

PRESS RELEASE

Masterflex SE: Sustainable growth continues in Q2

- Increase in revenue of 10.4% in first six months
- EBIT margin of 11.1%
- Consolidated net profit climbs by 26.5% to € 1.9 million

Gelsenkirchen, 14 August 2014 – Business with high-tech hoses and connection systems increases by 10.4% in first half of 2014 to € 32.0 million. “Things are going really well,” says Dr Andreas Bastin, CEO of Masterflex SE. “We are continuing our sustainable growth in 2014 at an undiminished rate. And we are standing by our forecast for the year of strong growth in business for the whole of 2014. But we still have a lot of work to do before we can come closer to our vision of being the global market leader on all specialist markets for connection systems.”

The dynamic development in high-tech hoses and connection system business also means that the pressure on operating earnings due to upfront costs for internationalisation is decreasing. EBIT for the first half of 2014 amounts to € 3.5 million and is therefore up 7.1% on the same period of the previous year (€ 3.3 million). The EBIT margin is 11.1%. The slight decline (previous year: 11.4%) was caused in particular by a somewhat higher cost of materials ratio, which is essentially due to order structure composition effects.

By contrast, the rise in staff costs – with a slight increase in headcount in connection with a sales-driven expansion of production – slowed considerably in the first half of 2014, up only 5.6% to currently € 11.6 million. “This shows that the costs for the first stage of international expansion, which are predominantly not capitalised and were instead expensed as staff costs, are now being recovered by the growth in business from this year,” says Bastin.

Consolidated net profit increased by 26.5% from € 1.5 million to € 1.9 million in the first half of the year. In addition to the rise in operating earnings, this was aided by the significant improvement in net finance costs of currently € 0.6 million (previous year: € 0.9 million). For the first time, this also reflects the new syndicated loan concluded one year ago. The consolidated net income means earnings of 21 cents per share (previous year: 17 cents).

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Overall, however, uncertainty has increased again. As Bastin comments, “The growing number and intensity of geopolitical conflicts are suppressing sentiment on the economy as a whole. While our business has not yet been affected, including at our Russian joint venture in St. Petersburg, this could change faster than we would like.”

Nonetheless, the Group is standing by its growth strategy. Bastin continued, “There is no way around our strategy of long-term internationalisation. The growth prospects in Central Europe are limited. As a dynamically developing company, we must take up a broad continental positioning.” In doing so the Masterflex Group is profiting from the major global trends in the industry: faster, more efficient, more variable. Thus, there is great potential for growth on the market for high-tech connection systems.

Key figures 1HY/2014	30.06.2014	30.06.2013	Change
Consolidated revenue (k€)	31,974	28,966	+10.4%
EBITDA (k€)	4,921	4,568	+7.7%
EBIT (k€)	3,538	3,302	+7.1%
EBT (k€)	2,909	2,443	+19.1%
Consolidated earnings from continued business units (k€)	1,904	1,550	+22.8%
Consolidated earnings from discontinued business units (k€)	-22	2	
Consolidated net income/loss (k€)*	1,860	1,470	+26.5%
Earnings per share from continued business units (€)	0.21	0.17	+23.5%
Earnings per share from discontinued business units (€)	0.00	0.00	
Earnings per share (€)	0.21	0.17	+23.5%
EBIT margin	11.1%	11.4%	
Employees	578	525	+10.1%
	30.06.2014	31.12.2013	Change
Consolidated equity (k€)	24,844	23,023	+7.9%
Consolidated total assets (k€)	55,224	53,690	+2.9%
Consolidated equity ratio (%)	45.0%	42.9%	

* without minority interests

The Masterflex Group is a specialist in the development and manufacture of sophisticated hose and connection systems. With 13 operational units in Europe, America and Asia, the Group is represented almost everywhere in the world. Internationalisation and innovation are the drivers for growth.

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