

Investor Presentation

Strategy-Update “Blue Cap 2026”

Dr. Henning von Kottwitz, CEO
Deutsches Eigenkapitalforum

 27 November 2023

Blue Cap AG

■ Our mission “Blue Cap 2026”

Creating shareholder value through focus on core competences



Regular transactions by focused deal sourcing and well-timed exits

Active transformation of portfolio companies



We create shareholder value through

- **Increased NAV '60 in 26'** and reduced discount of share price
 - **2-4 transactions** per year
 - **Attractive dividend** → exits at surplus levels

■ Proven and unique business model

Listed Private Equity with its DNA in transformation



BUY

Where do we invest?

- 💡 **Special situations**
- ❤️ **Solid core business**
- 📈 **Driven by underlying trends**
- 💰 **Revenue 20-200m€ and EBITDA margin 0-5%**
- 📊 **Majority stake**
- 🌱 **Compatibility with ESG targets**

TRANSFORM

How do we create value?

Active portfolio management

- People & Culture
- Balance sheet
- Margin
- Growth

Realization of additive value levers

- ESG
- Technology
- Business model

SELL

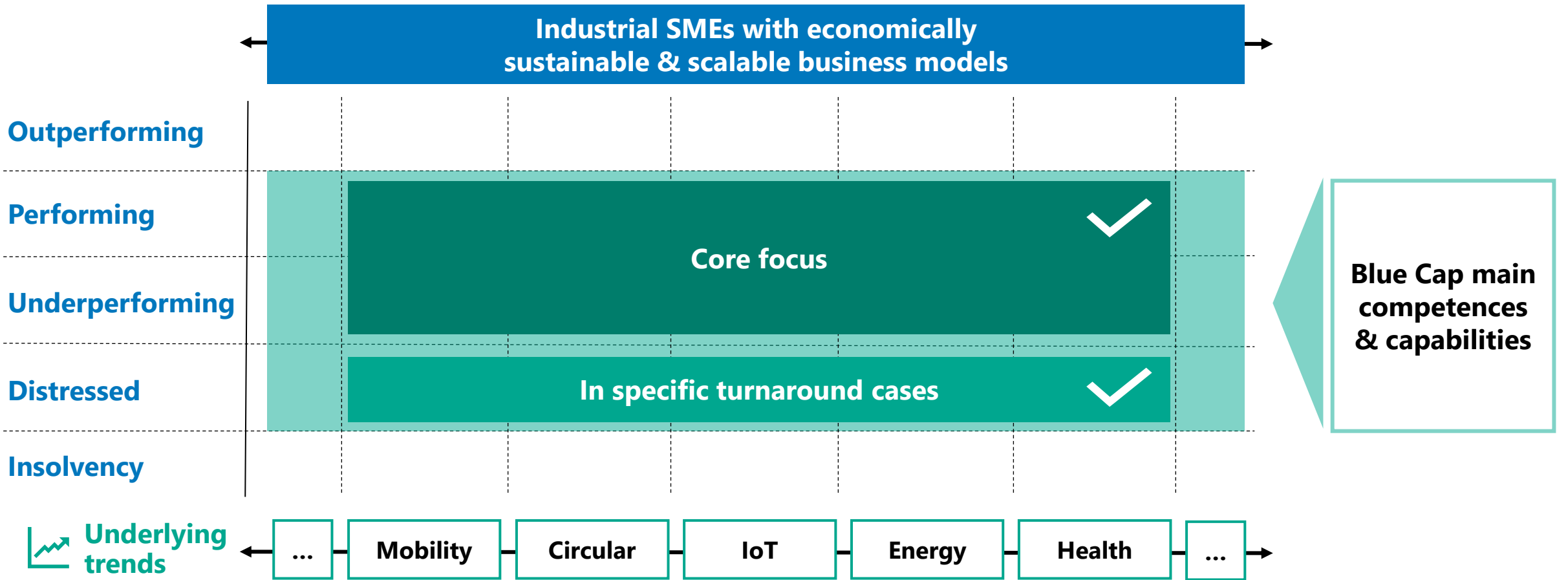
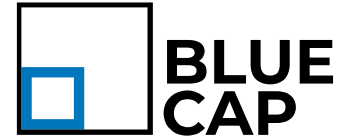
When do we sell?

Stringent exit strategy based on

- **Exit plan** from day one of acquisition
- **Ongoing preparation** for exit
- **Best-owner approach**
- **Regular screening** for exit opportunities influenced by
 - **Maturity** level
 - **Growth potential**
 - **Macro** environment

Preferred holding period: 3-7 years

■ Acquisition targets are determined by Blue Cap competences for transformation



■ Broad range of tools and options can be used for acquisition financing



Cash Flow

- Resulting from **successful exits**
- Based on **transformation** and **operative performance**

Regular operating procedure

Capital Markets

- Use **stock exchange listing**
- **Capital increase** only if applicable
- Maintain high level of **transparency**

Successfully executed in 2021

Debt

- Use **debt capacity** and **acquisition financing**
- Conservative controlling via **net leverage $\leq 3.5x$**
- **Standalone financing of portfolio** companies that undertake trustful relationships with their house banks

Primarily used for add-on acquisitions

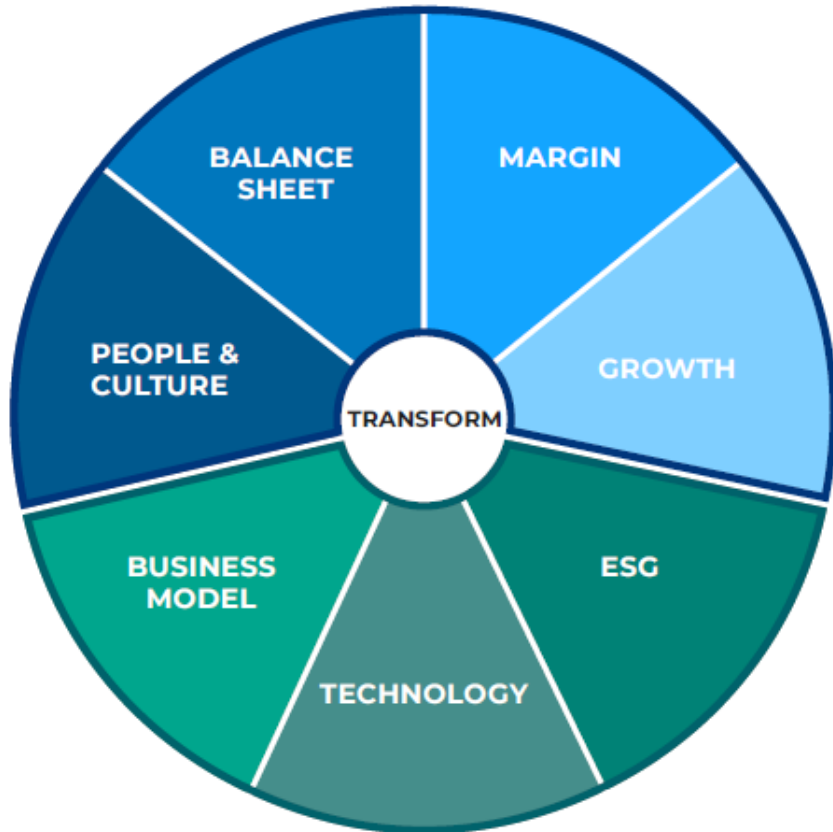
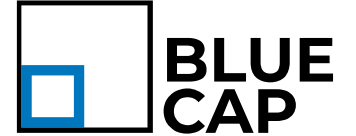
Alternatives

