

OUT OF THINGS FOR THE INTERNET WE MAKE THE INTERNET OF THINGS

INTERIM REPORT
Q1/2016

euromicron



KEY INCOME FIGURES

of the euromicron Group at March 31, 2016

Key figures

	2016	2015
	€ thou.	€ thou.
Sales	65,210	74,562
EBITDA (operating)*	-961	1,382
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	-1.5	1.9
EBITDA	-2,020	753
EBITDA margin, in % (relative to sales at the reporting date)	-3.1	1.0
EBIT (operating)*	-3,031	-977
EBIT	-4,090	-1,606
Net loss for the period (for euromicron AG shareholders)	-4,503	-1,956
Earnings per share in € (undiluted)	-0.63	-0.27
Equity ratio, in %	35.6	37.2
Working capital	77,644	79,470
Working capital ratio, in % (relative to sales of the past 12 months)	23.1	23.0
Cash flow from operating activities, adjusted for effects from factoring and customers' monies to be passed on**	-14,747	-14,512

* Adjusted for special effects of reorganization

** Previous year's figure adjusted
(unaudited acc. to IFRS)

DEAR SHAREHOLDERS, DEAR READERS,

In 2015 we created the foundation for the Group's future so as to bolster our operating earnings strength lastingly again down the road and return euromicron to profitable growth. We regard 2016 and 2017 as "years of transformation" where we will work to gear our core business to the target markets of "Digital Buildings", "Smart Industry" and "Critical Infrastructures". As expected, operating business therefore still exhibited differing trends in the first three months of the year of transformation 2016.

For example, consolidated sales in the period under review were reduced by the loss of revenue from the non-strategic business segments we discontinued. In addition, the restrictive acceptance of large projects with a higher risk in the past quarters, as well as knock-on effects from the reorganization, impacted the Group's sales – and in particular euromicron Deutschland GmbH. Consolidated sales were consequently € 65.2 million (previous year: € 74.6 million). Operating earnings before interest, taxes, depreciation and amortization (EBITDA) were € –1.0 million (previous year: € 1.4 million) and were affected sharply by the still low sales base compared to the previous year. However, there was a pleasing year-on-year reduction of 3.6 percentage points in the material usage ratio, which can be attributed to the changes in sales controlling. All in all, EBITDA in the first quarter of 2016 is in line with our Group planning. Since our business activities traditionally pick up in the course of the year, we assume that we will achieve our announced sales and earnings targets for the year as a whole. Our assumption is also underpinned by the positive trend for new orders from continuing core business operations, which were up around 12% year on year in the first quarter of 2016.

We continue to make progress in realigning our core business and the Group's structures to the strategic IoT target markets. At euromicron Deutschland GmbH, for example, the portfolio has been adapted further to the future market, while measures required to increase efficiency, such as professionalization and standardization of business administration structures and IT systems, have been accomplished successfully. In addition, we were able to initiate pilot projects for customers from the future market of the "Internet of Things" in the first quarter of 2016. In order to leverage the huge growth potential in the IoT market, we are investing in further sales staff, who will give additional positive boosts to sales in the coming quarters.

Dear shareholders, even though we are no longer obligated by the law to publish quarterly reports, we intend to keep you informed of euromicron AG's further business development on its path into the digital future with our customary transparency.

Frankfurt/Main, May 2016

Bettina Meyer

Member of the Executive Board
(Spokeswoman)

Jürgen Hansjosten

Member of the Executive Board

INTERIM MANAGEMENT REPORT

of the euromicron Group from January 1 to March 31, 2016

Fundamentals of the Group

Profile

Under its new strategic alignment, the euromicron Group focuses on three main segments of “Smart Buildings”, “Critical Infrastructures” and “Distribution”. euromicron combines technology and system integration to create holistic solution concepts and offers customers market-oriented, tailored solutions for digital infrastructures, thereby laying the foundation for digital transformation. Controlling is in line with the orientation toward target markets and the underlying value chain within the Group.

All the activities of the euromicron Group in the target markets of “Digital Buildings” and “Smart Industry” are pooled in the **“Smart Buildings”** segment. In the target market of “Digital Buildings”, euromicron focuses on providing infrastructure-related intelligent solutions, such as “Smart Office”, “Smart Energy” or “Smart Lighting”. Services relating to building or process automation, light control, access control, video surveillance, fire prevention or support services as part of efficient energy and building management are planned, implemented and operated as part of that. The focus in the target market of “Smart Industry” is on digitizing and networking development, production and service processes in industry. The euromicron Group develops holistic approaches and the related processes for and with its customers and implements them in a forward-looking way that protects investments. This segment also includes services relating to the equipment of data centers with innovative connector systems.

The **“Critical Infrastructures”** segment deals with vital business infrastructures whose failure is highly problematic. Such infrastructures may be the digital mobile radio system at an airport or the communications network of Deutsche Bahn or a power utility, for example. System integration comprises the planning, production and operation of digitized critical infrastructures. In addition, the technology manufacturing companies in this segment round out the product portfolio in this target market with their professional video, audio and special technology solutions for sensitive security restricted areas.

