

Press release, May 15, 2020

First Sensor Sees Minor Coronavirus Effects in the First Quarter

- Sales up slightly on Q4 2019 at €38.8 million
- Product mix strains profitability, adjusted EBIT margin reaches 0.9%
- Stability thanks to good order situation and solid finances

In the first quarter of fiscal 2020, the First Sensor Group generated sales of €38.8 million (previous year: €41.4 million) and was therefore roughly on a par with the previous quarter. The effects of the coronavirus pandemic initially affected only plant closures by Chinese customers and, late in the quarter, European customers too. They initially had little impact on sales.

“Despite the pandemic, we still achieved solid sales growth of 12.2% in Asia,” says Dirk Rothweiler, CEO of First Sensor AG. “We gained additional stability in the first quarter from the development in the DACH region, our biggest market. Now we have to closely monitor how long the restrictions resulting from the coronavirus pandemic will persist for the economy and society and prepare ourselves proactively for the potential impact on the sensor market.”

As a result of changes in the product mix, cost of material increased in comparison with the similar sales level in the fourth quarter of 2019 by €3.2 million to €20.1 million. Consequently, earnings fell at all levels. Accordingly, EBIT only reached €60 thousand in the first quarter of 2020 (previous year: €4.1 million), which corresponds to a margin of 0.2%. Adjusted for the special effects in connection with the combination with TE Connectivity Sensors Germany Holding AG, the EBIT margin would have amounted to 0.9%. “As a consequence, we have extended the cost-cutting measures started in summer 2019 in response to the slowdown in the global economy once more in the past quarter to ensure the Group remains profitable. We expect these measures to produce results in the months ahead,” says CFO Marcus Resch.

Target markets

In the Industrial target market, sales fell by 8.6% in the first quarter of 2020 compared with the very good previous year. They decreased to €20.3 million (previous year: €22.2 million). This was largely attributable to the temporary loss of sales to Chinese customers caused by the coronavirus pandemic. In the Medical target market, sales came to €8.5 million in the first quarter of 2020, down 13.1% on the previous year (€9.8 million). The decline was caused by a reduction in the quantities sold to various key customers. However, the increase of 6.8% compared with the closing quarter of 2019 (€7.9 million) and significant incoming orders in recent weeks, in particular for the pressure sensors in respirators necessary for treating patients with COVID-19, provided grounds for assuming that this fall can be made up over the next few quarters. In the Mobility target market, sales rose by 6.0% to €10.0 million in the first quarter of 2020 (previous year: €9.5 million). The increase was mostly driven by OEM pressure sensor solutions for fuel-efficient mobility. The lockdown had no significant impact on the automotive industry in the first quarter of 2020.

Incoming orders and order backlog

Incoming orders amounted to €43.4 million in the first quarter of 2020, up 2.7% on the previous year (€42.3 million). The order backlog benefited accordingly and, at €98.1 million, virtually matched the level of the previous year (€98.4 million). The book-to-bill ratio was 1.12 and essentially indicates positive future business development, subject to the further impact of the COVID-19 pandemic.

Balance sheet and cash flow

There were only marginal changes to total assets following the reporting date of December 31, 2019. Inventories increased temporarily by €1.7 million to €37.4 million, largely as a consequence of the standstill in Chinese industry in the first few weeks of the year. In contrast, trade payables increased by €2.9 million due to reporting date-related factors. As a result, working capital fell by €1.5 million to €37.7 million over the first three months of 2020.

Cash flow from operating activities was reduced by the lower profitability and remained just positive at €0.2 million. Following investments at a similar level to the previous year, negative free cash flow of €2.4 million remained. From the perspective of the Executive Board, however, the Group's liquidity position is still comfortable.

Outlook

The course of business to date and the order backlog support the Executive Board's guidance of March 19, 2020. Accordingly, fiscal 2020 is expected to close with sales between €145 million and €155 million and an EBIT margin between 3% and 6%. However, from today's perspective, it is not yet possible to make a reliable estimation as to how long the restrictions resulting from the coronavirus pandemic will persist for economy and society and what impact these will have on the sensor market. "Our medium- and long-term prospects are still excellent, as sensors remain a key technology for digitalization," says CEO Rothweiler. "However, at present, nobody knows when precisely relaxation measures will allow a return to something approaching normality and thereby to doing business under every day conditions, meaning that we shall continue to monitor the trend in sales and earnings closely."

About First Sensor AG

Founded as a technology start-up in the early 1990s, today, First Sensor is a global player in sensor technology. With our expertise in chip design and production as well as microelectronic packaging, we develop and produce standard sensors and customer-specific sensor solutions in the fields of photonics, pressure and advanced electronics for the ever-growing demand in key applications for the target markets of Industrial, Medical and Mobility. With around 1,000 employees, we are represented at six German locations and also have development, production and sales sites in the USA, Canada, China, the Netherlands, Great Britain, France, Sweden and Denmark along with a worldwide partner network. First Sensor AG has been listed in the Prime Standard segment on the Frankfurt Stock Exchange since 1999. For more information please visit www.first-sensor.com.

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First Sensor AG

Peter-Behrens-Str. 15
12459 Berlin
Germany

Press contact:

Carolin Becker
E-Mail: Carolin.Becker@first-sensor.com
T +49 30 639923-736
