

locate, communicate, accelerate

A woman with brown hair tied in a ponytail, wearing a light blue long-sleeved jacket with grey panels on the sides and grey trousers, is crouching on a grassy hill. She is holding a black DSLR camera with a large lens up to her eye, looking towards the right. The background shows a hazy landscape with mountains under a blue sky with light clouds. Tall grass and some green plants are in the foreground.

Annual results 2013 u-blox Holding AG

March 20, 2014

Thomas Seiler, CEO

Roland Jud, CFO

Disclaimer

This presentation contains certain forward-looking statements. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied herein.

Should such risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation.

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Agenda

- Introduction
- Operational highlights 2013
- Financial results 2013
- Business review
- Outlook
- Q&A

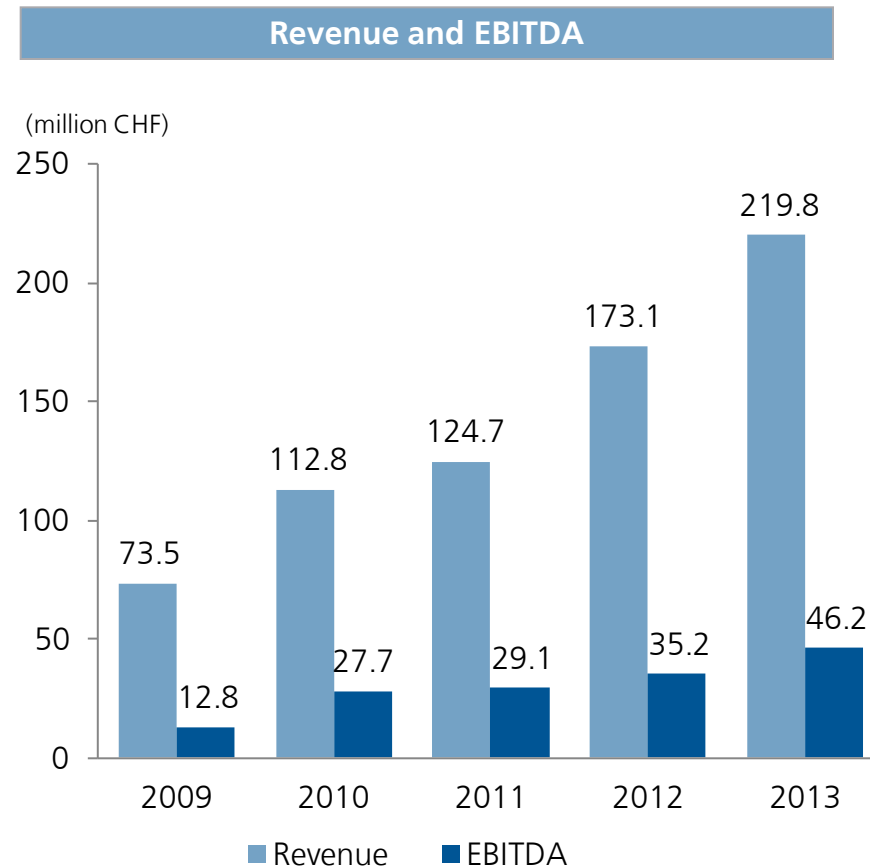
Operational highlights 2013

- Outstanding business growth driven by general demand for connected mobility
- Expanded market position in existing markets with
 - Strategic new products
 - Continued gain in market share
- Strengthened organization
 - Strong growth in personnel – 447 FTE at year end
 - Addition of more locations – u-blox now has operations in 15 countries
 - Continued adaptation of organizational framework
- Many new innovative solutions brought to market

u-blox group

Key figures	Amount CHF	In relation to revenue	Change 2013 to 2012
Revenue	219.8m	-	27.0%
Gross profit	101.2m	46.0%	24.6%
EBITDA	46.2m	21.0%	31.3%
Operating profit (EBIT)	30.1m	13.7%	30.9%
Net profit, attributable to owners of the parent	24.6m	11.2%	44.3%
Net cash generated from operating activities	38.5m	17.5%	19.9%
Payout of a dividend of CHF 1.30 per share from capital reserves proposed			

Revenue and EBITDA

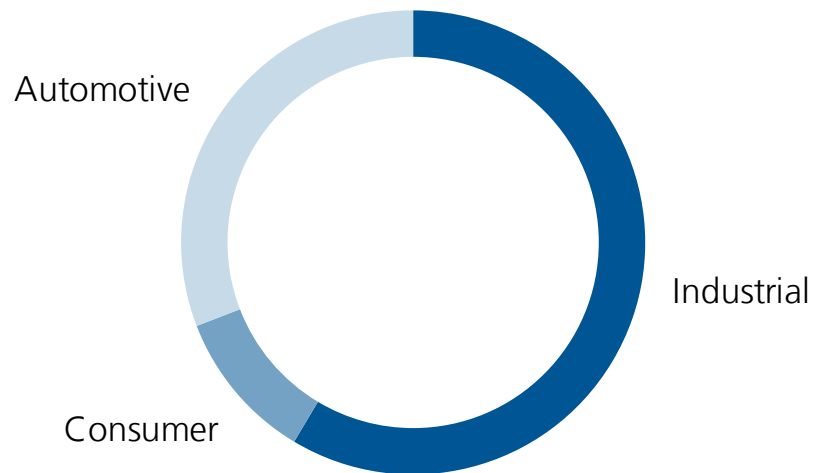


Comments

- Strong revenue growth of 27.0% compared to 2012 (all organic)
- At constant exchange rate: Revenue growth of 28.1%
- Growth of EBITDA of 31.3% compared to 2012