The **“Distribution”** segment advises and supplies customers in a vendor-independent manner in all matters relating to active and passive network components in the fiber-optic and copper arena.

Net assets, financial position and results of operations

Sales

The euromicron Group's sales in the first quarter of 2016 were € 65.2 million (previous year: € 74.6 million) and so around € 9.4 million lower than in the first quarter of 2015.

The decline is due on the one hand to the fact that the same quarter of the previous year still included sales of € 3.4 million from Group companies whose business operations were discontinued at the end of fiscal 2015 (strategically irrelevant divisions).

The remaining decline of € 6.0 million mainly results – to an amount of € 3.9 million – from the “Smart Buildings” segment, where large projects were increasingly handled in the first quarter of 2015, in particular in the field of system integration. Since we deliberately accepted such projects only with very great restrictions based on risk and profitability aspects in the further course of 2015, the sales from them in the first quarter of 2016 were not at a comparable level.

In addition, sales in this segment in the first quarter of 2016 were also impacted by the knock-on effects from the reorganization of euromicron Deutschland GmbH. However, the implemented measures, such as realignment of sales are reflected in a sharp increase in new orders for the Group at the end of the first quarter of 2016. They are € 85.2 million in our continuing core business operations and so 12% higher than in the first quarter of 2015.

We assume that the temporary decline in sales will disperse in the second half of 2016 and that sales will be within the forecast target range for the year as a whole. As in previous years, 2016 is expected to exhibit the customary seasonal course of business, since euromicron provides most of its value-added services in the fourth quarter.

Our home market of Germany remains the focus of our commercial activity. Sales of € 55.1 million (previous year: € 65.3 million) – or around 84.5% of total sales – were generated in the domestic market (previous year: 87.6%).

We are represented in other European countries with our own locations in Italy, Austria, the Benelux countries, France, Poland and Switzerland. Other foreign business is mainly tapped by product export and individual project business, with this being controlled from Germany. Our foreign sales were € 10.1 million, slightly above the previous year's figure of € 9.3 million, and so accounted for 15.5% (previous year: 12.4%) of total sales.

Income

euromicron Group at March 31, 2016

Key figures

	2016	2015
	€ thou.	€ thou.
EBITDA (operating)*	-961	1,382
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	-1.5	1.9
EBITDA	-2,020	753
EBITDA margin, in % (relative to sales at the reporting date)	-3.1	1.0
EBIT (operating)*	-3,031	-977
EBIT	-4,090	-1,606
Income before taxes	-5,048	-2,403
Consolidated net loss for the period for euromicron AG shareholders	-4,503	-1,956
Earnings per share in € (undiluted)	-0.63	-0.27

* Adjusted for special effects of the reorganization
(unaudited acc. to IFRS)

Reported consolidated earnings were reduced by € -1.1 million (previous year: € -0.6 million) due to follow-up costs from reorganization measures initiated in the past year. These were mainly legal and consulting costs in the first quarter of 2016.

Operating EBITDA and operating EBIT after adjustment for the special effects of the reorganization are as follows:

INCOME STATEMENT (OPERATIONAL)

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Income statement

	3-month report					
	Jan. 1, 2016 – March 31, 2016 incl. special effects of reorgani- zation	Special effects of reorgani- zation	Jan. 1, 2016 – March 31, 2016 operational	Jan. 1, 2015 – March 31, 2015 incl. special effects of reorgani- zation	Special effects of reorgani- zation	Jan. 1, 2015 – March 31, 2015 operational
	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
Sales	65,210	-40	65,170	74,562	0	74,562
Inventory changes	556	0	556	886	0	886
Own work capitalized	481	0	481	546	0	546
Other operating income	446	-26	420	432	0	432
Cost of materials	-32,270	20	-32,250	-39,729	0	-39,729
Personnel costs	-26,081	132	-25,949	-25,483	561	-24,923
Other operating expenses	-10,362	973	-9,389	-10,461	68	-10,393
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2,020	1,059	-961	753	629	1,382
Amortization and depreciation	-2,070	0	-2,070	-2,359	0	-2,359
Earnings before interest and taxes (EBIT)	-4,090	1,059	-3,031	-1,606	629	-977
Interest income	24	0	24	7	0	7
Interest expenses	-982	0	-982	-804	0	-804
Other financial expenses	0	0	0	0	0	0
Income before income taxes	-5,048	1,059	-3,989	-2,403	629	-1,774
Income taxes	616	0	616	486	0	486
Consolidated net loss for the period	-4,432	1,059	-3,373	-1,917	629	-1,288
Thereof for euromicron AG shareholders	-4,503	1,059	-3,444	-1,956	629	-1,327
Thereof for non-controlling interests	71	0	71	39	0	39
(Un)diluted earnings per share in €	-0.63	0.15	-0.48	-0.27	0.09	-0.18

(unaudited acc. to IFRS)

The operating EBITDA was € –1.0 million compared with € 1.4 million at March 31, 2015. Operating EBIT was € –3.0 million (previous year: € –1.0 million).

