

# CONNECTING VALUES

QUARTERLY FINANCIAL REPORT  
1/2015

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The background of the lower half of the page features four different types of Masterflex hoses arranged in a 2x2 grid. Top-left: A white, corrugated flexible hose. Top-right: A copper-colored, corrugated flexible hose. Bottom-left: A metal braided flexible hose with a metal fitting. Bottom-right: A black, corrugated flexible hose.

## Highlights in the first three Months

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Revenue up 4.8 %

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Equity ratio rises to 46.6 %

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EBIT slightly below expectations – margin at 10.0 %

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**Please note: Only the German version is legally binding.**

## Masterflex at a Glance

in k€

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Consolidated revenue

---

EBITDA

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EBIT

---

EBT

---

Financial result

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Consolidated earnings from continued business units\*

---

Consolidated earnings from discontinued business units

---

Consolidated net income/loss

---

Earnings per share (€)

---

from continued business units

---

from discontinued business units

---

from continued and discontinued business units

---

EBIT margin

---

Employees

---



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Consolidated equity

---

Consolidated total assets

---

Consolidated equity ratio

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\* without minority interests

31.03.2015	31.03.2014	Change
16,762	15,988	4.8 %
2,389	2,768	-13.7 %
1,677	2,085	-19.6 %
1,436	1,750	-17.9 %
-241	-335	
941	1,163	-19.1 %
-5	-19	
923	1,136	-18.8 %
0.10	0.13	-23.1 %
0.00	0.00	
0.10	0.13	-23.1 %
10.0 %	13.0 %	
590	568	3.9 %
31.03.2015	31.12.2014	Change
25,545	23,835	7.2 %
54,805	51,982	5.4 %
46.6 %	45.9 %	

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## Foreword by the CEO

Dear shareholders,

Even if it feels as if the presentation of the annual figures was just over, I would like to confirm that the start into the new 2015 financial year was indeed hopeful! Our business has grown further. With the development, production and sale of our high-tech hoses and connection systems we generated revenue of € 16.8 million. This is an upturn of 4.8 % against the very strong € 16.0 million generated in the first quarter of 2014. The business trend was shared across all brands and almost all locations. There was only one problem child in our Group – Russia due to currency effects. This is likely to remain the case for some time to come.

It was not only our operating result which developed somewhat more slowly at the beginning of 2015. With an EBIT of € 1.7 million (previous year: € 2.1 million), we did not quite achieve our own target in the first quarter of the year, even though we generated an EBIT margin of 10.0 %. The primary reason was staff costs, which increased strongly at the beginning of the year. This was driven not only by the expansion of our production capacity for the **MASTERFLEX** and **MATZEN & TIMM** brands, but also two legislative changes. One of these is the minimum wage in Germany, and the fundamentally welcome, but also cost-driving health care reform in the USA. The introduction of national minimum wages in Germany and the necessity of maintaining the wage/benefits gap have led to an unavoidable increase in costs in some areas. We anticipate that we will compensate this increase with correspondingly higher revenue over the next few months and thus fulfil our earnings forecast for 2015.

2015 also started promisingly in respect to innovations. Even if I cannot present you anything specific at this particular moment for various reasons, one thing I can say - there are several very promising new products at a good stage of development. Undoubtedly, there will be more to report on the subject later this year.



**Dr. Andreas Bastin**  
Chief Executive Officer

**Ladies and gentlemen,**

I am very much looking forward to this year's Annual General Meeting. Since my first Annual General Meeting at the Masterflex Group in 2007 the discussion with you the shareholders always took place in Horst Castle in Gelsenkirchen – interesting both in terms of history and surroundings. This year, we are moving onto new territory and meeting in the Veltins Arena auf Schalke near to Group headquarters. Even if the new venue creates only the framework with the key topic being the 2014 financial year and the short-and medium-term perspectives of our high-tech hoses, I am interested about our and more importantly your impressions. If we feel good and it is also economically viable moving forward, I consider there is nothing against opening a new chapter in the history of our annual general meetings.

