

## First Sensor delivers stable performance in second quarter of 2020

- Moderate 4.3% decline in sales in Q2 despite many customers suspending production
- Return to normality expected for end of Q3 or in Q4, depending on pandemic situation

The First Sensor Group generated sales of €76.9 million in the first half of 2020 (previous year: €81.3 million). Given the Corona-induced general conditions, the decline of 5.3% was comparatively moderate. In the second quarter, sales of €38.1 million were generated following €39.9 million in the previous year. In this period, in which many customers were affected by shutdowns at their production plants, especially in German-speaking countries, the fall was only 4.3%. This corresponds to the expected business development following the occurrence of the pandemic. The adjusted operating result (EBIT) amounted to €2.3 million in the first six months (previous year: €6.8 million) whereof €1.9 million was achieved in the second quarter (previous year: €2.6 million), marking a significant improvement on the first quarter. The adjusted EBIT margin amounted to 3.0% in the first six months (previous year: 8.3%) and 5.1% in the second quarter (previous year: 6.5%). It was therefore also in line with expectations for the fiscal year.

"The First Sensor Group has had to adapt to the challenges arising from the Corona pandemic in the first half of 2020. As is clear from this report, we have succeeded comparably well despite the massive repercussions, in some cases, on our target markets and supply chains," says Marcus Resch, Member of the Executive Board of First Sensor AG. "Overall, sales and earnings correspond to the expectations for the financial year following the outbreak of the pandemic."

### Target markets

The impact on the target markets has varied strongly. In the Industrial target market, sales in the first half fell by 9.6% to €39.4 million (previous year: €43.5 million). Amounting to €19.1 million in Q2, sales softened by 10.6% compared to the same quarter of the previous year (€21.4 million) and therefore reflected the economic climate. Business fell more sharply in the Mobility target market. Here, sales decreased by 13.9% in the first six months to €16.5 million (previous year: €19.1 million). Only €6.5 million worth of sales was attributable to the second quarter (previous year: €9.7 million), representing a decrease of 33.2%. Corona-induced production closures at virtually all automotive manufacturers are reflected here. In contrast to this, sales in the Medical target market expanded by 13.4% in the first six months of 2020. They totaled €21.1 million (previous year: €18.6 million). The increase was virtually entirely attributable to the second quarter, where growth of 42.6% was achieved with sales of €12.6 million (previous year: €8.8 million). Here, First Sensor benefited from the boom among manufacturers of respirators resulting from the Covid-19 pandemic.

### Incoming orders and order backlog

In the second quarter, incoming orders decreased to €31.7 million (previous year: €35.6 million), leading to a total of €75.1 million for the first six months of 2020 compared to €77.9 million in the previous year. Halfway through 2020, this drove an order backlog of €91.6 million (previous year: €94.2 million), equivalent to a decrease of 2.7%. Considering the general conditions, First Sensor therefore has a comparatively stable order situation, which is reflected in a slightly improved book-to-bill ratio of 0.98 over the past 12 months. However, compared with the first quarter, incoming orders were significantly more subdued recently. The first signs of a business normalization are not expected before the end of the third quarter and depend heavily on the further development of the pandemic.

### Balance sheet and cash flow

In the course of the first six months of 2020, total assets decreased by 4.7% to €171.1 million (December 31, 2019: €179.7 million). As of the reporting date of June 30, 2020, the equity of the First Sensor Group decreased by 7.6% to €83.1 million (December 31, 2019: €89.9 million). The equity ratio changed only marginally as a consequence of the balance sheet contraction and amounts to 48.6% against 50.0% at the reporting date. Major changes related to current assets. Here, inventories posted an increase of 9.1% to €39.0 million (December 31, 2019: €35.7 million). At the same time, trade receivables rose by 26.7% to €15.9 million (previous year: €12.5 million). Both are linked to the impact of the pandemic on the business development. These factors coupled with a reduction in profitability – despite having been improved in the course of the year thanks to expanded cost-cutting measures –, the dividend payment and payments in connection with the business combination with TE Connectivity Sensors Germany Holding AG had a significant impact on cash and cash equivalents. These fell to €17.3 million on the reporting date (previous year: €32.3 million). The working capital amounted to €46.0 million as of June 30, 2020 (December 31, 2019: €38.4 million).

The above-mentioned drivers also affected cash flow. Consequently, operating cash flow amounted to €-6.4 million in the first half of 2020 (previous year: €6.8 million). Free cash flow was accordingly sharply negative in the reporting period at €-10.9 million (previous year: €+1.5 million).

### Employees

The First Sensor Group had 871 (previous year: 873) employees (FTE – full-time equivalents, excluding short-time work) on average in the first six months of 2020.

### Outlook

The revenue performance in the first half of 2020 corresponded to the expectations following the rise of the pandemic. "In our target markets, customers were affected by the Corona crisis to a differing degree. Most well-known motor manufacturers had to close their production plants for several weeks. Industrial customers postponed their call-ups under framework agreements. The majority of the medical technology sector was severely affected by the pandemic as well; solely customers from niche areas such as respiration increased their demand significantly," explains Resch. The Executive Board expects to see a return to normal business performance by the end of the third quarter at the earliest, or more likely in the fourth quarter.

Although the fall in sales had an adverse impact on profitability, this stabilized in the second quarter. At 12.5%, the adjusted EBITDA margin is only slightly down on the previous year's level of 14.4%. The adjusted EBIT margin also developed as expected, returning to 5.1% in the second quarter. The Executive Board believes that the company is well-placed to achieve its guidance for the year as a whole with an adjusted EBIT margin of 3% to 6%.

"The extent of the impact of the Corona pandemic is consistent with the estimates on which management based its guidance for fiscal year 2020," says Resch. The target of achieving sales in between €145 million and €155 million and an adjusted EBIT margin between 3% and 6% is therefore confirmed. The measures to secure profitability have proven to be effective and will largely remain in place in the third quarter. First Sensor is therefore well positioned to emerge stronger from the crisis and to pursue its medium-term growth targets. The business combination with TE will further support this.

First Sensor 

is now part of



### 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](http://www.first-sensor.com).

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