The decline in operating EBITDA (€ –2.4 million) and operating EBIT (€ –2.0 million) is mainly attributable to an amount of € –2.2 million to the lower gross profit, defined as total operating performance (sales and inventory changes) minus cost of materials. The volume-related effect from the lower total operating performance had an impact of € –4.6 million on gross profit. That was offset to an amount of € 2.4 million by the positive effect of a lower material usage ratio of 49.1% or 3.6 percentage points down on the previous year (52.7%).

Personnel costs (adjusted for the costs of reorganization) totaled € –25.9 million (previous year: € –24.9 million) and so increased by € 1.0 million year on year. This can be explained by the fact that the personnel costs for the first quarter of 2015 contained income from the reversal of bonus provisions totaling € 0.5 million. This is mainly due to the reversal of a bonus provision for the former Executive Board of euromicron AG, which resigned at the end of March 2015. The rest of the increase in personnel costs (€ 0.5 million) – despite a slight reduction in the headcount to 1,791 employees (previous year: 1,812) – is attributable to the fact that there was greater investment in highly qualified staff as part of the strategic realignment.

The other operating expenses (adjusted for the costs of reorganization) totaled € –9.4 million and so have fallen by € 1.0 million compared with the previous year (€ 10.4 million). Vehicle and travel expenses, rent/room costs and legal and consulting costs are still the largest items within the other operating expenses. Costs were able to be cut in all three areas. In addition, the costs for personnel leasing also fell.

Amortization and depreciation were € –2.1 million and so fell by € 0.3 million compared with the first quarter of fiscal 2015 (€ –2.4 million). This is due in particular to lower amortization of hidden reserves disclosed as part of capital consolidation.

Interest expenses were € –1.0 million and so slightly above the level of the previous year (€ –0.8 million).

The tax ratio was 12%, below the anticipated tax ratio for the Group of 30%. This is due in particular to the fact that deferred taxes were not recognized for newly incurred tax losses in the first quarter of 2016.

The net loss for the period (adjusted for the costs of reorganization) after minority interests at March 31, 2016, was € –3.4 million compared with a loss of € –1.3 million in the previous year. Undiluted earnings per share (adjusted for the costs of reorganization) for the first three months of fiscal 2016 were € –0.48 compared to € –0.18 in the same period of the previous year.

New orders and order books

euromicron Group at March 31, 2016

Consolidated new orders/order books

	2016	2015*	2015**
	€ thou.	€ thou.	€ thou.
Consolidated new orders	85,216	76,075	79,084
Consolidated order books	123,362	118,681	126,014

* Continuing core business operations (excluding divisions that have since been closed)

** Total (including divisions that have since been closed)

(unaudited acc. to IFRS)

At March 31, 2016, the euromicron Group recorded new orders from continuing core business operations of € 85.2 million (previous year: € 76.1 million) and order books of € 123.4 million (previous year: € 118.7 million). New orders are thus 12% and order books 4% above the comparative figures for the same period of the previous year – a good springboard for the further course of business in 2016.

Net assets

Total assets at the euromicron Group were € 259.6 million at March 31, 2016, a sharp decrease of € – 11.2 million over the level at December 31, 2015.

Noncurrent assets were € 141.4 million, almost at the level of December 31, 2015 (€ 142.0 million). Due to the fact that total assets were lower, noncurrent assets accounted for around 54.5% of total assets, up on the level of the previous year (52.1%). The ratio of equity and long-term outside capital to noncurrent assets is 86.4%.

Current assets fell by € 10.8 million to € 118.1 million. As in previous years, inventories and the gross amount due from customers for contract work rose in total by around € 6.8 million for seasonal reasons, which is due to the larger volume of projects in progress in system house business and stocking of products by the production companies in the first quarter of 2016. On the other hand, trade accounts receivable were able to be reduced by € 11.1 million from the traditionally high figure at the end of the year.

Cash and cash equivalents decreased by € 5.6 million from the figure at December 31, 2015, to € 5.1 million. We refer in this regard to the explanations on the financial position.

Equity at March 31, 2016, was € 92.3 million, € 4.7 million below the level of December 31, 2015 (€ 97.0 million). The decline is due to an amount of € 4.4 million to the consolidated net loss for the first quarter of 2016. In addition, dividends from subsidiaries that were adopted in the first quarter of 2016 and to which non-controlling shareholders were entitled on a pro-rata basis had to be transferred from equity to outside capital. The resultant effect on equity was € 0.3 million. The equity ratio was 35.6% following 35.8% at December 31, 2015.

