

# SERVOTRONICS, INC.

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## SERVOTRONICS, INC. ANNOUNCES FIRST QUARTER RESULTS FOR THE PERIOD ENDED MARCH 31, 2016

Elma, NY – Servotronics, Inc. (NYSE MKT – SVT) a designer and manufacturer of servo-control components and other advanced technology products announced financial results for the period ended March 31, 2016.

“Revenues for the first quarter were up nearly 10% from last year led by our Advanced Technology Group,” commented Kenneth Trbovich, President of Servotronics, Inc. “The strong top line numbers are also aided by the progress we have made as we continue to focus on improved efficiencies and structural cost reductions at both the Advanced Technology Group and Consumer Products Group.”

Sales for the quarter were \$8,947,000, approximately a 10% increase from \$8,171,000 for the same period of 2015. The increase in revenue is the result of increases in commercial shipments at the Advanced Technology Group (ATG) and the Consumer Products Group (CPG). Net income was \$258,000 (or \$0.12 per share Basic and \$0.11 Diluted) for the first quarter ended March 31, 2016 compared to net income of \$2,771,000 (or \$1.27 per share Basic and \$1.23 Diluted) for the comparable period ended March 31, 2015. The decrease in net income is a result of a 2015 pre-tax insurance settlement related to a previously disclosed arbitration award. Excluding the non-recurring arbitration award expense and insurance settlement, first quarter adjusted net income was \$258,000 (or \$0.12 per share Basic) compared with adjusted net loss of \$166,000 (or (\$0.07) per share Basic) in the first quarter of 2015.

### Reconciliation of Non-GAAP Financial Measures

This press release contains financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles, (“GAAP”). The Company’s management uses the non-GAAP measure “adjusted net income” in their analysis of the Company’s performance. This measure, as used by Servotronics, adjusts net income determined in accordance with GAAP to reflect changes in financial results associated with the highlighted charges and income items. Management believes the presentation of this financial measure reflecting these non-GAAP adjustments provides important supplemental information in evaluating the operating results of the Company as distinct from results that include items that are not indicative of ongoing operating results. This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for net earnings determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. This supplemental presentation should not be construed as an inference that the Company’s future results will be unaffected by similar adjustments to net income determined in accordance with GAAP.

Included below is a reconciliation of non-GAAP adjusted financial measures to reported amounts (\$000’s omitted).

	Three Months Ended March 31,	
	2016	2015
<b>Net Income (loss) reconciliation</b>		
As reported net income (loss)	\$ 258	\$ 2,771
Non-GAAP adjustments, net of tax		
Non-recurring arbitration award expense	-	33
Non-recurring insurance settlement related to arbitration	-	(2,970)
Non-GAAP adjusted net income (loss)	<u>\$ 258</u>	<u>\$ (166)</u>
Per share amounts:		
Non-GAAP adjusted net income (loss) per share (basic)	<u>\$ 0.12</u>	<u>\$ (0.07)</u>
Basic weighted average common shares	<u>2,262</u>	<u>2,261</u>

The Company is composed of two groups – the ATG and the CPG. The ATG primarily designs, develops and manufactures servo controls and other components for various commercial and government applications (i.e., aircraft, jet engines, missiles, manufacturing equipment, etc.). The CPG designs and manufactures cutlery, bayonets, pocket knives, machetes and combat knives, survival, sporting, agricultural knives and other edged products for both commercial and government applications.

#### FORWARD-LOOKING STATEMENTS

Certain paragraphs of this release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as those pertaining to the Company's planned growth efforts and expectation of new business and success in its entry into new product programs. Forward-looking statements involve numerous risks and uncertainties. The Company derives a material portion of its revenue from contracts with agencies of the U.S. Government or their prime contractors. The Company's business is performed under fixed price contracts and the following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: uncertainties in today's global economy and global competition, difficulty in predicting defense appropriations, the vitality and ability of the commercial aviation industry to purchase new aircraft, the willingness and ability of the Company's customers to fund long-term purchase programs, market demand and acceptance both for the Company's products and its customers' products which incorporate Company-made components and the ability of the Company to successfully execute its strategic plans. The success of the Company also depends upon the trends that affect the national and international economy. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only as of the date hereof. The Company assumes no obligation to update forward-looking statements.

**SERVOTRONICS, INC. (SVT) IS LISTED ON NYSE MKT**