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## **HY1 2011 Results u-blox Holding AG**

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# Disclaimer

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# Agenda

- Introduction
- Highlights HY1/11
- Financial results
- Business update
- Outlook
- Q&A

## u-blox group HY1/11

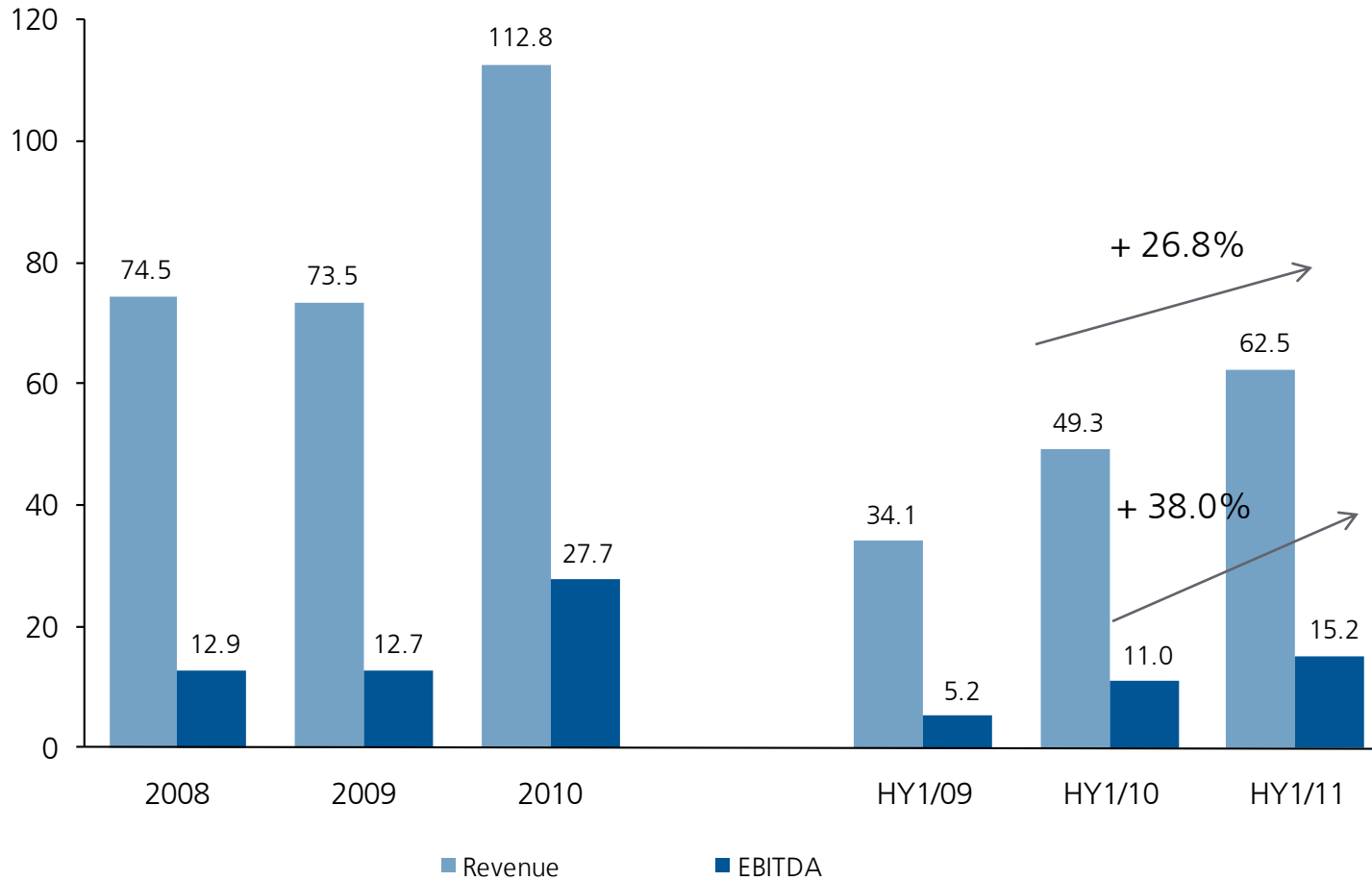
Key figure	Amount CHF	In relation to revenue	Change HY1/10 to HY1/11
<b>Revenue</b>	<b>62.5m</b>	-	<b>26.8%</b>
Gross profit	31.4m	50.3%	20.0%
EBITDA	15.2m	24.3%	38.0%
EBIT	11.7m	18.8%	54.5%
<b>Net profit</b>	<b>7.4m</b>	<b>11.9%</b>	<b>22.7%</b>
Net operating cash flow	10.7m	17.2%	26.8%

# Highlights HY1/11

- Good performance despite adverse conditions
  - Strong profitability
  - Revenue growth in all regions
- Expanded market position in existing markets
  - Penetration of new electronic market sectors (smartphones, e-readers and tablet computers)
  - Strong growth in automotive applications
- Continued innovation track record
  - Several product launches
  - Continued high customer migration to u-blox 6 platform
- Strengthened organization

