

MS INDUSTRIE AG

ISIN: DE0005855183

Voluntary Quarterly Release - Key Figures Quarter 1-3-2022

MS Industrie Group with EAT in Quarter 1-3-2022
amounting up to Mio. EUR 2,3 - positive annual forecast

Overview of key figures Quarter 1-3-2022 and previous years period (for comparison purposes)

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

Group Sales

EBITDA

EBIT

EBT

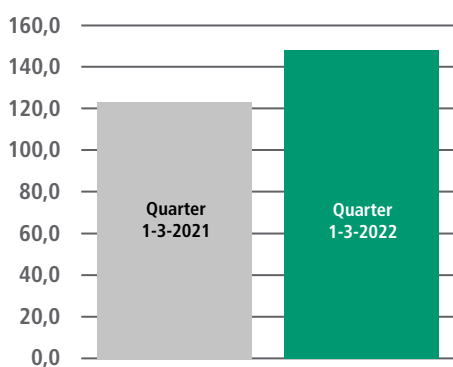
EAT

EpS

Quarter 1-3-2021 (unaudited)	Quarter 1-3-2022 (unaudited)
123,0	148,1
6,5	13,2
-3,8	4,4
-5,3	2,6
-3,2	2,3
-0,11	0,08

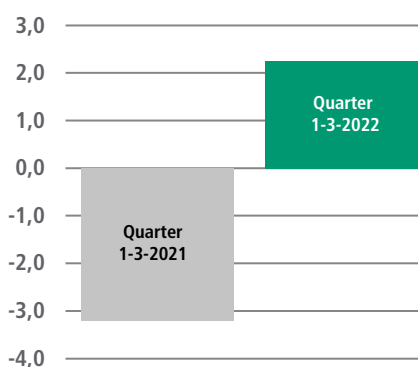
Group Sales

in Mio. EUR



Earnings after tax

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



Munich, November 28th, 2022

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2021 and the unaudited key figures of 1st half of fiscal year 2022, published August 19, 2022, presents on a voluntary base, selected, unaudited, quarterly IFRS-figures for Q1-Q3-2022, according to which Q1-Q3 was characterized by significant economic recovery for the MS Industrie-Group, despite the Russia-/Ukrainian-war and massive cost increases for energy and raw materials, as well as massive supply chain problems, and Covid 19-related sick leave. The development of the global truck- and passenger-car-markets in the third quarter and in the YTD 2022 was not significantly impacted by the Russia-/Ukrainian-war and the 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 2022 were, as expected, already marked by a significantly higher revenue, compared with the prior-year's period. In total, the consolidated sales revenues are around +20 % above the previous year's figures, despite the indirect negative economic impact of the Russia-/Ukrainian-war, but slightly below 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-Q3 was generally positive. Turnover of business unit **"Powertrain"** with an increase of approximately +22 % is significantly above the sales of the previous year's period. Turnover of business unit **"Ultrasonic"** with approximately +17 % is also significantly above the sales of the previous year's period.

Sales revenues of business segment "Powertrain" made for a percentage of approximately 72 % and sales revenues of segment "Ultrasonic" made for a percentage of approximately 28 % to the consolidated group sales in Q1-Q3-2022.

The main driver of the consolidated revenue increase in the Group was therefore once again the "Powertrain"-segment's drive components business, which grew by around +22 % yoy over the first three quarters (half-year view: +15 % yoy) and thus outperformed both the increase in unit sales of major customer "Daimler Trucks" (Q1-Q3: +13 % yoy) and the overall market trend (European truck unit sales of heavy trucks over 16 tons Q1-Q3: +4,6 % yoy; source: "ACEA") in the same period. And this despite the fact that the major customer "MAN" even had to shut down engine production for six weeks in the 1st quarter due to a lack of parts (above all missing cable harnesses). The bottlenecks in the global supply chains have therefore already had an impact and may have a further impact on the sales performance of the "Powertrain" segment. For the "Powertrain" segment, the recently communicated "Daimler Trucks" unit sales figures for the first nine months of approximately 365.200 vehicles indicate that the total of 500 thousand units targeted will be achievable in 2022 and thus that the constant product call-offs by "Daimler Trucks" at the MS Industrie-Group will continue in the 4th quarter of 2022.

