

MASTERFLEX SE
INTERIM REPORT FIRST HALF-YEAR 2018



CONNECTING VALUES

HIGHLIGHTS IN THE FIRST SIX MONTHS

Continuation of the growth course

Revenue growth of 2.4% thanks to a strong second quarter

First pilot customer project with AMPIUS, the digitally equipped hose systems

Dividend raised to 0.7 cents per share

MASTERFLEX AT A GLANCE

In €k	30.06.2018*	30.06.2017*	Change
Consolidated revenue	39,693	38,768	2.4%
EBITDA	5,235	5,416	-3.3%
EBIT (operative)	3,602	3,820	-5.7%
EBIT margin (operative)	9.1%	9.9%	
EBIT	3,464	3,492	-0.8%
EBT	3,028	2,990	1.3%
Consolidated earnings from continued business units**	2,108	1,969	7.1%
Consolidated earnings from discontinued business units	-58	-36	-61.1%
Consolidated net income	2,058	1,940	6.1%
Consolidated earnings per share (€)			
from continued business units	0.22	0.20	10.0%
from discontinued business units	-0.01	0.00	
from continued and discontinued business units	0.21	0.20	5.0%
Employees	648	629	3.0%

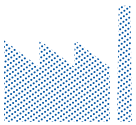
In €k	30.06.2018*	31.12.2017	Change
Consolidated equity	38,865	37,396	3.9%
Consolidated total assets	74,648	72,967	2.3%
Consolidated equity ratio	52.1%	51.3%	

* unaudited

** without non-controlling interests

BRANDS

SPECIALISTS IN HIGH-TECH HOSES AND CONNECTION SYSTEMS



MASTERFLEX

Hoses and connecting systems for all industrial applications

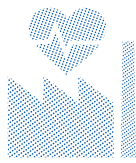
Spiral hoses – heated hoses – intelligent hose systems – connecting elements



MATZEN & TIMM

Vulcanised moulded parts and hoses for the aviation and aerospace sector and automobile industry

Special hoses – suction hoses – elastomer hoses – bellows



NOVOPLAST SCHLAUCHTECHNIK

Thermoplastic moulded parts and smooth hoses for industrial applications and medical technology

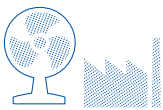
Pneumatic hoses – compressed air hoses – moulded hoses – medical hoses



FLEIMA-PLASTIC

Plastic injection-moulded parts and components for medical technology

Medical clamps – client-specific items – hose connectors – housing components



MASTERDUCT

Hose and connection systems for industrial applications and for air conditioning and ventilation systems

Spiral hoses – smooth hoses – air conditioning and ventilation system hoses



APT

Hoses made of fluoroplastics with extremely high chemical resistance

Smooth hoses – shrink tubes



AMPIUS

The Masterflex Group is digitalising the hose and connection element business

Intelligent, network-compatible hoses and connection systems

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Dear shareholders,

We were able to record a good first half of 2018, which at first glance consists of two quite different quarters. The first quarter closed at revenues and earnings exactly on the level of the strong prior-year quarter. The second quarter showed a revenue increase of 4.6%, which we also forecast for the year as a whole.

At second glance, in a deeper analysis, it is evident that the individual quarters of the first half-year were not as different as the pure financial figures suggest. Both quarters have been able to underscore in their own way that our market drivers are intact, that we are making good progress on our strategic path and that the development at APT confirms the direction we expect. In the first quarter, the existing dynamics were partly overlaid by extraordinary effects. The high standard set by the very good prior-year quarter in combination with unfavourable currency effects, partially limited delivery due to a high sick-leave and holiday-related revenue shifts led „only“ to a stable revenue development. But for us, the impulses in business, for example, in incoming orders, were obvious. Moreover, we have been able to make up for the revenue shifts at the end of 2017 at our US subsidiary as announced. Unfortunately, this positive effect in our US dollars revenues was overshadowed by negative currency effects in the first quarter. The second quarter then showed the expected development with a revenue increase of 4.6%. Revenue growth for the first six months thus was 2.4%.

The current development is not free of challenges. We are currently working hard to further significantly improve our ability to deliver. Essentially due to a high level of sick-leave, productivity in some of our subsidiaries has yet to reach the targets we have set for ourselves. As a result, existing orders cannot be immediately converted into revenues and even have to be cancelled in rare cases. The currently unsatisfactory situation also dampens our current earnings trend. With an EBIT of just under EUR 3.5 million, we confirmed the previous year's level. Adjusted for extraordinary effects, operating EBIT declined slightly from EUR 3.8 million to EUR 3.6 million. The corresponding EBIT margin was 9.1% after 9.9% in the same period of the previous year.

