



MUTARES

Capital Markets Day 2019 – Lifecycle Management
Realizing untapped value potential

Frankfurt/Main, 22nd October 2019

Outlook on full year results

Compared to FY2018, acquisitions will affect EBITDA and Adjusted EBITDA in Q3

mEUR	2019H1	FY2019e	FY2018
Group revenues	443.2		865.1
Group EBITDA	67.1		49.6
Group Adjusted EBITDA	0.0		4.5
Group cash & equivalents	80.9		108.1
Group equity ratio	27% ¹⁾		33% ²⁾
Cash flow from operating activities	-44.3		-11.1
...from investing activities	31.4		-3.1
...from financing activities	-14.6		23.4

Comparison with FY2018

1) Post-IFRS 16 application; 2) Pre-IFRS 16 application
Rounding differences may occur.

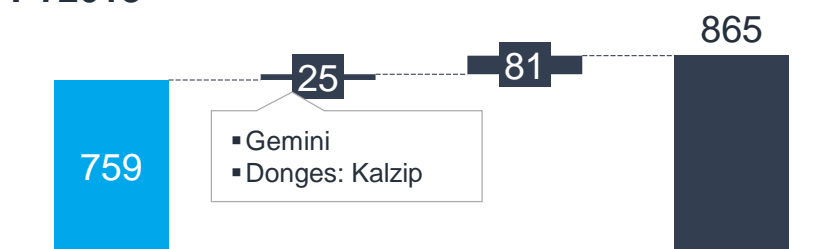
More transparency of Mutares consolidated figures

Existing portfolio vs new acquisitions: Impact of transaction activity on revenues

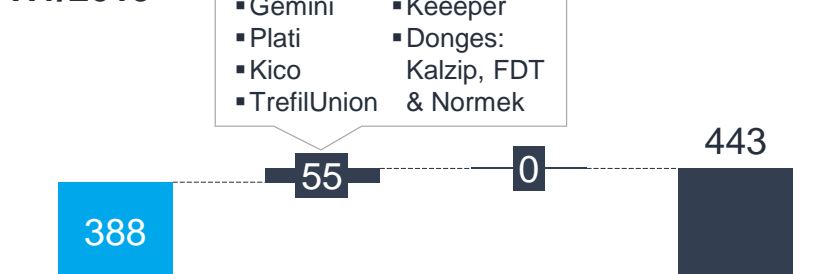
Growth objective of Mutares translates into increasing group revenues and average revenue per portfolio company

Group revenues (in mEUR)

FY2018



H1/2019



- Acquisitions for buy-and-build strategy (inorganic growth)
 - Acquisition of new platforms
 - Acquisition of add-ons
- Major part of growth in sales of Mutares group through acquisitions. Result is a higher transaction activity in the future
- Focus on profitability: lifecycle-oriented controlling of sales as major value driver in new acquisitions results in initially lower sales

Existing Portfolio > 12 months rolling New companies 12 months rolling (De)consolidation of sold companies **Group revenues**

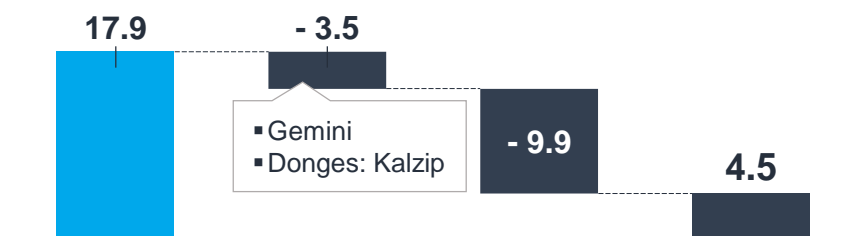
More transparency of Mutares consolidated figures

Existing portfolio vs new acquisitions: Impact of transaction activity on Adj. EBITDA

