H1 2020 Results
u-blox Holding AG

August 21, 2020

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Roland Jud, CFO
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Should such risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation.

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Agenda

Financial results H1 2020
Highlights H1 2020
Business review
Strategy
Outlook
Q&A
## Half year 2020: Summary financial results

<table>
<thead>
<tr>
<th>(CHF millions, except EPS and margins)</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Change 2020 to 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS reported</td>
<td>adjusted¹</td>
<td>adjusted¹</td>
</tr>
<tr>
<td>Revenue (at constant exchange rates)</td>
<td>174.0m</td>
<td>174.0m</td>
<td>190.6m</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>79.0m</td>
<td>79.4m</td>
<td>86.1m</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>45.4%</td>
<td>45.6%</td>
<td>45.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>19.9m</td>
<td>24.1m</td>
<td>32.7m</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>11.4%</td>
<td>13.9%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Operating Profit (EBIT )</td>
<td>-65.8m</td>
<td>13.2m</td>
<td>19.7m</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>-37.8%</td>
<td>7.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>-60.0m</td>
<td>4.7m</td>
<td>13.6m</td>
</tr>
<tr>
<td>Cash Flow from operating activities</td>
<td>13.9m</td>
<td>13.9m</td>
<td>33.1m</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>-21.9m</td>
<td>-21.9m</td>
<td>0.5m</td>
</tr>
<tr>
<td>EPS in CHF, fully diluted</td>
<td>(8.64)</td>
<td>0.67</td>
<td>1.96</td>
</tr>
</tbody>
</table>

¹ Excl. Share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses
Business and product highlights

• Acquired IoT Communication-as-a-Service Provider Thingstream
  • Aligns with strategy to expand services portfolio and accelerates path to achieving silicon-to-cloud differentiation
  • Provides comprehensive, end-to-end solution for global IoT connectivity services using the industry standard MQTT protocol
• Launched important new products across platform
  • R5 chipset certified by AT&T for LTE-M
  • Mesh technology for Bluetooth deployed in modules
  • VERA-P3 V2X module for traffic safety applications
  • Global LPWA cellular module SARA-R422 with increased security and positioning features.
• Continued investing in R&D - capacity maintained
• OPEX cost saving initiated resulting in CHF 15m annual savings
Financial highlights

• Financial results reflect impact of COVID-19
  • Total revenues of CHF 174.0m, a decline of -8.7% (-5.6% at constant exchange rates)
  • APAC revenues declined by -2% to CHF 70.1m
  • EMEA revenues declined by -16% to CHF 51.7m as the automotive markets shrunk
  • AMEC revenues decreased by -14% to CHF 48.9m as consumer and fleet management applications softened
• Gross profit margins increased slightly driven by favorable product mix
• EBITDA (adjusted) was CHF 24.1m, compared to CHF 32.7m last year
• Cash flow from operating activities of CHF 13.9m in H1 2020, compared to CHF 33.1m last year
• Free cash flow of CHF -21.9m (before acquisitions CHF -8.4m, H1 2019: CHF 3.9m)
• Impairment charge of CHF 74.1m due to refocusing of R&D programs and market delays in automotive. Actual product offering unaffected.
Revenue and EBITDA

Comments

- H1 2020 revenue below previous year (-8.7% compared to H1 2019)
- Negative currency impact on revenues at H1 2019 rates: -3.1%
- EBITDA (adjusted) margin of 13.9%
Revenues by geography

Comments

• APAC revenue slightly decreased by -2%
  • Strong continued business in China and Korea
  • Negative impact by COVID-19 on automotive and telematics applications
• EMEA revenue decreased by -16%
  • Increased demand for smart city, driver assistance and point-of-sale applications
  • Decline in automotive and micro mobility
• Americas revenue decreased by -14%
  • Growth with industrial automation and fitness
  • Reduced demand for fleet management and consumer applications

Note: based on reporting area
Market trends

Comments
In absolute terms:
• Industrial markets stable
  • Infrastructure
  • Automation
• Automotive market declined
  • In-car navigation
  • In-car connectivity
• Consumer markets declined
  • Most applications with exception of fitness

Revenue split per market
H1 2020

H1 2019

Note: Estimate
Shipments and ASP development

Comments

- Module business slight increase with decline in ASP due to product mix
- Major volume of chipset sales with u-blox 8/M8
- Decline in overall chipset volume due to decline in consumer and automotive markets, and lower ASP
Gross profit

Comments
• Gross profit (adjusted) of CHF 79.4m
• Gross profit margin (adjusted) slightly higher than H1 2019
  • H1 2020 margin reflects positive impacts from product mix
Comments

