



QUARTERLY FINANCIAL REPORT SEPTEMBER 30, 2014

MBB Industries AG, Berlin

MBB Industries in figures

Nine months (unaudited)	2013	2014	Δ 2014 / 2013
	IFRS	IFRS	
Earnings figures	€ thou	€ thou	%
Revenue	172,788	172,875	0.1
Operating performance	172,633	173,360	0.4
Total performance	174,297	178,475	2.4
Cost of materials	-109,541	-109,572	0.0
Staff costs	-37,682	-39,046	3.6
EBITDA	17,232	17,984	4.4
<i>EBITDA margin</i>	<i>10.0%</i>	<i>10.4%</i>	<i>4.0</i>
EBIT	13,426	13,345	-0.6
<i>EBIT margin</i>	<i>7.8%</i>	<i>7.7%</i>	<i>-1.3</i>
EBT	12,850	12,741	-0.8
<i>EBT margin</i>	<i>7.4%</i>	<i>7.3%</i>	<i>-1.4</i>
Consolidated net profit after non-controlling interests	9,500	9,786	3.0
Number of shares	6,600,000	6,600,000	
eps in €*	1.47	1.49	1.4
Figures from the statement of financial position	31 Dec € thou	30 Sep € thou	%
Non-current assets	59,354	66,181	11.5
Current assets	117,852	124,457	5.6
there of cash and equivalents**	54,930	51,657	-6.0
Issued capital (share capital)	6,456	6,600	2.2
Other equity	61,333	70,140	14.4
Total equity	67,789	76,740	13.2
<i>Equity ratio</i>	<i>38.3%</i>	<i>40.3%</i>	<i>5.2</i>
Non-current liabilities	48,150	51,012	5.9
Current liabilities	61,267	62,886	2.6
Total assets	177,206	190,638	7.6
Net debt (-) or net cash (+)**	23,843	17,336	-27.3
Employees	1,088	1,146	5.3

* Based on the average number of shares outstanding as at 30 September. As at the same date of the previous year the company held 144,201 treasury shares that were sold to an investor as at 27 March 2014.

** This figure includes physical gold stocks and securities.

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Interim Group Management Report

MBB Industries AG is a family-owned, medium-sized corporation that forms the MBB Industries Group (hereinafter also the “MBB Group”) together with its subsidiaries.

Business and economic conditions

The development on the markets relevant to MBB was weaker in the reporting quarter as they were clearly in the grip of the economic slowdown. The German Council of Economic Experts is forecasting virtually no growth for 2014 and 2015 and recently scaled back its forecasts significantly to 1.2% (2014) and 1.0% (2015). The uncertainty on the German economy can also be seen by the decline in the Ifo Business Climate Index, which fell to 103.2 points in October and therefore lost ground for the sixth time in a row. The main reason for the rocky growth prospects are the geopolitical crises and financial risks that are still rumbling on.

Our subsidiaries are still reporting high orders on hand, though in some cases they are also experiencing the effects of cyclical investment propensity in incoming orders. After the first nine months of the year, figures for car sales are showing that demand is still intact, particularly in China (up 13%), the US (up 5%) and Western Europe (up 5%), in addition to similar sales for light commercial vehicles.

Results of operations, financial position and net assets

The Group’s results of operations, net assets and financial position are positive. In the first nine months of the financial year, the consolidated revenue of the MBB Group was stable year-on-year at €172.9 million (previous year: €172.8 million).

Other operating income includes investment incentives from the special economic zone in Poland of €2.1 million, income of €1.3 million from first-time consolidation following the acquisition of a Huntsman division for OBO-Werke and further income €1.7 million (previous year: €1.7 million). This latter category includes sales of fixed assets, derecognition of liabilities, proceeds from sales of securities and other income from securities.

The ratio of cost of materials to the total operating performance of €173.4 million in the first nine months of 2014 (previous year: €172.6 million) remained virtually the same at 63.2% after 63.5% in the same period of the previous year.

EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 4.4% to €18.0 million (previous year: €17.2 million). After depreciation and amortisation of €4.6 million, EBIT (earnings before interest and taxes) for the MBB Group was €13.3 million (previous year: €13.4 million). Adjusted for net finance costs of €0.6 million, EBT (earnings before taxes) amounted to €12.7 million (previous year: €12.9 million). The consolidated net profit after non-controlling interests was €9.8 million (previous year: €9.5 million) or €1.49 per share (based on an average of 6,555,402 shares outstanding) in the first nine months.