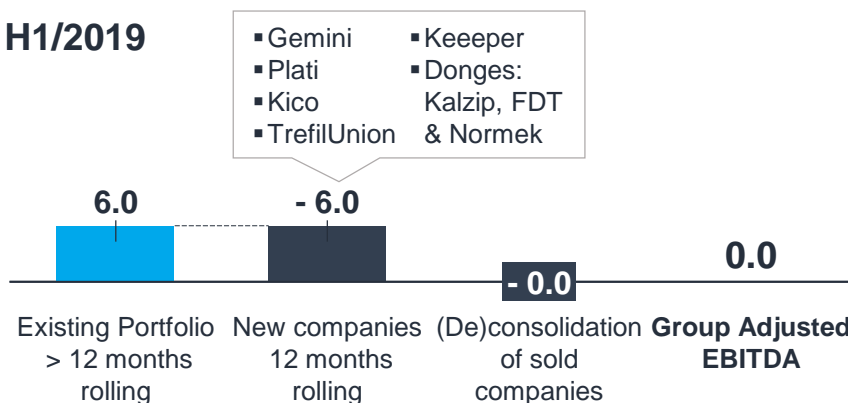
Objective of Mutares' portfolio management is to have always sufficient profitable companies to sustain dividend capacity and sufficient portfolio entries for future dividend capacity

Group Adjusted EBITDA (in mEUR)

FY2018



H1/2019

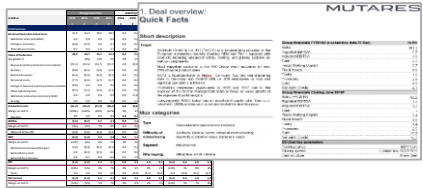



- ▣ Transaction activity heavily influences consolidated Group figures. Thus, consolidated group figures show a mixed picture
- ▣ Most acquisitions have initially a strongly negative impact on Group profitability:
 - Negative impact on Group results in the first 12 months (operative losses)
 - Portfolio always consists of longer existing (profitable) and new (non-profitable) portfolio companies
- ▣ Especially true for acquired platforms, in special cases also for add-ons

Results of organizational initiative become effective

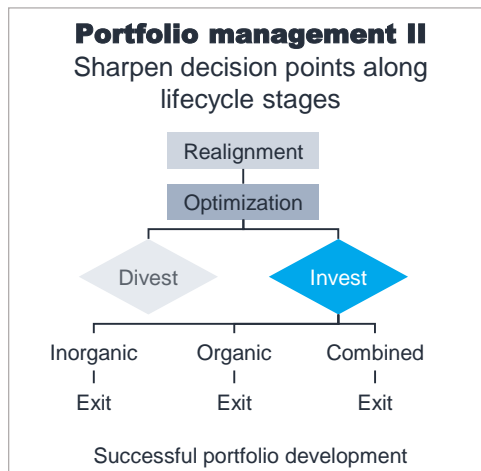
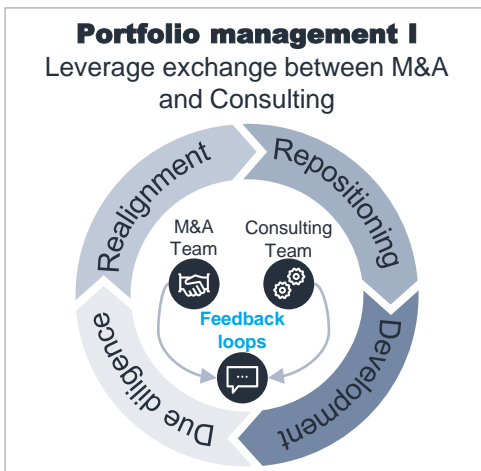
Preparation aimed at mastering digitalization, including trends & further growth of group

M&A
Assessment process optimized and group-wide standard established

Consulting
For holistic approach, ensure key competencies exist in team

- PMO
- Finance
- IT
- Production
- Sales
- Supply Chain
- Logistics
- HR



Growth objective requires preparation

Actual and planned growth of group makes it necessary to further institutionalize and standardize approaches in entire organization.

