientiously selected, it cannot be ruled out that the success Mutares strives for from the upheaval situation may not occur in individual cases, or not quickly enough, or that the economic or political conditions in the countries important for the portfolio companies may deteriorate. For example, significant changes in energy policy may have a negative impact on the business models of individual investments in the Mutares Group. Furthermore, the currently not yet assessable consequences of the spread of the coronavirus on the economic development should be mentioned in this context.

If the attainable market position, earnings potential, profitability, growth opportunities or other key success factors are misjudged, this will have consequences for the company's operational development and thus for the return on investment. Furthermore, it cannot be ruled out that the ability to restructure may be misjudged or that risks may not be recognized or misjudged previous to an acquisition. It is therefore possible that the value of investee companies will decline, that the measures introduced will not be successful and that, for a variety of reasons, Mutares will not break even. This would have the consequence that portfolio companies would have to be resold below their acquisition price or, in the worst case, would ultimately have to file for insolvency. In this case Mutares would suffer a total loss of the capital invested, i.e. lose all the financial resources that the Group has used for the acquisition, ongoing management and, if necessary, financing of this company. Sellers could also attempt to assert claims against Mutares.

### **Diversification of the portfolio**

Mutares is not limited to specific industries or regions when selecting investments. The focus is on medium-sized companies or parts of companies in the European economic area that are in situations of upheaval. The focus lays on the existing segments. This may lead to a concentration of investments within one industry or region, exposing the Company to industry or regional risk. Mutares endeavors to minimize these risks by means of a diversified investment portfolio, thereby limiting the risks of individual investments, industries or regions from economic fluctuations. However, diversification of the investment portfolio can only reduce risks that are limited to specific industries or regions. Economic developments and the development of the financial markets as a whole, however, occur across industries and regions. Their influence on business success can only be reduced to a limited extent by diversification.

### **OTHER RISK AREAS AND SIGNIFICANT INDIVIDUAL RISKS**

#### **Legal opportunities and risks**

On the one hand, in individual cases commitments from the purchase agreements or business plans communicated previous to a transaction may not be met, and on the other hand, legal cases taken over may prove to be much more positive or critical than originally assumed as the investments progress over time. Both can result in legal disputes, the probable outcome of which cannot always be clearly estimated.

In connection with contracts for the sale of investments, Mutares, as seller, may issue guarantees from which the buyer may make claims against it or which may lead to legal disputes. The issuance of guarantees can be a distinguishing feature in the competition for potential investments if competitors are unable to issue guarantees due to their own statutes. A possible claim under the guarantees issued may in individual cases have a significant negative impact on the financial position and performance of the Mutares Group.

### **Risk from lifting the corporate veil**

The Mutares Group often operates in foreign jurisdictions. There is a risk that, due to the more restrictive legal systems abroad compared to Germany, there may be increased liability risks, for example in the form of lifting the corporate veil. In France, where several of the investments have their economic focus, there are, for example, rulings on lifting the corporate veil in relation to the status of employee (so-called “co-employeur” or “employeur conjoint”), which extends the obligations of an employer to its parent company. Finally, the argumentation in favor of employee status has been clarified by case law. Mutares has structured its employee engagement in such a way as to avoid, as far as possible, a break-through liability. However, it cannot be excluded that a claim will nevertheless be asserted.

### **Obligations from acquisitions**

Mutares SE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr GmbH and other subsidiaries, under which the guarantee issued by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations will increase and be limited again to an amount of EUR 5.0 million and will then be reduced to EUR 0 over the period until 31 December 2021. At the present time, it is still not expected that any claims will be made under this guarantee. The further guarantee issued by Mutares SE & Co. KGaA to secure the temporary financing of affiliated companies no longer applies and was replaced by a guarantee to make net dividends received until 30 December 2020 available again as financing if required. Both guarantees with regard to the above-mentioned circumstances remain limited to a total of EUR 10.0 million.



## 4. Forecast, opportunities and risk report

### 4.2 Opportunities and risks of future development

Mutares SE & Co. KGaA has made a commitment to the seller of keeper GmbH for a limited period of time until 30 December 2020 to provide up to EUR 1.5 million in financial resources if this should be necessary to avoid insolvency. This obligation will increase if Mutares SE & Co. KGaA receives repayments on an acquired loan or dividends. As of 31 December 2019, the obligation therefore amounted to EUR 2.4 million. To the extent that this financing obligation has not yet been met in the event of insolvency despite the condition, Mutares SE & Co. KGaA has undertaken to indemnify the seller against claims by third parties in connection with this insolvency, whereby this obligation is limited in amount to the financing contribution not yet made and is limited in time to twelve months after completion of the acquisition. In addition, Mutares has undertaken to indemnify the seller in the event of a claim in connection with an earlier financing commitment and earlier guarantees, whereby this obligation is limited to an amount of EUR 3.5 million. This obligation ends no later than five years after the completion of the acquisition.

In addition, Mutares is obliged to pay a purchase price for the acquisition of the shares in La Meusienne S.A.S., which is determined on the basis of the working capital at the time of transfer of economic ownership. Mutares and the seller of these shares are in disagreement over the interpretation of the purchase agreement and the actual facts and circumstances of the completion of the acquisition. The seller is claiming an amount of EUR 1.7 million; however, based on the legal and factual situation, we do not currently assume an obligation to pay.

In connection with the acquisition of the transport logistics and warehouse business of Q Logistics GmbH, Mutares SE & Co. KGaA has undertaken to indemnify the seller in the event of claims by third parties in connection with legal relationships taken over and in the event of insolvency of BEXity GmbH. The Vendor's claim for indemnification is limited in time and amount to EUR 9.0 million until 30 December 2021, to EUR 6.0 million until 30 December 2022 and to EUR 3.0 million until 30 December 2023. The aforementioned liability limits increase by profit distributions from BEXity GmbH and decrease by loans granted under a financing line and not yet repaid by Mutares SE & Co. KGaA.

Mutares SE & Co. KGaA has undertaken to the seller of the paper serviette business acquired from keeper tableware GmbH to indemnify the seller for a period of four years after the closing date in February 2020 from certain claims of the employees assigned to the paper serviette business. The indemnification is limited to EUR 10 million for the first two years, reduced by any funds that Mutares SE & Co. KGaA has made available to keeper tableware GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

In connection with an irrevocable offer to acquire a majority stake of 80% in Nexive's mail and parcels business in Italy, Mutares SE & Co. KGaA has declared to be liable for obligations arising from the purchase agreement in the amount of up to EUR 5.0 million from the closing of the transaction. The purchase agreement was signed on 23 February 2020. The closing of the acquisition is expected in the second quarter of the financial year 2020.

As a matter of principle, the Management Board does not expect any obligations from company acquisitions to be claimed. However, in connection with the currently unforeseeable negative impact on economic development due to the spread of the coronavirus, the probability of a claim is generally increasing.

#### **Obligations from the sale of companies**

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary, Mutares SE & Co. KGaA issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims and possible specific cost reimbursement claims. The absolute suretyship was limited in time with respect to regular warranty claims, with the exception of fundamental warranties, until 30 September 2019 (no use was made of it) and is limited in time with respect to these fundamental warranty claims until 31 December 2020 and with respect to indemnification claims until 31 December 2022 as well as unlimited in time with respect to reimbursement of costs. With regard to the regular warranty claims, with the exception of fundamental warranty claims, the amount of these claims is limited to EUR 4.0 million, with regard to the cost reimbursement claims to an amount of EUR 50 k and otherwise with regard to all claims together limited to the basic purchase price.

In addition, Mutares SE & Co. KGaA co-guaranteed the fulfillment of the obligations of the seller, a direct subsidiary of Mutares SE & Co. KGaA, in the event of claims under normal warranty obligations upon the sale of all shares in BSL. This guarantee is limited in amount to EUR 0.5 million and in time to 18 months after completion of the sale in November 2018.

#### Legal disputes

Mutares is sued by some of the former employees of the Artmadis Group in France. One lawsuit concerns liability arising from alleged employee employment, while the other concerns alleged liability under company law. Mutares will defend itself in full against all claims that it considers unfounded.

Mutares is also sued by four former employees of its former subsidiary Pixmania SAS in France. The lawsuit is based on an alleged employee position. Mutares considers the lawsuits to be unfounded and is defending itself in full.

The maximum risk from these two lawsuits amounts to approximately EUR 30 million. However, the Management Board does not expect any claims to be asserted; accordingly, provisions have been made for defence costs in the mid-six-figure range for these lawsuits.

#### Other commitments

One company from the Engineering & Technology segment is jointly and severally liable as an investor in a civil law partnership under joint ventures or consortium agreements with a maximum term of 2029. As of the balance sheet date, this liability relates to projects with a total contract value of approximately EUR 272 million (previous year: EUR 208 million). The subsidiaries' own share in this liability amounts to EUR 106.7 million (previous year: EUR 88.8 million). On the basis of the ongoing credit assessments of the ARGE and consortium partners, we do not assume that any claims will be made on the shares of other companies. With the exception of the amounts recorded as provisions for anticipated losses or within the scope of loss-free valuation, we also do not anticipate any utilization of our own shares.

There are further guarantees, warranties, commitments and obligations totaling EUR 27.4 million (previous year: EUR 12.8 million).

## FINANCIAL RISKS AND FINANCING RISKS

### Price change, default and liquidity risk

Fluctuations in prices, sales and demand, including supply bottlenecks on the part of customers and suppliers, as well as general fluctuations on the raw material and capital markets, can have a negative impact on the Mutares Group's assets and earnings situation. This risk has increased in connection with the spread of the coronavirus and the resulting economic effects. Mutares counteracts the risks at the level of the portfolio companies by continuous and timely monitoring of the business results and the project progress, among other things with the help of indicators (e.g. cash on hand and cash flow development), in order to be able to take countermeasures at an early stage. To this end, a central management information system (MIS) was introduced in 2010 in addition to extensive on-site reviews, which enables the timely monitoring of performance in the portfolio companies. The level of cash and cash equivalents is monitored on a weekly basis. However, there is still a risk that the management information system does not provide the necessary information sufficiently, too late or incorrectly, thus leading to incorrect decisions being made.

The main risks lie in the correct quantification of the future prospects and the restructuring costs of the portfolio companies, in the provision of appropriate financing and in the provision of the appropriate human resources by Mutares. This risk is best limited by a focused due diligence process and subsequently monitored continuously. The current uncertainty about the further economic development in connection with the spread of the coronavirus makes the necessary quantification considerably more difficult.

With regard to trade receivables, the Group is exposed to the risk of a loss if one of the parties does not meet its contractual obligations. To hedge this risk, the Mutares Group partially takes out credit default insurance. In addition, business relations are only to be entered into with creditworthy contracting parties and, if appropriate, with the provision of collateral in order to reduce the risk of loss arising from non-fulfillment of obligations. Nevertheless, additional bad debt losses cannot be ruled out, particularly in connection with the negative effects of the spread of the coronavirus on the economic performance of customers of the Mutares companies.

## 4. Forecast, opportunities and risk report

### 4.2 Opportunities and risks of future development

#### Financing risks

The Management believes that the future development of the Mutares Group is to a not inconsiderable extent dependent on financing risks, which could have a significant impact on the Mutares Group's net assets, financial position and results of operations.

A change in the credit rating of individual Mutares investments may make it more difficult or less favorable to obtain financing or to obtain guarantees and sureties, or may make it more difficult or more expensive. In addition, financing lines generally include covenants and other obligations, the breach of which may give the financing partner the right to terminate the agreement and thus have a negative impact on the financial position.

Investments with existing financing in the form of credit, loan, leasing, surety, guarantee or factoring agreements at the time of acquisition are exposed to the risk that the financing partners will terminate these financing agreements at short notice or provide them with deteriorated conditions in the event of a change of ownership. In addition, if the company's development lags behind plan, the repayment of (loan) liabilities may be delayed or not possible in full. Mutares tries to counter this risk by contacting financing partners before or shortly after the takeover and usually also by providing detailed information on the current financial situation and the restructuring program of the investment. There is always the risk that the financing partner cannot be fully convinced by the restructuring program and that the financing partner will terminate the financing. The same can happen if agreed covenants are breached.

Financing arrangements entered into may involve an interest rate risk, which can be hedged by suitable instruments (e.g. interest rate swaps, options) after examination of the individual case.

Access to external financing is an essential prerequisite, especially for investments that continue to grow with a new strategy after successful restructuring. Despite a generally positive financing environment at present and the liquidity available on the credit and capital markets due to the current expansionary monetary policy of the European Central Bank, it may not always be possible to secure such financing.

#### Sales and distribution risks

The adjustment of the product and customer portfolio for negative contribution margins is part of the restructuring process. The loss of important, profitable customers or the delay of, in particular, larger incoming orders can have a negative impact on the net assets, financial position and results of operations of those portfolio companies whose business has a high concentration of a few large customers or projects. The same applies to sales markets that are characterized by high competitive pressure, which affects the contribution margins and margins of Mutares' investments. Finally, problems with customers that have arisen with one investment can also have a negative impact on other investments of the Group, especially those in the same segment. In the current development in connection with the spread of the coronavirus and the resulting negative effects on economic development, the Management Board sees an intensification of the above-mentioned risks.

This is countered by actively cultivating relationships with customers and a systematic sales structure and work at the level of the respective subsidiary. Particularly for customers who account for a large share of the revenues of the respective portfolio company, the aim is to conclude longer-term contracts, which should make it easier to plan. The intensive cultivation of relationships can lead to better opportunities for orders or major contracts, especially if the past orders have been processed to the satisfaction of both sides.

#### SUPPLY CHAIN RISKS

##### Procurement risks

In the area of purchasing, the Group companies are exposed to risks such as supplier default, delayed or poor-quality deliveries and price fluctuations, especially for raw materials. Specific procurement risks may arise as a result of production stoppages caused by the spread of the coronavirus. Mutares counteracts these risks by establishing a procurement management system and strict monitoring of the respective suppliers. At the time of preparation of this report, we do not see any significant developments here that could endanger the business operations of individual portfolio companies.



### Production risks

The individual subsidiaries of the Mutares Group are exposed to various production risks. There is a risk that after the acquisition of a company, the optimization measures implemented by Mutares may have no effect or only a delayed effect, and that cost savings may not be implemented or only with a delay. In addition, quality problems and delays in new and further development of products may lead to a loss of orders and customers at individual subsidiaries, which may have a negative impact on the net assets, financial position and results of operations of the respective company. Mutares addresses such risks through the deployment of personnel and close monitoring of production processes. Due to the spread of the coronavirus and the necessary resulting legislative measures, there is an increased risk of production stoppages or state-imposed plant closures. These risks are mitigated by Mutares with state subsidies or stringent cash and production management before, during and after the special situation "Coronavirus".

### Trade credit insurance

In the past, it has been observed that trade credit insurers subject their exposures to intensive scrutiny, particularly in the event of changes of ownership (and especially those in the context of asset deals), with the risk of a deterioration in insurance conditions or a termination of cover commitments. For some subsidiaries, this may result in increased liquidity requirements due to the requirement for advance payments from suppliers. At the same time, risks may arise from increased bad debt losses if these cannot be sufficiently covered by taking out trade credit insurance. Mutares counteracts these risks in its portfolio companies by means of a tight creditor and debtor management adapted to the circumstances, or attempts to reach an agreement with the seller in the purchase contract, provided that the seller remains the main supplier after the takeover.

### Personnel risks

The acquisition and sale of companies as well as restructuring and strategic development require a high degree of professional competence and management experience from the people involved. Mutares has to ensure, within the framework of its business model, that it has access to sufficiently qualified personnel. For this reason, regular management reviews and interviews for recruitment are carried out to develop the management team qualitatively and quantitatively. Through careful selection of personnel, a high degree of independence of the restructuring managers deployed and a highly variable, strongly performance-related remuneration, Mutares offers an attractive working environment for entrepreneurially oriented individuals. The recruitment of qualified personnel is also a key success factor in the subsidiaries. Especially in the partly rural regions of our investments, the lack of staffing can be a risk in achieving the targets. This effect is intensified if there are other major employers in the region.

### IT risks and data security

The business and production processes and the internal and external communication of companies are based to a large extent on information technologies. The data protection requirements resulting from the new basic data protection regulation are constantly increasing and changing, especially with regard to the confidentiality, availability and integrity of personal data. It is particularly important to ensure secure protection against unauthorized access, for example to sensitive information on potential transactions, the portfolio companies or economic information of the Mutares Group. There is a risk that a hacker attack could result in unauthorized access due to weaknesses in the Mutares Group network. A significant disruption or failure of the systems used can lead to impairment of business and production systems, up to and including complete loss of data.

For this reason, the preparation, monitoring and training of IT documentation on the hardware used, software licenses, the network and security guidelines, including access and data protection security concepts, is an integral part of risk provisioning in the Mutares Group. The IT structures and data flows in the Mutares Group are largely standardized. In order to prevent potential breakdowns, data loss, data manipulation and unauthorized access to the IT network, Mutares SE & Co. KGaA uses up-to-date, industry-specific standard software from well-known providers on a case-by-case basis. If necessary, this is supplemented by group-specific in-house developments, which are subject to continuous quality control. Back-up systems, mirrored databases and a defined contingency plan secure the data stock and guarantee availability. The IT systems are protected by special access and authorization concepts as well as effective and continuously updated anti-virus software.

## 4. Forecast, opportunities and risk report

### 4.2 Opportunities and risks of future development

#### 4.3 Forecast report

In the course of an extensive audit and as part of a project carried out, the business processes of Mutares SE & Co. KGaA were recorded, evaluated and transferred to a data protection management system in 2019 as part of DSGVO and GDPR compliance. All employees of Mutares SE & Co. KGaA were provided with detailed guidelines and work instructions on data protection, data security and general IT security. In addition, a new project was set up at Mutares SE & Co. KGaA for 2020 to further modernize the IT infrastructure of Mutares SE & Co. KGaA.

Newly acquired Group companies are faced with the challenge of removing the existing IT systems from the IT landscape of the former parent company in a timely and cost-effective manner and without system failures. Such changeover phases are also subject to the risks described above. Mutares generally pursues the approach of subjecting the group companies to technical modernization as part of the carve-out, replacing outdated systems and hardware and thereby increasing the IT security standard. As part of the IT due diligence, risks are recorded and evaluated and measures for their elimination are defined. The goal is always the use of state-of-the-art systems and applications and the use of cloud technologies for efficient and secure business processes.

#### Tax risks

Due to the constantly changing tax legislation worldwide, it cannot be ruled out that there may be negative effects on the Mutares Group's net assets, financial position and results of operations. In order to counteract potential tax risks, changes in tax legislation are continuously monitored and, due to their complexity, are usually reviewed with the assistance of external tax advisors and lawyers.

#### General statement on the opportunity and risk situation

On the basis of the information currently available to us from our systematic, multi-level risk management system, no risks are identifiable which, either individually or in combination, could endanger the continued existence of the Mutares Group. This holds true also in light of the comments given on the situation of STS and KICO in the reports from the portfolio companies above. However, it is fundamentally possible that future results may differ from the current expectations of the Management Board. In particular, the further course of the current corona pandemic and its economic effects cannot be validly estimated at the time of preparation of this group management report; however, in the opinion of the Management Board, the positive going concern forecast for the Mutares Group is not affected by this. Through the issue of a bond for EUR 50.0 million in February 2020, the Management Board has additional financial resources at its disposal.

### 4.3 Forecast report

Mutares has clearly exceeded the expectation expressed in the previous year's forecast report for the financial year 2019 that at least five new acquisitions (including add-on transactions) would be made in the reporting period, with a total of ten new acquisitions. For a comparison of the previous year's management report forecasts for the financial year with the actual development of the Mutares Group's key financial performance indicators, we refer to the above statements.

The business development of the Mutares Group will continue to be significantly influenced by the acquisitions and revenues of investments on the one hand and is dependent on the development in the existing portfolio companies on the other. The placement of a bond in the amount of EUR 50.0 million in the first quarter of 2020 should, against the background of the high volatility of the group EBITDA due to the business model described above, secure the liquidity of the group in the long term and at the same time further promote the expansive development of the Mutares Group.

At this point in time, we are not yet able to make reliable estimates of the impact of the coronavirus crisis on the Mutares Group. Due to the high degree of uncertainty regarding the future economic development, the forecast is therefore subject to greater uncertainty than usual.

The forecast for the development of the Mutares Group is based on the assumptions that

- the transactions signed to date will also be executed and the Group will also remain unchanged in its composition at the time of preparation;
- the global spread of coronavirus will slow down or peak in the second quarter of 2020, manufacturing companies will fully resume production in the second quarter of 2020 and gradually return to pre-coronavirus levels by the end of 2020, and exit restrictions in Europe will also be gradually lifted during the second quarter of 2020;
- the growth rate in Europe in financial year 2020 will decrease considerably compared to the level of the past year 2019, but there will be a “V-shaped” course of the growth rate in financial year 2020;
- inflation is rising slightly and the oil price remains at the current very low level;
- central banks and governments worldwide are implementing the measures they have announced to stabilize and stimulate demand;
- the interest rate level in the major currency areas worldwide remains at the current low level and
- existing trade conflicts do not escalate further and no new trade conflicts between economic areas relevant from the Group’s perspective are initiated.

The Mutares Group will continue to evaluate potential new acquisitions and add-on opportunities on an ongoing basis and will continue to develop in terms of company size and business attractiveness. The Management Board also expects, due to the established “Mutares” brand, that the acquisition business in the target segment of “companies in special situations” will develop positively due to the continuing economic uncertainties and changes, despite further intensifying competition. The Management Board is aiming for transaction volumes in 2020 to be at least at the level of the financial year 2019. However, it is not foreseeable whether transaction activity will be negatively or even positively affected by current developments in connection with the spread of the coronavirus.

Considering the acquisitions completed and signed by today and the plans for the individual segments, taking into account the comments made that the original budgets are unlikely to be achieved due to current developments in connection with the spread of the coronavirus, the Management Board expects an extraordinary increase in **revenues** in financial year 2020 due to the acquisitions completed and signed until today. All three segments should contribute to this.

Taking into account the acquisitions of the current financial year 2020 completed by the time of preparation, the (reported) **EBITDA** is expected to reach a clearly positive level again, in particular due to the profits from bargain purchase arising in this context.

**Adjusted EBITDA** and **cash flow from operating activities** are expected to be negatively impacted by the negative effects of the spread of the coronavirus on economic development and thus the progress of restructuring at the individual subsidiaries. Accordingly, the Management Board expects both performance indicators to decline compared with the financial year 2019.

Due to the cash inflow in connection with the issue of the bond in February 2020, the Management Board expects a **net cash position** that will increase compared to the 2019 reporting date.

Munich, 8 April 2020

Mutares Management SE,  
General partner of Mutares SE & Co. KGaA

The Management Board

Robin Laik

Mark Friedrich

Dr. Kristian Schleede

Johannes Laumann



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Consolidated statement of Profit and Loss</b>	<b>97</b>	<b>E. Notes on equity and liabilities</b>	<b>132</b>
<b>Consolidated balance sheet</b>	<b>98</b>	26. Share capital	132
<b>Consolidated statement of changes in equity</b>	<b>100</b>	27. Capital reserves	132
<b>Consolidated cash flow statement</b>	<b>101</b>	28. Retained earnings	132
		29. Other components of equity	132
<b>A. Basics and general information</b>	<b>103</b>	30. Non-controlling interests	133
1. Reporting entity	103	31. Authorized capital	134
2. Basis of preparation of the financial statements	104	32. Conditional capital and share-based payment	134
3. Estimates and judgements	105	33. Acquisition of treasury shares	137
		34. Trade payables	137
<b>B. Composition of the Group</b>	<b>107</b>	35. Other financial liabilities	138
4. Consolidated companies	107	36. Lease liabilities	139
5. Changes in the consolidation scope	108	37. Pension plans/pension provisions and similar obligations	139
		38. Other accrued liabilities	143
<b>C. Notes to the Consolidated Statement of Profit and Loss and Other Comprehensive Income</b>	<b>117</b>	39. Other liabilities	144
6. Revenue from contracts with customers	117		
7. Other income	117	<b>F. Financial instruments and financial risk management</b>	<b>144</b>
8. Cost of materials	117	40. Capital Risk Management	144
9. Personnel expenses	117	41. Valuation at fair value	145
11. Financial result	118	42. Financial Risk Management	149
12. Income taxes	118		
13. Consolidated net income and total comprehensive income	122	<b>G. Other information</b>	<b>153</b>
14. Earnings per share	122	43. Notes to the cash flow statement	153
15. Segment information	122	44. Risks to the continued existence of subsidiaries	155
		45. Participation in joint arrangements	156
<b>D. Notes on assets</b>	<b>125</b>	46. Contingent liabilities and litigations	156
16. Intangible assets	125	47. Related parties	158
17. Property, plant and equipment	127	48. Employees	160
18. Right of use assets (RoU assets)	128	49. Audit fees	160
19. Inventories	129	50. Declaration of Compliance of STS Group AG	160
20. Contract balances	129	51. Events after the balance sheet date	160
21. Other financial assets	130		
22. Other non-financial assets	130	<b>H. Accounting policies</b>	<b>162</b>
23. Trade accounts receivable and other receivables	130	52. New standards and interpretations	162
24. Non-current assets held for sale	131	53. Principles of consolidation	167
25. Cash and cash equivalents	131	54. Significant accounting and valuation principles	170
		Annex: Consolidated Group and list of shareholdings	182
		Independent auditor's report	185

# 1. CONSOLIDATED STATEMENT OF PROFIT AND LOSS

From 1 January to 31 December 2019

EUR million	Note	2019	2018
Revenues	6	1,015.9	865.1
Change in inventories		-3.9	0.1
Other income	7	119.1	107.4
Cost of material	8	-622.6	-532.4
Personnel expenses	9	-291.8	-244.7
Other expenses	10	-137.5	-146.4
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>79.2</b>	<b>49.1</b>
Depreciation and amortization expenses		-53.0	-29.7
<b>Earnings before interest and taxes (EBIT)</b>		<b>26.2</b>	<b>19.4</b>
Financial income	11	1.5	0.5
Financial expenses	11	-11.0	-5.1
<b>Profit before tax</b>		<b>16.7</b>	<b>14.8</b>
Income tax expense/income	12	0.0	-2.8
<b>Net income</b>		<b>16.7</b>	<b>12.0</b>
Of which attributable to:			
Shareholders of the parent company		20.8	14.7
Non-controlling interest		-4.1	-2.7
<b>Earnings per share in EUR (basic)</b>	14	<b>1.37</b>	<b>0.96</b>
<b>Earnings per share in EUR (diluted)</b>	14	<b>1.37</b>	<b>0.96</b>
<b>Other comprehensive income</b>			
<b>Net income</b>	13	<b>16.7</b>	<b>12.0</b>
<b>Other comprehensive income</b>		<b>-1.8</b>	<b>0.7</b>
<b>Items reclassified to profit or loss in future if certain conditions are met</b>			
Currency translation differences		1.3	-0.9
<b>Items not subsequently reclassified to profit or loss</b>			
Actuarial gains/losses	37	-3.1	1.6
<b>Total comprehensive income</b>	13	<b>14.9</b>	<b>12.7</b>
Of which attributable to:			
Shareholders of the parent company		19.4	15.5
Non-controlling interest		-4.5	-2.8

Mutares has applied the new standard IFRS 16 for the first time since 1 January 2019. For the transition the modified retrospective approach was applied, according to which the previous year's figures are not adjusted. See the explanatory notes in the section on accounting policies under note 52.

## 2. CONSOLIDATED BALANCE SHEET

As at 31 December 2019

### ASSETS

EUR million	Note	31 Dec. 2019	31 Dec. 2018
Intangible assets	16	58.7	41.4
Property, plant and equipment	17	176.4	133.3
Right of use assets (RoU assets)	18	119.8	0.0
Trade and other receivables	23	0.4	0.6
Other financial assets	21	16.6	16.9
Income tax receivables	12	0.0	0.5
Other non-financial assets	22	3.5	4.1
Deferred tax assets	12	23.8	13.3
Non-current contract assets	20	0.0	0.1
<b>Non-current assets</b>		<b>399.2</b>	<b>210.2</b>
Inventories	19	134.0	100.8
Current contract assets	20	29.1	15.7
Trade and other receivables	23	142.6	147.0
Other financial assets	21	39.3	8.5
Income tax receivables	12	2.1	3.1
Other non-financial assets	22	22.2	17.8
Cash and cash equivalents	25	79.7	108.1
Assets held for sale	24	0.3	19.6
<b>Current assets</b>		<b>449.3</b>	<b>420.6</b>
<b>Total assets</b>		<b>848.5</b>	<b>630.8</b>



**EQUITY AND LIABILITIES**

EUR million	Note	31 Dec. 2019	31 Dec. 2018
Share capital	26	15.2	15.2
Capital reserves	27	37.3	36.8
Retained earnings	28	134.9	129.4
Other components of equity	29	-2.1	-0.7
<b>Share of equity attributable to shareholders of the parent company</b>		<b>185.3</b>	<b>180.7</b>
Non-controlling interests	30	22.9	27.4
<b>Total equity</b>		<b>208.2</b>	<b>208.1</b>
Trade payables	34	2.2	1.0
Other financial liabilities	35	20.3	21.7
Lease liabilities	36	95.2	2.1
Provisions for pensions and other post-employment benefits	37	87.3	47.0
Other provisions	38	12.2	13.3
Deferred tax liabilities	12	15.1	6.4
Non-current contract liabilities	20	3.1	1.6
<b>Non-current liabilities</b>		<b>235.4</b>	<b>93.1</b>
Trade payables	34	157.7	110.9
Other financial liabilities	35	94.8	100.7
Lease liabilities	36	23.7	4.8
Provisions	38	35.7	33.5
Income tax liabilities	12	2.6	2.9
Other liabilities	39	58.9	46.2
Current contract liabilities	20	31.5	30.6
<b>Current liabilities</b>		<b>404.9</b>	<b>329.6</b>
<b>Total equity and liabilities</b>		<b>848.5</b>	<b>630.8</b>

Mutares has applied the new standard IFRS 16 for the first time since 1 January 2019. For the transition the modified retrospective approach was applied, according to which the previous year's figures are not adjusted. See the explanatory notes in the section on accounting policies under note 52.

### 3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From 1 January 2018 to 31 December 2019

EUR million	Equity attributable to owners of the parent					Non-controlling interest	Total equity
	Share capital	Capital reserve	Retained earnings	Other equity components	Total		
<b>As at 1 Jan. 2018 (before adjustment IFRS 9, 15)</b>	15.5	36.5	112.6	1.8	166.4	-0.9	165.5
Adjustment IFRS 9	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.1
Adjustment IFRS 15	0.0	0.0	0.4	0.0	0.4	0.0	0.4
<b>As at 1 Jan. 2018 (after adjustment IFRS 9, 15)</b>	15.5	36.5	112.9	1.8	166.7	-0.9	165.8
Net income for the year	0.0	0.0	14.7	0.0	14.7	-2.7	12.0
Other comprehensive income after income taxes	0.0	0.0	0.0	0.8	0.8	-0.1	0.7
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>14.7</b>	<b>0.8</b>	<b>15.5</b>	<b>-2.8</b>	<b>12.7</b>
Purchase of treasury stock	-0.3	0.0	-2.7	0.0	-3.0	0.0	-3.0
Dividends paid	0.0	0.0	-15.2	0.0	-15.2	0.0	-15.2
Equity-settled share-based payment	0.0	0.3	0.0	0.0	0.3	0.0	0.3
Reclassifications due to business disposals during the financial year	0.0	0.0	2.0	-3.3	-1.3	1.3	0.0
Minority interest transactions	0.0	0.0	22.9	0.0	22.9	29.8	52.7
Costs of minority interest transactions	0.0	0.0	-5.2	0.0	-5.2	0.0	-5.2
<b>As at 31 Dec. 2018</b>	<b>15.2</b>	<b>36.8</b>	<b>129.4</b>	<b>-0.7</b>	<b>180.7</b>	<b>27.4</b>	<b>208.1</b>
<b>As at 1 Jan. 2019 (before adjustment IFRIC 23)</b>	<b>15.2</b>	<b>36.8</b>	<b>129.4</b>	<b>-0.7</b>	<b>180.7</b>	<b>27.4</b>	<b>208.1</b>
Adjustment IFRIC 23	0.0	0.0	-0.4	0.0	-0.4	0.0	-0.4
<b>As at 1 Jan. 2019 (after adjustment IFRIC 23)</b>	<b>15.2</b>	<b>36.8</b>	<b>129.0</b>	<b>-0.7</b>	<b>180.3</b>	<b>27.4</b>	<b>207.7</b>
Net income for the year	0.0	0.0	20.8	0.0	20.8	-4.1	16.7
Other comprehensive income after income taxes	0.0	0.0	0.0	-1.4	-1.4	-0.4	-1.8
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>20.8</b>	<b>-1.4</b>	<b>19.4</b>	<b>-4.5</b>	<b>14.9</b>
Dividends paid	0.0	0.0	-15.2	0.0	-15.2	0.0	-15.2
Equity-settled share-based payment	0.0	0.5	0.0	0.0	0.5	0.0	0.5
Minority interest transactions	0.0	0.0	0.3	0.0	0.3	0.0	0.3
<b>As at 31 Dec. 2019</b>	<b>15.2</b>	<b>37.3</b>	<b>134.9</b>	<b>-2.1</b>	<b>185.3</b>	<b>22.9</b>	<b>208.2</b>

Mutares has applied the new standard IFRS 16 for the first time since 1 January 2019. For the transition the modified retrospective approach was applied according to which the previous year's figures are not adjusted. See the explanatory notes in the section on accounting policies under note 52.