The consolidated statement of financial position as at 30 September 2014 reported equity of €76.7 million (31 December 2013: €67.8 million). On 27 March 2014 MBB Industries AG sold 144,201 treasury shares to an institutional investor by way of a private placement, which contributed to the significant increase in equity along with the result for the first nine months of the year. Based on total consolidated assets of €190.6 million, the equity ratio climbed significantly to 40.3% as against 38.3% as at 31 December 2013.

As at 30 September 2014, the MBB Group had financial liabilities of €34.3 million (31 December 2013: €31.1 million) and cash and cash equivalents including securities and physical gold reserves of €51.7 million (31 December 2013: €54.9 million). Accordingly, net cash from the above liabilities and cash positions of the MBB Group amounted to €17.3 million compared to €23.8 million as at 31 December 2013. The rise in financial liabilities is due in particular to the investments carried out at the Polish subsidiary Hanke Tissue Sp. z o.o. and Delignit AG. Furthermore, CT Formpolster acquired its business premises for €1.9 million in the third quarter.

Segment performance

The following segments are reported:

- Technical Applications
- Industrial Production
- Trade & Services

There was a decline in revenue in the Technical Applications segment. In the first nine months of 2014, external revenue in this segment amounted to €102.1 million (previous year: €106.6 million). Segment EBIT was down on the previous year's level at €8.7 million (previous year: €11.1 million).

The Industrial Production segment reported growth in revenue. External revenue for the period from 1 January to 30 September 2014 amounted to €46.1 million after €40.9 million in the same period of 2013, while EBIT was higher than in the previous year at €5.2 million after €2.1 million.

Revenue in the Trade & Services segment decreased slightly year-on-year to €24.7 million (previous year: €25.3 million). Segment EBIT also fell slightly to €0.03 million (previous year: €0.4 million).

Employees

The number of people employed by the MBB Group increased from 1,088 as at 31 December 2013 to 1,146 as at 30 September 2014.

Report on risks and opportunities

The risks and opportunities for the business development of the MBB Group are described in the Group management report for the 2013 financial year, which is available on our website. There have been no significant changes in the risks and opportunities presented since 31 December 2013. The risk management system of MBB Industries AG is appropriate for detecting risks at an early stage and taking immediate countermeasures.

Changes under company law

On 30 June 2014, the Annual General Meeting accepted the proposal from the Managing Board and the Supervisory Board to transform the company into a European stock corporation (Societas Europaea, SE) with a one-tier management structure. The company will operate under the name MBB SE in future. The transformation will take effect on entry in the commercial register, which the Managing Board expects to happen in early 2015.

Report on expected developments

Given the recent downturn in the overall economic environment, the Managing Board is now forecasting total revenue for 2014 of €240 million after the previously forecast €250 million. The forecast revenue is therefore still significantly higher than in the previous year. The Managing Board is anticipating earnings per share for the final quarter of €0.50.

The management considers the Group's equity and liquidity situation to be important factors in enabling it to grow in the current market environment, both organically and through the acquisition of new equity investments, while ensuring that it remains in a position to act at all times and even in the event of new global crises.

Berlin, 21 November 2014

Dr Christof Nesemeier
Chief Executive Officer

IFRS Consolidated Interim Financial Statements for 2014

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 30 Sep 2014 € thou	1 Jan - 30 Sep 2013 € thou
Revenue	172,875	172,788
Increase (+) / decrease (-) in finished goods and work in progress	485	-155
Operating performance	173,360	172,633
Bargain purchase	1,301	0
Other operating income	3,814	1,664
Total performance	178,475	174,297
Cost of raw materials and supplies	-88,152	-89,703
Cost of purchased services	-21,420	-19,838
Cost of materials	-109,572	-109,541
Wages and salaries	-29,130	-27,536
Social security and pension costs	-9,916	-10,146
Staff costs	-39,046	-37,682
Other operating expenses	-11,873	-9,842
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	17,984	17,232
Amortisation and depreciation expense	-4,639	-3,806
Earnings before interest and taxes (EBIT)	13,345	13,426
Other interest and similar income	369	276
Interest and similar expenses	-973	-852
Net finance costs	-604	-576
Earnings before taxes (EBT)	12,741	12,850
Income tax expense	-2,565	-2,929
Other taxes	-139	-122
Profit or loss for the period	10,037	9,799
Non-controlling interests	-251	-299
Consolidated net profit	9,786	9,500
Earnings per share (in €)	1.49	1.47

