

## Press release

### euromicron AG publishes 2016 Annual Report and outlook for 2017

- Operating EBITDA margin (4.0 %) at the upper edge of the forecast range
- Working capital ratio improves by 6.0 percentage points
- Consolidated sales (€325.3 million) slightly below the projected corridor
- Reorganization costs of €7.3 million and special tax effects impact consolidated profit for 2016
- Order backlog (€123.3 million) up around €20 million on year
- Outlook for 2017: increase in operating profitability expected

**Frankfurt/Main, March 29, 2017** – euromicron AG, a medium-sized technology group and specialist for the Internet of Things, published its Annual Report for fiscal year 2016 today.

Revenues for fiscal year 2016 were down slightly at €325.3 million, 1.4% below the forecast of €330 million to € 350 million that was adjusted in the semi-annual financial report 2016. Before one-time special effects of the reorganization, which impacted the EBITDA margin by 1.7%, operating EBITDA of €13.2 million was achieved, which corresponds to an EBITDA margin of 4.0%. This means that the operating EBITDA margin is at the upper end of the adjusted forecast (2.0% to 4.0%).

“The euromicron Group is currently undergoing a major structural change and continued to make progress in fiscal year 2016 by further optimizing its corporate structures and business processes. Our performance during the year also reflects this. After a weak first half year with sales and earnings development that was below the previous year’s level, the operating development clearly improved in the fourth quarter. Particularly the stabilization of euromicron Deutschland GmbH in the “Smart Buildings” segment showed a significant increase in sales in the second half of the year. In addition, orders shifts in the area of the technology companies came to a halt and this led to a significant increase in sales and earnings,” notes Bettina Meyer, Spokeswoman of the Executive Board.

The reorganization of euromicron Deutschland GmbH continued on schedule in 2016, but it took longer than expected at the end of the previous year. As a result, the strategic planning of the euromicron Group has shifted by one year.

In the fourth quarter of 2016, further measures were taken to separate from strategically non-relevant or loss-making areas of the business. These include the launch of the sale of euromicron Deutschland GmbH's "Telecommunications" division and the closing of the "Fiber Optic Infrastructure" division of RSR Datacom GmbH & Co. KG as well as the product line "Optical Tracking Systems" of Secure Information Management GmbH.

The negative result from the reorganization measures in fiscal year 2016 totaled €7.3 million; This figure includes depreciation of €1.0 million and impairment of the financial result of €0.6 million. The reported EBITDA amounted to €7.4 million after €6.9 million in the previous year.

At the same time, the Group portfolio was strengthened in its competences by the establishment of Netzikon GmbH and Secure Information Management (Asia Pacific) Pte. Ltd. Through the acquisition of KORAMIS GmbH in January 2017, the Group has also expanded its value chain to include cybersecurity for Critical Infrastructures and industrial infrastructures.

"The completion of the reorganization measures and the expansion of new competences are necessary to further align euromicron as a technology group with the target markets "Digital Buildings," "Smart Industry" and "Critical Infrastructures". In fiscal year 2016, we posted significant incoming orders in these target markets, such as orders for the digitization of production processes or digitization of railway points in Critical Infrastructures. The IoT market thus offers attractive growth potentials for our Group in the coming years," explains Jürgen Hansjosten, Executive Board member of euromicron.

"In fiscal 2016, we achieved success in the improvement of the Group's working capital structure. At 11.8%, the working capital ratio was 6 percentage points below the previous year's figure of 17.8%. We thus significantly exceeded our projected target of a working capital ratio of less than 15%. At the same time, however, special tax effects also impacted Group earnings. Thus, the Group tax burden of approximately €6.6 million is burdened by one-off effects, of which only one part is cash-effective," added Bettina Meyer.

The order backlog of the euromicron Group, €123.3 million as of December 31, 2016, and thus around €20 million above the previous year's level, shows that the Group's realignment is bearing fruit. Taking into account the sales effects from the business units discontinued in 2016, the Executive Board expects Group turnover of between €330 million and €350 million for 2017 and an operating EBITDA margin between 4.0% and 5.0%.

As a result of the reorganization measures and costs related to the restructuring of the Group's financing, the Group's reported EBITDA in 2017 is expected to be burdened by around €2.0 million to €3.0 million.

In the years to come, a further significant improvement in profitability is expected as a result of the transformation of the Group. For example, the operating EBITDA margin in the following years is to be increased continuously by one percentage point per year until the target corridor of 8.0% to 11.0% is reached.

The full 2016 Annual Report is available as of today on the company's website at [euromicron.de](http://euromicron.de) in the section "Investor Relations/Publications/Financial Reports." The company is expected to publish its report on the first quarter of 2017 in mid-May 2017.

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**euromicron AG** ([www.euromicron.de](http://www.euromicron.de)) unites medium-sized high-tech companies from the fields of Digital Buildings, Smart Industry and Critical Infrastructures. 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 required for them. As a result, euromicron lets its customers migrate existing infrastructures gradually 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 32 locations. The euromicron Group comprises a total of 17 subsidiaries, including the brand names Elabo, LWL-Sachsenkabel, MICROSENS and telent. euromicron AG generated total sales of €325.3 million in fiscal year 2016.

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