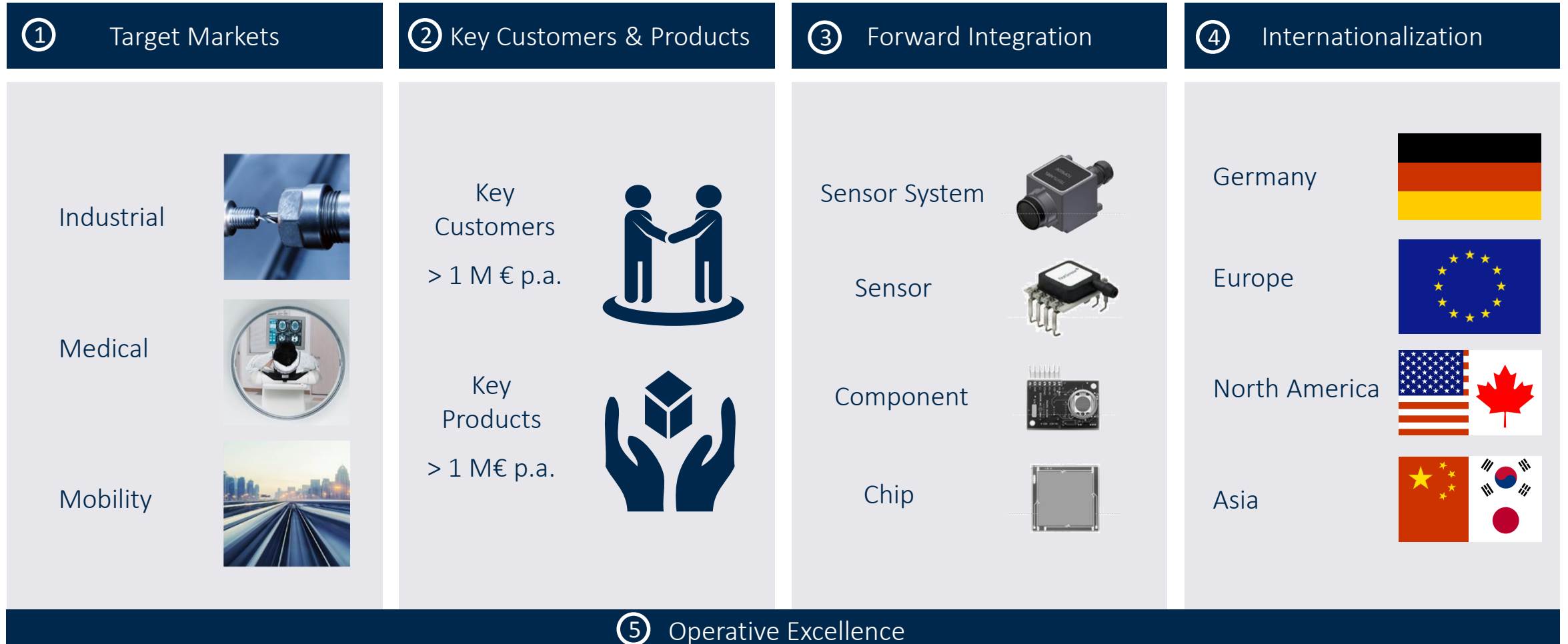

STRATEGIC PERSPECTIVE FOR
PROFITABLE GROWTH

RESULTS 2017 & OUTLOOK 2018



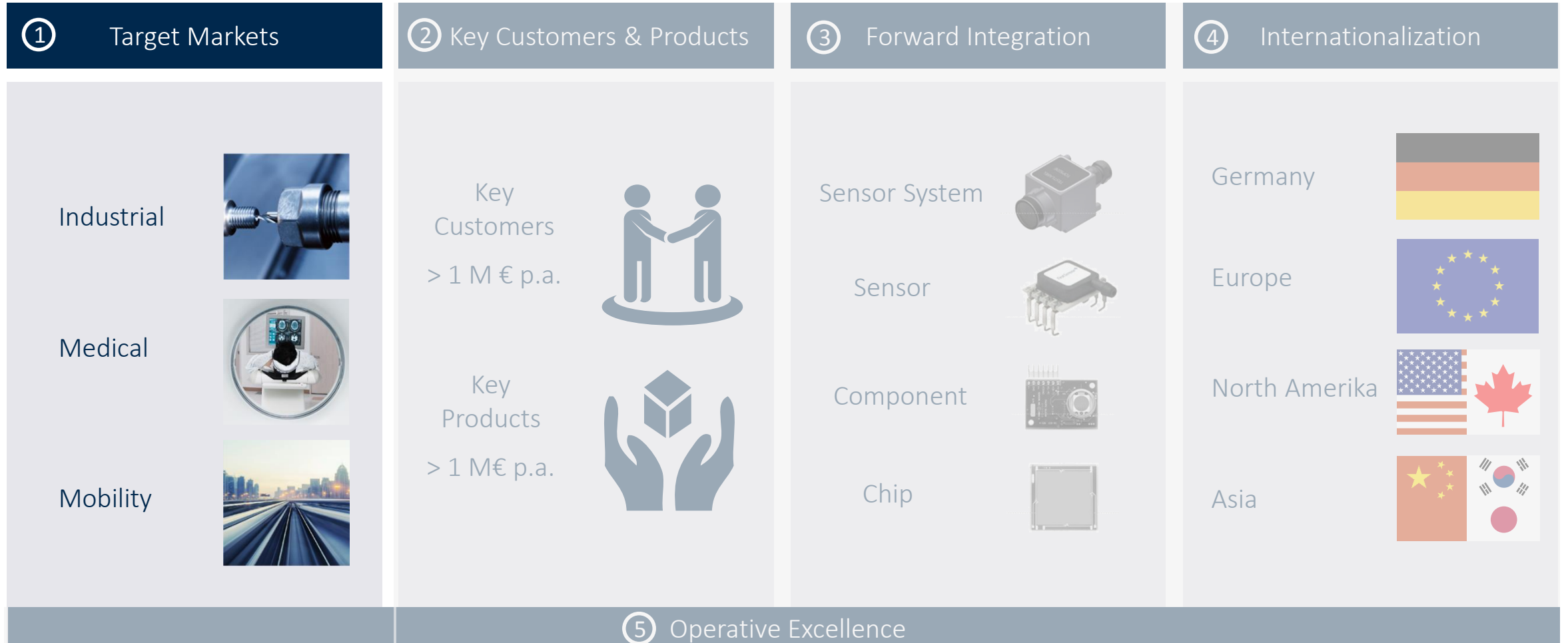
STRATEGIC PERSPECTIVE FOR PROFITABLE GROWTH

We generate and utilize economies of scale in 4 dimensions



