

# u-blox acquires Cognovo

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locate, communicate, accelerate



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# Agenda

- Transaction highlights
- Introduction of Cognovo
- Strategic rationale
- Outlook
- Q&A

# Acquisition Overview

- Acquisition of 100% of the shares of Cognovo
- Acquisition price USD 16.5m (debt free)
- Fully paid-up in cash
- Closing date June 27, 2012

# Introducing Cognovo

- Cognovo was spun off from ARM in 2009
- 30 employees, headquartered in Cambridge, England. Offices in Leuven, Belgium
- Designs and develops leading edge “Software Defined Modem” (SDM) engine and design tools
- Essential technology for wireless baseband chips, especially for 4G

# Cognovo: Key technology and expertise

Software Defined Modem (SDM) engine and design tools for implementing advanced baseband chip architectures:

- Highly advanced know-how for complex baseband chip architectures
- Allows software optimization of chip designs before manufacturing
- Separates functionality from hardware platform, resulting in faster time to market
- A single hardware platform for all global wireless standards
- Highly cost-efficient

# Strategic Rationale

## Overview of Cognovo

- Specialist in Software Defined Modem (SDM) architecture
- Technology proven in a first chip made with Samsung
- Highly experienced team with heritage from TTPCom and ARM

## Strategic rationale

- Differentiate and reduce cost with proprietary chip technology
- Create chipsets and stack software for wireless modems
- Combine Cognovo's cellular chip technology with 4G stack from the acquisition of 4M Wireless

## Shareholder value creation

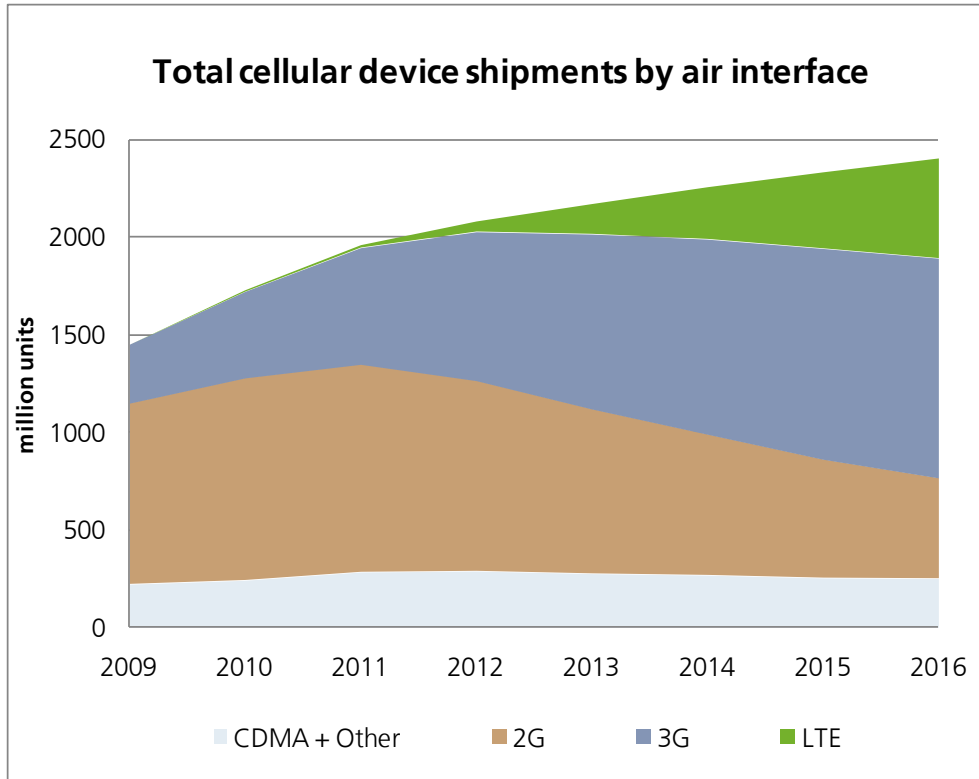
- Accelerate revenue growth in the strongly growing LTE market
- Win market share through differentiated LTE chips and modules
- Improve margins and profits by reducing cost with own chip

