

# DATA MODUL

## HALF-YEAR FINANCIAL REPORT AS OF JUNE 30, 2018

Integration support

Embedded Systems

Human Machine Interface

OEM Solutions

Optical Bonding

EMC tests

Custom designs

Information Systems

Climatic test

On-site service

Front glass

### Visual Solution Provider

Made in Germany

Industrial Automation Certification Quality Management

easyTOUCH

Qualification & Approvals

Logistics Modular product concept

Panel PCs Firmware

Research & Development

Baseboards

Open Frame Monitors

Construction

Installation

Obsolescence Management

Project Management

LCD Controller

Clean Room

PCAP

Mechanical design

Software

Computer-on-Module

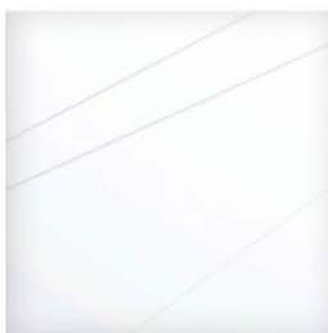
Production

Monitor Solutions

Digital Signage

System Solutions

Touch Solutions

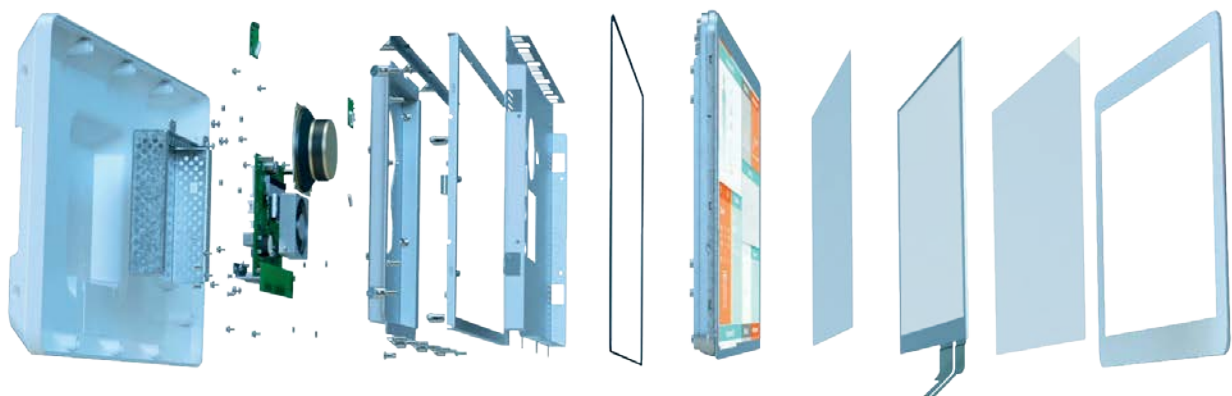


*Dear Shareholders,*

*Keeping up the momentum from the first quarter, DATA MODUL gained further ground to finish out the second quarter with solid revenue and earnings.*

*Orders received remained stable at a high level in the second quarter at 71.0 million euros (previous year: 70.4 million euros), reflecting steady demand. Orders received rose 4.0% versus the first half 2017 to 140.1 million euros (previous year: 134.7 million euros). Versus the second quarter of 2017 revenue rose 15.8% to 62.4 million euros (previous year: 53.8 million euros). The half-year revenue figure of 119.9 million euros is 7.1% higher year-over-year (previous year: 111.9 million euros). EBIT for the first six months of 2018 increased 0.7% to 9.1 million euros (previous year: 9.0 million euros) for an EBIT margin of 7.6% (previous year: 8.1%). Net profit for the first half rose 0.8% year-over-year to 6.1 million euros (previous year: 6.1 million euros).*

*The very strong business growth seen in the first half of 2018 confirms the soundness of DATA MODUL's corporate strategy, which we will continue systematically executing on in the second half of the year.*



