

# DATA MODUL

QUARTERLY REPORT AS OF  
MARCH 31, 2016



*Dear Shareholders,*

*DATA MODUL started out fiscal year 2016 with a solid first quarter. This year's positive revenue trends are aided by the ongoing economic improvement, and in particular the outstanding performance of the domestic economy. Benefitting from further improvement in the economic environment, DATA MODUL revenue rose 10.2% to 49.8 million euros (previous year: 45.2 million euros), with EBIT in the first quarter of 4.0 million euros (previous year: 4.5 million euros). Net income of 3.0 million euros (previous year: 3.3 million euros) indicates that DATA MODUL is on course to show a profit again in 2016. The Company's new orders received totaling 52.4 million euros were particularly high, increasing again over the previous-year level of 50.4 million euros.*

*DATA MODUL management has started implementing the new "Shape 2020" strategy, the overarching objective of which is to make us one of the world's leading visual solutions provider by the year 2020. We continue in our efforts to ensure balanced sales diversification in the three major regions of the world, with a view to balancing out fluctuations in individual markets and avoiding potential dependencies.*

## GROUP INTERIM REPORT

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

The forecast in Q1 2016 for global economic growth remains positive. The general global economic outlook is for further growth; consumer spending, underpinned by continuing job market strength, increasing wages and lower energy prices remain the key growth factors in our primary markets of Germany and the USA.

The eurozone countries too are expected to show a moderately positive growth rate for Q1 2016. Nevertheless, the year 2016 holds great challenges for Europe. The outcome of the impending referendum on the UK's possible withdrawal from the European Union and the attendant consequences for the European economy are impossible to predict, as are any consequences of a still-looming Grexit.

Based on the continuing economic growth in our key markets of Germany and the USA however, we believe the conditions remain positive for DATA MODUL to post a profit in fiscal year 2016.

## Corporate Results

in millions of €	1/01 - 3/31/2016	1/01 - 3/31/2015	Change
Total revenue	49.8	45.2	10.2%
Displays	30.7	27.2	12.9%
Systems	19.1	18.0	6.1%
Orders received	52.4	50.4	4.0%
Order backlog	102.4	110.3	(7.2%)
EBIT	4.0	4.5	(11.1%)
EBT	4.0	4.5	(11.1%)
Net income for the period	3.0	3.3	(9.1%)
Capital expenditures	0.7	0.6	16.7%
Employees	384	356	7.9%
Earnings per share (in euros)	0.85	0.98	(13.3%)
Based on shares outstanding	3,526,182	3,394,000	3.9%

## II. Business performance

Revenue in the first quarter of the current fiscal year 2016 increased 10.2% to 49.8 million euros (previous year: 45.2 million euros), with the Displays business segment contributing 30.7 million euros (previous year: 27.2 million euros), whereas the Systems segment saw revenues of 19.1 million euros (previous year: 18.0 million euros). Orders received by the Group surpassed the previous year's high level at 52.4 million euros for the first quarter (previous year: 50.4 million euros). Although compared to last year, order backlog decreased slightly by 7.2% to 102.4 million euros (previous year: 110.3 million euros), it remains at the same level as per end of December 2015, thus our optimistic revenue estimates for the current fiscal year are intact. The Company's strategy to enhance its international orientation continues to yield successes, reflected in an increased export rate of 43.4% for the first three months of 2016 (previous year: 38.0%).

## III. Profitability

Following the profitable fiscal year 2015, DATA MODUL's EBIT for the first quarter of 2016 was 4.0 million euros (previous year: 4.5 million euros), with the Displays business segment contributing 2.8 million euros (previous year: 3.0 million euros), whereas the Systems business segment contributed 1.2 million euros (previous year: 1.5 million euros). Lower EBIT in the current fiscal year is largely attributable to currency translation effects resulting in higher cost of sales and general administration expenses versus the first quarter of 2015. The Company's EBT in the current fiscal year decreased 11.1% to 4.0 million euros (previous year: 4.5 million euros). As of March 31, 2016 DATA MODUL closed out the first quarter with a net profit of 3.0 million euros (previous year: 3.3 million euros). Based on the result for the period, earnings per share were 0.85 euros (previous year: 0.98 euros).

#### **IV. Financial position**

The operating cash flow was -5.7 million euros as of March 31, 2016 (previous year: 0.1 million euros). Lower operating cash flow for the period as compared to Q1 2015 is the result of increasing inventories, changes in trade payables and changes in other assets and liabilities. At the end of the first quarter of 2016, the Group's equity ratio (in accordance with IFRS) is 69.2% (December 31, 2015: 66.6%). The Group thus demonstrates continuing financial stability, and has sufficient liquidity.

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

DATA MODUL's capital expenditures for the first three month period of 2016 totaled 0.7 million euros (previous year: 0.6 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 subsidiaries in Düsseldorf and Hamburg which serve as regional sales offices.

#### **VI. Employees**

As of March 31, 2016, the Group had 384 employees, as compared to 356 in the previous year, of which 55 staff were employed by Group companies located outside Germany (previous year: 54 employees).