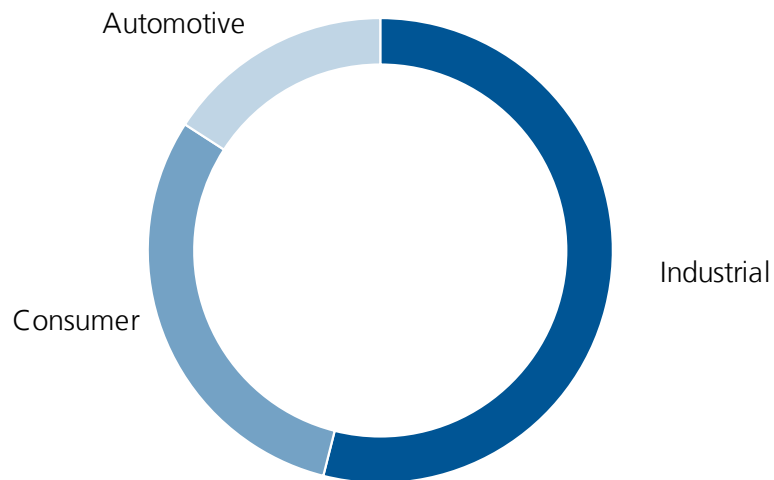
# Revenue and EBITDA

(CHF in million)



# Markets trends

## Revenue split per market for HY1/11



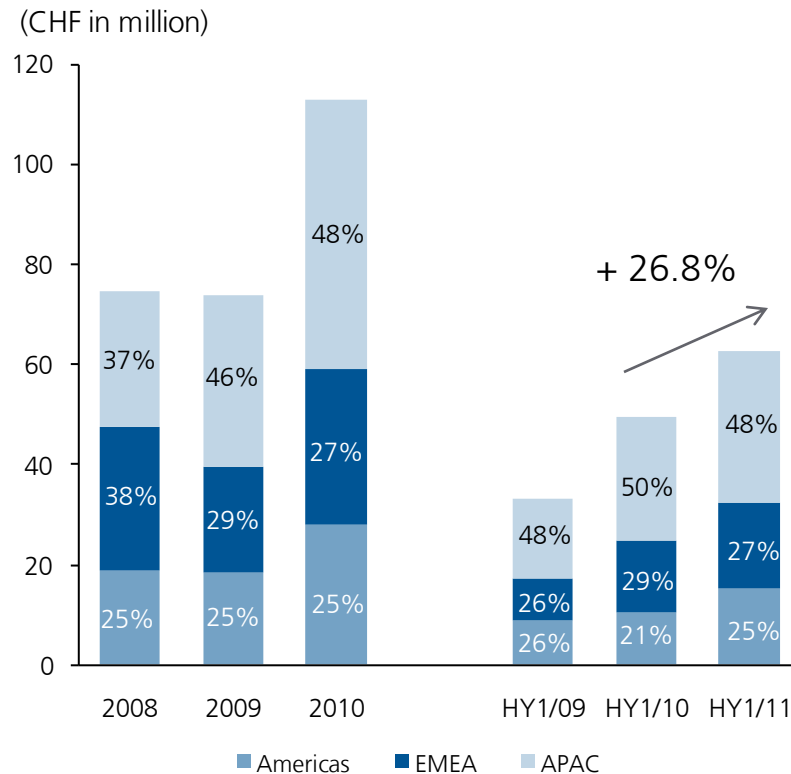
Note: Estimate

## Comments

- Very strong growth in automotive market, both in first-mount and after-market applications
- Growth in consumer market led by GPS sales into mobile computing and mobile phones

# Revenues by geography

## Revenues by geographic region



## Comments

Growth in all geographic regions

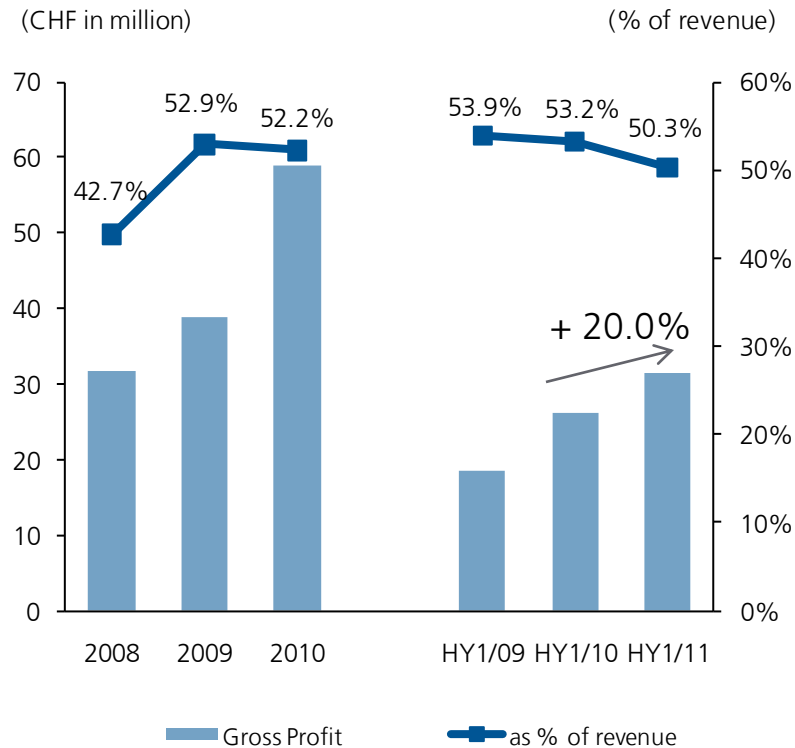
- Increase in Asia Pacific (+22%)
- Increase of +21% in EMEA
- Biggest increase in the Americas (+46%)