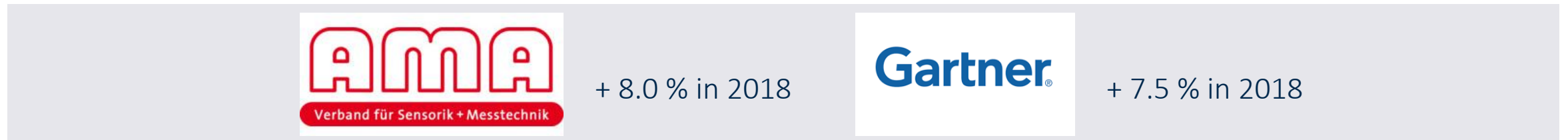
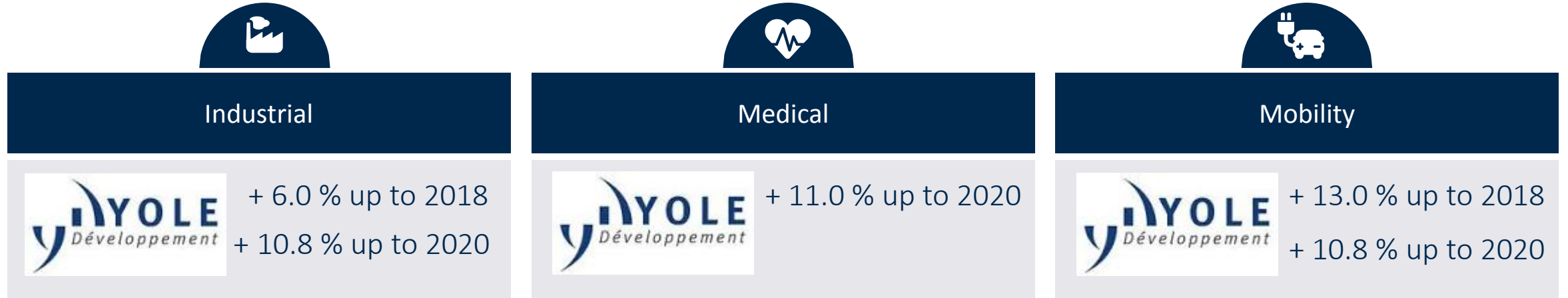
STRATEGIC PERSPECTIVE FOR PROFITABLE GROWTH

Dimension 1: Clear focus on our target markets



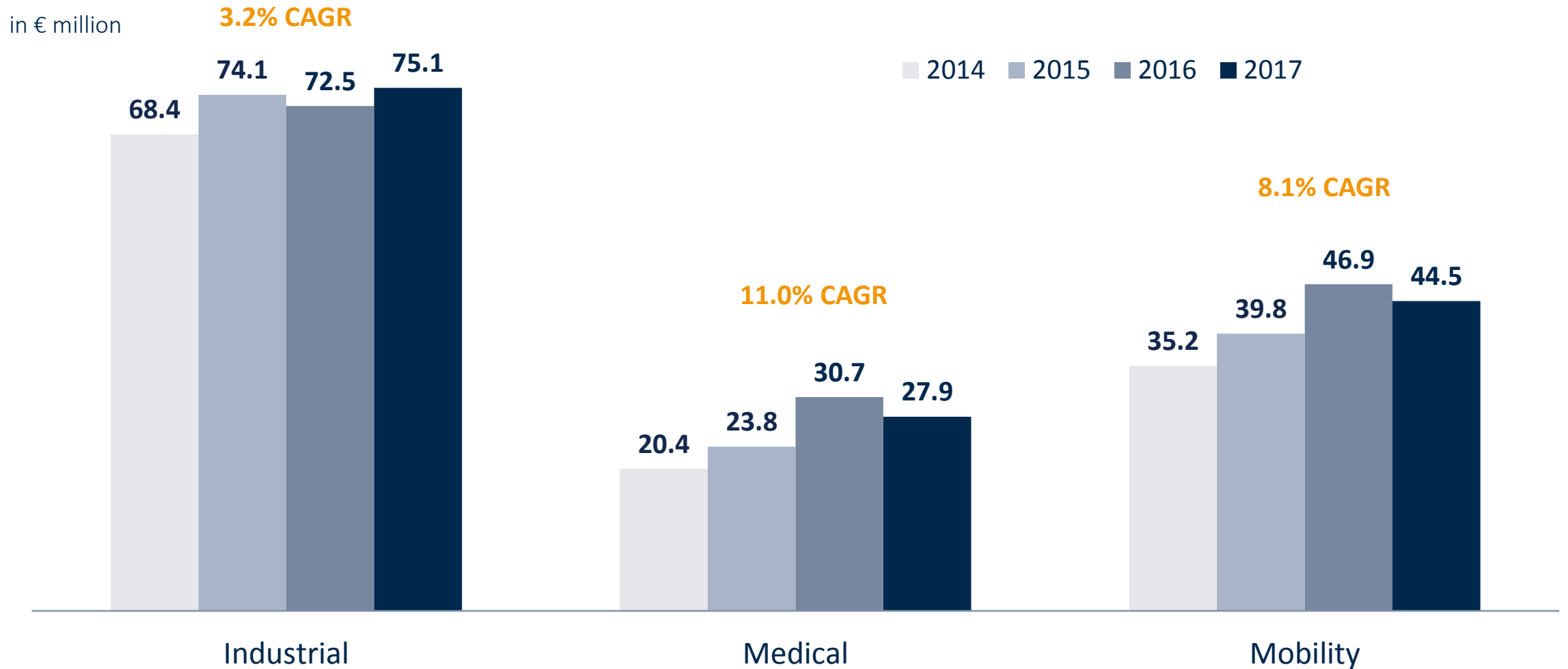
DIMENSION 1: CLEAR FOCUS ON OUR TARGET MARKETS