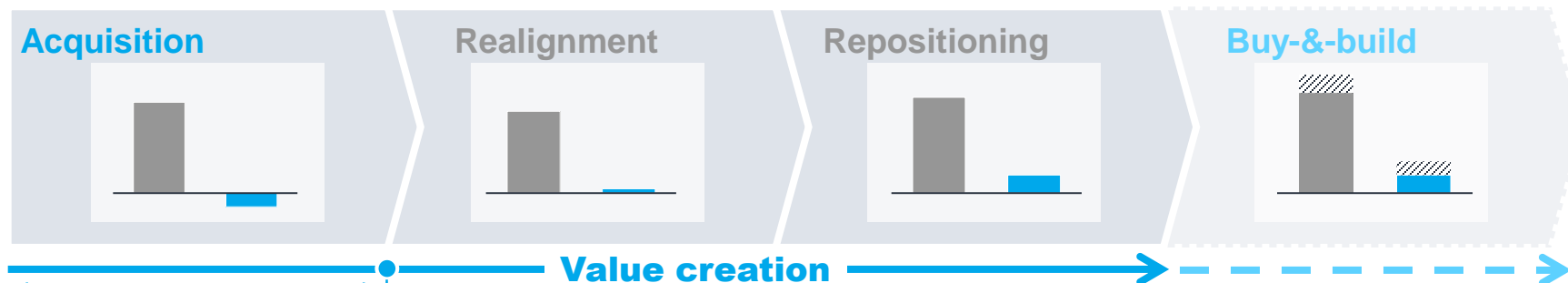
Objective: Prepare for further growth by adequate frameworks in M&A, consulting and portfolio companies

- Increase level of consistency in operational processes in portfolio
- Easier decision taking as basis for proactive portfolio management
- Strengthen focus on portfolio companies with highest value potential

Value driver M&A – Using network of 5 offices

Deal sourcing, execution and support of portfolio companies

■ Sales ■ EBITDA



Deal sourcing

- International teams in our 5 M&A offices
- Discussions with investment banks & transaction advisors
- Discussion with potential sellers
- Application of MUX transaction criteria

Negotiation

- Negotiation of SPA, incl. TSAs

Due diligence

- Analysis of information in data room
 - Review of contracts: Rent, leasing, customers, suppliers, opex,...
 - Review of legal, IT landscape, HR, ...
- Site visits and management interviews
- Business plan based on provided information and own assumptions
- Decision to continue / leave transaction
- Investment proposal for internal investment committee

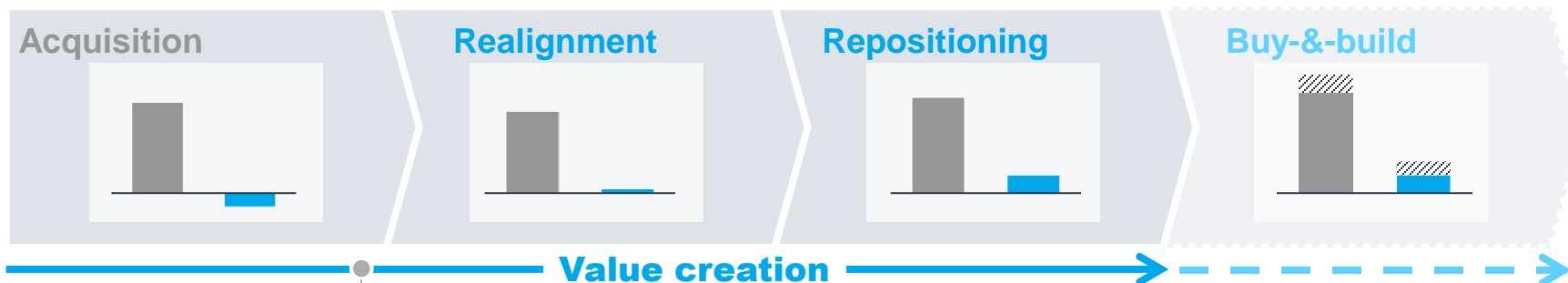
Follow-up

- Discuss potential for strategic add-ons
- Assess outlook on next lifecycle phase

Value driver Consulting – Active support

Hands-on approach and local support of portfolio companies for fast improvements

■ Sales ■ EBITDA



Due diligence phase

- Feedback to M&A on site visits, data room topics (eg. contracts), and business plan
- Sparring partner to M&A for industry benchmarking
- Potential staffing

