

2018 Half-Year Results

Marc von Waldkirch, CEO

Matthias Gantner, CFO

22 August 2018



SENSIRION

SENSIRION
THE SENSOR COMPANY

Agenda

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- Half-year 2018 highlights
- Growth drivers
- Business review

Marc von Waldkirch, CEO

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- Half-year 2018 financial review

Matthias Gantner, CFO

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- Q&A

Half-year 2018 Highlights

Business

- Revenue growth 30% YoY, of which 18% organic, 11% inorganic, 1% FX effects
- Double-digit organic growth in all end markets
- Successful IPO with strong demand

Financial

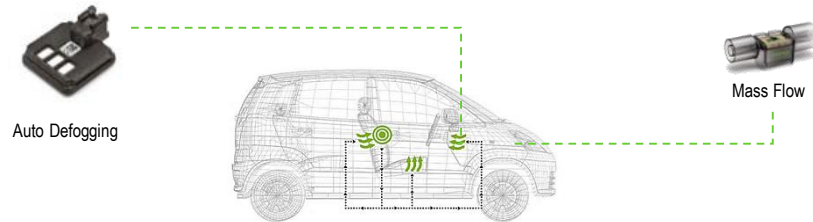
- Revenue CHF 90.2m
- Adjusted EBITDA margin 17%
- Free cash flow CHF 12.6m

Outlook

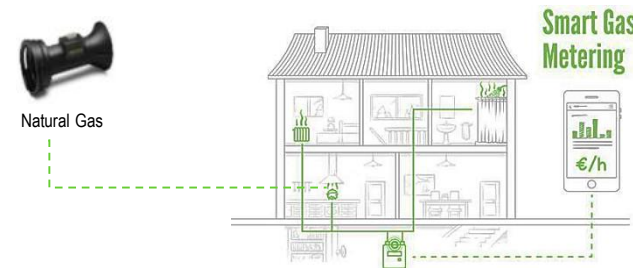
- Expected FY 2018 revenue CHF 175-180m (18-22% YoY growth)
- Expected FY 2018 gross margin 52-54%
- Expected FY 2018 adjusted EBITDA margin 15-16%

Our Sensors Solve Complex Problems Everywhere

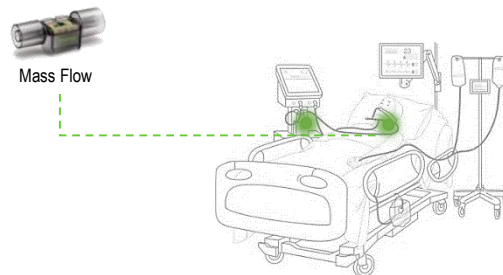
- ✓ A rare pure-play sensor company
- ✓ Well positioned to capture the growth in environmental and flow sensors, driven by structural megatrends and the IoT
- ✓ ~350,000 sensors produced per day, > 500m sensors sold worldwide
- ✓ Track record and culture of innovation



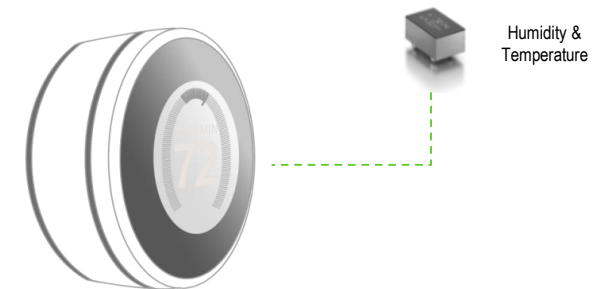
Providing auto defogging, engine and climate control to **one in three cars** manufactured worldwide



Reliable real-time monitoring of gas consumption for **more than 1 million** households



Monitoring the breathing of **more than 10 million** patients in hospitals and at home



High precision monitoring of temperature and air quality for **millions** of households

Increasing Penetration of Environmental and Flow Sensors Driven by Secular Megatrends

