



Press release

u-blox achieves strong 2013 results

Thalwil, Switzerland – March 20, 2014 – u-blox (SIX: UBXN), a leading provider of embedded positioning and wireless communication solutions, today announces its financial results for 2013.

Financial highlights

u-blox achieved strong top- and bottom line growth:

- Consolidated revenue of u-blox was CHF 219.8 million in 2013, a growth of 27.0% as compared to 2012
- Gross profit improved from CHF 81.2 million to CHF 101.2 million, with a continued good gross profit margin of 46.0% in 2013
- Operating profit (EBIT) increased from CHF 22.9 million to CHF 30.1 million, a growth of 30.9% as compared to 2012
- EBITDA margin of 21.0%, EBIT margin of 13.7%
- Net profit increased by 44.3% from CHF 17.1 million to CHF 24.6 million, representing a 11.2% net profit margin for 2013
- Strong net cash generated from operating activities was CHF 38.5 million, representing 17.5% of revenue
- Healthy balance sheet with a high equity ratio of 79.7%
- The payout of a dividend of CHF 1.30 per share from capital reserves is to be proposed at the Annual General Meeting

Continued growth in sales and profit

In 2013, worldwide sales growth of 27.0% over 2012 was achieved. Strong growth in APAC (+68%) and very robust development in EMEA (+34%) was realized; revenues in the Americas declined by 13% because several large US customers chose to outsource manufacturing to Asia. Without this effect business generated by the US-based sales team increased by over 20%.

The company's dominance in components for vehicle tracking was maintained with continued expansion. High growth was also experienced in the in-dash automotive navigation market where u-blox is acknowledged as the global technology and quality leader. Business also grew strongly for people and animal monitoring devices, financial transaction terminals, recreation equipment and vehicle telematics systems (emergency call, insurance, anti-theft, etc.).

u-blox' product and service business segments both generated positive EBIT during 2013. Consolidated revenue was up by CHF 46.7 million to CHF 219.8 million with increased volumes, while EBIT increased from CHF 22.9 million to CHF 30.1 million, a 30.9% increase over the previous year. Net profit grew by 44.3% to CHF 24.6 million, representing an 11.2% net profit margin for 2013.

Growth driven by demand for connected mobility in the "Internet of Things"

u-blox' products serve virtually all growth sectors that make up the "Internet of Things" (IoT). The company is positioned at the heart of this megatrend, able to deliver crucial chips and modules for both embedded positioning and wireless communications. With the IoT theme now firmly established, demand for the company's products has proliferated right across its core markets.

Successful strategy development

u-blox' corporate strategy focuses on an ambitious goal: to reach a half-billion dollar in annual revenues, with comparable growth in EBIT, within the next few years. The company's expansion, acquisition, manufacturing, and product strategies are all aligned to meet this target. In doing so, u-blox intends to become the number one

provider of wireless and positioning modules and chips that serve the broad range of applications supporting embedded mobility.

The company's focus on wireless and positioning technologies that support Machine-to-Machine (M2M) communications and the IoT continues to drive innovation. u-blox' positioning product strategy clearly focuses on serving all five deployed satellite navigation systems, u-blox' wireless strategy is to support all four mobile communication standards worldwide. u-blox continues to leverage complementary functionality between its positioning and wireless technologies, a strategy that has resulted in the "AssistNow" accelerated positioning and "CellLocate" indoor positioning services, both of which were expanded and improved during the year. u-blox' packaging strategy to deliver form-factor and layout compatible products across successive product generations is highly appreciated by customers and remains a key reason why they stay with u-blox.

Finally, u-blox' underlying philosophy of delivering its own chip and module solutions based on in-house technology is being extended to the wireless domain. This places the company in an excellent position to participate in the extremely promising 4G LTE revolution. At the same time the company remains committed not to compete with customers, but rather focus on supporting them with outstanding components and services.

Acquisitions

Although no acquisitions were made in 2013, previous acquisitions were further integrated into the company during the year. With healthy liquidity of CHF 60.6 million, u-blox remains in an agile position to acquire the necessary technologies, expertise and products to maintain its market lead and further broaden its technology base.

Products highlights and market firsts

13 attractive new products were launched. This included several market firsts: the world's smallest satellite positioning module (EVA-7M), the world's smallest 3G wireless communications module (SARA-U2), the smallest 4G LTE module (TOBY-L1) and the company's next generation u-blox M8 positioning platform. u-blox M8 can track two satellite systems simultaneously, and was the world's first commercially available single-chip solution to support all deployed Global Navigation Satellite Systems ("GNSS"), including China's BeiDou system.

Industry recognition

u-blox earned two awards for excellence during 2013; Korea's New Media Prize for best communications product for the LISA-U2 3G wireless module, and M2M magazine's Global Top 100 award for excellence in connectivity solutions for the 3rd year in a row.