Our target markets are growth markets



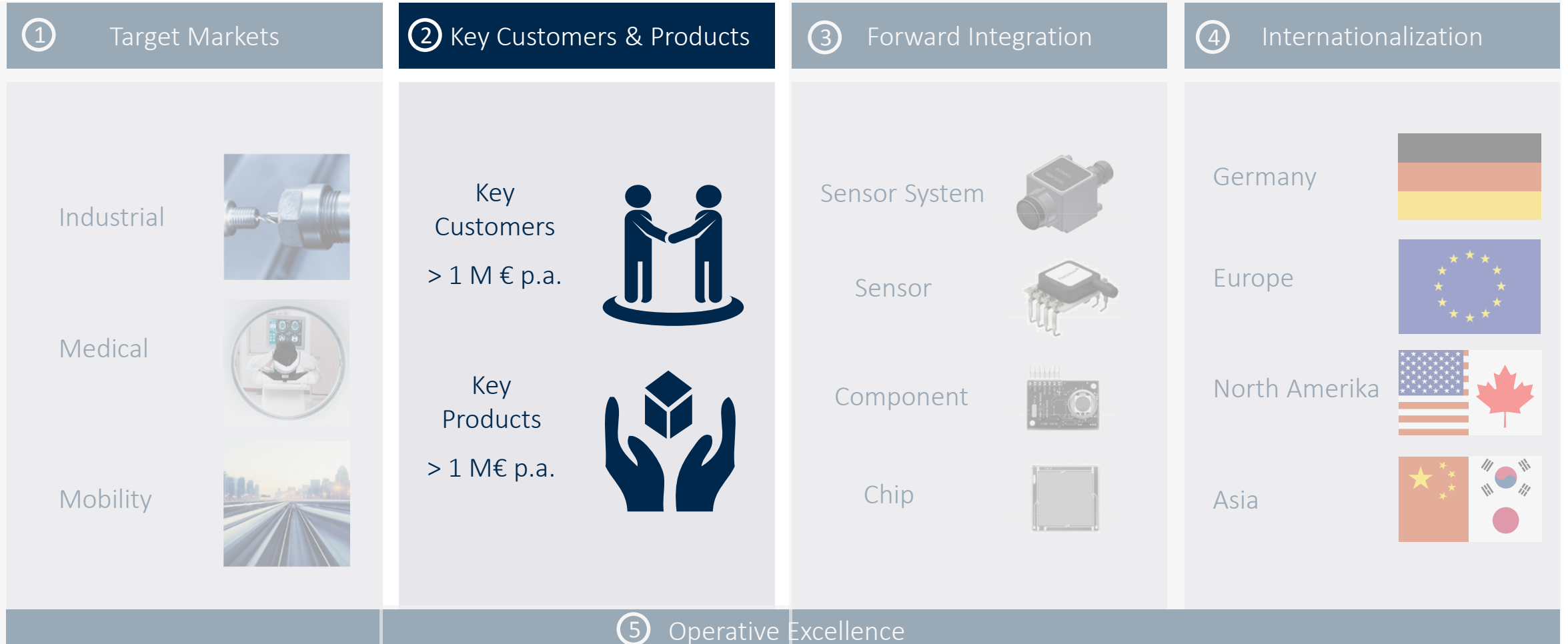
DIMENSION 1: CLEAR FOCUS ON OUR TARGET MARKETS

We participate in market growth



PERSPECTIVE FOR PROFITABLE GROWTH

Dimension 2: Clear focus on key customers & key products



DIMENSION 2: CLEAR FOCUS ON KEY CUSTOMERS & PRODUCTS

Why is this efficient?

Key Customers

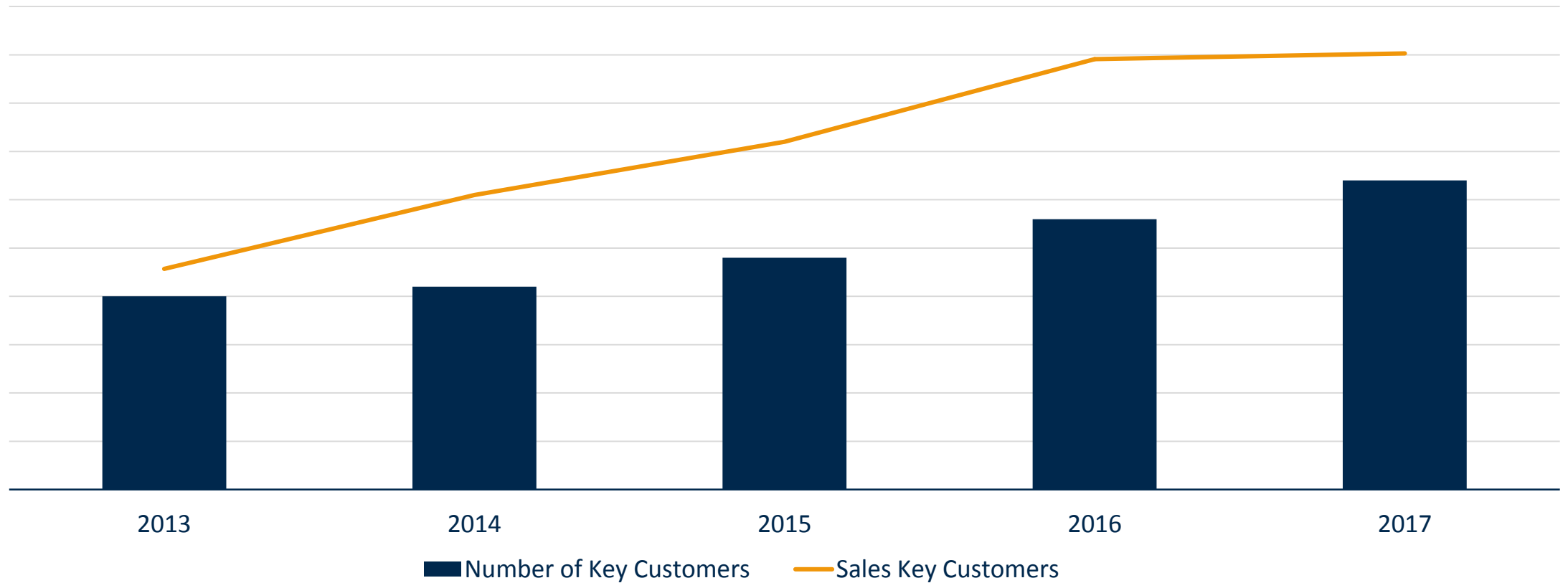
Key Products

- ▶ Single respective product developments result in relatively large quantities and therefore sales volumes.
- ▶ Sales per head in both sales and engineering increases – our existing team will be able to handle larger revenue streams.
- ▶ „Mix & Noise“ in operations are decreased due to reduced parts variety and transactions per revenue.
- ▶ Our supply chain and own production will gain in productivity and can be managed with fewer resources per revenue.
- ▶ With higher quantities per part our purchasing power will increase.
- ▶ With more varietal purity we increase the stability of our value creation process.
- ▶ Lead time, on time delivery and quality will improve as a result.

