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**Executive Report**  
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# ELMA – Your Solution Partner

Elma Electronic is a global manufacturer of electronic packaging products for the embedded systems market – from components, backplanes, power supply solutions, storage boards and chassis platforms to fully integrated systems. Elma is listed at the Swiss Stock Exchange, with subsidiaries in 10 countries on 3 continents. To ensure our integrated solutions are optimized to our customers' needs, Elma partners with leading board manufacturers in the industry.

Elma also provides enclosure solutions and rotary switches for demanding applications for electronic companies. The company has a broad base of proven standard products which can be tailored to individual applications: Elma offers services from the initial concept to volume production. Elma's reliable solutions, flexibility, and design expertise are key reasons why the leading companies in the world choose Elma time and again.

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# Highlights 2017



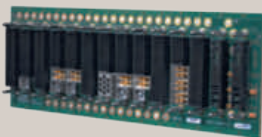
## 30 Years Elma Germany

Elma's company in Germany celebrated its 30<sup>th</sup> anniversary. Founded in 1987 as Trenew Electronic GmbH, it was acquired by the Elma Group in 2000. Congratulations to the anniversary to the team!



## Elma wins major award

Elma Americas won the Gold Innovation Award from Penwell Military & Aerospace for the CMOSS convergence (VPX) backplane. This 3U 14-slot OpenVPX backplane supports the Defense industry hardware and software convergence initiatives for modular architecture. It is an integration platform for modules addressing the US Department of Defense's CMOSS initiative providing the foundation for the creation of systems optimized for performance, reduced SWaP and lower lifecycle costs for rapid technology insertion.



## The best in Electronic Packaging

Elma has expanded its design enclosure portfolio for measuring and testing equipment, as well as control and service applications. The new Compact Case 20 is suitable for the use in the laboratory, for medical equipment and audio applications as well as for mobile application, such as in transportation. With the Compact Case 20, Elma is taking the next step towards an integrated enclosure range that sets new standards in terms of technology and design.

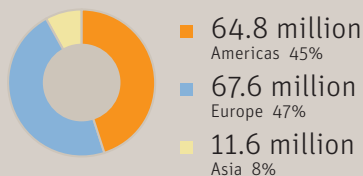
# Key Figures 2017

## Elma Group Key Figures

in CHF 1,000	2017	2016
Order income	<b>143,201</b>	144,777
Net sales	<b>143,978</b>	130,308
EBITDA	<b>9,687</b>	6,369
EBIT	<b>6,951</b>	3,525
in % of net sales	<b>4.8</b>	2.7
Net profit	<b>3,009</b>	2,335
in % of net sales	<b>2.1</b>	1.8
in % of average equity (ROE)	<b>10.3</b>	8.8
Balance sheet total	<b>85,559</b>	76,788
Shareholders' equity	<b>30,460</b>	27,755
in % of balance sheet total	<b>35.6</b>	36.1
Headcount year end (FTE)	<b>729</b>	712

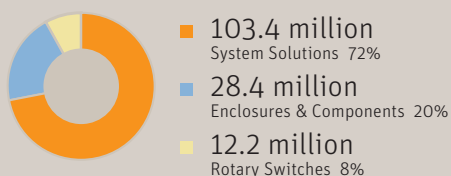
## Net sales by region

in CHF and %



## Net sales by product line

in CHF and %



# 729

employees

# CHF 143.2 million

order income

# CHF 144.0 million

net sales

# Dear Shareholders,

The Elma Group looks back on a successful 2017 business year. We have exceeded the results of the previous year and close the year with higher net sales of CHF 144.0 million (previous year: CHF 130.3 million) and with a net profit of CHF 3.0 million (previous year: CHF 2.3 million). All three regions have contributed to the improved result.

- **Order income with CHF 143.2 million on previous year's level**
- **Net sales increased by 10.5% year-on-year to CHF 144.0 million**
- **Operating result (EBIT) of CHF 7.0 million almost doubled**
- **Net profit improved by 29% to CHF 3.0 million**
- **Net debts reduced by CHF 1.7 million to CHF 20.8 million**

## Market trends

In 2017, we experienced stable market conditions in our relevant business segments. A strong demand in the US and Canada, particularly in the Defense industry, has been a major growth driver in the Americas region. Here we improved profitability. The prevailing good economic growth in Europe had a positive impact on our business activities in the region. Overall, Europe closed the 2017 business year with a significantly improved result compared with the previous year. The sales performances in the individual countries varied. While revenues in Switzerland, Germany, France and the UK increased significantly year-on-year, a slight decline was recorded in Israel. The Asia region (China and South-east Asia) benefited in 2017 from improving demand in Industrial Automation and Renewable Energies as well as from a recovery in demand in Southeast Asia.