Noncurrent liabilities essentially contain the long-term components of the Group's outside financing and deferred tax liabilities. The decline of € 1.1 million from € 31.0 million to € 29.9 million is due in particular to lower deferred tax liabilities. Their share of total assets remains at 11.5%.

Current liabilities at March 31, 2016, fell by € 5.4 million from € 142.8 million to € 137.4 million and were 52.9% (at December 31, 2015: 52.7%) of total assets. This decline is mainly due to the fact that trade accounts payable fell by € 20.3 million and other financial liabilities by € 21.6 million. Within the other current financial liabilities, there was in particular a decline of € 20.9 million in liabilities from customers' monies to be passed on, which is due in particular to a change in practice for returning customer payments to the factoring company. In addition, the liabilities from current income taxes and the other tax liabilities fell in total by € 3.9 million. On the other hand, there was an increase of € 41.1 million in current liabilities to banks.

Financial position

The euromicron Group's net debt (long-term and short-term) at March 31, 2016, was € 101.9 million (at March 31, 2015: € 81.8 million). The increase in net debt over the first quarter of the previous year is mainly due – to an amount of € 9.0 million – to the change in practice for returning customer payments to the factoring company, which resulted in a greater need for external financing. In addition, the utilized factoring volume also fell in the first quarter of 2016 compared to the first quarter of 2015.

In addition, the cash used in the reorganization measures initiated as of the second half of 2015 resulted in an increase in net debt in the first quarter of 2016 compared to the first quarter of 2015.

At March 31, 2016, the euromicron Group has free liquidity (free credit lines plus cash funds) of € 12.2 million for up-front financing of project business and to further finance the company's planned development. In the second quarter of 2016, financing will remain a key focus of the Executive Board's activities.

euromicron AG will continue to fund its Group companies directly or through its cash pool model.

Notes on the cash flow

At March 31, 2016, the reported net cash used in operating activities was € –44.0 million, compared with € –29.5 million at March 31, 2015. However, the reported cash flow figures from operating activities are mainly impacted by effects resulting from the Group's factoring program. In order to calculate comparative cash flow figures, adjustment is carried out for the following effects:

- Change in the volume of factoring used at the balance sheet date
- Change in the liability from customers' monies to be passed on
- Change in the blocked amount withheld by the factoring company (other financial asset)

We refer you to the 2015 Annual Report of the euromicron Group for a detailed explanation of the effects stated here. All in all, reconciliation of these three factors results in cash flows from operating activities after adjustment for factoring effects as summarized in the table below:

Calculation of the adjusted cash flow from operating activities

	Jan. 1, 2016– March 31, 2016	Jan. 1, 2015– March 31, 2015
	€ thou.	€ thou.
Cash flow from operating activities acc. to statement of cash flows	–43,969	–29,514
Effects from factoring and customers' monies to be passed on included in the above*	29,222	15,002
Adjusted cash flow from operating activities*	–14,747	–14,512

* Previous year's figure adjusted

(unaudited acc. to IFRS)

After adjustment for factoring effects, there is net cash used in operating activities totaling € –14.7 million in the first quarter of 2016 compared with net cash used in operating activities totaling € –14.5 million in the first quarter of 2015. The adjusted cash flow from operating activities was thus around the level of the previous year.

The negative cash flow from operating activities at March 31 is due to the business model and in particular the fact that up-front financing for projects and stocking of products by the production companies increase in the first quarter. This is reflected in an increase in the balance from the gross amount due from customers for contract work and inventories, less the gross amount due to customers for contract work and prepayments. In the first quarter of 2016, this effect reduced the cash flow in the first three months of 2016 by around € 7.1 million.

Net cash used in investing activities in the first quarter of 2016 was € –2.0 million, € 1.1 million below the figure for the same period of the previous year (€ –3.1 million). This is mainly attributable to lower purchase price payments from company acquisitions.

The net cash provided by financing activities was € 40.4 million compared with € 33.8 million in the same quarter of the previous year. The net proceeds are due to raised loans which exceed the net cash used to repay loans. The increase is mainly due to the financing of the higher return of customers' monies to be passed on from the Group's factoring program.

Cash funds of the euromicron Group at March 31, 2016, were thus € 5.1 million compared with € 16.8 million at March 31, 2015.

Risk report

The reports from the risk management system at December 31, 2015, have been continuously examined and updated as part of the quarterly report at March 31, 2016. At March 31, 2016, there were no significant changes in the analysis of risks and their structure or evaluation at the euromicron Group compared with as stated and described in detail in the management report in the 2015 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and in particular does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's financial position, net assets and results of operations.

Outlook

Following the end of the first quarter of 2016, euromicron AG still assumes that its business will develop stably for the year as a whole and confirms its forecast for fiscal 2016. We anticipate that the decline in sales in the first quarter of 2016 will disperse in the second half of 2016 as a result of the solid order situation and that sales will be within the forecast target range for the year as a whole. Operating EBITDA developed in line with the company's planning in the first quarter of 2016.

