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Connecting Values

Annual Results of Fiscal Year 2019

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Business Development & Financial Figures 2019

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Key facts 2019

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Continuation of growth course for 10th consecutive year

- Dynamic growth in key markets such as medical technology, laboratory technology, food industry and in most regions despite economic slowdown
- Masterflex recorded a noticeable economic slowdown in the fourth quarter of 2019, particularly in the mechanical engineering and automotive sectors
- Earnings development impacted by weak demand at sites with particularly high fixed costs
- Successful implementation of the further extended optimisation programme "Back to Double Digit" (B2DD)
- Forecast for revenues reached and for EBIT exceeded (adjusted during the year)
- New loan agreement signed

Revenue growth of 3.5%

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Key figures 2019

in € million

	2018	2019	Δ
Revenues	77.2	**80.0**	**3.5%**
EBITDA	9.6	**9.7**	**0.7%**
EBIT (operating)	6.3	**5.1**	**-25.6%**
Consolidated net income	3.4	**2.5**	**-24.9%**
EPS (in €)	0.35	**0.26**	**-25.7%**

Positive revenue growth of 3.5%

- Good growth momentum in H1; slowdown in Q4
- Earnings development impacted by high fixed costs
- EBIT margin at 6.3%
- Proposed dividend of € 0.07 per share

10th year in a row with revenue growth

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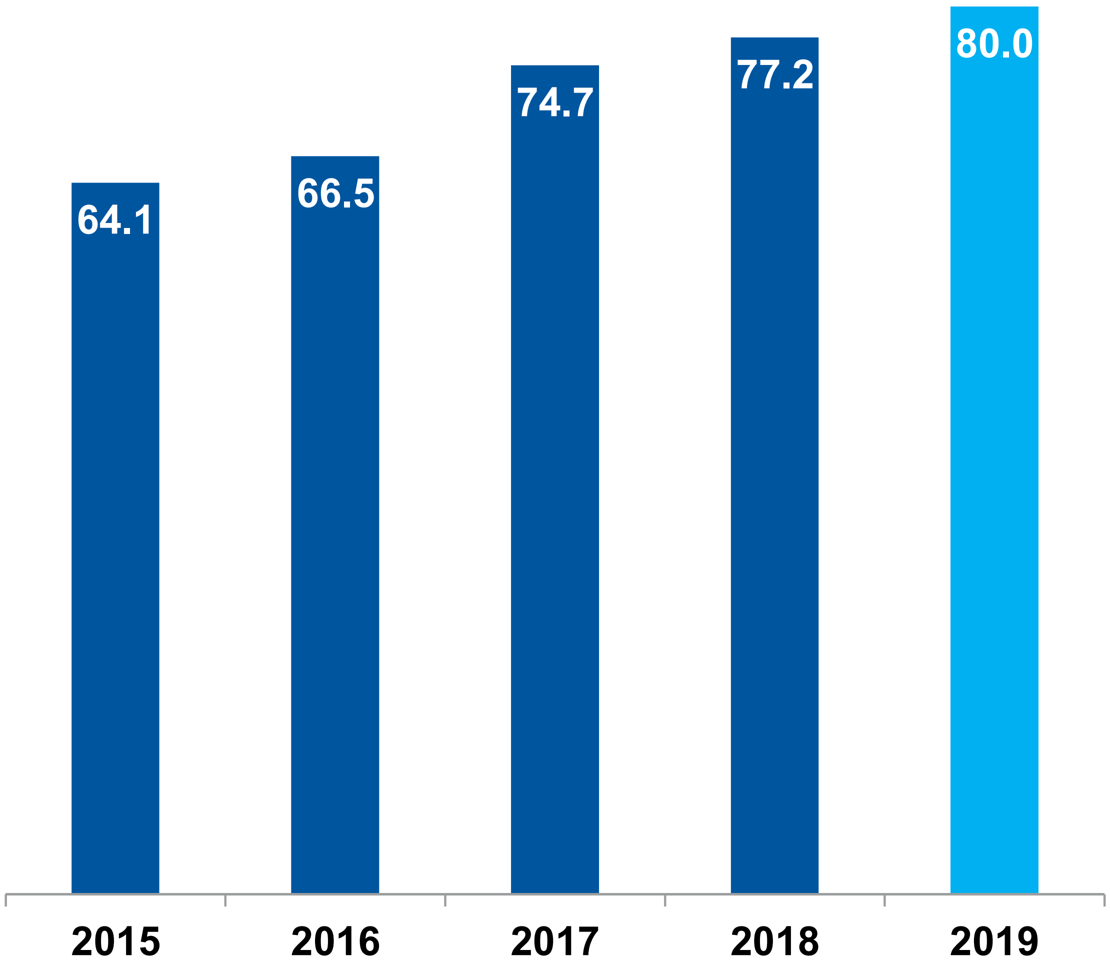
Consolidated revenues

