

Half-Year 2020 Results

Marc von Waldkirch, CEO

Matthias Gantner, CFO

19 August 2020



Agenda

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- Half-Year 2020 Highlights
- Business Review

Marc von Waldkirch, CEO

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- Half-Year 2020 Financial Review

Matthias Gantner, CFO

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- Outlook

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- Q&A

H1 2020 Overview

Business

- H1 2020 was characterized by 3 major factors:
 - 1) The ramp-ups of new product families PM2.5 and CO₂ were stronger than expected.
 - 2) Business with existing sensors has so far proved to be quite robust despite the COVID-19 pandemic.
 - 3) COVID-19 led to a one-time effect in the form of increased global demand for gas flow sensors for ventilators.
- As a result, we raised our outlook for FY 2020 in mid-June.

Financials

- Revenue CHF 113.7m, +35.5% YoY (+39.9% organic, -4.4% FX effects).
- Stable gross margin 54.7%.
- Adjusted EBITDA margin 19.7%.
- Operating cash flow CHF 17.0m, free cash flow CHF 10.3m.

Outlook

- In mid-June we increased our expectations for the full year 2020 in view of the positive market trends and the Covid 19-related special effect from the ventilator business. We confirm this outlook and now expect 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, we expect approximately the same profitability for the full current year as in the first half of 2020.

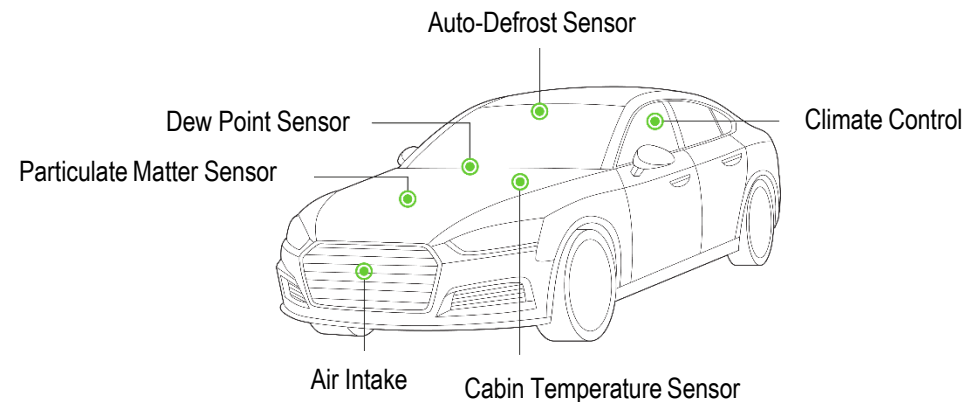
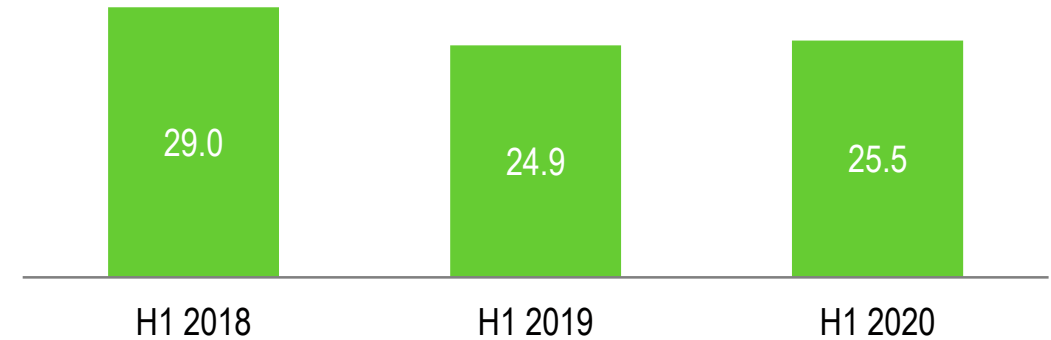
Automotive H1 2020 Business Review

Main results

- H1 2020 revenue increased by +2.1% YoY to CHF 25.5m.
- Revenue decline YoY in existing Tier II business with sensor components because of factory shut-downs at automotive OEMs in Q2 2020.
- Our first automotive PM2.5 module project successfully ramped up. This compensated for the revenue decline in the components business.

Revenue development

(CHFm)

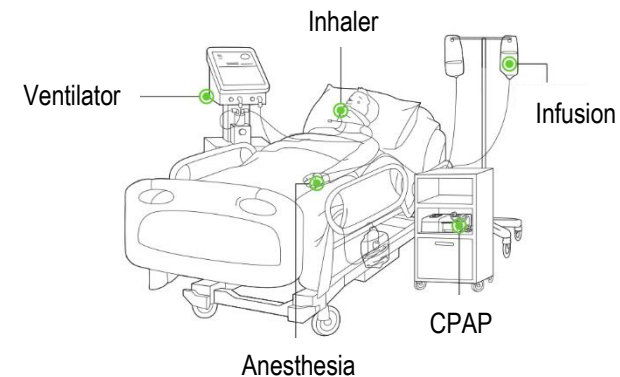
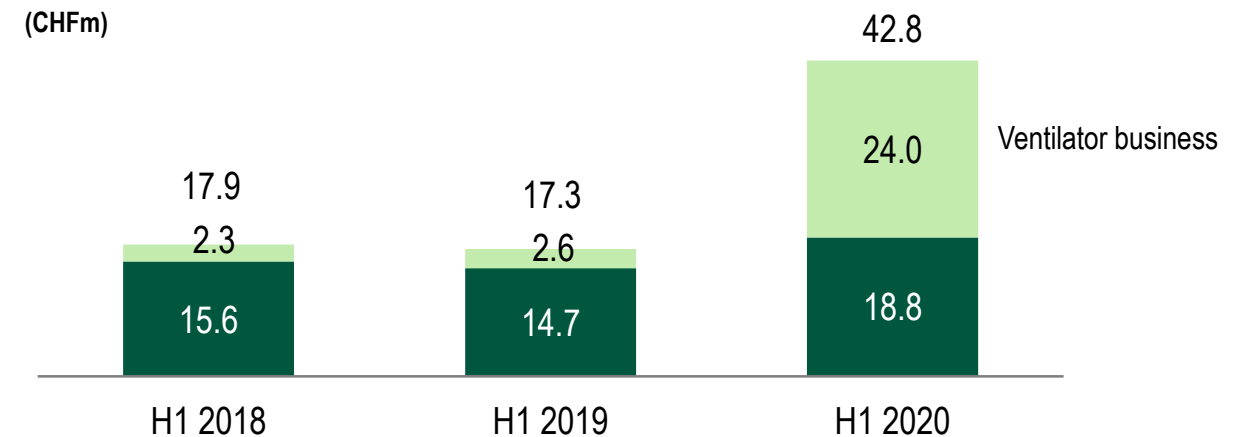


