

H1/2016 Results u-blox Holding AG

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Agenda

- Operational highlights H1/2016
- Financial results H1/2016
- Business review
- Outlook
- Q&A

Operational highlights H1/2016

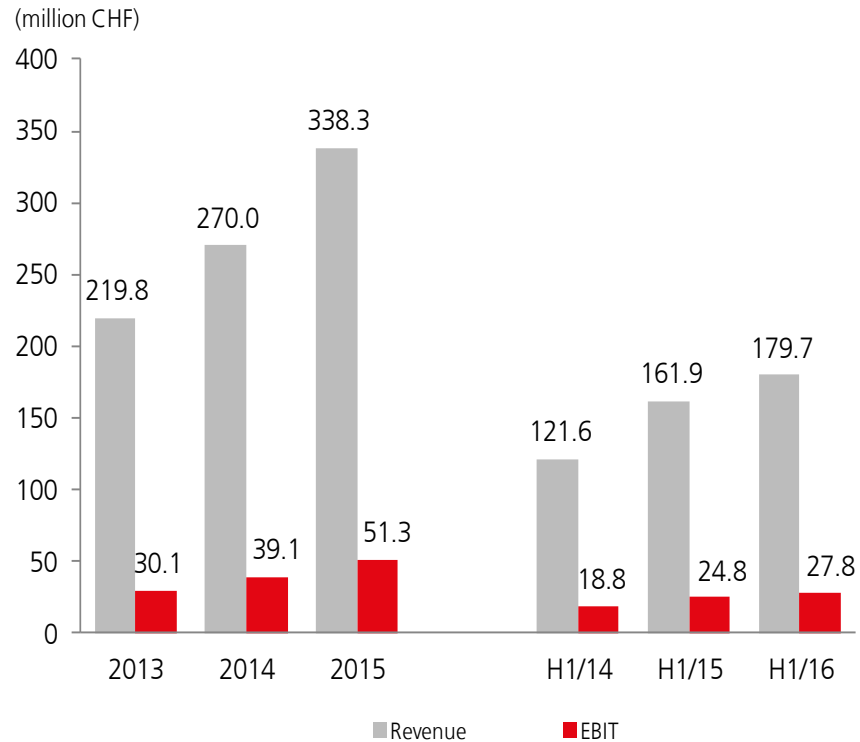
- 11.0% revenue increase as compared to the first half of 2015
- Business managed for profitable growth
 - Strengthened EBIT margin, increased with favorable product mix
- Strong raise in cash flow from operating activities
- Revenue guidance slightly revised, EBIT guidance maintained
- Strong product innovation
 - 7 new cutting-edge products launched
 - Continued investment in R&D

u-blox group H1/2016

Key figures	Amount CHF	In relation to revenue	Change H1/2016 to H1/2015
Revenue	179.7m	-	11.0%
Gross profit	82.5m	45.9%	13.4%
EBITDA	39.1m	21.8%	7.1%
Operating profit (EBIT)	27.8m	15.5%	12.3%
Net profit, attributable to owners of the parent	18.5m	10.3%	23.6%
Net cash generated from operating activities	26.3m	14.6%	27.9%

Revenue and EBIT

Revenue and EBIT

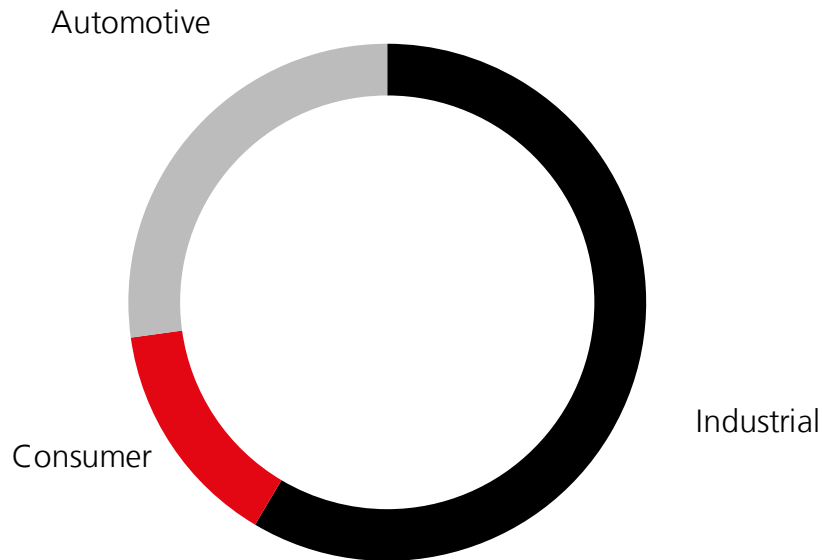


Comments

- Business managed to profitable growth
- Continued growth of revenues (+11.0% compared to H1/2015), all organic