## 4. CONSOLIDATED CASH FLOW STATEMENT

From 1 January to 31 December 2019

EUR million	Note	2019	2018
Net income	13	16.7	12.0
Bargain purchase gains (-) from business combinations	5	-102.6	-32.3
Gains from deconsolidations (-)	5	0.0	-40.9
Depreciation and amortization of intangibles and non-current assets	16, 17	53.0	29.7
Gain (-)/loss (+) from the disposal of non-current assets	16, 17	-0.5	-0.1
Other non-cash expenses (+)/income (-)		3.2	-2.1
Interest expenses (+)/interest income (-)	11	9.5	4.6
Income tax expense (+)/income (-)	12	0.0	2.8
Income tax payments (-)	12	-1.6	-5.7
Increase (-)/decrease (+) in inventories	19	20.1	13.0
Increase (-)/decrease (+) in trade receivables	23	34.4	39.0
Increase (+)/decrease (-) in trade payables	34	-1.9	-31.2
<b>Variations in trade working capital</b>		<b>52.6</b>	<b>20.8</b>
Increase (-)/decrease (+) in contract assets	20	-9.2	-15.8
Increase (-)/decrease (+) in other receivables	21, 22	2.9	-3.3
Increase (+)/decrease (-) in provisions	37, 38	-15.2	-9.1
Increase (+)/decrease (-) in contract liabilities	20	0.9	30.6
Increase (-)/decrease (+) in other liabilities	35, 39	-19.5	-2.3
<b>Variations in other working capital</b>		<b>-40.1</b>	<b>0.1</b>
Currency translation effects		-0.8	0.0
<b>Cash flow from operating activities</b>		<b>-10.7</b>	<b>-11.1</b>
Proceeds (+) from the disposal of property, plant and equipment	16	20.7	3.3
Disbursements (-) for investments in property, plant and equipment	16	-26.2	-18.0
Proceeds (+) from disposal of intangible assets	17	0.0	0.3
Disbursements (-) for investments in intangible assets	17	-5.2	-5.7
Proceeds (+) from disposal of assets held for sale	24	19.6	0.0
Payments (-) for additions to the consolidation group	5	-2.4	-1.2
Proceeds (+) from additions to consolidation group	5	35.0	20.6
Proceeds (+) from disposals from the consolidation group	5	2.9	6.0
Payments (-) for disposals from the consolidation group	5	0.0	-8.5
Interest received (+)	11	0.0	0.1
<b>Cash flow from investing activities</b>		<b>44.4</b>	<b>-3.1</b>

## 4. Consolidated cash flow statement

EUR million	Note	2019	2018
Proceeds (+) from equity contributions by non-controlling shareholders	30	0.0	52.1
Disbursement (-) in connection with payments received from equity contributions by non-controlling shareholders	30	0.0	-5.2
Dividends paid (-) to shareholders of the parent company	28	-15.2	-15.2
Proceeds (+) from (financial) loans	35	22.4	27.1
Repayments (-) of (financial) loans	35	-22.5	-27.0
Derecognition (-) of (financial) loans from changes in consolidated group	36	-15.9	0.0
Proceeds (+)/payments (-) from factoring	35	-24.1	-3.4
Interest paid (-)		-7.1	-2.0
Disbursements (-) for the acquisition of treasury shares to non-controlling interests	33	0.0	-3.0
<b>Cash flow from financing activities</b>		<b>-62.5</b>	<b>23.4</b>
<b>Change in cash and cash equivalents</b>		<b>-28.7</b>	<b>9.2</b>
Effect of currency translation on cash and cash equivalents		0.3	0.0
Cash and cash equivalents at the beginning of the period		108.1	98.9
<b>Cash and cash equivalents at the end of the period</b>	25	<b>79.7</b>	<b>108.1</b>

Mutares has applied the new standard IFRS 16 for the first time since 1 January 2019. For the transition the modified retrospective approach was applied, according to which the previous year's figures are not adjusted. See the explanatory notes in the section on accounting policies under note 52.



## A. BASICS AND GENERAL INFORMATION

### 1. Reporting entity

Mutares SE & Co KGaA, Munich (hereinafter referred to as “the Company” or “Mutares”), was formed from Mutares AG, Munich, by way of a change of legal form. At the Annual General Meeting held in Munich on 23 May 2019, a resolution was passed to change the legal form of Mutares AG into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA), with Mutares Management SE joining as general partner. The change of form was completed with the entry in the commercial register on 24 July 2019.

The Company is domiciled in Munich and is entered in the Commercial Register, Section B, at the Local Court under 250347. The registered office and the headquarters of the Company is Arnulfstrasse 19, 80335 Munich.

Mutares’ business approach includes the acquisition, restructuring and development of companies in transitional situations as platform investments. Companies with the following characteristics are particularly interesting for Mutares as platform investments:

- Demerger
- Turnover of EUR 50–500 million
- Established market position (products, brand, customer base)
- Focus on activities in Europe
- Economically challenging or upheaval situation (e.g. pending restructuration or redevelopment)

Mutares is committed to its investments in the long term and sees itself as a responsible shareholder who actively supports the upcoming change phases as a reliable companion – based on its extensive, long-term experience. The goal is to create independent and dynamic medium-sized companies with a competitive, profitable and growing business model out of the companies that were unprofitable when they were taken over. A prerequisite for this is therefore that the potential for profit improvement in the company is already clearly identifiable in the takeover phase, which can be raised within one to two years through suitable strategic and operational optimization.

Mutares management has extensive in-house operational industrial and restructuring experience. After the acquisition of a company, Mutares’ range of services includes operational support, the expansion of activities through add-on acquisitions and the sale of investments. Core aspects of Mutares’ restructuring and development approach are:

- After the takeover, Mutares always initiates a comprehensive operational improvement program in the subsidiaries, in addition to cash management, in particular by using its own operational Mutares team (in-house consulting). The implementation of the projects defined in this program is carried out in close cooperation and in close collaboration with the respective subsidiary.
- With this deployment of specialists to support the optimization projects and with the development of financial resources for investments in the development of innovative products, in sales and in (production) facilities, Mutares is in a position to further develop its investments strategically and operationally successfully up to the long-term realignment.
- Once a platform investment has been operationally stabilized, internal growth is often accelerated by broadening the product portfolio or opening up new markets. Mutares also systematically seeks opportunities for inorganic growth. With this in mind, the platform is strategically complemented by add-on acquisitions in order to implement the planned growth strategy faster.
- A sale of the value-enhanced investment should ideally take place within a period of three to seven years after acquisition.

Mutares does not limit itself after the completion of the improvement program to mere holding/managing and performance monitoring in the investments. Acquired companies are continuously improved and supported in implementing the improvement program with the help of active investment management, which also includes regular reviews of the restructuring and development progress (so-called “audits”).

To implement a focused buy-and-build approach, Mutares regularly reviews add-on acquisitions and thus drives the sustainable development of the portfolio and the achievement of ambitious growth targets. The strategic addition of add-on acquisitions is intended to complement the investment in areas such as technology, product offering or country coverage.

Mutares is present in the strategic core markets of Germany, France, Italy, United Kingdom and Scandinavia through its own offices.

As of 31 December 2019, Mutares SE & Co. KGaA's portfolio contained 13 operating investments or investment groups (previous year: ten)<sup>1</sup>, which are divided into three segments:

- **Automotive & Mobility:**  
Elastomer Solutions Group  
STS Group  
Plati Group  
KICO Group
- **Engineering & Technology:**  
Balcke-Dürr Group  
Donges Group  
Gemini Rail Group  
EUPEC
- **Goods & Services**  
Cenpa  
KLANN Packaging  
TréfilUnion  
keeper Group  
BEXity Group

With the completion of the acquisition of PrimoTECS (formerly Tekfor S.p.A.) in Italy on 31 January 2020, the Automotive & Mobility segment was further strengthened. The purchase agreement for this transaction was signed on 19 December 2019.

## 2. Basis of preparation of the financial statements

The shares of Mutares SE & Co. KGaA are traded on the open market (sub-segment: Scale). Mutares SE & Co. KGaA is therefore not required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). To meet its growing international presence and the information needs of German and international investors, Mutares SE & Co. KGaA voluntarily prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union.

The Company's financial year is the calendar year. The consolidated financial statements of Mutares for the financial year 2019, consisting of the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB). The term IFRS also includes all International Accounting Standards (IAS) still in force as well as all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly International Financial Reporting Interpretations Committee (IFRIC) – and the former Standing Interpretations Committee (SIC).

The consolidated financial statements were prepared in accordance with the historical cost principle. This does not apply to selected financial instruments and share-based payments, which are measured at fair value. A corresponding explanation is provided in the context of the respective accounting and valuation methods.

Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.

Fair value is the amount that would be received or paid in an orderly transaction between market participants on the transaction date to sell an asset or transfer a liability. It is irrelevant to the price whether it is directly observable or is determined using a valuation method.

If the fair value is determined using a valuation technique, it is to be classified in one of the following three categories depending on the observable parameters available and the significance of the parameters for a valuation as a whole:

- Level 1: Input parameters are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed on the measurement date.
- Level 2: Input parameters are prices other than those quoted in Level 1 that are either directly observable or can be derived indirectly for the asset or liability.
- Level 3: Input parameters are parameters not observable for the asset or liability.

<sup>1</sup> In the previous year, Norsilk and La Meusienne were still shown as separate investments. Norsilk, a French manufacturer of wood paneling and flooring, previously managed as an independent platform in the Goods & Services segment, has integrated Mutares into the Donges Group in 2019. In December 2019, the Balcke-Dürr Group initiated the vertical integration of the formerly independent subsidiary La Meusienne with the aim of leveraging cost, sales and quality synergies.

As a rule, the Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months of the balance sheet date. If assets and liabilities have both a current and a non-current portion, they are divided into their maturity components and reported as current and non-current assets or liabilities in accordance with the balance sheet classification scheme.

The consolidated statement of comprehensive income is prepared using the nature of expense method. Mutares SE & Co. KGaA prepares and publishes its consolidated financial statements in euros (EUR). Unless otherwise indicated, all figures are generally presented in millions of euros (EUR million). Deviations of up to one unit (million, %) are due to rounding differences caused by technical calculations.

All IAS/IFRS and all interpretations (SIC/IFRIC) that were mandatory for 31 December 2019 and have been adopted by the European Union and entered into force as of 31 December 2019 have been taken into account.

The consolidated financial statements are prepared on a going concern basis.

### 3. Estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make assumptions and estimates that affect reported amounts and related disclosures. The estimates and discretionary decisions relate primarily to purchase price allocations in the context of business combinations (above all, determining the fair value of acquired assets and liabilities and estimating contingent purchase price components), deconsolidation due to loss of control, assessing the recoverability of intangible assets and trade receivables, the uniform determination of useful lives for property, plant and equipment and intangible assets throughout the Group, and the recognition and measurement of pension plans/pension provisions, income taxes and deferred tax assets on loss carryforwards.

The assumptions underlying the discretionary decisions and estimates are based on the currently available knowledge. In particular, expected future business developments and the circumstances prevailing at the time of preparation of the consolidated financial statements are taken into account. The future development of the business environment, which is assumed to be realistic, is also taken into account. If the general conditions that arise differ from the premises or if developments occur that differ from the underlying assumptions and are beyond the control of management, the amounts that arise may differ from the originally expected estimates. The estimates are based on past experience and other assumptions that are deemed to be correct under the given circumstances. The estimates and assumptions are continually reviewed. Changes in estimates are only taken into account in this period if the change affects only one period. Revisions to estimates that affect both the current and subsequent reporting periods are recognized in this and subsequent periods.

#### 3.1. ESTIMATES

In the context of company acquisitions, estimates are generally made with regard to determining the fair value of the acquired assets and liabilities. Land and buildings are generally valued according to standard land values or, like technical equipment and machinery, by an independent expert, while marketable securities are carried at their fair value. If intangible assets exist, depending on the type of asset and the difficulty of determining its value, either an independent external expert is consulted or the fair value is calculated internally using an appropriate valuation method, which is generally based on a forecast of all future cash flows. Depending on the type of asset and the availability of information, different valuation techniques are used, which can be differentiated according to cost, market price and net present value-oriented methods.

The total amount of net assets acquired from the business combinations in the financial year 2019, for which the determination of fair value was subject in part to estimation uncertainty, was EUR 110.8 million (previous year: EUR 32.5 million).

The fair value of contingent consideration related to business combinations and disposals that are subsequently measured at fair value using Level 3 fair value measurements is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. The main input parameters are expectations of future cash flows and discount rates. The accounting treatment of business combinations for which the measurement period of IFRS 3.45 has not yet expired is therefore still partly provisional.

Mutarees uses actuarial models to model retirement benefit plans and pension provisions. For this purpose, estimates are required and made with regard to the discount rate, remuneration and life expectancy, among other things. Changes in market and economic conditions can lead to differing probabilities of current developments in the above parameters. Differences in key parameters are calculated using sensitivity analyses. Details of the estimates made are contained in the relevant explanations on pension plans/pension provisions in Note 37.

As set out in paragraphs 54.4 and 54.5 Mutarees estimates the expected useful life of property, plant and equipment and intangible assets with finite useful lives and reviews annually for impairment, as required, and additionally for intangible assets with indefinite useful lives. If the respective assets do not generate cash inflows that are largely independent of other cash inflows, the impairment test is performed at the level of the cash-generating unit to which the assets to be tested are allocated. The recoverable amount of the cash-generating unit must be estimated. This corresponds to the higher of fair value less costs to sell and value in use. The determination of the recoverable amount regularly involves making estimates regarding the forecast and discounting of future cash flows.

Management believes that the estimates made with regard to the expected useful life and recoverability of certain assets, the assumptions regarding macroeconomic conditions and developments in the industries in which Mutarees operates, and the estimate of the present value of future payments are appropriate. Nevertheless, changed assumptions or changed circumstances may make corrections necessary. These may lead to additional impairments or even reversals of impairments in

the future if the developments expected by Mutarees cannot be fully realized. Details of the estimates made can be found in the relevant notes on assets in paragraph 16 and paragraph 17.

Some leases in the Mutarees Group include renewal and termination options. In determining the term of leases, Mutarees considers all relevant facts and circumstances that provide an economic incentive to exercise or not exercise renewal or termination options. Any changes to the term of the lease are only taken into account during the term of the agreement if there is sufficient certainty that renewal or termination options will be exercised or not exercised. This generally leads to a revaluation of the leasing liability and a corresponding adjustment of the right of use without affecting income.

### 3.2. JUDGEMENTS

Management has made judgments in the process of applying the accounting policies that have an effect on the consolidated financial statements. The exercise of judgement described below also involves estimates.

Mutarees makes discretionary decisions in accordance with IFRS 15 in determining the amount and timing of revenue from contracts with customers. For contracts that are settled over a period of time, both the cost-to-cost and the output method are used, depending on the assessment of whether Mutarees provides a true and fair view of the performance of the contract. For period-based services, performance is fulfilled at the time the service is rendered. In the case of contracts that are to be fulfilled at a specific point in time, revenue recognition is based on the transfer of control over the goods. As a rule, the assessment of the transfer of control is based on the agreed Incoterms.

The Mutarees companies are obliged to pay income taxes. Assumptions are required to determine tax liabilities. There are transactions and calculations for which the final tax liability cannot be determined conclusively during the normal course of business. The Group measures the amount of provisions for expected tax payments on the basis of estimates as to whether and in what amount additional taxes will be due. If the final taxation of these transactions differs from the initial assumption, this will have an effect on the actual and deferred taxes in



the period in which the taxation is finally determined. Details of the discretionary decisions made can be found in the notes on income taxes in Note 12.

For the recognition of deferred tax assets on loss carryforwards, Mutares estimates future taxable income and the timing of its future realization and therefore reversal of deferred tax assets. Estimates of projected operating income, the result of reversing taxable temporary differences and realistic tax policies are used. Due to the uncertainty of future developments of the respective companies, Mutares must make reasonable assumptions regarding deferred tax assets on loss carryforwards. Accordingly, deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which they can be utilized. Details of the discretionary decisions made can be found in the explanations on deferred tax assets on loss carryforwards in Note 12.6.

In connection with the loss of control of subsidiaries and the resulting obligation to deconsolidate, Mutares assesses whether or not control continues to exist. In doing so, taking into account all relevant facts and circumstances, it is assessed whether Mutares continues to have the practical ability to unilaterally determine the relevant activities of the Company. Details of the outcome of the estimates made in connection with the loss of control of subsidiaries and the resulting obligation to deconsolidate are set out in the explanations on deconsolidations in Note 5.2.

In the balance sheet presentation of leases, Mutares regularly uses the incremental borrowing rate to calculate the present value of the lease liabilities in order to discount the valuation-relevant lease payments in the absence of availability of the interest rate on which the lease is based. This interest rate is determined for each lease in terms of term and currency-specific risk equivalent and basically consists of three components. These generally comprise corresponding reference interest rates, company-specific credit risk premiums and contract-specific adjustments. Mutares derives the reference interest rates from government bonds with equivalent maturities using a database. The company-specific credit risk premiums are determined using synthetic ratings based on capital market data. Contract-specific adjustments are implicitly taken into account.

## B. COMPOSITION OF THE GROUP

### 4. Consolidated companies

#### FULLY CONSOLIDATED COMPANIES

As of 31 December 2019, the scope of consolidation of Mutares SE & Co. KGaA includes 108 (previous year: 77) fully consolidated companies in addition to the parent company. Of these, 43 (previous year: 37) companies are domiciled in Germany and 65 (previous year: 40) companies abroad.

As of 31 December 2019, the scope of consolidation includes all major holding companies as well as the following operating units and national companies:

#### Automotive & Mobility segment

No.	Participation	Description
1	<b>Elastomer Solutions</b> Group	Elastomer Solutions GmbH, Wiesbaum, and its subsidiaries
2	<b>STS</b> Group	STS Group AG, Hallbergmoos, and its subsidiaries
3	<b>Plati</b> Group	Plati Elettroforniture S.p.A. Madone, Italy and its subsidiaries
4	<b>KICO</b> Group	Kirchhoff GmbH & Co KG, Halver, and its subsidiaries

#### Engineering & Technology segment

No.	Participation	Description
1	<b>Balcke-Dürr</b> Group	Balcke-Dürr GmbH, Düsseldorf, and its subsidiaries
2	<b>Donges</b> Group	Donges Steeltec GmbH, Darmstadt, and its subsidiaries
3	<b>Gemini Rail</b> Group	Gemini Rail Services UK Ltd, Wolverton/United Kingdom; Gemini Rail Technology UK Ltd, Birmingham/United Kingdom
4	<b>EUPEC</b>	Eupec Pipecoatings France S.A.S., Gravelines/France

**Goods & Services segment**

No.	Participation	Description
1	<b>Cenpa</b>	Cenpa S.A.S., Schweighouse/ France
2	<b>KLANN Packaging</b>	KLANN Packaging GmbH, Landshut
3	<b>TréfilUnion</b>	TréfilUnion S.A.S., Commercy/France
4	<b>keeper Group</b>	keeper GmbH, Stemwede, and its subsidiaries
5	<b>BEXity Group</b>	BEXity GmbH, Vienna, Austria, and its subsidiary in the Czech Republic

**National subsidiaries**

No.	Company	Description
1	<b>Mutares France</b>	Mutares France S.A.S., Paris/ France
2	<b>Mutares Italy</b>	Mutares Italy Srl, Turin/Italy
3	<b>Mutares UK</b>	Mutares UK Ltd, London/ United Kingdom
4	<b>Mutares Nordics</b>	Mutares Nordics Oy, Vantaa/ Finland

Details of the scope of consolidation are contained in the list of shareholdings, which forms part of these notes to the consolidated financial statements as Annex .

**5. Changes in the consolidation scope****5.1. ACQUISITION OF SUBSIDIARIES**

The acquisitions of subsidiaries in the two relevant reporting periods are listed below.

**a. Acquisitions of subsidiaries in financial year 2019****Acquisition of Normek Oy and other subsidiaries**

On 28 February 2019, Donges SteelTec GmbH completed the acquisition of 100% of the shares in Normek Oy, based in Vantaa, Finland, and its subsidiaries in Finland and Sweden ("Normek"). Normek is a company for steel building construction and façade solutions in Finland and is mainly active on the Finnish and Swedish markets. This will expand and complement the product portfolio and distribution channels of the Donges Group.

The purchase price amounts to EUR 1.5 million and is due in three tranches (at the time of transfer of economic ownership and further payments in June 2019 and January 2020). In addition, bank liabilities of the seller and Normek Oy in the amount of approximately EUR 0.3 million were repaid as part of the acquisition. In addition, a liability of the seller to Normek Oy in the amount of approximately EUR 4.2 million was assumed. Acquisition-related incidental costs for the transaction were only incurred to a negligible extent. These are reported in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 5.7 million, resulting in a gain on bargain purchase of EUR 0.0 million.

The following table shows the results of the purchase price allocation and the calculation of goodwill:

EUR million	Fair Value
Intangible assets	8.6
Property, plant and equipment	1.8
Right of use assets (RoU assets)	3.9
Other non-current assets	5.2
<b>Non-current assets</b>	<b>19.4</b>
Inventories	0.4
Receivables and other current assets	9.6
Other current assets	1.5
<b>Current assets</b>	<b>11.6</b>
Deferred tax liabilities	-1.6
Other non-current liabilities	-3.6
<b>Non-current liabilities</b>	<b>-5.2</b>
<b>Current liabilities</b>	<b>-20.1</b>
<b>Net assets</b>	<b>5.7</b>
<b>Bargain purchase</b>	<b>0.0</b>
<b>Consideration</b>	<b>5.7</b>

The fair value of the acquired receivables based on a gross receivable amount of EUR 5.5 million was EUR 5.5 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include revenue of EUR 37.1 million and earnings after tax of EUR -7.4 million from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 45.8 million and earnings after tax of EUR -6.6 million to the Group's earnings in the financial year 2019.

### Acquisition of FDT Flachdach Technologie GmbH & Co KG and other subsidiaries

In addition, Donges SteelTec GmbH completed the acquisition of 100% of the shares in FDT Flachdach Technologie GmbH & Co KG, including its subsidiaries in France and Belgium, and B F S GmbH, based in Mannheim ("FDT"), on 19 March 2019.

FDT is a supplier in the German market for flat roof systems. The transaction complements the product offering, creates synergies and supports the Donges Group's strategy to establish itself as a leading European player in the steel construction, roof and facade systems market.

The symbolic purchase price for the acquisition of the companies amounted to EUR 2.00. Acquisition-related ancillary costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 6.9 million, resulting in a gain of EUR 6.9 million from a bargain purchase, which is included in other income.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	1.6
Property, plant and equipment	17.5
Right of use assets (RoU assets)	0.7
Other non-current assets	3.6
<b>Non-current assets</b>	<b>23.4</b>
Inventories	14.0
Receivables and other current assets	3.7
Other current assets	10.7
<b>Current assets</b>	<b>28.4</b>
Deferred tax liabilities	-3.8
Other non-current liabilities	-32.7
<b>Non-current liabilities</b>	<b>-36.5</b>
<b>Current liabilities</b>	<b>-8.4</b>
<b>Net assets</b>	<b>6.9</b>
<b>Bargain purchase</b>	<b>6.9</b>
<b>Consideration</b>	<b>0.0</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 3.5 million, was EUR 3.5 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include revenue of EUR 38.3 million and earnings after tax of EUR -5.4 million from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 50.3 million and earnings after tax of EUR -10.1 million to the Group's earnings in the financial year 2019.

### Acquisition of TréfilUnion S. A. S.

By agreement dated 31 May 2019 and closing of the transaction on the same day, Mutares acquired all shares in Tréfil-Union S. A. S., based in Commercy (France). The company, which has two plants in France, produces steel wire and rope for a customer portfolio diversified by industry and strengthens the Goods & Services segment as a new platform investment.

The consideration for the acquisition of the company amounted to EUR 0.0 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 35.0 million, resulting in a gain on bargain purchase of EUR 35.0 million, which is included in other income.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	0.0
Property, plant and equipment	11.3
Right of use assets (RoU assets)	0.4
Other non-current assets	0.0
<b>Non-current assets</b>	<b>11.7</b>
Inventories	9.0
Receivables and other current assets	7.6
Other current assets	19.3
<b>Current assets</b>	<b>35.9</b>
Deferred tax liabilities	-0.3
Other non-current liabilities	-1.8
<b>Non-current liabilities</b>	<b>-2.1</b>
<b>Current liabilities</b>	<b>-10.5</b>
<b>Net assets</b>	<b>35.0</b>
<b>Bargain purchase</b>	<b>35.0</b>
<b>Consideration</b>	<b>0.0</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 6.2 million, was EUR 6.2 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include revenue of EUR 15.8 million and earnings after tax of EUR -8.6 million from the acquired company. If the company had already been acquired on 1 January 2019, they would have contributed revenues of EUR 29.3 million and earnings after tax of EUR -12.7 million to the Group's earnings in the financial year 2019.

#### Acquisition of Plati Elettroforniture S.p.A. and other subsidiaries

Mutares successfully completed the acquisition of 80% of the shares of Plati Elettroforniture S.p.A., Bergamo (Italy) and its subsidiaries on 7 June 2019. The product portfolio includes wire harnesses, automotive cables, connectors, PVC extrusion and electromechanical assemblies. Following the acquisition, Elastomer and Plati within the Automotive & Mobility segment will benefit from each other's sales and operational expertise.

The symbolic purchase price for the acquisition was EUR 1. A capital increase of EUR 1.0 million through Mutares was also agreed in the course of the acquisition. Acquisition-related incidental costs for the transaction were only incurred to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 1.4 million. In relation to Mutares' 80% share, a gain from a bargain purchase of EUR 0.0 million was recorded.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	0.7
Property, plant and equipment	5.9
Right of use assets (RoU assets)	0.2
Other non-current assets	0.6
<b>Non-current assets</b>	<b>7.4</b>
Inventories	5.0
Receivables and other current assets	4.4
Other current assets	3.0
<b>Current assets</b>	<b>12.4</b>
Deferred tax liabilities	-0.7
Other non-current liabilities	-4.2
<b>Non-current liabilities</b>	<b>-4.9</b>
<b>Current liabilities</b>	<b>-13.5</b>
<b>Net assets</b>	<b>1.4</b>
<b>Non-controlling interests (NCI)</b>	<b>-0.4</b>
<b>Bargain purchase</b>	<b>0.0</b>
<b>Consideration</b>	<b>1.0</b>



The fair value of the acquired receivables, based on a gross receivable amount of EUR 4.4 million, was EUR 4.4 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include sales revenues of EUR 15.4 million and earnings after tax of EUR –2.9 million from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 28.6 million and earnings after tax of EUR –6.0 million to the Group's earnings in the financial year 2019.

#### Acquisition of keeper GmbH and other subsidiaries

Mutares acquired all shares in keeper GmbH in Stemwede and its subsidiaries in Poland and Belgium on 20 June 2019. The company is a supplier of plastic household products in Europe and strengthens the Goods & Services segment as a new platform investment. With two production sites in Germany and Poland and a sales office in Belgium, the Group serves renowned customers in the areas of DIY stores, food retailing, wholesale and furniture in around 35 countries worldwide.

The symbolic purchase price for the acquisition was EUR 1. Acquisition-related incidental costs for the transaction were only incurred to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 28.3 million, resulting in a gain on bargain purchase of EUR 28.3 million, which is included in other income.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	1.7
Property, plant and equipment	17.4
Right of use assets (RoU assets)	4.8
Other non-current assets	1.7
<b>Non-current assets</b>	<b>25.7</b>
Inventories	12.1
Receivables and other current assets	5.2
Other current assets	6.2
<b>Current assets</b>	<b>23.5</b>
Deferred tax liabilities	-1.4
Other non-current liabilities	-4.2
<b>Non-current liabilities</b>	<b>-5.6</b>
<b>Current liabilities</b>	<b>-15.3</b>
<b>Net assets</b>	<b>28.3</b>
<b>Bargain purchase</b>	<b>28.3</b>
<b>Consideration</b>	<b>0.0</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 5.2 million, was EUR 5.2 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include sales revenues of EUR 30.3 million and earnings after taxes of EUR –6.1 million from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 58.6 million and earnings after tax of EUR –16.1 million to the Group's earnings in the financial year 2019.

### Acquisition of Kirchhoff GmbH & Co KG and other subsidiaries

On 16 July 2019 Mutares completed the acquisition of all shares in Kirchhoff GmbH & Co KG, Halver, including its subsidiaries in Germany and abroad, and Mesenhöller Verwaltungs GmbH, Halver, ("KICO"). The Group develops and manufactures components for passenger cars and is therefore allocated to the Automotive & Mobility segment. The product portfolio includes hinges, locking systems and mechatronic systems.

The purchase price for the shares amounts to EUR 1.0 million. Acquisition-related incidental costs for the transaction were only incurred to an insignificant extent. These are reported in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 5.1 million, resulting in a gain from a bargain purchase of EUR 4.1 million, which is included in other income.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	6.1
Property, plant and equipment	11.8
Right of use assets (RoU assets)	3.0
Other non-current assets	0.2
<b>Non-current assets</b>	<b>21.1</b>
Inventories	11.9
Receivables and other current assets	2.7
Other current assets	1.2
<b>Current assets</b>	<b>15.8</b>
Deferred tax liabilities	-2.8
Other non-current liabilities	-4.4
<b>Non-current liabilities</b>	<b>-7.2</b>
<b>Current liabilities</b>	<b>-24.6</b>
<b>Net assets</b>	<b>5.1</b>
<b>Bargain purchase</b>	<b>4.1</b>
<b>Consideration</b>	<b>1.0</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 2.1 million, was EUR 2.1 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.0 million.

The consolidated financial statements for the financial year 2019 include revenues of EUR 36.2 million and earnings after tax of EUR -7.8 million from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 89.8 million and earnings after tax of EUR -6.9 million to the Group's earnings in the financial year 2019.

### Acquisition of the business of Q Logistics GmbH

On 30 December 2019 Mutares successfully completed the acquisition of the business of Q Logistics GmbH, a logistics subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (ÖBB), by way of an asset deal. The company, renamed to BEXity, is a provider of cross-border transport logistics and warehousing services with a comprehensive network in Austria. The company is active in general cargo and charter and serves customers from various industries, including the food, pharmaceutical and fast moving consumer goods industries, and is strengthening the Goods & Services segment.

The purchase price for the shares amounts to EUR 0,1 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were measured at a fair value of EUR 28.4 million, resulting in a gain on bargain purchase of EUR 28.3 million, which is included in other income.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	5.7
Property, plant and equipment	2.5
Right of use assets (RoU assets)	19.6
Other non-current assets	6.0
<b>Non-current assets</b>	<b>33.8</b>
Inventories	0.8
Receivables and other current assets	30.3
Other current assets	0.6
<b>Current assets</b>	<b>31.7</b>
Deferred tax liabilities	-2.1
Other non-current liabilities	-23.6
<b>Non-current liabilities</b>	<b>-25.7</b>
<b>Current liabilities</b>	<b>-11.4</b>
<b>Net assets</b>	<b>28.4</b>
<b>Bargain purchase</b>	<b>28.3</b>
<b>Consideration</b>	<b>0.1</b>

The measurement of the acquired net assets and thus the accounting recognition of the business combination may still change within the one-year period in accordance with IFRS 3, in particular due to the provisional planning used in part in the measurement.

The fair value of the acquired receivables, based on a gross receivable amount of EUR 2.9 million, was EUR 2.8 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.1 million.

Due to the completion of the transaction at the end of the financial year 2019, the consolidated financial statements for the financial year 2019 do not yet contain any revenues and earnings after taxes from the acquired company. If the companies had already been acquired on 1 January 2019, they would have contributed revenues of EUR 212.8 million and earnings after taxes of EUR -24.0 million to the Group's earnings in the financial year 2019.

For all of the above acquisitions, the comparison of the acquisition costs of the acquired companies and the revalued net assets resulted in a gain on bargain purchase, which is reported in the

statement of comprehensive income under other income. The favorable acquisition price for Mutares and the resulting bargain purchase is due to the efforts of the seller to realign its business activities. While the acquired market segments appear unattractive to other investors, the acquisition is lucrative for Mutares, as companies in transitional situations fit into the strategic orientation of the Group. Mutares Group sees its opportunities in its extensive operational industrial and restructuring experience, which will help to put the acquired companies on a stable path of profitable growth.

The purchase price allocations for the business combinations presented have not yet been completed at this time. The measurement of the acquired net assets and thus the accounting treatment of the business combinations may still change accordingly within the one-year period of IFRS 3.

#### b. Acquisitions of subsidiaries in the financial year 2018

##### Foundation of Balcke-Dürr Nuklear Service GmbH and subsequent acquisition of KSS Consulting GmbH & Co KG

With effect from 1 August 2018, Balcke-Dürr Kraftwerks-Service GmbH (later renamed Balcke-Dürr Nuklear Service GmbH), an indirect subsidiary of Mutares SE & Co. KGaA, acquired all shares in KSS Consulting GmbH & Co. KG ("KSS Consulting"). With this acquisition, the manufacturer of power plant components and specialist for energy efficiency in industry is strengthening its position in the promising field of dismantling nuclear powerplants. The acquisition of KSS Consulting expands Balcke-Dürr's service offering to include radiation protection and decontamination. This enables the Group to act as a system supplier to its business partners in the future.

