

Half-Year Report

2019



MEYER BURGER

Meyer Burger Group

Meyer Burger is a leading and globally active technology company specialising in innovative systems and production equipment for the photovoltaic (solar), semiconductor and optoelectronic industries. As an internationally recognised premium brand, we offer our customers in the PV industry reliable precision products and innovative solutions for the manufacture of highly efficient solar cells and solar modules.

Key Figures

Consolidated income statement

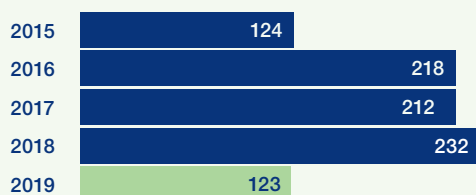
in TCHF	1.1.–30.6.2019	1.1.–30.6.2018
Net sales	122 567	232 328
Operating income after costs of products and services	63 099	120 064
in % of net sales	51.5%	51.7%
EBITDA	– 13 159	29 241
in % of net sales	– 10.7%	12.6%
EBIT	– 21 140	14 881
in % of net sales	– 17.2%	6.4%
Net result	1 783	8 292

Consolidated balance sheet

in TCHF	30.6.2019	31.12.2018
Total assets	350 314	349 153
Current assets	176 942	226 669
Non-current assets	173 372	122 485
Current liabilities	86 531	108 747
Non-current liabilities	43 734	58 695
Equity	220 049	181 711
Equity ratio	62.8%	52.0%

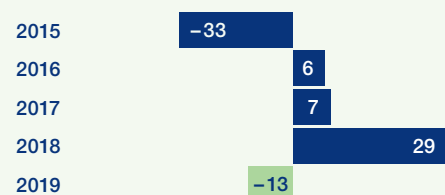
Net sales

1st Half-Year in CHF million



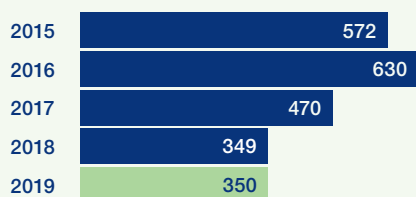
EBITDA

1st Half-Year in CHF million



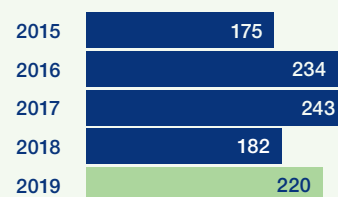
Total assets

as of 31.12. resp. 30.6.2019 in CHF million



Equity

as of 31.12. resp. 30.6.2019 in CHF million



Management Report 1st Half-Year 2019

Dear Shareholders

The solar sector was marked by weak demand in China, the largest end customer market, during the first half of 2019. A global surplus in production capacity for multi-crystalline wafers, cells and modules was accompanied by supply bottlenecks for high-efficiency mono-products. Although investments in standard PV increased because of declining prices for PERC equipment, cell and module manufacturers often postponed major investment decisions in new technologies.

Against the backdrop of this slump in the market, we focused on implementing our strategic priorities: further developing our leading production solutions for heterojunction (HJT) and SmartWire Cell connection (SWCT™), as well as partnerships and investments aimed at commercialising next-generation cell and module technologies.

There is a great deal of market interest in HJT technology, and our project pipeline is promising. We achieved a breakthrough in late 2018 with a CHF 74 million order from REC for our heterojunction and SmartWire Connection technologies. The Intersolar Europe trade fair in May 2019 proved to be an important milestone with the unveiling of REC's first HJT module (based on 120 half-cells) with a market-leading output of up to 380 Wp.

This module was manufactured using our technologies and produced at very competitive prices. REC's first manufacturing line will begin series production soon, and there is already strong demand for these new modules in the high-end segment today. We believe this market interest will translate into real orders as soon as REC has demonstrated successful mass production of their new solar modules.

In March, we entered into a strategic partnership with the United Kingdom's Oxford PV, the technology leader for high-efficiency crystalline silicon/perovskite tandem solar cells. Perovskite/silicon-based tandem solar cells are a new generation of solar cells that promises a significant increase in efficiency while noticeably reducing solar power costs. Oxford PV holds the world record with 28% efficiency for its perovskite tandem solar cells (good commercial PERC cells have 22% efficiency; our HJT cells achieve 24%). Our investment guarantees us access to this new technology. In close cooperation with Oxford PV, we are driving the industrialisation of perovskite solar cell production forward by combining our leading heterojunction cell and SmartWire Connection technologies with Oxford PV's perovskite solar cell technology. Our cooperation involves Meyer Burger selling a HJT production line to Oxford PV, including an upgrade for perovskite tandem cell production for pilot production at its German facility in Brandenburg an der Havel.

