

# PARKOUR – Status Report

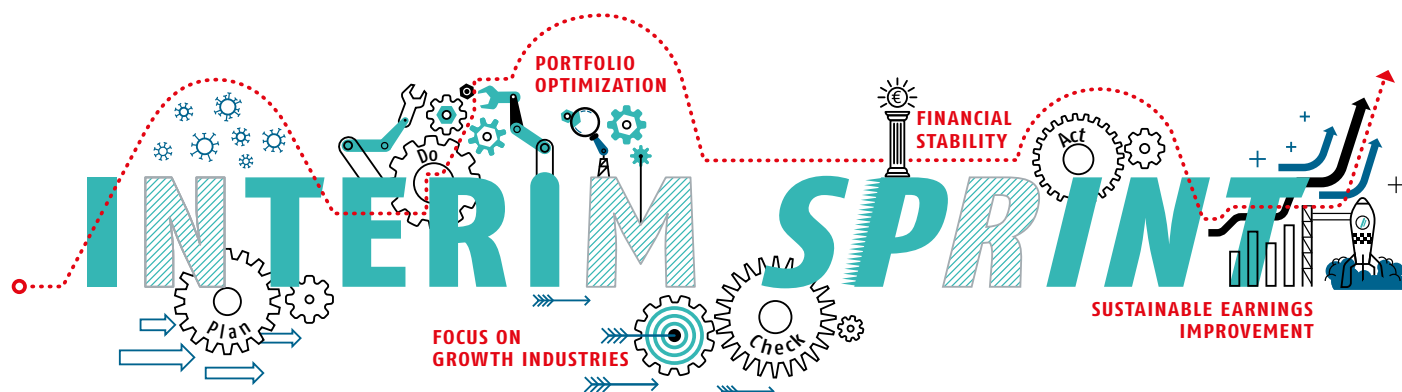
Handling the coronavirus pandemic underlined our investment portfolio's agility once more in 2020. On the one hand, COVID-19 increased the pressure on the Group to transform. On the other, the strengths of our SMEs and diversified portfolio have again been proven. The continuation of our PARKOUR strategy program further expands this resilience: We are resolutely strengthening the portfolio structure, constantly driving innovation, and systematically improving performance in the portfolio companies.

## Focus 1: Strengthening the Portfolio Structure

PARKOUR focuses on the targeted development and forward-looking orientation of our portfolio. Our **INTERIM SPRINT package of measures**, which we implemented in 2020, clearly boosted this portfolio optimization. This is because the coronavirus pandemic highlighted existing weaknesses that we have specifically addressed. For example, we sold our subsidiary KIEBACK and the sub-subsidiary FICHTHORN, both from the Automotive Technology segment. In the Metals Technology segment, we closed the plastics plating sector at SIMON Systems, which was no longer sustainable, and decided to close the portfolio company BACHER. Moreover, the systematic expansion of the port-

folio and the continuous development of our portfolio companies remain key building blocks of our INDUS DNA. We are systematically following our successful strategy of “buy, hold & develop.”

Furthermore, we are sticking to the target of acquiring two to three companies per year from our six defined growth industries. Despite the fact that COVID-19 has made conditions more difficult, we were able to sign the purchase agreement for Jungmann Systemtechnik (JST) in November 2020, and the deal closed at the start of January 2021. The SME JST with its registered office in Buxtehude offers complete solutions for setting up control centers and control stations and strengthens the INDUS portfolio in the growth industry of **measuring technology, automation and control engineering** in a targeted manner. In line with our multi-tier transaction model, we also acquired remaining shares in M+P, PEISELER, MBN and SELZER in 2020.



## Focus 2: Driving Innovation

PARKOUR aims to increase our portfolio companies' innovativeness. We systematically support our portfolio companies with the strategic orientation of their innovation activities in order to retain and increase competitiveness in the long term. To this end, we provide **methodological support** to establish appropriate processes and methods in the portfolio companies and seamlessly integrate them into the organizational structure. The aim is to identify and take advantage of market opportunities.

We support innovation projects with high strategic importance and a corresponding level of innovation through pro rata financial subsidies via the **INDUS development bank**. We also funded numerous projects via this existing instrument in 2020, despite the coronavirus pandemic. For example, M. BRAUN developed a glove box with voice control, and MBN designed an innovative screwdriver magazine.

In order to seize the opportunities from **megatrends** such as digitalization or green tech in a targeted way, we provide **working groups** within the Group. The aim of this direct communication between the portfolio companies is to jointly analyze market prospects and accumulate knowledge with added value. Experts from industry and research additionally inject ideas from outside. In 2020, for example, a working group was initiated on the topic of "opportunities in hydrogen technologies."

When further developing our portfolio companies' range of expertise, we also focus on **acquisitions of younger, innovative companies** at sub-subsidiary level. With the revival of the M&A market after the COVID-19 pandemic, the focus continues to be on complementary additions in the defined growth industries.

## Focus 3: Improving Performance

The effects of the pandemic in particular have again demonstrated the importance of operational excellence in the portfolio companies. PARKOUR deliberately focuses on the continuous improvement of business processes in the complete value chain.

One focus is on **increasing productivity in order processing**. In a status check of production processes across the Group, it was possible to work out and prioritize the action required in the portfolio companies. In 2020, we gave the

Despite the COVID-19 pandemic, we systematically advanced key building blocks of our PARKOUR strategy in 2020. We stand by our targets for 2025.

1. **55 to 60 portfolio companies** with sales significantly **over EUR 2 billion**.
2. **EBIT target** margin of **10%** again reliably achieved.
3. **Growth industries** clearly represented in the portfolio.
4. **Innovation** established as growth driver in the portfolio companies.
5. We live **digitalization** because our companies have mastered the shift to the "Tech Generation."
6. **Operational excellence** implemented in the portfolio companies' value-adding core processes.
7. **Internationalization** successfully continued by the portfolio companies.

Sustainable and responsible actions toward our stakeholders are the guiding principle for all of the economic activities in our Group.

portfolio companies more support with implementing concrete optimization projects in production and logistics. In our lean management training, employees were trained to become certified lean experts and lean trainers who can now pass on their knowledge within the Group. At the exchange of best practices, we also provide networking opportunities around order processing.

A second focus, which was established in 2019 to promote operational excellence, is on the **business development, strategic marketing, and sales** area. In 2020, we were able to carry out status checks at selected portfolio companies in order to work out the respective action required in strategy, sales, marketing, and pricing and to define fitting measures – which are being implemented independently by the portfolio companies or with the support of the holding company. Successful examples include implementation projects – for instance, at ELTHERM, IPETRONIK, HORN, GSR, and M+P INTERNATIONAL. We support methodological skills in the portfolio companies through actively sharing knowledge: For example, we are further expanding our range of seminars, which have been in greater demand due to the pandemic.