# Quarterly Voluntary Release
# Key figures end of Quarter 3-2018

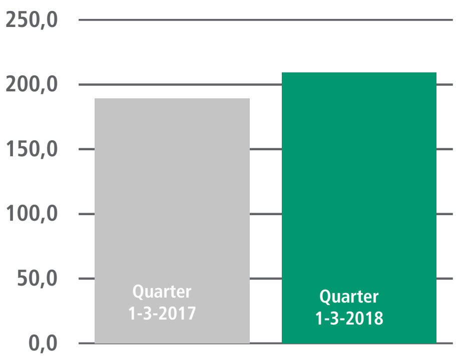
**MS Industrie AG, Munich, Germany (ISIN: DE0005855183)**

**MS Industrie Group with EAT in Quarter 1 until 3 - 2018**
**amounting up to EUR 4,8 Mio. (+4%) - positive annual forecast**

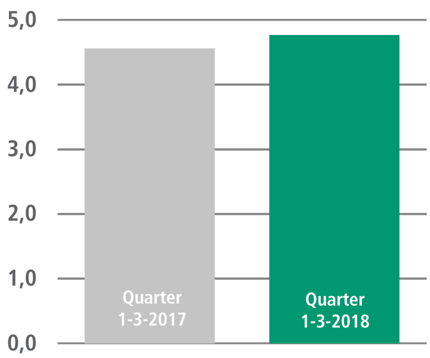
Overview of key figures Quarter 1 until 3 - 2018 and previous years period (for comparison purposes)

| MS Industrie Group, IFRS in Mio. EUR (EpS in EUR) | Quarter 1-3-2017 (unaudited) | Quarter 1-3-2018 (unaudited) |
|---|---|---|
| Group Sales | 189,5 | 209,4 |
| EBITDA | 17,3 | 16,8 |
| EBIT | 7,5 | 7,7 |
| EBT | 6,3 | 6,3 |
| EAT | 4,6 | 4,8 |
| EpS | 0,15 | 0,16 |

## Group Sales
in Mio. EUR




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



Munich, November 20, 2018

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2017 and the unaudited key figures of 1st half of fiscal year 2018, published August 22, 2018, presents on a voluntary base, selected, unaudited, quarterly IFRS-figures for Q1-Q3-2018, according to which Q1-Q3 have been showing a satisfactory to good development on the background of the current economic situation in the most important market segments.

First 9 months of 2018 are - in accordance with expectations - characterized for MS Industrie-Group by a significant sales increase, in comparison to previous year. In Q1-Q3-2018 this is fortunately the case for all the German sites of the group in total. At the US-site of the Group the business has performed market-driven substantially stronger in comparison to the previous year as well. The positive business development in the US has been accompanied by the further constant debilitation of the EUR/USD exchange rate, which in Q1-Q3-2018 had a positive effect on the total consolidated comprehensive income by the high volume of the US-business.

Both in the **Powertrain Technology Group**, also briefly: **"Powertrain"**, and in the **Ultrasonic Technology Group**, also briefly: **"Ultrasonic"**, the sales development in Q1-Q3 was slightly different. Turnover of business unit "**Powertrain**" on the one hand is approximately +12,0% above the sales of the previous year´s period. Thereof turnover of sub-business unit "**Powertrain – Diesel**" is approximately +13,6 % above the sales of the previous year´s period. The sub-business unit "**Powertrain – Electro**" sales are around -2,7 % below the sales of the previous year´s period. Turnover of business unit "**Ultrasonic**" on the other hand is around +2,1 % slightly above the sales of the previous year´s period.

Sales revenues of business segment "Powertrain" made for a percentage of around 80 % and sales revenues of segment "Ultrasonic" made for a percentage of around 19 % to the total consolidated group sales in Q1-Q3-2018.

Order backlogs end of September 2018 amounted to a total of around Mio. EUR 150,6 (i.e. around +18,7 % above the average order backlog in the previous year); thereof in the "Ultrasonic"-segment around +15,7 % above and in the "Powertrain"-segment as well around +19,7 % above the average order backlog of the previous year.