All in all, after six months, we can sum up that we are developing in the desired and predicted direction. For the full year 2018, we expect revenue growth of between 4% and 8%. In absolute numbers, this means that we want to achieve revenues in the range of EUR 78 million to EUR 81 million. We are projecting this growth without further acquisitions, but it also implies that we will be able to repeat the revenues of the first half of the year. The corresponding momentum in incoming orders is present, demand is there. Now we are working to provide the necessary capacity, for example through extra shifts and short-term personnel development measures, to meet the demanding goals. In terms of earnings and margin development, we are somewhat more restrained this year, in particular due to the many challenges and the situation on the commodity markets, as far as our expectations are concerned. For 2018, our goal remains to confirm the EBIT margin as a first step. However, we are very well planning earnings growth in absolute terms.

Gelsenkirchen,
31 July 2018

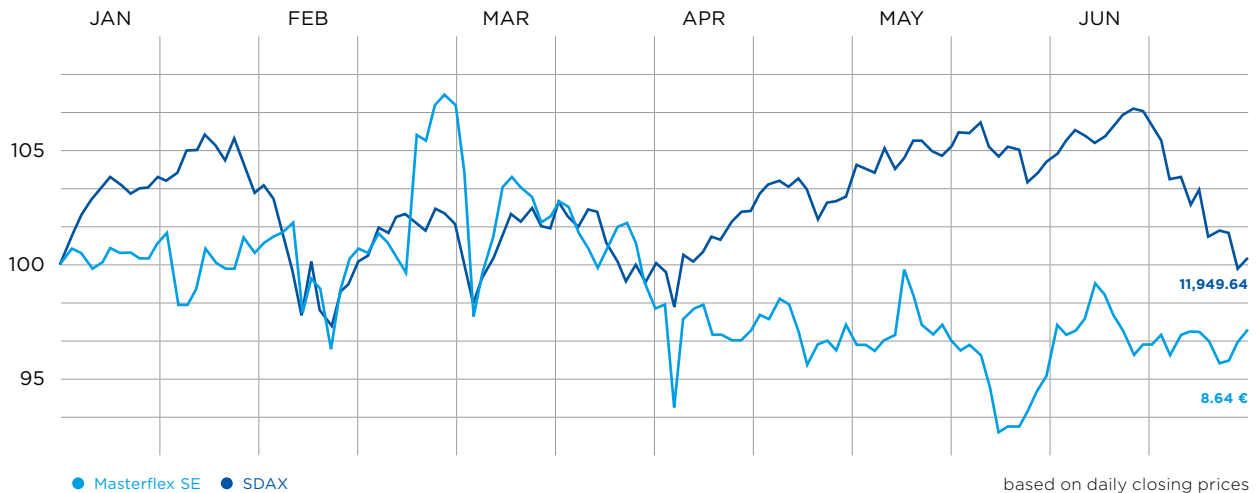


Dr. Andreas Bastin
Chief Executive Officer



SHARES AND ANNUAL GENERAL MEETING

Performance of Masterflex shares in the first half of 2018 relative to the SDAX



Share price performance

In the first half of 2018, the share price performance was characterized by a strong sideward movement. The 2017 year-end price stood at EUR 8.75 compared with EUR 8.64 after six months of 2018. That's a slight minus of 1.3%. The range of share price performance ranged from a high during the first six months of EUR 9.56 to a low of EUR 8.24. The relevant benchmark index SDAX performed quite similarly during this period, closing with a strong sideward movement with a small gain of 0.5%.

Research

In the first half of 2018, Masterflex continued to be monitored and rated by the analysts of Bankhaus Lampe, DZ Bank and SMC Research. In its most recent studies within the first six months, DZ Bank rated the Masterflex shares as „hold“ with a price target of EUR 9.20. Bankhaus Lampe and SMC Research both rated the shares as „buy“ with a price target of EUR 10.00.

Annual General Meeting

At the Annual General Meeting on 26 June 2018 in Gelsenkirchen, 62.07% of the voting capital participated. All items on the agenda were approved by a large majority.

Dividend

Masterflex SE continued its dividend policy with the dividend of 7 cents per share adopted at the Annual General Meeting. The goal is to distribute a dividend at least at the previous year's level. In the previous year, the dividend was 5 cents per share.