Markets trends

Revenue split per market for H1/2016



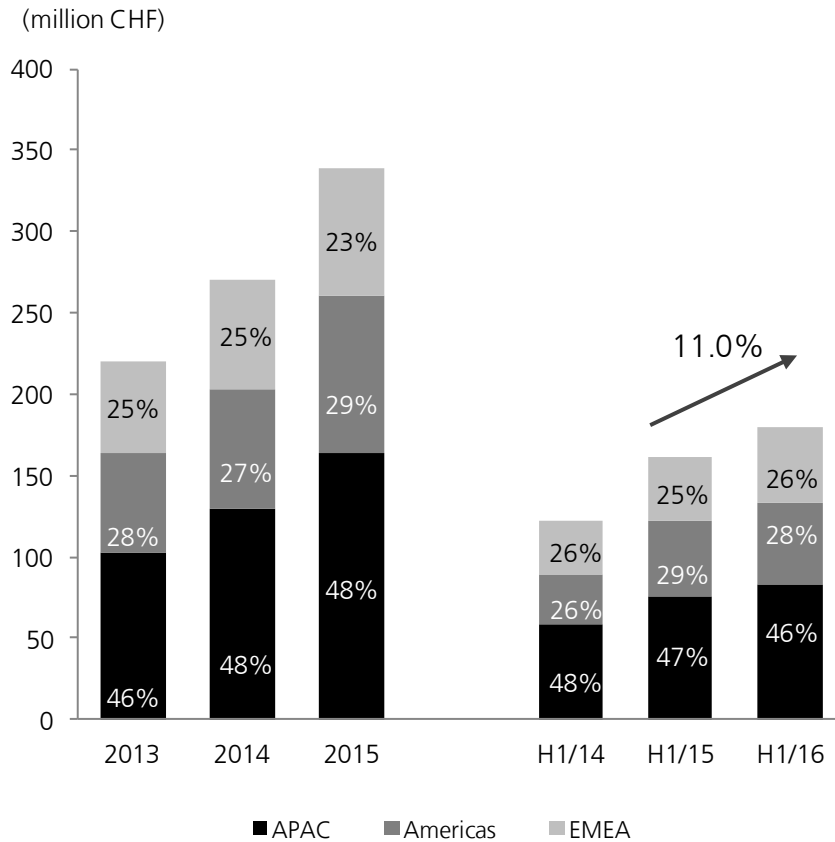
Note: Estimate

Comments

- Consumer market growth with tracking and unmanned vehicles
- Good progress in Automotive with telematics
- Industrial markets expanding in all applications