Medical H1 2020 Business Review

Main results

- At CHF 42.8m, revenue in H1 2020 increased by +148.1% YoY.
- Of the CHF 42.8m revenue, CHF 24.0m was because of the COVID-19-related strong increase in demand for gas flow sensors employed in ventilators. A dedicated task force increased production capacity for ventilator gas flow sensors by 8-10x within a few weeks.
- Peak volumes of the ventilator business were and are expected for Q2/Q3 2020.
- The ventilator business in H2 2020 is hard to predict due to the unknown further development of the pandemic. We expect a normalization of demand by the beginning of 2021.
- Business from the other medical applications, CPAP and anesthesia, was partially positively affected by COVID-19.

Revenue development



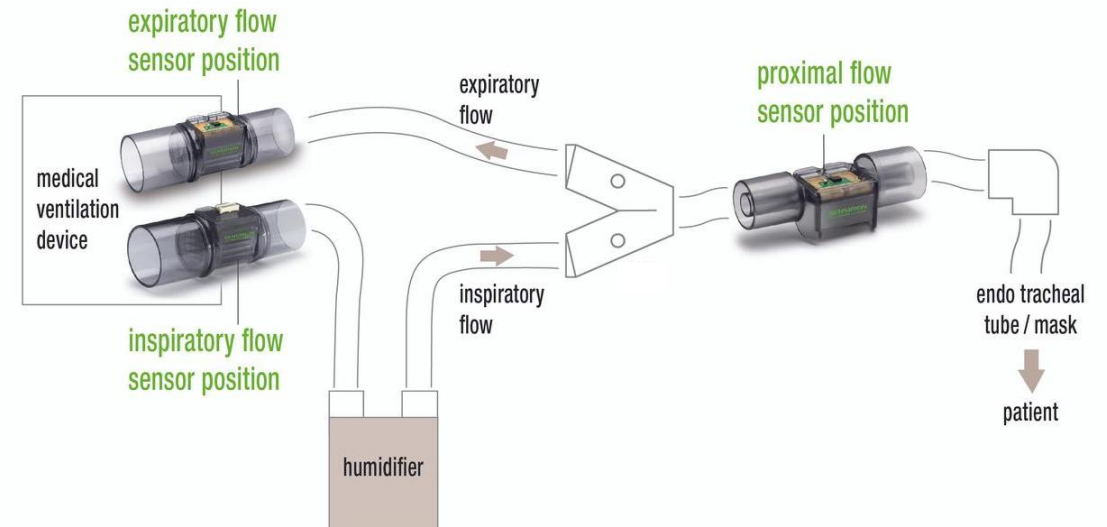
Application of Gas Flow Meters in Ventilators

Application

- Gas flow meters in ventilators measure the air flow at several locations to control the air flow into and from the patient. In particular, the transition from the patient being ventilated to the patient breathing themselves is crucial.
- The number of gas flow meters in ventilators varies from 1 up to 3.
- The technical requirements on the flow meters are very stringent (including wide dynamic range, high flow accuracy).
- Sensirion developed a new gas flow sensor optimized for respiratory applications which is available in high volumes.



Schematic



- Expiratory Air flow out of patient, measured in device
- Inspiratory Air flow into patient, measured in device
- Proximal Measured close to the patient

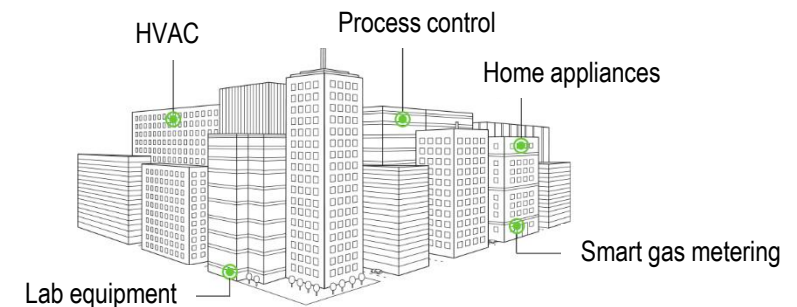
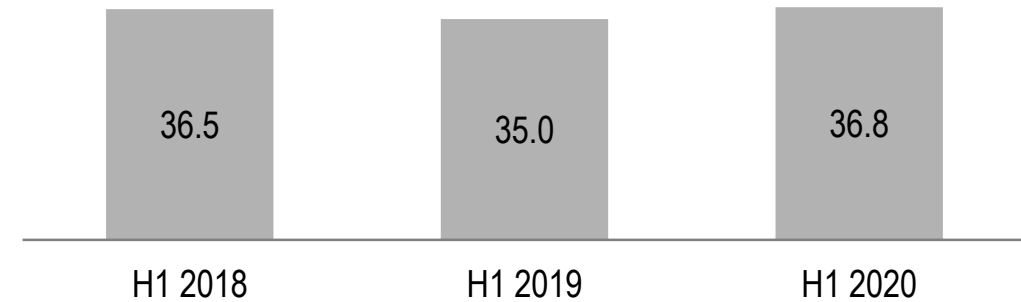
Industrial H1 2020 Business Review

Main results

- H1 2020 revenue increased by +5.4% YoY to CHF 36.8m.
- New business from projects in the home appliance market employing CO₂ and PM2.5 sensors drove revenue growth.
- The overall demand in the industrial market was relatively robust against COVID-19 influences in H1 2020.
- Revenue in the area of gas metering decreased YoY as a consequence of COVID-19 related factory closures at our customers.
- We assume that part of the demand in H1 2020 resulted from increase of customer inventories.