The consideration for the acquisition of the companies amounted to EUR 29 k. Acquisition-related incidental costs for the transaction were only incurred to an insignificant extent. These are recorded in the statement of comprehensive income under other expenses.

The consolidated financial statements for the financial year 2018 include sales revenues of EUR 0.1 million and earnings after tax of EUR -0.8 million from the acquired company.

**Acquisition of Kalzip GmbH and other subsidiaries**

Effective 2 October 2018, Donges SteelTec GmbH, a subsidiary of Mutares SE & Co. KGaA, acquired 100% of the shares in Kalzip GmbH and other subsidiaries ("Kalzip") from companies of the Tata Steel Europe Group. Kalzip is a global supplier of aluminium building envelopes, producing roof and facade systems on modern roll forming lines and has sites in Germany, France, Spain, Italy, England, Singapore, India, USA and Dubai. In the newly created group, the combination of steel and roof facade construction enables the complementary transfer of knowledge of both technology areas and the positioning as a full-service solution provider. The expansion of the product portfolio and improved market access directly to clients and architects should contribute to an increase in competitiveness.

The initial consideration for the acquisition of the company was EUR 0.5 million in cash. The fair value of the total consideration amounts to EUR 1.8 million. Of this, a partial amount of EUR 1.3 million has not yet been cash-effective and is reported under other financial liabilities as of the balance sheet date. Acquisition-related incidental costs for the transaction in the amount of EUR 0.2 million are recognized in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 12.7 million, resulting in a bargain purchase of EUR 10.9 million.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	0.5
Property, plant and equipment	8.1
Other non-current assets	1.5
<b>Non-current assets</b>	<b>10.1</b>
Inventories	9.8
Receivables and other current assets	10.6
Other current assets	6.8
<b>Current assets</b>	<b>27.2</b>
Deferred tax liabilities	0.0
Other non-current liabilities	-16.0
<b>Non-current liabilities</b>	<b>-16.0</b>
<b>Current liabilities</b>	<b>-8.6</b>
<b>Net assets</b>	<b>12.7</b>
<b>Bargain purchase</b>	<b>10.9</b>
<b>Consideration</b>	<b>1.8</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 9.3 million, was EUR 8.1 million at the time of acquisition. Accordingly, the best possible estimate made at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 1.2 million.

The consolidated financial statements for the financial year 2018 include revenue of EUR 10.9 million and earnings after tax of EUR -5.3 million from the acquired company. If the companies had already been acquired on 1 January 2018, they would have generated revenue of EUR 52.6 million and earnings after tax of EUR -9.4 million to the Group result in the financial year 2018.

**Acquisition of selected assets of STF S.p.A.**

On 16 October 2018, Balcke-Dürr GmbH, a subsidiary of Mutares SE & Co. KGaA, through STF Balcke-Dürr S.r.l. acquired for this purpose, agreed to acquire selected assets of Salvatore Trifone and Figli S.p.A. which qualifies as a business combination. The additional know-how in the product areas heat exchangers, condensers and preheaters promises additional sales opportunities in all market segments. The operating business was contributed to the existing Balcke-Dürr Italiana S.r.l. as of 31 December 2018.

As a result of the resulting expanded product portfolio and improved market access, the company expects higher growth rates in sales and earnings in the future. As part of the transaction, Balcke-Dürr also acquired various framework agreements in the nuclear sector and deepens its market penetration in the Mediterranean region.

The consideration for the acquisition amounts to EUR 1.0 million. Of this amount, EUR 0.2 million had been paid by the balance sheet date, EUR 0.6 million is included in other financial liabilities and EUR 0.2 million in obligations to employees were assumed. Acquisition-related incidental costs for the transaction were only incurred to an insignificant extent. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 4.5 million, resulting in a bargain purchase of EUR 3.5 million.



The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	1.5
Property, plant and equipment	3.1
Other non-current assets	0.0
<b>Non-current assets</b>	<b>4.6</b>
Inventories	1.0
Receivables and other current assets	0.0
Other current assets	0.0
<b>Current assets</b>	<b>1.0</b>
Deferred tax liabilities	-0.9
Other non-current liabilities	0.0
<b>Non-current liabilities</b>	<b>-0.9</b>
<b>Current liabilities</b>	<b>-0.2</b>
<b>Net assets</b>	<b>4.5</b>
<b>Bargain purchase</b>	<b>3.5</b>
<b>Consideration</b>	<b>1.0</b>

The consolidated financial statements for the financial year 2018 include sales revenues of EUR 0.4 million and earnings after taxes of EUR -0.9 million from the acquired business operations.

#### Acquisition of Gemini Rail Group

On 31 October 2018, Mutares SE & Co. KGaA, through its direct subsidiary Mutares Holding-25 AG, acquired 100% of the shares in each of Knorr-Bremse RailServices UK (KBRS) and Kiepe Electric Ltd. (Kiepe) were acquired by Knorr-Bremse. The companies have since been renamed to Gemini Rail Services UK Ltd. and to Gemini Technology UK Ltd.

The product range offered includes structured and innovative services such as overhaul and turnkey repair services, refurbishment programs, design and project management for rail vehicle owners and operators in the UK and Ireland. With this acquisition Mutares continues the market development through its recently established London office. In addition, the acquisition represents an important milestone in Mutares' development as the companies together form an ideal platform investment where Mutares' operational advisory team will support local management in realizing value potential.

The consideration for the acquisition of the companies amounted to EUR 1 and GBP 1 respectively, and only insignificant acquisition-related incidental costs were incurred. These are recognized in the statement of comprehensive income under other expenses. The net assets acquired were valued at a fair value of EUR 15.3 million, resulting in a bargain purchase in the same amount.

The following table shows the results of the purchase price allocation and the calculation of the income from bargain purchase, which was recorded under other income:

EUR million	Fair Value
Intangible assets	4.9
Property, plant and equipment	5.3
Other non-current assets	5.6
<b>Non-current assets</b>	<b>15.8</b>
Inventories	18.8
Receivables and other current assets	14.3
Other current assets	16.7
<b>Current assets</b>	<b>49.8</b>
Deferred tax liabilities	-0.4
Other non-current liabilities	-10.0
<b>Non-current liabilities</b>	<b>-10.4</b>
<b>Current liabilities</b>	<b>-39.9</b>
<b>Net assets</b>	<b>15.3</b>
<b>Bargain purchase</b>	<b>15.3</b>
<b>Consideration</b>	<b>0.0</b>

The fair value of the acquired receivables, based on a gross receivable amount of EUR 14.6 million, was EUR 13.7 million at the time of acquisition. Accordingly, the best possible estimate at the time of acquisition for contractual cash flows that are not expected to be collectible was EUR 0.9 million.

The consolidated financial statements for the financial year 2018 include revenue of EUR 14.0 million and earnings after tax of EUR -8.3 million from the acquired companies. If the companies had already been acquired on 1 January 2018, they would have contributed revenue of EUR 76.9 million and earnings after tax of EUR -18.7 million to the Group's earnings in the financial year 2018.

## 5.2. DECONSOLIDATION OF SUBSIDIARIES

### a. Deconsolidation of subsidiaries in 2019

No subsidiaries were deconsolidated in the reporting period.

### b. Deconsolidation of subsidiaries in 2018

#### Deconsolidation of the Artmadis Group

Due to continuing economic difficulties, Artmadis S.A.S. was subjected to the “Redressement Judiciaire” proceedings at the request of the management and by court order dated 22 May 2018. This is a restructuring procedure in which the management is assisted by administrators appointed by the court. Subsequently, the company was offered for sale to interested parties. In the absence of a suitable offer, the court ordered the liquidation of the company. As a result of the loss of control, the Group, consisting of Artmadis S.A.S. and its subsidiary, was deconsolidated in the first half of 2018. As in the consolidated financial statements for the year ended 31 December 2017, the accounting for the first half of 2018 was based on the assumption that the company will continue as a going concern.

#### Deconsolidation of Zanders GmbH

Significant increases in raw material prices had a important negative impact on Zanders’ profitability in the fourth quarter of the financial year 2017 and the first half of 2018. Price increases were implemented, but the margin losses could not be fully offset. Accordingly, in view of the threat of insolvency, the management filed for insolvency proceedings at the end of June 2018 and planned to continue the restructuring process in the context of a self-administration procedure. As a result, a provisional insolvency administrator was appointed by the court, who reviewed the actions of the Zanders management subject to approval for the purpose of preserving the assets. The company and its subsidiary were deconsolidated as of 30 June 2018 due to the resulting loss of control. The court finally opened insolvency proceedings in the regular proceedings for the assets of the company with its decision of 1 September 2018.

#### Sale of BSL Pipes & Fittings

By agreement dated 23 November 2018, Mutares sold BSL Pipes & Fittings (BSL) and its loan receivables from BSL to a Luxembourg investor for a total purchase price of EUR 2.0 million. Mutares had acquired the company in 2015 from the French group Génoyer and the restructuring program that had been implemented enabled a successful sale.

The disposal of net assets, the consideration paid and the gains on deconsolidation are shown below:

EUR million	Fair Value
Intangible assets	1.0
Property, plant and equipment	28.9
Other non-current assets	0.6
<b>Non-current assets</b>	<b>30.5</b>
Inventories	36.0
Receivables and other current assets	18.4
Other current assets	6.9
<b>Current assets</b>	<b>61.3</b>
Deferred tax liabilities	0.0
Other non-current liabilities	-71.2
<b>Non-current liabilities</b>	<b>-71.2</b>
<b>Current liabilities</b>	<b>-67.7</b>
<b>Disposal of net assets</b>	<b>-47.1</b>
<b>Profits/losses from deconsolidations</b>	<b>41.0</b>
<b>Consideration</b>	<b>-6.1</b>

The consideration is composed of payments received of EUR 2.0 million and the disposal of cash and cash equivalents of EUR 8.1 million.

## C. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

### 6. Revenue from contracts with customers

In accordance with IFRS 8, the development of revenue by segment and region is presented in the notes to the consolidated statement of profit and loss under segment reporting.

### 7. Other income

Other income is composed as follows:

EUR million	2019	2018
Bargain Purchase Income	102.6	32.3
Income from reversal of expected credit loss (ECL)	1.7	1.5
Income from other self-produced assets	1.6	2.3
Other capitalized self-produced assets	1.6	1.5
Income from raw material and waste recycling	1.6	1.1
Currency Translation	1.1	1.2
Income from the disposal of fixed assets	1.0	0.4
Non-periodic income	0.6	0.9
Income from the release of provisions	0.6	0.1
Income from renting and leasing	0.1	0.3
Gains from deconsolidation	0.0	40.9
Valuation of earn-out Agreements	0.0	11.2
Settlement agreements with previous owners	0.0	5.8
Miscellaneous other income	6.6	7.9
<b>Other operating income</b>	<b>119.1</b>	<b>107.4</b>

The bargain purchase income is presented in detail in Note 5.1 “Acquisitions of subsidiaries”.

### 8. Cost of materials

The breakdown of the cost of materials is as follows:

EUR million	2019	2018
Cost of raw materials, consumables and supplies	484.6	441.0
Cost of purchased services	138.0	91.4
<b>Cost of materials</b>	<b>622.6</b>	<b>532.4</b>

### 9. Personnel expenses

Personnel expenses are broken down as follows:

EUR million	2019	2018
Wages and salaries	232.9	192.8
Social security contributions and pension contributions	58.9	51.9
<b>Personnel expenses</b>	<b>291.8</b>	<b>244.7</b>

In the financial years 2019 and 2018, personnel expenses for share-based payments, the service cost relating to defined benefit obligations and personnel expenses for defined contribution plans were recognized. For further details, please refer to the explanations in the respective notes (Note 32 “Conditional capital and share-based payment” and Note 37 “Retirement benefit plans/pension provisions”).

## 10. Other expenses

The breakdown of other expenses is as follows:

EUR million	2019	2018
Selling expenses	25.1	22.2
Legal and consulting expenses	24.6	27.7
Maintenance and servicing	20.5	17.5
Rent, leases and licence fees	13.8	26.9
Advertising and travel expenses	12.9	10.6
Administration	12.8	10.1
Damage claims, guarantee and warranty	6.2	4.1
Basic levies and other taxes	4.7	3.5
Expenses from subsequent measurement of earn-out receivables	4.2	0.0
Expenses for general partners	3.5	0.0
Expenses from expected credit loss	2.7	2.1
Fleet	2.6	3.2
Costs of dispute settling	0.0	5.5
Miscellaneous expenses	3.9	13.0
<b>Other operating expenses</b>	<b>137.5</b>	<b>146.4</b>

Due to an adjustment of the estimate regarding the realizability of the corresponding receivable, an earn-out receivable of EUR 4.2 million was written down in the reporting period.

## 11. Financial result

The breakdown of the financial result is as follows:

EUR million	2019	2018
Other interest and similar income	1.5	0.5
<b>Financial income</b>	<b>1.5</b>	<b>0.5</b>
Interest expenses from the unwinding of discount on provisions	1.4	1.5
Interest expenses from the unwinding of discount on finance liabilities	2.2	1.0
Interest expenses from factoring	0.9	0.8
Interest expenses from finance leases	0.0	0.1
Interest expenses from leasing liabilities	4.3	0.0
Other interest and similar expenses	2.2	1.7
<b>Financial expenses</b>	<b>11.0</b>	<b>5.1</b>
<b>Financial result</b>	<b>-9.5</b>	<b>-4.6</b>

The items reported last year under “Interest expense from finance leases” are reported in the reporting period under “Interest expense from lease liabilities” in accordance with IFRS 16.

## 12. Income taxes

### 12.1. INCOME TAXES AND TAX RECONCILIATION

The income taxes recognized in the consolidated statement of comprehensive income break down as follows:

EUR million	2019	2018
<b>Current income tax</b>		
Tax expense for the current period	-4.1	-6.8
Adjustments for income tax expense of previous periods	-0.1	-0.3
<b>Deferred taxes</b>		
Income from deferred taxes	13.1	6.8
Expense from deferred taxes	-8.9	-2.6
<b>Income tax expense/ income</b>	<b>0.0</b>	<b>-2.8</b>



The following table shows a reconciliation of the differences between the tax expense expected in the respective financial year (i.e. earnings before income tax multiplied by the expected tax rate) and the reported tax expense. The income tax rates applicable to Mutares SE & Co. KGaA as the parent company are applied to the consolidated net income, taking into account a corporate income tax rate of 15.0% (previous year: 15.0%) plus solidarity surcharge of 5.5% (previous year: 5.5%) and a trade tax rate of 17.2% (previous year: 17.2%), resulting in a total income tax rate of approximately 33.0% (previous year: approximately 33.0%).

The income tax rates applicable to the Group companies range between 8.75% and 33.3% (previous year: 19.0% and 33.3%).

EUR million	2019	2018
<b>Profit before tax</b>	<b>16.7</b>	<b>14.8</b>
Domestic tax rate of the parent company (in %)	33.0	33.0
<b>Tax expense at the domestic tax rate of the parent company</b>	<b>-5.5</b>	<b>-4.9</b>
Increases/ deductions due to		
Use of unrecognized loss carryforwards	0.4	3.5
Unrecognized deferred taxes on temporary differences and loss carryforwards	-19.8	-15.5
Subsequently recognized deferred taxes on temporary differences and loss carryforwards	0.2	0.3
Other non-deductible expenses including withholding tax	-9.7	-3.1
Tax benefits	0.3	0.5
Tax effect on appreciation of negative difference	33.8	10.9
Tax rate differences	-1.6	1.9
Tax-exempt income	1.6	3.5
Additional payments and refunds of taxes for previous years	-0.1	-0.3
Change in the valuation allowance for deferred tax assets	-0.4	0.0
Other effects	0.8	0.4
<b>Reported income taxes expense</b>	<b>0.0</b>	<b>-2.8</b>

## 12.2. DEFERRED TAXES RECOGNIZED IN EQUITY AND OTHER COMPREHENSIVE INCOME

EUR million	2019	2018
Deferred taxes recognized directly in equity	0.0	0.0
Deferred taxes recognized in other comprehensive income	1.1	-0.7
Deferred taxes on the revaluation of the defined benefit obligation	1.1	-0.7
<b>Total</b>	<b>1.1</b>	<b>-0.7</b>

## 12.3. CURRENT TAX ASSETS AND LIABILITIES

The current tax assets and liabilities are composed as follows:

### Tax assets

EUR million	31 Dec. 2019	31 Dec. 2018
<b>Tax assets with a remaining term of more than 1 year</b>		
Income tax receivables	0.0	0.5
<b>Tax assets with a remaining term of less than 1 year</b>		
Income tax receivables	2.1	3.1
<b>Tax assets</b>	<b>2.1</b>	<b>3.6</b>

### Tax liabilities

EUR million	31 Dec. 2019	31 Dec. 2018
<b>Tax liabilities with a remaining term of less than 1 year</b>		
Income tax liabilities	2.6	2.9
<b>Tax liabilities</b>	<b>2.6</b>	<b>2.9</b>

**12.4. DEFERRED TAX ASSETS AND LIABILITIES**

Deferred tax assets and liabilities are composed as follows:

EUR million

	Deferred taxes at beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Acquisitions/disposals	Exchange rate differences	Modifications in income tax rates	Deferred taxes at close
Goodwill	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
Other intangible assets	-6.0	2.2	0.0	-5.9	0.0	0.3	-9.4
Property, plant and equipment	4.3	-1.4	0.0	-10.5	0.0	0.0	-7.6
Non-current financial assets	0.0	-0.1	0.0	-0.2	0.0	0.0	-0.4
Financial assets at fair value through profit or loss	0.0	0.0	0.0	-1.0	0.0	0.0	-1.0
Financial assets available for sale (AFS)	-6.2	-0.3	0.0	-0.4	0.0	0.0	-6.9
Inventories	-1.4	-1.9	0.0	0.8	0.0	0.0	-2.5
Trade receivables	-3.6	2.7	0.0	0.8	0.0	0.3	0.2
Current financial assets	0.7	0.0	0.0	-0.7	0.0	0.0	0.0
Other assets and receivables	-0.5	-1.4	0.0	0.7	0.0	0.0	-1.2
Non-current financial lease liabilities	-0.1	4.9	0.0	3.8	0.0	0.0	8.5
Non-current financial liabilities	0.3	-3.0	0.5	2.8	0.0	-0.4	0.3
Pension obligations	3.0	0.1	0.6	4.8	0.0	-0.3	8.2
Currency translation differences from foreign business	0.0	3.0	0.0	0.0	0.0	0.0	3.0
Long-term provisions	-2.1	-1.7	0.0	4.6	0.0	0.0	0.8
Trade liabilities	0.1	0.7	0.0	-0.2	0.0	0.0	0.7
Current liabilities from finance leases	0.0	0.6	0.0	-0.6	0.0	0.0	0.0
Current financial liabilities	4.2	0.0	0.0	-1.4	0.0	0.0	2.8
Short-term provisions	3.1	-1.1	0.0	-0.6	0.0	0.0	1.4
Other current liabilities	0.1	0.3	0.0	0.2	0.0	0.0	0.6
<b>Subtotal</b>	<b>-4.1</b>	<b>3.6</b>	<b>1.1</b>	<b>-3.3</b>	<b>0.0</b>	<b>-0.1</b>	<b>-2.8</b>
Tax losses	9.1	1.0	0.0	1.2	0.0	0.0	11.3
Other deferred taxes	1.9	-0.4	0.0	-1.4	0.0	0.0	0.1
<b>Total</b>	<b>6.9</b>	<b>4.2</b>	<b>1.1</b>	<b>-3.5</b>	<b>0.0</b>	<b>-0.1</b>	<b>8.7</b>

**12.5. TEMPORARY DIFFERENCES**

No deferred taxes are recognized for so-called “outside basis differences”, i.e. differences between the IFRS equity value of an investment and the taxable carrying amount, amounting to EUR 235.3 million (previous year: EUR 110.0 million), as the Company can control the timing of the reversal and a reversal is not expected in the foreseeable future.

In addition, no deferred taxes are recognized for temporary differences in the amount of EUR 0.5 million (previous year: EUR 2.2 million), as it is not probable that taxable profits will be available for future offsetting.

**12.6. UNUSED TAX LOSSES AND UNUSED TAX CREDITS**

Deferred tax assets of EUR 8.6 million (previous year: EUR 3.5 million) were recognized for existing corporation tax and trade tax loss carryforwards and other tax credits.

Deferred tax assets of EUR 7.6 million (previous year: EUR 0.9 million) were recognized for unused tax losses and tax credits in respect of Group companies that generated a negative result in the current or previous period. Deferred tax assets were recognized since, based on the relevant business plans, it is considered probable that there will be future taxable profits to offset these unused tax losses and tax credits. This is particularly the case when companies have incurred start-up costs or it is assumed that the restructuring measures will result in positive earnings in the foreseeable future.

Deferred tax assets of EUR 1.3 million (previous year: EUR 0.0 million) were recognized as part of purchase price allocations.

In addition, no deferred tax assets are recognized for corporate and trade tax loss carryforwards and other tax credits of EUR 404.6 million (previous year: EUR 169.4 million), as there are legal or economic restrictions on their future use.

Of the unused tax losses and tax credits, EUR 29.7 million are subject to a time limitation of less than 5 years (previous year: EUR 6.2 million). In the previous year, unused tax losses and tax credits were generally not subject to any time restrictions on utilization.

**12.7. UNCERTAIN TAX LIABILITIES/ASSETS**

There were no uncertain tax positions in the reporting period.

In addition, the application of IFRIC 23 did not have any material impact on the consolidated financial statements, as it did not change the measurement of the tax liabilities or assets recognized in the balance sheet. With respect to the valuation of pension obligations in connection with an acquisition, STS Group has set up a risk provision in the amount of EUR 0.4 million.

IFRIC 23 addresses the accounting for current and deferred tax liabilities where there is uncertainty about the income tax treatment. Such uncertainties may arise if the application of the applicable tax law to a specific transaction is not clear and therefore depends on the interpretation of the tax authorities. However, Mutares SE & Co. KGaA is not aware of such interpretation at the time of preparing the financial statements. IFRIC 23 requires that an entity considers these uncertainties in accounting for tax liabilities or assets only when it is probable that the related tax amounts will be paid or recovered. It is assumed that the tax authorities will exercise their right to review declared amounts and have full knowledge of all related information. In such cases, Mutares SE & Co. KGaA always considers the tax situation individually and measures it at the most probable amount.

### 13. Consolidated net income and total comprehensive income

The consolidated net income of EUR 16.7 million (previous year: EUR 12.0 million) includes non-controlling interests of EUR –4.1 million (previous year: EUR –2.7 million).

The total comprehensive income of EUR 14.9 million (previous year: EUR 12.7 million) includes non-controlling interests of EUR –4.5 million (previous year: EUR –2.8 million), which mainly result from STS Group AG.

### 14. Earnings per share

Earnings per share are as follows:

		2019	2018
Net income for the year after taxes attributable to the shareholders of Mutares	EUR million	20.8	14.7
Weighted average number of shares for calculating earnings per share			
Basic	Number	15,234,417	15,341,379
Diluted	Number	15,234,417	15,341,379
Earnings per share			
Basic	EUR	1.37	0.96
Diluted	EUR	1.37	0.06

The stock options issued as part of share-based compensation have no effect on the dilution of earnings per share. For share-based payment, we refer to our comments under Note 32 below.

### 15. Segment information

According to IFRS 8, operating segments are to be defined on the basis of internal reporting on Group areas, which is regularly reviewed by the company's chief operating decision maker with regard to decisions on the allocation of resources to these segments and the assessment of their profitability. Information reported to the Management Board as the chief operating decision maker for the purpose of allocating resources to the Group's operating segments and assessing their performance relates to the products and services that are manufactured or provided. The Management Board has decided to structure its reporting accordingly. No business segments have been aggregated to arrive at the level of the Group's reportable segments.

In order to drive further growth and to develop the portfolio in a targeted manner, Mutares is segmenting its investments into the following three segments as of the beginning of the financial year 2019:

- **Automotive & Mobility**
  - Elastomer Solutions Group
  - STS Group
  - Plati Group
  - KICO Group
- **Engineering & Technology**
  - Balcke-Dürr Group
  - Donges Group
  - Gemini Rail Group
  - EUPEC
- **Goods & Services**
  - Cenpa
  - KLANN Packaging
  - TréfilUnion
  - keeper Group
  - BEXity Group

In contrast, in the financial year 2018 Mutares' business activities were bundled into five different segments:

- Automotive
- Engineering & Technology
- Construction & Infrastructure
- Wood & Paper
- Consumer Goods & Logistics

The now three segments each consist of several legal entities. The allocation of the legal units to the segments is clear; there are therefore no so-called Zebra companies. All three segments generate income and expenses as defined by IFRS 8.5.

Reporting and management of the individual segments is carried out in accordance with IFRS. The accounting policies of the reportable segments generally also apply to transactions between reportable segments and correspond to the Group accounting policies described in Note 54. Sales between segments are charged at market prices.

Since mid-2018, the Management Board, as the chief operating decision maker, has also measured the success of the segments using a key performance indicator adjusted for non-recurring effects, which is referred to as "adjusted EBITDA" in internal management and reporting. The basis for the calculation of these alternative performance measures is the reported Group EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for transaction-related income (bargain purchases),



restructuring and other one-off expenses and deconsolidation effects. This alternative performance measure is intended to make the operating developments within the segments transparent and enable the chief operating decision maker to assess the operating profitability of the individual segments.

The reconciliation from reported EBITDA to the control parameter of Adjusted EBITDA is as follows:

EUR million	2019	2018
<b>EBITDA</b>	<b>79.2</b>	<b>49.1</b>
Income from bargain purchases	-102.6	-32.3
Restructuring and other non-recurring expenses	31.0	28.6
Deconsolidation effects	0.0	-40.9
<b>Adjusted EBITDA</b>	<b>7.5</b>	<b>4.5</b>

With regard to transaction-related income (bargain purchases), we refer to the comments in Note 5.1 on the acquisition of subsidiaries, and with regard to the deconsolidation effects, we refer to the comments in Note 5.2 on the deconsolidation of subsidiaries.

Restructuring and other non-recurring expenses for the financial year 2019 include severance payments and social plans totaling EUR 17.2 million, particularly in connection with the restructuring plans at the newly acquired companies in the Engineering & Technology and Automotive & Mobility

segments. Also included are expenses from the valuation of an earn-out agreement in connection with an investment of EUR 4.2 million sold in financial year 2017 and consulting fees for the restructuring of various investments of the Group totaling EUR 4.9 million.

Restructuring and other one-off expenses in the previous year include one-off expenses from the valuation of Artmadis' assets and liabilities in connection with the liquidation and deconsolidation (EUR 15.9 million). At EUR 10.8 million, expenses for severance payments and social plans result primarily from the Engineering & Technology segment, where they are mainly related to the restructuring plans of the newly acquired subsidiaries (EUR 8.4 million). In addition, special effects of the IPO, legal and consulting costs, severance costs and fees for Transition Service Agreements ("TSA") from STS (EUR 6.9 million) as well as expenses in connection with the settlement of a lawsuit at Mutares SE & Co KGaA (EUR 5.5 million) are included here. In addition, other one-time expenses in connection with the IPO of STS Group AG and the conversion to IFRS at Mutares SE & Co. KGaA (EUR 1.6 million) as well as expenses for severance payments and social plans (EUR 2.5 million) at various subsidiaries of the Mutares Group are included. This was offset by income from earn-out agreements from the investments in A+F Automation und Fördertechnik GmbH (EUR 2.6 million) and the GeesinkNorba Group (EUR 8.6 million) sold in the financial year 2017 and from the settlement agreement with the sellers of Balcke-Dürr (EUR 5.8 million).

EUR million	Segments									
	Automotive & Mobility		Engineering & Technology		Goods & Services		Corporate/ Consolidation		Mutares-Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	450.4	437.0	482.0	298.6	83.5	48.7	0.0	0.0	1,015.9	784.2
Cost of Material	-262.0	-252.0	-311.0	-190.8	-49.7	-26.7	0.0	0.0	-622.6	-469.5
Personnel expenses	-130.6	-115.0	-125.9	-82.3	-22.2	-11.3	-13.0	-12.5	-291.7	-221.2
Other operating expenses	-62.2	-71.2	-53.4	-46.7	-23.2	-8.6	1.3	-2.4	-137.5	-128.9
EBITDA	13.6	10.5	-3.8	24.0	79.5	2.9	-10.2	-16.1	79.2	21.4
Adjusted EBITDA	15.6	17.5	4.7	-1.0	-7.3	3.3	-5.5	-6.5	7.5	13.3
<b>Timing of revenue recognition</b>										
Transferred at a point in time	190.1	131.8	333.1	178.2	83.5	48.7				
Over period	260.3	305.1	148.9	120.4	0.0	0.0				

The classification into the three segments mentioned above was made at the beginning of the financial year 2019. The Management board as the chief operating decision maker has also been managing on this basis since the beginning of the financial year 2019. Accordingly, the investments deconsolidated in the course of the financial year 2018 were not allocated to the segments shown above. The reconciliation to the statement of comprehensive income for the financial year 2018 is therefore as follows:

## Reconciliation to the statement of comprehensive income 2018

EUR million	Current portfolio	deconsolidated units	Comprehensive income statement 2018
Revenues	784,2	80,9	865,1
Cost of Material	-469.5	-62.9	-532.4
Personnel expenses	-221.2	-23.5	-244.7
Other operating expenses	-128.9	-17.5	-146.4
EBITDA	21.4	27.8	49.1
Adjusted EBITDA	14.5	-10.0	4.5

The non-current assets of the units are broken down geographically according to where the assets are located as follows:

EUR million	2019	2018
Europe	192.0	146.1
Germany	52.7	31.1
France	74.8	68.1
Italy	25.0	25.0
Other	39.4	21.9
Rest of world	46.5	33.2

The non-current assets of the segments comprise intangible assets, property, plant and equipment and other non-current non-financial assets.

In the financial year 2019, revenues from one customer in the Automotive & Mobility segment amounted to EUR 102.0 million (previous year: EUR 108.3 million) and thus more than 10% of total third-party revenues in the Mutares Group.

Revenue breaks down according to the location of the registered office of the supplying or service providing unit as follows:

EUR million	2019	2018
Europe	916.8	772.3
Germany	297.6	236.7
France	301.8	353.5
United Kingdom	128.8	123.2
Italy	81.7	14.0
Poland	43.9	20.6
Rest of Europe	62.9	24.3
China	57.8	56.1
Rest of world	41.3	36.6

Revenue for each group of comparable products and services is not disclosed because the necessary information is not available and the cost of preparing it is excessive.

The reconciliation of the reported segment results to profit before tax is as follows:

EUR million	2019	2018
Total segment EBITDA	89.4	65.1
Corporate/consolidation	-10.2	-16.1
Depreciation	-53.0	-29.7
Financial result	-9.5	-4.6
<b>Profit before tax</b>	<b>16.7</b>	<b>14.8</b>

## D. NOTES ON ASSETS

### 16. Intangible assets

The development of other intangible assets is as follows:

EUR million	Internally gener- ated intangible rights and assets	Software	Patents, concessions and other rights	Prepayments and intangible assets under development	Total
<b>Historical cost</b>					
<b>As at 1 Jan. 2018</b>	<b>24.9</b>	<b>11.8</b>	<b>11.8</b>	<b>1.1</b>	<b>49.6</b>
Changes in consolidated group	2.5	-7.5	1.0	2.5	-1.5
Reclassification	-14.4	0.2	14.4	0.2	0.4
Additions	0.8	4.3	0.1	0.5	5.7
Disposals	0.0	-0.2	-0.1	-0.2	-0.5
Currency translation effects	0.0	0.0	0.1	0.0	0.1
<b>As at 31 Dec. 2018</b>	<b>13.8</b>	<b>8.6</b>	<b>27.3</b>	<b>4.1</b>	<b>53.8</b>
Changes in consolidated group	0.2	1.8	22.3	0.1	24.2
Reclassification	-12.8	1.2	11.6	-1.2	-1.2
Adjustments due to change in accounting policies	0.0	-1.8	0.0	0.0	-1.8
Additions	1.1	0.7	0.3	3.1	5.2
Currency translation effects	0.0	0.0	0.2	0.1	0.3
<b>As at 31 Dec. 2019</b>	<b>2.3</b>	<b>10.5</b>	<b>61.7</b>	<b>6.2</b>	<b>80.7</b>
<b>Accumulated amortization and impairment</b>					
<b>As at 01.01.2018</b>	<b>-2.8</b>	<b>-7.9</b>	<b>-3.2</b>	<b>0.0</b>	<b>-13.9</b>
Changes in consolidated group	0.0	6.9	0.6	0.0	7.5
Reclassification	1.3	0.0	-1.3	0.0	0.0
Amortization	-1.7	-1.3	-3.0	-0.1	-6.1
Impairment	0.0	0.0	-0.1	0.0	-0.1
Disposals	0.0	0.1	0.1	0.0	0.2
<b>As at 31 Dec. 2018</b>	<b>-3.2</b>	<b>-2.2</b>	<b>-6.9</b>	<b>-0.1</b>	<b>-12.4</b>
Reclassification	3.0	0.0	-2.6	0.0	0.4
Amortization	-0.4	-1.6	-5.6	-1.6	-9.2
Impairment	0.0	-0.7	0.0	0.0	-0.7
<b>As at 31 Dec. 2019</b>	<b>-0.6</b>	<b>-4.5</b>	<b>-15.2</b>	<b>-1.7</b>	<b>-22.0</b>
<b>Net carrying amounts</b>					
As at 1. Jan. 2018	22.1	3.9	8.6	1.1	35.7
As at 31 Dec. 2018	10.6	6.4	20.4	4.0	41.4
As at 1. Jan. 2019	10.6	6.4	20.4	4.0	41.4
<b>As at 31 Dec. 2019</b>	<b>1.7</b>	<b>6.0</b>	<b>46.5</b>	<b>4.5</b>	<b>58.7</b>

The finance leases accounted for by Mutares until 31 December 2018 were reclassified to the balance sheet item “rights of use” following the first-time adoption of IFRS 16 on 1 January 2019. The effect can be seen in the line ‘Adjustments due to change in accounting policy’.

