

Media Release

16 March 2021, Sensirion Holding AG, 8712 Stäfa, Switzerland

Ramp-ups of new product families and COVID-19-related demand for sensors for ventilators resulted in strong full-year 2020

2020 proved to be very multi-faceted for Sensirion. Based on the ramp-ups of the new product families of carbon dioxide (CO₂) and particulate matter (PM_{2.5}) sensors and strong market diversification, demand for Sensirion's sensor solutions was robust. At the same time, Sensirion recorded a one-time COVID-19-related strong increase in demand for sensors for ventilators. Consolidated revenue amounted to CHF 253.7 million and the gross margin reached 57.6% resulting in a high adjusted EBITDA margin of 27.1%. In the mid and long term, Sensirion is confident about the coming years as the new product families will support further growth.

Key Figures

Consolidated, in millions of CHF	1 January – 31 December 2020	1 January – 31 December 2019
Revenue	253.7	171.0
Gross profit	146.2	91.8
- as % of revenue	57.6%	53.7%
Operating profit (loss)	51.1	(2.0)
- as % of revenue	20.1%	(1.2%)
Profit (loss) for the period	41.9	(2.7)
- as % of revenue	16.5%	(1.6%)
Earnings per share (in CHF)	2.71	(0.18)
EBITDA	64.1	12.3
- as % of revenue	25.3%	7.2%
Adjusted EBITDA	68.8	20.4
- as % of revenue	27.1%	12.0%
Cash flow from operating activities	53.3	25.7
Capital expenditures	(14.2)	(17.2)
Free cash flow	39.1	8.6
	As of 31 December 2020	As of 31 December 2019
Net cash (Net debt)	78.2	48.0
Number of employees (FTE)	788	796

For Sensirion Holding AG, a pure-play sensor company offering environmental and flow sensor solutions, the coronavirus year 2020 proved to be very multi-faceted: despite many COVID-19-related restrictions and challenges, additional opportunities opened for Sensirion. On the one hand, demand for Sensirion's sensor solutions was very robust, which can be attributed to the successful ramp-ups of Sensirion's new product families (CO₂, PM_{2.5}) and a continued strong market diversification. On the other hand, Sensirion recorded a COVID-19-related strong increase in demand for sensors for ventilators. This enabled Sensirion to raise its outlook for 2020 twice, in June and in December. Sensirion is also confident about the coming years: the new product families in the environmental area and numerous ongoing projects will support further growth. In addition, Sensirion has been able to set the course for new business areas in recent months that should contribute to the company's longer-term growth after a few years of development.

Strong revenue and profitability growth

Consolidated revenue amounted to CHF 253.7 million (+48.4% compared to the prior-year period, +53.5% organic, -5.1% foreign currency effects). Of this amount, CHF 77.0 million (prior-year period CHF 7.0 million) came from gas flow sensors for ventilators. Even without this one-time COVID-19-related effect, the pandemic year showed good growth of +7.4% (+12.5% organic, -5.1% foreign currency effects) compared to the previous year. The gross margin improved to 57.6%, and the adjusted EBITDA margin reached a high 27.1%, both thanks to economies of scale from the one-time additional business in the medical sector. The operating profit was CHF 51.1 million, resulting in a net profit for the period of CHF 41.9 million. Operating cash flow amounted to CHF 53.3 million.

Sales growth in all markets, the medical sector benefits from a strong one-time effect

The automotive business recorded revenue growth of 7.5% to CHF 55.2 million, with two offsetting developments: the new tier 1 and module business recorded strong sales growth thanks to the robust ramp-up of a particulate matter (PM2.5) sensor project in South Korea. In addition, the successful sales launch of the PM2.5 sensor represents an important milestone in Sensirion's ambition to become a leading module and tier 1 supplier in the automotive market. In contrast, the existing components business with humidity and flow sensors suffered from the pandemic-related decline in demand as well as from temporary customer factory closures in the second quarter. However, Sensirion saw the first signs of a recovery in demand in this area in the final months of the reporting year.

In 2020, the medical market was strongly influenced by the COVID-19 pandemic. Revenue grew by 219.7% to CHF 112.3 million. This increase is primarily a result of higher sales of gas flow sensors for ventilators, resulting in revenue of CHF 77.0 million (previous year CHF 7.0 million). Shortly after the pandemic outbreak in spring, the demand for sensors for ventilators multiplied within weeks. A dedicated task force worked at full stretch to increase production capacity more than tenfold in record time. The peak in sensor shipments for ventilators occurred in the second and third quarters. Sensirion expects demand to normalize during the first quarter of 2021.

In the broadly diversified industrial market, revenue amounted to CHF 71.2 million (+1.2% compared to the previous year). In this market, too, newly launched products in the field of environmental sensors were able to compensate for a pandemic-related decline in demand in specific market areas. In the household appliances market, Sensirion primarily benefited from growth in CO₂ and PM2.5 sensing. In contrast, sales in the gas meter market, which saw COVID-19-related factory closures by Sensirion's customers in the second quarter, declined.