The business situation in the Powertrain segment is therefore very stable and at a good level of capacity utilization. However, the supply chains still have to be closely managed and monitored, but there have not been any significant impairments to date, either on the supplier or customer side. All cost increases (materials and energy) with the exception of dollar exchange rate effects from procurement in foreign currencies, which will be offset from January 1, 2023 onwards, were passed on to customers. The two major running projects "automation" and "hall extension" at the "Trossingen"-site are largely on schedule and within the planned budgets.

In the "Ultrasonic" segment, easing supply chain tensions and improved pricing power should lead to a further high business momentum, but the situation remains difficult for the procurement of bought-in parts and components, with prices rising at the same time. To date, the company's own value creation has not been significantly impaired, but there could be delays in the acceptance and delivery of machines in the coming months due to faulty parts. The "Ultrasonic" management is therefore continuing to work at full speed on measures to remedy this situation.

On the market side, the business situation in the "Ultrasonic" segment can be classified as very positive, especially as incoming orders have been stable above plan since April 2022. However, the current actual figures and the forecast for 2022 as a whole still show the effects of the low-priced orders in 2021 and, above all, the postponement of deliveries due to procurement problems with purchased parts (controls, pneumatics, etc.). This means that sales of more than Mio. EUR 10 will be shifted to 2023, with a corresponding increase in inventories as of December 31, 2022, and a corresponding margin shift to 2023.

Order backlogs end of September 2022 amounted to a total of around Mio. EUR 140,8 (i.e. around +23 % significantly above the total order backlog in the previous year 2021); thereof in the "Ultrasonic"-segment with around +59 % significantly above as well as in the "Powertrain"-segment with around +6 % slightly above the order backlog end of September 2021.

The earnings performance of MS Industrie-Group in Q1-Q3-2022 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 year-on-year increase in registrations of +21,0 % in September 2022 (registrations in Germany: +9,3 %), with a cumulative, Europe-wide increase of +4,6 % in Q1-Q3-2022, compared to the same period of the previous year, as confirmed by the current, periodic evaluations, as of 26. October 2022 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 "Powertrain" 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 Q4-2022. The very good market demand at the OEMs led to massively increased order backlogs as well as delivery times of sometimes more than one year in Q1-Q3-2022; only the supply chain problems and the partly difficult availability of pre-products and raw materials have led to partly delayed deliveries in the industry and consequently to subdued registration figures.

Key figures and developments are as follows:

Total **consolidated revenues** of MS Industrie-Group in the reporting period are at **Mio. EUR 148,1** (prev. Mio. EUR 123,0), and therefore significantly above the level of the previous year's revenues in Q1-Q3-period.

MS Industrie AG generated,

for **Q1-Q3-2022** in the Group:

- Accumulated earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 13,2** (prev. Mio. EUR 6,5)

and for **Q3-2022**, only, in the Group:

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

In the actual reporting period Q1-Q3-2022 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 Q3-2022 (July to September 2022) are as follows:

Total **consolidated revenues** for Q3 amount to **Mio. EUR 51,0** (prev. Mio. EUR 39,2), total **factory output** amounts to **Mio. EUR 49,8** (prev. Mio. EUR 41,5).

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

Key figures for the 1st 3 quarters of 2022 (January to September) are as follows:

Cumulative **total revenues** in the 1st 3 quarters of 2022 amount to **Mio. EUR 148,1** (prev. Mio. EUR 123,0), with **+20,3 %** being significantly above the revenues of the previous year's first 3 quarters, but slightly below plan.

Total **factory output**, inclusive changes in inventory, totaling to around Mio. EUR 1,7 (prev. Mio. EUR 3,1), is **Mio. EUR 149,8** (prev. Mio. EUR 126,1) and with **+18,8 %** also significantly above previous year's period output as well.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2022 are totaling to around **Mio. EUR 21,0** (prev. Mio. EUR 18,9) in absolute terms. Thus, with an almost unchanged share around **14 %** (prev. 15 %) of consolidated total revenues of MS Industrie-Group in Q1-Q3-2022 have been achieved in the North-American market.