Intangible assets of EUR 24.4 million were acquired as part of the acquisitions made during the reporting period. In the previous year, this figure was EUR 4.4 million, mainly due to the lower transaction volume.

Intangible assets of EUR 6.8 million were acquired as part of the Automotive & Mobility segment’s two platform investments, with EUR 5.3 million attributable to customer relationships. The platform investments of the Goods & Services segment resulted in acquired intangible assets of EUR 7.4 million, of which EUR 3.0 million are attributable to customer relationships. Add-on acquisitions in the Engineering & Technology segment resulted in intangible assets of EUR 10.2 million, of which EUR 6.7 million are attributable to acquired customer relationships.

In the period under review, research and development expenses recognized as expenses amounted to EUR 1.8 million (previous year: EUR 1.8 million).

With regard to intangible assets pledged as collateral as of 31 December 2019, see Note 35.

#### **Intangible assets with indefinite useful lives**

As of 31 December 2019, one Group company in the Engineering & Technology segment had intangible assets with indefinite useful lives of EUR 2.9 million (previous year: EUR 2.9 million). This is a brand acquired as part of a business combination. The useful life was estimated to be unlimited, as management has no plans to change the brand name and the asset can therefore be used by the company indefinitely.

The relief from royalty method was used to value the brand at the time of initial recognition on 31 December 2016. This method is based on the assumption that if the company did not own the brand, it would be willing to enter into a license agreement. Under this hypothetical licensing transaction, the licensee would have to pay royalties to the licensor. The value of the trademark can therefore be estimated as the present value of all future royalty payments in a hypothetical licensing transaction. In such transactions, royalties are usually determined by applying a royalty rate to sales of the product or products bearing the trademark. The recoverable amount is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a three-year period. The discount rate used for the cash flow projections is 8.4% (2018: 8.3%). Cash flows beyond the three-year period were extrapolated using a growth rate of 1.0% (2018: 1.0%). As in the previous year, the impairment test carried out in the financial year 2019 did not result in any need for unscheduled depreciation.

In addition, intangible assets with indefinite useful lives were acquired in the Engineering & Technology (EUR 1.7 million), Goods & Services (EUR 1.2 million) and Automotive & Mobility (EUR 1.1 million) segments as part of acquisitions in the reporting period. These are all brands. The relief from royalty method was also applied to the valuation of these brands. The discount rates used range from 7.2% to 12.8%. Cash flows after the three-year period were extrapolated using a growth rate of 1.0%.

#### **Impairment of intangible assets**

In the financial year 2019, an impairment of EUR 0.7 million was recognized for the reporting and consolidation tool of a subsidiary of the Automotive & Mobility segment, which is being replaced by another system.



## 17. Property, plant and equipment

The development of property, plant and equipment is as follows:

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under development	Total
<b>Historical cost</b>					
<b>As at 1 Jan. 2018</b>	<b>353.6</b>	<b>736.5</b>	<b>41.8</b>	<b>6.3</b>	<b>1.138.2</b>
Changes in consolidated group	-265.6	-535.3	-15.8	-2.7	-819.4
Assets held for sale	-19.6	0.0	0.0	0.0	-19.6
Reclassification	0.8	2.4	-0.3	-3.3	-0.4
Additions	0.9	8.3	2.4	8.1	19.7
Disposals	-0.3	-3.3	-0.5	0.0	-4.1
Currency Translation effects	-0.3	0.1	0.1	0.0	-0.1
<b>As at 31 Dec. 2018</b>	<b>69.5</b>	<b>208.7</b>	<b>27.7</b>	<b>8.4</b>	<b>314.3</b>
Changes in consolidated group	34.3	28.2	4.6	0.9	68.0
Assets held for sale	-0.3	0.0	0.0	0.0	-0.3
Reclassification	0.6	4.5	0.4	-4.4	1.1
Adjustments due to change in accounting policies	0.0	-7.0	-1.1	0.0	-8.1
Additions	2.6	11.3	3.4	8.9	26.2
Disposals	-19.9	-2.4	-0.4	-1.4	-24.1
Currency translation effects	0.1	0.1	0.0	0.0	0.2
<b>As at 31 Dec. 2019</b>	<b>86.9</b>	<b>243.4</b>	<b>34.6</b>	<b>12.4</b>	<b>377.3</b>

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under development	Total
<b>Accumulated depreciation and impairment</b>					
<b>As at 1 Jan. 2018</b>	<b>-265.0</b>	<b>-671.3</b>	<b>-31.2</b>	<b>-0.1</b>	<b>-967.6</b>
Changes in consolidated group	256.2	536.1	15.1	0.1	807.5
Reclassification	0.0	-0.4	0.4	0.0	0.0
Depreciation	-5.3	-13.0	-2.2	0.0	-20.5
Impairment	-1.0	-1.9	-0.1	0.0	-3.0
Disposals	0.1	2.4	0.2	0.0	2.7
Currency translation effects	0.0	-0.1	0.0	0.0	-0.1
<b>As at 31 Dec. 2018</b>	<b>-15.0</b>	<b>-148.2</b>	<b>-17.8</b>	<b>0.0</b>	<b>-181.0</b>
Reclassification	0.0	0.0	-0.4	0.0	-0.4
Adjustments due to change in accounting policies	0.0	2.4	0.1	0.0	2.5
Depreciation	-4.7	-17.7	-3.4	0.0	-25.8
Impairment	-0.1	-0.9	0.0	0.0	-1.0
Disposals	2.5	1.6	0.4	0.0	4.5
Currency Translation effects	0.2	0.0	0.1	0.0	0.3
<b>As at 31 Dec. 2019</b>	<b>-17.1</b>	<b>-162.8</b>	<b>-21.0</b>	<b>0.0</b>	<b>-200.9</b>
<b>Net carrying amounts</b>					
As at 1. Jan. 2018	88.6	65.2	10.6	6.2	170.6
As at 31 Dec. 2018	54.5	60.5	9.9	8.4	133.3
As at 1. Jan. 2019	54.5	60.5	9.9	8.4	133.3
<b>As at 31 Dec. 2019</b>	<b>69.8</b>	<b>80.6</b>	<b>13.6</b>	<b>12.4</b>	<b>176.4</b>

The finance leases accounted for by Mutares until 31 December 2018 were reclassified to the balance sheet item “rights of use” following the first-time adoption of IFRS 16 on 1 January 2019. The effect can be seen in the line ‘Adjustments due to change in accounting policy’.

Property, plant and equipment of EUR 68.0 million was acquired as part of the acquisitions made during the reporting period. With regard to property, plant and equipment acquired in the course of business combinations, we also refer to the comments above (point 5.1 “Acquisitions of subsidiaries”).

With regard to property, plant and equipment pledged as collateral as of 31 December 2019, see Note 35.

#### Impairment of property, plant and equipment

Impairment losses on property, plant and equipment in the financial year 2019 mainly relate to the Automotive & Mobility segment. Due to the ongoing difficult economic conditions, one of the segment’s investments underwent a review of the recoverable amount for several cash-generating units (CGUs) in the financial year 2019. One of these CGUs is still an independent

plant. The review resulted in the recognition of an impairment loss of EUR 0.8 million (previous year: EUR 1.1 million), which was allocated to technical equipment and machinery. The discount factor used to determine the value in use was 14.17% p.a. (previous year: 13.4% p.a.). The value in use of the CGU amounted to EUR 4.3 million as of 31 December 2019 (previous year: EUR 5.5 million).

In the financial year 2018, an impairment loss of EUR 1.4 million was recognized on property, plant and equipment of a subsidiary that has since been deconsolidated, as the recoverable amount was below the carrying amount.

## 18. Right of use assets (RoU assets)

Mutares has leases for the rental of buildings, office space, technical equipment and machinery and other equipment, factory and office equipment, vehicles and, to a minor extent, software.

The following table shows the first-time adoption effect as of 1 January 2019 and the changes in the rights of use recognized by the Group.

EUR million	Intangible assets	Land and buildings	Vehicle fleet	Technical and office equipment and machinery	Total
<b>Changes in rights of use recognized in the balance sheet</b>					
<b>As at 1 Jan. 2019</b>	0.0	0.0	0.0	0.0	0.0
Rights of use from initial application	1.7	45.7	3.3	11.9	62.6
Additions	0.2	60.9	4.1	6.5	71.7
Disposals	0.0	-0.2	-0.1	0.0	-0.3
Currency translation effects	0.0	0.5	0.0	0.0	0.5
Change due to revaluation or contractual adjustment	0.0	1.2	0.0	0.0	1.2
<b>As at 31 Dec. 2019</b>	<b>1.9</b>	<b>108.1</b>	<b>7.3</b>	<b>18.4</b>	<b>135.7</b>
<b>Accumulated depreciation</b>					
<b>As at 1 Jan. 2019</b>	0.0	0.0	0.0	0.0	0.0
Ongoing amortization	-0.3	-10.6	-2.0	-3.4	-16.3
Disposals	0.0	0.2	0.2	0.0	0.4
<b>As at 31 Dec. 2019</b>	<b>-0.3</b>	<b>-10.4</b>	<b>-1.8</b>	<b>-3.4</b>	<b>-15.9</b>
<b>Net carrying amounts</b>					
As at 1 Jan. 2019	0.0	0.0	0.0	0.0	0.0
<b>As at 31 Dec. 2019</b>	<b>1.6</b>	<b>97.7</b>	<b>5.5</b>	<b>15.0</b>	<b>119.8</b>

The additions of EUR 71.7 million are strongly influenced by the various transactions in the financial year 2019.

The leases entered into by the Group are generally subject to restrictions. These result from termination or subletting restrictions.

Some leases also include an option to purchase the underlying leased asset in full at the end of the lease or to extend the lease for another term.

In some cases, the leasing relationship is associated with corresponding maintenance, servicing and/or insurance obligations.

Please refer to Note 36 for explanations regarding the corresponding lease liabilities.

## 19. Inventories

Inventories break down as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Raw materials, consumables and supplies	54.0	43.7
Work in progress	46.1	32.3
Finished goods and goods for resale	31.0	21.9
Prepayments on inventories	2.9	2.9
<b>Inventories</b>	<b>134.0</b>	<b>100.8</b>

Inventories recognized as an expense amount to EUR 484.0 million (previous year: EUR 441.0 million).

For information on inventories pledged as collateral as of 31 December 2019, see Note 35.

The impairment of inventories to the lower net realizable value recognized in the statement of comprehensive income amounts to EUR 1.6 million (previous year: EUR 13.5 million).

The reversals of impairment losses on inventories recognized in the statement of comprehensive income amount to EUR 1.6 million (previous year: EUR 2.3 million) and result from changes in economic conditions that indicate an increase in net realizable value.

## 20. Contract balances

The contractual balances are composed of contractual assets and contractual liabilities and are broken down by maturity as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Non-current receivables from contracts with customers	0.4	0.6
Current receivables from contracts with customers	139.4	146.6
Non-current contract assets	0.0	0.1
Current contract assets	29.1	15.7
Non-current contract liabilities	3.1	1.6
Current contract liabilities	31.5	30.6

The contract assets as of the balance sheet date result mainly from long-term projects that meet the criteria for revenue recognition over a specific period. The contract assets represent the legal entitlement from deliveries and services rendered in excess of the payments received. In the Engineering & Technology segment, the contract assets mainly relate to services with revenue recognition over a specific period of time in the area of plant construction and bridge building, and in the Automotive & Mobility segment in the area of series production. The contractual liabilities as of 31 December 2019, result mainly from advance payments received from customers in connection with long-term construction contracts.

The change in contract balances in the financial year 2019 is the result of ongoing business activities and the associated changes in project progress and settlements. In the current reporting period, revenues of EUR 12.3 million were realized from contracts with customers, which were included in contract liabilities at the beginning of the period. Contractual liabilities of EUR 0.8 million, which were reported under non-current contractual liabilities at the beginning of the period, were reclassified to current contractual liabilities as of 31 December 2019.

A total transaction price of EUR 196.0 million has been allocated to the performance obligations not or not fully met as of 31 December 2019. Management assumes that EUR 124.6 million of this amount will be recognized as revenue in 2020 and EUR 71.4 million in subsequent periods. The outstanding performance obligations mainly relate to long-term construction contracts from the Balcke-Dürr Group and the Donges Group as well as obligations from the manufacture of series tools from the Automotive & Mobility segment. In accordance with IFRS 15, the transaction price is not disclosed for performance obligations with a maximum term of one year.

## 21. Other financial assets

The other financial assets are as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Receivables from company acquisitions	31.6	0.0
Receivables from earn-out agreements	4.4	11.2
Cash and term deposits	6.5	8.7
Security deposits	4.3	3.6
Retentions from recourse Factoring	4.1	0.0
Creditors with debit balances	0.8	0.9
Supplier bonuses	0.5	0.7
Miscellaneous financial assets	3.7	0.3
<b>Other financial assets</b>	<b>55.9</b>	<b>25.4</b>

Receivables from company acquisitions and earn-out receivables are described in Note 41 "Fair value measurement".

## 22. Other non-financial assets

The other non-financial assets are as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
VAT receivables	12.3	9.3
Accrued income	6.4	3.9
Other tax assets	6.0	6.7
Miscellaneous other assets	1.0	2.0
<b>Other non-financial assets</b>	<b>25.7</b>	<b>21.9</b>

## 23. Trade accounts receivable and other receivables

Trade receivables and other receivables break down as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Trade and other receivables	145.1	153.1
Less expected credit losses	-5.3	-5.9
Other receivables	3.2	0.4
<b>Trade and other receivables</b>	<b>143.0</b>	<b>147.6</b>

Trade and other receivables are non-interest-bearing and, with the exception of receivables of EUR 0.4 million, have a term of less than one year.

Since the beginning of the financial year 2018, Mutares has recorded impairment losses for general credit risks using the expected loss model in accordance with IFRS 9.5.5. The impairment losses are initially recorded in allowance accounts unless it can be assumed that the receivable will be wholly or partially uncollectible when the reason for the impairment arises. In such cases, the carrying amount of the receivables is written down directly through profit or loss.

For the determination of impairment losses, please refer to Note 42.1.

Impairment losses of EUR 1.0 million (previous year: EUR 1.0 million) were recognized for trade receivables measured at fair value with no effect on profit or loss.

For information on receivables pledged as collateral as of 31 December 2019, see Note 35.

The expected credit losses for trade and other receivables have developed as follows:

EUR million	2019	2018
<b>As at 1 Jan.</b>	<b>5.9</b>	<b>7.3</b>
Additions	2.6	2.1
Use	-1.5	-1.9
Reversals	-1.7	-1.5
Currency translation	0.0	-0.1
<b>As at 31 Dec.</b>	<b>5.3</b>	<b>5.9</b>



### Assignment of trade receivables

Companies in the Mutares Group sell trade receivables to factoring companies in return for recourse rights. These trade receivables are not derecognized from the balance sheet, as Mutares retains substantially all risks and rewards associated with ownership. This is primarily the credit risk. The amounts received from the sale of trade receivables are reported as other financial liabilities. Depending on the agreement with the respective factoring company, customers settle the corresponding open items directly to Mutares company, which then passes on the amounts received to the factoring companies. The carrying amount of trade receivables not derecognized as of the balance sheet date is EUR 29.8 million (previous year: EUR 50.7 million). The corresponding liabilities amounted to EUR 23.6 million (previous year: EUR 47.0 million) on the balance sheet date. Due to the short-term nature of the trade receivables sold and the associated liabilities, the fair value approximates the carrying amount. The net position of this amounts to EUR 6.2m (previous year: EUR 3.8m).

Mutares also sold trade receivables with a book value of EUR 33.3 million (previous year: EUR 6.6 million) to third parties on the basis of factoring agreements, for which no significant risks remain for Mutares. The receivables were thus derecognized in accordance with IFRS 9.3.2.6(a). Retentions in connection with these assigned receivables amount to EUR 5.6 million (previous year: EUR 0.8 million) and are recorded under other non-current financial assets. Due to the short-term nature of the trade receivables sold, the fair value approximates the carrying amount. In the event of late payment by the customer, Mutares is exposed to a remaining payment risk of EUR 0.0 million (previous year: EUR 0.0 million) vis-à-vis the factoring company. The amounts to be repaid to the factoring company would be considered short-term and represent the maximum risk of loss for Mutares.

## 24. Non-current assets held for sale

As of the reporting date, non-current assets held for sale amounted to EUR 0.3 million and relate to a piece of land owned by KICO of an investment from the Automotive & Mobility segment in Poland. The transaction was highly probable as of 31 December 2019.

In the previous year, the premises of Donges SteelTec GmbH (Engineering & Technology segment) were reported under non-current assets held for sale. The Company sold this site in the financial year 2019 as part of a sale-and-leaseback transaction and subsequently leased it back. The transaction was highly probable at the balance sheet date of 31 December 2018. In connection with the measurement at fair value less costs to sell based on the contractual negotiations, an impairment loss of EUR 0.4 million was recognized, which was reported in the statement of comprehensive income under depreciation and amortization.

## 25. Cash and cash equivalents

Cash and cash equivalents are as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Bank balance	75.3	102.8
Cash equivalents	4.3	5.3
Cash balance	0.1	0.0
<b>Cash and cash equivalents</b>	<b>79.7</b>	<b>108.1</b>

As of 31 December 2019, cash and cash equivalents of EUR 4.1 million were restricted (previous year: EUR 2.9 million).

With regard to cash and cash equivalents pledged as collateral as of 31 December 2019, see Note 35.

## E. NOTES ON EQUITY AND LIABILITIES

The individual components of equity and their development for the financial years 2018 and 2019 are presented in the consolidated statement of changes in equity.

### 26. Share capital

The subscribed capital of the parent company Mutares SE & Co. KGaA is fully paid up and, as in the previous year, consists of 15,496,292 registered shares with a notional value of EUR 1.00 each as of 31 December 2019. With regard to the shares in circulation, we refer to the information provided in Note 33 "Acquisition of treasury shares".

### 27. Capital reserves

The capital reserve amounted to EUR 37.3 million as of 31 December 2019 (previous year: EUR 36.8 million). The increase results from the recognition of share-based payments (see the explanations under Note 32 below).

The capital reserve thus consists of the premium on the issue of shares in the parent company of EUR 36.1 million (previous year: EUR 36.1 million) and the recognition of share-based payments of EUR 1.2 million (previous year: EUR 0.7 million).

### 28. Retained earnings

By resolution of the Annual General Meeting on 23 May 2019, a partial amount of EUR 15.2 million of the Company's net retained profits under commercial law as at 31 December 2018 was distributed in the form of a dividend of EUR 1.00 per no-par value share entitled to dividend.

The Management Board and Supervisory Board will propose a dividend of EUR 1.00 per share for the financial year 2019 to the Annual General Meeting. This corresponds to a total amount of EUR 15.2 million in relation to the shares in circulation on the balance sheet date.

### 29. Other components of equity

The other components of equity include the reserve from foreign currency translation and the revaluation reserve for pension obligations. The development in the 2018 and 2019 financial years is shown in total in the consolidated statement of changes in equity. The following table shows details of the development:

EUR million	Other components of equity				Attributable to the shareholders of the parent company
	Actuarial gains/losses	Currency adjustment	Total	Non-controlling interest	
<b>As at 1 Jan. 2018</b>	3.1	-0.9	2.2	-0.4	1.8
Other comprehensive income after income taxes	1.6	-0.9	0.7	0.1	0.8
Changes in consolidated group	-3.1	-0.2	-3.3	0.0	-3.3
<b>As at 31 Dec. 2018</b>	1.6	-2.0	-0.4	-0.3	-0.7
Other comprehensive income after income taxes	-3.1	1.3	-1.8	0.4	-1.4
<b>As at 31 Dec. 2019</b>	-1.5	-0.7	-2.2	0.1	-2.1

### 30. Non-controlling interests

Mutares has non-controlling interests in its subsidiaries Plati and STS:

On 1 June 2018, STS Group AG, headquartered in Hallbergmoos, was admitted to the regulated market of the Frankfurt Stock Exchange (Prime Standard). In this context, 1,000,000 new shares from a capital increase of STS Group AG and a further 1,172,172 shares from the previous sole shareholder Mutares SE & Co. KGaA were placed at an offer price of EUR 24.00 per share. The share capital of STS Group AG was increased to 6,000,000 shares as a result of the aforementioned transaction. The issue proceeds of EUR 52.1 million in total were recognized directly in equity, as were the related costs of EUR 5.2 million. This resulted in non-controlling interests of EUR 30.6 million.

In the further course of the financial year 2018, the Executive Board of STS Group AG launched a share buyback program under which a total of 45,000 shares (previous year: 4,763 shares) were acquired in the financial year 2019 (last acquisition on 3 May 2019). This corresponds to a nominal amount of EUR 45 thousand (previous year: EUR 5 thousand) or 0.75% (previous year: 0.08%) of the share capital of STS Group AG. The shares were acquired at an average price of EUR 9.86 (previous year: EUR 12.51) per share, ranging between EUR 7.58 and EUR 11.65 (previous year: EUR 10.77 and EUR 13.60).

Mutares SE & Co. KGaA repurchased a total of 78,000 shares in STS Group AG for a total of EUR 1.0 million in the financial years 2018 and 2019. This is a transaction with minority interests, which is shown as such in the statement of changes in equity.

Following the acquisition of shares by Mutares SE & Co. KGaA, the shareholding and voting rights of the non-controlling shareholders of STS Group AG amounted to 34.9% as of 31 December 2019 (previous year: 35.2%).

Mutares completed the acquisition of 80% of the shares of Plati Elettroforniture S.p.A and its subsidiaries on 7 June 2019. The transaction resulted in non-controlling interests of EUR 0.2 million.

Non-controlling interests in the period under review account for a pro rata total result of EUR -4.5 million (previous year: EUR -2.8 million). As of 31 December 2019, there were cumulative non-controlling interests of EUR 22.9 million (previous year: EUR 27.4 million).

There are no restrictions on the ability of Mutares to access or use assets of subsidiaries and settle liabilities.

EUR million	31 Dec. 2019	31 Dec. 2018
Non-current assets	147.1	115.6
Current assets	129.1	158.2
Non-current liabilities	59.2	39.2
Current liabilities	145.1	152.2
Equity attributable to shareholders of the parent company	48.9	55.0
Non-controlling interests	22.9	27.4
Revenues	378.2	401.2
Other income and expenses (cumulative)	-393.1	-406.0
<b>Net income</b>	<b>-14.9</b>	<b>-4.8</b>
Net income for the year attributable to shareholders of the parent company	-10.8	-2.1
Net income for the year attributable to non-controlling interests	-4.1	-2.7
<b>Total net income</b>	<b>-14.9</b>	<b>-4.8</b>
Other comprehensive income attributable to the shareholders of the parent Company	-0.2	-0.1
Other comprehensive income attributable to non-controlling interests	-0.3	0.1
<b>Total other comprehensive income</b>	<b>-0.5</b>	<b>-0.2</b>
Comprehensive income attributable to shareholders of the parent company	-10.8	-2.2
Comprehensive income attributable to non-controlling interests	-4.5	-2.8
<b>Total comprehensive income</b>	<b>-15.3</b>	<b>-5.0</b>
Dividends paid (-) to non-controlling interests	0.0	0.0
Cash flow from operating activities	35.0	7.1
Cash flow from investing activities	-14.0	-13.9
Cash flow from financing activities	-34.8	22.1
<b>Total net cash flows</b>	<b>-13.7</b>	<b>15.3</b>

### 31. Authorized capital

At the Company's Annual General Meeting on 22 May 2015, the Annual General Meeting resolved to create Authorized Capital 2015/I. By resolution of the Annual General Meeting on 20 July 2018, this resolution was adjusted with regard to the conversion from bearer shares to registered shares. As a result, the Management Board was authorized, with the consent of the Supervisory Board, to increase the Company's share capital by up to a total of EUR 7.0 million against cash and/or non-cash contributions by issuing up to 7,000,000 new no-par value bearer shares until 21 May 2020 ("Authorized Capital 2015/I"). The Management Board has partially used the authorization granted to it in the amount of EUR 1.4 million as part of the capital increase carried out in October 2015.

By resolution of 23 May 2019, the Annual General Meeting of the Company resolved to cancel Authorized Capital 2015/I and instead authorized the Management Board, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 22 May 2024 by a total of up to EUR 7.7m by issuing up to 7,748,146 new registered shares against cash and/or non-cash contributions ("Authorized Capital 2019/I").

Authorized capital thus totaled EUR 7.7 million as of the balance sheet data (previous year: EUR 5.6 million) and consists solely of Authorized Capital 2019/I (previous year: Authorized Capital 2015/I).

### 32. Conditional capital and share-based payment

#### 31.1. SHARE-BASED PAYMENT AT THE PARENT COMPANY

##### a. Conditional capital

The Annual General Meeting of the Company on 3 June 2016 authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies until 2 June 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holder to subscribe to up to

1,500,000 no-par value registered (previous year: bearer) shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on 23 May 2019 resolved to cancel Conditional Capital 2016/I to the extent that it relates to the shares not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 0.7 million after reduction as of the balance sheet date.

The Annual General Meeting of the Company on 23 May 2019 created Contingent Capital 2019/I in the amount of EUR 3.0 million to grant shares upon the exercise of conversion or option rights or upon the fulfilment of conversion or option obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting of 23 May 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 0.8 million through the issue of up to 802,176 registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on 23 May 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of affiliated companies.

##### b. Stock option plan 2016

On 13 October 2016, the Management Board, with the consent of the Supervisory Board, resolved option terms under which a total of up to 900,000 stock options from Contingent Capital 2016/I may be issued to members of the management of affiliated German and foreign companies of the Company and to employees of the Company and employees of affiliated German and foreign companies until 2 June 2020. The stock options entitle the holder to subscribe to a total of up to 900,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each, provided that certain exercise conditions are met – in particular a waiting period of at least four years.



Also on 13 October 2016, the Supervisory Board resolved option terms under which a total of up to 600,000 stock options from Contingent Capital 2016/I may be issued to members of the Management Board of the Company until 2 June 2020. The stock options entitle, if certain exercise conditions are met – in particular a waiting period of at least four years – to subscribe to a total of up to 600,000 no-par value bearer shares of the Company with a notional interest in the share capital of EUR 1.00 each.

In four tranches between October 2016 and April 2018, a total of 973,200 stock options were issued under the Stock Option Plan 2016, of which 465,000 stock options were granted to members of the Management Board, 90,000 of which have expired due to their resignation. The stock options granted are not entitled to dividends and do not grant voting rights.

#### c. Stock option plan 2019

On 9 August 2019, the Management Board resolved option conditions according to which a total of up to 360,979 stock options from Conditional Capital 2019/II may be issued to members of the management of affiliated German and foreign companies of the Company and to employees of the Company and employees of affiliated German and foreign companies until 22 May 2024. The stock options entitle the holder to subscribe to a total of up to 360,979 no-par value registered shares of the Company with a notional share in the share capital of EUR 1.00 each, provided that certain exercise conditions are met – in particular a waiting period of at least four years.

Also on 9 August 2019, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA, with the approval of the Supervisory Board, resolved option terms under which a total of up to 441,197 stock options from Conditional Capital 2019/II may be issued to members of the Company's Management Board until 22 May 2024. The stock options entitle, if certain exercise conditions are met – in particular a waiting period of at least four years – to subscribe to a total of up to 441,197 registered no-par value shares of the Company with a notional share in the share capital of EUR 1.00 each.

In September 2019, 267,500 stock options were issued under the stock option plan 2019, of which 190,000 stock options were granted to members of the Management Board. The stock options granted are not entitled to dividends and do not grant voting rights.

#### d. Valuation of the stock option plans

The stock options issued under the two plans have been valued using a binomial options -pricing model. Where relevant, the best estimate of the Management Board with regard to the following influencing factors was used to determine the expected option term: Non-transferability, exercise restrictions (including the probability that the market conditions attached to the option will be met) and assumptions regarding exercise behavior. The expected volatility is based on the development of the share price volatility over the last six years. With regard to the time of exercise, it was assumed that the program participants will exercise the options on average at the end of the exercise period of two years, i.e. six years after the grant date.

The following table shows the individual model parameters of the individual tranches from both stock option plans:

Model parameters	Option tranche				
	16.09. 2016	22.05. 2017	08.11. 2017	23.04. 2018	05.09. 2019
Share price as at grant date (in EUR)	12.60	13.86	13.28	18.05	8.60
Strike price (in EUR)	8.83	9.76	9.13	12.44	6.12
Expected volatility (as a %)	30.00	30.00	30.00	30.00	30.00
Option term (in years)	6.00	6.00	6.00	6.00	6.00
Dividend yield (in %)	4.50	4.50	4.50	4.50	4.50
Risk-free interest rate (as a %)	-0.36	0.02	-0.13	0.25	-0.76

The range of exercise prices of the options outstanding at the end of the reporting period is EUR 6.12 to EUR 12.44 (previous year: EUR 8.83 to EUR 12.44) and the weighted average exercise price is EUR 8.75 (previous year: EUR 9.68). The weighted average remaining contractual term is 3.92 years (previous year: 4.21 years). The weighted average fair value of the stock options granted during the financial year is EUR 3.10 (previous year: EUR 4.11).

The development of the number of outstanding stock options on the respective balance sheet dates is shown in the following table:

Model Parameters	Options-tranche				
	16.09. 2016	22.05. 2017	08.11. 2017	23.04. 2018	05.09. 2019
<b>As at 31 Dec. 2018</b>	<b>484.500</b>	<b>30.450</b>	<b>82.500</b>	<b>165.000</b>	<b>0</b>
+ new options granted	0	0	0	0	267.500
- expired options	-60.000	-1.950	0	0	0
<b>As at 31 Dec. 2019</b>	<b>424.500</b>	<b>28.500</b>	<b>82.500</b>	<b>165.000</b>	<b>267.500</b>
of which can be exercised	0	0	0	0	0

In the financial year 2019, personnel expenses of EUR 0.5 million (previous year: EUR 0.3 million) were recognized from the above stock option plans.

### 32.2. SHARE-BASED PAYMENT AT SUBSIDIARIES

In the financial year 2018, STS Group AG set up a stock option program for members of the Company's Management Board, members of the management of subsidiaries as well as employees of the Company and employees of subsidiaries. By resolution of the Annual Shareholders' Meeting on 3 May 2018, the Company's representatives were authorized to grant up to 500,000 options for a total of up to 500,000 shares of the Company with full dividend entitlement for the financial year in progress when the option is exercised, until 2 May 2023.

The options granted under the plan entitle the holder to receive equity instruments. One option entitles the holder to purchase one share of the company. At the time of exercise, instead of meeting obligations with the conditional capital created for this purpose, shares of the Company may also be issued which are acquired by the Company or which the Company holds as treasury shares.

The maximum term of the individual options is seven years from the beginning of the respective allocation, with a one-off allocation of the options in a total of five tranches until 2022. A waiting period of four years from the grant date is generally provided for as a waiting period before the options are exercised for the first time. In addition, the option holder must be in active, non-terminated employment with the subsidiary at the time of exercise.

With the aim of achieving a long-term increase in the value of the company, the stock option plan stipulates as a performance target and additional exercise condition that the closing price of the company in Xetra trading within a period of 12 months on a total of 60 stock exchange trading days for the period from 1 July 2018 to 30 June 2019 must exceed the issue price by at least 20%, and from 1 July 2019 to 30 June 2027 by at least 30% on a regular basis. If the performance target is not achieved in one year, this can be compensated for in the following year by achieving the performance target, otherwise the tranche of options granted lapses.

Within the framework of this stock option plan, no stock options with an issue price of EUR 18.77 were issued to the beneficiaries in the financial year 2019 and a total of 68,000 stock options with an issue price of EUR 18.77 in a first tranche in the financial year ending 2018. The exercise price corresponded to 80% of the average volume-weighted market price of the share over the last 20 trading days prior to granting. With the departure of beneficiaries in the financial year 2019, the personal exercise requirements of the stock option plan no longer apply and 15,500 stock options have therefore lapsed.

Number of share options	2019
Number of outstanding options as at 1 January 2019	68,000
+ new options granted	0
- options exercised	0
- expired options	-15,500
Number of outstanding options as at 31 December 2019	52,500
of which can be exercised	0

The weighted average fair value of the outstanding stock options was EUR 3.18. Due to the relatively complex exercise conditions described above, the value was determined on the basis of the "Monte Carlo simulation" option price valuation model, in which possible characteristics of all identifiable influencing factors of the option price are determined randomly from a previously plausible interval.

Taking into account an exercise price of EUR 18.77, an expected volatility of 1.59%, an assumed average term of 5.8 years and a risk-free interest rate of 0.17%, the option price valuation model resulted in a fair value per option of EUR 3.18.

Due to the short history as a listed company, volatility assumptions were made on the basis of historical sales and earnings trends and with reference to benchmark companies.

The stock option program was classified and presented as equity-settled in accordance with IFRS 2. In the financial year 2019, personnel expenses of EUR 0.1 million (previous year: EUR 0.0 million) from the stock option plan were recognized in profit or loss.