- **Side vehicle**
- **Co-investor / fund**
- **Partner / merger**

To be examined for future acquisitions

TRANSFORM

Established Transformation Radar for value creation



- Established structured processes and track record of **value creation initiatives** for our portfolio companies
- **Core of our transformation competence** and value enhancement expertise, especially **required for turnaround cases**
 - People & Culture
 - Balance Sheet
 - Margin
 - Growth
- **Additional value creation drivers:**
 - ESG
 - Technology
 - Business Model
- We aim to assess transformation potential in all value disciplines

Dedicated team in place to drive transformation measures within portfolio companies

■ Transformation levers effectively implemented in 2023 with positive effects on KPIs



Balance Sheet

- Focus on **cash flow**
- Supported portfolio companies to **increase cash-efficiency** and **identify hidden potentials**
- Implemented **factoring** where applicable
- **NWC management** led to **stock reduction** and **improvement of DPO and DSO ratios**
- As a result, **net debt has reduced substantially**

Margin

- Restructuring programs have **reduced number of employees** throughout the group by ~**10%** of total workforce
- **Pricing** optimization and passing on **increased costs** to customers
- **Stringent cost management** has reduced overall costs

People & Culture

- Review of the **1st and 2nd management level**
- **Changes on C-level** to improve overall performance and corporate culture
- Changes on 2nd level mostly to **strengthen sales function** and to **improve efficiency**

	<u>Δ yoy</u>
NWC 2/3 from improvements of DPO/DSO	-19mn€
Operative cash flow	+16mn€
Net debt	-18mn€

EBITDA effect > 10mn€

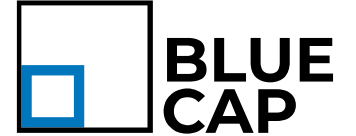
enabled by portfolio transformation and mainly driven by corresponding PEX and OPEX adjustments

Changes in C-level in **4 out of 8** companies

Strengthened **2nd management level**

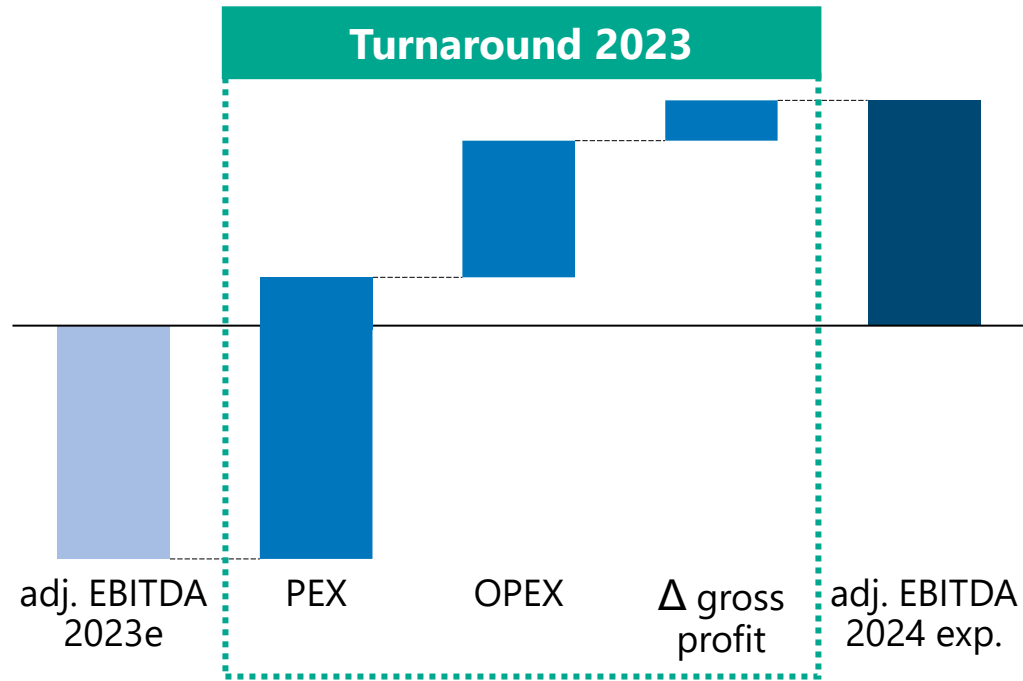
Leadership development programs in **4** companies

■ Case studies 2023: creating value in a downward cycle



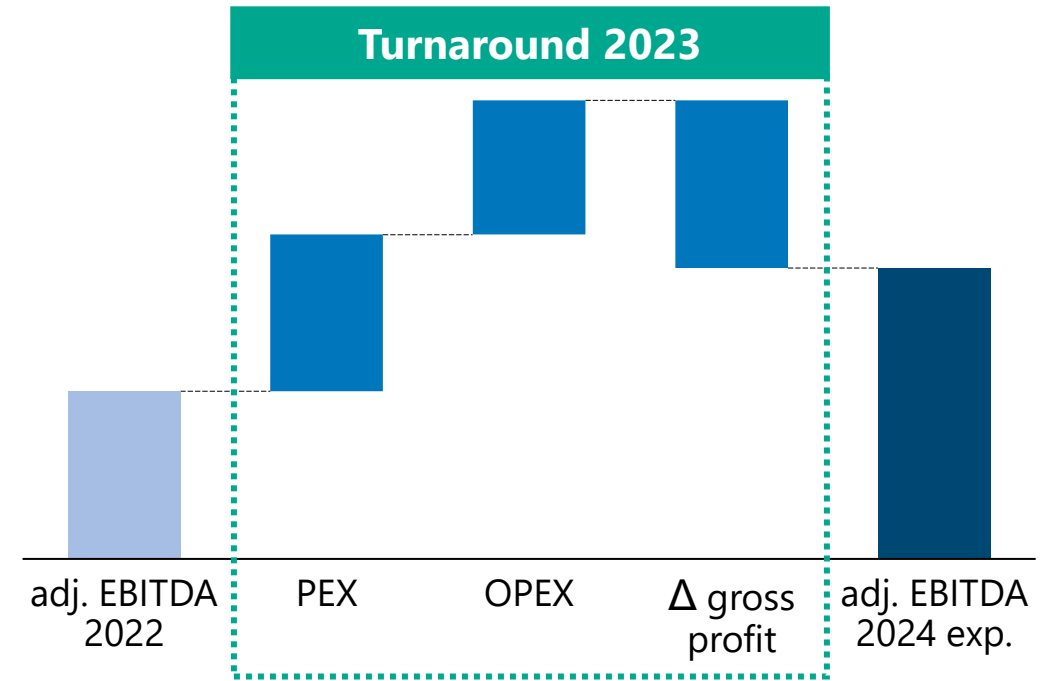
Inhenco: 'Restart 2023'

- Re-negotiate **supplier contracts**
- Make **US-sales force** more flexible
- Bring **working-capital** down and adjust OPEX
- Adjust **headcount** accordingly



Neschen: 'Fitness Program'

- Divest loss making **Filmolux France** (asset deal)
- Streamline **HQ-structure**
- Improve **supply chain** and **clear-up stocks**
- Adjust **headcount** accordingly



■ Stringent exit strategy to continue track record with an overall increased ROIC









