

# Financial Figures 9M 2023

**Initial look at future positioning**

**Dr Henning von Kottwitz, CEO**  
**Henning Eschweiler, COO**

 25 October 2023 – 1:30pm CEST

**Blue Cap AG**

## ■ Newly formed management team

### Dr Henning von Kottwitz

Chief Executive Officer



#### Main Responsibilities

- M&A
- Finance
- Capital Market & Investor Relations

**Before:** member of Blue Cap Supervisory Board since 2020

### Henning Eschweiler

Chief Operating Officer



#### Main Responsibilities

- Portfolio Management
- ESG
- IT

# ■ My Blue Cap perception after 25 days as CEO: challenging situation with big value potential



- Blue Cap has not met **growth expectations** in 2023
- **Economic headwinds** challenge portfolio companies and **H2/23 is lacking expected upswing**
- Companies facing **reduced demand** from customers
- **M&A activities** have been low recently
- These circumstances result in a **delay in value creation** of one year
- Share price development is not satisfying with more than **average delta to NAV**



- Important **transformation measures** have been implemented in 2023, especially regarding **restructuring programs**
- **Optimistic signals for 2024:** we have worked on the right levers within the portfolio to **benefit from an economic recovery**
- Blue Cap DNA is in **creating value from turnaround:** lots of opportunity in the market!
- **Strategic update** to take Blue Cap to the **next growth level**

**Blue Cap has big value potential**

# ■ Adjusting strategic focus to unleash full value potential



## BUY



### Increase # deals

- **Market offers attractive acquisition opportunities**
- Expand acquisition circle to **special situations with lower equity tickets**
- Continue with **strategic add-on** acquisitions
- Evaluate **alternative financing**

## TRANSFORM



### Leverage transformation expertise

- Turnaround + Transformation as key enabler to unleash full **value creation potential**
- Strong **track record of Blue Cap team** with regard to **restructuring programs and cost management**
- **Programs implemented in 2023** begin to show effects

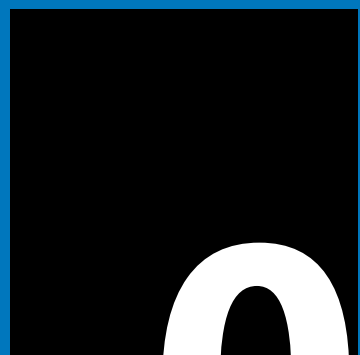
## SELL



### Stringent examination of exits

- Evaluation of **future value generation** of every single portfolio company
- Based on **best owner approach** consistent with Blue Cap capabilities and strengths
- **Active preparation** of companies for eventual exits

