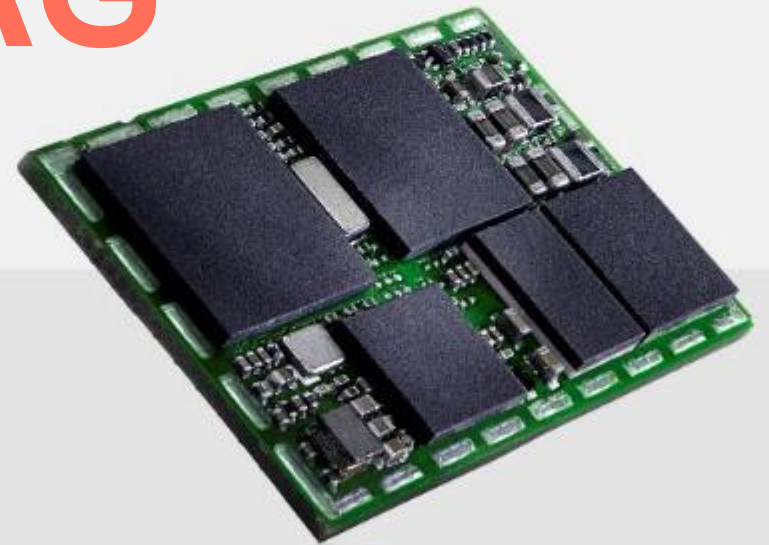


2019 Results u-blox Holding AG

March 13, 2020

Thomas Seiler, CEO

Roland Jud, CFO



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



Financial results 2019

Highlights 2019

Business review

Strategy

Outlook

Q&A

Full year 2019: Summary financial results



(CHF millions, except EPS and margins)	IFRS reported	adjusted ¹	Guidance 2019 (IFRS) ²
Revenue	385.1m	385.1m	380...400
Gross Profit	174.5m	175.1m	
Gross margin (%)	45.3%	45.5%	
EBITDA	65.2m	71.7m	50...60
EBITDA margin (%)	16.9%	18.6%	
Operating Profit (EBIT)	22.1m	43.1m	15...27
EBIT margin (%)	5.7%	11.2%	
Net Profit	12.9m	32.0m	
Cash Flow from operating activities	77.3m	77.3m	
Free Cash Flow	10.5m	10.5m	
EPS in CHF, fully diluted	1.89	4.69	
Proposed Payout of a par value reduction per share	0.60		

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

2) 2019 guidance updated on August 23, 2019

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

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

- 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 43.1 m, 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)

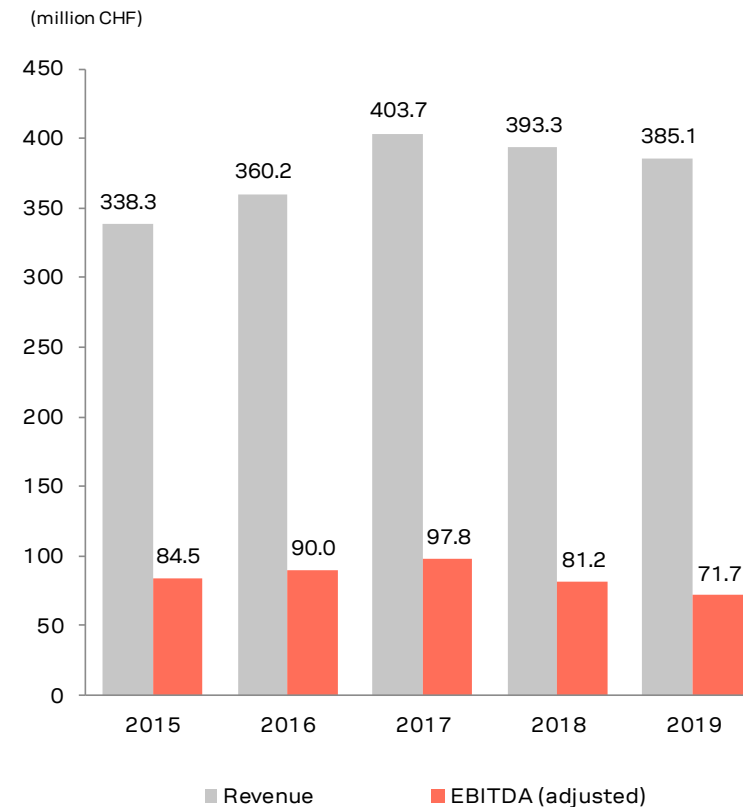
Revenue and EBITDA



Comments

- Revenue slightly below previous year (- 2.1% compared to 2018)
- Currency impact on revenues
 - at 2018 rates: -2.8%
 - at guidance rates: -1.3%
- EBITDA (adjusted) margin of 18.6%

Revenue and EBITDA (adjusted)

