

Quarterly Voluntary Release

Key figures end of Quarter 3-2016

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

MS Industrie Group with EAT in Quarter 1 until 3 - 2016
amounting up to **EUR 3,9 Mio. (- 32,5 %)**

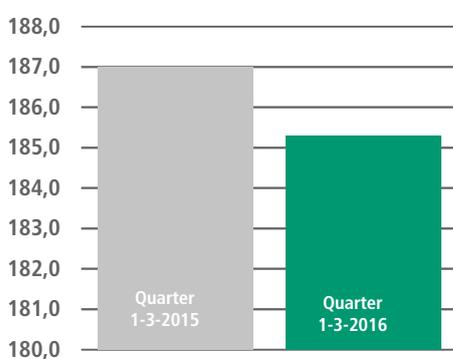
Overview of key figures Quarter 1 until 3 - 2016 and previous years period (for comparison purposes)
(adjusted by non-recurring items)

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

	Quarter 1-3-2015 (unaudited)	Quarter 1-3-2016 (unaudited)
Group Sales	187,0	185,3
EBITDA	19,7	15,2
EBIT	11,2	6,0
EBT	8,7	3,8
EAT	5,7	3,9
EpS	0,19	0,13

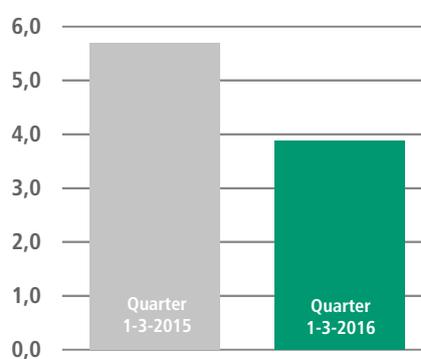
Group Sales

in Mio. EUR



Earnings after tax

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



Munich, November 15, 2016

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal 2015 and the unaudited key figures of 1st half of fiscal 2016, published on August 18, 2016, sets on a voluntary base, unaudited quarterly IFRS-figures for Q1-Q3-2016, according to which Q3 was satisfactory on the background of the current economic situation in the most important market segments.

First 9 months of 2016 are characterized for MS Industrie-Group by a lack of sales increase, in comparison to previous year. In Q1-Q3-2016 this is fortunately not the case for the German sites of the group. At the US-site of the Group however, the business has performed market-driven weak both in comparison with the very good 1st three quarters of the previous year as well as compared to the very good 3rd quarter of the previous year. The business development in the US has been accompanied with the further strengthening of the EUR/USD exchange rate, which unfortunately in 2016 had a negative effect on the total comprehensive income by the still 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-Q3 under high capacity load was quite different. Turnover of business unit "**Powertrain**" at the end of Q3 on one hand is approximately 10 % under and turnover of business unit "**Ultrasonic**" on the other hand is around 1 % above the average sales of the previous year's period. The business unit "**Powertrain – Electric**" sales are around 14 % above the average sales of the previous year's period. Order backlogs end of September 2016, have been at a total of around Mio. EUR 113 and stand in the "**Ultrasonic**"-division by around 53 % above and in the "**Powertrain**"-division around 17 % below the order backlog end of September 2015.

The performance of MS Industrie-Group in Q1-Q3-2016 was satisfactory regarding the key 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 development on one hand must be seen against the fundamentally positive background of a continuously recovering European commercial vehicle market: Registration increase of 13,1 % in Q 1-Q 3-2016 compared to the same period last year (increase in registrations in Germany: 11,3 %) and of 6,0 % in September 2016 compared to the same month last year, as the recent periodic evaluation, as of October 21, 2016, of well-known "ACEA" („Association des Constructeurs Européens d'Automobiles", Brussels), again reconfirmed. The European market for heavy commercial vehicles over 16 tons has developed even a little better in Europe with a registration increase of 14,1 % in Q 1-Q 3-2016 compared to the same period last year, (increase in registrations in Germany: 8,0 %) (Source also: "ACEA", as of October 21, 2016). These figures give furthermore positive expectations, especially considering the fact that previous year 2015 for the European commercial vehicle industry was a satisfactory year only.