On the AGM agenda are not only the regular agenda items, but also a proposal for a new regulation on the way the Supervisory Board is remunerated. This is done to take account of what is now the current practice of not aligning the remuneration of the controlling committees to larger variable bonuses for their activities, thus creating inappropriate incentives. In addition, we are reintroducing the general practice of different levels of remuneration depending on the function within a committee. This is because in actually fact the amount of work with a smaller Supervisory Board is considerably more varied than originally anticipated.

My colleague for finances Mark Becks and I are already looking forward to the discussion with you in the Arena!

Gelsenkirchen, 30 April 2015

Yours



**Dr. Andreas Bastin**  
**Chief Executive Officer**

## Interim Management Report

### GROUP STRUCTURE AND BUSINESS ACTIVITIES

The Masterflex Group, with its parent company Masterflex SE, Gelsenkirchen (also referred to below as the Masterflex Group), concentrates on the development, production and marketing of high-tech hoses and connection systems for a wide range of applications in industry and manufacturing. The particular competence is the use of sophisticated polymers.

The main production sites of the international Masterflex Group with 13 operating subsidiaries are Gelsenkirchen, Halberstadt, Norderstedt and Houston (United States). In addition, the Masterflex Group has various locations through our subsidiary branches with small production lines in Europe, America and Asia or sales partners.

Masterflex SE shares have been traded on the Frankfurt Stock Exchange since 2000 under the German securities identification number 549 293.

### MARKET AND COMPETITION

The global market for high-tech hoses and connection systems comprises many predominantly regionally oriented specialist markets, which are largely served by SMEs. Its customers primarily come from the manufacturing sector, including industrial applications (B2B market). Due to its rather heterogeneous structure with clear demarcations not being possible, there is very little reliable market data. We have been observing, documenting and analysing this market and its participants in our core regions intensively for several years.

Nevertheless, given the difficulty in acquiring expertise in the production, processing and application of the sophisticated polymers and the variety of possible operations, it is an attractive market. It is characterised by small batch sizes in both production and sales, and by intensive consulting combined with development expertise for customer-specific solutions.

Our customers come from almost all sectors of industry and manufacturing, with a rising share of pharma, food and medical technology. As a result, business with high-tech hoses and connection systems is comparative stable in respect to economic cycles.

## Business Development in the First Quarter

Due to good general economic data – extremely low interest rates, weak currency – the economic situation has continued to develop well, despite some legislative changes which have had some negative repercussions. In Europe, there have also been considerable signs indicating a revival of the economy. In China momentum has declined somewhat, but at the same time remains at a comparatively high level. In North America, the economy has since stabilised.

The generally good situation has positively impacted our business, even against the comparative period of the first quarter of 2014 which in retrospect was the best quarter of a good previous year. In the first three months of this year, revenue with high-tech hoses and connection systems increased by 4.8 % to € 16.8 million. Our order backlog is also extremely stable. This year, we are thus reliably continuing our growth which is based on the twin pillars of innovation and internationalisation.

## Internationalisation

Within the context of our targeted internationalisation process, we want to gradually shift the focal point of our revenue, which is still in Europe today, to selected markets in other continents, particularly North America and Asia. Alongside the strong growth momentum there, our ability to supply internationally for a large share of our customers – German global players – is a big plus point for us as they feel well serviced by our locations all over the world.

In Russia, economic activities are still in decline, even though the extent is not as dramatic. This also impacts the business activities of our joint venture in Russia, Masterflex RUS (Masterflex share of 51 %) based in St. Petersburg. At the same, our situation has stabilised somewhat. This is also due to the fact that we have local production.

In China we are now actively operating on the market for the third year. Business at our location in Kunshan near to Shanghai is considerably brisker than in the comparative period of the previous year. In addition, the development of a trader network in other Asian countries is ongoing.

In North America the economy has gained a foothold, even if negative factors such as comparatively high unemployment, the health care reform which came into force at the beginning of the year and the high US dollar could hold back economic development. Up to now, our US business with the Masterduct brand has developed well in comparison to the previous year, also adjusted for currency.



The objective is to further increase market penetration in this large and industrially diverse region.

