



Interim Report Q1

To our shareholders



Dr. Dirk Rothweiler, CEO (right) and
Dr. Mathias Gollwitzer, CFO (left)

Dear shareholders and business partners,

After the first three months of fiscal year 2019, we are delighted to inform you that we have generated further profitable growth, as planned. With sales of €41.4 million, we achieved an EBIT margin of 9.9%, meaning that our profitability is actually slightly above our guidance for the year as a whole.

This makes us proud, and shows once again that our strategy for profitable growth is gradually kicking in and the instigated measures to improve economies of scale and operational excellence are taking effect. However, we cannot and do not want to rest on our laurels, as we still have lots of work to do despite the outstanding quarterly results.

This firstly relates to sales development in our Mobility target market, where our customers are having to contend with a volatile geopolitical environment and structural changes towards green mobility, as well as increasingly intense global competition. We continue to see postponements of call-off orders, which we need to keep an eye on. At the same time, we are working hard to expand our LiDAR and camera business, with which we will make even greater inroads into the application areas of commercial and special-purpose vehicles, logistics, smart farming,

and aviation along with the market for partly and fully autonomous driving. We will also continue to expand our industrial and medical business, the source of our growth in the first quarter. In particular, we are concentrating on the growth drivers of digital imaging and pressure here. Secondly, we are focusing on inventory management, where we must strike the right balance between ensuring supply capability, attractive purchasing terms, and capital commitment.

We will keep advancing our business in the months ahead with these objectives in mind, and still aim to achieve sales of €160 million to €170 million with an EBIT margin of 8.5% to 9.5%. We would greatly value your continued support on this path to profitable growth.

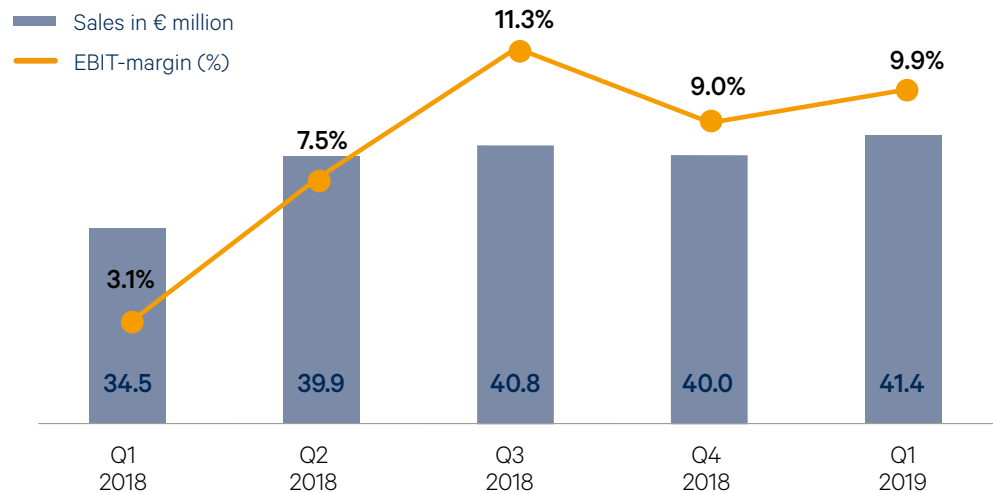
Your Executive Board



Dr. Dirk Rothweiler
CEO

Dr. Mathias Gollwitzer
CFO

First Sensor continues to generate profitable growth



Sales totaled €41.4 million in the first quarter of 2019. This corresponds to an increase of €6.9 million compared with the previous year (€34.5 million). In particular, sales were up by €3.5 million in each of the two product groups pressure and photonics. Around 70% of quarterly sales were generated from customer-specific solutions here.

EBIT also reflects the positive sales development. It amounted to €4.1 million, up €3.0 million on the previous year (€1.1 million). This increase is attributable to the higher sales level and an improved gross profit margin. The EBIT margin reached 9.9% in the first quarter of 2019 (previous year: 3.1%) and is slightly above the planned figure for the year as a whole.

