

## Press Release

### Eltek Reports 2018 First Quarter Financial Results

- Revenues of \$8.9 million
- Gross profit of \$444,000
- Net loss of \$670,000

PETACH-TIKVA, Israel, June 27, 2018 - Eltek Ltd. (NASDAQ: [ELTK](#)), a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards, announced today its financial results for the quarter ended March 31, 2018.

**Mr. Yitzhak Nissan, Chairman of the Board and Chief Executive Officer**, commented: "Our revenues in the first quarter of 2018 increased to \$8.9 million, compared to revenues of \$8.5 million in the first quarter of 2017. While we are still facing challenges in our manufacturing operations, we are deploying our best resources to resolve them."

### Highlights of the First Quarter of 2018 compared to the First Quarter of 2017

- **Revenues** for the first quarter of 2018 were \$8.9 million compared to revenues of \$8.5 million in the first quarter of 2017;
- **Gross profit** was \$444,000 (5.0% of revenues) compared to gross profit of \$485,000 (5.7% of revenues) in the first quarter of 2017;
- **Operating loss** was \$626,000 compared to an operating loss of \$630,000 in the first quarter of 2017;
- **Net loss** was \$670,000, or \$0.33 per fully diluted share compared to a net loss of \$814,000, or \$0.40 per fully diluted share, in the first quarter of 2017;
- **EBITDA** was a negative \$185,000 (2.1% of revenues) compared to a negative EBITDA of \$210,000 (2.5% of revenues), in the first quarter of 2017;



- **Net cash used in operating activities** amounted to \$859,000 compared to net cash used in operating activities of \$776,000 in the first quarter of 2017.

## Conference Call

Today, Wednesday, June 27, 2018, at 9:00 a.m. Eastern Time, Eltek will conduct a conference call to discuss the results. The call will feature remarks by Yitzhak Nissan, Chairman of the Board of Directors and Chief Executive Officer, Roberto Tulman, Deputy CEO and Chief Technology Officer and Amnon Shemer, Chief Financial Officer.

To participate, please call the following teleconference numbers. Please allow for additional time to connect prior to the call:

United States: 1-888-668-9141  
Israel: 03-9180609  
International: +972-3-9180609

At:

9:00 a.m. Eastern Time  
6:00 a.m. Pacific Time  
16:00 p.m. Israel Time

A replay of the call will be available through the Investor Info section on Eltek's corporate website at <http://www.nisteceltek.com> approximately 24 hours after the conference call is completed and will be archived for 30 days.

(Tables follow)

## About Eltek

Eltek – "Innovation Across the Board", is a global manufacturer and supplier of technologically advanced solutions in the field of printed circuit boards (PCBs), and is the Israeli leader in this industry. PCBs are the core circuitry of most electronic devices. Eltek specializes in the manufacture and supply of complex and high quality PCBs, HDI, multilayered and flex-rigid boards for the high-end market. Eltek is ITAR compliant and has



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AS-9100 and NADCAP Electronics certifications. Its customers include leading companies in the defense, aerospace and medical industries in Israel, the United States, Europe and Asia.

Eltek was founded in 1970. The Company's headquarters, R&D, production and marketing center are located in Israel. Eltek also operates through its subsidiaries in North America and in Europe and by agents and distributors in Europe, India, South Africa and South America.

For more information, visit Eltek's web site at [www.nisteceltek.com](http://www.nisteceltek.com).

### **Use of Non-GAAP Financial Information**

The Company reports financial results in accordance with U.S. GAAP and herein provides some non-GAAP measures, including EBITDA. These non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. These non-GAAP measures are intended to supplement the Company's presentation of its financial results that are prepared in accordance with GAAP. The Company uses the non-GAAP measures presented to evaluate and manage the Company's operations internally. The Company is also providing this information to assist investors in performing additional financial analysis. Reconciliation between the company's results on a GAAP and non-GAAP basis is provided in a table below.

### **Forward Looking Statement:**

Certain matters discussed in this news release are forward-looking statements that involve a number of risks and uncertainties including, but not limited to statements regarding expected results in future quarters, risks in product and technology development and rapid technological change, product demand, the impact of competitive products and pricing, market acceptance, the sales cycle, changing economic conditions and other risk factors detailed in the Company's Annual Report on Form 20-F and other filings with the United States Securities and Exchange Commission.

