

Elma - Good results in the first half 2021 Implementation of the US production strategy and increased market activities show first success

CH-Wetzikon, August 11, 2021 - In the first half of 2021, the Elma Group significantly increased order income, net sales and net profit compared with the previous year. In addition to a pandemic-related pent-up demand from customers, the optimization of production processes in the USA and focused market activities were equally successful. Besides higher net sales, the Americas region made significant progress in the operational activities which had a positive impact on the regional results compared with the previous year. In the Europe region, net sales remained behind the previous year despite the high order income, yet the companies in Switzerland, Germany and the UK increased their operational performance compared with the previous year and thus improved the regional results substantially. The Asia region progressed both in terms of sales and operations and closed the half-year 2021 with a very good performance.

- **Order income increased by 5.3% to CHF 83.5 million (previous year: CHF 79.2 million)**
- **Net sales of CHF 74.8 million 9.5% higher (previous year: CHF 68.3 million)**
- **EBIT improved to CHF 3.0 million (previous year: 0.7 million) and net profit to CHF 2.3 million (previous year: CHF 0.8 million)**
- **All three regions with a positive profit contribution**
- **Operating cash flow increased to CHF 5.5 million (previous year: CHF 2.7 million)**
- **Net debts reduced by CHF 3.7 million to CHF 13.2 million (31.12.2020: CHF 16.9 million)**
- **Equity ratio improved to 47.6% (31.12.2020: 46.4%)**

Market trends and market environment

While the same period of the previous year 2020 was impacted by considerable uncertainties related to the Covid-19 pandemic and consequent project delays by customers, business improved distinctively in the second half of 2020; this positive trend continued in the current business year 2021. While the epidemiological situation stabilized in the USA and in Continental Europe in spring 2021, the UK showed an entirely different picture: after a recovery phase, the measures against the pandemic were extended again in spring to mid July 2021, with corresponding consequences for the economic development. In the Asia region, the number of new infections increased again in spring 2021, and some countries in Southeast Asia are again in lockdown mode.

The global pandemic also affected the business activities of the Elma Group in the first half of 2021, though at a significantly lesser extent than in the same period of the previous year. The existing restrictive protective measures, which were introduced by the local management teams aligned with the Elma Group Management, helped to soften the negative impact of the pandemic on business activities. No production interruptions were recorded in the first half of 2021.

The investments made in recent years, such as the acquisition and implementation of a new industrial campus in Atlanta, USA, as well as the increase of the automation level in the factory in Romania, led to a significant improvement in the operational performance and profitability of the Elma Group in the first half of 2021. These strategic measures will substantially strengthen the Elma Group in the long-term and provide a basis for inorganic growth.

Order income

Elma started the 2021 business year with a solid order backlog. This positive trend continued in the first half of 2021. Order income of the Elma Group totaled CHF 83.5 million which is a year-on-year increase of 5.3% (previous year: CHF 79.2 million); orders are recorded only if delivery is within the next six months. Adjusted for currency effects, the increase was 7.6%. This is due to the higher order intake in Switzerland by more than 25%, but also companies in UK, China and Singapore recorded clearly higher intakes.

The Americas region increased order income in local currency of USD 39.4 million slightly (previous year: USD 39.2 million); in Swiss Francs it fell by 4.8% due to the depreciation of the US-Dollar. Orders income in the Europe region developed very well; there was a stronger demand for Elma's Enclosures & Components and Rotary Switches product lines. Order income in Europe increased by 14.3% to a total CHF 40.3 million (previous year: CHF 35.3 million); adjusted for currency effects, this corresponds to an increase of 12.6%. Order income in the Asia region also grew significantly mainly because of a higher demand for products from the Enclosures & Components product line. The Asia region improved order income in the first half of 2021 by 15.6% to CHF 7.2 million (previous year: CHF 6.2 million); adjusted for currency effects, the increase was 22.0%.

Net sales

While the pandemic had led to project delays and occasionally also to postponements of orders by customers in the first half of 2020, deliveries picked up significantly in the second half of the previous year. This positive trend continued in the first half of 2021. Production was maintained at all times, in compliance with strict protective measures.

