

Press Release

Progress in strategic market positioning – Temporary strain on earnings due to delay in realigning euromicron Deutschland GmbH

- Positive performance in the report segments “Critical Infrastructures” and “Distribution”
- Delay in the realignment of euromicron Deutschland GmbH reduces sales and earnings in the “Smart Buildings” segment
- Consolidated sales of €139.8 million and operating EBITDA of € –1.7 million below expectations
- Forecast for the year as a whole reduced

Frankfurt/Main, August 9, 2016 – euromicron AG, a medium-sized high-tech group and specialist for the Internet of Things (IoT), is today publishing its report on the first half of 2016. Fiscal 2016 is one of strategic reorientation for the euromicron Group. Its internal structures have to be geared to the new strategy and the company needs to position itself in the target markets of “Digital Buildings”, “Smart Industry” and “Critical Infrastructures”.

The Group has made good progress in that in the first six months of 2016. It has streamlined its internal structures and processes as part of last year’s restructuring and strengthened its personnel with relevant experts. Jürgen Hansjosten from the Executive Board notes: “We are experiencing good market acceptance in all three business areas ‘Digital Buildings’, ‘Smart Industry’ and ‘Critical Infrastructures’ and have been able to launch initial pilot projects successfully”.

The biggest challenge in the coming months will be transformation of euromicron Deutschland GmbH. It was created in 2015 from the merger of several subsidiaries that had sharply differing structures and systems. The resultant large degree of heterogeneity at euromicron Deutschland GmbH is delaying implementation of the structural measures more strongly than expected and so still reducing the Group’s sales volume and earnings strength temporarily.

Consolidated sales in the first half of 2016 were €139.8 million and so below the previous year’s figure of €156.8 million. This decline is due on the one hand to the loss of revenue from the non-strategic business segments that have been discontinued. However, the figures are also significantly impacted by the delay in reorganizing euromicron Deutschland GmbH. Realignment of sales, a restrictive policy in awarding large projects, and unproductive work required in competing old projects are having a negative effect on sales and earnings expectations.

The declining sales base consequently affects operating earnings before interest, taxes, depreciation and amortization (EBITDA), which were € –1.7 million in the period under review (June 30, 2015: €3.9 million).

As in the previous quarter, the report segments “Critical Infrastructures” and “Distribution” performed well. Despite slightly lower sales year on year, the operating EBITDA margin increased in both segments. The delay in reorganizing euromicron Deutschland GmbH is making itself felt in the sales and earnings of the “Smart Buildings” segment.

Sales in the “Critical Infrastructures” segment fell by 2.5 percent to €49.1 million, whereas the operating EBITDA margin rose from 1.8 percent to 2.6 percent. The sales volume in the “Distribution” segment fell by 5.3 percent to €11.5 million, whereas the operating EBITDA margin rose from 11.1 percent to 15.1 percent. Sales in the “Smart Buildings” segment fell by 10.8 percent to €81.6 million and the operating EBITDA margin to –3.0 percent following 5.5 percent in the same period of the previous year.

Bettina Meyer, Executive Board Spokeswoman, states: “Both the sales and earnings performance of the euromicron Group in fiscal 2016 are strongly influenced by the development of euromicron Deutschland GmbH. However, these are temporary effects. The deviations in sales and earnings are significant compared to previous year results, however, were already partly anticipated in the current corporate planning. Despite our expectations of a strong second half of the year, we assume that the decline in sales and earnings for the end of the year will be reduced, but not completely compensated for.”

Taking into consideration the opportunities and risks for fiscal 2016, we therefore anticipate a sales volume between €330.0 million and €350.0 million (previous forecast: €350.0 million to €370.0 million). The operating EBITDA margin is expected to be in the range between 2.0 percent and 4.0 percent (previous forecast: between 4.5 percent and 5.5 percent). Some of the reorganization measures initiated in the past fiscal year will not be completed until the current fiscal year. These measures reduced the Group’s EBITDA by around €1.8 million at June 30, 2016. For the year as a whole, we anticipate reorganization costs of around €3.0 million to €4.0 million (previous forecast: €2.0 million to €3.0 million).

The full report for the first half of 2016 is available as of today on the company’s website at euromicron.de in the section “Investor Relations/Publications/Financial Reports”.

About euromicron

euromicron AG (www.euromicron.de), a company that unites medium-sized high-tech companies from the fields of Digital Buildings, Critical Infrastructures and Smart Industry. As a German specialist for the Internet of Things, euromicron enables its customers to network business and production processes and successfully move to a digital future. From design and implementation, operation, to related services – euromicron implements customized solutions and creates the IT, network and security infrastructures that they require. As a result, euromicron enables its customers to gradually migrate existing infrastructures to the digital age. euromicron’s expertise helps the company’s customers increase their agility and efficiency, as well as develop new business models that lay the foundation for commercial success down the road. The technology group is headquartered in Frankfurt/Main, has been listed on the stock exchange since 1998 and employs around 1,800 people at 30 locations. The euromicron Group comprises a total of 14 subsidiaries, including the brand names Elabo, LWL-Sachsenkabel, MICROSENS and telent. euromicron AG generated total sales of €345 million in fiscal year 2015.

euromicron AG

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