

PRESS RELEASE

Zwolle, March 9th 2017

RoodMicrotec reports 20% increase in sales orders in 2016

RoodMicrotec, the Dutch supplier of semiconductors and advanced microchips, saw a year-on-year increase of 20% in 2016 sales orders. The company reported a net loss of €1.6 million but maintains a positive outlook for 2017 based on its strong forward order book. Actual sales growth year-on-year was stable at 2%.

RoodMicrotec CEO Martin Sallenhag said: *“The value of sales orders is about 20% higher compared with a year ago and we’ve maintained a positive book-to-bill ratio over the last 12 months, which is an important leading indicator of demand trends in the semiconductor industry. The bottom line has still to reflect this positive order book but we remain positive that it will feed through in the next few years”.*

2016 HIGHLIGHTS

Commercial/operational

- Arrangements with automotive and industrial partners will generate EUR 8 to 12 million of new sales over a period of 8 years.
- Two new orders are secured with Chinese and European market leaders in the automotive and aerospace industries.
- Sales channel agreement with Altec Electronic AG is to double sales to EUR 1.2 million by 2018.
- Martin Sallenhag was appointed CEO, Reinhard Pusch COO and Arvid Ladega CFO.
- Herman Bartelink and Jeroen Tuik are nominated as members of the supervisory board. Their appointment has since been approved at an extraordinary shareholders’ meeting in January 2017.
- RoodMicrotec celebrated its 30th anniversary as a listed company and announced that 6 SCM projects will enter the manufacturing phase by 2020.
- The EuroPAT-MASIP joint technology project allocated EUR 0.8 million of EU and German public funds to RoodMicrotec.
- A significant new SCM contract is secured with a German automotive and industrial client and due to generate EUR 4.5 million over the next 10 years.
- Supply Chain Management framework agreement signed with leading test equipment manufacturer Rohde & Schwarz.

Financials

- Sales in 2016 of EUR 10.5 million, 2% increase compared to 2015 (EUR 10.3 million)
- Net debt position increased by 45% to EUR 2.4 million (2015: EUR 1.7 million)
- EBITDA: EUR 0.31 million negative (2015: EUR 0.38 million negative)
- EBIT (operating result) EUR 1.34 million negative (2015: EUR 1.31 million negative)
- Net profit: EUR 1.578 million negative (2015: EUR 1.505 million negative)
- Net income: EUR 1.6 million negative (2015: EUR 1.5 million negative)
- Solvency decreased to 28% (2015: 32%)
- Balance sheet total increased to EUR 14.7 million (2015: 13.5 million)
- Early March 2016, a group of investors committed to provide an amount of up to EUR 1.5 million to enable required investments in equipment in 2016

Key figures

(EUR x 1,000 unless stated otherwise)

	2016	2015	Change
			Unaudited
Sales and result			
Net sales	10,465	10,250	2%
Gross margin	8,615	8,384	3%
EBITDA	-310	-378	-18%
EBIT (operating result)	-1,339	-1,308	2%
EBT	-1,587	-1,495	6%
Net result	-1,578	-1,505	5%
Capital, debt & liquidity ratios			
Total assets	14,711	13,531	9%
Group equity	4,053	4,321	-6%
Net debt	2,428	1,675	45%
Capital (=net debt + equity)	6,481	5,996	8%
Gearing ratio (net debt / capital)	60%	28%	114%
Solvency (group equity / total liabilities)	28%	32%	-14%
Debt ratio (net debt / EBITDA)	-7.83	-4.43	77%
Net working capital	540	560	-4%
Working capital ratio (current assets / current liabilities)	1.23	1.27	-3%
Assets			
Tangible and intangible fixed assets	7,684	6,908	11%
Investments in (in)tangible fixed assets	1,803	726	148%
Depreciation of (in)tangible fixed assets	1,029	930	11%
Issue of nominal shares			
At year-end (x 1,000)	63,441	54,411	17%
Number of FTEs (permanent)			
Average	91	94	-3%

Sales and result

The sales results broken down by customer segment:

(EUR x 1,000)	2016	2015	change
Automotive	4,013	3,021	+33%
Industrial/Medical	4,700	5,201	-10%
Hi-rel/Space	779	668	+17%
Others	973	1,360	28%
Total	10,465	10,250	+2%

The increase in the automotive market is a result of efforts to consolidate our Automotive Competence Centre and attract large new orders in automotive. Our growth in this sector is very much in line with our strategic goals to expand our activities in this industry, which is being revolutionised by the disruptive technologies of artificial intelligence, automation and the internet of things, driving up demand for bespoke semiconductor products and services.

The industrial/medical segment saw a 10% decrease compared to 2015 due to delays of a large order by a Brazilian client in the sector, tied to the economic difficulties in the market. We expect the regained momentum of this project to contribute to a pick-up in sales into 2017. A solid increase in sales over the Hi-rel/Space field underlines RoodMicrotec's market expansion into this high-tech field with exceptionally stringent quality standards. Other sectors have seen a net sales decline which resulted from difficulties in the broader European semiconductor market, and a strategic shift towards the automotive and industrial sectors.