Note: based on customers' location



# Gross profit

## Gross profit / Gross profit margin



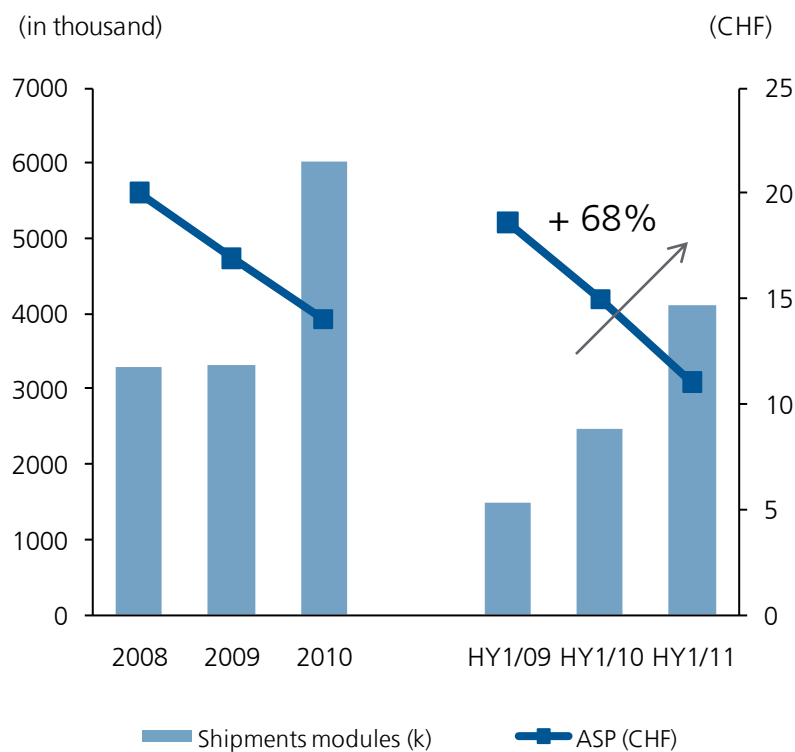
## Comments

- Increase in gross profit to CHF 31.4m in HY1/11
- Growth of gross profit of +20.0% compared to HY1/10
- Good gross profit margin in HY1/11; slightly declined due to product mix and foreign currency impacts

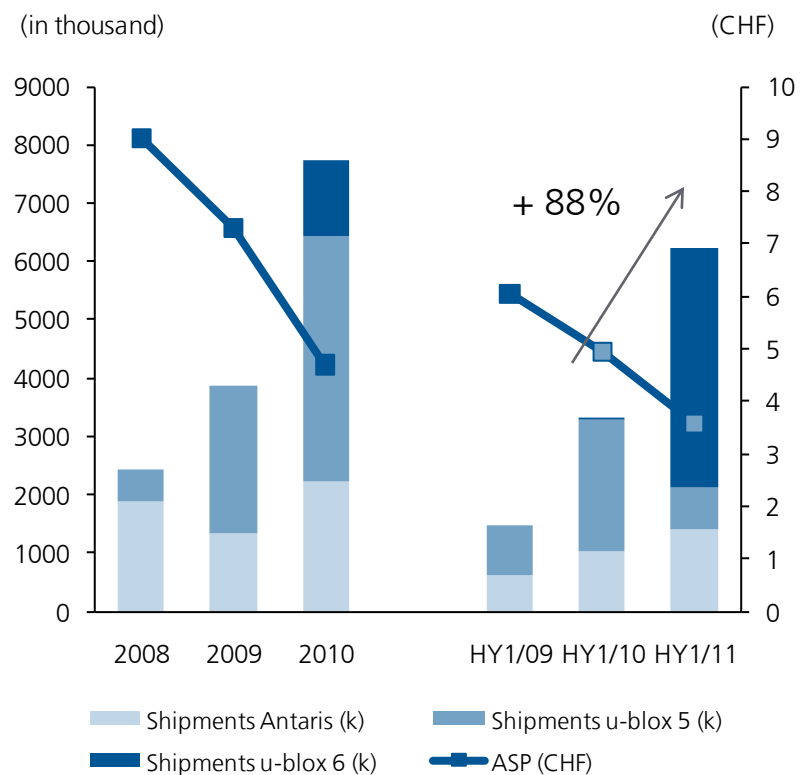
# Shipments and ASP development

- Steep increase of u-blox 6 chip shipments in HY1/11
- Strong growth of module volume in HY1/11