Regular exits based on

- Steady review of **exit opportunities**
- **Exit plan** from day one of acquisition
- **Ongoing preparation** for exit
- **Maturity level** relative to Blue Cap transformation competences
- Proportion of **implemented measures since acquisition**
- **Best-owner approach**
- **Macro** environment



Our track record for value growth

<p>2018 – 2023</p>  <p>Plastics Market value achieved as % of NAV: ~117% Money multiple: ~1.2x</p>	<p>2011 – 2022</p>  <p>Production Technology Market value achieved as % of NAV: ~130% Money multiple: ~3.3x</p>	<p>2016 – 2021</p>  <p>Metal Technology Market value achieved as % of NAV: ~105% Money multiple: ~3.1x</p>
<p>2014 – 2020</p>  <p>Medical Technology Market value achieved as % of NAV ~177% Money multiple: ~4.0x</p>	<p>2012 – 2018</p>  <p>Medical Technology Market value achieved as % of NAV: ~ 189% Money multiple: ~3.4x</p>	<p>2009 – 2017</p>  <p>Adhesives Technology Market value achieved as % of NAV: N/A Money multiple: ~45.9x</p>

■ Diversified portfolio in Germany

Composition will change with increased M&A activities

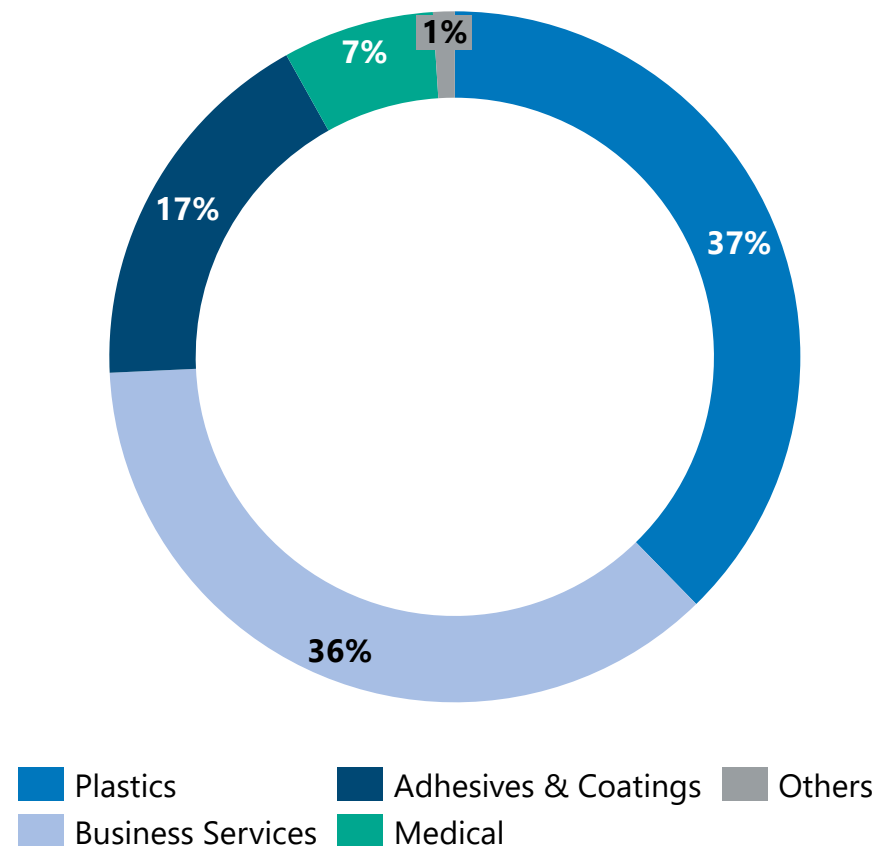


Diversified portfolio of

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

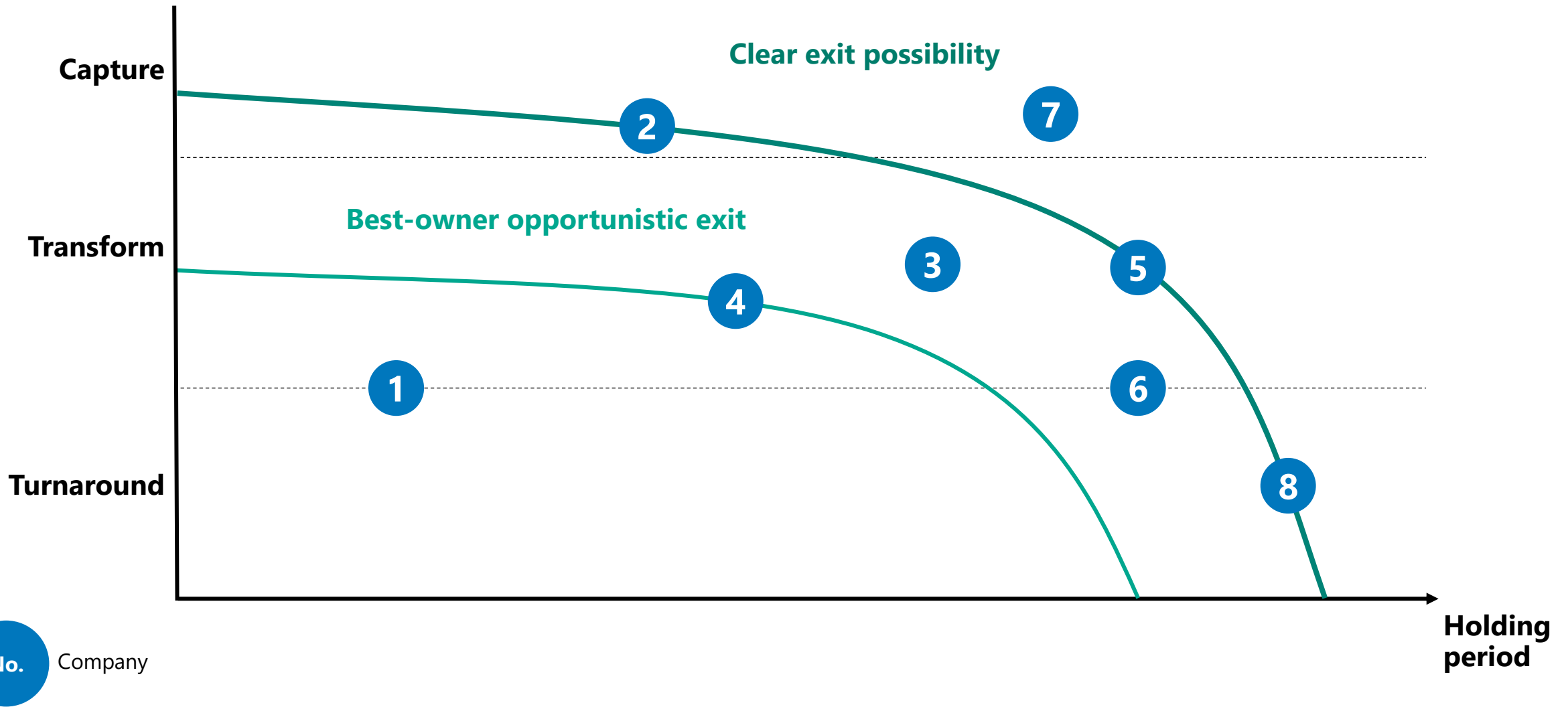
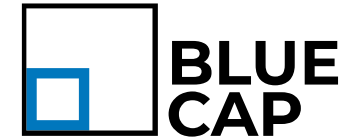


Net Asset Value share by segment (*)