### **Innovation**

The second element of our growth strategy is innovation. We are constantly developing new hoses and connecting parts, which are frequently based on innovations initiated by customer inquiries. For individual customers exclusively developed product innovations are not generally launched publically. This often relates to innovations in the area of medical technology.

Further innovative connecting products are currently in the development or test phase.

## **RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION**

### **Results of Operations**

In the first quarter of 2015, at € 16.8 million, revenue was 4.8 % higher than in the previous year (€ 16.0 million). At € 17.0 million, gross revenue was 2.7 % higher than in the previous year (€ 16.5 million). Our growth was in line with our forecast, even though we anticipate that the momentum – particularly in terms of results – will be even more pronounced over the year.

Consolidated EBITDA after three months declined by 13.7 % year on year from € 2.8 million to € 2.4 million. Parallel to this, EBIT moved down by 19.6 % to the current level of € 1.7 million and was thus below our forecast guidance of a slight EBIT upturn. The resulting EBIT margin of 10.0 % is at the bottom end of our expectations.

The lower profit figures are due primarily to staff costs being 12.3 % higher at € 6.4 million. In addition to the general increase of salaries and wages due to inflation and the higher staff costs in production driven by higher revenue, there are also two external factors which have impacted personnel costs to varying extents: On the one hand there is the introduction of a minimum wage in Germany in 2015. This introduction has led to an extraordinary increase of wage level in certain locations in Germany. On the other hand, the introduction of Obama Care in the United States has resulted in our staff costs in the USA rising. The staff cost ratio (ratio of staff costs to revenue plus changes in inventories) thus moved up to 38.2 % (previous year: 35.2 %). On the basis of corresponding revenue growth, it is our objective to reduce this increase to the level of recent years in the medium term.

In contrast, material costs at € 5.3 million remained almost stable (up 0.1 %). Factors impacting here were both cost stability on the raw materials side and also the savings effect of the design to cost policy. On the basis of higher revenues, the cost of materials ratio (cost of materials in relation to revenue plus changes in inventories) was reduced to 31.3 % (previous year: 32.3 %). Somewhat higher, but less than revenue growth, was the rise of the “Other expenses” item to € 2.9 million, an upturn of 4.3 %.

As part of our growth strategy we are continuing to invest in locations and facilities. As a result amortisation and depreciation rose by 4.2 % to € -0.7 million.

The financial result decreased by 28.1 % from € -0.3 million to € -0.2 million. This was driven by declining financial liabilities and lower interest hedging costs. At € 0.5 million, income taxes were 15.7 % lower than in the previous year (€ 0.6 million), too.

However, in absolute terms, lower expenses in the financial result and income taxes did not compensate the decrease in operating result. For this reason, the Group result after minority interests declined by 18.8 % to € 0.9 million, equivalent to earnings per share of € 0.10 (previous year: € 0.13).

 **MASTERFLEX**

**Master-Clip HT 500**  
Exhaust gas hose for temperatures up  
to +500°C

 **MASTERFLEX**

## Net Assets

Total assets amounted to € 54.8 million as at 31 March 2015, increasing by 5.4 % from € 52.0 million as at the end of 2014. The expanded balance sheet is due primarily to higher current assets.

Non-current assets declined slightly from € 29.6 million to € 29.5 million. Two contrary effects were at work here. On the one hand, deferred tax assets were down quite strongly to € 2.3 million (previous year: € 2.6 million) and intangible assets dipped to € 4.0 million (31 December 2014: € 4.1 million). On the other hand, property, plant and equipment rose in the context of expanding our machinery to € 22.9 million (31 December 2014: € 22.6 million).

Current assets increased by 13.2 % from € 22.4 million (31 December 2014) to € 25.3 million. Thus the share of current assets in total assets is 46.2 %. With the exception of cash and cash equivalents, almost all the relevant balance sheet items contributed here. As a result of higher revenue, trade receivables rose by 43.5 % and were stated on the balance sheet at € 7.7 million. The situation is similar with the inventories item, which rose 7.8 % to € 12.6 million against the figure at the end of 2014. On the other hand, cash, cash equivalents and bank balances declined by 11.6 % due to seasonal payments (insurance premiums, bonuses).

