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Annual results 2009 u-blox Holding AG

March 19, 2010

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Disclaimer

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Agenda

- Introduction
- Highlights 2009
- Financial results
- Business update
- Outlook 2010
- Q&A

Financial highlights

- 2009 revenue: CHF 73.5 million; decline from 2008 to 2009: -1.3%
- Increased gross profit: 52.9% gross profit margin (2008: 42.7%)
- 2009 EBITDA: CHF 12.7 million
- 2009 EBITDA margin: 17.2%
- 2009 EBIT: CHF 5.2 million
- 2009 EBIT margin: 7.1%
- 2009 net profit: CHF 3.3 million
- 2009 net profit margin: 4.5 %
- 2009 net operating cash flow: CHF 14.7 million

Remark: all numbers in the presentation are unadjusted

Operational highlights 2009

- **Expanded leadership position**

- Acquisitions in March: Geotate and Neonseven, for GPS and wireless technology
- More than 7 million GPS receivers delivered to the market

- **Improved quality**

- u-blox expanded testing and qualification capacities in June

- **Continued innovation: u-blox 6**

- In September, u-blox launched next-generation GPS receiver platform u-blox 6
- Ultra-low power, for fast positioning and battery-powered products

- **New wireless production line**

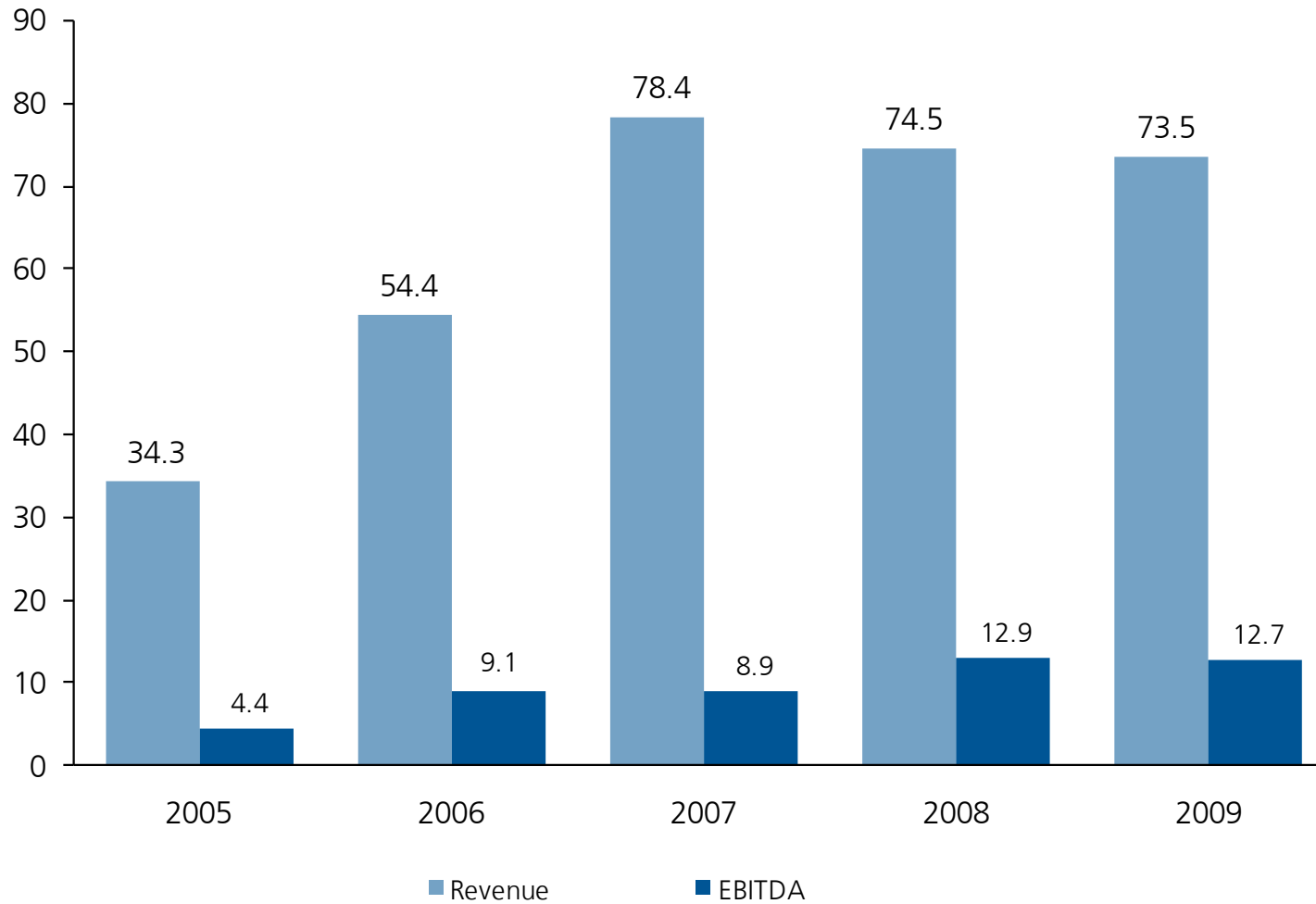
- In October, an automated production line for wireless modules was activated at our manufacturing partner Flextronics, Austria

- **New cross-company processes adopted**

- In November, a new process landscape was deployed streamlining all business processes based on ISO-9001 standards

