

# Quarterly Voluntary Release

## Key figures Quarter 1-2016

MS Industrie AG, Munich, Germany (ISIN: DE0005855183)

MS Industrie Group with EAT in Quarter 1-2016  
amounting up to **EUR 1,4 Mio. (+ 7,9 %)**

Overview of key figures Quarter 1-2016 and previous years period (for comparison purposes)  
(adjusted by non-recurring items)

MS Industrie Group,  
IFRS in Mio. EUR (EpS in EUR)

Group Sales

EBITDA

EBIT

EBT

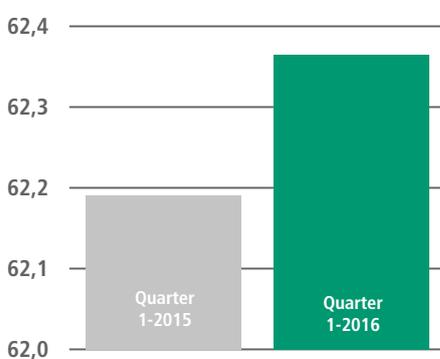
EAT

EpS

Quarter 1-2015 (unaudited)	Quarter 1-2016 (unaudited)
62,2	62,4
6,2	5,9
3,4	2,7
2,3	1,8
1,3	1,4
0,05	0,05

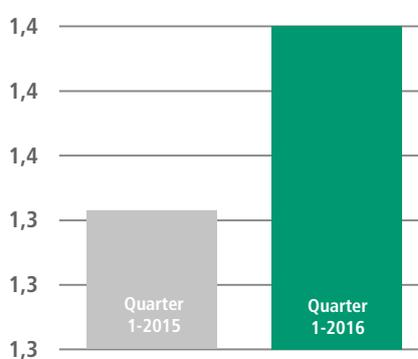
Group Sales

in Mio. EUR



Earnings after tax

after non-controlling-interests (EAT) in Mio. EUR



**Munich, May 31, 2016**

Dear Shareholders, dear Employees and Business Partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal 2015, published on April 29, 2016, sets on a voluntary base, unaudited quarterly IFRS-figures for Q1-2016, according to which Q1 again entirely satisfactory passed.

First 3 months of 2016 are characterized for MS Industrie-Group through average sales growth, both compared to last year and compared to the plan. This is in Q1-2016 especially true on the German sites of the group. But even at the US-site of the Group, the business has performed satisfactorily both in comparison with the very good 1st quarter of the previous year as well as compared to the anyway very good 4th quarter of the previous year. The furthermore positive business development in Q1 in the US has been accompanied with the further strengthening of the EUR/USD exchange rate, which unfortunately had a negative effect on the total comprehensive income by the high volume of US-sales.

Both in the **Powertrain Technology Group**, also briefly: „**Powertrain**“, and in the **Ultrasonic Technology Group**, also briefly: „**Ultrasonic**“, the sales development in Q1 under heavy stress was strongly different. Turnover of business unit „Powertrain“ at the end of Q1 on the one hand is approximately 3 % over and turnover of business unit „Ultrasonic“ on the other hand is around 35 % under the average sales of the previous year's period; since it simultaneously came in this business unit to a inventory increase of machines whose approval and delivery will take place in the following months according to the contract conditions. The business unit „Powertrain – Electric“ sales are around 8 % over the average sales of the previous year's period. Order backlogs end of April 2016, have been at a total of around Mio. EUR 130 and lie in the „Ultrasonic“-division by about 44 % and in the „Powertrain“-division around 9 % over the average order backlog in the first four months of the previous year.

The performance of MS Industrie-Group in Q1-2016 was also satisfactory in terms of the essential earnings indicators, particularly earnings before interest, taxes, depreciation and amortization – EBITDA - ,operating earnings before interest and tax - EBIT - , earnings before tax - EBT - , earnings after tax - EAT - and last but not least “Earnings per Share” – “EPS” - .

This against the background of a continuously recovering European commercial vehicle market with a registration increase of 12,1 % in Q1-2016 compared to the same quarter last year (increase in registrations in Germany: 9,2 %) and of 8,0 % in March 2016 compared to the same month last year, as the recent periodic evaluation, as of April 22, 2016, of “ACEA” („Association des Constructeurs Européens d'Automobiles“, Brussels), again reconfirmed. The European market for heavy commercial vehicles over 16 tonnes has developed even a little better in Europe with a registration increase of 18,0 % in Q1-2016 compared to the same quarter last year (increase in registrations in Germany: 8,0 %) (Source also: “ACEA”, April 22, 2016). These figures give furthermore positive expectations, especially considering the fact that 2015 for the European commercial vehicle industry at best was a satisfactory year.

