

Media Release

19 August 2020, Sensirion Holding AG, 8712 Stäfa, Switzerland

New product ramp-ups and COVID-19-related ventilator demand led to strong first half-year 2020

Sensirion looks back on a special first half of 2020 which was marked by three major factors: first, ramp-ups of various new projects of the recently launched product families of particulate matter (PM2.5) and carbon dioxide (CO₂) sensors turned out better than expected. Second, the existing business with humidity, gas and liquid flow sensors showed some slowdown in the automotive sector after a strong first quarter, while the other markets industrial, medical and consumer proved to be quite robust until mid-year. Third, COVID-19 led to a one-time effect in the form of increased global demand for gas flow sensors for ventilators. Consolidated revenue amounted to CHF 113.7 million, the gross margin was stable at 54.7%, and the adjusted EBITDA margin reached 19.7%. In the mid and long term, growth prospects remain strong due to existing market trends, as well as the strong technology base and product pipeline.

Key Figures

Consolidated, in millions of CHF	1 January - 30 June 2020	1 January - 30 June 2019
Revenue	113.7	83.9
Gross profit	62.2	44.6
- as % of revenue	54.7%	53.2%
Adjusted EBITDA	22.5	8.4
- as % of revenue	19.7%	10.0%
One-off adjustments	2.3	3.6
Cash flow from operating activities	17.0	11.1
Capital expenditures	(6.7)	(10.1)
Free cash flow	10.3	1.0
	As of 30 June 2020	As of 31 December 2019
Net cash (Net debt)	56.1	39.9
Number of employees (FTE)	774	791

Sensirion Holding AG, a pure-play sensor company offering environmental and flow sensor solutions, looks back on a special first half of 2020 which was marked by three major factors: first, ramp-ups of various new projects of the recently launched product families of particulate matter (PM2.5) and carbon dioxide (CO₂) sensors turned out better than expected despite the COVID-19 pandemic. Second, the existing business with humidity, gas and liquid flow sensors showed some slowdown in the automotive sector after a strong first quarter, while the other markets (industrial, medical and consumer) proved to be quite robust until mid-year. Third, COVID-19 led to a one-time effect in the form of increased global demand for gas flow sensors for ventilators, which has been a major challenge for Sensirion in recent months. As a result, Sensirion increased its outlook for the full year 2020 in mid-June. It is difficult to make an assessment for the second half of the year due to the continuing low visibility in all markets. In the mid and long term, growth prospects remain strong due to existing market trends, as well as the strong technology base and product pipeline.

Revenue growth because of new products and gas flow sensors for ventilators

Consolidated revenue amounted to CHF 113.7 million (+35.5% year-on-year, +39.9% organic, -4.4% foreign currency effects). CHF 24.0 million of this amount (prior-year period CHF 2.6 million) resulted from the business with gas flow sensors for ventilators. Even without the one-off COVID-19 effect of the ventilation business, the first half of the year showed good growth of +10.3% compared to the same period of the previous year. The gross margin was stable at 54.7% and the adjusted EBITDA margin reached 19.7%. Operating income amounted to CHF 14.3 million, resulting in a net profit for the period of CHF 11.1 million. Operating cash flow reached CHF 17.0 million; free cash flow CHF 10.3 million.

Growth in industrial, stable automotive, one-time effect in medical market

With revenue of CHF 25.5 million, the automotive market achieved a slight increase over the same period last year (+2.1%). In the existing Tier II business with sensor components, Sensirion recorded a decline in sales in the second quarter due to the numerous production closures at OEMs. Because of the successful ramp-up of the first particulate matter sensor module, the decline in the components business could be compensated.

Revenue in the medical market amounted to CHF 42.8 million (+148.1% compared to the previous year). This increase is mainly a consequence of the COVID-19-related increase in demand for gas flow sensors for ventilators, which had an impact on sales of CHF 24.0 million (prior-year period CHF 2.6 million). With a significant market share in flow sensors for ventilators, Sensirion feels particularly committed to responding to these short-term demands with as much agility as possible, thereby making an important contribution to mitigating the negative consequences of the pandemic. Since March, a dedicated task force has been working intensively to increase production capacities by a factor of 8-10 within a few weeks, which has been very successful thanks to the great efforts of Sensirion's employees. Deliveries will peak in the second and third quarters. The further development is currently uncertain and depends crucially on the future course of the pandemic. At present, Sensirion expects demand to normalize from the beginning of 2021.

At CHF 36.8 million, revenue in the industrial market was 5.4% higher than in the first half of 2019. New business with CO₂ sensors and PM2.5 sensors for applications in household appliances were the main drivers of the sales increase. Revenue in the gas meter market, which saw COVID-19-related factory closures by Sensirion's customers, declined. In contrast, the general demand in the industrial market has so far proven to be relatively robust against COVID-19 influences. Sensirion assumes, however, that part of the demand in the first half of the year served to build up inventories in uncertain times.

In the consumer market, Sensirion generated CHF 8.6 million revenue (+27.4% compared to the same period last year). This growth is attributable to new projects with humidity sensors and a robust ongoing business with the established portfolio. Especially in Asia, major customers launched new products based on the humidity sensor.