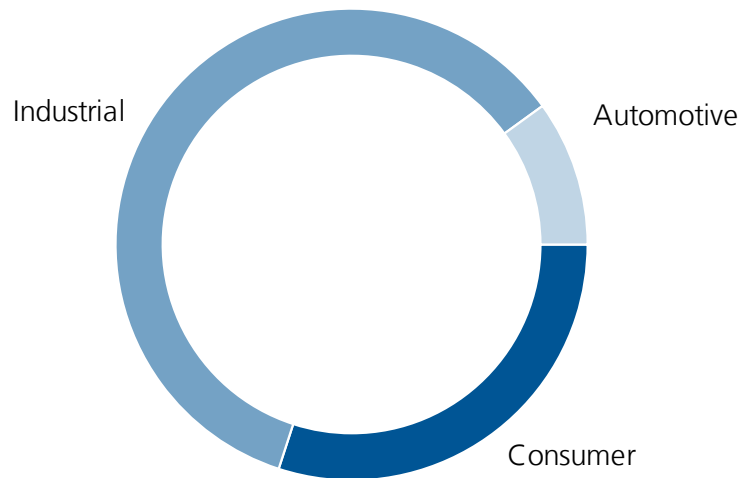
Revenue and EBITDA

(CHF in million)



Markets trends

Revenue split by markets for 2009



Comments

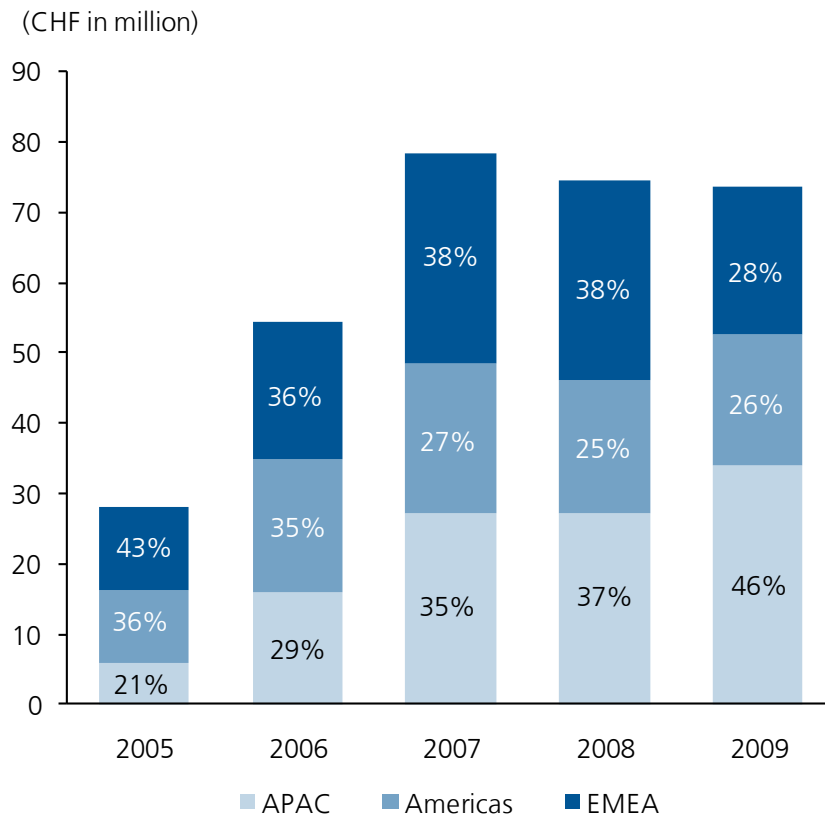
- Continued strong foot hold in the industrial market, led by vehicle tracking applications
- Consumer market mainly growing in Asia with PND devices
- Automotive market lead by Asia

Note: Estimate

Revenue by geographic region

Revenue by geographic region

Comments

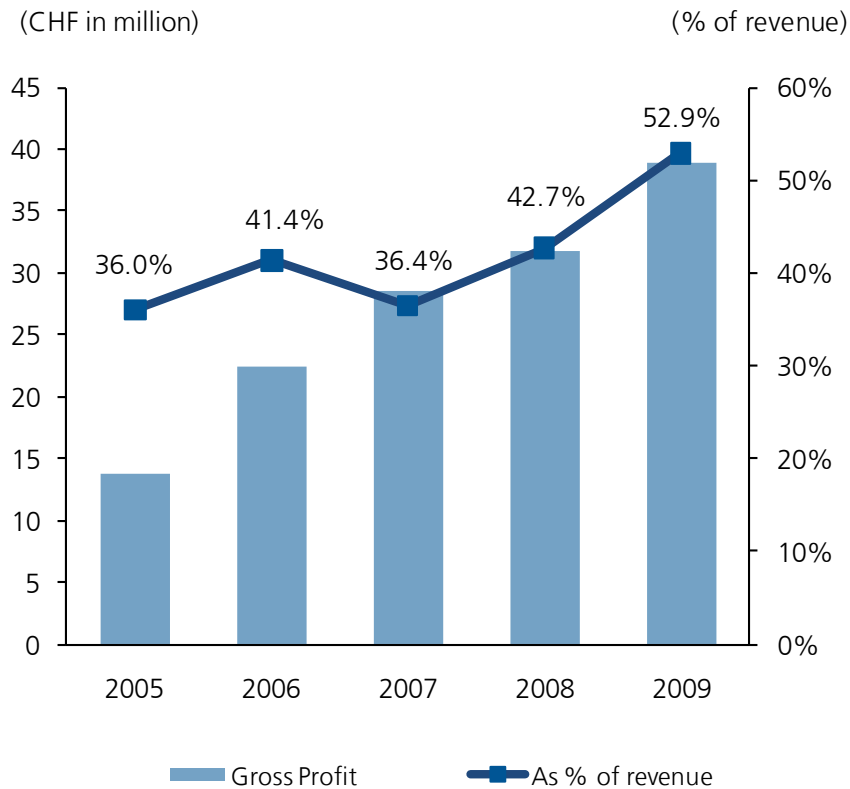


- Strong increase in Asia (+ 25%)
- Decline in Europe due to recession (- 26%)
- Stable business in Americas

