

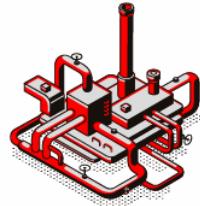
Mo-Bruk SA

OUR LBO CANDIDATE

Presented by David Stolt & Alessandro Merlini

2025-05-13

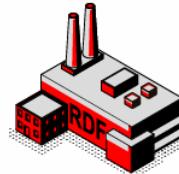
OVERVIEW AND INVESTMENT RATIONALE



Incineration of industrial and medical waste



Solidification and stabilisation of waste



Production of RDF

35.3%

40%

24,7%

WHY MO-BRUK?

- Strong industry tailwinds
- Industry leader (21% market share)
- High barriers to entry (government regulations and NIMBY)
- Strong and stable cash flows generation

- Revenue
 - PLN 200 million (9M 24; +18% yoy)
- EBITDA
 - PLN 84.7 million (42% margin; 49.3% core operations)
- Net Profit
 - PLN 55 million (27% margin)



TIMING



VALUE CREATION



Organic Growth



Operational improvements



Financial structuring



Buy-and-Build

Mo-Bruk's 5y return: 75% vs index; 149,84 % and -30% from its high in 2021

VALUATION AND ASSUMPTIONS

VALUATION

- Current Price:** PLN 310 per share (8x EBITDA); average: 7,73x
- Offer:** 30% premium (PLN 405/share); valuing Mo-BRUK at PLN ~ 1.4 billion (12x EBITDA)
- Intrinsic Valuation Check:** APV method; used due to leverage change.

CoE: 10.14%

CoD: Risk adjusted, based on EBIT

and ICR (Damodaran)

Adj. Beta: 0.81



PLN 578,78/share

43% above our proposed offer price

KEY ASSUMPTIONS

- Hazardous Waste**
 - Expected market size of 290k ton/year in 2029
 - Mo-BRUK to double capacity to 70k ton/year;
 - Capacity utilization of 85-86%
 - Price growth 3% CAGR
- Stabilization & RDF**
 - Gradual capacity and volume growth (total capacity to reach 600k ton/year by 2029)
 - Capacity utilization from 85% in 2025 to 90% by 2029
 - Steady pricing (more volatile and difficult to predict)

EBITDA at Exit	247
Exit Multiple	12,0x
Enterprise Value	2 956
Net Debt	451
Management Incentive Program (4,5% MIP)	113
Sponsor Equity Value	2 393



IRR: 30,24 %

CAPITAL STRUCTURE

- Uses:** PLN 1,593m equity purchases
- Sources:** PLN 638m sponsor equity, 55m cash, 900m debt
- Structure:** 60 % debt / 40 % equity, 7.1× Debt/EBITDA, target ICR $\geq 2.0\times$
- Key covenants & hedging:** ICR $\geq 2\times$; no dividends first 3 y; swap fixes 60 % of the debt at 8.1 % for 3 y
- Equity & governance:** PE fund 95.5 %, management 4.5 % (MIP) that vest at exit.

Uses	Amount	xEBITDA	% Capital
Equity payment	1 423	11,3x	89%
Debt refinancing	115	0,9x	7%
Transaction fee	38	0,3x	2%
Financing fees	18	0,1x	1%
Total	1 593	12,6x	100%

Capital Structure	Amount	xEBITDA	Interest (%)	Ink. 3y. interest swap	Total debt (%)	Spread ex. swap 10y	Term
Revolver	0	0,0x	8,80%		0,00%	296	6 yrs
Senior debt - PLN Term loan A	540	4,3x	7,81%	8,01%	60,00%	197	6 yrs
Senior debt - PLN Term loan B	140	1,1x	7,94%		15,56%	210	5 yrs
Subordinate debt - PLN Second Lien	220	1,7x	10,31%		24,44%	447	6 yrs
Total	900	7,1x	8,44%		100,00%		