PERC has replaced Al-BSF as the new standard technology for solar cells. The PERC market segment is increasingly dominated by Chinese manufacturers. Their cut-throat competition has led to significantly lower equipment prices. While most manufacturers are reducing their production equipment prices as far as possible, Meyer Burger is developing equipment that, according to customers, have the lowest total cost of ownership, although they require a higher initial investment. As a result, our margins have come under pressure and we have lost market share in the standard segment. TOPCon cell technology can be implemented by upgrading a PERC line, which improves efficiency (by 1 to 1.5 percentage points). Using our new CAiA® production solution for TOPCon, we have produced solar cells that enabled us to manufacture a TÜV-certified 347 W solar module (based on 120 half-cells). Comparable commercial PERC modules achieve 330 W. The market for upgrading existing PERC lines to TOPCon has not begun to fully take off. However, the unattractive margins in standard PV business have prompted us to review the originally planned relocation of some of our production to China and to adapt our sales focus. We intend to concentrate our future PV business activities mainly at our largest location, Hohenstein-Ernstthal (Germany).

As part of our focusing and restructuring, we successfully completed the sale of our wafering business to Precision Surfacing Solutions (PSS) in late April 2019. This secured the production facility and over 70 jobs in Thun. The sale underscores our strategic focus on PV cell coating and connection technologies for solar modules.

Net sales

Business remained below our expectations overall. In a difficult market environment dominated by the US-China trade dispute and the Chinese government's unclear solar funding policy, Meyer Burger achieved incoming orders of CHF 94.0 million (CHF 137.9 million in H1 2018). Adjusted for the sale of the wafering business, incoming orders remained stable (–0.6%). Orders on hand as at 30 June 2019 amounted to CHF 166 million (31.12.2018 CHF 241 million). The book-to-bill ratio was 0.77 for the first half of 2019 (0.59 in H1 2018).

Net sales dropped to CHF 122.6 million compared to the previous year (CHF 232.3 million in H1 2018, adjusted by CHF 193.4 million for the sale of the wafering business). Negative currency effects accounted for around CHF –3.5 million or –2.8%. Adjusted for currency effects and the sale of the wafering business, the organic decline in sales for continuing business was 36.8%. The regional sales mix has changed slightly from the previous year, although Asia remains the most important sales region for Meyer Burger: Asia accounted for 73% of net sales during the first half of 2019 (68% in H1 2018), while Europe accounted for 21% (28% in H1 2018) and the Americas provided approx. 6% (3% in H1 2018).

Operating income after costs of products and services was CHF 63.1 million (CHF 120.1 million in H1 2018), with a margin of 51.5% during the first half of 2019 (51.7% in H1 2018).

EBITDA and EBIT

Personnel expenses dropped by CHF 6.9 million or 10.7% compared to the previous year, to CHF 57.4 million (CHF 64.2 million in H1 2018). These costs fell because we managed to organise the company even more flexibly and because we sold the wafering business in late April 2019. Other operating expenses stood at CHF 18.9 million (–28.9% compared to H1 2018).

Due to the decline in sales, EBITDA was below the level achieved during the same period in the previous year. The figure was CHF –13.2 million in the first half of 2019 (CHF +29.2 million in H1 2018).

Write-offs totalled CHF 8.0 million (CHF 14.4 million in H1 2018). This decline can be attributed to the fact that we finished amortising key technology during the previous year. The result at the EBIT level amounted to CHF –21.1 million (CHF +14.9 million in H1 2018).

Group result

The net financial result in the first half of 2019 amounted to CHF –3.9 million (CHF –4.0 million in H1 2018). The proportionate result from investments in associates due to the acquired investment in Oxford PV amounted to CHF –0.7 million in the first half-year.

The extraordinary result in the first half of 2019 amounted to CHF +27.7 million (CHF +0.8 million in H1 2018). This increase is mainly due to the sale of the wafering business to Precision Surfacing Solutions (PSS).

Tax expenses in the first half of 2019 stood at CHF 0.3 million (CHF 3.4 million in H1 2018).

Meyer Burger generated a group result of CHF +1.8 million in the first half of 2019 (CHF +8.3 million in H1 2018).

