



Press Release

u-blox announces stable business in Fiscal Year 2009

Financial Highlights

- Consolidated revenue of u-blox Holding AG was CHF 73.5 million in 2009, a slight decline of 1.3% as compared to 2008
- Significant gross profit margin improvement from 42.7% in 2008 to 52.9% in 2009
- Profit from operations (EBIT) declined from CHF 8.4 million to CHF 5.2 million due to higher expenses after two acquisitions
- EBITDA margin of 17.2%, EBIT margin of 7.1%
- Unfavorable exchange rates negatively influenced financial results
- Net profit decreased by 62% from CHF 8.8 million to CHF 3.3 million, representing a 4.5% net profit margin for 2009
- Strong cash flow from operations was CHF 14.7 million
- Healthy balance sheet with a high equity ratio of 87.5%
- Acquisition of Neonseven S.p.A. and Geotate B.V. strengthened u-blox' product portfolio

Thalwil, Switzerland – March 19, 2010 – u-blox (SIX:UBXN), a leading provider of embedded positioning and wireless communication solutions, today announced that revenue was at CHF 73.5 million and EBIT was CHF 5.2 million.

A year of expansion

Although there were weaknesses in EMEA and the Americas with decline in demand, u-blox expanded its market position in Asia, and experienced a clear global turnaround in revenue around the last quarter resulting in growth of 15% over the first half year. Although revenue was flat, u-blox remained profitable. The chip and module businesses generated positive income from operations during 2009. Consolidated revenue was down by CHF 1 million to CHF 73.5 million with increased volumes, while EBIT was decreased from CHF 8.4 million to CHF 5.2 million, a 38% decrease over the prior year. Net profit was CHF 3.3 million, representing a 4.5% net profit margin for 2009.

Successful acquisitions and streamlining of operations

u-blox invested in its future through the acquisitions of Neonseven and Geotate, and increased its staff of highly-talented engineers. The acquisitions expanded u-blox' product and service portfolio with wireless and GPS technologies. Once a pure-play hardware GPS vendor, u-blox is now a provider of both wireless and positioning solutions. The integration of the two companies was successfully completed, including re-structuring and alignment of all departments and processes within the u-blox corporate structure and culture. Today u-blox employs approximately 200 employees world-wide as compared to 100 at the end of 2008.

Additionally, the company improved all internal processes, and implemented new cross-departmental program management to increase project management and efficiency.

locate, communicate, accelerate

Operational highlights

- **u-blox' core GPS technology platform was successfully upgraded** from u-blox 5 to u-blox 6
- **u-blox launched its first wireless module, LEON**, followed by five major industry and operator certifications. New design wins were rapidly secured for both telematics (GPS+GSM) and telemetry (GSM only) applications. Satel, an established security equipment vendor, was our first customer, using LEON for a mission-critical wireless security application.
- **Triple-digit sales growth of our smallest-profile products:** GPS chips, AMY and NEO GPS module families.
- **The high-performance of our GPS precision timing module was validated** by the design-in by ZTE, a leading provider of 2G / 3G base station equipment to the world's largest mobile phone market: China.
- **New customer wins in the newly emerging personal locator market:** u-blox GPS receivers were chosen for personal locator products developed by renowned companies including XACT, Location-Based Technologies, SPOT LLC (USA), and McMurdo (UK). Personal locators are a growing market served by early adopters of GPS with wireless communications.
- **Commercialization of our new Software GPS solution - Geotagging:** Capture & Process, a technology acquired from Geotate, was commercially implemented in two geotagging camera accessories from Bilora and Jobo. Millions of photos have already been tagged with geographic coordinates captured at the instant each photo was taken.
- **Compatibility of u-blox GPS receivers with Windows® 7:** With the launch of Windows® 7, Microsoft officially certified u-blox' Windows® 7 compatible driver. This gives software developers a seamless, hassle-free way to develop location-aware applications running on Windows® 7 together with any u-blox GPS receiver.

Revenue

u-blox operates in two segments:

- **GPS / wireless products**
The Group develops and sells embedded GPS receivers and, with the acquisition of Neonseven, wireless modules which are used mainly in automotive, industrial and consumer applications. Revenue was CHF 70 million for 2009 as compared to CHF 74.5 million in 2008.
- **Wireless services**
With the acquisition of Neonseven, u-blox also offers wireless communication technology services in terms of reference designs and software. In 2009, revenue for wireless services to external customers was CHF 3.5 million (effective as of 1 April 2009).

Increased Gross profit

Gross profit increased by 22.3% to CHF 38.9 million in 2009 from CHF 31.8 million in 2008. Gross margin was 52.9% for 2009 compared to 42.7% for 2008. The increase in relative margin in 2009 was primarily due to the migration to u-blox 5-based modules and u-blox 5 chipset sales which allowed the company to achieve better gross margin as compared to the previous ANTARIS generation. In 2009, about 78% of GPS module volumes was based on the u-blox 5 generation.

Profit from operations (EBIT)

EBIT was CHF 5.2 million in 2009 as compared to CHF 8.4 million in the previous year. EBIT was mainly influenced by the two acquisitions which resulted in higher operating expenses. EBIT margin was 7.1% and EBITDA margin was 17.2% in 2009.

Financial income / costs

In 2009, financial income was only CHF 0.3 million due to low interest rates. Financial expenses were CHF 1.5 million, mainly due to negative foreign exchange results. In 2008, financial income of CHF 2.3 million was realized. Finance costs in 2008 were at a very low level.

