



MUTARES

Earnings call
2019Q3

Munich, 07 November 2019

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Agenda

- 1 Overview**
- 2 Transactions**
- 3 Financials**
- 4 Outlook and Q&A**

Highlights 2019Q3

Acquisition volume of ~ EUR 750m to result in run-rate of > EUR 1.5bn Group revenues

Operational progress

- Successful development of Donges Group, first synergies already materialized
- Balcke-Duerr Group with successful separation of “Rothemühle” Business
- Elastomer Group delivering sustainable results after challenges of FY2018

Record number of acquisitions

- Eight acquisitions in 2019 YTD represent substantial potential for future dividend capacity and further growth through buy-and-build
- In Q3, signing of two acquisitions (KICO, Ruukki) plus one in October (Q logistics)

First capital markets day of Mutares

- Over 80 participants interested in insights to Mutares approach, Balcke & Donges Group
- Management confirmed commitment to sustainable dividend policy on comparable level of last two years (EUR 1.00 per share)

Already 8 transactions in 2019, totalling ca. EUR 750m in revenues
Strategy of international hub of M&A offices delivers convincing results

	Normek	FDT	TréfilUnion	Plati
Sales	EUR 65m	EUR 54m	EUR 42m	EUR 38m
Products	Roof and facade systems	Membranes for applications on roofs	Steel ropes and wires	Cable harnesses and connectors
Seller	Fund / private persons	Private person	Arcelor Mittal Europe	Deren Group
Type	Add-on to	Add-on to	Platform	Platform
Portfolio				
Segment	Engineering & Technology	Engineering & Technology	Goods & Services	Automotive & Mobility

Already 8 transactions in 2019, totalling ca. EUR 750m in revenues

Acquisition of Q Logistics: attractive first platform in Austrian market

	keeper	KICO	Ruukki ¹⁾	Q Logistics ²⁾
Sales	EUR 65m	EUR 100m	EUR 130m	EUR 250m
Products	Household plastic products	Safety, locking & joining systems	Steel construction solutions	Logistics and warehousing
Seller	Wrede Holding	Family	SSAB Group	Austrian Railways (ÖBB)
Type	Platform	Platform	Add-on to	Platform
Portfolio				
Segment	Goods & Services	Automotive & Mobility	Engineering & Technology	Goods & Services

1) Subject to merger control; 2) Signed, closing expected for 2019Q4/2020Q1

Our portfolio: From 10 to 14 companies in nine months

In 2019, acquisition of 5 platforms: TréfilUnion, Plati, keeper, KICO and Q Logistics ²⁾

Automotive & Mobility



Acquired from Diehl Group
Rubber grommets
(2009)



Acquired from Autoneum Group ¹⁾
Tier1 supplier of truck composites
(2013)



Acquired from Deren Group
Cable trees & harnesses
(2019)



Acquired from a family
Safety, locking, joining systems
(2019)

Engineering & Technology



Acquired from SPX Group
Energy efficiency & filters
(2016)



Acquired from Mitsubishi-Hitachi
Construction, roofs & engineering
(2017)



Acquired from Knorr Bremse
MRO services for rolling stock
(2018)



Acquired from Korindo Group
Coatings for oil & gas pipelines
(2012)

Goods & Services



Acquired from Aperam Group
Stainless steel pipes
(2017)



Acquired from Sonoco Group
Industry & hygienic coreboard
(2016)



Acquired from Huber Group
High-end metal packaging
(2011)



Acquired from ArcelorMittal
Steel wire applications
(2019)



Acquired from Wrede Holding
Household plastic goods
(2019)



Acquired from Austrian Railways
Transport & cargo services
(2019)

1) Majority shareholder with > 60%; 2) Signed, closing expected for 2019Q4/2020Q1

Q-Logistics GmbH **Q** LOGISTICS

First acquisition from a state-owned seller (Austrian federal railways, ÖBB)

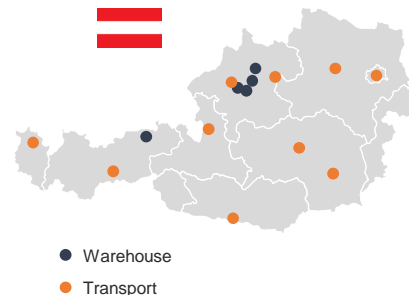
Acquisition details

- New platform investment, transaction still subject to approval of merger control
- Seller is state-owned Austrian Federal Railways (ÖBB)
- Q Logistics with HQ and operations in Austria, plus a Czech subsidiary. Annual sales of ca. EUR 250m in FY2018 and ca. 920 employees
- Core business comprises transport, charter and warehousing services
- Deal rationale:
 - Typical Mutares platform deal
 - Significant value potential along value chain
 - Strengthen Goods & Services segment

