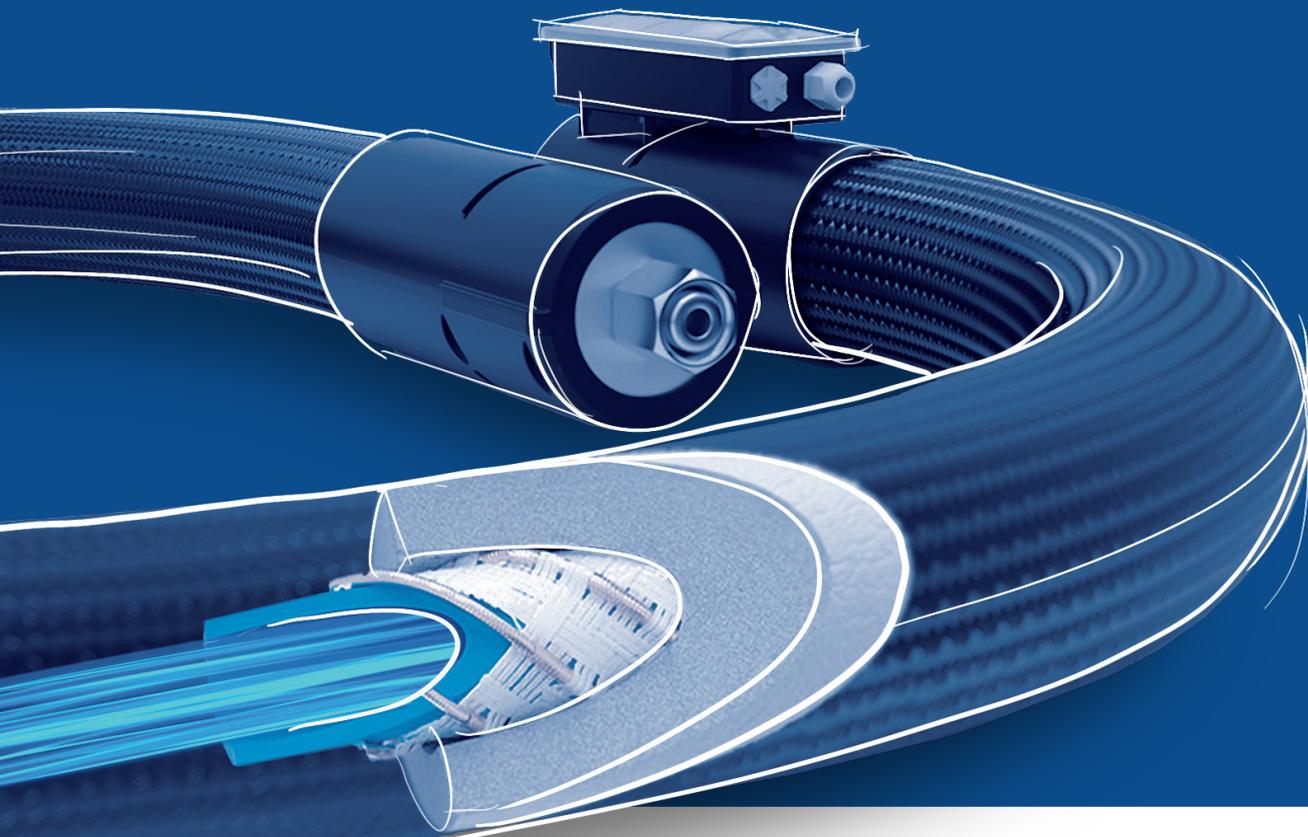


MASTERFLEX SE

QUARTERLY STATEMENT

3/2018

CONNECTING VALUES



MASTERFLEX AT A GLANCE

in €k	30.09.2018*	30.09.2017*
Consolidated revenue	59,144	57,573
EBITDA	7,666	8,147
EBIT (operative)	5,206	5,803
EBIT margin (operative)	8.8%	10.1%
EBIT	5,068	5,457
EBT	4,401	4,671
Consolidated earnings from continued business units**	3,108	3,066
Consolidated earnings from discontinued business units	-58	-45
Consolidated net income	3,121	3,022
Consolidated earnings per share (€)		
from continued business units	0.33	0.32
from discontinued business units	-0.01	0.00
from continued and discontinued business units	0.32	0.32
Employees	655	628

in €k	30.09.2018*	31.12.2017
Consolidated equity	39,769	37,396
Consolidated total assets	75,172	72,967
Consolidated equity ratio	52.9%	51.3%

