



Press release

## u-blox posts strong first half for 2015

**Thalwil, Switzerland – September 4, 2015** – u-blox (SIX: UBXN), u-blox, a global leader in wireless and positioning modules and chips, announces its financial results for the first semester.

### Financial highlights

u-blox reports ongoing solid top- and bottom-line growth:

- Consolidated revenues amounted to CHF 161.9 million during the first half of 2015, an increase of 33.1% compared with the same period last year.
- Gross profit rose from CHF 57.6 million to CHF 72.8 million, with gross profit margin remaining high at 44.9%. Operating profit (EBIT) was up from CHF 18.8 million to CHF 24.8 million, an improvement of 31.9% over the same period last year.
- The EBITDA margin stood at 22.6%, EBIT margin at 15.3%.
- Net profit was CHF 15.0 million compared to CHF 14.4 million for the same period last year. It was influenced by the EUR/CHF exchange rate.
- Strong net cash generated from operating activities was CHF 20.5 million, representing 12.7% of revenue.
- u-blox issued in April a bond for CHF 60 million (6 years, interest 1.625%) to improve financial flexibility.
- Healthy balance sheet with a high equity ratio of 64.0%.

### Sales and profit continue to rise

During the first half of 2015, worldwide sales showed a 33.1% rise over the same period last year, and encouraging progress was reported in all regions.

In the Americas, growth continued positively, resulting in 48.1% expansion compared to the same period last year. Continuing improvement in the macro-economic climate pushed up demand for our customers' products and hence our own. u-blox posted a pleasing increase in market share and higher volumes, thanks to a number of new customers. Interest in our new products and technologies is keen and provides a solid foundation for future operations.

In Europe, the Middle East and Africa (EMEA), growth remained static in some countries. Expansion was reported in countries with healthy export markets, resulting in a 24.3% increase in revenues for automotive and industrial applications and a significant rise in new accounts and business opportunities.

Growth in Asia-Pacific (APAC) reflected the region's vibrant economies and was a major factor in consolidating our market share. While sales to existing customers continued to rise, u-blox also acquired some significant new accounts primarily in China. Our reputation for ongoing innovation and the delivery of new technologies continues to attract new customers and has seen us involved in several major ramp-ups with our products. Revenues grew strongly in all application areas, and the overall increase stood at 29.9%.

The company's product and service business segments both generated positive EBIT in the first semester. Consolidated revenues increased by CHF 40.3 million to CHF 161.9 million while EBIT rose from CHF 18.8 million to CHF 24.8 million, a 31.9% increase over the same period in 2014. Net profit rose to CHF 15.0 million.

### Strategic course confirmed

In the first half of 2015, u-blox's expansion, acquisition, manufacturing and product strategies moved it closer to its target of half-billion-dollar annual revenues in the foreseeable future.

The major news on the acquisition front was u-blox's takeover of Berlin-based lesswire's automotive short-range modules operations. This strengthened our automotive-grade Bluetooth and Wi-Fi module products, our position

in the automotive market and gave us a team of key engineers. Both staff and products have been smoothly and seamlessly integrated into u-blox's operations. The team is located in Berlin.

During the first half of 2015, u-blox opened up an office in Osaka, Japan, to provide local support for M2M (machine-to-machine) customers in the south of Japan. u-blox also set up another office in Chongqing to demonstrate interest to further invest in the fast growing market of Western China and getting closer to local automotive and industrial customers.

The company also became a member of the M2M Alliance, a platform for providers and users designed to promote M2M technologies and solutions. A second strategically motivated move was u-blox's decision to become a member of the CAR 2 CAR Communication Consortium, which is dedicated to the development and deployment of Cooperative Intelligent Transport Systems (C-ITS). Both memberships position u-blox firmly within the community of movers in the "Internet of Things" (IoT) wireless communication industry.

### **Product highlights**

Ongoing R&D is indispensable if u-blox is to satisfy its customers' wide-ranging and ever-changing needs and stay at the head of the industry. u-blox launched no fewer than six new products during the first half of 2015. The 4G LTE voice-data modem TOBY-L280 is one of the world's smallest and fastest devices of its kind and supports HSPA+ and GSM/GPRS, which equates to the Asia-Pacific area. Another u-blox product, the ODIN-W2 took Connected World magazine's IoT Innovation Award, which honors the most transformative businesses in the IoT sector. The third major launch was CAM-M8C, a tiny surface-mount GNSS global positioning module with an integrated wideband chip antenna for reception across the entire L1 band. u-blox expanded its position for short range radio solutions with launches including: the ELLA-W1 series of compact, automotive-grade, multiradio modules; EMMY-W1, a line of combined Wi-Fi, Bluetooth and NFC modules for easy onboard implementation of cutting-edge wireless standards; and, finally, the dual-band Wi-Fi and dual-mode Bluetooth standalone ODIN-W262 module. All these developments will strengthen and consolidate u-blox's position in the markets of the future.

