

elmos<sup>+</sup>

Innovation Matters



Roadshow | November 2018

Expert in analog mixed signal solutions  
focused on automotive market

elmos<sup>®</sup>



- Development, production & marketing of ICs & pressure sensors
- Long **product life cycles**

- ~85% **automotive sales** (in 2017)
- ~15% **non-automotive sales** (in 2017)


- **Headquarters** in Dortmund, Germany
- **Worldwide** sales offices and application support
- Multiple design centers

From a statistical point of view: > 4 Elmos ICs in every new car


# Innovative products and strong market positions serve the mega trends



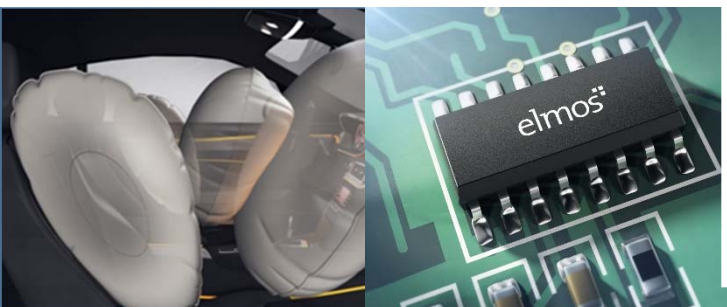
Business Line 1  
**Sensors**  
Ranging, Sensor ICs and Optical



Business Line 2  
**Smart Control**  
Lighting and Motor Control



Business Line 3  
**Smart Solutions**  
Safety, Power, and Custom ICs



## Elmos has...

### ...worldwide #1 products

- Ultrasonic Parking Assistance
- Ambient LED Light
- Climate Applications
- Gesture Control

### ...products for future megatrends

- Driver Assistance Systems
- Less CO<sub>2</sub>/ Electric Vehicles
- More Safety & Comfort

### ...successful ramp ups of

- products for completely new applications
- innovative next generation ICs for Elmos core applications with extended functionality

We sense the Environment:  
#1 worldwide for USPA ICs

elmos<sup>®</sup>



- More than **20 years** experience with USPA ICs
- Wide range of applications: **Automotive, Industrial, Medical**

- **Today:** >30 different USPA products
- >**850 million** USPA ICs delivered
- **Next IC generation** in development

Ultrasound: From parking assistance to **near field surveillance**

We know how innovation works:  
#1 worldwide for automotive gesture control ICs

elmos<sup>®</sup>



- >50 million HALIOS<sup>®</sup> ICs delivered
- Accelerated growth in the years to come

- **2012:** Market launch (VW Golf 7)
- **Today:** available in almost in all VW group models
- **Technically leading** IP protected technology

Gesture control: Elmos makes the car **more intuitive** through **less distraction**