**OUR MISSION: deliver sustainable growth + increase NAV and lower gap of share price to NAV**



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# Financial

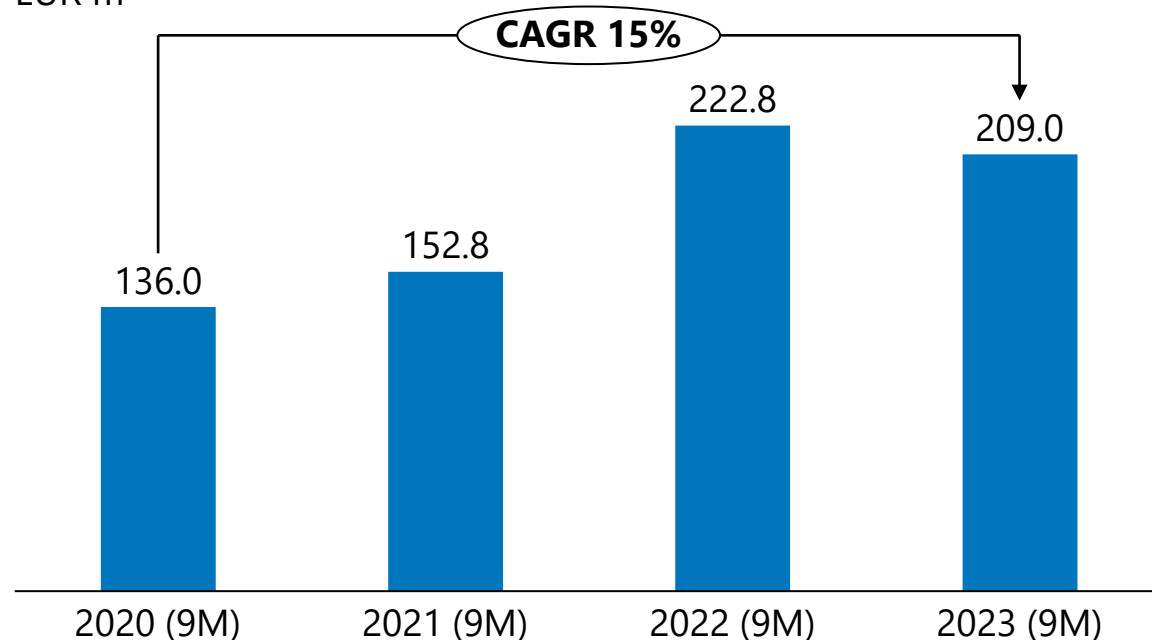
# Figures

Dr Henning von Kottwitz

# ■ Nine-month figures affected by challenging economic environment

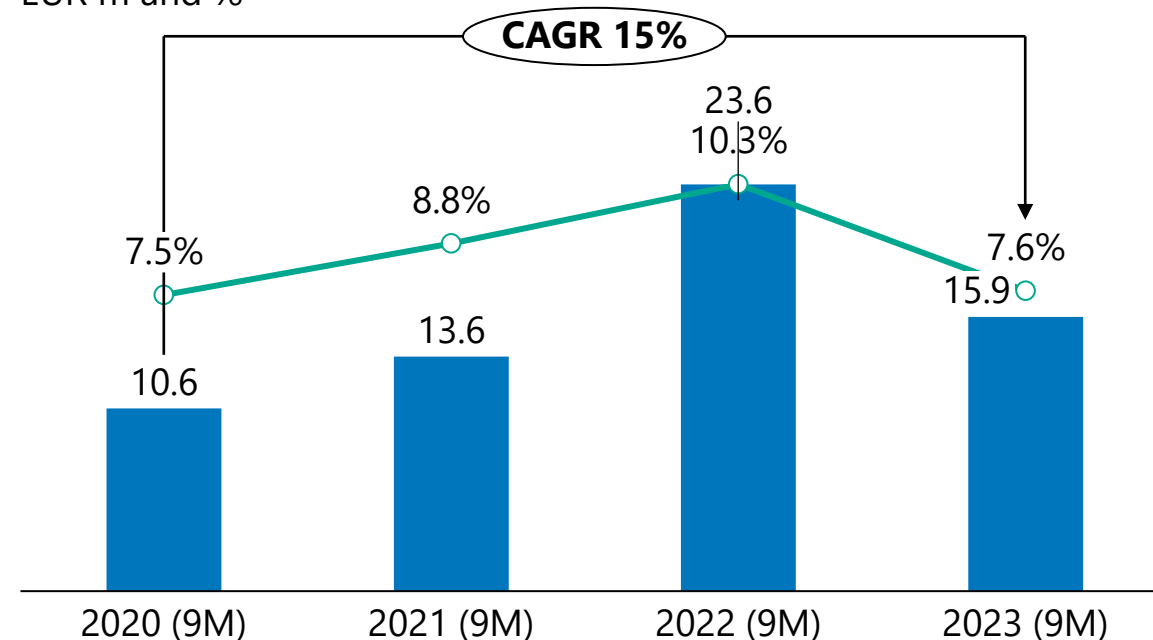
## Revenue

EUR m



## Adjusted EBITDA and adj. EBITDA margin

EUR m and %



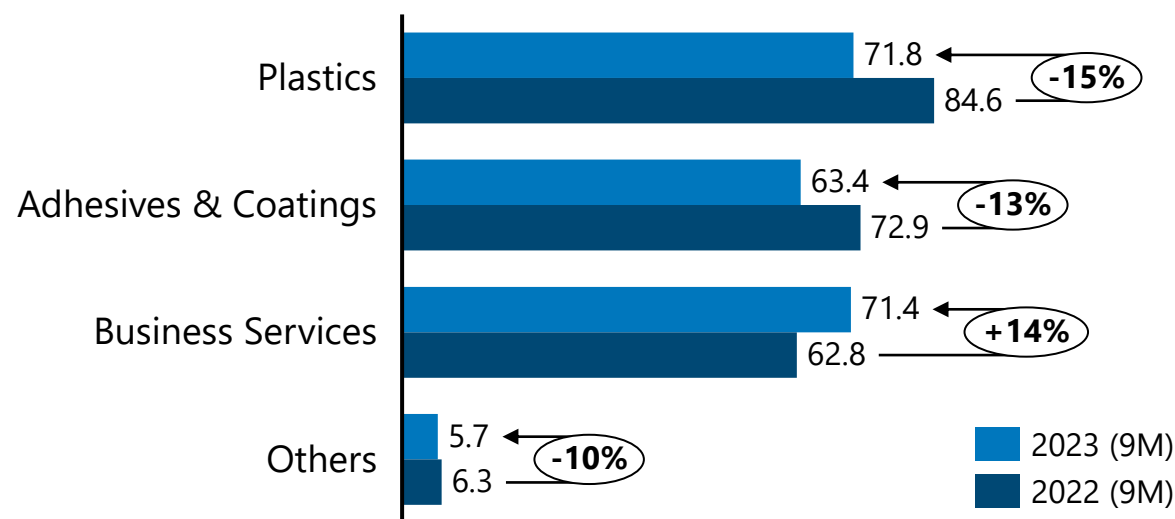
- **Overall: Lower Revenues on a yoy basis:** positive development at Business Services segment and full-year consolidation of Transline not making up for revenue decline at our Plastics and Adhesives & Coatings segments. Companies across portfolio **experience reduced demand** from customers.
- **Revenue reduction** across the portfolio leads to **lower profitability. Adjusted EBITDA** overall declined by 33% on a yoy basis.
- **Inorganic revenue growth** originating from our acquisitions **HY-Line (08/21)** and **Transline (03/22)**.