Taking into consideration the opportunities and risks, a sales volume between € 350 and € 370 million can therefore be expected for 2016. An EBITDA margin between 4.5% and 5.5% is still planned for operating business in 2016.

Some of the reorganization measures initiated in the past fiscal year will not be completed until the current fiscal year. As expected, these measures will still reduce the Group's reported EBITDA in fiscal 2016 by a total of around € 2–3 million.

This forecast is based on the assumption that the overall economy in the Federal Republic of Germany and the general conditions in the IT/ICT industry will develop positively in 2016 and the subsequent reorganization measures can be completed in the planned time. Nevertheless, the actual results may deviate significantly from the expectations and forecasts if one of the above, or other, uncertainties arise or the assumptions on which the statements were based should prove to be inaccurate.

INCOME STATEMENT

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Income statement

	3-month report	
	Jan. 1, 2016– March 31, 2016	Jan. 1, 2015– March 31, 2015
	€ thou.	€ thou.
Sales	65,210	74,562
Inventory changes	556	886
Own work capitalized	481	546
Other operating income	446	432
Cost of materials	-32,270	-39,729
Personnel costs	-26,081	-25,483
Other operating expenses	-10,362	-10,461
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2,020	753
Amortization and depreciation	-2,070	-2,359
Earnings before interest and taxes (EBIT)	-4,090	-1,606
Interest income	24	7
Interest expenses	-982	-804
Other financial expenses	0	0
Income before income taxes	-5,048	-2,403
Income taxes	616	486
Consolidated net loss for the period	-4,432	-1,917
Thereof for euromicron AG shareholders	-4,503	-1,956
Thereof for non-controlling interests	71	39
(Un)diluted earnings per share in €	-0.63	-0.27

(unaudited acc. to IFRS)

RECONCILIATION OF THE QUARTERLY RESULTS WITH THE STATEMENT OF COMPREHENSIVE INCOME

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Reconciliation of the quarterly results with the statement of comprehensive income

	Jan. 1, 2016– March 31, 2016	Jan. 1, 2015– March 31, 2015
	€ thou.	€ thou.
Consolidated net loss for the period, before minority interests	-4,432	-1,917
Gain/loss on the valuation of securities (may have to be reclassified to the income statement in future)	0	0
Currency translation differences (may have to be reclassified to the income statement in future)	0	2
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	0
Other profit/loss	0	2
Total profit/loss	-4,432	-1,915
Thereof for euromicron AG shareholders	-4,503	-1,954
Thereof for non-controlling interests	71	39

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET OF THE EUROMICRON GROUP

euromicron Group at March 31, 2016 (IFRS)

Assets

	March 31, 2016	Dec. 31, 2015
	€ thou.	€ thou.
Noncurrent assets		
Goodwill	108,217	108,217
Intangible assets	17,062	17,520
Property, plant and equipment	15,226	15,306
Other financial assets	718	733
Other assets	60	61
Deferred tax assets	160	120
	141,443	141,957
Current assets		
Inventories	32,382	30,763
Trade accounts receivable	22,134	33,248
Gross amount due from customers for contract work	52,693	47,480
Claims for income tax refunds	1,549	1,496
Other financial assets	1,530	2,879
Other assets	2,749	2,304
Cash and cash equivalents	5,097	10,722
	118,134	128,892
Total assets	259,577	270,849

(unaudited acc. to IFRS)

CONSOLIDATED BALANCE SHEET OF THE EUROMICRON GROUP

euromicron Group at March 31, 2016 (IFRS)

Equity and liabilities

	March 31, 2016	Dec. 31, 2015
	€ thou.	€ thou.
Equity		
Subscribed capital	18,348	18,348
Capital reserves	94,298	94,298
Gain/loss on the valuation of securities	0	0
Currency translation difference	-2	-2
Consolidated retained earnings	-20,679	-16,010
Stockholders' equity	91,965	96,634
Non-controlling interests	350	404
	92,315	97,038
Noncurrent liabilities		
Provisions for pensions	1,256	1,255
Other provisions	1,766	1,802
Liabilities to banks	19,947	20,484
Liabilities from finance lease	1,064	1,193
Other financial liabilities	965	474
Other liabilities	175	189
Deferred tax liabilities	4,703	5,606
	29,876	31,003
Current liabilities		
Other provisions	1,599	2,081
Trade accounts payable	27,308	47,593
Gross amount due to customers for contract work	685	851
Liabilities from current income taxes	2,573	3,232
Liabilities to banks	85,431	44,307
Liabilities from finance lease	518	516
Other tax liabilities	3,862	7,141
Personnel obligations	8,838	8,876
Other financial liabilities	3,207	24,838
Other liabilities	3,365	3,373
	137,386	142,808
Total equity and liabilities	259,577	270,849

STATEMENT OF CHANGES IN EQUITY

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Statement of changes in equity