Negotiation phase

- Feedback to M&A on TSAs & other operative agreements

Post-acquisition

- 4-8 team members locally on site to support company
- Carve-out and set-up of finance, HR, IT
- Stabilization of business
- Review of all contracts and re-negotiations
- Start holistic review and analysis of all functions
- Case-specific topics
- Findings as basis for 100 days plan & strategy

Post-stabilization / core

- 4-8 team members locally on site to support company
- Implement measures of 100 days plan like
 - New ERP system
 - Hire key personnel
 - Process improvements
 - Optimization of footprint
 - Production excellence
 - Purchasing strategy
- Business development

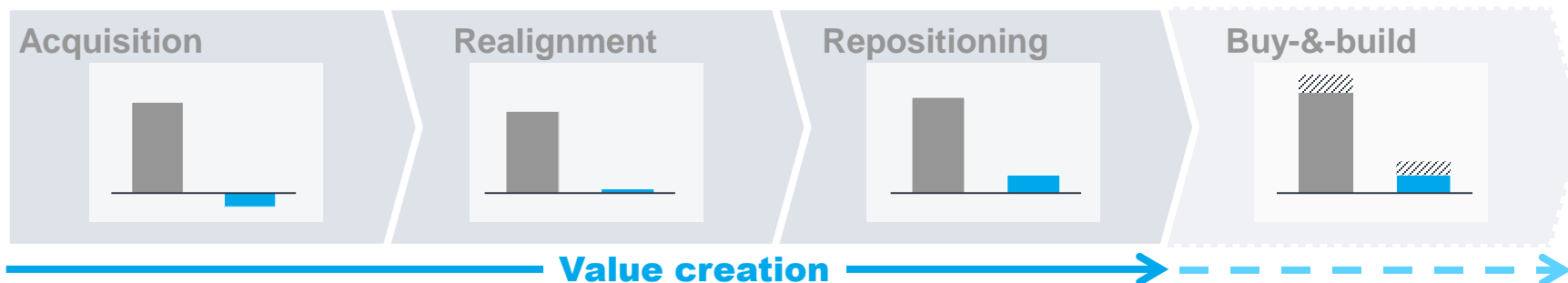
Growth phase

- 1-3 team members locally
- Driving Corporate development
- Accompanying management of company
- Sparring partner and follow-up on strategy
- Integration of add-ons, adaption of team size to required level of support

Value driver Portfolio Management

Integrated approach of Holding, M&A and Consulting as key success factor

■ Sales ■ EBITDA



Due diligence

Consulting & M&A team assess potential target

Review / 100 days plan

Review of transaction and due diligence after 3 months

Business development

Regular exchange between M&A, consulting & management of the portfolio company

- ▣ Assessment of company lifecycle stage / maturity
- ▣ Discussion of (future) strategic options

Investment committee

Appraisal of deal by board: decision to go into negotiation, or later sign the SPA

Review calls

Review of progress and status of optimization program. Monthly exchange between consulting, portfolio company and Mutares

