

# DATA MODUL

INTERIM REPORT AS OF  
SEPTEMBER 30, 2015



Dear Shareholders,

DATA MODUL's success continues unabated in the third quarter of 2015. This year's positive revenue trends are aided by the ongoing economic improvement, and in particular the excellent development of the mechanical engineering sector. Total revenue for the first nine months of 2015 increased 14.9% to 134.8 million euros (previous year: 117.3 million euros), while EBIT rose 28.0% to 9.6 million euros (previous year: 7.5 million euros). Net income amounted to 7.5 million euros (previous year: 5.2 million euros), indicating that DATA MODUL is on course following the systematic and performance-oriented implementation of its strategic agenda "Fit for Future 2015". As a result, earnings per share rose to 2.17 euros (previous year: 1.54 euros). The Company's new orders received totaling 44.1 million euros were particularly high, showing an increase over the previous year level of 40.7 million euros. The Company's management is currently preparing a new strategic program in the interest of remaining a dependable partner to our customers, suppliers and employees in future.

## Key performance indicators

In million euros	7/01- 9/30/2015	7/01- 9/30/2014	Change	1/01 - 9/30/2015	1/01- 9/30/2014	Change
Total revenue	44.9	40.7	10.3%	134.8	117.3	14.9%
Displays	27.6	23.4	17.9%	81.3	68.7	18.3%
Systems	17.3	17.3	0.0%	53.5	48.6	10.1%
Orders received	44.1	40.7	8.4%	138.8	127.8	8.6%
Order backlog	106.1	104.0	2.0%	106.1	104.0	2.0%
EBIT	2.5	3.3	(24.2%)	9.6	7.5	28.0%
EBT	2.5	3.2	(21.9%)	9.5	7.3	30.1%
Net income for the period	2.3	2.4	(4.2%)	7.5	5.2	44.2%
Capital expenditures	1.0	0.8	25.0%	2.1	1.5	40.0%
Employees	371	345	7.5%	371	345	7.5%
Earnings per share (in euros)	0.65	0.71	(8.5%)	2.17	1.54	40.9%
Based on shares outstanding	3,526,182	3,394,000	3.9%	3,474,778	3,394,000	2.4%

# INTERIM MANAGEMENT REPORT FOR THE GROUP

## **I. General economic conditions**

The forecast for global economic growth remains positive for Q3 2015. The global economic environment is however subject to constant changes, with an ever increasing focus on China. It is thus not surprising that China's declining economy, the fear of a US rate increase, the continuing threat of a "Grexit", on-going geopolitical risks in the Middle East and the impact of IS activities still pose significant stress factors for the global economy. While emerging economies are slipping into recession, private spending in the euro zone and the corporate investment situation create hope. In general, the economies of euro zone countries remain on course for recovery, although the situation differs from country to country. Spain for instance shows surprisingly positive growth, while the figures for France, Germany and Italy are somewhat disappointing. The low euro exchange rate and a further fall in crude oil prices favorably influence the purchasing power of businesses and private households.

Recovery in Germany continues, however with subdued momentum, stimulated in particular by unabated consumer spending and good export figures.

US economic momentum too, is expected to grow moderately in the third and fourth quarters due to consumer spending and a continuing housing market recovery, with the employment market hopefully benefiting as a result, with a stronger US dollar and significantly lower crude oil prices slowing inflation further. Measures introduced by China's government institutions to stabilize stock markets and weaken the country's strong currency indicate the government's increasing problems in reaching the 7% growth target.

In our opinion economic conditions will mostly remain positive, although we consider the global economy as being rather unstable structurally.

## II. Business performance

DATA MODUL revenues for the nine month period of the current fiscal year totaled 134.8 million euros (previous year: 117.3 million euros), while the third quarter brought a 10.3% year-on-year increase totaling 44.9 million euros (previous year: 40.7 million euros). Revenue from our Displays business segment for Q3 amounted to 27.6 million euros (previous year: 23.4 million euros), while the Systems segment saw revenues of 17.3 million euros (previous year: 17.3 million euros). Incoming orders for the Group surpassed the previous year's high levels at 44.1 million euros for the third quarter (previous year: 40.7 million euros), totaling 138.8 million euros for the 2015 nine month period (previous year: 127.8 million euros). Order backlog as of September 30, 2015 increased 2.0% to 106.1 million euros (previous year: 104.0 million euros). The Company's internationalization plan has been a great success, reflected in an unchanged export quota of 39.2% for the 2015 nine-month period (previous year: 37.7%).