Revenue development

(CHFm)



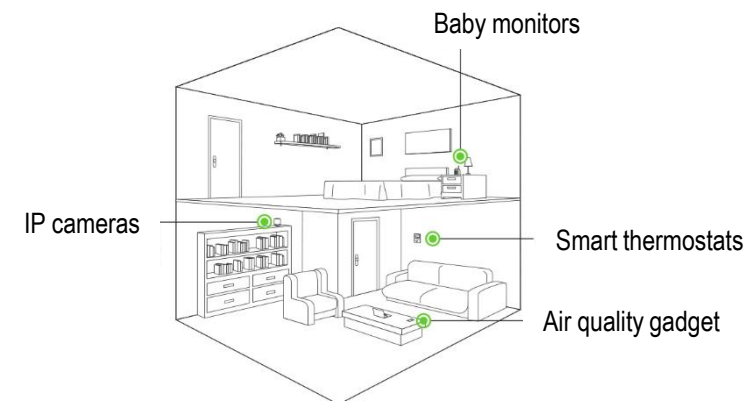
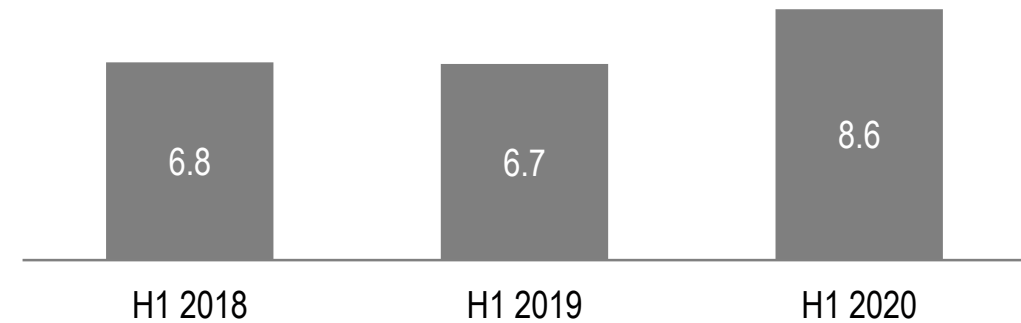
Consumer H1 2020 Business Review

Main results

- H1 2020 revenue increased by 27.4% YoY to CHF 8.6m.
- Revenue growth is due to new projects with humidity sensors and robust ongoing business with the established portfolio.
- Especially in Asia, major customers launched new products based on our humidity sensor.

Revenue development

(CHFm)



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Financials Overview HY 2020

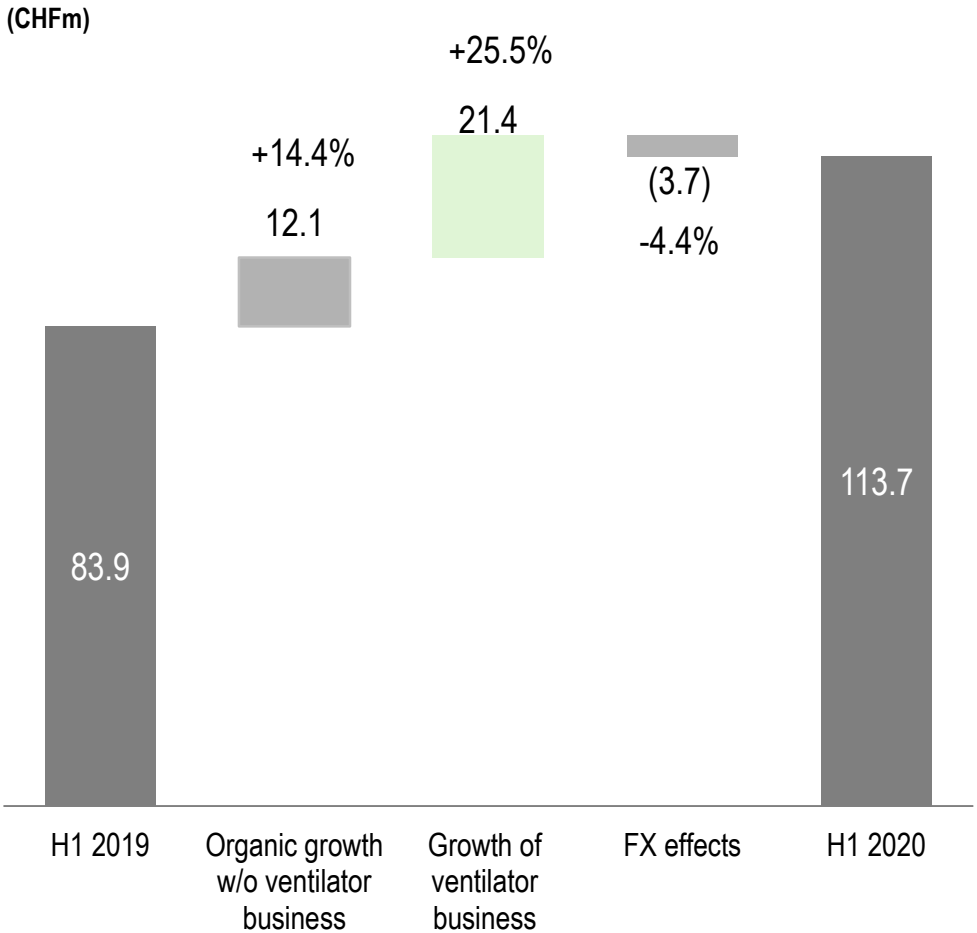
Key Financials

- Revenue **CHF 113.7m**, +35.5% YoY (+39.9% organic, -4.4% FX effects).
- Gross margin **54.7%**.
- Adjusted EBITDA margin **19.7%**.
- Operating cash flow **CHF 17.0m**, free cash flow **CHF 10.3m**.



Revenue Growth from H1 2019 to H1 2020

Components of revenue growth



Revenue H1 2020

- +35.5% YoY increase, driven by the ramp-ups of projects with PM2.5 and CO₂ sensors and the COVID-19-related business with gas flow meters for ventilators.

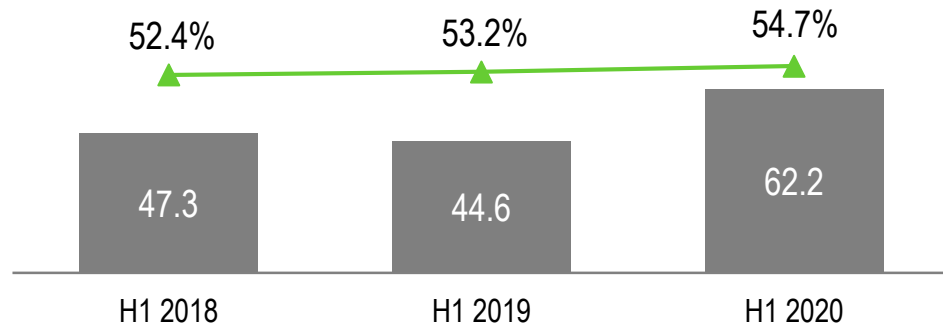
Foreign currency exchange effects

- 4.4%, mainly from USD, EUR and KRW.