Net sales of the Elma Group reached CHF 74.8 million (previous year: CHF 68.3 million) which corresponds to an increase of 9.5%; adjusted for currency effects, growth was 12.4%. In the Americas region, net sales rose by 31.0% to USD 41.5 million (previous year: USD 31.7 million); in Swiss Francs the increase was 24.1%. In the Europe region, Switzerland and Germany increased sales specifically in the industrial sector. However, this positive trend did not compensate for the decline in other European countries. Overall, Elma Europe closed with lower net sales by 4.4% to CHF 30.5 million (previous year: CHF 31.9 million); adjusted for currency effects, sales fell by 5.9%. In the Asia region, however, net sales grew by 9.3% to CHF 6.4 million (previous year: CHF 5.8 million); adjusted for currency effects, they increased by 15.3%.

In the Americas region, technically demanding system solutions and electronic cabinets were on a growth path in the first six months of 2021. In Europe and Asia, there was increased demand for enclosure solutions and components. Net sales in the System Solutions product line rose by 7.5% to CHF 52.0 million (previous year: CHF 48.4 million); adjusted for currency effects, they increased by 10.4%. The Enclosures & Components product line generated net sales of CHF 16.4 million (previous year: CHF 13.6 million), which corresponds to an increase of 21.2%; adjusted for currency effects, they rose by 24.8%. With net sales of CHF 6.3 million, the Rotary Switches product line was on previous year's level (previous year: CHF 6.3 million); adjusted for currency effects, a plus of 1.0% was achieved.

EBIT and net profit

The investments made in recent years to optimize production processes had a positive effect on profitability. The Elma Group closed the first half of 2021 with a higher net profit of CHF 2.3 million (previous year: CHF 0.8 million). EBITDA increased to CHF 4.6 million (previous year: CHF 2.4 million) and EBIT improved to CHF 3.0 million (previous year: CHF 0.7 million). The operating cash flow improved to CHF 5.5 million (previous year CHF 2.7 million). The profit per share amounted to CHF 9.87 (previous year: CHF 3.37).

Solid balance sheet

As of June 30, 2021, the Elma Group reported total assets of CHF 97.1 million (31.12.2020: CHF 91.8 million). The equity ratio improved to 47.6% (31.12.2020: 46.4%) Net debts were reduced by CHF 3.7 million to CHF 13.2 million (31.12.2020: CHF 16.9 million).

In May 2021, the existing private placement in the form of a subordinated loan of CHF 10 million from a group of private investors was prematurely extended for another period of five years. The new terms and conditions of the subordinated loan stipulate a maturity until 2027 and an interest rate of 2.0% (previously 2.5%) as from July 2022.

Outlook

Elma started with good interim results and a solid order backlog into the second half of 2021. However, the further development of the pandemic and its possible effects on the global economy remain a challenge for all group companies. For this reason, Elma refrains from providing an outlook for the 2021 annual result.

The complete 2021 Interim Report can be downloaded from Elma's website at <https://www.elma.com/en/investors/reports/interim-report>

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About Elma

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. 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.

Please visit our website: www.elma.com

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This Media Release is published in German and in English. Should the English translation differ from the German original, the German version is binding.

Elma Group Key Figures

in CHF 1,000	30.06.2021	30.06.2020
Order income	83'466	79'232
Net sales	74'785	68'281
EBITDA	4'569	2'427
in % of net sales	6.1	3.6
EBIT	2'968	708
in % of net sales	4.0	1.0
Net profit	2'255	769
in % of net sales	3.0	1.1
in % of average equity (ROE)	5.1	1.9
Headcount end of period in FTE (incl. temporary employees)	787	779

in CHF 1,000	30.06.2021	31.12.2020
Balance sheet total	97'149	91'803
Shareholders' equity	46'287	42'591
in % of balance sheet total	47.6	46.4

The Alternative Performance Measures are described in Note 9 on page 14 of the 2021 Interim Report on Elma's website at the following link:

<https://www.elma.com/en/investors/company-profile/alternative-measures>

Information for Investors

The registered shares of Elma Electronic AG with a nominal value of CHF 11 per share are listed on SIX Swiss Exchange and have been traded there since December 4, 1996.

Elma registered shares	30.06.2021	31.12.2020
Share capital		
Number of registered shares issued	228'492	228'492
Average number of registered shares	228'492	228'492
Nominal value	in CHF 11.00	11.00
Nominal share capital	in CHF 1,000 2'513	2'513
Stock market prices		
Highest	in CHF 640.00	490.00
Lowest	in CHF 482.00	434.00
Closing price	in CHF 640.00	490.00
Stock market capitalization		
Balance sheet date	in CHF million 146	112
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	30.06.2021	30.06.2020
Key figures		
Equity per share	in CHF 202.58	173.41
Profit per share ¹	in CHF 9.87	3.37

1 No dilution effects