

Quarterly statement 1/2024



Masterflex at a glance

in EUR thousand	31.03.24	31.03.23	Change
Consolidated Revenue	26,207	27,633	-5.2%
EBITDA	5,514	5,419	1.8%
EBIT (operating)	4,263	4,134	3.1%
EBIT	4,238	4,134	2.5%
EBT	3,917	3,878	1.0%
Financial result	-321	-256	25.4%
Consolidated result	2,839	3,423	-17.1%
Consolidated earnings per share (EUR)	0.30	0.36	-16.7%
EBIT margin (operating)	16.3%	15.0%	
Net return on revenue	10.8%	12.4%	
Employees (number)	604	619	-2.4%

in EUR thousand	31.03.23	31.12.23	Change
Consolidated equity	60,587	57,602	5.2%
Consolidated total assets	95,565	93,691	2.0%
Group equity ratio	63.4%	61.5%	

Masterflex increases profitability in the first quarter of 2024 – Operating EBIT margin rises to 16.3%

- Consolidated revenue of EUR 26.2 million (3M/2023: EUR 27.6 million)
- Consolidated operating EBIT grows to EUR 4.3 million (3M/2023: EUR 4.1 million)
- Operating EBIT margin rises to 16.3% (3M/2023: 15.0%)
- Solid order backlog of EUR 20.8 million as of March 31, 2024 reflects stable order intake
- Outlook for the 2024 financial year confirmed

Report by the Management Board

Gelsenkirchen, 08 May 2024 – The Masterflex Group has made a good start to the 2024 financial year with a further increase in profitability in the first quarter. Overall, the trend from the previous year continued. The economic environment remains challenging, which is reflected in the revenue development. Nevertheless, despite a moderate decline in revenue to EUR 26.2 million in the period from January to March 2024 (3M/2023: EUR 27.6 million), the Masterflex Group succeeded in increasing the operating earnings before interest and taxes (EBIT) to EUR 4.3 million compared to the strong prior-year figure of EUR 4.1 million and thus noticeably improving the operating EBIT margin as the key performance indicator to 16.3% (3M/2023: 15.0%).

Concerning the decline in revenue, in particular the European industrial hose companies are affected by the economic headwind due to their focus on cyclical sectors such as machinery and plant engineering. Activities in Asia are also slightly down compared to the previous year following the economic and uncertain geopolitical situation. The medical technology activities remain at a high level with a 17% share of revenue, although it stagnated in the first quarter. This is partly due to cut-off date effects caused by the Easter holidays and somewhat due to inventory corrections on the customer side. In contrast, as in previous quarters, the aviation, food and semiconductor sectors are showing growth. At the regional level, the robust US economy is reflected by growth in our activities in the USA.

It is important to emphasize that the Masterflex Group is coping well with the current challenging economic situation. On the revenue side, this is being achieved through a high level of industry expertise and broad diversification across various user industries and countries, while on the earnings side, the focus on profitability at all levels through the consistent exploitation of optimization potential is reflected in a higher EBIT margin. At the same time, the Masterflex Group drives the margin-enhancing expansion of value creation in its subsidiaries by further developing hose and connection solutions into complete system components and complete end products.

The leading market position and resilience of the Masterflex Group is reflected in a stable order situation with an order backlog of EUR 20.8 million as of March 31, 2024, compared to EUR 20.5 million at the end of 2023. In combination with catch-up effects from postponed order volumes in the past, this indicates a continuation of the positive business development.

Dr Andreas Bastin, CEO of the Masterflex Group: “Considering the economic headwind, which is slowing down business especially in our European home market, we are satisfied with the first quarter of 2024. Above all, the increase in our operating EBIT margin to 16.3% emphasizes our goal of further expanding profitability and earnings in 2024. Given the economic conditions, the

revenue goal for the 2024 financial year will by no means be automatic. However, thanks to our leading position, particularly in terms of innovative strength, industry coverage, global presence in the market for connection and hose solutions, and the stable order situation, we are looking into the future with confidence. We, the Masterflex Group, are on track regarding our annual targets and therefore confirm the forecast for the 2024 financial year.”

