

Press Release

Stäfa, Switzerland, 07 March 2019

Sensirion: Successful 2018 with Diversified Revenue Growth in All End Markets

Highlights 2018

- Expectations communicated at IPO achieved
- Diversified revenue growth resulted from all end markets: 18% in total, of which 11% organic, 6% inorganic, 1% foreign currency effects
- Successful launch of CO₂ and PM2.5 sensors
- Revenue CHF 174.8 million
- Adjusted EBITDA CHF 27.8 million (16% of revenue)

Key Figures

Consolidated, in millions of CHF	1 January – 31 December 2018	1 January – 31 December 2017
Revenue	174.8	148.0
Gross profit	93.0	85.0
- as % of revenue	53.2%	57.5%
Adjusted EBITDA	27.8	26.2
- as % of revenue	15.9%	17.7%
One-off adjustments	18.6	9.7
Cash flow from operating activities	26.4	10.6
Capital expenditures	(13.5)	(16.4)
Free cash flow	22.8	(40.5)
	As of 31 December 2018	As of 31 December 2017
Net cash (Net debt)	42.6	(69.3)
Number of employees (FTE)	783	735

Sensirion Holding AG, a pure-play sensor company offering environmental and flow sensor solutions, reports a successful fiscal year 2018 with diversified revenue growth in all end markets. With the successful initial public offering (IPO) in March 2018, great progress in positioning Sensirion as a supplier of automotive sensor solutions, and an increased footprint in Asia, important milestones in the strategic development of the company were achieved. In addition, the successful launch of the carbon dioxide and particulate matter sensors significantly expanded Sensirion's product portfolio of environmental sensors.

Expectations communicated at IPO achieved

The results of 2018 show that the expectations communicated at the IPO have been achieved. After a very dynamic first half, which exceeded expectations, the second half of the year resulted in lower revenue growth as expected. The reasons for this development were inventory optimizations of important customers and the global macroeconomic environment which noticeably slowed down in the last months. In all end markets, we currently observe uncertainty how the global economy will further develop.

Consolidated revenue amounted to CHF 174.8 million, +18% compared to the previous year, of which 11% was organic, 6% inorganic, and 1% due to foreign exchange effects. As a result, consolidated revenue was at the upper end of the indication given in connection with the IPO in March 2018. With a gross margin of 53% and, after adjusting for one-off effects, an adjusted EBITDA of CHF 27.8 million (16 % of revenue), the expectations communicated at the IPO could be achieved. One-off effects, in sum CHF 18.6 million, primarily attributable to the "IPO Loyalty Share Program" and other IPO-related costs, resulted in an operating loss of CHF 4.4 million and a net loss of CHF 6.4 million for the period. Generated free cash flow was CHF 22.8 million. Together with the net proceeds from the IPO, this free cash flow yielded a net cash position of CHF 42.6 million as of 31 December 2018.

In connection with the IPO, all employees of Sensirion received under a one-time employee participation plan, the IPO Loyalty Share Program, a gratification in shares. The allocation of shares was primarily based on the duration of employment of each employee up to the IPO. Financially, the IPO Loyalty Share Program impacts the years 2018 and 2019 by CHF 16.2 million and c. CHF 5.2 million, respectively.

All end markets contributed to revenue growth

With growth ranging between of 3% to 31%, all four end markets contributed to consolidated group revenue.

In the automotive market, revenue increased by CHF 12.9 million to CHF 53.9 million (+ 31%, of which 8% were organic and 23% inorganic). The organic growth came from higher volumes of both humidity and gas flow sensors. Humidity sensors are mainly employed to automatically dehumidify in anti-fogging and climate control applications. The new generation of gas flow sensors, used to measure the mass flow in the air intake of combustion engines, generated its first significant revenue. The acquisition of the sensor module business of Auto Industrial Company (AIC) in South Korea and China in 2017 led to the inorganic growth. Sales volumes of the inherited auto-defogging, ambient temperature, and ionizer modules developed as expected. The acquisition significantly strengthens Sensirion's position as a direct supplier to automotive OEMs.

Revenue in the medical market increased by 15% to CHF 38.6 million. Growth resulted from volume increases of existing projects employing differential pressures sensors in therapeutic devices for sleep apnea and mass flow meters in ventilators.