Gross profit amounts to **Mio. EUR 75,5** (prev. Mio. EUR 65,3) significantly above previous year's period. The **gross profit margin** has decreased slightly by **-2,1** percentage points from 53,1 % to **51,0 %**.

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1-Q3 amount to **Mio. EUR 13,2** (prev. Mio. EUR 6,5), operating profits before interest and tax - **EBIT** - amount to **Mio. EUR 4,4** (prev. Mio. EUR -3,8). Profits before income tax - **EBT** – in the group in Q1-Q3 amount to around **Mio. EUR 2,6** (prev. Mio. EUR -5,3). The results after taxes and minority interests - **EAT** - in Q1-Q3 amount to around **Mio. EUR 2,3** (prev. Mio. EUR -3,2).

The difference between earnings before tax (EBT) and net profit after tax (EAT) in Q1-Q3 is primarily due to **deferred tax expense** amounting to **Mio. EUR -0,3** (prev. deferred tax income Mio. EUR 2,1).

Total Consolidated Comprehensive Income for Q1-Q3-2022 amounts to **Mio. EUR 5,0** (prev. Mio. EUR -0,9). 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 1,2** (prev. Mio. EUR 0,2) as well as **changes in value of financial assets** recognized in other comprehensive income ("OCI") without profit impact in a total amount of **Mio. EUR 1,7** (prev. Mio. EUR 0,0) and in previous year's period from the **fair value measurement of real estate, used as investment property acc. to IAS 40**, beginning September 30, 2021 in the amount of **Mio. EUR 2,1 net, after deferred tax expense** in the amount of **Mio. EUR -0,8**.

Earnings per share - "EPS" - in Q1-Q3-2022 attributable to the shareholders of the parent company MS Industrie AG in accordance with IAS 33 amount to **EUR 0,08**, based on the weighted average number of shares issued until September 30, 2022 (29,9 million shares (basic and diluted)); in previous period earnings per share basic and diluted amounted to EUR -0,11 (based on the weighted average number of 29,9 million shares).

As at September 30, 2022, **Cash and cash equivalents** in the group amount to **Mio. EUR 3,9** (December 31, 2021: Mio. EUR 6,5). **Liquid funds** as at September 30, 2022 amount to **Mio. EUR -26,4** (December 31, 2021: Mio. EUR -18,8). This means a decrease compared to the ending balance of 2021 by Mio. EUR -7,6. The decrease in liquid funds is mainly due to negative cash flows from investing and financing activities.

The Group's **equity ratio** has decreased slightly compared to December 31, 2021 and as at September 30, 2022 amounts to **35,9 %** (December 31, 2021: 37,0 %), while the total assets have been significantly increasing by **+10,7 %**. In absolute figures, **group-equity** has increased slightly by Mio. EUR 5,1 to **Mio. EUR 73,1** (December 31, 2021: Mio. EUR 68,0), primarily due to the positive total consolidated comprehensive income.

The **number of employees** in the group increased according to plan to a number of **810 permanent employees** as at September 30, 2022, compared to 735 permanent employees as at December 31, 2021.

In Q1-Q3-2022 there have been no changes in the consolidated group structure compared to December 31, 2021.

Overall, for the 2022 financial year - in comparison to the adjusted key figures of the previous year and excluding effects from the Russia-/Ukrainian-war that are currently not foreseeable - a significantly higher industrial Group turnover of around Mio. EUR 200 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 2022. 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 2021. 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 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 parent company of a focused technology group with two strategic core business areas: **Powertrain-technology** ("Powertrain Technology Group": "TIER-1"-supplier of systems and components for heavy internal combustion engines: valve trains, rocker arms, gearbox housings, etc., especially for commercial vehicles, parts for hybrid and electric engines), as well as new alternative drive 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). The main customer industries include the global commercial vehicle and passenger car industries, followed by the packaging machine industry, medical technology and other plastics processing industries as well as general mechanical and plant engineering. As part of its strategy, MS Industrie AG concentrates on predominantly organic growth and investments within the existing industrial core competencies, flanked by complementary services. The group currently generates a sales volume of around Mio. EUR 200 with more than 800 employees at five production sites, two of which are in Germany and one each in the USA, Brazil and China.

Best regards

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