We provide efficient control:  
#1 worldwide for automotive ambient lighting ICs

elmos<sup>®</sup>

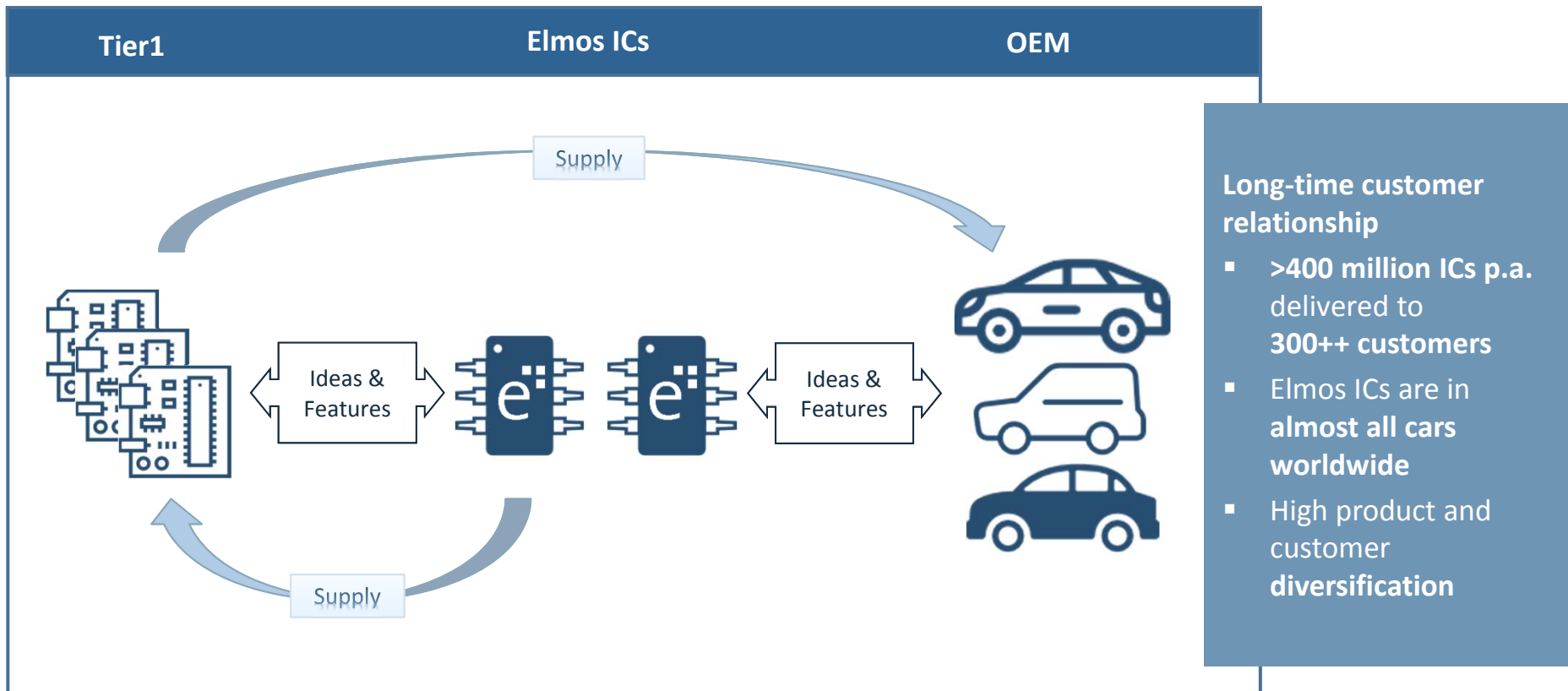


- 2018 onwards: 30++ million Ambient Light ICs p.a.
- Increasing market penetration

- **Rear light – next #1 position:** Elmos IC already standard for one OEM
- **IP protected** technology for intelligent power management

LED drivers: **more light quality** and **better power efficiency**

We know what the customer needs:  
Strong customer base – growing every year

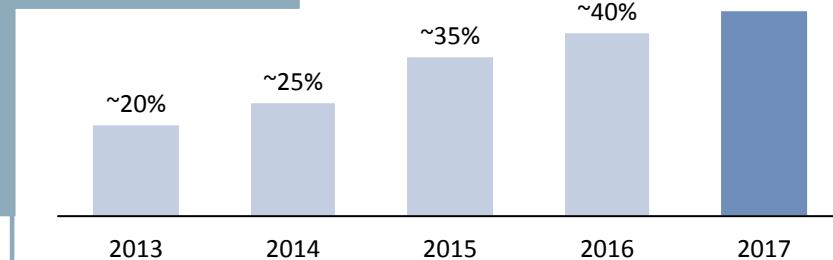


# Further improvement in strategic pillars

## Diversification of our product portfolio

- **300++ customers** – incl. all major automotive tier 1s
- More than **140 ASSP** products plus many **ASICs**
- **Design Wins 2017**: very successful year