The earnings performance of MS Industrie-Group in Q1-Q3-2018 was in a range between satisfactory and quite good 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" -** .

On the one hand, this development must be seen against the fundamentally positive background of a still continuously recovering European commercial vehicle market: +3,6% year-on-year increase in registrations in Q1-Q3-2018 (increase in registrations in Germany: +4.0 %), as confirmed once again by the most recent evaluation, as of October 25, 2018, of the "ACEA" („Association des Constructeurs Européens d´Automobiles", Brussels). The European market for heavy commercial vehicles over 16 metric tons developed above average across Europe with a positive sales trend of +4,5 % in Q1-Q3-2018 compared to the overall commercial vehicle market and compared to the same period of the previous year 2017 (for comparison: slight increase in registrations in Germany in Q1-Q3-2018: +2,2 %) (source also: "ACEA", as of October 25, 2018). These figures continue to be positive overall, also taking into account the fact that registrations in the entire European commercial vehicle market in September 2018 were down by -5,2 % year-on-year due to pull-forward effects in previous months, especially August.

The US market for medium-duty and heavy-duty trucks in terms of order income as well increased further in September 2018 year on year, seasonally adjusted, with approximately +90 %, 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 (increase in "North-America"-sales Q1-Q3-2018: +13,8 %) with its main customer "Detroit Diesel Corporation / Daimler" in North America, which sales have also significantly increased by approximately 16 % in Q3-2018. This indicates even more, that the slow and moderate market recovery scenario on the US-heavy-duty-truck-market which was the basis for the company´s planning and forecast process at the beginning of the year, with an assumption of "class 8"-sales totaling minimum 315.000 units on the US-market as a whole in current year 2018, will be probably fulfilled. Indeed, an important market-recovery impact is still expected for the 4th quarter of the year 2018. Demand continues to outrace the ability of manufacturers to respond, however, as heavy-duty truck production continues to be subject to supply chain constraints. This means 2018 on the US-market will be strong for build and sales. The existing order backlog, stretching deep into 2019, guarantees that the existing market momentum on the US-market will last well into next year.

Real GDP growth in the US is expected to rise by around 3,0 % in 2018 and moderate to a 2,8 % rate in 2019. The composition of the GDP-growth is positive for freight and transportation, but also because of tariff issues, has a more vulnerable tilt. We continue to place a low probability on the occurrence of a recession in USA in the next year or two.

Important long- and short-term revenue drivers, such as the worldwide long-term basic trend towards even more transport of goods on the road, the new "Greenhouse Gas Regulation II" (2017-2027) in the US, which entered into force in previous fiscal year, but also medium-term catch-up effects against the background of a fundamentally relatively aged truck fleet in Europe and the US, should further lead to increased demand. On this background, our customer Daimler USA also expects a continuous high level of new registrations, and thus continuous high unit numbers, till 2019 at a minimum, concrete about 200.000 HDEP units, almost evenly split between the EU and the US. The start of series production of various new products for various well-known customers will take place according to plan in the 4th quarter of 2018. Daimler Trucks continues to expect total unit sales for 2018 to be significantly higher than in the previous year. In the NAFTA region, Daimler's Trucks division expects sales to be well above the previous year's level due to the market recovery. In the 3rd quarter of 2018, Daimler's Trucks division sales in the NAFTA region increased significantly to 52.700 (prev. 45.300) units.

Series production of new "Powertrain"-products for various well-known customers is scheduled to start in Q4-2018.

In September, "MS Ultrasonic" received the largest single order in its history. These are special machines, fixtures and workpiece holders for the new Ford F 150 (Amerika´s best-selling pick-up). Orders for standard machines of the brand „MS SoniTOP" are steadily growing.

Key figures and developments are as follows:

In the actual reporting period Q1-Q3 -2018 and in the previous year´s period there have been no non-recurring items with a significant influence on profit and loss, which had to be eliminated.

**Total** consolidated revenues of MS Industrie-Group in the reporting period are at **Mio. EUR 209,4** (prev. Mio. EUR 189,5), and therefore significantly above the level of the previous year's revenues in Q1-Q3-period.

