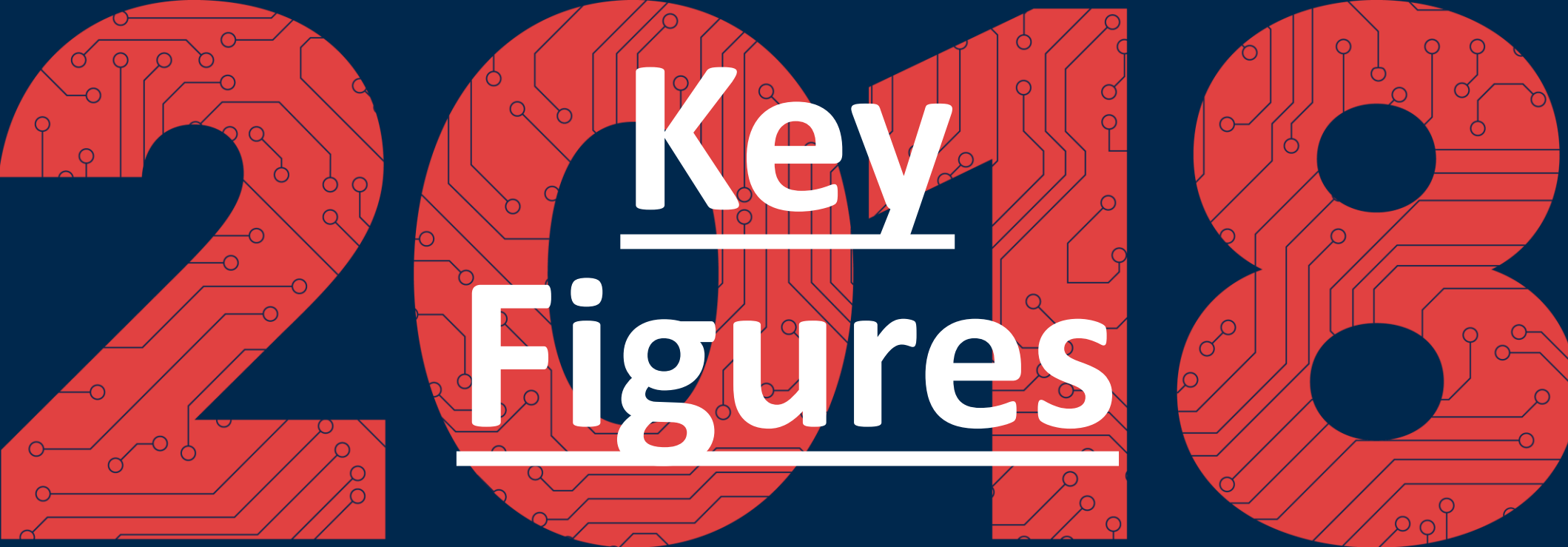




Financial Statement Press Conference

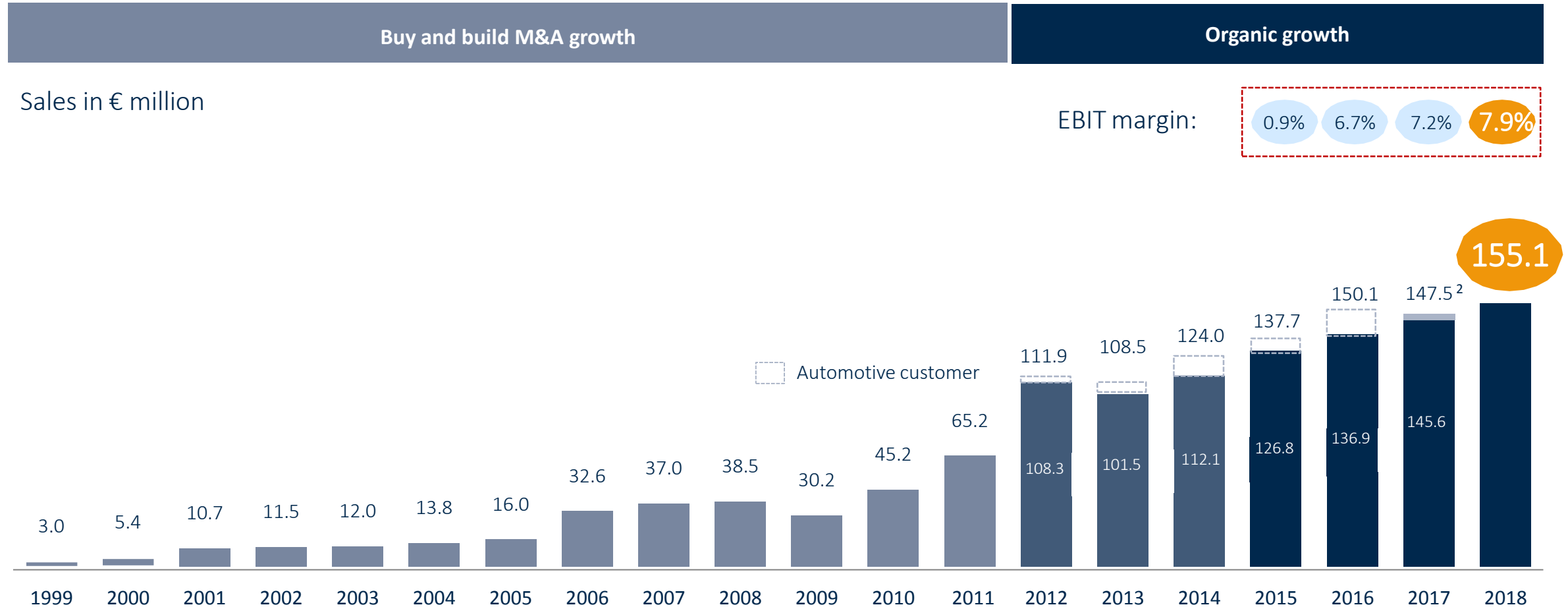
March 21, 2019

The background features a large, stylized number '2018' in a vibrant red color. The interior of each digit is filled with a white circuit board pattern, consisting of interconnected lines and small circular nodes. The entire graphic is set against a solid dark blue background.

Key Figures

FINANCIAL RESULT 2018: AT A GLANCE

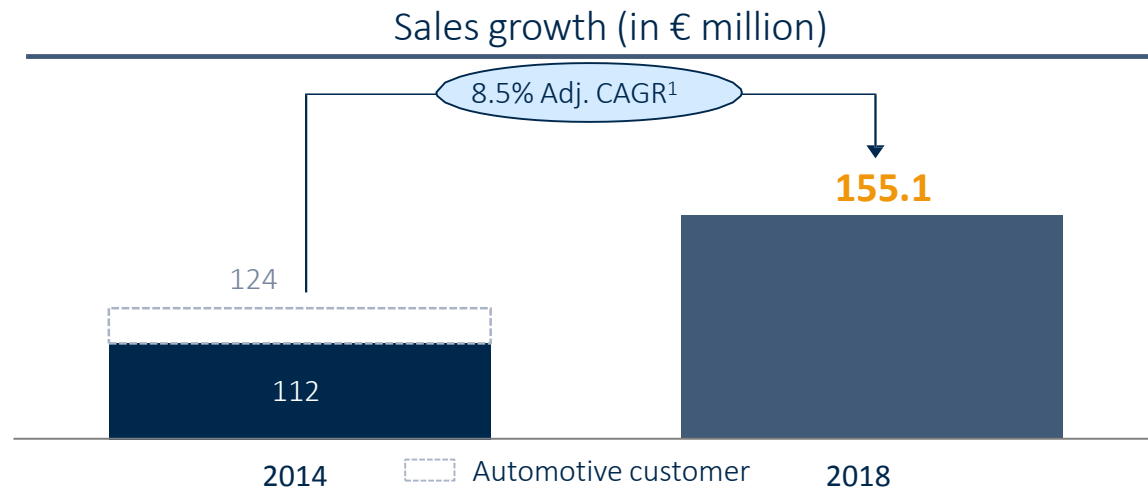
We further succeed in implementing our strategy for profitable growth



Note: 1 Based on sales excl. this automotive customer sales. 2 Decrease in 2017 due to expired order of a special automotive customer (~€12m) which was mostly compensated for by new clients (~€7m).

FINANCIAL RESULT 2018: AT A GLANCE

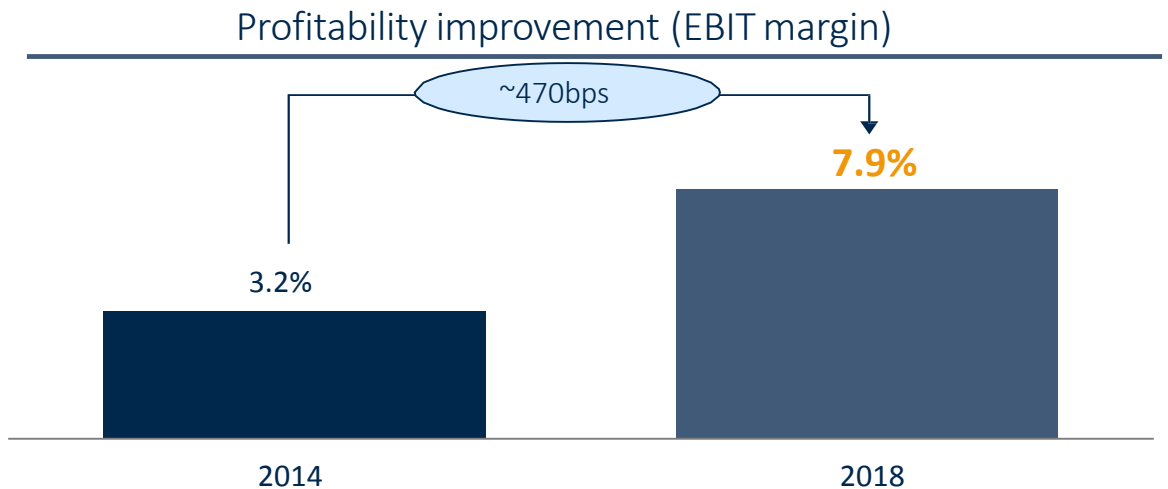
Top-line growth & margin improvement based on dedicated measures



Strong top-line growth despite portfolio restructuring efforts and focus on operational excellence

- Set-up of one group-wide sales team, regionally focused teams for Asia and Americas, KAM for large customers
- Streamlining of product and customer portfolio: Significantly less variances, volume bundling, “last time buy offers”
- Standard products successfully offered to the markets
- Value-based pricing and volume incentives esp. in solutions business

¹ Based on sales excl. sales of a special automotive customer



Significantly expanded margin levels through operational measures and phase-in of higher margin products

- ONE process map for all facilities/functions with ONE SAP 4/HANA
- Transparent controlling tools and KPIs
- Major improvements in terms of batch size, lead time, value chain efficiency, yield and sourcing
- Increased production efficiency through harmonization
➔ 40 % gross margin target for all standard products and solutions

FINANCIAL RESULT 2018: P+L STATEMENT

Significant improvement of all relevant key figures has been achieved

In € million	2017	2018	Change
1. Revenues	147.5	155.1	7.6
Other operating income	3.3	2.6	-0.7
Change in inventory	-1.5	4.5	6.0
Other own work capitalized	2.5	2.0	0.5
Cost of material	-69.3	-76.1	-6.8
2. Gross profit	82.5	88.1	5.6
3. Personnel expenses	-46.6	-49.0	-2.5
4. Other operating expenses	-16.3	-17.8	-1.5
Operating result (EBITDA)	19.6	21.3	1.6
Depreciation and amortization	-6.8	-6.8	
Operating result before goodwill amortization (EBITA)	12.8	14.5	1.7
Goodwill amortization	-2.3	-2.2	
5. Earnings before interest and tax (EBIT)	10.6	12.2	1.7
6. Financial result	-3.4	-1.8	1.6
Income before tax (EBT)	7.1	10.4	3.3
Taxes	-2.8	-2.9	-0.1
Net income	4.4	7.5	3.1

