

MS INDUSTRIE AG

ISIN: DE0005855183

Voluntary Quarterly Release - Key Figures Quarter 1-3-2021

MS Industrie Group with EAT in Quarter 1-3-2021
amounting up to Mio. EUR -3,2 - negative annual forecast

Overview of key figures Quarter 1-3-2021 and previous years period (for comparison purposes)

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

Group Sales *)

EBITDA

EBIT

EBT

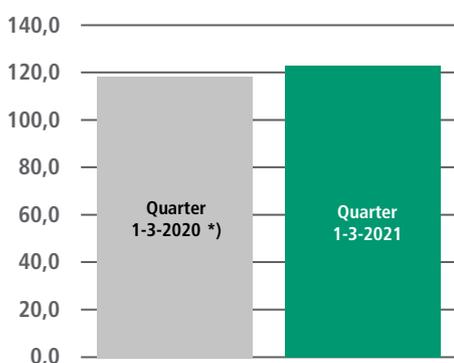
EAT

EpS

	Quarter 1-3-2020 (unaudited)	Quarter 1-3-2021 (unaudited)
Group Sales *)	118,3	123,0
EBITDA	1,2	6,5
EBIT	-8,8	-3,8
EBT	-10,4	-5,3
EAT	-7,2	-3,2
EpS	-0,24	-0,11

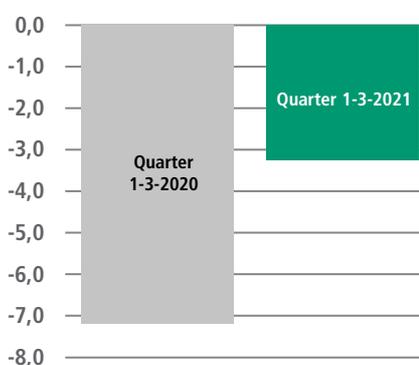
Group Sales

in Mio. EUR



Earnings after tax

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



*) Incl. Mio. EUR 14,0 EMGR in prev. period 2020



Munich, November 18th, 2021

Dear Shareholders, dear Employees and Business partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2020 and the unaudited key figures of 1st half of fiscal year 2021, published August 24, 2021, presents on a voluntary base, selected, unaudited, quarterly IFRS-figures for Q1-Q3-2021, according to which Q3 is showing a not satisfactory development again, reflecting the impacts of the ongoing structural changes in the automotive industry and the ongoing economic distortions, as i.e. the microchip shortage and global supply chain problems, which negatively affected sales volumes across all segments and in all major EU markets (partially caused by the ongoing Covid 19-Pandemic).

For the MS Industrie-Group, the first 9 months of 2021 were, as expected, already marked by a significantly higher, adjusted revenue compared with the prior-year period. In total, the consolidated sales revenues are around +18 % above the previous year's figures (adjusted for the previous year's sales of Elektromotorenwerk Grünhain-Group sold in the previous year as of December 31, 2020), primarily due to the omission of the previous period direct economic impact of the Covid 19-Pandemic, but significantly 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 again quite different. Turnover of business unit "**Powertrain**" (adjusted for the previous year's sales of Elektromotorenwerk Grünhain-Group sold in the previous year as of December 31, 2020), on the one hand with an increase of approximately +29 % is significantly above the sales of the previous year's period. Turnover of business unit "**Ultrasonic**" with approximately -3 % is slightly below 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-Q3-2021.

The main driver of the consolidated increase in group sales was therefore once again the "Powertrain" segment's drive components business, which grew by around +29 % yoy in the first 9 months (adjusted for the previous year's sales of the Elektromotorenwerk Grünhain-Group sold in the previous fiscal year as of December 31, 2020) (half-year view: +47 % yoy), thus outperforming both the increase in sales of major customer Daimler Trucks (Q1-Q3-2021: +14 % yoy) and the market development as a whole (European truck sales Q.1-Q.3-2021: +19 % yoy; source: "ACEA") in the same period. And this despite the fact that - contrary to announcements made by major customer Daimler Trucks at the beginning of the summer - Daimler Truck's call-off figures were cut in the third quarter and Daimler Trucks had to take several shutdown days in engine production in August and September 2021 due to a lack of parts (especially lack of microchips). The bottlenecks in the global supply chains have thus already had an impact and will possibly have a further impact on the sales development of the Powertrain segment. Personnel capacities held by the group in readiness as a precautionary measure have been reduced again in the meantime. In the "Ultrasonic" segment, too, the situation with regard to the procurement of bought-in parts and components is becoming increasingly difficult, with prices rising at the same time. Although the segment's own value creation has not yet been significantly impaired, there could be delays in the acceptance and delivery of machines in the coming months due to faulty parts. The "Ultrasonic"-management is therefore working at full speed on measures to remedy this situation.