## INTERIM GROUP MANAGEMENT REPORT

### 1. General economic conditions

The global growth outlook has not significantly changed since the start of the year, the robust economic situation continuing to indicate substantial expansion of the global economy for full-year 2018. The prospects for the rest of the year remain in question however in view of the US trade dispute, the new government in Italy and continuing uncertainties around the impending Brexit. Against the backdrop of these global risks, economic growth appears to have peaked for several leading industrial countries around the world. In the US, tax cuts and strong demand for industrial and consumer goods are having the desired "America First" effect on the economy. The tax reform passed in late 2017 sent a strong signal, triggering a rapid improvement in economic sentiment. Businesses announced plans to invest billions, fueling visions of growth. China also exceeded expectations for the first quarter of 2018 with growth of 6.8%. Growth slowed however for a number of major euro countries. Yet in view of the continuing overall robustness of economic data and positive forecasts for our primary markets, we continue to see favorable business conditions for DATA MODUL for the rest of 2018.

### 2. Corporate Results

	4/1 - 6/30/2018	4/1 - 6/30/2017	Change	1/1 - 6/30/2018	1/1 - 6/30/2017	Change
Total revenue	62,368	53,847	15.8%	119,855	111,886	7.1%
Displays	30,250	30,300	-0.2%	59,498	62,422	-4.7%
Systems	32,118	23,547	36.4%	60,357	49,464	22.0%
Orders received	70,975	70,377	0.8%	140,132	134,727	4.0%
Order backlog	132,257	121,223	9.1%	132,257	121,223	9.1%
EBIT <sup>1)</sup>	5,098	3,532	44.3%	9,101	9,039	0.7%
EBIT margin <sup>2)</sup>	8.2%	6.6%	24.2%	7.6%	8.1%	-6.2%
Net profit for the period	3,270	2,380	37.4%	6,115	6,065	0.8%
Capital expenditure <sup>3)</sup>	1,560	1,938	-19.5%	2,311	2,443	-5.4%
Number of employees <sup>4)</sup>	426	401	6.2%	426	401	6.2%
Earnings per share (in euros)	0.92	0.67	37.4%	1.73	1.72	0.7%
Outstanding shares – Basic	3,526,182	3,526,182	0.0%	3,526,182	3,526,182	0.0%

1) **EBIT:** Earnings before interest and taxes

2) **EBIT margin:** Ratio of EBIT to revenue

3) **Capital expenditure:** Capital expenditures on intangible assets and property, plant and equipment

4) **Employees:** Number of employees as of the reporting date

All figures in KEUR, except for number of employees, earnings per share and number of shares

### 3. Business performance

DATA MODUL recorded revenue of 62,368 thousand euros for the second quarter of 2018 (previous year: 53,847 thousand euros), up 15.8% year-over-year. In a half-year view, revenue rose 7.1% versus the H1 2017 figure of 111,886 thousand euros to 119,855 thousand euros. The Displays business segment recorded revenue of 30,250 thousand euros in the second quarter (previous year: 30,300 thousand euros), and the Systems division recorded revenue of 32,118 thousand euros (previous year: 23,547 thousand euros). Orders received rose 0.8% for the Group versus Q1 last year to 70,975 thousand euros (previous year: 70,377 thousand euros), as order backlog rose 9.1% to 132,257 thousand euros (previous year: 121,223 thousand euros). In view of these figures, we anticipate revenue to remain strong through the end of the fiscal year. Progress continues to be made on the strategic internationalization plans, even though exports declined slightly in the first six months of 2018 as a percentage of total business to 48.7% (previous year: 50.2%).

### 4. Earnings

For the period January 1 through June 30, 2018, DATA MODUL recorded EBIT of 9,101 thousand euros (previous year: 9,039 thousand euros), representing a year-over-year increase of 0.7%. The Displays business segment recorded EBIT of 4,018 thousand euros for the six-months period (previous year: 4,641 thousand euros), while the Systems business segment recorded EBIT of 5,083 thousand euros (previous year: 4,397 thousand euros). This resulted in EBIT margin narrowing to 7.6% (previous year: 8.1%). DATA MODUL thus recorded a net profit for the period ended June 30, 2018 of 6,115 thousand euros (previous year: 6,065 thousand euros), increasing 0.8% year-over-year for earnings per share of 1.73 euros (previous year: 1.72 euros). Earnings for the first six months of 2018 were positively affected by the movement of the EUR-USD currency pair.