- D&M expenses (adjusted) profit from cost savings in H1 2020
- R&D expenses (adjusted) remain stable and R&D pipeline fully maintained
- Reduced cash-out for R&D compared to H1 2019
### Income statement
#### Adjusted and IFRS numbers

#### Comments
- Adjustments are share-based payments of CHF 3.3m, pension impact of IAS-19 of CHF 1.0m, amortization of intangible assets acquired of CHF 0.6m and impairments of CHF 74.1m.
- Financial costs consists primarily of foreign exchange losses, the interest for the two bonds, and the result of Sapcorda GmbH.
- For group adjustments corporate tax rate of 18.1% applied (H1 2019: 16.3%)  

<table>
<thead>
<tr>
<th>(in CHF 000s)</th>
<th>Jan-Jun 2020</th>
<th>Adjustments</th>
<th>Jan-Jun 2020</th>
<th>(adjusted)</th>
<th>Jan-Jun 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>173,957</td>
<td>100.0%</td>
<td>173,957</td>
<td>100.0%</td>
<td>190,554</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>-94,927</td>
<td>-54.6%</td>
<td>362</td>
<td>-94,565</td>
<td>-54.4%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>79,030</td>
<td>45.4%</td>
<td>362</td>
<td>79,392</td>
<td>45.6%</td>
</tr>
<tr>
<td><strong>Distribution and marketing expenses</strong></td>
<td>-12,897</td>
<td>-7.3%</td>
<td>1,102</td>
<td>-11,805</td>
<td>-6.1%</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>-11,548</td>
<td>-6.6%</td>
<td>76,001</td>
<td>-39,482</td>
<td>-22.7%</td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td>1,335</td>
<td>-7.4%</td>
<td>1,562</td>
<td>-11,373</td>
<td>-6.6%</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>505</td>
<td>0.3%</td>
<td>505</td>
<td>505</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Operating Profit (EBIT)</strong></td>
<td>-65,790</td>
<td>-37.8%</td>
<td>79,027</td>
<td>13,237</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>87</td>
<td>0.1%</td>
<td>87</td>
<td>87</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>-3,533</td>
<td>-2.0%</td>
<td>-3,533</td>
<td>-3,533</td>
<td>-2.0%</td>
</tr>
<tr>
<td><strong>Share of profit of equity-accounted investees, net of taxes</strong></td>
<td>-1,907</td>
<td>-1.1%</td>
<td>-1,907</td>
<td>-1,907</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>Profit before income tax (EBT)</strong></td>
<td>-77,143</td>
<td>-40.9%</td>
<td>79,027</td>
<td>7,884</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>11,211</td>
<td>6.4%</td>
<td>-14,328</td>
<td>-2,207</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>-60,022</td>
<td>-34.5%</td>
<td>64,699</td>
<td>4,877</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td>-69</td>
<td>0.0%</td>
<td>-69</td>
<td>-69</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Net Profit, attributable to equity holders of the parent</strong></td>
<td>-59,953</td>
<td>-34.5%</td>
<td>4,746</td>
<td>13,637</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>Earnings per share in CHF</strong></td>
<td>(8.64)</td>
<td></td>
<td>0.67</td>
<td>1.96</td>
<td></td>
</tr>
<tr>
<td><strong>Diluted earnings per share in CHF</strong></td>
<td>(8.64)</td>
<td></td>
<td>0.67</td>
<td>1.96</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit (EBITDA)</strong></td>
<td>-65,790</td>
<td>-37.8%</td>
<td>79,027</td>
<td>13,237</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>85,551</td>
<td>-49.2%</td>
<td>-74,746</td>
<td>10,905</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>19,861</td>
<td>11.4%</td>
<td>4,281</td>
<td>24,142</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

2) Impairment was caused by current market conditions mainly in automotive, changes in business plan expectations and refocusing of various programs. The company’s existing lines of product offerings remain unaffected.

1) 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.

4) Adjustments are impacts of share based payments, Pension calculation according to IAS-19, Non-recurring expenses, impairments and amortization of intangible assets acquired.
Comments

- Strong financial position with a liquidity (incl. marketable securities) of CHF 100.6m (Dec. 2019: CHF 128.3m)
- Inventory CHF 60.5m (Dec. 2019: CHF 51.6m) affected by sudden low demand due to COVID-19 situation
- Trade receivables CHF 39.1m (Dec. 2019: CHF 48.5m)
- Capitalized R&D now CHF 140.2m (2019: CHF 199.9m). Amortization and Impairment of capitalized R&D: CHF 78.4m
- Current liabilities contain trade payables of CHF 26.2m (Dec. 2019: CHF 25.4m) and bond repayable April 2021 of CHF 59.9m
- Non-current liabilities contain bond of CHF 60.7m, deferred tax liabilities CHF 9.0 m, employee benefits (IAS-19) CHF 25.1m, provisions CHF 10.7m
Global customer base

