

Press release

euromicron AG publishes 2017 Annual Report and outlook for 2018

- Consolidated sales of €332.9 million, up €7.6 million on the previous year; sales from continuing core business operations increased by around 6%
- Operating EBITDA margin of 4.1%
- Reported EBIT back in the black at €1.1 million; consolidated net loss for the year reduced by €9.0 million to € –3.5 million
- Order books for continuing core business operations increased by €9.7 million (8.3%) to €126.5 million
- Reorganization costs with an impact on EBITDA totaling €4.0 million reduce consolidated earnings for 2017; operational reorganization largely completed in 2017
- Outlook for 2018: Sales expected to increase to €340 million to €360 million, with an anticipated operating EBITDA margin of 4% to 5%

Frankfurt/Main, March 28, 2018 – euromicron AG, a medium-sized technology group and specialist for the “Internet of Things” (IoT), published its Annual Report for fiscal year 2017 today.

Sales in fiscal 2017 were €332.9 million, a rise of 2.3%, and so within the forecast range of €330 million to €350 million. In continuing core business operations (excluding sold or closed divisions) sales were pleasingly increased by around 6% compared to the previous year.

Before the special effects of the reorganization, which reduced the EBITDA margin by 1.2 percentage points, an operating EBITDA of €13.5 million was posted, giving an operating EBITDA margin of 4.1%. Consequently, the operating EBITDA margin is likewise within the target range stated in the forecast (4.0% to 5.0%).

In comparing the operating EBITDA posted in 2017 (€13.5 million) with the previous year's figure (€13.2 million), it is necessary to take into account that the previous year's operating EBITDA included non-recurring effects (income from reimbursement of litigation costs and from claims for recourse against former shareholders and former board members) totaling €2.8 million. After adjustment for these non-recurring effects, operating EBITDA in 2017 was increased by €3.1 million or around 30%.

The reported EBIT was back in the black at €1.1 million (previous year: € –2.3 million), while the consolidated net loss for the year was reduced sharply by €9.0 million from € –12.5 million to € –3.5 million.

The reorganization costs with an impact on EBITDA were reduced sharply in fiscal 2017 by €1.8 million to €4.0 million. Reorganization of the Group's operating units was largely completed in fiscal 2017.

The euromicron Group's working capital ratio (working capital relative to sales) rose slightly by 1.1 percentage points to 12.9% in 2017 and so was 2.9 percentage points above the figure of around 10.0% forecast in the 2016 Annual Report. The increase in the working capital ratio is attributable in particular to a lower volume of factoring at the balance sheet date. After adjustment for the effects of factoring, the working capital ratio was 22.7%, almost at the level of the previous year (22.5%).

Bettina Meyer, Spokeswoman of the Executive Board, comments: "The transformation strategy of euromicron AG reaped positive results in fiscal 2017. We improved key figures in the period under review. That confirms our course of pressing ahead continuously with our strategic measures."

„All in all, the euromicron Group developed as planned in fiscal year 2017. Unlike in earlier years, we met our sales and earnings forecast and increased our operating profitability," confirms Jürgen Hansjosten from euromicron AG's Executive Board, who also notes looking ahead to the year of transformation 2018: "The mega trend of digitization is resulting in a sharp increase in investment in digital infrastructures and will bolster our growth in innovation business. Further expansion of our strategic business areas will help us continuously improve our competitiveness and stabilize our margins."

Order books from continuing core business operations rose by 8.3% to €126.5 million (previous year: €116.8 million), a good springboard for fiscal 2018. The Executive Board anticipates consolidated sales of between €340 million and €360 million as well as an operating EBITDA margin between 4.0% and 5.0% in 2018.

The forecast is based on the group's current structure and so may need to be adjusted if divestments or acquisitions are made. The anticipated margin is impacted to a substantial extent by investments in further expansion of innovation business in the target market of the Internet of Things.

In addition, special costs – expected in particular at the level of euromicron AG due to legal and consulting costs and in connection with the group's financing – will probably reduce the group's reported EBITDA in 2018 by around €2 million.

A continuous improvement in profitability is anticipated in the coming years. The operating EBITDA margin is expected to rise by approximately one percentage point per annum in the following years, with the result that an EBITDA margin of more than 8.0% will be achieved in the medium term.

The full 2017 Annual Report is available as of today on the company's website at euromicron.de in the section "Investor Relations/Publications/Financial Reports." The company will publish its report on the first quarter of 2018 on May 9, 2018.

About euromicron AG:

euromicron AG (www.euromicron.de) is a medium-sized technology group. As a German specialist for the Internet of Things (IoT), euromicron enables its customers to network business and production processes and successfully move to a digital future. With its solutions for Digital Buildings, Smart Industry and Critical Infrastructures, flanked by Smart Services, the euromicron Group is the partner to small and medium-sized enterprises, large companies and public-sector organizations. Tailor-made, innovative technology solutions are a core competence of euromicron. With its expertise in sensors, devices, infrastructure, software and services, euromicron is in a position to offer its customers networked and comprehensive solutions from a single source. In this way, euromicron helps its customers to increase flexibility and efficiency as well as to develop new business models.

The euromicron Group comprises a total of 16 subsidiaries, including the brand names ELABO, LWL-Sachsenkabel, MICROSENS and telent. The technology group is headquartered in Frankfurt/Main, has been listed on the stock exchange since 1998 and employs around 1,800 people at 30 locations. euromicron AG generated total sales of €332.9 million in fiscal year 2017.

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