

Press Release

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Meyer Burger fiscal year 2019 results | Strategy | Changes in the management team

- Incoming orders of CHF 188.3 million
- Net sales of CHF 262.0 million
- EBITDA of CHF -13.5 million
- EBIT of CHF -28.6 million
- Net loss of CHF -39.7 million
- Advanced strategic realignment and divestment of non-core activities
- Gunter Erfurt, CTO Meyer Burger, to succeed Hans Brändle as new CEO
- Ongoing evaluation of strategic options
- Changes in the Board of Directors

Meyer Burger Technology Ltd (SIX Swiss Exchange: MBTN) received **incoming orders** of CHF 188.3 million in the fiscal year 2019, compared to CHF 326.8 million in 2018. Adjusted for divestments, incoming orders decreased by 24.3%. **Orders on hand** as at 31 December 2019 amounted to CHF 105.1 million (31 December 2018: CHF 240.5 million). The book-to-bill ratio was 0.72 for the fiscal year 2019 (2018: 0.80 for 2018). As part of the cooperation with Oxford PV, Meyer Burger has received orders totaling CHF 38.5 million for HJT production lines, including the upgrade for perovskite tandem cell production. In addition, the Group has received two major orders from Asian customers for its MAiA® cell coating equipment totaling CHF 24.5 million.

Hans Brändle, CEO of Meyer Burger commented on the fiscal year 2019: "Business development in 2019 was disappointing. Sales and margins in the bulk business remained below our expectations. This reflects the difficult market environment due to increasingly strong Chinese competition and the Chinese government's goals set out in the "Made in China 2025" strategic plan. Against the backdrop of these market dynamics, we continued, in the reporting year, to undertake a strategic realignment of Meyer Burger. That is to say, we are focusing on the marketing and ongoing development of our own heterojunction/SmartWire connection technologies as well as the highly promising tandem cell technology, a combination of heterojunction and perovskite. As a result of our strategic refocusing, we have restructured and divested business units and assets that no longer form part of our core business. Thereby we further reduced our fixed cost base and improved the efficiency of the organization. Our financial key figures reflect the ongoing transformation of the Group and the divestments."

Net sales reached CHF 262.0 million (2018: CHF 407.0 million). Adjusted for divestments and currency effects, the organic decline in sales for the continuing operations was 22.1%. Sales development accelerated in the second half of 2019 to CHF 139.4 million from CHF 122.6 million in the first half of 2019.

The **operating income after cost of products and services** was CHF 129.9 million (2018, restated: CHF 201.8 million), reflecting a margin of 49.6% (2018, restated: 49.6%). The other operating income in 2019 includes gains of CHF 29.7 million from the divestments of the business unit wafering and the subsidiary AIS. Excluding the divestments, the operating income after cost of products and services would have been CHF 100.2 million, reflecting a margin of 38.2%.

Personnel expenses decreased by 17.4% to CHF 104.4 million. This decline is the result of divestments, restructuring of the organization and strict cost management. Meyer Burger continues to increase the flexibility of the organization and to reduce the fixed cost base. Other operating expenses in the fiscal year 2019 amounted to CHF 39.0 million, a decline of CHF 9.8 million or 20.0% compared to 2018. Personnel and operating expenses include provisioned restructuring cost of CHF 4.2 million in conjunction with discontinuation of the production at the Zülpich (Germany) site.

Due to the decline in sales, under-utilization of capacities and restructuring cost, **EBITDA** was below the level achieved in the previous year and totaled CHF -13.5 million in the fiscal year 2019 (2018, restated: CHF +26.8

million). The EBITDA margin was -5.1% in 2019 compared to 6.6% in 2018. The result at the EBIT level amounted to CHF -28.6 million (2018, restated: CHF +2.4 million).

The **financial result, net**, was CHF -7.9 million (2018: CHF -9.8 million). The **result from investment in associates** was CHF -3.0 million. The company building in Thun was sold during 2019 and accordingly the gain from the sale of the portion classified as investment property of CHF 4.0 million is shown as **non-operating result**.

Tax expenses for the fiscal year 2019 were CHF -4.1 million (2018: CHF 52.1 million). Tax expenses related to current income taxes on profits for the fiscal year 2019 were CHF 0.2 million and deferred income taxes were CHF -4.3 million.

Meyer Burger generated a **net loss** of CHF -39.7 million in the fiscal year 2019 (2018: CHF -59.4 million). The net result per share was CHF -0.06 (2018: CHF -0.10).