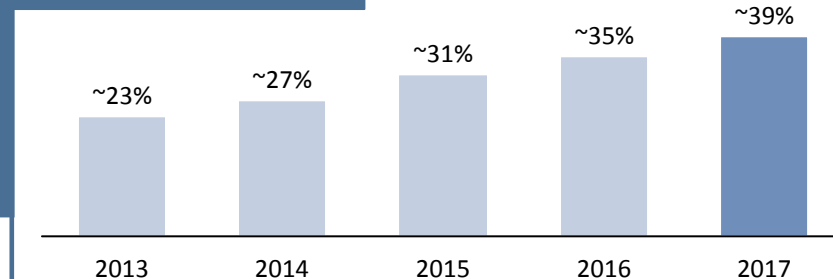
ASSPs in % of sales



## Internationalization

- Successful **Asian expansion** with disproportionately strong growth in Asia for >5 years
- Several new projects from **U.S. customers**

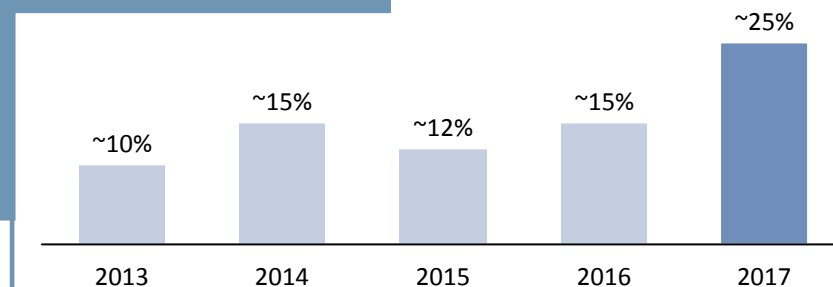
Asian sales in % of sales



## Fablite concept

- **Economical, technical and supply safety** advantages
- **Increased wafer outsourcing**, own fabs are fully loaded
- Contract with **Fraunhofer IMS** until 06/2019

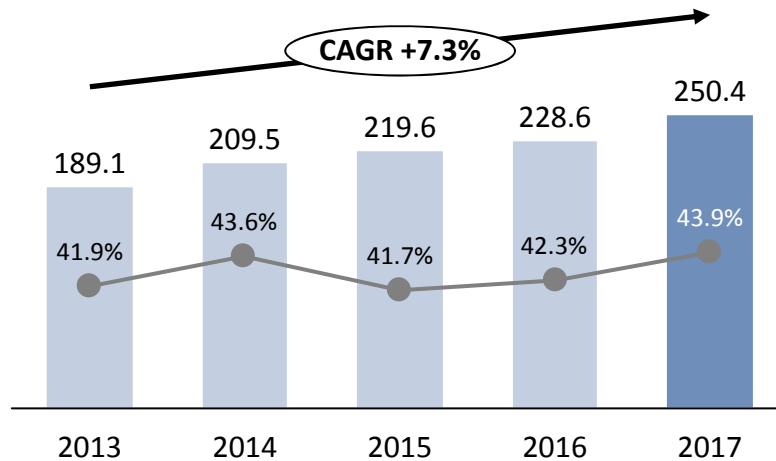
Wafers outsourced in %





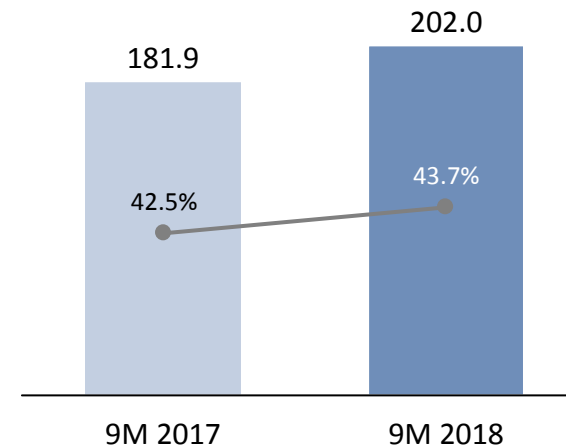
# Positive sales development in 9M 2018

**Yearly Sales (million Euro) & Gross margin (%)**



- Sales growth due to existing products and new ramp ups
- Higher gross margin despite more complex products and numerous new ramp ups