The diversified industrial market, composed of the markets gas meters, home appliances, heating, ventilation, and air conditioning, and industrial automation, showed revenue growth of 14% to CHF 68.6 million. Revenues through distribution sales channels developed particularly well. The incorporation of the air quality sensor into an air purifier project generated its first significant revenue. Revenue from gas meter projects increased owing to an increase of market share of our technology in the Italian market.

Revenue in the consumer market amounted to CHF 13.7 million (+3%). Revenue from sales of humidity sensors for smart home applications through distribution channels particularly increased. In addition, the new air quality sensor generated its first relevant revenue.

Successful expansion of product portfolio through CO₂ and PM_{2.5} sensors

In 2018, two new product lines, the carbon dioxide (CO₂) and particulate matter (PM_{2.5}) sensors, were successfully launched and first products introduced onto the market. Both sensors generated a positive market reaction; the CO₂ sensor primarily in the industrial market, and the PM_{2.5} sensor in the automotive one.

Decisive progress in Sensirion Automotive Solutions and Integration of AIC

In 2017 Sensirion acquired the sensor module business of AIC with the goals of strengthening Sensirion's market position as a supplier of automotive sensors solutions and establishing manufacturing capabilities in China and South Korea. With three manufacturing sites now in Switzerland, China, and South Korea, we have increased our flexibility to manufacture module products cost-efficiently. The integration of the new business division Sensirion Automotive Solutions is proceeding according to plan. After moving into a new production facility in Shanghai, manufacturing of the new CO₂ and PM_{2.5} product lines has successfully begun.

Initial Public Offering

Sensirion was successfully listed on the SIX Swiss Exchange on 22 March 2018. At the IPO, predominantly existing shares held by the majority shareholder, Gottlieb Knoch, were placed. In addition, Sensirion placed newly issued shares in order to increase the financial flexibility for its business development. The Founders and Co-Chairmen Moritz Lechner and Felix Mayer remain fully invested and committed and continue to drive the future development of Sensirion.

Gottlieb Knoch resigned from the Board of Directors with the IPO. Just a few months after its foundation, Mr. Knoch joined Sensirion as a business angel and has actively supported and loyally accompanied the development of the company for almost two decades with his extensive entrepreneurial experience. We would like to take this opportunity to sincerely thank Mr. Knoch for his many years of very valuable support, both as a major shareholder and as a member of the Board of Directors.

Composition of the Board of Directors

The Board of Directors will propose to elect François Gabella and Franz Studer as new members of the Board of Directors at the Annual General Meeting on 14 May 2019. Resumes of Mr. Gabella and Mr. Studer can be found at the end of this press release.

Markus Glauser will not stand for re-election at the Annual General Meeting. We would like to thank Markus Glauser for his valuable service over many years. Both Co-Chairmen and all other members of the Board of Directors will stand for re-election for a further term of office.

Outlook for Financial Year 2019

The global economic situation changed significantly in the second half of 2018. For the first half-year 2019, we expect weaker market demand as well as reduced visibility as a result of increasing economic and political uncertainties and further inventory corrections at customers. In line with customers' outlooks, a positive trend for the second half of this year is likely, provided geopolitical tensions do not intensify. In view of this market scenario and stable exchange rates, we expect full-year revenue

to be in the range of CHF 175-190 million, a stable gross margin between 52% and 54%, and an adjusted EBITDA margin in the range of 15-17%. Apart from these short-term uncertainties, Sensirion's long-term fundamentals remain strong and all innovation projects are progressing according to plan.

Conference call on the fiscal year 2018 results

Today, Thursday, 07 March 2019, at 10:00 CET / 09:00 GMT / 04:00 EST, a conference call on the fiscal year 2018 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/webinarRegistrationAction.do?conferenceId=5390677>

Documentation

All documents can be accessed at www.sensirion.com/financial-reports.

