
We sense the future

Interim Report Q1 2016

To our shareholders



Dear shareholders and business partners,

First Sensor AG reported sales of €37.5 million in the first quarter of 2016, the highest quarterly figure in the company's history. This shows that we are successfully developing sensors, smart sensors and sensor systems whose capabilities go far beyond those of standard components already on the market as well as demonstrating that our focus on technology-driven target markets is allowing us to already participate in their exceptionally rapid growth. Trends such as Industry 4.0, autonomous driving, and the miniaturization of medical technology are providing additional impetus for our growth.

As expected, the sales growth also had a positive impact on our profitability, with our EBIT improving to €2.2 million. This shows that the measures initiated with a view to improving profitability are gradually taking effect.

se our sales to €145-150 million, with the EBIT margin initially expected to reach between 5% and 6%.

We have compiled all relevant figures on our current business performance for you in a new, clear and concise format: First Sensor's Quarterly Statement. It meets the new requirements for quarterly reporting as well as your desire to receive news about First Sensor that goes beyond the mere figures.

We hope you enjoy reading!

The Management Board

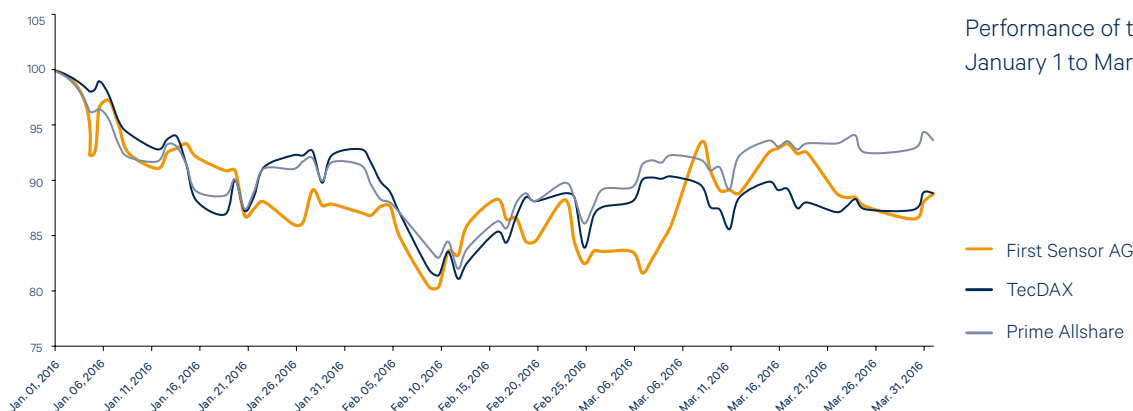
Dr. Martin U. Schefter
CEO

Dr. Mathias Gollwitzer
CFO

CEO, Dr. Martin U. Schefter (right)
and CFO, Dr. Mathias Gollwitzer (left)

At the same time, our excellent results for the first quarter serve to confirm our forecasts for fiscal year 2016. We are still planning to increa-

First Sensor share on track



Performance of the First Sensor share from January 1 to March 31, 2016

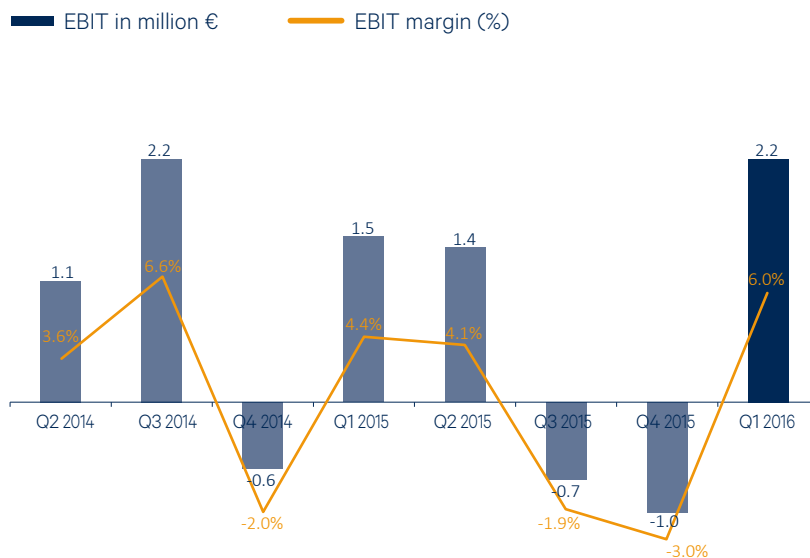
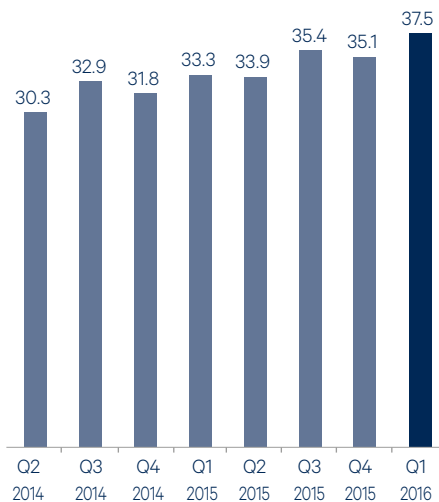
The German stock markets experienced an unexpectedly weak start to 2016, with the leading indexes suffering substantial losses in the first weeks of trading. This negative stock market environment also led to a fall in the First Sensor AG share price. In March, the central banks provided impetus for the stock markets by reducing the key interest rate.

