



Press release

u-blox announces good results in Fiscal Year 2011

Thalwil, Switzerland – March 21, 2012 – u-blox (SIX: UBXN), a leading provider of embedded positioning and wireless communication solutions, today announces its financial results for 2011.

Financial highlights

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

- Consolidated revenue of u-blox was CHF 124.7 million in 2011, a growth of 10.6% as compared to 2010 (29% in local currency)
- Despite unfavorable exchange rates, gross profit improved from CHF 58.9 million to CHF 62.8 million, with a good gross profit margin of 50.3% in 2011
- Profit from operations (EBIT) increased from CHF 19.1 million to CHF 21.2 million, a growth of 11.2% as compared to 2010
- EBITDA margin of 23.4%, EBIT margin of 17.0%
- Net profit increased by 27.8% from CHF 12.9 million to CHF 16.5 million, representing a 13.2% net profit margin for 2011
- Strong net cash flow from operations was CHF 18.6 million
- Healthy balance sheet with a high equity ratio of 83.7%
- Unfavorable exchange rates negatively influenced financial results
- The payout of a dividend of CHF 0.90 per share is to be proposed at the Annual General Meeting

A year of consolidation and growth

In 2011 the company recorded revenue growth in APAC (+3.3%), the EMEA (+5.8%) and Americas (+29.9%) resulting in overall growth of 10.6% over 2010. Measured in local currencies the revenue increased by 29%. Growth was experienced in most target market sectors. Both product and service business segments generated positive EBIT during 2011. Consolidated revenue was up by CHF 11.9 million to CHF 124.7 million with increased volumes, while EBIT increased from CHF 19.1 million to CHF 21.2 million, an 11.2% increase over the previous year. Net profit was CHF 16.5 million, representing a 13.2% net profit margin for 2011. These positive figures are especially significant in light of the negative exchange rate development of the Swiss Franc against both US dollar and Euro during the year.

Long term value creation based on solid strategy

u-blox strives to create long-term value for all its stakeholders. To achieve this, the company continued to adhere to a 4-pillar strategy, consistently focusing on innovation, market expansion, operational excellence and strategic partnerships.

Acquisitions

During 2011, u-blox entered the North American CDMA market through the acquisition of San Diego based Fusion Wireless. The acquisition immediately gave the company a new, cutting-edge wireless module products plus access to the CDMA market in North America for both consumer and M2M applications. It also expands the company's wireless module technology roadmap to cover all popular standards used worldwide.

A second acquisition of all intellectual property of Australia based SigNav, a leader and 15-year veteran in precision-timing and reference frequency technologies, enhanced u-blox' market position in the global mobile basestation and femtocell markets which rely on this technology. Both companies were successfully integrated. With healthy liquidity of CHF 81.1 million, u-blox continues to assess additional acquisitions in order to strengthen its product portfolio and global presence.

Positioning products highlights

u-blox experienced a strong year of innovation in positioning. Six new products were launched during the year targeting the in-dash automotive navigation sector, precision timing, and handheld consumer markets. A new application sector, Precise Point Positioning (PPP), was entered with a new product that addresses high-accuracy mapping and agriculture applications. Of special significance was the development and verification of new technologies and products that address additional satellite positioning technologies in addition to GPS such as

locate, communicate, accelerate

the Russian GLONASS and Japanese QZSS systems. u-blox is now well positioned with products that serve the majority of deployed global positioning technologies and augmentation systems.

Wireless products highlights

The wireless product line experienced both market acceptance and enhancement in terms of five new products addressing new markets. 4 new products supporting CDMA were launched during the year. Additionally, important certifications with major carriers such as AT&T, Verizon and Sprint Nextel were achieved. u-blox' CellLocate hybrid GPS/Wireless positioning technology, announced in 2010, was also integrated into both LEON and LISA wireless module families.

Innovations

Innovation is the most important success factor for u-blox. During 2011 efforts were maintained in research and development with CHF 22.1 million. Innovation was achieved in these distinct areas:

- Expansion of satellite positioning well beyond GPS: at the end of 2011, u-blox now has commercially available products that support not only GPS, but also Russia's GLONASS, Europe's Galileo, and Japan's QZSS satellite positioning standards.
- The SigNav acquisition strengthened u-blox' market position in precision timing. SigNav's know-how, software and equipment reinforced u-blox' position in GPS precision timing, a market where u-blox already has strong presence.
- High-precision GPS: introduction of the first product supporting high-precision GPS for applications such as mapping and agriculture. The technology is unique as it is based on a low-cost single frequency GPS receiver which can replace much more expensive techniques.