INTERIM GROUP MANAGEMENT REPORT

MACROECONOMIC CONDITIONS

Global economic growth has remained robust over the course of this year despite growing concerns about the impact of international trade restrictions. The OECD continues to expect the global economy to grow at a pace of nearly 4% in 2018 and 2.2% growth in the Euro zone. Growth expectations for Germany, on the other hand, have undergone a broad-based downward revision over the course of the year. The OECD, for example, has cut its growth forecast from 2.3% (November 2017) to 2.1% (May 2018). The growth outlook in other key markets for Masterflex Group remains unchanged. For example, the OECD's May 2018 forecast calls for growth of 1.9% in France, 1.4% in the UK and 6.7% in China, expectations which are nearly unchanged relative to the end of 2017, while the 2018 growth forecast for the US has actually been raised to 2.9% over the course of the year.

The US dollar rose to a high of EUR 1.25 in the first quarter of 2018, after which it remained highly stable in a range between EUR 1.22 and EUR 1.23. In the second quarter, the US dollar began to weaken significantly, dropping to a low of EUR 1.15 and ultimately finishing the first half at EUR 1.17.

BUSINESS DEVELOPMENT

The development in the first half of 2018 was characterized by dynamic business performance in line with expectations, especially in terms of incoming orders and sales successes. In addition, it was possible to realize the revenue shifts in 2018 that occurred in the US at the end of 2017. Unfortunately, this development was somewhat overshadowed by negative currency effects in the first quarter and revenue-dampening effects, in particular by a high level of sick-leave, especially at the German subsidiaries, which had a corresponding impact on productivity and delivery capacity.

Especially in the second quarter, the company posted significant growth. The first quarter was characterized by a very stable development based on the very high and challenging standards which were set last year.

ECONOMIC SITUATION

Results of operations

Revenues in the first half of 2018 increased by 2.4% from EUR 38.8 million to EUR 39.7 million. In the first quarter, the previous year's revenues of EUR 20.0 million were confirmed. Revenues grew by 4.6% in the second quarter. Nearly all subsidiaries and regions contributed to the growth. The growth was entirely organic.

In the first half of 2018, Masterflex achieved consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 5.2 million after EUR 5.4 million in the same period of the previous year. Earnings before interest and taxes (EBIT) of EUR 3.5 million were largely stable compared to the previous year. Operating EBIT (operating EBIT = EBIT before discontinued business units and non-operating income and expenses) decreased in the first half of 2018 from EUR 3.8 million to EUR 3.6 million. In the first quarter of 2018, Masterflex achieved an operating EBIT of EUR 2.0 million, which was at the previous year's level. In the second quarter, an operating EBIT of EUR 1.6 million was achieved after EUR 1.8 million. Higher revenues boosted earnings, while dampening effects resulted from wage and salary increases, slightly higher costs for energy and freight, and productivity losses due to the high level of sick-leave at some subsidiaries.

The cost of materials increased by 1.0% to EUR 12.7 million in the first half of 2018, which was far less than revenues and total operating performance (+3.1%). As a result, the cost of materials ratio (in relation to total operating performance) fell slightly from 32.2% to 31.5%, despite rising raw material prices.

Personnel expenses increased at a faster pace by 5.2% to EUR 15.2 million. This increase was due to wage and salary increases as well as an increase in the average number of employees, in particular to improve delivery capacity and to compensate for the sick-leave. The personnel expenses ratio (in relation to total operating performance) thus rose from 36.9% to 37.6%.

Other operating expenses increased by 7.9% from EUR 6.7 million to EUR 7.2 million. The main reason was higher freight costs due to the higher sales volume, but above all this was triggered by price increases (including energy) and higher maintenance costs at the German sites.

Depreciation and amortization rose slightly in the reporting period to EUR 1.6 million, following the normal depreciation trend.

The financial result improved from EUR -0.5 million to EUR -0.4 million. The improved financial structure as a result of the cash capital increase executed in March 2017 had an impact here. In the same period of the previous year, following the acquisition of APT, the utilization of the acquisition facility within the syndicated loan arrangement was somewhat higher.

Masterflex improved earnings after taxes from continued business units from EUR 2.0 million to EUR 2.1 million.