The US market for heavy trucks in terms of order income declined greatly in March 2016 year on year with approximately 35,0 %, as, for example, from the current statistics of the private research firm “ACT” (“Americas Commercial Transportation Research, Co., LLC”) can be read. This means that, according to a recent “ACT”-evaluation, order backlogs in the heavy truck segment are at its lowest level since the end of 2012. Instead, this applies only partly to the MS Industrie-Group with its main customer Detroit Diesel Corporation / Daimler in North America, which-sales in the “Class 8” segment are not declined in Q1-2016, but on the contrary even have been rising slightly.

Ahead of the expected further growth in the coming years - especially in the European market -, the relocation of the business unit “Powertrain” from the old location in “Spaichingen” to the new production building in “Trossingen-Schura” for the largest German production site of the Group has been continued in Q1-2016 according to plan.

**Key figures for Q1-2016 (January to March 2016), adjusted by non-recurring items as specifically described below, are as follows:**

In Q1-2016 and in previous year's period the sales revenue as well as the profit key figures are influenced by positive and negative non-recurring items, which are as follows:

The previous year's sales revenue is enhanced by the presentation of gross amounts of the new production plant project in the profit and loss statement according to IFRS (revenues and material expenses each plus Mio. EUR 2,1).

Non-Recurring Items with an influence on profit and loss in Q1-2016 and in previous year's period are essentially currency losses from procurement processes with suppliers setting of around Mio. EUR -0,6 (prev. Mio. EUR -0,4), which are reflected in the cost of materials, and reimbursements incurred from the previous fiscal year's additional costs arising from the insolvency of a supplier in the amount of approximately Mio. EUR +0,2 (prev. Mio. EUR 0,0)

(other operating income) as well as relocation costs of the „Powertrain“-division of MS Spaichingen GmbH to the new premises in Trossingen-Schura in the amount of around Mio. EUR -0,6 (prev. Mio. EUR 0,0). All amounts before tax.

Total adjusted **Consolidated Revenues** for Q1-2016 are at **Mio. EUR 62,4** (prev. Mio. EUR 62,2), putting it in Q1 with +0,3 %, again slightly above the previous year's first quarter.

Total **Factory Output**, inclusive positive changes in inventory, totaling to around Mio. EUR 3,7 (prev. Mio. EUR 0,6), is around **Mio. EUR 66,1** (prev. Mio. EUR 62,8) and so as well with +5,3 % above previous year's period output.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-2016 are totaling to **Mio. EUR 24,5** (prev. Mio. EUR 27,9). Thus around **39,3 %** (prev. 44,9 %) of consolidated total revenues of the MS Industrie-Group in Q1-2016 have been again achieved in the North American market.

In absolute terms, the total sales in the **"Asia / Pacific" region** and in the **"Other Americas"** in Q1-2016 together now account for around Mio. EUR 0,5 (prev. Mio. EUR 1,9).

Adjusted **gross profit** amounts with **Mio. EUR 29,6** (prev. Mio. EUR 26,7) clearly above previous year's period. The adjusted **gross profit margin** has also improved by more than four percentage points from 43,0 % to 47,4 %.

Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1 amount to **Mio. EUR 5,9** (prev. Mio. EUR 6,2), adjusted operating profits before interest and tax - **EBIT** - amount to **Mio. EUR 2,7** (prev. Mio. EUR 3,4).

Adjusted profit before income tax - **EBT** – in the group in Q1 amounts to around **Mio. EUR 1,8** (prev. Mio. EUR 2,3). The result after taxes and minority interests - **EAT** - in Q1 amounts to around **Mio. EUR 1,4** (prev. Mio. EUR 1,3).

**Total comprehensive income** for Q1-2016 before adjustments amounts to **Mio. EUR -0,1** (prev. Mio. EUR +3,5). The difference between earnings after tax (EAT) and **total comprehensive income after income taxes** in Q1 primarily results from negative **foreign currency translation differences (EUR-USD)** recognized in other comprehensive income ("OCI") without profit impact in a total amount of **Mio. EUR -0,8** (prev. Mio. EUR +2,6).

**Earnings per share - "EPS"** - attributable to the shareholders of the parent company MS Industrie AG - based on the weighted average number of shares issued until March 31, 2016 (29,8 million shares) - in accordance with IAS 33 (basic and diluted) amount to **EUR 0,05** (prev. basic and diluted: EUR 0,05 based on 29,8 million shares).

As at March 31, 2016, **Cash and cash equivalents** in the group in total amount to **Mio. EUR 1,1** (Dec. 31, 2015: Mio. EUR 2,4). **Liquid funds** as at March 31, 2016 amount to **Mio. EUR -7,3** (Dec. 31, 2015: Mio. EUR +1,6), this means a decrease to the balance end of 2015 by Mio. EUR 8,9. The decrease in liquid funds is mainly due to a negative Q1-cash flow from operating activities due to a significant inventory increase, which is adding to the planned negative cash flows from investing activities and financing activities.