Revenues by geography

Revenues by geographic region



Note: based on customers' billing location

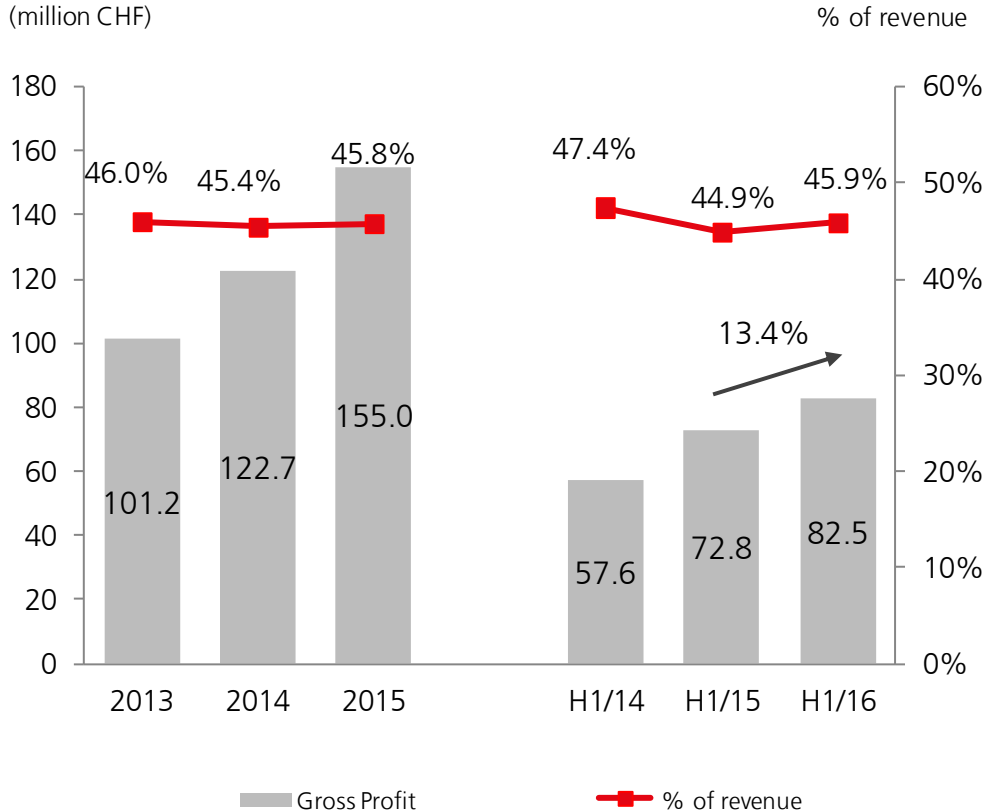
Comments

Growth in all geographic regions compared to H1/2015

- Asia Pacific +9.4%
- EMEA: +15.4%
- Americas: +9.8%

Gross profit

Gross profit / Gross profit margin



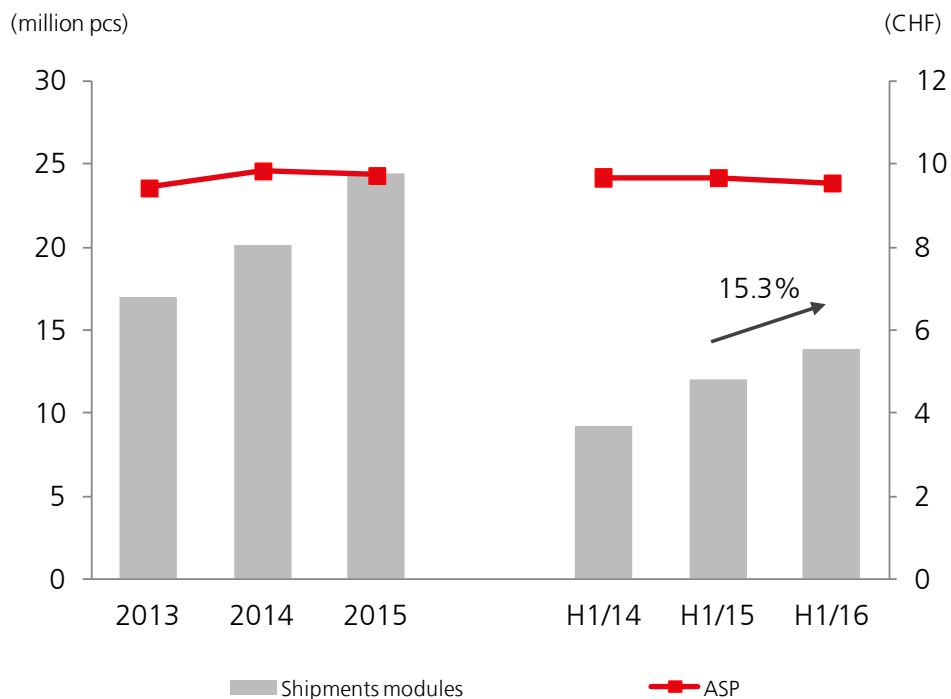
Comments

- Increase in gross profit to CHF 82.5m in H1/2016 from CHF 72.8m
- Growth of gross profit of +13.4% compared to H1/2015
- Gross profit margin in H1/2016 was maintained compared to 2015 thanks to favorable product mix

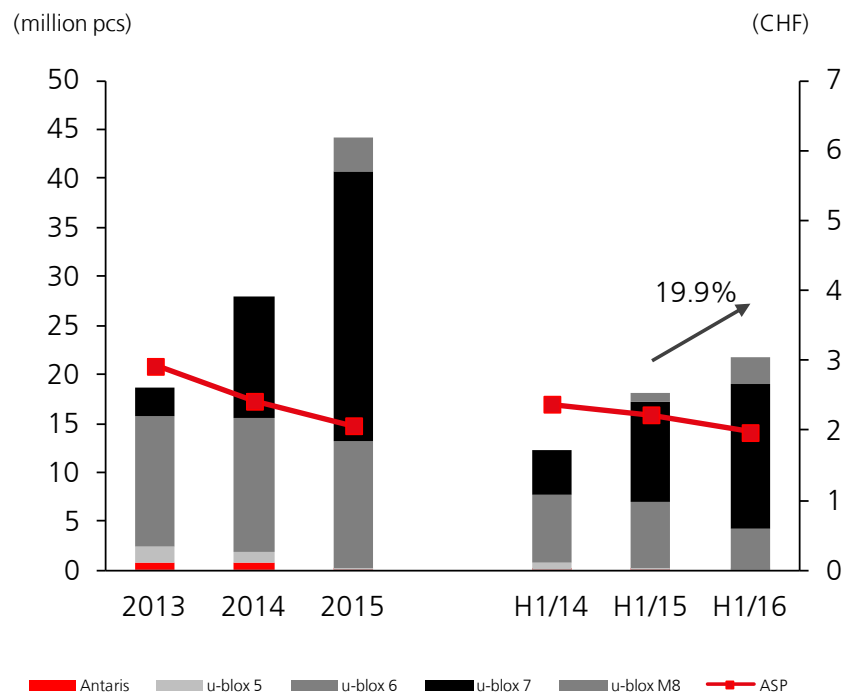
Shipments and ASP development

- Growth of both module and chip volume
- Shipments of new positioning platform u-blox M8 comes into volumes