Earnings after taxes from discontinued business units amounted to EUR -0.1 million in the first half of 2018. This result was attributable to the difference between the balance sheet provisions and the actual expenses, including accrued interest, after Masterflex ended a legal dispute that has been ongoing since 2012 in the first half of 2018. It also includes the accrued interest for 2018 and the corresponding attorney's fees in connection with the non-admission complaint.

Consolidated net income improved by 6.1% from EUR 1.9 million to EUR 2.1 million. Earnings per share (from continued business units) rose from EUR 0.20 to EUR 0.22.

Net assets

Total assets increased by 2.3% as of 30 June 2018 compared to 31 December 2017, from EUR 73.0 million to EUR 74.6 million. Non-current assets were up slightly by 0.9% to EUR 44.7 million. This was due to the increase in advance payments on assets under construction due to the investments in the extrusion plant for the Chinese market by EUR 1.0 million and, in contrast, to the decline in deferred taxes of EUR 0.5 million due to the corresponding tax utilization of loss carryforwards. Current assets increased by 4.5% as of the reporting date. This increase can be attributed above all to the 29.5% growth in accounts receivable, to EUR 9.8 million, as is typical for this time of year. The increase in inventories by around EUR 1.0 million, or 6.6%, is also typical for this time of year.

Financial position

Equity at the Masterflex Group increased by 3.9% to EUR 38.9 million as of 30 June 2018. The main factors influencing equity were the positive earnings trend and the payment of a dividend in the first half of 2018 amounting to 7 cents per share.

Non-current liabilities decreased by 7.1% to EUR 18.9 million after EUR 20.4 million as of 31 December 2017. The most important factor was scheduled repayments as well as maturity-related transfers of financial liabilities to current liabilities. Accordingly, current liabilities rose by 11.0% from EUR 15.2 million to EUR 16.9 million. A key factor here was the increase in short-term financial liabilities.

Cash flow from operating activities amounted to EUR -0.1 million in the reporting period after EUR 2.1 million in the previous year. With the earnings development remaining largely stable compared to the previous year, the release of provisions following the legal disputes (see risk report), the increased receivables and the increased inventories impacted cash flow. Cash flow from investing activities amounted to EUR 2.3 million in the first six months. The previous year's period, with investments of EUR 10.7 million, was strongly influenced by the acquisition of APT. The focus of investment in the first half of 2018 was on replacement

investments at the German sites, the construction of an extrusion plant for the Chinese market and the launch of the new ERP system at the Gelsenkirchen site. Cash flow from financing activities totalled EUR 0.5 million. Borrowings of EUR 3.0 million were offset by payments of a similar amount for interest and principal repayments as well as the dividend payout.

EMPLOYEES

The number of employees increased from an average of 629 in the first half of 2017 to 648 employees in the reporting period. Personnel was built especially at Matzen & Timm and Masterflex SE. The aim here was to compensate in particular for the sick-leave and to further increase the ability to deliver. In addition, APT continued to expand its team due to its strong growth. The other subsidiaries showed a stable number of employees.

RESEARCH AND DEVELOPMENT

In the first six months of 2018, further important steps towards the realization of pilot projects and the first market introduction were implemented in the activities under the AMPIUS brand with smart hose systems. Other new developments and market launches included, for example, new silicone composite flat seals for the aviation industry, already established powder conveying hoses with new equipment and performance features or currently some major development projects on behalf of customers in toolmaking. For the Chinese market, a special suction and delivery hose has been developed, which folds its wall outward during bending. As a result, it is particularly suitable for the transport of media that tend to clog, since here the inner radius of the hose remains the same even when bending.

OPPORTUNITY AND RISK REPORT

In the management report 2017, Masterflex Group cited among its legal risks two disputes which had been running for multiple years. In the legal dispute that has been ongoing since 2012 with the buyer of two companies belonging to the former Mobility Group, Clean Air Bike GmbH and Velodrive GmbH, the Federal Supreme Court decided in April 2018 not to allow appeals lodged by Masterflex (non-admission appeal). This decision ends the legal dispute. In its consolidated and annual financial statements, Masterflex SE had formed provisions in the amount of the expected payment to the plaintiff, which now came into effect in May 2018. The second legal dispute, which was triggered by the complaint of the former managing director of the subsidiary in France to originally EUR 1.3 million, has also ended. The court ruling now amounts to EUR 0.2 million, slightly above the provisions of EUR 0.1 million. The court has followed the position of Masterflex in essential points. Since both parties have waived their right to appeal, the judgment is legally valid.