**MS Industrie AG generated,**

for **Q1-Q3 2018** in the Group:

- Accumulated earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 16,8 (**prev. Mio. EUR 17,3)

and for **Q3-2018,** only, in the Group:

- Earnings before interest, taxes, depreciation and amortization - **EBITDA** - amounting to **Mio. EUR 4,9** (prev. Mio. EUR 6,8).

Key figures for Q3-2018 (July to September 2018) are as follows:

Total consolidated revenues for Q3 amount to **Mio. EUR 69,1** (prev. Mio. EUR 65,5).

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q3 amount to **Mio. EUR 4,9** (prev. Mio. EUR 6,8). Operating earnings before interest and tax - **EBIT** - in Q3 amount to **Mio. EUR 1,9** (prev. Mio. EUR 3,6). Earnings before income tax - **EBT** - amount to **Mio. EUR 1,6** (prev. Mio. EUR 3,2) and the result after taxes and minority interests - **EAT** – amounts to around **Mio. EUR 1,2** (prev. Mio. EUR 2,1).

The main reason for the slightly lower EBITDA is a disproportionately high increase in other expenses and personal expenses in Q3-2018 compared to Q3-2017, mainly as a result of marketing costs for ultrasonic standard machines and preparatory measures for new series productions in the "Powertrain" segment.

Key figures for the 1st 3 quarters of 2018 (January to September) are as follows:

Cumulative total revenues in the 1st 3 quarters of 2018 amount to **Mio. EUR 209,4** (prev. Mio. EUR 189,5), with +10,5 % being significantly above the previous year's first 3 quarters and slightly above plan.

Total Factory Output, inclusive positive changes in inventory, totaling to around Mio. EUR 5,2 (prev. Mio. EUR 2,1), is **Mio. EUR 214,7** (prev. Mio. EUR 191,6) and with +12,1 % also significantly above previous year´s period output as well.

Note: Total revenues and total factory output include positive currency translation effects totaling around Mio. EUR 5,2.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2018 are totaling **Mio. EUR 77,9** (prev. Mio. EUR 68,5) in absolute terms. Thus around **37 %** (prev. 36 %) of consolidated total revenues of the MS Industrie-Group in Q1-Q3-2018 with a slight increase have again been achieved in the North-American market.

In absolute terms, total sales in the **"Asia / Pacific" region** and in the **"Other Americas"** in Q1-Q3-2018 together now account for around Mio. EUR 2,6 (prev. Mio. EUR 3,5), according to plan low and stable, in line with the current economic weaknesses manifested in South American business regions. Our percentage sales volume in the **"Asia / Pacific" region** and in the **"Other Americas"** in Q1-Q3-2018 in total stays stable by around 1 % (prev. 2 %) of consolidated sales.

Gross profit amounts to **Mio. EUR 100,8** (prev. Mio. EUR 90,7) significantly above previous year´s period. The gross profit margin has also increased slightly by 0,2 percentage points from 47,9 % to **48,1** %.

Earnings before interest, taxes, depreciation and amortization - EBITDA – in Q1-Q3 amount to **Mio. EUR 16,8** (prev. Mio. EUR 17,3), operating profits before interest and tax - EBIT - amount to **Mio. EUR 7,7** (prev. Mio. EUR 7,5). Profits before income tax - EBT – in the group in Q1-Q3 amount to around **Mio. EUR 6,3** (prev. Mio. EUR 6,3). The results after taxes and minority interests - EAT - in Q1-Q3 amount to around **Mio. EUR 4,8** (prev. Mio. EUR 4,6).

The difference between earnings before tax (EBT) and net profit after tax (EAT) in Q1-Q3 is primarily due to **current tax expense** amounting to **Mio. EUR 1,1** (prev. Mio. EUR 1,6) **and deferred tax expense** amounting to **Mio. EUR 0,5** (prev. deferred tax expense Mio. EUR 0,2).

