



Press Release

u-blox announces record results in Fiscal Year 2010

Thalwil, Switzerland – March 17, 2011 – u-blox (SIX: UBXN), a leading provider of embedded positioning and wireless communication solutions, today announces its financial results for 2010.

Financial highlights

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

- Consolidated revenue of u-blox Holding AG was CHF 112.8 million in 2010, a growth of 53.4% compared to 2009
- Significant gross profit improvement from CHF 38.9 million to CHF 58.9 million, with a good gross profit margin of 52.2% in 2010
- Profit from operations (EBIT) increased from CHF 5.2 million to CHF 19.1 million, a growth of 267.7% compared with 2009
- EBITDA margin of 24.5%, EBIT margin of 16.9%
- Net profit increased by 288.3% from CHF 3.3 million to CHF 12.9 million, representing a 11.5% net profit margin for 2010
- Strong cash flow from operations was CHF 20.7 million
- Healthy balance sheet with a high equity ratio of 84.2%
- Unfavorable exchange rates negatively influenced financial results

A year of strong growth

In 2010 u-blox experienced significant growth in Asia Pacific, EMEA and the Americas resulting in revenue growth of 53.4% over 2009. This across the board upswing was also experienced in all target market sectors. Both product and service businesses generated positive EBIT during 2010. Consolidated revenue was up by CHF 39.3 million to CHF 112.8 million with increased volumes, while EBIT increased from CHF 5.2 million to CHF 19.1 million, a 267.7% increase over the prior year. Net profit was CHF 12.9 million, representing an 11.5% net profit margin for 2010.

Solid strategy

Throughout 2010 the company performed very well in all markets and regions. This positive development can be attributed to strategic steps taken before and during the global turnaround. u-blox adhered to its 4-pillar strategy, consistently focusing on innovation, market expansion, operational excellence and strategic partnerships.

Operational highlights

GPS products

- The latest GPS platform u-blox 6 has been a remarkable success allowing u-blox to stay synchronized with the innovation cycles of our customers, and to expand market share globally. u-blox 6 delivered the increased performance and lower power demands crucial to the success of our customers' end-products while maintaining a smooth migration path for a large existing customer base. In the last quarter of 2010, 25% of revenue already was generated with u-blox 6.
- A new Automotive Dead Reckoning (ADR) solution for in-car navigation and telematics systems was launched. This technology enables navigation in tunnels and park houses where GPS signals are blocked. u-blox' ADR technology has already been adopted and is in mass production at multiple major European car brands.

Wireless products

- The LEON and LISA families of 2G and 3G wireless modules were very well received by customers and established u-blox as a serious contender in the global wireless Machine-to-Machine (M2M) market. LISA, which was launched in September, is the smallest 3G module, and works seamlessly with u-blox GPS receivers to enable "location awareness". LISA is a direct result of the acquisition of Neoseven in 2009, allowing the company to establish a comprehensive 2G and 3G wireless module portfolio attractive for a wide variety of applications.
- In 2010 u-blox accelerated its commitment towards automotive-grade components and penetrated the global automotive industry with robust, automotive-grade GPS receivers and wireless modems. This strategy directly addresses the market trend of GPS positioning combined with wireless communications as standard equipment in vehicles. u-blox is well positioned to sell its automotive grade products into the global new-car market where over 50 million vehicles are produced annually.

Revenue breakdown

u-blox operates in two segments:

- GPS and wireless products
u-blox develops and sells GPS chips and modules, and with the acquisition of Neoseven, wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 110.3 million for 2010 as compared to CHF 70.1 million in 2009.
- Wireless services
With the acquisition of Neoseven, u-blox also offers wireless communication technology services in terms of reference designs and software. In 2010, revenue for wireless services was CHF 7.0 million compared to CHF 4.8 million (effective as of 1 April 2009, including intra-group revenue).

In 2010, Asia Pacific generated 48%, EMEA 27% and Americas 25% of total revenue. Revenue for the region Asia Pacific was CHF 53.9 million, an increase of 58% compared to 2009. In the Americas revenue grew by 52% to CHF 28.0 million as compared to 2009. EMEA grew by 47% to CHF 30.9 million.

In 2010, the company made about 80% of its total revenue from 68 customers. u-blox' biggest customer accounted for less than 5% of revenue. u-blox was able to increase its total number of customers to over 3'000, as well as achieve global expansion into new regions and markets.

Increased gross profit

Gross profit increased by 51.4% to CHF 58.9 million in 2010 from CHF 38.9 million in 2009. Gross profit margin was 52.2% for 2010, nearly unchanged from 52.9% in 2009.

Expansion of distribution and marketing activities

Distribution and marketing expenses increased in 2010, mainly due to increased personnel costs incurred from further expansion in Asia Pacific, EMEA and the Americas. In 2010, distribution and marketing activities were CHF 14.6 million as compared to CHF 13.0 million in the previous year. As a percentage of revenue distribution and marketing expenses were 12.9% in 2010 compared to 17.7% in 2009.

Strong expansion of research and product development

Through the acquisitions in 2009, u-blox strengthened its team of highly specialized R&D engineers. The acquisition of Neoseven expanded R&D knowledge in the area of mobile communications technology, and the acquisition of Geotate further strengthened the company's intellectual property and strategic focus on global positioning to maintain competitiveness in the GPS markets in the future. R&D expenses in 2010 were CHF 21.3 million as compared to CHF 16.2 million in 2009. As a percentage of revenue R&D expenses in 2010 were 18.9% compared to 22.0% in 2009.