The sales results of the business units were as follows:

(EUR x 1,000)	2016	2015	change
Test Operations	3,727	3,676	+1%
Supply Chain Management	2,077	2,348	-12%
Failure & Technology Analysis	1,494	1,655	-10%
Test Engineering	471	437	+8%
Qualification & Reliability Investigations	2,696	2,134	+26%
Total	10,465	10,250	+2%

Developments

The sales of the Test Operations Business Unit was stable as RoodMicrotec prepares for the increase in orders that are coming in as a result of new test equipment purchased in 2016. The new test system and a 12" wafer prober that joined the company's equipment arsenal have already generated additional sales and are expected to fuel further growth of the business unit in the upcoming years.

In Supply Chain Management (SCM) we have revised the organisational workflow of the business unit to be able to handle the many new projects that are ramping to production over the next years. The year-on-year revenue does not yet reflect these changes, mainly due to problems encountered by one of our long-term customers in some markets. However, a pickup in SCM sales over the second half of 2016 (+24% vs. the first half of 2016) resulted from ramping up of the production contract with Swiss semiconductor firm Altec AG. Our expertise in SCM is furthermore being endorsed by partnerships we have forged with other leaders in the industry.

Our Failure & Technology Analysis business very much depends on the short term needs of our customers. In 2016 we saw a decline in sales for this business unit but are picking up new customer leads while our efforts to consolidate this important part of our business is leading to new long term contracts with existing customers.

Test Engineering and Qualification & Reliability Investigation saw a substantial year-on-year rise in sales over the past 12 months, on the back of some large ongoing projects and the start of qualification in other big contracts. We see additional orders coming in to support qualification of standard components for the expanding automotive market.

The RoodMicrotec management team is very positive about the future development of the company, as five of six important projects in the key strategic focus automotive and industrial/medical sectors will enter the industrialization or the production phase in 2017. These projects will generate a combined turnover of up to €10 million per year when they have all been ramped up for full production. Industry wide, growth of semiconductor businesses in Europe saw a 4.5% decrease, which is due to get back on track with a projected 3.6% increase in 2017 (WSTS Forecast Summary February 2017). The management therefore reinforces its outlook for an increase in sales turnover of 75% by 2020.

Personnel and organisation

During 2016 RoodMicrotec continued the consolidation process in personnel and organisation. Philip Nijenhuis stepped down as CEO and Martin Sallenhag took over this role. Reinhard Pusch was promoted to COO and Arvid Ladega joined the company as CFO.

The average number of full-time employees (FTE) decreased by approx. 3% from 94 FTEs in 2015 to 91 FTEs in 2016. Sales per full-time employee increased by approx. 6% from EUR 109,000 in 2015 to EUR 115,000 in 2016. Our policy is to continue to strive for growth of sales per FTE.

Strategy

- We will focus on the automotive and industrial markets to grow further in both sectors.
- We will continue to work with fabless companies to show that RoodMicrotec is a competitive SCM partner and encourage them so strengthen partnerships with our company.
- We will continue to work with OEMs to show that RoodMicrotec can offer competitive eXtended SCM in conjunction with design companies.
- We will continue to look for smaller faster turnaround opportunities in Failure Analysis, Qualification & Reliability and Test Operations.
- We will continue to strengthen our internal quality system by maintaining the certification according to the 2015 version of ISO 9001
- To strengthen our technical position, we will invest in a new high-technological equipment to be able to service the market.

The above items will result in a good combination of long-term contracts with long lead times and short term orders with short lead times. In future we certainly need short-term orders to generate cash flow while continuing to focus on long-term contracts, which bring much more stable, predictable recurring revenues and underpin our role as the supply chain specialist.

Furthermore, we will:

- Establish direct contact with Tier 1 customers as an ASIC provider. This will enable us to take on more of the tasks in the complete flow, generating higher sales volumes.
- Strengthen relationships with customers, suppliers and appropriate partners (foundries, assemblers, design houses, OEMs and system houses) to emphasise our reputation in the market.
- Continue to focus on development of new technologies and special requirements from the market, such as optical sensors, MEMS and RF solutions for the automotive and industrial markets.
- Strengthen our awareness in the market by organising seminars on qualification, failure analysis, outsourcing and supply chain activities.

Outlook for 2017

As a result of new announced arrangements and the contracts announced in 2016, RoodMicrotec expects that turnover will increase substantially in the coming years. We expect that in 2020 our turnover will approximately be 75% higher compared to the total turnover of over EUR 10 million in 2015.

With a number of new projects ramping to production during the second half of 2017 we expect to see an increase in revenue and improved results compared to 2016.

Conference call today, 9 March 2017, start 9.30 am

A conference call will be held for press, analysts and other interested parties on 9 March 2017.

