

# DATA MODUL

INTERIM REPORT AS OF  
MARCH 31, 2015



*Dear Shareholders,*

*DATA MODUL started out fiscal year 2015 with an outstanding first quarter. Aided by further improvement in the economic environment, DATA MODUL revenue rose by 20.5% to 45.2 million euros (previous year: 37.5 million euros). In addition to higher revenue, results from our "Fit for Future 2015" program drove Q1 EBIT up to 4.5 million euros (previous year: 1.8 million euros). Net income for the period thus jumped to 3.3 million euros (previous year: 1.1 million euros), resulting in earnings per share of 0.98 euros (previous year: 0,33 euros). Steady execution on our strategy has yielded increased order levels, recorded at 50.4 million euros for the quarter under review, these being the fruits of continuously increasing investment in R&D, which amounted to 1.6 million euros in the first three months of the year (previous year: 1.4 million euros).*

## INTERIM MANAGEMENT REPORT FOR THE GROUP

### **I. General economic conditions**

The favorable outlook for the global economy which we forecast did materialize in the first quarter 2015. Low oil prices are expected to provide a tailwind for the global economy. In view of improving economic data, the US Federal Reserve allowed its bond purchasing program to expire in October 2014, thus moderate interest rate increases are anticipated over the course of the year. The ECB is adhering to its highly expansionary monetary policy and expanded bond purchasing program until further notice. In recent weeks the euro has depreciated against the US dollar and nearly all other currencies, making European products more attractive outside the euro zone. These circumstances are favorable given Germany's highly export-dependent business model, creating a broader base which should insulate against geopolitical risks having a significant impact on German economic momentum. Conditions in our primary markets remain positive.

## Key Indicators

In million euros	Jan to Mar 2015	Jan to Mar 2014	Changes
Total revenue	45.2	37.5	20.5 %
Displays	27.2	22.6	20.4 %
Systems	18.0	14.9	20.8 %
Orders received	50.4	46.8	7.7 %
Order backlog	110.3	98.7	11.8 %
EBIT	4.5	1.8	150.0 %
EBT	4.5	1.7	164.7 %
Net income for the period	3.3	1.1	200.0 %
Investments	0.6	0.3	66.7 %
Employees	356	349	2.0 %
Earnings per share (in euros)	0.98	0.33	197.0 %
Number of shares	3,394,000	3,394,000	0.0 %

## II. Business performance

Revenue in the first quarter of the current fiscal year 2015 increased 20.5% to 45.2 million euros (previous year: 37.5 million euros), with the Displays business segment contributing 27.2 million euros (previous year: 22.6 million euros), whereas the Systems segment saw revenues of 18.0 million euros (previous year: 14.9 million euros). Orders received in the first quarter totaling 50.4 million euros (previous year: 46.8 million euros) again exceeded the previous year's level. Order backlog increased 11.8% to 110.3 million euros (previous year: 98.7 million euros), raising our revenue expectations for the current fiscal year. The Company's strategy to enhance its international orientation continues to yield successes, reflected in an unchanged export rate of 38.0% for the first three months of 2015 (previous year: 39.7%).

## III. Profitability

Having successfully concluded fiscal year 2014 – a record year – DATA MODUL recorded a 150.0% EBIT increase in the first quarter of 2015 up to 4.5 million euros (previous year: 1.8 million euros), representing a continuation of a trend originating in Q3 and Q4 2014. The Systems business segment, which accounted for 1.5 million euros in EBIT (previous year: EUR 0.5 million), contributed significantly to the overall result this time, while EBIT from our Displays business segment rose 130.8% to 3.0 million euros (previous year: 1.3 million euros). EBT for the Group in the first three months of the current fiscal year improved by 164.7%, totaling 4.5 million euros (previous year: 1.7 million euros), while net income for the period increased to 3.3 million euros (previous year: 1.1 million euros), translating into earnings per share of 0.98 euros, compared to 0.33 euros for the same period of 2014. Net income benefited from exchange rate movements in recent months.

## **IV. Financial position**

Operating cash flow as of March 31, 2015 amounted to plus 0.12 million euros (previous year: 0.06 million euros). At the end of the first quarter of 2015, the Group's equity ratio (in accordance with IFRS) was 58.1% (December 31, 2014: 60.0%). Consequently, the Group continues to demonstrate financial stability and has remarkable liquidity at its disposal.

