MS INDUSTRIE AG

ISIN: DE0005855183

Voluntary Quarterly Release - Key Figures Quarter 1-2020

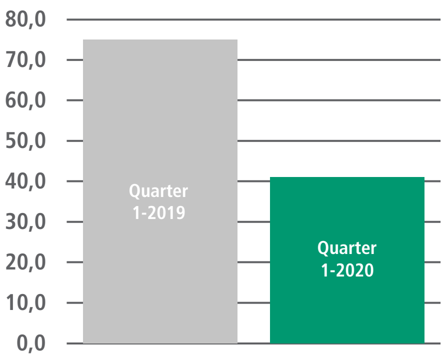
MS Industrie Group with EAT in Quarter 1-2020 amounting up to Mio. EUR -2,4 - negative annual forecast

Overview of key figures Quarter 1-2020 and previous years period (for comparison purposes)

MS Industrie Group, IFRS in Mio. EUR (EpS in EUR)	Quarter 1-2019 (unaudited)	Quarter 1-2020 (unaudited)
Group Sales	75,0	41,1
EBITDA	6,8	0,6
EBIT	2,8	-2,7
EBT	2,1	-3,2
EAT	1,5	-2,4
EpS	0,05	-0,08

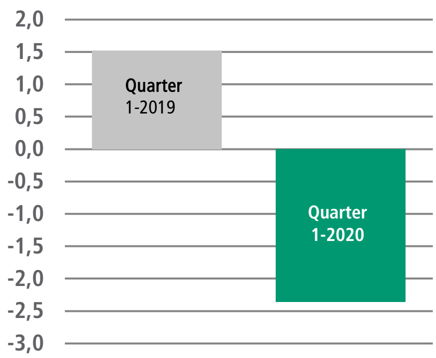
Group Sales

in Mio. EUR



Earnings after tax

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



Munich, May 19, 2020

Dear Shareholders, dear Employees and Business Partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2019, published on April 30, 2020, presents on a voluntary base, selected unaudited quarterly IFRS-figures for Q1-2020, showing expectedly an not satisfactory development, reflecting the impacts of the economic crisis, caused by the Covid-19-Pandemic.

For the MS Industrie-Group, the 1st quarter of 2020 was, as expected, already marked by significantly lower revenue compared with the prior-year period due to the sale of a large part of the existing "Powertrain" order backlog, or more precisely: the sale of the existing long-term order for the production of valve train systems for the Daimler Group's "World Engine" production at the "Webberville" location in the US to the Gnutti Carlo Group (Gnutti Carlo S.p.A., Maclodio / Italy, or "Gnutti" for short) with effect from April 10, 2019. In the first quarter of 2020 - following the partial sale of the US activities as of April 10, 2019 - this applies in geographical terms primarily to the Group's US location and in segment terms to the "Powertrain" segment. In total, the sales revenues of the individual companies are around 45 % below the previous year's figures, primarily due to the economic impact of the Covid-19-Pandemic. Around 68 % (around Mio. EUR 23) of the decline in sales in the 1st quarter of 2020 is due to the partial sale of the US activities in the previous year. In total, due to the effects of Covid-19, the sales revenues of the individual companies are significantly lower than the planned figures.

Both in the **Powertrain Technology Group**, also briefly: **"Powertrain"**, and in the **Ultrasonic Technology Group**, also briefly: **"Ultrasonic"**, the sales development in Q1 was different. Turnover of business segment "**Powertrain**" on the one hand is approximately -54 % significantly below the sales of the previous year´s period. Turnover of business segment "**Ultrasonic**" on the other hand with around -6 % is also slightly below the sales of the previous year´s period.

Sales revenues of the business segment "Powertrain" contribute a percentage of around 70 % and sales revenues of segment "Ultrasonic" make for a percentage of around 30 % to the total consolidated group sales in Q1-2020.

Order backlogs end of March 2020 amounted to a total of around Mio. EUR 92; in the "Ultrasonic"-segment about 6 % below and in the "Powertrain"-segment in line with the average order backlog in the first three months of the previous year (without USA).