## Financial Position

Equity rose by 7.2 % to € 25.5 million. This means the equity ratio rose further to 46.6 % (31 December 2014: 45.9 %). This is primarily due to the net profit for the period. There were also positive currency translation effects.

Non-current borrowing declined narrowly by 0.6 % to € 17.1 million. The small increase in deferred tax liabilities was offset by a small reduction in non-current provisions.

Current borrowing increased by 11.0 % from € 11.0 million to € 12.2 million. This increase is due primarily to current financial liabilities rising to € 5.7 million (31 December 2014: € 5.2 million) as a result of lump sum payments typically made in the first quarter (bonuses, insurance premiums) and other liabilities moving up by € 0.9 million to € 3.5 million, including a 23.5 % increase in trade payables to € 1.8 million.

At € -0.7 million, operating cash flow was negative in the first quarter. Alongside the lower cash result, this was also due to lump sum payment made in the first quarter and the expansion of net receivables.

The Masterflex Group was solvent at all times in the reporting period. In addition, Masterflex SE has a free, unutilised credit facility under the syndicated loan.

### **Staff Report**

In the first quarter of 2015, the Masterflex Group again created several new jobs in the context of its growth. The Masterflex Group employed an average of 590 people in the first three months. This marks an increase of 3.9 % as against the same period of the previous year (568 employees). New jobs were created, particularly in production for the Masterflex and Matzen & Timm brands.

### **Research and Development**

We are continuing to develop R&D projects all the time. As at 31 March 2015, there were no material changes since the statements made in the 2014 Group management report.

### **Report on post Balance Sheet Date Events**

No events of particular significance relating to the results of operations, net assets or financial position occurred after the end of the reporting period.

### **Opportunities and Risk Report**

There have been no changes in the opportunities and risk situation as presented in the 2014 Group report.

## Outlook

The situation of the economy in the regions of the world in which the Masterflex Group has operations is continuing to develop in a stable to positive fashion. This applies particularly to Germany in which the Masterflex Group still has its revenue focus.

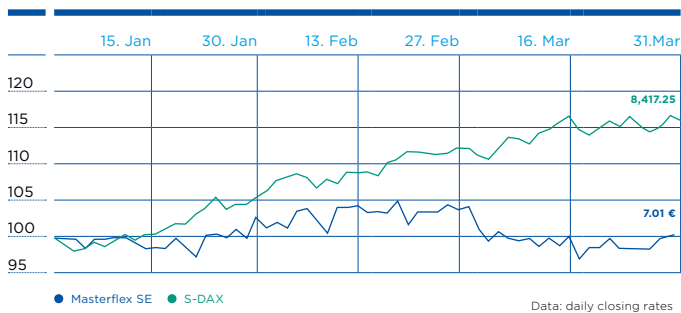
In addition, with its targeted investment and sales efforts, for some years the Masterflex Group has been actively targeting non-cyclical industries, such as food, medical technology and pharma. In view of the share which has been increasing over a period of many years, particularly in medical technology, this is also becoming clearly evident. As a result, our business should be less sensitive if the economic tailwind declines somewhat.

Our growth strategy is based on the pillars of structured internationalisation and product innovations. We want to continue on this growth path without interruption. Particular attention is being paid to expanding the market presence further in North America and Asia. We will keep on working – purposefully, constantly and sustainably – to continue tapping the huge potential in an even better manner.

For 2015 we continue to expect revenue growth at a level higher than global economic growth. In the first three months, the expectation was fulfilled with growth of 4.8 %. Incoming orders indicate that this will continue to be the case.

In terms of results, we are someone below our forecast of EBIT rising slightly in relation to the development of sales in the first quarter. However, we are confident that the EBIT will improve over the year, thus achieving our annual forecast.