## Modules



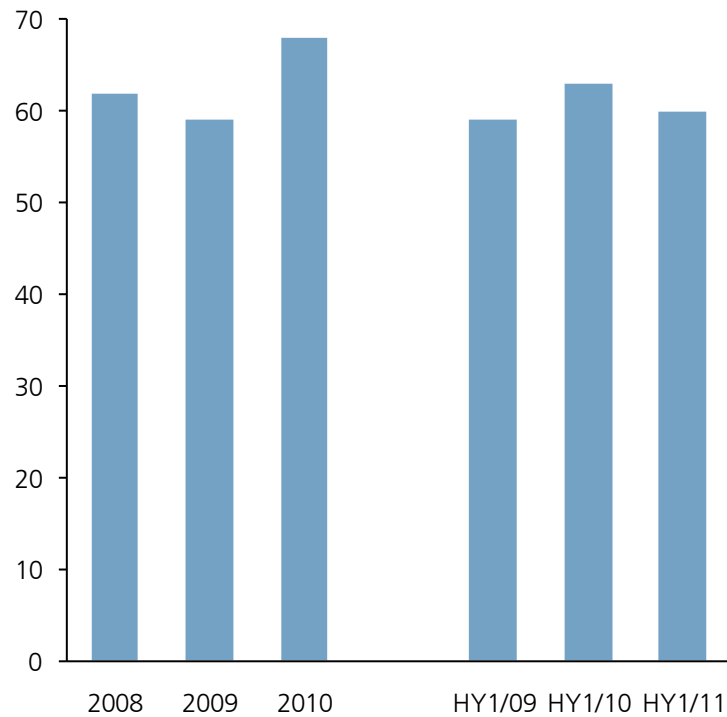
## GPS chips



Note: incl. Atmel-Chipset sales

# Global customer base

## Number of customers totaling 80% of revenue

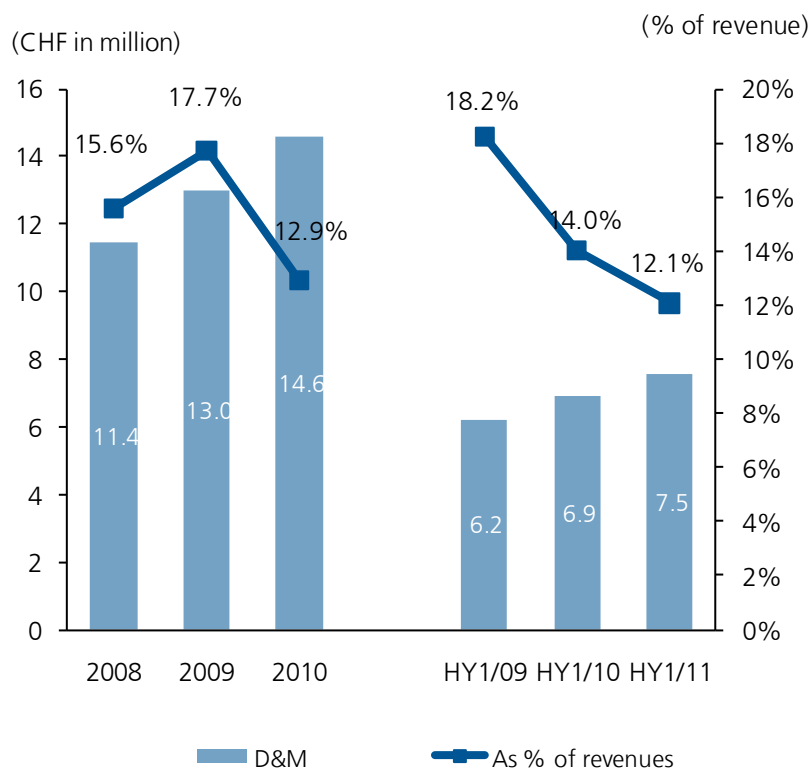


## Comments

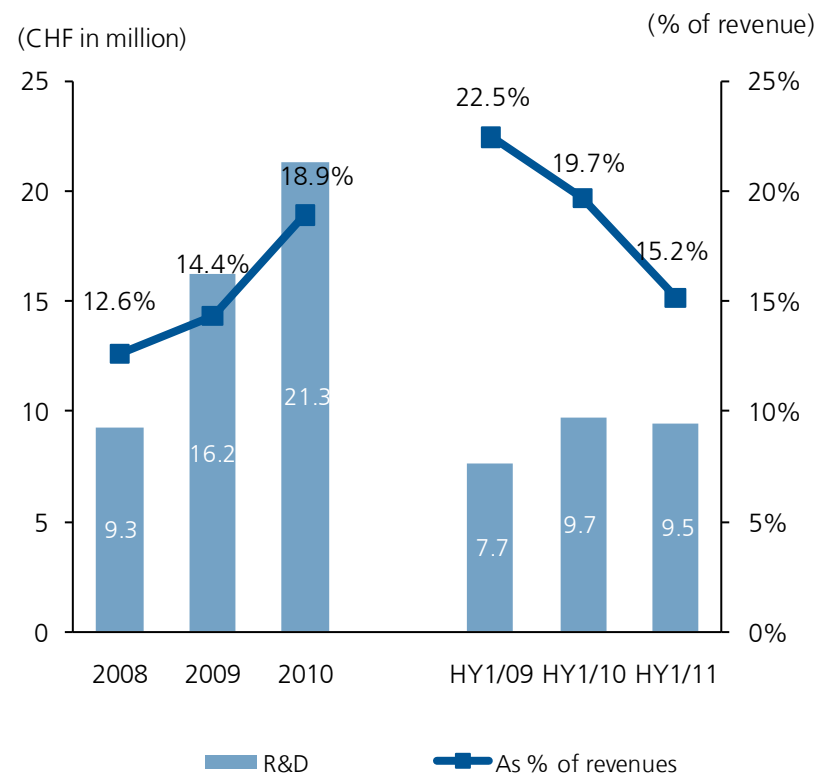
- Strong and stable customer base
- More than 3000 customers worldwide
- Good spread over different applications and geographical regions
- Largest customer accounts for less than 6% of total revenue in HY1/11
- 10 biggest customers account for 38% of total revenue in HY1/11
- No bad debtors