Markets trends

Revenue split per market for 2013



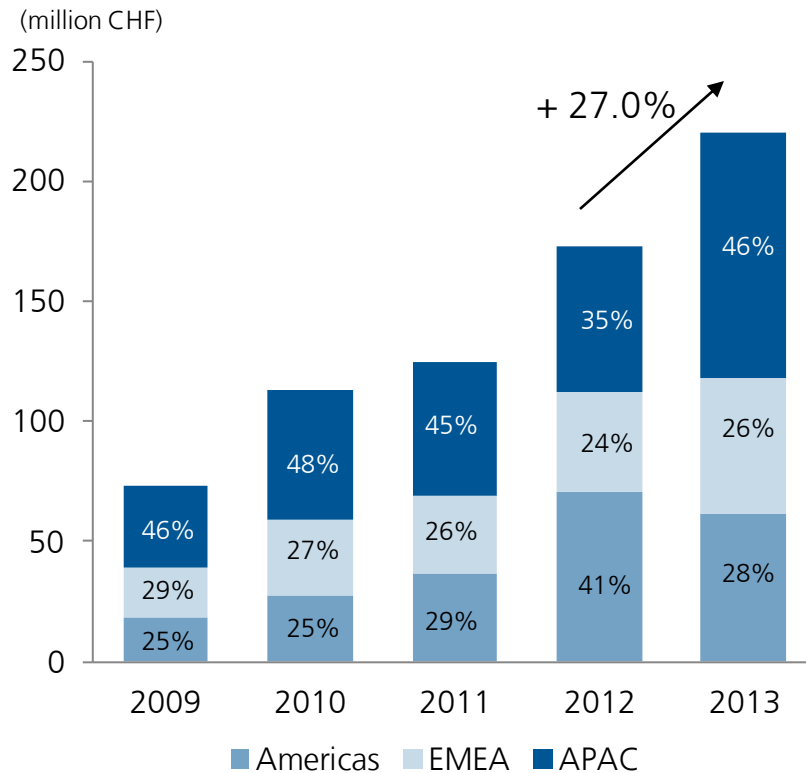
Comments

- Growth in all markets
- Continued strong momentum in automotive market, both in first-mount and after-market applications
- Accelerated growth in new markets where mainly communication products are sold: security, POS terminals, vending machines
- Strong growth in markets for specialty products, such as timing and dead reckoning

Note: Estimate

Revenues by geography

Revenues by geographic region



Note: based on customers' billing location

Comments

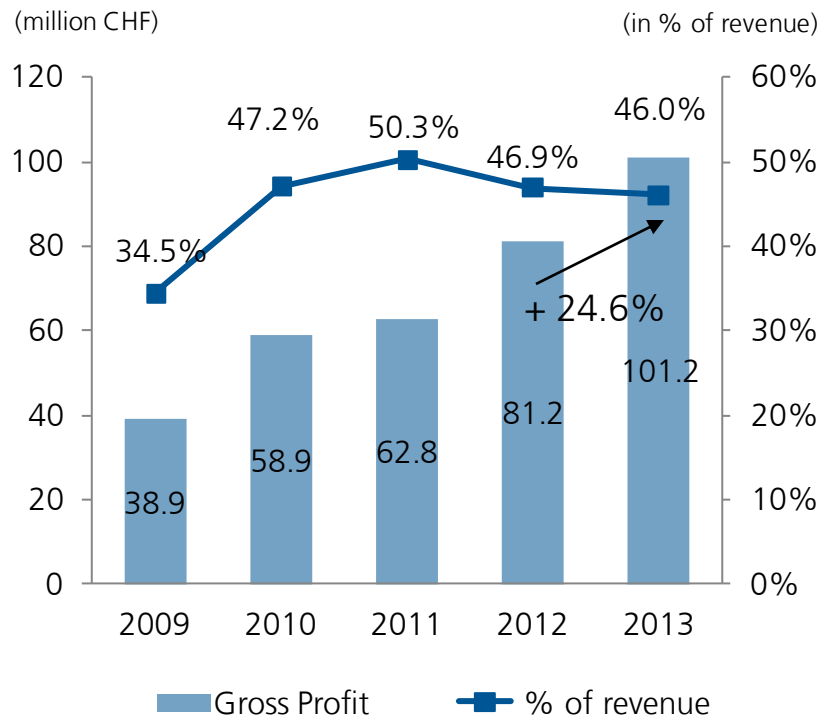
Good spread of revenues over all three regions

Revenue development according to billing location:

- Strong increase of +33.5 % in EMEA
- Steep increase in Asia Pacific (+68.2%)
- Decline in the Americas of 12.5% due to outsourcing of production of US customers to Asia. Without this effect business generated in the Americas increased over 20%.