Gross Margin and Opex Development

Gross profit and gross margin (%)

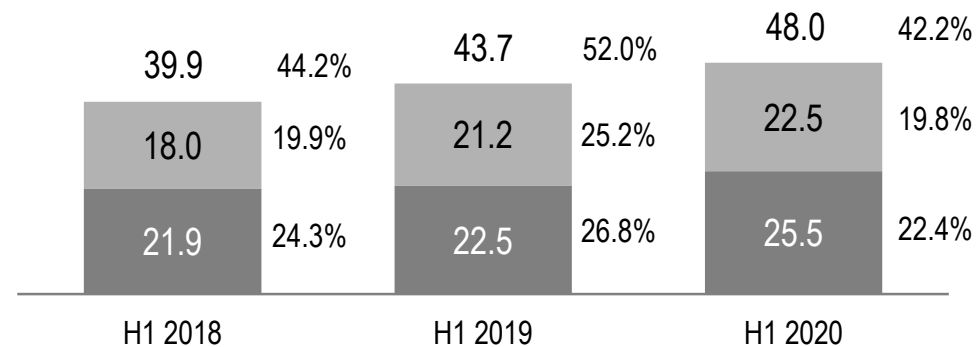
(CHFm / % of revenue)



R&D and adjusted SG&A¹ expenses

(CHFm / % of revenue)

■ Adjusted SG&A ■ R&D



Gross margin H1 2020

- Slight YoY increase in % of revenue because of economy of scales and product mix.
- Additional workforce for COVID-19-related ventilator business mainly covered with leased staff.

R&D expenses H1 2020

- Remained more or less stable YoY in terms of CHF, as no significant change in personnel.

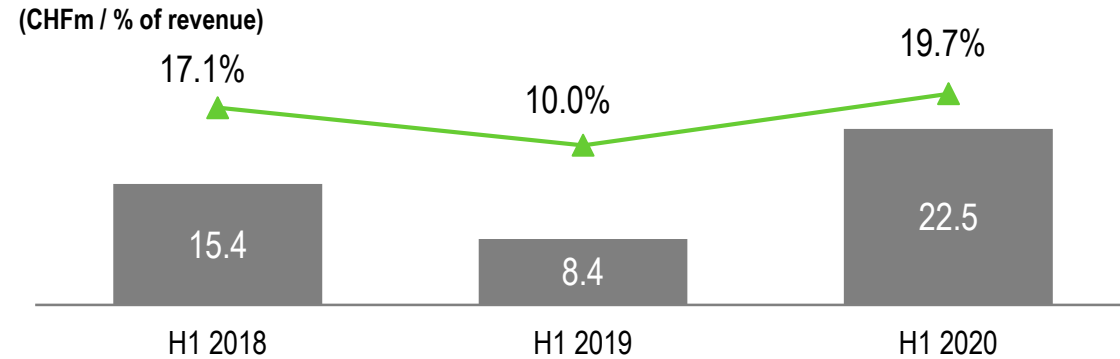
SG&A H1 2020

- Increased accruals for variable personnel expenses in connection with provision regarding overtime, vacation, and bonuses.

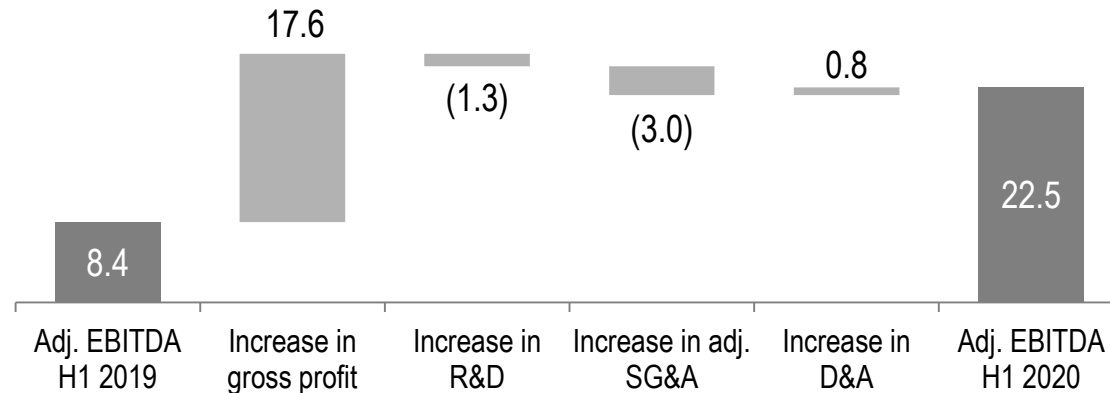
¹ SG&A expenses adjusted for costs related to IPO Loyalty Share Program, social security expenses relating to gain in excess of formula value, and external costs related to IPO. Total adjustments: H1 2018 CHF 8.8m, H1 2019 CHF 2.9m.

Adjusted EBITDA Development

Adj. EBITDA¹ and adj. EBITDA margin (%)



H1 2019 to H1 2020



Adjusted EBITDA H1 2020

- Adjusted EBITDA margin increased because of strong increase of gross profit.
- No IPO-related adjustments in 2020 anymore.

¹ Defined as EBITDA adjusted for net finance costs excluding net interest expenses, share of profit or loss of equity-accounted investees, costs related to IPO Loyalty Share Program, social security expenses relating to gain in excess of formula value, and external costs related to IPO. Total adjustments: H1 2018 CHF 9.3m, H1 2019 CHF 3.6m, H1 2020 CHF 2.3m.

Income Statement

Condensed consolidated income statement

(CHFm / % of revenue)

	H1 2020		H1 2019	
Revenue	113.7		83.9	
Cost of sales	(51.5)		(39.3)	
Gross profit	62.2	54.7%	44.6	53.2%
R&D expenses	(22.4)	(19.7%)	(21.2)	(25.2%)
SG&A expenses	(25.5)	(22.4%)	(25.4)	(30.3%)
<i>Adj. SG&A expenses</i>	(25.5)	(22.4%)	(22.5)	(26.8%)
Operating profit (loss)	14.3	12.6%	(2.0)	(2.3%)
Net finance costs	(2.5)		(0.8)	
Profit (loss) before tax	11.8	10.4%	(2.8)	(3.4%)
Income taxes	(0.7)		0.9	
Profit (loss) for the period	11.1	9.7%	(1.9)	(2.2%)
Adjustments	2.3	2.0%	3.6	4.3%
Fin. cost (not interest), equity acc.invest.	2.3		0.7	
IPO Loyalty Share Program			2.9	

Adjustments

- H1 2020: no one-time effects (only recurring effects of net finance costs excl. net interest expenses, and share of loss/profit of equity-accounted investees)
- H1 2019: Mainly CHF 2.9m for IPO Loyalty Share Program, included in SG&A expenses.