Our growth becomes more scalable and our profitability increases.

DIMENSION 2: CLEAR FOCUS ON KEY CUSTOMERS

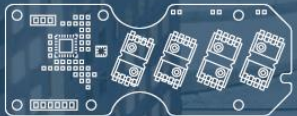
In 2017, we increased number of and sales with key customers



Thinking Joined-Up Together

LMI Multi-Sensor System

On a tailored printed circuit board, this solution combines electronic components with four of our LMI differential pressure sensors that can detect the smallest differences in pressure.

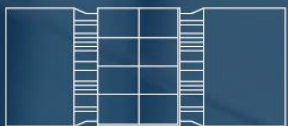


Giving Perspectives Together



Assembly of Arrays

When building large detector arrays, we mount sensor chips on a backing using state-of-the-art flip chip technology to achieve the best possible fitting accuracy with this solution.



Going into Series Production Together



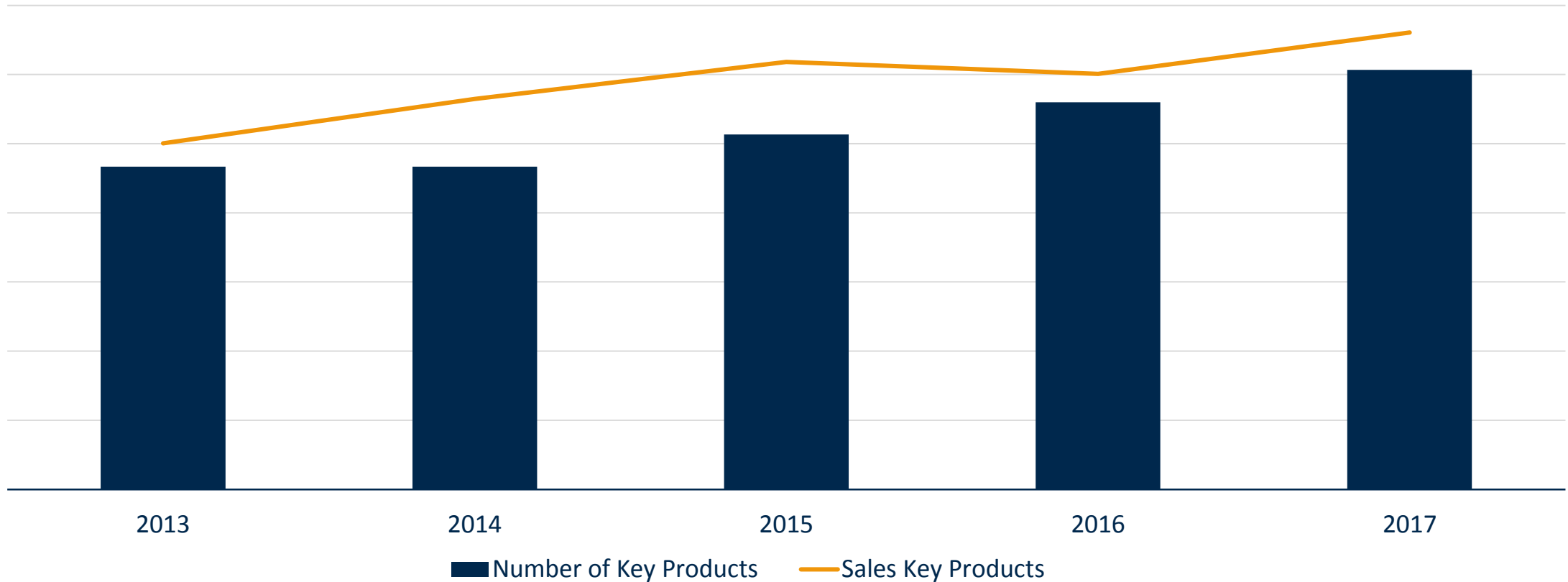
Avalanche Photodiodes

Our high-performance diodes measure light pulses in the nanosecond range. As one of the leading manufacturers, First Sensor also develops and produces array solutions for LiDAR systems.

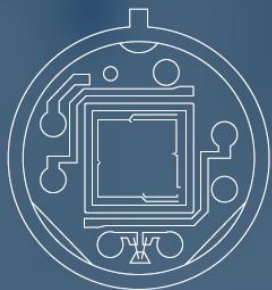


DIMENSION 2: CLEAR FOCUS ON KEY PRODUCTS

In 2017, we increased number of and sales with key products, too



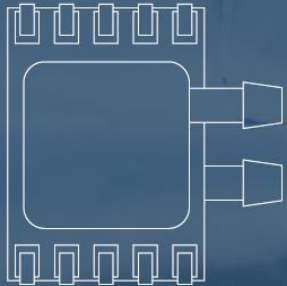
Staying One Step Ahead Together



STARE K Series

Our standard piezo-resistive components are used in industry and medical technology. Pressure sensor chips based on STARE technology ensure their long-term stability and precision.

Irreplaceable Together



H Series

Our standard piezo-resistive pressure sensors measure extremely low pressures in dry, non-corrosive gases. Their applications include fields such as medical technology, measurement technology and air conditioning technology.

