

# Press Release

## Eltek Reports First Quarter Financial Results

PETACH-TIKVA, Israel, May 27, 2014 (NASDAQ:ELTK) - Eltek Ltd. (NASDAQ:[ELTK - News](#)), the leading Israeli manufacturer of advanced circuitry solutions, including complex build ups of rigid and flex-rigid printed circuit boards, announced today its financial results for the quarter ended March 31, 2014.

**Revenues** for the quarter ended March 31, 2014 were \$12.3 million compared to revenues of \$12.5 million in the first quarter of 2013.

**Gross profit** for the first quarter of 2014 was \$1.5 million (12.3% of revenues) compared with gross profit of \$1.8 million (14.4% of revenues) in the first quarter of 2013.

**Operating loss** for the first quarter of 2014 was \$121,000 compared with operating profit of \$230,000 in the first quarter of 2013. The decline in our gross and operating profit was mainly due to the devaluation of the US dollar against the NIS, and a slight reduction in revenues.

**Net loss** for the first quarter of 2014 was \$187,000 or (\$0.02) per share, compared to net profit of \$127,000 or \$0.02 per share, in the first quarter of 2013.

### **EBITDA:**

In the first quarter of 2014, Eltek had EBITDA of \$354,000 compared with EBITDA of \$613,000 in the first quarter of 2013.





ELTEK uses EBITDA as a non-GAAP financial performance measurement. EBITDA is calculated by adding back to net income interest, taxes, depreciation and amortization. EBITDA is provided to investors to complement results provided in accordance with GAAP, as management believes the measure helps illustrate underlying operating trends in the Company's business and uses the measure to establish internal budgets and goals, manage the business and evaluate performance. EBITDA should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. Reconciliation between the company's results on a GAAP and non-GAAP basis is provided in a table immediately following the Consolidated Statement of Operations

### **Management Comments:**

**Arieh Reichart**, President and Chief Executive Officer of Eltek commented: "Our capital investment plan is being implemented as scheduled and we expect to see improvements in our manufacturing capabilities beginning in the fourth quarter of this year. The results of our operations in the first quarter of 2014 were negatively impacted by the weakness of the U.S. dollar, as the exchange rate of the dollar compared to the NIS in the first quarter of 2014 was 5.7% lower than in the first quarter of 2013. In addition we saw a decline in revenues due to the shift of certain programs to the U.S. by some domestic defense customers. We are working on building alternative sources of revenues to offset such reduction in orders."

### **About Eltek**

Eltek is Israel's leading manufacturer of printed circuit boards, the core circuitry of most electronic devices. It specializes in the complex high-end of PCB manufacturing, i.e., HDI, multi-layered and flex-rigid boards. Eltek's technologically advanced circuitry





solutions are used in today's increasingly sophisticated and compact electronic products.. For more information, visit Eltek's website at [www.eltekglobal.com](http://www.eltekglobal.com).

### **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.



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

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues</b>	<b>12,263</b>	12,452
<b>Costs of revenues</b>	<b>(10,752)</b>	(10,664)
<b>Gross profit</b>	<b>1,511</b>	1,788
Selling, general and administrative expenses	(1,632)	(1,558)
<b>Operating profit (loss)</b>	<b>(121)</b>	<b>230</b>
Financial income (expenses), net	(68)	(100)
<b>Profit (loss) before other income, net</b>	<b>(189)</b>	130
Other income, net	(0)	(3)
<b>Profit (loss) before income tax expenses</b>	<b>(189)</b>	127
Income tax (expenses), net	(18)	(9)
<b>Net Profit (loss)</b>	<b>(207)</b>	118
Net profit (loss) attributable to non controlling interest	(20)	(9)
<b>Net Profit (loss) attributable to Eltek Ltd.</b>	<b>(187)</b>	127
<b>Earnings per share</b>		
Basic and diluted net gain (loss) per ordinary share	<b>(0.02)</b>	<b>0.02</b>
Weighted average number of ordinary shares used to compute basic and diluted net gain (loss) per ordinary share (in thousands)	<b>10,143</b>	6,610

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

	March 31,	
	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	988	1,217
Receivables: Trade, net of provision for doubtful accounts	8,959	9,187
Other	456	126
Inventories	5,889	5,125
Prepaid expenses	265	311
<b>Total current assets</b>	<b>16,557</b>	<b>15,966</b>
<b>Deferred taxes</b>	<b>2,850</b>	<b>0</b>
<b>Assets held for employees' severance benefits</b>	<b>53</b>	<b>49</b>
<b>Fixed assets, less accumulated depreciation</b>	<b>9,948</b>	<b>9,595</b>
<b>Goodwill</b>	<b>75</b>	<b>71</b>
<b>Total assets</b>	<b>29,483</b>	<b>25,681</b>
<b>Liabilities and Shareholder's equity</b>		
<b>Current liabilities</b>		
Short-term credit and current maturities of long-term debts	1,276	5,452
Accounts payable: Trade	7,789	6,999
Related parties	-	1,539
Other	5,770	4,768
<b>Total current liabilities</b>	<b>14,835</b>	<b>18,758</b>
<b>Long-term liabilities</b>		
Long term debt, excluding current maturities	1,252	969
Employee severance benefits	325	203
<b>Total long-term liabilities</b>	<b>1,577</b>	<b>1,172</b>
<b>Equity</b>		
Ordinary shares, NIS 0.6 par value authorized 50,000,000 shares, issued and outstanding 6,610,107 in 2013 and 10,142,762 in 2014	1,985	1,384
Additional paid-in capital	17,270	14,328
Cumulative foreign currency translation adjustments	3,128	2,816
Capital reserve	695	695
Accumulated deficit	(10,072)	(13,583)
<b>Shareholders' equity</b>	<b>13,006</b>	<b>5,640</b>
<b>Non controlling interest</b>	<b>64</b>	<b>112</b>
<b>Total equity</b>	<b>13,070</b>	<b>5,752</b>
<b>Total liabilities and shareholders' equity</b>	<b>29,482</b>	<b>25,681</b>

**Eltek Ltd.**  
**Unaudited Non-GAAP EBITDA Reconciliations**  
**(In thousands US\$, except per share data)**

<b>Non-GAAP EBITDA Reconciliations</b>	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>GAAP net Income (loss)</b>	(187)	126
<b><u>Add back items:</u></b>		
Financial (income) expenses, net	68	100
Income tax (benefit) expense	18	9
Depreciation and amortization	455	377
<b>Adjusted EBITDA</b>	<b>354</b>	<b>613</b>