# ■ Business Services continues to grow in Q3 2023 but cannot compensate for decline in other segments



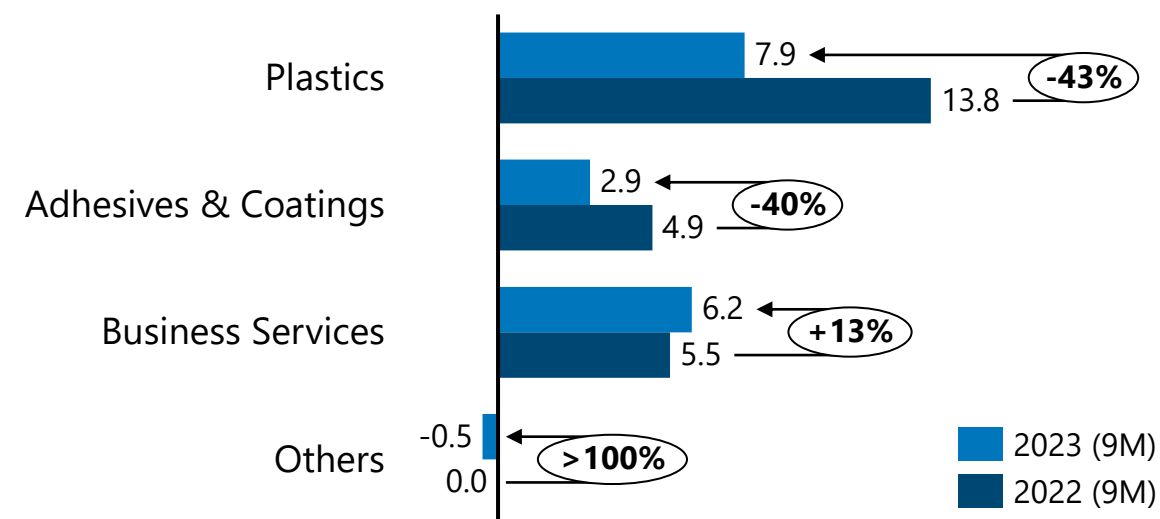
## Revenue by segment

EUR m



## Adjusted EBITDA by segment

EUR m



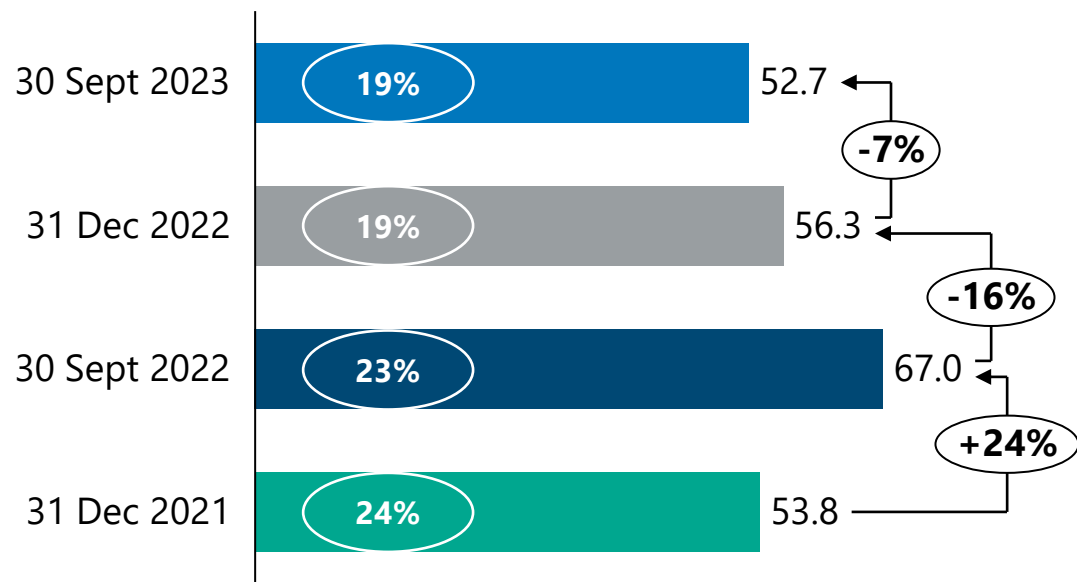
- **Plastics:** lower revenues and adj. EBITDA due to postponed major customer orders at **con-pearl** and **H+E** - with H+E further effected by lower demand for automotive parts due to overall output reductions and major fab interruptions with one major OEM (force majeure).
- **Adhesives & Coatings:** demand reduction both at **Neschen** and **Planatol** led to revenue and EBITDA below previous year – with initiated restructuring programs showing margin improvements (both at Neschen and Planatol)
- **Business Services:** continuous strong revenues and EBITDA performance at **HY-LINE** as company benefits from high order backlog; in particular in H1; solid incoming orders at Transline.
- **Others:** Revenue and EBITDA of **nokra** lower than previous year due to postponements of orders.