The US market for heavy trucks in terms of order income again declined greatly in September 2016 year on year with approximately -28 %, as, for example, from the current statistics of the private research firm "ACT" ("Americas Commercial Transportation Research, Co., LLC") can be read. In the meantime, this trend applies also to MS Industrie-Group ("**NAFTA**"-sales Q 1-Q 3-2016: -25 %) with its main customer Detroit Diesel Corporation / Daimler in North America, which sales in the "Class 8" segment have also significantly declined by approximately 25 % in Q3-2016. End of September 2016 we have been informed, that production of "**HDEP**"-engines will be reduced, beginning October 2016 into 2017 by around 20 %. This message was not totally surprising, but the total impact on the mid-term planned group sales seems to become unexpectedly high. The extent to which the economic impact of the actual presidential change in the US could have a positive effect is currently not yet assessable.

Management Board is of the opinion that this is however less a structural problem than a temporary one, as has already been the case in the US market in the past several times. Important long and short term revenue drivers, such as the long term basic trend towards more transport of goods on the road, the new "Greenhouse Gas Regulation" (2017-2027) in the US, which will enter into force from the coming fiscal year, but also medium term catch-up effects against the background of a fundamentally relatively aged truck fleet, should lead to increased demand again. On this background, Daimler USA also expects an increase in new registrations, and thus higher unit numbers, from 2018 at the latest. This would also require more valve trainsystems, which are provided by the MS-Group exclusively.

With effect from the trade register entry of **MS Powertrain Technologie GmbH**, Trossingen, dated October 6, 2016, the process of retroactive separation of the former MS Spaichingen GmbH into the two business areas "**Powertrain**" (**MS Powertrain Technologie GmbH**) and "**Ultrasonic**" (**MS Ultraschall Technologie GmbH**, Spaichingen) effective retrospectively January 1, 2016 has been finally brought to a successful conclusion. The administrative division had already been outsourced to **MS Industrie Verwaltungs GmbH**, Spaichingen, in December 2015.

On the occasion of plastic industry fair "K" in Düsseldorf, **MS Ultraschall Technologie GmbH** presented a new generation of ultrasonic series welding machines from the "**MS soniTOP**" product family in October. These welding

machines are designed especially for the manufacture of smaller components, e.g. in the automobile or electrical industry or in medical technology: for small parts and subassemblies which have small dimensions and require correspondingly accurate process control and precise welding. "Genesis", "Fusion", "Nexus" and "Opus" are the names of the four new machine models in the new "MS soniTOP" product family, which are setting new market standards in respect to precision, productivity and connectivity. They are available as table-top and pedestal machines and, apart from "Opus", can also be integrated into existing production lines as an "inline"-module for welding or sealing. The "MS soniTOP" machines are of course "industry 4.0 capable" by the latest "app"-control. As the "K"-fair has shown clearly, the new machines are in competition with respect to all major important areas such as the bending stiffness, the drive as well as the control system. Through the introduction of the new series machines, MS Industrie-Group is opening up a completely new customer range in the area of the production of small high-precision parts and assemblies.

Total adjusted consolidated revenues of MS Industrie-Group in the reporting period are at **Mio. EUR 185,3** (prev. Mio. EUR 187,0), and therefore slightly below the level of the previous year's sales in Q1-Q3.

MS Industrie AG generated,

for **Q1-Q3 2016** in the Group:

- Accumulated adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 15,2** (prev. Mio. EUR 19,7)

and for **Q3-2016**, only, in the Group:

- Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** - amounting to **Mio. EUR 4,6** (prev. Mio. EUR 7,4).

Key figures for Q3-2016 (July to September 2016), adjusted by non-recurring items as described below, 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 6,3).

Non-Recurring Items with an influence on profit and loss in Q3-2016 and in previous year's period are essentially currency losses from procurement processes with predefined suppliers of around Mio. EUR -0,4 in previous year and costs arising from the insolvency of a supplier in the previous year in the amount of approximately Mio. EUR -0,5, which are reflected in the cost of materials, as well as relocation costs of the „Powertrain"-division of MS Technologie GmbH to the new premises in Trossingen-Schura in the amount of around Mio. EUR -0,1 (prev. Mio. EUR 0,0). All amounts before tax. These items have an influence on the period's profit and loss and are therefore adjusted in the following key figures.