The application of IFRS 15 in the first half of 2018 had the effects on the statement of income: outlined below, which would not have occurred under the IAS 18 rules in place prior to 12/31/2017. Reportable revenue increased by 1,481 thousand euros. Cost of sales increased by 954 thousand euros. As a result, gross profit improved by 527 thousand euros. The FX effects resulting from application of IFRS 15 caused a decrease of 175 thousand euros in selling and general administrative expenses. Earnings before interest and taxes (EBIT) and earnings before taxes for the first half of 2018 rose by 702 thousand euros, factoring in all effects. Tax expense increased by 226 thousand euros, including deferred taxes recorded through profit or loss. The net effect of application of IFRS 15 on the statement of income was an improved net profit for the first six months of 2018 of 476 thousand euros.

### 5. Financial position

The balance sheet total has increased by 16,949 thousand euros since calendar year-end to 127,801 thousand euros (December 31, 2017: 110,852 thousand euros). On the assets side, this increase was principally due to higher trade receivables, inventories and contract assets, reflecting our strong business results. On the liabilities side, the increase in total assets was mainly due to the increase in equity resulting from net income for H1 2018 and to higher trade payables and other current liabilities.

Cash flow from operating activities as of June 30, 2018 came to -3,929 thousand euros (previous year: -5,047 thousand euros). This was mainly due to increased inventories and trade receivables in connection with higher revenue. Investments in intangible assets and property, plant and equipment in the first half of 2018 resulted in cash flow from investing activities of EUR -2,310 thousand euros (previous year: -2,437 thousand euros). Cash flow from financing activities, which included short-term credit taken out with banks and the dividend distribution for fiscal year 2017, was 110 thousand euros (previous year: 3,555 thousand euros). At the reporting date the Group had 14,135 thousand euros in cash and cash equivalents (December 31, 2017: 20,217 thousand euros).

At the end of Q2 2018 DATA MODUL had an equity ratio of 67.2% (December 31, 2017: 71.8%). The Group thus remains very solid financially, with sufficient liquidity.

Initial application of the new revenue recognition rules per IFRS 15 relating to revenue from customer-specific consignment stock items with an existing purchase obligation and use of the cumulative method for contract assets per IFRS 15 C3 (b) required a one-time adjustment to inventories and deferred tax liabilities, the amount of which was included in other reserves. This resulted in an increase of 3,099 thousand euros in contract assets, an increase of 224 thousand euros in deferred tax liabilities and a decrease of 2,406 thousand euros in inventories as of January 1, 2018. In consequence, a net adjustment of 469 thousand euros was recorded in other reserves.

The application of IFRS 15 in the first half of 2018 had the effects on the statement of financial position, which would not have occurred under the IAS 18 rules in place prior to 12/31/2017. On the assets side, inventories decreased by 3,560 thousand euros and contractual assets in the amount of 4,755 thousand euros were recorded for the first time. On the liabilities and equity side, deferred tax liabilities increased by 450 thousand euros. Equity increased by 945 thousand euros. The change in equity resulted in part from the previously disclosed adjustment amount of 469 thousand euros recorded in other reserves as of January 1, 2018. In addition, retained earnings increased by 476 thousand euros due to the earnings effect of IFRS 15 on the statement of income for the first half of 2018.

## 6. Capital expenditure

Capital expenditures in the first half of 2018 totaled 2,311 thousand euros (previous year: 2,443 thousand euros). A major part of this investment went to expanding production and logistics capacity at the Weikersheim site. Over the remainder of the current fiscal year we are planning capital expenditures for our Munich location and our production and logistics center in Weikersheim, and will continue investing in research and development to ensure remain competitive.

## 7. Employees

As of June 30, 2018, the number of Group employees was 426 (previous year: 401).

## 8. Opportunities and risks

In fiscal year 2018, DATA MODUL will remain focused on growth in its core Displays and Systems business segments. 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 2017 Annual Report.

## 9. Subsequent events

We are not aware of any significant events occurring after the reporting date of June 30, 2018 which would have had a major influence or impact on the Company's earnings or balance sheet.

## 10. Forecast

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.