POST-INVESTMENT STRATEGY

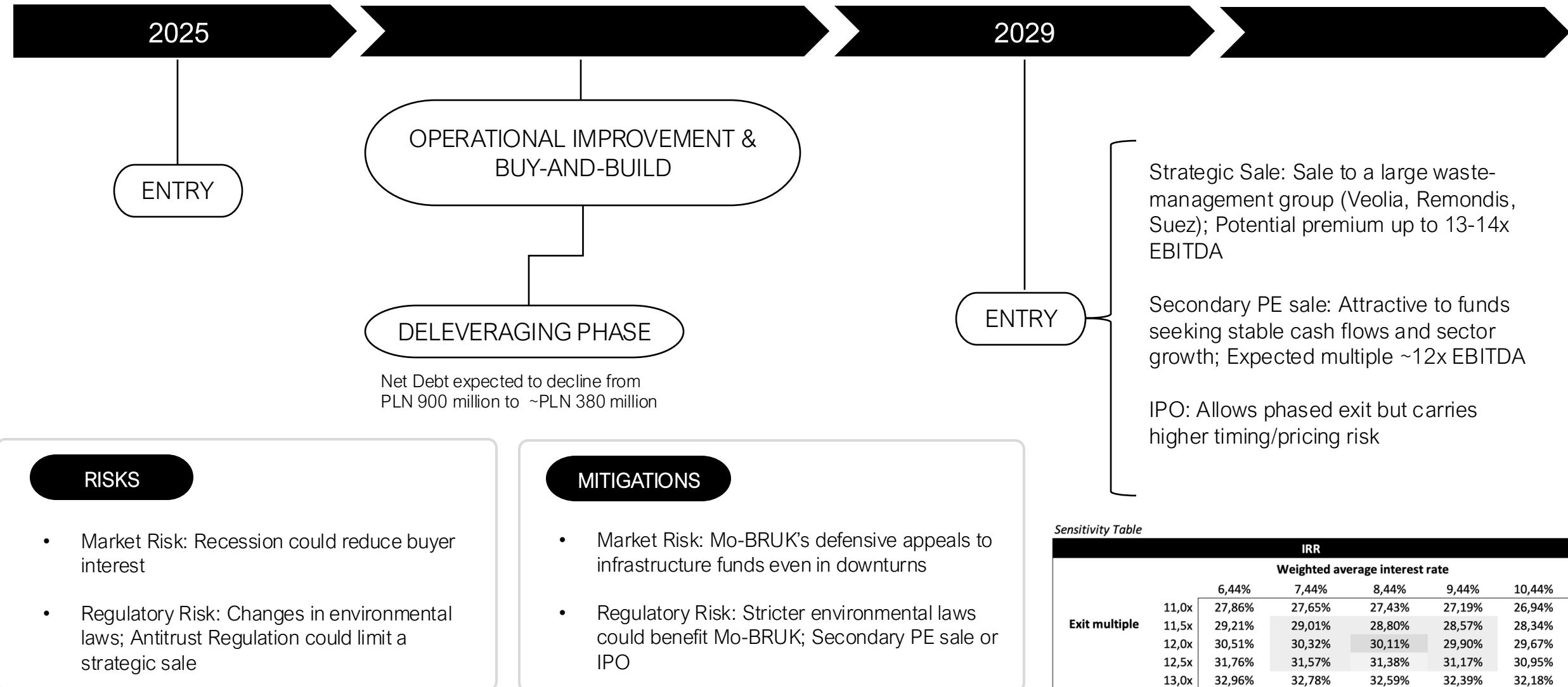
OPERATIONAL IMPROVEMENTS & EBITDA GROWTH

- Focus on the core business
- Capacity expansions in the Incineration and Solidification segments
- Contracts for Eco-Bombs as a «call-option» to grow faster. Importing waste
- Treating waste imported from neighboring countries
- Cost efficiency: enhance integration between segments (ex. ORC turbines)

BUY-AND-BUILD

- Small-scale acquisitions
- Same niches to leverage economies of scale
- Start of the M&A strategy 2-3 years after the deal (debt constraints)
- Focus on the Incineration and Solidification segments to leverage EL-KAJO's capacity

EXIT STRATEGIES



QUESTIONS?