Comments
• Wide spread across different applications and geographical regions
• Strong and growing customer base, serving 7’600 customers worldwide in 2020 (2019: 7’200 customers)
• Low customer dependency
  • 97 customers total 80% of revenue
  • Largest customer accounts for 8.7% of total revenue in H1 2020
• 10 biggest customers account for 27.8% of total revenue in H1 2020

Number of customers totaling 80% of revenue

<table>
<thead>
<tr>
<th>Year</th>
<th># Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>84</td>
</tr>
<tr>
<td>2018</td>
<td>104</td>
</tr>
<tr>
<td>2019</td>
<td>108</td>
</tr>
<tr>
<td>H1.18</td>
<td>104</td>
</tr>
<tr>
<td>H1.19</td>
<td>94</td>
</tr>
<tr>
<td>H1.20</td>
<td>97</td>
</tr>
</tbody>
</table>
Employment

Employee breakdown (end of June 2020, FTE based)

- Total = 1'080 FTE (2019: 1'088 FTE)
- Research & development 68% (2019: 743)
- Sales, marketing, support 16% (2019: 177)
- Logistics, admin 16% (2019: 168)

Total = 1'080 FTE (2019: 1'088 FTE)

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

Average number of employees (FTE based)

(Average FTE)

Note: FTE = full time equivalent
Statement of financial position

Comments

• Strong equity base maintained
• Equity ratio of 54.2% (2019: 60.0%)
• Treasury shares for option program CHF 32.0m (Dec. 2019: CHF 32.0m)
• Equity ratio without treasury shares: 56.8% (2019: 62.1%)
• Equity ratio without IFRS 16: 56.4% (2019: 62.3%)
• Minority interests of CHF 0.2m (2019: CHF 0.1m)
## 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>(in CHF 000s)</td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Revenue third parties</td>
<td>173'795</td>
<td>190'433</td>
<td>162</td>
<td>121</td>
<td>173'957</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>190'554</td>
</tr>
<tr>
<td>Revenue intragroup</td>
<td>16'519</td>
<td>15'871</td>
<td>16'519</td>
<td>15'871</td>
<td>-16'519</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-15'871</td>
</tr>
<tr>
<td>Total revenue</td>
<td>173'795</td>
<td>190'433</td>
<td>16'681</td>
<td>15'992</td>
<td>190'476</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>206'425</td>
</tr>
<tr>
<td>EBITDA(*)</td>
<td>18'336</td>
<td>25'933</td>
<td>1'525</td>
<td>3'137</td>
<td>19'861</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29'070</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-4'636</td>
<td>-4'945</td>
<td>-1'385</td>
<td>-1'570</td>
<td>-6'021</td>
</tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>-6'515</td>
</tr>
<tr>
<td>Amortization</td>
<td>-5'144</td>
<td>-7'638</td>
<td>-382</td>
<td>-11</td>
<td>-5'526</td>
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<tr>
<td></td>
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<td></td>
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<td>-7'649</td>
</tr>
<tr>
<td>Impairment</td>
<td>-74'104</td>
<td>0</td>
<td>-74'104</td>
<td>0</td>
<td>-74'104</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>-65'548</td>
<td>13'350</td>
<td>-242</td>
<td>1'556</td>
<td>-65'790</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14'906</td>
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<tr>
<td>Finance income</td>
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<td></td>
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<td></td>
<td>87</td>
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<tr>
<td>Finance costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-3'533</td>
</tr>
<tr>
<td>Share of profit of equity-accounted investees, net of taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1'907</td>
</tr>
<tr>
<td>EBT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-71'143</td>
</tr>
</tbody>
</table>

1'556

1'762

-3'157

-1'989

11'522
Consolidated statement of cash flows

Comments

• Cash flow from operating activities negatively impacted by net working capital of CHF -5.8m (H1 2019: CHF 7.9m)

• Maintained investment activities

• Free Cash Flow (before acquisitions & participations in capital increase) CHF -8.4m (H1 2019: CHF 3.9m)

• Acquisition of Thingstream of CHF 9.3m and further investment into JV Sarporda and Tashang of CHF 4.2m (H1 2019: CHF 3.4m)
Business update
Product launches H1 2020
Meeting our customers' needs for secure and simple cloud connectivity

Cellular communication

UBX-R5
UBX-R5 LTE-M/NB-IoT chipset offers unprecedented wireless technology integration with built-in end-to-end security, making it ideal for mission-critical or long lifecycle IoT applications.