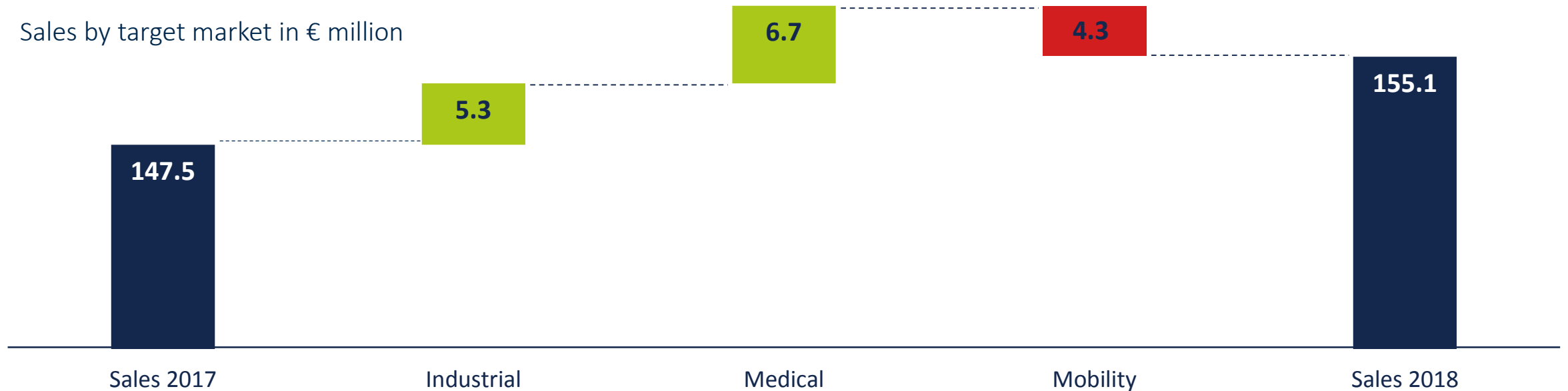
2.96%

4.85%

P+L STATEMENT: 1.REVENUES

We continue in implementing our strategy for profitable growth

Sales by target market in € million



Industrial

- Sales growth 7.0 %
- New business in the area of photonic and pressure sensors
- Raising demand in Asia

Medical

- Sales growth 23.7%
- Raising demand for H series
- Expanded business with imaging solutions in North America

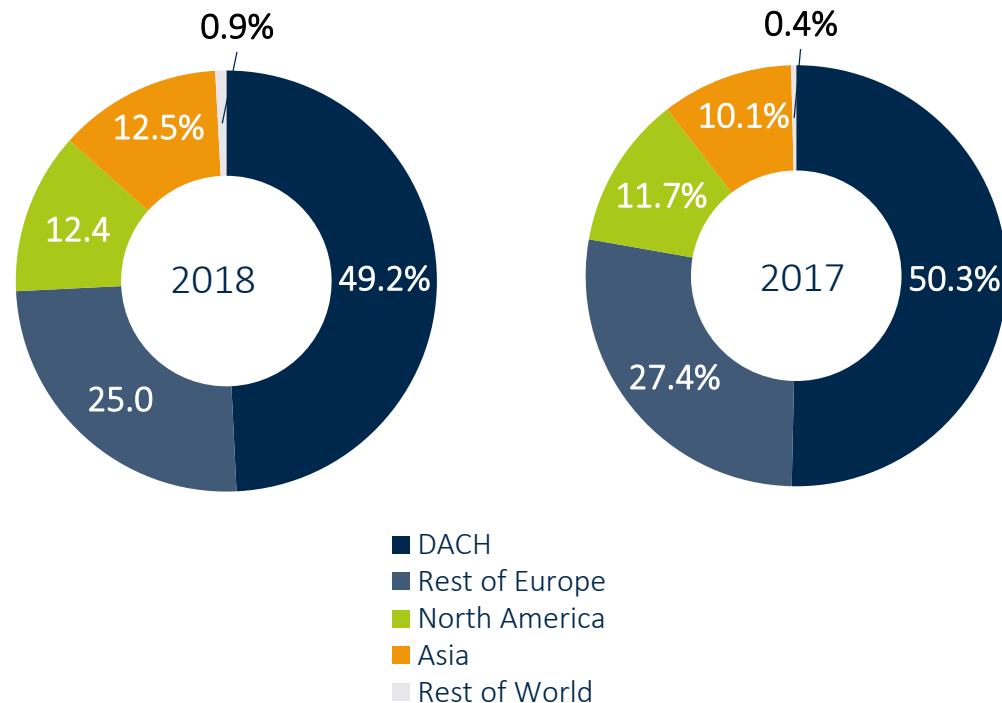
Mobility

- Sales decline -9.6%
- Volatile geopolitical developments in automotive industry
- Launch of Camera & ECU products

P+L STATEMENT: 1.REVENUES

We further strengthen our international presence

Sales by target market in € million



Commentary

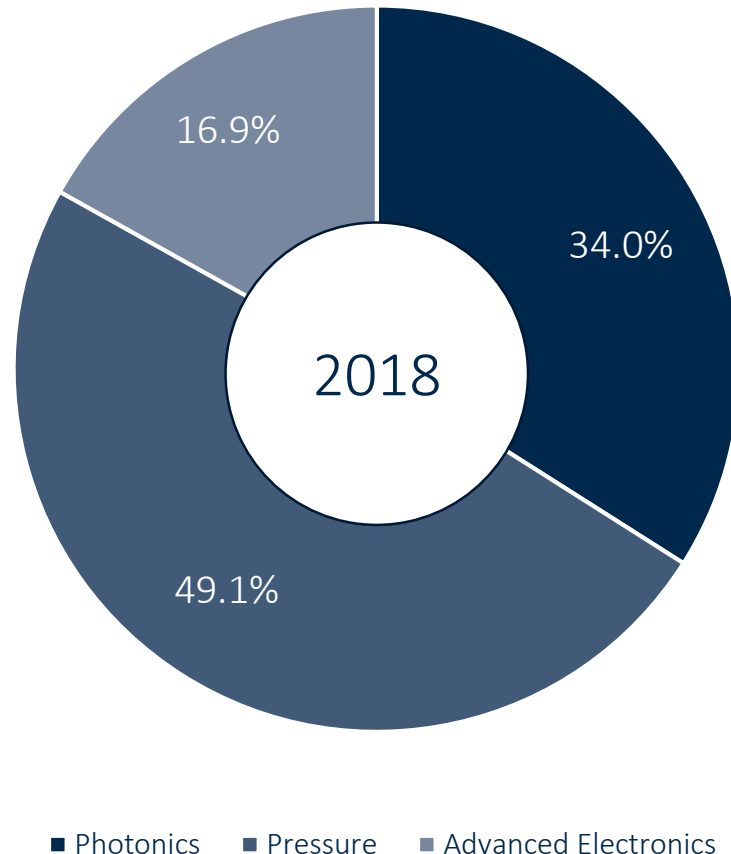
- Business has been expanded in the USA as well as in Canada
- Asia's share of total sales climbed supported by the growth in China

Sales region	2017	2018	Change in %
DACH Region	74.3	76.4	2.8
Rest of Europe	40.4	38.8	-4.0
North America	17.3	19.2	11.3
Asia	14.9	19.4	30.2
Rest of World	0.6	1.3	127.9
Total	147.5	155.1	5.2

P+L STATEMENT: 1.REVENUES

Growth drivers: photonic and pressure sensors

Sales share product groups in %



Commentary

Photonics

- LiDAR receivers for driver assistance systems, robots and drones
- Customer-specific camera modules for industrial inspection and aerial surveillance
- Embedded electronic control unit (ECU) for driver assistance systems

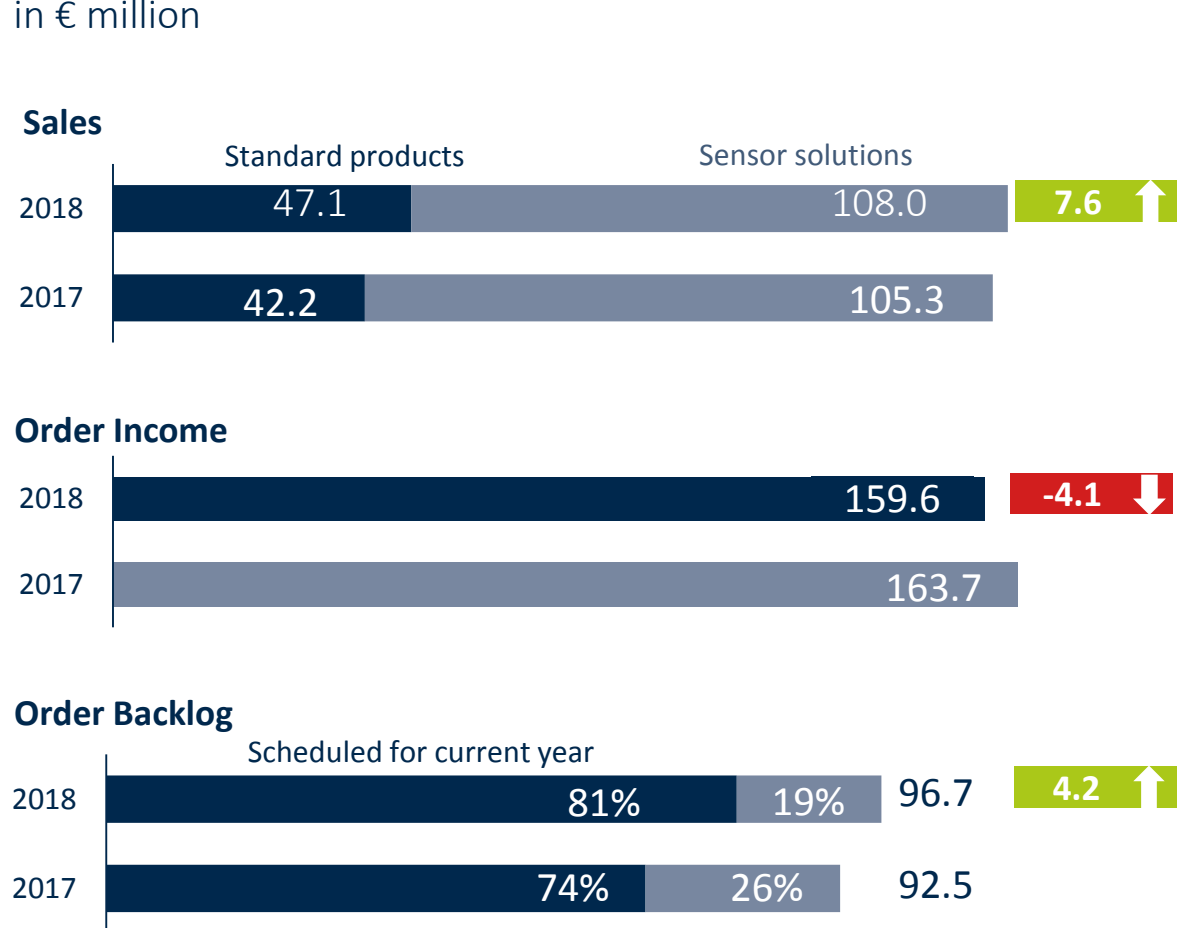
Pressure

- Customer-specific pressure sensor component for industrial transmitters
- Gas property sensor system for fast and efficient detection of gas mixtures

P+L STATEMENT: 1.REVENUES

80% order backlog scheduled for 2019

in € million



Commentary

- Demand for the First Sensor Group's sensors and sensor solutions rises by 5.2%
- Incoming orders totaled €159.6 million
- The order backlog rose by €5.1 million to €97.6 million
- About 80.0% scheduled for 2019

