



MUTARES

Earnings call
Financial year 2019

9 April 2020

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Speakers
Management Board



Mark Friedrich
CFO



Johannes Laumann
CIO

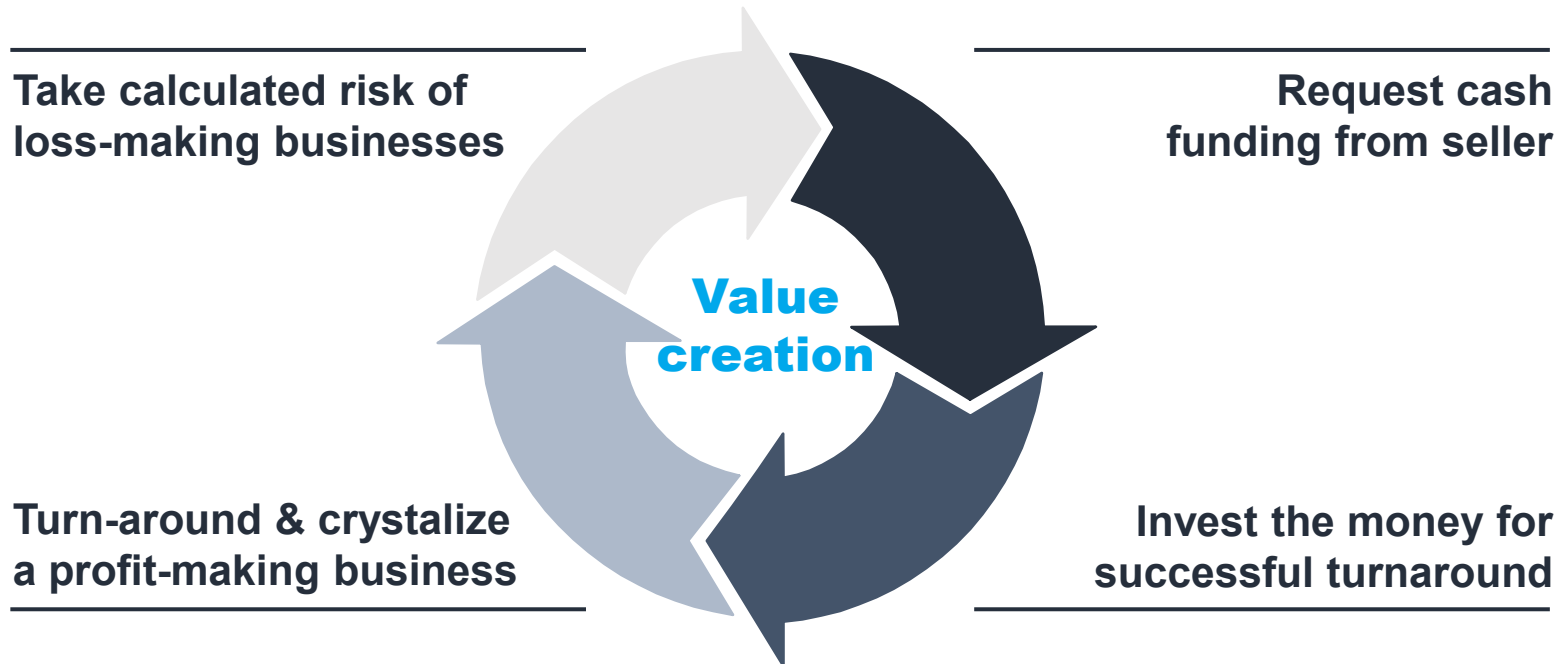
Agenda

- 1 Summary**
- 2 Financials**
- 3 Outlook**



Best in class turnaround investor achieves supreme value creation

We use our great team and its expertise to generate value creation



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

Mutare identifies and realizes hidden value potential

Operational approach as stable and recurring source of financing to holding

Value creation



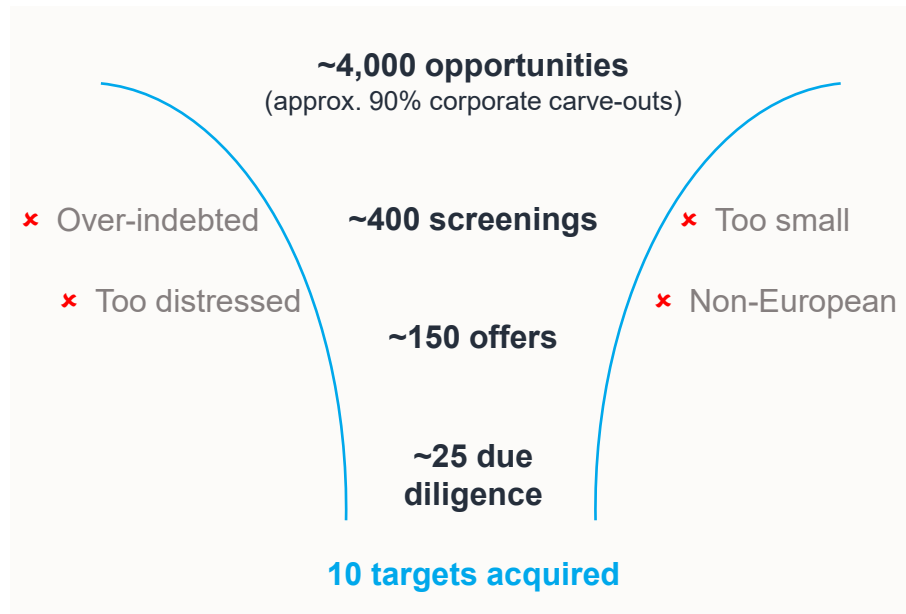
Total calculated net cash flows at holding level from investment activity over the last 5 years

ca. EUR 90 million

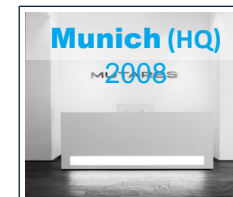
Mutarens unlocks hidden value creation opportunities

Six offices provide on the ground, sectoral expert insights

Acquisition pipeline 2019



Offices



Track record provides foundation for return outlook

Mutares realized cash returns on capital invested with Vintage¹⁾ portfolio above 5x ROIC

Category (Values in EURm except return multiples)	#	Investments (Initial + holding period)	Net proceeds (Consulting, dividends and (partial) exits)	Return on invested capital ²⁾ (x)	
Past investments	20	39.8	88.2	2.2x	
Current portfolio					
Vintage portfolio¹⁾	8	16.5	92.8	5.6x	<p>5.6x</p> <ul style="list-style-type: none"> Return multiple of 5.6x already realised on Vintage portfolio without full exits Substantial return improvement versus exited investments underline Mutares' ability to learn from past experience and improve investment & turnaround approach
Portfolio outlook	14	20.9	100-200	5-10x	<p>5-10x</p> <ul style="list-style-type: none"> Return multiple target led by the upgraded investment strategy Profitable holding period is targeted with superior returns to Shareholders; leading position in Private Equity Industry

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

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

Record figures in financial year 2019

Revenues exceeding one billion-euro, profitability increased

Revenues EUR	EBITDA EUR	Adj. EBITDA EUR	Cash & equivalents EUR	Equity ratio %
1,015.9m	79.2m	7.5m	79.7m	24.5%
FY2018 865.1m	FY2018 49.1m	FY2018 4.5m	FY2018 108.1m	FY2018 33.0%











Major development of Mutares Group in 2019

A record number of acquisitions and achievement of sustainable operational progress