	Subscribed capital	Capital reserves	Consolidated retained earnings
	€ thou.	€ thou.	€ thou.
December 31, 2014	18,348	94,298	-2,747
Net loss for Q1 2015	0	0	-1,956
Other profit/loss			
Currency translation differences	0	0	0
	0	0	0
Total profit/loss	0	0	-1,956
Transactions with owners			
Distributions to/drawings by minority interests	0	0	-840
	0	0	-840
March 31, 2015	18,348	94,298	-5,543
December 31, 2015	18,348	94,298	-16,010
Net loss for Q1 2016	0	0	-4,503
Other profit/loss			
Currency translation differences	0	0	0
	0	0	0
Total profit/loss	0	0	-4,503
Transactions with owners			
Distributions to/drawings by minority interests	0	0	-166
	0	0	-166
March 31, 2016	18,348	94,298	-20,679

Gain/loss on the valuation of securities	Currency translation difference	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
98	-1	109,996	405	110,401
0	0	-1,956	39	-1,917
0	2	2	0	2
0	2	2	0	2
0	2	-1,954	39	-1,915
0	0	-840	-125	-965
0	0	-840	-125	-965
98	1	107,202	319	107,521
0	-2	96,634	404	97,038
0	0	-4,503	71	-4,432
0	0	0	0	0
0	0	0	0	0
0	0	-4,503	71	-4,432
0	0	-166	-125	-291
0	0	-166	-125	-291
0	-2	91,965	350	92,315

STATEMENT OF CASH FLOWS

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Statement of cash flows

	Jan. 1, 2016– March 31, 2016	Jan. 1, 2015– March 31, 2015
	€ thou.	€ thou.
Income before income taxes	–5,048	–2,403
Net interest income/loss and other financial expenses	958	797
Depreciation and amortization of noncurrent assets	2,070	2,359
Disposal of assets, net	0	–3
Allowances for inventories and doubtful accounts	–57	–6
Change in provisions	–714	–166
Changes in short- and long-term assets and liabilities:		
– Inventories	–1,612	–2,388
– Trade accounts receivable and gross amount due from customers for contract work	6,032	1,994
– Trade accounts payable and gross amount due to customers for contract work	–20,603	–14,920
– Other operating assets	914	–425
– Other operating liabilities	–24,226	–13,764
– Income tax paid	–1,085	–748
– Income tax received	46	676
– Interest paid	–646	–524
– Interest received	2	7
Cash used in operating activities	–43,969	–29,514
Proceeds from		
– Retirement/disposal of property, plant and equipment	1	10
Payments due to acquisition of		
– Intangible assets	–703	–674
– Property, plant and equipment	–830	–802
– Subsidiaries	–500	–1,610
Net cash used in investing activities	–2,032	–3,076
Proceeds from raising of financial loans	44,897	39,164
Cash repayments of financial loans	–4,501	–5,329
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–20	–20
Net cash provided by financing activities	40,376	33,815
Net change in cash funds	–5,625	1,225
Cash funds at start of period	10,722	15,622
Cash funds at end of period	5,097	16,847

(unaudited acc. to IFRS)

**Disclosure in accordance with Section 37w (5)
Sentence 6 of the German Securities Trading Act (WpHG)**

The abridged financial statements and the interim management report at March 31, 2016, have not been audited or inspected by an auditor in accordance with Section 317 of the German Commercial Code (HGB).

NOTES

Preamble

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The interim report as of March 31, 2016, was prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsches Rechnungslegungs Standards Committee e.V.). The previous year’s figures were determined using the same principles.

Unless otherwise stated, the figures in this interim report are presented in thousands of euros (€ thou.).

The results in the interim financial statements as of March 31, 2016, do not necessarily permit forecasts for the further course of business.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of March 31, 2016, as for preparing the consolidated financial statements at December 31, 2015, unless changes are explicitly specified.

A detailed description of these methods is published in the 2015 Annual Report and is available via the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2015, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim report.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 109 to 116 of the 2015 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2016:

- IAS 1 “Disclosure Initiative” (amendment)
- IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization” (amendment)
- IAS 16 and IAS 41 “Bearer Plants” (amendment)
- IAS 27 “Equity Method in Separate Financial Statements of an Investor” (amendment)
- IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception” (amendments)
- IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (amendment)
- IFRS 14 “Regulatory Deferral Accounts”
- Annual Improvement Project (AIP) – Annual improvements to the IFRSs, 2012-2014 cycle (“Improvements to IFRS”)

The collection “Annual improvements to the IFRSs, 2012-2014 cycle” contains amendments to the following IFRSs:

- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
- IFRS 7 “Financial Instruments”: Disclosures” (with the subsequent amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards”)
- IAS 19 “Employee Benefits”
- IAS 34 “Interim Financial Reporting”

Application of the new and/or amended standards and interpretations has no significant impact on the Group’s financial position, net assets and results of operations or cash flow.