## Integration process Switzerland

Trenew Electronic AG – acquired in November 2015 – was merged with Elma Electronic AG retroactively as of January 1, 2017. In the second year after the takeover, the expected synergies became even more pronounced and the profitability of the Swiss company has markedly improved.

**In 2017, we experienced stable market conditions in our relevant business segments.**

## US Tax Reform impacts net profit 2017

In the US, we were confronted with an unexpected impact of around CHF 1.0 million due to the US tax reform (“US Tax Cuts and Jobs Act”) which has been signed on December 22, 2017. The corporate tax rate was reduced from 35% to 21% as of January 1, 2018 and thus the deferred tax assets had to be adjusted accordingly. The write-down is a one-time accounting adjustment in the range of CHF 1.0 million. Despite of that, the net profit increased year-on-year by 29% to CHF 3.0 million. The adjustment had no effect on the operating result (EBIT).

## **Innovation, research and development**

It is our declared goal to further advance the degree of automation in our companies, to increase our capacity for innovation as well as individually promote our qualified employees. We see this as an essential prerequisite for exploiting the opportunities which "Industry 4.0" offers to Elma.

We provide our technical capabilities and innovative solutions worldwide for the design and production of complex electronic systems for a variety of applications. In 2017, we successfully launched numerous new products in the market. As an example, we introduced two additional models to our family of rugged, secure networking products "NetSys" which complement the Cisco Mobile Routing's proven solutions from previous systems. New to Elma's innovative enclosure range of the Enclosures & Components product line is the "Compact Case 20". It is a solid and high-quality aluminum housing for measuring instruments, control and service applications in a variety of environments and can be used both stationary and mobile. In addition, we have improved the proven encoder rotary switch type E33 and the multi-function rotary switch type MR50.

**It is our declared goal to further advance the degree of automation in our companies, to increase our capacity for innovation as well as individually promote our qualified employees.**

## **Order income**

Order income reached a record level in the prior year 2016. Group-wide, order income in 2017 was at CHF 143.2 million and thus almost on 2016 level (previous year: CHF 144.8 million); adjusted for currency translation effects, a slight decline of 1.1% was recorded. In the Americas region, order income decreased in Swiss Francs by 8.8%; in local currency, orders were down 8.1% to USD 63.4 million. In the Europe region, it rose in the reporting year by 3.9% to CHF 69.0 million; adjusted for currency translation effects, order income was up 3.0%. In the Asia region, order income increased by 17.7% to CHF 12.0 million; adjusted for currency translation effects, the increase was 18.5%.

## **Net sales**

Net sales of the Elma Group increased again significantly in the 2017 business year compared with the previous year. Group-wide, net sales in Swiss Francs rose to CHF 144.0 million (previous year: CHF 130.3 million) which is a plus of 10.5% both on effective and currency-adjusted level. The Americas region increased their net sales in Swiss Francs by 9.3%; adjusted for currency translation effects, they grew by 10.1% to USD 66.1 million. The Europe region posted net sales of CHF 67.6 million, a growth by 9.9%; adjusted for currency translation effects, sales were up 9.0%. In the Asia region, net sales increased in Swiss Francs year-on-year by 21.9% to CHF 11.6 million; adjusted for currency translation effects, this represents a growth of 22.8%.

### **EBIT and net profit**

In the 2017 business year, the Elma Group increased its EBIT to CHF 7.0 million, with a margin of 4.8%, which almost doubles the previous year (previous year: CHF 3.5 million with an EBIT margin of 2.7%). Elma closed the 2017 business year with a net profit of CHF 3.0 million (previous year: CHF 2.3 million).

### **Balance sheet**

As of December 31, 2017, the Elma Group reported total assets of CHF 85.6 million (previous year: CHF 76.8 million). The equity ratio decreased slightly to 35.6% (previous year: 36.1%). Net debts dropped by CHF 1.7 million to CHF 20.8 million (previous year: CHF 22.5 million) due to the strong improvement in operating cash flow compared with the previous year.