## **V. Capital expenditure and regional offices**

In the first three months of 2015, capital expenditure amounted to 0.6 million euros (previous year: 0.3 million euros). In the current fiscal year we plan to invest in fixed assets at our Munich location and our production and logistics center in Weikersheim. To ensure we maintain our competitiveness, we will continue investing in research and development.

DATA MODUL AG maintains regional offices in Düsseldorf and Hamburg which serve as our sales offices for the respective regions.

## **VI. Employees**

The number of Group employees had increased as of March 31, 2015 to 356 (previous year: 349 employees), of which 54 staff were employed by Group companies located outside Germany.

## **VII. Risks and rewards**

In fiscal year 2015, DATA MODUL will remain focused on growth in its core Displays and Systems businesses. Global economic trends, exchange rate movements, rising commodity and energy prices and uncertainties regarding customer ordering behavior constitute risks which may have a lasting impact on our business. We are aware of these risks and carefully monitor their impact on our business operations. The economic recovery presently underway and low customer inventories may create a display supply shortage causing significantly longer delivery times and price increases. Currently, there are no apparent going-concern risks for the DATA MODUL Group. No significant changes in the information on risks and rewards published in the 2014 Annual Report have occurred since.

## **VIII. Subsequent events**

Arrow Central Europe Holding Munich GmbH notified us on April 20, 2015 that it held 53.37% of voting rights in DATA MODUL as of April 16, 2015. The Arrow Central Europe Holding Munich GmbH is therefore the largest shareholder of DATA MODUL AG. The voluntary public tender offer advanced by Arrow Inc. was thus successful.

No further significant events occurred during the report preparation period after the March 31, 2015 reporting date.

## **IX. Forecast and Outlook 2015**

The statements made in the following regarding the future business results of DATA MODUL Group and assumptions regarding market and industry trends deemed material in relation thereto are based on opinions which we believe are realistic at this time given the information available. However, these forward-looking statements and assumptions are subject to uncertainty, carrying an inevitable risk of actual developments deviating from projections either fundamentally or in terms of their extent.

In addition to geopolitical risks which could substantially affect the economy, central bank monetary policies will play an important role in 2015. If market participants lose confidence in central banks, it would not only unleash renewed turmoil on the capital markets but may end the recovery. There is also risk connected with China's performance, as the country could become a trouble spot if a real estate bubble bursts there. A return to crisis in Europe is also conceivable, as the sovereign debt crisis is not yet over, and could potentially lead to a banking crisis again in 2015. In view of the positive market environment however, the DATA MODUL Executive Board believes the Group will continue to grow. The productivity-raising measures implemented over recent years are expected to add lasting value, boosting profitability.

The "Fit for Future 2015" strategy program is aimed at further strengthening DATA MODUL's global competitiveness. We aim for balanced growth in Europe and the US, with Germany naturally forming the backbone of the Group. The DATA MODUL Group will thus also find growth opportunities in 2015, arising from the overall economic situation and from new products developed to market-readiness, despite fierce competition. We will nevertheless consequently pursue our strategic goals with a view to remaining on the growth trajectory of recent years.

Over the years ahead we see definite growth potential in the industrial market, our most important customer base, as these customers are being forced by market pressures to introduce automated production processes. Interconnected production processes are highly complex and require man-machine communication (displays) for controlling the production lines. These integrated embedded systems offer a great growth opportunity for DATA MODUL, and the activities initiated in the past fiscal year have put us in an excellent position to capitalize on this growth potential over the long term.