# Important reasons to migrate to LTE

End user	System integrator	Mobile operator
<ul style="list-style-type: none"><li>• Faster<ul style="list-style-type: none"><li>• Higher speed: up to 326 Mbps</li><li>• Lower latency: 10 - 20ms (a quarter of 3G)</li></ul></li><li>• Lower power per megabyte</li><li>• Better reliability</li></ul>	<ul style="list-style-type: none"><li>• End-to-end IP system: simplifies machine-to-machine networking</li><li>• LTE is a truly global standard</li><li>• LTE is future-proof</li></ul>	<ul style="list-style-type: none"><li>• Lower CAPEX and OPEX</li><li>• Better use of spectrum: 2-4 times higher than with HSPA</li><li>• LTE is designed to handle variable bandwidths</li></ul>



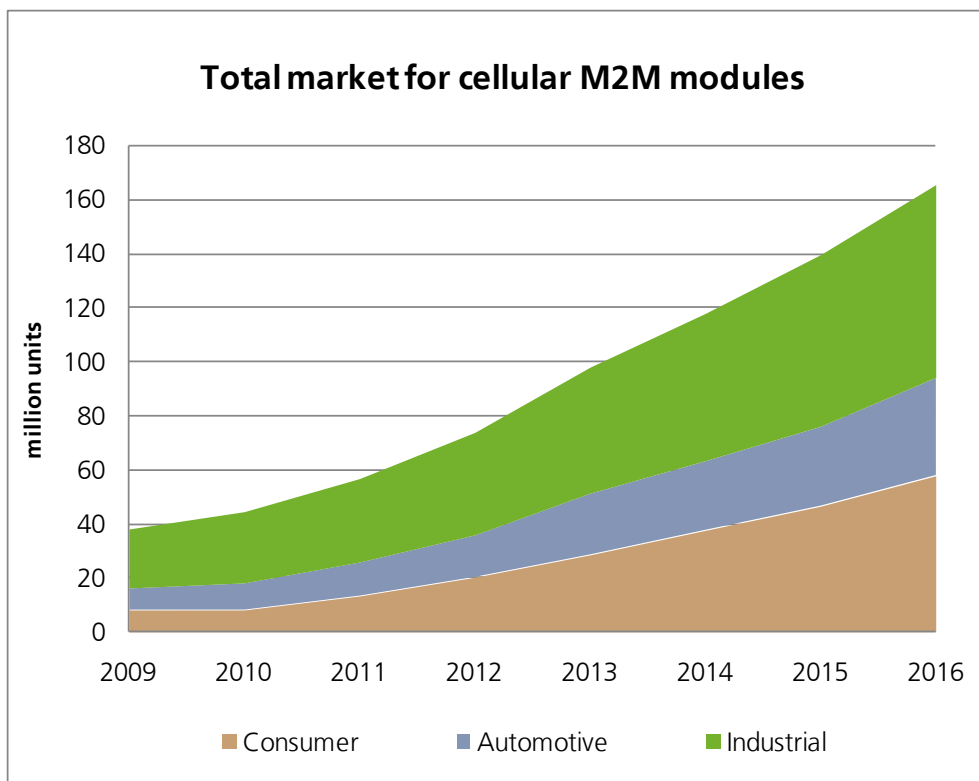
# LTE gains market share



u-blox estimates

- The rise of smartphones and tablets has led to a rapid increase in consumption of data
- Operators need faster and higher capacity networks to meet demand
- The only real solution to meet these requirements is LTE
- LTE networks are being deployed worldwide at great speed

# Market potential M2M - by vertical markets



u-blox estimates

- Automotive and asset tracking continue to be the dominant applications by volume
- Medical fastest growing segment (95% CAGR 2010-2016)
- Automotive, smart building, digital signage and medical are prone for LTE
- Machine-to-Machine (M2M) is an identified high growth area where u-blox is already active with its products & solutions

# LTE applications in our core markets



## Consumer

- Portable devices
- Dongles
- Mobile WiFi hotspots



## Industrial

- Network infrastructure
- Smart buildings
- Digital signage
- Mobile healthcare



## Automotive

- Car infotainment
- Emergency call
- Stolen vehicle tracking

# Emerging 4G applications in the industrial market



## Network infrastructure

- Customer premise equipment (indoor)
- Customer premise equipment (outdoor)
- Wireless routers



