



EIPC SPEeDNEWS

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NEWS FROM ISRAEL

Eltek Reports Fourth Quarter and Full Year 2013 Financial Results

Eltek Ltd. (ELTK), 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 full year ended December 31, 2013.

Full year of 2013:

Revenues for the full year ended December 31, 2013 were \$50.2 million compared to revenues of \$45.6 million recorded in 2012.

Gross profit for the full year of 2013 was \$8 million (15.9% of revenues) compared to gross profit of \$7.8 million (17.1% of revenues) in 2012.

Operating profit for the full year of 2013 was \$1.3 million (2.5% of revenues) compared to operating profit of \$1.3 million (2.8% of revenues) in 2012.

During 2013, the Company recognized a tax benefit of \$3 million from deferred tax assets. Based on three consecutive years of profitable operations, the Company considered it to be more likely than not that those assets would be realized.

During 2012, the Company recorded an impairment of goodwill charge in the amount of \$481,000 and related financial expenses of \$135,000 associated with the write down of its investment in its German subsidiary, Kubatronik Leiterplatten GmbH. Operating profit before such impairment amounted to \$1.8 million (3.9% of revenues) in fiscal 2012.

Net profit after the tax benefit was \$3.8 million or \$0.53 per fully diluted share for the full year of 2013, compared to net profit of \$690,000 or \$0.10 per fully diluted share in 2012.

Before the tax asset recognition in 2013, and before the above mentioned impairment charge and related financial expense recorded in 2012, net profit for the full year of 2013 (on a non-GAAP basis) was \$848,000, or \$0.12 per fully diluted share, compared to \$1.3 million, or \$0.20 per fully diluted share in the full year of 2012.

The earnings per share calculation for 2012 does not include the effect of our sale of 3,532,655 shares to Nistec Ltd. in November 2013.



Fourth Quarter 2013:

Revenues for the quarter ended December 31, 2013 were \$12.7 million compared with revenues of \$11.4 million recorded in the fourth quarter of 2012.

Gross profit for the fourth quarter of 2013 was \$1.8 million (14% of revenues) compared with gross profit of \$1.8 million (16.2% of revenues) in the fourth quarter of 2012.

Operating loss for the fourth quarter of 2013 was \$185,000 (1.5% of revenues) compared to operating loss of \$178,000 (1.6% of revenues) in the fourth quarter of 2012. Operating profit before the above mentioned impairment amounted to \$303,000 in the fourth quarter of 2012.

Net profit after the tax benefit was \$2.8 million or \$0.39 per fully diluted share for the fourth quarter of 2013, compared to a net loss of \$322,000 or \$0.05 per fully diluted share, in the fourth quarter of 2012.

Before the tax asset recognition in 2013, and before the above mentioned impairment charge and related financial expense recorded in 2012, net loss for the fourth quarter of 2013 (on a non-GAAP basis) was \$271,000 or \$0.04 per fully diluted share, compared to net profit of \$294,000 or \$0.04 per fully diluted share in the fourth quarter of 2012.

The earnings per share calculation for 2012 does not include the effect of our sale of 3,532,655 shares to Nistec Ltd. in November 2013.

EBITDA:

In the fourth quarter of 2013, Eltek had EBITDA of \$321,000 compared with EBITDA of \$746,000 in the fourth quarter of 2012. During the full year of 2013, Eltek had EBITDA of \$3 million compared with EBITDA of \$3.5 million in 2012.

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: "I am pleased to report that we had record revenues in 2013. Based on Nistec's investment in the Company, we are in contact with leading banks in order to reduce



the interest rates we are charged, and to receive new long term loans. This will help us continue to make our planned capital expenditures, that are geared towards achieving additional improvements in our operations.”

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.