The performance of MS Industrie-Group in Q1-2020 was also not 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 backdrop of a rapidly regressing European commercial vehicle market with a drop in registrations of -23.2 % in the first quarter of 2020 compared to the same quarter of the previous year (drop in registrations in Germany: -14.4 %) and an even sharper drop of -47.3 % in March 2020 compared to the same month of the previous year, as confirmed by the current, periodic evaluations, status: 24. April 2020 of "ACEA" ("Association des Constructeurs Européens d'Automobiles", Brussels). The European market for heavy commercial vehicles over 16 tonnes has developed even less favourably throughout Europe, with a drop in registrations of -26.9 % in the first quarter of 2020 compared to the same quarter of the previous year (drop in registrations in Germany: -25.9 %) (source also: "ACEA", as of 24. April 2020). These figures are not positive, but we expect a certain stabilization of the truck economy on a low level in the second half of 2020.

The corona crisis reached the German mechanical engineering industry at the end of the 1st quarter. Order intake in March was 9 % lower year-on-year, adjusted for price increases (real). There was a significant 12 % drop in foreign orders, as the industry association "VDMA" announced in Frankfurt on May 7. This gives reason to believe that the effects of the pandemic effects will first be felt in China and only later in Europe. The full extent of the crisis will only become apparent in the mechanical engineering sector in the coming months. In the 1st quarter as a whole, orders fell by only 2 %, while domestic demand actually increased by 1 %. By contrast, orders from abroad fell by 4 %. German exports fell sharply at the beginning of the Corona crisis. Companies exported goods worth 108,9 billion euros in March. This was 7,9 % less than in the same month of the previous year and 11,8 % less than in February 2020, according to the Federal Statistical Office in Wiesbaden on May 8. In comparison with the previous month it was the strongest decrease since the start of the time series in August 1990. Imports decreased by 4,5 % to 91,6 billion euros within a year.

Key figures for Q1-2020 (January to March 2020) are as follows:

In the actual reporting period Q1-2020 and in the previous year´s period there have been no non-recurring items with a significant influence on profit and loss, therefore no adjustments have been made.

Total **Consolidated Revenues** for Q1-2020 are at **Mio. EUR 41,1** (prev. Mio. EUR 75,0), with -45,2 % being clearly below the previous year's first quarter.

Total Factory Output, including positive changes in inventory, totaling to around **Mio. EUR 0,3** (prev. Mio. EUR 1,9), is around **Mio. EUR 4,2** (prev. Mio. EUR 77,7) and so as well with -45,7 % significantly below previous year´s period output.

In the regional sales-market **USA / Canada ("North America")** the achieved revenues in Q1-2020 are totaling to **Mio. EUR 4,3** (prev. Mio. EUR 28,6). Thus around **10,5 %** (prev. 38,2 %) of consolidated total revenues of MS Industrie-Group in Q1-2020 have again been achieved in the North American market, this means a turnover-decrease in the regional sales-market USA / Canada ("North America") by around -84,9 **%** compared to previous year**.**

Gross profit amounts with **Mio. EUR 21,5** (prev. Mio. EUR 35,2) significantly below previous year´s period. The gross profit margin has increased by 5,3 percentage points from 47,0 % to **52,3 %.**

Earnings before interest, taxes, depreciation and amortization - EBITDA – in Q1 amount to **Mio. EUR 0,6** (prev. Mio. EUR 6,8), operating profits before interest and tax - EBIT - amount to **Mio. EUR -2,7** (prev. Mio. EUR 2,8).

The Group´s profit before income tax - EBT – in Q1 amounts to around **Mio. EUR -3,2** (prev. Mio. EUR 2,1). The result after taxes and minority interests - EAT - in Q1 amounts to around **Mio. EUR -2,4** (prev. Mio. EUR 1,5).

Total comprehensive income for Q1-2020 amounts to **Mio. EUR -2,3** (prev. Mio. EUR 1,8). The difference between earnings after tax (EAT) and total comprehensive income after income taxes in Q1 primarily results from positive foreign currency translation differences (EUR-USD) recognized in other comprehensive income ("OCI") without profit impact in a total amount of Mio. EUR +0,1 (prev. Mio. EUR +0,3).

