MASTERFLEX GROUP
Connecting Values

German Fall Conference
1 – 3 September 2020

MASTERFLEX | MATZEN & TIMM | NOVOPLAST SCHLAUCHTECHNIK | FLEIMA-PLASTIC | MASTERDUCT | APT

Agenda

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1. What do we do?

2. Where do we stand?

3. Where do we want to go? And how do we want to achieve that?

What do we do?
Application examples

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What do we do?
Application examples

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What do we do?
Our client industries

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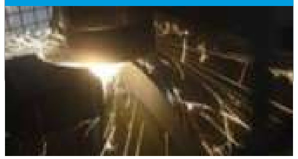
Consolidated revenue:

€ 80.0 million

- **Industrial**

  - **Automotive**

  - **Processing**

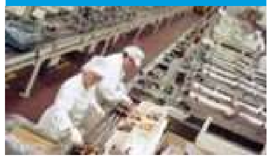


  - **Railway**

  - **Energy**

  - **Mechanical engineering**

  - **Food & pharmacy**



- **Aviation**

- **Medical technology**

What do we do?
Our market

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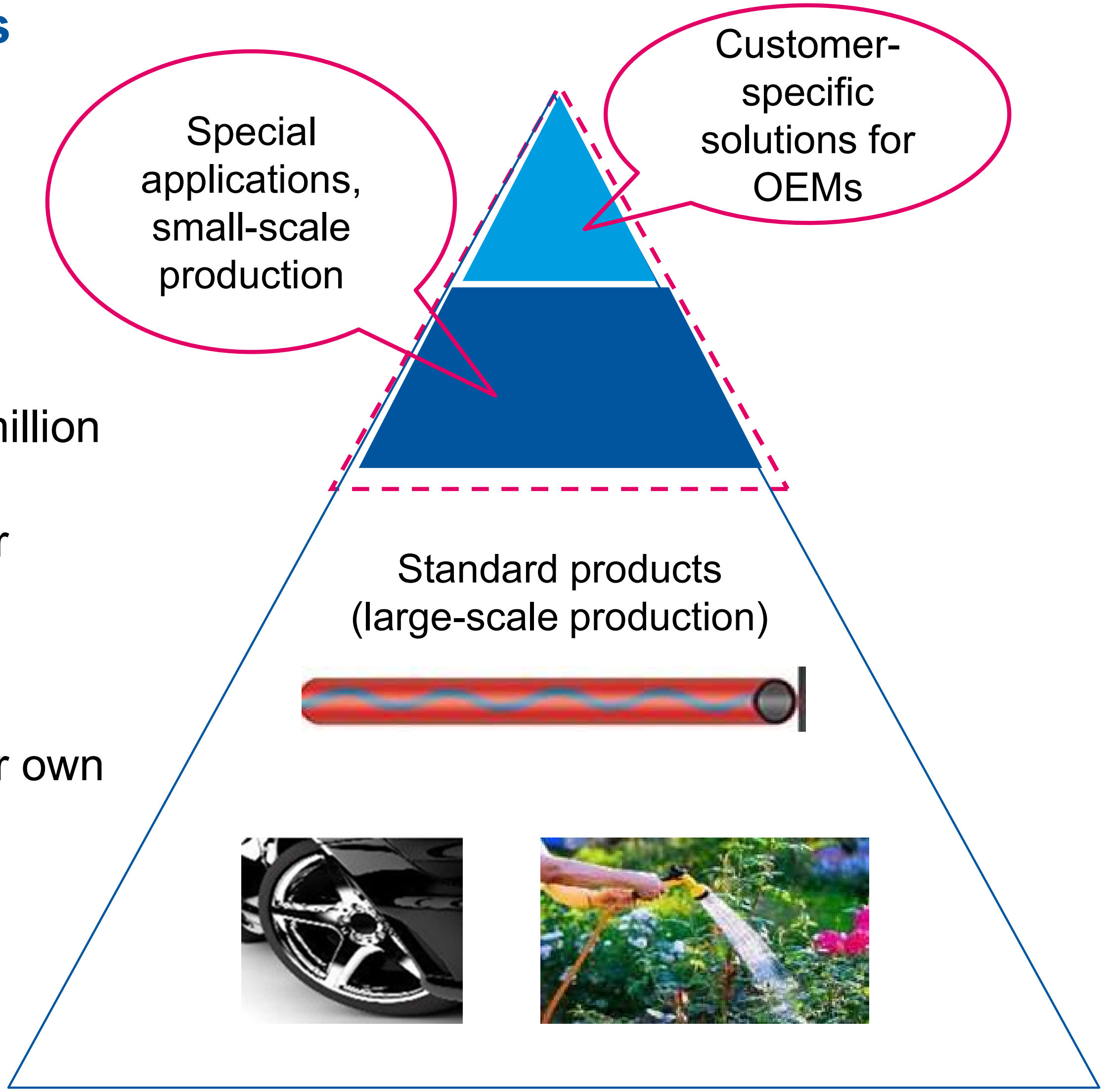
Segments by products and lot sizes

