



Press Release

u-blox with strong first-half 2010 performance, revenue growth in all regions

Upswing in global demand driven by broad industry trend towards location awareness

Thalwil, Switzerland – September 3, 2010 – u-blox (SIX:UBXN), a leading provider of GPS receiver and wireless communication technology, today announced revenue for the first half year 2010 of CHF 49.3 million. This constitutes a 44.3% increase over the first half year of 2009. Gross profit increased strongly by 42.2% from CHF 18.4 million to CHF 26.2 million. EBIT for the first half year of 2010 was CHF 7.6 million and net profit of CHF 6.0 million were higher by 293% in comparison to the same period in 2009.

Strong customer confidence

u-blox continued its successful dual-technology strategy to provide customers with GPS positioning solutions together with wireless communications modules, achieving widespread market acceptance and high customer demand for both GPS and wireless products world-wide. Highlights include:

- Tier-one European automotive suppliers chose u-blox' chip-based Automotive Dead Reckoning solution for in-dash car navigation and security systems.
- Consumer electronics manufacturers with global brands such as Fujitsu, Mio, and Dual Electronics embedded u-blox' GPS technology in their latest generation of location-aware notebooks, netbooks and iPod accessories.
- Numerous customers around the world combined u-blox' GSM- and GPS- technology for a wide range of wireless security and fleet management systems.
- Major operator and standards body certified u-blox' LEON GSM module family including accreditation by AT&T as well as certifications in Europe, China, Russia, Brazil, South Africa and the USA.

Products and innovation

During the first half of 2010 u-blox continued to upgrade existing products while developing new ones to serve its customers' continuing demands for smaller-size, higher performance, and compatibility with the latest wireless communications standards and technology. Here are some of the highlights:

- Rapid customer migration to u-blox' newest, higher-performance u-blox 6 GPS positioning platform.
- Launch of the 3.5G wireless module LUCY which enables machines, devices and vehicles to make high-speed data, voice and video connections over the world's fastest globally adopted mobile communications network.
- Introduction of a patented end-to-end photo geotagging solution enabling cameras to instantly remember where photos were taken.
- Acquisition of 15 key industry patents and patent applications for low-power real-time GPS technology.



Logistics and infrastructure

- Production capacity at u-blox' fabrication and assembly partners Globalfoundries, TSMC, Amkor and Flextronics was expanded to meet increasing demand. A major investment in new testing equipment was made to expand capacity for the testing of u-blox' complex chips and modules.
- u-blox HQ in Thalwil, Switzerland and Wireless R&D center in Sgonico, Italy successfully passed ISO-9001 re-certification.

People

After an increase in staff during 2009 due mainly to acquisitions, the number of employees worldwide remained at the same level during the first half of 2010, with a headcount of 199 people.

Finance

- Revenue continued to grow in Asia Pacific, by 55.3% as compared to the first half year of 2009. In EMEA we saw an increase in revenue of 50%, and in the Americas 19.3%.
- An improvement in gross profit was achieved due to a good gross profit margin of 53.2%, in addition to high revenue growth.
- Growth in operating expenses was below the revenue growth rate.
- EBITDA of CHF 11.0 million was reached in the first half year of 2010, with an EBITDA margin of 22.4%.
- EBIT of CHF 7.6 million was achieved in the first half year of 2010, with an EBIT margin of 15.4%.
- Inventories are low due to high demand, with the majority of it being work-in-progress.
- Capital expenditure in the first half year of 2010 was CHF 4.9 million mainly due to further investments in capacity expansion and investments for supporting further growth of the company.
- A high net operating cash flow of CHF 8.5 million was recorded.



Consolidated income statement

(in CHF 000s)	Jan. - June 2010 (unaudited)	Jan. - June 2009 (unaudited)	Jan. - Dec. 2009 (audited)
Revenue	49'251	34'131	73'527
Cost of revenue	-23'056	-15'713	-34'644
Gross profit	26'195	18'418	38'883
Distribution and marketing expenses	-6'905	-6'226	-13'014
Research and development expenses	-9'736	-7'664	-16'195
General and administrative expenses	-2'728	-2'304	-4'572
Other income	779	33	84
Profit from operations (EBIT)	7'605	2'257	5'186
Financial income	580	165	251
Finance costs	-672	-610	-1'490
Profit before income tax (EBT)	7'513	1'812	3'947
Income tax expense	-1'472	-274	-621
Net profit for the period	6'041	1'538	3'326
Earnings per share (in CHF)	0.97	0.25	0.53
Diluted earnings per share (in CHF)	0.96	0.25	0.53

Revenue by segment

u-blox operates in two segments:

- **GPS / wireless products**
u-blox develops and sells embedded GPS receiver and 2G/3.5G wireless modules which are used mainly in automotive, industrial and consumer applications. Revenue was CHF 48.1 million for the first half of 2010 as compared to CHF 33.3 million in the first half of 2009.
- **Wireless services**
u-blox also offers wireless communication technology services in terms of reference designs and software. In 2010, revenue for wireless services to external customers was CHF 1.1 million as compared to CHF 0.8 million during the first half-year 2009 (business was launched via acquisition of Neonseven on April 1, 2009).

Expanded global presence

To meet the huge market demand for government-mandated Automatic Vehicle Location (AVL) devices in Brazil, u-blox announced in the beginning of the second half of 2010 that it has expanded its production capacity with a contract manufacturer in Brazil. This step allows u-blox to streamline logistics and respond faster to customers in this market.



Outlook

The continued recovery of the world economy after a prolonged recession is resulting in a clear upswing. The company is experiencing growing interest in both our GPS and wireless product families.

For the full year 2010, u-blox increases its revenue guidance and anticipates year-on-year revenue growth of 50% to CHF 110 million with an EBIT margin of approximately 15% (up from the previous guidance for EBIT of CHF 6 million). The outlook is based on the assumption that the company can meet customer demand despite certain capacity constraints in the supply chain and that exchange rates remain constant.

With over 3'000 customers across the world in a broad range of consumer, industrial and automotive sectors, u-blox is well-positioned to capitalize on technology trends in numerous sectors, especially the continued emergence of new products with combined GPS and wireless communications capabilities such as emergency call and AVL systems, personal tracking and emergency locator devices, location-aware netbooks, smartphones and handheld consumer devices.

After passing the recession with positive results, the company is optimistic that the strong upswing experienced in the first half year will continue to accelerate, and u-blox looks forward to doing very successful business during the remainder of 2010 and beyond.

Downloads

[Financial 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 200 people. Founded in 1997, u-blox is listed on the SIX Swiss Exchange. (www.u-blox.com)

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locate, communicate, accelerate



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