

# DATA MODUL

HALF-YEARLY FINANCIAL REPORT  
AS OF JUNE 30, 2016



***Dear Shareholders,***

*Business was good in the second quarter of 2016, as DATA MODUL maintained its momentum from Q1, boding well for profits in fiscal year 2016. The half-year revenue figure of 100.1 million euros is 11.3% higher versus the previous year (89.9 million euros). As of June 30, 2016 EBIT totaled 7.8 million euros (previous year: 7.1 million euros). Net income amounted to 5.6 million euros (previous year: 5.2 million euros). As a result, earnings per share rose to 1.58 euros (previous year: 1.52 euros). As of June 30, 2016 orders received were up by 6.1 million euros or 6.4% year-on-year, making for a promising second half of the year.*

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

# GROUP INTERIM REPORT

## I. General economic conditions

The UK's referendum vote to leave the EU made reality of what had been considered a major political risk. We believe the UK will initiate the exit process in the coming months, which will substantially undermine willingness to invest, causing the British economy to slide into recession. We forecast slower growth for the world economy in 2016 in connection with this event, even if its negative consequences to other economic areas is limited.

The Brexit will have an impact on the US as well, due to which we project a somewhat lower growth rate for the US in the second half of 2016, coming after a robust first half-year. The Brexit-related strengthening of the dollar will play a role in this slowing.

In Germany, our primary market, Brexit impact will crash upon the rocks of a persistently strong domestic economy. Negative economic implications are not expected to be dramatic, though a UK recession would not leave the German economy entirely unaffected. Restrained corporate investment resulting from uncertainties over the United Kingdom's future market access and the future of the EU in general will affect us as well. These two factors could weaken economic growth in the second half of 2016.

## Key Corporate Results

In million euros	4/01 - 6/30/2016	4/01 - 6/30/2015	Change	1/01- 6/30/2016	1/01- 6/30/2015	Change
Total revenue	50.2	44.6	12.6%	100.1	89.9	11.3%
Displays	27.8	26.5	4.9%	58.6	53.7	9.1%
Systems	22.4	18.1	23.8%	41.5	36.2	14.6%
Orders received	48.4	44.3	9.3%	100.8	94.7	6.4%
Order backlog	102.2	107.5	(4.9%)	102.2	107.5	(4.9%)
EBIT	3.8	2.6	46.2%	7.8	7.1	9.9%
EBT	3.8	2.5	52.0%	7.8	7.0	11.4%
Net income for the period	2.6	1.9	36.8%	5.6	5.2	7.7%
Capital expenditures	1.6	0.5	220.0%	2.3	1.1	109.1%
Employees	393	358	9.8%	393	358	9.8%
Earnings per share (in euros)	0.73	0.55	32.7%	1.58	1.52	3.9%
Based on shares outstanding	3,526,182	3,504,152	0.6%	3,526,182	3,449,076	2.2%

## II. Business performance

DATA MODUL recorded a 12.6% rise in revenue in Q2 2016 to 50.2 million euros (previous year: 44.6 million euros). The half-year figure of 100.1 million euros is 11.3% higher versus the previous year (89.9 million euros). The Displays business segment recorded revenue of 27.8 million euros in the second quarter (previous year: 26.5 million euros), while the Systems segment saw revenues of 22.4 million euros (previous year: 18.1 million euros). Orders received Group-wide in the second quarter came to 48.4 million euros (previous year: 44.3 million euros), totaling 100.8 million euros for the first half-year 2016 (previous year: 94.7 million euros). Although compared to last year, order backlog decreased slightly by 4.9% to 102.2 million euros (previous year: 107.5 million euros), it remains at the same level as at the 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 44.5% for the first six months of 2016 (previous year: 39.2%).

## III. Profitability

For the period January 1 through June 30, 2016 DATA MODUL recorded EBIT of 7.8 million euros (previous year: 7.1 million euros), representing an increase of 9.9%, with the Displays business segment contributing 5.0 million euros (previous year: 4.1 million euros), whereas the Systems business segment contributed 2.8 million euros (previous year: 3.0 million euros). In the fiscal year thus far the Company's EBT has risen 11.4% to 7.8 million euros (previous year: 7.0 million euros). As of June 30, 2016 DATA MODUL closed out the first quarter with a net profit of 5.6 million euros (previous year: 5.2 million euros). Based on the result for the period, earnings per share was 1.58 euros (previous year: 1.52 euros).

## IV. Financial position

Operating cash flow for the period ended June 30, 2016 was -2.6 million euros (previous year: -1.7 million euros). At the end of the second quarter of 2016 the Group's equity ratio (in accordance with IFRS) was 67.9% (December 31, 2015: 66.6%). The Group thus demonstrates continuing financial stability, and has sufficient liquidity.

## V. Capital expenditure and regional offices

Capital expenditures in the first half-year 2016 came to 2.3 million euros (previous year: 1.1 million euros). In the current fiscal year we plan to invest in fixed assets at our Munich location and in expanding 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 June 30, 2016, the Group had 393 employees, as compared to 358 in the previous year, of which 58 staff were employed by DATA MODUL 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 have occurred in the information on risks and rewards published in the 2015 Annual Report.