### 33. Acquisition of treasury shares

The Annual General Meeting of 22 May 2015 had authorized the Management Board of the company by resolution to acquire own shares of up to 10% of the share capital. Together with any treasury shares acquired for other reasons, which are in the possession of the Company or are attributable to the Company pursuant to Section 71a et seq. of the German Stock Corporation Act (AktG), the acquired shares may at no time exceed 10% of the Company's share capital. The authorization may be exercised in whole or in part, once or several times, by the Company, but also by dependent companies or companies in which the Company holds a majority interest or by third parties for its or their account. The acquisition authorization was originally valid until 21 May 2020, but was revoked by resolution of the Annual General Meeting on 23 May 2019. At the same time, by resolution of the Annual General Meeting of 23 May 2019, the Board of Management was authorized to acquire treasury shares of the Company until the end of 22 May 2024, subject to compliance with the principle of equal treatment (Section 53 AktG), up to a total of 10% of the Company's share capital existing at the time of the resolution or – if this value is lower – of the Company's share capital existing at the time the authorization is exercised. The shares acquired on the basis of this authorization, together with other own shares of the Company which the Company has acquired and still holds or are attributable to the Company pursuant to sections 71a et seqq. of the German Stock Corporation Act, may at no time exceed 10% of the Company's respective share capital.

In the period from 15 January to 6 March 2015, the Executive Board made use of the authorization to acquire treasury shares granted by the Annual General Meeting on 19 March 2010. As of 31 December 2017, Mutares SE & Co. KGaA held 6,012 treasury shares, each representing EUR 1.00 of the share capital.

On 1 June 2018, the Management Board of Mutares SE & Co. KGaA resolved, with the consent of the Supervisory Board, to launch a share buyback program of up to EUR 3.0 million (excluding incidental acquisition costs) using the authorization granted by the Annual General Meeting on 22 May 2015 ("share buyback program 2018/1"). Within the framework of the 2018/1 share buyback program, a total of up to 283,019 treasury shares could be repurchased in the period from 1 June to 15 July 2018. A total of 255,863 shares were acquired. The difference between the acquisition cost and the nominal value of the treasury shares totals EUR 2.7 million and was offset against retained earnings; no gain or loss from the transaction with treasury shares is recognized.

Mutares SE & Co. KGaA therefore holds a total of 261,875 treasury shares as of 31 December 2019 and 31 December 2018. As in the previous year, their share of the share capital amounts to EUR 261,875 or 1.7%.

### 34. Trade payables

Trade payables amount to EUR 159.9 million (previous year: EUR 111.9 million) and are due to third parties. They are carried at the settlement or repayment amount and are due in full within one year, except for EUR 2.2 million (previous year: EUR 1.0 million) which are due in more than one year.

As the Mutares Group is a conglomerate, practices regarding payment terms – including any interest on outstanding amounts – may differ at least in part.

### 35. Other financial liabilities

Other financial liabilities have developed as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Liabilities to banks	41.3	25.5
Outstanding invoices	26.4	26.8
Liabilities from factoring	23.6	47.0
Liabilities to former shareholders	11.1	11.0
Miscellaneous financial liabilities	9.1	8.3
Third party loans	2.2	2.2
Debtors with credit balances	0.7	0.8
Liabilities for trade discounts and rebates	0.7	0.8
<b>Other financial liabilities</b>	<b>115.1</b>	<b>122.4</b>

A portion of the liabilities to banks and loans results from the STS subgroup. The maturities of the main loans are a maximum of five years. A covenant of a bank loan with a book value of EUR 1.9 million (previous year: EUR 2.7 million) and a regular term until 2021 was not met. Since the outstanding amount could become due if the covenant clause is breached, the loan is fully recognized as a current liability. An agreement with the bank regarding a waiver that the breach of contract will not be sanctioned is not yet final at the time the consolidated financial statements are prepared.

The KICO subgroup has secured liabilities to banks in the amount of EUR 9.6 million, of which EUR 8.4 million has a term of up to one year. As part of the ongoing restructuring program, negotiations are being conducted with the banks to maintain the financing commitments. The negotiations had not been concluded by the time the consolidated financial statements were prepared.

Furthermore, the Elastomer Solutions subgroup has liabilities to banks in the amount of EUR 8.7 million (previous year: EUR 9.4 million) with a maximum term of five years. Due to the temporary weak earnings performance of ESS, the financial covenants were not met in 2018 and 2019 with regard to bank loans with a carrying amount of EUR 1.9 million (previous year: EUR 1.9 million). ESS and ESD have initiated measures to improve the equity ratio and the operating result situation.

Liabilities to banks of the keeper subgroup amount to EUR 4.8 million, of which EUR 4.6 million have a term of up to one year. As part of the ongoing restructuring program, agreements have been reached with the banks involved regarding the maintenance of financing commitments until 30 June 2020.

In addition, there are smaller amounts of liabilities to banks on the part of the Balcke-Dürr, BEXity and Plati subgroups and the subsidiary EUPEC.

The interest rate on all liabilities to banks ranges between 0.7% and 5.9% and includes both fixed and variable interest rates.

Liabilities to former shareholders mainly result from the STS subgroup in the amount of EUR 5.6 million (previous year: EUR 6.8 million) with nominal interest rates of between 1.0% and 5.0% and terms of between one and five years. In addition, the Plati subgroup has non-interest-bearing liabilities to existing shareholders in the amount of EUR 3.7 million (nominal amount of EUR 5.6 million), the repayment of which is fixed at a minimum of EUR 0.8 million depending on the fulfillment of certain conditions. The remaining term of the liability is more than five years as of the balance sheet date of the consolidated financial statements.

In addition, Klann Packaging GmbH has a liability to the sellers of EUR 1.3 million (previous year: EUR 3.3 million) with a variable interest rate between 1% and 3.5%. In the financial year 2019, a partial amount of EUR 2.0 million was repaid against a payment of EUR 0.5 million; the difference is reported under other income.

Liabilities from factoring include liabilities from factoring agreements in which the default risk of the transferred receivables is not transferred to the contractual partner, i.e. Mutares retains essentially all risks and rewards associated with ownership of the transferred receivables and insofar no derecognition takes place. Regarding factoring we refer to the explanations in paragraph 23.



The following assets are pledged as collateral for liabilities:

EUR million	31 Dec. 2019	31 Dec. 2018
Intangible assets	0.0	0.1
Property, plant and equipment	36.7	18.7
Other non-current non-financial assets	2.6	2.6
Inventories	21.0	9.2
Trade and other receivables	4.1	2.9
Other current non-financial assets	0.0	0.0
Cash and cash equivalents	1.4	5.1
<b>Pledged assets</b>	<b>65.8</b>	<b>38.6</b>

The term of the collateral is generally congruent with the term of the underlying loan agreement. As a rule, the collateral provided may not be sold by the secured party.

## 36. Lease liabilities

With the first-time application of IFRS 16 as of 1 January 2019, additional liabilities from leases were recognized. In the previous year, this item only included liabilities from leases classified as finance leases in accordance with IAS 17.

The expense for payments from leasing relationships not included in the valuation of the lease liability is as follows:

EUR million	2019
Leasing expenses from short-term leasing relationships	-3.4
Leasing expenses from low-value leasing relationships	-1.4
Variable leasing expenses (not included in the leasing liability)	0.0
<b>Lease liabilities</b>	<b>-4.8</b>

The total cash outflow from leases for the financial year 2019 amounted to EUR 25.0 million.

Possible future cash outflows from extension, termination and purchase options that are not considered sufficiently secure were not included in the measurement of lease liabilities. As of the balance sheet date, there were no leases entered into but not yet commenced that would result in significant cash outflows.

Within the framework of a sale and leaseback transaction in the Engineering & Technology segment, a profit of EUR 0.2 million was generated through the sale of a property.

Lease liabilities are generally secured by the leased asset underlying the lease. Please refer to Note 18 for explanations regarding the corresponding rights of use.

For the previous year, the following data resulted with regard to liabilities from finance leases:

EUR million	31 Dec. 2018
<b>Minimum lease payments</b>	<b>7.2</b>
With a remaining term of up to one year	2.2
With a remaining term of more than one year and up to five years	5.0
With a remaining term of more than five years	0.0
<b>Present value of minimum lease payments</b>	<b>6.9</b>
With a remaining term of up to one year	2.1
With a remaining term of more than one year and up to five years	4.8
With a remaining term of more than five years	0.0
<b>Future financing costs</b>	<b>0.3</b>

EUR million	31 Dec. 2018
<b>Present value of minimum lease payments</b>	<b>6.9</b>
Technical equipment and machinery	4.7
Other equipment, operating and office equipment	2.2

## 37. Pension plans/pension provisions and similar obligations

### 37.1. Defined contribution plans

A defined contribution plan exists for all employees of Group companies in Germany within the framework of the German statutory pension scheme, into which the employer must pay a currently applicable contribution rate of 9.35% (employer's contribution) of the pensionable remuneration. There are also defined contribution plans, primarily in Italy, France and more European countries.

The total expenses of EUR 13.6 million (previous year: EUR 10.7 million) recognized in the consolidated result represent the Group's due contributions to these pension plans in accordance with the contribution rates regulated therein.

**37.2. DEFINED BENEFIT PLANS**

EUR million	31 Dec. 2019	31 Dec. 2018
Present value of defined benefit obligation	89.4	48.4
Fair value of plan assets	2.0	1.4
Plan deficit	87.3	47.0
<b>Net liability from defined benefit obligation</b>	<b>87.3</b>	<b>47.0</b>

Provisions for pensions and similar obligations result from country-specific obligations of various Group units, primarily in Germany, France, Italy, Austria and the UK. The amount of the obligations is mainly derived from performance-related pay, length of service and age.

The pension commitments in Germany are regulated in various pension schemes and essentially comprise the granting of retirement, disability and survivors' benefits. The amount of the pension benefits is determined by the qualifying period of service and

and from the pension amount determined by the respective individual pension commitment.

Commitments in France include government-mandated one-off payments upon retirement.

The plans in Italy primarily contain commitments for benefits that were provided before 2007. Due to a change in the law, all plans were restructured into defined contribution plans as of 2007. Accordingly, only interest effects and actuarial effects change the defined benefit obligations of the Italian subsidiaries.

The pension plan in the United Kingdom provides retirement and survivor benefits. The benefits are based on length of service and remuneration. There are statutory minimum funding requirements. A trustee is responsible for the plan and makes decisions on financing and investment strategies together with the subsidiary. The subsidiary is obliged to bear 60% of the expenses and to pay 60% of any plan deficit. The

remaining 40% is borne by active beneficiaries. The investment strategy is designed to invest approximately 70% in assets with volatile yields and 30% in defensive assets, mainly government bonds. This strategy reflects the liability profile of the plan and the risk attitude of the trustee and the subsidiary. A risk mitigation strategy has been considered which aims to reduce the proportion of assets with volatile returns to 20% over the next 19 years.

With the acquisition of BEXity, performance-based commitments have also been available in Austria since this financial year. These entitle employees leaving the company to one-off payments depending on their length of service.

The Group is usually exposed to the following actuarial risks through the plans:

- **Investment risk:**  
The present value of the defined benefit obligation under the plan is determined using a discount rate that is based on the yields of senior fixed-rate corporate bonds. If the return on plan assets (if any) is lower than this interest rate, this results in an underfunding of the plan.
- **Interest rate risk:**  
A decrease in the bond interest rate leads to an increase in the plan liability.
- **Longevity risk:**  
The present value of the defined benefit obligation under the plan is determined on the basis of the best possible estimate of the probability of the beneficiary employees dying both during the employment relationship and after its termination. An increase in the life expectancy of the beneficiary employees leads to an increase in the plan liability.
- **Salary risk:**  
The present value of the defined benefit obligation under the plan is determined partly on the basis of the future salaries of the beneficiary employees. Thus, salary increases of the beneficiary employees lead to an increase in the plan liability.

Provisions for pensions and similar obligations were measured in accordance with recognized actuarial principles using the projected unit credit method.

As of 31 December 2019, provisions for pensions and similar obligations changed as follows compared with the previous year:

EUR million	31 Dec. 2019	31 Dec. 2018
Opening balance of defined benefit obligation	48.4	107.5
Service cost	0.9	0.5
Current service cost	1.4	1.3
Gains (-)/losses (+) from plan curtailment	-0.5	-0.8
Interest expense	1.3	1.3
Actuarial gains (-) and losses (+)	4.2	-2.3
due to experience-based adjustments	-1.3	-0.5
due to change in demographic assumptions	-0.6	0.0
due to change in financial assumptions	6.1	-1.8
Benefits paid	-3.0	-2.9
Changes in the consolidated group	37.7	-55.7
from additions	37.7	16.8
from disposals	0.0	-72.5
Miscellaneous	-0.2	0.0
<b>Closing balance of defined benefit obligation</b>	<b>89.3</b>	<b>48.4</b>

The gains from plan curtailments in the financial year 2019 mainly result from the change in the retirement age from 63 to 65 or 67 years for a German plan. The change in the group of consolidated companies is primarily due to the acquisition of FDT Flachdach Technologie GmbH & Co KG and other subsidiaries (EUR 29.1 million) and BEXity (EUR 5.2 million).

The amounts recognized in consolidated net income and other comprehensive income - before income and deferred taxes - for the two periods are as follows:

EUR million	2019	2018
Service cost	0.9	0.5
Current service cost	1.4	1.3
Gains (-)/losses (+) from plan curtailment	-0.5	-0.8
Net interest expense	1.3	1.3
<b>Components of defined benefit obligations recognized in consolidated net income</b>	<b>2.2</b>	<b>1.8</b>
Actuarial gains (-) and losses (+)	4.1	-2.2
<b>Components of defined benefit obligations recognized in other comprehensive income</b>	<b>4.1</b>	<b>-2.2</b>
<b>Comprehensive income from defined benefit obligations</b>	<b>6.3</b>	<b>-0.4</b>

The interest expense is recognized within the financial result under interest expense from compounding provisions.

The fair value of the plan assets has developed as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Opening balance of plan assets measured at fair value	1.4	4.8
Employer contributions	0.3	0.1
Gains (+) and losses (-) from revaluation	0.1	0.0
Income from plan assets	0.1	0.0
Paid services	-0.1	0.0
Changes in the consolidated group	0.2	-3.5
from additions	0.2	1.2
from disposals	0.0	-4.7
Exchange rate differences	0.1	0.0
<b>Closing balance of plan assets measured at fair value</b>	<b>2.0</b>	<b>1.4</b>

EUR 0.2 million of the changes in the consolidation range in 2019 relate to the acquisition of KICO.

The fair values of the major categories of plan assets at the balance sheet date are as follows for each category:

EUR million	31 Dec. 2019	31 Dec. 2018
Cash and cash equivalents	0.1	0.1
Equity instruments	1.0	0.7
Debt instruments	0.9	0.6
<b>Closing balance of plan assets measured at fair value</b>	<b>2.0</b>	<b>1.4</b>

The fair values of the above equity and debt instruments were determined on the basis of prices quoted in active markets.

#### a. Actuarial assumptions

The pension obligations are determined on the basis of actuarial assumptions with recourse to the following key parameters - if relevant for the respective company-specific plan:

EUR million	German plans		Italian plans		French plans		UK plans		Austrian plans	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Discount rate	1.11%-1.57%	1.89%-2.30%	0.74%-1.01%	1.42%-1.75%	1.01%	1.75%	2.20%	3.35%	1.25%	-
Salary trends	2.00%	2.00%	n.a.	n.a.	1.95%	1.95%	1.90%	2.12%	4.01%	-
Pension trends	1.90%	1.70%	2.00%	2.60%	n.a.	n.a.	2.40%	2.68%	n.a.	-
Mortality tables	Heubeck 2018G	Heubeck 2018G	RG48	RG48	INSEE 2012-14	INSEE 2012-14	Series 2 SAPS	Series 2 SAPS	AVÖ-P18 GEM	-

#### b. Sensitivity analysis

The key actuarial assumptions used to determine the defined benefit obligation are the discount rate, pension trend, salary trend and mortality expectations. The sensitivity analyses presented below were performed on the basis of reasonably possible changes in the respective assumptions as of the balance

sheet date, with the other assumptions remaining unchanged in each case. The table shows the changed defined benefit obligation at the respective balance sheet date under the changed assumptions.

EUR million		German plans		Italian plans		French plans		UK plans		Austrian plans	
		31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Defined benefit obligation		57.0	24.5	7.1	7.4	18.1	15.2	1.8	1.2	5.2	-
Interest rate	+50 bp	53.0	22.4	6.9	7.2	17.1	14.4	1.6	1.0	4.9	-
	-50 bp	61.4	26.5	7.4	7.7	19.2	16.2	2.0	1.3	5.6	-
Salary trends	+50 bp	57.6	24.9	n.a.	n.a.	19.2	16.1	1.9	1.3	5.6	-
	-50 bp	56.2	23.7	n.a.	n.a.	17.1	14.4	1.7	1.1	4.9	-
Pension trends	+25 bp	57.8	24.9	7.2	7.5	n.a.	n.a.	1.8	1.2	5.2	-
	-25 bp	56.1	23.8	7.1	7.3	n.a.	n.a.	1.7	1.1	5.2	-
Longevity	+1 year	59.9	25.4	7.1	7.4	18.2	15.3	1.9	1.2	5.2	-
	-1 year	54.8	23.2	7.1	7.4	17.1	15.1	1.7	1.1	5.2	-

The above sensitivity analysis is unlikely to be representative of the actual change in the defined benefit obligation, as it is unlikely that deviations from the assumptions made will occur in isolation, as the assumptions are partly interrelated. Furthermore, in the sensitivity analysis above, the present value of the defined benefit obligation was determined using the projected unit credit method, the same method used to calculate the defined benefit liability recognized in the consolidated balance sheet. The sensitivity analysis does not include the plans of two companies that are not located in the respective countries listed and whose cumulative DBO as of 31 December 2019 is less than EUR 0.2 million (previous year: EUR 0.1 million).

### c. Expected payments for defined benefit obligations

The following table shows the expected payments for defined benefit obligations for the next five years:

EUR million	2019	2018
within a year	3.5	1.7
between one and two years	3.6	1.9
between two and three years	4.1	2.1
between three and four years	4.2	2.5
Between four and five years	4.6	2.8

The weighted average term of the defined benefit obligation as of 31 December 2019, is 15.9 years (previous year: 14.6 years).

## 38. Other accrued liabilities

The development of other provisions is as follows:

EUR million	Other staff provisions	Legal costs	Warranties	Restructuring and severance	Anticipated losses	Miscellaneous other	Total
<b>As at 1 Jan. 2018</b>	<b>10.6</b>	<b>6.5</b>	<b>3.2</b>	<b>4.3</b>	<b>6.1</b>	<b>11.3</b>	<b>42</b>
Foreign exchange differences	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
Changes in consolidated group	-1.2	-0.7	2.2	-0.2	12.6	0.9	13.6
Addition	4.3	5.8	1.4	11.7	0.2	4.7	28.1
Utilization	-7.0	-9.2	0.0	-4	-0.6	-9.6	-30.4
Accrued interest	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Reversal	-0.1	-0.6	-1.2	-0.3	-3.5	-1.0	-6.7
<b>As at 31 Dec. 2018</b>	<b>6.6</b>	<b>1.8</b>	<b>5.6</b>	<b>11.5</b>	<b>14.7</b>	<b>6.6</b>	<b>46.8</b>
of which							
current	5.1	1.8	4.8	11.2	5.5	5.1	33.5
non-current	1.5	0.0	0.8	0.3	9.2	1.5	13.3
Foreign exchange differences	0.0	0.0	0.1	0.3	0.7	0.0	1.1
Changes in consolidated group	5.0	0.5	3.7	2.2	3.7	3.8	18.9
Addition	1.6	0.9	3.4	10.4	0.1	4.9	21.3
Utilization	-2.6	-0.6	-1.5	-9.9	-0.7	-4.7	-20.0
Reversal	-0.3	-0.8	-4.4	-3.0	-10.8	-0.9	-20.2
<b>As at 31 Dec. 2019</b>	<b>10.3</b>	<b>1.8</b>	<b>6.9</b>	<b>11.5</b>	<b>7.7</b>	<b>9.7</b>	<b>47.9</b>
of which							
current	5.0	1.8	4.5	10.2	6.0	8.2	35.7
non-current	5.3	0.0	2.4	1.3	1.7	1.5	12.2



Provisions for personnel expenses amounted to EUR 10.3 million as of 31 December 2019 (previous year: EUR 6.6 million) and mainly relate to provisions for jubilee benefits (EUR 5.4 million; previous year: EUR 1.6 million). These mainly relate to French and Austrian subsidiaries. They are accrued in accordance with the employee's previous length of service and bear interest at a rate of 1.01% (previous year: EUR 1.6 million): 1.75% for the French subsidiaries and of 1.25% for the Austrian subsidiary acquired in 2019. Personnel provisions also include provisions for employee bonuses (EUR 4.8 million; previous year: EUR 4.8 million). The increase in personnel provisions is mainly due to the new acquisitions in the financial year 2019.

The legal dispute with Diehl AKO Stiftung & Co. KG ("Diehl") and all other related legal disputes were terminated by settlement dated 3 August 2018. Within the scope of the settlement, Mutares has undertaken to make a one-time payment of EUR 7.5 million to Diehl, while EUR 2.0 million had been recorded as a provision for this as of 31 December 2017. The preliminary amount in dispute of the claims asserted by Diehl before the Ravensburg Regional Court amounted to approximately EUR 22.5 million plus interest.

The warranty provisions of EUR 6.9 million (previous year: EUR 5.6 million) are largely attributable to the Engineering & Technology segment.

The provisions for restructuring and severance payments were mainly formed in connection with the restructuring plans in the amount of EUR 13.9 million, particularly for the units acquired in the financial year 2019. At the same time, payments from the provisions for restructuring and severance payments made in the previous year led to a reduction of EUR 14.3 million.

The decline in provisions for impending losses is mainly due to the processing of the order backlog at Gemini Rail Group, which was recognized at a negative value in the context of the acquisition.

The remaining other provisions amount to EUR 9.7 million (previous year: EUR 6.6 million). EUR 3.8 million of the increase is due to the new acquisitions in the financial year 2019.

## 39. Other liabilities

The development of other liabilities is as follows:

EUR million	31 Dec. 2019	31 Dec. 2018
Employee related liabilities	27.9	23.2
Social security	13.4	11.0
VAT liabilities	7.5	5.2
Liabilities from payroll and church taxes	3.8	2.1
Other levies	2.6	1.9
Deferred income	1.7	2.3
Advance payments received	0.7	0.0
Miscellaneous other liabilities	1.3	0.5
<b>Other non-financial liabilities</b>	<b>58.9</b>	<b>46.2</b>

## F. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### 40. Capital Risk Management

The Group's objectives with regard to capital management are, on the one hand, to ensure the going concern principle in order to continue to provide shareholders with income and other stakeholders with the services to which they are entitled and, on the other hand, to maintain an optimal capital structure in order to reduce the cost of capital. The monitoring of the capital structure and its management is largely decentralized. Standardized reporting by all portfolio companies on a monthly basis gives the Management Board a comprehensive picture of the entire portfolio. The Management Board monitors the situation of the portfolio companies in regular reviews (including with regard to the capital structure) and is informed about all investments on the basis of the implemented reporting system.

EUR million	31 Dec. 2019		31 Dec. 2018	
		as % of total capital and financial liabilities		as % of total capital and financial liabilities
Equity attributable to shareholders of the parent company	185.3	32.0	180.7	42.8
Current financial liabilities	276.2	47.7	216.4	51.3
Non-current financial liabilities	117.7	20.3	24.8	5.9
Financial liabilities	393.9	68.0	241.2	57.2
<b>Total capital and financial liabilities</b>	<b>579.2</b>	<b>100.0</b>	<b>421.9</b>	<b>100.0</b>

## 41. Valuation at fair value

A breakdown of the financial assets and liabilities according to the measurement categories of IFRS 9 for the financial years ended 31 December 2019 and 31 December 2018 is shown below:

### Financial assets by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
			31 Dec. 2019	Amortized costs	Fair value OCI	Fair Value PL	31 Dec. 2019
<b>Non-current financial assets</b>							
Trade receivables and other receivables	AC	0.4	0.4			0.4	
Other non-current financial assets		16.6					
Security deposits	AC	1.7	1.7			1.7	Level 2
Securities	FVPL	0.2			0.2	0.2	Level 3
Other non-current financial assets	FVPL	7.5			7.5	7.5	Level 3
Other non-current financial assets	AC	7.2	7.2			7.2	
<b>Current financial assets</b>							
Trade receivables and other receivables	AC	121.9	121.9			121.9	
Trade receivables and other receivables	FVOCI	20.7		20.7		20.7	Level 2
Other current financial assets		39.3					
Security deposits	AC	2.7	2.7			2.7	Level 2
Other financial assets	AC	35.6	35.6			36.3	
Other financial assets	FVPL	1.0			1.0	1.0	Level 3
Cash and cash equivalents	AC	79.7	79.7			79.7	

## Financial liabilities by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
			31 Dec. 2019	Amortized costs	Fair value OCI	Fair Value PL	31 Dec. 2019
<b>Non-current financial liabilities</b>							
Trade payables and other liabilities	FLAC	2.2	2.2			2.2	
Other financial liabilities		20.3					
Liabilities to banks	FLAC	8.3	8.3			8.5	Level 3
Third party loans	FLAC	10.1	10.1			11.0	Level 3
Miscellaneous financial liabilities							
Other	FLAC	1.8	1.8			1.8	Level 2
Derivatives	FLVPL	0.1			0.1	0.1	Level 2
<b>Current financial liabilities</b>							
Trade payables and other liabilities	FLAC	157.7	157.7			157.7	
Other financial liabilities		94.8					
Outstanding invoices	FLAC	26.4	26.4			26.4	
Liabilities to banks	FLAC	33.2	33.2			33.3	Level 3
Liabilities from factoring	FLAC	23.6	23.6			23.6	
Third party loans	FLAC	3.1	3.1			3.3	Level 3
Other financial liabilities						0.0	
Other financial liabilities	FLAC	8.1	8.1			8.1	
Other current financial liabilities	FLVPL	0.4			0.4	0.4	Level 3

### Financial assets by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
			31 Dec. 2018	Amortized costs	Fair value OCI	Fair Value PL	31 Dec. 2018
<b>Non-current financial liabilities</b>							
	AC	0.6	0.6			0.6	
Other non-current financial assets		16.9					
Security deposits	AC	1.1	1.1			1.1	Level 2
Securities	FVPL	0.1			0.1	0.1	Level 3
Other non-current financial assets	FVPL	8.6			8.6	8.6	Level 3
Other non-current financial assets	AC	7.1	7.1			7.1	
<b>Current financial assets</b>							
Trade receivables and other receivables	AC	126.1	126.1			126.1	
Trade receivables and other receivables	FVOCI	21.6		21.6		21.6	Level 2
Other current financial assets		8.5					
Security deposits	AC	2.5	2.5			2.5	Level 2
Other financial assets	AC	3.5	3.5			3.5	
Other financial assets	FVPL	2.6			2.6	2.6	Level 3
Cash and cash equivalents	AC	108.1	108.1			108.1	

### Financial liabilities by class

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
			31 Dec. 2018	Amortized costs	Fair value OCI	Fair Value PL	31 Dec. 2018
<b>Non-current financial liabilities</b>							
Trade payables and other liabilities	FLAC	1.0	1.0			1.0	
Other financial liabilities		21.7					
Liabilities to banks	FLAC	8.3	8.3			8.3	Level 3
Third party loans	FLAC	9.7	9.7			9.7	Level 3
Miscellaneous financial liabilities							
Other	FLAC	3.7	3.7			3.7	Level 2
Derivatives	FLFVPL	0.0			0.0	0.0	Level 2
<b>Current financial liabilities</b>							
Trade payables and other liabilities	FLAC	110.9	110.9			110.9	
Other financial liabilities		100.7					
Outstanding invoices	FLAC	26.8	26.8			26.8	
Liabilities to banks	FLAC	17.2	17.2			17.2	Level 3
Liabilities from factoring	FLAC	47.0	47.0			47.0	
Third party loans	FLAC	3.5	3.5			3.5	Level 3
Other financial liabilities						0.0	
Other financial liabilities	FLAC	5.8	5.8			5.8	
Other financial liabilities	FLFVPL	0.4			0.4	0.4	Level 3

In the previous year, the contract assets and liabilities according to IFRS 15 were also included. These can now be found in note 20 "Contract balances".

**Total by category**

EUR million		Carrying amounts 31 Dec. 2019	Carrying amounts 31 Dec. 2018
Financial assets measured at amortized cost	AC	249.2	249.0
Financial assets measured at fair value through profit or loss	FVPL	8.7	11.3
Financial assets measured at fair value through equity	FVOCI	20.7	21.6
Financial liabilities measured at amortized cost	FLAC	274.5	233.9
Financial liabilities measured at fair value through profit or loss	FLFVPL	0.5	0.4

The three steps for determining the fair value of financial instruments are described in Note 2 “Basis of preparation of the financial statements”. The fair value of financial instruments is calculated on the basis of current parameters such as interest and exchange rates on the balance sheet date and by using accepted models such as the DCF method (discounted cash flow) and taking into account credit risk. The fair values for derivatives are determined on the basis of bank valuation models. The fair value of contingent consideration in connection with acquisitions and disposals of subsidiaries, which is based on a fair value measurement of level 3 in subsequent measurement, is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. The key input parameters, in addition to the discount rates specific to the circumstances, are the expectations of future cash flows and the relevant earnings figures determined in the purchase agreements with regard to earn-out, including maturity-specific probabilities of default.

For financial instruments due in the short term, the carrying amount is a reasonable approximation of fair value.

The net gains or losses of the individual categories according to IFRS 7.20 are as follows:

**Net gains and losses**

EUR million	31 Dec. 2019	31 Dec. 2018
on financial assets at fair value	-3.5	10.9
on financial liabilities at fair value	-1.2	-0.6
on financial assets measured at amortized cost	0.8	0.0
on financial assets at fair value through other comprehensive income (debt instruments)	0.0	0.0
on financial liabilities measured at amortized cost	-2.7	-1.8
<b>Total</b>	<b>-6.6</b>	<b>8.6</b>

Net gains and net losses from financial instruments arise from changes in the fair value of financial instruments at fair value through profit or loss, expenses and income for expected credit losses, interest expenses for financial liabilities measured at amortized cost.

Total interest income and expenses are as follows:

**Total interest income and expenses**

EUR million	31 Dec. 2019	31 Dec. 2018
Financial assets measured at amortized cost	0.7	0.2
Financial assets at fair value through other comprehensive income (without recycling)	-0.6	-0.4
financial liabilities measured at amortized cost	-1.5	-1
<b>Total</b>	<b>-2.8</b>	<b>-1.1</b>



The changes in financial instruments measured at fair value on Level 3 are as follows:

EUR million	Securities - unlisted equity instruments	Other financial assets	Other financial liabilities	Total
<b>Opening balance at 1 Jan. 2019</b>	0.1	11.2	-0.4	10.9
Total gains and losses		-4.2		-4.2
recognized in the income statement		-4.2		
Acquisitions	0.1	4.1		4.2
earn-out payments		-2.6		2.6
<b>Ending balance at 31 Dec. 2019</b>	0.2	8.5	-0.4	8.3

EUR million	Securities - unlisted equity instruments	Other financial assets	Other financial liabilities	Total
<b>opening balance at 1 Jan. 2018</b>	0.0	0.0	0.0	0.0
Total gains and losses	0.1	11.2	-0.4	10.9
recognized in the income statement	0.1	11.2	-0.4	10.9
<b>Ending balance at 31 Dec. 2018</b>	0.1	11.2	-0.4	10.9

## 42. Financial Risk Management

The Group's management monitors and controls the financial risks associated with the Group's business segments by means of internal risk reporting, which analyses risks according to their degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks).

In some cases, the Group minimizes the impact of these risks by using derivative financial instruments. The use of derivative financial instruments is governed by policies established by the Group's management. These include guidelines for the management of currency, interest rate and default risks. Compliance with the guidelines and risk limits is monitored on an ongoing basis. The Group does not contract or trade financial instruments, including derivative financial instruments, for speculative purposes.

**42.1. CREDIT AND DEFAULT RISK**

Credit and default risk is the risk of loss to the Group if a contractual party fails to meet its contractual obligations.

The Group should only enter into business relationships with creditworthy contracting parties and, if appropriate, provide collateral to mitigate the risk of loss arising from the non-performance of obligations. The Group will only enter into business relationships with companies that are equally or better rated as investment grade. This information is provided by independent rating agencies. If such information is not available, the Group uses other available financial information and its own trading records to rate its major customers.

Credit risks are controlled by means of limits per contractual party, which are reviewed and approved by local management.

Trade receivables are due from a large number of customers spread across various industries and geographical areas. Due to the business activities and the resulting diversification of Mutares, there was again no significant concentration of risk in the financial year 2019.

For the application of the model of expected credit losses in accordance with IFRS 9.5.5, Mutares mainly uses the simplified approach for trade receivables. For this purpose, probabilities of default are determined. These are based either on individual rating information of the customers or customer group to which a corresponding probability of default is assigned, or on an allowance matrix which is prepared with reference to the previous default and an analysis of various factors. In order to determine expected credit losses, the loss given default is recognized in addition to the probability of default. Mutares generally values this at 100%, which corresponds to the expectation of the amount of default by Mutares.