Due to the resolution of these two disputes, there is no risk that the actual costs may exceed the provisions for these litigations.

Apart from that, there were no significant changes to the opportunity and risk situation in the first half of 2018, as described in the combined management report 2017.

OUTLOOK

The forecasts and the outlook in the management report 2017 remain unchanged. Masterflex Group expects to post revenue growth of between 4% and 8% in 2018. In absolute numbers, this means target revenues in the range of EUR 78 million to EUR 81 million. We plan this growth without further acquisitions. In terms of earnings, the goal is to confirm the earning power displayed in 2017 and to keep the EBIT margin at least stable. Accordingly, operating EBIT should exceed the previous year's figure of EUR 7.1 million.

Even after the first six months of 2018, the targets remain challenging - not least due to the economic development and indirect effects of possible trade restrictions and punitive tariffs. Since the EBIT development essentially follows the revenue trend, it will be necessary in the second half of the year to quickly convert the existing demand and the sales successes into corresponding revenues at least as high as in the first half of the year, in order to achieve the set goals. The challenge for the Masterflex Group is above all to ensure the necessary personnel capacities and the corresponding personnel productivity.

CONSOLIDATED BALANCE SHEET

Assets in €k	30.06.2018*	31.12.2017
NON-CURRENT ASSETS		
Intangible assets	11,598	11,233
Concessions, industrial and similar rights	855	846
Development costs	716	677
Goodwill	9,187	9,187
Advance payments	840	523
Property, plant and equipment	31,888	31,413
Land, land rights and buildings	16,831	17,047
Technical equipment and machinery	10,282	10,584
Other equipment, operating and office equipment	2,761	2,721
Advance payments and assets under development	2,014	1,061
Non-current financial assets	98	78
Non-current financial instruments	98	78
Other assets	26	27
Other financial assets	2	13
Deferred taxes	1,078	1,546
	44,690	44,310
CURRENT ASSETS		
Inventories	16,236	15,236
Raw materials and consumables used	8,803	7,633
Work in progress	712	955
Finished products and goods purchased and held for sale	6,720	6,643
Advance payments	1	5
Receivables and other assets	9,830	7,593
Trade receivables	8,914	6,777
Other assets	911	811
Other financial assets	5	5
Income tax assets	450	492
Cash in hand and bank balances	3,442	5,336
	29,958	28,657
Assets held for sale	0	0
	29,958	28,657
Total Assets	74,648	72,967

* unaudited

CONSOLIDATED BALANCE SHEET

Equity and Liabilities in €k	30.06.2018*	31.12.2017
SHAREHOLDERS' EQUITY		
Consolidated equity	39,259	37,736
Subscribed capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	-80	-1,511
Revaluation reserve	-609	-629
Exchange differences	-976	-1,048
Minority interest	-394	-340
Total equity	38,865	37,396
NON-CURRENT LIABILITIES		
Provisions	225	225
Financial liabilities	16,839	18,293
Other financial liabilities	960	948
Deferred taxes	902	916
	18,926	20,382
CURRENT LIABILITIES		
Provisions	2,389	2,290
Financial liabilities	10,656	7,404
Income tax liabilities	213	984
Other liabilities	3,599	3,434
Payments received on account	455	0
Trade payables	2,201	1,964
Other liabilities	943	1,470
	16,857	14,112
Liabilities directly connected with assets held for sale	0	1,077
	16,857	15,189
Total equity and liabilities	74,648	72,967

* unaudited

CONSOLIDATED INCOME STATEMENT OF FIRST HALF-YEAR

Continued business units in €k	01.01.-30.06.18*	01.01.-30.06.17*
1. Revenue	39,693	38,768
2. Changes in inventories of finished goods and work in progress	217	-135
3. Work performed by the enterprise and capitalised	194	157
4. Other operating income	239	329
Gross revenue	40,343	39,119
5. Cost of materials	-12,724	-12,597
6. Staff costs	-15,181	-14,428
7. Depreciations	-1,633	-1,596
8. Other expenses	-7,203	-6,678
9. Financial result		
Financial expenses	-440	-509
Other financial result	4	8
10. Operating profit before taxes and non-operating expenses	3,166	3,319
11. Non-operating expenses	-138	-328
12. Earnings before taxes	3,028	2,991
13. Income tax expense	-920	-1,022
14. Earnings after taxes from continued business units	2,108	1,969
Discontinued business units in €k		
15. Earnings after taxes from discontinued business units	-58	-36
16. Consolidated net income/loss	2,050	1,933
thereof minority interests	-8	-7
 thereof attributable to Masterflex SE	2,058	1,940
Earnings per share (diluted and non-diluted)		
from continued business units	0.22	0.20
from discontinued business units	-0.01	0.00
from continued and discontinued business units	0.21	0.20

