

H1/2013 Results u-blox Holding AG

September 5, 2013

Thomas Seiler, CEO

Roland Jud, CFO

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Agenda

- Introduction
- Operational highlights H1/2013
- Financial results H1/2013
- Business review
- Outlook
- Q&A

Operational highlights H1/2013

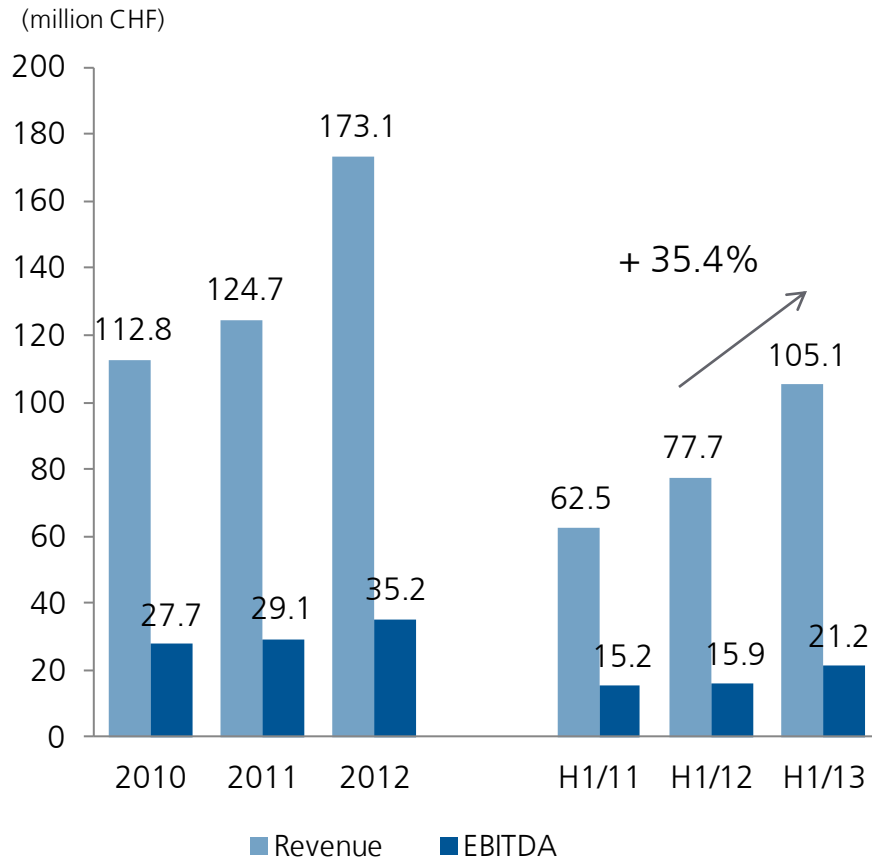
- 35% revenue increase as compared to the first half of 2012
- Strong growth in core business sectors
 - Significantly increased revenues in the automotive and industrial markets
 - Sales into car-navigation and vehicle telematics systems doubled
- Continued investments for sustainable business development
 - Further expansion of R&D staff, new design center in Ireland established
 - Opening of new sales u-blox office in Sydney, Australia
- Continued innovation track record
 - First 4G LTE product launched: TOBY-L1 module series
 - First positioning module with simultaneous GPS and GLONASS tracking: MAX-M5Q
 - Navigation demonstrated using new Chinese BeiDou satellite system

u-blox group H1/2013

Key figure	Amount CHF	In relation to revenue	Change H1/12 to H1/13
Revenue	105.1m	-	35.4%
Gross profit	49.1m	46.7%	38.5%
EBITDA	21.2m	20.1%	33.2%
EBIT	13.8m	13.1%	21.6%
Net profit	12.2m	11.6%	36.8%
Net operating cash flow	20.4m		> + 1'000%