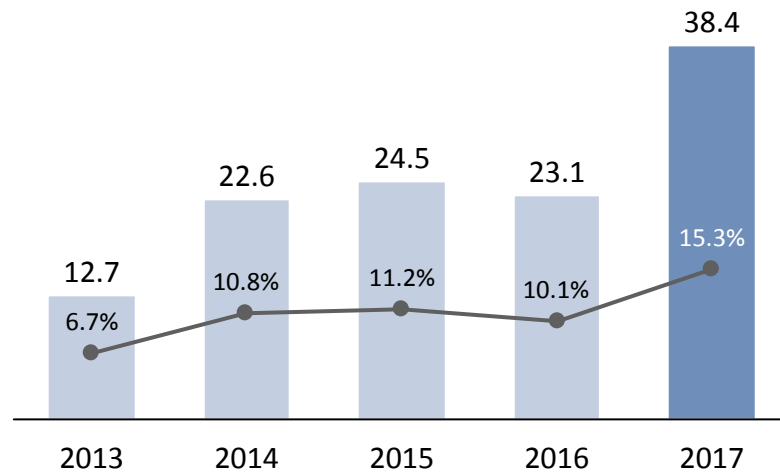
**9M Sales (million Euro) & Gross margin (%)**



- Sales growth of 11.1% in the first 9M 2018
- Book-to-bill ratio was above one at the end of the period

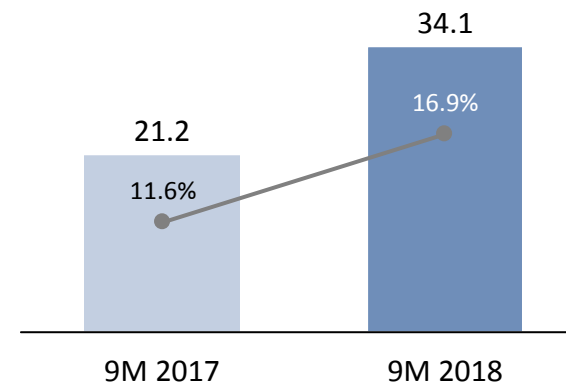
# Very satisfying margin development

**Yearly EBIT (million Euro) & EBIT Margin (%)**



- Four years double-digit EBIT margin in a row

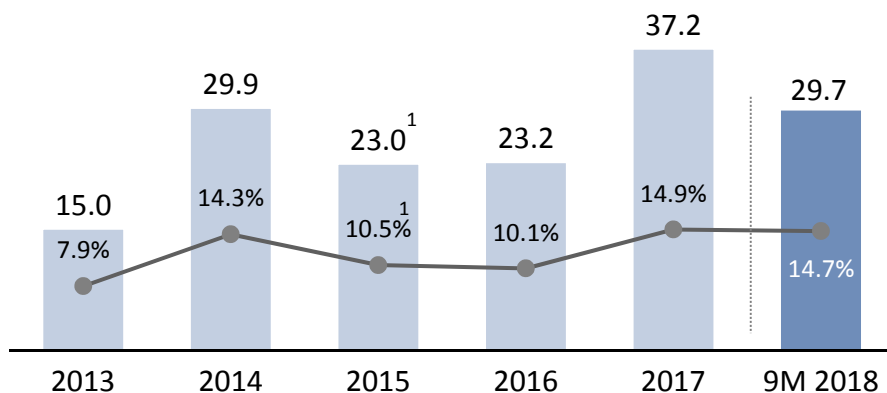
**9M EBIT (million Euro) & EBIT Margin (%)**