- **Total** market volume: € 21 billion (Europe, America, Asia)
- Market for **special hoses:** € 2 billion
- **Our** long-term **goal**: revenue of € 200 million
- **Our solutions: durable** connections for gases, liquids and solids under **special** requirements
- **Our consulting-oriented** sales with our own development service



Data: ProdCom/Eurostat; own surveys

Masterflex Group-Produkte: Alles aus einer Hand

What do we do?
Our broad product portfolio

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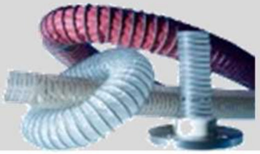
Brand	Product	Materials	Competitors
MASTERFLEX		PU, PVC, fabric	Schauenburg, Norres, Merlett
MATZEN & TIMM		VMQ (silicone), CMS (Hypalon®)	Hutchinson, MST, Flexfab
NOVOPLAST SCHLAUCHTECHNIK		PU, PVC, PA, PE	Modenplast, Medi-Line, Raumedic
FLEIMA-PLASTIC		PC ABS, PVC	Borla, Promepla, miscellaneous
MASTERDUCT		PU, PVC, metals	Hi-tech Duravent, Flexaust, Kanaflex
APT		FEP, PFA, PTFE	Optinova, Saint Gobain

What do we do?
Our competitive strengths

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Market-leading image

Management of high complexity

Broad material competence

Excellent product quality

Pioneer in digitisation

High innovative power

Customised consulting

Competitive strengths

Where do we stand?
Key facts of the 1st half year 2020

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Robust positioning in a very challenging environment

- Masterflex remains clearly profitable despite difficult revenue trend due to corona
- Almost all sites (except temporarily China and France) in production continuously
- Further increase in the share of revenues generated by the company's growth markets medical technology, laboratory technology, life sciences and food industry
- Continuing difficult environment in aerospace, automotive and mechanical engineering
- Robust setup:
  - B2DD optimisation programme already started in 2019 and supplemented by additional cost reduction measures
  - New syndicated loan agreed in 2019 and precautionary covenant waiver secure long-term debt financing (no government corona assistance loans)
  - Liquidity increased and net debt reduced; dividend stable; high operating CF
- 2nd quarter 2020 should already have been the low point in terms of revenues
- Confirmation of the forecast for 2020

Where do we stand?
H1/2020: Development along forecast

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Key figures 1st half year
in € million

	2019	**2020**
Revenues	41.9	**37.4**
EBITDA	5.6	**4.7**
EBIT (operating)	3.6	**2.5**
Consolidated net income	2.1	**1.3**
EPS (in €)	0.22	**0.13**

Satisfactory earnings situation in the current environment

- Revenues down 10.9% with growth in medical technology partially offsetting the COVID 19 effects
- Bundling in material purchasing and price negotiations reduce cost of materials ratio from 33.2 % to 30.8 %
- Staff reductions, short-time working and efficiency enhancements limit increase in personnel expenses ratio to 41.3 % (after 38.6 %)
- Operating EBIT margin at 6.6% after 8.6%