Revenue and EBITDA

Revenue and EBITDA

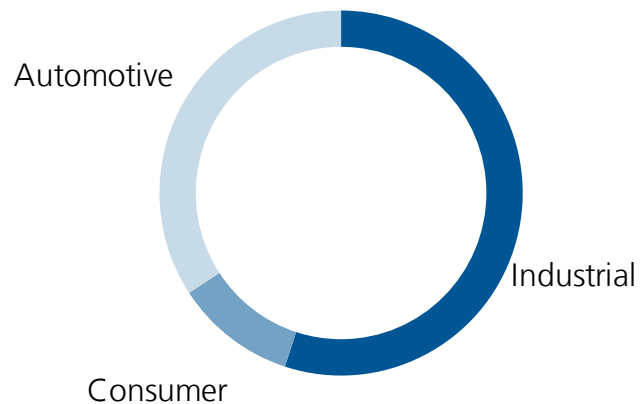


Comments

- Strong growth of revenues: +35.4% compared to H1/12
- 33.2% growth of EBITDA

Markets trends

Revenue split per market for H1/13



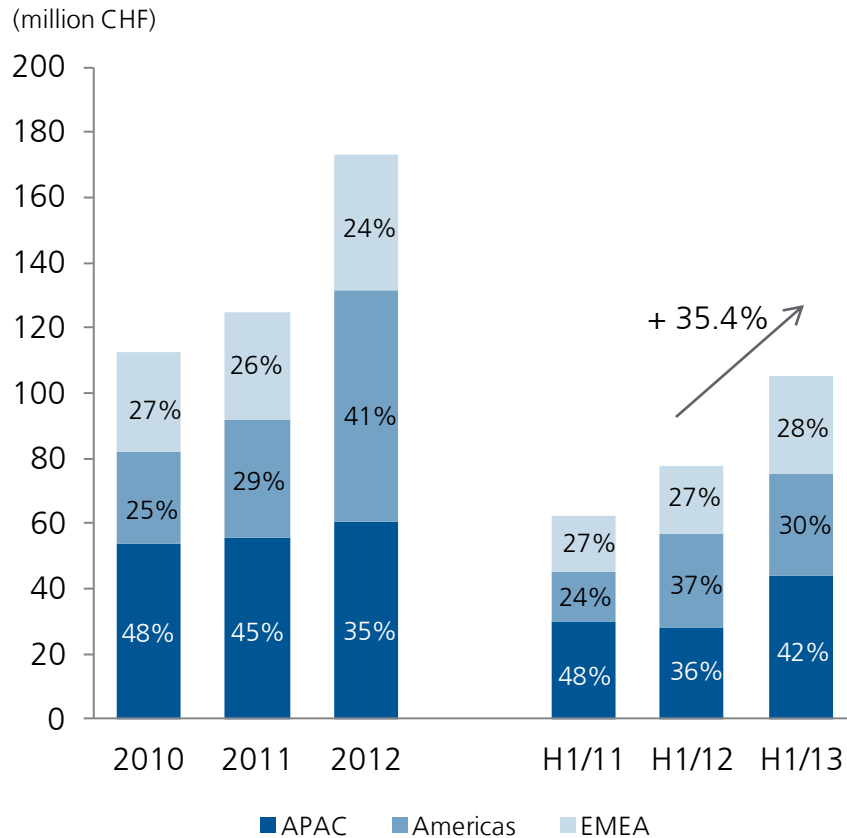
Comments

- Continued very strong growth in automotive market, both in first-mount and after-market applications
- Stable share of the industrial market, means growth in line with growth of total revenues
- Decrease of share in consumer market due to shift away from standalone positioning components used in mobile phones