Note: based on customers' location

Gross profit

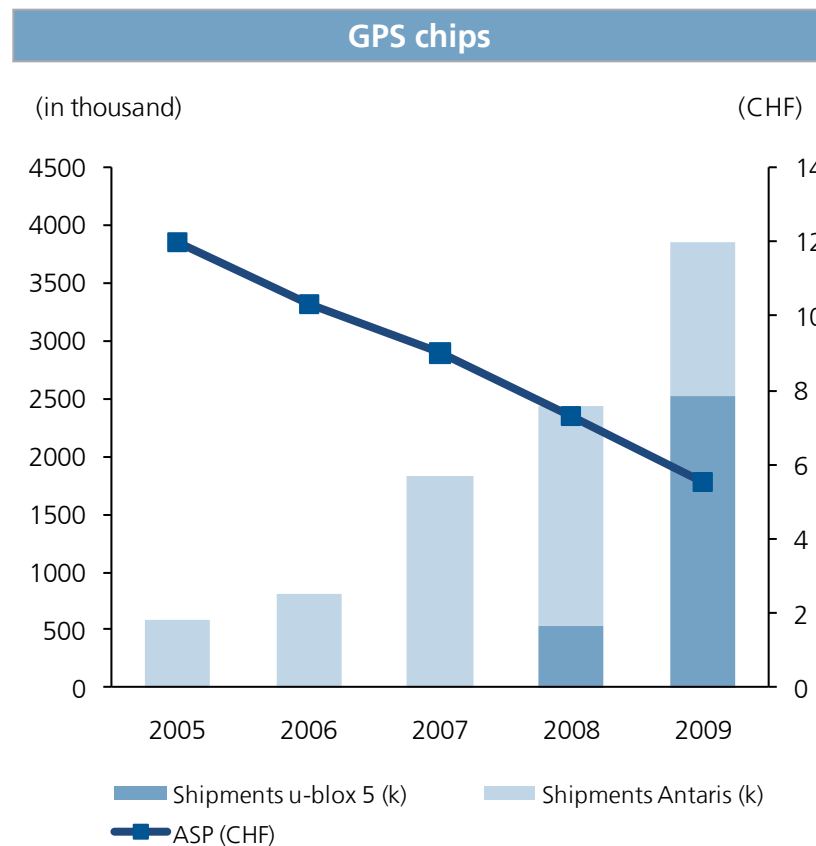
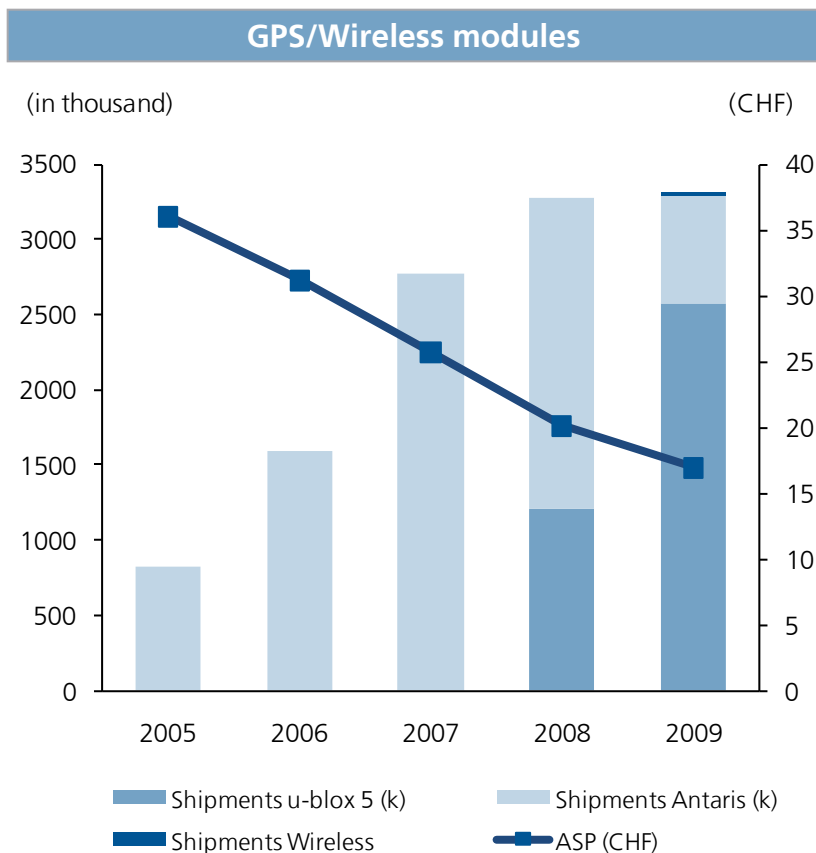
Gross profit / Gross profit margin



Comments

- Strong increase in gross profit margin in 2009 due to u-blox 5 platform and change in product mix
- Increasing sales volumes for special GPS applications (e.g. timing)
- Growth rate of 22% of gross profit margin

