

Mutares with a strong start to 2020: Two exits, placement of a bond and three acquisitions

- Group sales in Q1 2020 at EUR 315.7 million (Q1 2019: EUR 203.3 million)
- EBITDA climbs to EUR 39.0 million after EUR 0.0 million in Q1/2019
- Adjusted EBITDA of EUR -10.4 million (Q1 2019: EUR -3.5 million) reflects higher M&A activity in acquisitions
- Already three acquisitions completed in the current financial year, including an add-on and two new platform investments
- Outlook 2020 affected by corona pandemic, but also by confidence in the sustainability of the Mutares business model

Munich, 14 May 2020 – Mutares SE & Co. KGaA (ISIN: DE000A2NB650) reported Q1 2020 group sales of EUR 315.7 million (Q1 2019: EUR 203.3 million). The increase in sales was driven by high transaction activity during FY2019 and Q1 2020. Accordingly, an operating result (EBITDA) of EUR 39.0 million was achieved (Q1 2019: EUR 0.0 million). As expected, the adjusted EBITDA¹⁾ was negative at EUR -10.4 million (Q1 2019: EUR -3.5 million). The decline in adjusted EBITDA is mainly attributable to the as yet negative earnings contributions of the newly acquired units.

Cash and cash equivalents amounted to EUR 141.8 million as of 31 March 2020 (31 December 2019: EUR 79.7 million). The equity ratio of Mutares Group decreased to 22.8% (31 December 2019: 24.5%), mainly attributable to the balance sheet extension in line with the high acquisition activity and the successful placement of the EUR 50.0 million bond in February 2020.

Pleasing development at operating level

In the Automotive & Mobility segment, Q1 2020 sales increased to EUR 124.8 million (Q1 2019: EUR 104.8 million) driven by the new platform investments Plati, KICO and PrimoTECS, despite the decline in demand in the automotive sector and the global impact of the coronavirus spread. The segment EBITDA of EUR 34.8 million was significantly higher than the previous year's figure of EUR 4.8 million. Corrected for special effects, adjusted EBITDA declined as expected to EUR -3.3 million (Q1 2019: EUR 4.9 million) attributable to the as yet negative earnings contributions from the new platform acquisitions and the sales-related decline in profitability at STS.

The Engineering & Technology segment recorded an increase in sales to EUR 105.9 million in Q1/2020, compared to EUR 90.5 million in Q1 2019. The increase was mainly driven by effects of the add-on acquisitions for the Donges Group, NORDEC and FDT concluded in the course of FY2019, and the strategic acquisition of Loterios for the Balcke-Dürr Group completed in Q1 2020. The upturn in EBITDA to EUR 2.0 million (Q1 2019: EUR -3.4 million) was mainly the result of gains from bargain purchase through the purchase of Loterios. The positive development of the adjusted EBITDA from EUR -6.9 million in Q1 2019 to EUR -4.2 million in Q1 2020 reflects the successful restructuring of the Donges Group and Gemini.

Sales in the Goods & Services segment climbed significantly in the Q1 2020 to EUR 84.9 million (Q1 2019: EUR 8.0 million). The strong increase in sales is

attributable to the three platform investments TréfilUnion, keeper Group and BEXity. Benefiting from the bargain purchase gains from the add-on acquisition of keeper Tableware, EBITDA amounted to EUR 2.6 million (Q1 2019: EUR -1.2 million). As expected, the adjusted EBITDA was burdened by the negative earnings contributions from the new platform investments in the reporting quarter and amounted to EUR -2.6 million (Q1 2019: EUR -1.2 million). On an operational level, the pleasing progress in the implementation of the optimization program in the keeper Group and the expansion through the integration of the napkin business acquired from Metsä, which operates under the name of keeper Tableware, are noteworthy.