New production site in Debrecen, Hungary

In order to meet the growing demand for Sensirion's sensors, Sensirion is expanding its production capacity with a new location in Debrecen, Eastern Hungary. Hungary was chosen because of its proximity to Sensirion's customers in Europe, the good level of education of future employees and the support of local partners. The building will be realized and financed by a local "build-to-suit" partner. The ground-breaking ceremony took place at the end of June, and Sensirion expects construction work to be completed and production to begin by the end of 2021. The current production sites in Switzerland and Asia and their employees are not affected by this.

Mid-term growth potential confirmed by successful expansion of product portfolios

The expansion of Sensirion's environmental sensor portfolio is a pillar of Sensirion's growth strategy. Sensirion has made significant progress in implementing this strategy over the past 12 months: the new product families of particulate matter (PM2.5) and carbon dioxide (CO₂) sensors, which were launched in 2018, are now making a significant contribution to revenue growth. Numerous nominations and projects make Sensirion confident for the coming years as well. The main application fields of the PM2.5 sensor are the automotive market, where the sensor monitors the fine dust content of the car's interior air, and the appliances market, specifically in air purifiers. Sensirion sees various applications for the CO₂ sensor in the field of energy-optimized ventilation of buildings. Moreover, the successful launch of the PM2.5 sensor is also a first important milestone in Sensirion's efforts to become a leading module and Tier I supplier in the automotive sector.

Energy efficiency, safety, health and increased comfort will continue to be the fundamental growth drivers for the use of increased sensor technology in the future. Sensirion's strategic priorities are aligned with these: Sensirion wants to drive forward its market and technology leadership in existing markets, expand its portfolio, and develop new technologies for future growth. The ramp-ups of the PM2.5 and CO₂ sensors show that Sensirion is on the right track with the implementation. Despite COVID-19-related restrictions in recent months, all strategic development projects are running as planned. Therefore, Sensirion confirms the strong mid- and long-term growth prospects, which are additionally supported by Sensirion's broad diversification by markets and regions.

Outlook until year-end

In mid-June Sensirion increased its expectations for the full year 2020 in view of the positive market trends and the COVID-19-related special effect from the ventilator business. Sensirion confirms this outlook and now expects consolidated revenue of CHF 210-230 million (previously CHF 200-240 million) for the full year 2020. Nevertheless, the outlook for the second half of the year remains volatile and difficult to assess in view of the unclear further course of the global corona pandemic and its impact on the economy. For both the gross margin and adjusted EBITDA margin, assuming stable exchange rates and a moderate further course of the pandemic, Sensirion expects approximately the same profitability for the full current year as in the first half of 2020.

Conference call on the half-year 2020 results

Today, Wednesday, 19 August 2020, at 10:00 CEST / 09:00 BST / 04:00 EDT, a conference call on the half-year 2020 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/eVl3i5PmRlBz>

Documentation

All documents will be available at www.sensirion.com/financial-reports on 19 August 2020 from around 06:30 CEST / 05:30 BST / 00:30 EDT onwards.

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement	2020	2019
In millions of CHF, for the six months ended 30 June		
Revenue	113.7	83.9
Cost of sales	(51.5)	(39.3)
Gross Profit	62.2	44.6
Research and development expenses	(22.4)	(21.2)
Selling, distribution, and administrative expenses	(25.5)	(25.4)
Operating profit (loss)	14.3	(2.0)
Net finance costs	(2.5)	(0.8)
Profit (loss) before tax	11.8	(2.8)
Income taxes	(0.7)	0.9
Profit (loss) for the period	11.1	(1.9)
Earnings per share (in CHF)	0.72	(0.12)
Diluted earnings per share (in CHF)	0.72	(0.12)
EBITDA	20.1	4.8
Adjusted EBITDA	22.5	8.4

Revenue by End Markets	2020	2019
In millions of CHF, for the six months ended 30 June		
Automotive	25.5	24.9
Medical	42.8	17.3
Industrial	36.8	35.0
Consumer	8.6	6.7
Total	113.7	83.9

Condensed Consolidated Statement of Financial Position	as of 30 June 2020	as of 31 December 2019
In millions of CHF		
Current assets	135.6	109.0
Non-current assets	107.6	107.1
Total assets	243.2	216.1
Current liabilities	39.9	22.7
Non-current liabilities	40.2	34.6
Total liabilities	80.1	57.4
Total equity	163.1	158.7
Total liabilities and equity	243.2	216.1

Condensed Consolidated Statement of Cash Flows	2020	2019
In millions of CHF, for the six months ended 30 June		
Cash flows from operating activities	17.0	11.1
Cash flows from investing activities	(6.7)	(10.1)
Cash flows from financing activities	(0.9)	(1.1)
Net change in cash and cash equivalents	9.4	(0.1)
Cash and cash equivalents at 1 January	60.3	53.9
Cash and cash equivalents at 30 June	69.4	53.4
Capital expenditures	(6.7)	(10.1)
Free cash flow	10.3	1.0

Financial Calendar

19 August 2020	2020 half-year results and interim report
16 March 2021	2020 full-year results and annual report
18 May 2021	Annual general meeting 2021

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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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