Where do we stand?
Single quarters: both quarters profitable

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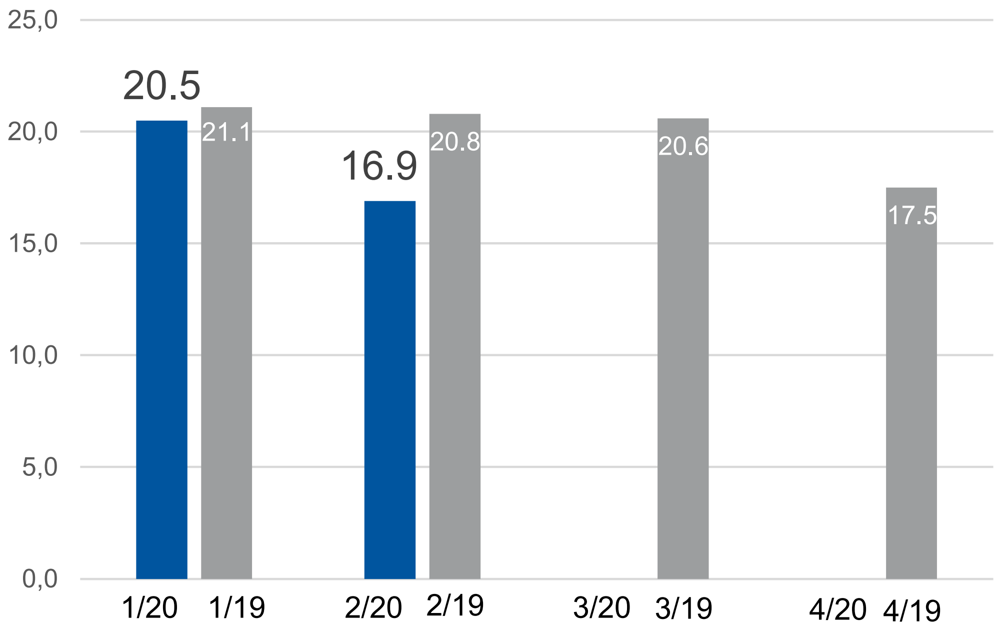
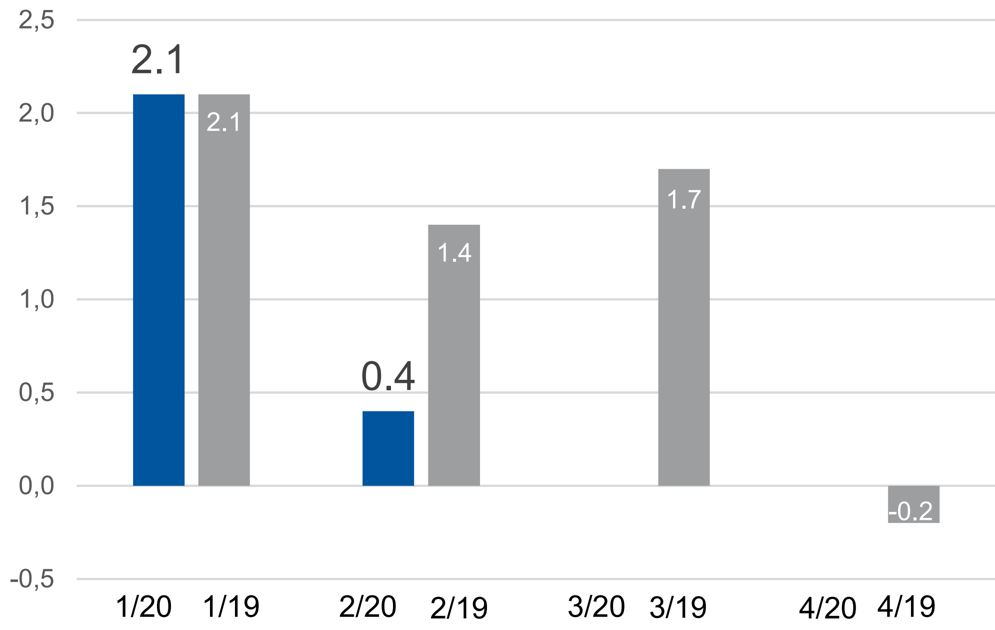
Revenues by quarter
in € million



Operating EBIT by quarter
in € million



Stable Q1 is followed by difficult Q2 due to Corona

- COVID 19 pandemic affected revenues in China in Q1, in Europe in Q2; USA robust
- Q2 with -19.0% should have been the low point in 2020
- Successful optimization and containment of negative effects ensure profitable single quarters

