

u-blox

Investor Presentation

u-blox Holding AG

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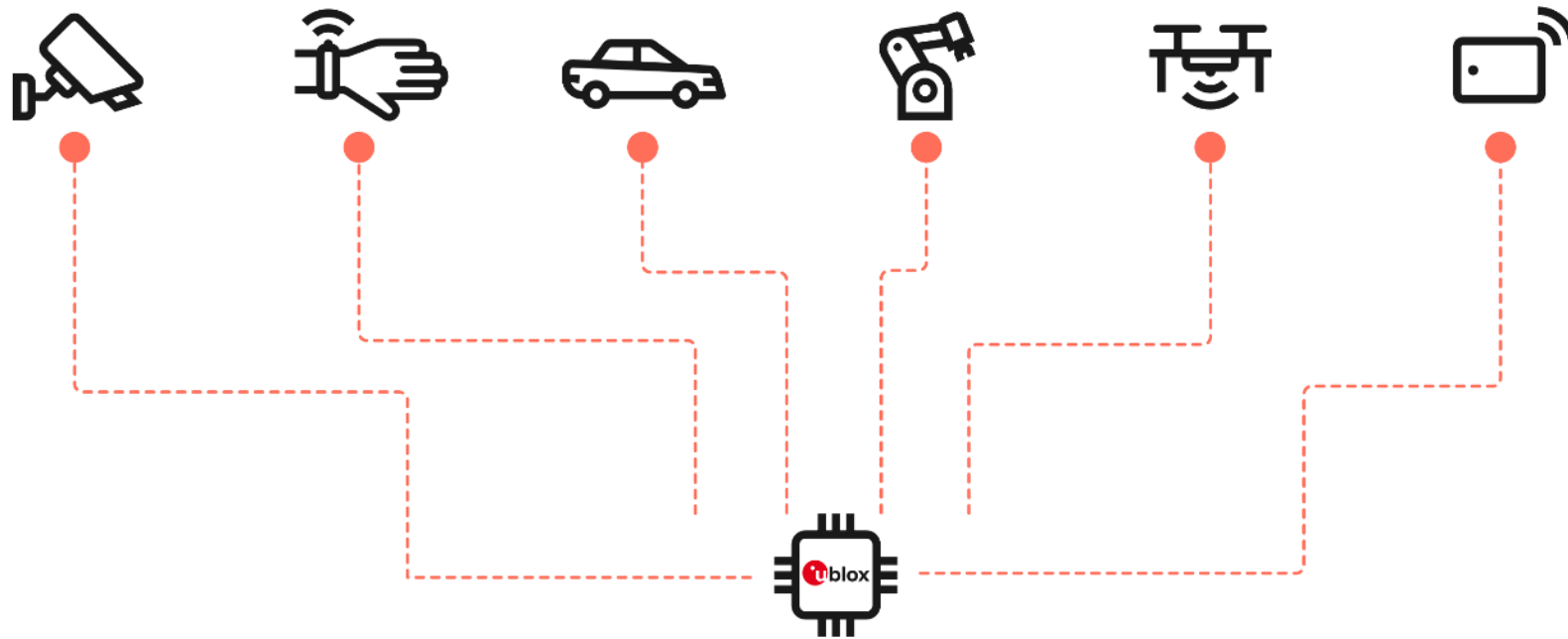


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Should such risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation.

u-blox is providing the information in this presentation 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.

Our vision

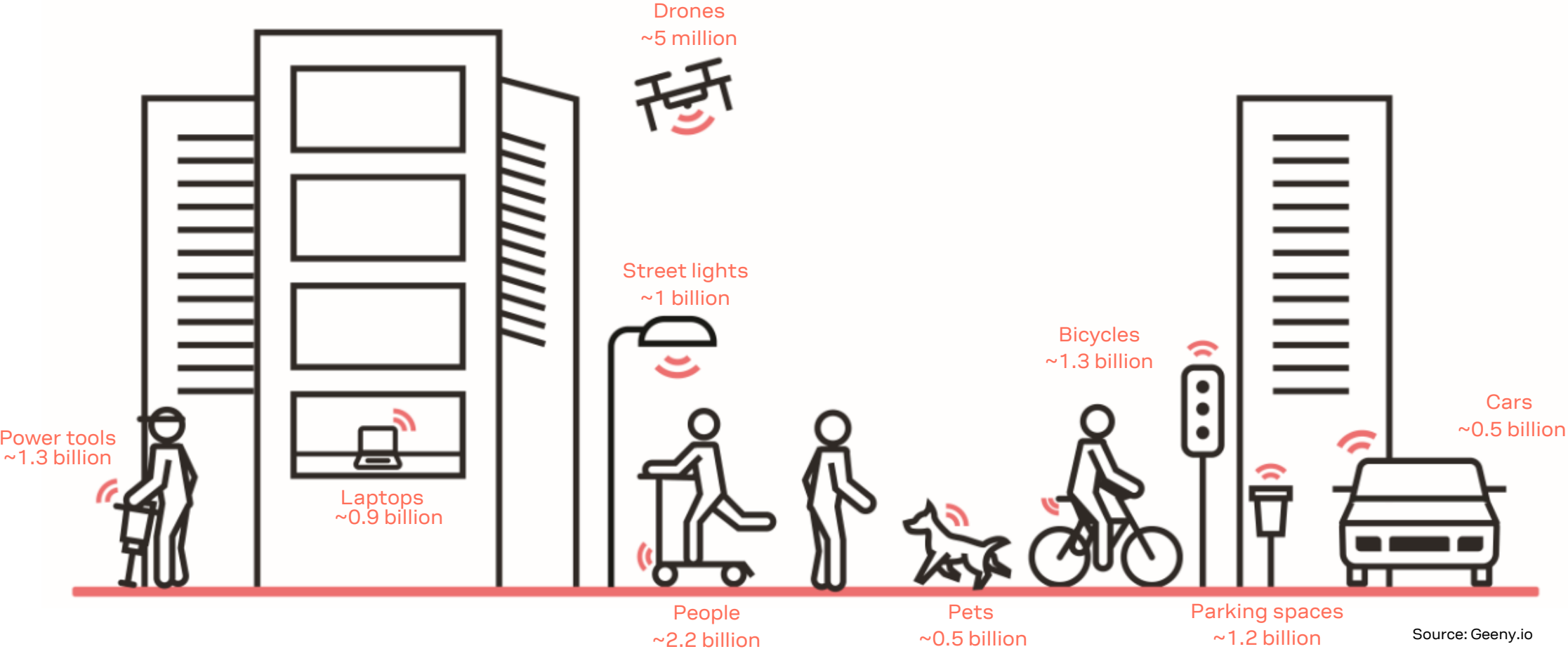


We deliver leading **wireless technology** to reliably locate and connect people and devices.

We are convinced that the **Internet of Things will change every aspect of our societies**, our businesses, and our everyday lives.