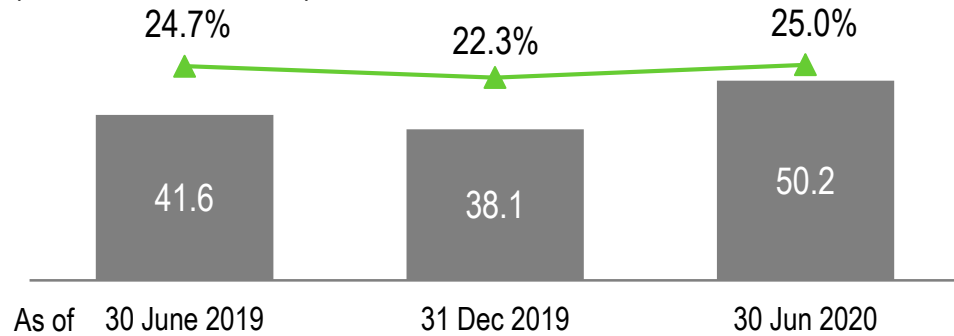
EBITDA H1 2020

- EBITDA of CHF 20.1m.
- Adjusted EBITDA of CHF 22.5m.

Net Working Capital and Capital Expenditures

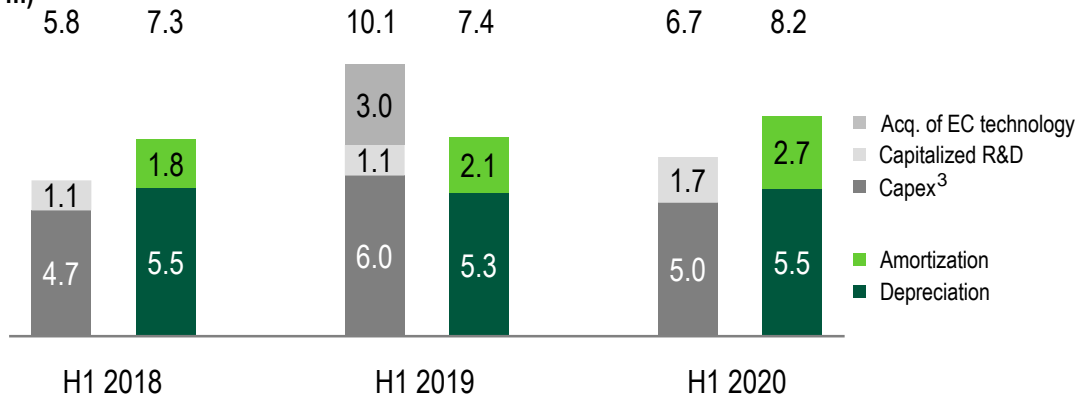
Net working capital¹

(CHFm / % of LTM revenue)



Capex² vs. D&A

(CHFm)



Net working capital H1 2020

- Increased YoY mainly because of increase of trade receivables in connection with COVID-19-related ventilator business during H1 2020.

Capex H1 2020

- Capitalized R&D expenses amounted to 7.6% of total R&D expenses, 1.5% of revenue.

Depreciation and Amortization H1 2020

- D&A remained practically stable YoY in CHF.

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

³ Excluding capitalized R&D, and acquisition of electrochemical sensor technology.

Continuing Strong Balance Sheet

As of 30 June 2020

Equity / total assets	67.1 %
Net cash ¹	CHF 56.1m

Assets

Cash	CHF 69.4m	Trade payables	CHF 7.9m
Trade receivables	CHF 33.7m	Lease liabilities	CHF 13.2m
Inventories	CHF 24.4m	Other liabilities	CHF 59.0m
Other current assets	CHF 8.1m	Equity	CHF 163.1m
Non-current assets	CHF 107.6m		

CHF 243.2m

CHF 243.2m

Liabilities and Equity

As of 31 December 2019

Equity / total assets	72.5%
Net cash ¹	CHF 48.0m

Assets

Cash	CHF 60.3m	Trade payables	CHF 5.5m
Trade receivables	CHF 21.6m	Lease liabilities	CHF 12.3m
Inventories	CHF 22.0m	Other liabilities	CHF 41.5m
Other current assets	CHF 4.9m	Equity	CHF 156.2m
Non-current assets	CHF 106.7m		

CHF 215.5m

CHF 215.5m

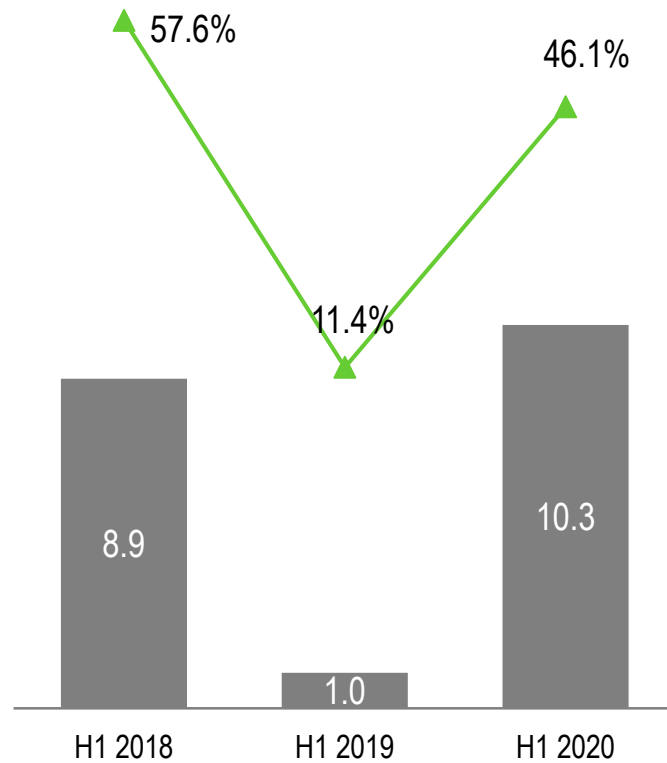
Liabilities and Equity

¹ Defined as the sum of cash and cash equivalents less loans and borrowings less lease liabilities (current and non-current).