This also benefited the First Sensor share, which climbed to €11.77 in March, thereby almost returning to its quarterly high of €12.265 from early January. With volatility on the financial markets rising again, the First Sensor share saw mixed performance during the remainder of the quarter, closing at €11.04 on March 31.

After Mr Rolly van Rappard, Co-Founder and Co-Chairman of CVC Capital Partners, became a First Sensor investor on February 25, 2016, our long-standing investor Midlin increased its equity interest in First Sensor AG from 3.49% to 5.03% on March 21, 2016.

First Sensor enjoys successful start to 2016

Sales



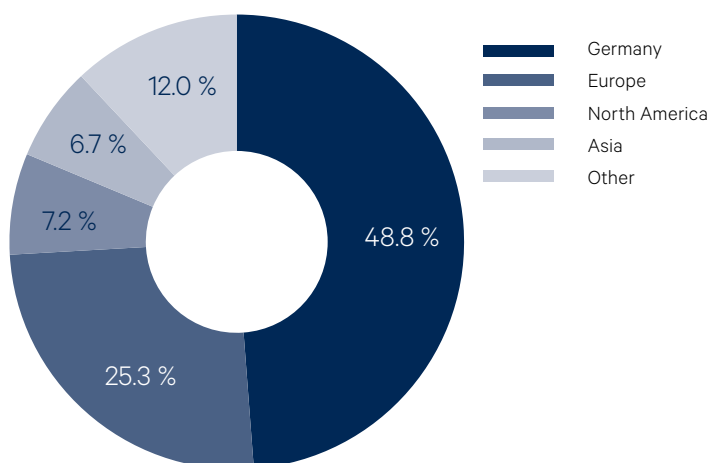
With sales of €37.5 million, First Sensor AG has enjoyed a successful start to fiscal year 2016. Sales increased by 12.7% compared with the same period of the previous year (€33.3 million). This growth is attributable to the ever-increasing number of applications in the industrial, medical, and mobility target markets. International industrial groups and young technology companies alike are utilizing our know-how and many years of expertise to develop their own innovative products.

They appreciate the opportunity to make individual adjustments at every stage of the value chain in order to create exceptionally powerful sensors, smart sensors, and sensor systems with tailored features that will give them a competitive edge.

Our earnings developed in line with our sales growth. EBIT for the first three months amounted to €2.2 million (previous year: €1.5 million), corresponding to growth of 50%.

This improvement is due to the measures initiated with a view to improving profitability as well as the changes in pricing for customers with agreed minimum purchase volumes. As a result, the EBIT margin for the first three months was 6.0%. Even after adjustment for an additional positive non-recurring effect resulting from the reversal of a warranty provision in the amount of €0.2 million, the EBIT margin was around 5.4%.

Germany remains the most important market



Around half of the company's sales in the first quarter of 2016 were generated in its domestic market of Germany. The intensified sales activities are having a clear impact in Germany, Scandinavia and the USA. The sales level in Asia was largely maintained in spite of the faltering Chinese economy.

Consolidated income statement (IFRS)