- **Transactions:** Ten acquisitions in FY 2019 represent substantial potential for future dividend capacity and further growth through buy-and-build
- **Operational progress:**
 - ▮ Successful development of Donges Group, first synergies already materialized
 - ▮ Balcke-Dürr Group with successful separation of “Rothemühle” Business
 - ▮ Elastomer Group delivering sustainable results after challenges of FY2018
- **Adjusted EBITDA:** solid increase of Adjusted EBITDA from EUR 4.5m to EUR 7.5m mainly driven by Engineering & Technology and Elastomer Group
- **Attractive dividend to AGM proposed:** EUR 1.00/share (prior year EUR 1.00) confirming the target to sustain a high dividend capacity of Mutares, on comparable level of last two years

Ten acquisitions in 2019

Portfolio further enhanced with six new platforms and four add-ons

	Normek	FDT	Tréfil Union	Plati	keeper	KICO	Ruukki ¹	BEXity	Primo Tec ²	Metsä Tissue ³
Revenues 2019	EUR 46m	EUR 50m	EUR 29m	EUR 29m	EUR 59m	EUR 90m	EUR 130m	EUR 213m	EUR 120m	EUR 45m
Products	Roof and facade systems	Roofing membranes	Steel ropes and wires	Cable harnesses and connectors	Household plastic products	Safety, locking and joining systems	Steel construction solutions	Logistics and warehousing services	Powertrain components	Tissue paper
Seller	Fund and private persons	Private person	Arcelor Mittal Europe	Deren Group	Wrede Holding	Family	SSAB Group	ÖBB	Tekfor Global Holdings	Metsä Tissue Corporation
Type	Add-on to	Add-on to	Platform	Platform	Platform	Platform	Add-on to	Platform	Platform	Add-on to
Portfolio										
Segment	Engineering & Technology	Engineering & Technology	Goods & Services	Automotive & Mobility	Goods & Services	Automotive & Mobility	Engineering & Technology	Goods & Services	Automotive & Mobility	Goods & Services



1) Closing expected end of April / May 2020

2) Closing as of 31 January 2020

3) Closing as of 29 February 2020

Mutares keeps up pace with already two acquisitions in 2020

Portfolio further grows with one add-on and one new platform

	Loterios	Nexive ¹
Revenues	EUR 17m	EUR 230m
Products	Pressure components	Mail & parcel provider
Seller	Timet UK	PostNL
Type	Add-on to	Platform
Portfolio		
Segment	Engineering & Technology	Goods & Services

1) Majority shareholder with 80%, signed in Feb 2020, closing expected in Q2/3 2020

Consolidated Statement of Profit and Loss

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

mEUR	2019	2018
Revenues	1,015.9	865.1
+/- Change in inventories	-3.9	0.1
Other income	119.1	107.4
Cost of material	-622.6	-532.4
Personnel expenses	-291.8	-244.7
Other expenses	-137.5	-146.4
EBITDA	79.2	49.1
Adjusted EBITDA	7.5	4.5
Net income	16.7	12.0

Adjusted EBITDA

Solid Adjusted EBITDA growth shows restructuring progress in the Group

mEUR	2019	2018
EBITDA	79.2	49.1
Income from bargain purchases	-102.6	-32.3
Restructuring and other non-recurring expenses	31.0	28.6
Deconsolidation effects	0.0	-40.9
Adjusted EBITDA	7.5	4.5

- ▣ Reported EBITDA highly influenced by extraordinary effects related to transactions, restructuring and other one-off expenses. Therefore, Adjusted EBITDA as KPI adjusted for these one-off effects
- ▣ Three categories of adjustments:
 - Transaction related income (bargain purchases): mainly related to TréfilUnion (EUR 35m), keeper (EUR 28m) and BEXity (EUR 28m)
 - One-off restructuring and other non-recurring expenses: mainly for social plans (EUR 17m) and other restructuring and consulting expenses (EUR 5m)
 - Deconsolidation effects (i.e. gains/losses from disposals and deconsolidations)

