

Media Information

Interim Result as of June 30, 2020 Solid results in an unprecedented time

CH-Wetzikon, August 12, 2020 – The Elma Group closed the first half of 2020 - which was impacted by the economic turmoil connected with the Covid 19 pandemic - with solid results.

- **Order income of CHF 79.2 million on a solid level, even if 4.9% below previous year**
- **Net sales of CHF 68.3 million 6.9% lower than previous year**
- **EBIT of CHF 0.7 million (previous year: CHF 2.2 million) and net profit of CHF 0.8 million (previous year: CHF 1.7 million)**
- **Net debt decreased by CHF 1.4 million to CHF 22.6 million as of June 30, 2020**
- **Equity ratio stable at 42.3% (December 31, 2019: 42.6%)**

Market development

The first half of 2020 was heavily influenced by the ongoing corona pandemic and affected the global business of the Elma Group. Several customers reduced their capacities during the "lockdown" ordered by the local governments. As a consequence, Elma had to adjust their production capacities and partially introduced short-time work. The Board of Directors and the Group Management reacted promptly and quickly to this unprecedented development with a package of measures to prevent production interruptions over a longer period of time.

Order income

During the peak of the Corona crisis in spring 2020, various governments approved the continuation of essential businesses which led to a constant demand in the defense industry in the US and the UK in the first half of 2020. Overall, order income was kept on a solid level in the first six months of 2020, even though, as expected, it was below the previous year's level. After a record-high order intake at the beginning of 2020, Elma started the second half of the year with an equally solid order backlog, which shows that Elma is well positioned in their markets.

Order income across the group amounted to CHF 79.2 million and was 4.9% below the previous year (previous year: CHF 83.3 million); orders are recorded as order income only if the delivery takes place within the next six months. Adjusted for currency translation effects, there was a decline of 1.7% only. In the Americas region, order income fell by 11.6% to USD 39.2 million (previous year: USD 44.3 million); given the strong appreciation of the Swiss Franc in the wake of the Corona crisis, the decrease in Swiss Francs was 14.7%.

Order income in the Europe region continued to be strong despite the Corona crisis. Especially Switzerland and Germany reported a good demand in the system solutions and the rotary switches product lines. The UK market was restrained due to the uncertain economic situation. Overall, order income rose by 2.4% compared with previous year to CHF 35.3 million (previous year: CHF 34.4 million); adjusted for currency translation effects, the increase was 5.4%.

There was a significant increase in order income in the Asia region. Business activities in China resumed earlier than in other regions when the restrictions of the Corona pandemic were partly lifted. In the first half year 2020, the Asian entities improved order income by 35.0% to CHF 6.2 million (previous year: CHF 4.6 million); adjusted for currency translation effects, the increase was 39.8%.

Net sales

The Corona pandemic caused some project delays in the first half of 2020 and in some cases customers postponed deliveries. Production was largely maintained with strict protective measures during the time of the lockdown imposed in different countries. In addition, the individual product lines were able to benefit from increased demand in the medical sector, which led to a good load for a short period of time.

The Elma Group posted net sales of CHF 68.3 million (previous year: CHF 73.3 million) which represents a decrease of 6.9%; adjusted for currency translation effects, the decline was 3.9%. In the Americas region, sales were down 5.7% to USD 31.7 million (previous year: USD 33.6 million); in Swiss Francs, the decrease was 9.0%. In Europe, net sales dropped by 8.6% to CHF 31.9 million (previous year: CHF 34.9 million); adjusted for currency translation effects, the decrease was 6.1%. On the other hand, the Asia region increased their net sales by 20.1% to CHF 5.8 million (previous year: CHF 4.9 million); corresponding to an increase of 24.4% with the impact of currency translation effects.