Customer industries

- White/brown goods
- Electronics
- Bulk goods & grain
- Tools & building materials
- FMCG
- Food
- Pharmaceuticals

Locations



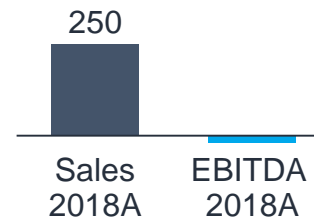
Segment overview

Transport 	Warehousing 
<ul style="list-style-type: none"> ▪ Divided into groupage goods & charter services ▪ Operating in >10 locations in Austria, partly with railway access 	<ul style="list-style-type: none"> ▪ Warehouses located close to major customers ▪ Tailored solutions for food products, FMCG and pharma



Financials

in EURm



Target for 2023

- Illustrative -



Key Financial Data of 2019Q3 YTD

M&A activity visible in higher revenues and increased EBITDA

Group Revenues EUR	Group EBITDA EUR	Group Adj. EBITDA EUR	Group cash & equivalents EUR	Group equity ratio
728.1m	73.3m	5.8m	65.3m	26%
2018Q3 YTD	2018Q3 YTD	2018Q3 YTD	31 December 2018	31 December 2018
649.5m	27.0m	15.7m	108.1m	33%

Group Income Statement

Higher revenues and strong increase in EBITDA due to completed acquisitions

mEUR	2019Q1	2019Q2	2019Q3	2019Q3 YTD	2018Q3 YTD	YoY Δ
Revenues	203.3	239.9	284.9	728.1	649.5	+12%
Change in inventories	5.8	7.0	-10.8	2.0	-4.3	
Other income	6.1	71.0	6.4	83.6	57.4	
Cost of material	-128.0	-149.7	-168.7	-446.4	-397.4	
Personnel expenses	-61.5	-72.2	-71.2	-204.9	-174.2	
Other expenses	-25.7	-28.9	-34.4	-89.1	-104.3	
EBITDA ¹⁾	0.0	67.1	6.2	73.3	27.0	>+100%
Income from bargain purchases	-4.1	-66.7	-3.4	-74.2	-6.0	
Restr. & non-recurring expenses	0.6	3.1	3.0	6.7	18.2	
Deconsolidation effects	0.0	0.0	0.0	0.0	-23.5	
Adjusted EBITDA	-3.5	3.5	5.8	5.8	15.7	- 63%

1) Following the new accounting requirements of IFRS 16, lease expenses of EUR 11.7m are recorded below EBITDA in 2019Q3 YTD. Rounding differences may occur.

Group Balance Sheet

Increase in total assets due to acquisitions and IFRS 16 accounting

mEUR	30/09/2019	31/12/2018
Intangible assets	54.4	41.4
PP&E	189.3	133.3
Right of use assets ¹⁾	98.1	0.0
Other	38.0	35.5
Non-current assets	379.8	210.2
Inventories	152.4	100.8
Trade & other receivables	167.9	147.0
Cash & cash equivalents	65.3	108.1
Other	83.0	64.7
Current assets	468.6	420.6
Total assets	848.4	630.8

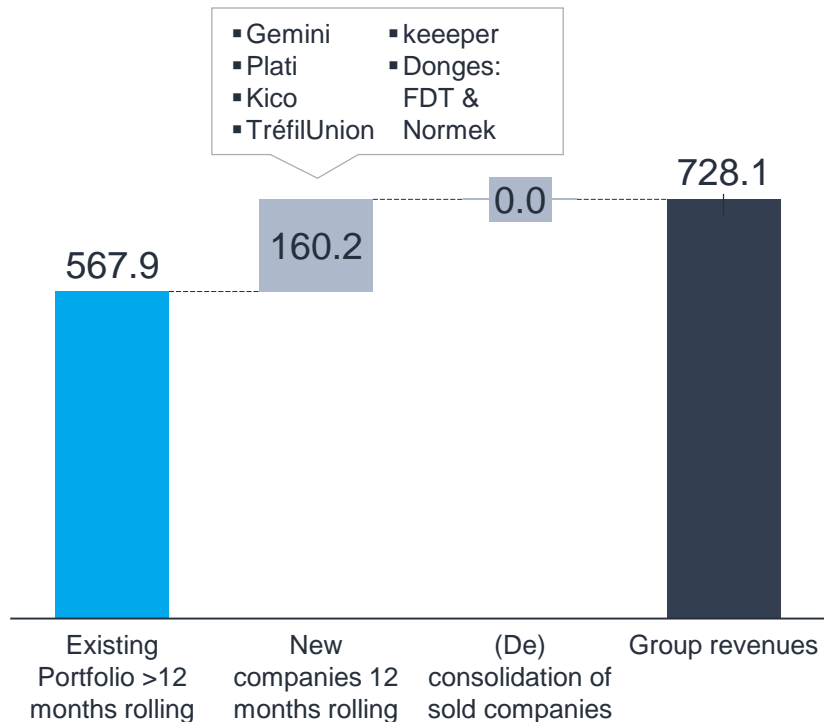
mEUR	30/09/2019	31/12/2018
Total equity	216.6	208.1
Financial liabilities ¹⁾	92.5	24.8
Provisions	88.9	60.3
Other	31.2	8.0
Non-current liabilities	212.6	93.1
Trade payables	189.8	110.9
Financial liabilities ¹⁾	131.1	105.5
Provisions	26.8	33.5
Other	71.5	79.7
Current liabilities	419.2	329.6
Total equity & liabilities	848.4	630.8