# Distribution & marketing / Research & development

## Distribution & marketing expenses

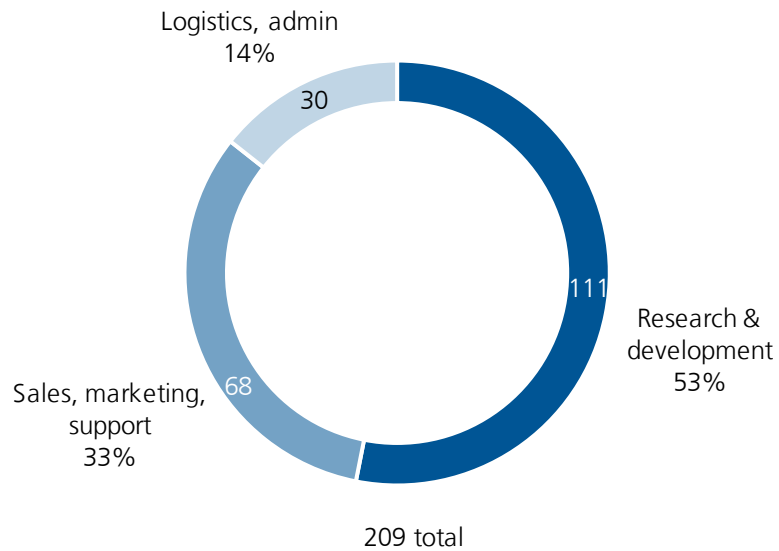


## Research & development expenses



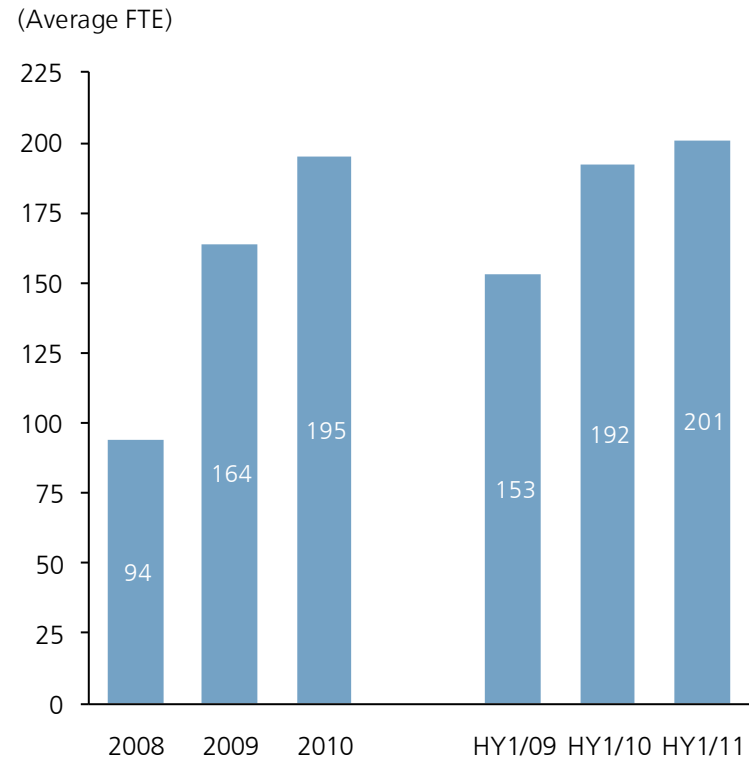
# Employees

Employee breakdown (end of HY1/11, FTE based)



Note: 60% of employees based outside Switzerland (spread over 9 countries)

Average employee level (2008 – HY1/11, FTE based)



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

# Income statement

## Consolidated income statement (condensed)

(in CHF 000s)	Jan. - June		Jan. - Dec.
	2011	2010	2010
	(unaudited)	(unaudited)	(audited)
<b>Revenue</b>	<b>62'471</b>	<b>49'251</b>	<b>112'781</b>
% growth	26.8%		
Cost of revenue	-31'045	-23'056	-53'921
<b>Gross profit</b>	<b>31'426</b>	<b>26'195</b>	<b>58'860</b>
% gross profit margin	50.3%	53.2%	52.2%
Operating expenses	-19'850	-19'369	-41'159
Other income	171	779	1'370
<b>Profit from operations (EBIT)</b>	<b>11'747</b>	<b>7'605</b>	<b>19'071</b>
% EBIT margin	18.8%	15.4%	16.9%
Financial income	495	580	942
Finance costs	-2'818	-672	-3'546
<b>Profit before income tax (EBT)</b>	<b>9'424</b>	<b>7'513</b>	<b>16'467</b>
% EBT margin	15.1%	15.3%	14.6%
Income tax expense	-2'014	-1'472	-3'551
<b>Net profit for the period</b>	<b>7'410</b>	<b>6'041</b>	<b>12'916</b>
% net profit margin	11.9%	12.3%	11.5%
Depreciation and amortization	3'450	3'409	8'612
<b>EBITDA</b>	<b>15'197</b>	<b>11'014</b>	<b>27'683</b>
% EBITDA margin	24.3%	22.4%	24.5%

## Comments

- Revenue increase of 26.8% from HY1/10 to HY1/11
- Increased gross profit by 20.0%
- Only slightly higher operating expenses despite of increased revenues
- EBITDA margin of 24.3%
- EBIT margin of 18.8%
- Tax rate of 21.4%
- Net profit of CHF 7.4m, net profit margin of 11.9%
- HY1/11: Stock options cost in the amount of CHF 0.9m
- HY1/11: Finance costs contains foreign exchange loss of CHF 2.6m