Energy efficiency

- Scarcity of resources
- Governmental and societal initiatives



Quality of life

- Economic development
- Increasing awareness around health, safety, comfort



Digitalization, automation, productivity increase

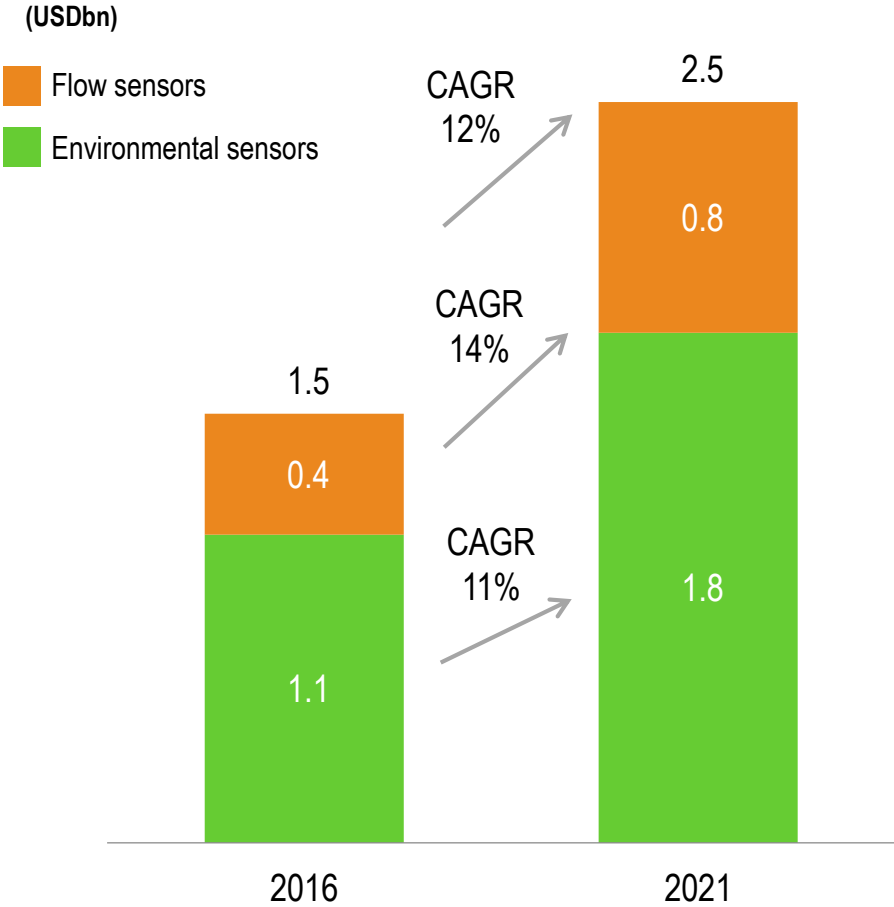
- Digitalization and automation
- Technological advancements
- Connectivity, IoT



Sensirion's sensor solutions are critical for many applications across these megatrends

Sensirion's Addressable Market

Addressable market



Source: Gartner
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Two attractive categories of products, forecasted to grow at double-digit rates

















Flow sensors

- End markets: Automotive, Medical, Industrial
- Comprises differential pressure and flow sensors (gas and liquid)
- High fragmentation
- Fastest growing segment

Environmental sensors

- End markets: Automotive, Medical, Industrial, Consumer
- Comprises PM2.5, gas, humidity & temperature, and temperature only sensors
- High fragmentation
- Sensirion has leading position in combined humidity & temperature

Wide Range of Solutions across Diverse End Markets

End market		Automotive 	Medical 	Industrial 	Consumer 
% of H1 2018 revenue		32%	20%	40%	8%
Humidity & Temperature (RHT) 	 <p>Environmental Sensors</p>	✓	✓	✓	✓
Gas 					
Carbon Dioxide (CO ₂) 					
Particulate Matter (PM2.5) 					
Auto Defogging 					
Air Quality 	 <p>Flow Sensors</p>	✓	✓	✓	✗
Natural Gas 					
Differential Pressure 					
Liquid Flow 					
Mass Flow 					

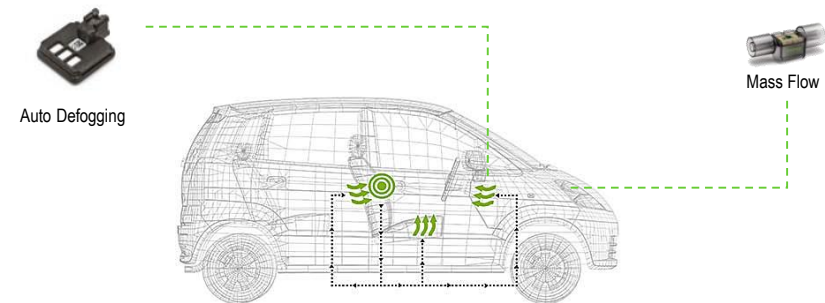
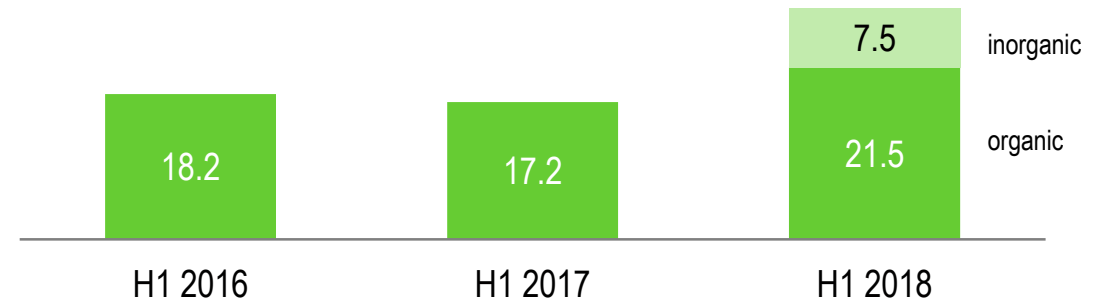
Automotive H1 2018 Business Review