(in CHF 000s)	For the year ended December 31,			
	2009		2008	
		% sales		% sales
Revenue	73,527	100.0%	74,506	100.0%
Cost of revenue	-34,644	-47.1%	-42,710	-57.3%
Gross profit	38,883	52.9%	31,796	42.7%
Distribution and marketing expenses	-13,014	-17.7%	-11,434	-15.3%
Research and development expenses	-16,195	-22.0%	-9,277	-12.5%
General and administrative expenses	-4,572	-6.2%	-2,813	-3.8%
Other income	84	0.1%	139	0.2%
Profit from operations (EBIT)	5,186	7.1%	8,411	11.3%
Financial income	251	0.3%	2,268	3.0%
Finance costs	-1,490	-2.0%	-7	0.0%
Profit before income tax (EBT)	3,947	5.4%	10,672	14.3%
Income tax expense	-621	-0.8%	-1,911	-2.6%
Net profit	3,326	4.5%	8,761	11.8%
Profit from operations (EBIT)	5,186		8,411	
Depreciation and amortization	7,495		4,466	
EBITDA (1)	12,681	17.2%	12,877	17.3%

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

Table 1: Consolidated Income Statement

Positive cash flow from operating activities

In 2009, u-blox generated cash from operating activities in the amount of CHF 14.7 million as compared to CHF 2.6 million in 2008. A part of this increase was due to the reduction of inventory level in the amount of CHF 7.9 million.

(in CHF 000s)	For the year ended December 31,	
	2009	2008
Net cash provided by operating activities	14,736	2,570
Net cash used in investing activities	-31,774	-50,239
Net cash used in financing activities	-6	-364
Net decrease in cash and cash equivalents	-17,044	-48,033
Cash and cash equivalents at beginning of year	37,147	85,922
Effect of exchange rate fluctuations on cash and cash equivalents	50	-742
Cash and cash equivalents at end of year	20,153	37,147

Table 2: Condensed Consolidated Cash Flow Statement

Main investing activities

In 2009, main investments were CHF 24.5 million for the acquisitions of Neonseven and Geotate. In 2009, investments of capitalized development costs were CHF 4.2 million as compared to CHF 1.2 million in 2008. CHF 1.1 million was invested in tools and test infrastructure for the further expansion of capacity and approximately CHF 1.9 million in office and laboratories expansion, mainly into 3G test equipment.

Financing activities

In 2009, there were no major financing activities.

Strong balance sheet

u-blox has a very strong balance sheet with an equity ratio of 87.5%. Cash and cash equivalents, short-term investments and marketable securities were CHF 64.9 million per December 31, 2009. Inventory level was reduced from CHF 15.6 million to CHF 7.6 million. At the end of 2009, goodwill was at CHF 17.4 million and no impairment losses were recognized on intangible assets.

(in CHF 000s)	At December 31	
	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	20,153	37,147
Short-term investments	5,000	47,500
Marketable securities	39,740	0
Other current assets	19,406	25,605
Total current assets	84,299	110,252
Non-current assets		
Property, plant and equipment	4,229	2,466
Intangible assets	31,424	3,314
Financial assets	381	307
Deferred tax assets	4,686	4,529
Total non-current assets	40,720	10,616
Total assets	125,019	120,868
LIABILITIES AND EQUITY		
Current liabilities	12,270	12,626
Non-current liabilities	3,308	2,325
Total liabilities	15,578	14,951
Shareholders' equity		
Share capital	5,619	5,619
Share premium	102,830	102,132
Retained earnings / (accumulated losses)	992	-1,834
Total equity	109,441	105,917
Total liabilities and equity	125,019	120,868

Table 3: Condensed Consolidated Balance Sheet

Outlook 2010

With a larger and well-positioned product portfolio, expanded know-how, and markets which will grow substantially in volume over the next few years, we are confident of a bright future for the company in 2010 and beyond. In addition to GPS and converged wireless/GPS markets, we are also a new player in the global wireless markets for machine-to-machine communications. Leveraging our existing high-volume manufacturing partners for our new wireless products also gives us a strong position to win market share and establish our reputation as a competitive provider of high-quality embedded communications products.

We expect steady economic recovery in all sectors during 2010. With our combined wireless and GPS offerings we provide our customers with the competitive edge they need to stay ahead of their competitors. This will fuel the further adoption of multi-functional devices incorporating the best of both mobile communications and GPS worlds, a market that we are uniquely positioned to address.

Our four-fold strategy of establishing technological advantages by innovation or acquisition, keeping existing customers happy while winning new ones in new markets, maintaining a top performing organization, and forming strategic partnerships, will continue.

For more information, please view the presentation slides on:

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

About u-blox

u-blox is a leading fabless semiconductor provider of embedded positioning and wireless communication solutions for the consumer, industrial and automotive markets. Our solutions enable people, devices, vehicles and machines to locate their exact position and wirelessly communicate via voice, text or video. With a broad portfolio of GPS modules, chips, and software solutions together with wireless modules and solutions, u-blox is uniquely positioned to enable OEMs to develop innovative solutions quickly and cost-effectively. Headquartered in Switzerland and with global presence in Europe, Asia and the Americas, u-blox employs 200 people. Founded in 1997, u-blox is listed on the SIX Swiss Exchange. (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

Jean-Pierre Wyss, Chief Financial Officer
Phone: +41 (44) 722 74 20
E-mail: jean-pierre.wyss@u-blox.com

Financial calendar

Shareholders' meeting: April 29, 2010
Half year results 2010: September 3, 2010

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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