



Press Release

u-blox achieves strong growth during first half of 2013 and increases guidance

Thalwil, Switzerland – September 5, 2013 – u-blox (SIX:UBXN), a global leader in wireless and positioning semiconductors and technology, today announced revenue for the first half year 2013 of CHF 105.1 million. This constitutes a 35.4% increase over the first half year of 2012. Gross profit experienced an increase to CHF 49.1 million, resulting in a gross profit margin of 46.7%. EBIT for the first half year of 2013 was CHF 13.8 million. The net profit grew 36.8% to CHF 12.2 million. u-blox increases its previously published guidance for the full year for revenues to now CHF 220 million, with an EBIT of approximately CHF 30 million.

Financial highlights of the first half of 2013

- Overall sales expanded by 35.4% to CHF 105.1 million as compared to the first half of 2012
- Gross profit increased to CHF 49.1 million with gross profit margin reaching 46.7%
- EBITDA of CHF 21.2 million was reached, with an EBITDA margin of 20.1%
- EBIT of CHF 13.8 million was achieved, with an EBIT margin of 13.1%
- Net profit grew 36.8% to CHF 12.2 million, or 11.6% of revenues during the period
- Current assets increased by CHF 9.5 million compared to December 31, 2012, mainly due to the growth of the business.
- Capital expenditure was CHF 13.4 million mainly due to capacity expansion and investments for product development
- A net operating cash flow of CHF 20.4 million was recorded

Robust growth in all regions

As compared to the same period in 2012, u-blox revenues based on billing location increased in all regions. Asia Pacific sales experienced a strong growth of 56.8%, EMEA had a significant 41.7% sales increase, and revenue in the Americas grew by 9.9%. After achieving strong market expansion in 2012, growth in the Americas was comparatively lower due to the off-shore manufacturing trend of designs made in the USA during the period.

Strong growth in core business sectors

Strong performance was again achieved in u-blox' core automotive and industrial market sectors. Growth was driven by two main developments:

- 1) Sales into the global automotive markets more than doubled. The driving applications were in-car navigation and road pricing systems. The automotive market now accounts for a third of overall business.
- 2) Revenues in the industrial markets experienced double-digit growth. This can be attributed to continued expansion in vehicle tracking systems and Point-of-Sales (PoS) terminals.

Sales into the consumer markets experienced a small decline as mobile phones move away from standalone positioning components, while continuing to replace dedicated Personal Navigation Devices. Growth in the consumer market was experienced in people and animal tracking applications where sales steeply increased over the same period in 2012.

Good profitability

u-blox achieved 36.8% net profit growth to CHF 12.2 million with 13.1% EBIT margin and 20.1% EBITDA margin.

Strategy

In the first half, u-blox executed on its aggressive strategy to enter the 4G LTE markets for embedded wireless communications. With the introduction of the LTE module series TOBY-L1, u-blox claimed the market position as provider of the industry's smallest 4G module. Following the company's strategy of maintaining backwards

compatibility with existing products (“Nested Design”), TOBY can be mounted on the same printed circuit board (PCB) footprint as the LISA, SARA and LEON for 3G and 2G solutions. This allows customers to easily upgrade or produce multiple end-product variants based on a single PCB design.

On the positioning side of the business, u-blox continued with its strategy to expand its product portfolio to support new satellite navigation systems, particularly Russia’s GLONASS, China’s BeiDou and Japan’s QZSS systems. Support of multi-constellation GNSS operation was also implemented in u-blox’ MAX module form factor, giving it the ability to track all 50-plus American and Russian satellites to improve speed, accuracy, and position availability.

The strategy of leveraging the synergies between wireless and positioning technologies was bolstered by the expansion of its CellLocate® hybrid indoor positioning platform to cover more regions of the world.

Business development

u-blox continued to expand its business in a diverse range of markets, regions and innovative applications. Sales increased strongly in several of our market sectors. Highlights during the first half year include:

- Very strong sales increase of positioning chips designed into in-car navigation and vehicle telematics systems.
- Hitachi Kokusai Electric Inc. (“HiKE”), a leading Japanese provider of video and wireless networking solutions, completed collaboration with u-blox to develop a custom M2M wireless module solution targeted at industrial applications and emergency alert networks throughout Japan.
- Sprint, a major US telecommunications carrier, selected u-blox as a Preferred Wireless Module Provider for its CDMA Network for machine-to-machine applications in North America. This was followed by a 16-city joint u-blox/Sprint customer seminar to educate the market about u-blox and Sprint’s wireless M2M products and services offering.
- Swedish-based Handheld, the world’s fastest growing maker of mobile computers and smartphones designed for extreme environments, integrated u-blox’ GPS modules into four of their most popular products.
- Taiwan-based Bryton, a global provider of GPS-enabled sports monitoring equipment, launched its new line of portable biking and jogging computers which integrate u-blox’ GPS receiver chip technology.