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

■ **Two companies identified for near term divestment**
Successful exit is at the core of our activities from day one



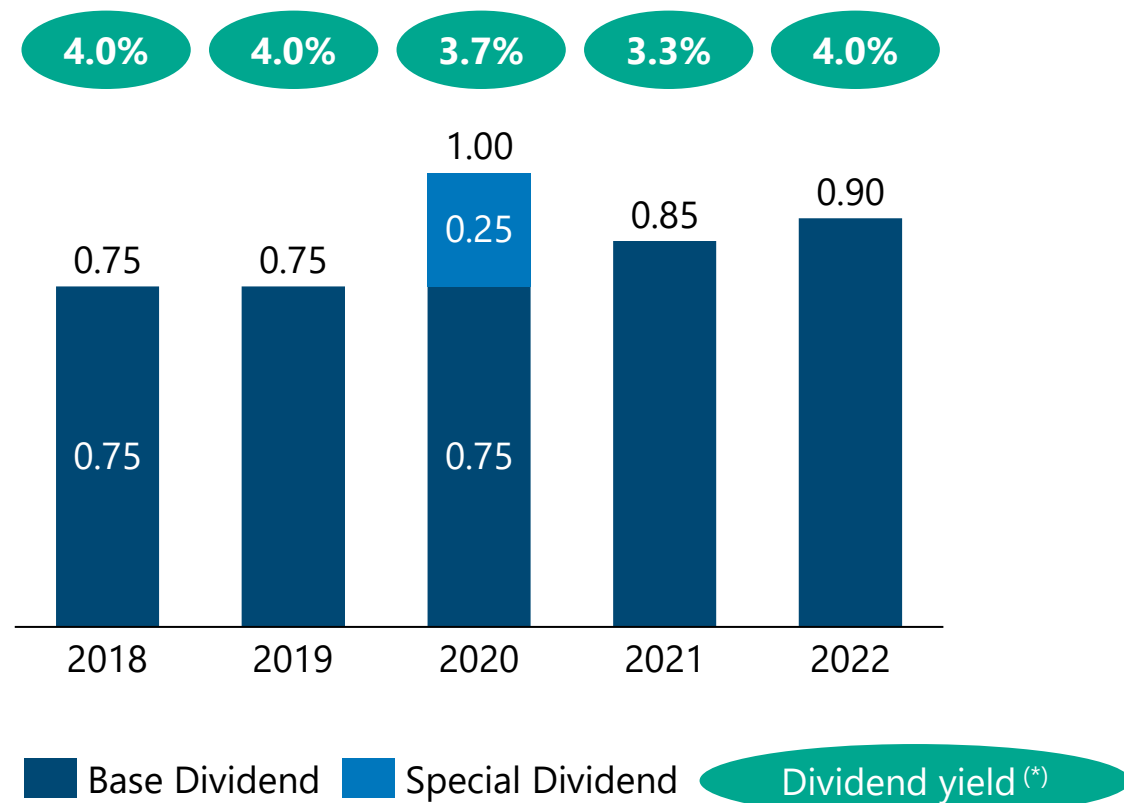
No. Company

■ Attractive dividend policy remains part of value generation for our shareholders



Dividend per share and dividend yield

EUR and %, for respective fiscal year

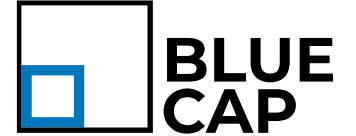


Components of dividend policy

- **Base dividend as regular return**
 - Resulting from operative performance (adjusted earnings)
 - Active cash management throughout the group
- On top **special dividend** is targeted
 - To be paid in case of **successful exits**
 - Balancing shareholder expectation and re-investment targets
- **Attractive dividend yield**

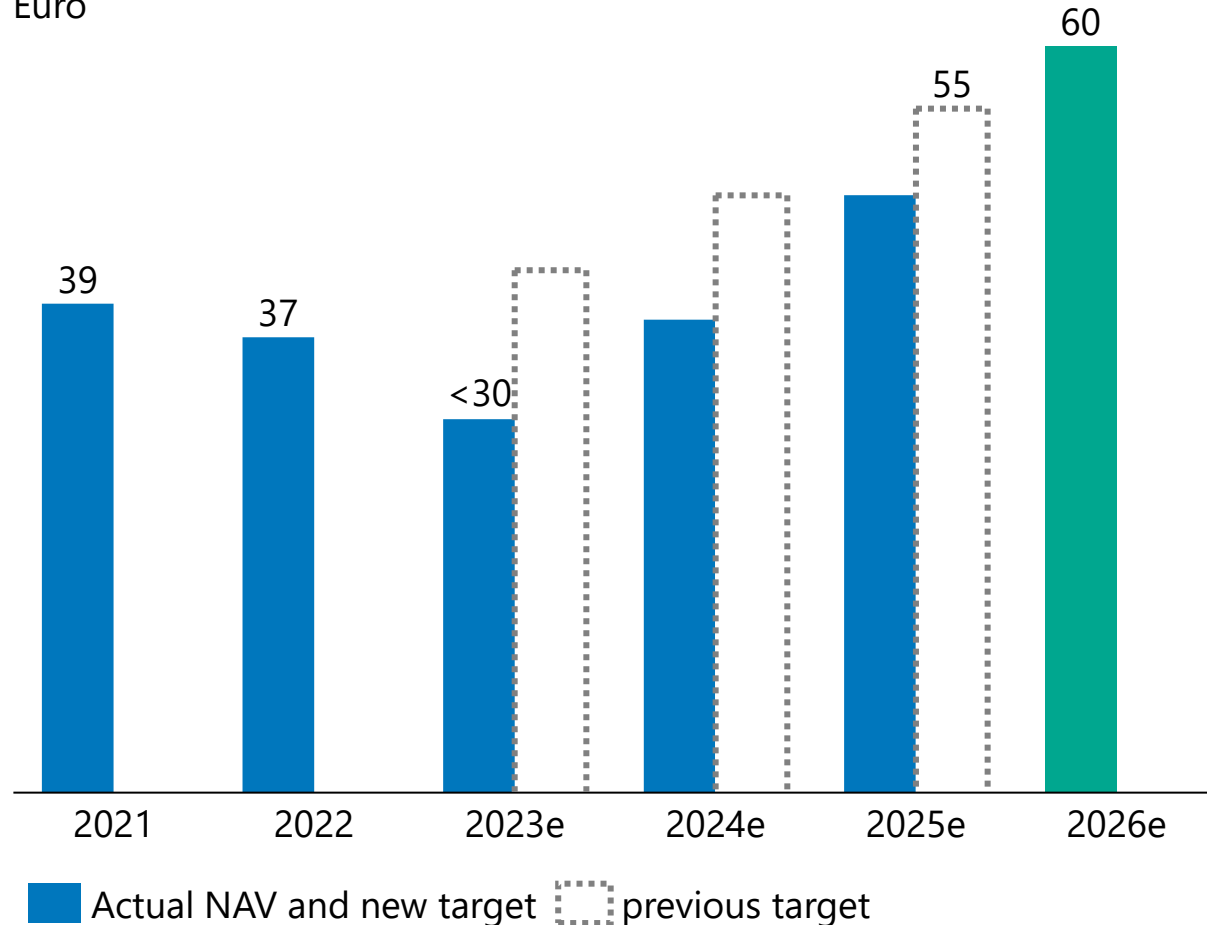
(*) dividend yield is based on XETRA closing price of the day of the respective AGM

