

MASTERFLEX SE
QUARTERLY FINANCIAL REPORT
3/2015



Highlights in the First Nine Months

Revenue increase of 2.0 %

EBIT margin at 9.0 %

Annual forecast adjusted

Rapid profit upturn targeted

Masterflex at a Glance

in k€

Consolidated revenue

EBITDA

EBIT

EBT

Financial result

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

Consolidated equity

Consolidated total assets

Consolidated equity ratio

* without minority interests

The Group



MASTERFLEX

Spiral hoses and connection systems for all industrial applications



MATZEN & TIMM

Special vulcanized shapes and hoses for the aviation, the automotive industry as well as the rail traction



NOVOPLAST SCHLAUCHTECHNIK

Preformed tubes and technical tubings for medical as well as industrial uses



FLEIMA-PLASTIC

Injection moulded parts and components for the medical technology



MASTERDUCT

High-tech hoses and connection systems and HVAC elements

30.09.2015

49,025

6,529

4,430

3,675

-756

2,302

-32

2,239

0.26

0.00

0.26

9.0 %

602

30.09.2015

26,251

56,495

46.5 %

30.09.2014

48,079

7,434

5,312

4,428

-884

2,876

-37

2,794

0.32

0.00

0.32

11.0 %

579

31.12.2014

23,835

51,982

45.9 %

Change

2.0 %

-12.2 %

-16.6 %

-17.0 %

-14.5 %

-20.0 %

-19.9 %

-18.8 %

-18.8 %

4.0 %

Change

10.1 %

8.7 %

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Foreword by the CEO

Dear Shareholders,

After a very hopeful start to 2015, I now regret to report that our expectations for this year have unfortunately not been met. Although we have never before sold so many high-tech hoses and connections systems within the space of nine months with revenue of € 49.0 million, we expected much more of the second half of the year and planned staff and material costs accordingly. This is the main reason that our EBIT is a good 16 % down year on year at € 4.4 million. This corresponds to an EBIT margin of 9.0 %. As this will in all likelihood not change significantly this year, we have had to lower our forecast for 2015. We informed you about this in an ad hoc disclosure on 26 October.

We have learned from this and are taking appropriate steps. We must put our proven, sustainable and comparatively high profitability back at the centre of our thoughts and actions. After all, our business model is highly profitable, as our long-standing double digit EBIT margin conclusively proves. To achieve a sustainable improvement in profitability, we have developed a comprehensive package of measures. The guiding principle is the reduction of complexity in internal processes. This includes streamlining human resources and reducing the structural and logistics costs resulting from the large number of locations and companies that are there by dint of history. With the conversion of our Russian joint venture into an exclusive trading partnership – and thus the significant reduction of risk – at the start of October, we have already put this into practice in a difficult political environment.

Also regarding the profitability of our extensive product portfolio, which has grown over time, savings potential has been clearly identified and is now being exploited. In addition, we are aiming to make more efficient use of our distribution channels – direct sales and cooperation with OEMs and technology dealers. The goal here is also to lower the administrative costs of order processing and thus with a bigger volume per order to provide greater efficiency.



Dr. Andreas Bastin
Chief Executive Officer

All these measures aim to achieve a clearly double-digit EBIT margin again in 2016.

Our shares have suffered under the reduced 2015 forecast. This pains me and my Executive Board colleague as much as it does you, the shareholders, as we have a good 6 % stake in the company. But we are all the more motivated to move the business - and therefore also the share price - forward again. Please be assured that we will act with a focus on earnings, sustainability and the future.

Gelsenkirchen, 31 October 2015



Dr. Andreas Bastin
CEO

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 twelve 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.

Business Development in the First Nine Months

The economic situation in Germany has proven fundamentally robust. At the same time, uncertainty has not diminished, thanks to the armed conflicts in the Middle East and the resulting flow of refugees into Europe. This is negatively affecting business sentiment and now sometimes leading to delays in investment projects, some of which are making a greater impact on us.

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 unchanged momentum there, our ability to supply internationally for a large share of our customers – e.g. German global players – is an important aspect for us as they feel well serviced by our locations all over the world.