Consolidated Balance Sheet

IFRS 16 and new acquisitions lead to increase in total assets

mEUR	2019	2018	mEUR	2019	2018
Intangible assets	58.7	41.4	Total equity	208.2	208.1
PP&E	176.4	133.3	Financial liabilities	117.7	24.8
Right of use assets	119.8	0.0	Provisions	99.5	60.3
Other	44.3	35.5	Other	18.2	8.0
Non-current assets	399.2	210.2	Non-current liab.	235.4	93.1
Inventories	134.0	100.8	Trade payables	157.7	110.9
Trade & other rec.	142.6	147.0	Other financial liab.	118.5	105.5
Cash & equivalents	79.7	108.1	Provisions	35.7	33.5
Other	93.0	64.7	Other	93.0	79.7
Current assets	449.3	420.6	Current liabilities	404.9	329.6
Total assets	848.5	630.8	Total equity & liab.	848.5	630.8

Segment financials (1/2)

Automotive & Mobility



- ▣ Increase in revenues due to the acquisition of new platform investments (Plati, KICO)
- ▣ EBITDA benefits from income from bargain purchases
- ▣ Decline in Adjusted EBITDA due to (business model driven) negative contributions of the new platform investments
- ▣ Downward trend in the automotive sector visible at STS; Elastomer with quite strong increase in profitability
- ▣ Challenging year 2020 due to plant closures in the European automotive industry

mEUR	2019	2018
Revenues	450.4	437.0
Cost of material	-262.0	-252.0
Personnel expenses	-130.6	-115.0
Other expenses	-62.2	-71.2
EBITDA	13.6	10.5
Adjusted EBITDA	15.6	17.6

Engineering & Technology



- ▣ Now the largest segment in the Group in terms of revenue: increase due to the full-year effect of Kalzip and Gemini (acquired in 2018) and the acquisition of the add-on acquisitions for Donges (Normek and FDT)
- ▣ Decline in EBITDA mainly due to lower income from bargain purchases than in previous year
- ▣ Positive influence of the successful execution of restructuring measures at Kalzip and Gemini on Adjusted EBITDA

mEUR	2019	2018
Revenues	482.0	298.6
Cost of material	-311.0	-190.8
Personnel expenses	-125.9	-82.3
Other expenses	-53.4	-46.7
EBITDA	-3,8	24.0
Adjusted EBITDA	4.7	-1.0

Segment financials (2/2)