In the highly fragmented consumer market, Sensirion increased sales by 5.3% to CHF 14.9 million. The growth is attributable to new projects with humidity sensors and robust business with the established portfolio. In Asia in particular, important customers launched new products using Sensirion's humidity sensor.

Strategic progress in the environmental sensor sector

The expansion of Sensirion's environmental sensor portfolio remains an essential pillar of its growth strategy with the goal of achieving market leadership in the environmental sensor market. In this respect, Sensirion was able to reach some significant milestones in 2020.

In addition to the CO₂ and PM2.5 sensor families already mentioned, Sensirion successfully started the production of a novel formaldehyde sensor at the end of the year. Formaldehyde is an organic gas that often outgases indoors from building materials and furniture and can be carcinogenic even at low concentrations. Sensirion's new sensor shows lower cross-sensitivity to other gases that are often found indoors. It is the first sensor that is based on the electrochemical sensor technology Sensirion acquired in summer 2019. This sensor was developed and brought to production readiness within a record-breaking 15 months to meet an important lead customer's timeline. The broad launch is planned for spring 2021. In addition, Sensirion launched a first environmental combo module in 2020 that enables measurement of particulate matter, humidity, and temperature as well as VOC and NO₂ levels, all in the same housing. Customers have already launched initial product designs using this combo sensor.

Based on the numerous ongoing projects and the response to the new product families in all markets, Sensirion is confident for the coming years.

Securing longer-term growth potential with technology acquisitions

In recent months, Sensirion has concluded several longer-term technology acquisitions and investments to secure the company's longer-term growth potential.

In February 2021, Sensirion finalized the acquisition of the Dutch micro gas chromatography company Qmicro in Enschede, the Netherlands. During the past years, the founder-managed company with 16 employees very successfully developed a compact and highly efficient micro gas chromatography analyzer for the continuous analysis of gas compositions for environmental monitoring and for applications in the gas market. The acquisition will allow Sensirion to expand its portfolio of gas sensor solutions to the high-precision sector, offering customers the full range from low-cost components to high-precision analyzers. The acquired business will continue to operate under the same management and the current brand as a new Sensirion business unit.

Sensirion also invested in two promising start-ups in Switzerland: Lumiphase develops new optical, CMOS-compatible photonic technology using new materials. With the investment in Lumiphase, Sensirion secured the exclusive rights to these materials for potential sensor applications in its markets. MaxWell Biosystems, a Zurich-based ETH start-up, develops single-use sensing chips for cell characterization in drug development. By investing in MaxWell Biosystems, Sensirion is securing greater insight into this exciting new sensing area. Both investments support Sensirion's longer-term technology pipeline.

Change in accounting standard to Swiss GAAP FER

Sensirion's Board of Directors has decided to change the Group's accounting standard from IFRS to Swiss GAAP FER with a transition date as of 1 January 2020 as per the next interim consolidated financial statements as at and for the six months ending 30 June 2021. Swiss GAAP FER is a recognized, comprehensive, and less granular set of accounting standards that will allow the Group to continue publishing high-quality and transparent financial reports in compliance with the requirement to present a true and fair view.

Outlook

In Sensirion's view, the global economic situation remains fragile at the beginning of 2021 and visibility is low in view of the pandemic and geopolitical challenges. Sensirion currently sees demand picking up in all markets and promising signs of recovery, hoping for a foreseeable end to the COVID-19 pandemic. However, given the tight availability of semiconductor products worldwide, Sensirion also believes that some of the current demand is for inventory build-up and as a result could subside in a few months. In the ventilator market, the pandemic-related increase in demand should fully normalize by the end of Q1 2021.

Assuming unchanged foreign currency exchange rates, Sensirion expects full-year 2021 consolidated revenue of CHF 226-245 million (FY 2020 CHF 253.7 million), of which approximately CHF 15 million (FY 2020 CHF 70 million) still comes from the COVID-19-driven ventilator sensor business. This represents a decline of 3-11% compared to 2020. Adjusted for the one-off ventilator business, a strong sales growth of 15-25% results. Sensirion expects the gross margin to remain stable at 52-55% and the EBITDA margin at 18-22%.

Based on progress in key R&D projects, Sensirion also confirms its medium-term annual sales growth target of 10-15%. Sensirion will discuss its growth strategy in more detail at its Capital Markets Day on 25 March 2021.

Conference call on the full-year 2020 results

Today, Tuesday, 16 March 2021, at 10:00 CET / 09:00 GMT / 05:00 EDT, a conference call on the full-year 2020 results will be held. The presentation will be 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/OrC3iEUSLh56>

Documentation

All documents will be available at www.sensirion.com/financial-reports on 16 March 2021 from around 06:30 CET / 05:30 GMT / 01:30 EDT.

Financial Calendar

16 March 2021	2020 full-year results and annual report
25 March 2021	Capital markets day
18 May 2021	Annual general meeting 2021
25 August 2021	2021 half-year results and interim report

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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.

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