Highlights

- H1 2018 revenue increased by 69% YoY to CHF 29.0m
- Organic growth 25% YoY, inorganic growth 44% YoY
- Organic growth driven by increased demand for RHT-sensors for anti-fogging and climate control modules, and first significant revenues of newest generation of mass flow sensors for engine control.
- Inorganic growth from acquisition of sensor business of Automotive Industrial Company (AIC)
- Integration of new business division on track

Revenue development

(CHFm)



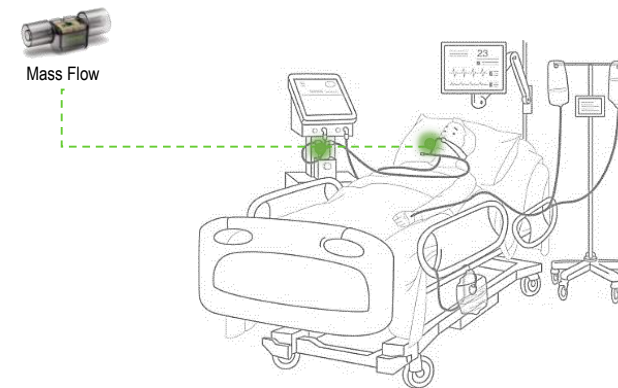
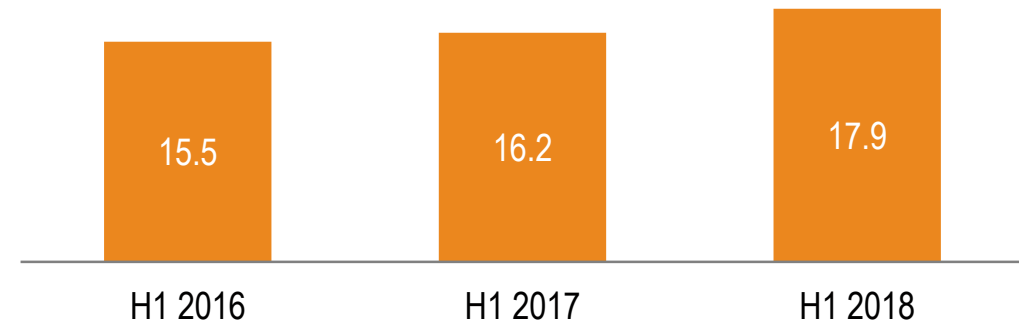
Medical H1 2018 Business Review

Highlights

- H1 2018 revenue increased by 11% YoY to CHF 17.9m
- Growth driven by expansion of ongoing customer projects.
- Sales from differential pressure sensors for continuous positive airway pressure (CPAP) devices foremost drove growth.
- Mass flow meters for ventilators also contributed significantly to growth.

Revenue development

(CHFm)



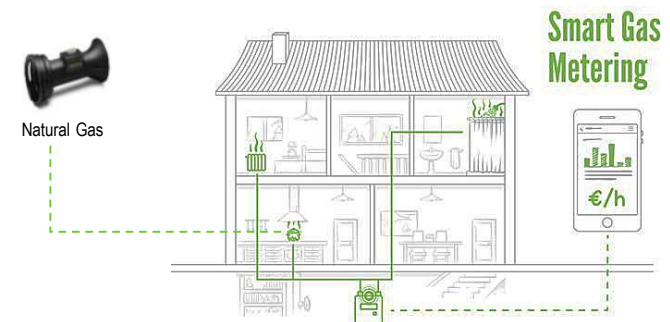
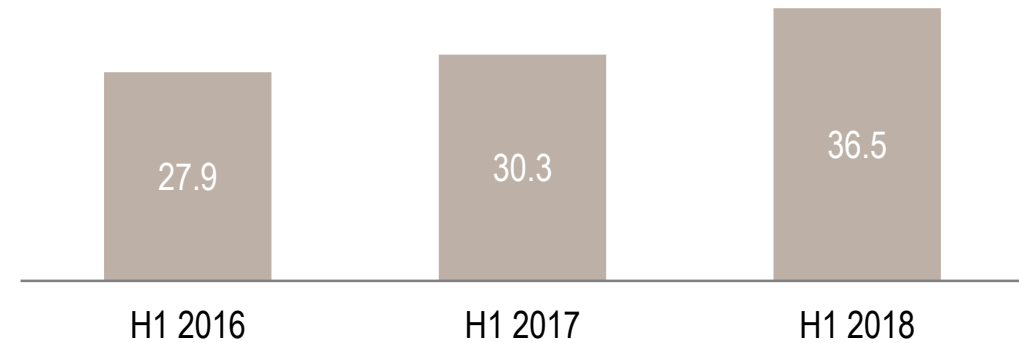
Industrial H1 2018 Business Review