Balance sheet as at 30 June 2019

The balance sheet total stood at CHF 350.3 million (31.12.2018 CHF 349.2 million). Cash and cash equivalents stood at CHF 31.7 million, inventories at CHF 66.2 million, property, plant and equipment at CHF 76.4 million, intangible assets at CHF 8.9 million and deferred tax assets at CHF 20.7 million. Total liabilities came to CHF 130.3 million, primarily comprising trade payables of CHF 27.3 million, customer prepayments of CHF 14.7 million, provisions of CHF 7.1 million and financial liabilities of CHF 39.4 million. Equity stood at CHF 220.0 million (31.12.2018 CHF 181.7). The equity ratio was 62.8% as at 30 June 2019 (31.12.2018 52.0%).

Cash flow

In the first half of 2019, the company had negative cash flow from operations of CHF –57.6 million (CHF –16.4 million in H1 2018). This negative cash flow from operations is mainly attributable to an increase in net working capital. Cash flow from investing activities was CHF +17.7 million as a result of the sale of the wafering business with security in cash deposited at the same time (CHF –1.9 million in H1 2018). This caused free cash flow to reach CHF –39.9 million (CHF –18.3 million in H1 2018). Cash flow from financing activities stood at CHF –18.1 million (CHF –4.2 million in H1 2018), comprising the repayment of financial liabilities.

Changes to the Board of Directors and Executive Board

The changes to the Board of Directors and Executive Board that were announced with the publication of the transformation programme on 16 October 2018 were concluded during the first half of 2019. At the general meeting on 2 May 2019, Dr Remo Lütolf was elected Chairman of the Board of Directors and Andreas R. Herzog was elected Member of the Board of Directors. In addition, the meeting resolved to reduce the Board of Directors to four people. The Executive Board was also reduced – from five members to three (Dr Hans Brändle, CEO; Manfred Häner, CFO; Dr Gunter Erfurt, CTO).

Outlook for 2019

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 already the most affordable technology in many regions today, offering a uniquely wide range of applications and the greatest potential for cost reduction among relevant electricity generation technologies. After a lull in growth during the last 12 months due to restructuring of funding for China's solar market, significant double-digit expansion in global installed solar power output is now forecast to return. We believe that more than half of this solar power capacity will be installed outside China. The growth forecast for the coming years in new and established western markets will also result to new local PV production capacities.

As a high-tech company, we will continue to make substantial investments in research and development in order to remain a market leader in the premium segment. With our focus on developing high-efficiency industrial HJT production solutions, we have achieved record cell efficiency of over 24.7% in commercialized HJT systems. We are already working on a roadmap for HJT cells with even higher levels of efficiency. The collaboration with REC will lead to a quantum lead in the manufacture of HJT/SmartWire modules. The strategic partnership with Oxford PV enables us to further develop and secure our technological leadership even beyond HJT.

Meyer Burger is well positioned in terms of technology. Yet business development during the first half of 2019 underscores the need to review our business model and strategy. We will examine every strategic option in order to create sustainable added value. We will release the findings of our strategic review in due time. Simultaneously, we are moving forward with focusing our activities and simplifying our organisational structure worldwide.

Thank you for your continued trust in Meyer Burger.

Sincerely,



Dr Remo Lütolf
Chairman of the Board



Dr Hans Brändle
Chief Executive Officer

Consolidated Balance Sheet

in TCHF	30.6.2019		31.12.2018	
Assets				
Current assets				
Cash and cash equivalents	31 688		89 799	
Trade receivables	26 795		26 377	
Other receivables	23 121		14 850	
Net receivables from construction contracts	20 927		6 961	
Inventories	66 178		78 564	
Prepaid expenses and accrued income	8 232		10 117	
Total current assets	176 942	50.5%	226 669	64.9%
Non-current assets				
Other long-term receivables	30 612		591	
Investments in associates	36 712		–	
Property, plant and equipment	76 375		82 274	
Intangible assets	8 946		11 930	
Deferred tax assets	20 727		27 689	
Total non-current assets	173 372	49.5%	122 485	35.1%
Total assets	350 314	100.0%	349 153	100.0%
Liabilities and equity				
Liabilities				
Current liabilities				
Financial liabilities	327		331	
Trade payables	27 286		17 331	
Net liabilities from construction contracts	2 727		5 794	
Customer prepayments	14 652		34 422	
Other liabilities	5 085		4 160	
Provisions	6 926		13 762	
Accrued expenses and prepaid income	29 526		32 946	
Total current liabilities	86 531	24.7%	108 747	31.1%
Non-current liabilities				
Financial liabilities	39 075		55 298	
Other liabilities	1 882		2 231	
Provisions	179		309	
Deferred tax liabilities	2 598		857	
Total non-current liabilities	43 734	12.5%	58 695	16.8%
Total liabilities	130 265	37.2%	167 442	48.0%
Equity				
Share capital	34 259		31 144	
Capital reserves	1 000 065		968 324	
Treasury shares	– 6 528		– 8 741	
Reserve for share-based payments	3 784		4 307	
Accumulated losses	– 811 530		– 813 324	
Total equity excl. minority interests	220 049	62.8%	181 711	52.0%
Minority interests	–		–	
Total equity incl. minority interests	220 049	62.8%	181 711	52.0%
Total liabilities and equity	350 314	100.0%	349 153	100.0%