Responsibility Together

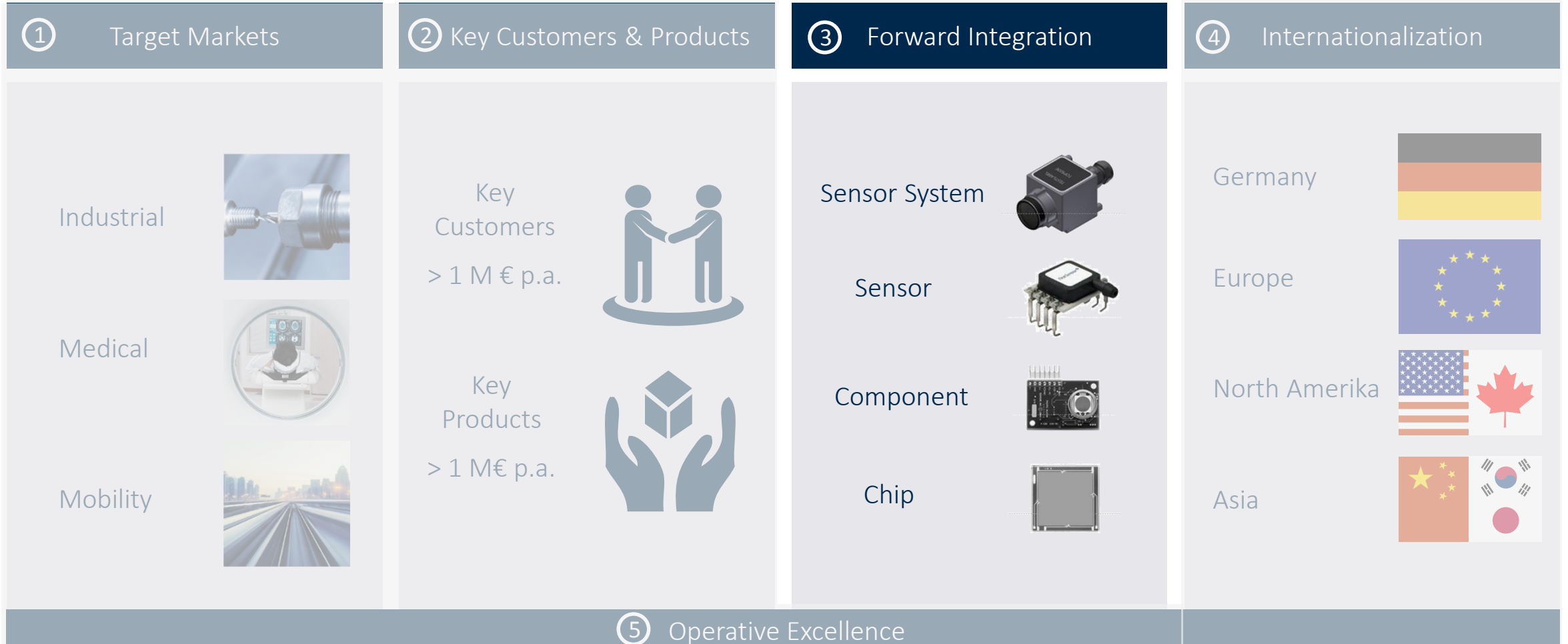
sensEdge Pressure Sensors

High-pressure sensors based on sensEdge technology are suitable for pressure changes up to 3,000 bar. Our solutions are used in steer-by-wire systems, for example.



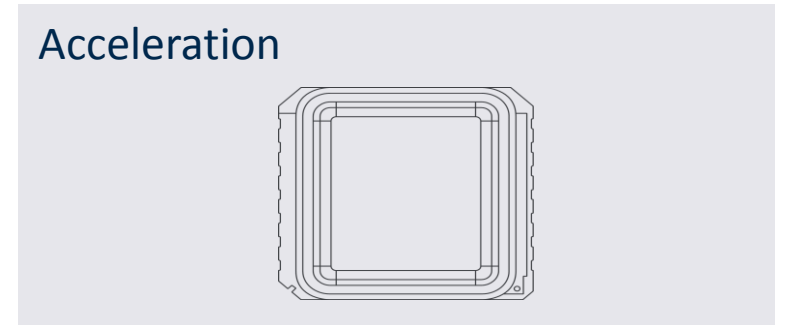
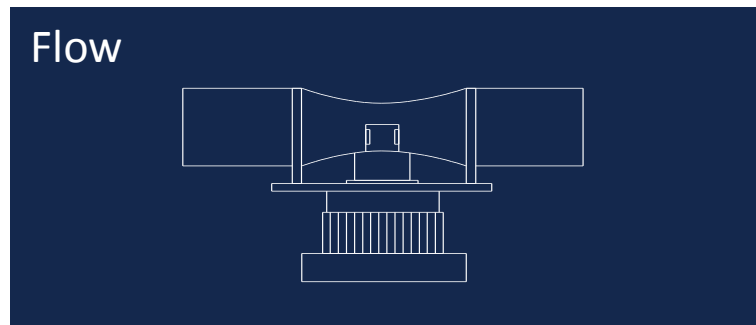
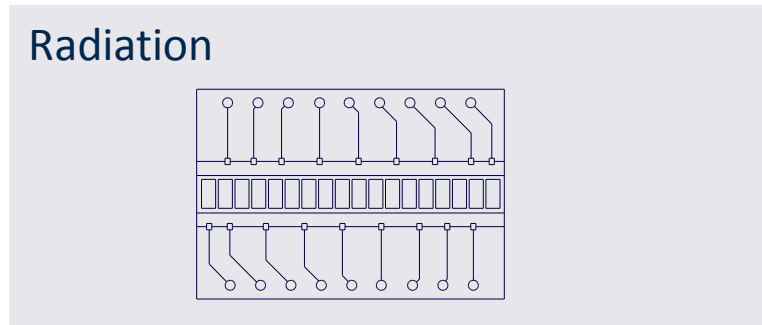
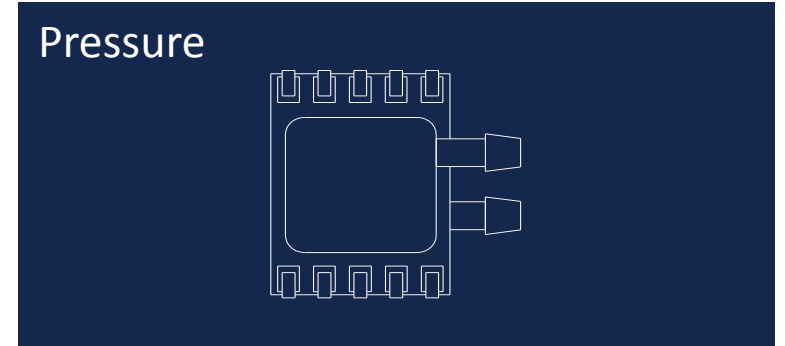
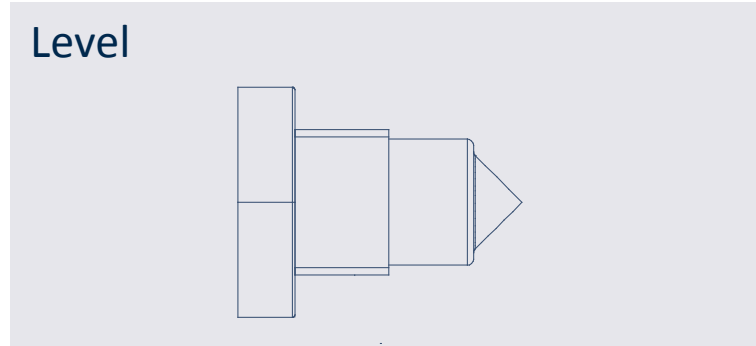
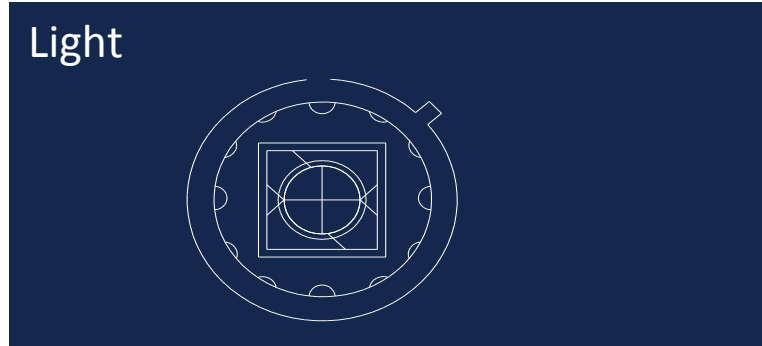
PERSPECTIVE FOR PROFITABLE GROWTH