## **X. Related party transactions**

In the first quarter of 2015, the Group incurred expenses for services rendered in relation to filling a Group level key management position. In addition, DATA MODUL AG purchased goods at customary market conditions from Varitronix Investment Ltd., Hong Kong, China, which holds 19.99% of the voting rights.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2015

ASSETS	03/31/2015	12/31/2014
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	2,487	2,503
Property, plant and equipment	9,621	9,595
Other non-current assets	205	205
<b>Total non-current assets</b>	<b>14,732</b>	<b>14,722</b>
<b>Current assets</b>		
Inventories	33,981	28,899
Trade accounts receivable, net of allowance for doubtful accounts (2015: 482; 2014: 434)	23,604	18,341
Other current assets	1,619	1,295
Cash and cash equivalents	15,678	16,819
<b>Total current assets</b>	<b>74,882</b>	<b>65,354</b>
<b>Total assets</b>	<b>89,614</b>	<b>80,076</b>

All figures in KEUR

LIABILITIES AND SHAREHOLDERS' EQUITY	03/31/2015	12/31/2014
<b>Shareholders' equity</b>		
Capital stock no-par-value bearer shares (authorized: KEUR 5,289; shares issued and outstanding: 3,394,000 as of 03/31/2015 and 12/31/2014 )	10,182	10,182
Capital reserves	22,367	22,367
Retained earnings	20,451	17,104
Other reserves	(920)	(1,617)
<b>Total shareholders' equity</b>	<b>52,080</b>	<b>48,036</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,781	1,772
Non-current bank liabilities	3,000	3,000
Non-current provisions	356	351
Deferred tax liabilities	687	498
<b>Total non-current liabilities</b>	<b>5,824</b>	<b>5,621</b>
<b>Current liabilities</b>		
Trade accounts payable	11,644	7,697
Taxes payable	3,510	3,035
Current provisions	1,701	1,540
Liabilities due to financial institutions	7,700	8,200
Current portion of non-current borrowings	617	850
Other current liabilities	6,538	5,097
<b>Total current liabilities</b>	<b>31,710</b>	<b>26,419</b>
<b>Total liabilities</b>	<b>37,534</b>	<b>32,040</b>
<b>Total liabilities and shareholders' equity</b>	<b>89,614</b>	<b>80,076</b>

All figures in KEUR

# CONSOLIDATED STATEMENT OF INCOME

	1/1 - 3/31/2015	1/1 - 3/31/2014
Revenues	45,222	37,496
Cost of sales	(33,143)	(29,166)
Gross margin	<b>12,079</b>	<b>8,330</b>
Research and development expenses	(1,643)	(1,398)
Selling, general and administrative expenses	(5,890)	(5,117)
Earnings before interest and taxes (EBIT)	<b>4,546</b>	<b>1,815</b>
Interest income	1	0
Interest expense	(50)	(80)
Earnings before taxes	<b>4,497</b>	<b>1,735</b>
Income tax expense	(1,185)	(631)
Net income	<b>3,312</b>	<b>1,104</b>
Earnings per share - basic	0,98	0,33
Earnings per share - diluted	0,98	0,33
Weighted average of shares outstanding - basic	3,394,000	3,394,000
Weighted average of shares outstanding - diluted	3,394,000	3,394,000

All figures in KEUR, except earnings per share and weighted average of shares outstanding



