

MS INDUSTRIE AG

ISIN: DE0005855183

Voluntary Quarterly Release - Key Figures Quarter 1-3-2023

MS Industrie Group with EAT in Quarter 1-3-2023
amounting up to Mio. EUR 4,9 - positive annual forecast

Overview of key figures Quarter 1-3-2023 and previous years period (for comparison purposes)

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

Group Sales

EBITDA

EBIT

EBT

EAT

EpS

Quarter 1-3-2022
(unaudited)

Quarter 1-3-2023
(unaudited)

148,1

186,3

13,2

18,4

4,4

9,1

2,6

6,2

2,3

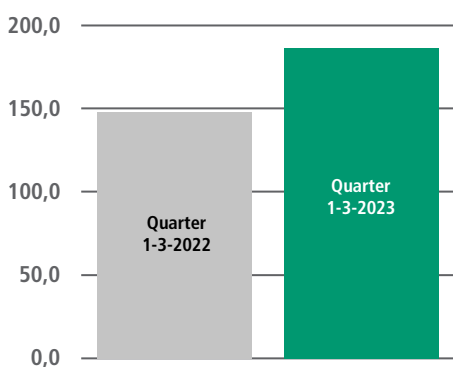
4,9

0,08

0,16

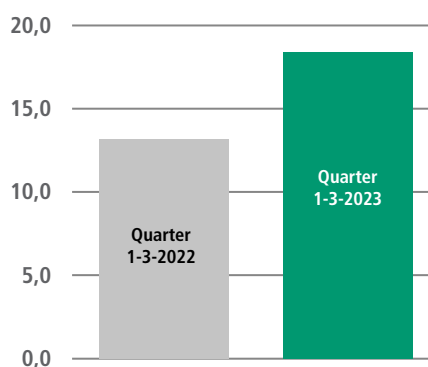
Group Sales

in Mio. EUR



EBITDA

in Mio. EUR



Munich, November 23th, 2023

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2022 and the unaudited key figures of 1st half of fiscal year 2023, published August 24, 2023, presents on a voluntary base, selected, unaudited, quarterly IFRS-figures for Q1-Q3-2023, according to which Q1-Q3 was characterized by significant economic recovery for the MS Industrie-Group, despite the ongoing Russia-/Ukrainian-war and massive cost increases for energy and raw materials. The development of the global truck- and passenger-car-markets in the third quarter and in the YTD 2023 was not significantly impacted by the Russia-/Ukrainian-war and the still gloomier economic conditions. Rather, supply chain bottlenecks continued to affect truck production, meaning that demand could not always be fully met.

For the MS Industrie-Group, the first 9 months of 2023 were, as expected, already marked by a significantly higher revenue, compared with the previous-year's period. In total, the consolidated sales revenues are around +26 % above the previous year's figures, despite the indirect negative economic impact of the Russia-/Ukrainian-war, and therefore as well above the planned figures.

The business situation of the **"MS XTEC"**-segment developed very stably and at a high utilization level. Major customers are above plan with their call-off volumes. Market demand in the **"MS Ultrasonic"**-segment has improved significantly yoy and led to stable order backlogs with improved price quality at the same time. However, the first half of 2023 was still affected by the impact of supply chain issues. After the increased deliveries of special machines in Q1-Q3, the situation and the order backlog have normalized, so that reasonable delivery times can be offered to customers again.

Both in the **"MS XTEC"-Group (formerly: "MS Powertrain"-Group)**, also briefly: **"MS XTEC"**, and in the **"MS Ultrasonic"-Group**, also briefly: **"MS Ultrasonic"**, the sales development in Q1-Q3 was therefore generally positive. Turnover of business unit **"MS XTEC"** with an increase of approximately +20 % is significantly above the sales of the previous year's period. Turnover of business unit **"MS Ultrasonic"** with approximately +42 % is also significantly above the sales of the previous year's period.

Sales revenues of business segment **"MS XTEC"** made for a percentage of approximately 69 % and sales revenues of segment **"Ultrasonic"** made for a percentage of approximately 31 % to the consolidated group sales in Q1-Q3-2023.

The main driver of the consolidated revenue increase in the Group was therefore once again the **"MS XTEC"**-segment's powertrain technology business, which grew by around +20 % yoy over the first three quarters (half-year view: +24 % yoy) and thus outperformed resp. equalized both the increase in unit sales of major customer "Daimler Trucks" (Q1-Q3:+5,7 % yoy) and the overall market trend (European truck unit sales of heavy trucks over 16 tons Q1-Q3:+21,5 % yoy; source: "ACEA") in the same period. The bottlenecks in the global supply chains have had an impact and may have a further impact on the sales performance of the **"MS XTEC"** segment. For the **"MS XTEC"** segment, the recently communicated "Daimler Trucks" unit sales figures for the first nine months of approximately 386.000 vehicles indicate that the total of 530 thousand units targeted will be achievable in 2023 and thus that the constant product call-offs by "Daimler Trucks" at the MS Industrie-Group will continue in the 4th quarter of 2023.

