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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.

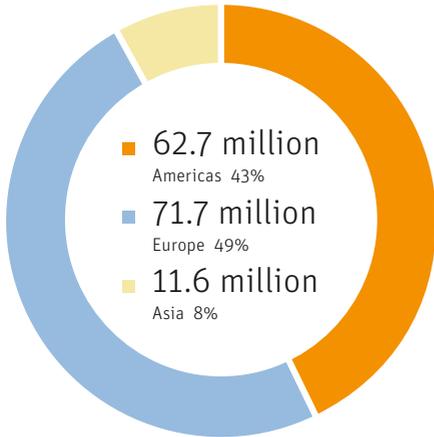
Key Figures 2018

Elma Group Key Figures

in CHF 1,000	2018	2017
Order income	148,626	143,201
Net sales	145,981	143,978
EBITDA	10,221	9,687
EBIT	7,236	6,951
in % of net sales	5.0	4.8
Net profit	5,613	3,009
in % of net sales	3.8	2.1
in % of average equity (ROE)	16.9	10.3
Balance sheet total	81,832	85,559
Shareholders' equity	35,865	30,460
in % of balance sheet total	43.8	35.6
Headcount year-end (FTE)	745	729

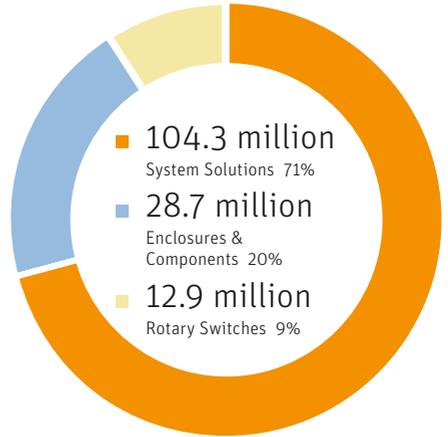
Net sales by region

in CHF and %



Net sales by product line

in CHF and %



146.0

million CHF
net sales

745

employees worldwide

5.6

million CHF
net profit

148.6

million CHF
order income



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Dear Shareholders,

The positive growth momentum of recent years continued in 2018. Supported by the favorable global economic development, the Elma Group again surpassed the results of the previous year. Elma closes 2018 with an order income at record levels, higher net sales and a significantly increased net profit.

- **Order income grew by 3.8% to CHF 148.6 million**
- **Net sales increased by 1.4% to CHF 146.0 million**
- **Profitability further improved resulting in an EBIT of CHF 7.2 million (previous year: CHF 7.0 million) and a net profit of CHF 5.6 million (previous year: CHF 3.0 million)**
- **Net debts reduced by 3.3 million to CHF 17.5 million**
- **Equity ratio increased by 8.2% to 43.8% (31.12.2017: 35.6%)**

Market trends

The Elma Group looks back on a successful 2018 business year. The solid and targeted work of recent years, the efforts to enter new markets, the investments made to consolidate the competitive position in various industries as well as an increasingly friendly business environment have all contributed to a significant performance improvement.

Elma has made progress in all three regions. An encouraging progress was achieved in the European market, where almost 50% of the Group's 2018 revenue was generated. In addition to the companies in Germany and the UK, business in Switzerland, which had long suffered from the appreciation of the Swiss Franc, also made a positive contribution to the company. The Americas region continued to have a strong demand from the Defense industry, but also Elma's market offensive in other industries has gained ground.

Due to temporary delays by customers in some complex projects, the net sales were lower than in the previous year. Also the Asia region benefited from the investments of recent years and showed a solid performance. By steadily expanding capacities in China and India, Elma has created a solid foundation for growth over the next years.

Innovation, research and development

Innovation is one of Elma's key success factors to deliver market-driven products to customers and support 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 customers' needs and develop customized, innovative solutions. Elma is "Your Solution Partner".

The positive growth momentum of recent years continued in 2018.

Elma offers solutions from components to integrated systems. In 2018, Elma successfully implemented many innovative and complex customer projects. In addition, new products were developed and successfully launched in the market. Elma has added four new robust modules to its portfolio of power solutions; the PCI-104-based power supplies can be used as a module in any PC/104 Express Embedded System. PC/104 is a standard form factor of the electronics industry for PC-compatible modules. For the growing broadband communications market, Elma's Slimkit 10 FTtx offers new housing solutions for fiber optics. The Rotary Switches product line has developed a number of coded switch product extensions designed specifically for safety-critical mobile devices, while maintaining future product activities at a high level.