Note: Estimate

Revenues by geography

Revenues by geographic region



Note: based on customers' billing location

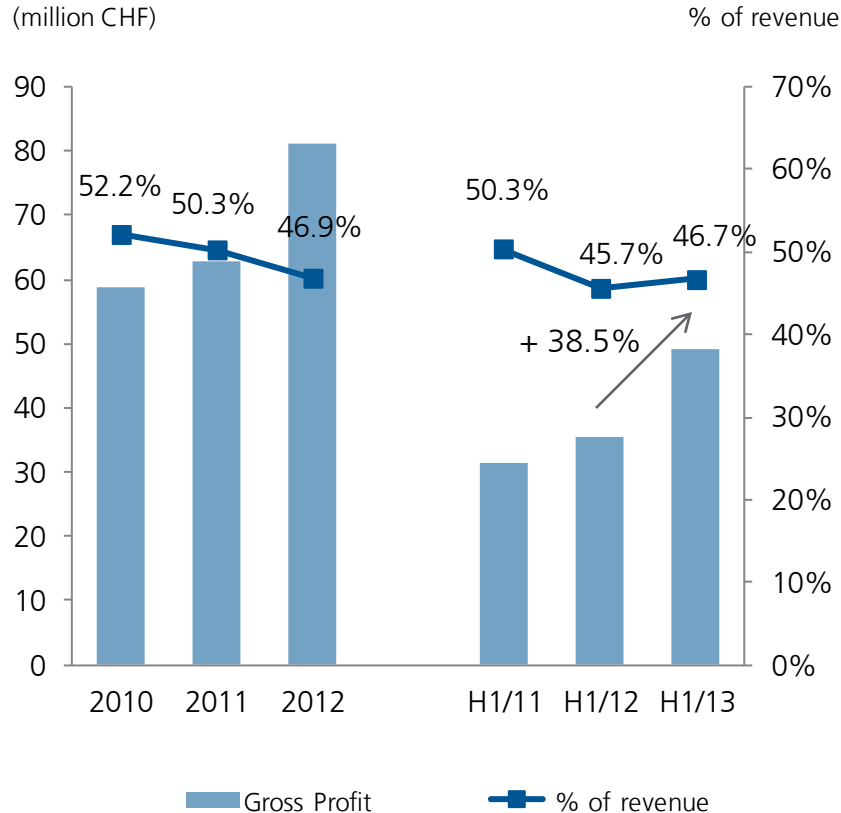
Comments

Growth by geographic regions

- Balanced geographical mix
- Increase in all geographic regions (EMEA: +42%, Americas: +10%, Asia Pacific +57%)
- Strong growth in APAC partially due to shift of production from the US to Asia

Gross profit

Gross profit / Gross profit margin