in € million



Intact long-term growth curve

- Revenues reach forecast of € 79 to 80 million
- Purely organic growth of 3.5% in revenues
- Growth on a broad international basis
- Approx. 1% due to USD exchange rates
- Strong growth in medical technology

Operating result above adjusted forecast

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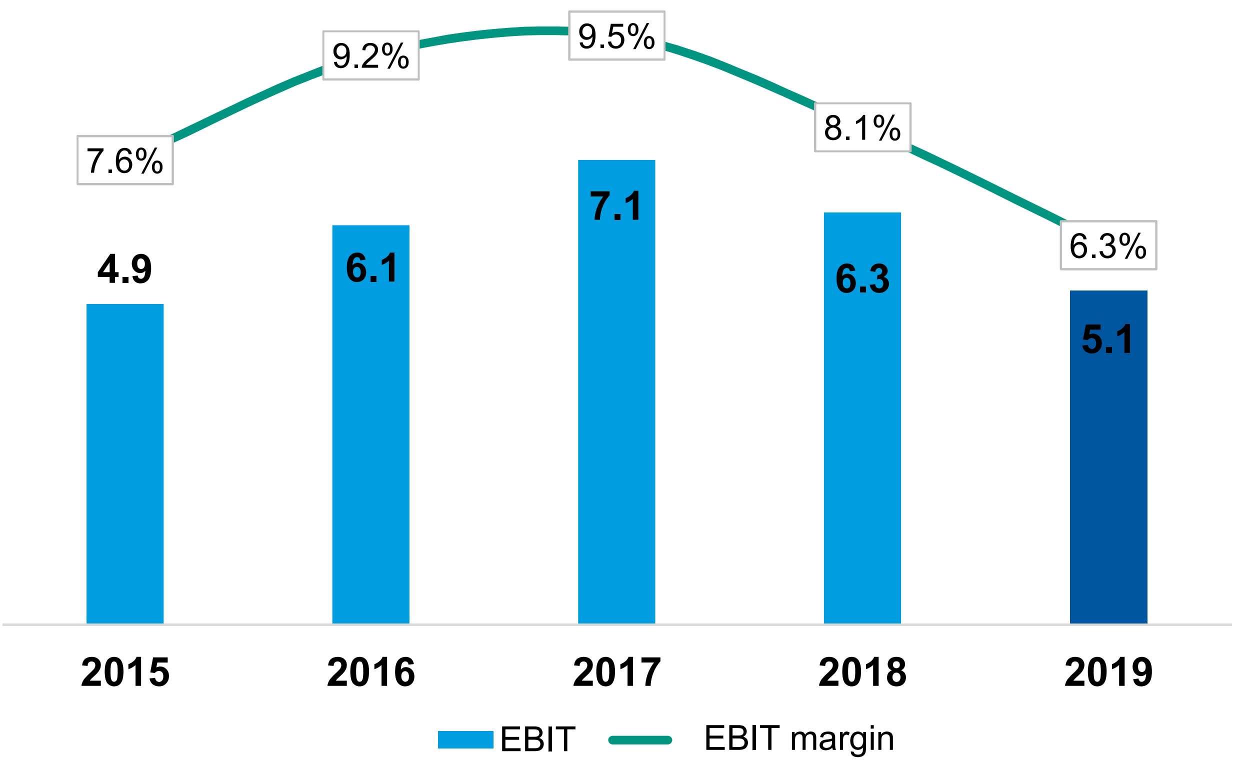
Consolidated EBIT and EBIT margin (operating)