#### **VII. Risks and rewards**

In fiscal year 2016, 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. 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 2015 Annual Report have occurred since.

#### **VIII. Subsequent events**

We are not aware of any significant events that have occurred after the balance sheet date March 31, 2016 which would have had a major influence or impact on the Company's financial position, financial performance and/or cash flows.

## **IX. Forecast and outlook**

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 assumptions and assessments are subject to uncertainty and carry the inevitable risk that projected developments may not actually occur, with respect to either their direction or extent.

We expect the global economy to improve further in 2016 and 2017, albeit with reduced momentum. In addition to domestic political developments, decisions and developments on the European level will remain of foreground importance in 2016. Europe is set to benefit from continuing expansive fiscal policies, lax ECB monetary policies and continuing growth in global demand.

The US, our most important foreign market, is currently preoccupied with the 2016 presidential elections. We do not expect any significant economic effects should the Democrats win the elections but rather continued GDP growth, generally resulting in the USA remaining the economic engine for the global economy in 2016.

We expect the economy in China, our new market, to remain subdued in 2016 and 2017. Yet we are very optimistic, as growth rates there are still twice as high as in the "old" industrialized countries. China's five-year-plan offers the government substantial means to stabilize economic growth, consequently reducing risks for the global economy.

The "Shape 2020" 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 find further growth opportunities in 2016, arising from the overall economic situation and from new products developed to market-readiness – despite fierce competition. We will nonetheless consequently pursue our strategic goals with a view to maintaining the growth trajectory of previous years.

In view of the rather favorable market environment, the Executive Board expects DATA MODUL Group to increase its profits. Both our business segments are expected to grow, although our highest expectations are for the Systems business.

## **X. Related party transactions**

Per disclosure dated April 29, 2015, ARROW Central Europe Holding Munich GmbH, Neu-Isenburg, holds approximately 53.66% of DATA MODUL AG voting rights. DATA MODUL AG purchased goods at arm's length prices from Arrow Central Europe GmbH, Fürstenfeldbruck and Putzbrunn, Germany.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2016

ASSETS	3/31/2016	12/31/2015
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	2,017	2,028
Property, plant and equipment	10,247	10,017
Other non-current assets	105	105
Deferred tax assets	87	68
<b>Total non-current assets</b>	<b>14,875</b>	<b>14,637</b>
<b>Current assets</b>		
Inventories	40,350	36,988
Trade accounts receivable net of allowance for doubtful accounts (2016: 401; 2015: 445)	22,337	17,822
Other current assets	1,606	1,613
Cash and cash equivalents	11,950	19,334
<b>Total current assets</b>	<b>76,243</b>	<b>75,757</b>
<b>Total assets</b>	<b>91,118</b>	<b>90,394</b>

All figures in KEUR

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3/31/2016</b>	<b>12/31/2015</b>
<b>Shareholders' equity</b>		
Common stock no-par-value (authorized: KEUR 5,289; shares issued and outstanding: 3,526,182 as of 3/31/2016 and as of 12/31/2015)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	29,624	26,633
Other reserves	(1,286)	(1,085)
<b>Total shareholders' equity</b>	<b>63,036</b>	<b>60,246</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,697	2,482
Non-current provisions	49	79
Other non-current liabilities	777	1,107
Deferred tax liabilities	486	494
<b>Total non-current liabilities</b>	<b>3,009</b>	<b>4,162</b>
<b>Current liabilities</b>		
Trade accounts payable	8,451	10,119
Taxes payable	853	776
Current provisions	1,972	2,173
Liabilities due to financial institutions	3,000	4,000
Current portion of non-current borrowings	3,000	3,000
Other current liabilities	7,797	5,918
<b>Total current liabilities</b>	<b>25,073</b>	<b>25,986</b>
<b>Total liabilities</b>	<b>28,082</b>	<b>30,148</b>
<b>Total liabilities and shareholders' equity</b>	<b>91,118</b>	<b>90,394</b>

All figures in KEUR

# CONSOLIDATED STATEMENT OF INCOME

	1/01 - 3/31/2016	1/01 - 3/31/2015
Revenues	49,839	45,222
Cost of sales	(38,055)	(33,143)
Gross margin	<b>11,784</b>	<b>12,079</b>
Research and development expenses	(1,446)	(1,643)
Selling and general administrative expenses	(6,307)	(5,890)
Earnings before interest and taxes (EBIT)	<b>4,031</b>	<b>4,546</b>
Interest income	0	1
Interest expense	(19)	(50)
Earnings before taxes for the period	<b>4,012</b>	<b>4,497</b>
Income tax expense	(1,021)	(1,185)
<b>Net income for the period</b>	<b>2,991</b>	<b>3,312</b>
Earnings per share – basic	0.85	0.98
Earnings per share – diluted	0.85	0.98
Weighted average of shares outstanding – basic	3,526,182	3,394,000
Weighted average of shares outstanding – diluted	3,526,182	3,394,000