1) Following the new accounting requirements of IFRS 16, (almost) all lease agreements are recorded on the balance sheet. Rounding differences may occur.

More transparency of Mutares consolidated figures

Transaction activity as major growth driver of Group revenues

Group revenues, Q3 YTD (in mEUR)



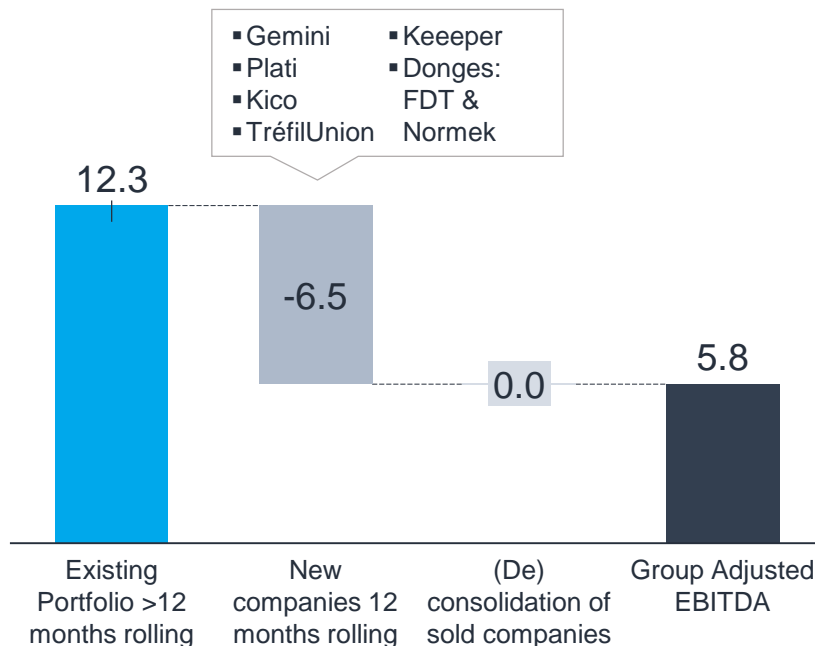
- Introduction of additional transparency metric to take into account the different maturity stages within the portfolio
- Major part of growth in Mutares' portfolio stems from acquisitions. 2019 Q3 YTD:
 - Acquisition of 5 new platforms: Gemini, Plati, Kico, TréfilUnion, keeper
 - Acquisition of 2 strategic add-ons for Donges Group: FDT and Normek
- Mutares focuses on profitability with lifecycle-oriented controlling of sales as major value driver. For new acquisitions, this results in lower sales for the first year in the portfolio

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

More transparency of Mutares consolidated figures

New platforms as negative driver of Adjusted EBITDA

Group Adjusted EBITDA, Q3 YTD (in mEUR)



- ▮ Transactions heavily influence consolidated Group results which thus, always show a mixed picture
- ▮ Objective of Adjusted EBITDA is to show underlying operative performance. Calculated as Reported EBITDA less transaction-related effects and one-off effects
- ▮ Most acquisitions have initially a strongly negative impact on Group profitability through operative losses
- ▮ Portfolio always consists of longer existing (profitable) and new (mainly non-profitable) portfolio companies
- ▮ Especially true for acquired platforms, in special cases also for add-ons