Earnings Position

Rising costs offset by revenue growth

The Masterflex Group generated revenues of EUR 26.2 million in the first quarter of 2024, which is 5.2% below the previous year's figure of EUR 27.6 million. In addition to fewer invoicing days compared to the same period of the prior year, the decline in revenue in the first quarter of 2024 was primarily due to the European industrial hose companies (Masterflex SE, Novoplast and the subsidiaries in France and the UK), which tend to serve cyclical markets such as mechanical and plant engineering. Furthermore, Asia was below the prior year's level from a regional perspective. The medical technology sector stagnated at a high level due to customers reducing their inventories as well as cut-off date effects and accounted for 17% of total revenues in the first quarter (3M/2023: 19%). In contrast, revenues in the aviation business at Matzen & Timm, in the USA and at APT Advanced Polymer Tubing in the life science (particularly food), semiconductors etc. sectors increased in the reporting period compared to the last year.

The order backlog amounted to about EUR 20.8 million as of March 31, 2024, and remained stable compared to the year-end figure of EUR 20.5 million as of December 31, 2023. In comparison to the prior year (3M/2023: EUR 24.2 million), the high order backlog due to effects of the supply chain crisis must be taken into account.

The operating EBIT increased by 3.1% to EUR 4.3 million compared to the previous year (3M/2023: EUR 4.1 million). Given the decline in revenue, this result is very pleasing and is mainly due to a strong increase in earnings in the aviation business at Matzen & Timm, which was achieved through volume effects and improved efficiency. The positive development of the US business and the continued high earnings level of other subsidiaries also made a significant contribution to the strong EBIT.

The increase in earnings was achieved through various measures, including efficiency increases in production and optimizations in purchasing, which were reflected by an improved material usage ratio. Despite a higher wage and salary level caused by inflation, personnel costs were successfully controlled through capacity optimization. The personnel input ratio (personnel costs in relation to total operating performance) was 33.9% in the reporting period compared to 32.9% in the previous year. Moreover, other operating expenses were reduced by around EUR 0.4 million to EUR 4.1 million (3M/2023: EUR 4.5 million) following effective cost management.

At EUR 2.8 million, consolidated net income is significantly below the previous year's figure of EUR 3.4 million, which is attributable to higher financing costs because of the rise in interest rates as well as a positive tax effect in the same period of the last year.

Net assets and financial position

Equity ratio continues to rise

The increase in total assets by EUR 1.9 million to EUR 95.6 million as of March 31, 2024 (December 31, 2023: EUR 93.7 million) was mainly caused by the assets side due to the volume-related and cut-off date-related increase in trade receivables by EUR 2.6 million to EUR 12.5 million (December 31, 2023: EUR 9.9 million), while cash and bank balances decreased by EUR 0.6 million to EUR 10.4 million as of March 31, 2024 (December 31, 2023: EUR 11.0 million). Cash and cash equivalents decreased in the three-month-period due to the build-up of working capital and payments of royalties, bonuses, and insurance premiums.

Consolidated equity amounted to EUR 60.6 million as of March 31, 2024, after EUR 57.6 million as of December 31, 2023. Despite a simultaneous expansion of total assets, the Group's equity ratio increased from 61.5% as of December 31, 2023, to 63.4% as of March 31, 2024.

Net debt increased slightly by EUR 0.5 million compared to December 31, 2023, to EUR 13.6 million (December 31, 2023: EUR 13.1 million), primarily ascribable to the decrease in cash and cash equivalents.

Cash flow from operating activities was positive in the first quarter of 2024 at EUR 0.2 million (3M/2023: EUR 0.4 million) and was especially characterized by the increase in trade receivables. At EUR 0.5 million, the investment volume was below the previous year's level of EUR 1.5 million.

Outlook

Outlook 2024 confirmed

Due to the extensive area of application of Masterflex hose solutions, both in terms of the broadly diversified customer industries and the regional coverage, the Masterflex Group generally sees good growth opportunities. On the revenue side, Masterflex faces challenges given the difficult economic environment in some regions in combination with the continuing geopolitical uncertainties in the typical cyclical industries. However, the Management expects an upturn in the medical technology sector and a continuing positive development in the aviation industry. Masterflex also remains cautiously optimistic regarding its US activities. In the industrial hose business, the Management anticipates catch-up effects from postponed projects in the second quarter. Against this backdrop, the Management expects to be above last year's result in 2024. At EBIT level, measures to increase profitability will continue to be consistently implemented.

