



Press Release

u-blox maintains growth, improves EBIT margin and makes progress in strategic development

Thalwil, Switzerland – September 5, 2014 – u-blox (SIX:UBXN), a global leader in wireless and positioning semiconductors and modules, today announced revenue for the first half year 2014 of CHF 121.6 million. This constitutes a 15.7% increase over the first half year of 2013. Gross profit increased to CHF 57.6 million, resulting in a gross profit margin of 47.4%. EBIT for the first half year of 2014 was CHF 18.8 million, a strong growth of 36.5%. The net profit grew 18.4% to CHF 14.4 million. u-blox confirms its previously published guidance for the full year of revenues between CHF 264-275 million, with an EBIT in the range of CHF 35-39 million.

u-blox acquired the Malmö based (Sweden) connectBlue AB. After the balance sheet date, the Athens based (Greece) Antcor was acquired. Both firms come with proven technologies for short range radio (Bluetooth and Wi-Fi) communications.

Financial highlights of the first half of 2014

- Overall sales expanded by 15.7% (20% at constant exchange rates) to CHF 121.6 million as compared to the first half of 2013
- Gross profit increased to CHF 57.6 million with gross profit margin reaching 47.4%
- EBITDA of CHF 27.3 million was reached, with an EBITDA margin of 22.4%
- EBIT grew 36.5% to CHF 18.8 million, resulting in an EBIT margin of 15.5%
- Net profit grew 18.4% to CHF 14.4 million, or 11.8% of revenues during the period
- Current assets increased by CHF 6.7 million compared to December 31, 2013, mainly due to the growth of the business.
- Capital expenditure before acquisitions was CHF 12.9 million mainly used for capacity expansion and investments for product development
- A net operating cash flow of CHF 15.7 million was recorded

Strong overall performance

As compared to the same period in 2013, u-blox revenues based on billing location increased in Asia Pacific and EMEA. Asia Pacific sales experienced a strong growth of 33.1%, revenue in EMEA grew with 7.6% and the America sales were flat with -0.7% due to the decision by some US customers to outsource manufacturing to Asia. Without that effect, Americas would have grown by around 13%.

Continued growth in industrial markets

Strong performance was achieved in u-blox' industrial markets. The driving application continued to be fleet management systems. This was followed by good performance in industrial timing and synchronization applications which grew remarkably as compared to the first half of 2013.

Telematics devices such as insurance boxes and Automatic Teller Machines/Point of Sales terminals experienced robust growth. Healthcare devices, which are included in the industrial sector, exhibited outstanding growth, becoming the company's fastest growing industrial sector.

Sales into the global automotive and consumer markets were flat.

Strong profitability

u-blox continued to achieve strong profitability with EBITDA growing by 29.0% and EBIT growing by 36.5%. Net profit growth of 18.4% was impacted by a higher tax rate as a consequence of one-off accounting effects in deferred taxes.

Strategic products launched

In the first half, u-blox launched several strategic products in both the wireless and positioning product lines that exploit cutting edge technologies. The world's fastest LTE module, the TOBY-L2, was launched in January. It is the first LTE module on the market to deliver category 4 performance, capable of speeds up to 150 Mb/s. It also supports 3G and 2G networks, a crucial feature to allow our customers to upgrade their products already without compromising on network coverage. 4G LTE is the state-of-the-art in cellular communications, and is the fastest growing telecommunications standard in history.

On the positioning side of the business, u-blox successfully deployed its 8th generation positioning chip technology u-blox M8 into its industry-standard module series MAX, NEO and LEA. The modules can acquire and track all visible GPS, GLONASS, BeiDou, QZSS and SBAS satellites and can track any two satellite systems simultaneously for increased reliability, accuracy and faster acquisition time. u-blox M8 is at the forefront of global positioning technology, and is being offered alongside the company's previous u-blox 7 based products in order to provide customers with both cost and performance optimized options.

The company introduced a revolutionary 3D dead reckoning chip which enables car navigation equipment to calculate a position within multi-level structures, a typical scenario when driving through stacked highways and multi-story park houses.

As a result of the connectBlue acquisition, u-blox incorporated seven new short range radio module products conforming to the Bluetooth and Wi-Fi standards. These products support u-blox' strategy of providing both long-range and short-range wireless communication modules, a key requirement for providing end-to-end communication solutions in the Internet of Things.

Two new positioning modules with integrated antenna were launched, PAM and CAM. Both modules integrate u-blox' core positioning chip technology together with u-blox' embedded antenna know-how to provide complete, compact, stand-alone positioning solutions.