Highlights

- H1 2018 revenue increased by 21% YoY to CHF 36.5m
- Strong increase of sales of RHT-sensors through distributors
- Further growth from gas meter solutions, driven by Italian market
- In appliance market, first substantial project with gas sensor (air quality sensor) in air purifiers

Revenue development

(CHFm)



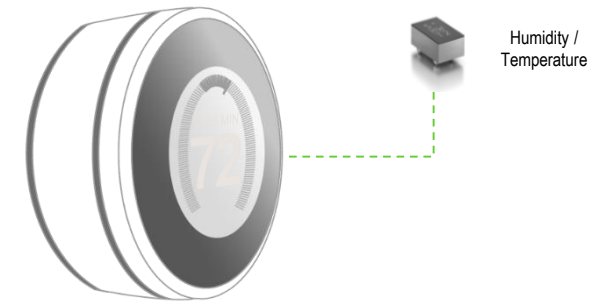
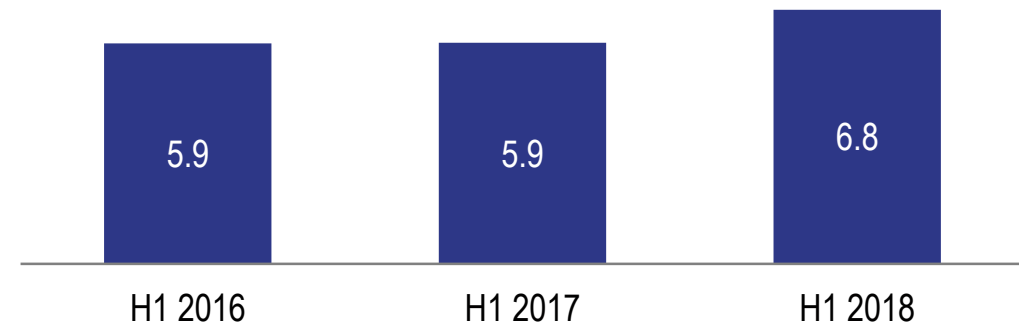
Consumer H1 2018 Business Review

Highlights

- H1 2018 revenue increased by 15% YoY to CHF 6.8m
- Growth originating in increased sales of RHT-sensors for smart home applications through distributors.
- Gas sensor (air quality sensor) incorporated in niche smart phone. Trend setting in overall smart phone market not expected from this project.

Revenue development

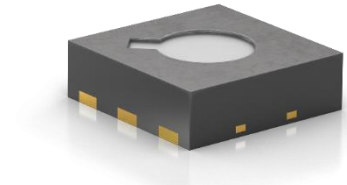
(CHFm)



Solid Development of New Product Lines

Highlights

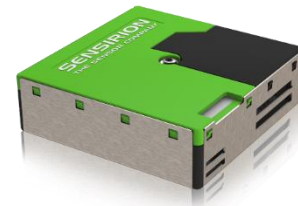
- Gas sensor, launched in 2017, generated first revenues in H1 2018, as expected.
- Carbon dioxide (CO₂) sensor launched in H1 2018. Complements environmental sensor node, generated positive resonance from market.
- Development of particulate matter (PM2.5) sensor on track. Market introduction targeted for H2 2018.