In Russia, the conditions for Western businesses have changed drastically since the outbreak of the Ukraine crisis. The Executive Board has therefore decided to sell the 51 % stake in the joint venture founded in 2010 to the partner and to transfer the cultivation of the Russian market to an exclusive trading partnership. The currency-hedged and bank-secured sale agreement was signed and executed on 2 October.

In China, we have been actively operating on the market for three years; we have now secured ourselves a good position as a European manufacturer of special hoses in Kunshan, near Shanghai. Since the start of the year, our revenue has developed with pleasing dynamism compared to the same period of the previous year and as expected. If this trend continues in Asia despite the now more modest estimate of the Chinese market in Europe, we expect positive results from our activities, newly founded in 2013, in the medium term.

In North America, the economic climate remains positive. Year on year, our US business with the Masterduct brand proved stable only when adjusted for currency effects. Under the new regional management in place there since September, our objective is to further increase market penetration and to significantly expand our revenue in this large and industrially manifold region.

Innovation

The second element of our growth strategy is our innovation. We are continually developing new hoses and connecting parts, which are frequently based on innovations initiated by customer inquiries. Product innovations developed exclusively for individual customers are not generally launched publicly. Further innovative connecting products are currently in the development or test phase.

An extensive pool of high-quality measuring and analysis instruments is required for testing and meeting the diverse licensing requirements, which we have acquired over recent years by making investments. We will show you a few pictorial examples in this report.

At the site of our headquarters, the construction of a warehouse was recently begun, which will supply the rising demand for high-quality Masterflex brand spiral hoses with greater logistical efficiency. The new capacity is expected to be completed in early 2016.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Results of Operations

In the first nine months of 2015, revenue with high-tech hoses and connection systems grew by 2.0 % from € 48.1 million to € 49.0 million. At € 51.4 million, gross revenue was 4.9 % higher than in the previous year (€ 49.0 million).

Consolidated EBITDA in the first nine months of 2015 declined by 12.2 % from € 7.4 million (2014) to € 6.5 million this year. EBIT therefore fell by 16.6 % to € 4.4 million. This resulted in an EBIT margin of 9.0 %.

These results fall short of the forecast for 2015. We have therefore adjusted our forecast and announced this by way of ad hoc disclosure dated 26 October.

The planned revenue increase failed to materialise primarily as a result of problems in the smooth hose business at Novoplast Schlauchtechnik. These include the major order in the Novoplast Schlauchtechnik brand's Medical Products business unit – which has had problems since the end of last year – the revenue from which has not yet been ramped back up because of technical quality issues. In addition, some projects in this brand's Industrial business unit have been delayed for various reasons. The Masterflex Group's other sites and brands were unable to compensate for these revenue losses.

This revenue volume that was relatively too low was offset by increases in other expenses to € 9.5 million (same period of the previous year: € 8.5 million) and staff costs to € 19.4 million (previous year: € 17.5 million). The staff cost ratio (ratio of staff costs to revenue plus changes in inventories) was 38.5 % compared to 36.0 % in the previous year. In addition to general wage cost increases, this increase in staff costs is due in particular to the expansion of the workforce, implemented in view of the current objective of above-average growth, and to predominantly one-time expenses for filling sales and management positions.

In contrast, the cost of materials developed comparatively stably with a growth rate of 2.5 % to now € 16.0 million. Both cost stability on the raw materials side as well as the savings effect of the design to cost policy contributed to this. The cost of materials ratio (cost of materials in relation to revenue plus changes in inventories) was therefore 31.9 % (previous year: 32.3 %).

As part of our growth strategy, we are continually investing in locations and facilities. Depreciation on property, plant and equipment is stable at € 2.1 million.

The financial result decreased by 14.5 % from € -0.9 million to € -0.8 million. This was driven by declining financial liabilities. At € 1.4 million, income taxes were 11.6 % lower than in the previous year (€ 1.6 million), too.

Due to the weaker-than-planned increase in revenue and the strategy-induced increase in the cost of materials and staff costs, the Group result after minority interests declined by 19.9 % to € 2.2 million. Earnings per share were € 0.26 compared to € 0.32 in the same period of the previous year.

Net Assets

Total assets amounted to € 56.5 million as of the reporting date. This marks growth of 8.7 % as against the end of 2014. The increase is attributable solely to the rise in current assets to € 27.1 million.