## The Masterflex Shares



Since the start of the year, Masterflex shares have largely tracked sideways to the end of the first quarter with only a slight increase of 0.2 % (see graphic). In the same period, the SDAX generated a performance of 16.1 %. By contrast, the volatility of the shares has been much more pronounced. To the end of February, the share price moved up to a price round the € 7.30 level. After the Ad hoc release was published with the provisional 2014 figures, the share price retreated to a level around € 7. Except for a short outlier to below € 6.80, the share price remained at this level. Thus the share price has moved between its high of € 7.41 and a low of € 6.75.

After a quiet end of the year, share turnover again moved up somewhat in the first three months. At the same time, trading of just under 530,000 shares on all German stock exchanges in the first quarter was somewhat below the comparable period of the previous year when more than 850,000 shares were traded. On a daily basis, turnover in shares varied significantly at times. On a few days, there were no paid prices on Xetra, while on other days, five-figure volumes changed hands. When trading on the stock exchange, a limit is recommended so as to avoid larger price moves during trading activity.

The IR team maintains regular contact to investors and analysts, thereby endeavouring to raise visibility of the stock on the market. The Masterflex Group will again participate at the Equity Forum from 23 to 25 November and at roadshows for private investors.

## The Annual General Meeting

This year's Annual General Meeting will start on 16 June 2015 at 11 am. For the first time in the history of Masterflex SE, the AGM will not take place at Horst Castle but in the Veltins Arena in Gelsenkirchen. We hope that the new venue will be taken up well by our shareholders.

The items on the agenda include regular matters on which resolutions are tabled as well as a change in the Articles of Association in respect to Supervisory Board remuneration. Payment of entirely fixed remuneration is now current practise, with the intention of countering inappropriate incentives for Supervisory Board members which negatively impact their control activities. The graduation of remuneration by function is intended to reflect the different workloads of the individual Supervisory Board members in an appropriate fashion.

## FINANCIAL CALENDAR

Dates for 2015

11 May	Quarterly Financial Report Q1/2015
16 June	Annual General Meeting
10 August	Quarterly Financial Report Q2/2015
9 November	Quarterly Financial Report Q3/2015
23 - 25 November	German Equity Forum, Frankfurt

 **MATZEN & TIMM**

### Exhaust Bellows

The bellows made of synthetic rubber compensates for motions.



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## Interim Financial Statement

## Consolidated Statement of Financial Position

Assets in k€	31.03.2015*	31.12.2014
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>	<b>4,009</b>	<b>4,077</b>
Concessions, industrial and similar rights	431	495
Development costs	137	141
Goodwill	3,258	3,258
Advance payments	183	183
<b>Property, plant and equipment</b>	<b>22,882</b>	<b>22,641</b>
Land, land rights and buildings	11,375	11,413
Technical equipment and machinery	8,963	8,413
Other equipment, operating and office equipment	2,214	2,182
Advance payments and assets under development	330	633
<b>Non-current financial assets</b>	<b>318</b>	<b>311</b>
Non-current financial instruments	149	131
Other loans	169	180
<b>Other assets</b>	<b>0</b>	<b>0</b>
<b>Other financial assets</b>	<b>5</b>	<b>20</b>
<b>Deferred taxes</b>	<b>2,253</b>	<b>2,553</b>
	<b>29,467</b>	<b>29,602</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>	<b>12,609</b>	<b>11,694</b>
Raw materials and consumables used	6,699	6,107
Work in progress	774	662
Finished products and goods purchased and held for sale	5,103	4,904
Advance payments	33	21
<b>Receivables and other assets</b>	<b>8,801</b>	<b>6,178</b>
Trade receivables	7,679	5,350
Other assets	1,117	820
Other financial assets	5	8
<b>Income tax assets</b>	<b>18</b>	<b>82</b>
<b>Cash in hand and bank balances</b>	<b>3,907</b>	<b>4,422</b>
	<b>25,335</b>	<b>22,376</b>
<b>Assets held for sale</b>	<b>3</b>	<b>4</b>
	<b>25,338</b>	<b>22,380</b>
<b>Total Assets</b>	<b>54,805</b>	<b>51,982</b>

