

Press Release

Stäfa, Switzerland, 10 March 2020

Sensirion: Challenging 2019, Mid-Term Growth Perspectives Confirmed

Sensirion experienced a challenging 2019 as a result of the reduced demand and increased volatility in all markets, especially in the first half of the year. In the second half of the year, the start of new business put Sensirion back on a moderate growth path, which made up for part of the decline in sales during the first six months. At CHF 171.0 million, consolidated revenue was slightly higher than expected in summer 2019 (-2.2 % year-on-year), the gross margin was stable at 53.7 %, and the EBITDA margin adjusted for one-time effects amounted to 12.0 %. Sensirion confirms its medium and long-term growth prospects based on the long-term trends in the markets as well as its full product and project pipeline.

Key Figures

Consolidated, in millions of CHF	1 January – 31 December 2019	1 January – 31 December 2018
Revenue	171.0	174.8
Gross profit	91.8	93.0
- as % of revenue	53.7%	53.2%
Adjusted EBITDA	20.4	27.8
- as % of revenue	12.0%	15.9%
Adjustments	8.1	18.6
Cash flow from operating activities	25.7	26.4
Capital expenditures	(17.2)	(13.5)
Free cash flow	8.6	12.4
	As of 31 December 2019	As of 31 December 2018
Net cash	48.0	42.6
Number of employees (FTE)	796	783

A challenging and mixed 2019 lies behind Sensirion Holding AG, a pure-play sensor company offering environmental and flow sensor solutions. In all markets, reduced demand and increased volatility was experienced as a result of the numerous geopolitical uncertainties and the crisis in the automotive industry. Nevertheless, the start of new business in the second half of the year put the company back on a moderate growth path. This made up for part of the decline in sales in the first half of the year. Despite the persistently difficult market environment, the long-term market trends as well as the technology and product pipeline remain strong. A number of important milestones in the company's strategic development were achieved last year: firstly, by winning important projects and secondly, by further expanding the portfolio of environmental sensors. These strategic advances will support growth in the coming years. Sensirion therefore continues to confirm its medium and long-term growth prospects.

Consolidated annual revenue reached CHF 171.0 million, -2.2% compared to the previous year (of which -1.8% organic, -0.4% foreign currency effects). Revenue was thus slightly above the upper end of the guidance that had been lowered in summer 2019 in the wake of the overall economic slowdown. This was achieved because of a stronger second half of the year, in which moderate growth of just under 4% compared with the first six months was achieved by means of new business. The gross margin of 53.7% remained stable and within the communicated expectations. The EBITDA margin adjusted for one-time effects reached 12.0% and, thanks to intensified cost management, was at the upper end of the guidance revised in the summer. Due to high R&D expenses (24% of revenue) and low variable product costs, adjusted EBITDA of CHF 20.4 million suffered disproportionately from the decline in sales. In view of the continuing strong medium- and long-term outlook, the high R&D intensity was deliberately maintained. Taking into account one-time costs of CHF 6.5 million in connection with the last tranche of the IPO Loyalty Share Program, an operating loss of CHF 2.0 million and a net loss for the period of CHF 2.7 million resulted. The operating cash flow amounted to CHF 25.7 million and the free cash flow to CHF 8.6 million.

Slight growth in industrial market, weaker automotive market, special effect in medical market

The automotive market generated sales of CHF 51.3 million (-4.8% compared to the previous year). The very weak first half of the year was characterized by a significant weakness in demand coupled with inventory optimization throughout the supply chain. Demand stabilized noticeably in the second half of the year, so that, thanks to new business, growth compared with the same period last year was achieved.

At CHF 35.1 million, sales in the medical market were 8.9% below the previous year's sales. This decline is primarily the result of a base effect: in the second half of 2018, temporarily strongly increased volumes in the dominant sleep apnea therapy (CPAP) devices application were recorded as two major customers were about to launch important new products and were heavily building up their inventories. In 2019, demand in the CPAP area was back in line with the long-term trend.

In the broadly diversified industrial market, moderate growth of 2.5% in 2019 compared to the previous year was achieved with revenue of CHF 70.3 million. Important new business in the household appliance applications, especially due to the new CO₂ sensors as well as higher sales in the gas meter business offset the lower sales in some areas in the traditional products business and in the sharply declining hard disk sector.

At CHF 14.1 million, the consumer market achieved a slight increase in revenue of 3.1% compared to the previous year thanks to new projects with gas and humidity sensors.

Strategic expansion of our environmental sensor portfolio

In 2019, good progress in implementing the strategic goal of achieving market leadership in the entire field of environmental sensor technology was made: the CO₂ sensor launched at the beginning of 2018 substantially contributed to consolidated sales for the first time thanks to product launches with lead customers in the industrial sector. In mid-2019 the second generation of CO₂ sensors was also announced: through Sensirion's expertise in sensor technology, MEMS and chip design, the size of the sensor could be reduced to one-fifth without compromising performance, which brings further advantages in the cost structure of this product. Initial market feedback on the new CO₂ sensor is very positive. Production start is scheduled for summer 2020.