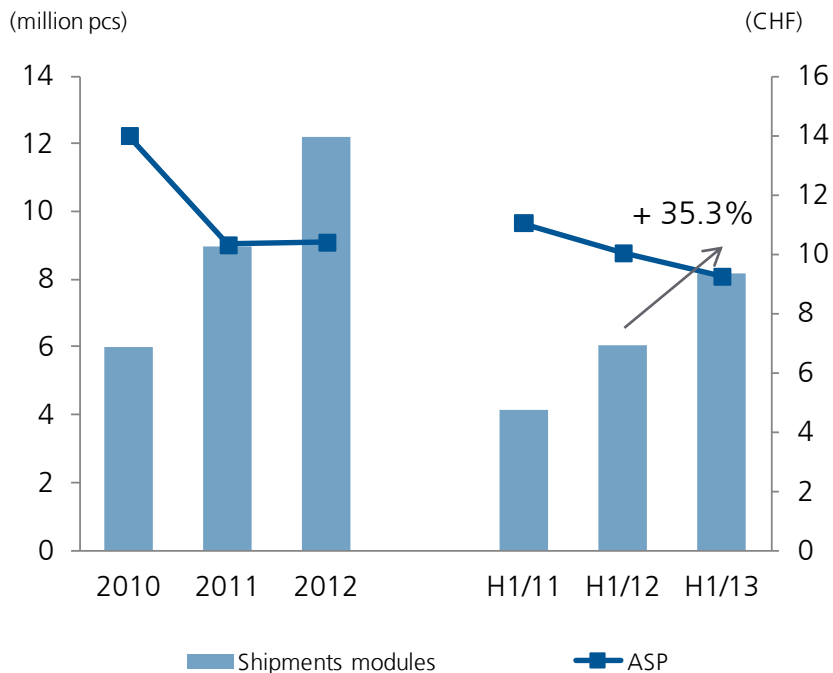
Comments

- Increase in gross profit to CHF 49.1m in H1/13
- Growth of gross profit of +38.5% compared to H1/12
- Gross profit margin in H1/13 increased compared to H1/12 and remained stable compared to FY 2012.

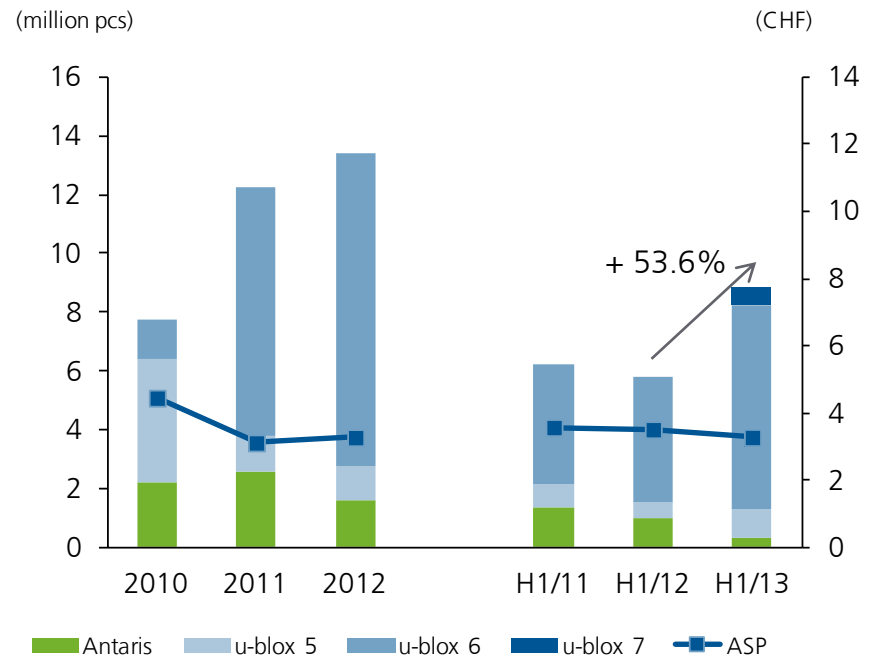
Shipments and ASP development

- Strong growth of both module and chip volume
- Shipments of new positioning platform u-blox 7 has started