\*unaudited



## Consolidated Statement of Financial Position

Equity and Liabilities in k€	31.03.2015*	31.12.2014
<b>SHAREHOLDERS' EQUITY</b>		
<b>Consolidated equity</b>	<b>25,143</b>	<b>23,446</b>
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-8,752	-9,674
Revaluation reserve	-559	-576
Exchange differences	-530	-1,288
<b>Minority interest</b>	<b>402</b>	<b>389</b>
<b>Total equity</b>	<b>25,545</b>	<b>23,835</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>Provisions</b>	<b>91</b>	<b>206</b>
<b>Financial liabilities</b>	<b>15,052</b>	<b>15,052</b>
<b>Other financial liabilities</b>	<b>36</b>	<b>45</b>
<b>Other liabilities</b>	<b>1,251</b>	<b>1,251</b>
<b>Deferred taxes</b>	<b>632</b>	<b>604</b>
	<b>17,062</b>	<b>17,158</b>
<b>CURRENT LIABILITIES</b>		
<b>Provisions</b>	<b>2,013</b>	<b>2,303</b>
<b>Financial liabilities</b>	<b>5,671</b>	<b>5,150</b>
<b>Other financial liabilities</b>	<b>62</b>	<b>55</b>
<b>Income tax liabilities</b>	<b>691</b>	<b>590</b>
<b>Other liabilities</b>	<b>3,547</b>	<b>2,677</b>
Trade payables	1,836	1,487
Other liabilities	1,711	1,190
	<b>11,984</b>	<b>10,775</b>
<b>Liabilities directly connected with assets held for sale</b>	<b>214</b>	<b>214</b>
	<b>12,198</b>	<b>10,989</b>
<b>Total equity and liabilities</b>	<b>54,805</b>	<b>51,982</b>

\*unaudited

## Consolidated Income Statement

Continued business units in k€	01.01.- 31.03.15*	01.01.- 31.03.14*
1. Revenue	16,762	15,988
2. Changes in inventories of finished goods and work in progress	89	297
3. Work performed by the enterprise and capitalised	0	152
4. Other operating income	120	84
<b>Gross revenue</b>	<b>16,971</b>	<b>16,521</b>
5. Cost of materials	-5,270	-5,263
6. Staff costs	-6,437	-5,734
7. Depreciations	-712	-683
8. Other expenses	-2,875	-2,756
9. Financial result		
Financial expenses	-243	-340
Other financial result	2	5
<b>10. Earnings before taxes</b>	<b>1,436</b>	<b>1,750</b>
11. Income tax expense	-495	-587
<b>12. Earnings after taxes from continued business units</b>	<b>941</b>	<b>1,163</b>
<b>Discontinued business units in k€</b>		
<b>13. Earnings after taxes from discontinued business units</b>	<b>-5</b>	<b>-19</b>
<b>14. Consolidated net income/loss</b>	<b>936</b>	<b>1,144</b>
thereof minority interests	13	8
<b>    thereof attributable to shareholders of Masterflex SE</b>	<b>923</b>	<b>1,136</b>
<b>Earnings per share (diluted and non-diluted)</b>		
from continued business units	0.10	0.13
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.10	0.13

\*unaudited

## Consolidated Statement of Comprehensive Income

in k€	01.01.- 31.03.15*	01.01.- 31.03.14*
<b>Consolidated net income/loss</b>	<b>936</b>	<b>1.144</b>
<b>Other result</b>		
<b>Items, that may be reclassified subsequently to profit or loss if specific conditions are met</b>		
1. Exchange differences on translation of foreign financial instruments	762	-58
2. Changes in fair values of financial instruments	17	-8
3. Income taxes	-4	4
4. Other earnings after taxes	775	-62
<b>5. Overall result</b>	<b>1,711</b>	<b>1,082</b>
<b>Overall result</b>	<b>1,711</b>	<b>1,082</b>
thereof minority interests	13	8
<b>thereof attributable to shareholders of Masterflex SE</b>	<b>1,698</b>	<b>1,074</b>

\*unaudited


**NOVOPLAST**  
SCHLAUCHTECHNIK
**Pneumatic Duo Hose**

On request, pneumatic spiral hoses are manufactured as duo spirals (here) or trio spirals.