# Statement of financial position

## Statement of financial position (condensed)

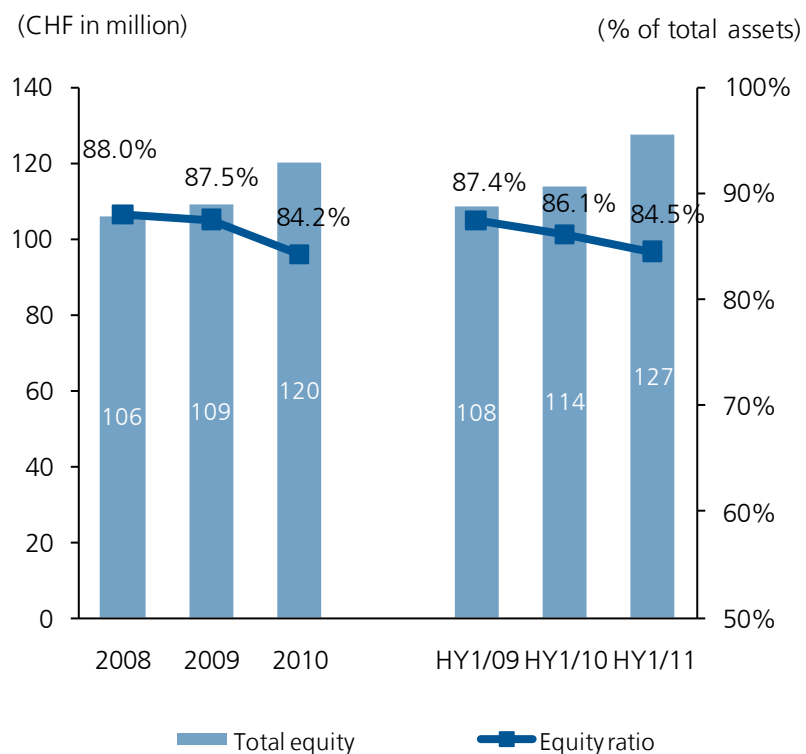
(in CHF 000s)	June 30, 2011 (unaudited)	Dec. 31, 2010 (audited)	June 30, 2010 (unaudited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	29'716	25'184	28'173
Marketable securities	50'164	49'890	39'825
Trade accounts receivable	15'363	12'160	12'365
Other current assets	20'041	19'863	12'807
Total current assets	<u>115'284</u>	<u>107'097</u>	<u>93'170</u>
<b>Non-current assets</b>			
Property, plant and equipment	5'189	4'947	4'928
Intangible assets	28'019	27'687	30'218
Financial assets	339	352	367
Deferred tax assets	1'954	2'217	3'540
Total non-current assets	<u>35'501</u>	<u>35'203</u>	<u>39'053</u>
<b>Total assets</b>	<b><u>150'785</u></b>	<b><u>142'300</u></b>	<b><u>132'223</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current liabilities	18'269	17'592	14'371
<b>Non-current liabilities</b>			
Non-current liabilities	5'121	4'857	4'014
<b>Total liabilities</b>	<u>23'390</u>	<u>22'449</u>	<u>18'385</u>
<b>Shareholders' equity</b>			
Share capital	5'619	5'619	5'619
Share premium	104'718	103'798	103'403
Retained earnings	17'058	10'434	4'816
<b>Total equity</b>	<u>127'395</u>	<u>119'851</u>	<u>113'838</u>
<b>Total liabilities and equity</b>	<b><u>150'785</u></b>	<b><u>142'300</u></b>	<b><u>132'223</u></b>

## Comments

- Very strong financial position with a liquidity (incl. marketable securities) of CHF 79.9m
- No significant debt
- Inventory CHF 16.8m (CHF 6.9m WIP)
- Increase of trade accounts receivable due to higher revenue
- Trade accounts payable of CHF 6.6m
- No impairment of goodwill; goodwill at CHF 14.4m

# Statement of financial position

## Total equity and equity ratio



## Comments

- Equity ratio at 84.5%
- Strong capital base supports expansion of business



# Statement of cash flows

## Consolidated interim cash flow Statement (condensed)

(in CHF 000s)	Jan. - June		Jan. - Dec.
	2011	2010	2010
	(unaudited)	(unaudited)	(audited)
Net cash provided by operating activities	10'735	8'468	20'671
Net cash (used in)/provided by investing activities	-4'533	164	-13'589
Net cash used in financing activities	-1	-2	-4
<b>Net increase in cash and cash equivalents</b>	<b>6'201</b>	<b>8'630</b>	<b>7'078</b>
Cash and cash equivalents at beginning of period	25'184	20'153	20'153
Effect of exchange rate fluctuations on cash and cash equivalents	-1'669	-610	-2'047
<b>Cash and cash equivalents at end of period</b>	<b>29'716</b>	<b>28'173</b>	<b>25'184</b>

## Comments

- Strong positive operational cash flow
- Investing activities:
  - CHF 3.0m investments into intangible assets (Software, capitalization of R&D)
  - CHF 1.6m investments into property, plant and equipment (tools, furniture, equipment)

# Segment information

(in CHF 000s)	GPS and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January - June		January - June		January - June		January - June		January - June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue third	61'435	48'137	1'036	1'114	62'471	49'251	0	0	62'471	49'251
Revenue intragroup	0	0	2'475	1'652	2'475	1'652	-2'475	-1'652	0	0
<b>Total revenue</b>	<b>61'435</b>	<b>48'137</b>	<b>3'511</b>	<b>2'766</b>	<b>64'946</b>	<b>50'903</b>	<b>-2'475</b>	<b>-1'652</b>	<b>62'471</b>	<b>49'251</b>
EBITDA	15'115	10'745	249	386	15'364	11'131	-167	-117	15'197	11'014
Depreciation	-1'057	-886	-263	-303	-1'320	-1'189	0	0	-1'320	-1'189
Amortization	-1'759	-1'898	-371	-322	-2'130	-2'220	0	0	-2'130	-2'220
<b>EBIT</b>	<b>12'299</b>	<b>7'961</b>	<b>-385</b>	<b>-239</b>	<b>11'914</b>	<b>7'722</b>	<b>-167</b>	<b>-117</b>	<b>11'747</b>	<b>7'605</b>
Financial income							495	580	495	580
Finance costs							-2'818	-672	-2'818	-672
<b>EBT</b>							<b>-2'490</b>	<b>-209</b>	<b>9'424</b>	<b>7'513</b>
	<b>June 30, 2011</b>	<b>Dec. 31, 2010</b>	<b>June 30, 2011</b>	<b>Dec. 31, 2010</b>	<b>June 30, 2011</b>	<b>Dec. 31, 2010</b>	<b>June 30, 2011</b>	<b>Dec. 31, 2010</b>	<b>June 30, 2011</b>	<b>Dec. 31, 2010</b>
Assets	63'999	54'726	4'543	5'542	68'542	60'268	82'243	71'955	150'785	132'223