Based on the assumption that there will be no substantial decline in either the economic situation or geopolitical uncertainties, the Management of the Masterflex Group continues to expect revenues in the range of EUR 100 million to EUR 107 million and EBIT in the range of EUR 12 million to EUR 15 million for 2024, thus confirming the full-year forecast.

Consolidated Statement of Financial Position

Assets in EUR thousand	31.03.2024*	31.12.2023
Non-current assets		
Intangible assets	13,338	13,353
Licenses, industrial property rights	1,236	1,306
Development costs	2,348	2,269
Goodwill	9,187	9,187
Advance payments	567	591
Property, plant and equipment	35,087	35,753
Land and buildings	18,658	19,099
Technical equipment and machinery	12,500	12,491
Other equipment, operating and office equipment	3,308	3,213
Advance payments and assets under construction	621	950
Financial assets	66	62
Investment securities	66	62
Other assets	160	120
Deferred taxes	102	100
	48,753	49,388
Current assets		
Inventories	22,278	22,245
Raw materials consumables and supplies	13,080	13,160
Unfinished goods and services	550	379
Finished products and goods	8,637	8,706
Advance payments	11	0
Receivables and other assets	13,830	10,686
Trade receivables	12,465	9,886
Other assets	1,365	800
Income tax assets	325	346
Cash and cash equivalents	10,379	11,026
	46,812	44,303
Total assets	95,565	93,691

* unaudited

Consolidated Statement on Financial Position

Liabilities in EUR thousand	31.03.2024*	31.12.2023
Equity		
Consolidated equity	60,216	57,236
Issued capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	20,163	17,374
Reserve for the market valuation of financial instruments	-641	-646
Reserve for the market valuation of hedging instruments	110	71
Reserve for currency differences	-340	-487
Non-controlling interests	371	366
Total equity	60,587	57,602
Non-current liabilities		
Provisions	320	321
Financial liabilities	3,219	3,283
Other liabilities	625	625
Deferred taxes	1,401	1,024
	5,565	5,253
Current liabilities		
Provisions	152	154
Financial liabilities	20,768	20,862
Income tax liabilities	1,501	3,237
Other liabilities	6,992	6,583
Trade payables	3,086	2,023
Other liabilities	3,906	4,560
	29,413	30,836
Total liabilities and shareholders' equity	95,565	93,691

* unaudited

Consolidated Statement of Income

	01.01.-31.03.24*	01.01.-31.03.23*
	EUR thousand	EUR thousand
1. Revenue	26,207	27,633
2. Increase in inventories of finished goods and unfinished goods	245	158
3. Other own work capitalized	12	0
4. Other income	137	248
Operating performance	26,601	28,039
5. Cost of materials	-8,053	-8,941
6. Personnel expenses	-8,964	-9,156
7. Depreciation and amortization	-1,276	-1,285
8. Other expenses	-4,070	-4,523
9. Financial result		
Finance expenses	-322	-257
Other financial result	1	1
10. Earnings before income taxes	3,917	3,878
11. Income taxes	-1,073	-441
12. Consolidated result	2,844	3,437
thereof: non-controlling interests	5	14
 thereof: share of shareholders of Masterflex SE	2,839	3,423
Earnings per share (undiluted and diluted)	0.30	0.36

* unaudited

Consolidated Statement of Comprehensive Income

	01.01.-31.03.24*	01.01.-31.03.23*
	EUR thousand	EUR thousand
Consolidated result	2,844	3,437
Other income		
Items that are subsequently reclassified to profit or loss if certain conditions are met		
1. Currency gains/losses from the translation of foreign financial statements	97	-120
2. Changes in the fair value of financial instruments	5	3
3. Changes in the fair value of hedging instruments	56	-49
4. Income taxes	-17	14
5. Other income after taxes	141	-152
6. Comprehensive income	2,985	3,285
Comprehensive income:	2,985	3,285
thereof: non-controlling interests	5	14
thereof: share of shareholders of Masterflex SE	2,980	3,271