# Net working capital further improved due to successfully initiated transformation measures



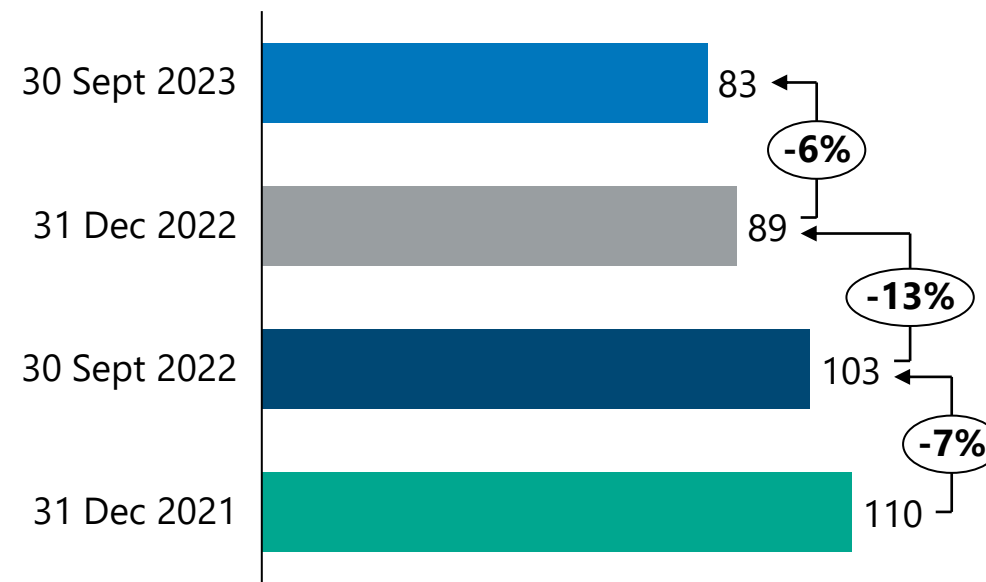
## Net working capital\*

EUR m and in % of total output (LTM)



## Cash conversion cycle

days



\*Net working capital incl. contract assets/contract liabilities

- Group benefiting from further **reduction of inventories** and optimization of **warehousing processes** at all portfolio companies.
- **Factoring** set up and applied (e.g. HY-LINE, Neschen, con-pearl) leading to **additional cash flexibility** on portfolio level.
- Visibly **improved receivable-levels**, with DSO down by -15% (y-o-y).