# Business update



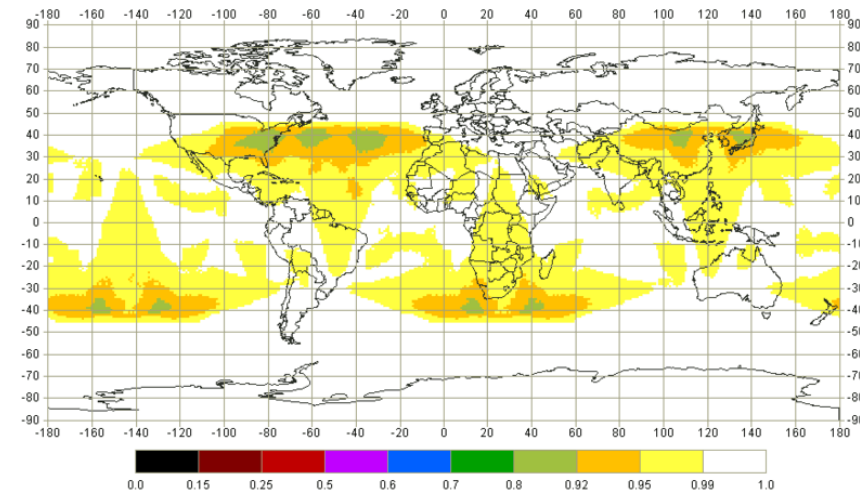
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# Innovations

## Combined receiver for GPS and GLONASS

- GLONASS – the Russian position satellite constellation
  - Number of satellites: 22
  - Position accuracy: >10m
  - Coverage: 100% in Russia, less elsewhere
- Combined receiver offers
  - Better availability
  - Less dependency
- LEA-6H demonstrates dual operation

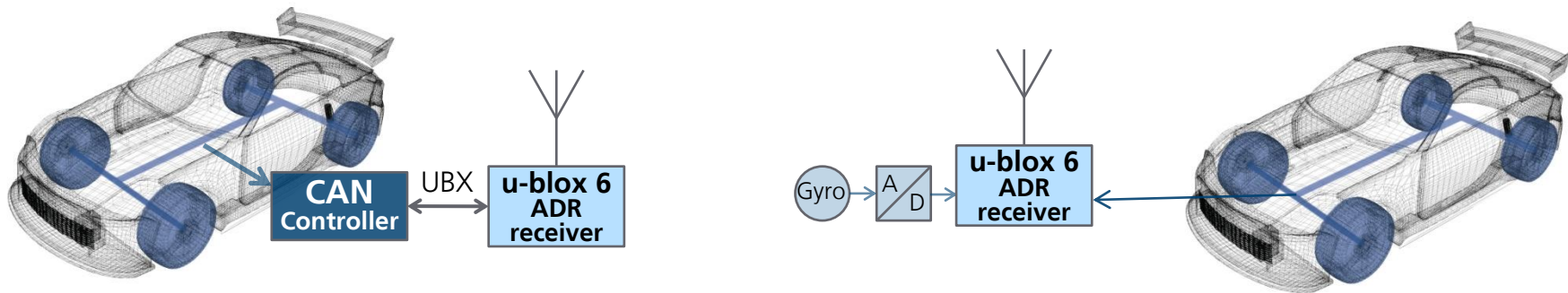


World wide availability of GLONASS

# Innovations

## Product launches

- Single chip solution with automotive dead reckoning
  - Simplified design
  - Lower cost
  - More compact design
  - Two system concepts in one package



# Innovations

## Product launches

- MAX-6: GPS module
  - Designed for mass market
  - Ideal for portable devices: Trackers, navigators, communication devices
  - Low-power, low cost applications
  - Fit on a PCB area smaller than the size of a fingerprint



1998  
MS1 Series  
30x30 mm



2001  
TIM Series  
25x25 mm



2004  
LEA Series  
17x22 mm



2008  
NEO Series  
12x16 mm



2011  
MAX Series  
10x10 mm



## Leadership in GPS modules

- Continual innovation since 1997
- De facto industry standard
- Enabler for wide spread market deployment

# Co-operations

- Rohde & Schwarz
  - Reference testing with Galileo and GLONASS signals
- Microchip
  - Reference design platform for PIC microcontroller with u-blox GPS and GSM modules
  - Enable developers to add location awareness to their designs:
    - Logistics terminals
    - Tracking devices
    - Fleet management solutions
    - POS terminals and printers



← u-blox  
Wireless module

← u-blox  
GPS module

Daughter board



# Continued to perform in our core markets: Consumer



Iota, US  
GSM-Bluetooth hub



Meizu, China  
Cell phones



Enspert, Korea  
Tablet computer



Commercial for  
Chinese smart phone

# Continued to perform in our core markets: Industrial and Automotive



Samsung  
Portable navigation  
and entertainment



Coagent, China  
Car navigation



Geotab, US  
Vehicle tracking

# Strategic priorities 2011 on track (1)

1

## Technology and innovation

### Outlook 2011

- Next generation platforms
- New products
- New features to existing Products
- Broaden technology scope