### **Dividend policy**

Our long-term objectives are:

- Improve balance sheet structure
- Reduce net debts
- Equity ratio of over 50%

The achievement of these objectives provides the basis for a distribution of dividends. We have already made visible progress in recent years and are confident to reach these goals. In this context, the Board of Directors will propose to the shareholders at the Annual General Meeting on April 26, 2018, to forego dividend payments for the 2017 business year.

### **Investments**

Investments are crucial for the successful development of our company. In 2017, we invested in machinery, plant and technology as well as in the education and the training of our staff. Overall, fixed assets increased in the three regions by CHF 3.2 million (previous year: CHF 3.1 million). 53% of these investments were made in the Europe region, 45% in Americas and 2% in Asia.

**Net sales of the Elma Group increased again significantly in the 2017 business year compared with the previous year.**

### **Employees**

The headcount of the Elma Group at year-end 2017 increased to 729 employees (previous year: 712). We employed 409 employees in the Europe region (previous year: 402), followed by the Americas region with 271 (previous year: 266) and the Asia region with 49 (previous year: 44).

### **Outlook**

Worldwide, many markets are on the upswing and the economic environment continues to be favorable. Almost all indicators relevant to the Elma Group point to a good business development for 2018. Given these conditions existing since 2017, we expect a positive business continuation in 2018.





**In 2017, we successfully launched numerous new products in the market.**

#### **Change in the Board of Directors in 2018**

David Schnell, member of the Board of Directors since 2001, reaches the age limit stipulated in Elma's by-laws. He is thus no longer available for re-election and will resign from the Board of Directors after the completion of the Annual General Meeting on April 26, 2018. At its meeting on March 8, 2018, the Board of Directors decided that the position will not be replaced and thus the Board of Directors will consist of four members as from the 2018 Annual General Meeting. The entire Board of Directors thanks David Schnell for his successful work of many years and great services for the Elma Group as a member of the Board and Chairman of the Audit Committee and wishes him all the best for the future.

The remaining four members are standing for re-election. The Board of Directors will propose to the Annual General Meeting on April 26, 2018 to re-elect the current members as well as to re-elect Martin Wipfli as Chairman of the Board. In addition, the Board of Directors will propose to the 2018 Annual General Meeting to elect Rudolf W. Weber and Peter Hotz as members of the Compensation Committee.

#### **Appreciation**

On behalf of the entire Board of Directors and the Group Management we would like to thank you, our shareholders, for your confidence in the Elma Group. Our thanks also go to our customers and business partners worldwide for their cooperation and their long-term commitment to our company. Last but not least, we would like to express our special thanks to our employees who contributed to the success of the Elma Group with their commitment and support in 2017.

**Martin Wipfli**  
Chairman

**Fred Ruegg**  
CEO

# Strategy of the Elma Group

**Elma – Your Solution Partner.** This claim is recognized worldwide, as we offer the products and services of our three strategic product lines through ten local Group companies, spread across the regions Americas, Europe and Asia. We aim to improve results significantly in the medium term and achieve an organic growth each year. Through selective acquisitions we exploit additional growth potential. Our corporate strategy focuses on four key elements:

## **Expand our market share**

We intensify our market activities and develop strategies to win more customers in new market segments for our three strategic product lines System Solutions, Enclosures & Components and Rotary Switches.

## **Sell all product lines in our three regions**

Our system solutions are based on the component business. We sell our products through our regional subsidiaries, strategic partners and distributors worldwide.

## **Regional production**

With production sites in the three regions, we can quickly respond to the needs of our customers. In addition, they provide us extensive protection against the consequences of significant currency fluctuations (“natural hedging”).

## **Develop and expand the systems business and expand the customer base and design-ins for the Rotary Switches business**

We focus on advanced technical components and system solutions and on expanding the system integration business in all three regions. We expand our product range with small form factor products in the electronic packaging. In the Rotary Switches product line, we supplement our business activities and solutions for human-machine interface applications.

**We focus on advanced technical components and system solutions and on expanding the system integration business in all three regions.**

# Product Lines

## System Solutions

Elma continued its next-generation product development plan. Product Management and Engineering were focusing on the increasingly demanding, complex development projects for customers as well as standalone Elma “Embedded Systems” products of the product families “ProSys” and “FlexCom”. Elma has added two additional models to its family of rugged, secure networking products, complementing the proven Cisco Mobile Routing solutions of prior systems. The “NetSys-5303” with Cisco IOS software enables secure system data, voice and video communications for a wide range of applications. The latest model “NetSys-5304” was developed to meet the requirements of the EN 50155 standard specifically for the Railway sector and can be integrated in rail operations both on the track and on the train itself.

