

Quarterly Voluntary Release

Key figures end of Quarter 3-2019

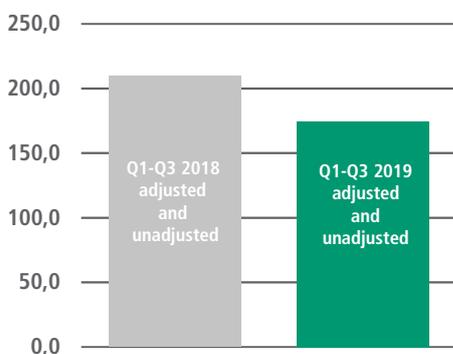
MS Industrie AG, Munich, Germany (ISIN: DE0005855183)

MS Industrie Group with adjusted EAT in Quarter 1 until 3 - 2019 amounting up to Mio. EUR -1,1 (-124%) - annual forecast (adjusted) slightly negative

Overview of key figures Quarter 1 until 3 - 2019 and previous years period (for comparison purposes) (unadjusted and adjusted for non-recurring items)

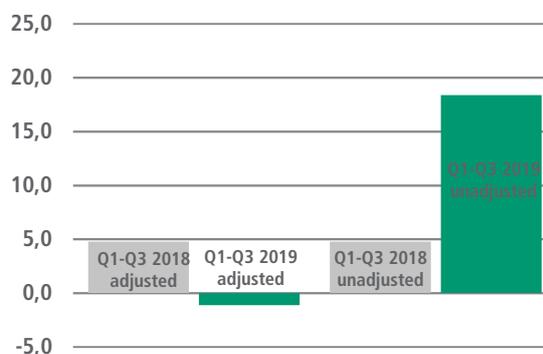
Group Sales

in Mio. EUR



Earnings after tax

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



Consolidated key figures as of Sept. 30, 2019 - Overview

MS Industrie Group, according to IFRS, unaudited, in TEUR (EpS in EUR)

Income statement key figures Q.3-2019

	Quarter 3-2018	Quarter 3-2019
Revenues	69.130	50.248
Gross profit	32.958	26.915
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4.921	2.091
Operating Profit (EBIT)	1.938	-1.290
Profit before income tax (EBT)	1.593	-1.786
Profit for the period after non-controlling interests (EAT)	1.153	-1.704
Consolidated earnings per share in EUR	0,04	-0,06

Income statement key figures Q.3-2019 (adjusted for non-recurring items)

	Quarter 3-2018	Quarter 3-2019
Revenues	69.130	50.248
Gross profit	32.958	26.915
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4.921	2.091
Operating Profit (EBIT)	1.938	-1.290
Profit before income tax (EBT)	1.593	-1.786
Profit for the period after non-controlling interests (EAT)	1.153	-1.704
Consolidated earnings per share in EUR	0,04	-0,06

Income statement key figures Q.1-Q3-2019

	Quarter 1-3-2018	Quarter 1-3-2019
Revenues	209.449	174.667
Gross profit	100.752	109.783
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	16.776	32.540
Operating Profit (EBIT)	7.685	21.763
Profit before income tax (EBT)	6.285	20.060
Profit for the period after non-controlling interests (EAT)	4.769	18.384
Consolidated earnings per share in EUR	0,16	0,61

Income statement key figures Q.1-Q.3-2019 (adjusted for non-recurring items)

	Quarter 1-3-2018	Quarter 1-3-2019
Revenues	209.449	174.667
Gross profit	100.752	88.449
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	16.776	11.206
Operating Profit (EBIT)	7.685	429
Profit before income tax (EBT)	6.285	-1.274
Profit for the period after non-controlling interests (EAT)	4.769	-1.119
Consolidated earnings per share in EUR	0,16	-0,04

Munich, November 22, 2019

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2018 and the unaudited key figures of 1st half of fiscal year 2019, published August 23, 2019, presents on a voluntary base, selected, unaudited, quarterly IFRS-figures for Q1-Q3-2019, according to which adjusted Q3 has been showing a non satisfactory development on the background of the current economic situation in the most important market segments.