Expansion of production capacities and new facilities

In addition to revenue growth and two acquisitions, production capacity was increased in all manufacturing places and efficiency increased with additional automation and test equipment. The company-wide culture of program and project management was expanded with new tools, allowing quicker reaction to market demands. To address the growing market in Southern China, u-blox opened a new office in Shenzhen, the second office in China, and an office in India. Despite the extreme situation in Japan and Thailand due to the tsunami and catastrophic flooding, no significant impact on the ability to deliver to customers was experienced. This was in part due to a broad network of suppliers and subcontractors, most of who were not affected by these natural disasters.

Revenue breakdown

u-blox operates in two segments:

- GPS and Wireless products u-blox develops and sells GPS chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 123.0 million for 2011 as compared to CHF 110.3 million in 2010.
- Wireless services u-blox also offers wireless communication technology services in terms of reference designs and software, an activity which was enforced by the acquisition of Fusion Wireless Inc. In 2011, revenue for Wireless services was CHF 9.2 million compared to CHF 7.0 million in 2010 (including intra-group revenue).

In 2011, Asia Pacific generated 45%, EMEA 26% and Americas 29% of total revenue. Revenue for the region Asia Pacific was CHF 55.6 million, an increase of 3.3% compared to 2010. In the Americas revenue grew by 29.9% to CHF 36.3 million as compared to 2010. EMEA grew by 5.8% to CHF 32.7 million.

In 2011, the company made about 80% of its total revenue from 65 customers. u-blox' biggest customer accounted for less than 7% of revenue. u-blox was able to increase its total number of customers to over 3'500, as well as achieve global expansion into new regions and markets.

Increased gross profit

Gross profit increased by 6.6% to CHF 62.8 million in 2011 from CHF 58.9 million in 2010. Gross profit margin was 50.3% for 2011, declining slightly from 52.2% in 2010.

Distribution and marketing activities

Distribution and marketing expenses remained stable in 2011. Expenses were CHF 14.2 million as compared to CHF 14.6 million in the previous year. As a percentage of revenue distribution and marketing expenses were 11.4% in 2011 compared to 12.9% in 2010.

Research and product development

R&D expenses in 2011 were CHF 22.1 million as compared to CHF 21.3 million in 2010. As a percentage of revenue, R&D expenses in 2011 were 17.7% as compared to 18.9% in 2010.

Stock option expenses

The stock option expenses recognized in 2011 was CHF 1.6 million as compared to CHF 1.0 million in 2010.

Growth of profit from operations (EBIT)

EBIT was CHF 21.2 million in 2011 as compared to CHF 19.1 million in the previous year. Growth rate from 2010 to 2011 was 11.2%. EBIT margin was 17.0% and EBITDA margin was 23.4% in 2011.

Financial income and costs

In 2011, financial income was CHF 1.0 million. Financial expenses were CHF 1.3 million, mainly due to negative foreign exchange results.

Consolidated income statement

(in CHF 000s)	For the year ended December 31, 2011		For the year ended December 31, 2010	
		% revenue		% revenue
Revenue	124'704	100.0%	112'781	100.0%
Cost of revenue	-61'953	-49.7%	-53'921	-47.8%
Gross profit	62'751	50.3%	58'860	52.2%
Distribution and marketing expenses	-14'200	-11.4%	-14'584	-12.9%
Research and development expenses	-22'081	-17.7%	-21'336	-18.9%
General and administrative expenses	-5'526	-4.4%	-5'239	-4.7%
Other income	256	0.2%	1'370	1.2%
Profit from operations (EBIT)	21'200	17.0%	19'071	16.9%
Financial income	1'034	0.8%	942	0.8%
Finance costs	-1'286	-1.0%	-3'546	-3.1%
Profit before income tax (EBT)	20'948	16.8%	16'467	14.6%
Income tax expense	-4'440	-3.6%	-3'551	-3.1%
Net profit	16'508	13.2%	12'916	11.5%
Profit from operations (EBIT)	21'200	17.0%	19'071	16.9%
Depreciation and amortization	7'919	6.4%	8'612	7.6%
EBITDA¹⁾	29'119	23.4%	27'683	24.5%

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.

