MEYER BURGER

Press release
Thun, 13 August 2020

Meyer Burger Technology Ltd: Half Year Results 2020

- **Transformation of the business model from machine supplier to vertically integrated cell and module manufacturer**
- **Capital increase successfully completed with gross proceeds of CHF 165 million**
- **Cash inflow of approximately CHF 24 million from the sale of Muegge GmbH and book profit of approximately CHF 4 million**
- **Net revenues of CHF 51.0 million (H1 2019 adjusted: CHF 110.2 million) affected by corona and business transformation**
- **EBITDA of CHF -27.5 million (H1 2019: CHF 14.5 million) and net profit of CHF -38.6 million (H1 2019: CHF 1.8 million)**

2020 is a year of transformation for Meyer Burger. In the first half of 2020, the Board of Directors decided to adjust the business model and prepare the company for the future. Meyer Burger wants to position itself as a technologically leading manufacturer of solar cells and solar modules. As a result, the production machines for heterojunction/SmartWire technology will in future only be manufactured exclusively for its own use. In order to finance the realignment, the company has successfully completed a capital increase with gross proceeds of CHF 165 million, following the approval of the shareholders at the Extraordinary General Meeting on 10 July 2020. The sale of the microwave and plasma technology company Muegge GmbH resulted in a cash inflow of approximately CHF 24 million and a book profit of approximately CHF 4 million.

Financial review
Business in the first half-year 2020 was constrained by the strategic realignment as well as the exceptional situation of the COVID-19 pandemic. In this difficult market environment, Meyer Burger had incoming orders of CHF 32.2 million (H1 2019: CHF 94.0 million). Adjusted for divestments and currency effects, the orders received fell by 60.1%. Orders on hand as of 30 June 2020 amounted to CHF 76.1 million (31.12.2019: CHF 105.1 million).

Net sales dropped to CHF 51.0 million compared to the previous year (H1 2019: CHF 122.6 million or CHF 110.2 million after adjusting for divestments). Positive currency effects accounted for around CHF 2.7 million. Adjusted for currency effects and divestments, the organic decline in sales recorded in the retained business areas was 52.5%.

The regional sales mix has changed slightly, although Asia remains the most important sales region for Meyer Burger: Asia accounted for 66.7% of net sales during the first quarter of 2020 (73.2% in H1 2019), Europe for 24.9% (H1 2019: 21.1%) and the Americas for approximately 8.4% (5.7% in H1 2019).

Operating income after costs of products and services was CHF 16.9 million (H1 2019: CHF 89.5 million) with a margin of 33.1% during the first half-year of 2020 (H1 2019: 73.0%). This includes CHF 3.2 million (H1 2019: CHF 31.2 million) of other operating income, partially gained from business divestments. In the comparative period, other operating income mainly resulted from the sale of the wafering business.

Also due to the divestment of non-strategic business units in the past, personnel expenses dropped by CHF 25.0 million or 44.5% compared to the previous half-year to CHF 31.1 million (H1 2019: CHF 56.1 million). Other operating expenses stood at CHF 13.2 million (–30.0% compared to H1 2019).

Due to the slow course of business, EBITDA was below the level for the same period in the previous year. The figure was CHF –27.5 million in the first half-year of 2020 (CHF 14.5 million in H1 2019).

Depreciation, amortisation and impairments totalled CHF 4.8 million (CHF 8.0 million in H1 2019). Accordingly, the result at the EBIT level was CHF –32.3 million (CHF 6.6 million in H1 2019).

The net financial result in the first half-year of 2020 amounted to CHF –4.5 million (H1 2019: CHF –3.9 million). Financial expense in H1 2020 included interest expense for the convertible bond of CHF –1.0 million (H1 2019: CHF –1.0 million). The valuation of intercompany loans to foreign subsidiaries led to positive unrealised foreign currency translation effects of CHF 1.5 million (H1 2019: CHF 2.1 million). In addition, there were other unrealised currency translation effects of CHF –4.1 million (H1 2019: CHF –3.4 million), interest expense for mortgage loans and other interest expense of CHF –0.3 million (H1 2019: CHF –0.6 million), and other financial expense of CHF –0.6 million (H1 2019: CHF –1.0 million). The share of result from associated companies amounted to CHF –2.1 million (H1 2019: CHF –0.7 million). Tax income in the first half-year of 2020 stood at CHF 0.2 million (tax expense of CHF 0.3 million in H1 2019).

Accordingly, Meyer Burger has reached a group result of CHF –38.6 in the first half-year of 2020 (H1 2019: CHF 1.8 million).

Balance sheet as of 30 June 2020
As of 30 June 2020, the balance sheet total stood at CHF 224.4 million (31.12.2019: CHF 274.6 million).