Focus on quality

The company continued its focus on quality and logistical excellence during a year of strong production ramp-up at our customers. u-blox celebrated a 10-year collaboration with module partner Flextronics in Austria where production lines became fully automated. u-blox successfully passed ISO 9001:2008 re-certification audits at its headquarters in Thalwil, Switzerland, and wireless R&D center in Sgonico, Italy.

Revenue breakdown

u-blox operates in two segments:

- Positioning and Wireless products
u-blox develops and sells GPS/GNSS chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 218.9 million for 2013 as compared to CHF 171.1 million in 2012.
- Wireless services
u-blox also offers wireless communication technology services in terms of reference designs and software, an activity which was reinforced by the acquisitions in 2012 of Cognovo Ltd. and 4M Wireless Ltd. In 2013, revenue for Wireless services was CHF 18.9 million compared to CHF 14.4 million in 2012 (including intra-group revenue).

In 2013, the company made about 80% of its total revenue from 67 customers. u-blox' largest customer accounted for less than 11% of revenue. u-blox served over 4'500 customers and achieved global expansion into new regions and markets.

Increased gross profit

Gross profit increased by 24.6% to CHF 101.2 million in 2013 from CHF 81.2 million in 2012. Gross profit margin was 46.0% for 2013, declining from 46.9% in 2012 because of the changes in product mix.

Distribution and marketing activities

Distribution and marketing expenses increased in 2013 due to the expansion of the business. In 2013, distribution and marketing activities were CHF 21.2 million as compared to CHF 17.8 million in the previous year. As a percentage of revenue, distribution and marketing expenses were 9.7% in 2013 compared to 10.3% in 2012.

Research and product development

R&D expenses in 2013 were CHF 38.9 million as compared to CHF 32.7 million in 2012. As a percentage of revenue, R&D expenses in 2013 were 17.7% as compared to 18.9% in 2012. The percentage wise decrease is due to higher capitalization of R&D expenses because of the strategic investments into 4G LTE technology and due to higher revenues.

Stock option expenses

The stock option expenses recognized in 2013 were CHF 2.2 million as compared to CHF 1.9 million in 2012.

Growth of operating profit (EBIT)

EBIT was CHF 30.1 million in 2013 as compared to CHF 22.9 million in the previous year. Growth rate from 2012 to 2013 was 30.9%. EBIT margin was 13.7% and EBITDA margin was 21.0% in 2013.

Finance income and costs

Finance income was CHF 1.0 million. Finance costs were CHF 2.2 million, mainly due to negative foreign exchange results from operations.

Table 1: consolidated income statement

(in CHF 000s)	for the year ended December 31, 2013		for the year ended December 31, 2012 (restated)	
		% revenue		% revenue
Revenue	219'813	100.0%	173'128	100.0%
Cost of sales	-118'654	-54.0%	-91'949	-53.1%
Gross profit	101'159	46.0%	81'179	46.9%
Distribution and marketing expenses	-21'217	-9.7%	-17'828	-10.3%
Research and development expenses	-38'941	-17.7%	-32'730	-18.9%
General and administrative expenses	-11'034	-5.0%	-7'785	-4.5%
Other income	83	0.0%	112	0.1%
Operating profit (EBIT)	30'050	13.7%	22'948	13.3%
Finance income	1'013	0.5%	922	0.5%
Finance costs	-2'193	-1.0%	-2'487	-1.4%
Profit before income tax (EBT)	28'870	13.1%	21'383	12.4%
Income tax expense	-4'227	-1.9%	-4'305	-2.5%
Net profit, attributable to owners of the parent	24'643	11.2%	17'078	9.9%
Operating profit (EBIT)	30'050	13.7%	22'948	13.3%
Depreciation and amortization	16'138	7.3%	12'240	7.1%
EBITDA ¹⁾	46'188	21.0%	35'188	20.3%

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.

Positive net cash generated from operating activities

In 2013, u-blox generated cash from operating activities in the amount of CHF 38.5 million as compared to CHF 32.1 million in 2012. Inventory level has increased due to the expansion of the business and due to higher revenue.

Table 2: consolidated statement of cash flows (condensed)

(in CHF 000s)	for the year ended December 31, 2013	for the year ended December 31, 2012
Net cash generated from operating activities	38'483	32'088
Net cash used in investing activities	-33'638	-16'805
Net cash used in financing activities	-4'784	-15'618
Net increase/(decrease) in cash and cash equivalents	61	-335
Cash and cash equivalents at beginning of the year	33'416	35'151
Effect of exchange rate fluctuations on cash and cash equivalents	-314	-1'400
Cash and cash equivalents at end of the year	33'163	33'416

Main investing activities

Investments in capitalized development costs were CHF 14.9 million as compared to CHF 3.7 million in 2012. CHF 10.9 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity and approximately CHF 7.9 million in software intellectual property rights and acquired technology.