That's why we develop reliable and innovative positioning and wireless communication solutions that **securely connect vehicles, industries, things, and millions of people around the world.**

Billions of things waiting to be connected



Source: Geeny.io

u-blox at a glance



A market leader in positioning and wireless communication technology

Our business

- Global provider of leading positioning and wireless communication technologies
- u-blox enables OEMs to reliably locate and connect people and devices
- A fabless company owning the full IP focusing on R&D and customer relationships
- All manufacturing outsourced
- Founded in 1997 as a spin-off from Swiss Federal Institute of Technology

Our products



Positioning
-
To locate the source of information



Cellular connectivity
-
To connect over a wide area



Short range connectivity
-
To connect over short distances

Products comprise of chipsets, modules and data services



u-blox at a glance in numbers



3

Core markets



Automotive



Industrial



Consumer

385m

Revenue in 2019

in CHF

1997

Founded as a
spin-off from

ETH Zurich

20.5 %

of revenue
invested into

R&D

7200

Customers

served world-
wide

1/3

of revenue

AMER, EMEA,
APAC

1000+

Employees

68% in R&D

2007

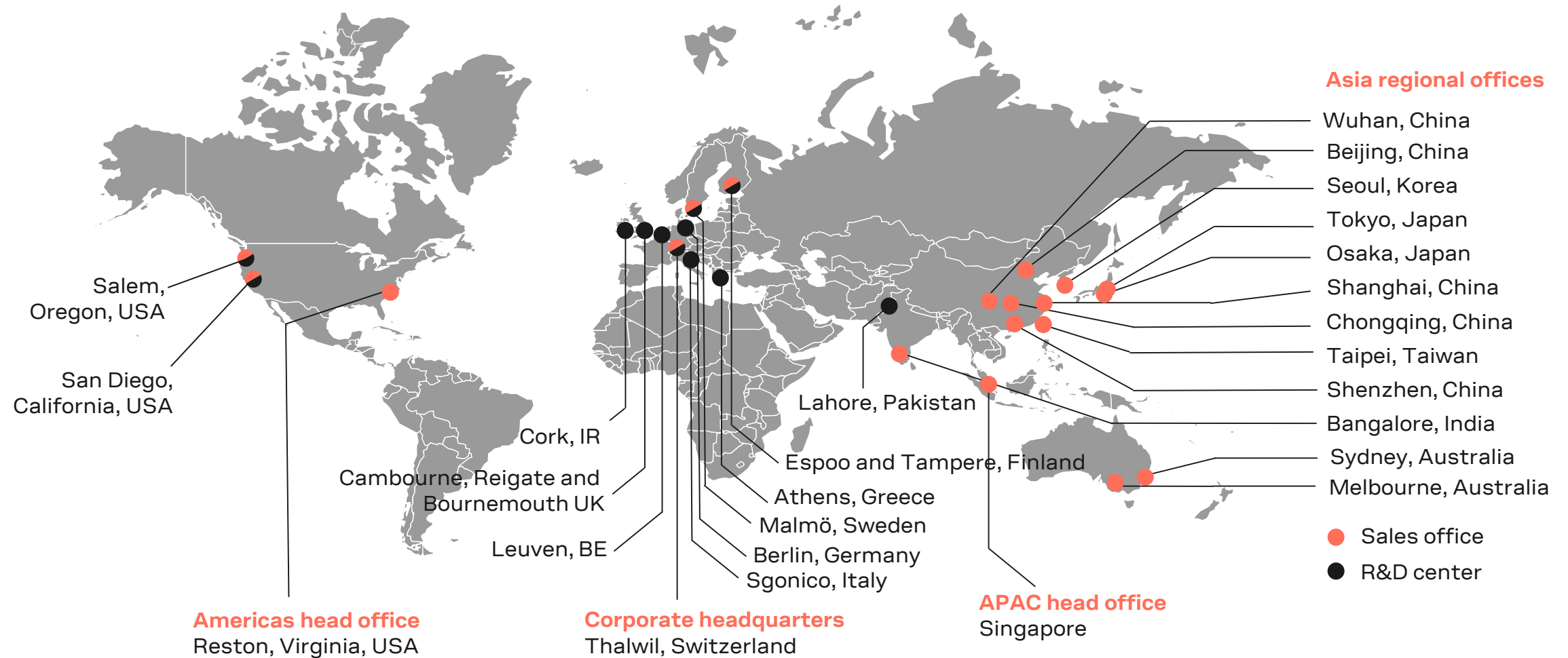
IPO and listed

SIX:UBXN

Global presence









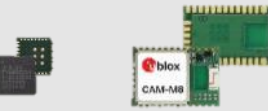

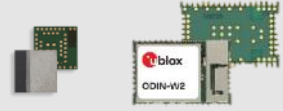

29 locations: 16 sales offices and 13 R&D offices



We make wireless and location easy

Unique solution capability for connecting things to the cloud



	 Positioning	 Cellular Communication	 Short Range Communication
Integrated Circuits			
Modules			
 Services	Connectivity Core Protection Extensions		

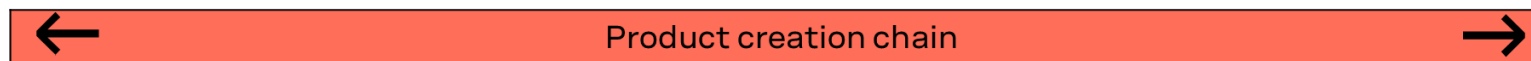
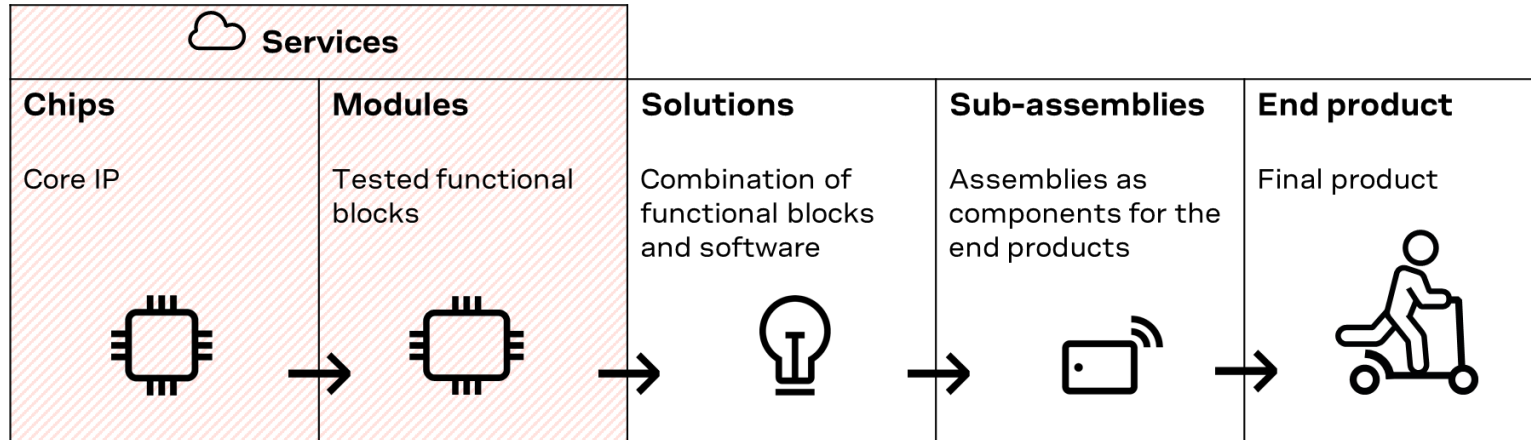
The combination of our three core technologies offered in the form of chips and modules provides essential benefits to our customers.

The combination of technologies provides for solutions that deliver extra value not available otherwise.

Services on top deliver improved functionality with recurring revenues over the lifetime of the product.