## III. Profitability

Profitability in the first nine months of 2015 has shown quite clearly that implementing our strategy "Fit for Future 2015" was the right decision. EBIT for the 2015 nine month period rose 28.0% to 9.6 million euros versus 7.5 million euros for the same period in 2014. EBIT for the quarter totaled 2.5 million euros (previous year: 3.3 million euros), with the Displays business segment contributing 1.5 million euros (previous year: 1.8 million euros), whereas the Systems business segment contributed 1.0 million euros (previous year: 1.5 million euros). EBT for the Group in the first nine months of the current fiscal year improved 30.1%, totaling 9.5 million euros (previous year: 7.3 million euros), allowing DATA MODUL to close out the nine-month period with a net profit of 7.5 million euros (previous year: 5.2 million euros). Based on these results, earnings per share increased to 2.17 euros versus 1.54 euros in the previous year.

## IV. Financial position

Operating cash flow as of September 30, 2015 was 0.7 million euros (previous year: 4.3 million euros), mainly attributable to increased inventory levels. Payments on accrued liabilities and other current liabilities not recorded through profit or loss were reported as separate items for the first time in 2015. In the comparison period, these payments were included under "Changes in other assets and liabilities". At the end of the third quarter of 2015, the Group's equity ratio (in accordance with IFRS) rose to 63.3% (December 31, 2014: 60.0%). The Group thus demonstrates continuing financial stability, and has sufficient liquidity at its disposal.

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

In the first nine months of 2015, investments amounted to 2.1 million euros (previous year: 1.5 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 September 30, 2015, the Group had 371 employees, as compared to 345 in the previous year, of which 55 staff were employed by Group companies located outside Germany (previous year: 52 employees).

## **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. Instability of the global economic structure and an impending recession in China may result in significantly changed order call-off behavior among our mechanical engineering customers, who form our primary customer base. This changed customer behavior has already increased our inventory levels, which are subject to continuous impairment risk. 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 2014 Annual Report have occurred since.

## **VIII. Subsequent events**

There were no significant subsequent events during the reporting period after the reporting date of September 30, 2015.

## IX. 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 do not actually occur with respect to either their direction or their extent.

In addition to geopolitical risks which could substantially affect the economy, central bank monetary policies will still play an important role in 2015. If market participants lose confidence in central banks, or the Fed were to announce a significant rate hike, it would not only unleash renewed turmoil on the capital markets but may end the recovery altogether.

Sluggish wage increases, expectation of little change in inflation and uncertainties over China's weakening economy could keep the Fed from raising rates in the near future. Increasing pressure on emerging market currencies, in particular the Chinese currency, could lead to further easing measures by the ECB and other central banks. In addition to economic developments in China, the course of discussions about a "Grexit" could have a major influence on the path the global economy will take over the next months. Should Greece exit the European monetary union, a return to a crisis situation in Europe is quite possible.

The final phase of our strategic agenda "Fit for Future 2015" has been completed and work on a new strategic program has started.

DATA MODUL is looking forward to further growth opportunities in the fourth quarter of 2015 arising from the overall economic situation and from new products developed to market-readiness – despite fierce competition. We will therefore continue systematically reviewing all our product lines with regard to profitability, and adjust our strategic product orientation if necessary.

In view of the positive market environment, the DATA MODUL Executive Board believes the Group will continue to grow, recording another profitable year based on sustainable value contributions from past years' productivity enhancement measures and the systematic implementation of our strategy. Factors such as the rapid merging of industrial and information technologies, increased energy efficiency awareness and the continuing industrialization of emerging countries present short and medium-term opportunities for electrical engineering companies to grow business.

DATA MODUL will concentrate on medical device technology as one of the most promising markets due to demographic change and to the healthcare industry's increasing significance for the growing middle class in emerging countries. Besides the eurozone, the USA and China will be the regions driving increases in our export sales.

