

Mutares: 11 transactions in first nine months 2020 accelerate on growth trajectory, strong recovery in Q3, forecast 2020 confirmed

- Six acquisitions completed and two signed as well as three exits in first nine months 2020
- Group revenues grew 47% to EUR 1,073.3 million (Q3 2019 YTD: EUR 728.1 million) driven by accelerated M&A activities
- Consulting revenues at all-time high EUR 23.0 million in first three quarters 2020
- Group EBITDA increased 84% from EUR 73.3 million to EUR 134.7 million, benefiting from high transaction activity
- Adjusted EBITDA at Group level EUR -16.6 million (Q3 YTD 2019: EUR 5.8 million)
- Cash and cash equivalents increased to EUR 157.3 million (31 December 2019: EUR 79.7 million) offering scope for further value-enhancing investments

Munich, 10 November 2020 – Mutares SE & Co KGaA (ISIN: DE000A2NB650) looks back on three quarters with strong transactional performance in the financial year 2020. Driven by accelerated transaction activity with a total of eight transactions on the buy-side and three on the sell-side, Mutares Group succeeded in increasing revenues by 47% to EUR 1,073.3 million (Q3 2019 YTD: EUR 728.1 million) in the first three quarters of the financial year 2020. Group EBITDA reflects strong transaction activity with a growth of 84% to EUR 134.7 million (Q3 2019 YTD: EUR 73.3 million). The completed acquisitions resulted in bargain purchases of EUR 168.2 million. Adjusted for one-off effects, adjusted EBITDA¹⁾ amounted to EUR -16.6 million (Q3 2019 YTD: EUR 5.8 million). The decline is mainly attributable to negative earnings contributions of newly acquired companies as well as negative effects of the COVID-19 pandemic. In Q3, however, Mutares showed a strong recovery from the COVID-19 impact in spring and achieved a break-even adjusted EBITDA already in Q3. In line with the rapid growth, consulting revenues of Mutares SE & Co. KGaA for the first three quarters increased from EUR 13.3 million in 2019 to EUR 23.0 million in 2020.

High transaction activity in the first three quarters 2020

With a total of six successfully completed buy-side transactions in the first three quarters of 2020 and two additional takeovers announced, Mutares has further increased the frequency of its M&A activities, thus underpinning its ambitious growth targets. The two additional acquisitions announced, the German metallurgical division of Nexans (now operating under the name of "Lacroix + Kress GmbH") and the Swedish and Finnish road service division of NCC (now operating under the name of "Terranor") were also completed after 30 September 2020. Moreover, Mutares managed to successfully close three exits in the first three quarters despite uncertainties caused by the corona pandemic, thereby exceeding its own targets of a seven to tenfold return on invested capital (ROIC).

The effects of the Corona crisis offer Mutares numerous options for further expanding its investment portfolio in the coming years and for accelerating growth through value-enhancing investments. The successful tap in September 2020 of the bond placed in February 2020 from EUR 50 million to EUR 70 million provides the financial flexibility to take advantage of the opportunities that arise. Mutares can also look forward to sustainable growth including all cycle phases in the portfolio driven by diversification.

Operational development partly influenced by COVID-19

At EUR 394.3 million, revenues in the **Automotive & Mobility** segment in the first three quarters of 2020 were up by around 20% y-o-y (EUR 327.4 million). The development reflects the acquisitions completed in the current and the previous year. In addition, Q3 2020 showed a significant recovery from the negative impact of the COVID-19 pandemic, which hit the segment mainly in Q2 2020. Benefiting from the acquisitions, EBITDA amounted to EUR 56.8 million (Q3 2019 YTD: EUR 18.0 million). Adjusted EBITDA of EUR -16.7 million

(Q3 2019 YTD: EUR +15.5 million) reflects the still negative contributions to earnings of acquired companies and the effects of the COVID-19 pandemic.

In the first three quarters 2020, the **Engineering & Technology** segment achieved revenues of EUR 388.4 million (Q3 2019 YTD: EUR 347.4 million²⁾). The add-on acquisitions for Donges Group and Balcke-Dürr Group contributed in particular to the revenues increase of around 12%. EBITDA of EUR 27.3 million (Q3 2019 YTD: EUR 5.8 million) benefited from the bargain purchases related to the two add-on acquisitions and the gain on the sale of Balcke-Dürr Polska. The positive development of adjusted EBITDA from EUR -2.2 million in Q3 2019 YTD to EUR 7.0 million reflects in particular the successfully implemented restructuring at Donges Group and Gemini, while Balcke-Dürr and EUPEC, with lower activity in the context of the COVID-19 pandemic, had a negative impact on earnings.