We make wireless connectivity easy

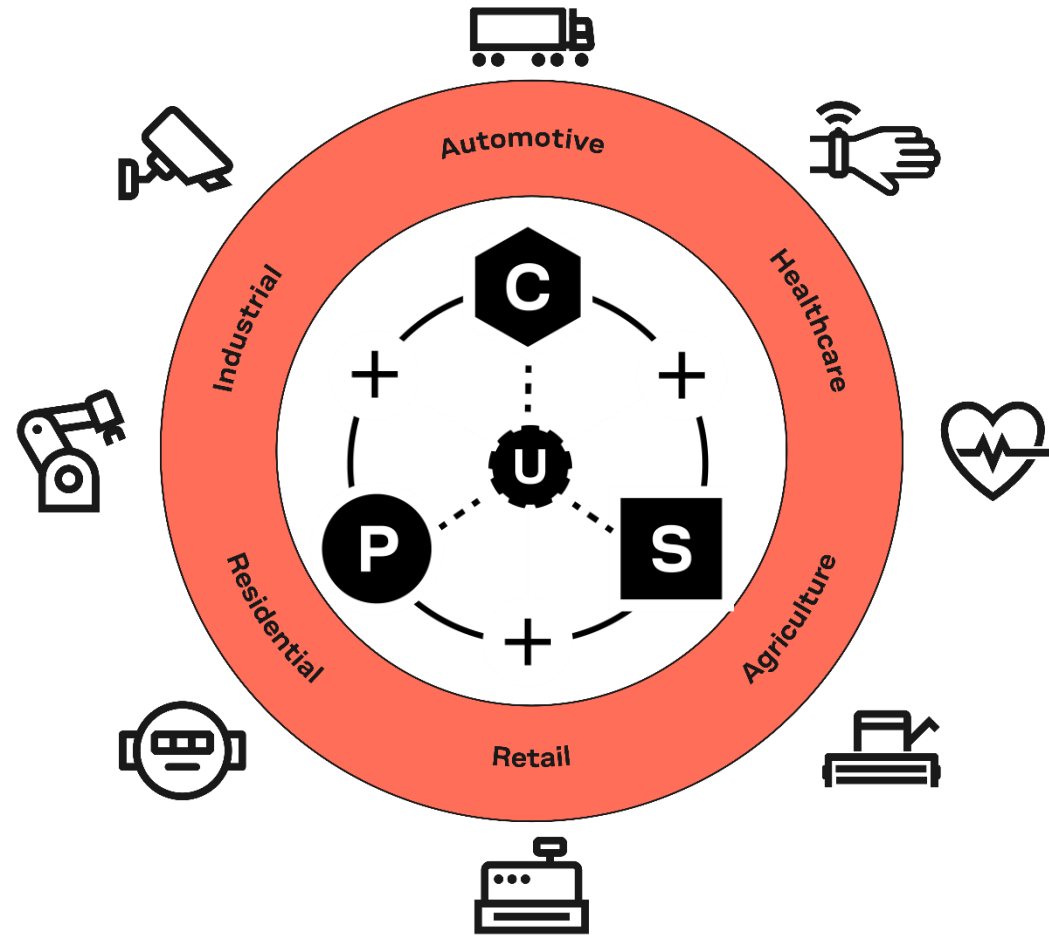
Built bottom-up from core IP



- Modules simplify the integration of wireless technology – just connect power and antenna.
- Modules are certified and thoroughly tested during assembly.
- Our chips let specialized high-volume customers benefit from economies of scale.
- Our rich software suite makes it easy for customers to adapt products to diverse applications.
- Data services enhance the feature set and performance of our products.

Enabling the Internet of Things (IoT)

Our technologies transform a wide range of products and services into the IoT



What POSITIONING technology delivers

u-blox is the benchmark for GNSS positioning performance



Standard precision

- Meter-level accuracy suitable for a wide range of applications



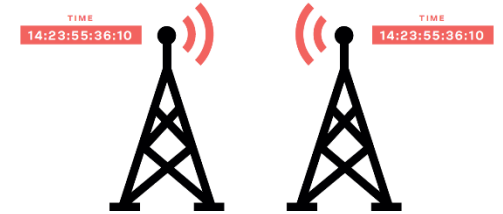
High precision

- Decimeter- to centimeter-level accuracy for robotics and autonomous driving



Dead reckoning

- 100% positioning information also in parking garages or tunnels

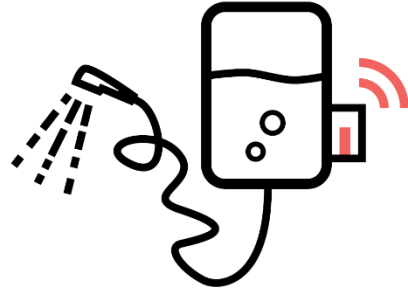
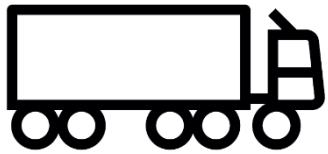


Timing

- Highly accurate timing used in communication networks, power grids, or financial systems

What CELLULAR technologies deliver

Focus on low power – wide area (2G to 5G)



2G / 3G

- Low to medium data rates
- Legacy network support, including data and voice

LTE-M / NB-IoT

- Ultra-low to medium data rates ideal for IoT
- Broad coverage
- Ultra-low power

LTE Cat 1

- Medium data rates
- Mobile applications
- Video / audio streaming

High Cat LTE

- Highest data rates
- Video transmission and infotainment

What SHORT RANGE technology delivers

u-blox has the widest range of solutions for Bluetooth and Wi-Fi



Sensor connection

- Capillary connectivity
- Ranging for positioning



Gateways, access points

- Bluetooth connectivity combined with Wi-Fi for internet access



V2X

- Reliable data transmission for enhanced vehicle safety



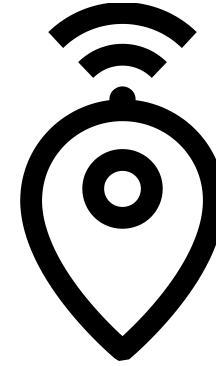
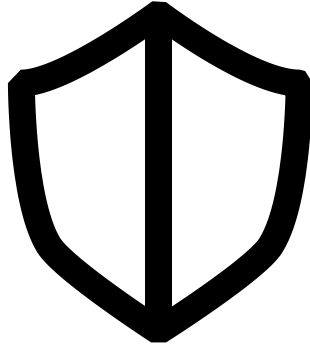
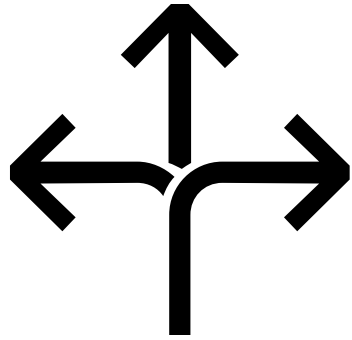
Networks

- Meshing of devices
- Long-range connectivity for controls

What SERVICE technology delivers



Connectivity and Extensions enhance customer value over the entire product lifetime



Communication

- End-to-end communication as a service
- 600+ GSM carriers across 190 countries
- Scalable MQTT broker and data flow manager

Security

- Secure data end-to-end
- Keep sensitive data safe
- Secure communication

Location

- Hybrid GNSS & mobile location
- Satellite data via wireless networks
- High precision correction data

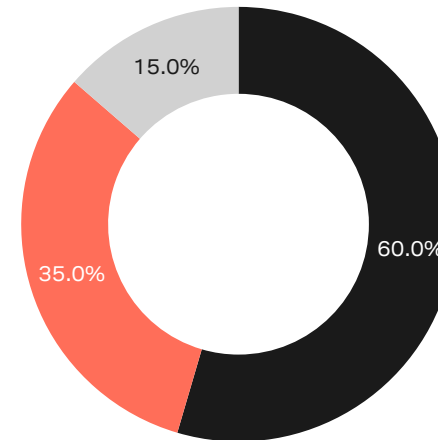
We have a strong foothold in long-term markets

Industrial and automotive markets define our DNA



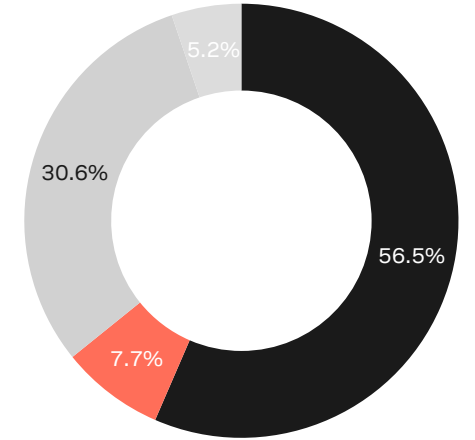
- We have a strong traditional foothold in the industrial sector.
- We are experiencing continued growth in automotive.
- With our expansion into CEL and SHO, the consumer market has become an opportunistic application focus – mainly high-level consumer goods.