The Notes starting on page 13 are an integral part of the consolidated financial statements.

Consolidated Income Statement

in TCHF	1.1.–30.6.2019		1.1.–30.6.2018	
Net sales	122 567	100.0%	232 328	100.0%
Other operating income	4 704		2 904	
Currency translation gains and losses on trade receivables and customer prepayments	575		1 434	
Income	127 846		236 667	
Changes in inventories of finished and semi-finished products as well as machines before acceptance	22 187		– 2 766	
Cost of products and services	– 87 908		– 114 484	
Capitalised services	974		647	
Operating income after costs of products and services	63 099	51.5%	120 064	51.7%
Personnel expenses	– 57 368		– 64 248	
Operating expenses	– 18 891		– 26 575	
Earnings before interests, taxes, depreciation and amortisation (EBITDA)	– 13 159	– 10.7%	29 241	12.6%
Depreciation and impairment on property, plant, equipment	– 4 976		– 5 426	
Amortisation and impairment on intangible assets	– 3 005		– 8 935	
Earnings before interests and taxes (EBIT)	– 21 140	– 17.2%	14 881	6.4%
Financial result	– 3 885		– 3 979	
Result from investments in associates	– 661		–	
Ordinary result	– 25 686	– 21.0%	10 901	4.7%
Non-operating result	61		–	
Extraordinary result	27 676		831	
Earnings before taxes	2 052	1.7%	11 732	5.0%
Income taxes	– 269		– 3 440	
Result	1 783	1.5%	8 292	3.6%
Attributable to				
Shareholders of Meyer Burger Technology Ltd	1 783		8 292	
Minority interests	–		–	
in CHF				
Earnings per share in CHF				
Basic earnings per share	0.00		0.01	
Diluted earnings per share	0.00		0.01	

The Notes starting on page 13 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

in TCHF

Shareholders of Meyer Burger Technology Ltd

	Share capital	Capital reserves
Equity as at 1.1.2018	31 049	966 460
Result	–	–
Currency translation differences recognised in reporting period	–	–
Goodwill recycling	–	–
Conversion of convertible bond	96	1 599
Purchase of treasury shares	–	–
Sale/use of treasury shares	–	18
Share-based payments	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	255
Equity as at 30.6.2018	31 144	968 332
Equity as at 1.1.2019	31 144	968 324
Result	–	–
Currency translation differences recognised in reporting period	–	–
Capital increase	3 114	31 595
Sale/use of treasury shares	–	–5
Share-based payments	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	151
Equity as at 30.6.2019	34 259	1 000 065

The Notes starting on page 13 are an integral part of the consolidated financial statements.

Shareholders of Meyer Burger Technology Ltd

Treasury shares	Reserve for share-based payments	Currency translation differences	Offset goodwill	Other retained earnings	Accumulated losses	Total equity excl. minority interest	Minority interests	Total equity incl. minority interest
-5179	2319	-22912	-214564	-514215	-751692	242957	-	242957
-	-	-	-	8292	8292	8292	-	8292
-	-	-2124	-	-	-2124	-2124	-	-2124
-	-	-	1010	-	1010	1010	-	1010
-	-	-	-	-	-	1695	-	1695
-4124	-	-	-	-	-	-4124	-	-4124
98	-	-	-	-	-	116	-	116
-	1341	-	-	-	-	1341	-	1341
412	-412	-	-	-	-	-	-	-
-79	-177	-	-	-	-	-	-	-
-8870	3071	-25036	-213555	-505924	-744514	249163	-	249163
-8741	4307	-26117	-213555	-573652	-813324	181711	-	181711
-	-	-	-	1783	1783	1783	-	1783
-	-	10	-	-	10	10	-	10
-	-	-	-	-	-	34709	-	34709
26	-	-	-	-	-	21	-	21
-	1814	-	-	-	-	1814	-	1814
1276	-1276	-	-	-	-	-	-	-
911	-1062	-	-	-	-	-	-	-
-6528	3784	-26107	-213555	-571869	-811531	220049	-	220049