Sales growth primarily driven by Industrial and Medical target markets

in € thousand	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Industrial	16,319	20,740	20,694	22,634	22,183
Medical	7,357	8,968	9,519	8,715	9,760
Mobility	10,818	10,158	10,548	8,679	9,454
Total	34,494	39,865	40,761	40,027	41,397

In the Industrial target market, First Sensor generated sales of €22.2 million in the first quarter of 2019. This was €5.9 million higher than in the previous year (€16.3 million). This is attributable to greater demand for imaging solutions and standard pressure sensors.

In the Medical target market, sales amounted to €9.8 million in the first quarter of 2019. Compared to the first quarter of 2018 (€7.4 million), a sales increase of €2.4 million was achieved. This is attributable to increased volume requirements for imaging solutions in optical diagnostics as well as ongoing strong demand for H series pressure sensors for respirators.

In the Mobility target market, sales amounted to €9.5 million in the first quarter of 2019, down €1.3 million on the previous year (€10.8 million). The decrease is due to a continuation of the geopolitically volatile situation and the resultant postponements of call-off orders.

Share of sales in North America and Asia increased further

in € thousand	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
DACH region	18,256	20,920	17,976	19,227	20,172
Rest of Europe	9,260	10,045	10,415	9,070	10,237
North America	3,312	4,190	6,220	5,522	5,281
Asia	3,548	4,385	5,776	5,707	5,389
Rest of World	118	325	375	501	317
Total	34,494	39,865	40,761	40,027	41,397

At €20.2 million (previous year: €18.3 million), sales rose by €1.9 million in the DACH region. This equates to a plus of 10.5%. The product groups photonics and pressure were the main growth drivers.

Sales also rose by 10.6% in the rest of Europe. They reached €10.2 million compared with €9.3 million in the first quarter of 2018. This is chiefly attributable to increased sales in the Benelux countries and France.

In North America, quarterly sales amounted to €5.3 million (previous year: €3.3 million). The 60.4% increase was mainly achieved via production start-ups of customers for imaging solutions in the photonics sector.

In Asia, sales stood at €5.4 million in the first quarter of 2019, up €1.8 million on the previous year (€3.5 million). This equates to an increase of 51.9%. This growth was chiefly generated with pressure transmitters for industrial process control as well as optical sensor chips.

Guidance for 2019 as a whole confirmed

in € thousand	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Incoming orders in € thousand	39,329	44,354	39,524	36,427	42,284
Orders on hand in € thousand	97,300	102,086	100,648	97,619	98,393
Book-to-bill-ratio	1.22	1.11	0.97	0.91	1.02

At €42.3 million, incoming orders are up €3 million on the previous year (€39.3 million). The book-to-bill-ratio of 1.02 signals further growth. The order backlog stood at €98.4 million in the first quarter of 2019, up €1.1 million on the previous year (€97.3 million). Around 70% of orders are scheduled for 2019 here.

Consequently, business performance to date in the first quarter of 2019 and the current order situation strongly reiterate with the expectations and potential for the year as a whole. Therefore, the Executive Board confirms its guidance of ending 2019 with sales between €160 million and €170 million and an EBIT margin between 8.5% and 9.5% in a stable economic environment.

Consolidated income statement (IFRS)

in € thousand	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Sales revenues	34,494	39,865	40,761	40,031	41,397
Other operating income	370	544	644	1,031	341
Changes in inventories	1,062	-679	1,573	2,515	1,397
Other own work capitalized	211	466	504	784	772
Cost of material	-17,455	-18,245	-20,219	-20,179	-20,551
Gross profit	18,682	21,951	23,263	24,182	23,355
Personnel expenses	-11,792	-11,885	-12,319	-13,053	-12,943
Other operating expenses	-3,626	-4,897	-4,004	-5,247	-4,035
Operating result (EBITDA)	3,264	5,169	6,940	5,882	6,376
Depreciation and amortization	-1,649	-1,613	-1,794	-1,738	-1,708
Operating result before goodwill amortization (EBITA)	1,615	3,556	5,146	4,144	4,668
Goodwill amortization	-558	-558	-558	-558	-558
Earnings before interest and tax (EBIT)	1,057	2,998	4,588	3,586	4,110
Financial result	-437	-443	-363	-599	-218
Income before tax	620	2,555	4,225	2,987	3,893
Taxes	-397	-462	-824	-1,184	-1,176
Net income	223	2,093	3,401	1,803	2,717

Sales increased to €41.4 million in the first quarter of 2019 (previous year: €34.5 million). At the same time, to ensure continued supply capability in the months ahead, inventories of finished and unfinished products were increased by €1.4 million (previous year: €1.1 million). Despite a sales-related rise in the cost of materials and purchased services to €20.6 million (previous year: €17.5 million), gross profit increased by €4.7 million on account of an improved margin structure. Personnel expenses rose to €12.9 million (previous year: €11.8 million) due to the increase in headcount, particularly in production, and regular wage adjustments. Overall, Group EBIT rose to €4.1 million (previous year: €1.1 million).