2010



■ Industrial ■ Consumer
■ Automotive

2019



■ Industrial ■ Consumer
■ Automotive ■ Not assigned

Growth drivers in the **automotive space**

In-vehicle electronic content is expanding strongly as volumes remain flat

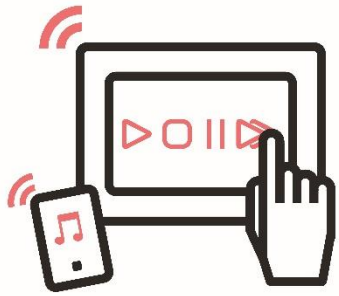
- Internet connectivity replicated in the car
 - Wi-Fi hotspot
 - Smartphone to dashboard
 - Infotainment on all seats
- Vehicle to the cloud
 - Driver assistance
 - Car systems maintenance
 - Support services
- Vehicle-to-X (V2X)
 - Enhanced safety
- Position
 - Navigation
 - Automated driving



Source: auto motor und sport, Heft 24, 7 Nov 2019,

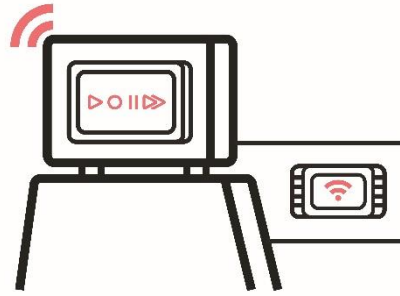
u-blox products connect vehicles

Wireless technology increases passenger comfort



Smartphone to dashboard

- Wi-Fi and Bluetooth



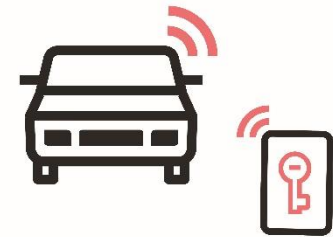
Rear seat entertainment

- Wi-Fi



Smart charging

- Wi-Fi



Keyless entry

- Bluetooth

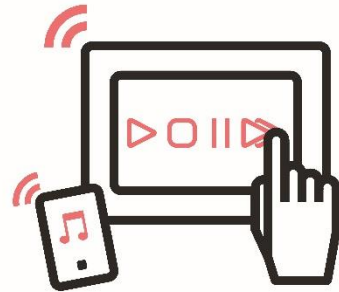
u-blox products connect vehicles

Wireless technology enables driver assistance



Cellular connectivity

- LTE Cat 4+



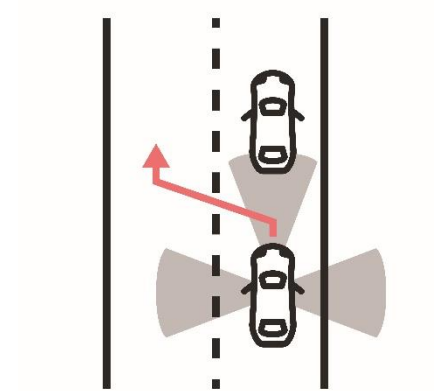
In-car navigation

- GNSS



Car-to-car communication

- V2X



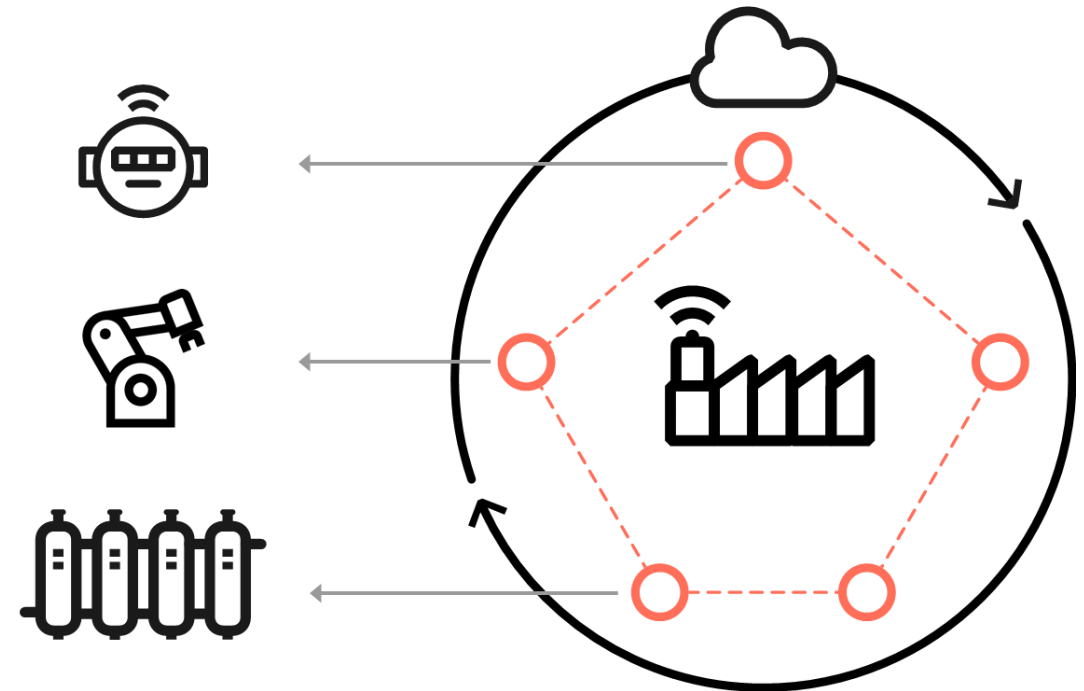
Automated driving

- GNSS
- Functional safety

Growth drivers in the industrial space

The scope of application is increasing rapidly as the wireless content in individual applications remains fixed

- Most industrial applications transfer small amounts of data.
- Efficient solutions are a must.
- Connectivity must support high capillarity and density of things.
- Local control loops are replaced by edge and cloud combined intelligence.
- Power-optimized devices deliver long battery lives.



u-blox products connect industrial goods

Wireless content makes stand-alone equipment a thing of the past



Power tools

- Bluetooth



Solar panels

- Cellular , Wi-Fi



Containers

- Cellular, Wi-Fi,
Bluetooth

u-blox products are core to new industrial solutions



Wireless technology enables previously unimaginable automation solutions



Lawnmowers

- Cellular, GNSS



e-Scooters

- Cellular, GNSS, Bluetooth



Drones

- GNSS, Wi-Fi, Cellular

Why are we competitive?



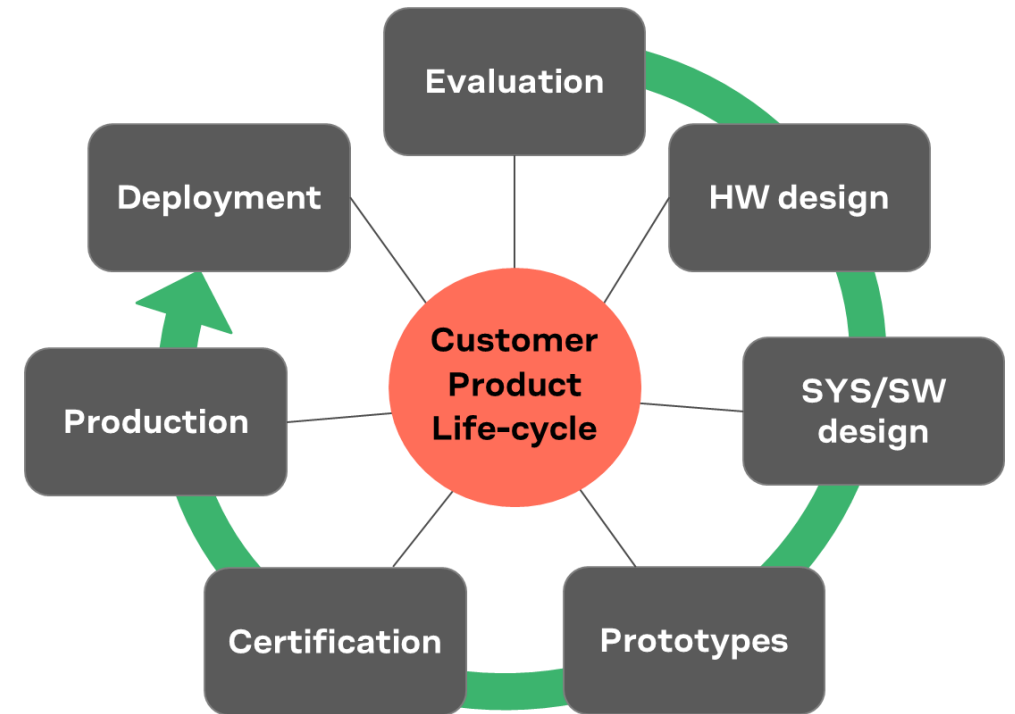
We are innovative and reliable to the core

