MEYER BURGER

Press Release
Thun, 16 August 2018

Meyer Burger – Successful return to profitability at net earnings level for H1 2018

- **Net sales +9% to CHF 232.3 million**
- **EBITDA more than quadrupled to CHF 29.2 million**
- **EBIT of CHF 14.9 million and net profit of CHF 8.3 million**
- **Reorganisation of Thun site on track**
- **Challenging market environment led to weaker than expected incoming orders**
- **Further structural measures to safeguard long-term profitability**
- **Net sales guidance for FY 2018 revised to CHF 400-440 million; EBITDA margin guidance of about 10% remains intact**

Meyer Burger Technology Ltd's (SIX Swiss Exchange: MBTN) first half-year 2018 results marked the company's successful return to profitability at the net earnings level. This achievement is mainly a result of various cost optimisation programmes and measures executed over the past eighteen months and of coherent decisions to discontinue non-profitable business units and products.

Net sales amounted to CHF 232.3 million, representing an increase of 9.4% compared to the previous year period (H1 2017 CHF 212.3 million). Positive currency effects on net sales were about CHF 15.2 million or +6.5%. Adjusted for foreign currency effects and the divested DMT operations organic growth of the continuing business was +5.2%.

Over the past months, the market environment for PV equipment suppliers was heavily influenced by the intensifying trade crisis between the USA and China which included new import tariffs on PV modules and cells, as well as the 531 announcement of the Chinese government on 31 May 2018 regarding subsidy cuts in the solar industry. Both facts have led to a currently significant reluctance regarding new investments on behalf of Meyer Burger's PV customers. In this difficult market environment, Meyer Burger achieved total **incoming orders** of CHF 137.9 million (H1 2017 CHF 308.5 million). The order backlog amounted to CHF 240.9 million as at 30 June 2018 (31.12.2017 CHF 343.8 million).

Increase in margins; turnaround achieved at the net earnings level

The **operating income after costs of products and services** amounted to CHF 120.1 million (H1 2017 CHF 98.2 million), reflecting a margin of 51.7% for the first half of 2018 (H1 2017 46.3%). The margin improvement is mainly due to the discontinuation of non-profitable businesses.

Personnel expenses declined by CHF 5.1 million or 7.4% compared to the previous year and were CHF 64.2 million (H1 2017 CHF 69.4 million) as Meyer Burger continued to flexibilise its organization and to significantly reduce its fixed cost base. Other operating expenses amounted to CHF 26.6 million, including one-time charges in a total amount of CHF 4.3 million in conjunction with the divestment of the Solar Systems business activities (H1 2017 CHF 21.9 million).

EBITDA more than quadrupled compared to the previous year period and reached CHF 29.2 million for the first half of 2018 (H1 2017 CHF 6.9 million). The EBITDA margin was 12.6% for the first half of 2018 compared with 3.3% for the corresponding period in 2017. The result at **EBIT** level amounted to CHF 14.9 million (H1 2017 CHF -8.8 million). Scheduled depreciation and amortisation came to a total of CHF 14.4 million (H1 2017 CHF 15.8 million).

The financial result, net, was CHF -4.0 million (H1 2017 CHF -7.4 million). The change mainly reflects lower interest expenses due to the redemption of the 5% straight bond (repaid in May 2017) and the reduced nominal amount of outstanding 5.5% convertible bonds as a result of bond conversions since December 2017 (a nominal of CHF 26.8 million remains outstanding as at 30 June 2018). Unrealised foreign currency transaction effects in the reporting period were CHF -1.7 million (H1 2017 CHF +0.9 million). The extraordinary result amounted to CHF +0.8 million, mainly in conjuction with revaluations of inventory and provisions connected to the closure of manufacturing activities in Thun (H1 2017 CHF -0.6 million). Taxes for the first half of 2018 amounted to a tax expense of CHF 3.4 million (H1 2017 tax expense of CHF 0.2 million), representing a taxe rate of 29.3%.

Meyer Burger reached a profitable level again in its **net result**, reporting net earnings of CHF 8.3 million for the first half of 2018 (H1 2017 net loss of CHF -17.0 million).

Solid balance sheet as at 30 June 2018

The balance sheet remained solid and with a similar structure compared to year-end 2017. The balance sheet total amounted to CHF 456.7 million (31.12.2017 CHF 470.0 million). Cash and cash equivalents were CHF 102.0 million, inventories CHF 101.4 million, property, plant and equipment CHF 86.6 million, intangible assets CHF 15.5 million and deferred tax assets CHF 75.6 million.

Total liabilities came to CHF 207.6 million, of which trade payables were CHF 32.1 million, customer prepayments CHF 61.9 million, provisions CHF 15.1 million and financial liabilities CHF 56.3 million. Equity amounted to CHF 249.2 million (31.12.2017 CHF 243.0 million). The equity ratio as of 30 June 2018 was 54.6% (31.12.2017 51.7%).

Cash flow

Cash flow from operating activities was CHF -16.4 million (H1 2017 CHF +3.5 million). The difference in the operating cash flow compared to the previous year period is mainly due to a temporary increase in inventories. Cash flow from investing activities was CHF -1.9 million (H1 2017 CHF +1.4 million) and includes normal conservative investments in non-current assets of CHF 1.8 million. Cash flow from financing activities amounted to CHF -4.2 million (H1 2017 CHF -134.2 million) and includes the purchase of registered shares for the share participation plan in an amount of CHF 4.1 million.