Review meetings

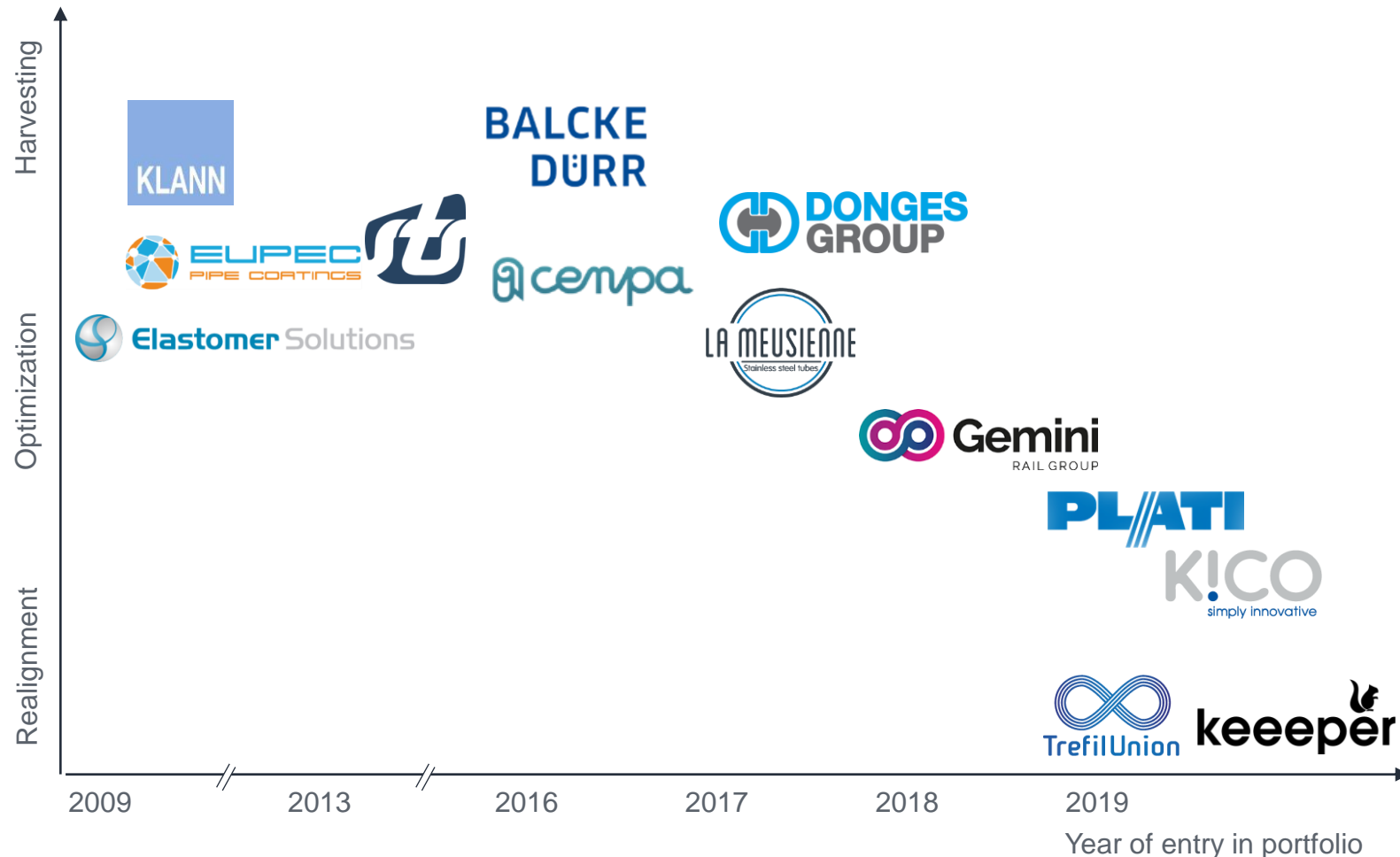
On-site review of progress. Meeting of Mutares board member(s), consulting, and portfolio company to review budget, larger capex, strategy and outlook

Assessment of maturity

Assessment by board if strategy of inorganic growth can be applied

Active portfolio management throughout lifecycle stages

For every company, regular re-assessment of potential for strategic development



Dividend capacity

Shareholder value and dividend capacity as #1 objective

Recent major exits



A+F
Sale
EUR 24m proceeds

2017



STS Group AG
Partial IPO
EUR 28m proceeds

2018

?

2019/2020

- **Active portfolio management** to sustain and plan for attractive dividend level
- **Lifecycle-oriented** portfolio strategy to deliver at least one valuable exit per year
- Alignment of Interest: Every member of Mutares **incentivized** based on Mutares' net result

Investment case

Why Mutares shares are a good investment

Reliable dividend payments

- Management committed to let shareholders participate in success
- Business model generates steady stream of income to holding
- Active portfolio management to generate at least one exit per year

Aiming for substantial further growth

- Excellent positioning of Mutares as brand for effective deal sourcing
- Since foundation of Mutares, CAGR of > 60%
- Consulting team supports portfolio in key competency areas

Lifecycle-oriented portfolio management

- Focused and strategic development of balanced portfolio through buy-and-build strategy or exit
- Combined approach of M&A and operations to realize untapped value potential

Team committed and adequately incentivized

- CEO as major shareholder and board members with combined investment of approx. 40%
- Alignment of interest: Every Mutares member incentivized based on Mutares annual net result

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