At the half-year mark the International Monetary Fund (IMF) has not changed its 3.9% estimate for global economic growth in 2018 and 2019, but the current trade tensions are a factor behind the lowering of growth forecasts for global trade.

The IMF continues to project economic growth of 2.9% for the US in 2018 and 2.7% in 2019, driven by strong demand for industrial and consumer goods and by tax cuts and the increased capital spending thereby stimulated in some cases. The extent of foreign trade risks posed by protectionist trade policy and the punitive tariffs imposed or threatened as part thereof is difficult to gauge at present.

Unaffected by global uncertainty, the Chinese economy continues to grow robustly, as the IMF continues to project growth of 6.6% in 2018 and 6.4% in 2019. With a trade dispute looming with the United States however, Europe needs to better coordinate its economic policies.

After a modest start to the second quarter, in May the economy in Germany, our primary market, accelerated, and now economic indicators suggest that German economic output will increase at a greater rate than in the previous quarter. Employment continues to improve robustly.

One focus of our “Shape 2020” strategy program and the successor program currently under development is expanding global competitiveness by achieving balanced sales growth in Europe, the US and China while Germany remaining the backbone of the Group's business. In view of the strong business results in the first half of the year and a mostly positive outlook, the Executive Board believes 2018 will be a good fiscal year for DATA MODUL, reiterating its full-year estimates.

#### **11. Related party disclosures**

Per a disclosure dated April 11, 2017, ARROW Central Europe Holding Munich GmbH, Neu-Isenburg, holds approximately 69.2% of voting rights in DATA MODUL AG. The trade relationships with the ARROW Group involve purchases and sales at arm's length.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018

<b>ASSETS</b>	<b>6/30/2018</b>	<b>12/31/2017</b>
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	3,306	3,064
Property, plant and equipment	13,766	12,982
Deferred tax assets	186	186
<b>Total non-current assets</b>	<b>19,677</b>	<b>18,651</b>
<b>Current assets</b>		
Inventories	54,547	42,758
Trade accounts receivable net of allowance for doubtful accounts (2018: 197; 2017: 184)	32,761	27,137
Contract assets	4,755	0
Other current assets	1,626	1,719
Other current financial assets	300	370
Cash and cash equivalents	14,135	20,217
<b>Total current assets</b>	<b>108,124</b>	<b>92,201</b>
<b>Total assets</b>	<b>127,801</b>	<b>110,852</b>

All figures in KEUR

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6/30/2018</b>	<b>12/31/2017</b>
<b>Shareholders' equity</b>		
Capital stock no-par bearer shares (approved: kEUR 5,289; shares issued and outstanding: 3,526,182 as of 6/30/2018 and 12/31/2017)	10,579	10,579
Capital reserves	24,119	24,119
Retained earnings	52,228	46,536
Other reserves	(1,059)	(1,663)
<b>Total shareholders' equity</b>	<b>85,867</b>	<b>79,571</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,614	1,615
Non-current provisions	421	405
Other non-current liabilities	844	949
Deferred tax liabilities	1,319	797
<b>Total non-current liabilities</b>	<b>4,198</b>	<b>3,766</b>
<b>Current liabilities</b>		
Trade accounts payable	20,898	13,702
Taxes payable	1,804	1,618
Current provisions	1,837	1,298
Liabilities due to financial institutions	4,700	4,200
Other current liabilities	7,604	5,874
Other current financial liabilities	893	823
<b>Total current liabilities</b>	<b>37,736</b>	<b>27,515</b>
<b>Total liabilities</b>	<b>41,934</b>	<b>31,281</b>
<b>Total liabilities and shareholders' equity</b>	<b>127,801</b>	<b>110,852</b>