- Since our foundation as a spin-off from ETH, we have maintained our **innovative spirit**, the **still-present founders** are the guarantors of this attitude.
- **Strong enthusiasm** for our purpose is the central driver in our product centers.
- We focus on our markets and customers with **high dedication**.
- We are **lean and agile** - we make innovative products with less resources and shorter turnaround times.
- Our large competitors focus on very large customers in the consumer space – not our realm.
- We have **robust markets shares** in our market sectors and are often the **undisputed leader**.
- There is **no comparable company with our unique strategic line-up**.

Visibility – we know our customer base inside out

High fulfillment rate of customer needs and high rates of business wins

- We **know all our customers** and all their projects.
- We have a complete database (CRM) of customers.
- **Fast reaction** to customer demand – short delivery lead times.
- **Business is anchored on design-ins**, not contracts.
- We engage in **strategic relationships with global players**.



Customer relationships: Treon and Sulzer

NINA-B1 and SARA-R4 combine to make industry smarter



- Treon's platform uses our u-blox NINA Bluetooth module series to connect nodes distributed across a building in a wireless mesh network.
- Sulzer uses the u-blox-enabled Treon products to underpin its pioneering and versatile Sulzer Sense IoT asset-monitoring solution.
- Without the need to install wiring around large facilities, Sulzer Sense IoT enables operators to wirelessly and remotely monitor their pumps, agitators, motors and other rotating equipment, using a smartphone, tablet or computer.



- u-blox short range and cellular products dovetail to create pioneering monitoring capabilities

Customer relationships: AddMobile

MAX-M8, NINA-B1 and SARA-G3 combine to make work safer



- For construction projects to run safely and smoothly, operations teams need to know where workers, visitors and equipment are at all times.
- “Our beacons and hubs rely on a combination of GNSS, cellular connectivity and Bluetooth short range radio interfaces. u-blox provide all three technologies in one place which makes it easier (no need to find several suppliers, all embedded).”

Bo Lyvall, Business Development Manager, AddMobile



- u-blox’s positioning, cellular and short range modules are helping make building projects safer and more efficient.

7200 customers worldwide




Continued expansion of our customer base



Competition – main players



No other company offers the same solution space. Individual competitors occupy only a subset of our product sectors

	 Cellular communication	 Short range communication	 Positioning
Integrated circuits	Qualcomm Mediatek Sequans	NXP Autotalks Silicon Labs Texas Instrument Qualcomm	Qualcomm STMicro
Modules	Telit Gemalto Sierra Wireless Quectel	Laird Lantronix Alps LG Murata	Quectel Septentrio
Services	Trimble Hexagon		

The market is more fragmented by many small local competitors

The **combination of our three core technologies** offered in the form of **chips and modules is unique in the market.**

- Competitors in the integrated circuits space focus mainly on the smart phone
- Competitors in the module space have no access to core IP and implement only the reference design of the chip suppliers

2019 Summary

Business and product highlights



- Sold 500 millionth GNSS receiver
- Acquired the Bluetooth module business from Rigado in July 2019
 - Broadened product portfolio; acquired customers, distribution relationships, and employees
- Launched important new products across platform
 - SARA-R5 cellular LTE chipset and cellular module series, ZED-F9K positioning module, M9 positioning chipset and modules
- Strengthened executive leadership team with addition of Markus Schaefer
 - Appointed new Executive Director for Global Marketing and Sales
- Continued investing in R&D - currently capitalizing six new platforms
 - Setting the stage for future growth

Product launches 2019



Meeting our customers' needs for secure and simple cloud connectivity



SARA-R5

The most advanced, secure, and highly integrated cellular modem offers unmatched end-to-end security and long product availability, making it ideal for IoT applications with long-term device deployments.



NINA-B4

Our Bluetooth low energy module series of stand-alone modules is ideal for indoor positioning applications and for deployments in harsh environments.



ZED-F9K High precision

Accuracy and low latency target automotive OEMs and Tier 1s developing V2X applications.



M9

The ultra-robust M9 technology platform will serve demanding automotive and high-end telematics applications.