Goods & Services

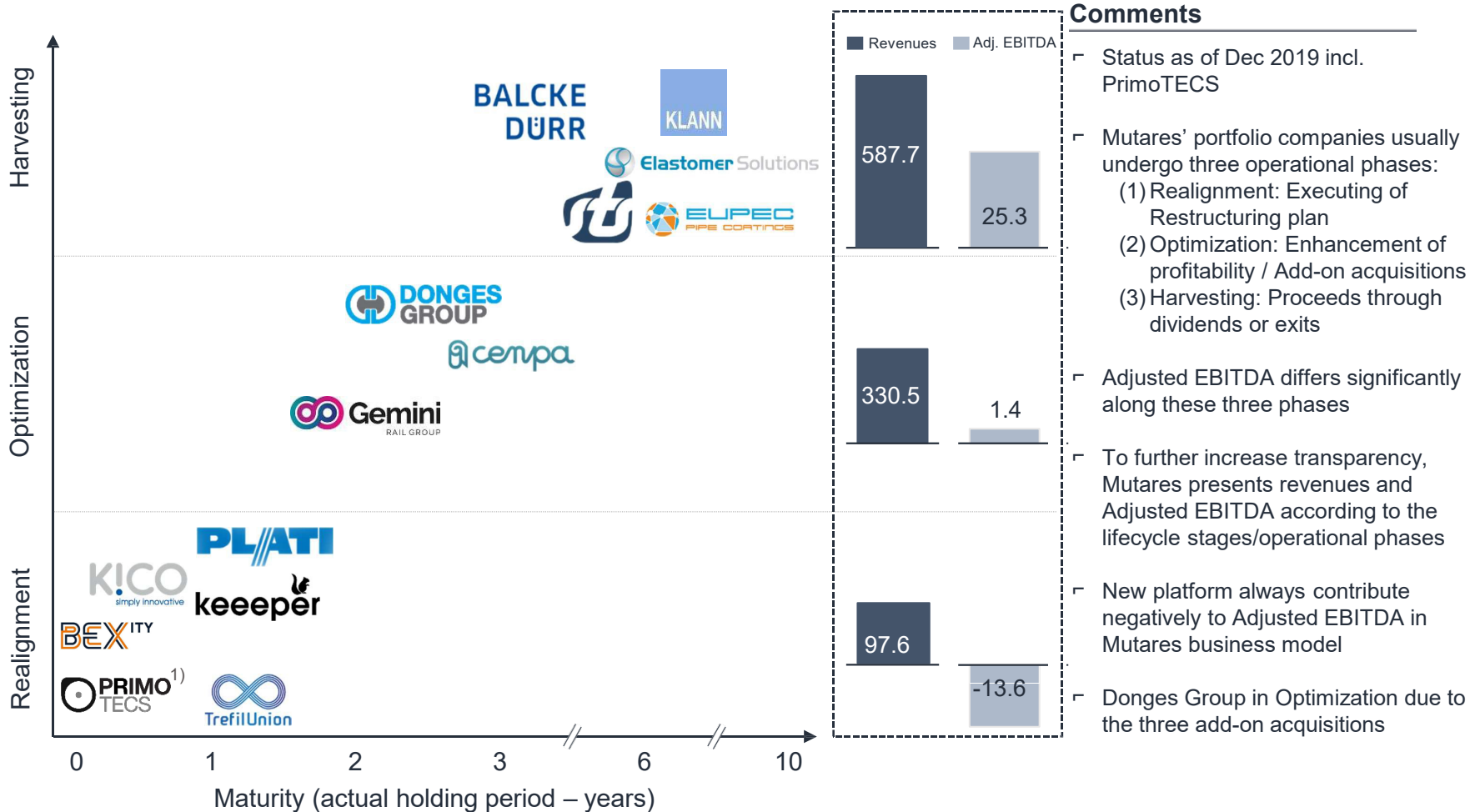


- ▣ Increase in revenues due to acquisition of new platform investments (TréfilUnion, keeper; BEXity without revenue contribution in FY 2019 due to closing at year end)
- ▣ EBITDA benefits from substantial income from bargain purchases
- ▣ Decline in Adjusted EBITDA due to still negative contributions of new platform investments
- ▣ Development of keeper Group, which achieved important milestones, very favorable; positive outlook with add-on acquisition from Metsä

mEUR	2019	2018
Revenues	83.5	48.7
Cost of material	-49.7	-26.7
Personnel expenses	-22.2	-11.3
Other expenses	-23.2	-8.6
EBITDA	79.5	2.9
Adjusted EBITDA	-7.3	3.3

Lifecycle Status

Well diversified portfolio along the lifecycle



1) The acquisition has been signed as of 31 Dec 2019 and was closed 31 Jan 2020

We will continue our path for sustainable growth...

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

**Challenging environment due to Corona-Virus-Pandemic,
expectation of more M&A activity in 2H/2020**

Already two transactions signed in 2020

**Targeted revenues (incl. expectations of potential acquisitions)
of > EUR 1.5b in 2020**

Sustain dividend capacity and attractive dividend policy

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Upcoming dates

Publication of Q1 information, **Investor Call**, 14 May 2020
Annual General Meeting, **Munich/Digital**, 18 May 2020
Publication of Q2 information, **Investor Call**, 11 August 2020
Publication of Q3 information, **Investor Call**, 10 Nov. 2020
Deutsches Eigenkapital Forum, **Frankfurt/M.**, 16-18 Nov. 2020