

Press release

euromicron AG increases profitability

- Consolidated sales as planned at EUR 70.3 million
- EBITDA (before IFRS 16) rises significantly by EUR 2.3 million to EUR 1.3 million
- Forecast for 2019 confirmed
- Working capital ratio reduced by 3 percentage points to 12.2%

Frankfurt/Main, May 9, 2019 – euromicron AG, a medium-sized technology group and specialist for networking business and production processes, published its report on the first quarter of 2019 today.

As already announced in its 2018 Annual Report, euromicron is applying the new standard IFRS 16 – “Leases” that requires a different way of accounting for leases in the company for the first time in its quarterly financial statements. A detailed reconciliation of the key figures is provided in section 6.c) of the quarterly report. Key figures are commented on in accordance with the Group’s defined management ratios before taking into account the effects of IFRS 16.

As expected, euromicron generated sales of EUR 70.3 million in the first three months of the fiscal year (previous year: EUR 75.1 million). This development was due in particular to a change in the seasonality of sales in the “Critical Infrastructures” segment compared with the previous year. The lower revenue development can be expected to offset itself again in the course of the year. By contrast, the materials ratio (to total operating performance) was reduced significantly by 5.3 percentage points to 47.3% (previous year: 52.6%). This resulted in gross profit of EUR 37.3 million (previous year: EUR 35.5 million), which was EUR 1.8 million higher despite the EUR -4.8 million decline in sales.

euromicron significantly increased its EBITDA (before IFRS 16) in the first quarter by EUR 2.3 million to EUR 1.3 million (previous year: EUR -1.0 million). Accordingly, the Group’s EBITDA margin (before IFRS 16) was 1.8% (previous year: -1.4%). The “Smart Buildings” segment was the main contributor to the significant increase in margins. Consolidated net income (before IFRS 16) as of March 31, 2019, amounted to EUR -1.9 million, up EUR 1.6 million on the prior-year quarter (previous year: EUR -3.5 million).

“Already at the beginning of 2019, the structural measures implemented in 2018 in the “Smart Buildings” segment showed positive effects. With sales virtually unchanged, we were able to significantly increase the earnings contribution of this segment, which contributed significantly to an increase in the euromicron Group’s EBITDA. The premise of ‘profitability before sales’ has absolute priority for us. We are therefore continuing to work systematically on improving margin quality in all our projects,” commented Bettina Meyer, Spokeswoman of the Executive Board.

In the reporting period, euromicron generated operating cash flow (before IFRS 16) of EUR -10.7 million. This equates to an improvement of EUR 1.3 million compared to the previous year (EUR -12.0 million). euromicron was also able to build on the good performance of the previous year and significantly reduce working capital compared with March 31, 2018. Working capital (after factoring) amounted to EUR 38.2 million as of March 31, 2019, well below the figure on the previous year's reporting date (previous year: EUR 50.6 million). As a result, the working capital ratio (after factoring) improved to 12.2% (previous year: 15.2%).

At EUR 80.9 million, the euromicron Group's incoming orders in the first three months of 2019 were EUR 9.3 million down on the comparable figure for the previous year (previous year: EUR 90.2 million). This decline is due on the one hand to temporary postponements in project awards in the "Critical Infrastructures" segment in the current year and on the other hand to the more selective choice of projects. The euromicron Group's order backlog increased by EUR 14.2 million to EUR 159.8 million as of March 31, 2019 (previous year: EUR 145.6 million). All three operating segments reported higher order backlogs than in the prior-year quarter.

"This order situation gives us a sound basis for achieving our targets for the current fiscal year. New orders in the first quarter also included a major building technology project worth EUR 3.6 million in Hanover. Here, our system houses enable us to contribute our specific know-how in an ideal way. As an expert on networking intelligent buildings, we are responsible for technical building equipment (TBE) and the implementation of innovative security technology in this project," noted Dr. Frank Schmitt, Chief Technical Officer (CTO) of euromicron AG.

For 2019 as a whole, the Executive Board continues to expect consolidated sales in a range between EUR 325 million and EUR 345 million and a reported EBITDA margin of between 4.0% and 5.5%. This is calculated for the fiscal year 2019 before taking into account the changes in EBITDA due to the new standard IFRS 16 – "Leases". The working capital ratio is to be reduced below 10.0% through the end of 2019.

For organizational reasons, euromicron AG is postponing its Annual General Meeting originally scheduled for July 3, 2019, to August 27, 2019.

The full report on the first quarter of 2019 is available as of today on the company's website at www.euromicron.de in the section "Investor Relations/Publications/ Financial Reports."

About euromicron AG:

euromicron AG (www.euromicron.de) is a medium-sized technology group that unites 16 companies from the fields of Smart Buildings, Smart Industry, Critical Infrastructures and Smart Services. Rooted in Germany, euromicron operates internationally with its around 1,900 employees at 40 locations. Backed by its expertise in sensor systems, terminal devices, infrastructures, platforms, software and services, euromicron is able to offer its customers end-to-end solutions from a single source. As a result, euromicron helps small and medium-sized enterprises, large companies and public-sector organizations enhance their agility and efficiency, prevent security risks and develop new business models. As a German specialist for the Internet of Things (IoT), euromicron enables its customers to network business and production processes and successfully achieve digitalization. euromicron AG generated total sales of €318.0 million in fiscal year 2018.

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