P+L STATEMENT: 1.REVENUES

Our top 40 NBOs have a potential revenue of over €110m per year

of opportunities

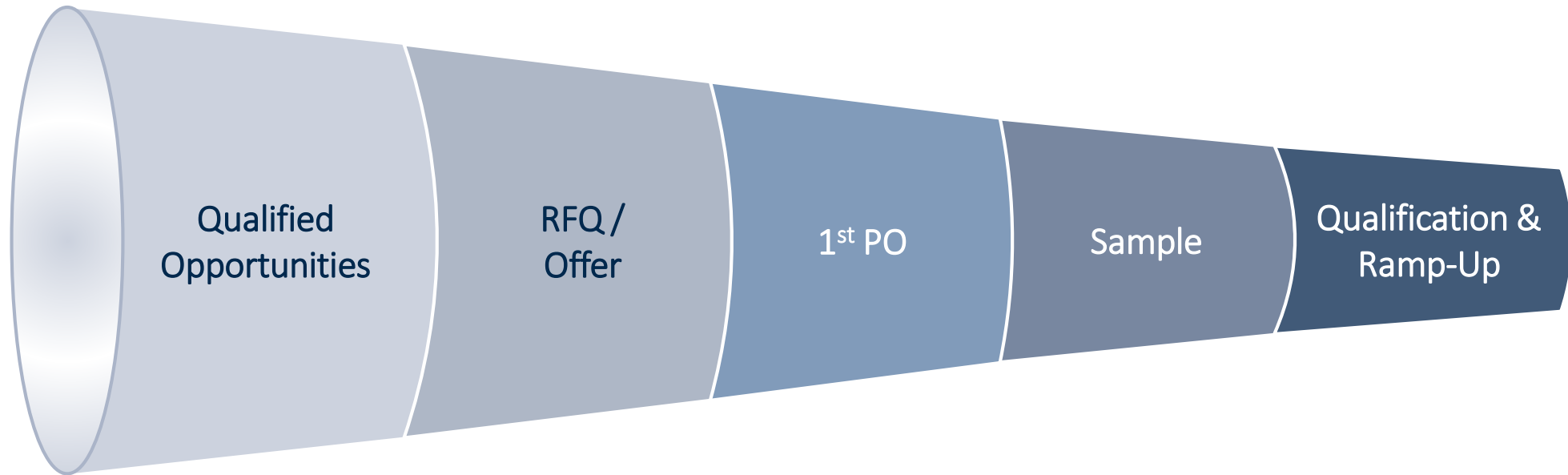
8

8

8

7

9



Revenue potential (€m)

20

28

21

22

23

P+L STATEMENT: 2.GROSS PROFIT

Gross profit with 52.9% slightly decreased due to higher inventories

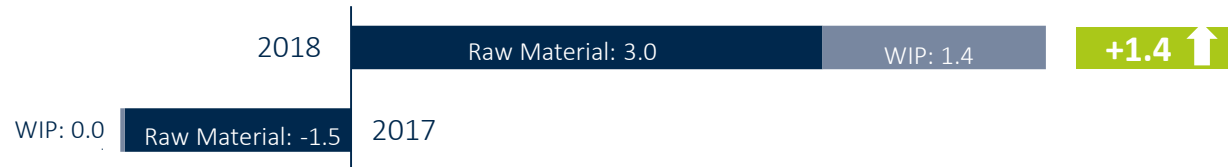
In € million

Other Operating Income



- **Other operating income:** investment grants and changes in provisions

Change in Inventory



- **Inventories:** increase because of significantly improved order situation/ the necessity of safeguarding supply capability

Other Own Work Capitalized



- **Capitalized costs:** development costs pursuant to IAS 38 accounted for €1.6 million of this sum

Cost of Material



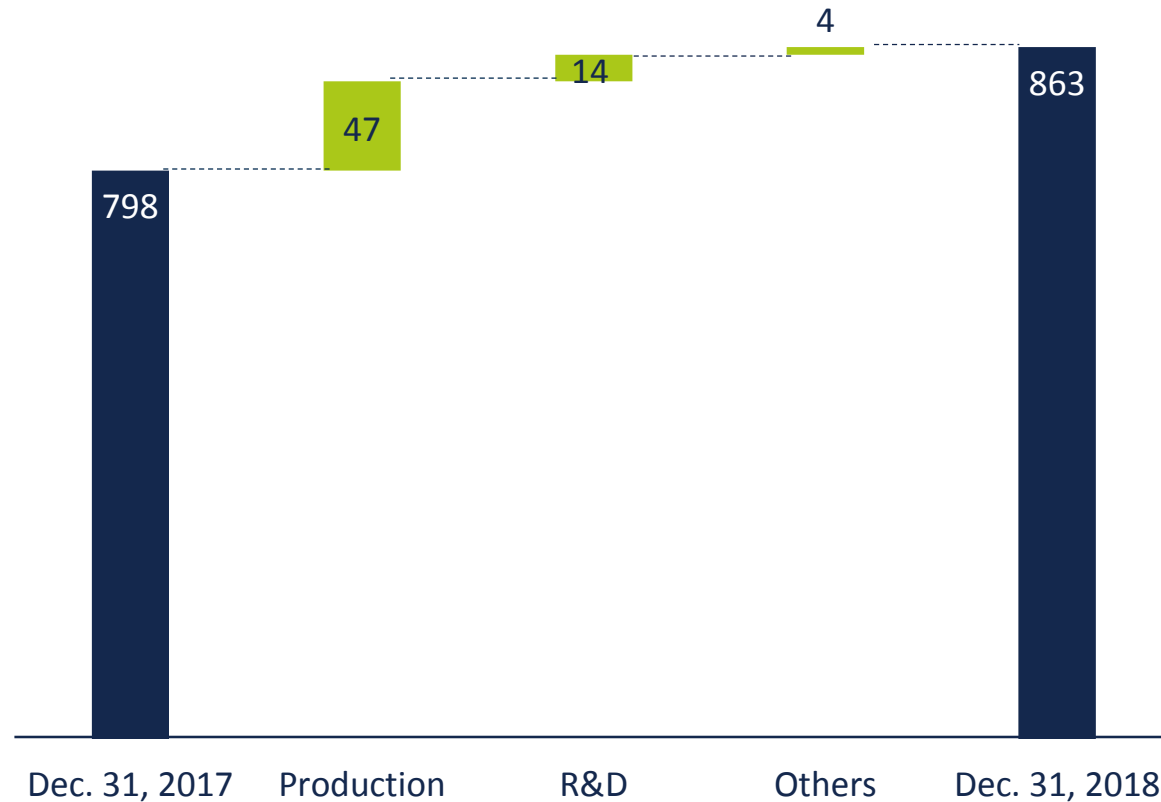
- **Cost of Material:** rose due to increase in total operating performance

- **Gross Profit: 52.9% (previous year: 53.3%)**

P+L STATEMENT: 3.PERSONNEL EXPENSES

Increased FTE through investing in production and R&D for growth

Employees in FTE



Salary/ Wages in € million



Breakdown 2018 in € million

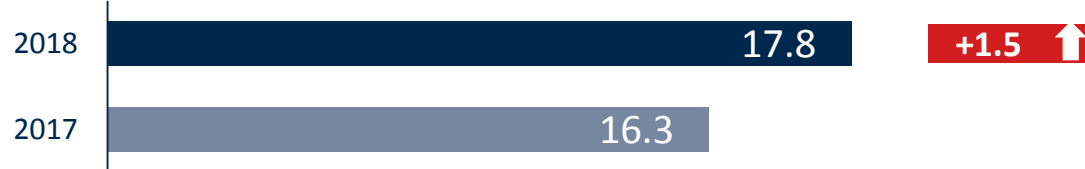


P+L STATEMENT: 4.OTHER EXPENSES

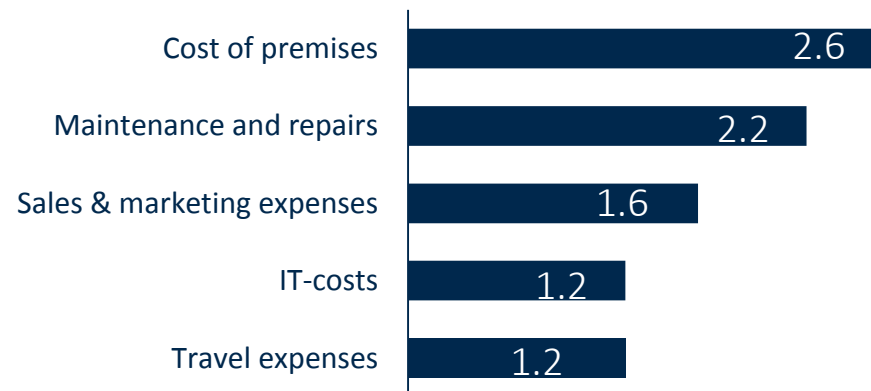
Other operating expenses increase slightly by € 1.5 million

In € million

Other Expenses



Breakdown 2018, Top 5



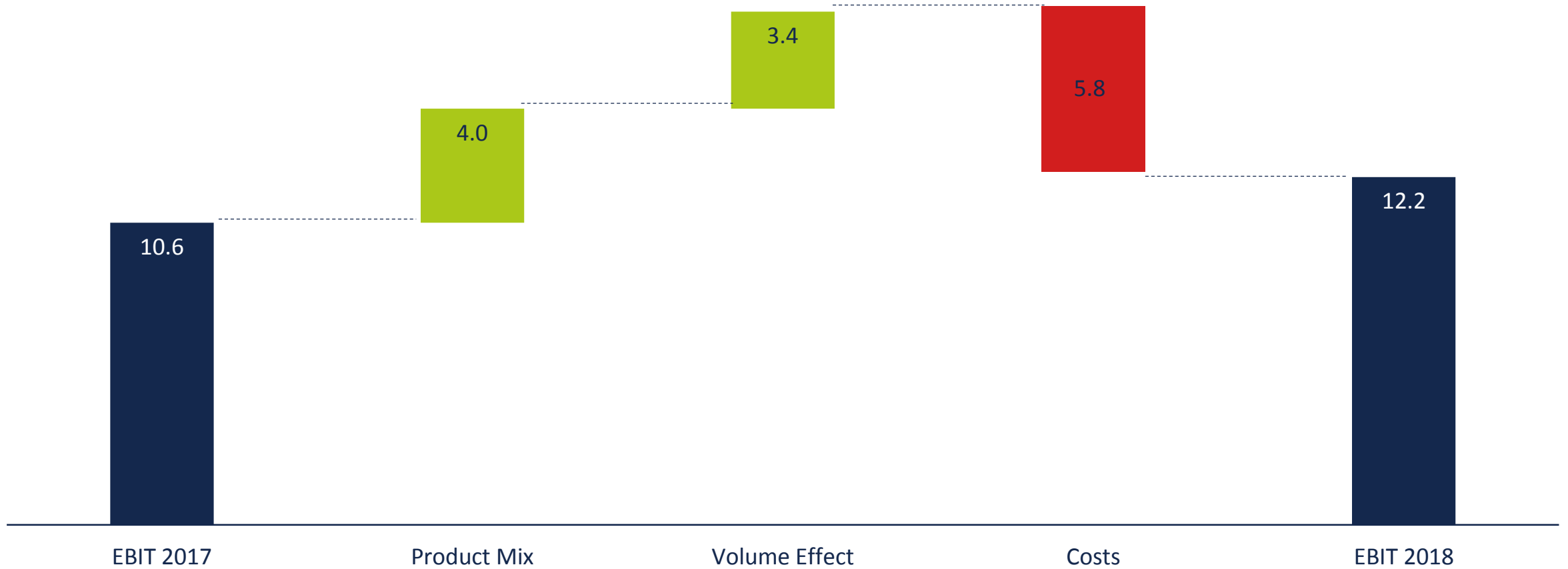
Commentary

- Increased costs for maintenance of buildings and production equipment
- Increased recruitment costs for hiring qualified staff
- Higher R&D expenses for investing in new product generations
- More travel expenses due to internationalization
- Warranty expenses decrease by 45.6%
- Legal and accountancy fees decrease by 32.8%