**Total Consolidated Comprehensive Income** for Q1-Q3-2018 amounts to **Mio. EUR 4,7** (prev. Mio. EUR 2,7). The difference between earnings after tax (EAT) and the **total comprehensive income after income taxes** in Q1-Q3 primarily results from **foreign currency translation differences (EUR-USD)** recognized in other comprehensive income ("OCI") without profit impact in a total amount of **Mio. EUR +0,7** (prev. Mio. EUR -2,2) as well as **changes in the value of financial assets and investments** in a total amount of **Mio. EUR -0,7** (prev. Mio. EUR +0,4).

**Earnings per share - "EPS" -** in Q1-Q3-2018 attributable to the shareholders of the parent company MS Industrie AG in accordance with IAS 33 amount to **EUR 0,16,** based on the weighted average number of shares issued until September 30, 2018 (29,9 million shares (basic and diluted)); in previous period earnings per share basic and diluted amounted to EUR 0,15 (based on the weighted average number of 29,9 million shares).

As at September 30, 2018, Cash and cash equivalents in the group amount to **Mio. EUR 7,9** (December 31, 2017: Mio. EUR 8,4). Liquid funds are negative and as at September 30, 2018 amount to **Mio. EUR -9,4** (December 31, 2017: Mio. EUR +1,4), this means a decrease compared to the ending balance of 2017 by Mio. EUR -10,8. The decrease in liquid funds is mainly due to a significant increase in accounts receivable and inventory at the end of the period, which is adding to the planned negative cash flows from investing activities as well as financing activities.

The Group's equity ratio has decreased slightly compared to December 31, 2017 and as at September 30, 2018 amounts to **35,3** % (December 31, 2017: 37,1 %), while the total assets have been significantly increasing by 13,8 %. The slightly decreased equity ratio - beside the positive total comprehensive income and the dividend payment 2017 in Q3-2018 in the amount of **Mio. EUR 0,9** - is primarily due to the significant increase in total net current assets. The increase in total net current assets is primarily due to a reporting date driven working capital build-up in the MS Industrie-Group. In absolute figures, equity and non-controlling interests have significantly increased by Mio. EUR 4,7 to **Mio. EUR 61,4** (December 31, 2017: Mio. EUR 56,7).

The number of employees in the group continued to increase up to **1.234 permanent employees** as at September 30, 2018 according to plan, compared to 1.158 permanent employees as at December 31, 2017.

In Q1-Q3-2018 there have been no changes in the consolidated group structure, compared to December 31, 2017.

For the entire fiscal year 2018 **MS Industrie-Group** has been originally planning to reach a slightly increased industrial consolidated turnover of around Mio. EUR 270, as described in the forecast report of the annual management report 2017 and the interim management report 6-2018. For the entire fiscal year 2018 also, according to the forecast in the annual management report 2017, a slightly increased level of the key earnings ratio EBITDA had been originally expected, while the key earnings ratios EBIT and EBT had been originally expected to increase considerably due to a decrease in amortization expenses.

According to the current consolidated projections, the company now anticipates a significant increase in industrial Group turnover of around Mio. EUR 280 (including x-rate effects EUR/USD), but with an at least stable EBITDA compared to the previous year, while EBIT and EBT are expected to improve and to be slightly higher compared to the previous year.

Due to a potential increase in tax expenses in 2018 according to the lack of non-recurring tax benefits due to unique US-tax reform end of 2017 we expect EAT and earnings per share slightly above the level of 2017, but also a considerable increase in consolidated shareholder´s equity. Gross profit margin in 2018 is expected to improve slightly and EBIT-margin is expected to increase slightly above the 2017 level. For the entire fiscal year 2018 it is still expected, that cashflows from operating activities develop slightly better than in the previous year. Regarding the net cash used in investing activities it is assumed that the amounts are changed to previous year regarding the lack of previous year´s major divestments and will in total have a negative balance resulting out of the investments according to plan. Debt levels until the end of fiscal year 2018 instead should at a minimum stay on a stable level and the equity ratio increase slightly as a result of all measures initiated. It is assumed that in the current situation the described original objectives for the development of equity, equity ratio, cash flow and debt levels for 2018 will be achieved.

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

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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

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