



Press Release

u-blox performs well during first half of 2011, expands market share

Thalwil, Switzerland – September 2, 2011 – u-blox (SIX:UBXN), a leading provider of GPS receiver and wireless communication semiconductors and technology, today announced revenue for the first half year 2011 of CHF 62.5 million. This constitutes a 26.8% increase over the first half year of 2010. Gross profit increased strongly by 20.0% from CHF 26.2 million to CHF 31.4 million. EBIT for the first half year of 2011 was CHF 11.7 million which is 54.5% higher in comparison to the same period in 2010. A net profit of CHF 7.4 million was reached.

Good performance despite adverse conditions

During the first half of 2011, u-blox continued to leverage its GPS & Wireless strategy to expand its market position in the global positioning and wireless communications markets in all regions, especially in the Americas. Although global economic conditions have become more challenging, u-blox addresses a particularly robust sector of the electronics industry that continues to create new innovative products and services that capitalize on digital convergence.

The combination of global positioning with wireless communications, Internet and multimedia services in small, portable devices has become an accelerating industry trend. This is particularly true for mass-market consumer, navigation and fleet management products. This has also allowed u-blox to penetrate new electronic market sectors that up until recently did not include GPS as a standard feature, such as smartphones, e-readers and tablet computers.

Revenue growth in virtually all sectors

During the period, u-blox continued to dominate and expand in the vehicle tracking market, while experiencing strong year-on-year growth in multiple strategic sectors such as mobile phones, precision timing, asset tracking, notebook and tablet computers. This performance demonstrated the successful adoption of u-blox products in a well-diversified range of applications in the consumer, industrial and automotive markets.

Strong profitability despite exchange rate pressures

Although first half year results were negatively impacted by the strong Swiss Franc, especially against the US Dollar and the Euro, u-blox was able to achieve excellent profitability with 18.8% EBIT margin. Profitability was helped by natural hedging in material costs plus lower operating costs due to currency effects and efficiency improvements.

Migration to the new u-blox 6 GPS platform

u-blox also experienced an excellent rate of customer migration to the latest GPS platform, u-blox 6. The latest platform not only gives customers industry-leading positioning performance, but also optimizes production costs. During the first half of 2011, 66% of all GPS receiver products delivered were based on u-blox 6.

Business development

u-blox continued to increase its business in terms of volumes, revenues and profits primarily by winning new key projects for mass-market consumer and automotive navigation applications, and winning projects away from competition. Highlights include:

- Coagent, China's largest maker and global provider of in-car entertainment systems selected u-blox as their primary source of GPS technology
- Geotab, a telematics management system provider for leading local and international corporations, selected u-blox GPS and GSM technology for their new GO5 vehicle tracking system
- US-based Iota launched a u-blox-enabled GSM-Bluetooth hub for Android

- Microchip, one of the world's main providers of microcontrollers, entered into a cooperation with u-blox to promote a joint M2M development platform
- Successful demonstration of GLONASS readiness at the Telematics Detroit show positioned the company to enter the emerging Russian market for navigation and the ERA GLONASS emergency call system

Products and innovation

During the first half of 2011, u-blox continued to develop attractive and innovative products and technologies for both GPS and wireless applications. Here are the main highlights:

- World's smallest GPS single chip solution: the UBX-G6010-NT allows customers to integrate standalone global positioning into ultra-small consumer devices
- Introduction of CellLocate™, a unique hybrid GPS/wireless positioning architecture, into u-blox' 2G and 3G wireless modules to support indoor positioning and eliminate "no-fix" scenarios
- Launch of MAX-6, a new family of ultra-miniature, rugged GPS modules optimized for industrial and telematics applications

Employees

The number of employees worldwide increased slightly during the first half of 2011, particularly in R&D and customer support, with a headcount of 213 people at June 30, 2011.