Consolidated companies

Apart from euromicron AG, the consolidated financial statements at March 31, 2016, include 23 companies, in which euromicron AG has the majority of voting rights directly or indirectly and so controls these companies.

The company SIM Asia PTE.LTD., Singapore, was founded in the first quarter of 2016. It is a wholly-owned subsidiary of Secure Information Management GmbH, Neustadt an der Weinstraße, Germany. Its paid-up nominal capital is € 30 thousand.

Treasury shares

At March 31, 2016, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at March 31, 2016 (€ 350 thousand) relate exclusively to Qubix S.p.A., Padua (10%).

Segment information

The Executive Board is the main decision-maker in the Group. The business segments were identified on the basis of the internal reporting the Executive Board uses to allocate resources and assess earnings strength.

Under its new strategic alignment, the euromicron Group focuses on three main business segments: “Smart Buildings”, “Critical Infrastructures” and “Distribution”. Controlling is in line with the orientation toward target markets and the underlying value chain within the Group. In line with the organizational and reporting structure, euromicron reports in the segments “Smart Buildings”, “Critical Infrastructures” and “Distribution”. In addition, the “Non-strategic Business Segments” area and the “Central Services” area are reflected in “All other segments”.

The reconciliation contains the consolidation of the cross-segment network of services and various other items that cannot be assigned to the individual areas, since the Executive Board believes they do not reflect the services provided by the areas.

SEGMENT REPORTING

of the euromicron Group for the period January 1 to March 31, 2016 (IFRS)

Segment reporting

	Smart Buildings		Critical Infrastructures		Distribution		Total for all operating segments that must be reported	
	2016	2015	2016	2015	2016	2015	2016	2015
	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
External sales	38,899	42,841	20,992	22,841	5,292	5,506	65,183	71,188
Sales within the Group	352	1,092	121	27	445	955	918	2,074
Total sales	39,251	43,933	21,113	22,868	5,737	6,461	66,101	73,262
EBITDA	-864	2,739	-210	-958	982	697	-92	2,478
EBITDA margin	-2.2%	6.2%	-1.0%	-4.2%	17.1%	10.8%	-0.1%	3.4%
of which reorganization costs	0	45	0	0	0	0	0	45
Operating EBITDA	-864	2,784	-210	-958	982	697	-92	2,523
Operating EBITDA margin	-2.2%	6.3%	-1.0%	-4.2%	17.1%	10.8%	-0.1%	3.4%
Amortization and depreciation	-1,373	-1,424	-489	-603	-90	-144	-1,952	-2,171
Write-downs of property, plant and equipment, intangible assets and goodwill	0	0	0	0	0	0	0	0
EBIT	-2,237	1,315	-699	-1,561	892	553	-2,044	307
of which reorganization costs	0	45	0	0	0	0	0	45
Operating EBIT	-2,237	1,360	-699	-1,561	892	553	-2,044	352
Order books	72,208	67,941	51,509	50,979	1,609	1,493	125,326	120,413
Working capital	68,383	66,514	21,330	24,050	5,340	4,608	95,053	95,172
Working capital ratio	35.4%	35.1%	17.8%	19.2%	24.6%	18.9%	28.4%	28.0%

All other segments

Non-strategic Business Segments		Central Services		Total for the segments		Reconciliation		of the Group	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
27	3,374	0	0	65,210	74,562	0	0	65,210	74,562
13	129	0	0	931	2,203	-931	-2,203	0	0
40	3,503	0	0	66,141	76,765	-931	-2,203	65,210	74,562
-102	-583	-1,826	-1,142	-2,020	753	0	0	-2,020	753
-255.0%	-16.6%			-3.1%	1.0%			-3.1%	1.0%
102	0	957	584	1,059	629	0	0	1,059	629
0	-583	-869	-558	-961	1,382	0	0	-961	1,382
0.0%	-16.6%			-1.5%	1.8%			-1.5%	1.9%
0	-80	-118	-108	-2,070	-2,359	0	0	-2,070	-2,359
0	0	0	0	0	0	0	0	0	0
-102	-663	-1,944	-1,250	-4,090	-1,606	0	0	-4,090	-1,606
102	0	957	584	1,059	629	0	0	1,059	629
0	-663	-987	-666	-3,031	-977	0	0	-3,031	-977
0	7,333	0	0	125,326	127,746	-1,964	-1,732	123,362	126,014
308	3,035	-824	-557	94,536	97,650	-16,893	-18,180	77,644	79,470
				27.6%	27.8%			23.1%	23.0%

Business transactions with related parties

Apart from the compensation for the Executive Board and Supervisory Board, there are no significant relations with related persons. There are also no business transactions between consolidated companies of the euromicron Group and non-consolidated or associated companies of the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the annual financial statements at December 31, 2015.