Dimension 3: Clear focus on forward integration



DIMENSION 3: CLEAR FOCUS ON FORWARD INTEGRATION

We base our forward integration initiatives on clear product roadmaps



Integrated Manufacturing Service

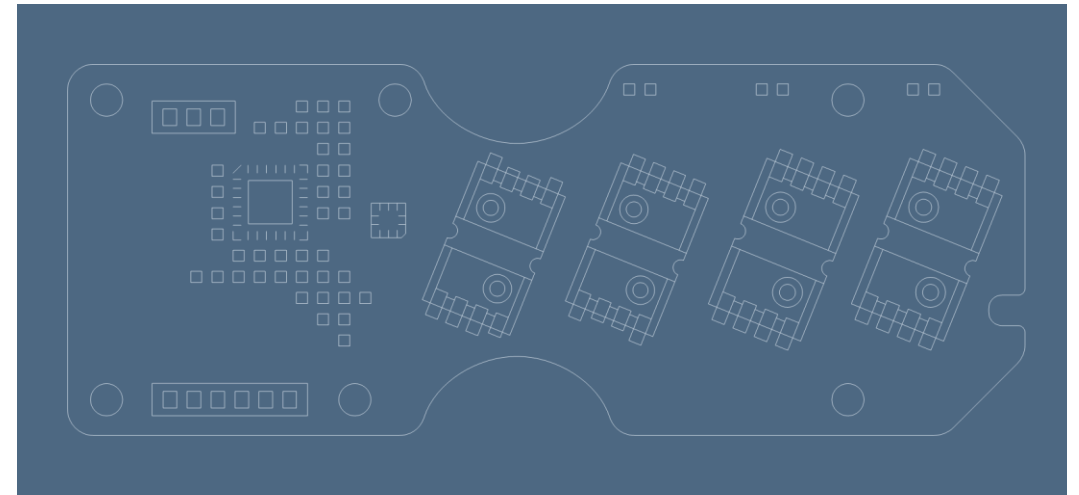
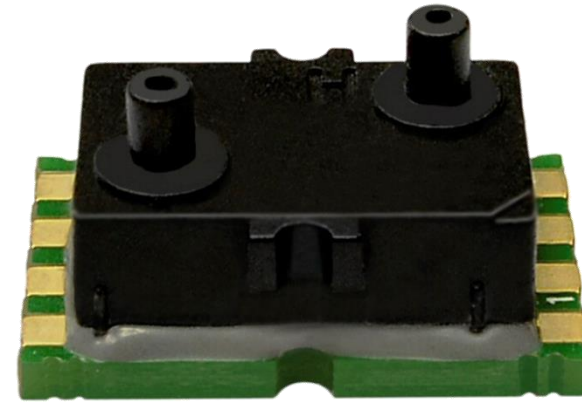


