

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

Minnetonka, Minnesota (May 13, 2019) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the first quarter ended March 31, 2019.

- **Record first quarter revenue of \$2,008,000, up 17% from prior-year quarter**
- **Gross Margin of 53.1%**
- **Cash and investments of approximately \$8.7 million**

Unaudited; in thousands, except per share data

	<u>Q1 FY19</u>	<u>Q1 FY18</u>	<u>Change</u>
Net Sales	\$ 2,008	\$ 1,716	17.0%
Gross Margin	53.1%	53.4%	-3 bps
Operating Loss	\$ (86)	\$ (281)	69.4%
Operating Loss Margin	(4.3)%	(16.3)%	120.0 bps
Loss Before Income Tax Benefit	\$ (40)	\$ (256)	84.4%
Loss Per Share (diluted)	\$ (.01)	\$ (.06)	83.3%

Net sales for the 2019 first quarter increased 17.0% to \$2,008,000 from \$1,716,000 in the prior-year quarter. The increase was primarily driven by an increase in the number of large orders and the greater average value of those orders.

“It was exciting to see customers begin purchasing sensors and monitoring equipment for their spring facility expansion and modernization projects,” said David L. Klenk, Electro-Sensors’ president. “Furthermore, during the first quarter we shipped our first HazardPRO™ wireless hazard monitoring system for a frac sand application, a result of our efforts to pursue new and emerging markets for our wireless monitoring systems.”

A full analysis of results for the period ended March 31, 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 L. Klenk
952-930-0100

dklenk@electro-sensors.com

Electro-Sensors, Inc.
Consolidated Statements of Income
For the Quarter Ended March 31, 2019 and 2018 (unaudited)
(in thousands except share and per share amounts)

	<u>Three Months Ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Sales	\$ 2,008	\$ 1,716
Cost of goods sold	<u>941</u>	<u>800</u>
Gross profit	1,067	916
Operating expenses	<u>1,153</u>	<u>1,197</u>
Operating loss	(86)	(281)
Non-operating income	<u>46</u>	<u>25</u>
Loss before income taxes	(40)	(256)
Benefit from income taxes	<u>(9)</u>	<u>(54)</u>
Net loss	<u>\$ (31)</u>	<u>\$ (202)</u>
Loss per share – diluted	\$ (0.01)	\$ (0.06)
Average shares outstanding - diluted	3,395,521	3,395,521

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

	March 31 2019 (unaudited)	December 31 2018
Assets		
Current Assets		
Cash and investments	\$ 8,686	\$ 8,799
Trade receivables, net	1,075	896
Inventories	1,638	1,618
Other current assets	179	155
Total current assets	11,578	11,468
Deferred income tax asset, long-term	189	192
Intangible assets, net	510	565
Property and equipment, net	1,073	1,050
Total assets	\$ 13,350	\$ 13,275
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 5	\$ 5
Accounts payable and accrued expenses	624	521
Total current liabilities	629	526
Long-term liabilities		
Financing lease, net of current maturities	23	24
Total long-term liabilities	23	24
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,022	2,019
Retained earnings	10,304	10,335
Other comprehensive gain	33	32
Total stockholders' equity	12,698	12,725
Total liabilities and stockholders' equity	\$ 13,350	\$ 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-](https://www.linkedin.com/company/electro-sensors-inc-)
Twitter: twitter.com/ESIsensors
Facebook: [facebook.com/ElectroSensors](https://www.facebook.com/ElectroSensors)