

## Electro-Sensors, Inc. Announces 2018 Year End Financial Results

**Minnetonka, Minnesota** (March 21, 2019) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the year ended December 31, 2018.

- **Revenue of \$7.5 million**
- **Gross margin of 54.0%**
- **Cash and investments of \$8.8 million**

In thousands, except per share data

	<u>FY18</u>	<u>FY17</u>	<u>Change</u>
Net Sales	\$ 7,495	\$ 7,840	-4.4%
Gross Margin	54.0%	54.8%	-80bps
Operating Income (Loss)	\$ (145)	\$ 410	-135.4%
Operating Income (Loss) Margin	(1.9)%	5.2%	-710bps
Income (Loss) Before Income Taxes	\$ (18)	\$ 458	-103.9%
Earnings (Loss) Per Share (diluted)	\$ 0.00	\$ 0.09	-100.0%

Net sales during 2018 decreased 4.4% to \$7,495,000 from \$7,840,000 in the prior year. The decrease was due primarily to a decrease in all product lines and geographies, as we saw general softness in our primary markets.

International markets provided approximately 11% of our 2018 revenue from shipments into 27 countries.

“In 2018 we celebrated our 50<sup>th</sup> anniversary of providing industry leading machine monitoring sensors and hazard monitoring systems,” said David L. Klenk, Electro-Sensors’ president. “While this is an impressive milestone, we are even more encouraged about the years to come as we continue to enhance our product portfolio and pursue exciting new markets.”

A full analysis of results for the year ended December 31, 2018 is available in the Company’s Form 10-K, which is available on the Company’s website at [www.electro-sensors.com](http://www.electro-sensors.com) or through the Securities and Exchange Commission’s Edgar database at [www.sec.gov](http://www.sec.gov).

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**Electro-Sensors, Inc.**  
**Statements of Income**  
**For the Years Ended December 31, 2018 and 2017**  
**(in thousands except share and per share amounts)**

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Sales	\$ 7,495	\$ 7,840
Cost of goods sold	<u>3,448</u>	<u>3,541</u>
Gross profit	4,047	4,299
Operating expenses	<u>4,192</u>	<u>3,889</u>
Operating income (loss)	(145)	410
Non-operating income, net	<u>127</u>	<u>48</u>
Income (loss) before income taxes	(18)	458
Income tax expense (benefit)	<u>(8)</u>	<u>163</u>
Net income (loss)	<u>\$ (10)</u>	<u>\$ 295</u>
Earnings (loss) per share – diluted	\$ 0.00	\$ 0.09
Average shares outstanding - diluted	3,395,521	3,401,017

**Electro-Sensors, Inc.**  
**Balance Sheets**  
**December 31, 2018 and 2017**  
**(in thousands)**

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current Assets		
Cash and investments	\$ 8,799	\$ 8,719
Trade receivables, net	896	902
Inventories	1,618	1,552
Other current assets	155	186
Total current assets	<u>11,468</u>	<u>11,359</u>
Deferred income tax asset	192	182
Intangible assets, net	565	800
Property and equipment, net	1,050	1,074
Total assets	<u>\$ 13,275</u>	<u>\$ 13,415</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Contingent earn-out	\$ 0	\$ 150
Current maturity of financing lease	5	0
Accounts payable and accrued expenses	521	558
Total current liabilities	<u>526</u>	<u>708</u>
Long-term liabilities		
Financing lease, net of current maturities	24	0
Total long-term liabilities	<u>24</u>	<u>0</u>
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,019	2,004
Retained earnings	10,335	10,352
Other comprehensive gain	32	12
Total stockholders' equity	<u>12,725</u>	<u>12,707</u>
Total liabilities and stockholders' equity	<u>\$ 13,275</u>	<u>\$ 13,415</u>

## **About Electro-Sensors**

Electro-Sensors, Inc. is an industry leading designer and manufacturer of rugged and reliable machine monitoring sensors and wireless/wired hazard monitoring systems applied across multiple industries and applications. These products improve processes by protecting people, safeguarding systems, reducing downtime, and preventing waste. Most standard products ship within one to two days and have an industry-leading 5-year warranty. Electro-Sensors is proud to be an ISO9001:2015 quality certified company and is committed to providing excellent customer service and technical support. Founded in 1968 and located in Minnetonka, Minnesota, Electro-Sensors provides its loyal customers with reliable products that improve safety and help plants operate with greater efficiency, productivity and control.

## **Cautionary Statement Regarding Forward Looking Statements**

This press release may include statements about possible or anticipated future financial performance, business activities, plans, or opportunities. These forward-looking statements may include the words “will,” “should,” “believes,” “expects,” “anticipates,” “intends” or similar expressions. For these forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in federal securities laws. Forward-looking statements reflect the company’s current views with respect to future events and financial performance and include any statement that does not directly relate to a current or historical fact. These forward-looking statements are subject to a number of factors, risks and uncertainties, including those disclosed in our periodic filings with the SEC that could cause actual performance, activities, plans, or opportunities after the date the statements are made to differ significantly from those indicated in the forward-looking statements.

For more information please visit our website at: [www.electro-sensors.com](http://www.electro-sensors.com). Also look us up on:

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