Order income

The Elma Group improved order income in the calendar year 2018 year-on-year by 3.8% to CHF 148.6 million (previous year: CHF 143.2 million); adjusted for currency translation effects, order income was up 3.3%. Elma reached a record level. In the Americas region, order income increased in Swiss Francs by 7.1%; adjusted for currency translation effects orders rose by 7.5% to USD 68.2 million. The Europe region improved order income in the reporting year by 3.0% to CHF 71.1 million; adjusted for currency translation effects, the increase was 1.7%. The Asia region posted lower order income by 9.2% to CHF 10.9 million due to restrained contracting by a main customer in Southeast Asia; adjusted for currency effects, the decline was 8.8%.

Net sales

Net sales increased by 1.4% to CHF 146.0 million (previous year: CHF 144.0 million); adjusted for currency translation effects they grew by 0.9%. The European business contributed a significant part to the positive performance. In this region, sales were improved by considerable 6.1% to CHF 71.7 million; adjusted for currency translation effects growth was 4.7%. In the Asia region, net sales improved year-on-year by 0.3% to CHF 11.6 million; adjusted for currency translation effects the region posted higher sales by 0.7%. The Americas region, however, posted 3.3% lower net sales due to various project delays; adjusted for currency translation effects they declined by 2.9% to USD 64.2 million (previous year: USD 66.1 million).

All three product lines showed continued growth in the 2018 business year. The product line System Solutions increased net sales compared to the previous year by 0.9% to CHF 104.3 million (previous year: CHF 103.4 million); adjusted for currency translation effects the plus was 0.4%. The product

line Enclosures & Components posted sales of CHF 28.7 million (previous year: CHF 28.4 million) and thus closed the year with a plus of 1.0%; adjusted for currency translation effects they rose by 1.0%. The product line Rotary Switches improved net sales by encouraging 6.2% to CHF 12.9 million (previous year: CHF 12.2 million); adjusted for currency translation effects they were up 5.6%.

EBIT and net profit

In 2018, EBIT was improved to CHF 7.2 million with a margin of 5.0% (previous year: CHF 7.0 million with an EBIT margin of 4.8%). Elma closed 2018 with a significantly higher net profit of CHF 5.6 million (previous year: CHF 3.0 million). All product lines achieved a profit.

Balance sheet

As of December 31, 2018, the Elma Group reported total assets of CHF 81.8 million (previous year: CHF 85.6 million). The equity ratio rose to 43.8% (previous year: 35.6%). Net debts declined by 3.3 million to CHF 17.5 million (previous year: CHF 20.8 million) due to an improved operating cash flow and lower investments compared with the previous year.

Dividend policy

Elma's dividend policy is guided by the following factors:

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

In recent years, Elma has succeeded in getting closer to the requirements for a dividend distribution. For the time being, the Board of Directors will however propose to the shareholders at the Annual General Meeting on April 25, 2019 to forego dividend payments for the 2018 business year.

Investments

Most of the investments made in 2018 focused on the company's further development as part of the Vision 2020. The focus was and still is on automation, digitalization and strengthening productivity. Overall, fixed assets in the three regions rose by CHF 2.5 million (previous year: CHF 3.2 million). Thereof, 52% of investments were made in Europe, 46% in Americas and 2% in Asia.

Employees

The headcount of the Elma Group at year-end 2018 increased to 745 (previous year: 729). The Europe region employed a total of 417 people (previous year: 409), followed by the Americas region with 272 employees (previous year: 271) and the Asia region with 56 employees (previous year: 49).

Board of Directors

David Schnell reached the age limit stipulated in Elma's by-laws and retired from the Board of Directors after the completion of the Annual General Meeting on April 26, 2018. The remaining four members are standing for re-election. The Board of Directors will propose to the Annual General Meeting on April 25, 2019 to re-elect all members as well as to re-elect Martin Wipfli as Chairman of the Board. In addition, the Board of Directors will propose to the 2019 Annual General Meeting to re-elect Rudolf W. Weber and Peter Hotz as members of the Compensation Committee.