Condensed Consolidated Cash Flow Statement

in TCHF	1.1.–30.6.2019	1.1.–30.6.2018
Result	1 783	8 292
Non-cash items	–20 271	18 844
Decrease of net working capital	–39 067	–43 514
Cash flow from operating activities	–57 555	–16 378
Investments in property, plant and equipment	–3 483	–1 788
Sale of property, plant and equipment	1 291	21
Investments in intangible assets	–134	–382
Sale of business activities	50 000	200
Bank deposits with limited availability	–30 000	–
Cash flow from investing activities	17 674	–1 950
Costs of capital increase	–1 422	–
Purchase of treasury shares	–	–4 124
Repayment of (current) financial liabilities	–2	–
Borrowing of (non-current) financial liabilities	1 356	–
Repayment of (non-current) financial liabilities	–18 000	–40
Cash flow from financing activities	–18 068	–4 164
Change in cash and cash equivalents	–57 949	–22 492
Cash and cash equivalents at beginning of period	89 799	124 700
Currency translation differences on cash and cash equivalents	–162	–236
Cash and cash equivalents at end of period	31 688	101 972

The Notes starting on page 13 are an integral part of the consolidated financial statements.

Condensed Notes to the Consolidated Financial Statements

General information

Meyer Burger Technology Ltd is a public limited company constituted in accordance with Swiss law. The address of the company's registered office is Schorenstrasse 39, 3645 Gwatt/Thun, Switzerland. Meyer Burger Technology Ltd registered shares (ticker: MBTN) are listed on the SIX Swiss Exchange in Zurich. The fiscal year of Meyer Burger Technology Ltd runs from 1 January to 31 December.

The Board of Directors approved these consolidated half-year financial statements of Meyer Burger Group for publication on 14 August 2019. The auditors have conducted a review of the statements. For the report on the review, see page 19.

The Group currency (reporting currency) is the Swiss Franc (CHF). The consolidated statements are shown in thousands of Swiss Francs.

Meyer Burger is a leading global technology company specialising in 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 brand, Meyer Burger offers its customers in the PV industry superior products and innovative solutions for the manufacturing processes of solar cells and connection technologies. Meyer Burger provides substantial added value to its customers and clearly differentiates itself from its competitors by focusing on the core technologies of the value chain. A worldwide service network with spare parts, consumables, process know-how, customer support, after-sales services, training and other services complements the company's comprehensive product portfolio. 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.

Significant Accounting Policies

The significant accounting and valuation policies are described in detail in the Annual Report for the year ended 31 December 2018. The policies described have been applied consistently to the reporting periods presented.

In the period under review, an investment in an associate was acquired as well as a reclassification to investment property made for the building in Thun. The relevant accounting policies were not included in the Annual Report for the year ended 31 December 2018 and are therefore outlined in the respective notes.

The SIX Exchange Regulation motion with the Sanction Commission against Meyer Burger Technology Ltd in connection with the application and interpretation of Swiss GAAP FER accounting standards did not lead to any adjustments in the present financial statements. The procedure is still pending at the time of the release of these consolidated interim financial statements.

1.1 Basis of accounting

The consolidated half-year financial statements have been prepared in accordance with the standards of Swiss GAAP FER 31 “Additional recommendations for listed companies”, which allows some simplification of the reporting and disclosures compared to the preparation of annual financial statements. These standards give a true and fair view of the net assets, financial position and results of operations.

No amendments to the Swiss GAAP FER Standards have come into force that are relevant to Meyer Burger.