EXHIBITS

Capital Structure					
	<u>Amount</u>	<u>Ink. 3y. interest swap</u>	<u>Total debt (%)</u>	<u>Spread ex. swap 10y</u>	<u>Term</u>
Revolver	0		0,00%	296	6 yrs
Senior debt - PLN Term loan A	540	8,01%	60,00%	197	6 yrs
Senior debt - PLN Term loan B	140		15,56%	210	5 yrs
Subordinate debt - PLN Second Lien	220		24,44%	447	6 yrs
Total	900		100,00%		

Sources and Uses					
Sources			Uses		
	<u>Amount</u>	<u>xEBITDA</u>		<u>Amount</u>	<u>xEBITDA</u>
Revolver	0	0,0x	Equity payment	1 488	11,8x
Senior debt - PLN Term loan A	540	4,3x	Debt refinancing	115	0,9x
Senior debt - PLN Term loan B	140	1,1x	Transaction fee	39	0,3x
Subordinate debt - PLN Second Lien	220	1,7x	Financing fees	18	0,1x
Cash on hand	55	0,4x			
Sponsor equity	705	5,6x			
Total	1 660	13,2x	Total	1 660	13,2x
					100%

EXHIBITS

Assumptions (blue)	2021	2022	2025E	2026E	2027E	2028E	2029E
Revenue growth		-8,9%	22,1%	11,8%	11,1%	10,4%	10,5%
Gross margin	61,8%	50,9%	46,9%	48,5%	48,7%	48,7%	48,7%
OpEx margin	7,2%	5,0%	7,2%	7,2%	7,2%	7,2%	7,2%
Tax rate	19,4%	18,9%	19,0%	19,0%	19,0%	19,0%	19,0%
EBITDA Calculation							
EBIT	146	112	140	163	181	200	221
D&A	8	8	17	19	21	23	26
EBITDA	154	119	157	181	202	223	247
<i>EBITDA margins</i>	57,5%	48,9%	44,5%	46,1%	46,3%	46,3%	46,3%
Operating Model							
Revenue	267	243	352	393	437	482	533
% growth		(8,9%)	22,1%	11,8%	11,1%	10,4%	10,5%
COGS	102	120	187	202	224	247	273
% of sales	38,2%	49,1%	53,1%	51,5%	51,3%	51,3%	51,3%
Gross Profit	165	124	165	191	213	235	259
% of sales	61,8%	50,9%	46,9%	48,5%	48,7%	48,7%	48,7%
OpEx	19	12	25	28	31	34	38
% of sales	7,2%	5,0%	7,2%	7,2%	7,2%	7,2%	7,2%
EBIT	146	112	140	163	181	200	221
<i>% of sales</i>	54,6%	45,9%	39,7%	41,3%	41,5%	41,5%	41,5%
(-) Interest Expense	2,18	0,48	76	72	67	59	50
Interest Income	0,08	2,34	0,5	0,5	0,5	0,5	0,5
EBT	148,3	114,4	65	91	115	142	172
% of sales	55,5%	47,0%	18,3%	23,1%	26,4%	29,3%	32,2%
(-) Taxes	29	22	12	17	22	27	33
% tax rate	19,4%	18,9%	19,0%	19,0%	19,0%	19,0%	19,0%
Net Income	177,1	136,1	52,3	73,6	93,5	114,6	138,9
<i>% of sales</i>	66,3%	55,9%	14,9%	18,7%	21,4%	23,8%	26,1%
Change in Net Working Capital							
-14,9	5,5	9,5	10,6	11,8	13,1	14,4	
% of sales	(5,6%)	2,3%	2,7%	2,7%	2,7%	2,7%	2,7%
D&A	7,6	7,5	16,8	18,8	20,9	23,1	25,5
% of sales	2,8%	3,1%	4,8%	4,8%	4,8%	4,8%	4,8%
CapEx	1,8	11,2	28,1	23,6	21,8	24,1	26,6
<i>% of sales</i>	0,7%	4,6%	8,0%	6,0%	5,0%	5,0%	5,0%