Financing activities

There was the repayment of remaining borrowings and other payables from acquisitions in 2012 of CHF 3.3 million, a dividend payment of CHF 6.4 million and proceeds from the issuance of ordinary shares connected with the employee share option plan of CHF 4.9 million.

Strong financial position

u-blox has a very strong balance sheet with an equity ratio of 79.7%. Cash and cash equivalents and marketable securities remain stable at CHF 60.6 million at December 31, 2013 compared to CHF 60.6 million at December 31, 2012.

Goodwill only slightly changed from CHF 37.7 million in 2012 to CHF 37.8 million or 16.7% of total assets in 2013 due to foreign currency effects.

Dividend

Due to this strong financial position and the positive outlook, the Board of Directors proposes at the Annual General Meeting to pay-out dividends. For this year an increased dividend of CHF 1.30 per share is suggested which represents a payout ratio of 34.1% of consolidated net profit, attributable to owners of the parent.

Table 3: consolidated statement of financial position (condensed)

(in CHF 000s)	At December 31, 2013	At December 31, 2012 (restated)
ASSETS		
Current assets		
Cash and cash equivalents	33'163	33'416
Marketable securities	27'395	27'175
Trade accounts receivables	29'204	22'127
Other assets	32'589	24'758
Total current assets	122'351	107'476
Non-current assets		
Property, plant and equipment	13'764	7'078
Goodwill	37'825	37'659
Intangible assets	44'570	33'682
Financial assets	1'222	1'195
Deferred tax assets	6'777	4'543
Total non-current assets	104'158	84'157
Total assets	226'509	191'633
LIABILITIES AND EQUITY		
Current liabilities	35'974	26'868
Non-current liabilities	10'099	13'915
Total liabilities	46'073	40'783
Shareholders' equity		
Share capital	5'810	5'675
Share premium	92'556	94'132
Retained earnings	82'070	51'043
Total equity, attributable to owners of the parent	180'436	150'850
Total liabilities and equity	226'509	191'633

Challenges and risks

Uncertainty in some European economies will continue to be an issue in 2014 and may affect some of the company's customers. With thousands of customers spread across many market sectors all over the world, the

largest customer accounting for less than 11% of revenue, u-blox enjoys a natural protection against adverse market or regional developments. The strength of the Swiss Franc, the reporting currency, remains a disadvantage. At the relative gross margin level the company still enjoys a natural hedge against currency fluctuation as production costs are incurred in the same currencies u-blox uses to invoice customers. A major part of u-blox' headcount and all production are located around the world outside of the Swiss Franc zone, either close to customers or at one of the company's R&D centers in the UK, USA, Italy, Belgium, Ireland, Pakistan and Finland.

Board and management members

There were no changes in Board of Directors, or Executive Management during the year.

Outlook

Strong market demand for internet connectivity and location awareness have combined to create an enormous ecosystem of products and services that serve every sector of the global economy; from supply chain management, to connected consumer devices, to mobile payment solutions, to systems for vehicle and personal safety. Combined with the 4G LTE telecoms revolution and the adoption of internet protocol version 6, the company is witnessing only the tip of the iceberg.

In the near future, countless devices will possess high-speed connectivity and access to almost limitless cloud-computing power. u-blox' growing portfolio of embedded chips and modules that serve all deployed cellular standards and satellite positioning systems means the company is perfectly positioned to reap the benefits of the exploding "Internet of Things".

With its growing base of over 4'500 global customers, proven strategy, quality, brand and in-house expertise, u-blox has laid a solid platform for continued success. For the year 2014, u-blox gives an EBIT guidance between CHF 34 million and CHF 38 million, and a revenue guidance between CHF 255 million and CHF 265 million. This outlook is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level (USD/CHF: 0.90; EUR/CHF: 1.23).

For more information, please view the Annual Report 2013 and presentation slides online at:

<http://www.u-blox.com/en/reports-and-presentations.html>

About u-blox

Swiss-based u-blox (SIX:UBXN) is the global leader in wireless and positioning semiconductors for the automotive, industrial and consumer markets. Our solutions enable people, vehicles and machines to locate their exact position and wirelessly communicate via voice, text or video. With a broad portfolio of chips, modules and software solutions, u-blox is uniquely positioned to allow OEMs to develop innovative solutions that enable mobility 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

u-blox contacts

Thomas Seiler, Chief Executive Officer

Phone: +41 44 722 74 22

E-mail: thomas.seiler@u-blox.com

Roland Jud, Chief Financial Officer

Phone: +41 44 722 74 25

E-mail: roland.jud@u-blox.com

Financial calendar

Annual general meeting: April 29, 2014

Half year results 2014: September 5, 2014

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.

This press release is published in German and English. Should the German translation differ from the English original, the English version is binding.