* unaudited

Consolidated Cash Flow Statement

in EUR thousand	31.03.2024*	31.03.2023*
Result for the period before taxes, interest expense and financial income	4,238	4,120
Income tax expenses	-2,715	-639
Depreciation and amortization of property, plant and equipment and intangible assets	1,276	1,285
Increase/Decrease in provisions	-3	12
Other non-cash expenses and gain on disposal of non-current assets	-7	14
Increase/decrease in inventories	-33	-1,699
Increase in trade receivables and other assets not attributable to investing or financing activities	-3,165	-3,726
Increase in trade accounts payable and other liabilities not attributable to investing or financing activities	604	989
Cash flow from operating activities	195	356
Payments for investments in non-current assets	-526	-1,502
Cash flow from investing activities	-526	-1,502
Interest payments	-288	-218
Payments for lease liabilities	-175	-333
Cash flow from financing activities	-463	-551
Cash-effective changes in cash and cash equivalents	-794	-1,697
Changes in cash and cash equivalents due to exchange rates and other changes in value	147	174
Cash and cash equivalents at the beginning of the period	11,026	9,746
Cash and cash equivalents at the end of the period	10,379	8,223

* unaudited

Consolidated statement of changes in equity

Development of Group equity	Sub-scri-bed capital	Capital reserve	Retained earnings	Reserve for the market valuation of finan-cial instru-ments	Reserve for hedging transac-tions	Currency diffe-rences	Shares of share-holders of Master-flex SE	Non-controlling interests	Equity
in EUR thousand									
Equity as of 31.12.2022	9,618	31,306	11,339	-620	172	-202	51,613	372	51,985
Comprehensive income	0	0	3,129	3	-35	174	3,271	14	3,285
Consolidated result	0	0	3,423	0	0	0	3,423	14	3,437
Other income after income taxes	0	0	-294	3	-35	174	-152	0	-152
Changes in the fair value of financial instruments	0	0	0	3	0	0	3	0	3
Changes in the fair value of hedging instruments	0	0	0	0	-49	0	-49	0	-49
Currency gains/ losses from the translation of foreign financial statements	0	0	-294	0	0	174	-120	0	-120
Income taxes on other comprehensive income	0	0	0	0	14	0	14	0	14
Equity as of 31.03.2023	9,618	31,306	14,468	-617	137	-28	54,884	386	55,270
Equity as of 31.12.2023	9,618	31,306	17,374	-646	71	-487	57,236	366	57,602
Comprehensive income	0	0	2,789	5	39	147	2,980	5	2,985
Consolidated result	0	0	2,839	0	0	0	2,839	5	2,844
Other income after income taxes	0	0	-50	5	39	147	141	0	141
Changes in the fair value of financial instruments	0	0	0	5	0	0	5	0	5
Changes in the market value of hedging instruments	0	0	0	0	56	0	56	0	56
Currency gains/ losses from the translation of foreign financial statements	0	0	-50	0	0	147	97	0	97
Income taxes on other comprehensive income	0	0	0	0	-17	0	-17	0	-17
Equity as 31.03.2024	9,618	31,306	20,163	-641	110	-340	60,216	371	60,587

Share information

Stock exchange symbol	MZX
GSIN	549293
ISIN	DE0005492938
Stock Exchange	Frankfurt, FWB
Stock exchange segment	Prime Standard
Total number of shares	9,752,460 pieces
Shares outstanding	9,618,334 pieces
Own shares	134,126 shares
Dividend FY 2023 (proposal)	EUR 0.25
Designated Sponsor	ICF Bank AG

Investor Relations

CROSS ALLIANCE communication GmbH
 Susan Hoffmeister
 Tel: +49 89 125 09 03-33
 E-Mail: sh@crossalliance.de
www.crossalliance.de

Imprint

Responsible

Masterflex SE
 Willy-Brandt-Allee 300
 45891 Gelsenkirchen, Germany
 Tel: +49 209 97077 0
 Fax: +49 209 97077 33
 E-Mail: info@MasterflexGroup.com
www.MasterflexGroup.com

Text & Editing

CROSS ALLIANCE communication GmbH
www.crossalliance.de

Layout

FAME Sommer Kippenberg GmbH
www.fame-brand.com

Forward-looking statements

This report contains forward-looking statements. These statements are based on the current expectations, assumptions and forecasts of the Management Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results depend on a variety of factors, they involve various risks and uncertainties and are based on assumptions that may not prove to be accurate. We assume no obligation to update the forward-looking statements made in this report.



WirtschaftsWoche

GLOBAL MARKET LEADER
Champion
2024

MASTERFLEX GROUP
Hoses and Connection
Solutions made from
High-Tech Polymers

Source: Global Market Leader Index
by Dr. Walter Döring
and Prof. Dr. Christoph Müller

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**top innovator
2024**