Order backlogs end of September 2021 amounted to a total of around Mio. EUR 114,1 (i.e. around +32 % significantly above the adjusted average order backlog in the previous year 2020); thereof in the "Ultrasonic"-segment with around +31 % significantly above as well as in the "Powertrain"-segment with around +33 % significantly above the adjusted average order backlog of 2020.

The earnings performance of MS Industrie-Group in Q1-Q3-2021 has significantly improved, but unfortunately by far not yet satisfactorily 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 commercial vehicle market which, developing positively again in the short term, with a year-on-year decrease in registrations of -12,3 % in September 2021 (registrations in Germany: -18,2 %), with a cumulative, Europe-wide increase of +19,1 % in Q1-Q3-2021, compared to the same period of the previous year, as confirmed by the current, periodic evaluations, as of 28. October 2021 of the "ACEA" ("Association des Constructeurs Européens d'Automobiles", Brussels). The European market for heavy commercial vehicles over 16 tons has developed also positively across Europe with an increase in registrations of +28,4% in Q1-Q3-2021, compared to the same period of the previous year (increase in registrations in Germany: +16,1 %) (source also: "ACEA", as of 28. October 2021).

These figures are fundamentally positive, even if the growth rates could not fully offset the strong Covid 19-related declines in the previous year in percentage terms; however, we expect the truck economy in Europe to pick up again in Q4 2021. In any case, the market situation in the "Heavy Trucks"-segment remains good, as can be seen both from the order backlogs from the major manufacturers and from the company's own order backlogs.

Key figures and developments are as follows:

Total **consolidated revenues** of MS Industrie-Group in the reporting period are at **Mio. EUR 123,0** (prev. Mio. EUR 118,3), and therefore **unadjusted** slightly above the level of the previous year's revenues in Q1-Q3-period.

MS Industrie AG generated,

for **Q1-Q3-2021** in the Group:

- Accumulated earnings before interest, taxes, depreciation and amortization - **EBITDA** - in the amount of **Mio. EUR 6,5** (prev. Mio. EUR 1,2)

and for **Q3-2021**, only, in the Group:

- Earnings before interest, taxes, depreciation and amortization - **EBITDA** - amounting to **Mio. EUR 0,5** (prev. Mio. EUR 4,0).

In the actual reporting period Q1-Q3-2021 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 Q3-2021 (July to September 2021) are as follows:

Total **consolidated revenues** for Q3 amount to **Mio. EUR 39,2** (prev. Mio. EUR 45,2), total **factory output** amounts to **Mio. EUR 41,5** (prev. Mio. EUR 44,6).

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q3 amount to **Mio. EUR 0,5** (prev. Mio. EUR 4,0). Operating earnings before interest and tax - **EBIT** - in Q3 amount to **Mio. EUR -2,8** (prev. Mio. EUR 0,6). Earnings before income tax - **EBT** - amount to **Mio. EUR -3,3** (prev. Mio. EUR 0,0) and the result after taxes and minority interests - **EAT** – amounts to around **Mio. EUR -2,3** (prev. Mio. EUR 0,5).

Key figures for the 1st 3 quarters of 2021 (January to September) are as follows:

Cumulative **total revenues** in the 1st 3 quarters of 2021 amount to **Mio. EUR 123,0** (prev. Mio. EUR 118,3), with +4,0 % being slightly above the previous year's first 3 quarters, but significantly below plan.

Total **factory output**, inclusive changes in inventory, totaling to around Mio. EUR 3,1 (prev. Mio. EUR 0,0), is **Mio. EUR 126,1** (prev. Mio. EUR 118,2) and with +6,6 % also slightly above previous year's period output as well.

In the regional sales market **USA / Canada ("North America")** the achieved revenues in Q1-Q3-2021 are totaling to around **Mio. EUR 18,9** (prev. Mio. EUR 13,4) in absolute terms. Thus, with a slight increase around **15 %** (prev. 11 %) of consolidated total revenues of the MS Industrie-Group in Q1-Q3-2021 have been achieved in the North-American market.

Gross profit amounts to **Mio. EUR 65,3** (prev. Mio. EUR 62,6) as well slightly above previous year's period. The **gross profit margin** has increased slightly by **0,2** percentage points from 52,9 % to **53,1 %**.

Earnings before interest, taxes, depreciation and amortization - **EBITDA** – in Q1-Q3 amount to **Mio. EUR +6,5** (prev. Mio. EUR +1,2), operating profits before interest and tax - **EBIT** - amount to **Mio. EUR -3,8** (prev. Mio. EUR -8,8). Profits before income tax - **EBT** – in the group in Q1-Q3 amount to around **Mio. EUR -5,3** (prev. Mio. EUR -10,4). The results after taxes and minority interests - **EAT** - in Q1-Q3 amount to around **Mio. EUR -3,2** (prev. Mio. EUR -7,2).