#### **X. Related party transactions**

In the first nine months of 2015, the Group incurred expenses for services rendered in relation to filling a key Group-level management position. In addition, DATA MODUL AG purchased goods at arm's length prices from Varitronix Investment Ltd., Hong Kong, China, which held 19.99% of voting rights until April 14, 2015, and from Arrow Central Europe GmbH, Fürstentfeldbruck and Putzbrunn, Germany, holding at least 53.66% of voting rights. The latter is consolidated in the ARROW Group which also includes our majority shareholder Arrow Central Europe Holding Munich GmbH.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2015

ASSETS	9/30/2015	12/31/2014
<b>Non-current assets</b>		
Goodwill	2,419	2,419
Intangible assets	2,849	2,503
Property, plant and equipment	9,933	9,595
Other non-current assets	105	205
<b>Total non-current assets</b>	<b>15,306</b>	<b>14,722</b>
<b>Current assets</b>		
Inventories	40,829	28,899
Trade accounts receivable, net of allowance for doubtful accounts (2015: 471; 2014: 434)	20,643	18,341
Other current assets	1,538	1,295
Cash and cash equivalents	15,128	16,819
<b>Total current assets</b>	<b>78,138</b>	<b>65,354</b>
<b>Total assets</b>	<b>93,444</b>	<b>80,076</b>

All figures in KEUR



<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9/30/2015</b>	<b>12/31/2014</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 9/30/2015 and 3,394,000 as of 12/31/2014)	10,579	10,182
Capital reserves	24,119	22,367
Retained earnings	25,738	17,104
Other reserves	(1,291)	(1,617)
<b>Total shareholders' equity</b>	<b>59,145</b>	<b>48,036</b>
<b>Non-current liabilities</b>		
Pensions and non-current personnel liabilities	1,782	1,772
Non-current bank liabilities	0	3,000
Non-current provisions	124	351
Other non-current liabilities	570	0
Deferred tax liabilities	673	498
<b>Total non-current liabilities</b>	<b>3,149</b>	<b>5,621</b>
<b>Current liabilities</b>		
Trade accounts payable	9,113	7,697
Taxes payable	3,519	3,035
Current provisions	1,793	1,540
Liabilities due to financial institutions	5,500	8,200
Current portion of non-current borrowings	3,150	850
Other current liabilities	8,075	5,097
<b>Total current liabilities</b>	<b>31,150</b>	<b>26,419</b>
<b>Total liabilities</b>	<b>34,299</b>	<b>32,040</b>
<b>Total liabilities and shareholders' equity</b>	<b>93,444</b>	<b>80,076</b>

# CONSOLIDATED STATEMENT OF INCOME

	7/01 - 9/30/2015	7/01 - 9/30/2014	1/01 - 9/30/2015	1/01 - 9/30/2014
Revenues	44,902	40,683	134,754	117,266
Cost of sales	(34,925)	(30,912)	(101,472)	(89,747)
Gross margin	<b>9,977</b>	<b>9,771</b>	<b>33,282</b>	<b>27,519</b>
Research and development expenses	(959)	(1,303)	(4,142)	(4,115)
Selling and general administrative expenses	(6,489)	(5,184)	(19,503)	(15,913)
Earnings before interest and taxes (EBIT)	<b>2,529</b>	<b>3,284</b>	<b>9,637</b>	<b>7,491</b>
Interest income	11	19	13	20
Interest expense	(36)	(56)	(120)	(200)
Earnings before taxes	<b>2,504</b>	<b>3,247</b>	<b>9,530</b>	<b>7,311</b>
Income tax expense	(200)	(847)	(1,993)	(2,094)
<b>Net income for the period</b>	<b>2,304</b>	<b>2,400</b>	<b>7,537</b>	<b>5,217</b>
Earnings per share – basic	0.65	0.71	2.17	1.54
Earnings per share – diluted	0.65	0.71	2.17	1.54
Weighted average of shares outstanding – basic	3,526,182	3,394,000	3,474,778	3,394,000
Weighted average of shares outstanding – diluted	3,526,182	3,394,000	3,474,778	3,394,000