Gross profit

Gross profit / Gross profit margin

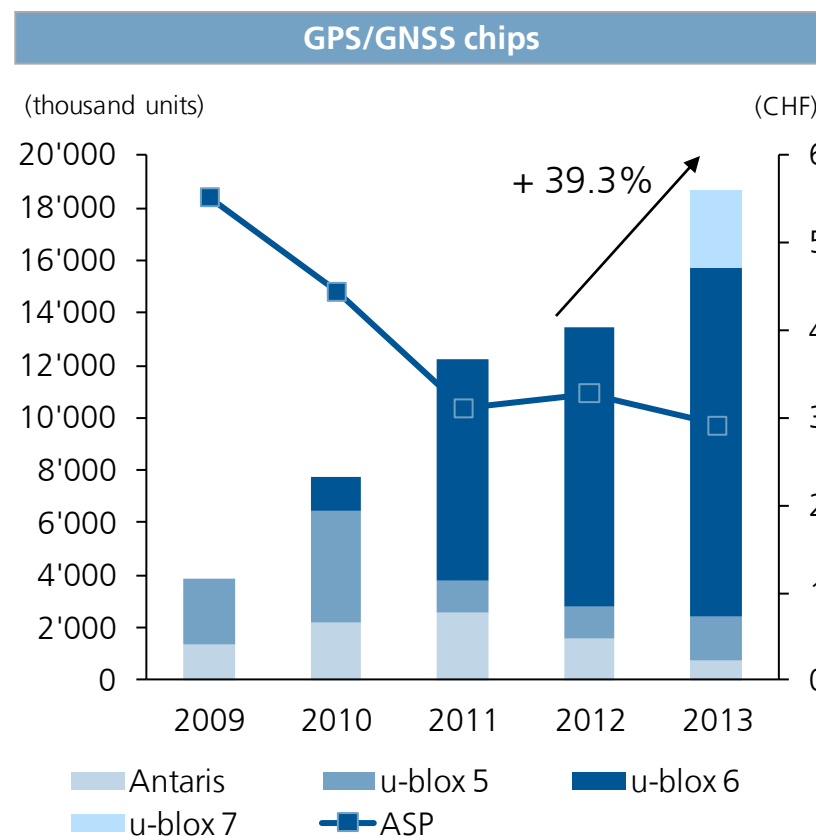
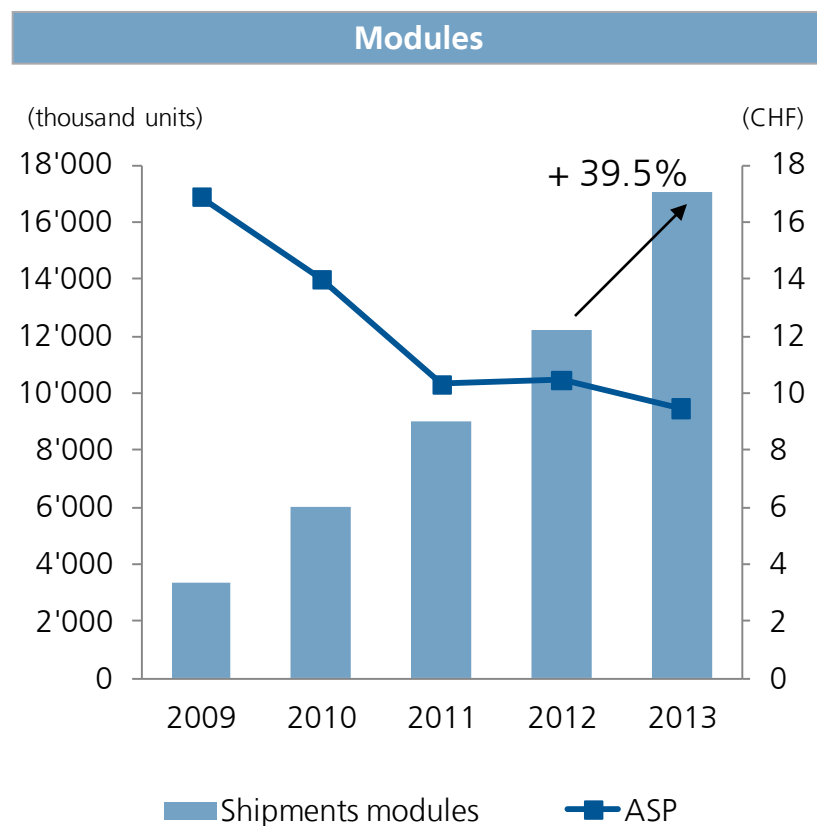


Comments

- Increase in gross profit to CHF 101.2m in 2013
- Strong growth of gross profit of +24.6% compared to 2012
- Gross profit margin in 2013 of 46.0%, slightly declined due to product mix containing more wireless products