* unaudited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF FIRST HALF-YEAR

in €k	01.01.-30.06.18*	01.01.-30.06.17*
Consolidated net income	2,050	1,933
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	83	-622
2. Changes in fair values of financial instruments	20	17
3. Income taxes	-11	32
4. Other earnings after taxes	92	-573
5. Overall result	2,142	1,360
Overall result	2,142	1,360
thereof minority interests	-8	-7
thereof attributable to Masterflex SE	2,150	1,367

* unaudited

CONSOLIDATED INCOME STATEMENT OF SECOND QUARTER

Continued business units in €k	01.04.-30.06.18*	01.04.-30.06.17*
1. Revenue	19,657	18,800
2. Changes in inventories of finished goods and work in progress	438	125
3. Work performed by the enterprise and capitalised	145	101
4. Other operating income	141	163
Gross revenue	20,381	19,189
5. Cost of materials	-6,756	-6,196
6. Staff costs	-7,694	-7,163
7. Depreciations	-826	-822
8. Other expenses	-3,466	-3,141
9. Financial result		
Financial expenses	-220	-209
Other financial result	3	7
10. Operating profit before taxes and non-operating expenses	1,422	1,665
11. Non-operating expenses	-138	-125
12. Earnings before taxes	1,284	1,540
13. Income tax expense	-368	-533
14. Earnings after taxes from continued business units	916	1,007
Discontinued business units in €k		
15. Earnings after taxes from discontinued business units	-48	-35
16. Consolidated net income/loss	868	972
thereof minority interests	0	-10
 thereof attributable to Masterflex SE	868	982
Earnings per share (diluted and non-diluted)		
from continued business units	0.09	0.10
from discontinued business units	-0.01	0.00
from continued and discontinued business units	0.08	0.10

* unaudited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF SECOND QUARTER

in €k	01.04.-30.06.18*	01.04.-30.06.17*
Consolidated net income	868	972
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	426	-524
2. Changes in fair values of financial instruments	9	8
3. Income taxes	-25	14
4. Other earnings after taxes	410	-502
5. Overall result	1,278	470
Overall result	1,278	470
thereof minority interests	0	-10
thereof attributable to Masterflex SE	1,278	480

* unaudited

CONSOLIDATED CASH FLOW STATEMENT

in €k	01.01.-30.06.18*	01.01.-30.06.17*
Result for the period before taxes, interest expenses and financial income	3,504	3,499
Income taxes paid	-1,093	-802
Depreciation expense for property, plant and equipment and intangible assets	1,633	1,596
Change in provisions	-978	-261
Other non-cash income and gains from the disposal of property, plant and equipment and intangible assets	-248	-167
Increase of inventories	-1,000	-251
Increase of trade receivables and other assets that cannot be allocated to investment or financing activities	-1,725	-1,363
Decrease of trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	-241	-189
Net cash from operating activities	-148	2,062
Proceeds from the disposal of non-current assets	0	3
Payments to acquire property, plant and equipment	-2,280	-1,944
Payments for the acquisition of consolidated companies	0	-8,755
Net cash used in investing activities	-2,280	-10,696
Proceeds from capital increases	0	5,940
Dividend to Masterflex shareholders	-673	-481
Interest and dividend receipts	4	3
Interest expenditure	-619	-447
Proceeds from raising loans	3,000	9,000
Payments for the repayment of loans	-1,250	-5,250
Net cash from financing activities	462	8,765
Net change in cash and cash equivalents	-1,966	131
Changes in cash and cash equivalents due to exchange rates and other factors	72	-590
Change in the basis of consolidation	0	588
Cash and cash equivalents at the start of period	5,336	4,005
Cash and cash equivalents at the end of period	3,442	4,134

