Press Release
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Schweizer Electronic AG: Business performance in the first quarter of 2020

- **Order intake slightly above the same quarter of the previous year**
- **Revenue of EUR 27.4 million in the first quarter**
- **Special effects and weak utilisation put pressure on profitability**

Schramberg, 08 May 2020 – As was to be expected, the coronavirus pandemic, significantly gloomy forecasts for global automotive markets and production stops among leading automobile manufacturers also had an impact on SCHWEIZER's PCB sales in the first three months of 2020.

The **order backlog** totalled EUR 121.0 million at the end of the first quarter of 2020 (31 Dec 2019: EUR 126.7 million). Despite cancellations and/or postponements of orders from customers in the automotive sector, the cumulative **order intake** was EUR 22.3 million which was therefore slightly higher than in the first quarter of 2019 (EUR 22.1 million).

The SCHWEIZER Group achieved a **turnover** of EUR 27.4 million in the first quarter of 2020 (Q1 2019: EUR 29.1 million), which corresponds to a decrease in revenue of 5.8 percent. Despite a decline in turnover of 8.5 percent compared to the same quarter in the previous year, the automotive customer group still remained the most important customer group with a turnover share to the value of around 70 percent (Q1 2019: 72 percent); followed by industrial customers with a stable 22 percent and miscellaneous customers with 8 percent (Q1 2019: around 6 percent).

In the first quarter of 2020**,** a **gross profit** of EUR +2.0 million (Q1 2019: EUR +3.3 million) and/or a gross margin of 7.3 percent (Q1 2019: 11.3 percent) was achieved. The costs for producing the recently constructed production plant in China is included in the turnover costs for the first time compared to the previous year. These costs have not however been offset by significant turnover yet, which is in line with the planned ramp-up of sales activities. Furthermore, preliminary costs are included in the first quarter of 2020 for increasing stock levels in order to ensure delivery capacity due to the short-time work starting in April 2020. In order to be able to counteract the impact of declining business volumes and falling margin income, numerous saving measures were already started and implemented in the last fiscal year.

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Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR -1.6 million (Q1 2019: EUR -0.1 million), which corresponds to an EBITDA ratio of -5.7 percent (Q1 2019: -0.4 percent). The quarterly result was burdened with costs totalling EUR -1.1 million for special expenses arising from restructuring and a loss of receivables.

Forecast / outlook

The Management Board is maintaining the forecast published on 21 April 2020 for the current financial year and the illustration in two scenarios. This indicates the annual turnover forecast in the rather optimistic scenario at between minus 10 and 15 percent compared to 2019, with a more pessimistic scenario at between minus 20 and 25 percent. Although turnover in the first quarter was better than the annual expectations with -5.8 percent, an extremely weak second quarter is anticipated. We hereby expect turnover to develop in the first half of 2020 at the lower end of the forecast scenarios. There are still great uncertainties as to whether, as well as how much, turnover recovery will take place in the second half of the year.

EBITDA is expected to be between minus 2 and 6 percent in a rather optimistic scenario and between minus 4 and 8 percent in a more pessimistic scenario. The EBITDA ratio in the first quarter was burdened by special effects which will not be expected in the following quarters. The increased utilisation of short-time work will have a positive impact on the cost situation, although it will not be able to fully compensate for the drastic fall in turnover.

Liquidity holdings were very solid at the end of the first quarter. Due to the decline in turnover and the thereby associated lower receivables, a noticeable decline in liquidity is therefore expected in the coming months. The Management Board has initiated a number of measures, and has already successfully implemented them partially, which should therefore contribute to maintaining the company's financial solvency with corresponding flexibility at all times.

About Schweizer

Schweizer Electronic AG stands for state-of-the-art technology and consultancy competence. SCHWEIZER's premium printed circuit boards and innovative solutions and services for automotive, solar, industry and aviation electronics address key challenges in the areas of Power Electronics, Embedding and System Cost Reduction. Its products are distinguished for their superior quality and their energy-saving and environmentally-friendly features. Together with its partners WUS Printed Circuit (Kunshan) Co., Ltd., Meiko Electronics Co. Ltd. and Elekonta Marek GmbH & Co. KG the company offers in its division electronics cost- and production-optimised solutions for small, medium and large series. Together with its partner Infineon Technologies AG, SCHWEIZER plans to jointly

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tap the chip embedding market in future.

The company was founded by Christoph Schweizer in 1849 and is listed at the Stuttgart and Frankfurt Stock Exchanges (ticker symbol „SCE“, „ISIN DE 000515623“).

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