

PRESS RELEASE

Muehlhan AG publishes third quarter 2017 results

- Business performance positive and within expected range
- Sales revenues of €185.8 million, EBIT of €7.2 million after nine months
- Executive Board confirms sales revenue forecast EBIT 2017 at upper end of expectations

Hamburg, November 9, 2017 — From January through September 2017, Muehlhan AG (Open Market; ISIN DE000A0KD0F7) generated sales revenues of €185.8 million (previous year: €188.9 million) and earnings before interest and taxes (EBIT) of €7.2 million (previous year: €5.6 million). Thus, the expected increase in profitability forecast and aimed for will be reached. Consolidated profit increased by €1.4 million to €4.3 million. Cash flow from operating activities was positive at €7.6 million (previous year: €7.8 million).

A geographical view shows that sales revenue **in Europe** increased by 3% to €144.2 million compared to the same period last year. In the **Middle East** region, sales revenue decreased significantly by €6.1 million to €14.9 million. This decline is a result of both the current political developments in Qatar and of a major Dubai project in passive fire prevention ending. In **North America**, sales revenues declined due to project-related reasons from €20.4 million to €16.3 million. With a €2.2 million increase in sales revenues to €10.3 million, business development in the **Rest of the World** was positive.

Considering the individual business segments, sales revenue in the **Ship** business segment decreased from €47.0 million to €42.3 million in the period from January through September 2017. This is due to some major projects ending and our refined selection process for follow-up projects. In the area of **Oil & Gas**, the company realized sales revenues of €55.9 million — significantly above the prior-year value of €44.6 million. After sales revenues doubling in the prior-year period, sales revenues declined by €3.0 million to €26.1 million in the **Renewables** segment. Due to project-related reasons, the **Industry/Infrastructure** business recorded a decrease in sales revenues of €61.5 million for the first nine months of the year (prior-year period: €68.2 million).



In July 2017, the existing syndicated loan agreement for Group financing was replaced by a new syndicated loan agreement. The new agreement for €65.0 million, which matures in 2022, contains improved terms and conditions for Muehlhan compared to the loan agreement it replaces.

Muehlhan B.V., our Dutch subsidiary, has received an abrasive contaminated with asbestos from one of our suppliers. The use of this contaminated product caused interruptions in the work flow. Moreover, the decontamination of the blasting plants, machines, and work areas, and the disposal of the contaminated abrasive also resulted in expenses. However, employees' health was never at risk at any time — thanks to various radiation protection equipment. Currently, it is not yet certain if a claim for compensation can be enforced, nor to what extent this will drain Muehlhan's financial resources.

In 2015, Muehlhan acquired 60% of the shares in the MSI Group. In July 2017, it acquired the remaining 40% of the shares; as a result, the MSI Group is now a wholly owned subsidiary of Muehlhan AG. The purchase price of the shares totals €4.5 million. Any reduction of equity or the equity ratio is essentially a result of this transaction.

Considering all predictable possible influences, the Executive Board confirms its 2017 forecast and projects constant sales revenues of €250.0 million compared to last year's result. EBIT is expected in the upper regions of between €6.5 million and €8.5 million; thus reaching the increase in profitability aimed for.

The company's key performance indicators are shown in the following table:

in € million	3rd quarter of 2017	3rd quarter of 2016
Results		
Sales revenues	185.8	188.9
EBITDA ¹	12.8	11.6
EBIT ²	7.2	5.6
EBT ³	5.9	4.4
Consolidated earnings after non-controlling interests	3.2	1.9
Earnings per share from continuing operations (in €)	0.17	0.10
Cash flow from operating activities	7.6	7.8
Capital expenditures	5.7	6.7

	09/30/2017	12/31/2016
Balance sheet		
Balance sheet total	149.1	146.5
Fixed assets ⁴	54.3	53.7
Group equity	63.7	68.1
Equity ratio in %	42.7	46.5

Employees	09/30/2017	09/30/2016
Number of employees (annual average)	2,906	2,836

1 EBITDA: Earnings before interest, taxes, depreciation and amortization

2 EBIT: Operating income (Earnings before interest and taxes)

3 EBT: Earnings before taxes

4 Fixed assets: Total non-current assets less deferred tax assets

About Muehlhan: Worldwide, **Muehlhan Group** is a reliable partner in industrial services and high-quality surface protection. As one of the few full-service providers, we offer our customers a broad range of services designed to meet the exacting quality standards expected in professional industrial services. Our customers benefit from our exceptional organizational skills, on-time delivery, the technical expertise that differentiates us from our competitors, and our more than 130 years of experience. We have an established market presence in the four business segments in which we operate: Ship, Renewables, Oil & Gas, and Industry/Infrastructure. **Muehlhan AG** is a listed company and is traded on the Open Market under ISIN DE000A0KD0F7.

For more information, visit www.muehlhan.com

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