The US systems business in the first six months of 2020 was successful and closed even slightly above previous year, the Asia region also reported an increased demand, whereas activities in the Europe region declined substantially. Overall, net sales of the System Solutions product line decreased by 4.3% to CHF 48.4 million (previous year: CHF 50.6 million); adjusted for currency translation effects, they declined by 1.0%. The Enclosures & Components product line generated net sales of CHF 13.6 million (previous year: CHF 15.7 million), which resulted in a drop of 13.9%; adjusted for currency translation effects, they fell by 11.8%. Only the Asia region was able to increase revenue in the enclosure business while sales in the Americas and Europe regions were significantly lower. The Rotary Switches product line reported net sales of CHF 6.3 million, being 9.3% lower than previous year (previous year: CHF 7.0 million); adjusted for currency translation effects, they were down 6.8%.

EBIT and net profit

In order to soften the financial impact of the pandemic for the Elma Group, targeted measures have been initiated in all companies to reduce costs and improve liquidity. Thanks to a well-functioning risk management, major bad debt losses could be prevented. However, the impact of the Corona pandemic as well as the start-up of the new industrial campus in Atlanta, USA with its associated inefficiencies have impacted the operating result. The EBIT and net profit of the Elma Group were positive as of June 30, 2020, but remained significantly below the previous year.

The Elma Group closed the first half of 2020 with a net profit of CHF 0.8 million (previous year: CHF 1.7 million). EBITDA reached CHF 2.4 million (previous year: CHF 3.6 million) and EBIT totaled CHF 0.7 million (previous year: CHF 2.2 million). The profit per share amounted to CHF 3.37 (previous year: CHF 7.40).

Solid balance sheet

It is of paramount importance to Elma's Board of Directors and Group Management to protect the health of employees in all regions and to serve their customers as efficiently as possible at all times. Elma has a comprehensive crisis management with clearly structured processes. Liquidity is ensured and the solid balance sheet structure enables the Elma Group to master this unprecedented time.

As of June 30, 2020, Elma reported total assets of CHF 93.6 million (December 31, 2019: CHF 94.1 million). The equity ratio was stable at 42.3% (December 31, 2019: 42.6%). Net debts have been reduced by CHF 1.4 million to CHF 22.6 million since the beginning of the year (December 31, 2019: CHF 24.0 million).

Outlook

The development of the Covid 19 pandemic and its effects on the global economy remain unpredictable. For this reason, Elma refrains from providing an outlook for the 2020 annual result.

Special thanks

The Elma Group has so far mastered the major challenges in connection with the Covid 19 pandemic, especially thanks to our employees worldwide. The Board of Directors and the Group Management would therefore like to take the opportunity to express special thanks to all employees for their outstanding commitment and their team spirit. We also thank our customers and business partners for their trust in our company and for their loyalty. We would like to thank you, dear shareholders, for your support in these difficult times.

The complete 2020 Interim Report can be downloaded from our website at
[**https://www.elma.com/en-eu/investors/reports**](https://www.elma.com/en-eu/investors/reports)

Contacts

Elma Electronic AG
Hofstrasse 93
CH-8620 Wetzikon

Thomas Herrmann
CEO Elma Group
Tel. +41 44 933 43 04
thomas.herrmann@elma.ch

Edwin Wild
CFO Elma Group
Tel. +41 44 933 42 45
edwin.wild@elma.ch

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

Disclaimer

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.

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

	30.06.2020	30.06.2019
in CHF 1,000		
Order income	79'232	83'298
Net sales	68'281	73'315
EBITDA	2'427	3'611
EBIT	708	2'150
in % of net sales	1.0	2.9
Net profit	769	1'691
in % of net sales	1.1	2.3
in % of average equity (ROE)	1.9	4.6
Headcount end of period (FTE)	755	761
in CHF 1,000	30.06.2020	31.12.2019
Balance sheet total	93'647	94'070
Shareholders' equity	39'622	40'071
in % of balance sheet total	42.3	42.6

The Alternative Performance Measures are described in Note 9 of the Interim Report 2020 at the following link:

<https://www.elma.com/en-eu/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.

	30.06.2020	31.12.2019
Elma registered shares		
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
Nominal share capital	in CHF 1,000	2'513
Stock market prices		
Highest	in CHF	448.00
Lowest	in CHF	434.00
Closing price	in CHF	444.00
Stock market capitalization		
Balance sheet date	in CHF million	101
	30.06.2020	30.06.2019
Key figures		
Equity per share	in CHF	173.41
Profit per share	in CHF	3.37