Brexit from Elma's perspective

Elma has been maintaining a manufacturing plant in the UK for over 20 years. The British company contributes around 7% of the Group's worldwide sales. Since it is primarily focused on the British market, it should not be overly affected by a British exit from the European Union. Elma is firmly anchored in the domestic market and can therefore serve their local customers even after Brexit. Nevertheless, Elma expects that a Brexit will influence the economy, currency and wage growth and may lead to relocation of customers. Depending on the exit agreements with the EU, obstacles to the cross-border flow of goods may also be noticeable. In principle, however, the influences on the organization should be manageable. Elma will continue to have a high level of local value add and will be able to cushion currency changes. An increase in stocking products in the UK is not planned; Elma primarily sells customized solutions that cannot be produced in stock.



As part of the Vision 2020, Elma will strengthen the production site in Atlanta, USA, with the purchase of a new campus in 2019 and in particular invest in modern industrial manufacturing.

Outlook

Elma made further progress in 2018 in all regions and product lines. Elma will continue to focus on customer-oriented innovations, an important competence that is anchored in Elma's corporate culture. As part of the Vision 2020, Elma will strengthen the production site in Atlanta, USA, with the purchase of a new campus in 2019 and in particular invest in modern industrial manufacturing. Elma anticipates that the implementation of the Vision 2020 will improve the competitiveness in the US significantly. Overall, Elma is well positioned in their markets and expects to see a positive business trend in 2019.

Appreciation

We thank you, our shareholders, for the trust you have shown in our company. Your support enables us to continuously evolve. We also say thank you to our customers for the good cooperation and the opportunity to provide answers to their requirements with our products, solutions and services. They are the best inspiration for our innovations. Our sincere thanks also go to our employees. Your commitment and expertise enable us to always adapt to changing customer needs.

Martin Wipfli
Chairman

Fred Ruegg
CEO

Strategy of the Elma Group

Elma – Your Solution Partner. This claim is recognized worldwide as Elma offers products and services of three strategic product lines through ten local Group companies, spread across the regions Americas, Europe and Asia. Elma aims to improve results significantly in the medium term and achieve an organic growth each year. Through selective acquisitions, Elma exploits additional growth potential.

Elma's corporate strategy focuses on four key elements:

Expand our market share

Elma intensifies market activities and develops strategies to win more customers in new market segments for their three strategic product lines System Solutions, Enclosures & Components and Rotary Switches.

Sell all product lines in three regions

Elma's system solutions are based on the component business. Elma sells their products through their regional subsidiaries, strategic partners and distributors worldwide.

Regional production

With production sites in the three regions, Elma can quickly respond to the needs of customers. In addition, they provide 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

Elma focuses on advanced technical components and system solutions and on expanding the system integration business in all three regions. Elma expands their product range with small form factor products in electronic packaging. In the Rotary Switches product line, Elma supplements business activities and solutions with human-machine interface applications.

Elma intensifies market activities and develops strategies to win more customers in new market segments for their three strategic product lines System Solutions, Enclosures & Components and Rotary Switches.

Product Lines

System Solutions

Elma designs and manufactures complex and integrated system solutions for the most demanding applications and environments. As a leading provider of fully integrated embedded system solutions, Elma assists its customers with their global engineering teams; from concept evaluation to simulation, design, production to successful testing.

In 2018, Elma introduced the new, rugged computing system “ComSys-5301” which was designed for harsh environments and delivers exceptionally reliable operating performance. The modular computer system uses the standard board form factors COM Express and mini PCIe. It features a thermally efficient and lightweight design and can be upgraded with application-specific input/output, CPU processor and memory. The product range of power solutions was expanded in 2018 with four new, robust modules. The PCI/104-based power supplies can be used as modules in any PC/104 express embedded system. The devices are designed to operate in demanding environments, typically in vehicle and aircraft applications.

Enclosures & Components

As a global manufacturer of housings and components for industrial applications and electronics cabinets, Elma offers its customers standard products, modified standard products and customized solutions that meet the highest quality standards.

In order to satisfy the individual needs of customers for integrated and combined products, the engineering team of the Enclosures & Components product line focused increasingly on the implementation of customer-specific requirements and projects in 2018.

In addition, the automation and the digital networking of process steps at Elma’s production sites were further expanded in all three regions, mainly in their own front panel centers. For the growing broadband communications market, Elma offers the Slimkit 10 FTTx, a new custom 19-inch fiber optic chassis. With this new product, Elma meets the needs of operators of fiber optic networks. The Slimkit 10 FTTx fits into existing distribution systems for any 19-inch rack.