in € thousand	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Sales revenues	30,328	32,912	31,784	33,303	33,912	35,420	35,107	37,549
Other operating income	610	984	786	581	799	737	727	475
Changes in inventories	652	169	-582	846	168	-2,006	-230	-354
Other own work capitalized	102	138	375	60	298	346	339	276
Cost of material	-15,454	-16,551	-15,032	-16,888	-17,346	-17,673	-17,375	-17,534
Gross profit	-16,238	17,652	17,331	17,902	17,831	16,824	18,568	20,412
Personnel expenses	-9,709	-9,949	-10,070	-10,513	-9,926	-10,571	-10,895	-10,696
Other operating expenses	-3,251	-3,382	-4,800	-3,490	-4,240	-4,579	-5,539	-5,199
Profit from operations (EBITDA)	3,278	4,321	2,461	3,899	3,665	1,674	2,134	4,517
Depreciation	-2,146	-2,134	-3,096	-2,403	-2,247	-2,331	-3,175	-2,273
Earnings before interest and tax (EBIT)	1,132	2,187	-635	1,496	1,418	-657	-1,041	2,244
Financial result	-529	-541	-663	-20	-805	-748	-816	-153
Income before tax	603	1,646	-1,298	1,476	613	-1,405	-1,857	2,091
Taxes	-159	-147	-876	-394	53	74	-88	-351
Annual result	444	1,499	-2,174	1,082	666	-1,331	-1,945	1,740

While sales increased by 12.7% year-on-year, the cost of materials rose by just 3.8%. Personnel expenses also saw a minimal change, meaning that the operating result (EBITDA) saw above-average growth of 15.8%. Net profit after taxes amounted to €1.7 million.

This corresponds to earnings per share in circulation of €0.17 (previous year: €0.10).

The increase in total assets is primarily attributable to the higher level of working capital.

Net debt fell by €2.0 million compared with year-end to total €31.0 million. The net profit for the first quarter of 2016 meant that equity increased to €72.8 million, corresponding to an equity ratio of 47.2% (previous year: 46.4%).

Consolidated balance sheet (IFRS)

ASSETS

in € thousand	Dec. 31, 2015	Mar. 31, 2016
Non-current assets	85,076	83,905
Inventories	27,135	28,202
Trade accounts receivables	17,004	18,845
Current assets	2,758	3,164
Cash and cash equivalents	21,523	20,190
Total ASSETS	153,496	154,306

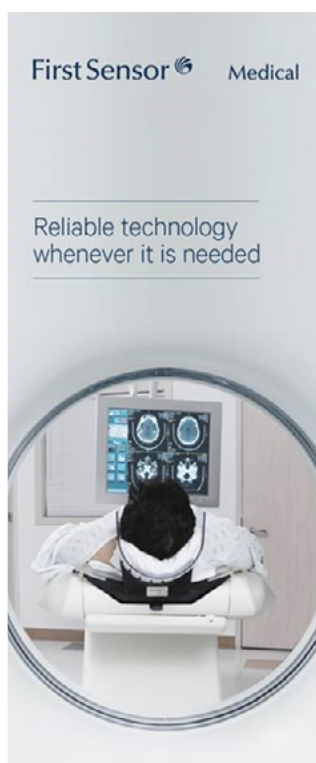
EQUITY AND LIABILITIES

in € thousand	Dec. 31, 2015	Mar. 31, 2016
Equity	71,271	72,804
Financial liabilities	54,530	51,146
Non-current liabilities	8,753	8,850
Trade accounts payables	7,612	8,753
Current liabilities	11,330	12,753
Total equity and liabilities	153,496	154,306

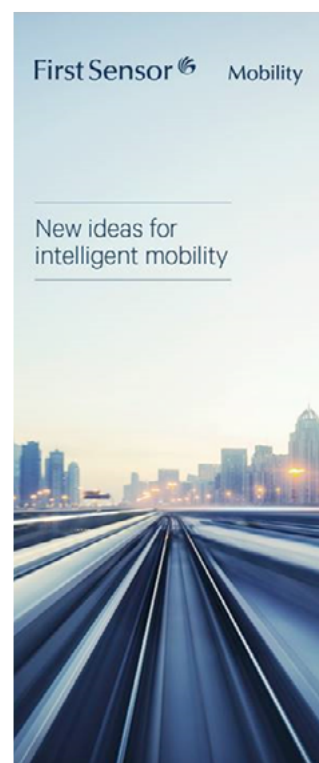
Business Units record mixed development in the first quarter



The **Business Unit Industrial** recorded sales of €16.9 million in the first quarter of 2016. Although this figure was down €1.8 million on the previous year, this was attributable to a shift in the pattern of delivery call-offs to existing customers.



With a year-on-year increase of €1.9 million, the **Business Unit Medical** continued its growth in the first quarter of 2016, generating sales of €7.2 million. This was due in particular to rising demand for optical sensors for CT scanners and X-ray machines, as well as pressure sensors for ventilators.



At €13.4 million, sales in the **Business Unit Mobility** were up €4.1 million on the previous year. This was due largely to early delivery call-offs. It is not currently possible to estimate whether this will lead to a higher level of call-offs for the year as a whole.