Modules



GNSS chips

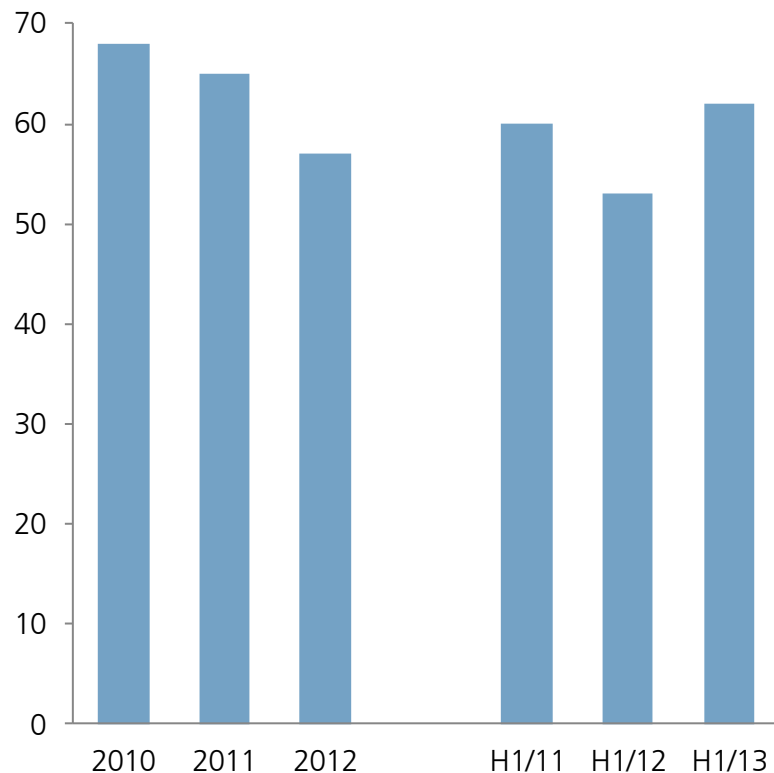


Note: incl. ANTARIS-Chipset sales by Atmel



Global customer base

Number of customers totaling 80% of revenue

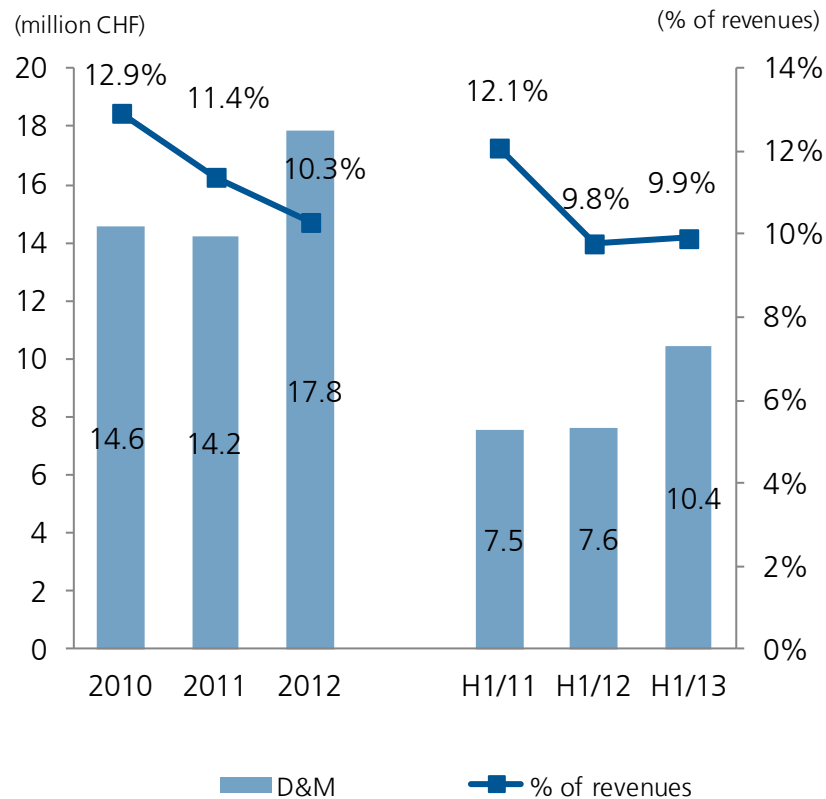


Comments

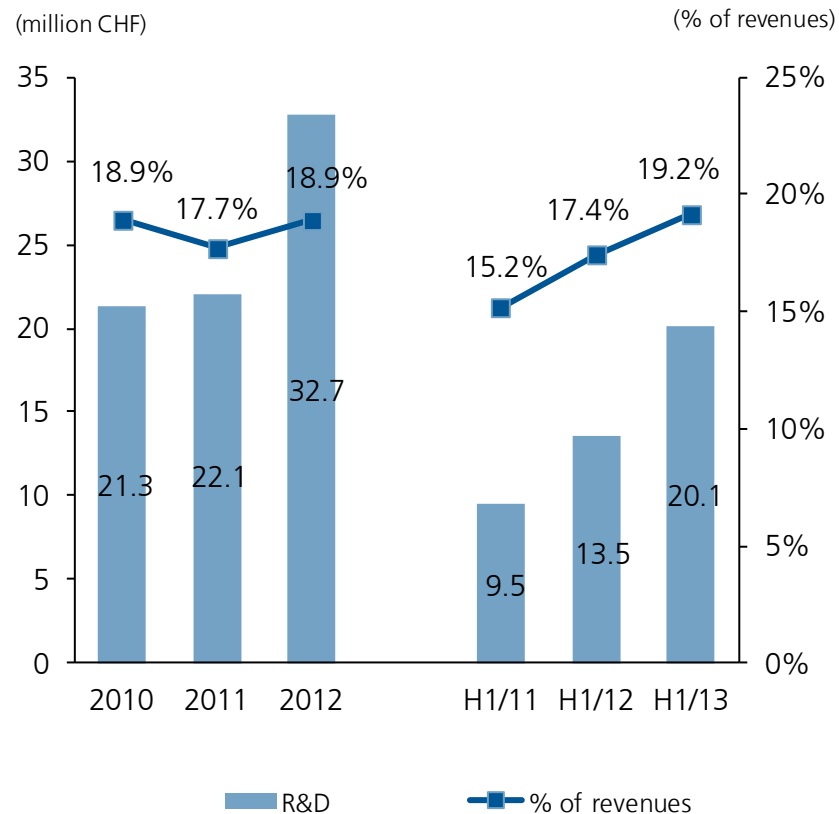
- Strong and stable customer base
- More than 3'500 customers worldwide
- Good spread over different applications and geographical regions
- Largest customer accounts for 9% of total revenue in H1/13
- 10 biggest customers account for 35% of total revenue in H1/13
- No bad debtors