# CONSOLIDATED STATEMENT OF CASH FLOW

KEUR	1/1 - 3/31/2015	1/1 - 3/31/2014
<b>Cash flows from operating activities</b>		
Net income for the period	3,312	1,104
Non-cash expenses and income		
Income tax expense	969	568
Amortization of capitalized development costs	151	182
Amortization of other intangible assets and depreciation of fixed assets	344	296
Provisions for bad debts	21	92
Deferred taxes	189	63
Result from disposals of fixed assets	33	0
Changes in non-current accrued liabilities	14	(8)
Net interest	49	80
Other non-cash expenses and income	420	1,572
Changes in operating assets and liabilities		
Trade accounts receivable	(5,284)	1,901
Inventories	(5,082)	(3,261)
Trade accounts payable	3,947	(287)
Current provisions	16	(1)
Other assets and liabilities	1,508	(1,980)
Income taxes paid	(442)	(175)
Interest received	1	0
Interest paid	(47)	(89)
<b>Cash flows from operating activities</b>	<b>119</b>	<b>57</b>
<b>Cash flows from investing activities</b>		
Outflows from capitalized development costs	(166)	(113)
Capital expenditures on other intangible and fixed assets	(409)	(212)
<b>Cash flows from investing activities</b>	<b>(575)</b>	<b>(325)</b>
<b>Cash flows from financing activities</b>		
Repayment of current borrowings	(733)	(6,657)
Repayment of non-current borrowings	0	(233)
Other financing activities	(1)	0
<b>Cash flows from financing activities</b>	<b>(734)</b>	<b>(6,890)</b>
Effects of exchange rate changes on cash and cash equivalents	49	10
<b>Net increase in cash and cash equivalents</b>	<b>(1,141)</b>	<b>(7,148)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>16,819</b>	<b>15,287</b>
<b>Cash and cash equivalents at end of period</b>	<b>15,678</b>	<b>8,139</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital Stock No. of shares	Capital Stock Amount	Capital reserves	Retained earnings	Other reserves	Total
<b>BALANCE AS OF 1/1/2014</b>	3,394,000	10,182	22,446	11,745	(1,675)	42,698
Net income for the period				1,104		1,104
Foreign currency translation adjustments					(3)	(3)
<b>BALANCE AS OF 31/3/2014</b>	<b>3,394,000</b>	<b>10,182</b>	<b>22,446</b>	<b>12,849</b>	<b>(1,678)</b>	<b>43,799</b>
<b>BALANCE AS OF 1/1/2015</b>	3,394,000	10,182	22,367	17,104	(1,617)	48,036
Net income for the period				3,312		3,312
Other comprehensive income / (loss)				35	(6)	29
Foreign currency translation adjustments					703	703
<b>BALANCE AS OF 31/3/2015</b>	<b>3,394,000</b>	<b>10,182</b>	<b>22,367</b>	<b>20,451</b>	<b>(920)</b>	<b>52,080</b>

All figures in KEUR, except number of shares

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KEUR	1/1 - 3/31/2015	1/1 - 3/31/2014
Net income for the period	3,312	1,104
Other comprehensive income / (loss)		
<i>Other comprehensive income / (loss) to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Adjustments from currency translation of foreign subsidiary results	703	(3)
<i>Other comprehensive income / (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Deferred tax recorded in equity	(6)	0
Comprehensive income after tax	4,009	1,101

# NOTES - EXPLANATORY DISCLOSURES

## **Basis for the preparation of the financial statements**

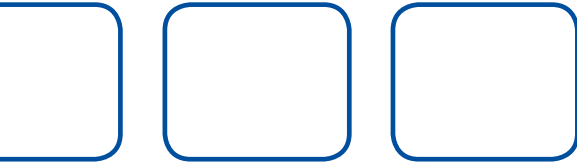
The abbreviated consolidated interim accounts for Q1 2015 do not contain all information and disclosures required in preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements dated December 31, 2014.

The recognition and measurement methods applied to the consolidated financial statements as of December 31, 2014 remain unchanged and were applied when preparing this abbreviated quarterly report. The IFRS newly adopted in fiscal year 2015 had no effect on our balance sheet or earnings. These quarterly financial statements and report have not been audited in accordance with § 317 of German Commercial Code (HGB), nor have they been audited by a financial accounting firm.

The quarterly report is prepared in euros (EUR). For presentation purposes, the euro amounts are rounded to thousands of euros (KEUR). For computation purposes, the tables and notes may include deviations from the accurately calculated amounts due to rounding.

## **Disclaimer**

These consolidated quarterly accounts contain certain disclosures regarding future events that are based on the currently foreseeable and available information, assumptions and projections by the management of DATA MODUL. They are provided for information purposes only and are marked by terms such as "believe", "expect", "predict", "intend", "project", "plan", "estimate" or "aim at". Hence, these statements can only apply at the date at which they are publicly disclosed. Various identified and yet unknown risks, uncertainties and other factors might result in the actual events, the financial situation, the development or the Group's performance significantly deviating from the projections provided in this report. DATA MODUL is not obligated to add or modify such statements predicting future events or adjust such statements based on future events or trends. Hence, the Group does not – neither conclusively nor explicitly – assume any liability or warranty for the data and information being up-to-date, accurate and complete.



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**Financial Calendar 2015 / 2016:**

**Interim Report as of June 30, 2015**

**August 11, 2015**

**Interim Report as of September 30, 2015**

**November 11, 2015**

**Annual Report 2015**

**March 2016**