Shipments and ASP development

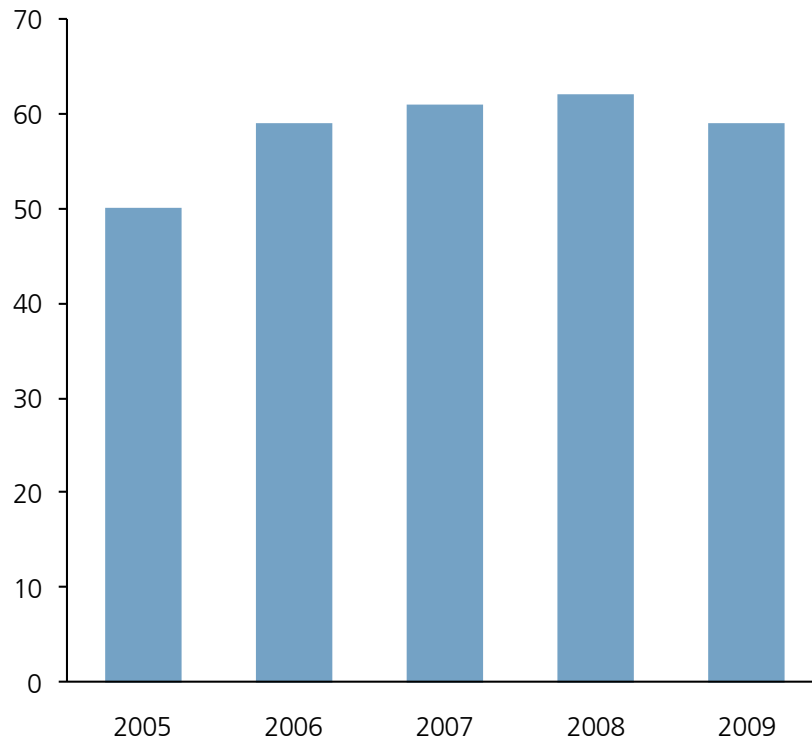


Note: incl. Atmel-Chipset sales

- Strong increase of u-blox 5 chip shipments in 2009
- 78% of GPS module shipments based on u-blox 5 in 2009

Global Customer Base

Number of customers totaling 80% of sales

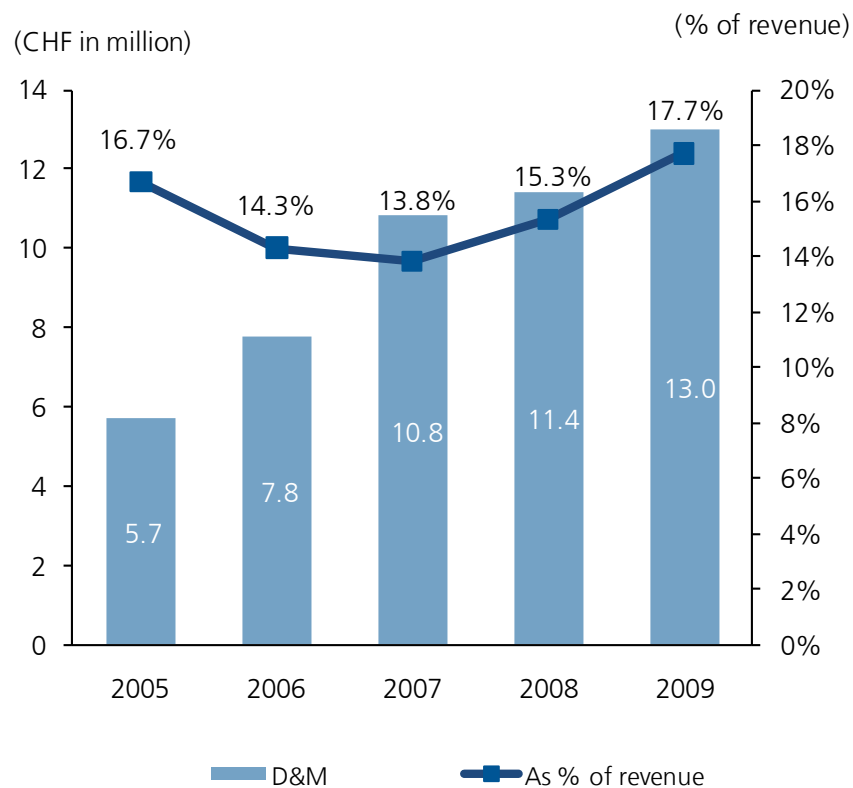


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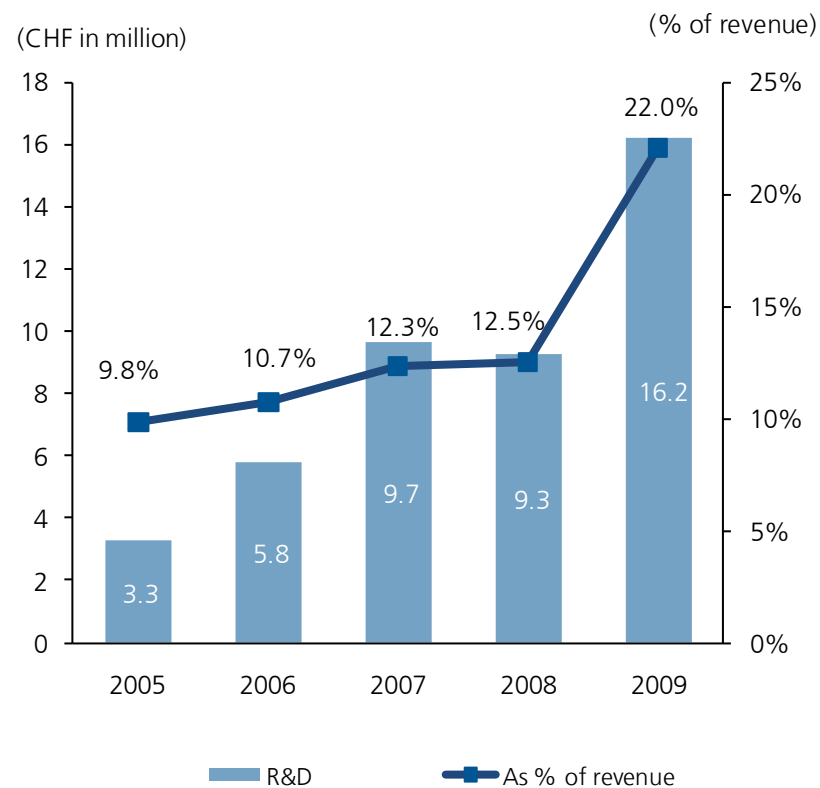
- Large and stable customer base
- More than 2000 customers world-wide
- Good spread over various applications and all geographical regions
- Largest customer accounts for less than 5% of total revenue in 2009
- 10 biggest customers account for 40% of total revenue in 2009