Distribution & marketing / Research & development

Distribution & marketing expenses

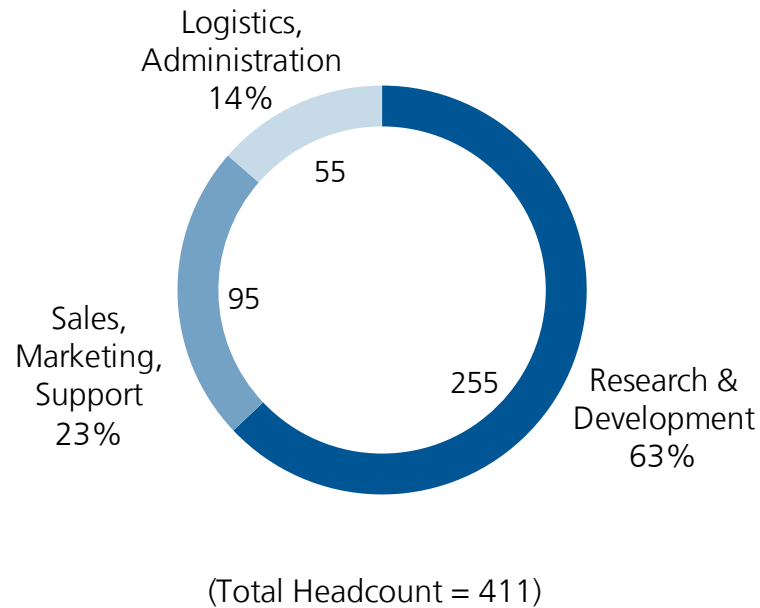


Research & development expenses

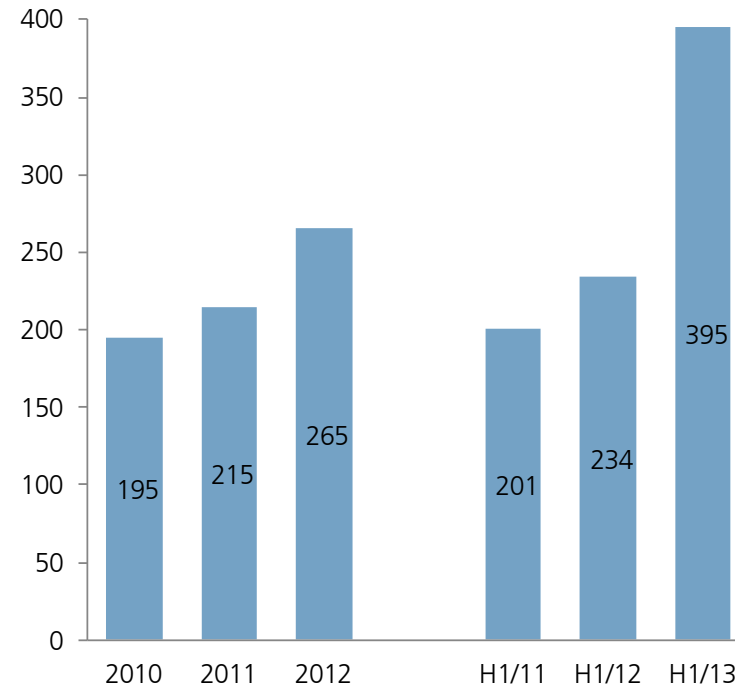


Employees

Employee breakdown (end of H1/13, FTE based)



Average employee level (FTE based)



Note: 71% of employees based outside Switzerland (spread over 15 countries)

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

Income statement

Consolidated income statement (condensed)

(in CHF 000s)	January - June		Jan. - Dec.
	2013 (unaudited)	2012 (restated)	2012 (restated)
Revenue	105'106	77'653	173'128
Cost of sales	-56'003	-42'197	-91'949
Gross profit	49'103	35'456	81'179
Operating expenses	-35'416	-24'174	-58'343
Other income	85	47	112
Operating profit (EBIT)	13'772	11'329	22'948
Financial income	299	516	922
Finance costs	-331	-594	-2'487
Profit before income tax (EBT)	13'740	11'251	21'383
Income tax expense	-1'577	-2'361	-4'305
Net profit, attributable to owners of the parent	12'163	8'890	17'078
Depreciation and amortization	7'383	4'551	12'240
EBITDA	21'155	15'880	35'188

Comments

- Revenue increase of 35.4% from H1/12 to H1/13
- Increased gross profit by 38.5%
- Higher R&D expenses now 19.2% of revenue
- H1/13: costs for share based payments in the amount of CHF 1.0m
- EBITDA margin of 20.1%
- EBIT margin of 13.1%
- Lower tax rate of 11.5% due to accounting effects
- Net profit margin of 11.6%
- Restatement of prior year figures due to changes in IAS 19

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue third	104'448	76'999	658	654	105'106	77'653			105'106	77'653
Revenue intragroup			8'393	6'343	8'393	6'343	-8'393	-6'343	0	0
Total revenue	104'448	76'999	9'051	6'997	113'499	83'996	-8'393	-6'343	105'106	77'653
EBITDA	19'608	14'594	1'720	1'428	21'328	16'022	-173	-142	21'155	15'880
Depreciation	-1'339	-1'104	-373	-309	-1'712	-1'413	-	-	-1'712	-1'413
Amortization	-4'855	-2'561	-816	-577	-5'671	-3'138	-	-	-5'671	-3'138
EBIT	13'414	10'929	531	542	13'945	11'471	-173	-142	13'772	11'329
Financial income									299	516
Finance costs									-331	-594
EBT									13'740	11'251
	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Assets	116'934	105'439	20'642	20'484	137'576	125'923	70'713	65'710	208'289	191'633

Statement of financial position (1)

Consolidated Statement of financial position (condensed)

(in CHF 000s)	June 30, 2013	Dec. 31, 2012	June 30, 2012
	(unaudited)	(restated)	(restated)
ASSETS			
Current assets			
Cash and cash equivalents	36'427	33'416	19'620
Marketable securities	27'286	27'175	37'504
Trade accounts receivable	27'132	22'127	23'418
Other current assets	26'177	24'758	31'247
Total current assets	117'022	107'476	111'789
Non-current assets			
Property, plant and equipment	9'982	7'078	5'835
Goodwill	37'755	37'659	23'907
Intangible assets	36'555	33'682	23'648
Financial assets	1'209	1'195	469
Deferred tax assets	5'766	4'543	3'639
Total non-current assets	91'267	84'157	57'498
Total assets	208'289	191'633	169'287