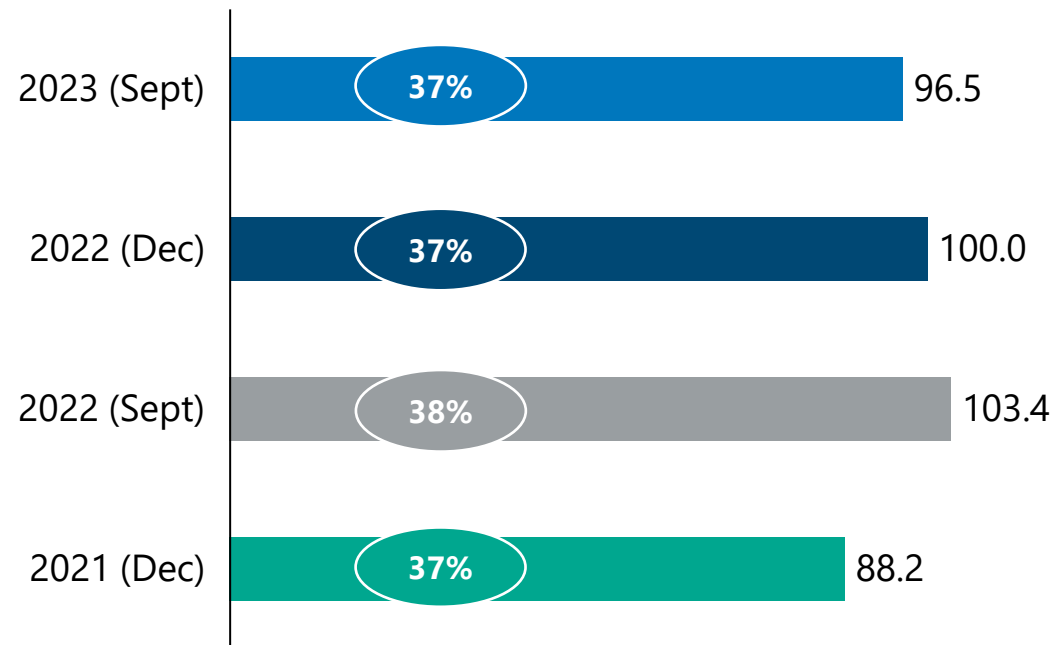


# Equity ratio remains on solid level, leverage ratio clearly below maximum target



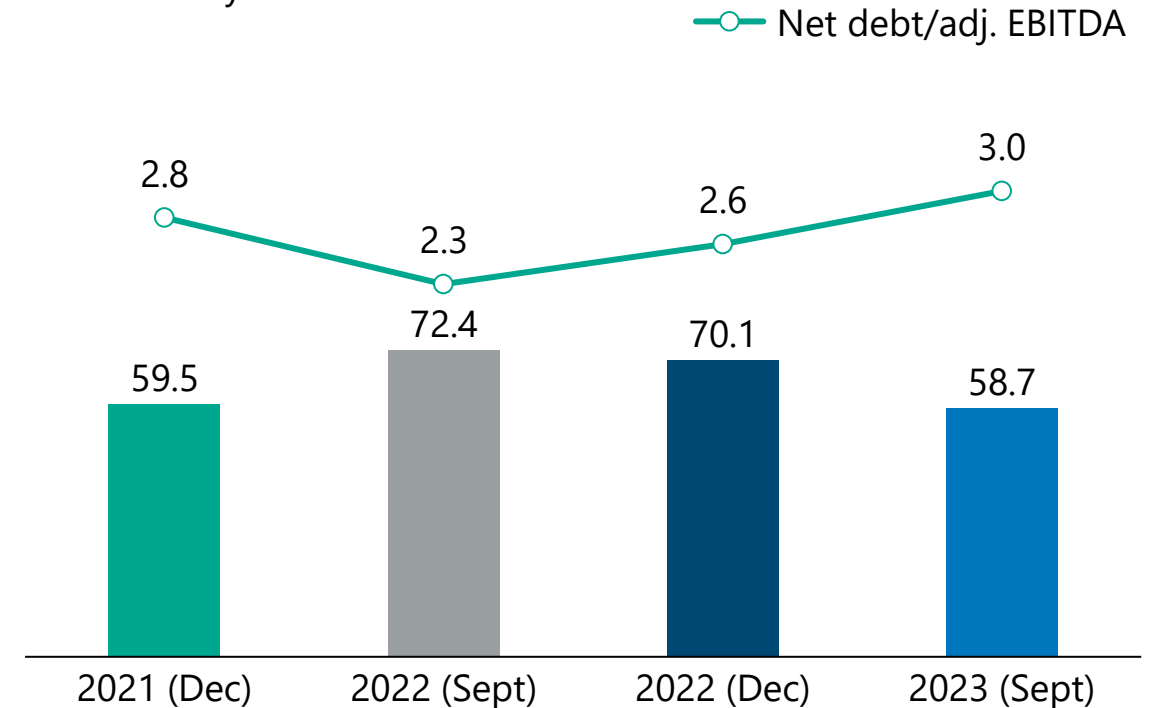
## Equity and equity ratio

EUR m and in % of total assets



## Net debt and leverage ratio

EUR m and in years



- **Net debt further reduced** and benefitting from disposals and **improvements in cash conversion** (NWC management).
- **Net leverage ratio of 3.0x** below target of < 3.5x.
- **Equity decreased** mainly due to dividend payment and Q3 result with equity ratio unchanged at 37% and in line with lower total assets.



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# Portfolio

# Update

## Henning Eschweiler

# ■ Current developments in our portfolio

## Plastics

Plastics	Development Q3 2023	Outlook 2023
 <p>Invest: 2019 / 100% Revenue 2022: €67mn</p>	<ul style="list-style-type: none"> <li>▪ <b>After a strong first half we see a decrease in sales</b> due to postponed new products/projects in the domestic market</li> <li>▪ <b>Margins are lower compared to H1</b>, as a result of product mix shift in the US</li> <li>▪ <b>New MD at CPNA</b> to execute local growth initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ CPNA as well as the Material Services Business will remain challenging with <b>no year-end-rally expected</b></li> <li>▪ <b>Postponed projects</b> will lead to a significant decrease in sales, which may <b>cause a weak Q4</b></li> </ul> 
 <p>Invest: 2021 / 71% Revenue 2022: €40mn</p>	<ul style="list-style-type: none"> <li>▪ <b>As expected, H2 develops weaker</b> due to lost China volumes and in general decreasing customer demand resulting from <b>economic downturn</b></li> <li>▪ In addition to a general decrease in demand, we are <b>impacted by production stoppage at a major OEM</b> (root cause is flood damage at a supplier in eastern Europe)</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Automotive industry will remain under pressure</b> with no short term uplift expected</li> <li>▪ On the upside: <b>Completion of site-merger will improve cost structure</b></li> <li>▪ <b>Pre-development project with new OEM</b> customer is progressing well</li> </ul> 

# ■ Current developments in our portfolio

## Adhesives & Coatings

### Adhesives & Coatings



Invest: 2016 / 100%  
Revenue 2022: €57mn

PLANATOL®  
smart gluing

Invest: 2009 / 100%  
Revenue 2022: €39mn

### Development Q3 2023

- **Business recovery** visible in P&L
  - **Fitness program completed**
  - Working capital management and cash management lead to improved **business resilience**
  - **Increased order intake** for Industrial Applications and Documents
  - Divestment of **Filmolux France**
- 
- **Decreased demand** in nearly **every segment**, adds up to challenging full year 2023
  - **Great momentum** following change of MD, **upside potential** for sales and product mix confirmed
  - **Legal reorganization** completed

### Outlook 2023





- Reduced cost structure is paying off, with **strong expectations for Q4**
  - Further reorganization of **Filmolux group**
- 
- No year-end-rally expected
  - However, full force on **sales activation and KPI-driven leadership**
  - **Increase swiftness** of sales processes and **optimize sales structure**
  - Focus on **export sales** and **OEM cooperations**
  - Capitalize on **cooperation** with circular bioeconomy startup **traceless®**



# ■ Current developments in our portfolio

## Business Services



Business Services	Development Q3 2023	Outlook 2023
 <p>Invest: 2021 / 93% Revenue 2022: €67mn</p>	<ul style="list-style-type: none"> <li>As expected, H2 shows <b>decreasing order intake</b> and declining sales</li> <li><b>ONE HY-LINE</b> as physical business structure executed</li> <li>Improved <b>supply chains</b></li> <li><b>Working capital management</b> significantly improved</li> </ul>	<ul style="list-style-type: none"> <li><b>Strong H1 laid foundation for full year 2023 to be expected better than plan</b></li> <li>With sales decreasing, margins will come under threat due to economies of scale</li> <li>Strengthening of <b>leadership team</b></li> <li>Examine <b>add-on possibilities</b></li> </ul> 
 <p>Übersetzen. Verstehen.</p> <p>Invest: 2022 / 74% Revenue 2022*: €21mn</p>	<ul style="list-style-type: none"> <li>H1 slightly above previous year and <b>increasing market dynamics</b> noticeable</li> <li><b>Cost adjustments</b> according to restructuring plan <b>completed</b></li> <li><b>Margin improvements</b> visible</li> <li><b>New CEO with noticeable positive impact</b></li> <li><b>Legal reorganization</b> completed</li> </ul>	<ul style="list-style-type: none"> <li>We expect a <b>solid Q4</b>, with still significant margin potential left for 2024</li> <li>Focus on <b>sales excellence and onboarding new sales manager</b></li> <li>Continued thrive for <b>margin uplift</b> resulting from portfolio optimization, pricing and technology</li> </ul> 