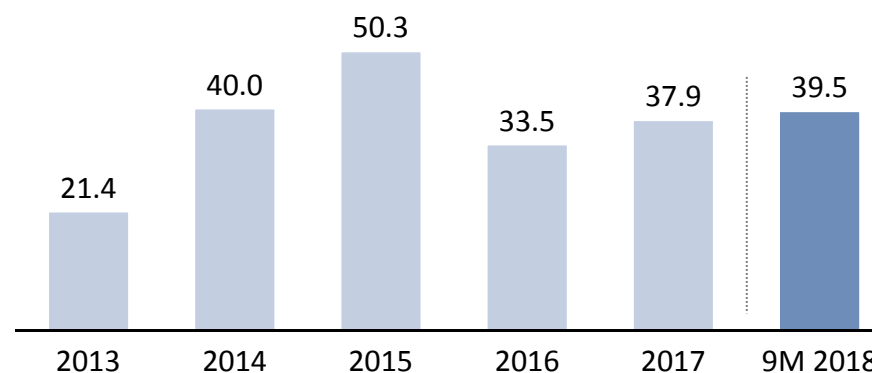
- Expansion of operational resources was lower than sales growth
- Further expansion of development capacities is planned
- Guidance for EBIT Margin raised to 17%-19% as per ad hoc announcement of mid-October (previously: 13%-17%)

# Investing into further growth

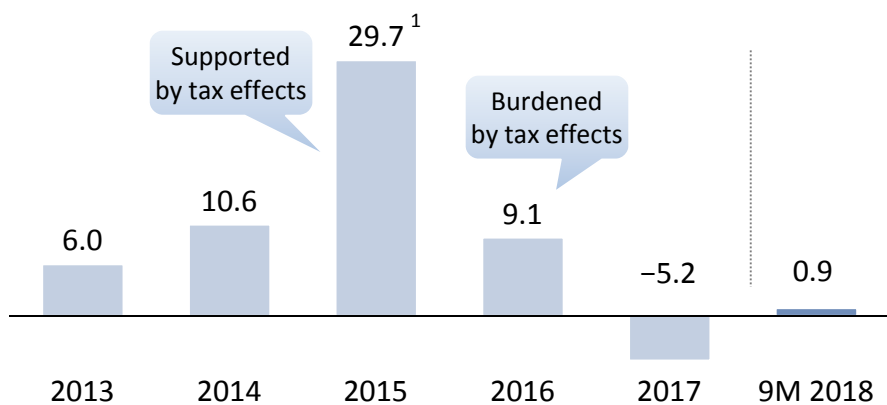
### Capex (million Euro & % of sales)



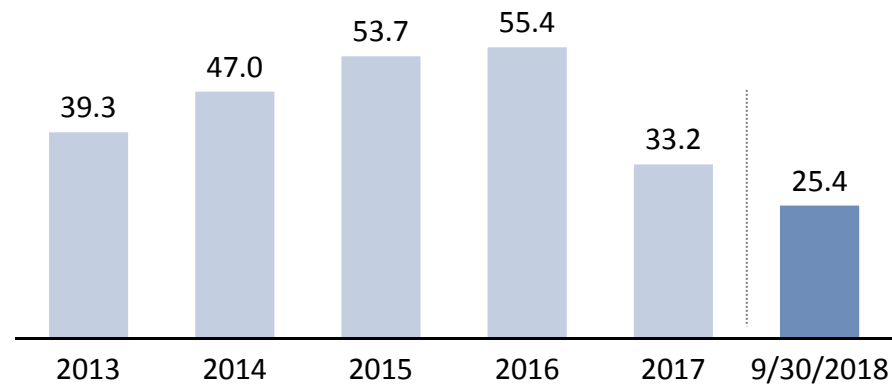
### Operating Cash Flow (million Euro)