Elma’s high-quality power supply solutions are used primarily in the Transportation, Industrial and Medical sectors. Since 2017, Elma has been offering a new DC-DC converter series from its partner Bel Power in the DACH market area (Germany, Austria and Switzerland). These power units are designed as low-cost devices for Industrial and Railway applications.

## Enclosures & Components

With the high level of development expertise within the Elma Group, demand for integrated and add-value products is also increasing. The designs must be flexible enough to meet customer-specific solutions as well as suitable for the use in rugged environmental and mobile applications. New to the innovative Elma design enclosure range is the “Compact Case 20”. It combines appealing visual appearance with flexibility, practicality and smart design.

The Compact Case 20 is a rugged, high-quality aluminum enclosure for measurement, control and service applications in a variety of environments. It can be used both stationary and mobile and is available in different versions and sizes.

Elma has developed a new rugged electronic housing of its “Type 53” family which withstands extreme temperatures, high shock and vibration impacts and provides protection against the ingress of water and dust. The expandable design is intended for applications which support PC platforms, network infrastructures or I/O-specific multifunctional computers.

## Elma continued its next-generation product development plan.

## Rotary Switches

The development of rotary switches trends towards expanded solutions in which the electronic components are integrated into the switch. The enhanced innovation of the last two years has led to the development of numerous new switch products which resulted in lively design-in activities worldwide. The product line Rotary Switches has advanced the proven E33 encoder rotary switch for safety-related mobile applications and the MR50 multifunction rotary switch for the use in portable devices.

# Regions

## Americas

In the 2017 business year, Elma grew significantly in the Americas region, specifically in Defense and VPX Architectures. Defense and Aerospace are still America's core markets (VME, VPX, Integrated Level 4 and SFF), driven by leading positions in Open Standards for chassis and backplanes. Demand in the Industry & Automation also picked up and Elma increased sales in Small Form Factor (SFF) computers and in board products.

Elma received the 2017 Gold Innovation Award from Penwell Military & Aerospace for the CMOSS convergence (VPX) backplane. This 3U 14-slot OpenVPX backplane supports the Defense industry hardware and software convergence initiatives for modular architecture. It is an integration platform for modules addressing the Department of Defense's CMOSS initiative, providing the foundation for the creation of systems optimized for performance, reduced SWaP and lower lifecycle costs for rapid technology insertion.

Elma anticipates the overall economic performance in the Americas region to continue positively with moderate growth expected in all sectors addressed. The System Solutions product line will remain the primary driving force. Good progress has been made in developing SFF products for Industrial Automation (internet of things). The recent enactment of the US Tax Cuts and Jobs Act is showing signs of increasing investments. Although the 2017 amendment required the Group to make an unexpected write-down of CHF 1.0 million in deferred tax assets, Elma expects income taxes in 2018 and subsequent years to be significantly lower as a result of the tax cut, which will have a positive impact on the future cash flow.

## Europe

The Europe region at Elma comprises six companies in Switzerland, Romania, Germany, the UK, France and Israel. The central production site in Romania ensures supplies of rotary switches as well as enclosures and components to all Group companies in the Europe region. The trend from 19-inch-based systems to smaller form factors, the so-called Box PC or Panel PC, continues. Traditional 19-inch technology is still widely used in Europe.

Sales growth varied in the individual countries. Germany and Switzerland were successful in the field of Industrial Automation and designs with well-known customers were realized. Demand also rose in the Communications and Defense sectors. In the UK, demand in the Defense sector was also encouraging. On the other hand, the economic environment in France and Israel remained challenging in 2017.

The Elma Group increased its activities in the Railway sector in Europe and joined the Association of the European Rail Industry, Union des Industries Ferroviaires Européennes (UNIFE), in 2017. Elma has been active in the Railway market for several years and offers a range of industry-specific products. The latest model "NetSys-5304" from the family of rugged, secure network products has been developed to meet the requirements of the EN 50155 standard specifically for the Railway sector and can be integrated in rail operations both on the track and on the train itself.