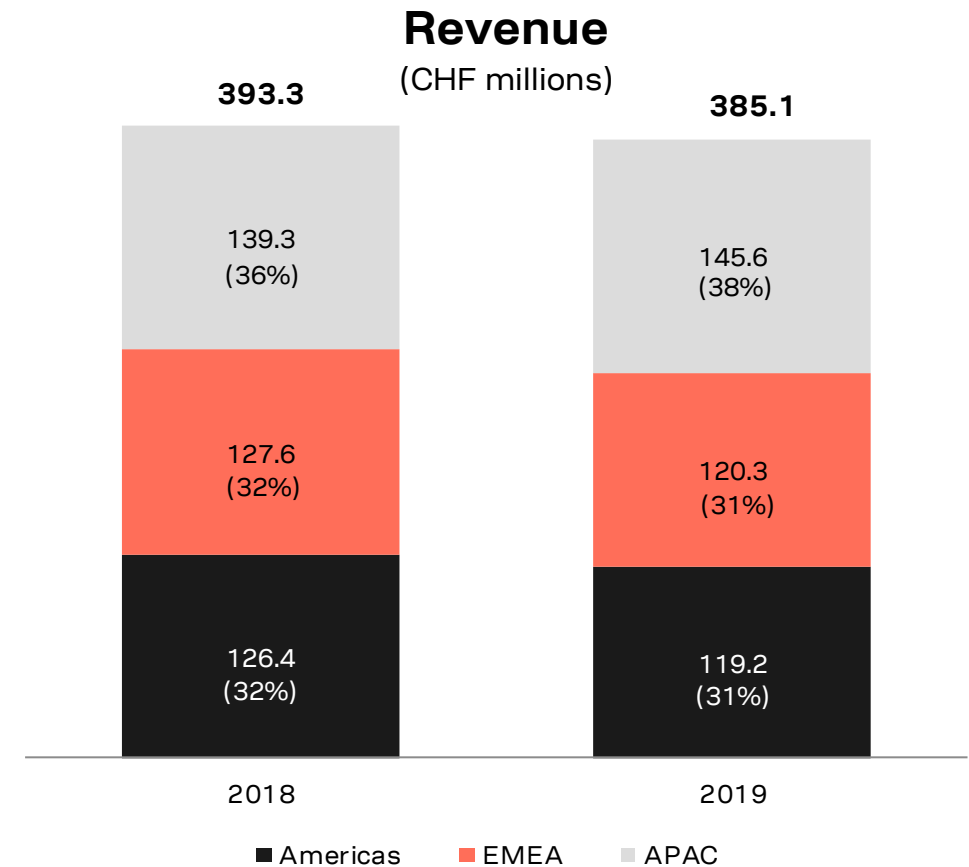


Revenues by geography



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



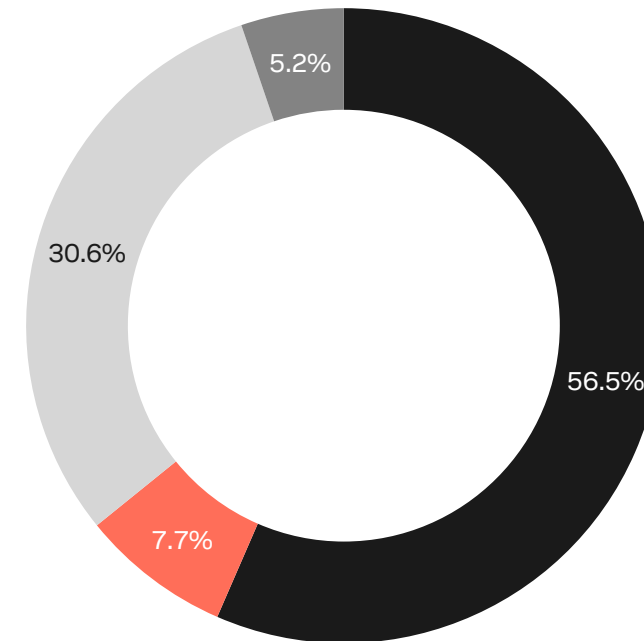
Note: based on reporting area

Comments

In absolute terms:

- Industrial markets stable
 - Infrastructure
 - Telematics
- Automotive market stable
 - In-car navigation
 - In-car connectivity
- Consumer markets in decline