* unaudited

INTERIM REPORT FIRST HALF-YEAR 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in €k	Sub- scribed capital	Capital reserve	Retained earnings	Revalua- tion reserve	Exchange diffe- rences	Equity attributa- ble to Masterflex SE	Minority interest	Total
Equity at 31.12.2016	8,732	26,252	-5,341	-616	6	29,033	-332	28,701
Dividends	0	0	-481	0	0	-481	0	-481
Capital measures	886	5,054	0	0	0	5,940	0	5,940
Overall result	0	0	1,940	17	-590	1,367	-7	1,360
Group result	0	0	1,940	0	0	1,940	-7	1,933
Other earnings after taxes	0	0	0	17	-590	-573	0	-573
Changes in fair values of financial instruments	0	0	0	17	0	17	0	17
Exchange differences on translation of foreign financial statements	0	0	0	0	-622	-622	0	-622
Income taxes on other comprehensive income	0	0	0	0	32	32	0	32
Equity at 30.06.2017	9,618	31,306	-3,882	-599	-584	35,859	-339	35,520
Equity at 31.12.2017	9,618	31,306	-1,511	-629	-1,048	37,736	-340	37,396
Dividends	0	0	-673	0	0	-673	0	-673
Other changes	0	0	0	0	0	0	0	0
Overall result	0	0	2,104	20	72	2,196	-54	2,142
Group result	0	0	2,104	0	0	2,104	-54	2,050
Other earnings after taxes	0	0	0	20	72	92	0	92
Changes in fair values of financial instruments	0	0	0	20	0	20	0	20
Exchange differences on translation of foreign financial statements	0	0	0	0	83	83	0	83
Income taxes on other comprehensive income	0	0	0	0	-11	-11	0	-11
Equity at 30.06.2018	9,618	31,306	-80	-609	-976	39,259	-394	38,865

CONSOLIDATED NOTES

1. ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) as they are applied in the EU, as well as the International Accounting Standards (IAS) of the International Accounting Standard Board (IASB), and is consistent with the material accounting principles of the Company presented here. The accounting, valuation and consolidation methods described in the financial year 2017 were extended to include the accounting standards adopted by the EU and mandatory from 1 January 2018, in particular IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.

As a result of the introduction of IFRS 9, the allocation of all financial instruments has been revised according to the structure of its contractual cash flows and the nature of the business model in accordance with the categories in force from 1 January 2018. This system change did not have any significant effects on the Masterflex Group. For further information on the introduction of this new standard, please refer to the explanations in the notes to the consolidated financial statements (item 2) of the Annual Report 2017.

Due to the first-time application of IFRS 15 “Revenue from Contracts with Customers” as of 1 January 2018, there were no significant transition effects on the date of recognition or measurement of reported revenue.

All other changes in accounting policies had no impact or no material impact on this interim report.

In accordance with IAS 34, a shortened scope of reporting has been chosen compared to the consolidated financial statements.

2. BASIS OF CONSOLIDATION

There have been no changes in the basis of consolidation compared to 31 December 2017.

Company name	Company headquarters		Equity interest held by Masterflex (%)
Masterflex SARL	France	Béligneux	80
Masterflex Technical Hoses Ltd.	Great Britain	Oldham	100
Masterduct Holding, Inc.*	United States	Houston	100
• Flexmaster USA, Inc.	United States	Houston	100*
• Masterduct, Inc.	United States	Houston	100*
• Masterduct Holding S.A., Inc.	United States	Houston	100*
• Masterduct Brasil LTDA.	Brazil	Santana de Parnaiba	100*
Novoplast Schlauchtechnik GmbH	Germany	Halberstadt	100
FLEIMA-PLASTIC GmbH	Germany	Wald-Michelbach	100
Masterflex Handelsgesellschaft mbH	Germany	Gelsenkirchen	100
Masterflex Česko s.r.o.	Czech Republic	Plana	100
M & T Verwaltungs GmbH*	Germany	Gelsenkirchen	100
• Matzen & Timm GmbH	Germany	Norderstedt	100*
Masterflex Scandinavia AB	Sweden	Kungsbacka	100
Masterflex Vertriebs GmbH	Germany	Gelsenkirchen	100*
• APT Advanced Polymer Tubing GmbH	Germany	Neuss	100*
Masterflex Asia Holding GmbH*	Germany	Gelsenkirchen	80
• Masterflex Asia Pte. Ltd.	Singapore	Singapur	100*
• Masterflex Hoses (Kunshan) Co., Ltd.	People's Republic of China	Kunshan	100*

* = Partially consolidated

3. DERIVATIVE FINANCIAL INSTRUMENTS

The accounting of forward transactions and options is explained in the Annual Report 2017, in No. 17 of the consolidated notes. The fair value is EUR 7 thousand.

The market value of liabilities to banks corresponds to the stated book values. The fair value of the other financial instruments corresponds to the book value.