P+L STATEMENT: 5.EBIT

EBIT increased by 16 %

EBIT in € million



P+L STATEMENT: 7.FINANCIAL RESULT

Foreign currency policy leads to improved financial result

In € million

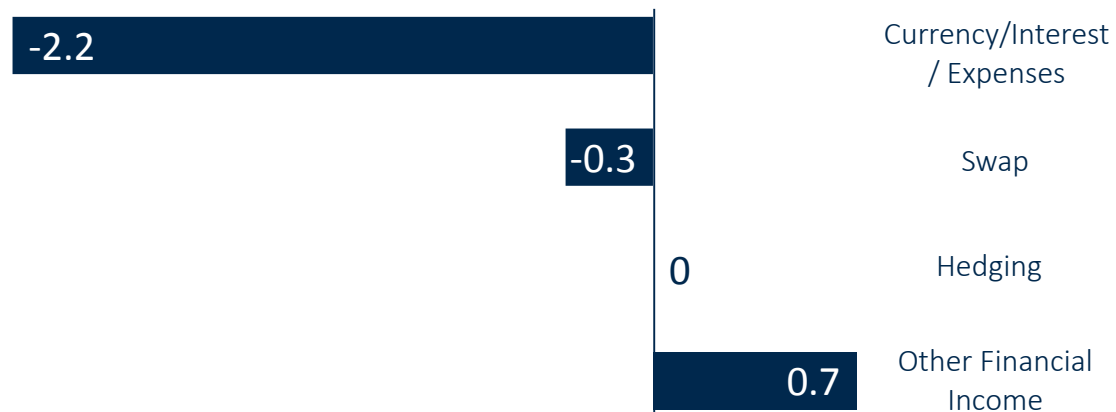
Financial Result



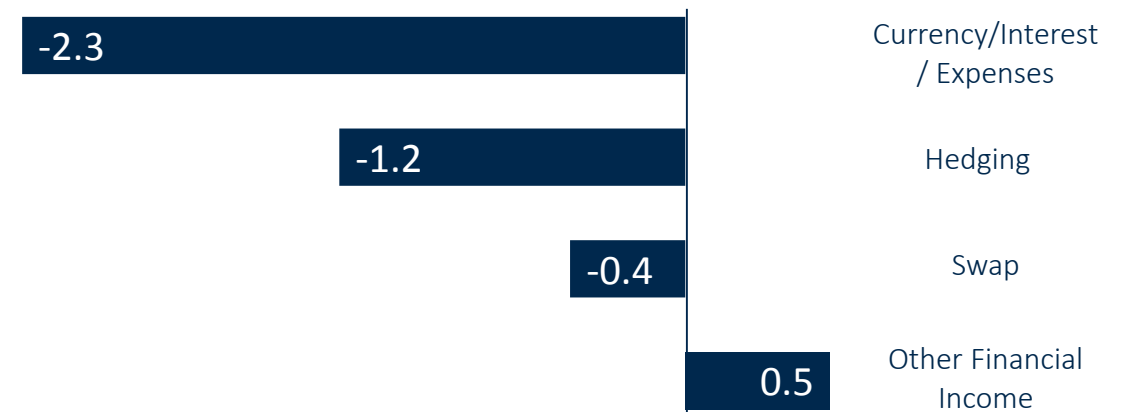
Commentary

- Contribution to earnings from currency gains and losses improved: €-1.6 million due to early reversal of currency option contracts (TARF)

Breakdown 2018



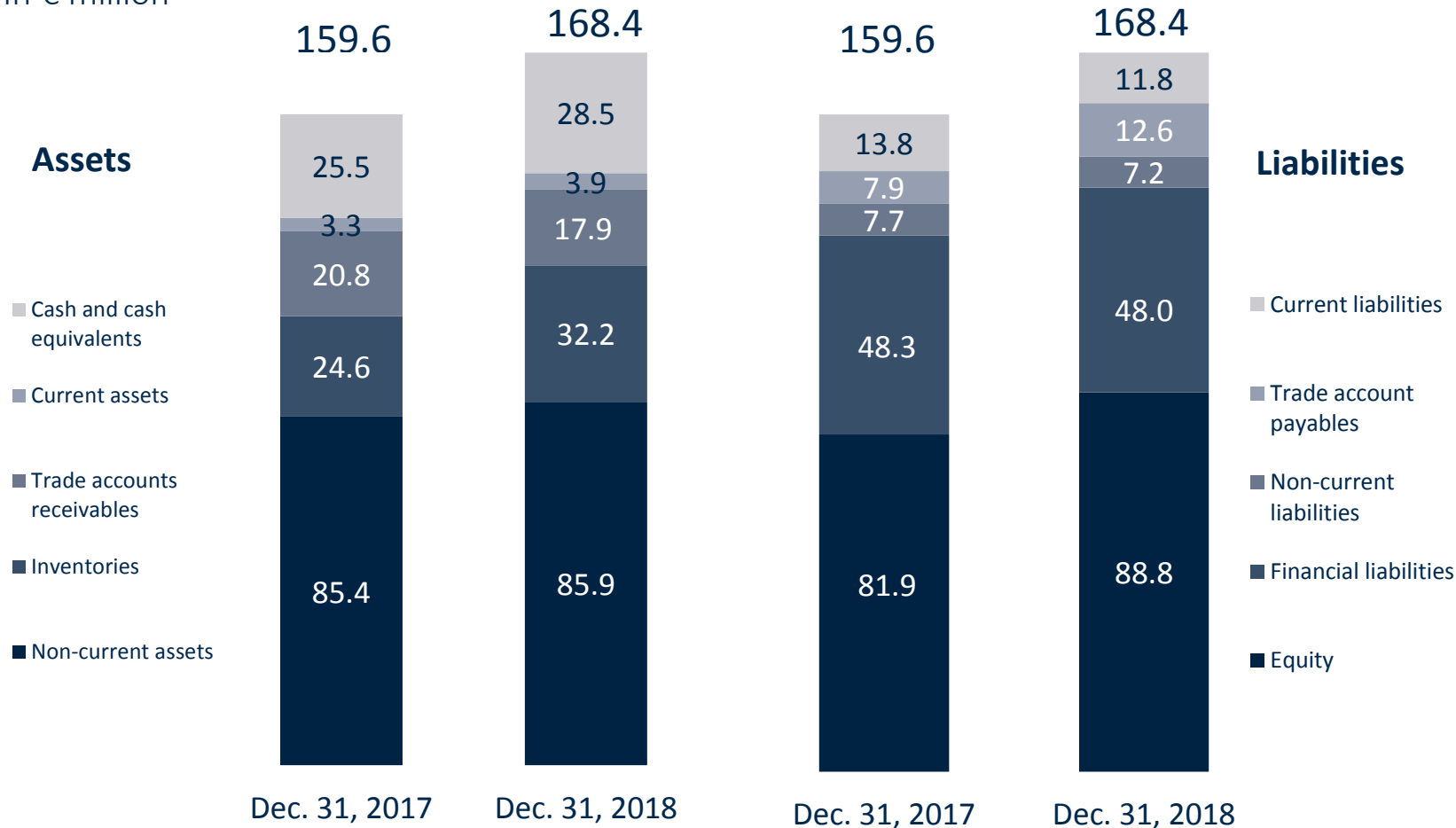
Breakdown 2017



FINANCIAL RESULT 2018: BALANCE SHEET

Equity ratio rose by 1.4 %

In € million



Commentary

Cash

2018: €28.5 million

2017: €25.5 million

Net Working Capital

2018: €37.3 million

2017: €37.1 million

Equity Quota

2018: 52.7%

2017: 51.3%

Net Debt

2018: €19.5 million

2017: €22.8 million

BALANCE SHEET

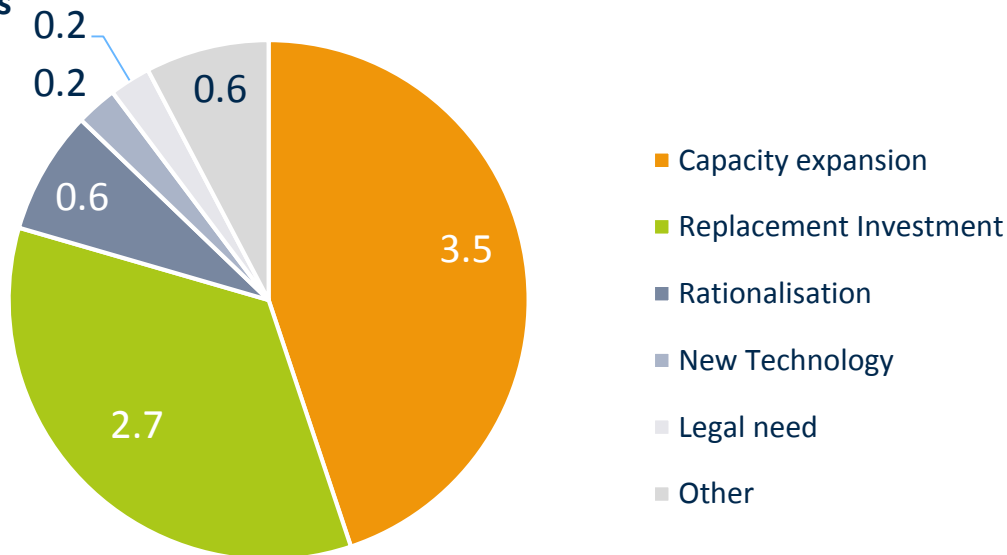
Investments in capacities and new equipment for growth

In € million

Equipment



Bookings



Commentary

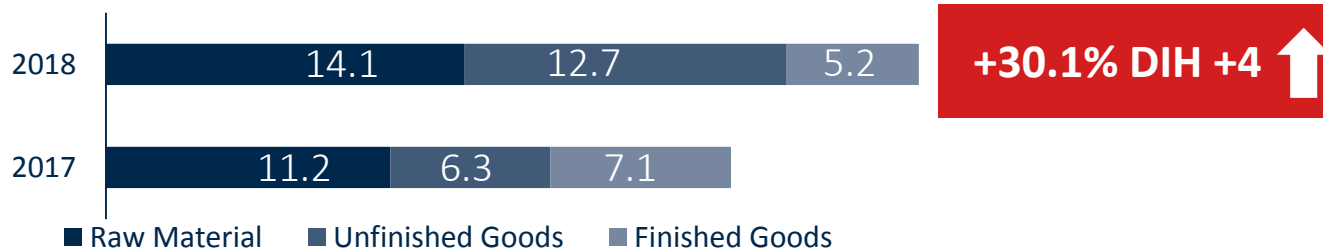
- Renovation of the sites Berlin-Weißensee, Oberdischingen and Dresden Klotzsche
- New equipment for our Fab in Berlin-Oberschöneweide
- 6-Inch-Equipment mainly implemented in 2017
- Selected insourcing of production processes in Berlin

BALANCE SHEET: NET WORKING CAPITAL

DSO slightly improved due to reductions of overdues and factoring

In € million

Inventory



Receivables



Liabilities Supplier



Commentary

- Inventories were increased by €7.6 million in view of the market and order situation
- Accounts receivable were reduced by €2.9 million to €17.9 million owing to receivables management and the use of factoring

BALANCE SHEET: CASHFLOW

Group's liquidity position remains comfortable

In € million

Cash Flow	2017	2018
Operating CF	16.0	15.9
Investing CF	-12.5	-9.6
Free CF	3.5	6.3
Financing CF	-1.7	-3.4
Total CF	1.8	2.9
Cash	25.5	28.5

Commentary

- Operating cash flow on same level as previous year
- Cash flow from investing activities still reflects the high level of investment required by First Sensor
- Investments largely related to new machinery and equipment (expanding vertical integration, process improvements and increasing capacity)
- Cash flow from financing activities included the dividend distribution of €1.6 million