■ '60 in 2026' Strong value creation potential



Group Net Asset Value

Euro

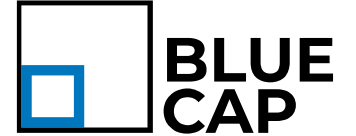


Blue Cap growth path to '60 in 26'


- **2023**
 - **2023 did not develop as planned**
 - **NAV 2023** negatively influenced by **macro environment** and **multiple development**
 - **Strategic update** initiated
- **2024**
 - **Year of restart:** Implemented measures will support development
 - Based on current assumptions 2024 budget is likely to result in **NAV increase**
 - **1-2 exits in 2024** will set basis of more dynamic acquisition pipeline in the future
- **NAV target 2026**
 - Based on **more transactions, transformation including turnaround cases** and **deleveraging**
 - **Economic recovery** is part of premise

■ Blue Cap Investment Highlights

Unique opportunity to invest in German SME growth stories

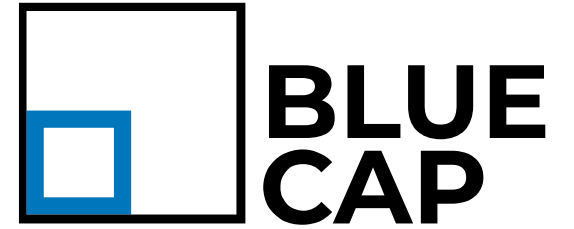


- 01_ Proven business model > value creation through M&A and transformation**
- 02_ Adapted investment focus > based on Blue Cap competences and capabilities**
- 03_ Diversified portfolio of SMEs > participation in different sectors and cycles**
- 04_ Regular and consequent exits > proof of value capture**
- 05_ Attractive dividend policy > remains part of investor proposition**
- 06_ '60 in 26' > strong mid-term value creation potential**



Questions and Answers

**Thank you for
your attention!**





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■ Financial calendar and contact details



Date	Event	Location
27-29 November 2023	Deutsches Eigenkapitalforum	Frankfurt / Main



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Appendix

■ 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

■ Guidance 2023 and expectations for 2024 – year of restart

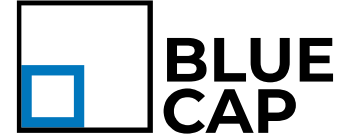


Guidance 2023

- **Development in Q3** and **outlook for Q4** required a change of the guidance – pickup in Q3 not strong enough to close the gap

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

■ Sustainability is part of value creation



BUY

Integration into investment process and due diligence

- Minimization of **ESG risk exposure**
- Identification of **ESG-based value growth potential**
- **Negative list for sectors and business models**, e.g. nonsustainable fishing, forestry or agriculture, palm oil, gambling, tobacco products, a.o.)

TRANSFORM

Improved sustainability

- e.g. by **reducing carbon footprint** or enhancing products with sustainability interests in mind
- e.g. by establishing **closed-loop economy systems**

Monitoring ESG developments

- e.g. using **qualitative and quantitative KPIs**

SELL

Integration into equity story

- ESG risk profile
- GHG emissions

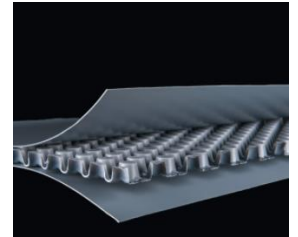
■ Plastics segment

Plastics

con-pearl
lightweight performance

Invest: 2019 / 100%
Revenue*: € 67.3 mn

- Manufactures lightweight plastic boards from recycled plastic primarily for the logistic and automotive industry
- Value drivers:
 - Growth: expansion US business
 - Technology: process automatization
 - ESG: circular economy business model



Invest: 2021 / 71%
Revenue: € 39.9 mn

- Plastics expert with core competence in the development of flexible plastic parts
- Value drivers:
 - Growth: new (OEM) clients and projects
 - Balance sheet: deleveraging
 - Business model: establish H+E as development partner



(*) here and at the following slides: revenue as of 31 December 2022

■ Adhesives & Coatings segment

Adhesives & Coatings

PLANATOL®
smart gluing

Invest: 2009 / 100%
Revenue: € 38.9 mn

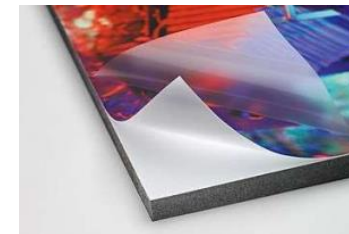
- Niche supplier of adhesive products for different industries
- Value drivers:
 - Growth: strengthen export and international business
 - Technology: focus on innovations and cooperations
 - People & Culture: strengthen management and sales department




NESCHEN

Invest: 2016 / 100%
Revenue: € 57 mn

- Leading international company for self-adhesive media and coating solutions
- Value drivers:
 - People & Culture: strengthen management
 - Margin: focus on industrial applications, optimize product mix & pricing, personnel measures, modification of Filmolux business model



■ Business Services segment

Business Services

HY-LINE®

Invest: 2021 / 93%
Revenue: € 67.4 mn

- Electronic product and systems distributor with a special focus on value-add through technical consulting and development expertise
- Value drivers:
 - Growth + Margin: profitable growth in the areas of system solutions and design-in products
 - People & Culture + Business Modell: establish ONE HY-LINE business model and merge business activities
 - Technology: improve IT-systems



Transline

Übersetzen. Verstehen.

Invest: 2022 / 74%
Revenue: € 20.7 mn

- One of the large German translation service providers with high degree of automatization
- Value drivers:
 - Growth + Margin: organic and inorganic growth, improve efficiencies, reduce fixed costs
 - People & Culture: strengthen management
 - Technology: value generation with workflow software



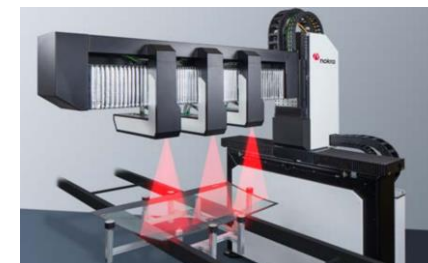
■ Others and non-consolidated activity

Others



Invest: 2014 / 90%
Revenue: € 3.5 mn

- Manufactures inline measurement systems using optical lasers
- Value drivers:
 - Growth: expansion based on product competence and scalability through customer growth
 - Business Model: scaling niche competence through products



Medical (non-consolidated, minority stake)



Invest: 2006 / 42%
Revenue: € 37.8 mn

- Manufacturer of products for thermal management in the laboratory automation
- Value drivers:
 - Margin: secure earnings by consistent cost management, personnel measures
 - Balance Sheet: net working capital improvement
 - Growth: grow US business

