



# SPAFID CONNECT

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Societa' : ELES SEMICONDUCTOR EQUIPMENT  
S.P.A.

Identificativo : 123073

Informazione  
Regolamentata

Nome utilizzatore : ELESN01 - FRANCESCA ZAFFARAMI

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## HALF-YEARLY REPORT 09.27.2019

**The ELES Board of Administration has approved  
the consolidated half-year report as of 30<sup>th</sup> June 2019**

- **REVENUES: approximately Euro 10 million** (Euro 11,7 million as of 30<sup>th</sup> June 2018)
- **EBITDA MARGIN Adjusted <sup>(1)</sup>: 18,9%** vs 15,3% as of 30<sup>th</sup> June 2018
- **EBIT Adjusted Euro 0,93 million growing by 54%** (Euro 0,6 million as of 30<sup>th</sup> June 2018)
- **NET PROFIT Adjusted: Euro 0,58 million**, rising approximately by +110% (Euro 0,28 million as of 30<sup>th</sup> June 2018)
- **NET EQUITY: Euro 12,06 million** (Euro 6,54 as of 31<sup>st</sup> December 2018)
- **NET FINANCIAL POSITION Adjusted: Euro 0,03 million** (Euro 4,32 million as of 31<sup>st</sup> December 2018)
- **EXPORT 78%** (70% as of 30<sup>th</sup> June 2018)
- **ELES INNOVATIVE SMEs, strategic investments in R&D are continuing to preserve the strategic leadership** (Euro 1,1 million in the first half year in 2019, 11% of revenues)

**Todi, 27<sup>th</sup> September 2019** – ELES Board of Directors, Society listed on the AIM Italia market and *leader* in Italy for providing semiconductor device test solutions (*IC Integrated Circuit*) with *Automotive and Mission Critical* applications, has approved on this date the consolidated half-yearly report as of 30<sup>th</sup> June 2019, drawn up by following the accounting principles and audited by the KPMG S.p.A. Company.

<sup>(1)</sup> *Adjusted amounts to Euro 173 thousand on a EBITDA Reported of Euro 1.669 thousand*



## Main consolidated results as of 30<sup>th</sup> June 201

<b>PROFIT&amp;LOSS</b>	<b>30-jun-19</b>		<b>30-jun-18</b>	
<i>Thousands of Euro</i>				
Revenues	9.764	100,0%	11.734	100,0%
Other revenues and services	197	2,0%	36	0,3%
<b>Total Revenues</b>	<b>9.961</b>	<b>102,0%</b>	<b>11.770</b>	<b>100,3%</b>
<b>EBITDA Adjusted</b>	<b>1.842</b>	<b>18,9%</b>	<b>1.793</b>	<b>15,3%</b>
Depreciations and accruals to provisions	(913)		(1.188)	
<b>EBIT Adjusted</b>	<b>929</b>	<b>9,5%</b>	<b>604</b>	<b>5,1%</b>
<b>NET PROFIT Adjusted</b>	<b>581</b>	<b>6,0%</b>	<b>278</b>	<b>2,4%</b>

The Board of Directors has expressed satisfaction with the half-year positive results, while also taking into account the slowdown in the semiconductor sector and the complex macroeconomic context.

**Francesca Zaffarami** CEO of ELES states: *"We are satisfied with the results achieved, the increased impact of the EBITDA Adjusted on Revenues (18.9% Vs 15.3% at 30/06/2018) is even more positive considering that the company has started strengthening its organizational structure, with a cost increase of approximately Euro 165 thousand with regard to the previous half-year, whose economic results are not yet fully reflected in current outcomes. With an NFP equal to zero and the resulting leverage capacity, the company is determined to pursue the announced growth strategy, both for external and organic lines. Despite the recent downward adjustments of capital expenditures in the Semi sector and the growing market uncertainty due in part to geopolitical tensions, semiconductor applications are growing, new technologies are demanding them, and in high volumes. These include IoT, 5G and self-driving vehicles, offering semiconductor manufacturers the potential to develop new designs and products driving the demand for test equipment."*



The first half-year trend is in line with the *Budget* expected results. With regard to the first half-year 2018, a reduction in Revenues has been recorded, however, below the recorded reduction in the reference period by the *Semiconductor Equipment* sector equal to -19% in the first half-year 2019 and -21% in the second half-year 2019.