Cash and cash equivalents amounted to CHF 38.0 million. In addition, the Group had CHF 20.2 million of liquidity with limited availability within the scope of guarantee facilities for customer prepayments. Interest-bearing liabilities totaled to CHF 30.0 million, thereof CHF 26.6 million related to the outstanding convertible bond. Including liquidity with limited availability, the net cash position stood at CHF 28.2 million (31.12.2019: CHF 33.9 million).

In line with the slow-down in business, net working capital decreased from CHF 79.6 million as of 31 December 2019 to CHF 50.1 million as of 30 June 2020, mainly based on the decrease in inventory held and net receivables from construction contracts and trade receivables.

Equity stood at CHF 136.6 million (CHF 176.2 million as of 31.12.2019). The equity ratio was 60.9% as of 30 June 2020 (31.12.2019: 64.1%).

Cash flow
Cash flow from operating activities amounted to CHF –5.7 million (H1 2019: CHF –57.6 million). The cash flow from investment activities was CHF 8.1 million including CHF 4.2 million from the sale of business activities and CHF 6.1 million of redeemed bank deposits with limited availability (H1 2019: CHF 17.7 million). This resulted in a free cash flow of CHF 2.4 million (H1 2019: CHF –39.9 million). Cash flow from financing activities stood at CHF +0.5 million (H1 2019: CHF –18.1 million) and included CHF 1.0 million of cost related to the capital increase paid before 30 June 2020.

Outlook
The start of in-house solar cell and module production is scheduled for the second quarter of 2021. Meyer Burger has already decided in favour of locations in the “Solar Valley” in Bitterfeld-Wolfen (Saxony-Anhalt) and in Freiberg (Saxony). A team of internal and external production specialists has evaluated the conditions at these locations and assessed them as highly advantageous.

In Bitterfeld-Wolfen, Meyer Burger rents buildings of the former solar cell manufacturer Sovello on a long-term and cost-effective basis. Initially, this will cover an area of 27,000 square metres; additional space can be rented if required. Meyer Burger will use its latest production machines to manufacture highly efficient solar cells using the proprietary heterojunction technology.

The high-efficiency cells will be further processed into SmartWire modules in Freiberg. Meyer Burger will manufacture the patent-protected SmartWire modules in a production facility of the former Solarworld company. To date, it is the largest and most modern plant of its kind in Europe. With an area of around 19,000 square metres, it also offers optimal conditions for converting and adapting the existing infrastructure and the highly automated module production lines. The plant currently has an annual nominal capacity of more than 600 MW, which can be increased to more than 800 MW with new technologies.

In addition, Meyer Burger is acquiring the modern logistics and distribution center (14,000 square metres) at the former Solarworld site in Freiberg, which will secure the establishment of an efficient distribution organisation in terms of infrastructure. The creditors' meeting of Solarworld Industries GmbH approved the sale of the buildings at Solarworld's former production site. The purchase price amounts to EUR 12 million and includes buildings with a total area of 33,000 square metres, patents and trademark rights.

Two of the most traditional solar locations in Europe are thus being revived. Being able to use existing infrastructures and the high level of expertise in the regions concerned is a conscious strategic decision that will enable Meyer Burger to achieve short ramp-up times and high product quality. Construction of the production lines with the proprietary heterojunction/SmartWire technology will start soon. At the same time, the structure at the Hohenstein site will be adapted to its own needs and to the new business model.

Capacities for the start of production in the first half of 2021 will be 400 MW per year in solar cell production and 400 MW in module production. The Board of Directors expects that the realigned Meyer Burger Group will already be able to achieve an operating profit with this production volume. A further expansion up to 5 GW is planned.

The in-house production of solar cells and modules enables the company to attain a unique positioning in the photovoltaic industry and to create substantial and sustainable added value for its shareholders in the future, thanks to attractive margins.

The report on the first half of 2020 can be found on the website at:
www.meyerburger.com/en/investors/financial-reports-publications/

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About Meyer Burger Technology Ltd
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Meyer Burger is a leading and globally active technology company specialising in innovative systems and production equipment for the solar photovoltaic market. The company has shaped the development of photovoltaics along the entire value chain and has set essential industry standards, such as the diamond wire saw technology, the industrial PERC solution and precision measurement technology for solar modules. A large proportion of the solar modules produced world-wide today are based on technologies developed by Meyer Burger.

In line with its new business model and strategy, Meyer Burger transforms itself into a manufacturer of high-performance photovoltaic cells and modules, based on its proprietary heterojunction/SmartWire technology. With heterojunction/SmartWire, the Company has developed the next-generation photovoltaic technology with higher conversion efficiency and higher energy yield than the current standard Mono-PERC and other heterojunction technologies currently available. Meyer Burger operates its research and development centers in Thun and Hauterive, Switzerland, its machine industrialization and manufacturing site in Hohenstein-Ernstthal, Germany and will produce the cells and modules in Bitterfeld-Wolfen and Freiberg, Germany. The registered shares in Meyer Burger Technology Ltd are listed at the SIX Swiss Exchange (Ticker: MBTN).

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