Business development

Sales increased strongly in several of our market sectors. Highlights during the first half year include:

- Double-digit sales increase of positioning chips and modules for fleet management and vehicle tracking applications, u-blox' strongest market.
- Revenue from cellular and positioning components used for portable healthcare devices multiplied with the start of production of new end devices.
- Sales of GNSS receivers used to generate precision timing and frequency reference required by mobile base stations more than doubled.
- The TOBY-L100 4G LTE module was certified by Verizon Wireless, enabling customers to leverage the Verizon Wireless network to develop high speed data connectivity for applications for the American markets.
- Ctrack, a division of South Africa based Digicore, a leading provider of fleet management and vehicle tracking solutions, selected u-blox as their strategic partner for embedded positioning and mobile communications technology.
- Swedish WTS ("Wonder Technology Solutions") launched Trax, the world's smallest and smartest personal tracking device for children and pets based on a u-blox positioning receiver module with integrated antenna and u-blox cellular module.

Acquisitions

From the beginning of 2014 until the release of these half year results, u-blox acquired two companies which have developed mature technologies for short range wireless communications:

- **Swedish connectBlue**, an established provider of industrial-grade short range radio modules. connectBlue's products support industry standards Bluetooth and Wi-Fi that enable the last hundreds of meters of connectivity between equipment and the internet. The company has 35 employees and was acquired on May 19, 2014 for 25 million CHF.
- **Greek Antcor**, a developer of Wi-Fi baseband intellectual property (IP). The purchase gives u-blox technology that will enable the company to develop ruggedized short range communication solutions tailored to demanding industrial and automotive environments. The company has 25 employees and was acquired on August 6, 2014 for 6.3 million CHF. This acquisition is therefore not calculated into the half year results.

These acquisitions expand u-blox' ability to provide wireless communication components optimized for long-range as well as short-range communications. This is a key advantage for applications in the "Internet of Things" where end devices such as sensors, meters and home appliances are often located within a few hundred meters of a cellular communications terminal or Wi-Fi router.

Employees

The number of employees worldwide increased during the first half of 2014. The company employed 550 people at June 30, 2014, an increase of 21.1% as compared to end of 2013.

Condensed consolidated income statement

(in CHF 000s)	January - June		Jan. - Dec.
	2014	2013	2013
	(unaudited)	(unaudited)	(audited)
Revenue	121'625	105'106	219'813
% growth	15.7%	35.4%	
Cost of sales	-64'031	-56'003	-118'654
Gross profit	57'594	49'103	101'159
% gross profit margin	47.4%	46.7%	46.0%
Operating expenses	-38'897	-35'416	-71'192
Other income	101	85	83
Operating profit (EBIT)	18'798	13'772	30'050
% EBIT margin	15.5%	13.1%	13.7%
Financial income	1'090	299	1'013
Finance costs	-385	-331	-2'193
Profit before income tax (EBT)	19'503	13'740	28'870
Income tax expense	-5'100	-1'577	-4'227
Net profit, attributable to owners of the parent	14'403	12'163	24'643
% net profit margin	11.8%	11.6%	11.2%
Depreciation and amortization	8'489	7'383	16'138
EBITDA^{*)}	27'287	21'155	46'188
% EBITDA margin	22.4%	20.1%	21.0%
EBITDA growth	29.0%	33.2%	
EBIT growth	36.5%	21.6%	
Net profit growth	18.4%	36.8%	

(*) EBITDA (earnings before interest, taxes, depreciation and amortization) calculated by adding depreciation and amortization to Operating profit (EBIT), in each case determined in accordance with IFRS.

Revenue breakdown

u-blox operates in two segments:

- **Wireless and positioning products**
u-blox develops and sells embedded positioning chips and modules, and wireless modules which are used in automotive, industrial and consumer applications. Revenue was CHF 121.5 million for the first half of 2014 as compared to CHF 104.4 million in the first half of 2013.
- **Wireless services**
u-blox offers wireless communication technology services in terms of reference designs and software. In the first half of 2014, revenue for wireless services was CHF 9.5 million as compared to CHF 9.1 million during the first half year 2013.

Expanded global presence

Until the release of this half year report, u-blox expanded its global organization through the two acquisitions, gaining a center of competence for short range radio modules based in Malmö, Sweden, and a research and development center for industrial Wi-Fi based in Athens, Greece.

Outlook

u-blox is on track to meet its previously communicated guidance with revenues between CHF 264 -275 million with an EBIT in the range of CHF 35 – 39 million for the full year 2014. The company continues to gain traction in key markets where the “Internet of Things” is making strong inroads, particularly mobile healthcare devices, small cell communication base-stations, point-of-sales terminals and vehicle applications. Continued strong growth in all these market sectors is forecast.

The indications are based on exchange rates of 1.23 for EUR/CHF, 1.45 for GBP/CHF and 0.90 for USD/CHF. 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 fluctuations against the Swiss Franc.

Downloads

Press release PDF ([English](#), [German](#))

[Half year report 2014 \(PDF\)](#)

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

About u-blox

Swiss-based u-blox (SIX:UBXN) is a leading provider of wireless and positioning semiconductors and modules for the automotive, industrial and consumer 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 allow OEMs to develop innovative solutions that enable mobility 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)

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Financial calendar

Full year results 2014: March 19, 2015

Annual General Meeting: April 28, 2015

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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