OUTLOOK FINANCIAL YEAR 2019

Focus on three key topics

Top Initiatives

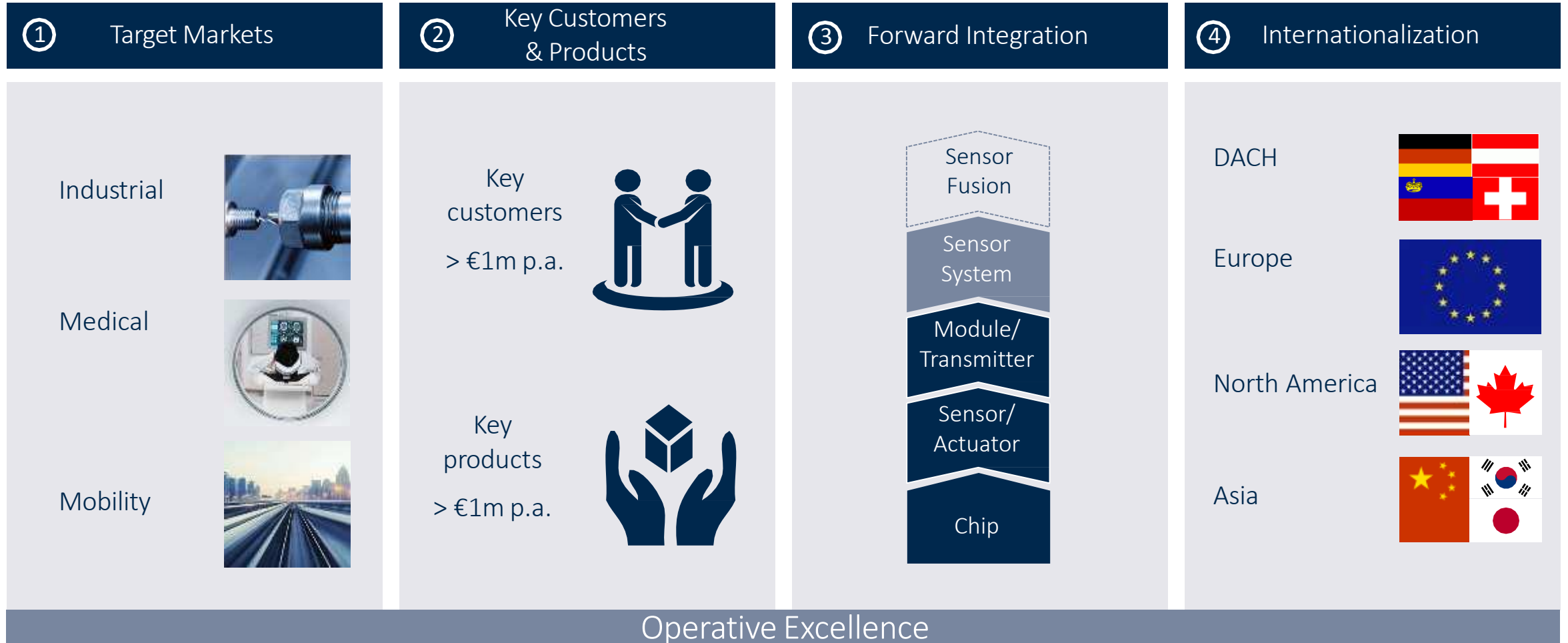
- ▶ Further improvements of product pricing and costs
 - Product pricing: Net price policy; volume incentives
 - Product costs: Lead time reduction, scrap reduction, automation
- ▶ Cash Management: Net Working Capital Management
 - Inventory: WIP optimization
 - Receivables: DSO 30 days net – overdue management
- ▶ Further improvement of reporting system for corporate management
 - From „gross profit reporting“ to „cost of goods sold reporting“
 - Roll-out SAP at First Sensor Lewicki GmbH
 - Implementation CO-PA controlling tool for drill down price and cost analysis

The graphic features the year '2019' in large, red, stylized numerals. Each numeral is filled with a white circuit board pattern, consisting of interconnected lines and small circles. Overlaid on the center of the '2019' is the text 'Strategic Outlook' in a white, sans-serif font. The text is arranged in two lines: 'Strategic' on the top line and 'Outlook' on the bottom line. A thin white horizontal line separates the two lines of text. The entire composition is set against a solid dark blue background.

2019 Strategic Outlook

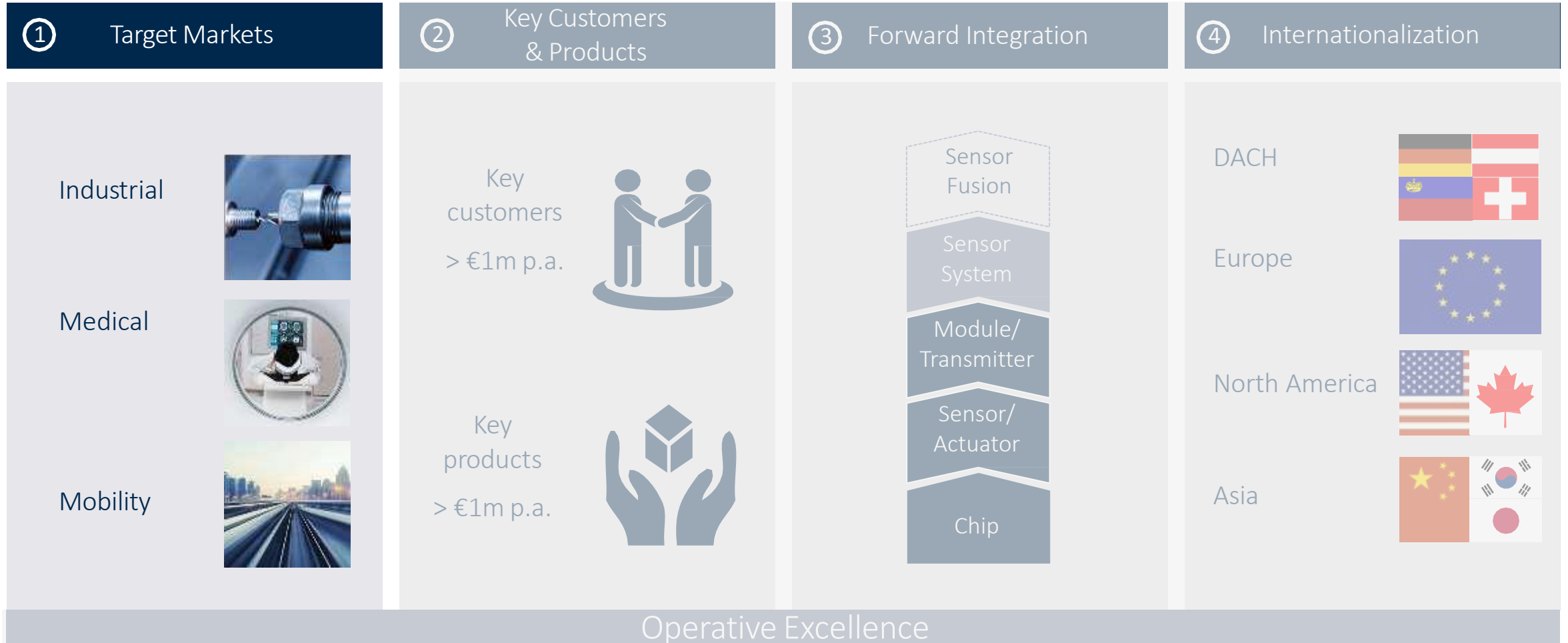
STRATEGY FOR PROFITABLE GROWTH

We generate and utilize economies of scale in 4 dimensions



STRATEGY FOR PROFITABLE GROWTH

Dimension 1: Clear focus on our target markets



DIMENSION 1: CLEAR FOCUS ON OUR TARGET MARKETS

We grow in megatrend driven target markets...

INDUSTRIAL



MEDICAL



MOBILITY



DIGITIZATION & CONNECTIVITY

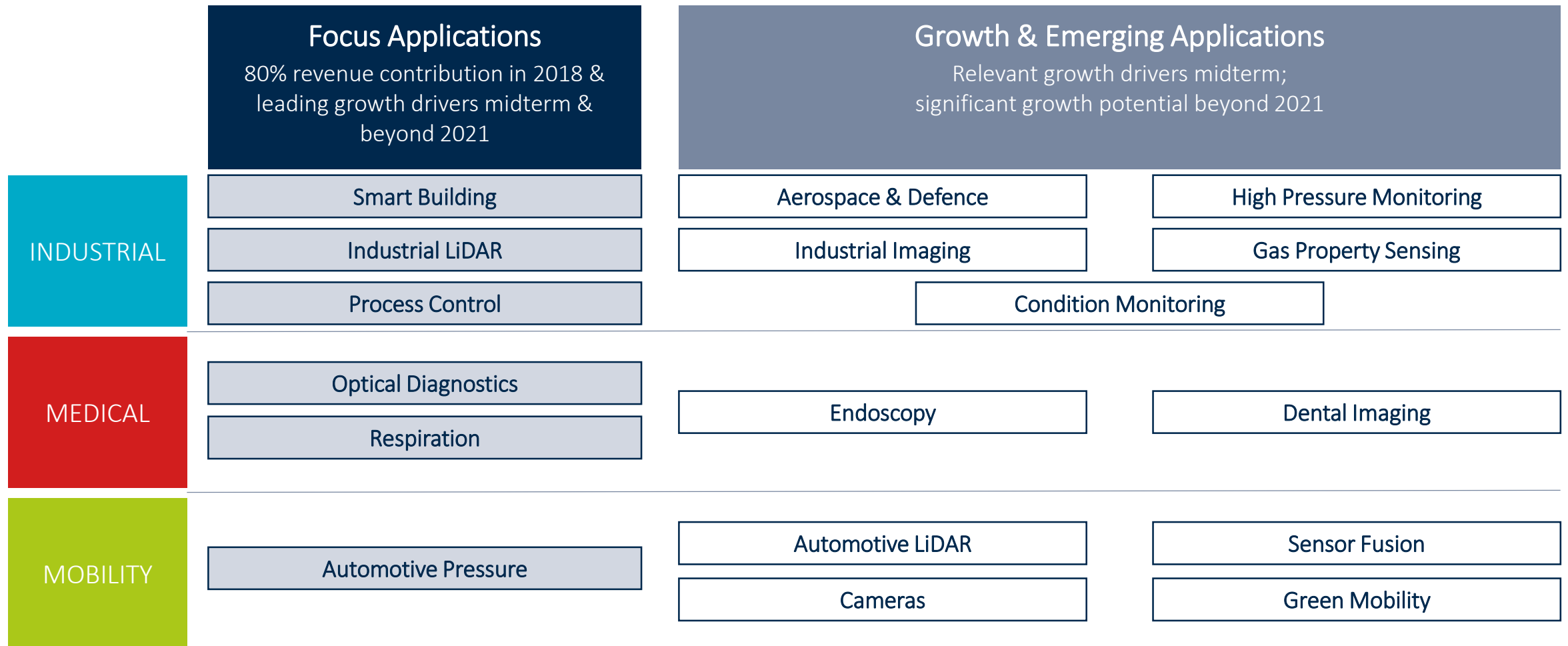
- INDUSTRY 4.0
- SMART CITIES
- INTERNET OF THINGS