Based on the risk classifications, the gross carrying amounts per rating class are shown below:

**Gross carrying amounts of financial assets by credit risk rating class as at 31 Dec. 2019**

EUR million	Trade and other receivables	Contract assets	Other financial assets
<b>Rating class</b>			
A rating	108.4	28.4	50.8
B rating	37.7	0.6	5.1
C rating	2.2	0.1	0.1
<b>Total</b>	<b>148.3</b>	<b>29.1</b>	<b>56.0</b>

**Gross carrying amounts of financial assets by credit risk rating class as at 31 Dec. 2018**

EUR million	Trade and other receivables	Contract assets	Other financial assets
<b>Rating class</b>			
A rating	103.3	15.3	20.7
B rating	43.8	0.2	4.7
C rating	6.5	0.3	0.0
<b>Total</b>	<b>153.6</b>	<b>15.8</b>	<b>25.4</b>

The rating classifications are based both on an individually assigned probability of default and a risk classification for individual customer groups with a comparable risk structure. The following table shows the default probabilities or ratings assigned to the individual rating classes:

Rating class	Default rate as %	Rating
A rating	0.0-0.0286	AAA-AA
B rating	0.0286-0.52	A-BBB
C rating	0.52-100	BB-D

The value adjustments for trade receivables have changed as follows:

EUR million	Lifetime ECL (level 2) simplified model	Lifetime ECL (level 3) simplified model
<b>Impairment as at 1 Jan. 2019</b>	<b>0.7</b>	<b>5.2</b>
Transfer to level 2	0.0	0.0
Transfer to level 3	-0.1	0.1
Additions	0.9	1.7
Utilization	-0.2	-1.3
Reversals	-0.4	-1.3
Exchange rate and other effects	0.0	0.0
<b>Impairment as at 31 Dec. 2019</b>	<b>0.9</b>	<b>4.4</b>

EUR million	Lifetime ECL (level 2) simplified model	Lifetime ECL (level 3) simplified model
<b>Impairment as at 1 Jan. 2018</b>	<b>0.1</b>	<b>7.2</b>
Transfer to level 2		
Transfer to level 3		0.4
Additions	1.0	0.7
Utilization	-0.2	-1.7
Reversals	-0.2	-1.3
Exchange rate and other effects	0.0	-0.1
<b>Impairment as at 31 Dec. 2018</b>	<b>0.7</b>	<b>5.2</b>

The reduction in impairment is mainly due to a lower level of receivables compared with the previous year.

For all other assets subject to the impairment model in accordance with IFRS 9.5.5, there were no material expected credit losses.

The carrying amount of trade and other receivables as of the balance sheet date was EUR 143.0 million (previous year: EUR 147.6 million). The maximum default risk without taking collateral into account corresponds to the carrying amount. As in the previous year, no credit default insurance policies existed as of the balance sheet date.

The maximum default risk of the other financial assets also corresponds to their carrying amount, as there are no significant agreements that mitigate the default risk.

#### 42.2. LIQUIDITY RISK

The liquidity risk comprises the following risks:

- Not being able to meet potential payment obligations at the time they fall due.
- Not being able to procure sufficient liquidity at the expected conditions when required (refinancing risk).
- not be able to liquidate, extend or close out transactions only at a loss or at excessive cost due to market deficiencies or market disturbances (market liquidity risk).

Prudent liquidity management includes maintaining sufficient reserves of cash and cash equivalents and marketable securities as well as the possibility of financing through an adequate amount of committed credit lines. Due to the dynamic nature of the business environment in which the Group operates, it is the aim of the Group finance department to ensure the necessary flexibility in financing through sufficient unused credit lines in the Group, which as of the balance sheet date, as in the previous year, amounted to a midsingle-digit million amount.

The management of the Mutares Group monitors the liquidity of the operating companies and the Group as a whole on the basis of rolling cash flow forecasts.

The Group can only dispose of local means of payment in certain countries (for example: China and Brazil) on a cross-border basis subject to applicable currency exchange restrictions. There are no other significant restrictions.

The following overviews show the maturity structure of the financial liabilities:

EUR million	31 Dec. 2019			Total
	Due within a year	Due in one to five years	Due in over five years	
Cash outflows from non-derivative financial liabilities	258.4	72.8	56.1	387.4
Lease liabilities (IFRS 16)	22.4	55.7	50.8	128.9
Third party loans	236.0	17.2	5.3	258.5
Cash outflows from derivative financial liabilities	0.0	0.1	0.0	0.1
<b>Total</b>	<b>258.4</b>	<b>72.9</b>	<b>56.1</b>	<b>387.5</b>

EUR million	31 Dec. 2018			Total
	Due within a year	Due in one to five years	Due in over five years	
Cash outflows from non-derivative financial liabilities	247.1	24.2	4.7	276.1
Finance lease liabilities	2.2	5.0	0.0	7.2
Liabilities from loans from third parties	244.9	19.2	4.7	268.8
Cash outflows from derivative financial liabilities	0.0	0.1	0.0	0.1
<b>Total</b>	<b>247.1</b>	<b>24.3</b>	<b>4.7</b>	<b>276.1</b>

### 42.3. MARKET PRICE RISK

The Group's activities expose it primarily to minor financial risks arising from changes in exchange and interest rates. The Group selectively enters into derivative financial instruments to manage its existing interest rate and foreign exchange risk.

#### 42.3.1. Exchange rate risk

The operating business is subject to minor exchange rate risks from purchases and sales that are not agreed in euros. The main currency risks for the Mutares arise from transactions in GBP and CNY (previous year: GBP, CNY).

The existing risk positions are monitored continuously and reduced by offsetting existing foreign currency cash flows. Due to the low level of currency exposure, no active currency risk management is currently carried out through the use of derivative financial instruments.

The following table shows the Group's sensitivity to a 10% rise or fall in the euro against the respective foreign currency:

	2019		2018	
	-10%	10%	-10%	10%
Effect on equity/profit (GBP)	2.3	-2.3	0.2	-0.2
Effect on equity/profit (USD)	0.0	0.0	0.0	-0.1
Effect on equity/profit (CNY)	-0.2	0.2	0.1	-0.2
Effect on equity/profit (BRL)	0.0	0.0	0.1	-0.1

### 42.3.2. Interest rate risk

The Group is exposed both to interest rate risk from variable-interest loans and to interest rate risk for fixed-interest loans at the time of refinancing. The majority of the loans are variable-rate loans. The interest rate risk results from changes in market interest rates, especially for medium- and long-term variable-interest liabilities. The interest rate risk is insignificant for current liabilities and generally for liabilities with fixed interest rates.

EUR million	31 Dec. 2019	31 Dec. 2018
Carrying amount of fixed-interest loans	29.3	15.2
Carrying amount of variable-interest loans	21.6	23.2
<b>Total</b>	<b>50.9</b>	<b>38.4</b>

The risk from variable interest rate loans is partially hedged by using corresponding interest rate swaps with matching maturities and conditions. However, no hedge accounting is applied. In addition, management continuously monitors the development of interest rates and possible loan expirations. Depending on the individual case, the management concludes transactions to reduce the risk position if necessary. In addition, there is an interest rate risk from the variable-interest liabilities from factoring.

The sensitivity analysis for interest rate risk represents the effect on profit before tax of the change in the risk-free market interest rate if the market interest rate level had been 100 basis points higher or lower compared with the level at 31 December 2019 (or 31 December 2018) and all other variables had been kept constant. Furthermore, the analysis is based on the assumption that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year.

EUR million	31 Dec. 2019		31 Dec. 2018	
	-100 bp	+100 bp	-100 bp	+100 bp
<b>Effects on the income statement before taxes</b>	0.4	-0.8	0.2	-0.5

## G. OTHER INFORMATION

### 43. Notes to the cash flow statement

Cash and cash equivalents comprise cash and bank balances and cash equivalents. Cash equivalents serve to meet short-term payment obligations. They are allocated to cash and cash equivalents because they are directly convertible to a fixed amount of cash and are only subject to insignificant risks of fluctuations in value.

The consolidated net income includes profits from company acquisitions ("bargain purchase") of EUR 102.6 million (previous year: EUR 32.3 million), which do not increase cash flow from operating activities and therefore have to be adjusted. In addition, the consolidated net income of the previous year included profits from deconsolidations totaling EUR 40.9 million, which do not increase the cash flow from operating activities and therefore have to be adjusted. In connection with the deconsolidations in the previous year, there was a net outflow of liquid funds of EUR - 2.5 million, which are reported under cash flow from investing activities.

The valuation of financial receivables from possible subsequent payments on the sale of companies (earn-outs) resulted in expenses of EUR 4.2 million (previous year: income of EUR 11.2 million) being recognized in the consolidated net income for the financial year 2019, which are included in the cash flow statement under other non-cash expenses (previous year: income) in the cash flow from operating activities.

Cash and cash equivalents of EUR 35.0 million (previous year: EUR 20.6 million) were acquired in connection with the acquisitions in in the financial year 2019. This amount is shown under cash flow from investing activities.

An amount of EUR 4.1 million (previous year: EUR 2.9 million) within credit balances with banks is subject to a restriction on disposal. In particular, this relates to a cash deposit in connection with a company acquisition, whereby the restraint on disposal is released over time and upon fulfilment of certain conditions.



The reconciliation between opening and closing balance sheet values for liabilities from financing activities is as follows:

EUR million	
<b>31 Dec. 2017</b>	<b>108.7</b>
<b>Cash-effective transactions</b>	
Proceeds (+) from (financial) loans	27.1
Repayments (-) of (financial) loans	-27.0
Proceeds (+)/payments (-) from factoring	-3.4
Interest paid (-)	-2.0
<b>Total cash-effective transactions</b>	<b>-5.3</b>
<b>Non-cash effects</b>	
Addition to finance lease liabilities	1.8
Addition/derecognition of (financial) loans from changes in consolidated group	-21.6
Interest expenses (+)/interest income (-)	4.6
Other changes	-8.8
<b>Total non-cash effects</b>	<b>-24.0</b>
<b>31 Dec. 2018</b>	<b>79.4</b>
<b>Cash-effective transactions</b>	
Proceeds (+) from (financial) loans	22.4
Repayments (-) of (financial) loans	-22.5
Repayments (-) of leasing liabilities	-15.9
Proceeds (+)/payments (-) from factoring	-24.1
Interest received (+)	0.0
Interest paid (-)	-7.1
<b>Total cash-effective transactions</b>	<b>-47.3</b>
<b>Non-cash effects</b>	
Additions to leasing liabilities	127.8
Addition/derecognition of (financial) loans from changes in consolidated group	17.8
Interest expenses (+)/interest income (-)	9.5
Other changes	-2.5
<b>Total non-cash effects</b>	<b>152.6</b>
<b>31 Dec. 2019</b>	<b>184.7</b>

The reconciliation statement takes into account non-current and current liabilities to banks, liabilities from factoring, liabilities from finance leases and loans to third parties.

During the financial year 2019, the Group carried out the following significant non-cash investing and financing activities, which are not reflected in the cash flow statement:

- In connection with the first-time application of IFRS 16, right of use assets were capitalized and corresponding lease liabilities were recognized as liabilities.
- At Klann Packaging GmbH, a partial amount of EUR 2.0 million of the former shareholder liability was repaid in the financial year 2019 against payment of EUR 0.5 million; the difference is reported under other income.

During the financial year 2018, the Group carried out the following significant non-cash investing and financing activities, which are not reflected in the cash flow statement:

- A loan with a principal of EUR 2.1 million was transferred to the company from the previous owners of Donges SteelTec for EUR 1 in the financial year.
- Within the framework of a settlement agreement with the sellers of Balcke-Dürr, a vendor loan of EUR 8.8 million granted by the sellers in the transaction was repaid early in the first half of 2018 against payment of EUR 3.0 million.
- In connection with the addition of fixed assets, liabilities from finance leases increased the Group's liabilities by EUR 1.7 million.

#### 44. Risks to the continued existence of subsidiaries

Due to the current developments regarding the spread of the coronavirus, management considers the market environment for STS Group to be extremely challenging. At present, various plants have been closed or production has been significantly reduced. The effects of COVID-19 on these markets cannot be reliably estimated at present. On the other hand, the Chinese plants have resumed production and are currently operating at high capacity. Against this backdrop, management expects revenues in financial year 2020 to be lower than in the previous year. Extensive cost-cutting measures have already been initiated. Nevertheless, a declining adjusted EBITDA margin is expected for STS Group.

Also due to the current developments regarding the spread of the coronavirus and the lack of income due to plant closures, STS is not able to fully cover its liquidity requirements for the coming months from existing cash and cash equivalents and firm loan commitments. The first measures to be taken are the adjustment of capacities, which essentially involve short-time work, and cost-cutting measures. In order to secure liquidity, action plans have also been drawn up in order to obtain additional local financing supported by government subsidies, liquidity assistance from customers, legally permitted deferrals of payments and, if necessary, the injection of additional liquidity by Mutares in return for assets.

The continued existence of the subsidiary is dependent on the successful implementation of the aforementioned measures, as otherwise STS may not be able to realize its assets and settle its liabilities in the normal course of business, which indicates the existence of a material uncertainty that casts significant doubt

on the company's ability to continue as a going concern and which could pose a risk to its continued existence. However, the management is confident and assumes that it is highly probable that these measures can be implemented and thus the continuation of the subsidiary's business activities can be secured.

As a result of the initiated action program, KICO already expected a balanced operating result for financial year 2020 as of the balance sheet date, with revenues significantly above the level for the entire year 2019. However, due to current developments in connection with the spread of the coronavirus and in particular the temporary plant closures in the European automotive industry, as well as potential difficulties with the supply chain afterwards, it is likely that this forecast will not be met and that revenues and operating result will remain below the level previously planned. In the past, the company has been financed to a significant extent by debt. KICO's liquidity is very tight due to the current effects of plant closures by important customers. With the help of professional advisors, KICO has therefore begun to apply for financing in the context of government support, and management is confident that it will be able to complete this financing in the second quarter of the 2020 financial year.

However, should it not be possible to implement this and maintain existing bank financing and credit insurance with suppliers, KICO is dependent on the development of new sources of financing. This indicates the existence of a material uncertainty that could cast significant doubt on the subsidiary's ability to continue as a going concern and constitutes a risk that could jeopardize its continued existence. However, the management is confident and assumes that it is highly probable that these measures can be implemented and thus the continuation of the subsidiary's business activities can be secured.

## 45. Participation in joint arrangements

One company from the Engineering & Technology segment is a partner in joint ventures and consortium agreements. The joint ventures were entered into with the aim of implementing infrastructure projects and building power plants. The joint ventures are based in Germany. The ownership shares of the Mutares Group are between 19% and 75%.

Taking into account the structure and legal form of the agreements as well as all other relevant facts and circumstances, the joint agreements are to be classified as joint activities that are not significant for the Group as such.

## 46. Contingent liabilities and litigations

### CONTINGENT LIABILITIES

#### Obligations from company acquisitions

Mutares SE & Co. KGaA and one of its direct subsidiaries have signed a settlement agreement with the sellers of Balcke-Dürr GmbH and other subsidiaries under which the guarantee issued by Mutares SE & Co. KGaA to ensure the fulfillment of indemnification obligations will increase and be limited again to an amount of EUR 5.0 million and then decrease to EUR 0 over the period until 31 December 2021. At the present time, it is still not expected that any claims will be made under this guarantee. The further guarantee issued by Mutares SE & Co. KGaA to secure the temporary financing of affiliated companies no longer applies and was replaced by a guarantee to make net dividends received until 30 December 2020 available again as financing if required. Both guarantees with regard to the above-mentioned circumstances remain limited to a total of EUR 10.0 million.

Mutares SE & Co. KGaA has made a commitment to the seller of keeper GmbH for a limited period of time until 30 December 2020 to provide up to EUR 1.5 million in financial resources if this should be necessary to avoid insolvency. This obligation will increase if Mutares SE & Co. KGaA receives repayments on an acquired loan or dividends. As of 31 December 2019, the obligation therefore amounted to EUR 2.4 million. To the extent that this financing obligation has not yet been met in the event of insolvency despite the condition, Mutares SE & Co. KGaA has undertaken to indemnify the seller against claims by third parties in connection with this insolvency, whereby this obligation is limited in amount to the financing contribution not yet made and is limited in time to twelve months after completion of the acquisition. In addition, Mutares has undertaken to indemnify the seller in the event of a claim in connection with an earlier financing commitment and earlier guarantees, whereby this obligation is limited in amount to EUR 3.5 million. This obligation ends at the latest five years after the completion of the takeover.

In addition, Mutares is obliged to pay a purchase price for the acquisition of the shares in La Meusienne S.A.S., which is determined on the basis of the working capital at the time of transfer of economic ownership. Mutares and the seller of these shares are in disagreement about the interpretation of the purchase agreement and the actual facts and circumstances of the completion of the acquisition. The seller is claiming an amount of EUR 1.7 million; however, based on the legal and factual situation, we do not currently assume an obligation to pay.

In connection with the acquisition of the transport logistics and warehouse business of Q Logistics GmbH, Mutares SE & Co. KGaA has undertaken to indemnify the seller in the event of claims by third parties in connection with legal relationships taken over and in the event of insolvency of BEXity GmbH. The Vendor's claim for indemnification is limited in time and amount to EUR 9.0 million until 30 December 2021, EUR 6.0 million until 30 December 2022 and EUR 3.0 million until 30 December 2023. The aforementioned liability limits increase by profit distributions from BEXity GmbH and decrease by loans granted under a financing line and not yet repaid by Mutares SE & Co. KGaA.

Mutares SE & Co. KGaA has undertaken to the seller of the paper napkin business acquired from keeper tableware GmbH to indemnify the seller for a period of four years after the closing date in February 2020 against certain claims by employees assigned to the paper napkin business. The indemnity is limited to EUR 10 million for the first two years, reduced by any funds that Mutares SE & Co. KGaA has provided to keeper tableware GmbH. In the third year, the maximum amount of exemption is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million.

In connection with an irrevocable offer to acquire a majority stake of 80% in Nexive's mail and parcels business in Italy, Mutares SE & Co. KGaA has declared to be liable for obligations arising from the purchase agreement in the amount of up to EUR 5.0m from the closing of the transaction. The purchase agreement was signed on 23 February 2020. The closing of the acquisition is expected in the second quarter of the 2020 financial year.

#### **Obligations from the sale of companies**

In connection with the sale of all shares in A+F Automation und Fördertechnik GmbH by a direct subsidiary, Mutares SE & Co. KGaA issued a directly enforceable guarantee for the fulfillment of certain obligations of the direct subsidiary towards the acquirer regarding possible warranty claims, possible specific indemnification claims and possible specific cost reimbursement claims. The absolute suretyship was limited in time with respect to regular warranty claims, with the exception of fundamental warranties, until 30 September 2019 (no use was made of it) and is limited in time with respect to these fundamental warranty claims until 31 December 2020 and with respect to indemnification claims until 31 December 2022 as well as unlimited in time with respect to reimbursement of costs. With the exception of fundamental warranty claims, these claims are limited to an amount of EUR 4.0 million with respect to the regular warranty claims, to an amount of kEUR 50 with respect to the -reimbursement cost claims and otherwise to the base purchase price with respect to all claims together.

In addition, Mutares SE & Co. KGaA co-guaranteed the fulfilment of the obligations of the seller, a direct subsidiary of Mutares SE & Co. KGaA, in the event of claims under normal warranty obligations upon the sale of all shares in BSL. This guarantee is limited in amount to EUR 0.5 million and in time to 18 months after completion of the sale in November 2018.

#### **Legal disputes**

Mutares is sued by some of the former employees of the Artmad-is Group in France. One lawsuit concerns liability arising from alleged employee employment, while the other concerns alleged liability under company law. Mutares will defend itself in full against all claims that it considers unfounded.

Mutares is also sued by four former employees of its former subsidiary Pixmania SAS in France. The lawsuit is based on an alleged employee position. Mutares considers the lawsuits to be unfounded and we are defending ourselves in full.

Provisions in the mid-six-figure range have been made for defence costs for these lawsuits.

#### **Other commitments**

One indirect subsidiary from the Engineering & Technology segment is jointly and severally liable as a participant in civil law partnerships under joint ventures or consortium agreements with a maximum term of 2029. As of the balance sheet date, this liability relates to projects with a total contract value of approximately EUR 272 million (previous year: EUR 208 million). The subsidiary's own share in this liability amounts to EUR 106.7 million (previous year: EUR 88.8 million). On the basis of the ongoing credit assessments of the ARGE and consortium partners, we do not assume that any claims will be made on the shares of other companies. With the exception of the amounts recorded as provisions for anticipated losses or within the scope of loss-free valuation, we also do not anticipate any utilization of our own shares.

There are further guarantees, warranties, commitments and obligations totaling EUR 26.5 million. (previous year: EUR 12.8 million).

## 47. Related parties

In accordance with IAS 24, related parties are defined as persons and companies that can be influenced by Mutares SE & Co. KGaA or that can influence Mutares SE & Co. KGaA. These include subsidiaries, including those that are not consolidated, and associated companies. On the other hand, they also include natural persons with significant voting rights and key management personnel, such as members of the management board and supervisory board, and their family members.

Mutares SE & Co. KGaA has identified the management board members of the general partner and the supervisory boards of the parent company and the general partner as well as their family members and those companies over which these persons exercise significant influence and which are not consolidated as related parties.

Balances and transactions between the company and its subsidiaries were eliminated in the course of consolidation and are not explained here. Details of business transactions between the Group and other related parties are given below.

The following balances due from related parties not included in the scope of consolidation were outstanding at the end of the reporting periods:

kEUR	Receivables from related parties		Liabilities to related parties	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Subsidiaries	30	44	112	0
of which impaired	0	11	0	0
Other related parties	17	0	3,377	0
Supervisory Board	0	0	142	114
Executive Board	0	0	32	31
<b>Total</b>	<b>47</b>	<b>44</b>	<b>3,664</b>	<b>145</b>

In the course of the financial year, Group companies carried out the following transactions with related parties that do not belong to the Group:

kEUR	Services rendered		Services purchased	
	2019	2018	2019	2018
Subsidiaries	30	0	772	420
Other related parties	76	0	4,218	460
Supervisory Board	0	0	304	278
Executive Board	0	0	890	441
<b>Total</b>	<b>106</b>	<b>0</b>	<b>6,185</b>	<b>1,599</b>



Related parties are, on the one hand, the general partner and, on the other hand, companies that are related to members of the Management Board of Mutares SE & Co KGaA and that provide consulting services in one case and office space leasing to Mutares SE & Co KGaA in another.

### CORPORATE BODIES

Previous to the change in legal form, the Management Board of Mutares AG consisted of the following persons:

- Robin Laik, Chief Executive Officer, Munich
- Mark Friedrich, Chief Financial Officer, Munich
- Dr. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland
- Dr. Wolf Cornelius, Chief Operations Officer, Waldstetten

With the entry in the commercial register on 24 July 2019, a resolution was passed to convert Mutares AG into a partnership limited by shares (Kommanditgesellschaft auf Aktien - KGaA) with Mutares Management SE joining as general partner. The management board of Mutares Management SE is composed of the following persons:

- Robin Laik, Chief Executive Officer, Munich
- Mark Friedrich, Chief Financial Officer, Munich
- Dr. Kristian Schleede, Chief Restructuring Officer, Zurich/Switzerland
- Johannes Laumann, Chief Investment Officer, Bonn

million (previous year: EUR 5.0 million), of which EUR 0.7 million (previous year: EUR 0.8 million) was paid to retired members. The total remuneration, with the exception of share-based remuneration, is to be allocated to the category short-term employee benefits in accordance with IAS 24.17a. No payments were made to members of the Management Board in connection with defined contribution plans. For information in connection with stock options granted, please refer to the comments on share-based payment (Note 32).

Are or were members of the company's Supervisory Board:

- Volker Rofalski, Managing Director of only natural Munich GmbH, Munich, Chairman
- Dr. Axel Müller, independent management consultant, Lahnstein, Deputy Chairman (since 8 April 2019; previously member)
- Dr. Lothar Koniarski, Managing Director of Elber GmbH, Regensburg
- Prof. Dr. iur. Micha Bloching, tax consultant, lawyer, university lecturer, Munich
- Dr. Ulrich Hauck, independent management consultant, Ottobrunn (until 31 March 2019; Deputy Chairman from 13 August 2018 to 31 March 2019)

The members of the Supervisory Board of Mutares SE & Co. KGaA are entitled to remuneration for their activities in the total amount of EUR 92,500.00 per year plus statutory value-added tax in accordance with the resolution of the Annual General Meeting of 23 May 2019. If a member of the Supervisory Board does not belong to the Supervisory Board for the full financial year, the remuneration is reduced pro rata temporis. In addition, the members of the Supervisory Board receive meeting fees and committee remuneration for their activities. The total amount of Supervisory Board remuneration paid to the Supervisory Board is shown in the table above.

The members of the supervisory board of Mutares AG were entitled to remuneration for their activities in the total amount of EUR 260,000.00 per year plus statutory value added tax in accordance with the resolution of the annual general meeting of 20 July 2018. If a member of the supervisory board does not belong to the supervisory board for the full financial year, the remuneration is reduced pro rata temporis. In addition, the members of the Supervisory Board receive meeting fees and committee fees for their activities. The total amount of Supervisory Board remuneration paid to the Supervisory Board is shown in the table above.

In their capacity as shareholders of Mutares SE & Co KGaA, members of the Supervisory Board and the Management Board received a mid-single-digit million euro amount as dividends in 2019.

## 48. Employees

In the financial years 2019 and 2018, the Mutares Group employed the following average number of staff in accordance with section 267(5) of the HGB:

Quantity	2019	2018
Hourly wage workers	3,786	2,715
Salaried employees	2,719	2,067
<b>Total</b>	<b>6,505</b>	<b>4,782</b>

## 49. Audit fees

The following fees of the group auditor were recorded at Mutares SE & Co. KGaA and its subsidiaries for the financial year and the previous year:

EUR million	2019	2018
Audit of annual report	1.0	0.9
Other assurance services	0.0	0.0
Tax advisory services	0.3	0.1
Other services	0.0	0.2
<b>Total</b>	<b>1.3</b>	<b>1.2</b>

## 50. Declaration of Compliance of STS Group AG

The Management Board and the Supervisory Board of STS Group AG have issued the declaration of compliance required by Section 161 of the German Stock Corporation Act (AktG) and made it available to shareholders on the STS Group website.

The full text of the Declaration of Compliance is available on the STS Group website (<https://www.sts.group/de/investor-relations/corporate-governance>).

## 51. Events after the balance sheet date

With value date 14 February 2020, Mutares SE & Co. KGaA, as issuer, issued a senior secured bond with a nominal volume of EUR 50 million and a term until 14 February 2024. The bond is listed on the Open Market of the Frankfurt Stock Exchange (WKN A254QY/ISIN NO0010872864). A further listing on the Nordic ABM of the Oslo Stock Exchange is planned in the course of 2020. The bond was issued at an issue price of 100.00%. The bond will bear interest quarterly, for the first time on 14 May 2020, at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 6.00% and may be increased up to EUR 80 million depending on current market conditions. The bond is secured by pledging 100% of the shares in certain investment vehicles held by Mutares SE & Co. KGaA and by the assignment of existing and any future loan receivables of Mutares SE & Co. KGaA from these investment vehicles. The terms and conditions of the Bonds contain various provisions on general obligations, information obligations and financial covenants. Mutares SE & Co. KGaA continuously monitors compliance with these regulations as part of its risk management.

A wholly owned subsidiary of Mutares SE & Co. KGaA completed the acquisition of Tekfor S.p.A. (now trading as PrimoTECS S.p.A.) on 31 January 2020. PrimoTECS is a Tier 1 and Tier 2 supplier to the automotive, truck and related industries.

At two locations in Northern Italy, the company produces components with applications in electric, hybrid and conventional drive trains. The company generated sales of around EUR 120 million in the financial year 2018 and employs around 670 people. The purchase price was EUR 1.

On 4 February 2020, Balcke-Dürr GmbH, a platform investment of Mutares SE & Co. KGaA, acquired 100% of the shares in the Italian company Loterios S.r.l. for a symbolic purchase price of EUR 1. Loterios S.r.l. designs and manufactures pressure equipment made of special materials, in particular titanium, for a variety of industries. The company is based in Gerenzano, Italy, and employs approximately 70 people. In 2019 the company achieved a turnover of EUR 17 million.

On 29 February 2020, keeper tableware GmbH, a subsidiary of keeper GmbH, completed the acquisition of the paper napkin business of Metsä Tissue GmbH for a symbolic purchase price of EUR 3. With the acquisition, the annualized turnover of the keeper Group will grow to approximately EUR 100 million. The paper napkin business employs approximately 240 people.

A purchase price allocation could not yet be performed due to the fact that the acquisitions were made close to the time of preparation.

On 11 March 2020, the WHO declared the infection caused by SARS-CoV-2 (hereinafter “COVID-19” or “coronavirus”) to be a pandemic. In some cases, the course of the disease is severe, even fatal. In its risk assessment of 15 March 2020, the Robert Koch Institute currently estimates the overall risk to the health of the population in Germany to be high. The situation in Germany and other countries is characterized by a high level of dynamism and a great deal of uncertainty and confusion. Meanwhile, the number of cases in Germany and other parts of the world continues to rise.

To contain the coronavirus, public life was drastically restricted, first in China, then in Europe and increasingly in large parts of the world. It is not yet possible to make a serious assessment of the effects of this on economic development in Germany, Europe and the world. However, the above-mentioned restrictions on public life are leading to a collapse in demand and disrupting (international) supply chains. Governments in Europe have already announced or implemented far-reaching economic and financial policy measures to minimize the negative impact on companies and jobs.

Mutares has taken numerous measures with the entire management team and the workforces of the portfolio companies to relativize the expected negative effects. At this point in time, neither the management of the portfolio companies nor the board of directors can make reliable estimates of the impact of the COVID-19 crisis on the individual company and Mutares Group. However, it can be assumed that a collapse in the consolidated profitability of the portfolio companies will be observed, but that additional opportunities will also open up for Mutares in the area of M&A, especially on the

## H. ACCOUNTING POLICIES

### 52. New standards and interpretations

#### 52.1. NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME

In the year under review, the standards and interpretations presented below were applicable by the Group for the first time or in amended form. The influence of the IFRS 16 standard on these consolidated financial statements is shown below. The other standards and interpretations to be applied for the first time or in amended form have no material impact on these consolidated financial statements. However, no statement can be made at this time about their effects on future transactions or agreements.

##### IFRS 16 “Leases”

IFRS 16 was published in January 2016 and replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Leases – Incentive Arrangements” and SIC 27 “Determining the Substance of Transactions in the Legal Form of Leases” for financial years beginning on or after 1 January 2019. The EU endorsement took place as of 31 October 2017. Significant changes with regard to the accounting treatment of lessees result from the fact that a distinction is no longer made between operating and finance leases and that a right of use (RoU asset) and a lease liability are recognized at the beginning of all leases (with the exception of short-term leases and leases for low-value assets). For details, see the comments under 54.6.

##### *Implementation at Mutares*

Mutares applies IFRS 16 “Leases” since 1 January 2019. This resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions of IFRS 16, Mutares applies the modified retrospective approach. The comparative figures have not been restated.

For the transition to IFRS 16, the option to measure RoU assets at the same value as lease liabilities is assumed. The lease liability corresponds to the remaining lease payments discounted at the incremental borrowing rate at the time of transition to IFRS 16.

The incremental borrowing rate is generally determined for each lease on a term-equivalent, currency-equivalent and segment-specific risk-equivalent basis and is generally made up of three components, for which the following key assumptions have been made:

##### Reference interest rates:

- Where available, the reference interest rates are generally based on yields on government bonds with equivalent maturities, which can be accessed in the Bloomberg financial information system.
- In cases where no original government bond yields were available in the desired currency, synthetic yields were derived using available yield curves in USD or EUR, country risk premiums (to take account of country-specific credit-worthiness) and inflation differentials (for conversion to the target currency).
- Country risk premiums are based on so-called credit default swap spreads of the respective countries, which can be called up in the Bloomberg financial information system.
- Inflation differentials are based on data from the “World Economic Outlook Database October 2018” published by the International Monetary Fund (IMF).

##### Company-specific credit spreads:

- Specific credit ratings were carried out for the segments using the financial information system “S&P Credit Analytics”.
- The synthetic rating levels (according to S&P CreditAnalytics) of the individual segments are within a range of BB+ to B-.
- Rating-dependent credit spreads were calculated using US corporate bonds and US government bonds for reasons of availability and to ensure higher data quality.
- As the interest rates determined for the individual segments hardly differ from one another, a uniform credit risk premium was applied for all segments.

##### Contract-specific adjustments:

- Contract-specific adjustments were implicitly taken into account.

IFRS 16 is not applied for the transition to agreements that were not previously classified as leased assets under IFRIC 4 or IAS 17.

Extension and termination options are measured on the basis of current information in the course of the transition to IFRS 16.

With reference to IFRS 16.C8(c) and IFRS 16.C10(b), an impairment test of the RoU assets at the time of first-time application was waived. There were no material onerous leases at the time of first-time adoption.

A uniform interest rate is applied to similar leased assets grouped together as a portfolio (e.g. grouped by value, term, credit spread, country or currency).

Leases with a remaining term of less than twelve months as of 1 January 2019 are accounted for as short-term leases.

Please refer to Note 54.6 for a presentation of the significant accounting policies and Note 3 for information on significant estimates and discretionary decisions in connection with IFRS 16.