In the **"MS XTEC"**-segment, a further increase in demand for heavy trucks is expected - in addition to catch-up effects - flanked by the increase in series parts for alternative and/or off-road powertrain solutions. In addition, the strategy of flexible automation of production will be conducive to future profitability and will be able to extend the competitive edge. The major project "hall extension" at the "Trossingen"-site has been finished and the major running project "automation" in each case is largely on schedule and within the planned budgets.

The business situation in the **"MS Ultrasonic"**-segment can be classified as positive on the market side, although incoming orders are still slightly below plan. However, the current actual figures and the forecast for 2023 as a whole still show the effects of the low-priced orders in 2022 and, above all, the postponement of deliveries due to procurement problems with purchased parts (controls, pneumatics, etc.).

Order backlogs end of September 2023 amounted to a total of around Mio. EUR 129, i.e. around -8,3 % slightly below the total order backlog in the previous year 2022; thereof in the "Ultrasonic"-segment with around -29,2 % significantly below as expected due to the delivery of the orders postponed from 2022 as well as in the **"MS XTEC"**-segment with around +7,4 % slightly above the order backlog end of September 2022.

The earnings performance of MS Industrie-Group in Q1-Q3-2023 year-on-year has again improved massively and thus developed positively overall 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 an European market for heavy commercial vehicles over 16 tonnes, which, developing positively again in the short term, with a cumulative, Europe-wide increase in registrations of +21,5 % in Q1-Q3-2023 (registrations in Germany: +31,5 %), compared to the same period of the previous year, as confirmed by the current, periodic evaluations, as of 27. October 2023 of the "ACEA" ("Association des Constructeurs Européens d'Automobiles", Brussels).

As the market for new heavy commercial vehicles over 16 tons is the most relevant sales market for the "MS XTEC" segment of MS Industrie-Group, these figures are fundamentally positive; we therefore also expect a further increase in truck registration figures in the heavy-duty sector again in Q4-2023. The very good market demand at the OEMs led to massively increased order backlogs as well as delivery times of sometimes up to one year in Q1-Q3-2023.

Key figures and developments are as follows:

Total consolidated revenues of MS Industrie-Group in the reporting period are at **Mio. EUR 186,3** (prev. Mio. EUR 148,1), and therefore significantly above the level of the previous year's revenues in Q1-Q3-period.

MS Industrie AG generated,

for **Q1-Q3-2023** in the Group:

- Accumulated earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 18,4** (prev. Mio. EUR 13,2)

and for **Q3-2023**, only, in the Group:

- Earnings before interest, taxes, depreciation and amortization - **EBITDA** - amounting to **Mio. EUR 5,0** (prev. Mio. EUR 3,2).

In the actual reporting period Q1-Q3-2023 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.

Key figures for Q3-2023 (July to September 2023) are as follows:

Total **consolidated revenues** for Q3 amount to **Mio. EUR 60,5** (prev. Mio. EUR 51,0), total **factory output** amounts to **Mio. EUR 60,1** (prev. Mio. EUR 49,8).

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q3 amount to **Mio. EUR 5,0** (prev. Mio. EUR 3,2). Operating earnings before interest and tax - **EBIT** - in Q3 amount to **Mio. EUR 1,9** (prev. Mio. EUR 0,2). Earnings before income tax - **EBT** - amount to **Mio. EUR 0,8** (prev. Mio. EUR -0,5) and the result after taxes and minority interests - **EAT** – amounts to around **Mio. EUR 0,8** (prev. Mio. EUR -0,3).

Key figures for the 1st 3 quarters of 2023 (January to September) are as follows:

Cumulative **total revenues** in the 1st 3 quarters of 2023 amount to **Mio. EUR 186,3** (prev. Mio. EUR 148,1), with **+25,8 %** being significantly above the revenues of the previous year's first 3 quarters, as well as above plan.

Total **factory output**, inclusive changes in inventory, totaling to around Mio. EUR 0,4 (prev. Mio. EUR 1,7), is **Mio. EUR 186,7** (prev. Mio. EUR 149,8) and with **+24,6 %** also significantly above previous year's period output as well.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2023 are totaling to around **Mio. EUR 27,2** (prev. Mio. EUR 21,0) in absolute terms. Thus, with an almost unchanged share around **15 %** (prev. 14 %) of consolidated total revenues of MS Industrie-Group in Q1-Q3-2023 have been achieved in the North-American market.

Gross profit amounts to **Mio. EUR 93,5** (prev. Mio. EUR 75,5) significantly above previous year's period. The **gross profit margin** has decreased slightly by **-0,7** percentage points from 50,9 % to **50,2 %**.

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1-Q3 amount to **Mio. EUR 18,4** (prev. Mio. EUR 13,2), operating profits before interest and tax - **EBIT** - amount to **Mio. EUR 9,1** (prev. Mio. EUR 4,4). Profits before income tax - **EBT** – in the group in Q1-Q3 amount to around **Mio. EUR 6,2** (prev. Mio. EUR 2,6). The results after taxes and minority interests - **EAT** - in Q1-Q3 amount to around **Mio. EUR 4,9** (prev. Mio. EUR 2,3).