Revenue split per market for 2019



■ Industrial ■ Consumer ■ Automotive ■ Not assigned

Note: Estimate

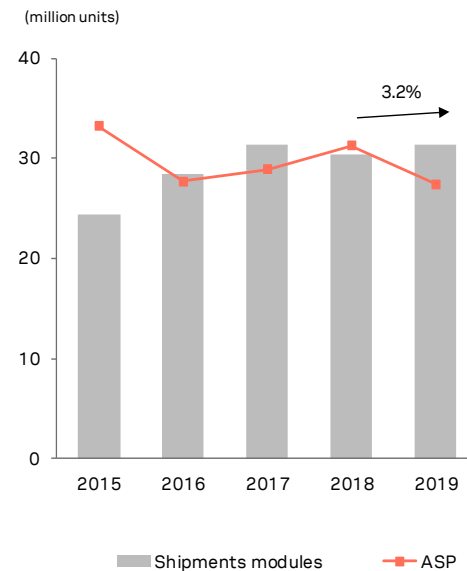
Shipments and ASP development



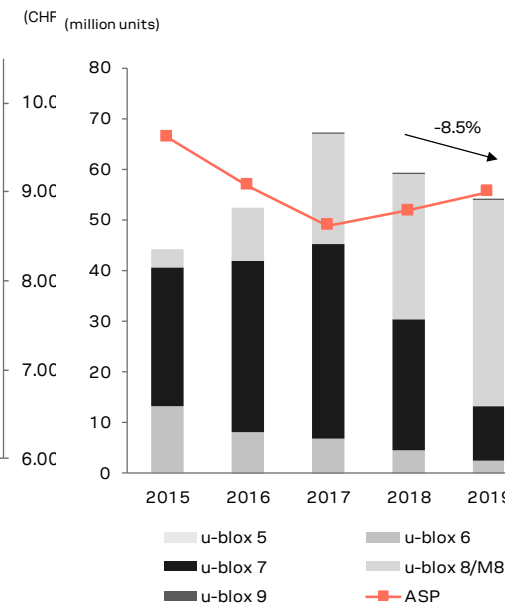
Comments

- 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

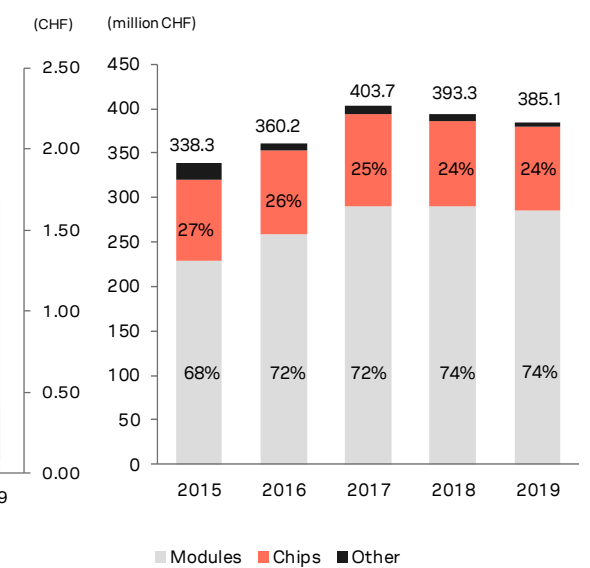
Modules



GNSS chips



Revenue

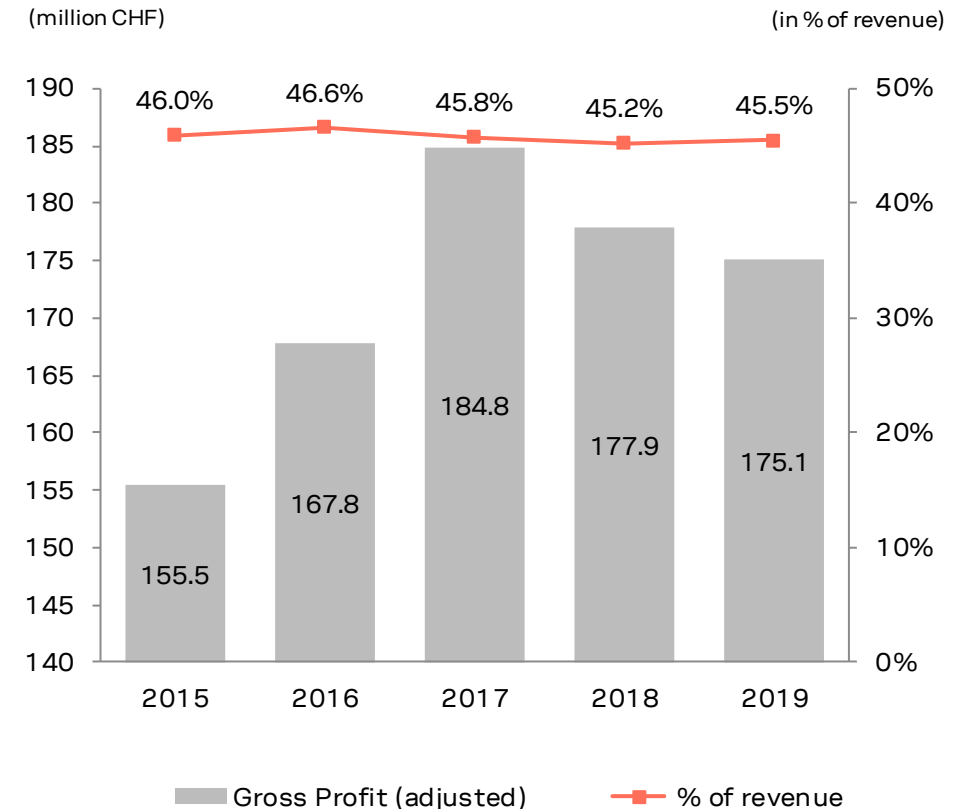


Gross profit

Comments

- Gross profit (adjusted) of CHF 175.1m
- Gross profit margin (adjusted) slightly higher than 2018
 - 2019 margin reflects positive impacts from product mix and extra-ordinary effects from license cost improvements

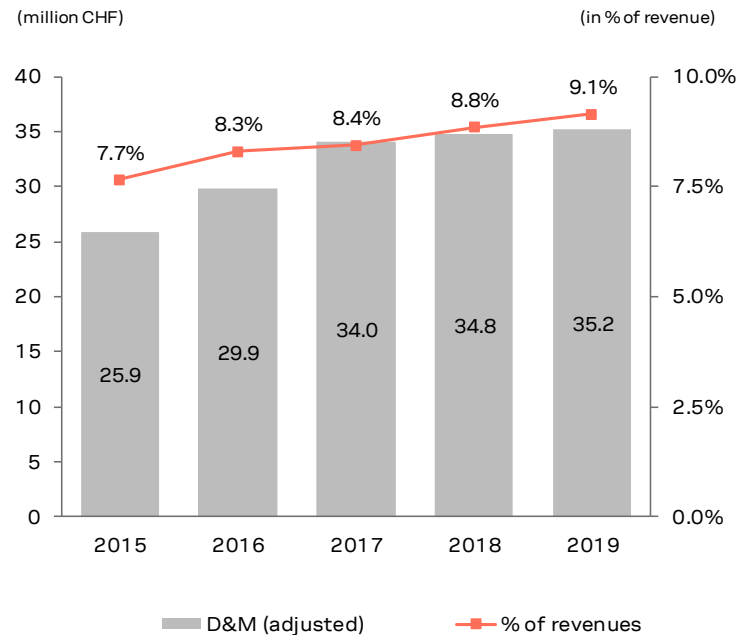
Gross profit (adjusted) Gross profit margin (adjusted)