4. DIVIDEND

On 26 June 2018, the Annual General Meeting of Masterflex SE approved the payment of a dividend of EUR 0.07 per share. The distribution of a total of EUR 673,283.38 took place on 29 June 2018.

5. SEGMENT REPORTING

Masterflex Group organizes its operating segments in accordance with the criteria of IFRS 8. Management is based on the information which the overall Management Board receives as the chief operating decision maker and to which it refers for measuring performance and allocating resources throughout Masterflex Group (the „management approach“).

There were no changes in segmenting compared to the consolidated financial statements as of 31 December 2017. Masterflex Group has one operating segment, high-tech hose systems (HTS).

SEGMENT REPORTING 30 JUNE 2018

In €k	High-tech hose systems	Continued operations	Discontinued operations	Total segments
Revenue from non-Group third parties	39,693	39,693	0	39,693
EBIT (operative)	3,602	3,602	-15	3,587
EBIT	3,464	3,464	-15	3,449
Investments in property, plant and equipment and intangible assets	2,280	2,280	0	2,280
Depreciations	1,633	1,633	0	1,633
Assets	74,648	74,648	0	74,648

SEGMENT REPORTING 30 JUNE 2017

In €k	High-tech hose systems	Continued operations	Discontinued operations	Total segments
Revenue from non-Group third parties	38,768	38,768	0	38,768
EBIT (operative)	3,820	3,820	-2	3,818
EBIT	3,492	3,492	-2	3,490
Investments in property, plant and equipment and intangible assets	1,944	1,944	0	1,944
Depreciations	1,596	1,596	0	1,596
Assets	72,150	72,150	0	72,150

The reconciliation of operating EBIT from continued business units to earnings after taxes breaks down as follows:

Reconciliation to consolidated earnings after taxes in €k	01.01. - 30.06.2018	01.01. - 30.06.2017
Operating EBIT from continued business units	3,602	3,820
Non-operating expenditure from continued business units	-138	-328
EBIT from continued business units	3,464	3,492
Other financial result	4	8
Financing costs	-440	-509
Earnings before taxes from continued business units	3,028	2,991
Income taxes	-920	-1,022
Minority interests	8	7
Earnings after taxes (EAT) from continued business units	2,116	1,976
Earnings from discontinued business units	-58	-36
Earnings after taxes	2,058	1,940

6. EARNINGS PER SHARE

Undiluted earnings per share are calculated in accordance with IAS 33 by dividing consolidated earnings by the weighted average of the number of shares in circulation during the reporting period. As of 30 June 2018, the undiluted earnings per share from continued business units was EUR 0.22 and earnings per share from continued and discontinued business units was EUR 0.21, with a weighted average number of shares of 9,618,334.

Since there is no stock option plan, diluted earnings are not calculated.

7. TREASURY SHARES

As of 30 June 2018, Masteflex SE held 134,126 treasury shares.

8. EMPLOYEES

The number of employees was 648 in the reporting period, 3.0% higher than in the same period of last year, when there were 629 employees.

9. INCOME TAXES

The expense from income taxes in the half-year financial report was calculated based on the estimated effective tax rate for Masterflex SE for 2018 as a whole, which was based on the pre-tax earnings of the reporting period. The effective tax rate is based on current earnings and tax planning.

10. CASH FLOW STATEMENT

The consolidated cash flow statement is prepared in accordance with IAS 7 („Cash Flow Statements“). It distinguishes between cash flows from operating, investment and financing activity. The liquidity shown in the cash flow from financing activity corresponds to the disclosure in the „cash in hand and bank balances“ item of the balance sheet.

11. RELATIONSHIPS WITH RELATED PERSONS AND COMPANIES

These relationships are explained in the consolidated notes to the Annual Report 2017 under No. 36.

12. AUDITOR'S REVIEW OF THE INTERIM REPORT

The interim financial statements and interim management report were neither audited in accordance with § 317 of the Commercial Code nor reviewed by an auditor.

13. RESPONSIBILITY STATEMENT

To the best of our knowledge, we assure that, in accordance with the applicable accounting standards for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and profit or loss, and that the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

31 July 2018



Dr. Andreas Bastin
Chief Executive Officer



Mark Becks
Chief Financial Officer

FINANCIAL CALENDAR 2018

9 November	Statement for Q3/2018
26 - 28 November	Equity Forum in Frankfurt

IMPRINT

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