Despite the European market slowdown in the Automotive sector and the *profit warning* reported by Semiconductor producers, some of whom customers of the Society, the Budget expected results have been successfully achieved by the Company, **thanks to the counter-cyclical offer** (mitigating the negative times and fully grasping the upturns).

In good times, test systems sale is increased; instead, in bad ones, the sale of services and specific products supporting test activities to be carried out on ELES systems is increased. Considering that the semiconductor manufacturing companies reduce their investments in functional assets to the production activities (mass production), while **developing the functional ones in order to ensure innovation and continuous development of new projects and new devices (assets and services during the *Design Validation&Qualification phase*)**.

In the second half-year, **thanks to its counter-cyclical offer**, ELES has recorded a positive performance on the target market and a positive growth with regard to the first half-year, in line with the seasonality recorded in the previous years.

PROFIT&LOSS	30-jun-19		31-mar-19	
<i>Thousands of euro</i>	2° term		1° term	
Revenues	5.341	100,0%	4.423	100,0%
Other revenues and services	104	1,9%	93	2,1%
<b>Total revenues</b>	<b>5.444</b>	<b>101,9%</b>	<b>4.517</b>	<b>102,1%</b>
<b>EBITDA Adjusted</b>	<b>1.432</b>	<b>26,8%</b>	<b>410</b>	<b>9,3%</b>
Depreciations and accruals to provisions	(484)		(429)	
<b>EBIT Adjusted</b>	<b>948</b>	<b>17,8%</b>	<b>(19)</b>	<b>n.m.</b>
<b>NET PROFIT Adjusted</b>	<b>674</b>	<b>12,6%</b>	<b>(93)</b>	<b>n.m.</b>



The impact of export sales has increased, rising from 70% on revenues in the previous year to 77,8% of the current year.

Revenues by geographical area are reported below:

<b>REVENUES BY GEOGRAPHICAL AREA</b>	<b>30-june-19</b>		<b>30-june-18</b>	
<i>Thousands of euro</i>				
Europe	3.776	38,7%	3.969	33,8%
America	401	4,1%	113	1,0%
Asia	3.420	35,0%	4.131	35,2%
<b>Total Foreign Revenues</b>	<b>7.597</b>	<b>77,8%</b>	<b>8.213</b>	<b>70,0%</b>
Italy	2.167	22,2%	3.520	30,0%
<b>Total revenues from sales</b>	<b>9.764</b>	<b>100,0%</b>	<b>11.733</b>	<b>100,0%</b>

**The Ebitda Adjusted** increased approximately by 3%, with regard to the first half-year 2018 and an improvement of its percentage impact is recorded **rising from 15,3% on revenues in the previous year to 18,9%** on revenues as of 30<sup>th</sup> June 2019. **This is a clear sign of the fact that the Society is able to adapt itself to the changing conditions of the market.** This result is much more positive considering that the Society has been strengthening its organizational structure (among the new recruits three new executives have been hired whose cost has affected for approximately Euro 165 thousand).

**Net of such increase, the Ebitda adjusted would have shown an increase of approximately 12% with regard to the same period of the previous year) whose effects are not fully reflected in the current outcomes.**

The EBITDA amounting to Euro 1,67 million adjusted for the non-current costs, related to the listing on AIM, and amounting to Euro 173 thousand, rises to Euro 1,84 million (EBITDA Adjusted). It should be noted that the EBIT Adjusted and the Net Result *Adjusted* are calculated in accordance with the EBITDA Adjusted.

The **Ebit adjusted** amounts to Euro 0,93 million **rising** approximately **by 54%** with regard to the previous period (Euro 604 thousand).