Distribution & marketing / Research & development

Distribution & marketing expenses

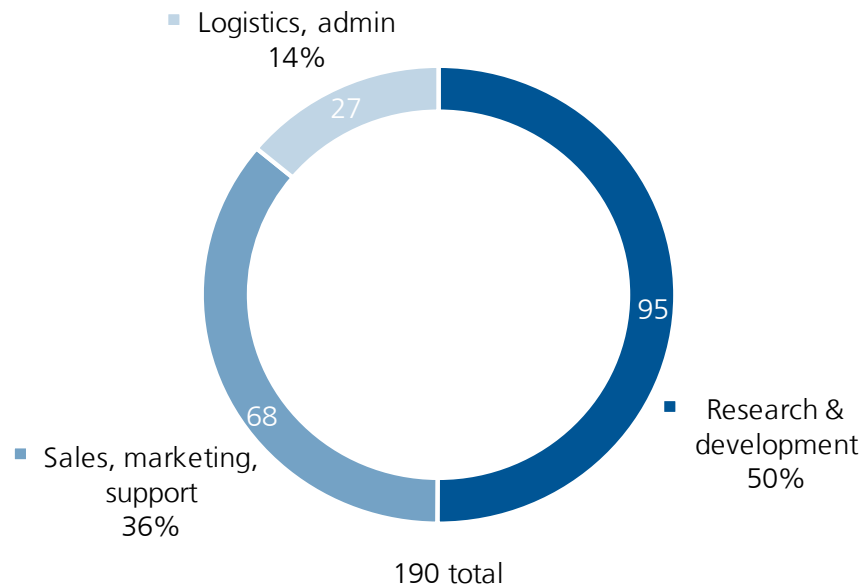


Research & development expenses



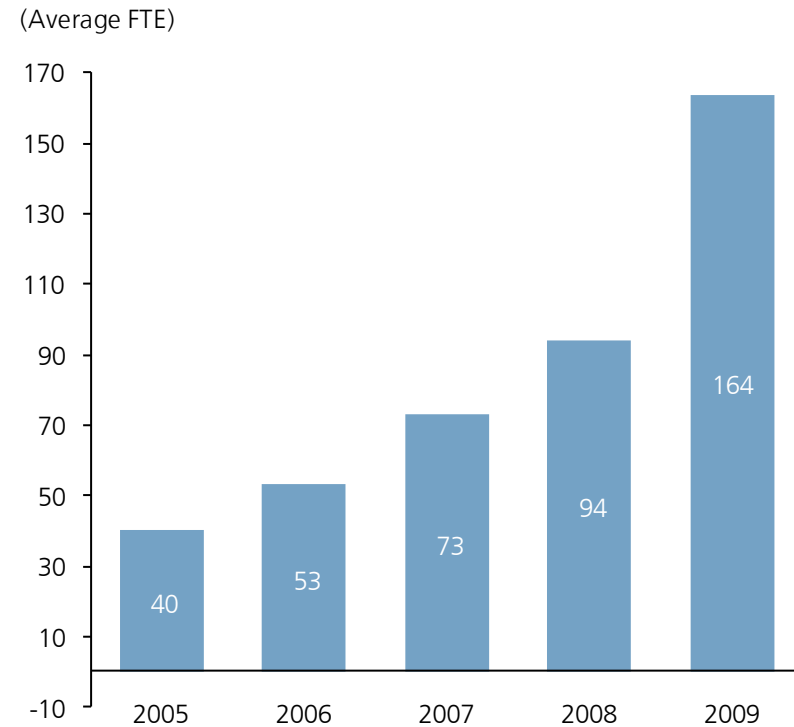
Personnel

Employee breakdown (end of 2009, FTE based)



Note: 59% of employees based outside Switzerland (spread over 9 countries)

Employee Development (2005 – 2009)



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

Acquisition of Neonseven S.p.A.

Purchase price

- Total purchase price: CHF 17.6m
 - Cash payment: CHF 15.9m
 - Other payables: CHF 1.5m
 - Transaction costs: CHF 0.2m
- Conditional payment based on technical performance criteria (up to CHF 1.5m) is fully considered in the books

Net cash outflow 2009

- CHF 16.1m

Purchase price allocation

- Customer relationships: CHF 0.5m
- Acquired technology: CHF 0.6m
- Other assets: CHF 4.4m
- Liabilities: CHF 2.4m
- Goodwill: CHF 14.6m
- Consolidation as of April 1, 2009

Acquisition of Geotate B.V.

Purchase price

- Total purchase price: CHF 8.5m
 - Cash payment: CHF 5.3m
 - License payment: CHF 3.0m
 - Transaction costs: CHF 0.2m

Net cash outflow 2009

- CHF 8.5m

Purchase price allocation

- Acquired technology: CHF 4.5m
- Intellectual property rights: CHF 3.0m
- Other assets: CHF 0.5m
- Liabilities: CHF 2.5m
- Goodwill: CHF 3.0m
- Restructuring cost allocated to opening balance
- Consolidation as of April 1, 2009

Income statement

Consolidated income statement

(in CHF 000s)	For the year ended December 31,			
	2009		2008	
		% sales		% sales
Revenue	73'527	100.0%	74'506	100.0%
Cost of revenue	-34'644	-47.1%	-42'710	-57.3%
Gross profit	38'883	52.9%	31'796	42.7%
Distribution and marketing expenses	-13'014	-17.7%	-11'434	-15.3%
Research and development expenses	-16'195	-22.0%	-9'277	-12.5%
General and administrative expenses	-4'572	-6.2%	-2'813	-3.8%
Other income	84	0.1%	139	0.2%
Profit from operations (EBIT)	5'186	7.1%	8'411	11.3%
Financial income	251	0.3%	2'268	3.0%
Finance costs	-1'490	-2.0%	-7	0.0%
Profit before income tax (EBT)	3'947	5.4%	10'672	14.3%
Income tax expense	-621	-0.8%	-1'911	-2.6%
Net profit	3'326	4.5%	8'761	11.8%
Profit from operations (EBIT)	5'186		8'411	
Depreciation and amortization	7'495		4'466	
EBITDA (1)	12'681	17.2%	12'877	17.3%

(1) Management calculates EBITDA (earnings before interest, taxes, depreciation and amortization) by adding back depreciation and amortization to profit from operations (EBIT), in each case determined in accordance with IFRS.

