H1.2019 Results
u-blox Holding AG

August 23, 2019

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Roland Jud, CFO
Disclaimer

This presentation contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied herein.

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Agenda

Highlights H1.2019
Financial results H1.2019
Business review
Outlook
Q&A
Highlights H1.2019

- Financial performance reflects a sluggish market environment in H1.2019 resulting in revenue decline of -4%
  - Resurgence in APAC with growth of +8% (China +14%, decline in Taiwan due to elimination of one large customer)
  - Reduction in revenues in EMEA of -12%
  - Americas declined slightly by -7% as industrial customers’ LTE connectivity migration just started in H1.2019
- Strong growth in number of customers
- Important product launches – new chip platform and modules
- R&D pipeline expanded – significant product launches ahead
Adjusted gross profit down by 8.4%
Adjusted EBITDA and EBIT
CHF 32.7m resp. CHF 19.7m
Increased amortization of capitalized R&D projects and lower capitalization rate
Increased cash flow from operating activities CHF 33.1m (+141%)
Free cash flow CHF 3.9m (before acquisitions)
## Results u-blox group H1.2019: Overview

<table>
<thead>
<tr>
<th>Key figures</th>
<th>Amount CHF</th>
<th>In relation to revenue</th>
<th>Change H1.2019 to H1.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>190.6m</td>
<td>-</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Gross profit adjusted 1)</td>
<td>86.1m</td>
<td>45.2%</td>
<td>-8.4%</td>
</tr>
<tr>
<td>IFRS reported</td>
<td>85.8m</td>
<td>45.0%</td>
<td>-8.3%</td>
</tr>
<tr>
<td>EBITDA adjusted 1)</td>
<td>32.7m</td>
<td>17.2%</td>
<td>-27.5%</td>
</tr>
<tr>
<td>IFRS reported</td>
<td>29.1m</td>
<td>15.3%</td>
<td>-27.4%</td>
</tr>
<tr>
<td>Operating profit (EBIT ) adjusted 1)</td>
<td>19.7m</td>
<td>10.3%</td>
<td>-43.7%</td>
</tr>
<tr>
<td>IFRS reported</td>
<td>14.9m</td>
<td>7.8%</td>
<td>-47.8%</td>
</tr>
<tr>
<td>Net profit, attributable to owners of adjusted 1)</td>
<td>13.6m</td>
<td>7.2%</td>
<td>-54.8%</td>
</tr>
<tr>
<td>IFRS reported</td>
<td>9.7m</td>
<td>5.1%</td>
<td>-61.5%</td>
</tr>
<tr>
<td>Free Cashflow (before acquisitions)</td>
<td>3.9m</td>
<td>2.0%</td>
<td>122.6%</td>
</tr>
</tbody>
</table>

**In relation to total assets**

| Cash                             | 121.0m     | 21.0%                  |
| Equity                           | 348.4m     | 60.5%                  |

1) Excl. Share-based payments, impacts based on IAS-19, amortization of intangible assets acquired and non-recurring expenses
Revenue and EBITDA

Comments

• Revenue slightly below previous year (-4.2% compared to H1.2018)
• Currency impact on revenues
  • at H1.2018 rates: 2.0%
  • at guidance rates: 1.1%
• EBITDA (adjusted) of 17.2%
Market trends

Comments

In absolute terms:
- Industrial markets stable
  - Infrastructure
  - Telematics
- Automotive market stable
  - In-car navigation
  - In-car connectivity
- Consumer markets in decline

Revenue split per market for H1.2019

Note: Estimate
Revenues by geography

Comments
Growth in geographic regions compared to H1.2018:
- Asia Pacific: +8%.
  - Strong rebound in China: +14%
- EMEA: -12%: Base effect after a very strong H1.2018; growth over H2.2018: 10%
- Americas: -7%: Impacted by ongoing network readiness delays

Revenues by geographic region

Note: based on reporting area
Comments

• ASP for modules and chips increased
• Module business flat
• Continued strong growth with u-blox 8/M8 chipset
• Decline in chipset volume due to declines in consumer markets
Gross profit