**The Net Profit *adjusted*** at the end of the half-year as of 30<sup>th</sup> June 2019, after the current tax estimate, amounts to **Euro 581 thousand rising by 110%** with regard to the previous period (Euro 278 thousand).

The Net Financial Position amounts to Euro 612 thousand including the revenues deriving from the capital increase related to the IPO as of 19<sup>th</sup> June 2019 (approximately Euro 6 million gross of the costs associated with the listing process).

**The Net Financial Position *adjusted*** passes to Euro 26 thousand, including the insurance policies which have been recorded in the balance sheet among the non-current financial activities for an amount of Euro 586 thousand as of 30<sup>th</sup> June 2019.

The Consolidated Net Equity amounts to Euro 12 million as of 30<sup>th</sup> June 2019.

### **Activities of Research and Development**

The R&D activity remains the largest investment area of the Group and **represents a key factor to preserve the technological leadership** of the Society and to implement the strategic business plan including the following guidelines:

- Introduction of a new reliability concept (*Reliability Embedded Test Engineering*)
- Increase of functional test coverage up to TOTAL TEST on TDBI platform (*Test During Burn-In*)
- Enhancement of its presence in the Soc Medium, High and Very High-Power segments
- Enhancement of offer for new *Smart Power* technologies
- Development of Automation solutions
- Development of **ECU** market (Electronic Control Unit) for Automotive, Aerospace and Defense applications



The Business development *roadmap* aims at reaching the Zero Defects final goal for all the semiconductor devices: maximum yield (ideally no-defects) and minimum test cost.

It should be noted that at the end of the half-year the filling of the documentation related to a **patent** application for an innovative solution “*Adaptive Liquid Cooling*” has been finalized, supporting the project of modular and scale-out solutions which can be adapted to different needs and dissipated power cuts **able to manage powers up to 1KW**.

#### **Significant events after the reporting period.**

In July ELES with the *partnership* of a Customer being part of the “Big 20” in the world in the semiconductor sector, has given a positive start to STRIP TDBI solution and R.E.T.E. services on a new “Low Cost” device, which, **without the solution developed by ELES, it could not have been offered on the Automotive market**. The application at hand provides for a *fixture* allowing to test simultaneously 1200 devices. The deriving saving by applying this approach is estimated to be above 70%.

In July, ELES launched a TDBI (*Test During Burn-In*) solution qualification as a new approach for *Smart Power* devices test for one the first players in the world in the semiconductor field. This innovative approach with regard to the test, through DFT (Design For Testability) & BIST (**Built-In Self-In**), allows to carry out almost the entire device test, on the ELES test platform: Stress and Test are such combined together and a full applicability of the R.E.T.E. (Reliability Embedded Test Engineering), an ELES hallmark, shall be obtained.

In July a possible partner in China was identified to commercialize ELES solutions in China and the *Memorandum of Understanding* signing has been approved by the BoD on 27<sup>th</sup> September 2019. The current customer base of the partner allows ELES to propose technological upselling *solutions* as well as to jointly develop new customers in the mainland



China with joint marketing operations through the contacts developed at the governmental level during years of activity in the field.

In July, Studio Carnà was given the mandate to set up the organization and management model as set out in the Italian D.Lgs. 231/2001.

On 08.19.2019, during the managerialization process of its own structure, ELES has strengthened its first line with the entrance of Mr. Scappito acting as CFO.

Mr. Scappito will be responsible for all the activities in the Administrative, Financial areas and for the management Control of issuers and its subsidiaries.

### **Subsequent events**

The management will be continuing in the implementation of the Strategic Business Plan whose guidelines are concerned with:

- Market listing increase in Asia
- External lines growth
- Sale and technique organization enhancement at the quantity and quality level
- Presence enhancement in the SoC High and Very High Power
- Replications of ELES technological solutions used for semiconductor device tests, and for electronical modules (Electronic Control Unit – ECU) with applications in Mission Critical sectors.

Despite the slowdown in the semiconductor field, during the first half-year the Society was able to stay within the Budget in the reference period.