### Adjusted Free Cash Flow (million Euro)



### Net cash (million Euro)



Definition of selected financial indicators

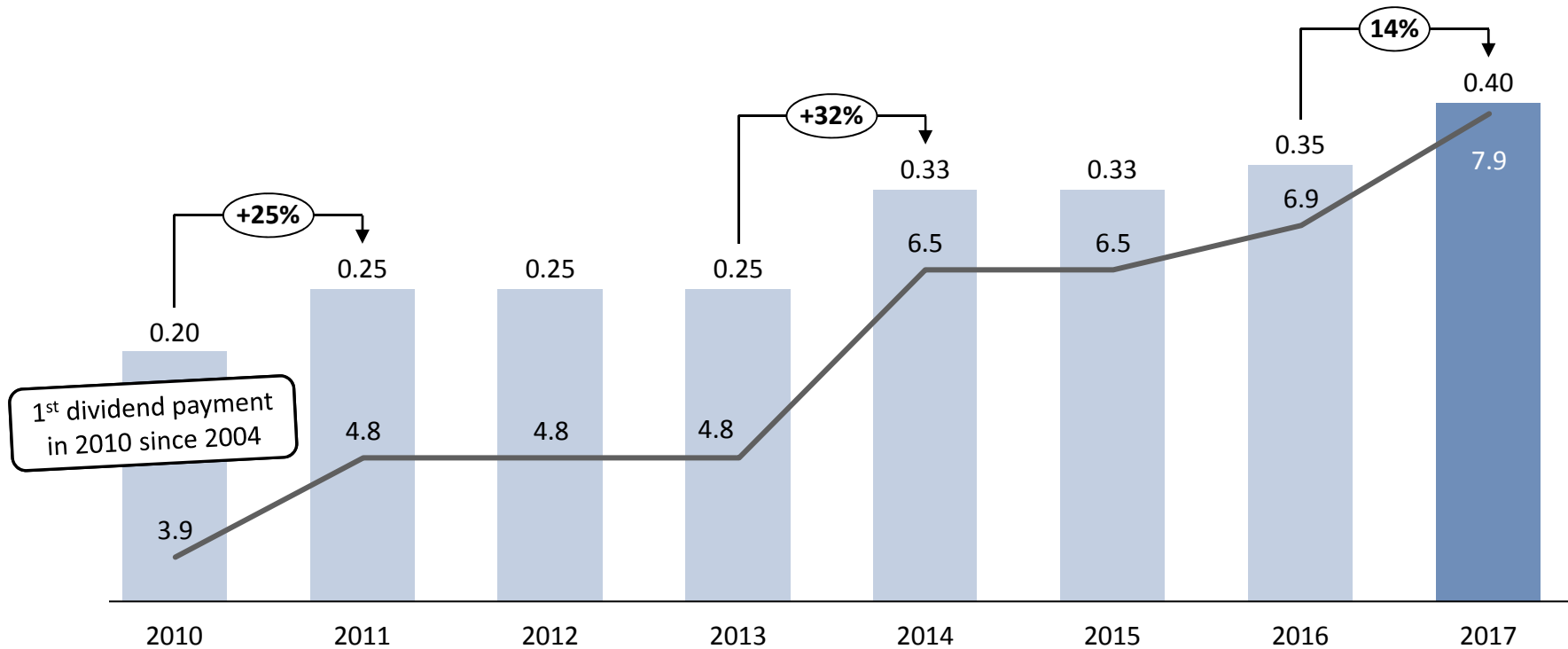
- Adjusted free cash flow: Cash flow from operating activities less capital expenditures for/plus disposals of intangible assets and property, plant and equipment

- Capital expenditures: Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses (prior-year figures adjusted in accordance with new definition)

<sup>1</sup> Disregarding one-off effect from sale and lease back structure of ca. 14 million Euro

# Constant or increasing dividend since 2010

**Dividend (in Euro) & total payout (in million Euro)**



- **Dividend policy:** stable or increasing dividend while earnings and adjusted Free Cash Flow are sustainably positive
- **Share buyback in 2017:** Purchase of 450,000 shares for a total of **9.7 million Euro**