Where do we stand?
Equity ratio remains very solid

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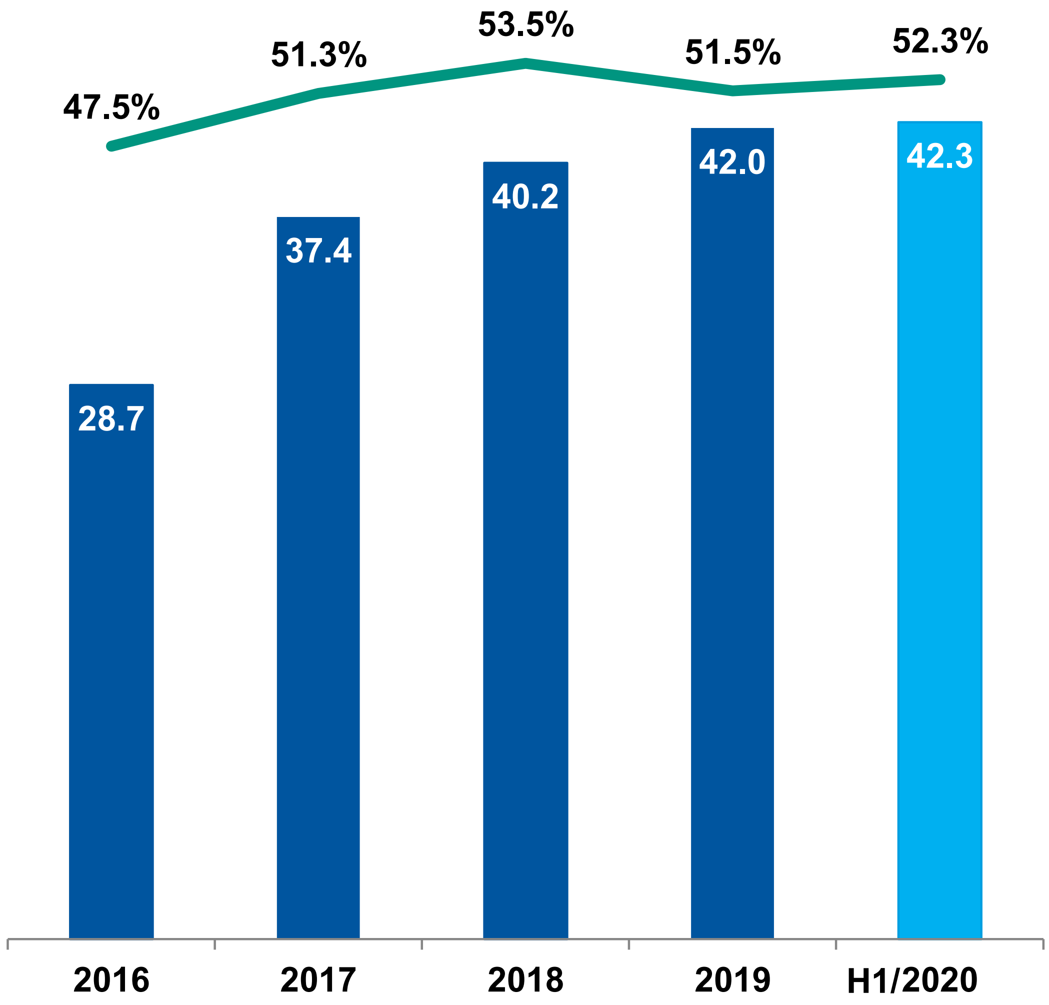
Consolidated equity & equity ratio
in € million



Solid and robust base

- Stable consolidated equity with dividend continuity at the same time
- Dividend of 7 ct/share
- Increase of liquidity to EUR 7.8 million
- Reduction of net debt
- Strong operative CF of EUR 4.1 million

Where do we stand? Factors for a continued robust business development in 2020

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Factors for a continued robust business development in 2020

- Broad diversification of target industries with focus on medical and laboratory technology, food industry and mechanical engineering
- Global positioning and client structure: China back to full capacity thanks to wind power, Europe with recovery from Q3/Q4, USA so far robust and weakening in Q3
- Hardly any dependence on major customers (except Airbus)
- Comprehensive cost reductions and optimizations in 2019, supplemented by further cost-cutting measures
- Syndicated loan concluded in 2019 with greater liquidity scope and precautionary waiver until Q3/2021
- World market leader for sophisticated hoses and connection solutions

Optimizations and cost reductions already started in 2019 increase robustness for a challenging 2nd HY 2020 and lay the foundation for good medium-term prospects.

Where do we want to go?
Our outlook 2020

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Forecast for 2020

- U-shaped business cycle
- Economic recovery for the end of Q3 or Q4 2020 at the latest
- Further noticeable decline in revenues in Q3
- Revenue decline of 10% to 15% for the year as a whole
- Operating EBIT 2020 between EUR 1.0 and 2.5 million

Where do we want to go?
Our medium-term outlook

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Medium and long-term perspective

- **Market leader** in all addressed markets
- **Sustainable increase** in operating EBIT, among other things through optimization program "Back to Double Digit" (B2DD)
- **Double-digit EBIT margin** from 2022
- **EUR 100 million revenues** in 2023/2024 through organic growth
- Further **improvement in** operating CF
- Additional growth through **acquisitions** with the goal of EUR 200 million revenues by 2030

We continue with our medium-term targets despite the Corona crisis.