Comments

- Strong financial position with a liquidity (incl. marketable securities) of CHF 63.7m
- No significant debt
- Inventory CHF 19.8m
- Increase of trade accounts receivable due to growing revenue
- Increased intangible assets due to technology investments
- Goodwill CHF 37.8m
- Restatement of prior year figures due to changes in IAS 19

Statement of financial position (2)

Consolidated Statement of financial position (condensed)

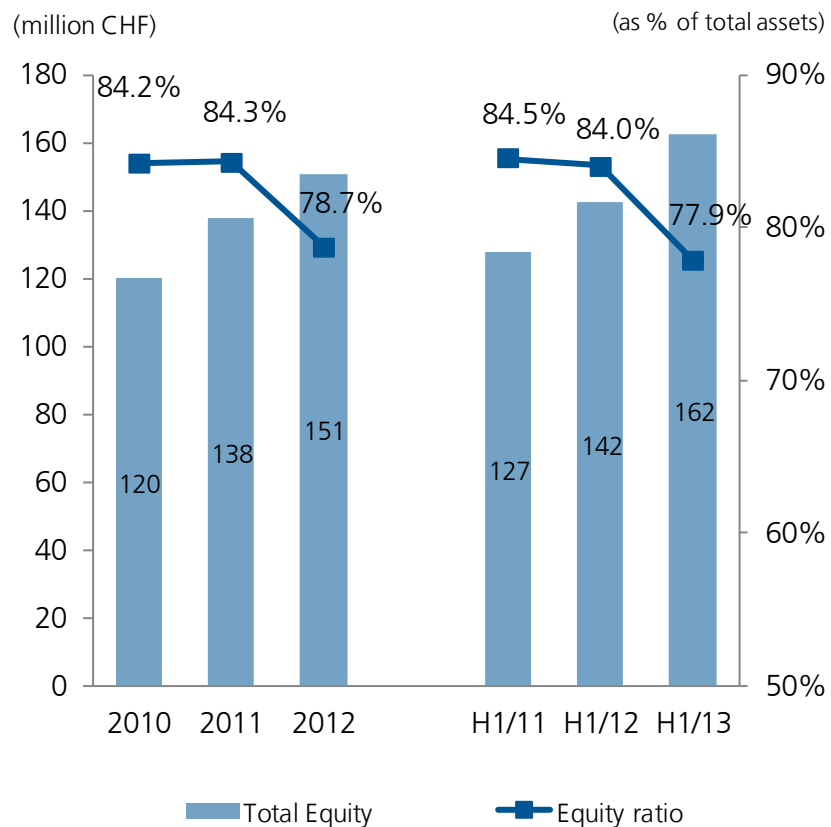
(in CHF 000s)	June 30, 2013	Dec. 31, 2012	June 30, 2012
	(unaudited)	(restated)	(restated)
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities	34'590	26'868	19'105
Non-current liabilities	11'520	13'915	7'973
Total liabilities	46'110	40'783	27'078
Shareholders' equity			
Share capital	5'773	5'675	5'666
Share premium	91'182	94'132	93'964
Retained earnings	65'224	51'043	42'579
Total equity	162'179	150'850	142'209
Total liabilities and equity	208'289	191'633	169'287

Comments

- Trade accounts payable of CHF 16.6m
- Non-current liabilities contains deferred tax liabilities (CHF 2.4m), Employee benefits (pensions) (CHF 4.8m) and loans from acquisitions (CHF 2.2m)
- Share capital increase due to exercise of options

Statement of financial position

Total equity and equity ratio



Comments

- Strong capital base
- Equity ratio at 77.9%, only slightly declined since December 2012

Statement of cash flows

Consolidated statement of cash flows (condensed)

(in CHF 000s)	Jan. - June		Jan. - Dec.
	2013	2012	2012
	(unaudited)	(restated)	(restated)
Net cash generated from operating activities	20'379	64	32'088
Net cash provided by / (used in) investing activities	-13'447	392	-16'805
Net cash used in financing activities	-3'980	-15'806	-15'618
Net (decrease)/increase in cash and cash equivalents	2'952	-15'350	-335
Cash and cash equivalents at beginning of period	33'416	35'151	35'151
Effect of exchange rate fluctuations on cash and cash equivalents	59	-181	-1'400
Cash and cash equivalents at end of period	36'427	19'620	33'416