Gas sensor



CO₂ sensor



PM2.5 sensor

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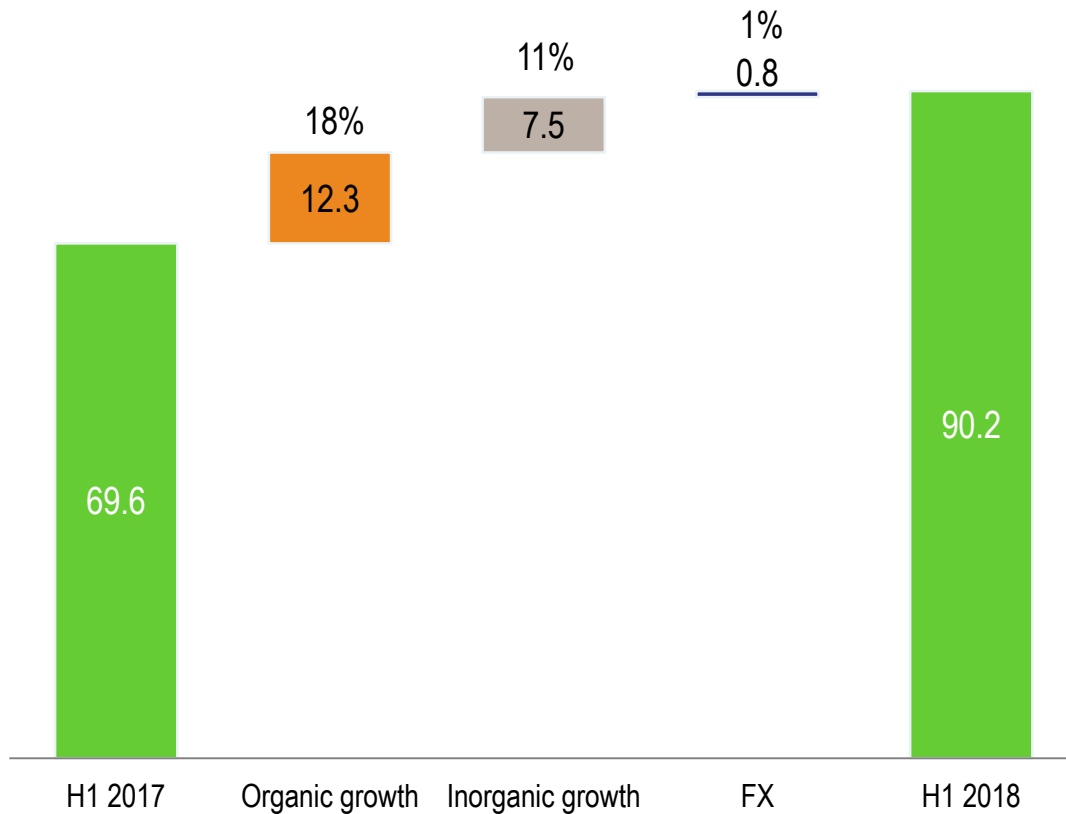
3

- Q&A

Revenue Growth from H1 2017 to H1 2018

Components of growth

(CHFm)



Revenue H1 2018

- 30% total growth

Organic growth

- 18%, from all markets

Inorganic growth

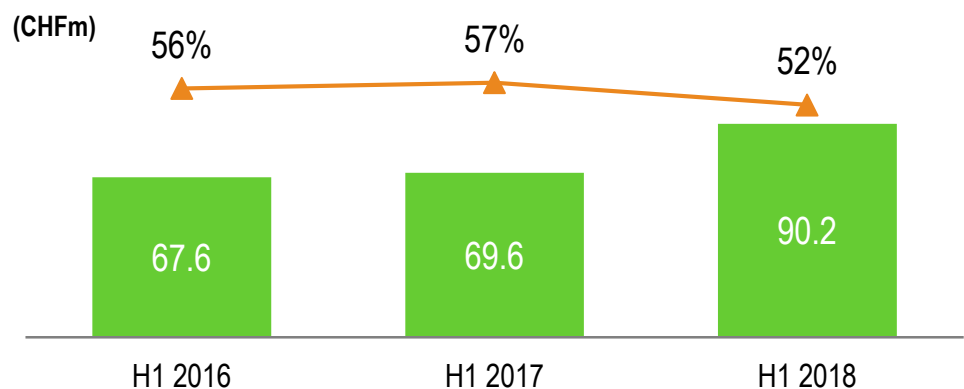
- 11%, from AIC acquisition

Foreign exchange effects

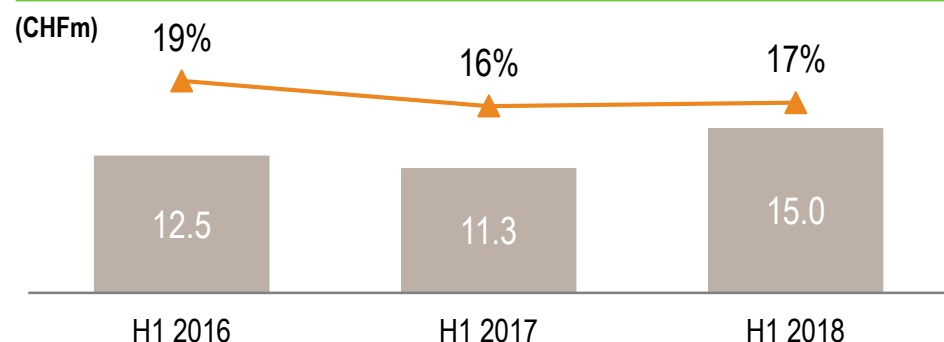
- 1%, mainly from EUR and USD

Revenue, Gross Margin, Adjusted EBITDA Development

Revenue and gross margin (%)