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement	2018	2017
In millions of CHF, for the year ended 31 December		
Revenue	174.8	148.0
Cost of sales	(81.8)	(63.0)
Gross profit	93.0	85.0
Other income	1.1	-
Research and development expenses	(36.3)	(39.5)
Selling, distribution, and administrative expenses	(62.2)	(41.8)
Operating profit (loss)	(4.4)	3.7
Net finance costs	(2.3)	(1.5)
Profit (loss) before tax	(6.7)	2.2
Income taxes	0.3	(3.0)
Profit (loss) for the period	(6.4)	(0.8)
Earnings per share (in CHF)	(0.45)	(0.07)
Diluted earnings per share (in CHF)	(0.45)	(0.07)
EBITDA	9.2	16.5
Adjusted EBITDA	27.8	26.2

Revenue by End Markets	2018	2017
In millions of CHF, for the year ended 31 December		
Automotive	53.9	41.0
Medical	38.6	33.4
Industrial	68.6	60.3
Consumer	13.7	13.3
Total	174.8	148.0

Condensed Consolidated Statement of Financial Position	as of 31 December 2018	as of 31 December 2017
In millions of CHF		
Current assets	112.3	71.3
Non-current assets	102.6	104.8
Total assets	214.9	176.1
Current liabilities	21.1	79.5
Non-current liabilities	33.4	35.6
Total liabilities	54.5	115.1
Total equity	160.4	61.0
Total liabilities and equity	214.9	176.1

Condensed Consolidated Statement of Cash Flows	2018	2017
In millions of CHF, for the year ended 31 December		
Cash flows from operating activities	26.4	10.6
Cash flows from investing activities	(3.6)	(51.0)
Cash flows from financing activities	21.9	35.9
Net change in cash and cash equivalents	44.7	(4.5)
Cash and cash equivalents at 1 January	9.4	14.0
Cash and cash equivalents at 31 December	53.9	9.4
Capital expenditures	(13.5)	(16.4)
Free cash flow	22.8	(40.5)

Financial Calendar

14 May 2019	Annual General Meeting
21 August 2019	Half-year 2019 results and interim report

Resumes of François Gabella and Franz Studer

François Gabella, Swiss national, born in 1958	
Professional Background	
2010 - 2018	LEM Holding AG, Switzerland: CEO
2006 - 2010	Hexagon Metrology, Sweden: member of the Metrology Executive Board, CEO of TESA AG, Switzerland
2002 - 2005	AREVA T&D, France: Senior Vice President, Power Transmission & Distribution Division
1999 - 2001	Texas Pacific Group, USA: Group CEO of a portfolio company
1993 - 1999	ABB Group, Germany and Switzerland: various positions from General Manager to Senior Vice President
Education	
2006	MBA, IMD Lausanne
1982	MSc in Micro-Engineering, Ecole Polytechnique Fédérale de Lausanne (EPFL)
Other Functions	
Since 2018	Fischer Connectors AG, Switzerland: Member of the Board of Directors
Since 2018	LEM Holding AG, Switzerland: Member of the Board of Directors
Since 2018	Sonceboz AG, Switzerland: Member of the Board of Directors
Since 2018	Winterthur Instruments AG, Switzerland: Chairman of the Board of Directors
Since 2018	Swissmem, Switzerland: Vice President
Since 2018	Switzerland Global Enterprise, Switzerland: Board Member
Since 2017	Optotune AG, Switzerland: Member of the Board of Directors

Franz Studer, Swiss national, born in 1965	
Professional Background	
2012 - today	EGS Beteiligungen AG, Switzerland: Investment Director, Member of the Executive Committee
2010 - 2011	aizo AG, aizo group AG, Switzerland: CEO/COO
2005 - 2009	Bühler AG, Switzerland: Commercial Director, Vice President, Engineered Products
1999 - 2005	Bühler AG, Switzerland: various positions
1994 - 1999	Law firm Hardmeier & Keller, Zurich, Switzerland: Attorney
Education	
2007	Executive MBA, University of St. Gallen
1999	PhD, Faculty of Law, University of Zurich
1994	Bar admission, Canton of Zurich
1989	Master, Faculty of Law, University Zurich

Other Functions

Since 2013	FAES AG, Switzerland: Chairman of the Board of Directors
Since 2013	Espros AG, Switzerland: Member of the Board of Directors
Since 2015	Kantonsspital Winterthur: Chairman of the Board of Directors

Contact

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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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