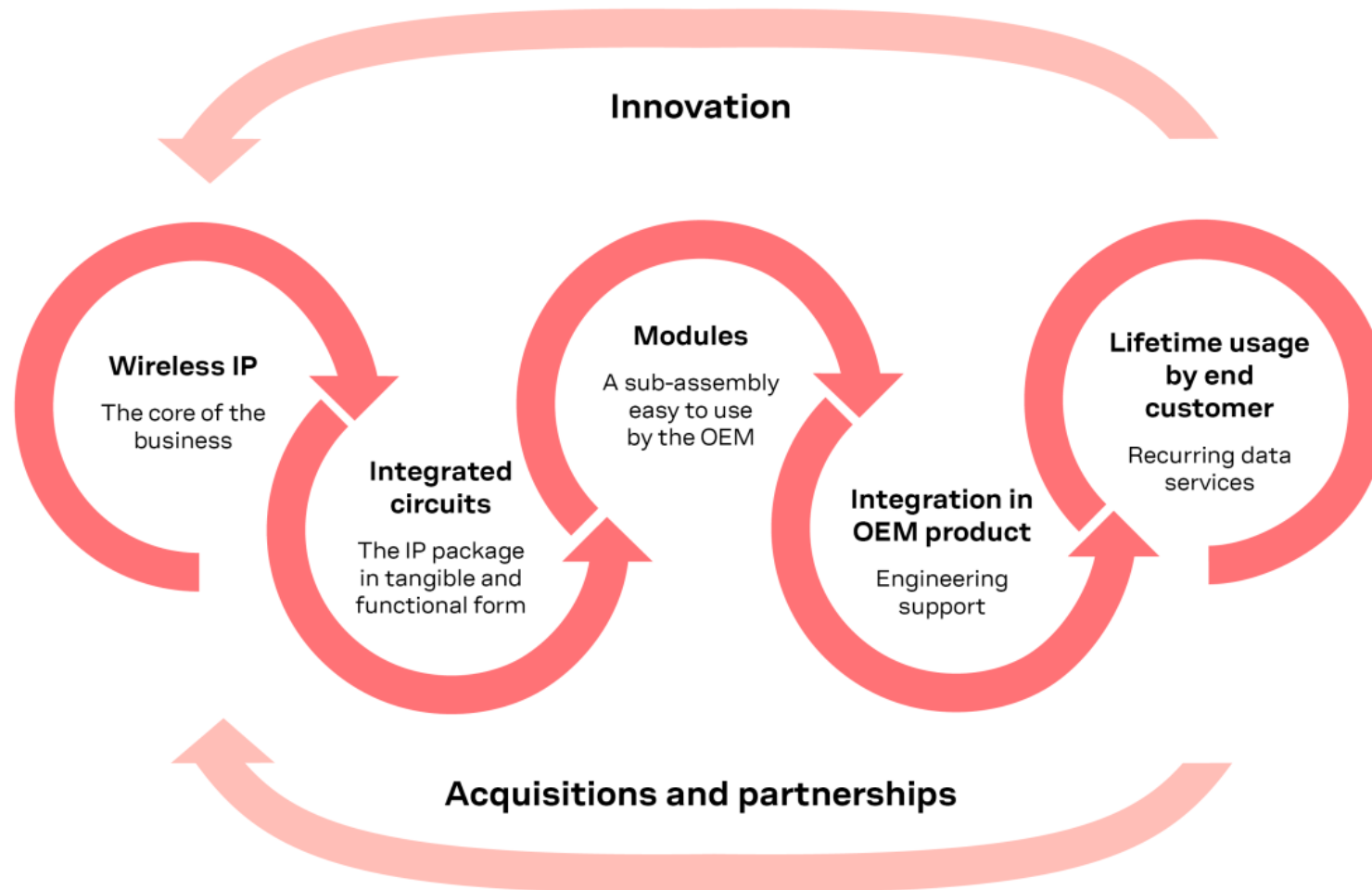
u-connectScript

Enables easy and interactive development of embedded applications, simplifying wireless Bluetooth and Wi-Fi device development.



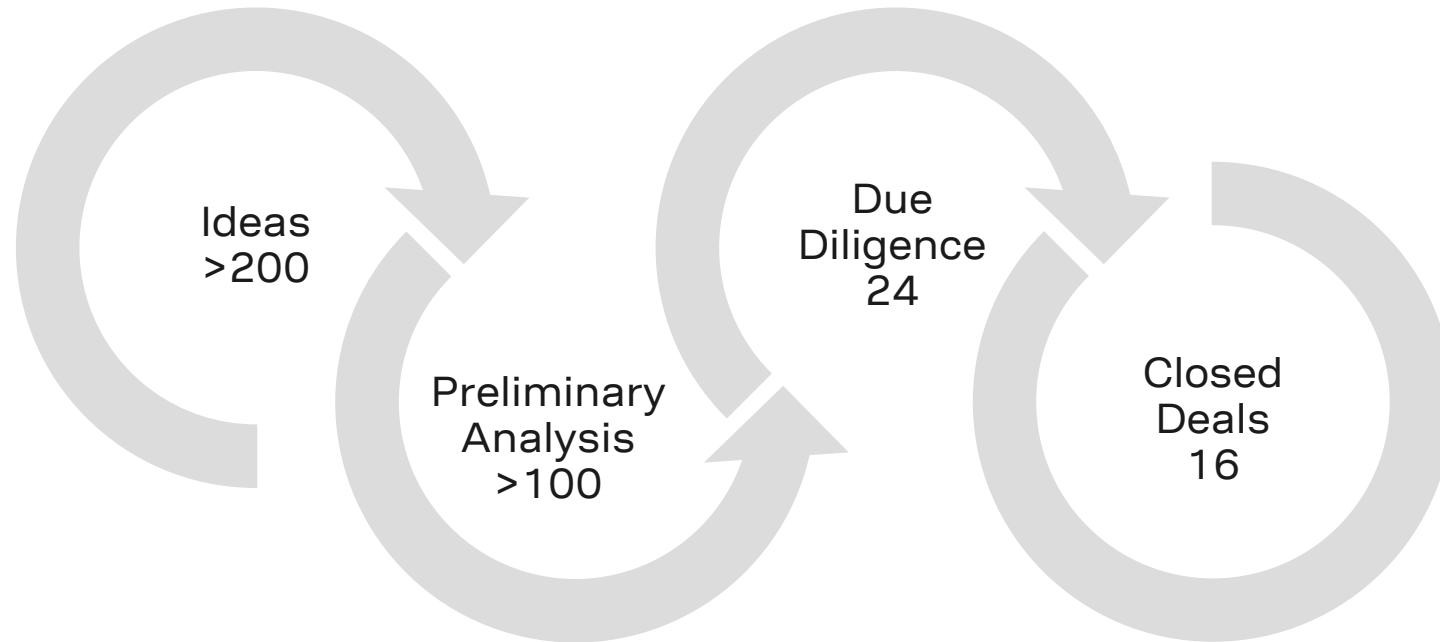
Business model

Focus on intellectual property and customer relationships



Inorganic growth

16 acquisitions in 10 years



- Strong acceleration via acquisitions
- 13 technology and service focused deals, driving expansion of technology and product portfolio
- 3 business add-ons adds scale and expands customer base
- Successful, fast integrations
- Key people still on board

u-blox in summary

An attractive investment case



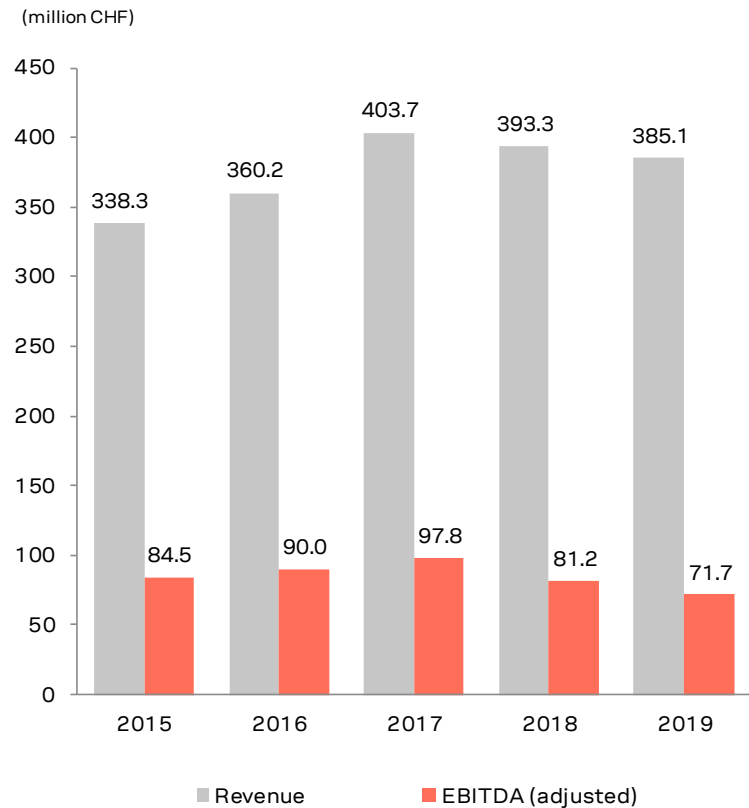
- A leading supplier of wireless technology to a broad range of industrial, automotive and consumer customers
- Unique, comprehensive solution offering for the IoT - from chip to cloud
- Strong underlying market trends
 - Automotive: Increasing electronic content per vehicle
 - Industrial: Significant application expansion for making things smart is driving volume growth
- Extensive business diversification: Geographic regions, applications, and technologies
- Long-term business cycle – long lifetime of technology leads to longstanding customer relationships
- Established reputation as reliable and trusted industry partner built over time; hard to replicate by newer, smaller competitors
- Solid track record of organic growth enhanced with acquisitions
- Proven strategy execution by long-standing management team