Modules



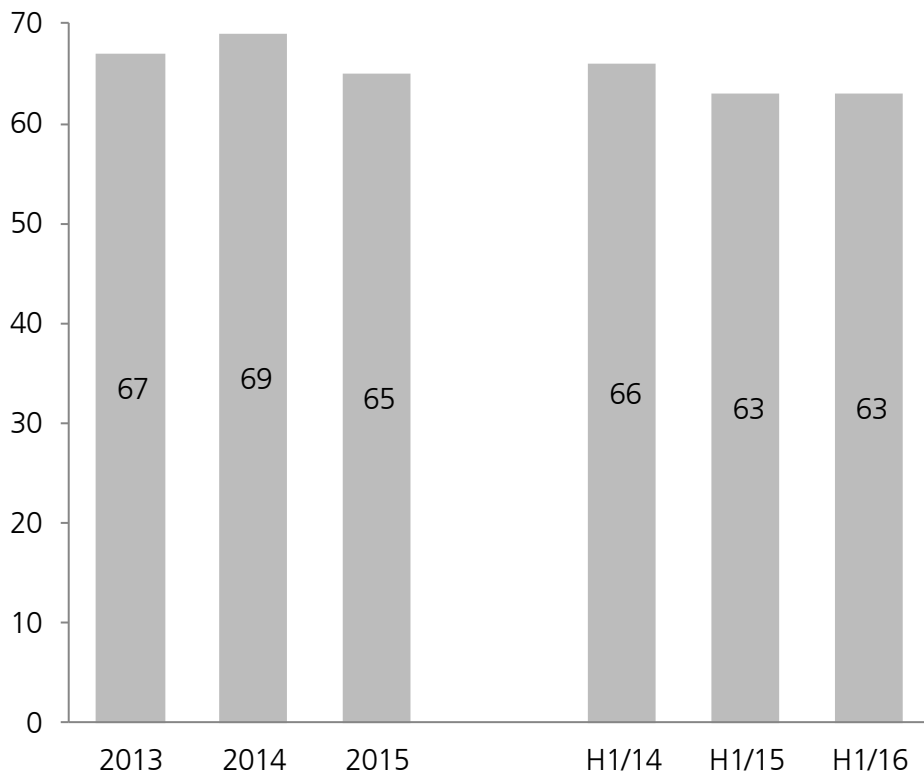
GNSS chips



Note: incl. ANTARIS-Chipset sales by Atmel

Global customer base

Number of customers totaling 80% of revenue

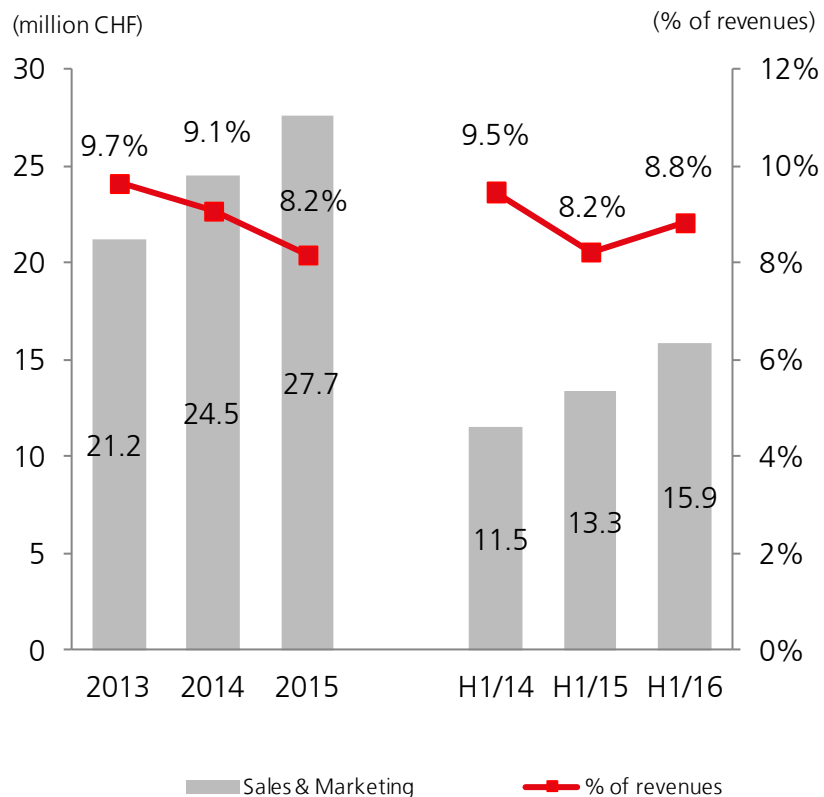


Comments

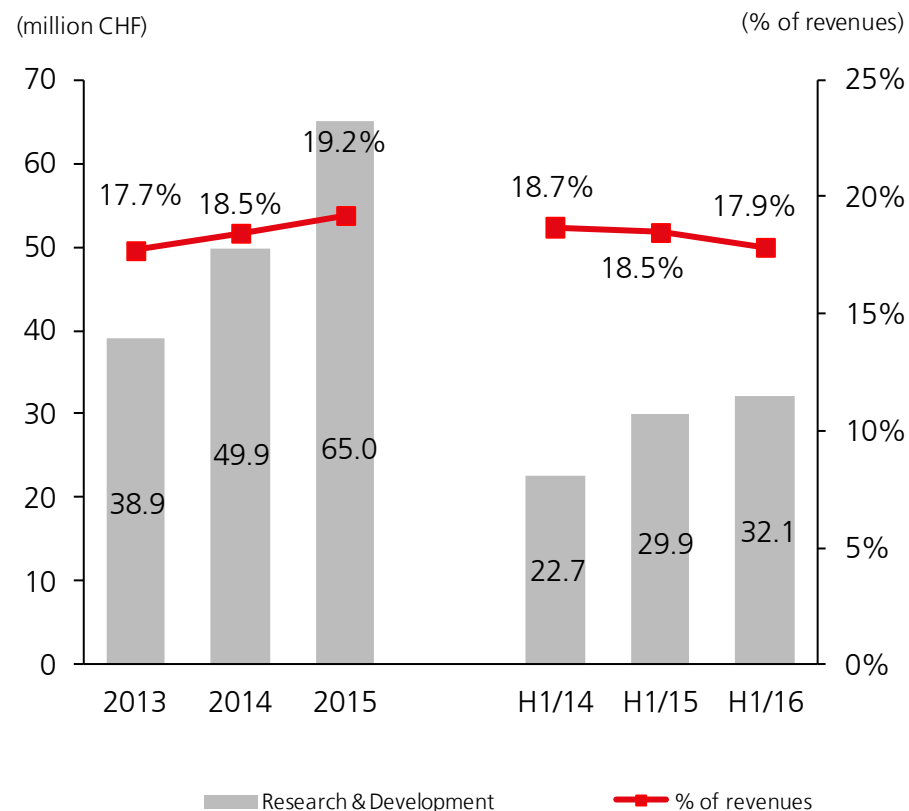
- Strong and stable customer base, serving now 5700 customers worldwide
- Continued wide spread over different applications and geographical regions
- No important customer dependency: Largest customer accounts for less than 8% of total revenue in H1/2016