The continuing war of US-China duties and the uncertainty situation at the worldwide macroeconomic level brought the sites of the sector ([www.semi.org](http://www.semi.org)) to update their forecasts,





postponing the recovery from the second half-year 2019 to the first half-year 2020. This will lead to a postponement of the second half-year orders.

It should be reminded that in the second half of November, the exact date will be communicated in October, the ELES *management* will show the Industrial Plan 2019-2021 to the financial community. For further information, please consult the Society website, Investors sector. This plan will incorporate all the potential of the ELES technological innovation which, at the moment, is just partly reflected in terms of investments in R&D.

The US-China war of duties represents a great opportunity for ELES to launch a development plan in China, where the company is not present at the moment. This political-economic scenario and the need for China to technologically free itself from the nearly American hegemony seems to be fruitful to favor a growth of exchanges between China and the European nations, encouraging openness towards the foreign stakeholders supporting China along the road to technological independence.

The company has been proceeding with the evaluation of growth opportunities through external lines.

**Antonio Zaffarami**, President of the Society states: *“From the date of our listing, in ELES, in order to guarantee the achievement of the plan objectives, despite the falling semiconductor cycle, we have continued to develop all the key strategic drivers of our organization:*

- *Offer development, adding innovative solutions to better meet the needs of the market*
- *Market development: new customers acquired and China SEMI market coverage*
- *Repositioning of the organization according to the innovative business model DIGITAL SERVICIZING, based on the revolution of selling the result to the customer thanks to the use of the products and services provided.*
- *The project of introduction of INNOVATION MARKETING has started, a new marketing that puts the marketing functions close to the typical innovation needs of companies like ELES.*
- *Formalized and implemented the STRATEGY EXECUTION a learning process to support the Management.*

*All of the above-mentioned points will produce for ELES a set of distinctive advantages leading it more and more to operate in a competitive way and in partnership with the customers, following the "OCEANO BLU" strategy. As already said, we do not want to make a revolution in the sector, but we want to get it very close.*



The consolidated half-year report as of 30<sup>th</sup> June 2019 will be published as provided for by AIM regulation on the ELES website [www.eles.com](http://www.eles.com) in the “Investors/Bilanci e Relazioni” section.

Attached to the report:

- Profit & Loss Account as of 30<sup>th</sup> June 2019
- Balance Sheet as of 30<sup>th</sup> June 2019
- Net Financial position



## Consolidated Profit&Loss as of 30<sup>th</sup> June 2019

PROFIT & LOSS	30-june-19		30-june-18	
<i>Thousands of Euro</i>				
Sale revenues	9.764	100,0%	11.734	100,0%
Other revenues	197	2,0%	36	0,3%
<b>Total Revenues</b>	<b>9.961</b>	<b>102,0%</b>	<b>11.770</b>	<b>100,3%</b>
Material purchase & Changes in inventories	(4.187)	-42,9%	(4.974)	-42,4%
Service costs	(1.980)	-20,3%	(2.561)	-21,8%
Other operational costs	(200)	-2,0%	(171)	-1,5%
Personnel cost	(1.924)	-19,7%	(2.271)	-19,4%
<b>EBITDA</b>	<b>1.669</b>	<b>17,1%</b>	<b>1.793</b>	<b>15,3%</b>
Adjustments for listing costs	173	1,8%	0	0,0%
<b>EBITDA Adjusted</b>	<b>1.842</b>	<b>18,9%</b>	<b>1.793</b>	<b>15,3%</b>
Write-downs and depreciations	(883)	-9,0%	(1.121)	-9,6%
Accruals to provisions	(30)	-0,3%	(67)	-0,6%
<b>EBIT Adjusted</b>	<b>929</b>	<b>9,5%</b>	<b>604</b>	<b>5,1%</b>
Financial revenues	13	0,1%	0	0,0%
Financing costs	(84)	-0,9%	(127)	-1,1%
Profits/Losses on exchange rates	(35)	-0,4%	(8)	-0,1%
<b>EBT Adjusted</b>	<b>823</b>	<b>8,4%</b>	<b>470</b>	<b>4,0%</b>
Taxes	(241)	-2,5%	(192)	-1,6%
<b>Net Profit of the Group Adjusted</b>	<b>582</b>	<b>6,0%</b>	<b>278</b>	<b>2,4%</b>



