

Media Release

24 August 2022, Sensirion Holding AG, 8712 Stäfa, Switzerland
Ad hoc announcement pursuant to Art. 53 LR

Sensirion closes H1 2022 with solid growth driven by strong demand for new product lines in the environmental sector with continued above average profitability due to still high utilization of operations

Strong customer demand for Sensirion’s latest environmental sensor solutions in addition to a further decrease of its lead times despite the continued challenging global supply chain circumstances resulted in 14.2% revenue growth year over year. The now normalized pandemic-driven demand for ventilator sensors was compensated by another one-off special event from the medical market, which was due to a large-scale replacement campaign by a major CPAP customer. Long term strategic objectives are on track and remain unchanged despite moderate short-term slowdown effects and low visibility on the markets. Consolidated revenue amounted to CHF 164.8 million, and the gross and EBITDA margins reached high values of 59.7% and 29.6% respectively.

Key figures

Consolidated, in millions of CHF	1 January – 30 June 2022	1 January – 30 June 2021
Revenue	164.8	144.4
Gross profit	98.4	89.4
- as % of revenue	59.7%	61.9%
Operating profit (EBIT)	41.6	38.5
- as % of revenue	25.3%	26.7%
Profit (loss) for the period	35.0	34.8
- as % of revenue	21.2%	24.1%
Earnings per share (in CHF)	2.24	2.24
EBITDA	48.9	45.9
- as % of revenue	29.6%	31.8%
Cash flow from operating activities	22.0	39.1
Capital expenditures	(15.8)	(6.1)
Free cash flow	6.2	33.0
	As of 30 June 2022	As of 30 June 2021
Net cash (Net debt)	114.7	111.7
Number of employees (FTE)	1065	857

Once again, geopolitical events in Europe and throughout the world have snowballed over the last six months. Just as we had put the strictest of the coronavirus restrictions behind us, we were faced with a terrible war on European soil, the outcome of which remains unclear. The resulting high level of inflation in western countries as well as the ongoing difficult situation in China in relation to the pandemic are further exacerbating geopolitical and macroeconomic uncertainties. Here at Sensirion, however, we are nevertheless able to look back on a pleasant first half of 2022. We continued to experience strong demand, despite a loss of momentum over the course of the period.

Additional revenue driven by strong demand for new product lines in the environmental sector

The six-month period closed with sales totaling CHF 164.8 million (+14.2% over the same period in the previous year, 13.8% organic, 0.4% inorganic, 0.0% due to foreign currency effects). Around CHF 14.7 million of this came from a one-off transaction in the CPAP medical sector. This period in the previous year was influenced by CHF 17 million from the special business involving sensors for ventilators, which was driven by COVID-19. Adjusted for this effect, this yielded a solid revenue growth figure of 18%.

The gross margin was 59.7 %, and the EBITDA margin reached 29.6%. Our profitability, which continues to be above average, benefited from the consistently high utilization rate in Operations. As a result, we are currently investing heavily in Capex in order to return to a sustainable level of utilization of our manufacturing capacities. At the same time, we are continuing to expand our Sales and R&D areas based on our strategic priorities in order to address a wide variety of promising market opportunities. However, these additional costs are only partially reflected in this financial statement.

Profits totaling CHF 41.6 million were reported at the operating result level, yielding a net profit of CHF 35.0 million for the period in question. Operating cash flow totaled CHF 22.0 million.

Strong growth in the industrial and consumer markets, subdued development in the automotive sector

Development in the automotive market has been rather subdued. After a strong recovery from the pandemic last year, revenue fell by 8% to CHF 31.0 million in the first half of 2022. This is primarily due to a loss of momentum in existing business. A lot of automotive companies are currently being forced to reduce production due to the continued lack of availability of certain components.

The medical market continues to be influenced by one-off special transactions. After the pandemic-related business involving sensors for ventilators normalized as expected (period in the previous year: CHF 17 million), we recorded one-off additional demand in the area of CHF 14.7 million for HomeCare devices for sleep apnea (CPAP devices) in the first half of 2022. This was triggered by a large-scale exchange campaign by a large CPAP manufacturer due to quality issues that were not caused by our sensors. The total sales in the medical market stagnated at CHF 36.6 million (+1% compared to the same period in the previous year). Adjusted for the aforementioned additional business in both six-month periods, this constitutes 13% growth in our core business.

The broadly diversified industrial market once again showed strong growth dynamics. Sales increased by 31% to CHF 81.2 million compared with the same period in the previous year. This growth was driven on the one hand by the continued high demand for our new environmental sensors such as particulate matter (PM_{2.5}), CO₂ and formaldehyde, in particular for air purifiers. On the other hand, we also recorded good growth figures with flow sensors in the HVAC (heating, ventilation and air conditioning) and semiconductor sectors. As expected, the humidity sensor business in the hard disk sector is continuing to decline as a result of technological change in the data storage market.

There was also an equally positive growth dynamic in the highly fragmented consumer market, where sales increased by 30% to CHF 16.0 million. We are seeing a growing interest among consumer customers in air quality sensors for measuring the quality of indoor air. The distribution business also looked strong over the first half of the year.