The existing e-commerce platform was further expanded in 2017 and is now also available to customers in the UK. Via the online shop on the Elma website <https://buy.elma.com/> standard products from the Enclosures & Components and Rotary Switches range can be purchased.

Elma expects the economic environment in its key European markets to remain stable. However, there is still some uncertainty about the potential economic impact of the ongoing Brexit negotiations.

## **Asia**

Elma is represented in Asia with subsidiaries in China, Singapore and India. By using its own manufacturing facility at the Shanghai site, customers in Asia are offered a wide range of high-quality enclosures. Elma's Design Center in India develops sophisticated electronic design and software solutions, primarily for Small Form Factor products and integrated embedded systems for various units in the Group.

The start of the 2017 business year in the Asia region was restrained, with demand gradually improving towards the end of the year, especially in the sectors of Industrial Automation and Renewable Energies. Elma Asia has strengthened its market activities in South Korea and Taiwan and received strong interest from customers with solutions using VPX technologies and openVPX products. The business activities in Southeast Asia also developed well, mainly due to a successful trading business.

For 2018, Elma Asia anticipates increased demand for Infrastructure and Aerospace projects and expects the economic growth in Industrial Automation to continue with custom enclosure solutions.

**Good progress has been made in developing SFF products for Industrial Automation (internet of things).**

# Consolidated Balance Sheet Elma Group

at December 31

## Assets

in CHF 1,000

	2017	2016
<b>Current assets</b>		
Cash	7,416	4,874
Trade accounts receivable	24,903	21,407
Other short-term accounts receivables	1,779	715
Inventories	31,078	28,936
Prepaid expenses	988	933
<b>Total current assets</b>	<b>66,164</b>	<b>56,865</b>
<b>Non-current assets</b>		
Tangible assets	15,908	15,208
Deferred income tax assets	2,860	3,939
Other financial assets	246	253
Intangible assets	381	523
<b>Total non-current assets</b>	<b>19,395</b>	<b>19,923</b>
<b>Total assets</b>	<b>85,559</b>	<b>76,788</b>

# Consolidated Balance Sheet Elma Group

at December 31

## Liabilities and equity

in CHF 1,000

	2017	2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term bank debts	7,936	5,256
Trade accounts payable	11,458	10,159
Other current liabilities	6,422	3,907
Short-term provisions	3,554	2,471
Accruals	4,937	4,735
<b>Total current liabilities</b>	<b>34,307</b>	<b>26,528</b>
<b>Non-current liabilities</b>		
Long-term bank debts	10,280	12,080
Subordinated loan	10,000	10,000
Other liabilities	32	16
Deferred income tax provisions	140	–
Long-term provisions	340	409
<b>Total non-current liabilities</b>	<b>20,792</b>	<b>22,505</b>
<b>Total liabilities</b>	<b>55,099</b>	<b>49,033</b>
<b>Equity</b>		
Share capital	2,513	2,513
Capital reserves	8,388	8,388
Retained earnings	19,559	16,854
<b>Total equity</b>	<b>30,460</b>	<b>27,755</b>
<b>Total liabilities and equity</b>	<b>85,559</b>	<b>76,788</b>

# Consolidated Income Statement Elma Group

in CHF 1,000	2017	2016
<b>Net sales from goods and services</b>	<b>143,978</b>	<b>130,308</b>
Cost of goods sold	-103,312	-93,111
<b>Gross profit</b>	<b>40,666</b>	<b>37,197</b>
Sales and marketing expenses	-19,577	-19,108
Administrative expenses	-12,118	-11,741
Research and development expenses	-1,958	-2,381
Other operating income	1,531	834
Other operating expenses	-1,593	-1,276
<b>Operating income (EBIT)</b>	<b>6,951</b>	<b>3,525</b>
Financial result	-672	-641
<b>Ordinary result</b>	<b>6,279</b>	<b>2,884</b>
Non-operating result	139	386
<b>Profit before taxes (EBT)</b>	<b>6,418</b>	<b>3,270</b>
Income taxes	-3,409	-935
<b>Net profit</b>	<b>3,009</b>	<b>2,335</b>
Net profit per share in CHF	13.17	10.22



