

CH-Wetzikon, February 25, 2020

Elma successfully continued its growth strategy in 2019

- **Order income increased by 7% to CHF 159.0 million**
- **Net sales grew by 3.5% to CHF 151.2 million**
- **EBIT of CHF 6.4 million (previous year: CHF 7.2 million) and net profit of CHF 5.1 million (previous year: CHF 5.6 million). Difference versus previous year due to expenses for relocation, installation and financing of the new industrial campus in Atlanta USA (CHF 1.1 million) as well as project cost for customized customer projects (CHF 0.3 million)**
- **Investments for new US industrial campus of CHF 10.8 million**
- **Net debts increased to CHF 24.0 million due to high investments (previous year: CHF 17.5 million)**
- **Equity ratio of 42.6% slightly lower (December 31, 2018: 43.8%)**
- **Four Military & Aerospace Engineering Technology Innovation Awards received**

The Elma Group successfully continued its growth strategy in the 2019 business year. After a sluggish trend in the first six months, business improved significantly in the second half of the year; as a result order income and net sales improved again year-on-year. In the US, the Vision 2020 was implemented and a milestone was reached with the purchase of the industrial campus in Atlanta, Georgia. The investments in a modern industrial sheet metal production and the associated additional costs for moving and financing as well as significantly higher expenditure in demanding customer projects in the Europe region were largely responsible for the fact that profitability in 2019 was lower than in the previous year. Both EBIT and net profit closed below the previous year. However, the investments will lead to sustainable strengthening and improved profitability of the Group in the medium term.

Order income

In the business year 2019, the Elma Group increased order income by 7.0% to CHF 159.0 million (previous year: CHF 148.6 million); adjusted for currency translation effects, order income rose by 6.5%. This was a record for the second year in a row. Only orders with delivery within the next six months are recorded as order income.

The positive growth was primarily achieved through good demand from the Defense industry in the US. Accordingly, order income in Swiss Francs in the Americas region rose by 19.8%; in local currency, this represents an increase of 17.9% to USD 80.4 million. The Europe region was influenced by a noticeable slowdown, particularly in industrial automation in Germany and Switzerland. On a positive note, Elma was able to secure the largest multi-year framework contract in Switzerland since the beginning of the Elma Group, in the amount of over CHF 14 million; first deliveries might start beginning of 2021. Order income in the Europe region declined by 3.5% to CHF 68.6 million; adjusted for currency translation effects, the decrease was 2.4%. The Asia region was impacted by sluggish demand, especially in the local business. This led to a 3.4% drop to CHF 10.5 million in orders; adjusted for currency translation effects, the decrease was 4.9%.

Net sales

Overall, the 2019 net sales rose by 3.5% to CHF 151.2 million (previous year: CHF 146.0 million); adjusted for currency translation effects, they grew by 3.3%. This increase is mainly attributable to successful execution of demanding customer projects in the systems business in the USA. The Europe region, on the other hand, saw lower demand as a result of the weaker economic dynamics in Germany and France and the associated project delays by customers. Asia, especially China, faced weaker demand.

The Americas region increased net sales by 11.2% to USD 71.3 million (previous year: USD 64.2 million); in Swiss Francs the growth was 13.0%. In the Europe region, net sales decreased by 1.4% to CHF 70.7 million; adjusted for currency translation effects, they were on the previous year's level (-0.1%). The Asia region posted 17.1% lower net sales of CHF 9.6 million (previous year: CHF 11.6 million); adjusted for currency translation effects, they were down 18.5%.

The three product lines showed solid performances in 2019 and convinced with new innovative solutions and new products; all product lines achieved encouraging growth. The product line System Solutions increased net sales by 4.0% to CHF 108.5 million (previous year: CHF 104.3 million); adjusted for currency translation effects, the increase was 3.8%. Enclosures & Components generated net sales of CHF 29.7 million (previous year: CHF 28.7 million) which corresponds to a growth of 3.2%; adjusted for currency translation effects, the increase was 2.6%. The product line Rotary Switches closed the year with sales of CHF 13.0 million, representing a plus of 0.5% (previous year: CHF 12.9 million); adjusted for currency translation effects, they were up 0.4%.

EBIT and net profit

Elma improved EBIT as well as net profit significantly in the second half of 2019 compared with the first six months of the year. The expenses for relocation, installation and financing – all related to the investment in the new industrial campus in Atlanta, USA - as well as higher project expenses for customized products in the Europe region, led ultimately to a lower EBIT and net profit year-on-year. Elma expects, however, that these investments will substantially strengthen the Group in the medium term and increase profitability accordingly.

The Elma Group closed the 2019 business year with a net profit of CHF 5.1 million (previous year: CHF 5.6 million); all product lines achieved positive profit contributions. EBITDA reached CHF 9.6 million (previous year: CHF 10.2 million) and EBIT was CHF 6.4 million with a margin of 4.2% (previous year: CHF 7.2 million with an EBIT margin of 5.0%). The profit per share amounted to CHF 22.37 (previous year: CHF 24.57).

Balance sheet

As of December 31, 2019, the Elma Group reported total assets of CHF 94.1 million (previous year: CHF 81.8 million). The equity ratio was 42.6% (previous year: 43.8%). Net debts increased by CHF 6.5 million to CHF 24.0 million (previous year: CHF 17.5 million) as a result of the high investments, in particular for the industrial campus in the US for CHF 10.8 million.