Multi Sensor Systems



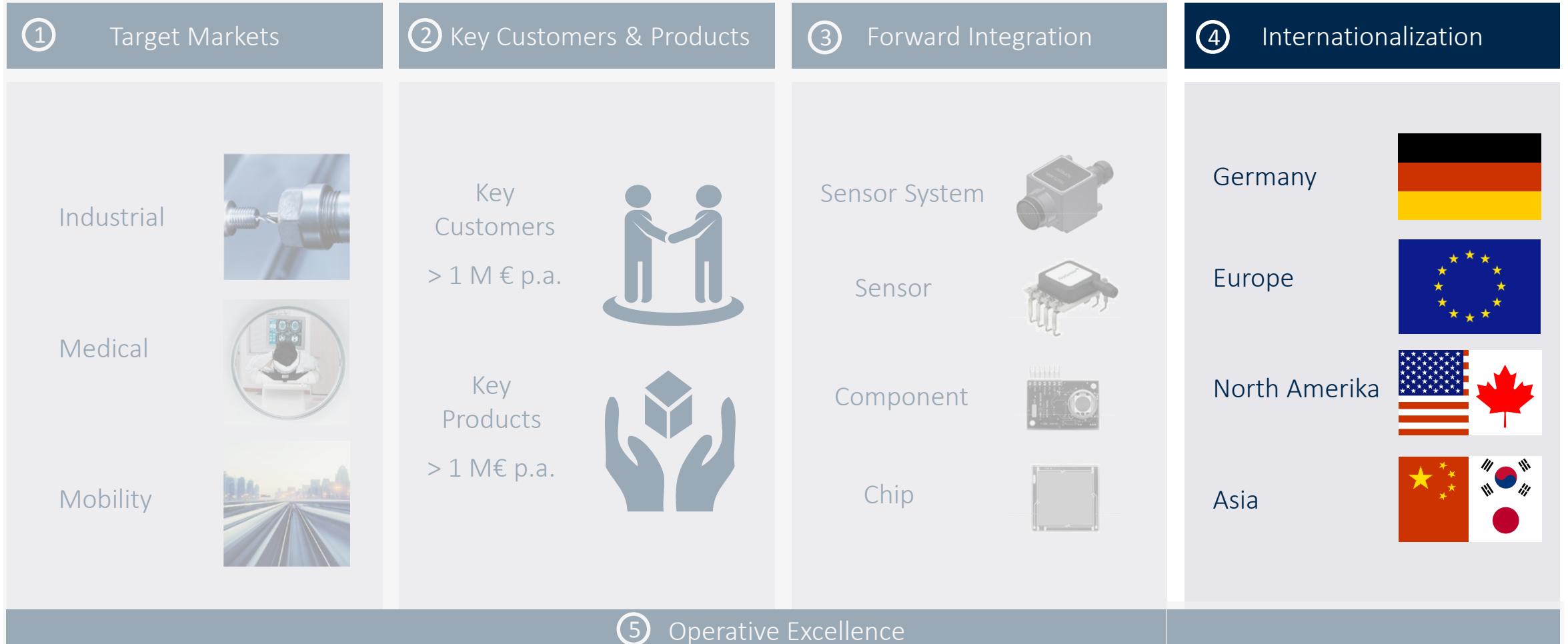
FORWARD INTEGRATION

One example is a multi sensor system for HVAC applications



PERSPECTIVE FOR PROFITABLE GROWTH

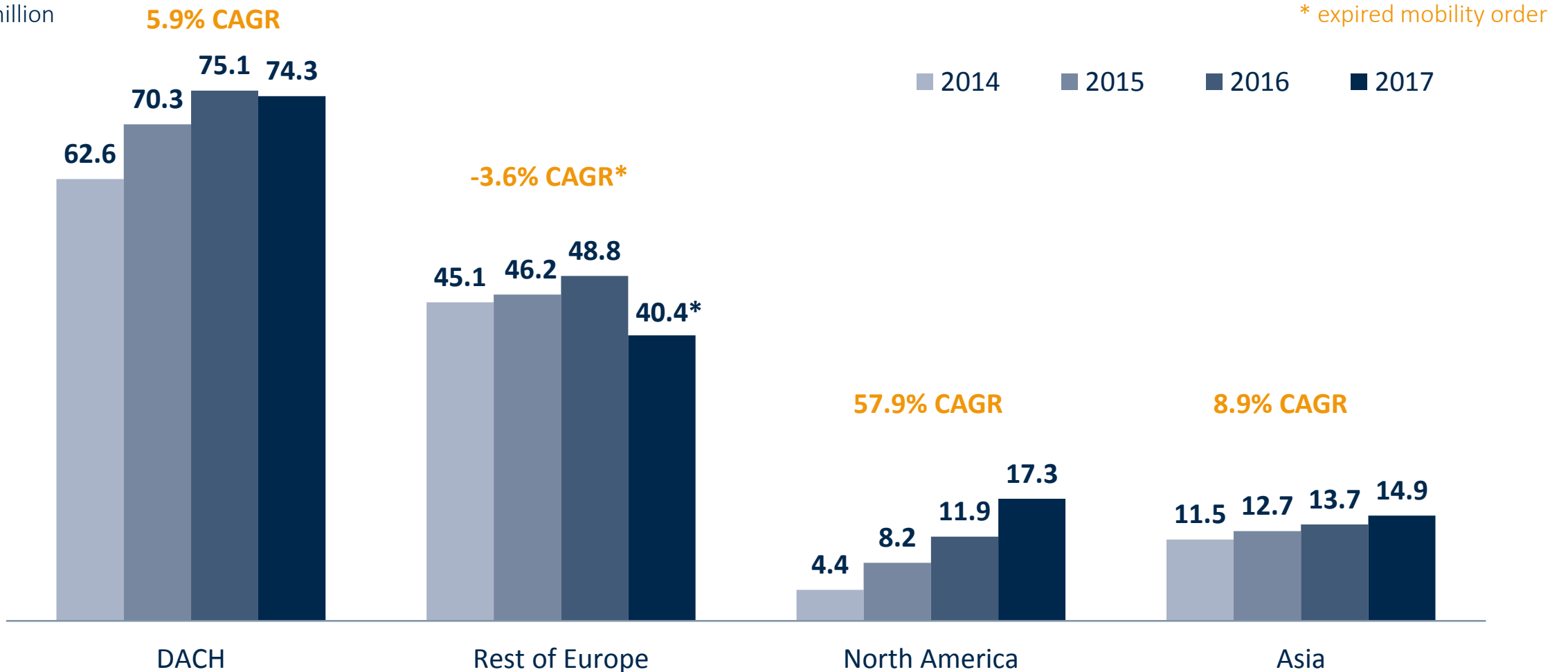
Dimension 4: Clear focus on internationalization



DIMENSION 4: CLEAR FOCUS ON INTERNATIONALIZATION

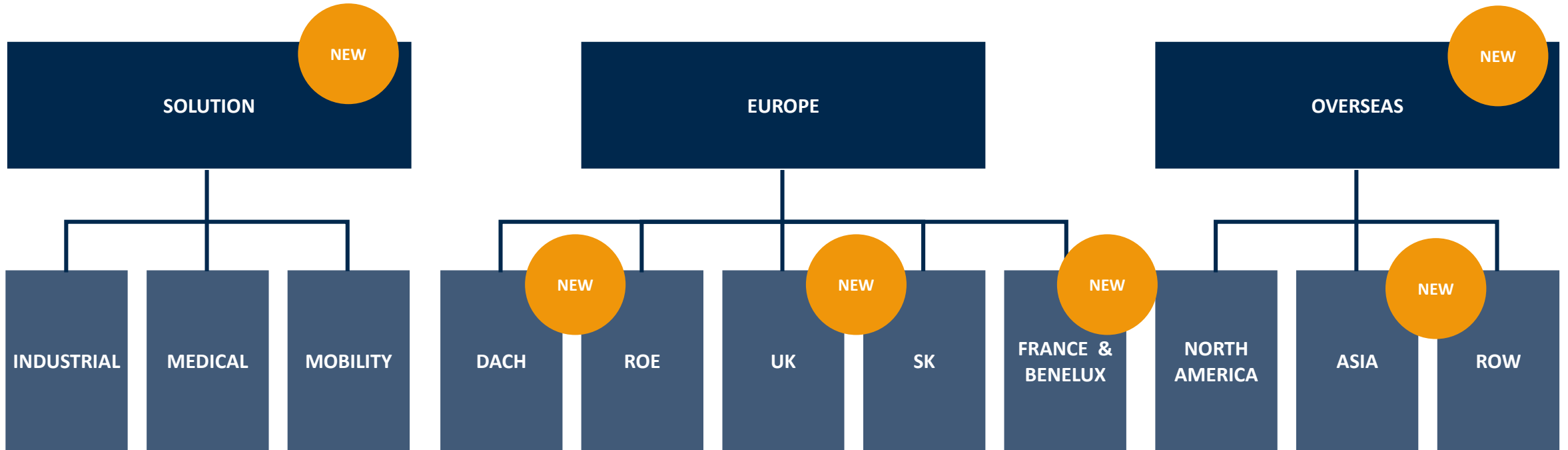
We generated further growth in our key sales regions

in € million



DIMENSION 4: CLEAR FOCUS ON INTERNATIONALIZATION

We have set up our sales force for accelerating growth



PERSPECTIVE FOR PROFITABLE GROWTH

The Fundament: focus on operative excellence



THE FUNDAMENT: FOCUS ON OPERATIVE EXCELLENCE

Our current core initiatives

Top Initiatives		
▶ T's & C's Harmonization	✓	
▶ Harmonized Core Processes	✓	
▶ OneERP	✓	progressing
▶ Lead Time, On-Time Delivery, Quality	✓	continuous
▶ Portfolio Optimization		ongoing
▶ Portfolio Consolidation		ongoing