Total assets declined compared to the previous year, mainly because of the divestments and due to the lower order intake resulting in lower customer prepayments. As of 31 December 2019, total assets amounted to CHF 274.6 million (31 December 2018: CHF 349.2 million). Cash and cash equivalents came to CHF 35.5 million (31 December 2018: CHF 89.8 million). In addition, the Group holds CHF 26.3 million of restricted cash, which is pledged for the guarantee facilities used for customer prepayments.

As of 31 December 2019, property, plant and equipment decreased after the sale of corporate real estate to CHF 32.9 million (31 December 2018: CHF 82.3 million). Total liabilities declined to CHF 98.5 million (31 December 2018: CHF 167.4 million) due to the repayment of the mortgage on the company building and lower customer prepayments reflecting lower order volumes.

As of 31 December 2019, **equity** stood at CHF 176.2 million (31 December 2018: CHF 181.7 million). The **equity ratio** was 64.1% as at 31 December 2019 (31 December 2018: 52.0%).

In order to manage the current measures towards the focus on Meyer Burger's core business, the Company has resolved to introduce short-time working at its Hohenstein-Ernstthal (Germany) site from 16 March 2020 onwards. This measure is expected to help the Company to compensate for the temporary decline in orders and to lead to a reduction in personnel costs. By introducing short-time working instead of lay-offs, Meyer Burger retains its highly qualified and trained staff and thus secures its expertise within the Company.

Changes in Group management

With the focusing on the core business and the successful market introduction of the heterojunction/SmartWire technology, CEO Dr Hans Brändle has decided to retire from his position by end of March 2020. "Hans Brändle has initiated the consistent focus of Meyer Burger on our key technologies heterojunction/SmartWire and successfully completed the transformation of the Group. Meyer Burger is now optimally positioned to benefit from its technology lead in the future", comments Dr Remo Lütolf, Chairman of the Board of Directors of Meyer Burger. "The Board of Directors expresses its gratitude and appreciation to Hans Brändle for his tireless commitment to the turnaround and the visionary repositioning of Meyer Burger."

The Board of Directors appoints Dr Gunter Erfurt (46) as new CEO of the Meyer Burger Group. Currently CTO of Meyer Burger, Gunter Erfurt has been instrumental in the development and successful launch of Meyer Burger's heterojunction technology. The physicist Gunter Erfurt joined Meyer Burger in 2015 and has almost 20 years of experience in the global photovoltaic business, including several years with SolarWorld. "Gunter Erfurt is a highly respected industry expert with a proven track record in PV technology. He has been closely involved in the strategic realignment of Meyer Burger and is the right choice to lead the Company into the new era", explains Remo Lütolf. Hans Brändle will support Gunter Erfurt in the handover of the responsibilities and continue to support the Board of Directors and the Executive Board until mid 2020.

Strategic perspectives

The medium- and long-term growth outlook for the solar industry has continued to improve against the backdrop of current concerns over climate change. Solar power is the most affordable technology in many regions today, offering an unparalleled wide range of applications and the greatest potential for cost reduction among relevant

electricity generation technologies. After a lull in growth during the last year, significant expansion in global installed solar power output is now forecast to return in 2020 and beyond*. Meyer Burger is of the opinion that more than half of this solar power capacity will be installed outside China.

REC's successful production ramp-up and the globally recognized launch of its ALPHA modules is proof of Meyer Burger's leading heterojunction/SmartWire technology. All relevant key parameters demonstrate that Meyer Burger enables its customers to produce leading PV panels in terms of energy yield as well as production efficiency and cost.

In line with Meyer Burger's corporate strategy to benefit more from the value chain of the world's leading heterojunction/SmartWire technology in terms of technology and cost, the following options are conceivable: On the one hand, a partnership-based cooperation with trusted customers (such as REC) to build up production capacities in the gigawatt range and a profit-sharing agreement. On the other hand, the establishment of an own cell and module production in Europe (especially Germany) to tap the full potential of the unique Meyer Burger heterojunction/SmartWire technology. As previously communicated, Meyer Burger is in contact with various leading investment banks to examine strategic and financing options.

Change in the Chairmanship of the Board of Directors

The Chairman of the Board of Directors Dr Remo Lütolf has decided not to stand for re-election to the Board of Directors at the forthcoming Annual General Meeting. "Meyer Burger needs peace and confidence to take the next major step in its development. I have come to the conclusion that the Company needs fresh personalities to meet these challenges. A new Chairman, in addition to Gunter Erfurt as the new CEO, will accelerate this growth momentum", comments Remo Lütolf on his decision. The Board of Directors thanks Remo Lütolf for his leadership in this turbulent year and will express its gratitude to him at the Annual General Meeting. The proposal for his successor will be made with the invitation to the Annual General Meeting.