Comments

- Cash flow from investing activities:
 - CHF -4.6m investments into property, plant and equipment (tools, furniture, equipment)
 - CHF -8.7m investments into intangible assets (Software, capitalization of R&D)
 - CHF -0.4m net result of marketable securities
- Cash flow from financing activities:
 - CHF -1.1m repayment of loans
 - CHF -6.4m dividend 2012 paid in April 2013
 - CHF +3.5m Capital increase from options

Business update



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New products introduced in H1/2013

- TOBY-L1: First 4G product. Suited for mobile internet routers, set top boxes, digital signage and security systems
- FW75-200: Wireless communications module for the Japanese Machine-to-machine market
- MAX-M5Q: A GPS/GNSS receiver module, which supports simultaneous GPS/GLONASS operation to enhance positioning speed and accuracy



Innovations: The first 4G product

TOBY-L1

- A new line of ultra-compact LTE modules
- Targeted at the upcoming 4G LTE networks
- Solves the most pressing customer issues: Cost and size
- Suited for mobile internet routers, set top boxes, digital signage and security systems



Innovations: Successful satellite positioning using China's BeiDou Navigation Satellite System

- The first GNSS vendor to demonstrate compatibility with all globally deployed positioning systems: GPS, GLONASS, Galileo, QZSS and now BeiDou.



- The technology was demonstrated to customers at an exhibition in February 2013

Progress with new and existing customers

- Both positioning and wireless products experienced strong traction



Bryton, Taiwan
Cycling & fitness devices



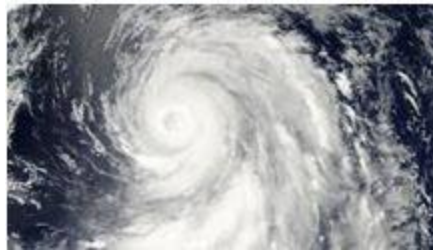
Handheld, Sweden
Mobile computers



Sprint, US
Preferred module provider for Long-term CDMA Network Support



Kaga, Japan
Wireless 3G air-interface card



Hitachi Kokusai, Japan
Emergency response & industrial systems

Strategic priorities 2013 (1)

Technology and innovation

Outlook 2013

- ✓ Introduce first 4G(LTE) modules to target industrial, automotive and consumer markets
- ✓ Launch positioning platform for the Chinese BeiDou positioning market
- Market penetration with products designed for the Russian ERA-GLONASS emergency call devices
- Develop and launch next-generation successor products of Fastrax positioning modules based on u-blox platform
- ✓ Bring to market variants of existing products dedicated to specific customer and regional / operator requirements

Market Position

Outlook 2013

- ✓ Continue growth momentum in all regions
- ✓ Capitalize on economic recovery in China plus compatibility with the Chinese BeiDou satellite navigation system to achieve growth
- ✓ Maintain our strong momentum in the global automotive markets
- ✓ Continue dominance in the industrial vehicle and asset tracking sectors and exploit new machine-to-machine (M2M) market opportunities

Strategic priorities 2013 (2)

Operation excellence

Outlook 2013

- ✓ Further increase production capacity to meet customer demands
- ✓ Expand program management system across newly expanded product development activities
- Strive for higher operational efficiency

Strategic partnership and acquisition opportunities

Outlook 2013

- Continue to deploy and evaluate new and complementary technologies to maximize our growth potential in both positioning and wireless sectors
- ✓ Expand relationship with our customers for delivering more values to their products
- Establish more partnerships for easy access to our technologies

Outlook



Outlook

Goals

- Grow business with new products
 - Wireless
 - Expansion of module product line
 - Positioning
 - Migration to u-blox 7
 - Expansion of module product line
- Continued focus on strategic development
- Strengthening of the global presence
- Operational excellence for higher efficiency

Outlook 2013

- Continued business growth as witnessed in first half year of 2013
- Increased R&D efforts for expanding the product pipeline

Financial guidance

- Continued strong business growth in 2013
- Natural hedging maintains relative gross margin against foreign exchange variations
- Some impact by product mix on relative gross margin
- Exchange rate assumptions for 2013:
EUR/CHF: 1.20 USD/CHF: 0.95

	Previous Guidance 2013	Updated Guidance 2013
Revenue	215	220
EBIT	28	30
	M CHF	M CHF

Upcoming events

- Annual results 2013 March 20, 2014
- Annual General Meeting 2014 April 29, 2014

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Thank you!