## Guidance 2018: Higher EBIT margin for 2018 expected

	<i>As of February 05, 2018</i>	<i>As of October 16, 2018</i>
Sales	8%-12% (yoy)	8%-12% (yoy)
EBIT margin	13%-17%	17%-19%
Capex	Less than 15% of sales	Less than 15% of sales
Adjusted free cash flow	Negative	Negative
<i>Assumed exchange rate</i>	1.20 US-Dollar / Euro	<i>1.20 US-Dollar / Euro</i>

*Capex: Capital expenditures for property, plant and equipment and intangible assets, less capitalized development expenses*

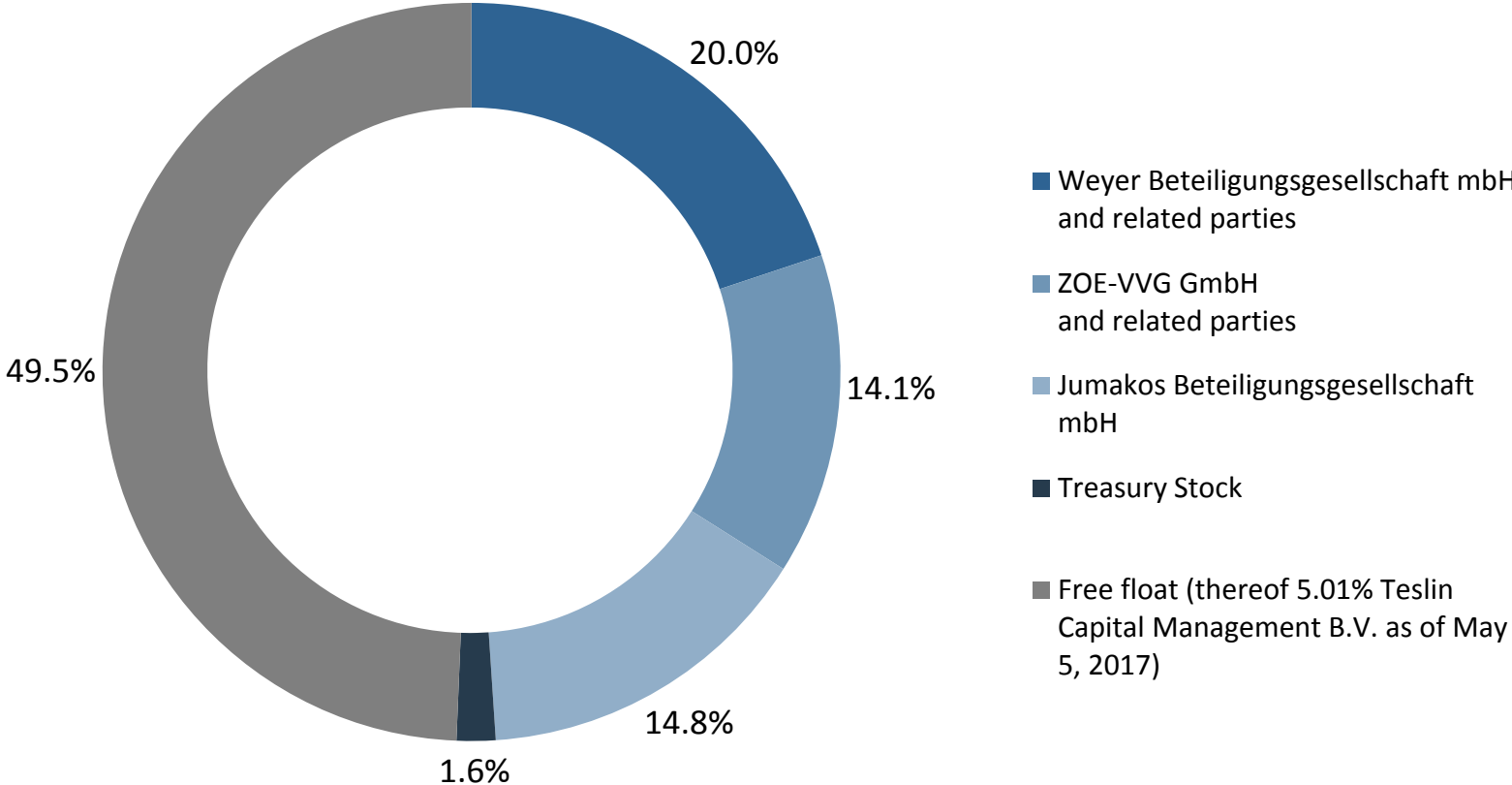
*Adjusted free cash flow: Cash flow from operating activities less capital expenditures for / plus disposal of intangible assets and property, plant and equipment*