Rotary Switches

The Rotary Switches product line develops and manufactures high-end rotary switches and encoders for electronic devices. Elma’s products and services are used worldwide in all industries, with mobile communication devices being one of the key product applications. The product portfolio ranges from standard switches to customized solutions.

The automation of rotary switches in the production plants was further pursued worldwide. Elma has designed various coding switch extensions specifically for safety-critical mobile devices and maintained development activities at a high level. The proven encoder rotary switch type E33 as well as the high-quality switch platform X4 with magnetic and non-contact hall sensor system and optional push-button function have been advanced and successfully launched in the market.

Air Transport Rack for International Space Station



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An “Air Transport Rack” with Elma’s OpenVPX technology has been serving the International Space Station (ISS) since January 2019. Elma delivered the system in the first half of 2018 to the Russian company SAIT Ltd, which cooperates with the space organization RSC Energia. The system is part of a Broadband Communication System user terminal which establishes a “virtually permanent” ISS connection with the ground control system via a satellite network.

SAIT Ltd, headquartered in the Zelenograd Innovation Zone, was founded in 1992 by engineers. After many years of experience in digital signal processing and error correction coding for high-speed X-band transmitters, they now specialize in spacecraft hardware concepts. Elma previously developed CompactPCI boxes for SAIT for the previous generation of the ISS communication system; they are still operational on orbit, one of them eight years straight.

www.sait-ltd.space



Maximum Safety for Passengers on Public Transportation



© FELA Management AG



FELA Management AG specializes in telematics solutions and applications in the mobile sector – for railways, bus, freight transport and a wide range of special applications. Having been successfully established in the market for more than 50 years, FELA is a leading provider in the area of telematics for logistics and transportation as well as for electronic payment systems. FELA supports customers worldwide with solutions and services with its product lines CarLoc® and EasyDrive.

The new passenger emergency intercom was developed for VoIP in SIP applications in public transportation. Identically designed, the intercom station can also be used in a modified design for emergency calls at the wheelchair bay (option yellow, button and bell). The intercom station impresses with its appealing design, coupled with robust construction and is thus protected against vandalism.

The intercom station is compliant with all European directives (TSI PRM) which are required for the operation in public transportation as well as other European standards and Swiss directives (RTE 40100).

www.fela.biz



Highlights 2018



Innovation Awards in the US

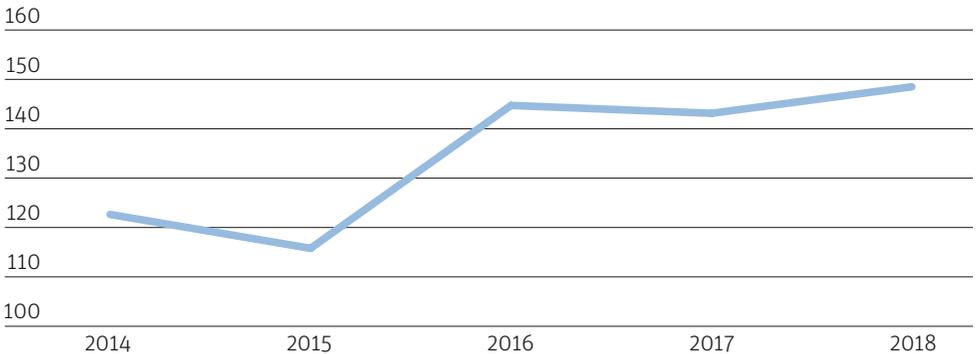
Elma has won three “Technology Innovation Awards” for their recent advancements in military design solutions: the VPX Back-plane Probe Card Test Fixture, for the openVPX SOSA Development Platform as well as for the VITA 46.11 based System Manager. Another highlight for Elma was the recognition of the Supplier Excellence Award from General Atomics Aeronautical Systems (GA-ASI) for outstanding quality and delivery performance.

Order income at Record High

The Elma Group closed 2018 with order income of CHF 148.6 million. With this result, Elma reached a record high. The solid and targeted work of recent years, the efforts to enter new markets, investments made to consolidate the competitive position in various industries as well as a friendly business environment have all contributed to a significant performance improvement.

Order income Elma Group

in CHF million





New Power Supply Solutions

Elma has added four new rugged modules to its growing family of power solutions. The PCI-104-based power supplies can be used as a module in any PC/104 Express embedded system.