Total adjusted **Consolidated Revenues** in Q3 amount to **Mio. EUR 58,5** (prev. Mio. EUR 64,2).

Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q3 amount to **Mio. EUR 4,6** (prev. Mio. EUR 7,4). Adjusted operating earnings before interest and tax - **EBIT** - in Q3 amount to **Mio. EUR 1,5** (prev. Mio. EUR 4,6). Adjusted earnings before income tax - **EBT** - amount to **Mio. EUR 1,1** (prev. Mio. EUR 3,4) and the adjusted result after taxes and minority interests - **EAT** – amounts to around **Mio. EUR 1,9** (prev. Mio. EUR 2,3).

Key figures for the 1st 3 quarters of 2016 (January to September), adjusted by non-recurring items as described below, 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 11,8). Sales revenue 2016 include reimbursements incurred from currency losses from procurement processes with predefined suppliers of around Mio. EUR 1,8.

Non-Recurring Items with an influence on profit and loss in Q1-Q3-2016 and in previous year's period are essentially net reimbursements incurred from the previous fiscal year's currency losses from procurement processes with predefined suppliers of a balance of around Mio. EUR +0,5 net, which are reflected in sales revenues (Mio. EUR +1,8) and cost of materials (Mio. EUR -1,3) (prev. Mio. EUR -1,3 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 +0,7 (prev. Mio. EUR -0,9) (cost of materials) as well as relocation costs of the „Powertrain"-division of MS Technologie-Group to the new premises in Trossingen-Schura in the amount of around Mio. EUR -1,2 (prev. Mio. EUR 0,0). All amounts before tax. These items have an influence on the period's profit and loss and are therefore adjusted in the following key figures.

Adjusted, cumulative **total revenues** in the 1st 3 quarters of 2016 amount to **Mio. EUR 185,3** (prev. Mio. EUR 187,0), of which **Mio. EUR 170,3** (prev. Mio. EUR 172,3) result from MS Technologie-Group.

Total **Factory Output**, inclusive positive changes in inventory, totalling to around Mio. EUR 2,5 (prev. Mio. EUR 6,5), is **Mio. EUR 187,8** (prev. Mio. EUR 193,6) and with -3,0 % slightly below previous year's period output as well.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2016 are totalling **Mio. EUR 61,5** (prev. Mio. EUR 81,8). Thus around still **33 %** (prev. 44 %) of consolidated total revenues of the MS Industrie-Group in Q1-Q3-2016 with a significant decrease have been achieved in the North-American market.

In absolute terms, total sales in the **"Asia / Pacific" region** and in the **"Other Americas"** in Q1-Q3-2016 together now account for around Mio. EUR 3,4 (prev. Mio. EUR 8,0), in absolute terms a considerable decrease, especially due to the current economic downturn manifested in the two major economic regions. Our percentage sales volume in the **"Asia / Pacific" region** and in the **"Other Americas"** in Q1-Q3-2016 in total was by around 1,8 % (prev. 4,3 %) of consolidated sales.

Adjusted **gross profit** amounts to **Mio. EUR 87,7** (prev. Mio. EUR 84,4) slightly above previous year's period. The adjusted **gross profit margin** has also increased by 2,2 percentage points from 45,1 % to 47,3 %.

Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1-Q3 amount to **Mio. EUR 15,2** (prev. Mio. EUR 19,7), adjusted operating profits before interest and tax - **EBIT** - amount to **Mio. EUR 6,0** (prev. Mio. EUR 11,2). Adjusted profits before income tax - **EBT** – in the group in Q1-Q3 amount to around **Mio. EUR 3,8** (prev. Mio. EUR 8,7). The results after taxes and minority interests - **EAT** - in Q1-Q3 amount to around **Mio. EUR 3,9** (prev. Mio. EUR 5,7).