Financials

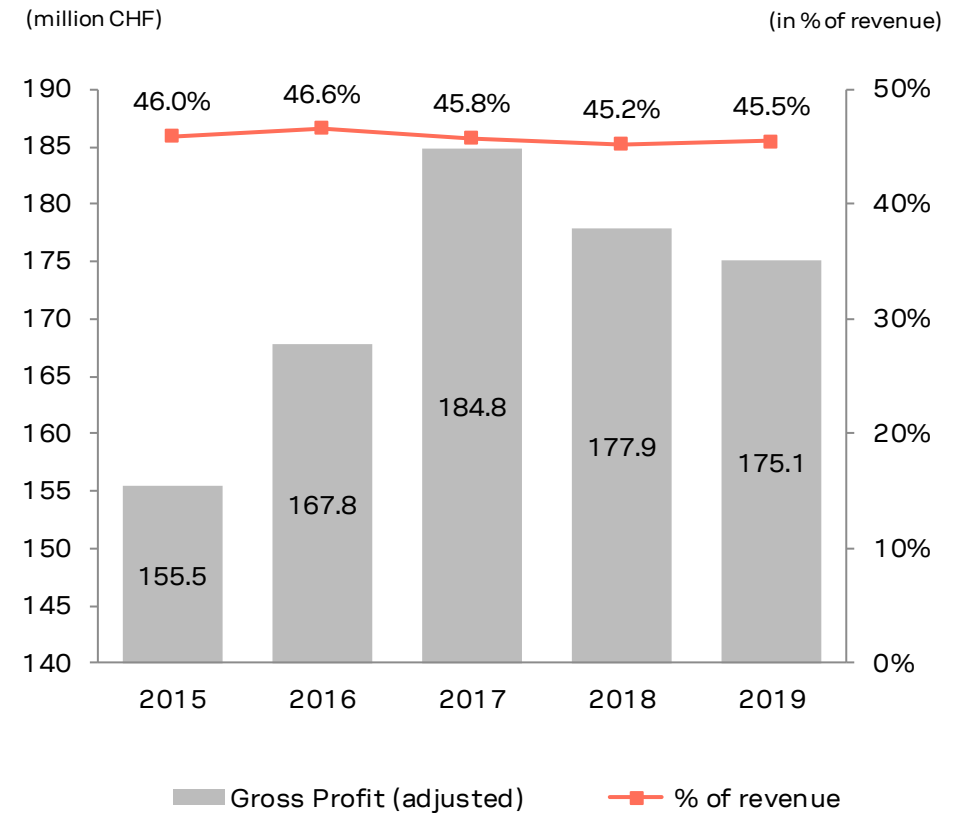
Revenue, gross profit and EBITDA development



Revenue and EBITDA (adjusted)



Gross Profit (adjusted)

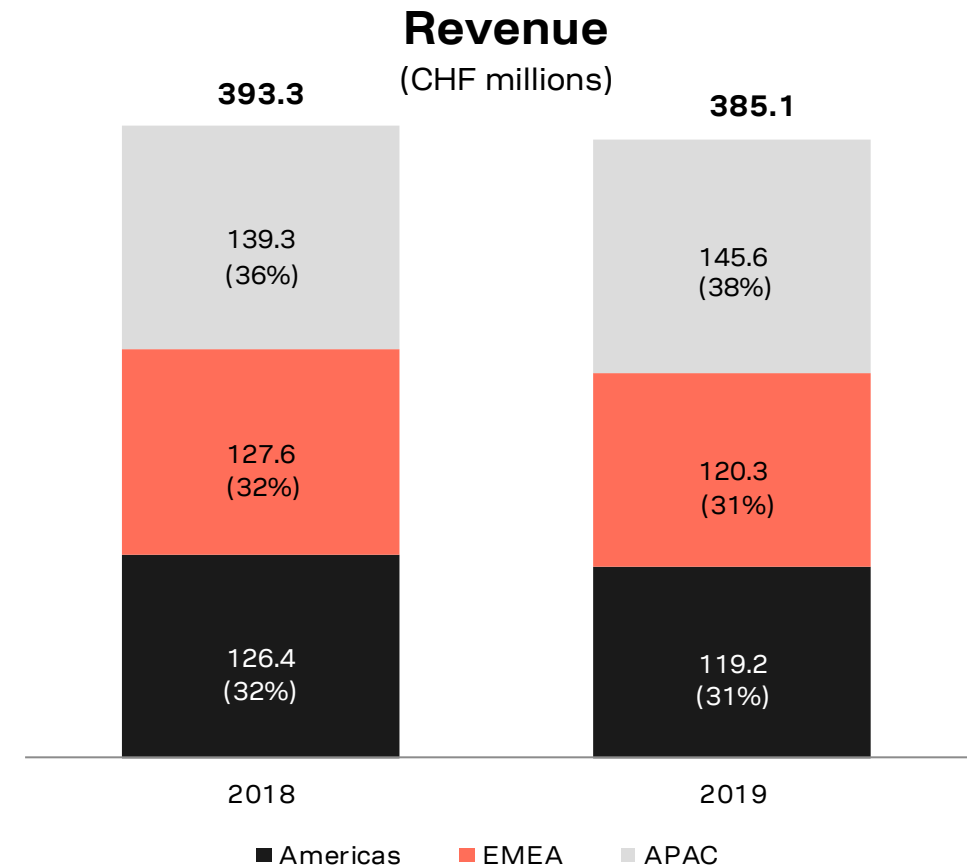


Revenues by geography



Comments

- APAC revenue increased by 5%
- Strong rebound in China: +16%
- Elimination of one large customer in Taiwan
- EMEA revenue decreased by 6%
- Individual projects in 1H 2018 created strong base
- 2H 2019 revenue was slightly higher than same period last year
- Americas revenue decreased by 6%
- Lingering impact of network readiness delays
- LTE sales in 2H 2019 accelerated



Note: based on reporting area

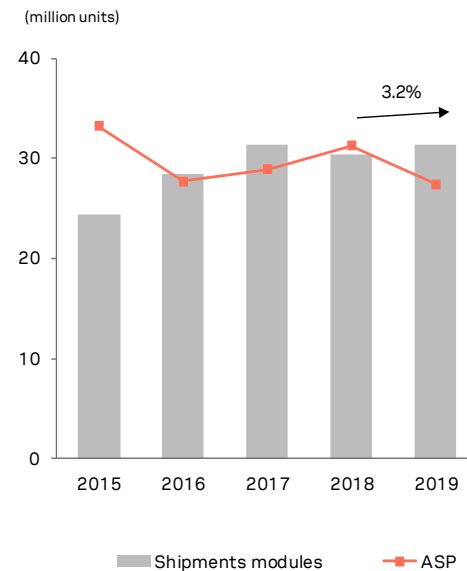
Shipments and ASP development



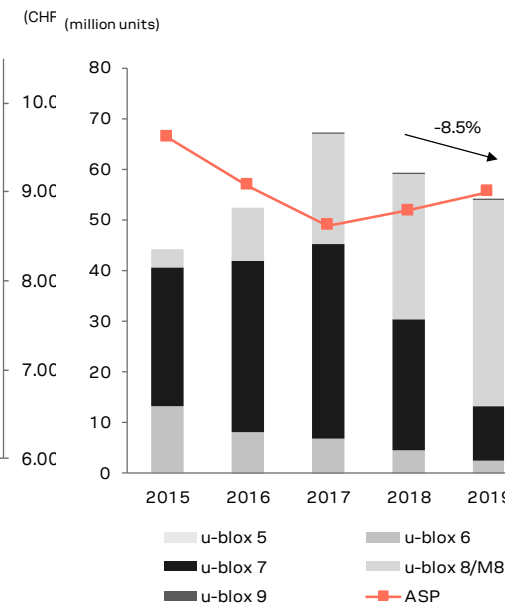
Comments

- Module business slight increase with decline in ASP due to product mix
- Continued strong growth with u-blox 8/M8 chipset
- Decline in overall chipset volume due to declines in consumer markets, but with increased ASP