## Balance Sheet as of 30<sup>th</sup> June 2019

<b>BALANCE SHEET</b>	<b>30-jun-19</b>	<b>31-dec-18</b>	<b>Δ%</b>
<i>Thousands of Euro</i>			
Tangible assets	3.913	3.748	4,4
Intangible assets	3.568	3.607	(1,1)
Financial assets	1.017	982	3,6
<b>Fixed assets</b>	<b>8.498</b>	<b>8.337</b>	<b>1,9</b>
Inventory	4.159	3.783	10,0
Trade receivables	5.807	5.851	(0,8)
Trade payables	(4.393)	(4.415)	(0,5)
<b>Operating working capital</b>	<b>5.573</b>	<b>5.219</b>	<b>6,8</b>
Employee benefits	(633)	(591)	7,1
Provisions for non-current risks and charges	(329)	(736)	(55,3)
Deferred tax receivables	357	52	>100%
Deferred tax liabilities	(224)	(219)	2,4
Net claims/liabilities	(566)	(647)	(12,5)
<b>Other current assets/liabilities</b>	<b>-1.395</b>	<b>-2.141</b>	<b>(34,8)</b>
<b>Net invested</b>	<b>12.675</b>	<b>11.415</b>	<b>11,0</b>
<b>Net Equity</b>	<b>-12.063</b>	<b>-6.542</b>	<b>84,4</b>
Current Debt	(5.258)	(4.725)	11,3
Long Term Debt	(3.790)	(3.881)	(2,4)
Cash and cash equivalents	8.436	3.733	>100%
<b>Net financial position</b>	<b>-612</b>	<b>-4.873</b>	<b>(87,4)</b>
<b>Total sources</b>	<b>-12.675</b>	<b>-11.415</b>	<b>11,0</b>



## Net Financial Position

NET FINANCIAL POSITION	30-jun-19	31-dec-18	Δ%
<i>Thousands of Euro</i>			
Cash and cash equivalents	8.436	3.733	>100%
Long Term Debt	(3.790)	(3.881)	(2,4)
Current Debt	(5.258)	(4.725)	11,3
<b>Net financial position</b>	<b>-612</b>	<b>-4.873</b>	<b>(87,4)</b>
Insurance policies	586	553	6,0
<b>Net financial position Adjusted</b>	<b>-26</b>	<b>-4.320</b>	<b>(99,4)</b>

### For further information:

#### *Company contacts:*

- ELES S.p.A. | T +39 075 898000 | [investor\\_relation@eles.com](mailto:investor_relation@eles.com)

#### *Nominated Adviser contacts*

- BPER Banca | T +39 02 72 7492 29 | [eles@bper.it](mailto:eles@bper.it)

#### *Media Relations contacts*

- Mymediarelation | M +39 335 598 58 09 | [messori@mymediarelation.it](mailto:messori@mymediarelation.it)

Eles S.p.A. (Eles), founded in 1988, designs and manufactures semiconductor test solutions (SOC, MEMS and Memories). Eles produces universal machines (so-called test system) and the related assistance services for reliability tests, having developed a co-engineering process with its customers aimed at guaranteeing a so-called "ZERO DEFECTS" microelectronic product. Furthermore, the Company is active in the so-called test application providing its customers with the applications necessary to proceed to the various test solutions that can be performed through the machines produced by it, as well as a series of services related to the processing of data acquired during the activities and test phases. Eles counts among its customers multinational companies producing semiconductors and manufacturers of electronic modules for the automotive sector and the I&D sector. The Eles strategy provides, in addition to a growth by internal lines through penetration into new markets, further diversification of customers and improvement of solutions already offered to customers, growth for external lines through functional acquisitions for faster business development in foreign countries.

Fine Comunicato n.20159-19

Numero di Pagine: 14