Operative phase according to Mutares Group business model	Allocated participations in Q1 2020	Revenues in EUR million	Adj. EBITDA in EUR million
Realignment	KICO Group PrimoTECS TréfilUnion BEXity Group	91.4	-6.0
Optimization	Plati Group keeper Group Cenpa Balcke-Dürr Group	64.2	-5.1
Harvesting	Elastomer Solutions Group STS Group Gemini Rail Group Eupec Klann Donges Group	160.1	1.1

Strong start to the year with already three acquisitions

On the transaction side, a total of three purchase agreements for two new platform investments and one strategic acquisition were signed at the start of the year. As an add-on for the Balcke-Dürr Group, the acquisition of the Italian Loterios accelerates the growth of the Group. The majority holding of 80% in the operations of Nexive, the second-largest mail and parcel service provider in Italy and currently a wholly owned subsidiary of PostNL, will strengthen the Goods & Services segment as a platform investment in the future. The acquisition of specific sealing and fluid activities from Cooper Standard is the second platform acquisition in the current financial year and contributes to the expansion of the Automotive & Mobility segment with significant synergy potential for the Elastomer Group. The completion of the two platform acquisitions is expected in Q2 2020.

Two exits and placement of a bond successfully concluded

The start of the year was characterized by the global spread of the coronavirus and the resulting operational consequences for the individual subsidiaries, which will continue in the second quarter, in particular. Mutares managed to successfully complete two exits in challenging times with the sale of the Polish part of the Balcke-Dürr Group and the activities of BEXity in the Czech Republic.

To finance the further inorganic growth of the portfolio and value-enhancing investments, Mutares in February successfully placed a EUR 50.0 million senior secured, four-year floating-rate bond. The bond is listed on both the Frankfurt and Oslo stock exchanges.

Outlook 2020 in the wake of the COVID 19 pandemic

The impacts of the COVID 19 pandemic pose challenges for the Mutares Group at the operational level on the one hand, but on the other hand offer considerable opportunities, in particular, on the buying side of the M&A sector. Consequently, we expect increased activity in the second half of the financial year. With three transactions at the beginning of the year, in total representing an annualized sales volume of more than EUR 400 million, and the successful placement of a bond with a volume of EUR 50.0 million, Mutares made a good start into the FY2020. The objective is to achieve consolidated sales of more than EUR 1.5 billion in the current financial year, including potential further acquisitions. Only about one-third of the value creation of Mutares is subject to the classical economic cycle and is based to a considerable extent on special situations. Accordingly, even in an operationally challenging year for various portfolio companies, Mutares Group considers itself in the position to generate net profit high enough to continue its sustainable dividend policy. Against this background, Mutares as before sees the opportunity to maintain its sustainable dividend policy of at least EUR 1.00 per share, even in the corona pandemic affected FY2020. Further explanations and the introduction of ROIC / ROE as a key performance indicator will be presented in the quarterly conference call. From the Company's perspective, the change creates increased transparency and underlines the initiated realignment of the Company with the aim of becoming the leading carve-out / special situations private equity company in Europe.

¹⁾ The adjusted EBITDA is an EBITDA figure for corporate controlling corrected for special effects. It is calculated on the basis of reported Group EBITDA adjusted for transaction-related income (bargain purchases), restructuring and other one-off expenses as well as deconsolidation effects.

Conference call today at 2:00 pm

A conference call (webcast) will be held today at 2:00 pm (CEST) in English for analysts, investors and press representatives. Registration is possible by e-mail to ir@mutares.de. The webcast presentation is available for download at www.mutares.de/investor-relations.

Company profile Mutares SE & Co. KGaA

Mutares SE & Co. KGaA, Munich (www.mutares.de), acquires medium-sized companies and parts of groups with headquarter in Europe that are being sold in the course of a repositioning process at their owners and show a clear potential for operational improvement. Mutares actively supports and develops its portfolio companies with its own investment and consulting teams as well as through acquisitions of strategic add-ons. The aim is to achieve a clear value increase with a focus on sustainable, long-term growth of the portfolio company. In 2019, Mutares' portfolio companies generated consolidated revenues of EUR 1,016 million and employed more than 6,500 people worldwide. The shares of Mutares SE & Co. KGaA are listed on Frankfurt Stock Exchange under the ticker symbol "MUX" (ISIN: DE000A2NB650).

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