High Performance Computing and Data Storage

In 2018, Elma introduced the new rugged Computing System “ComSys-5301”, designed for harsh environments. The modular computer system uses the standard board form factor COM Express and mini PCIe and is easily configured. It can be upgraded with application-specific input/output, CPU processor and storage.



Regions

Americas

With the two operating companies Elma Electronic Inc. and Optima Stantron Corp. as well as several sales, engineering and production sites, the Americas region offers its customers services throughout the value chain of the Elma Group.

In the Americas region, demand for technically advanced system projects, especially in the Defense sector for VPX systems and Small Form Factor solutions, remained high. However, due to temporary delays in some complex projects, net sales in 2018 were lower than in the previous year.

Elma has won three Technology Innovation Awards for their latest advancements in military design solutions. Elma received an award for a VPX Backplane Probe Card Test Fixture, the second for the openVPX SOSA Development Platform, and the third for a VITA-46.11-based System Manager. Another highlight for Elma in 2018 was the recognition of the Supplier Excellence Award from General Atomics Aeronautical Systems (GA-ASI) for exceptional quality and delivery performance. GA-ASI is a leading manufacturer of remote-controlled aircraft drones, surveillance radars and command and control systems.

As part of the Vision 2020, Elma Americas will relocate part of their manufacturing facility to a new company-owned property in Atlanta, Georgia.

As part of the Vision 2020, Elma Americas will relocate part of their manufacturing facility to a new company-owned property in Atlanta, Georgia, in 2019 to modernize their industrial manufacturing. The new production plant is an important requirement to effectively support the ambitious growth plans in the US. By implementing the Vision 2020, the manufacturing base will become much more competitive.

Europe

In Europe, Elma is represented by six group companies in Switzerland, Romania, Germany, the UK, France and Israel. The regional production site in Romania ensures the supply of group companies with rotary switches, enclosures and components.

The implementation of the automation concept in the production site in Romania, with a special focus on the Rotary Switches product line, was further pursued and the front panel center in Switzerland was expanded.

Apart from the French subsidiary, all other European companies increased net sales compared with the previous year. Overall, the region benefited from the high order income of the previous year. The economy in the Europe region has slightly slowed down; economic growth appears still intact.

In addition to the companies in Germany and the UK, business in Switzerland, which had long suffered from the appreciation of the Swiss Franc, also made a positive contribution to the Elma Group. The implementation of the automation concept in the production site in Romania, with a special focus on the Rotary Switches product line, was further pursued and the front panel center in Switzerland was expanded. Particular attention is paid to secure the supply chain due to the increasingly longer lead times of key suppliers in the Europe region; this will probably still pose challenges for the Elma Group for the years to come.

Asia

Elma is represented in Asia with its own subsidiaries in China, Singapore and India. The production site in Shanghai offers customers in Asia a wide range of high-quality enclosures. The Design Center in India develops advanced electronic design and software solutions, primarily for Small Form Factor products and integrated embedded systems for parts of the organization.

By steadily expanding the capacities in China and India, a solid foundation for growth over the next years has been built.

Although growth momentum in China has slowed noticeably, the Asia region is on a stable growth path. The region also benefited from a high order income in the previous year, which resulted in good financial results for all three companies. By steadily expanding the capacities in China and India, a solid foundation for growth over the next years has been built.

The product portfolio of locally manufactured chassis and system assemblies for the Asian market continued to show strong demand. The market activities in South Korea and Taiwan for system solutions with VPX technologies were successful, even though the trade business in Southeast Asia declined in 2018 for the first time after years of growth. Elma also offered customized backplane designs. Successful market activities in South Korea and Taiwan for VPX technologies indicate further growth. The impact on the economic development and Elma's performance through the imposition of import duties in the US cannot yet be fully assessed.