* unaudited

** without non-controlling interests

MASTERFLEX GROUP INCREASES REVENUE BY 2.7% TO EUR 59.1 MILLION IN THE FIRST NINE MONTHS OF 2018

- Forecast dynamic in revenue growth still slightly below expectations
- EBIT margin of 8.8% influenced by delayed provision of services
- Continued strong growth in order intake
- Earnings per share increase from EUR 0.32 to EUR 0.33

Gelsenkirchen, 9 November 2018 – The Masterflex Group increased its revenue by 2.7% from EUR 57.6 million to EUR 59.1 million in the first three quarters of 2018. The revenue trend was driven by an unchanged very strong order intake. At the same time, the growth momentum increased as expected, but not quite to the extent forecast. As a result, revenue increased by 3.4% in the third quarter after a growth rate of 2.4% in the first half of 2018.

The reason for the persistent discrepancy between the pleasingly high level of incoming orders and the only satisfactory revenue trend is delays in revenue recognition. Throughout 2018, the Masterflex Group is already experiencing an unexpectedly high level of sick-leave. Corresponding countermeasures have been implemented, in particular the headcount has been increased and additional shifts have been introduced. However, the revenue gap that has arisen can only be closed step by step and is having a disproportionate impact on earnings and margins.

Earnings position

Accordingly, EBITDA fell slightly in the first nine months by 5.9% from EUR 8.1 million to EUR 7.7 million. EBIT decreased by 7.1% from EUR 5.5 million to EUR 5.1 million. Operating EBIT (operating EBIT = EBIT before discontinued business units and non-operating income and expenses) declined by 10.3% from EUR 5.8 million to EUR 5.2 million. As a result, the EBIT margin fell from 10.1% after nine months in 2017 to now 8.8%.

In the first nine months, the cost of materials rose at a slower rate than revenue and total operating performance. This was achieved despite rising raw material prices and a partial shortage of starting materials. The 7.3% rise in personnel expenses reflects the increase in headcount to speed up the processing of existing orders.

Slight growth was achieved at the level of consolidated net income for the period. It rose from EUR 3.0 million to EUR 3.1 million. Earnings per share (from continued business units) increased from EUR 0.32 to EUR 0.33.

Net assets and financial position

The development of assets in the first nine months was characterized by the increase in property, plant and equipment, amongst other things, due to the investments made in an extrusion line for the Chinese market and the decline in deferred tax assets due to the corresponding utilization of loss carryforwards. Current assets reflected the increase in finished goods and commodities as a result of the increase in inventories, motivated by the pleasing level of incoming orders and caused in part by slow deliveries of finished goods. The increase in trade receivables resulted from effects relating to the balance sheet date.

Equity increased in line with profit development by 6.3% from EUR 37.4 million to EUR 39.8 million with an equity ratio of 52.9% after 51.3% previously. The development of debt capital was in line with the long-term repayment schedule.

The development of cash flow from operating activities was satisfactory. The decline to EUR 2.4 million from EUR 4.8 million in the prior-year period was mainly due to the payment made in the course of the conclusion of a legal dispute from 2012, for which corresponding provisions had been formed in the past. The fact that inventories were slightly increased and trade receivables were again slightly higher due to the balance sheet date also had an impact. Cash flow from investing activities amounted to EUR 3.1 million and thus corresponds to the company's own investment plans. With a cash outflow of EUR 11.7 million, the prior-year period is only comparable to a limited extent, as it was characterized by the purchase of the fluoropolymer specialist APT Advanced Polymer Tubing GmbH. Cash flow from financing activities was balanced in the reporting period. Interest and repayments followed plan, while the financing of the acquisition had a significant impact in the prior-year period.

