

Quarterly statement 3/2023



Masterflex at a glance

in EUR thousand	30.09.23	30.09.22	Change
Consolidated revenue	78,967	76,049	3.8%
EBITDA	14,729	14,081	4.6%
EBIT (operational)	11,043	10,413	6.1%
EBIT	10,818	10,381	4.2%
EBT (operational)	10,171	10,013	1.6%
Financial result	-872	-368	137.0%
Consolidated result	7,240	7,337	-1.3%
Consolidated earnings per share (EUR)	0.75	0.76	-1.3%
EBIT margin (operational)	14.0%	13.7%	
Net return on revenue	9.2%	9.6%	
Employees (number)	619	589	5.1%

in EUR thousand	30.09.23	31.12.22	Change
Consolidated equity	57,364	51,985	10.3%
Consolidated total assets	96,386	90,218	6.8%
Group equity ratio	59.5%	57.6%	

MASTERFLEX SE: Highly profitable third quarter 2023

- Significant progress in profitability in the third quarter with 16.2% operating EBIT margin
- Consolidated sales revenue after nine months was up 3.8% on the previous year at EUR 79.0 million
- Consolidated operating EBIT after nine months at EUR 11.0 million, operating EBIT margin rises to 14.0%
- Forecast for the 2023 financial year confirmed

Management Board Report

Gelsenkirchen, 8 November 2023 – The Masterflex Group continued to record solid business development in the first nine months of the 2023 financial year despite the economic and geopolitical headwinds. This is also characterized by a robust order situation as well as increasing profitability compared to the previous year. The third quarter of 2023 stood out with significant growth in operating EBIT.

In the first nine months of the current financial year, the Masterflex Group generated revenue of EUR 79.0 million, compared with EUR 76.0 million in the same period of the previous year. This corresponds to a year-on-year increase of 3.8%. Operating EBIT for the first nine months of 2023 amounts to EUR 11.0 million compared to EUR 10.4 million in the nine months of 2022, resulting in a year-on-year increase in operating EBIT of 6.1%, which is disproportionate to revenue. Accordingly, the operating EBIT margin improved further from 13.7% in the previous year to 14.0% after nine months in 2023. Consolidated net income amounted to EUR 7.2 million (9M/2022: EUR 7.3 million) or EUR 0.75 per share (9M/2022: EUR 0.76).

The third quarter of 2023 shows significant profitability growth when viewed individually. With sales revenue of EUR 26.3 million (Q3/2022: EUR 26.9 million), the Masterflex Group generated an operating EBIT of EUR 4.3 million. This corresponds to a growth of 14.7% compared with the already good prior-year figure of EUR 3.7 million. The operating EBIT margin for the third quarter was thus 16.2% (Q3/2022: 13.8%). Despite rising interest expenses, consolidated net income for the third quarter increased by 14.8% to just under EUR 3.0 million (Q3/2022: EUR 2.7 million). Accordingly, earnings per share for the third quarter of 2023 also increased to EUR 0.31 (Q3/2022: EUR 0.27). This positive development was mainly attributable to the successful turnaround of the subsidiary APT Advanced Polymer Tubing GmbH announced in the second quarter, price adjustments implemented and the continuous implementation of further cost optimization measures.

Looking at the individual customer industries, the third quarter developed in line with the previous quarters. Masterflex recorded sustained good demand momentum in the aviation business, in the life science sector and medical technology. By contrast, the economic headwind and geopolitical concerns are reflected in a decline in demand in the traditional cyclical sectors. Thanks to its broad industry expertise and increased focus on growth markets, the Masterflex Group is largely able to compensate for such cyclical fluctuations in individual customer industries. Overall, the order situation is robust and order intake remains at a satisfactory normal level, so that the Masterflex Group confirms the forecast for 2023.

Dr. Andreas Bastin, CEO of the Masterflex Group: “We can be very proud of what we have achieved in the third quarter, especially against the background of the somewhat greater economic and, above all, geopolitical uncertainties that we have to manage this year. Nevertheless, as the development of our operating EBIT margin in the third quarter impressively demonstrates, we have made enormous progress, particularly in terms of profitability, and remain on a stable growth

track. Our focus on growth markets, our extensive sector and material expertise, and the deepening of our value chain to include complete fastening systems are paying off. With the communicated entry into the circular economy, we are now entering the next growth phase with our Hero@Zero future program to double our sales revenue in line with our planning over the next few years.”