Non-current assets declined slightly by 0.8 % to € 29.4 million. On balance, property, plant and equipment, which increased by 2.9 % to € 23.3 million, was nearly compensated for by deferred tax assets, which fell to € 1.8 million (previous year: € 2.6 million).

The 21.3 % increase in current assets to € 27.1 million is attributable especially to a higher inventory holding of € 13.9 million and the revenue-driven growth of our receivables and other assets to € 9.2 million. Cash and cash equivalents and bank balances developed in the opposite direction to € 4.0 million as of the reporting date (end of 2014: € 4.4 million).

Financial Position

In the first nine months of 2015, the Masterflex Group's equity increased by 10.1 % to € 26.3 million. This equates to an equity ratio of 46.5 % (2014 reporting date: 45.9 %). In addition to the net profit for the period of € 2.3 million, positive currency translation effects also contributed to this.

Non-current borrowing declined by 7.6 % to € 15.8 million. This was especially due to an ongoing reduction of non-current financial liabilities to now € 13.5 million.

As of the reporting date, current borrowings amounted to € 14.2 million compared to € 10.8 million at the end of 2014. The increase is based in particular on an increase in current financial liabilities to € 6.8 million in order to pre-finance our growth via inventory expansion and increased invoicing.

Operating cash flow of the first nine months was € 2.5 million (same period of the previous year: € 4.4 million). Alongside the lower operating result, this primarily reflects the expansion of inventory and the increase in our trade receivables. Liquid assets declined to € 4.0 million (same period of the previous year: € 5.6 million).

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

The Masterflex Group contracted additional staff up to the end of September. The Masterflex Group employed an average of 602 people in the first nine months. This corresponds to a 4.0 % increase on the same period of the previous year (579 jobs).

RESEARCH AND DEVELOPMENT

We are continuing to develop R&D projects all the time. As at 30 September 2015, there were no material changes since the statements made in the 2014 Group management report.

REPORT ON POST BALANCE SHEET DATE EVENTS

Besides the sale of our investment in Masterflex RUS that concluded on 2 October 2015, no other 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 generally developing stably. However, uncertainty has not diminished due to an increasing number of political conflicts and in view of a major stream of refugees into Europe and could have a greater negative impact on propensity to invest. This applies particularly to Germany and Europe, where the Masterflex Group still has its revenue focus.

The Masterflex Group's growth strategy is based on the pillars of structured internationalisation and product innovations. To implement above-average growth, extensive investments have been made in real capital and the workforce over the last years. However, these start-up costs have not been converted sufficiently into new business to date. The profitability of our business has suffered from this. The Executive Board is therefore working on a package of measures to strengthen the Group's profitability again. The goal is a swift return to a double-digit EBIT margin. In addition, we are stepping up our efforts to grow stronger with an international acquisition in the market for special hoses.

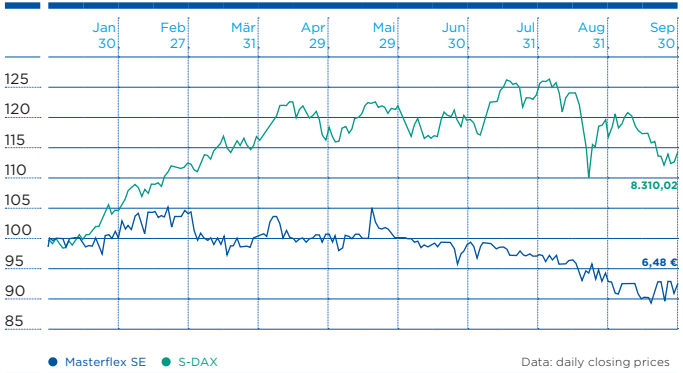
On the basis of nine-month figures and internal estimates, we expect revenue growth of 2 % to 4 % and an operating result slightly lower than that of the previous year (€ 6.3 million) for 2015. The resulting EBIT margin will no longer be in double digits, but rather single digits.

Master-PUR STEP MHR

This step-resistant suction and transport hose is designed for abrasive solid matter where resistance to microbes and hydrolysis is required. A typical application at this time of year is clearing leaves from roads and pavements.