Dial-in numbers:

The Netherlands	020 7133444
Germany	0800 00 05415
Belgium (Brussels)	02 4001923
UK (London)	02081181091

Conference Code: 1918764#

Back-up number in case your country is not mentioned above:

International dial-in number +44 208 1181 091

Financial agenda

27 April 2017	Publication annual report 2016
8 June 2017	Annual general meeting of shareholders
9 June 2017	Bondholder meeting
6 July 2017	Publication sales figures first half 2017
24 August 2017	Publication interim report 2017
24 August 2017	Conference call for press and analysts

Forward-looking statements

This press release contains 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

With more than 45 years' experience as an independent value-added service provider in the area of micro and optoelectronics, RoodMicrotec offers Fabless Companies, OEMs and other companies a one-stop shop proposition. With its powerful solutions RoodMicrotec has built up a strong position in Europe.

Our services comply with the industrial and quality requirements of the high reliability/space, automotive, telecommunications, medical, industrial and electronics sectors.

Certified by RoodMicrotec concerns inter alia certification of products to the stringent ISO/TS 16949 standard that applies to suppliers to the automotive industry. The company also has an accredited laboratory for test activities and qualification to the ISO/IEC 17025 standard.

Its value-added services include (eXtended) supply chain management and total manufacturing solutions with partners, failure & technology analysis, qualification & burn-in, test & product engineering, production test (including device programming and end-of-line service), ESD/ESDFOS assessment & training and quality & reliability consulting.

RoodMicrotec has branches in Germany (Dresden, Nördlingen, Stuttgart), United Kingdom (Bath) and the Netherlands (Zwolle).

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

Further information:

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

Consolidated statement of profit or loss

Unaudited

(x EUR 1,000)	2016	2015
Net sales	10,465	10,250
Cost of sales	-1,850	-1,866
Gross profit	8,615	8,384
Personnel expenses	-6,016	-5,860
Other operating expenses	-2,909	-2,902
Total operating expenses	-8,925	-8,762
EBITDA	-310	-378
Depreciation and amortisation	-1,029	-930
EBIT	-1,339	-1,308
Financial expenses	-248	-187
Profit before tax	-1,587	-1,495
Taxation	9	-10
Net profit (loss)	-1,578	-1,505

Consolidated statement of other comprehensive income

Unaudited

(x EUR 1,000)	2016	2015
Net profit (loss) for the year	-1,578	-1,505
Remeasurement of defined benefit obligations	-459	246
Remeasurement of defined benefit obligations - DTL	126	-107
Total comprehensive income	-1,911	-1,366

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

(x EUR 1,000)	2016	2015
ASSETS		
Property, plant and equipment	5,283	4,732
Intangible assets	2,401	2,176
Deferred income taxes	1,151	1,016
Financial assets	3,001	3,002
Non-current assets	11,836	10,926
Inventories	474	279
Trade and other receivables	1,712	1,659
Cash and cash equivalents	689	667
Current assets	2,875	2,605
TOTAL ASSETS	14,711	13,531
EQUITY AND LIABILITIES		
Issued share capital	6,979	5,986
Share premium	19,659	19,009
Revaluation reserves	1,763	1,822
Retained earnings	-26,842	-24,990
Equity, attributable to equity holders of the parent	1,559	1,827
Non-controlling interests	2,494	2,494
Total equity	4,053	4,321
Loans and borrowings	3,004	2,301
Retirement benefit obligation and provisions	5,319	4,864
Non-current liabilities	8,323	7,165
Loans and borrowings	113	41
Trade and other payables	2,159	1,945
Current tax liabilities	63	59
Current liabilities	2,335	2,045
TOTAL EQUITY AND LIABILITIES	14,711	13,531

Consolidated Cash Flow Statement		Unaudited
(x EUR 1,000)	2016	2015
EBITDA	-310	-378
Adjustments for:		
- Movements in retirement benefit obligations	-76	-122
- Share-based payments	13	30
- Accrued interest	-28	-
Changes in working capital:		
- Inventories	-194	65
- Trade and other receivables	-53	53
- Trade and other current liabilities	286	-328
Cash flow from operating activities	-362	-680
Interest paid	-165	-152
Income taxes paid	-	-
Net cash flow from operating activities	-527	-832
Cash flow from investing activities		
Investments in property, plant and equipment	-1,578	-291
Disposals of property, plant and equipment	-	-
Investments in intangible assets	-225	-435
Net investments in financial assets	-	-20
Net cash flow from investing activities	-1,803	-746
Cash flow from financing activities		
Proceeds from issuance of share capital	1,629	2,093
Proceeds from borrowings	723	-
Repayment of borrowings	-	-40
Net cash flow from financing activities	2,352	2,053
Net cash flow	22	475
Cash +/- bank overdrafts at beginning of period	667	192
Cash +/- bank overdrafts at end of period	689	667
Net cash flow	22	475

Accounting policies used in the preparation of the annual accounts

RoodMicrotec N.V.'s annual accounts for the financial year 2016 contain an overview of the applied accounting policies for financial reporting. The principles laid out in this overview are in accordance with the standards laid down by the International Accounting Standards Board (IASB) and approved by the European Commission, as applicable on 31 December 2016. 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 laid down by the IASB and approved by the European Commission and which were in force for the period beginning 1 January 2016. None of these standards had a material effect on the Group's financial statements.

Other

The condensed financial information presented in this press release have 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 2016 on 27 April 2017. The annual accounts 2016 will be submitted to the General Meeting of Shareholders for adoption on 8 June 2017.