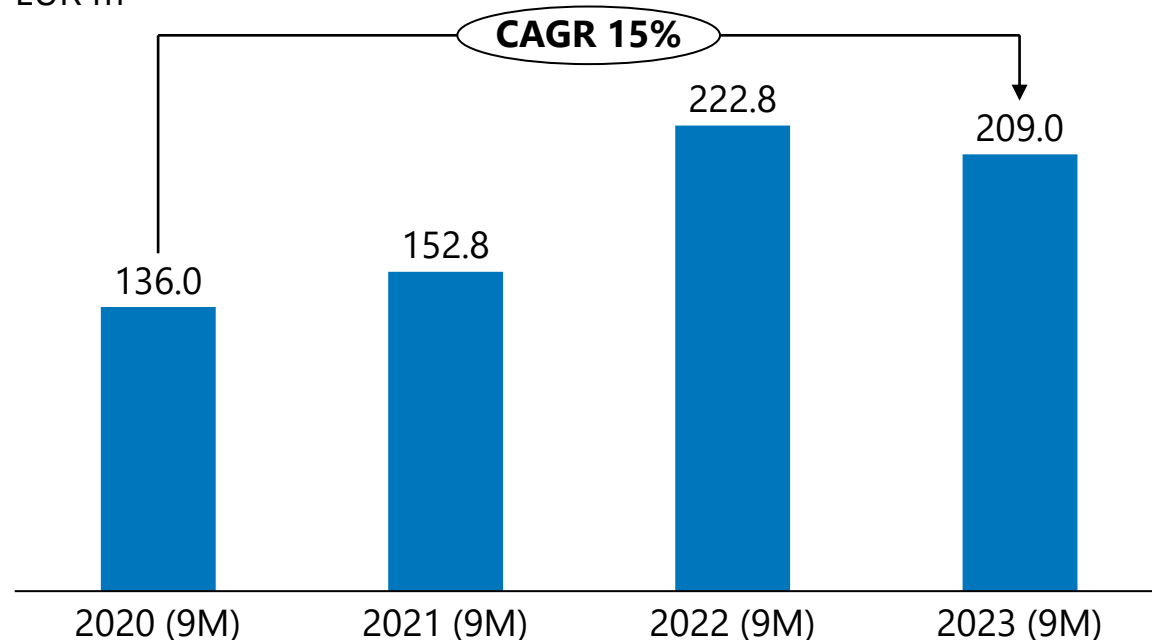


■ Nine-month figures affected by challenging economic environment



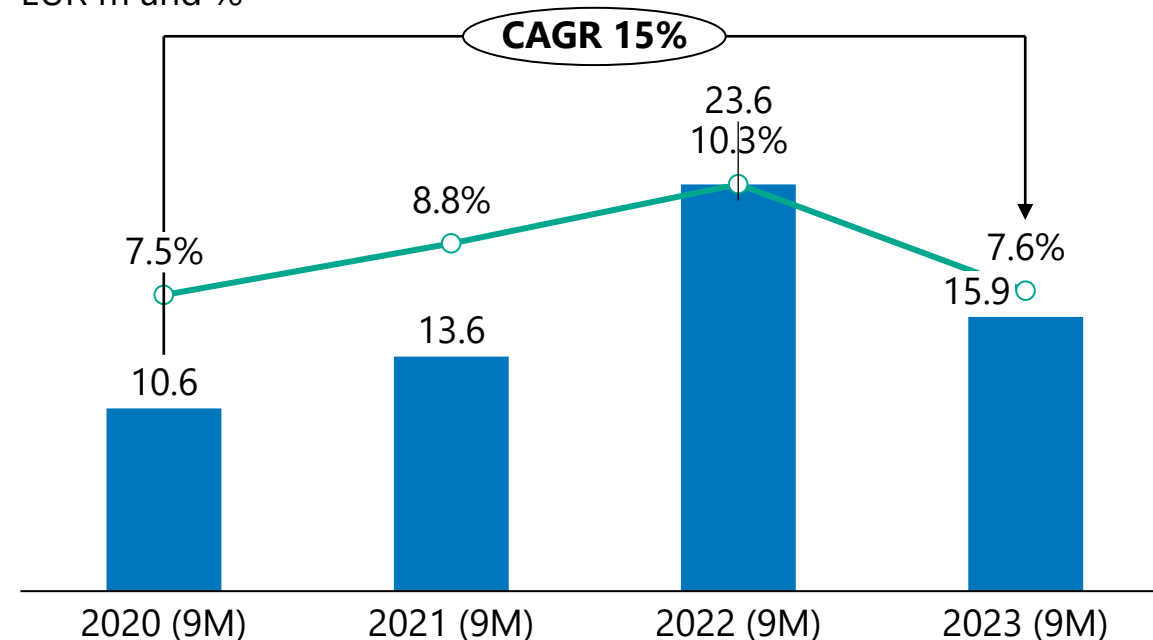
Revenue

EUR m



Adjusted EBITDA and adj. EBITDA margin

EUR m and %



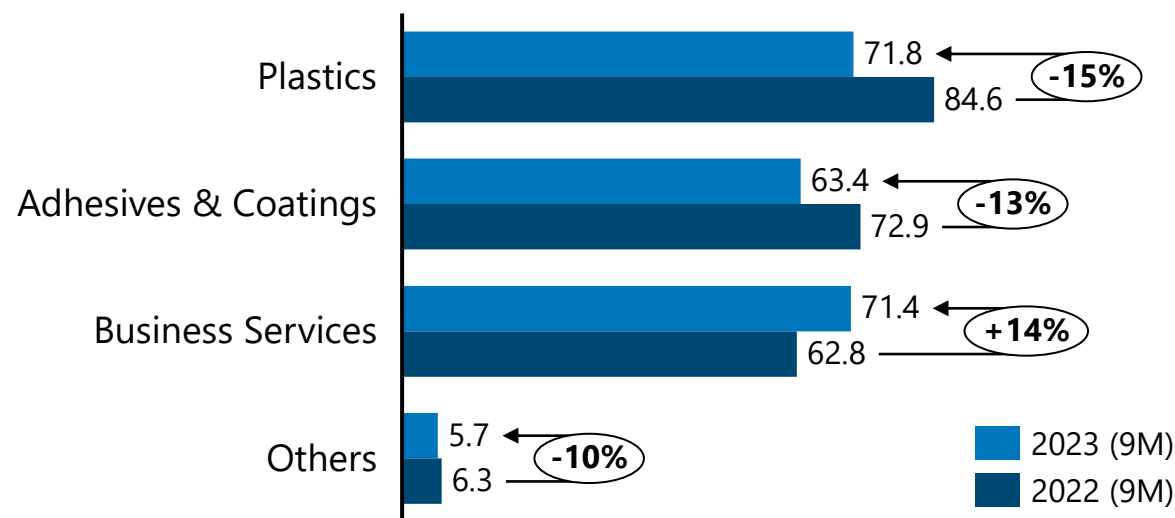
- **Overall: Lower Revenues on a yoy basis:** positive development at Business Services segment and full-year consolidation of Transline not making up for revenue decline at our Plastics and Adhesives & Coatings segments. Companies across portfolio **experience reduced demand** from customers.
- **Revenue 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