1.2 Changes in scope of consolidation

Precision Surfacing Solutions GmbH/Sale of wafering business

On 7 February 2019, Meyer Burger announced the sale of its wafering and service business for photovoltaic and special materials (e.g. semiconductor and sapphire glass industry) to Precision Surfacing Solutions (PSS). This transaction was completed in April 2019. The Precision Surfacing Solutions GmbH was founded in connection with the sale of the wafering business as a company established under Swiss law located in Gwatt/Thun. The local wafering business was transferred into it and the company was then sold and thus left the scope of consolidation again before the balance sheet date of 30 June 2019. The wafering business contributed third-party sales of CHF 5.9 million and an ordinary result of CHF –1.2 million to the ordinary group result for the half-year 2019. Based on the sale price of CHF 50 million received in cash, the gain from the sale of the wafering business is included in the extraordinary income and amounts to CHF 27.3 million. While the sales price consists of a cash receipt and a possible earn-out component, as of 30 June 2019 no additional income from the sale is expected.

Oxford Photovoltaics Limited

In March 2019, Meyer Burger acquired 67403 shares of Oxford Photovoltaics Limited, London (GB), equalling an 18.4% share in the company. As of 30 June 2019, the 67403 shares correspond to 19.36% of ordinary shares of Oxford Photovoltaics Limited. The transaction price was settled in Meyer Burger shares with a total value of CHF 37.3 million from the capital increase in March 2019. Based on a comprehensive assessment, significant influence of Meyer Burger over Oxford Photovoltaics Limited was identified and thus it is classified as an associated company and included in the scope of consolidation at equity. Based on the provisional purchase price allocation, the investment value of 37.3 million was supported by the equity value of the company and additionally identified assets, mainly technologies. The loss shared in the first half-year 2019 amounts to CHF 0.7 million.

Accounting Policies – Investments in associates

An associate is an investment where significant influence can be exercised either through voting rights or otherwise. Significant influence is presumed to exist when the percentage of votes held is between 20% and 50% and control cannot be exercised.

Associates are consolidated using the equity method. Using the equity method, the investment in associates is initially recognised at cost. The carrying amount is subsequently adjusted for changes in the investor's share of the equity of the associate. The net result of associated companies is shown separately in the income statement.

At the time of their initial consolidation, the identifiable assets and liabilities of subsidiaries are restated to fair value. Goodwill represents the difference between the acquisition costs and the fair value of the acquired net assets. Goodwill is recognised in full in equity (retained earnings) at the acquisition date.

1.3 Foreign currency translation

The following translation rates into Swiss Francs were used:

	Unit	Closing rate				Average rate	
		30.6.2019	31.12.2018	30.6.2018	1 st HY 2019	2018	1 st HY 2018
European Euro (EUR)	1	1.1121	1.1269	1.1571	1.1296	1.1550	1.1700
US Dollar (USD)	1	0.9781	0.9858	0.9934	0.9999	0.9786	0.9668
Chinese Yuan Renminbi (CNY)	100	14.2214	14.3580	15.0093	14.7342	14.7996	15.1828
Japanese Yen (JPY)	100	0.9068	0.8984	0.8975	0.9088	0.8859	0.8892
Indian Rupee (INR)	100	1.4155	1.4119	1.4515	1.4276	1.4318	1.4729
Korean Won (KRW)	100	0.0847	0.0883	0.0892	0.0872	0.0889	0.0899
Malayan Ringgit (MYR)	100	23.6029	23.8545	24.6191	24.2716	24.2503	24.5465
Singapore Dollar (SGD)	1	0.7225	0.7232	0.7285	0.7356	0.7253	0.7288
Taiwan Dollar (TWD)	100	3.1510	3.2071	3.2611	3.2240	3.2460	3.2730

Assets and liabilities in balance sheets of foreign Group companies are translated into Swiss Francs at the closing rate, income statements at the average rate. Equity is translated at historical exchange rates. Any resulting foreign currency translation differences are offset against equity.

Notes to the Balance Sheet

Total assets remained stable at CHF 350.3 million as at 30 June 2019 which equals a 0.3% increase compared to CHF 349.2 million as at 31 December 2018.

Based on the operating result, cash and cash equivalents decreased from CHF 89.8 million to CHF 31.7 million as detailed in the cash flow statement. In the course of the sale of the wafering business, Meyer Burger received a cash payment of CHF 50 million. The proceeds were used to payback financial liabilities of CHF 18 million. An additional CHF 30 million were deposited for securing the guarantee limit of CHF 60 million within the syndicated bank loan. These are shown within other long-term receivables.

