# RoodMicrotec reports unaudited annual figures for 2018:

# Positive net result of EUR 0.13 million and sales revenue increase of 11% year-on-year

* **Sales revenue climbs 11% to a level of EUR 13.4 million**
* **Positive net result of EUR 0.13 million**
* **Cash flow from operating activities of EUR 0.56 million positive**

**Zwolle, 14th March 2019 –** RoodMicrotec N.V., the leading independent company for semiconductors supply and quality services, released today its unaudited annual figures for 2018. The company reports a positive result of EUR 0.13 million, which includes EUR 0.39 million in one-time costs related to the legal case previously reported, VAT corrections and pension obligations corrections. The company increased its sales revenue by 11% to EUR 13.4 million. Another strong leading indicator is the positive cash flow from operating activities which the company achieved during 2018.

The revenue shows a strong and steady increase in Supply Chain Management and Test Operations which continues to run at a good utilization level. In Qualification & Failure Analysis the order situation is steadily improving. The consistent increase in revenue in the automotive market sector also shows that RoodMicrotec is well positioned in one of the fast-growing sectors for the future. The order book at the end of 2018 is higher than the year before and this enables RoodMicrotec to plan the production capacity moving into 2019.

Martin Sallenhag, CEO RoodMicrotec: ”*2018 was another very good year for RoodMicrotec. We strengthened our position in the ASIC sector by moving additional SCM projects into production and being chosen by EnSilica as a key partner for an automotive project. Consequently, we were able to increase revenue and achieve a positive net result in 2018. The increase of the order books compared to the beginning of 2018 together with high staff motivation levels and improvements in operational efficiency gives us confidence in our sustainable growth*.”

**2018 HIGHLIGHTS**

**Commercial/operational**

* Solid growth of 11% in sales revenue, EUR 13.4 million (2017: EUR 12.1 million).
* Significant increase in sales revenue in Test Operations and Supply Chain Management.
* Continued growth of business in the two major market segments - automotive and industrial.
* The book-to-bill ratio in 2018 was above 1.0 which gives us a higher order book at the end of 2018 compared to the year before.
* RoodMicrotec was chosen by EnSilica, UK as key partner for an automotive ASIC project for which we perform qualification and test services. Volume production will start in 2020.
* During 2018 we have moved additional SCM projects into production which contributed to the significant increase in SCM revenue with 34% year on year.
* The increase in SCM revenue also brought additional business to the Test Operations unit which showed a growth of 22% year on year.
* Additional partners have been added to the existing major collaboration agreements with several European leading and successful Fabless Companies (design houses).
* Accreditation of our laboratories according to ISO/IEC 17025 and our ISO 9001:2015 certification have both successfully been renewed in 2018.
* A joint workshop about semiconductor supply chain management, organized by BCS (Business Cluster Semiconductors Netherlands) and RoodMicrotec, was successfully concluded with about 30 interested participants.
* The unit Test Engineering has been merged into Test Operations, since Test Engineering is a supporting function enabling future test to be performed in Test Operations. Failure & Technology Analysis and Qualification & Reliability Investigations have been merged into the new unit Qualification & Failure Analysis. Both areas are part of the accredited laboratory.

**Financials**

* Sales in 2018 of EUR 13.4 million, 11% increase compared to 2017 (EUR 12.1 million).
* Net debt improved to EUR 0.9 million (2017: EUR 2.4 million).
* EBITDA: EUR 1.4 million positive (2017: EUR 0.9 million positive).
* EBIT (operating result) EUR 0.37 million positive (2017: EUR 0.07 million negative).
* Net profit: EUR 0.13 million positive (2017: EUR 0.04 million negative).
* Solvency increased to 38% (2017: 36%).
* Balance sheet total increased to EUR 13.6 million (2017: 13.4 million).
* The plan assets related to the pension obligations with Plentum were written down by EUR 0.94 million due to changes in the portfolio valuation.
* RoodMicrotec started legal proceedings against a debtor concerning a dispute about the (non)fulfilment of the contractual obligations as per agreement between the parties, EUR 0.13 million has been taken as provisions.
* One-time extraordinary costs of EUR 0.26 million taken for VAT and pension corrections (2013 to 2018).
* New shares have been issued (EUR 0.50 million) to Blikkenburg BV for investments into new equipment to enable the company to speed up the transition into new business areas.
* Warrants Series III, ISIN code NL0011556972, were for the last time exercisable in December 2018 and are now delisted.
* As of 30 September 2018, the German subsidiary RoodMicrotec Dresden GmbH has been merged into RoodMicrotec GmbH.