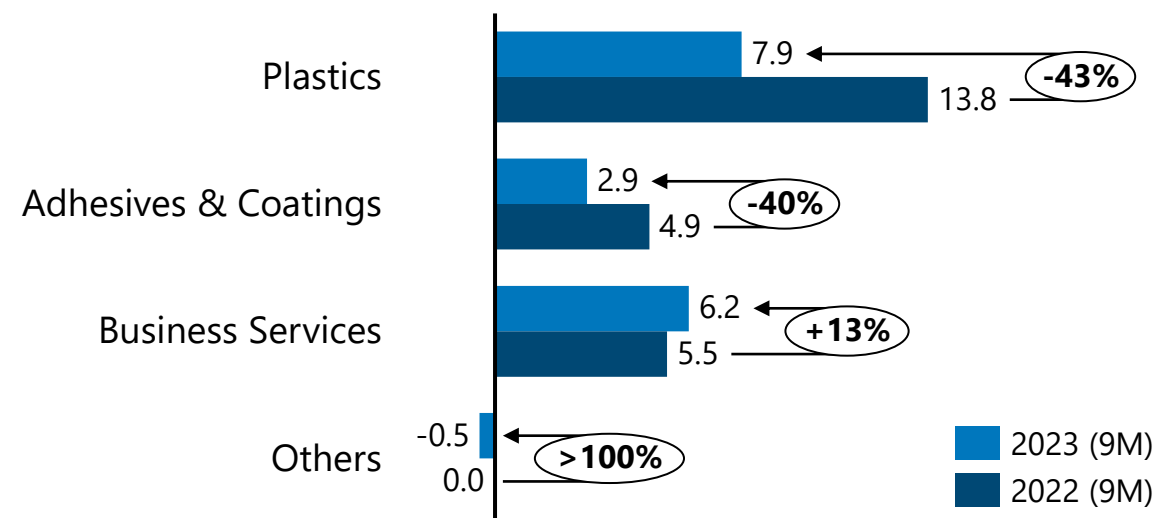
Revenue by segment

EUR m



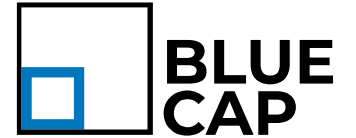
Adjusted EBITDA by segment

EUR m



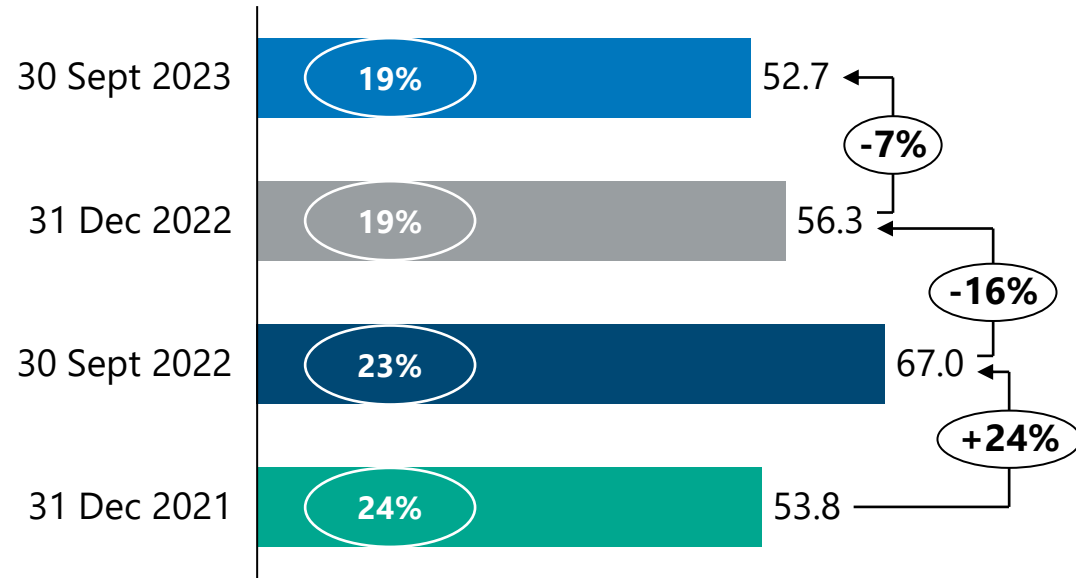
- **Plastics:** lower revenues and adj. EBITDA due to postponed major customer orders at **con-pearl** and **H+E** - with H+E further effected by lower demand for automotive parts due to overall output reductions and major fab interruptions with one major OEM (force majeure).
- **Adhesives & Coatings:** 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



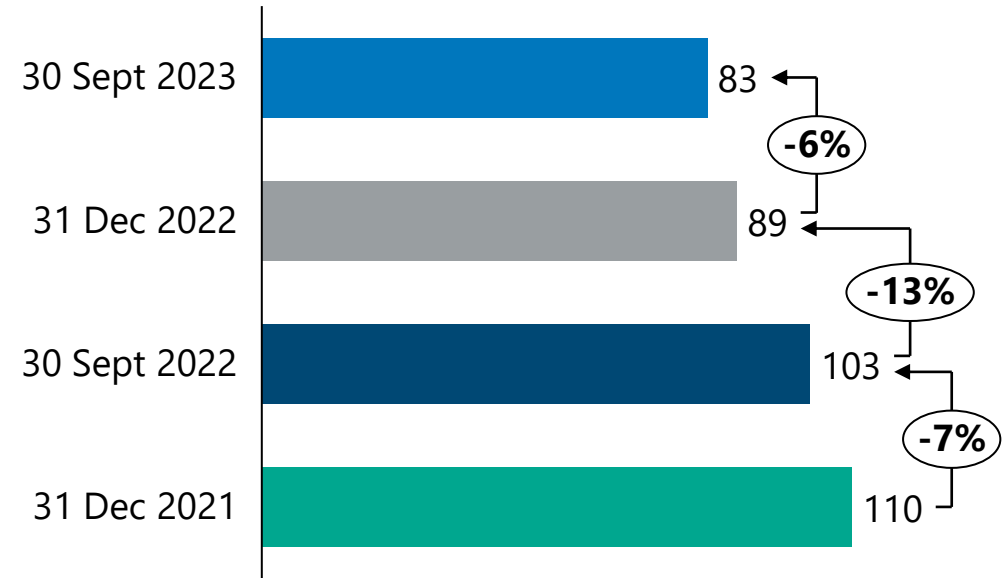
Net working capital*

EUR m and in % of total output (LTM)



Cash conversion cycle

days



*Net working capital incl. contract assets/contract liabilities

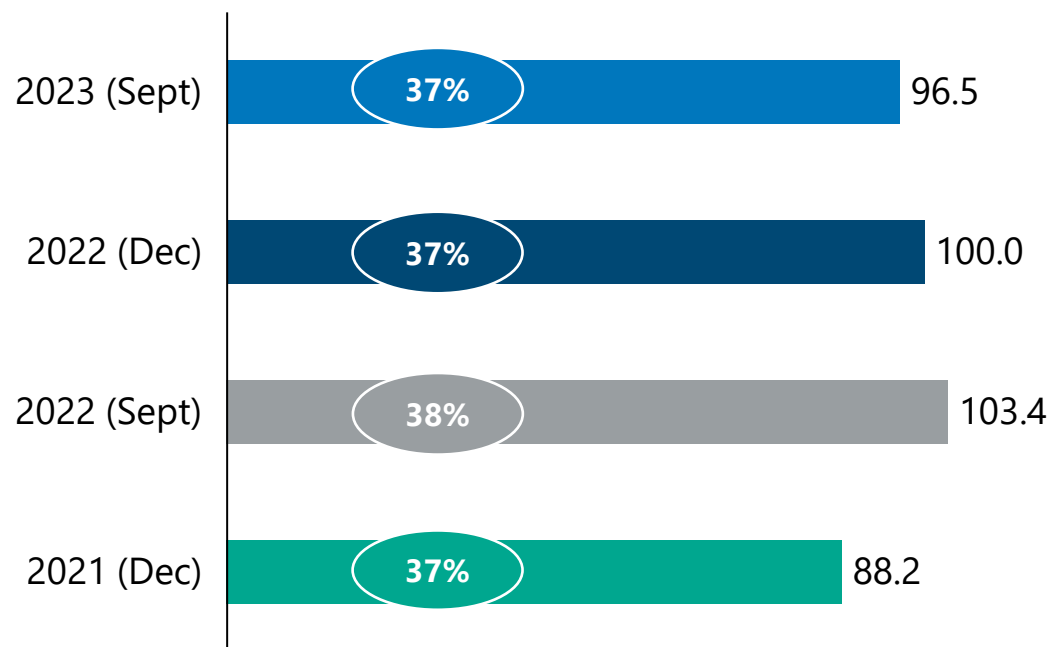
- Group benefiting from further **reduction of inventories** and optimization of **warehousing processes** at all portfolio companies.
- **Factoring** set up and applied (e.g. HY-LINE, Neschen, con-pearl) leading to **additional cash flexibility** on portfolio level.
- Visibly **improved receivable-levels**,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