# ■ Current developments in our portfolio

## Medical

### Medical

**inheco** ▶  
industrial heating & cooling

Invest: 2006 / 42%  
Revenue 2022: €38mn

### Development Q3 2023

- **Turnaround concept** "Restart 2023" created and executed
- Focus on a **swift return to profitability**, by **reducing headcount and floor space** on the one hand and take the opportunity to **improve productivity for manufacturing processes** on the other

### Outlook 2023

- Right sizing of cost structure w/o sacrificing the medium-term plan
- **Sales push in US** biotech market which is still backed by positive signals from US-market; **growth rationale in the field of medical analytics confirmed in the medium term**
- **Cautious relief from key customers**, coupled with the general perception that significant upturns are not expected before H2 2024





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# Outlook

Dr Henning von Kottwitz

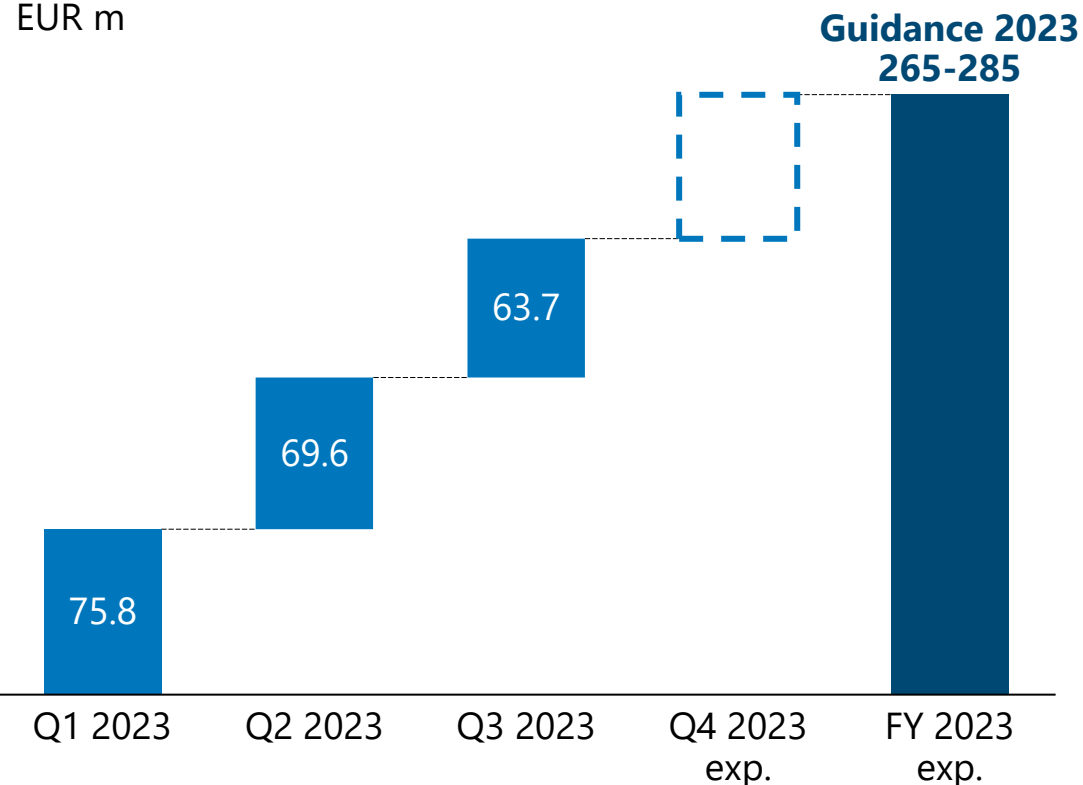
# Expected H2 upswing did not materialize – Q4 unlikely to fill the gap towards previous guidance