At €-0.2 million, the financial result was an improvement on the first quarter of the previous year (€-0.4 million) on account of lower interest payments. Currency gains of €0.2 million (previous year: €0.1 million) outstripped currency losses of €0.1 million (previous year: €0.2 million) by €0.1 million.

Provisions for payable taxes on income and revenue were adapted to the improved earnings situation, and now stand at €-1.2 million (previous year: €-0.4 million). Net profit for the first quarter of 2019 totaled €2.7 million (previous year: €0.2 million). This results in earnings per share of €0.26 (previous year: €0.02).

Consolidated balance sheet (IFRS)

ASSETS

in € thousand	Dec. 31, 2018	Mar. 31, 2019
Non-current assets	85,881	86,091
Inventories	32,194	36,528
Trade accounts receivables	17,885	11,797
Current assets	3,889	4,832
Cash and cash equivalents	28,534	30,838
Total ASSETS	168,383	170,086

In the reporting period, inventories increased by €4.3 million or 13.5% compared with December 31, 2018. This development stemmed from the strong order situation for the current fiscal year and the associated assurance of supply capability. Trade receivables decreased by €6.1 million or 34.0% as against the reporting date of December 31, 2018. This trend, already apparent in the 2018 annual financial statements, is continuing positively as a result of changed receivables management. Consequently, cash and cash equivalents increased further to €30.8 million (previous year: €28.5 million).

EQUITY AND LIABILITIES

in € thousand	Dec. 31, 2018	Mar. 31, 2019
Equity	88,767	91,570
Financial liabilities	44,111	35,615
Non-current liabilities	7,236	7,121
Current financial liabilities	3,891	11,898
Trade accounts payables	12,558	11,955
Current liabilities	11,820	11,927
Total EQUITY AND LIABILITIES	168,383	170,086

EBIT in the reporting period is positively reflected in equity. Trade payables are lower as a result of optimized workflows in connection with supplier management in SAP. Following repayment of the promissory note loan in the fourth quarter of 2018, current financial liabilities were down as at March 31, 2019. Accordingly, non-current financial liabilities increased, as a new loan was taken out. Overall, financial liabilities decreased by around €0.5 million as a result of scheduled repayment.

Slight reduction in working capital

in € thousand	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Working Capital	38,388	43,375	44,489	37,255	36,088
Capital Employed	123,617	128,392	129,233	123,136	122,178

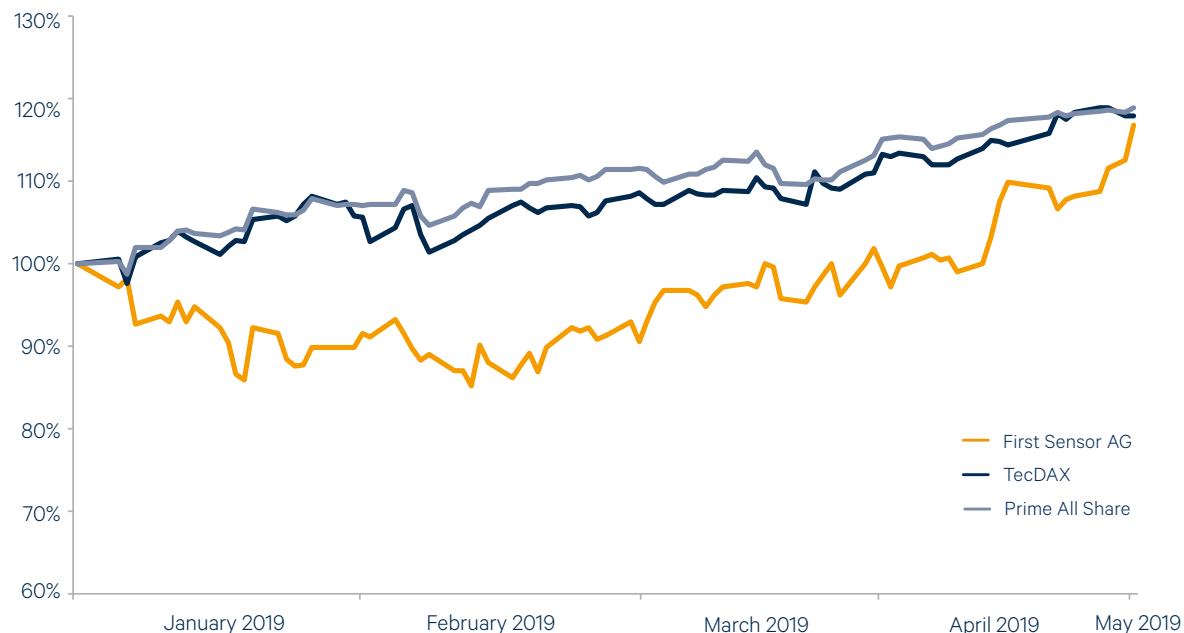
Working capital stands at €36.1 million compared with €37.3 million in the previous year. This is attributable to the sharp fall in trade receivables, which more than makes up for the rise in inventories. For the same reason capital employed is reduced to €122.2 million (previous year: €123.1 million).