Positive cash flow from operating activities

In 2011, u-blox generated cash from operating activities in the amount of CHF 18.6 million as compared to CHF 20.7 million in 2010. Inventory level was increased in the amount of CHF 4.8 million.

Condensed consolidated statement of cash flows		
(in CHF 000s)	For the year ended December 31, 2011	For the year ended December 31, 2010
Net cash provided by operating activities	18'597	20'671
Net cash used in investing activities	-6'217	-13'589
Net cash used in financing activities	-2'397	-4
Net increase/(decrease) in cash and cash equivalents	9'983	7'078
Cash and cash equivalents at beginning of year	25'184	20'153
Effect of exchange rate fluctuations on cash and cash equivalents	-16	-2'047
Cash and cash equivalents at end of year	35'151	25'184

Main investing activities

In 2011, investments in capitalized development costs were CHF 4.0 million as compared to CHF 3.4 million in 2010. CHF 3.3 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity and approximately CHF 2.6 million in intellectual property rights and acquired technology. With the acquisition of the intellectual property of Australia based SigNav u-blox could enhance its market position in precision timing.

Through the acquisition in September 2011 of San Diego based Fusion Wireless Inc., u-blox strengthened its wireless module product offering and gained access to the embedded CDMA market in North America.

Financing activities

In 2011, there was a repayment of CHF 2.4 million of a financial liability out of acquisitions.

Strong financial position

u-blox has a very strong balance sheet with an equity ratio of 83.7%. Cash and cash equivalents and marketable securities were CHF 81.1 million at December 31, 2011 compared to CHF 75.1 million at December 31, 2010. At the end of 2011, goodwill was at CHF 17.1 million and no impairment losses were recognized on the goodwill.

Dividend

Due to this strong position and positive outlook, the Board of Directors will propose at the annual shareholders meeting to pay-out dividends. For this year a dividend of CHF 0.90 per share is suggested.

Condensed consolidated statement of financial position

(in CHF 000s)	At December 31, 2011	At December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	35'151	25'184
Marketable securities	45'981	49'890
Other current assets	41'525	32'023
Total current assets	122'657	107'097
Non-current assets		
Property, plant and equipment	5'331	4'947
Intangible assets	33'102	27'687
Financial assets	425	352
Deferred tax assets	2'068	2'217
Total non-current assets	40'926	35'203
Total assets	163'583	142'300
Liabilities and equity		
Current liabilities	19'169	17'592
Non-current liabilities	7'461	4'857
Total liabilities	26'630	22'449
Shareholders' equity		
Share capital	5'619	5'619
Share premium	105'367	103'798
Retained earnings	25'967	10'434
Total equity	136'953	119'851
Total liabilities and equity	163'583	142'300

New Board and Management members

Two seasoned industry experts strengthened the top management teams; Dr. Paul Van Iseghem was elected as a Member of the Board, and Roland Jud was appointed CFO.

Outlook

u-blox' remains well positioned to serve the global markets for both positioning and wireless communications in the consumer, industrial and automotive markets. Thanks to in-house expertise in both the wireless and positioning sectors, the company is well prepared to address promising markets, including GSM, WCDMA and CDMA wireless modems for M2M markets on a global scale, as well as receivers for new satellite positioning systems in Europe, Russia and Japan. u-blox will continue to follow a dual-track strategy and foresee continued growth in 2012.

Growth drivers will be:

- The adoption of positioning features in virtually all types of consumer products
- The continuing trend of embedded wireless connectivity used in a vast range of industrial M2M applications
- Increasing demand for asset and personal trackers to provide accountability and security
- Continued global domination of positioning products in automotive navigation systems
- The strong growth of automotive emergency call and anti-theft systems

With over 3'500 global customers and a very strong business model and brand, u-blox expects continued revenue growth in 2012.

For the year 2012, the company maintains an EBIT guidance at approximately CHF 20 million, and its revenue guidance at CHF 155 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: 1.22).

For more information, please view the Annual Report 2011 and 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 over 200 people.

Founded in 1997, u-blox is listed on the SIX Swiss Exchange.

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Financial calendar

Annual general meeting: April 25, 2012

Half year results 2012: September 6, 2012

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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