## Development of revenue and adj. EBITDA – guidance for FY 2023 and for Q4 2023

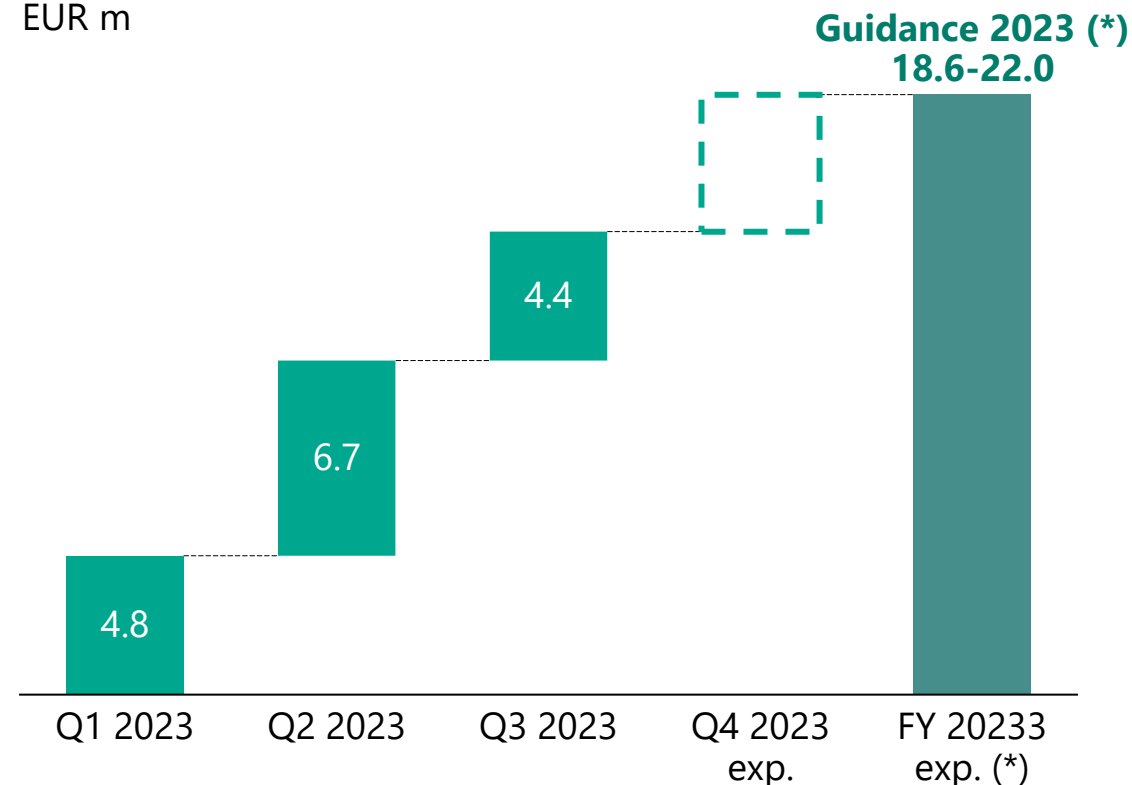
### Revenue

EUR m



### Adjusted EBITDA

EUR m



(\*) Based on mid-point value of revenue guidance, i.e. absolute adjusted EBITDA is expected to amount to EUR 18.6 (7%\*275) to 22 (8%\*275) mn Blue Cap AG \_ Q3 2023



# ■ New forecast 2023 will be supplemented by strategic update until the end of November

## Development in Q3 and outlook for Q4 required a change of the guidance


- Revenue ytd only slightly below previous forecast
- EBITDA margin was consistently lower – **pickup in Q3 not strong enough to close the gap**
- Still **very solid performance** given the overall economic development

## New guidance 2023

	Guidance cont. operations (Oct 2023)	Guidance cont. operations (June 2023)
Revenue in EUR m	265 – 285	275 – 295
Adjusted EBITDA margin	7 – 8 %	8 – 9 %
Net leverage	≤ 3,5x	≤ 3,5x



We prepare Blue Cap to raise its high growth potential and to seize future opportunities.  
Medium term targets are under review until end of November based on new strategy evolution.

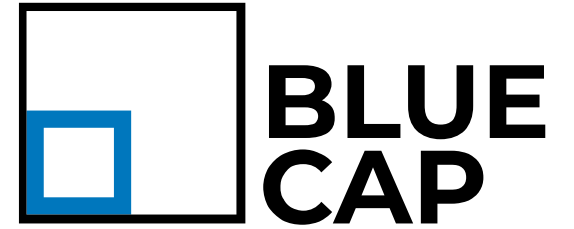


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# Questions and Answers

**Thank you for  
your attention!**

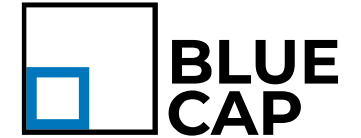
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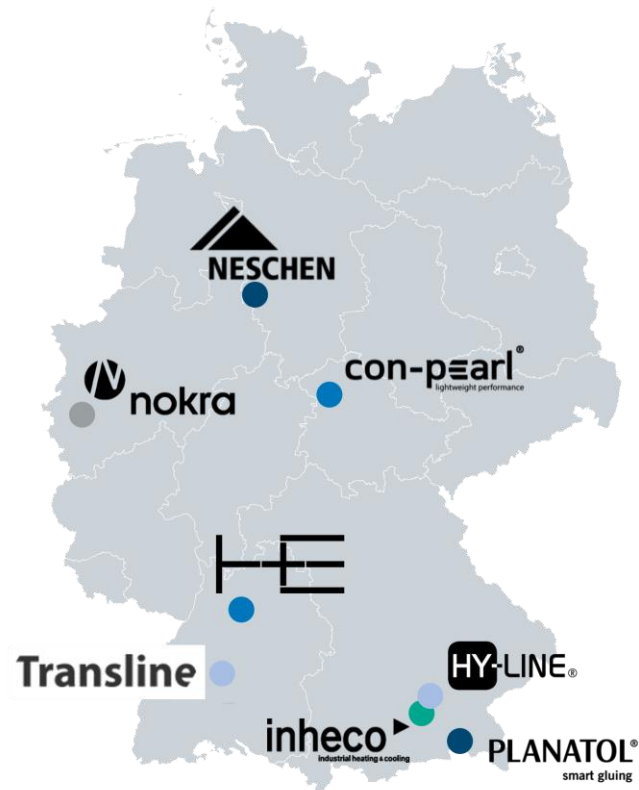
# Appendix