All figures in KEUR



## CONSOLIDATED STATEMENT OF INCOME

	4/1 – 6/30/2018	4/1 – 6/30/2017	1/1 – 6/30/2018	1/1 – 6/30/2017
Revenue	62,368	53,847	119,855	111,886
Cost of sales	(48,115)	(41,753)	(93,774)	(86,147)
<b>Gross margin</b>	<b>14,253</b>	<b>12,094</b>	<b>26,081</b>	<b>25,739</b>
Research and development expenses	(1,636)	(1,612)	(3,001)	(3,282)
Selling and general administrative expenses	(7,519)	(6,950)	(13,979)	(13,418)
<b>Earnings before interest and taxes (EBIT)</b>	<b>5,098</b>	<b>3,532</b>	<b>9,101</b>	<b>9,039</b>
Interest income	0	0	0	1
Interest expense	(13)	(16)	(31)	(28)
<b>Earnings before taxes for the period</b>	<b>5,085</b>	<b>3,516</b>	<b>9,070</b>	<b>9,012</b>
Income tax expense	(1,815)	(1,136)	(2,955)	(2,947)
<b>Net profit for the period</b>	<b>3,270</b>	<b>2,380</b>	<b>6,115</b>	<b>6,065</b>
Earnings per share – basic	0.92	0.67	1.73	1.72
Earnings per share – diluted	0.92	0.67	1.73	1.72
Weighted average number of shares outstanding – basic	3,526,182	3,526,182	3,526,182	3,526,182
Weighted average number of shares outstanding – diluted	3,526,182	3,526,182	3,526,182	3,526,182

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

	1/1 – 6/30/2018	1/1 – 6/30/2017
<b>Cash flows from operating activities</b>		
Net profit for the period	6,115	6,065
<i>Non-cash expenses and income</i>		
Income tax expense	2,955	2,968
Depreciation, amortization and impairments	1,290	1,144
provisions for bad debts	12	0
Gain from disposals of fixed assets	0	(6)
Net interest	31	27
Other non-cash expenses and income	(3)	2
<i>Change from:</i>		
Trade accounts receivable, increase (-) / decrease (+)	(7,292)	(6,531)
Inventories, increase (-) / decrease (+)	(14,194)	(5,005)
Trade accounts payable, increase (+) / decrease (-)	7,199	655
Other assets and liabilities, increase (+) / decrease (-)	2,218	(2,535)
Income taxes paid	(2,229)	(1,858)
Interest received (+) / paid (-) (net)	(31)	27
<b>Cash flows from operating activities</b>	<b>(3,929)</b>	<b>(5,047)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of fixed assets	0	6
Capital expenditures with capitalizable development cost	(491)	(220)
Capital expenditures on other intangible assets and property, plant and equipment	(1,819)	(2,223)
<b>Cash flows from investing activities</b>	<b>(2,310)</b>	<b>(2,437)</b>
<b>Cash flows from financing activities</b>		
Cash inflows (+) / outflows (-) from current financial liabilities	500	4,000
Dividend paid	(423)	(423)
Other financing activities	33	(22)
<b>Cash flows from financing activities</b>	<b>110</b>	<b>3,555</b>
Effects of exchange rate movements on cash & cash equivalents	46	(11)
<b>Net change in cash and cash equivalents</b>	<b>(6,083)</b>	<b>(3,940)</b>
Cash and cash equivalents at beginning of the fiscal year	20,217	17,193
<b>Cash and cash equivalents at end of the quarter</b>	<b>14,135</b>	<b>13,253</b>

All figures in KEUR

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Capital stock No. of shares	Capital stock Amount	Capital reserves	Retained earnings	Other reserves	Total
BALANCE AS OF 1/1/2017	3,526,182	10,579	24,119	36,390	(1,061)	70,027
Net profit for the period				6,065		6,065
Dividend				(423)		(423)
Other comprehensive income (loss)					(21)	(21)
Foreign currency translation					(384)	(384)
<b>BALANCE AS OF 6/30/2017</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>42,032</b>	<b>(1,466)</b>	<b>75,264</b>
BALANCE AS OF 1/1/2018	3,526,182	10,579	24,119	46,536	(1,663)	79,571
Net profit for the period				6,115		6,115
Dividend				(423)		(423)
Other comprehensive income (loss)					469	469
Foreign currency translation					135	135
<b>BALANCE AS OF 6/30/2018</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>52,228</b>	<b>(1,059)</b>	<b>85,867</b>

