

Corporate News, November 9, 2017

First Sensor begins second half of year with surge in revenue and earnings

- Revenue 1.3% higher year-on-year at EUR 39.3 million in Q3
- EBIT of EUR 4.1 million in Q3; margin rises to 10.4%
- Executive Board confirms forecast for fiscal 2017 at upper end of range

First Sensor AG, developer and manufacturer of standard products and customer-specific solutions on the sensor technology growth market, has confirmed the anticipated more dynamic business performance in the third quarter after a modest start to the year with its key data. Revenue increased by 1.3% as against the previous year (EUR 38.8 million) to EUR 39.3 million. Growth was even as high as 13.6% or EUR 4.7 million compared to the previous quarter. Revenue amounted to EUR 108.2 million in total for the first nine months of the fiscal year.

EBIT improved significantly in the third quarter at EUR 4.1 million. The EBIT margin therefore increased to 10.4% (previous year: 7.6%). EBIT is at EUR 7.5 million after nine months, corresponding to a margin of 6.9%. The net profit for the period amounts to EUR 0.9 million in the third quarter as a result of the extraordinary effect arising from the remeasurement of currency hedges and tax payments. This corresponds to earnings per share of EUR 0.09 (previous year: EUR 1.7 million, EUR 0.16 per share). Net profit for the first nine months amounts to EUR 3.0 million with earnings per share of EUR 0.28 (previous year: EUR 5.9 million, EUR 0.54 per share).

“As anticipated, our business picked up significantly at the start of the second half of the year,” said Dr. Dirk Rothweiler, CEO of First Sensor AG. “A stable cost structure and a highly advantageous product mix helped make the third quarter particularly profitable. These two factors are prompting us to go a step further than just confirming our targets for the fiscal year, as we now expect that we will actually be at the upper end of our forecast range.” The current guidance is for revenue of between EUR 140 and EUR 145 million and an EBIT margin of between 5% and 6%. “The key data for the third quarter corroborate our claim to operational excellence and the quality of its implementation,” added Dr. Mathias Gollwitzer, CFO of First Sensor AG. “Our internal projects are taking effect, our management team is leading from the front and our employees are actively working towards our medium-term goal of a sustainable EBIT margin of 10%.”

Target markets

The improvements in the third quarter of 2017 can be seen on all three target markets. Revenue on the Industrial target market increased by 4.1% year-on-year to EUR 19.4 million in the third quarter. EUR 55.5 million was therefore generated in total in the first nine months, corresponding to growth of EUR 1.7 million or 3.2% on the same period of the previous year. Demand also picked up significantly on the Medical target market in the third quarter. Total revenue of EUR 7.6 million was generated, a decline of 3.0% compared to the same quarter of the previous year. However, this gap caused by start-up delays for some medical customers is shrinking all the time, and after nine months revenue is back at EUR 20.4 million after EUR 24.1 million in the same period of the previous year. The expired major order on the Mobility target market was further compensated for. Revenue amounted to EUR 12.3 million in the third quarter of 2017 (previous year: EUR 12.4 million). The figure was EUR 32.3 million after nine months (previous year: EUR 36.8 million).

Incoming orders and orders on hand

At EUR 42.0 million, incoming orders almost matched the previous quarter's level in the third quarter (EUR 44.4 million). The book-to-bill ratio is therefore 1.07 as of the end of the reporting period. Incoming orders amounted to a volume of EUR 121.5 million for the first nine months (previous year: EUR 103.6 million). The order backlog continued to improve to EUR 96.5 million, providing a good basis for business performance in the quarters ahead.

Statement of financial position and cash flow

Total assets have increased by 2.8% from EUR 154.0 million at December 31, 2016 to EUR 158.3 million. This was largely due to changes in working capital as a result of the growth in revenue and the imminent replacement of several corporate controlling software products with a single tool. Trade receivables and inventories therefore climbed by EUR 5.7 million. New investment in value added also increased property, plant and equipment by EUR 2.8 million. By contrast, net debt remained relatively stable at EUR 27.5 million. Equity improved by 3.6% to EUR 80.2 million in the reporting period as a result of retained earnings, with an equity ratio of 50.7% (December 31, 2016: 50.3%).

Operating cash flow amounted to EUR 5.6 million after nine months (previous year: EUR 8.8 million, down 36.2%). In addition to the rise in working capital of EUR 5.5 million, earnings were also down as against December 31, 2016 on account of tax payments of EUR 1.4 million. In line with planning, the investment volume was significantly higher in 2017, and cash used in investing activities rose to EUR 7.9 million (previous year: EUR 3.9 million). As in the previous quarters, free cash flow is negative at EUR -2.3 million after nine months (previous year: EUR 5.0 million).

Employees

The First Sensor Group had 784 employees as of September 30, 2017 (previous year: 796). As a result of this slight decline in conjunction with the current revenue level, revenue per employee climbed to EUR 50.1 thousand in the third quarter of 2017 (previous year: EUR 48.8 thousand).