Free Cash Flow¹ Development

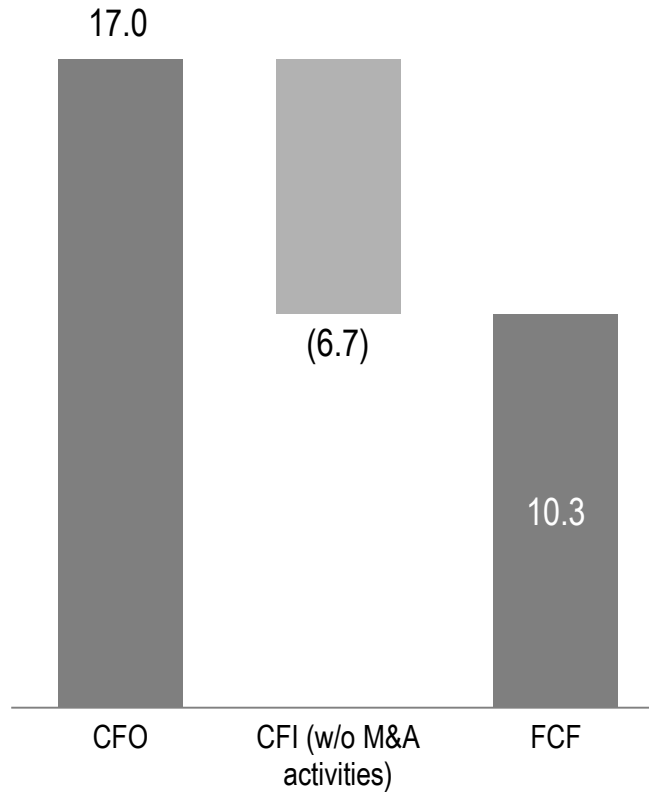
FCF and FCF conversion rate (%)

(CHFm / % of adjusted EBITDA)



H1 2020

(CHFm)



FCF conversion rate²

- H1 2018 57.6%
- H1 2019 11.4%
- H1 2020 46.1%

¹ Free cash flow (FCF) defined as the sum of cash flows from operating activities (CFO) and cash flows from investing activities (CFI), excluding M&A activities.

² FCF conversion rate defined as FCF in percentage of adjusted EBITDA.

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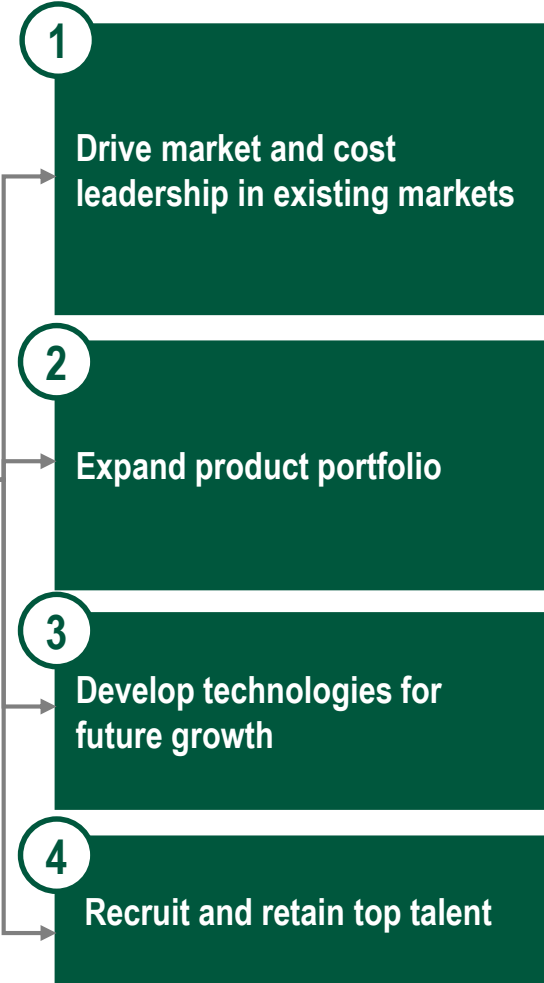
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Strategic Achievements

Strategic drivers

Energy efficiency
Quality of life
Digitalization and automation

Strategic pillars



Main strategic achievements

- Agile reaction to strong increase in demand for gas flow meters for ventilators, expansion of production capacity by 8-10x.
 - Increase in market share of gas flow meters.
 - Groundbreaking of new production site in Debrecen, Hungary.
 - Agreement with Alps Alpine to provide RHT sensors for Alps' module business.
- Successful ramp-up of first automotive PM2.5 module project.
 - Successful ramp-up of larger home appliance CO₂ sensor project.
 - Ongoing development of first gas sensor based on electrochemical technology with market launch targeted in 2021.
- Investment in start-up commercializing promising optical technology, with long-term goal of Sensirion to develop optical sensors for applications in environmental, flow or other fields of sensing.
- Hired significant number of temporary operators in very short period of time to cope with strong increase in demand for gas flow meters.

New Production Site in Debrecen, Hungary

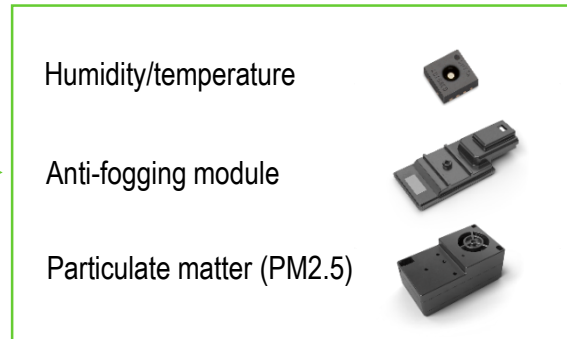
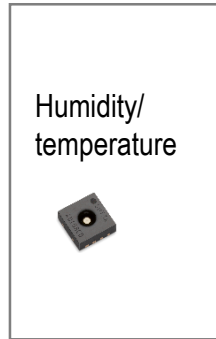
Groundbreaking of new production site

- Groundbreaking of new production site in Debrecen, Hungary, due to positive business trends and increasing demand. The site in Debrecen will expand our production capabilities and capacities.
- The site is being built and financed by a local “build-to-suit” partner. We have signed a long-term lease agreement.
- The new production facility is an expansion, which means that no existing jobs in Switzerland are affected.
- Groundbreaking took place on 30 June 2020. Completion of construction and start of production are anticipated by end of 2021.