Due to the capital increase carried out in March the equity increased by CHF 34.7 million. Meyer Burger Technology Ltd issued 62 288 420 registered shares out of its existing authorised capital. The issuance increased Meyer Burger's listed share capital to CHF 34 258 691.70, divided into 685 173 834 registered shares with a nominal value of CHF 0.05 each. As the newly registered shares were used to settle the investment in Oxford PV, the capital increase was cash-neutral except for the cost incurred in the course of the transaction and the capital increase of CHF 2.6 million of which CHF 1.4 million were paid in the first half-year.

Notes to the Income Statement

The extraordinary result of CHF 27.7 million includes the result from the sale of the wafering business as per 30 April 2019 as well as the reversal of unused accruals for restructuring initially recognised through the extraordinary result. The non-operating result disclosed is due to the reclassification of the building in Thun as investment property for the part rented out to third parties. The reclassification did not lead to any valuation difference.

Further details to the income statement can be found in the respective sections in the management report on pages 5 and 6.

Accounting Policies – Investment property

Investment property is property held to earn rent and/or for value appreciation. Where the owner uses a portion of the property for his own use and another portion is held to earn rent or for value appreciation and these portions could be sold or leased out separately, an entity accounts for the portions separately.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. These costs do not include start-up costs, abnormal amounts of wasted material, labour or other resources incurred in constructing or developing the property or operating losses incurred before the investment property achieves the planned level of occupancy. After initial recognition, investment properties are measured using the cost model based on the purchase price or construction costs less any accumulated depreciation and any accumulated impairment losses.

Rental income from investment properties is recognised on a separate income account as part of the non-operating result. When posting maintenance and operating expenses for investment property, a distinction is made as to whether rental income is generated by the respective property. If not, maintenance and operating expenses are recognised in a separate expense account.

Other Information

1.4 Segment reporting

Based on the management structure, the activities of Meyer Burger Group are clustered into the reportable business segments “Photovoltaics” and “Specialised Technologies”.

Net sales by segments from 1 January 2019 to 30 June 2019

in TCHF	Photovoltaics	Specialised Technologies	Total	Consolidation	Total after consolidation
Net sales thirds	99 601	22 966	122 567	–	122 567
Net sales intercompany	192	4 510	4 703	–4 703	–
Net sales	99 793	27 477	127 270	–4 703	122 567

Net sales by segments from 1 January 2018 to 30 June 2018

in TCHF	Photovoltaics	Specialised Technologies	Total	Consolidation	Total after consolidation
Net sales thirds	202 396	29 932	232 328	–	232 328
Net sales intercompany	451	6 797	7 247	–7 247	–
Net sales	202 847	36 729	239 576	–7 247	232 328

Photovoltaics: The Photovoltaics segment largely comprises the core business of photovoltaics and covers the processes of wafering, solar cells, solar modules and solar systems with its portfolio of systems, production equipment and services. The wafering business was sold as of 30 April 2019 and thus is included in the above figures up until this date. Meyer Burger pursues the strategically long-term technology approach of considering core technologies of the photovoltaic value chain and optimally harmonising the technologies along the different processes (cells and connection technologies). Significant efficiency improvements in cells and modules can be achieved by using the latest technologies, which will continue to substantially reduce our customers’ production costs (total cost of ownership).

Specialised Technologies: With Specialised Technologies, Meyer Burger uses technologies that are successfully deployed in photovoltaics, particularly in the field of applying or removing layers on different substrates and materials as well as for slicing crystalline and other hard and brittle materials, in a wide range of other high-tech markets. Muegge's microwave and plasma technologies are used in biotechnology and environmental technology. PiXDRO inkjet print technology is used in the semiconductor industry as a pioneering technology. As a software development specialist, AIS manufactures control systems for factory automation, the automotive industry and other complex industrial processes. With this extensive portfolio, Meyer Burger is well positioned and can efficiently take an active approach to new trends in other industries on the basis of its existing core technologies.

As outlined above, Meyer Burger currently manages its operations in different operating business units, which are grouped into the reporting business segments "Photovoltaics" and "Specialised Technologies". Disclosure of the segment results would lead to much higher transparency in terms of our cost and margin structure than that of our relevant competitors, and we would be the only company to present detailed information on segment profitability. Most of our relevant competitors are companies without publicly available financial information or are large companies with large reporting segments in which comparable information is diluted accordingly. The disclosure of segment results would therefore lead to a considerable competitive disadvantage for Meyer Burger compared to its competitors. In addition, such information may have negative impacts on the company's negotiating position with customers and suppliers. For this reason, Meyer Burger Group does not disclose profitability measures for the segments.