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

A&M impacted by market development but still strong contributor

Add-on investments of Donges Group fueling growth momentum of E&T

Automotive & Mobility



- Segment revenues of Q3 mirroring development of challenging European passenger car market and slowing Chinese automotive market
- EBITDA with significant income from bargain purchases from Plati and Kico; successful OPEX measures at STS and Elastomer
- Adjusted EBITDA margin with 4.7% stable (2018Q3 YTD: 4.8%), lower absolute result based on revenue development and impact from new platforms
- New platforms Plati and Kico contributed revenues only for the months since acquisition

mEUR	2019Q3 YTD	2018Q3 YTD	YoY Δ
Revenues	327.4	335.9	-3%
EBITDA	18.0	9.9	+82%
Adjusted EBITDA	15.5	16.2	-4%

Engineering & Technology



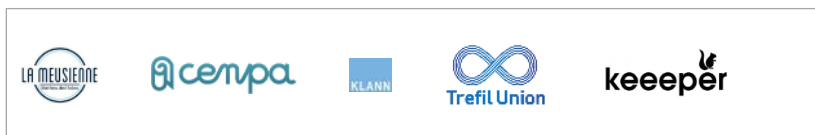
- Donges Group driving its growth and expansion visible in doubling of segment revenues
- Strategic development and performance programs in all segment companies well on track
- New add-ons of Donges Group as expected with negative contribution to Adjusted EBITDA

mEUR	2019Q3 YTD	2018Q3 YTD	YoY Δ
Revenues	312.9	153.5	>+100%
EBITDA	5.5	8.4	-35%
Adjusted EBITDA	-2.0	4.5	>-100%