The Masterflex Shares



In the first nine months, the Masterflex share declined in value; the closing price at the end of September was € 6.48 and therefore 7.4 % down on the start of the year. Since the announcement of provisional annual figures for 2014 in early March, the share deviated from the development of the S-Dax and fell to its lowest closing price of € 6.25 in mid-September. In the first nine months, the share price fluctuated between a high of € 7.41 and a low of € 5.801.

Share turnover in the first nine months was around 1.3 million shares on all German stock exchanges, below the previous year's level of around 1.6 million. Trading in the share was relatively quiet in summer in particular. Share turnover also varied more significantly on a daily basis at times. When trading on the stock exchange, a limit is therefore still recommended.

The price decline in combination with weaker trading is probably not due to only increasing volatility on the capital market. In addition, the share did not impress in all areas because of the enduring decline in the operating margin. After initiating a package of measures with the objective of a clearly double-digit EBIT margin, we expect interest in the Masterflex share to pick up again. The established, sustainable and reliable business model of the Masterflex Group, the production and marketing of high-tech hoses and connection systems, is highly profitable and worth expanding organically and through acquisitions.

The IR team maintains regular contact to investors and analysts in order to improve the visibility of the stock on the market. The Masterflex Group will participate at the Equity Forum on 23 and 25 November and at roadshows for investors.

FINANCIAL CALENDAR

Dates for 2015 and 2016

9 November	Quarterly Financial Report III/2015
23 to 25 November	German Equity Forum, Frankfurt/Main
March 2016	Annual Report 2015
June 2016	Annual General Meeting



Measuring microscope

This high-quality measuring microscope with up to 50-times magnification can be used to check medical hoses for their exact measurements, such as diameter and wall thickness, without touching them. Anything not meeting the strict standards expected of medical equipment in particular is consistently weeded out.

Interim Financial Statements

Consolidated Statement of Financial Position

Assets in k€	30.09.2015*	31.12.2014
NON-CURRENT ASSETS		
Intangible assets	3,962	4,077
Concessions, industrial and similar rights	391	495
Development costs	129	141
Goodwill	3,258	3,258
Advance payments	184	183
Property, plant and equipment	23,302	22,641
Land, land rights and buildings	11,285	11,413
Technical equipment and machinery	9,021	8,413
Other equipment, operating and office equipment	2,228	2,182
Advance payments and assets under development	768	633
Non-current financial assets	268	311
Non-current financial instruments	122	131
Other loans	146	180
Other assets	0	0
Other financial assets	1	20
Deferred taxes	1,819	2,553
	29,352	29,602
CURRENT ASSETS		
Inventories	13,948	11,694
Raw materials and consumables used	6,939	6,107
Work in progress	1,065	662
Finished products and goods purchased and held for sale	5,921	4,904
Advance payments	23	21
Receivables and other assets	9,221	6,178
Trade receivables	7,413	5,350
Other assets	1,804	820
Other financial assets	4	8
Income tax assets	18	82
Cash in hand and bank balances	3,955	4,422
	27,142	22,376
Assets held for sale	1	4
	27,143	22,380
Total Assets	56,495	51,982

* unaudited

Consolidated Statement of Financial Position

Equity and Liabilities in k€	30.09.2015*	31.12.2014
SHAREHOLDERS' EQUITY		
Consolidated equity	25,951	23,446
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-7,437	-9,674
Revaluation reserve	-585	-576
Exchange differences	-1,011	-1,288
Minority interest	300	389
Total equity	26,251	23,835
NON-CURRENT LIABILITIES		
Provisions	76	206
Financial liabilities	13,527	15,052
Other financial liabilities	5	45
Other liabilities	1,248	1,251
Deferred taxes	993	604
	15,849	17,158
CURRENT LIABILITIES		
Provisions	2,813	2,303
Financial liabilities	6,752	5,150
Other financial liabilities	60	55
Income tax liabilities	423	590
Other liabilities	4,133	2,677
Trade payables	2,275	1,487
Other liabilities	1,858	1,190
	14,181	10,775
Liabilities directly connected with assets held for sale	214	214
	14,395	10,989
Total equity and liabilities	56,495	51,982