- E-HEALTH & TELEMEDICINE
- MINIATURIZATION
- AMBIENT ASSISTED LIVING

- AUTONOMOUS DRIVING
- GREEN MOBILITY

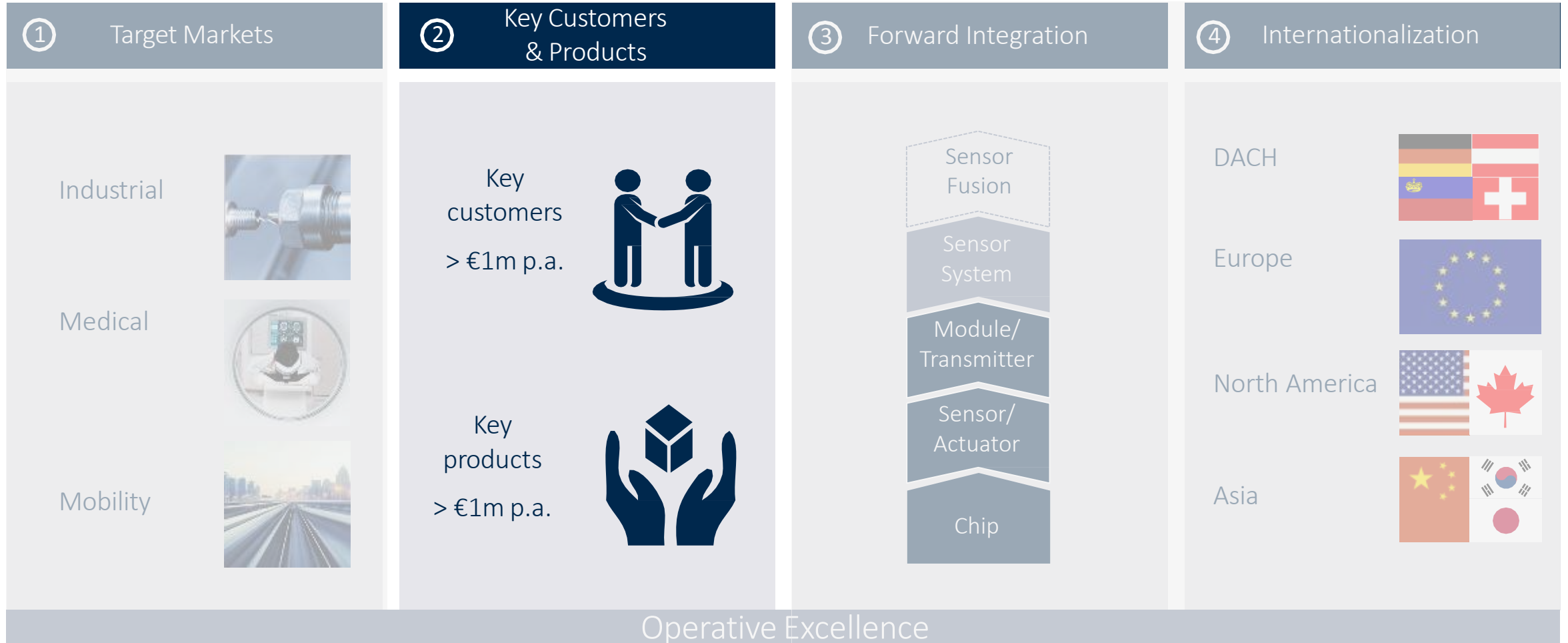
DIMENSION 1: CLEAR FOCUS ON OUR TARGET MARKETS

...and focus on applications with most relevant contributions to growth



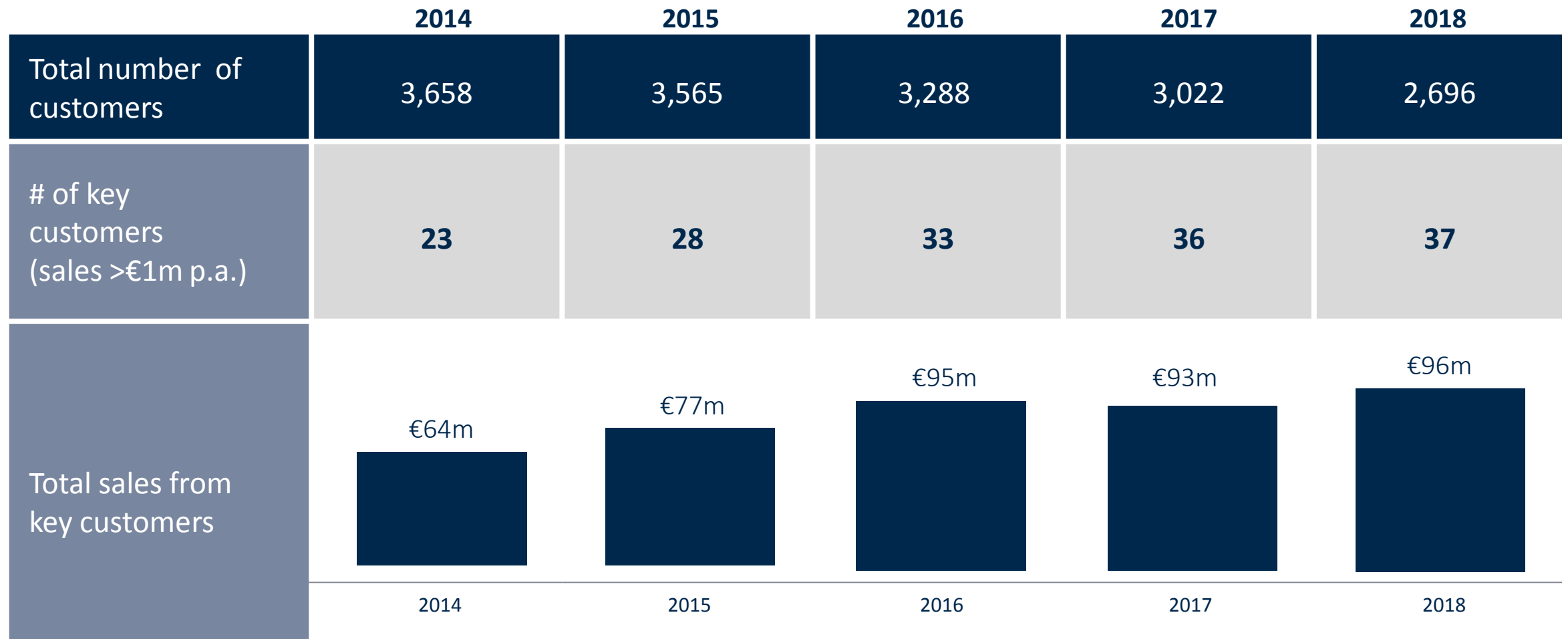
OUR STRATEGY FOR PROFITABLE GROWTH

Dimension 2: Clear focus on key customers and key products



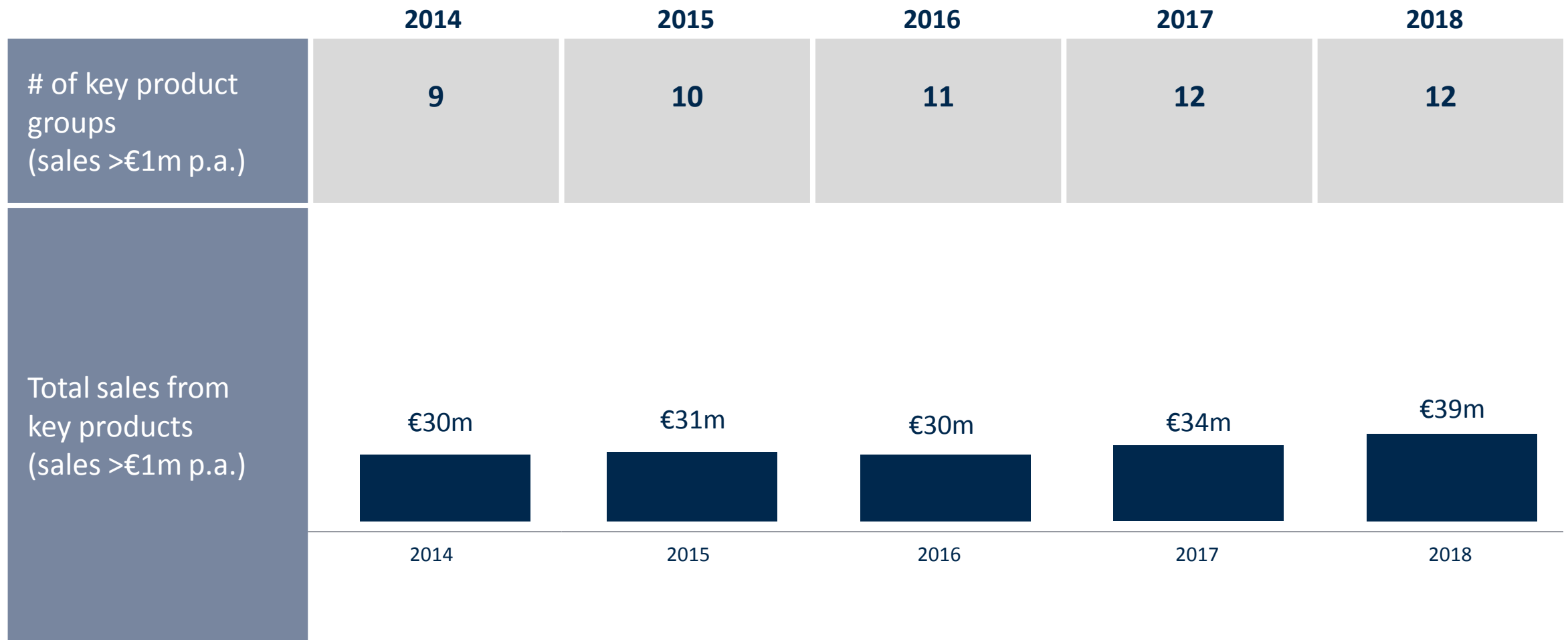
DIMENSION 2: CLEAR FOCUS ON KEY CUSTOMERS

We have doubled sales with our key customers since 2014



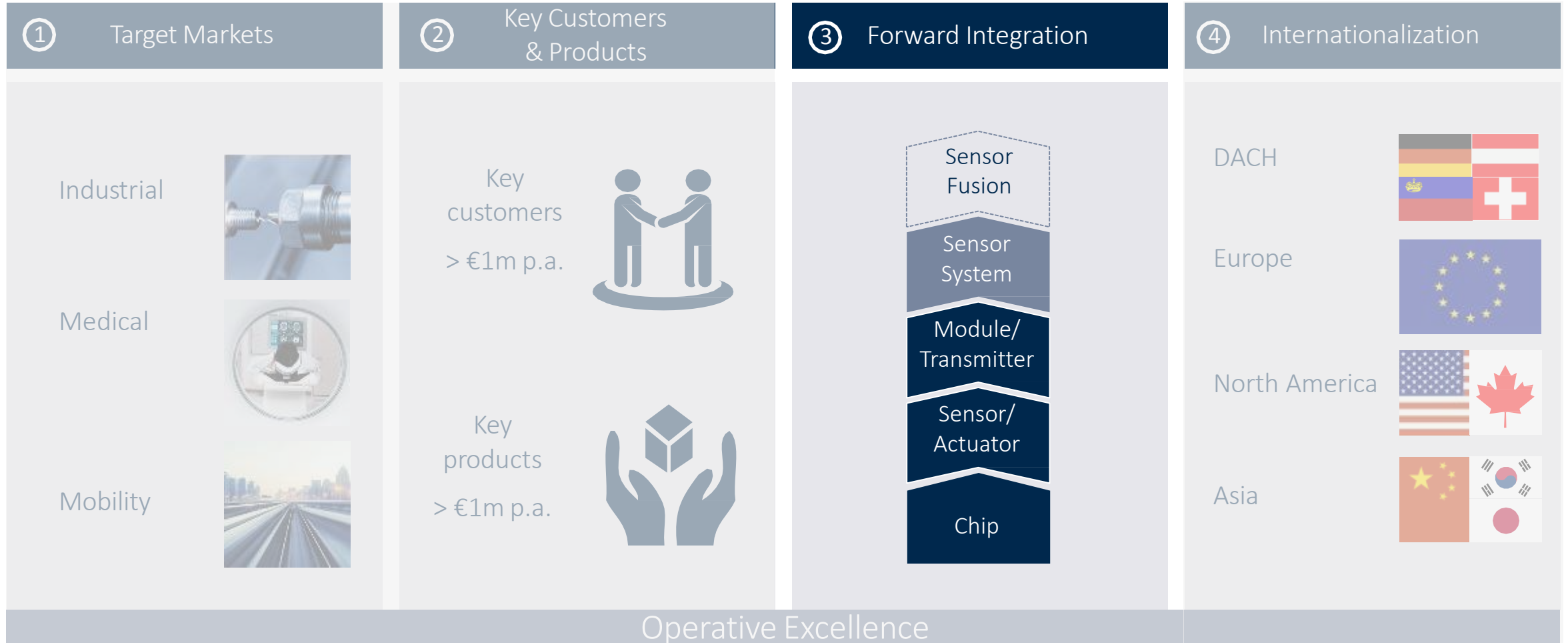
DIMENSION 2: CLEAR FOCUS ON KEY CUSTOMERS