Earnings

Earnings benefit from higher sales revenue and further optimized cost structures

The earnings situation of the Masterflex Group improved significantly in the third quarter, which is also reflected accordingly in the nine-month figures. In this context, sales revenue in the first nine months of 2023 rose by 3.8% compared with the exceptionally strong prior-year period to EUR 79.0 million (9M/2022: EUR 76.0 million). The increase in sales revenue resulted both from volume growth, particularly in the medical technology and aerospace sectors, as well as the subsidiary APT Polymer Tubing, and from price increases.

Operating earnings before interest and taxes (EBIT before non-operating income and expenses) increased by EUR 0.6 million to EUR 11.0 million in the first nine months of 2023, compared with EUR 10.4 million in the prior-year period. This corresponds to an operating EBIT margin in relation to sales revenue of 14.0% (9M/2022: 13.7%).

This development was driven by the increase in sales revenue, a slight improvement in the materials usage ratio and a slight decrease in other operating expenses. The material usage ratio (measured as total operating performance from sales revenue and changes in inventories) decreased significantly to 32.2% (9M/2022: 33.4%), due in particular to more efficient material usage in production and also a procurement market no longer dominated by shortages. Personnel expenses reflect both the increased number of employees, in particular due to the resumption of production at the Plana site in the Czech Republic, and the sharp rise in wage and salary costs due to inflation. Nevertheless, the ratio of personnel expenses to total operating performance was relatively moderate, rising to 33.9% (9M/2022: 32.3%).

Despite the significant increase in energy and freight costs in the prior-year period, other operating expenses remained virtually unchanged.

In consolidated earnings, the positive operating effects did not lead to an improvement in earnings due to the increase in interest expenses and slightly higher non-operating expenses. Consolidated net income amounted to EUR 7.2 million (9M/2022: EUR 7.3 million) or EUR 0.75 per share (9M/2022: EUR 0.76).

Net assets and financial position

Growth-related increase in working capital

On the assets side, the increase in total assets by EUR 6.2 million to EUR 96.4 million as of September 30, 2023 (December 31, 2022: EUR 90.2 million) was mainly characterized by a EUR 2.4 million increase in inventories to EUR 23.7 million (December 31, 2022: EUR 21.3 million) and the EUR 3.3 million increase in trade accounts receivable to EUR 12.0 million (December 31, 2022: EUR 8.8 million) due to volume and reporting date factors. Cash and cash equivalents and bank balances were virtually unchanged at EUR 9.6 million as of September 30, 2023 (December 31, 2022: EUR 9.7 million), despite the increase in working capital and the increased dividend.

Consolidated equity amounted to EUR 57.4 million as of September 30, 2023, compared with EUR 52.0 million as of December 31, 2022. Despite the simultaneous expansion of total assets, the Group's equity ratio increased from 57.6% as of December 31, 2022, to 59.5% as of September 30, 2023.

Net debt decreased by EUR 1.3 million compared with December 31, 2022, to EUR 15.5 million (December 31, 2022: EUR 16.8 million), mainly due to scheduled repayments. Due to the expiry of the syndicated loan agreement on September 30, 2024, liabilities to banks are now reported in full under current financial liabilities.

Compared to the previous year, the development of cash flow in the first nine months of 2023 was significantly influenced by a lower increase in working capital as well as higher interest payments and increased dividend payments to shareholders. As a result, cash flow from operating activities increased significantly to EUR 7.6 million (9M/2022: EUR 5.7 million). Capital expenditure was slightly down on the previous year (9M/2023: EUR 3.5 million; 9M/2022: EUR 3.9 million), while cash flow from financing activities deteriorated to EUR -4.4 million (9M/2022: EUR -3.1 million). Overall – including exchange rate effects – this resulted in a minimal reduction in cash and cash equivalents from EUR 9.7 million as of December 31, 2022, to EUR 9.6 million as of September 30, 2023.

Outlook

Outlook 2023: Forecast confirmed

The forecast for the further business development of the Masterflex Group is subject to significantly greater economic, interest rate and geopolitical uncertainties than was the case in the past. There is therefore a risk that the forecast developments will not occur either in their tendency or in their extent.

Against this background and based on the successful business development in the first nine months, management reaffirms its target of generating sales revenue in a range between EUR 103 million and EUR 110 million in the current financial year. Operating EBIT is still expected to be in the range of EUR 11.0 million to EUR 14.0 million.