# Consolidated Cash Flow Statement Elma Group

January 1 to December 31

in CHF 1,000	2017	2016
<b>Cash flow from operating activities</b>		
Net profit	3,009	2,335
Income taxes	3,409	935
Financial result	672	641
Adjustments for		
Depreciation of tangible assets	2,517	2,563
Amortization of intangible assets	219	281
Change in provisions	973	84
Net gains on the sale of fixed assets	-24	-80
Other non-cash-effective income and expenses	3	2
Changes in net working capital		
Inventories	-2,202	-3,586
Trade accounts receivable	-3,492	-2,739
Other short-term accounts receivable and prepaid expenses	-1,056	191
Trade accounts payable	1,185	1,827
Other short-term payables and accruals	2,008	-1,462
Income taxes paid	-1,732	-1,412
Interest paid	-674	-643
<b>Total cash flow from operating activities</b>	<b>4,815</b>	<b>-1,063</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible assets	-3,166	-3,078
Disposal of tangible assets	51	90
Purchase of intangible assets	-86	-138
Changes in other financial assets	15	-53
<b>Total cash flow from investing activities</b>	<b>-3,186</b>	<b>-3,179</b>
<b>Cash flow from financing activities</b>		
Issuance of short-term borrowings	2,711	3,419
Repayment of short-term borrowings	-1,800	-1,800
<b>Total cash flow from financing activities</b>	<b>911</b>	<b>1,619</b>
Effects of exchange rate on cash	2	-78
<b>Increase in cash</b>	<b>2,542</b>	<b>-2,701</b>
<b>Cash at January 1</b>	<b>4,874</b>	<b>7,575</b>
<b>Cash at December 31</b>	<b>7,416</b>	<b>4,874</b>

# Balance Sheet Elma Electronic AG, Switzerland

at December 31

## Assets

in CHF 1,000	2017	2016
<b>Current assets</b>		
Cash	3,088	1,325
Trade accounts receivable		
– Group companies	2,932	1,837
– Third parties	3,264	1,413
Other accounts receivable		
– Group companies	924	388
– Third parties	1,490	452
Inventories	10,695	6,374
Prepaid expenses	99	90
<b>Total current assets</b>	<b>22,492</b>	<b>11,879</b>
<b>Non-current assets</b>		
Financial assets		
– Investments	17,129	22,794
– Loans to Group companies	1,645	1,631
– Other financial assets	10	10
Tangible assets	9,744	9,527
Intangible assets	207	218
<b>Total non-current assets</b>	<b>28,735</b>	<b>34,180</b>
<b>Total assets</b>	<b>51,227</b>	<b>46,059</b>

# Balance Sheet Elma Electronic AG, Switzerland

at December 31

## Liabilities and equity

in CHF 1,000	2017	2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term interest-bearing liabilities	5,502	3,629
Trade accounts payable:		
– Group companies	1,158	470
– Third parties	3,826	2,484
Other current liabilities:		
– Group companies	23	14
– Third parties	439	208
Accruals	2,079	1,314
<b>Total current liabilities</b>	<b>13,027</b>	<b>8,119</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities		
– Bank debts	10,280	12,080
– Subordinated loan	10,000	10,000
Provisions	32	16
<b>Total non-current liabilities</b>	<b>20,312</b>	<b>22,096</b>
<b>Total liabilities</b>	<b>33,339</b>	<b>30,215</b>
<b>Equity</b>		
Share capital	2,513	2,513
Legal reserves		
– Capital reserves	7,311	7,311
– Retained earnings	1,077	1,077
Free reserves	5,899	5,899
Retained earnings / accumulated loss	1,088	-956
<b>Total equity</b>	<b>17,888</b>	<b>15,844</b>
<b>Total liabilities and equity</b>	<b>51,227</b>	<b>46,059</b>

# Income Statement Elma Electronic AG, Switzerland

in CHF 1,000	2017	2016
<b>Net sales from goods and services</b>	<b>43,219</b>	<b>23,945</b>
Income from services	1,910	1,982
<b>Total income</b>	<b>45,129</b>	<b>25,927</b>
Material expenses	-25,952	-13,332
Personnel expenses	-13,922	-10,160
Other operating expenses	-4,834	-4,355
Depreciation	-1,011	-1,111
Other operating income	731	307
Gain on disposal of fixed assets	20	1
Recovered depreciation on buildings	382	-
<b>Operating income (EBIT)</b>	<b>543</b>	<b>-2,723</b>
Financial income	3,375	2,592
Financial expenses	-571	-594
Revaluation / impairment on investments	1,637	-849
<b>Ordinary result</b>	<b>4,984</b>	<b>-1,574</b>
Non-operating result	138	386
<b>Net profit / net loss before taxes (EBT)</b>	<b>5,122</b>	<b>-1,188</b>
Taxes	-32	-27
<b>Net profit / net loss</b>	<b>5,090</b>	<b>-1,215</b>