Outlook

The Masterflex Group's target remains to generate revenue of around EUR 78 million or more in 2018 with growth of 4 to 8%. This forecast remains ambitious, but is still realistic after nine months. This is underscored not least by the positive order intake and order backlog, but also by the significant increase in total operating performance, which rose by 3.7% after nine months and by 4.7% in the third quarter, in particular due to increases in inventories of finished goods.

The development in September in particular has shown that it will probably no longer be possible to close the earnings gap for the year in the remaining three months. The earnings forecast was already adjusted accordingly in October. Instead of the target of maintaining the EBIT margin at 9.5% at least stable compared with 2017, Masterflex now expects an EBIT margin in the range of 8 to 9% for the year as a whole.

CONSOLIDATED BALANCE SHEET

Assets in €k		30.09.2018*	31.12.2017
Non-current Assets	Intangible assets	11,746	11,233
	Concessions, industrial and similar rights	821	846
	Development costs	736	677
	Goodwill	9,187	9,187
	Advance Payments	1,002	523
	Property, plant and equipment	31,838	31,413
	Land, land rights and buildings	16,674	17,047
	Technical equipment and machinery	10,139	10,584
	Other equipment, operating and office equipment	2,785	2,721
	Advance payments and assets under development	2,240	1,061
	Non-current financial assets	97	78
	Non-current financial instruments	97	78
	Other assets	24	27
	Other financial assets	4	13
	Deferred taxes	877	1,546
	44,586	44,310	
Current Assets	Inventories	16,240	15,236
	Raw materials and consumables used	8,587	7,633
	Work in progress	519	955
	Finished products and goods purchased and held for sale	7,134	6,643
	Advance payments	0	5
	Receivables and other assets	9,507	7,593
	Trade receivables	8,646	6,777
	Other assets	859	811
	Other financial assets	2	5
	Income tax assets	577	492
	Cash in hand and bank balances	4,262	5,336
		30,586	28,657
Assets held for sale	0	0	
	30,586	28,657	
Total assets	75,172	72,967	

* unaudited

CONSOLIDATED BALANCE SHEET

Equity and liabilities in €k		30.09.2018*	31.12.2017
Shareholders' Equity	Consolidated equity	40,181	37,736
	Subscribed capital	9,618	9,618
	Capital reserve	31,306	31,306
	Retained earnings	937	-1,511
	Revaluation reserve	-611	-629
	Exchange differences	-1,069	-1,048
	Minority interest	-412	-340
	Total equity	39,769	37,396
Non-current Liabilities	Provisions	225	225
	Financial liabilities	16,111	18,293
	Other liabilities	966	948
	Deferred taxes	897	916
		18,199	20,382
Current Liabilities	Provisions	3,004	2,290
	Financial liabilities	10,784	7,404
	Income tax liabilities	203	984
	Other liabilities	3,213	3,434
	Advanced payments received for orders	394	0
	Trade payables	1,883	1,964
	Other liabilities	936	1,470
		17,204	14,112
	Liabilities directly connected with assets held for sale	0	1,077
		17,204	15,189
Total equity and liabilities	75,172	72,967	

* unaudited

CONSOLIDATED INCOME STATEMENT (9M 2018)

Continued business units in €k	01.01.-30.09.2018*	01.01.-30.09.2017*
1. Revenue	59,144	57,573
2. Changes in inventories of finished good and work in progress	446	-91
3. Work performed by the enterprise and capitalised	310	237
4. Other operating income	370	428
Gross revenue	60,270	58,147
5. Cost of materials	-19,074	-18,896
6. Staff costs	-22,933	-21,380
7. Depreciations	-2,460	-2,344
8. Other expenses	-10,597	-9,724
9. Financial result		
Financial expenses	-669	-803
Other financial result	2	17
10. Earnings before taxes and non-operating expenses	4,539	5,017
11. Non-operating expenses	-138	-346
12. Earnings before taxes	4,401	4,671
13. Income tax expenses	-1,293	-1,605
14. Earnings after taxes from continued business units	3,108	3,066
Discontinued business units in €k		
15. Earnings after taxes from discontinued business units	-58	-45
16. Consolidated net income	3,050	3,021
thereof minority interests	-71	-1
 thereof attributable to Masterflex SE	3,121	3,022
Earnings per share (diluted and non-diluted)		
from continued business units	0.33	0.32
from discontinued business units	-0.01	0.00
from continued and discontinued business units	0.32	0.32