**Key figures**

|  |  |  |
| --- | --- | --- |
| (EUR x 1,000 unless stated otherwise) | Unaudited |  |
|  | **2018** | **2017** |
| **Sales and result** |  |  |
| Net sales | 13,425 | 12,127 |
| Gross margin | 10,880 | 10,157 |
| EBITDA | 1,383 | 949 |
| EBIT (operating result) | 365 | -69 |
| EBT | 124 | -327 |
| Net result | 125 | -44 |
| Cash flow from operating activities | 563 | 628 |
|  |  |  |
| **Capital, debt & liquidity ratios** |  |  |
| Total assets | 13,606 | 13,416 |
| Group equity | 5,209 | 4,767 |
| Net debt | 915 | 2,451 |
| Capital (=net debt + equity) | 6,124 | 7,218 |
| Gearing ratio (net debt / capital) | 15% | 34% |
| Solvency (group equity / total assets) | 38% | 36% |
| Debt ratio (net debt / EBITDA) | 0.7 | 2.6 |
| Net working capital | 1,932 | 452 |
| Working capital ratio (current assets / current liabilities) | 1.78 | 1.17 |
|  |  |  |
| **Assets** |  |  |
| Tangible and intangible fixed assets | 7,683 | 8,451 |
| Investments in (in)tangible fixed assets | 576 | 1,199 |
| Depreciation of (in)tangible fixed assets | 1,018 | 1,018 |
|  |  |  |
| **Issue of nominal shares** |  |  |
| At year-end (x 1,000) | 72,779 | 66,716 |
|  |  |  |
| **Number of FTEs (permanent)** |  |  |
| Average | 94 | 91 |
| Sales / FTE | 143 | 133 |

**Sales and result**

The sales results broken down by customer segment:

|  |  |  |  |
| --- | --- | --- | --- |
| **(x EUR 1,000)** | **2018** | **2017** | **Change** |
|  |  |  |  |
| Automotive | 5,395 | 5,011 | +8% |
| Industrial/Healthcare | 6,024 | 5,563 | +8% |
| HiRel/Aerospace | 937 | 620 | +51% |
| Others | 1,069 | 933 | +15% |
|  |  |  |  |
| **TOTAL** | **13,425** | **12,127** | **11%** |

The increase in the automotive market is a result of the focus we have set on this very exciting market segment. The growth is anticipated to continue due to the developments with electrical cars, autonomous driving and in-car communications. Our growth in this sector is very much in line with our strategic goals to expand our activities in this industry and shows that the turnkey ASIC projects that we have booked over the last years now pay off in higher revenue.

The industrial/healthcare segment saw an increase of 8% compared to 2017 due to a clear focus to regain market shares in this segment. Some of the long-term customers have also returned with higher volumes in this segment. The increase of 51% in the HiRel/Aerospace segment is also very encouraging. It mainly consists of failure analysis and qualification work and this is very much depending on the design cycles at our customers. We still consider this area of importance to our business and foresee a future increase.

The unit Test Engineering has been merged into Test Operations, since Test Engineering is a supporting function enabling future test to be performed in Test Operations. Failure & Technology Analysis and Qualification & Reliability Investigations have been merged into the new unit Qualification & Failure Analysis. Both areas are part of the accredited laboratory.