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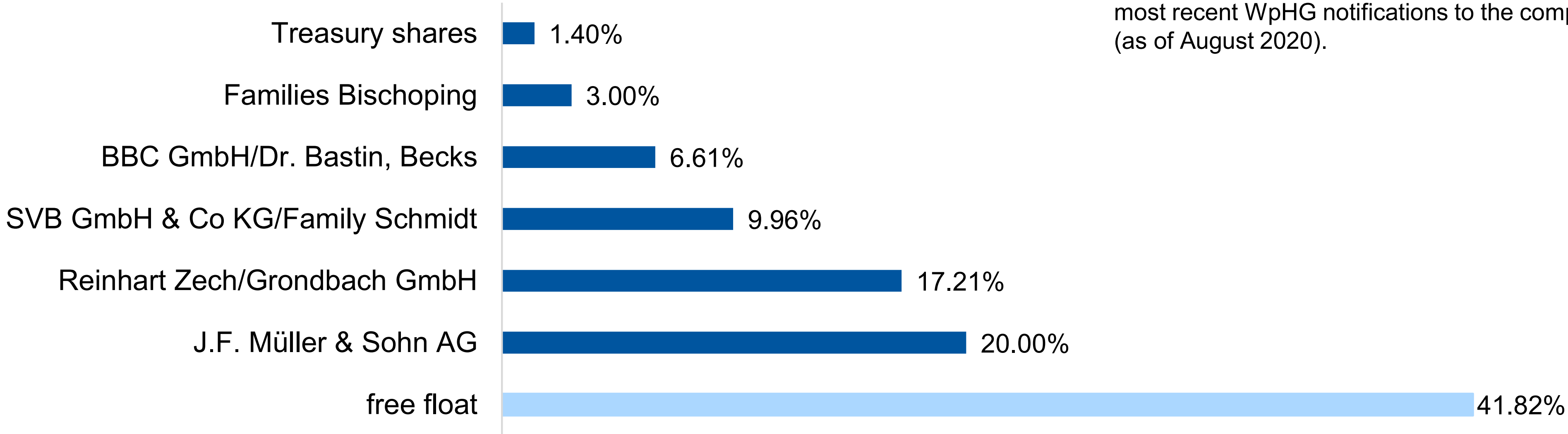
Distribution of the share capital of 9.8 million shares

As a rule, the information on shares refers to the most recent WpHG notifications to the company (as of August 2020).



- Growing importance of family offices
- Withdrawal/reduction of two Dutch funds
- Management acquired further shares with a volume of EUR 480,000 in February 2020.

Why Masterflex?
Investment case

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Sustainable reasons for the Masterflex share

1. Masterflex is a medium-sized global market leader and a clear growth stock.
2. Masterflex is closely linked to its customers – but thanks to its broad positioning it is largely independent of customers and industries.
3. Masterflex is an established B2B brand and is perceived by customers and competitors as technology leader.
4. Especially the already developed markets in the USA and Asia still offer disproportionately high development potential.
5. Acquisitions in line with the strategic guideline offer additional growth potential.
6. Masterflex is a clear pioneer in the digitisation of hoses and connection solutions.
7. Masterflex is addressing structural weaknesses and will increase earnings more strongly than revenue:
    - Approx. € 100 million revenue in 2023 through entirely organic growth
    - Double-digit EBIT margin from 2022 at the latest
    - Improvement of operating cash flow
    - Additional growth through acquisitions with the target of € 200 million revenue by 2030

Financial Calendar

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Financial Calendar 2020	
31 March	Annual Report 2019
13 May	Q1/2020
23 June	Annual General Meeting
12 August	Half-year report 2020
20 August	Hamburg Investors Day
1-3 September	German Fall Conference (virtual)
11 November	Q3/2020

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IR	Frank Ostermair (Better Orange)

Measures and status in the Corona crisis

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Current status in the Corona crisis

- 100 % short-time working requested for all German sites as a precautionary measure
- Most of the sites are system-relevant, since hoses are produced for medical, food, pharmaceutical, laboratory technology, etc.
- All major sites in the crisis to date with continuous production
- Partially implemented short-time working
- Supply chains stable, continuous monitoring
- Strictest spending discipline, investments significantly reduced
- Scenario calculations with effects on liquidity, bank covenants etc. show robust setup