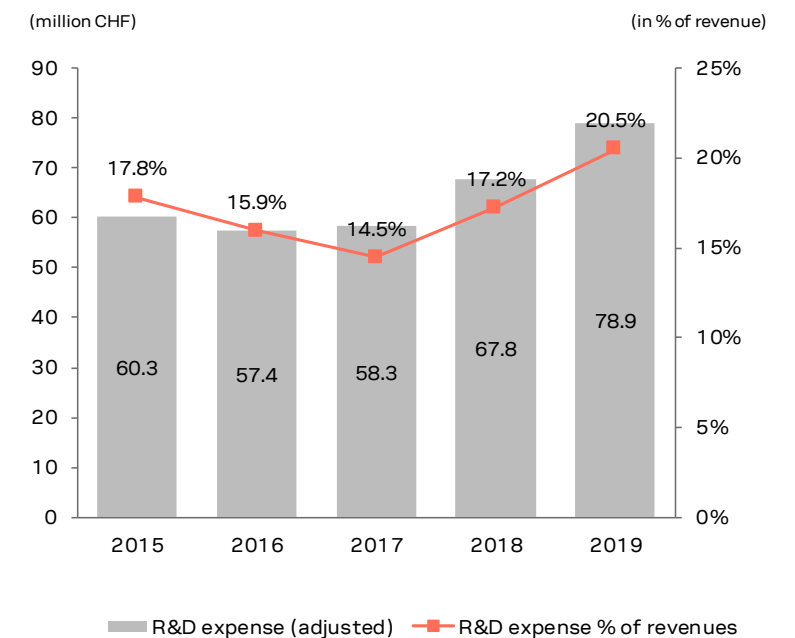
Comments

- 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)



Income statement

Adjusted and IFRS numbers



Comments

- Adjustments are share-based payments of CHF 5.3m, pension impact of IAS-19 of CHF 1.2m, amortization of intangible assets acquired of CHF 1.9m and impairments of CHF 12.6m³
- Financial costs consists primarily of foreign exchange losses, the interest for the two bonds, and the result of Sapcorda GmbH.
- Tax rate (adjusted) of 9.2% (2018: 20.0%)

Impact of adaption of new IFRS 16 (Leasing) standard

- On EBITDA CHF 5.8m, on EBIT CHF 0.6m for 2019
- financial costs contain CHF 0.6m
- no impact on net profit

³⁾ Impairment was caused by suppliers suddenly ending life of core components and changing product road maps, both requiring re-focusing development efforts. u-blox also decided to accelerate certain newer developments what made some running projects obsolete.

(in CHF 000s)	Jan - Dec 2019		Adjustments ²⁾	Jan - Dec 2019		Jan - Dec 2018	
	(IFRS)	% revenue		(adjusted)	% revenue	(adjusted)	% revenue
Revenue	385'099	100.0%		385'099	100.0%	393'269	100.0%
Cost of sales	-210'606	-54.7%	584	-210'022	-54.5%	-215'342	-54.8%
Gross Profit	174'493	45.3%	584	175'077	45.5%	177'927	45.2%
Distribution and marketing expenses	-36'646	-9.5%	1'454	-35'192	-9.1%	-34'782	-8.8%
Research and development expenses	-96'253	-25.0%	17'348	-78'905	-20.5%	-67'818	-17.2%
General and administrative expenses	-23'272	-6.0%	1'650	-21'622	-5.6%	-18'744	-4.8%
Other income	3'732	1.0%		3'732	1.0%	3'818	1.0%
Operating Profit (EBIT)	22'054	5.7%	21'036	43'090	11.2%	60'401	15.4%
Finance income	547	0.1%		547	0.1%	5'305	1.3%
Finance costs	-4'133	-1.1%		-4'133	-1.1%	-2'158	-0.5%
Share of profit of equity-accounted investees, net of taxes	-4'249	-1.1%		-4'249	-1.1%	-3'339	-0.8%
Profit before income tax (EBT)	14'219	3.7%	21'036	35'255	9.2%	60'209	15.3%
Income tax expense	-1'306	-0.3%	-1'932	-3'238	-0.8%	-12'039	-3.1%
Net Profit	12'913	3.4%	19'104	32'017	8.3%	48'170	12.2%
Minority interests	-149	0.0%		-149	0.0%		
Net Profit, attributable to equity holders of the parent	13'062	3.4%		32'166	8.4%	48'170	12.2%
Earnings per share in CHF	1.89			4.69		6.99	
Diluted earnings per share in CHF	1.89			4.69		6.96	
Operating Profit (EBIT)	22'054	5.7%	21'036	43'090	11.2%	60'401	15.4%
Depreciation and amortization	43'189	11.2%	-14'589	28'600	7.4%	20'844	5.3%
EBITDA ¹⁾	65'243	16.9%	6'447	71'690	18.6%	81'245	20.7%

¹⁾ 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.

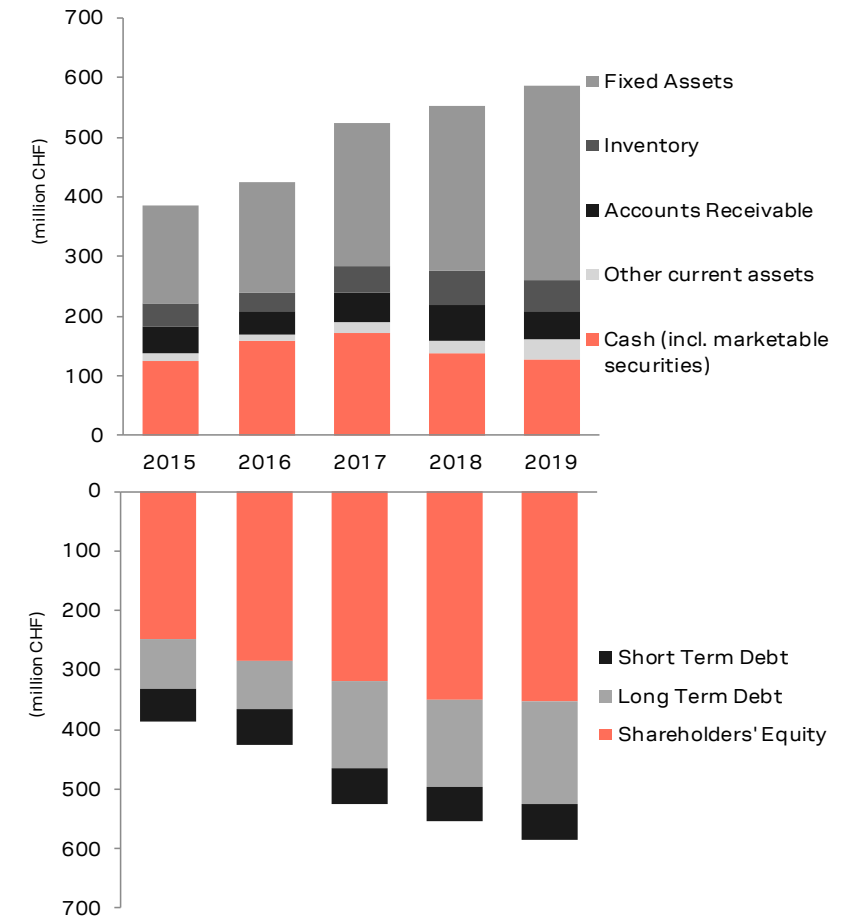
²⁾ Adjustments are impacts of share based payments, Pension calculation according to IAS-19, Non-recurring expenses, impairments and amortization of intangible assets acquired

