

## **Manz AG achieves record revenue in 2014 and utilizes its operational strength to recognize non-scheduled depreciations in the solar segment**

- *New revenue record achieved in fiscal year 2014 of EUR 306 million (+15%)*
- *Non-recurring negative special effects in the amount of EUR 33.2 million hold down EBIT for 2014*
- *Reduced costs in the solar segment and adjusted balance sheet items will make a significant jump in earnings possible in the 2015 fiscal year: Increase in revenues to EUR 320 - 340 million with further upside potential resulting from an upturn in the PV market with a clearly positive EBIT expected*

Reutlingen, February 24, 2015 – Manz AG, one of the world's leading high-tech equipment manufacturers with an extensive technology portfolio covering the three strategic business segments of "Display," "Solar" and "Battery," is publishing its preliminary figures for the 2014 fiscal year today. According to the figures, the company could increase its revenues from EUR 266.2 million by 15% to a new record level of EUR 306 million. In operating business, Manz achieved earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for non-recurring negative special effects, of EUR 24.9 million (previous year: EUR 27.0 million) and a positive adjusted earnings before interest and taxes (EBIT) of roughly EUR 0.5 million (previous year: EUR 3.1 million). Thus, Manz AG achieved its operational goals for fiscal year 2014. Non-recurring negative special effects – mainly non-scheduled depreciations and devaluations in the Solar segment– resulted in an EBIT of EUR -32.8 million. With a balance sheet structure that continues to be sound and positive outlooks in all three business segments, the Managing Board expects further growth in revenues and significantly improved profitability for the current year.

### **The diversification strategy takes hold – revenues at record level in 2014**

With revenues of EUR 306 million in the year 2014, the forecast of EUR 280 million to EUR 300 million was exceeded. This increase was possible as a result of the successful diversification of the business model in technologies, industries and regions. This allows Manz AG to use the varying dynamics in the individual growth industries to best effect and to employ available capacities effectively. With a share of sales of the solar segment of less than 5% in the year 2014, the strongly growing business segments Display and Battery have in the meanwhile proven to be responsible for the majority of revenues. These two business segments are currently providing Manz AG with attractive operating margins. Dieter Manz explains the successful diversification: "After the collapse of the solar business, we managed to establish ourselves as a recognized supplier for well-known manufacturers of smartphones and tablet computers as well as their suppliers. Our leading technologies in the area of the manufacture of touch sensors, LCD displays and many other components for devices for mobile communications are an absolutely critical requirement for the success of our customers' products."

The currently fast growing Battery segment shows additional growth potential. Dieter Manz: "With our innovative production systems we contribute significantly to the improvement of the battery runtime and the reduction of costs. Both, customers from the consumer electronics branch as well as from the e-mobility sector offer considerable potential in this segment. Of course, we, as Manz AG, also benefit from that and thus we will be able to further increase our revenues and earnings in future."

### **Operating business on course despite being pulled down by non-recurring special effects in 2014**

Dieter Manz, CEO and founder of Manz AG, stated: "In 2014, there were very positive operational developments. As a result of our diversification strategy, we opened vibrant future-oriented markets with highly attractive growth prospects and realized record revenues. On an adjusted basis, we were also able to achieve our goal of a positive EBIT. At the same time, we had to record non-recurring negative special effects in 2014, which we, in part, are consciously taking into account in order to be able to start from a very stable basis. Our strong equity position and the low net debt combined with a positive cash flow provides plenty of free play for this."

The development of earnings in the year 2014 was significantly influenced by non-recurring extraordinary special effects coming to a total of EUR 33.2 million. As a result of the insolvency of GT Advanced Technologies Ltd. (GTAT), an Apple supplier and manufacturer of sapphire glass for smartphones, net receivables in the amount of EUR 2.5 million were written off. Since so far it has not been possible to come to a final agreement as to the further utilization of the equipment, a large portion of the net receivables was written off for reasons of caution. In the Battery segment, a project could not be terminated due to a fundamental change of strategy of a German automobile manufacturer resulting in a non-recurring negative special effect of EUR 4.0 million. For strategic purposes, Manz decided, rather than entering into a court dispute with the customer, to terminate the project and to shift the unused capacities to new projects in the Consumer Electronics segment. This decision resulted directly in new orders of around EUR 40 million in this segment. And finally, the Managing Board resolved, in close consultation with the Supervisory Board, to recognize non-scheduled depreciations on development costs in the solar segment. These costs relate, for the most part, to the crystalline PV technology as well as, in some cases, to the CIGS technology and came to a total of EUR 22.5 million. After the Solar segment contributed less than 5% to the overall revenue in 2014 this decision takes the ongoing investment restraint into account.

