Electro-Sensors, Inc. Announces Second Quarter 2019 Financial Results

Minnetonka, Minnesota (August 12, 2019) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the second quarter ended June 30, 2019.

- **Quarterly revenue of $2,260,000, up 27% from prior-year quarter**
- **Gross margin of 54.6%**
- **Cash and investments of approximately $8.8 million**

Selected Financial Information (unaudited; in thousands, except per share data)

	Q2 2019	Q2 2018	Change
Net Sales	$ 2,260	$ 1,780	27.0%
Gross Margin	54.6%	54.6%	0bps
Operating Income (Loss)	$ 88	$ (75)	217%
Operating Income (Loss) Margin	3.9%	(4.2)%	81bps
Income (Loss) Before Income Taxes	$ 131	$ (48)	372.9%
Earning (Loss) Per Share (diluted)	$ .03	$ (.01)	400.0%

Net sales in the second quarter increased 27.0% to $2,260,000 from $1,780,000 in the prior-year quarter. For the first six months of 2019, net sales increased 22.1% to $4,268,000 from $3,496,000 for the first six months of the prior year. International sales in the second quarter of 2019 increased to 13.8% of sales, compared to 7.4% of sales in the corresponding quarter in 2018, primarily driven by stronger sales in Brazil.

"Revenue growth during the quarter was largely driven by projects in grain, feed and milling markets," said David L. Klenk, Electro-Sensors' president. "Additionally, the increase in the second quarter was in both our traditional monitoring products and HazardPRO™ wireless system sales."

A full analysis of results for the period ended June 30, 2019 is available in the Company's Form 10-Q, which is available on the Company's website at www.electro-sensors.com or through the Securities and Exchange Commission's Edgar database at www.sec.gov.

Contact: David Klenk
      (952) 930-0100

Electro-Sensors, Inc.
Statements of Income
For the Three and Six Months Ended June 30, 2019 and 2018 (unaudited)
(in thousands except share and per share amounts)

| | Three Months Ended June 30, | |
	2019	2018
Sales	$ 2,260	$ 1,780
Cost of goods sold	1,025	808
Gross profit	1,235	972
Operating expenses	1,147	1,047
Operating income (loss)	88	(75)
Non-operating income	43	27
Income (loss) before income taxes	131	(48)
Provision for (benefit from) income taxes	28	(5)
Net income (loss)	$ 103	$ (43)
Earnings (loss) per share – diluted	$ 0.03	$ (0.01)
Average shares outstanding - diluted	3,395,521	3,395,521

| | Six Months Ended June 30, | |
	2019	2018
Sales	$ 4,268	$ 3,496
Cost of goods sold	1,966	1,608
Gross profit	2,302	1,888
Operating expenses	2,300	2,244
Operating income (loss)	2	(356)
Non-operating income	89	52
Income (loss) before income taxes	91	(304)
Provision for (benefit from) income taxes	19	(59)
Net income (loss)	$ 72	$ (245)
Earnings (loss) per share – diluted	$ 0.02	$ (0.07)
Average shares outstanding - diluted	3,395,521	3,395,521

Electro-Sensors, Inc.
Balance Sheets
June 30, 2019 and December 31, 2018
(in thousands)

	June 30, 2019		December 31, 2018	
Assets	(unaudited)			
Current Assets				
Cash and investments	$	8,777	$	8,799
Trade receivables, net		1,295		896
Inventories		1,712		1,618
Other current assets		155		155
Total current assets		11,939		11,468
Deferred income tax asset, long-term		203		192
Intangible assets, net		457		565
Property and equipment, net		1,065		1,050
Total assets	$	13,664	$	13,275
Liabilities and Stockholders' Equity				
Current Liabilities				
Current maturities of financing lease	$	5	$	5
Accounts payable and accrued expenses		828		521
Total current liabilities		833		526
Long-term liabilities				
Financing lease, net of current maturities		21		24
Total long-term liabilities		21		24
Stockholders' equity				
Common stock		339		339
Additional paid-in capital		2,024		2,019
Retained earnings		10,407		10,335
Other comprehensive income		40		32
Total stockholders' equity		12,810		12,725
Total liabilities and stockholders' equity	$	13,664	$	13,275

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. Also look us up on:

LinkedIn: linkedin.com/company/electro-sensors-inc-
Twitter: twitter.com/ESIsensors
Facebook: facebook.com/ElectroSensors