IFRS consolidated statement of comprehensive income (unaudited)	1 Jul - 30 Sep 2014 € thou	1 Jul - 30 Sep 2013 € thou
Revenue	61,679	58,450
Increase (+) / decrease (-) in finished goods and work in progress	324	-294
Operating performance	62,003	58,156
Other operating income	2,425	604
Total performance	64,428	58,760
Cost of raw materials and supplies	-33,734	-30,793
Cost of purchased services	-7,890	-6,419
Cost of materials	-41,624	-37,212
Wages and salaries	-9,810	-9,054
Social security and pension costs	-3,363	-3,237
Staff costs	-13,173	-12,291
Other operating expenses	-3,576	-3,444
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	6,055	5,813
Amortisation and depreciation expense	-1,582	-1,272
Earnings before interest and taxes (EBIT)	4,473	4,541
Other interest and similar income	83	89
Interest and similar expenses	-338	-282
Net finance costs	-255	-193
Earnings before taxes (EBT)	4,218	4,348
Income tax expense	-912	-974
Other taxes	-47	-39
Profit or loss for the period	3,259	3,335
Non-controlling interests	-88	-147
Consolidated net profit	3,171	3,188
Earnings per share (in €)	0.48	0.49

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan - 30 Sep 2014 € thou	1 Jan - 30 Sep 2013 € thou
Consolidated net profit	9,786	9,500
Non-controlling interests	251	299
Profit or loss for the period	10,037	9,799
Currency translation changes recognised in equity	-120	-316
Net profit (+) / loss (-) from the revaluation of financial assets in the available-for-sale category	-864	-496
Other comprehensive income after taxes	-984	-812
Comprehensive income for the reporting period	9,053	8,987
there of attributable to:		
- Shareholders of the parent company	8,860	8,688
- Non-controlling interests	193	299

Statement of financial position Assets (IFRS)	30 Sep 2014 unaudited € thou	31 Dec 2013 audited € thou
Non-current assets		
Concessions, industrial property rights and similar rights	5,839	4,230
Goodwill	1,816	1,816
Advance payments	78	33
Intangible assets	7,733	6,079
Land and buildings including buildings on third-party land	23,997	21,378
Technical equipment and machinery	17,352	9,291
Other equipment, operating and office equipment	3,634	3,420
Advance payments and assets under development	2,923	10,736
Property, plant and equipment	47,906	44,825
Investment securities	8,539	6,556
Other loans	55	501
Financial assets	8,594	7,057
Deferred tax assets	1,948	1,393
	66,181	59,354
Current assets		
Raw materials and supplies	6,098	5,791
Work in progress	2,629	2,903
Finished goods	9,524	7,502
Advance payments	1,259	1,754
Inventories	19,510	17,950
Trade receivables	25,704	22,502
Receivables from construction contracts	28,105	22,988
Other current assets	8,020	6,038
Trade receivables and other current assets	61,829	51,528
Gold and commodities	1,698	1,572
Securities	11,337	10,099
Available-for-sale financial assets	13,035	11,671
Cash in hand	16	19
Bank balances	30,067	36,684
Cash in hand, bank balances	30,083	36,703
	124,457	117,852
Total assets	190,638	177,206

Statement of financial position Equity and liabilities (IFRS)	30 Sep 2014 unaudited € thou	31 Dec 2013 audited € thou
Equity		
Issued capital	6,600	6,456
Capital reserve	17,779	14,395
Legal reserve	61	61
Retained earnings	49,086	44,024
Non-controlling interests	3,214	2,853
	76,740	67,789
Non-current liabilities		
Liabilities to banks	25,385	24,401
Other liabilities	1,319	1,352
Pension provisions	18,610	18,286
Other provisions	1,069	1,286
Deferred tax liabilities	4,629	2,825
	51,012	48,150
Current liabilities		
Liabilities to banks	7,473	5,373
Advance payments received	8,775	2,535
Trade payables	15,573	16,824
Other liabilities	4,845	5,844
Provisions with the nature of a liability	9,762	8,037
Tax provisions	3,329	7,300
Other provisions	13,129	15,354
	62,886	61,267
Total equity and liabilities	190,638	177,206