#### Effects

Mutares has analyzed the impact of IFRS 16 on the Group during the financial year 2018. With the first-time adoption of IFRS 16 as of 1 January 2019, the Group recognized lease liabilities of EUR 55.4 million and RoU assets of EUR 55.4 million for leases previously classified as operating leases under IAS 17.

The weighted average incremental borrowing rates used for discounting are between 1.2% and 9.7%.

For leases previously classified as finance leases in accordance with IAS 17, the carrying amounts of the leased assets and the lease liabilities existing prior to the first-time application of IFRS 16 are adopted in accordance with IAS 17 as the initial carrying amounts of the RoU assets or the lease liability in accordance with IFRS 16. The measurement principles of IFRS 16 were only applied thereafter. There were no valuation adjustments. Due to the reclassification of finance leasing matters in the balance sheet item "RoU assets", there was a difference as of 1 January 2019 in the amount of EUR 0.4 million between the recognized RoU assets and the corresponding leasing liabilities.

The following table shows the effects in accordance with IFRS 16 (C12) b as of 1 January 2019:

EUR million	1 Jan. 2019
Obligations from operating leases as at 31 Dec. 2018	58.0
Adjustments from changes in the assessment of extension/termination options	4.8
Discounted with the incremental borrowing rate as at 1 Jan. 2019	-3.2
<b>Discounted obligation from operating leases as at 1 Jan. 2019</b>	<b>59.6</b>
(+) liabilities from finance leases recognized as at 31 Dec. 2018	6.9
(-) short term leases recorded as expenses	-2.8
(-) low value leases recognized as expenses	-1.4
<b>Lease liabilities recognized as at 1 Jan. 2019</b>	<b>62.3</b>
short-term	15.6
long-term	46.7



The following table shows the impact of IFRS 16 on the balance sheet as of 1 January 2019:

EUR million	01.01.2019	Effects IFRS 16	31.12.18 without application IFRS 16
<b>Assets</b>			
Intangible assets	39.7	-1.7	41.4
Property, plant and equipment	127.7	-5.6	133.3
Right of use assets (RoU assets)	62.7	62.7	0.0
Deferred tax assets	13.3	0.0	13.3
<b>Non-current assets</b>	<b>265.6</b>	<b>55.4</b>	<b>210.2</b>
<b>Current assets</b>	<b>420.6</b>	<b>0.0</b>	<b>420.6</b>
<b>Total</b>	<b>686.2</b>	<b>55.4</b>	<b>630.8</b>
<b>Equity and Liabilities</b>			
<b>Total equity</b>	<b>208.1</b>	<b>0.0</b>	<b>208.1</b>
Lease liabilities	46.7	44.6	2.1
Deferred tax liabilities	6.4	0.0	6.4
<b>Non-current liabilities</b>	<b>137.7</b>	<b>44.6</b>	<b>93.1</b>
Lease liabilities	15.6	10.8	4.8
<b>Current liabilities</b>	<b>340.4</b>	<b>10.8</b>	<b>329.6</b>
<b>Total</b>	<b>686.2</b>	<b>55.4</b>	<b>630.8</b>

For a presentation of RoU assets and lease liabilities, please refer to notes 18 and 36.

Leases in which the Group is the lessor have no material effect on these financial statements.

The changeover to IFRS 16 has no material effect on earnings per share.

#### Amendments to IFRS 9 “Prepayments with Negative Settlement”

On 12 October 2017, the IASB published amendments to IFRS 9 “Early Redemption Provisions with Negative Settlement”. The amendments are to be applied retrospectively for financial years beginning on or after 1 January 2019. The EU endorsement took place on 22 March 2018.

The amendment concerns the classification of financial instruments with prepayment regulations with negative settlement. Under the previous regulations, the cash flow condition is not met if the lender has to pay an early repayment penalty in the event of termination by the borrower. The new regulation provides for measurement at amortized cost (or at fair value with no effect on income) even in the case of negative settlement payments. It has also been clarified that the carrying amount of a financial liability must be adjusted immediately with an effect on profit or loss following a modification.

This amendment does not have a material impact on these consolidated financial statements.

#### Amendments to IAS 19 “Change in plan, curtailment or settlement of pension obligations”

On 7 February 2018, the IASB published amendments to IAS 19. The EU endorsement took place on 13 March 2019.

The amendments to IAS 19 now specifically require that after a defined benefit plan has been modified, settled or curtailed during the year, the current service cost and net interest for the remaining period be recalculated using current actuarial assumptions. In addition, the amendment clarifies how changes, curtailments or settlements of the plans affect the required asset value ceiling.

This amendment does not have a material impact on these consolidated financial statements.

**Amendments to IAS 28 “Non-current Investments in Associates and Joint Ventures”**

On 12 October 2017, the IASB published amendments to IAS 28 “Non-current Investments in Associates and Joint Ventures”. The EU endorsement took place on 8 February 2019.

The amendments concern the clarification of the exclusion of investments within the meaning of IAS 28 from the scope of IFRS 9. IFRS 9 is not applied to investments in associates or joint ventures accounted for using the equity method. However, IFRS 9 is applied to long-term investments that represent part of the net investment in an associate or joint venture.

This amendment does not have a material impact on these consolidated financial statements.

**IFRIC 23 “Uncertainty in the treatment of income taxes”**

IFRIC 23 “Uncertainty about the income tax treatment” was published on 7 June 2017. The EU endorsement was issued on 23 October 2018.

IFRIC 23 interprets the accounting for current and deferred tax liabilities where there is uncertainty about the income tax treatment. Such uncertainties arise when the application of the applicable tax law to a specific transaction is unclear and therefore (also) depends on the interpretation of the tax authorities, which is not known to the company when preparing the financial statements. An enterprise considers these uncertainties in respect of tax liabilities or assets recognized in the balance sheet only when it is probable that the related tax amounts will be paid or recovered. It is assumed that the tax authorities will exercise their right to review declared amounts and have full knowledge of all related information. If facts and circumstances that formed the basis for the assessment of uncertainty have changed or if new relevant information becomes available, the assessment must be reviewed and adjusted if necessary.

This amendment does not have a material impact on these consolidated financial statements. The application of IFRIC 23 may have an impact on the consolidated financial statements if future transactions take place where there is uncertainty about the income tax treatment.

**Annual improvements to IFRS (cycle 2015 - 2017)**

On 12 December 2017, the IASB published the amendment standard “Annual Improvements to IFRS (Cycle 2015–2017)”. The EU endorsement took place on 14 March 2019.

The planned amendments cover three areas and affect the standards IFRS 3 “Business Combinations” and IFRS 11 “Joint Agreements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”.

**IFRS 3 “Business Combinations” / IFRS 11 “Joint Agreements”**

When control is obtained over an operation that is classified as a jointly controlled operation under IFRS 11 and in which the acquirer already had an interest, the acquisition is a business combination achieved in stages. Accordingly, the provisions of IFRS 3 for accounting for step acquisitions must also be applied in this case, so that any shares already held before the acquisition must be remeasured at fair value at the acquisition date. However, when joint control is obtained over an operation that is a jointly controlled entity within the meaning of IFRS 11, any interests in the assets and liabilities already recognized before the acquisition of joint control are not remeasured.

**IAS 12 “Income Taxes”**

Income tax consequences of dividend payments must be recognized when the obligation to pay the dividend is recognized. They are recognized in profit or loss, other comprehensive income (OCI) or directly in equity, depending on the transactions underlying the dividends.

**IAS 23 “Borrowing costs”**

The borrowing costs to be capitalized for a qualifying asset are determined - unless borrowing was specifically taken out for the procurement/production of this asset - on the basis of the weighted average of all borrowing costs, unless these result from borrowing specifically for the procurement/production of other qualifying assets. However, the calculation of the weighted average should also include borrowing costs that result from borrowing to finance other qualifying assets, provided that substantially all the work required to prepare those other qualifying assets for their intended use or sale has been completed.

The amendments resulting from the annual improvements to IFRS (cycle 2015–2017) do not have a material impact on these consolidated financial statements.

## 52.2. NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED IN FUTURE

The following new or amended standards and interpretations have already been adopted by the IASB, but are not yet mandatory or have not yet been adopted into European law. The company has not applied the regulations ahead of time.

		Applicable to financial years, which on or off the aforementioned date start:	Status of the EU Endorsement (stand assembly date of the transaction)
<b>New standards</b>			
Changes to IFRS 3	Definition of a business operation	01.01.2020	pending
Changes to IFRS IAS 1 and IAS 8	Definition of materiality	01.01.2020	Acceptance occurs
Changes to IFRS 9, IAS 39 and 7	Interest Rate Benchmark Reform (Phase 1)	01.01.2020	Acceptance occurs
	Framework for the financial reporting	01.01.2020	No endorsement
Single standards	Changes is reference to the updated framework in the individual IFRS	01.01.2020	Acceptance occurs
IFRS 17	Insurance contracts	01.01.2021	pending
Changes to IAS 1	Classification of liabilities as current or non-current	01.01.2022	pending
Changes to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associated company or Joint Venture	First application indefinitely postponed	pending

### Amendments to IFRS 3 “Definition of a Business Operation”

On 22 October 2018, the IASB published amendments to IFRS 3 concerning the “Definition of a business operation”. The purpose of the amendment is to make it easier in future to distinguish whether an operation or a group of assets has been acquired. The amendment adds text in the notes, the application guidelines and explanatory examples that clarify the three elements of a business as defined in the standard.

The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The EU endorsement is still pending and is expected in the first quarter of 2020.

Due to the nature of the business combinations typically undertaken by Mutares, the management board does not expect the amendments to have a material impact on the consolidated financial statements.

### Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”: Definition of Materiality

On 31 October 2018, the IASB published amendments to the definition of materiality of financial statement information. The amendments relate to the standards IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Together with additional application explanations, the amendments are intended to make it easier for the preparer of IFRS financial statements in particular to assess materiality. In addition, the amendments ensure that the definition of materiality is uniform across the IFRS rules.

The amendments are effective for financial years beginning on or after 1 January 2020. The EU endorsement took place on 29 November 2019.

The Management Board assumes that the amendments will not have any material impact on the consolidated financial statements.

**Amendments to IFRS 9 “Financial Instruments - Recognition and Measurement”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments - Disclosures”: Interest Rate Benchmark Reform (Phase 1)**

On 26 September 2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7. The IASB is reacting to the existing uncertainty regarding the IBOR reform. The amendments relate to hedging relationships under IFRS. They address the prospective assessment of the effectiveness of hedging relationships, the adjustment of the “highly probable” criterion in relation to cash flow hedges and the IBOR risk component.

The amendments are applicable to financial years beginning on or after 1 January 2020. The EU endorsement was given on 15 January 2020.

The Management Board assumes that the amendments will not have any material impact on the consolidated financial statements.

**Revision of the framework and changes to cross-references to the framework in various IFRS**

On 29 March 2018, the IASB published a revised version of the framework. It includes revised definitions of assets and liabilities and new guidance on measurement and derecognition, presentation and disclosures. However, the new framework does not constitute a fundamental revision. Rather, it extends the scope of regulation to those areas which were previously unregulated or which showed discernible deficits. In addition, the IASB has updated various cross-references to the framework in individual IFRSs.

The framework itself is not subject to endorsement. The updates of the cross-references in the individual standards are to be applied from 1 January 2020. The EU endorsement took place on 29 November 2019.

The Management Board assumes that the amendments will not have any material impact on the consolidated financial statements.

**IFRS 17 “Insurance contracts”**

IFRS 17 “Insurance Contracts” was issued on 18 May 2017. The new standard aims to provide consistent, principle-based accounting for insurance contracts and requires insurance liabilities to be measured at current settlement value. This leads to a uniform measurement and presentation of all insurance contracts. The standard is effective for financial years beginning on or after 1 January 2021. The date of EU endorsement is still open.

The Management Board does not expect the standard to have any material impact on future consolidated financial statements.

**Classification of liabilities as current or non-current, amendments to IAS 1**

On 23 January 2020, the IASB issued “Classification of liabilities as current or non-current” with amendments to IAS 1. The amendments are intended to clarify the criteria for classifying liabilities as current or non-current. The amendments are to be applied for financial years beginning on or after 1 January 2022. The EU endorsement is pending and is expected in the course of 2020.

The Management Board does not expect the standard to have any material impact on future consolidated financial statements.

**Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and an associate or joint venture”**

The amendments address a conflict between the provisions of IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements”. They clarify that in the case of transactions with an associate or joint venture, the extent to which income is recognized depends on whether the assets sold or contributed represent a business operation in accordance with IFRS 3. The IASB has meanwhile postponed the date of first-time application of the amendments indefinitely.

The Management Board assumes that these potential amendments to IFRS 10 and IAS 28 will not have any effect on future consolidated results.

## 53. Principles of consolidation

### 53.1. SUBSIDIARY

Subsidiaries are companies that are controlled by Mutares SE & Co. KGaA. The Group obtains control when it can exercise control over the investee, is exposed to fluctuating returns from the investment, and has the ability to use its control over the investee in a manner that affects the level of return of the investee.

Mutares SE & Co. KGaA reviews the assessment of control if there are indications that one or more of the control criteria mentioned above have changed.

A subsidiary is included in the consolidated financial statements from the date on which the company obtains control of the subsidiary until the date on which control ceases.

The results of subsidiaries over which control was gained or lost during the year are recognized in the consolidated income statement and other comprehensive income with effect from the date on which control was gained or lost.

Where necessary, the annual financial statements of subsidiaries are adjusted to bring their accounting policies into line with those applied in the Group.

The acquisition of a business is accounted for using the purchase method (acquisition -method). The consideration transferred as part of an acquisition corresponds to the fair value of the assets given, the equity instruments issued and the liabilities incurred or assumed at the time of the transaction. It also includes the fair value of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured initially at their fair values at the acquisition date. The exceptions to the recognition and measurement principles required by the standard, such as the recognition and measurement of deferred taxes on acquired assets and liabilities in accordance with IAS 12, are taken into account accordingly on initial consolidation.

Goodwill is recognized and tested for impairment at least once a year. This is the amount by which the acquisition cost of the acquisition, the amount of the non-controlling interest in the acquiree and the fair value of any previously held equity interest at the date of acquisition exceeds the Group's interest in the net assets measured at fair value. If the cost of acquisition is less than the fair value of the acquired subsidiary's net assets measured at fair value, the difference is recognized directly in the consolidated income statement after a further review (bargain purchase income).

If the consideration transferred includes contingent consideration, it is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration within the measurement period are adjusted retrospectively and booked accordingly against goodwill or bargain purchase income. Adjustments during the measurement period are adjustments to reflect additional information about facts and circumstances that existed at the acquisition date. However, the measurement period may not exceed one year from the date of acquisition. Changes in the fair value of the contingent consideration that are not adjustments during the measurement period are accounted for depending on how the contingent consideration is classified.

Disposals of shares without loss of control (reduction) are shown as transactions between the equity providers (Mutares SE & Co. KGaA and the minority shareholders) with no effect on income.

Non-controlling interests are generally measured at their proportionate share of the enterprise value, so that goodwill attributable to minority interests is capitalized (full goodwill method). Non-controlling interests are entitled to a share of profit or loss from the date of transfer of the shares, which is presented separately in the statement of comprehensive income.

Increases that maintain a majority are shown as equity transactions, or transactions between majority and minority shareholders.

In the case of deconsolidation, an individual sale is simulated, i.e. the sale of all shares is presented as a transfer of individual assets and liabilities including goodwill against payment. The gain on disposal is the difference between the proceeds from the sale and the consolidated carrying amounts of the net assets disposed of, including hidden reserves and goodwill.

Balances and transactions with consolidated subsidiaries as well as the resulting income and expenses are eliminated in full for the purpose of preparing the consolidated financial statements.

The tax deferrals required by IAS 12 were made for temporary differences arising from consolidation.



### 53.2. ASSOCIATED COMPANIES AND JOINT VENTURES

An associate is an entity over which Mutares has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee without having control or joint control. If Mutares SE & Co. KGaA directly or indirectly holds between 20% and 50% of the voting rights in an investee, it is presumed that significant influence can be exercised. If Mutares SE & Co. KGaA directly or indirectly holds less than 20% of the voting rights in an investee, significant influence is presumed if it can be clearly demonstrated.

Shares in associated companies are accounted for using the equity method and are therefore initially recognized at cost. Goodwill arising from the acquisition of an associated company is included in the carrying amounts of the investments in associated companies. After initial recognition, the carrying amount of the investment increases or decreases in line with the investor's share of the net profit or loss for the period or of changes in equity of the investee that are recognized directly in equity - from the date on which significant influence is first exercised until such influence ceases. If Mutares' share of losses of an associate equals or exceeds its interest in the investee, its share is reduced to zero.

Unrealized gains on transactions with associates are eliminated against the carrying amount of the investment in proportion to the interest held by Mutares. Unrealized losses are eliminated in the same manner, but only to the extent that there is no indication of impairment.

The tax deferrals required by IAS 12 were made for temporary differences arising from consolidation.

A joint venture is a joint arrangement whereby the parties exercising joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. There is currently no joint venture.

### 53.3. COMMUNITY ACTIVITY

A joint venture is a joint agreement whereby the parties exercising joint control have rights to the assets and obligations for the liabilities under the agreement. Joint control is the contractually agreed, jointly exercised control of an arrangement. This is only the case when decisions on the relevant activities require the unanimous consent of the parties involved in joint control.

Where a Group company carries out activities as part of a joint venture, the Group recognizes the following items as a joint venture in relation to its share of the joint venture

- its assets, including its share of jointly held assets;
- its debts, including its share of jointly incurred debts;
- its revenue from the sale of its share of the products or services of the Community activity;
- its expenses, including its share of any expenses incurred jointly;

The Group recognizes the assets, liabilities, income and expenses related to its share of a joint venture in accordance with the IFRS applicable to these assets, liabilities, income and expenses.

When a Group company enters into a transaction involving a joint activity in which another Group company is a joint venture (e.g. the sale or contribution of assets), the Group considers the relevant transaction to have been carried out with the other parties to the joint activity and therefore recognizes any gain or loss only to the extent of the other parties' interest in the joint activity.

In transactions such as the purchase of assets by a Group company, gains and losses are not recognized to the extent of the Group's interest in the joint venture until the assets are sold on to third parties.

### 53.4. FOREIGN CURRENCY

The consolidated financial statements have been prepared in accordance with the concept of functional currency. The functional currency is the primary currency of the economic environment in which Mutares Group operates. It corresponds to the euro, which is also the presentation currency of the consolidated financial statements.

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the respective functional currency at the exchange rate prevailing at the balance sheet date. The foreign exchange gains and losses resulting from these translations are recognized in the consolidated income statement under "Other income" or "Other expenses".

Balance sheet items of subsidiaries whose functional currency is not the euro are translated into the presentation currency at the closing rate, items in the consolidated income statement at the average exchange rate for the respective period, and equity items at historical exchange rates. The resulting translation differences are recognized in the currency translation reserve in accumulated other comprehensive income. Where non-controlling interests are involved, the corresponding portion of the translation difference is offset against the minority interest.

When a foreign operation is disposed of, the exchange differences accumulated up to that point are included in the gain or loss on disposal, i.e. reclassified from equity to profit or loss.

Generally, the functional currency of Mutares SE & Co. KGaA's subsidiaries is the local currency. The following companies are an exception: Inoplast Trucks Mexico, S.A. de C.V. and Elastomer Solutions Mexico S. de R.L. de C.V. (for both companies the US dollar is the functional currency) as well as Elastomer Solutions Maroc Sarl and Plati Ukraine Limited (for these companies the euro is the functional currency).

The main exchange rates used for currency translation are shown below:

Currency 1 EUR in	Code	Closing rate		Average Price	
		31 Dec. 2019	31 Dec. 2018	2019	2018
USA	USD	1.123	1.145	1.119	1.181
China	CNY	7.820	7.875	7.733	7.807
Poland	PLN	4.257	4.301	4.297	4.261
UK	GBP	0.851	0.895	0.877	0.894

## 54. Significant accounting and valuation principles

The consolidated financial statements are based on uniform accounting and valuation principles. All companies included in the consolidated financial statements of Mutares SE & Co. KGaA prepare their accounts as of 31 December or, for the purposes of the consolidated financial statements, have prepared interim financial statements as of that date and for the period covered by the consolidated financial statements.

The main accounting and valuation principles are explained below.

### 54.1. REALIZATION OF INCOME

#### Sales of goods

The Group recognizes revenue when control of the separable goods or services is transferred to the customer. The customer must therefore have the ability to determine the use of the goods or services and must derive the main remaining benefit. This is based on a contract between the Group and the customer. The contract and the agreements it contains must be approved by the parties, the individual obligations of the parties and the terms of payment must be identifiable, the contract must have economic substance and the Group must be likely to receive the consideration for the service rendered. There must therefore be enforceable rights and obligations. The transaction price usually corresponds to the sales revenue. In individual companies, rebates and discounts are granted to the extent customary in the market and are taken into account in the recognized sales revenue. If the contract contains more than one separable service obligation, the transaction price is allocated to the individual service obligations on the basis of the relative individual selling prices. If no individual selling prices are observable, the Group estimates them. The individual identified benefit obligations are realized either over a specified period of time or at a specified date.

The terms of payment usually provide for payment within 90 days of the invoice date at the latest. There are usually no significant financing components and the period between the transfer of the goods or services and the date of payment usually does not exceed 12 months, so that the consideration does not have to be adjusted by the time value of money. The Group's obligation to repair or replace defective products under the statutory warranty is reported as a provision.

#### Customer tools

Contracts for first-series molds result in a separate performance obligation to the customer upon transfer of the power of disposal. Revenue is recognized when the power of disposal is transferred to the customer.

#### Customized products

Customer-specific products are subject to revenue recognition on a time proportion basis if the products have no alternative use based on their specifications and have an enforceable payment claim against the customer at least in the amount of a reimbursement of the costs incurred for the services already rendered, including a reasonable profit margin.

The percentage of completion is determined using the input method based on the ratio of costs incurred to planned costs. Due to detailed internal cost controlling, this method provides a true and fair view of the transfer of goods.

#### Performance of services

Income from service contracts is recognized as soon as control of the service is transferred to the customer and the date of performance of the service is determined to be a date or period-based date. Services over a certain period of time are realized according to the progress of performance. If a service is not recognized over a specific period, revenue is recognized when control is transferred.

#### Rental income

The comments on leasing in accordance with IFRS 16 apply.

#### Production orders

If the transfer of control already takes place during the construction phase, revenues from construction contracts are recognized over a period of time with a corresponding margin (overtime). A corresponding transfer of control is assumed if the claim for compensation in the event of contract termination includes an appropriate margin in addition to the costs incurred to date and there are no alternative uses for the asset created.

The stage of completion is determined on the basis of the contract costs incurred for the work performed in relation to the expected contract costs (input-based method). Management is of the opinion that this input-based method represents a reasonable estimate of the progress of work.

If there is no entitlement to remuneration or if it only includes the costs incurred, revenue is not recognized until the contract is completed.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense.

If the contract costs incurred up to the reporting date plus recognized profits and less recognized losses exceed the progress billings, the excess is recognized as a contract asset. For contracts in which progress billings exceed contract costs incurred plus recognized profits and less recognized losses, the excess is recognized as a contractual liability in the same way as amounts received before construction work is completed. Amounts invoiced for services already rendered but not yet paid by the customer are included in the consolidated balance sheet under trade and other receivables.

The regulations of IFRS 15 are of no or only very minor importance for Mutares Group in the following areas:

- Consignment stock
- Contract acquisition or performance costs
- Principal-agent relationships
- Bill-and-hold agreements
- Repurchase agreements
- Guarantees

**54.2. INCOME TAXES**

Income tax expense represents the balance of current tax expense and deferred taxes.

Current or deferred taxes are recognized either in the consolidated income statement, in other comprehensive income or directly in equity, analogous to the underlying situation. Current or deferred taxes from the initial accounting for a business combination are taken into account in the accounting for the business combination.

**Current taxes**

The current tax expense is determined on the basis of taxable income for the year. Taxable income differs from net income as shown in the consolidated statement of comprehensive income due to expenses and income that are taxable or deductible in later years or never. The Group's liabilities for current taxes are calculated on the basis of the tax rates that apply or will apply shortly from the perspective of the balance sheet date.

**Deferred taxes**

Deferred taxes are calculated in accordance with IAS 12 on the basis of the internationally accepted balance sheet-oriented liability method. Under this method, deferred taxes are recognized for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet, as well as for tax loss carryforwards.

Deferred taxes on these calculated differences are always taken into account if they result in deferred tax liabilities. Deferred tax assets are only recognized if it is probable that the corresponding tax benefits will be realized. Deferred tax assets and liabilities are also recognized for temporary differences arising in the context of corporate acquisitions, with the exception of temporary differences on goodwill where these are not recognized for tax purposes.

Deferred taxes on so-called "outside basis differences", i.e. differences between the assets of a subsidiary recognized in the consolidated financial statements and the tax base of the shares held in the subsidiary by the Group parent company, are generally taken into account (insofar as tax effects are anticipated which may result in the future from the sale of the shares or the distribution of profits).

Deferred tax assets and liabilities are offset if the conditions of IAS 12 are met. Accordingly, they are netted if there is an enforceable right to offset and if the deferred tax assets and liabilities and the deferred tax liabilities and deferred tax liabilities are not offset. -The deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities that are intended to settle on a net basis.

The tax rates of future years are used to calculate deferred taxes to the extent that they are already legally established or the legislative process has essentially been completed. Changes in deferred taxes in the balance sheet generally result in deferred tax expense or income. If items that result in a change in deferred taxes are booked directly against equity, the change in deferred taxes is also booked directly against equity.

**54.3. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit share after tax of the shareholders of the parent company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated on the assumption that all potentially dilutive securities and share-based payment plans are converted or exercised.

**54.4. INTANGIBLE ASSETS****Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognized separately from goodwill and measured at fair value at the acquisition date.

In subsequent periods, intangible assets acquired in a business combination are measured at cost less any accumulated amortization and any accumulated impairment losses, in the same way as individually acquired intangible assets.

**Other intangible assets acquired separately**

Intangible assets with a definite useful life acquired separately, i.e. not as part of a business combination, are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to expense on a straight-line basis over the expected useful life. The expected useful life and the amortization method are reviewed at each balance sheet date and any changes in estimates are accounted for prospectively.

Separately acquired intangible assets with an indefinite useful life are carried at cost less any accumulated impairment losses.

**Internally generated intangible assets**

Internally generated intangible assets are capitalized at cost.

Research and development expenses must be separated to determine whether internally generated intangible assets can be capitalized. Expenditure on research activities, with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense in the period in which it is incurred.

The recognition of internally generated intangible assets requires cumulative fulfilment of the capitalization criteria of IAS 38: The technical feasibility of the development project and a future economic benefit from the development project must be demonstrated and the company must intend and be able to complete the intangible asset and use or sell it. Furthermore, adequate technical, financial and other resources must be available and the expenditure attributable to the intangible asset during its development must be reliably measurable.

The capitalized production costs comprise the costs directly attributable to the development process as well as development-related overheads. Borrowing costs that are directly attributable to the acquisition, construction or production of a so-called qualified asset must be capitalized as part of the cost of acquisition or production under IFRS. No qualifying assets were acquired or produced in the reporting period or in the comparable period for which capitalization of borrowing costs would be required.

If a useful life can be determined, these intangible assets are amortized on a straight-line basis over their respective useful economic lives.

The following useful lives were used as the basis for calculating depreciation:

	<b>Useful life in years</b>
Self-generated industrial property rights and similar right	1 to 10
Software	1 to 20
Concessions acquired for consideration, commercial property rights and similar rights and assets	1 to 20

#### **Impairment of intangible assets**

If there are indications of impairment and the carrying amount of intangible assets exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of fair value less costs to sell and value in use. If the reason for an existing impairment loss no longer exists, the impairment loss is reversed to amortized cost. Intangible assets with an indefinite useful life are tested for impairment once a year. In addition, a review is carried out in each period to determine whether the assessment of an indefinite useful life is still justified. For intangible assets that do not generate cash flows themselves, impairment testing is performed at the level of their cash-generating unit.

#### **Derecognition of intangible assets**

An intangible asset shall be derecognized on disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the income statement when the asset is derecognized. This is reported under other income or other expenses.



## 54.5. PROPERTY, PLANT AND EQUIPMENT

### Land and buildings and other tangible assets

Property, plant and equipment are measured at cost less accumulated depreciation, if the -assets are depreciable, and impairment losses.

The cost of an item of property, plant and equipment includes all costs directly attributable to the acquisition of the asset. Repairs and maintenance are recognized as expenses in the consolidated income statement in the financial year in which they are incurred. Internally generated assets are initially measured at directly attributable production costs and production-related overheads.

Scheduled depreciation is recorded in the consolidated income statement on a straight-line basis over the estimated useful life of the asset.

Land is not subject to scheduled depreciation.

Where significant parts of property, plant and equipment contain components with significantly different useful lives, these are recorded separately and depreciated over their respective useful lives.

Borrowing costs that are directly attributable to the acquisition, construction or production of a so-called qualified asset must be capitalized as part of the cost of acquisition or production under IFRS. No qualifying assets were acquired or manufactured in the reporting period or in the comparable period for which capitalization of borrowing costs would have been appropriate.

The residual values and useful lives are reviewed at each balance sheet date and adjusted if necessary. The economic useful lives are based on estimates and are largely based on experience in terms of historical use and technical development.

Gains and losses from the disposal of assets are determined as the difference between the proceeds from the sale and the carrying amount and are recognized in profit or loss.

The following useful lives were used as the basis for calculating depreciation:

	Useful life in years
Buildings	20 to 50
Technical equipment, machinery and vehicles	1 to 20
Operating and office equipment	1 to 13

### Impairment of property, plant and equipment

If there are indications of impairment and if the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of fair value less costs to sell and value in use. If the reason for an existing impairment loss ceases to apply, the impairment loss is reversed to amortized cost. Property, plant and equipment that do not generate cash flows themselves are tested for impairment at the level of their cash-generating unit.

### Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of the asset. The gain or loss arising from the sale or retirement of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognized in profit or loss.

## 54.6. LEASING

### Accounting policies effective from 1 January 2019

IFRS 16 contains a comprehensive model for identifying lease agreements and for accounting by the lessor and lessee. IFRS 16 is generally applicable to all leases. A lease as defined by the standards exists if the lessor contractually grants the lessee the right to control an identified asset for a specified period of time and the lessor receives consideration from the lessee in return.

For lessees, the previous distinction between rental leasing and finance leasing no longer applies. Instead, the lessee must in future recognize the right of use of a leased asset (so-called "right-of-use asset" or "RoU asset") and a corresponding lease liability for all leases. The only exceptions to this rule are short-term leases and leases for low-value assets, for which payments are recognized as expenses in the income statement on a straight-line basis over the term of the lease. Mutares takes advantage of these practical simplifications. A value limit of EUR 5,000 is applied to low-value assets.

The amount of the RoU asset at the date of addition is equal to the amount of the lease liability plus any initial direct costs of the lessee. In subsequent periods, the RoU asset (with two exceptions) is measured at amortized cost and depreciated using the straight-line method until the earlier of the end of the useful life of the leased asset or the end of the lease term.

The lease liability is measured as the present value of the valuation-relevant lease payments made during the term of the lease. The incremental borrowing rate is regularly used for discounting purposes, as the interest rate on which the lease is based is generally not known. The incremental borrowing rate is

determined for each lease in a manner equivalent to the term of the lease and is risk-equivalent for each country and currency. Subsequently, the carrying amount of the lease liability is compounded using the interest rate used for discounting and reduced by the lease payments made. Changes in the lease payments generally lead to a revaluation of the lease liability against the corresponding right of use without affecting income.

Mutarens has also decided to apply IFRS 16 to other intangible assets. Leasing and service components are not presented separately at Mutarens.

For lessors, on the other hand, the accounting treatment known under IAS 17 "Leases" with a distinction between finance and operating leases remains unchanged. The catalogue of criteria for the assessment of a finance lease was taken over unchanged from IAS 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise it is classified as an operating lease. If Mutarens acts as lessor under a finance lease, a receivable in the amount of the net investment in the lease is recognized. In the case of an operating lease, Mutarens recognizes the leased asset as an asset under property, plant and equipment. It is measured at amortized cost. The following useful lives were used as the basis for calculating depreciation:

	<b>Useful life in years</b>
Buildings	20 to 50
Technical equipment, machinery and vehicles	1 to 20
Operating and office equipment	1 to 13

Rental income is recognized in the income statement on a straight-line basis over the lease term and reported under other income. As a lessor, Mutarens essentially only enters into leases that are classified as operating leases.

For information on the discretionary decisions and estimates made in connection with leases, particularly with regard to determining the lease term and the marginal interest rate on debt, please refer to Note 3.

#### **Accounting policies in force before 1 January 2019**

In accordance with IAS 17, a lease was an agreement under which the lessor conveys to the lessee the right to use an asset for an agreed period in return for a payment or series of payments.

Leases are classified as finance leases if the lease conditions transfer substantially all risks and rewards incidental to ownership to the lessee. Fixed assets that were rented or leased and for which the Group company in question was the beneficial owner ("finance lease") were capitalized at the beginning of the contract at the lower of fair value or the present value of the future lease payments. Correspondingly, liabilities in the same amount to the lessor were recorded in the balance sheet under "Other non-current and current financial liabilities / financial liabilities". The interest rate underlying the agreement or - if not available - the marginal refinancing rate was used to determine the present value. The depreciation of these assets and the reversal of the liability were carried out over the term of the agreement. If the useful life of the assets was shorter than the term of the agreement, this was decisive for determining the depreciation period. While the leased asset was depreciated on a straight-line basis over the term of the lease agreement, the related lease liability was amortized on a progressive basis using the effective interest method. This resulted in a difference between the lease obligation and the carrying amount of the leased asset over the term of the lease. The Mutarens companies entered into finance leases primarily as lessees.