* unaudited

Consolidated Income Statement

Continued business units in k€	01.01. – 30.09.2015*	01.01. – 30.09.2014*
1. Revenue	49,025	48,079
2. Changes in inventories of finished goods and work in progress	1,210	450
3. Work performed by the enterprise and capitalised	143	168
4. Other operating income	1,034	322
Gross revenue	51,412	49,019
5. Cost of materials	-16,048	-15,664
6. Staff costs	-19,359	-17,447
7. Depreciations	-2,099	-2,122
8. Other expenses	-9,476	-8,474
9. Financial result		
Financial expenses	-831	-910
Other financial result	75	26
10. Earnings before taxes	3,674	4,428
11. Income tax expense	-1,372	-1,552
12. Earnings after taxes from continued business units	2,302	2,876
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-32	-37
14. Consolidated net income/loss	2,270	2,839
thereof minority interests	-32	-45
thereof attributable to shareholders of Masterflex SE	2,238	2,794
Earnings per share (diluted and non-diluted)		
from continued business units	0.26	0.32
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.26	0.32

*unaudited

Consolidated Statement of Comprehensive Income

in k€	01.01. – 30.09.2015*	01.01. – 30.09.2014*
Consolidated net income/loss	2,270	2,839
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	285	502
2. Changes in fair values of financial instruments	-9	14
3. Income taxes	-8	-11
4. Other earnings after taxes	268	505
Overall result	2,538	3,344
Overall result	2,538	3,344
thereof minority interests	-32	-45
thereof attributable to shareholders of Masterflex SE	2,506	3,299

* unaudited

Insulated ventilation hose

The connection hose from Matzen & Timm used to provide aircraft ventilation has very efficient insulation to reduce heat loss. The product is customised to each individual installation.



Consolidated Income Statement

Continued business units in k€	01.07. – 30.09.2015*	01.07. – 30.09.2014*
1. Revenue	16,038	16,105
2. Changes in inventories of finished goods and work in progress	780	381
3. Work performed by the enterprise and capitalised	66	15
4. Other operating income	599	192
Gross revenue	17,483	16,693
5. Cost of materials	-5,488	-5,372
6. Staff costs	-6,575	-5,830
7. Depreciations	-669	-739
8. Other expenses	-3,367	-2,978
9. Financial result		
Financial expenses	-337	-268
Other financial result	66	13
10. Earnings before taxes	1,113	1,519
11. Income tax expense	-448	-547
12. Earnings after taxes from continued business units	665	972
Discontinued business units in k€		
13. Earnings after taxes from discontinued business units	-2	-15
14. Consolidated net income/loss	663	957
thereof minority interests	-13	-23
thereof attributable to shareholders of Masterflex SE	650	934
Earnings per share (diluted and non-diluted)		
from continued business units	0.08	0.11
from discontinued business units	0.00	0.00
from continued and discontinued business units	0.08	0.11

*unaudited

Consolidated Statement of Comprehensive Income

in k€	01.07. – 30.09.2015*	01.07. – 30.09.2014*
Consolidated net income/loss	663	957
Other result		
Items, that may be reclassified subsequently to profit or loss if specific conditions are met		
1. Exchange differences on translation of foreign financial instruments	-152	398
2. Changes in fair values of financial instruments	2	20
3. Income taxes	-5	-3
4. Other earnings after taxes	-155	415
Overall result	508	1,372
Overall result	508	1,372
thereof minority interests	-13	-23
thereof attributable to shareholders of Masterflex SE	495	1,349

* unaudited

Injection-moulded medical parts

Stepped connectors and adapters from the Fleima-Plastic brand ensure a secure connection between hoses of different sizes. Produced in the clean room, they must meet strict quality criteria as medical equipment. These connectors are manufactured by injection moulding.