DECLARATION BY THE LEGAL REPRESENTATIVES

We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Frankfurt/Main, May 10, 2016

The Executive Board

Bettina Meyer
Spokeswoman of the Executive Board

Jürgen Hansjosten
Member of the Executive Board

FINANCIAL CALENDAR 2016

May 10, 2016	Publication of the business figures for the 1st quarter of 2016
June 7, 2016	General Meeting, Frankfurt/Main
August 9, 2016	Publication of the business figures for the 2nd quarter of 2016
November 8, 2016	Publication of the business figures for the 3rd quarter of 2016

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at **www.euromicron.de**.

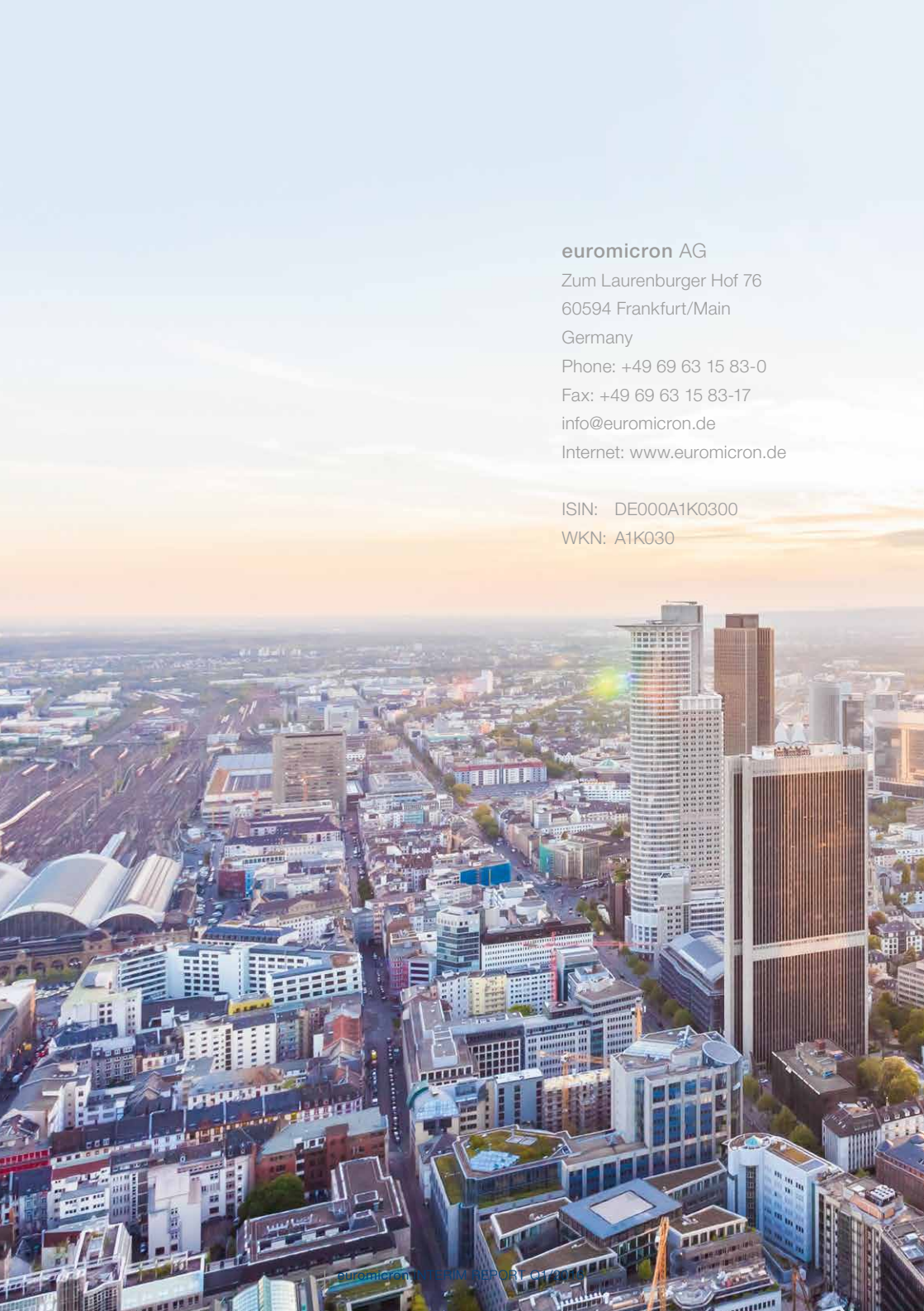
In cases of doubt, the German version is authoritative.

All rights reserved. Reproduction, in whole or in part, permitted only if source is acknowledged.

DISCLAIMER ON PREDICTIVE STATEMENTS

—

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.



euromicron AG

Zum Laurenburger Hof 76

60594 Frankfurt/Main

Germany

Phone: +49 69 63 15 83-0

Fax: +49 69 63 15 83-17

info@euromicron.de

Internet: www.euromicron.de

ISIN: DE000A1K0300

WKN: A1K030