© MASTERFLEX

## Consolidated Cash Flow Statement

in k€	31.03.2015*	31.03.2014*
Result for the period before taxes, interest expenses and financial income	1,659	2,058
Income taxes paid	-343	-245
Depreciation expense for property, plant and equipment and intangible assets	712	683
Change in provisions	-619	-580
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	13	-144
Changes in inventories	-915	-938
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-2,242	-1,106
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	1,016	311
<b>Net cash from operating activities</b>	<b>-719</b>	<b>39</b>
Proceeds from the disposal of non-current assets	0	5
Payments to acquire non-current assets	-887	-180
Changes in cash and cash equivalents due to the repayment of financial assets	11	11
<b>Net cash from/used in investing activities</b>	<b>-876</b>	<b>-164</b>
Interest and dividend receipts	2	5
Interest expenditure	-161	-203
Proceeds from raising loans	500	2,000
Payments for the repayment of loans	-19	-2,088
<b>Net cash from/used in financing activities</b>	<b>322</b>	<b>-286</b>
<b>Net change in cash and cash equivalents</b>	<b>-1,273</b>	<b>-411</b>
Changes in cash and cash equivalents due to exchange rates and other factors	758	-54
<b>Cash and cash equivalents at the start of period</b>	<b>4,425</b>	<b>4,755</b>
<b>Cash and cash equivalents at the end of period</b>	<b>3,910</b>	<b>4,290</b>

\*unaudited



# ©MASTERFLEX

 FLEIMA-PLASTIC

## XFlame<sup>®</sup> tubes

The flame-resistant PU tubes from the XFlame<sup>®</sup> generation are particularly well suited for use in welding machines and systems. The XFlame family consists of three tube types.



## Consolidated Statement of Changes in Equity

in k€	Subscribed capital	Capital reserve	Retained earnings
<b>Equity at 31.12.2014</b>	<b>8,732</b>	<b>26,252</b>	<b>-9,674</b>
Other changes	0	0	0
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>922</b>
Group result	0	0	922
Other earnings after taxes	0	0	0
Changes in fair values of financial instruments	0	0	0
Exchange differences on translation of foreign financial statements	0	0	0
Income taxes on other comprehensive income	0	0	0
<b>Equity at 31.03.2015</b>	<b>8,732</b>	<b>26,252</b>	<b>-8,752</b>
<b>Equity at zum 31.12.2013</b>	<b>8,732</b>	<b>26,252</b>	<b>-12,717</b>
Other changes	0	0	0
<b>Overall result</b>	<b>0</b>	<b>0</b>	<b>1,136</b>
Group result	0	0	1,136
Other earnings after taxes	0	0	0
Changes in fair values of financial instruments	0	0	0
Exchange differences on translation of foreign financial statements	0	0	0
Income taxes on other comprehensive income	0	0	0
<b>Equity at 31.03.2014</b>	<b>8,732</b>	<b>26,252</b>	<b>-11,581</b>

QUARTERLY FINANCIAL REPORT 1/2015 · INTERIM FINANCIAL STATEMENT  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Revaluation reserve	Exchange differences	Equity attributable to Masterflex SE shareholders	Minority interest	Total
-576	-1,288	23,446	389	23,835
0	0	0	0	0
17	758	1,697	13	1,710
0	0	922	13	935
17	758	775	0	775
17	0	17	0	17
0	762	762	0	762
0	-4	-4	0	-4
-559	-530	25,143	402	25,545
-591	-1,189	20,487	576	21,063
0	0	0	1	1
-8	-54	1,074	8	1,082
0	0	1,136	8	1,144
-8	-54	-62	0	-62
-8	0	-8	0	-8
0	58	-58	0	-58
0	4	4	0	4
-599	-1,243	21,561	585	22,146

## NOTES TO THE FINANCIAL QUARTERLY REPORT 1/2015

### 1. REPORTING PRINCIPLES

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and International Accounting Standards (IAS) of the International Accounting Standard Board (IAS B) and is in keeping with the company's key accounting principles presented here. The same accounting principles were applied as in the consolidated financial statements for the financial year that ended on 31 December 2014.