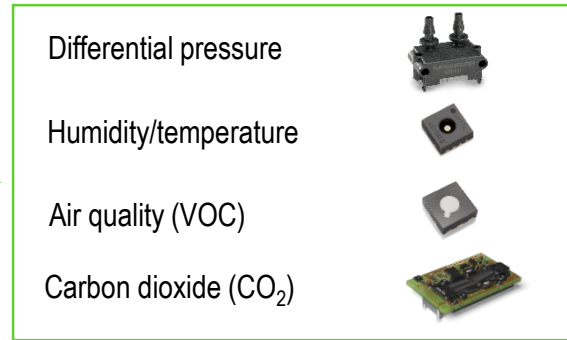
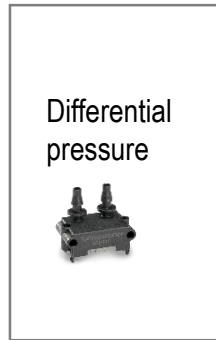
Customer Content Increase through New Products (Examples)

Automotive: In-cabin climate control



- Successful ramp-up of first automotive PM2.5 module project in H1 2020.
- PM2.5 sensor employed to monitor air inside car cabin.

HVAC/Home appliances: Building ventilation



- Successful ramp-up of larger home appliance CO₂ sensor project in H1 2020.
- CO₂ sensor enables customers to ventilate buildings more energy-efficiently.

Summary



- Successful expansion of environmental product portfolio through establishment of CO₂ sensor and PM2.5 module, exemplified by significant revenues from ramp-up of customer projects in automotive and home appliance markets.
- In spite of COVID-19, maintained and partially increased market share of existing product families humidity/temperature and gas flow sensors across all end markets.
- Agile reaction to strong increase in demand for gas flow meters for ventilators in connection with pandemic, leading to expansion of production capacity by 8-10x, thanks to strong team effort across whole company.



Outlook

In mid-June we increased our expectations for the full year 2020 in view of the positive market trends and the Covid 19-related special effect from the ventilator business. We confirm this outlook and now expect 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, we expect **approximately the same profitability** for the full current year **as in the first half of 2020**.

Financial Calendar

Date	Event
19 August 2020	Half-Year 2020 Results and Interim Report
16 March 2021	Full-Year 2020 Results and Annual Report
18 May 2021	Annual General Meeting 2021

Contact information

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Appendix

Reconciliation of Profit (Loss) to Adjusted EBITDA

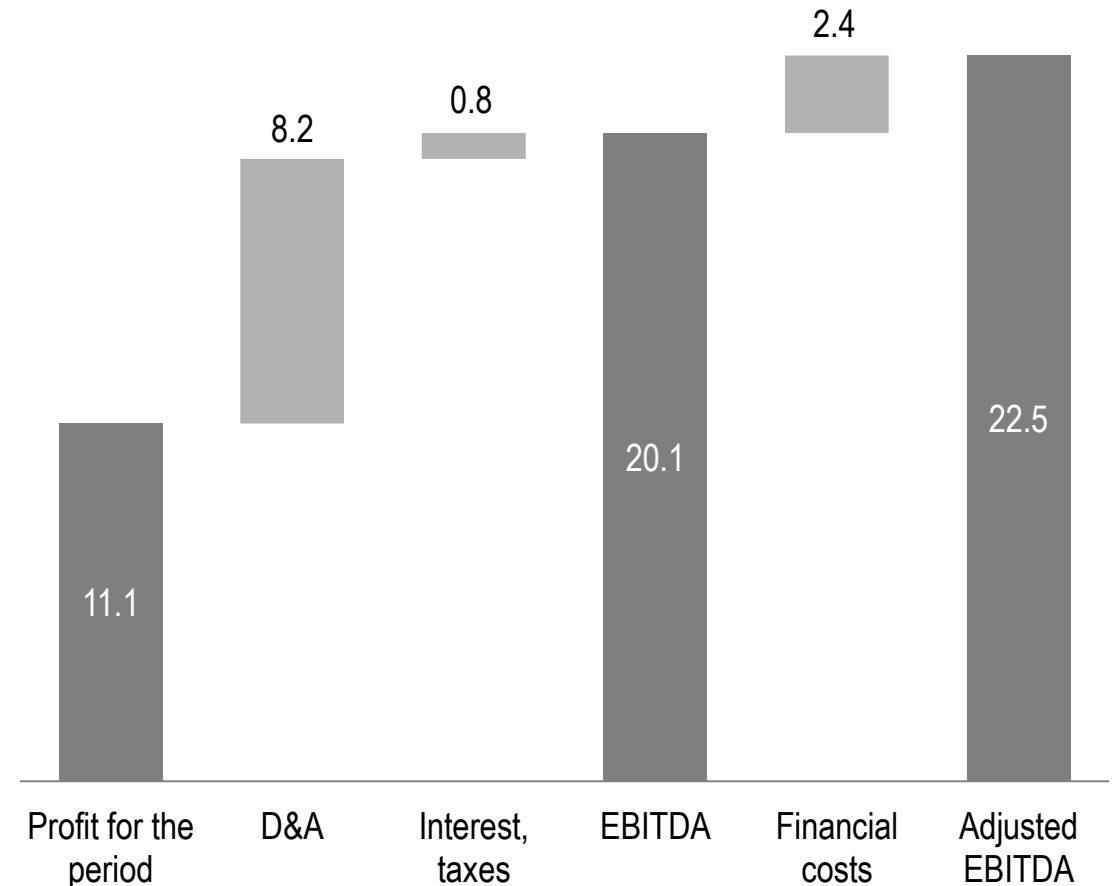
Reconciliation

(CHFm)

	H1 2020	H1 2019
Profit (loss) for the period	11.1	(1.9)
- Depreciation & amortization	8.2	7.4
- Net interest expenses, income taxes	0.8	(0.7)
EBITDA	20.1	4.8
Adjusted for		
- Net finance costs excluding net interest expenses	2.2	0.5
- Share of loss (profit) of equity-accounted investees	0.2	0.2
- IPO Loyalty Share Program (IPO LSP)	0.0	2.9
Adjusted EBITDA	22.5	8.4