First 9 months of 2019 are - in accordance with expectations - characterized for MS Industrie-Group by a significant sales decrease, in comparison to previous year. In the first 9 months of 2019 – after the sale of a significant portion of the Group's activities in the USA in early April – this development of revenues in geographic terms especially affects the Group's US site, and in terms of segments, the "Powertrain" segment. For the Group's German sites, overall business continued to develop in line with expectations compared to the satisfactory to good first 9 months of the previous year and, by separate quarterly comparison, also to the satisfactory first half of the current financial year 2019.

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 quite different. Turnover of business unit "**Powertrain**" on the one hand with a decrease of approximately -18,3% is significantly below the sales of the previous year's period. Thereof turnover of sub-business unit "**Powertrain – Diesel**" with a decrease of approximately -20,4% is significantly below the sales of the previous year's period. The sub-business unit "**Powertrain – Electro**" sales are around +4,7 % slightly above the sales of the previous year's period. Turnover of business unit "**Ultrasonic**" on the other hand is approximately -9,9 % slightly below the sales of the previous year's period.

Sales revenues of business segment "Powertrain" made for a percentage of approximately 79 % and sales revenues of segment "Ultrasonic" made for a percentage of approximately 21 % to the total consolidated sales in Q1-Q3-2019.

Order backlogs end of September 2019 amounted to a total of around Mio. EUR 97,5 (i.e. around -33,3 % significantly below the average order backlog in the previous year); thereof in the "Ultrasonic"-segment with around -2,1 % slightly and in the "Powertrain"-segment with around -44,7 % significantly below the average backlog of the previous year.

The earnings performance of MS Industrie-Group in Q1-Q3-2019 was still 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**" - .

On the one hand, this development must be seen against the positive background of a still recovering European commercial vehicle market: +4,6 % year-on-year increase in registrations in Q1-Q3-2019 (increase in registrations in Germany: +10,9 %), as confirmed by the most recent evaluation, as of October 24, 2019, 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 +5,3 % in Q1-Q3-2019 compared to the overall commercial vehicle market and compared to the same period of the previous year 2018 (for comparison: also a slight increase in registrations in Germany in Q1-Q3-2019: +8,2 %) (source also: "ACEA", as of October 24, 2019). These figures seem to be limited positive, also taking into account the fact that registrations in the entire European commercial vehicle market in September 2019 were down by -10,0 % year-on-year. This pessimistic view is reinforced once again by the current announcements of the major OEMs, who are evidently preparing themselves predominantly for a market environment that will become much more difficult in 2020 and later on.

Key figures and developments are as follows:

Total adjusted consolidated revenues of MS Industrie-Group in the reporting period are at **Mio. EUR 174,7** (prev. Mio. EUR 209,4), and therefore significantly below the level of the previous year's revenues in Q1-Q3-period.

MS Industrie AG generated,

for **Q1-Q3 2019** in the Group:

- Accumulated adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 11,2** (prev. Mio. EUR 16,8)

and for **Q3-2019**, only, in the Group:

- Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** - amounting to **Mio. EUR 2,1** (prev. Mio. EUR 4,9).

Key figures for Q3-2019 (July to September 2019) are as follows:

Total **consolidated revenues** for Q3 amount to **Mio. EUR 50,2** (prev. Mio. EUR 69,1).

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q3 amount to **Mio. EUR 2,1** (prev. Mio. EUR 4,9). Operating earnings before interest and tax - **EBIT** – in Q3 amount to **Mio. EUR -1,3** (prev. Mio. EUR 1,9). Earnings before income tax - **EBT** – amount to **Mio. EUR -1,8** (prev. Mio. EUR 1,6) and the result after taxes and minority interests - **EAT** – amounts to around **Mio. EUR -1,7** (prev. Mio. EUR 1,2).

The main reason for the significantly lower EBITDA is a disproportionately low decrease of personal expenses in Q3-2019 compared to Q3-2018, compared to the significantly lower productions in the "Powertrain" segment after the sale of a significant portion of the Group's powertrain activities in the USA in early April, according to purchase agreement as of March 22, 2019. Various measures have been initiated with effects starting beginning of 2020.