We have increased sales with our key products by 30% within 5 years



OUR STRATEGY FOR PROFITABLE GROWTH

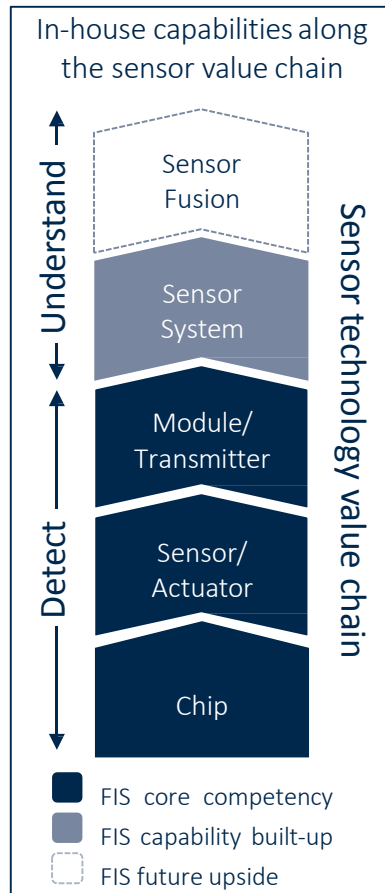
Dimension 3: Clear focus on forward integration



DIMENSION 3: CLEAR FOCUS ON FORWARD INTEGRATION

System expertise along the value chain is a strong basis for our product offering

System expertise



Broad and high quality product offering

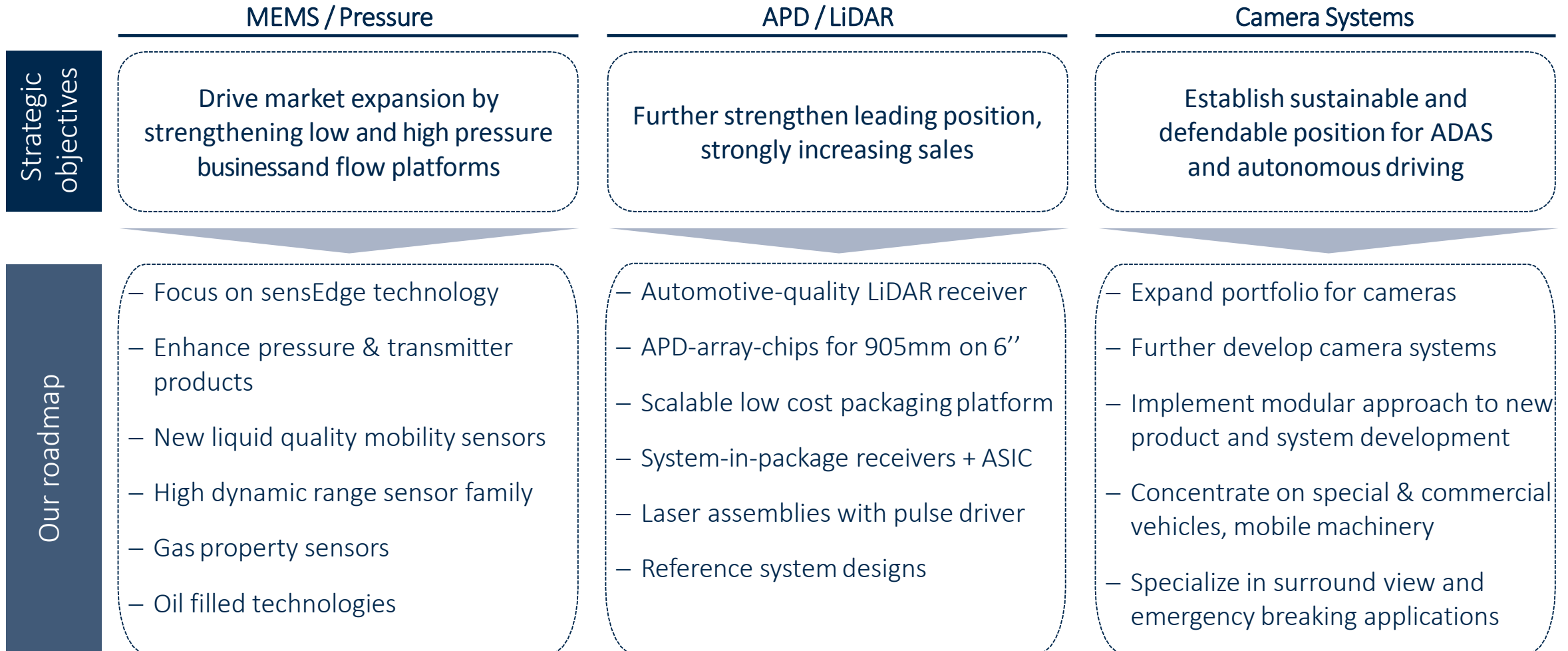
Photonics	<ul style="list-style-type: none">– Optical sensors– Cameras– Radiation sensors– Laser diodes
Pressure	<ul style="list-style-type: none">– Pressure sensors– Thermal sensors– Level sensors– Flow sensors
Advanced Electronics	<ul style="list-style-type: none">– Inertial sensors– Power semiconductors– Magnet valves– Embedded systems for sensor fusion

Key growth drivers



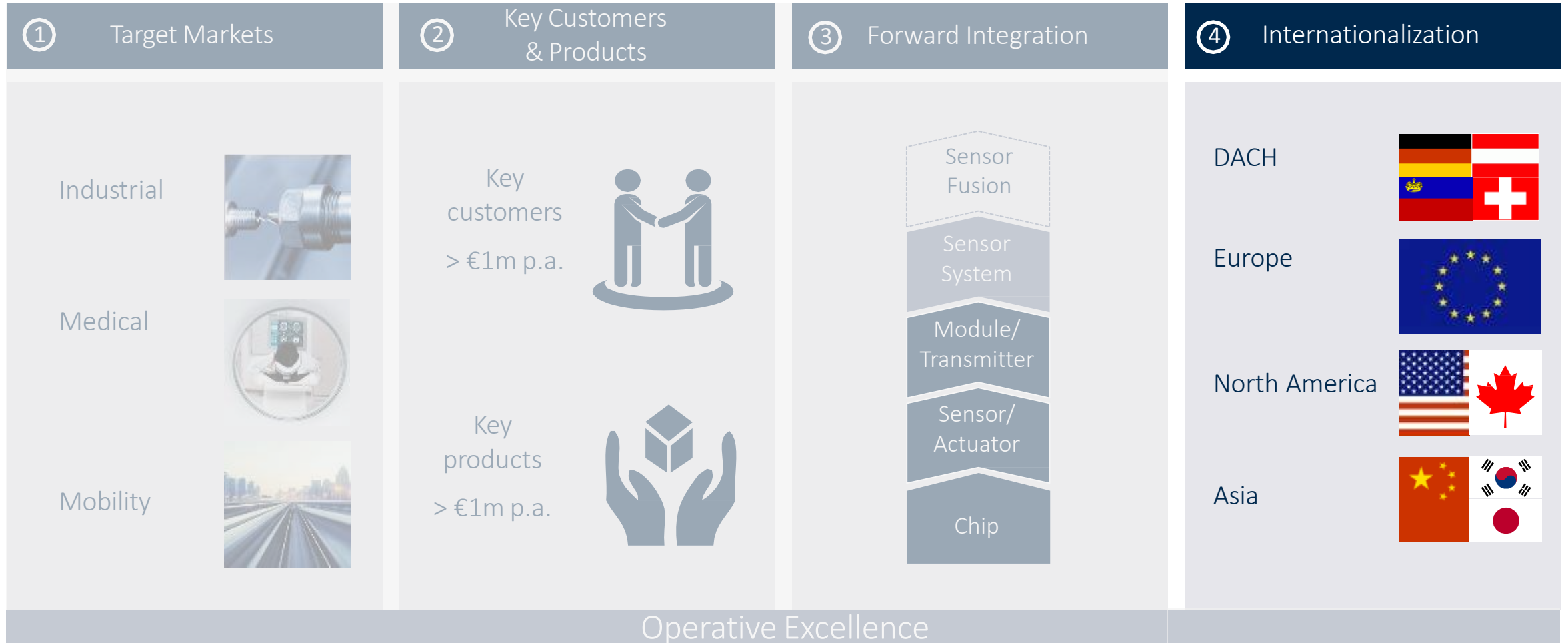
DIMENSION 3: CLEAR FOCUS ON FORWARD INTEGRATION