The particulate matter sensor (PM_{2.5}) launched later in 2018 is also developing positively on the market. As a result of further important nominations in the industrial and automotive markets, continuous and sustainable sales growth will also be achieved with this product family in the coming years.

To further strengthen its environmental portfolio, Sensirion acquired a very promising electrochemical sensor technology in mid-2019. In the meantime, the technology transfer has been successfully completed and a larger internal development team has started to develop a first gas sensor based on this novel technology.

Medium and long-term prospects remain strong

Despite the current difficult market environment, the medium and long-term growth prospects continue to be viewed as positive. The fundamental growth drivers for sensor technology, such as energy efficiency, safety, health, and increased living comfort, will continue to drive the growing demand for sensor technology in all markets in the future. Sensirion's strategic orientation, supported by the newly launched product families, the entry into the automotive module business, and a full innovation pipeline, open up numerous growth opportunities and a continuous increase in the value share in important existing and new customer applications. Therefore, a high R&D intensity is being maintained, also in comparison to competitors.

Renewal of authorized share capital

The Board of Directors will propose to the Annual General Meeting on 11 May 2020 that the authorized capital of CHF 145,581.70 be renewed for another two years.

Outlook

Given the current rapidly changing situation, it is difficult to provide an outlook for 2020: the global economic situation remains fragile and challenging in view of the continuing tense geopolitical environment and the unresolved coronavirus epidemic. Future effects of the epidemic on current business and the supply chain are currently difficult to assess. Assuming that the market environment and exchange rates do not deteriorate significantly, we anticipate sales growth of 4-10% to CHF 178-188 million for full-year 2020, with a consistently strong gross margin of 52-54%. For the adjusted EBITDA margin, we expect an improvement to 14-16%. Based on the progress in important R&D projects, we also confirm our medium-term annual sales growth target of 10-15%.

Analyst and media conference on the full-year 2019 results

Today, Tuesday, 10 March 2020, at 10:00 CST / 09:00 GMT / 06:00 EDT, an analyst and media conference on the full-year 2019 results will be held. The conference will take place at the Savoy Hotel Baur en Ville in Zurich and will also be audio-webcast with synchronized presentation slides. The presentation will be held in English. You will have the opportunity to ask questions following the presentation. If you would like to attend through web access, we kindly ask you to register for the audio-webcast via the following link: <https://conferencing.swisscom.ch/conference/x/jxQBjyezGngc>

Documentation

All documents will be available at www.sensirion.com/financial-reports on 10 March 2020 from around 06:30 CET / 05:30 GMT / 01:30 EDT onwards.

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement	2019	2018
In millions of CHF, for the twelve months ended 31 December		
Revenue	171.0	174.8
Cost of sales	(79.2)	(81.8)
Gross profit	91.8	93.0
Other income	0.0	1.1
Research and development expenses	(41.5)	(36.3)
Selling, distribution, and administrative expenses	(52.3)	(62.2)
Operating profit (loss)	(2.0)	(4.4)
Net finance costs	(2.0)	(2.3)
Profit (loss) before tax	(4.0)	(6.7)
Income taxes	1.3	0.3
Profit (loss) for the period	(2.7)	(6.4)
Earnings per share (in CHF)	(0.18)	(0.45)
Diluted earnings per share (in CHF)	(0.18)	(0.45)
EBITDA	12.3	9.2
Adjusted EBITDA	20.4	27.8

Revenue by End Markets	2019	2018
In millions of CHF, for the twelve months ended 31 December		
Automotive	51.4	53.9
Medical	35.1	38.6
Industrial	70.4	68.6
Consumer	14.1	13.7
Total	171.0	174.8

Condensed Consolidated Statement of Financial Position	as of 31 December 2019	as of 31 December 2018
In millions of CHF		
Current assets	108.8	112.3
Non-current assets	106.7	102.6
Total assets	215.5	214.9
Current liabilities	17.9	21.1
Non-current liabilities	41.4	33.4
Total liabilities	59.3	54.5
Total equity	156.2	160.4
Total liabilities and equity	215.5	214.9

Condensed Consolidated Statement of Cash Flows	2019	2018
In millions of CHF, for the twelve months ended 31 December		
Cash flows from operating activities	25.7	26.4
Cash flows from investing activities	(17.2)	(3.6)
Cash flows from financing activities	(1.8)	21.9
Net change in cash and cash equivalents	6.7	44.7
Cash and cash equivalents at 1 January	53.9	9.4
Cash and cash equivalents at 31 December	60.3	53.9
Capital expenditures	(17.2)	(13.5)
Free cash flow	8.6	12.4

Financial Calendar

10 March 2020	2019 full-year results and annual report
11 May 2020	Annual general meeting
19 August 2020	2020 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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