Adj. EBITDA¹ and adj. EBITDA margin²



Gross margin H1 2018

- Dilution because of acquisition of sensor module business of AIC and inventory write-down at SAS (former AIC)

Adjusted EBITDA H1 2018

- Excluding costs related to IPO (external IPO costs, IPO loyalty share program, and social security expenses relating to the gain in excess of formula value)

¹ Defined as EBITDA adjusted for net finance costs excluding net interest expenses, share of profit or loss of equity-accounted investees, net of tax, in H1 2016, H1 2017; R&D expenses attributable to digital barometric pressure sensor business in H1 2016; acquisition-related costs in H1 2017; costs related to IPO loyalty share program including social security expenses, expenses on social security relating to the gain in excess of formula value, and external costs related to IPO in H1 2018.

² Defined as adjusted EBITDA in percentage of revenue.

Income Statement

Condensed consolidated income statement

(CHFm / % of revenue)

	H1 2017		H1 2018	
Revenue	69.6		90.2	
Cost of sales	(29.7)		(42.9)	
Gross profit	39.9	57.4%	47.3	52.4%
R&D expenses	(17.0)	(24.5%)	(18.0)	(19.9%)
SG&A expenses	(18.2)	(26.2%)	(30.7)	(34.0%)
<i>Adj. SG&A expenses</i>	<i>(17.9)</i>	<i>(25.7%)</i>	<i>(21.9)</i>	<i>(24.3%)</i>
Other income	–		0.6	
Operating profit (loss)	4.7	6.7%	(0.8)	(0.8%)
Net finance costs	(1.1)		(0.8)	
Profit (loss) before tax	3.6	5.2%	(1.6)	(1.8%)
Income taxes	(2.2)		(0.4)	
Profit (loss) for the period	1.4	2.0%	(2.0)	(2.2%)

R&D H1 2018

- Decreased because of dilution due to acquisition of AIC sensor module business

SG&A / Adjusted SG&A H1 2018

- Adjusted SG&A excludes costs of CHF 8.8m related to IPO
- Adjusted SG&A as % of revenue decreased because of operational leverage improvement

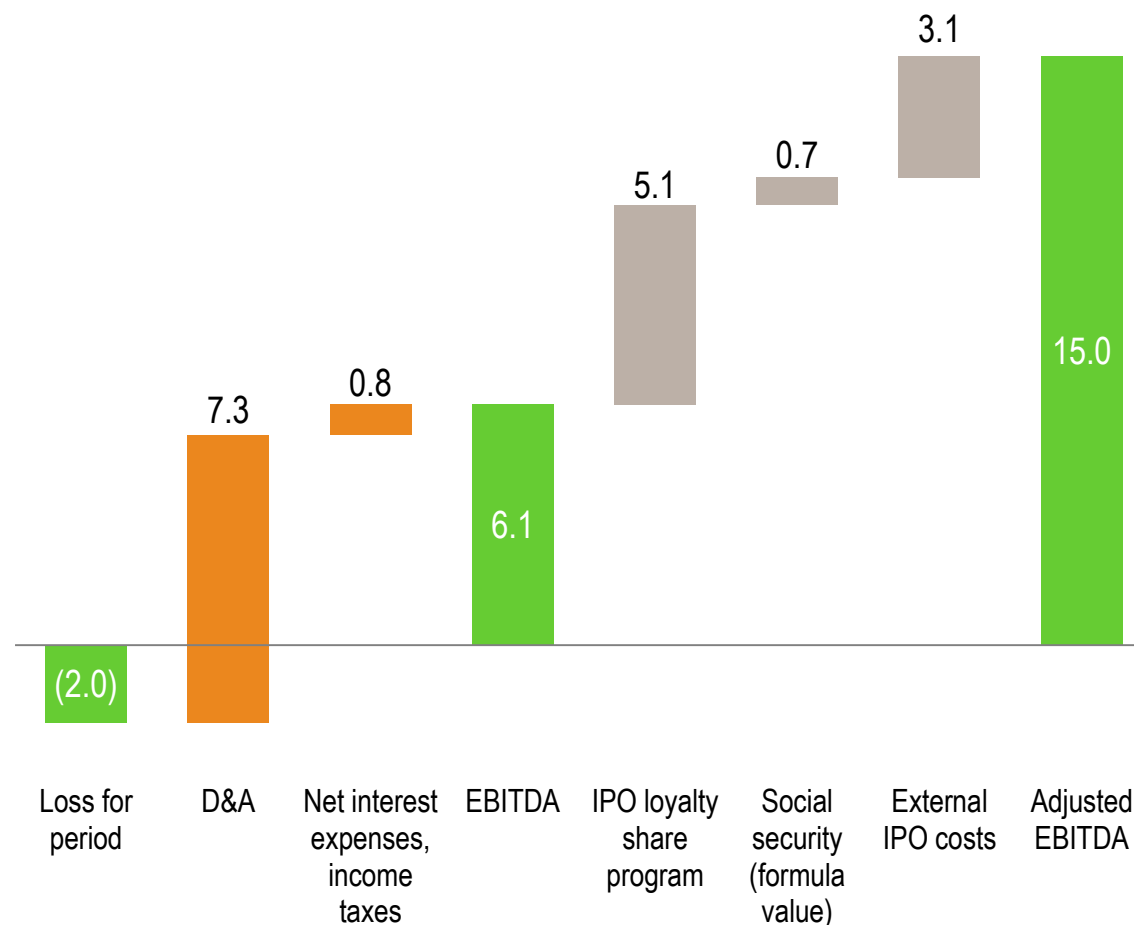
Reconciliation of Profit (Loss) to Adjusted EBITDA