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

KEUR	1/01 - 9/30/2015	1/01 - 9/30/2014
<b>Cash flows from operating activities</b>		
Net income for the period	7,537	5,217
Non-cash expenses and income		
Income tax expense	1,792	1,697
Amortization of capitalized development costs	349	501
Amortization of other intangible assets and depreciation of fixed assets	1,046	861
Provisions for bad debts	20	235
Deferred taxes	174	398
Changes in non-current provisions and other liabilities	354	112
Net interest	107	179
Other non-cash expenses and income	5,050	3,404
Change in net working capital		
Trade accounts receivable	(2,322)	1,582
Inventories	(11,931)	(4,846)
Trade accounts payable	1,447	(1,233)
Current provisions	(88)	(55)
Other assets and liabilities	783	(2,586)
Payments on accrued liabilities and other current liabilities not recorded through profit or loss	(2,138)	0
Income taxes paid	(1,358)	(914)
Interest received	2	5
Interest paid	(117)	(233)
<b>Cash flows from operating activities</b>	<b>707</b>	<b>4,324</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of fixed assets	3	1
Outflows from capitalized development costs	(796)	(417)
Capital expenditures on other intangible and fixed assets	(1,299)	(1,103)
<b>Cash flows from investing activities</b>	<b>(2,092)</b>	<b>(1,519)</b>
<b>Cash flows from financing activities</b>		
Repayment of current borrowings	(3,400)	(7,248)
Increase in non-current borrowings	0	2,300
Sale of treasury shares	3,635	0
Dividend to shareholders	(423)	(2,036)
Other financing activities	(5)	(3)
<b>Cash flows from financing activities</b>	<b>(193)</b>	<b>(6,987)</b>
Effects of exchange rate changes on cash and cash equivalents	(113)	(20)
<b>Net increase in cash and cash equivalents</b>	<b>(1,691)</b>	<b>(4,202)</b>
<b>Cash and cash equivalents at beginning of fiscal year</b>	<b>16,819</b>	<b>15,287</b>
<b>Cash and cash equivalents at end of quarter</b>	<b>15,128</b>	<b>11,085</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 1/01/2014</b>	3,394,000	10,182	22,446	11,745	(1,675)	42,698
Net income for the period				5,217		5,217
Dividend				(2,036)		(2,036)
Foreign currency trans- lation adjustments					514	514
<b>BALANCE AS OF 9/30/2014</b>	<b>3,394,000</b>	<b>10,182</b>	<b>22,446</b>	<b>14,926</b>	<b>(1,161)</b>	<b>46,393</b>
<b>BALANCE AS OF 1/01/2015</b>	3,394,000	10,182	22,367	17,104	(1,617)	48,036
Net income for the period				7,537		7,537
Dividend				(423)		(423)
Treasury shares	132,182	397	1,752	1,486		3,635
Other comprehensive income (loss)				34	(6)	28
Foreign currency trans- lation adjustments					332	332
<b>BALANCE AS OF 9/30/2015</b>	<b>3,526,182</b>	<b>10,579</b>	<b>24,119</b>	<b>25,738</b>	<b>(1,291)</b>	<b>59,145</b>

All figures in KEUR, except number of shares.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KEUR	7/01 - 9/30/2015	7/01 - 9/30/2014	1/01 - 9/30/2015	1/01 - 9/30/2014
Consolidated net income for the period	2,304	2,400	7,537	5,217
<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	(218)	409	332	514
<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)	
Comprehensive income after tax	2,086	2,809	7,863	5,731

## DIVIDEND TO SHAREHOLDERS

	9/30/2015	9/30/2014
Dividend on common shares resolved and distributed to shareholders	423	2,036

All figures in KEUR

# NOTES – EXPLANATORY DISCLOSURES

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

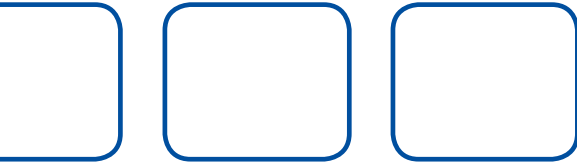
The abbreviated consolidated interim accounts for the third quarter of 2015 do not contain all information and disclosures required when preparing consolidated financial statements, and thus must be interpreted in the context of the consolidated financial statements as of December 31, 2014.

The recognition and measurement methods applied to the consolidated financial statements as of December 31, 2014 remain unchanged and were applied when preparing 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 2015 had no effect on our balance sheet or earnings. These interim accounts and the interim management report have not been audited in accordance with § 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**

The current 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. 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 forecasts given herein. DATA MODUL does not assume any obligation to continue supporting forward-looking statements or 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 Report 2015</b>	<b>March 2016</b>
<b>Annual Accounts Press Conference</b>	<b>March 2016</b>
<b>Q1 results</b>	<b>May 2016</b>
<b>Q2 results</b>	<b>August 2016</b>
<b>Q3 results</b>	<b>November 2016</b>