Substantial improvement in free cash flow

in € thousand	3M 2018	6M 2018	9M 2018	12M 2018	3M 2019
Cash flow from operating activities	69	-1,940	4,077	15,923	5,506
Cash flow from investment activities	-2,008	-3,872	-6,042	-9,671	-2,462
Cash flow from financing activities	-600	-2,385	-2,974	-3,409	-799
Free cash flow	-1,939	-5,812	-1,965	6,252	3,044

Cash flow from operating activities amounted to €5.5 million in the reporting period. This is an improvement of €5.4 million on the previous year (€0.1 million), and is attributable to the positive EBIT. Cash flow from investing activities totaled €-2.5 million as at March 31, 2019. Consequently, it is up €0.5 million on the previous year (€-2.0 million) as a result of further investment in profitable growth. The decrease in financial liabilities is reflected in cash flow from financing activities, which stands at €-0.8 million (previous year: €-0.6 million). At the end of the first quarter, free cash flow amounted to €3.0 million, an improvement of €4.9 million on the previous year (€-1.9 million).

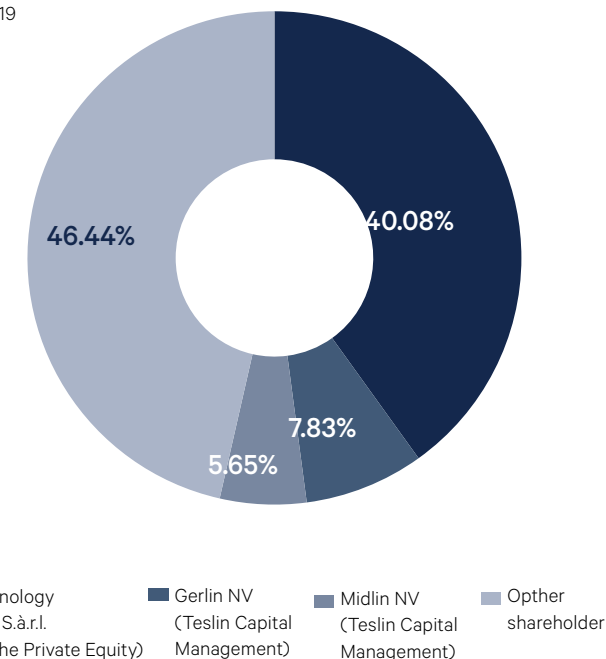
The First Sensor share



The First Sensor share made a muted start to the 2019 stock market year. While the overall markets recovered following the mass sell-off in the second half of 2018, despite the still unresolved issues of Brexit and the trade dispute at macro level, the First Sensor share initially failed to benefit from this upturn in sentiment. In what remained a positive stock market environment, the share price began to recover in March, buoyed by announcements of new orders and the expansion of production capacity as well as the sound figures for 2018 and the outlook for 2019. A new high for the year was reached on May 3 with a closing price of €24.85. By this, the First Sensor share caught up with the comparative indices TecDAX and Prime All Share again.

