



Press release

u-blox achieves strong 2012 results

Thalwil, Switzerland – March 21, 2013 – u-blox (SIX: UBXN), a leading provider of embedded positioning and wireless communication solutions, today announces its financial results for 2012.

Financial highlights

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

- Consolidated revenue of u-blox was CHF 173.1 million in 2012, a growth of 38.8% as compared to 2011
- Gross profit improved from CHF 62.8 million to CHF 81.2 million, with a good gross profit margin of 46.9% in 2012
- Operating profit (EBIT) increased from CHF 21.2 million to CHF 23.1 million, a growth of 8.7% as compared to 2011
- EBITDA margin of 20.4%, EBIT margin of 13.3%
- Net profit increased by 4.2% from CHF 16.5 million to CHF 17.2 million, representing a 9.9 % net profit margin for 2012
- Strong net cash generated from operating activities was CHF 32.1 million, representing 18.5% of revenue
- Healthy balance sheet with a high equity ratio of 78.0%
- The payout of an increased dividend of CHF 1.00 per share from capital reserves is to be proposed at the Annual General Meeting

Outstanding revenue growth and more profit

In 2012 u-blox experienced outstanding revenue growth in the Americas (+94.0%), strong growth in EMEA (+28.1%) and solid development in APAC (+9.1%), resulting in overall sales growth of 38.8% over 2011. Excellent growth was experienced in primary target market sectors, particularly automotive navigation and mobile resource management. Both u-blox' product and service business segments generated positive EBIT during 2012. Consolidated revenue was up by CHF 48.4 million to CHF 173.1 million with increased volumes, while EBIT increased from CHF 21.2 million to CHF 23.1 million, an 8.7% increase over the previous year. Net profit was CHF 17.2 million, representing a 9.9% net profit margin for 2012.

Successful strategy for continued growth

The company maintained a continuous cycle of innovation to diversify its existing product portfolio to meet new market requirements. u-blox continued to update its R&D schedule on a bi-annual basis to maintain a solid pipeline of new products that meet impending market demands. In parallel, u-blox reacted quickly to address longer term market trends by investing in strategic new technologies, particularly in the area of 4G(LTE) ("Long Term Evolution") mobile communications. These activities resulted in strong sales growth while laying the foundation for the next-generation of wireless products which are necessary to secure long-term growth and maintain profitability. u-blox expanded hereby the company's proven strategy of offering both chips and modules.

Acquisitions

During 2012, u-blox made important acquisitions that brought crucial 4G (LTE) chip and software technology in-house. UK-based Cognovo and UK-Pakistan based 4M Wireless gave u-blox the necessary intellectual property and proven technologies to develop its own 4G (LTE) chip. u-blox has now acquired Cognovo's "Software Defined Modem" chip design technology which will give the company the speed and agility to react quickly to specific market requirements for 4G connectivity combined with special features. u-blox sees this as an important differentiator in the medium and long-term future as it allows the company to better target diverse markets for machine-to-machine communications, markets that are experiencing an exponential increase in the number of connected devices. A third acquisition, Finland-based Fastrax, consolidated u-blox' global position as

locate, communicate, accelerate

the leading provider of positioning modules. It also brought the company industry experts on GPS/GNSS modules with integrated antenna, a module technology that allows us to address an additional customer base.

With healthy liquidity of CHF 60.6 million, the company remains positioned to quickly acquire new products, technology and expertise to maintain its market lead and momentum.

Positioning products highlights

u-blox announced eight new positioning products during the year targeting markets for devices compatible with GPS plus the Russian GLONASS and Japanese QZSS satellite navigation systems, as well as addressing market demands for lower power consumption, smaller profile, and integrated antenna. Of special significance was the introduction of the seventh generation satellite receiver engine, u-blox 7, a technology embodied in the company's new multi-GNSS chip with the industry's lowest power consumption. This chip family is used for many high volume applications, especially in the consumer markets. It is also at the core of the company's new line of u-blox 7 positioning module series MAX-7, NEO-7, and LEA-7.