Revenues of the **Goods & Services** segment increased significantly in the first three quarters of 2020 to EUR 290.6 million (Q3 2019 YTD: EUR 53.4 million²⁾). The strong increase in revenues is attributable to the acquisitions made in the previous financial year (TréfilUnion, keepper Group, BEXity) as well as in the current financial year (keepper Tableware, Nexive, SABO). EBITDA, benefiting from transaction activities, amounted to EUR 56.6 million (Q3 2019 YTD: EUR 51.5 million). All of the segment's investments, except for TréfilUnion and the newly acquired platforms, contributed positively. As a result, the segment's adjusted EBITDA amounted to EUR -6.0 million (Q3 2019 YTD: EUR -5.2 million).

Operational phase within the Mutares business model	Allocated investments at 30 September 2020	Revenues in EUR million	Adj. EBITDA in EUR million
Realignment	KICO Group PrimoTECS TréfilUnion BEXity SFC Solutions SABO Nexive	340.4	-24.4
Optimization	Plati Group keepper Group Cenpa Balcke-Dürr Group	205.4	-7.8
Harvesting	Elastomer Solutions Group STS Group Gemini Rail Group Eupec Donges Group	524.5	+16.1

Cash and cash equivalents amounted to EUR 157.3 million as of 30 September 2020 (31 December 2019: EUR 79.7 million) offering scope for further value-enhancing investments.

The equity ratio of the Mutares Group amounted to 17.4% as of 30 September 2020 (31 December 2019: 24.5%).

Outlook for full-year 2020 confirmed

The Management Board expects M&A activity to remain high for the rest of the year. In Q4 2020, Mutares has already successfully closed two transactions from the first half of the year and signed two more transactions, which are expected to be closed in the current financial year.

Based on the business performance in the first three quarters, the Management Board expects to generate consolidated revenues of around EUR 1.5 to 1.7 billion in the financial year 2020 (2019: EUR 1.0 billion). Trailing twelve months revenues based on signed transactions already exceed EUR 2.0 billion. For the 2020 annual result of Mutares SE & Co KGaA ("Mutares Holding"), the Management Board expects an exit-independent net return on consolidated revenues of 1% which is based on recurring inflows from the consulting business and so-called management fees from the portfolio companies. For these, the Management Board expects a volume of EUR 40 to 50 million for the full year 2020. Revenues of Mutares Holding purely from consulting activities amounted to EUR 23.0 million for the first three quarters of 2020 (Q3 2019 YTD: EUR 13.3 million). Management Board and Supervisory Board of Mutares Management SE anticipate a long-term basic dividend of EUR 1.00 per Mutares share from the financial year 2020, which can be increased by performance dividends in the event of strong growth and major successful exits.

¹⁾ Adjusted EBITDA is a key EBITDA performance indicator adjusted for special effects which presents the operating performance of the shareholdings in a transparent manner and makes their operating earnings power comparable. The calculation is based on reported Group EBITDA adjusted for transaction-related income ("bargain purchases"), restructuring and other one-time expenses as well as deconsolidation effects. Adjusted EBITDA differs significantly along the three stages of value creation that investments typically go through during their membership of Mutares Group (realignment, optimization and harvesting).

²⁾ For better comparability, the previous year's figures of La Meusienne are allocated to the Engineering & Technology segment, although the integration into the Balcke-Dürr Group did not take place until December 2019.

Conference call today at 2 p.m.

A conference call for analysts, investors and press representatives will be held today at 2:00 p.m. (CET) in English. Registration is possible by e-mail to ir@mutares.com. The webcast presentation can be downloaded from www.mutares.de/investor-relations.

Company profile of Mutares SE & Co KGaA

Mutares SE & Co KGaA, Munich (www.mutares.de), a publicly listed private equity holding company with offices in Munich (HQ), Frankfurt, Helsinki, London, Madrid, Milan, Paris, Stockholm and Vienna, acquires medium-sized companies and parts of groups based in Europe that show a significant potential for operational improvement and will be resold after stabilization and repositioning. Mutares actively supports and develops the portfolio companies with its own investment and expert teams as well as by acquiring strategic add-ons. The goal is to achieve a significant increase in value with a return of 7 to 10 ROIC (Return on Invested Capital) on the total investments with a focus on sustainable growth of the portfolio companies. In the financial year 2019, Mutares SE & Co KGaA achieved consolidated annual sales of approximately EUR 1.0 billion with more than 6,500 employees worldwide. Based on this, consolidated sales are expected to increase to approximately EUR 3.0 billion by 2023. Mutares relies heavily on a sustainable dividend policy consisting of a basic dividend and a performance dividend, which has been stable above 10% in the past years. Mutares SE & Co KGaA shares are traded on the Frankfurt Stock Exchange under the symbol "MUX" (ISIN: DE000A2NB650).

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