Reconciliation

(CHFm)	H1 2017	H1 2018
Profit (loss) for the period	1.4	(2.0)
- Depreciation & amortization	6.3	7.3
- Net interest expenses, income taxes	2.4	0.8
EBITDA	10.1	6.1
Adjusted for		
- Net finance costs excl. net interest expenses	0.8	–
- Share of (profit) loss of equity-accounted investees, net of tax	0.1	–
- IPO loyalty share program	–	5.1
- Social security expenses relating to the gain in excess of formula value	–	0.7
- External costs related to IPO	–	3.1
- Acquisition-related costs	0.3	–
Adjusted EBITDA	11.3	15.0

H1 2018

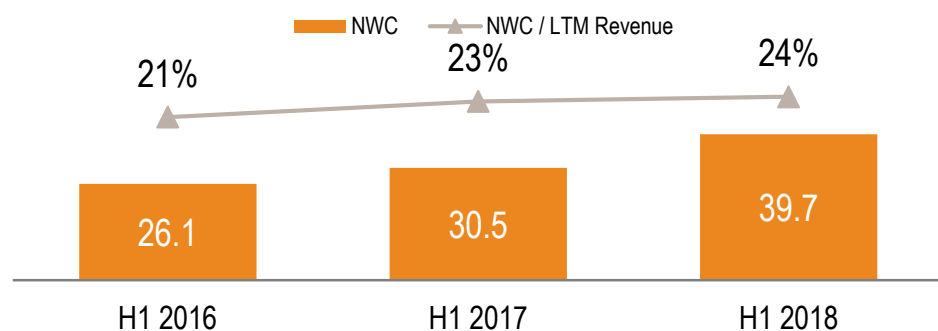
(CHFm)



Net Working Capital and Capital Expenditures

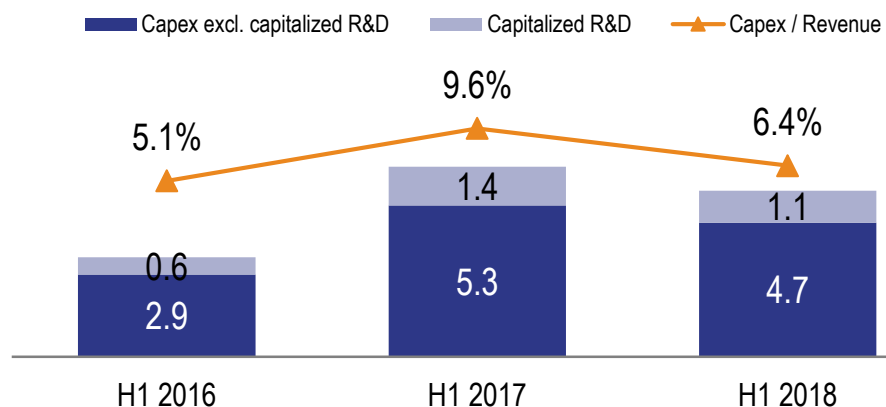
Net working capital¹

(CHFm)



Capex²

(CHFm)



Net working capital H1 2018

- Increased YoY absolute and as % of LTM revenue because of AIC consolidation

Capex H1 2018

- Capitalized R&D: 5.8% of R&D expenses, 1.2% of revenue

¹ Defined as the sum of trade receivables and inventories, minus trade payables.