THE FUNDAMENT: FOCUS ON OPERATIVE EXCELLENCE

Continued focus on portfolio optimization and consolidation

Top Initiatives	
▶ T's & C's Harmonization	✓
▶ Core Processes	✓
▶ OneERP	✓ progressing
▶ Lead Time, On-Time Delivery, Quality	✓ continuous
▼ Portfolio Optimization	ongoing
1. Margin structure analysed	✓
2. Cost reduction potential identified and improvement projects startet	✓
3. Continued project execution	2018 / 2019
▶ Portfolio Consolidation	2018 / 2019

THE FUNDAMENT: FOCUS ON OPERATIVE EXCELLENCE

Portfolio consolidation: Casestudy for one selected product family

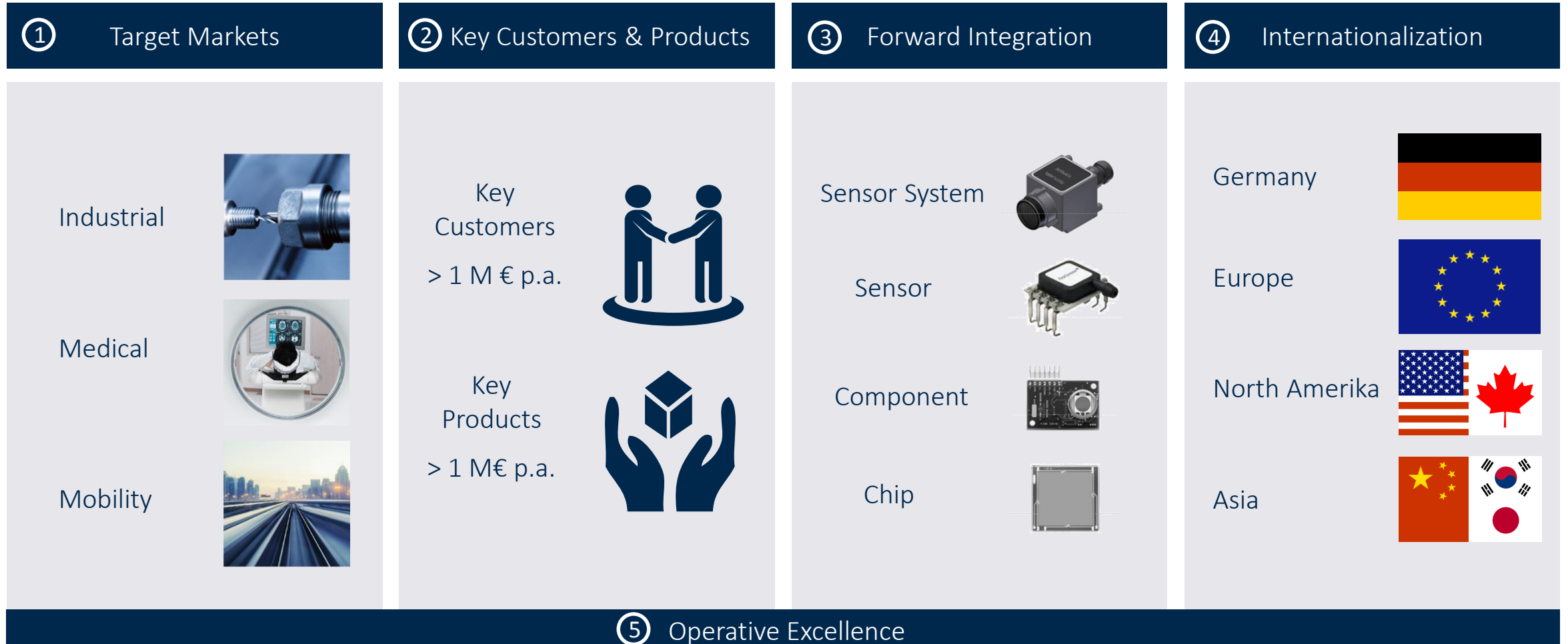
		PRODUCTS		
		A products	B products	C products
CUSTOMERS	A customers	11 % products	8 %	5 %
		69 % sales	6 %	> 1 %
	B customers	6 %	12 %	17 %
		12 %	9 %	1 %
	C customers	> 1 %	3 %	38 %
		> 1 %	> 1 %	2 %

Top Measures

- ▶ Threshold order quantities for new products
- ▶ Minimum order quantities for existing products
- ▶ Bundling of demand
- ▶ Recommendation of product alternatives
- ▶ Last call options if necessary

PERSPECTIVE FOR PROFITABLE GROWTH

We generate and utilize economies of scale in 4 dimensions



OUR GUIDANCE 2018

Improving our profitability remains our focus

SALES REVENUES

150 - 160

MILLION EURO

EBIT MARGIN

7 - 9

PERCENT

OUR GUIDANCE 2018

Expected sales level of €150 million to €160 million

Opportunities

- Good order backlog
- Ramp up of customer-specific solutions projects
- Increased demand for standard products

Risks

- Late order placement may result in 2019 shipments
- Customer demand may vary
- Product launches of customers may delay
- Risks associated with our One ERP project

OUR GUIDANCE 2018

Expected EBIT margin level of 7 to 9 percent

Opportunities

- Economies of scale: focus on key products and key customers
- Forward integration: higher level of value add
- Operative Excellence: continuous improvement

Risks

- Higher marketing expenses for the introduction of new technologies and products, e.g. inertial sensors, senseEdge
- Effects such as fluctuations in purchase prices, risks in process stability, increases in wages and salaries
- Risks associated with our One ERP project

STRATEGY FOR PROFITABLE GROWTH

OUR ASPIRATION

As a leading international sensor manufacturer, we will achieve 10% average growth and a 10% EBIT margin with tailor-made customer-specific sensor solutions and innovative platform-based standard products, thereby creating added value for our customers, investors and employees. Our corporate values of innovation, excellence and proximity form the compass for our actions.

STRATEGIC PERSPECTIVE FOR PROFITABLE GROWTH: RESULTS 2017 & OUTLOOK 2018

Capital Market Day

March 22, 2018

Dr. Dirk Rothweiler

First Sensor AG

www.first-sensor.com

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