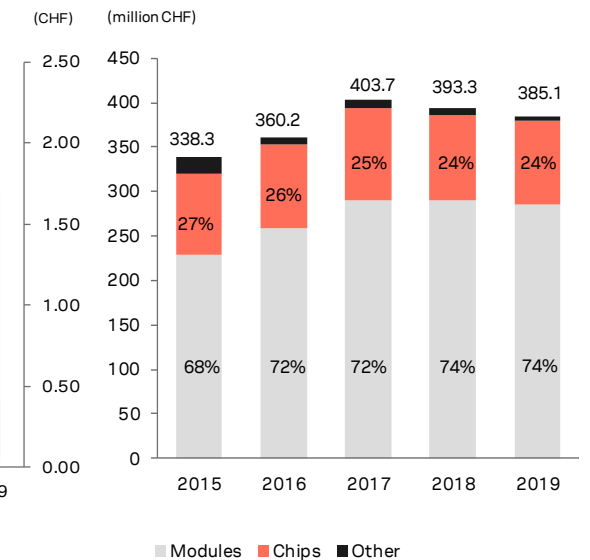
Modules



GNSS chips



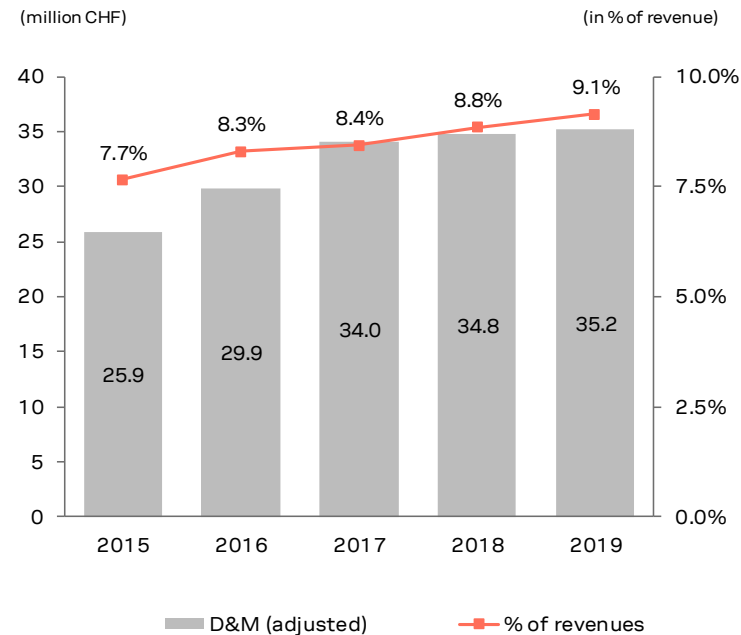
Revenue



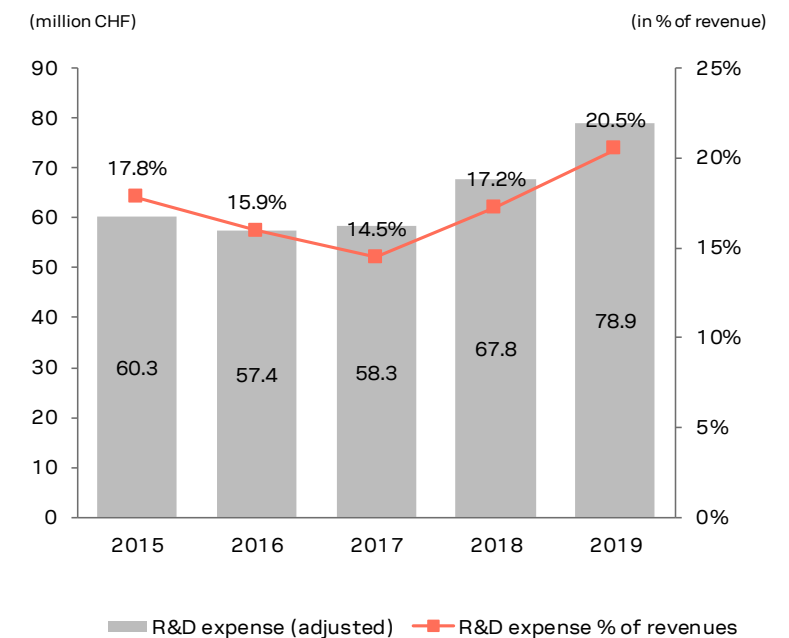
Comments

- D&M expenses (adjusted) were stable compared to 2018
- R&D expenses (adjusted) increased
 - R&D pipeline fully maintained with several important new platforms
 - Increased amortization of capitalized development costs

D&M expenses (adjusted)



R&D expenses (adjusted)



Full year 2019 vs 2018



	2019 adjusted ¹	2018 adjusted ¹	Change from 2019 to 2018
(CHF millions, except EPS and margins)			
Revenue	385.1m	393.3m	-2.1%
Gross profit	175.1m	177.9m	-1.6%
Gross margin (%)	45.5%	45.2%	
EBITDA	71.7m	81.2m	-11.8%
EBITDA margin (%)	18.6%	20.7%	
Operating profit (EBIT)	43.1m	60.4m	-28.7%
EBIT margin (%)	11.2%	15.4%	
Net profit	32.0m	48.2m	-33.5%
Cash Flow from operating activities	77.3m	36.3m	
Free Cash Flow	10.5m	-27.0m	
EPS in CHF, fully diluted	4.69	4.69	

¹⁾ Excl. Share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses, acquisitions

- Financial performance reflects good performance in APAC, offset by challenging conditions in EMEA and Americas
 - Resurgence in APAC with overall growth of 5% (China +16%, decline in Taiwan due to elimination of one large customer)
 - Reduction in revenues in EMEA of -6% due to difficult market conditions
 - Americas revenues decreased by -6%; lingering impact associated with network readiness delays
- Gross profit margins increased slightly driven by favorable product mix
- Adjusted EBITDA and adjusted EBIT of CHF 71.7m and CHF 43.1m, resp.
 - Increased amortization of capitalized R&D projects and lower capitalization rate
- Increased cash flow from operating activities to CHF 77.2m (+113%)
- Free cash flow of CHF 10.5m (CHF 21.3m before acquisitions)

Guidance 2020



Outlook 2020 reflects the macro-economic uncertainties and corona virus impact

- Duration of corona virus outbreak unpredictable
- Impact expected in all regions – scenarios of recovery will determine business development
- Guidance window reflects current uncertainty
- Guidance 2020 will be updated once situation becomes more predictable
- Strong underlying growth drivers remain
 - Content extension in automotive
 - Expansion of industrial IoT
 - Steep ramp-up with new products

	Actual FY 2019 (adjusted)	Guidance 2020 (adjusted)
Revenue	385m	380...440m
EBITDA	72m	40...80m
EBIT	43m	0...30m
	CHF	CHF

- Exchange rate assumptions for 2020: Average rates of 2019
EUR/CHF: 1.12 USD/CHF: 0.995 GBP/CHF: 1.27

- FX-sensitivity against CHF:

+10% of	USD	EUR	GBP
Revenue	+ 9%	+ 1%	0%
EBITDA	+ 16%	0%	-1%
EBIT	+ 22%	- 1%	- 2%

Executive Committee



Thomas Seiler
CEO



Jean-Pierre Wyss
Executive Vice President
Head of Production and
Logistics
Co-founder u-blox AG



Roland Jud
CFO



Markus Schaefer
Executive Director Global
Marketing & Sales



Andreas Thiel
Executive Vice President
Wireless Products
Co-founder u-blox AG

Additional information – see [Corporate Governance and Financial Report 2019](#) p. 14 - 16

Analyst Coverage



Analysts	
Bryan, Garnier & Co	Dorian Terral
Credit Suisse	In transition
Helvea	In transition
Julius Bär	Bruno Winiger
Kepler Cheuvreux	Torsten Sauter
MainFirst	Jürgen Wagner
Research Partners AG	Reto Huber
UBS	François-Xavier Bouvignies
Vontobel	Mark Diethelm
Zürcher Kantonalbank	Andreas Müller

Please note that any opinions, estimates, or forecasts regarding u-blox's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of u-blox or its management.

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Thank you for your attention