in € million



Profitability burdened by high fixed costs at sites with weaker demand

- Operating EBIT slightly above last forecast
- Burdens from raw material prices and lower personnel productivity
- Cost of materials ratio: 32.3% (previous year: 31.9%)
- Personnel deployment ratio: 40.6% (previous year: 38.9%)
- 2019: extensive cost-cutting measures implemented

Single quarters 2019: weak 4th quarter

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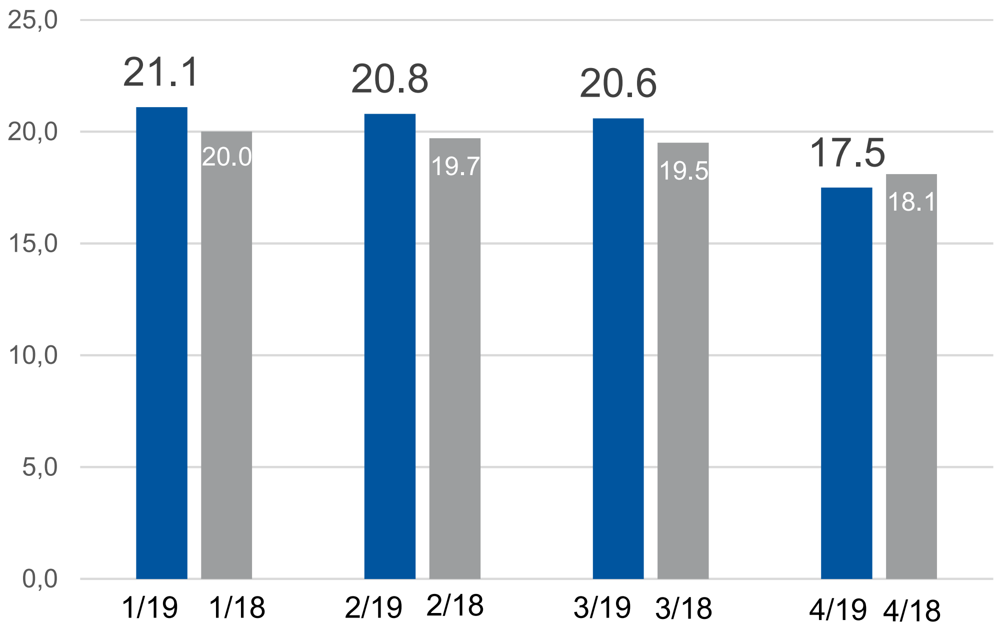
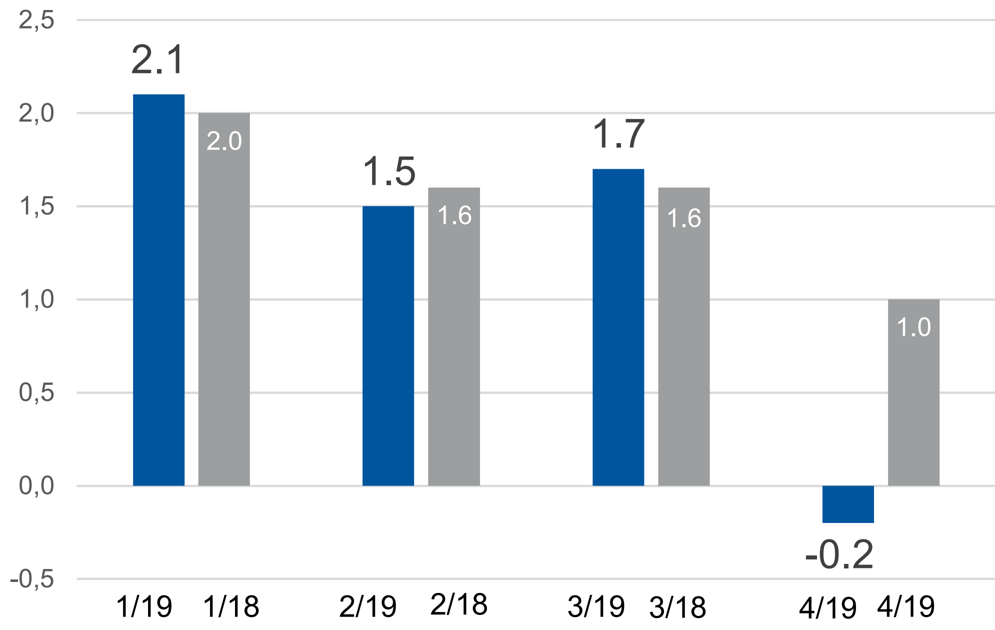
Revenues by quarter
in € million