### **Communications to match growth**

u-blox launched a new-look website under the company's motto: locate, communicate, accelerate. The website provides customers with access to superior services and a better and more intuitively organized overview of products. It will feature online support and a forum, and is a reflection of the importance u-blox attaches to well caring its customers.

### **Revenue breakdown**

u-blox operates in two segments:

- Positioning and Wireless products  
u-blox develops and sells chips and modules for positioning and wireless connectivity that are used in automotive, industrial and consumer applications. Revenue was CHF 161.8 million for the first half of 2015 compared with CHF 121.5 million during the same period last year.
- Wireless services  
u-blox also offers wireless communication technology services in the form of reference designs and software. In the first semester, revenue for wireless services was CHF 12.8 million compared with CHF 9.5 million in the first half of 2014 (including intra-group revenue).

During this period, Asia-Pacific accounted for 46.6%, EMEA 24.6% and the Americas 28.8% of total revenue based on billing location. u-blox reported increased revenues in all regions. Revenue for Asia Pacific grew by 29.9% to CHF 75.5 million, for EMEA by 24.3% to CHF 39.8 million and for Americas by 48.1% to CHF 46.6 million.

In the first half of 2015, the company made about 80% of its total revenue from 63 customers. u-blox's largest customer accounted for 9% of revenue. u-blox served over 5'000 customers and achieved global expansion into new regions and markets.

## Increased gross profit

Gross profit increased by 26.3% to CHF 72.8 million during the first half of 2015, up from CHF 57.6 million in the same period last year. Gross profit margin was 44.9%, declining from 47.4% in first half year 2014 because of the changes in product mix.

## Distribution and marketing activities

During the period under review, distribution and marketing expenses were up from CHF 11.5 million to CHF 13.3 million due to an increase in activities. As a percentage of revenue, distribution and marketing expenses declined to 8.2%, compared with 9.5% during the same period last year.

## Research and product development

R&D expenses during the first half year were CHF 29.9 million, compared with CHF 22.7 million in the first semester of 2014. As a percentage of revenue, R&D expenses remained constant at 18.5%, compared with 18.7% in 2014.

## Increase in operating profit (EBIT)

EBIT was CHF 24.8 million, or 15.3% of revenue during the first semester, compared with CHF 18.8 million or 15.5% of revenue over the same period last year. The EBITDA margin stood at 22.6%.

## Finance income and costs

Finance costs of CHF 6.5 million consist primarily of realized and unrealized foreign exchange losses on receivables and payables due to the SNB's unpegging of the CHF/EUR rate in January 2015. Finance income was CHF 0.2 million.

Table 1: consolidated income statement

(in CHF 000s)	Jan. - June 2015 (unaudited)	% revenue	Jan. - June 2014 (unaudited)	% revenue	Jan. - Dec. 2014 (audited)	% revenue
<b>Revenue</b>	<b>161'912</b>	100.0%	<b>121'625</b>	100.0%	<b>270'045</b>	100.0%
Cost of sales	-89'158	-55.1%	-64'031	-52.6%	-147'323	-54.6%
<b>Gross profit</b>	<b>72'754</b>	44.9%	<b>57'594</b>	47.4%	<b>122'722</b>	45.4%
Distribution and marketing expenses	-13'336	-8.2%	-11'505	-9.5%	-24'525	-9.1%
Research and development expenses	-29'942	-18.5%	-22'703	-18.7%	-49'859	-18.5%
General and administrative expenses	-6'369	-3.9%	-4'689	-3.9%	-10'131	-3.8%
Other income	1'686	1.0%	101	0.1%	868	0.3%
<b>Operating profit (EBIT)</b>	<b>24'793</b>	15.3%	<b>18'798</b>	15.5%	<b>39'075</b>	14.5%
Financial income	198	0.1%	1'090	0.9%	4'546	1.7%
Finance costs	-6'502	-4.0%	-385	-0.3%	-658	-0.2%
<b>Profit before income tax (EBT)</b>	<b>18'489</b>	11.4%	<b>19'503</b>	16.0%	<b>42'963</b>	15.9%
Income tax expense	-3'525	-2.2%	-5'100	-4.2%	-8'566	-3.2%
<b>Net profit, attributable to owners of the parent</b>	<b>14'964</b>	9.2%	<b>14'403</b>	11.8%	<b>34'397</b>	12.7%
Operating profit (EBIT)	24'793	15.3%	18'798	15.5%	39'075	14.5%
Depreciation and amortization	11'748	7.3%	8'489	7.0%	19'529	7.2%
<b>EBITDA<sup>1)</sup></b>	<b>36'541</b>	22.6%	<b>27'287</b>	22.4%	<b>58'604</b>	21.7%

<sup>1)</sup> Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to operating profit (EBIT), in each case determined in accordance with IFRS.

## Positive net cash generated from operating activities

In the first half year 2015, u-blox generated cash from operating activities in the amount of CHF 20.5 million as compared to CHF 15.7 million in the same period last year.