1.5 Related party transactions

The related parties consist primarily of shareholders, members of the Board of Directors and of the Executive Board, and associated companies.

The company procures consultancy services from Meyerlustenberger Lachenal Attorneys at Law. Dr Alexander Vogel, up to 2 May 2019 the Chairman of the Board of Directors, is a partner in this law firm. The scope of the services procured amounted to CHF 0.3 million in the first half of 2019 until 2 May 2019 and CHF 0.4 million in the first half of 2018. Of the compensation to related parties as described above, CHF 0.2 million had not yet been paid as at 30 June 2019 (30.6.2018: CHF 0.4 million) and was recognised as a liability in the balance sheet.

Since the acquisition of the equity share of Oxford Photovoltaics Limited, the company is also an identified related party. While no transactions occurred with Oxford Photovoltaics Limited in the first half-year 2019, Meyer Burger has entered into a formal Collaboration Agreement with Oxford Photovoltaics Limited that sets the basis of the collaboration and future transactions.

As of 30 June 2019, no other transactions were conducted or receivables or liabilities outstanding towards other related parties or associated companies. All business relations with related parties are conducted at arm's length. No unusual transactions were effected with either the main shareholders or other related parties.

1.6 Contingent liabilities

No contingent liabilities existed as at 30 June 2019.

1.7 Events after the reporting date

On 23 July 2019, the syndicated bank loan with a guarantee facility of CHF 60 million and the loan, of which CHF 12 million are still outstanding was extended by the bank syndicate up until August 2020. On 13 August 2019, the bank syndicate agreed to temporarily release CHF 10 million of the CHF 30 million cash collateral because of the currently low utilization of the guarantee facility. In addition, on 31 July 2019, EUR 1.5 million were deposited for securing the guarantee limit with a German Bank.

No further events have occurred between 30 June and 14 August 2019 which would have a material effect on the recognised carrying amounts of assets and liabilities of the Meyer Burger Group or would have to be disclosed at this point.



Report on the Review of Interim consolidated financial statements to the Board of Directors of Meyer Burger Technology Ltd

Thun

According to your request, we have reviewed the interim consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes / pages 8 to 18) of Meyer Burger Technology AG for the period from 1 January 2019 to 30 June 2019.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910, which requires that a review be planned and performed to obtain limited assurance about whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements have not been prepared, in all material respects, in accordance with the requirements of Swiss GAAP FER 31 relating to interim reporting.

PricewaterhouseCoopers AG

Rolf Johner

Yvonne Burger

Bern, 14 August 2019

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Information for investors and the media

Registered shares Meyer Burger Technology Ltd

Swiss valor number	10850379
ISIN	CH0108503795
Listing	SIX Swiss Exchange
Ticker symbol	MBTN
Reuters	MBTN.S
Bloomberg	MBTN SW
Nominal value per registered share	CHF 0.05
Number of outstanding shares	685 173 834 as of 30 June 2019
Share price high/low H1 2019	CHF 0.95/CHF 0.50
Closing price as of 30 June 2019	CHF 0.523

Convertible bond 2014–2020

Swiss valor number	25344513
ISIN	CH0253445131
Listing	SIX Swiss Exchange
Ticker symbol	MBT14
Reuters	MBTN
Bloomberg	MBTN SW
Coupon	5.50% per annum
Outstanding amount	CHF 26 830 000
Conversion price	CHF 0.98
Maturity	24 September 2020
Bond price high/low H1 2019	109.00%/100.00%
Closing price as of 30 June 2019	104.00%

Other informationen

Accounting standard	Swiss GAAP FER
Auditors	PricewaterhouseCoopers AG
Share Register	Computershare Schweiz Ltd

Important dates

15 August 2019	Publication Half-Year Results 2019, Conference call for analysts and investors
12 March 2020	Publication Fiscal Year Results 2019, Analysts and Media Conference, Metropol, Zurich
13 May 2020	Ordinary Annual General Meeting Kultur- und Kongresszentrum, Thun

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Declaration on forward-looking statements

This document contains statements that constitute “forward-looking” statements, relating to Meyer Burger. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to Meyer Burger at the time of preparing the Half-Year Report 2019. Meyer Burger does not undertake any obligation to update any forward-looking statements contained in these documents as a result of new information, future events or otherwise.

The Half-Year Report 2019 is available in electronic form, in German and English. The original German language version is binding.

The document is also available on the company website: www.meyerburger.com

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