Consolidated statement of cash flows	1 Jan - 30 Sep 2014	1 Jan - 30 Sep 2013
	€ thou	€ thou
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	13,345	13,426
Adjustments for non-cash transactions		
Write-downs on non-current assets	4,639	3,806
Increase (+) / decrease (-) in provisions	-2,118	1,184
Bargain purchase	-1,301	0
Gains (+) / Losses (-) from disposal of PPE	-32	-20
Other non-cash expenses / income	-75	-435
	1,113	4,535
Change in working capital:		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-11,861	-7,088
Decrease (-) / increase (+) in trade payables and other liabilities	5,682	-4,315
	-6,179	-11,403
Income taxes paid	-5,426	-1,046
Interest received	369	276
	-5,057	-770
Cash flow from operating activities	3,222	5,788
2. Cash flow from investing activities		
Investments (-) / divestments (+) intangible assets	-696	-471
Investments (-) / divestments (+) property, plant and equipment	-7,344	-8,059
Investments (-) / divestments (+) financial assets	446	50
Investments (-) / divestments (+) of available-for-sale financial assets and securities	-4,313	-3,359
Cash flow from investing activities	-11,907	-11,839
3. Cash flow from financing activities		
Profit distribution to shareholders	-3,630	-3,228
Profit distribution to non controlling interests	-90	0
Sale of treasury shares	3,528	0
Proceeds from borrowing financial loans	3,084	15,288
Repayments of financial loans	0	-800
Interest payments	-855	-721
Cash flow from financing activities	2,037	10,539
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-6,648	4,488
Effects of changes in foreign exchange rates (non-cash)	28	-65
Cash and cash equivalents at start of reporting period	36,703	0
Cash and cash equivalents at end of period	30,083	29,869
Composition of cash and cash equivalents		
Cash in hand	16	21
Bank balances	30,067	34,271
Reconciliation to liquidity reserve on 30 Sep		
Cash and cash equivalents at end of period	30,083	34,292
Gold	1,698	1,738
Securities	19,876	16,543
Liquidity reserve on 30 Sep	51,657	52,573

Statement of changes in consolidated equity (unaudited)										
	Issued capital	Capital reserve	Legal reserve	Currency translation difference	Retained earnings			Share of shareholders of MBB AG	Non-controlling interests	Consolidated equity
	€ thou	€ thou	€ thou	€ thou	Available for sale financial assets	Pension reserve	Generated consolidated equity	€ thou	€ thou	€ thou
1 Jan 2013	6,456	14,395	61	-38	1,602	-146	32,814	55,144	2,267	57,411
Dividends paid	0	0	0	0	0	0	-3,228	-3,228	0	-3,228
Subtotal	6,456	14,395	61	-38	1,602	-146	29,586	51,916	2,267	54,183
Amounts recognised in other comprehensive income	0	0	0	0	-423	152	0	-271	-68	-339
Currency translation difference	0	0	0	-180	0	0	0	-180	252	72
Consolidated net profit	0	0	0	0	0	0	13,471	13,471	402	13,873
Total comprehensive income	0	0	0	-180	-423	152	13,471	13,020	586	13,606
31 Dec 2013	6,456	14,395	61	-218	1,179	6	43,057	64,936	2,853	67,789
Dividends paid	0	0	0	0	0	0	-3,630	-3,630	0	-3,630
Subtotal	6,456	14,395	61	-218	1,179	6	39,427	61,306	2,853	64,159
Amounts recognised in other comprehensive income	0	0	0	0	-864	0	0	-864	0	-864
Currency translation difference	0	0	0	-62	0	0	0	-62	-58	-120
Consolidated net profit	0	0	0	0	0	0	9,786	9,786	251	10,037
Total comprehensive income	0	0	0	-62	-864	0	9,786	8,860	193	9,053
Non-controlling interests Hanke Tissue	0	0	0	0	0	0	-168	-168	168	0
Sale of treasury shares	144	3,384	0	0	0	0	0	3,528	0	3,528
30 Sep 2014	6,600	17,779	61	-280	315	6	49,045	73,526	3,214	76,740

Notes to the Interim Consolidated Financial Statements

Accounting

The nine-month financial report of the MBB Group for the period 1 January to 30 September 2014 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted in the EU. It was prepared in accordance with IAS 34.