2

## Market position

### Outlook 2011

- Deepen relationship with customers
- Expand sales organization
- Win further consumer market share
- Continue dominance in industrial market
- Maintain strong momentum in automotive markets

# Strategic achievements 2011 on track (2)

3

## Operational excellence

### Outlook 2011

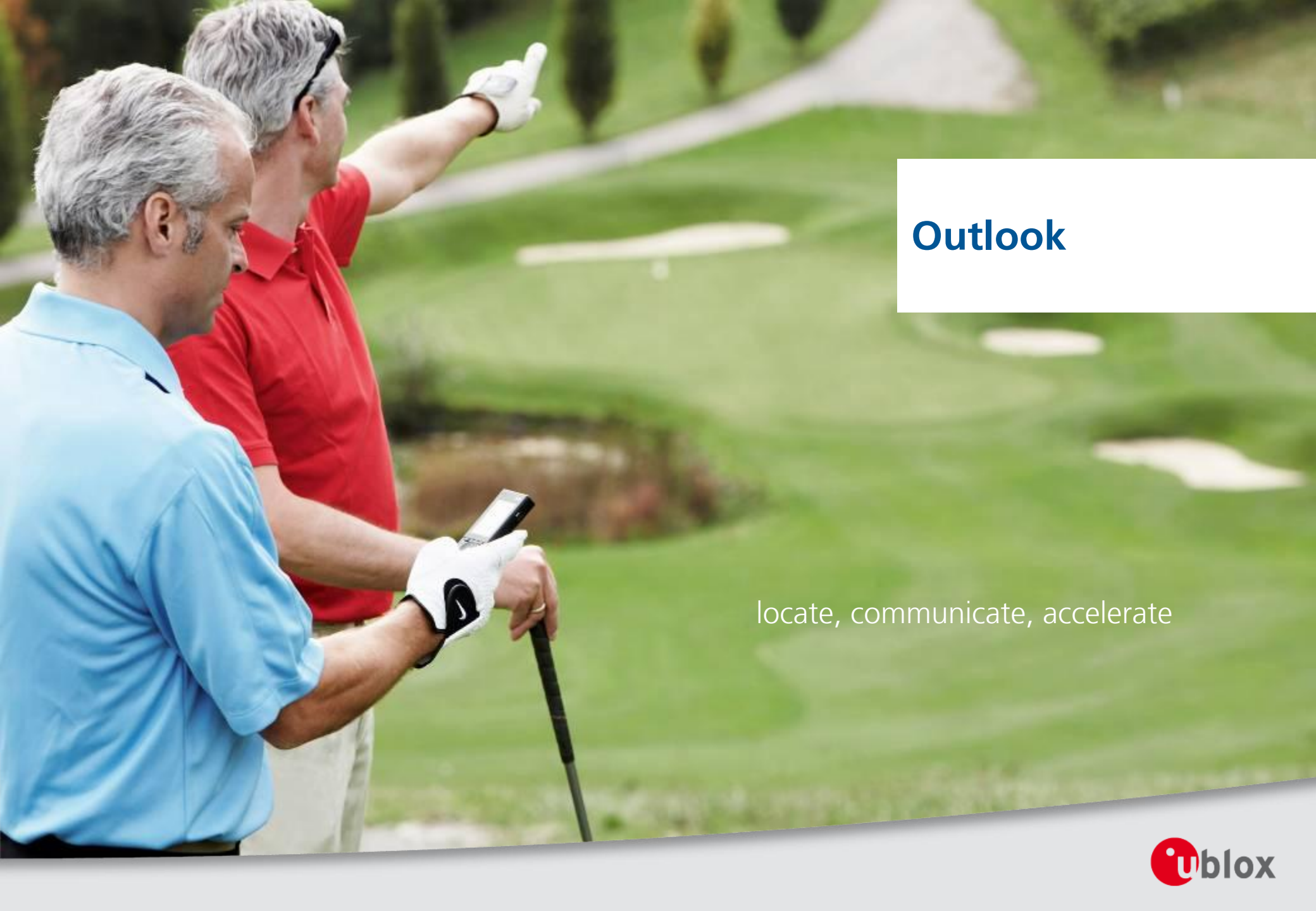
- Continue to exploit GPS/wireless technology synergies
- Further increase capacity
- Expand cross-divisional program management
- Strive for leaner processes

4

## Strategic partnership and acquisition opportunities

### Outlook 2011

- Evaluate key growth initiatives and strategic acquisitions
- Establish service and manufacturing partnerships



## Outlook

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# Outlook

## Goals

- Grow business with launched new products
  - Wireless: new 2G and 3G products
  - GPS: u-blox 6 with FW7
- Strong focus on strategic development
- Capture additional business from existing customer relationships
- Strengthen the global presence
- Operational excellence for higher efficiency
- Control cost to match impact from strong Swiss Franc

## Financial performance outlook 2011

- Continued business growth in the second half year of 2011
- Natural hedging maintains relative gross margin against foreign exchange variations

## Mid-term outlook

- Mid-term revenue growth from
  - Chipset and modules sales Positioning
  - Modules sales Wireless
  - Geographic expansion
- Develop more business opportunities for continued volume growth
- Exchange rate assumptions for HY2/11:  
EUR/CHF: 1.15 USD/CHF: 0.8

	Actual FY 2010	Actual HY1/11	Updated Guidance 2011
<b>Revenue</b>	112.8	62.5	124
<b>EBIT</b>	19.1	11.7	22
	M CHF	M CHF	M CHF

# Upcoming events

- Annual results 2011: March 21, 2012
- Annual General Meeting 2011: April 25, 2012

Thank you!

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