EXHIBITS

Levered Free Cash Flow	2021	2022	2025E	2026E	2027E	2028E	2029E
Net Income	177,1	92,2	52	74	93	115	139
D&A	7,6	7,5	16,8	18,8	20,9	23,1	25,5
CapEx	1,8	11,2	28,1	23,6	21,8	24,1	26,6
Change in NWC	-14,9	5,5	9,5	10,6	11,8	13,1	14,4
Mandatory Debt Repayments			4	4	4	4	4
Levered Free Cash Flow (Pre-revolver)			27	54	77	97	120
Revolver			0	0	0	0	0
Levered Free Cash Flow (Post-revolver)			27	54	77	97	120
Debt Schedule	2021	2022	2025E	2026E	2027E	2028E	2029E
Debt Paydown	2021	2022	2025E	2026E	2027E	2028E	2029E
Cash							
Beginning Balance			55	55	55	55	55
Inflow / (Outflow)			0	0	0	0	0
Ending Balance			55	55	55	55	55
Revolver							
Beginning Cash Balance			55	55	55	55	55
Minimum Cash			55	55	55	55	55
Beginning Excess Cash			0	0	0	0	0
Free Cash Flow Generated			27	54	77	97	120
Cash Available to Paydown / (Draw From) Revolver			27	54	77	97	120
Beginning Balance			0	0	0	0	0
Increase / (Decrease)			0	0	0	0	0
Ending Balance			0	0	0	0	0
Maximum Availability			75	75	75	75	75
Senior debt - PLN Term loan A							
Beginning Balance			540	513	459	382	285
Paydown			27	54	77	97	120
Ending Balance			513	459	382	285	165
Senior debt - PLN Term loan B							
Beginning Balance			140	136	132	128	124
Mandatory paydown			4	4	4	4	4
Paydown			0	0	0	0	0
Ending Balance			136	132	128	124	120
Subordinate debt - PLN Second Lien							
Beginning Balance			220	220	220	220	220
Mandatory paydown			0	0	0	0	0
Paydown			0	0	0	0	0
Ending Balance			220	220	220	220	220
Total Debt							
Beginning Balance			900	869	810	730	629
Paydown			31	58	81	101	123
Ending Balance			869	810	730	629	506
CHECK			0,0000	0,0000	0,0000	0,0000	0,0000

EXHIBITS

IRR					
EBITDA at Exit					247
Exit Multiple					14,0x
Enterprise Value					3 450
Net Debt					451
Management Incentive Program (4,5% MIP)					113
Sponsor Equity Value					2 393
 Sponsor Equity at Entry					705
 Multiple on Invested Capital (MOIC)					3,7x
IRR					30,24%
ICR (EBITDA)	2,07	2,51	3,04	3,76	4,90

EXHIBITS

FCFF (unlevered, no interest deducted)	107	130	147	159	173
Unlevered Cost of Capital (tax shield not included)	10,14%	10,14%	10,14%	10,14%	10,14%
PV of FCFF	97	107	110	108	107
Interest cost	76	72	67	59	50
Tax shield	14	14	13	11	10
Cost of debt	8,32%	7,17%	6,85%	6,22%	5,71%
Pv of tax shield	13	12	10	9	7

APV method	2025	2026	2027	2028	2029
Unlevered Cost of Capital					
Tax rate	19%				
Debt	142				
Market cap	1 091				
Debt/Equity Ratio	13%				
Adjusted Beta	0,81				
Unlevered Beta	0,74				
Unlevered Cost of Equity	10,14%				
Cost of Debt					
Long Term risk free rate	5,85%	5,85%	5,85%	5,85%	5,85%
EBIT	140	163	181	200	221
Interest costs	75,79	72,20	66,64	59,38	50,42
Interest coverage ratio	1,84	2,25	2,72	3,37	4,39
Spread (Risk premium)	4,42%	3,00%	2,61%	1,83%	1,20%
Cost of Debt before Tax	10,27%	8,85%	8,46%	7,68%	7,05%
Tax rate	19,00%	19,00%	19,00%	19,00%	19,00%
Cost of Debt after Tax	8,32%	7,17%	6,85%	6,22%	5,71%