The difference between earnings before tax (EBT) and net profit after tax (EAT) in Q1-Q3 is primarily due to **deferred tax income** amounting to **Mio. EUR 1,1** (prev. deferred tax expenses Mio. EUR 1,4), of which Mio. EUR 0,4 deferred tax expenses arise from the use of deferred tax assets on tax loss carryforwards of the parent company MS Industrie AG and Mio. EUR 1,5 deferred tax income arise from the granting of deferred tax credits to the US-daughter company MS Industries USA for 2015 and previous years. In addition, **current tax expenses** were incurred, amounting to **Mio. EUR 1,0** (prev. Mio. EUR 0,9).

Total Comprehensive Income for Q1-Q3-2016 before adjustments amounts to **Mio. EUR 3,0** (prev. Mio. EUR 5,9). The difference between earnings after tax (EAT) before adjustments and the **total comprehensive income after income taxes** in Q1-Q3 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. positive foreign currency translation differences (EUR-USD) in a total amount of Mio. EUR +1,6).

Adjusted **Earnings per share - "EPS"** - in Q1-Q3-2016 attributable to the shareholders of the parent company MS Industrie AG in accordance with IAS 33 amount to **EUR 0,13**, based on the weighted average number of shares issued until September 30, 2016 (29,8 million shares (basic and diluted); in previous period adjusted earnings per share basic and diluted amounted to EUR 0,19 (based on the weighted average number of 29,8 million shares).

As at September 30, 2016, **Cash and cash equivalents** in the group amount to **Mio. EUR 4,9** (Dec. 31, 2015: Mio. EUR 2,4). **Liquid funds** as at September 30, 2016 amount to **Mio. EUR -3,7** (Dec. 31, 2015: Mio. EUR +1,6). The decrease in liquid funds is mainly due to a negative Q1-Q3-cash flow from operating activities mainly due to positive changes in inventory and accounts receivable and planned negative cash flows from investing activities, not fully compensated by the positive cash flows from financing activities.

The Group's **equity ratio** has decreased slightly compared with December 31, 2015 and as at September 30, 2016 amounts to 30,6 % (December 31, 2015: 31,6 %), while the total assets have been increased by 10,0 %. The slight decrease in the equity ratio is primarily due to the significant increase in total assets. The increase in total assets is again primarily due to a reporting date driven working capital build-up in MS Industrie-Group. In absolute figures, **equity and non-controlling interests** have significantly increased by Mio. EUR 3,2 to **Mio. EUR 50,4** (December 31, 2015: Mio. EUR 47,2).

The **number of employees** in the group continued to increase up to **1.130 permanent employees** on September 30, 2016 according to plan, compared to 1.068 permanent employees as at December 31, 2015.

MS Industrie-Group for the entire fiscal year 2016 has been planning originally to reach a slight increase of the adjusted consolidated revenues of around 6 % to around Mio. EUR 270, as described in the annual financial report 2015. Based on the turnover- and market-figures of the first half of the fiscal year it has been assumed in the group's management report as of June 30, 2016, that adjusted consolidated revenues would be nearly on the level of previous fiscal year 2015 (approx. Mio. EUR 255). Based on the figures as of September 30, 2016 it is assumed that in the current situation this objective will not be achieved. Instead it is assumed that the adjusted consolidated revenues will be below the level of fiscal year 2015 and therefore at around Mio. EUR 240. For the entire fiscal year 2016 in contrast to the forecast 2016 in the annual financial report 2015 a substantial decrease of the adjusted key earnings ratios EBITDA, EBIT, EBT, EBIT margin, and earnings per share from continuing operations (excluding non-recurring items) is expected. For the entire

fiscal year 2016 it is expected, that cash flows from operating activities (excluding non-recurring items) develop substantially poorer than in previous year, but on the other hand also a slight increase in Gross margin, consolidated shareholder's equity and equity ratio is expected.

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 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

Brienner Straße 7

80333 Munich, Germany

Phone: +49. 89. 20 500 900

Fax: +49. 89. 20 500 999

Mail: info@ms-industrie.ag

Internet: www.ms-industrie.ag