## **VIII. Subsequent events**

We are not aware of any significant events that have occurred after the balance sheet date June 30, 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.

We believe we will reach our targets for fiscal year 2016, raising our estimates slightly due to the continuing positive market environment. One-time expenses including heightened trade show costs, exchange losses and restructuring charges will reduce second-half earnings.

Results in the United States, our most important foreign market, are expected to be more modest in the second half-year due to Brexit fallout and possibly to the US elections, though our expectation of solid growth of this market remains intact.

We expect the economy in China, our new market, to remain subdued in 2016 and 2017. Yet we are optimistic, as growth rates there are still twice as high as in the "old" industrialized countries. Also, the Chinese government is taking active steps to reverse declining growth through stimulus measures.

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 growth opportunities in 2016 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 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, Fürstfeldbruck and Putzbrunn, Germany.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016

ASSETS	6/30/2016	12/31/2015
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	2,007	2,028
Property, plant and equipment	11,325	10,017
Other non-current assets	107	105
Deferred tax assets	41	68
<b>Total non-current assets</b>	<b>15,899</b>	<b>14,637</b>
<b>Current assets</b>		
Inventories	38,158	36,988
Trade accounts receivable, net of allowance for doubtful accounts (2016: 227; 2015: 445)	27,633	17,822
Other current assets	1,891	1,613
Cash and cash equivalents	12,557	19,334
<b>Total current assets</b>	<b>80,239</b>	<b>75,757</b>
<b>Total assets</b>	<b>96,138</b>	<b>90,394</b>

All figures in KEUR

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6/30/2016</b>	<b>12/31/2015</b>
<b>Shareholders' equity</b>		
Capital stock no-par-value bearer shares (authorized: KEUR 5,289; shares issued and outstanding: 3,526,182 as of 6/30/2016 and as of 12/31/2015)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	31,765	26,633
Other reserves	(1,214)	(1,085)
<b>Total shareholders' equity</b>	<b>65,249</b>	<b>60,246</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,678	2,482
Non-current provisions	32	79
Other non-current liabilities	900	1,107
Deferred tax liabilities	502	494
<b>Total non-current liabilities</b>	<b>3,112</b>	<b>4,162</b>
<b>Current liabilities</b>		
Trade accounts payable	9,679	10,119
Taxes payable	781	776
Current provisions	2,398	2,173
Liabilities due to financial institutions	5,500	4,000
Current portion of non-current borrowings	0	3,000
Other current liabilities	9,419	5,918
<b>Total current liabilities</b>	<b>27,777</b>	<b>25,986</b>
<b>Total liabilities</b>	<b>30,889</b>	<b>30,148</b>
<b>Total liabilities and shareholders' equity</b>	<b>96,138</b>	<b>90,394</b>

All figures in KEUR

# CONSOLIDATED STATEMENT OF INCOME

	4/01 – 6/30/2016	4/01 – 6/30/2015	1/01 – 6/30/2016	1/01 – 6/30/2015
Revenues	50,212	44,630	100,051	89,852
Cost of sales	(38,170)	(33,404)	(76,225)	(66,547)
<b>Gross margin</b>	<b>12,042</b>	<b>11,226</b>	<b>23,826</b>	<b>23,305</b>
Research and development expenses	(1,686)	(1,540)	(3,132)	(3,183)
Selling and general administrative expenses	(6,575)	(7,124)	(12,882)	(13,014)
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,781</b>	<b>2,562</b>	<b>7,812</b>	<b>7,108</b>
Interest income	1	1	1	2
Interest expense	(14)	(34)	(34)	(84)
<b>Earnings before taxes for the period</b>	<b>3,768</b>	<b>2,529</b>	<b>7,779</b>	<b>7,026</b>
Income tax expense	(1,203)	(608)	(2,224)	(1,793)
<b>Net income for the period</b>	<b>2,565</b>	<b>1,921</b>	<b>5,555</b>	<b>5,233</b>
Earnings per share – basic	0.73	0.55	1.58	1.52
Earnings per share – diluted	0.73	0.55	1.58	1.52
Weighted average of shares outstanding – basic	3,526,182	3,504,152	3,526,182	3,449,076
Weighted average of shares outstanding – diluted	3,526,182	3,504,152	3,526,182	3,449,076