Statement of financial position



Comments

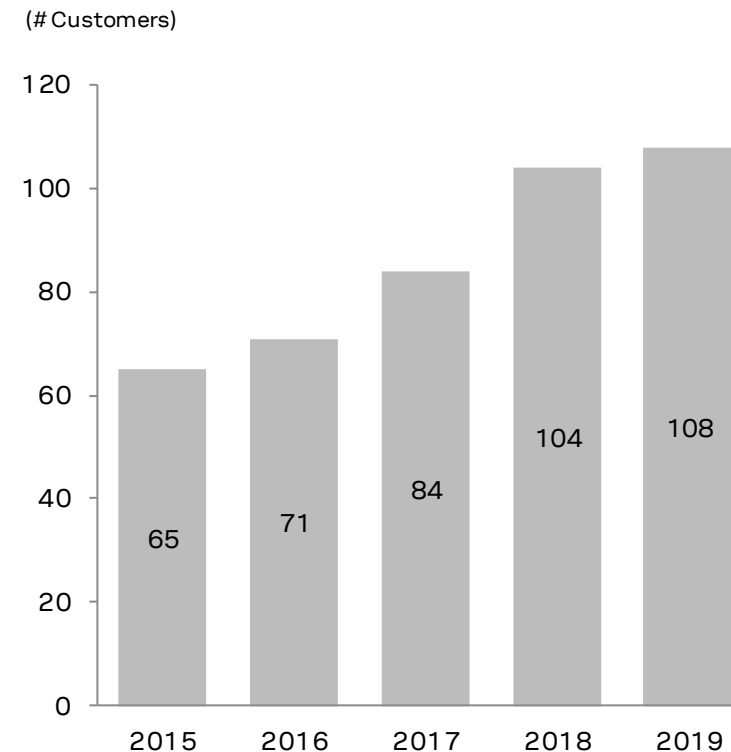
- Strong financial position with a liquidity (incl. marketable securities) of CHF 128.3m (Dec. 2018: CHF 137.7m)
- Inventory CHF 51.6m (Dec. 2018: CHF 57.5m) still affected by supply chain constraints in 2019
- Trade receivables CHF 48.5m (Dec. 2018: CHF 60.8m)
- Increased intangible assets due to capitalization of R&D expenses. Capitalized R&D is at CHF 199.9m (2018: CHF 175.4m). Amortization and Impairment of capitalized R&D: CHF 25.6m
- Trade payables of CHF 25.4m (Dec. 2018: CHF 21.6m)
- Non-current liabilities contain bonds of CHF 119.4m: deferred tax liabilities CHF 6.9 m, employee benefits (IAS-19) CHF 21.3m, provisions CHF 8.3m
- IFRS 16 impact: Right-of-use assets CHF 21.8m, Leasing liability CHF 22.2m



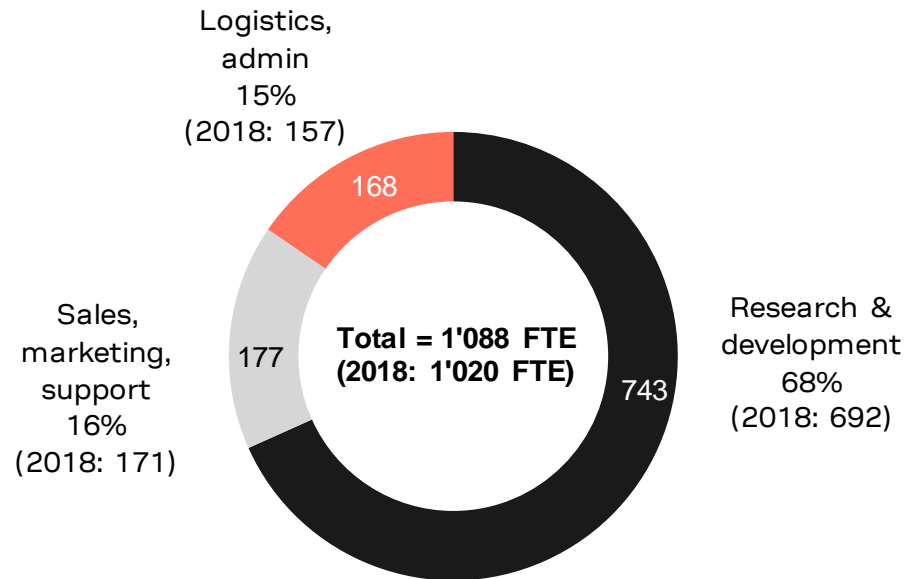
Comments

- Diverse spread across different applications and geographical regions
- Strong and stable customer base, serving 7'200 customers worldwide in 2019 (2018: 6'700 customers)
- Low customer dependency
 - 108 customers total 80% of revenue
 - Largest customer accounts for 4.0% of total revenue in 2019
- 10 biggest customers account for 19.5% of total revenue in 2019