Shipments and ASP development

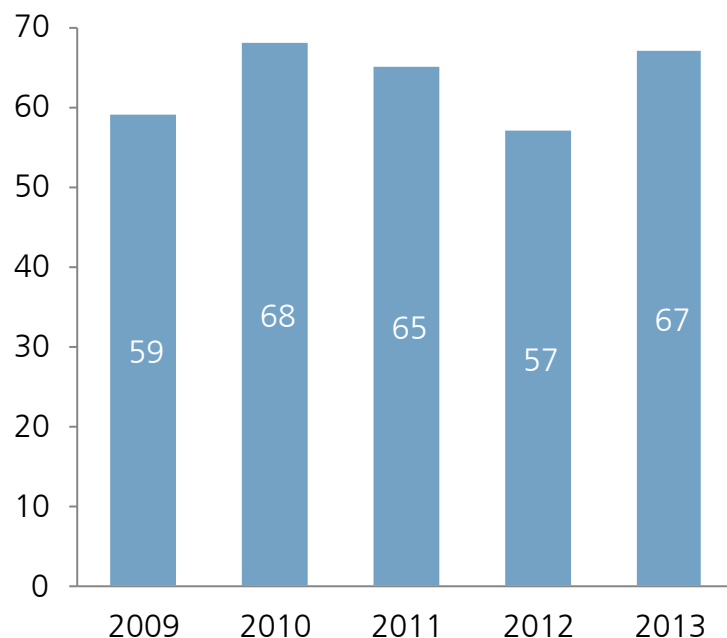
- Continued strong growth of module volume
- First shipments of u-blox 7 chip



Note: incl. Atmel-Chipset sales

Global customer base

Number of customers totaling 80% of revenue

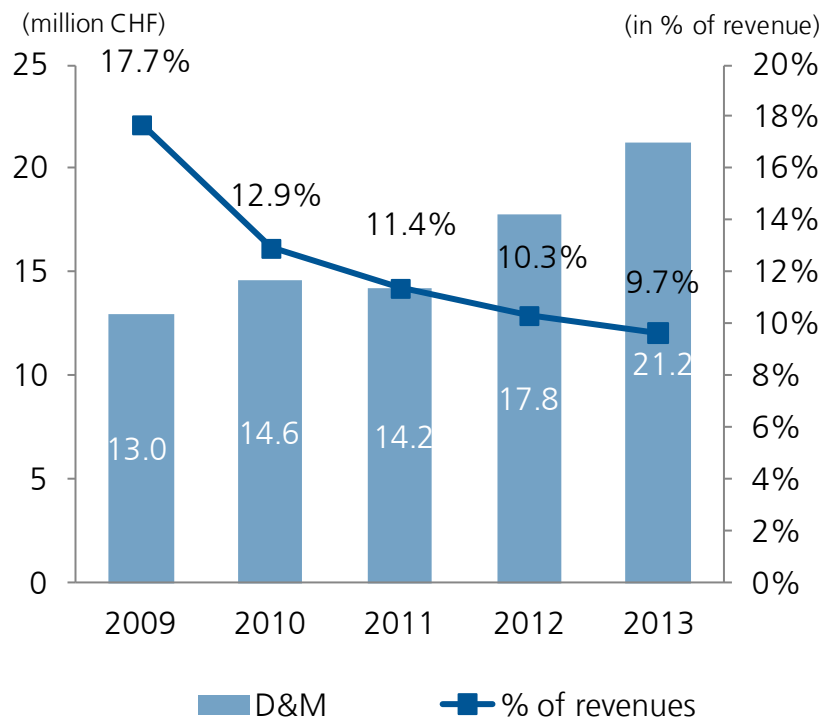


Comments

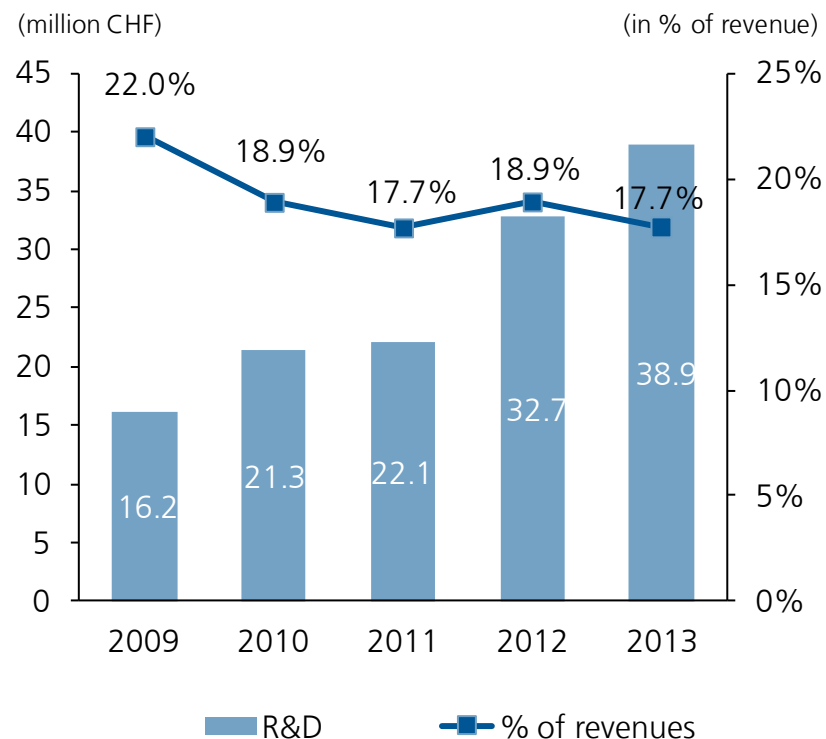
- Strong and stable customer base
- More than 4'500 customers worldwide
- Good spread over different applications and geographical regions
- Largest customer accounts for less than 11% of total revenue
- 10 biggest customers account for 36.3% of total revenue
- No bad debtors
- Strong market and technology position with further potential for profitable growth