Wireless products highlights

The wireless product line was expanded by five new modules designed to serve global requirements for 3G connectivity (our LISA-U200 module series), as well as 2G module variants designed for specific price/feature combinations (SARA-G300 series). Additionally, important certifications with major carriers such as Softbank and NTT Docomo (Japan), Orange (Europe), Verizon (USA) and Telstra (Australia) were achieved. u-blox' CellLocate[®] hybrid GPS/Wireless positioning technology, an attractive differentiator for both wireless and positioning products, was significantly upgraded to provide higher accuracy for applications that must operate in the absence of GPS signals.

Innovations

Fast and timely innovation is what generates the company's success. During 2012, u-blox spent CHF 32.7 million in R&D. Innovation was achieved in these areas:

- Upgrade of u-blox' core positioning technology to u-blox 7, the company's seventh generation platform with multi-GNSS capability
- Acquisition of semiconductor and software technology for 4G (LTE) enabling the development of an in-house 4G (LTE) chip
- Expansion of the positioning module product line to include GNSS antenna modules
- Diversification of SARA 2G and LISA 3G wireless module products to meet more specific regional, operator and customer requirements

Industry recognition

During the year, u-blox was presented with two prestigious industry awards, the Swiss Information and Communication (ICT) "Champion" award for a clear, logical and sustainable business model and track record, and M2M magazine's Global Top 100 award as one of the most innovative providers of machine-to-machine technology and connected devices.

Streamlining of production capacities and new quality lab

u-blox worked closely with Flextronics, its main module production partner based in Austria, to reduce production time, stock levels and further increase quality. This resulted in two major awards jointly presented to u-blox and Flextronics, the Austrian Logistics Award, and Austrian Fab Award for a highly efficient production system. Additionally, a new quality and reliability lab was set up at u-blox headquarters in Thalwil with state-of-the-art test equipment.

Corporate Social Responsibility program extended

The company's CSR program was further expanded and deployed throughout the company, with emphasis on human rights, social and environmental responsibility. u-blox now adheres to the United Nations Global Compact.

Revenue breakdown

u-blox operates in two segments:

- **Positioning and Wireless products**
u-blox develops and sells GPS/GNSS chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 171.1 million for 2012 as compared to CHF 123.0 million in 2011.
- **Wireless services**
u-blox also offers wireless communication technology services in terms of reference designs and software, an activity which was reinforced by the acquisitions of Cognovo Ltd. and 4M Wireless Ltd. In 2012, revenue for Wireless services was CHF 14.4 million compared to CHF 9.2 million in 2011 (including intra-group revenue).

In 2012, Asia Pacific generated 35.1%, EMEA 24.2% and Americas 40.7% of total revenue. Revenue for the Americas grew by 94.0% to CHF 70.5 million, EMEA grew by 28.1% to CHF 41.9 million and the revenue for the region Asia Pacific increased to CHF 60.7 million which is an increase of 9.1% compared to 2011.

In 2012, the company made about 80% of its total revenue from 57 customers. The largest customer accounted for less than 13% of revenue. u-blox served 3'500 customers, and achieved global expansion into new regions and markets.

Increased gross profit

Gross profit increased by 29.4% to CHF 81.2 million in 2012 from CHF 62.8 million in 2011. Gross profit margin was 46.9% for 2012, declining from 50.3% in 2011 because of the changes in product mix.

Distribution and marketing activities

Distribution and marketing expenses increased in 2012 due to the expansion of the business. In 2012, distribution and marketing activities were CHF 17.8 million as compared to CHF 14.2 million in the previous year. As a percentage of revenue, distribution and marketing expenses were 10.3% in 2012 compared to 11.4% in 2011.