Short range radio communication

VERA-P3
Brings easy access to V2X, an essential enabler of increased safety, convenience, and efficiency on the road.

Positioning

JODY-W3
Designed for the increasing number of wireless high speed connections that will be required in vehicles.

UBX-R5 LTE-M/NB-IoT
UBX-R5 LTE-M/NB-IoT chipset offers unprecedented wireless technology integration with built-in end-to-end security, making it ideal for mission-critical or long lifecycle IoT applications.

M9
M9 platform expanded with additional features. The ultra-robust M9 technology platform will serve demanding automotive and high-end telematics applications.

Services

Thingstream acquisition
Enables u-blox to expand its services portfolio with the addition of a complete and comprehensive IoT connectivity solution for customers and accelerates path toward achieving unique silicon-to-cloud differentiation.

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Thingstream acquisition
Enables u-blox to expand its services portfolio with the addition of a complete and comprehensive IoT connectivity solution for customers and accelerates path toward achieving unique silicon-to-cloud differentiation.
Customer relationships: greenTEG
Leverages u-blox connectivity to protect health and safety amid COVID-19 pandemic

- CORE is a wearable for continuous and accurate core body temperature monitoring.
- CORE communicates wirelessly using the u-blox NINA-B306 stand-alone Bluetooth 5 low energy module.
- Can be used to track users’ wellness status as they return to the workplace from their homes, and alerts them when their core body temperature rises unexpectedly.

- u-blox Bluetooth products dovetail to create pioneering monitoring capabilities.
Customer relationships: WaterLink
Enable wireless mesh networking technology to cut water metering costs

- u-blox’s NINA-B3 stand-alone Bluetooth low energy modules and SARA-R410M-02B LTE-M / NB-IoT and EGPRS cellular module for LPWA (low power wide area) applications are being used in a data logger for a smart water metering solution.
- “The combination of scalable mesh IoT network software and robust hardware from u-blox enable us to simplify the installation of water meters and therefore cut the total cost of ownership for customers.”
  George P Prencipe, Director of WaterSynergy
Strategy
Expanding content in automotive market

Improved functionality require more u-blox technology

- Driver assistance system for a more comfortable drive
  - Hands-off single-lane driving capabilities
  - Assist the driver with passing, lane diversions and lane exiting on multi-lane highways
  - Enables hands-off driving while cruising in a given lane
IoT Communication-as-a-Service
We solve the problems of complexity, cost and availability.

The **complexity of IoT Connectivity** solved by a comprehensive end-to-end solution based on the industry standard MQTT.

**Simplifying cost of ownership** by offering a product “as-a-Service” at **predictable cost with on-demand scalability**.
u-blox strategic goal (with Thingstream)
Make wireless & location easy

We make wireless and location easy
Access the best available solutions for the IoT with our hardware and services

<table>
<thead>
<tr>
<th>P</th>
<th>C</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positioning</td>
<td>Cellular Communication</td>
<td>Short Range Communication</td>
</tr>
</tbody>
</table>

Integrated Circuits
Modules

IoT Communication-as-a-Service
- Security
- Connectivity
- Location

The combination of our three core technologies offered in the form of chips and modules provides essential benefits to our customers:
- Complete solutions
- Full ownership of technology
- Maximum competence
- Solid product roadmaps
- Services on top of HW
- Improved functionality
- Secure connectivity
- Lifetime support

Sensor Data
Customer Enterprise

Thingstream acquisition accelerates u-blox’s path to sustainable silicon-to-cloud differentiation
u-blox joined the GSMA IoT Ecosystem security

• To enable a secure market, companies must take responsibility to embed security from the beginning and at every stage of the IoT value chain.
• u-blox joined the GSMA IoT Ecosystem in February 2020
• u-blox will help strengthen the security in IoT ecosystems using the company's LTE-M and NB-IoT chipsets with the implementation of a set of security features endorsed by the GSMA.
• GSMA IoT ecosystem enables IoT device manufacturers and service providers to use a SIM as a robust and scalable hardware RoT to protect IoT data communications.
Outlook
Outlook 2020
Vast uncertainties – 2020 and mid-term guidance retracted

• Continued COVID-19 impact in all regions
• Business prediction difficult with respect to how quickly and strongly economies will recover
• Strong underlying growth drivers remain
  • Content extension in automotive
  • Expansion of industrial IoT
  • Healthy ramp-up with new products
Upcoming events

- Analyst day: 25 November, 2020
- 2020 full year results: 12 March, 2021
- Annual general meeting: 22 April, 2021
Thank you for your attention