Comments
• Gross profit (adjusted) of CHF 86.1m
• Gross profit margin (adjusted) stable at 2018 level
  • H1.2018 margin was improved by extra-ordinary effects from IPR cost improvements
Global customer base

Comments

- Continued wide spread across different applications and geographical regions
- Strong and stable customer base, now serving 6’700 customers worldwide in H1.2019 (H1.2018: 5’900 customers)
- Low customer dependency
  - 94 customers total 80% of revenue
  - Largest customer accounts for less than 4.6% of total revenue in H1.2019
- 10 biggest customers account for 27.1% of total revenue in H1.2019

Number of customers totaling 80% of revenue
Distribution & Marketing / Research & Development

Comments

• D&M expenses (adjusted) were stable compared to H1.2018
• R&D expenses (adjusted) increased
  • R&D pipeline fully maintained with several important new platforms
  • Increased amortization of capitalized development costs
• Lower capitalization rate in H1.2019: 42% (H1.2018: 46%)

D&M expenses (adjusted)

R&D expenses (adjusted)
Employment
Staff level stabilized

Employee breakdown (end of June 2019, FTE based)

- Research & development: 67% (2018: 692)
- Sales, marketing, support: 17% (2018: 171)
- Logistics, admin: 15% (2018: 157)

Total = 1'021 FTE (2018: 1020 FTE)

Note: 75% of employees based outside Switzerland (spread across 18 countries)

Average number of employees (FTE based)

Note: Average number of employees (FTE = full time equivalent)
## Income statement
### Adjusted and IFRS numbers

### Comments
- Adjustments are share-based payments of CHF 2.9m, pension impact of IAS-19 of CHF 0.8m, and amortization of intangible assets acquired of CHF 1.1m.
- OPEX (adjusted) 34.9% of revenue (H1.2018: 29.7%).
- EBITDA margin (adjusted) of 17.2% (H1.2018: 22.7%).
- EBIT margin (adjusted) of 10.3% (H1.2018: 17.5%).
- Financial costs consists mainly of foreign exchange losses, the interest for the two bonds, and the result of Sapcorda GmbH.
- Tax rate (adjusted) of 17.1% (H1.2018: 20.2%).
- Net profit margin (adjusted) of 7.4% (H1.2018: 15.2%).

### Impact of adaption of new IFRS 16 (Leasing) standard
- On EBITDA CHF 2.6m, on EBIT CHF 0.4m for H1.2019 financial costs contain CHF 0.4m, no impact on net profit.

### Table: Income statement (in CHF 000s)

<table>
<thead>
<tr>
<th></th>
<th>Jan-Jun 2019</th>
<th>Adjustments</th>
<th>Jan-Jun 2018</th>
<th>Jan-Jun 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(IFRS) % revenue</td>
<td>(adjusted) % revenue</td>
<td>(adjusted) % revenue</td>
<td>(adjusted) % revenue</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>190'554</td>
<td>100.0%</td>
<td>190'554</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-104'772</td>
<td>-55.0%</td>
<td>306</td>
<td>-54.8%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>85'782</td>
<td>45.0%</td>
<td>306</td>
<td>45.0%</td>
</tr>
<tr>
<td>Distribution and marketing expenses</td>
<td>-11'855</td>
<td>-6.7%</td>
<td>798</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>-42'368</td>
<td>-22.2%</td>
<td>2'591</td>
<td>-20.9%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-11'320</td>
<td>-5.9%</td>
<td>1'065</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Other income</td>
<td>1'368</td>
<td>0.7%</td>
<td>1'368</td>
<td>0.7%</td>
</tr>
<tr>
<td>Operating Profit (EBIT)</td>
<td>14'906</td>
<td>7.8%</td>
<td>4'760</td>
<td>10.3%</td>
</tr>
<tr>
<td>Finance income</td>
<td>1'762</td>
<td>0.9%</td>
<td>1'762</td>
<td>0.9%</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-3'157</td>
<td>-1.7%</td>
<td>-3'157</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Share of profit of equity-accounted investees, net of taxes</td>
<td>-1'989</td>
<td>-1.0%</td>
<td>-1'989</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Profit before income tax (EBIT)</td>
<td>11'522</td>
<td>6.0%</td>
<td>4'760</td>
<td>10.3%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-1'872</td>
<td>-1.0%</td>
<td>-773</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Net profit, attributable to owners of the parent</td>
<td>9'650</td>
<td>5.1%</td>
<td>3'987</td>
<td>7.2%</td>
</tr>
<tr>
<td>Earnings per share in CHF</td>
<td>1.39</td>
<td>1.96</td>
<td>4.32</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share in CHF</td>
<td>1.39</td>
<td>1.96</td>
<td>4.31</td>
<td></td>
</tr>
<tr>
<td>Operating Profit (EBIT)</td>
<td>14'906</td>
<td>7.8%</td>
<td>4'760</td>
<td>10.3%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>14'164</td>
<td>7.4%</td>
<td>-1'092</td>
<td>6.9%</td>
</tr>
<tr>
<td>EBITDA 1)</td>
<td>29'070</td>
<td>15.3%</td>
<td>3'668</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

1) Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization of intangible assets acquired.
2) Adjustments are impacts of share based payments, Pension calculation according to IAS-19, Non-recurring expenses and amortization of intangible assets acquired.
## Segment information

IFRS numbers

<table>
<thead>
<tr>
<th></th>
<th>Positioning and wireless products</th>
<th>Wireless services</th>
<th>Total segments</th>
<th>Non-allocated/eliminations</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January - June</td>
<td>January - June</td>
<td>January - June</td>
<td>January - June</td>
<td>January - June</td>
</tr>
<tr>
<td>Revenue third parties</td>
<td>190'433</td>
<td>198'877</td>
<td>121</td>
<td>106</td>
<td>190'554</td>
</tr>
<tr>
<td>Revenue intragroup</td>
<td>15'871</td>
<td>16'043</td>
<td>-15'871</td>
<td>-16'043</td>
<td>0</td>
</tr>
<tr>
<td>Total revenue</td>
<td>190'433</td>
<td>198'877</td>
<td>15'992</td>
<td>16'149</td>
<td>206'425</td>
</tr>
<tr>
<td>EBITDA</td>
<td>25'933</td>
<td>39'623</td>
<td>3'137</td>
<td>430</td>
<td>29'070</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-4'945</td>
<td>-3'392</td>
<td>-1'570</td>
<td>-1'252</td>
<td>-6'515</td>
</tr>
<tr>
<td>Amortization</td>
<td>-7'638</td>
<td>-6'851</td>
<td>-11</td>
<td>-15</td>
<td>-7'649</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>13'350</td>
<td>29'380</td>
<td>1'556</td>
<td>-837</td>
<td>14'906</td>
</tr>
<tr>
<td>Finance income</td>
<td>1'762</td>
<td>5'668</td>
<td></td>
<td></td>
<td>1'762</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-3'157</td>
<td>-5'652</td>
<td></td>
<td></td>
<td>-3'157</td>
</tr>
<tr>
<td>Share of profit of equity-accounted investees, net of taxes</td>
<td>-1'989</td>
<td>-400</td>
<td></td>
<td></td>
<td>-1'989</td>
</tr>
<tr>
<td>EBT</td>
<td>11'522</td>
<td>28'159</td>
<td></td>
<td></td>
<td>11'522</td>
</tr>
</tbody>
</table>
Statement of financial position

Comments

• Strong financial position with a liquidity (incl. marketable securities) of CHF 122.4m (Dec. 2018: CHF 137.7m)
• Inventory CHF 58.2m (Dec. 2018: CHF 57.5m) still affected by supply chain constraints in 2018
• Trade receivables CHF 52.6m (Dec. 2018: CHF 60.8m)
• Increased intangible assets due to capitalization of R&D expenses. Capitalized R&D is at CHF 195.1m (2018: CHF 174.6m). Amortizations of capitalized R&D: CHF 5.9m
• Trade payables of CHF 23.4m (Dec. 2018: CHF 21.6m)
• Non-current liabilities contain bonds of CHF 119.3m, deferred tax liabilities (CHF 8.3 m), employee benefits (IAS-19, CHF 18.3m), provisions (CHF 8.0m)
• IFRS 16 impact:
  • Right-of-use assets CHF 19.5m, leasing liability CHF 19.5m
  • Increase of Total assets by CHF 19.5m
## Statement of financial position