Consolidated Statement of Financial Position

Assets in EUR thousand	30.09.2023*	31.12.2022
Non-current assets		
Intangible assets	13,330	13,207
Licenses, industrial property rights	1,429	1,473
Development costs	2,183	2,030
Goodwill	9,187	9,187
Advance payments	531	517
Property, plant and equipment	35,595	35,929
Land and buildings	19,537	20,461
Technical equipment and machinery	11,914	11,827
Other equipment, operating and office equipment	2,974	2,870
Advance payments and assets under construction	1,170	771
Financial assets	72	87
Investment securities	72	87
Other assets	187	252
Deferred taxes	52	44
	49,236	49,519
Current assets		
Inventories	23,688	21,274
Raw materials consumables and supplies	14,175	12,363
Unfinished goods and services	433	480
Finished products and goods	9,072	8,382
Advance payments	8	49
Receivables and other assets	13,813	9,642
Trade receivables	12,021	8,767
Other assets	1,792	875
Income tax assets	47	37
Cash and bank balances	9,602	9,746
	47,150	40,699
Total assets	96,386	90,218

* unaudited

Consolidated Statement of Financial Position

Liabilities in EUR thousand	30.09.2023*	31.12.2022
Equity		
Consolidated equity	57,004	51,613
Issued capital	9,618	9,618
Capital reserve	31,306	31,306
Retained earnings	16,552	11,339
Reserve for the fair value measurement of financial instruments	-635	-620
Hedging instruments	163	172
Currency differences	0	-202
Non-controlling interests	360	372
Total equity	57,364	51,985
Non-current liabilities		
Provisions	347	347
Financial liabilities	3,384	24,091
Other liabilities	661	661
Deferred taxes	2,429	989
	6,821	26,088
Current liabilities		
Provisions	149	145
Financial liabilities	21,715	2,495
Income tax liabilities	1,484	1,879
Other liabilities	8,853	7,626
Trade accounts payable	2,809	2,368
Other liabilities	6,044	5,258
	32,201	12,145
Total liabilities and shareholders' equity	96,386	90,218

* unaudited

Consolidated Statement of Income (9M)

	01.01.-30.09.23*	01.01.-30.09.22*
	EUR thousand	EUR thousand
1. Sales revenue	78,967	76,049
2. Increase or decrease in inventories of finished and unfinished goods	540	828
3. Other own work capitalized	26	41
4. Other income	610	572
Operating performance	80,143	77,490
5. Cost of materials	-25,640	-25,695
6. Personnel expenses	-26,921	-24,877
7. Depreciation and amortization	-3,911	-3,668
8. Other expenses	-12,853	-12,869
9. Financial result		
Financing expenses	-878	-372
Other financial result	6	4
10. Earnings before taxes	9,946	10,013
11. Income taxes	-2,668	-2,628
12. Consolidated result	7,278	7,385
thereof: non-controlling interests	38	48
thereof: share of shareholders of Masterflex SE	7,240	7,337
Earnings per share (undiluted and diluted)	0.75	0.76

* unaudited

Consolidated Statement of Income (Q3)

	01.07.-30.09.23*	01.07.-30.09.22*
	EUR thousand	EUR thousand
1. Sales revenue	26,283	26,937
2. Increase or decrease in inventories of finished and unfinished goods	126	409
3. Other own work capitalized	9	13
4. Other income	163	229
Operating performance	26,581	27,588
5. Cost of materials	-8,117	-9,091
6. Personnel expenses	-8,853	-8,490
7. Depreciation and amortization	-1,319	-1,237
8. Other expenses	-4,121	-5,053
9. Financial result		
Financing expenses	-315	-127
Other financial result	2	1
10. Earnings before taxes	3,858	3,591
11. Income taxes	-868	-899
12. Consolidated result	2,990	2,692
thereof: non-controlling interests	18	18
thereof: share of shareholders of Masterflex SE	2,972	2,674
Earnings per share (undiluted and diluted)	0.31	0.27

* unaudited

Consolidated Statement of Comprehensive Income (9M)

	01.01.-30.09.23*	01.01.-30.09.22*
	EUR thousand	EUR thousand
Consolidated result	7,278	7,385
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	99	1,189
2. Changes in the fair value of financial instruments	-15	-24
3. Hedging transactions	-12	360
4. Income taxes	3	-51
5. Other income after taxes	75	1,474
6. Comprehensive income	7,353	8,859
Comprehensive income:	7,353	8,859
thereof: non-controlling interests	38	48
thereof: share of shareholders of Masterflex SE	7,315	8,811