H1 2020

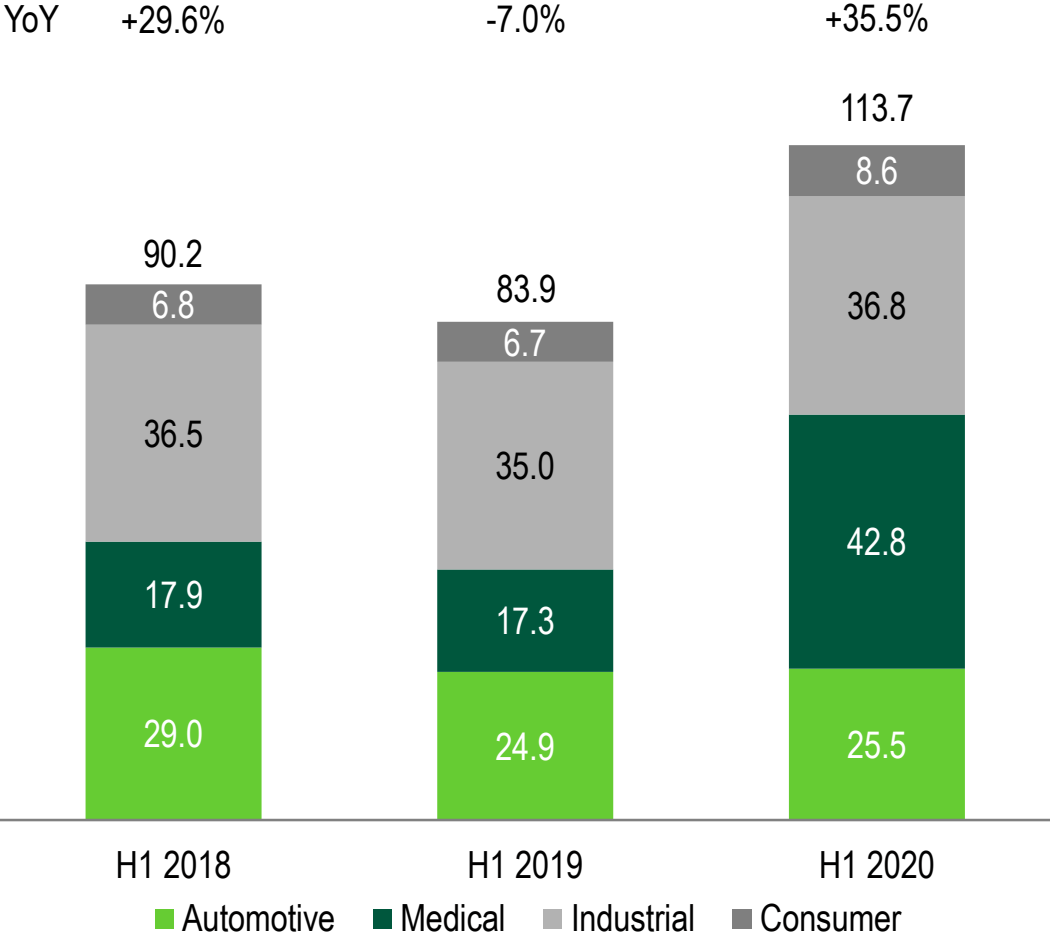
(CHFm)



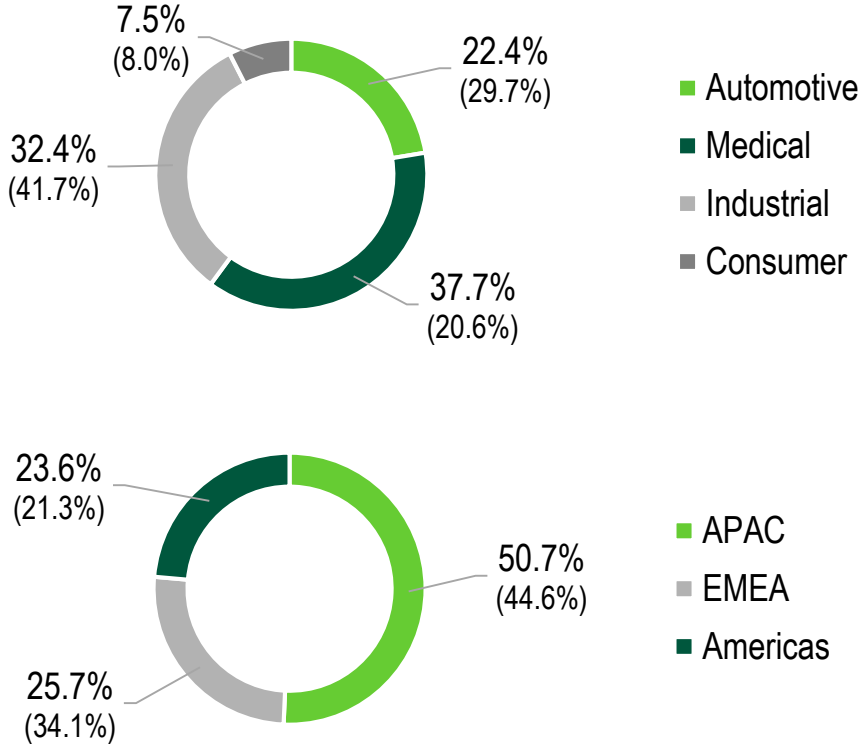
Diversified Revenue Development Across all our End Markets

Revenue development

(CHFm)



H1 2020 (H1 2019) revenue distribution

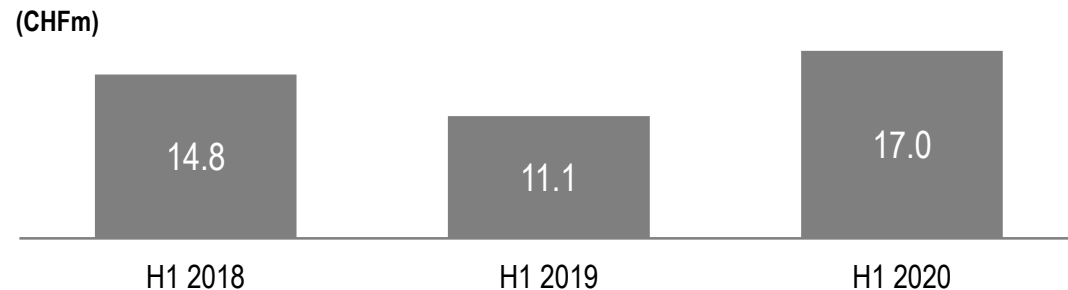


Statement of Cash Flows

Condensed consolidated statement of cash flows

(CHFm)	H1 2020	H1 2019
Cash flow from operating activities (CFO)	17.0	11.1
Cash flow from investing activities (CFI)	(6.7)	(10.1)
Cash flow from financing activities (CFF)	(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
Effect of movements in exchange rates on cash held	(0.3)	(0.4)
Cash and cash equivalents at 30 June	69.4	53.4

Cash flow from operating activities



CFO H1 2020

- Continuous generation of cash through operating activities.

CFI and CFF H1 2020

- In line with historical trend.

Disclaimer

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