## Smart buildings

- Smart metering
- Security & Alarm
- Energy management



## Digital signage

- Interactive panels
- Remote updates of content
- Remote diagnostics



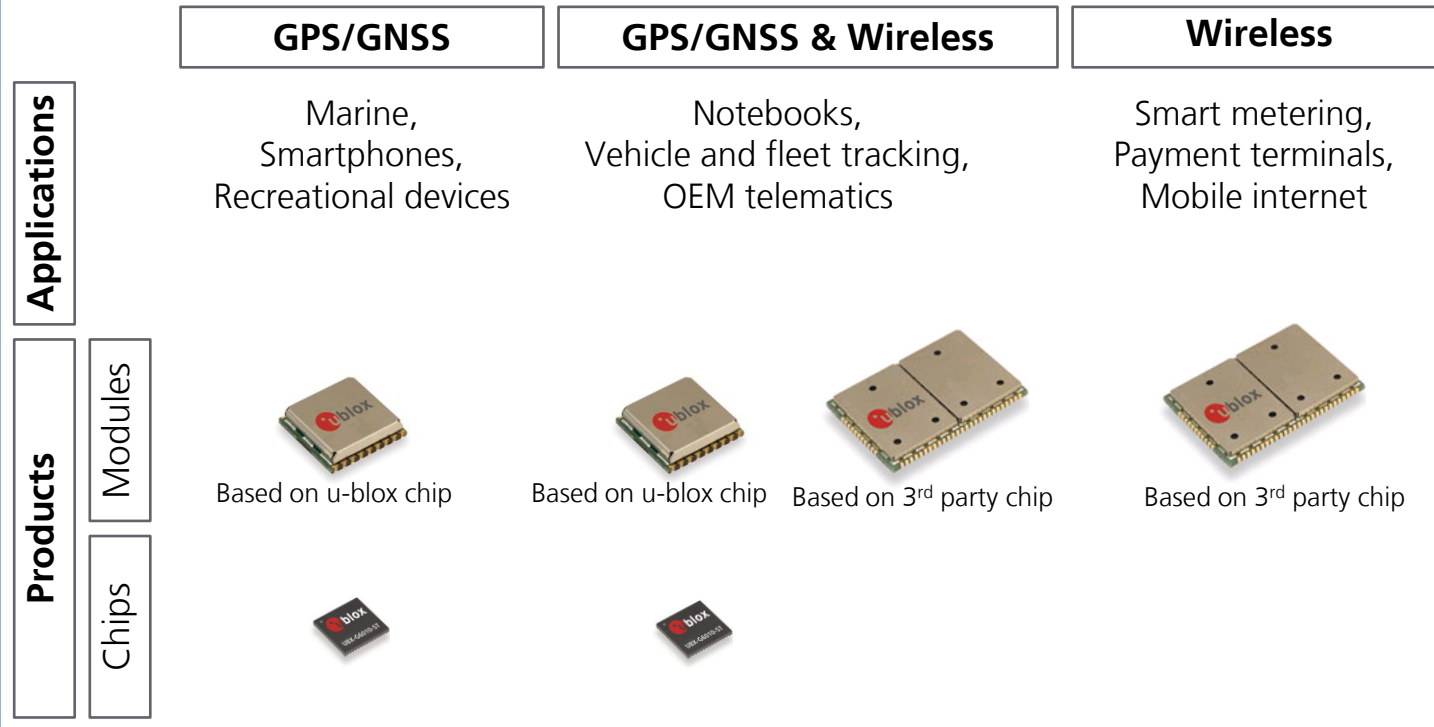
## Mobile healthcare

- Remote monitoring
- Patient guidance
- Emergency call

# Opportunity: Expanding our position in M2M

## Current Strategy

### Complete positioning & wireless offering

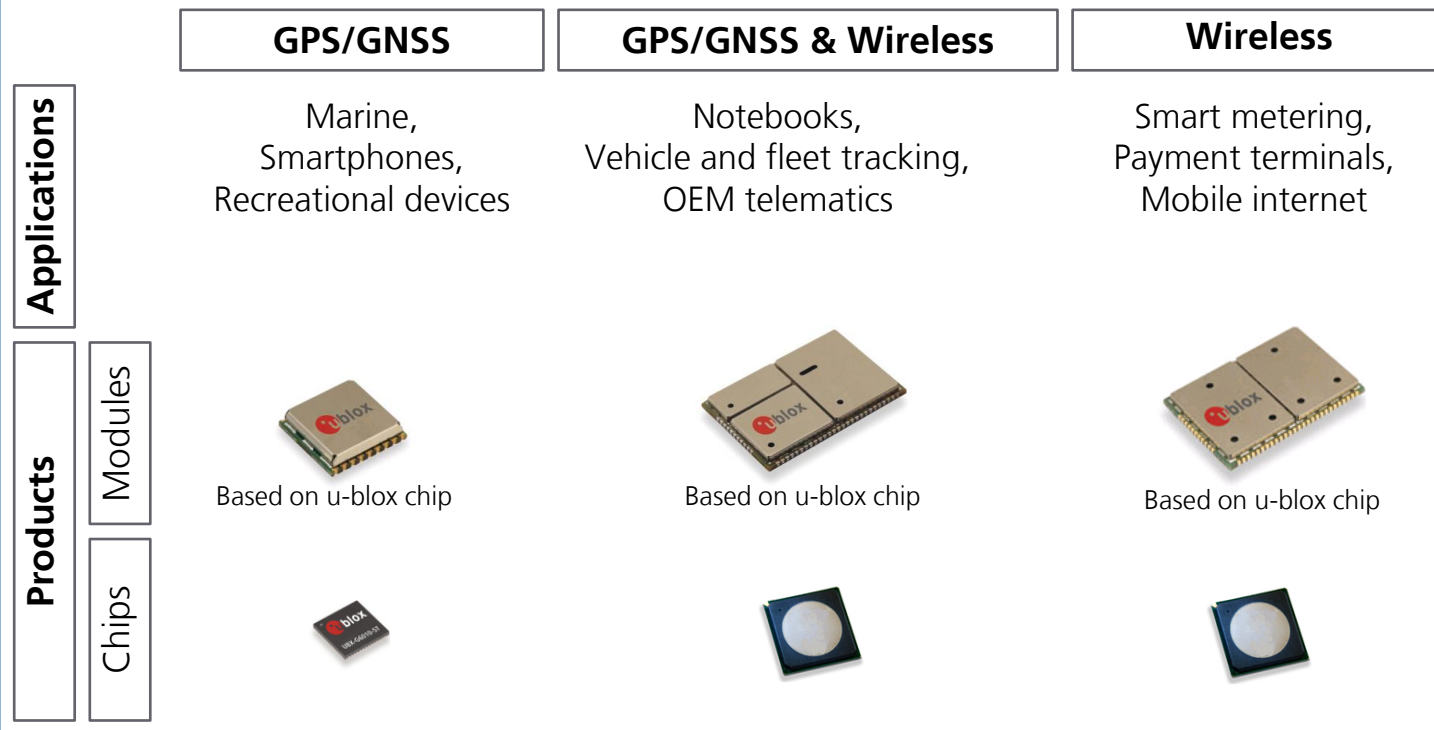


- Positioning markets served with own chip and firmware
- Positioning modules contain u-blox chip
- Wireless products contain own software for adaptation to M2M markets
- Wireless modules employ third party chipsets

# Opportunity: Expanding our position in M2M

## Strategy 2012 onwards

### Complete positioning & wireless offering



- Positioning markets served with own chip and firmware
- Positioning modules contain u-blox chip
- Wireless modules with u-blox chip and software, targeted at M2M markets
- Positioning and wireless technologies converge

# Complete product portfolio solves our customers' needs

Our complete offering will simplify industrial application deployment with targeted products



## u-blox 4G chip

### Customer needs

- Low power
- High quality
- Long life time
- Low cost
- Hybrid positioning

### u-blox solution

- Dedicated M2M chip
- Standard and Automotive grade
- Long life time availability
- Cost-effective technology

# Synergies between u-blox and Cognovo

## **Cognovo** delivers:

- Wireless baseband know-how
- SDM processor core and tool kit
- SDM firmware
- A first baseband chip

## **u-blox** delivers:

- Wireless modem knowhow
- Full 4G stack (with 4M Wireless), expertise in 2G, 3G stacks
- Chip design and industrialization
- Module design and industrialization
- Strong financial background



# Cognovo integration plan

- Integration
  - Cognovo will change name to u-blox
  - R&D facilities will be retained
  - All departments will be integrated into u-blox' existing organization
  - A wireless chip design team will be created and further expanded
  - First products expected by the end of 2013
- Impact on guidance
  - No impact on expected revenues for fiscal year 2012
  - EBIT 2012 reduced by CHF 3.0m including all additional efforts for new chipset

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**Thank you!**