Number of customers totaling 80% of revenue

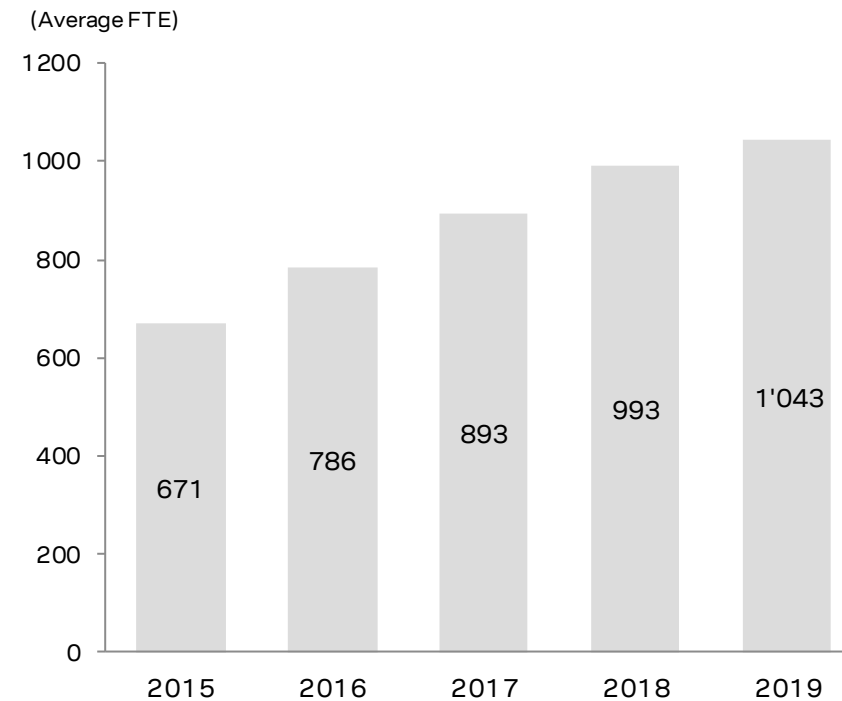


Employee breakdown (end of December 2019, FTE based)



Note: 75% of employees based outside Switzerland (spread across 18 countries)

Average number of employees (FTE based)



Note: FTE = full time equivalent

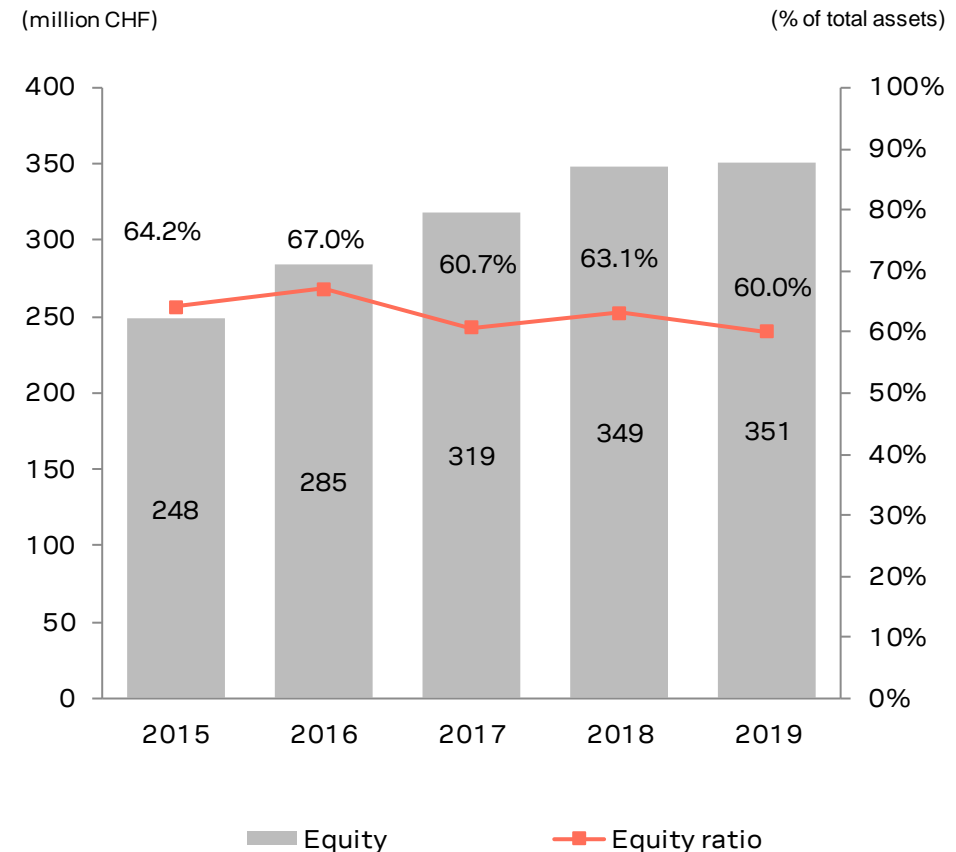
Statement of financial position



Comments

- Strong equity base maintained
- Equity ratio of 60.0% (2018: 63.1%)
- Treasury shares for option program CHF 32.0m (Dec. 2018: CHF 32.0m)
- Equity ratio without treasury shares: 62.1% (2018: 65.1%)
- Equity ratio without IFRS 16: 62.3% (2018: 63.1%)
- Minority interests of CHF 0.1m