The sales results of the operational units were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **(x € 1,000)** | **2018** | **2017** | **Change** |
|  |  |  |  |
| Supply Chain Management | 3,283 | 2,448 | +34% |
| Test Operations | 6,060 | 4,964 | +22% |
| Qualification & Failure Analysis | 4,082 | 4,715 | -13% |
|  |  |  |  |
| **TOTAL** | **13,425** | **12,127** | **+11%** |

**Developments**

Revenue in Supply Chain Management (SCM) saw a substantial growth compared to the earlier years. This is due to some of the major SCM projects now being in volume production but also thanks to the revised organisational workflow within the department that enables us to handle the many new projects that are ramping to production over the next years in a professional way. It is very encouraging that we now see the change of strategy bearing fruit and we will focus even more on the growth in this area in the upcoming years. Our expertise in SCM is furthermore being endorsed by partnerships we have forged with other leaders in the industry.

The sales in Test Operations increased by 22% as a result of new installed test equipment together with the increase in the turnkey SCM projects. It was also very encouraging that some older customers came back with additional volumes of their old products. This shows that the flexibility of RoodMicrotec is appreciated and that we can handle upsides of old products in a professional way. The major SCM projects that RoodMicrotec is running also contributed significantly to the increase in Test Operations since some of them are now in volume production.

Our Qualification & Failure Analysis saw a decrease in revenue from 2017 which is due to the cyclical behaviour of this business. It depends on the short-term needs of our customers for failure analysis combined with the actual start of qualification of the large ongoing projects. In 2018 we continued to promote our services in the market, and this has already paid off with a significant increase of customer inquiries. We also see additional orders coming in to support qualification of standard components for the expanding automotive market. With the excellent reputation that RoodMicrotec has in these services, we see that it is also leading to new long-term contracts with existing customers.

The RoodMicrotec management team remains positive about the future development of the company based on the considerable increase in revenue in the strategic important area of Supply Chain Management. This will also bring growth to the other areas within the company. We are also convinced that the focus on the automotive and industrial/healthcare sectors is the right strategy for the company.

Industry wide, growth of semiconductor businesses in Europe saw a 12.1% increase, with a projected 1.9% increase in 2019 (WSTS Forecast Summary November 2018). RoodMicrotec expects to outperform this since we focus on the automotive and industrial sectors where the electrification will continue to grow even in a softer economy.

**Personnel and organisation**

During 2018 RoodMicrotec continued the consolidation process in personnel and organisation. Furthermore, we recruit highly experienced personnel to be able to support our plans for the future.

The average number of full-time employees (FTE) was at 94 FTEs in 2018. Sales per full-time employee increased from EUR 133,000 in 2017 to EUR 143,000 in 2018. Our policy is to continue to strive for growth of sales per FTE.

**Outlook**

Based on several new engagements as well as an increasing number of ASIC supply chain projects in the pipeline, RoodMicrotec expects a continuing revenue increase over the next years and the company expects to report yearly improving positive net results. With a softer market and geopolitical uncertainties revenue for 2020 is expected to be in the range of EUR 16 million till EUR 18 million.

Martin Sallenhag, CEO RoodMicrotec: “*The outlook is due to a significant drop in demand from one of our customers after they lost a major project, combined with the softer market and geopolitical situation.”*

**Conference call today, 14th March 2019, starts at 9:30 am**

You are invited to take part in RoodMicrotec’s conference call for press and analysts on Thursday, **14th March 2019** **at 9.30 am**. The management will present the Unaudited Annual Figures 2018 in detail and answer your questions.

Please dial into the conference call using the following telephone number: **+31 (0) 20 531 5850** (via operator).