All other significant leases were classified as operating leases.

Lease payments under an operating lease are recognized as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit to the lessee.

#### 54.7. COST OF DEBT

Borrowing costs directly related to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that require a substantial period of time to be brought into their intended use or saleable condition.

Income generated from the investment of specially borrowed capital up to the time of its issuance for qualifying assets is deducted from the capitalizable borrowing costs.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 54.8. ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if the associated carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only deemed to be met if the non-current asset or disposal group is immediately available for sale in its present condition and the sale is highly probable. The management must have committed itself to a sale. It must be assumed that the sale will be completed within one year of such classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their original carrying amount and fair value less costs to sell.

In the event that the Group has committed to a disposal involving a loss of control over a subsidiary, all assets and liabilities of this subsidiary are classified as held for sale if the above conditions are met. This applies regardless of whether or not the Group retains a non-controlling interest in the former subsidiary after the sale.

#### 54.9. INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Acquisition costs for raw materials and supplies are determined using the moving average. Additional incidental acquisition costs are taken into account. Work in progress and internally produced finished goods are measured at cost. In addition to the material, production and special direct production costs, the production costs also include appropriate portions of the overheads attributable to production and production-related depreciation.

Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 54.10. FINANCIAL INSTRUMENTS

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with IFRS, they may include non-derivative financial instruments such as trade receivables and payables, as well as derivative financial instruments.

Financial assets and financial liabilities are initially recognized at fair value, which generally corresponds to the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument are only included in the carrying amount if the corresponding financial instrument is not measured at fair value through profit or loss. In the case of trade receivables, the transaction price is determined in accordance with IFRS 15. Subsequent measurement depends on the classification of the financial instruments.

Regular way purchases or sales of financial assets are generally recognized on the trade date.

### 54.11. FINANCIAL ASSETS

Financial assets include in particular:

- Trade receivables and other receivables,
- Other financial assets and
- Cash and cash equivalents

Financial assets with a term of more than twelve months are reported under non-current financial assets.

The classification of financial assets depends on the underlying business model and the so-called cash flow criterion, according to which the contractual cash flows of a financial asset may consist exclusively of interest and repayment of the outstanding principal amount of the financial instrument. The cash flow criterion is always examined at the level of the individual financial instrument. The assessment of the business model relates to the question of how financial assets are managed to generate cash flows. The management can either aim to hold, sell or a combination of both.

The Company classifies financial assets into one of the following categories:

- Financial assets measured at amortized cost (debt instruments)
- Financial assets measured at fair value with no effect on income with recycling (debt instruments)
- Financial assets at fair value through profit or loss

#### Financial assets measured at amortized cost (debt instruments)

The most significant category of financial assets for Mutares is the category of assets measured at amortized cost in relation to debt instruments. They are measured at amortized cost if the following two criteria are met:

- The business model for managing these financial instruments is geared towards holding them in order to generate the underlying contractual cash flows and
- the contractual cash flows generated from this consist exclusively of interest and repayment of the outstanding principal.

Subsequent measurement of these financial assets is carried out using the effective interest method and is subject to the provisions for impairment in accordance with IFRS 9.5.5 et seq. The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition, less repayments, plus cumulative amortization using the effective interest method, adjusted for impairment. At Mutares, trade receivables, other assets and bank balances are mainly subject to this category.

Trade receivables that are sold under a factoring agreement without the receivables being derecognized as part of the sale of receivables are still assigned by Mutares to the “hold” business model and thus to the category “amortized cost”. Mutares defines the sale as an actual sale which also leads to a disposal in the balance sheet. According to Mutares’ interpretation, a purely legal sale without a disposal does not constitute a business model of sale within the meaning of IFRS 9. Receivables portfolios that are generally subject to the option of factoring with disposal of the corresponding receivables are allocated to the “hold and sell” category and measured at fair value (FVOCI) with no effect on income.

#### Financial assets measured at fair value with recycling not affecting income (debt instruments)

The valuation with recycling at fair value with no effect on profit or loss for debt instruments is performed if the following two criteria are met:

- The business model for managing these financial instruments is based on holding them in order to generate the underlying contractual cash flows, and is also geared towards selling them.
- The contractual cash flows generated from this consist exclusively of interest and repayment of the outstanding principal.

For these financial assets, interest, foreign currency valuation effects and expenses and income in connection with impairments are recognized in the income statement. The remaining changes are recognized in other comprehensive income and reclassified to profit or loss on disposal (recycling).

In the case of Mutares, this valuation is mainly based on receivables in connection with a factoring agreement with disposal of the corresponding receivables.

#### Financial assets at fair value through profit or loss

This category includes financial assets held for trading, financial instruments using the fair value option and financial assets for which measurement at fair value is mandatory. A trading purpose exists if a short-term purchase or sale is intended. Derivatives that are not part of a hedging relationship are always held for trading purposes. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, irrespective of the underlying business model. The same measurement applies to financial instruments that are subject to a “sell” business model.

#### The fair value option for financial assets is not used.

At Mutares, derivatives that are not part of a hedging relationship and securities are essentially subject to this valuation.

Any changes in the fair value of these instruments are recognized in profit or loss.

**Financial assets measured at fair value with no effect on income without recycling (equity instruments)**

On initial recognition of an equity instrument, Mutares has the irrevocable option to measure it at fair value with no effect on profit or loss. The prerequisite is that it is an equity instrument in accordance with IAS 32 that is not held for trading and that it is not a contingent consideration as defined by IFRS 3. The option can be exercised separately for each equity instrument.

Mutares does not exercise the option and measures all equity instruments at fair value through profit or loss.

**Impairment of financial assets**

Financial assets (with the exception of financial assets at fair value through profit or loss and equity instruments at fair value through equity), contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model as defined in IFRS 9.5.5, under which Mutares recognizes an impairment loss for these assets based on the expected credit losses. Expected credit losses are the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate. The expected cash flows also include proceeds from hedge sales and other loan collateral that is an integral part of the respective contract.

Expected credit losses are recorded in three stages. For financial assets for which there has been no significant increase in default risk since initial recognition, the impairment loss is measured in the amount of the expected 12-month credit loss (level 1). In the event of a significant increase in the default risk, the expected credit loss is calculated for the remaining term of the asset (level 2). Mutares generally assumes that there is a significant increase in credit risk if the asset is 30 days past due. This principle can be rebutted if, in a given case, reliable and justifiable information indicates that the credit risk has not increased. If there is objective evidence of impairment, the underlying assets are to be allocated to Level 3.

The relevant class of assets for Mutares for the purpose of applying the impairment model are trade receivables and contract assets. For these Mutares applies the simplified approach in accordance with IFRS 9.5.15. Under this approach, the impairment is always measured in the amount of the expected credit losses over the term.

For financial assets that are measured at fair value as a debt instrument and not at fair value through profit or loss, Mutares considers all reasonable and reliable information available without undue cost or time to verify a potentially significant increase in expected credit risk. For this purpose, the associated default risk is mainly used. Rating information is used for the default risk. Mutares only holds instruments for which a low default risk exists.

For the remaining assets that are within the scope of the amended impairment model of IFRS 9 and which are subject to the general approach, financial assets are grouped together on the basis of common credit risk characteristics or individual default information is used to measure expected losses. In all cases, the basis of calculation is the current probability of default on the respective reporting date.

Mutares generally assumes a default if contractual payments are more than 90 days overdue. In addition, in individual cases, internal or external information is also used which indicates that the contractual payments cannot be made in full. Financial assets are derecognized if there is no reasonable expectation of future payments.

**54.12. DERIVATIVES AND HEDGING RELATIONSHIPS**

Within the Group, derivative financial instruments are used to manage risks from interest rate fluctuations. Derivative financial instruments are initially recognized as financial assets or liabilities at fair value in the category of financial assets at fair value through profit or loss or financial liabilities at fair value through profit or loss.

Allocable transaction costs are recognized in the income statement in the period in which they are incurred. With the exception of derivatives designated as cash flow hedges, all derivatives are measured at fair value through profit or loss. They are reported in the consolidated balance sheet under "other financial assets" or "other financial liabilities".

The Group does not currently apply hedge accounting.

**54.13. FINANCIAL LIABILITIES**

Financial liabilities regularly give rise to a claim for return in cash and cash equivalents or another financial asset. These include in particular bonds and other securitized liabilities, trade payables, liabilities to banks and derivative financial instruments.

For the initial measurement of financial liabilities, please refer to the description of financial assets. Financial liabilities are generally measured at amortized cost using the effective interest method (FLAC).

The category of financial liabilities measured at fair value through profit or loss (FLtPL) includes all financial liabilities held for trading, derivative instruments unless they are part of a hedging relationship, and financial instruments for which the fair value option has been exercised. This measurement category includes contingent consideration in connection with business combinations.



Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The fair value option for financial liabilities according to IFRS 9 is not used.

#### **54.14. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

Financial instruments are derecognized when the rights to payments have expired or have been transferred and the Group transfers substantially all risks and rewards of ownership.

Financial assets and liabilities are only offset if there is a right to offset the net amount at that time.

#### **54.15. EQUITY**

Equity is defined as cash and non-cash contributions that give rise to a residual interest in the assets of an entity after deducting all related liabilities. The development of equity for the financial years 2019 and 2018 is shown in the consolidated statement of changes in equity.

Mutares SE & Co. KGaA accounts for acquired treasury shares using the par value method, under which the nominal amount of acquired treasury shares is deducted from the subscribed capital. In addition, any excess acquisition cost reduces the retained earnings of Mutares SE & Co. KGaA.

#### **54.16. SHARE-BASED PAYMENTS**

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument on the grant date. The market-related performance condition relating to the share price is included in the calculation of the fair value.

Further information on share-based payments in the Mutares Group is presented in note 32 "Conditional capital and share-based payment".

#### **54.17. EMPLOYEE BENEFITS**

In the case of defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, whereby an actuarial valuation is performed on each balance sheet date. Revaluations consisting of actuarial gains and losses, changes resulting from the application of the asset ceiling and the return on plan assets (excluding interest on net debt) are recognized directly in other comprehensive income and are therefore included directly in the consolidated balance sheet. The revaluations recognized in other comprehensive income are part of retained earnings and are no longer reclassified to the consolidated income statement. After service costs to be offset, they are recognized as an expense when the plan change occurs.

The net interest is calculated by multiplying the discount rate by the net liability (pension obligation less plan assets) or the net asset value, which, if the plan assets exceed the pension obligation, is calculated at the beginning of the financial year. The defined benefit costs include the following components:

- Service cost (including current service cost, net of past service cost and any gains or losses arising from plan amendments or -shortening)
- Net interest expense or income on the net liability or asset
- Revaluation of the net liability or asset

The Group reports the first two components in the consolidated income statement. Gains or losses from plan curtailments are recognized as past service cost.

The defined benefit obligation recognized in the consolidated balance sheet represents the current underfunding or overfunding of the Group's defined benefit plans. Any overfunding resulting from this calculation is limited to the present value of future economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments for defined contribution plans are recognized as an expense when the employees have rendered the service that entitles them to the contributions.

For short-term employee benefits (wages, sick pay, bonuses, etc.), the undiscounted amount of the benefit that is expected to be paid in exchange for the service rendered is recognized in the period in which the employees render the service.

The expected cost of short-term employee benefits in the form of compensated absences shall be recognized, in the case of accumulating entitlements, when the work services that increase employees' entitlement to paid future absences are performed. In the case of non-accumulating absences, however, they are recognized when the absence occurs.

All personnel-related obligations that cannot be allocated to pension provisions or accruals for personnel-related obligations (personnel-related liabilities such as those for unpaid vacation or overtime and outstanding wages and salaries) are recorded in other personnel-related provisions. These include, for example, obligations for employee bonuses or for employee anniversaries.

A liability for termination benefits is recognized when the Group can no longer withdraw the offer of such benefits or, if earlier, the Group has recognized related restructuring costs (see note 54.18).

#### **54.18. OTHER PROVISIONS AND CONTINGENT LIABILITIES**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the provision.

The amount recognized as a provision is the best estimate at the balance sheet date of the expenditure required to settle the present obligation. In doing so, risks and uncertainties inherent in the obligation must be taken into account.

If a provision is measured on the basis of the estimated cash flows required to settle the obligation, these cash flows are discounted if the interest effect is material.

If it can be assumed that part or all of the economic benefit required to settle the provision will be reimbursed by an external third party, the reimbursement claim is capitalized as an asset if the reimbursement is virtually certain and its amount can be reliably estimated.

The following section describes special circumstances in the accounting for other provisions:

#### **Process costs**

The companies of the Mutares Group may be plaintiffs or defendants in lawsuits and other proceedings within the scope of their business activities. If the general recognition criteria are met, a provision is recognized for the best estimate of the cash flows expected to be required to settle the obligation and is reported under other provisions. In cases where the general recognition criteria are not met, the existence of a contingent liability is assessed and disclosed in the notes to the consolidated financial statements.

#### **Warranties**

Provisions for expected expenses arising from warranty obligations are recognized at the time of sale of the products concerned, based on management's best estimate of the expenditure required to meet the Group's obligation.

#### **Restructuring**

A provision for restructuring expenses is recognized when the Group has prepared a detailed formal restructuring plan which, by starting to implement the plan or announcing its main elements, has raised a valid expectation in those affected that the restructuring measures will be carried out. In measuring a restructuring provision, only the direct expenditures for the restructuring are included. Therefore, only the amounts relating to the restructuring are included in the measurement of a restructuring provision and are not related to the continuing operations of the company. For liabilities from the termination of employment relationships, we refer to note 54.17.

#### **Impending losses**

Current obligations arising in connection with onerous contracts are recognized as provisions. The existence of an onerous contract is presumed when the Group is a party to a contract where the unavoidable costs of fulfilling the contract are expected to exceed the economic benefits received under the contract.

#### **Contingent liabilities**

A contingent liability is a possible obligation that arises from the occurrence or non-occurrence of uncertain future events and whose amount cannot be estimated with sufficient reliability. Contingent liabilities are not recognized as liabilities, but trigger disclosure requirements in the notes to the consolidated financial statements. Contingent liabilities assumed in the context of company acquisitions, on the other hand, are carried as liabilities.

**54.19. GOVERNMENT GRANTS**

Government grants, including non-monetary grants at fair value, are recognized only when there is reasonable assurance that

- the entity will comply with the conditions attached thereto, and that
- the grants are awarded.

Grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants received to compensate for expenses already incurred are recognized in income in the period in which the expenses are incurred.

**Approval of the financial statements**

The degree was awarded at the 8 April 2020. The financial statements were approved and released for publication by the Management Board of Mutares Management SE as general partner of Mutares SE & Co KGaA on 8 April 2020.

Munich, the 8 April 2020

Mutares Management SE,

General partner of Mutares SE & Co. KGaA

The Management Board

Mutares AG  
Robin Laik

Mutares AG  
Mark Friedrich

Mutares AG  
Dr. Kristian Schleede

Mutares AG  
Johannes Laumann

**Annex 1: Consolidated Group and list of shareholdings**

	Registered office	Share in equity in % 31. Dec. 2019	Share in equity in % 31. Dec. 2018
<b>Direct equity investments: intermediate holdings</b>			
Mutares Automobilguss AG i.L. <sup>1</sup>	Munich	-	100
Mutares Holding-02 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-03 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-06 GmbH <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-07 GmbH <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-08 AG i.L. <sup>1</sup>	Bad Wiessee	-	100
Mutares Holding-09 AG i.L. <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding- <sup>10</sup> GmbH i.L. (previously: Mutares Holding-10 AG) <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-11 AG i.L. <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-13 AG i.L. <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-14 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-15 GmbH <sup>1</sup>	Bad Wiessee	100	100
STS Group AG <sup>1</sup>	Hallbergmoos	65	65
Mutares Holding-19 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-20 AG i.L. <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-21 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-22 AG <sup>1</sup>	Bad Wiessee	-	100
Mutares Holding- <sup>23</sup> GmbH (previously: Mutares Holding-23 AG) <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-24 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-25 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding- <sup>26</sup> GmbH (previously: Mutares Holding-26 AG) <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-27 AG <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding- <sup>28</sup> GmbH (previously: Mutares Holding-28 AG) <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding- <sup>29</sup> GmbH (previously: Mutares Holding-29 AG) <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-30 AG i.L. <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding-31 GmbH <sup>1</sup>	Bad Wiessee	100	100
Mutares Holding- <sup>32</sup> GmbH (previously: Blitz 19-335 GmbH) <sup>1</sup>	Bad Wiessee	100	-
Donges Envelope GmbH <sup>1</sup>	Darmstadt	100	-
Donges Vorrats GmbH <sup>1</sup>	Darmstadt	100	-
Mutares Management SE (previously: Blitz 18-761 SE) <sup>6</sup>	Munich	30	-
<b>National subsidiaries</b>			
Mutares France S.A.S. <sup>1</sup>	Paris/FR	100	100
Mutares Italy S.r.l. <sup>1</sup>	Turin/IT	100	100
Mutares UK Ltd. <sup>1</sup>	London/UK	100	100
Mutares Nordics Oy <sup>1</sup>	Vantaa/FI	100	-
<b>Indirect equity investments: operating entities/sub-groups</b>			
<b>STS Group</b>			
STS Acoustics S.p.A. <sup>1</sup>	Turin/IT	100	100
STS Real Estate S.r.l. <sup>1</sup>	Turin/IT	100	100
STS Acoustics Poland sp. z o.o. <sup>1</sup>	Miedzyszec/PL	100	100
STS Plastics S.A.S. <sup>1</sup>	Saint-Désirat/FR	100	100
STS Plastics Holding S.A.S. <sup>1</sup>	Saint-Désirat/FR	100	100
STS MCR Holding S.A.S. <sup>1</sup>	Tournon-sur-Rhône/FR	100	100
STS Composites France S.A.S. <sup>1</sup>	Saint-Désirat/FR	100	100
MCR S.A.S. <sup>1</sup>	Tournon-sur-Rhône/FR	100	100
STS Composites Germany GmbH <sup>1</sup>	Kandel	100	100
Inoplast Trucks, S.A. de C.V. <sup>1</sup>	Ramos Arizpe/MX	100	100
STS Plastics Co. Ltd. <sup>1</sup>	Jiangyin/CN	100	100
STS Brazil Holding GmbH <sup>1</sup>	Munich	100	100
STS Brasil Fabricação de Autopeças Ltda. <sup>1</sup>	Betim/BR	100	100
STS Plastics (Shi Yan) Ltd. <sup>1</sup>	Shiyan/CN	100	100

	Registered office	Share in equity in % 31. Dec. 2019	Share in equity in % 31. Dec. 2018
<b>Elastomer Solutions Group</b>			
Elastomer Solutions GmbH <sup>1</sup>	Wiesbaum	100	100
DF Elastomer Solutions Lda <sup>1</sup>	Mindelo/PT	100	100
Elastomer Solutions s.r.o. <sup>1</sup>	Belusa/SK	100	100
Elastomer Solutions Maroc S.à.r.l. <sup>1</sup>	Freihandelszone Tanger/MA	100	100
Elastomer Solutions Mexico S. de R.L. de C.V. <sup>1</sup>	Fresnillo/MX	100	100
Elastomer Solutions SG GmbH <sup>1</sup>	Munich	-	100
<b>Plati Group</b>			
Plati Elettroforniture S.p.A. <sup>1</sup>	Madone/IT	80	-
Plati Logistics KFT i.L. <sup>1</sup>	Budapest/HU	100	-
Plati Ukraine Limited <sup>1</sup>	Wynohradiw/UA	100	-
Plati Polska Sp. z.o.o. <sup>1</sup>	Kwidzyn/PL	95	-
Plati Maroc Sarl i.L. <sup>1</sup>	Mohammedia/MA	90	-
<b>KICO Group</b>			
Blitz 19-116 GmbH <sup>1</sup>	Munich	100	-
Mesenhöller Verwaltungs-GmbH <sup>1</sup>	Halver	100	-
Kirchhoff GmbH & Co. KG <sup>1</sup>	Halver	100	-
Kirchhoff Immobilien GmbH & Co. KG <sup>1</sup>	Halver	100	-
KICO Kunststofftechnik GmbH <sup>1</sup>	Halver	100	-
KICO-Polska Sp. z.o.o. <sup>1</sup>	Swiebodzin/PL	100	-
KICO Sistemas Mexico S. de R.L. de C.V. <sup>1</sup>	Puebla/MX	100	-
<b>Balcke-Dürr Group</b>			
Balcke-Dürr GmbH <sup>1</sup>	Dusseldorf	100	100
STF Balcke-Dürr S.r.l. (previously: Balcke-Dürr italiana s.r.l.) <sup>7</sup>	Rom/IT	20	20
Balcke-Dürr Technologies India Private Ltd. <sup>2</sup>	Chennai/IN	100	100
Thermax SPX Energy Technologies Ltd. <sup>6</sup>	Pune/IN	-	49
Wuxi Balcke-Dürr Technologies Co., Ltd. <sup>1</sup>	Wuxi/CN	100	100
Balcke-Dürr Polska Sp. z.o.o. <sup>1</sup>	Warschau/PL	100	100
Balcke-Dürr Rothemühle GmbH <sup>1</sup>	Dusseldorf (previously: Frankfurt a. M.)	100	100
Balcke-Dürr Engineering Private Ltd. <sup>2</sup>	Chennai/IN	100	100
Balcke-Dürr Nuklearservice GmbH <sup>1</sup>	Düsseldorf	100	100
Balcke-Dürr Torino Srl (previously: STF Balcke-Dürr S.r.l.) <sup>1</sup>	Turin/IT	100	100
STF Balcke-Dürr France <sup>2</sup>	St. Dizier/FR	100	100
La Meusienne S.A.S. <sup>1</sup>	Ancerville/FR	100	100
<b>Donges Group</b>			
Donges SteelTec GmbH <sup>1</sup>	Darmstadt	100	100
Kalzip GmbH <sup>1</sup>	Koblenz	100	100
Kalzip Aluminium Verwaltungsgesellschaft mbH <sup>1</sup>	Koblenz	-	100
Kalzip France S.A.S. <sup>1</sup>	Ancerville/FR	100	100
Kalzip FZE <sup>1</sup>	Dubai/AE	100	100
Kalzip Ltd. <sup>1</sup>	Haydock/UK	100	100
Kalzip India Private Ltd. <sup>1</sup>	Gurgaon/IN	100	100
Kalzip s.l.u. <sup>1</sup>	Madrid/ES	100	100
Kalzip Italy s.r.l. i.L. <sup>1</sup>	Gorgonzola/IT	-	100
Kalzip Asia PTE Ltd. <sup>1</sup>	Singapur/SG	100	100
Kalzip Inc. <sup>1</sup>	Michigan/US	100	100
BFS GmbH <sup>2</sup>	Mannheim	100	-
Donges Buildings GmbH <sup>1</sup>	Darmstadt	100	-
FDT Flachdach Technologie GmbH & Co. KG <sup>1</sup>	Manheim	100	-
FDT (cz) s.r.o. i.L. <sup>10</sup>	Praha/CZ	100	-
3T France Toiture Terrasse Technologie Sarl <sup>1</sup>	Osny/FR	100	-
FDT Flachdach Technologie S.A./N.V. <sup>1</sup>	Nivelles/BE	100	-
Norsilk S.A.S. <sup>1</sup>	Honfleur/FR	100	100



	Registered office	Share in equity in % 31. Dec. 2019	Share in equity in % 31. Dec. 2018
Donges Teräs Oy <sup>1</sup>	Vantaa/FI	100	-
Normek Oy <sup>1</sup>	Vantaa/FI	100	-
Normek Sverige AB <sup>1</sup>	Saltsjö-Boo/SE	100	-
Kiinteistö Oy Normek Karvia i.L. <sup>1</sup>	Vantaa/FI	100	-
Kiinteistö Oy Alavuden Teollisuuspuisto <sup>1</sup>	Alavus/FI	100	-
Nippolas Oy i.L. <sup>1</sup>	Vantaa/FI	100	-
Fuldenas Oy i.L. <sup>1</sup>	Vantaa/FI	100	-
Normek Oü i.L. <sup>1</sup>	Tallinn/EE	100	-
<b>Gemini Rail Group</b>			
Gemini Rail Holdings UK Ltd. <sup>1</sup>	Birmingham/UK	100	100
Gemini Rail Technology UK Ltd. <sup>1</sup>	Birmingham/UK	100	100
Gemini Rail Services UK Ltd. <sup>1</sup>	Wolverton/UK	100	100
<b>keeper Group</b>			
keeper GmbH <sup>1</sup>	Stemwede	100	-
keeper Sp.z o.o. <sup>1</sup>	Bydgoszcz/PL	100	-
keeper S.A. <sup>1</sup>	Fleurus/BE	100	-
keeper Tableware GmbH (previously: Blitz 19-672 GmbH) <sup>1</sup>	München	100	-
<b>Other</b>			
Cenpa S.A.S. <sup>1</sup>	Schweighouse/FR	100	100
Eupec Pipecoatings France S.A.S. <sup>1</sup>	Gravelines/FR	100	100
KLANN Packaging GmbH <sup>1</sup>	Landshut	100	100
TréfilUnion S.A.S. <sup>1</sup>	Commercy/FR	100	-
BEXity GmbH (previously: AE BG BetaBeta Holding GmbH) <sup>1</sup>	Wien/AU	100	-
European Central Logistics s.r.o. <sup>1</sup>	Hradec Kralove/CZ	100	-
Pixmania S.A.S. i.L. <sup>5</sup>	Asnières-sur-Seine/FR	100	100
Pixmania SRO i.L. <sup>5</sup>	Brno/CZ	100	100
Platinum GmbH i.L. <sup>3</sup>	Wangen im Allgäu	100	100
E-Merchant S.A.S i.L. <sup>5</sup>	Asnières-sur-Seine/FR	100	100
Zanders-Abwicklungs GmbH (previously: Zanders GmbH) <sup>9</sup>	Bergisch Gladbach	95	95
BGE Eisenbahn Güterverkehr GmbH i.L. <sup>9</sup>	Bergisch Gladbach	100	100
Zanders Paper UK Ltd. <sup>9</sup>	Elstree/UK	-	100
Artmadis S.A.S. i.L. <sup>8</sup>	Wasquehal/FR	100	100
Cofistock S.à.r.l. <sup>8</sup>	Wasquehal/FR	100	100
Cogemag S.A.S. i.L. <sup>8</sup>	Croix/FR	100	100
Castelli S.r.l. i.L. <sup>4</sup>	San Giovanni in Persiceto/IT	-	100

<sup>1</sup> Included in consolidation as the requirements of IFRS 10.7 have been met.

<sup>2</sup> In accordance with the principle of materiality, no inclusion was made (cf. IAS 1.29 et seq.), as the subsidiary is of minor importance for the obligation to provide a true and fair view of the Group's net assets, financial position and results of operations. Together, the subsidiaries that are not included are also of minor importance. Inclusion would only result in an insignificant improvement in information.

<sup>3</sup> The company filed for insolvency proceedings in 2014. With reference to IFRS 10.7, it is not included in the consolidated financial statements.

<sup>4</sup> The company filed for insolvency proceedings in 2013 and is currently in liquidation. With reference to IFRS 10.7, it is not included in the consolidated financial statements.

<sup>5</sup> The company filed for insolvency in 2015 and is in liquidation, as are its subsidiaries. With reference to IFRS 10.7, it is not included in the consolidated financial statements.

<sup>6</sup> In accordance with the principle of materiality, the investment is not treated as an associated company because it is not material for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group.

<sup>7</sup> Originally, Mutares Holding 24-AG and Balcke-Dürr GmbH were the legal owners of all shares in the company. By agreement dated 26 October 2017, both companies, as trustees, entered into a trust agreement with Schultze & Braun Vermögensverwaltung- und Treuhandgesellschaft mbH as trustee. In the trust agreement, the trustees undertook to transfer their shares in the company to the trustee. The trustee in turn undertook to hold these shares in trust for the trustees until further notice. The trustee serves as collateral for guarantee insurance contracts concluded by Balcke-Dürr GmbH with two insurance companies. The above-mentioned obligations of the trustees were fulfilled with the share sale agreement dated 26 October 2017, and the shares in the company were thus legally transferred to the trustee. As a result, the trustee became the sole legal owner of the shares in the company. The beneficial ownership, however, remained with the trustees as original shareholders. As the company is still controlled by Mutares, it is still included in the scope of consolidation.

<sup>8</sup> Artmadis SAS filed for bankruptcy in 2018 due to persistent financial difficulties and, like its subsidiaries Cofistock and Cogemag, is in liquidation. Artmadis Belgium and Artmadis Hong Kong were sold in the financial year 2018. Consequently, all five companies were deconsolidated in 2018.

<sup>9</sup> In June 2018, in view of the threat of insolvency, the management filed an application for the opening of insolvency proceedings and planned to continue the restructuring process in the context of a self-administration procedure. The company and its subsidiary were deconsolidated as of 30 Jun 2018 due to the resulting loss of control. The court finally opened insolvency proceedings in the regular proceedings for the assets of the company with a decision dated 1 September 2018.

<sup>10</sup> The company is currently in liquidation. In accordance with IFRS 10.7, the company is not included in the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

To Mutares SE & Co. KGaA, Munich

## Audit opinions

We have audited the consolidated financial statements Mutares of SE & Co. KGaA, Munich and its subsidiaries (the Group), comprising the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the Group management report of Mutares SE & Co. KGaA, Munich for the financial year from 1 January to 31 December 2019.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, give a true and fair view of the Group's net assets and financial position as of 31 December 2019, and of its results of operations for the financial year from 1 January to 31 December 2019, and
- the attached Group management report as a whole presents an accurate view of the Group's position. The Group management report is consistent with the consolidated financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the consolidated financial statements or the Group management report.

## Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report" section of our auditor's report. We are independent of the consolidated companies in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the consolidated financial statements and the Group management report.

## Material uncertainty in connection with the continuation of the company's operations of two major subsidiaries

We refer to the presentations made by the legal representatives of the parent company in the notes to the consolidated financial statements under the section "Risk to the continued existence of subsidiaries" and in the Group management report under the section "Reports from portfolio companies" with regard to the facts threatening the continued existence of the two subsidiaries of STS Group AG, Hallbergmoos, and Kirchhoff GmbH & Co. KG, Halver. With respect to STS it outlines that in particular in connection with plant closures of car manufacturers as a result of the COVID-19 pandemic the continued existence of the subsidiary depends on the successful implementation of measures to secure liquidity (e.g. additional local financing supported by state, liquidity support from customers and legally permissible deferrals of payments and, if necessary, the injection of additional liquidity by the majority shareholder in exchange for assets). With regard to KICO it is explained that its continued existence depends on whether a state guarantee from the federal

state of North Rhine-Westphalia can be successfully obtained, as well as interim financing and, if necessary, equity capital contributions from the ultimate parent company. These events and circumstances indicate material uncertainties that could cast significant doubt on the ability of the two subsidiaries to continue their business operations and that could pose a risk to the continued existence of the subsidiaries. Our audit opinions have not been modified with respect to these matters.

## Other Information

The legal representatives are responsible for the other information. Other information comprises the other parts of the annual report, with the exception of the audited consolidated financial statements and Group management report and our auditor's report. Our audit opinions regarding the consolidated financial statements and the Group management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit of the consolidated financial statements, we have a responsibility to read the other information and to evaluate whether it

- exhibits material discrepancies with the consolidated financial statements, the Group management report or the knowledge we have obtained during our audit, or
- otherwise seems significantly incorrect.

## Responsibility of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for preparing the consolidated financial statements, which in all material respects comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless they intend to liquidate the Group or discontinue its business operations, or there is no realistic alternative.

Moreover, the legal representatives are responsible for preparing the Group management report, which as a whole provides an accurate view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a Group management report in compliance with applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

## Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an accurate view of the Group's position and is in all material respects consistent with the consolidated financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably

expected that they would individually or together influence the financial decisions made by users on the basis of the consolidated financial statements and Group management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risk of material misstatements, whether due to fraud or error, in the consolidated financial statements and the Group management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of the arrangements and measures relevant for the audit of the Group management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems.
- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.
- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the Group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the consolidated financial statements and in the Group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the Group is no longer a going concern.
- we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315a (1) HGB.
- we obtain sufficient appropriate audit evidence for the company's accounting information or business activities within the Group in order to provide audit opinions regarding the consolidated financial statements and the Group management report. We are responsible for directing, monitoring and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we evaluate the consistency of the Group management report with the consolidated financial statements, its legality and the view it gives of the position of the Group.
- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Munich, 8 April 2020

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

(Felix Mantke)  
German Public Auditor

(Katharina Haugg)  
German Public Auditor

## FINANCIAL CALENDAR 2020

<b>Date</b>	<b>Event</b>
9 April 2020	Publication of the Annual Report 2019 & conference call
14 May 2020	Press release for the 1st quarter 2020 & conference call
18 May 2020	Annual General Meeting
11 August 2020	Publication of the Half Year Report 2020 & Conference Call
10 November 2020	Press release for the 3rd quarter 2020 & conference call
16 to 18 November 2020	German Equity Forum



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