* unaudited

CONSOLIDATED INCOME STATEMENT (Q3 2018)

Continued business units in €k	01.07.-30.09.2018*	01.07.-30.09.2017*
1. Revenue	19,451	18,805
2. Changes in inventories of finished good and work in progress	229	44
3. Work performed by the enterprise and capitalised	116	80
4. Other operating income	131	99
Gross revenue	19,927	19,028
5. Cost of materials	-6,350	-6,299
6. Staff costs	-7,752	-6,952
7. Depreciations	-827	-748
8. Other expenses	-3,394	-3,046
9. Financial result		
Financial expenses	-229	-294
Other financial result	-2	9
10. Earnings before taxes and non-operating expenses	1,373	1,698
11. Non-operating expenses	0	-18
12. Earnings before taxes	1,373	1,680
13. Income tax expenses	-373	-583
14. Earnings after taxes from continued business units	1,000	1,097
Discontinued business units in €k		
15. Earnings after taxes from discontinued business units	0	-9
16. Consolidated net income	1,000	1,088
thereof minority interests	-63	6
thereof attributable to Masterflex SE	1,063	1,082
Earnings per share (diluted and non-diluted)		
from continued business units	0.11	0.12
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.11	0.12

* unaudited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (9M AND Q3 2018)

in €k	01.01.-30.09.2018*	01.01.-30.09.2017*
Consolidated net income	3,050	3,021
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 statements	-6	-661
2. Changes in fair values of financial instruments	18	13
3. Income taxes	-15	23
4. Other earnings after taxes	-3	-625
5. Overall result	3,047	2,396
Overall result	3,047	2,396
thereof minority interests	-71	-1
thereof attributable to shareholders of Masterflex SE	3,118	2,397

* unaudited

in €k	01.07.-30.09.2018*	01.07.-30.09.2017*
Consolidated net income	1,000	1,088
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 statements	-89	-39
2. Changes in fair values of financial instruments	-2	-4
3. Income taxes	-4	-9
4. Other earnings after taxes	-95	-52
5. Overall result	905	1,036
Overall result	905	1,036
thereof minority interests	-63	6
thereof attributable to shareholders of Masterflex SE	968	1,030

* unaudited

CONSOLIDATED CASH FLOW STATEMENT

in €k	30.09.2018*	30.09.2017*
Result for the period before taxes, interest expenses and financial result	5,124	5,413
Income taxes paid	-1,359	-1,213
Depreciation expense for property, plant and equipment and intangible assets	2,460	2,344
Reduction/increase in provisions	-363	597
Other non-cash income and gains from the disposal of property, plant and equipment and intangible assets	-382	-241
Increase of inventories	-1,004	-279
Increase of trade receivables and other assets that cannot be allocated to investment or financing activities	-1,330	-1,047
Decrease in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	-780	-762
Cash flow from ongoing business activities	2,366	4,812
Income received from disposals of property, plants and equipment	0	3
Payments to acquire non-current assets	-3,089	-2,941
Payments to acquire subsidiaries	0	-8,755
Cash flow from investment activities	-3,089	-11,693
Proceeds of the increase of subscribed capital	0	5,940
Dividends to Masterflex shareholders	-673	-481
Interest and dividend receipts	4	16
Interest expenditure	-786	-696
Proceeds from raising loans	3,000	9,000
Payments for the repayment of loans	-1,875	-5,875
Cash flow from financing activities	-330	7,904
Changes in cash and cash equivalents	-1,053	1,023
Changes in cash and cash equivalents due to exchange rates and other factors	-21	-638
Changes in the consolidation scope	0	588
Cash and cash equivalents at the start of the period	5,336	4,005
Cash and cash equivalents at the end of the period	4,262	4,978

* unaudited