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, 2020 (on average 29,9 million shares) - in accordance with IAS 33 (basic and diluted) amount to **EUR -0,08** (prev. basic and diluted: EUR 0,05 based on 29,9 million shares).

As of March 31, 2020, Cash and cash equivalents in the group in total amount to **Mio. EUR 15,1** (Dec. 31, 2019: Mio. EUR 9,2). Liquid funds as of March 31, 2020 amount to **Mio. EUR +3,6** (Dec. 31, 2019: Mio. EUR -1,3), this means an increase compared to the ending balance of 2019 by Mio. EUR +4,9. The increase in liquid funds is mainly due to positive cash flows from operating activities.

The Group's Equity Ratio has slightly decreased compared to December 31, 2019 and now amounts to **35,6 %** (December 31, 2019: 37,1 %), while total assets are nearly unchanged.

Equity and non-controlling interests have slightly decreased in absolute figures to **Mio. EUR 74,5** as at March 31, 2020 (December 31, 2019: Mio. EUR 76,7) mainly due to the negative total comprehensive income, amounting to Mio. EUR -2,2.

The number of Employees in the group continued to decrease according to plan to a number of **1.029 permanent employees** on March 31, 2020, compared to 1.093 permanent employees as at December 31, 2019.

In Q1-2020 there have been no changes in the consolidated group structure compared to December 31, 2019.

The Covid-19-pandemic will furtherhin have a negative impact on financial indicators in 2020. To date, the following significant developments have been noted:

Due to big customer plant closures, the Powertrain segment's production sites in Trossingen and Zittau, Germany, were also reduced to minimum operation from mid-March to mid-April 2020 and a large part of the workforce was on short-time working. On April 20 and 23, 2020 respectively, production was ramped up again, but not to full capacity. The Spaichingen production site of the Ultrasonic segment was affected to a lesser extent and is currently operating at around 60% capacity. Only slight declines in demand have so far been recorded at the Grünhain-Beierfeld production site. In contrast, the site in Webberville/USA was closed by degree until May 10, 2020, with the prospect of subsidies from the US government ("Paycheck Protection Program").

Due to the effects of the Covid-19-pandemic, which has been rampant worldwide since the beginning of 2020, we expect significantly lower consolidated industrial sales of around EUR 163 million for the 2020 financial year - compared to the adjusted key figures for the previous year - with significantly lower operating EBITDA, EBIT and EBT, so that we ultimately expect consolidated net income for the year to be significantly below the level of the previous year. According to the consolidated projections, the gross profit margin (cost of materials as a percentage of sales revenues) should develop neutrally and the EBIT margin from current business should be clearly negative, with a significant deterioration in earnings per share. Based on the expected clearly negative consolidated net income for the year, a corresponding decrease in consolidated equity is expected for 2020. It is expected that the cash flow from operating activities will again develop significantly worse than in the previous year. With regard to the cash flow from investing activities, we expect significantly negative changes compared to 2019, in particular due to the discontinuation of the positive effects of the partial sale of the USA in the previous year (without the partial sale of the USA, no significant changes compared to the previous year). Due to the expected developments, the gearing ratio and the equity ratio will decrease slightly.

This forecast is based on market assumptions and company estimates at the beginning of 2020 and was revised with regard to the effects of the Covid-19-pandemic on April 9, 2020 and reviewed for timeliness on May 18, 2020: Due to the continued rapid spread of the COVID-19-pandemic, particularly in recent weeks, the associated crisis measures taken by the respective countries and their drastic effects on the economy, it is unfortunately not possible at present to make a reliable estimate of the course of our business development for the 2020 financial year. As a result, the above forecast for the 2020 financial year, which MS Industrie AG has already given in the 2019 Annual Report, is also only valid to a limited extent. However, MS Industrie AG has responded to the crisis with extensive measures. In addition to setting up emergency plans and temporary production stops in conjunction with short-time working, these include securing the company's liquidity.

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** ("MS-Powertrain Technology Group": Systems and components for heavy-duty diesel engines and custom electric motors) and **Ultrasonic-technology** ("MS-Ultrasonic Technology Group": Special and standard 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 minority involvements in the industrial real estate sector as well as complementary services.

Best regards

MS Industrie AG - The Executive Board

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