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	1/01 – 6/30/2016	1/01 – 6/30/2015
Net income for the period	5,555	5,233
<i>Non-cash expenses and income</i>		
Income tax expense	2,225	(*)1,765
Depreciation, amortization and impairment	999	(*)936
Provisions for bad debts	119	23
Loss/gain from disposals of fixed assets	(13)	0
Net interest	33	82
Other non-cash expenses and income	(3)	(*)0
<i>Changes in:</i>		
Trade accounts receivable, increase (-) / decrease (+)	(9,930)	(3,398)
Inventories, increase (-) / decrease (+)	(1,170)	(7,918)
Trade accounts payable, increase (+) / decrease (-)	(437)	444
Other assets and liabilities, increase (+) / decrease (-)	2,214	(*)2,173
Income taxes paid	(2,115)	(921)
Interest received (+) / Interest paid (-) (net)	(33)	(*)80
<b>Cash flows from operating activities</b>	<b>(2,556)</b>	<b>(1,661)</b>
Proceeds from disposals of fixed assets	14	1
Outflows from capitalized development costs	(352)	(446)
Capital expenditures on other intangible and fixed assets	(1,940)	(669)
<b>Cash flows from investing activities</b>	<b>(2,278)</b>	<b>(1,114)</b>
Repayment of current borrowings	(1,500)	(1,517)
Dividend to shareholders	(423)	0
Sale of treasury shares	0	3,635
Other financing activities	(2)	0
<b>Cash flows from financing activities</b>	<b>(1,925)</b>	<b>2,118</b>
Effects of exchange rate movements on cash & cash equivalents	(18)	7
<b>Net increase in cash and cash equivalents</b>	<b>(6,777)</b>	<b>(650)</b>
Cash and cash equivalents at beginning of period	19,334	16,819
Cash and cash equivalents at end of quarter	12,557	16,169

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 1/1/2015	3,394,000	10,182	22,367	17,104	(1,617)	48,036
Net income for the period				5,233		5,233
Treasury shares	132,182	397	1,752	1,486		3,635
Other comprehensive income (loss)				34	(6)	28
Foreign currency trans- lation adjustments					550	550
<b>BALANCE AS OF 6/30/2015</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>23,857</b>	<b>(1,073)</b>	<b>57,482</b>
BALANCE AS OF 1/1/2016	3,526,182	10,579	24,119	26,633	(1,085)	60,246
Net income for the period				5,555		5,555
Dividend				(423)		(423)
Foreign currency trans- lation adjustments					(129)	(129)
<b>BALANCE AS OF 6/30/2016</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>31,765</b>	<b>(1,214)</b>	<b>65,249</b>

All figures in KEUR, except number of shares.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4/01 – 6/30/2016	4/01 – 6/30/2015	1/01 – 6/30/2016	1/01 – 6/30/2015
Consolidated net income for the period	2,565	1,921	5,555	5,233
<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	72	(153)	(129)	550
<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	0	0	(6)
Comprehensive income after tax	2,637	1,768	5,526	5,777

All figures in KEUR

# INCOME TAX

The primary elements of income tax reported in the Consolidated Statement of Income are as follows:

	1/01 – 6/30/2016	1/01 – 6/30/2015
Taxes paid	(2,190)	(1,586)
Deferred taxes	(34)	(207)
Income tax expense	(2,224)	(1,793)

All figures in KEUR

# DIVIDEND TO SHAREHOLDERS

	6/30/2016	6/30/2015
Dividend on common shares resolved and distributed to shareholders	423	0

All figures in KEUR

# NOTES – EXPLANATORY DISCLOSURES

## Basis for preparation of the financial statements

The abbreviated Interim Group Report for the first half of 2016 does not contain all information and disclosures required when preparing consolidated financial statements and thus shall be interpreted in the context of the Consolidated Financial Statements as of 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 Half-Yearly 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. This Interim Group Report 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 Half-Yearly Financial Report was 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.

## Segment reporting

For Company management purposes, the Company has been organized into business units according to products and services, comprising the following two reportable business segments:

- » Displays
- » Systems

<b>Segment results 1/01 – 6/30/2016</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenues	58,533	41,518	100,051
Net income for the period	3,759	1,796	5,555

<b>Segment results 1/01 – 6/30/2015</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenues	53,733	36,119	89,852
Net income for the period	3,203	2,030	5,233

All figures in KEUR

## Management representation

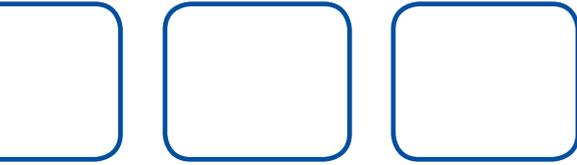
I represent, to the best of my knowledge and ability and in accordance with the applicable accounting principles for interim financial statements, that the Half-Yearly Financial Report presents a true and fair view of the Group's financial position, financial performance and cash flows, and that the Interim Group Management Report describes fairly, in all material respects, the Group's business performance, results and financial position, as well as significant risks and opportunities for the Group of relevance during the remainder of the fiscal year.

A handwritten signature in blue ink that reads "Florian Pesahl". The signature is written in a cursive style.

Dr. Florian Pesahl  
Executive Board

## Disclaimer

The current Consolidated Half-Yearly Financial Report contains certain forward-looking statements based on currently discernible and available information as well as assumptions and forecasts made by DATA MODUL management. These 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 or performance of the Company to substantially deviate from the forecast 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 data and information.



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## **Financial Calendar 2016/2017**

**Quarterly Report as of September 30, 2016**

**11/11/2016**

**Annual Report 2016**

**March 2017**