EBIT by quarter
in € million



Intact growth with partial slowdown due to automotive + mechanical engineering industries

- Intact dynamics in Q1 and Q2; successful "resistance" in Q3; significant slowdown in Q4
- Weak demand especially in the mechanical engineering and automotive industries
- Significantly disproportionate strong decline in earnings due to affected sites with high fixed costs

Net income enables continuation of dividend policy

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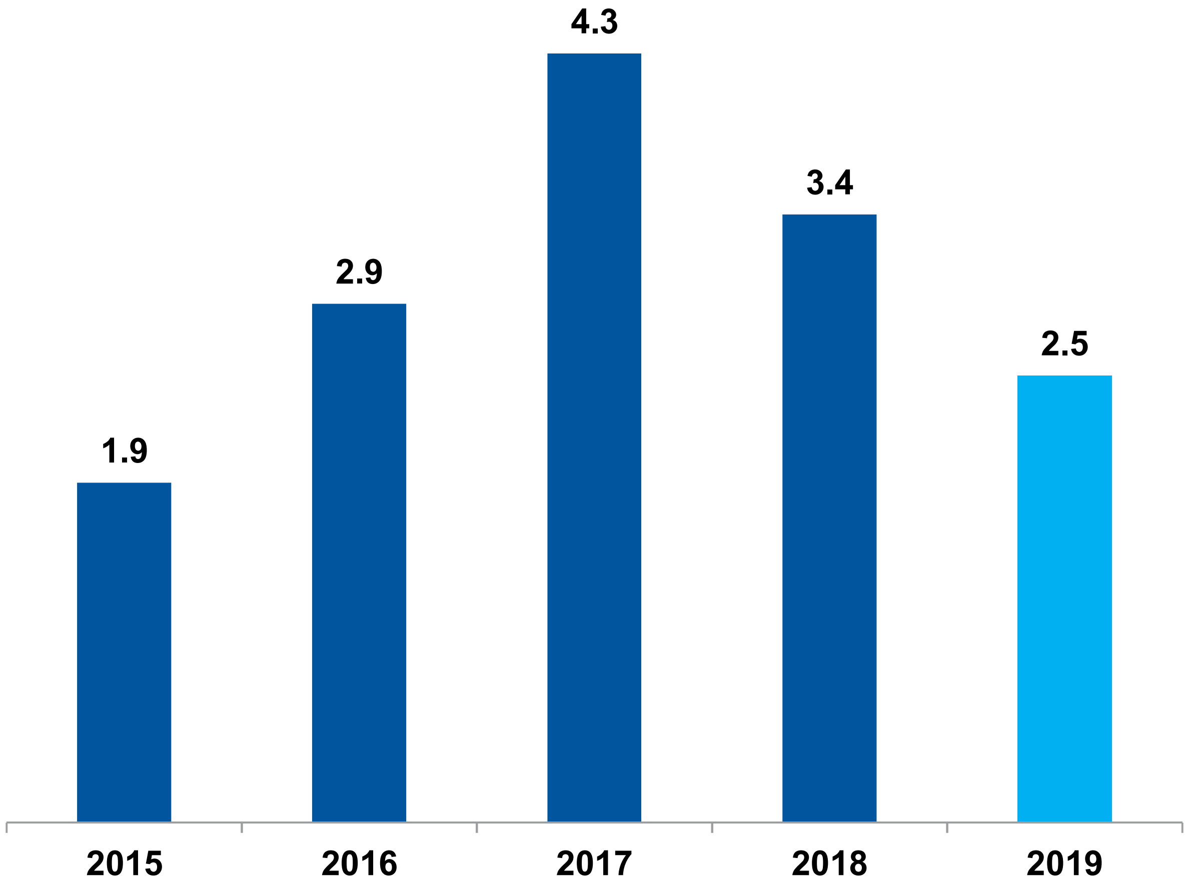
Consolidated net income