### Comments
- Strong equity base maintained
- Equity ratio of 60.5% (2018: 63.1%)
- Treasury shares for option program CHF 32.0m (Dec. 2018: CHF 32.0m)
- Equity ratio without treasury shares: 62.6% (2018: 65.1%)
- Equity ratio without IFRS 16: 62.5% (2018: 63.1%)

### Total equity and equity ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity (CHF million)</th>
<th>Equity ratio (% of total assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>285</td>
<td>67.0%</td>
</tr>
<tr>
<td>2017</td>
<td>319</td>
<td>60.7%</td>
</tr>
<tr>
<td>2018</td>
<td>349</td>
<td>63.1%</td>
</tr>
<tr>
<td>H1.17</td>
<td>275</td>
<td>58.1%</td>
</tr>
<tr>
<td>H1.18</td>
<td>346</td>
<td>62.0%</td>
</tr>
<tr>
<td>H1.19</td>
<td>348</td>
<td>60.5%</td>
</tr>
</tbody>
</table>

![Equity and Equity Ratio Chart](chart.png)
Consolidated statement of cash flows

Comments

• Cash flow from operating activities strongly increased:
  • Decrease of trade and other receivables CHF 5.7m (H1.2018: CHF -9.8m)
  • Increase of inventory CHF -0.7m (H1.2018 CHF -12.4m)
  • Decrease of provisions CHF 1.1m (H1.2018 CHF -2.4m)

• Reduced investment activities

• Further investment into JV Sapcorda of CHF 3.4m

• IFRS 16 effect: Operating Cash flow H1.2019 +CHF 2.6m

• Cash used in financing activities H1.2019 CHF -2.6m

(in CHF 000s)

<table>
<thead>
<tr>
<th>Item</th>
<th>For the period ended June 30, 2019</th>
<th>For the period ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>9,650</td>
<td>25,083</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>14,164</td>
<td>11,510</td>
</tr>
<tr>
<td>Other non-cash transactions</td>
<td>2,547</td>
<td>6,093</td>
</tr>
<tr>
<td>Financial income &amp; Financial expense</td>
<td>3,384</td>
<td>-2,879</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,872</td>
<td>6,339</td>
</tr>
<tr>
<td>Change in Networking Capital and provision</td>
<td>7,900</td>
<td>-21,457</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-6,406</td>
<td>-10,953</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>33,911</td>
<td>13,736</td>
</tr>
<tr>
<td>Net investment into property, plant and equipment</td>
<td>-3,409</td>
<td>-4,345</td>
</tr>
<tr>
<td>Net investment into intangibles</td>
<td>-26,408</td>
<td>-27,623</td>
</tr>
<tr>
<td>Net investments into financial assets</td>
<td>612</td>
<td>918</td>
</tr>
<tr>
<td>Participation in capital increase</td>
<td>-3,386</td>
<td>-4,108</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-32,591</td>
<td>-36,158</td>
</tr>
<tr>
<td>Free Cash Flow (before Participation in capital increase)</td>
<td>3,906</td>
<td>-17,314</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>520</td>
<td>-21,422</td>
</tr>
<tr>
<td>Proceeds from issuance of ordinary shares</td>
<td>91</td>
<td>13,999</td>
</tr>
<tr>
<td>Dividends paid to owners of the parent</td>
<td>-11,077</td>
<td>-15,440</td>
</tr>
<tr>
<td>Repayment of financial liabilities</td>
<td>-2,192</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-2,182</td>
<td>-1,813</td>
</tr>
<tr>
<td>Net cash provided by / used in financing activities</td>
<td>-16,360</td>
<td>-3,654</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>-14,840</td>
<td>-25,076</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>136,296</td>
<td>169,624</td>
</tr>
<tr>
<td>Exchange gains / (losses) on cash and cash equivalents</td>
<td>-481</td>
<td>3,291</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>120,975</td>
<td>147,839</td>
</tr>
</tbody>
</table>
Business update
Product highlights
Meeting our customers' needs for secure and simple cloud connectivity

**Cellular Communication**

**SARA-R5**
The most advanced, secure and highly integrated cellular modem offers unmatched end-to-end security and long product availability, making it ideal for IoT applications with long-term device deployments.

