

Press Release

Stäfa, Switzerland, 21 August 2019

Sensirion: Challenging First Half-Year 2019, Mid-Term Growth Perspectives Confirmed

Sensirion experienced a challenging first half of 2019 as a result of the current crisis in the automotive industry, the significantly lower than expected global industrial production, and the ongoing global trade disputes. Consolidated sales amounted to CHF 83.9 million, -7.0 % year-on-year, the gross margin was stable at 53.2 %, and the EBITDA margin adjusted for one-time effects amounted to 10.0 %. Despite the currently difficult market environment, the long-term market trends, the technology, and the product pipeline remain strong. Sensirion therefore confirms its medium and long-term growth prospects.

Key Figures

Consolidated, in millions of CHF	1 January - 30 June 2019	1 January - 30 June 2018
Revenue	83.9	90.2
Gross profit	44.6	47.3
- as % of revenue	53.2%	52.4%
Adjusted EBITDA	8.4	15.4
- as % of revenue	10.0%	17.1%
One-off adjustments ¹	3.6	9.3
Cash flow from operating activities	11.1	14.8
Capital expenditures	(10.1)	(5.8)
Free cash flow	1.0	12.6
	As of 30 June 2019	As of 31 December 2018
Net cash	39.9	42.6
Number of employees (FTE)	791	783

Sensirion Holding AG, a pure-play sensor company offering environmental and flow sensor solutions, reports a challenging first half-year 2019, as communicated on 11 July 2019. We are currently experiencing reduced demand and continued low visibility in all markets. The main reasons for this are the current crisis in the automotive industry, the significantly lower than expected global industrial production, and the ongoing global trade disputes. We continue to see no signs from our customers of the recovery in the second half of 2019, originally expected at the beginning of the year. As a result, we lowered our outlook for the full year 2019 at the beginning of July. Despite the currently difficult market environment, the long-term market trends, the technology, and the product pipeline remain strong. Important project wins in the automotive and industrial markets achieved in the past half year, as well as newly launched products in the environmental sector (including CO₂ and PM_{2.5} sensors), will support sales growth in the coming years. Sensirion therefore confirms its medium and long-term growth perspectives.

Consolidated revenue amounted to CHF 83.9 million. The percentage decline of 7.0% compared with the same period last year was primarily influenced by the sharp decline in the automotive end market. Revenue in the other end markets medical, industrial, and consumer fell only slightly as a result of new business. The decline in revenue is attributable to reduced demand volumes. In addition, we did not lose any customers or ongoing projects in the year under review. The gross margin was stable at 53.2%; the EBITDA margin adjusted for one-time effects reached 10.0%. Due to the low variable product costs, EBITDA suffered disproportionately from the decline in revenue. Adjusted for one-time effects, the operating result was CHF 1.6 million and net income CHF 1.7 million. Taking into account the one-time costs, mainly in connection with the IPO, an operating loss of CHF 2.0 million and a net loss CHF 1.9 million for the period resulted. Resulting operating cash flow was CHF 11.1 million, free cash flow CHF 1.0 million.

Weak Automotive Market, Slightly Weaker Other Markets

Revenue in the automotive end market amounted to CHF 24.9 million, -14.1% compared with the same period last year. The sharp percentage decline year-on-year is the result of a pronounced weakness in demand in the automotive industry coupled with inventory optimization throughout the supply chain. Despite the current market situation, new customer projects are proceeding as planned. In the new area of automotive modules, we have been able to record important nominations that will generate revenue in approximately three years' time.

In the medical market, we generated revenue of CHF 17.3 million, -3.3% compared with the same period last year. The medical area is dominated by the sleep apnea therapy device (CPAP) business, which had a strong prior year and was again in line with the usual long-term trend in the six months under review.

With CHF 35.0 million, consolidated revenue in the diversified industrial market was lower than in the first half of 2018, -4.3% year-on-year. New business with our differential pressure sensors in heating, ventilation and air-conditioning applications and for process automation, as well as growing sales of gas meters, partially compensated for the decline in demand in ongoing business. In the hard drives market, there was a sharp cyclical downturn.

With CHF 6.7 million, the consumer market recorded a stable result, -0.8% year-on-year. In this market, too, new projects were only just able to offset the reduction in current business due to the on-going trade disputes.

Announcement of an Innovative New CO₂ Sensor

The new carbon dioxide (CO₂) and particulate matter (PM_{2.5}) product lines, both launched in 2018, remain on track. Very good market feedback and other important nominations lay the foundation for continuous and sustainable sales growth in the coming years. As usual in our markets, it typically takes two to three years from project win to start of series production.

To further strengthen our environmental sensor portfolio, we recently announced a second generation carbon dioxide sensor. Innovative measurement and packaging technologies make the sensor significantly smaller while maintaining the same performance. This size, together with a very attractive cost structure, opens up new applications and thus further long-term growth opportunities. Production is scheduled to start in the first half of 2020.

Medium and Long-Term Prospects Remain Strong

Despite the current difficult market environment, the long-term market trends, the technology, the product pipeline, and the medium and long-term growth prospects remain strong. In the automotive sector, we have achieved several important new design wins for module projects in recent months. In the industrial sector, we see increasing demand for higher quality combomodules that enable several environmental parameters to be measured in a single unit. These two additions to our product portfolio enable us to increase the content in important customer applications. We therefore maintain our current R&D intensity and the ongoing expansion of our production site in China. At the same time, we are responding to the challenging market environment with intensified cost management.