Table 2: consolidated statement of cash flows (condensed)

(in CHF 000s)	Jan. - June 2015 (unaudited)	Jan. - June 2014 (unaudited)
Net cash provided by operating activities	20'522	15'655
Net cash used in investing activities	-15'751	-33'882
Net cash provided by financing activities	33'232	15'778
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>38'003</b>	<b>-2'449</b>
Cash and cash equivalents at beginning of period	37'662	33'163
Effect of exchange rate fluctuations on cash and cash equivalents	-936	-324
<b>Cash and cash equivalents at end of period</b>	<b>74'729</b>	<b>30'390</b>

### Main investing activities

Net cash used in investing activities consists mainly of investments into property, plant and equipment of CHF 4.3 million (June 30, 2014 CHF 2.6 million) and investments into intangible assets of CHF 16.0 million (June 30, 2014 CHF 10.3 million) in the first half year 2015.

### Financing activities

In April 2015, u-blox placed a fixed-rate domestic straight bond worth CHF 60 million. The issue was designed to increase the company's financial flexibility and guarantee Group liquidity during the years ahead.

The company also repaid the short-term CHF 20 million bank loan taken up in connection with short-range radio acquisitions. The net cash provided by financing activities also contains the dividend payment in May 2015 of CHF 10.7 million and the increase of the share capital due to the exercise of share options of CHF 4.7 million.

### Strong financial position

u-blox has a strong balance sheet with an equity ratio of 64.0%. Cash and cash equivalents and marketable securities amounted to CHF 91.6 million at June 30, 2015, compared with CHF 59.4 million at December 31, 2014.

Table 3: consolidated statement of financial position (condensed)

(in CHF 000s)	At June 30, 2015 (unaudited)	At December 31, 2014 (audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	74'729	37'662
Marketable securities	16'862	21'730
Other assets	92'614	93'704
<b>Total current assets</b>	<b>184'205</b>	<b>153'096</b>
<b>Non-current assets</b>		
Property, plant and equipment	14'807	14'836
Intangible assets	135'030	128'405
Financial assets	592	584
Deferred tax assets	6'886	4'826
<b>Total non-current assets</b>	<b>157'315</b>	<b>148'651</b>
<b>Total assets</b>	<b>341'520</b>	<b>301'747</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities	42'485	70'860
Non-current liabilities	80'644	18'011
<b>Total liabilities</b>	<b>123'129</b>	<b>88'871</b>
<b>Shareholders' equity</b>		
Share capital	6'034	5'930
Share premium	83'219	89'531
Retained earnings	129'138	117'415
<b>Total equity, attributable to owners of the parent</b>	<b>218'391</b>	<b>212'876</b>
<b>Total liabilities and equity</b>	<b>341'520</b>	<b>301'747</b>

### Challenges and risks

Risk is an inherent factor in any business or operation, and many of our customers face ongoing uncertainty. As entrepreneurs, we can take active steps in areas that are under our control to decrease the impact of risk from global, regional or national economic crises. First, we ensure that the quality of our products is second to none and that the continued expansion of our product offer meets our customers' needs. Second, we look for a natural hedge against currency exchange movements, with production cost and operational cost matching our income currencies. And third, we have a wide diversified and ever increasing customer base, with no single customer out of a total of 5'000 accounting for more than 9% of our revenues.

### Board and management members

During the period under review, Hans-Ulrich Müller retired and was replaced by André Müller, an engineer by profession (ETH). André Müller is member of the board of Essemtec AG (Switzerland), DW Holding AG (Switzerland), Odevis Automation AG (Germany) and Bangerter Microtechnik AG (Switzerland). He was born in 1953 and holds dual Swiss and Italian citizenship.

### Outlook

For 2015, u-blox keeps its already announced guidance with an EBIT between CHF 48 million and CHF 53 million, based on revenues of between CHF 335 million and CHF 345 million. These expectations exclude unforeseen economic adversity and foresee budgeted exchange rates (USD/CHF: 0.974; EUR/CHF: 1.065, GBP/CHF: 1.500). For more information, please view the 2015 Half-Year Report and presentation slides online at:

<https://www.u-blox.com/en/investor-relations/reports>  
<https://www.u-blox.com/en/investor-relations/presentations>

## **About u-blox**

Swiss u-blox (SIX:UBXN) is a global leader in positioning and wireless semiconductors and modules for the automotive, industrial and consumer markets. Our solutions enable people, vehicles and machines to locate their exact position and communicate wirelessly over cellular and short range networks. With a broad portfolio of chips, modules and software solutions, u-blox is uniquely positioned to empower OEMs to develop innovative solutions for the Internet of Things, quickly and cost-effectively. With headquarters in Thalwil, Switzerland, u-blox is globally present with offices in Europe, Asia and the USA.

[www.u-blox.com](http://www.u-blox.com)

## **u-blox contacts**

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## **Financial calendar**

Full year results 2015: March 18, 2016

Annual General Meeting: April 26, 2016

## **Disclaimer**

This release contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the u-blox Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. u-blox is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

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