Distribution & marketing / Research & development

Distribution & marketing expenses

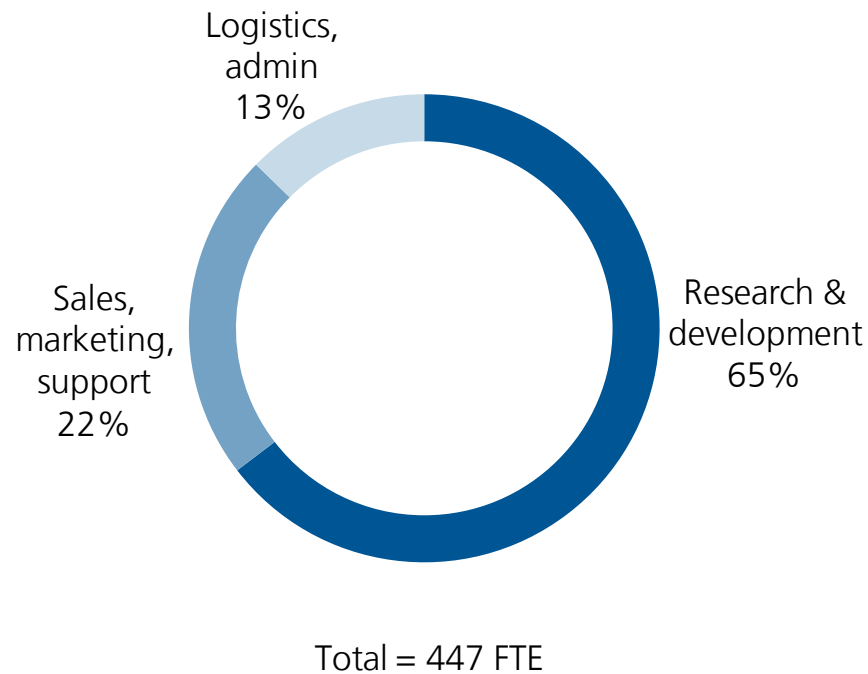


Research & development expenses



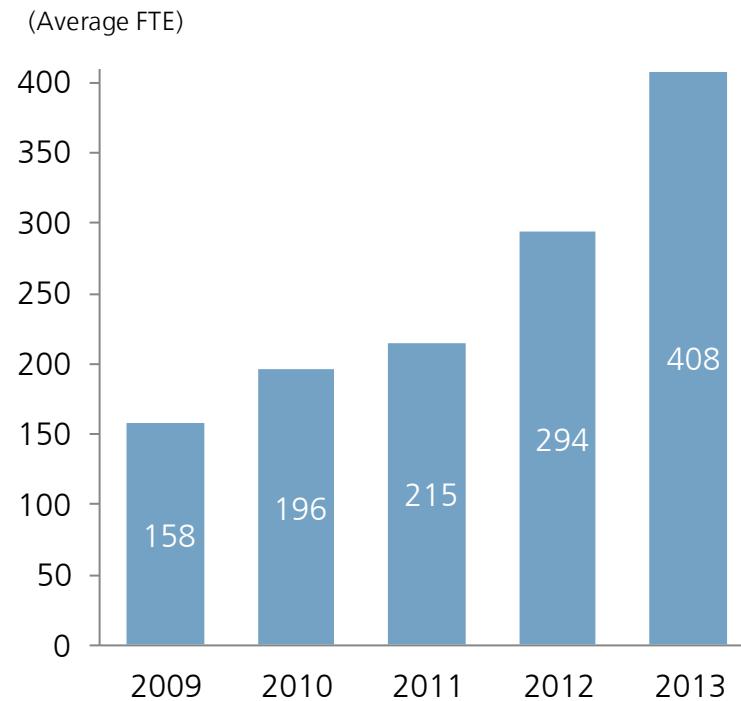
Employees

Employee breakdown (end of 2013, FTE based)



Note: 73% of employees based outside Switzerland (spread over 15 countries)

Average employee level (2009 – 2013, FTE based)



Note: Average number of employees (FTE = full time equivalent)

Income statement

Consolidated income statement (condensed)

(in CHF 000s)	for the year ended December 31,		June 30,
	2013	2012	2013
	(audited)	(restated)	(unaudited)
Revenue	219'813	173'128	105'106
Cost of sales	-118'654	-91'949	-56'003
Gross profit	101'159	81'179	49'103
Operating expenses	-71'192	-58'343	-35'416
Other income	83	112	85
Operating profit (EBIT)	30'050	22'948	13'772
Finance income	1'013	922	299
Finance costs	-2'193	-2'487	-331
Profit before income tax (EBT)	28'870	21'383	13'740
Income tax expense	-4'227	-4'305	-1'577
Net profit, attributable to owners of the parent	24'643	17'078	12'163
Operating profit (EBIT)	30'050	22'948	13'772
Depreciation and amortization	16'138	12'240	7'383
EBITDA*)	46'188	35'188	21'155

Comments

- Revenue increase purely organic
- Increased gross profit by 24.6%
- Higher OPEX due to expansion of activities
- EBITDA margin of 21.0%
- EBIT margin of 13.7%
- Tax rate of 14.6%
- Stock options cost in the amount of CHF 2.2m
- Finance costs contains unrealized/realized foreign exchange losses of CHF 1.5m

*) 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.