### **Investor Contact:**

# eltek

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**Eltek Ltd.**  
**Consolidated Statements of Operations**  
(In thousands US\$, except per share data)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>	<b>8,943</b>	8,467
<b>Costs of revenues</b>	<b>(8,499)</b>	(7,983)
<b>Gross profit</b>	<b>444</b>	485
Selling, general and administrative expenses	<b>(1,069)</b>	(1,095)
R&D expenses, net	<b>(1)</b>	(19)
<b>Operating profit (loss)</b>	<b>(626)</b>	(630)
Financial expenses, net	<b>(27)</b>	(177)
<b>Profit (loss) before other income, net</b>	<b>(653)</b>	(807)
Other income, net	<b>0</b>	16
<b>Profit (loss) before income tax expenses</b>	<b>(653)</b>	(791)
Tax expenses	<b>(17)</b>	(23)
<b>Net Profit (loss)</b>	<b>(670)</b>	(814)
Net loss attributable to non controlling interest	<b>0</b>	
<b>Net Profit (loss) attributable to Eltek Ltd.</b>	<b>(670)</b>	(814)
<b>Earnings per share</b>		
Basic and diluted net gain (loss) per ordinary share	<b>(0.33)</b>	<b>(0.40)</b>
Weighted average number of ordinary shares used to compute basic and diluted net gain (loss) per ordinary share (in thousands)	<b>2,029</b>	<b>2,029</b>

**Eltek Ltd.**  
**Consolidated Balance Sheets**  
(In thousands US\$)

	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2017</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	435	1,029
Receivables: Trade, net of provision for doubtful accounts	8,415	7,007
Other	808	160
Inventories	4,395	3,992
Prepaid expenses	241	263
<b>Total current assets</b>	<u>14,294</u>	<u>12,451</u>
<b>Deferred taxes</b>	<u>0</u>	(12)
<b>Assets held for employees' severance benefits</b>	<u>56</u>	53
<b>Fixed assets, less accumulated depreciation</b>	<u>8,075</u>	8,871
<b>Intangible asset</b>	<u>0</u>	341
<b>Total assets</b>	<u><u>22,425</u></u>	<u><u>21,704</u></u>
 <b>Liabilities and Shareholder's equity</b>		
<b>Current liabilities</b>		
Short-term credit and current maturities of long-term debts	8,961	3,918
Accounts payable: Trade	6,304	5,785
Other	3,860	3,853
<b>Total current liabilities</b>	<u>19,125</u>	<u>13,556</u>
<b>Long-term liabilities</b>		
Long term debt, excluding current maturities	306	1,803
Employee severance benefits	240	151
<b>Total long-term liabilities</b>	<u>546</u>	<u>1,954</u>
<b>Equity</b>		
Ordinary shares, NIS 0.6 par value authorized 50,000,000 shares, issued and outstanding 10,142,762	1,985	1,985
Additional paid-in capital	17,270	17,270
Cumulative foreign currency translation adjustments	2,380	2,189
Capital reserve	695	695
Accumulated deficit	(19,576)	(15,945)
<b>Shareholders' equity</b>	<u>2,754</u>	<u>6,194</u>
<b>Non controlling interest</b>	<u>0</u>	<u>0</u>
<b>Total equity</b>	<u>2,754</u>	<u>6,194</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>22,425</u></u>	<u><u>21,704</u></u>

Eltek Ltd.  
**Unaudited Non-GAAP EBITDA Reconciliations**  
(In thousands US\$)

Non-GAAP EBITDA Reconciliations	Three months ended	
	March 31,	
	2018	2017
<b>GAAP net Income (loss)</b>	(670)	(814)
<b><u>Add back items:</u></b>		
Financial expenses (income), net	27	177
Income tax expense	17	23
Depreciation and amortization	441	404
<b>Adjusted EBITDA</b>	(185)	(210)

**Eltek Ltd.**  
**Consolidated Statement of Cash flow**  
(In thousands US\$, except per share data)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Net Income (loss)	(670)	(814)
<b>Adjustments to reconcile net loss to net cash flows provided by operating activities:</b>		
Depreciation and amortization	441	417
Capital loss on disposal of fixed assets, net	-	(13)
Amortization of Intangible asset	-	
Revaluation of long term loans	16	3
Decrease (increase) in Deferred Tax	-	12
	<b>457</b>	<b>419</b>
Decrease (increase) in trade receivables	(1,569)	(943)
Decrease (increase) in other receivables and prepaid expenses	719	56
Decrease (increase) in inventories	(585)	161
Increase (decrease) in trade payables	975	529
Increase (decrease) in other liabilities and accrued expenses	(199)	(183)
Increase (decrease) in employee severance benefits, net	13	(1)
	<b>(646)</b>	<b>(381)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>(859)</b>	<b>(776)</b>

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from investing activities:</b>		
Owners investment		
Purchase of fixed assets	(80)	(91)
Purchase of Intangible asset	-	-
<b>Net cash used in investing activities</b>	<b>(80)</b>	<b>(91)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short- term credit	(341)	859
Increase (decrease) in short- term shareholder loan	1,156	-
Repayment of long-term loans from bank	(237)	(199)
Proceeds from long-term loans	-	(36)
Repayment of credit from fixed asset payables	(85)	(33)
<b>Net cash provided by (used in) financing activities</b>	<b>493</b>	<b>591</b>
<b>Effect of translation adjustments</b>	(6)	71
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(452)</b>	<b>(205)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>887</b>	<b>1,234</b>
<b>Cash and cash equivalents at period end</b>	<b>435</b>	<b>1,029</b>