



MUTARES

Earnings call
2019Q1

Munich, 21 May 2019

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Speaker today

Member of the Executive Board



Mark Friedrich
CFO

Key Financial Data of 2019Q1

Decrease in revenues from portfolio effects, EBITDA break-even

Group Revenues EUR	Group EBITDA EUR	Group Adjusted EBITDA EUR	Group cash & equivalents EUR	Group equity ratio
203.3m	0.0m	-3.5m	85.4m	26%
2018Q1	2018Q1	2018Q1	31 December 2018	31 December 2018
228.9m	-3.4m	-0.5m	108.1m	33%

Highlights Q1/2019

Three acquisitions, thereof two completed add-ons for Donges Group

- **Operational progress:** Gemini Rail Group completed important milestone, Donges and Kalzip on track
- **New acquisitions:** One new platform (signed) for portfolio, two add-ons for Donges Group (completed)
- **Distribution of dividend for FY2018 proposed:** EUR 1.00 per share proposed to AGM with outlook to sustain high level of dividend capacity

Group Income Statement ¹⁾

Decrease in revenues from portfolio effects, EBITDA break-even

mEUR	2019Q1	2018Q1
Revenues	203.3	228.9
Change in inventories	5.8	0.2
Other income	6.1	5.8
Cost of material	-128.0	-140.9
Personnel expenses	-61.5	-61.6
Other expenses	-25.7	-35.7
EBITDA ²⁾	0.0	-3.4
Adjusted EBITDA	-3.5	-0.5

1) As majority shareholder, Mutares fully consolidates listed STS Group AG.

2) Following the new leasing requirements of IFRS 16, lease payments of EUR 2.8m are recorded below EBITDA in 2019Q1.

Adjusted EBITDA

Result as expected, negative impact from newly acquired companies

mEUR	2019Q1	2018Q1
EBITDA	0.0	-3.4
Income from bargain purchases	-4.1	0.0
Restructuring and other non-recurring expenses	0.6	2.9
Deconsolidation effects	0.0	0.0
Adjusted EBITDA	-3.5	-0.5

- ❏ 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
- ❏ Income from bargain purchases in 2019Q1 results from add-on acquisitions of Normek and FDT (both for Donges Group)¹⁾
- ❏ Restructuring and other non-recurring expenses related to these acquisitions expected for 2019Q2
- ❏ Acquisitions of 2018Q4 (Kalzip and Gemini) contributed still with operating losses of EUR -3.4m in 2019Q1 while restructuring expenses for these entities have been recorded in 2018Q4
- ❏ Result of Balcke-Duerr Group and Donges Group as expected

1) The purchase price allocations for Normek and FDT are preliminary and may change within the one-year period under IFRS 3.

Group Balance Sheet ¹⁾

Increase in total assets due to acquisitions and IFRS 16 accounting

mEUR	31/03/2019	31/12/2018
Intangible assets	51.8	41.4
PP&E	147.3	133.3
Right of Use Assets ²⁾	48.5	0.0
Other	43.1	35.2
Non-current assets	290.7	210.2
Inventories	120.2	100.8
Trade & other receivables	177.1	147.0
Cash & cash equivalents	85.4	108.1
Other	72.7	64.7
Current assets	455.5	420.6
Total assets	746.2	630.8

mEUR	31/03/2019	31/12/2018
Total equity	196.5	208.1
Financial liabilities	52.8	24.8
Provisions	93.3	60.3
Other	26.1	8.0
Non-current liabilities	172.2	93.1
Trade payables	151.0	110.9
Financial liabilities	122.1	105.5
Provisions	33.2	33.5
Other	71.1	79.9
Current liabilities	377.5	329.6
Total equity & liabilities	746.2	630.8

1) As majority shareholder, Mutares fully consolidates listed STS Group AG.

2) Following the new leasing requirements of IFRS 16, (almost) all lease agreements are recorded on the balance sheet.

Our portfolio: Ten companies in three segments

Updated segmentation to better reflect transaction focus



Automotive & Mobility



Acquired in 2009 from Diehl Group

Supplier of grommets



Acquired in 2013 from Autoneum Group ¹⁾

Supplier of composites for truck & light vehicle OEMs



Engineering & Technology



Acquired in 2016 from SPX Group

Producer of energy efficiency components



Acquired in 2017 from Mitsubishi-Hitachi

Producer of steel construction & engineering services



Acquired in 2018 from Knorr Bremse

Engineering service provider for rolling stock



Acquired in 2012 from Korindo Group

Provider of coatings for oil & gas pipelines



Goods & Services



Acquired in 2017 from Aperam Group

Producer of stainless steel pipes



Acquired in 2015 from Metsä Group

Producer of panelling & wooden products



Acquired in 2016 from Sonoco Group

Producer of industry & hygienic coreboard



Acquired in 2011 from Huber Group

Provider of metal packaging solutions

1) Majority shareholder after partial exit as part of the IPO in June 2018

Segment development (I / II)

Market-related decline in revenues of A&M; E&T with revenue growth from acquisitions