Comments

- Revenue decline of 1.3% from 2008 to 2009
- Growth of 15% from H1/09 to H2/09
- Increased gross profit by +22.3%
- Higher gross profit margin 52.9% due to migration to u-blox 5 and due to change in product-mix
- Higher operating expenses due to the acquisition of Neonseven and Geotate
- EBITDA margin of 17.2%
- EBIT margin of 7.1%
- Finance cost: negative foreign exchange result
- Stock options cost in the amount of CHF 0.7m for 2009
- Capex: TCHF 10'220

Statement of financial position

Statement of financial position (condensed)

(in CHF 000s)	At December 31	
	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	20'153	37'147
Short-term investments	5'000	47'500
Marketable securities	39'740	0
Other current assets	19'406	25'605
Total current assets	84'299	110'252
Non-current assets		
Property, plant and equipment	4'229	2'466
Intangible assets	31'424	3'314
Financial assets	381	307
Deferred tax assets	4'686	4'529
Total non-current assets	40'720	10'616
Total assets	125'019	120'868
LIABILITIES AND EQUITY		
Current liabilities	12'270	12'626
Non-current liabilities	3'308	2'325
Total liabilities	15'578	14'951
Shareholders' equity		
Share capital	5'619	5'619
Share premium	102'830	102'132
Retained earnings / (accumulated losses)	992	-1'834
Total equity	109'441	105'917
Total liabilities and equity	125'019	120'868

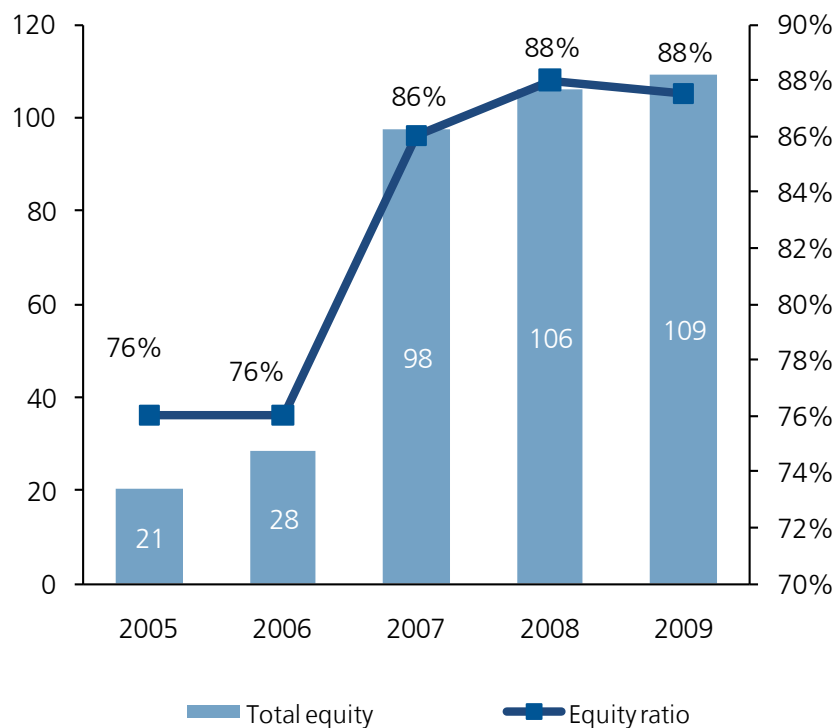
Comments

- Very strong financial position with a liquidity (incl. short term investment & marketable securities) of CHF 64.9m
- No significant debt
- Inventory level reduced to CHF 7.5m
- Intangible assets increased due to acquisitions, includes goodwill of CHF 17.4m
- No write-off due to impairment-tests on non-current assets

Statement of financial position

Total equity and equity ratio

(CHF in million)



Comments

- Equity ratio at 87.5%
- Strong capital base supports expansion of business

Statement of cash flows

Consolidated cash flow Statement (condensed)

(in CHF 000s)	For the year ended December 31,	
	2009	2008
Net cash provided by operating activities	14'736	2'570
Net cash used in investing activities	-31'774	-50'239
Net cash used in financing activities	-6	-364
Net decrease in cash and cash equivalents	-17'044	-48'033
Cash and cash equivalents at beginning of year	37'147	85'922
Effect of exchange rate fluctuations on cash and cash equivalents	50	-742
Cash and cash equivalents at end of year	20'153	37'147

Comments

- Positive operational cash flow
- Investing activities:
 - CHF 42.5m was provided by release of short term investments and CHF 40.0m was invested into marketable securities
 - CHF 24.6m used for cash payment of both acquisitions (net of cash acquired)

Segment reporting (condensed)

	GPS / Wireless products		Wireless services 1)		Total Segments		Non allocated/ Eliminations		Group	
(in CHF 000s)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue 2)	70'056	74'506	4'824	0	74'880	74'506	-1'353	0	73'527	74'506
EBITDA	12'803	13'145	103	0	12'906	13'145	-225	-268	12'681	12'877
Depreciation	-1'982	-1'778	-480	0	-2'462	-1'778	0	0	-2'462	-1'778
Amortization	-4'618	-2'688	-415	0	-5'033	-2'688	0	0	-5'033	-2'688
EBIT	6'203	8'679	-792	0	5'411	8'679	-225	-268	5'186	8'411
Financial result, net	0	0	0	0	0	0	-1'239	2'261	-1'239	2'261
EBT	6'203	8'679	-792	0	5'411	8'679	-1'464	1'993	3'947	10'672