Finance

- Revenue grew in the Americas by 46% as compared to the first half year of 2010. In EMEA u-blox saw an increase in revenue of 21%, and in Asia Pacific an increase of 22%
- An improvement in gross profit was achieved due to a good gross profit margin of 50.3%, in addition to high revenue growth
- Growth in operating expenses was below the revenue growth rate
- EBITDA of CHF 15.2 million was reached in the first half year of 2011, with an EBITDA margin of 24.3%
- EBIT of CHF 11.7 million was achieved in the first half year of 2011, with an EBIT margin of 18.8%
- Working capital increased slightly by CHF 7.5 million compared to December 31, 2010
- Capital expenditure in the first half year of 2011 was CHF 4.6 million mainly due to further investments in capacity expansion and investments for supporting further growth
- A high net operating cash flow of CHF 10.7 million was recorded

Condensed consolidated income statement

(in CHF 000s)	Jan. - June		Jan. - Dec.
	2011	2010	2010
	(unaudited)	(unaudited)	(audited)
Revenue	62'471	49'251	112'781
% growth	26.8%		
Cost of revenue	-31'045	-23'056	-53'921
Gross profit	31'426	26'195	58'860
% gross profit margin	50.3%	53.2%	52.2%
Operating expenses	-19'850	-19'369	-41'159
Other income	171	779	1'370
Profit from operations (EBIT)	11'747	7'605	19'071
% EBIT margin	18.8%	15.4%	16.9%
Financial income	495	580	942
Finance costs	-2'818	-672	-3'546
Profit before income tax (EBT)	9'424	7'513	16'467
% EBT margin	15.1%	15.3%	14.6%
Income tax expense	-2'014	-1'472	-3'551
Net profit for the period	7'410	6'041	12'916
% net profit margin	11.9%	12.3%	11.5%
Depreciation and amortization	3'450	3'409	8'612
EBITDA (1)	15'197	11'014	27'683
% EBITDA margin	24.3%	22.4%	24.5%
EBITDA growth	38.0%		
EBIT growth	54.5%		
Net profit growth	22.7%		

(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.

Revenue by segment

u-blox operates in two segments:

- GPS and Wireless products
u-blox develops and sells embedded GPS receiver and 2G/3G wireless modules which are used mainly in automotive, industrial and consumer applications. Revenue was CHF 61.4 million for the first half of 2011 as compared to CHF 48.1 million in the first half of 2010.
- Wireless services
u-blox also offers wireless communication technology services in terms of reference designs and

software. In 2011, revenue for wireless services to external customers was CHF 1.0 million as compared to CHF 1.1 million during the first half year 2010.

Strengthened organization

Two highly experienced industry professionals joined u-blox. Dr. van Iseghem, former CEO and president of LEM, as Board member and CFO Roland Jud (effective August 1) as member of the Executive Committee.

Expanded global presence

In July, u-blox opened its second office in China to better serve customers in Southern China and Shenzhen, a major engine of high-tech design and manufacturing, and home to some of China's most prominent technology companies.

Outlook

Despite continued turbulence in the financial markets, u-blox is confident that the expanding implementation of its technologies across virtually all sectors of the consumer, industrial and automotive electronics markets will continue to fuel growth for its GPS receiver business. Augmented by the adoption of 2G and 3G wireless communications for tracking, supply chain management, emergency services, as well as stand-alone wireless metering and security applications, additional expansion with u-blox' products in existing and newly emerging wireless markets is foreseen.

Promising indicators for market expansion have already occurred in the early second half:

- Meizu integrated u-blox GPS in their latest Android Smartphone M9 for the Chinese market
- u-blox GPS technology was selected for the complete line of Samsung's SEN 3D navigator family
- AT&T, America's largest telecom carrier, approved u-blox' LISA 3G module for use on their mobile network
- Korea-based Ensper selected u-blox GPS for their latest multimedia e-reader tablet
- Firmware upgrade to the u-blox 6 GPS receiver platform introduced many new innovative features such as significantly lower power consumption, integrated satellite orbit prediction for faster positioning ("AssistNow Autonomous") and anti-jamming detection supporting anti-theft applications

For the full year 2011, u-blox adjusts its guidance to reflect the latest strong moves in exchange rates against the Swiss Franc. Revenue guidance is adjusted to CHF 124 million (down from the previous guidance of CHF 140 million), and EBIT to approximately CHF 22 million (down slightly from the previous guidance for EBIT of CHF 25 million).

The indications are based on exchange rates of 1.15 for EUR/CHF and 0.8 for USD/CHF for the second half year. u-blox' natural hedge against foreign exchange variations at the level of material costs helps maintain its relative gross margin. Revenue and EBIT, however, remain sensitive to the further variation of currency valuations against the Swiss Franc.

Downloads

[Half year report \(PDF\)](#)

[Investor presentation \(PDF\)](#)

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 approximately 210 people. Founded in 1997, u-blox is listed on the SIX Swiss Exchange. (www.u-blox.com)

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Financial calendar

Full year results 2011: March 21, 2012

Annual General Meeting: April 25, 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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