- 10 biggest customers account for 38.5% of total revenue in H1/2016

Distribution & marketing / Research & development

Distribution & marketing expenses

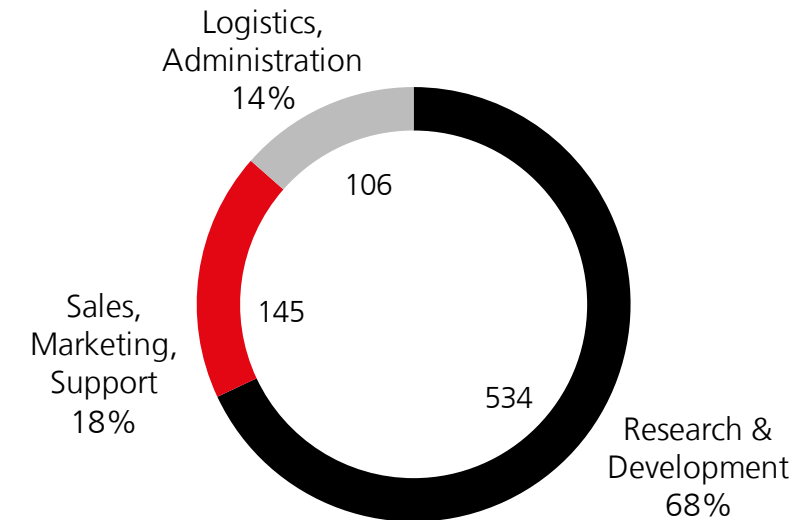


Research & development expenses



Employees

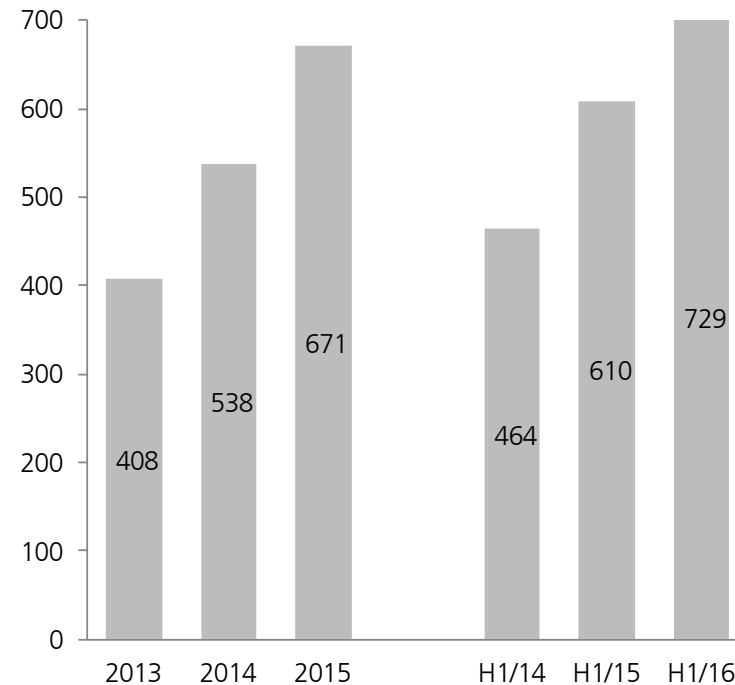
Employee breakdown (end of H1/2016, FTE based)



Total Headcount = 798

Note: 76% of employees based outside Switzerland (spread over 18 countries)

Average employee level (FTE based)