# Appropriation of retained earnings

## Retained earnings / accumulated loss

Retained earnings are presented to the Annual General Meeting on April 26, 2018 as follows:	<b>2017</b> in CHF	2016 in CHF
Accumulated loss / retained earnings carried forward from previous year	-956,091	259,601
Offsetting goodwill Trenue Electronic AG	-3,045,420	-
Net profit / net loss	5,089,775	-1,215,692
<b>Retained earnings / accumulated loss</b>	<b>1,088,264</b>	<b>-956,091</b>

## Proposal of the Board of Directors

for appropriation of retained earnings	<b>2017</b> Proposal of the Board of Directors in CHF	2016 Resolution of the Annual General Meeting in CHF
To be carried forward	1,088,264	-956,091
<b>Retained earnings / accumulated loss</b>	<b>1,088,264</b>	<b>-956,091</b>

# Multi-year overview Elma Group

in CHF 1,000	Swiss GAAP FER				
	2017	2016	2015	2014	2013
Net sales	143,978	130,308	119,109	118,079	113,010
EBITDA	9,687	6,369	5,496	6,596	5,383
EBITA	6,951	3,525	2,905	4,093	2,799
EBIT	6,951	3,525	2,905	4,093	2,799
Net profit	3,009	2,335	2,340	2,296	838
in % of average equity (ROE)	10.3	8.8	8.9	9.2	3.8
Depreciation of tangible assets	2,517	2,563	2,245	2,148	1,967
Amortization of intangible assets	219	281	346	355	617
Investments in tangible assets	3,166	3,078	2,872	2,088	1,794
Investments in intangible assets	86	138	145	60	223
Cash flow from operating activities	4,815	-1,063	5,489	5,342	2,391
Cash flow from investment activities	-3,186	-3,179	-9,333	-2,139	-2,015
Free cash flow	1,629	-4,242	-3,844	3,203	376
Cash flow from financing activities	911	1,619	4,300	-2,970	-2,250
Non-current assets	19,395	19,923	19,006	19,118	18,795
thereof tangible assets	15,908	15,208	14,771	14,265	14,125
Current assets	66,164	56,865	53,514	48,458	46,784
thereof cash and cash equivalents	7,416	4,874	7,575	7,069	6,544
Balance sheet total	85,559	76,788	72,520	67,576	65,579
Shareholders' equity	30,460	27,755	25,521	27,210	22,576
in % of balance sheet total	35.6	36.1	35.2	40.3	34.4
Non-current liabilities	20,792	22,505	24,286	23,013	25,463
Current liabilities	34,307	26,528	22,713	17,353	17,540
Total financial liabilities	28,216	27,336	25,680	21,380	24,350
Net financial debts (financial liabilities less cash balances)	20,800	22,462	18,105	14,311	17,806
ROCE (EBITA)/(equity plus net interest-bearing liabilities) in %	13.6	7.0	6.7	9.9	6.9
Indebtedness factor (net interest-bearing liabilities/EBITDA)	2.1	3.5	3.3	2.2	3.3
Headcount (FTE) end year	729	712	722	683	682
Headcount (FTE) average	718	709	683	688	677
Net sales per employee (average)	201	184	174	172	167

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## Agenda

### April 26, 2018

Annual General Meeting

### August 14, 2018

Half-Year Report at June 30

## Annual Report 2017

The Annual Report 2017 is available as full report or as an executive summary. The full version of the Annual Report is available in German language only and is binding. It is only online. The Executive report is available in German and English. Both documents can be downloaded from our website at <http://www.elma.com/en/investors/reports/>

## Explanation of statements about the future

This Annual Report contains statements about what the future might hold for Elma, and these are of course subject to uncertainties and risks. The reader must therefore bear in mind that statements of this kind may ultimately be at variance to actual events occurring at a future date. These statements about future prospects take the form of projections of potential developments. All statements about the future are based on data available to Elma at the time this Annual Report was being produced. Elma does not accept any obligation for updating the statements about future prospects contained in this Annual Report to reflect new information, future events or similar developments.

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