Shareholder structure according to voting rights announcements

Status: April 24, 2019



Key figures

	Dec. 31, 2018	Mar. 31, 2019	Δ absolute	in %
Share capital (€)	51,111,980	51,111,980	0	0.00
Number of shares, non diluted	10,222,396	10,222,396	0	0.00
Number of shares, diluted	10,355,012	10,308,505	46,507	-0.45

First Sensor News

First Sensor Provides Equipment for Israeli LiDAR System

The Israeli system manufacturer OPSYS Tech, whose investors include Hyundai Motor, is making use of customized avalanche photodiodes (APDs) from First Sensor AG for its solution to facilitate the introduction of fully autonomous driving. Within just a few months, First Sensor was able to supply OPSYS with a perfectly tailored solution that uses precise and powerful technology and also meets various customer-specific requirements. OPSYS first presented the innovative solid-state LiDAR system for use in autonomous vehicles, which is now operating with First Sensor APDs, to customers and partners in January.

Tank Pressure Sensors for Green Mobility

First Sensor AG is pressing ahead with the introduction of innovative pressure applications for implementing green mobility and has been awarded a contract to supply tank pressure sensors, which enable a more simple and exact measurement by combining pressure and temperature sensor technology, by an Asian tier-1 automobile supplier for emission control systems. The sensors are based on MEMS chips from the Berlin-Oberschöneweide location and are installed in plug-in hybrids of a German automobile group, where they detect possible leaks. The agreement with sales worth millions runs until 2025. Volume production for the new key customer will start in December 2019.

HYB d.o.o. in Slovenia Qualified for Production of the H Series

In view of the consistently high demand for high-performance sensors for industrial, medical and automotive applications, First Sensor is continuing to develop production capacities and has qualified Slovenia-based HYB for the production of standard H series pressure sensors. The collaboration with external production partners complements the measures successfully initiated last year to expand capacities at the company's own production sites. The aim is to both cater to the increasing demand for sensors and further improve the cost structure.

Production Expansion for Increasing Imaging Quantities

In response to the strong demand for imaging procedures, First Sensor AG – as a photonics expert – is expanding packaging capacity for an international medical technology group in the field of computer tomography. The company has announced that it will increase the required quantity by more than 20% in 2019. The supply agreement will lead to an anticipated sales volume of €10 million. Key factors behind this increase included not only the close supply relationship, but also expertise in the manufacture of optical sensors. To achieve this increased volume, First Sensor is taking measures such as introducing two-shift production operations at its Berlin-Weißensee location.

First Sensor Begins Series Production for the Smart Home Camera

First Sensor has begun series production of a customer-specific camera solution in Dresden for a leading manufacturer of electrical devices. The supply agreement will initially run until 2024, sales in the millions are expected to be generated as early as 2019. The compatibility of the cameras with use in very high temperatures, which has been comprehensively proven in tough environmental conditions in the automotive sector, and the possibility of achieving a customer-specific solution were decisive in winning the order. According to experts, the market for smart home applications should grow from \$31.4 billion in 2018 to \$53.45 billion in 2022.

Exploring Career Options at First Sensor

As a growing company, First Sensor is taking part in four recruitment events in Berlin in May 2019. From May 14 – 16, the sensor specialist will be an exhibitor at the major jobs fair connecticum. In parallel, the Berlin-Oberschöneweide location will take part in the “Long Night of Industry” on May 15. Between 6 pm and 10 pm, visitors will be able to take a look at clean room production or try out a LiDAR system. On May 22, First Sensor will also be introducing itself to students at the training day in Berlin-Weißensee, before budding industrial engineers from HTW Berlin find out about entry opportunities at the head office in Berlin-Oberschöneweide on May 29.

First Sensor AG

Investor Relations

PETER-BEHRENS-STR. 15, 12459 BERLIN, T +49 30 639923-760, F+49 30 639923-719, IR@FIRST-SENSOR.COM
FURTHER INFORMATION AND FINANCIAL CALENDAR 2019 AT WWW.FIRST-SENSOR.COM/EN/INVESTOR-RELATIONS

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. Rounding differences may arise. This report contains statements which are forward-looking and do not represent any incitement to purchase shares of First Sensor AG, but rather are intended exclusively for information purposes with regard to possible future developments at the company.