Segment information

	Positioning and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January - December		January - December		January - December		January - December		January - December	
(in CHF 000s)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue third	218'888	171'093	925	2'035	219'813	173'128			219'813	173'128
Revenue intragroup			17'988	12'323	17'988	12'323	-17'988	-12'323	0	0
Total revenue	218'888	171'093	18'913	14'358	237'801	185'451	-17'988	-12'323	219'813	173'128
EBITDA ^{*)}	43'526	32'559	3'612	2'919	47'138	35'478	-950	-290	46'188	35'188
Depreciation	-3'018	-2'204	-1'123	-763	-4'141	-2'967			-4'141	-2'967
Amortization	-10'359	-7'716	-1'638	-1'557	-11'997	-9'273			-11'997	-9'273
Operating profit (EBIT)	30'149	22'639	851	599	31'000	23'238	-950	-290	30'050	22'948
Finance income									1'013	922
Finance costs									-2'193	-2'487
EBT									28'870	21'383

	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Assets	142'431	114'886	15'521	11'037	157'952	125'923	68'557	65'710	226'509	191'633
Liabilities	34'776	28'581	8'374	4'962	43'150	33'543	2'923	7'240	46'073	40'783
additions to non-current assets	29'826	11'700	3'890	2'452	33'716	14'152	-	-	33'716	14'152

^{*)} 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.

Statement of financial position (1)

Statement of financial position (condensed)			
(in CHF 000s)	Dec. 31, 2013 (audited)	Dec. 31, 2012 (restated)	June 30, 2013 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	33'163	33'416	36'427
Marketable securities	27'395	27'175	27'286
Trade accounts receivable	29'204	22'127	27'132
Other current assets	32'589	24'758	26'177
Total current assets	122'351	107'476	117'022
Non-current assets			
Property, plant and equipment	13'764	7'078	9'982
Goodwill	37'825	37'659	37'755
Other Intangible assets	44'570	33'682	36'555
Financial assets	1'222	1'195	1'209
Deferred tax assets	6'777	4'543	5'766
Total non-current assets	104'158	84'157	91'267
Total assets	226'509	191'633	208'289

Comments
<ul style="list-style-type: none"> • Very strong financial position with a liquidity (incl. marketable securities) of CHF 60.6m • Inventory CHF 22.7m (WIP CHF 7.3m) • Stable net working capital requirement • No impairment on goodwill • Increase of intangible assets due to capitalization of R&D expenses

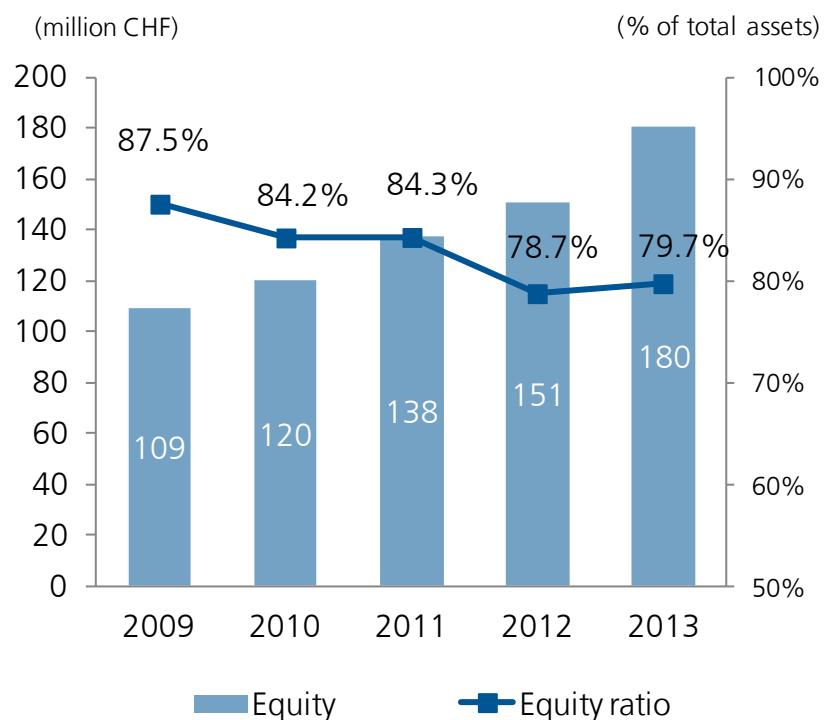
Statement of financial position (2)

Statement of financial position (condensed)			
(in CHF 000s)	Dec. 31, 2013 (audited)	Dec. 31, 2012 (restated)	June 30, 2013 (unaudited)
LIABILITIES AND EQUITY			
Current liabilities	35'974	26'868	34'590
Non-current liabilities	10'099	13'915	11'520
Total liabilities	46'073	40'783	46'110
Shareholders' equity			
Share capital	5'810	5'675	5'773
Share premium	92'556	94'132	91'182
Retained earnings	82'070	51'043	65'224
Total equity, attributable to owners of the parent	180'436	150'850	162'179
Total liabilities and equity	226'509	191'633	208'289

Comments
<ul style="list-style-type: none"> • No significant debt • Trade accounts payable of CHF 15.3m, in line with increasing business • Non-current liabilities contains deferred tax liabilities and pension liabilities • Share capital increase due to exercise of options

Statement of financial position

Total equity and equity ratio



Comments


- Strong equity ratio, increased to 79.7%
- Payout of a dividend of CHF 1.30 per share proposed to the Annual General Meeting
 - Increase of 30% to 2012
 - Dividend payout ratio of 34.1% of net profit