We use 3 key growths drivers to expand our market position



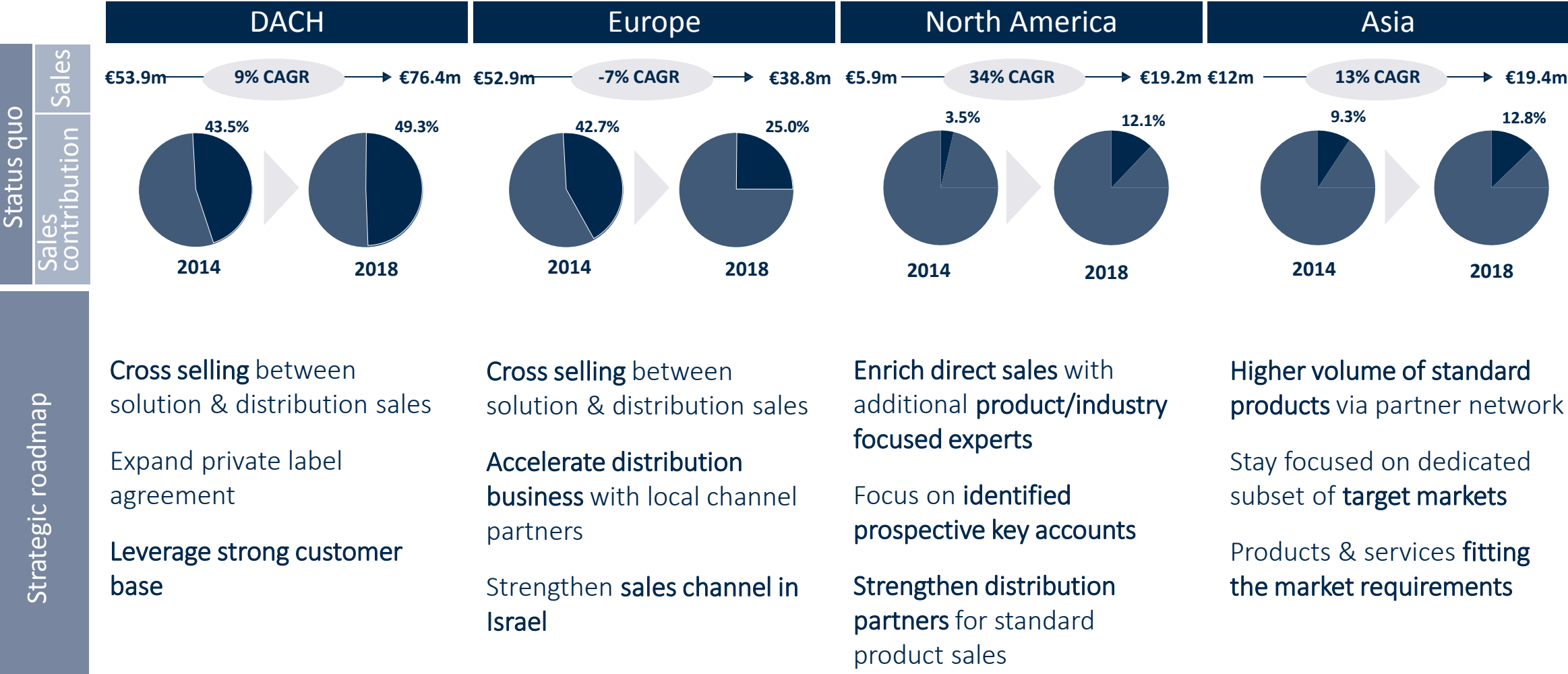
STRATEGY FOR PROFITABLE GROWTH

Dimension 4: Clear focus on internationalization



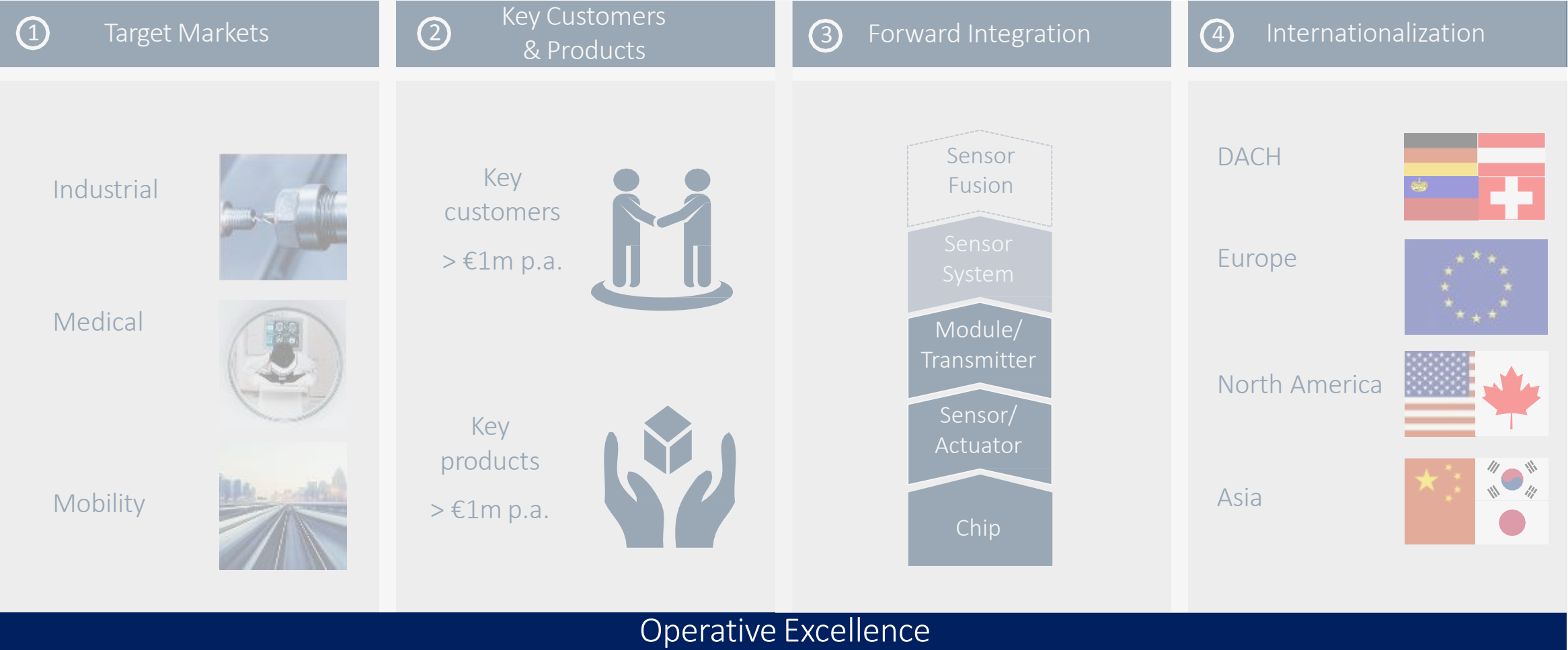
DIMENSION 4: CLEAR FOCUS ON INTERNATIONALIZATION

We expand our vertical and regional sales worldwide



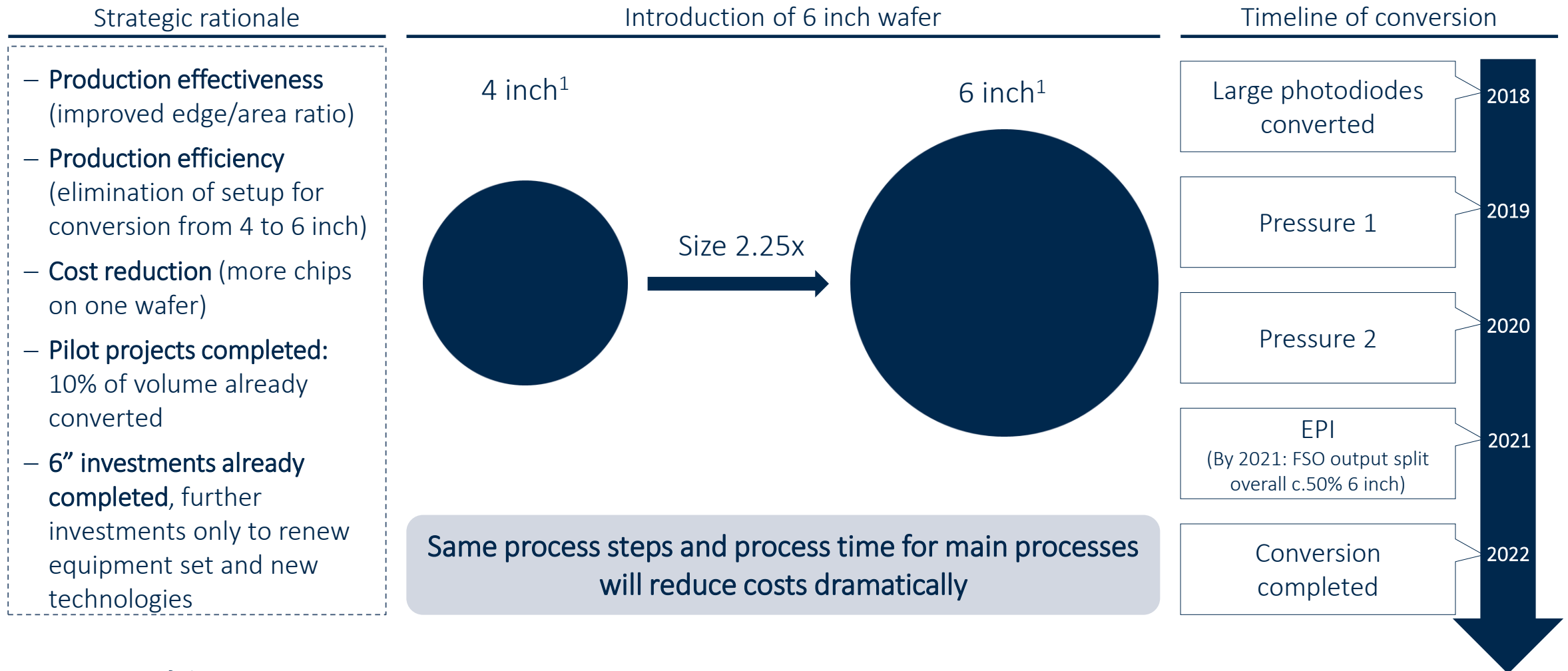
STRATEGY FOR PROFITABLE GROWTH

Foundation: Operative Excellence



FOUNDATION: OPERATIVE EXCELLENCE

Introduction of 6 inch wafer will substantially enhance productivity



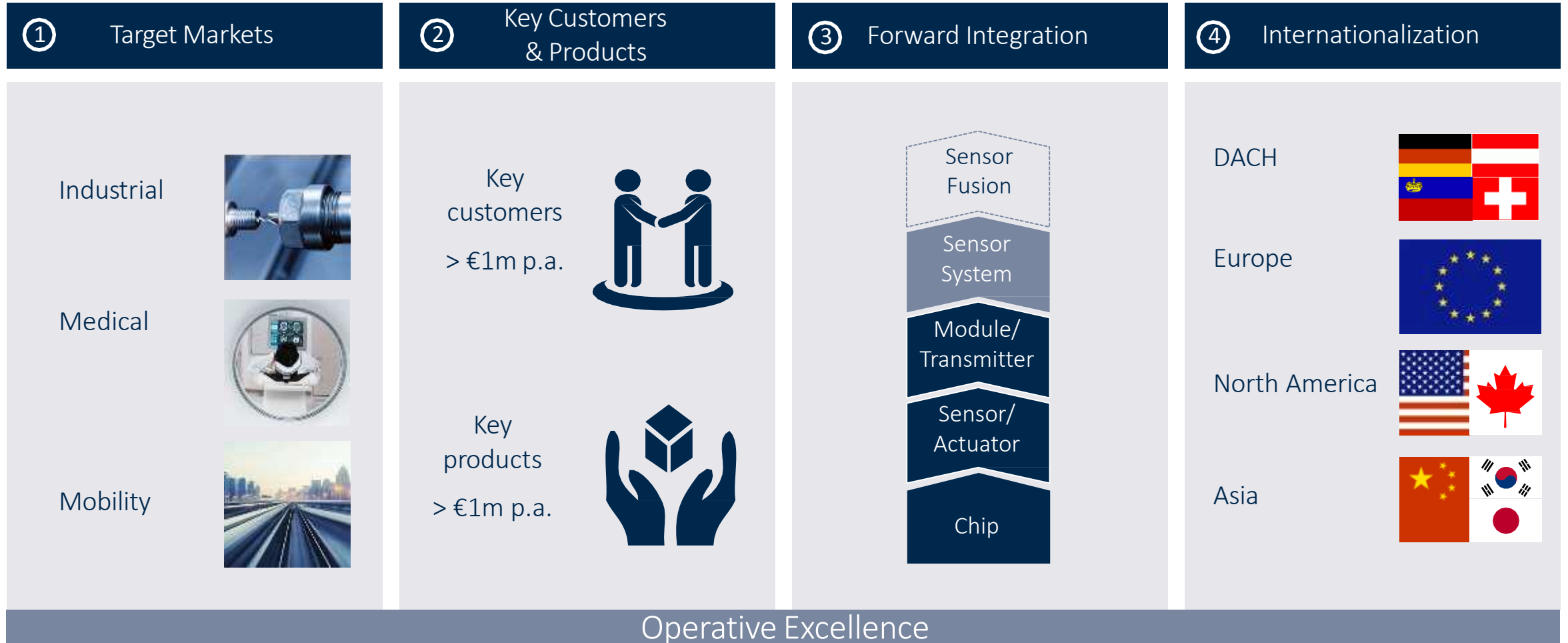
FOUNDATION: OPERATIVE EXCELLENCE

We actively utilize outsourcing for a flexible production network



STRATEGY FOR PROFITABLE GROWTH

We generate and utilize economies of scale in 4 dimensions



OUR GUIDANCE 2019

We continue to grow profitably...

SALES IN € MILLION

160-170

EBIT MARGIN IN %

8.5-9.5

OUR GUIDANCE 2019: SALES

...based on a high order backlog and new products ramping into volume

Opportunities

- Strong sensor technology market:
 - Industrial applications driven by Industry 4.0
 - volume growth in medical technology; agreements with new and existing customers for pressure sensors
 - “More sensors per vehicle” driven by autonomous driving and green mobility
- Global market for optical and pressure sensors with average growth rate approx. 7-8% to 2022
- High order backlog €97.6m, 80% to ship in 2019

Risks

- Slowing economic growth
- Automotive demand
- Volatility in key trade-related decisions, tightening of monetary policy in the United States, disorderly Brexit
- Shortage in materials supply
- Order behavior of large customers

OUR GUIDANCE 2019: EBIT MARGIN

Economy of scale and dedicated measures drive our profitability

Opportunities

- Economies of scale:
 - Expanded production capacities
 - Unplanned increased sales with key customers
- Continuous measures to improve operational excellence:
 - Optimized processes, reduced lead and delivery times
 - Flexible cost structure with external partners
 - Optimization of FIS product portfolio & targeted pricing
 - Design to cost
- Rising sales with value-add products

Risks

- Changes in product mix
- Lower sales volume leads to decreased economies of scale
- Outsourcing activities slower than scheduled
- Delays transition to 6-Inch production
- Higher purchase prices
- Increases in wages and salaries

THANK YOU

Financial Statement Press Conference
March 21, 2019

Dr. Dirk Rothweiler, CEO

Dr. Mathias Gollwitzer, CFO

First Sensor AG

www.first-sensor.com/annual-report-2018