Note: Average number of employees (FTE = full time equivalent)

Income statement

Consolidated income statement (condensed)

(in CHF 000s)	January - June		Jan. - Dec.
	2016 (unaudited)	2015 (unaudited)	2015 (audited)
Revenue	179'688	161'912	338'341
Cost of sales	-97'205	-89'158	-183'323
Gross profit	82'483	72'754	155'018
Operating expenses	-55'856	-49'647	-106'201
Other income	1'216	1'686	2'474
Operating profit (EBIT)	27'843	24'793	51'291
Financial income	123	198	996
Finance costs	-3'016	-6'502	-4'674
Profit before income tax (EBT)	24'950	18'489	47'613
Income tax expense	-6'453	-3'525	-10'515
Net profit, attributable to owners of the parent	18'497	14'964	37'098
Operating profit (EBIT)	27'843	24'793	51'291
Depreciation and amortization	11'301	11'748	27'421
EBITDA	39'144	36'541	78'712

Comments

- Revenue increase of 11.0% from H1/2015 to H1/2016
- Increased gross profit by 13.4%
- OPEX 31.1% of revenue
- H1/2016: costs for share based payments in the amount of CHF 3.5m
- EBITDA with margin of 21.8%
- Increased EBIT margin of 15.5% with growth of 12.3% compared to H1/2015
- Finance costs contain interests for bond and realized and unrealized fx-loss
- Tax rate of 25.9% compared to year end 2015 with 22.1%
- Increased Net profit with margin of 10.3% compared to H1/2015
- EPS = CHF 2.73 (diluted EPS: CHF 2.67)

Segment information

(in CHF 000s)	Positioning and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January - June		January - June		January - June		January - June		January - June	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue third	179'546	161'760	142	152	179'688	161'912			179'688	161'912
Revenue intragroup			14'944	12'655	14'944	12'655	-14'944	-12'655	0	0
Total revenue	179'546	161'760	15'086	12'807	194'632	174'567	-14'944	-12'655	179'688	161'912
EBITDA	36'098	33'468	3'244	3'106	39'342	36'574	-198	-33	39'144	36'541
Depreciation	-3'063	-2'691	-923	-873	-3'986	-3'564		-	-3'986	-3'564
Amortization	-7'292	-7'949	-23	-235	-7'315	-8'184		-	-7'315	-8'184
EBIT	25'743	22'828	2'298	1'998	28'041	24'826	-198	-33	27'843	24'793
Financial income									123	198
Finance costs									-3'016	-6'502
EBT									24'950	18'489
	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Assets	248'755	240'232	14'111	14'956	262'866	255'188	125'280	131'655	388'146	386'843

Statement of financial position (1)

Consolidated Statement of financial position (condensed)

(in CHF 000s)	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)	June 30, 2015 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	107'265	112'387	74'729
Marketable securities	10'150	11'659	16'862
Trade accounts receivable	42'579	43'790	39'767
Other current assets	53'821	51'933	52'847
Total current assets	213'815	219'769	184'205
Non-current assets			
Property, plant and equipment	13'785	14'708	14'807
Goodwill	55'160	56'716	55'207
Intangible assets	97'520	88'042	79'823
Financial assets	787	678	592
Deferred tax assets	7'079	6'930	6'886
Total non-current assets	174'331	167'074	157'315
Total assets	388'146	386'843	341'520

Comments

- Strong financial position with a liquidity (incl. marketable securities) of CHF 117.4m
- Inventory CHF 40.0m (Dec. 2015: CHF 37.4m)
- Trade accounts receivable remained stable
- Increased intangible assets due to capitalization of R&D expenses
- Goodwill (CHF 55.2m) net reduced by CHF 1.6m as result of exchange rate changes mainly in GBP

Statement of financial position (2)

Consolidated Statement of financial position (condensed)