Statement of cash flows


Consolidated cash flow Statement (condensed)			Comments
(in CHF 000s)	For the year ended December 31,		
	2013	2012	
Net cash generated from operating activities	38'483	32'088	<ul style="list-style-type: none">• Strong positive operational cash flow with 17.5% of revenues• Increased operational cash flow by 19.9%• Investing activities:<ul style="list-style-type: none">• CHF 22.8m investments into intangible assets, mainly capitalized R&D expenses and intellectual property• CHF 10.9m investments into property, plant and equipment• CHF 0.6m investments in marketable securities• Financing activities:<ul style="list-style-type: none">• CHF 3.3m repayment of loans and other payables remaining from the acquisition of Fastrax in 2012• Dividend 2012 payment CHF 6.4m• Proceeds from issuance of ordinary shares of CHF 4.9m• CHF 0.3m currency effects of translation of cash and cash equivalents
Net cash used in investing activities	-33'638	-16'805	
Net cash used in financing activities	-4'784	-15'618	
Net increase/(decrease) in cash and cash equivalents	61	-335	
Cash and cash equivalents at beginning of year	33'416	35'151	
Exchange losses on cash and cash equivalents	-314	-1'400	
Cash and cash equivalents at end of year	33'163	33'416	



Business review

- 
- A high-angle photograph of a worker sorting through a massive pile of green bananas. The worker, wearing a pink cap and blue gloves, is reaching into the pile. The bananas are piled high, filling most of the frame. In the background, another worker is visible, and a basket filled with sorted bananas sits on the wooden floor.
- Goods travel the globe 24/7
 - Many have a long shelf-life
 - Many other's don't

THE BANANA STORY

- 
- A close-up photograph of a woman with dark hair, smiling warmly at the camera. She is holding a banana in her left hand and using a small knife in her right hand to peel it. The banana peel is partially removed, showing the yellow fruit. The background is softly blurred, suggesting an outdoor setting with greenery.
- This banana is from Ecuador
 - Its trip was possible thanks to transportation, communications, food processing and tracking technology

- Tons of bananas must be harvested and shipped fast
- Plantation owners must quickly negotiate
- Wireless technology has streamlined this process



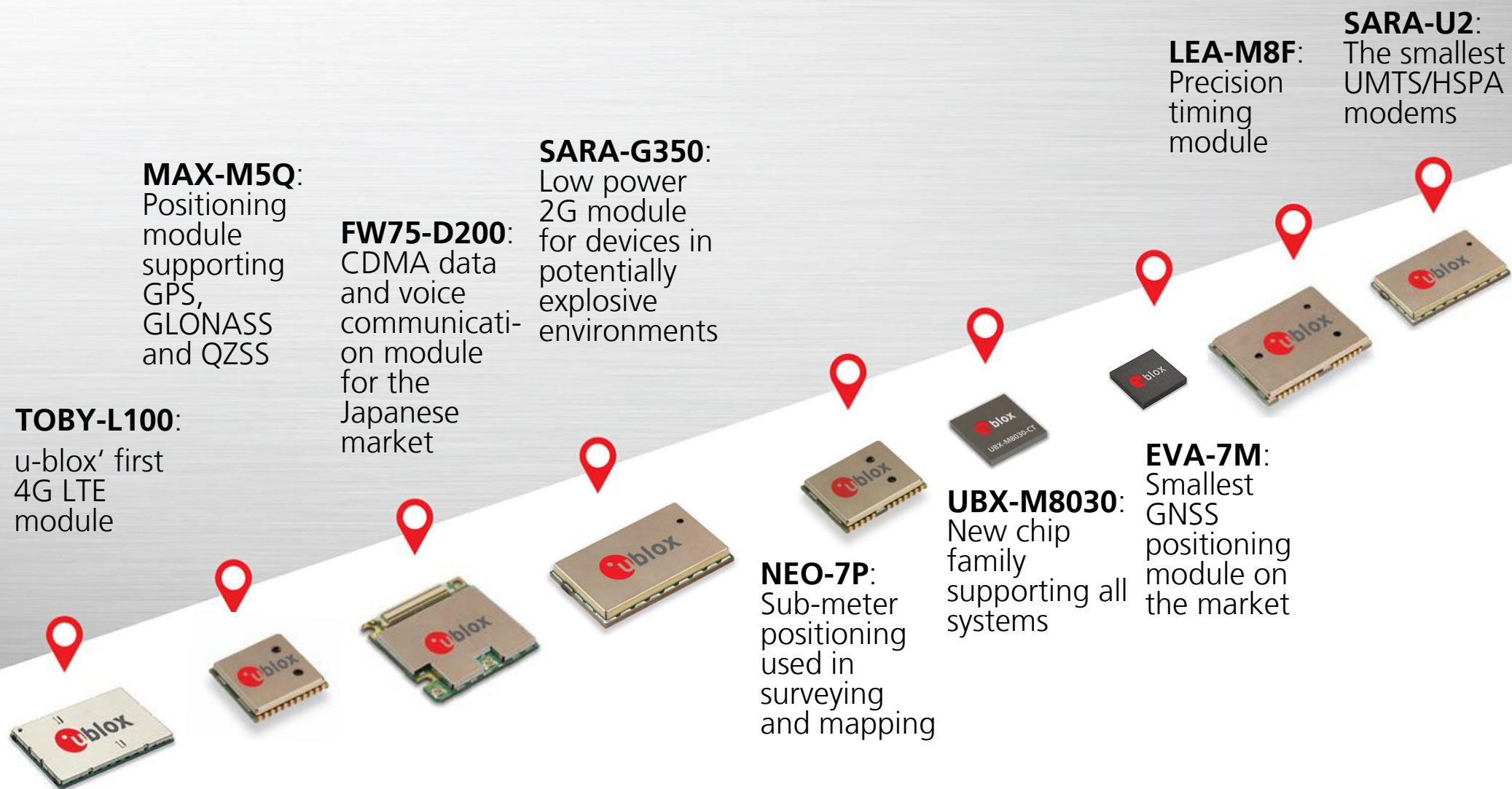
- Behind the scenes is a network of wireless communication base stations
- Precise time-synchronization – a u-blox technology

