

Mutares SE & Co. KGaA: Updates guidance, enhances communication strategy focused on transparency and new return targets underlined by strong growth prospects

Munich, 15 June 2020 – Mutares SE & Co. KGaA announces further steps in its growth ambitions as leading European carve out/special situations private equity group. Since the foundation more than ten years ago, Mutares SE & Co. KGaA (ISIN: DE000A2NB650) has been highly successful in pursuing a specific private equity business model: Companies that find themselves in situations involving major change are bought at favourable prices and then, after a successful realignment including the restructuring through the Group's own consultants, companies are optimized with suitable acquisitions before the full value crystallization is generated through the sale (exit).

In order to further increase the transparency of its complex business model and resulting success for shareholders as well as potential new investors, Mutares has enhanced its communication strategy with new elements including specific return targets, underlining strong growth prospects.

Since the start of 2020, the usual segmentation of the portfolio by sector has been supplemented by further clustering based on the level of restructuring progress. This shows that Mutares invests in both cyclical and non-cyclical sectors and helps identify the assets for which an exit is being prepared for lucrative offers.

In line with the statements made by Mutares CEO Robin Laik at this year's Annual General Meeting, Mutares will also focus on the following success parameters in its future capital market communication:

- Annualised consolidated revenue: Mutares is aiming to double this figure from currently around EUR 1 billion to at least EUR 2 billion in the medium term by continuously expanding the average size of the portfolio held. The Executive Board expects that the current coronavirus-triggered economic crisis will give rise to additional attractive opportunities for Mutares as a restructuring specialist that can actively be leveraged thanks in part to the EUR 50 million bond successfully placed by Mutares at the start of 2020.
- Consulting revenues: Growth in consulting revenues is also a strategic indicator of a growing portfolio volume and thus of increasing exit potential. Based on current consulting revenues of over EUR 19 million in 2019, the Executive Board of Mutares is aiming for an average annual growth rate between 10% and 20%.
- Return on invested capital (ROIC): As a key value creation indicator for private equity companies like Mutares, the Group aims to achieve an ROIC of at least 5 for the invested portfolio with consulting fees paid and profit distributions from the respective subsidiaries to Mutares over the entire holding period (generally of up to five years) until the exit. Exit revenues then allow for a full value crystallization of between 7 and 10 ROIC for the overall investment and holding period. This return adjusted with the Holding company costs results in the dividend relevant net profit which amounts to EUR 22 million in 2019.
- Dividend: Mutares resolutely follows a sustainable long-term dividend policy that allows the company's shareholders to take a significant share in the company's

success. Mutares' sustained ability to pay dividends draws on the holding company's broad earnings base comprising profits from restructuring consulting, dividend income from the portfolio held, and any exit revenues generated. In each of the past three financial years, a dividend of more than EUR 15 million or EUR 1.00 per share was distributed in line with this policy. This corresponded to a double-digit dividend yield in percentage terms (in relation to the share price when the annual financial statements were approved). The Executive Board continues to expect that it will be possible to continue this sustainable long-term dividend policy successfully, even in the coronavirus year 2020, due to the broad diversification of the portfolio and diverse operating cash flow streams to the holding.

The new elements of Mutares' communication strategy was developed under CIO Johannes Laumann, who has held this role since 2019. Based on the results, Laumann is optimistic: "I am confident that the enhanced communication strategy will enable us to further raise the profile of Mutares as a broadly positioned, highly profitable restructuring specialist. At the same time, it will now be even more transparent for the capital market how successfully we are taking advantage of our strong growth prospects. Particularly for a listed private equity company like Mutares, we believe that good, professional communication can add further value – given the right business results, of course. And in this regard, we remain optimistic that we can successfully take advantage of the wide range of opportunities currently available."

Company profile of 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 are listed on Frankfurt Stock Exchange under the ticker symbol "MUX" (ISIN: DE000A2NB650).

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