Consolidated Cash Flow Statement

in k€	01.01. – 30.09.2015*	01.01. – 30.09.2014*
Result for the period before taxes, interest expenses and financial income	4,366	5,230
Income taxes paid	-396	-693
Depreciation expense for property, plant and equipment and intangible assets	2,099	2,122
Change in provisions	380	541
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	-111	-246
Changes in inventories	-2,255	-1,834
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-3,187	-773
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	1,561	79
Net cash from operating activities	2,457	4,426
Proceeds from the disposal of non-current assets	0	276
Payments to acquire non-current assets	-2,505	-2,312
Changes in cash and cash equivalents due to the repayment of financial assets	34	34
Net cash from/used in investing activities	-2,471	-2,002
Payments to owner and minority interests	-120	-151
Interest and dividend receipts	70	27
Interest expenditure	-682	-741
Proceeds from raising loans	2,000	2,500
Payments for the repayment of loans	-2,000	-3,662
Net cash from/used in financing activities	-732	-2,027
Net change in cash and cash equivalents	-746	397
Changes in cash and cash equivalents due to exchange rates and other factors	277	491
Cash and cash equivalents at the start of period	4,425	4,755
Cash and cash equivalents at the end of period	3,956	5,643

*unaudited



Combustion chamber

Material destined for use in aviation is tested here at Matzen & Timm for the required self-extinguishing properties. Here, too, quality is the primary consideration.

Consolidated Statement of Changes in Equity

in k€	Subscribed capital	Capital reserve	Retained earnings
Equity at 31.12.2014	8,732	26,252	-9,674
Dividends	0	0	0
Other changes	0	0	-1
Overall result	0	0	2,238
Group result	0	0	2,238
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
Equity at 30.09.2015	8,732	26,252	-7,437
Equity at zum 31.12.2013	8,732	26,252	-12,717
Dividends	0	0	0
Overall result	0	0	2,794
Group result	0	0	2,794
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
Equity at 30.09.2014	8,732	26,252	-9,923

QUARTERLY FINANCIAL REPORT 3/2015 · THE MASTERFLEX SHARES
 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	-120	-120
0	0	-1	-1	-2
-9	277	2,506	32	2,538
0	0	2,238	32	2,270
-9	277	268	0	268
-9	0	-9	0	-9
0	285	285	0	285
0	-8	-8	0	-8
-585	-1,011	25,951	300	26,251
-591	-1,189	20,487	576	21,063
0	0	0	-151	-151
14	491	3,299	45	3,344
0	0	2,794	45	2,839
14	491	505	0	505
14	0	14	0	14
0	502	502	0	502
0	-11	-11	0	-11
-577	-698	23,786	470	24,256

NOTES TO THE QUARTERLY FINANCIAL REPORT 3/2015

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

Masterflex SE did not pay a dividend for the Financial Year 2014.

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).

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 30.09.2015

in k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	49,025	49,025	0	49,025
Earnings (EBIT)	4,430	4,430	-32	4,398
Investments in property, plant and equipment and intangible assets	2,505	2,505	0	2,505
Depreciations	2,099	2,099	0	2,099
Assets	56,494	56,494	1	56,495

SEGMENT REPORTING 30.09.2014

in k€	High-tech hose systems	Continued operations	Discon- tinued operations	Total segments
Revenue from non-Group third parties	48,079	48,079	0	48,079
Earnings (EBIT)	5,312	5,312	-37	5,275
Investments in property, plant and equipment and intangible assets	2,312	2,312	0	2,312
Depreciations	2,122	2,122	0	2,122
Assets	57,363	57,363	7	57,370

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 30 September 2015, basic earnings per share from continued operations amounted to € 0.26 and earnings per share from continued and discontinued operations amounted also to € 0.26; 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 30 September 2015, Masterflex SE held a total of 134,126 treasury shares.

7. EMPLOYEES

In the reporting period, the number of employees was 602, up 4.0 % on the previous year period (579 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.



Laser particle counter

This device continuously measures the air quality in the clean room. Depending on the clean room class, no more than up to 293 particles of 5 micrometres may be present per cubic metre of air. For the Novoplast Schlauchtechnik brand, the Masterflex Group has clean rooms of classes 6 and 8.

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€	30.09.2015	30.09.2014
Cash and cash equivalents at the end of period	3,956	5,643
Cash in hand and bank balances included in assets held for sale	1	7
Cash in hand and bank balances	3,955	5,636

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.

12. EVENTS AFTER THE BALANCE SHEET DATE

The 51 % stake in OOO Masterflex RUS consolidated in the financial statements as of 30 September 2015 was sold effective 2 October 2015.

Gelsenkirchen, 31 October 2015



Dr. Andreas Bastin
CEO



Mark Becks
CFO

IMPRINT

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