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	1/01 - 3/31/2016	1/01 - 3/31/2015
<b>Cash flows from operating activities</b>		
Net income for the period	2,991	3,312
<i>Non-cash expenses and income</i>		
Income tax expense	1,021	(*)1,158
Depreciation, amortization and impairment	493	(*)495
Provisions for bad debts	(32)	21
Loss/gain from disposals of fixed assets	(7)	33
Net interest	19	49
Non-cash expenses and income	0	(*)0
<i>Changes in:</i>		
Trade accounts receivable, increase (-) / decrease (+)	(4,482)	(5,284)
Inventories, increase (-) / decrease (+)	(3,362)	(5,082)
Trade accounts payable, increase (+) / decrease (-)	(1,668)	3,947
Other assets and liabilities, increase (+) / decrease (-)	184	(*)1,958
Income taxes paid	(818)	(442)
Interest received (+) / Interest paid (-) (net)	(19)	(*)46
<b>Cash flows from operating activities</b>	<b>(5,680)</b>	<b>119</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of fixed assets	7	0
Outflows from capitalized development costs	(181)	(166)
Capital expenditures on other intangible and fixed assets	(539)	(409)
<b>Cash flows from investing activities</b>	<b>(713)</b>	<b>(575)</b>
<b>Cash flows from financing activities</b>		
Repayment of current borrowings	(1,000)	(733)
Other financing activities	0	(1)
<b>Cash flows from financing activities</b>	<b>(1,000)</b>	<b>(734)</b>
Effects of exchange rate movements on cash and cash equivalents	9	49
<b>Net increase in cash and cash equivalents</b>	<b>(7,384)</b>	<b>(1,141)</b>
Cash and cash equivalents at beginning of period	19,334	16,819
Cash and cash equivalents at end of quarter	11,950	15,678

All figures in KEUR

(\*) Revised presentation of various reconciliation items in fiscal year 2016; previous-year items were reclassified for better comparability.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital Stock No. of shares	Capital Stock Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 1/01/2015	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 trans- lation adjustments					703	703
<b>BALANCE AS OF 3/31/2015</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>
BALANCE AS OF 1/01/2016	3,526,182	10,579	24,119	26,633	(1,085)	60,246
Net income for the period				2,991		2,991
Foreign currency trans- lation adjustments					(201)	(201)
<b>BALANCE AS OF 3/31/2016</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>29,624</b>	<b>(1,286)</b>	<b>63,036</b>

All figures in KEUR, except number of shares.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1/01 - 3/31/2016	1/01 - 3/31/2015
Net income for the period	2,991	3,312
<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	(201)	703
<i>Other comprehensive income (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>		
Deferred tax liabilities recorded in equity	0	(6)
<b>Comprehensive income after tax</b>	<b>2,790</b>	<b>4,009</b>

All figures in KEUR

# NOTES – EXPLANATORY DISCLOSURES

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

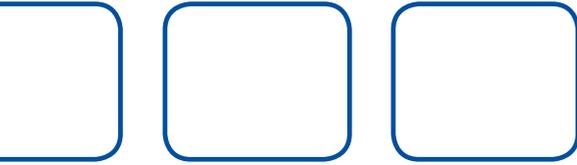
The abbreviated consolidated interim accounts for Q1 2016 do not contain all information and disclosures required in preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements dated December 31, 2015.

The recognition and measurement methods applied to the consolidated financial statements as of December 31, 2015 remain unchanged and were applied when preparing these abbreviated consolidated quarterly accounts. This Interim Group Report has been prepared in accordance with IAS 34 – Interim Reporting. The IFRS newly adopted in fiscal year 2016 had no effect on our balance sheet or earnings. These interim accounts and the interim management report have not been audited in accordance with Sec. 317 German Commercial Code (HGB), nor have they been audited by a financial accounting firm.

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

## **Disclaimer**

These consolidated quarterly accounts contain certain forward-looking statements based on currently discernible and available information, as well as assumptions and forecasts made by DATA MODUL management. Such statements are mainly for information purposes and may be identified by terminology such as "believe", "expect", "forecast", "intend", "predict", "plan", "estimate" and/or "strive for". Such statements are only valid at the time of their publication. Various known and unknown risks, uncertainties and other factors may cause the actual results, financial position, business trends and/or the performance of the Company to substantially deviate from estimates and projections given herein. DATA MODUL does not assume any obligation to continue supporting forward-looking statements made, nor to revise such in light of future events or developments. The Company shall not be liable and offers no guarantee, express or implied, for the updatedness, correctness or completeness of the disclosed information.



**DATA MODUL Aktiengesellschaft**

Landsberger Str. 322  
80687 Munich  
Germany  
Tel. +49-89-5 60 17-0  
Fax +49-89-5 60 17-119  
[www.data-modul.com](http://www.data-modul.com)

## **Financial Calendar 2016**

<b>Annual Shareholders' Meeting</b>	<b>on 5/19/2016</b>
<b>Interim report as per June 30, 2016</b>	<b>on 8/11/2016</b>
<b>Interim report as per September 30, 2016</b>	<b>on 11/11/2016</b>