

CH-Wetzikon, March 23, 2015

Elma improves year-end result 2014 significantly

- **Revenue increased by 4.5% year-on-year to CHF 118.1 million**
- **All three regions with higher revenue**
- **Order income increased by 1.6% to CHF 122.6 million**
- **EBIT (CHF 4.1 million) and net income (CHF 2.3 million) significantly improved**
- **Equity ratio lifted to 40.3%**
- **Net debts reduced by CHF 3.5 million to CHF 14.3 million**

Revenue

The Elma Group achieved total revenue of CHF 118.1 million in 2014 (previous year: CHF 113.0 million). This represents a year-on-year growth of 4.5%; adjusted for currency translation effects, revenue rose by 4.7%. All three regions posted increased sales. The Americas region, with a contribution of 49% to total revenue the largest region of the Elma Group, reported an upturn of 1.9%; adjusted for currency translation effects, revenue rose by 2.4% to USD 63.4 million. In the Europe region, which contributes 42% to the Group's total revenue, an increase of 7.8% was achieved, bringing the figure to CHF 49.8 million; adjusted for currency translation effects, revenue was up 7.6%. The Asia region, with a 9% share of revenue, sales grew by 4.0% to CHF 9.9 million; adjusted for currency translation effects, the increase was 4.5%. Sales of system solutions, backplanes, storage modules and electronic cabinets in the System Solutions product line boosted revenue to CHF 80.8 million year-on-year (previous year: CHF 74.2 million). Sales for the Enclosures & Components product line totaled CHF 19.8 million (previous year: CHF 20.0 million), while the Rotary Switches business contributed CHF 17.5 million to overall revenue (previous year: CHF 18.8 million).

Order income

After a difficult first half of 2014 – with figures down by almost 12% year-on-year – order income in the last three months of the second half showed a very positive trend, mainly due to the revival in contracts awarded by the public sector. Order income rose by 1.6% to CHF 122.6 million (previous year: CHF 120.7 million); adjusted for currency translation effects, the increase was 1.8%. In the Americas region, order income remained at the previous year's level, with a slight downturn of 0.2%; in local currency, this translated into an increase of 0.3% to USD 65.2 million. The Europe region posted the highest growth during the reporting year: compared with the previous year, an increase of 8.3% to CHF 53.6 million was achieved; adjusted for currency translation effects, order income rose by 8.2%. In the Asia region it was down by 18.7% to CHF 9.0 million; adjusted for currency translation effects, the decrease was 18.4%. The decline is attributable to the anticipated reduction in the trading business with single board computers in 2014. The core business in Asia, however, developed positively.

EBIT and net income

Thanks to higher revenue coupled with lower functional costs, the operating result rose significantly year-on-year. Elma closed the 2014 financial year with an EBITDA of CHF 6.6 million (previous year: CHF 5.4 million). EBIT reached CHF 4.1 million (previous year: CHF 2.8 million) and net profit totaled CHF 2.3 million (previous year: CHF 0.8 million).

Balance sheet

As of December 31, 2014, Elma reported total assets of CHF 67.6 million (previous year: CHF 65.6 million). The equity ratio was 40.3% (previous year: 34.4%). New agreements without financial covenants were signed with the lending banks in June 2014. Net debts were reduced by CHF 3.5 million to CHF 14.3 million (previous year: CHF 17.8 million).

Dividend policy

The Elma Group continues to adhere to the long-term objectives: improve the balance-sheet structure, reduce net debts and attain an equity ratio of over 50%. The achievement of these targets is the basis for a distribution of dividends. Elma has achieved progress over recent years. The Board of Directors will propose to the shareholders at the Annual General Meeting on April 22, 2015 to waive dividend payments.

Market trends

The US economy showed encouraging development. By the end of 2014, the value of the US Dollar had increased significantly against the Euro and the Swiss Franc; this generated a positive impact for the Elma Group, which earns about two thirds of its total revenue in the Dollar area. However, demand in the Defense and Aerospace sectors remained sluggish. Governmental organizations are still subject to major financing and cost pressure, leading to the postponement of various government projects. A slight easing of the economic situation in Europe was evident after several very difficult years and demand was increasing in Germany, the UK, France and Israel. Even so, an economic recovery in the EU zone cannot be expected for the time being in the absence of a resolution to the debt crisis, and with deflationary trends emerging. To some extent, 2014 saw a loss of momentum for the economy in Asia and more particularly in China. In view of the expansion of government investment programs in China, however, we anticipate growing demand in this region.

Innovation, research and development

As a group of companies that is market focused, Elma develops innovative, customer-oriented complete solutions for system integration throughout the world. To a greater extent, Elma is becoming a system integrator as it expands its already great know-how of the design and implementation of integrated system solutions. The strategy is geared to attaining a leading position in the electronic packaging market while continuing to consolidate its market position. Meanwhile, the trend towards individualization and miniaturization is ongoing. In April 2014, the iD-Box 16 housing system developed by Elma was honored with the Red Dot Design Award in the Product Design category. The iD-Box is a new standard-independent system that can adapt its size to meet specific operational requirements. In the Rotary Switches business segment, Elma develops and produces high-quality switches for electronic equipment manufacturers. During 2014, the focus was on the development of new multifunctional switches such as the MR50 selector switch – an extremely rugged rotary switch with the smallest possible dimensions for mobile devices – as well as the new MultiWheel encoder, a hall effect sensor miniature encoder with a 9-fold joystick function for one-finger operation.