**Short Range Radio Communication**

**u-connectScript**
Enables easy and interactive development of embedded applications, simplifying wireless Bluetooth and Wi-Fi device development, enabling embedded script applications in the module while reducing complexity and cutting time to market.

**Positioning**

**ZED-F9K** High precision
ZED-F9K’s accuracy and low latency makes it ideal for automotive OEMs and Tier 1s developing V2X (Vehicle-to-everything) communication systems.
SARA-R5
The most advanced, secure and highly integrated cellular modem for the industrial IoT

Introducing the R5 platform
Most advanced, secure and highly integrated

The first and only LPWA cellular IoT connectivity solution with:
- Industry-leading security
- Efficient and lightweight key management solution
- HW ready for Optional integrated eSIM and activation service
- Pre-integrated cloud provisioning
- Integrated multi-constellation, high-performance GNSS
- HW ready for powerful edge computing
All on a 5G-ready platform optimized for industrial and automotive IoT applications

u-blox has full technology ownership
Key benefits for industrial IoT applications

- u-blox core IP for:
  - LTE modem (radio, baseband processor)
  - Security
  - Power management
  - GNSS positioning
- Key benefits:
  - Unprecedented problem solving for IoT
  - End-to-end secure solution
  - Only one product for world-wide use
  - Commitment to longevity of product availability
  - Highly competent technical support

SARA-R5 problem solving space
Industrial IoT made feasible as never before
Focus on attractive markets

Market penetration

- Smart home & buildings
- Automotive
- Industry
- Wearables
- Smart city
- Unmanned vehicles
• Schindler’s myPORT app uses Bluetooth® and our u-blox NINA-B1 Bluetooth module to enable user identification, authentication, and authorization.

• “Our solution needed a Bluetooth module providing reliable performance regardless of the orientation of its antenna. We found our fit in the u-blox NINA-B1 module.”

Nicolas Gremaud, Vice President and Head of the Transit Management Group at Schindler Elevator Ltd
Customer relationships: Treon
A wireless sensor network to connect buildings to the cloud

- Treon’s platform uses our u-blox NINA Bluetooth module series to connect nodes distributed across a building in a wireless mesh network.
- An IoT edge gateway featuring our SARA-R4 cellular module and NINA-B1 Bluetooth low energy module links the network to the cloud. Both the Treon Node and Gateway run Wirepas Mesh and are prepared for Bluetooth mesh as well.

The Treon Node features sensors measuring temperature, pressure, light, humidity, motion, magnetic field strength, and a gas sensor for indoor air quality monitoring.
Customer relationships: Arvento
Delivering high levels of positioning sensitivity and accuracy

- Arvento, a global pioneer in vehicle telematics and fleet management technology, launched a new vehicle tracking system imt.x1.
- u-blox was a key factor in the imt.x1 product development process. The system’s high position sensitivity and accuracy are based on our 2G, 4G, and 5G-ready cellular modules as well as GNSS modules.
- “u-blox is our trusted solutions partner, working closely with us to address customer demands and issues.”

Özer Hincal, Arvento’s General Manager

Vehicle tracking allows to:
- track your vehicles 7/24 in real time and retroactively
- identify speed limit, route, and region
- receive instant warning messages on pre-defined topics
- get current and retroactive reports on your vehicles and drivers
Strategy
Successful strategy execution

Market position

- Product range for all markets
- High quality and reliability

Technology and innovation

- Significant long-term product road map
- Product and service portfolio expanded, while taking greater control.

Operational excellence

- Fabless with leading long-term partners
- 98.6% of orders reached customers on the confirmed delivery date

Strategic partnerships

- Acquisition of Rigado short-range module business for accelerating growth
- Continued expansion of our partnerships
Strategic priorities 2019 (1)

**Market position**

- Further develop our position in the automotive market, including for autonomous vehicles
- Expand high-precision positioning into a broader range of markets to support general automation
- Capitalize on strong move towards LTE-based cellular connectivity for the IoT
- Expand short range radio solutions based on latest standards and market needs