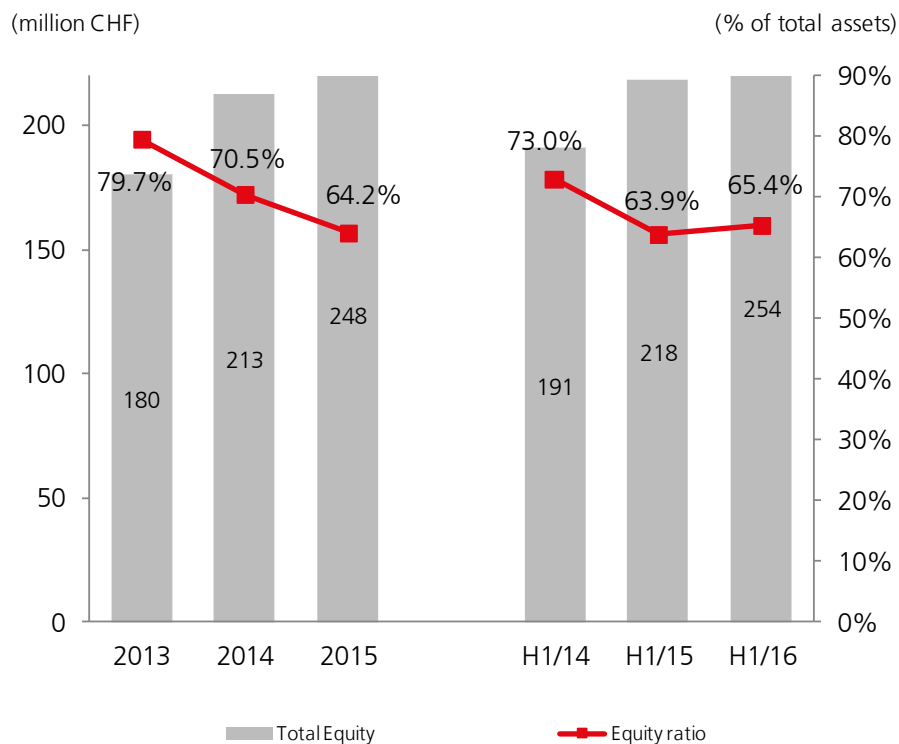
(in CHF 000s)	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)	June 30, 2015 (unaudited)
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities	46'070	55'405	42'485
Non-current liabilities	88'072	83'117	80'644
Total liabilities	134'142	138'522	123'129
Shareholders' equity			
Share capital	6'125	6'053	6'034
Share premium	73'345	84'006	83'219
Retained earnings	174'534	158'262	129'138
Total equity	254'004	248'321	218'391
Total liabilities and equity	388'146	386'843	341'520

Comments

- Trade accounts payable of CHF 20.3m
- Bond of CHF 60m issued in April 2015 (6 years, interest rate 1.625%)
- Non-current liabilities contain in addition to the bond
 - Deferred tax liabilities (CHF 5.5m),
 - Employee benefits (pensions) (CHF 16.2m)
 - Provisions (CHF 5.5m)
- Share capital increase due to exercise of options

Statement of financial position

Total equity and equity ratio



Comments

- Strong capital base
- Increased Equity ratio of 65.4%

Statement of cash flows

Consolidated statement of cash flows (condensed)

(in CHF 000s)	Jan. - June 2016 (unaudited)	Jan. - June 2015 (unaudited)
Net cash generated from operating activities	26'256	20'522
Net cash used in investing activities	-19'622	-15'751
Net cash provided by financing activities	-11'581	33'232
Net increase/(decrease) in cash and cash equivalents	-4'947	38'003
Cash and cash equivalents at beginning of period	112'387	37'662
Effect of exchange rate fluctuations on cash and cash equivalents	-175	-936
Cash and cash equivalents at end of period	107'265	74'729

Comments

Cash flow from investing activities:

- CHF -3.3m investments into property, plant and equipment (tools, furniture, equipment)
- CHF -17.8m investments into intangible assets (Software, capitalization of R&D)
- CHF 1.3m net proceeds from marketable securities

Cash flow from financing activities:

- CHF -12.9m dividend 2015 paid in May 2016
- CHF +2.3m capital increase from options
- CHF -1.0m interest paid for bond

Business update



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Product launch highlights

CELLULAR CEL



SARA-U201

The smallest cellular module that supports both 2G and 3G

SHORT RANGE SHO



LILY-W1

Provides Wi-Fi connectivity to a broad range of industrial and commercial products



NINA-B1

Bluetooth low-energy module for healthcare and automation applications

POSITIONING POS



u-blox M8

Updated with full constellation capabilities, higher accuracy and eCall support



u-blox 8

New platform for wearable devices: Low power consumption without compromising performance



NEO-M8U

The first untethered 3D dead reckoning (UDR) module



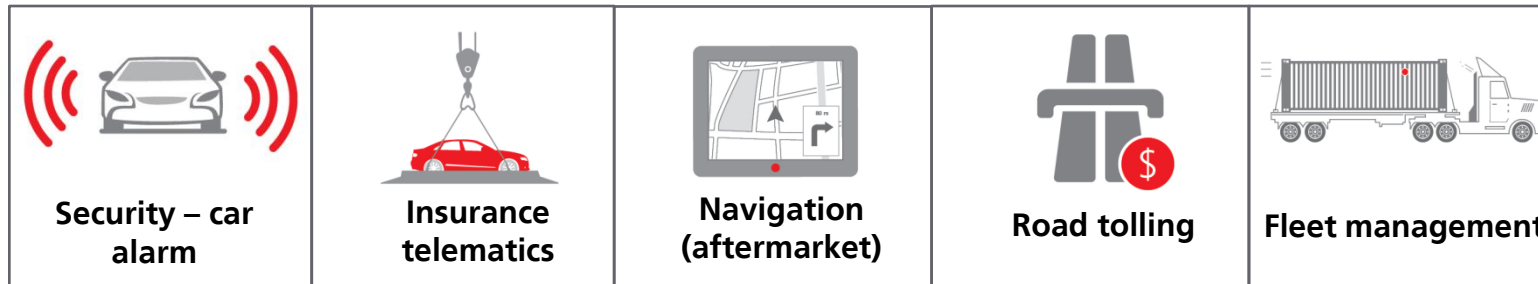
NEO-M8P

For operations where pinpoint precision is a key feature: unmanned vehicles and robotic guidance systems

Untethered Dead Reckoning at a glance: NEO-M8U

- NEO-M8U, the industry's first Untethered 3D Dead Reckoning (UDR) module with build-in sensors.
- Accurate positioning even where GNSS signals are weak or not available. It achieves this without any connection to the vehicle other than power.
- Ideal for any road vehicle application.