Key figures for the 1st 3 quarters of 2019 (January to September), substantially adjusted by non-recurring items of Q2-2019 period as specifically described below, are as follows:

After concluding a purchase agreement on March 22, 2019, the wholly-owned subsidiary MS Powertrain Technologie GmbH, Trossingen, Germany sold the production of the valve train systems for the Daimler "world engine" in the USA (in 2018, revenues of close to USD 100 million) including all related machinery, current assets and employees to Gnutti Carlo Group, USA for a purchase price of USD 40 million, thereof USD 16 million to be paid by April 2022 in three annual instalments bearing interest; the sale has resulted in gains from deconsolidation of around EUR 19,5 million after tax in the second quarter of 2019, which are reported in other income. 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.

Cumulative **total revenues** in the 1st 3 quarters of 2019 amount to **Mio. EUR 174,7** (prev. Mio. EUR 209,4), with -16,6 % being significantly below the previous year's first 3 quarters and slightly below plan.

Total adjusted **Factory Output**, inclusive positive changes in inventory, totaling to around Mio. EUR 7,1 (prev. Mio. EUR 5,2), is **Mio. EUR 181,8** (prev. Mio. EUR 214,7) and with -15,3 % also significantly below previous year's period output as well.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2019 are totaling to around **Mio. EUR 47,2** (prev. Mio. EUR 77,9) in absolute terms. Thus, with a significant decrease still around **27 %** (prev. 37 %) of consolidated total revenues of the MS Industrie-Group in Q1-Q3-2019 have been achieved in the North-American market.

Adjusted Gross profit amounts to **Mio. EUR 88,5** (prev. Mio. EUR 100,8) significantly below previous year's period. The adjusted **gross profit margin** has increased slightly by **2,5** percentage points from 48,1 % to **50,6 %**.

Adjusted earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1-Q3 amount to **Mio. EUR 11,2** (prev. Mio. EUR 16,8), **adjusted** operating profits before interest and tax - **EBIT** – amount to **Mio. EUR 0,4** (prev. Mio. EUR 7,7). **Adjusted** profits before income tax - **EBT** – in the group in Q1-Q3 amount to around **Mio. EUR -1,3** (prev. Mio. EUR 6,3). The **adjusted** results after taxes and minority interests - **EAT** – in Q1-Q3 amount to around **Mio. EUR -1,1** (prev. Mio. EUR 4,8).

The difference between **adjusted** earnings before tax (EBT) and **adjusted** net profit after tax (EAT) in Q1-Q3 is primarily due to **current tax expense** amounting to **Mio. EUR 1,5** (prev. Mio. EUR 1,1) and **deferred tax income** amounting to **Mio. EUR -1,7** (prev. deferred tax expense Mio. EUR 0,5).

Total Consolidated Comprehensive Income for Q1-Q3-2019 before adjustments amounts to **Mio. EUR 15,6** (prev. Mio. EUR 4,7). The difference between earnings after tax (EAT) and the **total comprehensive income after income tax** 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 -2,4** (prev. Mio. EUR +0,7) as well as **changes in the value of financial assets and investments** in a total amount of **Mio. EUR -0,3** (prev. Mio. EUR -0,7).

Adjusted Earnings per share - "EPS" - in Q1-Q3-2019 attributable to the shareholders of the parent company MS Industrie AG in accordance with IAS 33 amount to **EUR -0,04**, based on the weighted average number of shares issued until September 30, 2019 (29,9 million shares (basic and diluted)); in previous period **adjusted** earnings per share basic and diluted amounted to EUR 0,16 (based on the weighted average number of 29,9 million shares).

As at September 30, 2019, **Cash and cash equivalents** in the group amount to **Mio. EUR 10,7** (December 31, 2018: Mio. EUR 2,3). **Liquid funds** are positive and as at September 30, 2019 amount to **Mio. EUR 3,9** (December 31, 2018: Mio. EUR -4,0). This means an increase compared to the ending balance of 2018 by Mio. EUR 7,9. The increase in liquid funds is mainly due to positive cash flows from investing activities.