Consolidated statement of cash flow (IFRS)

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Cash flow from operating activities	2,479	9,245	-661	-1,017	-6,128	6,050	6,074	3,416
Cash flow from investment activities	-1,467	-2,339	107	-1,709	-987	-1,508	-2,534	-929
Cash flow from financing activities	-472	-2,516	-735	-698	5,449	-2,399	6,364	-3,788
Free cash flow	1,012	6,906	-554	-2,726	-7,115	4,542	3,540	2,487

Cash flow from operating activities was positive at €3.4 million in the first three months of the current fiscal year compared with a negative figure of €-1.0 million in the same period of the previous year. The investment volume was a low €0.7 million in the first quarter of 2016,

largely as a result of investment projects being delayed until later in the fiscal year. Cash flow from financing activities reflected the scheduled expiry of money market loans in the amount of €2.4 million in January 2016. These loans had been taken out in the previous year

in connection with the discontinuation of factoring. Having also been clearly negative in the first quarter of 2015 (€-2.7 million), free cash flow was positive at €2.5 million at the end of the quarter under review.

Steady rise in sales per employee

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Sales	30,328	32,912	31,784	33,303	33,912	35,420	35,107	37,549
Employees	709	729	756	767	774	779	773	783
Sales per employee	42.8	45.1	42.0	43.4	43.8	45.5	45.4	48.0

Despite various new appointments in the first three months of the year, the level of sales per employee continued to increase. This serves as a further demonstration of the company's improved productivity and the economies of scale that are taking effect.

Book-to-bill ratio down on previous year due to order postponements

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Incoming orders	48,402	30,758	29,765	34,891	43,329	28,581	35,518	31,373
Orders on hand	93,541	90,511	86,428	90,588	98,693	90,970	90,724	84,354
Book-to-bill-ratio	1.6	0.9	0.9	1.0	1.3	0.8	1.0	0.8

Incoming orders for the first quarter declined to €31.4 million, although this figure was in line with recent quarters. Orders on hand fell by €6.4 million compared with the end of the previous fiscal year. This resulted in a book-to-bill ratio of 0.8 and was largely due to order postponements. This development is expected to be reversed in the coming quarters.

Continued focus on working capital and capital employed

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Working Capital	31,290	31,517	30,262	31,777	42,067	39,193	36,527	38,294
Capital employed	122,821	121,872	119,048	119,957	129,226	125,885	121,603	122,199

Reflecting the sales growth, inventories increased by €1.1 million in the first three months, as did trade receivables. Trade payables outstanding also rose by €1.1 million compared with the end of the previous fiscal year. The working capital cycle improved by 11.1 days compared with year-end, amounting to 76.4 days.

First Sensor News

First Sensor celebrates Oscar® for "The Revenant"

And the Oscar goes to... Emmanuel Lubezki! The Mexican cinematographer was not the only person to be delighted when this announcement was made in Hollywood on February 28. ARRI in Munich and First Sensor in Berlin also had good reason to celebrate, having worked in close cooperation since 2004 to produce sensor frontends for the digital cameras that help bring the prize-winning cinematic illusions to the big screen. They are built around complex sensor structures that are manufactured in Berlin-Weißensee. In particular, the Munich-based company appreciates First Sensor's ability to develop tailored packaging even for large sensors and to transfer them into series production.

Sales and Marketing Move Closer

10% more sales per year, expansion of sales activities in markets such as North America, Asia and France – there is plenty to do, especially for the Sales team and the Marketing division. Starting now, the two teams are therefore moving closer together in organizational terms, too. This results in shorter decision-making paths and means that the PSs are on the road faster.

First Sensor is Hiring: New Trainees Starting in September

From school straight to practical training: In September this year, we will once again be hiring young people who can complete training with us as an industrial administrator, a micro-technologist, a mechatronics technician, or a specialist in warehousing logistics. The application period has begun already. For Jette Müller, a current trainee at FSP, it was her mother's profession that convinced her to start training with us. We wish her and all of the others every success in their final exams!

Financial calendar and contact

Date	Topic	Details
May 2, 2016	Q1, Interim Report	www.first-sensor.com
May 2, 2016 5 p.m.	Conference Call Quarterly Results	T +4969222229043, PIN: 35473320#
May 4, 2016	Annual General Meeting 2016	Penta Hotel, Grünauer Str. 1, 12557 Berlin
August 11, 2016	6-Month Financial Report	www.first-sensor.com / Conference Call
November 10, 2016	Q3, Interim Report	www.first-sensor.com / Conference Call
November 21-23, 2016	Analysts' conference	Frankfurt am Main

First Sensor prepares the Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS). Nevertheless this report does not meet the requirements of IAS 34 "Interim financial reporting" and has been neither audited nor subjected to any other formal audit examination.

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