The Group's **Equity Ratio** has slightly decreased compared with December 31, 2015 and now amounts to **29,8 %** (December 31, 2015: 31,6 %), while the total assets have increased by 5,7 %. The slightly decreased equity ratio - beside the negative total comprehensive income - is primarily due to the significant increase in total assets. The increase in total assets is primarily due to a reporting date driven working capital build-up in MS Industrie-Group.

**Equity and non-controlling interests** have decreased in absolute figures by Mio. EUR 0,1 to **Mio. EUR 47,1** as at March 31, 2016 (December 31, 2015: Mio. EUR 47,2), also mainly due to the negative total comprehensive income.

The **number of Employees** in the group significantly continued to increase according to plan to a number of **1.132 permanent employees** on March 31, 2016, compared to only 1.068 permanent employees as at December 31, 2015.

Since December 31, 2015 there have been no changes in the consolidated group structure compared to December 31, 2015, with the exception of the acquisition of a 45,0 % stake in the company **WTP Ultrasonic Industria e Comercio de Maquinas Ltda.**, Contagem City (State: Minas Gerais), Brazil, an established local manufacturer of sonotrodes and ultrasonic welding machines by the 100 % local subsidiary **MS Enterprise Holding Ltda.**, Salto (State: Sao Paulo), Brazil, which will be consolidated "at equity" as from April 2016 on. This new foreign company - following the business model - is assigned to the MS Industrie-Group's "Ultrasonic"-division. Already founded in fiscal year 2015 former shell company **MS Ultraschall Technologie GmbH**, Spaichingen, has been capitalized until the time of publication of this quarterly release as part of the longer planned company splitting of MS Spaichingen GmbH, Spaichingen and retroactively from January 1, 2016 shall take over all the employees and (net)-assets and liabilities of the business division **"Ultrasonic"** at the group's largest production site in Germany: Spaichingen. The notarization took place on May 5, 2016; the registration in the commercial register, required for the effectiveness of the transaction, was not done until May 31, 2016.

**MS Industrie-Group** for the entire fiscal year 2016 is planning to reach a slight increase of the adjusted consolidated turnover of around 6 % to around Mio. EUR 270, as described in the annual report 2015. It is assumed that in the current situation this objective will be achieved. For the entire fiscal year 2016 also unchanged to the forecast in the annual report 2015 a significant increase of the adjusted key earnings ratios EBITDA, EBIT, EBT, EBIT margin, Gross margin and earnings per share from continuing operations is still expected (excluding non-recurring items) and thus also an considerable increase in consolidated shareholders equity and equity ratio. For the entire fiscal year 2016 it is still expected, that cash flows from operating activities (excluding non-recurring items) develop slightly better than in previous year.

This voluntary quarterly release contains forward-looking statements based on current estimates of the management regarding future developments. Such statements are subject to uncertainties and risks which cannot be influenced by MS Industrie AG. If such risks or uncertainties materialize, or assumptions on which these forward-looking statements are based should prove incorrect, then actual results may be materially different from the results in these statements explicitly defined or implicitly contained. It is neither intended by MS Industrie AG, nor does MS Industrie AG assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this quarterly release. Neither MS Industrie AG nor a company affiliated with MS Industrie AG nor directors, managing directors, board members, employees or consultants of the Company, nor any other person assumes express or implied representations or warranties as to the completeness of the data contained in this quarterly release. Neither MS Industrie AG nor one of its affiliated companies nor an aforementioned person shall have any liability whatsoever for any losses arising directly or indirectly from the use of this quarterly release. Possible errors or incompleteness of the information do not constitute warranties, either with regard to direct or indirect damage or consequential damages. While all reasonable care has been taken to ensure that the facts set out above are correctly, and views expressed herein are fair and reasonable, this interim report is selective. If information and statistics are quoted from external sources, such information and statistics are not to be interpreted that they were adopted or confirmed correct by the company. This document constitutes neither an offer to sell nor a solicitation of an offer to buy or subscribe for shares of MS Industrie AG.

MS Industrie AG, headquartered in Munich, Germany, is the listed holding company of a focused industrial group with two strategic core business areas: **Powertrain-technology** ("Powertrain Technology Group": Systems and components for heavy-duty diesel engines and custom electric motors) and **Ultrasonic-technology** ("Ultrasonic Technology Group": Special machines and ultrasonic systems and -components). The key customer industries include the global commercial vehicle and car industry, followed by the packaging machine industry and the general mechanical and plant engineering. As part of its strategy, MS Industrie AG concentrates primarily on organic growth and investments within the existing industrial core competencies, flanked by mainly a minority involvement in the industrial real estate sector, as well as complementary services.

Best regards

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