### **Additional positive effects through reduced scheduled amortization and depreciation beginning in 2015**

For the past fiscal year, the Managing Board of Manz AG, in close consultation with the Supervisory Board, decided to recognize non-scheduled amortization on development costs in the solar segment in the amount of EUR 22.5 million. Thus, in the current fiscal year of

2015, the company will be spared amortization in the amount of EUR 10 million and accordingly the profitability of Manz AG will be increased significantly. The non-scheduled depreciation, for the most part, concern development costs for crystalline PV technology. At the same time, Manz AG is also pursuing strategic goals with this decision: "These depreciations will make it easier for us to transfer the existing technology to our Chinese subsidiary and to concentrate all major activities there in the crystalline technology segment in future. Thereby we follow the market requirements to deliver machinery that are produced locally. We are firmly convinced that in the future, China will be the largest market by far for the production of crystalline solar cells. Close customer relations is an important requirement for being able to again record significant growth in the intermediate term in this segment as well," states Dieter Manz.

Manz AG remains fully optimistic with respect to the sale of fully integrated turnkey production lines for manufacturing CIGS thin-film modules. All of these activities are concentrated in the subsidiary Manz CIGS Technology GmbH at the Schwäbisch Hall location. The Managing Board decided to lower the operating costs significantly until the successful sale of a CIGSfab. Due to the capital investment restraint of customers so far, depreciations were also made on individual development activities which have already been improved further through new processes and systems. These write-offs as well as the reduced operating costs will also contribute to an improvement of earnings in future fiscal years.

### **Positive future prospects with a continued sound balance sheet structure**

With an equity ratio of around 54% as of December 31, 2014, a positive operating cash flow and a low net debt of EUR 9.2 million, the Managing Board, in view of thoroughly positive industry outlooks in all three strategic business segments, is expecting further growth: For the current 2015 fiscal year, revenue between EUR 320 million and EUR 340 million and a clearly positive EBIT are expected.

The framework conditions for sustained growth are present in all three industries: Smartphones, tablet computers and touchscreen notebooks continue to drive the display market forward. Adding always new features and technological innovations to smartphones provides attractive application fields for the core technologies of Manz AG in future. In the Battery segment, the company is experiencing a powerfully rising demand from customers from the consumer electronics segment. Also the investments into production capacities for e-mobility show a dynamic development. In the estimation of the Managing Board, already issued major orders as well as promising customer discussions give cause for expecting a sound first quarter as well as a vibrant second quarter for 2015. In view of a steadily rising end customer demand for solar modules, new capital investments are essential in the solar industry. Dieter Manz ascribes great importance to the CIGS technology of Manz AG for the solar industry in the future as well: "Manz is excellently positioned with its CIGS technology. We are more convinced than ever of the technological superiority of the CIGSfab. Thus, a

new capital investment cycle of the solar industry will especially offer new opportunities for Manz AG!"

Manz AG will publish its final figures for the 2014 reporting period, together with its complete 2014 annual report, on March 27, 2015.

### Company profile:

#### **Manz AG – passion for efficiency**

As one of the world's leading high-tech equipment manufacturers, Manz AG, based in Reutlingen, Germany, is a pioneer for innovative products in fast-growing markets. The company, founded in 1987, has expertise in seven technology sectors: Automation, laser processing, vacuum coating, screen printing, measurement technology, wet-chemical and roll-to-roll processing. Manz deploys and further develops these technologies in three strategic fields, the "Display," "Solar" and "Battery" business segments.

The company, led by founder Dieter Manz and listed on the stock exchange in Germany since 2006, currently develops and produces in Germany, China, Taiwan, Slovakia, Hungary and Italy. It also has sales and service branches in the USA and India. In the middle of 2014, Manz AG had approximately 1,900 employees, around half of which are employed in Asia. With its claim "passion for efficiency," Manz gives its clients, who are active in dynamic industries of the future, its performance promise: to provide production solutions with the highest level of efficiency and innovation. Thanks to its extensive expertise in the development of new production technologies and the required equipment, Manz AG contributes substantially to lowering the production costs of end products and making them available to large buyer groups worldwide.

#### **Investor Relations Contact**

cometis AG  
Ulrich Wiehle / Claudius Krause  
Tel.: +49 (0)611 – 205855-28  
Fax: +49 (0)611 – 205855-66  
E-mail: krause@cometis.de

Manz AG  
Axel Bartmann  
Tel.: +49 (0)7121 – 9000-395  
Fax: +49 (0)7121 – 9000-99  
E-mail: abartmann@manz.com