- Bananas are packed into refrigerated containers
- The ripening process is delayed and controlled by technology

- The bananas are loaded on trucks
- Precise monitoring of location, inventory conditions, driving behavior, optimal route, speed, breakdown is possible with u-blox' technology

- The perfectly ripened banana is ready for purchase
- At the heart of the PoS terminal is a u-blox wireless module and positioning receiver

Various features and new products introduced in 2013



Expanded relationships with 4500 customers

Large diversification by application, geography and end market



Tracker Technology, Taiwan
Pet Detector



Longsung, China
Smart phone



CalAmp, US
vehicle tracking & security devices

Close customer relationship with Ingenico



- Global leader for mobile electronic payment systems and terminals
 - Millions of units shipped each year, 1.2 billion Euros in revenue
 - Present in 125 countries
- Challenge for Ingenico: Customers (Retailers) want :
 - To be able to identify where a transaction has taken place
 - To know which sales person has executed the transaction
 - Easy implementation and configuration
- Why did Ingenico chose u-blox
 - Top quality technology
 - Support during the entire life-cycle of product design
 - Local, knowledgeable ongoing technical support as payment terminals are complex and consist of many technologies



From chip to module

[Click here to view the 2-minute YouTube video](#)



A man and a woman are standing outdoors in a city. The man, wearing a light blue button-down shirt, is holding a smartphone and pointing his right index finger towards a tall church spire in the background. The woman, wearing an orange cardigan and carrying a plaid backpack, is looking at the phone and smiling. The background shows a clear blue sky and the architecture of a city, including the prominent church spire.

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Strategy

Strategic priorities 2014 (1)

Technology and innovation

Outlook 2014

- Expand 4G LTE modules portfolio to address large-area multi-standard deployments
- Expand and migrate existing modules series to the new u-blox M8.
- Maintain leading position in first-mount vehicle navigation systems through new 3D Automotive Dead Reckoning technology
- Introduce new GNSS antenna modules to include drop-in modules with integrated antenna
- Continue to develop products for growing niche markets

Market Position

Outlook 2014

- Continue growth momentum in all regions
- Capitalize on our expanded sales force and accelerate sales in vertical markets
- Continue leadership in the global automotive markets
- Expand relationship with our customers to deliver more value for their products

Strategic priorities 2014 (2)

Operational excellence

Outlook 2014

- Improve internal structures and process landscape
- Strengthen our innovation flow in both wireless and positioning technologies
- Strive for higher operational efficiency

Strategic partnership and acquisition opportunities

Outlook 2014

- Continue to deploy and evaluate new and complementary technologies to maximize growth potential
- Establish more partnerships for easy access to our technologies
- Enable customers with more and improved design tools to bring attractive products to market quickly
- Evaluate new acquisition possibilities to be able to address new markets

A photograph of two men on a golf course. The man in the foreground is wearing a light blue polo shirt and white golf gloves, holding a golf club. The man in the background is wearing a red polo shirt and white golf gloves, pointing towards the distance. The background shows a green golf course with sand traps and trees.

Outlook

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Outlook

Goals

- Grow business with new products
 - Wireless
 - Expansion of module product line
 - Positioning
 - Migration to u-blox 8
 - Expansion of module product line
- Continued focus on strategic development
- Strengthening of the global presence
- Operational excellence for higher efficiency

Financial performance outlook 2014

- Continued strong business growth in 2014
- Some impact by product mix on relative gross margin
- Natural hedging maintains relative gross margin against foreign exchange variations

	Actual FY 2012	Actual FY 2013	Guidance 2014*)
Revenue	173.1m	219.8m	255m...265m
EBIT	22.9m	30.1m	34m... 38m
	CHF	CHF	CHF

*) This guidance is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level

- Exchange rate assumptions for 2014:
EUR/CHF: 1.23 USD/CHF: 0.90 GBP/CHF: 1.45
- FX-sensitivity against CHF on Guidance 2014

+10% of	USD	EUR	GBP
Revenue	+ 8%	+ 2%	0%
EBIT	+ 20%	- 0.5%	- 3.5%

Upcoming events

- Latest registration date for AGM: April 22, 2014
- Annual General Meeting: April 29, 2014
- Shares traded ex dividend: May 2, 2014
- Dividend payout: May 7, 2014
- Half-year results 2014: September 5, 2014

Thank you!

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