Research and product development

R&D expenses in 2012 were CHF 32.7 million as compared to CHF 22.1 million in 2011. As a percentage of revenue, R&D expenses in 2012 were 18.9% as compared to 17.7% in 2011. The increase is due to the strategic investments into 4G (LTE) technology and three acquisitions. With the acquisition of Cognovo Ltd. and 4M Wireless Ltd., u-blox is now able to develop a new wireless modem platform based on its own IP, allowing the company to meet market demand for wireless integrated circuits. Through the acquisition of Fastrax in October 2012, u-blox strengthened its positioning module product offering and expanded GNSS R&D capacity.

Stock option expenses

The stock option expenses recognized in 2012 were CHF 1.9 million as compared to CHF 1.6 million in 2011.

Growth of operating profit (EBIT)

EBIT was CHF 23.1 million in 2012 as compared to CHF 21.2 million in the previous year. Growth rate from 2011 to 2012 was 8.7%. EBIT margin was 13.3% and EBITDA margin was 20.4% in 2012.

Finance income and costs

In 2012, finance income was CHF 0.9 million. Finance costs were CHF 2.4 million, mainly due to negative foreign exchange results and conversion effects from operations and translation effects of amounts converted for the acquisitions.

Table 1: consolidated income statement

(in CHF 000s)	for the year ended December 31, 2012 % revenue		for the year ended December 31, 2011 % revenue	
	(audited)		(audited)	
Revenue	173'128	100.0%	124'704	100.0%
Cost of sales	-91'949	-53.1%	-61'953	-49.7%
Gross profit	81'179	46.9%	62'751	50.3%
Distribution and marketing expenses	-17'807	-10.3%	-14'200	-11.4%
Research and development expenses	-32'678	-18.9%	-22'081	-17.7%
General and administrative expenses	-7'754	-4.5%	-5'526	-4.4%
Other income	112	0.1%	256	0.2%
Operating profit (EBIT)	23'052	13.3%	21'200	17.0%
Finance income	922	0.5%	1'034	0.8%
Finance costs	-2'436	-1.4%	-1'286	-1.0%
Profit before income tax (EBT)	21'538	12.4%	20'948	16.8%
Income tax expense	-4'335	-2.5%	-4'440	-3.6%
Net profit, attributable to owners of the parent	17'203	9.9%	16'508	13.2%
Operating profit (EBIT)	23'052	13.3%	21'200	17.0%
Depreciation and amortization	12'240	7.1%	7'919	6.4%
EBITDA ¹⁾	35'292	20.4%	29'119	23.4%

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

Positive net cash generated from operating activities

In 2012, u-blox generated cash from operating activities in the amount of CHF 32.1 million as compared to CHF 18.6 million in 2011. Inventory level has decreased with a positive impact on cash generated from operating activities in the amount of CHF 1.9 million despite higher revenue.

Table 2: consolidated statement of cash flows (condensed)

(in CHF 000s)	for the year ended December 31, 2012	for the year ended December 31, 2011
Net cash generated from operating activities	32'088	18'597
Net cash used in investing activities	-16'805	-6'217
Net cash used in financing activities	-15'618	-2'397
Net (decrease)/increase in cash and cash equivalents	-335	9'983
Cash and cash equivalents at beginning of period	35'151	25'184
Effect of exchange rate fluctuations on cash and cash equivalents	-1'400	-16
Cash and cash equivalents at end of period	33'416	35'151

Main investing activities

In 2012, investments in capitalized development costs were CHF 3.7 million as compared to CHF 4.0 million in 2011. CHF 4.3 million was invested in furniture, equipment, tools and test infrastructure for the further expansion of capacity and approximately CHF 4.0 million in intellectual property rights and acquired technology.

Financing activities

In 2012, there was a repayment of CHF 11.1 million of a financial liability out of acquisitions, a dividend payment of CHF 5.7 million and proceeds from the issuance of ordinary shares connected with employee share option plan of CHF 1.2 million.

Strong financial position

u-blox has a very strong balance sheet with an equity ratio of 78.0%. Cash and cash equivalents and marketable securities were CHF 60.6 million at December 31, 2012 compared to CHF 81.1 million at December 31, 2011. With the acquisitions goodwill increased from CHF 17.1 million in 2011 up to CHF 37.7 million or 19.6 % of total assets in 2012.