Total equity and equity ratio



Segment information

IFRS numbers



(in CHF 000s)	Positioning and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January - December		January - December		January - December		January - December		January - December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue third parties	384'956	393'000	143	269	385'099	393'269			385'099	393'269
Revenue intragroup			31'916	31'178	31'916	31'178	-31'916	-31'178	0	0
Total revenue	384'956	393'000	32'059	31'447	417'015	424'447	-31'916	-31'178	385'099	393'269
EBITDA ^{*)}	58'946	68'616	6'297	3'098	65'243	71'714		-68	65'243	71'646
Depreciation	-10'335	-6'650	-3'546	-2'653	-13'881	-9'303			-13'881	-9'303
Amortization	-29'273	-14'023	-35	-30	-29'308	-14'053			-29'308	-14'053
Operating profit (EBIT)	19'338	47'943	2'716	415	22'054	48'358	0	-68	22'054	48'290
Finance income									547	5'305
Finance costs									-4'133	-2'158
Share of profit of equity-accounted investees, net of taxes									-4'249	-3'339
EBT									14'219	48'098

Consolidated statement of cash flows



Comments

- Cash flow from operating activities strongly increased:
 - Effective net working capital management
CHF +16.2m (2018: CHF -32.2m)
- Maintained investment activities
- Acquisitions of CHF 7.3m and further investment into JV Sapcorda of CHF 3.4m
- IFRS 16 effect:
 - Operating Cash flow 2019 +CHF 5.6m
 - Cash used in financing activities 2019 CHF -5.6m

(in CHF 000s)	For the period ended December 31, 2019	For the period ended December 31, 2018
Net Profit	12'913	38'481
Depreciation & Amortization	43'189	23'356
Other non-cash transactions	5'263	9'814
Financial income & financial expense	7'835	192
Income tax expense	1'306	9'617
Change in net working capital and provision	16'186	-32'235
Income tax paid	-9'401	-12'883
Net cash generated from operating activities	77'291	36'342
Net investment into property, plant and equipment	-6'454	-7'312
Net investment into intangibles	-50'446	-54'075
Net investments into financial assets	874	2'103
Acquisition of subsidiaries, net of cash acquired & participations	-10'734	-4'107
Net cash used in investing activities	-66'760	-63'391
Free Cash Flow (before Acquisition & participations in capital increase)	21'265	-22'942
Free Cash Flow	10'531	-27'049
Proceeds from issuance of ordinary shares	876	15'286
Dividends paid to owners of the parent	-11'077	-15'441
Payment of lease liabilities	-4'996	0
Purchase of treasury shares	0	-7'609
Non-controlling interests	85	
Interest paid	-2'544	-1'917
Net cash provided by / used in financing activities	-17'656	-9'681
Net decrease in cash and cash equivalents	-7'125	-36'730
Cash and cash equivalents at beginning of year	136'296	169'624
Exchange gains/(losses) on cash and cash equivalents	-1'747	3'402
Cash and cash equivalents at end of the period	127'424	136'296

Business update

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.

u-connectScript

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



M9

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



GCF and AT&T certified



What drives the connected future

Facts and figures



72.5 m units of connected cars sold worldwide by 2023, up from 24 million units in 2015

Source: IHS Market



3.1 bn USD market value of the worldwide IoT security sector in 2021, up from USD 1.9 billion estimated for 2019

Source: Gartner



14.2 tn USD added to the global economy by 2030 thanks to the Industrial IoT

Source: Accenture



14.2 bn connected things in use this year; 25 billion by 2021

Source: Gartner

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



- 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.

Strategy

Successful strategy execution



Market position



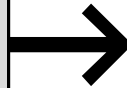
- ✓ Strong leader in automotive and industrial markets, 60% market share in automotive
- ✓ High quality and reliability

Technology and innovation



- ✓ Chipset offer broadly expanded
 - ✓ POS: 9th generation incl. high precision
 - ✓ CEL: R3 and R5 for Cat 1, M and NB
 - ✓ SHO: V2X

Operational excellence



- ✓ Lean and agile organization
 - ✓ 2010: 100 engineers, 1 program
 - ✓ 2019: 800 engineers, various programs
- ✓ Strong expansion of number of customers

Strategic partnerships



- ✓ Many partnerships: Kudelski, Sapcorda
- ✓ Acquisition of Rigado - 15 acquisitions so far

Strategic priorities 2020 (1)



Market position

- Further develop our position in the automotive market, including for autonomous vehicles
- Expand sales channels to reach an even broader range of customers in all our territories
- Capitalize on strong move towards LTE-based cellular connectivity for the IoT
- Complement products with value-added data services to further strengthen our position in each market

Technology & innovation

- Build more products on our own silicon
- Develop additional combination modules that blend u-blox technologies, and miniaturization
- Continually strive to make our products more secure
- Drive innovation to maintain status as market leader and drive growth and margins
- Grow our data services portfolio

Strategic priorities 2020 (2)



Operational excellence

- Fine-tune every process in our business
- Operational optimization remains a key focus
- Further explore unique partnerships with suppliers of key components
- Rigorous quality assurance
- Improve the resilience of our supply chain by reducing dependency on any single supplier

Strategic partnership & acquisition opportunities

- Continue to partner with complementary businesses and develop new relationships with key players in our markets
- Continue to review potential acquisitions that will strengthen our product portfolio and technology base and accelerate our strategy

Channels, global channels, and local expertise

Strong global customer reach for market penetration



7200 customers worldwide

Continued expansion of our customer base



Solid supply chain

High level of resilience against macro level impacts (trade wars, epidemics)



= global classification per segment

Services – source of future recurring revenue

Services carry high customer value

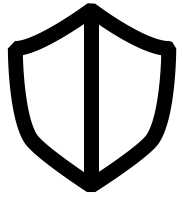


- Recurring revenue over lifetime of product
- Pricing will follow perceived value by customers
- Services reported in the service segment
- Service platform under construction
- Sapcorda and Kudelski are our partners and serve our end customers

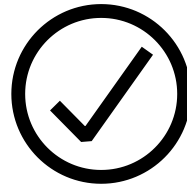


Areas of security

“We see it as a matter of corporate responsibility to release only products that comply with a demanding set of baseline security requirements.”