1) Wireless services are effective as of 1 April 2009

2) Wireless services: "Revenue from external customers" CHF 3'471 thousand; "Intersegment revenue" CHF 1'353 thousand



Business update

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2009: Delivering on strategic priorities

Technology & Innovation

- GPS platform u-blox 6
- New wireless modules in mass production
- 2/3.5G wireless reference designs

Market position

- Retained customer base of 2'000 and won new ones
- New markets: Telemetry, POS, security, timing
- Telematics customer recognized our combined GPS/GSM offerings

Operational excellence

- Better process landscape and quality improvements
- Cross-departmental program management
- Continued reduction of product cost

Partnerships & acquisitions

- Acquired Neonseven and Geotate
- Continued co-operation with Infineon for wireless solutions
- Microsoft granted us Windows 7 driver certification

A strong team after adding valuable new colleagues



“u-blox’ leading technology depends on teamwork, enthusiasm and the dedication of our employees.”

Rajani Rao
Senior Software Engineer
u-blox GPS R&D center, Reigate, UK



“At u-blox Wireless R&D center, my job is to develop state-of-the-art software that are the “brains” behind our embedded communication products.”

Francesco Alibrandi
Software Engineer
u-blox Wireless R&D center, Sgonico, Italy



“We understand that our level of quality can mean the difference between success or failure of their products on the market.”

Rosalba Rizza
Senior Production Engineer
u-blox GPS R&D center, Thalwil, Switzerland

Commercial highlights (1)

Increased penetration of consumer markets

- u-blox increased its share of the consumer markets, especially for PND and recreational devices



Gionee (China): mobile phone L800



McMurdo (UK): person tracker



Spot (USA): person tracker

Commercial highlights (2)

Breakthrough with new GSM modules

- The introduction of our LEON GSM module in February led to numerous customer wins for telematics and telemetry



Satel (Poland): wireless security module with u-blox' GPS

Commercial highlights (3)

Geotate acquisition brings first customers

- The commercial deployment of u-blox' "Capture & Process" software technology by camera accessory makers Bilora and Jobo were the first direct result of the acquisition of Geotate's patented software GPS technology

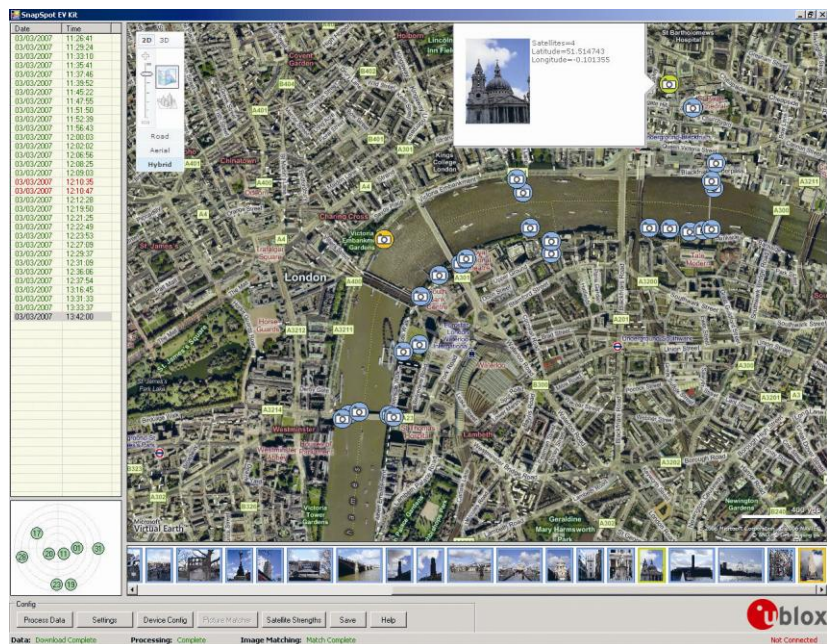


u-blox „Capture & Process,, technology remembers where each photo was taken

Commercial highlights (4)

Microsoft certifies u-blox GPS driver for Windows 7

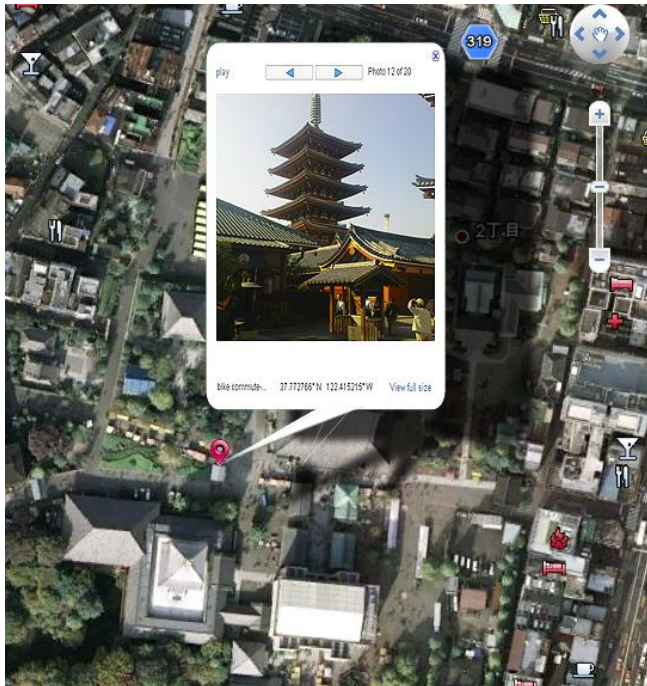
- Drivers for PC software were officially certified as Windows 7 compliant, giving third party software developers a head start in developing the next generation of location-aware services running on Windows





