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Masterflex SE: Growth momentum again upwards in 2013

- Consolidated revenue €57.9 million, EBIT margin 10.6%
- Consolidated net income of €2.9 million, EpS €0.32
- Series of product innovations launched onto the market
- Internationalisation pressing ahead
- Loss carryforward entirely settled in the financial statements

Gelsenkirchen, 28 March 2014 – Masterflex SE looks back on an overall satisfactory financial year. “We were able to achieve almost all our objectives”, reports CEO Dr. Andreas Bastin at the presentation of the 2013 consolidated and individual financial statements. The listed company which specialises in high-tech hoses and connecting systems achieved a turnover of €57.9 million (previous year €55.0 million). “With a growth rate of 5.3%, our performance is well above the general growth rates in Europe”, continues Bastin.

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Yet a slight delay is noticeable in the growth of profitability. Earnings from operational activities amount to €6.1million which compared to the previous year is a drop of 19.1%. “This reflects the upfront costs of our internationalisation”, says Bastin. “These costs – predominantly personnel-related – have not yet been able to be fully offset through additional turnover. Nevertheless, the profitability of our business model with an EBIT margin of 10.6% is respectable even in years of expansion. In the short term, it is essential to accept the upfront costs because in the long run we want to continue to expand our business internationally. And after completing the first stage of our workforce expansion, all processes now need to be adjusted to a steady state. “The operational cash flow of almost €8 million is also notably higher than that of 2012”.

In the long term, the company wants to become world leader in the specialist hose market. The Masterflex Group not only introduced a series of innovations onto the market in 2013, like Master-PUR performance®, DUOPART®, or a protective hose for mobile filling systems. The Group also continues to invest in its

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internationalisation. After the successful launch of its last four sites in Russia, Brazil, Singapore and China, the task now is to market its extensive product portfolio worldwide.

The financial result remained practically unchanged in 2013 at € -1.6 million (previous year € -1.6 million). With the newly agreed syndicated loan which will run until 2018, more favourable terms were able to be negotiated, which however were offset by expenses accrued for this contract in 2013.

No non-operating expenses were incurred in 2013. In the previous year, the one-off expense for the change of legal form into an SE was posted here. 2013 earnings from continuing operations amounted to € 3.2 million (previous year € 4.9 million) and expenses from discontinued operations € -0.1 million. Income tax expenses rose from € 0.9 million to € 1.4 million; this reflects the adjusted business plan for the next five years.

The consolidated net income attributable to shareholders amounts to € 2.9 million (previous year € 4.4 million). The earnings per share amounts to € 0.32 (previous year € 0.50). The Masterflex Group will not pay any dividend for 2013.

The Executive Board took the decision to withdraw an amount of € 9.0 million from the capital reserve recorded in the financial statements of Masterflex SE (in accordance with the HGB, German Commercial Code) in order to cover the remaining loss carryforward of € 9.0 million after settlement of the annual profit for 2013. Thus, Masterflex SE will be exempt from statutory distribution constraints at an earlier stage. With regards to equity position, nothing has changed following this decision. At the end of 2013, the equity ratio of the Group amounts to 42.9% owing to the stable profitability (previous year 39.1%) and in the HGB single-entity financial statements 56.3% (previous year 58.3%).

Looking forward, the Masterflex Group expects above-average growth to continue in the high-tech hose business for 2014 as well as in subsequent years. Bastin says: "We are investing in our growth which is based on continued internationalisation and innovations. But hose business acquisitions are also conceivable. Our prospects are

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very attractive because we are following this value-orientated route promising long-term success”.

The figures for the 2013 financial year can be found below.

	31.12.2013	31.12.2012	Change
Consolidated revenue (T€)	57,904	54,984	5.3%
EBITDA (T€)	8,769	10,171	-13.8%
EBIT (T€)	6,114	7,556	-19.1%
EBT (T€)	4,537	5,989	-24.2%
Consolidated earnings from continued business units (T€)	3,155	4,904	-35.7%
Consolidated earnings from discontinued business units (T€)	-80	-262	69.5%
Consolidated net income (T€)	2,884	4,443	-35.1%
Group equity (T€)	23,023	20,524	12.2%
Group equity ratio	42.9%	39.1%	
Group total assets (T€)	53,690	52,435	2.4%
Employees	550	501	9.8%
EBIT margin	10.6%	13.7%	
Return on sales	5.5%	8.9%	
EpS (€)			
from continued business units	0.33	0.53	-37.7%
from discontinued business units	-0.01	-0.03	66.7%
from continued and discontinued business units	0.32	0.50	-36.0%

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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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