Automotive & Mobility



- Biggest portfolio company in segment is listed STS Group AG contributing almost EUR 100m of group sales in Q1
- Weak European passenger car market and the decreasing Chinese automotive market led to revenue decline
- Increase in EBITDA mainly due to less exceptional costs and improved cost base in OPEX
- Adjusted EBITDA declines in connection with lower revenues

mEUR	2019Q1	2018Q1	YoY Δ
Revenues	104.8	118.3	-11%
EBITDA	4.8	4.4	+9%
Adjusted EBITDA	4.9	7.2	-32%

Engineering & Technology



- Having completed three add-on acquisitions, Donges has grown to a group with annual revenues of EUR 230m
- Gemini and Kalzip contributing with revenues of >EUR 30m but still loss-making as expected
- Low activity in construction results as expected
- Income from bargain purchases from the acquisitions of Normek and FDT (add-ons for Donges Group) with positive impact on EBITDA but eliminated for Adjusted EBITDA ¹⁾

mEUR	2019Q1	2018Q1	YoY Δ
Revenues	68.3	26.1	+162%
EBITDA	-3.4	-5.2	+35%
Adjusted EBITDA	-7.1	-5.2	-37%

1) The purchase price allocations for Normek and FDT are preliminary and may change within the one-year period under IFRS 3.

Segment development (II / II)

Positive effects from cost structure improvements in G&S

Goods & Services



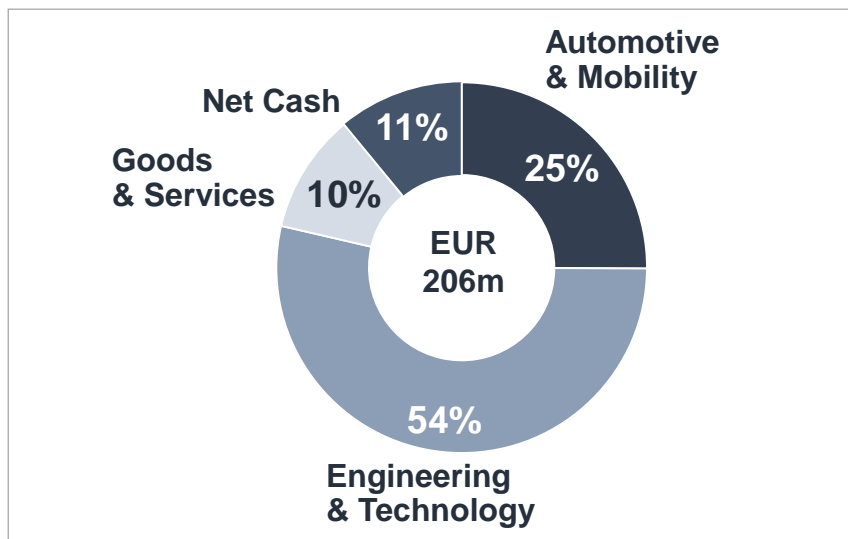
- Lower revenues in all segment entities with promising current development expected in the following month
- Improved cost structure in La Meusienne and Norsilk with positive effect on profitability
- Optimization measures in all segment entities on track

mEUR	2019Q1	2018Q1	YoY Δ
Revenues	30.2	37.2	-19%
EBITDA	-1.1	-0.5	-120%
Adjusted EBITDA	-1.1	-0.5	-120%

NAV largely driven by Engineering & Technology segment

Compared to Q4, operations- and transaction-driven increase in E&T segment

NAV breakdown (%)



NAV breakdown (abs.)

Portfolio segment	mEUR
Automotive & Mobility	51.6
Engineering & Technology	110.2
Goods & Services	21.5
Net Cash Mutares AG	22.5
Total	205.9
NAV per share	13.51 EUR

- Method of calculation: WACC ranging from 6%-11% (average 9%) and growth rate of 0.5%
- Listed STS Group valued based on Mutares stake and market cap on 31 March 2019

We will continue our path for sustainable growth...
...and to increase the attractiveness of the Mutares share for investors

More than **three additional transactions in 2019**

Targeted revenues of **> EUR 1 billion in 2019**

Sustain **dividend capacity and attractive dividend policy**

Investor Relations



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A close-up photograph of a document with the MUTARES logo printed on it. A silver pen is resting on the document, and the background is dark and out of focus.

Select upcoming dates

23 May	Annual General Meeting, Munich
04 June	Prior Conference, Frankfurt
27 June	Capital Markets Day , Frankfurt
08 August	Interim Report 2019, Earnings Call

For more dates: www.mutares.de/investor-relations



MUTARES

**Capital
Markets Day**

27th June 2019 | 1:30 PM

**Frankfurt am Main, Germany
at SOFITEL Frankfurt OPERA**
Opernplatz 16
60313 Frankfurt am Main

You are welcome to also join the STS Group AG's Capital Markets Day which takes place in the morning of the same day at Sofitel Frankfurt Opera.

Please let us know if you would like to participate by sending your registration to sh@crossalliance.de