# ■ Diversified portfolio allows shareholders to participate in different sectors and economic cycles

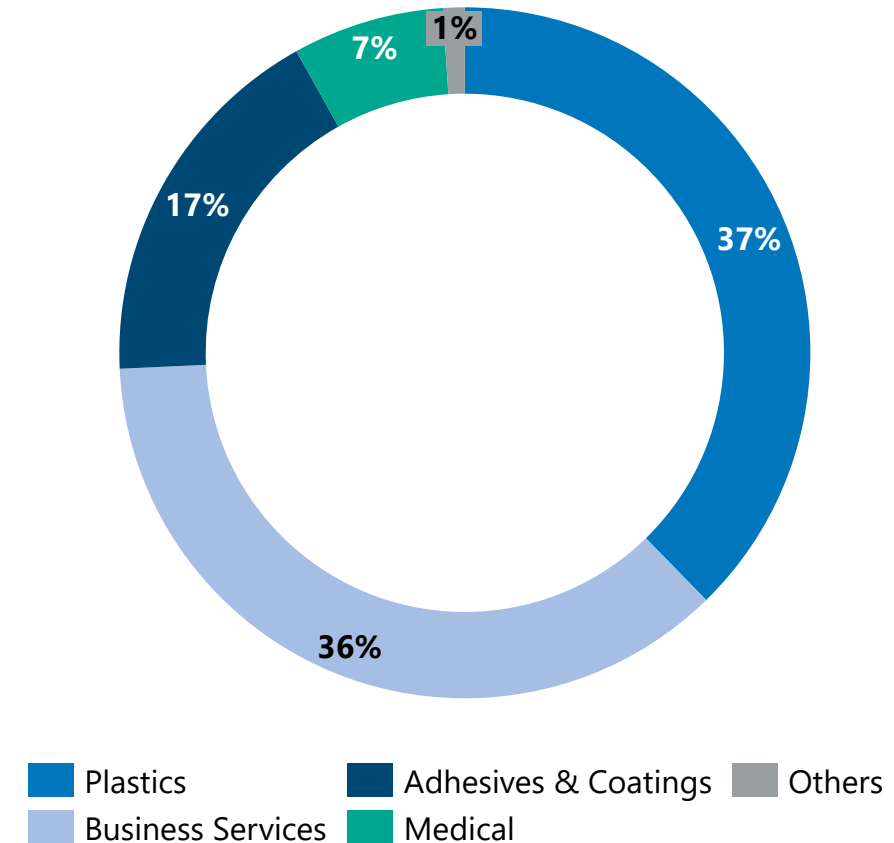


## Portfolio of

- 8 companies with headquarters in Germany
- More than 1,000 employees
- Four major segments represent the value of the group



## Net Asset Value share by segment (\*)



(\*) % shares of Group Net Asset Value as of 30 June 2023

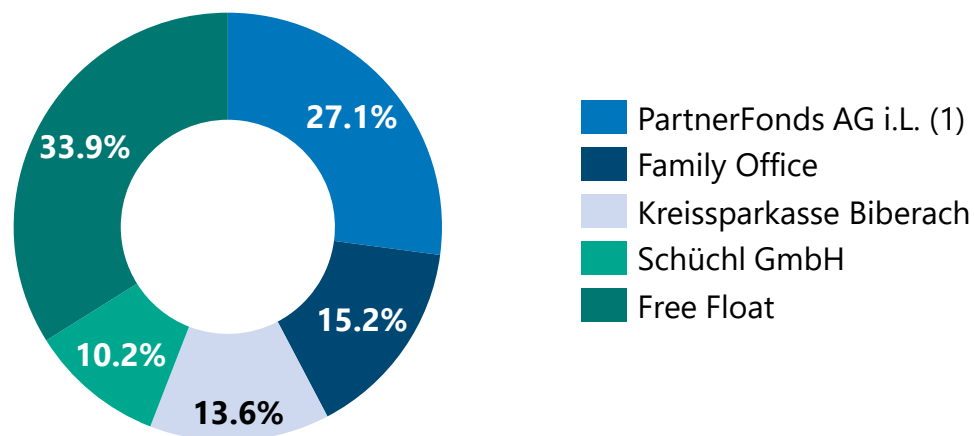
# Blue Cap on the stock market



## Reference data

- ISIN/WKN: DE 00A0JM2M1 / A0JM2M
- Ticker: B7E, B7E.DE (Reuters), B7E:GR (Bloomberg)
- Share Capital: 4,486,283.00 Euro / 4,486,283 pcs
- Market Segment: Scale (Frankfurt), m:access (Munich)
- Designated Sponsor: BankM AG
- Stock Exchanges: XETRA, Frankfurt, Munich, Hamburg, Düsseldorf, Berlin, Stuttgart, Tradegate

## Shareholder structure



(1) In an extraordinary meeting on May 6, 2020, it was decided to liquidate PartnerFonds AG with effect from January 1, 2021.

## Positive recommendations by Analysts

Analyst	Date	Rating	Target Price
M.M. Warburg	27.07.2023	Buy	38.00 €
SMC Research	24.08.2023	Buy	31.30 €

## Share Price Development LTM



Source: Stock Exchange Frankfurt (XETRA)

## ■ Financial calendar and contact details



Date	Event	Location
27-29 November 2023	German Equity Forum	Frankfurt/Main



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### Blue Cap AG

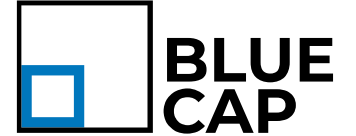
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