**Technology & innovation**

- Push ahead with the development of our own silicon to give us even more control over the core technology in our products
- Launch products based on our own silicon across all three technology areas
- Continually strive to make our products more secure
- Expand our offering of solutions combining u-blox products from different lines
Strategic priorities 2019 (2)

Operational excellence
• Strongly focus on emerging applications in the industrial IoT space
• Further explore unique partnerships with suppliers of key components
• Improve the resilience of our supply chain by reducing dependency on any single supplier

Strategic partnership & acquisition opportunities
• Develop new relationships with key players in our markets and expand existing ones
• Continue to review potential acquisitions that will strengthen our product portfolio and technology base and accelerate our strategy
Accelerating growth by acquisition

Expansion of SHO business with assets of Rigado

• Increase market share in the short range radio segment:
  • 1’000 additional customers in the US
  • Strong relationship with large distributors
• Exciting synergy opportunities: Extend our offering for short range radio modules
  • Modules with low cost BLE chips from Nordic Semiconductor
  • Modules with different antenna connectors
  • All Rigado products are open CPU, i.e. no software delivered
• Expand team with 7 experts
• Strong cross selling opportunity
Acquisition of Rigado

Transaction highlights

• Acquisition of Rigado’s Bluetooth modules business in an asset purchase agreement
• Acquisition closed on July 31, 2019
• Team and business already fully integrated
• Cash purchase of CHF 7.4m (after balance sheet date)
The future will be connected

Exciting technologies form our intellectual property

- Mobility
- Industry 4.0
- Urbanization
- New Health

- Connected Vehicle
- Connected Industry
- Connected City
- Connected Consumer
Driving growth
Extracting more from the value chain

- **Continuous technology innovation**
  - More technological capabilities open new application possibilities.
  - Innovations at IP core assure continued margin expansion.
- **New standards expand application possibilities**
  - 5G → more applications enabled.
  - Bluetooth and Wi-Fi standards expansion → capillary IIoT.
  - New satellite signals → higher availability and precision.
- Cloud enables **adding services** with recurring revenue on top of our product sales
  - Sold to OEM (u-blox customer).
  - Sold to end customer (via partners).
Looking forward
Strong market traction with expanding product offer

- Very good market traction with our product offer
- Modules based on our own chipset deliver outstanding customer value
- Competitive position unaffected by trade war and tariff issues
- Customer base continually expanding. Rigado acquisition added another 1’000 accounts
- Strong product pipeline further materializing in 2019
- Service offer will add recurring revenue stream
- Positive free cash flow maintained with stabilized OPEX and strict cash management
Outlook
Guidance 2019

• **Outlook 2019** adjusted reflecting the macro-economic uncertainties
  - APAC robust growth thanks to solid demand in China in the industrial field
  - EMEA flat outlook due to overall negative sentiment in the industry and the decline in automotive production
  - Americas turning to positive growth in H2.2019 with Cat M demand strongly ramping up
  - R&D amortizations increasing and lower R&D capitalization rate compared to 2018

<table>
<thead>
<tr>
<th></th>
<th>Actual FY 2018 (IFRS)</th>
<th>Previous guidance 2019 (IFRS)</th>
<th>Updated guidance 2019 (IFRS)</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>393.3m</td>
<td>460m...490m</td>
<td>380m...400m</td>
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<tr>
<td>EBITDA</td>
<td>71.6m</td>
<td>70m...90m</td>
<td>50m...60m</td>
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<tr>
<td>EBIT</td>
<td>48.3m</td>
<td>30m...45m</td>
<td>15m...27m</td>
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</table>

Exchange rate assumptions for 2019:
- EUR/CHF: 1.12
- USD/CHF: 0.99
- GBP/CHF: 1.27

FX-sensitivity against CHF:

<table>
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<th>+10% of</th>
<th>USD</th>
<th>EUR</th>
<th>GBP</th>
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<tbody>
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<td>Revenue</td>
<td>+ 9%</td>
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<tr>
<td>EBITDA</td>
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<tr>
<td>EBIT</td>
<td>+ 22%</td>
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<td>- 2%</td>
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Upcoming events

- Investor and analyst day: November 20, 2019
- 2019 full year results: March 12, 2020
- Annual general meeting: April 23, 2020
Thank you for your attention.