Changes in the Board of Directors

The talks announced in January between Meyer Burger and its largest shareholder Sentis Capital PPC have now developed into a constructive dialogue. Both parties regret the action taken and statements made in connection with the Extraordinary Shareholders' Meeting in October 2019, which also revealed that the reservations expressed to Mr. Petr Kondrashev regarding his business conduct and the risk of sanctions by the US authorities have not been confirmed. "Meyer Burger has reached out to Sentis. Sentis stands behind Meyer Burger in a committed manner and sees great opportunities to create significant and sustainable company value thanks to the unique heterojunction/SmartWire technology," explains Anton Karl of Sentis Capital PPC. In order to integrate this important investor's voice, the Board of Directors of Meyer Burger will propose to the upcoming Annual General Meeting on 13 May 2020 in Thun, the election of Mark Kerekes from Sentis Capital PPC as shareholder representative on the Board of Directors.

Contacts:

Nicole Borel
Head of Corporate Communications
Tel: +41 (0)33 221 28 34
nicole.borel@meyerburger.com

Jan Gregor
c/o Gregor Communications GmbH
Tel: +41 (0)33 221 24 02
jan.gregor@meyerburger.com

**Source: <https://www.pv-tech.org/news/ihs-markit-remains-bullish-on-global-solar-demand-hitting-142gw-in-2020>*

KEY FIGURES FISCAL YEAR 2019

Consolidated income statement in TCHF	2019	2018 restated
Net sales	262 013	406 967
Operating income after costs of products and services ¹	129 893	201 841
<i>in % of net sales</i>	<i>49.6%</i>	<i>49.6%</i>
EBITDA ²	-13 471	26 784
<i>in % of net sales</i>	<i>-5.1%</i>	<i>6.6%</i>
EBIT ³	-28 635	2 438
<i>in % of net sales</i>	<i>-10.9%</i>	<i>0.6%</i>
Financial result	-7 914	-9 815
Result from investment in associates	-2 971	-
Non-operating result	4 013	-
Earnings before income taxes	-35 507	-7 377
Income taxes	-4 143	-52 061
Net result	-39 650	-59 437
Consolidated balance sheet in TCHF	31.12.2019	31.12.2018
Total assets	274 610	349 153
Current assets	182 666	226 669
Non-current assets	91 944	122 485
Liabilities	98 450	167 442
Equity	176 160	181 711
<i>Equity ratio</i>	<i>64.1%</i>	<i>52.0%</i>
Consolidated cash flow statement in TCHF	2019	2018
Cash flow from operating activities	-83 493	-23 369
Cash flow from investing activities	59 576	-5 100
Cash flow from financing activities	-29 523	-5 118
Change in cash and cash equivalents	-53 440	-33 587
Currency translation effects on cash and cash equivalents	-811	-1 314
Cash and cash equivalents at the end of the period	35 548	89 799
Number of employees (FTEs) as of 31 December	805	1 191

¹ "Operating income after costs of products and services" corresponds to total income including other operating income, e.g. gain from sale of group companies less changes in inventories or finished and semi-finished products and machines before acceptance, cost of products and work in progress and capitalised goods and services.

² "EBITDA" corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets.

³ "EBIT" corresponds to the operating result, before the financial result, the result from investment in associates, the non-operating result and income taxes.

The Annual Report 2019 and the investors' presentation for the full year results are available for download on the company website www.meyerburger.com under – Investor Relations – Financial Reports & Publications. <https://www.meyerburger.com/en/investors/financial-reports-publications/>

About Meyer Burger Technology Ltd
www.meyerburger.com

Meyer Burger is a leading technology company with a global presence, specializing in innovative systems and production equipment for the photovoltaic (solar) industry. As an internationally renowned premium brand, Meyer Burger offers its customers in the PV industry dependable precision products and innovative solutions for the manufacture of high-efficiency solar cells and solar modules.

The comprehensive product range is complemented by a worldwide service network with spare and wearing parts, consumables, process know-how, maintenance and after-sales service, training courses and additional services. Meyer Burger is represented in the respective key markets in Europe and Asia and has subsidiaries and its own service centers in China, Germany Japan, Korea, Malaysia, Switzerland, Singapore, Taiwan and the USA. The registered shares in Meyer Burger Technology AG are listed on the SIX Swiss Exchange (ticker: MBTN).

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