Typical industrial vehicle based tracking solution



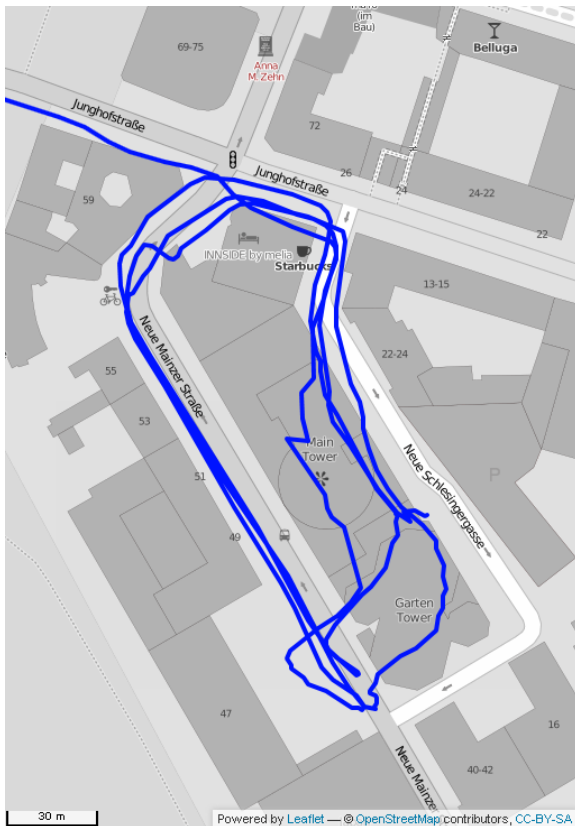
Comparative accuracy: NEO-M8U

GNSS

Position accuracy: 21 m
Height accuracy: 31 m
Heading accuracy: 8°

UDR

Position accuracy: 7 m
Height accuracy: 10 m
Heading accuracy: 2°



Downtown Frankfurt

Good mix of existing customers and new business wins

- All products (Cellular, Short Range, Positioning) experienced strong traction



KIWI PLUS, Korea

Children's smartwatch

u-blox product:
SARA-U270 cellular module,
UBX-G7020-KT GNSS chip



Qihoo 360 Technology, China

Mobile security solutions (Child tracking watches)

u-blox product:
UBX-G7020-CT GNSS chip



Pietro Fiorentini, Italy

Components, systems and services for the regulation and metering of natural gas.

u-blox product:
SARA-G350 cellular module

Strategic priorities 2016 (1)

Market position



Outlook 2016

- Put our enlarged sales force to work to focus on specific market sectors and accelerate growth in specific markets
- Improve navigation technology and automotive quality products to consolidate our leading position in global automotive markets

Technology & Innovation



Outlook 2016

- Adding new features with outstanding performance
- Add value and performance by allowing customers to use several u-blox components side by side

Strategic priorities 2016 (2)

Operational excellence



Outlook 2016

- Adoption of lean processes for the management of innovation and creativity (new products)
- Cost-effective ways of developing hardware and software compatible with international functional safety standards (ISO 26262)

Strategic partnerships & acquisition opportunities



Outlook 2016

- Establish partnerships with companies offering services that augment performance and add value to our components
- Review acquisition opportunities through which we can acquire technologies that broaden our existing portfolio

Outlook



Outlook

Goals

- Grow business with new products
 - Wireless
 - Expansion of module product line for 3G and 4G
 - Positioning
 - Business growth based on u-blox M8 and u-blox 8
 - Attractive new products
 - Short Range
 - Expansion of product line
 - Growth driven by many IoT* applications
- Continued focus on strategic development
- Strengthening of the global presence
- Operational excellence for higher efficiency

^{*)} Internet of Things

Financial performance outlook 2016

- Continued strong business growth in 2016
- Impact by product mix on relative gross margin
- Natural hedging protects relative gross margin against foreign exchange variations

	Actual FY 2015	Actual H1.2016	Guidance 2016	Revised Guidance 2016 ^{*)}
Revenue	338.3m	179.7m	395m...405m	375m...385m
EBIT	51.3m	27.8m	56m...60m	56m... 60m
	CHF	CHF	CHF	CHF

^{*)} This guidance is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level

- Exchange rate assumptions for 2016:
EUR/CHF: 1.08 USD/CHF: 0.97 GBP/CHF: 1.42
- FX-sensitivity against CHF on Guidance 2016

+10% of	USD	EUR	GBP
Revenue	+ 8.4%	+ 1.5%	0%
EBIT	+ 23.6%	+ 1.2%	- 2.0%

Upcoming events

- Investor and analyst day September 23, 2016
- 2017 annual results March 16, 2017
- Annual General Meeting April 25, 2017

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Thank you!