Reorganisation of Thun site on track – manufacturing activities in Thun to be discontinued by end of 2018

The reorganisation of the production site in Thun/Switzerland, as announced on 2 November 2017, is on track: in April 2018, Meyer Burger announced a preferred partnership agreement with Mondragon Assembly Group to collaborate on module equipment development and outsource the manufacturing processes for its SmartWire Connection Technology (SWCT™) solution. Mondragon will start to produce SWCT™ equipment for Meyer Burger in January 2019.

In May 2018, the company announced the divestment of its Solar Systems business (MegaSlate® products) to Dr Patrick Hofer-Noser, a long-time and internationally respected specialist in the solar industry. As part of the transaction, 32 employees (30 FTE) were transferred to the newly founded 3S Solar Plus AG. The final closing of the transaction took place in June 2018.

In Wafering, the company has signed a manufacturing services agreement with Flex (www.flex.com) to produce its PV diamond wire saws. Flex will start manufacturing the PV wire saws for Meyer Burger at their production facility at Suzhou (China) beginning in January 2019. As a result, Meyer Burger reconfirms that all manufacturing activities in Thun, as planned, are scheduled to be discontinued by year-end of 2018.

Further structural measures to safeguard long-term profitability

Meyer Burger achieved substantial improvements in profitability for the first half of 2018. However, in order to ensure its long-term profitability, the company will initiate additional structural measures during the second half-year. The measures aim to further increase customer proximity, optimise the global production footprint and increase the company's robustness against market volatilities. The programme targets to reduce the break-even level at net earnings to a net sales volume of about CHF 300 million. Details of the programme will be finalised over the next few weeks and implemented immediately thereafter. More information on the individual measures will be announced on 16 October 2018.

Infringement lawsuit

Meyer Burger has been informed that the Jiangsu High Court has dismissed its patent infringement claims against Wuxi Shangji Automation Co, Ltd. concerning its Diamond Wire Management System. Meyer Burger will evaluate the decision in detail and determine next steps and actions to enforce its patent rights.

2018 Outlook

The long-term positive growth scenario for the PV industry remains intact and further substantial expansion to the end-installed PV capacity is expected for years to come. The positive trend towards high efficiency in cells and modules will also continue and provides good opportunities for Meyer Burger's SWCT™ (SmartWire Connection Technology) and HJT (Heterojunction) technologies.

In the short-term, the investment sentiment with the company's PV customers has been dampened by the Chinese government decision to cut subsidies and by the US-China trade conflict. As mentioned above, this has led to a weaker than expected order intake for the first half of 2018. Based on this, Meyer Burger is reducting its guidance for 2018 net sales to CHF 400-440 million. The EBITDA margin guidance of about 10% for the full financial year 2018 remains intact.

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KEY FIGURES 1ST HALF-YEAR 2018

in TCHF	H1 2018	H1 2017
Incoming orders	137 910	308 475
Order backlog	240 911	339 064
Net sales	232 328	212 294
Operating income after costs of products and services	120 064	98 239
in % of net sales	*51.7%*	*46.3%*
EBITDA	29 241	6 949
in % of net sales	*12.6%*	*3.3%*
EBIT	14 881	-8 801
in % of net sales	*6.4%*	*-4.1%*
Financial result	-3 979	-7 413
Extraordinary result	831	-590
Earnings before taxes	11 732	-16 804
Income taxes	-3 440	-158
Net result	8 292	-16 962

Consolidated balance sheet in TCHF	**30.06.2018**	**31.12.2017**
Total assets	456 715	469 983
Current assets	277 407	275 930
Non-current assets	179 307	194 052
Liabilities	207 552	227 026
Equity	249 163	242 957
Equity ratio	*54.6%*	*51.7%*

Consolidated cash flow statement in TCHF	**H1 2018**	**H1 2017**
Cash flow from operating activities	-16 378	3 489
Cash flow from investing activities	-1 950	1 398
Cash flow from financing activities	-4 164	-134 162
Change in cash and cash equivalents	-22 492	-129 275
Currency translation effects on cash and cash equivalents	-236	53
Cash and cash equivalents at the end of the period	101 972	117 205
Number of employees (FTE) as at 30 June	1 227	1 303

The Half-Year Report 2018 and the investors' presentation for the half-year results are available for download on the company website www.meyerburger.com under – Investor Relations – Financial Reports & Publications.
https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/financial-reports-publications/

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About Meyer Burger Technology Ltd
www.meyerburger.com

Meyer Burger is a leading global technology company specialising on innovative systems and processes based on semiconductor technologies. The company's focus is on photovoltaics (solar industry) while its competencies and technologies also cover important areas of the semiconductor and the optoelectronic industries as well as other selected high-end markets based on semiconductor materials. As an international premium brand, Meyer Burger offers its customers in the PV industry superior products and innovative solutions for the manufacturing processes of wafers, solar cells and solar modules. The company provides substantial added value to its customers and clearly differentiates itself from its competitors by focusing on core technologies of the value chain.

Meyer Burger's comprehensive product portfolio is complemented by a worldwide service network with spare parts, consumables, process know-how, customer support, after-sales services, training and other services. Meyer Burger is represented in Europe, Asia and North America in the respective key markets and has subsidiaries and own service centres in China, Germany, India, Japan, Korea, Malaysia, the Netherlands, Switzerland, Singapore, Taiwan and the USA. The company is also working intensively to develop new markets such as South America, Africa and the Arab region. The registered shares of Meyer Burger Technology Ltd are listed on the SIX Swiss Exchange (Ticker: MBTN).

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