### 2. BASIS OF CONSOLIDATION

The basis of consolidation has not changed in comparison with 31 December 2014.

### 3. DIVIDEND

The Executive Board and Supervisory Board of Masterflex SE will propose at the Annual General Meeting on 16 June 2015 to waive the payment of a dividend.

### 4. SEGMENT REPORTING

The Masterflex Group divides up its operating segments in accordance with the criteria of IFRS 8. Control is carried out on the basis of the information that the management, as chief operating decision maker, receives for measuring the performance of and allocating resources for the entire Masterflex Group (management approach).

 **MASTERDUCT**

#### **Square to Round Adapter**

Masterduct supplies equipment for complete air-conditioning and ventilation systems under its sub-brand Flexmaster U.S.A.®

 **MASTERFLEX**



The basis of segmentation has not changed in comparison with the consolidated financial statements of 31 December 2014. Masterflex Entwicklungs GmbH and Masterflex Vertriebs GmbH are presented on a uniform basis under "Discontinued business units". The Masterflex Group thus has one operating segment, the core High-Tech Hose systems business unit (HTS).

### SEGMENT REPORTING 31.03.2015

In k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	16,762	16,762	0	16,762
Earnings (EBIT)	1,677	1,677	-5	1,672
Investments in property, plant and equipment and intangible assets	887	887	0	887
Depreciations	712	712	0	712
Assets	54,802	54,802	3	54,805

### SEGMENT REPORTING 31.03.2014

In k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	15,988	15,988	0	15,988
Earnings (EBIT)	2,085	2,085	-19	2,066
Investments in property, plant and equipment and intangible assets	180	180	0	180
Depreciations	683	683	0	683
Assets	54,890	54,890	5	54,895

## 5. EARNINGS PER SHARE

Basic earnings per share is calculated in accordance with IAS 33 by dividing consolidated net income by the weighted average of the number of shares in circulation during reporting period. As at 31 March 2015, basic earnings per share from continued operations amounted to € 0.10 and earnings per share from continued and discontinued operations amounted also to € 0.10; both figures are based on a weighted average number of shares of 8,865,874.

Since there is no stock option plan, diluted earnings are not calculated.

## 6. TREASURY SHARES

As of 31 March 2015 Masterflex SE held a total of 134,126 treasury shares.

## 7. EMPLOYEES

In the reporting period, the number of employees was 590, up 3.9 % on the previous year period (568 employees).

## 8. INCOME TAX

In the calculation of income tax expense in the Quarterly Financial Report, the estimated effective income tax rate for the current financial year 2015 is included in the intra-year calculation of tax expense. The effective tax rate is based on current earnings and tax planning.

## 9. CASH FLOW STATEMENT

The consolidated cash flow statement is prepared in accordance with IAS 7 (Cash Flow Statements). A distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents reported in the cash flow statement correspond to the 'cash in hand and bank balances' reported on the face of the balance sheet.

The cash and cash equivalents at the end of the period, as presented in the consolidated cash flow statement, can be reconciled to the associated items in the consolidated balance sheet as follows:

In k€	31.03.2015	31.03.2014
Cash and cash equivalents at the end of period	3,910	4,290
Cash in hand and bank balances included in assets held for sale	3	5
Cash in hand and bank balances	3,907	4,285

## 10. RELATED PARTY DISCLOSURES

The relationships are explained in the Notes to the consolidated financial statements under note 35 in the 2014 Annual Report. There have been no changes to the comments made there in the reporting period.

## 11. AUDITOR'S REVIEW OF THE INTERIM REPORT

The interim financial statements and the interim management report in the quarterly financial report were neither audited in accordance with section 317 of the German Commercial Code nor reviewed by an auditor.

Gelsenkirchen, 30 April 2015



Dr. Andreas Bastin  
CEO



Mark Becks  
CFO

## IMPRINT

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**Layout:**

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