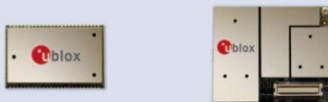

Commercial highlights (5)

Expansion of online services offering

- u-blox experienced continued market adoption of its existing online GPS service for accelerated positioning, as well as its new online service for geotagging applications



Products and innovation

Business segment	Product family		Product
GPS / wireless products	Positioning	GPS chips	u-blox 6 single chip: Standard & automotive grades u-blox 6 chipset: Automotive grade 
		GPS modules	AMY: World's smallest GPS module NEO: World's first 1.8 Volt GPS module LEA: GPS & GALILEO modules with optional flash 
		GPS solutions	YUMA: Capture & Process for geotagging AssistNow: Global A-GPS services Dead Reckoning: For automotive applications
	Communi- cations	Wireless modules	LEON: GSM / GPRS module LUCY: HSDPA module 
		Wireless solutions	N721/731: HSPA modem reference designs N725: HSDPA Mini PCI express card reference design N709Q: GSM/GPRS reference design 
Wireless services	Communi- cations		

New u-blox 6 GPS receiver technology



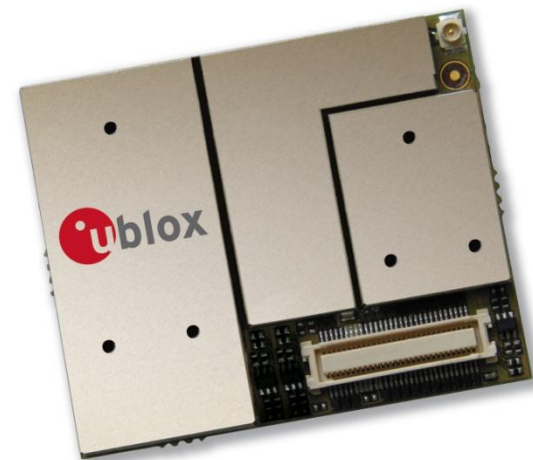
It never took so little...

- ... time to determine your location
 - New GPS engine with improved position acquisition
- ... to extend your battery life
 - Intelligent power management with Power Save Mode
- ... time to capture a position
 - Instant GPS data capture with revolutionary **Capture & Process** technology
- ... effort to keep pace with latest GPS technology
 - Drop-in compatible with u-blox 5

New LUCY UMTS/HSDPA modem module

It never was so fast...

- ...to communicate
 - HSDPA data-rates of up to 7.2 Mb/s, GPRS/EDGE class 12 data transmission
- ...to access networks all over the globe
 - Full tri-band HSDPA and quad-band GSM/GPRS data and voice
- ...to communicate in parallel
 - Voice, SMS and Fax capabilities
- ...to access the Internet:
 - Multiple protocols supported
- ...with low power consumption
 - Intelligent power management



GPS became a highly valued feature in consumer devices

- Location aware devices enhance the user experience and enables numerous exciting applications:
 - What is around me?
 - Shopping, restaurants, ATMs, public transportation, tourist information, special offers, etc.
 - How do I get there? (Turn by turn directions for vehicles and pedestrians.)
 - Where have I been? (and taken a photo, passed by)
 - Who is around me?



New wireless modules for industrial markets

- Main market: Industrial applications
- Customers appreciate the fact that they can purchase our size-optimized GPS and wireless modules
- Supporting trends in telematics and telemetry
 - Cost reduction through reduced component count, size and bill of materials
 - High GPS and wireless performance to enable higher service level offerings and accountability
 - Increasing automation



Automotive grade GPS chips with dead reckoning software in ramp-up

- We are well positioned to play a significant role in the automotive market and therefore expect to grow faster than the overall market in 2010 and beyond
- GPS can be used for multiple functions in modern cars:
 - In-car navigation to emergency call systems
 - Anti-theft devices,
 - Road-pricing systems
 - Insurance boxes that support pay-as-you-drive models.



Our technology, unseen, but with high impact

Stolen vehicle recovery

Our technologies are embedded in vehicle tracking and recovery systems: they know where they are, and can inform you.

Automatic road pricing

Automatic road pricing systems rely on u-blox' technologies to track and bill for road usage.

Mobile Internet

Staying connected while on the go is possible with u-blox' 2G and 3.5G wireless modems.

Navigation


Thanks to navigation devices powered by u-blox' technology, you can decide where you want to go, what you can find there.

Vehicle black-box

Devices using our GPS receivers can not only track where a vehicle was, but also how fast it was going.

Emergency call

Automated assistance after a collision is enabled with u-blox' technology.

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 distant building. The woman, wearing an orange cardigan, is looking at the phone and smiling. They are both looking towards the right side of the frame. In the background, there are several tall, ornate buildings, including a prominent one with a tall spire. The sky is blue with some clouds.

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Outlook 2010

Outlook 2010

Goals

- Go to market with important product innovations
 - Wireless: 3G products
 - GPS: u-blox 6
- Continued development of new technologies for positioning and wireless solutions – we are working on some 50 R&D projects
- Capture additional business from existing customer relationships
- Continued expansion of market presence in telemetry and broadband access markets
- Strengthen the global presence
- Operational excellence for lowest cost

Financial performance outlook 2010

- Market size for 2010 is still unpredictable – signs of recovery are visible but business remains short term minded
- Strong balance sheet to remain

Mid-term outlook

- Mid-term sales growth from
 - Chipset sales Positioning
 - Modules sales Wireless

	Actual 2009	Guidance 2010	Target 2011
Sales	73.5	> 90	140
EBIT	5.2	> 6	20

in MCHF

Calendar

- Annual General Assembly 2009: April 29, 2010
- Half-year results 2010: September 3rd, 2010

Thank you!

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