² Defined as the sum of acquisition of property, plant, and equipment, proceeds from sale of property, plant, and equipment, acquisition of intangible assets, and development expenditure.

Balance Sheet

As of 31 December 2017

Assets		Liabilities and Equity	
Cash	CHF 9m	Trade payables	CHF 3m
Trade receivables	CHF 21m	Lease liabilities	CHF 11m
Inventories	CHF 26m	Employee benefits	CHF 27m
Other current assets	CHF 15m	Loans and borrowings	CHF 68m
PPE	CHF 67m	Other liabilities	CHF 6m
Other non-current assets	CHF 38m	Equity	CHF 61m
	CHF 176m		CHF 176m

As of 30 June 2018

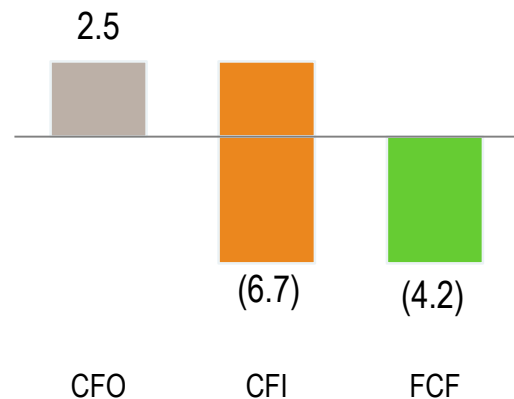
Assets		Liabilities and Equity	
Cash	CHF 45m	Trade payables	CHF 9m
Trade receivables	CHF 23m	Lease liabilities	CHF 12m
Inventories	CHF 26m	Employee benefits	CHF 28m
Other current assets	CHF 13m	Other liabilities	CHF 9m
PPE	CHF 65m	Equity	CHF 153m
Other non-current assets	CHF 39m		
	CHF 211m		CHF 211m

Free Cash Flows

CFO Cash flow from operating activities
 CFI Cash flow from investing activities
 FCF Free cash flow¹

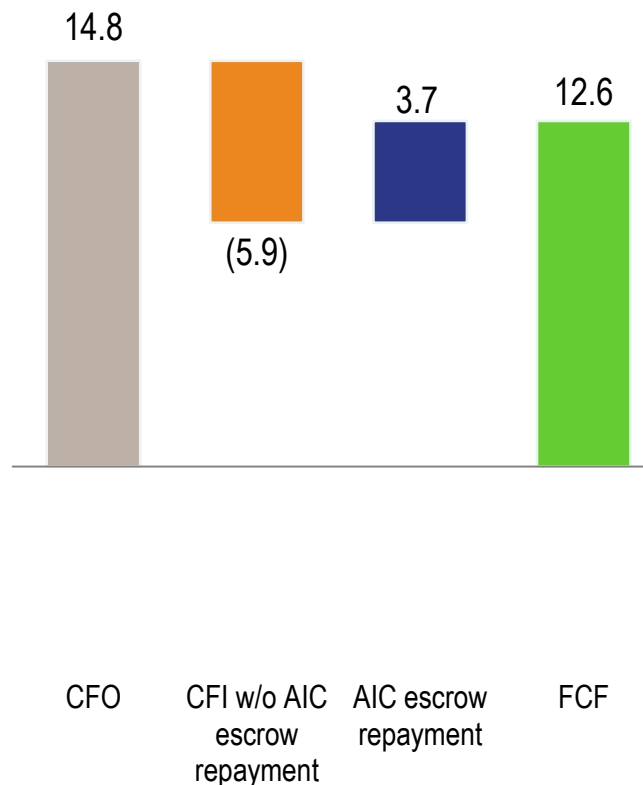
H1 2017

(CHFm)



H1 2018

(CHFm)



FCF H1 2017

- FCF conversion rate² (37.0%)

FCF H1 2018

- CFI in usual range (when excluding CHF 3.7m from AIC escrow repayment of contingent consideration)
- FCF conversion rate² 84.1% (59.3% when excluding CHF 3.7m from AIC escrow repayment)

¹ Defined as the sum of cash flows from operating activities and cash flows from investing activities.

² Defined as free cash flow in percentage of adjusted EBITDA.

Outlook

Based on forecasting of our end markets, assuming macroeconomic and foreign currency conditions remain stable, we expect for FY 2018

- Revenue CHF 175-180m (18-22% growth YoY)
- Gross margin 52-54%
- Adjusted EBITDA margin 15-16%

Upcoming Events

Date	Event
07 March 2019	Full-year results 2018
14 May 2019	Annual General Meeting

Contact information

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