**Financial agenda**

|  |  |
| --- | --- |
| 14 March 2019 | Conference call for press and analysts |
| 04 April 2019 | Publication annual report 2018 |
| 11 April 2019 | Publication agenda and invitation for the annual general meeting of shareholders |
| 25 April 2019 | Final registration date for annual general meeting of shareholders |
| 23 May 2019 | Annual general meeting of shareholders |
| 24 May 2019 | Annual bondholders meeting |
| 04 July 2019 | Publication sales figures first half 2019 |
| 01 August 2019 | Publication interim report 2019 |
| 01 August 2019 | Conference call for press and analysts |

**Forward-looking statements**

This press release contains a number of forward-looking statements. These statements are based on current expectations, estimates and prognoses of the board of management and on the information currently available to the company. The statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates, exchange rates and amendments to statutory laws and regulations. The board of management of RoodMicrotec cannot guarantee that its expectations will materialise. Furthermore, RoodMicrotec does not accept any obligation to update the statements made in this press release.

**About RoodMicrotec**

**RoodMicrotec** is a leading independent company for semiconductor supply and quality services. With 50 years’ experience in the semiconductor and electronics industry, RoodMicrotec is well-established as a highly valued partner to many companies worldwide. The company provides full-turnkey ASIC services for complex microchips that are customized to handle specific applications for individual customers. In cooperation with strong partners, RoodMicrotec manages the entire development and production flow of the ASICs in the target volume, ranging from low quantities up to multiple millions per year. The turnkey solution includes project management, wafer test, assembly, final test, qualification, failure analysis and logistics. All services comply with the industrial and quality requirements of the high reliability, aerospace, automotive, healthcare and industrial sectors. RoodMicrotec’s headquarter is located in Zwolle, the Netherlands, with operational units in Nördlingen and Stuttgart, Germany.

For more information visit <https://www.roodmicrotec.com>

**Further information**

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*This press release is published in English, Dutch and German. In case of conflict between these versions the English version shall prevail.*

*This communication contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.* *The company’s managing director and CEO Martin Sallenhag, is responsible for arranging for the release of this document on behalf of RoodMicrotec.*

**Consolidated statement of profit or loss**

|  |  |  |
| --- | --- | --- |
| **(x EUR 1,000)** | **Unaudited**  **2018** | **2017** |
| Net sales | 13,425 | 12,127 |
| Cost of sales | -2,545 | -1,970 |
| **Gross profit** | **10,880** | **10,157** |
|  |  |  |
| Personnel expenses | -6,555 | -6,105 |
| Other operating expenses | -2,942 | -2,703 |
| Termination benefit costs | - | -400 |
|  |  |  |
| **Total operating expenses** | **-9,497** | **-9,208** |
|  |  |  |
| **EBITDA** | **1,383** | **949** |
|  |  |  |
| Depreciation and amortisation | - 1,018 | - 1,018 |
| **EBIT** | **365** | **-69** |
|  |  |  |
| Financial expenses | -241 | -258 |
| **Profit (loss) before taxes** | **124** | **-327** |
|  |  |  |
| Taxes | 1 | 283 |
| **Net profit (loss)** | **125** | **-44** |

**Consolidated statement of other comprehensive income**

|  |  |  |
| --- | --- | --- |
| **(x EUR 1,000)** | **Unaudited**  **2018** | **2017** |
|  |  |  |
| Net profit (loss) | 125 | -44 |
| **Items that will not be reclassified to profit and loss:** |  |  |
| Remeasurement of defined benefit obligations | -117 | -286 |
| Remeasurement of defined benefit obligations – DTL | 32 | -16 |
| Revaluation of land and buildings | - | 586 |
| Revaluation of land and buildings - DTL | - | -133 |
| Sale of revalued land – DTL  Remeasurement of plan assets | 71  -938 | **-**  0 |
| **Total comprehensive income** | **-827** | **107** |