Dividend policy

Elma's dividend policy depends on the following factors:

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

Elma has made steady progress in recent years to create the conditions for a dividend distribution. Not all factors have been met yet. Therefore the Board of Directors will propose to the General Annual Meeting on April 16, 2020 to forego a dividend payment for the 2019 business year.

Market trends

The global economy stabilized at a significantly lower level in autumn 2019. Elma assumes that economic activities will pick up again in the first half of 2020. While growth in the industrial sector in the US has slightly softened, the defense sector continues to be very robust with high demand for Elma Group's products. The growth in Europe varies in the individual countries. Main concern is Germany which is faced with a weakening industrial production. Although the service sector and the domestic economy are in good shape, the manufacturing sector in Germany is in a difficult position.

Innovation, research and development

Elma offers solutions from components to integrated systems. Innovation is one of the key success factors to deliver market-driven products to customers and ensure profitable growth in all three regions and product lines. Elma works closely with customers when developing new products, system solutions and services. This enables Elma to understand the customer's needs and develop customized, innovative solutions. Elma is "Your Solution Partner".

Elma has received four Military & Aerospace Engineering Technology Innovation Awards. This marks the third year in a row that Elma products have been selected for and recognized by this important awards program. Honorees of the Technology Innovation Awards have made a pioneering contribution to the defense and aerospace industry and are recognized as leaders with innovative solutions and products.

Change of Board of Directors and Group Management in 2020

As already announced in the media release of August 12, 2019 and November 1, 2019, Fred Ruegg will retire as CEO of the Elma Group following the ordinary Annual General Meeting on April 16, 2020. Thomas Herrmann as his successor will take over on April 17, 2020. The Board of Directors will propose the General Annual Meeting 2020 to elect Fred Ruegg as a member of the Board.

Outlook

The Elma Group started the 2020 business year with a record-high order backlog, which proves that the companies are well positioned in their markets. Due to the uncertainties caused by the Corona virus and the effects on the global economy, Elma refrains from providing an outlook.

The complete 2019 Annual Report in German can be downloaded from our website at <http://www.elma.com/en-eu/investors/reports/>

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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 communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Elma's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Elma's past and future filings and reports and in past and future filings, press releases, reports and other information posted on Elma Group companies' websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Elma disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Multi-year overview Elma Group

in CHF 1,000	Swiss GAAP FER				
	2019	2018	2017	2016	2015
Order income	158,994	148,626	143,201	144,777	115,672
Net sales	151,155	145,981	143,978	130,308	119,109
EBITDA	9,552	10,221	9,687	6,369	5,496
EBITA	6,408	7,236	6,951	3,525	2,905
EBIT	6,408	7,236	6,951	3,525	2,905
Net profit	5,111	5,613	3,009	2,335	2,340
in % of average equity (ROE)	13.5	16.9	10.3	8.8	8.9
Depreciation of tangible assets	3,057	2,780	2,517	2,563	2,245
Amortization of intangible assets	87	204	219	281	346
Investments in tangible assets	14,175	2,448	3,166	3,078	2,872
Investments in intangible assets	44	1	86	138	145
Cash flow from operating activities	7,774	5,713	4,815	-1,063	5,489
Cash flow from investment activities	-14,206	-2,393	-3,186	-3,179	-9,333
Free cash flow	-6,432	3,320	1,629	-4,242	-3,844
Cash flow from financing activities	6,837	-3,823	911	1,619	4,300
Non-current assets	28,886	18,387	19,395	19,923	19,006
thereof tangible assets	26,131	15,469	15,908	15,208	14,771
Current assets	65,184	63,445	66,164	56,865	53,514
thereof cash and cash equivalents	7,223	6,905	7,416	4,874	7,575
Balance sheet total	94,070	81,832	85,559	76,788	72,520
Shareholders' equity	40,071	35,865	30,460	27,755	25,521
in % of balance sheet total	42.6	43.8	35.6	36.1	35.2
Non-current liabilities	23,797	19,013	20,792	22,505	24,286
Current liabilities	30,201	26,954	34,307	26,528	22,713
Total financial liabilities	31,209	24,383	28,216	27,336	25,680
Net financial debts (financial liabilities less cash balances)	23,986	17,478	20,800	22,462	18,105
ROCE (EBITA)/(equity plus net interest-bearing liabilities) in %	10.0	13.6	13.6	7.0	6.7
Indebtedness factor (net interest-bearing liabilities/EBITDA)	2.5	1.7	2.1	3.5	3.3
Headcount (FTE) end year	752	745	729	712	722
Headcount (FTE) average	753	735	718	709	683
Net sales per employee (average)	201	199	201	184	174

The Alternative Performance Measures are described in Note 34 on page 77 of the 2019 Annual Report at the following link: <https://www.elma.com/en/investors/reports>

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				
	2019	2018	2017	2016	2015
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	228,492
Nominal value	in CHF 11.00	11.00	11.00	11.00	11.00
Nominal share capital	in CHF 1,000 2,513	2,513	2,513	2,513	2,513
Number of treasury shares	-	-	-	-	-
Key figures					
Equity per share	in CHF 175.37	156.96	133.31	121.47	111.69
Profit (loss) per share	in CHF 22.37	24.57	13.17	10.22	10.24
Stock market prices					
Highest	in CHF 446.00	424.00	423.00	369.50	398.00
Lowest	in CHF 326.00	340.00	340.00	340.25	335.00
Closing price	in CHF 438.00	350.00	415.00	350.00	369.50
Stock market capitalization ¹					
Year-end value	in CHF million 100	80	95	80	84

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 16, 2020
Annual General Meeting
August 12, 2020
Half-Year Report at June 30