Consolidated Balance Sheet Elma Group

at December 31

Assets

in CHF 1,000	2018	2017
Current assets		
Cash	6,905	7,416
Trade accounts receivable	23,940	24,903
Other short-term accounts receivable	1,262	1,779
Inventories	30,088	31,078
Prepaid expenses	1,250	988
Total current assets	63,445	66,164
Non-current assets		
Tangible assets	15,469	15,908
Deferred income tax assets	2,534	2,860
Other financial assets	207	246
Intangible assets	177	381
Total non-current assets	18,387	19,395
Total assets	81,832	85,559

Consolidated Balance Sheet Elma Group

at December 31

Liabilities and equity

in CHF 1,000

	2018	2017
Liabilities		
Current liabilities		
Short-term bank debts	5,903	7,936
Trade accounts payable	10,401	11,458
Other current liabilities	3,062	6,422
Short-term provisions	2,855	3,554
Accruals	4,733	4,937
Total current liabilities	26,954	34,307
Non-current liabilities		
Long-term bank debts	8,480	10,280
Subordinated loan	10,000	10,000
Other long-term liabilities	47	32
Deferred income tax provisions	143	140
Long-term provisions	343	340
Total non-current liabilities	19,013	20,792
Total liabilities	45,967	55,099
Equity		
Share capital	2,513	2,513
Capital reserves	8,388	8,388
Retained earnings	24,964	19,559
Total equity	35,865	30,460
Total liabilities and equity	81,832	85,559

Consolidated Income Statement Elma Group

in CHF 1,000	2018	2017
Net sales from goods and services	145,981	143,978
Cost of goods sold	-104,498	-103,312
Gross profit	41,483	40,666
Sales and marketing expenses	-19,824	-19,577
Administrative expenses	-11,774	-12,118
Research and development expenses	-1,942	-1,958
Other operating income	1,399	1,531
Other operating expenses	-2,106	-1,593
Operating income (EBIT)	7,236	6,951
Financial result	-513	-672
Ordinary result	6,723	6,279
Non-operating result	244	139
Profit before taxes (EBT)	6,967	6,418
Income taxes	-1,354	-3,409
Net profit	5,613	3,009
Net profit per share in CHF	24.57	13.17

Consolidated Cash Flow Statement Elma Group

January 1 to December 31

in CHF 1,000	2018	2017
Cash flow from operating activities		
Net profit	5,613	3,009
Income taxes	1,354	3,409
Financial result	513	672
Adjustments for		
Depreciation of tangible assets	2,780	2,517
Amortization of intangible assets	204	219
Change in provisions	-630	973
Net gains on the sale of fixed assets	16	-24
Other non-cash-effective income and expenses	-	3
Changes in net working capital		
Inventories	837	-2,202
Trade accounts receivable	721	-3,492
Other short-term accounts receivable and prepaid expenses	202	-1,056
Trade accounts payable	-914	1,185
Other short-term payables and accruals	-2,645	2,008
Income taxes paid	-1,825	-1,732
Interest paid (net)	-513	-674
Total cash flow from operating activities	5,713	4,815
Cash flow from investing activities		
Purchase of tangible assets	-2,448	-3,166
Disposal of tangible assets	24	51
Purchase of intangible assets	-1	-86
Changes in other financial assets	32	15
Total cash flow from investing activities	-2,393	-3,186
Cash flow from financing activities		
Issuance of short-term borrowings	-	2,711
Repayment of short-term borrowings	-3,823	-1,800
Total cash flow from financing activities	-3,823	911
Effects of exchange rate on cash	-8	2
Increase in cash	-511	2,542
Cash at January 1	7,416	4,874
Cash at December 31	6,905	7,416

Balance Sheet Elma Electronic AG, Switzerland

at December 31

Assets

in CHF 1,000

	2018	2017
Current assets		
Cash	751	3,088
Trade accounts receivable		
– Group companies	3,151	2,932
– Third parties	4,043	3,264
Other accounts receivable		
– Group companies	982	924
– Third parties	935	1,490
Inventories	11,186	10,695
Prepaid expenses	263	99
Total current assets	21,311	22,492
Non-current assets		
Financial assets		
– Investments	20,155	17,129
– Loans to Group companies	1,321	1,645
– Other financial assets	10	10
Tangible assets	9,429	9,744
Intangible assets	73	207
Total non-current assets	30,988	28,735
Total assets	52,299	51,227

Balance Sheet Elma Electronic AG, Switzerland

at December 31

Liabilities and equity

in CHF 1,000	2018	2017
Liabilities		
Current liabilities		
Short-term interest-bearing liabilities	6,162	5,502
Trade accounts payable:		
– Group companies	868	1,158
– Third parties	2,865	3,826
Other current liabilities:		
– Group companies	28	23
– Third parties	534	439
Accruals	1,689	2,079
Total current liabilities	12,146	13,027
Non-current liabilities		
Non-current interest-bearing liabilities		
– Bank debts	8,480	10,280
– Subordinated loan	10,000	10,000
Provisions	47	32
Total non-current liabilities	18,527	20,312
Total liabilities	30,673	33,339
Equity		
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	4,826	1,088
Total equity	21,626	17,888
Total liabilities and equity	52,299	51,227