G&S with acquisition-driven increase in revenues and EBITDA

Entry of new platforms doubled EBITDA but impacted Adjusted EBITDA downwards

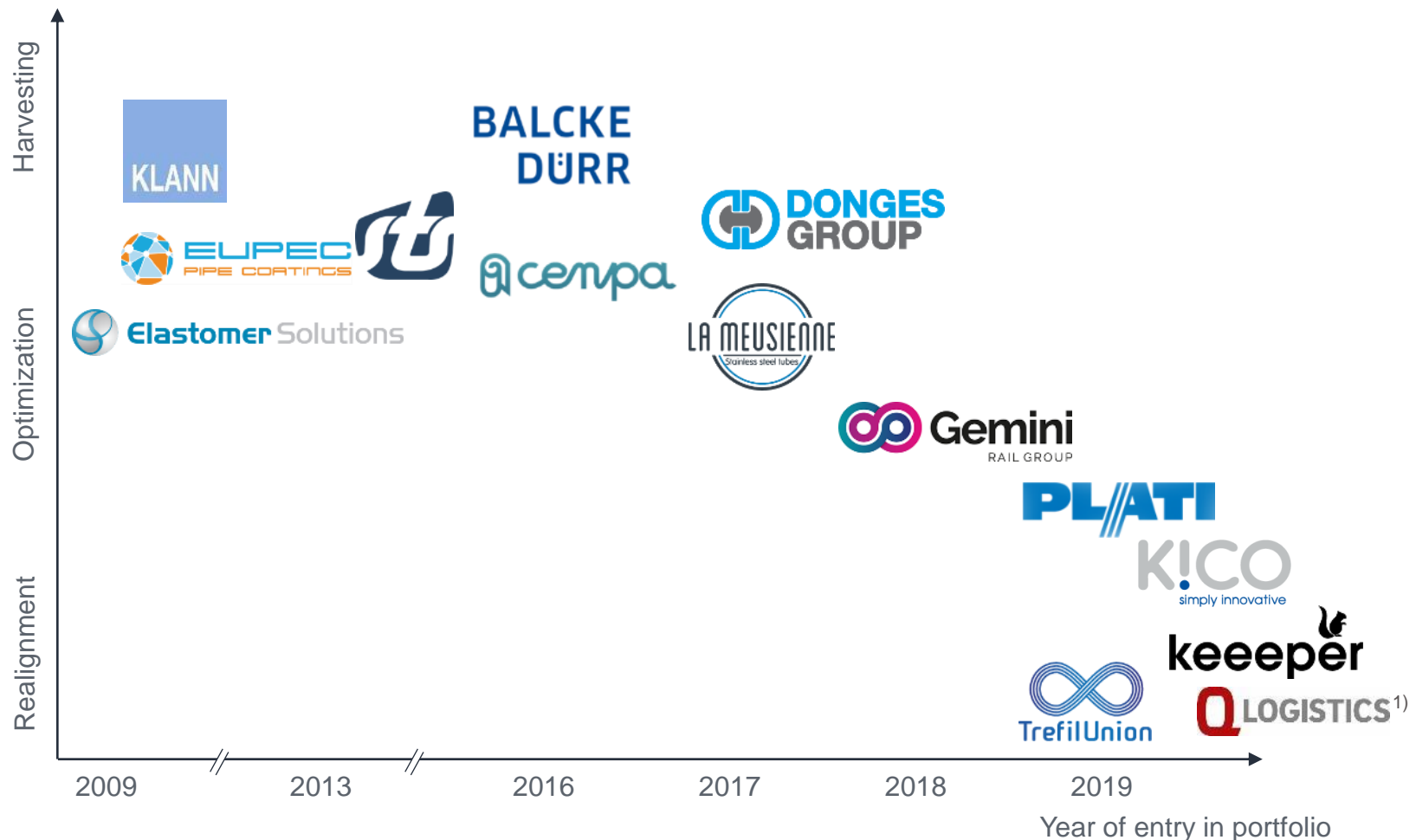
Goods & Services



- Performance of existing portfolio companies developed in line with challenging market environment
- Revenues of new platform investments included only for the months since acquisition (pro rata temporis)
- As expected, Adjusted EBITDA negatively impacted by new platforms
- Start of restructuring at newly acquired TréfilUnion and start of optimisation program at keeper

mEUR	2019Q3 YTD	2018Q3 YTD	YoY Δ
Revenues	87.9	80.0	+10%
EBITDA	51.8	2.2	>+100%
Adjusted EBITDA	-5.4	2.8	>-100%

Maturity chart introduced for more transparency on lifecycle stages
Mutares' portfolio management regularly re-assesses each company's potential

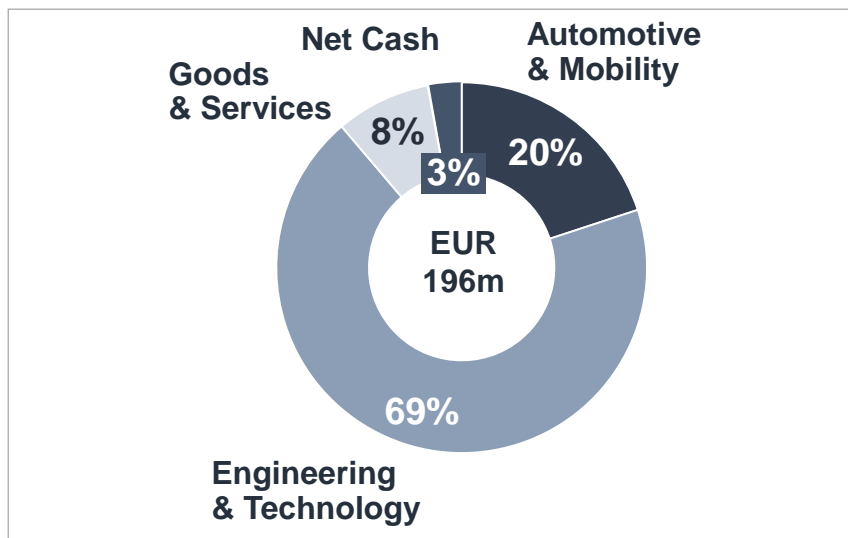


1) Transaction signed, closing subject to merger control

NAV continues to be driven by Engineering & Technology (69%)

New platforms not yet contributing to value of E&T; A&M still impacted by market

NAV breakdown (%)



NAV breakdown (abs.)

Portfolio segment	mEUR
Automotive & Mobility	39.1
Engineering & Technology	135.0
Goods & Services	16.5
Net Cash Mutares Holding	5.5
Total	196.1
NAV per share	12.87 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 30 September 2019
- Slight uplift of Plati due to first results of optimization program
- Newly acquired platform investments TréfilUnion, keeper Group and Kico reflected at acquisition cost

Outlook and key messages of Capital Markets Day 2019

Mutares realizes untapped value potential

Mutares

- Mutares is excellently positioned to source deals with its extensive European M&A network
- Attractive exit potential: financial market conditions increase demand for investment targets

Transactions

- Focused M&A strategy based on clear set criteria and overall value potential for shareholders
- More value creation through buy-and-build for selected portfolio companies

Operations

- Further strengthening consulting team in order to increase value-add and Holding profitability
- Increased focus on dividends of already profitable portfolio companies to Holding

Financials

- Total new investments of Holding in 2019 amounting to approx. EUR 750m annualized sales
- Consistently high returns to shareholders: payout of at least EUR 1.00 per share for 2020

Investor Relations

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Next upcoming date

25-27 Nov 2019 German Equity Forum, Frankfurt

More dates: www.mutares.com/investor-relations