The Group's **equity ratio** has decreased slightly compared to December 31, 2018 and as at September 30, 2019 amounts to **36,9 %** (December 31, 2018: 38,2 %), while the total assets have been significantly increasing by 24,1 %. The slightly decreased equity ratio - beside the dividend payment 2018 in Q3-2019 in the amount of **Mio. EUR 2,7** - is primarily due to the significant increase in total net current assets. The increase in total net current assets is primarily due to the additions of right-of-use assets of around EUR 24,7 million resulting from the adoption of IFRS 16 in the MS Industrie-Group. In absolute figures, **equity and non-controlling interests** have significantly increased by Mio. EUR 13,0 to **Mio. EUR 78,3** (December 31, 2018: Mio. EUR 65,3).

The **number of employees** in the group has been decreased down to **1.134 permanent employees** as at September 30, 2019, not according to plan, compared to 1.249 permanent employees as at December 31, 2018.

For the entire fiscal year 2019 **MS Industrie-Group** has been originally planning to reach a significantly decreasing industrial consolidated turnover of around Mio. EUR 230, as described in the forecast report of the annual management report 2018. For the entire fiscal year 2019 also, according to the forecast in the annual management report 2018, a significantly increasing level of the adjusted Group-key earnings ratios EBITDA, EBIT, EBT and EAT, as well as Earnings per share - "EPS" had been originally expected.

As explained in the Annual Report 2018, the Managing Board expects for the full year 2019 that after completion of the sale of the "Daimler world engine" production order in the USA at the end of 1st / beginning of 2nd quarter 2019, MS Industrie Group's operating business in terms of revenues and earnings will develop as follows during the 2019 financial year, before non-recurring items affecting profit or loss and related to the sale and the subsequent deconsolidation (in total, around EUR +19,5 million after tax): For the fiscal year 2019, the Group still expects a noticeable drop in industrial revenues to around EUR 225 million (around EUR 70 million below the amount originally planned prior to the sale) and a significant decline in EBITDA. With EBIT and EBT also expected to fall considerably, a consolidated profit for the year below that of the previous year is anticipated. According to the Group's slightly negative forecasts, the gross margin (% ratio of cost of materials and changes in inventory to revenues) is to develop slightly positive and the EBIT margin significantly negative, accompanied by a significant decrease in earnings per share from continuing operations.

In addition, the Managing Board anticipates that after completion of the sale of the "Daimler world engine" production order in the USA at the end of 1st / beginning of 2nd quarter 2019, MS Industrie Group's business will overall develop as follows in terms of revenues and earnings during the 2019 financial year, after non-recurring items related to the sale in the amount of around EUR +19,5 million after tax in total: For the fiscal year 2019, the Group expects a noticeable drop in industrial revenues to around EUR 225 million (around EUR 70 million below the amount forecast prior to the sale) and a significant increase in EBITDA, EBIT and EBT. After the anticipated tax effects resulting from the sale in the USA (around EUR 1,8 million), the consolidated profit for the year is also expected to significantly exceed the previous year's level. According to the Group's forecasts, a clearly positive development is to be expected for the gross margin (% ratio between cost of materials and revenues) and the EBIT margin, accompanied by a marked improvement in earnings per share. Based on the anticipated positive annual result for the year 2019, the Group also expects another considerable increase in Group equity.

As explained in the Annual Report 2018, the Group also expects that in the full year 2019 the cash flow from operating activities will somewhat improve over the previous year. As a result of the partial sale in the USA in particular, cash flow from investing activities is expected to develop very positively compared to 2018 (without partial sale USA no significant changes over the previous year). In the light of the anticipated developments including the effects from the partial sale USA, the debt-to-equity ratio should fall considerably, with a corresponding increase in the equity ratio. Even when accounting for the effect of the adoption of IFRS 16 as of January 1, 2019, which leads to an extension of the balance sheet, the equity ratio is stable. As things stand today, the Group continues to be convinced that it will be able to achieve this target.

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 voluntary 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 voluntary 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 voluntary 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 voluntary 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 voluntary 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 voluntary 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** ("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

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