The difference between earnings before tax (EBT) and net profit after tax (EAT) in Q1-Q3 is partially due to **deferred tax expense** amounting to **Mio. EUR -0,5** (prev. deferred tax expense Mio. EUR -0,3).

Total Consolidated Comprehensive Income for Q1-Q3-2023 amounts to **Mio. EUR 4,6** (prev. Mio. EUR 5,0). The difference between earnings after tax (EAT) and the **total comprehensive income after 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 -0,2** (prev. Mio. EUR 1,2) as well as in previous year **changes in value of financial assets** recognized in other comprehensive income ("OCI") without profit impact in a total amount of Mio. EUR 1,7.

Earnings per share - "EPS" - in Q1-Q3-2023 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, 2023 (30,0 million shares (basic and diluted)); in previous period earnings per share basic and diluted amounted to EUR 0,08 (based on the weighted average number of 29,9 million shares).

As at September 30, 2023, **Cash and cash equivalents** in the group amount to **Mio. EUR 2,3** (December 31, 2022: Mio. EUR 2,3). **Liquid funds** as at September 30, 2023 amount to **Mio. EUR -26,5** (December 31, 2022: Mio. EUR -27,8). This means an increase compared to the ending balance of 2022 by Mio. EUR **+1,3**. The increase in liquid funds is mainly due to positive cash flows from operating activities.

The Group's **equity ratio** has increased slightly compared to December 31, 2022 and as at September 30, 2023 amounts to **35,7 %** (December 31, 2022: 34,1 %), while the total assets have been slightly increasing by **+1,8 %**. In absolute figures, **group-equity** has increased slightly by Mio. EUR **+4,7** to **Mio. EUR 76,4** (December 31, 2022: Mio. EUR 71,7), primarily due to the positive total consolidated comprehensive income.

The **number of employees** in the group increased according to plan to a number of **831 permanent employees** as at September 30, 2023, compared to 809 permanent employees as at December 31, 2022.

In Q1-Q3-2023 – with exception of the company foundations of the three new "MS XTEC"-companies in the US: MS TEC Holding, Inc., der MS XTEC, LLC and MS Assets, LLC, all Charlotte, North Carolina/USA - there have been no changes in the consolidated group structure compared to December 31, 2022.

An important milestone for the internationalization of MS XTEC GmbH was the establishment of a subsidiary in North America. The new headquarter and production site of MS XTEC in the United States is located in Charlotte, North Carolina. The rental agreement for a suitable building with around 1,600 square meters was signed in CW 44. Until April 2019, the MS XTEC-segment already had a subsidiary in the USA (MS Precision Components, LLC.), which was successfully sold to Gnutti Carlo USA at the time. The first orders in the commercial vehicle and industrial sectors will be transferred from the Trossingen location to Charlotte in the course of 2024. Further growth potential is seen in the area of complex and automated 5-axis machining for small to medium batch sizes. MS XTEC will have a broader production base at the new location. Future target markets should be in the areas of medicine, aerospace, spare parts and defense. This will make the US market one of MS XTEC's main growth areas in the future and further reduce the dependence of the automotive sector. With prospective sales of around USD 30 Mio., the new location in the USA will play a central role alongside the headquarters in Germany. The attractiveness of the branch in the USA is due to its high degree of business friendliness towards the industry. This is reflected in easier market entry, significantly more attractive energy prices and the provision of funding as well as a mutual, efficient and goal-oriented cooperation between all parties involved at the Charlotte location.

Overall, for the 2023 financial year - in comparison to the adjusted key figures of the previous year and excluding effects from the Russia-Ukraine-war that are currently not foreseeable - a significantly higher industrial Group turnover of around Mio. EUR 250 is expected, with a significantly increasing operating EBITDA, while the operating EBIT and EBT should also improve significantly, so that we ultimately expect a positive, operating Group result for the year significantly above the level of the previous year. According to the Group's projections, the gross profit margin (cost of materials in % of revenues) should develop neutrally and the EBIT margin from current business should develop clearly positively with a clearly improved, positive operating result per share. Based on the expected positive annual result, a slight increase in Group equity is expected for 2023. Cash flow from operating activities is expected to develop significantly better than in the previous year, despite the growth-related increase in working capital. With regard to cash flow from financing activities, we also expect significantly positive changes compared to 2022. Based on the expected developments, the gearing ratio should remain stable and the equity ratio should increase slightly.

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

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MS Industrie AG, headquartered in Munich, is the listed parent company of a focused technology group with the two business areas: **powertrain technology** ("MS XTEC Group", formerly: "Powertrain Technology Group": systems and components for heavy-duty combustion engines and hybrid or electrical powertrain solutions) and **ultrasonic-technology** ("Ultrasonic Technology Group": development, manufacture and distribution of industrial ultrasonic welding technology, special and series machines, systems for packaging materials and "nonwovens" as well as components). Key customer industries include the global commercial vehicle and passenger car industry, followed by the packaging machine industry, medical and other plastics processing industries as well as the general mechanical and plant engineering industry. The group currently generates annual sales of over Mio. EUR 250 with more than 800 permanent employees at five production sites, two of which are in Germany and one each in the USA, Brazil and China.

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