Objectives

The targets for the 2014 financial year included a further increase in revenue and an improvement to the operating result (EBIT), as well as an increase in the net income; Elma achieved all of these goals. In order to attain the specified objectives, Elma made investments to develop their markets, train their employees, expand their product range and upgrade their production sites.

Impact and outlook after drop of Swiss Franc peg by SNB

The Swiss National Bank surprised financial markets across the globe on January 15, 2015 when it unexpectedly ended its cap of 1.20 Swiss Franc per Euro. Back in summer 2011, when the US Dollar and the Euro plunged to all-time lows against the Swiss Franc, Elma had already taken action by initiating measures to mitigate the negative consequences of major exchange rate fluctuations. Thanks to the expansion of production capacities over recent years in the EU as well as the US, the impact of the renewed gain in strength by the Swiss Franc since January 2015 will be cushioned by natural hedges. The Board of Directors and the Group Executive Board therefore expect that these new exchange rate realities will mainly result in translation differences for the Elma Group, i.e. conversion effects when translating the closing statements of the international group companies into the consolidated accounts in Swiss Francs. Elma shall adhere to their objectives to continue increasing revenue and to improve the operating result (EBIT).

The complete 2014 Annual Report can be downloaded from our website at
<http://www.elma.com/en-eu/investors/reports/>

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Elma Electronic is a worldwide provider of solutions for the construction of enclosure systems for electronics. The product range extends from electronic packaging components to modular enclosures, cabinets and backplanes through to complete system platforms. Elma also produces rotary switches for electronic applications. The flexibility that allows customer requirements to be met and our many years of experience in the development and production of components and systems for complex applications distinguish Elma as a reliable partner.

Please visit our website: www.elma.com

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Multi-year overview Elma Group

in CHF 1'000	Swiss GAAP FER				
	2014	2013	2012	2011	2010
Revenue	118,079	113,010	111,111	117,718	126,029
EBITDA	6,596	5,383	5,021	6,853	6,396
EBITA	4,093	2,799	2,512	4,498	3,673
EBIT	4,093	2,799	2,512	4,498	3,673
Net income	2,296	838	788	1,826	1,709
in % of average equity (ROE)	9.2	3.8	3.6	9.0	8.6
Depreciation of tangible assets	2,148	1,967	1,867	1,695	1,915
Amortization of intangible assets	355	617	642	660	808
Investments in tangible assets	2,088	1,794	2,303	1,709	1,089
Investments in intangible assets	60	223	157	88	120
Cash flow from operating activities	5,342	2,391	2,596	2,318	4,858
Cash flow from investment activities	-2,139	-2,015	-2,944	-1,592	-837
Free cash flow	3,203	376	-348	726	4,021
Cash flow from financing activities	-2,970	-2,250	1,800	-200	-2,216
Non-current assets	19,118	18,795	19,283	19,316	20,300
thereof tangible assets	14,265	14,125	14,371	14,045	14,342
Current assets	48,458	46,784	45,306	46,742	46,106
thereof cash and cash equivalents	7,069	6,544	8,454	7,063	6,567
Balance sheet total	67,576	65,579	64,589	66,058	66,406
Shareholders' equity	27,210	22,576	21,995	21,198	19,231
in % of balance sheet total	40.3	34.4	34.1	32.1	29.0
Non-current liabilities	23,013	25,463	27,884	26,142	27,162
Current liabilities	17,353	17,540	14,710	18,718	20,013
Total financial liabilities	21,380	24,350	26,600	24,800	25,000
Net financial debts (financial liabilities less cash balances)	14,311	17,806	18,146	17,737	18,433
ROCE (EBITA)/(equity plus net interest-bearing liabilities) in %	9.9	6.9	6.3	11.6	9.8
Indebtedness factor (net interest-bearing liabilities/EBITDA)	2.2	3.3	3.6	2.6	2.9
Headcount (FTE) end year	683	682	682	706	711
Revenue per employee (average)	172	167	164	167	173

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.

Security number 531916
ISIN CH0005319162
SIX ticker symbol ELMN
Reuters ELMN.S
Bloomberg ELMN:SW

Elma registered shares	Swiss GAAP FER				
	2014	2013	2012	2011	2010
Share capital					
Number of registered shares issued	228,492	228,492	228,492	228,492	228,492
Average number of registered shares	228,492	228,492	228,492	228,492	228,352
Nominal value	in CHF	11.00	11.00	11.00	11.00
Nominal share capital	in CHF 1,000	2,513	2,513	2,513	2,513
Number of treasury shares		-	-	-	-
Conditional capital					
Number of registered shares		-	-	-	9,508
Key figures					
Equity per share	in CHF	119.09	98.80	96.26	92.77
Profit (loss) per share	in CHF	10.05	3.67	3.45	7.99
Dividend (pay-out) per share	in CHF	-	-	-	-
Pay-out ratio	in %	-	-	-	-
Stock market prices					
Highest	in CHF	403.00	418.75	435.00	440.00
Lowest	in CHF	367.75	379.75	390.00	405.00
Closing price	in CHF	384.50	397.25	406.00	430.00
Stock market capitalization¹					
Year-end value	in CHF million	88	91	93	98
	in % of equity	323	402	422	463

1 The stock-exchange-listed capitalization is equivalent to the share closing price, multiplied by the number of shares at the year end.

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Financial Calendar

April 22, 2015
Annual General Meeting
August 18, 2015
Half-Year Report at June 30