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 2,1** (prev. Mio. EUR 3,1).

Total Consolidated Comprehensive Income for Q1-Q3-2021 amounts to **Mio. EUR -0,9** (prev. Mio. EUR -7,6). 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 -0,2) and from the **fair value measurement of real estate, used as investment property**, beginning September 30, 2021 in the amount of **Mio. EUR +2,1 net** (prev. Mio. EUR 0,0), **after deferred tax** in the amount of **Mio. EUR -0,8** (prev. Mio. EUR 0,0) as well as **changes in the value of financial assets and investments** in a total amount of **Mio. EUR 0,0** (prev. Mio. EUR -0,2).

Earnings per share - "EPS" - in Q1-Q3-2021 attributable to the shareholders of the parent company MS Industrie AG in accordance with IAS 33 amount to **EUR -0,11**, based on the weighted average number of shares issued until September 30, 2021 (29,9 million shares (basic and diluted)); in previous period earnings per share basic and diluted amounted to EUR -0,24 (based on the weighted average number of 29,8 million shares).

As at September 30, 2021, **Cash and cash equivalents** in the group amount to **Mio. EUR 4,6** (December 31, 2020: Mio. EUR 4,5). **Liquid funds** are negative and as at September 30, 2021 amounting to **Mio. EUR -21,1** (December 31, 2020: Mio. EUR -0,2). This means a decrease compared to the ending balance of 2020 by Mio. EUR -20,9. The decrease in liquid funds is mainly due to negative cash flows from operating activities (mainly due to working capital-increase) and financing activities.

The Group's **equity ratio** has decreased slightly compared to December 31, 2020 and as at September 30, 2021 amounts to **37,5 %** (December 31, 2020: 40,0 %), while the total assets have been slightly increasing by +5,4 %. In absolute figures, **group-equity** has decreased slightly by Mio. EUR -0,8 to **Mio. EUR 67,7** (December 31, 2020: Mio. EUR 68,6), primarily due to the negative total consolidated comprehensive income.

The **number of employees** in the group with **742 permanent employees** as at September 30, 2021 is nearly unchanged, compared to 749 permanent employees as at December 31, 2020.

In Q1-Q3-2021 there have been no changes in the consolidated group structure compared to December 31, 2020.

Under loan agreements totaling Mio. EUR 30 with various banks for the 2021 financial year, the MS Industrie-Group has undertaken to comply with two different balance sheet and income statement ratios (equity ratio and minimum EBITDA ratio) at the respective (quarterly) interim balance sheet dates during the year (so-called "financial covenants"). Of these, the minimum EBITDA ratio could not be met on a cumulative basis in the 1st 3 quarters of 2021 mainly due to the impact of the global supply chain problems on the business performance of major customers of the MS Industrie-Group. On the basis of its 2021 corporate planning, MS Industrie AG had originally assumed that it would be able to comply with all key ratios over the entire term of the loans. Unfortunately, this was only partially the case due to the current development as at September 30, 2021. The banks in principle are entitled to terminate the loans if compliance with the financial covenants is not demonstrated, although the Executive Board assumes that the banks will not exercise this right.

Overall, slightly higher industrial Group sales of around Mio. EUR 170 are expected again for the 2021 financial year - compared with the adjusted prior-year figures (adjusted for previous year's sales of Elektromotorenwerk Grünhain-Group sold as of December 31, 2020) - with operating EBITDA rising significantly, while operating EBIT and EBT should also increase significantly. We ultimately expect a slightly negative consolidated operating profit for the year, although significantly above the level of the previous year. According to Group's projections, the gross profit margin (cost of materials as a percentage of sales) should develop slightly positively and the EBIT margin from operating business significantly positively, with significantly improved operating earnings per share. Based on expected slightly negative consolidated comprehensive income, Group equity is expected to decrease in 2021. Cash flow from operating activities is expected to develop significantly worse than in the previous year due to the growth-related increase in working capital. With regard to cash flow from financing activities, we expect slightly positive changes compared to 2020. Based on the expected developments, gearing ratio should increase slightly and the equity ratio decrease 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 industrial group with two strategic core business areas: **Powertrain-technology** ("Powertrain Technology Group": Systems and components for heavy-duty combustion engines and gearbox housings) and **Ultrasonic-technology** ("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, medical technology and other plastics processing industries, as well as 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. The Group presently generates sales of around Mio. EUR 180 with over 750 employees at five production sites, two of them in Germany and one each in the USA, Brazil and China.

Best regards

MS Industrie AG - The Executive Board

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