* unaudited

Consolidated Statement of Comprehensive Income (Q3)

	01.07.-30.09.23*	01.07.-30.09.22*
	EUR thousand	EUR thousand
Consolidated result	2,990	2,692
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	294	578
2. Changes in the fair value of financial instruments	-5	-1
3. Hedging transactions	74	176
4. Income taxes	-22	-19
5. Other income after taxes	341	734
6. Comprehensive income	3,331	3,426
Comprehensive income:	3,331	3,426
thereof: non-controlling interests	18	18
thereof: share of shareholders of Masterflex SE	3,313	3,408

* unaudited

Consolidated Statement of Cash Flow

in EUR thousand	30.09.2023*	30.09.2022*
Result for the period before taxes, interest expense and financial income	10,780	10,333
Income tax expenses	-1,232	-1,366
Depreciation and amortization of property, plant and equipment and intangible assets	3,911	3,668
Decrease in provisions	4	96
Other non-cash income and gain on disposal of non-current assets	12	7
Increase in inventories	-2,414	-4,367
Increase in trade receivables and other assets not attributable to investing or financing activities	-4,124	-5,891
Increase in trade accounts payable and other liabilities not attributable to investing or financing activities	621	3,216
Cash flow from operating activities	7,558	5,696
Payments for investments in non-current assets	-3,496	-3,879
Cash flow from investing activities	-3,496	-3,879
Dividends to Masterflex shareholders	-1,974	-1,173
Interest and dividend income	6	4
Interest payments	-767	-306
Payments for lease liabilities	-923	-831
Payments for the repayment of loans	-750	-750
Cash flow from financing activities	-4,408	-3,056
Cash-effective changes in cash and cash equivalents	-346	-1,239
Changes in cash and cash equivalents due to exchange rates and other changes in value	202	1,138
Cash and cash equivalents at the beginning of the period	9,746	9,550
Cash and cash equivalents at the end of the period	9,602	9,449

* unaudited

Consolidated Statement of Changes in Equity

Development of Group equity	Subscribed capital	Capital reserve	Retained earnings	Reserve for the market valuation of financial instruments	Reserve for hedging transactions	Currency differences	Shares of shareholders of Masterflex SE	Non-controlling interests	Equity
in EUR thousand									
Equity as of 31.12.2021	9,618	31,306	4,654	-595	25	-353	44,655	322	44,977
Distributions	0	0	-1,154	0	0	0	-1,154	-19	-1,173
Comprehensive income	0	0	7,337	-24	360	1,138	8,811	48	8,859
Consolidated result	0	0	7,337	0	0	0	7,337	48	7,385
Other income after income taxes	0	0	0	-24	360	1,138	1,474	0	1,474
Changes in the fair value of financial instruments	0	0	0	-24	0	0	-24	0	-24
Changes in the fair value of hedging instruments	0	0	0	0	360	0	360	0	360
Currency gains/losses from the translation of foreign financial statements	0	0	0	0	0	1,189	1,189	0	1,189
Income taxes on other comprehensive income	0	0	0	0	0	-51	-51	0	-51
Equity as of 30.09.2022	9,618	31,306	10,837	-619	385	785	52,312	351	52,663
Equity as of 31.12.2022	9,618	31,306	11,339	-620	172	-202	51,613	372	51,985
Distributions	0	0	-1,924	0	0	0	-1,924	-50	-1,974
Comprehensive income	0	0	7,137	-15	-9	202	7,315	38	7,353
Consolidated result	0	0	7,240	0	0	0	7,240	38	7,278
Other income after income taxes	0	0	-103	-15	-9	202	75	0	75
Changes in the fair value of financial instruments	0	0	0	-15	0	0	-15	0	-15
Changes in the fair value of hedging instruments	0	0	0	0	-12	0	-12	0	-12
Currency gains/losses from the translation of foreign financial statements	0	0	-103	0	0	202	99	0	99
Income taxes on other comprehensive income	0	0	0	0	3	0	3	0	3
Equity as of 30.09.2023	9,618	31,306	16,552	-635	163	0	57,004	360	57,364

Share information

Stock exchange symbol	MZX
WKN	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 2022	EUR 0.20
Designated Sponsor	ICF Bank AG

Investor Relations

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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 include 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.