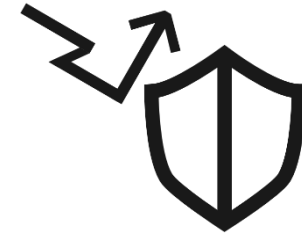
- Confidentiality
- System assets can be only used by authorized parties (secrecy)



- Integrity
- The systems offers a measure of the trust in the correctness of the information provided



- Robustness
- Systems are impervious against intentional or unintentional interference



- Availability
- Assets are accessible to authorized parties in a timely manner

Innovation

Key initiatives 2023



Venture: Nurture new technology and business concepts

Realized in 2019: Services

Disruption: Widen technology platforms with additional chipsets

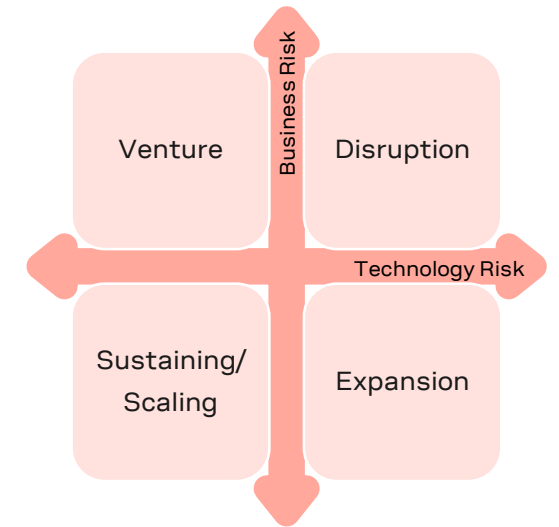
Realized in 2019: ubx-R5 and ubx-9 platforms

Expansion: Increase performance of existing platforms

Realized in 2019: uConnect

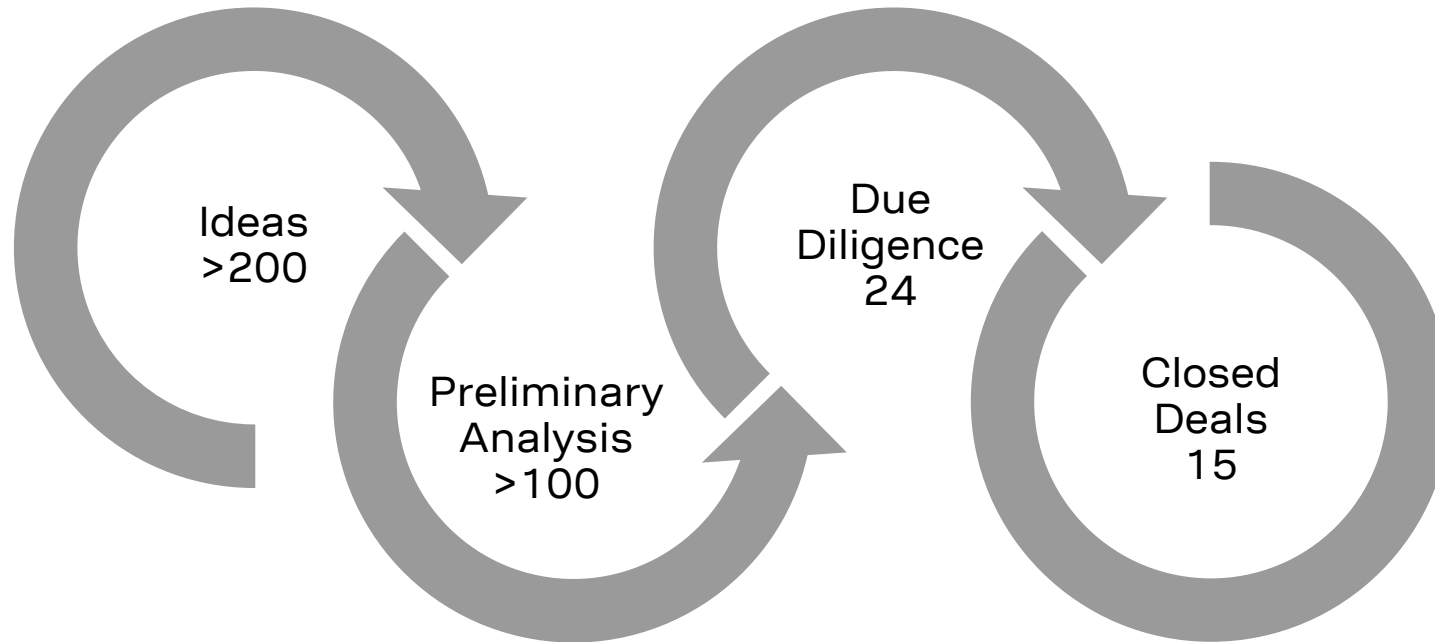
Scale: Expansion of product offering for more applications

Realized in 2020: ZED-F9K



Inorganic growth

15 acquisitions in 10 years



- Strong acceleration by acquisitions
- 12 technology focused enabling expansion of technology and product portfolio
- 3 business add-on for scale and expanding customer base
- Successful and fast integrations
- Key people still on board

Accelerating growth by acquisition

Fast and successful integration of Rigado



- Increased market share in the short range radio segment:
 - 1'000 additional customers in the US
 - Strong relationships with large distributors
- Exciting synergy opportunities: Extend our offering for short range radio modules
 - Modules with low cost BLE chips from Nordic Semiconductor
 - Modules with different antenna connectors
 - All Rigado products are open CPU, i.e. no software delivered
 - New products developed
- Expand team with 7 experts
- Strong cross selling and synergies achieved:
 - Wide expansion of customer base and sales channels
 - Strong growth impulse for new business opportunities



Outlook

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%

Upcoming events



- Annual general meeting April 23, 2020
- 2020 half year results August 21, 2020
- Analyst day November 25, 2020

Thank you for your attention