Dividend

Due to this strong financial position and positive outlook, the Board of Directors proposes at the Annual General Meeting to pay-out dividends. For this year a dividend of CHF 1.00 per share from capital reserves is suggested, which represents a raise of 11.1%, and a payout ratio of 36.7% of consolidated net profit, attributable to owners of the parent.

Table 3: consolidated statement of financial position (condensed)

(in CHF 000s)	At December 31, 2012	At December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	33'416	35'151
Marketable securities	27'175	45'981
Other assets	46'885	41'525
Total current assets	107'476	122'657
Non-current assets		
Property, plant and equipment	7'078	5'331
Goodwill	37'659	17'137
Intangible assets	33'682	15'965
Financial assets	1'195	425
Deferred tax assets	4'808	2'068
Total non-current assets	84'422	40'926
Total assets	191'898	163'583
LIABILITIES AND EQUITY		
Current liabilities	26'868	19'169
Non-current liabilities	15'274	7'461
Total liabilities	42'142	26'630
Shareholders' equity		
Share capital	5'675	5'619
Share premium	102'672	105'367
Retained earnings	41'409	25'967
Total equity, attributable to owners of the parent	149'756	136'953
Total liabilities and equity	191'898	163'583

Challenges and risks

Continued uncertainty in several European economies as well as other markets will continue to be an issue in 2013 and will affect some of u-blox' customers. The strength of the Swiss Franc remains at a high level, though the company counts on a more stable currency situation in the near future. At the gross margin level the company again enjoys a perfect natural hedge as all its production costs are incurred in the same currencies the company uses to invoice its customers. u-blox' increased headcount also occurred primarily outside of Switzerland.

Board and management members

There were no changes in Board of Directors, or Executive Management during the year.

Outlook

u-blox has gained strong momentum and market traction to allow itself to outgrow its core markets, and this trend should continue. The company's current product portfolio is well-positioned to meet the demands of automotive and industrial customers, and the company expects a growth in the consumer markets where it sees a growing opportunity in several promising markets. The market demand for embedded connectivity based on 4G(LTE) technology will begin during 2013, with major ramp-up from 2014. The 4G(LTE) product development is synchronized with this market development.

Mobility of people and goods will continue to form the basis of growth:

- A strong expansion of mobile internet-connected devices requiring our technologies in both end-devices and infrastructure
- The continuing adoption of industrial M2M applications requiring connected machines and mobile resource management
- Increasing demand for personal security and mobile healthcare
- The accelerating demand for automotive navigation, emergency call and anti-theft systems

With a very strong and diverse base of global customers and an excellent business strategy and brand, u-blox looks forward to continued revenue growth. For the year 2013, u-blox gives an EBIT guidance of approximately CHF 28 million, and a revenue guidance of approximately CHF 215 million. This outlook is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level (USD/CHF: 0.95; EUR/CHF: 1.20).

For more information, please view the Annual Report 2012 and presentation slides online at:

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

About u-blox

Swiss-based u-blox (SIX:UBXN) is a global leader in positioning and wireless semiconductors for the consumer, industrial and automotive markets. Our solutions enable people, vehicles and machines to locate their exact position and wirelessly communicate via voice, text or video. With a broad portfolio of chips, modules and software solutions, u-blox is uniquely positioned to enable OEMs to develop innovative personal, professional and M2M solutions quickly and cost-effectively. With headquarters in Thalwil, Switzerland, u-blox is globally present with offices in Europe, Asia and the USA.

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

Roland Jud, Chief Financial Officer

Phone: +41 44 722 74 25

E-mail: roland.jud@u-blox.com

Financial calendar

Annual general meeting: April 24, 2013

Half year results 2013: September 5, 2013

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.

This press release is published in German and English. Should the German translation differ from the English original, the English version is binding.