in € million



Net income follows the development of operating income

- Financial result: € -1.3 million (previous year: € -1.1 million)
- Signing of a new syndicated loan agreement
- Earnings per share: € 0.26 (previous year: € 0.35)
- Proposed dividend: 7 ct/share (previous year: 7 ct/share)
- Continuation of dividend policy: constant dividend payout at least at the previous year's level

Equity ratio remains very solid

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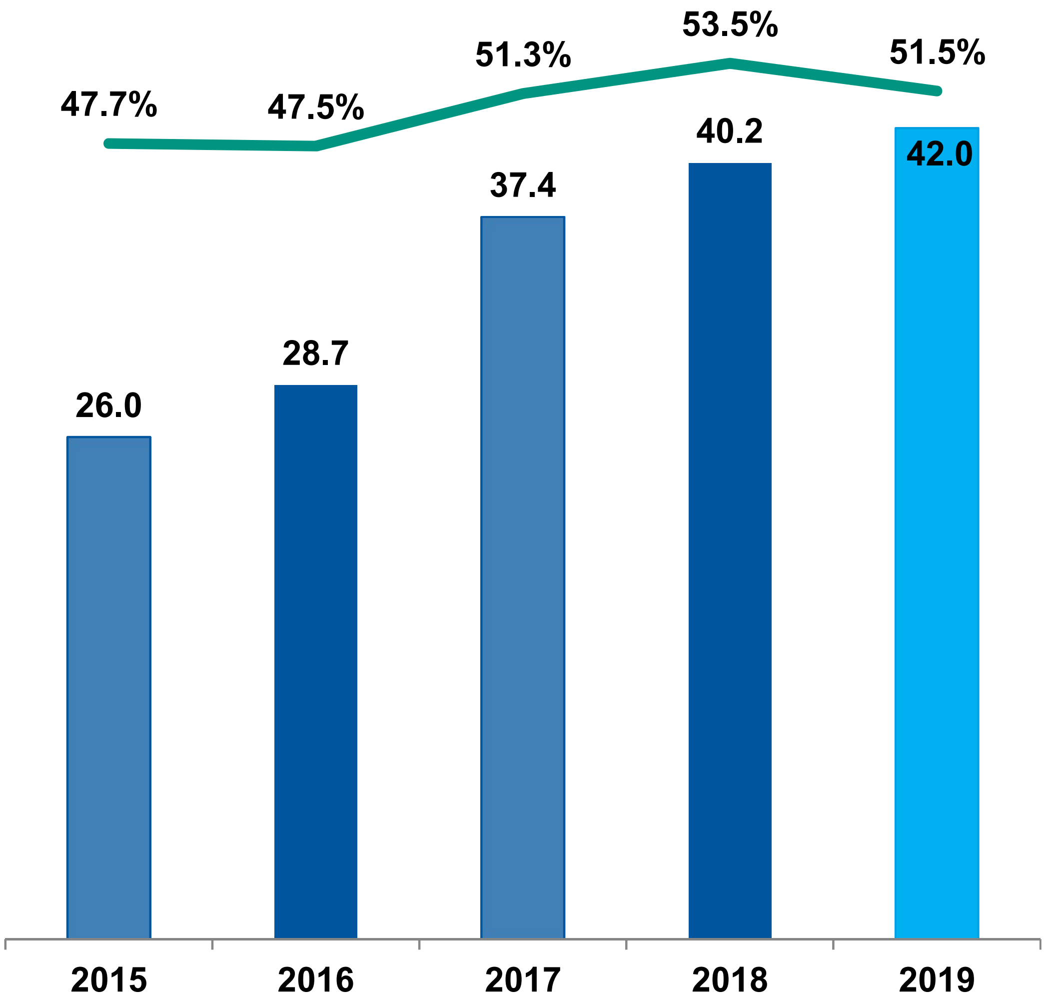
Consolidated equity & equity ratio