To achieve longer-term growth, we are currently investing in additional sensor technologies that will further strengthen our position as an innovation and technology leader. In that context, we acquired the intellectual property of an electrochemical sensor technology. With the support of the world's leading experts in this field, we have begun the long-term development of a novel electrochemical-based gas sensor.

Two New Members of the Board of Directors

On 14 May 2019, the 20th Annual General Meeting, the first as a listed company, took place in Rapperswil-Jona. The shareholders approved all proposals of the Board of Directors with clear majorities. François Gabella and Franz Studer were elected as new members of the Board of Directors to replace Markus Glauser, a long-standing member of the Board. We would like to take this opportunity to thank Markus Glauser for his almost 20 years of loyalty and support as a valuable member of our Board of Directors. He played a key role in the development of Sensirion from an ETH start-up to a listed company.

Outlook Until the End of the Year

At the beginning of July, we lowered our outlook for the current fiscal year due to the current challenging market conditions. We confirm the updated outlook made at the beginning of July and expect revenue of CHF 160-170 million, an unchanged strong gross margin of 52-54%, and an adjusted EBITDA margin of 9-12% for financial year 2019.

Conference Call on the Half-Year 2019 Results

Today, Wednesday, 21 August 2019, at 10:00 CEST / 09:00 BST / 04:00 EDT, a conference call on the half-year 2019 results will be held. The presentation will be held in English. You will have the opportunity to ask questions during the telephone conference following the presentation.

Please register for the conference call with the following link.

<https://conferencing.swisscom.ch/conference/x/N5RXE--8i0XU>

Documentation

The earnings call presentation can be viewed via web access during the conference. In addition, all documents are available at www.sensirion.com/financial-reports.

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement	2019	2018
In millions of CHF, for the six months ended 30 June		
Revenue	83.9	90.2
Cost of sales	(39.3)	(42.9)
Gross profit	44.6	47.3
Other income	0.0	0.6
Research and development expenses	(21.2)	(18.0)
Selling, distribution, and administrative expenses	(25.4)	(30.7)
Operating profit (loss)	(2.0)	(0.8)
Net finance costs	(0.8)	(0.8)
Profit (loss) before tax	(2.8)	(1.6)
Income taxes	0.9	(0.4)
Profit (loss) for the period	(1.9)	(2.0)
Earnings per share (in CHF)	(0.12)	(0.14)
Diluted earnings per share (in CHF)	(0.12)	(0.14)
EBITDA	4.8	6.1
Adjusted EBITDA	8.4	15.4

Revenue by End Markets	2019	2018
In millions of CHF, for the six months ended 30 June		
Automotive	24.9	29.0
Medical	17.3	17.9
Industrial	35.0	36.5
Consumer	6.7	6.8
Total	83.9	90.2

Condensed Consolidated Statement of Financial Position	as of 30 June 2019	as of 31 December 2018
In millions of CHF		
Current assets	109.0	112.3
Non-current assets	107.1	102.6
Total assets	216.1	214.9
Current liabilities	22.7	21.1
Non-current liabilities	34.7	33.4
Total liabilities	57.4	54.5
Total equity	158.7	160.4
Total liabilities and equity	216.1	214.9

Condensed Consolidated Statement of Cash Flows	2019	2018
In millions of CHF, for the six months ended 30 June		
Cash flows from operating activities	11.1	14.8
Cash flows from investing activities	(10.1)	(2.2)
Cash flows from financing activities	(1.1)	23.0
Net change in cash and cash equivalents	(0.1)	35.6
Cash and cash equivalents at 1 January	53.9	9.4
Cash and cash equivalents at 30 June	53.4	45.0
Capital expenditures	(10.1)	(5.8)
Free cash flow	1.0	12.6

Financial Calendar

10 March 2020 Financial Year 2019 Results and Annual Report
11 May 2020 Annual General Meeting 2020

Contact

Investor Relations

Andrea Wüest
Director Investor Relations
Tel: +41 44 927 11 40
E-Mail: andrea.wueest@sensirion.com

About Sensirion Holding AG

Sensirion Holding AG (SIX Swiss Exchange: SENS), headquartered in Stäfa, Switzerland, is a leading manufacturer of digital microsensors and systems. The product range includes gas and liquid flow sensors, differential pressure sensors and environmental sensors for the measurement of humidity and temperature, volatile organic compounds (VOC), carbon dioxide (CO₂), and particulate matter (PM_{2.5}). An international network with sales offices in China, Europe, Japan, South Korea, Taiwan, and the US supplies international customers with standard and custom sensor system solutions for a vast range of applications. Sensirion sensors can commonly be found in the automotive, medical, industrial, and consumer end markets. For further information, visit www.sensirion.com.

Disclaimer

Certain statements in this document are forward-looking statements, including, but not limited to, those using words such as “believe”, “assume”, “expect”, and other similar expressions. Such forward-looking statements are based on assumptions and expectations and, by their nature, involve known and unknown risks, uncertainties, and other factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors include, but are not limited to, future global economic conditions, changed market conditions, competition from other companies, effects and risks of new technologies, costs of compliance with applicable laws, regulations, and standards, diverse political, legal, economic and other conditions affecting markets in which Sensirion operates, and other factors beyond the control of Sensirion. In view of these uncertainties, you should not place undue reliance on forward-looking statements. Sensirion disclaims any intention or obligation to update any forward-looking statements, or to adapt them to future events or developments.

Certain financial data included in this document consists of “non-IFRS financial measures”. These non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. As a result, you are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included herein.

This document is not an offer to sell, or a solicitation of offers to purchase, any securities.