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# Elmos shareholder structure set for long-term perspective



Based on a share capital of 20,103,513 shares / Euro as of Sept. 30, 2018

## Research Coverage

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▪ Deutsche Bank	Johannes Schaller	Hold
▪ DZ Bank	Harald Schnitzer	Buy
▪ Hauck & Aufhäuser	Robin Brass	Hold
▪ Oddo BHF	Veyzel Taze	Neutral
▪ Warburg Research	Malte Schaumann	Buy



## Key Financials – Five-year Overview



In million Euro unless otherwise indicated	2013	2014	2015	2016	2017
Sales	189.1	209.5	219.6	228.6	<b>250.4</b>
Gross profit	79.2	91.4	91.6	96.8	<b>110.1</b>
R&D	34.4	36.1	37.1	36.0	<b>33.8</b>
Operating income	10.3	19.4	18.1	22.0	<b>37.1</b>
EBIT	12.7	22.6	24.5	23.1	<b>38.4</b>
Net income attributable to owners of the parent	9.4	18.3	16.2	15.9	<b>24.9</b>
Basic earnings per share (Euro)	0.49	0.94	0.82	0.80	<b>1.26</b>
Capital expenditures <sup>1</sup>	15.0	29.9	23.0 <sup>2</sup>	23.2	<b>37.2</b>
Adjusted free cash flow	6.0	10.6	29.7 <sup>2</sup>	9.1	<b>-5.2</b>

<sup>1</sup> Capital expenditures: Capital expenditures for intangible assets and property, plant and equipment less capitalized development expenses (prior-year figures adjusted in accordance with new definition)

<sup>2</sup> Disregarding one-off effect from sale and lease back structure of ca. 14 million Euro

Adjusted free cash flow: Cash flow from operating activities less capital expenditures for / plus disposal of intangible assets and property, plant and equipment

# Elmos Financial Calendar



Event	Date
Quarterly Results Q3 / 2018*	November 7, 2018
Equity Forum in Frankfurt	November 26-27, 2018
Preliminary Results 2018*	February 2, 2019
Final Results 2018*	March 14, 2019
Quarterly Results Q1 2019*	May 8, 2019
AGM in Dortmund	May 15, 2019
Quarterly Results Q2 2019*	August 1, 2019
Quarterly Results Q3 2019*	November 6, 2019

*\* The German Securities Trading Act (Wertpapierhandelsgesetz) and the Market Abuse Regulation (EU) oblige issuers to immediately announce any information that may have a substantial price impact, irrespective of the communicated schedules. Therefore it is possible that we will announce key figures of quarterly and annual results ahead of the dates listed above. As we can never rule out changes of dates, we recommend checking dates and news ahead of schedule on the Company's website ([www.elmos.com](http://www.elmos.com)).*

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### **DISCLAIMER**

This presentation contains forward-looking statements based on beliefs of Elmos' management. Such statements reflect the company's current views with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services and changes in business strategy. Actual results may vary materially from those projected here. Elmos does not intend or assume any obligation to update these forward-looking statements.