Stock option expenses

The stock option expenses recognized in 2010 was CHF 1.0 million as compared to CHF 0.7 million in 2009.

Strong growth of profit from operations (EBIT)

EBIT was CHF 19.1 million in 2010 as compared to CHF 5.2 million in the previous year. Growth rate from 2009 to 2010 was 267.7%. EBIT margin was 16.9% and EBITDA margin was 24.5% in 2010.

Financial income and costs

In 2010, financial income was only CHF 0.9 million. Financial expenses were CHF 3.5 million, mainly due to negative foreign exchange results.

Table 1: Condensed consolidated income statement

(in CHF 000s)	for the year ended December 31,			
	2010		2009	
		% revenue		% revenue
Revenue	112'781	100.0%	73'527	100.0%
% growth	53.4%			
Cost of revenue	-53'921	-47.8%	-34'644	-47.1%
Gross profit	58'860	52.2%	38'883	52.9%
Operating expenses	-41'159	-36.5%	-33'781	-45.9%
Other income	1'370	1.2%	84	0.1%
Profit from operations (EBIT)	19'071	16.9%	5'186	7.1%
Financial income	942	0.8%	251	0.3%
Finance costs	-3'546	-3.1%	-1'490	-2.0%
Profit before income tax (EBT)	16'467	14.6%	3'947	5.4%
Income tax expense	-3'551	-3.1%	-621	-0.8%
Net profit	12'916	11.5%	3'326	4.5%
Depreciation and amortization	8'612	7.6%	7'495	10.2%
EBITDA (1)	27'683	24.5%	12'681	17.2%
EBITDA growth	118.3%			
Net profit growth	288.3%			

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

Positive cash flow from operating activities

In 2010, u-blox generated cash from operating activities in the amount of CHF 20.7 million as compared to CHF 14.8 million in 2009. Inventory level was increased in the amount of CHF 8.2 million.

Table 2: Condensed consolidated cash flow statement

(in CHF 000s)	For the year ended December 31,	
	2010	2009
Net cash provided by operating activities	20'671	14'736
Net cash used in investing activities	-13'589	-31'774
Net cash used in financing activities	-4	-6
Net increase/(decrease) in cash and cash equivalents	7'078	-17'044
Cash and cash equivalents at beginning of period	20'153	37'147
Effect of exchange rate fluctuations on cash and cash equivalents	-2'047	50
Cash and cash equivalents at end of period	25'184	20'153

Main investing activities

In 2010, investments in capitalized development costs were CHF 3.4 million as compared to CHF 4.2 million in 2009. CHF 2.8 million was invested in tools and test infrastructure for the further expansion of capacity and approximately CHF 1.0 million in intellectual property rights and acquired technology.

In November 2009, CHF 40.0 million was invested into marketable securities (denominated CHF bonds with ratings of at least A+ from Standard & Poor's and A1 from Moody's) and an additional amount of approximately CHF 10.0 million was invested in 2010.

Financing activities

In 2010, there were no major financing activities.

Strong financial position

u-blox has a very strong balance sheet with an equity ratio of 84.2%. Cash and cash equivalents, short-term investments and marketable securities were CHF 75.1 million at December 31, 2010 compared to CHF 64.9 million at December 31, 2009. Inventory level was increased from CHF 7.6 million to CHF 15.5 million. At the end of 2010, goodwill was at CHF 14.9 million and no impairment losses were recognized on the goodwill.

Table 3: Condensed consolidated statement of financial position

(in CHF 000s)	On December 31,	
	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	25'184	20'153
Short-term investments	0	5'000
Marketable securities	49'890	39'740
Trade accounts receivable	12'160	8'344
Other current assets	19'863	11'062
Total current assets	107'097	84'299
Non-current assets		
Property, plant and equipment	4'947	4'229
Intangible assets	27'687	31'424
Financial assets	352	381
Deferred tax assets	2'217	4'686
Total non-current assets	35'203	40'720
Total assets	142'300	125'019
LIABILITIES AND EQUITY		
Current liabilities	17'592	12'270
Non-current liabilities	4'857	3'308
Total liabilities	22'449	15'578
Shareholders' equity		
Share capital	5'619	5'619
Share premium	103'798	102'830
Retained earnings	10'434	992
Total equity	119'851	109'441
Total liabilities and equity	142'300	125'019

Outlook

u-blox is well positioned to serve the rapidly growing global demand for mobility, connectivity, and positioning. The company will continue to follow its four-pillar strategy and foresees continued growth in 2011.

- The consumer market is adopting GPS and wireless connectivity as standard features, be it for connected navigation systems, tablet computers, netbooks, smartphones or cameras.
- Continued cost pressure in Industrial markets is resulting in increasing demand for automation as well as remote management of vehicles, machines, and other assets.
- A strong demand in the automotive sector is anticipated, especially with the rising demand for cars in China, the recovery of the US auto market, and the increasing demand in Brazil for stolen vehicle trackers. The gradual adoption of emergency call systems will also start to play a role in 2011.

The general trend in all these markets is the requirement for higher-performance, smaller size, lower-power, wireless connectivity, and lower price. With the company's successful strategy, experienced employees and world-class manufacturing partners, u-blox is in a very strong position to meet these demands.

For the year 2011, u-blox increases its EBIT guidance to approximately CHF 25 million, and maintains its revenue guidance at CHF 140 million. This outlook is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level (USD/CHF: 1.00; EUR/CHF: 1.30).

For more information, please view the presentation slides online at:
<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)

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Financial calendar

Annual general meeting: April 27, 2011
Half year results 2011: September 2, 2011

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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