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



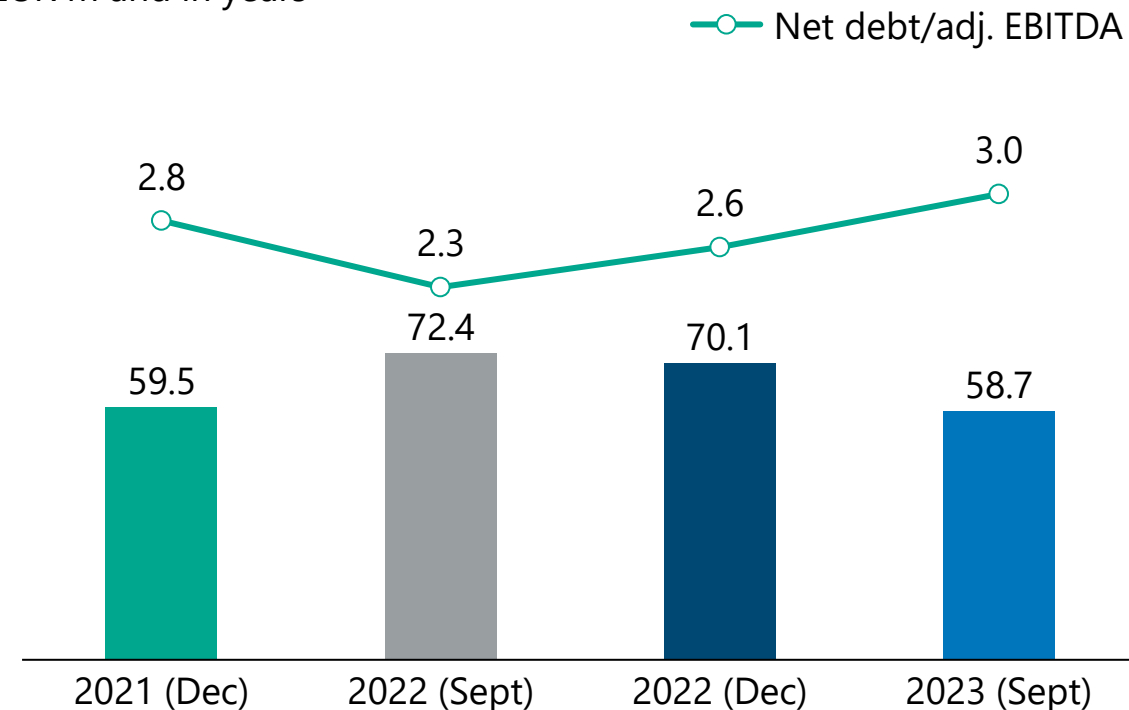
Equity and equity ratio

EUR m and in % of total assets



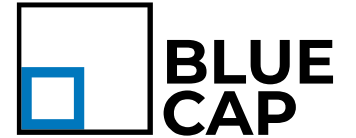
Net debt and leverage ratio

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.

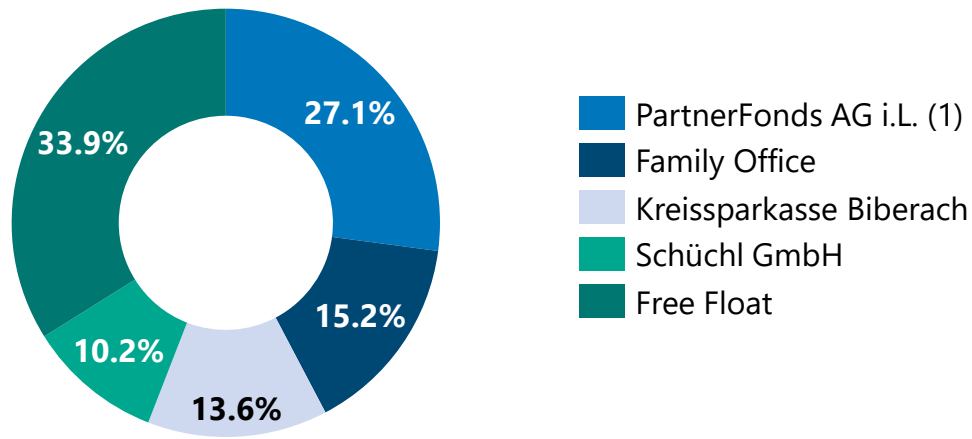
Blue Cap on the stock market



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

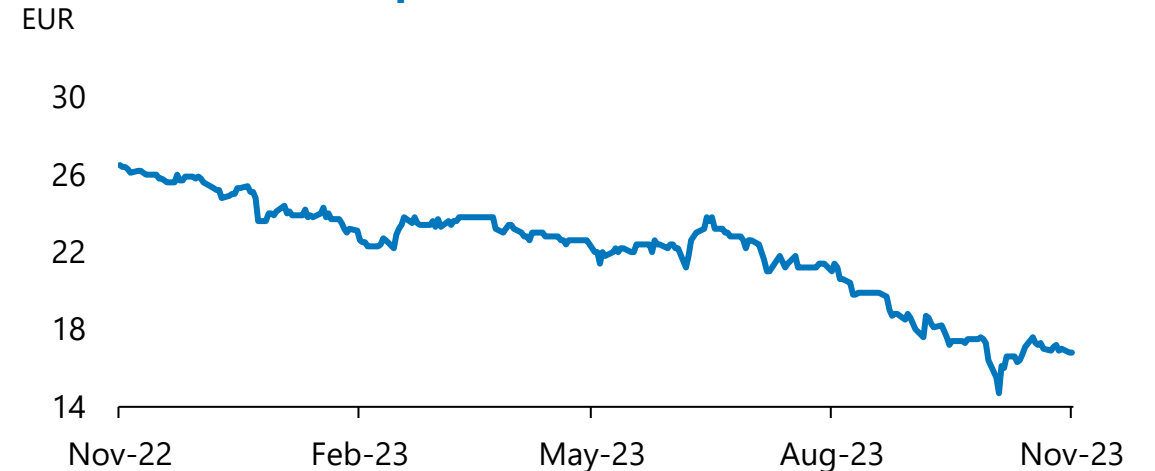


(1) In an extraordinary meeting on May 6, 2020, it was decided to liquidate PartnerFonds AG with effect from January 1, 2021.

Positive recommendations by Analysts

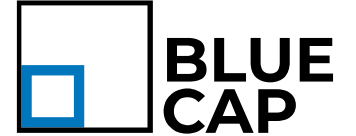
Analyst	Date	Rating	Target Price
M.M. Warburg	27.07.2023	Buy	38.00 €
SMC Research	31.10.2023	Buy	29.70 €

Share Price Development LTM



Source: Stock Exchange Frankfurt (XETRA)

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