Shorter delivery times despite continued strain in the supplier markets

Supplier markets remain unstable and unpredictable: in addition to the persisting global shortage of semiconductor chips, raw materials were and are causing unexpected delivery delays. Due to the uncertain pandemic situation in China and the war in Ukraine, we do not expect a complete recovery any time soon. Our production plant in Shanghai, which primarily produces modules for the industrial and consumer markets, had to stop production completely for four weeks in April due to official lockdown. Thanks to the commitment of our local employees, the plant was able to restart production in a closed-loop setup in May before the end of the official lockdown and has since been able to make up most of the backlog.

As a result of intensive collaboration with our suppliers as well as expansions of our production facilities, we were able to shorten the delivery times for our humidity and temperature sensors in June despite the uncertain supplier markets, thereby improving on delivery times that are already well ahead of our competitors in the industry.

Further progress in the implementation of our growth strategy

Our growth strategy, which we presented at the last investor day, is still based on three strategic priorities. The implementation of this strategy is proceeding according to plan, and we have been able to make further progress in recent months.

The first strategic focus is our traditional core market of humidity and flow sensors. Our goal here is to further expand and strengthen our already strong leading position with regards to the market, technology and costs. Following the successful launch of the fourth generation of humidity and temperature sensors last year, we have added further product variants to this family, such as an automotive version and a high-precision variant for applications with extremely stringent precision requirements. At the start of the year, we also presented the first gas flow module capable of measuring the flow rate of any gas mixtures, including pure hydrogen and mixtures of hydrogen, biomethane and natural gas. This technological milestone is significant in light of the upcoming transition to a sustainable energy supply.

Our second strategic focus is to attain market leadership in the environmental sector as a whole.

The successful sales launch of numerous new product families in the fields of CO₂, particulate matter, formaldehyde and VOCs over the past three years helped to lay the foundation for this. We recorded additional important strategic design wins over the reporting period in all new product families and in combo modules. We are seeing an increasing awareness of the importance of good indoor air quality in the automotive, industrial and consumer markets, and are therefore expecting a lot of potential for further growth in the entire environmental sensor sector over the coming years.

The third strategic focus is internal development and the targeted acquisition of sensor technologies to lay a foundation for further long-term growth in new areas. It is important to point out here that we have entered a complementary business area in which the focus is increasingly on qualified and merged sensor data rather than on sensor hardware for OEM suppliers. In order to consolidate this strategic initiative, we have now acquired the Berlin-based start-up AiSight, as reported in

September 2021. The integration and joint market development are proceeding according to plan. As expected, however, the first significant revenue from this new initiative will not be registered for a few years.

Farewell to our long-standing member of the board Heinrich Fischer

At the Annual General Meeting in 2022, which was only attended remotely once again due to the pandemic, all proposals put forward by the Board of Directors were approved. In addition, Heinrich Fischer went into retirement, thereby leaving the Board of Directors on which he had been a non-executive member since 2011. We would like to take this opportunity to thank him for his trustful and competent collaboration over the years. Heinrich Fischer essentially contributed to the successful strategic development of Sensirion and always exemplified our values and culture. His entrepreneurial spirit will continue to serve as a role model for us.

Outlook

Geopolitical tensions and macroeconomic uncertainties have intensified yet again in recent months. Visibility remains low, and forecasting is complicated.

In the coming months, we expect a further moderate slowdown in demand due to inflation-related consumer woes and the still-fraught COVID-19 situation in China. In addition, there is a risk that customers may postpone planned call-off orders to the coming year at short notice because they are forced to curb production due to ongoing supply chain issues.

Thus, we are adjusting our revenue forecast for 2022 and (assuming exchange rates do not change and there are no further lockdowns in China) now expect consolidated revenue between CHF 310 million and CHF 340 million (FY 2021: CHF 287.5 million). This translates to a growth projection of 8–18% compared to 2021. In terms of profitability, we nevertheless confirm our March forecast and expect a gross margin in the mid-fifties and an EBITDA margin in the mid-twenties. The long-term market trends, the technology and the product pipeline remain strong. Consequently, we confirm our mid- and long-term growth perspectives.

Many thanks to all our employees

The factors behind our success – innovation, growth, high-quality products and reliable delivery – are ultimately the result of the great “Sensi spirit” shown by all of our employees around the world. We would like to extend a heartfelt thank you to all of our employees for this. This year, we would particularly like to thank our Chinese colleagues, who, despite the difficult conditions amid the pandemic, have done their best to provide our customers with optimal support and a reliable delivery service every single day.

This spirit is based on our strong, multi-award-winning corporate culture. We are particularly happy that we have been able to get back to normality at many of our sites after two years of working from home and social distancing, and that we are once again able to meet our employees face-to-face and celebrate our successes with them.

Conference call on the half-year 2022 results

Today, Wednesday, 24 August 2022, at 10:00 CEST, a conference call on the half-year 2022 results will take place. 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://register.gotowebinar.com/register/2076863540383597068>

Documentation

All documents will be available at <https://sensirion.com/company/investor-relations/results-reports/> on 24 August 2022 from around 06:30 CEST.

Financial calendar

24 August 2022	2022 half-year results and interim report
14 March 2023	2022 full-year results and annual report
15 May 2023	Annual general meeting 2023

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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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