Income Statement Elma Electronic AG, Switzerland

in CHF 1,000	2018	2017
Net sales from goods and services	43,778	43,219
Income from services	1,982	1,910
Total income	45,760	45,129
Material expenses	-26,454	-25,952
Personnel expenses	-13,509	-13,922
Other operating expenses	-4,173	-4,834
Depreciation	-1,269	-1,011
Other operating income	441	731
Gain on disposal of fixed assets	11	20
Recovered depreciation on buildings	-	382
Operating income (EBIT)	807	543
Financial income	285	3,375
Financial expenses	-488	-571
Impairment on investments	2,928	1,637
Ordinary result	3,532	4,984
Non-operating result	244	138
Net profit before taxes (EBT)	3,776	5,122
Taxes	-38	-32
Net profit	3,738	5,090

Appropriation of retained earnings

Retained earnings/accumulated loss

Retained earnings will be proposed to the Annual General Meeting on April 25, 2019 as follows:	2018 in CHF	2017 in CHF
Retained earnings/accumulated loss carried forward from previous year	1,088,264	-956,091
Offsetting goodwill Trenue Electronic AG	-	-3,045,420
Net profit	3,737,920	5,089,775
Retained earnings	4,826,184	1,088,264

Proposal of the Board of Directors

for appropriation of retained earnings	2018 Proposal of the Board of Directors in CHF	2017 Resolution of the Annual General Meeting in CHF
To be carried forward	4,826,184	1,088,264
Retained earnings	4,826,184	1,088,264

Multi-year overview Elma Group

in CHF 1,000	Swiss GAAP FER				
	2018	2017	2016	2015	2014
Net sales	145,981	143,978	130,308	119,109	118,079
EBITDA	10,221	9,687	6,369	5,496	6,596
EBITA	7,236	6,951	3,525	2,905	4,093
EBIT	7,236	6,951	3,525	2,905	4,093
Net profit	5,613	3,009	2,335	2,340	2,296
in % of average equity (ROE)	16.9	10.3	8.8	8.9	9.2
Depreciation of tangible assets	2,780	2,517	2,563	2,245	2,148
Amortization of intangible assets	204	219	281	346	355
Investments in tangible assets	2,448	3,166	3,078	2,872	2,088
Investments in intangible assets	1	86	138	145	60
Cash flow from operating activities	5,713	4,815	-1,063	5,489	5,342
Cash flow from investing activities	-2,393	-3,186	-3,179	-9,333	-2,139
Free cash flow	3,320	1,629	-4,242	-3,844	3,203
Cash flow from financing activities	-3,823	911	1,619	4,300	-2,970
Non-current assets	18,387	19,395	19,923	19,006	19,118
thereof tangible assets	15,469	15,908	15,208	14,771	14,265
Current assets	63,445	66,164	56,865	53,514	48,458
thereof cash and cash equivalents	6,905	7,416	4,874	7,575	7,069
Balance sheet total	81,832	85,559	76,788	72,520	67,576
Shareholders' equity	35,865	30,460	27,755	25,521	27,210
in % of balance sheet total	43.8	35.6	36.1	35.2	40.3
Non-current liabilities	19,013	20,792	22,505	24,286	23,013
Current liabilities	26,954	34,307	26,528	22,713	17,353
Total financial liabilities	24,383	28,216	27,336	25,680	21,380
Net financial debts (financial liabilities less cash balances)	17,478	20,800	22,462	18,105	14,311
ROCE (EBITA)/(equity plus net interest-bearing liabilities) in %	13.6	13.6	7.0	6.7	9.9
Indebtedness factor (net interest-bearing liabilities/EBITDA)	1.7	2.1	3.5	3.3	2.2
Headcount (FTE) end year	745	729	712	722	683
Headcount (FTE) average	735	718	709	683	688
Net sales per employee (average)	199	201	184	174	172

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Agenda

April 25, 2019

Annual General Meeting

August 12, 2019

Half-Year Report at June 30

Annual Report 2018

The Annual Report 2018 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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