Accounting policies

The accounting policies adopted are the same as those of the consolidated financial statements as at 31 December 2013. The preparation of the financial statements is influenced by accounting policies and assumptions and estimates affecting the amount and reporting of recognised assets, liabilities, contingent liabilities and income and expense items. Matters relating to revenue are deferred intra-year.

Acquisition of a business

On 29 April 2014, the MBB subsidiary OBO-Werke GmbH & Co. KG acquired the European tooling division from its long-term partner Huntsman Advanced Materials. OBO acquired production materials to manufacture block and paste materials, exclusive rights of sale to liquid products on the main European markets and licences for all products used in modelling, toolmaking and mould production. The sale has allowed Huntsman to focus more strongly on its core business.

For OBO-Werke the acquired business area supplements its product range and strengthens its market position. As a result of the acquisition, the revenue in the Industrial Production segment has been increasing further since the third quarter of 2014.

According to provisional calculations, the following assets and liabilities were assumed by 30 September 2014:

Assets and liabilities	
Huntsman business	€ thou
Non-current asstes	
Licences	1,142
Customer base	716
Liabilities	
Deferred tax liabilities	557
Total assets	1,301

No purchase price was paid for the assets assumed by 30 September 2014.

Segment reporting

The management of the MBB Group classifies the segments as reported in the interim Group management report.

1 Jan - 30 Sep 2014 (unaudited)	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	102,148	46,073	24,654	0	172,875
Other segments	77	130	195	-402	0
Total revenue	102,225	46,203	24,849	-402	172,875
Earnings (EBIT)	8,710	5,242	31	-638	13,345
Amortisation and depreciation	1,808	1,954	844	33	4,639
Investments	1,510	4,827	849		
Segment assets	75,858	50,477	7,672		
Segment liabilities	55,605	12,285	3,150		

1 Jan - 30 Sep 2013 (unaudited)	Technical applications	Industrial production	Trade & services	Reconciliation	Group
	€ thou	€ thou	€ thou	€ thou	€ thou
Revenue from third parties	106,621	40,861	25,306	0	172,788
Other segments	46	147	156	-349	0
Total revenue	106,667	41,008	25,462	-349	172,788
Earnings (EBIT)	11,109	2,093	412	-188	13,426
Amortisation and depreciation	1,282	1,733	758	33	3,806
Investments	1,661	6,031	858		
Segment assets	64,960	36,756	9,036		
Segment liabilities	53,021	9,231	4,450		

Segment liabilities do not include any liabilities from taxes, finance lease liabilities or liabilities to banks.

Dividend

On 30 June 2014, the Annual General Meeting of MBB Industries AG resolved the distribution of a dividend of €3.63 million (55 cents per share) for the 2013 financial year. The dividend was paid on 1 July 2014.

Changes in contingent liabilities

There were no changes in contingent liabilities as against 31 December 2013.

Related party transactions

Business transactions between fully consolidated Group companies and unconsolidated Group companies are conducted at arm's-length conditions.

Events after the end of the reporting period

There have been no significant events since the end of the reporting period.

Review

The condensed interim consolidated financial statements as at 30 September 2014 and the interim Group management report were neither audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, 21 November 2014

Dr Christof Nesemeier
CEO

Financial Calendar

Analyst Conference

German Equity Forum

Frankfurt/Main

24 – 26 November 2014

End of the financial year

31 December 2014

We would like to take this opportunity to mention our **RSS feed**, with which you can subscribe to and read the latest news from the company free of charge. This is a quick and convenient way to stay up-to-date: www.mbb.com/RSS.

There is also the **MBB newsletter** that can be subscribed to at www.mbb.com/newsletter. You will then always receive the latest news from MBB Industries AG by e-mail.

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Legal notice

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