in € million



Consolidated equity further increased

- Consolidated equity increases due to net income
- Calculated equity ratio declines due to balance sheet extension because of first-time application of IFRS 16
- Equity ratio of Masterflex SE at 59.2% (previous year: 62.4%)
- Solid basis for further growth and continuation of dividend policy

Operating cash flow significantly increased

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Cash flow & investments

in € million

	2018	**2019**
Operating cash flow	4.7	**6.6**
Cash flow from investment activities	-5.2	**-3.2**
Cash flow from financing activities	-0.8	**-1.0**

Internal financing strength remains solid

- Significant increase in operating cash flow
- Increase despite higher inventories
- Lower investments in 2019 thanks to completed investment projects in 2016 to 2018

Masterflex in 2020

Q1 financial statements will not be excessively influenced by coronavirus

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Status Q1 financial statements

- Revenue will be slightly down on the previous year.
- The main drivers for this are:
  - Influence from coronavirus of approx. € 0.4 million in Asia
  - Industrial sector (mechanical engineering, automotive) remains weak
  - Medical sector growing
- Generally high order intake (approx. € 2.0 million order backlog built up)

Status in March 2020

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Current status in the coronavirus crisis

- 100% short-time working requested for all German sites
- Most of the sites are systemically relevant, as hoses are manufactured for medical, food, pharmaceutical, laboratory technology etc.
- All major sites still with ongoing production
- Partially implemented short-time working
- Supply chains currently still stable, further development remains to be seen
- Strictest spending discipline, investments reduced almost to zero
- Daily “Corona calls” with top management
- Bank discussions started
- Scenario calculations with effects on liquidity, bank covenants etc. in progress

Factors for a potentially robust business performance in 2020

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Factors for a possible robust business performance in 2020 (relative to the industry)

- Broad diversification of target industries with focus on medical and laboratory technology, food industry and mechanical engineering
- Global positioning and client structure; low dependence on major clients
- Comprehensive cost reductions and optimisations in 2019, supplemented by further cost-cutting measures
- Syndicated loan signed in 2019 with increased scope for liquidity
- World market leader for sophisticated hoses and connection solutions

Additional (optional) measures in 2020

- Use of the extensive short-time working arrangements
- Further agreements with the bank consortium

Optimisation and cost-cutting measures launched as early as 2019 increase the robustness for an expected difficult year 2020 and lay the foundation for good medium-term prospects.

Our outlook 2020

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Forecast for 2020

- Currently **no forecast possible**
- In case of strong effects on the global economy and production interruptions: significant, perhaps double-digit decline in revenues and earnings possible
- Positive scenario with little impact on the global economy: constant revenues, with catch-up effects even growth possible

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Medium-term Outlook

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Our medium-term outlook

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Medium and long-term perspective

- **Market leader** in all addressed markets
- **Sustained increase** in operating EBIT, among other things through the “Back to Double Digit” (B2DD) optimisation programme
- **Double-digit EBIT margin** from 2022
- **€ 100 million revenues** in 2023/2024 from organic growth
- Further **increase** in operating cash flow
- Additional growth through **acquisitions** with the goal of € 200 million revenues by 2030

We are sticking to our medium-term targets despite the corona crisis.

Financial Calendar

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Financial calendar 2020	
31 March	Annual Report 2019
2 April	Conference Call Financial Figures 2019
13 May	Statement on Q1/2020
23 June	Annual General Meeting, Gelsenkirchen
12 August	Half-year report 2020
11 November	Statement on Q3/2019

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