**Consolidated statement of financial position (after appropriation of net result)**

|  |  |  |
| --- | --- | --- |
| **(x EUR 1,000)** | **unaudited**  **2018** | **2017** |
|  |  |  |
| **Assets** |  |  |
|  |  |  |
| Property, plant and equipment | 5,303 | 6,023 |
| Intangible assets | 2,379 | 2,428 |
| Deferred tax assets | 1,420 | 1,284 |
| Financial assets | 81 | 503 |
| **Non-current assets** | **9,183** | **10,238** |
|  |  |  |
| Inventories | 593 | 581 |
| Trade and other receivables | 2,092 | 1,980 |
| Cash and cash equivalents | 1,738 | 617 |
| **Current assets** | **4,423** | **3,178** |
|  |  |  |
| **Total assets** | **13,606** | **13,416** |
|  |  |  |
| **Equity and liabilities** |  |  |
|  |  |  |
| Issued share capital | 8,006 | 7,339 |
| Share premium | 20,517 | 19,906 |
| Revaluation reserve | 1,943 | 2,216 |
| Retained earnings | -27,751 | -27,188 |
| Equity, attributable to equity holders  of the parent | 2,715 | 2,273 |
| Non-controlling interests | 2,494 | 2,494 |
| **Total equity** | **5,209** | **4,767** |
|  |  |  |
| Loans and borrowings | 2,426 | 2,880 |
| Defined benefit obligation | 3,374 | 2,899 |
| Provisions | 107 | 144 |
| **Non-current liabilities** | **5,907** | **5,923** |
|  |  |  |
|  |  |  |
| Loans and borrowings | 227 | 188 |
| Trade and other payables | 2,205 | 2,480 |
| Current tax liabilities | 58 | 58 |
| **Current liabilities** | **2,490** | **2,726** |
|  |  |  |
| **Total equity and liabilities** | **13,606** | **13,416** |

**Consolidated Cash Flow**

|  |  |  |
| --- | --- | --- |
| **(X EUR 1,000)** | **Unaudited**  **2018** | **2017** |
|  |  |  |
| EBITDA | 1,383 | 949 |
| Adjustments for: |  |  |
| * Movements in net defined benefit obligations and provisions | -303 | -141 |
| * Share based payments | 20 | -1 |
| * Accrued interest | -8 | -25 |
| Changes in working capital |  |  |
| * Inventories | -12 | -107 |
| * Trade and other receivables | -121 | -268 |
| * Trade and other current liabilities | -236 | 409 |
| **Cash generated from operating activities** | **723** | **816** |
| Interest paid | -160 | -188 |
| **Net cash from operating activities** | **563** | **628** |
|  |  |  |
| **Cash flows from investing activities** |  |  |
| Investments in property, plant and equipment | -446 | -1,127 |
| Disposal of property, plant and equipment | 326 | - |
| Investments in intangible assets | -130 | -72 |
| Net investments in financial assets | - | 4 |
| **Net cash from investing activities** | **-250** | **-1.195** |
|  |  |  |
| **Cash flows from financing activities** |  |  |
| Proceeds from issuance of share capital | 1,258 | 608 |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | -450 | -113 |
| **Net cash flow from financing activities** | **808** | **495** |
|  |  |  |
| **Net cash flow** | **1,121** | **-72** |
|  |  |  |
| Cash -/- bank overdrafts at 1 January | 617 | 689 |
| Cash -/- bank overdrafts at 31 December | 1,738 | 617 |
| **Net cash flow** | **1,121** | **-72** |

**Accounting policies used in the preparation of the annual accounts**

RoodMicrotec N.V.’s unaudited annual accounts for the financial year 2018 contain an overview of the applied accounting policies for financial reporting. The principles laid out in this overview are in accordance with the International Financial Reporting Standards as laid down by the International Accounting Standards Board (IASB) and approved by the European Commission (IFRS-EU), as applicable on 31 December 2018. The accounting policies have been applied consistently to the periods presented in this press release.

RoodMicrotec N.V. has applied all the new and amended standards and interpretations applicable to the year under review, which have been approved by the European Commission and which were in force for the period beginning 1 January 2018. None of these standards had a material effect on the Group’s financial statements.

**Others**

The condensed financial information presented in this press release has not been audited. For the insight required to arrive at a responsible opinion concerning the financial position and the results of the company, this press release should be read in combination with the annual accounts.

RoodMicrotec N.V. will publish its annual report 2018 on 04th April 2019. The annual accounts 2018 will be submitted to the General Meeting of Shareholders for adoption on 23rd May 2019.