All figures in KEUR, except number of shares

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4/1 – 6/30/2018	4/1 – 6/30/2017	1/1 – 6/30/2018	1/1 – 6/30/2017
Net profit for the period	3,270	2,380	6,115	6,065
<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	228	(347)	135	(384)
<i>Other comprehensive income (loss) not to be reclassified and reported in profit or loss in subsequent reporting periods</i>				
Net effect of first-time application of IFRS 15 recorded directly in equity	0	0	693	0
Deferred taxes recorded in equity	0	(21)	(224)	(21)
Comprehensive income after tax	3,498	2,012	6,719	5,660

All figures in KEUR

## INCOME TAX

Income tax expense breaks down into the following principal items on the consolidated statement of income:

	1/1 – 6/30/2018	1/1 – 6/30/2017
Actual tax expense	(2,656)	(2,946)
Deferred income taxes	(299)	(1)
Income tax expense	(2,955)	(2,947)

All figures in KEUR

## DIVIDEND DISTRIBUTION

	6/30/2018	6/30/2017
Approved and distributed dividends on common stock	423	423

All figures in KEUR

## NOTES TO THE FINANCIAL STATEMENTS

### Principles for preparation of the accounts

The abbreviated consolidated interim financial statements and interim Group management report do not contain all information and disclosures required for preparing consolidated financial statements, and are thus to be interpreted in context with the consolidated financial statements and Group management report dated December 31, 2017.

The same recognition and measurement methods applied to prepare the consolidated financial statements dated December 31, 2017 were applied in preparing this abbreviated consolidated half-year financial report dated June 30, 2018. These interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Reporting. The IFRS standards newly adopted in fiscal year 2018 had effects on our balance sheet and earnings, as outlined. These interim financial statements and the interim management report have not been audited in accordance with Sec. 317 of German Commercial Code (HGB), nor have they been audited by a financial accounting firm.

The half-year financial 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 include deviations from the accurately calculated amounts due to rounding.

### Segment reporting

For business management purposes, the Group is organized into business units based on products and services. The Group's two reporting segments are Displays and Systems.

<b>Segment results 1/1 – 6/30/2018</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenue	59,498	60,357	119,855
Net profit for the period	2,803	3,312	6,115

<b>Segment results 1/1 – 6/30/2017</b>	<b>Displays</b>	<b>Systems</b>	<b>Group total</b>
Revenue	62,422	49,464	111,886
Net profit for the period	3,279	2,786	6,065

All figures in KEUR

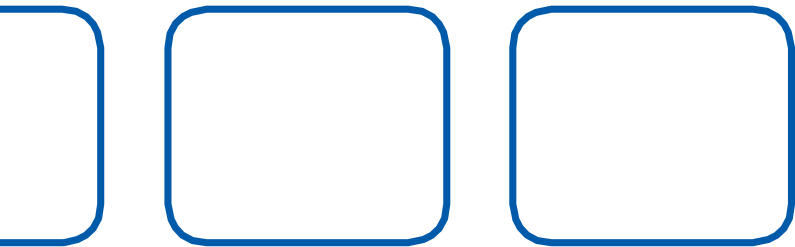
**Management Representation**

I represent, to the best of my knowledge and ability and in accordance with the applicable accounting principles for interim financial statements, that the interim consolidated financial statements present a true and fair view of the Group's financial position, financial performance and cash flows, and that the interim group management report presents 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.

Dr. Florian Pesahl,  
Chief Executive Officer

**Disclaimer**

The current consolidated half-year 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 such terminology as "believe", "expect", "forecast", "intend", "predict", "plan", "estimate" and/or "strive for". Accordingly, such statements only pertain to the circumstances as of 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 assumes no obligation to continue supporting forward-looking statements made, nor to revise such statements in light of events or developments. The Company shall not be liable and offers no guarantee, express or implied, for the updatedness, correctness or completeness of disclosed data and information.



**DATA MODUL Aktiengesellschaft**

Landsberger Str. 322

80687 Munich

Tel. +49 (0)89 560 17-0

Fax +49 (0)89 560 17-119

[www.data-modul.com](http://www.data-modul.com)

**Financial Calendar 2018/2019**

**Quarterly report as of September 30, 2018**

**November 10, 2018**

**Annual Report 2018**

**March 2019**