Products and innovation

During the first half of 2013, u-blox developed attractive and innovative products and technologies for both wireless and positioning:

Wireless products highlights

- u-blox introduced its first 4G product, the TOBY-L1 series, a new line of ultra-compact LTE modules. Targeted at the North American and European markets, the TOBY-L1 series is ideally suited for mobile internet routers, set top boxes, digital signage and security systems.
- A collaboration with Intel Corporation was announced to bring a small, cost-effective 3G-only module to the market. Based on Intel’s XMM™ 6255 HSPA modem platform, the chipset will be packaged in a compact, low- cost module that maintains layout compatibility with u-blox’ SARA 2G and LISA 3G module series.
- A dedicated wireless communications module was developed for the Japanese M2M markets, the compact FW75-D200 voice modem. It is ideally suited for applications such as fleet management, automatic meter reading (AMR), people and asset tracking, surveillance and security, vending machines and Point of Sales (PoS) terminals in Japan.

Positioning products highlights

- The latest GNSS receiver generation u-blox 7 achieved significant sales volume. After the announcement during mid 2012 the new product line achieved many new design-ins and several customers ramped up their production.

- The MAX-M5Q GPS/GNSS receiver module was introduced, a compact satellite positioning module that supports American GPS, Russian GLONASS as well as Japanese QZSS satellite GNSS systems. The module supports simultaneous GPS and GLONASS operation to enhance positioning speed and accuracy.
- u-blox successfully demonstrated navigation using live Chinese BeiDou satellites only 3 weeks after the full specification was published by the Chinese government. BeiDou is now poised to become an important new satellite navigation system as well as a complement to existing satellite constellations such as GPS and GLONASS.

Employees

The number of employees worldwide increased during the first half of 2013. The company employed 411 people at June 30, 2013, an increase of about 8.4% as compared to end of 2012.

Condensed consolidated income statement

(in CHF 000s)	January - June		Jan. - Dec.
	2013	2012	2012
	(unaudited)	(restated) ²⁾	(restated) ²⁾
Revenue	105'106	77'653	173'128
<i>% growth</i>	35.4%	24.3%	
Cost of sales	-56'003	-42'197	-91'949
Gross profit	49'103	35'456	81'179
<i>% gross profit margin</i>	46.7%	45.7%	46.9%
Operating expenses	-35'416	-24'174	-58'343
Other income	85	47	112
Operating profit (EBIT)	13'772	11'329	22'948
<i>% EBIT margin</i>	13.1%	14.6%	13.3%
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
<i>% net profit margin</i>	11.6%	11.4%	9.9%
Depreciation and amortization	7'383	4'551	12'240
EBITDA ⁽¹⁾	21'155	15'880	35'188
<i>% EBITDA margin</i>	20.1%	20.4%	20.3%
EBITDA growth	33.2%	4.5%	
EBIT growth	21.6%	-3.6%	
Net profit growth	36.8%	20.0%	

⁽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.

⁽²⁾ Restatement due to changes of IAS 19

Revenue breakdown

u-blox operates in two segments:

- Wireless and positioning products
u-blox develops and sells embedded GPS/GNSS chips and modules, and 2G/3G/4G wireless modules

which are used in automotive, industrial and consumer applications. Revenue was CHF 104.4 million for the first half of 2013 as compared to CHF 77.0 million in the first half of 2012.

- **Wireless services**
u-blox also offers wireless communication technology services in terms of reference designs and software. In the first half of 2013, revenue for wireless services was CHF 9.1 million as compared to CHF 7.0 million during the first half year 2012.

Expanded global presence

During the period, u-blox expanded its global organization; a new R&D center was established in Cork, Ireland and a new sales office was opened in Chatswood, Australia, near Sydney.

Outlook

u-blox is on track to exceed its previously communicated sales target for 2013. This is due to excellent performance in the automotive and industrial markets. The company is now reaping profits from earlier strategic investments in technology for the global automotive markets, a sector that is growing strongly due to increasing electronic content in new cars. In the industrial markets, u-blox continues with this investment to maintain its number one market position as the main supplier of positioning and wireless communication components designed into global fleet management systems.

In several markets the company now enjoys major market shares. Acceleration of this trend in Russia, China and Southeast Asia based on the Russian GLONASS and Chinese BeiDou satellite navigation systems is anticipated; u-blox is well positioned with wireless and positioning products that already address these markets.

In the consumer markets, we expect moderate sales growth of our positioning and wireless components used in recreational devices, notebook accessories, and health monitoring devices.

For the full year 2013, u-blox increases its revenue guidance to CHF 220 million and raises its EBIT estimate to approximately CHF 30 million.

The indications are based on exchange rates of 1.20 for EUR/CHF and 0.95 for USD/CHF for the second half year 2013. 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 2013 \(PDF\)](#)

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

About u-blox

Swiss-based u-blox (SIX:UBXN) is the 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-Pacific and the USA. (www.u-blox.com)

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Financial calendar

Full year results 2013: March 20, 2014

Annual General Meeting: April 29, 2014

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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