Outlook

On the basis of the expectedly good performance in the third quarter, the Executive Board feels the company is still on track to achieve its goals for the year as a whole. "The rising demand from different market segments and an advantageous product mix have had a very positive effect. In addition, the current order situation suggests that this momentum will carry through into the final quarter," said Dr. Dirk Rothweiler, CEO of First Sensor AG. However, First Sensor's productivity in the fourth quarter will be somewhat diminished not just on account of the holiday season, but also in connection with the launch of a multi-site ERP system. Nevertheless, the Executive Board is confirming its forecast for fiscal 2017 of revenue ranging from EUR 140 to EUR 145 million and an EBIT margin between 5% and 6%, tending towards the upper ends of these ranges. "Our stringent cost control on the one hand and the generation of economies of scale on the other have shown that First Sensor can achieve growth with appropriate profitability. We will take further strategic measures to consolidate and expand on this operational success," stated Dr. Mathias Gollwitzer, CFO of First Sensor AG.

The interim report as at September 30, 2017, is available for download in the Investor Relations section of the website. The results will be explained in a live presentation at 14:00 p.m. today. This presentation will then be made available as a webcast: <http://firstsensor091117-live.audio-webcast.com>.

Quarterly Results at a Glance*

in € million, unless otherwise indicated	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Sales revenues	37.5	38.4	38.8	35.4	34.3	34.6	39.3
Industrial	16.9	18.3	18.6	18.7	17.8	18.3	19.4
Medical	7.2	9.1	7.8	6.6	6.4	6.4	7.6
Mobility	13.4	11.0	12.4	10.1	10.1	9.9	12.3
EBITDA	4.5	5.5	5.4	4.0	4.0	3.8	6.3
EBITDA margin (%)	12.1	14.4	13.5	11.2	11.7	11.0	16.0
EBITA	2.8	3.8	3.5	2.2	2.4	2.2	4.7
EBITA margin (%)	7.6	10.0	9.1	6.1	6.9	6.3	11.9
EBIT	2.2	3.2	2.9	1.6	1.8	1.6	4.1
EBIT margin (%)	6.0	8.4	7.4	4.4	5.1	4.6	10.4
EBT	2.1	2.6	2.6	1.4	1.4	1.5	2.2
EBT margin (%)	5.6	6.9	6.6	4.0	4.1	4.4	5.5
Net profit for the period	1.7	2.4	1.7	0.2	1.2	0.8	0.9
Earnings per share (EUR)	0.16	0.22	0.16	0.02	0.13	0.08	0.09
Cash flow from operating activities	3.4	0.2	5.2	7.2	-0.2	2.0	3.8
Free cash flow	2.5	-1.0	3.5	5.1	-2.5	-0.7	0.9
Balance sheet total	154.3	152.9	154.6	154.0	154.6	153.1	158.3
Shareholders' equity	72.8	75.2	76.8	77.5	78.7	79.4	80.2
Equity ratio (%)	47.2	49.2	49.7	50.3	50.9	51.8	50.7
Net dept	31.0	32.1	29.4	24.4	27.3	28.0	27.5
Working capital	38.3	39.4	40.0	35.7	38.3	38.8	41.1
ROCE (%)	1.8	4.5	6.9	8.5	1.5	1.3	3.3
Incoming orders	31.4	48.2	24.0	28.7	35.1	44.4	42.0
Orders on hand	84.4	101.2	77.3	82.2	88.9	90.7	96.5
Book-to-bill-ratio	0.8	1.3	0.6	0.8	1.0	1.3	1.1
Employees (as of June 30, 2017)	783	792	796	804	783	784	784
Sales revenues per employee in thousand €	48.0	48.5	48.8	44.0	43.9	44.1	50.1
Number of shares in thousand	10,167	10,171	10,172	10,208	10,211	10,211	10,211

*Rounding differences may arise.

Financial Calendar

Warburg Meet-the-Future Conference	First Sensor will be available for One-on-Ones on November 16, 2017 in Berlin.
German Equity Forum 2017	First Sensor will be available for One-on-Ones on November 27 and 28, 2017 in Frankfurt.
Annual Report 2017	The financial results as of December 31, 2017 will be published on March 22, 2018.

Printable images

The Executive Board of First Sensor AG: CEO Dr. Dirk Rothweiler (right) und CFO Dr. Mathias Gollwitzer (left)



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About First Sensor AG

In the growth market of sensor systems, First Sensor develops and produces standard products and customer-specific solutions for the ever-increasing number of applications in the industrial, medical, and mobility target markets. Based on innovative technology platforms, we develop products such as chips, components, sensors, and entire sensor systems. Trends such as Industry 4.0, autonomous driving, and the miniaturization of medical technology will drive our growth extremely rapidly in the future. First Sensor was founded in Berlin 25 years ago and has been listed on the Frankfurt Stock Exchange (SIS) since 1999 [Prime Standard | WKN: 720190 | ISIN: DE0007201907 | SIS]. For more details on First Sensor, please visit www.first-sensor.com.

Disclaimer

Statements in this Corporate News relating to future developments are based on a prudent estimate of future events. Actual events may deviate from planned events, as they depend on a large number of market and economic factors, some of which are outside of the company's control.

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